

BANKNORDIK

Interim Report

Q1 2018

3 May 2018

CONTENTS

MANAGEMENT'S REPORT

• Financial highlights and ratios.....	3
• Financial review	4
- Q1 2018 highlights	4
- Income statement	4
- Balance sheet	5
- Capital ratios.....	5
- Supervisory Diamond	6
- Events after the balance sheet date	6
- Outlook 2018.....	6
- Reconciled Income statement.....	7
• Segments	8
- Personal Banking.....	9
- Corporate Banking.....	10
- Insurance	11

FINANCIAL STATEMENTS

• Income statement	12
• Balance sheet	14
• Statement of capital	16
• Capital and Solvency	18
• Cash flow statement	19
• Notes to the financial statements	20

Statement by the Executive Board and the Board of Directors	28
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CONTACT DETAILS	29
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Highlights, ratios and key figures - BankNordik Group

Highlights	Q1	Q1	Index	Q4	Q3	Q2	Q1
DKK 1,000	2018	2017	18 / 17	2017	2017	2017	2017
Net interest income	94,273	97,939	96	95,086	97,240	96,950	97,939
Dividends from shares and other investments	275	735	37	102	80	4,482	735
Net fee and commission income	43,979	51,413	86	47,081	38,685	53,246	51,413
Net interest and fee income	138,527	150,088	92	142,269	136,005	154,679	150,088
Net insurance income	11,997	9,028	133	12,160	12,851	9,328	9,028
Interest and fee income and income from insurance activities, net	150,524	159,116	95	154,429	148,855	164,007	159,116
Market value adjustments	24,455	14,032	174	-3,921	5,342	4,678	14,032
Other operating income	5,216	6,416	81	14,401	7,509	5,209	6,416
Staff cost and administrative expenses	118,000	114,262	103	110,358	111,720	117,291	114,262
Impairment charges on loans and advances etc.	-28,023	5,189		-38,825	296	-1,767	5,189
Net profit	118,452	45,236	262	77,103	23,588	43,152	45,236
Loans and advances	9,607,365	9,159,436	105	9,537,425	9,549,256	9,427,627	9,159,436
Bonds at fair value	4,490,952	4,770,380	94	4,262,730	4,446,548	4,479,960	4,770,380
Assets held for sale	5,775	10,283	56	6,302	13,276	10,034	10,283
Total assets	16,348,558	15,578,746	105	15,784,953	16,058,764	16,117,793	15,578,746
Due to credit institutions and central banks	385,384	297,019	130	360,497	322,011	326,367	297,019
Deposits and other debt	13,082,937	12,678,890	103	12,632,463	12,982,550	13,472,482	12,678,890
Total shareholders' equity	1,853,133	1,674,667	111	1,820,092	1,742,990	1,718,381	1,674,667

Ratios and key figures

	March. 31	March 31	Dec. 31	Sept. 30	June 30	March 31
	2018	2017	2017	2017	2017	2017
Solvency						
Solvency ratio, %	18.9	18.4	19.7	18.2	17.9	18.4
Core capital ratio, %	16.7	16.1	17.5	15.9	15.7	16.1
Core capital ratio excl. hybrid core capital, end of period, %	16.7	16.1	17.5	15.9	15.7	16.1
Risk-weighted items, DKK mill	10,058	9,810	9,895	9,942	10,071	9,810
Profitability						
Return on equity after tax, %	6.4	2.5	4.3	1.4	2.5	2.5
Cost / income, %	17.8	68.1	44.3	81.2	68.2	68.1
Cost / income, % (excl. value adjustm. and impairments)	38.6	70.7	66.3	73.1	71.2	70.7
Return on assets	0.7	0.3	0.5	0.1	0.3	0.3
Market risk						
Interest rate risk, %	1.7	1.7	1.6	1.6	2.0	1.7
Foreign exchange position, %	1.7	1.3	0.9	1.1	1.0	1.3
Liquidity						
Excess cover relative to statutory liquidity requirements, %	217.9	239.1	205.1	218.7	245.5	239.1
Credit risk						
Growth on loans and advances, %	0.7	0.2	-0.1	1.3	2.9	0.2
Gearing of loans and advances	5.2	5.5	5.2	5.5	5.5	5.5
Impairment and provisioning ratio, end of period, %	4.4	5.4	4.0	5.0	5.1	5.4
Write-off and provisioning ratio, %	-0.2	0.0	-0.3	0.0	0.0	0.0
Share of amounts due on which interest rates have been reduced, end of period, %	0.4	0.6	0.4	0.5	0.6	0.6
Shares						
Earnings per share after tax (nom. DKK 20), DKK	12.2	4.7	7.9	2.4	4.4	4.7
Market price per share (nom. DKK 20), DKK	110.5	139.5	106.0	119.5	123.0	139.5
Book value per share (nom. DKK 20), DKK	191	172	187	179	177	172
Other						
Number of full-time employees, end of period	387	416	400	407	407	416

Financial review

Highlights Q1 2018

- Operating profit increased to DKK 77m in Q1 2018 from DKK 47m in Q1 2017.
- Net interest income was down by DKK 4m year-on-year due to tighter interest margins and the controlled run-off of corporate lending in Denmark.
- Net fee and commission income fell to DKK 44m in Q1 2018 from DKK 51m in Q1 2017, offset by a near proportional increase in other operating income, which relates to the restructuring of asset management activity with regards to MiFID II.
- Operating costs were down by DKK 1m to DKK 115m in Q1 2018 from DKK 116m in Q1 2017, consistent with the efforts to curb expenditure growth.
- Net impairment charges were a DKK 31m reversal in Q1 2018 compared to zero in Q1 2017.
- Non-recurring items amounted to an income of DKK 76m in Q1 2018, mainly owing to the sale and leaseback of the Group's head office property and a revaluation gain on BI Holding A/S.
- Value adjustments amounted to a loss of DKK 6m in Q1 2018 compared to a gain of DKK 11m in Q1 2017.
- Profit before tax was DKK 148m in Q1 2018, up by DKK 91m compared to Q1 2017

Income statement

The summary income statement has been adjusted for non-recurring items in each relevant quarter in accordance with the new methodology announced in the Financial Review section of the 2017 Annual Report.

Income statement, Group

DKKm	Index							
	Q1 2018	Q1 2017	18/17	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net interest income	94	98	96	94	95	97	97	98
Net fees & commission income	44	51	86	44	47	35	53	51
Net insurance income	12	9	133	12	12	13	9	9
Other operating income (less reclassification)	12	5	219	12	8	11	7	5
Operating income	162	164	99	162	162	156	166	164
Operating costs*	-115	-116	99	-115	-112	-114	-120	-116
Sector costs	0	-1	29	0	2	-1	-1	-1
Profit before impairment charges	47	47	100	47	52	42	46	47
Impairment charges	28	-5		28	39	0	2	-5
Reversals of acquired OEI impairments (Reclassified from Other operating income)	3	5	54	3	12	4	3	5
Impairment charges, net	31	0		31	51	4	5	0
Operating profit	77	47	166	77	103	46	51	47
Non-recurring items**	76	0		76	-1	-17	0	0
Profit before value adjustments and tax	154	47	330	154	101	29	51	47
Market value adjustments***	-6	11		-6	-10	1	4	11
Profit before tax	148	57	258	148	92	30	55	57
Operating cost/income, %	71	71		71	69	73	72	71
Number of FTE, end of period	387	416	93	387	400	407	407	416

* Comprises staff costs, administrative expenses and amortisation, depreciation and impairment charges (less reclassification to non-recurring items).

** Reclassified from Staff costs and administrative expenses and from Amortisation, depreciation and impairment charges.

*** Incl. net income from investments accounted for under the equity method (excl. sector shares).

The following comments relate to the adjusted figures and are generally stated relative to Q4 2017. Due to seasonal variations, comments on the insurance segment are made relative to Q1 2017.

Operating income

The BankNordik Group generated operating income of DKK 162m in Q1 2018, flat compared to Q4 2017.

Net interest income

Net interest income was down by DKK 1m in Q1 2018 compared to Q4 2017 due to margin pressure.

Net fee and commission income

Net fee and commission income amounted to DKK 44m in Q1 2018 compared to DKK 47m in Q4 2017, mainly owing to less income from asset management activity.

Net insurance income

Net insurance income amounted to DKK 12m in Q1 2018, flat compared to Q4 2017.

Operating and sector costs

Operating and sector costs amounted to DKK 115m in Q1 2018, up DKK 3m compared to Q4 2017.

Profit before impairment charges

Profit before impairment charges was DKK 47m in Q1 2018, down from DKK 52m in Q4 2017.

Impairment charges

Net impairment charges were a DKK 31m reversal in Q1 2018 compared to a reversal of DKK 51m in Q4 2017.

Operating profit

Operating profit was down by DKK 26m from DKK 103m in Q4 2017 to DKK 77m in Q1 2018.

Balance sheet

BankNordik's total assets at 31 March 2018 amounted to DKK 16.3bn. Loans and advances were DKK 9.6bn, i.e. up by DKK 70m compared to 31 December 2017. Deposits were DKK 13.1bn, an increase of DKK 450m compared to 31 December 2017.

Liquidity invested in bonds, primarily in Danish mortgage bonds and Danish government bonds, amounted to DKK 4.5bn, an increase of DKK 228m compared to 31 December 2017. Liquidity invested in equities amounted to DKK 281m, an increase of DKK 32m relative to 31 December 2017. The surplus liquidity at 31 March 2018 was 218% higher than the statutory requirement. The Group's equity at 31 March 2018 amounted to DKK 1,853m, up by DKK 33m compared to 31 December 2017.

Sale and leaseback of head office property

In March 2018, BankNordik announced that it had entered into an agreement with P/F Varðin for the sale and leaseback of its head office property in Tórshavn. The property was sold for DKK 140m and leased back for 15 years, with the option to extend the term for an additional period of five years. The transaction triggered a pre-tax gain of DKK 70m, of which DKK 60m was recognised in the first quarter. The initial annual rent will be approximately DKK 5m, the equivalent of a 3.75% yield, and the rent will increase by 1% annually.

Capital ratios

The Group's CET1 capital ratio fell by 0.8 percentage point quarter-on-quarter to stand at 16.7% at 31 March 2018. The solvency ratio decreased to 18.9% at 31 March 2018 from 19.7% at 31 December 2017. The decrease in capital ratios was partly attributable to the new IFRS 9 accounting policies, which have triggered an impairment charge recognised directly in the Group's equity in the net amount of DKK 53m, and partly due to changes in accounting guidelines for which BankNordik has chosen not to recognise net income within a given year in the capital and solvency statement until the annual report is released in audited form.

Compliance with the Danish FSA Supervisory Diamond

	BankNordik Q1 2018	FSA Limit
Large exposures	12.2%	<125%
Liquidity coverage	217.9%	>50%
Lending growth	4.9%	<20%
Funding ratio	0.62	<1.00
Lending to property sector	5.6%	<25%

At 31 March 2018, the Group was in compliance with all Supervisory Diamond requirements set by the Danish FSA.

Events after the balance sheet date

No events have occurred since 31 March 2018 in which are deemed to have a significant impact on the Group's financial position.

Outlook

Management reconfirms the FY2018 guidance of profit before impairment charges, non-recurring items, value adjustments and tax in the range of DKK 160-200m in 2018 (2017: DKK 187m).

However, the Group is raising its FY2018 net profit guidance upwards from DKK 165-215m as previously guided to DKK 175-225m (2017: DKK 189m).

This guidance is generally subject to uncertainty and will depend on economic conditions, loan impairments and market value adjustments.

Reconciled income statement

Note	Income statement Q1 2018, Group, DKKm	Income statement	Restatement	Restated income statement
	Net interest income	94.273		94.273
1	Net fees, commission income & dividends	44.254	-275	43.979
	Net insurance income	11.997		11.997
1, 4	Other operating income	5.216	6.509	11.725
	Operating income	155.740	6.235	161.974
2, 3	Operating costs	59.876	55.330	115.206
3	Sector costs	226	-57	169
	Profit before impairment charges	95.637	-49.038	46.599
1	Impairment charges	-28.023	-2.742	-30.766
	Operating profit	123.660	-46.295	77.365
2	Non-recurring items	0	76.273	76.273
	Profit before value adjustments and tax	123.660	29.977	153.637
4	Market value adjustments	24.455	-29.977	-5.522
	Profit before tax	148.115	0	148.115

Note	Income statement Q1 2017, Group, DKKm	Income statement	Restatement	Restated income statement
	Net interest income	97.939		97.939
	Net fees, commission income & dividends	52.148	-735	51.413
	Net insurance income	9.028		9.028
1, 4	Other operating income	6.416	-1.072	5.344
	Operating income	165.531	-1.807	163.724
2, 3	Operating costs	116.256	200	116.456
3	Sector costs	778	-200	578
	Profit before impairment charges	48.498	-1.807	46.691
1	Impairment charges	5.189	-5.107	83
	Operating profit	43.309	3.300	46.609
2, 4	Non-recurring items	0	0	0
	Profit before value adjustments and tax	43.309	3.300	46.609
4	Market value adjustments	14.032	-3.300	10.732
	Profit before tax	57.341	0	57.341

Note	Restatements made to the income statement, DKKm	Q1 2018	Q1 2017
1	Reversals of acquired OEI impairments reclassified from the item Other operating income to the item Impairment charges.	-2.742	-5.107
	Dividends reclassified from Net fees, commission income & dividends to the item Other operating income	275	735
2	Reclassification of severance costs from the item Operating costs to Non-recurring items.	-4.909	0
	Reclassification of reversals of impairment charges regarding the Group's head-office from the item Operating costs to Non-recurring items.	-60.181	0
3	Reclassification of other operating expenses (excl. sector costs) from the item Other operating expenses to the item Operating costs.	-57	-200
4	Reclassification of value adjustments related to sector shares and of profit or loss from currency transactions from the item Market value adjustments to the item Other operating income.	-8.977	-3.300
4	Reclassification of value adjustments related to sector shares from the item Market value adjustments to the item Non-recurring items (regarding revaluation of the groups holdings of shares in the sector company Bankinvest).	-21.000	0

BankNordik Group by segment

Note that the financial results generated by the Treasury department are not recognised under these business segments, i.e. Corporate Banking and Personal Banking.

Income statement, Banking

DKKm	Q1 2018	Q1 2017	Index 18/17	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net interest income	94	97	97	94	95	97	96	97
Net fees & commission income	46	54	87	46	49	37	55	54
Other operating income	10	5	216	10	7	10	6	5
Operating income	150	156	97	150	151	144	158	156
Operating cost	-110	-112	98	-110	-106	-108	-112	-112
Sector costs	0	-1	29	0	2	-1	-1	-1
Profit before impairment charges	40	43	93	40	47	35	45	43
Impairment charges	28	-5		28	39	0	2	-5
Reversals of acquired OEI impairments	3	5	54	3	12	4	3	5
Impairment charges, net	31	0		31	51	4	5	0
Operating profit	71	43	165	71	98	38	50	43
Non-recurring items	76	0		76	-1	-17	0	0
Profit before value adjustments and tax	147	43	343	147	96	22	50	43
Market value adjustments	-5	11		-5	-9	2	5	11
Profit before tax	142	54	263	142	87	24	55	54
Loans and advances *	9,607	9,159	105	9,607	9,537	9,549	9,428	9,159
Deposits and other debt	13,107	12,696	103	13,107	12,654	13,000	13,498	12,696
Operating cost/income, %	73	72		73	70	75	71	72
Number of FTE, end of period	356	384	93	356	367	372	376	384

* The Group implemented IFRS 9 effective from 1 January 2018. Implementation affected lending adversely by DKK 51.9m.

Personal Banking

The Personal Banking segment reported operating profit of DKK 87m in Q1 2018, up by DKK 18m compared to Q4 2017.

Net interest income was down by DKK 2m compared to Q4 2017 as a result of tighter interest margins. Net fees and commission income was up by DKK 1m in Q1 2018 compared to Q4 2017. Operating costs were DKK 45m in Q1 2018, down DKK 6m compared to Q4 2017, while net impairment charges were a reversal of DKK 15m in Q1 2018 compared to a reversal of DKK 4m in Q4 2017.

Loans and advances to personal customers during the quarter increased by DKK 42m to DKK 6,368m at 31 March 2018, while deposits increased by DKK 135m, both compared to 31 December 2017.

Income statement, Personal banking

DKKm	Index							
	Q1 2018	Q1 2017	18/17	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net interest income	66	64	103	66	68	66	65	64
Net fees & commission income	43	43	100	43	42	37	40	43
Other operating income	8	3	237	8	5	7	2	3
Operating income	117	111	106	117	115	111	107	111
Operating cost	-45	-45	100	-45	-51	-43	-45	-45
Sector costs	0	0	29	0	1	0	0	0
Profit before impairment charges	72	66	110	72	65	67	62	66
Impairment charges	13	1	2,308	13	1	-4	-2	1
Reversals of acquired OEI impairments	2	2	68	2	3	3	3	2
Impairment charges, net	15	3	497	15	4	-1	1	3
Operating profit	87	69	127	87	69	66	63	69
Non-recurring items	0	0		0	0	0	0	0
Profit before value adjustments and tax	87	69	127	87	69	66	63	69
Market value adjustments	0	0		0	0	0	0	0
Profit before tax	87	69	127	87	69	66	63	69
Loans and advances	6,368	6,017	106	6,368	6,325	6,274	6,123	6,017
Deposits and other debt	9,804	9,530	103	9,804	9,669	9,802	10,282	9,530
Operating cost/income, %	38	40		38	45	39	42	40
Number of FTE, end of period	207	211	98	207	212	208	214	211

Corporate Banking

The Corporate Banking activities reported operating profit of DKK 45m in Q1 2018, down by DKK 33m compared to Q4 2017. Operating income was DKK 33m, down by DKK 1m compared to the previous quarter. Operating costs were DKK 4m in Q1 2018 vs. DKK 5m in Q4 2017. Net impairment charges were a reversal of DKK 16m in Q1 2018 compared to a reversal of DKK 49m in Q4 2017.

Corporate loans and advances increased by DKK 27m to DKK 3,240m at 31 March 2018, while deposits increased by DKK 318m, both compared to 31 December 2017.

Income statement, Corporate Banking

DKKm	Index							
	Q1 2018	Q1 2017	18/17	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net interest income	28	31	88	28	30	31	30	31
Net fees & commission income	3	4	85	3	4	1	1	4
Other operating income	3	1		3	1	3	3	1
Operating income	33	36	93	33	34	35	34	36
Operating cost	-4	-3	118	-4	-5	-4	-3	-3
Sector costs	0	0	30	0	0	0	0	0
Profit before impairment charges	29	32	91	29	29	31	31	32
Impairment charges	15	-6		15	39	4	3	-6
Reversals of acquired OEI impairments	1	3	40	1	9	1	1	3
Impairment charges, net	16	-3		16	49	5	4	-3
Operating profit	45	29	154	45	78	35	35	29
Non-recurring items	0	0		0	0	0	0	0
Profit before value adjustments and tax	45	29	154	45	78	35	35	29
Market value adjustments	0	0		0	0	0	0	0
Profit before tax	45	29	154	45	78	35	35	29
Loans and advances	3,240	3,142	103	3,240	3,212	3,276	3,305	3,142
Deposits and other debt	3,303	3,166	104	3,303	2,985	3,198	3,216	3,166
Operating cost/income, %	12	9		12	14	11	9	9
Number of FTE, end of period	18	17	106	18	18	17	17	17

Insurance: Trygd

Premium income was DKK 25m in Q1 2018, up by DKK 2m compared to Q1 2017, while claims were DKK 15m for both periods. Operating costs were DKK 6m in Q1 2018, up by DKK 1m compared to Q1 2017. Profit before tax was DKK 5m in Q1 2018, up by DKK 3m compared to the same period of last year.

Trygd has steadily increased premium income in recent years and is continuing to strengthen its market position as a leading provider of general insurance in the Faroe Islands.

Income statement, Trygd

DKKm								
	Q1 2018	Q1 2017	Index 18/17	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Premium income, net of reinsurance	25	23	112	25	25	24	23	23
Claims, net of reinsurance	-15	-15	95	-15	-15	-12	-14	-15
Net insurance income	11	7	146	11	10	12	9	7
Net income from investment activities	0	0		0	0	0	0	0
Operating income	11	8	140	11	10	12	9	8
Operating cost	-6	-5	113	-6	-6	-6	-6	-5
Profit before tax	5	2	199	5	3	6	3	2
Combined ratio	80.3	90		80	87	73	88	90
Claims ratio	57.6	68		58	60	49	60	68
Number of FTE, end of period	25	26	97	25	27	27	26	26

Income statement

Note	DKK 1,000	Group		BankNordik	
		Q1 2018	Q1 2017	Q1 2018	Q1 2017
3	Interest income	97,643	104,333	97,387	103,799
4	Interest expenses	3,370	6,394	3,370	6,394
	Net interest income	94,273	97,939	94,016	97,405
	Dividends from shares and other investments	275	735	275	735
5	Fee and commission income	47,412	54,464	49,792	56,598
5	Fee and commissions paid	3,433	3,051	3,393	3,051
	Net dividend, fee and commission income	44,254	52,148	46,673	54,283
	Net interest and fee income	138,527	150,088	140,690	151,688
	Premium income, net of reinsurance	28,281	25,414		
	Claims, net of reinsurance	16,284	16,386		
	Interest and fee income and income from insurance activities, net	150,524	159,116	140,690	151,688
6	Market value adjustments	24,455	14,032	25,006	14,397
7	Other operating income	5,216	6,416	3,366	5,634
8	Staff costs and administrative expenses	118,000	114,262	113,237	109,974
	Amortisation, depreciation and impairment charges	-58,124	1,994	-58,264	1,832
	Other operating expenses	226	778	226	778
9	Impairment charges on loans and advances etc.	-28,023	5,189	-28,023	5,189
	Income from investments accounted for under the equity method	0	0	5,108	2,784
	Profit before tax	148,115	57,341	146,994	56,730
	Tax	29,663	12,105	28,542	11,494
	Net profit	118,452	45,236	118,452	45,236
	Portion attributable to				
	Shareholders of BankNordik P/F	118,452	45,236	118,452	45,236
	Net profit	118,452	45,236	118,452	45,236
	EPS Basic for the period, discontinuing operations, DKK*	3.05	1.23	3.05	1.23
	EPS Diluted for the period, discontinuing operations, DKK*	3.05	1.23	3.05	1.23
	EPS Basic for the period, continuing operations, DKK*	12.19	4.59	12.19	4.59
	EPS Diluted for the period, continuing operations, DKK*	12.19	4.59	12.19	4.59
	EPS Basic for the period, total, DKK*	15.25	5.81	15.25	5.81
	EPS Diluted for the period, total, DKK*	15.25	5.81	15.25	5.81

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

	Group		BankNordik	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
DKK 1,000				
Net profit	118,452	45,236	118,452	45,236
Other comprehensive income				
Items which will subsequently be recycled to the income statement if certain conditions are met:				
Revaluation of property	9,818	0	9,818	0
Tax on other comprehensive income	-1,767	0	-1,767	0
Total other comprehensive income	8,051	0	8,051	0
Total comprehensive income	126,503	45,236	126,503	45,236
Portion attributable to				
Shareholders of BankNordik P/F	126,503	45,236	126,503	45,236
Total comprehensive income	126,503	45,236	126,503	45,236

Balance Sheet

Note	DKK 1,000	Group		BankNordik	
		March 31 2018	Dec. 31 2017	March 31 2018	Dec. 31 2017
Assets					
	Cash in hand and demand deposits w with central banks	251,449	250,509	251,360	250,426
10	Due from credit institutions and central banks	778,539	616,813	778,539	616,813
	Loans and advances at fair value	425,017	431,017	425,017	431,017
9	Loans and advances at amortised cost	9,182,348	9,106,408	9,182,348	9,106,408
	Bonds at fair value	4,490,952	4,262,730	4,306,260	4,091,177
	Shares, etc.	281,208	248,811	281,208	248,811
	Assets under insurance contracts	7,362	8,575	0	0
	Holdings in associates	5,898	5,898	5,898	5,898
	Holdings in subsidiaries	0,001	0	120,378	115,270
	Assets under pooled schemes	447,941	450,335	447,941	450,335
	Intangible assets	2,120	0	2,120	0
	Total land and buildings	241,147	169,217	239,188	167,253
	investment property	0	0	0	0
	domicile property	241,147	169,217	239,188	167,253
	Other property, plant and equipment	27,073	28,552	26,040	27,770
	Current tax assets	7,065	6,894	7,065	6,894
	Deferred tax assets	32,015	44,707	31,953	44,553
11	Assets held for sale	5,775	6,302	5,775	6,302
	Other assets	111,220	73,336	108,846	70,858
	Prepayments	51,429	74,851	49,688	73,273
	Total assets	16,348,558	15,784,953	16,269,623	15,713,057

Balance Sheet

Note	Group		BankNordik	
	March 31 2018	Dec. 31 2017	March 31 2018	Dec. 31 2017
DKK 1,000				
Shareholders' equity and liabilities				
Liabilities other than provisions				
Due to credit institutions and central banks	385,384	360,497	385,384	360,497
Deposits and other debt	13,082,937	12,632,463	13,107,441	12,653,510
Deposits under pooled schemes	448,712	450,863	448,712	450,863
Liabilities under insurance contracts	89,332	81,197	0	0
Current tax liabilities	36,224	34,800	32,230	31,929
Other liabilities	175,220	147,883	166,306	139,985
Deferred income	4,302	4,177	3,334	3,434
Total liabilities other than provisions	14,222,111	13,711,880	14,143,408	13,640,216
Provisions for liabilities				
Provisions for losses on guarantees etc	42,933	23,640	42,933	23,640
Provisions for other liabilities	7,361	6,472	7,128	6,240
Total provisions for liabilities	50,294	30,112	50,061	29,880
Subordinated debt				
Subordinated debt	223,020	222,868	223,020	222,868
Total liabilities	14,495,425	13,964,861	14,416,490	13,892,964
Shareholders' equity				
Share capital	200,000	200,000	200,000	200,000
Retained earnings	1,645,082	1,580,092	1,645,082	1,580,092
Proposed dividends	0	40,000	0	40,000
Total shareholders' equity	1,853,133	1,820,092	1,853,133	1,820,092
Total liabilities and equity	16,348,558	15,784,953	16,269,623	15,713,057

Statement of capital - BankNordik Group

Changes in shareholders' equity:

DKK 1,000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at December 31, 2017	200,000	0	40,000	1,580,093	1,820,092
Changes in accounting policies for impairment under IFRS 9				-70,056	-70,056
Tax on changes regarding implementation of IFRS 9				17,407	17,407
Adjusted equity at January 1, 2018	200,000	0	40,000	1,527,444	1,767,444
Revaluation of assets		9,818		0	9,818
Tax on entries on income recognised as Other comprehensive income		-1,767			-1,767
Net profit			0	118,452	118,452
Total comprehensive income		8,051	0	65,803	73,854
Acquisition of own shares				-4,260	-4,260
Sale of own shares				2,276	2,276
Dividends paid			-40,000	1,171	-38,829
Shareholders' equity at March 31, 2018	200,000	8,051	0	1,645,083	1,853,133

DKK 1,000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at Jan. 1, 2017	200,000	0	300,000	1,422,035	1,922,035
Net profit			40,000	149,078	189,078
Total comprehensive income		0	40,000	149,078	189,078
Acquisition of own shares				-1,665	-1,665
Sale of own shares				2,276	2,276
Dividends paid			-300,000	8,368	-291,632
Shareholders' equity at December 31, 2017	200,000	0	40,000	1,580,093	1,820,092

DKK 1,000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at Jan. 1, 2017	200,000	0	300,000	1,422,035	1,922,035
Net profit			0	45,236	45,236
Total comprehensive income		0	0	45,236	45,236
Acquisition of own shares				-1,662	-1,662
Sale of own shares				1,662	1,662
Dividends paid			-300,000	7,396	-292,604
Shareholders' equity at March 31, 2017	200,000	0	0	1,474,667	1,674,667

Statement of capital - BankNordik P/F

Changes in shareholders' equity:

DKK 1,000	Share capital	Revaluation Reserve	Equity			Retained earnings	Total
			method reserve	Proposed dividends			
Shareholders' equity at December 31, 2017	200,000	0	0	40,000		1,580,092	1,820,092
Changes in accounting policies for impairment under IFRS 9						-70,056	-70,056
Tax on changes regarding implementation of IFRS 9						17,407	17,407
Adjusted equity at January 1, 2018	200,000	0	0	40,000		1,527,444	1,767,444
Revaluation of assets		9,818					9,818
Tax on entries on income recognised as Other comprehensive income		-1,767					-1,767
Net profit		0	0	0		118,452	118,452
Total comprehensive income		8,051	0	0		65,803	73,854
Acquisition of own shares						-4,260	-4,260
Sale of own shares						2,276	2,276
Dividends paid				-40,000		1,171	-38,829
Shareholders' equity at March 31, 2018	200,000	8,051	0	0		1,645,082	1,853,133

DKK 1,000	Share capital	Revaluation Reserve	Equity			Retained earnings	Total
			method reserve	Proposed dividends			
Shareholders' equity at January 1, 2017	200,000	0	0	300,000		1,422,035	1,922,035
Translation of foreign units							0
Net profit		0	0	40,000		149,078	189,078
Total comprehensive income		0	0	40,000		149,078	189,078
Acquisition of own shares						-1,665	-1,665
Sale of own shares						2,276	2,276
Dividends paid				-300,000		8,368	-291,632
Shareholders' equity at December 31, 2017	200,000	0	0	40,000		1,580,092	1,820,092

DKK 1,000	Share capital	Revaluation Reserve	Equity			Retained earnings	Total
			method reserve	Proposed dividends			
Shareholders' equity at January 1, 2017	200,000	0	0	300,000		1,422,035	1,922,035
Net profit		0	2,784	0		42,453	45,236
Total comprehensive income		0	2,784	0		42,453	45,236
Acquisition of own shares						-1,662	-1,662
Sale of own shares						1,662	1,662
Dividends paid				-300,000		7,396	-292,604
Dissolution of revaluation reserves in group enterprises			-2,784			2,784	0
Shareholders' equity at March 31, 2017	200,000	0	0	0		1,474,667	1,674,667

Capital and Solvency - BankNordik

DKK 1,000	March 31 2018	Dec. 31 2017
Core capital	1,679,423	1,731,404
Total capital	1,902,443	1,954,272
Risk-weighted items not included in the trading portfolio	7,818,578	7,575,236
Risk-weighted items with market risk etc.	1,043,512	1,022,062
Risk-weighted items with operational risk	1,195,955	1,298,065
Total risk-weighted items	10,058,045	9,895,363
Core capital ratio, excl. hybrid core capital	16.7%	17.5%
Core capital ratio	16.7%	17.5%
Solvency ratio	18.9%	19.7%
Core Capital and Shareholders' equity		
Share capital	200,000	200,000
Reserves	8,051	0
Net profit	118,452	189,078
Retained earnings, previous years	1,558,969	1,460,582
Shareholders' equity, before deduction of holdings of own shares	1,885,472	1,849,660
Deduction of dividend	0	40,000
Deduction of net profit	118,452	0
Deduction due to excess holdings of shares in the financial sector	12,225	0
Deduction of holdings of own shares	32,339	29,568
Deduction of intangible assets	2,120	0
Deductions regarding planned purchase of own shares	4,601	0
Deduction of deferred tax assets	31,953	44,553
Deduction regarding prudent valuation of financial instruments	4,359	4,136
Core capital exclusive of hybrid core capital	1,679,423	1,731,404
Hybrid core capital before deductions	0	0
Core capital	1,679,423	1,731,404
Total capital		
Core capital	1,679,423	1,731,404
Subordinated loan capital, before deductions	223,020	222,868
Total capital	1,902,443	1,954,272

Cash flow statement - BankNordik Group

DKK 1,000	Q1 2018	Full year 2017
Cash flow from operations		
Profit before tax	148,115	186,830
Depreciation and impairment charges of tangible assets	-58,124	8,906
Impairment of loans and advances/guarantees	-28,023	13,955
Paid tax	0	-21,323
Other non-cash operating items	-75,196	-21,151
Total	-13,228	167,216
Changes in operating capital		
Change in loans at fair value	6,000	128,060
Change in loans at amortised cost	-47,917	1,376,671
Change in holding of bonds	-240,886	-1,269,817
Change in holding of shares	-4,669	-2,324
Change in deposits	284,008	-27,169
Due to credit institutions and central banks	24,887	-233,115
Change in other assets / liabilities	-1,711	92,283
Assets/liabilities under insurance contracts	9,347	10,500
Prepayments	23,547	-3,612
Cash flow from operations	39,378	238,695
Cash flow from investing activities		
Capital increase in associates	0	-4,120
Dividends received	275	9,469
Sale of group undertakings	0	192,742
Acquisition of tangible assets	-2,640	-12,757
Sale of tangible assets	0	8,382
Cash flow from investing activities	-2,365	193,715
Cash flow from financing activities		
Change in subordinated debt	0	-229,917
Acquisition of own shares	-4,260	-31,373
Sale of own shares	2,276	14,671
Payment of dividends	-40,000	-20,000
Payment of dividends, own shares	1,171	0
Cash flow from financing activities	-40,813	-266,618
Cash flow	-3,800	165,792
Cash in hand and demand deposits with central banks, and due from Credit institutions, etc. at the beginning of the year	1,033,788	867,996
Cash flow	-3,800	165,792
Cash and due etc.	1,029,988	1,033,788
Cash and due etc.		
Cash in hand and demand deposits with central banks	251,449	216,915
Due from credit institutions, etc.	778,539	816,872
Total	1,029,988	1,033,788

Note 1 Significant accounting policies

The consolidated financial statements for the first three months of 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting" supplemented by additional Faroese disclosure requirements for quarterly reports of listed financial companies and in accordance with the financial reporting requirements of the Nasdaq exchange in Copenhagen. The financial statements of the Parent Company, P/F BankNordik, have been prepared in accordance with the Faroese Financial Business Act and with the executive order on financial reports of credit institutions etc. of the Danish FSA as applied in the Faroe Islands.

The application of IAS 34 means that the disclosure of figures is less detailed than the disclosure in a full annual report and that the valuation principles laid down by the international financial reporting standards (IFRS) are applied.

As of January 1, 2018 the Group has implemented the International Financial Reporting Standard IFRS 9. The effects of the implementation on the Groups balance sheet are explained below. Otherwise the Group's significant accounting policies are consistent with those applied in the Annual Report 2017. The Annual Report 2017 provides a full description of the Group's significant accounting policies including a description of IFRS 9.

Effects on the Group's Balance Sheet due to the implementation of IFRS 9

The implementation of IFRS 9 has, given the Group's business model and types of financial assets and liabilities, solely had an effect on those of the Group's financial assets, which are measured at amortised cost (loans and guarantees).

The IFRS 9 reporting standards stipulate a new impairment model, which derives estimated losses on exposures based on statistical or specific loss expectations. Under the previous standards, an impairment charge was only recognised when a risk of loss was identified or incurred.

Under IFRS 9 exposures are grouped into 3 different stages and classified as stage 1, 2 or 3 depending on the risk of credit loss.

In accordance with the transitional provisions of IFRS 9, the Group has chosen not to apply the changes retrospectively. As such, the cumulative effect of the changes has been recognised as an adjustment to equity in the opening balance of 2018, while comparable figures for 2017 have not been restated. The impact on the Group's balance sheet, i.e. the effects on loans and advances, provisions for liabilities and on equity, is shown in the table below.

Balance Sheet as of January 1 2018 due to changes in accounting policies

Note	DKK 1,000	Group January 1 2018	BankNordik January 1 2018	Effects of IFRS 9	Group Dec. 31 2017	BankNordik Dec. 31 2017
Assets						
9	Loans and advances at amortised cost	9,054,524	9,054,524	-51,884	9,106,408	9,106,408
Shareholders' equity and liabilities						
	Provisions for losses on unused credits	4,136	4,136	4,136	0	0
	Provisions for losses on guarantees	37,677	37,677	14,037	23,640	23,640
	Current tax liabilities	17,393	14,521	-17,407	34,800	31,929
	Equity	1,767,444	1,767,444	-52,649	1,820,092	1,820,092

As illustrated in the table the total negative effect of the implementation of IFRS 9 on the Group's equity as of January 1, 2018 is DKK 52.6m.

Future financial reporting standards and interpretations

The 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. Please refer to the Annual Report 2017 for further information.

Accounting estimates

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

The most significant estimates that management makes in applying the Group's accounting policies and the most important uncertainty affecting estimates made when preparing the condensed interim report are unchanged from the estimates made in connection with the preparation of the Annual Report 2017 and the uncertainties prevailing at that time.

Determination of fair value

The fair value of financial assets is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, fair value is based on the most recently observed market price at the balance sheet date.

If a financial instrument is quoted in a market that is not active, the Group bases its measurement on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations.

If no active market for standard and simple financial instruments, such as interest rate and currency swaps and unlisted bonds, exists, generally accepted valuation techniques rely on market-based parameters for measuring fair value. The results of calculations made on the basis of valuation techniques are often estimates because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity risk and counterparty risk, are sometimes used for measuring fair value.

Notes - BankNordik Group

Note	Operating segments Q1 2018			Banking		Non-life Insurance	Elimination	Group
	DKK 1,000	Private	Corporate	Other	Total	Faroe Islands		
2	External interest income, Net	63,583	28,037	2,440	94,060	213		94,272
	Internal interest	2,894	-460	-2,434	0	0		0
	Net interest income	66,477	27,577	6	94,060	213		94,272
	Net Fee and dividends income	42,743	3,292	-152	45,883	-1,629		44,254
	Premium income, net of reinsurance	0	0	3,400	3,400	25,413	-532	28,281
	Net premium income of reinsurance and claims	0	0	1,748	1,748	10,781	-532	11,997
	Other income	-480	1,697	26,489	27,705	-461	-316	26,929
	Total income	108,740	32,566	28,090	169,396	8,905	-848	177,452
	Total operating expenses	44,892	3,899	8,005	56,796	4,155	-848	60,103
	Profit before impairment charges on loans	63,848	28,667	20,085	112,600	4,750		117,350
	Impairment charges, incl. reversals of acquired OEI impairments	-14,897	-15,869	0	-30,766	0		-30,766
	Profit before tax	78,745	44,536	20,085	143,366	4,750		148,116
	Total assets	6,632,100	3,501,470	6,032,834	16,166,404	182,155		16,348,559
	of which Loans and advances	6,367,617	3,239,747	0	9,607,365	0		9,607,365
	Total liabilities	9,804,245	3,303,197	1,205,829	14,313,270	182,155		14,495,425
	of which Deposits	9,804,245	3,303,197	0	13,107,441		-24,504	13,082,937
	of which Insurance liabilities			1,205		88,127		89,332

Operating segments Q1 2017	Banking			Non-life Insurance	Elimination	Group
	DKK 1,000	Private	Corporate	Other		
External interest income, Net	61,936	31,722	3,919	97,577	362	97,939
Internal interest	2,548	-301	-2,247	0	0	0
Net interest income	64,484	31,421	1,673	97,577	362	97,939
Net Fee and dividends income	43,042	4,166	6,366	53,574	-1,425	52,149
Premium income, net of reinsurance	0	0	3,168	3,168	22,765	25,414
Net premium income of reinsurance and claims	0	0	2,186	2,186	7,361	9,028
Other income	59	0	15,791	15,849	-193	15,341
Total income	107,584	35,586	26,016	169,186	6,106	174,457
Total operating expenses	45,052	3,411	65,690	114,153	3,716	117,033
Profit before impairment charges on loans	62,532	32,176	-39,675	55,033	2,390	57,423
Impairment charges, incl. reversals of acquired OEI impairments	-2,998	3,081		83	0	83
Profit before tax	65,530	29,095	-39,675	54,950	2,390	57,340
Total assets	6,211,552	3,382,186	5,793,547	15,387,285	191,461	15,578,746
of which Loans and advances	6,017,432	3,142,003		9,159,436	0	9,159,436
Total liabilities	9,529,893	3,166,018	1,016,707	13,712,618	191,461	13,904,079
of which Deposits	9,529,893	3,166,018		12,695,911		12,678,890
of which Insurance liabilities					112,110	112,110

BankNordik Group - Geographical revenue information

Geographical segments	Total income		Non-current assets		Additions to tangible assets		Additions to intangible assets	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Faroe Islands	103,335	89,643	181,279	131,733	12,327	8,740	2,120	0
Denmark	63,106	71,593	48,357	49,110	-520	-58		
Greenland	11,011	13,221	46,602	46,097	520	58		
Total	177,452	174,456	276,238	226,940	12,327	8,740	2,120	0

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

Operational segments	Total income		Profit before tax		Tax		FTE	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Faroe Islands, Banking, Other	94,430	83,536	121,093	28,358	23,831	5,135	178	187
Faroe Islands, Insurance	8,905	6,106	4,750	2,390	855	430	25	26
Denmark, Banking	63,106	71,593	21,057	19,562	-1,251	4,383	166	187
Greenland, Banking	11,011	13,221	1,215	7,030	6,229	2,156	19	16
Total	177,452	174,456	148,115	57,341	29,663	12,105	387	416

Notes		Group		BankNordik	
Note	DKK 1,000	Q1 2018	Q1 2017	Q1 2018	Q1 2017
3	Interest income				
	Credit institutions and central banks	609	884	609	884
	Loans and advances	92,682	97,048	92,682	97,048
	Bonds	7,199	9,816	6,943	9,281
	Total derivatives of which:	-2,848	-3,416	-2,848	-3,416
	<i>Currency contracts</i>	2,294	0	2,294	0
	<i>Interest rate contracts</i>	-200	-2,463	-200	-2,463
	<i>Other transactions</i>	-4,941	-952	-4,941	-952
	Total interest income	97,643	104,333	97,387	103,799
4	Interest expenses				
	Credit institutions and central banks	342	443	342	443
	Deposits	44	2,957	44	2,957
	Subordinated debt	3,009	3,009	3,009	3,009
	Other interest expenses	-25	-16	-25	-16
	Total interest expenses	3,370	6,394	3,370	6,394
5	Net fee and commission income				
	Fee and commission income				
	Securities trading and custody accounts	7,233	17,218	7,233	17,218
	Credit transfers	5,754	5,377	5,754	5,377
	Loan commissions	1,202	2,472	1,202	2,472
	Guarantee commissions	4,451	4,566	4,451	4,566
	Other fees and commissions	28,772	24,830	31,151	26,965
	Total fee and commission income	47,412	54,464	49,792	56,598
	Fee and commissions paid				
	Securities trading and custody accounts	3,433	3,051	3,393	3,051
	Net fee and commission income	43,979	51,413	46,399	53,548
6	Market value adjustments				
	Loans and advances	214	-146	214	-146
	Bonds	-13,554	6,139	-13,004	6,504
	Shares	27,729	7,141	27,729	7,141
	Foreign exchange	574	-1,878	574	-1,878
	Total derivatives of which:	9,493	2,776	9,493	2,776
	<i>Currency Swaps</i>	16	2,984	2,624	2,984
	<i>Interest Swaps</i>	2,624	-204	16	-204
	<i>Other contracts</i>	6,853	-3	6,853	-3
	Assets under pooled schemes	-14,351	0	-14,351	0
	Deposits in pooled schemes	14,351	0	14,351	0
	Total market value adjustments	24,455	14,032	25,006	14,397

Note	DKK 1,000	Group		BankNordik	
		Q1 2018	Q1 2017	Q1 2018	Q1 2017
7	Other operating income				
	Profit on sale of operating equipment	0	7	0	7
	Reversals of acquired OEI impairments	2,742	5,107	2,742	5,107
	Other income	2,473	1,302	624	520
	Total other operating income	5,216	6,416	3,366	5,634
8	Staff costs and administrative expenses				
	Staff costs:				
	Salaries	58,647	54,367	55,010	50,590
	Pensions	7,041	6,748	6,543	6,272
	Social security expenses	7,751	7,805	7,256	7,322
	Total staff costs	73,440	68,920	68,810	64,184
	Administrative expenses:				
	IT	24,407	23,450	23,330	22,762
	Marketing etc	3,356	4,651	3,249	4,482
	Education etc	576	1,082	395	807
	Advisory services	303	547	303	547
	Other expenses	17,899	17,589	17,150	17,192
	Total administrative expenses	46,541	47,320	44,427	45,790
	Total staff costs	73,440	68,920	68,810	64,184
	Employee costs included under the item "Claims, net of reinsurance"	-1,980	-1,978	0	0
	Total administrative expenses	46,541	47,320	44,427	45,790
	Total staff costs and administrative expenses	118,000	114,262	113,237	109,974
	Number of employees				
	Average number of full-time employees in the period	394	416	361	384
	Executive remuneration:				
	Board of Directors	500	450	500	450
	Executive Board:				
	Salaries	627	572	627	572
	- less fees received from directorships	29	22	29	22
	The Bank's expense, salaries	598	550	598	550
	Pension	94	83	94	83
	Total executive board	692	633	692	633
	Total executive remuneration	1,192	1,083	1,192	1,083

Note	DKK 1,000	Group		BankNordik	
		Q1 2018	Q1 2017	Q1 2018	Q1 2017
9	Impairment charges on loans and advances and provisions for guarantees etc.				
	Individual impairment charges and provisions at 31 December 2017	511,470	678,636	511,470	678,636
	Changes in accounting policies for impairment under IFRS 9	70,056	0	70,056	0
	New and increased impairment charges and provisions	13,501	36,318	13,501	36,318
	Reversals of impairment charges and provisions	35,652	24,718	35,652	24,718
	Written-off, previously impaired	0	38,815	0	38,815
	<i>Interest income on impaired loans</i>	<i>4,054</i>	<i>5,308</i>	<i>4,054</i>	<i>5,308</i>
	Total individual impairment charges and provisions	559,374	651,421	559,374	651,421
	Impairment charges and provisions recognised in the income statement				
	Loans and advances at amortised cost	-27,550	6,216	-27,550	6,216
	Loans and advances at fair value	224	-122	224	-122
	Guarantees and loan commitments	1,121	198	1,121	198
	Write-offs charged directly to the income statement	292	846	292	846
	Received on claims previously written off	2,110	1,948	2,110	1,948
	Total individual impairment charges and provisions	-28,023	5,189	-28,023	5,189
	Individual impairment charges etc.				
	Individual impairment charges etc. at 31 December 2017	409,440	592,106	409,440	592,106
	Changes in accounting policies for impairment under IFRS 9	-409,440	0	-409,440	0
	New and increased impairment charges	0	28,394	0	28,394
	Reversals of impairment charges	0	24,275	0	24,275
	Written-off, previously impaired	0	38,815	0	38,815
	<i>Write-offs charged directly to the income statement</i>	<i>0</i>	<i>846</i>	<i>0</i>	<i>846</i>
	<i>Received on claims previously written off</i>	<i>0</i>	<i>1,948</i>	<i>0</i>	<i>1,948</i>
	<i>Interest income on impaired loans</i>	<i>0</i>	<i>5,308</i>	<i>0</i>	<i>5,308</i>
	Individual impairment charges etc. at 31 March	0	557,411	0	557,411
	<i>Total net impact recognised in the income statement</i>	<i>0</i>	<i>-2,290</i>	<i>0</i>	<i>-2,290</i>
	Collective impairment charges				
	Collective impairment charges at 31 December 2017	78,390	52,620	78,390	52,620
	Changes in accounting policies for impairment under IFRS 9	-78,390	0	-78,390	0
	New and increased impairment charges	0	7,282	0	7,282
	Collective impairment charges at 31 March	0	59,902	0	59,902
	<i>Total net impact recognised in the income statement</i>	<i>0</i>	<i>7,282</i>	<i>0</i>	<i>7,282</i>

Note	DKK 1,000	Group		BankNordik	
		Q1 2018	Q1 2017	Q1 2018	Q1 2017
9	Stage 1 impairment charges				
(cont'd)	Stage 1 impairment charges etc. at 31 December 2017	0	0	0	0
	Changes in accounting policies for impairment under IFRS 9	20,770	0	20,770	0
	New and increased Stage 1 impairment charges	5,860	0	5,860	0
	Stage 1 impairment charges at 31 March	26,631	0	26,631	0
	<i>Total net impact recognised in the income statement</i>	<i>5,860</i>	<i>0</i>	<i>5,860</i>	<i>0</i>
	Stage 2 impairment charges				
	Stage 2 impairment charges etc. at 31 December 2017	0	0	0	0
	Changes in accounting policies for impairment under IFRS 9	70,744	0	70,744	0
	Reversals, net of impairment charges	16,654	0	16,654	0
	Stage 2 impairment charges at 31 March	54,090	0	54,090	0
	<i>Total net impact recognised in the income statement</i>	<i>-16,654</i>	<i>0</i>	<i>-16,654</i>	<i>0</i>
	Weak Stage 2				
	Weak Stage 2 impairment charges etc. at 31 December 2017	0	0	0	0
	Changes in accounting policies for impairment under IFRS 9	38,759	0	38,759	0
	Reversals, net of impairment charges	2,192	0	2,192	0
	Weak Stage 2 impairment charges at 31 March	36,567	0	36,567	0
	<i>Total net impact recognised in the income statement</i>	<i>-2,192</i>	<i>0</i>	<i>-2,192</i>	<i>0</i>
	Stage 3 impairment charges				
	Stage 3 impairment charges etc. at 31 December 2017	0	0	0	0
	Changes in accounting policies for impairment under IFRS 9	409,440	0	409,440	0
	New and increased impairment charges	8,889	0	8,889	0
	Reversals of impairment charges	19,175	0	19,175	0
	<i>Interest income on impaired loans</i>	<i>4,054</i>	<i>0</i>	<i>4,054</i>	<i>0</i>
	Stage 3 impairment charges at 31 March	399,154	0	399,154	0
	<i>Total net impact recognised in the income statement</i>	<i>-14,340</i>	<i>0</i>	<i>-14,340</i>	<i>0</i>
	Provisions for guarantees and undrawn credit lines				
	Individual provisions at 1 January	23,640	33,910	23,640	33,910
	Changes in accounting policies for impairment under IFRS 9	18,172	0	18,172	0
	New and increased provisions	4,611	642	4,611	642
	Reversals of provisions	3,491	444	3,491	444
	Provisions for guarantees etc at 31 March	42,933	34,108	42,933	34,108
	<i>Total net impact recognised in the income statement</i>	<i>1,121</i>	<i>198</i>	<i>1,121</i>	<i>198</i>
	Provisions for guarantees and undrawn credit lines				
	Stage 1 provisions	8,507	0	8,507	0
	Stage 2 provisions	9,583	0	9,583	0
	Weak Stage 2 provisions	3,400	0	3,400	0
	Stage 3 provisions	21,443	34,108	21,443	34,108
	Provisions for guarantees etc at 31 March	42,933	34,108	42,933	34,108

Note	DKK 1,000	Group		BankNordik	
		March 31 2018	Dec. 31 2017	March 31 2018	Dec. 31 2017
10	Due from credit institutions etc. specified by maturity				
	On demand	302,879	290,525	302,879	290,525
	3 months and below	261,645	112,177	261,645	112,177
	Over 1 year to 5 years	214,015	214,111	214,015	214,111
	Total due from credit institutions etc.	778,539	616,813	778,539	616,813
11	Assets held for sale				
	Total purchase price, at 1 January	10,998	17,095	10,998	17,095
	Additions	105	360	105	360
	Disposals	632	6,457	632	6,457
	Total purchase price	10,471	10,998	10,471	10,998
	Depreciation and impairment, at 1 January	4,696	5,121	4,696	5,121
	Impairment charges for the year	0	120	0	120
	Reversal of impairment on disposals during the year	0	545	0	545
	Total depreciation and impairment	4,696	4,696	4,696	4,696
	Total assets held for sale	5,775	6,302	5,775	6,302
12	Contingent liabilities				
	Guarantees				
	Financial guarantees	357,127	318,943	357,127	318,943
	Mortgage finance guarantees	1,295,278	1,282,808	1,295,278	1,282,808
	Registration and remortgaging guarantees	663,385	733,798	663,385	733,798
	Other guarantees	313,705	309,005	313,705	309,005
	Total guarantees	2,629,494	2,644,554	2,629,494	2,644,554

13 **Assets deposited as collateral**

At March 31 2018 the Group had deposited bonds at a total market value of DKK 42m (Q1 2017: 35m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing. Deposits of bonds to others in total have a market value of DKK 44m (Q1 2017: 49m).

Statement by the Executive Board and the Board of Directors

We have today considered and approved P/F BankNordik's interim report for the first three months of 2018.

The consolidated financial statements for the first three months of 2018 have been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the EU, while the interim financial statements of the Parent Company have been prepared in accordance with the Faroese Financial Business Act. Furthermore, the Interim Report has been prepared in accordance with additional Faroese disclosure requirements for interim reports of listed financial companies and in accordance with the financial reporting requirements of Nasdaq Copenhagen.

The interim financial statements have 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 2018, 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 three months ended 31 March 2018.

In addition, we 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, 3 May 2018

Executive Board

Árni Ellefsen
CEO

Board of Directors

Stine Bosse
Chairman

Barbara Pállsdóttir Vang
Vice chairman

Jógvan Jespersen

Kim Jacobsen

John Henrik Holm

Kenneth M. Samuelsen

Dan Rasmussen

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BankNordik is a limited liability
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The company is listed on
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