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QUARTERLY REPORT

Q1-Q3 2008

CONTENTS

Q3 2008 IN HEADLINES

- Max Bank is adapting to the changing market conditions as a result of the financial crisis and the slowdown in the national economy, focusing on reduced risk, improved bottom line and consolidation.

- Max Bank accordingly launches initiatives to improve its bottom line – including a reduction of staff by approx 10%.

- Continued favourable development in the operating profit on primary banking activities, which net of extraordinary items is up by 24% to DKK 37.0m.

- Performance for Q1-Q3 2008 is a loss of DKK 27.5m after tax, which is massively impacted by unrealised negative translation/market value adjustments of DKK 31.5m and impairment losses of DKK 56.5m.

- Undiminished considerable excess liquidity of 124.1% in relation to the legal requirements, corresponding to approx DKK 900m, to which should be added new credit facilities of approx DKK 400m, which is attributable to the new borrowing facilities in the Nationalbanken.

- Continued high capital adequacy ratio of 16.2%, where the internal capital adequacy requirement calculated in accordance with the new Basel II rules amounts to 8.6%.

- Earnings expectations before translation/market value adjustments and tax for FY 2008 have been adjusted downwards from a profit of DKK 25-30m to a loss of DKK 35-55m due to developments in Q1-Q3 and the risk of increased write-downs for impairment in Q4 2008.

- For 2009, Max Bank again expects positive results as a result of the launched initiatives.

5-year financial highlights

	2008 DKK 1,000	2007 DKK 1,000	2006 DKK 1,000	2005 DKK 1,000	2004 DKK 1,000
KEY FIGURES					
Income statement for Q1-Q3					
Net interest and fee income	177,337	169,786	173,152	133,680	112,586
Other operating income	9,521	604	237	4,284	532
Staff costs and administrative expenses, etc.	140,344	140,520	119,921	97,079	81,341
Impairment losses on loans and advances, ect.	56,510	-6,891	-2,203	5,542	14,845
Profit/loss from investments in associates and group enterprises	0	-1,600	0	0	1,211
Profit excluding value adjustment and tax	-9,996	35,161	55,671	35,343	18,143
Value adjustments	-31,528	13,964	22,739	24,562	7,717
Profit before tax	-41,524	49,125	78,410	59,905	25,860
Profit after tax	-27,508	38,996	63,559	44,714	18,002
Balance sheet at 30 September					
Loans	4,524,083	4,600,817	3,276,711	2,155,328	1,620,367
Guarantees	2,163,820	3,007,448	2,475,915	1,869,971	1,329,137
Deposits	2,546,797	3,261,621	2,397,627	1,961,913	1,578,597
Equity at year-end	452,462	503,213	440,594	322,732	286,844
Balance sheet total	5,996,508	6,567,307	4,493,465	3,054,776	2,286,680
Custody account volume	2,866,816	5,602,011	5,125,104	2,873,325	2,179,437
Business volume	12,101,516	16,471,897	13,275,357	8,860,537	6,707,538
Ratios for Q1-Q3					
Return on equity before tax (p.a.)	-11.8%	13.4%	26.7%	25.7%	12.1%
Return on equity after tax (p.a.)	-7.8%	10.6%	21.6%	19.2%	8.4%
Capital adequacy ratio	16.2	14.0	15.8	12.2	11.8
Closing price of the share	129	513	586	350	256
Equity value of share	228	248	218	187	157
Number of employees (average)	204	214	195	154	136

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 3,628k (2007: DKK 1,499k) under impairment losses on loans and advances. The comparative figures for 2004-2005 have not been restated.

Max Bank is adapting actively and consistently to the new market situation

Summary

The international financial crisis and the impaired market trends have dramatically changed the assumptions for carrying on banking activities in Denmark. This development has prompted Max Bank – at least for a period of time – to alter its business focus. The Bank has decided to abandon the previous growth strategy and instead opts for a strong focus on reduced risk, improved bottom line and a resulting consolidation.

As part of the adjustment to the changed market conditions, the Bank launches a number of initiatives to improve the earnings. As Max Bank's "production apparatus" has been established based on an expectation of continued significant growth which we no longer consider achievable, it has been decided to instigate a considerable adjustment of costs. One of the implications is a reduction of staff by approx 10%, or 22 employees.

The instigated initiatives will show full impact in FY 2009.

As regards this year, and as a result of the development in the past quarters of the year as well as the risk of increased write-downs for impairment in Q4 2008, the Bank has decided to adjust its earnings expectations downwards to a loss of DKK 35-55m from the previously anticipated profit of DKK 25-30m before translation/market value adjustments and tax.

This follows a quarter where Max Bank has also experienced increasing capital losses and impairment losses which trigger a net loss for Q1-Q3 of DKK 27.5m after tax.

Max Bank's capital and cash situation remains favourable. At 30 September 2008, the Bank's capital adequacy ratio amounted to 16.2%, where the internal capital adequacy requirement calculated based on the new Basel II rules was to 8.6%. The actual capital adequacy ratio accordingly constitutes a significant excess liquidity.

Max Bank still has a considerable excess liquidity. At 30 September 2008, the cash reserve exceeding the legal requirements amounted to approx DKK 900m, corresponding to an excess liquidity of 124.1%. To this should be added new credit facilities of approx DKK 400m which are a result of the new borrowing facilities with the Nationalbanken.

Max Bank has joined the new 2-year guarantee scheme, which the Danish Government has issued for all deposits and unsecured claims in Danish banks. The Bank believes that the scheme will provide the necessary stability to implement the adjustment to the changed conditions.

Management's review

At 30 September 2008, Max Bank's aggregate business volume amounted to DKK 12.1bn compared to DKK 16.5bn at the same time last year. The bulk of the decline derives from a drop in the custody account values and a drop in the aggregate guarantee volume due to a changed method of cooperation with Totalkredit. The period has also been subject to a deliberate reduction of the loan portfolio.

The earnings from Max Bank's primary operations, exclusive of extraordinary income, have generally maintained their positive development with an increase of 24% to DKK 37.0m in relation to the same period last year. This despite the drop in earnings from securities trading and custody accounts by almost 40%.

Focus on costs

With staff costs and administrative expenses at DKK 130.9m, costs in the past months of 2008 have been marginally lower than in the same period last year, which is a satisfactory development. Recognising that Max Bank's "production apparatus" has been established based on an expectation of continued significant growth, it has however been decided to instigate a massive adjustment of costs. This will, ia, imply a reduction of staff by 10%, or 22 employees.

Aside from the staff reduction, a number of other initiatives are also launched with the object of strengthening Max Bank's bottom line.

Management has emphasised that the instigated adjustments take place in consideration of Max Bank's market and branding strategy which has provided the Bank with a unique profile. The Bank's Management attaches crucial importance to distinguishing the Bank from competitors and positioning it as a visible and innovative business.

Negative translation/market value adjustments
Despite a relatively conservative placement policy when it comes to the Bank's own portfolio, with most of it having been placed in short-term bonds, the continued decline in prices on the securities markets has triggered a fall in prices of the Bank's own portfolio in Q3. At 30 September 2008 the unrealised translation/market value adjustments amounted to a loss of DKK 31.5m compared to a profit of DKK 14.0m in the same period last year.

Increased write-downs for impairment
Max Bank has experienced a generally increasing indication of impairment due to the development in market trends and a need for larger write-downs for impairment on a minor number of individual exposures in relation to the share market.

In Q3, impairment losses have increased by DKK 37.6m to DKK 56.5m. This corresponds to 0.8% of the aggregate loans, advances and guarantees. Due to the financial crisis and the general economic instability, the Bank anticipates that further write-downs will be necessary in Q4 2008.

The sum of the negative development in translation/market value adjustments and impairment losses implies that the pre-tax performance for Q1-Q3 2008 is a loss of DKK 41.5m. However, the tax adjustments entail that the net performance of the period is limited to a loss of DKK 27.5m.

Risk management and risk profile
In the past months of 2008, Max Bank has intensified its risk management, focusing on reducing the share of large commitments and obtaining a larger risk diversification as regards industries.

In Q3 the strategy of reducing the share of large commitments, which was commenced over two years ago, has been continued with intensified force. This implies that the share of large commitments has dropped from 234.6% at the end of 2005 to constituting 146.8% and 100.1% of the Bank's capital base at 30 June 2008 and 30 September 2008, respectively. So at the end of Q3, there are only 7 commitments that account for more than 10% of the capital base.

Distribution of loans, advances and guarantees
At 30 September 2008, Max Bank's loans, advances and guarantees are distributed on corporate and private customers as follows (the figures in brackets show the values at 30 June 2008):

7.2%	(7.1%)	Agriculture, hunting and forestry
4.3%	(5.0%)	Manufacturing, raw material extraction and utilities
8.1%	(8.8%)	Building and construction
5.4%	(5.7%)	Trade, restaurants and hotels
1.6%	(1.4%)	Transport, mail and telephone
2.6%	(2.6%)	Credit, finance and insurance
1.3%	(1.2%)	Fisheries

28.3%	(29.7%)	Property management and trade, business services
12.5%	(11.5%)	Other industries
28.6%	(27.0%)	Private
100%	(100%)	

The above figures show that Max Bank’s general exposure in relation to the industries which have been subject to particular focus in the most recent period, ie “Building and construction” and “Property management and trade, business services” is going down.

To accommodate the need for a deeper insight into Max Bank's loans, advances and guarantees to the two industries, we have subjected these industries to a further break-down, which at 30 September 2008 is composed as follows:

Building and construction

4.2%	Preparatory building site works, building and engineering contractors
1.6%	Carpenter and joiner businesses
0.3%	Related to investment credits only
2.0%	Other building and construction
8.1%	Total building and construction

Property management and trade, business services

6.6%	Co-operative dwellings, private lease of housing units
10.1%	Lease of commercial properties
4.8%	Property-related limited partnership projects
1.9%	Project development
0.8%	Related to investment credits only
4.1%	Other
28.3%	Total property management and trade, business services

Loans and advances to private customers

Recent reports have indicated that the temperature on the Danish housing market has reached subzero, and that a growing number of Danish families have become technically insolvent due to the declining property prices. Max Bank has also from some of its private customers noted an intensified pressure on their finances. The trend of dropping property prices has, however, not been as distinct in the Bank’s primary market area as in other parts of the country.

High capital base and sound cash resources

After transfer of the loss for the period and legislative adjustments, Max Bank’s equity amounts to DKK 452.5m at 30 September 2008 against DKK 503.2m at the same time last year.

When adding total subordinated debt of DKK 525.0m, the total capital base net of deductions amounts to DKK 968.6m.

This corresponds to a capital adequacy ratio of 16.2%, where the internal capital adequacy requirement calculated based on the new Basel II rules is 8.6%.

At 30 September 2008, cash resources exceeding the legal requirements totalled approx DKK 900m, corresponding to an excess liquidity of 124.1%. To this should be added new credit facilities of some DKK 400m which are attributable to the new borrowing facilities with the Nationalbanken.

Events occurring after 1 October 2008

Max Bank has at 6 October 2008 joined the new 2-year guarantee scheme which the Danish Government has issued for all deposits and unsecured claims in Danish banks.

Each bank participates in the guarantee scheme in proportion to its required capital base. For Max Bank this will imply that approx DKK 22m annually will be charged to the Bank's net fee income. However, from 2009 it is expected that the government guarantee will have a positive effect on the Bank's funding costs, implying that the impact on performance will be limited considerably in relation to the DKK 22m.

Related party transactions
Dan Andersen, Næstved, COMING/1: Advertising and marketing for DKK 4.5m, inclusive of VAT. A substantial share of the amount relates to central invoicing for adverts. The services have been settled on arm's length terms.

Accounting policies
The accounting policies applied are consistent with those applied in the annual report for 2007.

The interim financial report has not been audited.

Financial calendar 2009

17.02.09	Preliminary announcement of financial statements for 2008
13.03.09	Annual report for 2008
26.03.09	Annual General Meeting
28.04.09	Interim financial report for Q1 2009
04.08.09	H1 report 2009
27.10.09	Interim financial report for Q1 – Q3 2009

Statement by Management on the interim financial report
We have today considered and approved the interim financial report of Max Bank A/S for the period 1 January - 30 September 2008.

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 reports for listed financial companies.

We consider the applied accounting policies appropriate for the interim financial report to provide a true and fair view of the Bank's financial position and results for Q1-Q3 2008.

We believe that the management's review includes a fair presentation of the development in the Bank's activities and finances, performance for the period and the Bank's financial position as a whole, as well as a description of the most material risks and elements of uncertainty facing the entity.

Næstved, 28 October 2008

Executive Board of Max Bank A/S
Henrik Lund, CEO
Hans Verner Larsen, EO

Supervisory Board of Max Bank A/S
Hans Fossing Nielsen, Chairman
Dan Andersen, Vice-chairman
Niels Henrik Andersen
Henrik Forssling
Sven Jacobsen
Steen Sørensen
Mogens Pedersen
Kurt Aarestrup
Mie Rahbek Hjorth

This document is an unofficial translation of the Danish original. In the event of any inconsistencies the Danish version shall apply.

The Danish Financial Supervisory Authority's key ratio system

	2008	2007	2006	2005	2004
Ratios for Q1-Q3					
Capital adequacy ratio	16.2%	14.0%	15.8%	12.2%	11.8%
Core capital ratio	8.8%	8.1%	8.9%	7.3%	9.3%
Return on equity for the period before tax	-8.8%	10.0%	20.0%	19.3%	9.0%
Return on equity for the period after tax	-5.8%	7.9%	16.2%	14.4%	6.3%
Operating income over operating expenses	DKK 0.79	DKK 1.37	DKK 1.67	DKK 1.58	DKK 1.29
Interest-rate risk	0.4%	3.0%	2.8%	2.7%	2.8%
Currency position	2.6%	1.9%	3.3%	7.6%	3.1%
Currency risk	0.0%	0.0%	0.0%	0.0%	0.0%
Loans plus impairment losses thereon in ratio to deposits	181.7%	143.2%	171.3%	142.4%	126.9%
Excess liquidity in relation to statutory requirements of liquidity	124.1%	79.4%	77.5%	52.3%	60.1%
The sum of large exposures	100.1%	242.8%	148.0%	247.9%	166.7%
Accumulated impairment ratio	1.6%	0.9%	1.5%	2.4%	3.6%
Semiannual impairment ratio	0.8%	-0.1%	0.0%	0.1%	0.5%
Growth in loans for the period	-8.7%	25.3%	39.4%	14.5%	19.0%
Loans in ratio to equity	10.0	9.1	7.4	6.7	5.6
Semiannual earnings per share (denomination DKK 100)	DKK -66.4	DKK 94.2	DKK 167.5	DKK 126.0	DKK 49.3
Equity value over net asset value (denomination DKK 100)	DKK 1,140	DKK 1,238	DKK 1,089	DKK 951	DKK 814
Price/equity value per share (denomination DKK 100)	0.57	2.07	2.69	1.84	1.57

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 whereas the comparative figures for 2004 have not been restated.

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 3,628k (2007: DKK 1,499k) under impairment losses on loans and advances. The comparative figures for 2004-2005 have not been restated.

Income statement for Q1-Q3

Note		2008 DKK 1,000	2007 DKK 1,000
	INCOME STATEMENT		
1	Interest income	315,228	243,463
2	Interest expenses	201,961	142,188
	Net interest income	**113,267**	**101,275**
	Dividends from shares, ect.	1,608	1,536
3	Fees and commission income	70,034	75,368
	Ceded fees and commission expenses	7,572	8,393
	Net interest and fee income	**177,337**	**169,786**
4	Value adjustments	-31,528	13,964
	Other operating income	9,521	604
5	Staff costs and administrative expenses	130,892	131,488
	Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment	9,452	9,032
6	Impairment losses relating to loans, receivables and other receivables, etc.	56,510	-6,891
	Profit/loss from investments in group enterprises	0	-1,600
	Profit before tax	**-41,524**	**49,125**
7	Income tax	-14,016	10,129
	Profit	**-27,508**	**38,996**

Balance sheet at 30 September

Note		2008 DKK 1,000	2007 DKK 1,000	Year-end 2007 DKK 1,000
	ASSETS			
	Cash holdings and demand deposits with central banks	351,253	194,577	540,723
8	Receivables from credit institutions and central banks	175,475	303,046	350,348
9	Loans, advances and other receivables at amortised cost	4,524,083	4,600,817	4,957,773
10	Bonds at fair value	650,977	1,162,252	769,673
	Shares, etc.	177,706	185,999	181,841
	Investments in group enterprises	10,826	13,492	10,826
	Total land and buildings	4,046	14,518	17,087
	Owner-occupied properties	4,046	14,518	17,087
	Other property, plant and equipment	29,977	36,577	37,401
	Current tax assets	27,655	0	1,692
	Deferred tax assets	3,035	7,894	6,746
	Other assets	41,475	48,135	64,868
	Total assets	**5,996,508**	**6,567,307**	**6,938,978**
	EQUITY AND LIABILITIES			
	Payables to credit institutions and central banks	2,370,001	2,231,237	2,610,068
	Deposits and other payables	2,546,797	3,261,621	3,228,357
	Current tax payable	0	3,615	0
	Other liabilities	91,321	78,356	73,787
	Deferred income	24	165	131
	Total payables	**5,008,143**	**5,574,994**	**5,912,343**
	Provisions for pensions and similar obligations	10,420	11,250	10,420
	Provisions for loss on guarantees	483	2,850	1,717
	Total provisions	**10,903**	**14,100**	**12,137**
11	Subordinate debt	525,000	475,000	525,000
	Total subordinate debt	**525,000**	**475,000**	**525,000**
	Equity			
	Share capital	41,400	41,400	41,400
	Share premium account	91,997	91,997	91,997
	Revaluation reserves	0	0	2,357
	Other reserves	2,305	2,128	2,305
	Statutory reserves	2,305	2,128	2,305
	Retained earnings	316,760	367,688	351,439
12	**Total equity**	**452,462**	**503,213**	**489,498**
	Total equity and liabilities	**5,996,508**	**6,567,307**	**6,938,978**

Other notes

13 Contingent liabilities

14 Capital adequacy requirements

Specifications to the income statement

Note		2008 DKK 1,000	2007 DKK 1,000
1	**INTEREST INCOME**		
	Receivables from credit institutions and central banks	17,958	19,290
	Loans, advances and other receivables	258,673	200,018
	Bonds	26,805	22,347
	Total derivative financial instruments	11,792	1,698
	Of these Foreign exchange contracts	11,636	1,004
	Interest rate contracts	759	901
	Share contracts	-603	-207
	Other interest income	0	110
	Total interest income	**315,228**	**243,463**
2	**INTEREST EXPENSES**		
	Credit institutions and central banks	89,021	52,220
	Deposits and other payables	89,066	72,648
	Subordinate debt	23,874	17,320
	Other interest expenses	0	0
	Total interest expenses	**201,961**	**142,188**
3	**FEES AND COMMISSION INCOME**		
	Securities trading and custody accounts	17,229	27,031
	Payment services	6,664	6,531
	Loan fees	5,083	5,316
	Guarantee commission	29,055	24,946
	Other fees and commissions	12,003	11,544
	Total fees and commission income	**70,034**	**75,368**
4	**VALUE ADJUSTMENTS**		
	Other loans, advances and receivables at fair value	24	22
	Bonds	-27,519	-9,517
	Shares, etc.	-5,858	14,039
	Foreign exchange	6,005	5,318
	Foreign exchange, interest rate, share, commodity and other contracts as well as derivative financial instruments	-4,180	4,102
	Total value adjustments	**-31,528**	**13,964**
5	**STAFF COSTS AND ADMINISTRATIVE EXPENSES**		
	Remuneration of Supervisory and Executive Boards		
	Executive Board	1,974	3,028
	Supervisory Board	1,005	867
	Total	**2,979**	**3,895**
	Staff costs		
	Wages and salaries	61,574	59,980
	Pensions	7,088	6,778
	Social security expenses	6,979	7,026
	Total	**75,641**	**73,784**
	Other administrative expenses	**52,272**	**53,809**
	Total staff costs and administrative expenses	**130,892**	**131,488**

The Bank has established an incentive programme for the Bank's staff, which at most can generate shares of DKK 10,000 per employee per year.

Specifications to the income statement

Note		2008 DKK 1,000	2007 DKK 1,000
6	**IMPAIRMENT LOSSES RELATING TO LOANS, ADVANCES AND OTHER RECEIVABLES, ETC**		
	Individual impairment losses		
	Impairment losses for the year	59,846	9,931
	Reversal of write-downs for impairment made in prior financial years*)	12,840	16,385
	Finally lost but no previous write-down for impairment made	7,784	171
	Recovered from claims previously written off	289	656
	Total individual impairment losses	**54,500**	**-6,939**
	Group-based impairment losses		
	Impairment losses for the year	2,010	48
	Reversal of write-downs for impairment made in prior financial years	0	0
	Total group-based impairment losses	**2,010**	**48**
	Total impairment losses relating to loans	**56,510**	**-6,891**
	*) Including interest of DKK 3,628k on impaired loans for 2008 (2007: DKK 1,499k)		
7	**INCOME TAX**		
	Estimated tax calculated on profit for the period	17,727	10,811
	Deferred tax	-3,711	-682
	Total income tax	**14,016**	**10,129**

Specifications to the income statement

Note		2008 DKK 1,000	2007 DKK 1,000	Year-end 2007 DKK 1,000
8	**RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS**			
	Receivables at call from central banks	100,000	100,000	100,000
	Receivables from credit institutions	251,253	203,046	250,348
	Total receivables from credit institutions and central banks	**351,253**	**303,046**	**350,348**
9	**LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST**			
	Individual impairment losses			
	Impairment losses at 1 January	62,705	68,883	68,883
	Reversal of interest on impaired loans relating to prior financial years	3,292	6,146	6,146
	Impairment losses at 1 January	65,997	75,029	75,029
	Impairment losses for the year	59,575	9,640	21,711
	Reversal of write-downs for impairment made in prior financial years	7,706	14,348	22,531
	Interest on impaired loans	3,629	1,499	3,292
	Recorded losses previously written off	14,744	1,974	8,212
	Balance of impairment losses end of period	**99,494**	**66,848**	**62,705**
	Group-based impairment losses			
	Impairment losses at 1 January	2,296	3,104	3,104
	Impairment losses for the year	2,010	48	0
	Reversal of write-downs for impairment made in prior financial years	0	0	808
	Balance of group-based impairment losses end of period	**4,306**	**3,152**	**2,296**
	Total balance of impairment losses end of period	**103,800**	**70,000**	**65,001**
10	**BONDS**			
	Bonds at fair value	650,977	1,162,252	769,673
	Total bonds at fair value	**650,977**	**1,162,252**	**769,673**

Specifications to the balance sheet

Note		2008 DKK 1,000	2007 DKK 1,000	Year-end 2007 DKK 1,000
11	**SUBORDINATE DEBT**			
	Subordinate loan capital	425,000	375,000	425,000
	Hybrid core capital	100,000	100,000	100,000
	Total subordinate debt	**525,000**	**475,000**	**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 2012 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 Q1-Q3 2008 amounted to DKK 1,830k.

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 Q1-Q3 2008 amounted to DKK 3,672k.

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 Q1-Q3 2008 amounted to DKK 1,467k.

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%. Interest for Q1-Q3 2008 amounted to DKK 5,188k.

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. Interest for Q1-Q3 2008 amounted to DKK 4,687k.

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%. Interest for Q1-Q3 2008 amounted to DKK 4,653k.

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. Interest for Q1-Q3 2008 amounted to DKK 2,376k.

All seven loans to a nominal value of DKK 525 million are included in the statement of the capital base to the full amount.

Specifications to the balance sheet

Note		2008 DKK 1,000	2007 DKK 1,000	Year-end 2007 DKK 1,000
12	**STATEMENT OF CHANGES IN EQUITY**			
	Equity at beginning of year	**489,498**	**480,541**	**480,541**
	Dividends	-6,210	-6,210	-6,210
	Income or expenses for the period recognised directly in equity	280	71	2,428
	Purchase and sale of own shares	-3,598	-10,185	-31,992
	Profit for the period	-27,508	38,996	44,733
	Equity end of period	**452,462**	**503,213**	**489,498**

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 86,217 shares (2007: 38,346 shares), corresponding to 4.2% of the share capital. The shares were acquired as part of ordinary trading.

Note		2008 DKK 1,000	2007 DKK 1,000	Year-end 2007 DKK 1,000
13	**CONTINGENT LIABILITIES**			
	Guarantees, etc.			
	Financial loan guarantees	1,266,678	1,446,023	1,535,494
	Loss guarantees for mortgage loans *)	485,118	1,089,988	1,141,081
	Registration and refinancing guarantees	93,004	145,750	139,240
	Other guarantees	319,020	325,687	319,120
	Total guarantees, etc.	**2,163,820**	**3,007,448**	**3,134,935**
	Other contingent liabilities			
	Other commitments	1,738	2,151	2,138
	Total other contingent liabilities	**1,738**	**2,151**	**2,138**

*) The Bank has adopted the new model of cooperation for provision of Totalkredit loans (referred to as the set-off model). As a result of this change, our guarantee and contingent liabilities towards Totalkredit are reduced. The model is expected to be fully implemented during H2.

Note		2008 DKK 1,000	2007 DKK 1,000	Year-end 2007 DKK 1,000
14	**CAPITAL ADEQUACY REQUIREMENTS** *)			
	Core capital after statutory deductions	528,738	536,851	557,865
	Capital base net of deductions	968,556	931,323	1,001,542
	Weighted items outside the trading portfolio	5,681,042	6,037,844	6,392,918
	Weighted items with a market risk, etc.	296,003	615,541	529,399
	Total weighted items	**5,977,045**	**6,653,385**	**6,922,317**
	Core capital net of statutory deductions as a percentage of weighted items	8.8%	8.1%	8.1%
	Capital adequacy ratio under section 124(1) or section 125(1) of the Danish Financial Business Act.	**16.2%**	**14.0%**	**14.5%**

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

Accounting policies

The interim report is presented in accordance with the Danish Financial Business Act. Further, the interim report has been prepared in accordance with additional Danish disclosure requirements for listed financial companies. We consider the accounting policies appropriate for the interim report to provide a true and fair view of the Bank's financial position and results.

The interim report has been presented applying the accounting policies consistently with last year.

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 interim 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.

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.

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).