

# **Interim Report**

## **Q3 2016**

**27 October 2016**

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## Highlights, ratios and key figures - BankNordik Group

Highlights DKK 1,000	Q1-Q3	Q1-Q3	Index	Q3	Q2	Q1	Q4	Q3
	2016	2015		16 / 15	2016	2016	2016	2015
Net interest income	313,167	357,708	88	103,055	97,581	112,531	110,945	116,000
Dividends from shares and other investments	9,385	9,181	102	30	9,140	214	62	95
Net fee and commission income	131,178	164,826	80	44,798	41,706	44,674	52,014	51,908
Net interest and fee income	453,729	531,714	85	147,883	148,427	157,419	163,021	168,002
Net insurance income	33,408	20,070	166	13,486	11,496	8,426	7,788	10,271
Interest and fee income and income from insurance activities, net	487,137	551,784	88	161,370	159,922	165,845	170,809	178,273
Market value adjustments	21,545	-34,319		11,673	12,585	-2,712	-4,432	-20,040
Other operating income	106,717	32,005	333	88,169	13,379	5,168	26,494	20,160
Staff cost and administrative expenses	350,738	386,374	91	111,242	112,198	127,298	127,629	127,452
Impairment charges on loans and advances etc.	7,965	33,565	24	-1,642	6,974	2,633	26,091	11,500
Net profit continued operations	195,816	69,835	280	118,629	48,423	28,764	-323,829	24,638
Net profit discontinued operations	5,527	17,733	31	12,373	1,346	-8,192	15,819	11,358
Net profit	201,343	87,569	230	131,002	49,769	20,572	-308,010	35,996
Loans and advances	9,371,948	10,668,988	88	9,371,948	9,394,601	9,961,083	10,675,180	10,668,988
Bonds at fair value	4,509,844	3,751,795	120	4,509,844	4,343,250	3,895,295	3,398,816	3,751,795
Intangible assets	0	470,878	0	0	0	0	0	470,878
Assets held for sale	32,266	40,079	81	32,266	32,755	35,435	35,402	40,079
Assets in disposals groups classified as held for sale							581,280	572,260
Total assets	15,936,796	16,871,778	94	15,936,796	16,419,074	16,213,273	16,247,814	16,871,778
Due to credit institutions and central banks	494,502	568,444	87	494,502	615,761	592,015	574,791	568,444
Deposits and other debt	12,804,917	12,753,863	100	12,804,917	12,949,228	12,532,321	12,680,157	12,753,863
Total shareholders' equity	1,910,554	2,073,294	92	1,910,554	1,811,544	1,767,240	1,766,335	2,073,294

## Ratios and key figures

	Sept. 30	Sept. 30	Sept. 30	June 30	March 31	Dec. 31	Sept. 30
	2016	2015	2016	2016	2016	2015	2015
<b>Solvency</b>							
Solvency ratio, %	19.0	15.6	19.0	17.1	17.2	16.8	15.6
Core capital ratio, %	17.0	13.6	17.0	15.1	15.2	14.8	13.6
Core capital ratio excl. hybrid core capital, end of period, %	17.0	12.7	17.0	15.1	14.4	13.9	12.7
Risk-weighted items, DKK mill	10,500	11,989	10,500	10,577	10,984	11,463	11,989
<b>Profitability</b>							
Return on equity after tax, %	11.0	4.3	7.0	2.8	1.2	-16.0	1.7
Cost / income, %	60.3	82.5	43.2	67.3	79.2	340.9	83.8
Cost / income, % (excl. value adjustm. and impairments)	61.1	71.8	45.8	68.1	76.4	320.1	69.5
Return on assets	1.3	0.5	0.8	0.3	0.1	-1.9	0.2
<b>Market risk</b>							
Interest rate risk, %	1.3	3.7	1.3	1.7	2.7	2.2	3.7
Foreign exchange position, %	13.6	10.3	13.6	9.6	8.8	9.5	10.3
<b>Liquidity</b>							
Excess cover relative to statutory liquidity requirements, %	226.9	174.9	226.9	254.3	207.3	166.8	174.9
<b>Credit risk</b>							
Growth on loans and advances, %	-12.2	1.7	-0.2	-5.7	-6.7	0.1	-0.1
Gearing of loans and advances	4.9	5.1	4.9	5.2	5.6	6.0	5.1
Impairment and provisioning ratio, end of period, %	5.4	4.5	5.4	5.4	5.1	4.9	4.5
Write-off and provisioning ratio, %	0.1	0.1	0.1	0.1	0.0	0.2	0.1
Share of amounts due on which interest rates have been reduced, end of period, %	0.8	1.3	0.8	0.9	0.9	1.1	1.3
<b>Shares</b>							
Earnings per share after tax (nom. DKK 20), DKK	20.5	8.8	13.3	5.1	2.1	-31.2	3.6
Market price per share (nom. DKK 20), DKK	127	154	127	114	114	128	154
Book value per share (nom. DKK 20), DKK	195	210	195	185	179	179	210
<b>Other</b>							
Number of full-time employees, end of period	416	476	416	464	477	459	476

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 9M 2016

- Net interest income was down by DKK 45m year-on-year primarily due to the controlled run-off of corporate lending in Denmark but also due to pressure on interest margins and the lower investment portfolio income.
- Fee and commission income fell to DKK 141m in 9M 2016 from DKK 174m in 9M 2015 owing to a pull-back in mortgage-broking activity to normal levels after a high level of activity in 9M 2015, the winding up of corporate activity in Denmark and reduced income from asset management activity.
- Net insurance income was up by DKK 13m to DKK 33m from DKK 20m in 9M 2015 as claims were lower.
- Operating costs fell to DKK 345m in 9M 2016 relative to DKK 377m in 9M 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 8m in 9M 2016 compared to net impairment charges of DKK 9m in 9M 2015.
- Operating profit decreased to DKK 153m in 9M 2016 from DKK 157m in 9M 2015.
- Non-recurring items in 9M 2016 amounted to a gain of DKK 72m (including capital gain from the sale of Vörður) versus a loss of DKK 25m in 9M 2015.
- Value adjustments were a gain of DKK 18m in 9M 2016 compared to a loss of DKK 36m in 9M 2015.
- Discontinued activities before tax related to Vörður amounted to DKK 6m in 9M 2016 compared to a profit of DKK 19m in 9M 2015.
- Profit before tax, including discontinued activities from Vörður, were DKK 249m in 9M 2016 compared to DKK 115m in 9M 2015.

## Highlights Q3 2016

- Net interest income was up by DKK 5m in Q3 2016 compared to Q2 2016, primarily due to interest expense savings resulting from the subordinate debt transactions on 24 June 2016.
- Fee and commission income amounted to DKK 46m in Q3 2016, down by DKK 4m compared to Q2 2016 mainly due to dividend income from the investment portfolio recognised in Q2 2016.
- Net insurance income was DKK 12m, flat compared to Q2 2016.
- Operating costs were DKK 113m in Q3 2016, compared to DKK 115m in Q2 2016.
- Net impairment charges on loans were a reversal of DKK 4m in Q3 2016 compared to a reversal of DKK 3m in Q2 2016.
- Operating profit amounted to DKK 53m in Q3 2016, up by DKK 3m compared to Q2 2016.
- Non-recurring items were a gain of DKK 84m in Q3 2016 (related to the sale of Vörður) versus DKK 0m in Q2 2016.
- Value adjustments amounted to a gain of DKK 12m in Q3 2016 compared to a gain of DKK 9m in Q2 2016.
- Discontinued activities before tax relating to Vörður amounted to a profit of DKK 15m in Q3 2016 compared to a profit of DKK 1m in Q2 2016.
- Profit before tax, including discontinued activities from Vörður, were DKK 164m in Q3 2016 (including capital gain from the sale of Vörður) compared to DKK 61m in Q2 2016.

As announced on 30 September 2016, BankNordik has sold the Icelandic insurance company Vörður. 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	Q1 - Q3 2016	Q1 - Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Net interest income	313	358	88	103	98	113	111	116
Net fee and commission income	141	174	81	46	50	44	52	52
Net insurance income	33	20		12	12	9	8	10
Other operating income	7	7	98	2	3	2	4	2
<b>Operating income</b>	<b>494</b>	<b>559</b>	<b>88</b>	<b>163</b>	<b>163</b>	<b>168</b>	<b>175</b>	<b>180</b>
Operating costs	-345	-377	92	-113	-115	-117	-122	-122
Sector costs	-3	-16	21	-1	-1	-1	-5	-5
<b>Profit before impairment charges</b>	<b>146</b>	<b>166</b>	<b>88</b>	<b>49</b>	<b>47</b>	<b>49</b>	<b>47</b>	<b>54</b>
Impairment charges	-8	-34	24	4	-10	-3	-26	-12
Reversals of acquired OEI impairments	16	25	63	-1	14	3	15	18
Impairment charges, net	8	-9		4	3	1	-11	7
<b>Operating profit</b>	<b>153</b>	<b>157</b>	<b>97</b>	<b>53</b>	<b>50</b>	<b>50</b>	<b>36</b>	<b>60</b>
Impairment charges, intangible assets	0	0		0	0	0	-468	0
Non-recurring items	72	-25		84	0	-12	-29	-11
<b>Profit before value adjustments and tax</b>	<b>225</b>	<b>132</b>	<b>170</b>	<b>137</b>	<b>50</b>	<b>38</b>	<b>-461</b>	<b>49</b>
Market value adjustments*	18	-36		12	9	-3	-4	-20
<b>Profit before tax, continuing operations</b>	<b>243</b>	<b>96</b>	<b>253</b>	<b>148</b>	<b>60</b>	<b>35</b>	<b>-465</b>	<b>29</b>
<b>Profit before tax, discontinued operations (Vörður)</b>	<b>6</b>	<b>19</b>		<b>15</b>	<b>1</b>	<b>-10</b>	<b>18</b>	<b>13</b>
<b>Profit before tax, total</b>	<b>249</b>	<b>115</b>	<b>217</b>	<b>164</b>	<b>61</b>	<b>25</b>	<b>-447</b>	<b>42</b>
Operating cost/income, %	70	67		69	70	70	70	67
Number of FTE, end of period (incl. Vörður)	416	478	87	416	464	477	459	478

\*Incl. Net income from investment activities

The following comments relate to the adjusted figures and are generally stated relative to Q2 2016. Due to seasonal variations, comments on the insurance segment are also made relative to Q2 2015.

### Operating income

The BankNordik Group generated operating income of DKK 163m in Q3 2016, flat compared to Q2 2016.

### Net interest income

Net interest income increased by DKK 5m in Q3 2016 compared to Q2 2016, primarily due to a drop in interest paid on subordinated debt after BankNordik redeemed outstanding bonds and issued new subordinated debt on 24 June 2016.

### Net fees and commissions

Net fee and commission income amounted to DKK 46m in Q3 2016 compared to DKK 50m in Q2 2016, a decrease of DKK 4m mainly due to dividend income from the investment portfolio recognised in Q2 2016.

### Net insurance income

Net insurance income was up DKK 2m in Q3 2016 compared to Q3 2015 (DKK 10m) and flat compared to Q2 2016 (DKK 12m).

**Operating and sector costs**

Operating and sector costs were DKK 114m in Q3 2016, DKK 2m less than in Q2 2016.

**Profit before impairment charges**

Profit before impairment charges was up from DKK 47m in Q2 2016 to DKK 49m in Q3 2016.

**Impairment charges**

Net impairment charges were reversed by DKK 4m in Q3 2016 compared to a reversal of DKK 3m in Q2 2016.

**Operating profit**

Operating profit was up by DKK 3m from DKK 50m in Q2 2016 to DKK 53m in Q3 2016.

**Balance sheet**

BankNordik's total assets at 30 September 2016 amounted to DKK 15.9bn. 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 12.8bn, up 1% compared to year-end 2015.

Liquidity invested in bonds, primarily in Danish mortgage and government bonds, amounted to DKK 4.5bn, an increase of DKK 1,111m compared to year-end 2015 resulting from the liquidity released by the winding up of corporate activities. Liquidity invested in shares amounted to DKK 254m, largely unchanged from 31 December 2015. The surplus liquidity at 30 September 2016 was 227% higher than the statutory requirement. The Group's equity at 30 September 2016 amounted to DKK 1,911m, up DKK 144m compared to 31 December 2015.

**Compliance with the Danish FSA Supervisory Diamond**

	BankNordik Q3 2016	FSA Limit
Large exposures	42.8%	<125%
Liquidity coverage	226.3%	>50%
Lending growth	-12.2%	<20%
Funding ratio	0.62	<1.00
Lending to property sector	7.8%	<25%

At 30 September 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 September 2016 that are deemed to have a significant impact on the Group's financial position.

**Sale of Vørður completed**

On 30 September 2016, BankNordik completed the sale of all shares in Vørður to Arion Banki. The proceeds before transaction costs were DKK 300m. Transactions costs, however, amounted to DKK 45m, mainly related to fees imposed by the Icelandic government under its restrictive rules on movement of capital and foreign exchange transactions. Accordingly, a capital gain of DKK 84m has been recognised in the income

statement under non-recurring items. An amount equal to DKK 21m linked to favorable currency fluctuation during the period of ownership that was previously recognised under the foreign currency translation reserve was included in the capital gain.

### **Run-off of corporate loan portfolio in Denmark nearing completion**

DKK 1bn of corporate lending activities in Denmark had been settled by June 2016, while a further DKK 140m was wound up in Q3 2016. The remaining book value at 30 September 2016 amounted to approximately DKK 310m. Naturally, the rate of settlement decreased in Q3 2016 and will continue to do so, as the rest of the portfolio is expected to be gradually wound-up over the coming years.

### **Dividends and share buy-backs**

As previously announced, the greater part of the anticipated extraordinary dividends of DKK 300m is expected to be proposed for approval by the shareholders at BankNordik's 2017 Annual General Meeting, while the rest is expected to be paid-out when the winding up of the Danish corporate activities is completed.

At 21 October 2016, the Group had accumulated 94,559 shares under the share-buy back programme initiated earlier in 2016. This amounts to a total transaction value of DKK 11,3m. The programme enables BankNordik to acquire own shares up to a market value of DKK 33m in 2016, but restrictions set forth in the Safe Harbour Regulations and the Market Abuse Regulations render it unlikely that purchases under the programme will reach the upper limit before year-end.

### **Capital ratios**

As of 30 September 2016, BankNordik had a total capital ratio of 19%, leaving a margin of 10.2 percentage points to the Bank's capital requirement of 8.8%.

The CET1 capital ratio was 17% at 30 September 2016 as compared to the Bank's target of 13%.

### **Outlook for 2016**

Management raises the FY2016 guidance on profit before impairment charges, non-recurring items, value adjustments and tax from the range of DKK 160-190m to the range of DKK 175-200m (9M 2016: DKK 146m).

Net impairment charges on loans for 2016 are expected to be less than in 2015 (DKK 20m). For the first nine months of 2016, net impairment charges were a reversal of DKK 8m.

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	Q1 - Q3 2016	Q1 - Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Net interest income	312	356	88	103	97	112	111	116
Net fees, commission income & dividends	146	174	84	48	52	46	52	52
Other operating income	3	3	111	1	2	1	2	1
<b>Operating income</b>	<b>461</b>	<b>533</b>	<b>87</b>	<b>151</b>	<b>151</b>	<b>159</b>	<b>164</b>	<b>168</b>
Operating cost	-331	-360	92	-108	-110	-113	-115	-115
Sector costs	-3	-16	21	-1	-1	-1	-5	-5
<b>Profit before impairment charges</b>	<b>127</b>	<b>157</b>	<b>81</b>	<b>42</b>	<b>40</b>	<b>45</b>	<b>44</b>	<b>48</b>
Impairment charges	-8	-34	24	2	-7	-3	-26	-12
Reversals of acquired OEI impairments	16	25	63	2	10	3	15	18
Impairment charges, net	8	-9		4	3	1	-11	7
<b>Operating profit</b>	<b>135</b>	<b>148</b>	<b>91</b>	<b>46</b>	<b>43</b>	<b>45</b>	<b>33</b>	<b>55</b>
Impairment charges, intangible assets	0	0		0	0	0	-468	0
Non-recurring items	-12	-25		0	0	-12	-29	-11
<b>Profit before value adjustments and tax</b>	<b>122</b>	<b>123</b>	<b>99</b>	<b>46</b>	<b>43</b>	<b>33</b>	<b>-464</b>	<b>44</b>
Market value adjustments	21	-32		12	12	-3	-5	-19
<b>Profit before tax</b>	<b>144</b>	<b>91</b>	<b>158</b>	<b>58</b>	<b>55</b>	<b>30</b>	<b>-469</b>	<b>24</b>
Loans and advances	9,372	10,669	88	9,372	9,395	9,961	10,675	10,669
Deposits and other debt	12,829	12,829	100	12,829	13,006	12,589	12,739	12,829
Operating cost/income, %	72	68		71	73	71	70	68
Number of FTE, end of period	386	383	101	386	370	381	363	383



## Personal Banking

The personal banking segment reported operating profit of DKK 83m in Q3 2016 relative to DKK 73m in Q2 2016. Net interest income was up by DKK 2m mainly as a result of increased lending. Net fees, commission income and dividends rose by DKK 6m due to higher income from asset management operations in the quarter as well as minor pricing revisions within our customer loyalty programme. As a result, operating income increased from DKK 107m in Q2 2016 to DKK 115m in Q3 2016.

Operating costs were down from DKK 45m in Q2 2016 to DKK 39m in Q3 2016, while net impairment charges were a reversal of DKK 8m in Q3 2016 compared to a DKK 12m reversal in Q2 2016.

Loans and advances increased by DKK 136m to DKK 5,852m at 30 September 2016 while deposits decreased by DKK 20m, both compared to 30 June 2016.

### Income statement, Personal banking

DKKm	Q1 - Q3 2016	Q1 - Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Net interest income	208	229	91	70	68	70	76	81
Net fees, commission income & dividends	119	138	87	44	38	37	48	38
Other operating income	2	0		1	0	0	1	1
<b>Operating income</b>	<b>330</b>	<b>367</b>	<b>90</b>	<b>115</b>	<b>107</b>	<b>108</b>	<b>125</b>	<b>120</b>
Operating cost	-122	-133	92	-39	-45	-38	-40	-45
Sector costs	-2	-12	21	-1	-1	-1	-4	-3
<b>Profit before impairment charges</b>	<b>205</b>	<b>222</b>	<b>92</b>	<b>75</b>	<b>61</b>	<b>69</b>	<b>82</b>	<b>72</b>
Impairment charges	13	-2	567	6	8	-1	-7	0
Reversals of acquired OEI impairments	8	7	104	2	4	2	1	2
Impairment charges, net	20	5		8	12	1	-5	2
<b>Operating profit</b>	<b>225</b>	<b>227</b>	<b>99</b>	<b>83</b>	<b>73</b>	<b>70</b>	<b>76</b>	<b>74</b>
Impairment charges, intangible assets	0	0		0	0	0	0	0
Non-recurring items	-2	-4		0	0	-2	-7	0
<b>Profit before value adjustments and tax</b>	<b>224</b>	<b>222</b>	<b>101</b>	<b>83</b>	<b>73</b>	<b>68</b>	<b>69</b>	<b>74</b>
Market value adjustments	0	0		0	0	0	0	0
<b>Profit before tax</b>	<b>224</b>	<b>222</b>	<b>101</b>	<b>83</b>	<b>73</b>	<b>68</b>	<b>69</b>	<b>74</b>
Loans and advances	5,852	5,984	98	5,852	5,716	5,766	5,961	5,984
Deposits and other debt	9,722	9,441	103	9,722	9,742	9,382	9,534	9,441
Operating cost/income, %	37	36		34	44	36	32	37
Number of FTE, end of period	206	216		206	203	196	203	216

## Corporate Banking

The corporate banking activities reported operating profit of DKK 32m in Q3 2016 compared to DKK 24m in Q2 2016. Operating income was down by DKK 2m to DKK 38m mainly due to the controlled run-off of the Danish corporate activities. Operating costs fell by DKK 1m from DKK 4m in Q2 2016 to DKK 3m in Q3 2016. Net impairment charges amounted to DKK 2m in Q3 2016 compared to DKK 11m in Q2 2016.

Corporate lending was down by DKK 158m in Q3 2016, mostly due to the winding up process in Denmark, while deposits fell by DKK 157m.

### Income statement, Corporate Banking

DKKm	Q1 - Q3 2016	Q1 - Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Net interest income	115	149	77	34	36	45	47	53
Net fees, commission income & dividends	12	16	74	4	4	4	4	6
Other operating income	0	0	0	0	0	0	0	0
<b>Operating income</b>	<b>127</b>	<b>165</b>	<b>77</b>	<b>38</b>	<b>40</b>	<b>49</b>	<b>51</b>	<b>59</b>
Operating cost	-13	-24	55	-3	-4	-6	-8	-8
Sector costs	-1	-4	18	0	0	0	-1	-2
<b>Profit before impairment charges</b>	<b>113</b>	<b>136</b>	<b>83</b>	<b>35</b>	<b>36</b>	<b>42</b>	<b>42</b>	<b>50</b>
Impairment charges	-20	-25	81	-4	-16	0	5	-7
Reversals of acquired OEl impairments	7	18	42	2	5	1	11	16
Impairment charges, net	-13	-7		-2	-11	1	16	9
<b>Operating profit</b>	<b>100</b>	<b>129</b>	<b>77</b>	<b>32</b>	<b>24</b>	<b>43</b>	<b>58</b>	<b>58</b>
Impairment charges, intangible assets	0	0		0	0	0	0	0
Non-recurring items	0	0		0	0	0	0	0
<b>Profit before value adjustments and tax</b>	<b>100</b>	<b>129</b>	<b>77</b>	<b>32</b>	<b>24</b>	<b>43</b>	<b>58</b>	<b>58</b>
Market value adjustments	0	0		0	0	0	0	0
<b>Profit before tax</b>	<b>100</b>	<b>129</b>	<b>77</b>	<b>32</b>	<b>24</b>	<b>43</b>	<b>58</b>	<b>58</b>
Loans and advances	3,520	4,685	75	3,520	3,678	4,195	4,924	4,685
Deposits and other debt	3,107	3,388	92	3,107	3,264	3,207	3,170	3,388
Operating cost/income, %	11	15		8	10	13	17	13
Number of FTE, end of period	18	37		18	22	21	29	37

## Insurance: Trygd

Premium income was DKK 22m in Q3 2016 compared to DKK 21m in Q3 2015, while claims were up DKK 1m to DKK 12m from DKK 11m in Q3 2015. Operating costs fell by DKK 2m in Q3 2016 compared to Q3 2015. Profit before tax was DKK 4m in Q3 2016, flat compared to the same period of last year.

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

### Income statement, Trygd

DKKm	Q1 - Q3 2016	Q1 - Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Premium income, net of reinsurance	64	62	103	22	21	21	20	21
Claims, net of reinsurance	-34	-41	82	-12	-10	-12	-12	-11
<b>Net insurance income</b>	<b>30</b>	<b>21</b>		<b>9</b>	<b>12</b>	<b>9</b>	<b>8</b>	<b>10</b>
Net income from investment activities	-3	-1		-1	-1	-1	0	0
<b>Operating income</b>	<b>27</b>	<b>20</b>		<b>8</b>	<b>11</b>	<b>8</b>	<b>8</b>	<b>10</b>
Operating cost	-12	-15	78	-4	-4	-4	-5	-6
<b>Profit before tax</b>	<b>15</b>	<b>5</b>		<b>4</b>	<b>7</b>	<b>4</b>	<b>3</b>	<b>4</b>
Combined ratio	72	91		77	64	75	88	79
Claims ratio	53	66		57	46	57	61	51
Number of FTE, end of period	24	25	96	24	23	25	25	25

## Insurance: Vörður (Iceland)

As announced on 30 September 2016, BankNordik has sold the Icelandic insurance company Vörður. Consequently, Vörður is presented separately in the income statement. See note 10 for further information.

## Income statement

Note	DKK 1,000	Group		BankNordik	
		Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015
3	Interest income	354,751	418,815	353,950	417,684
4	Interest expenses	41,584	61,108	41,586	61,209
	<b>Net interest income</b>	<b>313,167</b>	<b>357,708</b>	<b>312,363</b>	<b>356,475</b>
	Dividends from shares and other investments	9,385	9,181	9,385	9,181
5	Fee and commission income	140,697	176,502	146,299	176,502
5	Fee and commissions paid	9,519	11,676	9,519	11,676
	<b>Net dividend, fee and commission income</b>	<b>140,562</b>	<b>174,007</b>	<b>146,164</b>	<b>174,007</b>
	<b>Net interest and fee income</b>	<b>453,729</b>	<b>531,714</b>	<b>458,528</b>	<b>530,482</b>
	Premium income, net of reinsurance	71,488	61,509		
	Claims, net of reinsurance	38,080	41,440		
	<b>Interest and fee income and income from insurance activities, net</b>	<b>487,137</b>	<b>551,784</b>	<b>458,528</b>	<b>530,482</b>
6	Market value adjustments	21,545	-34,319	21,428	-32,490
7	Other operating income	106,717	32,005	102,529	27,424
8	Staff costs and administrative expenses	350,738	386,374	336,859	369,965
	Amortisation, depreciation and impairment charges	6,893	15,287	6,580	14,970
	Other operating expenses	3,248	16,181	3,248	16,181
9	Impairment charges on loans and advances etc.	7,965	33,565	7,965	33,565
	Income from investments accounted for under the equity method	-3,265	-2,000	17,619	21,745
	<b>Profit before tax</b>	<b>243,291</b>	<b>96,063</b>	<b>245,452</b>	<b>112,481</b>
	Tax	47,475	26,795	44,109	25,480
	<b>Net profit from continuing operations</b>	<b>195,816</b>	<b>69,268</b>	<b>201,343</b>	<b>87,001</b>
10	Profit on discontinued operations, net of tax	5,527	17,733	0	0
	<b>Net profit</b>	<b>201,343</b>	<b>87,001</b>	<b>201,343</b>	<b>87,001</b>
	Portion attributable to				
	Shareholders of BankNordik P/F	201,343	87,001	201,343	87,001
	<b>Net profit</b>	<b>201,343</b>	<b>87,001</b>	<b>201,343</b>	<b>87,001</b>
	EPS Basic for the period, discontinuing operations, DKK*	0.56	1.80	0.56	1.80
	EPS Diluted for the period, discontinuing operations, DKK*	0.56	1.80	0.56	1.80
	EPS Basic for the period, continuing operations, DKK*	19.92	7.02	19.92	7.02
	EPS Diluted for the period, continuing operations, DKK*	19.92	7.02	19.92	7.02

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

## Statement of comprehensive income

DKK 1,000	Group		BankNordik	
	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Net profit	201,343	87,001	201,343	87,001
Other comprehensive income				
Items which will subsequently be recycled to the income statement if certain conditions are met:				
Translation of non-Faroese subsidiaries	-22,988	3,999	-22,988	4,851
Total other comprehensive income	<b>-22,988</b>	<b>3,999</b>	<b>-22,988</b>	<b>4,851</b>
<b>Total comprehensive income</b>	<b>178,355</b>	<b>91,000</b>	<b>178,355</b>	<b>91,852</b>
Portion attributable to				
Shareholders of BankNordik P/F	178,355	91,000	178,355	91,852
<b>Total comprehensive income</b>	<b>178,355</b>	<b>91,000</b>	<b>178,355</b>	<b>91,852</b>

## Balance Sheet

Note	DKK 1,000	Group		BankNordik	
		Sept. 30 2016	Dec. 31 2015	Sept. 30 2016	Dec. 31 2015
<b>Assets</b>					
	Cash in hand and demand deposits with central banks	386,480	360,872	386,325	360,824
11	Due from credit institutions and central banks	967,471	410,550	967,471	410,550
9	Loans and advances at fair value	554,462	670,936	554,462	670,936
9	Loans and advances at amortised cost	8,817,486	10,004,244	8,817,486	10,004,244
	Bonds at fair value	4,509,844	3,398,816	4,342,542	3,274,870
	Shares, etc.	253,868	239,995	253,868	239,995
	Assets under insurance contracts	11,771	20,263	0	0
	Holdings in associates	7,251	5,543	7,251	5,543
	Holdings in subsidiaries	0	0	119,228	105,908
	Total land and buildings	192,787	189,477	190,797	187,473
	investment property	19,982	25,299	19,982	25,299
	domicile property	172,805	164,178	170,815	162,173
	Other property, plant and equipment	24,207	28,640	23,590	27,854
	Current tax assets	6,228	3,720	6,228	3,667
	Deferred tax assets	22,214	66,320	22,169	66,278
12	Assets held for sale	32,266	35,402	32,266	35,402
	Other assets	132,021	194,370	127,969	191,318
	Prepayments	18,441	37,386	17,126	35,990
10	Assets in disposal groups classified as held for sale	0	581,280	0	204,778
<b>Total assets</b>		<b>15,936,796</b>	<b>16,247,814</b>	<b>15,868,778</b>	<b>15,825,630</b>

## Balance Sheet

Note	DKK 1,000	Group		BankNordik	
		Sept. 30 2016	Dec. 31 2015	Sept. 30 2016	Dec. 31 2015
		<b>Shareholders' equity and liabilities</b>			
		<b>Liabilities other than provisions</b>			
		494,502	574,791	494,502	574,791
		12,804,917	12,680,157	12,829,331	12,739,229
		67,834	70,433	0	0
		17,549	17,778	12,205	15,405
		345,906	245,840	336,346	233,912
		12,413	24,403	2,719	4,347
10		0	369,705	0	0
		<b>13,743,121</b>	<b>13,983,107</b>	<b>13,675,103</b>	<b>13,567,684</b>
		<b>Provisions for liabilities</b>			
		55,360	39,884	55,360	39,884
		5,655	6,312	5,655	6,312
		<b>61,014</b>	<b>46,196</b>	<b>61,014</b>	<b>46,196</b>
		<b>Subordinated debt</b>			
		222,107	452,177	222,107	452,177
		<b>14,026,242</b>	<b>14,481,479</b>	<b>13,958,224</b>	<b>14,066,056</b>
		<b>Shareholders' equity</b>			
		200,000	200,000	200,000	200,000
		0	22,642	0	22,988
		0	0	28,589	115,548
		0	0	0	0
		1,710,554	1,523,694	1,681,965	1,401,038
		0	20,000	0	20,000
		<b>1,910,554</b>	<b>1,766,335</b>	<b>1,910,554</b>	<b>1,759,575</b>
		<b>15,936,796</b>	<b>16,247,814</b>	<b>15,868,778</b>	<b>15,825,630</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, 2016</b>	<b>200,000</b>	<b>22,642</b>		<b>0</b>	<b>20,000</b>	<b>1,523,694</b>	<b>1,766,335</b>
Translation of foreign units		-22,988				0	-22,988
Other comprehensive income		346			0	-7,107	-6,761
Net profit					0	201,343	201,343
<b>Total comprehensive income</b>		<b>-22,642</b>		<b>0</b>	<b>0</b>	<b>194,236</b>	<b>171,594</b>
Acquisition of own shares						-20,696	-20,696
Sale of own shares						13,046	13,046
Dividends paid					-20,000	274	-19,726
<b>Shareholders' equity at Sept. 30, 2016</b>	<b>200,000</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>1,710,554</b>	<b>1,910,554</b>

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>
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
<b>Total comprehensive income</b>		<b>7,208</b>		<b>-8,820</b>	<b>20,000</b>	<b>-232,189</b>	<b>-213,801</b>
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
<b>Shareholders' equity at December 31, 2015</b>	<b>200,000</b>	<b>22,642</b>		<b>0</b>	<b>20,000</b>	<b>1,523,694</b>	<b>1,766,335</b>

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		6,245					6,245
Net profit						87,001	87,001
<b>Total comprehensive income</b>		<b>6,245</b>				<b>87,001</b>	<b>93,246</b>
Acquisition of own shares						-21,585	-21,585
Sale of own shares						21,585	21,585
Share-based remuneration-programme						578	578
Dividends paid					-20,000	274	-19,726
<b>Shareholders' equity at Sept. 30, 2015</b>	<b>200,000</b>	<b>21,679</b>		<b>8,820</b>	<b>0</b>	<b>1,842,795</b>	<b>2,073,294</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			
<b>Shareholders' equity at January 1, 2016</b>	<b>200,000</b>	<b>22,988</b>	<b>0</b>	<b>115,548</b>	<b>20,000</b>	<b>1,401,038</b>	<b>1,759,575</b>
Translation of foreign units		-22,988					-22,988
Other comprehensive income			0	0	0	0	0
Net profit			0	17,619		183,724	201,343
<b>Total comprehensive income</b>		<b>-22,988</b>	<b>0</b>	<b>17,619</b>	<b>0</b>	<b>183,724</b>	<b>178,355</b>
Acquisition of own shares						-20,696	-20,696
Sale of own shares						13,046	13,046
Dividends paid					-20,000	274	-19,726
Dividends received				-20,577		20,577	0
Dissolution of revaluation reserves in group enterprises				-84,001		84,001	0
<b>Shareholders' equity at Sept. 30, 2016</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>28,589</b>	<b>0</b>	<b>1,681,965</b>	<b>1,910,554</b>

DKK 1,000	Share capital	Foreign	Revaluation Reserve	Equity	Proposed dividends	Retained earnings	Total
		currency translation reserve		method reserve			
<b>Shareholders' equity at January 1, 2015</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>
Translation of foreign units		8,060					8,060
Net profit			0	40,583	20,000	-281,592	-221,009
<b>Total comprehensive income</b>		<b>8,060</b>	<b>-8,820</b>	<b>40,583</b>	<b>20,000</b>	<b>-272,772</b>	<b>-212,949</b>
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
<b>Shareholders' equity at December 31, 2015</b>	<b>200,000</b>	<b>22,988</b>	<b>0</b>	<b>115,548</b>	<b>20,000</b>	<b>1,401,038</b>	<b>1,759,575</b>

DKK 1,000	Share capital	Foreign	Revaluation Reserve	Equity	Proposed dividends	Retained earnings	Total
		currency translation reserve		method reserve			
<b>Shareholders' equity at January 1, 2015</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>
Translation of foreign units		7,097					7,097
Net profit				21,745		65,256	87,001
<b>Total comprehensive income</b>		<b>7,097</b>		<b>21,745</b>		<b>65,256</b>	<b>94,098</b>
Acquisition of own shares						-21,585	-21,585
Sale of own shares						21,585	21,585
Share-based remuneration-programme						578	578
Dividends paid					-20,000	274	-19,726
Dividends received				-39,521		39,521	0
<b>Shareholders' equity at Sept. 30, 2015</b>	<b>200,000</b>	<b>22,025</b>	<b>8,820</b>	<b>96,711</b>	<b>0</b>	<b>1,738,977</b>	<b>2,066,533</b>



## Capital and Solvency - BankNordik

DKK 1,000	Sept. 30 2016	Full year 2015
Core capital	1,784,859	1,691,998
Total capital	1,994,857	1,921,252
Risk-weighted items not included in the trading portfolio	7,818,192	8,951,646
Risk-weighted items with market risk etc.	1,262,168	1,006,711
Risk-weighted items with operational risk	1,419,571	1,504,345
<b>Total risk-weighted items</b>	<b>10,499,931</b>	<b>11,462,702</b>
<b>Core capital ratio, excl. hybrid core capital</b>	<b>17.0%</b>	<b>13.9%</b>
<b>Core capital ratio</b>	<b>17.0%</b>	<b>14.8%</b>
<b>Solvency ratio</b>	<b>19.0%</b>	<b>16.8%</b>
<b>Core Capital and Shareholders' equity</b>		
Share capital	200,000	200,000
Reserves	28,589	138,536
Net profit	201,343	-221,009
Retained earnings, previous years	1,480,622	1,642,047
<b>Shareholders' equity</b>	<b>1,910,554</b>	<b>1,759,575</b>
Deduction of dividend	80,537	20,000
Deduction of holdings of own shares and significant investments in entities in the financial sector	22,990	38,244
Deduction of intangible assets	0	41,275
Deduction of deferred tax assets	22,169	66,278
<b>Core capital exclusive of hybrid core capital</b>	<b>1,784,859</b>	<b>1,593,777</b>
Deduction of insurance subsidiaries	0	0
Hybrid core capital before deductions	0	180,903
Deductions in Hybrid core capital	0	82,683
<b>Core capital</b>	<b>1,784,859</b>	<b>1,691,998</b>
<b>Total capital</b>		
Core capital	1,784,859	1,691,998
Subordinated loan capital, before deductions	222,107	271,273
Deductions in Subordinated loan capital	12,108	42,019
<b>Total capital</b>	<b>1,994,857</b>	<b>1,921,252</b>

## Cash flow statement - BankNordik Group

DKK 1,000	Q1-Q3 2016	Full year 2015
<b>Cash flow from operations</b>		
Net profit for the period	195,816	-221,009
Amortisation and impairment charges for intangible assets	0	480,126
Depreciation and impairment charges of tangible assets	6,893	35,604
Impairment of loans and advances/guarantees	7,965	62,476
Gains, sale of group undertakings	-84,088	0
Tax charged to the income statement	47,475	-114,293
Other non-cash operating items	-27,834	-32,783
<b>Total</b>	<b>146,227</b>	<b>210,121</b>
<b>Changes in operating capital</b>		
Change in loans at fair value	117,533	73,933
Change in loans at amortised cost	1,178,793	-331,281
Change in holding of bonds	-1,097,286	-37,403
Change in holding of shares	-2,792	-64,204
Change in deposits	28,186	73,294
Due to credit institutions and central banks	-80,288	-16,556
Change in other assets / liabilities	165,205	-57,894
Assets/liabilities under insurance contracts	7,014	33,056
Prepayments	6,955	667
<b>Cash flow from operations</b>	<b>469,546</b>	<b>-116,267</b>
<b>Cash flow from investing activities</b>		
Dividends received	9,385	9,244
Sale of group undertakings	256,030	0
Acquisition of tangible assets	-12,489	-44,205
Sale of tangible assets	2,629	68,633
<b>Cash flow from investing activities</b>	<b>255,555</b>	<b>33,671</b>
<b>Cash flow from financing activities</b>		
Acquisition of own shares	-20,696	-27,190
Sale of own shares	13,046	27,190
Payment of dividends	-1,423	-20,000
<b>Cash flow from financing activities</b>	<b>-239,143</b>	<b>-20,000</b>
<b>Cash flow</b>	<b>485,958</b>	<b>-102,596</b>
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	0	9,824
Cash flow	485,958	-102,596
<b>Cash and due etc.</b>	<b>1,353,953</b>	<b>867,996</b>
<b>Cash and due etc.</b>		
Cash in hand and demand deposits with central banks	386,482	457,446
Due from credit institutions, etc.	967,471	410,550
<b>Total</b>	<b>1,353,953</b>	<b>867,996</b>

## Note 1 Significant accounting policies

The consolidated financial statements for the first nine 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 Q3 2016				Elimination	Continuing operations	Discontinued operations	Group
	Banking		Other	Total				
2	DKK 1,000	Private			Corporate			Total
	External interest income, Net	194,109	119,086	-826	312,369	797	9,475	322,641
	Internal interest	14,166	-3,713	-10,453	0	0	0	0
	<b>Net interest income</b>	<b>208,275</b>	<b>115,373</b>	<b>-11,279</b>	<b>312,369</b>	<b>797</b>	<b>9,475</b>	<b>322,641</b>
	<b>Net Fee and dividends income</b>	<b>119,438</b>	<b>11,592</b>	<b>13,335</b>	<b>144,364</b>	<b>-3,802</b>	<b>-12,096</b>	<b>128,466</b>
	Premium income, net of reinsurance	0	0	8,307	8,307	63,981	258,347	329,835
	<b>Net premium income of reinsurance and cl:</b>	<b>0</b>	<b>0</b>	<b>4,382</b>	<b>4,382</b>	<b>29,826</b>	<b>29,054</b>	<b>62,462</b>
	Other income	1,971	0	108,663	110,635	32	19,871	129,309
	<b>Total income</b>	<b>329,684</b>	<b>126,964</b>	<b>115,101</b>	<b>571,750</b>	<b>26,853</b>	<b>46,303</b>	<b>642,879</b>
	<b>Total operating expenses</b>	<b>126,382</b>	<b>14,278</b>	<b>210,289</b>	<b>350,950</b>	<b>11,956</b>	<b>40,225</b>	<b>401,103</b>
	<b>Profit before impairment charges on loans</b>	<b>203,302</b>	<b>112,686</b>	<b>-95,188</b>	<b>220,800</b>	<b>14,898</b>	<b>6,078</b>	<b>241,776</b>
	Impairment charges, incl. reversals of acquired OEI impairments	-20,397	12,803	-7,594	-7,594	118	-7,476	-7,476
	<b>Profit before tax</b>	<b>223,699</b>	<b>99,883</b>	<b>-95,188</b>	<b>228,394</b>	<b>14,898</b>	<b>5,961</b>	<b>249,252</b>
	<b>Total assets</b>	<b>6,130,572</b>	<b>3,642,450</b>	<b>5,962,848</b>	<b>15,735,869</b>	<b>200,927</b>	<b>0</b>	<b>15,936,796</b>
	of which Loans and advances	5,851,650	3,520,298		9,371,948		0	9,371,948
	<b>Total liabilities and equity</b>	<b>9,011,285</b>	<b>3,078,751</b>	<b>3,645,833</b>	<b>15,735,869</b>	<b>200,927</b>	<b>0</b>	<b>15,936,796</b>
	of which Deposits	9,722,039	3,107,292		12,829,331		0	12,804,917
	of which Insurance liabilities					67,834	0	67,834

Operating segments Q3 2015	Banking				Elimination	Continuing operations	Discontinued operations	Group
	DKK 1,000		Other	Total				
	Private	Corporate						Total
	External interest income, Net	201,743	160,609	-5,863	356,489	1,219	8,005	365,713
	Internal interest	27,092	-11,335	-15,757	0	0	0	0
	<b>Net interest income</b>	<b>228,835</b>	<b>149,273</b>	<b>-21,620</b>	<b>356,489</b>	<b>1,219</b>	<b>8,005</b>	<b>365,713</b>
	<b>Net Fee and dividends income</b>	<b>137,769</b>	<b>15,766</b>	<b>20,472</b>	<b>174,007</b>	<b>0</b>	<b>-5,968</b>	<b>168,039</b>
	Premium income, net of reinsurance	0	0	0	0	62,377	202,424	263,933
	<b>Net premium income of reinsurance and cl:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,937</b>	<b>15,263</b>	<b>35,332</b>
	Other income	-59	45	-26,542	-26,556	-1,859	35,571	6,435
	<b>Total income</b>	<b>366,545</b>	<b>165,084</b>	<b>-27,690</b>	<b>503,940</b>	<b>20,296</b>	<b>52,870</b>	<b>575,518</b>
	<b>Total operating expenses</b>	<b>149,035</b>	<b>28,807</b>	<b>226,243</b>	<b>404,084</b>	<b>15,346</b>	<b>33,918</b>	<b>451,759</b>
	<b>Profit before impairment charges on loans</b>	<b>217,510</b>	<b>136,278</b>	<b>-253,932</b>	<b>99,856</b>	<b>4,951</b>	<b>18,953</b>	<b>123,759</b>
	Impairment charges, incl. reversals of acquired OEI impairments	-4,968	7,392	6,319	8,743	8,743	0	8,743
	<b>Profit before tax</b>	<b>222,478</b>	<b>128,886</b>	<b>-260,252</b>	<b>91,112</b>	<b>4,951</b>	<b>18,953</b>	<b>115,016</b>
	<b>Total assets</b>	<b>6,414,673</b>	<b>4,737,358</b>	<b>5,002,538</b>	<b>16,154,570</b>	<b>192,984</b>	<b>524,224</b>	<b>16,871,778</b>
	of which Loans and advances	5,984,329	4,684,659		10,668,988		0	10,668,988
	<b>Total liabilities and equity</b>	<b>10,919,131</b>	<b>3,284,135</b>	<b>1,951,304</b>	<b>16,154,570</b>	<b>192,984</b>	<b>524,224</b>	<b>16,871,778</b>
	of which Deposits	9,440,838	3,388,155		12,828,993		0	12,753,863
	of which Insurance liabilities					73,121	368,518	441,639

## BankNordik Group - Geographical revenue information

	Total income		Non-current assets		Additions to tangible assets		Additions to intangible assets	
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
Faroe Islands	333,809	195,509	126,504	244,005	5,191	-2,420		
Denmark	228,294	293,360	51,283	456,568	-39	3,248		
Iceland, discontinued operation	46,303	52,870	0	4,612		1,822		
Greenland	34,472	33,779	46,457	120,418	61	396		
<b>Total</b>	<b>642,879</b>	<b>575,518</b>	<b>224,245</b>	<b>825,603</b>	<b>5,212</b>	<b>3,047</b>	<b>0</b>	<b>0</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	
		Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Note	DKK 1,000				
<b>3</b>	<b>Interest income</b>				
	Credit institutions and central banks	2,406	942	2,400	928
	Loans and advances	329,526	387,376	329,526	387,376
	Bonds	30,952	37,850	30,157	36,733
	Total derivatives of which:	-8,688	-7,405	-8,688	-7,405
	<i>Currency contracts</i>	0	0	0	0
	<i>Interest rate contracts</i>	-10,576	-9,985	-10,576	-9,985
	<i>Other transactions</i>	1,887	2,580	1,887	2,580
	Other interest income	555	53	555	53
	<b>Total interest income</b>	<b>354,751</b>	<b>418,815</b>	<b>353,950</b>	<b>417,684</b>
<b>4</b>	<b>Interest expenses</b>				
	Credit institutions and central banks	1,439	722	1,439	722
	Deposits	13,835	29,767	13,836	29,869
	Issued Bonds	0	0	0	0
	Subordinated debt	25,779	31,308	25,779	31,308
	Other interest expenses	531	-689	531	-689
	<b>Total interest expenses</b>	<b>41,584</b>	<b>61,108</b>	<b>41,586</b>	<b>61,209</b>
<b>5</b>	<b>Net fee and commission income</b>				
	Fee and commission income				
	Securities trading and custody accounts	31,142	45,320	31,142	45,320
	Credit transfers	15,916	18,879	15,916	18,879
	Loan commissions	7,430	9,175	7,430	9,175
	Guarantee commissions	13,700	14,122	13,700	14,122
	Other fees and commissions	72,509	89,005	78,111	89,005
	<b>Total fee and commission income</b>	<b>140,697</b>	<b>176,502</b>	<b>146,299</b>	<b>176,502</b>
	Fee and commissions paid				
	Securities trading and custody accounts	9,519	11,676	9,519	11,676
	<b>Net fee and commission income</b>	<b>131,178</b>	<b>164,826</b>	<b>136,780</b>	<b>164,826</b>
<b>6</b>	<b>Market value adjustments</b>				
	Loans and advances	1,060	-16,134	1,060	-16,134
	Bonds	13,932	-70,839	13,816	-69,010
	Shares	11,081	22,192	11,081	22,192
	Investment properties	0	0	0	0
	Foreign exchange	-12,791	22,050	-12,791	22,050
	Total derivatives of which:	4,001	3,122	4,001	3,122
	<i>Currency Swaps</i>	15,507	-6,605	15,507	-6,605
	<i>Interest Swaps</i>	-16,287	14,240	-16,287	14,240
	<i>Other contracts</i>	-3,272	-4,513	-3,272	-4,513
	Assets under pooled schemes	0	-2	0	-2
	Other obligations	4,261	5,292	4,261	5,292
	Deposits in pooled schemes	0	0	0	0
	<b>Total market value adjustments</b>	<b>21,545</b>	<b>-34,319</b>	<b>21,428</b>	<b>-32,490</b>

Note	DKK 1,000	Group		BankNordik	
		Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015
<b>7</b>	<b>Other operating income</b>				
	Profit on sale of properties	223	604	223	604
	- of which assets held for sale	223	9	223	9
	Profit on sale of operating equipment	670	325	670	325
	Profit on sale of discontinued operations	84,088	0	84,088	0
	Reversals of acquired OI impairments	15,854	25,588	15,854	25,588
	Other income	5,882	5,487	1,694	906
	<b>Total other operating income</b>	<b>106,717</b>	<b>32,005</b>	<b>102,529</b>	<b>27,424</b>
<b>8</b>	<b>Staff costs and administrative expenses</b>				
	Staff costs:				
	Salaries	170,534	216,315	160,350	183,128
	Pensions	19,635	24,181	18,310	20,574
	Social security expenses	22,023	27,346	20,703	21,757
	<b>Total staff costs</b>	<b>212,192</b>	<b>267,842</b>	<b>199,363</b>	<b>225,458</b>
	Administrative expenses:				
	IT	72,085	70,524	69,268	68,216
	Marketing etc	12,942	12,455	11,926	11,473
	Education etc	2,764	2,357	2,352	1,757
	Advisory services	1,397	6,406	1,389	6,383
	Other expenses	55,351	61,031	52,561	56,678
	<b>Total administrative expenses</b>	<b>144,540</b>	<b>152,773</b>	<b>137,496</b>	<b>144,506</b>
	Total staff costs	212,192	239,130	199,363	225,458
	Employee costs included under the item "Claims, net of reinsurance"	-5,994	-5,529	0	0
	Total administrative expenses	144,540	152,773	137,496	144,506
	<b>Total staff costs and administrative expenses</b>	<b>350,738</b>	<b>386,374</b>	<b>336,859</b>	<b>369,965</b>
	<b>Number of employees</b>				
	Average number of full-time employees in the period	405	435	375	405
	<b>Executive remuneration:</b>				
	Board of Directors	1,350	1,350	1,350	1,350
	Executive Board:				
	Salaries	1,625	2,745	1,625	2,282
	Pension	250	313	250	348
	Share-based payment	0	267	0	0
	<b>Total executive board</b>	<b>1,876</b>	<b>3,325</b>	<b>1,876</b>	<b>2,630</b>
	<b>Total executive remuneration</b>	<b>3,226</b>	<b>4,675</b>	<b>3,226</b>	<b>3,980</b>

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

Note	DKK 1,000	Group		BankNordik		
		Q1-Q3	Q1-Q3	Q1-Q3	Q1-Q3	
		2016	2015	2016	2015	
9		<b>Impairment charges on loans and advances and provisions for guarantees etc.</b>				
		Individual impairment charges and provisions at 1 January	671,000	633,245	671,000	633,245
		New and increased impairment charges and provisions	113,543	119,539	113,543	119,539
		Reversals of impairment charges and provisions	73,049	68,616	73,049	68,616
		Written-off, previously impaired	36,528	17,008	36,528	17,008
		<i>Interest income on impaired loans</i>	<i>17,850</i>	<i>19,357</i>	<i>17,850</i>	<i>19,357</i>
		<b>Total individual impairment charges and provisions</b>	<b>674,966</b>	<b>667,160</b>	<b>674,966</b>	<b>667,160</b>
		<b>Impairment charges and provisions recognised in the income statement</b>				
		Loans and advances at amortised cost	9,406	33,683	9,406	33,683
		Loans and advances at fair value	-16,916	436	-16,916	436
		Guarantees and loan commitments	15,476	-555	15,476	-555
		<b>Total individual impairment charges and provisions</b>	<b>7,965</b>	<b>33,565</b>	<b>7,965</b>	<b>33,565</b>
		<b>Individual impairment charges etc.</b>				
		Individual impairment charges etc. at 1 January	577,447	544,643	577,447	544,643
		New and increased impairment charges	88,646	105,583	88,646	105,583
		Reversals of impairment charges	61,458	61,259	61,458	61,259
		Written-off, previously impaired	36,528	17,008	36,528	17,008
		<i>Write-offs charged directly to the income statement</i>	<i>-11,167</i>	<i>4,078</i>	<i>-11,167</i>	<i>4,078</i>
		<i>Received on claims previously written off</i>	<i>3,511</i>	<i>2,079</i>	<i>3,511</i>	<i>2,079</i>
		<i>Interest income on impaired loans</i>	<i>17,850</i>	<i>19,357</i>	<i>17,850</i>	<i>19,357</i>
		<b>Individual impairment charges etc. at 30 June</b>	<b>568,107</b>	<b>571,958</b>	<b>568,107</b>	<b>571,958</b>
		<i>Total net impact recognised in the income statement</i>	<i>-5,341</i>	<i>26,966</i>	<i>-5,341</i>	<i>26,966</i>
		<b>Collective impairment charges</b>				
		Collective impairment charges at 1 January	53,669	41,673	53,669	40,441
		New and increased impairment charges	6,420	9,478	6,420	9,478
		Reversals of impairment charges	8,590	2,325	8,590	2,325
		<b>Collective impairment charges at 30 June</b>	<b>51,499</b>	<b>48,826</b>	<b>51,499</b>	<b>47,594</b>
		<i>Total net impact recognised in the income statement</i>	<i>-2,170</i>	<i>7,153</i>	<i>-2,170</i>	<i>7,153</i>
		<b>Individual provisions on guarantees</b>				
		Individual provisions at 1 January	39,884	46,930	39,884	46,930
		New and increased provisions	18,477	4,478	18,477	4,478
		Reversals of provisions	3,001	5,033	3,001	5,033
		<b>Individual provisions on guarantees at 30 June</b>	<b>55,360</b>	<b>46,375</b>	<b>55,360</b>	<b>46,375</b>
		<i>Total net impact recognised in the income statement</i>	<i>15,476</i>	<i>-555</i>	<i>15,476</i>	<i>-555</i>

## Note DKK 1,000

## 10 Discontinued operations

As announced earlier, Vørður was sold on 30. Sept 2016

	Group		BankNordik	
	Q1-Q3	Q1-Q3	Q1-Q3	Q1-Q3
	2016	2015	2016	2015
<b>Income statement</b>				
Net interest income	9,475	8,005		
Dividends from shares and other investments	0	2,038		
Fee and commissions	-12,096	-8,006		
<b>Net interest, dividend, fee and commission income</b>	<b>-2,621</b>	<b>2,037</b>		
Premium income, net of reinsurance	258,347	202,424		
Claims, net of reinsurance	229,293	187,161		
<b>Income and income from insurance activities, net</b>	<b>29,054</b>	<b>15,263</b>		
Market value adjustments	19,871	35,571		
Staff costs and administrative expenses	40,343	33,918		
<b>Profit before tax</b>	<b>5,961</b>	<b>18,953</b>		
Tax	434	1,219		
<b>Net profit from discontinued operations</b>	<b>5,527</b>	<b>17,733</b>		
<b>Assets</b>				
Cash in hand and demand deposits with central banks		96,574		
Bonds at fair value		149,819		
Shares, etc.		195,090		
Assets under insurance contracts		74,863		
Intangible assets		49,574		
Other property, plant and equipment		3,760		
Deferred tax assets		7,006		
Other assets		4,595		
Assets in disposal groups classified as held for sale			0	204,778
<b>Total assets</b>	<b>0</b>	<b>581,280</b>	<b>0</b>	<b>204,778</b>
<b>Liabilities</b>				
Liabilities under insurance contracts		349,831		
Other liabilities		19,874		
<b>Total liabilities</b>	<b>0</b>	<b>369,705</b>		
<b>Cash flow statement</b>				
Cash flow from operations		29,394		
Cash flow from investing activities		-1,501		
Cash flow from financing activities		-14,521		
<b>Cash flow</b>	<b>0</b>	<b>13,372</b>		



Note	DKK 1,000	Group		BankNordik	
		Sept. 30 2016	Dec. 31 2015	Sept. 30 2016	Dec. 31 2015
11	<b>Due from credit institutions etc. specified by maturity</b>				
	On demand	759,161	102,364	759,161	102,364
	3 months and below	8,309	108,186	8,309	108,186
	Over 1 year to 5 years	200,000	200,000	200,000	200,000
	<b>Total due from credit institutions etc.</b>	<b>967,471</b>	<b>410,550</b>	<b>967,471</b>	<b>410,550</b>
12	<b>Assets held for sale</b>				
	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	5,599	45,762	5,599	45,762
	<b>Total purchase price</b>	<b>36,774</b>	<b>41,020</b>	<b>36,774</b>	<b>41,020</b>
	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	1,109	0	1,109	0
	Reversal of impairment on disposals during the year	0	97	0	97
	<b>Total depreciation and impairment</b>	<b>4,508</b>	<b>5,617</b>	<b>4,508</b>	<b>5,617</b>
	<b>Total assets held for sale</b>	<b>32,266</b>	<b>35,402</b>	<b>32,266</b>	<b>35,402</b>
13	<b>Contingent liabilities</b>				
	<b>Guarantees</b>				
	Financial guarantees	339,236	317,347	339,236	317,347
	Mortgage finance guarantees	1,207,702	1,233,408	1,207,702	1,233,408
	Registration and remortgaging guarantees	624,107	557,980	624,107	557,980
	Other guarantees	251,208	319,774	251,208	319,774
	<b>Total guarantees</b>	<b>2,422,253</b>	<b>2,428,508</b>	<b>2,422,253</b>	<b>2,428,508</b>

#### 14 Assets deposited as collateral

At September 30 2016 the Group had deposited bonds at a total market value of DKK 39m (Q3 2015: 30m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing.  
Deposits of bonds to others in total have a market value of DKK 72m (Q3 2015: 35m).

## 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 nine months of 2016.

The consolidated financial statements for the first nine 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 September 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 nine months ended 30 September 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, 27 October 2016

### *Executive Board*

Árni Ellefsen  
CEO

### *Board of Directors*

Stine Bosse  
Chairman

Rúni Vang Poulsen  
Vice chairman

Súsanna Poulsen

Jógvan Jespersen

Tórhallur Olsen

Kenneth M. Samuelsen

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BankNordik is a limited liability  
company incorporated and  
domiciled in the Faroe Islands.

The company is listed on  
Nasdaq Iceland and Nasdaq  
Copenhagen.

## IR contact

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