

**BANKNORDIK**

# Interim Report

## Q1 2011

**17 May 2011**

## Table of contents

### BankNordik Group:

Management's Report _____	3
<i>Financial Highlights</i> _____	3
<i>Financial Highlights – 5-years summary, BankNordik Group</i> _____	4
<i>Outlook 2011</i> _____	5
<i>Macroeconomic update</i> _____	6
<i>Financial Review</i> _____	7
<i>BankNordik in segments</i> _____	10
<i>Other issues</i> _____	12
Income Statement – BankNordik Group _____	14
Balance Sheet – BankNordik Group _____	17
Statement of Capital – BankNordik Group _____	20
Cash Flow Statement – BankNordik Group _____	21
Notes – BankNordik Group _____	22

### P/F BankNordik:

Interim Financial Statements – P/F BankNordik _____	30
<i>Financial Highlights – 5-years summary, P/F BankNordik</i> _____	31
Income Statement – P/F BankNordik _____	33
Balance Sheet – P/F BankNordik _____	34
Statement of Capital – P/F BankNordik _____	36
Cash Flow Statement – P/F BankNordik _____	38
Notes – P/F BankNordik _____	39
Statement by the Executive Board and the Board of Directors _____	42
Additional Information _____	43

# Management's Report

## BankNordik • first quarter of 2011

### Highlights:

- Pre-tax profit amounts to DKK 7m
- Value adjustments were negative by DKK 17m
- Core earnings decreased by 10% compared to Q4 2010
- Impairments were DKK 22m
- External funding in the first quarter has been reduced by DKK 1.5bn
- Deposits increased and funding loan repaid to optimise liquidity surplus to 163%
- The Group's solvency at the end of Q1 2011 amount to 17%
- BankNordik meets by far all the criteria of the "Supervisory Diamond" – the Danish FSA's risk standard

The level of activity in the first quarter was influenced by some uncertainty in customers' expectations to the economic development. This resulted in relatively few new investments and consequently a limited credit demand. Repayment of loans exceeded new loans, and total loans decreased from DKK 8.7bn to DKK 8.4bn in the quarter, corresponding to 3%.

Likewise a decrease appeared in the Group's interest, fees and insurance income, which fell by 5% from DKK 158m in Q1 last year to 150m in Q1 this year.

Personnel and administrative costs decreased from DKK 111m in the fourth quarter 2010 to DKK 101m in the first quarter this year, corresponding to 9%.

Impairments on loans amounted to DKK 22m in the quarter compared with DKK 51 million in the first quarter last year and a total DKK 167m in impairments on loans in 2010.

Interest rates increased significantly in the first quarter which is reflected in the negative value adjustments on securities of DKK 17m compared with a positive amount of DKK 16m in the same period last year. The negative impact from this difference in value adjustments amount on the pre-tax profit thus amount to DKK 33m.

The pre-tax profit in the first quarter amounted to DKK 7m. In the same period last year the pre-tax profit amounted to DKK 411m, but this was because of the divestment of Bakkafrost generating a capital gain of DKK 380m.

Management retains the guidance that the pre-tax profit for 2011 is in the range of DKK 100-140m before value adjustments – but most likely in the lower end of the range.

The transaction of the newly acquired 50% of the strategically important life insurance company Føroya Lívstrygging, which has a 60% market share on the Faroese market with 18,000 customers and DKK 3bn of pensions savings is, (dependent on approval) expected to be closed before year end.

## Highlights, ratios and key figures - BankNordik Group

<b>Highlights</b>	<b>Q1</b>	<b>Q1</b>	<b>Index</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Full year</b>
<b>DKK 1,000</b>	<b>2011</b>	<b>2010</b>	<b>10 / 09</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
Net interest and fee income	137.033	149.630	92	147.113	154.488	137.787	149.630	113.113	589.019
Interest and fee income and income from insurance activities, net	149.592	158.190	95	164.549	170.807	150.132	158.190	125.834	643.679
Market value adjustments	-16.893	15.615		-5.381	-224	10.027	15.615	-12.015	20.037
Other operating income	5.187	381.310	1	-1.387	-119	-395	381.310	-8.738	379.409
Staff cost and administrative expenses	101.272	82.664	123	111.124	102.091	112.208	82.664	53.750	408.088
Impairment charges on loans and advances etc.	21.956	50.670	43	-17.794	150.330	-16.092	50.670	52.201	167.114
Net profit	6.553	337.383	2	43.484	-75.853	34.421	337.383	-7.680	339.435
Loans and advances	8.376.167	8.909.786	94	8.674.663	8.549.425	8.792.778	8.909.786	6.937.560	8.674.663
Bonds at fair value	2.524.378	955.522	264	3.497.466	3.463.534	2.195.992	955.522	1.252.056	3.497.466
Intangible assets	485.132	393.811	123	439.723	432.857	434.724	393.811	39.312	439.723
Assets held for sale	209.732	157.160	133	160.794	134.265	156.545	157.160	175.908	160.794
Total assets	13.514.685	14.154.163	95	14.258.767	15.716.802	14.984.424	14.154.163	10.267.021	14.258.767
Due to credit institutions and central banks	316.445	869.480	36	245.249	787.392	624.462	869.480	1.498.499	245.249
Deposits and other debt	8.943.328	8.918.231	100	8.790.321	9.209.100	8.712.760	8.918.231	5.496.550	8.790.321
Issued bonds at amortised cost	1.199.843	1.498.248	80	2.199.843	2.699.843	2.699.843	1.498.248	999.843	2.199.843
Total shareholders' equity	2.003.151	2.007.031	100	2.002.566	1.979.319	2.048.729	2.007.031	1.663.122	2.002.566
<b>Ratios and key figures</b>									
	<b>March 31</b>	<b>March 31</b>		<b>Dec. 31</b>	<b>Sept. 30</b>	<b>June 30</b>	<b>March 31</b>	<b>Dec. 31</b>	<b>Full year</b>
	<b>2011</b>	<b>2010</b>		<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
<b>Solvency</b>									
Solvency ratio, %	17,1	18,3		17,0	17,2	17,7	18,3	26,2	17,0
Core capital ratio, %	17,3	18,5		17,2	17,5	17,9	18,5	26,6	17,2
Risk-weighted Items, DKK mill	9.849	9.480		10.080	9.704	9.737	9.480	6.648	10.080
<b>Profitability</b>									
Return on equity after tax, %	0,3	18,4		2,2	-3,8	1,1	18,4	-0,5	18,3
Cost / income, %	94,8	25,9		67,9	154,3	80,1	25,9	110,3	60,0
Cost / income, % (excl. value adjustm. and impairments)	70,3	17,3		76,6	66,0	86,7	17,3	54,4	44,8
<b>Liquidity</b>									
Excess cover relative to statutory liquidity requirements, %	163,3	134,6		292,9	337,5	288,1	134,6	275,7	292,9
<b>Credit risk</b>									
Growth on loans and advances, %	-3,4	28,4		1,5	-2,8	-1,3	28,4	-3,4	25,0
Gearing of loans and advances	4,2	4,4		4,3	4,3	4,3	4,4	4,2	4,3
<b>Shares</b>									
Earnings per share after tax (nom. DKK 20), DKK	0,7	34,7		4,5	-7,7	2,3	34,7	-0,8	34,9
Market price per share (nom. DKK 20), DKK	127	159		144,0	135	142	159	131	144
Book value per share (nom. DKK 20), DKK	202	206		210	201	209	206	172	210
<b>Other</b>									
Number of full-time employees, end of period	432	420		433	425	424	420	288	433

# Outlook 2011

In the Annual report 2010 the Group forecasted pre-tax profit before value adjustments to be in the range of DKK 100-140m. The forecasted outlook 2011 is maintained although the result is expected to be in the lower end of the forecasted range. The reason is an expected pressure on interest margins and a somewhat unexpected decline in lending activity during Q1 2011. The pressure on interest margins is expected to relax, but the decline in lending activity is expected to shift in Q2 to a growth comparable to the fall in Q1. Compared to the outlook 2011 mentioned in the Annual Report 2010 the Group therefore revises its net interest and fee income forecast compared to 2010 from a reduction in the range of 0-5% to a reduction in the range of 5-10%.

Net income from insurance activities is expected to stay at the same level as in 2010.

The Group is committed to run a cost efficient business and secure a high level of customer service as well as a professional working environment in each branch. Consequently the Bank in May closes four branches in the Faroe Islands and one branch in Denmark in order to create bigger branches with increasing customer service and facilitating a better working environment. This adjustment of the branch structure implies a reduction of approximately 22

FTE of the 352 FTE employed in the banking activities of the Group. As of Q1 2011 the Group maintains the forecasted cost reduction for the full year. Costs, i.e. staff and administrative expenses, amortisation and depreciation and other operating expenses are expected to be lower than in 2010. In the Annual Report 2010 the Group forecasted a cost reduction in the range of 0-5% compared to 2010.

In Q1 2011 the Group had some impairment on loans and advances although the level has been as forecasted in the Annual Report 2010. Bearing the good quality of the loan book in general in mind the Group therefore maintains its forecasted impairments on loans and advances to be in the range of 50-100m in 2011.

The forward-looking statements for the Group and the parent company expressed in this Outlook or elsewhere in this Annual Report are subject to both general and specific risk and uncertainty that may cause actual results to differ from those contemplated in any of the forward-looking statements.

# Macroeconomic update

The overall economic outlook for the international economy remains positive, but there are also new issues like the Japanese earthquake and especially increasing prices on food and oil that can hamper growth.

The inflationary tendencies have spurred considerations about increasing interest rates. Some emerging markets countries have increased their interests and in April ECB for the first time in two years increased the leading interest rate by 0.25 %. FED is expected to follow in the latter half of 2011.

Though there seems to be strong indications for economic growth - the base of it is still disputed and thus its long-term viability is uncertain.

## The Faroe Islands

After a tough start on 2011, the economic situation is largely on track again. The situation with Eik Bank has been solved, the labour market conflict regarding the fishing fleet has been settled and the bankrupt fish processing company Fiskavirkning has been sold and partly re-established.

The projected GDP growth of 5% for 2011 is hampered because of the incidents mentioned, but the outlook for the rest of the year remains good. The inflation year-on-year reached 2.3% mainly because of higher prices on oil and food. Paid wages in Q1 are only 1% lower compared to last year in spite of the higher unemployment and temporary stance in the fishing industry. Total taxable payments though remain marginally positive.

The unemployment rate at 7.3% has increased much due to the strike and misery in the fish processing sector from the end of 2010, but now it is marginally declining again.

The value of caught fish for the same reason declined by 33% in Q1, but on the other hand salmon production has increased by 20%. (Export/Import 18. mars 2011)

## Denmark

In Q1 2011 the Danish economy has struggled to maintain the

economic growth of 2.1% from 2010. The projection for 2011 is a GDP growth of 1.9% driven by private consumption, but higher inflation may have influenced the weak start. The inflation over the last year has been 2.9%.

Because of slow increase in private consumption, industrial production and investments - the balance of payment is the best in years driven by growth from its most prominent export markets Germany and Sweden.

The public sector retraction from expansive fiscal policy is evident and is one explanation behind the struggling growth.

Housing prices have stabilized over the last year and the unemployment rate has fallen marginally from 6.1% to 5.9% at the end of April 2011.

## Iceland

After consecutive contractions in GDP amounting to 3% in 2010 the forecast for 2011 is a positive GDP growth of 2% expected to continue with 3% in 2012. Growth is based on rebounding investments from historically low levels and gradually increasing private consumption. The currency depreciation has been a significant contributor to the exporting industries, but on the other hand foreign debt has stressed the situation negatively.

The inflation is now around 2% and unemployment is decreasing from 9% to 8%. Population decreased by 0.5% and working age population by 1.2% in 2010.

## Greenland

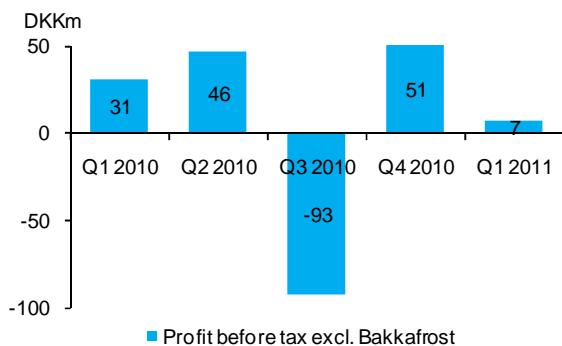
The economic situation in Greenland is stagnant to moderate and GDP growth in 2010 was estimated to be 0.5%. The unemployment rate is low but has increased over the last two years and at the end of 2010 had reached 5.4%. The inflation rate in 2010 was 1.7%.

The outlook for Greenland is somewhat stagnant and real growth is projected to be around 1%.

# Financial Review

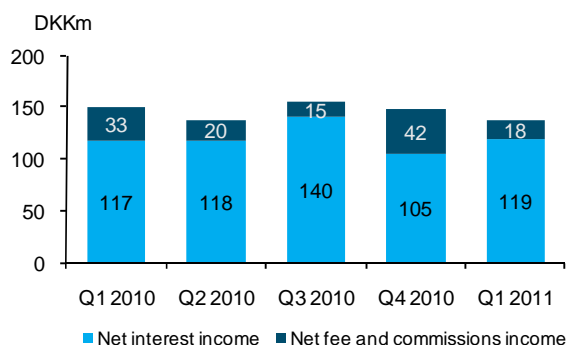
The Q1 2010 figures only cover two months of the acquired branches portfolio and thus comparison with Q1 2010 will not portray directly comparable activities of the Groups business.

The first quarter of 2011 rendered the BankNordik Group with a profit before tax amounting to DKK 7m compared to DKK 411m in the same quarter of 2010. Excluding proceeds from the divestment of Bakkafrost the comparison would have been DKK 31m and the Q1 2011 result thus declined by 77%. The profit after tax was DKK 7m as well.



Though market value adjustments are not considered part of the daily business the DKK 33m difference between Q1 2010 and Q1 2011 is the most significant negative contributor to the final result. Furthermore staff costs and administrative expenses have increased between Q1 2011 and Q1 2010 and fee and commission income are lower than expected.

Net premium income from insurance activities, on the other hand have, so far delivered ahead of expectations.



The first quarter in general has been marked by the refocusing from 2010's integration process and shift of IT provider, to managing the daily business and sharpening the Groups

competitiveness.

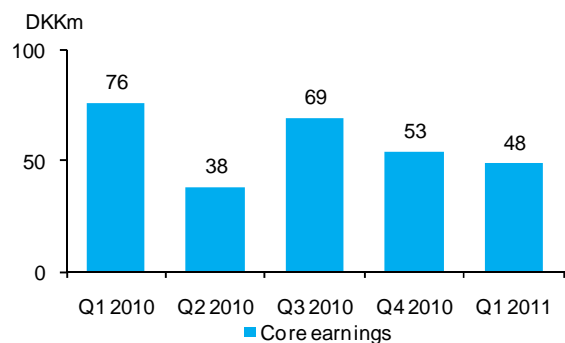
From the beginning of December 2010 the Group has reduced its external funding by 58% corresponding to DKK 1,739m, of which DKK 1,100m were issued under Danish State Guarantee. The decline in debt reduces the liquidity requirement as well as the Groups interest expenses considerably from Q2 and forward.

The Group now holds DKK 1,275m in external funding of which DKK 1,100m are issued bonds with State Guarantee. In spite, the liquidity level remains comfortable at 163% above statutory requirements.

Over the next year the Group only has DKK 100m of external debt maturing.

## Core earnings faint

The Group's core earnings – defined as interest, fee and insurance income less staff and administrative expenses - decreased by DKK 27m (36%) from DKK 76m to DKK 48m in the first quarter of 2011. Compared to the preceding Q4 2010 though, the decrease was 10% or DKK 5m.

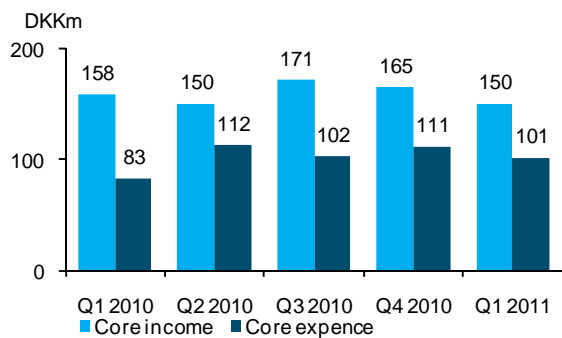


The reasons for the decrease in core earnings in Q1 2011 are mainly that staff costs and administrative expenses have increased by DKK 19m, and net fee and commission income declined by DKK 9m (34%). Included in fee and commission income last year were DKK 8m from the divestment of Bakkafrost.

Net interest income has increased by 2% relative to Q1 2010, but because Q1 2010 only covered two months of the acquired Danish and Greenlandic activities the trend is negative. Though, compared to the preceding Q4 2010, there was a positive development of 13% or DKK 14m.

The origin behind the falling core income is a mixture of declining loans and advances, and fees and commissions. The banks loans and advances have declined by DKK 534m since Q1 2010 and by DKK 299m since the end of 2010. The missing net income from decreasing loans and advances alone in the last year is at least DKK 4m on a quarterly basis and an estimated negative impact from the excess liquidity above the Groups surplus liquidity goal of 100%, is estimated to be around DKK 5m quarterly. The negative impact is thus about DKK 9m each quarter.

Income contribution from Insurance activities in Q1 has increased by DKK 4m (47%) to DKK 13m compared to Q1 2010. Interest margins have so far been stable, thus the decrease in interest income is largely caused by deterioration in lending volumes. The equally low fees and commissions originate from the same - low private and corporate lending and market activities. On the insurance part, favourable claim ratios are the main cause for a higher contribution.



Staff and administrative expenses remain high and increased by DKK 19m corresponding to 23% from Q1 2010. This is primarily explained by the missing first month of the assets taken over in Q1 2010 and the in general higher staff costs and administrative expenses in the acquired branches. Compared to Q4 2010 expenses have declined by DKK 10m (9%).

#### Other items

Market value adjustments were DKK -17m in the first quarter of 2011 which compared to the positive adjustment of DKK 16m in Q1 2010 thus impacts the result negatively by at total of DKK 33m. It is the Groups large holding of bonds that perform negatively due to increasing market rates in the wake of spurring economic growth and increasing inflation - prompting ECB to start interests hike for the first time in almost

three years.

Other operating income last year was unusually high because of proceeds from the divestment of Bakkafrost, but this year is back to a more normal level at DKK 5m.

Amortisations have increased much after the big investments in the IT platform and they will remain on a higher level over the next three years.

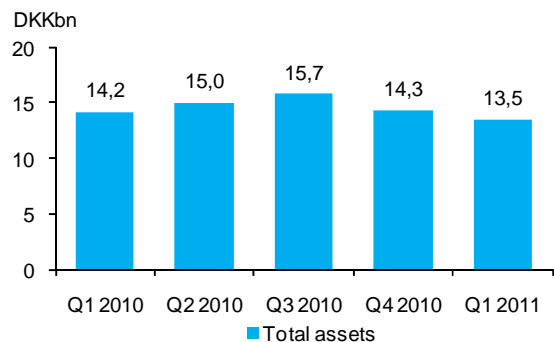
Impairment charges in Q1 amounted to DKK 22m compared to DKK 51m in Q1 2010. The impairments are equally divided between the activities in Denmark and the Faroe Islands. Annualized, the level of impairments is within the projected range.

#### Balance Sheet

BankNordik's total balance has decreased somewhat over the last year - going from DKK 14.2bn to DKK 13.5bn. The most pronounced changes relate to the general decrease of funding loans and decreasing loans and advances.

#### Assets

Dues from credit institutions, securities and other cash equivalents have been stable in the last year, but there are significant changes between items over the preceding quarters due to changes within.



Loans and advances have decreased considerably in the last year, going from DKK 8.9bn at the end of Q1 2010 to DKK 8.4bn in Q1 2011. This has had a similar positive impact on liquidity, but also decreasing interest income. The reason is a general low demand and well consolidated customers. In the last quarter alone loans and advances have decreased by DKK 299m.

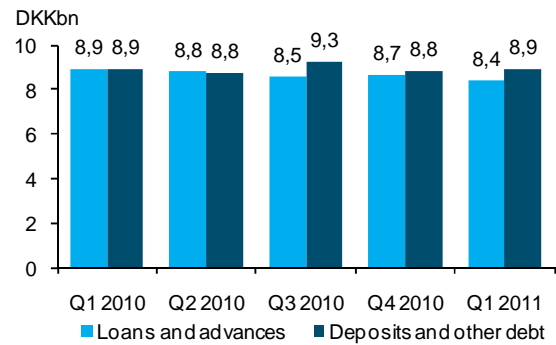
Increasing intangible assets mainly relate to the recognition of an obligation amounting to DKK 53m regarding the insurance company Vørður minority shareholders right to sell their shares in Vørður to BankNordik.



### Liabilities

Dues to credit institutions and issued bonds have decreased much since Q1 2010 and especially in the last quarter going from DKK 2.4bn to DKK 1.5bn with equivalent reduction on liquidity.

Debt reduction was a big issue for the Group in the Annual Report 2010, in order to reduce dependence and State guarantee costs from external funding and leveraging the Bank's high liquidity levels seen over the last year.



High liquidity levels has also been facilitated by stable deposits over the period reaching DKK 8.9bn at the end of Q1 2011, which is DKK 500m higher than total loans and advances. In the last quarter alone deposits have increased by DKK 100m.

The Groups equity remains high and is stable also after the DKK 40m payout based on Q4 2010 profit. The equity at the end of Q1 2011 was DKK 2bn and the BankNordik Group reside with a solvency level of 17%.

## BankNordik Group in segments

### BANKING SEGMENT

The banking business of the BankNordik Group returned a pre-tax deficit of DKK 2m in the first quarter of 2011. It was mainly the deteriorating core result from lower business volume and negative market value adjustments that drew in a negative direction.

#### BankNordik Faroe Islands

The Faroese part of the Group's banking business returned a profit of DKK 10m in Q1 2011 compared to DKK 26m in Q1 2010. The core business is performing at an acceptable level though net interests are decreasing. But the ongoing decrease in loan volume amounting to -6% over the last year, increasingly affects the net income level. In addition, high negative market value adjustments on bonds amounting to DKK 24m also affect the result significantly. On the other hand impairments on loans amount to DKK 11m which is DKK 21m lower than in Q1 2010.

Deposits in the Faroe Islands have increased by 4% reaching DKK 5.7bn over the last year.

The outlook for Faroese banking in the rest of 2011 is brighter and expected to pick up, regain some of the lost ground over the last year.

#### BankNordik Denmark

Banking in Denmark delivered a deficit amounting to DKK 13m, which is DKK 3m lower than last year. The deteriorating result is mainly due to a high cost-ratio relative to the income generating portfolio, in addition to the impairments on loans. Staff costs and administrative expenses increased by DKK 15m (80%) in Q1 2011 compared to Q1 2010, the main reason being the missing figures for January 2010 in addition to the Copenhagen Branch being added and an increasing number of administrative staff.

Though impairments decreased by 39% to DKK 9m in Q1 2011 they remain on a relatively high level corresponding to about 2% of loans on an annualized basis.

Loans and advances in Denmark decreased by 6% in the last year and are now DKK 1.5bn while deposits have decreased by 8% and amount to DKK 2.6bn.

The outlook for Denmark seems to be brighter, expecting at small economic growth. This is supported by the banking

sector experiencing loan growth in March for the first time in many months.

#### BankNordik Greenland

The unit in Greenland rendered a positive contribution to the Groups result by DKK 2m, which is DKK 5m less than the corresponding quarter of 2010. Total income has increasing by DKK 3m (25%), but at the same time total expenses increased by DKK 5m to DKK 11m, mainly because of the missing January in Q1 2010 in Denmark.

Impairments have been on a low level during 2010 and remain so in Q1 2011 though they increased by DKK 2m to DKK 2m.

Loans and advances in Greenland have declined by 2% in the last year, but deposits have decreased more from DKK 653m to DKK 612m corresponding to 6%.

The expectations for the Greenland activities are stable.

### INSURANCE SEGMENTS

The insurance business of the BankNordik Group returned a pre-tax profit of DKK 6m in the first quarter of 2011.

#### Trygd - Faroe Islands

The subsidiary Trygd has experienced good growth in profits over some years and due to a low claim ratio has returned a profit of DKK 5m in Q1 2011 - about a million better than in Q1 2010.

Income has increased by 23% and net premium income by 33% to DKK 9m. Staff costs and administrative expenses remained fairly stable - yet increased by 11% to DKK 4m in Q1 2011. The low risk profile on investments does not affect the result much generally.

Trygd expects a continuation of the present level of activity and profits to remain in line with expectations.

#### Vørður - Iceland

The first quarter of 2011 left Vørður with a surplus of DKK 1m, which is twice as good as in Q1 2010. The turnover in Q1 2011 increased by 23% and reached DKK 44m. The core business though is still struggling to perform due to a high Cost/Income ratio excl. value adjustments (146%), but because of very positive contributions from investments of DKK 4m the end result is positive.

The company is in at positive process of streamlining its operations causing the core business operation gradually to

become more profitable. Net premium income increased to DKK 4m which is a 38% increase, but there is still some way for the core business to reach positive grounds.

Vørður expects further improvement during the year, but there are uncertainties looming in the fragile Icelandic economic situation.

## Other issues

### RATING

On 16 February Moody's downgraded BankNordik from A3/C- with stable outlook (held since the initial rating in March 2008), to Baa1/C- with negative outlook.

There has been no new information from Moody's regarding the faith of the outlook, but the Faroese Government on 18 April had its rating downgraded by Moody's from Aa2 to Aa3 with negative outlook. Whether this will impact the conclusion of BankNordik's pending judgement is not clear.

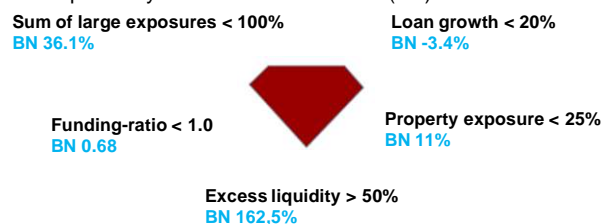
### SUPERVISORY DIAMOND

The Danish Financial Supervisory Agency (the Danish FSA) in 2010 introduced a new model for measuring a bank's risk profile – the so called Supervisory Diamond or in Danish "Tilsynsdiamanten". The model identified five ratio benchmarks considered to display increased risk if not within certain limits. The model will be fully implemented as a part of the Danish FSA's supervision by year end 2012.

The Bank meets with a large margin the limits for all the five

areas which are, large exposures, real estate exposures, excess liquidity, stable funding and loan growth (the loan growth in 2010 was influenced by the acquisition of the Danish and Greenlandic activities in February 2010.).

The Supervisory Diamond – BankNordik (BN):



## Events after balance sheet date

### ACQUISITION OF FØROYA LÍVSTRYGGING

On 21 January BankNordik announced its bid for 50% of a Faroese life insurance company in a privatisation process.

On 5 May it was announced that BankNordik had acquired 50% of the company Føroya Lívstrygging (Lív) from the Faroese Government for DKK 35m. The acquisition price corresponds to a total valuation of Lív of DKK 70 million. The transaction is conditioned upon the approval from the Faroese insurance and competition authorities.

Føroya Lívstrygging (Lív) is the largest Faroese life insurance company with a market share of approximately 60% and over DKK 3bn in pension savings from over 18.000 customers at year-end 2010. The combined company manages pension savings for DKK 4.5bn. The booked equity in the Lív 2 at year-end 2010 was DKK 58 million. In 2010 Lív 2 had a pre-tax profit of DKK 35.9 million, which is primarily explained by an extraordinary income of DKK 31.5 million from a 'security fund' to the equity. Exclusive of this extraordinary income the net profit in 2010 would have been DKK 3.6 million. The valuation

of Lív thus corresponds to a P/E ratio of 9.7 and a P/B ratio of 1.2. This is equivalent to the pricing of similar companies in the Nordic countries.

### Shareholders agreement

BankNordik has made a shareholder agreement with the other new 50% shareholder Ognarfelagið Lív, which represents the policy holders. The shareholder agreement stipulates how to further develop the life insurance company. BankNordik as the strategic investor takes an active role in managing the company at the operational level.

The vision is that Lív provides a competitive product range relative to the Danish pension providers that have serviced some of the Faroese trade unions.

This becomes even more important in connection with the pending pension reform in the Faroe Islands, in which all wage earners will have a mandatory pension savings scheme from 1 January 2012.

### Strategic rationale

BankNordik's acquisition of Lív is part of a strategic ambition to increase fee income since both pension savings and asset management is likely to increase significantly with this acquisition.

With the upcoming pension reform in the Faroe Islands the acquisition will strengthen both BankNordik and Lív, since the combined company will stand stronger with products and pricing.

#### Integration

BankNordik expects closing of the transaction to take place before year-end 2011.

In the mean time BankNordik and Lív will do the necessary

detailed preparations for implementing the integration of the companies.

#### BID ON THE HEALTHY PARTS OF AMAGERBANKEN

As announced on Monday 16 May 2011 BankNordik has placed a binding bid on the healthy parts of Amagerbanken being sold by Finansiell Stabilitet. The Bank expects a conclusion on the potential transaction this week.

There have been no other material events with significant influence on the Group's activities after the balance sheet date.

## Highlights, ratios and key figures, five year summary - BankNordik Group

Highlights					BankNordik P/F	
	Q1	Q1	Q1	Q1	Previous GAAP	Full year
DKK 1,000	2011	2010	2009	2008	Q1 2007	2010
Net interest and fee income	137.033	149.630	112.446	85.456	79.013	589.019
Interest and fee income and income from insurance activities, net	149.592	158.190	123.564	78.558	79.013	643.679
Market value adjustments	-16.893	15.615	8.759	-15.772	12.672	20.037
Other operating income	5.187	381.310	-722	-541	-1.168	379.409
Staff cost and administrative expenses	101.272	82.664	49.358	50.114	44.626	408.088
Impairment charges on loans and advances etc.	21.956	50.670	22.583	16.496	-5.172	167.114
Net profit	6.553	337.383	42.305	-5.323	43.998	339.435
Loans and advances	8.376.167	8.909.786	7.469.436	7.613.745	5.803.633	8.674.663
Bonds at fair value	2.524.378	955.522	1.021.154	933.126	772.975	3.497.466
Intangible assets	485.132	393.811	0	0	0	439.723
Assets held for sale	209.732	157.160	142.368	23.859	0	160.794
Total assets	13.514.685	14.154.163	9.803.558	9.689.980	7.150.077	14.258.767
Due to credit institutions and central banks	316.445	869.480	2.001.090	2.635.617	841.717	245.249
Deposits and other debt	8.943.328	8.918.231	5.472.067	5.350.016	4.908.917	8.843.972
Issued bonds at amortised cost	1.199.843	1.498.248	499.843	0	0	2.199.843
Total shareholders' equity	2.003.151	2.007.031	1.550.346	1.435.668	1.289.517	2.002.566
<b>Ratios and key figures</b>						
	March 31	March 31	March 31	March 31	March 31	Full year
	2011	2010	2009	2008	2007	2010
<b>Solvency</b>						
Solvency ratio, %	17,1	18,3	20,8	19,2	23,0	17,0
Core capital ratio, %	17,3	18,5	21,0	19,3	23,1	17,2
Risk-weighted items, DKK mill	9.849	9.480	7.087	7.415	5.384	10.080
<b>Profitability</b>						
Return on equity before tax, %	0,4	22,4	3,3	-0,2	4,2	22,4
Return on equity after tax, %	0,3	18,4	2,8	-0,4	3,5	18,3
Income / Cost ratio	1,1	3,9	1,6	1,0	2,3	1,7
Cost / income, % (excl. value adjustm. and impairments)	70,3	17,3	46,7	64,1	56,8	44,8
<b>Market risk</b>						
Interest rate risk, %	2,8	0,7	1,9	1,8	1,5	3,1
Foreign exchange position, %	10,5	5,7	0,9	16,9	11,4	24,6
<b>Liquidity</b>						
Loans and advances plus impairment charges as % of deposits	97,8	103,5	144,1	146,0	124,3	102,6
Excess cover relative to statutory liquidity requirements, %	163,3	134,6	193,8	96,4	62,3	292,9
<b>Credit risk</b>						
Large exposures as % of capital base	36,1	22,3	73,2	100,3	123,3	22,8
Impairment and provisioning ratio, %	3,7	3,0	3,7	2,4	4,6	3,7
Write-off and impairments ratio, %	0,2	0,4	0,3	0,2	-0,1	1,5
Growth on loans and advances, %	-3,4	28,4	-2,1	0,9	7,3	25,0
Gearing of loans and advances	4,2	4,4	4,9	5,3	4,5	4,2
<b>Shares nom. DKK 100</b>						
Earnings per share after tax (nom. DKK 100), DKK	3,3	173,5	21,2	-2,7	22,0	174,6
Book value per share (nom. DKK 100), DKK	1.010	1.030	804	724	645	1.050
Market price per share (nom. DKK 100), DKK	635,0	793,0	608,0	734,0	N/A	720,0
Market price / earnings per share DKK	192,2	4,6	28,7	-276,0	N/A	4,1
Market price / book value per share DKK	0,63	0,77	0,76	1,02	N/A	0,69
<b>Other</b>						
Number of full-time employees, end of period	432	420	228	256	255	433

## Income statement - BankNordik Group

Note	DKK 1,000	Q1 2011	Q1 2010	Full year 2010
3	Interest income	161.055	160.213	673.994
4	Interest expenses	42.230	43.698	194.474
	<b>Net interest income</b>	<b>118.825</b>	<b>116.514</b>	<b>479.520</b>
	Dividends from shares and other investments	296	6.173	16.653
5	Fee and commission income	18.801	28.394	96.368
5	Fee and commissions paid	889	1.451	3.522
	<b>Net interest and fee income</b>	<b>137.033</b>	<b>149.630</b>	<b>589.019</b>
	Premium income, net of reinsurance	64.171	56.923	243.311
	Claims, net of reinsurance	51.612	48.363	188.651
	<b>Interest and fee income and income from insurance activities, net</b>	<b>149.592</b>	<b>158.190</b>	<b>643.679</b>
6	Market value adjustments	-16.893	15.615	20.037
7	Other operating income	5.187	381.310	379.409
8	Staff costs and administrative expenses	101.272	82.664	408.088
	Amortisation, depreciation and impairment charges	7.463	2.796	23.840
	Other operating expenses	0	7.806	24.823
9	Impairment charges on loans and advances etc.	21.956	50.670	167.114
	Income from associated and subsidiary undertakings	0	0	-3.519
	<b>Profit before tax</b>	<b>7.195</b>	<b>411.180</b>	<b>415.741</b>
	Tax	642	73.797	76.307
	<b>Net profit</b>	<b>6.553</b>	<b>337.383</b>	<b>339.435</b>
	Portion attributable to			
	Shareholders of BankNordik P/F	6.479	337.070	334.176
	Minority interests	74	313	5.258
	<b>Net profit</b>	<b>6.553</b>	<b>337.383</b>	<b>339.435</b>
	EPS Basic for the period, DKK*	0,66	34,69	34,91
	EPS Diluted for the period, DKK *	0,66	34,69	34,91

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

## Statement of comprehensive income - BankNordik Group

DKK 1,000	Q1 2011	Q1 2010	Full year 2010
Net profit	6.553	337.383	339.435
Other comprehensive income			
Translation of non-Faroese subsidiaries	-8.707	2.912	12.910
Tax on other comprehensive income	405	268	1.066
Total other comprehensive income	-8.302	2.645	11.845
<b>Total comprehensive income</b>	<b>-1.749</b>	<b>340.028</b>	<b>351.279</b>
Portion attributable to			
Shareholders of BankNordik P/F	-1.540	338.289	352.682
Minority interests	-209	1.739	-1.402
<b>Total comprehensive income</b>	<b>-1.749</b>	<b>340.028</b>	<b>351.279</b>



## Balance Sheet - BankNordik Group

Note	DKK 1,000	March 31 2011	March 31 2010	Full year 2010
<b>Assets</b>				
	Cash in hand and demand deposits with central banks	398.990	1.274.503	242.382
10	Due from credit institutions and central banks	662.841	1.442.749	513.959
11	Loans and advances at fair value	954.337	1.055.719	1.013.704
11	Loans and advances at amortised cost	7.421.830	7.854.067	7.660.959
	Bonds at fair value	2.524.378	955.522	3.497.466
	Shares, etc.	301.800	181.388	308.490
	Assets under insurance contracts	109.784	107.985	90.321
	Holdings in associates	21.306	24.825	21.306
	Intangible assets	485.132	393.811	439.723
	Assets under pooled schemes	74.640	0	53.651
	Total land and buildings	140.343	140.620	140.396
	investment property	2.500	2.500	2.500
	domicile property	137.843	138.120	137.896
	Other property, plant and equipment	16.352	10.214	16.362
	Current tax assets	5.922	0	2.035
	Deferred tax assets	23.648	22.512	27.153
11,12	Assets held for sale	209.732	157.160	160.794
	Other assets	151.376	524.415	58.683
	Prepayments	12.274	8.673	11.383
	<b>Total assets</b>	<b>13.514.685</b>	<b>14.154.163</b>	<b>14.258.767</b>

## Balance Sheet - BankNordik Group

Note	DKK 1,000	March 31 2011	March 31 2010	Full year 2010
<b>Shareholders' equity and liabilities</b>				
<b>Liabilities other than provisions</b>				
	Due to credit institutions and central banks	316.445	869.480	245.249
	Deposits and other debt	8.868.688	8.918.231	8.790.321
	Deposits under pooled schemes	74.640	0	53.651
	Issued bonds at amortised cost	1.199.843	1.498.248	2.199.843
	Liabilities under insurance contracts	341.472	293.543	321.833
	Current tax liabilities	74.249	83.444	71.977
	Other liabilities	391.497	216.697	289.007
	Deferred income	14.478	26.740	13.843
	<b>Total liabilities other than provisions</b>	<b>11.281.312</b>	<b>11.906.384</b>	<b>11.985.723</b>
<b>Provisions for liabilities</b>				
	Provisions for deferred tax	18.548	10.920	18.953
	Provisions for losses on guarantees	8.434	26.543	8.285
	<b>Total provisions for liabilities</b>	<b>26.982</b>	<b>37.464</b>	<b>27.238</b>
<b>Subordinated debt</b>				
	Subordinated debt	203.240	203.285	203.240
	<b>Total liabilities</b>	<b>11.511.534</b>	<b>12.147.132</b>	<b>12.216.201</b>
<b>Shareholders' equity</b>				
	Share capital	200.000	200.000	200.000
	Foreign translation reserve	15.873	2.679	18.520
	Retained earnings	1.787.278	1.804.352	1.784.046
	Proposed dividends	0	0	40.000
	<b>Total shareholders' equity</b>	<b>2.003.151</b>	<b>2.007.031</b>	<b>2.042.566</b>
	Shareholders of the Parent Company	1.997.791	1.961.416	2.000.091
	Minority interests	5.360	45.615	42.474
	<b>Total shareholders' equity</b>	<b>2.003.151</b>	<b>2.007.031</b>	<b>2.042.566</b>
	<b>Total liabilities and equity</b>	<b>13.514.685</b>	<b>14.154.163</b>	<b>14.258.767</b>

## Statement of capital - BankNordik Group

## Changes in shareholders' equity:

DKK 1,000	Share capital	Foreign	Proposed dividends	Retained earnings	Total	Minority interests	Total
		currency translation reserve					
Shareholders' equity at January 1, 2011	200.000	18.520	40.000	1.741.572	2.000.091	42.474	2.042.566
Translation of foreign units		-8.424			-8.424	-283	-8.707
Tax on entries on shareholders' equity		405			405		405
Income recognised directly on shareholders' equity		-8.019		0	-8.019	-283	-8.302
Net profit				6.479	6.479	74	6.553
Total comprehensive income		-8.019		6.479	-1.540	-209	-1.749
Acquisition of own shares				-21.999	-21.999		-21.999
Sale of own shares				24.333	24.333		24.333
Dividends paid			-40.000		-40.000		-40.000
<b>Shareholders' equity at March 31, 2011</b>	<b>200.000</b>	<b>15.873</b>	<b>0</b>	<b>1.781.918</b>	<b>1.997.791</b>	<b>5.360</b>	<b>2.003.151</b>

DKK 1,000	Share capital	Foreign	Proposed dividends	Retained earnings	Total	Minority interests	Total
		currency translation reserve					
Shareholders' equity at January 1, 2010	200.000	14	0	1.419.230	1.619.245	43.877	1.663.122
Translation of foreign units		1.487			1.487	1.425	2.912
Tax on entries on shareholders' equity		-268			-268		-268
Income recognised directly on shareholders' equity		1.219			1.219	1.425	2.645
Net profit				337.070	337.070	313	337.383
Total comprehensive income		1.219		337.070	338.289	1.739	340.028
Acquisition of own shares				-166.660	-166.660		-166.660
Sale of own shares				170.541	170.541		170.541
Dividends paid							
<b>Shareholders' equity at March 31, 2010</b>	<b>200.000</b>	<b>1.234</b>		<b>1.760.182</b>	<b>1.961.416</b>	<b>45.615</b>	<b>2.007.031</b>

## Shares

DKK 1,000	Q1 2011	Q1 2010	Full year 2010
Net profit	6.553	337.383	339.435
Average number of shares outstanding	9.917	9.725	9.723
Number of dilutive shares issued	0	0	0
<b>Average number of shares outstanding, including dilutive shares diluted</b>	<b>9.917</b>	<b>9.725</b>	<b>9.723</b>
<b>Earnings per share, DKK</b>	<b>0,66</b>	<b>34,69</b>	<b>34,91</b>
<b>Diluted net profit for the period per share, DKK</b>	<b>0,66</b>	<b>34,69</b>	<b>34,91</b>

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

## Average number of shares outstanding:

Issued shares at 1 January, numbers in 1,000	10.000	10.000	10.000
Increase in share capital	0	0	0
<b>Issued shares at end of period</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>
Shares outstanding at end of period	9.921	9.740	9.913
Group's average holding of own shares during the period	83	275	277
<b>Average shares outstanding</b>	<b>9.917</b>	<b>9.725</b>	<b>9.723</b>

## Cash flow statement - BankNordik Group

DKK 1,000	Q1 2011	Q1 2010	Full year 2010
<b>Cash flow from operations</b>			
Net profit for the period	6.553	337.383	415.741
Adjustment of non-cash operating items	42.855	38.433	161.615
Changes in operating capital	1.300.930	797.983	-2.068.384
<b>Cash flow from operations</b>	<b>1.350.338</b>	<b>1.173.799</b>	<b>-1.491.027</b>
<b>Cash flow from investing activities</b>			
Acquisition/sale of group undertakings and other business units	0	-290.408	-293.717
Acquisition/sale of own shares	2.334	3.882	28.165
Acquisition of intangible assets	-380	-16.306	-39.282
Acquisition/sale of tangible assets	-4.647	-10.354	-14.028
<b>Cash flow from investing activities</b>	<b>-2.692</b>	<b>-313.186</b>	<b>-318.863</b>
Issue of bonds	-1.000.000	498.405	1.200.000
Increase in subordinated debt	0	0	-45
Payment of dividends	-40.000	0	0
Payment of long term loan	0	-173	0
<b>Cash flow from financing activities</b>	<b>-1.040.000</b>	<b>498.232</b>	<b>1.199.955</b>
<b>Cash flow</b>	<b>307.646</b>	<b>1.358.845</b>	<b>-609.935</b>
Cash in hand and demand deposits with central banks, and due from credit institutions, etc. at the beginning of the year	756.340	1.355.719	1.355.719
Foreign currency translation	-2.156	2.687	10.556
Cash flow	307.646	1.358.845	-609.935
<b>Cash and due etc.</b>	<b>1.061.831</b>	<b>2.717.252</b>	<b>756.340</b>
<b>Cash and due etc.</b>			
Cash in hand and demand deposits with central banks	406.945	1.332.139	242.382
Due from credit institutions, etc.	654.885	1.385.113	513.959
<b>Total</b>	<b>1.061.831</b>	<b>2.717.252</b>	<b>756.340</b>

## Note 1 Significant accounting policies

The consolidated financial statement for the first three months of 2011 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 2010. The Annual Report 2010 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 2010 and the uncertainties prevailing at that time.

## BankNordik Group - Business segments

Operating segments	Banking							
	Faroe Island		Denmark		Greenland		Total Banking	
Note 2 DKK 1,000	2011	2010	2011	2010	2011	2010	2011	2010
Interest income	119.421	125.109	33.557	25.542	13.545	9.668	166.523	160.319
Interest expense	36.238	36.823	10.942	7.823	2.749	2.634	49.928	47.279
Net interest income	83.183	88.287	22.616	17.719	10.797	7.034	116.596	113.040
Dividends from shares and other investments	-367	6.173	0	0	0	0	-367	6.173
Net fee income	7.760	9.863	6.971	5.399	2.717	2.659	17.447	17.922
Premium income, net of reinsurance			0	0	0	0	0	0
Claims, net of reinsurance			0	0	0	0	0	0
Market value adjustments	-24.126	9.756	161	-149	161	1.306	-23.804	10.913
Income from associates	0	0	0	0	0	0	0	0
Other operating income	5.080	-265	89	126	44	0	5.212	-139
<b>Total income</b>	<b>71.530</b>	<b>113.814</b>	<b>29.836</b>	<b>23.095</b>	<b>13.718</b>	<b>10.999</b>	<b>115.084</b>	<b>147.909</b>
Staff costs and administrative expenses	45.795	48.760	33.634	18.658	10.313	5.068	89.743	72.486
Dep. and imp. of property, plant and equipment	4.531	629	561	7	276	41	5.369	676
Other operating expenses	0	6.942	0	0	0	0	0	6.942
<b>Total operating expenses</b>	<b>50.326</b>	<b>56.331</b>	<b>34.196</b>	<b>18.665</b>	<b>10.590</b>	<b>5.109</b>	<b>95.112</b>	<b>80.105</b>
<b>Profit before impairment charges on loans</b>	<b>21.204</b>	<b>57.483</b>	<b>-4.360</b>	<b>4.431</b>	<b>3.128</b>	<b>5.891</b>	<b>19.973</b>	<b>67.804</b>
Impairment charges on loans and advances etc.	11.368	31.913	8.995	14.718	1.593	-402	21.956	46.230
<b>Profit before tax</b>	<b>9.836</b>	<b>25.570</b>	<b>-13.355</b>	<b>-10.288</b>	<b>1.536</b>	<b>6.293</b>	<b>-1.983</b>	<b>21.575</b>
Loans and advances	6.195.618	6.623.878	1.489.926	1.578.175	690.066	706.775	8.375.610	8.908.827
Holdings in associates	21.306	24.825					21.306	24.825
Other assets	4.391.514	3.625.511	1.347.195	1.291.885	3.131	16.216	5.741.841	4.933.612
<b>Total assets</b>	<b>10.608.438</b>	<b>10.274.213</b>	<b>2.837.122</b>	<b>2.870.060</b>	<b>693.198</b>	<b>722.991</b>	<b>14.138.757</b>	<b>13.867.265</b>
Deposits	5.717.589	5.478.554	2.629.604	2.863.671	611.955	653.349	8.959.148	8.995.574
Other liabilities	4.890.849	4.795.659	207.517	6.389	81.242	69.643	5.179.609	4.871.691
<b>Total liabilities and equity</b>	<b>10.608.438</b>	<b>10.274.213</b>	<b>2.837.122</b>	<b>2.870.060</b>	<b>693.198</b>	<b>722.991</b>	<b>14.138.757</b>	<b>13.867.265</b>
Internal interest inc./exp. split on operating seg.	1.4% - 2.2%							
Cost/income ratio (%)	86%	78%	145%	145%	89%	43%	102%	85%
Cost/income ratio (excl. value adjustments and impairments on loans and advances etc.) (%)	53%	54%	115%	80%	78%	53%	68%	58%

Banking activity saw a 5% decline in total NII compared to the same periode last year. The overall reason for this is due to a lower lending volume. Ban 2011 compared to DKK 18 same periode last year. Greenland increased its NII from DKK 7m in Q1 2010 to DKK 11m in Q1 2011. Total cost that relates to banking activity increased about 19% in Q1 2011 compared to Q1 2010. The reason for increase in staff cost and administrative months.

Insurance activity stands for 14% of the Group total Income. Total insurance activity saw an increase in net income of reinsurance of 60% compared to before tax of DKK 5.1m for the first quarter of 2011 compared to DKK 3.7m same periode 2010. Iceland increased their profit before tax from DKK 0.7m

Other operations showed a significant decrease in profit. The main reason is the onetime income of the divestment of BankNordik's large holding in the

## BankNordik Group - Geographical information

DKK 1,000	Total income		Non current assets		Additions on material assets	
	2011	2010	rch 31 2011	rch 31 2010	2011	2010
Faroe Islands	82.804	510.921	587.565	547.647	-82	1.867
Denmark	29.836	23.095	8.834	4.549	265	0
Iceland	11.528	10.100	66.735	5.088	-245	-80
Greenland	13.718	10.999	0	0	0	0
<b>Total</b>	<b>137.885</b>	<b>555.116</b>	<b>663.133</b>	<b>557.284</b>	<b>-62</b>	<b>1.788</b>

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

		Insurance				Other		Elimination		BankNordik Group	
Faroe Island		Iceland		Total Insurance							
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
889	890	1.546	2.494	2.435	3.384	66	99	-7.969	-3.590	161.055	160.213
0	0	0	6	0	6	272	3	-7.969	-3.590	42.230	43.698
889	890	1.545	2.488	2.435	3.378	-206	96			118.825	116.514
0	0	621	0	621	0	41	0	0	0	296	6.173
0	0	505	440	505	440	40	8.675	-81	-93	17.912	26.943
19.378	20.634	44.370	36.204	63.748	56.838	864	518	-441	-433	64.171	56.923
10.688	14.104	40.799	33.976	51.487	48.081	125	283	0	0	51.612	48.363
-205	228	4.286	4.308	4.081	4.537	2.830	165	0	0	-16.893	15.615
0	0	0	0	0	0	0	0	0	0	0	0
1	-7	112	257	114	250	0	381.355	-139	-156	5.187	381.310
<b>9.376</b>	<b>7.642</b>	<b>10.642</b>	<b>9.720</b>	<b>20.018</b>	<b>17.362</b>	<b>3.444</b>	<b>390.527</b>	<b>-661</b>	<b>-682</b>	<b>137.885</b>	<b>555.116</b>
4.308	3.852	7.510	6.293	11.818	10.145	373	715	-661	-682	101.272	82.664
1	46	1.780	1.877	1.781	1.923	313	197	0	0	7.463	2.796
0	0	0	863	0	863	0	0	0	0	0	7.806
<b>4.309</b>	<b>3.898</b>	<b>9.290</b>	<b>9.033</b>	<b>13.599</b>	<b>12.931</b>	<b>686</b>	<b>912</b>	<b>-661</b>	<b>-682</b>	<b>108.735</b>	<b>93.266</b>
<b>5.068</b>	<b>3.744</b>	<b>1.352</b>	<b>687</b>	<b>6.419</b>	<b>4.430</b>	<b>2.759</b>	<b>389.615</b>			<b>29.150</b>	<b>461.850</b>
0	0	0	0	0	0	0	4.440	0	0	21.956	50.670
<b>5.068</b>	<b>3.744</b>	<b>1.352</b>	<b>687</b>	<b>6.419</b>	<b>4.430</b>	<b>2.759</b>	<b>385.175</b>	<b>0</b>	<b>0</b>	<b>7.195</b>	<b>411.180</b>
0	0	557	959	557	959	0	0	0	0	8.376.167	8.909.786
0	0	3.306	2.912	3.306	2.912	0	0	0	0	24.612	27.737
167.222	163.677	357.011	310.797	524.232	474.473	84.590	2.441	-1.236.756	-193.886	5.113.907	5.216.641
<b>167.222</b>	<b>163.677</b>	<b>360.873</b>	<b>314.667</b>	<b>528.095</b>	<b>478.344</b>	<b>84.590</b>	<b>2.441</b>	<b>-1.236.756</b>	<b>-193.886</b>	<b>13.514.685</b>	<b>14.154.163</b>
0	0	0	0	0	0	0	0	-90.460	-77.343	8.868.688	8.918.231
167.222	163.677	360.873	314.667	528.095	478.344	84.590	2.441	-1.146.296	-116.543	4.645.998	5.235.933
<b>167.222</b>	<b>163.677</b>	<b>360.873</b>	<b>314.667</b>	<b>528.095</b>	<b>478.344</b>	<b>84.590</b>	<b>2.441</b>	<b>-1.236.756</b>	<b>-193.886</b>	<b>13.514.685</b>	<b>14.154.163</b>
46%	51%	87%	93%	68%	74%	20%	1%			94,8%	25,9%
45%	53%	146%	167%	85%	101%	112%	0%			70,3%	17,3%

Banking in Faroe Island retained a Nil of DKK 74m compared to DKK 88m same periode last year. In Denmark Nil was DKK 23m for Q1 expenses is because of the purchase of the danis branches took place in february 2010 and therefor holds only expenditure for two

same quarter of 2010. This is mainly due to a higher premium income and lower claims. Insurance in Faroe Island retained a profit n Q1 2010 to DKK 1.4m

salmon producing company Bakkafrost of DKK 380m.

## BankNordik Group - Revenues from external customers

Revenues from external customers	2011	2010
Banking	114.423	147.227
Insurance products	20.018	17.362
Other	3.444	390.527
<b>Total revenue</b>	<b>137.885</b>	<b>555.116</b>

The Groupe's external revenue is organized into different business areas according to how the Group's revenue is obtained. The different areas are Banking products that includes interest- and fee income from activities, i.e. loans and advances and deposits, with private, corporate and public customers. Insurance products includes insurance products from non-life and life insurance. Other include the sale of Bakkafrost in 2010 with a revenue of DKK 380m.

## Notes - BankNordik Group

Note	DKK 1,000	Q1 2011	Q1 2010	Full Year 2010
3	<b>Interest income</b>			
	Credit institutions and central banks	2.495	6.024	18.568
	Loans and advances	147.992	148.627	604.227
	Bonds	16.743	11.867	67.027
	Total derivatives of w hich:	-7.146	-7.373	-13.789
	<i>Currency contracts</i>	0	-1.393	0
	<i>Interest rate contracts</i>	-7.146	-5.980	-13.789
	<i>Other transactions</i>	0	0	0
	Other interest income	971	1.068	-2.039
	<b>Total interest income</b>	<b>161.055</b>	<b>160.213</b>	<b>673.994</b>
	Of w hich accounted for by income from genuine sale and repurchase transactions:			
	Credit institutions and central banks	0	0	0
4	<b>Interest expenses</b>			
	Credit institutions and central banks	-427	3.821	12.199
	Deposits	27.380	29.991	126.216
	Issued Bonds	8.118	4.947	29.927
	Subordinated debt	5.170	5.170	20.914
	Other interest expenses	1.989	-230	5.219
	<b>Total interest expenses</b>	<b>42.230</b>	<b>43.698</b>	<b>194.474</b>
	Of w hich interest expenses on genuine sale and repurchase transactions are carried under:			
	Credit institutions and central banks	0	138	0
5	<b>Net fee and commission income</b>			
	Fee and commission income			
	Securities trading and custody accounts	299	2.952	6.583
	Credit transfers	3.549	3.904	19.724
	Loan commissions	2.022	7.077	24.045
	Guarantee commissions	6.359	2.901	19.659
	Life insurance	0	49	262
	Other fees and commissions	6.572	11.511	26.094
	<b>Total fee and commission income</b>	<b>18.801</b>	<b>28.394</b>	<b>96.368</b>
	Fee and commissions paid			
	Securities trading and custody accounts	889	1.451	3.522
	<b>Net fee and commission income</b>	<b>17.912</b>	<b>26.942</b>	<b>92.846</b>
6	<b>Market value adjustments</b>			
	Loans and advances	43	11.944	14.596
	Bonds	-22.074	8.042	-4.641
	Shares	4.335	2.469	14.382
	Investment properties			
	Foreign exchange	-737	2.202	16.413
	Total derivatives of w hich:	1.633	-9.042	-20.859
	<i>Currency Swaps</i>	1.669	4.061	920
	<i>Interest Swaps</i>	-31	-13.102	-21.545
	<i>Other contracts</i>	-6	0	-234
	Assets linked to pooled schemes	-94	0	146
	<b>Total market value adjustments</b>	<b>-16.893</b>	<b>15.615</b>	<b>20.037</b>



Note	DKK 1,000	Q1 2011	Q1 2010	Full Year 2010
7	<b>Other operating income</b>			
	Profit/loss on sale of shares and equity investments in associates and group enterprises	0	380.575	380.575
	Profit/loss on sale of investment and corporate properties and temporary properties	21	0	-581
	Profit on sale of operating equipment	350	1	0
	Other income	4.816	734	-585
	<b>Total other operating income</b>	<b>5.187</b>	<b>381.310</b>	<b>379.409</b>
	DKK 380m concerns the divestment of Bakkafrost			
8	<b>Staff costs and administrative expenses</b>			
	Staff costs:			
	Salaries	48.541	37.248	182.903
	Pensions	4.841	3.713	17.547
	Social security expenses	5.341	5.089	22.818
	<b>Total staff costs</b>	<b>58.723</b>	<b>46.051</b>	<b>223.269</b>
	Administrative expenses:			
	IT	18.919	16.931	67.531
	Marketing etc	7.780	6.326	24.688
	Education etc	2.599	1.597	5.262
	Advisory services	2.007	2.155	10.621
	Other expenses	16.990	14.053	95.751
	<b>Total administrative expenses</b>	<b>48.294</b>	<b>41.062</b>	<b>203.853</b>
	Total staff costs	58.723	46.051	223.269
	Employee exp. incl. under the item "Claims, net of reinsurance"	-5.745	-4.449	-19.034
	Total administrative expenses	48.294	41.062	203.853
	<b>Total staff costs and administrative expenses</b>	<b>101.272</b>	<b>82.664</b>	<b>408.088</b>
	<b>Number of employees</b>			
	Average number of full-time employees in the period	435	376	431
	<b>Executive remuneration:</b>			
	Board of Directors	390	405	1.635
	Executive Board:			
	Salaries	939	1.096	4.538
	Pension	141	164	657
	<b>Total executive remuneration</b>	<b>1.470</b>	<b>1.665</b>	<b>6.830</b>

In all the consolidated companies, the remuneration of the Board of Directors is a fixed monthly salary  
Pension and termination terms of the Executive Board are identical to those described in the Annual Report 2010.

Note	DKK 1,000	Q1 2011	Q1 2010	Full Year 2010
9	<b>Impairment charges on loans and advances etc.</b>			
	Due from credit institutions and central banks	0	0	0
	Loans and advances at amortised cost	14.139	37.817	117.177
	Loans and advances at fair value	0	8.413	8.668
	Private Contingency Association (Det private beredskab)	0	4.440	15.466
	Guarantees and loan commitments	0	0	8.285
	Assets held for sale	7.816	0	17.518
	<b>Total</b>	<b>21.956</b>	<b>50.670</b>	<b>167.114</b>
	Individual impairment charges etc.			
	New and increased impairment charges	52.367	42.340	243.441
	Reversals of impairment charges	24.759	2.440	65.709
	Write-offs charged directly to the income statement	946	143	482
	Received on claims previously written off	158	858	2.295
	Interest income	1.560	0	10.392
	<b>Total individual impairment charges</b>	<b>26.837</b>	<b>39.185</b>	<b>165.527</b>
	Collective impairment charges			
	New and increased impairment charges	3.584	13.140	8.928
	Reversals of impairment charges	8.465	1.655	7.342
	<b>Total collective impairment charges</b>	<b>-4.881</b>	<b>11.485</b>	<b>1.587</b>
	<b>Total impairment charges</b>	<b>21.956</b>	<b>50.670</b>	<b>167.114</b>

## Notes - BankNordik Group

Note	DKK 1,000	March 31 2011	March 31 2010	Full Year 2010
10	<b>Due from credit institutions etc. specified by maturity</b>			
	On demand	632.588	180.220	513.959
	3 months and below	12.180	1.239.365	0
	3 months to 1 year	18.073	23.163	0
	<b>Total</b>	<b>662.841</b>	<b>1.442.749</b>	<b>513.959</b>
	Of which DKK 1.2 bn is due from Sparbank			
11	<b>Impairment charges, loans and advances etc.</b>			
	Individual impairment charges etc.			
	At 1 January	374.784	258.827	268.838
	Additions on acquisitions	0	0	45.600
	New and increased impairment charges	43.252	29.487	271.301
	Reversals of impairment charges	24.759	2.440	65.709
	Written-off, previously impaired	44.474	9.781	143.082
	Foreign currency translation	-24	39	0
	Other additions and disposals	-1.560	0	-2.164
	<b>Total</b>	<b>347.219</b>	<b>276.133</b>	<b>374.784</b>
	Collective impairment charges			
	At 1 January	27.672	17.000	17.000
	Additions on acquisitions	0	13.140	9.086
	New and increased impairment charges	3.584	0	8.928
	Reversals of impairment charges	8.465	1.655	7.342
	<b>Total</b>	<b>22.792</b>	<b>28.485</b>	<b>27.672</b>
	<b>Total</b>	<b>370.010</b>	<b>304.617</b>	<b>402.457</b>
12	<b>Assets held for sale</b>			
	Total purchase price, at 1 January	183.494	241.090	181.090
	Additions	61.506	32.484	97.265
	Disposals and write off	4.752	51.232	94.861
	<b>Total purchase price</b>	<b>240.248</b>	<b>222.343</b>	<b>183.494</b>
	Depreciation and impairment, at 1 January	22.700	65.182	5.182
	Impairment charges for the year	7.816	0	17.518
	Negative changes in value recognized in the income statement			
	Reversal of impairment on revaluations during the year			
	Reversal of impairment on disposals during the year			
	<b>Total depreciation and impairment</b>	<b>30.516</b>	<b>65.182</b>	<b>22.700</b>
	<b>Total assets held for sale</b>	<b>209.732</b>	<b>157.160</b>	<b>160.794</b>

Note	DKK 1,000	March 31 2011	March 31 2010	Full Year 2010
13	<b>Contingent liabilities</b>			
	The Group uses a variety of loan-related financial instruments to meet the financial requirements of its customers. These include loan offers and other credit facilities, guarantees and instruments that are not recognised on the balance sheet.			
	Loss guarantee for the Private Contingency Association	0	63.898	0
	Guarantees	1.513.182	1.655.129	1.856.361
	<b>Total</b>	<b>1.513.182</b>	<b>1.719.027</b>	<b>1.856.361</b>
	Other contingent liabilities			
	Irrevocable loan commitments	0	81.250	0
	<b>Total</b>	<b>0</b>	<b>81.250</b>	<b>0</b>

According to the acquisition agreement regarding Vörður Tryggingar hf, BankNordik is obligated in the first half of 2012 to purchase additional 416,500,000 shares in the company at an amount in the range of ISK 1,100,000,000 and ISK 1,600,000,000. The purchase price depends on the net profit in Vörður Tryggingar hf in the financial years 2010 and 2011. Translated in to DKK using closing rate at 31 March 2011, the purchase price will be in the range of DKK 50,6m to DKK 73,6m. Following the transaction, BankNordik will hold 100% of the shares in Vörður Tryggingar hf. According to IFRS the management has recognised this obligation as a liability from 1 January 2011. At 31 March 2011 the liability is estimated to amount to DKK 53,7m.

The agreement with the Bank's new IT-provider SDC has a notice of termination of 3 years, and the Bank can be obligated to pay a compensation amounting to maximum DKK 27m.

#### 14 Assets deposited as collateral

At 31 March 2011 the Group had deposited bonds at a total market value of DKK 185m with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing. (2010: 64m).

## 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 2010. The Annual Report 2010 provides a full description of the Bank's significant accounting policies.

## Highlights, ratios and key figures, five year summary - P/F Bank Nordik

Highlights					BankNordik P/F	
	Q1 2011	Q1 2010	Q1 2009	Q1 2008	Previous GAAP Q1 2007	Full year 2010
DKK 1,000						
Net interest and fee income	133.676	145.761	110.982	83.976	79.013	566.130
Market value adjustments	-23.804	10.913	8.369	-16.002	12.672	9.018
Other operating income	5.212	380.436	-622	-838	-1.168	376.415
Staff cost and administrative expenses	89.743	72.486	45.887	46.716	44.626	359.494
Impairment charges on loans and advances etc.	21.956	50.670	22.583	16.496	-5.172	167.688
Net profit	3.380	337.070	42.305	-5.223	43.998	334.176
Loans and advances	8.375.610	8.908.827	7.470.450	7.613.745	5.803.633	8.674.007
Bonds at fair value	2.374.225	829.152	974.645	879.989	772.975	3.343.661
Intangible assets	424.149	381.625	0	0	0	429.968
Assets held for sale	209.732	157.160	142.368	23.879	0	160.794
Total assets	13.138.757	13.865.054	9.813.125	9.686.848	7.150.077	13.963.684
Due to credit institutions and central banks	316.445	869.480	2.001.090	2.635.617	841.717	245.249
Deposits and other debt	9.033.788	8.995.574	5.549.476	5.428.570	4.908.917	8.890.727
Issued bonds at amortised cost	1.199.843	1.498.248	499.843	0	0	2.199.843
Total shareholders' equity	1.962.506	1.961.416	1.550.346	1.436.001	1.289.517	2.000.091

## Ratios and key figures

	March 31 2011	March 31 2010	March 31 2009	March 31 2008	March 31 2007	Full year 2010
<b>Solvency</b>						
Solvency ratio, %	17,1	18,3	20,8	19,2	23,0	17,0
Core capital ratio, %	17,3	18,5	21,0	19,3	23,1	17,2
Risk-weighted items, DKK mill	9.849	9.480	7.087	7.415	5.384	10.080
<b>Profitability</b>						
Return on equity before tax, %	0,1	22,9	6,4	-0,2	4,2	22,5
Return on equity after tax, %	0,2	18,8	5,5	-0,7	3,5	18,5
Income / Cost ratio	1,02	4,14	1,65	0,98	2,28	1,72
Cost / income, % (excl. value adjustm. and impairments)	66,2	15,1	45,7	61,0	56,8	41,1
<b>Market risk</b>						
Interest rate risk, %	2,8	0,7	1,9	1,80	1,49	3,1
Foreign exchange position, %	10,5	5,7	0,9	16,90	11,39	24,6
<b>Liquidity</b>						
Loans and advances plus impairment charges as % of deposits	96,8	102,6	140,1	146,00	124,3	101,5
Excess cover relative to statutory liquidity requirements, %	145,6	121,0	194,9	95,2	62,3	280,6
<b>Credit risk</b>						
Large exposures as % of capital base	36,1	22,3	73,2	100,3	123,3	22,8
Impairment and provisioning ratio, %	3,7	3,0	3,7	2,4	4,6	3,7
Write-off and impairments ratio, %	0,2	0,4	0,3	0,2	-0,1	1,6
Growth on loans and advances, %	-3,4	28,4	-2,1	1,3	7,3	25,0
Gearing of loans and advances	4,3	4,5	4,8	5,3	4,5	4,3
<b>Shares nom. DKK 100</b>						
Earnings per share after tax (nom. DKK 100), DKK	1,7	173,3	21,4	-2,7	22,0	171,8
Book value per share (nom. DKK 100), DKK	989	1.007	782	744	645	1.029
Proposed dividend per share DKK	0,0	0,0	0,0	0,0	0,0	4
Market price per share (nom. DKK 100), DKK	635	793	608	734	N/A	720
Market price / earnings per share DKK	372,6	4,6	28,5	-274,3	N/A	4,2
Market price / book value per share DKK	0,64	0,79	0,78	0,99	N/A	0,70
<b>Other</b>						
Number of full-time employees, end of period	352	343	203	226	222	353

## Income statement - P/F BankNordik

Note	DKK 1,000	Q1 2011	Q1 2010	Full year 2010
1	Interest income	159.013	157.236	663.369
2	Interest expenses	42.417	44.196	196.243
	<b>Net interest income</b>	<b>116.596</b>	<b>113.040</b>	<b>467.125</b>
	Dividends from shares and other investments	-367	6.173	6.937
3	Fee and commission income	18.337	27.999	95.589
3	Fee and commissions paid	889	1.451	3.522
	<b>Net interest and fee income</b>	<b>133.676</b>	<b>145.761</b>	<b>566.130</b>
4	Market value adjustments	-23.804	10.913	9.018
5	Other operating income	5.212	380.436	376.415
6	Staff costs and administrative expenses	89.743	72.486	359.494
	Depreciation and impairment of property, plant and equipment	5.369	676	14.280
	Other operating expenses	0	6.942	20.822
7	Impairment charges on loans and advances etc.	21.956	50.670	167.688
	Income from associated and subsidiary undertakings	4.785	3.727	18.260
	<b>Profit before tax</b>	<b>2.801</b>	<b>410.062</b>	<b>407.541</b>
	Tax	-579	72.993	73.364
	<b>Net profit</b>	<b>3.380</b>	<b>337.070</b>	<b>334.176</b>

## Statement of comprehensive income - P/F BankNordik

DKK 1,000	Q1 2011	Q1 2010	Full year 2010
Net profit	3.380	337.070	334.176
Other comprehensive income			
Translation of non-Faroese subsidiaries	-3.705	1.487	19.571
Tax on other comprehensive income	405	-268	-1.066
Total other comprehensive income	-3.299	1.219	18.505
<b>Total comprehensive income</b>	<b>81</b>	<b>338.289</b>	<b>352.682</b>



## Balance Sheet - P/F BankNordik

Note	DKK 1,000	March 31 2011	March 31 2010	Full year 2010
<b>Assets</b>				
	Cash in hand and demand deposits with central banks	398.990	1.274.503	242.382
8	Due from credit institutions and central banks	616.947	1.385.007	471.358
9	Loans and advances at fair value	954.337	1.055.719	1.013.704
9	Loans and advances at amortised cost	7.421.273	7.853.109	7.660.303
	Bonds at fair value	2.374.225	829.152	3.343.661
	Shares, etc.	186.549	123.521	195.565
	Holdings in associates	21.306	24.825	21.306
	Holdings in subsidiaries	142.843	110.995	155.309
	Assets under pooled schemes	74.640	0	53.651
	Intangible assets	424.149	381.625	429.968
	Total land and buildings	138.356	138.629	138.408
	investment property	19.823	19.823	19.823
	domicile property	118.534	118.806	118.585
	Other property, plant and equipment	13.291	7.447	13.034
	Current tax assets	5.850	0	1.963
	Deferred tax assets	4	737	4
9,10	Assets held for sale	209.732	157.160	160.794
	Other assets	145.200	515.215	52.140
	Prepayments	11.064	7.409	10.134
	<b>Total assets</b>	<b>13.138.757</b>	<b>13.865.054</b>	<b>13.963.684</b>

## Balance Sheet - P/F BankNordik

Note	DKK 1,000	March 31 2011	March 31 2010	Full year 2010
<b>Shareholders' equity and liabilities</b>				
<b>Liabilities other than provisions</b>				
	Due to credit institutions and central banks	316.445	869.480	245.249
	Deposits and other debt	8.959.148	8.995.574	8.890.727
	Deposits under pooled schemes	74.640	0	53.651
	Issued bonds at amortised cost	1.199.843	1.498.248	2.199.843
	Current tax liabilities	69.687	77.451	66.398
	Other liabilities	324.150	207.747	274.530
	Deferred income	2.116	14.119	2.717
	<b>Total amounts due</b>	<b>10.946.029</b>	<b>11.662.619</b>	<b>11.733.114</b>
<b>Provisions for liabilities</b>				
	Provisions for deferred tax	18.548	11.191	18.953
	Provisions for losses on guarantees	8.434	26.543	8.285
	<b>Total provisions</b>	<b>26.982</b>	<b>37.735</b>	<b>27.238</b>
<b>Subordinated debt</b>				
	Subordinated debt	203.240	203.285	203.240
	<b>Total liabilities</b>	<b>11.176.251</b>	<b>11.903.638</b>	<b>11.963.592</b>
<b>Shareholders' equity</b>				
	Share capital	200.000	200.000	200.000
	Foreign currency translation reserve	15.220	1.234	18.520
	Reserve, Equity Method	22.913	18.274	18.129
	Retained earnings	1.724.373	1.741.908	1.723.443
	Proposed dividends	0	0	40.000
	<b>Total shareholders' equity</b>	<b>1.962.506</b>	<b>1.961.416</b>	<b>2.000.091</b>
	<b>Total liabilities and equity</b>	<b>13.138.757</b>	<b>13.865.054</b>	<b>13.963.684</b>

## Statement of capital - P/F BankNordik

## Solvency

DKK 1,000	March 31 2011	March 31 2010	Full year 2010
Core capital	1.701.919	1.755.286	1.733.765
Base capital	1.680.845	1.729.468	1.712.691
Risk-weighted items not included in the trading portfolio	7.670.694	8.832.990	7.974.767
Risk-weighted items with market risk etc.	1.100.116	646.590	1.394.961
Risk-weighted items with operational risk	1.078.250	0	710.588
Total risk-weighted items	9.849.060	9.479.580	10.080.316
Core capital ratio	17,3%	18,5%	17,2%
Solvency ratio	17,1%	18,2%	17,0%
<b>Core Capital and Shareholders' equity</b>			
Share capital	200.000	200.000	200.000
Reserves	38.134	19.508	36.649
Net profit	3.380	337.070	334.176
Retained earnings, previous years	1.720.993	1.404.838	1.429.267
Shareholders' equity	1.962.506	1.961.416	2.000.091
Deduction of net profit	3.380	0	0
Deduction of Foreign currency translation reserve	15.220	1.234	18.520
Deduction regarding holdings of sector shares	0	0	0
Deduction of intangible assets	424.149	381.625	429.968
Deduction of deferred tax assets	4	737	4
Deduction of insurance subsidiaries	21.074	25.818	21.074
Core capital exclusive of hybrid core capital	1.498.679	1.552.002	1.530.526
Hybrid core capital	203.240	203.285	203.240
Core capital	1.701.919	1.755.286	1.733.765
<b>Base capital</b>			
Core capital	1.701.919	1.755.286	1.733.765
Addition of revaluation reserve			
Deduction of insurance subsidiaries	21.074	25.818	21.074
Base capital	1.680.845	1.729.468	1.712.691

## Cash flow statement - P/F BankNordik

DKK 1,000	Q1 2011	Q1 2010	Full year 2010
<b>Cash flow from operations</b>			
Net profit for the period	3.380	337.070	407.541
Adjustment of non-cash operating items	43.500	37.118	155.763
Changes in operating capital	1.293.452	794.930	-2.029.617
<b>Cash flow from operations</b>	<b>1.340.332</b>	<b>1.169.117</b>	<b>-1.466.313</b>
<b>Cash flow from investing activities</b>			
Acquisition/sale of undertakings and other business units	0	-290.408	-293.717
Acquisition/sale of own shares	2.334	3.882	28.165
Acquisition of intangible assets	0	-14.129	-35.632
Acquisition/sale of tangible assets	-469	-809	-12.170
<b>Cash flow from investing activities</b>	<b>1.865</b>	<b>-301.464</b>	<b>-313.354</b>
Issue of bonds	-1.000.000	498.405	1.200.000
Increase in subordinated debt	0	0	-45
Payment of dividends	-40.000	0	0
<b>Cash flow from financing activities</b>	<b>-1.040.000</b>	<b>498.405</b>	<b>1.199.955</b>
<b>Cash flow</b>	<b>302.197</b>	<b>1.366.059</b>	<b>-579.712</b>
Cash in hand and demand deposits with central banks, and due from credit institutions, etc. at the beginning of the year	713.740	1.293.451	1.293.451
Cash flow	302.197	1.366.059	-579.712
<b>Cash and due etc.</b>	<b>1.015.937</b>	<b>2.659.510</b>	<b>713.740</b>
<b>Cash and due etc.</b>			
Cash in hand and demand deposits with central banks	398.990	1.274.503	242.382
Due from credit institutions, etc.	616.947	1.385.007	471.358
<b>Total</b>	<b>1.015.937</b>	<b>2.659.510</b>	<b>713.740</b>

## Notes - P/F BankNordik

Note	DKK 1,000	Q1 2011	Q1 2010	Full Year 2010
1	<b>Interest income</b>			
	Credit institutions and central banks	1.926	4.547	12.635
	Loans and advances	147.984	148.585	605.889
	Bonds	16.311	11.477	65.294
	Total derivatives of w hich:	-7.146	-7.373	-13.789
	<i>Currency contracts</i>	0	-1.393	0
	<i>Interest rate contracts</i>	-7.146	-5.980	-13.789
	<i>Other transactions</i>	0	0	0
	Other interest income	-62	0	-6.660
	<b>Total interest income</b>	<b>159.013</b>	<b>157.236</b>	<b>663.369</b>
	Of w hich accounted for by income from genuine sale and repurchase transactions:			
	Credit institutions and central banks	0	0	0
2	<b>Interest expenses</b>			
	Credit institutions and central banks	31	4.324	12.179
	Deposits	27.380	29.991	128.005
	Issued Bonds	8.118	4.947	29.927
	Subordinated debt	5.170	5.170	20.914
	Other interest expenses	1.717	-237	5.219
	<b>Total interest expenses</b>	<b>42.417</b>	<b>44.196</b>	<b>196.243</b>
	Of w hich interest expenses on genuine sale and repurchase transactions are carried under:			
	Credit institutions and central banks	0	138	18
3	<b>Net fee and commission income</b>			
	Fee and commission income			
	Securities trading and custody accounts	299	2.952	6.583
	Credit transfers	3.549	3.904	19.724
	Loan commissions	2.022	7.077	24.045
	Guarantee commissions	6.359	2.901	19.659
	Other fees and commissions	6.107	11.164	25.578
	<b>Total fee and commission income</b>	<b>18.337</b>	<b>27.999</b>	<b>95.589</b>
	Fee and commissions paid			
	Securities trading and custody accounts	889	1.451	3.522
	<b>Net fee and commission income</b>	<b>17.447</b>	<b>26.547</b>	<b>92.067</b>
4	<b>Market value adjustments</b>			
	Loans and advances	43	11.944	14.596
	Bonds	-22.528	6.465	-15.660
	Shares	-2.122	-656	14.382
	Foreign exchange	-737	2.202	16.413
	Total derivatives of w hich:	1.633	-9.042	-20.859
	<i>Currency Swaps</i>	1.669	4.061	920
	<i>Interest Swaps</i>	-31	-13.102	-21.545
	<i>Other contracts</i>	-6	0	-234
	Assets under pooled schemes	-93	0	146
	<b>Total market value adjustments</b>	<b>-23.804</b>	<b>10.913</b>	<b>9.018</b>

Note	DKK 1,000	Q1 2011	Q1 2010	Full Year 2010
5	<b>Other operating income</b>			
	Profit/loss on sale of shares and equity investments in associates and group enterprises	0	380.575	380.575
	Profit/loss on sale of investment and corporate properties and temporary properties	21	0	-581
	Profit on sale of operating equipment	350	1	0
	Other income	4.841	-140	-3.579
	<b>Total other operating income</b>	<b>5.212</b>	<b>380.436</b>	<b>376.415</b>
6	<b>Staff costs and administrative expenses</b>			
	Staff costs:			
	Salaries	42.023	31.367	155.299
	Pensions	4.176	3.154	15.016
	Social security expenses	4.194	3.870	17.864
	<b>Total staff costs</b>	<b>50.393</b>	<b>38.390</b>	<b>188.178</b>
	Administrative expenses	39.350	34.096	171.315
	<b>Total staff costs and administrative expenses</b>	<b>89.743</b>	<b>72.486</b>	<b>359.494</b>
	<b>Number of employees</b>			
	Average number of full-time employees in the period	355,9	299,6	351,9
	<b>Executive remuneration:</b>			
	Board of Directors	390	405	1.635
	Executive Board:			
	Salaries	939	1.096	4.538
	Pension	141	164	657
	<b>Total executive remuneration</b>	<b>1.470</b>	<b>1.665</b>	<b>6.830</b>
	In all the consolidated companies, the remuneration of the Board of Directors is a fixed monthly salary Pension and termination terms of the Executive Board are identical to those described in the Annual Report 2010.			
7	<b>Impairment charges on loans and advances etc.</b>			
	Due from credit institutions and central banks	0	0	0
	Loans and advances at amortised cost	14.139	37.817	117.752
	Loans and advances at fair value	0	8.413	8.668
	Private Contingency Association (Det private beredskab)	0	4.440	15.466
	Guarantees and loan commitments	0	0	8.285
	Assets held for sale	7.816	0	17.518
	<b>Total</b>	<b>21.956</b>	<b>50.670</b>	<b>167.688</b>
	Individual impairment charges etc.			
	New and increased impairment charges	52.367	42.340	243.441
	Reversals of impairment charges	24.759	2.440	65.275
	Write-offs charged directly to the income statement	946	143	274
	Received on claims previously written off	158	858	1.946
	Interest income	1.560	0	10.392
	<b>Total individual impairment charges</b>	<b>26.837</b>	<b>39.185</b>	<b>166.102</b>
	Collective impairment charges			
	New and increased impairment charges	3.584	13.140	8.928
	Reversals of impairment charges	8.465	1.655	7.342
	<b>Total collective impairment charges</b>	<b>-4.881</b>	<b>11.485</b>	<b>1.587</b>
	<b>Total impairment charges</b>	<b>21.956</b>	<b>50.670</b>	<b>167.688</b>

## Notes - P/F BankNordik

Note	DKK 1,000	March 31 2011	March 31 2010	Full Year 2010
<b>8</b>	<b>Due from credit institutions etc. specified by maturity</b>			
	On demand	616.947	158.589	471.358
	3 months and below	0	1.226.418	0
	3 months to 1 year	0	0	0
	<b>Total</b>	<b>616.947</b>	<b>1.385.007</b>	<b>471.358</b>
<b>9</b>	<b>Impairment charges, loans and advances etc.</b>			
	Individual impairment charges etc.			
	At 1 January	374.308	257.917	267.928
	Additions on acquisitions	0	0	45.600
	New and increased impairment charges	43.252	29.487	271.301
	Reversals of impairment charges	24.759	2.440	65.275
	Written-off, previously impaired	44.474	9.781	143.082
	Other additions and disposals	-1.560	0	-2.164
	<b>Total</b>	<b>346.767</b>	<b>275.183</b>	<b>374.308</b>
	Collective impairment charges			
	At 1 January	27.672	17.000	26.086
	Additions on acquisitions	0	13.140	0
	New and increased impairment charges	3.584	1.655	8.928
	Reversals of impairment charges	8.465	0	7.342
	<b>Total</b>	<b>22.792</b>	<b>28.485</b>	<b>27.672</b>
	<b>Total</b>	<b>369.559</b>	<b>303.668</b>	<b>401.981</b>
<b>10</b>	<b>Assets held for sale</b>			
	Note 12 in the consolidated financial statements contains information of the Bank's assets held for sale.			
<b>11</b>	<b>Contingent liabilities</b>			
	Note 13 in the consolidated financial statements contains information of the Bank's contingent liabilities.			
<b>12</b>	<b>Assets deposited as collateral</b>			
	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 2011.

The consolidated financial statements for the first quarter of 2011 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 2011, and of the results of the Group's and the Parent Company's operations and the Group's consolidated cash flows for the financial period 1 January to 31 March 2011.

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, 17 May 2011

### Executive Board

Janus Petersen

John Rajani

### Board of Directors

Klaus Rasmussen  
*Chairman*

Jens Erik Christensen  
*Vice chairman*

Nils Sørensen

Keld Søndergaard Holm

Mette Dahl Christensen

Kenneth M. Samuelsen



## Additional Information

In connection with the publication of the Q1 2011 results BankNordik will host a conference call for analysts and investors and publish a presentation on the website.

The conference call will take place on Tuesday May 17, at 12:30 (CET).

If you would like to participate in the audio cast, please dial the relevant number below a few minutes before the conference starts:

Danish participants dial: + 45 32 71 47 67

US participants dial: + 1 718 354 1226

International Participants dial: + 44 (0) 207 509 5139

The live presentation will be accessible on the website at [www.banknordik.fo](http://www.banknordik.fo).

## Contacts

Janus Petersen, CEO

Tel.: +298 330 330

Investor Relations: [ir@banknordik.fo](mailto:ir@banknordik.fo)

## Address

BankNordik

Húsagøta 3

FO-100 Tórshavn

Tel.: +298 330 330

Reg.No. 10

## Useful links

[www.banknordik.fo](http://www.banknordik.fo)

[www.banknordik.dk](http://www.banknordik.dk)

[www.trygd.fo](http://www.trygd.fo)

[www.skyn.fo](http://www.skyn.fo)

[www.vordur.is](http://www.vordur.is)