

Interim Report

H1 2016

4 August 2016

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Highlights, ratios and key figures - BankNordik Group

Highlights DKK 1,000	H1	H1	Index	Q2	Q1	Q4	Q3	Q2
	2016	2015		16 / 15	2016	2016	2015	2015
Net interest income	210,111	241,708	87	97,581	112,531	110,945	116,000	122,122
Dividends from shares and other investments	9,354	9,087	103	9,140	214	62	95	7,868
Net fee and commission income	86,380	112,918	76	41,706	44,674	52,014	51,908	59,237
Net interest and fee income	305,846	363,712	84	148,427	157,419	163,021	168,002	189,226
Net insurance income	19,922	9,799	203	11,496	8,426	7,788	10,271	10,245
Interest and fee income and income from insurance activities, net	325,768	373,511	87	159,922	165,845	170,809	178,273	199,471
Market value adjustments	9,872	-14,279		12,585	-2,712	-4,432	-20,040	-48,209
Other operating income	18,548	11,845	157	13,379	5,168	26,494	20,160	7,906
Staff cost and administrative expenses	239,495	258,922	92	112,198	127,298	127,629	127,452	136,928
Impairment charges on loans and advances etc.	9,607	22,065	44	6,974	2,633	26,091	11,500	-273
Net profit continued operations	77,187	45,197	171	48,423	28,764	-323,829	24,638	-339
Net profit discontinued operations	-6,846	6,375		1,346	-8,192	15,819	11,358	2,759
Net profit	70,341	51,573	136	49,769	20,572	-308,010	35,996	2,421
Loans and advances	9,394,601	10,680,198	88	9,394,601	9,961,083	10,675,180	10,668,988	10,680,198
Bonds at fair value	4,343,250	3,669,471	118	4,343,250	3,895,295	3,398,816	3,751,795	3,669,471
Intangible assets	0	523,455	0	0	0	0	470,878	523,455
Assets held for sale	32,755	35,390	93	32,755	35,435	35,402	40,079	35,390
Assets in disposals groups classified as held for sale						581,280	572,260	0
Total assets	16,419,074	16,914,900	97	16,419,074	16,213,273	16,247,814	16,873,278	16,914,900
Due to credit institutions and central banks	615,761	671,736	92	615,761	592,015	574,791	568,444	671,736
Deposits and other debt	12,949,228	12,836,162	101	12,949,228	12,532,321	12,680,157	12,753,863	12,836,162
Total shareholders' equity	1,811,544	2,041,226	89	1,811,544	1,767,240	1,766,335	2,073,294	2,035,485

Ratios and key figures	June 30	June 30	June 30	March 31	Dec. 31	Sept. 30	June 30
	2016	2015	2016	2016	2015	2015	2015
Solvency							
Solvency ratio, %	17.1	15.0	17.1	17.2	16.8	15.6	15.0
Core capital ratio, %	15.1	13.2	15.1	15.2	14.8	13.6	13.2
Core capital ratio excl. hybrid core capital, end of period, %	15.1	12.2	15.1	14.4	13.9	12.7	12.2
Risk-weighted items, DKK mill	10,577	12,129	10,577	10,984	11,463	11,989	12,129
Profitability							
Return on equity after tax, %	3.9	2.6	2.8	1.2	-16.0	1.7	0.1
Cost / income, %	73.0	81.8	67.3	79.2	340.9	83.8	93.6
Cost / income, % (excl. value adjustm. and impairments)	72.3	73.0	68.1	76.4	320.1	69.5	71.8
Return on assets	0.4	0.3	0.3	0.1	-1.9	0.2	0.0
Market risk							
Interest rate risk, %	1.7	2.6	1.7	2.7	2.2	3.7	2.6
Foreign exchange position, %	9.6	8.3	9.6	8.8	9.5	10.3	8.3
Liquidity							
Excess cover relative to statutory liquidity requirements, %	254.3	173.1	254.3	207.3	166.8	174.9	173.1
Credit risk							
Growth on loans and advances, %	-12.0	1.8	-5.7	-6.7	0.1	-0.1	0.5
Gearing of loans and advances	5.2	5.2	5.2	5.6	6.0	5.1	5.2
Impairment and provisioning ratio, end of period, %	5.4	4.4	5.4	5.1	4.9	4.5	4.4
Write-off and provisioning ratio, %	0.1	0.0	0.1	0.0	0.2	0.1	0.0
Share of amounts due on which interest rates have been reduced, end of period, %	0.9	1.4	0.9	0.9	1.1	1.3	1.4
Shares							
Earnings per share after tax (nom. DKK 20), DKK	7.1	5.2	5.1	2.1	-31.2	3.6	0.2
Market price per share (nom. DKK 20), DKK	114	122	114	114	128	154	122
Book value per share (nom. DKK 20), DKK	185	207	185	179	179	210	207
Other							
Number of full-time employees, end of period	464	490	464	477	459	476	490

Financial figures of discontinued operations have been excluded from the highlights table. Ratios and key figures are calculated on the basis of the total results, i.e. both continuing and discontinued operations.

Financial review

Highlights H1 2016

- Net interest income was down by DKK 32m year-on-year primarily due to pressure on interest margins, but also due to the controlled run-off of corporate lending in Denmark and from the lower investment portfolio income.
- Fee and commission income fell to DKK 96m in H1 2016 from DKK 122m in H1 2015 owing to a pull-back in mortgage-broking activity to normal levels after a high level of activity in H1 2015, as well as lower income from corporate activities in Denmark.
- Net insurance income was up by DKK 10m to DKK 20m from DKK 10m in H1 2015 as claims were lower.
- Operating costs fell to DKK 232m in H1 2016 relative to DKK 255m in H1 2015, which is consistent with the progress made in refocusing the Group's core activities.
- Net impairment charges on loans were a reversal of DKK 4m in H1 2016 compared to net impairment charges of DKK 15m in H1 2015.
- Operating profit increased to DKK 101m in H1 2016 from DKK 97m in H1 2015.
- Non-recurring items in H1 2016 amounted to DKK 12m versus DKK 14m in H1 2015
- Value adjustments were a gain of DKK 7m in H1 2016 compared to a loss of DKK 16m in H1 2015.
- Discontinued activities before tax related to Vörður amounted to a loss of DKK 9m in H1 2016 compared to a profit of DKK 6m in H1 2015.
- Profit before tax, including discontinued activities from Vörður, were DKK 86m in H1 2016 compared to DKK 73m in H1 2015.

Highlights Q2 2016

- Net interest income was down by DKK 15m in Q2 2016 compared to Q1 2016, primarily due to the winding-up of corporate activities in Denmark, but also because of increased pressure on interest margins.
- Fee and commission income amounted to DKK 51m in Q2 2016, up by DKK 6m compared to Q1 2016.
- Net insurance income was up by DKK 3m to DKK 11m compared to Q1 2016.
- Operating costs were down by DKK 2m to DKK 115m in Q2 2016 compared to DKK 117m in Q1 2016.
- Net impairment charges on loans were a reversal of DKK 3m in Q2 2016 compared to a reversal of DKK 1m in Q1 2016.
- Operating profit amounted to DKK 50m in Q2 2016, flat compared to Q1 2016.
- There were no non-recurring items in Q2 2016 versus non-recurring items of DKK 12m in Q1 2016.
- Value adjustments amounted to a gain of DKK 9m in Q2 2016 compared to a loss of DKK 3m in Q1 2016
- Discontinued activities before tax relating to Vörður amounted to a profit of DKK 1m in Q2 2016 compared to a loss of DKK 10m in Q1 2016.
- Profit before tax, including discontinued activities from Vörður, were DKK 61m in Q2 2016 compared to DKK 25m in Q1 2016.

As announced on 22 June 2015, BankNordik has initiated a process to sell its Icelandic insurance subsidiary. As a result, Vörður is presented separately in the income statement. See note 10 for further information.

Income statement

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

Income statement, Group

DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net interest income	210	242	87	98	113	111	116	122
Net fee and commission income	96	122	78	51	45	52	52	67
Net insurance income	20	10		11	8	8	10	10
Other operating income	5	5	97	3	2	4	2	3
Operating income	331	379	87	163	168	175	180	203
Operating costs	-232	-255	91	-115	-117	-122	-122	-128
Sector costs	-2	-11	20	-1	-1	-5	-5	-6
Profit before impairment charges	97	112	86	47	49	47	54	69
Impairment charges	-10	-22	44	-10	-3	-26	-12	0
Reversals of acquired OEI impairments	14	7	202	14	3	15	18	5
Impairment charges, net	4	-15		3	1	-11	7	5
Operating profit	101	97	104	50	50	36	60	74
Impairment charges, intangible assets	0	0		0	0	-468	0	0
Non-recurring items	-12	-14		0	-12	-29	-11	-14
Profit before value adjustments and tax	88	83	106	50	38	-461	49	60
Market value adjustments*	7	-16		9	-3	-4	-20	-50
Profit before tax, continuing operations	95	67	141	60	35	-465	29	10
Profit before tax, discontinued operations (Vörður)	-9	6		1	-10	18	13	2
Profit before tax, total	86	73	117	61	25	-447	42	12
Operating cost/income, %	70	67		70	70	70	67	63
Number of FTE, end of period (incl. Vörður)	464	490	95	464	477	459	478	490

*Incl. Net income from investment activities

The following comments relate to the adjusted figures and are generally stated relative to Q1 2016. Due to seasonal variations, comments on the insurance segment are also made relative to Q1 2015.

Operating income

The BankNordik Group generated operating income of DKK 163m in Q2 2016, which was 3% less than in Q1 2016.

Net interest income

Net interest income fell by DKK 15m in Q2 2016 compared to Q1 2016, mainly as a result of the controlled run-off of corporate lending in Denmark, but also due to the continuous pressure on interest margins. It should be noted, however, that a majority of the corporate loans settled in Q1 2016 were wound-up in March and therefore did not have full effect on net interest income until in Q2 2016.

Net fees and commissions

Net fee and commission income amounted to DKK 51m in Q2 2016 compared to DKK 45m in Q1 2016, an increase of DKK 6m due to dividend income from the investment portfolio in Q2 2016.

Net insurance income

Net insurance income increased to DKK 11m in Q2 2016 from DKK 8m in Q1 2016 and DKK 10m in Q2 2015.

Operating and sector costs

Operating and sector costs were DKK 116m in Q2 2016, DKK 2m less than in Q1 2016.

Profit before impairment charges

Profit before impairment charges was down from DKK 49m in Q1 2016 to DKK 47m in Q2 2016.

Impairment charges

Net impairment charges were reversed by DKK 3m in Q2 2016 compared to a reversal of DKK 1m in Q1 2016.

Operating profit

Operating profit stayed flat at DKK 50m in Q2 2016 compared to Q1 2016.

Balance sheet

BankNordik's total assets at 30 June 2016 amounted to DKK 16.4bn. Loans and advances were DKK 9.4bn, down 12% compared to year-end 2015 mostly due to the winding up of the corporate activities in Denmark. Deposits were DKK 12.9bn, up 2% compared to year-end 2015.

Liquidity invested in bonds, primarily in Danish mortgage and government bonds, amounted to DKK 4.3bn, an increase of DKK 944m compared to year-end 2015 resulting from the liquidity released by the winding up of corporate activities. Liquidity invested in shares amounted to DKK 248m, largely unchanged from 31 December 2015. The surplus liquidity at 30 June 2016 was 254% higher than the statutory requirement. The Group's equity at 30 June 2016 amounted to DKK 1,811m, up DKK 45m compared to 31 December 2015.

Compliance with the Danish FSA Supervisory Diamond

	BankNordik H1 2016	FSA Limit
Large exposures	54.2%	<125%
Liquidity coverage	254.3%	>50%
Lending growth	-12.0%	<20%
Funding ratio	0.61	<1.00
Lending to property sector	8.1%	<25%

At 30 June 2016, the Group complied with all Supervisory Diamond requirements set by the Danish FSA.

Events after the balance sheet date

No events have occurred since 30 June 2016 that are deemed to have a significant impact on the Group's financial position.

Update on the sale of Vörður and the winding-up of corporate activities in Denmark

As announced in June, BankNordik has received approval from the Icelandic central bank and the Icelandic FSA to sell all shares in Vörður group. The final regulatory approval needed is from the competition authorities, which BankNordik expects to receive in the second half of 2016.

The winding up of corporate banking activities in Denmark has seen steady progress and approximately DKK 1 billion in book value had been settled by the end of June 2016.

The sale of Vörður and the controlled run-off of corporate activities in Denmark are expected to generate a total capital relief of approximately DKK 300m, which amount is intended for distribution to the shareholders in excess of ordinary dividends as per the Group's dividend policy. The Board of Directors expects to propose the distribution of the extraordinary dividends at BankNordik's 2017 Annual General Meeting. The proposal will be made with due consideration for the announced target of a CET1 capital ratio of not less than 13%.

Share buy-back programme initiated

On 30 May 2016, the Group initiated a share buy-back programme, enabling the acquisition of own shares up to a market value of DKK 33m. The program runs until year-end and as of 29 July 2016, the Group had accumulated 56,194 shares, amounting to a total transaction value of DKK 6.4m

Hybrid and subordinated debt

In June 2016, BankNordik redeemed its hybrid and subordinated bonds for a total value of DKK 450m, while simultaneously issuing new CRD IV compliant Tier 2 capital in the amount of DKK 225m. The coupon rate of the newly issued subordinated debt was 5.0785% p.a., based on the 5-year fixed Danish swap rate plus a margin of 4.75% p.a. The net annual interest expense savings resulting from the transactions will amount to approximately DKK 20m.

Capital ratios

As of 30 June 2016, BankNordik had a total capital ratio of 17.1%, leaving a margin of 8.1 percentage points to the Bank's capital requirement of 8.9%.

The CET1 capital ratio was 15.1% at 30 June 2016 as compared to the Bank's target of 13%.

Outlook for 2016

Management narrows the FY2016 guidance on profit before impairment charges, non-recurring items, value adjustments and tax from the range of DKK 150-190m to the range of DKK 160-190m (H1 2016: DKK 97m).

Net impairment charges on loans for 2016 are not expected to exceed the level of 2015 (DKK 20m). For the first six months of 2016, net impairment charges were a reversal of DKK 4m.

This guidance is generally subject to uncertainty and will depend on economic conditions, including possible central bank monetary policy measures.

BankNordik Group by segment

Note that the financial results generated by the treasury department are not recognised under these business segments, i.e. Corporate Banking and Personal Banking.

Income statement, Banking

DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net interest income	210	241	87	97	112	111	116	122
Net fees, commission income & dividends	98	122	81	52	46	52	52	67
Other operating income	2	2	119	2	1	2	1	2
Operating income	310	365	85	151	159	164	168	190
Operating cost	-223	-245	91	-110	-113	-115	-115	-123
Sector costs	-2	-11	20	-1	-1	-5	-5	-6
Profit before impairment charges	85	109	78	40	45	44	48	62
Impairment charges	-10	-22	44	-7	-3	-26	-12	0
Reversals of acquired OEI impairments	14	7	202	10	3	15	18	5
Impairment charges, net	4	-15		3	1	-11	7	5
Operating profit	88	93	95	43	45	33	55	67
Impairment charges, intangible assets	0	0		0	0	-468	0	0
Non-recurring items	-12	-14		0	-12	-29	-11	-14
Profit before value adjustments and tax	76	80	96	43	33	-464	44	53
Market value adjustments	10	-13		12	-3	-5	-19	-47
Profit before tax	86	67	129	55	30	-469	24	6
Loans and advances	9,395	10,680	88	9,395	9,961	10,675	10,669	10,680
Deposits and other debt	13,006	12,935	101	13,006	12,589	12,739	12,829	12,935
Operating cost/income, %	72	67		73	71	70	68	64
Number of FTE, end of period	370	389	95	370	381	363	383	389

Personal Banking

The personal banking segment reported operating profit of DKK 71m in Q2 2016 relative to DKK 68m in Q1 2016. Operating income fell from DKK 106m in Q1 2016 to DKK 103m in Q2 2016 mostly due to pressure on interest margins. Operating costs were up from DKK 38m in Q1 2016 to DKK 45m in Q2 2016 in large part due to the process of consolidating the branch support unit in the Faroe Islands. Net impairment charges were a reversal of 14m in Q2 2016 compared to a reversal of DKK 1m in Q1 2016.

Loans and advances fell by DKK 50m to DKK 5,716m at 30 June 2016 while deposits increased by DKK 360m to DKK 9,742m, both compared to 31 March 2016.

Income statement, Personal banking

DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net interest income	138	148	93	68	70	76	81	75
Net fees, commission income & dividends	72	99	73	36	36	48	38	55
Other operating income	-1	-1	136	-2	0	1	1	-1
Operating income	209	246	85	103	106	125	120	128
Operating cost	-83	-88	94	-45	-38	-40	-45	-44
Sector costs	-2	-8	20	-1	-1	-4	-3	-4
Profit before impairment charges	125	150	83	57	68	82	72	79
Impairment charges	7	-2	342	8	-1	-7	0	3
Reversals of acquired OEI impairments	7	5	157	6	2	1	2	4
Impairment charges, net	14	3		14	1	-5	2	7
Operating profit	139	153	91	71	68	76	74	86
Impairment charges, intangible assets	0	0		0	0	0	0	0
Non-recurring items	-2	-4		0	-2	-7	0	-4
Profit before value adjustments and tax	138	149	93	71	67	69	74	82
Market value adjustments	0	0		0	0	0	0	0
Profit before tax	138	149	93	71	67	69	74	82
Loans and advances	5,716	5,943	96	5,716	5,766	5,961	5,984	5,943
Deposits and other debt	9,742	9,691	101	9,742	9,382	9,534	9,441	9,691
Operating cost/income, %	40	36		44	36	32	37	35
Number of FTE, end of period	134	146		134	133	129	126	146

Corporate Banking

The corporate banking activities reported operating profit of DKK 24m in Q2 2016 compared to DKK 43m in Q1 2016. Operating income was down by DKK 9m to DKK 40m mainly due to the controlled run-off of the Danish corporate activities. Likewise, operating costs fell by DKK 2m from DKK 6m in Q1 2016 to DKK 4m in Q2 2016.

Net impairment charges amounted to DKK 11m in Q2 2016 compared to a reversal of DKK 1m in Q1 2016. These charges were mainly related to one particular corporate customer in the Faroe Islands.

In step with the winding up process in Denmark, corporate lending decreased by DKK 517m in Q2 2016, while deposits increased by DKK 57m.

Income statement, Corporate Banking

DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net interest income	81	96	84	36	45	47	53	49
Net fees, commission income & dividends	8	10	77	4	4	4	6	5
Other operating income	0	0	28	0	0	0	0	0
Operating income	89	106	84	40	49	51	59	54
Operating cost	-10	-17	61	-4	-6	-8	-8	-9
Sector costs	-1	-3	20	0	0	-1	-2	-1
Profit before impairment charges	78	87	90	36	42	42	50	44
Impairment charges	-16	-18	87	-16	0	5	-7	-6
Reversals of acquired OEI impairments	5	2	278	5	1	11	16	1
Impairment charges, net	-10	-16		-11	1	16	9	-5
Operating profit	68	70	96	24	43	58	58	39
Impairment charges, intangible assets	0	0		0	0	0	0	0
Non-recurring items	0	0		0	0	0	0	0
Profit before value adjustments and tax	68	70	96	24	43	58	58	39
Market value adjustments	0	0		0	0	0	0	0
Profit before tax	68	70	96	24	43	58	58	39
Loans and advances	3,678	4,743	78	3,678	4,195	4,924	4,685	4,743
Deposits and other debt	3,264	3,243	101	3,264	3,207	3,170	3,388	3,244
Operating cost/income, %	12	16		10	13	17	13	16
Number of FTE, end of period	13	29		13	14	20	29	29

Insurance: Trygd

Premium income was DKK 21m in Q2 2016, flat compared to Q2 2015, while claims were down by DKK 1m. Operating costs also fell by DKK 1m in Q2 2016 compared to Q2 2015, resulting in profit before tax of DKK 7m compared to DKK 5m for the same period last year.

Trygd continues to develop its product offering and is successfully attracting new business. Market prices have stabilised after a period of toughened competition, while claims were relatively low in the first half of 2016.

Income statement, Trygd

DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Premium income, net of reinsurance	42	41	103	21	21	20	21	21
Claims, net of reinsurance	-22	-31	71	-10	-12	-12	-11	-11
Net insurance income	21	10		12	9	8	10	10
Net income from investment activities	-2	0		-1	-1	0	0	-1
Operating income	19	10		11	8	8	10	10
Operating cost	-8	-9	82	-4	-4	-5	-6	-5
Profit before tax	11	1		7	4	3	4	5
Combined ratio	70	97		64	75	88	79	73
Claims ratio	51	74		46	57	61	51	51
Number of FTE, end of period	23	25	92	23	25	25	25	25

Insurance: Vörður (Iceland)

As announced on 22 June 2015, BankNordik has initiated a process to sell its Icelandic insurance subsidiaries. Consequently, Vörður is presented separately in the income statement. See note 10 for further information.

Income statement

Note	DKK 1,000	Group		BankNordik	
		H1 2016	H1 2015	H1 2016	H1 2015
3	Interest income	243,772	285,049	243,251	284,254
4	Interest expenses	33,661	43,342	33,663	43,429
	Net interest income	210,111	241,708	209,588	240,826
	Dividends from shares and other investments	9,354	9,087	9,354	9,087
5	Fee and commission income	92,245	121,448	94,731	121,448
5	Fee and commissions paid	5,865	8,530	5,865	8,530
	Net dividend, fee and commission income	95,734	122,005	98,220	122,005
	Net interest and fee income	305,846	363,712	307,809	362,830
	Premium income, net of reinsurance	41,656	40,453		
	Claims, net of reinsurance	21,734	30,655		
	Interest and fee income and income from insurance activities, net	325,768	373,511	307,809	362,830
6	Market value adjustments	9,872	-14,279	9,625	-12,995
7	Other operating income	18,548	11,845	15,852	8,622
8	Staff costs and administrative expenses	239,495	258,922	231,080	249,022
	Amortisation, depreciation and impairment charges	4,788	10,112	4,591	9,892
	Other operating expenses	2,185	10,899	2,185	10,899
9	Impairment charges on loans and advances etc.	9,607	22,065	9,607	22,065
	Income from investments accounted for under the equity method	-3,266	-1,931	-34	6,494
	Profit before tax	94,847	67,148	85,789	73,074
	Tax	17,660	21,951	15,448	21,501
	Net profit from continuing operations	77,187	45,197	70,341	51,573
10	Profit on discontinued operations, net of tax	-6,846	6,375	0	0
	Net profit	70,341	51,573	70,341	51,573
	<i>Note: The interest income in H1 2015 has been corrected negatively by DKK 6.3m.</i>				
	Portion attributable to				
	Shareholders of BankNordik P/F	70,341	51,573	70,341	51,573
	Net profit	70,341	51,573	70,341	51,573
	EPS Basic for the period, discontinuing operations, DKK*	-0.70	0.65	-0.70	0.65
	EPS Diluted for the period, discontinuing operations, DKK*	-0.70	0.65	-0.70	0.65
	EPS Basic for the period, continuing operations, DKK*	7.84	4.58	7.84	4.58
	EPS Diluted for the period, continuing operations, DKK*	7.84	4.58	7.84	4.58

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

Statement of comprehensive income

DKK 1,000	Group		BankNordik	
	2016	2015	2016	2015
Net profit	70,341	51,573	70,341	51,573
Other comprehensive income				
Items which will subsequently be recycled to the income statement if certain conditions are met:				
Translation of non-Faroese subsidiaries	775	3,999	775	4,851
Total other comprehensive income	775	3,999	775	4,851
Total comprehensive income	71,115	55,571	71,115	56,424
Portion attributable to				
Shareholders of BankNordik P/F	71,115	55,571	71,115	56,424
Total comprehensive income	71,115	55,571	71,115	56,424

Balance Sheet

Note	DKK 1,000	Group		BankNordik	
		June 30 2016	Dec. 31 2015	June 30 2016	Dec. 31 2015
Assets					
	Cash in hand and demand deposits with central banks	366,496	360,872	366,379	360,824
11	Due from credit institutions and central banks	1,033,754	410,550	1,033,754	410,550
9	Loans and advances at fair value	421,731	670,936	421,731	670,936
9	Loans and advances at amortised cost	8,972,870	10,004,244	8,972,870	10,004,244
	Bonds at fair value	4,343,250	3,398,816	4,209,500	3,274,870
	Shares, etc.	248,304	239,995	248,304	239,995
	Assets under insurance contracts	9,215	20,263	0	0
	Holdings in associates	6,398	5,543	6,398	5,543
	Holdings in subsidiaries	0	0	113,949	105,908
	Total land and buildings	192,338	189,477	190,344	187,473
	investment property	19,982	25,299	19,982	25,299
	domicile property	172,356	164,178	170,362	162,173
	Other property, plant and equipment	25,886	28,640	25,191	27,854
	Current tax assets	5,879	3,720	5,825	3,667
	Deferred tax assets	50,875	66,320	50,830	66,278
12	Assets held for sale	32,755	35,402	32,755	35,402
	Other assets	76,441	194,370	73,806	191,318
	Prepayments	18,746	37,386	16,987	35,990
10	Assets in disposal groups classified as held for sale	614,136	581,280	181,404	204,778
Total assets		16,419,074	16,247,814	15,950,028	15,825,630

Balance Sheet

Note	DKK 1,000	Group		BankNordik	
		June 30 2016	Dec. 31 2015	June 30 2016	Dec. 31 2015
		Shareholders' equity and liabilities			
		Liabilities other than provisions			
		615,761	574,791	615,761	574,791
		12,949,228	12,680,157	13,006,153	12,739,229
		72,856	70,433	0	0
		16,448	17,778	12,205	15,405
		235,337	245,840	225,346	233,912
		9,037	24,403	2,888	4,347
10		425,972	369,705	0	0
		14,324,637	13,983,107	13,862,352	13,567,684
		Provisions for liabilities			
		54,480	39,884	54,480	39,884
		6,426	6,312	6,426	6,312
		60,906	46,196	60,906	46,196
		Subordinated debt			
		221,986	452,177	221,986	452,177
		14,607,530	14,481,479	14,145,244	14,066,056
		Shareholders' equity			
		200,000	200,000	200,000	200,000
		23,416	22,642	23,763	22,988
		0	0	94,938	115,548
		1,588,128	1,523,694	1,486,084	1,401,038
		0	20,000	0	20,000
		1,811,544	1,766,335	1,804,784	1,759,575
		16,419,074	16,247,814	15,950,028	15,825,630

Statement of capital - BankNordik Group

Changes in shareholders' equity:

DKK 1,000	Share capital	Foreign	Revaluation Reserve	Proposed dividends	Retained earnings	Total
		currency translation reserve				
Shareholders' equity at Jan. 1, 2016	200,000	22,642	0	20,000	1,523,694	1,766,335
Translation of foreign units		775				775
Net profit				0	70,341	70,341
Total comprehensive income		775	0	0	70,341	71,115
Acquisition of own shares					-19,227	-19,227
Sale of own shares					13,046	13,046
Dividends paid				-20,000	274	-19,726
Shareholders' equity at June 30, 2016	200,000	23,416	0	0	1,588,128	1,811,544

DKK 1,000	Share capital	Foreign	Revaluation Reserve	Proposed dividends	Retained earnings	Total
		currency translation reserve				
Shareholders' equity at Jan. 1, 2015	200,000	15,434	8,820	20,000	1,754,941	1,999,195
Revaluation of assets			-10,756		10,756	0
Translation of foreign units		7,208				7,208
Other comprehensive income			1,936	0	-1,936	0
Net profit				20,000	-241,009	-221,009
Total comprehensive income		7,208	-8,820	20,000	-232,189	-213,801
Acquisition of own shares					-27,190	-27,190
Sale of own shares					27,190	27,190
Share-based remuneration-programme					667	667
Dividends paid				-20,000	274	-19,726
Shareholders' equity at December 31, 2015	200,000	22,642	0	20,000	1,523,694	1,766,335

DKK 1,000	Share capital	Foreign	Revaluation Reserve	Proposed dividends	Retained earnings	Total
		currency translation reserve				
Shareholders' equity at Jan. 1, 2015	200,000	15,434	8,820	20,000	1,754,941	1,999,195
Translation of foreign units		3,999				3,999
Net profit					51,573	51,573
Total comprehensive income		3,999			51,573	55,571
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
Shareholders' equity at June 30, 2015	200,000	19,433	8,820	0	1,807,233	2,035,485

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, 2016	200,000	22,988	0	115,548	20,000	1,401,038	1,759,575
Translation of foreign units		775					775
Net profit			0	-34		70,375	70,341
Total comprehensive income		775	0	-34	0	70,375	71,115
Acquisition of own shares						-19,227	-19,227
Sale of own shares						13,046	13,046
Dividends paid					-20,000	274	-19,726
Dividends received				-20,577		20,577	0
Shareholders' equity at June 30, 2016	200,000	23,763	0	94,938	0	1,486,084	1,804,784

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		8,060					8,060
Net profit			0	40,583	20,000	-281,592	-221,009
Total comprehensive income		8,060	-8,820	40,583	20,000	-272,772	-212,949
Acquisition of own shares						-27,190	-27,190
Sale of own shares						27,190	27,190
Share-based remuneration-programme						667	667
Dividends paid					-20,000	274	-19,726
Dividends received				-39,521		39,521	0
Shareholders' equity at December 31, 2015	200,000	22,988	0	115,548	20,000	1,401,038	1,759,575

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		45,079	51,573
Total comprehensive income		4,851		6,494		45,079	56,424
Acquisition of own shares						-399	-399
Sale of own shares						399	399
Share-based remuneration-programme						445	445
Dividends paid					-20,000	274	-19,726
Dividends received				-39,521		39,521	0
Shareholders' equity at Juni 30, 2015	200,000	19,779	8,820	81,459	0	1,718,667	2,028,725

Capital and Solvency - BankNordik

DKK 1,000	H1 2016	Full year 2015
Core capital	1,596,800	1,691,998
Total capital	1,803,973	1,921,252
Risk-weighted items not included in the trading portfolio	7,829,403	8,951,646
Risk-weighted items with market risk etc.	1,328,385	1,006,711
Risk-weighted items with operational risk	1,419,571	1,504,345
Total risk-weighted items	10,577,360	11,462,702
Core capital ratio, excl. hybrid core capital	15.1%	13.9%
Core capital ratio	15.1%	14.8%
Solvency ratio	17.1%	16.8%
Core Capital and Shareholders' equity		
Share capital	200,000	200,000
Reserves	118,700	138,536
Net profit	70,341	-221,009
Retained earnings, previous years	1,415,743	1,642,047
Shareholders' equity	1,804,784	1,759,575
Deduction of dividend	28,136	20,000
Deduction of holdings of own shares and significant investments in entities in the financial sector	87,742	38,244
Deduction of intangible assets	41,275	41,275
Deduction of deferred tax assets	50,830	66,278
Core capital exclusive of hybrid core capital	1,596,800	1,593,777
Hybrid core capital before deductions	0	180,903
Deductions in Hybrid core capital	0	82,683
Core capital	1,596,800	1,691,998
Total capital		
Core capital	1,596,800	1,691,998
Subordinated loan capital, before deductions	221,986	271,273
Deductions in Subordinated loan capital	14,813	42,019
Total capital	1,803,973	1,921,252

Cash flow statement - BankNordik Group

DKK 1,000	H1 2016	Full year 2015
Cash flow from operations		
Net profit for the period	70,341	-221,009
Amortisation and impairment charges for intangible assets	172	480,126
Depreciation and impairment charges of tangible assets	5,871	35,604
Impairment of loans and advances/guarantees	9,607	62,476
Tax charged to the income statement	15,358	-114,293
Other non-cash operating items	-22,648	-32,783
Total	78,700	210,121
Changes in operating capital		
Change in loans at fair value	256,539	73,933
Change in loans at amortised cost	1,021,767	-331,281
Change in holding of bonds	-1,013,599	-37,403
Change in holding of shares	-36,189	-64,204
Change in deposits	269,072	73,294
Due to credit institutions and central banks	40,970	-16,556
Change in other assets / liabilities	98,448	-57,894
Assets/liabilities under insurance contracts	84,453	33,056
Prepayments	3,274	667
Cash flow from operations	803,436	-116,267
Cash flow from investing activities		
Dividends received	9,354	9,244
Acquisition of tangible assets	-13,585	-44,205
Sale of tangible assets	1,034	68,633
Cash flow from investing activities	-3,196	33,671
Cash flow from financing activities		
Acquisition of own shares	-19,227	-27,190
Sale of own shares	13,046	27,190
Payment of dividends	17,153	-20,000
Cash flow from financing activities	-219,218	-20,000
Cash flow	581,022	-102,596
Cash in hand and demand deposits with central banks, and due from credit institutions, etc. at the beginning of the year	867,996	960,768
Foreign currency translation	-14,929	9,824
Cash flow	581,022	-102,596
Cash and due etc.	1,434,088	867,996
Cash and due etc.		
Cash in hand and demand deposits with central banks	400,334	457,446
Due from credit institutions, etc.	1,033,754	410,550
Total	1,434,088	867,996

Total cash include cash from Vörður, DKK 33.8m.

Note 1 Significant accounting policies

The consolidated financial statements for the first six months of 2016 have 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 exchanges in Reykjavik and Copenhagen. The financial statements of the Parent Company, P/F BankNordik, have been 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 2015. The Annual Report 2015 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 impairment of loans and advances, the fair value of unlisted financial instruments, provisions, business acquisitions etc. Estimates are based on assumptions that management considers appropriate but which are inherently uncertain.

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 2015 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 2016				Elimination	Continuing operations	Discontinued operations	Group
	Banking		Other	Total				
2	DKK 1,000	Private			Corporate			Total
	External interest income, Net	129,057	84,151	-3,619	209,588	523	6,571	216,682
	Internal interest	9,340	-3,089	-6,251	0	0	0	0
	Net interest income	138,397	81,063	-9,871	209,588	523	6,571	216,682
	Net Fee and dividends income	72,111	7,894	18,216	98,221	-2,486	-9,156	86,579
	Premium income, net of reinsurance	0	0	0	0	42,297	164,077	205,733
	Net premium income of reinsurance and cl:	0	0	0	0	20,564	14,245	34,167
	Other income	-1,374	0	13,320	11,946	216	6,832	18,426
	Total income	209,134	88,957	21,665	319,755	18,816	18,493	355,854
	Total operating expenses	86,080	10,879	143,023	239,981	7,697	27,641	274,109
	Profit before impairment charges on loans	123,054	78,077	-121,357	79,774	11,120	-9,149	81,745
	Impairment charges, incl. reversals of acquired OEI impairments	-14,451	10,498		-3,954		0	-3,954
	Profit before tax	137,505	67,580	-121,357	83,727	11,120	-9,149	85,698
	Total assets	6,087,591	3,759,154	5,840,835	15,687,580	165,394	566,100	16,419,074
	of which Loans and advances	5,716,124	3,678,477		9,394,601		0	9,394,601
	Total liabilities and equity	10,916,386	3,171,778	1,599,415	15,687,579	165,394	566,100	16,419,074
	of which Deposits	9,742,143	3,264,011		13,006,153		0	12,949,228
	of which Insurance liabilities					72,856	414,724	487,580

Operating segments H1 2015	Banking				Elimination	Continuing operations	Discontinued operations	Group
	Banking		Other	Total				
DKK 1,000	Private	Corporate						Total
External interest income, Net	130,213	103,795	6,832	240,840	868	241,708	4,800	246,508
Internal interest	17,815	-7,644	-10,171	0	0	0	0	0
Net interest income	148,027	96,151	-3,339	240,839	868	241,707	4,800	246,508
Net Fee and dividends income	99,367	10,230	12,407	122,004	0	122,004	-4,474	117,531
Premium income, net of reinsurance	0	0	0	0	41,149	40,453	130,574	171,028
Net premium income of reinsurance and cl:	0	0	0	0	10,494	-696	7,028	16,827
Other income	-1,012	0	-8,253	-9,265	-1,305	-496	21,383	10,317
Total income	246,382	106,382	815	353,579	10,057	-1,191	28,738	391,182
Total operating expenses	100,510	19,682	151,512	271,703	9,420	-1,191	22,747	302,679
Profit before impairment charges on loans	145,872	86,700	-150,697	81,875	637	82,512	5,991	88,503
Impairment charges, incl. reversals of acquired OEI impairments	-2,742	16,250	1,856	15,364		15,364	0	15,364
Profit before tax	148,614	70,450	-152,553	66,511	637	67,148	5,991	73,139
Total assets	6,351,773	4,783,239	5,085,420	16,220,433	188,543	16,408,975	505,924	16,914,900
of which Loans and advances	5,940,169	4,740,029		10,680,198		10,680,198		10,680,198
Total liabilities and equity	11,080,628	3,205,663	1,934,142	16,220,433	188,543	16,408,976	505,924	16,914,900
of which Deposits	9,691,329	3,243,497		12,934,826		12,836,162		12,836,162
of which Insurance liabilities					77,185	77,185	362,783	439,969

BankNordik Group - Geographical revenue information

	Total income		Non-current assets		Additions to tangible assets		Additions to intangible assets	
	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015
Faroe Islands	159,394	146,209	125,637	239,380	2,499	-7,450		
Denmark	155,302	200,208	52,403	459,154	-2,388	-4,184		
Iceland, discontinued operation	18,493	28,738	6,281	4,615	0	1,332		
Greenland	22,665	22,336	46,581	120,614	-3	-290		
Total	355,854	397,491	230,903	823,762	107	-10,591	0	0

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	
		H1 2016	H1 2015	H1 2016	H1 2015
Note	DKK 1,000				
3	Interest income				
	Credit institutions and central banks	1,198	890	1,198	876
	Loans and advances	226,226	261,373	226,226	261,372
	Bonds	20,473	27,767	19,952	26,986
	Total derivatives of which:	-4,679	-4,986	-4,679	-4,986
	<i>Interest rate contracts</i>	-6,480	-5,210	-6,480	-5,210
	<i>Other transactions</i>	1,801	224	1,801	224
	Other interest income	555	6	555	6
	Total interest income	243,772	285,049	243,251	284,254
4	Interest expenses				
	Credit institutions and central banks	1,219	738	1,219	738
	Deposits	9,698	22,430	9,700	22,517
	Subordinated debt	22,707	20,882	22,707	20,882
	Other interest expenses	38	-708	38	-708
	Total interest expenses	33,661	43,342	33,663	43,429
5	Net fee and commission income				
	Fee and commission income				
	Securities trading and custody accounts	18,348	32,486	18,348	32,486
	Credit transfers	10,566	12,675	10,566	12,675
	Loan commissions	4,838	5,910	4,838	5,910
	Guarantee commissions	9,302	9,269	9,302	9,269
	Other fees and commissions	49,191	61,108	51,677	61,108
	Total fee and commission income	92,245	121,448	94,731	121,448
	Fee and commissions paid				
	Securities trading and custody accounts	5,865	8,530	5,865	8,530
	Net fee and commission income	86,380	112,918	88,866	112,918
6	Market value adjustments				
	Loans and advances	7,335	-11,524	7,335	-11,524
	Bonds	10,687	-48,353	10,440	-47,073
	Shares	1,225	23,122	1,225	23,122
	Foreign exchange	-10,032	18,759	-10,032	18,759
	Total derivatives of which:	-3,614	735	-3,614	735
	<i>Currency Swaps</i>	15,952	-6,503	15,952	-6,503
	<i>Interest Swaps</i>	-16,287	11,578	-16,287	11,578
	<i>Other contracts</i>	-3,279	-4,340	-3,279	-4,340
	Other obligations	4,272	2,985	4,272	2,985
	Total market value adjustments	9,872	-14,279	9,625	-12,995

Note	DKK 1,000	Group		BankNordik	
		H1 2016	H1 2015	H1 2016	H1 2015
7	Other operating income				
	Profit on sale of properties	199	604	199	604
	- of which assets held for sale	199	9	199	9
	Profit on sale of operating equipment	670	267	670	267
	Reversals of acquired OEI impairments	13,855	7,233	13,855	7,233
	Other income	3,823	3,741	1,128	518
	Total other operating income	18,548	11,845	15,852	8,622
8	Staff costs and administrative expenses				
	Staff costs:				
	Salaries	119,720	127,911	112,905	121,008
	Pensions	12,943	14,830	12,064	13,898
	Social security expenses	14,558	15,675	13,688	14,807
	Total staff costs	147,220	158,416	138,657	149,713
	Administrative expenses:				
	IT	46,674	50,500	44,947	49,148
	Marketing etc	9,623	9,457	8,839	8,795
	Education etc	1,572	1,057	1,406	871
	Advisory services	2,295	2,268	2,295	2,246
	Other expenses	36,192	40,890	34,937	38,249
	Total administrative expenses	96,355	104,172	92,423	99,309
	Total staff costs	147,220	158,416	138,657	149,713
	Employee costs included under the item "Claims, net of reinsurance"	-4,080	-3,666	0	0
	Total administrative expenses	96,355	104,172	92,423	99,309
	Total staff costs and administrative expenses	239,495	258,922	231,080	249,022
	Number of employees				
	Average number of full-time employees in the period	407	435	378	405
	Executive remuneration:				
	Board of Directors	900	900	900	900
	Executive Board:				
	Salaries	1,286	2,745	1,286	2,282
	Pension	168	313	168	348
	Share-based payment	0	267	0	0
	Total executive board	1,454	3,325	1,454	2,630
	Total executive remuneration	2,354	4,225	2,354	3,530

Please refer to the Annual Report 2015 note 11 for further details regarding the share-based remuneration programme.

Note	DKK 1,000	Group		BankNordik	
		H1 2016	H1 2015	H1 2016	H1 2015
9	Impairment charges on loans and advances and provisions for guarantees etc.				
	Individual impairment charges and provisions at 1 January	671,000	630,299	671,000	630,299
	New and increased impairment charges and provisions	92,384	83,354	92,384	83,354
	Reversals of impairment charges and provisions	56,580	48,470	56,580	48,470
	Written-off, previously impaired	31,257	11,191	31,257	11,191
	<i>Interest income on impaired loans</i>	<i>12,082</i>	<i>13,167</i>	<i>12,082</i>	<i>13,167</i>
	Total individual impairment charges and provisions	675,548	653,993	675,548	653,993
	Impairment charges and provisions recognised in the income statement				
	Loans and advances at amortised cost	11,808	19,716	11,808	19,716
	Loans and advances at fair value	-16,796	722	-16,796	722
	Guarantees and loan commitments	14,595	1,627	14,595	1,627
	Total individual impairment charges and provisions	9,607	22,065	9,607	22,065
	Individual impairment charges etc.				
	Individual impairment charges etc. at 1 January	577,447	544,643	577,447	544,643
	New and increased impairment charges	70,479	76,148	70,479	76,148
	Reversals of impairment charges	48,517	46,218	48,517	46,218
	Written-off, previously impaired	31,257	11,191	31,257	11,191
	<i>Write-offs charged directly to the income statement</i>	<i>-11,562</i>	<i>2,088</i>	<i>-11,562</i>	<i>2,088</i>
	<i>Received on claims previously written off</i>	<i>2,554</i>	<i>1,741</i>	<i>2,554</i>	<i>1,741</i>
	<i>Interest income on impaired loans</i>	<i>12,082</i>	<i>13,167</i>	<i>12,082</i>	<i>13,167</i>
	Individual impairment charges etc. at 30 June	568,152	563,383	568,152	563,383
	<i>Total net impact recognised in the income statement</i>	<i>-4,236</i>	<i>17,111</i>	<i>-4,236</i>	<i>17,111</i>
	Collective impairment charges				
	Collective impairment charges at 1 January	53,669	40,441	53,669	40,441
	New and increased impairment charges	4,804	3,327	4,804	3,327
	Reversals of impairment charges	5,556	0	5,556	0
	Collective impairment charges at 30 June	52,916	43,768	52,916	43,768
	<i>Total net impact recognised in the income statement</i>	<i>-753</i>	<i>3,327</i>	<i>-753</i>	<i>3,327</i>
	Individual provisions on guarantees				
	Individual provisions at 1 January	39,884	45,216	39,884	45,216
	New and increased provisions	17,102	3,879	17,102	3,879
	Reversals of provisions	2,507	2,253	2,507	2,253
	Individual provisions on guarantees at 30 June	54,480	46,842	54,480	46,842
	<i>Total net impact recognised in the income statement</i>	<i>14,595</i>	<i>1,627</i>	<i>14,595</i>	<i>1,627</i>

Note DKK 1,000

10 Discontinued operations

In September 2015 the Group announced that it had entered into a conditional sales agreement with Arion Bank about Vörður. The sale is expected to receive regulatory approval in the second half of 2016.

	Group H1 2016	H1 2015	BankNordik H1 2016	H1 2015
Income statement				
Net interest income	6,571	4,800		
Dividends from shares and other investments	0	659		
Fee and commissions	-9,156	-5,133		
Net interest, dividend, fee and commission income	-2,585	327		
Premium income, net of reinsurance	164,077	130,574		
Claims, net of reinsurance	149,832	123,546		
Income and income from insurance activities, net	14,245	7,028		
Market value adjustments	6,832	21,383		
Staff costs and administrative expenses	27,641	22,747		
Profit before tax	-9,149	5,991		
Tax	-2,302	-385		
Net profit from discontinued operations	-6,846	6,375		
Assets				
Cash in hand and demand deposits with central banks	29,347	96,574		
Bonds at fair value	204,692	149,819		
Shares, etc.	194,446	195,090		
Assets under insurance contracts	115,539	74,863		
Intangible assets	49,564	49,574		
Other property, plant and equipment	4,753	3,760		
Deferred tax assets	8,988	7,006		
Other assets	6,807	4,595		
Assets in disposal groups classified as held for sale			181,404	204,778
Total assets	614,136	581,280	181,404	204,778
Liabilities				
Liabilities under insurance contracts	414,724	349,831		
Other liabilities	11,247	19,874		
Total liabilities	425,972	369,705		
Cash flow statement				
Cash flow from operations	-63,581	29,394		
Cash flow from investing activities	-2,803	-1,501		
Cash flow from financing activities	18,577	-14,521		
Cash flow	-47,808	13,372		

Note	DKK 1,000	Group		BankNordik	
		June 30 2016	Dec. 31 2015	June 30 2016	Dec. 31 2015
11	Due from credit institutions etc. specified by maturity				
	On demand	808,430	102,364	808,430	102,364
	3 months and below	25,324	108,186	25,324	108,186
	Over 1 year to 5 years	200,000	200,000	200,000	200,000
	Total due from credit institutions etc.	1,033,754	410,550	1,033,754	410,550
12	Assets held for sale				
	Total purchase price, at 1 January	41,020	54,322	41,020	54,322
	Additions	50	10,459	50	10,459
	Reclassification from investment properties	1,304	22,000	1,304	22,000
	Disposals	4,392	45,762	4,392	45,762
	Total purchase price	37,982	41,020	37,982	41,020
	Depreciation and impairment, at 1 January	5,617	2,551	5,617	2,551
	Impairment charges for the year	0	3,163	0	3,163
	Reversal of impairment on revaluations during the year	390	0	390	0
	Reversal of impairment on disposals during the year	0	97	0	97
	Total depreciation and impairment	5,227	5,617	5,227	5,617
	Total assets held for sale	32,755	35,402	32,755	35,402
13	Contingent liabilities				
	Guarantees				
	Financial guarantees	313,390	317,347	313,390	317,347
	Mortgage finance guarantees	1,210,292	1,233,408	1,210,292	1,233,408
	Registration and remortgaging guarantees	522,708	557,980	522,708	557,980
	Other guarantees	285,825	319,774	285,825	319,774
	Total guarantees	2,332,215	2,428,508	2,332,215	2,428,508

14 Assets deposited as collateral

At June 30 2016 the Group had deposited bonds at a total market value of DKK 35m (H1 2015: 22m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing.
Deposits of bonds to others in total have a market value of DKK 65m (H1 2015: 27m).

Statement by the Executive Board and the Board of Directors

We have today reviewed and approved P/F BankNordik's Interim Report for the first six months of 2016.

The consolidated financial statements for the first six months of 2016 have been prepared in accordance with IAS 34, Interim Financial Reporting as adopted 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 Nasdaq OMX 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 2016, 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 six months ended 30 June 2016.

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, 4 August 2016

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Árni Ellefsen
CEO

Board of Directors

Stine Bosse
Chairman

Rúni Vang Poulsen
Vice chairman

Súsanna Poulsen

Jógvan Jespersen

Tórhallur Olsen

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BankNordik is a limited liability
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The company is listed on
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