

Interim Report H1 2019

BANK **NORDIK**

Interim Report H1 2019

Contents

Overview of the Group..... 3
 Financial highlights and ratios..... 4

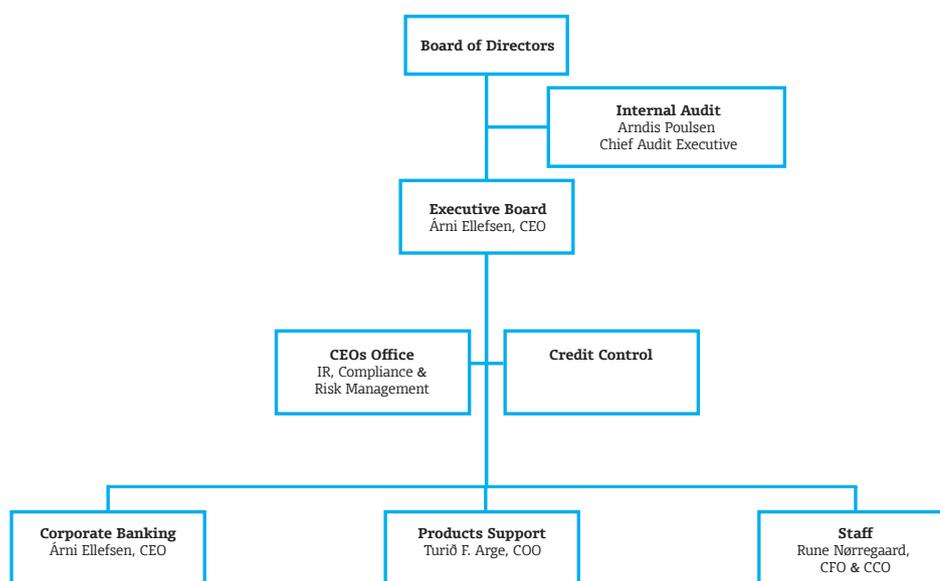
Financial Review
 Income statement..... 5
 Supervisory Diamond..... 6
 Balance sheet..... 6
 Capital Ratios..... 6
 Events after the balance sheet date..... 6
 Outlook 2019..... 6
 Adjusted results..... 7

Segments
 Banking..... 9
 Personal Banking..... 10
 Corporate Banking..... 11
 Insurance..... 12

Financial statement
 Income statement..... 14
 Balance sheet..... 16
 Statement of capital..... 18
 Cash flow..... 21
 Notes to the financial statement..... 22

Statement by the management..... 30
Contact details..... 31

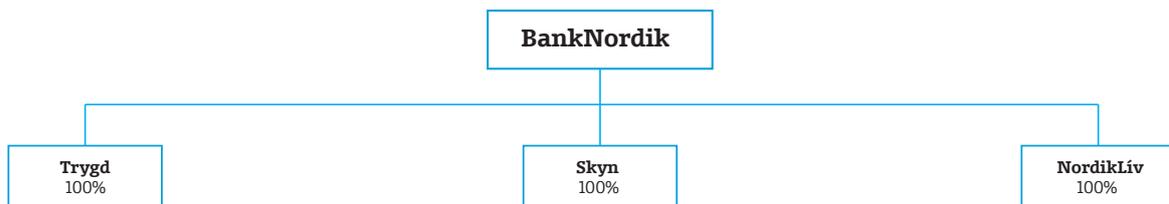
BankNordik Organisation



Subsidiaries



Overview of the Group



Banking is the principal business activity under the BankNordik brand in the Faroe Islands, Denmark and Greenland. The Group has non-life and life insurance operations in the Faroe Islands under the Trygd and NordikLív brands.

Other activities include Skyn, a Faroese estate agency.



Highlights, ratios, and key figures - BankNordik Group

Highlights	H1	H1	Index	Q2	Q1	Q4	Q3	Q2
DKK 1,000	2019	2018	19/18	2019	2019	2018	2018	2018
Net interest income	181,493	187,508	97	90,459	91,034	92,349	94,286	93,235
Dividends from shares and other investments	13,984	11,237	124	13,743	240	83	77	10,962
Net fee and commission income	93,355	86,995	107	45,479	47,876	42,477	42,741	43,015
Net interest and fee income	288,832	285,739	101	149,681	139,151	134,909	137,104	147,212
Net insurance income	23,822	18,153	131	15,305	8,517	12,598	12,999	6,156
Interest and fee income and income from insurance activities, net	312,654	303,892	103	164,987	147,668	147,507	150,103	153,369
Market value adjustments	474	8,322	6	-15,075	15,548	-5,538	4,330	-16,133
Other operating income	5,713	22,364	26	2,922	2,791	2,311	-4,728	17,149
Staff costs and administrative expenses	232,492	230,077	101	115,784	116,707	114,145	115,025	112,077
Impairment charges on loans and advances etc.	-71,789	-47,013	153	-52,732	-19,057	-18,033	-45,736	-18,989
Net profit	118,365	169,284	70	65,946	52,419	32,763	60,050	50,832
Loans and advances	10,052,620	9,742,046	103	10,052,620	10,006,218	9,956,478	10,007,984	9,742,046
Bonds at fair value	5,159,449	4,622,270	112	5,159,449	5,174,715	4,565,087	4,558,273	4,622,270
Assets held for sale	19,795	4,911	403	19,795	19,795	20,364	4,861	4,911
Total assets	17,715,177	16,719,006	106	17,715,177	17,417,463	16,700,158	16,716,361	16,719,006
Amounts due to credit institutions and central banks	150,905	440,414	34	150,905	83,127	298,610	320,950	440,414
Deposits and other debt	14,131,224	13,147,427	107	14,131,224	14,003,644	13,432,228	13,162,921	13,147,427
Total shareholders' equity	2,031,275	1,890,899	107	2,031,275	1,965,329	1,986,752	1,948,568	1,890,899
	June 30	June 30		June 30	March 31	Dec. 31	Sept. 30	June 30
	2019	2019		2019	2019	2018	2018	2018
Ratios and key figures								
Solvency								
Solvency ratio, %	19.6	18.5		19.6	19.2	19.8	17.6	18.5
Core capital ratio, %	17.5	16.3		17.5	17.2	17.7	15.5	16.3
Core capital ratio excl. hybrid core capital, end of period, %	17.5	16.3		17.5	17.2	17.7	15.5	16.3
Risk-weighted Items, DKK mill	10,720	10,219		10,720	10,907	10,621	10,634	10,219
Profitability								
Return on equity after tax, %	5.9	9.1		3.3	2.7	1.7	3.1	2.7
Cost / income, %	52.7	38.1		43.7	61.1	73.9	47.7	61.7
Cost / income, % (excl. value adjustm. and impairments)	75.4	53.5		71.2	80.0	83.2	80.5	67.0
Return on assets	0.7	1.0		0.4	0.3	0.2	0.4	0.3
Market risk								
Interest rate risk, %	1.2	1.8		1.2	1.4	1.7	2.2	1.8
Foreign exchange position, %	2.1	1.6		2.1	1.9	1.3	1.9	1.6
Foreign exchange risk, %	0.1	0.1		0.1	0.1	0.1	0.1	0.1
Liquidity								
Excess cover relative to statutory liquidity requirements, %	238.3	225.4		238.3	221.5	212.5	218.6	225.4
Credit risk								
Change in loans and advances, %	1.0	2.1		0.5	0.5	-0.5	2.7	1.4
Gearing of loans and advances	4.9	5.2		4.9	5.1	5.0	5.1	5.2
Impairment and provisioning ratio, end of period, %	4.0	4.2		4.0	4.4	4.5	3.8	4.2
Write-off and provisioning ratio, %	-0.5	-0.4		-0.4	-0.1	-0.1	-0.3	-0.1
Share of amounts due on which interest rates have been reduced, end of period, %	0.7	0.4		0.7	0.8	0.8	0.4	0.4
Shares								
Earnings per share after tax (nom. DKK 20), DKK	12.2	17.5		6.8	5.5	3.4	6.1	5.2
Market price per share (nom. DKK 20), DKK	109.0	110.0		109.0	108.0	108.5	113.0	110.0
Book value per share (nom. DKK 20), DKK	213.1	195.7		213.1	206.3	207.2	202.1	195.7
Other								
Number of full-time employees, end of period	390	390		390	393	393	385	390

Financial Review

Income statement, Group								
DKKm	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net interest income	181	188	97	90	91	92	94	93
Net fee and commission income	93	87	107	45	48	42	43	43
Net insurance income	24	18	131	15	9	13	13	6
Other operating income (less reclassification)	22	27	83	11	11	9	10	15
Operating income	321	319	100	163	158	156	160	157
Operating costs ¹	-240	-231	104	-119	-120	-115	-111	-116
Profit before impairment charges	81	88	92	43	38	42	49	42
Impairment charges, net	72	54	134	53	19	18	39	23
Operating profit	153	142	108	96	57	60	88	65
Non-recurring items ²	0	88		0	0	-10	-6	12
Profit before value adjustments and tax	153	230	66	96	57	50	81	76
Market value adjustments ³	-2	-23		-10	8	-12	-3	-17
Profit before tax	151	207	73	86	65	38	78	59
Operating cost/income, %	75	72		73	76	73	69	73
Number of FTE, end of period	390	390	100	390	393	393	385	390

1) Comprises staff costs, administrative expenses and amortisation, depreciation and impairment charges.
2) Reclassified from Other operating income and Operating costs.
3) Incl. net income from investments accounted for under the equity method (excl. sector shares).

"The first half of 2019 progressed well and we delivered satisfactory financial results. Pressure on interest margins continued to cause a drag on net interest income, but was countered by high customer activity and growing business volumes. Operating costs were up 4% YoY and are now expected to come in slightly higher for the full year of 2019 compared to 2018. In July, we raised our net profit guidance in response to a significant reversal of impairment charges, mirroring not only the current economic environment but also the sound credit quality of our loan portfolio," said BankNordik CEO, Árni Ellefsen.

"In Q2 2019, BankNordik partnered with the European Investment Fund to provide financing to innovative enterprises in the Faroe Islands and Greenland under the InnovFin programme – an EU initiative of which BankNordik is the first and currently sole partner bank covering the Faroe and the Greenlandic markets. Apple Pay was also introduced to our customers, enabling contactless purchases through the use of Apple devices," said Mr. Ellefsen.

The following comments relate to the adjusted figures and are generally stated relative to Q4 2018.

Income statement

The BankNordik Group generated operating income of DKK 163m in Q2 2019, up by DKK 4m compared to Q1 2019. Net interest income was down by DKK 1m in Q2 2019 compared to Q1 2019 due to margin pressure. Net fee and commission income amounted to DKK 45m in Q2 2019, down by DKK 2m compared to Q1 2019. Net insurance income amounted to DKK 15m in Q2 2019, up by DKK 7m compared to Q1 2019 and up by DKK 9m compared to Q2 2018, in both cases due to lower claims and increased volumes. Other operating income amounted to DKK 22m in H1 2019 relative to DKK 27m in H1 2018.

Operating costs amounted to DKK 119m in Q2 2019, down by DKK 1m relative to Q1 2019. QoQ operating costs were adversely affected by higher staff related costs while IT and marketing costs were down.

The Supervisory Diamond

Sum of large exposures < 175 %

H1 2019	H1 2018
123.1%	139.8%

Loan growth <20 %

H1 2019	H1 2018
3.2%	2.0%

Funding-ratio < 1.0

H1 2019	H1 2018
0.61	0.63

Property exposure < 25%

H1 2019	H1 2018
5.7%	5.5%

Liquidity indicator >100%

H1 2019	H1 2018
257.9%	303.0%

Profit before impairment charges was DKK 43m in Q2 2019, up from DKK 38m in Q1 2019. Net impairment charges were a DKK 53m reversal in Q2 2019 compared to a reversal of DKK 19m in Q1 2019. Operating profit increased by DKK 39m from DKK 57m in Q1 2019 to DKK 96m in Q2 2019.

Balance sheet

BankNordik's total assets at 30 June 2019 amounted to DKK 17.7bn. Loans and advances were DKK 10.1bn, i.e. up by DKK 96m compared to 31 December 2018. Deposits were DKK 14.1bn, an increase of DKK 699m compared to 31 December 2018.

Liquidity invested in bonds, primarily in Danish mortgage bonds and Danish government bonds, amounted to DKK 5.2bn, an increase of DKK 594m compared to 31 December 2018. Liquidity invested in equities amounted to DKK 295m, a decrease of DKK 9m relative to 31 December 2018. The Group's liquidity indicator was 257.9% at 30 June 2019, well above the requirement of 100%. The Group's LCR at 30 June 2019 was 243.1% also well above the requirement of 100%. The Group's equity at 30 June 2019 amounted to DKK 2,031m, up by DKK 45m compared to 31 December 2018.

Capital ratios

The Group's CET1 capital ratio was 17.5% and the total capital ratio was 19.6%, both at 30 June 2019.

Net income in 2019 will not be recognised in the capital and solvency statement until the annual report is released in audited form.

Events after the balance sheet date

No events have occurred since 30 June 2019 that are deemed to have a significant impact on the Group's financial position.

Outlook

Management reconfirms the FY2019 guidance of operating profit before impairment charges in the range of DKK 160–200m (H1 2019: DKK 81m). On 22 July 2019, BankNordik raised its guidance for FY2019 net profit from DKK 100–150m as previously guided to DKK 150–200m (H1 2019: DKK 118m), driven by the reversal of impairment charges.

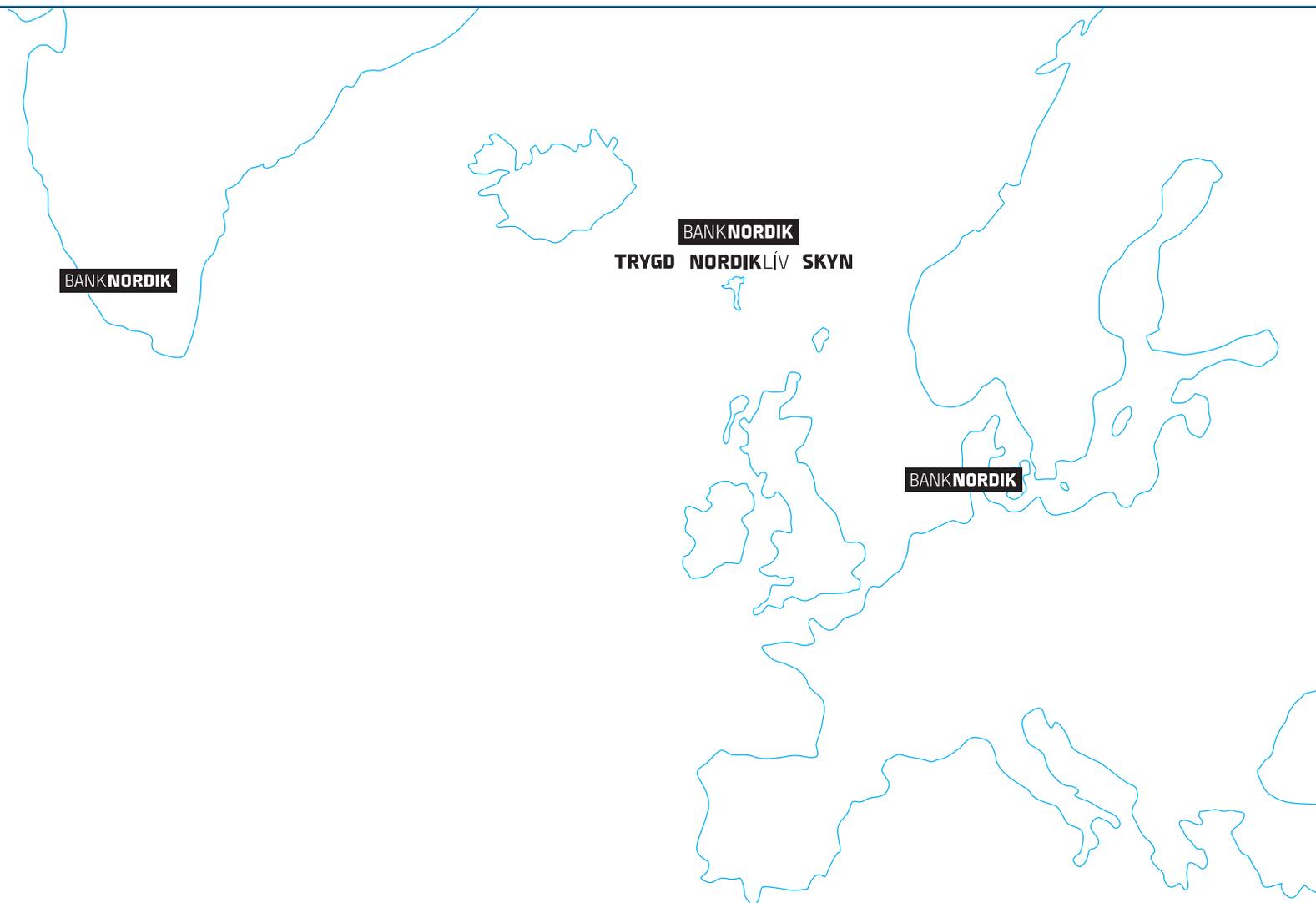
This guidance is generally subject to uncertainty and will, amongst other things, depend on economic conditions, loan impairments and market value adjustments.

Adjusted results

Adjustments made to the income statement are shown below.

Note	Income statement H1 2019, Group, DKK 1.000	Income statement	Restatement	Restated income statement
	Net interest income	181.493		181.493
1	Net fee and commission income	107.339	-13.984	93.355
	Net insurance income	23.822		23.822
1, 4	Other operating income	5.713	16.590	22.304
	Operating income	318.368	2.607	320.975
	Operating costs	239.632	0	239.632
	Sector costs	338	0	338
	Profit before impairment charges	78.398	2.607	81.005
	Impairment charges	-71.789		-71.789
	Operating profit	150.187	2.607	152.794
	Non-recurring items	0	0	0
	Profit before value adjustments and tax	150.187	2.607	152.794
4	Market value adjustments	474	-2.607	-2.133
	Profit before tax	150.661	0	150.661
Note	Income statement H1 2018, Group, DKK 1.000			
	Net interest income	187.508		187.508
1	Net fee and commission income	98.231	-11.237	86.995
	Net insurance income	18.153		18.153
1, 4, 5	Other operating income	22.364	4.451	26.815
	Operating income	326.257	-6.786	319.471
2, 3	Operating costs	173.953	56.790	230.743
3	Sector costs	455	-117	338
	Profit before impairment charges	151.848	-63.459	88.389
1	Impairment charges	-47.013	-6.698	-53.710
	Operating profit	198.860	-56.761	142.099
2, 4, 5	Non-recurring items	0	87.773	87.773
	Profit before value adjustments and tax	198.860	31.012	229.872
4	Market value adjustments	8.322	-31.012	-22.690
	Profit before tax	207.182	0	207.182
Note	Restatements made to the income statement, DKK 1.000		H1 2019	H1 2018
1	Reversals of acquired OEI impairments reclassified from Other operating income to Impairment charges.		0	6.698
1	Dividends reclassified from Net fee and commission income to Other operating income		13.984	11.237
2	Reclassification of severance costs from Operating costs to Non-recurring items.		0	3.509
2	Reclassification of reversals of impairment charges regarding the Group's head office from Operating costs to Non-recurring items.		0	60.181
3	Reclassification of other operating expenses (excl. sector costs) from Other operating expenses to Operating costs.		0	117
4	Reclassification of value adjustments related to sector shares and of profit or loss from currency transactions from Market value adjustments to Other operating income.		2.607	10.012
4	Reclassification of value adjustments related to sector shares from Market value adjustments to Non-recurring items (regarding revaluation of the Group's holdings of shares in the sector company Bankinvest).		0	21.000
5	Reclassification of capital gains related to the sale of the Group's head office from Other operating income to Non-recurring items.		0	10.100

Segments



Personal Banking	H1 2019	H1 2018
Loans and advances	DKK 6.5bn	DKK 6.4bn
Deposits	DKK 10.6bn	DKK 10.0bn
Cost/Income(Operating cost/income)	39%	38%
Operating profit	DKK 169m	DKK 169m

Corporate Banking	H1 2019	H1 2018
Loans and advances	DKK 3.6bn	DKK 3.4bn
Deposits	DKK 3.5bn	DKK 3.1bn
Cost/Income(Operating cost/income)	10%	11%
Operating profit	DKK 96m	DKK 88m

Trygd	H1 2019	H1 2018
Premium, net of insurance	DKK 55m	DKK 51m
Combined ratio	85%	97%
Claims ratio	63%	74%
Profit before tax	DKK 8m	DKK 1m

Banking by segment

Income statement, Banking								
DKKm	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net interest income	181	187	97	90	91	92	94	93
Net fee and commission income	99	92	107	48	51	45	45	45
Other operating income	19	23	83	10	10	8	8	13
Operating income	299	302	99	148	151	145	147	152
Operating cost	-229	-220	104	-113	-116	-109	-106	-110
Profit before impairment charges	69	81	85	34	35	35	42	42
Impairment charges, net	72	54	134	53	19	18	39	23
Operating profit	141	135	105	87	54	54	81	65
Non-recurring items	0	88		0	0	-10	-6	12
Profit before value adjustments and tax	141	223	63	87	54	44	75	76
Market value adjustments	-1	-22		-9	8	-11	-3	-17
Profit before tax	140	201	70	78	62	32	72	59
Loans and advances	10,052	9,742	103	10,052	10,006	9,956	10,008	9,742
Deposits and other debt	14,156	13,168	108	14,156	14,027	13,452	13,184	13,168
Mortgage credit	12,644	11,890	106	12,644	12,477	12,238	12,050	11,890
Operating cost/income, %	77	73		77	77	75	72	72
Number of FTE, end of period	358	358	100	358	359	360	355	358

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

Personal Banking

Income statement, Personal Banking								
DKKm	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net interest income	121	131	93	60	61	63	65	65
Net fee and commission income	91	84	108	44	46	44	41	41
Other operating income	16	19	84	8	8	7	5	11
Operating income	228	233	98	112	116	114	111	117
Operating cost	-88	-89	99	-45	-43	-43	-44	-44
Profit before impairment charges	139	144	97	67	73	70	67	73
Impairment charges, net	30	25	122	26	4	8	22	10
Operating profit	169	169	100	92	77	78	89	83
Profit before value adjustments and tax	169	169	100	92	77	78	89	83
Profit before tax	169	169	100	92	77	78	89	83
Loans and advances	6,451	6,382	101	6,451	6,429	6,455	6,481	6,382
Deposits and other debt	10,639	10,027	106	10,639	10,304	10,096	9,928	10,027
Mortgage credit	12,280	11,460	107	12,280	12,093	11,838	11,625	11,460
Operating cost/income, %	39	38		40	37	38	40	38
Number of FTE, end of period	212	201	105	212	200	208	206	201

The Personal Banking segment reported operating income of DKK 112m in Q2 2019, down by DKK 4m compared to Q1 2019.

Net interest income was DKK 60m in Q2 2019, down by DKK 2m compared to the previous quarter owing to margin pressure. Net fee and commission income in Q2 2019 was down by DKK 2m quarter on quarter.

Operating costs were DKK 45m in Q2 2019, up by DKK 2m relative to Q1 2019, while impairment charges were a reversal of DKK 26m in Q2 2019 compared to a reversal of DKK 4m in Q1 2019.

This brought operating profit to DKK 92m in Q2 2019, up by DKK 16m on the previous quarter.

Bank loans and advances to personal customers during the quarter increased by DKK 22m to DKK 6,451m at 30 June 2019 while mortgage lending increased by DKK 187m to DKK 12,280m, both compared to 31 March 2019. Deposits grew by DKK 335m during the same period to DKK 10,639m at 30 June 2019.

Corporate Banking

Income statement, Corporate Banking								
DKKm	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net interest income	58	57	102	29	29	27	29	29
Net fee and commission income	8	7	126	4	4	4	3	3
Other operating income	2	3	70	1	1	1	2	1
Operating income	69	67	103	34	35	32	34	34
Operating cost	-7	-8	87	-3	-3	-4	-4	-4
Profit before impairment charges	62	59	105	31	31	29	30	30
Impairment charges, net	34	29	117	24	11	10	17	13
Operating profit	96	88	109	54	42	39	47	43
Profit before value adjustments and tax	96	88	109	54	42	39	47	43
Profit before tax	96	88	109	54	42	39	47	43
Loans and advances	3,573	3,360	106	3,573	3,565	3,502	3,527	3,360
Deposits and other debt	3,498	3,141	111	3,498	3,715	3,356	3,257	3,141
Mortgage credit	364	430	85	364	384	400	425	430
Operating cost/income, %	10	11		10	10	11	12	11
Number of FTE, end of period	16	17	93	16	16	16	17	17

The Corporate Banking activities reported operating income of DKK 34m in Q2 2019, down by DKK 1m compared to Q1 2019.

Net interest income was down by DKK 1m compared to Q1 2019 due to compressed margins, while net fee and commission income was flat.

Operating costs were roughly flat QoQ. Impairment charges were a reversal of DKK 24m relative to a reversal of DKK 11m in the previous quarter.

Operating profit therefore amounted to DKK 54m in Q2 2019, up DKK 12m compared to the previous quarter.

Corporate loans and advances increased by DKK 8m to DKK 3,573m at 30 June 2019 while deposits fell by DKK 218m, both compared to 31 March 2019.

Insurance

Income statement, Trygd								
DKKm	H1 2019	H1 2018	Index	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Premium income, net of reinsurance	55	51	107	28	27	27	27	26
Claims, net of reinsurance	-35	-38	91	-15	-19	-17	-17	-23
Net insurance income	21	13	152	13	8	10	10	3
Net income from investment activities	0	0		0	0	0	0	0
Operating income	20	13	156	13	8	10	9	3
Operating cost	-12	-12	103	-7	-6	-6	-6	-6
Profit before tax	8	1	800	6	2	4	3	-4
Combined ratio	85	97		78	93	85	87	114
Claims ratio	63	74		54	72	63	64	90
Number of FTE, end of period	24	25	99	24	26	25	23	25

Premium income was DKK 28m in Q2 2019, up by DKK 2m compared to Q2 2018, while claims were DKK 15m in Q2 2019, down 8m from DKK 23m in Q2 2018 when claims were extraordinarily high.

Operating costs were DKK 7m in Q1 2019, roughly flat compared to Q2 2018. As a result, profit before tax was DKK 6m in Q2 2019 compared to a loss before tax of DKK 4m in the same period of last year.

Trygd has steadily grown its premium income in recent years, and the company continues to strengthen its market position as a leading provider of general insurance in the Faroe Islands.

However, generally due to large fluctuations in claims from one period to the next, Trygd's financial results tend to be volatile.



Income statement - BankNordik

Note	DKK 1,000	Group		BankNordik	
		H1 2019	H1 2018	H1 2019	H1 2018
3	Interest income	193,299	197,106	192,565	196,511
4	Interest expenses	11,806	9,599	11,807	9,599
	Net interest income	181,493	187,508	180,759	186,912
	Dividends from shares and other investments	13,984	11,237	13,984	11,237
5	Fee and commission income	99,465	93,162	104,824	98,010
5	Fee and commissions paid	6,109	6,167	6,109	6,167
	Net dividend, fee and commission income	107,339	98,231	112,698	103,080
	Net interest and fee income	288,832	285,739	293,456	289,991
	Premium income, net of reinsurance	61,948	57,637		
	Claims, net of reinsurance	38,126	39,484		
	Interest and fee income and income from insurance activities, net	312,654	303,892	293,456	289,991
6	Market value adjustments	474	8,322	1,304	9,423
7	Other operating income	5,713	22,364	2,681	18,695
8	Staff costs and administrative expenses	232,492	230,077	222,124	219,731
	Amortisation, depreciation and impairment charges	7,140	-56,123	6,822	-56,416
	Other operating expenses	338	455	338	455
9	Impairment charges on loans and advances etc.	-71,789	-47,013	-71,789	-47,013
	Income from investments accounted for under the equity method	0	0	8,787	4,780
	Profit before tax	150,661	207,182	148,732	206,132
	Tax	32,296	37,898	30,367	36,848
	Net profit	118,365	169,284	118,365	169,284
	Portion attributable to				
	Shareholders of BankNordik P/F	118,365	169,284	118,365	169,284
	Net profit	118,365	169,284	118,365	169,284
	EPS Basic for the period, total, DKK*	12.23	17.45	12.23	17.45
	EPS Diluted for the period, total, DKK*	12.23	17.45	12.23	17.45

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

Statement of comprehensive income - BankNordik

DKK 1,000	Group		BankNordik	
	H1 2019	H1 2018	H1 2019	H1 2018
Net profit	118,365	169,284	118,365	169,284
Other comprehensive income				
Total other comprehensive income	0	0	0	0
Total comprehensive income	118,365	169,284	118,365	169,284
Portion attributable to				
Shareholders of BankNordik P/F	118,365	169,284	118,365	169,284
Total comprehensive income	118,365	169,284	118,365	169,284

Balance Sheet - BankNordik

Note	DKK 1,000	Group		BankNordik	
		June 30 2019	Dec. 31 2018	June 30 2019	Dec. 31 2018
	Assets				
	Cash in hand and demand deposits with central banks	366,680	180,051	366,670	179,956
10	Amounts due from credit institutions and central banks	965,454	914,420	965,454	914,420
9	Loans and advances at fair value	541,224	519,638	541,224	519,638
9	Loans and advances at amortised cost	9,511,396	9,436,840	9,511,396	9,436,840
	Bonds at fair value	5,159,449	4,565,087	4,958,500	4,374,064
	Shares, etc.	295,047	304,003	295,047	304,003
	Assets under insurance contracts	7,384	5,850	0	0
	Holdings in associates	6,082	6,082	6,082	6,082
	Holdings in subsidiaries	0	0	127,401	123,651
	Assets under pooled schemes	455,032	445,241	455,032	445,241
	Intangible assets	8,122	6,678	8,122	6,678
	Total land and buildings	193,732	98,649	191,799	96,705
	Domicile property	193,732	98,649	191,799	96,705
	Other property, plant and equipment	20,544	23,814	19,665	22,760
	Current tax assets	10,705	6,814	10,705	6,814
	Deferred tax assets	18,550	18,527	18,496	18,496
11	Assets held for sale	19,795	20,364	19,795	20,364
	Other assets	114,658	77,907	108,953	73,361
	Prepayments	21,322	70,194	19,950	68,629
	Total assets	17,715,177	16,700,158	17,624,291	16,617,701

Balance Sheet - BankNordik

		Group		BankNordik	
		June 30	Dec. 31	June 30	Dec. 31
Note	DKK 1,000	2019	2018	2019	2018
	Shareholders' equity and liabilities				
	Liabilities other than provisions				
	Amounts due to credit institutions and central banks	150,905	298,610	150,905	298,610
	Deposits and other debt	14,131,224	13,432,228	14,155,672	13,452,242
	Deposits under pooled schemes	455,678	445,572	455,678	445,572
	Liabilities under insurance contracts	101,386	89,064	0	0
	Current tax liabilities	67,040	17,441	62,041	14,394
	Other liabilities	524,766	170,164	515,910	160,240
	Deferred income	2,898	4,044	2,804	3,609
	Total liabilities other than provisions	15,433,897	14,457,124	15,343,011	14,374,667
	Provisions for liabilities				
9	Provisions for losses on guarantees etc	20,991	27,443	20,991	27,443
	Provisions for other liabilities	5,233	5,361	5,233	5,361
	Total provisions for liabilities	26,223	32,805	26,223	32,805
	Subordinated debt				
	Subordinated debt	223,782	223,477	223,782	223,477
	Total liabilities	15,683,902	14,713,406	15,593,016	14,630,949
	Shareholders' equity				
	Share capital	192,000	200,000	192,000	200,000
	Revaluation reserve	10,968	10,968	10,968	10,968
	Retained earnings	1,828,306	1,705,783	1,828,306	1,705,783
	Proposed dividends	0	70,000	0	70,000
	Total shareholders' equity	2,031,275	1,986,752	2,031,275	1,986,752
	Total liabilities and equity	17,715,177	16,700,158	17,624,291	16,617,701

Statement of capital - Group

Changes in shareholders' equity:

DKK 1,000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at January 1, 2019	200,000	10,968	70,000	1,705,783	1,986,752
Net profit			0	118,365	118,365
Total comprehensive income		0	0	118,365	118,365
Cancellation of own shares	-8,000			8,000	0
Acquisition of own shares				-7,057	-7,057
Sale of own shares				0	0
Dividends paid			-70,000	3,215	-66,785
Shareholders' equity at June 30, 2019	192,000	10,968	0	1,828,307	2,031,275

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 the 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		13,718		0	13,718
Tax on entries on income recognised as Other comprehensive income		-2,749			-2,749
Net profit			70,000	192,097	262,097
Total comprehensive income		10,968	70,000	139,448	220,417
Acquisition of own shares				-14,935	-14,935
Sale of own shares				7	7
Dividends paid			-40,000	1,171	-38,829
Shareholders' equity at December 31, 2018	200,000	10,968	70,000	1,705,783	1,986,752

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
Net profit			0	169,284	169,284
Total comprehensive income			0	116,636	116,636
Acquisition of own shares				-9,283	-9,283
Sale of own shares				2,284	2,284
Dividends paid			-40,000	1,171	-38,829
Shareholders' equity at June 30, 2018	200,000	0	0	1,690,899	1,890,899

Statement of capital - BankNordik P/F

Changes in shareholders' equity:

DKK 1,000	Share capital	Revaluation Reserve	Equity method reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at December 31, 2018	200,000	10,968	0	70,000	1,705,783	1,986,752
Net profit			0	0	118,365	118,365
Total comprehensive income			0	0	118,365	118,365
Cancellation of own shares	-8,000				8,000	8,000
Acquisition of own shares					-7,057	-7,057
Sale of own shares					0	0
Dividends paid				-70,000	3,215	-66,785
Shareholders' equity at June 30, 2019	192,000	10,968	0	0	1,828,306	2,031,275

DKK 1,000	Share capital	Revaluation Reserve	Equity method reserve	Proposed dividends	Retained earnings	Total
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 the 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		13,718				13,718
Tax on entries on income recognised as Other comprehensive income		-2,749				-2,749
Net profit		0	0	70,000	192,097	262,097
Total comprehensive income		10,968	0	70,000	139,448	220,417
Acquisition of own shares					-14,935	-14,935
Sale of own shares					7	7
Dividends paid				-40,000	1,171	-38,829
Shareholders' equity at December 31, 2018	200,000	10,968	0	70,000	1,705,783	1,986,752

DKK 1,000	Share capital	Revaluation Reserve	Equity method reserve	Proposed dividends	Retained earnings	Total
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
Net profit		0	0	0	169,284	169,284
Total comprehensive income		0	0	0	116,636	116,636
Acquisition of own shares					-9,283	-9,283
Sale of own shares					2,284	2,284
Dividends paid				-40,000	1,171	-38,829
Shareholders' equity at June 30, 2018	200,000	0	0	0	1,690,899	1,890,899

Statement of capital - P/F BankNordik

Solvency

DKK 1,000	June 30 2019	Dec. 31 2018
Core capital	1,880,834	1,874,689
Total capital	2,104,616	2,098,167
Risk-weighted items not included in the trading portfolio	8,465,511	8,116,832
Risk-weighted items with market risk etc.	1,164,238	1,308,662
Risk-weighted items with operational risk	1,090,091	1,195,955
Total risk-weighted items	10,719,840	10,621,449
Core capital ratio, excl. hybrid core capital	17.5%	17.7%
Core capital ratio	17.5%	17.7%
Solvency ratio	19.6%	19.8%
Core Capital and Shareholders' equity		
Share capital	192,000	200,000
Reserves	10,968	10,968
Net profit	118,365	262,097
Retained earnings, previous years	1,717,489	1,557,762
Shareholders' equity, before deduction of holdings of own shares	2,038,822	2,030,828
Deduction of dividend	0	70,000
Deduction of net profit	118,365	0
Deduction due to excess holdings of shares in the financial sector	0	5,740
Deduction of holdings of own shares	7,547	44,076
Deduction of intangible assets	8,122	6,678
Deductions regarding planned purchase of own shares	0	6,713
Deduction of deferred tax assets	18,496	18,496
Deduction regarding prudent valuation of financial instruments	5,457	4,436
Core capital exclusive of hybrid core capital	1,880,834	1,874,689
Hybrid core capital before deductions	0	0
Core capital	1,880,834	1,874,689
Total capital		
Core capital	1,880,834	1,874,689
Subordinated loan capital, before deductions	223,782	223,477
Total capital	2,104,616	2,098,167

The BankNordik Group holds a license to operate as a bank and is therefore subject to a capital requirement under the Faroese Financial Business Act and to CRR. The Faroese provisions on capital requirements apply to both the Parent Company and the Group. The capital requirement provisions stipulate a minimum capital of 8% of the identified risks. A detailed body of rules determines the calculation of capital as well as risks (risk-weighted items). The capital comprises core capital and subordinated loan capital. The core capital corresponds to the carrying amount of equity, after deductions of holdings of own shares, tax assets and other minor deductions.

Cash flow statement - Group

DKK 1,000	H1 2019	Full year 2018
Cash flow from operations		
Profit before tax	150,661	323,295
Depreciation and impairment charges of tangible assets	7,095	-43,807
Impairment of loans and advances/guarantees	-71,789	-110,782
Paid tax	0	-36,727
Other non-cash operating items	-8,597	-18,711
Total	77,371	113,268
Changes in operating capital		
Change in loans at fair value	-21,586	-88,620
Change in loans at amortised cost	-2,767	-289,707
Change in holding of bonds	-593,533	-300,825
Change in holding of shares	8,956	-55,193
Change in deposits	698,996	799,765
Due to credit institutions and central banks	79,945	-61,886
Change in other assets / liabilities	228,937	17,689
Assets/liabilities under insurance contracts	10,787	10,592
Prepayments	47,725	4,291
Cash flow from operations	534,832	149,374
Cash flow from investing activities		
Dividends received	13,984	11,396
Acquisition of intangible assets	-1,444	-6,678
Acquisition of tangible assets	-8,026	-13,127
Sale of tangible assets	0	139,942
Cash flow from investing activities	4,513	131,533
Cash flow from financing activities		
Change in loans from central banks and credit institutions	-227,650	0
Acquisition of own shares	-7,057	-14,935
Sale of own shares	0	7
Payment of dividends	-70,000	-40,000
Payment of dividends, own shares	3,215	1,171
Cash flow from financing activities	-301,340	-53,757
Cash flow	238,006	227,150
Cash in hand and demand deposits with central banks, and due from Credit institutions, etc. at the beginning of the year	994,471	767,321
Cash flow	238,006	227,150
Cash and due etc.	1,232,477	994,471
Cash and due etc.		
Cash in hand and demand deposits with central banks	366,680	180,051
Due from credit institutions, etc.	865,454	814,420
Total	1,232,134	994,471

Notes

Note **Significant accounting policies**

1

The consolidated financial statements for the first half year of 2019 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, 2019 the Group implemented the International Financial Reporting Standard IFRS 16 (Leases). Otherwise, the Group's significant accounting policies are consistent with those applied in the Annual Report 2018. The Annual Report 2018 provides a full description of the Group's significant accounting policies. In connection with the implementation of IFRS 16, the Group recognised, at January 1, 2019, DKK 91.4m in the balance sheet item Domicile properties and in the balance sheet item Other liabilities.

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 2018 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 2018 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 H1 2019	Banking			Total	Non-life	Elimination	Group
		Private	Corporate	Other		Insurance		
2	DKK 1,000					Faroe Islands	Total	
	External interest income, Net	118,809	58,067	3,847	180,722	771	181,493	
	Internal interest	2,248	1	-2,249	0	0	0	
	Net interest income	121,057	58,068	1,598	180,722	771	181,493	
	Net Fee and dividends income	104,218	8,480	-1,735	110,963	-3,624	107,339	
	Premium income, net of reinsurance	0	0	7,365	7,365	55,219	61,948	
	Net premium income of reinsurance and claims	0	0	3,921	3,921	20,537	23,822	
	Other income	2,366	2,122	3,631	8,118	-830	6,187	
	Total income	227,640	68,670	7,415	303,724	16,854	318,841	
	Total operating expenses	88,284	6,780	137,875	232,938	8,768	239,970	
	Profit before impairment charges on loans	139,356	61,890	-130,460	70,786	8,086	78,872	
	Impairment charges	-29,986	-34,089	-7,714	-71,789	0	-71,789	
	Profit before tax	169,342	95,979	-122,746	142,575	8,086	150,661	
	Total assets	6,658,137	3,671,439	7,192,110	17,521,686	193,491	17,715,177	
	of which Loans and advances	6,465,020	3,587,600	0	10,052,620	0	10,052,620	
	Total liabilities	10,648,428	3,507,244	1,422,005	15,577,677	106,225	15,683,902	
	of which Deposits	10,648,428	3,507,244		14,155,672		14,131,224	
	of which Insurance liabilities			4,406		96,979	101,386	

Operating segments H1 2018	Banking			Total	Non-life	Elimination	Group
	Private	Corporate	Other		Insurance		
DKK 1,000					Faroe Islands		Total
External interest income, Net	125,601	57,772	3,638	187,012	495		187,508
Internal interest	6,626	-753	-5,873	0	0		0
Net interest income	132,228	57,020	-2,235	187,012	495		187,508
Net Fee and dividends income	94,002	7,422	64	101,487	-3,257		98,231
Premium income, net of reinsurance	0	0	6,824	6,824	51,424	-612	57,637
Net premium income of reinsurance and claims	0	0	5,272	5,272	13,493	-612	18,153
Other income	1,370	0	24,191	25,562	-908	-664	23,989
Total income	227,599	64,442	27,292	319,333	9,824	-1,276	327,881
Total operating expenses	89,379	7,780	69,712	166,872	8,813	-1,276	174,409
Profit before impairment charges on loans	138,220	56,662	-42,420	152,461	1,011		153,472
Impairment charges, incl. reversals of acquired OEI impairments	-24,619	-29,092	0	-53,710	0		-53,710
Profit before tax	162,839	85,753	-42,420	206,172	1,011	0	207,182
Total assets	6,605,693	3,499,042	6,433,192	16,537,927	181,079		16,719,006
of which Loans and advances	6,382,439	3,359,608	0	9,742,046	0		9,742,046
Total liabilities	10,027,130	3,140,682	1,479,216	14,647,028	181,079		14,828,107
of which Deposits	10,027,130	3,140,682	0	13,167,812		-20,385	13,147,427
of which Insurance liabilities			705		97,360		98,065

Notes - BankNordik Group

Note DKK 1,000

2 BankNordik Group - Geographical revenue information (cont'd)

Geographical segments	Total income		Non.current assets		Additions to tangible assets		Additions to intangible assets	
	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Faroe Islands	163,591	172,356	119,980	42,510	77,063	-125,651	8,122	2,362
Denmark	132,305	133,097	62,581	47,631	21,979	0		
Greenland	22,946	22,427	45,919	46,360	-88	0		
Total	318,841	327,881	228,480	136,501	98,954	-125,651	8,122	2,362

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	
	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Faroe Islands, Banking, Other	146,737	162,533	68,665	164,918	12,356	28,139	196	185
Faroe Islands, Insurance	16,854	9,824	8,086	1,011	1,455	183	24	25
Denmark, Banking	132,305	133,097	51,265	31,249	17,603	8,695	149	162
Greenland, Banking	22,946	22,427	22,645	10,005	881	881	20	18
Total	318,841	327,881	150,661	207,182	32,296	37,898	390	390

Notes

Note	DKK 1,000	Group		BankNordik	
		H1 2019	H1 2018	H1 2019	H1 2018
3	Interest income				
	Credit institutions and central banks	602	1,371	602	1,371
	Loans and advances	181,442	184,755	181,442	184,755
	Deposits	2,738	2,582	2,738	2,582
	Bonds	15,239	14,572	14,505	13,976
	Total derivatives of which:	-6,519	-8,073	-6,519	-8,073
	<i>Currency contracts</i>	-266	-104	-266	-104
	<i>Interest rate contracts</i>	-6,253	-5,784	-6,253	-5,784
	<i>Other transactions</i>	0	-2,185	0	-2,185
	Other interest income	-203	1,900	-203	1,900
	Total interest income	193,299	197,106	192,565	196,511
4	Interest expenses				
	Credit institutions and central banks	753	718	753	718
	Deposits	3,096	2,643	3,097	2,643
	Subordinated debt	6,050	6,050	6,050	6,050
	Other interest expenses	1,907	188	1,907	188
	Total interest expenses	11,806	9,599	11,807	9,599
5	Net fee and commission income				
	Fee and commission income				
	Securities trading and custody accounts	15,161	15,282	15,161	15,282
	Credit transfers	11,606	11,769	11,606	11,769
	Loan commissions	3,057	3,498	3,057	3,498
	Guarantee commissions	10,562	9,277	10,562	9,277
	Other fees and commissions	59,080	53,336	64,438	58,184
	Total fee and commission income	99,465	93,162	104,824	98,010
	Fee and commissions paid				
	Securities trading and custody accounts	6,109	6,167	6,109	6,167
	Net fee and commission income	93,355	86,995	98,714	91,843
6	Market value adjustments				
	Loans and advances	18,747	1,689	18,747	1,689
	Bonds	13,151	-24,552	13,981	-23,451
	Shares	140	28,674	140	28,674
	Foreign exchange	4,125	2,349	4,125	2,349
	Total derivatives of which:	-35,689	162	-35,689	162
	<i>Currency Swaps</i>	1,154	553	1,154	553
	<i>Interest Swaps</i>	-36,839	9	-36,839	9
	<i>Other contracts</i>	-4	0	-4	0
	Assets under pooled schemes	-13,216	-4,735	-13,216	-4,735
	Deposits in pooled schemes	13,216	4,735	13,216	4,735
	Total market value adjustments	474	8,322	1,304	9,423

Notes

Note	DKK 1,000	Group		BankNordik	
		H1 2019	H1 2018	H1 2019	H1 2018
7	Other operating income				
	Profit on sale of properties	512	0	512	0
	- of which assets held for sale	512	0	512	0
	Profit on sale of operating equipment	0	10,099	0	10,099
	Reversals of acquired OEI impairments	0	6,698	0	6,698
	Other income	5,201	5,568	2,168	1,899
	Total other operating income	5,713	22,364	2,681	18,695
	<i>Reversals of acquired OEI impairments are reclassified to Impairment charges on loans and advances etc. for the current year due to changes in accounting policies for impairment under IFRS 9.</i>				
8	Staff costs and administrative expenses				
	Staff costs:				
	Salaries	108,639	109,635	100,448	102,122
	Pensions	14,636	13,558	13,650	12,561
	Social security expenses	17,463	16,437	16,389	15,397
	Total staff costs	140,738	139,629	130,487	130,080
	Administrative expenses:				
	IT	52,453	50,550	50,162	48,624
	Marketing etc	10,132	7,243	9,876	6,796
	Education etc	1,100	983	777	736
	Advisory services	861	749	847	749
	Other expenses	30,918	34,405	29,976	32,747
	Total administrative expenses	95,463	93,930	91,637	89,651
	Total staff costs	140,738	139,629	130,487	130,080
	Employee costs included under the item "Claims, net of reinsurance"	-3,709	-3,482	0	0
	Total administrative expenses	95,463	93,930	91,637	89,651
	Total staff costs and administrative expenses	232,492	230,077	222,124	219,731
	Number of employees				
	Average number of full-time employees in the period	389	392	356	360
	Executive remuneration:				
	Board of Directors	1,150	1,050	1,150	1,050
	Executive Board:				
	Salaries	1,254	1,259	1,254	1,259
	- less fees received from directorships	98	80	98	80
	The Bank's expense, salaries	1,156	1,179	1,156	1,179
	Pension	188	188	188	188
	Total executive board	1,343	1,367	1,343	1,367
	Total executive remuneration	2,493	2,417	2,493	2,417

Notes

Note	DKK 1,000	Group		BankNordik	
		H1 2019	H1 2018	H1 2019	H1 2018
9	Impairment charges on loans and advances and provisions for guarantees etc.				
	Impairment charges and provisions at 31 December	607,341	716,318	607,341	716,318
	New and increased impairment charges and provisions	28,517	33,696	28,517	33,696
	Reversals of impairment charges and provisions	90,202	66,779	90,202	66,779
	Written-off, previously impaired	6,323	0	6,323	0
	Interest income on impaired loans	5,740	7,595	5,740	7,595
	Total impairment charges and provisions at 30 June	539,333	683,235	539,333	683,235
	Impairment charges and provisions recognised in the income statement				
	Loans and advances at amortised cost	-64,272	-44,497	-64,272	-44,497
	Loans and advances at fair value	-1,064	1,329	-1,064	1,329
	Guarantees and loan commitments	-6,453	-3,844	-6,453	-3,844
	Assets held for sale	0	0	0	0
	Total individual impairment charges and provisions	-71,789	-47,013	-71,789	-47,013
	Stage 1 impairment charges				
	Stage 1 impairment charges etc. at 31 December	14,583	20,770	14,583	20,770
	New and increased Stage 1 impairment charges	2,700	20,196	2,700	20,196
	Reversals, net of Stage 1 impairment charges	3,896	6,016	3,896	6,016
	Stage 1 impairment charges at 30 June	13,388	34,951	13,388	34,951
	Total net impact recognised in the income statement	-1,196	14,180	-1,196	14,180
	Stage 2 impairment charges				
	Stage 2 impairment charges etc. at 31 December	44,846	40,829	44,846	40,829
	New and increased impairment charges	6,264	0	6,264	0
	Reversals, net of impairment charges	12,618	16,654	12,618	16,654
	Stage 2 impairment charges at 30 June	38,492	24,175	38,492	24,175
	Total net impact recognised in the income statement	-6,354	-16,654	-6,354	-16,654
	Weak Stage 2				
	Weak Stage 2 impairment charges etc. at 31 December	57,867	68,674	57,867	68,674
	New and increased impairment charges	6,331	0	6,331	0
	Reversals, net of impairment charges	27,413	8,654	27,413	8,654
	Weak Stage 2 impairment charges at 30 June	36,786	60,020	36,786	60,020
	Total net impact recognised in the income statement	-21,081	-8,654	-21,081	-8,654
	Stage 3 impairment charges				
	Stage 3 impairment charges etc. at 31 December	462,602	544,232	462,602	544,232
	New and increased impairment charges	11,407	8,889	11,407	8,889
	Reversals of impairment charges	38,008	27,000	38,008	27,000
	Written-off, previously impaired	6,323	0	6,323	0
	Write-offs charged directly to the income statement	888	556	888	556
	Received on claims previously written off	5,250	6,890	5,250	6,890
	Interest income on impaired loans	5,740	7,595	5,740	7,595
	Stage 3 impairment charges at 30 June	429,677	526,121	429,677	526,121
	Total net impact recognised in the income statement	-36,705	-32,040	-36,705	-32,040

Notes

Note	DKK 1,000	Group		BankNordik	
		H1 2019	H1 2018	H1 2019	H1 2018
9	Provisions for guarantees and undrawn credit lines				
(cont'd)	Individual provisions at 31 December	27,443	41,813	27,443	41,813
	New and increased provisions	1,815	4,611	1,815	4,611
	Reversals of provisions	8,267	8,456	8,267	8,456
	Provisions for guarantees etc at 30 June	20,991	37,968	20,991	37,968
	<i>Total net impact recognised in the income statement</i>	<i>-6,453</i>	<i>-3,844</i>	<i>-6,453</i>	<i>-3,844</i>
	Provisions for guarantees and undrawn credit lines				
	Stage 1 provisions	1,948	8,507	1,948	8,507
	Stage 2 provisions	3,894	9,583	3,894	9,583
	Weak Stage 2 provisions	3,400	3,400	3,400	3,400
	Stage 3 provisions	11,749	16,478	11,749	16,478
	Provisions for guarantees etc at 30 June	20,991	37,968	20,991	37,968

Notes

Note	DKK 1,000	Group		BankNordik	
		June 30 2019	Dec. 31 2018	June 30 2019	Dec. 31 2018
10	Due from credit institutions etc. specified by maturity				
	On demand	305,454	710,962	305,454	710,962
	3 months and below	560,000	89,446	560,000	89,446
	3 months to 1 year	0	14,012	0	14,012
	Over 1 year to 5 years	100,000	100,000	100,000	100,000
	Total due from credit institutions etc.	965,454	914,420	965,454	914,420
11	Assets held for sale				
	Total purchase price, at 1 January	24,709	10,998	24,709	10,998
	Additions	34	105	34	105
	Reclassification from domicile properties	0	15,930	0	15,930
	Disposals	602	2,324	602	2,324
	Total purchase price	24,140	24,709	24,140	24,709
	Depreciation and impairment, at 1 January	4,345	4,696	4,345	4,696
	Impairment charges for the year	0	50	0	50
	Reversal of impairment on disposals during the year	0	401	0	401
	Total depreciation and impairment	4,345	4,345	4,345	4,345
	Total assets held for sale	19,795	20,364	19,795	20,364
12	Contingent liabilities				
	Guarantees				
	Financial guarantees	491,175	439,718	491,175	439,718
	Mortgage finance guarantees	1,417,297	1,317,418	1,417,297	1,317,418
	Registration and remortgaging guarantees	487,806	626,104	487,806	626,104
	Other guarantees	331,793	400,961	331,793	400,961
	Total guarantees	2,728,071	2,784,200	2,728,071	2,784,200
13	Assets deposited as collateral				
	At June 30 2019 the Group had deposited bonds at a total market value of DKK 35m (H1 2018: 29m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing. Deposits of bonds to others in total have a market value of DKK 38m (H1 2018: 30m).				

Statement by the management

We have today considered and approved P/F BankNordik's interim report for the first six months to 30 June 2019.

The consolidated financial statements for the first six months to 30 June 2019 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 30 June 2019, 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 six months ended 30 June 2019.

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, 5 August 2019

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Árni Ellefsen
CEO

Board of Directors

Stine Bosse
Chairman

Barbara Pállsdóttir Vang
Vice Chairman

Jógvan Jespersen

Kim Jacobsen

John Hendrik Holm

Gunnar Nielsen

Kenneth M. Samuelsen

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BankNordik is a limited liability
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