

Interim Report

Q1 2014

7 May 2014

CONTENTS

MANAGEMENT'S REPORT

• Highlights - ratios and key figures.....	3
• Financial Review.....	4
- Q1 2014 highlights	4
- Income statement.....	4
- Balance sheet.....	5
- Supervisory Diamond.....	6
- Events after the balance sheet date.....	6
• Outlook 2014	6
• Segments.....	7
- Banking.....	7
○ Faroe Islands.....	7
○ Denmark.....	8
○ Greenland.....	9
- Insurance activities.....	10
○ Trygd.....	10
○ Vörður.....	10

FINANCIAL STATEMENT – BankNordik Group

• Income statement.....	11
• Balance sheet.....	13
• Statement of capital.....	15
• Cash flow statement.....	16
• Notes to the financial statements.....	17

FINANCIAL STATEMENT – P/F BankNordik

• Income statement.....	25
• Balance sheet.....	26
• Statement of capital.....	28
• Notes to the financial statements.....	30

STATEMENT by the Executive Board and Board of Directors	33
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CONTACT DETAILS.....	34
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Highlights, ratios and key figures - BankNordik Group

Highlights	Q1	Q4	Q3	Q2	Q1	Q4
	2014	2013	2013	2013	2013	2012
DKK 1,000						
Net interest income	132.877	133.364	142.769	151.118	146.780	154.116
Net fee and commission income	43.597	47.360	41.272	43.045	42.588	52.005
Net interest and fee income	179.124	186.767	185.370	199.003	191.264	208.052
Net insurance income	7.696	14.213	14.991	28.532	11.691	17.766
Interest and fee income and income from insurance activities, net	186.820	200.981	200.361	227.535	202.955	225.818
Market value adjustments	8.585	-6.562	15.828	-15.629	22.004	6.099
Other operating income	11.835	11.439	10.788	30.081	11.239	14.489
Staff cost and administrative expenses	127.912	132.771	130.042	135.559	145.017	146.624
Impairment charges on loans and advances etc.	29.740	45.828	39.730	29.033	63.644	45.812
Net profit	24.124	-5.260	32.175	52.281	13.200	38.237
Loans and advances	10.392.442	10.460.298	10.586.886	10.749.708	10.819.582	11.302.702
Bonds at fair value	2.789.354	3.493.271	3.281.393	3.471.204	3.427.274	2.881.904
Intangible assets	782.533	798.141	799.567	803.929	806.295	807.268
Assets held for sale	21.325	58.168	19.826	20.924	23.439	25.811
Total assets	16.583.866	17.084.562	16.875.999	17.368.907	17.816.864	17.608.966
Due to credit institutions and central banks	939.147	1.290.408	1.302.273	1.387.264	1.372.950	1.288.052
Deposits and other debt	12.047.221	12.192.748	12.019.172	12.330.533	12.799.880	12.745.653
Total shareholders' equity	2.135.334	2.155.998	2.155.376	2.124.946	2.063.488	2.053.362
Ratios and key figures						
	Q1	Q4	Q3	Q2	Q1	Q4
	2014	2013	2013	2013	2013	2012
Solvency						
Solvency ratio, %	14,7	14,7	14,5	15,4	14,9	14,8
Core capital ratio, %	12,7	12,8	12,5	13,5	13,0	12,9
Core capital ratio excl. hybrid core capital, end of period, %	11,1	11,1	10,8	10,7	10,1	10,0
Risk-weighted items, DKK mill	11.653	11.511	11.674	11.813	11.772	11.902
Profitability						
Return on equity after tax, %	1,1	-0,2	1,5	2,5	0,6	1,9
Cost / income, %	84,7	104,9	79,2	73,8	94,3	83,2
Cost / income, % (excl. value adjustm. and impairments)	73,0	79,6	66,4	58,1	74,3	66,4
Market risk						
Interest rate risk %	4,5	4,8	4,8	1,7	3,7	1,5
Foreign exchange position %	7,8	7,1	8,7	6,4	16,9	17,3
Liquidity						
Excess cover relative to statutory liquidity requirements, %	159,4	178,0	163,1	176,2	196,3	152,6
Credit risk						
Growth on loans and advances, %	-0,6	-1,2	-1,5	-0,6	-4,3	0,3
Gearing of loans and advances	4,9	4,9	4,9	5,1	5,2	5,5
Impairment and provisioning ratio, end of period, %	4,2	4,1	3,9	3,6	3,5	3,0
Write-off and provisioning ratio, %	0,2	0,4	0,3	0,2	0,5	0,4
Share of amounts due on which interest rates have been reduced, end of period, %	1,7	2,0	1,9	1,8	1,8	1,7
Shares						
Earnings per share after tax (nom. DKK 20), DKK	2,4	-0,5	3,3	5,3	1,3	3,9
Market price per share (nom. DKK 20), DKK	110	128	132	96	114	76
Book value per share (nom. DKK 20), DKK	217	218	219	215	209	208
Other						
Number of full-time employees, end of period	512	523	530	545	538	554

Financial review

Highlights Q1 2014

- Profit before tax amounted to DKK 31m in Q1 compared to a loss of DKK 9m in Q4 2013.
- Operating profit before impairment charges was DKK 52m for Q1 2014 compared to DKK 62m in Q4 2013. The Group incurred a profit before tax and value adjustments of DKK 29m in Q1 2014.
- Net interest and fee income was DKK 179m in Q1 2014 compared to DKK 191m in Q1 2013.
- Income from insurance activities amounted to DKK 8m in Q1 2014 compared to DKK 12m in Q1 2013.
- Operating costs excluding non-recurring items amounted to DKK 132m in Q1 2014, a DKK 7m drop from Q4 2013.
- Impairment charges, net, amounted to DKK 21m in Q1 2014 compared to DKK 42m in Q4 2013.
- The solvency ratio was 14.7% at 31 March 2014 compared to the solvency requirement of 8.8%, i.e. a solvency surplus of 5.8 percentage points. The repayment of hybrid capital in April reduced the solvency ratio to 14.1%.
- Surplus liquidity coverage of 159%. The deposit surplus amounted to DKK 1.7bn.
- 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.

Income statement

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

Income statement, Group

DKKm	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest income	133	133	143	151	147
Net fee and commission income	46	53	43	48	44
Net insurance income	8	14	15	29	12
Other operating income	3	5	3	3	3
Operating income	190	206	204	230	206
Operating costs	-132	-139	-136	-142	-141
Sector costs	-6	-4	-4	-8	-8
Profit before impairment charges	52	62	63	81	57
Impairment charges, net	-21	-42	-32	-20	-55
Operating profit	31	20	31	61	1
Non-recurring items	-2	-19	0	18	-10
Profit before value adjustments and tax	29	1	31	79	-9
Market value adjustments*	2	-10	16	-16	22
Profit before tax	31	-9	47	63	13
Operating cost/income, %	70%	68%	67%	61%	68%
Number of FTE, end of period	512	523	530	545	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 expense of DKK 2m in Q1 2014.

The following comments relate to the adjusted figures and are generally stated relative to Q4 2013. Due to seasonal variations, the insurance segment is also commented relative to Q1 2013.

Operating income

BankNordik Group's operating income for Q1 2014 was DKK 190m, an 8% decline from Q4 2013. The fall was mainly due to lower net fees and insurance income explained by seasonal variations.

Net interest income

Net interest income was unchanged at DKK 133m in Q1 2014. Net interest income in Q4 2013 was however negatively affected by impairments on loans and advances in Q4 2013 as interest amounting DKK 3m on these loans are reversed for the whole year.

Net fees and commissions

Net fee and commission income amounted to DKK 46m in Q1 2014, a drop from Q4 2013 due to seasonal variations.

Insurance income, net

Income from insurance activities, net, amounted to DKK 8m in Q1 2014 i.e. DKK 4m less than in the same period of last year because of a higher claims ratio.

Operating costs

Operating costs were DKK 132m in Q1 2014, i. e. DKK 7m lower than in Q4 2013.

Profit before impairment charges

Profit before impairment charges decreased to DKK 52m in Q1 2014 from DKK 62m in Q4 2013 and DKK 57m in Q1 2013.

Impairment charges

Net impairment charges amounted to DKK 21m in Q1 2014 compared to DKK 42m in Q4 2014. The Bank expects impairment charges for the full year 2014 to be lower than in 2013.

Operating profit

Operating profit improved from DKK 20m in Q4 2013 to DKK 31m in Q1 2014, driven by lower operational costs and lower impairment charges.

Balance sheet

BankNordik's total assets at 31 March 2014 amounted to DKK 17bn. Loans and advances were down by less than 1% compared to year-end 2013 to stand at DKK 10.4bn at the end of Q1 2014, mostly due to a drop in lending activity in the Faroese market, whereas lending in Denmark picked up during the period. Deposits were down by DKK 145m (1%) to DKK 12.1bn at 31 March 2014.

Compared to Q4 2013 amounts due to credit institutions and central banks decreased DKK 351m, while amounts due from credit institutions and central banks fell by DKK 71m. Liquidity invested in bonds amounted to DKK 2.8bn, of which DKK 150m was invested in corporate bonds, while the rest was placed in

mortgage and government bonds. Liquidity invested in shares was DKK 413 compared to DKK 335m at the end of 2013. The surplus liquidity at 31 March 2014 was 159% higher than the statutory requirement.

At 31 March 2014, the Group's equity decreased to DKK 2,135m compared to DKK 2,156m at the end of 2013. This is due to payment of dividends of DKK 15m and due to the fact that the Group has obtained clarification regarding the exchange rates to be used in the valuation of of the Group's subsidiaries in Iceland.

Compliance with the Danish FSA Supervisory Diamond

	BankNordik Q1 2014	FSA Limit
Large exposures	54.1%	<125%
Liquidity coverage	159.4%	>50%
Loan growth	-3.9%	<20%
Funding ratio	0.71	<1.00
Lending to property sector	8.4%	<25%

At 31 March 2014, the Group met all requirements set by the Danish FSA in the Supervisory Diamond.

Events after the balance sheet date

The residual amount of hybrid core capital obtained from the Danish state has been repaid in Q2 2014. No other events have occurred since 31 March 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 Q1 2014 with operating profit of DKK 10m relative to DKK 8m in Q4 2013. Operating income fell to DKK 72m from DKK 83m in Q4 2013, while operating costs fell to DKK 42m. Q1 2014 impairment charges amounted to DKK 17m. Loans and advances were down by DKK 54m due to certain large undrawn corporate credit facilities, while deposits were down by DKK 16m.

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	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest income	56	59	62	71	66
Net fees, commission income & dividends	14	20	13	17	12
Other operating income	2	4	2	1	1
Total Operating income	72	83	76	89	80
Operating cost	-42	-50	-44	-45	-45
Sector costs	-3	-2	-2	-3	-3
Profit before impairment charges	27	30	31	40	31
Impairment charges, net	-17	-22	-11	-6	-16
Operating profit	10	8	20	34	15
Non-recurring items	-2	-19	0	18	-2
Profit before value adjustments and tax	8	-11	20	52	13
Market value adjustments	17	-6	11	-8	14
Profit before tax	24	-17	31	45	26
Loans and advances	5.759	5.813	5.904	5.982	5.969
Deposits and other debt	5.295	5.311	4.996	5.154	5.294
Operating cost/income, %	58%	61%	57%	51%	57%
Number of FTE, end of period	163	169	173	176	173

Banking: Denmark

The Danish banking activities reported stable profit before impairment charges of DKK 22m. With impairment charges, net, of DKK 2m, operating profit amounted to DKK 20m. Operating income in Denmark improved from DKK 94m to DKK 95m due to higher lending, but observe that the net interest income in Q4 2013 was negatively affected by reversals of interest income for the whole year on loans impaired in Q4 2013. Operating costs were stable at DKK 69m relative to DKK 68m in Q4 2013 and DKK 75m in Q1 2013.

For the first time in several quarters loans and advances picked up in Q1 2014, increasing by 2%. The bank saw lending to both corporate and retail customers increase in the quarter. Deposits declined by DKK 134m in Q1 2014.

Income statement, Denmark

DKKm	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest income	64	61	68	68	68
Net fees, commission income & dividends	31	32	28	28	30
Other operating income	0	0	0	1	0
Total Operating income	95	94	97	97	98
Operating cost	-69	-68	-72	-75	-75
Sector costs	-3	-3	-2	-4	-4
Profit before impairment charges	22	22	23	17	19
Impairment charges, net	-2	-19	-19	-12	-35
Operating profit	20	3	3	5	-16
Non-recurring items	0	0	0	0	-8
Profit before value adjustments and tax	20	4	3	5	-24
Market value adjustments	0	0	0	0	0
Profit before tax	20	4	3	5	-24
Loans and advances	3.892	3.827	3.878	3.964	4.056
Deposits and other debt	6.407	6.541	6.658	6.826	7.055
Operating cost/income, %	73%	73%	74%	78%	76%
Number of FTE, end of period	238	248	247	254	257

Banking: Greenland

Operating income remained stable at DKK 13m in Q1 2014, while operating costs decreased to DKK 7m compared to DKK 9m in Q4 2013. Net impairment charges of DKK 2m brought the operating profit to DKK 3m. Operating profit before impairment charges increased to DKK 6m compared to Q4 2013.

Loans and advances decreased significantly while deposits were stable compared to Q4 2013. The lower lending is explained by undrawn corporate credit facilities at the end of the quarter.

Income statement, Greenland

DKKm	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest income	10	10	10	9	10
Net fees, commission income & dividends	3	2	2	3	3
Other operating income	0	0	0	0	0
Total Operating income	13	13	12	12	13
Operating cost	-7	-9	-7	-6	-8
Sector costs	0	0	0	0	0
Profit before impairment charges	6	4	5	5	5
Impairment charges, net	-2	0	-2	-2	-5
Operating profit	3	4	3	4	0
Non-recurring items	0	0	0	0	0
Profit before value adjustments and tax	3	4	3	4	0
Market value adjustments	0	0	0	0	0
Profit before tax	3	4	3	4	0
Loans and advances	741	821	806	804	794
Deposits and other debt	429	433	454	456	553
Operating cost/income, %	54%	69%	55%	53%	61%
Number of FTE, end of period	19	19	20	21	22

Insurance: Trygd (Faroe Islands)

Higher claims and lower prices reduced Trygd's Q1 2014 net insurance income to DKK 6m from DKK 10m in Q1 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.

Income statement, Trygd

DKKm	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Premium income, net of reinsurance	19	19	19	21	21
Claims, net of reinsurance	-13	-25	-14	-9	-11
Net insurance income	6	-5	5	12	10
Net income from investment activities	1	1	0	0	0
Operating income	8	-5	5	12	10
Operating cost	-4	-4	-4	-4	-4
Profit before tax	3	-9	1	8	6
Combined ratio	89%	150%	96%	65%	73%
Claims ratio	67%	129%	73%	45%	54%
Number of FTE, end of period	25	26	26	23	24

Insurance: Vørður (Iceland)

Vørður reported net insurance income of DKK 2m in Q1, which was unchanged from Q1 2013, but the negative investment result of - DKK 7m produced an operating loss. The negative investment result was generated in a very volatile Icelandic securities market in Q1 2014. The key ratios are at levels similar to Q1 2013.

Income statement, Vørður

DKKm	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Premium income, net of reinsurance	57	57	56	55	48
Claims, net of reinsurance	-55	-37	-46	-38	-45
Net insurance income	2	20	10	17	3
Net income from investment activities	-7	2	7	0	6
Operating income	-5	22	17	18	9
Operating cost	-10	-8	-9	-6	-13
Profit before tax	-15	14	8	11	-4
Combined ratio	114%	79%	98%	86%	113%
Claims ratio	97%	65%	82%	69%	94%
Number of FTE, end of period	61	61	59	66	58

Income statement - BankNordik Group

Note	DKK 1,000	Q1 2014	Q1 2013	Full year 2013
3	Interest income	164.823	189.037	721.175
4	Interest expenses	31.946	42.257	147.143
	Net interest income	132.877	146.780	574.032
	Dividends from shares and other investments	2.650	1.896	14.108
5	Fee and commission income	49.611	48.367	200.515
5	Fee and commissions paid	6.014	5.779	26.250
	Net interest and fee income	179.124	191.264	762.404
	Premium income, net of reinsurance	75.380	68.437	295.285
	Claims, net of reinsurance	67.684	56.746	225.857
	Interest and fee income and income from insurance activities, net	186.820	202.955	831.832
6	Market value adjustments	8.585	22.004	15.640
7	Other operating income	11.835	11.239	63.547
8	Staff costs and administrative expenses	127.912	145.017	543.390
	Amortisation, depreciation and impairment charges	6.178	6.050	27.582
	Other operating expenses	5.973	8.117	43.323
9	Impairment charges on loans and advances etc.	29.740	63.644	178.234
	Income from associated undertakings	-6.736	0	-4.622
	Profit before tax	30.702	13.370	113.868
	Tax	6.578	170	21.472
	Net profit	24.124	13.200	92.396
	Portion attributable to			
	Shareholders of BankNordik P/F	24.124	13.200	92.396
	Non-controlling interests	0	0	0
	Net profit	24.124	13.200	92.396
	EPS Basic for the period, DKK*	2,45	1,32	9,37
	EPS Diluted for the period, DKK *	2,45	1,34	9,37

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

Statement of comprehensive income - BankNordik Group

DKK 1,000	Q1 2014	Q1 2013	Full year 2013
Net profit	24.124	13.200	92.396
Other comprehensive income			
Translation of non-Faroese subsidiaries	-29.794	7.177	11.410
Revaluation of property	0	0	10.756
Tax on other comprehensive income	0	0	-1.936
Total other comprehensive income	-29.794	7.177	20.230
Total comprehensive income	-5.670	20.377	112.626
Portion attributable to			
Shareholders of BankNordik P/F	-5.670	20.377	112.626
Non-controlling interests	0	0	0
Total comprehensive income	-5.670	20.377	112.626

Balance Sheet - BankNordik Group

Note	DKK 1,000	March 31 2014	March 31 2013	Dec. 31 2013
Assets				
	Cash in hand and demand deposits w ith central banks	701.958	679.370	479.757
10	Due from credit institutions and central banks	753.728	903.058	824.289
11	Loans and advances at fair value	672.093	854.757	681.617
11	Loans and advances at amortised cost	9.720.349	9.964.825	9.778.682
	Bonds at fair value	2.789.354	3.427.274	3.493.271
	Shares, etc.	412.822	419.993	334.677
	Assets under insurance contracts	88.432	115.704	78.434
	Holdings in associates	7.451	16.256	14.186
	Intangible assets	782.533	806.295	798.141
	Total land and buildings	327.460	355.138	291.386
	investment property	127.314	157.580	120.358
	domicile property	200.146	197.558	171.028
	Other property, plant and equipment	28.657	29.441	25.455
	Current tax assets	2.913	7.403	4.533
	Deferred tax assets	42.595	49.768	44.589
12	Assets held for sale	21.325	23.439	58.168
	Other assets	202.336	123.505	161.382
	Prepayments	29.861	40.638	15.995
	Total assets	16.583.866	17.816.864	17.084.562

Balance Sheet - BankNordik Group

Note	DKK 1,000	March 31 2014	March 31 2013	Dec. 31 2013
Shareholders' equity and liabilities				
Liabilities other than provisions				
	Due to credit institutions and central banks	939.147	1.372.950	1.290.408
	Deposits and other debt	12.047.221	12.799.880	12.192.748
	Deposits under pooled schemes	0	0	0
	Issued bonds at amortised cost	0	0	0
	Liabilities under insurance contracts	372.312	398.745	375.155
	Current tax liabilities	1.630	5.575	1.386
	Other liabilities	394.806	381.189	374.714
	Deferred income	13.731	16.002	15.570
	Total liabilities other than provisions	13.768.848	14.974.340	14.249.980
Provisions for liabilities				
	Provisions for deferred tax	85.209	61.112	79.129
	Provisions for other liabilities	17.408	3.484	17.499
	Provisions for losses on guarantees	53.722	43.434	56.511
	Total provisions for liabilities	156.339	108.029	153.139
Subordinated debt				
	Subordinated debt	523.346	671.006	525.445
	Total liabilities	14.448.533	15.753.376	14.928.564
Shareholders' equity				
	Share capital	200.000	200.000	200.000
	Foreign translation reserve	1.493	25.620	29.853
	Revaluation reserve	8.820	0	8.820
	Retained earnings	1.925.021	1.837.868	1.902.324
	Proposed dividends	0	0	15.000
	Total shareholders' equity	2.135.334	2.063.488	2.155.998
	Total liabilities and equity	16.583.866	17.816.864	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		-28.360			-1.434	-29.794
Tax on entries on income recognised as Other comprehensive income						
Other comprehensive income		-28.360			-1.434	-29.794
Net profit					24.127	24.127
Total comprehensive income		-28.360			22.693	-5.667
Acquisition of own shares					-8.592	-8.592
Sale of own shares					8.595	8.595
Dividends paid				-15.000	0	-15.000
Shareholders' equity at March 31, 2014	200.000	1.493	8.820	0	1.925.021	2.135.334

	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		10.000	1.824.919	2.053.362
Translation of foreign units		7.177				7.177
Tax on entries on income recognised as Other comprehensive income						
Other comprehensive income		7.177				7.177
Net profit					13.200	13.200
Total comprehensive income		7.177			13.200	20.376
Acquisition of own shares					-2.423	-2.423
Sale of own shares					2.172	2.172
Dividends paid				-10.000		-10.000
Shareholders' equity at March 31, 2013	200.000	25.620		0	1.837.868	2.063.487

Shares

	Q1 2014	Q1 2013	Full year 2013
DKK 1,000			
Net profit	24.124	13.200	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	2,45	1,34	9,37
Diluted net profit for the period per share, DKK	2,45	1,34	9,37

Cash flow statement - BankNordik Group

	Q1	Q1	Full year
DKK 1,000	2014	2013	2013
Cash flow from operations			
Net profit for the period	24.124	13.200	92.396
Result from associates	6.736	0	4.622
Amortisation and impairment charges for intangible assets	1.597	3.064	12.976
Depreciation and impairment charges of tangible assets	4.555	2.807	14.225
Impairment of loans and advances/guarantees	30.793	64.060	179.654
Other adjustments	-2.650	-666	-14.108
Gains, sale of tangible assets	-192	0	-16.313
Tax charged to the income statement	6.578	705	21.472
Paid tax	0	0	-1.268
Other non-cash operating items	11.224	-12.643	849
Total	82.765	70.527	294.506
Changes in operating capital			
Change in loans at fair value	15.023	184.939	309.557
Change in loans at amortised cost	27.540	235.710	306.258
Change in holding of bonds	699.007	-543.429	-624.735
Change in holding of shares	-94.308	-20.682	110.096
Change in deposits	-145.526	54.227	-552.956
Due to credit institutions and central banks	48.739	84.898	2.356
Change in other assets / liabilities	-4.924	24.573	31.421
Assets/liabilities under insurance contracts	-15.668	29.351	43.532
Prepayments	-13.475	-13.411	-2.832
Cash flow from operations	599.172	106.703	-82.798
Cash flow from investing activities			
Dividends received	2.650	666	14.108
Acquisition of tangible assets	-30.897	-519	-36.194
Sale of tangible assets	2.372	354	67.614
Cash flow from investing activities	-25.875	501	45.528
Cash flow from financing activities			
Repayment of loans from central banks	-400.000	0	0
Change in subordinated debt	187	-1.424	-140.218
Acquisition of own shares	-8.592	-2.423	-13.865
Sale of own shares	8.595	2.172	13.878
Payment of dividends	-15.000	-10.000	-10.000
Cash flow from financing activities	-414.810	-11.675	-150.206
Cash flow	158.487	95.529	-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	-6.847	3.448	8.072
Cash flow	158.487	95.529	-187.476
Cash and due etc.	1.455.686	1.582.428	1.304.047
Cash and due etc.			
Cash in hand and demand deposits with central banks	701.958	679.227	479.757
Due from credit institutions, etc.	753.728	903.200	824.289
Total	1.455.686	1.582.428	1.304.047

Note 1 Significant accounting policies

The consolidated financial statement for the first quarter 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	Banking				Insurance			Other	Elimination	Group
	Faroe Islands	Denmark	Greenland	Total	Faroe Islands	Iceland	Total			
2	DKK 1,000									
External interest income, Net	70.532	47.643	11.471	129.646	544	2.687	3.231	0		132.877
Internal interest	-14.239	16.011	-1.772	0	0	0	0	0		0
Net interest income	56.293	63.655	9.699	129.646	544	2.687	3.231	0		132.877
Net Fee and dividends income	13.599	30.811	2.534	46.944	0	-697	-697	0		46.247
Premium income, net of reinsurance					19.484	56.563	76.047	0	-667	75.380
Net premium income of reinsurance and claims					6.409	1.954	8.363	0	-667	7.696
Other income	18.369	201	284	18.855	654	-8.683	-8.029	-5.539	-247	5.039
Total income	88.261	94.667	12.517	195.445	7.607	-4.739	2.868	-5.539	-915	191.859
Total operating expenses	46.701	72.422	6.922	126.045	4.268	9.841	14.110	822	-915	140.062
Profit before impairment charges on loans	41.560	22.245	5.595	69.400	3.339	-14.581	-11.242	-6.361	0	51.797
Impairment charges, incl. reversals of acquired OEI impairments	17.107	1.827	2.162	21.095	0	0	0	0	0	21.095
Profit before tax	24.454	20.418	3.433	48.306	3.339	-14.581	-11.242	-6.361	0	30.702
Total assets	10.364.238	7.348.629	788.530	18.501.397	173.358	417.488	590.846	21.244	-2.529.621	16.583.866
of which Loans and advances	5.758.945	3.892.458	741.039	10.392.442	0	0	0	0	0	10.392.442
Total liabilities and equity	10.364.238	7.348.629	788.530	18.501.397	173.358	417.488	590.846	21.244	-2.529.621	16.583.866
of which Deposits	5.295.275	6.406.835	429.496	12.131.606	0	0	0	0	-84.385	12.047.221
of which Insurance liabilities	0	0	0	0	75.218	297.094	372.312	0	0	372.312
Operating segments Q1 2013										
	Banking				Insurance			Other	Elimination	Group
	Faroe Islands	Denmark	Greenland	Total	Faroe Islands	Iceland	Total			
DKK 1,000										
External interest income, Net	81.231	50.422	11.931	143.584	598	2.601	3.199	-3		146.780
Internal interest	-15.188	17.531	-2.344	0	0	0	0	0		0
Net interest income	66.044	67.954	9.587	143.584	598	2.601	3.199	-3		146.780
Net Fee and dividends income	12.076	29.881	2.917	44.874	0	-390	-390	0	0	44.484
Premium income, net of reinsurance					21.249	47.921	69.169	0	-733	68.437
Net premium income of reinsurance and claims	0	0	0	0	9.769	2.654	12.424	0	-733	11.691
Other income	15.259	274	299	15.832	-291	8.623	8.332	1.011	-139	25.036
Total income	93.379	98.108	12.803	204.290	10.077	13.488	23.565	1.008	-871	227.992
Total operating expenses	50.957	86.966	8.193	146.116	4.008	9.076	13.084	855	-871	159.185
Profit before impairment charges on loans	42.422	11.142	4.610	58.174	6.069	4.412	10.481	152	0	68.807
Impairment charges, incl. reversals of acquired OEI impairments	16.031	34.681	4.805	55.517	0	-80	-80	0		55.437
Profit before tax	26.391	-23.539	-195	2.657	6.069	4.492	10.561	152	0	13.370
Total assets	11.296.399	7.852.434	841.501	19.990.334	192.447	456.962	649.409	22.003	-2.844.882	17.816.864
of which Loans and advances	5.969.112	4.056.270	794.200	10.819.582	0	0	0	0	0	10.819.582
Total liabilities and equity	11.296.399	7.852.434	841.501	19.990.334	192.447	456.962	649.409	22.003	-2.844.882	17.816.864
of which Deposits	5.293.757	7.054.952	552.819	12.901.529					-101.649	12.799.880
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	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Faroe Islands	89.415	103.592	286.583	337.159	36.132	-2.014	0	0
Denmark	94.667	98.108	680.100	683.283	6.395	4.834	0	-1.082
Iceland	-4.739	13.488	9.926	12.369	-493	341	0	109
Greenland	12.517	12.803	169.492	174.318	0	3.666	0	0
Total	191.859	227.992	1.146.101	1.207.129	42.035	6.827	0	-973

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

Notes - BankNordik Group

Note	Q1 2014	Q1 2013	Full Year 2013
DKK 1,000			
3 Interest income			
Credit institutions and central banks	2.081	2.485	6.304
Loans and advances	150.037	177.672	665.071
Bonds	13.719	13.852	62.044
Total derivatives of w hich:	-2.275	-5.090	-17.350
<i>Currency contracts</i>	0	0	-122
<i>Interest rate contracts</i>	-2.275	-5.090	-17.228
Other interest income	1.261	118	5.107
Total interest income	164.823	189.037	721.175
4 Interest expenses			
Credit institutions and central banks	426	-360	-115
Deposits	19.449	26.323	87.299
Subordinated debt	11.801	16.198	56.887
Other interest expenses	270	96	3.072
Total interest expenses	31.946	42.257	147.143
5 Net fee and commission income			
Fee and commission income			
Securities trading and custody accounts	11.438	9.008	40.012
Credit transfers	6.612	7.098	29.319
Loan commissions	2.662	3.173	10.758
Guarantee commissions	5.396	5.074	22.061
Other fees and commissions	23.503	24.014	98.365
Total fee and commission income	49.611	48.367	200.515
Fee and commissions paid			
Securities trading and custody accounts	6.014	5.779	26.250
Net fee and commission income	43.597	42.588	174.265
6 Market value adjustments			
Loans and advances	5.499	1.593	-46.929
Bonds	1.744	-74	-8.884
Shares	11.310	18.799	34.066
Investment properties	0	-3.500	-12.637
Foreign exchange	-5.142	4.273	-812
Total derivatives of w hich:	-7.113	-708	44.069
<i>Currency Swaps</i>	1.447	615	14.225
<i>Interest Swaps</i>	-8.585	-865	30.565
<i>Other contracts</i>	25	-458	-721
Other obligations	2.287	1.620	6.767
Total market value adjustments	8.585	22.004	15.640

Note	DKK 1,000	Q1 2014	Q1 2013	Full Year 2013
7	Other operating income			
	Profit on sale of investment and domicile properties and assets held for sale	0	84	18.252
	Profit on sale of operating equipment	183	102	568
	Reversals of acquired OEl impairments	8.748	8.207	30.618
	Other income	2.904	2.846	14.109
	Total other operating income	11.835	11.239	63.547
8	Staff costs and administrative expenses			
	Staff costs:			
	Salaries	65.385	72.211	270.281
	Pensions	7.344	8.734	31.073
	Social security expenses	9.398	9.067	39.070
	Total staff costs	82.127	90.012	340.425
	Administrative expenses:			
	IT	19.558	25.786	89.473
	Marketing etc	4.412	5.543	24.107
	Education etc	1.402	2.477	5.966
	Advisory services	1.252	1.969	3.964
	Other expenses	23.744	23.203	96.340
	Total administrative expenses	50.368	58.978	219.849
	Total staff costs	82.127	90.012	340.425
	Employee exp. incl. under the item "Claims, net of reinsurance"	-4.583	-3.973	-16.885
	Total administrative expenses	50.368	58.978	219.849
	Total staff costs and administrative expenses	127.912	145.017	543.390
	Number of employees			
	Average number of full-time employees in the period	514	534	528
	Executive remuneration:			
	Board of Directors	450	405	1.755
	Executive Board:			
	Salaries	1.117	1.074	4.690
	Pension	174	172	694
	Total executive remuneration	1.741	1.651	7.139

Note	DKK 1,000	Q1 2014	Q1 2013	Full Year 2013
9	Impairment charges on loans and advances etc.			
	Loans and advances at amortised cost	32.448	59.959	159.536
	Loans and advances at fair value	-1.211	2.376	4.846
	Guarantees and loan commitments	-1.498	117	12.960
	Assets held for sale	0	1.192	892
	Total	29.740	63.644	178.234
	Individual impairment charges etc.			
	New and increased impairment charges	58.755	71.086	247.557
	Reversals of impairment charges	31.593	9.089	62.297
	Write-offs charged directly to the income statement	2.719	3.066	13.978
	Received on claims previously written off	1.053	336	1.420
	Interest income on impaired loans is offset in impairments by	5.413	4.200	22.818
	Total individual impairment charges	23.416	60.528	175.001
	Collective impairment charges			
	New and increased impairment charges	6.593	3.116	3.938
	Reversals of impairment charges	269	0	705
	Total collective impairment charges	6.324	3.116	3.233
	Total impairment charges	29.740	63.644	178.234
10	Due from credit institutions etc. specified by maturity			
	On demand	731.535	878.750	798.599
	3 months to 1 year	22.193	24.308	25.690
	Total	753.728	903.058	824.289
11	Impairment charges, loans and advances			
	Individual impairment charges etc.			
	At 1 January	434.744	332.676	332.417
	New and increased impairment charges	52.216	70.740	201.579
	Reversals of impairment charges	28.973	8.625	51.837
	Written-off, previously impaired	6.003	10.458	47.415
	Total	451.984	384.333	434.744
	Collective impairment charges			
	At 1 January	26.835	23.602	23.602
	New and increased impairment charges	6.593	3.116	3.938
	Reversals of impairment charges	269	0	705
	Total	33.159	26.718	26.835
	Total	485.143	411.051	461.579

Note DKK 1,000	Q1 2014	Q1 2013	Full Year 2013
12 Assets held for sale			
Total purchase price, at 1 January	66.073	34.025	34.025
Additions	0	690	7.614
Disposals and write off	37.421	2.629	0
Reclassification from investment properties	0	0	35.223
Disposals	0	0	10.789
Total purchase price	28.651	32.086	66.073
Depreciation and impairment, at 1 January	7.905	8.214	8.214
Impairment charges for the year	0	1.192	1.870
Reversal of impairment on revaluations during the year	578	759	0
Reversal of impairment on disposals during the year	0	0	2.179
Total depreciation and impairment	7.327	8.647	7.905
Total assets held for sale	21.324	23.439	58.168
13 Contingent liabilities			
Guarantees			
Financial guarantees	148.811	113.303	149.765
Mortgage finance guarantees	410.634	470.072	417.194
Registration and remortgaging guarantees	220.512	389.388	242.915
Other guarantees	1.002.043	765.568	917.557
Total	1.782.000	1.738.330	1.727.430

14 Assets deposited as collateral

At March 31 2014 the Group had deposited bonds at a total market value of DKK 260m (Q1 2013:165m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing. Furthermore at March 31 2014 the Group has deposited a total of DKK 925m (Q1 2013: 1.5bn) of the Groups loan portfolio in connection with the Groups borrowing of DKK 600m (Q1 2013: 1bn) from Danmarks Nationalbank. Deposits of bonds to others in total have a market value of DKK 44m (Q1 2013: 60m).

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 to Group note 1 for further details.

Income statement - P/F BankNordik

Note	DKK 1,000	Q1 2014	Q1 2013	Full year 2013
1	Interest income	161.737	186.048	709.438
2	Interest expenses	32.091	42.464	147.799
	Net interest income	129.646	143.584	561.639
	Dividends from shares and other investments	1.010	666	7.426
3	Fee and commission income	48.978	47.751	198.468
3	Fee and commissions paid	3.043	3.543	16.692
	Net interest and fee income	176.590	188.458	750.842
4	Market value adjustments	16.606	13.819	11.704
5	Other operating income	10.894	10.220	60.656
6	Staff costs and administrative expenses	114.699	132.680	491.852
	Depreciation and impairment of property, plant and equipment	5.373	5.319	25.083
	Other operating expenses	5.973	8.117	43.323
7	Impairment charges on loans and advances etc.	29.740	63.724	178.234
	Income from associated and subsidiary undertakings	-16.108	9.494	22.638
	Profit before tax	32.197	12.151	107.347
	Tax	8.073	-1.048	14.951
	Net profit	24.124	13.200	92.396
	Proposed profit allocation			
	Equity method reserve	-16.108	9.494	22.638
	Dividends for the year	0	0	15.000
	Retained earnings	40.232	3.705	54.758
	Total	24.124	13.200	92.396

Statement of comprehensive income

DKK 1,000	Q1 2014	Q1 2013	Full year 2013
Net profit	24.124	13.200	92.396
Other comprehensive income			
Translation of non-Faroese subsidiaries	-28.041	6.953	10.905
Revaluation reserve	0	0	10.756
Tax on other comprehensive income	0	0	-1.936
Total other comprehensive income	-28.041	6.953	19.725
Total comprehensive income	-3.917	20.153	112.121

Balance Sheet - P/F BankNordik

Note	DKK 1,000	Dec. 31 2013	March 31 2013	Dec. 31 2013
Assets				
	Cash in hand and demand deposits w ith central banks	631.663	621.145	404.083
8	Due from credit institutions and central banks	731.535	878.750	798.599
9	Loans and advances at fair value	672.093	854.757	681.617
9	Loans and advances at amortised cost	9.720.349	9.964.825	9.778.682
	Bonds at fair value	2.585.249	3.225.191	3.187.351
	Shares, etc.	297.571	283.755	279.029
	Holdings in associates	7.451	16.256	14.186
	Holdings in subsidiaries	186.972	224.356	244.882
	Intangible assets	775.195	796.696	788.695
	Total land and buildings	325.420	353.092	289.340
	investment property	127.314	174.903	120.358
	domicile property	198.106	178.189	168.983
	Other property, plant and equipment	25.189	26.332	21.239
	Current tax assets	2.913	7.403	4.533
	Deferred tax assets	29.588	32.061	31.773
10	Assets held for sale	21.325	23.439	58.168
	Other assets	196.282	116.545	155.993
	Prepayments	28.478	39.522	14.664
	Total assets	16.237.274	17.464.126	16.752.832

Balance Sheet - P/F BankNordik

Note	DKK 1,000	Dec. 31 2013	March 31 2013	Dec. 31 2013
Shareholders' equity and liabilities				
Liabilities other than provisions				
	Due to credit institutions and central banks	939.147	1.372.950	1.290.408
	Deposits and other debt	12.131.606	12.901.529	12.284.672
	Deposits under pooled schemes	0	0	0
	Issued bonds at amortised cost	0	0	0
	Current tax liabilities	0	0	0
	Other liabilities	353.577	350.556	348.047
	Deferred income	3.785	3.898	2.740
	Total amounts due	13.428.115	14.628.933	13.925.866
Provisions for liabilities				
	Provisions for deferred tax	85.209	61.112	79.123
	Provisions for other liabilities	17.408	3.484	17.499
	Provisions for losses on guarantees	53.722	43.434	56.511
	Total provisions	156.339	108.029	153.132
Subordinated debt				
	Subordinated debt	523.346	671.006	525.445
	Total liabilities	14.107.799	15.407.969	14.604.444
Shareholders' equity				
	Share capital	200.000	200.000	200.000
	Foreign currency translation reserve	1.307	25.397	29.348
	Revaluation reserve	8.820	0	8.820
	Reserve, Equity Method	72.535	90.877	88.643
	Retained earnings	1.846.813	1.739.884	1.806.577
	Proposed dividends	0	0	15.000
	Total shareholders' equity	2.129.475	2.056.157	2.148.388
	Total liabilities and equity	16.237.274	17.464.126	16.752.832

Statement of capital - BankNordik P/F

Changes in shareholders' equity:

DKK 1,000	Share capital	Foreign currency translation reserve	Revaluation Reserve	Equity method reserve	Proposed dividends	Retained earnings	Total
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		-28.041					-28.041
Tax on entries on income recognised as Other comprehensive income							
Other comprehensive income		-28.041					-28.041
Net profit				-16.108		40.232	24.124
Total comprehensive income		-28.041		-16.108		40.232	-3.917
Acquisition of own shares						-8.592	-8.592
Sale of own shares						8.595	8.595
Dividends paid					-15.000		-15.000
Shareholders' equity at March 31, 2014	200.000	1.307	8.820	72.535	0	1.846.813	2.129.475

DKK 1,000	Share capital	Foreign currency translation reserve	Revaluation Reserve	Equity method reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at January 1, 2013	200.000	18.443		81.383	10.000	1.736.428	2.046.255
Translation of foreign units		6.953					6.953
Tax on entries on income recognised as Other comprehensive income							
Other comprehensive income		6.953					6.953
Net profit				9.494		3.705	13.200
Total comprehensive income		6.953		9.494		3.705	20.153
Acquisition of own shares						-2.423	-2.423
Sale of own shares						2.172	2.172
Dividends paid					-10.000		-10.000
Shareholders' equity at March 31, 2013	200.000	25.397		90.878	0	1.739.883	2.056.157

Statement of capital - P/F BankNordik

Solvency	31. March 2014	31. March 2013	Full year 2013
DKK 1,000			
Core capital	1.482.797	1.530.618	1.468.569
Base capital	1.709.495	1.755.153	1.696.191
Risk-weighted items not included in the trading portfolio	8.904.605	9.033.365	8.900.568
Risk-weighted items with market risk etc.	1.274.472	1.421.733	1.294.186
Risk-weighted items with operational risk	1.473.793	1.316.520	1.316.520
Total risk-weighted items	11.652.870	11.771.618	11.511.274
Core capital ratio, excl. hybrid core capital	11,1%	10,1%	11,1%
Core capital ratio	12,7%	13,0%	12,8%
Solvency ratio	14,7%	14,9%	14,7%
Core Capital and Shareholders' equity			
Share capital	200.000	200.000	200.000
Reserves	82.662	116.274	126.811
Net profit	24.124	13.200	92.396
Retained earnings, previous years	1.822.689	1.726.684	1.729.181
Shareholders' equity	2.129.475	2.056.157	2.148.388
Deduction of dividend	0	0	15.000
Deduction of net profit	24.124	13.200	0
Deduction of Foreign currency translation reserve	1.307	25.397	29.348
Deduction of intangible assets	775.195	796.696	788.695
Deduction of revaluation reserve	8.820	0	8.820
Deduction of deferred tax assets	29.588	32.061	31.773
Core capital exclusive of hybrid core capital	1.290.441	1.188.804	1.274.753
Deduction of insurance subsidiaries	56.556	52.329	56.413
Hybrid core capital	248.912	394.142	250.230
Core capital	1.482.797	1.530.618	1.468.569
Base capital			
Core capital	1.482.797	1.530.618	1.468.569
Addition of revaluation reserve	8.820	0	8.820
Subordinated loan capital	274.434	276.864	275.216
Deduction of insurance subsidiaries	56.556	52.329	56.413
Base capital	1.709.495	1.755.153	1.696.191

Notes - P/F BankNordik

Note	DKK 1,000	Q1 2014	Q1 2013	Full Year 2013
1	Interest income			
	Credit institutions and central banks	780	-116	1.386
	Loans and advances	150.037	177.285	665.070
	Bonds	13.311	13.852	60.331
	Total derivatives of which:	-2.275	-5.090	-17.228
	<i>Interest rate contracts</i>	-2.275	-5.090	-17.228
	Other interest income	-116	118	-121
	Total interest income	161.737	186.048	709.438
2	Interest expenses			
	Credit institutions and central banks	426	-153	-121
	Deposits	19.449	26.323	87.961
	Subordinated debt	11.801	16.198	56.887
	Other interest expenses	415	96	3.072
	Total interest expenses	32.091	42.464	147.799
3	Net fee and commission income			
	Fee and commission income			
	Securities trading and custody accounts	11.438	9.008	40.012
	Credit transfers	6.612	7.098	29.319
	Loan commissions	2.662	3.173	10.758
	Guarantee commissions	5.396	5.074	22.061
	Other fees and commissions	22.869	23.398	96.318
	Total fee and commission income	48.978	47.751	198.468
	Fee and commissions paid			
	Securities trading and custody accounts	3.043	3.543	16.692
	Net fee and commission income	45.934	44.208	181.777
4	Market value adjustments			
	Loans and advances	5.499	1.593	-46.929
	Bonds	4.911	-1.660	-13.380
	Shares	16.163	12.201	33.905
	Investment properties	0	-3.500	-12.637
	Foreign exchange	-5.142	4.273	-812
	Total derivatives of which:	-7.113	-708	44.790
	<i>Currency Swaps</i>	1.447	615	14.225
	<i>Interest Swaps</i>	-8.585	-865	30.565
	<i>Other contracts</i>	25	-458	0
	Other obligations	2.287	1.620	6.767
	Total market value adjustments	16.606	13.819	11.704

Note	DKK 1,000	Q1 2014	Q1 2013	Full Year 2013
5	Other operating income			
	Profit/loss on sale of investment and corporate properties and temporary properties	0	84	18.252
	Profit on sale of operating equipment	183	102	568
	Reversals of acquired OEI impairments	8.748	8.207	30.618
	Other income	1.963	1.827	11.218
	Total other operating income	10.894	10.220	60.656
6	Staff costs and administrative expenses			
	Staff costs:			
	Salaries	55.742	64.197	235.553
	Pensions	6.269	7.221	27.275
	Social security expenses	7.619	7.512	31.844
	Total staff costs	69.630	78.930	294.672
	Administrative expenses	45.069	53.751	197.180
	Total staff costs and administrative expenses	114.699	132.680	491.852
	Number of employees			
	Average number of full-time employees in the period	423	453	449
	Executive remuneration:			
	Board of Directors	450	405	1.755
	Executive Board:			
	Salaries	1.117	1.074	4.690
	Pension	174	172	694
	Total executive remuneration	1.741	1.651	7.139
7	Impairment charges on loans and advances etc.			
	Loans and advances at amortised cost	32.448	62.532	159.536
	Loans and advances at fair value	-1.211	0	4.846
	Guarantees and loan commitments	-1.498	0	12.960
	Assets held for sale	0	1.192	892
	Total	29.740	63.724	178.234
	Individual impairment charges etc.			
	New and increased impairment charges	58.755	71.086	201.922
	Reversals of impairment charges	31.593	9.089	62.297
	Write-offs charged directly to the income statement	2.719	3.146	13.978
	Received on claims previously written off	1.053	336	1.420
	Interest income on impaired loans and advances etc.	5.413	4.200	22.818
	Total individual impairment charges	23.416	60.608	175.001
	Collective impairment charges			
	New and increased impairment charges	6.593	3.116	3.938
	Reversals of impairment charges	269	0	705
	Total collective impairment charges	6.324	3.116	3.233
	Total impairment charges	29.740	63.724	178.234

Note	DKK 1,000	Q1 2014	Q1 2013	Full Year 2013
8	Due from credit institutions etc. specified by maturity			
	On demand	731.535	878.750	798.599
	Total	731.535	878.750	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	52.216	70.740	201.579
	Reversals of impairment charges	28.973	8.625	52.097
	Written-off, previously impaired	6.003	10.458	47.415
	Total	451.984	384.333	434.744
	Collective impairment charges			
	At 1 January	26.835	23.602	23.602
	New and increased impairment charges	6.593	3.116	3.938
	Reversals of impairment charges	269	0	705
	Total	33.159	26.718	26.835
	Total	485.143	411.051	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 quarter of 2014.

The consolidated financial statements for the first quarter 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 31 March 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 31 March 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 May 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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