

Interim Report

Q3 2014

6 November 2014

CONTENTS

MANAGEMENT'S REPORT

• Highlights - ratios and key figures.....	3
• Financial Review.....	4
- Q3 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
o Faroe Islands.....	7
o Denmark.....	8
o Greenland.....	9
- Insurance activities.....	10
o Trygd.....	10
o Vörður.....	10

FINANCIAL STATEMENTS – BankNordik Group

• Income statement.....	11
• Balance sheet.....	12
• Statement of capital.....	14
• Cash flow statement.....	15
• Notes to the financial statements.....	16

FINANCIAL STATEMENTS – P/F BankNordik

• Income statement.....	24
• Balance sheet.....	25
• Statement of capital.....	27
• Notes to the financial statements.....	29

STATEMENT by the Executive Board and the Board of Directors	32
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CONTACT DETAILS.....	33
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Highlights, ratios and key figures - BankNordik Group

Highlights	Q1 - Q3	Q3	Q2	Q1	Q4	Q3
DKK 1,000	2014	2014	2014	2014	2013	2013
Net interest income	383,424	125,030	125,517	132,877	133,364	142,769
Net fee and commission income	132,806	44,289	44,921	43,597	47,360	41,272
Net interest and fee income	531,807	172,835	179,848	179,124	186,767	185,370
Net insurance income	53,771	25,713	20,362	7,696	14,213	14,991
Interest and fee income and income from insurance activities, net	585,578	198,549	200,209	186,820	200,981	200,361
Market value adjustments	13,575	-4,058	9,048	8,585	-6,562	15,828
Other operating income	34,500	8,719	13,946	11,835	11,439	10,788
Staff cost and administrative expenses	380,061	120,103	132,047	127,912	132,771	130,042
Impairment charges on loans and advances etc.	76,539	22,477	24,323	29,740	45,828	39,730
Net profit	102,554	38,547	39,883	24,124	-5,260	32,175
Loans and advances	10,314,706	10,314,706	10,207,310	10,392,442	10,460,298	10,586,886
Bonds at fair value	3,479,956	3,479,956	3,243,824	2,789,354	3,493,271	3,281,393
Intangible assets	781,643	781,643	783,552	782,533	798,141	799,567
Assets held for sale	18,253	18,253	23,706	21,325	58,168	19,826
Total assets	16,524,079	16,524,079	16,106,281	16,583,866	17,084,562	16,875,999
Due to credit institutions and central banks	630,389	630,389	340,263	939,147	1,290,408	1,302,273
Deposits and other debt	12,341,777	12,341,777	12,281,228	12,047,221	12,192,748	12,019,172
Total shareholders' equity	2,219,251	2,219,251	2,180,861	2,135,334	2,155,998	2,155,376
Ratios and key figures	Q1 - Q3	Q3	Q2	Q1	Q4	Q3
	2014	2014	2014	2014	2013	2013
Solvency						
Solvency ratio, %	14.1	14.1	14.6	14.7	14.7	14.5
Core capital ratio, %	12.2	12.2	12.6	12.7	12.8	12.5
Core capital ratio excl. hybrid core capital, end of period, %	11.1	11.1	11.5	11.1	11.1	10.8
Risk-weighted items, DKK mill	11,757	11,757	11,320	11,653	11,511	11,674
Profitability						
Return on equity after tax, %	4.7	1.8	1.8	1.1	-0.2	1.5
Cost / income, %	78.7	75.8	75.8	84.7	104.9	79.2
Cost / income, % (excl. value adjustm. and impairments)	67.9	63.5	67.7	73.0	79.6	66.4
Market risk						
Interest rate risk %	3.5	3.5	4.6	4.5	4.8	4.8
Foreign exchange position %	5.7	5.7	6.4	7.8	7.1	8.7
Liquidity						
Excess cover relative to statutory liquidity requirements, %	166.0	166	155.9	159.4	178.0	163.1
Credit risk						
Growth on loans and advances, %	-1.4	1.1	-1.8	-0.6	-1.2	-1.5
Gearing of loans and advances	4.6	4.6	4.7	4.9	4.9	4.9
Impairment and provisioning ratio, end of period, %	4.4	4.4	4.3	4.2	4.1	3.9
Write-off and provisioning ratio, %	0.6	0.2	0.2	0.2	0.4	0.3
Share of amounts due on which interest rates have been reduced, end of period, %	1.7	1.7	1.7	1.7	2.0	1.9
Shares						
Earnings per share after tax (nom. DKK 20), DKK	10.4	3.9	4.0	2.4	-0.5	3.3
Market price per share (nom. DKK 20), DKK	114	114	114	110	128	132
Book value per share (nom. DKK 20), DKK	225	225	221	217	218	219
Other						
Number of full-time employees, end of period	513	513	510	512	523	530

Financial review

Highlights Q1-Q3 2014

- Operating profit amounted to DKK 128m in Q1-Q3 2014 compared to DKK 93m in Q1-Q3 2013.
- Operating and sector costs excluding non-recurring items amounted to DKK 412m in Q1-Q3 2014 compared to DKK 439m in Q1-Q3 2013.
- Impairment charges, net, amounted to DKK 56m in Q1-Q3 2014 compared to DKK 107m in Q1-Q3 2013.
- The solvency ratio was 14.1% at 30 September 2014 compared to the solvency requirement of 8.8%, i.e. surplus solvency of 5.3 percentage points.
- BankNordik narrows its full-year guidance of profit before impairments, non-recurring items and value adjustments from DKK 200-240m as expressed in the Annual Report 2013 to the range of DKK 220-240m.

Highlights Q3 2014

- Operating profit amounted to DKK 53m in Q3 2014 compared to DKK 44m in Q2 2014. This significant improvement was driven by higher insurance income, lower operating costs and lower impairments, net.
- Impairment charges, net, amounted to DKK 17m in Q3 2014 compared to DKK 19m in Q2 2014
- Operating costs excluding non-recurring items amounted to DKK 132m in Q3 2014 compared to DKK 142m in Q2 2014.
- Total lending increased in Q3 driven by loan growth in Denmark.

Income statement

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

Income statement, Group

DKKm	Q1-Q3 2014	Q1-Q3 2013	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Net interest income	383	441	125	126	133	133	143
Net fee and commission income	148	135	48	54	46	53	43
Net insurance income	54	55	26	20	8	14	15
Other operating income	10	9	3	4	3	5	2
Operating income	596	640	201	205	190	206	203
Operating costs	-393	-418	-125	-136	-132	-139	-136
Sector costs	-18	-20	-6	-6	-6	-4	-4
Profit before impairment charges	184	201	70	62	52	62	62
Impairment charges, net	-56	-107	-17	-19	-21	-42	-32
Operating profit	128	93	53	44	31	20	30
Non-recurring items	-1	8	0	1	-2	-19	1
Profit before value adjustments and tax	127	102	53	45	29	1	31
Market value adjustments*	7	22	-4	9	2	-10	16
Profit before tax	134	124	49	54	31	-9	47
Operating cost/income, %	66%	65%	62%	66%	70%	68%	67%
Number of FTE, end of period	513	530	513	510	512	523	530

*Incl. Net income from investment activities

The following comments relate to the adjusted figures and are generally stated relative to Q2 2014. Due to seasonal variations, comments on the insurance segment are also made relative to Q3 2013.

Operating income

BankNordik Group generated operating income of DKK 201m in Q3 2014, which was 2% less than in Q2 2014. The decline is driven by lower dividends in Q3 2014 compared to Q2 2014.

Net interest income

Net interest income was DKK 125m in Q3 2014 compared to DKK 126m in Q2 2014.

Net fees and commissions

Net fee and commission income amounted to DKK 48m in Q3 2014, down from 54m in Q2 2014 due to a drop in dividends received.

Insurance income, net

Income from insurance activities, net, amounted to DKK 26m in Q3 2014 compared with DKK 15m in the same period last year because of a lower claims ratio in Q3 2014.

Operating and sector costs

Operating and sector costs were DKK 132m in Q3 2014, 7% lower than in Q2 2014.

Profit before impairment charges

Profit before impairment charges increased to DKK 70m in Q3 2014 from DKK 62m in Q2 2014.

Impairment charges

Net impairment charges fell to DKK 17m in Q3 2014 from DKK 19m in Q2 2014. As a result, the Bank continues to expect that impairment charges for the full year 2014 will be lower than in 2013.

Operating profit

Operating profit improved from DKK 44m in Q2 2014 to DKK 53m in Q3 2014, driven by lower operating costs and lower impairment charges.

Balance sheet

BankNordik's total assets at 30 September 2014 amounted to DKK 17bn. Loans and advances were down by 1% compared to year-end 2013 to stand at DKK 10.3bn at the end of Q3 2014. Compared to H1 2014 the Loans and advances increased DKK 107m i.e. 1%. Deposits increased by 1% compared to year-end 2013 to stand at DKK 12.3bn at 30 September 2014.

Compared to year-end 2013 amounts due to credit institutions and central banks decreased by DKK 660m, while amounts due from credit institutions and central banks fell by DKK 275m. Liquidity invested in bonds, primarily in Danish mortgage bonds and Danish government bonds, amounted to DKK 3.5bn. Liquidity invested in shares amounted to DKK 342m compared to DKK 335m at the end of 2013. The surplus liquidity at 30 September 2014 was 166% higher than the statutory requirement.

At 30 September 2014, the Group's equity amounted to DKK 2,219m, an increase from DKK 2,180m at 30 June 2014.

Compliance with the Danish FSA Supervisory Diamond

	BankNordik Q3 2014	FSA Limit
Large exposures	69.7%	<125%
Liquidity coverage	166.0%	>50%
Loan growth	-2.6%	<20%
Funding ratio	0.69	<1.00
Lending to property sector	8.4%	<25%

At 30 September 2014, the Group complied with all Supervisory Diamond requirements set by the Danish FSA.

Events after the balance sheet date

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

Outlook 2014

Management narrows its full-year guidance for pre-tax profit before value adjustments and impairments to the DKK 220-240m range instead of the DKK 200-240m range as reported in the Annual Report 2013.

BankNordik Group by segment

Banking: Faroe Islands

The banking activities in the Faroe Islands reported operating profit of DKK 13m in Q3 2014 relative to DKK 20m in Q2 2014. Operating income decreased to DKK 67m due to seasonal variations in fee income, while operating costs decreased to DKK 41m. Q3 2014 impairment charges amounted to DKK 11m. Loans and advances decreased marginally to DKK 5.7bn, while deposits increased to DKK 5.6bn.

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

Income statement, Faroe Islands

DKKm	Q1-Q3 2014	Q1-Q3 2013	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Net interest income	159	198	52	51	56	59	62
Net fees, commission income & dividends	47	42	13	20	14	20	13
Other operating income	5	4	2	1	2	4	1
Total Operating income	211	245	67	72	72	83	75
Operating cost	-125	-134	-41	-43	-42	-50	-43
Sector costs	-8	-9	-3	-2	-3	-2	-2
Profit before impairment charges	77	102	23	27	27	30	30
Impairment charges, net	-35	-33	-11	-7	-17	-22	-11
Operating profit	43	69	13	20	10	8	19
Non-recurring items	-4	16	0	-2	-2	-19	1
Profit before value adjustments and tax	39	85	13	19	8	-11	20
Market value adjustments	21	17	-7	11	17	-6	11
Profit before tax	60	102	6	29	24	-17	32
Loans and advances	5,727	5,904	5,727	5,763	5,759	5,813	5,904
Deposits and other debt	5,572	4,996	5,572	5,337	5,295	5,311	4,996
Operating cost/income, %	59%	55%	61%	59%	58%	61%	58%
Number of FTE, end of period	167	173	167	166	163	169	173

Banking: Denmark

The Danish banking activities reported an improvement in profit before impairment charges to DKK 26m in Q3 2014 from DKK 20m in Q2 2014. Including impairment charges, net, of DKK 6m, operating profit amounted to DKK 20m in Q3 2014 compared to DKK 10m in Q2 2014. Operating income in Denmark fell from DKK 94m in Q2 2014 to DKK 92m in Q3 2014. Operating costs decreased to DKK 63m in Q3 2014 relative to DKK 70m in Q2 2014.

Lending increased by DKK 175m in Q3 2014, while deposits fell by DKK 129m in Q3 2014. The growth in lending was driven by the continued inflow of retail and corporate customers.

Income statement, Denmark

DKKm	Q1-Q3	Q1-Q3	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
	2014	2013					
Net interest income	188	204	62	62	64	61	68
Net fees, commission income & dividends	91	86	31	30	31	32	28
Other operating income	1	1	-1	1	0	0	0
Total Operating income	280	291	92	94	95	94	97
Operating cost	-203	-222	-63	-70	-69	-68	-72
Sector costs	-9	-11	-3	-3	-3	-3	-2
Profit before impairment charges	68	59	26	20	22	22	23
Impairment charges, net	-18	-66	-6	-10	-2	-19	-19
Operating profit	50	-8	20	10	20	3	3
Non-recurring items	3	-8	0	3	0	0	0
Profit before value adjustments and tax	53	-16	20	13	20	4	3
Market value adjustments	0	0	0	0	0	0	0
Profit before tax	53	-16	20	13	20	4	3
Loans and advances	3,882	3,878	3,882	3,707	3,892	3,827	3,878
Deposits and other debt	6,371	6,658	6,371	6,501	6,407	6,541	6,658
Operating cost/income, %	72%	76%	68%	75%	73%	73%	74%
Number of FTE, end of period	232	247	232	236	238	248	247

Banking: Greenland

Operating income was stable at DKK 11m in Q3 2014, while operating costs also remained stable at DKK 7m. Net impairment charges were nil in Q3 2014 compared to DKK 2m in Q2 2014. Operating profit amounted to DKK 4m compared to DKK 2m in Q2 2014.

Loans and deposits fell compared with Q2 2014.

Income statement, Greenland

DKKm	Q1-Q3	Q1-Q3	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
	2014	2013					
Net interest income	27	29	8	9	10	10	10
Net fees, commission income & dividends	7	8	2	2	3	2	2
Other operating income	1	1	0	0	0	0	0
Total Operating income	35	37	11	11	13	13	12
Operating cost	-21	-21	-7	-7	-7	-9	-7
Sector costs	-1	-1	0	0	0	0	0
Profit before impairment charges	13	15	4	4	6	4	5
Impairment charges, net	-4	-8	0	-2	-2	0	-2
Operating profit	10	7	4	2	3	4	3
Non-recurring items	0	0	0	0	0	0	0
Profit before value adjustments and tax	10	7	4	2	3	4	3
Market value adjustments	0	0	0	0	0	0	0
Profit before tax	10	7	4	2	3	4	3
Loans and advances	705	806	705	736	741	821	806
Deposits and other debt	478	454	478	526	429	433	454
Operating cost/income, %	60%	56%	64%	62%	54%	69%	55%
Number of FTE, end of period	21	20	21	18	19	19	20

Insurance: Trygd (Faroe Islands)

The combination of lower claims and lower prices lifted Trygd's Q3 2014 net insurance income to DKK 13m from DKK 5m in Q3 2013. The launch of the Bank's customer loyalty programme has strongly supported the sale of insurance products, compensating partially for the lower prices.

Income statement, Trygd

DKKm	Q1-Q3		Q1-Q3				
	2014	2013	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Premium income, net of reinsurance	59	62	20	20	19	19	19
Claims, net of reinsurance	-35	-35	-7	-15	-13	-25	-14
Net insurance income	24	27	13	5	6	-5	5
Net income from investment activities	3	1	1	1	1	1	0
Operating income	27	27	13	6	8	-5	5
Operating cost	-14	-13	-5	-5	-4	-4	-4
Profit before tax	13	14	9	1	3	-9	1
Combined ratio	83%	78%	61%	99%	89%	150%	96%
Claims ratio	60%	57%	37%	75%	67%	129%	73%
Number of FTE, end of period	26	26	26	25	25	26	26

Insurance: Vørður (Iceland)

Vørður reported net insurance income of DKK 13m in Q3 2014, which was an improvement relative to the level of Q3 2013. Inclusive of the positive investment result of DKK 7m, the Icelandic insurance business returned a profit before tax of DKK 20m. The key ratios improved relative to Q3 2013.

Income statement, Vørður

DKKm	Q1-Q3		Q1-Q3				
	2014	2013	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Premium income, net of reinsurance	177	159	61	60	57	57	56
Claims, net of reinsurance	-146	-129	-48	-44	-55	-37	-46
Net insurance income	31	30	13	16	2	20	10
Net income from investment activities	2	13	7	2	-7	2	7
Operating income	33	43	20	18	-5	22	17
Operating cost	-30	-28	-10	-11	-10	-8	-9
Profit before tax	3	15	10	7	-15	14	8
Combined ratio	100%	99%	94%	91%	114%	79%	98%
Claims ratio	83%	81%	78%	74%	97%	65%	82%
Number of FTE, end of period	63	59	63	61	61	61	59

Income statement - BankNordik Group

Note	DKK 1,000	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
3	Interest income	476,302	555,429	721,175
4	Interest expenses	92,877	114,761	147,143
	Net interest income	383,424	440,668	574,032
	Dividends from shares and other investments	15,576	8,064	14,108
5	Fee and commission income	151,388	143,837	200,515
5	Fee and commissions paid	18,581	16,932	26,250
	Net interest and fee income	531,807	575,637	762,404
	Premium income, net of reinsurance	235,480	219,585	295,285
	Claims, net of reinsurance	181,709	164,371	225,857
	Interest and fee income and income from insurance activities, net	585,578	630,851	831,832
6	Market value adjustments	13,575	22,202	15,640
7	Other operating income	34,500	52,108	63,547
8	Staff costs and administrative expenses	380,061	410,619	543,390
	Amortisation, depreciation and impairment charges	18,086	17,890	27,582
	Other operating expenses	18,423	20,458	43,323
9	Impairment charges on loans and advances etc.	76,539	132,406	178,234
	Income from associated undertakings	-6,736	-8	-4,622
	Profit before tax	133,808	123,780	113,868
	Tax	31,254	26,124	21,472
	Net profit	102,554	97,656	92,396
	EPS Basic for the period, DKK*	10.40	9.77	9.37
	EPS Diluted for the period, DKK *	10.40	9.90	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-Q3 2014	Q1-Q3 2013	Full year 2013
Net profit	102,554	97,656	92,396
Other comprehensive income			
Translation of non-Faroese subsidiaries	-21,914	6,035	11,410
Revaluation of property	0	10,756	10,756
Tax on other comprehensive income	0	-1,936	-1,936
Total other comprehensive income	-21,914	14,855	20,230
Total comprehensive income	80,641	112,511	112,626

Balance Sheet - BankNordik Group

Note	DKK 1,000	Sept. 30 2014	Sept. 30 2013	Dec. 31 2013
Assets				
	Cash in hand and demand deposits with central banks	369,775	521,286	479,757
10	Due from credit institutions and central banks	548,952	566,952	824,289
11	Loans and advances at fair value	708,924	768,011	681,617
11	Loans and advances at amortised cost	9,605,782	9,818,875	9,778,682
	Bonds at fair value	3,479,956	3,281,393	3,493,271
	Shares, etc.	342,181	424,793	334,677
	Assets under insurance contracts	80,691	93,479	78,434
	Holdings in associates	7,451	14,725	14,186
	Intangible assets	781,643	799,567	798,141
	Total land and buildings	330,869	342,324	291,386
	investment property	114,748	162,808	120,358
	domicile property	216,120	179,517	171,028
	Other property, plant and equipment	29,505	22,170	25,455
	Current tax assets	4,030	7,592	4,533
	Deferred tax assets	28,900	44,327	44,589
12	Assets held for sale	18,253	19,826	58,168
	Other assets	161,876	116,796	161,382
	Prepayments	25,291	33,882	15,995
	Total assets	16,524,079	16,875,999	17,084,562

Balance Sheet - BankNordik Group

Note	DKK 1,000	Sept. 30 2014	Sept. 30 2013	Dec. 31 2013
Shareholders' equity and liabilities				
Liabilities other than provisions				
	Due to credit institutions and central banks	630,389	1,302,273	1,290,408
	Deposits and other debt	12,341,777	12,019,172	12,192,748
	Liabilities under insurance contracts	359,176	389,708	375,155
	Current tax liabilities	3,624	7,084	1,386
	Other liabilities	355,097	321,057	374,714
	Deferred income	14,860	14,766	15,570
	Total liabilities other than provisions	13,704,923	14,054,060	14,249,980
Provisions for liabilities				
	Provisions for deferred tax	93,495	81,765	79,129
	Provisions for other liabilities	3,164	0	17,499
	Provisions for losses on guarantees	42,758	51,638	56,511
	Total provisions for liabilities	139,417	133,403	153,139
Subordinated debt				
	Subordinated debt	460,487	533,160	525,445
	Total liabilities	14,304,828	14,720,623	14,928,564
Shareholders' equity				
	Share capital	200,000	200,000	200,000
	Foreign translation reserve	5,407	24,478	29,853
	Revaluation reserve	8,820	8,820	8,820
	Retained earnings	2,005,024	1,922,078	1,902,324
	Proposed dividends	0	0	15,000
	Total shareholders' equity	2,219,251	2,155,376	2,155,998
	Total liabilities and equity	16,524,079	16,875,999	17,084,562

Statement of capital - BankNordik Group

DKK 1,000	Share capital	Foreign currency		Proposed dividends	Retained earnings	Total
		translation reserve	Revaluation Reserve			
Shareholders' equity at January 1, 2014	200,000	29,853	8,820	15,000	1,902,324	2,155,998
Translation of foreign units		-24,447			-108	-24,555
Tax on entries on income recognised as Other comprehensive income						
Other comprehensive income		-24,447			-108	-24,555
Net profit					102,554	102,554
Total comprehensive income		-24,447			102,446	78,000
Acquisition of own shares					-18,900	-18,900
Sale of own shares					18,903	18,903
Share-based remuneration-programme					45	45
Dividends paid				-15,000	206	-14,794
Shareholders' equity at Sept. 30, 2014	200,000	5,407	8,820	0	2,005,024	2,219,251

DKK 1,000	Share capital	Foreign currency		Proposed dividends	Retained earnings	Total
		translation reserve	Revaluation Reserve			
Shareholders' equity at January 1, 2013	200,000	18,443	0	10,000	1,824,919	2,053,362
Translation of foreign units		6,035	10,756			16,791
Tax on entries on income recognised as Other comprehensive income			-1,936			-1,936
Other comprehensive income		6,035	8,820			14,855
Net profit					97,656	97,656
Total comprehensive income		6,035	8,820		97,656	112,511
Acquisition of own shares					-12,338	-12,338
Sale of own shares					11,840	11,840
Dividends paid				-10,000		-10,000
Shareholders' equity at Sept. 30, 2013	200,000	24,478	8,820	0	1,922,078	2,155,376

Shares

DKK 1,000	Q1-Q3	Q1-Q3	Full year
	2014	2013	2013
Net profit	102,554	97,656	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	10.40	9.90	9.37
Diluted net profit for the period per share, DKK	10.40	9.90	9.37

Cash flow statement - BankNordik Group

	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
DKK 1,000			
Cash flow from operations			
Net profit for the period	102,554	97,656	92,396
Result from associates	6,736	0	4,622
Amortisation and impairment charges for intangible assets	7,808	9,193	12,976
Depreciation and impairment charges of tangible assets	10,278	8,642	14,225
Impairment of loans and advances/guarantees	80,660	133,300	179,654
Other adjustments	-18,467	-26,061	-14,108
Gains, sale of tangible assets	0	0	-16,313
Tax charged to the income statement	31,254	26,124	21,472
Paid tax	0	0	-1,268
Other non-cash operating items	-23,944	-12,189	849
Total	196,878	236,672	294,506
Changes in operating capital			
Change in loans at fair value	-13,186	241,612	309,557
Change in loans at amortised cost	92,240	308,805	306,258
Change in holding of bonds	18,223	-417,051	-624,735
Change in holding of shares	13,385	16,040	110,096
Change in deposits	149,029	-726,481	-552,956
Due to credit institutions and central banks	39,981	14,222	2,356
Change in other assets / liabilities	-17,411	22,650	31,421
Assets/liabilities under insurance contracts	-20,663	42,144	43,532
Prepayments	-7,776	-19,295	-2,832
Cash flow from operations	450,701	-280,682	-82,798
Cash flow from investing activities			
Dividends received	15,576	8,064	14,108
Acquisition of tangible assets	-74,510	-22,550	-36,194
Sale of tangible assets	11,902	55,918	67,614
Cash flow from investing activities	-47,032	41,432	45,528
Cash flow from financing activities			
Repayment of loans from central banks	-700,000	0	0
Change in subordinated debt	-63,138	-140,420	-140,218
Acquisition of own shares	-18,900	-12,338	-13,865
Sale of own shares	18,903	11,840	13,878
Payment of dividends	-15,000	-10,000	-10,000
Cash flow from financing activities	-778,135	-150,917	-150,206
Cash flow	-374,467	-390,168	-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	-10,854	-5,045	8,072
Cash flow	-374,467	-390,168	-187,476
Cash and due etc.	918,727	1,088,238	1,304,047
Cash and due etc.			
Cash in hand and demand deposits with central banks	369,775	521,286	479,757
Due from credit institutions, etc.	548,952	566,952	824,289
Total Cash and due etc.	918,727	1,088,238	1,304,047

Note 1 Significant accounting policies

The consolidated financial statement for the first nine months 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 Q1 - Q3 2014		Banking				Insurance			Other	Elimination	Group
2	DKK 1,000	Faroe Islands	Denmark	Greenland	Total	Faroe Islands	Iceland	Total			
		External interest income, Net	204,834	137,595	31,403	373,832	1,620	7,953	9,573	19	
Internal interest	-46,134	50,635	-4,500	0	0	0	0	0	0	0	
Net interest income	158,700	188,230	26,903	373,832	1,620	7,953	9,573	19		383,424	
Net Fee and dividends income	46,888	91,419	7,126	145,433	0	2,950	2,950	0		148,383	
Premium income, net of reinsurance					59,178	177,261	236,439	0	-959	235,480	
Net premium income of reinsurance and claims					23,860	30,870	54,730	0	-959	53,771	
Other income	26,019	4,478	987	31,484	1,330	-8,559	-7,229	-2,407	-742	21,106	
Total income	231,607	284,127	35,015	550,749	26,810	33,214	60,024	-2,388	-1,701	606,684	
Total operating expenses	137,397	213,063	21,566	372,026	13,657	30,028	43,685	2,561	-1,701	416,571	
Profit before impairment charges on loans	94,210	71,064	13,449	178,723	13,153	3,185	16,339	-4,949	0	190,113	
Impairment charges, incl. reversals of acquired OEI impairments	34,567	17,827	3,911	56,305	0	0	0	0	0	56,305	
Profit before tax	59,643	53,237	9,538	122,418	13,153	3,185	16,339	-4,949	0	133,808	
Total assets	10,502,857	7,204,244	752,422	18,459,523	175,166	414,294	589,460	18,772	-2,543,677	16,524,079	
of which Loans and advances	5,727,298	3,882,469	704,940	10,314,706	0	0	0	0	0	10,314,706	
Total liabilities and equity	10,502,857	7,204,244	752,422	18,459,523	175,166	414,294	589,460	18,772	-2,543,677	16,524,079	
of which Deposits	5,572,155	6,371,421	477,501	12,421,076	0	0	0	0	-79,299	12,341,777	
of which Insurance liabilities	0	0	0	0	66,379	292,797	359,176	0	0	359,176	

Operating segments Q1 - Q3 2013		Banking				Insurance			Other	Elimination	Group
DKK 1,000	Faroe Islands	Denmark	Greenland	Total	Faroe Islands	Iceland	Total				
		External interest income, Net	243,934	151,797	35,613	431,344	1,789	7,535	9,324	0	
Internal interest	-45,563	52,594	-7,031	0	0	0	0	0	0	0	
Net interest income	198,371	204,390	28,582	431,344	1,789	7,535	9,324	0		440,668	
Net Fee and dividends income	41,901	85,772	7,758	135,431	0	-461	-461	0	0	134,969	
Premium income, net of reinsurance					61,776	158,871	220,647	0	-1,062	219,585	
Net premium income of reinsurance and claims	0	0	0	0	26,662	29,614	56,276	0	-1,062	55,214	
Other income	40,178	1,294	957	42,429	-1,248	6,102	4,854	2,737	-667	49,353	
Total income	280,450	291,456	37,297	609,203	27,204	42,789	69,993	2,736	-1,729	680,204	
Total operating expenses	145,018	240,731	22,074	407,822	12,775	27,527	40,303	2,570	-1,729	448,967	
Profit before impairment charges on loans	135,432	50,725	15,223	201,381	14,429	15,262	29,690	166	0	231,237	
Impairment charges, incl. reversals of acquired OEI impairments	32,947	66,253	8,372	107,572	0	-115	-115	0	0	107,458	
Profit before tax	102,485	-15,527	6,851	93,809	14,429	15,376	29,805	166	0	123,779	
Total assets	10,600,931	7,448,690	853,422	18,903,044	194,045	459,441	653,486	12,832	-2,693,363	16,875,999	
of which Loans and advances	5,903,505	3,877,502	805,879	10,586,886	0	0	0	0	0	10,586,886	
Total liabilities and equity	10,600,931	7,448,690	853,422	18,903,044	194,045	459,441	653,486	12,832	-2,693,363	16,875,999	
of which Deposits	4,995,670	6,657,897	453,967	12,107,534					-88,361	12,019,172	
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	
	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014	Q3 2013	Q3 2014	Q3 2013
Faroe Islands	254,329	308,663	299,211	321,109	45,094	-16,326	0	
Denmark	284,127	291,456	671,004	674,543	6,269	-856	0	-7,419
Iceland	33,214	42,788	10,267	12,177	156	540	0	-282
Greenland	35,015	37,297	168,985	170,959	400	3,386	0	
Total	606,684	680,204	1,149,467	1,178,787	51,919	-13,256	0	-7,701

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	Q1-Q3 2014	Q1-Q3 2013	Full Year 2013
3	Interest income			
	Credit institutions and central banks	5,844	7,468	6,304
	Loans and advances	432,133	512,477	665,071
	Bonds	41,190	45,945	62,044
	Total derivatives of which:	-7,488	-11,706	-17,350
	<i>Currency contracts</i>	0	0	-122
	<i>Interest rate contracts</i>	-5,468	-11,706	-17,228
	Other interest income	4,623	1,245	5,107
	Total interest income	476,302	555,429	721,175
4	Interest expenses			
	Credit institutions and central banks	456	-597	-115
	Deposits	58,045	68,040	87,299
	Subordinated debt	34,326	45,694	56,887
	Other interest expenses	51	1,624	3,072
	Total interest expenses	92,877	114,761	147,143
5	Net fee and commission income			
	Fee and commission income			
	Securities trading and custody accounts	40,241	30,505	40,012
	Credit transfers	20,015	21,892	29,319
	Loan commissions	8,379	7,797	10,758
	Guarantee commissions	15,773	17,127	22,061
	Other fees and commissions	66,979	66,516	98,365
	Total fee and commission income	151,388	143,837	200,515
	Fee and commissions paid			
	Securities trading and custody accounts	18,581	16,932	26,250
	Net fee and commission income	132,806	126,905	174,265
6	Market value adjustments			
	Loans and advances	14,122	-28,480	-46,929
	Bonds	1,821	-17,358	-8,884
	Shares	16,792	33,086	34,066
	Investment properties	-1,379	-3,500	-12,637
	Foreign exchange	-8,738	94	-812
	Total derivatives of which:	-12,324	39,510	44,069
	<i>Currency Swaps</i>	10,423	8	14,225
	<i>Interest Swaps</i>	-22,753	28,574	30,565
	<i>Other contracts</i>	6	10,928	-721
	Other obligations	3,280	-1,150	6,767
	Total market value adjustments	13,575	22,202	15,640

Note	DKK 1,000	Q1-Q3 2014	Q1-Q3 2013	Full Year 2013
7	Other operating income			
	Profit on sale of investment and domicile properties and assets held for sale	702	17,368	18,252
	Profit on sale of operating equipment	2,182	344	568
	Reversals of acquired OEI impairments	20,331	24,957	30,618
	Other income	11,285	9,439	14,109
	Total other operating income	34,500	52,108	63,547
8	Staff costs and administrative expenses			
	Staff costs:			
	Salaries	192,186	201,108	270,281
	Pensions	23,343	23,987	31,073
	Social security expenses	26,814	29,561	39,070
	Total staff costs	242,343	254,656	340,425
	Administrative expenses:			
	IT	59,574	71,910	89,473
	Marketing etc	15,057	16,592	24,107
	Education etc	3,585	5,173	5,966
	Advisory services	3,918	2,934	3,964
	Other expenses	69,422	71,994	96,340
	Total administrative expenses	151,556	168,603	219,849
	Total staff costs	242,343	254,656	340,425
	Employee exp. incl. under the item "Claims, net of reinsurance"	-13,837	-12,640	-16,885
	Total administrative expenses	151,556	168,603	219,849
	Total staff costs and administrative expenses	380,061	410,619	543,390
	Number of employees			
	Average number of full-time employees in the period	514	525	528
	Executive remuneration:			
	Board of Directors	1,350	1,305	1,755
	Executive Board:			
	Salaries	3,388	3,289	4,690
	Pension	522	516	694
	Total executive remuneration	5,260	5,110	7,139

The Bank has introduced a share-based remuneration-programme for the Executive Board effective as of 1 September 2014. The Executive Board has been granted a total of 46.619 shares at an exercise price of DKK 112,90 per share. The Bank's cost related to remuneration of the Executive Board has not increased by the introduction of the programme. Please refer to Company Announcement of 1 September 2014 for further details.

Notes - BankNordik Group

Note	DKK 1,000	Q1-Q3 2014	Q1-Q3 2013	Full Year 2013
9	Impairment charges on loans and advances etc.			
	Loans and advances at amortised cost	87,825	121,404	159,536
	Loans and advances at fair value	753	1,723	4,846
	Guarantees and loan commitments	-12,039	8,087	12,960
	Assets held for sale	0	1,192	892
	Total impairment charges	76,539	132,406	178,234
	Individual impairment charges etc.			
	New and increased impairment charges	138,663	174,435	224,739
	Reversals of impairment charges	74,711	55,924	62,297
	Write-offs charged directly to the income statement	6,781	10,851	13,978
	Received on claims previously written off	4,121	893	1,420
	Revaluations on Assets held for sale	0	150	0
	Total individual impairment charges	66,613	128,619	175,001
	Collective impairment charges			
	New and increased impairment charges	10,732	3,787	3,938
	Reversals of impairment charges	806	0	705
	Total collective impairment charges	9,926	3,787	3,233
	Total impairment charges	76,539	132,406	178,234
10	Due from credit institutions etc. specified by maturity			
	On demand	526,609	542,450	798,599
	3 months and below	21,912	0	0
	3 months to 1 year	430	24,502	25,690
	Total due from credit institutions etc.	548,952	566,952	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	131,162	167,125	201,579
	Reversals of impairment charges	55,171	48,813	51,837
	Written-off, previously impaired	34,936	27,845	47,415
	Total individual impairments	475,799	422,885	434,744
	Collective impairment charges			
	At 1 January	26,835	23,602	23,602
	New and increased impairment charges	10,732	3,787	3,938
	Reversals of impairment charges	806	0	705
	Total collective impairments	36,761	27,389	26,835
	Total impairments	512,561	450,274	461,579

Note DKK 1,000	Q1-Q3 2014	Q1-Q3 2013	Full Year 2013
12 Assets held for sale			
Total purchase price, at 1 January	66,073	34,025	34,025
Additions	6,286	2,086	7,614
Disposals and write off	49,135	9,678	10,789
Reclassification from investment properties	0	0	35,223
Total purchase price	23,224	26,433	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	150	0
Reversal of impairment on revaluations during the year	2,935	2,949	0
Reversal of impairment on disposals during the year	0	0	2,179
Total depreciation and impairment	4,970	6,607	7,905
Total assets held for sale	18,253	19,826	58,168
13 Contingent liabilities			
Guarantees			
Financial guarantees	161,486	158,126	149,765
Mortgage finance guarantees	410,019	428,059	417,194
Registration and remortgaging guarantees	316,372	310,842	242,915
Other guarantees	970,504	983,766	917,557
Total guarantees	1,858,381	1,880,793	1,727,430

14 Assets deposited as collateral

At September 30 2014 the Group had deposited bonds at a total market value of DKK 316m (Q3 2013: 322m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing.

Deposits of bonds to others in total have a market value of DKK 51m (Q3 2013: 43m).

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	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
1	Interest income	467,095	546,570	709,438
2	Interest expenses	93,263	115,226	147,799
	Net interest income	373,832	431,344	561,639
	Dividends from shares and other investments	6,609	2,700	7,426
3	Fee and commission income	149,972	142,410	198,468
3	Fee and commissions paid	11,148	9,679	16,692
	Net interest and fee income	519,265	566,775	750,842
4	Market value adjustments	20,757	17,354	11,704
5	Other operating income	30,960	50,023	60,656
6	Staff costs and administrative expenses	337,644	371,707	491,852
	Depreciation and impairment of property, plant and equipment	15,959	15,657	25,083
	Other operating expenses	18,423	20,459	43,323
7	Impairment charges on loans and advances etc.	76,539	132,521	178,234
	Income from associated and subsidiary undertakings	7,675	23,914	22,638
	Profit before tax	130,093	117,722	107,347
	Tax	27,538	20,066	14,951
	Net profit	102,554	97,656	92,396
	Proposed profit allocation			
	Equity method reserve	7,675	23,914	22,638
	Dividends for the year	0	0	15,000
	Retained earnings	94,880	73,742	54,758
	Total	102,554	97,656	92,396

Statement of comprehensive income

DKK 1,000	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
Net profit	102,554	97,656	92,396
Other comprehensive income			
Translation of non-Faroese subsidiaries	-20,787	5,846	10,905
Revaluation reserve	0	10,756	10,756
Tax on other comprehensive income	0	-1,936	-1,936
Total other comprehensive income	-20,787	14,666	19,725
Total comprehensive income	81,768	112,322	112,121

Balance Sheet - P/F BankNordik

Note	DKK 1,000	Sept. 30 2014	Sept. 30 2013	Dec. 31 2013
Assets				
	Cash in hand and demand deposits with central banks	303,729	442,461	404,083
8	Due from credit institutions and central banks	526,609	542,450	798,599
9	Loans and advances at fair value	708,924	768,011	681,617
9	Loans and advances at amortised cost	9,605,782	9,818,875	9,778,682
	Bonds at fair value	3,201,584	3,057,331	3,187,351
	Shares, etc.	286,861	299,471	279,029
	Holdings in associates	7,451	14,725	14,186
	Holdings in subsidiaries	210,758	238,008	244,882
	Intangible assets	773,660	790,360	788,695
	Total land and buildings	328,839	340,279	289,340
	investment property	114,748	180,131	120,358
	domicile property	214,090	160,148	168,983
	Other property, plant and equipment	26,443	18,875	21,239
	Current tax assets	4,030	7,592	4,533
	Deferred tax assets	18,414	29,840	31,773
10	Assets held for sale	18,253	19,826	58,168
	Other assets	153,928	108,198	155,993
	Prepayments	23,983	32,452	14,664
	Total assets	16,199,248	16,528,755	16,752,832

Balance Sheet - P/F BankNordik

Note	DKK 1,000	Sept. 30 2014	Sept. 30 2013	Dec. 31 2013
Shareholders' equity and liabilities				
Liabilities other than provisions				
	Due to credit institutions and central banks	630,389	1,302,273	1,290,408
	Deposits and other debt	12,421,076	12,107,534	12,284,672
	Other liabilities	330,839	299,830	348,047
	Deferred income	4,445	4,475	2,740
	Total amounts due	13,386,748	13,714,112	13,925,866
Provisions for liabilities				
	Provisions for deferred tax	93,495	81,765	79,123
	Provisions for other liabilities	3,164	0	17,499
	Provisions for losses on guarantees	42,758	51,638	56,511
	Total provisions	139,417	133,403	153,132
Subordinated debt				
	Subordinated debt	460,487	533,160	525,445
	Total liabilities	13,986,653	14,380,675	14,604,444
Shareholders' equity				
	Share capital	200,000	200,000	200,000
	Foreign currency translation reserve	5,792	24,289	29,348
	Revaluation reserve	8,820	8,820	8,820
	Reserve, Equity Method	96,318	105,296	88,643
	Retained earnings	1,901,666	1,809,674	1,806,577
	Proposed dividends	0	0	15,000
	Total shareholders' equity	2,212,596	2,148,080	2,148,388
	Total liabilities and equity	16,199,248	16,528,755	16,752,832

Statement of capital - BankNordik P/F

Changes in shareholders' equity:	Share capital	Foreign	Revaluation Reserve	Equity	Proposed dividends	Retained earnings	Total
		currency translation reserve		method reserve			
DKK 1,000							
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		-23,601					-23,601
Other comprehensive income		-23,601					-23,601
Net profit				7,675		94,880	102,554
Total comprehensive income		-23,601		7,675		94,880	78,954
Acquisition of own shares						-18,900	-18,900
Sale of own shares						18,903	18,903
Share-based remuneration-programme						45	45
Dividends paid					-15,000	206	-14,794
Shareholders' equity at Sept. 30, 2014	200,000	5,747	8,820	96,318	0	1,901,711	2,212,596

	Share capital	Foreign	Revaluation Reserve	Equity	Proposed dividends	Retained earnings	Total
		currency translation reserve		method reserve			
DKK 1,000							
Shareholders' equity at January 1, 2013	200,000	18,443		81,383	10,000	1,736,428	2,046,255
Translation of foreign units		5,846	10,756				16,602
Tax on entries on income recognised as Other comprehensive income			-1,936				-1,936
Other comprehensive income		5,846	8,820				14,666
Net profit				23,914		73,742	97,656
Total comprehensive income		5,846	8,820	23,914		73,742	112,322
Acquisition of own shares						-12,338	-12,338
Sale of own shares						11,840	11,840
Dividends paid					-10,000		-10,000
Shareholders' equity at Sept. 30, 2013	200,000	24,289	8,820	105,297	0	1,809,673	2,148,080

Statement of capital - P/F BankNordik

Solvency			
DKK 1,000	30. Sept. 2014	30. Sept. 2013	Full year 2013
Core capital	1,432,434	1,464,080	1,468,569
Base capital	1,658,454	1,697,710	1,696,191
Risk-weighted items not included in the trading portfolio	8,848,317	9,102,984	8,900,568
Risk-weighted items with market risk etc.	1,435,075	1,254,733	1,294,186
Risk-weighted items with operational risk	1,473,793	1,316,520	1,316,520
Total risk-weighted items	11,757,185	11,674,237	11,511,274
Core capital ratio, excl. hybrid core capital	11.1%	10.8%	11.1%
Core capital ratio	12.2%	12.5%	12.8%
Solvency ratio	14.1%	14.5%	14.7%
Core Capital and Shareholders' equity			
Share capital	200,000	200,000	200,000
Reserves	110,930	138,406	126,811
Net profit	102,554	97,656	92,396
Retained earnings, previous years	1,799,111	1,712,018	1,729,181
Shareholders' equity	2,212,596	2,148,080	2,148,388
Deduction of dividend	0	0	15,000
Deduction of net profit	102,554	32,175	0
Deduction of Foreign currency translation reserve	5,792	24,289	29,348
Deduction of intangible assets	773,660	790,360	788,695
Deduction of revaluation reserve	8,820	8,820	8,820
Deduction of deferred tax assets	18,414	29,840	31,773
Core capital exclusive of hybrid core capital	1,303,355	1,262,595	1,274,753
Deduction of insurance subsidiaries	57,104	53,433	56,413
Hybrid core capital	186,183	254,917	250,230
Core capital	1,432,434	1,464,080	1,468,569
Base capital			
Core capital	1,432,434	1,464,080	1,468,569
Addition of revaluation reserve	8,820	8,820	8,820
Subordinated loan capital	274,304	278,243	275,216
Deduction of insurance subsidiaries	57,104	53,433	56,413
Base capital	1,658,454	1,697,710	1,696,191

Notes - P/F BankNordik

Note	DKK 1,000	Q1-Q3 2014	Q1-Q3 2013	Full Year 2013
1	Interest income			
	Credit institutions and central banks	2,150	1,130	1,386
	Loans and advances	432,133	512,477	665,070
	Bonds	39,950	44,671	60,331
	Total derivatives of which:	-7,488	-11,706	-17,228
	<i>Interest rate contracts</i>	-5,468	-11,706	-17,228
	<i>Other transactions</i>	-2,020	0	0
	Other interest income	351	-2	-121
	Total interest income	467,095	546,570	709,438
2	Interest expenses			
	Credit institutions and central banks	456	-132	-121
	Deposits	58,045	68,040	87,961
	Subordinated debt	34,326	45,694	56,887
	Other interest expenses	437	1,624	3,072
	Total interest expenses	93,263	115,226	147,799
3	Net fee and commission income			
	Fee and commission income			
	Securities trading and custody accounts	40,241	30,505	40,012
	Credit transfers	20,015	21,892	29,319
	Loan commissions	8,379	7,797	10,758
	Guarantee commissions	15,773	17,127	22,061
	Other fees and commissions	65,564	65,089	96,318
	Total fee and commission income	149,972	142,410	198,468
	Fee and commissions paid			
	Securities trading and custody accounts	11,148	9,679	16,692
	Net fee and commission income	138,824	132,731	181,777
4	Market value adjustments			
	Loans and advances	14,122	-28,480	-46,929
	Bonds	4,907	-18,441	-13,380
	Shares	20,888	29,321	33,905
	Investment properties	-1,379	-3,500	-12,637
	Foreign exchange	-8,738	94	-812
	Total derivatives of which:	-12,324	39,510	44,790
	<i>Currency Swaps</i>	10,423	8	14,225
	<i>Interest Swaps</i>	-22,753	28,574	30,565
	<i>Other contracts</i>	6	10,928	0
	Other obligations	3,280	-1,150	6,767
	Total market value adjustments	20,757	17,354	11,704

Note	DKK 1,000	Q1-Q3 2014	Q1-Q3 2013	Full Year 2013
5	Other operating income			
	Profit/loss on sale of investment and corporate properties and temporary properties	702	17,368	18,252
	Profit on sale of operating equipment	2,182	344	568
	Reversals of acquired OEI impairments	20,331	24,957	30,618
	Other income	7,744	7,354	11,218
	Total other operating income	30,960	50,023	60,656
6	Staff costs and administrative expenses			
	Staff costs:			
	Salaries	163,018	175,472	235,553
	Pensions	20,132	21,164	27,275
	Social security expenses	21,797	24,100	31,844
	Total staff costs	204,948	220,736	294,672
	Administrative expenses	132,696	150,971	197,180
	Total staff costs and administrative expenses	337,644	371,707	491,852
	Number of employees			
	Average number of full-time employees in the period	419	447	449
	Executive remuneration:			
	Board of Directors	1,350	1,305	1,755
	Executive Board:			
	Salaries	3,388	3,289	4,690
	Pension	522	516	694
	Total executive remuneration	5,260	5,110	7,139
7	Impairment charges on loans and advances etc.			
	Loans and advances at amortised cost	87,825	121,519	159,536
	Loans and advances at fair value	753	1,723	4,846
	Guarantees and loan commitments	-12,039	8,087	12,960
	Assets held for sale	0	1,192	892
	Total impairment charges	76,539	132,521	178,234
	Individual impairment charges etc.			
	New and increased impairment charges	138,663	174,435	224,739
	Reversals of impairment charges	74,711	55,924	62,297
	Write-offs charged directly to the income statement	6,781	10,966	13,978
	Received on claims previously written off	4,121	893	1,420
	Revaluations on Assets held for sale	0	150	0
	Total individual impairment charges	66,613	128,734	175,001
	Collective impairment charges			
	New and increased impairment charges	10,732	3,787	3,938
	Reversals of impairment charges	806	0	705
	Total collective impairment charges	9,926	3,787	3,233
	Total impairment charges	76,539	132,521	178,234

Notes - P/F BankNordik

Note	DKK 1,000	Q1-Q3 2014	Q1-Q3 2013	Full Year 2013
8	Due from credit institutions etc. specified by maturity			
	On demand	526,609	542,450	798,599
	Total due from credit institutions etc.	526,609	542,450	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	131,162	167,126	201,579
	Reversals of impairment charges	55,171	48,813	52,097
	Written-off, previously impaired	34,936	28,104	47,415
	Total individual impairments	475,799	422,885	434,744
	Collective impairment charges			
	At 1 January	26,835	23,602	23,602
	New and increased impairment charges	10,732	3,787	3,938
	Reversals of impairment charges	806	0	705
	Total collective impairments	36,761	27,389	26,835
	Total impairments	512,561	450,274	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 nine months of 2014.

The consolidated financial statements for the first nine months 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 September 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 September 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, 6 November 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. Samuelsen

Head Office

P/F BankNordik
Húsagøta 3
P.O. Box 3048
FO-110 Tórshavn
Tel. +298 330 330
Fax +298 330 001
E-mail: info@banknordik.fo
www.banknordik.fo

P/F skr. nr. 10, Tórshavn
SWIFT: FIFB FOTX

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

The company is listed on the
Nasdaq OMX Iceland and Nasdaq
OMX Copenhagen.

IR contact

Árni Ellefsen
E-mail: arel@banknordik.fo
Tel. +298 330 330

Branches**Faroe Islands**

Tórshavn
Niels Finsensgøta
100 Tórshavn
Tel. +298 330 330

Miðvágur
Jatnavegur 26
370 Miðvágur
Tel. +298 330 330

Klaksvík
Klaksvíksvegur
700 Klaksvík
Tel. +298 330 330

Saltangará
Heiðavegur 54
600 Saltangará
Tel. +298 330 330

Tvøroyri
Sjógøta 2
800 Tvøroyri
Tel. +298 330 330

Greenland

Nuuk
Quillilerfik 2
3900 Nuuk
Tel. +299 34 79 00

Denmark

Amager
Amagerbrogade 175
2300 København S
Phone: +45 76 97 80 00

Dragør
Dragørhjørnet 2
2791 Dragør
Phone: +45 76 97 80 00

Kongelundsvej
Kongelundsvej 267
2770 Kastrup
Phone: +45 76 97 80 00

Frederiksberg
Falkoner Allé 31
2000 Frederiksberg
Phone: +45 76 97 80 00

Hvidovre
Hvidovrevej 275
2650 Hvidovre
Phone: +45 76 97 80 00

Lyngby
Klampenborgvej 235-237
2800 Kgs. Lyngby
Phone: +45 76 97 80 00

Corporate Banking East
Amagerbrogade 25
2300 København S
Phone: +45 32 66 61 38

Corporate Banking West
Bredgade 15
6000 Kolding
Phone: +45 76 97 80 00

Customer Service
Amager Landevej 56
2770 Kastrup
Phone: +45 76 97 80 00

Markets
Amagerbrodgade 25
2300 København S
Phone: +45 32 66 63 20

Østerbro
Østerbrogade 43
2100 København Ø
Phone: +45 76 97 80 00

Odense
Østre Stationsvej 41 M, st
5000 Odense C
Phone: +45 76 97 80 00

Esbjerg
Skolegade 7
6700 Esbjerg
Phone: +45 76 97 80 00

Haderslev
Nørregade 32
6100 Haderslev
Phone: +45 76 97 80 00

Horsens
Sundvej 101
8700 Horsens
Phone: +45 76 97 80 00

Kolding
Bredgade 15
6000 Kolding
Phone: +45 76 97 80 00

Vejle
Dæmningen 34
7100 Vejle
Phone: +45 76 97 80 00

Aarhus
Åboulevard 49
8000 Aarhus C
Phone: +45 76 97 80 00

Private Banking
Amagerbrodgade 25
2300 København S
Phone: +45 32 66 60 70