

# Interim Report

## H1 2015

5 August 2015

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## MANAGEMENT'S REPORT

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## FINANCIAL STATEMENTS

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## Highlights, ratios and key figures - BankNordik Group

| Highlights  | H1         | H1         | Q2         | Q1         | Q4         | Q3         | Q2         |
|---|------------|------------|------------|------------|------------|------------|------------|
| DKK 1,000   | 2015       | 2014       | 2015       | 2015       | 2014       | 2014       | 2014       |
| Net interest income   | 252,817    | 258,394    | 127,313    | 125,504    | 124,966    | 125,030    | 125,517    |
| Dividends from shares and other investments                       | 9,746      | 5,453      | 7,981      | 1,765      | 1,821      | 213        | 5,453      |
| Net fee and commission income                                     | 107,785    | 88,518     | 56,275     | 51,510     | 50,024     | 44,289     | 44,921     |
| Net interest and fee income                                       | 370,347    | 352,365    | 191,568    | 178,779    | 176,811    | 169,532    | 175,891    |
| Net insurance income  | 16,827     | 28,058     | 15,576     | 1,251      | 22,264     | 25,713     | 20,362     |
| Interest and fee income and income from insurance activities, net | 387,174    | 380,422    | 207,144    | 180,030    | 199,076    | 195,245    | 196,252    |
| Market value adjustments  | 7,104      | 24,240     | -38,444    | 45,549     | -3,654     | -755       | 13,005     |
| Other operating income  | 11,845     | 25,781     | 7,906      | 3,938      | 9,221      | 8,719      | 13,946     |
| Staff cost and administrative expenses                            | 280,727    | 259,958    | 148,474    | 132,252    | 134,090    | 120,103    | 132,047    |
| Impairment charges on loans and advances etc.                     | 22,065     | 54,062     | -273       | 22,338     | 34,475     | 22,477     | 24,323     |
| Net profit  | 57,314     | 64,007     | 5,575      | 51,739     | -229,966   | 38,547     | 39,883     |
| Loans and advances  | 10,686,507 | 10,207,310 | 10,686,507 | 10,633,204 | 10,491,509 | 10,314,706 | 10,207,310 |
| Bonds at fair value   | 3,669,471  | 3,243,824  | 3,669,471  | 3,268,476  | 3,534,678  | 3,479,956  | 3,243,824  |
| Intangible assets   | 523,455    | 783,552    | 523,455    | 526,420    | 529,730    | 781,643    | 783,552    |
| Assets held for sale  | 35,390     | 23,706     | 35,390     | 23,349     | 51,771     | 18,253     | 23,706     |
| Total assets  | 16,921,208 | 16,106,281 | 16,921,208 | 16,421,100 | 16,535,501 | 16,524,079 | 16,106,281 |
| Due to credit institutions and central banks                      | 671,736    | 340,263    | 671,736    | 581,139    | 591,347    | 630,389    | 340,263    |
| Deposits and other debt   | 12,836,162 | 12,281,228 | 12,836,162 | 12,343,925 | 12,603,533 | 12,341,777 | 12,281,228 |
| Total shareholders' equity  | 2,041,226  | 2,180,861  | 2,041,226  | 2,035,116  | 1,999,195  | 2,219,251  | 2,180,861  |

## Ratios and key figures

|  | June 30 | June 30 | June 30 | March 31 | Dec. 31 | Sept. 30 | June 30 |
|--|---------|---------|---------|----------|---------|----------|---------|
|  | 2015    | 2014    | 2015    | 2015     | 2014    | 2014     | 2014    |
| <b>Solvency</b>  |         |         |         |          |         |          |         |
| Solvency ratio, %  | 15.0    | 14.6    | 15.0    | 14.6     | 14.8    | 14.1     | 14.6    |
| Core capital ratio, %  | 13.2    | 12.6    | 13.2    | 12.8     | 12.9    | 12.2     | 12.6    |
| Core capital ratio excl. hybrid core capital, end of period, %                   | 12.2    | 11.5    | 12.2    | 11.7     | 11.8    | 11.1     | 11.5    |
| Risk-weighted items, DKK mill  | 12,129  | 11,320  | 12,129  | 12,089   | 11,943  | 11,757   | 11,320  |
| <b>Profitability</b>   |         |         |         |          |         |          |         |
| Return on equity after tax, %  | 2.8     | 3.0     | 0.3     | 2.6      | -10.9   | 1.8      | 1.8     |
| Cost / income, %   | 80.3    | 80.0    | 91.1    | 72.1     | 210.4   | 75.8     | 75.8    |
| Cost / income, % (excl. value adjustm. and impairments)                          | 76.2    | 71.3    | 74.8    | 77.8     | 190.2   | 63.5     | 67.7    |
| <b>Market risk</b>   |         |         |         |          |         |          |         |
| Interest rate risk, %  | 2.6     | 4.6     | 2.6     | 3.3      | 3.0     | 3.5      | 4.6     |
| Foreign exchange position, %   | 8.3     | 6.4     | 8.3     | 9.3      | 8.6     | 5.7      | 6.4     |
| <b>Liquidity</b>   |         |         |         |          |         |          |         |
| Excess cover relative to statutory liquidity requirements, %                     | 173.1   | 155.9   | 173.1   | 157.4    | 182.2   | 166.0    | 155.9   |
| <b>Credit risk</b>   |         |         |         |          |         |          |         |
| Growth on loans and advances, %  | 1.9     | -2.4    | 0.5     | 1.4      | 1.7     | 1.1      | -1.8    |
| Gearing of loans and advances  | 5.2     | 4.7     | 5.2     | 5.2      | 5.2     | 4.6      | 4.7     |
| Impairment and provisioning ratio, end of period, %                              | 4.4     | 4.3     | 4.4     | 4.5      | 4.8     | 4.4      | 4.3     |
| Write-off and provisioning ratio, %  | 0.2     | 0.4     | 0.0     | 0.2      | 0.2     | 0.2      | 0.2     |
| Share of amounts due on which interest rates have been reduced, end of period, % | 1.4     | 1.7     | 1.4     | 1.4      | 1.6     | 1.7      | 1.7     |
| <b>Shares</b>  |         |         |         |          |         |          |         |
| Earnings per share after tax (nom. DKK 20), DKK                                  | 5.8     | 6.5     | 0.6     | 5.2      | -23.3   | 3.9      | 4.0     |
| Market price per share (nom. DKK 20), DKK  | 122     | 114     | 122     | 122      | 105     | 114      | 114     |
| Book value per share (nom. DKK 20), DKK  | 207     | 221     | 207     | 206      | 203     | 225      | 221     |
| <b>Other</b>   |         |         |         |          |         |          |         |
| Number of full-time employees, end of period                                     | 490     | 510     | 490     | 504      | 506     | 513      | 510     |

# Financial review

## Highlights H1 2015

- Profit before tax amounted to DKK 79m in H1 2015 compared to DKK 85m in H1 2014
- Operating profit amounted to DKK 88m in H1 2015 compared to DKK 68m in H1 2014
- Operating income improved to DKK 392m in H1 2015 from DKK 388m in H1 2014
- Operating and sector costs excluding non-recurring items amounted to DKK 289m in H1 2015 compared to DKK 280m in H1 2014.
- Impairment charges, net, amounted to DKK 15m in H1 2015 compared to DKK 40m in H1 2014.
- The solvency ratio was 15.0% at 30 June 2015 compared to the solvency requirement of 8.9%, i.e. surplus solvency of 6.1 percentage points.
- BankNordik retains its full-year guidance of profit before impairments, non-recurring items and value adjustments of DKK 200-240m as expressed in the Annual Report 2014.

## Highlights Q2 2015

- Operating profit amounted to DKK 70m in Q2 compared to DKK 18m in Q1 2015. A significant improvement driven by higher net fee and insurance income.
- Impairment charges in Q2 2015 amounted to a net reversal of DKK 5m compared to impairment charges of DKK 20m in Q1 2015
- Operating costs excluding non-recurring items amounted to DKK 146m compared to DKK 143m in Q1 2015.

## Income statement

The summary income statement has been adjusted for non-recurring items in each relevant quarter:

### Income statement, Group

| DKK m  | H1 2015    | H1 2014    | Q2 2015    | Q1 2015    | Q4 2014     | Q3 2014    | Q2 2014    | Q1 2014    |
|--|------------|------------|------------|------------|-------------|------------|------------|------------|
| Net interest income                            | 253        | 258        | 127        | 126        | 125         | 125        | 126        | 133        |
| Net fee and commission income                  | 118        | 94         | 64         | 53         | 52          | 45         | 50         | 44         |
| Net insurance income                           | 17         | 28         | 16         | 1          | 22          | 26         | 20         | 8          |
| Other operating income*                        | 5          | 8          | 3          | 2          | 3           | 3          | 4          | 3          |
| <b>Operating income</b>                        | <b>392</b> | <b>388</b> | <b>211</b> | <b>182</b> | <b>202</b>  | <b>198</b> | <b>201</b> | <b>187</b> |
| Operating costs                                | -278       | -268       | -140       | -138       | -130        | -125       | -136       | -132       |
| Sector costs                                   | -11        | -12        | -6         | -5         | -5          | -6         | -6         | -6         |
| <b>Profit before impairment charges</b>        | <b>103</b> | <b>108</b> | <b>65</b>  | <b>39</b>  | <b>68</b>   | <b>67</b>  | <b>58</b>  | <b>49</b>  |
| Impairment charges, net                        | -15        | -40        | 5          | -20        | -29         | -17        | -19        | -21        |
| <b>Operating profit</b>                        | <b>88</b>  | <b>68</b>  | <b>70</b>  | <b>18</b>  | <b>39</b>   | <b>50</b>  | <b>40</b>  | <b>28</b>  |
| Impairment charges, intangible assets          | 0          | 0          | 0          | 0          | -250        | 0          | 0          | 0          |
| Non-recurring items                            | -14        | -1         | -14        | 0          | -12         | 0          | 1          | -2         |
| <b>Profit before value adjustments and tax</b> | <b>74</b>  | <b>67</b>  | <b>56</b>  | <b>18</b>  | <b>-222</b> | <b>50</b>  | <b>41</b>  | <b>26</b>  |
| Market value adjustments*, **                  | 5          | 17         | -40        | 46         | -4          | -1         | 13         | 4          |
| <b>Profit before tax</b>                       | <b>79</b>  | <b>85</b>  | <b>15</b>  | <b>64</b>  | <b>-226</b> | <b>49</b>  | <b>54</b>  | <b>31</b>  |
| Operating cost/income, %                       | 71         | 69         | 67         | 76         | 64          | 62         | 66         | 70         |
| Number of FTE, end of period                   | 490        | 510        | 490        | 504        | 506         | 513        | 510        | 512        |

\*DKK 5.3m restated from Other operating income to market value adjustments in H1 2014 relating to the reclassification of dividends to value adjustments in the subsidiary Vørður.

\*\*Incl. Net income from investment activities

The following comments relate to the adjusted figures and are generally stated relative to Q1 2015. Due to seasonal variations, comments on the insurance segment are also made relative to Q2 2014.

### **Operating income**

BankNordik Group generated operating income of DKK 211m in Q2 2015, which was 16% higher than in Q1 2015. The improvement is driven by higher insurance and fee income in Q2 2015 compared to Q1 2015 caused by higher activity and seasonal variation.

### **Net interest income**

Higher lending volumes drove net interest income to DKK 127m in Q2 2015 compared to DKK 126m in Q1 2015.

### **Net fees and commissions**

Net fee and commission income amounted to DKK 64m in Q2 2015 up from 53m in Q1 2015 due to greater activity in mortgage lending and asset management.

### **Insurance income, net**

Income from insurance activities, net, amounted to DKK 16m in Q2 2015 compared with DKK 20m in the same period last year, mainly due to a higher claims ratio in Q2 2015.

### **Operating and sector costs**

Operating and sector costs were DKK 146m in Q2 2015, 2% higher than in Q1 2015, which is mainly explained by in part the discontinuation of a discount on IT services agreed when Amagerbanken converted to the SDC platform, in part to non-recurring IT investments and in part to direct costs triggered by the increase in mortgage broking services. Redundancies implemented in Q2 2015 are expected to lead to lower costs in H2 2015 and to bring FY 2015 operating costs net of non-recurring costs to the level recorded in 2014.

### **Profit before impairment charges**

Profit before impairment charges improved to DKK 65m in Q2 2015 from DKK 39m in Q1 2015.

### **Impairment charges**

Net impairment charges were an income DKK 5m in Q2 2015 compared to an expense of DKK 20m in Q1 2015. The Bank therefore expects significantly lower impairment charges for the full year 2015 relative to FY 2014.

### **Operating profit**

Operating profit improved from DKK 18m in Q1 2015 to DKK 70m in Q2 2015.

### **Balance sheet**

BankNordik's total assets at 30 June 2015 amounted to DKK 17bn. Loans and advances were up by 1% compared to Q1 2015 to stand at DKK 10.7bn at the end of Q2 2015. Deposits increased by 4% compared to Q1 2015 to stand at DKK 12.9bn at 30 June 2015.

Compared to Q1 2015 amounts due to credit institutions and central banks were stable at DKK 672m, while amounts due from credit institutions and central banks increased to DKK 415m. Liquidity invested in bonds, primarily in Danish mortgage bonds and Danish government bonds, amounted to DKK 3.7bn. Liquidity invested in shares amounted to DKK 330m compared to DKK 364m in Q1 2015. The surplus liquidity at 30 June 2015 was 174% higher than the statutory requirement.

At 30 June 2015, the Group's equity amounted to DKK 2,041m.

## Compliance with the Danish FSA Supervisory Diamond

|                            | BankNordik H1 2015 | FSA Limit |
|----------------------------|--------------------|-----------|
| Large exposures            | 57.4%              | <125%     |
| Liquidity coverage         | 173.1%             | >50%      |
| Lending growth             | 4.7%               | <20%      |
| Funding ratio              | 0.68               | <1.00     |
| Lending to property sector | 8.2%               | <25%      |

At 30 June 2015, the Group complied with all Supervisory Diamond requirements set by the Danish FSA.

## Events after the balance sheet date

No other events have occurred since 30 June 2015 that are deemed to have a significant impact on the Group's financial position.

## Outlook 2015

Management retains its full-year guidance for pre-tax profit before impairments, non-recurring items and value adjustments in the range of DKK 200-240m.

# BankNordik Group by segment

## Banking: Faroe Islands

The banking activities in the Faroe Islands reported an operating profit of DKK 28m in Q2 2015 relative to DKK 26m in Q1 2015. Operating income increased to DKK 77m due to higher dividends and stronger net fee income. Operating costs increased to DKK 48m from DKK 44m in Q1 2015 due to activity induced costs. Impairment charges amounted to DKK 1m in Q2 2015. Loans and advances increased to DKK 5.8bn, while deposits also increased to DKK 5.8bn.

Note that because the financial results generated by the treasury department are recognised under this business segment, it is not directly comparable with the other business segments.

### Income statement, Faroe Islands

| DKKm   | H1 2015    | H1 2014    | Q2 2015    | Q1 2015   | Q4 2014   | Q3 2014   | Q2 2014   | Q1 2014   |
|--|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| Net interest income                            | 117        | 107        | 59         | 58        | 53        | 52        | 51        | 56        |
| Net fees, commission income & dividends        | 31         | 34         | 18         | 13        | 14        | 13        | 20        | 14        |
| Other operating income                         | 1          | 3          | 1          | 0         | 2         | 2         | 1         | 2         |
| <b>Total Operating income</b>                  | <b>149</b> | <b>144</b> | <b>77</b>  | <b>71</b> | <b>70</b> | <b>67</b> | <b>72</b> | <b>72</b> |
| Operating cost                                 | -92        | -85        | -48        | -44       | -42       | -41       | -43       | -42       |
| Sector costs                                   | -4         | -5         | -2         | -2        | -2        | -3        | -2        | -3        |
| <b>Profit before impairment charges</b>        | <b>52</b>  | <b>54</b>  | <b>27</b>  | <b>26</b> | <b>27</b> | <b>23</b> | <b>27</b> | <b>27</b> |
| Impairment charges, net                        | 2          | -24        | 1          | 1         | -8        | -11       | -7        | -17       |
| <b>Operating profit</b>                        | <b>54</b>  | <b>30</b>  | <b>28</b>  | <b>26</b> | <b>18</b> | <b>13</b> | <b>20</b> | <b>10</b> |
| Non-recurring items                            | -1         | -4         | -1         | 0         | -5        | 0         | -2        | -2        |
| <b>Profit before value adjustments and tax</b> | <b>53</b>  | <b>26</b>  | <b>27</b>  | <b>26</b> | <b>14</b> | <b>13</b> | <b>19</b> | <b>8</b>  |
| Market value adjustments                       | -13        | 28         | -47        | 34        | -11       | -7        | 11        | 17        |
| <b>Profit before tax</b>                       | <b>40</b>  | <b>54</b>  | <b>-20</b> | <b>60</b> | <b>2</b>  | <b>6</b>  | <b>29</b> | <b>24</b> |
| Loans and advances                             | 5,841      | 5,763      | 5,841      | 5,800     | 5,707     | 5,727     | 5,763     | 5,759     |
| Deposits and other debt                        | 5,782      | 5,337      | 5,782      | 5,646     | 5,847     | 5,572     | 5,337     | 5,295     |
| Operating cost/income, %                       | 62         | 59         | 63         | 61        | 60        | 61        | 59        | 58        |
| Number of FTE, end of period                   | 160        | 166        | 160        | 159       | 158       | 167       | 166       | 163       |

## Banking: Denmark

The Danish banking activities reported a profit before impairment charges of DKK 34m in Q2 2015 compared with DKK 21m in Q1 2015. Including impairment reversals, net, of DKK 4m, operating profit amounted to DKK 37m in Q2 2015 compared to DKK 0m in Q1 2015.

Operating income in Denmark increased from DKK 96m in Q1 to DKK 105m in Q2 2015, driven by significantly higher fee income from mortgage lending and asset management. Net interest income increased in the quarter. Operating costs fell to DKK 71m in Q2 2015 from DKK 75m in Q1 2015.

Lending fell by DKK 10m in Q2 2015, while deposits increased by DKK 365m in Q2 2015.

### Income statement, Denmark

| DKKm   | H1 2015    | H1 2014    | Q2 2015    | Q1 2015   | Q4 2014     | Q3 2014   | Q2 2014   | Q1 2014   |
|--|------------|------------|------------|-----------|-------------|-----------|-----------|-----------|
| Net interest income                            | 114        | 126        | 58         | 56        | 61          | 62        | 62        | 64        |
| Net fees, commission income & dividends        | 86         | 61         | 46         | 40        | 34          | 31        | 30        | 31        |
| Other operating income                         | 0          | 1          | 1          | 0         | 0           | -1        | 1         | 0         |
| <b>Total Operating income</b>                  | <b>200</b> | <b>188</b> | <b>105</b> | <b>96</b> | <b>95</b>   | <b>92</b> | <b>94</b> | <b>95</b> |
| Operating cost                                 | -139       | -140       | -68        | -72       | -68         | -63       | -70       | -69       |
| Sector costs                                   | -7         | -6         | -3         | -3        | -3          | -3        | -3        | -3        |
| <b>Profit before impairment charges</b>        | <b>54</b>  | <b>42</b>  | <b>34</b>  | <b>21</b> | <b>24</b>   | <b>26</b> | <b>20</b> | <b>22</b> |
| Impairment charges, net                        | -17        | -12        | 4          | -20       | -18         | -6        | -10       | -2        |
| <b>Operating profit</b>                        | <b>38</b>  | <b>31</b>  | <b>37</b>  | <b>0</b>  | <b>5</b>    | <b>20</b> | <b>10</b> | <b>20</b> |
| Impairment charges, intangible assets          | 0          | 0          | 0          | 0         | -200        | 0         | 0         | 0         |
| Non-recurring items                            | -13        | 3          | -13        | 0         | -7          | 0         | 3         | 0         |
| <b>Profit before value adjustments and tax</b> | <b>25</b>  | <b>34</b>  | <b>24</b>  | <b>0</b>  | <b>-202</b> | <b>20</b> | <b>13</b> | <b>20</b> |
| Market value adjustments                       | 0          | 0          | 0          | 0         | 0           | 0         | 0         | 0         |
| <b>Profit before tax</b>                       | <b>25</b>  | <b>34</b>  | <b>24</b>  | <b>0</b>  | <b>-202</b> | <b>20</b> | <b>13</b> | <b>20</b> |
| Loans and advances                             | 4,157      | 3,707      | 4,157      | 4,167     | 4,130       | 3,882     | 3,707     | 3,892     |
| Deposits and other debt                        | 6,682      | 6,501      | 6,682      | 6,318     | 6,376       | 6,371     | 6,501     | 6,407     |
| Operating cost/income, %                       | 70         | 74         | 65         | 75        | 72          | 68        | 75        | 73        |
| Number of FTE, end of period                   | 211        | 236        | 211        | 233       | 234         | 232       | 236       | 238       |



## Banking: Greenland

Operating income was stable at DKK 12m in Q2 2015, while operating costs also remained stable at DKK 7m. No impairment charges were recognised in Q2 2015 compared to DKK 1m in Q1 2015. Operating profit amounted to DKK 5m compared to DKK 3m in Q1 2015.

Lending and deposits both increased compared with Q1 2015.

### Income statement, Greenland

| DKK m  | H1 2015   | H1 2014   | Q2 2015   | Q1 2015   | Q4 2014    | Q3 2014   | Q2 2014   | Q1 2014   |
|--|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| Net interest income                            | 16        | 19        | 9         | 8         | 8          | 8         | 9         | 10        |
| Net fees, commission income & dividends        | 5         | 5         | 3         | 2         | 2          | 2         | 2         | 3         |
| Other operating income                         | 1         | 1         | 0         | 0         | 0          | 0         | 0         | 0         |
| <b>Total Operating income</b>                  | <b>22</b> | <b>24</b> | <b>12</b> | <b>11</b> | <b>10</b>  | <b>11</b> | <b>11</b> | <b>13</b> |
| Operating cost                                 | -14       | -14       | -7        | -7        | -6         | -7        | -7        | -7        |
| Sector costs                                   | 0         | -1        | 0         | 0         | 0          | 0         | 0         | 0         |
| <b>Profit before impairment charges</b>        | <b>8</b>  | <b>10</b> | <b>5</b>  | <b>3</b>  | <b>4</b>   | <b>4</b>  | <b>4</b>  | <b>6</b>  |
| Impairment charges, net                        | 0         | -4        | 0         | -1        | -2         | 0         | -2        | -2        |
| <b>Operating profit</b>                        | <b>8</b>  | <b>6</b>  | <b>5</b>  | <b>3</b>  | <b>2</b>   | <b>4</b>  | <b>2</b>  | <b>3</b>  |
| Impairment charges, intangible assets          | 0         | 0         | 0         | 0         | -50        | 0         | 0         | 0         |
| Non-recurring items                            | 0         | 0         | 0         | 0         | 0          | 0         | 0         | 0         |
| <b>Profit before value adjustments and tax</b> | <b>8</b>  | <b>6</b>  | <b>5</b>  | <b>3</b>  | <b>-48</b> | <b>4</b>  | <b>2</b>  | <b>3</b>  |
| Market value adjustments                       | 0         | 0         | 0         | 0         | 0          | 0         | 0         | 0         |
| <b>Profit before tax</b>                       | <b>8</b>  | <b>6</b>  | <b>5</b>  | <b>3</b>  | <b>-48</b> | <b>4</b>  | <b>2</b>  | <b>3</b>  |
| Loans and advances                             | 689       | 736       | 689       | 666       | 654        | 705       | 736       | 741       |
| Deposits and other debt                        | 470       | 526       | 470       | 447       | 467        | 478       | 526       | 429       |
| Operating cost/income, %                       | 61        | 58        | 56        | 66        | 57         | 64        | 62        | 54        |
| Number of FTE, end of period                   | 18        | 18        | 18        | 19        | 20         | 21        | 18        | 19        |

## Insurance: Trygd (Faroe Islands)

The combination of lower claims and stable income improved Trygd's Q2 2015 net insurance income to DKK 10m compared with DKK 0m in Q1 2015. The launch of the Bank's customer loyalty programme has strongly supported the sale of insurance products, partially compensating for significantly reduced prices in the market.

### Income statement, Trygd

| DKKm                                  | H1 2015   | H1 2014   | Q2 2015   | Q1 2015   | Q4 2014  | Q3 2014   | Q2 2014  | Q1 2014  |
|---------------------------------------|-----------|-----------|-----------|-----------|----------|-----------|----------|----------|
| Premium income, net of reinsurance    | 41        | 39        | 21        | 20        | 20       | 20        | 20       | 19       |
| Claims, net of reinsurance            | -31       | -28       | -11       | -20       | -14      | -7        | -15      | -13      |
| <b>Net insurance income</b>           | <b>10</b> | <b>11</b> | <b>10</b> | <b>0</b>  | <b>6</b> | <b>13</b> | <b>5</b> | <b>6</b> |
| Net income from investment activities | 0         | 2         | -1        | 0         | 0        | 1         | 1        | 1        |
| <b>Operating income</b>               | <b>10</b> | <b>14</b> | <b>10</b> | <b>1</b>  | <b>6</b> | <b>13</b> | <b>6</b> | <b>8</b> |
| Operating cost                        | -9        | -9        | -5        | -5        | -4       | -5        | -5       | -4       |
| <b>Profit before tax</b>              | <b>1</b>  | <b>5</b>  | <b>5</b>  | <b>-4</b> | <b>2</b> | <b>9</b>  | <b>1</b> | <b>3</b> |
| Combined ratio                        | 97        | 94        | 73        | 123       | 89       | 61        | 99       | 89       |
| Claims ratio                          | 74        | 71        | 51        | 99        | 68       | 37        | 75       | 67       |
| Number of FTE, end of period          | 25        | 25        | 25        | 25        | 25       | 26        | 25       | 25       |

## Insurance: Vörður (Iceland)

Vörður reported a net insurance income of DKK 5m in Q2 2015 compared to DKK 16m in same period of last year. An increase in claims was the main reason for the reduction. Inclusive of the positive investment result of DKK 9m, the Icelandic insurance business returned a profit before tax of DKK 2m. The claims ratio and the combined ratio were both higher relative to Q2 2014.

### Income statement, Vörður

| DKKm                                  | H1 2015   | H1 2014   | Q2 2015   | Q1 2015   | Q4 2014   | Q3 2014   | Q2 2014   | Q1 2014    |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Premium income, net of reinsurance    | 131       | 116       | 68        | 63        | 62        | 61        | 60        | 57         |
| Claims, net of reinsurance            | -124      | -99       | -62       | -61       | -46       | -48       | -44       | -55        |
| <b>Net insurance income</b>           | <b>7</b>  | <b>18</b> | <b>5</b>  | <b>2</b>  | <b>16</b> | <b>13</b> | <b>16</b> | <b>2</b>   |
| Net income from investment activities | 22        | -4        | 9         | 13        | 13        | 7         | 2         | -7         |
| <b>Operating income</b>               | <b>29</b> | <b>13</b> | <b>14</b> | <b>14</b> | <b>29</b> | <b>20</b> | <b>18</b> | <b>-5</b>  |
| Operating cost                        | -23       | -20       | -12       | -11       | -9        | -10       | -11       | -10        |
| <b>Profit before tax</b>              | <b>6</b>  | <b>-7</b> | <b>2</b>  | <b>4</b>  | <b>19</b> | <b>10</b> | <b>7</b>  | <b>-15</b> |
| Combined ratio                        | 112       | 102       | 110       | 114       | 90        | 94        | 91        | 114        |
| Claims ratio                          | 95        | 85        | 92        | 97        | 74        | 78        | 74        | 97         |
| Number of FTE, end of period          | 71        | 61        | 71        | 63        | 63        | 63        | 61        | 61         |

## Income statement

| Note | DKK 1,000  | Group          |                | BankNordik     |                |
|------|--|----------------|----------------|----------------|----------------|
|      |  | H1<br>2015     | H1<br>2014     | H1<br>2015     | H1<br>2014     |
| 3    | Interest income  | 296,158        | 322,013        | 290,563        | 315,817        |
| 4    | Interest expenses  | 43,342         | 63,620         | 43,429         | 63,885         |
|      | <b>Net interest income</b>   | <b>252,817</b> | <b>258,394</b> | <b>247,134</b> | <b>251,932</b> |
|      | Dividends from shares and other investments                              | 9,746          | 12,060         | 9,087          | 6,201          |
| 5    | Fee and commission income  | 122,474        | 101,506        | 121,448        | 100,462        |
| 5    | Fee and commissions paid   | 14,689         | 12,988         | 8,530          | 7,413          |
|      | <b>Net dividend, fee and commission income</b>                           | <b>117,531</b> | <b>100,578</b> | <b>122,005</b> | <b>99,250</b>  |
|      | <b>Net interest and fee income</b>                                       | <b>370,347</b> | <b>358,972</b> | <b>369,139</b> | <b>351,182</b> |
|      | Premium income, net of reinsurance                                       | 171,028        | 154,423        | -              | -              |
|      | Claims, net of reinsurance   | 154,201        | 126,365        | -              | -              |
|      | <b>Interest and fee income and income from insurance activities, net</b> | <b>387,174</b> | <b>387,029</b> | <b>369,139</b> | <b>351,182</b> |
| 6    | Market value adjustments   | 7,104          | 17,633         | -12,995        | 27,567         |
| 7    | Other operating income   | 11,845         | 25,781         | 8,622          | 23,634         |
| 8    | Staff costs and administrative expenses                                  | 280,727        | 259,958        | 249,022        | 231,799        |
|      | Amortisation, depreciation and impairment charges                        | 11,054         | 12,226         | 9,892          | 10,783         |
|      | Other operating expenses   | 10,899         | 12,764         | 10,899         | 12,764         |
| 9    | Impairment charges on loans and advances etc.                            | 22,065         | 54,062         | 22,065         | 54,062         |
|      | Income from associated undertakings                                      | -1,931         | -6,773         | 6,494          | -8,531         |
|      | <b>Profit before tax</b>   | <b>79,447</b>  | <b>84,659</b>  | <b>79,382</b>  | <b>84,444</b>  |
|      | Tax  | 22,134         | 20,652         | 22,069         | 20,436         |
|      | <b>Net profit</b>  | <b>57,314</b>  | <b>64,007</b>  | <b>57,314</b>  | <b>64,007</b>  |
|      | Portion attributable to  |                |                |                |                |
|      | Shareholders of BankNordik P/F   | 57,314         | 64,007         | 57,314         | 64,007         |
|      | Non-controlling interests  | 0              | 0              | 0              | 0              |
|      | <b>Net profit</b>  | <b>57,314</b>  | <b>64,007</b>  | <b>57,314</b>  | <b>64,007</b>  |
|      | EPS Basic for the period, DKK*   | 5.81           | 6.49           | 5.81           | 6.49           |
|      | EPS Diluted for the period, DKK *  | 5.81           | 6.49           | 5.81           | 6.49           |

\* Based on average number of shares outstanding, see the specification of shareholders equity

## Statement of comprehensive income - BankNordik Group

| DKK 1,000  | Group         |               | BankNordik    |               |
|--|---------------|---------------|---------------|---------------|
|  | H1<br>2015    | H1<br>2014    | H1<br>2015    | H1<br>2014    |
| Net profit   | 57,314        | 64,007        | 57,314        | 64,007        |
| Other comprehensive income   |               |               |               |               |
| Items which will subsequently be recycled to the income statement if certain conditions are met: |               |               |               |               |
| Translation of non-Faroese subsidiaries  | 3,999         | -24,353       | 4,851         | -23,226       |
| <b>Total comprehensive income</b>  | <b>61,312</b> | <b>39,654</b> | <b>62,164</b> | <b>40,781</b> |
| Portion attributable to  |               |               |               |               |
| Shareholders of BankNordik P/F   | 61,312        | 39,654        | 62,164        | 40,781        |
| <b>Total comprehensive income</b>  | <b>61,312</b> | <b>39,654</b> | <b>62,164</b> | <b>40,781</b> |

## Balance Sheet

| Note | DKK 1,000   | Group             |                   | BankNordik        |                   |
|------|---|-------------------|-------------------|-------------------|-------------------|
|      |   | June 30<br>2015   | Dec. 31<br>2014   | June 30<br>2015   | Dec. 31<br>2014   |
|      | <b>Assets</b>                                       |                   |                   |                   |                   |
|      | Cash in hand and demand deposits with central banks | 553,035           | 439,492           | 462,911           | 359,475           |
| 10   | Due from credit institutions and central banks      | 415,370           | 521,276           | 411,742           | 502,401           |
| 9    | Loans and advances at fair value                    | 733,681           | 756,070           | 733,681           | 756,070           |
| 9    | Loans and advances at amortised cost                | 9,952,826         | 9,735,439         | 9,952,826         | 9,735,439         |
|      | Bonds at fair value                                 | 3,669,471         | 3,534,678         | 3,358,633         | 3,237,238         |
|      | Shares, etc.  | 329,558           | 354,797           | 246,939           | 284,821           |
|      | Assets under insurance contracts                    | 105,478           | 78,403            | 0                 | 0                 |
|      | Holdings in associates                              | 5,543             | 7,451             | 5,543             | 7,451             |
|      | Intangible assets                                   | 523,455           | 529,730           | 515,218           | 520,672           |
| 11   | Holdings in subsidiaries                            | 0                 | 0                 | 239,912           | 237,616           |
|      | Total land and buildings                            | 271,844           | 280,345           | 269,829           | 278,320           |
|      | investment property                                 | 42,491            | 64,863            | 42,491            | 64,863            |
|      | domicile property                                   | 229,353           | 215,483           | 227,338           | 213,458           |
|      | Other property, plant and equipment                 | 29,680            | 30,598            | 25,599            | 26,943            |
|      | Current tax assets                                  | 4,966             | 3,896             | 4,966             | 3,896             |
|      | Deferred tax assets                                 | 22,543            | 27,431            | 12,569            | 18,384            |
| 12   | Assets held for sale                                | 35,390            | 51,771            | 35,390            | 51,771            |
|      | Other assets  | 246,780           | 152,188           | 238,606           | 146,925           |
|      | Prepayments   | 21,588            | 31,935            | 20,266            | 30,487            |
|      | <b>Total assets</b>                                 | <b>16,921,208</b> | <b>16,535,501</b> | <b>16,534,629</b> | <b>16,197,909</b> |

## Balance Sheet

| Note  | DKK 1,000                                      | Group             |                   | BankNordik        |                   |
|---|--|-------------------|-------------------|-------------------|-------------------|
|   |  | June 30<br>2015   | Dec. 31<br>2014   | June 30<br>2015   | Dec. 31<br>2014   |
| <b>Shareholders' equity and liabilities</b> |  |                   |                   |                   |                   |
| <b>Liabilities other than provisions</b>    |  |                   |                   |                   |                   |
|   | Due to credit institutions and central banks   | 671,736           | 591,347           | 671,736           | 591,347           |
|   | Deposits and other debt                        | 12,836,162        | 12,603,533        | 12,934,826        | 12,690,011        |
|   | Liabilities under insurance contracts          | 439,969           | 366,858           | 0                 | 0                 |
|   | Current tax liabilities                        | 11,475            | 11,704            | 7,941             | 7,920             |
|   | Other liabilities                              | 300,138           | 349,348           | 271,778           | 317,241           |
|   | Deferred income                                | 11,332            | 18,285            | 4,712             | 4,577             |
|   | <b>Total liabilities other than provisions</b> | <b>14,270,811</b> | <b>13,941,074</b> | <b>13,890,992</b> | <b>13,611,095</b> |
| <b>Provisions for liabilities</b>           |  |                   |                   |                   |                   |
|   | Provisions for deferred tax                    | 100,943           | 86,189            | 100,943           | 86,189            |
|   | Provisions for other liabilities               | 5,300             | 5,148             | 5,300             | 5,148             |
|   | Provisions for losses on guarantees            | 46,842            | 45,216            | 46,842            | 45,216            |
|   | <b>Total provisions for liabilities</b>        | <b>153,085</b>    | <b>136,552</b>    | <b>153,085</b>    | <b>136,552</b>    |
| <b>Subordinated debt</b>                    |  |                   |                   |                   |                   |
|   | Subordinated debt                              | 456,086           | 458,680           | 456,086           | 458,680           |
|   | <b>Total liabilities</b>                       | <b>14,879,982</b> | <b>14,536,306</b> | <b>14,500,164</b> | <b>14,206,327</b> |
| <b>Shareholders' equity</b>                 |  |                   |                   |                   |                   |
|   | <b>Share capital</b>                           | 200,000           | 200,000           | 200,000           | 200,000           |
|   | Foreign translation reserve                    | 19,433            | 15,434            | 19,779            | 14,928            |
|   | Reserve, Equity Method                         | 0                 | 0                 | 81,459            | 114,486           |
|   | Revaluation reserve                            | 8,820             | 8,820             | 8,820             | 8,820             |
|   | Retained earnings                              | 1,812,974         | 1,754,941         | 1,724,407         | 1,633,347         |
|   | Proposed dividends                             | 0                 | 20,000            | 0                 | 20,000            |
|   | <b>Total shareholders' equity</b>              | <b>2,041,226</b>  | <b>1,999,195</b>  | <b>2,034,465</b>  | <b>1,991,582</b>  |
|   | <b>Total liabilities and equity</b>            | <b>16,921,208</b> | <b>16,535,501</b> | <b>16,534,629</b> | <b>16,197,909</b> |

## Statement of capital - BankNordik Group

## Changes in shareholders' equity:

| DKK 1,000                                    | Share capital  | Foreign currency    |  | Revaluation Reserve | Proposed dividends | Retained earnings | Total            |
|--|----------------|---------------------|--|---------------------|--------------------|-------------------|------------------|
|  |                | translation reserve |  |                     |                    |                   |                  |
| <b>Shareholders' equity at Jan. 1, 2015</b>  | <b>200,000</b> | <b>15,434</b>       |  | <b>8,820</b>        | <b>20,000</b>      | <b>1,754,941</b>  | <b>1,999,195</b> |
| Translation of foreign units                 |                | 3,999               |  |                     |                    |                   | 3,999            |
| Net profit                                   |                |                     |  |                     |                    | 57,314            | 57,314           |
| <b>Total comprehensive income</b>            |                | <b>3,999</b>        |  |                     |                    | <b>57,314</b>     | <b>61,312</b>    |
| Acquisition of own shares                    |                |                     |  |                     |                    | -399              | -399             |
| Sale of own shares                           |                |                     |  |                     |                    | 399               | 399              |
| Share-based remuneration-programme           |                |                     |  |                     |                    | 445               | 445              |
| Dividends paid                               |                |                     |  |                     | -20,000            | 274               | -19,726          |
| <b>Shareholders' equity at Juni 30, 2015</b> | <b>200,000</b> | <b>19,433</b>       |  | <b>8,820</b>        | <b>0</b>           | <b>1,812,974</b>  | <b>2,041,226</b> |

| DKK 1,000  | Share capital  | Foreign currency    |  | Revaluation Reserve | Proposed dividends | Retained earnings | Total            |
|--|----------------|---------------------|--|---------------------|--------------------|-------------------|------------------|
|  |                | translation reserve |  |                     |                    |                   |                  |
| <b>Shareholders' equity at Jan. 1, 2014</b>      | <b>200,000</b> | <b>29,853</b>       |  | <b>8,820</b>        | <b>15,000</b>      | <b>1,902,324</b>  | <b>2,155,998</b> |
| Revaluation of assets                            |                |                     |  |                     |                    |                   | 0                |
| Translation of foreign units                     |                | -14,419             |  |                     |                    | -360              | -14,779          |
| Net profit                                       |                |                     |  |                     | 20,000             | -147,411          | -127,411         |
| <b>Total comprehensive income</b>                |                | <b>-14,419</b>      |  |                     | <b>20,000</b>      | <b>-147,771</b>   | <b>-142,190</b>  |
| Acquisition of own shares                        |                |                     |  |                     |                    | -18,903           | -18,903          |
| Sale of own shares                               |                |                     |  |                     |                    | 18,903            | 18,903           |
| Share-based remuneration-programme               |                |                     |  |                     |                    | 178               | 178              |
| Dividends paid                                   |                |                     |  |                     | -15,000            | 209               | -14,791          |
| <b>Shareholders' equity at December 31, 2014</b> | <b>200,000</b> | <b>15,434</b>       |  | <b>8,820</b>        | <b>20,000</b>      | <b>1,754,941</b>  | <b>1,999,195</b> |

| DKK 1,000                                    | Share capital  | Foreign currency    |  | Revaluation Reserve | Proposed dividends | Retained earnings | Total            |
|--|----------------|---------------------|--|---------------------|--------------------|-------------------|------------------|
|  |                | translation reserve |  |                     |                    |                   |                  |
| <b>Shareholders' equity at Jan. 1, 2014</b>  | <b>200,000</b> | <b>29,853</b>       |  | <b>8,820</b>        | <b>15,000</b>      | <b>1,902,324</b>  | <b>2,155,998</b> |
| Translation of foreign units                 |                | -24,289             |  |                     |                    | -63               | -24,352          |
| Net profit                                   |                |                     |  |                     |                    | 64,007            | 64,007           |
| <b>Total comprehensive income</b>            |                | <b>-24,289</b>      |  |                     |                    | <b>63,944</b>     | <b>39,655</b>    |
| Acquisition of own shares                    |                |                     |  |                     |                    | -13,120           | -13,120          |
| Sale of own shares                           |                |                     |  |                     |                    | 13,123            | 13,123           |
| Dividends paid                               |                |                     |  |                     | -15,000            | 206               | -14,794          |
| <b>Shareholders' equity at June 30, 2014</b> | <b>200,000</b> | <b>5,564</b>        |  | <b>8,820</b>        | <b>0</b>           | <b>1,966,477</b>  | <b>2,180,861</b> |

## Statement of capital - BankNordik P/F

## Changes in shareholders' equity:

| DKK 1,000                                    | Share capital  | Foreign                      | Revaluation Reserve | Equity         | Proposed dividends | Retained earnings | Total            |
|--|----------------|------------------------------|---------------------|----------------|--------------------|-------------------|------------------|
|  |                | currency translation reserve |                     | method reserve |                    |                   |                  |
| Shareholders' equity at January 1, 2015      | 200,000        | 14,928                       | 8,820               | 114,486        | 20,000             | 1,633,347         | 1,991,582        |
| Translation of foreign units                 |                | 4,851                        |                     |                |                    |                   | 4,851            |
| Net profit                                   |                |                              |                     | 6,494          |                    | 50,820            | 57,314           |
| <b>Total comprehensive income</b>            |                | <b>4,851</b>                 |                     | <b>6,494</b>   |                    | <b>50,820</b>     | <b>62,164</b>    |
| Acquisition of own shares                    |                |                              |                     |                |                    | -399              | -399             |
| Sale of own shares                           |                |                              |                     |                |                    | 399               | 399              |
| Share-based remuneration-programme           |                |                              |                     |                |                    | 445               | 445              |
| Dividends paid                               |                |                              |                     |                | -20,000            | 274               | -19,726          |
| Dividends received                           |                |                              |                     | -39,521        |                    | 39,521            | 0                |
| <b>Shareholders' equity at June 30, 2015</b> | <b>200,000</b> | <b>19,779</b>                | <b>8,820</b>        | <b>81,459</b>  | <b>0</b>           | <b>1,724,407</b>  | <b>2,034,465</b> |

| DKK 1,000  | Share capital  | Foreign                      | Revaluation Reserve | Equity         | Proposed dividends | Retained earnings | Total            |
|--|----------------|------------------------------|---------------------|----------------|--------------------|-------------------|------------------|
|  |                | currency translation reserve |                     | method reserve |                    |                   |                  |
| Shareholders' equity at January 1, 2014          | 200,000        | 29,348                       | 8,820               | 88,643         | 15,000             | 1,806,577         | 2,148,388        |
| Translation of foreign units                     |                | -14,420                      |                     |                |                    | -362              | -14,782          |
| Net profit                                       |                |                              |                     | 25,843         | 20,000             | -173,255          | -127,411         |
| <b>Total comprehensive income</b>                |                | <b>-14,420</b>               |                     | <b>25,843</b>  | <b>20,000</b>      | <b>-173,617</b>   | <b>-142,193</b>  |
| Acquisition of own shares                        |                |                              |                     |                |                    | -18,903           | -18,903          |
| Sale of own shares                               |                |                              |                     |                |                    | 18,903            | 18,903           |
| Share-based remuneration-programme               |                |                              |                     |                |                    | 178               | 178              |
| Dividends paid                                   |                |                              |                     |                | -15,000            | 209               | -14,791          |
| <b>Shareholders' equity at December 31, 2014</b> | <b>200,000</b> | <b>14,928</b>                | <b>8,820</b>        | <b>114,486</b> | <b>20,000</b>      | <b>1,633,347</b>  | <b>1,991,582</b> |

| DKK 1,000                                    | Share capital  | Foreign                      | Revaluation Reserve | Equity         | Proposed dividends | Retained earnings | Total            |
|--|----------------|------------------------------|---------------------|----------------|--------------------|-------------------|------------------|
|  |                | currency translation reserve |                     | method reserve |                    |                   |                  |
| Shareholders' equity at January 1, 2014      | 200,000        | 29,348                       | 8,820               | 88,643         | 15,000             | 1,806,577         | 2,148,388        |
| Translation of foreign units                 |                | -23,226                      |                     |                |                    |                   | -23,226          |
| Net profit                                   |                |                              |                     | -8,531         |                    | 72,538            | 64,007           |
| <b>Total comprehensive income</b>            |                | <b>-23,226</b>               |                     | <b>-8,531</b>  |                    | <b>72,538</b>     | <b>40,781</b>    |
| Acquisition of own shares                    |                |                              |                     |                |                    | -13,120           | -13,120          |
| Sale of own shares                           |                |                              |                     |                |                    | 13,123            | 13,123           |
| Dividends paid                               |                |                              |                     |                | -15,000            | 209               | -14,791          |
| <b>Shareholders' equity at June 30, 2014</b> | <b>200,000</b> | <b>6,122</b>                 | <b>8,820</b>        | <b>80,112</b>  | <b>0</b>           | <b>1,879,327</b>  | <b>2,174,381</b> |

## Capital and Solvency - BankNordik

| DKK 1,000   | June 30<br>2015   | Full year<br>2014 |
|---|-------------------|-------------------|
| Core capital  | 1,600,006         | 1,537,244         |
| Total capital   | 1,820,104         | 1,763,130         |
| Risk-weighted items not included in the trading portfolio | 9,463,336         | 9,219,956         |
| Risk-weighted items with market risk etc.                 | 1,161,765         | 1,248,885         |
| Risk-weighted items with operational risk                 | 1,504,345         | 1,473,793         |
| <b>Total risk-weighted items</b>                          | <b>12,129,446</b> | <b>11,942,635</b> |
| <b>Core capital ratio, excl. hybrid core capital</b>      | <b>12.2%</b>      | <b>11.8%</b>      |
| <b>Core capital ratio</b>                                 | <b>13.2%</b>      | <b>12.9%</b>      |
| <b>Solvency ratio</b>                                     | <b>15.0%</b>      | <b>14.8%</b>      |
| <b>Core Capital and Shareholders' equity</b>              |                   |                   |
| Share capital   | 200,000           | 200,000           |
| Reserves  | 110,058           | 138,234           |
| Net profit  | 57,314            | -127,411          |
| Retained earnings, previous years                         | 1,667,094         | 1,780,758         |
| <b>Shareholders' equity</b>                               | <b>2,034,465</b>  | <b>1,991,582</b>  |
| Deduction of dividend                                     | 0                 | 20,000            |
| Deduction of Foreign currency translation reserve         | 19,779            | 14,928            |
| Deduction of intangible assets                            | 515,218           | 520,672           |
| Deduction of revaluation reserve                          | 8,820             | 8,820             |
| Deduction of deferred tax assets                          | 12,569            | 18,384            |
| <b>Core capital exclusive of hybrid core capital</b>      | <b>1,478,080</b>  | <b>1,408,777</b>  |
| Deduction of insurance subsidiaries                       | 61,441            | 56,574            |
| Hybrid core capital                                       | 183,367           | 185,040           |
| <b>Core capital</b>                                       | <b>1,600,006</b>  | <b>1,537,244</b>  |
| <b>Total capital</b>                                      |                   |                   |
| Core capital  | 1,600,006         | 1,537,244         |
| Addition of revaluation reserve                           | 8,820             | 8,820             |
| Subordinated loan capital                                 | 272,720           | 273,640           |
| Deduction of insurance subsidiaries                       | 61,441            | 56,574            |
| <b>Total capital</b>                                      | <b>1,820,104</b>  | <b>1,763,130</b>  |

The external auditors have confirmed that BankNordik fulfills the requirements to recognize the H1 2015 net profit in the core capital and in the total capital



## Cash flow statement - BankNordik Group

|  | H1             | Full year       |
|--|----------------|-----------------|
| DKK 1,000  | 2015           | 2014            |
| <b>Cash flow from operations</b>   |                |                 |
| Net profit for the period  | 57,314         | -127,411        |
| Amortisation and impairment charges for intangible assets  | 6,298          | 262,568         |
| Depreciation and impairment charges of tangible assets   | 4,755          | 10,281          |
| Impairment of loans and advances/guarantees  | 23,805         | 117,306         |
| Tax charged to the income statement  | 22,131         | 35,257          |
| Other non-cash operating items   | -17,650        | -13,557         |
| <b>Total</b>   | <b>96,652</b>  | <b>284,444</b>  |
| <b>Changes in operating capital</b>  |                |                 |
| Change in loans at fair value  | 10,865         | -63,039         |
| Change in loans at amortised cost  | -241,193       | -74,063         |
| Change in holding of bonds   | -159,242       | -49,602         |
| Change in holding of shares  | 48,812         | 754             |
| Change in deposits   | 232,629        | 410,785         |
| Due to credit institutions and central banks   | 80,389         | 939             |
| Change in other assets / liabilities   | -81,536        | 10,977          |
| Assets/liabilities under insurance contracts   | 45,410         | -8,267          |
| Prepayments  | 5,714          | -13,224         |
| <b>Cash flow from operations</b>   | <b>38,501</b>  | <b>499,705</b>  |
| <b>Cash flow from investing activities</b>   |                |                 |
| Dividends received   | 9,087          | 7,487           |
| Acquisition of tangible assets   | -27,359        | -87,777         |
| Sale of tangible assets  | 4,740          | 15,194          |
| <b>Cash flow from investing activities</b>   | <b>-13,532</b> | <b>-65,096</b>  |
| <b>Cash flow from financing activities</b>   |                |                 |
| Change in loans from central banks and credit institutions   | 0              | -700,000        |
| Change in subordinated debt  | 0              | -63,138         |
| Acquisition of own shares  | -399           | -18,903         |
| Sale of own shares   | 399            | 18,903          |
| Payment of dividends   | -20,000        | -15,000         |
| <b>Cash flow from financing activities</b>   | <b>-20,000</b> | <b>-778,138</b> |
| <b>Cash flow</b>   | <b>4,969</b>   | <b>-343,530</b> |
| Cash in hand and demand deposits with central banks, and due from credit institutions, etc. at the beginning of the year | 960,768        | 1,304,047       |
| Foreign currency translation   | 2,669          | 250             |
| Cash flow  | 4,969          | -343,530        |
| <b>Cash and due etc.</b>   | <b>968,405</b> | <b>960,768</b>  |
| <b>Cash and due etc.</b>   |                |                 |
| Cash in hand and demand deposits with central banks  | 553,035        | 439,492         |
| Due from credit institutions, etc.   | 415,370        | 521,276         |
| <b>Total</b>   | <b>968,405</b> | <b>960,768</b>  |

**Note 1 Significant accounting policies**

The consolidated financial statement for the first half of 2015 has been prepared in accordance with IAS 34 "Interim Financial Reporting" supplemented by additional Faroese disclosure requirements for quarterly reports of listed financial companies and in accordance with the financial reporting requirements of the Nasdaq OMX in Reykjavik and in Copenhagen. The financial statements of the Parent Company, P/F BankNordik, are prepared in accordance with the Faroese Financial Business Act and with the executive order on financial reports of credit institutions etc. of the Danish FSA as applied in the Faroe Islands.

The application of IAS 34 means that the disclosure of figures is less detailed than the disclosure in a full annual report and that the valuation principles laid down by the international financial reporting standards (IFRS) are applied.

The Group has not changed its significant accounting policies from those followed in the Annual Report 2014. The Annual Report 2014 provides a full description of the Group's significant accounting policies.

**Future financial reporting standards and interpretations**

International Accounting Standards Board (IASB) has issued a number of new accounting standards (IAS and IFRS) and interpretations (IFRIC) that have not yet entered into force. None of these are expected to have an impact on the Group's future financial reporting.

**Accounting estimates**

The measurement of certain assets and liabilities requires management to estimate how future events will impact on the value of such assets and liabilities. Estimates of significance to the financial reporting are made in connection with determining the impairments of loans and advances, the fair value of unlisted financial instruments, provisions, business acquisitions etc. Estimates are based on assumptions that management consider appropriate but which are uncertain by their nature.

A test of the groups goodwill with indefinite life in 2014 resulted in an impairment loss in the Annual Report 2014 of DKK 200m and 50m for Denmark and Greenland respectively.

The most significant estimates that the management makes in applying the Group's accounting policies and the most important uncertainty affecting estimates made when preparing the condensed interim report are unchanged from the estimates made in connection with the preparation of the Annual Report at 31 December 2014 and the uncertainties prevailing at that time.

**Determination of fair value**

The fair value of financial assets is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, fair value is based on the most recently observed market price at the balance sheet date.

If a financial instrument is quoted in a market that is not active, the Group bases its measurement on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations.

If no active market for standard and simple financial instruments, such as interest rate and currency swaps and unlisted bonds, exists, generally accepted valuation techniques rely on market-based parameters for measuring fair value. The results of calculations made on the basis of valuation techniques are often estimates because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity risk and counterparty risk, are sometimes used for measuring fair value.

## Notes - BankNordik Group

| Note Operating segments H1 2015                                 |  | Banking           |                  |                |                   | Insurance      |                |                | Other         | Elimination       | Group             |
|---|--|-------------------|------------------|----------------|-------------------|----------------|----------------|----------------|---------------|-------------------|-------------------|
| DKK 1,000   |  | Faroe Islands     | Denmark          | Greenland      | Total             | Faroe Islands  | Iceland        | Total          |               |                   |                   |
| External interest income, Net                                   |  | 127,685           | 101,949          | 17,500         | 247,134           | 868            | 4,800          | 5,668          | 14            |                   | 252,817           |
| Internal interest   |  | -10,714           | 11,774           | -1,060         | 0                 |                |                |                |               |                   | 0                 |
| <b>Net interest income</b>                                      |  | <b>116,971</b>    | <b>113,723</b>   | <b>16,440</b>  | <b>247,134</b>    | <b>868</b>     | <b>4,800</b>   | <b>5,668</b>   | <b>14</b>     |                   | <b>252,817</b>    |
| <b>Net Fee and dividends income</b>                             |  | <b>30,701</b>     | <b>86,007</b>    | <b>5,297</b>   | <b>122,005</b>    |                | <b>-4,474</b>  | <b>-4,474</b>  |               |                   | <b>117,531</b>    |
| Premium income, net of reinsurance                              |  |                   |                  |                |                   | 41,149         | 130,574        | 171,723        |               | -696              | 171,028           |
| <b>Net premium income of reinsurance and claims</b>             |  |                   |                  |                |                   | <b>10,494</b>  | <b>7,028</b>   | <b>17,522</b>  |               | <b>-696</b>       | <b>16,827</b>     |
| Other income  |  | -12,152           | 479              | 599            | -11,074           | -1,305         | 21,383         | 20,078         | 1,808         | -496              | 10,317            |
| <b>Total income</b>   |  | <b>135,520</b>    | <b>200,208</b>   | <b>22,336</b>  | <b>358,065</b>    | <b>10,057</b>  | <b>28,738</b>  | <b>38,795</b>  | <b>1,822</b>  | <b>-1,191</b>     | <b>397,491</b>    |
| <b>Total operating expenses</b>                                 |  | <b>96,769</b>     | <b>158,996</b>   | <b>14,047</b>  | <b>269,812</b>    | <b>9,420</b>   | <b>22,747</b>  | <b>32,167</b>  | <b>1,891</b>  | <b>-1,191</b>     | <b>302,679</b>    |
| <b>Profit before impairment charges on loans</b>                |  | <b>38,752</b>     | <b>41,212</b>    | <b>8,289</b>   | <b>88,253</b>     | <b>637</b>     | <b>5,991</b>   | <b>6,628</b>   | <b>-69</b>    | <b>0</b>          | <b>94,812</b>     |
| Impairment charges, incl. reversals of acquired OEI impairments |  | -1,554            | 16,549           | 369            | 15,364            |                |                |                |               |                   | 15,364            |
| <b>Profit before tax</b>  |  | <b>40,306</b>     | <b>24,663</b>    | <b>7,920</b>   | <b>72,888</b>     | <b>637</b>     | <b>5,991</b>   | <b>6,628</b>   | <b>-69</b>    |                   | <b>79,447</b>     |
| <b>Total assets</b>   |  | <b>10,853,109</b> | <b>7,478,959</b> | <b>736,681</b> | <b>19,068,750</b> | <b>188,543</b> | <b>505,924</b> | <b>694,467</b> | <b>23,928</b> | <b>-2,865,936</b> | <b>16,921,208</b> |
| of which Loans and advances                                     |  | 5,840,653         | 4,156,654        | 689,199        | 10,686,507        |                |                |                |               |                   | 10,686,507        |
| <b>Total liabilities and equity</b>                             |  | <b>10,853,109</b> | <b>7,478,959</b> | <b>736,681</b> | <b>19,068,750</b> | <b>188,543</b> | <b>505,924</b> | <b>694,467</b> | <b>23,928</b> | <b>-2,865,936</b> | <b>16,921,208</b> |
| of which Deposits   |  | 5,782,030         | 6,682,391        | 470,405        | 12,934,826        |                |                |                |               | -98,664           | 12,836,162        |
| of which Insurance liabilities                                  |  |                   |                  |                |                   | 66,379         | 292,797        | 359,176        |               |                   | 359,176           |
| <b>Operating segments H1 2014</b>                               |  |                   |                  |                |                   |                |                |                |               |                   |                   |
| DKK 1,000   |  | Faroe Islands     | Denmark          | Greenland      | Total             | Faroe Islands  | Iceland        | Total          |               |                   |                   |
| External interest income, Net                                   |  | 137,413           | 92,749           | 21,770         | 251,932           | 1,072          | 5,371          | 6,443          | 19            |                   | 258,394           |
| Internal interest   |  | -30,265           | 33,402           | -3,137         | 0                 |                |                |                |               |                   | 0                 |
| <b>Net interest income</b>                                      |  | <b>107,148</b>    | <b>126,151</b>   | <b>18,633</b>  | <b>251,932</b>    | <b>1,072</b>   | <b>5,371</b>   | <b>6,443</b>   | <b>19</b>     |                   | <b>258,394</b>    |
| <b>Net Fee and dividends income</b>                             |  | <b>33,737</b>     | <b>60,859</b>    | <b>4,655</b>   | <b>99,250</b>     |                | <b>1,328</b>   | <b>1,328</b>   |               |                   | <b>100,578</b>    |
| Premium income, net of reinsurance                              |  |                   |                  |                |                   | 39,085         | 116,220        | 155,304        |               | -881              | 154,423           |
| <b>Net premium income of reinsurance and claims</b>             |  |                   |                  |                |                   | <b>11,251</b>  | <b>17,688</b>  | <b>28,939</b>  | <b>0</b>      | <b>-881</b>       | <b>28,058</b>     |
| Other income  |  | 30,795            | 5,246            | 719            | 36,761            | 1,220          | -11,178        | -9,958         | -4,108        | -495              | 22,201            |
| <b>Total income</b>   |  | <b>171,680</b>    | <b>192,256</b>   | <b>24,008</b>  | <b>387,943</b>    | <b>13,543</b>  | <b>13,208</b>  | <b>26,751</b>  | <b>-4,088</b> | <b>-1,376</b>     | <b>409,230</b>    |
| <b>Total operating expenses</b>                                 |  | <b>93,786</b>     | <b>147,139</b>   | <b>14,421</b>  | <b>255,346</b>    | <b>8,896</b>   | <b>20,397</b>  | <b>29,293</b>  | <b>1,685</b>  | <b>-1,376</b>     | <b>284,949</b>    |
| <b>Profit before impairment charges on loans</b>                |  | <b>77,893</b>     | <b>45,117</b>    | <b>9,586</b>   | <b>132,597</b>    | <b>4,647</b>   | <b>-7,189</b>  | <b>-2,542</b>  | <b>-5,774</b> | <b>0</b>          | <b>124,281</b>    |
| Impairment charges, incl. reversals of acquired OEI impairments |  | 23,975            | 11,604           | 4,042          | 39,622            |                |                |                |               |                   | 39,622            |
| <b>Profit before tax</b>  |  | <b>53,918</b>     | <b>33,513</b>    | <b>5,544</b>   | <b>92,975</b>     | <b>4,647</b>   | <b>-7,189</b>  | <b>-2,542</b>  | <b>-5,774</b> |                   | <b>84,659</b>     |
| <b>Total assets</b>   |  | <b>10,202,382</b> | <b>7,454,967</b> | <b>783,988</b> | <b>18,441,337</b> | <b>174,790</b> | <b>414,155</b> | <b>588,945</b> | <b>19,482</b> | <b>-2,943,484</b> | <b>16,106,281</b> |
| of which Loans and advances                                     |  | 5,763,462         | 3,707,351        | 736,497        | 10,207,310        |                |                |                |               |                   | 10,207,310        |
| <b>Total liabilities and equity</b>                             |  | <b>10,202,382</b> | <b>7,454,967</b> | <b>783,988</b> | <b>18,441,337</b> | <b>174,790</b> | <b>414,155</b> | <b>588,945</b> | <b>19,482</b> | <b>-2,943,484</b> | <b>16,106,281</b> |
| of which Deposits   |  | 5,337,426         | 6,500,766        | 525,699        | 12,363,891        |                |                |                |               | -82,662           | 12,281,228        |
| of which Insurance liabilities                                  |  |                   |                  |                |                   | 77,087         | 300,215        | 377,301        |               |                   | 377,301           |

## BankNordik Group - Geographical revenue information

|               | Total income   |                | Non-current assets |                  | Additions on material assets |              | Additions on immaterial assets |         |
|---------------|----------------|----------------|--------------------|------------------|------------------------------|--------------|--------------------------------|---------|
|               | H1 2015        | H1 2014        | H1 2015            | H1 2014          | H1 2015                      | H1 2014      | H1 2015                        | H1 2014 |
| Faroe Islands | 146,209        | 179,759        | 239,380            | 256,531          | -7,450                       | 2,986        |                                |         |
| Denmark       | 200,208        | 192,256        | 459,154            | 674,796          | -4,184                       | 5,744        |                                |         |
| Iceland       | 28,738         | 13,208         | 4,615              | 10,445           | 1,332                        | -42          |                                |         |
| Greenland     | 22,336         | 24,008         | 120,614            | 169,498          | -290                         | 401          |                                |         |
| <b>Total</b>  | <b>397,491</b> | <b>409,230</b> | <b>823,762</b>     | <b>1,111,269</b> | <b>-10,591</b>               | <b>9,089</b> |                                |         |

Income from external customers are divided into activities related to the customers's domiciles. Assets include all non-current assets, i.e. intangible assets, material assets, investment properties and holdings in associates.

| Notes |   | Group          |                | BankNordik     |                |
|-------|---|----------------|----------------|----------------|----------------|
| Note  | DKK 1,000                               | H1<br>2015     | H1<br>2014     | H1<br>2015     | H1<br>2014     |
| 3     | <b>Interest income</b>                  |                |                |                |                |
|       | Credit institutions and central banks   | 2,631          | 3,745          | 876            | 1,211          |
|       | Loans and advances                      | 267,681        | 294,477        | 267,681        | 294,477        |
|       | Bonds                                   | 27,767         | 26,424         | 26,986         | 25,612         |
|       | Total derivatives of w hich:            | -4,986         | -5,392         | -4,986         | -5,392         |
|       | <i>Interest rate contracts</i>          | -5,210         | -3,522         | -5,210         | -3,522         |
|       | <i>Other transactions</i>               | 224            | 0              | 224            | -1,870         |
|       | Other interest income                   | 3,065          | 2,759          | 6              | -91            |
|       | <b>Total interest income</b>            | <b>296,158</b> | <b>322,013</b> | <b>290,563</b> | <b>315,817</b> |
| 4     | <b>Interest expenses</b>                |                |                |                |                |
|       | Credit institutions and central banks   | 738            | 433            | 738            | 433            |
|       | Deposits                                | 22,430         | 39,113         | 22,517         | 39,113         |
|       | Subordinated debt                       | 20,882         | 23,922         | 20,882         | 23,922         |
|       | Other interest expenses                 | -708           | 152            | -708           | 417            |
|       | <b>Total interest expenses</b>          | <b>43,342</b>  | <b>63,620</b>  | <b>43,429</b>  | <b>63,885</b>  |
| 5     | <b>Net fee and commission income</b>    |                |                |                |                |
|       | Fee and commission income               |                |                |                |                |
|       | Securities trading and custody accounts | 32,486         | 29,462         | 32,486         | 29,462         |
|       | Credit transfers                        | 12,675         | 13,490         | 12,675         | 13,490         |
|       | Loan commissions                        | 5,910          | 5,731          | 5,910          | 5,731          |
|       | Guarantee commissions                   | 9,269          | 10,926         | 9,269          | 10,926         |
|       | Other fees and commissions              | 62,134         | 41,897         | 61,108         | 40,853         |
|       | <b>Total fee and commission income</b>  | <b>122,474</b> | <b>101,506</b> | <b>121,448</b> | <b>100,462</b> |
|       | Fee and commissions paid                |                |                |                |                |
|       | Securities trading and custody accounts | 14,689         | 12,988         | 8,530          | 7,413          |
|       | <b>Net fee and commission income</b>    | <b>107,785</b> | <b>88,518</b>  | <b>112,918</b> | <b>93,049</b>  |
| 6     | <b>Market value adjustments</b>         |                |                |                |                |
|       | Loans and advances                      | -11,524        | 10,132         | -11,524        | 10,132         |
|       | Bonds                                   | -28,467        | 5,066          | -47,070        | 9,619          |
|       | Shares                                  | 24,619         | 16,384         | 23,122         | 21,765         |
|       | Foreign exchange                        | 18,759         | -2,452         | 18,759         | -2,452         |
|       | Total derivatives of w hich:            | 735            | -13,807        | 735            | -13,807        |
|       | <i>Currency Swaps</i>                   | -6,503         | 1,159          | -6,503         | 1,159          |
|       | <i>Interest Swaps</i>                   | 11,578         | -14,967        | 11,578         | -14,967        |
|       | <i>Other contracts</i>                  | -4,340         | 1              | -4,340         | 1              |
|       | Other obligations                       | 2,985          | 2,310          | 2,985          | 2,310          |
|       | <b>Total market value adjustments</b>   | <b>7,104</b>   | <b>17,633</b>  | <b>-12,995</b> | <b>27,567</b>  |

| Note | DKK 1,000   | Group          |                | BankNordik     |                |
|------|---|----------------|----------------|----------------|----------------|
|      |   | H1<br>2015     | H1<br>2014     | H1<br>2015     | H1<br>2014     |
| 7    | <b>Other operating income</b>                                       |                |                |                |                |
|      | Profit on sale of properties  | 604            | 192            | 604            | 192            |
|      | - of which assets held for sale                                     | 9              | 0              | 9              | 0              |
|      | Profit on sale of operating equipment                               | 267            | 1,773          | 267            | 1,773          |
|      | Reversals of acquired OEI impairments                               | 7,233          | 15,426         | 7,233          | 15,426         |
|      | Other income  | 3,741          | 8,390          | 518            | 6,243          |
|      | <b>Total other operating income</b>                                 | <b>11,845</b>  | <b>25,781</b>  | <b>8,622</b>   | <b>23,634</b>  |
| 8    | <b>Staff costs and administrative expenses</b>                      |                |                |                |                |
|      | Staff costs:  |                |                |                |                |
|      | Salaries  | 142,581        | 128,926        | 121,008        | 109,617        |
|      | Pensions  | 16,280         | 15,931         | 13,898         | 13,792         |
|      | Social security expenses  | 18,562         | 19,462         | 14,807         | 15,976         |
|      | <b>Total staff costs</b>  | <b>177,423</b> | <b>164,319</b> | <b>149,713</b> | <b>139,385</b> |
|      | Administrative expenses:  |                |                |                |                |
|      | IT  | 51,990         | 41,251         | 49,148         | 38,401         |
|      | Marketing etc   | 11,152         | 11,056         | 8,795          | 8,167          |
|      | Education etc   | 1,117          | 2,147          | 871            | 1,533          |
|      | Advisory services   | 3,495          | 2,836          | 2,246          | 1,825          |
|      | Other expenses  | 45,322         | 47,723         | 38,249         | 42,488         |
|      | <b>Total administrative expenses</b>                                | <b>113,076</b> | <b>105,013</b> | <b>99,309</b>  | <b>92,414</b>  |
|      | Total staff costs   | 177,423        | 164,319        | 149,713        | 139,385        |
|      | Employee costs included under the item "Claims, net of reinsurance" | -9,773         | -9,374         | 0              | 0              |
|      | Total administrative expenses                                       | 113,076        | 105,013        | 99,309         | 92,414         |
|      | <b>Total staff costs and administrative expenses</b>                | <b>280,727</b> | <b>259,958</b> | <b>249,022</b> | <b>231,799</b> |
|      | <b>Number of employees</b>  |                |                |                |                |
|      | Average number of full-time employees in the period                 | 503            | 511            | 405            | 421            |
|      | <b>Executive remuneration:</b>                                      |                |                |                |                |
|      | Board of Directors  | 900            | 900            | 900            | 900            |
|      | Executive Board:  |                |                |                |                |
|      | Salaries  | 2,745          | 2,282          | 2,745          | 2,282          |
|      | Pension   | 313            | 348            | 313            | 348            |
|      | Share-based payment   | 267            | 0              | 267            | 0              |
|      | <b>Total executive board</b>  | <b>3,325</b>   | <b>2,630</b>   | <b>3,325</b>   | <b>2,630</b>   |
|      | <b>Total executive remuneration</b>                                 | <b>4,225</b>   | <b>3,530</b>   | <b>4,225</b>   | <b>3,530</b>   |

The Bank has introduced a share-based remuneration programme for the Executive Board effective as of 1 September 2014. The Executive Board has been granted a total of 46,619 shares at an exercise price of DKK 112.90 per share. The Bank's costs related to remuneration of the Executive Board have not increased by the introduction of the programme. Please refer to the Annual Report 2014 for further details.

| Note | DKK 1,000  | Group          |                | BankNordik     |                |
|------|--|----------------|----------------|----------------|----------------|
|      |  | H1<br>2015     | H1<br>2014     | H1<br>2015     | H1<br>2014     |
| 9    | <b>Impairment charges on loans and advances and provisions for guarantees etc.</b> |                |                |                |                |
|      | Individual impairment charges and provisions at 1 January                          | 632,013        | 540,908        | 632,013        | 540,908        |
|      | New and increased impairment charges and provisions                                | 83,355         | 119,947        | 83,355         | 119,947        |
|      | Reversals of impairment charges and provisions                                     | 48,471         | 56,084         | 48,471         | 56,084         |
|      | Written-off, previously impaired   | 11,191         | 28,691         | 11,191         | 28,691         |
|      | <i>Interest income on impaired loans</i>   | <i>13,167</i>  | <i>12,322</i>  | <i>13,167</i>  | <i>12,322</i>  |
|      | <b>Total individual impairment charges and provisions</b>                          | <b>655,707</b> | <b>576,080</b> | <b>655,707</b> | <b>576,080</b> |
|      | <b>Impairment charges and provisions recognised in the income statement</b>        |                |                |                |                |
|      | Loans and advances at amortised cost   | 19,715         | 70,677         | 19,715         | 70,677         |
|      | Loans and advances at fair value   | 722            | 441            | 722            | 441            |
|      | Guarantees and loan commitments  | 1,627          | -17,056        | 1,627          | -17,056        |
|      | <b>Total individual impairment charges and provisions</b>                          | <b>22,065</b>  | <b>54,062</b>  | <b>22,065</b>  | <b>54,062</b>  |
|      | <b>Individual impairment charges etc.</b>  |                |                |                |                |
|      | Individual impairment charges etc. at 1 January                                    | 544,643        | 457,562        | 544,643        | 457,562        |
|      | New and increased impairment charges   | 76,148         | 107,265        | 76,148         | 107,265        |
|      | Reversals of impairment charges  | 46,218         | 37,076         | 46,218         | 37,076         |
|      | Written-off, previously impaired   | 11,191         | 28,691         | 11,191         | 28,691         |
|      | <i>Write-offs charged directly to the income statement</i>                         | <i>2,088</i>   | <i>5,237</i>   | <i>2,088</i>   | <i>5,237</i>   |
|      | <i>Received on claims previously written off</i>                                   | <i>1,741</i>   | <i>2,716</i>   | <i>1,741</i>   | <i>2,716</i>   |
|      | <i>Interest income on impaired loans</i>   | <i>13,167</i>  | <i>12,322</i>  | <i>13,167</i>  | <i>12,322</i>  |
|      | <b>Individual impairment charges etc. at 30 June</b>                               | <b>563,383</b> | <b>499,060</b> | <b>563,383</b> | <b>499,060</b> |
|      | <i>Total net impact recognised in the income statement</i>                         | <i>17,111</i>  | <i>60,388</i>  | <i>17,111</i>  | <i>60,388</i>  |
|      | <b>Collective impairment charges</b>   |                |                |                |                |
|      | Collective impairment charges at 1 January   | 40,441         | 26,835         | 40,441         | 26,835         |
|      | New and increased impairment charges   | 3,327          | 10,730         | 3,327          | 10,730         |
|      | Reversals of impairment charges  | 0              | 0              | 0              | 0              |
|      | <b>Collective impairment charges at 30 June</b>                                    | <b>43,768</b>  | <b>37,565</b>  | <b>43,768</b>  | <b>37,565</b>  |
|      | <i>Total net impact recognised in the income statement</i>                         | <i>3,327</i>   | <i>10,730</i>  | <i>3,327</i>   | <i>10,730</i>  |
|      | <b>Individual provisions on guarantees</b>   |                |                |                |                |
|      | Individual provisions at 1 January   | 46,930         | 56,511         | 46,930         | 56,511         |
|      | New and increased provisions   | 3,879          | 1,952          | 3,879          | 1,952          |
|      | Reversals of provisions  | 2,253          | 19,008         | 2,253          | 19,008         |
|      | <b>Individual provisions on guarantees at 30 June</b>                              | <b>48,556</b>  | <b>39,455</b>  | <b>48,556</b>  | <b>39,455</b>  |
|      | <i>Total net impact recognised in the income statement</i>                         | <i>1,627</i>   | <i>-17,056</i> | <i>1,627</i>   | <i>-17,056</i> |

| Note | DKK 1,000   | Group            |                  | BankNordik       |                  |
|------|---|------------------|------------------|------------------|------------------|
|      |   | June 30<br>2015  | Dec. 31<br>2014  | June 30<br>2015  | Dec. 31<br>2014  |
| 10   | <b>Due from credit institutions etc. specified by maturity</b>  |                  |                  |                  |                  |
|      | On demand   | 411,742          | 502,401          | 411,742          | 502,401          |
|      | 3 months and below  | 0                | 0                | 0                | 0                |
|      | 3 months to 1 year  | 3,628            | 18,875           | 0                | 0                |
|      | <b>Total due from credit institutions etc.</b>  | <b>415,370</b>   | <b>521,276</b>   | <b>411,742</b>   | <b>502,401</b>   |
| 11   | <b>Holdings in subsidiaries</b>   |                  |                  |                  |                  |
|      | As announced in Company Announcement of 22 June 2015 BankNordik has initiated a process to sell the Icelandic insurance subsidiaries. In connection with preparing the accounts for Q2 2015 Management has assessed if the Icelandic insurance subsidiaries should be classified as a discontinued operation.   |                  |                  |                  |                  |
|      | As the process is ongoing the timing of a potential sale is uncertain. Therefore, it is uncertain if the sale of the Icelandic insurance subsidiaries can be effectuated within one year of the balance sheet date and it is Management's overall assessment that all of the criteria in IFRS for classifying the Icelandic insurance subsidiaries as a discontinued operation not are met. |                  |                  |                  |                  |
| 12   | <b>Assets held for sale</b>   |                  |                  |                  |                  |
|      | Total purchase price, at 1 January  | 54,322           | 66,073           | 54,322           | 66,073           |
|      | Additions   | 4,006            | 9,108            | 4,006            | 9,108            |
|      | Disposals and write off   | 0                | 59,858           | 0                | 59,858           |
|      | Reclassification from investment properties   | 10,000           | 39,000           | 10,000           | 39,000           |
|      | Disposals   | 30,409           | 0                | 30,409           | 0                |
|      | <b>Total purchase price</b>   | <b>37,920</b>    | <b>54,323</b>    | <b>37,920</b>    | <b>54,323</b>    |
|      | Depreciation and impairment, at 1 January   | 2,551            | 7,905            | 2,551            | 7,905            |
|      | Impairment charges for the year   | 0                | 86               | 0                | 86               |
|      | Reversal of impairment on revaluations during the year  | 0                | 5,439            | 0                | 5,439            |
|      | Reversal of impairment on disposals during the year   | 22               | 0                | 22               | 0                |
|      | <b>Total depreciation and impairment</b>  | <b>2,529</b>     | <b>2,552</b>     | <b>2,529</b>     | <b>2,552</b>     |
|      | <b>Total assets held for sale</b>   | <b>35,390</b>    | <b>51,771</b>    | <b>35,390</b>    | <b>51,771</b>    |
| 13   | <b>Contingent liabilities</b>   |                  |                  |                  |                  |
|      | <b>Guarantees</b>   |                  |                  |                  |                  |
|      | Financial guarantees  | 360,223          | 286,094          | 360,223          | 286,094          |
|      | Mortgage finance guarantees   | 458,631          | 423,022          | 458,631          | 423,022          |
|      | Registration and remortgaging guarantees  | 797,632          | 469,335          | 797,632          | 469,335          |
|      | Other guarantees  | 854,185          | 836,636          | 854,185          | 836,636          |
|      | <b>Total guarantees</b>   | <b>2,470,671</b> | <b>2,015,087</b> | <b>2,470,671</b> | <b>2,015,087</b> |
| 14   | <b>Assets deposited as collateral</b>   |                  |                  |                  |                  |
|      | At June 30 2015 the Group had deposited bonds at a total market value of DKK 22m (H1 2014: 307m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing.  |                  |                  |                  |                  |
|      | Deposits of bonds to others in total have a market value of DKK 27m (H1 2014: 52m).   |                  |                  |                  |                  |

## Statement by the Executive Board and the Board of Directors

Today we have reviewed and approved P/F BankNordik's Interim Report for the first half of 2015.

The consolidated financial statements for the first half of 2015 have been prepared in accordance with IAS 34, Interim Financial Reporting as approved by the EU, while the interim financial statements of the Parent Company have been prepared in accordance with the Faroese Financial Business Act. Furthermore the Interim Report has been prepared in accordance with additional Faroese disclosure requirements for interim reports of listed financial companies and in accordance with the financial reporting requirements of the OMX Nordic Exchanges in Iceland and in Copenhagen.

The interim report has not been audited or reviewed.

We consider the accounting policies applied to be appropriate, such that the Interim Financial Report gives a true and fair view of the Group's and the Parent Company's assets, shareholders' equity and liabilities and financial position at 30 June 2015, and of the results of the Group's and the Parent Company's operations and the Group's and Parent Company's cash flows for the financial period 1 January to 30 June 2015.

In addition, we also consider the Management's report to give a fair presentation of the development in the Group's activities and financial affairs, the profit for the period and the Group's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Group.

Tórshavn, 5 August 2015

### *Executive Board*

Janus Petersen  
*CEO*

John Rajani  
*Deputy CEO*

### *Board of Directors*

Stine Bosse  
*Chairman*

Rúni Vang Poulsen  
*Vice chairman*

Súsanna Poulsen

Jógvan Jespersen

Tórhallur Olsen

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BankNordik is a limited liability  
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The company is listed on the  
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