

**BANKNORDIK**

# **Interim Report**

## **Q1 2010**

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## Summary

### Q1 highlights:

- Pre-tax profit DKK 411m compared to DKK 52m in Q1 2009
- Impairments DKK 51m compared to DKK 23m in Q1 2009
- Solvency ratio 18.3% compared to 20.8% in Q1 2009
- Liquidity ratio 223% above statutory requirements including bonds issued in May 2010
- Individual solvency requirement below the statutory minimum of 8%
- Acquisition of 12 bank branches from Sparbank for DKK 335 million
- Outlook before value adjustments and tax for 2010 revised to DKK 470-510m from DKK 150-190m
- Achieved the strategic goal to fully fund loans by deposits
- Føroya Banki changes the name to BankNordik

“The first quarter of 2010 turned out to be the most eventful quarter in BankNordik’s recent history in terms of achieving strategic goals, and this is also reflected in a record high quarterly profit. The divestment of the aquaculture company Bakkafrøst Holding was finalised with a capital gain of DKK 380 million. The acquisition of 9 bank branches in Denmark and 3 bank branches in Greenland also marked a milestone in the Bank’s strategic plan of expanding the business outside the Faroes.”

– Janus Petersen, CEO.

The divestment of Bakkafrøst resulted in a capital gain of DKK 380m, which is the main determinant of the quarterly pre-tax profit of DKK 411m.

The outlook for 2010, before value adjustments and tax, is DKK 470-510m. This is an adjustment from the previous outlook of DKK 150-190m. On the positive side this adjustment is explained by the DKK 380m capital gain from the divestment of the shares in Bakkafrøst Holding. On the negative side the outlook is lowered by DKK 60m due to lower lending volumes than expected.

During Q1 2010 the Group took an important step in realising the internationalisation strategy by acquiring 12 branches from Danish Sparbank, 3 in Greenland and 9 in Denmark. The acquisition increases the number of employees by 46%, while the balance sheet increases by around 40%.

Even though the acquisition reduced the Bank’s solvency ratio, the divestment of Bakkafrøst in Q1 2010 restored the Group’s solvency ratio to 18.3%. The Bank’s individual solvency requirement is below 8%.

By the end of September, the collective governmental state guarantee on deposits is abolished and risk again becomes an issue to take into account for bank customers. It has been a strategic goal for the Bank to improve the loan to deposit ratio through several initiatives e.g. syndicating large exposures and transferring

mortgage loans off balance through a cooperation with the mortgage institution DLR. With the acquisition of the 12 bank branches, the Group obtained an extra deposits surplus of DKK 1.2bn, whereby the Group now fully funds the loans through deposits.

Furthermore the Bank has secured its long term liquidity situation with DKK 2.2bn in external funding with a 3 year maturity and this will leave the Bank with a liquidity buffer of 223% above statutory requirements. The Bank’s core capital base is one of the strongest in the Danish banking sector and during the financial crises in 2008 the Bank experienced a liquidity inflow. Therefore the Bank does not expect any negative effect on the liquidity when state guarantee for deposits expires in September 2010. Despite these expectations the Bank has secured sufficient liquidity to withstand even the highly unlikely scenario of an outflow of all deposits that are not covered by the maximum collective insurance of € 100.000.

The Group net interest and fee income amounted to DKK 150m, which is lower than the projections in the Annual Report 2009. As mentioned in that report, the figures in the projection were associated with large uncertainties. The main driver of the lower than expected income is lower lending volumes, which can be explained by extraordinary prepayments of some large corporate loans, lower demand for loans combined with retail customers converting housing loans to mortgage loans from DLR Kredit

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for approximately DKK 180m. The Bank has also made use of the option to deliver back to the seller Danish exposures towards customers in default and all the leasing activities. It is therefore our conviction that the lower than expected lending volumes is not due to a loss of customers. In addition, interest margin have been under pressure.

In the international economy the business cycle seems to have turned in a positive direction, which is a driving determinant for the Faroese economy, where the export industry traditionally

has been the most volatile sector driving the trend of the overall economic activity. It can therefore be expected that the demand for loans from both Faroese households and companies will start to pick up again.

The same goes for the local markets in Jutland and Funen, where the acquired bank branches in Denmark are situated.

In Greenland the local economy has been almost shielded from negative effects from the financial crisis and economic down turn, although the unemployment rate increased somewhat in 2009.

## Highlights, ratios and key figures - BankNordik Group

Highlights	Q1	Q1	Index	Q4	Q3	Q2	Q1	Full year
DKK 1,000	2010	2009	10 / 09	2009	2009	2009	2009	2009
Net interest and fee income	149.630	112.446	133	113.113	117.291	112.200	112.446	455.049
Interest and fee income and income from insurance activities, net	158.190	123.564	128	125.834	129.212	118.317	123.564	496.928
Market value adjustments	15.615	8.759	178	-12.015	11.227	15.944	8.759	23.915
Other operating income	381.310	-722		-8.738	-693	-604	-722	-10.756
Staff cost and administrative expenses	82.664	49.358	167	53.750	53.652	54.019	49.358	210.778
Impairment charges on loans and advances etc.	50.670	22.583	224	52.201	19.543	33.836	22.583	128.162
Net profit	337.383	42.305	798	-7.680	47.541	28.882	42.305	111.047
Loans and advances	8.909.786	7.469.436	119	6.937.560	7.178.824	7.304.651	7.469.436	6.937.560
Bonds at fair value	955.522	1.021.154	94	1.252.056	1.122.733	1.067.046	1.021.154	1.252.056
Intangible assets	393.811	0		39.312	0	0	0	39.312
Assets held for sale	157.160	142.368	110	175.908	138.178	132.911	142.368	175.908
Total assets	14.154.163	9.803.558	144	10.267.021	9.819.192	9.567.598	9.803.558	10.267.021
Due to credit institutions and central banks	869.480	2.001.090	43	1.498.499	1.863.685	1.769.518	2.001.090	1.498.499
Deposits and other debt	8.918.231	5.472.067	163	5.496.550	5.378.065	5.485.810	5.472.067	5.496.550
Issued bonds at amortised cost	1.498.248	499.843	300	999.843	499.654	499.717	499.843	999.843
Total shareholders' equity	2.007.031	1.550.346	129	1.663.122	1.620.315	1.569.034	1.550.346	1.663.122
<b>Ratios and key figures</b>								
	March 31	March 31		Dec. 31	Sept. 30	June 30	March 31	Full year
	2010	2009		2009	2009	2009	2009	2009
<b>Solvency</b>								
Solvency ratio, %	18,3	20,8		26,2	25,3	22,1	20,8	26,2
Core capital ratio, %	18,5	21,0		26,6	25,4	22,2	21,0	26,6
Risk-weighted Items, DKK mill	9.480	7.087		6.648	6.763	6.805	7.087	6.648
<b>Profitability</b>								
Return on equity after tax, %	18,4	2,8		-0,5	3,0	1,9	2,8	7,0
Cost / income, %	25,9	60,8		110,3	58,5	72,43	60,8	73,4
Cost / income, % (excl. value adjustm. and impairments)	17,3	46,7		54,4	48,5	52,96	46,7	50,5
<b>Liquidity</b>								
Excess cover relative to statutory liquidity requirements, %	134,6	193,8		275,7	234,2	196,8	193,8	275,7
<b>Credit risk</b>								
Growth on loans and advances, %	28,4	-2,1		-3,4	-1,6	-2,2	-2,1	-9,0
Gearing of loans and advances	4,4	4,9		4,2	4,4	4,7	4,9	4,2
<b>Shares</b>								
Earnings per share after tax (nom. DKK 20), DKK	34,7	4,2		-0,8	4,9	3	4,2	11,5
Market price per share (nom. DKK 20), DKK	159	122		131	144	122	122	131
Book value per share (nom. DKK 20), DKK	206	155		172	168	163	155	172
<b>Other</b>								
Number of full-time employees, end of period	420	228		288	237	231	228	288

## Outlook revised

The outlook for 2010 is marked by the capital gain from the sale of the Bakkafrøst shares. The profit guidance states that the Group's pre-tax profit before value adjustments will be in the range of DKK 470-510m.

The year 2010 is a year of transition and will be characterised by investments in the integration of the banking platforms in the three countries, costs related to converting the Faroese banking business from a Faroese IT platform to the Danish SDC as well as converting the Danish customers to the Group's own IT platform, by still high impairments and finally by the Bank Packages payment to the state.

The bank revises the forecast for 2010 before value adjustments and tax from the range of DKK 150-190m to a new range of DKK 470-510m. On the positive side the sale of Bakkafrøst Holding lifts the profit in 2010 by the capital gain of DKK 380m. On the negative side the outlook is lowered by DKK 60m due to lower lending volumes than expected.

The lower than expected lending volumes can be explained by extraordinary prepayments of some large corporate loans, lower demand for loans combined with retail customers converting housing loans to mortgage loans from DLR Kredit for approximately DKK 180 million. The Bank has also made use of the option to deliver back to the seller Danish exposures towards customers in default and all the leasing activities. It is therefore our conviction that the lower than expected lending volumes is not due to a loss of customers,

Thus, the profit guidance is constrained by increased costs, and at the same time shrinking lending volumes. But in the coming years the Group expects to reap benefits from the investments in a business platform with 30.000 new banking customers and 26.000 new insurance customers, and an IT platform handling all the banking customers on the same system.

Net interest and fee income is expected to increase in the range of 25% to 35%, thus indicating a slower growth than the forecast of 40-45% stated in the 2009 annual report.

Premium income, net of reinsurance is expected to increase considerably, due to the acquisition of the Icelandic activities. The Group anticipates an increase of 25-40% in overall income from net insurance activities in 2010.

Due to the Group's expansion, costs, i.e. staff and administrative expenses, amortisation and depreciation and other operating expenses are expected to be significantly higher in 2010. This is directly related to the consolidation of the acquired activities and transitional expenses in relation to the integration process. The Group projects costs to increase by 70-75% in 2010, but expects lower costs from 2011 and onwards.

Impairments on loans and advances are expected to stay at the same nominal level as in 2009 indicating a relatively lower impairment ratio given the enlargement of the loans portfolio.

Impairments from the Group's participation in the Danish state guarantee scheme are expected to remain on level with 2009.

## Management's Report

### Operational Review

This section of the interim report focuses primarily on some of the strategic steps being taken in Q1 2010, the ensuing challenges, and how the BankNordik Group is handling these challenges. In the aftermath of what appears to be the deepest financial and economic crisis in 50 years, BankNordik sticks to a cautious business model – yet sets sails to profit from the investments made. Q1 2010 was indeed one of the most eventful quarters in the Group's history, both in terms of divestment and investment. Divesting Bakkafrost has been on BankNordik's agenda for some time, but Q1 saw the finalisation of the divestment resulting in a capital gain of DKK 380m. Acquiring a bank platform outside the Faroese market has also been on the strategic agenda for some time, and with BankNordik's acquisition of 12 bank branches in Denmark and Greenland in February, the strategic direction for the coming years is given. BankNordik is focusing on providing core banking services to retail and small to medium-sized enterprises, but now in three different economies on the same banking platform.

### Acquisition of bank branches

As announced on 8 February 2010 and mentioned under events after closing date in the Annual Report 2009, BankNordik on 8 February acquired 12 branches from Sparbank in Denmark of which three are situated in Greenland. With the acquisition, the BankNordik Group increased the Risk Weighted Assets by around 40% and thereby acquired a solid platform for further organic growth in banking outside the Faroese market.

The expansion in Denmark and Greenland has more than doubled the number of banking customers and increased the number of staff by over 46 per cent. Immediately after the acquisition the management set up an interim organisation in the regional office in Kolding to manage the integration process, both in terms of handling the customers, the credit exposures, and the staff in the transition period and moving the customers to the Bank's IT systems.

The senior management has been actively involved in this project. After receiving the approval of the acquisition from the Danish FSA, management has focused on communicating with the customers in order to ensure that the customer base is intact. The feed back from both members of staff and customers has been positive.

The Bank has initiated a process of head-hunting a local management team to head the banking business in Denmark. This process is expected to be finalised this summer.

### SDC

As agreed in to the Letter of Intent, dated 23 April 2009, SDC (Scandinavian Data Centre) is to be

the main supplier of financial IT systems for the BankNordik Group in the future.

Subsequently the Group, together with all the Faroese financial institutions, has been working on converting the IT platform from the current suppliers (the Danish BEC and the Faroese Elektron) to SDC. Despite some minor delay the project has progressed according to plan, and the project is now in its final phases, since the final conversion is to take place the weekend of 8 - 9 May 2010.

A comprehensive series of systems, data and procedures tests have taken place and only upon the final tests meeting the prescribed minimum required benchmark, will the final implementation take place.

Before the conversion takes place, all of BankNordik's employees have been trained thoroughly in the SDC systems. Furthermore, all business procedures have been updated in order to conform to the new IT-platform

Overall the Bank considers itself to be well prepared and therefore assesses the risks associated with the conversion to be minimal. In addition, the main focus is on performing the conversion with the least possible inconvenience for customers. In case of an unexpected failure, the Group has developed a detailed contingency plan in order to make sure that possible mistakes and dysfunctions are dealt with according to the procedures.

### Føroya Banki becomes BankNordik

At the Annual General Meeting (AGM) held on 29 March 2010, the Board proposed to change the parent company's name to BankNordik. The

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proposal was approved by the AGM. The proposal originated in past experiences with the use of the Føroya Banki name outside the Faroe Islands. Experiences have shown that customers, employees and the public media alike have had difficulties with pronouncing and spelling the name thereby creating uncertainty especially with the retail customers.

In conjunction with the takeover of the acquired bank branches, the Group faced the challenge of changing the branches' names and signs within a short time span. This motivated the Group to address the issue on a strategic level, which resulted in renaming the Group in order to avoid extra hurdles in relation to the further development outside the Faroese.

### Bakkafrost

The announced listing of P/F Bakkafrost Holding on the Oslo Stock Exchange took place on 26 March 2010. The initial offer price range was set between NOK 27 and NOK 31 and given the number of shares out for sale were oversubscribed several times the final sales price ended at NOK 31. This rendered BankNordik with total proceeds from the sale of Bakkafrost amounting to DKK 431m. The shares had been booked at acquisition price of DKK 51m, thus the Group books a net capital gain of DKK 380m on the sale before tax.

In the Groups Annual Report for 2009 the outlook for 2010 did not include income related to potential capital gains in connection with the planned divestment of Bakkafrost Holding. Now after the listing and divestment has taken place, the proceeds from the sales are added to the announced pre-tax profit of the Group.

### Moody's placed the Bank on review

On 25 February Moody's placed BankNordik on review for downgrade in relation to possible negative effects of the takeover of the Sparbank branches and the associated risk involved in the integration process.

Moody's has not yet published the results of the review.

### Extraordinary strong funding position

By the end of September, the collective governmental state guarantee on all un-subordinated debt enforced by the first Danish bank package is removed and risk again becomes

an issue to take into account for those who place assets above the maximum collective insurance of € 100,000 in financial institutions.

BankNordik has prioritized a solid liquidity level, which takes into account the lessons learned during the international credit crunch in the last two years. Through the use of stress tests and specific assessment of future challenges, the Group has decided to heighten its liquidity buffer in order to minimize possible consequences of the face out of the Danish State Guarantee scheme.

Thus the Group in the beginning of May took its biggest loan ever - a three year loan amounting to DKK 1.2bn with the option to "call" after six months. If the consequences from the changing situation proven to be positive or marginally negative, the loan will probably fully or partly be repaid at the earliest convenient time.

BankNordik has been keen on obtaining the framework for issuing governmentally backed guaranteed bonds of senior debt in due time. Since obtaining the DKK 4bn guarantee framework in December 2009 the Group has issued bonds for DKK 2.2bn in order to refinance loans due and in order to hold a sufficient buffer of extra liquidity.

With the acquisition of the 12 bank branches the Group got hold of an extra DKK 1.2bn surplus of deposits whereby BankNordik fully funds the loans portfolio by own deposits.

The Bank's core capital base is one of the strongest in the Danish banking sector and during the financial crises in 2008 the Bank experienced a liquidity inflow. Therefore the Bank does not expect any negative effect on the liquidity when state guarantee for deposits expires in September 2010. Despite these expectations the Bank has secured sufficient liquidity to withstand even the highly unlikely scenario of an outflow of all deposits that are not covered by the maximum collective insurance of € 100.000.

### Events after closing date

After the closing date the following events have occurred:

- On 4 May 2010 a DKK 1.2bn puttable bond loan with individual state guarantee was announced.
- Liquidity ratio is improved to 223% of statutory requirements including the bond issue.



## Financial Review

### INCOME STATEMENT

BankNordik's first financial statement with consolidated figures since the acquisition of the Sparbank branches, shows a pre-tax profit in Q1 2010 at DKK 411m compared to DKK 52m in Q1 of 2009.

Pre-tax profit adjusted for other operating income in the shape of net income from the divestment of Bakkafrost Holding and value adjustments coherent with the outlook in the Annual Report 2009, leaves the result in Q1 2010 at DKK 14m compared to DKK 44m in Q1 2009 and DKK -10m in Q4 2009.

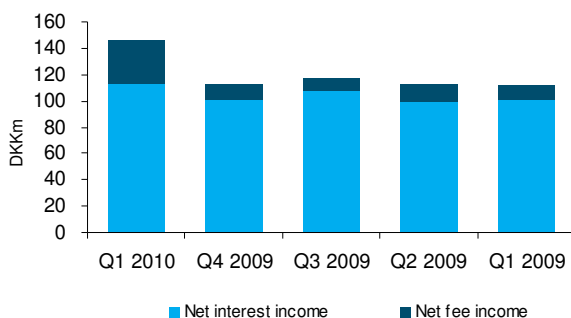
BankNordik Group's development in its core income has been sluggish in Q1 2010 because of lower than expected net interest income due to lower than expected lending activity and higher impairments. Pulling up are higher net fee and commission income and positive market value adjustments.

#### Net interest income and fee picked up

The Bank's net interest income increased 14% reaching DKK 117m in the first quarter of 2010 compared to DKK 102m in the first quarter of 2009.

The interest expenses have decreased by DKK 23m or 35% to DKK 44m compared to Q1 2009. Interest income also decreased yet only by DKK 9m or 5% to DKK 160m.

There has also been some pressure on the interest margins.



**Figure 1** Net interest and fee income

Net interest and fee income increased in Q1 2010 to DKK 150m, corresponding to an increase of 33% relative to Q1 2009, but up 32% compared to Q4 2009.

Fee and commission income in Q1 2009 has mainly increased because BankNordik Corporate

Finance was joint book-runner and joint lead manager in the offering and listing of Bakkafrost Holding. But Bakkafrost Holdings good 2009 result is also the reason behind dividends being higher in Q1 2010.

In the Annual Report 2009 outlook, the Group projected growth in net interest and fee income in the range of 40-45%, but the Q1 2010 result indicate considerably lower income in 2010, mainly due to lower lending volumes.

#### Insurance income increased

The first quarter of 2010 is the first whole quarter that the Icelandic insurance activities Vörður and Vörður Life are part of the consolidated financial statement together with Trygd.

Premium income in Q1 exceeded claims by DKK 9m leading to a net interest, fee and insurance result of DKK 158m. Though the net contribution is DKK 3m lower than one year ago, the total result is 28% higher than in Q1 2009 and 26% higher than in Q4 2009. Trygd contributed to the result with DKK 7m and Vörður with DKK 2m.

#### Extraordinary high operating income

The capital gain from the divestment of Bakkafrost Holding mentioned under the operational review is booked under other operating income. The net proceeds amounting to DKK 380m gives rise to a very high profit before tax and offsets the development in some of the underlying elements.

#### Satisfactory value adjustments

Value adjustments on the Group's portfolio of bonds and shares are again positive with DKK 16m compared to DKK 9m in Q1 2009 and -12m in Q4 2009. It is especially the shares that have performed well. Although the value adjustments are positive, the Group's main objective with regards to investments is a low risk placement of liquidity.

#### Costs reflect business growth

Staff costs and administrative expenses have increased by DKK 33m or 67% compared to Q1 2009 and now amount to DKK 83m. The growing costs are largely due to the increased number of staff following, first the takeover in Iceland, and not least the acquisition in Denmark and Greenland increasing the number of staff from

237 in Q3 2009 to about 420 full time employees in Q1 2010.

In addition, administrative expenses in relation to the takeover and the work associated with the change of IT platform has drawn heavily upon staff and significant resources, and this is also reflected in increasing expenses.

### **Other operating expenses as expected**

Other operating expenses cover the participation in the Danish bank guarantee scheme. The amount paid for the first three months of 2010 amounted to DKK 8m, which is almost the same as in Q1 and Q4 2009.

The scheme will end in September this year, but due to the guarantee involved it is not possible to assess the final costs until then.

### **Impairments higher but in line with expectations**

The Group's impairments on loans and advances in the first quarter of 2010 amounted to DKK 51m, which is DKK 28m or 124% higher than in Q1 2009 but 3% lower than in Q4 2009.

Individual impairments on the Faroese loan portfolio amounted to DKK 22m. On the Danish portfolio impairments were DKK 14m and the Greenland portfolio encountered no impairments. Collective impairments amounted to DKK 11m.

In addition to the Bank's own impairments, impairments related to the Danish Contingency Fund losses in Q1 amounted to DKK 4m.

With the present economic outlook for all three banking markets, the Bank still expects the level of impairments in 2010 to stay at the same nominal level as last year.

The Banks risk profile has improved by the acquisition and the impairments and provisioning ratio has decreased to 3.0% in Q1 2010 from 3.8% and at the end of 2009.

The Group's accumulated impairment charges on loans by the end of Q1 2010 amounted to DKK 322m.

The impairments are not due to challenges with the Bank's loan portfolio in general but have been concentrated on a limited number of customers.

## BALANCE SHEET

### ASSETS

With the acquisition from Sparbank, the Group's total assets have increased by DKK 3.6bn corresponding to 35% and on 31 March 2010 amounted to DKK 14.2bn.

### Increasing loans and advances

Compared to Q1 in 2009, it is primarily loans and advances and dues from credit institutions that have increased by almost the same, DKK 1.3bn each.

In general, loans have been decreasing in the last year due to lower demand and continuous down-payment of existing loans partly by way of the Group's DLR mortgage finance, but with the expansion in Denmark and Greenland, this has radically changed. The acquisition alone contributed with DKK 2.3bn to loans and advances, DKK 1.4bn in guarantees and 1.2bn in cash liquidity.

According to the agreement BankNordik had an option to deliver back exposures, which proved to be in default. This has been the case to a certain extent, so that the total balance taken over was at a somewhat lower level than announced earlier.

### LIABILITIES

Loans from credit institutions, central banks and issued bonds amounted to DKK 2,368m at the end of Q1 2010 compared to DKK 2,501m in Q1 2009, a decrease of 7%. Repayment of the syndicated loan explains the big fall in dues to credit institutions, but at the same time the loan has partly been refinanced by way of issuing bonds.

With an individual state guarantee frame of DKK 4bn BankNordik has plenty of room left to manage potential funding needs, should it be necessary. But with things turning back to normal, the Group is keen on having its future funding needs met without any State support.

At this point in time, getting hands on external funding covered by the individual state guarantee, is not a problem, but because there is uncertainty with regards to the approval from EU of the scheme beyond the end of June 2010, there is a risk the options available will be tighter.

A consequence of the acquisitions is directly visible under Intangible assets, which corresponds to the prices the Group has paid for the companies and assets taken over in the last year. The Group did not have anything booked under this item previously.

Assets held for sale have also increased much since Q1 2009. The large share here is the construction project mentioned in previous reports, which the Bank took over and now is finishing and prepares to sell as soon as possible – likely from the end of 2010.

### Large exposures and branch distribution

Since the acquisition, the distribution of large exposures has remained on level with the 23% at the end of 2009

At the end of Q1 2010 more than 80% of the retail portfolio was secured by first priority mortgages in houses. 90% of all mortgage loans have a loan to value of less than 80%.

The strategy of bringing down individual and branch exposure for the corporate sector is at a level satisfactory to the Group.

There are no refinancing needs for the Bank until June 2011.

### Deposits now match loans

The branches acquired from Sparbank had surplus deposits, which contributed to the Q1 2010 figures increasing by DKK 3.5bn to DKK 8.9bn or a 62% increase.

There is some uncertainty with regards to the durability of the present deposits base in Denmark, but given the robustness of the Bank the outlook is good. Despite of this, the Group is cautious about taking additional risks and therefore has safeguarded potential risks by taking up additional funding to make it through even very negative stress scenarios.

### Equity boosted

The Group's total equity by 31 March 2010 was DKK 2,007m, compared to DKK 1,550m in Q1 2009 and DKK 1,663m at the end of last year. The 30% increase is caused by the capital gain from Bakkafrøst Holding.

The return on equity in Q1 2010 after tax was 18.4%, which compares to 2.8% for Q1 2009. Earnings per share after tax were DKK 34.7.

The solvency of the BankNordik Group is by the end of March 2010 18.3% compared to 26.2% at the end of 2009 and 20.8% in Q1 2009.

With such a comfortable solvency, the Group continues to be amongst the most well consolidated companies in the sector and by that is fit to take on the challenges the new financial order will bring.

## Dividends

As mentioned in the Annual Report 2009, the Board of Directors intends to pay out the accumulated dividends for 2008-2009, i.e. DKK 85 million in 2011 when Bank Package I has expired. The Bank's participation in Bank Package II implies that in the period 2011 to 2013 the Bank's dividend payments can not exceed the net profit for the year before.

The Board of Directors will in the notice to convene the Bank's annual general meeting decide on a proposal of the size of the total dividend paid in 2011.

## Highlights, ratios and key figures, five year summary - BankNordik Group

Highlights				P/F BankNordik Previous GAAP		Full year
	Q1 2010	Q1 2009	Q1 2008	Q1 2007	Q1 2006	
DKK 1,000						2009
Net interest and fee income	149.630	112.446	85.456	79.013	64.398	455.049
Interest and fee income and income from insurance activities, net	158.190	123.564	78.558	79.013	64.398	496.928
Market value adjustments	15.615	8.759	-15.772	12.672	-4.064	23.915
Other operating income	381.310	-722	-541	-1.168	-398	-10.756
Staff cost and administrative expenses	82.664	49.358	50.114	44.626	33.468	210.778
Impairment charges on loans and advances etc.	50.670	22.583	16.496	-5.172	-2.761	128.162
Net profit	337.383	42.305	-5.323	43.998	24.526	111.047
Loans and advances	8.909.786	7.469.436	7.613.745	5.803.633	4.364.074	6.937.560
Bonds at fair value	955.522	1.021.154	933.126	772.975	1.441.667	1.252.056
Intangible assets	393.811	0	0	0	0	39.312
Assets held for sale	157.160	142.368	23.859	0	0	175.908
Total assets	14.154.163	9.803.558	9.689.980	7.150.077	6.509.007	10.267.021
Due to credit institutions and central banks	869.480	2.001.090	2.635.617	841.717	99.987	1.498.499
Deposits and other debt	8.918.231	5.472.067	5.350.016	4.908.917	5.213.885	5.496.550
Issued bonds at amortised cost	1.498.248	499.843	0	0	0	999.843
Total shareholders' equity	2.007.031	1.550.346	1.435.668	1.289.517	1.110.636	1.663.122

## Ratios and key figures

	March 31 2010	March 31 2009	March 31 2008	March 31 2007	March 31 2006	Full year 2009
<b>Solvency</b>						
Solvency ratio, %	18,3	20,8	19,2	23,0	25,7	26,2
Core capital ratio, %	18,5	21,0	19,3	23,1	25,7	26,6
Risk-weighted Items, DKK mill	9.480	7.087	7.415	5.384	4.206	6.648
<b>Profitability</b>						
Return on equity before tax, %	22,4	3,3	-0,2	4,2	2,7	8,5
Return on equity after tax, %	18,4	2,8	-0,4	3,5	2,2	7,0
Income / Cost ratio	3,9	1,64	0,95	2,28	1,93	1,36
Cost / income, % (excl. value adjustm. and impairments)	17,3	46,7	64,1	56,8	52,7	50,5
<b>Market risk</b>						
Interest rate risk, %	0,7	1,9	1,8	1,49	2,7	1,3
Foreign exchange position, %	5,7	0,9	16,9	11,39	10,9	1,5
Exchange rate risk, %	0,0	0,0	0,1	0,02	0,0	0,0
<b>Liquidity</b>						
Loans and advances plus impairment charges as % of deposits	103,5	144,1	146,0	124,28	90,8	131,4
Excess cover relative to statutory liquidity requirements, %	134,6	193,8	96,4	62,3	213,5	275,7
<b>Credit risk</b>						
Large exposures as % of capital base	22,3	73,2	100,3	123,3	36,9	22,8
Impairment and provisioning ratio, %	3,0	3,7	2,4	4,6	7,4	3,8
Write-off and impairments ratio, %	0,4	0,3	0,2	-0,1	-0,1	1,4
Growth on loans and advances, %	28,4	-2,1	0,9	7,3	7,2	-9,0
Gearing of loans and advances	4,4	4,9	5,3	4,5	3,9	4,2
<b>Shares nom. DKK 100)</b>						
Earnings per share after tax (nom. DKK 100), DKK	173,5	21,2	-2,7	22,0	12,3	57,3
Book value per share (nom. DKK 100), DKK	1.030	804	724	645	555	859
Market price per share (nom. DKK 100), DKK	793	608	734	N/A	N/A	657
Market price / earnings per share DKK	4,6	29	-276	N/A	N/A	11,5
Market price / book value per share DKK	0,77	0,78	1,02	N/A	N/A	0,76
<b>Other</b>						
Number of full-time employees, end of period	420	228	256	255	217	288

## 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 quarter of 2010.

The consolidated financial statements for the first quarter of 2010 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. The independent auditor's have ensured that the requirements for the net income to be recognized in the core capital are fulfilled

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 31 March 2010, and of the results of the Group's and the Parent Company's operations and the Group's consolidated cash flows for the financial period 1 January to 31 March 2010.

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, 6 May 2010

### Executive Board

Janus Petersen

Súni Schwartz Jacobsen

### Board of Directors

Klaus Rasmussen  
*Chairman*

Jens Erik Christensen  
*Vice chairman*

Nils Sørensen

Keld Søndergaard Holm

Mette Dahl Christensen

Kenneth M. Samuelson

## Income statement - BankNordik Group

Note	DKK 1,000	Q1 2010	Q1 2009	Full year 2009
3	Interest income	160.213	168.844	593.087
4	Interest expenses	43.698	67.075	182.916
	<b>Net interest income</b>	<b>116.514</b>	<b>101.769</b>	<b>410.172</b>
	Dividends from shares and other investments	6.173	37	2.669
5	Fee and commission income	28.394	10.724	42.498
5	Fee and commissions paid	1.451	84	289
	<b>Net interest and fee income</b>	<b>149.630</b>	<b>112.446</b>	<b>455.049</b>
	Premium income, net of reinsurance	56.923	19.714	96.190
	Claims, net of reinsurance	48.363	8.595	54.312
	<b>Interest and fee income and income from insurance activities, net</b>	<b>158.190</b>	<b>123.564</b>	<b>496.928</b>
6	Market value adjustments	15.615	8.759	23.915
7	Other operating income	381.310	-722	-10.756
8	Staff costs and administrative expenses	82.664	49.358	210.778
	Amortisation, depreciation and impairment charges	2.796	746	4.742
	Other operating expenses	7.806	7.325	28.583
9	Impairment charges on loans and advances etc.	50.670	22.583	128.162
	Income from associated and subsidiary undertakings	0	0	-3.021
	<b>Profit before tax</b>	<b>411.180</b>	<b>51.590</b>	<b>134.799</b>
	Tax	73.797	9.286	23.752
	<b>Net profit</b>	<b>337.383</b>	<b>42.305</b>	<b>111.047</b>
	Portion attributable to			
	Shareholders of BankNordik P/F	337.070	42.305	110.661
	Minority interests	313	0	386
	<b>Net profit</b>	<b>337.383</b>	<b>42.305</b>	<b>111.047</b>
	EPS Basic for the period, DKK*	34,69	4,34	11,47
	EPS Diluted for the period, DKK *	34,69	4,34	11,47

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



## Statement of comprehensive income - BankNordik Group

DKK 1,000	Q1 2010	Q1 2009	Full year 2009
Net profit	337.383	42.305	111.047
Other comprehensive income			
Translation of non-Faroese subsidiaries	2.645	0	35
Deferred tax on tangible assets recognised at deemed cost at the transition to IFRS	0	0	122
<b>Total other comprehensive income</b>	<b>2.645</b>	<b>0</b>	<b>157</b>
<b>Total comprehensive income</b>	<b>340.028</b>	<b>42.305</b>	<b>111.204</b>
Portion attributable to			
Shareholders of BankNordik P/F	338.289	42.305	111.204
Minority interests	1.739	0	0
<b>Total comprehensive income</b>	<b>340.028</b>	<b>42.305</b>	<b>111.204</b>

## Balance Sheet - BankNordik Group

Note	DKK 1,000	March 31 2010	March 31 2009	Full year 2009
<b>Assets</b>				
	Cash in hand and demand deposits with central banks	1.274.503	741.796	1.095.956
	Due from credit institutions and central banks	1.442.749	102.668	259.763
10	Loans and advances at fair value	1.055.719	903.787	866.668
11	Loans and advances at amortised cost	7.854.067	6.565.649	6.070.892
	Bonds at fair value	955.522	1.021.154	1.252.056
	Shares, etc.	181.388	74.498	175.321
	Assets under insurance contracts	107.985	17.932	88.196
	Holdings in associates	24.825	27.846	24.825
	Intangible assets	393.811	0	39.312
	Total land and buildings	140.620	136.707	139.881
	investment property	2.500	2.500	2.500
	domicile property	138.120	134.207	137.381
	Other property, plant and equipment	10.214	6.638	9.165
	Deferred tax assets	22.512	11.138	21.038
12	Assets held for sale	157.160	142.368	175.908
	Other assets	524.415	42.741	40.506
	Prepayments	8.673	8.636	7.534
	<b>Total assets</b>	<b>14.154.163</b>	<b>9.803.558</b>	<b>10.267.021</b>

## Balance Sheet - BankNordik Group

Note	DKK 1,000	March 31 2010	March 31 2009	Full year 2009
<b>Shareholders' equity and liabilities</b>				
<b>Liabilities other than provisions</b>				
	Due to credit institutions and central banks	869.480	2.001.090	1.498.499
	Deposits and other debt	8.918.231	5.472.067	5.496.550
	Issued bonds at amortised cost	1.498.248	499.843	999.843
	Liabilities under insurance contracts	293.543	47.367	255.399
	Current tax liabilities	83.444	25.747	9.050
	Other liabilities	216.697	158.031	94.046
	Deferred income	26.740	13.282	14.070
	<b>Total liabilities other than provisions</b>	<b>11.906.384</b>	<b>8.217.427</b>	<b>8.367.458</b>
<b>Provisions for liabilities</b>				
	Provisions for deferred tax	10.920	9.692	10.920
	Provisions for losses on guarantees	26.543	26.092	22.236
	<b>Total provisions for liabilities</b>	<b>37.464</b>	<b>35.785</b>	<b>33.157</b>
<b>Subordinated debt</b>				
	Subordinated debt	203.285	0	203.285
	<b>Total liabilities</b>	<b>12.147.132</b>	<b>8.253.212</b>	<b>8.603.899</b>
<b>Shareholders' equity</b>				
	Share capital	200.000	200.000	200.000
	Foreign translation reserve	2.679	0	35
	Retained earnings	1.804.352	1.350.346	1.463.087
	<b>Total shareholders' equity</b>	<b>2.007.031</b>	<b>1.550.346</b>	<b>1.663.122</b>
	Shareholders of the Parent Company	1.961.416	1.550.346	1.619.245
	Minority interests	45.615	0	43.877
	<b>Total shareholders' equity</b>	<b>2.007.031</b>	<b>1.550.346</b>	<b>1.663.122</b>
	<b>Total liabilities and equity</b>	<b>14.154.163</b>	<b>9.803.558</b>	<b>10.267.021</b>

## Statement of capital - BankNordik Group

## Changes in shareholders' equity:

	Shareholders of BankNordik P/F (the Parent Company)					
	Share capital	Foreign currency translation reserve	Retained earnings	Total	Minority interests	Total
<b>DKK 1,000</b>						
Shareholders' equity at January 1, 2010	200.000	14	1.419.230	1.619.245	43.877	1.663.122
Total comprehensive income		1.219	337.070	338.289	1.739	340.028
Acquisition of own shares			-166.660	-166.660		-166.660
Sale of own shares			170.541	170.541		170.541
<b>Shareholders' equity at March 31, 2010</b>	<b>200.000</b>	<b>1.234</b>	<b>1.760.182</b>	<b>1.961.416</b>	<b>45.615</b>	<b>2.007.031</b>

	Shareholders of BankNordik P/F (the Parent Company)					
	Share capital	Foreign currency translation reserve	Retained earnings	Total	Minority interests	Total
<b>DKK 1,000</b>						
Shareholders' equity at January 1, 2009	200.000	0	1.324.042	1.524.042	0	1.524.042
Total comprehensive income for the period			42.305	42.305		42.305
Acquisition of own shares			-31.510	-31.510		-31.510
Sale of own shares			15.509	15.509		15.509
<b>Shareholders' equity at March 31, 2009</b>	<b>200.000</b>	<b>0</b>	<b>1.350.346</b>	<b>1.550.346</b>	<b>0</b>	<b>1.550.346</b>

## Shares

	Q1 2010	Q1 2009	Full year 2009
<b>DKK 1,000</b>			
Net profit	337.383	42.305	111.047
Average number of shares outstanding	9.725	9.756	9.682
Number of dilutive shares issued	0	0	0
<b>Average number of shares outstanding, including dilutive shares diluted</b>	<b>9.725</b>	<b>9.756</b>	<b>9.682</b>
<b>Earnings per share, DKK</b>	<b>34,69</b>	<b>4,34</b>	<b>11,47</b>
<b>Diluted net profit for the period per share, DKK</b>	<b>34,69</b>	<b>4,34</b>	<b>11,47</b>

The share capital is made up of shares of a nominal value of DKK 20 each. All shares carry the same rights. Thus there is only one class of shares.

## Average number of shares outstanding:

Issued shares at 1 January, numbers in 1,000	10.000	10.000	10.000
Increase in share capital	0	0	0
<b>Issued shares at end of period</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>
Shares outstanding at end of period	9.740	9.647	9.711
Group's average holding of own shares during the period	275	244	318
<b>Average shares outstanding</b>	<b>9.725</b>	<b>9.756</b>	<b>9.682</b>

## Cash flow statement - BankNordik Group

DKK 1,000	Q1 2010	Q1 2009	Full year 2009
<b>Cash flow from operations</b>			
Net profit for the period	337.383	42.305	111.047
Adjustment of non-cash operating items	38.433	60.742	98.946
Changes in operating capital	797.983	-296.764	-573.246
<b>Cash flow from operations</b>	<b>1.173.799</b>	<b>-193.718</b>	<b>-363.254</b>
<b>Cash flow from investing activities</b>			
Acquisition/sale of group undertakings and other business units	-290.408	0	0
Acquisition/sale of own shares	3.882	-22.977	-15.595
Acquisition of intangible assets	-16.306	0	-10.617
Acquisition/sale of tangible assets	-10.354	-842	-5.900
<b>Cash flow from investing activities</b>	<b>-313.186</b>	<b>-23.819</b>	<b>-32.113</b>
Issue of bonds	498.405	0	499.843
Increase in subordinated debt	0	0	203.285
Payment of long term loan	-173	0	-51
<b>Cash flow from financing activities</b>	<b>498.232</b>	<b>0</b>	<b>703.077</b>
<b>Cash flow</b>	<b>1.358.845</b>	<b>-217.537</b>	<b>307.710</b>
Cash in hand and demand deposits with central banks, and due from credit institutions, etc. at the beginning of the year	1.355.719	1.062.001	1.048.009
Foreign currency translation	2.687	0	0
Cash flow	1.358.845	-217.537	307.710
<b>Cash and due etc.</b>	<b>2.717.252</b>	<b>844.464</b>	<b>1.355.719</b>
<b>Cash and due etc.</b>			
Cash in hand and demand deposits with central banks	1.332.139	741.796	1.095.956
Due from credit institutions, etc.	1.385.113	102.668	259.763
<b>Total</b>	<b>2.717.252</b>	<b>844.465</b>	<b>1.355.719</b>

**Note 1 Significant accounting policies**

The consolidated financial statement for the first three months of 2010 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 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 2009, which 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.

The most significant estimates that 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 2009 and the uncertainties prevailing at that time.

## BankNordik Group - segment reporting

Operating segments	BankNordik		Insurance		Other		Elimination		BankNordik Group	
	Q1		Q1		Q1		Q1		Q1	
Note 2	DKK 1,000		2010	2009	2010	2009	2010	2009	2010	2009
Interest income	157.236	167.388	3.480	1.455	3	36	-506	-36	160.213	168.844
Interest expense	44.196	67.083	6		3	28	-506	36	43.698	67.147
Net interest income	113.040	100.305	3.474	1.455	1	8			116.514	101.769
Net fee income	17.922	10.640	488		8.626		-93		26.943	10.640
Premium income, net of reinsurance			57.356	20.549			-433	-835	56.923	19.714
Claims, net of reinsurance			48.363	8.595					48.363	8.595
Dividends from shares and other investments	6.173	37							6.173	37
Market value adjustments	10.913	8.369	4.702	390					15.615	8.759
Other operating income	-139	-622	308	0	381.297	39	-156	-139	381.310	-722
<b>Total income</b>	<b>151.636</b>	<b>126.438</b>	<b>17.965</b>	<b>13.799</b>	<b>389.924</b>	<b>47</b>	<b>-682</b>	<b>-974</b>	<b>555.116</b>	<b>131.601</b>
Staff costs and administrative expenses	72.486	45.887	10.503	3.886	402	558	-682	974	82.709	49.358
Depreciation and impairment of property, plant and equipment	676	746	364						1.040	746
Other operating expenses	6.942	7.325	2.574						9.517	7.325
<b>Total operating expenses</b>	<b>80.105</b>	<b>53.957</b>	<b>13.442</b>	<b>3.886</b>	<b>402</b>	<b>558</b>	<b>-1.364</b>	<b>0</b>	<b>93.266</b>	<b>57.428</b>
<b>Profit before impairment charges on loans</b>	<b>71.531</b>	<b>72.481</b>	<b>4.523</b>	<b>9.913</b>	<b>390.325</b>	<b>-512</b>			<b>461.850</b>	<b>74.173</b>
Impairment charges on loans and advances etc.	46.230	22.583			4.440				50.670	22.583
<b>Profit before tax</b>	<b>25.301</b>	<b>49.898</b>	<b>4.523</b>	<b>9.913</b>	<b>385.885</b>	<b>-512</b>	<b>-1.364</b>	<b>0</b>	<b>411.180</b>	<b>51.590</b>
Loans and advances	8.908.827	7.578.566	959			0		-77.460	8.909.786	7.501.106
Holdings in associates	24.825	27.846	2.912			0	-2.912		24.825	27.846
Other assets	4.931.401	2.206.713	474.473	147.712	2.441	1.390	-188.763	-81.210	5.219.552	2.274.606
<b>Total assets</b>	<b>13.865.054</b>	<b>9.813.125</b>	<b>478.344</b>	<b>147.712</b>	<b>2.441</b>	<b>1.390</b>	<b>-191.675</b>	<b>-158.669</b>	<b>14.154.163</b>	<b>9.803.558</b>
Deposits	8.995.574	5.549.476				0	-77.343	-77.409	8.918.231	5.472.067
Other liabilities	4.869.480	4.263.649	478.344	147.712	2.441	1.390	-114.332	-81.261	5.235.933	4.331.491
<b>Total liabilities and equity</b>	<b>13.865.054</b>	<b>9.813.125</b>	<b>478.344</b>	<b>147.712</b>	<b>2.441</b>	<b>1.390</b>	<b>-191.675</b>	<b>-158.669</b>	<b>14.154.163</b>	<b>9.803.558</b>
Cost/income ratio (%)	83,3%	60,5%	74,8%		1,2%				25,9%	60,8%
Cost/income ratio (excl. value adjustments and impairments on loans and advances etc.) (%)	56,9%	45,7%	101,3%		0,1%				17,3%	46,7%

The Group reporting segment discloses information in line with how the Group operates. The results in the operating segments reflect the Group's activities from which it earn revenues and incur expenses. The elimination regarding assets and liabilities is mainly due to the fact that Trygds liquidity is booked as a deposit in BankNordik.

Banking shows a decrease in the pre-tax profit in first quarter compared to the same period last year. The reason being lower interest income due to a decrease in loans and advances and also a increase in expenditure due to cost related to converting the bank on to a new IT-platform. Insurance activities had a decline in pre tax profit compared to last year result due to a unusual good result in 2009. Other show a sharp increase in first quarter compared to same period last year due to the revenue for the sale of Bakkafrost.

## BankNordik Group - Geographical information

DKK 1,000	Revenue		Assets	
	Q1 2010	Q1 2009	March 2010	March 2009
Faroe Islands	517.421	126.438	1.010.750	213.932
Other	37.695	5.163	83.136	0
<b>Total</b>	<b>555.116</b>	<b>131.601</b>	<b>1.093.886</b>	<b>213.932</b>

Income from external customers are divided into activities related to the customers' domicile. The divestment of Bakkafrost and the acquisitions of Danish branches are to explain for the steep increase from last year. Assets include all non-current assets, i.e. intangible assets, material assets investment properties and holdings in associates.

The geographical information is a IFRS requirement. At the end of 2009 the management thus not consider this information to give a sufficient overview of the groups activities. Instead the management considers the business segments to be the best description of the Group's activities.

## Notes - BankNordik Group

Note	DKK 1,000	Q1 2010	Q1 2009	Full Year 2009
3	<b>Interest income</b>			
	Credit institutions and central banks	6.024	4.392	11.270
	Loans and advances	148.627	154.719	554.214
	Bonds	11.867	12.858	48.026
	Total derivatives of which:	-7.373	-2.812	-21.069
	<i>Currency contracts</i>	-1.393	-2.812	-12.095
	<i>Interest rate contracts</i>	-5.980	0	-8.974
	<i>Other transactions</i>	0	0	0
	Other interest income	1.068	-314	646
	<b>Total interest income</b>	<b>160.213</b>	<b>168.844</b>	<b>593.087</b>
	Of which accounted for by income from genuine sale and repurchase transactions:			
	Credit institutions and central banks	0	0	0
4	<b>Interest expenses</b>			
	Credit institutions and central banks	3.821	16.932	46.405
	Deposits	29.991	41.976	115.947
	Issued Bonds	4.947	8.167	14.844
	Subordinated debt	5.170		5.719
	Other interest expenses	-230		0
	<b>Total interest expenses</b>	<b>43.698</b>	<b>67.075</b>	<b>182.916</b>
	Of which interest expenses on genuine sale and repurchase transactions are carried under:			
	Credit institutions and central banks	138	0	0
5	<b>Net fee and commission income</b>			
	Fee and commission income			
	Securities trading and custody accounts	2.952	368	1.455
	Credit transfers	3.904	2.700	11.217
	Loan commissions	7.077	3.429	14.509
	of which, mortgage credit institutions	0	0	0
	Guarantee commissions	2.901	1.324	6.016
	Life insurance	49	0	18
	Other fees and commissions	11.511	2.903	9.284
	<b>Total fee and commission paid</b>	<b>28.394</b>	<b>10.724</b>	<b>42.498</b>
	Fee and commissions paid			
	Securities trading and custody accounts	1.451	84	289
	<b>Net fee and commission income</b>	<b>26.942</b>	<b>10.640</b>	<b>42.209</b>
	Other fees and commissions includes DKK 9m, which is the fee for divesting Bakkafrost.			
6	<b>Market value adjustments</b>			
	Loans and advances	11.944	11.717	-1.767
	Bonds	8.042	10.122	15.119
	Shares	2.469	-1.669	7.124
	Investment properties			
	Foreign exchange	2.202	2.386	7.787
	Total derivatives of which:	-9.042	-13.797	-4.347
	<i>Currency Swaps</i>	4.061	-1.925	108
	<i>Interest Swaps</i>	-13.102	-11.872	-4.456
	<b>Total market value adjustments</b>	<b>15.615</b>	<b>8.759</b>	<b>23.915</b>



Note	DKK 1,000	Q1 2010	Q1 2009	Full Year 2009
7	<b>Other operating income</b>			
	Profit/loss on sale of shares and equity investments in associates and group enterprises	380.575	0	-10.659
	Profit/loss on sale of investment and corporate properties and temporary properties	0	0	1.365
	Profit on sale of operating equipment	1	0	0
	Other income	734	-722	-1.463
	<b>Total other operating income</b>	<b>381.310</b>	<b>-722</b>	<b>-10.756</b>
	DKK 380m concerns the divestment of Bakkafrost			
8	<b>Staff costs and administrative expenses</b>			
	Staff costs:			
	Salaries	37.248	23.829	101.790
	Pensions	3.713	2.149	9.125
	Social security expenses	5.089	1.309	8.223
	<b>Total staff costs</b>	<b>46.051</b>	<b>27.287</b>	<b>119.138</b>
	Other administrative expenses:			
	IT	16.931	12.705	42.876
	Marketing etc	6.326	1.710	8.431
	Education etc	1.597	592	5.924
	Advisory services	2.155	1.420	8.615
	Other expenses	14.735	6.635	30.962
	<b>Total administrative expenses</b>	<b>41.744</b>	<b>23.062</b>	<b>96.808</b>
	Total staff costs	46.051	27.287	119.138
	Employee exp. incl. under the item "Claims, net of reinsurance"	4.449	992	5.167
	Other administrative expenses	41.062	23.062	96.808
	<b>Total staff costs and administrative expenses</b>	<b>82.664</b>	<b>49.358</b>	<b>210.778</b>
	<b>Number of employees</b>			
	Average number of full-time employees in the period	375,8	230,1	281,10
	<b>Executive remuneration:</b>			
	Board of Directors	405	405	1.620
	Executive Board:			
	Salaries	1.096	1.096	4.448
	Pension	164	164	657
	<b>Total executive remuneration</b>	<b>1.665</b>	<b>1.665</b>	<b>6.725</b>

In all the consolidated companies, the remuneration of the Board of Directors is a fixed monthly salary  
Pension and termination terms of the Executive Board are identical to those described in the Annual Report 2009.

Note	DKK 1,000	Q1 2010	Q1 2009	Full Year 2009
9	<b>Impairment charges on loans and advances etc.</b>			
	Due from credit institutions and central banks	0	0	0
	Loans and advances at amortised cost	37.817	20.288	92.967
	Loans and advances at fair value	8.413	2.295	1.595
	Private Contingency Association (Det private beredskab)	4.440	0	17.715
	Guarantees and loan commitments	0	0	702
	Assets held for sale	0	0	15.182
	<b>Total</b>	<b>50.670</b>	<b>22.583</b>	<b>128.162</b>
	Individual impairment charges etc.			
	New and increased impairment charges	42.340	51.869	170.869
	Reversals of impairment charges	2.440	15.320	42.435
	Write-offs charged directly to the income statement	143	53	12.321
	Received on claims previously written off	858	87	571
	<b>Total individual impairment charges</b>	<b>39.185</b>	<b>36.515</b>	<b>140.184</b>
	Collective impairment charges			
	New and increased impairment charges	13.140	8.218	8.466
	Reversals of impairment charges	1.655	22.151	20.487
	<b>Total collective impairment charges</b>	<b>11.485</b>	<b>-13.933</b>	<b>-12.022</b>
	<b>Total impairment charges</b>	<b>50.670</b>	<b>22.583</b>	<b>128.162</b>

## Notes - BankNordik Group

Note	DKK 1,000	March 31 2010	March 31 2009	Full Year 2009
10	<b>Due from credit institutions etc. specified by maturity</b>			
	On demand	180.220	102.668	259.763
	3 months and below	1.239.365	0	0
	3 months to 1 year	23.163	0	0
	<b>Total</b>	<b>1.442.749</b>	<b>102.668</b>	<b>259.763</b>
	Of which DKK 1.2 bn is due from Sparbank			
11	<b>Impairment charges, loans and advances at amortised cost</b>			
	Individual impairment charges etc.			
	At 1 January	258.827	192.916	192.916
	Additions on acquisitions, Vörður	0		1.135
	New and increased impairment charges	29.487	49.575	146.376
	Reversals of impairment charges	2.440	15.320	42.435
	Written-off, previously impaired	9.781	70	39.030
	Foreign currency translation	39		-134
	<b>Total</b>	<b>276.133</b>	<b>227.101</b>	<b>258.827</b>
	Collective impairment charges			
	At 1 January	17.000	29.022	29.022
	New and increased impairment charges	13.140	8.218	8.466
	Reversals of impairment charges	1.655	22.151	20.487
	<b>Total</b>	<b>28.485</b>	<b>15.089</b>	<b>17.000</b>
	<b>Total</b>	<b>304.617</b>	<b>242.190</b>	<b>275.827</b>
12	<b>Assets held for sale</b>			
	Total purchase price, at 1 January	241.090	184.769	184.769
	Additions	32.484	7.730	80.885
	Disposals	51.232	131	24.564
	<b>Total purchase price</b>	<b>222.343</b>	<b>192.368</b>	<b>241.090</b>
	Depreciation and impairment, at 1 January	65.182	50.000	50.000
	Impairment charges for the year			
	Negative changes in value recognized in the income statement			15.182
	Reversal of impairment on revaluations during the year			
	Reversal of impairment on disposals during the year			
	<b>Total depreciation and impairment</b>	<b>65.182</b>	<b>50.000</b>	<b>65.182</b>
	<b>Total assets held for sale</b>	<b>157.160</b>	<b>142.368</b>	<b>175.908</b>

Note	DKK 1,000	March 31 2010	March 31 2009	Full Year 2009
13	<b>Contingent liabilities</b>			
	The Group uses a variety of loan-related financial instruments to meet the financial requirements of its customers. These include loan offers and other credit facilities, guarantees and instruments that are not recognised on the balance sheet.			
	Guarantees			
	Financial guarantees	1.307.017	3.793	11.063
	Loss guarantee for the Private Contingency Association	63.898	73.677	55.962
	Other guarantees	348.112	360.904	362.465
	<b>Total</b>	<b>1.719.027</b>	<b>438.374</b>	<b>429.490</b>

Of which DKK 1.4bn is acquired from Sparbank.

Together with the majority of Danish banks, BankNordik is participating through the Private Contingency Association in the Danish state guarantee under the Act on Financial Stability adopted by the Danish parliament on 10 October 2008. The scheme runs from 5 October 2008 to 30 September 2010 and includes an unconditional state guarantee for the obligations of Danish banks, except for subordinated debt and covered bonds.

Each bank's share of the state guarantee commission and the commitment to cover losses is calculated on the basis of the part of the bank's capital base that can be allocated to activities covered by the guarantee. BankNordik's share is 0,37% of the total amount, or a total guarantee commission of around DKK 51m remaining at 31 March 2010. Of the remaining amount DKK 37m is payable only if the Danish financial sector's need for capital exceeds DKK 25bn.

According to the acquisition agreement regarding Vörður Tryggingar hf, BankNordik is obligated in the first half of 2012 to purchase additional 416,500,000 shares in the company at an amount in the range of ISK 1,100,000,000 and ISK 1,600,000,000. The purchase price depends on the net profit in Vörður Tryggingar hf in the financial years 2010 and 2011. Translated in to DKK using closing rate at year end 2009, the purchase price will be in the range of DKK 45,5m and DKK 66,2m. Following the transaction, BankNordik will hold 100% of the shares in Vörður Tryggingar hf.

The agreement with the Bank's new IT-provider SDC has a notice of termination of 3 years, and the Bank can be obligated to pay a compensation amounting to maximum DKK 27m.

#### 14 **Assets deposited as collateral**

At 31 March 2010 the Group had deposited bonds at a total market value of DKK 64m with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing. (2009: 63m).

15 **Group enterprise / Branches acquired**

On 5 February 2010, BankNordik P/F concluded an agreement regarding the acquisition of 12 of Sparbank's branches in Jutland, on Funen and in Greenland. The acquisition date was 1 February 2010. Upon acquisition BankNordik paid DKK 335m in cash.

DKK 1,000	1 February 2010
Fair value of net assets	46.191
Goodwill acquired	295.091
<b>Total purchase price</b>	<b>341.282</b>

According to the acquisition agreement adjustments can be made regarding customers. Therefore the acquisition of the Sparbank branches is calculated preliminary and the amounts are provisional.

Due to insufficient information about earnings prior to the acquisition, it is not possible to calculate the total income and results for 2010 with any degree of reliability in the event that the net assets had been acquired as from 1 January 2010.

Goodwill represents the value of the expected earning capacity of the acquired net assets that cannot be reliably attributed to the individual assets, including the value of staffs, the branches' know-how and position in the local community and expected synergies from merging with the BankNordik Group.

DKK 1,000	Fair value at the time of acquisition	Carrying amount before acquisition
<b>Net assets acquired:</b>		
Cash balances and demand deposits with central banks	20.084	20.084
Due from credit institutions	962.353	962.353
Loans and advances at fair value	219.673	219.673
Loans and advances at amortised cost	2.292.372	2.292.372
Intangible assets	0	
customer relations	40.000	40.000
leasehold improvements	4.549	4.549
Property, plant and equipment	1.642	1.642
Other assets	8.440	8.440
<b>Total assets</b>	<b>3.549.112</b>	<b>3.549.112</b>
Deposits and other debt	3.498.106	3.498.106
Other liabilities	4.815	4.815
<b>Total liabilities</b>	<b>3.502.921</b>	<b>3.502.921</b>
<b>Net assets acquired</b>	<b>46.191</b>	<b>46.191</b>
<b>Purchase price</b>	<b>341.282</b>	<b>341.282</b>
<b>Goodwill</b>	<b>295.091</b>	<b>295.091</b>

In connection with the acquisition BankNordik Group also has accepted contingent liabilities in the form of guarantees amounting to DKK 1.4bn.

16 Group holdings and undertakings	Share capital DKK	Net profit DKKm	Shareholders' equity DKKm	Share capital %
P/F BankNordik	200.000.000 DKK	110.661	1.619.245	
Insurance companies				
P/F Trygd	40.000.000 DKK	23.882	83.440	100%
Vörður Tryggingar hf	35.164.653 DKK	769	58.075	51%
Vörður Líftryggingar hf	11.169.949 DKK	46	9.097	51%
Real estate agency				
P/F Skyn	4.000.000 DKK	-450	1.290	100%
Group holdings recognised under assets held for sale				
Sp/f 25.04.2008	80.000 DKK	-29.278	36.074	0%
Sp/f Íbúðir undir Gráasteini	125.000 DKK	-28.606	28.481	0%

**Interim Financial Statement – BankNordik P/F**

The financial statement of the Parent Company, BankNordik P/F, is 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 Bank has not changed its significant accounting policies from those followed in the Annual Report 2009, which provides a full description of the Bank's significant accounting policies.

## Highlights, ratios and key figures, five year summary - BankNordik P/F

Highlights	Q1	Q1	Q1	Previous GAAP		Full year
				Q1	Q1	
DKK 1,000	2010	2009	2008	2007	2006	2009
Net interest and fee income	145.761	110.982	83.976	79.013	64.398	449.235
Market value adjustments	10.913	8.369	-16.002	12.672	-4.064	23.009
Other operating income	380.436	-622	-838	-1.168	-398	-11.611
Staff cost and administrative expenses	72.486	45.887	46.716	44.626	33.468	191.534
Impairment charges on loans and advances etc.	50.670	22.583	16.496	-5.172	-2.761	128.120
Net profit	337.070	42.305	-5.223	43.998	24.526	110.661
Loans and advances	8.908.827	7.470.450	7.613.745	5.803.633	4.364.074	6.936.530
Bonds at fair value	829.152	974.645	879.989	772.975	1.441.667	1.157.063
Intangible assets	381.625	0	0	0	0	27.857
Assets held for sale	157.160	142.368	23.879	0	0	175.908
Total assets	13.865.054	9.813.125	9.686.848	7.150.077	6.509.007	10.035.538
Due to credit institutions and central banks	869.480	2.001.090	2.635.617	841.717	99.987	1.498.333
Deposits and other debt	8.995.574	5.549.476	5.428.570	4.908.917	5.213.885	5.597.715
Issued bonds at amortised cost	1.498.248	499.843	0	0	0	999.843
Total shareholders' equity	1.961.416	1.550.346	1.436.001	1.289.517	1.110.636	1.619.245



## Ratios and key figures

	March 31 2010	March 31 2009	March 31 2008	March 31 2007	March 31 2006	Full year 2009
<b>Solvency</b>						
Solvency ratio, %	18,3	20,8	19,2	23,0	25,7	26,2
Core capital ratio, %	18,5	21,0	19,3	23,1	25,7	26,6
Risk-weighted Items, DKK mill	9.480	7.087	7.415	5.384	4.206	6.648
<b>Profitability</b>						
Return on equity before tax, %	22,9	6,4	-0,2	4,2	2,7	8,2
Return on equity after tax, %	18,8	5,5	-0,7	3,5	2,2	7,0
Income / Cost ratio	4,14	1,65	0,98	2,28	1,93	1,37
Cost / income, % (excl. value adjustm. and impairments)	15,1	45,7	61,0	56,8	52,7	48,8
<b>Market risk</b>						
Interest rate risk, %	0,7	1,9	1,8	1,49	2,7	1,3
Foreign exchange position, %	5,7	0,9	16,9	11,39	10,9	1,5
Exchange rate risk, %	0,0	0,0	0,1	0,02	0,0	0,0
<b>Liquidity</b>						
Loans and advances plus impairment charges as % of deposits	102,6	140,1	146,0	124,28	90,8	129,0
Excess cover relative to statutory liquidity requirements, %	121,0	194,9	95,2	62,3	213,5	275,7
<b>Credit risk</b>						
Large exposures as % of capital base	22,3	73,2	100,3	123,3	36,9	22,8
Impairment and provisioning ratio, %	3,0	3,7	2,4	4,6	7,4	3,8
Write-off and impairments ratio, %	0,4	0,3	0,2	-0,1	-0,1	1,4
Growth on loans and advances, %	28,4	-2,1	1,3	7,3	7,2	-9,1
Gearing of loans and advances	4,5	4,8	5,3	4,5	3,9	4,3
<b>Shares nom. DKK 100)</b>						
Earnings per share after tax (nom. DKK 100), DKK	173,3	21,4	-2,7	22,0	12,3	57,1
Book value per share (nom. DKK 100), DKK	1.007	782	744	645	555	836
Market price per share (nom. DKK 100), DKK	793	608	734	N/A	N/A	657
Market price / earnings per share DKK	4,6	28,5	-274,3	N/A	N/A	11,5
Market price / book value per share DKK	0,79	0,78	0,99	N/A	N/A	0,79
<b>Other</b>						
Number of full-time employees, end of period	343	203	226	222	196	205

These ratios and key figures have been prepared in correspondence with regulations from the Danish Financial Supervisory Authority.

As of 01.01.2009 The Bank complies with the Faroese Banking act. issued August 30 2009. Consequently, according section 89 in the executive order, the comparative figures in 2008 are prepared according the new Banking act. It has not been practically possible to prepare the comparative figures in 2007, 2006 and 2005 according the new Banking act., thus these figures are not fully comparable with the figures in 2008 and 2009.

(1) In accordance with the guidelines from the Danish Financial Supervisory Authority the denomination of the shares has been converted from DKK 20 to DKK 100. The conversion affects the figures from 1 January 2007.

## Income statement - BankNordik P/F

Note	DKK 1,000	Q1 2010	Q1 2009	Full year 2009
1	Interest income	157.236	167.388	589.274
2	Interest expenses	44.196	67.083	185.430
	<b>Net interest income</b>	<b>113.040</b>	<b>100.305</b>	<b>403.844</b>
	Dividends from shares and other investments	6.173	37	2.669
3	Fee and commission income	27.999	10.724	43.012
3	Fee and commissions paid	1.451	84	289
	<b>Net interest and fee income</b>	<b>145.761</b>	<b>110.982</b>	<b>449.235</b>
4	Market value adjustments	10.913	8.369	23.009
5	Other operating income	380.436	-622	-11.611
6	Staff costs and administrative expenses	72.486	45.887	191.534
	Depreciation and impairment of property, plant and equipment	676	746	3.762
	Other operating expenses	6.942	7.325	28.583
7	Impairment charges on loans and advances etc.	50.670	22.583	128.120
	Income from associated and subsidiary undertakings	3.727	7.709	20.827
	<b>Profit before tax</b>	<b>410.062</b>	<b>49.898</b>	<b>129.460</b>
	Tax	72.993	7.593	18.799
	<b>Net profit for the period</b>	<b>337.070</b>	<b>42.305</b>	<b>110.661</b>

## Balance Sheet - BankNordik P/F

Note	DKK 1,000	March 31 2010	March 31 2009	Full year 2009
<b>Assets</b>				
	Cash in hand and demand deposits with central banks	1.274.503	741.796	1.095.956
8	Due from credit institutions and central banks	1.385.007	102.668	197.495
	Loans and advances at fair value	1.055.719	903.787	866.668
9	Loans and advances at amortised cost	7.853.109	6.566.663	6.069.862
	Bonds at fair value	829.152	974.645	1.157.063
	Shares, etc.	123.521	74.498	119.270
	Assets under insurance contracts	0	0	0
	Holdings in associates	24.825	27.846	24.825
	Holdings in subsidiaries	110.995	79.961	105.736
	Intangible assets	381.625	0	27.857
	Total land and buildings	138.629	134.712	137.889
	investment property	19.823	19.823	19.823
	domicile property	118.806	114.889	118.066
	Other property, plant and equipment	7.447	6.387	6.274
	Current tax assets	0	0	0
	Deferred tax assets	737	11.030	0
10	Assets held for sale	157.160	142.368	175.908
	Other assets	515.215	39.555	44.220
	Prepayments	7.409	7.210	6.515
	<b>Total assets</b>	<b>13.865.054</b>	<b>9.813.125</b>	<b>10.035.538</b>

## Balance Sheet - BankNordik P/F

Note	DKK 1,000	March 31 2010	March 31 2009	Full year 2009
<b>Shareholders' equity and liabilities</b>				
<b>Liabilities other than provisions</b>				
	Due to credit institutions and central banks	869.480	2.001.090	1.498.333
	Deposits and other debt	8.995.574	5.549.476	5.597.715
	Issued bonds at amortised cost	1.498.248	499.843	999.843
	Current tax liabilities	77.451	21.891	3.721
	Other liabilities	207.747	154.694	80.236
	Deferred income	14.119	0	0
	<b>Total amounts due</b>	<b>11.662.619</b>	<b>8.226.994</b>	<b>8.179.848</b>
<b>Provisions for liabilities</b>				
	Provisions for deferred tax	11.191	9.692	10.924
	Provisions for losses on guarantees	26.543	26.092	22.236
	<b>Total provisions</b>	<b>37.735</b>	<b>35.785</b>	<b>33.160</b>
<b>Subordinated debt</b>				
	Subordinated debt	203.285	0	203.285
	<b>Total liabilities</b>	<b>11.903.638</b>	<b>8.262.779</b>	<b>8.416.293</b>
<b>Shareholders' equity</b>				
	Share capital	200.000	200.000	200.000
	Foreign currency translation reserve	1.234	0	14
	Reserve, Equity Method	18.274	0	14.869
	Retained earnings	1.741.908	1.350.346	1.404.362
	<b>Total shareholders' equity</b>	<b>1.961.416</b>	<b>1.550.346</b>	<b>1.619.245</b>
	<b>Total liabilities and equity</b>	<b>13.865.054</b>	<b>9.813.125</b>	<b>10.035.538</b>

## Statement of capital - BankNordik P/F

## Changes in shareholders' equity:

	Share capital	Foreign currency translation reserve	Equity method reserve	Retained earnings	Total
<b>DKK 1,000</b>					
Shareholders' equity at January 1, 2010	200.000	14	14.869	1.404.362	1.619.245
Income recognised directly on shareholders' equity		1.219			1.219
Acquisition of own shares				-166.660	-166.660
Sale of own shares				170.541	170.541
Net profit			3.406	333.664	337.070
<b>Shareholders' equity at March 31, 2010</b>	<b>200.000</b>	<b>1.234</b>	<b>18.274</b>	<b>1.741.908</b>	<b>1.961.416</b>

	Share capital	Foreign currency translation reserve	Equity method reserve	Retained earnings	Total
<b>DKK 1,000</b>					
Shareholders' equity at January 1, 2009	200.000	0	0	1.324.042	1.524.042
Income recognised directly on shareholders' equity					0
Acquisition of own shares				-31.510	-31.510
Sale of own shares				15.509	15.509
Net profit				42.305	42.305
<b>Shareholders' equity at March 31, 2009</b>	<b>200.000</b>	<b>0</b>	<b>0</b>	<b>1.350.346</b>	<b>1.550.346</b>

## Statement of capital - BankNordik P/F

## Solvency

DKK 1,000	March 31 2010	March 31 2009	Full year 2009
Core capital	1.756.834	1.484.986	1.768.845
Base capital	1.731.016	1.473.069	1.743.017
Risk-weighted items not included in the trading portfolio	8.832.990	6.458.121	6.029.519
Risk-weighted items with market risk etc.	646.590	628.571	618.176
Total risk-weighted items	9.479.580	7.086.692	6.647.695
Core capital ratio	18,5%	21,0%	26,6%
Solvency ratio	18,3%	20,8%	26,2%

## Core Capital and Shareholders' equity

Share capital	200.000	200.000	200.000
Net profit	337.383	42.305	110.661
Retained earnings, previous years	1.424.346	1.308.042	1.308.584
Shareholders' equity	1.961.729	1.550.346	1.619.245
Deduction of net profit	0	42.305	0
Deduction of intangible assets	381.625	0	27.857
Deduction of deferred tax assets	737	11.138	0
Deduction of insurance subsidiaries	25.818	11.917	25.827
Core capital exclusive of hybrid core capital	1.553.549	1.484.986	1.565.560
Hybrid core capital	203.285	0	203.285
Core capital	1.756.834	1.484.986	1.768.845

## Base capital

Core capital	1.756.834	1.484.986	1.768.845
Addition of revaluation reserve			
Deduction of insurance subsidiaries	25.818	11.917	25.827
Base capital	1.731.016	1.473.069	1.743.017

## Cash flow statement - BankNordik P/F

DKK 1,000	Q1 2010	Q1 2009	Full year 2009
<b>Cash flow from operations</b>			
Net profit for the period	337.070	42.305	110.661
Adjustment of non-cash operating items	37.118	53.032	75.637
Changes in operating capital	794.930	-197.832	-480.265
<b>Cash flow from operations</b>	<b>1.169.117</b>	<b>-102.495</b>	<b>-293.966</b>
<b>Cash flow from investing activities</b>			
Acquisition/sale of undertakings and other business units	-290.408	0	-32.728
Acquisition/sale of own shares	3.882	-22.977	-15.595
Acquisition of intangible assets	-14.129	0	-4.748
Acquisition/sale of tangible assets	-809	-842	-5.855
<b>Cash flow from investing activities</b>	<b>-301.464</b>	<b>-23.819</b>	<b>-58.926</b>
Issue of bonds	498.405	0	499.843
Increase in subordinated debt	0	0	203.285
<b>Cash flow from financing activities</b>	<b>498.405</b>	<b>0</b>	<b>703.128</b>
<b>Cash flow</b>	<b>1.366.059</b>	<b>-126.314</b>	<b>350.236</b>
Cash in hand and demand deposits with central banks, and due from credit institutions, etc. at the beginning of the year	1.293.451	970.778	970.778
Cash flow	1.366.059	-126.314	322.673
<b>Cash and due etc.</b>	<b>2.659.510</b>	<b>844.464</b>	<b>1.293.451</b>
<b>Cash and due etc.</b>			
Cash in hand and demand deposits with central banks	1.274.503	741.796	1.095.956
Due from credit institutions, etc.	1.385.007	102.668	197.495
<b>Total</b>	<b>2.659.510</b>	<b>844.465</b>	<b>1.293.451</b>

## Notes - BankNordik P/F

Note	DKK 1,000	Q1 2010	Q1 2009	Full Year 2009
1	<b>Interest income</b>			
	Credit institutions and central banks	4.547	4.392	10.320
	Loans and advances	148.585	154.719	554.184
	Bonds	11.477	11.403	45.831
	Total derivatives of which:	-7.373	-2.812	-21.069
	<i>Currency contracts</i>	-1.393	-2.812	-12.095
	<i>Interest rate contracts</i>	-5.980	0	-8.974
	<i>Other transactions</i>	0	0	0
	Other interest income	0	-314	8
	<b>Total interest income</b>	<b>157.236</b>	<b>167.388</b>	<b>589.274</b>
	Of which accounted for by income from genuine sale and repurchase transactions:			
	Credit institutions and central banks	0	0	0
2	<b>Interest expenses</b>			
	Credit institutions and central banks	4.324	16.932	48.920
	Deposits	29.991	50.151	115.947
	Issued Bonds	4.947	0	14.844
	Subordinated debt	5.170	0	5.719
	Other interest expenses	-237	0	0
	<b>Total interest expenses</b>	<b>44.196</b>	<b>67.083</b>	<b>185.430</b>
	Of which interest expenses on genuine sale and repurchase transactions are carried under:			
	Credit institutions and central banks	138	0	0
3	<b>Net fee and commission income</b>			
	Fee and commission income			
	Securities trading and custody accounts	2.952	368	1.455
	Credit transfers	3.904	2.700	11.217
	Loan commissions	7.077	3.429	14.509
	of which, mortgage credit institutions	0	0	0
	Guarantee commissions	2.901	1.324	6.016
	Life insurance	0	0	0
	Other fees and commissions	11.164	2.903	9.815
	<b>Total fee and commission paid</b>	<b>27.999</b>	<b>10.724</b>	<b>43.012</b>
	Fee and commissions paid			
	Securities trading and custody accounts	1.451	84	289
	<b>Net fee and commission income</b>	<b>26.547</b>	<b>10.640</b>	<b>42.723</b>
4	<b>Market value adjustments</b>			
	Loans and advances	11.944	11.717	-1.767
	Bonds	6.465	9.733	14.213
	Shares	-656	-1.669	7.124
	Investment properties		0	0
	Foreign exchange	2.202	2.386	7.787
	Total derivatives of which:	-9.042	-13.797	-4.347
	<i>Currency Swaps</i>	4.061	-1.925	108
	<i>Interest Swaps</i>	-13.102	-11.872	-4.456
	<b>Total market value adjustments</b>	<b>10.913</b>	<b>8.369</b>	<b>23.009</b>



Note	DKK 1,000	Q1 2010	Q1 2009	Full Year 2009
5	<b>Other operating income</b>			
	Profit/loss on sale of shares and equity investments in associates and group enterprises	380.575	0	-10.659
	Profit/loss on sale of investment and corporate properties and temporary properties	0	0	1.365
	Profit on sale of operating equipment	1	0	0
	Other income	-140	-622	-2.318
	<b>Total other operating income</b>	<b>380.436</b>	<b>-622</b>	<b>-11.611</b>
6	<b>Staff costs and administrative expenses</b>			
	Staff costs:			
	Salaries	31.367	20.370	89.434
	Pensions	3.154	1.939	7.417
	Social security expenses	3.870	1.102	7.099
	<b>Total staff costs</b>	<b>38.390</b>	<b>23.411</b>	<b>103.950</b>
	Other administrative expenses	34.096	22.477	87.584
	<b>Total staff costs and administrative expenses</b>	<b>72.486</b>	<b>45.888</b>	<b>191.534</b>
	<b>Number of employees</b>			
	Average number of full-time employees in the period	299,6	203,1	205,0
	<b>Executive remuneration:</b>			
	Board of Directors	405	405	1.620
	Executive Board:			
	Salaries	1.096	1.096	4.448
	Pension	164	164	657
	<b>Total executive remuneration</b>	<b>1.665</b>	<b>1.665</b>	<b>6.725</b>
	In all the consolidated companies, the remuneration of the Board of Directors is a fixed monthly salary Pension and termination terms of the Executive Board are identical to those described in the Annual Report 2009.			
7	<b>Impairment charges on loans and advances etc.</b>			
	Due from credit institutions and central banks	0	0	0
	Loans and advances at amortised cost	37.817	20.288	92.925
	Loans and advances at fair value	8.413	2.295	1.595
	Private Contingency Association (Det private beredskab)	4.440	0	17.715
	Guarantees and loan commitments	0	0	702
	Assets held for sale	0	0	15.182
	<b>Total</b>	<b>50.670</b>	<b>22.583</b>	<b>128.120</b>
	Individual impairment charges etc.			
	New and increased impairment charges	42.340	51.869	170.827
	Reversals of impairment charges	2.440	15.320	42.426
	Write-offs charged directly to the income statement	143	53	12.296
	Received on claims previously written off	858	87	554
	<b>Total individual impairment charges</b>	<b>39.185</b>	<b>36.515</b>	<b>140.142</b>
	Collective impairment charges			
	New and increased impairment charges	13.140	8.218	8.466
	Reversals of impairment charges	1.655	22.151	20.487
	<b>Total collective impairment charges</b>	<b>11.485</b>	<b>-13.933</b>	<b>-12.022</b>
	<b>Total impairment charges</b>	<b>50.670</b>	<b>22.583</b>	<b>128.120</b>

## Notes - BankNordik P/F

Note	DKK 1,000	March 31 2010	March 31 2009	Full Year 2009
<b>8</b>	<b>Due from credit institutions etc. specified by maturity</b>			
	On demand	158.589	102.668	259.763
	3 months and below	1.226.418	0	0
	3 months to 1 year	0	0	0
	<b>Total</b>	<b>1.385.007</b>	<b>102.668</b>	<b>259.763</b>
<b>9</b>	<b>Impairment charges, loans and advances at amortised cost</b>			
	Individual impairment charges etc.			
	At 1 January	257.917	192.916	192.916
	Additions on acquisitions, Vörður	0		1.135
	New and increased impairment charges	29.487	49.575	146.376
	Reversals of impairment charges	2.440	15.320	42.435
	Written-off, previously impaired	9.781	70	39.030
	Foreign currency translation	0		-134
	<b>Total</b>	<b>275.183</b>	<b>227.101</b>	<b>258.827</b>
	Collective impairment charges			
	At 1 January	17.000	29.022	29.022
	New and increased impairment charges	13.140	8.218	8.466
	Reversals of impairment charges	1.655	22.151	20.487
	<b>Total</b>	<b>28.485</b>	<b>15.089</b>	<b>17.000</b>
	<b>Total</b>	<b>303.668</b>	<b>242.190</b>	<b>275.827</b>
<b>10</b>	<b>Assets held for sale</b>			
	Note 12 in the consolidated financial statements contains information of the Bank's assets held for sale.			
<b>11</b>	<b>Contingent liabilities</b>			
	Note 13 in the consolidated financial statements contains information of the Bank's contingent liabilities.			
<b>12</b>	<b>Assets deposited as collateral</b>			
	Note 14 in the consolidated financial statements contains information of the Bank's assets deposited as collateral.			
<b>13</b>	<b>Enterprise / Branches acquired</b>			
	Note 15 in the consolidated financial statements contains information of the Bank's group enterprise / branches acquired.			
<b>14</b>	<b>Group holdings and undertakings</b>			
	Note 16 in the consolidated financial statement contains information of the Bank's holdings and undertakings			

## Additional Information

In connection with the publication of the Q1 2010 results BankNordik will host a conference call for analysts and investors and publish a presentation on the website.

The conference call will take place on Thursday May 6th, at 14:00 (CET).

If you would like to participate in the audio cast, please dial the relevant number below a few minutes before the conference starts:

UK participants dial: + 44 207 509 5139

Danish participants dial: + 45 32 71 47 67

US participants dial: + 1 718 354 1226

International Participants dial: + 44 (0) 207 509 5139

The presentation will be accessible on the website at [www.foroya.fo](http://www.foroya.fo).

## Contacts

Janus Petersen, CEO

Tel.: +298 330 330

Investor Relations: [ir@foroya.fo](mailto:ir@foroya.fo)

## Address

BankNordik

Húsagøta 3

FO-100 Tórshavn

Tel.: +298 330 330

Reg.No. 10

## Useful links

[www.foroya.fo](http://www.foroya.fo)

[www.banknordik.dk](http://www.banknordik.dk)

[www.trygd.fo](http://www.trygd.fo)

[www.skyn.fo](http://www.skyn.fo)

[www.vordur.is](http://www.vordur.is)