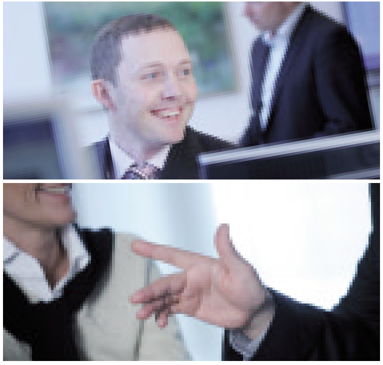


ANNUAL REPORT

2008

FIVE-YEAR FINANCIAL HIGHLIGHTS ›››

FINANCIAL CALENDAR ›››

FINANCIAL CALENDAR

26 March 2009:	Annual General Meeting.
28 April 2009:	Quarterly report for Q1 2009.
4 August 2009:	Interim report for the first half of 2009.
27 October 2009:	Quarterly report for Q1-Q3 2009.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2008 DKK'000	2007 DKK'000	2006 DKK'000	2005 DKK'000	2004 DKK'000
KEY FIGURES					
Income statement					
Net interest and fee income	241,490	224,702	224,565	181,084	155,093
Other operating income	11,768	680	297	4,322	643
Staff costs and administrative expenses etc	201,751	185,551	173,024	136,690	109,421
Impairment losses on loans and advances etc	192,534	–6,520	–14,347	5,032	15,448
Profit/loss from investments in associates and group enterprises	–3,710	–4,267	–3,361	292	1,434
Profit excluding value adjustments and tax	–144,737	42,084	62,824	43,976	32,301
Value adjustments	–28,023	15,799	49,036	30,639	22,171
Profit before tax	–172,760	57,883	111,860	74,615	54,472
Profit for the year	–121,078	44,733	89,246	54,631	40,917
Balance sheet at 31 December					
Loans and advances	4,215,583	4,957,773	3,671,654	2,351,321	1,882,456
Guarantees	1,827,178	3,134,935	2,815,988	2,088,674	1,390,009
Deposits	2,858,701	3,228,357	2,377,654	2,121,227	1,617,963
Equity at year-end	356,956	489,498	480,541	342,447	303,394
Balance sheet total	6,987,945	6,938,978	5,048,160	3,417,830	2,551,678
Custody account volume	1,920,393	5,724,303	5,697,840	3,308,242	2,463,423
Business volume	10,821,855	17,045,368	14,563,136	9,869,464	7,353,851
Ratios					
Return on equity before tax	–40.8	11.9	27.2	23.3	18.8
Return on equity after tax	–28.6	9.2	21.7	17.1	14.1
Capital adequacy ratio	11.1	14.5	15.6	13.2	14.6
Dividend ratio	0	15	15	15	15
Closing price of the share*)	60	532	564	402	310
Book value of share*)	180	246	234	199	165
Number of employees (average)	203	213	198	160	137

*) Restated to reflect denominations of DKK 20 for comparative years.

The rules of preparation of financial statements were changed considerably in 2005. The financial highlights for 2004–2008 have been prepared in accordance with the new rules.
Comparative figures for 2004 have not been restated for financial assets and liabilities.
Interest on loans and advances written down for impairment in 2008 has been recorded at DKK 5,157k (2007: DKK 3,292k) under impairment losses on loans and advances.

CONTENTS

2008 IN OUTLINE

Dear shareholder

The international financial crisis and the incipient recession have in 2008 had a severe impact on Max Bank's foundation for carrying on banking activities.

The crisis has both directly and indirectly entailed that the Bank has exited 2008 with a highly unsatisfactory net loss of DKK 121m. This performance has been weakened by negative market value adjustments of DKK 28m and impairment losses of DKK 193m.

In spite of the primary banking activities before impairment losses, market value adjustments and tax actually showing a profit of DKK 48m against DKK 36m the year before, this profit is overshadowed by the considerable impairment losses impacting the performance for 2008. And the Bank's shareholders may rightfully ask if we could have been more far-sighted.

Although no one could have foreseen the extent of the crisis, we have taken too high risks for a small portion of the total lending activities. This portion concerns the funding of relatively few customers' investment portfolios with many, minor Danish illiquid shares.

Values vanished into thin air

In the course of a few weeks, while the financial crisis was at its worst, the above situation resulted in values and thereby collateral vanishing to the extent and at a speed which can almost be characterised as unreal. This dilution of values and collateral is the primary single reason for the heavy impairment losses as the losses relating to funding of the investment portfolios account for 75% of total impairment losses in 2008.

Write-downs for impairment on ordinary commitments have, however, been far more modest. The same goes for lending activities relating to the property market, which have only seen very limited losses. In conclusion, we have experienced problems within a limited number of our total activities, where we have now made major write-downs for impairment. The rest of our business must be considered sound and with losses at an acceptable level.

Necessary change in business focus

The changed market conditions have called for a change in business focus, at least for a period, considering the unsatisfactory performance for 2008 and the prospect of poor economic trends in 2009.

Focus is now directed towards reducing risk, improving the bottom line and increasing consolidation.

As part of adjusting to the new situation, the Bank cut staff by approx 10%, or 22 employees, in October 2008. In addition, we have initiated cost savings in a number of areas.

In relation to income, our primary challenge, as is the case for other Danish banks, is to maintain and if possible increase the Bank's interest margin, which is generally at a historically low level after many years of fierce competition. This task is not only about pricing, but certainly also about optimising the Bank's product mix. In the second half of 2008, the Bank has taken measures that are expected to raise the Bank's net interest income in 2009.

Henrik Lund, CEO, and Hans Fossing Nielsen, Supervisory Board Chairman.

Bank operations need improvement

The aim of these efforts is to improve the future operating profit from banking activities, enabling Max Bank, without any extraordinary profit, to achieve a proper return on equity. Also, there should be room for ordinary progress of losses – ie impairment losses in the order of 0.5–1.0% p.a. of the total lending volume.

In relation to risk, we need to first and foremost continue the ongoing process of reducing risk generally, including bringing down the number of large commitments. At the same time, we must learn from our experience in the investment area, where we have recognised that, in one area, we have financed overly risky portfolios.

Also, deposit losses need to be brought down from the current level, making the Bank less dependent on external funding sources when it comes to financing its lending activities.

We should point out that we aim to carry out the necessary adjustments to the new market conditions while respecting Max Bank's long-term overall branding strategy.

Sound basis despite poor 2008 performance

Despite the unsatisfactory results for 2008, we, the Bank's Management, believe that Max Bank remains well-equipped for retaining the selected positioning in the market and to withstand the current situation.

With a capital adequacy ratio of 11.1%, we have capital to uphold banking activities at the present level. In the long run, further growth will require a strengthened capital base.

To this should be added that Max Bank has sound cash resources with an excess cover of 162.6% at year-end 2008 in relation to the legal requirements, corresponding to DKK 1,310m. Without the Danish government guarantee scheme, however, procurement of liquidity would become increasingly challenging. We have therefore joined the scheme although the costs are considerable.

Based on our continuously strong strategic foundation, where close relations and the objective of establishing a financial friendship with our customers are incorporated in our working day, we believe that Max Bank continues to have a good and solid platform.

Another reason for believing so is that our ordinary banking activities are one the rise. This increase will be reinforced by the measures that we have taken at the end of 2008 in the form of persistent efforts to adjust Max Bank to the new market conditions and to recreate Max Bank as a profitable business.

Yours faithfully

Hans Fossing Nielsen, Chairman

Henrik Lund, CEO

Daily activities

Max Bank's Supervisory and Executive Boards have in 2008 worked on eight overall focus areas:

- Branding and positioning
- Existing business segments
- New business segments
- Risk management
- Organisational development
- Capital structure
- Investor Relations
- Corporate Governance

Branding

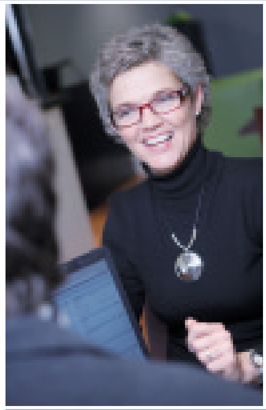
In 2008, Max Bank has maintained its positioning which, since the launch of its 100-year anniversary in 2001, has been the primary corner stone of the Bank's branding strategy. Although focus is now directed towards improving earnings and consolidation as a consequence of the financial crisis and the prospect of poor economic trends, Max Bank still aims to stand out in the crowd of competitors in a positive way.

The pivotal point remains a desire to establish financial friendships with our customers based on close relations created on the basis of frequent contact and an informal tone. At the same time, we attach importance to creating an experience in this relation which extends beyond the conventional bank relation. Just as the idea behind the café concept is a desire to create an informal and hassle-free atmosphere for stops at the Bank and, accordingly, a more natural and equal relationship between the customers and the Bank's staff.

Business volume

The Bank has experienced a notable drop in total business volume. Especially, the Bank's custody account volume has decreased dramatically as a result of the share market plunges in the wake of the financial crisis. So, the development does not reflect a corresponding fall in the Bank's activity level.

Deposits have also gone down as a result of the financial crisis. When the crisis was at its worst, we experienced heavy traffic where customers with major deposits spread them in several banks to be covered by the deposit guarantee scheme, and although we ceded and received a significant amount of deposits in the period, Max Bank has fewer deposits for the year as a whole by year-end 2008.



In relation to lending, a reduction of investment credits and a more selective credit policy have ia resulted in a drop in total loans and advances. Lending activities have not come to a standstill, and Max Bank still has the financial ability and the will to finance sensible projects. But in the current market, we are more selective than before.

All in all, the development in deposits as well as loans and advances has led to a reduction of Max Bank's deposit loss by DKK 372m to DKK 1.4bn in 2008.

Customer segments

Basically, the Bank has continued its commitment throughout 2008 to four strategic customer segments: corporate banking, investment customers, home owners and young people facing establishment.

The Bank's activities within the corporate segment has especially in the second half of 2008 been hectic and directed towards adjusting commitments to the new reality in the wake of the financial crisis.

In the private customer segment, the business volume has also been impacted by the financial crisis, which directly and indirectly has curbed business opportunities.

The investment area in particular has suffered a set-back. Even though the number of transactions has not decreased dramatically (from approx 57,000 transactions in 2007 to 55,000 transactions in 2008), total custody account volume has gone down by more than 50% following nosedives in share benchmark indexes. And since income from transactions is based on volume and not on the number of transactions, the drop in income from the investment area has been quite significant. The development has however also had its bright spots. We have eg experienced a decent increase in the customers' interest in currency trading, which has triggered a significant pickup in this area.

The situation in the investment area is to some extent offset by the continuously high business volume in the pensions segment, as well as when it comes to asset management, where Max Bank has introduced several new concepts – all well received by the customers.

In the housing segment, the market development in the second half of 2008 has been marked by declining property prices. Concurrently, the real property turnover has slowed down and the number of commenced housing constructions has dropped.

The Branch network

Max Bank's branch network includes the following branches:

- Head office – Business Centre, Investment Centre and Direct Centre (remote customers)
- Næstved City – private customer branch
- Stor-Center Branch – private customer branch
- Herlufmagle – private customer branch
- Slagelse – Business Centre and private customer branch
- Vordingborg – Business Centre and private customer branch
- Haslev – private customer branch
- Faxe – private customer branch
- Århus – Business Centre and Bank·Shop for private customers.

In Århus, Max Bank's Business Centre moved together with the Bank·Shop in M.P. Bruuns Gade at the turn of the year 2008–09 in order to reduce total operating costs of banking activities in Århus. Another advantage of this solution is that in future the Business Centre can make use of the café in the Bank·Shop to service its customers in connection with meetings and customers events.

Primary
market areas

Strategic alliances and external cooperative partners

Max Bank has entered into strategic alliances with a number of external cooperative partners. These alliances and cooperation agreements are aimed at enlarging the Bank's range of services offered to the customers without having to establish the functions itself. Overall, the Bank's policy is to outsource areas that do not fall within the Bank's own core competency. The primary cooperative partners are listed below.

- **Industry conditions, training and legal assistance.** The most important cooperative partners in this category are Lokale Pengeinstitutter (industry association), Finansrådet (the Danish Bankers Association), Finanssektorens Uddannelsescenter (The finance sector's training centre) and Finanssektorens Arbejdsgiverforening (The finance sector's employers' association).
- **Mortgage finance.** The Nykredit-owned Totalkredit is Max Bank's primary cooperative partner when it comes to mortgage financing of owner-occupied homes. Via DLR Kredit, of which Max Bank is co-owner, we can also offer mortgage financing to the corporate sector.
- **Insurance.** Max Bank offers all common types of insurance for individuals and businesses. This takes place in cooperation with several alliance partners, namely PFA (life assurance), Lokal Forsikring (corporate insurance) and PrivatSikring (non-life insurance).
- **Pension.** Max Bank is co-owner of letpension, which has been long in the making and is expected to start its business in 2009.
- **Investment funds.** Max Bank is co-owner of ia BankInvest, Sparinvest and Garanti Invest. Sparinvest is also the Bank's largest shareholder as Sparinvest Europæiske Finansielle Aktier owns 5.72% of the share capital in Max Bank.
- **IT. BEC** (The banks' computer centre) provides IT systems in support of Max Bank's full service concept, both relative to customers and administration.
- **Payment service and cards.** PBS (Payment Business Services) is Max Bank's cooperative partner in matters relating to payment services and card transactions, including via the Dankort card system.

Risk management

Max Bank continuously develops its tools for identification and management of the risks affecting the Bank on a daily basis.

The objective of the Bank's policies for risk management is to minimise the losses that may occur due to ia developments in the financial markets, changes in market trends or political intervention.

Risk management lies with the Credit Secretariat, the Finance Department and the Bank's Investment Centre.

In terms of structure, the work on risk management relies on the guidelines laid down by the Bank's industry association, Lokale Pengeinstitutter.

Concurrently with the publication of the annual report for 2008, Max Bank has published a detailed risk report which describes these matters in more detail. The report is available on the Bank's web site.

Credit risk

Credit risk implies the risk that one party to a financial transaction causes the other party to suffer a loss as a result of non-performance of an obligation.

Generally, credit risks represent the most noticeable risk factor overall and account for approx 84% of the total risks, which serve as the basis for calculating the Bank's capital adequacy ratio.

The Bank's credit policy is therefore established to ensure that transactions with customers and credit institutions are constantly within the framework laid down by the Supervisory Board.

As something new, the risk report for 2008 contains a description of the Bank's credit-reducing approaches, including a specification of security provided within a number of main categories.

The credit situation by year-end 2008

The risk report for 2008 contains a detailed review of the Bank's credit and risk policies as well as risk reporting.

During 2008, the Bank has tightened its credit granting, which has become more selective than previously. This concerns ia the Bank's overall lending structure as well as the required management of investment commitments.

In 2008, Max Bank has made ongoing efforts to bring down the portion of large commitments and achieve more risk diversification when it comes to industries. The diversification of loans and advances as well as guarantees on each industry is shown in the table on page 17.

The figures show that Max Bank's overall exposure to the industries that have been in focus in 2008 as regards "Building and construction" remains at 8%, while "Property management and trade as well as business services" have increased from 27% to 32%.

This implies that the lending volume for "Property management and trade as well as business services" now accounts for a bigger share of the total industry diversification despite the reduction for the year from DKK 2.2bn to DKK 1.9bn.

The rise in the "Property management and trade as well as business services" share of the Bank's total loans and advances as well as guarantees can be explained by a reduction in the Bank's lending loans volume in the same period in terms of expired investment credits and abolished Totalkredit guarantees of DKK 0.5bn and DKK 1.0bn, respectively. The latter

Totalkredit guarantees only concern private customer relations, which then have a tremendous effect on the industry diversification in the form of a smaller portion for private customers and a bigger portion for corporate customers. Also, the Bank has experienced a general drop in loans and advances as well as guarantees for other industries, which in relative terms has been larger than the drop in the mentioned industry.

In relation to large commitments, the Bank has, as mentioned, targeted its efforts towards bringing down the size of each large commitment, while at the same time these have been hedged through further provision of security. From accounting for 168% of the Bank's capital base at the beginning of 2008, the share has risen to 234% by year–end 2008.

The rise is attributable to impairment losses for the year having led to a significant reduction in the Bank's capital base, which in turn implies that several of the Bank's commitments are subject to the limit for large commitments.

All the Bank's customers with loans exceeding DKK 5,000 are rated in five risk classes for private customers and corporate customers, respectively. The rating is specified in the table on page 17. Overall, a migration towards the weaker risk classes seems to take place at the moment for private as well as corporate customers. This migration is, however, not dramatic, and as an example the segment of commitments under observation constitutes less than 12% of the lending and guarantee portfolio granted.

However, there is no doubt that the prospect of poor economic trends will impact the indication of write-downs for impairment in the coming years. Max Bank estimates an indication of impairment in the order of 0.5%–1.0% of the total loans volume in 2009.

Market risk

A market risk indicates a risk that the market price of a financial instrument will change.

Max Bank's market risk is managed on a day-to-day basis through fixed limits for a wide range of risk targets. Managing the Bank's excess liquidity includes investment of the Bank's funds in the share, bond, and currency exchange markets to optimise the return on the Bank's cash.

The Bank has established clear directions for the risks that it wants to accept for shares, bonds, foreign currency, interest, etc. Basically, the Bank does not wish to take material market risks as its earnings should be generated through ordinary banking activities and not through speculative transactions with material risks.

Despite the Bank's relatively conservative investment policy, where the bulk of the Bank's excess liquidity is invested in short-term bonds, 2008 has generated a capital loss of DKK 28.0m.

Liquidity risk and cash flow situation

The management of Max Bank's cash flows has been given a high priority in 2008. The reason is the dependency on external funding as a result of deposit losses.

In the period from the summer holiday to the adoption of the Bank Aid Package, it was not possible to raise new liquidity, but on the other hand we maintained most commitments from existing financing partners.

Owing to long-term liquidity planning, the Bank is not dependent on single lenders or single countries.

Accordingly, Max Bank has been able to sustain sound cash resources throughout 2008. Without the Danish government guarantee scheme, however, procurement of liquidity would become increasingly challenging. We therefore decided to join the scheme although the costs are considerable.

Since the adoption of the scheme, we have found it easier to attract liquidity. Accordingly, Max Bank by year-end 2008 issued bond loans of a total of DKK 500m in the form of senior capital, and the Bank's liquidity reserves constituted an excess cover of 162.6%, or DKK 1,310m, at year-end 2008, in relation to the requirements of Danish law.

Operational risk

Operational risk is defined as the risk of financial losses as a result of errors in internal processes, human errors, system errors or losses as a result of external events.

Accordingly, operational risks comprise all risks arising from the Bank's activities, and which are not included in the other financial risks mentioned.

Please refer to the Bank's risk report for a detailed review of the operational risks.

Capital adequacy

Max Bank's equity together with subordinate debt totals DKK 886m at year-end 2008, of which DKK 670m can be included in the calculation of the Bank's capital adequacy ratio, which has been estimated at 11.1%.

Pursuant to the new Basel II regulations, the Bank must at any time uphold a capital base of a size that would be sufficient to cover the loss arising in the event of a number of concurrent negative events. The size is reflected in the Bank's in-house capital adequacy requirement.

In determining its capital adequacy requirement, Max Bank has applied the model from Lokale Pengeinstitutter, where the capital adequacy is built up from 0%. Also, stress tests have been carried out. The parameters included in the stress tests comprise heavy increases in impairment losses, substantial declines in share prices, major interest rate increases, major declines in property prices and increases in foreign currency exposure and counterparty risk. In addition, a number of other risk areas have been assessed in relation to determining the capital adequacy requirement, including the number of large commitments, weak commitments as well as risks in relation to procurement of capital/liquidity.

The ratio between the in-house capital adequacy requirement and the actual capital adequacy shows that Max Bank has sufficient capital to continue its banking activities at the current level.

In the long run, however, further growth will require a strengthened capital base.

For a detailed review, please refer to the risk report on the Bank's web site.

Staff and organisation

The overall aim of Max Bank is to come across as a good and attractive workplace in the banking world in order to attract and retain competent employees.

Unfortunately, due to the changed preconditions for carrying on banking activities in 2008, we have found it necessary to cut staff by 22 employees, equal to 10%.

Turnaround of subsidiary

In 2005, Max Bank acquired a stake in AdministratorGruppen AS, which is engaged in administration of owner-occupied and cooperative housing societies as well as rental property. A turnaround was initiated in 2008, and Max Bank has participated in a recapitalisation of the company as the Bank has faith in the market and identifies great potential for synergies in the cooperation between Max Bank and AdministratorGruppen.

New Chief Executive Officer

After the Supervisory Board's agreement in September 2007 with the former CEO, Allan Weirup, to terminate their cooperation, the Supervisory Board sparked off the search for a new Max Bank CEO. Among several candidates, the Bank chose Henrik Lund, former Branch Manager with Danske Bank, Fredericia. And with effect from 1 August 2008, Henrik Lund took up the position as Max Bank's new CEO, where he represents the Executive Board together with EO Hans Verner Larsen.

New head office

In April 2009, Max Bank will move into its new head office by the Næstved harbour. The last time the Bank moved to a new head office was in 1914. At that time, the Bank moved from an office apartment on the first floor at Axeltorv to Jernbanegade 9, which is now, 95 years later, cleared in favour of the new domicile.

Max Bank does not itself own the new head office. The property company Nordicom is the owner, and is also in charge of the construction. As a tenant, the Bank avoids tying up capital in the construction project.

Initially, the Bank only needs part of the space in the new domicile. So, two of the five floors will be subleased, while the top floor will be used as joint premises and with shared functions for the entire domicile.

All the departments dealing with customers will be located on the ground floor of the new head office. The Investment Centre and the Direct Centre will be found in the old part, ie the former Kanalgården. The Corporate Centre will be located in the new office building. The Bank's Administration and Executive Board will be housed on the first floor. All departments are accessed via a main entrance in each side of the glass foyer, which connects the old and the new part of the new head office.

The former head office in Jernbanegade was sold in March 2008.

Max Bank joins the government guarantee scheme

In the beginning of October, the Danish Government issued a two-year guarantee for all deposits and unsecured claims in Danish banks. Max Bank has decided to join the new guarantee scheme.

How is Max Bank affected by the scheme?

Each bank joins the guarantee scheme on the basis of its capital base requirement. For Max Bank, this implies an additional expense of approx DKK 27m a year. To this should be added any other expenses in case the Bank has to meet its guarantee commitments or pay a higher guarantee commission.

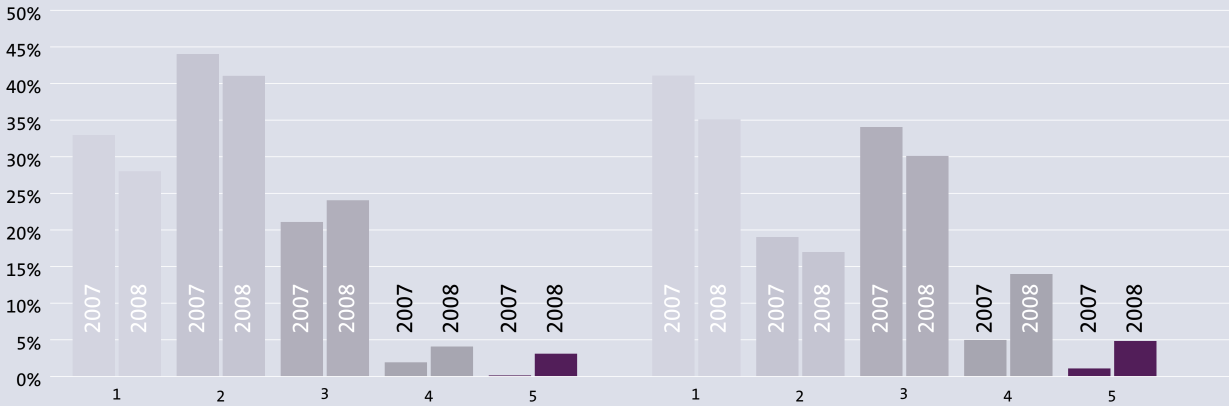
In 2008, Max Bank's participation in the scheme has an adverse effect of DKK 6.7m on results. From 2009, however, the Bank expects the guarantee scheme to positively affect the Bank's funding costs, limiting the effect on results significantly.

No distribution of dividends for two years

The agreement with the Government requires that banks do not distribute any dividend to their shareholders for the financial years 2008 and 2009. Also, the guarantee scheme limits the Bank's growth potential in the guarantee period as it defines a maximum growth in loans and advances of 8% a year.

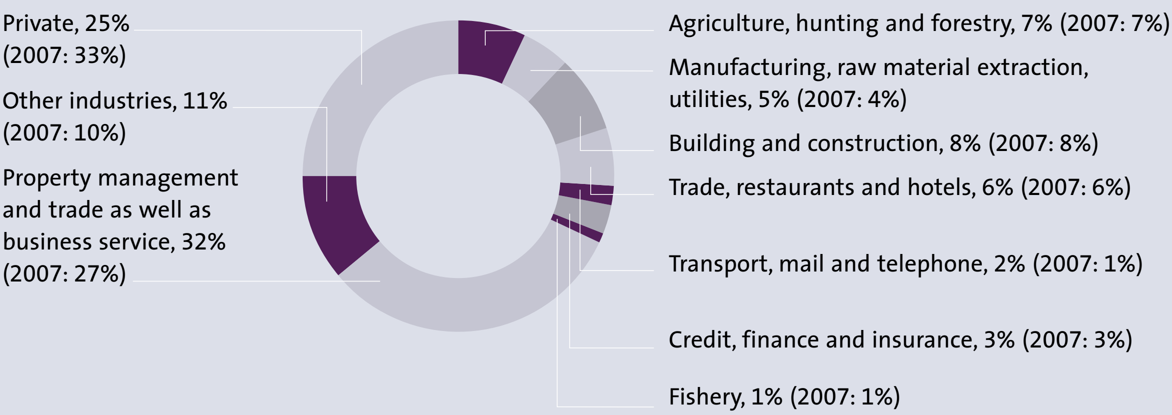
Finally, the scheme puts a stop to new share buy-back programmes, just as the banks are not allowed to establish new share option plans or prolong/renew existing programmes or plans for management or employees.

Customers with loans and advances broken down by risk classes



The loans volume has been calculated as maximum credit granted to customers. The best category is no 1 and the poorest one is no 5.

Loans and advances as well as guarantees broken down by private and corporate customers



Investor Relations

Max Bank attaches considerable importance to communication to and dialogue with its shareholders, investors and anyone with a participating interest. Our basic view on IR is to display a high degree of openness based on the motto that substantial openness ensures the greatest possible security with the enterprise's stakeholders and concurrently increases willingness to make capital available for the Bank's growth.

In 2008, Max Bank intensified its communication activities by publishing a highly detailed risk report containing information exceeding ordinary standards in the sector. With effect from the interim financial statements for H1 2008, the Bank has accordingly decided to ’open its books’ and account in more detail for the exposure to the industries ’Building and construction’ and ’management and trade, business services’ which have been subject to particular focus throughout 2008.

In 2008, Max Magasinet was again published quarterly, and it is the Bankís primary communication tool with the shareholders.

The Max Bank share

All Danish shares have from the end of 2007 and throughout 2008 experienced a plunge in share prices. This development has also affected the Max Bank share.

At year-end 2008, the Bank had a total of 15,983 shareholders.

By the end of 2008, the Bank holds 84,641 shares. In its Articles of Association, the Bank has adopted a voting limit, by which no shareholder may vote for more than DKK 20,000 worth of listed share capital, corresponding to 1,000 votes. The share capital is not divided into classes. Each share has a nominal value of DKK 20. The Articles of Association may be changed at the Annual General Meeting by a majority of two thirds of the votes.

Corporate Governance

Danish listed companies are required to state in their annual report how they respond to the so-called Corporate Governance recommendations.

Below, Max Bank's approach to these rules is reviewed in summary. The Bankís homepage contains a detailed account thereof in accordance with the 'follow and explain' principles.

The recommendations are divided into the following eight principal elements:

1. **Shareholders' role and interaction with Management.** Max Bank complies with the recommendations.
2. **Stakeholders' role and significance to the company.** Max Bank complies with the recommendations.
3. **Openness and transparency.** Max Bank largely complies with the recommendations. However, not all material (the homepage, for instance) exists in English.
4. **The Supervisory Board's tasks and responsibilities.** Max Bank complies with the recommendations.
5. **Composition of the Supervisory Board.** Max Bank complies with the recommendations.
6. **Remuneration to the Supervisory and Executive Boards.** Max Bank complies with the recommendations. However, the remuneration of the Supervisory Board is not submitted for adoption at the Annual General Meeting, which is not customary in other banks either. As for details about the size of the remuneration, the recommendations are complied with for the Supervisory Board collectively and for the Executive Board collectively, however, it is not broken down by member.
7. **Risk management.** Max Bank complies with the recommendations.
8. **Audits Max Bank complies with the recommendations.**

The Supervisory Boardís work in 2008

Max Bankís Supervisory Board has in 2008 cooperated closely and constructively with the Executive Board. During the year, the Supervisory Board has held 31 meetings where the aggregate turnout reached 88%.

Generally, the Supervisory Board convenes every other week for a meeting at which the primary agenda item is to decide on the authorisation of major credit commitments. Moreover, the Supervisory Board convenes 6-8 times a year for an extended meeting, at which strategic focus areas are discussed. Another Supervisory Board meeting is reserved for a detailed study of all large commitments and the composition of the Bankís portfolio.

Each September, the Supervisory Board also holds a seminar, at which the Supervisory and Executive Boards delve deeply into one or more topics at a strategic level.

The Supervisory Board is elected by the Annual General Meeting for a period of three years at a time. Until 22 March 2010, the Supervisory Board is authorised – in one or more rounds – to increase the Bank's share capital by up to DKK 10,350k.

Systematic self-evaluation

In 2007, the Supervisory Board of Max Bank introduced a systematic annual self-evaluation. This self-evaluation comprises 14 success factors, and the objective is to ensure a clear definition of the Supervisory Boardís tasks and responsibilities. The objective is also to ensure the optimal composition of the Supervisory Board and that each directorís competencies remain updated.

As part of the general enhancement of the Bankís evaluation practice, the Supervisory Board has since 2007 conducted a systematic evaluation of the Executive Board. This evaluation too is based on a specific form comprising 29 success factors.

Supervisory Board of Max Bank

Chairman Hans Fossing Nielsen, 63
Engineer
Executive Officer of Grimstrup Holding ApS
Executive Officer of H.F. Nielsen Næstved ApS
Executive Officer of H.F.N. Holding ApS
Chairman of the Bank's subsidiary, Nauca A/S
Supervisory Board member of H. Nielsen & S¯n A/S
Chairman of AdministratorGruppen AS
Chairman of AdministratorGruppen Leasing ApS
Chairman of AdministratorGruppen Invest ApS
Chairman of AdministratorGruppens Sikringskonto A/S
First elected to the Supervisory Board of Max Bank in 1987.
Term of office and electability expire in 2011.

Hans Fossing Nielsen is the principal shareholder of H. Nielsen & Søn A/S, which carries on building projects under specialist subcontracts as well as main and turnkey contracts.

Hans Fossing Nielsen has been Chairman of the Board since 1990 and thus has many years' experience on the Board and is an important driving force behind the Bank's growth and its major change processes. In addition, he has sound business acumen – especially within the property sector where the Bank has major market shares – which is of great importance in his work on the Board.

Vice-Chairman Dan Andersen, 57
MSc (Econ), Executive Officer and Supervisory Board member of COMING/1 Reklame/markedsf¯ring A/S
Executive Officer and Supervisory Board member of COMING/1 Holding ApS
Supervisory Board member of Sjælland Sport & Event A/S
Supervisory Board member of Næstved Boldklub A/S
Supervisory Board member of SSE Basket A/S
Supervisory Board member of SSE Event A/S
Supervisory Board member of Maglemølle Erhvervspark A/S
Supervisory Board member of H. Nielsen & Søn A/S
Supervisory Board member of AdministratorGruppen AS
Supervisory Board member of AdministratorGruppen Leasing ApS
Supervisory Board member of AdministratorGruppen Invest ApS
Supervisory Board member of AdministratorGruppens Sikringskonto A/S
First elected to the Supervisory Board of Max Bank in 1989.
Term of office expires in January 2010.

Dan Andersen is the owner of COMING/1 Reklame/markedsføring A/S. The agency was established in 1983 and works with graphical design/production and consultancy within marketing, branding and market communication. Throughout the years, Dan Andersen has rendered advisory services to and cooperated with a number of national chains and enterprises in the business-to-business area.

With his professional marketing background and extensive professional experience, including board work for a range of enterprises within different industries, Dan Andersen plays a special part in the Bankís strategy and business development.

Niels Henrik Andersen, 49
Farm Owner
First elected to the Supervisory Board of Max Bank in 2000.
Term of office expires in 2009.

Niels Henrik Andersen has been an independent farmer for more than 20 years. His family owns the Videbæksgård estate in Teestrup as well as two farms in Haslev. All-round farming with for instance 370 hectares under seed, porker production and breeding stock with sale of Danish hybrid LY young sows. In addition, he operates a tractor station.

The farming industry is an important business area for the Bank, and with his professional expertise combined with local knowledge of the Haslev district, Niels Henrik Andersen has an extremely important role to play in the work of the Supervisory Board.

Henrik Forssling, 42
Registered Surgical Appliance Maker.
Owner of BandaGisten, Forssling & Co. A/S.
Executive Officer of Forssling Holding ApS
Supervisory Board member of Forssling & Co. A/S
Supervisory Board member of Mogens Forssling ApS
First elected to the Supervisory Board of Max Bank in 2003.
Term of office expires in January 2009.

Henrik Forssling owns BandaGisten, Forssling & Co. A/S. The company has its head office in Sorø as well as clinics and shops in Slagelse, Holbæk and Næstved.

Henrik Forssling has worked as a surgical appliance maker for 17 years – the last 10 years from his own business.

Forssling & Co. makes individual body-powered remedies, including artificial limbs and orthoses/bandages which are sold to both private customers and the public sector. The business also has its own retail shops from which associated products are marketed.

With a professional background in production, retail sales and consultancy, Henrik Forssling contributes to the work of the Supervisory Board on many fronts.

Mie Rahbek Hjorth, 42
Credit Officer.
Elected to the Supervisory Board of Max Bank
by the employees, first time in 2007.
Term of office expires in 2011.

Mie Rahbek Hjorth is a credit officer in the Bankís credit secretariat and has worked with the Bank since 2001. Through her job, Mie Rahbek Hjorth has obtained detailed knowledge of the corporate and credit areas and has worked with various control and reporting functions.

During her years in the financial sector, Mie Rahbek Hjorth was worked with both private and corporate customers.

Sven Jacobsen, 62
Chief Executive Officer of Al-Con Conveyor A/S.
First elected to the Supervisory Board of Max Bank in 1990.
Term of office and electability expire in 2011.

Al-Con manufactures and installs internal transport systems. Its systems are sold to industrial enterprises primarily in Europe, but also in the Middle East.

Sven Jacobsen obtained his engineering degree from Fachhochschule Niederrhein in Germany. Over the years, Sven Jacobsen has held a number of executive positions, ia in his own business within the textile industry, been the principal of TEKO Center DK in Herning, and held the position of executive officer for Dansk Tekstil Institut. Since 1993, Sven Jacobsen has been the Chief Executive Officer and co-owner of Al-Con Conveyor A/S.

With his broad experience within the industrial sector and his day-to-day activities in the international markets, Sven Jacobsen plays a special role in relation to the Bank's corporate field and strategic development.

Mogens Pedersen, 52
IT Consultant.
Supervisory Board member of the Bank's subsidiary, Nauca A/S
Elected to the Supervisory Board of Max Bank
by the employees, first time in 1987.
Term of office expires in 2011.

Mogens Pedersen, who took up employment with Max Bank in 1974, is a B Com (Management Accounting) and has been a union representative at the Bank since 1992. Mogens Pedersen is also a member of the Bank's Works Committee. Over the years, he has accumulated thorough organisational knowledge of the Bank both through previous areas of responsibility (accounting/human resources) and through many years' work as a union representative and the performance of other union work.

Steen Sørensen, 51
Chief Executive of South Zealand Business College
MSc Soc in business studies and psychology and
HD graduate in accounting
Board member of Næstved Erhvervsråd and
Vordingborg Erhvervsforening (trade promotion boards)
Executive Committee member of University College
Executive Committee member of Akademi Sjælland
Executive Committee member of the Social and
Health Care College in Næstved.
First elected to the Supervisory Board of Max Bank in 2007.
Term of office expires in January 2010.

Steen Sørensen has a background in the financial sector (Nordea), where his last eight years were focused primarily on credits to corporate customers. In 1988, his managerial position in the credit department was exchanged with a job as Headmaster at Vordinborg Business School. When this business college merged with Næstved Business College, he became Chief Executive of South Zealand Business School, which is one Denmark's largest business schools and among the region's largest workplaces. Steen Sørensen has extensive training experience within the subjects economics, management and organisation, including the supplementary training programmes of the savings bank sector.

With his knowledge of economics and strategy combined with vast experience of organisational development and change processes, Steen Sørensen contributes greatly to the continued development of the Bank.

Kurt Aarestrup, 46
Corporate Adviser.
Elected to the Supervisory Board of Max Bank
by the employees, first time in 1999.
Term of office expires in 2011.

Kurt Aarestrup has been a corporate advisor with Max Bank since 1993 and has played a significant role in the heavy development experienced by the Bankís Erhvervscenter (Business Centre). For more than 25 years, he has been involved in the business area of the financial sector, including the credit department in a major Danish finance group.

Aside from substantial practical and theoretical bank training, Kurt Aarestrup also holds a business diploma in accounting. His competencies within management and strategy are, moreover, enhanced on an ongoing basis.

Entirety

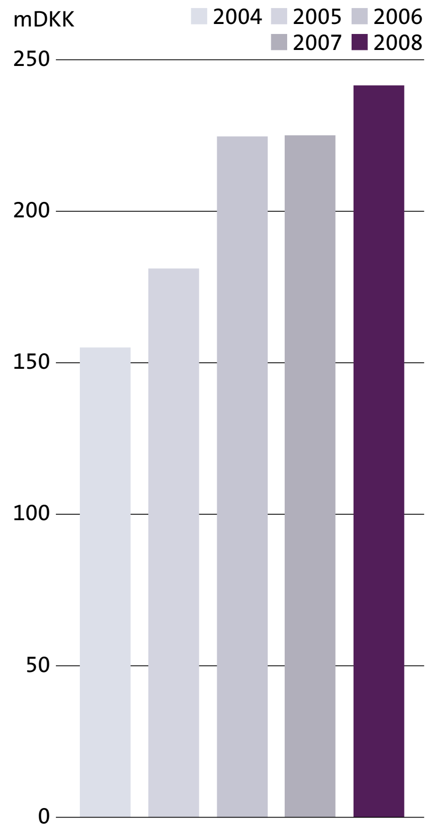
Energy

Financial friendship

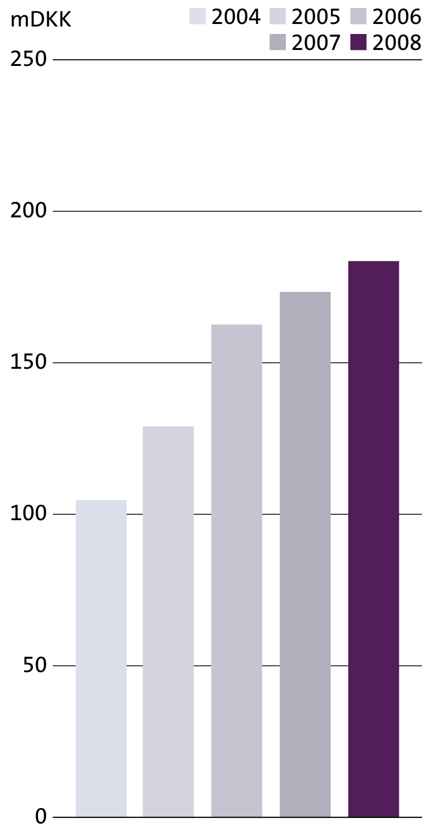
Accessibility
Experience
Time

Development

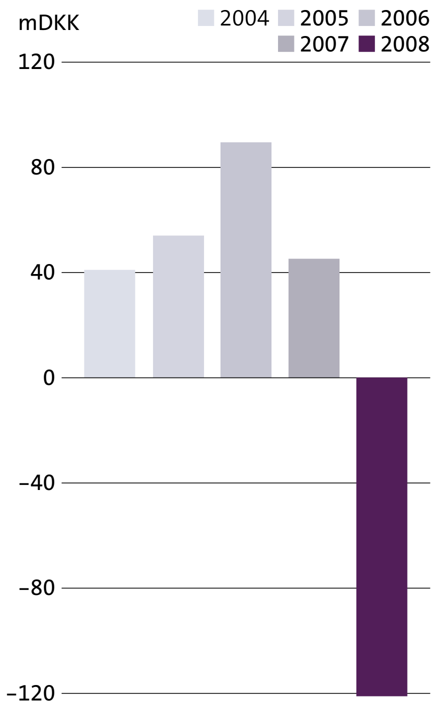
Net interest and fee income



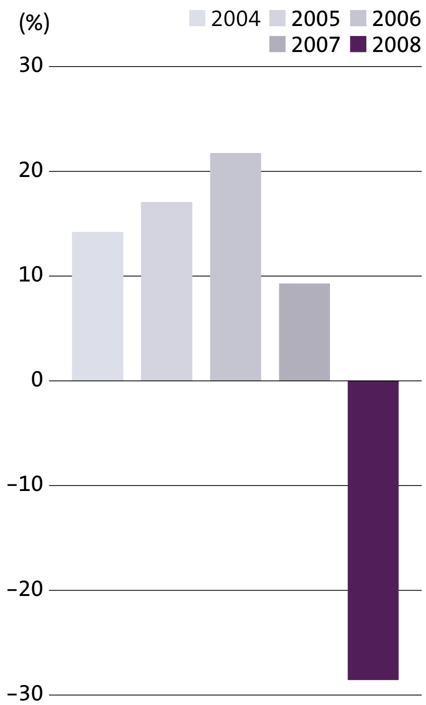
Staff costs and administrative expenses, etc



Profit before tax

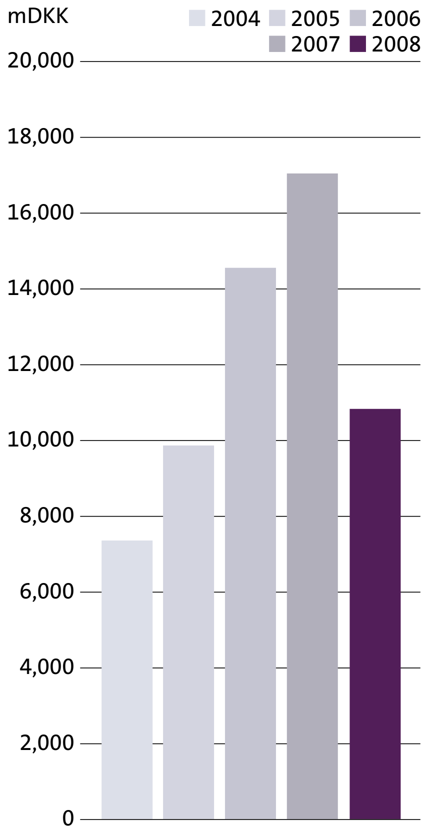


Return on equity before tax

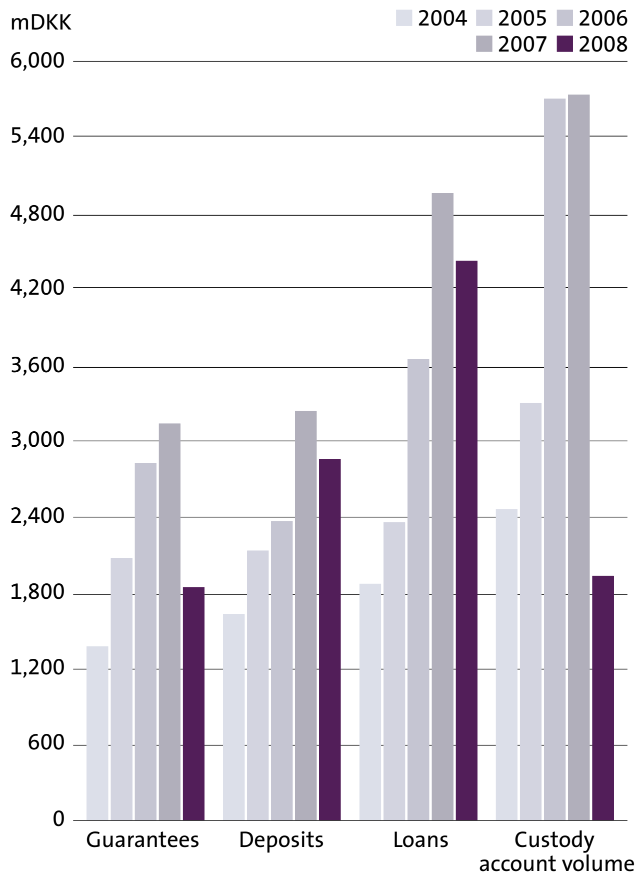


Development

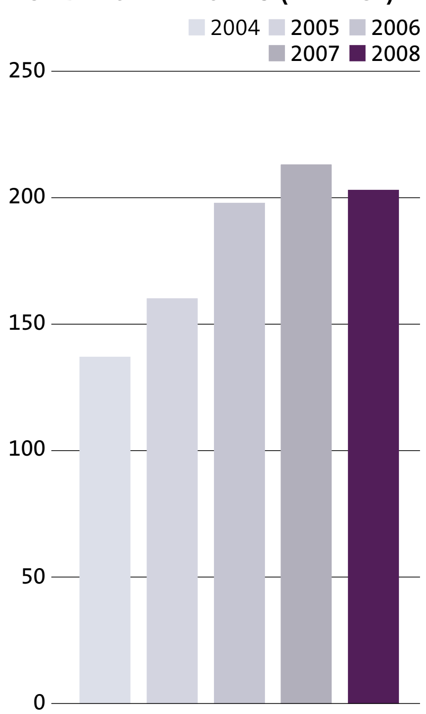
Total business volume (sum of guarantees, loans, deposits and custody account volume)



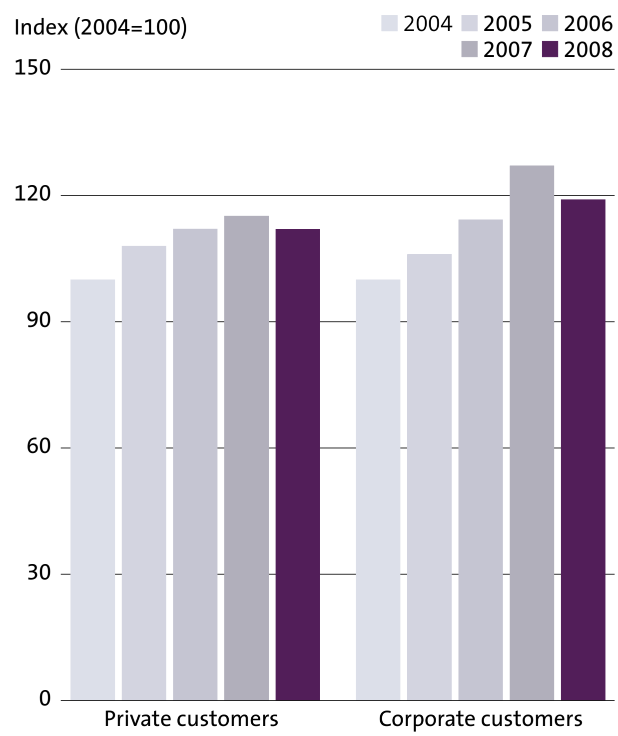
Guarantees, deposits, loans and custody account volume



Number of employees (average)



Customer base development



Financial performance for 2008

The object of Max Bank is to carry on banking activities as well as other activities permitted under the regulations governing commercial banks. The primary activity of the Bank is to offer banking products to private and corporate customers. The customers are primarily based in the Bank's market area, comprising Næstved, Slagelse, Haslev, Faxe and Vordingborg. In recent years, however, Max Bank has expanded its activities to other areas of the country with a branch in Århus as well as the Bankís Direct Centre servicing remote customers.

Decline in the aggregate business volume

Max Bank has in 2008 witnessed a massive decline in its aggregate business volume, which inclusive of custody account volume dropped by 37% to a total of DKK 10.8bn. In terms of business, investments have been hit the hardest by the financial crisis with a 67% reduction in the aggregate custody account volume to DKK 1.9bn.

Deposits are down as well, which is also attributable to the financial crisis. At the peak of the crisis, the Bank experienced considerable traffic of customers with large deposits spreading them among several banks in order to ensure coverage by the deposit guarantee scheme. And even though the Bank both ceded and received significant deposits in this period, Max Bank has for the entire year lost deposits of approx DKK 370m net in 2008, corresponding to a drop in deposits of 11.5% to DKK 2.9bn.

As to loans and advances, a deliberate reduction in loans and advances to the property area as well as investment credits has entailed that aggregate loans and advances have gone down by approx DKK 750m to DKK 4.2bn, or 15%.

Guarantees are down as well; by 41.7% to DKK 1.8bn. A major portion of the decline in guarantees is, however, attributable to a changed cooperation model with Totalkredit, which for Max Bank has implied that guarantees against losses of approx DKK 1bn towards Totalkredit have lapsed.

The change in deposits as well as loans and advances has entailed that the Bank's deposit losses at year-end 2008 have dropped by DKK 372m to DKK 1.4bn.

Fair rise in interest income

In 2008, Max Bank's interest income increased by 26.3% to DKK 434.2m. The interest income is adversely affected by the decline in loans and advances, but is also positively affected by the increasing level of interest rates and a small increase in the Bankís interest margin.

Interest expenses increased by 33.2% to DKK 277.0m. In this area as well, part of the explanation may be found in the increasing level of interest rates. The interest expenses are, however, also negatively impacted by increased funding costs.

In aggregate, the Bankís net interest income increased by 15.7% to DKK 157.2m.

In 2008, the Bank's fee and commission income decreased by 6.1% to DKK 92.5m. The drop is primarily attributable to the decline in earnings from investment business.

Accordingly, total net interest and fee income has gone up by 7.5% to DKK 241.5m

Modest increase in costs

Staff costs and administrative expenses went up by 5.7% to DKK 183.1m in 2008. The increase is primarily attributable to raises in payroll and pension costs pursuant to collective agreements. The implemented staff reduction has, however, not influenced the cost development as the effect of this measure will not become apparent until the annual report for 2009 and later.

Growth in core earnings by 34%

The results of the primary banking activities can accordingly be calculated at DKK 48.0m against DKK 35.6m last year, corresponding to an increase of 34.4% This performance is up by 11.6% thanks to a profit from the sale of the Bankís former head office in Jernbanegade, but is also adversely affected by payments of DKK 6.7m to the Bank Aid Package.

Impairment losses of DKK 192.5m

Max Bank has in 2008 experienced a generally increasing indication of impairment due to economic trends. To this should be added considerable impairment losses on a small number of single commitments related to the share market, where the decline in September and October 2008 escalated dramatically, resulting in a number of collapses. The situation in Q4 has necessitated write-downs for impairment totalling DKK 136m, entailing impairment losses for 2008 to total DKK 192.5m.

Impairment losses are particularly influenced by those related to the share market. Thus, three quarters of this yearís impairment losses relate to the funding of a few customers' considerable investment portfolios containing many illiquid shares. Due to an extraordinarily negative trend in market prices of the securities in question in late 2008, these securities have triggered a heavy loss.

Obviously, there is no doubt today that we assumed too large risks on this small segment of our aggregate loans and advances. However, the Bank believes that impairment losses in the order we have witnessed in 2008 will be a one-off.

Our impairment losses in other areas remain at an acceptable level, for which reason we believe that impairment losses in 2009 – despite the weak market forecasts – will be significantly lower than in 2008.

Negative market value adjustments

Despite pursuing a relatively conservative placement policy for the Bankís own portfolios, most of which have been placed in short-term bonds, declines in prices on the securities markets have triggered considerable falls in prices on the Bankís own portfolio. So at year-end 2008, total market value adjustments are negative by DKK 28.0m.

Unsatisfactory performance

Max Bankís performance before tax can be calculated at a loss of DKK 172.8m. However, tax adjustments entail that net loss for the year can be limited to DKK 121.1m.

The Supervisory Board considers this net loss unsatisfactory.

Capital adequacy ratio of 11.1%

Having carried forward the loss for the year, Max Bank's equity amounts to



DKK 357.0m at year-end 2008 compared to DKK 489.5m last year. To this should be added subordinate debt of DKK 525m. Due to the negative development in equity, this subordinate debt can only be partially included in the aggregate capital base which at year-end 2008 could be calculated at DKK 670m. This corresponds to a capital adequacy ratio of 11.1%.

The maturity structure for the Bankís subordinate capital and hybrid core capital is outlined in the table below:

Liquidity

Thanks to long-term liquidity planning Max Bank retains sound cash resources. Measured in relation to the statutory requirements, the Bankís cash resources exceeded these requirements by DKK 1,310m at year-end 2008, accounting for an excess cover of 162.6%.

Outlook for 2009

For 2009, Max Bank expects a moderate profit before translation/market value adjustments and tax, ie after expected impairment losses on loan commitments and payment of guarantee commission to the government guarantee scheme for banks. These earnings expectations are ia based on the following assumptions:

- In 2009, the Bankís interest margin will remain the same as the current interest margin at year-end 2008
- In 2009, Max Bankís costs in connection with the accession to the government guarantee scheme for banks will not exceed approx DKK 27m
- The impairment losses on loans and advances will total 0.5–1.0% of the aggregate loans volume
- The Bank will continue to pursue its conservative investment strategy with a low share portfolio and a low interest rate risk on the bond portfolio.

Events having occurred after 31 December 2008

On 18 January 2009, the Danish Government introduced the so-called Bank Aid Package, where, on closely defined terms, it offers public credit to financial institutions and mortgage banks in the form of hybrid core capital. The bill was passed by the Danish Parliament on 3 February by an overwhelming majority.

The object of the new Bank Aid Package is to strengthen the banksí core capital.

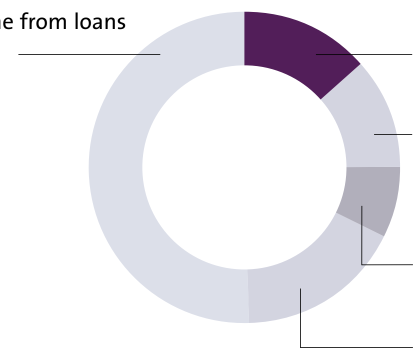
The Supervisory Board finds the Bank Aid Package sound and farsighted and will submit a proposal that the Supervisory Board be authorised to raise hybrid core capital to an extent which it finds expedient and in accordance with the interests of the Bank.

Repayment	Type of capital	Principal (DKKím)
March 2012	Subordinate loan capital	50
November 2012	Subordinate loan capital	75
June 2013	Subordinate loan capital	50
September 2014	Subordinate loan capital	100
May 2015	Subordinate loan capital	100
December 2015	Subordinate loan capital	50
Indefinite life	Hybrid capital	100
Total		525

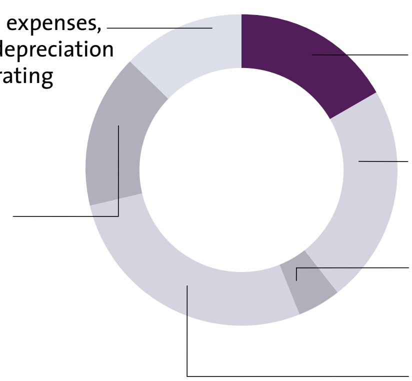
Total return on a share in Max Bank A/S

	2008	2007	2006	2005	2004
Price at 31 December	60	532	564	402	310
Capital gain	–472	–33	162	92	99
Dividend	0	3	3	3	4
Value of subscription right	0	0	78	0	0
Return in DKK	–472	–30	243	95	103
Return for the year	–88.7%	–5.3%	60.8%	30.6%	48.8%

This is how the money is earned...



And this is how it is spent...



The Danish Financial Supervisory Authority's key ratio system

		2008	2007	2006	2005	2004
1	Capital adequacy ratio	11.1%	14.5%	15.6%	13.2%	14.6%
2	Core capital ratio	5.5%	8.1%	10.3%	8.4%	9.6%
3	Return on equity before tax	–40.8%	11.9%	27.2%	23.3%	18.8%
4	Return on equity after tax	–28.6%	9.2%	21.7%	17.1%	14.1%
5	Operating income over operating expenses	0.56 kr.	1.32 kr.	1.72 kr.	1.53 kr.	1.44 kr.
6	Interest-rate risk	4.8%	4.6%	3.0%	2.8%	2.3%
7	Currency position	2.9%	1.1%	1.3%	6.2%	4.8%
8	Currency risk	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans plus impairment losses thereon in ratio to deposits	155.7%	155.7%	157.8%	115.2%	122.3%
10	Excess liquidity in relation to statutory requirements of liquidity	162.6%	85.2%	67.9%	69.0%	49.1%
11	The sum of large exposures	234.5%	167.6%	200.2%	234.6%	107.5%
12	Share of receivables with a reduced interest rate	4.0%	1.0%	0.7%	0.7%	0.9%
13	Accumulated impairment ratio	3.8%	0.9%	1.2%	2.0%	2.8%
14	Impairment ratio for the year	3.1%	–0.1%	–0.2%	0.1%	0.5%
15	Loan growth for the year	–15.0%	35.0%	56.2%	24.9%	38.3%
16	Loans in ratio to equity	11.8	10.1	7.6	6.9	6.3
17	Earnings per share for the year (denomination DKK 100)	–292.5 kr.	108.1 kr.	235.2 kr.	153.9 kr.	112.1 kr.
18	Equity value per share (denomination DKK 100)	899 kr.	1,231 kr.	1,171 kr.	994 kr.	825 kr.
19	Dividend per share (denomination DKK 100) in DKK	0 kr.	15 kr.	15 kr.	15 kr.	15 kr.
20	Price/earnings for the year per share (denomination DKK 100)	–1.0%	24.6%	12.0%	13.0%	13.8%
21	Price/equity value per share (denomination DKK 100)	0.33%	2.16%	2.41%	2.02%	1.88%

The rules of preparation of financial statements were changed considerably in 2005. The financial highlights for 2004–2008 have been prepared in accordance with the new rules.

Comparative figures for 2004 have not been restated for financial assets and liabilities.

Interest on loans and advances written down for impairment in 2008 has been recorded at DKK 5,157k (2007: DKK 3,292k) under impairment losses on loans and advances.

Endorsements

MANAGEMENT
The Supervisory and Executive Boards have today considered and approved the annual report of Max Bank A/S for 2008.
The annual report is presented in accordance with the Danish Financial Business Act. Further, the annual report has been prepared in accordance with additional Danish disclosure requirements for annual reports of listed financial companies. The management's review includes a fair presentation of the development in the Bank's activities and financial position as well as a fair description of the most material risks and elements of uncertainty that may affect the Bank. We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Bank's financial position at 31 December 2008 as well as of the results of its activities and cash flows for the financial year 2008.
We recommend the annual report for adoption at the Annual General Meeting.

Næstved, 17 February 2009

The Executive Board

Henrik Lund Chief Executive Officer	Hans Verner Larsen Executive Officer

The Supervisory Board

Hans Fossing Nielsen, chairman	Dan Andersen, vice chairman	Niels Henrik Andersen
Henrik Forssling	Sven Jacobsen	Steen Sørensen
Mie Rahbek Hjorth	Mogens Pedersen	Kurt Aarestrup

AUDITORS
Independent auditor's report

To the shareholders of Max Bank A/S
We have audited the annual report of Max Bank A/S for the financial year 1 January to 31 December 2008, which comprises the statement by Management on the annual report, the management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The annual report has been prepared in accordance with the Danish Financial Business Act. Furthermore, the annual report has been presented in accordance with additional Danish disclosure requirements for annual reports of listed financial companies.

Management's responsibility for the annual report
Management is responsible for the preparation and fair presentation of an annual report in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for annual reports of listed financial companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the annual report is free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Our audit has not resulted in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Bank's financial position at 31 December 2008 as well as of the results of its operations and its cash flows for the financial year 1 January - 31 December 2008 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for annual reports of listed financial companies.

Næstved, 17 February 2009

Deloitte Statsautoriseret Revisionsaktieselskab

Henrik Priskorn State Authorised Public Accountant	Mogens Holm Christensen State Authorised Public Accountant

Accounting policies

The annual report has been presented in accordance with the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc and rules for listing on the NASDAQ OMX Copenhagen A/S. We consider the accounting policies appropriate for the annual report to provide a true and fair view of the Bank's financial position and results.

The accounting policies are consistent with those applied for the annual report for 2007. However, the item Illiquid bonds has been subject to reassessment/reclassification as follows:

On 15 October 2008, the EU adopted the IAS 39 amendments issued by the IASB, implying that bonds, etc in special circumstances may be reclassified out of the trading portfolio. The Danish Financial Supervisory Authority (Finanstilsynet) has decided that the new rules are to be included correspondingly in the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc with effect from the annual reports for 2008.

The Bank has decided to take advantage of the opportunity for reclassification. The changed procedure has implied that bonds worth DKK 231k on 17 December 2008, on which date the decision was made, prospectively will be measured at amortised cost and moved from the Bank's portfolio of bonds to the item Receivables from credit institutions and central banks. The interest income of DKK 0.5m for the period has, correspondingly, been moved from Interest on bonds to Interest on receivables from credit institutions and central banks.

A continued measurement at fair value would at 31 December 2008 have produced an unrealised capital loss of approx DKK 6.7m.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Bank, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Bank, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value. However, intangible assets and property, plant and equipment are measured at cost at the time of the initial recognition. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. However, increases in value of owner-occupied property are recognised directly in equity.

Purchase and sale of financial instruments are recognised on the trading date.

Accounting estimates

Stating the carrying amount of certain assets and liabilities is related to an estimate of how future events affect the value of such assets and liabilities. The most significant estimates relate to impairment losses on loans and advances, provisions for guarantees, determination of the fair value of unlisted financial instruments as well as provisions.

The estimates are based on assumptions, which are considered reasonable by Management, but which are uncertain. Furthermore, the Bank is subject to risk and uncertainty that may result in deviations of the actual results from the estimates. Measurement of the fair value of unlisted financial instruments is therefore subject to significant estimates.

For write-down on loans and receivables, significant estimates are related to the quantification of the risk that not all future payments are received.

Changes in accounting estimates

The Bank has so far based its group-based assessment of loans, advances and receivables on an informed estimate. The Bank has used a proper model in the preparation of the annual report for 2007. The switch from an informed estimate to a proper model has been accounted for as a change of accounting estimate.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the closing exchange rate at the balance sheet date. Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date or the balance sheet date are recognised in the income statement as exchange adjustments.

Non-monetary assets and liabilities acquired in foreign currencies which are not revalued at fair value are not subjected to market value adjustment.

Hedge accounting

The Bank does not apply the rules on hedge accounting.

INCOME STATEMENT

Interest, fees and commissions

Interest income and interest expenses are recognised in the income statement in the period to which they relate. Commission and fees, which are integrated parts of the effective interest rate on loans, are recognised as a part of amortised cost and thereby as an integrated part of the financial instrument (loans) under interest income.

Commission and fees which are part of a current payment are accrued over the term of the loan. Other fees are recognised in the income statement at the date of transaction.

Interest on written-down loans is recognised under write-downs on loans and receivables, etc.

Staff costs and administrative expenses

Staff costs comprise salaries and wages, social security costs, pension contributions, etc. for the Bank's staff. Costs for payments and benefits for employees, including anniversary bonuses and severance payments, are recognised concurrently with the employees' performance of such work as entitle them to receive the payments and benefits concerned.

Costs for incentive programmes are recognised in the income statement in the financial year to which the cost is related.

Pension plans

The Bank has entered into defined contribution plans with its employees. In the defined contribution plans, fixed contributions are paid to an independent pension fund. The Bank has no obligation to pay any further contributions.

The Bank also has defined benefit plans previously entered into for Management, and two of these plans still exist.

Under the defined benefit plans, the Bank is obliged to pay a defined benefit when a member of Management retires. Obligations of this kind are calculated using an actuarial discounting of pension commitments to present value. The net present value is calculated on the basis of assumptions of future developments in interest rates, inflation and mortality. The Bank's current Management is not covered by these plans.

Taxation

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and classified directly as equity by the portion attributable to entries directly in equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Bank is taxed jointly with Nauca A/S and AdministratorGruppen AS.

THE BALANCE SHEET

Cash and demand deposits with central banks

Cash and demand deposits with central banks comprise cash holdings as well as demand deposits with central banks.

The item is measured at amortised cost.

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks comprise receivables from other credit institutions as well as time deposits with central banks.

The item is measured at amortised cost.

Loans and advances

This item consists of loans and advances which have been paid directly to the borrower.

Listed loans and advances and those forming part of a trading portfolio are measured at fair value. Other loans and advances are measured at amortised cost which usually corresponds to the nominal value minus front-end fees, etc and minus any write-downs for impairment for occurred but not yet realised losses.

Write-down for bad and doubtful debts is made when there is objective evidence of impairment. Write-down for impairment is made by the difference between the carrying amount before write-down and the present value of the expected future payments on the loan or advance.

Write-down for impairment is made both on individual and group basis.

The group-based assessment is performed on groups of loans, advances and receivables with similar characteristics as regards credit risk. The Bank has 11 groups containing one group of public authorities, one group of private customers and nine groups of corporate customers as the corporate customers are broken down by sector groups.

The group-based assessment is made by applying a segmentation model developed by the association Lokale Pengeinstitutter, which is responsible for current maintenance and development. The segmentation model determines the correlation of the individual groups between realised losses and a number of significant explanatory macroeconomic variables through a linear regression analysis. The explanatory macroeconomic variables include unemployment, real property prices, interest rate, number of bankruptcies/compulsory sales, etc.

The macroeconomic segmentation model has been set up on the basis of loss data for the entire banking sector. Max Bank has assessed the model estimates and adjusted them.

This assessment has led to an adjustment of the model estimates to own conditions after which the adjusted estimates form the background for the calculation of the group-based write-down. An estimate is produced for each group of loans and receivables that expresses the impairment in percent related to a given group of loans and receivables at the balance sheet date. When comparing with the individual loan's original risk of loss at the time of establishment and the loan's risk of risk in the beginning of the current financial period, the individual loan's contribution to the group-based write-down is obtained. The write-down is calculated as the difference between the carrying amount and the discounted value of the expected future payments.

Bonds

Bonds and mortgage deeds traded on active markets are measured at fair value. The fair value is calculated on the basis of the closing price on the relevant market at the balance sheet date.

Shares

Shares traded on active markets are measured at fair value. The fair value is calculated on the basis of the closing price at the balance sheet date. Unlisted and non-liquid shares, for which calculation of a reliable fair value is not deemed possible, are measure at cost.

Investments in group enterprises and associates
An associate is an enterprise over which the Group may exercise significant, but not controlling influence. A group company is an enterprise over which the Group may exercise controlling influence.

Investments in group enterprise
Shares in the subsidiary Nauca A/S and AdministratorGruppen AS have been measured under the equity method with addition of goodwill.

The Company's share of the enterprise's pre-tax profits and losses after elimination of unrealised intra-group profits and losses is recognised in the income statement.

Property, plant and equipment
On initial recognition, property, plant and equipment are measured at cost. Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

Owner-occupied property is property which the Bank itself uses for administration, branches or other service operations. Subsequent to initial recognition, owner-occupied property is measured at revalued amount. Revaluation is made so often that no significant differences occur in relation to the fair value. External experts are not involved in the measurement of owner-occupied property.
Increases in the properties' restated value is recognised directly in equity as a revaluation reserve. Any decrease in value is recognised in the income statement unless it is considered a reversal of previous revaluations.

Depreciation is calculated based on the revalued amount. Owner-occupied property is depreciated over a period of 50 years.

Other property, plant and equipment comprise machinery, equipment, safety deposit facilities, computer equipment and leasehold improvements and are measured at cost minus accumulated depreciation and impairment losses. Straight-line depreciation is made on the basis of the following assessment of other assets' expected useful lives which are estimated to be from 3 to 7 years.

Other property, plant and equipment are tested for impairment when there is evidence of impairment, and they are written down to the recoverable amount which is the higher of net realisable value and value in use.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other financial liabilities
Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

Provisions
Liabilities, guarantees and other liabilities, which are uncertain in terms of amount or time of settlement, are recognised as provisions when it is probable that the liability will lead to a consumption on the enterprise's financial resources, and the liability can be measured reliably. The liability is stated at present value of those costs necessary to meet the obligation. Provisions for staff commitments are made using a statistical actuarial basis. Liabilities due more than 12 months after the period during which they arise are discounted.

However, guarantees are not measured at an amount lower than the commission received for the guarantee accrued over the guarantee period.

Dividends
Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Own shares
Acquisition and selling prices as well as dividends on own shares are recognised directly in retained earnings under equity.

Derivative financial instruments
Derivative financial instruments are measured at fair value. Derivative financial instruments are recognised under other assets or other liabilities.

Cash flow statement
The cash flow statement is presented according to the indirect method and shows cash flows from operations, investments and financing as well as the Bank's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investment activities comprise payments in connection with acquisition and divestment of enterprises, activities as well as acquisition, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Bank's share capital, subordinated debt and related costs, acquisition of treasury shares as well as distribution of dividends.

Cash and cash equivalents comprise cash holdings and demand deposits with central banks, receivables from credit institutions with original maturity periods of up to three months as well as securities with original lives of up to three months which may immediately be converted into cash and which are only subject to insignificant risks of price changes.

Financial highlights
Financial highlights have been prepared in accordance with the requirements of the Executive Order on Financial Reports for Financial Credit Institutions and Investment Companies to this effect.

The ratios applicable from 1 January 2004 are stated in the Executive Order on Financial Reports for Financial Credit Institutions and Investment Companies but are defined in the financial reporting guidelines for credit institutions and investment companies, etc. (Appendix 6).

Income statement and distribution of profit

Note		2008 DKK'000	2007 DKK'000
	INCOME STATEMENT		
1	Interest income	434,233	343,782
2	Interest expenses	277,012	207,903
	Net interest income	**157,221**	**135,879**
	Dividends from shares, etc	1,717	1,578
3	Fee and commission income	92,503	98,561
	Ceded fees and commission expenses	9,951	11,316
	Net interest and fee income	**241,490**	**224,702**
4	Value adjustments	–28,023	15,799
	Other operating income	11,768	680
5	Staff costs and administrative expenses	183,149	173,290
6	Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment	11,923	12,234
	Other operating expenses	6,679	27
7	Impairment losses relating to loans, advances and other receivables, etc.	192,534	–6,520
8	Profit/loss from investments in associates and group enterprises	–3,710	–4,267
	Profit before tax	**–172,760**	**57,883**
9	Income tax	–51,682	13,150
	Profit for the year	**–121,078**	**44,733**
	Proposed distribution of profit		
	Dividends for the financial year	0	6,210
	Carried forward to next year	–121,078	38,523
	Total	**–121,078**	**44,733**

Balance sheet at 31 December

Note		2008 DKK'000	2007 DKK'000
	ASSETS		
	Cash holdings and demand deposits with central banks	504,072	540,723
10	Receivables from credit institutions and central banks	387,718	350,348
11	Loans, advances and other receivables at amortised cost	4,215,583	4,957,773
12	Bonds at fair value	1,431,412	769,673
13	Shares, etc	185,795	181,841
	Investments in associate	14,698	10,826
	Total land and buildings	4,033	17,087
14	Owner-occupied property	4,033	17,087
15	Other property, plant and equipment	29,613	37,401
	Current tax assets	7,500	1,692
16	Deferred tax assets	58,177	6,746
	Temporarily held assets	2,354	0
	Other assets	146,990	64,868
	Total assets	**6,987,945**	**6,938,978**
	EQUITY AND LIABILITIES		
17	Payables to credit institutions and central banks	2,586,190	2,610,068
18	Deposits and other payables	2,858,701	3,228,357
	Current tax payable	500,000	0
	Other liabilities	145,037	73,787
	Deferred income	88	131
	Total payables	**6,090,016**	**5,912,343**
19	Provisions for pensions and similar obligations	11,840	10,420
	Provisions for loss on guarantees	4,133	1,717
	Total provisions	**15,973**	**12,137**
20	Subordinate debt	525,000	525,000
	Total subordinate debt	**525,000**	**525,000**
	Equity		
	Share capital	41,400	41,400
	Share premium	91,997	91,997
	Revaluation reserves	0	2,357
	Other reserves	2,482	2,305
	Statutory reserves	2,482	2,305
	Retained earnings	221,078	351,439
	Total equity	**356,956**	**489,498**
	Proposed dividends thereof	0	6,210
	Total equity and liabilities	**6,987,945**	**6,938,978**

Other notes

21 Contingent liabilities
22 Rental obligations
23 Derivative financial instruments
24 Foreign exchange exposure
25 Capital adequacy requirements
26 Executive and Supervisory Boards
27 Related parties
28 Audit fees
29 Number of employees
30 Disclosures on pooled pension schemes
31 Assets acquired and sold as part of genuine sale and repurchase transactions
32 Group statement at 31 December
33 Other commitments and collateral security, etc.

Equity statement

Statement of changes in Equity for 2008 (DKK'000)

	Share capital	Share premium	Revaluation reserves	Statutory reserves	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 January 2008	**41,400**	**91,997**	**2,357**	**2,305**	**345,230**	**6,210**	**489,498**
Profit for the period	0	0	0	177	–121,255	0	–121,078
Income or expenses for the period recognised directly in equity	0	0	–2,357	0	280	0	–2,077
Total income taken to equity	**0**	**0**	**–2,357**	**177**	**–120,975**	**0**	**–123,155**
Dividends paid	0	0	0	0	0	–6,210	–6,210
Capital injections or reductions	0	0	0	0	0	0	0
Purchase and sale of own shares	0	0	0	0	–3,178	0	–3,178
Total other changes	**0**	**0**	**0**	**0**	**–3,178**	**–6,210**	**–9,388**
Equity at 31 December 2008	**41,400**	**91,997**	**0**	**2,482**	**221,077**	**0**	**356,956**

The share capital totals DKK 41.4m and consists of 2,070,000 shares at a nominal value of DKK 20,
The Bank has a portfolio of 84,641 own shares (2007: 81,361), corresponding to 4.09% of the share capital,
The shares were acquired as part of ordinary trading,

STATEMENT OF CHANGES IN EQUITY FOR 2007 (DKK'000)

	Share capital	Share premium	Revaluation reserves	Statutory reserves	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 January 2007	**41,400**	**91,997**	**0**	**2,128**	**338,806**	**6,210**	**480,541**
Profit for the period	0	0	0	176	38,345	6,210	44,733
Income or expenses for the period recognised directly in equity	0	0	2,357	0	71	0	2,428
Total income taken to equity	**0**	**0**	**2,357**	**176**	**38,416**	**6,210**	**47,161**
Dividends paid	0	0	0	0	0	–6,210	–6,210
Capital injections or reductions	0	0	0	0	0	0	0
Purchase and sale of own shares	0	0	0	0	–31,992	0	–31,992
Total other changes	**0**	**0**	**0**	**0**	**–31,992**	**–6,210**	**–38,202**
Equity at 31 December 2007	**41,400**	**91,997**	**2,357**	**2,305**	**345,230**	**6,210**	**489,498**

Cash flow statement

Note		2008 DKK'000	2007 DKK'000
	Pre-tax profit for the year	–172,760	57,883
	Impairment losses relating to loans, etc	192,534	–6,520
	Received, non-recognised fees	6,954	6,773
	Depreciation, amortisation and impairment losses relating to property plant and equipment and intangible assets	11,812	11,997
	Price adjustments of bonds and shares	36,024	–4,850
	Value adjustments of investments	3,710	4,267
	Income taxes paid, net	51,682	–13,150
	Earnings	**129,957**	**56,400**
	Change in loans and advances	542,702	–1,286,373
	Change in deposits	–369,656	850,702
	Change in issued bonds	500,000	0
	Change in credit institutions and central banks, net	–61,248	712,354
	Change in other assets and liabilities*)	–66,672	–23,891
	Cash flows from operating activities	**545,126**	**252,792**
	Acquisition, etc of property, plant and equipment	–4,210	–23,196
	Sale of property, plant and equipment	10,884	281
	Acquisition of group enterprice	–7,583	–4,480
	Cash flows from investment activities	**–909**	**–27,396**
	Change in bond and share portfolios	–701,717	–159,340
	Change in subordinate debt	0	150,000
	Dividends paid	–6,210	–6,210
	Dividends received from own shares	280	71
	Trade in own shares and write-down of share capital	–3,178	–31,992
	Cash flows from financing activities	**–710,825**	**–47,471**
	Change in cash and cash equivalents	**–36,651**	**234,325**
	Cash holdings and demand deposits with central banks, beginning of year	540,723	306,398
	Cash holdings and demand deposits with central banks, end of year	**504,072**	**540,723**

*) Other assets, other liabilities, current and deferred tax assets, current tax liabilities, temporarily held assets, prepayments and deferred income, and provisions for liabilities.

Notes

Note		2008 DKK'000	2007 DKK'000
1	**INTEREST INCOME**		
	Receivables from credit institutions and central banks	22,118	28,834
	Loans, advances and other receivables	354,872	280,543
	Bonds	43,201	31,186
	Total derivative financial instruments	13,869	3,025
	Of these Foreign exchange contracts	13,693	2,287
	Interest rate contracts	1,026	1,150
	Share contracts	–850	–412
	Other interest income	173	194
	Total interest income	**434,233**	**343,782**
2	**INTEREST EXPENSES**		
	Credit institutions and central banks	126,149	79,200
	Deposits and other payables	117,282	104,217
	Issued bonds	622	0
	Subordinate debt	32,878	24,486
	Other interest expenses	81	0
	Total interest expenses	**277,012**	**207,903**
	These include interest expenses from genuine sale and repurchase transactions recognised under credit institutions and central banks	8,592	0
3	**FEE AND COMMISSION INCOME**		
	Securities trading and custody accounts	22,470	35,424
	Payment services	9,127	9,128
	Loan fees	6,677	7,094
	Guarantee commission	38,478	31,505
	Other fees and commissions	15,751	15,410
	Total fee and commission income	**92,503**	**98,561**
4	**VALUE ADJUSTMENTS**		
	Other loans, advances and receivables at fair value	32	30
	Bonds	–15,334	–4,469
	Shares, etc	–20,690	9,319
	Foreign exchange	9,429	7,505
	Foreign exchange, interest rate, share, commodity and other contracts as well as derivative financial instruments	–1,460	3,414
	Total value adjustments	**–28,023**	**15,799**
5	**STAFF COSTS AND ADMINISTRATIVE EXPENSES**		
	Remuneration of Supervisory and Executive Boards		
	Executive Board	3,097	6,003
	Supervisory Board*)	1,309	1,410
	Total	**4,406**	**7,413**
	Staff costs		
	Wages and salaries	87,470	79,341
	Pensions**)	11,164	8,296
	Social security expenses	9,310	9,328
	Total	**107,944**	**96,965**
	Other administration expenses	**70,799**	**68,912**
	Total staff costs and administrative expenses	**183,149**	**173,290**

*) For the work implementing the corporate governance regulations and the replacement of Chief Executive Officer.

**) This includes recognition of adjustment of unhedged pension commitments by DKK 1,420k for 2008 (2007: Income DKK 830k)

Notes

Note		2008 DKK'000	2007 DKK'000
6	**AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES RELATING TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT**		
	Depreciation and impairment losses relating to land and buildings	91	228
	Depreciation of machinery and equipment	11,832	12,006
	Total amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment	**11,923**	**12,234**
7	**IMPAIRMENT LOSSES RELATING TO LOANS, ADVANCES AND OTHER RECEIVABLES, ETC**		
	Individual impairment losses:		
	Impairment losses for the year	193,901	22,103
	Reversal of write-downs for impairment made in prior financial years *)	–14,682	–27,595
	Finally lost but no previous write-down for impairment made	11,009	655
	Recovered from claims previously written off	–394	–875
	Total individual impairment losses	**189,834**	**–5,712**
	Group-based impairment losses:		
	Impairment losses for the year	2,700	–808
	Total group-based impairment losses	**2,700**	**–808**
	Total impairment losses relating to loans	**192,534**	**–6,520**

*) Including interest of DKK 5,157k on impaired loans for 2008 (2007: DKK 3,292k)

Note		2008 DKK'000	2007 DKK'000
8	**PROFIT/LOSS FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES**		
	Loss from investments in associates	0	0
	Profit from investments in group enterprises	–3,710	–4,267
	Total profit/loss from investments in associates and group enterprises	**–3,710**	**–4,267**
9	**INCOME TAX**		
	Estimated tax on jointly taxed income for the year	–48,871	13,308
	Deferred tax	–2,560	197
	Adjustment of prior years' estimated tax	–251	–355
	Total income tax	**–51,682**	**13,150**
	Effective tax rate	25,0%	25,0%
	Permanent differences and tax on impairment loss account*)	–4,9%	2,3%
	Effective tax rate	**29,9%**	**22,7%**

*) The permanent differences are primarily attributable to the Bank's fixed assets.

Note		2008 DKK'000	2007 DKK'000
10	**RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS**		
	Receivables at call from central banks	100,000	100,000
	Receivables from credit institutions	287,718	250,348
	Total receivables from credit institutions and central banks	**387,718**	**350,348**
	By time-to-maturity		
	Demand deposits	55,509	77,708
	Up to 3 months	332,209	272,640
	Total receivables from credit institutions and central banks	**387,718**	**350,348**

		2008 %	2007 %
11	**LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST**		
	Loans, advances and guarantee debtors by sector and industry		
	Public sector	**0%**	**0%**
	Corporate customers		
	Agriculture, hunting and forestry	7%	7%
	Fisheries	1%	1%
	Manufacturing, mining and utilities	5%	4%
	Building and construction	8%	8%
	Trade, restaurants and hotels	6%	6%
	Transport, mail and telephone	2%	1%
	Credit, finance and insurance	3%	3%
	Property management and trade, business services	32%	27%
	Other trade and industry	11%	10%
	Total corporate customers	**75%**	**67%**
	Private customers	**25%**	**33%**
	Total	**100%**	**100%**

		2008 DKK'000	2007 DKK'000
	Loans and advances by time-to-maturity		
	At call	1,598,044	1,481,618
	Up to 3 months	654,797	1,223,380
	Over 3 months and up to 1 year	331,487	751,723
	Over 1 year and up to 5 years	730,224	779,505
	Over 5 years	901,031	721,547
	Total	**4,215,583**	**4,957,773**
	Value of loans and advances with objective evidence of impairment		
	Loans, advances and receivables before write-down for impairment	689,048	125,070
	Write-down for impairment	235,265	68,293
	Loans and advances with objective evidence of impairment that have been recognised in the balance sheet	**453,783**	**56,777**

Notes

Note		2008 DKK'000	2007 DKK'000
12	**BONDS AT FAIR VALUE**		
	Mortgage bonds	1,372,434	650,037
	Government bonds	–337	326
	Other bonds	59,315	119,310
	Total bonds	**1,431,412**	**769,673**
13	**SHARES, ETC**		
	Shares/investment fund certificates listed on the NASDAQ OMX Copenhagen A/S	36,671	60,366
	Shares/investment fund certificates listed on other stock exchanges	5,199	7,598
	Unlisted shares, etc carried at cost	113,970	97,932
	Other shares	29,955	15,945
	Total shares, etc	**185,795**	**181,841**
14	**OWNER-OCCUPIED PROPERTY**		
	Revalued amount at beginning of year	17,087	14,689
	Disposals during the year	14,887	0
	Depreciation	91	228
	Reversed depreciation and write-downs	1,923	0
	Adjustment at fair value	0	2,626
	Revalued amount at year-end	**4,033**	**17,087**
15	**OTHER PROPERTY, PLANT AND EQUIPMENT**		
	Total cost at beginning of year	86,654	64,195
	Additions	4,210	23,196
	Disposals	714	737
	Total cost at year-end	**90,150**	**86,654**
	Depreciation and impairment losses at beginning of year	49,253	37,940
	Depreciation for the year	11,721	11,769
	Reversal of depreciation and impairment losses	437	456
	Depreciation and impairment losses at year-end	**60,537**	**49,253**
	Recorded assets at year-end	**29,613**	**37,401**
16	**DEFERRED TAX ASSETS AND TAX LIABILITIES**		
	Deferred tax at beginning of year	6,746	7,212
	Lowering of income tax rate (from 28% to 25%)	0	588
	Change in deferred tax	51,431	–1,054
	Deferred tax at year-end	**58,177**	**6,746**
	Intangible assets	18	25
	Property, plant and equipment	2,770	1,860
	Loans and advances	1,739	1,693
	Employee commitments	2,960	2,605
	Other	1,819	562
	Tax loss	48,871	0
	Total	**58,177**	**6,746**

Note		2008 DKK'000	2007 DKK'000
17	**PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS**		
	By time-to-maturity		
	On demand	226,539	265,993
	Up to 3 months	966,350	752,000
	Over 3 months and up to 1 year	700,000	498,264
	Over 1 year and up to 5 years	693,301	1,093,811
	Over 5 years	0	0
	Total payables to credit institutions and central banks	**2,586,190**	**2,610,068**
18	**DEPOSITS AND OTHER PAYABLES**		
	On demand	1,540,390	1,660,523
	At notice	85,015	123,436
	Time deposits	957,445	1,207,420
	Special deposits	275,851	236,978
	Total deposits	**2,858,701**	**3,228,357**
	By time-to-maturity		
	On demand	1,638,316	1,703,516
	Up to 3 months	763,730	1,310,152
	Over 3 months and up to 1 year	229,604	34,457
	Over 1 year and up to 5 years	74,916	53,206
	Over 5 years	152,135	127,026
	Total deposits	**2,858,701**	**3,228,357**
19	**PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS**		
	Defined benefit plans	11,840	10,420
	Total	**11,840**	**10,420**
	The obligation provided for is settled on a current basis through the payment of monthly pensions.		
20	**SUBORDINATE DEBT**		
	Subordinate loan capital	425,000	425,000
	Hybrid core capital	100,000	100,000
	Total subordinate debt	**525,000**	**525,000**

Subordinated debt comprises seven loans of DKK 50m, 75m, 50m, 100m, 100m, 100m and 50m respectively.

The first loan is a bullet loan in DKK which matures on 24 March 2012. The loan can be prepaid on 24 March 2009 and bear 4.89% interest from 24 March 2004 to 24 March 2009. If the loan is not paid on 24 March 2009 it will be subject to a variable interest rate of 6 month Cibor +3.00% until expiry. Interest for 2008 amounted to DKK 2,445k.

The second loan is a bullet loan in DKK which matures on 1 November 2012. The loan can be prepaid on 1 November 2009, and the loan bears variable interest of 6 month Cibor +1.45%. If the loan is not paid on 1 November 2009, it will be subject to a variable rate of 6 month Cibor +2.95% until expiry. Interest for 2007 amounted to DKK 5,104k.

Continued...

The third loan is a bullet loan in DKK which matures on 30 June 2013. The loan can be prepaid on 30 June 2010 and bear 3.92% interest from 30 June 2005 to 30 June 2010. If the loan is not paid on 30 June 2010 it will be subject to a variable interest rate of 3 month Cibor +2.75% until expiry. Interest for 2008 amounted to DKK 1,960k.

The fourth loan consists of capital certificates in the form of hybrid capital in DKK. The capital certificates are of infinite maturity and can be prepaid on 1 May 2016. From 28 March 2006 to 1 May 2016 the capital certificates bear variable interest of 3 month Cibor + 1.85%. From 1 May 2016 the capital certificates are subject to variable interest of 3 month Cibor +2.85%. The loan was paid out on 28 March 2006 and interest in 2008 amounted to DKK 7,214k.

The fifth loan is a bullet loan in DKK which matures in September 2014. The loan can be prepaid in September 2011, and the loan bears variable interest of 6 month Cibor +1.20%. If the loan is not paid in September 2011, it will be subject to a variable rate of 6 month Cibor +2.70% until expiry. The loan was paid out on 30 June 2006 and interest in 2008 amounted to DKK 6,421k.

The sixth loan consists of capital certificates in the form of hybrid capital in DKK. The capital certificates are of infinite maturity and can be prepaid on 1 May 2016. From 28 March 2006 to 1 May 2016 the capital certificates bear variable interest of 3 month Cibor + 1.85%. From 1 May 2016 the capital certificates are subject to variable interest of 3 month Cibor +2.85%. The loan was paid out on 28 March 2006 and interest in 2008 amounted to DKK 6,501k.

The seventh loan is a bullet loan in DKK which matures in September 2014. The loan can be prepaid in September 2011, and the loan bears variable interest of 6 month Cibor +1.20%. If the loan is not paid in September 2011, it will be subject to a variable rate of 6 month Cibor +2.70% until expiry. The loan was paid out on 30 June 2006 and interest in 2008 amounted to DKK 3,233k.

Of the subordinated debt totalling DKK 525m, DKK 404m may be included in the calculation of the capital base.

		2008 DKK'000	2007 DKK'000
21	**CONTINGENT LIABILITIES**		
	Guarantees etc.		
	Financial guarantees	1,186,712	1,535,494
	Loan loss guarantees for mortgage loans	322,686	1,141,081
	Registration and refinancing guarantees	79,279	139,240
	Other guarantees	238,501	319,120
	Total guarantees, etc	**1,827,178**	**3,134,935**
	Other contingent liabilities		
	Other commitments	69,276	2,138
	Total other contingent liabilities	**69,276**	**2,138**

The Bank participates in the Danish Government Guarantee Scheme. The guarantee is effective for two years for the banks that have registered for the scheme. The Bank's share of the total guarantee commission is calculated at an annual amount of approx DKK 27m. For the financial year 2008, DKK 6,679k has been expensed as guarantee commission in relation to the guarantee scheme. The amount has been charged to other expenses. The Bank also participates in an aggregate guarantee of DKK 20bn, of which the Bank's share amounts to DKK 67.6m, which is included in the item "guaranties" (off-balance sheet items). In 2008, a total of DKK 3.7m has been provided for the guarantee.

22 **RENTAL OBLIGATIONS**

Max Bank has rental obligations for ten leases which are terminable no earlier than effective from 1 March 2009, 1 May 2009, 1 July 2009, 1 July 2009, 1 July 2009, 1 June 2010, 1 October 2011, 31 July 2012, 31 December 2014, and 1 March 2019 respectively. The annual rent of the leases is DKK 9,608k.

Notes

Note

23 **DERIVATIVE FINANCIAL INSTRUMENTS** (DKK'000)

Derivatives financial instruments By time-to-maturity	**2008**							
	<= 3 mon		>3 mon but <=1 yr		>1 yr but <=5 yr		>5 yr	
	Nominal value	Market value, net	Nominal value	Market value, net	Nominal value	Market value, net	Nominal value	Market value, net
Foreign exchange contracts								
Fwd contracts/futures, purchased	1,152,730	–14,250	143,619	–7,290	0	0	0	0
Fwd contracts/futures, sold	1,150,145	8,981	136,277	2,690	0	0	0	0
Currency swaps	0	0	0	0	0	0	0	0
Interest rate contracts								
Fwd contracts/futures, purchased	22,467	370	2,277	128	0	0	0	0
Fwd contracts/futures, sold	18,334	–277	2,277	–128	0	0	0	0
Interest rate swaps	50,000	–597	10,620	67	6,651	–74	1,615	–59
Share contracts								
Options, purchased	0	0	0	0	0	0	0	0
Options, issued	0	0	0	0	0	0	0	0

Derivatives instrumenter	**2008**		2007		**2008**		2007	
	Total		Total		Market value		Market value	
	Nominal value	Market value, net	Nominal value	Market value, net	Positive	Negative	Positive	Negative
Foreign exchange contracts								
Fwd contracts/futures, purchased	1,296,349	–21,540	1,293,459	–7,759	23,369	44,909	3,826	11,584
Fwd contracts/futures, sold	1,286,423	11,671	1,216,459	10,888	44,417	32,746	15,147	4,260
Currency swaps	0	0	0	0	0	0	0	0
Interest rate contracts								
Fwd contracts/futures, purchased	24,745	498	178,865	–100	498	0	89	189
Fwd contracts/futures, sold	20,612	–405	26,015	198	0	405	198	0
Interest rate swaps	68,886	–663	94,747	–1,074	71	734	141	1,215
Share contracts								
Options, purchased	0	0	121	107	0	0	107	0
Options, issued	0	0	121	–107	0	0	0	107
Net market value, total		**–10,439**		**2,153**	**68,355**	**78,794**	**19,508**	**17,355**

Derivatives	**2008**		2007	
	Average market value*)		Average market value*)	
	Positive	Negative	Positive	Negative
Foreign exchange contracts				
Fwd contracts/futures, purchased	13,749	37,815	3,203	6,330
Fwd contracts/futures, sold	35,198	19,906	8,867	3,790
Currency swaps	0	0	0	0
Interest rate contracts				
Fwd contracts/futures, purchased	235	700	187	136
Fwd contracts/futures, sold	182	160	115	16
Currency swaps	156	785	135	1,201
Share contracts				
Options, purchased	0	0	27	0
Options, issued	0	0	0	27
Total net market value	**49,519**	**59,365**	**12,533**	**11,499**

*) Average market value is calculated as the average of the 4 quarters.

Note

Unsettled spot transactions	2008			
	Nominal value	Pos. market value	Neg. market value	Net market value
Foreign exchange contracts, purchased	2,266	4	1	4
Foreign exchange contracts, sold	4,297	1	3	–2
Interest rate contracts, purchased	908,581	161	198	–36
Interest rate contracts, sold	254,030	5	37	–32
Share contracts, purchased	6,233	103	79	23
Share contracts, sold	6,303	79	94	–15
Total 2008	**1,181,709**	**353**	**412**	**–59**
Total 2007	167,118	490	487	3

Note		2008 DKK'000	2007 DKK'000
24	**FOREIGN EXCHANGE EXPOSURE**		
	By primary currency		
	USD	548	235
	GBP	423	296
	SEK	2,289	1,744
	NOK	413	218
	CHF	4,726	2,824
	CAD	28	34
	JPY	273	211
	EUR	924	–1,935
	Total assets denominated in foreign currencies	691,991	1,027,269
	Total liabilities denominated in foreign currencies	685,829	1,130,857
	Exchange rate indicator 1	9,624	6,377
	Exchange rate indicator 1 as a percentage of core capital after statutory deductions	2.9%	1.1%
25	**CAPITAL ADEQUACY REQUIREMENTS*)**		
	Core capital	478,210	487,140
	Proposed dividend	0	–6,210
	Loss for the year	–121.253	0
	Tax assets	–58,177	–6,746
	Hybrid core capital	52,726	83,680
	Other deductions	–16,388	0
	Core capital after statutory deductions	**335,118**	**557,865**
	Subordinate loan capital	304,233	425,000
	Revaluation reserves	0	2,357
	Hybrid capital	47,274	16,320
	Deductions from capital base	–16,388	0
	Capital base net of statutory deductions	**670,236**	**1,001,542**

Continued...

Note		2008 DKK'000	2007 DKK'000
	Capital adequacy requirements under section 124(1) of the Danish Financial Business Act	484,302	553,785
	Weighted items outside the trading portfolio	5,530,461	6,392,918
	Weighted items subject to market risk, etc	523,317	529,399
	Total weighted items	**6,053,778**	**6,922,317**
	Total core capital net of statutory deductions as a percentage of weighted items	5.5%	8.1%
	Capital adequacy ratio under section 124(1) or section 125(1) of the Danish Financial Business Act	**11.1%**	**14.5%**
	*) Calculated applying the rules of the Danish Financial Supervisory Authority's Executive Order on Capital Adequacy.		
26	**EXECUTIVE AND SUPERVISORY BOARDS**		
	Size of loans, charges, recourse or non-recourse guarantees as well as related collateral security		
	Loans, etc.		
	Executive Board	1,475	250
	Supervisory Board	20,199	14,254
	Collateral security		
	Executive Board	0	0
	Supervisory Board	226	2,665

	2008 Units	Change in 2008 Units
Supervisory Board members' shareholdings in Max Bank A/S and changes in 2008		
Hans Fossing Nielsen	7,915	+1,985
Dan Andersen	6,715	0
Niels Henrik Andersen	852	0
Henrik Forssling	2,404	0
Sven Jacobsen	1,074	0
Steen Sørensen	915	+574
Mogens Pedersen	1,056	+440
Kurt Aarestrup	1,447	+1,170
Mie Rahbek Hjorth	138	+25

27 **RELATED PARTIES**

The Bank's related parties comprise the members of its Executive and Supervisory Boards and those enterprises in which the Supervisory Board members hold management positions as well as Nauca A/S and Administrator-Gruppen AS. In addition to the debt to the Bank, some of the companies of the Supervisory Board members provide services to the Bank in their respective fields of competence.

For 2008, the Bank has generated revenue of DKK 5,635k inclusive of VAT with COMING/1 Reklame/markedsføring A/S, which is owned by Dan Andersen. The corresponding amount for 2007 was DKK 7,797k. Approx DKK 1,900k has been used for dissemination and central invoicing of placement of adverts – ie expenses for periodicals, district and trade journals, electronic media, etc. Approx DKK 2,300k comprises expenses for sub-suppliers of for instance printing, book binding, merchandise, display materials, photos, illustrators, journalists, etc, including addition for agreed-upon mediation fee. Finally, DKK 1,400k has been used for creative work, text, graphic design, DTP production and advisory services within branding, design, marketing, media and market communication. Services have been settled on market terms.

Note		2008 DKK'000	2007 DKK'000
28	**AUDIT FEES**		
	Total fees to the audit firms appointed by the general meeting which perform the statutory audit		
	Non-audit services of this amount	1,451	921
	An internal audit department has been set up.	413	393
29	**NUMBER OF EMPLOYEES**		
	Average number of employees for the financial year converted into full-time employee equivalents	203.3	212.9
30	**DISCLOSURES ON POOLED PENSION SCHEMES**		
	The Bank does not have any pooled pension schemes.		
31	**ASSETS ACQUIRED AND SOLD AS PART OF GENUINE SALE AND REPURCHASE TRANSACTIONS**		
	The liability items below include the following sale and repurchase transactions:		
	Payables to credit institutions and central banks	183,183	0
	Assets sold as part of genuine sale and repurchase transactions:		
	Bonds at fair value	186,421	0
32	**GROUP STATEMENT AT 31 DECEMBER**		
	The Bank holds the entire share capital in Nauca A/S. The company has its registered office in Næstved and carries on property letting business.		
	Nauca A/S		
	Equity	5,566	5,388
	Profit for the year	177	176
	Debt to Max Bank	1,496	1,842
	The Bank holds 51% of the shares in AdministratorGruppen AS. The company has its registered office in Næstved and carries on property magement business.		
	AdministratorGruppen AS		
	Equity	10,265	3,221
	Profit/loss for the year	–7,689	–5,861
	Debt to Max Bank	3,672	3,959

With reference to the modest size of the subsidiaries, consolidated financial statements have not been prepared. Business with the subsidiaries is conducted on an arm's length basis.

33 **OTHER COMMITMENTS AND COLLATERAL SECURITY, ETC**

The Bank is taxed jointly with Nauca A/S and AdministratorGruppen AS.
The Bank is jointly and severally liable with the subsidiaries for income taxes.

BEC (The banks' computer centre) supplies IT systems in support of Max Bank's full service concept, both relative to customers and administration. The Bank may terminate the cooperation at 5 years' notice to the end of a financial year. If the Bank concurrently stops using BEC's systems, the Bank will be required to pay an amount corresponding to 2½ years' revenue in exit compensation.

The Bank does not have any other contingent liabilities.


max
Bank
Café

Our branches

Head office
Jernbanegade 9
4700 Næstved
Telephone +45 55 78 01 11
Email: post@maxbank.dk
Company Registration No. (CVR-nr.) 4017 2319
Corporate Director Claus Hansen
Investment Manager Flemming Jørgensen
Branch Manager Direct Centre Carsten Lund

City Department
Grønnegade 20
4700 Næstved
Telephone +45 56 16 50 00
Email: city@maxbank.dk
Branch Manager Birger Andersen

Stor-Center Department
Næstved Stor-Center 18
4700 Næstved
Tel. +45 55 78 25 50
Email: storcenter@maxbank.dk
Branch Manager Leif Alfredsen

Faxe Department
Torvegade 1
4640 Faxe
Telephone +45 56 77 10 00
Email: faxe@maxbank.dk
Branch Manager Peter Laugesen

Haslev Department
Jernbanegade 46A
4690 Haslev
Telephone +45 56 36 57 00
Email: haslev@maxbank.dk
Branch Manager Kirsten Hedegaard Pedersen

Herlufmagle Department
Helgesvej 27
4160 Herlufmagle
Telephone +45 55 50 54 00
Email: herlufmagle@maxbank.dk
Branch Manager Mads Andersen

Slagelse Department
Fisketorvet 1
4200 Slagelse
Telephone +45 58 56 05 58
Email: slagelse@maxbank.dk
Branch Manager Frank Humble

Vordingborg Department
Algade 99
4760 Vordingborg
Telephone +45 55 36 05 05
Email: vordingborg@maxbank.dk
Branch Manager Søren Goth Pedersen

Århus Department
Bank·Butik (Bank Store)
M.P. Bruuns Gade 46
8000 Århus C
Tel. +45 56 16 53 30

Corporate Centre
M.P. Bruuns Gade 46
8000 Århus C
Tel. +45 56 16 53 00
Email: aarhus@maxbank.dk

Board · Management · Auditing

THE SUPERVISORY BOARD


Hans Fossing Nielsen
Chairman

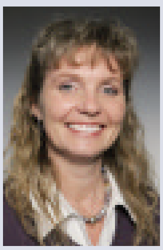

Dan Andersen,
Vice Chairman


Niels Henrik
Andersen


Henrik Forssling


Sven Jacobsen


Steen Sørensen


Mie Rahbek Hjorth
(Employee
representative)


Mogens Pedersen
(Employee
representative)


Kurt Aarestrup
(Employee
Representative)

THE EXECUTIVE BOARD


Henrik Lund
Chief Executive Officer


Hans Verner Larsen,
Executive Officer

Henrik Lund, 44. Chief Executive Officer

Hans Verner Larsen, 58. Executive Officer.
Member of the supervisory board of the bank's subsidiary Nauca A/S.
Member of the supervisory board of Garanti Invest A/S.

AUDITORS
Deloitte State-authorised Public Accountants
Weidekampsgade 6
0900 Copenhagen C

COMING/1 . 12944 . 9.0.2.0

Max Bank A/S
Head office:
Jernbanegade 9
DK-4700 Næstved
Tel. +45 55 78 01 11
Fax +45 55 78 01 22
post@maxbank.dk
www.maxbank.dk

Central Business Registration No: 4017 2319