BANKNORDIK

Interim Report

H1 2011

22 August 2011

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P/F BankNordik:

Management's Report
First half 2011

Highlights:

- Pre tax profit before value adjustments DKK 49m against DKK 51m in the same period last year
- Pre tax profit DKK 27m - negatively affected by value adjustments of DKK 22m and sector expenses of DKK 17m Value adjustments are subsequently reduced to DKK 7m
- Impairments DKK 30m - returning to normal levels
- Ordinary FSA inspection of the bank has not caused the bank to change impairments
- Solvency ratio 20.3% and 14.5% after acquisition of Amagerbanken - Individual capital requirement 8.8%
- Deposit surplus DKK 0.3bn increased DKK 1bn after the acquisition of Amagerbanken
- Profitability hampered by decline in lending caused by weak demand and sector cost
- Following measures implemented that will improve profitability significantly in coming years
  - increased lending rates 0.5% as of August 2011
  - merged branches in May 2011 to improve service levels and reduce cost
  - reduced external funding in August 2011 and considering redeeming the rest of the financing and a portion of the subordinated debt capital
- BankNordik now has a unique platform in the most prominent growth areas and positioned for future growth:
  - high solvency, low risk profile with predominance in the retail market and low impairments
  - good stable deposit funding
  - and a diversified activity in the banking, insurance and pension areas

H1 2011 not satisfactory but measures taken to improve profitability

The Board of BankNordik has approved the financial statements for the first half of 2011. It shows a profit of DKK 49m before value adjustments and tax against DKK 51m in the same period last year.

The demand for new loans remains relatively weak and previous loans are redeemed, and the low activity is affecting fees. Thus, the Bank's core earnings have declined, especially on the Danish market.

> "The result is not satisfactory and is characterized by low activity, negative value adjustments and sector expenses. But we have taken initiatives to enhance the profitability and control the costs, which will improve the performance significantly in the coming years," says Janus Petersen, CEO.

The Bank has increased lending rates generally by 0.5 percentage point and has launched various initiatives regarding the internal organization and reduction of costs. Thus, branches both in the Faroe Islands and in Denmark have been merged.

The Bank's liquidity has been above normal levels and consequently it has held a large securities portfolio. It has seen negative value adjustments of DKK 22m. The subsequent development in the interest rates has reduced the negative adjustment to DKK 7m.

Strategic goal of a strong well positioned financial group is now met and focus is on optimisation

In the last two years BankNordik has acted on its strategy to develop a financial group with diversified business in Banking, Insurance and Pensions - with a strong position in the North Atlantic region and in Denmark. The foundation of this strategy is now in place, and the Group can focus on reaping the benefits of its strong strategic position.

Positioned in growth areas

With the acquisition of the healthy parts of Amagerbanken from July this year and a number of former Sparbank branches last year BankNordik increased its activities in Denmark significantly. The activities are deliberately located in all the major growth areas including Copenhagen, Aarhus, Odense and Mid-Jutland.

Deposit funded

At the same time, BankNordik achieved a better geographical and industrial risk diversification and has increased its deposit surplus significantly – an important factor in times when other banks are experiencing difficulty obtaining financing.

> "BankNordik is a strong bank with good solvency and liquidity and low risk profile with the greatest emphasis on retail customers, so we have both the ability and willingness to partner with new, good customers," says Janus Petersen.

Business diversification pays off

In 2009 BankNordik increased its Insurance activities by acquiring an Insurance company in Iceland Vørður, and this company has constantly been improving its results and is now contributing to the Groups performance. Furthermore the Group in Q2 2011 acquired the leading Life Insurance company in the Faroe Islands securing the Group a majority role in the pension savings market.

> "Revenue from our insurance business has increased significantly. It demonstrates the value of the Groups diversification strategy during recent years. It is important for our competitiveness, that we can supply our customers with a full range of financial services," says Janus Petersen.

Strong loan book and solvency

Impairments on the loan portfolio were DKK 30m in the first half of 2011. This is in line with the forecast of DKK 50-100m in 2011, and demonstrates the healthy loanbook and that impairments are returning to a normal level.

BankNordik's solvency was calculated at over 20% at the turn of half-year. The acquisition of large parts of Amagerbanken reduces the solvency to app. 14.5%. Even though the Banks credit risk reserves are unchanged, the Bank has decided to increase the strategic risk reserves following the acquisition of Amagerbanken. After this the bank's capital requirement amounts to 8.8%.

The Bank's management is maintaining its previous expectations for 2011 as a whole of a profit before tax and value adjustments of DKK 100-140m in the previous activities. This outlook is based on the assumption on no further extraordinary sector costs in 2011. The integration of Amagerbanken is expected to influence the accounts negatively with around DKK 30m so that the overall result is expected to be in the range of DKK 70-110m.

From 2012, the increased activities in Denmark are expected to contribute significantly to the Bank's performance.

Highlights, ratios and key figures - BankNordik Group

Highlights DKK 1,000	H1 2011	H2 2010	*Index* *11 / 10*	*Q2* *2011*	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Net interest and fee income	273,427	287,417	*95*	*136,394*	137,033	147,113	154,488	137,787	149,630	589,019
Interest and fee income and income from insurance activities, net	315,383	308,322	*102*	*165,792*	149,592	164,549	170,807	150,132	158,190	643,679
Market value adjustments	-21,516	25,643		*-4,623*	-16,893	-5,381	-224	10,027	15,615	20,037
Other operating income	6,758	380,915	*2*	*1,571*	5,187	-1,387	-119	-395	381,310	379,409
Staff cost and administrative expenses	209,213	194,872	*107*	*107,941*	101,272	111,124	102,091	112,208	82,664	408,088
Impairment charges on loans and advances etc.	30,250	34,578	*87*	*8,294*	21,956	-17,794	150,330	-16,092	50,670	167,114
Net profit	22,927	371,804	*6*	*16,374*	6,553	43,484	-75,853	34,421	337,383	339,435
Loans and advances	8,445,637	8,792,778	*96*	8,445,637	8,376,167	8,674,663	8,549,425	8,792,778	8,909,786	8,674,663
Bonds at fair value	2,436,928	2,195,992	*111*	2,436,928	2,524,378	3,497,466	3,463,534	2,195,992	955,522	3,497,466
Intangible assets	477,639	434,724	*110*	477,639	485,132	439,723	432,857	434,724	393,811	439,723
Assets held for sale	165,646	156,545	*106*	165,646	209,732	160,794	134,265	156,545	157,160	160,794
Total assets	13,298,756	14,984,424	*89*	13,298,756	13,514,685	14,258,767	15,716,802	14,984,424	14,154,163	14,258,767
Due to credit institutions and central banks	146,334	624,462	*23*	146,334	316,445	245,249	787,392	624,462	869,480	245,249
Deposits and other debt	8,740,515	8,751,631	*100*	8,740,515	8,943,328	8,843,972	9,254,447	8,751,631	8,918,231	8,843,972
Issued bonds at amortised cost	1,199,843	2,699,843	*44*	1,199,843	1,199,843	2,199,843	2,699,843	2,699,843	1,498,248	2,199,843
Total shareholders' equity	2,016,064	2,048,729	*98*	2,016,019	2,003,151	2,042,566	1,979,319	2,048,729	2,007,031	2,042,566

Ratios and key figures

	June 30 2011	June 30 2010	*June 30* *2011*	March 31 2011	Dec. 31 2010	Sept. 30 2010	June 30 2010	March 31 2010	Full year 2010
Solvency									
Solvency ratio, %	20.3	17.7	20.3	17.1	17.0	17.2	17.7	18.3	17.0
Core capital ratio, %	19.4	17.9	19.4	17.3	17.2	17.5	17.9	18.5	17.2
Risk-weighted Items, DKK mill	9,743	9,737	9,743	9,849	10,080	9,704	9,737	9,480	10,080
Profitability									
Return on equity after tax, %	1.1	20.0	0.8	0.3	2.2	-3.8	1.1	18.4	18.3
Cost / income, %	91.0	35.7	87.7	94.8	67.9	154.3	80.1	25.9	60.0
Cost / income, % (excl. value adjustm. and impairments)	75.5	32.0	80.3	70.3	76.6	66.0	86.7	17.3	44.8
Liquidity									
Excess cover relative to statutory liquidity requirements, %	210.7	288.1	210.7	163.3	292.9	337.5	288.1	134.6	292.9
Credit risk									
Growth on loans and advances, %	-2.6	26.7	0.8	-3.4	1.5	-2.8	-1.3	28.4	25.0
Gearing of loans and advances	4.2	4.3	4.2	4.2	4.3	4.3	4.3	4.4	4.3
Shares									
Earnings per share after tax (nom. DKK 20), DKK	2.3	38.2	1.7	0.7	4.5	-7.7	2.3	34.7	34.9
Market price per share (nom. DKK 20), DKK	111	142	111	127.0	144	135	142	159	144
Book value per share (nom. DKK 20), DKK	203	209	203	202	210	201	209	206	210
Other									
Number of full-time employees, end of period	421	424	421	432	433	425	424	420	433

Outlook 2011

In the Annual report 2010, and subsequently in the Q1 2011 Interim Report, the Group forecasted pre-tax profit before value adjustments to be in the range of DKK 100-140m.

After having acquired the Amagerbank branches the Group forecasts a pre-tax profit before value adjustments and excluding further sector costs in H2 2011 to be in the range of DKK 70-110m. The main reasons to the lower range are one-off costs related to the acquisition i.e. change of IT-platform, re-branding and integration, expected to amount to approximately DKK 50m.

Overall lending activities are expected to remain stable during the year, thus the Group revises its previous forecast of increasing activity during the year. Further, the loan and guarantee portfolio related to the acquired Amagerbanken branches has been reduced to a total of DKK 4.3bn. This reduction was effected prior to 1 July 2011 where the Group took over the Amagerbanken branches, and following 1 July 2011 no extraordinary reduction or customer outflow has been detected.

Interest margins have been under pressure during H1 2011. Mainly due to unexpected sector costs related to banks gone bankrupt the Group as of mid august 2011 has increased the interest margin by increasing most lending rates by 0.5%.Due to the acquisition the Group revises its total forecast of net interest and fee income to increase in the range of 10-20% compared to 2010.

At the end of H1 2011 net income from insurance activities has improved compared to the 2010 level indicating higher net income from insurance activities at the end of 2011 compared to 2010. Previously the Group has forecasted net income from insurance activities to stay at the same level as in 2010.

Costs, i.e. staff and administrative expenses and amortisation and depreciation at the end of H1 2011 are on level with the Group's expectations, thus complying with the Group's previous forecast in the Q1 2011 Interim Report. As a consequence of the acquisition of the Amagerbank branches the Group now revises its forecast of costs (as defined above) to increase 35-40% compared to 2010. However, due to the uncertain development regarding sector costs the forecast no longer includes these costs. The forecasted increase in costs includes one-off costs related to the acquisition of the Amagerbanken branches of approximately DKK 50m i.e. costs related to the planned change of IT-platform, re-branding and integration. The full effect of the cost cutting initiatives executed in Q2 2011, estimated to approximately DKK 20m, may first be seen in 2012. The main part of the synergies related to the acquisition of the Amagerbanken branches are not expected to be realised before 2012 and 2013.

In H1 2011 the Groups level of impairments was 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 DKK 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

In the second quarter of 2011 the growth outlook for the international economy is more fragile than expected. The US economy has proven less robust and figures are inconsistent. Inflation is on the rise, due to increasing world market prices on raw materials, energy and food, which adds to concerns of a double dip in the developed economies.

Lately the ongoing struggle of European member states in financial turmoil has questioned the strength of the EU backup and the Euro. Interest rates for the economies in question have hiked causing a meltdown in public finances and increasing need for external help.

At the same time the ECB continues its inflation focus and have raised the interest rate by 0.75 percent since April 2011. The FED on the other hand is reluctant to starts increases.

The emerging economies continue to perform well, but inflationary tendencies reaching 7% in China could cause problems; not least because of speculations of a Chinese housing bubble.

The Faroe Islands

At the end of Q2 2011 the positive economic rebound expected at the end of Q1 2011 has emerged after the tough start on 2011 with the fishing fleet conflict and effects from the bankruptcy of Eik Bank and the large fish processing company Fiskavirking in late 2010, but during Q2 2011 much of what was lost has been recaptured. The macroeconomic outlook is stable and the confidence survey scores the highest level in the last three years.

GDP growth was projected to be 3% in 2011, but wage payments suffered in Q1 2011 and this could indicate a slower economic growth. However, on a quarterly basis Q2 is the best in the last three years. It is especially construction, services and private consumption that aspire to growth while trade and resource industries are expecting decline. The inflation reached 2.2% in Q2 2011, mainly due to higher prices on oil and food. Unemployment has decreased from 7.3% in Q1 2011 to 6.8% in Q2 2011.

Denmark

The Danish economy is still struggling to get the wheels turning again. Domestic demand has been sluggish and as a consequence the unemployment rate in June is 5.9%, the same as over the last one and a half year. The private sector is slowly increasing its demand and investments, but the public sector's retraction from its expansive measures has lead to some layoffs and counteracts the economic development and creates uncertainties for the outlook. The slow growth suffers because of high savings and inflation draws down disposable income, also because the housing market remains sluggish.

On the other hand, Danish export seem to have caught up with the strong growth in the neighbouring countries Germany and Sweden, which hopefully will spin off to the private sector in general. Thus the balance of payments continues to perform very well, strengthening the basis for a future return to higher private consumption.

Iceland

After consecutive contractions since 2008 GDP is expected to grow by 2% mainly led by private investment in large energy-intensive projects and stronger private consumption.

The government is still trying to regain credibility in the international community but the Ice Save dispute is lingering. There is still a budget deficit to be handled - thus there is still a way to go before the situation returns to a more normal state. The inflation is around 2% and unemployment has decreased from 8 to 7%.

Greenland

The economic situation in Greenland is stable and GDP growth in 2010 was estimated at 0.5%. After stable unemployment for two years the rate in Q1 2011 increased by 0.3% to an estimated 5.7%. The inflation rate in 2010 was 1.7%.

In the first quarter import has decreased by DKK 78m and export increased by DKK 183m improving the trade balance by DKK 261m diminishing the deficit to DKK 109m.

The expectations are mainly positive and there are prospects for increasing private investments in raw materials and oil exploration.

Financial Review

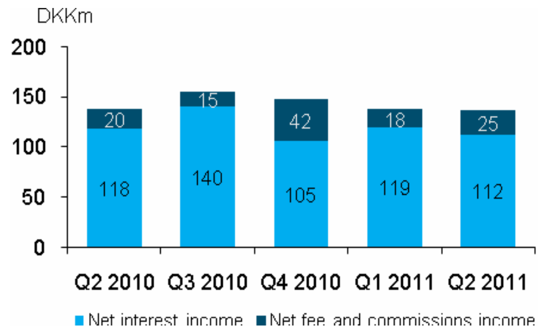
The H1 comparison figures from 2010 only cover five months of the Danish activities, thus comparisons will not be based on directly comparable activities in the Groups business.

BankNordik Group delivered a H1 2011 pre-tax profit amounting to DKK 27m compared to DKK 458m in H1 2010. Adjusted in accordance to outlook and divestment of Bakkafrost, the H1 2011 result is DKK 49m compared to DKK 52m in H1 2010.
Compared to the profit of DKK 7m in Q1 2011 the Q2 2011 profit is DKK 13m higher and was DKK 20m. The profit after tax was DKK 23m.

Market value adjustments impact the result the most compared to last year with the effect of DKK 47m going from DKK 26m in H1 2010 to DKK -22m in H1 2011.

Staff costs and administrative expenses have also increased, but less than in Q1 2011. Fee and commission income is lower than expected due to less trading and loans activity.

On the other hand net premium income from insurance activities continues to improve and though Q1 2011 was good Q2 2011 delivers DKK 17m more in net premiums due to lower claims.



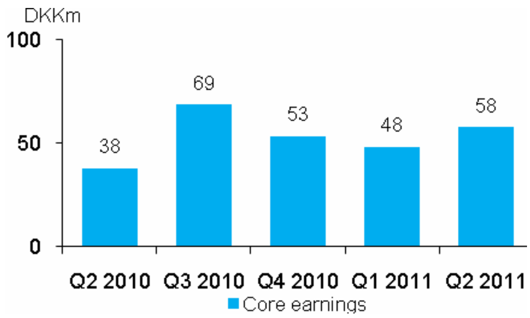
As mentioned in the Q1 2011 report, BankNordik has sharpened its focus on optimising its business which has involved cutting down on staff and closing four branches. The effects of this will emerge and reach full effect in 2012.

Liquidity has been much in focus since the start of the financial crisis and BankNordik in the mean time has held a very comfortable liquidity surplus. Lately with the increasingly strong deposits, steps have been taken to reduce the surplus liquidity and return to a more normal state, in line with Groups strategy. With the Amagerbanken purchase, deposits surplus is strengthened and facilitates continuous reductions.

Core earnings decreasing

BankNordik Group's core earnings – defined as interest, fee and insurance income less staff and administrative expenses - have been under pressure lately, but initiatives are taken to counter the declining income.

In H1 2011 core earnings decreased by DKK 7m (6%) compared to H1 2010 from DKK 113m to DKK 106m. But Q2 again improves core income relative to Q2 2010 by DKK 20m corresponding to 53% and by DKK 10m (20%) relative to Q1 2011. But it should also be noticed that Q2 2010 as comparison, included significant extra costs in relation to the IT conversion and integration costs of the SparBank branches, assessed to be around DKK 15m in 2010.



The improvements in core earnings in Q2 2011 are mainly due to a favourable situation in the Group's insurance activities where premiums net of reinsurance have increased by DKK 15m (13%) while claims have declined by DKK 6m (6%). Consequently net income from insurance activities has increased by 100% from DKK 21m in H1 2010 to DKK 42m in H1 2011. The improvements are mainly caused by a favourable claims climate.

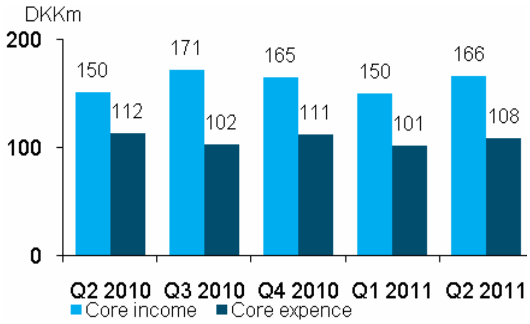
Market Interest levels have been increasing lately, but because the Bank lowered its interest rates considerably from the beginning of March before increasing them in June and again in August, the effects are not visible yet. Since total loans and advances have decreased by DKK 229m so far in 2011 and by DKK 347m since H1 2010, net interest income has also suffered, but in Q2 2011 loans increased by DKK 69m. The growth in loans is not likely to continue and might decrease more, but increasing interest margins are expected to impact net interest income positively from Q3 2011.

As for the expenses, lower debt level because of prepaid liquidity funding is starting to kick in. Interest expenses have declined by DKK 16m (17%) compared to H1 2010 to DKK 82m in H1 2011. Though net interest income is down by 2% to DKK 231m further redemptions will affect net interest income positively in the second half.

Net fee income has been struggling to regain foothold since the crises because of poor performance for shares and low demand for new loans. Because the divestment of Bakkafrost also increased fee income by DKK 4m in 2010 the comparison figures are not accurately displaying the normal activities.

Staff costs and administrative expenses have been high and increasing since the expansion on the Danish market. In general the cost/income ratios for Danish banks have been on a higher level than has been seen in BankNordik previously. But integration costs and costs related to the establishment in the new markets is also of significance.

In H1 2011 staff costs and administrative expenses have increased by DKK 14m (7%) compared to H1 2010. Comparing Q2 2011 to Q1 2011 expenses have increased by DKK 7m, but compared to Q2 2010 expenses have decreased by DKK 8m. Each quarter since the beginning of 2010 has more or less been affected by non recurring costs in relation to the restructuring of the IT system and integration. These were in 2010 assessed to be DKK 15m and the situation is expected to repeat itself during 2011.
Much of the general increase in costs in H1 2011 compared to H1 2010 though is caused by the increasing number of employees in Denmark.



Other items
Market value adjustments in H1 2011 are negative with DKK 22m and affect comparison by DKK 47m because of H1 2010 positive adjustment of DKK 26m. This is also why BankNordik's outlook abstracts from these variations in the ranges posted. It is mostly the Groups large holding of bonds that perform negatively due to increasing market rates.

Increasing amortisations due to the large investments in the IT platform and the acquisitions of assets outside of the Faroe Islands explain the DKK 7m (87%) increase from H1 2010 to H1 2011. With the recent acquisitions and subsequent investments in reorganisations of IT systems,, amortisations are due to increase and remain high for some years ahead.

Other operating expenses previously covered expenses related to the Bank package I, but now it covers provisions for payments to the Deposits Guarantee Fund which secures deposits up to a minimum amount of EURO 100.000.

BankNordik already in 2010 provisioned for DKK 8m in relation to the default of Amagerbanken, but this has now increased with another DKK 8m. Recently Fjordbank Mors also ended in distress and provisions for it are expected to be DKK 9m. In total DKK 17m have at the end of H1 2011 been provisioned for on this account.

BankNordik's impairments have been volatile throughout 2010, but so far in 2011 overall impairments have been steady and declining, reflecting a more positive outlook in general. But looking at the markets Danish impairments and partly Greenland are increasing while impairments in the Faroe Islands are declining.

H1 2011 impairments declined by DKK 4m (13%) compared to first half of 2010 and compared to Q1 2011 impairments in Q2 2011 fell by DKK 14m (62%) to DKK 8m.

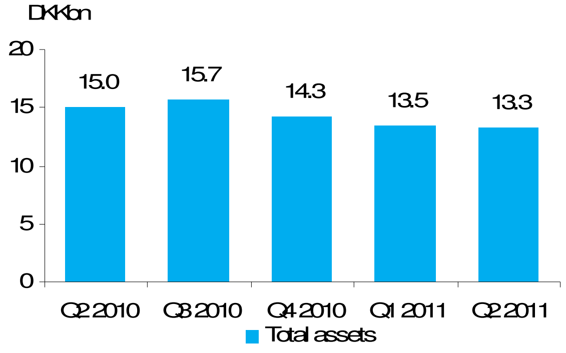
Balance Sheet

BankNordik's total balance since H1 2010 has decreased by DKK 1,7bn (11%) to DKK 13.3bn at the end of H1 2011. Since yearend 2010 the decline amounts to DKK 1bn (7%) which is largely due to funding loans being prepaid in order to optimize the solid liquidity and strengthen performance.

Assets

As mentioned, the funding and liquidity situation for BankNordik has changed much which explains the shift in liquidity placements and related items over the last quarters. Cash, dues from credit institutions and securities have gone up and down in coherence with the end of Bank Package I, the acquisition of the SparBank branches, prepayment of loans and finally the preparations for the acquisition of Amagerbanken. The Group in 2011 also has been upbeat on reducing its surplus liquidity to at level more in line with its internal surplus liquidity goal of 100% above statutory requirements.

Total liquidity at H1 2011 was 3.8bn which was 1.5bn less than at H1 2010 and 1.4bn less than at year end 2010. The surplus liquidity coverage at the end of H1 2011 was 211% compared to 163% at the end of Q1 2011 and 288% in H1 2010.



Loans and advances have decreased by DKK 347m (4%) in the last year, going from DKK 8.8bn at the end of H1 2010 to DKK 8.4bn in H1 2011. But breaking the trend in Q2 2011, loans have increased again by DKK 69m (1%). The decreasing loans portfolio has affected interest income negatively as the figures testify. Though there was a little growth in Q2 2011, loans are not expected to increase further in 2011. The development in Q2 2011 is a result of a few bigger corporate clients increasing loans and credits while most corporate and private customers pay down on loans.

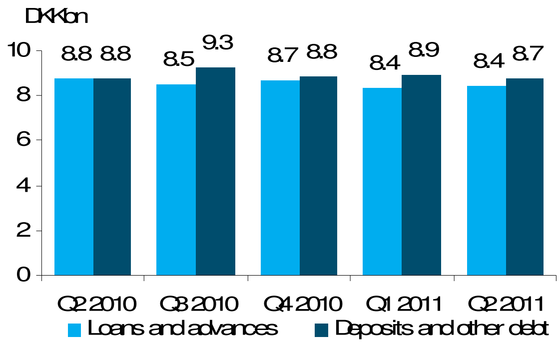
Liabilities

Since the latter half of 2009, the Group has gone through dramatic changes with regards to its funding basis, which is also evident in the liabilities overview. Because of the Groups high focus on strengthening is loans/deposits ratio, mostly by acquisitions with deposits surplus, the need for external funding has decreased to the point where it is basically not needed anymore (after Amagerbanken takeover). Thus funding and liquidity loans have largely been redeemed and extra DKK 500m was redeemed in the beginning of August. Going forward, the Bank will monitor the liquidity level and assess what to do with the remaining DKK 700m in the coming quarters.

The funding repayment is largely visible in dues to credit institutions and issued bonds, of which DKK 1075m hold an option for the borrower to repay prematurely. Loans have decreased by 2bn from 3.3bn in H1 2010 to DKK 1.3bn H1 2011. The reduction is a strategic choice to reduce external dependence as well as State guarantee costs thus leveraging the Bank's high liquidity levels held since the beginning of the financial crisis.

Another DKK 500m have been repaid at the beginning of August 2011 diminishing issued bonds to DKK 699m. Any further reduction of external funding will take the liquidity level even closer to the Banks surplus liquidity goal of a 100%.

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



Deposits at the end of H1 2011 amounted to 8.7bn which is about the same as a year ago, but DKK 203m (2%) less than at the end of the previous quarter. The fall is partly caused by customers drawing down on savings in relation to increasing investments.

The deposits/loans ratio at the end of H1 2011 is 1.03 which corresponds to a surplus of DKK 295m. When Amagerbanken and related transactions will be consolidated with BankNordik, the deposits surplus is due to rise by around DKK 1bn.

At 1 July 2011 the Amagerbanken activities will be merged with BankNordik and as a consequence of the transaction the Group has strengthen its capital base with DKK 600m in subordinated capital. DKK 300m of this have been booked in Q2 2011 which is why the Group now records subordinated debts amounting to DKK 498m. The liquidity level has consequently been strengthened and is 211% above the minimum requirement.

The Groups equity remains high and stable, only negatively affected by the dividends payout in Q1 2011. At the end of H1 2011 the equity is DKK 2bn and the BankNordik Group's solvency has increased in correspondence with the subordinated debt raised and is now 20.3% while the core capital ratio is 19.4%.

After the transaction with Amagerbanken has taken place the solvency level is expected to be approximately 14.5%.

BankNordik Group in segments

BANKING SEGMENT

Banking in the BankNordik Group returned a pre-tax profit of DKK 4m in H1 2011, which is DKK 60m worse than in H1 2010. Adjusted for value adjustments and extraordinary costs the result is DKK 48m. It is mainly the Danish operations together with value adjustments which draw down the result, but the contribution from Greenland has also deteriorated much.

BankNordik Faroe Islands

Banking in the Faroes returned a pre-tax profit of DKK 33m (DKK 57m before value adjustments and DKK 74m excluding sector costs) in H1 2011 compared to DKK 33m in H1 2010 (DKK 20m before value adj.) The core business increases from DKK 68m in H1 2010 to DKK 89m in H1 2011 in addition to DKK 25m in less impairment. Though loan volume decreased by DKK 238m (-4%) net interest income increased by DKK 5m (3%) to DKK 160m.

High negative market value adjustments on bonds amount to DKK 24m affect the result significantly as well as the provisions for the Depositary Guarantee Fond. Impairments amount to DKK 5m which is a reversal of DKK 6m compared to Q1 2011 and DKK 25m less than in H1 2010.

Deposits in the Faroe Islands increased by 6% to DKK 5.7bn in the last year, while loans and advances decreased from DKK 6.5bn to DKK 6.3bn, leaving a deposit deficit of DKK 630m.

The outlook for the Faroese banking segment for the rest of 2011 is improving from an otherwise slow start, but loans are not expected to increase in H2 2011.

BankNordik Denmark

The Danish banking segment delivered a deficit amounting to DKK 29m, which is a deterioration of DKK 49m compared to H1 2010. The result is caused by decreasing interest and fee income, much increasing operating expenses deteriorating the already high cost/income ratio and impairments.

Staff costs and administrative expenses increased by DKK 17m (36%) in H1 2011 compared to Q1 2010, the main reason being increasing staff costs partly due to increasing number of administrative staff, but also due to the missing January 2010 which would have amounted to about DKK 9m.

Impairments have increased from DKK 0 in H1 2010 to DKK 23m in H1 2011 which is DKK 14m (152%) more than at the end of Q1 2011.

Loans and advances in Denmark have decreased by DKK 98m (6%) in the last year and are now DKK 1.4bn while deposits have decreased by DKK 191m (7%) and amount to DKK 2.7bn. The deposits surplus is DKK 1.2bn or 7% less than a year ago.

The outlook for the Danish market has deteriorated lately, mainly because of sluggish private consumption, but the export is doing well securing high balance of payments surpluses, which could trigger growth on a later stage.

The Bank acted in May 2011 on the poor performance In the Danish division, cutting dawn one branch, and performing rationalisations decreasing the staff by 10. These measures will only be seen in the banks figures In 2012.

BankNordik Greenland

Greenland delivered at pre-tax profit of DKK 0m in H1 2011, which is DKK 11m worse than H1 2010. Consequently Q2 2011 has delivered a deficit of DKK 2m. The reasons are mainly DKK 2m in falling income generation especially taking into account (estimated

effect of DKK 5m) H1 2010 figures lack January and the DKK 6m (37%) in increasing staff and administrative costs of which the missing January 2010 accounts for DKK 3m. In addition higher impairments amount to DKK 2m and market value adjustments are DKK 1m higher.
Loans and advances have declined by DKK (2%) to DKK 702m, while deposits are decreasing by DKK 83m (14%) to DKK 513m, which leaves a deposits deficit of DKK 189m.
The outlook for the banking activities in Greenland is stable.

INSURANCE SEGMENTS
The insurance business of the BankNordik Group returned a pre-tax profit of DKK 20m in H1 2011 which is DKK 8m better than in H1 2010 and DKK 13m better than in Q1 2011.

Trygd - Faroe Islands
Trygd has experienced growth in income from insurance activities, net and very little growth in administrative expenses in H1 2011 leading to a pre-tax profit of DKK 15m - up by 78% compared to H1 2010.
Premium income, net of reinsurance have decreased by DKK 1m (3%) to DKK 40m, but claims, net of reinsurance have been exceptionally low decreasing by DKK 9m (33%) to DKK 18m. Total income has increased by DKK 7m (40%) while total expenses have only increased by 3% to DKK 9m.
A low risk profile on investments delivers a steady income through time thus does not affect results.

Trygd expects a continuation of the present level of activity, but not as favourable claims as has been the case so far.

Vørður - Iceland
In H1 2011 Vørður continues to increase income and managed to deliver a surplus of DKK 5m (36%) compared to DKK 4m in H1 2010.
It is especially the net insurance result that kicks in with a premium income growth of DKK 15m (20%) while claims only increase by DKK 3m (5%). Compared to H1 2010 market value adjustments declined from DKK 10m to DKK 2m. This development improves the core business considerably as was indicated in the Q1 2011 report.
Total income thus increased by DKK 2m (9%) at the same time as total operating expenses increased by DKK 1m (4%).

Vørður expects a stable development for the rest of the year, but the uncertainties are also present.

Other issues

RATING

After having downgraded BankNordik from A3/C- with stable outlook to Baa1/C- with negative outlook on 16 February 2011, Moody's again on 1 June put BankNordik on review for possible downgrade. As with the case on acquisitions of the Sparbank branches, the review was triggered by BankNordik's acquisition of the healthy parts Amagerbanken A/S.

The following ratings are potential for action:

- Baa2 long-term
- Prime -2 short-term deposit ratings
- D+ Bank Financial Strength Rating (BFSR).

Moody's recognises the potential long-term strategic benefits, which involves increasing the already good deposits-to-loan ratio above 110% and the more diversified franchise in Denmark outside a more narrow geographical focus. Initially though, Moody's focus is on the Groups ability to integrate the new branches while keeping costs under control.

STRONGER EXECUTIVE MANAGEMENT STRUCTURE

In line with its strategy of controlled and focused growth, BankNordik's activities have expanded considerably in recent years. After having entered into an agreement on acquisition of half of Føroya Lívstrygging and acquired a considerable part of Amagerbanken, BankNordik in June announced a strengthening of the executive management team. The new structure has three business units:

- Banking operations, Faroe Islands and Greenland, headed by John Rajani, Deputy CEO
- Banking operations, Denmark, headed by Jan Ulsø Madsen, Country Manager
- Markets, headed by Henrik Jensen (Denmark) and Johnny í Grótinum (Faroe Islands), Chief Investment Officers
- Following the acquisition of Føroya Lívstrygging (to be effective in H2 2011) the Group intends to establish Pension and Life Insurance as a fourth business unit.

The business units are supported by three Group-wide units:

- Credit, headed by Janus Petersen, CEO
- Operations & Support (HR, marketing, IT and Development), headed by Edvard Heen, Chief Operations Officer
- Finance & Risk Management, headed by Árni Ellefsen, Chief Financial Officer
- The Executive Secretariat is headed by Rune Nørregaard, Chief Legal Officer.

Together, the six mentioned senior executives and the Bank's Executive Board constitute the Group Executive Management Team. The Executive Board remains to be Janus Petersen (CEO) and John Rajani (Deputy CEO).

SUBORDINATED DEBT AND HYBRID CAPITAL INCREASED

With the significantly increasing of BankNordik's balance after the acquisition of Amagerbanken, the Group chose to strengthen its already strong capital base by DKK 600m. In addition to the Financial Stability Company (through Amagerbanken of 2011 A/S) which subscribed subordinated bonds amounting to DKK 300m, the issuance received wide spread backup from Danish and Faroese institutional investors.

BankNordik had a solvency ratio of 17% in Q1 2011, but at the end of H1 it is 20.3% following DKK 300m of the capital expansion in relation to the acquisition of Amagerbanken has been booked in H1 2011. The solvency ratio after the consolidation of Amagerbanken is expected to be approximately 14.5%, while the core capital ratio is expected to be around 12%.

The bond structure, which was issued on 24 June 2011, consisted of DKK 180m hybrid core capital and DKK 420m subordinated loan capital.

The hybrid capital is perpetual, but may be redeemed by BankNordik at par from 24 June 2016 and every following quarter. During the first five years the bonds carry a fixed five-year swap rate in DKK plus 7.5%. After that the rate will change to the floating 3 month Cibor plus 7.5%.

The subordinated capital has a 10 years maturity, but may be redeemed by BankNordik at par from 24 June 2016 and every following quarter. During the first five years the bonds carry the fixed five-year swap rate from

21 June 2011 in DKK plus 5.5% per annum. After that the rate will change to the floating 3 months Cibor plus 5.5% and an additional step-up of 1.5% provided this complies with the regulation at that time.

The hybrid core capital and subordinated loan capital bonds were originally intended to be listed on OMX Copenhagen in the third quarter of 2011, but this has since been postponed to 20 October 2011.

CHANGE IN DIVIDEND POLICY

In connection with the issuance of the bonds, the Group decided to restrict future dividend payments to 10% of the annual net profit and at the most DKK 10 million annually, for as long as the core capital ratio (excluding hybrid core capital) is below 10%. Given that the capital ratio excluding hybrid core capital will be around 9.6% after the consolidation with Amagerbanken, the ratio is expected to rise above 10% within the next two years. BankNordik will reassess its dividend policy when the core capital ratio has reached 10% or when the newly subscribed hybrid core capital may be redeemed.

INCREASED INDIVIDUAL SOLVENCY REQUIREMENT

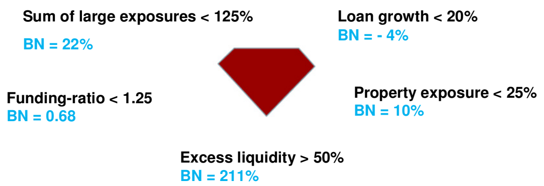
In conjunction with the inspection from the Danish FSA in June, BankNordik remains true to its present credit assessment model leaving credit risk unchanged. On the other hand, the increasing scale and scope of activities has introduced BankNordik to a Group strategic risk assessed to be around 1%. This affects the Groups individual solvency requirement by raising it from 8.1% to 8.8%.

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 benchmarks 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

AMAGERBANKEN DEAL APPROVED AND SIGNED
As mentioned above and announced, BankNordik has made an agreement with the Financial Stability Company to buy parts of Amagerbanken, conditioned on the necessary approval. Since the agreement was signed on 18 May, BankNordik has in cooperation with Amagerbanken prepared a quick and efficient takeover so that the acquisition could be executed immediately and take effect on 1 July 2011.

By 1 July all necessary approvals where obtained, including the FSA's approval, and as and all formalities also were in place the acquisition of the healthy parts of Amagerbanken was executed and took effect from the 1 July 2011.

With the acquisition BankNordik obtains approx. 90,000 new customers and the deposit surplus increases by DKK 1.0bn to DKK 1.3bn. At the same time the bank's geographical and industrial risk diversification are improved. The solvency ratio is approximately 14.5%.

BankNordik will employ 200 of the former employees of Amagerbanken and all the trainees will continue in BankNordik. Thus the customers will meet familiar faces at their local branches after the BankNordik takeover.

The Amagerbanken customers will going forward be serviced from 13 branches as 11 of Amagerbanken's smaller branches in the metropolitan have been merged with nearby branches in order to provide a broader scope, enhanced competences and improve profitability. Six of the 13 branches are located on Amager, five in the rest of the Copenhagen area, one in Aarhus and one in Odense..

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 DKK 1,000	H1 2011	H1 2010	H1 2009	H1 2008	BankNordik P/F Previous GAAP H1 2007	Full year 2010
Net interest and fee income	273,427	287,417	224,646	176,179	155,723	589,019
Interest and fee income and income from insurance activities, net	315,383	308,322	241,881	178,774	155,723	643,679
Market value adjustments	-21,516	25,643	24,703	-40,775	11,111	20,037
Other operating income	6,758	380,915	-1,325	-1,847	-2,108	379,409
Staff cost and administrative expenses	209,213	194,872	103,376	104,988	91,375	408,088
Impairment charges on loans and advances etc.	30,250	34,578	56,419	86,037	-21,983	167,114
Net profit	22,927	371,804	71,186	-59,184	84,192	339,435
Loans and advances	8,445,637	8,792,778	7,304,651	7,681,117	6,240,863	8,674,663
Bonds at fair value	2,436,928	2,195,992	1,067,046	960,081	858,548	3,497,466
Intangible assets	477,639	434,724	0	0	0	439,723
Assets held for sale	165,646	156,545	132,911	23,859	0	160,794
Total assets	13,298,756	14,984,424	9,567,598	9,629,829	7,775,828	14,258,767
Due to credit institutions and central banks	146,334	624,462	1,769,518	2,529,267	1,488,681	245,249
Deposits and other debt	8,740,515	8,751,631	5,485,810	5,490,474	4,849,648	8,843,972
Issued bonds at amortised cost	1,199,843	2,699,843	499,717	0	0	2,199,843
Total shareholders' equity	2,016,064	2,048,729	1,569,034	1,386,255	1,329,711	2,002,566

Ratios and key figures

	June 30 2011	June 30 2010	June 30 2009	June 30 2008	June 30 2007	Full year 2010
Solvency						
Solvency ratio, %	20.3	17.7	22.1	18.7	20.8	17.0
Core capital ratio, %	19.4	17.9	22.2	18.8	20.9	17.2
Risk-weighted Items, DKK mill	9,743	9,737	6,805	7,328	5,925	10,080
Profitability						
Return on equity before tax, %	1.3	24.7	5.7	-3.9	7.9	22.4
Return on equity after tax, %	1.1	20.0	4.6	-4.1	6.5	18.3
Income / Cost ratio	1.1	2.8	1.5	0.7	2.4	1.7
Cost / income, % (excl. value adjustm. and impairments)	75.5	32.0	49.7	60.1	58.2	44.8
Market risk						
Interest rate risk, %	1.8	3.7	1.4	2.2	2.4	3.1
Foreign exchange position, %	7.2	18.5	1.3	18.7	7.2	24.6
Liquidity						
Loans and advances plus impairment charges as % of deposits	100.9	105.2	141.5	144.8	134.4	102.6
Excess cover relative to statutory liquidity requirements, %	210.7	288.1	196.8	85.3	51.0	292.9
Credit risk						
Large exposures as % of capital base	22.1	10.7	68.0	103.9	162.7	22.8
Impairment and provisioning ratio, %	3.7	4.1	4.2	3.2	4.0	3.7
Write-off and impairments ratio, %	0.3	0.3	0.7	1.0	-0.3	1.5
Growth on loans and advances, %	-2.6	26.7	-4.0	1.8	15.4	25.0
Gearing of loans and advances	4.2	4.3	4.7	5.5	4.7	4.2
Shares nom. DKK 100)						
Earnings per share after tax (nom. DKK 100), DKK	11.6	190.8	37.0	-29.8	42.1	174.6
Book value per share (nom. DKK 100), DKK	1,016	1,047	815	698	665	1,050
Market price per share (nom. DKK 100), DKK	555.0	710.8	609.1	740.0	1,182.0	720.0
Market price / earnings per share DKK	48.0	3.7	16.5	-24.8	28.1	4.1
Market price / book value per share DKK	0.55	0.68	0.75	1.06	1.78	0.69
Other						
Number of full-time employees, end of period	421	424	231	251	260	433

Income statement - BankNordik Group

Note	DKK 1,000	H1 2011	H1 2010	Full year 2010
3	Interest income	312,776	332,820	673,994
4	Interest expenses	82,143	98,472	194,474
	Net interest income	**230,634**	**234,348**	**479,520**
	Dividends from shares and other investments	3,339	6,499	16,653
5	Fee and commission income	45,407	49,921	96,368
5	Fee and commissions paid	5,953	3,351	3,522
	Net interest and fee income	**273,427**	**287,417**	**589,019**
	Premium income, net of reinsurance	131,309	116,278	243,311
	Claims, net of reinsurance	89,353	95,374	188,651
	Interest and fee income and income from insurance activities, net	**315,383**	**308,322**	**643,679**
6	Market value adjustments	-21,516	25,643	20,037
7	Other operating income	6,758	380,915	379,409
8	Staff costs and administrative expenses	209,213	194,872	408,088
	Amortisation, depreciation and impairment charges	15,936	8,436	23,840
	Other operating expenses	17,244	15,799	24,823
9	Impairment charges on loans and advances etc.	30,250	34,578	167,114
	Income from associated and subsidiary undertakings	-884	-3,519	-3,519
	Profit before tax	**27,098**	**457,676**	**415,741**
	Tax	4,171	85,872	76,307
	Net profit	**22,927**	**371,804**	**339,435**
	Portion attributable to			
	Shareholders of BankNordik P/F	22,787	370,165	334,176
	Minority interests	140	1,638	5,258
	Net profit	**22,927**	**371,804**	**339,435**
	EPS Basic for the period, DKK*	2.31	38.16	34.91
	EPS Diluted for the period, DKK *	2.31	38.16	34.91

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

Statement of comprehensive income - BankNordik Group

DKK 1,000	H1 2011	H1 2010	Full year 2010
Net profit	22,927	371,804	339,435
Other comprehensive income			
Translation of non-Faroese subsidiaries	-12,333	5,029	12,910
Tax on other comprehensive income	577	0	1,066
Total other comprehensive income	-11,756	5,029	11,845
Total comprehensive income	**11,172**	**376,833**	**351,279**
Portion attributable to			
Shareholders of BankNordik P/F	11,432	382,735	352,682
Minority interests	-260	-5,902	-1,402
Total comprehensive income	**11,172**	**376,833**	**351,279**

Balance Sheet - BankNordik Group

Note	DKK 1,000	June 30 2011	June 30 2010	Full year 2010
	Assets			
	Cash in hand and demand deposits with central banks	642,637	1,942,761	242,382
10	Due from credit institutions and central banks	336,260	905,824	513,959
11	Loans and advances at fair value	947,744	899,692	1,013,704
11	Loans and advances at amortised cost	7,497,893	7,893,085	7,660,959
	Bonds at fair value	2,436,928	2,195,992	3,497,466
	Shares, etc.	294,059	150,363	308,490
	Assets under insurance contracts	97,362	100,805	90,321
	Holdings in associates	20,421	21,306	21,306
	Intangible assets	477,639	434,724	439,723
	Assets under pooled schemes	91,729	38,939	53,651
	Total land and buildings	140,291	141,227	140,396
	investment property	2,500	2,500	2,500
	domicile property	137,791	138,727	137,896
	Other property, plant and equipment	15,502	10,248	16,362
	Current tax assets	12,186	0	2,035
	Deferred tax assets	22,340	23,341	27,153
11,12	Assets held for sale	165,646	156,545	160,794
	Other assets	87,857	68,626	58,683
	Prepayments	12,262	946	11,383
	Total assets	**13,298,756**	**14,984,424**	**14,258,767**

Balance Sheet - BankNordik Group

Note	DKK 1,000	June 30 2011	June 30 2010	Full year 2010
	Shareholders' equity and liabilities			
	Liabilities other than provisions			
	Due to credit institutions and central banks	146,334	624,462	245,249
	Deposits and other debt	8,648,786	8,712,760	8,790,321
	Deposits under pooled schemes	91,729	38,872	53,651
	Issued bonds at amortised cost	1,199,843	2,699,843	2,199,843
	Liabilities under insurance contracts	328,563	330,000	321,833
	Current tax liabilities	83,212	90,418	71,977
	Other liabilities	254,600	184,384	289,007
	Deferred income	8,596	9,325	13,843
	Total liabilities other than provisions	**10,761,662**	**12,690,064**	**11,985,723**
	Provisions for liabilities			
	Provisions for deferred tax	18,376	14,642	18,953
	Provisions for losses on guarantees	3,913	27,750	8,285
	Total provisions for liabilities	**22,289**	**42,392**	**27,238**
	Subordinated debt			
	Subordinated debt	498,740	203,240	203,240
	Total liabilities	**11,282,692**	**12,935,696**	**12,216,201**
	Shareholders' equity			
	Share capital	200,000	200,000	200,000
	Foreign translation reserve	12,537	5,063	18,520
	Retained earnings	1,803,527	1,843,665	1,784,046
	Proposed dividends	0	0	40,000
	Total shareholders' equity	**2,016,064**	**2,048,729**	**2,042,566**
	Shareholders of the Parent Company	2,010,756	2,010,754	2,000,091
	Minority interests	5,308	37,975	42,474
	Total shareholders' equity	**2,016,064**	**2,048,729**	**2,042,566**
	Total liabilities and equity	**13,298,756**	**14,984,424**	**14,258,767**

Statement of capital - BankNordik Group

Changes in shareholders' equity:

DKK 1,000	Share capital	Foreign currency translation reserve	Proposed dividends	Retained earnings	Total	Minority interests	Total
Shareholders' equity at January 1, 2011	200,000	18,520	40,000	1,741,572	2,000,091	42,474	2,042,566
Corrections minority interests in Vørður		5,373		31,533	36,906	-36,906	0
Corrected shareholders' equity at January 1, 2011	200,000	23,892	40,000	1,773,105	2,036,997	5,569	2,042,566
Translation of foreign units		-11,932			-11,932	-400	-12,333
Tax on entries on shareholders' equity		577			577		577
Income recognised directly on shareholders' equity		-11,355		0	-11,355	-400	-11,756
Net profit				22,787	22,787	140	22,927
Total comprehensive income		-11,355		22,787	11,432	-260	11,172
Acquisition of own shares				-25,246	-25,246		-25,246
Sale of own shares				27,573	27,573		27,573
Dividends payed			-40,000		-40,000		-40,000
Shareholders' equity at June 30, 2011	**200,000**	**12,537**	**0**	**1,798,219**	**2,010,756**	**5,308**	**2,016,064**

DKK 1,000	Share capital	Foreign currency translation reserve	Proposed dividends	Retained earnings	Total	Minority interests	Total
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		13,467			13,467	-7,541	5,926
Tax on entries on shareholders' equity		-897			-897		-897
Income recognised directly on shareholders' equity		12,569			12,569	-7,541	5,029
Net profit				370,165	370,165	1,638	371,804
Total comprehensive income		12,569		370,165	382,735	-5,902	376,833
Acquisition of own shares				-168,703	-168,703		-168,703
Sale of own shares				177,478	177,478		177,478
Dividends payed							
Shareholders' equity at June 30, 2010	**200,000**	**12,584**		**1,798,170**	**2,010,754**	**37,975**	**2,048,729**

Shares

DKK 1,000	**H1 2011**	**H1 2010**	**Full year 2010**
Net profit	22,927	371,804	339,435
Average number of shares outstanding	9,919	9,744	9,723
Number of dilutive shares issued	0	0	0
Average number of shares outstanding, including dilutive shares diluted	**9,919**	**9,744**	**9,723**
Earnings per share, DKK	**2.31**	**38.16**	**34.91**
Diluted net profit for the period per share, DKK	**2.31**	**38.16**	**34.91**

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

Average number of shares outstanding:

Issued shares at 1 January, numbers in 1,000	10,000	10,000	10,000
Increase in share capital	0	0	0
Issued shares at end of period	**10,000**	**10,000**	**10,000**
Shares outstanding at end of period	9,921	9,784	9,913
Group's average holding of own shares during the period	81	256	277
Average shares outstanding	**9,919**	**9,744**	**9,723**

Cash flow statement - BankNordik Group

DKK 1,000	H1 2011	H1 2010	Full year 2010
Cash flow from operations			
Net profit for the period	22,927	371,804	415,741
Adjustment of non-cash operating items	43,074	21,464	161,615
Changes in operating capital	903,845	-243,609	-2,068,384
Cash flow from operations	**969,846**	**149,659**	**-1,491,027**
Cash flow from investing activities			
Acquisition/sale of group undertakings and other business units	0	-325,150	-293,717
Acquisition/sale of own shares	2,327	8,775	28,165
Acquisition of intangible assets	-884	-24,828	-39,282
Acquisition/sale of tangible assets	-1,197	-24,698	-14,028
Cash flow from investing activities	**246**	**-365,901**	**-318,863**
Issue of bonds	-1,000,000	1,700,000	1,200,000
Increase in subordinated debt	295,500	0	-45
Payment of dividends	-40,000	0	0
Payment of long term loan	0	-145	0
Cash flow from financing activities	**-744,500**	**1,699,855**	**1,199,955**
Cash flow	**225,592**	**1,483,612**	**-609,935**
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	-3,035	9,253	10,556
Cash flow	225,592	1,483,612	-609,935
Cash and due etc.	**978,897**	**2,848,585**	**756,340**
Cash and due etc.			
Cash in hand and demand deposits with central banks	642,637	1,942,761	242,382
Due from credit institutions, etc.	336,260	905,824	513,959
Total	**978,897**	**2,848,585**	**756,340**

Note 1 Significant accounting policies

The consolidated financial statement for the first half 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 - segment reporting H1 2011

Note	Operating segments DKK 1,000	Banking Faroe Island	Denmark	Greenland	BankNordik	Insurance Faroe Island	Iceland	Total	Other	Elimination	BankNordik Group
2	Interest income	231,001	66,942	27,164	325,107	1,753	3,152	4,904	178	-17,413	312,776
	Interest expence	70,572	21,314	7,134	99,019	0	0	0	536	-17,413	82,143
	Net interest income	160,429	45,628	20,030	226,088	1,753	3,152	4,904	-359		230,634
	Dividends from shares and other investments	709	0	0	709	0	2,538	2,538	91	0	3,339
	Net fee income	21,966	13,918	5,828	41,712	0	-2,270	-2,270	80	-68	39,454
	Premium income, net of reinsurance	0	0	0	0	39,717	90,678	130,396	1,636	-723	131,309
	Claims, net of reinsurance	0	0	0	0	17,620	71,551	89,171	182	0	89,353
	Market value adjustments	-24,495	-1,359	-1,359	-27,214	-301	2,107	1,805	3,892	0	-21,516
	Income from associates	0	0	0	0	0	0	0	-884	0	-884
	Other operating income	4,169	97	48	4,314	3	581	584	2,138	-278	6,758
	Total income	**162,779**	**58,284**	**24,547**	**245,610**	**23,552**	**25,235**	**48,787**	**6,413**		**299,741**
	Staff costs and administrative expenses	98,210	63,661	21,530	183,402	8,826	15,748	24,574	2,306	-1,068	209,213
	Depreciation and impairment of property, plant and equipment	9,082	1,147	573	10,803	142	4,314	4,456	677	0	15,936
	Other operating expenses	17,244	0	0	17,244	0	0	0	0	0	17,244
	Total operating expenses	**124,537**	**64,808**	**22,104**	**211,449**	**8,967**	**20,062**	**29,030**	**2,983**		**242,393**
	Profit before impairment charges on loans	**38,242**	**-6,524**	**2,443**	**34,161**	**14,585**	**5,172**	**19,757**	**3,430**	0	**57,348**
	Impairment charges on loans and advances etc.	5,257	22,669	2,296	30,222	0	15	15	13	0	30,250
	Profit before tax	**32,985**	**-29,193**	**147**	**3,939**	**14,585**	**5,157**	**19,742**	**3,417**		**27,098**
	Loans and advances	6,305,647	1,437,407	702,266	8,445,321	0	316	316	0	0	8,445,637
	Holdings in associates	20,421			20,421	0	3,279	3,279	0	0	23,700
	Other assets	4,425,045	1,220,987	834	5,646,866	173,315	342,612	515,927	83,201	-1,416,575	4,829,419
	Total assets	**10,751,113**	**2,658,394**	**703,101**	**14,112,608**	**173,315**	**346,207**	**519,522**	**83,201**		**13,298,756**
	Deposits	5,675,205	2,656,563	513,456	8,845,223	0	0	0	0	-104,709	8,740,515
	Other liabilities	5,075,908	832	189,645	5,266,385	173,315	346,207	519,522	83,201	-1,310,867	4,558,242
	Total liabilities and equity	**10,751,113**	**2,657,394**	**703,101**	**14,111,608**	**173,315**	**346,207**	**519,522**	**83,201**		**13,298,756**
	Internal interest income/expence allocated to operating segments	2,4-2,8%	2,4-2,8%	2,4-2,8%	2,4-2,8%						
	Cost/income ratio (%)	79.7%	150.1%	99.4%	98.4%	38.1%	79.6%	59.5%	46.7%		91.0%
	Cost/income ratio (excl. value adjustments and impairments on loans and advances etc.) (%)	66.5%	108.7%	85.3%	77.5%	37.6%	86.7%	61.8%	118.3%		75.5%

BankNordik Group - segment reporting H1 2010

Note	Operating segments DKK 1,000	Banking Faroe Island	Denmark	Greenland	Total	Insurance Faroe Island	Iceland	Total	Other	Elimination	BankNordik Group
2	Interest income	244,194	71,709	27,713	343,616	1,804	4,703	6,507	189	-17,492	332,820
(cont'd)	Interest expence	88,421	18,626	8,800	115,848	0	109	109	7	-17,492	98,472
	Net interest income	155,773	53,083	18,913	227,768	1,804	4,594	6,398	182		234,348
	Dividends from shares and other investments	6,499	0	0	6,499	0	0	0	0	0	6,499
	Net fee income	17,043	13,232	7,100	37,375	0	527	527	8,761	-93	46,570
	Premium income, net of reinsurance	0	0	0	0	40,760	75,337	116,097	1,093	-912	116,278
	Claims, net of reinsurance	0	0	0	0	26,403	68,464	94,867	507	0	95,374
	Market value adjustments	13,113	497	497	14,107	699	10,434	11,132	404	0	25,643
	Income from associates	0	0	0	0	0	0	0	-3,519	0	-3,519
	Other operating income	-1,481	203	101	-1,177	-14	637	624	381,774	-306	380,915
	Total income	**190,947**	**67,015**	**26,612**	**284,573**	**16,846**	**23,065**	**39,911**	**388,188**		**711,360**
	Staff costs and administrative expenses	109,736	47,174	15,705	172,615	8,524	13,547	22,071	1,497	-1,311	194,872
	Depreciation and impairment of property, plant and equipment	3,999	0	0	3,999	144	3,855	3,999	438	0	8,436
	Other operating expenses	13,879	24	12	13,915	0	1,883	1,883	0	0	15,799
	Total operating expenses	**127,615**	**47,198**	**15,717**	**190,530**	**8,667**	**19,286**	**27,953**	**1,935**		**219,107**
	Profit before impairment charges on loans	**63,332**	**19,817**	**10,894**	**94,043**	**8,178**	**3,779**	**11,957**	**386,253**	0	**492,253**
	Impairment charges on loans and advances etc.	30,138	0	0	30,138	0	0	0	4,440	0	34,578
	Profit before tax	**33,195**	**19,817**	**10,894**	**63,906**	**8,178**	**3,779**	**11,957**	**381,813**		**457,676**
	Loans and advances	6,543,289	1,535,205	713,428	8,791,922	0	856	856	0	0	8,792,778
	Holdings in associates	21,306			21,306	0	3,292	3,292	0	0	24,597
	Other assets	5,642,607	1,314,537	248	6,957,392	167,658	351,824	519,481	27,921	-1,337,746	6,167,049
	Total assets	**12,207,202**	**2,849,742**	**713,676**	**15,770,620**	**167,658**	**355,972**	**523,629**	**27,921**		**14,984,424**
	Deposits	5,417,406	2,848,762	596,130	8,862,297	0	0	0	0	-110,666	8,751,631
	Other liabilities	6,789,796	981	117,546	6,908,322	167,658	355,972	523,629	27,921	-1,227,080	6,232,793
	Total liabilities and equity	**12,207,202**	**2,849,742**	**713,676**	**15,770,620**	**167,658**	**355,972**	**523,629**	**27,921**		**14,984,424**
	Internal interest income/expence allocated to operating segments	1,4-2,4%	1,4-2,4%	1,4-2,4%	1,4-2,4%						
	Cost/income ratio (%)	82.6%	70.4%	59.1%	77.5%	51.5%	83.6%	70.0%	1.6%		35.7%
	Cost/income ratio (excl. value adjustments and impairments on loans and advances etc.) (%)	71.8%	71.0%	60.2%	70.4%	53.7%	152.7%	97.1%	0.5%		32.0%

BankNordik Group's activities are divided in two segments, Banking and Insurance, and since sub-divided into geographical markets.
Banking experienced total income declining by 14% in H1 2011 compared to H1 2010, partly because loans and advances in the same period declined by 4%, to DKK 8.4bn and because of the low activity level.
Banking in the Faroe Islands delivered a NII of DKK 160m compared to DKK 156m in H1 2010. In Denmark the NII was DKK 46m in H1 2011 compared to DKK 53m in H1 2010 and in Greenland NII amounted to DKK 20m compared to DKK 19m in the same period of 2010.
Total cost from banking activity in H1 2011 increased by DKK 21m or 11% to DKK 211m compared to H1 2010. The increase stems mainly from higher staff costs in Denmark and Greenland, costs to the Depository Guarantee Fund and figures from a missing January in the accounts from H1 2010.
The Groups insurance activities stand for 15% of Group total income. The insurance segment increased its net insurance income by DKK 14m in H1 2011 compared to H1 2010. The main reason is lower claims costs and increasing premium income, especially in the Faroe Islands. The pre-tax profit in the Faroe Island was DKK 15m compared to DKK 8m in H1 2010. Iceland insurance increased pre-tax profit by 36% to DKK 5m.
In general the banking segment in H1 2011 has experienced declining income and increasing costs, while the insurance segment has experienced the opposite.

BankNordik Group - Geographical information H1

	Total income		Non current assets		Additions on material assets	
DKK 1,000	**2011**	**2010**	**June 30 2011**	**June 30 2010**	**2011**	**2010**
Faroe Islands	189,876	593,759	581,559	559,114	-597	1,025
Denmark	58,284	67,015	8,259	29,599	15	0
Iceland	27,033	23,975	64,036	18,792	-383	311
Greenland	24,547	26,612	0	0	0	0
Total	**299,741**	**711,360**	**653,854**	**607,504**	**-965**	**1,336**

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.

BankNordik Group - Revenues from external customers H1

Revenues from external customers	**2011**	**2010**
Banking	244,541	283,262
Insurance products	48,787	39,911
Other	6,413	388,188
Total revenue	**299,741**	**711,360**

The Groupe's external revenue is organized into different business areas acording 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 Bakkafost in 2010 with a revenue of DKK 380m.

Notes - BankNordik Group

Note	DKK 1,000	H1 2011	H1 2010	Full Year 2010
3	**Interest income**			
	Credit institutions and central banks	4,380	14,491	18,568
	Loans and advances	283,143	308,075	604,227
	Bonds	34,534	21,430	67,027
	Total derivatives of which:	-11,142	-12,683	-13,789
	Currency contracts	*0*	*0*	*0*
	Interest rate contracts	*-11,142*	*-12,683*	*-13,789*
	Other transactions	*0*	*0*	*0*
	Other interest income	1,863	1,508	-2,039
	Total interest income	**312,776**	**332,820**	**673,994**
	Of which accounted for by income from genuine sale and repurchase transactions:			
	Credit institutions and central banks	0	0	0
4	**Interest expenses**			
	Credit institutions and central banks	139	8,460	12,199
	Deposits	51,407	62,466	126,216
	Issued Bonds	17,700	17,029	29,927
	Subordinated debt	10,983	10,406	20,914
	Other interest expenses	1,914	111	5,219
	Total interest expenses	**82,143**	**98,472**	**194,474**
	Of which interest expenses on genuine sale and repurchase transactions are carried under:			
	Credit institutions and central banks	0	18	0
5	**Net fee and commission income**			
	Fee and commission income			
	Securities trading and custody accounts	2,625	5,879	6,583
	Credit transfers	8,738	9,466	19,724
	Loan commissions	6,907	12,654	24,045
	Guarantee commissions	10,876	8,741	19,659
	Life insurance	0	135	262
	Other fees and commissions	16,260	13,046	26,094
	Total fee and commission income	**45,407**	**49,921**	**96,368**
	Fee and commissions paid			
	Securities trading and custody accounts	5,953	3,351	3,522
	Net fee and commission income	**39,454**	**46,570**	**92,846**
6	**Market value adjustments**			
	Loans and advances	-19,992	4,583	14,596
	Bonds	-23,613	17,603	-4,641
	Shares	4,502	1,100	14,382
	Investment properties			
	Foreign exchange	425	6,111	16,413
	Total derivatives of which:	17,382	-3,752	-20,859
	Currency Swaps	*-279*	*0*	*920*
	Interest Swaps	*14,912*	*-3,752*	*-21,545*
	Other contracts	*2,749*	*0*	*-234*
	Assets linked to pooled schemes	-221	-2	146
	Total market value adjustments	**-21,516**	**25,643**	**20,037**

Note	DKK 1,000	H1 2011	H1 2010	Full Year 2010
7	**Other operating income**			
	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	610	1	0
	Other income	6,127	339	-585
	Total other operating income	**6,758**	**380,915**	**379,409**
	DKK 380m concerns the divestment of Bakkafrost			
8	**Staff costs and administrative expenses**			
	Staff costs:			
	Salaries	100,204	91,294	182,903
	Pensions	9,991	8,147	17,547
	Social security expenses	12,640	10,945	22,818
	Total staff costs	122,834	110,387	223,269
	Administrative expenses:			
	IT	36,871	28,809	67,531
	Marketing etc	15,311	13,183	24,688
	Education etc	2,768	2,845	5,262
	Advisory services	3,170	5,425	10,621
	Other expenses	36,107	45,285	95,751
	Total administrative expenses	94,228	95,546	203,853
	Total staff costs	122,834	110,387	223,269
	Employee exp. incl. under the item "Claims, net of reinsurance"	-7,849	-9,608	-19,034
	Total administrative expenses	94,228	94,094	203,853
	Total staff costs and administrative expenses	**209,213**	**194,872**	**408,088**
	Number of employees			
	Average number of full-time employees in the period	431	401	431
	Executive remuneration:			
	Board of Directors	795	765	1,635
	Executive Board:			
	Salaries	2,117	2,257	4,538
	Pension	304	329	657
	Total executive remuneration	3,216	3,350	6,830

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	H1 2011	H1 2010	Full Year 2010
9	**Impairment charges on loans and advances etc.**			
	Due from credit institutions and central banks	0	0	0
	Loans and advances at amortised cost	18,805	17,230	117,177
	Loans and advances at fair value	0	8,413	8,668
	Private Contingency Association (Det private beredskab)	0	6,216	15,466
	Guarantiees and loan commitments	3,628	0	8,285
	Assets held for sale	7,816	2,719	17,518
	Total	**30,250**	**34,578**	**167,114**
	Individual impairment charges etc.			
	New and increased impairment charges	65,833	39,014	243,441
	Reversals of impairment charges	36,899	11,700	65,709
	Write-offs charged directly to the income statement	10,095	1,995	482
	Received on claims previously written off	370	1,908	2,295
	Interest income	3,680	0	10,392
	Total individual impairment charges	**34,979**	**27,401**	**165,527**
	Collective impairment charges			
	New and increased impairment charges	3,092	7,176	8,928
	Reversals of impairment charges	7,821	0	7,342
	Total collective impairment charges	**-4,729**	**7,176**	**1,587**
	Total impairment charges	**30,250**	**34,578**	**167,114**

Notes - BankNordik Group

Note	DKK 1,000	June 30 2011	June 30 2010	Full Year 2010
10	**Due from credit institutions etc. specified by maturity**			
	On demand	298,552	872,838	513,959
	3 months and below	19,552	14,502	0
	3 months to 1 year	18,156	18,483	0
	Total	**336,260**	**905,824**	**513,959**
11	**Impairment charges, loans and advances etc.**			
	Individual impairment charges etc.			
	At 1 January	374,784	258,827	268,838
	Additions on acquisitions	0	74,810	45,600
	New and increased impairment charges	65,805	21,667	271,301
	Reversals of impairment charges	36,899	11,700	65,709
	Written-off, previously impaired	52,194	9,781	143,082
	Foreign currency translation	-34	135	0
	Other additions and disposals	-3,680	0	-2,164
	Total	347,782	333,958	374,784
	Collective impairment charges			
	At 1 January	27,672	17,000	17,000
	Additions on acquisitions	0	9,828	9,086
	New and increased impairment charges	3,092	7,176	8,928
	Reversals of impairment charges	7,821	0	7,342
	Total	22,944	34,004	27,672
	Total	**370,726**	**367,962**	**402,457**
12	**Assets held for sale**			
	Total purchase price, at 1 January	183,494	241,090	181,090
	Additions	19,256	34,657	97,265
	Disposals and write off	6,588	51,301	94,861
	Total purchase price	196,162	224,446	183,494
	Depreciation and impairment, at 1 January	22,700	65,182	5,182
	Impairment charges for the year	7,816	2,719	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			
	Total depreciation and impairment	30,516	67,901	22,700
	Total assets held for sale	**165,646**	**156,545**	**160,794**

Note	DKK 1,000	June 30 2011	June 30 2010	Full Year 2010
13	**Contingent liabilities**			
	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	46,250	0
	Guarantees	1,408,288	405,334	1,856,361
	Total	1,408,288	1,434,052	1,856,361
	Other contingent liabilities			
	Irrevocable loan commitments	0	0	0
	Total	0	0	0

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 30 June 2011 the liability is estimated to amount to DKK 52,7m.

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 30 June 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: 65m).

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 DKK 1,000	H1 2011	H1 2010	H1 2009	H1 2008	BankNordik P/F Previous GAAP H1 2007	Full year 2010
Net interest and fee income	268,510	280,269	221,946	173,190	155,723	566,130
Market value adjustments	-27,214	14,107	24,109	-40,504	11,111	9,018
Other operating income	4,314	379,398	-1,610	-2,201	-2,108	376,415
Staff cost and administrative expenses	183,402	172,615	95,302	96,626	91,375	359,494
Impairment charges on loans and advances etc.	30,222	34,578	56,419	86,037	-21,983	167,688
Net profit	17,299	370,165	71,186	-59,184	84,192	334,176
Loans and advances	8,445,321	8,791,922	7,304,651	7,681,502	6,240,863	8,674,007
Bonds at fair value	2,290,263	2,056,758	1,020,749	907,676	858,548	3,343,661
Intangible assets	419,191	421,791	0	0	0	429,968
Assets held for sale	165,646	156,545	132,911	23,879	0	160,794
Total assets	12,955,784	14,704,428	9,588,157	9,637,022	7,775,828	13,963,684
Due to credit institutions and central banks	146,334	624,417	1,769,518	2,529,267	1,488,681	245,249
Deposits and other debt	8,845,223	8,823,426	5,583,902	5,574,375	4,849,648	8,890,727
Issued bonds at amortised cost	1,199,843	2,699,843	499,717	0	0	2,199,843
Total shareholders' equity	1,975,041	2,010,754	1,569,034	1,386,255	1,329,711	2,000,091

Ratios and key figures

	June 30 2011	June 30 2010	June 30 2009	June 30 2008	June 30 2007	Full year 2010
Solvency						
Solvency ratio, %	20.3	17.7	22.1	18.7	20.8	17.0
Core capital ratio, %	19.4	17.9	22.2	18.8	20.9	17.2
Risk-weighted Items, DKK mill	9,743	9,737	6,805	7,328	5,925	10,080
Profitability						
Return on equity before tax, %	0.9	25.0	5.5	-3.8	7.9	22.5
Return on equity after tax, %	0.9	20.4	4.6	-4.1	6.5	18.5
Income / Cost ratio	1.07	3.02	1.51	0.71	2.39	1.72
Cost / income, % (excl. value adjustm. and impairments)	73.8	28.7	48.3	58.0	58.2	41.1
Market risk						
Interest rate risk, %	1.8	3.7	1.4	2.20	2.40	3.1
Foreign exchange position, %	7.2	18.5	1.3	18.70	7.20	24.6
Liquidity						
Loans and advances plus impairment charges as % of deposits	99.7	103.8	139.0	142.67	134.4	101.5
Excess cover relative to statutory liquidity requirements, %	193.1	275.9	196.8	85.3	51.0	280.6
Credit risk						
Large exposures as % of capital base	22.1	10.7	68.0	103.9	162.7	22.8
Impairment and provisioning ratio, %	3.7	4.1	4.2	3.2	4.0	3.7
Write-off and impairments ratio, %	0.3	0.3	0.7	1.0	-0.3	1.6
Growth on loans and advances, %	-2.6	26.8	-4.0	1.8	15.4	25.0
Gearing of loans and advances	4.3	4.4	4.7	5.5	4.7	4.3
Shares nom. DKK 100)						
Earnings per share after tax (nom. DKK 100), DKK	8.7	189.9	37.0	-29.8	42.1	171.8
Book value per share (nom. DKK 100), DKK	995	1,028	815	698	665	1,029
Market price per share (nom. DKK 100), DKK	555	711	609	740	1,182	720
Market price / earnings per share DKK	63.6	3.7	16.5	-24.8	28.1	4.2
Market price / book value per share DKK	0.56	0.69	0.75	1.06	1.78	0.70
Other						
Number of full-time employees, end of period	343	346	206	222	226	353

Income statement - P/F BankNordik

Note	DKK 1,000	H1 2011	H1 2010	Full year 2010
1	Interest income	308,572	327,081	663,369
2	Interest expenses	82,484	99,313	196,243
	Net interest income	**226,088**	**227,768**	**467,125**
	Dividends from shares and other investments	709	6,499	6,937
3	Fee and commission income	44,806	49,352	95,589
3	Fee and commissions paid	3,094	3,351	3,522
	Net interest and fee income	**268,510**	**280,269**	**566,130**
4	Market value adjustments	-27,214	14,107	9,018
5	Other operating income	4,314	379,398	376,415
6	Staff costs and administrative expenses	183,402	172,615	359,494
	Depreciation and impairment of property, plant and equipment	10,803	3,999	14,280
	Other operating expenses	17,244	13,915	20,822
7	Impairment charges on loans and advances etc.	30,222	34,578	167,688
	Income from associated and subsidiary undertakings	13,704	5,115	18,260
	Profit before tax	**17,643**	**453,782**	**407,541**
	Tax	345	83,617	73,364
	Net profit	**17,299**	**370,165**	**334,176**

Statement of comprehensive income - P/F BankNordik

DKK 1,000	H1 2011	H1 2010	Full year 2010
Net profit	17,299	370,165	334,176
Other comprehensive income			
Translation of non-Faroese subsidiaries	-5,253	13,467	19,571
Tax on other comprehensive income	577	-897	-1,066
Total other comprehensive income	-4,676	12,569	18,505
Total comprehensive income	**12,623**	**382,735**	**352,682**

Balance Sheet - P/F BankNordik

Note	DKK 1,000	June 30 2011	June 30 2010	Full year 2010
	Assets			
	Cash in hand and demand deposits with central banks	642,637	1,932,761	242,382
8	Due from credit institutions and central banks	287,005	854,305	471,358
9	Loans and advances at fair value	947,744	899,692	1,013,704
9	Loans and advances at amortised cost	7,497,577	7,892,229	7,660,303
	Bonds at fair value	2,290,263	2,056,758	3,343,661
	Shares, etc.	184,876	87,458	195,565
	Holdings in associates	20,421	21,306	21,306
	Holdings in subsidiaries	151,691	141,683	155,309
	Assets under pooled schemes	91,729	38,939	53,651
	Intangible assets	419,191	421,791	429,968
	Total land and buildings	138,305	139,237	138,408
	investment property	19,823	19,823	19,823
	domicile property	118,482	119,414	118,585
	Other property, plant and equipment	12,679	6,873	13,034
	Current tax assets	12,186	0	1,963
	Deferred tax assets	4	4	4
9,10	Assets held for sale	165,646	156,545	160,794
	Other assets	82,742	54,837	52,140
	Prepayments	11,089	8	10,134
	Total assets	**12,955,784**	**14,704,428**	**13,963,684**

Balance Sheet - P/F BankNordik

Note	DKK 1,000	June 30 2011	June 30 2010	Full year 2010
	Shareholders' equity and liabilities			
	Liabilities other than provisions			
	Due to credit institutions and central banks	146,334	624,417	245,249
	Deposits and other debt	8,753,494	8,823,426	8,890,727
	Deposits under pooled schemes	91,729	38,872	53,651
	Issued bonds at amortised cost	1,199,843	2,699,843	2,199,843
	Current tax liabilities	76,853	83,617	66,398
	Other liabilities	189,274	173,969	274,530
	Deferred income	2,185	2,998	2,717
	Total amounts due	**10,459,713**	**12,447,142**	**11,733,114**
	Provisions for liabilities			
	Provisions for deferred tax	18,376	15,542	18,953
	Provisions for losses on guarantees	3,913	27,750	8,285
	Total provisions	**22,289**	**43,292**	**27,238**
	Subordinated debt			
	Subordinated debt	498,740	203,240	203,240
	Total liabilities	**10,980,742**	**12,693,674**	**11,963,592**
	Shareholders' equity			
	Share capital	200,000	200,000	200,000
	Foreign currency translation reserve	13,844	12,584	18,520
	Reserve, Equity Method	31,833	24,556	18,129
	Retained earnings	1,729,365	1,773,615	1,723,443
	Proposed dividends	0	0	40,000
	Total shareholders' equity	**1,975,041**	**2,010,754**	**2,000,091**
	Total liabilities and equity	**12,955,784**	**14,704,428**	**13,963,684**

Statement of capital - P/F BankNordik

Solvency

DKK 1,000	June 30 2011	June 30 2010	Full year 2010
Core capital	1,887,514	1,745,354	1,733,765
Base capital	1,982,585	1,719,528	1,712,691
Risk-weighted items not included in the trading portfolio	7,631,289	8,616,546	7,974,767
Risk-weighted items with market risk etc.	1,033,016	1,120,345	1,394,961
Risk-weighted items with operational risk	1,078,250	0	710,588
Total risk-weighted items	9,742,555	9,736,890	10,080,316
Core capital ratio	19.4%	17.9%	17.2%
Solvency ratio	20.3%	17.7%	17.0%
Core Capital and Shareholders' eguity			
Share capital	200,000	200,000	200,000
Reserves	45,676	0	36,649
Net profit	17,299	370,165	334,176
Retained earnings, previous years	1,712,066	1,440,589	1,429,267
Shareholders' equity	1,975,041	2,010,754	2,000,091
Deduction of net profit	17,299	21,019	0
Deduction of Foreign currency translation reserve	13,844	0	18,520
Deduction regarding holdings of sector shares	0	0	0
Deduction of intangible assets	419,191	421,791	429,968
Deduction of deferred tax assets	4	4	4
Deduction of insurance subsidiaries	20,429	25,826	21,074
Core capital exclusive of hybrid core capital	1,504,274	1,542,114	1,530,526
Hybrid core capital	383,240	203,240	203,240
Core capital	1,887,514	1,745,354	1,733,765
Base capital			
Core capital	1,887,514	1,745,354	1,733,765
Addition of revaluation reserve			
Subordinated capital	115,500		
Deduction of insurance subsidiaries	20,429	25,826	21,074
Base capital	1,982,585	1,719,528	1,712,691

Cash flow statement - P/F BankNordik

DKK 1,000	H1 2011	H1 2010	Full year 2010
Cash flow from operations			
Net profit for the period	17,299	370,165	407,541
Adjustment of non-cash operating items	32,199	19,990	155,763
Changes in operating capital	895,193	-246,309	-2,029,617
Cash flow from operations	**944,690**	**143,847**	**-1,466,313**
Cash flow from investing activities			
Acquisition/sale of undertakings and other business units	15,000	-335,150	-293,717
Acquisition/sale of own shares	2,327	8,775	28,165
Acquisition of intangible assets	0	-20,420	-35,632
Acquisition/sale of tangible assets	-1,615	-3,437	-12,170
Cash flow from investing activities	**15,712**	**-350,232**	**-313,354**
Issue of bonds	-1,000,000	1,700,000	1,200,000
Increase in subordinated debt	295,500	0	-45
Payment of dividends	-40,000	0	0
Cash flow from financing activities	**-744,500**	**1,700,000**	**1,199,955**
Cash flow	**215,902**	**1,493,614**	**-579,712**
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	215,902	1,493,614	-579,712
Cash and due etc.	**929,642**	**2,787,066**	**713,740**
Cash and due etc.			
Cash in hand and demand deposits with central banks	642,637	1,932,761	242,382
Due from credit institutions, etc.	287,005	854,305	471,358
Total	**929,642**	**2,787,066**	**713,740**

Notes - P/F BankNordik

Note	DKK 1,000	H1 2011	H1 2010	Full Year 2010
1	**Interest income**			
	Credit institutions and central banks	2,902	11,927	12,635
	Loans and advances	283,129	308,010	605,889
	Bonds	33,659	20,576	65,294
	Total derivatives of which:	-11,142	-12,683	-13,789
	Currency contracts	*0*	*0*	*0*
	Interest rate contracts	*-11,142*	*-12,683*	*-13,789*
	Other transactions	*0*	*0*	*0*
	Other interest income	25	-749	-6,660
	Total interest income	**308,572**	**327,081**	**663,369**
	Of which accounted for by income from genuine sale and repurchase transactions:			
	Credit institutions and central banks	0	0	0
2	**Interest expenses**			
	Credit institutions and central banks	134	9,410	12,179
	Deposits	52,285	62,466	128,005
	Issued Bonds	17,700	17,029	29,927
	Subordinated debt	10,983	10,406	20,914
	Other interest expenses	1,383	2	5,219
	Total interest expenses	**82,484**	**99,313**	**196,243**
	Of which interest expenses on genuine sale and repurchase transactions are carried under:			
	Credit institutions and central banks	0	18	18
3	**Net fee and commission income**			
	Fee and commission income			
	Securities trading and custody accounts	2,625	5,879	6,583
	Credit transfers	8,738	9,466	19,724
	Loan commissions	6,907	12,654	24,045
	Guarantee commissions	10,876	8,741	19,659
	Other fees and commissions	15,659	12,612	25,578
	Total fee and commission income	**44,806**	**49,352**	**95,589**
	Fee and commissions paid			
	Securities trading and custody accounts	3,094	3,351	3,522
	Net fee and commission income	**41,712**	**46,001**	**92,067**
4	**Market value adjustments**			
	Loans and advances	-19,992	4,583	14,596
	Bonds	-22,664	13,114	-15,660
	Shares	-2,144	-5,947	14,382
	Investment properties		0	0
	Foreign exchange	425	6,111	16,413
	Total derivatives of which:	17,382	-3,752	-20,859
	Currency Swaps	*-279*	*0*	*920*
	Interest Swaps	*14,912*	*-3,752*	*-21,545*
	Other contracts	*2,749*	*0*	*-234*
	Assets under pooled schemes	-220	-2	146
	Total market value adjustments	**-27,214**	**14,107**	**9,018**

Note	DKK 1,000	H1 2011	H1 2010	Full Year 2010
5	**Other operating income**			
	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	610	1	0
	Other income	3,683	-1,178	-3,579
	Total other operating income	**4,314**	**379,398**	**376,415**
6	**Staff costs and administrative expenses**			
	Staff costs:			
	Salaries	86,464	78,451	155,299
	Pensions	8,658	6,967	15,016
	Social security expenses	10,544	8,637	17,864
	Total staff costs	**105,666**	**94,055**	**188,178**
	Administrative expenses	77,736	78,560	171,315
	Total staff costs and administrative expenses	**183,402**	**172,615**	**359,494**
	Number of employees			
	Average number of full-time employees in the period	351	323.2	351.9
	Executive remuneration:			
	Board of Directors	795	765	1,635
	Executive Board:			
	Salaries	2,117	2,257	4,538
	Pension	304	329	657
	Total executive remuneration	**3,216**	**3,350**	**6,830**

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	H1 2011	H1 2010	Full Year 2010
7	**Impairment charges on loans and advances etc.**			
	Due from credit institutions and central banks	0	0	0
	Loans and advances at amortised cost	18,777	17,230	117,752
	Loans and advances at fair value	0	8,413	8,668
	Private Contingency Association (Det private beredskab)	0	6,216	15,466
	Guarantiees and loan commitments	3,628	0	8,285
	Assets held for sale	7,816	2,719	17,518
	Total	**30,222**	**34,578**	**167,688**
	Individual impairment charges etc.			
	New and increased impairment charges	65,805	39,014	243,441
	Reversals of impairment charges	36,899	11,700	65,275
	Write-offs charged directly to the income statement	10,095	1,995	274
	Received on claims previously written off	370	1,908	1,946
	Interest income	3,680	0	10,392
	Total individual impairment charges	**34,950**	**27,401**	**166,102**
	Collective impairment charges			
	New and increased impairment charges	3,092	7,176	8,928
	Reversals of impairment charges	7,821	0	7,342
	Total collective impairment charges	**-4,729**	**7,176**	**1,587**
	Total impairment charges	**30,222**	**34,578**	**167,688**

Notes - P/F BankNordik

Note	DKK 1,000	June 30 2011	June 30 2010	Full Year 2010
8	**Due from credit institutions etc. specified by maturity**			
	On demand	287,005	854,305	471,358
	3 months and below	0	0	0
	3 months to 1 year	0	0	0
	Total	**287,005**	**854,305**	**471,358**
9	**Impairment charges, loans and advances etc.**			
	Individual impairment charges etc.			
	At 1 January	374,308	257,917	267,928
	Additions on acquisitions	0	74,810	45,600
	New and increased impairment charges	65,805	21,667	271,301
	Reversals of impairment charges	36,899	11,700	65,275
	Written-off, previously impaired	52,194	9,781	143,082
	Other additions and disposals	-3,680	0	-2,164
	Total	**347,340**	**332,913**	**374,308**
	Collective impairment charges			
	At 1 January	27,672	17,000	26,086
	Additions on acquisitions	0	9,828	0
	New and increased impairment charges	3,092	7,176	8,928
	Reversals of impairment charges	7,821	0	7,342
	Total	22,944	34,004	27,672
	Total	**370,284**	**366,917**	**401,981**

10 **Assets held for sale**

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

11 **Contingent liabilities**

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

12 **Assets deposited as collateral**

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

Statement by the Executive Board and the Board of Directors

Today we have reviewed and approved P/F BankNordik's Interim Report for the first half of 2011.

The consolidated financial statements for the first half 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 30 June 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 30 June 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, 22 August 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 H1 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 Monday August 22, at 11:00 (CEST).
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.

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Useful links

www.banknordik.fo
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