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INTERIM REPORT

H1 2010

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APPENDICES

H1 2010 in headlines

- **56.9% increase in primary banking activities, arriving at DKK 41.8m.**
- **Considerable drop in funding costs**
- **Cost development kept on a tight leash, only increasing by 1.6%**
- **Impairment losses of DKK 41.9m**
- **The level of impairment losses remains relatively high, but is expected to be lower in 2010 than in 2009.**
- **Net loss of DKK 5.8m.**
- **Strongest cash resources ever with an excess cover of 322.2% relative to the statutory liquidity requirement find Max Bank well-prepared for the situation after the lapse of Bank Aid Package 1 at 30 September 2010.**
- **Unchanged expectations for the pre-tax results for the year. Expectations for 2010 are still a profit from ordinary banking activities in the range of DKK 77-87m and a pre-tax performance between a loss of DKK 10m and a profit of DKK 20m.**
- **The merger of Max Bank A/S and Skælskør Bank A/S has been approved by the shareholders of Skælskør Bank and is expected to be finally approved by the shareholders of Max Bank at the Extraordinary General Meeting to be held on 3 September 2010.**

Continuous strong development in Max Bank's primary banking activities

Max Bank emerged from H1 2010 with improved results from primary banking activities of DKK 15.2m to DKK 41.8m. However, continued, relatively large impairment losses lead to a loss of DKK 5.8m after tax. The level of impairment losses remains relatively high, but is expected to be lower in 2010 than in 2009. Accordingly, Max Bank maintains its previously announced expectations.

Summary

Max Bank continues the trend of strong development in results from its primary banking activities.

Accordingly, Max Bank emerged from H1 2010 with primary banking activities having gone up by 56.9% to DKK 41.8m. However, impairment losses remain at a relatively high level and total DKK 41.9m at the end of H1. With the impairment losses of DKK 41.9m and after recognition of positive market value adjustments of DKK 7.8m, Max Bank records a loss of DKK 5.8m after tax.

Despite the loss, Max Bank's Management finds the development in compliance with the Bank's expectations. And on this basis, Management maintains its expectations announced previously.

Unchanged business scope

At the end of H1 2010, Max Bank computed its aggregate business volume (the sum of loans and advances, deposits, guarantees and custody account volume) at DKK 11.5bn, which is slightly higher than a year ago, but largely unchanged compared to year-end 2009.

Of the aggregate business volume, loans and advances accounted for DKK 4.4bn at 30 June 2010 which is largely unchanged compared to year-end 2009, but approx 0.4bn higher than a year ago. Max Bank makes ongoing efforts to reduce its risk exposure by phasing out its very large exposures in particular.

Encouraging drop in funding costs

Despite a relative drop in interest income as a result of the generally declining interest rate level, Max Bank recorded an increase in net interest income in H1 from DKK 79m last year to DKK 107m.

This is a result of the Bank's interest expenses proportionally having dropped more than the interest income which is attributable particularly to lower funding costs. This development is encouraging in the light of the Bank in H1 having bolstered itself considerably in terms of cash resources in order to stand well-prepared for the situation arising when Bank Aid Package 1 expires on 30 September this year. Max Bank has taken account of possible lapses of several major fixed-term deposits which may reduce deposits which at the end of H1 totalled DKK 4.2bn against DKK 3.5bn one year ago.

In H1 2010, fee and commission income went down by DKK 10.8m to DKK 32.1m on the same period last year, which is attributable primarily to a number of foreign loans being rescheduled to loans in Max Bank. The earnings from these intermediary loan services have thus switched from being commission income to interest income.

The aggregate net interest and fee income thus amounts to DKK 135.2m against DKK 118.6m last year.

Cost development kept on a tight leash

Max Bank's cost development is still kept on a tight leash. In H1, staff costs and administrative expenses as well as amortisation and depreciation have thus only increased by approx 1.6% to 93.4m.

This means that results from primary banking activities have gone up again. The profit from primary banking activities can thus be calculated at DKK 41.8m in H1 2010 against DKK 26.7m in the same period last year.

Positive market value adjustments of DKK 7.8m

At the end of H1, Max Bank has recorded aggregate capital gains of DKK 7.8m.

Impairment losses and the Bank Aid Package still a burden

Max Bank's payment to the

Government's collective guarantee for the Danish bank customers' full deposits and general creditors' claims under Bank Aid Package 1 have in H1 totalled DKK 12.8m.

In addition, Max Bank has paid another DKK 1m to cover the Bank's share of losses recorded and realised to date on ailing banks, which have been acquired by Det Private Beredskab (the Danish banking sector's contingency association).

This amount has been recognised as impairment losses and is thus included in the Bank's impairment losses totalling DKK 41.9m. Impairment losses on the Bank's own loans and advances total approx DKK 41m. This is still a relatively high level, but is expected to be lower in 2010 than in 2009. Impairment losses for the quarter total DKK 19m against DKK 23m in the first three months of the year. Accordingly, Max Bank's Management still expects that impairment losses for the year in aggregate will be lower than in 2009.

So, Max Bank's net loss for H1 2010 may be calculated at DKK 5.8m.

Improved capital adequacy ratio and core capital

The results entail that Max Bank's equity at 30 June 2010 can be calculated at DKK 317.3m. Similarly, the capital base can be calculated at DKK 788.7m. This corresponds to a capital adequacy ratio of 14.3%. The capital adequacy ratio is affected adversely by Max Bank in H1 having repaid subordinate capital of DKK 50m early. The next early repayment, if any, will not take place until in the autumn of 2011. The capital adequacy ratio is also affected adversely by Max Bank having set aside liquidity in H1, which was undertaken in order to be well-prepared to face the consequences when Bank Aid Package 1 expires on 30 September by ensuring plentiful liquidity for the coming three-year period.

If viewed against a calculated internal capital adequacy requirement of 9.3%, the existing capital adequacy ratio does however guarantee Max Bank considerable excess liquidity of 5.0%.

Strongest cash resources ever

As a result of the borrowing under the individual government guarantee, Max Bank emerged from H1 with the strongest cash resources ever. At 30 June 2010, excess liquidity thus totalled DKK 2.7bn, corresponding to an excess cover of 322.2% relative to the statutory liquidity requirement. Liquidity was strengthened further from 2 July 2010 through the issue of bond loans of DKK 600m. Max Bank has thus exploited the full scope of borrowing of DKK 3.1bn which is guaranteed by the Government.

Outlook for the remainder of 2010

Max Bank's Management finds the development to be in compliance with the Bank's expectations. And Management maintains its previously announced expectations for a profit from ordinary banking activities in the range of DKK 77m to 87m and a pre-tax performance between a loss of DKK 10m and a profit of DKK 20m.

Special circumstances

The basis of the merger was outlined in a stock exchange announcement submitted to Nasdaq OMX.

The announcement states that the merged bank will continue as Max Bank and will become the largest regional bank in South and Western Zealand with 13 private customer branches and 5 corporate customer divisions. The Bank's main office will be Aquahuset at Næstved Harbour. The merged bank will at the outset have approx 24,000 shareholders and 280 employees. The total amount of loans and advances, deposits and guarantees, but exclusive of custody account volume, in the new bank will total approx DKK 14.5bn.

The merger was finally approved by the shareholders of Skælskør Bank at an Extraordinary General Meeting which was held on 9 August 2010.

The following day the shareholders of Max Bank approved the merger agreement at an Extraordinary General Meeting, but as less than 50% of the share capital was represented, a new Extraordinary General Meeting has been convened for 3 September 2010 pursuant to the Articles of Association at which date the merger is expected to be finally approved.

AdministratorGruppen

At 1 January 2010, Max Bank acquired all the shares of AdministratorGruppen AS, which is engaged in administration of owner-occupied and cooperative housing societies as well as rental property. The company has undergone an extensive turnaround process, and after three years marked by considerable losses, the performance for H1 has improved considerably. In 2011, AdministratorGruppen is expected to generate a modest profit.

Related party transactions

Consultancy assistance totalling DKK 387k incl VAT. The services were settled at arm's length with COMING/1 (Dan Andersen)

Events having occurred after 30 June 2010

Aside from the above-mentioned Extraordinary General Meetings held for the approval of Max Bank's merger with Skælskør Bank, no special events have occurred after 30 June 2010.

Accounting policies

The accounting policies are consistent with those applied in the annual report for 2009.

Because the interim financial report for H1 2010 will form the basis for a planned increase of Max Bank's share capital by approx DKK 100m, the report has been audited by the Bank's external auditors, Deloitte. The capital increase is expected to be effected in H2 2010.

Financial calendar 2010

09 November 2010. Quarterly report for Q1-Q3 2010.

Statement by Management on the interim financial report

We have today considered and approved the interim financial report of Max Bank A/S for H1 2010, covering the period 1 January to 30 June 2010. The interim financial report has been presented in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc as well as additional Danish disclosure requirements for interim financial reports for listed financial companies.

We consider the accounting policies appropriate for the interim financial report to provide a true and fair view of the Bank's financial position and results for H1 2010.

We believe that the Management's review contains a fair review of the development in the Bank's activities and financial position as well as a description of the most material risks and elements of uncertainty that may affect the business.

Næstved, 17 August 2010

Executive Board of Max Bank A/S

Henrik Lund
Chief Executive Officer
Hans Verner Larsen
Executive Officer

Supervisory Board of Max Bank A/S

Hans Fossing Nielsen, Chairman
Dan Andersen, Vice-Chairman
Jan Borre Bjødstrup
Henrik Forssling
Sven Jacobsen
Steen Sørensen
Mogens Pedersen
Preben Pedersen
Mie Rahbek Hjorth

5-year financial highlights

	2010 DKK 1,000	2009 DKK 1,000	2008 DKK 1,000	2007 DKK 1,000	2006 DKK 1,000
KEY FIGURES					
Income statement for H1					
Net interest and fee income	135,224	118,598	118,366	111,963	118,502
Other operating income	662	425	9,401	438	199
Staff costs and administrative expenses, etc.	93,397	91,939	94,872	94,702	80,132
Other operating expenses*)	13,145	12,510	0	0	0
Impairment losses on loans and advances, ect.	41,909	38,985	18,951	-5,656	-1,150
Profit/loss from investments in associates and group enterprises	-2,006	0	0	-1,600	0
Profit excluding value adjustment and tax	-14,571	-24,411	13,944	23,355	39,719
Value adjustments	7,805	15,920	-13,295	10,058	-2,899
Profit before tax	-6,766	-8,491	647	33,413	36,820
Profit after tax	-5,824	-4,917	3,735	26,577	28,970
Balance sheet at 30 June					
Loans	4,348,876	3,987,474	4,751,141	4,336,518	3,142,945
Guarantees	957,020	1,519,689	2,104,987	3,041,488	2,281,321
Deposits	4,174,014	3,470,046	2,953,782	3,237,288	2,373,551
Equity at year-end	317,332	353,283	483,809	496,604	411,059
Balance sheet total	8,342,801	6,546,991	6,489,665	6,287,774	4,543,084
Custody account volume	1,983,053	1,808,084	3,603,996	5,551,173	3,136,352
Business volume	11,462,963	10,785,293	13,413,906	16,166,467	10,934,169
Ratios for H1					
Return on equity before tax (p.a.)	-4.2%	-4.8%	0.3%	13.8%	19.7%
Return on equity after tax (p.a.)	-3.6%	-2.8%	1.5%	10.9%	15.5%
Capital adequacy ratio	14.3	12.0	15.8	15.1	17.3
Closing price of the share	62	72	240	516	545
Equity value of share	159	175	245	243	202
Number of employees (average)	177	199	204	212	190

Interest on loans and advances written down for impairment in 2010 has been recorded at DKK 1,461k (2009: DKK 1,607k) under impairment losses on loans and advances.

*) Including guarantee provision of DKK 12.8m relating to Bank Aid Package I (2009: DKK 12.5m)

The Danish Financial Supervisory Authority's key ratio system

	2010	2009	2008	2007	2006
Ratios for H1					
Capital adequacy ratio	14.3%	12.0%	15.8%	15.1%	17.3%
Core capital ratio	8.9%	6.0%	8.9%	8.7%	9.5%
Return on equity for the period before tax	-2.1%	-2.4%	0.1%	6.8%	9.8%
Return on equity for the period after tax	-1.8%	-1.4%	0.8%	5.4%	7.7%
Operating income over operating expenses	DKK 0.95	DKK 0.94	DKK 1.01	DKK 1.38	DKK 1.47
Interest-rate risk	2.6%	2.1%	0.9%	1.9%	4.1%
Currency position	4.1%	3.0%	0.4%	1.6%	4.9%
Currency risk	0.0%	0.0%	0.0%	0.0%	0.0%
Loans plus impairment losses thereon in ratio to deposits	112.6%	122.5%	163.4%	136.2%	136.0%
Loans in ratio to equity	13.7	11.3	9.8	8.7	7.6
Growth in loans for the period	-2.4%	-5.4%	-4.2%	18.1%	33.7%
Excess liquidity in relation to statutory requirements of liquidity	322.2%	195.6%	136.3%	81.2%	114.5%
The sum of large exposures	120.8%	192.1%	146.8%	274.1%	126.2%
Semiannual impairment ratio	0.8%	0.7%	0.3%	-0.1%	0.0%
Accumulated impairment ratio	6.6%	4.8%	1.1%	1.0%	1.6%
Semiannual earnings per share (denomination DKK 100)	DKK -14.1	DKK -11.9	DKK 9.0	DKK 64.2	DKK 76.3
Equity value over net asset value (denomination DKK 100)	DKK 793	DKK 875	DKK 1,218	DKK 1,216	DKK 1,012
Price/equity value per share (denomination DKK 100)	0.39	0.41	0.99	2.12	2.69

Interest on loans and advances written down for impairment in 2010 has been recorded at DKK 1,461k (2009: DKK 1,607k) under impairment losses on loans and advances.

Income statement for H1

Note		2010 DKK 1,000	2009 DKK 1,000
	INCOME STATEMENT		
1	Interest income	174,249	196,938
2	Interest expenses	67,214	118,079
	Net interest income	**107,035**	**78,859**
	Dividends from shares, ect.	683	1,537
3	Fees and commission income	32,052	42,892
	Ceded fees and commission expenses	4,546	4,690
	Net interest and fee income	**135,224**	**118,598**
4	Value adjustments	7,805	15,920
	Other operating income	662	425
5	Staff costs and administrative expenses	88,092	86,735
	Amortisation, depreciation and impairment losses relating to	5,305	5,204
	intangible assets and property, plant and equipment	13,145	12,510
6	Impairment losses relating to loans, receivables and other receivables, etc.	41,909	38,985
	Profit/loss from investments in group enterprises	-2,006	0
	Profit before tax	**-6,766**	**-8,491**
7	Income tax	-942	-3,574
	Profit	**-5,824**	**-4,917**

Balance sheet at 30 June

Note		2010 DKK 1,000	2009 DKK 1,000	Year-end 2009 DKK 1,000
	ASSETS			
	Cash holdings and demand deposits with central banks	249,963	278,160	476,621
8	Receivables from credit institutions and central banks	328,042	316,031	176,384
9	Loans, advances and other receivables at amortised cost	4,348,876	3,987,474	4,454,083
10	Bonds at fair value	2,797,927	1,381,256	1,325,596
	Bonds at amortised cost	229,324	230,876	230,187
	Shares, etc.	175,884	173,403	180,859
	Investments in group enterprises	10,337	14,698	10,059
	Total land and buildings	3,951	4,005	3,978
	Owner-occupied properties	3,951	4,005	3,978
	Other property, plant and equipment	26,862	36,783	31,444
	Current tax assets	0	7,500	0
	Deferred tax assets	69,752	61,751	68,810
	Temporarily held assets	19,222	2,423	6,281
	Other assets	82,661	52,631	83,430
	Total assets	**8,342,801**	**6,546,991**	**7,047,732**
	EQUITY AND LIABILITIES			
	Payables to credit institutions and central banks	724,754	1,615,024	1,612,759
	Deposits and other payables	4,174,014	3,470,046	3,899,503
	Issued bonds at fair value	2,432,719	500,000	500,000
	Other liabilities	104,379	58,811	74,012
	Deferred income	34	46	49
	Total payables	**7,435,900**	**5,643,927**	**6,086,323**
	Provisions for pensions and similar obligations	13,410	11,840	13,410
	Provisions for loss on guarantees	22,087	12,941	20,802
	Total provisions	**35,497**	**24,781**	**34,212**
11	Subordinate debt	554,072	525,000	604,072
	Total subordinate debt	**554,072**	**525,000**	**604,072**
	Equity			
	Share capital	41,400	41,400	41,400
	Share premium account	91,997	91,997	91,997
	Other reserves	2,714	2,482	2,714
	Statutory reserves	2,714	2,482	2,714
	Retained earnings	181,221	217,405	187,014
12	**Total equity**	**317,332**	**353,283**	**323,125**
	Total equity and liabilities	**8,342,801**	**6,546,991**	**7,047,732**

Other notes

13 Contingent liabilities

14 Capital adequacy requirements

Specifications to the income statement

Note		2010 DKK 1,000	2009 DKK 1,000
1	**INTEREST INCOME**		
	Receivables from credit institutions and central banks	2,522	4,773
	Loans, advances and other receivables	144,957	154,772
	Bonds	25,500	37,352
	Total derivative financial instruments	1,270	41
	Of these Foreign exchange contracts	1,354	12
	Interest rate contracts	-84	29
	Total interest income	**174,249**	**196,938**
2	**INTEREST EXPENSES**		
	Credit institutions and central banks	7,048	47,180
	Deposits and other payables	30,665	44,342
	Issued bonds	12,011	11,407
	Subordinate debt	17,490	15,138
	Other interest expenses	0	12
	Total interest expenses	**67,214**	**118,079**
	These include interest expenses from genuine sale and repurchase transactions recognised under credit institutions and central banks	115	1,323
3	**FEES AND COMMISSION INCOME**		
	Securities trading and custody accounts	7,379	7,173
	Payment services	4,202	4,354
	Loan fees	2,842	2,686
	Guarantee commission	8,166	19,455
	Other fees and commissions	9,463	9,224
	Total fees and commission income	**32,052**	**42,892**
4	**VALUE ADJUSTMENTS**		
	Other loans, advances and receivables at fair value	13	16
	Bonds	2,423	16,307
	Shares, etc.	3,984	-3,533
	Foreign exchange	1,468	2,064
	Foreign exchange, interest rate, share, commodity and other contracts as well as derivative financial instruments	-83	1,066
	Total value adjustments	**7,805**	**15,920**
5	**STAFF COSTS AND ADMINISTRATIVE EXPENSES**		
	Remuneration of Supervisory and Executive Boards		
	Executive Board	1,717	1,717
	Supervisory Board	728	610
	Total	**2,445**	**2,327**
	Staff costs		
	Wages and salaries	39,444	38,286
	Pensions	4,813	4,691
	Social security expenses	4,600	4,372
	Total	**48,857**	**47,349**
	Other administrative expenses	36,790	37,059
	Total staff costs and administrative expenses	**88,092**	**86,735**

Specifications to the income statement

Note		2010 DKK 1,000	2009 DKK 1,000
6	**IMPAIRMENT LOSSES RELATING TO LOANS, ADVANCES AND OTHER RECEIVABLES, ETC.**		
	Individual impairment losses		
	Impairment losses for the year	48,001	41,107
	Reversal of write-downs for impairment made in prior financial years*)	7,280	5,069
	Finally lost but no previous write-down for impairment made	3,614	66
	Recovered from claims previously written off	1,704	1,118
	Total individual impairment losses	**42,631**	**34,986**
	Group-based impairment losses		
	Impairment losses for the year	0	4,000
	Reversal of write-downs for impairment made in prior financial years	722	0
	Total group-based impairment losses	**-722**	**4,000**
	Total impairment losses relating to loans	**41,909**	**38,985**

*) Including interest of DKK 1,461k on impaired loans for 2010 (2009: DKK 1,607k)

Note		2010 DKK 1,000	2009 DKK 1,000
7	**INCOME TAX**		
	Estimated tax calculated on profit for the period	-10,915	-3,318
	Deferred tax	9,973	-256
	Total income tax	**-942**	**-3,574**

Specifications to the income statement

Note		2010 DKK 1,000	2009 DKK 1,000	Year-end 2009 DKK 1,000
8	**RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS**			
	Receivables at call from central banks	250,000	250,000	100,000
	Receivables from credit institutions	78,042	66,031	76,384
	Total receivables from credit institutions and central banks	**328,042**	**316,031**	**176,384**
9	**LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST**			
	Individual impairment losses			
	Impairment losses at 1 January	315,988	225,112	225,112
	Reversal of interest on impaired loans relating to prior financial years	2,972	5,157	5,157
	Impairment losses at 1 January	318,960	230,269	230,269
	Impairment losses for the year	46,533	32,297	100,328
	Reversal of write-downs for impairment made in prior financial years	5,636	3,460	7,222
	Interest on impaired loans	1,461	1,607	2,972
	Recorded losses previously written off	20,113	3,170	4,415
	Balance of impairment losses end of period	338,283	254,329	315,988
	Group-based impairment losses			
	Impairment losses at 1 January	11,052	4,996	4,996
	Impairment losses for the year	0	4,000	6,056
	Reversal of write-downs for impairment made in prior financial years	722	0	0
	Balance of group-based impairment losses end of period	10,330	8,996	11,052
	Total balance of impairment losses end of period	**348,613**	**263,325**	**327,040**
10	**BONDS**			
	Mortgage bonds	2,775,724	1,348,333	1,295,406
	Government bonds	0	0	-9
	Other bonds	22,203	32,923	30,199
	Total bonds at fair value	**2,797,927**	**1,381,256**	**1,325,596**

Specifications to the balance sheet

Note		2010 DKK 1,000	2009 DKK 1,000	Year-end 2009 DKK 1,000
11	**SUBORDINATE DEBT**			
	Subordinate loan capital	250,000	425,000	300,000
	Hybrid core capital	304,072	100,000	304,072
	Total subordinate debt	**554,072**	**525,000**	**604,072**

Subordinated capital contributions include five loans of DKK 204m, DKK 100m, DKK 100m, DKK 100m, DKK 50m.

The first loan is a capital contribution in the form of hybrid core capital from the Danish Government of DKK 204.1m. The term of this loan is indefinite, and the loan may be repaid early. The loan was granted on 24 August 2009 and carries interest at a rate of 10.89%, corresponding to an effective interest rate of 11.19% per year. The total loan is split to the effect that DKK 116.6m cannot be refinanced, whereas DKK 87.5m may mandatorily be converted into shares in the Bank if it fails to meet the capital adequacy requirement. The Danish Government and Max Bank have also concluded an agreement on optional voluntary conversion of subordinated notes into shares. This option applies to the entire loan of DKK 204.1m and entails an interest surcharge of 0.5% per year (effective interest rate). Interest for H1 2010 amounts to DKK 11,625k.

The second loan consists of subordinated notes in the form of hybrid capital in Danish kroner. The term of the subordinated notes is indefinite, and they may be repaid early on 1 May 2016. The subordinated notes carry interest from 28 March 2006 to 1 May 2016 at a floating rate of three months' Cibor + 1.85%. From 1 May 2016, these notes carry interest at a floating rate of three months' Cibor + 2.85%. Interest for H1 2010 amounts to DKK 1,456k.

The third loan is a bullet bond loan denominated in Danish kroner, and it falls due in September 2014. The loan may be repaid early in September 2011, and it carries interest at a floating rate of six months' Cibor + 1.20%. If the loan is not repaid in September 2011, it will carry interest at floating rate of six months' Cibor + 2.70% until expiry. Interest for H1 2010 amounts to DKK 1,440k.

The fourth loan is a bullet loan denominated in Danish kroner, and it falls due in May 2015. This loan may be repaid early in May 2012. It carries interest from 1 May 2007 to 1 May 2010 at a floating rate of three months' Cibor + 1.15%. If the loan is not repaid on 1 May 2012, it will carry a floating rate of three months' Cibor + 2.65% until expiry. Interest for H1 2010 amounts to DKK 1,274k.

The fifth loan is a bullet loan denominated in Danish kroner, and it falls due in December 2015. This loan may be repaid early in December 2012. It carries interest from 3 December 2007 to 3 December 2012 at a floating rate of three months' Cibor + 1.20%. If the loan is not repaid on 3 December 2012, it will carry interest at a floating rate of three months' Cibor + 2.70% until expiry. Interest for H1 2010 amounts to DKK 724k.

All five loans totalling DKK 554m nominal are included at their full amounts when determining the capital base.

Specifications to the balance sheet

Note		2010 DKK 1,000	2009 DKK 1,000	Year-end 2009 DKK 1,000
12	**STATEMENT OF CHANGES IN EQUITY**			
	Equity at beginning of year	**323,125**	**356,956**	**356,956**
	Dividends	31	1,244	-154
	Purchase and sale of own shares			
	Profit for the period	-5,824	-4,917	-33,677
	Equity end of period	**317,332**	**353,283**	**323,125**

The share capital amounts to DKK 41.4m and consists of 2,070,000 shares with a nominal value of DKK 20 each, The Bank's treasury share portfolio consists of 69,275 shares (2009: 52,064 shares), corresponding to 3.35% of the share capital. The shares were acquired as part of ordinary trading.

Note		2010	2009	Year-end 2009
13	**CONTINGENT LIABILITIES**			
	Guarantees, etc.			
	Financial loan guarantees	292,114	880,132	311,420
	Loss guarantees for mortgage loans	367,459	342,972	363,639
	Registration and refinancing guarantees	90,630	101,348	215,123
	Other guarantees	206,817	195,237	215,853
	Total guarantees, etc.	**957,020**	**1,519,689**	**1,106,035**
	Other contingent liabilities			
	Other commitments	45,759	69,249	46,662
	Total other contingent liabilities	**45,759**	**69,249**	**46,662**

Max Bank participates in the Danish Government Guarantee Scheme. The Guarantee Scheme is effective until 1 October 2010. For the financial year 2010, an amount of DKK 12.8m in guarantee provision has been expensed under the Scheme. This amount has been recognised in other expenses. Max Bank also participates in an aggregate guarantee of DKK 20bn, of which the Bank's share amounts to DKK 64.9m, which is included in the item "other liabilities" (off-balance sheet items). In 2010, a total of DKK 1.0m has been provided for the guarantee (2009: DKK 8.8m).

Note		2010	2009	Year-end 2009
14	**CAPITAL ADEQUACY REQUIREMENTS** *)			
	Core capital after statutory deductions	488,675	320,970	504,041
	Capital base net of deductions	788,682	641,940	849,209
	Weighted items outside the trading portfolio	5,000,048	5,024,521	5,029,031
	Weighted items with a market risk, etc.	508,643	323,211	363,656
	Total weighted items	**5,508,691**	**5,347,732**	**5,392,687**
	Core capital net of statutory deductions as a percentage of weighted items	8.9%	6.0%	9.3%
		14.3%	12.0%	15.7%
	Capital adequacy ratio under section 124(1) or section 125(1) of the Danish Financial Business Act,	9.3%	9.2%	9.2%

*) Calculated applying the rules of the Danish Financial Supervisory Authority's Executive Order on Capital Adequacy.

Accounting policies

The financial statements have been presented in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. (the Executive Order on Financial Reports).

Further, the interim report has been prepared in accordance with additional Danish disclosure requirements for interim reports of listed financial companies.

The financial statements have been presented in Danish kroner, and the amounts have been rounded to the nearest thousand, applying the accounting policies consistently with last year.

The accounting policies remain unchaged relative to 2009, except for the financial statement item bonds at amortised cost (held-to-maturity assets).

By order of the Danish Securities Council, the Bank made a correction of the reclassification of part of its bond portfolio at 17 December 2008 to the effect that this portfolio has been reclassified to held-to-maturity. The comparative figures for 2009 have also been restated. This correction is explained in the Bank's Stock Exchange Announcement of 8 December 2009, and it did not impact on the Bank's results, equity or solvency previously published.

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.

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.

Held-to-maturity assets

The Bank's portfolio of the listed bond, F3 Nykredit, series 21E 2041, ID code DK000976962-2, has been reclassified out of the trading portfolio into the "held-to-maturity" category, and it is recognised at amortised cost in the Bank's balance sheet. The Bank has no other bonds at amortised cost.

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.

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.