

16 August 2010

## **BankNordik continues positive development in H1 2010**

- Satisfying result on an extremely solid foundation
- Pre-tax profit DKK 458m compared to DKK 88m in H1 2009
- High solvency ratio 17.7%
- Return on equity 20%
- Impairment level back to historical average – DKK 35m compared to DKK 56m in H1 2009
- Integration of acquired branches are progressing as planned and they contribute positively
- Outlook before tax and value adjustments for 2010 maintained in the interval DKK 470-510m

The pre-tax profit was DKK 458m compared to DKK 88m in the same period last year. The strong development was primarily due to the sale of Bakkafrøst Holding, which contributed with a capital gain of DKK 380m in Q1 2010.

In H1 2010 interest and fee income and income from insurance activities increased by 27% to DKK 308m from DKK 242m in H1 2009.

”The result is satisfying – not least because the acquired Danish and Greenlandic branches already contribute positively, but also because this half year brought a normalization of the impairment level”, says Janus Petersen, CEO.

The bank’s capital base is still one of the strongest in the Danish banking sector. Therefore, and because of the bank’s strong market position, BankNordik expects a positive effect on liquidity when the collective governmental state guarantee on deposits expires by the end of September 2010. Furthermore, BankNordik is able to withstand even the most extreme – and completely unlikely – scenario, in which all deposits not covered by the EUR 100,000 guarantee, which will be introduced by the end of September, is withdrawn.

”The bank’s solid foundation has been strengthened further. Our loans and deposits are balanced, we have a core capital ratio of almost 18%, our liquidity stands at almost 4 times the statutory requirements, and the prospects of reducing costs by DKK 40-50m per year when Bank Package I expires spell well for the bank’s future”, says Janus Petersen.

### **P/F BankNordik**

Reg. No. 10  
Húsagøta 3  
PO Box 3048  
FO-110 Tórshavn  
Faroe Islands

Tel +298 330 330  
Fax +298 330 001  
[www.banknordik.dk](http://www.banknordik.dk)

## Forecast 2010

The management maintains the expectations of a Group pre-tax profit before value adjustment in the interval DKK 470-510m in 2010.

Further the Group now projects impairments in 2010 to be in the range of DKK 70-80m including provisions for guarantees relating to the Private Contingency Association. Impairments in 2011 are expected to be below the average level the last 15 years – corresponding to 0.5% of exposures.

<b>BankNordik, Group DKKm</b>	<b>H1 2010</b>	<b>H1 2009</b>	<b>Index</b>	<b>2009</b>
Interest and fee income and income from insurance activities, net	308	242	127	497
Staff cost and administrative expenses	195	103	189	211
Impairment charges on loans and advances etc.	35	56	63	128
Profit before tax	458	88	520	135
Cost / income, %	36.5	66.7		73.4
Earnings per share after tax (nom. DKK 100), DKK	191	37		57.3
Return on equity after tax, %	20	4.6		7

  

<b>DKKm</b>	<b>Jun. 30 2010</b>	<b>Jun. 30 2009</b>	<b>Index</b>	<b>31 Dec. 2009</b>
Assets	14,984	9,568	157	10,267
Loans and advances	8,793	7,305	120	6,938
Deposits	8,713	5,486	159	5,497
Loans from credit institutions etc.	3,217	2,269	142	2,498
Equity	2,044	1,569	130	1,663
Solvency ratio, %	17.7	22.1		26.2
Excess cover relative to statutory liquidity requirements %	288.1	196.8		275.7

Please refer to the H1 Financial Statements for further information.

The interim report is presented at a conference call for analysts and investors today at 12:30 CET. If you would like to participate in the audio cast, please dial the relevant number below a couple of minutes before the conference starts:

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

US participants dial: + 1 718 354 1226

Danish participants dial: + 45 32 71 47 67

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

### Further information:

Janus Petersen, CEO, tel. (+298) 330 340