

Interim Report

H1 2014

7 August 2014

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Highlights, ratios and key figures - BankNordik Group

Highlights	H1	Q2	Q1	Q4	Q3	Q2
	2014	2014	2014	2013	2013	2013
DKK 1,000						
Net interest income	258,394	125,517	132,877	133,364	142,769	151,118
Net fee and commission income	88,518	44,921	43,597	47,360	41,272	43,045
Net interest and fee income	358,972	179,848	179,124	186,767	185,370	199,003
Net insurance income	28,058	20,362	7,696	14,213	14,991	28,532
Interest and fee income and income from insurance activities, net	387,029	200,209	186,820	200,981	200,361	227,535
Market value adjustments	17,633	9,048	8,585	-6,562	15,828	-15,629
Other operating income	25,781	13,946	11,835	11,439	10,788	30,081
Staff cost and administrative expenses	259,958	132,047	127,912	132,771	130,042	135,559
Impairment charges on loans and advances etc.	54,062	24,323	29,740	45,828	39,730	29,033
Net profit	64,007	39,883	24,124	-5,260	32,175	52,281
Loans and advances	10,207,310	10,207,310	10,392,442	10,460,298	10,586,886	10,749,708
Bonds at fair value	3,243,824	3,243,824	2,789,354	3,493,271	3,281,393	3,471,204
Intangible assets	783,552	783,552	782,533	798,141	799,567	803,929
Assets held for sale	23,706	23,706	21,325	58,168	19,826	20,924
Total assets	16,106,281	16,106,281	16,583,866	17,084,562	16,875,999	17,368,907
Due to credit institutions and central banks	340,263	340,263	939,147	1,290,408	1,302,273	1,387,264
Deposits and other debt	12,281,228	12,281,228	12,047,221	12,192,748	12,019,172	12,330,533
Total shareholders' equity	2,180,861	2,180,861	2,135,334	2,155,998	2,155,376	2,124,946
Ratios and key figures						
	H1	Q2	Q1	Q4	Q3	Q2
	2014	2014	2014	2013	2013	2013
Solvency						
Solvency ratio, %	14.6	14.6	14.7	14.7	14.5	15.4
Core capital ratio, %	12.6	12.6	12.7	12.8	12.5	13.5
Core capital ratio excl. hybrid core capital, end of period, %	11.5	11.5	11.1	11.1	10.8	10.7
Risk-weighted items, DKK mill	11,320	11,320	11,653	11,511	11,674	11,813
Profitability						
Return on equity after tax, %	3.0	1.8	1.1	-0.2	1.5	2.5
Cost / income, %	80.0	75.8	84.7	104.9	79.2	73.8
Cost / income, % (excl. value adjustm. and impairments)	70.2	67.7	73.0	79.6	66.4	58.1
Market risk						
Interest rate risk %	4.6	4.6	4.5	4.8	4.8	1.7
Foreign exchange position %	6.4	6.4	7.8	7.1	8.7	6.4
Liquidity						
Excess cover relative to statutory liquidity requirements, %	155.9	155.9	159.4	178.0	163.1	176.2
Credit risk						
Growth on loans and advances, %	-2.4	-1.8	-0.6	-1.2	-1.5	-0.6
Gearing of loans and advances	4.7	4.7	4.9	4.9	4.9	5.1
Impairment and provisioning ratio, end of period, %	4.3	4.3	4.2	4.1	3.9	3.6
Write-off and provisioning ratio, %	0.4	0.2	0.2	0.4	0.3	0.2
Share of amounts due on which interest rates have been reduced, end of period, %	1.7	1.7	1.7	2.0	1.9	1.8
Shares						
Earnings per share after tax (nom. DKK 20), DKK	6.5	4.0	2.4	-0.5	3.3	5.3
Market price per share (nom. DKK 20), DKK	114	114	110	128	132	96
Book value per share (nom. DKK 20), DKK	221	221	217	218	219	215
Other						
Number of full-time employees, end of period	510	510	512	523	530	538

Financial review

Highlights H1 2014

- Profit before tax amounted to DKK 85m in H1 2014 compared to DKK 77m in H1 2013.
- Operating and sector costs excluding non-recurring items amounted to DKK 280m in H1 2014 compared to DKK 299m in H1 2013.
- Impairment charges, net, amounted to DKK 40m in H1 2014 compared to DKK 75m in H1 2013.
- The solvency ratio was 14.6% at 30 June 2014 compared to the solvency requirement of 8.9%, i.e. a solvency surplus of 5.7 percentage points.
- The full-year guidance of profit before impairments, non-recurring items and value adjustments in the range of DKK 200-240m expressed in the Annual Report 2013 is maintained.

Highlights Q2 2014

- Operating profit amounted to DKK 44m in Q2 compared to DKK DKK 31m in Q1 2014. A significant improvement driven by lower impairments, and improved net fee and insurance income.
- Impairment charges, net, amounted to DKK 19m in Q2 2014 compared to DKK 21m in Q1 2014
- Operating costs excluding non-recurring items amounted to DKK 142 compared to DKK 138m in Q1 2014.

Income statement

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

Income statement, Group

DKKm	H1 2014	H1 2013	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net interest income	258	298	126	133	133	143	151
Net fee and commission income	101	92	54	46	53	43	48
Net insurance income	28	40	20	8	14	15	29
Other operating income	8	6	4	3	5	3	4
Operating income	395	436	205	190	206	204	231
Operating costs	-268	-282	-136	-132	-139	-136	-142
Sector costs	-12	-16	-6	-6	-4	-4	-8
Profit before impairment charges	114	137	62	52	62	63	82
Impairment charges	-54	-93	-24	-30	-46	-40	-29
Reversals of acquired OEI impairments	14	17	6	9	4	8	9
Impairment charges, net	-40	-75	-19	-21	-42	-32	-20
Operating profit	75	62	44	31	20	31	62
Non-recurring items	-1	8	1	-2	-19	0	17
Profit before value adjustments and tax	74	70	45	29	1	31	79
Market value adjustments*	11	6	9	2	-10	16	-16
Profit before tax	85	77	54	31	-9	47	63
Operating cost/income, %	68%	65%	66%	70%	68%	67%	61%
Number of FTE, end of period	510	538	510	512	523	530	538

*Incl. Net income from investment activities

Certain non-recurring items (especially integration and restructuring costs) have had a relatively strong impact on the Group's financial performance in recent quarters. These items are shown in a separate line in the table. Non-recurring items amounted to an income of DKK 1m in Q2 2014.

The following comments relate to the adjusted figures and are generally stated relative to Q1 2014. Due to seasonal variations, the insurance segment is also commented relative to Q2 2013.

Operating income

BankNordik Group's operating income for Q2 2014 was DKK 205m, an 8% improvement from Q1 2014. The improvement is mainly due to higher insurance and fee income, which more than compensated for the lower net interest income – driven by lower volumes and reduced interest margins.

Net interest income

Net interest income was DKK 126m in Q2 2014 compared to DKK 133m in Q1 2014.

Net fees and commissions

Net fee and commission income amounted to DKK 54m in Q2 2014, up from 46m in Q1 2014 due to more activity and higher dividends.

Insurance income, net

Income from insurance activities, net, amounted to DKK 20m in Q2 2014 compared with DKK 29m in the same period last year because of a higher claims ratio in Q2 2014 in the Faroese operation.

Operating and sector costs

Operating and sector costs were DKK 142m in Q2 2014, 2% higher than in Q1 2014 but 6% lower than in Q2 2013.

Profit before impairment charges

Profit before impairment charges increased to DKK 62m in Q2 2014 from DKK 52m in Q1 2014.

Impairment charges

Net impairment charges decreased to DKK 19m in Q2 2014 compared to DKK 21m in Q1 2014. The Bank therefore still expects impairment charges for the full year 2014 to be lower than in 2013.

Operating profit

Operating profit improved from DKK 31m in Q1 2014 to DKK 44m in Q2 2014, driven by improved operating income and lower impairment charges.

Balance sheet

BankNordik's total assets at 30 June 2014 amounted to DKK 16bn. Loans and advances were down by 2% compared to year-end 2013 to stand at DKK 10.2bn at the end of H1 2014. Deposits increased by 1% to DKK 12.4bn at 30 June 2014 compared to year-end 2013.

Compared to year-end 2013 amounts due to credit institutions and central banks decreased DKK 950m, while amounts due from credit institutions and central banks fell by DKK 341m. Liquidity invested in bonds amounted to DKK 3.2bn, which is primarily invested in Danish mortgage and government bonds. Liquidity invested in shares was DKK 354 compared to DKK 335m at the end of 2013. The surplus liquidity at 30 June 2014 was 156% higher than the statutory requirement.

At 30 June 2014, the Group's equity increased to DKK 2,180m compared to DKK 2,063m at the end of Q1 2014.

Compliance with the Danish FSA Supervisory Diamond

	BankNordik H1 2014	FSA Limit
Large exposures	61.6%	<125%
Liquidity coverage	155.9%	>50%
Loan growth	-5.0%	<20%
Funding ratio	0.68	<1.00
Lending to property sector	8.6%	<25%

At 30 June 2014, the Group met all requirements set by the Danish FSA in the Supervisory Diamond.

Events after the balance sheet date

No other events have occurred since 30 June 2014 deemed to have a significant impact on the Group's financial position.

Outlook 2014

Management maintains the expectations as reported in the Annual Report 2013 of a pre-tax profit before value adjustments and impairments in the DKK 200-240m range.

BankNordik Group by segment

Banking: Faroe Islands

The banking activities in the Faroe Islands reported an improved performance in Q2 2014 with operating profit of DKK 20m relative to DKK 10m in Q1 2014. Operating income was stable at DKK 72m, while operating costs increased to DKK 43m. Q2 2014 impairment charges amounted to DKK 7m. Loans and advances were stable at DKK 5.8bn, while deposits were stable at DKK 5.3bn.

Observe that the financial result obtained in the treasury department is included in this business segment, whereby it is not directly comparable with the other business segments.

Income statement, Faroe Islands

DKKm	H1 2014	H1 2013	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net interest income	107	137	51	56	59	62	71
Net fees, commission income & dividends	34	29	20	14	20	13	17
Other operating income	3	3	1	2	4	2	2
Total Operating income	144	168	72	72	83	76	90
Operating cost	-85	-91	-43	-42	-50	-44	-45
Sector costs	-5	-7	-2	-3	-2	-2	-3
Profit before impairment charges	54	71	27	27	30	31	41
Impairment charges, net	-24	-22	-7	-17	-22	-11	-6
Operating profit	30	49	20	10	8	20	35
Non-recurring items	-4	16	-2	-2	-19	0	17
Profit before value adjustments and tax	26	65	19	8	-11	20	52
Market value adjustments	28	6	11	17	-6	11	-8
Profit before tax	54	71	29	24	-17	31	45
Loans and advances	5,763	5,982	5,763	5,759	5,813	5,904	5,982
Deposits and other debt	5,337	5,154	5,337	5,295	5,311	4,996	5,154
Operating cost/income, %	59%	54%	59%	58%	61%	57%	51%
Number of FTE, end of period	166	176	166	163	169	173	176

Banking: Denmark

The Danish banking activities reported fairly stable profit before impairment charges of DKK 20m in Q2 2014. With impairment charges, net, of DKK 10m, operating profit amounted to DKK 10m. Operating income in Denmark decreased from DKK 95m to DKK 94m in Q1 2014 due to lower lending. Operating costs were stable at DKK 70m relative to DKK 69m in Q1 2014 and DKK 75m in Q2 2013.

After increasing by DKK 66m in Q1 2014 lending declined by DKK 185m in Q2 2014, while deposits increased by DKK 94m in Q2 2014. The lower lending volume in Q2 2014 is due to a reduced borrowing by a few corporate customers, while the growth of deposit volume is a result of the continued inflow of retail and corporate customers.

Income statement, Denmark

DKKm	H1 2014	H1 2013	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net interest income	126	136	62	64	61	68	68
Net fees, commission income & dividends	61	58	30	31	32	28	28
Other operating income	1	1	1	0	0	0	1
Total Operating income	188	195	94	95	94	97	97
Operating cost	-140	-150	-70	-69	-68	-72	-75
Sector costs	-6	-9	-3	-3	-3	-2	-4
Profit before impairment charges	42	36	20	22	22	23	17
Impairment charges	-26	-64	-16	-10	-24	-27	-22
Reversals of acquired OEI impairments	14	17	6	9	4	8	9
Impairment charges, net	-12	-47	-10	-2	-19	-19	-12
Operating profit	31	-11	10	20	3	3	5
Non-recurring items	3	-8	3	0	0	0	0
Profit before value adjustments and tax	34	-19	13	20	4	3	5
Market value adjustments	0	0	0	0	0	0	0
Profit before tax	34	-19	13	20	4	3	5
Loans and advances	3,707	4,056	3,707	3,892	3,827	3,878	3,964
Deposits and other debt	6,501	7,055	6,501	6,407	6,541	6,658	6,826
Operating cost/income, %	74%	77%	75%	73%	73%	74%	78%
Number of FTE, end of period	236	254	236	238	248	247	254

Banking: Greenland

Operating income decreased to DKK 11m in Q2 2014, while operating costs remained stable at DKK 7m. Net impairment charges of DKK 2m brought the operating profit to DKK 2m. Operating profit before impairment charges amounted to DKK 4m.

Loans and advances were stable compared with Q1 2014, while deposits increased significantly.

Income statement, Greenland

DKKm	H1 2014	H1 2013	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net interest income	19	19	9	10	10	10	9
Net fees, commission income & dividends	5	5	2	3	2	2	3
Other operating income	1	1	0	0	0	0	0
Total Operating income	24	25	11	13	13	12	12
Operating cost	-14	-14	-7	-7	-9	-7	-6
Sector costs	-1	-1	0	0	0	0	0
Profit before impairment charges	10	10	4	6	4	5	5
Impairment charges, net	-4	-6	-2	-2	0	-2	-2
Operating profit	6	4	2	3	4	3	4
Non-recurring items	0	0	0	0	0	0	0
Profit before value adjustments and tax	6	4	2	3	4	3	4
Market value adjustments	0	0	0	0	0	0	0
Profit before tax	6	4	2	3	4	3	4
Loans and advances	736	794	736	741	821	806	804
Deposits and other debt	526	553	526	429	433	454	456
Operating cost/income, %	58%	57%	62%	54%	69%	55%	53%
Number of FTE, end of period	18	21	18	19	19	20	21

Insurance: Trygd (Faroe Islands)

Significantly higher claims and lower prices reduced Trygd's Q2 2014 net insurance income to DKK 5m from DKK 12m in Q2 2013. Operating income fell because of the lower prices on insurance products, but the launch of the Bank's customer loyalty programme has lifted the sale of insurance products significantly compensating partially for the lower prices. The increasing claims are partly explained by higher storms in the winter season, since the claims have been processed in Q2 2014.

Income statement, Trygd

DKKm	H1 2014	H1 2013	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Premium income, net of reinsurance	39	42	20	19	19	19	21
Claims, net of reinsurance	-28	-21	-15	-13	-25	-14	-9
Net insurance income	11	21	5	6	-5	5	12
Net income from investment activities	2	0	1	1	1	0	0
Operating income	14	22	6	8	-5	5	12
Operating cost	-9	-8	-5	-4	-4	-4	-4
Profit before tax	5	13	1	3	-9	1	7
Combined ratio	94%	69%	99%	89%	150%	96%	65%
Claims ratio	71%	49%	75%	67%	129%	73%	45%
Number of FTE, end of period	25	23	25	25	26	26	23

Insurance: Vørður (Iceland)

Vørður reported net insurance income of DKK 16m in Q2 2014, which is at the same level as in Q2 2013. Including the positive investment result of DKK 2m the Icelandic insurance returned a profit before tax of DKK 7m. The key ratios are at levels similar to Q2 2013.

Income statement, Vørður

DKKm	H1 2014	H1 2013	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Premium income, net of reinsurance	116	103	60	57	57	56	55
Claims, net of reinsurance	-99	-83	-44	-55	-37	-46	-38
Net insurance income	18	20	16	2	20	10	17
Net income from investment activities	-4	7	2	-7	2	7	-4
Operating income	13	26	18	-5	22	17	13
Operating cost	-20	-19	-11	-10	-8	-9	-10
Profit before tax	-7	8	7	-15	14	8	3
Combined ratio	102%	99%	91%	114%	79%	98%	86%
Claims ratio	85%	81%	74%	97%	65%	82%	69%
Number of FTE, end of period	61	58	61	61	61	59	58

Income statement - BankNordik Group

Note	DKK 1,000	H1 2014	H1 2013	Full year 2013
3	Interest income	322,013	377,657	721,175
4	Interest expenses	63,620	79,759	147,143
	Net interest income	258,394	297,898	574,032
	Dividends from shares and other investments	12,060	6,735	14,108
5	Fee and commission income	101,506	97,298	200,515
5	Fee and commissions paid	12,988	11,665	26,250
	Net interest and fee income	358,972	390,267	762,404
	Premium income, net of reinsurance	154,423	143,932	295,285
	Claims, net of reinsurance	126,365	103,709	225,857
	Interest and fee income and income from insurance activities, net	387,029	430,490	831,832
6	Market value adjustments	17,633	6,375	15,640
7	Other operating income	25,781	41,320	63,547
8	Staff costs and administrative expenses	259,958	280,576	543,390
	Amortisation, depreciation and impairment charges	12,226	11,999	27,582
	Other operating expenses	12,764	16,247	43,323
9	Impairment charges on loans and advances etc.	54,062	92,677	178,234
	Income from associated undertakings	-6,773	-7	-4,622
	Profit before tax	84,659	76,679	113,868
	Tax	20,652	11,198	21,472
	Net profit	64,007	65,481	92,396
	EPS Basic for the period, DKK*	6.49	6.55	9.37
	EPS Diluted for the period, DKK *	6.49	6.64	9.37

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

Statement of comprehensive income - BankNordik Group

DKK 1,000	H1 2014	H1 2013	Full year 2013
Net profit	64,007	65,481	92,396
Other comprehensive income			
Translation of non-Faroese subsidiaries	-24,353	7,535	11,410
Revaluation of property	0	10,756	10,756
Tax on other comprehensive income	0	-1,936	-1,936
Total other comprehensive income	-24,353	16,355	20,230
Total comprehensive income	39,654	81,836	112,626

Balance Sheet - BankNordik Group

Note	DKK 1,000	June 30 2014	June 30 2013	Dec. 31 2013
Assets				
	Cash in hand and demand deposits with central banks	402,435	479,393	479,757
10	Due from credit institutions and central banks	482,953	756,485	824,289
11	Loans and advances at fair value	597,284	839,441	681,617
11	Loans and advances at amortised cost	9,610,027	9,910,267	9,778,682
	Bonds at fair value	3,243,824	3,471,204	3,493,271
	Shares, etc.	354,307	416,917	334,677
	Assets under insurance contracts	85,947	105,506	78,434
	Holdings in associates	7,451	14,725	14,186
	Intangible assets	783,552	803,929	798,141
	Total land and buildings	289,377	327,571	291,386
	investment property	92,303	153,577	120,358
	domicile property	197,074	173,994	171,028
	Other property, plant and equipment	30,890	23,874	25,455
	Current tax assets	3,971	7,579	4,533
	Deferred tax assets	34,767	50,098	44,589
12	Assets held for sale	23,706	20,924	58,168
	Other assets	131,908	103,879	161,382
	Prepayments	23,883	37,114	15,995
	Total assets	16,106,281	17,368,907	17,084,562

Balance Sheet - BankNordik Group

Note	DKK 1,000	June 30 2014	June 30 2013	Dec. 31 2013
Shareholders' equity and liabilities				
Liabilities other than provisions				
	Due to credit institutions and central banks	340,263	1,387,264	1,290,408
	Deposits and other debt	12,281,228	12,330,533	12,192,748
	Liabilities under insurance contracts	377,301	403,927	375,155
	Current tax liabilities	1,940	6,881	1,386
	Other liabilities	317,669	310,843	374,714
	Deferred income	11,196	10,873	15,570
	Total liabilities other than provisions	13,329,598	14,450,321	14,249,980
Provisions for liabilities				
	Provisions for deferred tax	90,924	71,206	79,129
	Provisions for other liabilities	3,275	0	17,499
	Provisions for losses on guarantees	40,346	54,851	56,511
	Total provisions for liabilities	134,545	126,057	153,139
Subordinated debt				
	Subordinated debt	461,276	667,583	525,445
	Total liabilities	13,925,420	15,243,961	14,928,564
Shareholders' equity				
	Share capital	200,000	200,000	200,000
	Foreign translation reserve	5,564	25,978	29,853
	Revaluation reserve	8,820	8,820	8,820
	Retained earnings	1,966,477	1,890,148	1,902,324
	Proposed dividends	0	0	15,000
	Total shareholders' equity	2,180,861	2,124,946	2,155,998
	Total liabilities and equity	16,106,281	17,368,907	17,084,562

Statement of capital - BankNordik Group

Changes in shareholders' equity:

	Share capital	Foreign currency translation reserve	Revaluation Reserve	Proposed dividends	Retained earnings	Total
DKK 1,000						
Shareholders' equity at January 1, 2014	200,000	29,853	8,820	15,000	1,902,324	2,155,998
Translation of foreign units		-24,289			-63	-24,353
Tax on entries on income recognised as Other comprehensive income						
Other comprehensive income		-24,289			-63	-24,353
Net profit					64,007	64,007
Total comprehensive income		-24,289			63,944	39,654
Acquisition of own shares					-13,120	-13,120
Sale of own shares					13,123	13,123
Dividends paid				-15,000	206	-14,794
Shareholders' equity at June 30, 2014	200,000	5,564	8,820	0	1,966,477	2,180,861

	Share capital	Foreign currency translation reserve	Revaluation Reserve	Proposed dividends	Retained earnings	Total
DKK 1,000						
Shareholders' equity at January 1, 2013	200,000	18,443	0	10,000	1,824,919	2,053,362
Translation of foreign units		7,535	10,756			18,291
Tax on entries on income recognised as Other comprehensive income			-1,936			-1,936
Other comprehensive income		7,535	8,820			16,355
Net profit					65,481	65,481
Total comprehensive income		7,535	8,820		65,481	81,836
Acquisition of own shares					-5,978	-5,978
Sale of own shares					5,725	5,725
Dividends paid				-10,000		-10,000
Shareholders' equity at June 30, 2013	200,000	25,978	8,820	0	1,890,147	2,124,946

Shares

	H1 2014	H1 2013	Full year 2013
DKK 1,000			
Net profit	64,007	65,481	92,396
Average number of shares outstanding	9,863	9,863	9,863
Number of dilutive shares issued	0	0	0
Average number of shares outstanding, including dilutive shares diluted	9,863	9,863	9,863
Earnings per share, DKK	6.49	6.64	9.37
Diluted net profit for the period per share, DKK	6.49	6.64	9.37

The share capital is made up of shares of a nominal value of DKK 20 each. All shares carry the same rights. Thus there is only one class of shares.

Average number of shares outstanding:

Issued shares at 1 January, numbers in 1,000	10,000	10,000	10,000
Increase in share capital	0	0	0
Issued shares at end of period	10,000	10,000	10,000
Shares outstanding at end of period	9,863	9,863	9,863
Group's average holding of own shares during the period	137	137	137
Average shares outstanding	9,863	9,863	9,863

Cash flow statement - BankNordik Group

	H1	H1	Full year
DKK 1,000	2014	2013	2013
Cash flow from operations			
Net profit for the period	64,007	65,481	92,396
Result from associates	6,736	0	4,622
Amortisation and impairment charges for intangible assets	7,259	6,129	12,976
Depreciation and impairment charges of tangible assets	4,966	5,870	14,225
Impairment of loans and advances/guarantees	56,778	93,197	179,654
Other adjustments	-12,060	-2,536	-14,108
Gains, sale of tangible assets	-2,202	0	-16,313
Tax charged to the income statement	20,652	11,198	21,472
Paid tax	0	0	-1,268
Other non-cash operating items	9,623	-5,151	849
Total	155,798	174,187	294,506
Changes in operating capital			
Change in loans at fair value	74,201	175,337	309,557
Change in loans at amortised cost	111,877	257,611	306,258
Change in holding of bonds	239,828	-599,502	-624,735
Change in holding of shares	-41,394	6,723	110,096
Change in deposits	88,480	-415,120	-552,956
Due to credit institutions and central banks	49,855	99,213	2,356
Change in other assets / liabilities	37,748	13,529	31,421
Assets/liabilities under insurance contracts	-6,607	42,235	43,532
Prepayments	-10,032	-26,419	-2,832
Cash flow from operations	699,754	-272,207	-82,798
Cash flow from investing activities			
Dividends received	12,060	2,536	14,108
Acquisition of tangible assets	-57,406	-4,904	-36,194
Sale of tangible assets	8,627	36,181	67,614
Cash flow from investing activities	-36,719	33,813	45,528
Cash flow from financing activities			
Repayment of loans from central banks	-1,000,000	0	0
Change in subordinated debt	-61,858	0	-140,218
Acquisition of own shares	-13,120	-5,978	-13,865
Sale of own shares	13,123	5,725	13,878
Payment of dividends	-15,000	-10,000	-10,000
Cash flow from financing activities	-1,076,855	-10,253	-150,206
Cash flow	-413,820	-248,646	-187,476
Cash in hand and demand deposits with central banks, and due from credit institutions, etc. at the beginning of the year	1,304,047	1,483,451	1,483,451
Foreign currency translation	-4,839	1,073	8,072
Cash flow	-413,820	-248,646	-187,476
Cash and due etc.	885,388	1,235,878	1,304,047
Cash and due etc.			
Cash in hand and demand deposits with central banks	402,435	479,393	479,757
Due from credit institutions, etc.	482,953	756,485	824,289
Total Cash and due etc.	885,388	1,235,878	1,304,047

Note 1 Significant accounting policies

The consolidated financial statement for the first half of 2014 has been prepared in accordance with IAS 34 "Interim Financial Reporting" supplemented by additional Faroese disclosure requirements for quarterly reports of listed financial companies and in accordance with the financial reporting requirements of the Nasdaq OMX in Reykjavik and in Copenhagen.

The 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 2013. The Annual Report 2013 provides a full description of the Group's significant accounting policies.

Future financial reporting standards and interpretations

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

Accounting estimates

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

The most significant estimates that the management makes in applying the Group's accounting policies and the most important uncertainty affecting estimates made when preparing the condensed interim report are unchanged from the estimates made in connection with the preparation of the Annual Report at 31 December 2013 and the uncertainties prevailing at that time.

The Group has changed its accounting estimates when translating the Icelandic Krona into the reporting currency Danish Krona. The reason for the change is that the Group has obtained clarification regarding the exchange rates to be used in the valuation of the Group's subsidiaries in Iceland and the exchange rates used for translating the result from the Icelandic subsidiaries.

The Icelandic Krona is under a capital restriction and the currency is not floating against other currencies in a currency market. Instead, Seðlabankinn is publishing an official exchange rate for the Icelandic Krona against the Danish Krona. However, in some cases it is possible to exchange the Icelandic Krona by an auction arranged by Seðlabankinn and the exchange rate at these auctions is typically lower than the official exchange rate.

The Icelandic authorities have in Q1 2014 informed the Group that when exchanging the initial investment in the Icelandic subsidiaries the currency auction should be used but net results after the initial investment was carried out can be exchanged by the official exchange rate published by Seðlabankinn if net results are paid as dividends from the Icelandic subsidiaries to the Parent Company.

Hence, in the balance sheet the initial investment in the Icelandic subsidiaries is translated from Icelandic

Krona to Danish Krona by using the latest exchange rate realized at a currency auction and the accumulated results from the Icelandic subsidiaries are translated from Icelandic Krona to Danish Krona by using the official exchange rate published by Seðlabankinn. In the income statement net results from the Icelandic subsidiaries are translated from Icelandic Krona to Danish Krona using the official exchange rate published by Seðlabankinn.

Earlier the Group used the official exchange rate published by Seðlabankinn to translate both the carrying amount in the balance sheet and net result from the Icelandic subsidiaries.

The effects of the changes in accounting estimates at 31 March 2014 are that both equity and the balance sheet total is DKK 34m lower. The effect is reported in other comprehensive income. There is no effect in the income statement or comparative figures.

Notes - BankNordik Group

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

Operating segments H1 2013	Banking				Insurance			Other	Elimination	Group
	Faroe Islands	Denmark	Greenland	Total	Faroe Islands	Iceland	Total			
DKK 1,000										
External interest income, Net	167,205	101,061	23,476	291,743	1,203	4,952	6,155	1		297,898
Internal interest	-30,375	35,063	-4,688	0	0	0	0	0		0
Net interest income	136,830	136,124	18,788	291,743	1,203	4,952	6,155	1		297,898
Net Fee and dividends income	28,906	57,730	5,459	92,094	0	274	274	0	0	92,368
Premium income, net of reinsurance					42,396	102,520	144,916	0	-984	143,932
Net premium income of reinsurance and claims	0	0	0	0	21,477	19,730	41,207	0	-984	40,223
Other income	26,962	817	634	28,413	-929	1,354	425	1,923	-403	30,359
Total income	192,698	194,671	24,881	412,250	21,751	26,310	48,061	1,924	-1,386	460,849
Total operating expenses	99,820	166,608	15,005	281,433	8,411	18,646	27,058	1,718	-1,386	308,822
Profit before impairment charges on loans	92,878	28,063	9,876	130,817	13,339	7,664	21,003	206	0	152,026
Impairment charges, incl. reversals of acquired OEI impairments	21,946	47,085	6,344	75,374	0	-26	-26	0		75,348
Profit before tax	70,933	-19,022	3,532	55,443	13,339	7,690	21,030	206	0	76,679
Total assets	10,955,150	7,610,444	851,077	19,416,670	192,722	462,768	655,490	18,413	-2,721,666	17,368,907
of which Loans and advances	5,981,966	3,963,966	803,776	10,749,708	0	0	0	0	0	10,749,708
Total liabilities and equity	10,955,150	7,610,444	851,077	19,416,670	192,722	462,768	655,490	18,413	-2,721,666	17,368,907
of which Deposits	5,154,041	6,826,255	456,480	12,436,776					-106,243	12,330,533
of which Insurance liabilities					71,442	327,303	398,745	0	0	398,745

BankNordik Group - Geographical revenue information

	Total income		Non-current assets		Additions on material assets		Additions on immaterial assets	
	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013
Faroe Islands	179,759	214,986	256,531	307,403	2,986	-30,815	0	
Denmark	192,256	194,671	674,796	679,210	5,744	747	0	-3,571
Iceland	13,208	26,310	9,822	12,527	-42	376	0	232
Greenland	24,008	24,881	169,498	170,959	401	3,386	0	
Total	409,230	460,849	1,110,646	1,170,098	9,089	-26,306	0	-3,339

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

Notes - BankNordik Group

Note	DKK 1,000	H1 2014	H1 2013	Full Year 2013
3	Interest income			
	Credit institutions and central banks	3,745	2,562	6,304
	Loans and advances	294,477	349,755	665,071
	Bonds	26,424	31,503	62,044
	Total derivatives of which:	-5,392	-9,076	-17,350
	<i>Currency contracts</i>	0	0	-122
	<i>Interest rate contracts</i>	-3,522	-9,076	-17,228
	Other interest income	2,759	2,913	5,107
	Total interest income	322,013	377,657	721,175
4	Interest expenses			
	Credit institutions and central banks	433	-504	-115
	Deposits	39,113	48,251	87,299
	Subordinated debt	23,922	31,167	56,887
	Other interest expenses	151	845	3,072
	Total interest expenses	63,620	79,759	147,143
5	Net fee and commission income			
	Fee and commission income			
	Securities trading and custody accounts	29,462	19,646	40,012
	Credit transfers	13,490	14,779	29,319
	Loan commissions	5,731	4,998	10,758
	Guarantee commissions	10,926	11,644	22,061
	Other fees and commissions	41,897	46,231	98,365
	Total fee and commission income	101,506	97,298	200,515
	Fee and commissions paid			
	Securities trading and custody accounts	12,988	11,665	26,250
	Net fee and commission income	88,518	85,633	174,265
6	Market value adjustments			
	Loans and advances	10,132	-23,325	-46,929
	Bonds	5,066	-12,711	-8,884
	Shares	16,384	14,174	34,066
	Investment properties	0	-3,500	-12,637
	Foreign exchange	-2,452	1,058	-812
	Total derivatives of which:	-13,807	25,441	44,069
	<i>Currency Swaps</i>	1,159	0	14,225
	<i>Interest Swaps</i>	-14,967	20,622	30,565
	<i>Other contracts</i>	1	4,819	-721
	Other obligations	2,311	5,239	6,767
	Total market value adjustments	17,633	6,375	15,640

Note	DKK 1,000	H1 2014	H1 2013	Full Year 2013
7	Other operating income			
	Profit on sale of investment and domicile properties and assets held for sale	192	18,177	18,252
	Profit on sale of operating equipment	1,773	270	568
	Reversals of acquired OEl impairments	15,426	17,324	30,618
	Other income	8,389	5,548	14,109
	Total other operating income	25,781	41,320	63,547
8	Staff costs and administrative expenses			
	Staff costs:			
	Salaries	128,926	136,438	270,281
	Pensions	15,931	16,528	31,073
	Social security expenses	19,462	19,671	39,070
	Total staff costs	164,319	172,638	340,425
	Administrative expenses:			
	IT	41,251	83,114	89,473
	Marketing etc	11,056	12,822	24,107
	Education etc	2,147	4,032	5,966
	Advisory services	2,836	2,412	3,964
	Other expenses	47,723	14,109	96,340
	Total administrative expenses	105,013	116,490	219,849
	Total staff costs	164,319	172,638	340,425
	Employee exp. incl. under the item "Claims, net of reinsurance"	-9,374	-8,551	-16,885
	Total administrative expenses	105,013	116,490	219,849
	Total staff costs and administrative expenses	259,958	280,576	543,390
	Number of employees			
	Average number of full-time employees in the period	511	526	528
	Executive remuneration:			
	Board of Directors	900	855	1,755
	Executive Board:			
	Salaries	2,282	2,243	4,690
	Pension	348	344	694
	Total executive remuneration	3,530	3,442	7,139

Note	DKK 1,000	H1 2014	H1 2013	Full Year 2013
9	Impairment charges on loans and advances etc.			
	Loans and advances at amortised cost	68,897	77,438	159,536
	Loans and advances at fair value	441	2,746	4,846
	Guarantees and loan commitments	-14,751	11,300	12,960
	Assets held for sale	-525	1,192	892
	Total impairment charges	54,062	92,677	178,234
	Individual impairment charges etc.			
	New and increased impairment charges	96,894	122,466	224,739
	Reversals of impairment charges	56,084	40,497	62,297
	Write-offs charged directly to the income statement	5,237	8,282	13,978
	Received on claims previously written off	2,716	554	1,420
	Total individual impairment charges	43,332	89,698	175,001
	Collective impairment charges			
	New and increased impairment charges	10,730	3,116	3,938
	Reversals of impairment charges	0	137	705
	Total collective impairment charges	10,730	2,979	3,233
	Total impairment charges	54,062	92,677	178,234
10	Due from credit institutions etc. specified by maturity			
	On demand	460,611	731,869	798,599
	3 months to 1 year	22,343	24,616	25,690
	Total due from credit institutions etc.	482,953	756,485	824,289
11	Impairment charges, loans and advances			
	Individual impairment charges etc.			
	At 1 January	434,744	332,417	332,417
	New and increased impairment charges	92,638	118,643	201,579
	Reversals of impairment charges	37,076	38,113	51,837
	Written-off, previously impaired	28,691	19,429	47,415
	Total individual impairments	461,615	393,519	434,744
	Collective impairment charges			
	At 1 January	26,835	23,602	23,602
	New and increased impairment charges	10,730	3,116	3,938
	Reversals of impairment charges	0	137	705
	Total collective impairments	37,565	26,581	26,835
	Total impairments	499,180	420,100	461,579

Note	DKK 1,000	H1 2014	H1 2013	Full Year 2013
12	Assets held for sale			
	Total purchase price, at 1 January	66,073	34,025	34,025
	Additions	2,889	2,049	7,614
	Disposals and write off	37,929	7,923	10,789
	Reclassification from investment properties	0	0	35,223
	Total purchase price	31,033	28,151	66,073
	Depreciation and impairment, at 1 January	7,905	8,214	8,214
	Impairment charges for the year	0	1,192	1,870
	Revaluation recognized in the income statement	0	41	0
	Reversal of impairment on revaluations during the year	578	2,220	0
	Reversal of impairment on disposals during the year	0	0	2,179
	Total depreciation and impairment	7,327	7,227	7,905
	Total assets held for sale	23,706	20,924	58,168
13	Contingent liabilities			
	Guarantees			
	Financial guarantees	146,126	126,508	149,765
	Mortgage finance guarantees	425,570	434,755	417,194
	Registration and remortgaging guarantees	237,044	305,226	242,915
	Other guarantees	958,736	971,316	917,557
	Total guarantees	1,767,475	1,837,804	1,727,430

14 **Assets deposited as collateral**

At June 30 2014 the Group had deposited bonds at a total market value of DKK 307m (H1 2013:378m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing.

Deposits of bonds to others in total have a market value of DKK 52m (H1 2013: 50m).

Interim Financial Statement – P/F BankNordik

The financial statement of the Parent Company, P/F BankNordik, is 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 Bank has not changed its significant accounting policies from those followed in the Annual Report 2013. The Annual Report 2013 provides a full description of the Bank's significant accounting policies.

The Bank has changed its accounting estimates from those followed in the Annual Report 2013. Look in to Group note 1 for further details.

Income statement - P/F BankNordik

Note	DKK 1,000	H1 2014	H1 2013	Full year 2013
1	Interest income	315,817	371,867	709,438
2	Interest expenses	63,885	80,124	147,799
	Net interest income	251,932	291,743	561,639
	Dividends from shares and other investments	6,201	2,536	7,426
3	Fee and commission income	100,462	96,293	198,468
3	Fee and commissions paid	7,413	6,735	16,692
	Net interest and fee income	351,182	383,837	750,842
4	Market value adjustments	27,567	5,960	11,704
5	Other operating income	23,634	39,782	60,656
6	Staff costs and administrative expenses	231,799	254,792	491,852
	Depreciation and impairment of property, plant and equipment	10,783	10,393	25,083
	Other operating expenses	12,764	16,247	43,323
7	Impairment charges on loans and advances etc.	54,062	92,703	178,234
	Income from associated and subsidiary undertakings	-8,531	17,236	22,638
	Profit before tax	84,444	72,679	107,347
	Tax	20,436	7,198	14,951
	Net profit	64,007	65,481	92,396
	Proposed profit allocation			
	Equity method reserve	-8,531	17,236	22,638
	Dividends for the year	0	0	15,000
	Retained earnings	72,538	48,245	54,758
	Total	64,007	65,481	92,396

Statement of comprehensive income

DKK 1,000	H1 2014	H1 2013	Full year 2013
Net profit	64,007	65,481	92,396
Other comprehensive income			
Translation of non-Faroese subsidiaries	-23,226	7,217	10,905
Revaluation reserve	0	10,756	10,756
Tax on other comprehensive income	0	-1,936	-1,936
Total other comprehensive income	-23,226	16,037	19,725
Total comprehensive income	40,781	81,518	112,121

Balance Sheet - P/F BankNordik

Note	DKK 1,000	June 30 2014	June 30 2013	Dec. 31 2013
Assets				
	Cash in hand and demand deposits with central banks	337,074	420,573	404,083
8	Due from credit institutions and central banks	460,611	731,869	798,599
9	Loans and advances at fair value	597,284	839,441	681,617
9	Loans and advances at amortised cost	9,610,027	9,910,267	9,778,682
	Bonds at fair value	2,971,303	3,263,481	3,187,351
	Shares, etc.	301,506	278,993	279,029
	Holdings in associates	7,451	14,725	14,186
	Holdings in subsidiaries	195,936	231,786	244,882
	Intangible assets	775,670	794,207	788,695
	Total land and buildings	287,342	325,526	289,340
	investment property	92,303	170,900	120,358
	domicile property	195,039	154,626	168,983
	Other property, plant and equipment	27,498	20,679	21,239
	Current tax assets	3,971	7,579	4,533
	Deferred tax assets	22,939	32,285	31,773
10	Assets held for sale	23,706	20,924	58,168
	Other assets	125,041	97,394	155,993
	Prepayments	22,612	35,880	14,664
	Total assets	15,769,969	17,025,608	16,752,832

Balance Sheet - P/F BankNordik

Note	DKK 1,000	June 30 2014	June 30 2013	Dec. 31 2013
Shareholders' equity and liabilities				
Liabilities other than provisions				
	Due to credit institutions and central banks	340,263	1,387,264	1,290,408
	Deposits and other debt	12,363,891	12,436,776	12,284,672
	Other liabilities	291,072	286,231	348,047
	Deferred income	4,543	4,175	2,740
	Total amounts due	12,999,769	14,114,447	13,925,866
Provisions for liabilities				
	Provisions for deferred tax	90,924	71,206	79,123
	Provisions for other liabilities	3,275	0	17,499
	Provisions for losses on guarantees	40,346	54,851	56,511
	Total provisions	134,545	126,057	153,132
Subordinated debt				
	Subordinated debt	461,276	667,583	525,445
	Total liabilities	13,595,591	14,908,087	14,604,444
Shareholders' equity				
	Share capital	200,000	200,000	200,000
	Foreign currency translation reserve	6,122	25,661	29,348
	Revaluation reserve	8,820	8,820	8,820
	Reserve, Equity Method	80,112	98,619	88,643
	Retained earnings	1,879,325	1,784,422	1,806,577
	Proposed dividends	0	0	15,000
	Total shareholders' equity	2,174,378	2,117,521	2,148,388
	Total liabilities and equity	15,769,969	17,025,608	16,752,832

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, 2014	200,000	29,348	8,820	88,643	15,000	1,806,577	2,148,388
Translation of foreign units		-23,226					-23,226
Tax on entries on income recognised as Other comprehensive income							
Other comprehensive income		-23,226					-23,226
Net profit				-8,531		72,538	64,007
Total comprehensive income		-23,226		-8,531		72,538	40,781
Acquisition of own shares						-13,120	-13,120
Sale of own shares						13,123	13,123
Dividends paid					-15,000	206	-14,794
Shareholders' equity at June 30, 2014	200,000	6,122	8,820	80,112	0	1,879,325	2,174,378

DKK 1,000	Share capital	Foreign	Revaluation Reserve	Equity	Proposed dividends	Retained earnings	Total
		currency translation reserve		method reserve			
Shareholders' equity at January 1, 2013	200,000	18,443		81,383	10,000	1,736,428	2,046,255
Translation of foreign units		7,217	10,756				17,973
Tax on entries on income recognised as Other comprehensive income			-1,936				-1,936
Other comprehensive income		7,217	8,820				16,037
Net profit				17,236		48,245	65,481
Total comprehensive income		7,217	8,820	17,236		48,245	81,519
Acquisition of own shares						-5,978	-5,978
Sale of own shares						5,725	5,725
Dividends paid					-10,000		-10,000
Shareholders' equity at June 30, 2013	200,000	25,661	8,820	98,619	0	1,784,422	2,117,521

Statement of capital - P/F BankNordik

Solvency	30. June 2014	30. June 2013	Full year 2013
DKK 1,000			
Core capital	1,426,691	1,594,580	1,468,569
Base capital	1,653,229	1,824,955	1,696,191
Risk-weighted items not included in the trading portfolio	8,533,773	8,954,009	8,900,568
Risk-weighted items with market risk etc.	1,311,987	1,541,973	1,294,186
Risk-weighted items with operational risk	1,473,793	1,316,520	1,316,520
Total risk-weighted items	11,319,553	11,812,501	11,511,274
Core capital ratio, excl. hybrid core capital	11.5%	10.6%	11.1%
Core capital ratio	12.6%	13.5%	12.8%
Solvency ratio	14.6%	15.4%	14.7%
Core Capital and Shareholders' equity			
Share capital	200,000	200,000	200,000
Reserves	95,054	133,099	126,811
Net profit	64,007	65,481	92,396
Retained earnings, previous years	1,815,318	1,718,941	1,729,181
Shareholders' equity	2,174,378	2,117,521	2,148,388
Deduction of dividend	0	0	15,000
Deduction of net profit	64,007	0	0
Deduction of Foreign currency translation reserve	6,122	25,661	29,348
Deduction of intangible assets	775,670	794,207	788,695
Deduction of revaluation reserve	8,820	8,820	8,820
Deduction of deferred tax assets	22,939	32,285	31,773
Core capital exclusive of hybrid core capital	1,296,820	1,256,548	1,274,753
Deduction of insurance subsidiaries	56,844	53,998	56,413
Hybrid core capital	186,715	392,030	250,230
Core capital	1,426,691	1,594,580	1,468,569
Base capital			
Core capital	1,426,691	1,594,580	1,468,569
Addition of revaluation reserve	8,820	8,820	8,820
Subordinated loan capital	274,561	275,553	275,216
Deduction of insurance subsidiaries	56,844	53,998	56,413
Base capital	1,653,229	1,824,955	1,696,191

Notes - P/F BankNordik

Note	DKK 1,000	H1 2014	H1 2013	Full Year 2013
1	Interest income			
	Credit institutions and central banks	1,211	150	1,386
	Loans and advances	294,477	349,755	665,070
	Bonds	25,612	30,665	60,331
	Total derivatives of which:	-5,392	-9,076	-17,228
	<i>Interest rate contracts</i>	-3,522	-9,076	-17,228
	<i>Other transactions</i>	-1,870	0	0
	Other interest income	-91	373	-121
	Total interest income	315,817	371,867	709,438
2	Interest expenses			
	Credit institutions and central banks	433	-139	-121
	Deposits	39,113	48,251	87,961
	Subordinated debt	23,922	31,167	56,887
	Other interest expenses	417	845	3,072
	Total interest expenses	63,885	80,124	147,799
3	Net fee and commission income			
	Fee and commission income			
	Securities trading and custody accounts	29,462	19,646	40,012
	Credit transfers	13,490	14,779	29,319
	Loan commissions	5,731	4,998	10,758
	Guarantee commissions	10,926	11,644	22,061
	Other fees and commissions	40,853	45,225	96,318
	Total fee and commission income	100,462	96,293	198,468
	Fee and commissions paid			
	Securities trading and custody accounts	7,413	6,735	16,692
	Net fee and commission income	93,049	89,558	181,777
4	Market value adjustments			
	Loans and advances	10,132	-23,325	-46,929
	Bonds	9,619	-11,081	-13,380
	Shares	21,765	12,129	33,905
	Investment properties	0	-3,500	-12,637
	Foreign exchange	-2,452	1,058	-812
	Total derivatives of which:	-13,807	25,441	44,790
	<i>Currency Swaps</i>	1,159	0	14,225
	<i>Interest Swaps</i>	-14,967	20,622	30,565
	<i>Other contracts</i>	1	4,819	0
	Other obligations	2,311	5,239	6,767
	Total market value adjustments	27,567	5,960	11,704

Note	DKK 1,000	H1 2014	H1 2013	Full Year 2013
5	Other operating income			
	Profit/loss on sale of investment and corporate properties and temporary properties	192	18,177	18,252
	Profit on sale of operating equipment	1,773	270	568
	Reversals of acquired OEI impairments	15,426	17,324	30,618
	Other income	6,242	4,010	11,218
	Total other operating income	23,634	39,782	60,656
6	Staff costs and administrative expenses			
	Staff costs:			
	Salaries	109,618	119,655	235,553
	Pensions	13,792	14,281	27,275
	Social security expenses	15,976	16,196	31,844
	Total staff costs	139,385	150,133	294,672
	Administrative expenses	92,414	104,660	197,180
	Total staff costs and administrative expenses	231,799	254,792	491,852
	Number of employees			
	Average number of full-time employees in the period	421	448	449
	Executive remuneration:			
	Board of Directors	900	855	1,755
	Executive Board:			
	Salaries	2,282	2,243	4,690
	Pension	348	344	694
	Total executive remuneration	3,530	3,442	7,139
7	Impairment charges on loans and advances etc.			
	Loans and advances at amortised cost	68,897	77,464	159,536
	Loans and advances at fair value	441	2,746	4,846
	Guarantees and loan commitments	-14,751	11,300	12,960
	Assets held for sale	-525	1,192	892
	Total impairment charges	54,062	92,703	178,234
	Individual impairment charges etc.			
	New and increased impairment charges	96,894	122,466	224,739
	Reversals of impairment charges	56,084	40,497	62,297
	Write-offs charged directly to the income statement	5,237	8,309	13,978
	Received on claims previously written off	2,716	554	1,420
	Total individual impairment charges	43,332	89,724	175,001
	Collective impairment charges			
	New and increased impairment charges	10,730	3,116	3,938
	Reversals of impairment charges	0	137	705
	Total collective impairment charges	10,730	2,979	3,233
	Total impairment charges	54,062	92,703	178,234

Note	DKK 1,000	H1 2014	H1 2013	Full Year 2013
8	Due from credit institutions etc. specified by maturity			
	On demand	460,611	731,869	798,599
	Total due from credit institutions etc.	460,611	731,869	798,599
9	Impairment charges, loans and advances etc.			
	Individual impairment charges etc.			
	At 1 January	434,744	332,676	332,676
	New and increased impairment charges	92,638	118,643	201,579
	Reversals of impairment charges	37,076	38,113	52,097
	Written-off, previously impaired	28,691	19,688	47,415
	Total individual impairments	461,615	393,519	434,744
	Collective impairment charges			
	At 1 January	26,835	23,602	23,602
	New and increased impairment charges	10,730	3,116	3,938
	Reversals of impairment charges	0	137	705
	Total collective impairments	37,565	26,581	26,835
	Total impairments	499,180	420,100	461,579

10 **Assets held for sale**

Note 12 in the consolidated financial statements contains information of the Bank's assets held for sale.

11 **Contingent liabilities**

Note 13 in the consolidated financial statements contains information of the Bank's contingent liabilities.

12 **Assets deposited as collateral**

Note 14 in the consolidated financial statements contains information of the Bank's assets deposited as collateral.

Statement by the Executive Board and the Board of Directors

Today we have reviewed and approved P/F BankNordik's Interim Report for the first half of 2014.

The consolidated financial statements for the first half of 2014 have been prepared in accordance with IAS 34, Interim Financial Reporting as approved by the EU, while the interim financial statements of the Parent Company have been prepared in accordance with the Faroese Financial Business Act. Furthermore the Interim Report has been prepared in accordance with additional Faroese disclosure requirements for interim reports of listed financial companies and in accordance with the financial reporting requirements of the OMX Nordic Exchanges in Iceland and in Copenhagen.

The interim report has not been audited or reviewed.

We consider the accounting policies applied to be appropriate, such that the Interim Financial Report gives a true and fair view of the Group's and the Parent Company's assets, shareholders' equity and liabilities and financial position at 30 June 2014, and of the results of the Group's and the Parent Company's operations and the Group's and Parent Company's cash flows for the financial period 1 January to 30 June 2014.

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, 7 August 2014

Executive Board

Janus Petersen
CEO

John Rajani
Deputy CEO

Board of Directors

Klaus Rasmussen
Chairman

Jens Erik Christensen
Vice chairman

Nils Sørensen

Niels Vestermark

Tórhallur Olsen

Kenneth M. Samuelson

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BankNordik is a limited liability
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The company is listed on the
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