

# Interim Report

## H1 2015

5 August 2015

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## Highlights, ratios and key figures - BankNordik Group

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

## Ratios and key figures

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

# Financial review

## Highlights H1 2015

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

## Highlights Q2 2015

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

## Income statement

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

### Income statement, Group

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

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

\*\*Incl. Net income from investment activities

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

**Operating income**

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

**Net interest income**

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

**Net fees and commissions**

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

**Insurance income, net**

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

**Operating and sector costs**

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

**Profit before impairment charges**

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

**Impairment charges**

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

**Operating profit**

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

**Balance sheet**

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

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

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

## Compliance with the Danish FSA Supervisory Diamond

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

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

## Events after the balance sheet date

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

## Outlook 2015

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

# BankNordik Group by segment

## Banking: Faroe Islands

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

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

### Income statement, Faroe Islands

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

## Banking: Denmark

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

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

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

### Income statement, Denmark

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



## Banking: Greenland

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

Lending and deposits both increased compared with Q1 2015.

### Income statement, Greenland

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

## Insurance: Trygd (Faroe Islands)

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

### Income statement, Trygd

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

## Insurance: Vörður (Iceland)

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

### Income statement, Vörður

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

## Income statement

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

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

## Statement of comprehensive income - BankNordik Group

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

## Balance Sheet

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

## Balance Sheet

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

## Statement of capital - BankNordik Group

## Changes in shareholders' equity:

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

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

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

## Statement of capital - BankNordik P/F

## Changes in shareholders' equity:

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

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

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

## Capital and Solvency - BankNordik

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

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



## Cash flow statement - BankNordik Group

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

## Note 1 Significant accounting policies

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

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

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

### Future financial reporting standards and interpretations

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

### Accounting estimates

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

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

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

### Determination of fair value

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

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

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

## Notes - BankNordik Group

Note Operating segments H1 2015		Banking				Insurance			Other	Elimination	Group
DKK 1,000		Faroe Islands	Denmark	Greenland	Total	Faroe Islands	Iceland	Total			
External interest income, Net		127,685	101,949	17,500	247,134	868	4,800	5,668	14		252,817
Internal interest		-10,714	11,774	-1,060	0						0
<b>Net interest income</b>		<b>116,971</b>	<b>113,723</b>	<b>16,440</b>	<b>247,134</b>	<b>868</b>	<b>4,800</b>	<b>5,668</b>	<b>14</b>		<b>252,817</b>
<b>Net Fee and dividends income</b>		<b>30,701</b>	<b>86,007</b>	<b>5,297</b>	<b>122,005</b>		<b>-4,474</b>	<b>-4,474</b>			<b>117,531</b>
Premium income, net of reinsurance						41,149	130,574	171,723		-696	171,028
<b>Net premium income of reinsurance and claims</b>						<b>10,494</b>	<b>7,028</b>	<b>17,522</b>		<b>-696</b>	<b>16,827</b>
Other income		-12,152	479	599	-11,074	-1,305	21,383	20,078	1,808	-496	10,317
<b>Total income</b>		<b>135,520</b>	<b>200,208</b>	<b>22,336</b>	<b>358,065</b>	<b>10,057</b>	<b>28,738</b>	<b>38,795</b>	<b>1,822</b>	<b>-1,191</b>	<b>397,491</b>
<b>Total operating expenses</b>		<b>96,769</b>	<b>158,996</b>	<b>14,047</b>	<b>269,812</b>	<b>9,420</b>	<b>22,747</b>	<b>32,167</b>	<b>1,891</b>	<b>-1,191</b>	<b>302,679</b>
<b>Profit before impairment charges on loans</b>		<b>38,752</b>	<b>41,212</b>	<b>8,289</b>	<b>88,253</b>	<b>637</b>	<b>5,991</b>	<b>6,628</b>	<b>-69</b>	<b>0</b>	<b>94,812</b>
Impairment charges, incl. reversals of acquired OEI impairments		-1,554	16,549	369	15,364						15,364
<b>Profit before tax</b>		<b>40,306</b>	<b>24,663</b>	<b>7,920</b>	<b>72,888</b>	<b>637</b>	<b>5,991</b>	<b>6,628</b>	<b>-69</b>		<b>79,447</b>
<b>Total assets</b>		<b>10,853,109</b>	<b>7,478,959</b>	<b>736,681</b>	<b>19,068,750</b>	<b>188,543</b>	<b>505,924</b>	<b>694,467</b>	<b>23,928</b>	<b>-2,865,936</b>	<b>16,921,208</b>
of which Loans and advances		5,840,653	4,156,654	689,199	10,686,507						10,686,507
<b>Total liabilities and equity</b>		<b>10,853,109</b>	<b>7,478,959</b>	<b>736,681</b>	<b>19,068,750</b>	<b>188,543</b>	<b>505,924</b>	<b>694,467</b>	<b>23,928</b>	<b>-2,865,936</b>	<b>16,921,208</b>
of which Deposits		5,782,030	6,682,391	470,405	12,934,826					-98,664	12,836,162
of which Insurance liabilities						66,379	292,797	359,176			359,176

  

Operating segments H1 2014		Banking				Insurance			Other	Elimination	Group
DKK 1,000		Faroe Islands	Denmark	Greenland	Total	Faroe Islands	Iceland	Total			
External interest income, Net		137,413	92,749	21,770	251,932	1,072	5,371	6,443	19		258,394
Internal interest		-30,265	33,402	-3,137	0						0
<b>Net interest income</b>		<b>107,148</b>	<b>126,151</b>	<b>18,633</b>	<b>251,932</b>	<b>1,072</b>	<b>5,371</b>	<b>6,443</b>	<b>19</b>		<b>258,394</b>
<b>Net Fee and dividends income</b>		<b>33,737</b>	<b>60,859</b>	<b>4,655</b>	<b>99,250</b>		<b>1,328</b>	<b>1,328</b>			<b>100,578</b>
Premium income, net of reinsurance						39,085	116,220	155,304		-881	154,423
<b>Net premium income of reinsurance and claims</b>						<b>11,251</b>	<b>17,688</b>	<b>28,939</b>	<b>0</b>	<b>-881</b>	<b>28,058</b>
Other income		30,795	5,246	719	36,761	1,220	-11,178	-9,958	-4,108	-495	22,201
<b>Total income</b>		<b>171,680</b>	<b>192,256</b>	<b>24,008</b>	<b>387,943</b>	<b>13,543</b>	<b>13,208</b>	<b>26,751</b>	<b>-4,088</b>	<b>-1,376</b>	<b>409,230</b>
<b>Total operating expenses</b>		<b>93,786</b>	<b>147,139</b>	<b>14,421</b>	<b>255,346</b>	<b>8,896</b>	<b>20,397</b>	<b>29,293</b>	<b>1,685</b>	<b>-1,376</b>	<b>284,949</b>
<b>Profit before impairment charges on loans</b>		<b>77,893</b>	<b>45,117</b>	<b>9,586</b>	<b>132,597</b>	<b>4,647</b>	<b>-7,189</b>	<b>-2,542</b>	<b>-5,774</b>	<b>0</b>	<b>124,281</b>
Impairment charges, incl. reversals of acquired OEI impairments		23,975	11,604	4,042	39,622						39,622
<b>Profit before tax</b>		<b>53,918</b>	<b>33,513</b>	<b>5,544</b>	<b>92,975</b>	<b>4,647</b>	<b>-7,189</b>	<b>-2,542</b>	<b>-5,774</b>		<b>84,659</b>
<b>Total assets</b>		<b>10,202,382</b>	<b>7,454,967</b>	<b>783,988</b>	<b>18,441,337</b>	<b>174,790</b>	<b>414,155</b>	<b>588,945</b>	<b>19,482</b>	<b>-2,943,484</b>	<b>16,106,281</b>
of which Loans and advances		5,763,462	3,707,351	736,497	10,207,310						10,207,310
<b>Total liabilities and equity</b>		<b>10,202,382</b>	<b>7,454,967</b>	<b>783,988</b>	<b>18,441,337</b>	<b>174,790</b>	<b>414,155</b>	<b>588,945</b>	<b>19,482</b>	<b>-2,943,484</b>	<b>16,106,281</b>
of which Deposits		5,337,426	6,500,766	525,699	12,363,891					-82,662	12,281,228
of which Insurance liabilities						77,087	300,215	377,301			377,301

## BankNordik Group - Geographical revenue information

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

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

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

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

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

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

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

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

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

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

The interim report has not been audited or reviewed.

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

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

Tórshavn, 5 August 2015

### *Executive Board*

Janus Petersen  
CEO

John Rajani  
Deputy CEO

### *Board of Directors*

Stine Bosse  
Chairman

Rúni Vang Poulsen  
Vice chairman

Súsanna Poulsen

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Tórhallur Olsen

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BankNordik is a limited liability  
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The company is listed on the  
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