

Interim Report Q1 2012
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15 May 2012

BANKNORDIK

**Good Q1 2012 performance for BankNordik as
expected**

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Agenda

- 2010-2012: Years of transition
- Financial Highlights Q1 2012
- The results in segments Q1 2012
- Risk profile
- Funding and capital
- Outlook
- Strategy and focus

2010-2012: Year of transition

Building a stronger business base for our banking activities

| 2010

Acquisition of Sparbank branches

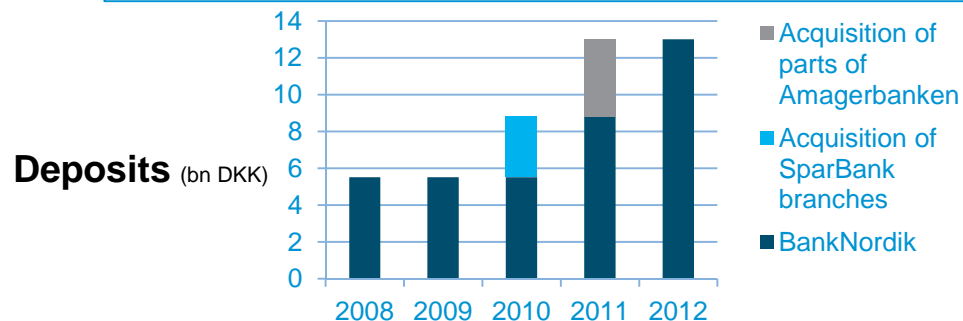
| 2011

Acquisition of healthy parts of Amagerbanken

| 2012

| 2013+

- Integration of new activities
- Focus on efficiency and synergies
- Consolidation of business
- Many one-off integration & restructuring costs



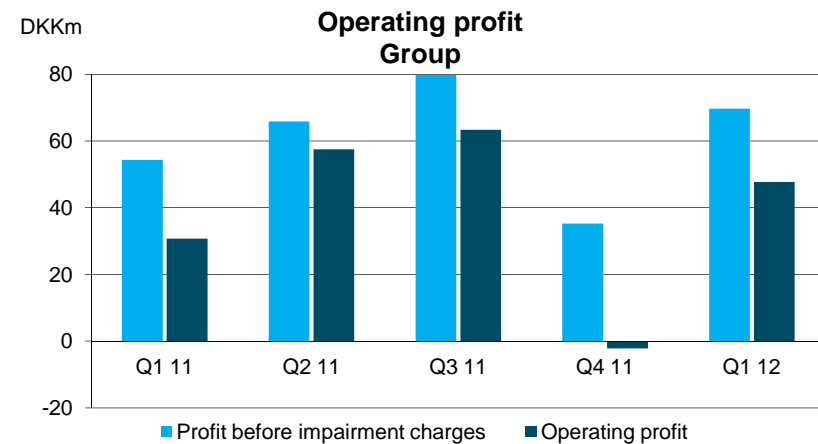
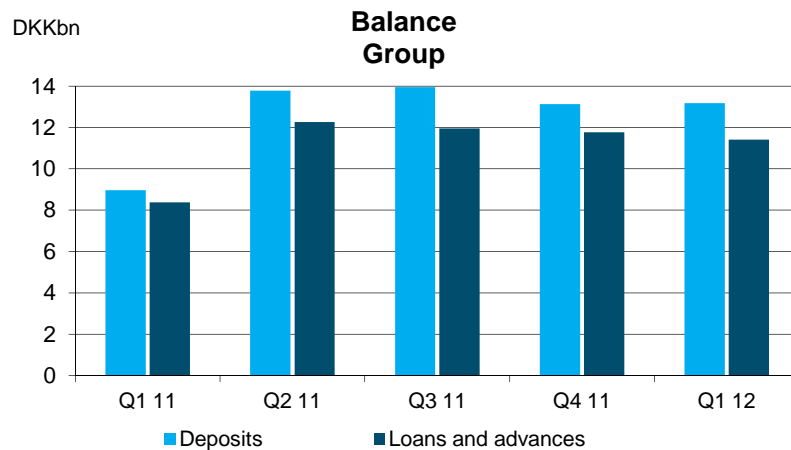
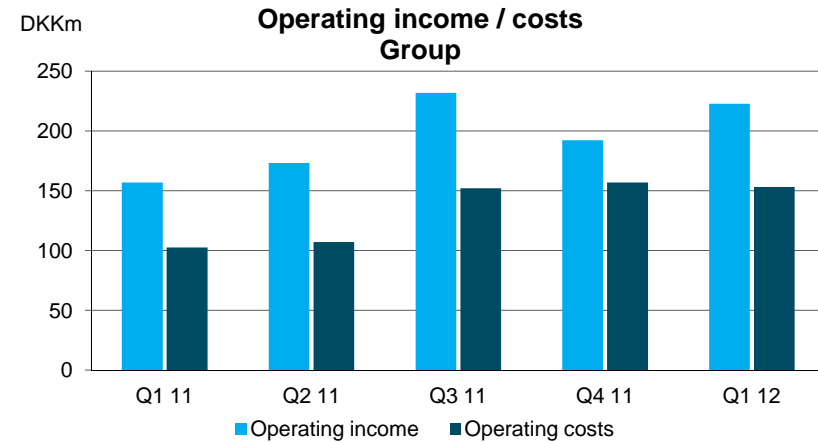
- New business base for organic growth
- Full financial effect

Financial highlights Q1 2012

- Profit before impairment charges and special items improved DKK 35m from DKK 35m in Q4 2011 to DKK 70m in Q1 2012
- Net interest and fee income increased by 3% to DKK 209m in Q1 2012 compared to Q4 2011
- Operating costs exclusive special items are DKK153m in Q1 2012 compared to DKK 157m in Q4 2011 and are expected to decrease after implementation of rationalisations
- Non-recurring costs from the integration of Amagerbanken and redundancy payments amounted to DKK 48m
- Impairment charges, net were DKK 22m and are expected to remain stable
- Solvency ratio 14.9% compared to a solvency requirement of 9.2% - and surplus liquidity coverage 169%
- The Silkeborg branch merged with the Aarhus branch and the Ilulissat and Sisimiut branches with the Nuuk branch
- Headcount reduced by 30 FTE at the end of Q1 2012 compared to year-end 2011

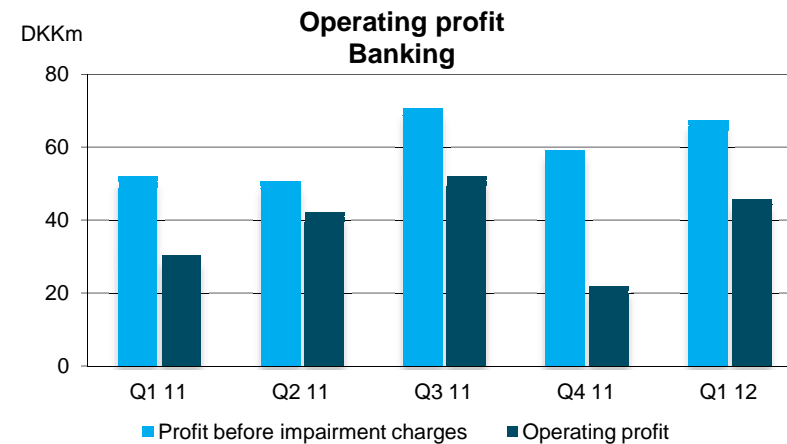
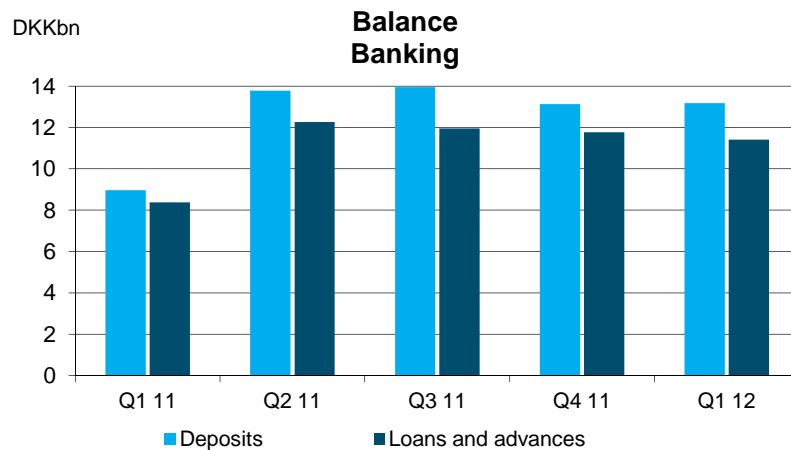
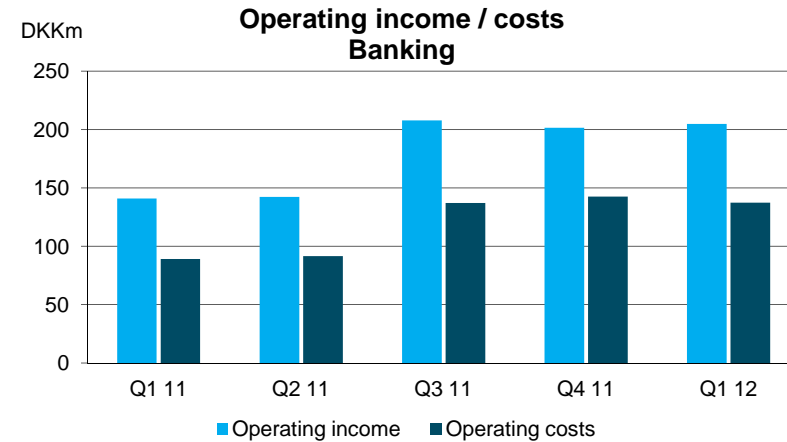
BankNordik Group

- Operating profit improved by DKK 50m from Q4 2011 to DKK 48m
- Insurance income increased by DKK27m from Q4 2011
- Integration and restructuring costs of DKK 48m
- Pre-tax profit amounted to DKK 11m
- Deposit surplus of DKK 1.7bn



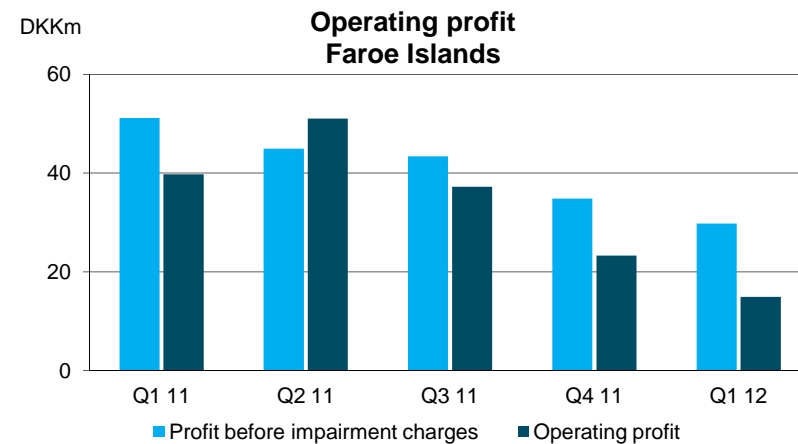
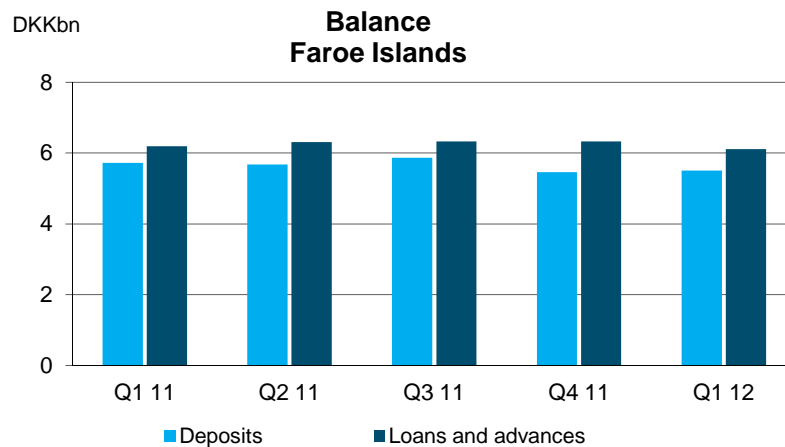
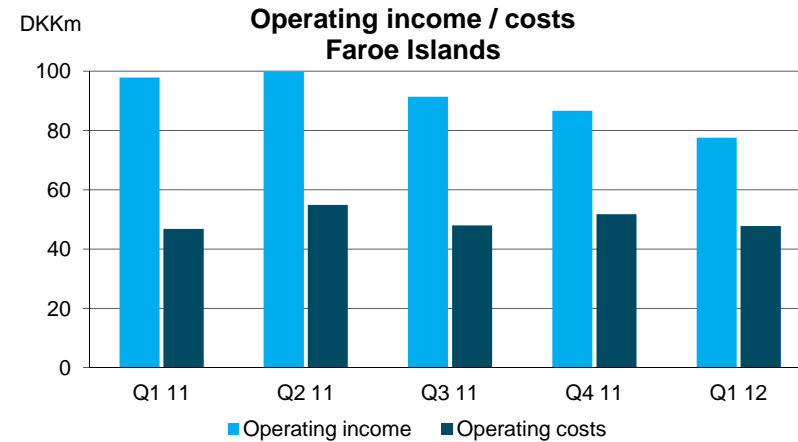
Business line: Banking

- Operating income stable
- Operating profit improved by DKK 24m from Q4 2011 to DKK 46m
- Impairment charges were DKK 22m as in line with expectation
- The number of employees has been reduced with 30 in Q1 2012



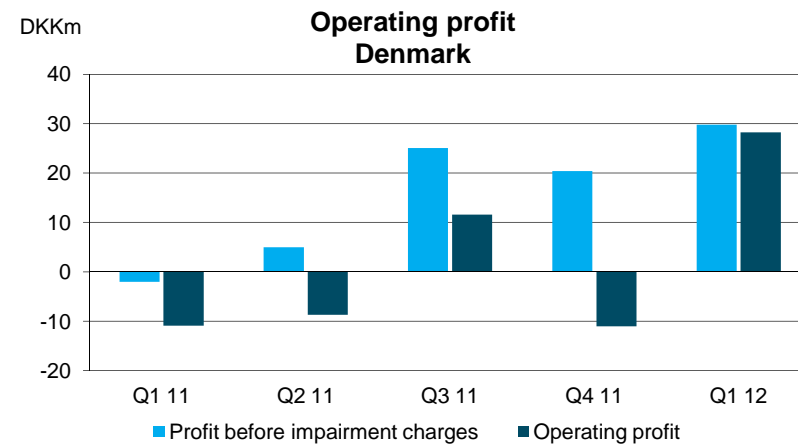
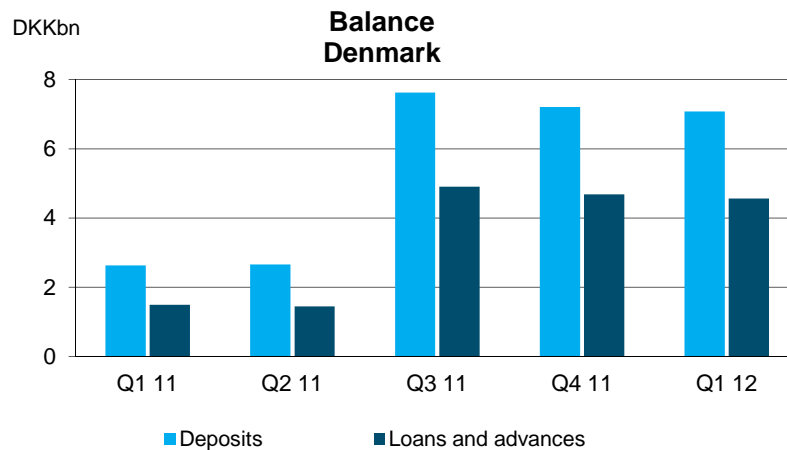
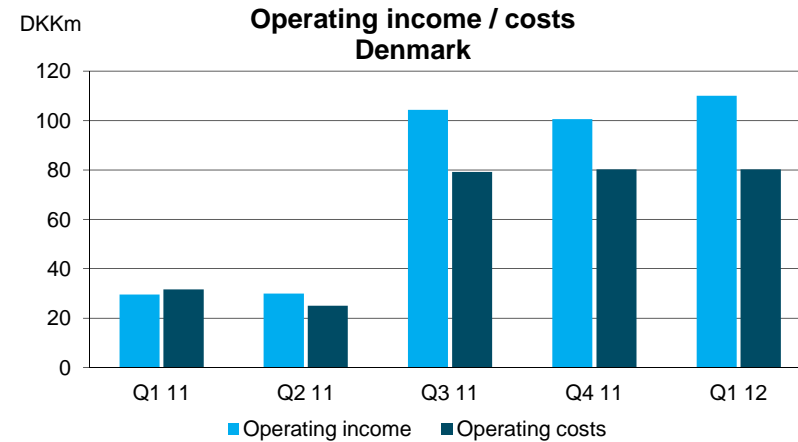
Business segment: Faroe Islands

- Operating income slightly decreasing
- Operating profit decreased by DKK 8m from Q4 2011 to DKK 15m mainly due to higher internal funding costs
- Loans and advances decreased by 4% in Q1
- Impairment charges are as expected at DKK 15m



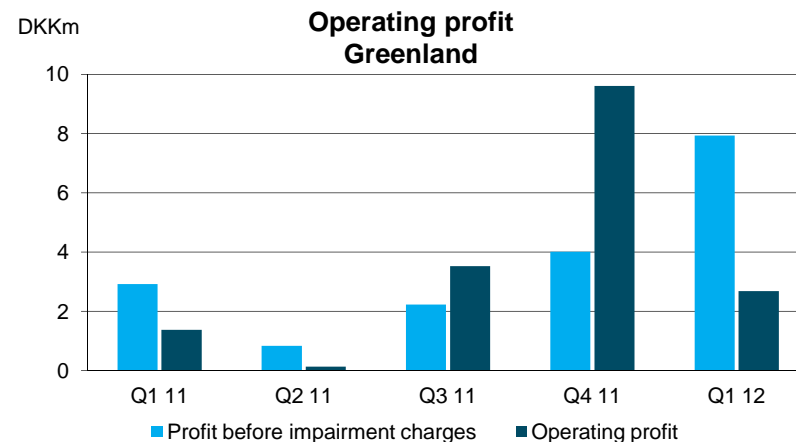
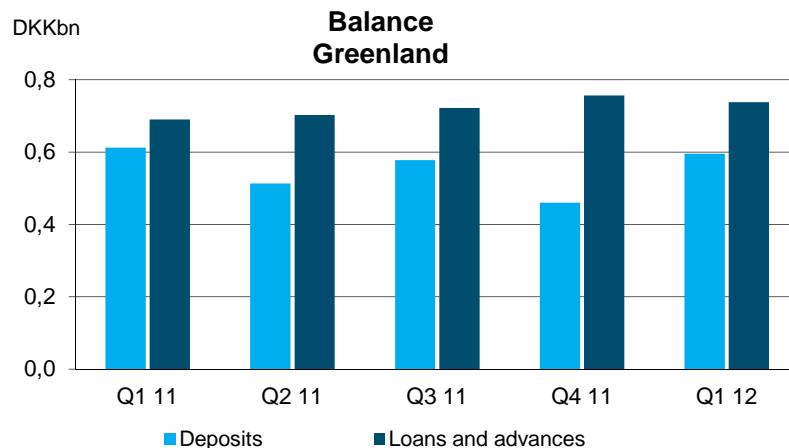
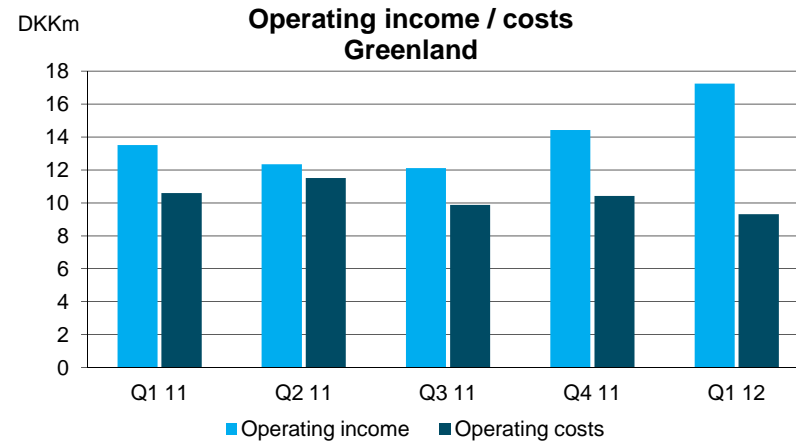
Business segment: Denmark

- Operating income increasing
- Operating profit increased by DKK 39m from Q4 2011 to DKK 28m
- Loans and advances stabilized
- Impairment charges are as expected
- Rationalizations and merge of Silkeborg branch into Århus branch.



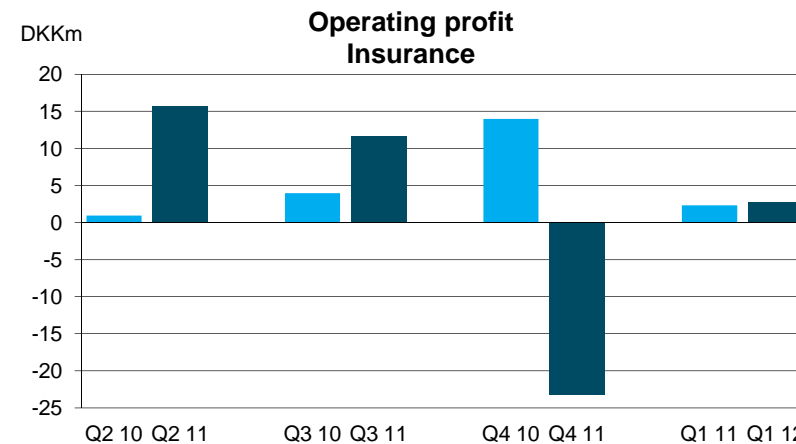
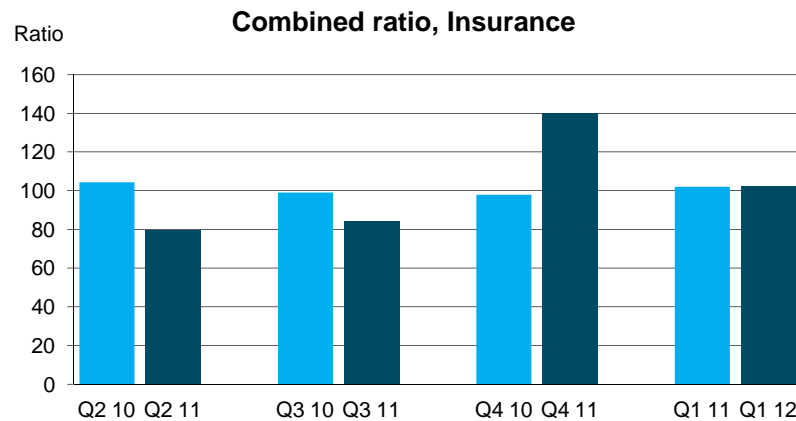
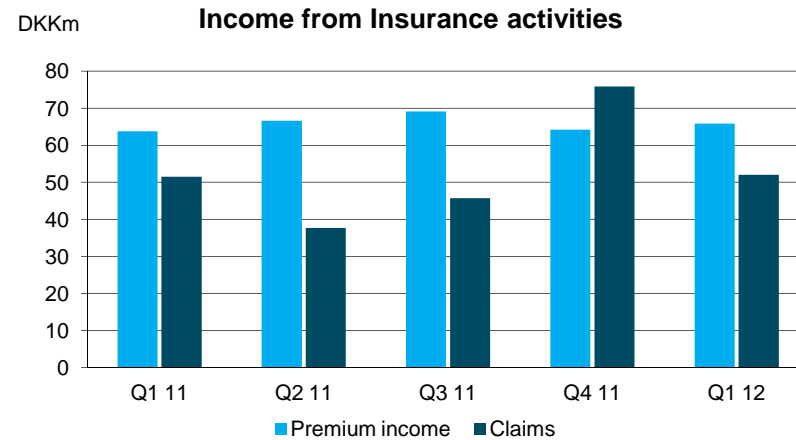
Business segment: Greenland

- Operating income increasing by DKK 3m
- Operating profit increased by DKK 4m from Q4 2011 to DKK 8m
- Loans and advances stabilized since Q1 2011
- Impairment charges not satisfactory
- Centralized the bank activities in Nuuk



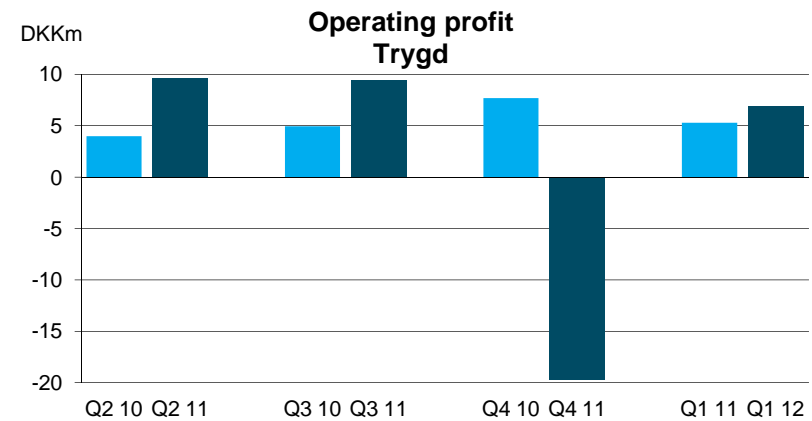
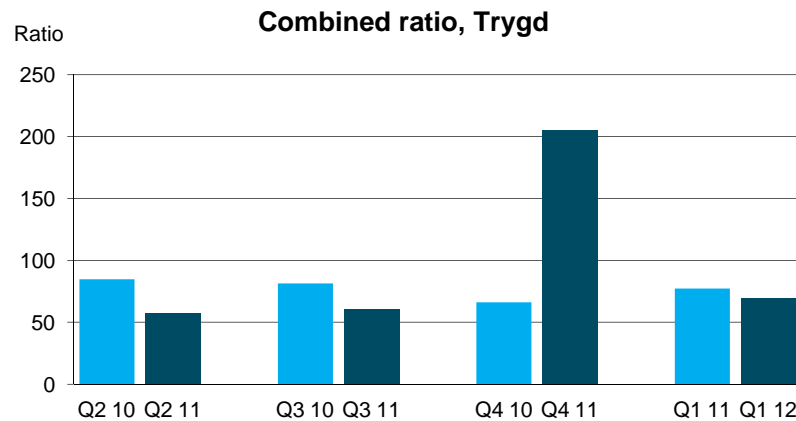
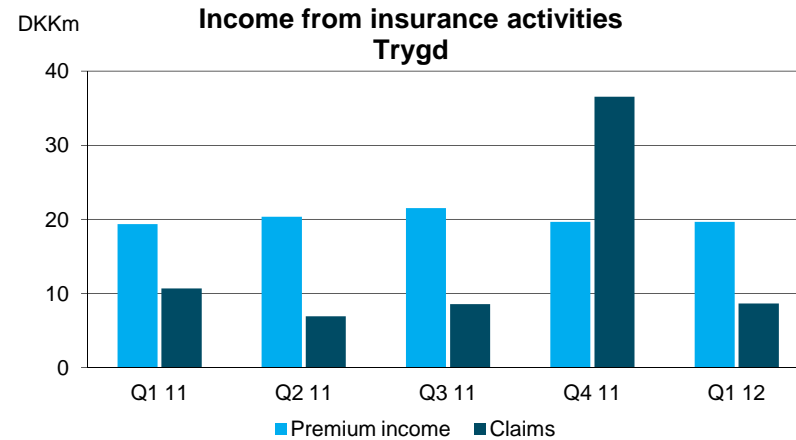
Business line: Insurance

- Income from insurance activities increasing by DKK 27m to DKK 18m compared to Q4 2011
- Claims in Q4 2011 was affected by severe storms in Faroe islands.
- Operating income increased by DKK 1m compared to Q1 2011



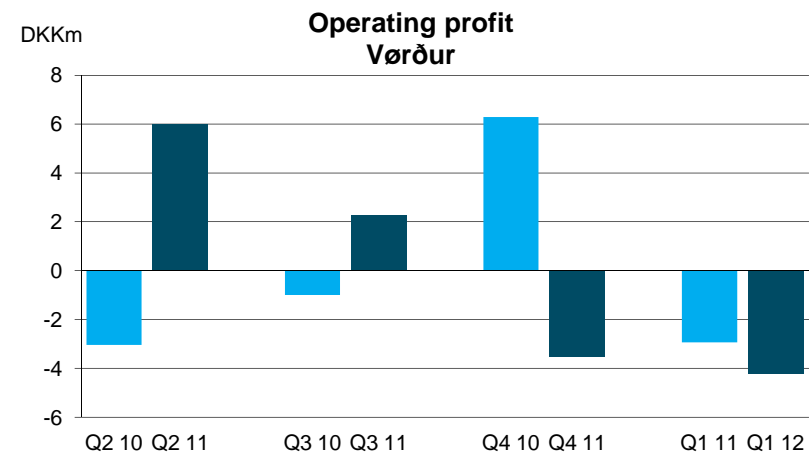
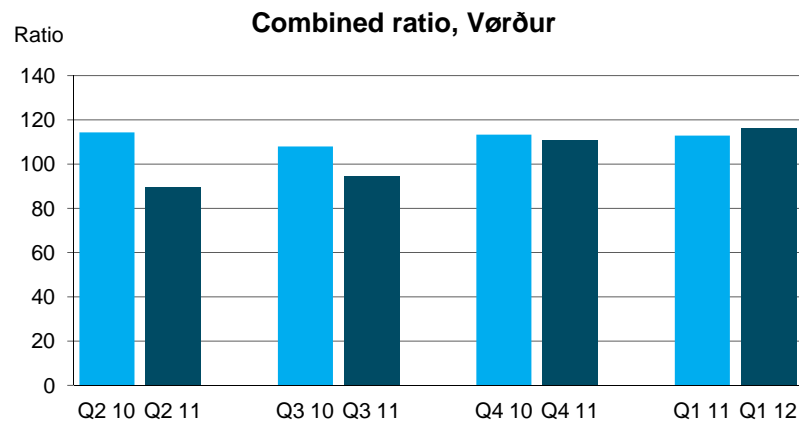
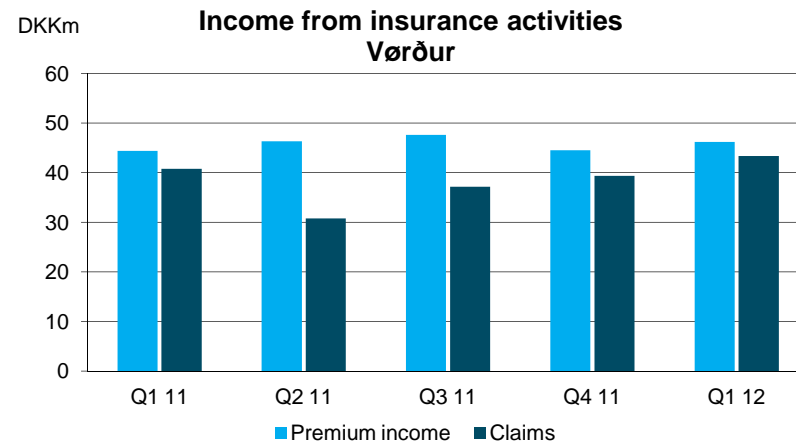
Business segment: Faroe Islands

- Income from insurance activities increasing by DKK 28m to DKK 12m compared to Q4 2011
- Claims in Q4 2011 was affected by severe storms
- Operating income increased by DKK 2 m compared to Q1 2011



Business segment: Iceland

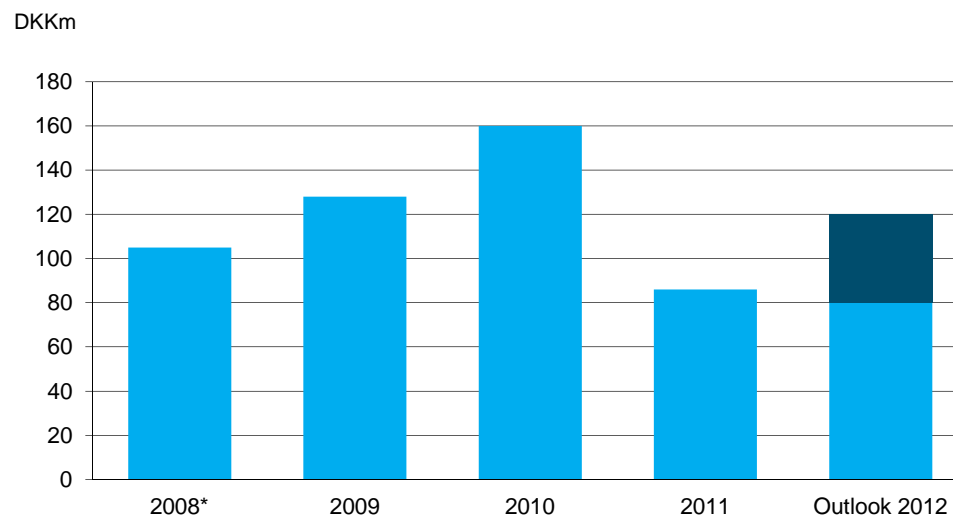
- Income from insurance activities decreased by DKK 1m to DKK 6m compared to Q4 2011
- Operating income at the same level compared to Q1 2011



Impairments

Impairment level as expected

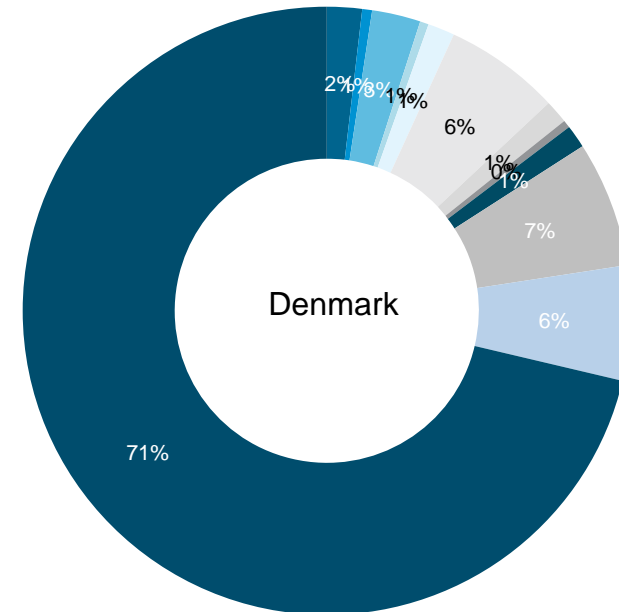
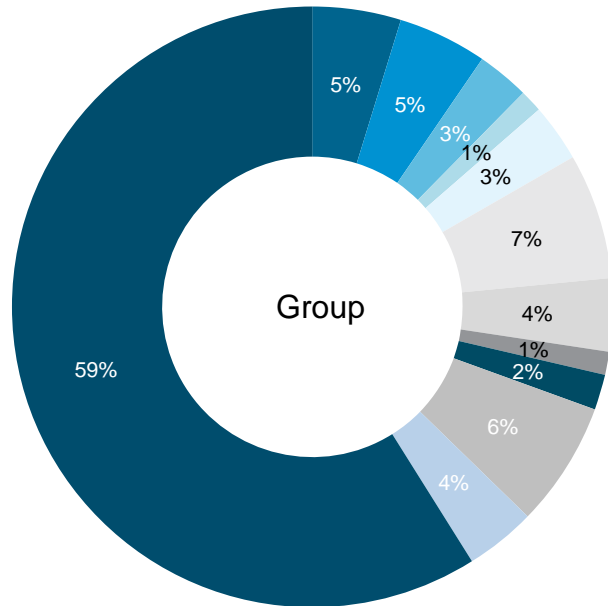
- Impairment charges, net amounting to DKK 22m in Q1 2012
- BankNordik's average level approx. 0.8 per cent during the last fifteen years
- Outlook is 80 – 120m



** Previous GAAP, the parent company*

Loan, advances and guarantees on sector

Only 36% corporate and good diversification

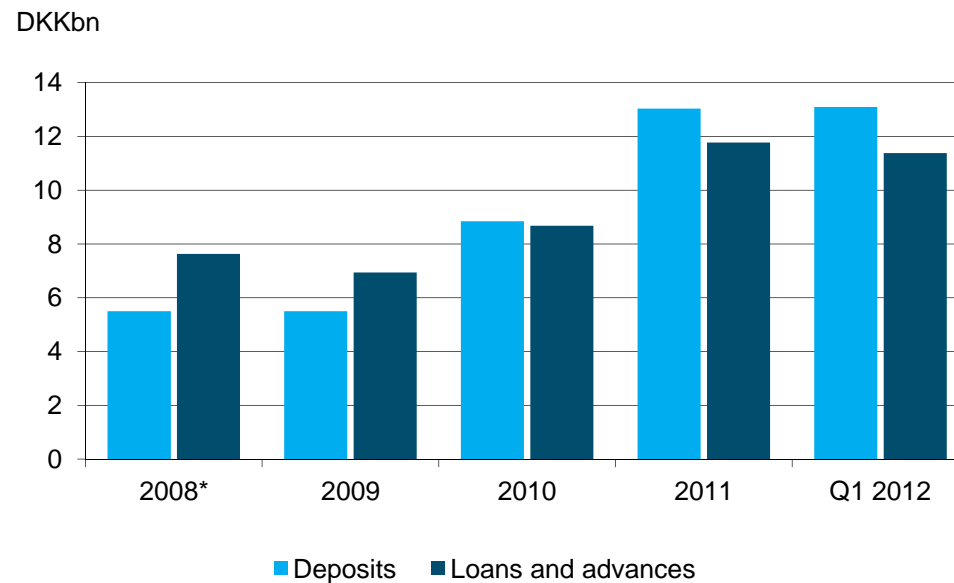


- Public
- Industry and raw material extraction
- Building and construction
- Transport etc
- Financing and insurance
- Other industries

- Fisheries
- Energy supply
- Trade
- Information and communications
- Real property
- Private

Funding in place and strong solvency

- Deposit surplus DKK 1.7 billion
- Solvency 14.9% (requirement is 9.2%)
- Relative to liquidity requirement 168%



** Previous GAAP, the parent company*

Outlook 2012

(Announced 13 December 2011)

- Profit before value adjustments, tax, sector costs DKK 100-170m (2011: DKK 50m)
 - Expected impairment charges DKK 80-120m (2011: DKK 86m)
 - One-off costs from acquisition and integration DKK 30-50m (2011: DKK 99m)
 - Profit before non-recurring costs relating to the integration DKK 150-200m (2011: DKK 149m)
 - Loans and advances are expected to be at the level at 31 December 2011

Strategy and focus 2012 – 2014

Improved businessplatform in place

Strategy

- Proximity to the customers
- Tight risk management
- Operational profitability

Strategic assets

- 180.000 customers
- 600 employees
- Profitable business concept
- Sound credit portfolio
- Strong geographical and industry diversification

Strategy and focus 2012 – 2014

ROE 12 % before tax

Key management priorities

- Integration of the new activities
- Attaining synergies
- Organic growth

Financial targets for 2012-2014

- ROE of 12% before tax
- C/I ratio not higher than 60%
- Solvency 13–16%
- No decline in RWA
- Excess liquidity cover of 100%

BankNordik is moving forward based on firm strategy

- Proximity to the customers
- Tight risk management
- Operational profitability

Appendices

- Group
- Banking
- Faroe Islands
- Denmark
- Greenland
- Insurance
- Trygd
- Vørður

Group

DKKm	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Year 2011
Operating income	157	173	232	192	223	754
Operating costs	103	107	152	157	153	519
Profit before impairment charges	54	66	80	35	70	235
Impairment charges	28	11	19	43	26	101
Reversals of acquired OEI impairments	-4	-3	-2	-6	-4	-15
Operating profit	31	58	63	-2	48	149
Special items	-20	-35	-33	-31	-37	-119
Adjustment of external funding	-7	-7	-4	-1	0	-19
Integration and restructuring costs	-3	-6	-35	-55	-48	-99
Sector costs	0	-17	3	-7	-5	-21
Market value adjustments	-17	-5	5	27	17	10
Other items	7	1	-2	5	0	11
Profit before tax (as reported)	10	23	30	-33	11	31

Banking

DKKm	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Year 2011
Operating income	141	142	208	202	205	693
Operating costs	89	91	137	142	137	460
Profit before impairment charges	52	51	71	59	68	233
Impairment charges	26	11	21	43	26	101
Reversals of acquired OEI impairments	-4	-3	-2	-6	-4	-15
Operating profit	30	42	52	22	46	147
Special items	-29	-35	-33	-39	-45	-136
Adjustment of external funding	-7	-7	-4	-1	0	-19
Integration and restructuring costs	-3	-6	-35	-55	-48	-99
Sector costs	0	-17	3	-7	-5	-21
Market value adjustments	-24	-3	4	18	10	-6
Other items	5	-1	-1	6	-1	9
Profit before tax (as reported)	1	7	19	-17	1	10

Faroe Islands

DKKm	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Year 2011
Operating income	98	100	91	87	78	376
Operating costs	47	55	48	52	48	201
Profit before impairment charges	51	45	43	35	30	174
Impairment charges	11	-6	6	12	15	23
Operating profit	40	51	37	23	15	151
Special items	-27	-26	-1	5	2	-49
Adjustment of external funding	-7	-7	-4	-1	0	-19
Integration and restructuring costs	-1	-1	-1	-1	-5	-2
Sector costs	0	-17	3	-7	-2	-21
Market value adjustments	-24	0	1	8	10	-16
Other items	5	-1	-1	6	-1	9
Profit before tax (as reported)	13	25	37	28	17	102

Denmark

DKKm	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Year 2011
Operating income	30	30	104	101	110	264
Operating costs	32	25	79	80	80	216
Profit before impairment charges	-2	5	25	20	30	48
Impairment charges	13	16	14	35	6	78
Reversals of acquired OEI impairments	-4	-2	0	-4	-4	-11
Operating profit	-11	-9	12	-11	28	-19
Special items	-2	-7	-33	-44	-46	-87
Adjustment of external funding	0	0	0	0	0	0
Integration and restructuring costs	-3	-6	-35	-54	-43	-97
Sector costs	0	0	0	0	-3	0
Market value adjustments	0	-2	1	10	0	10
Other items	0	0	0	0	0	0
Profit before tax (as reported)	-13	-16	-22	-55	-18	-106

Greenland

DKKm	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Year 2011
Operating income	14	12	12	14	17	52
Operating costs	11	12	10	10	9	42
Profit before impairment charges	3	1	2	4	8	10
Impairment charges	2	1	1	-4	5	0
Reversals of acquired OEI impairments	0	0	-2	-2	0	-4
Operating profit	1	0	4	10	3	15
Special items	0	-2	1	0	0	-1
Adjustment of external funding	0	0	0	0	0	0
Integration and restructuring costs	0	0	0	0	0	0
Sector costs	0	0	0	0	0	0
Market value adjustments	0	-2	1	0	0	-1
Other items	0	0	0	0	0	0
Profit before tax (as reported)	2	-1	5	9	2	14

Insurance

DKKm	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Year 2011
Operating income	16	31	24	-9	18	62
Operating costs	14	15	12	14	15	55
Profit before impairment charges	2	16	12	-23	3	6
Impairment charges	0	0	0	0	0	0
Operating profit	2	16	12	-23	3	6
Special items	4	-2	3	9	3	13
Adjustment of external funding	0	0	0	0	0	0
Integration and restructuring costs	0	0	0	0	0	0
Sector costs	0	0	0	0	0	0
Market value adjustments	4	-2	3	9	3	13
Other items	0	0	0	0	0	0
Profit before tax (as reported)	6	13	14	-14	6	20

Trygd

DKKm	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Year 2011
Operating income	10	14	14	-16	12	22
Operating costs	4	5	5	4	5	17
Profit before impairment charges	5	10	9	-20	7	5
Impairment charges	0	0	0	0	0	0
Operating profit	5	10	9	-20	7	5
Special items	0	0	0	0	0	0
Adjustment of external funding	0	0	0	0	0	0
Integration and restructuring costs	0	0	0	0	0	0
Sector costs	0	0	0	0	0	0
Market value adjustments	0	0	0	0	0	0
Other items	0	0	0	0	0	0
Profit before tax (as reported)	5	10	10	-20	7	5

Vörður

DKKm	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Year 2011
Operating income	6	17	10	7	6	40
Operating costs	9	11	8	10	10	38
Profit before impairment charges	-3	6	2	-3	-4	2
Impairment charges	0	0	0	0	0	0
Operating profit	-3	6	2	-4	-4	2
Special items	4	-2	2	9	4	13
Adjustment of external funding	0	0	0	0	0	0
Integration and restructuring costs	0	0	0	0	0	0
Sector costs	0	0	0	0	0	0
Market value adjustments	4	-2	2	9	4	13
Other items	0	0	0	0	0	0
Profit before tax (as reported)	1	4	5	5	-1	15
