

Interim Report Q1 2019

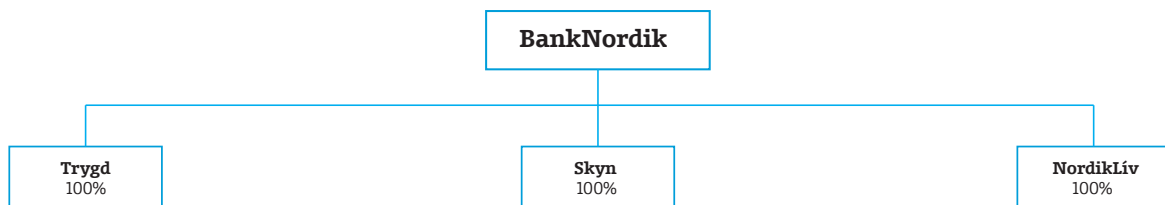
BANK**NORDIK**

Interim Report Q1 2019

Contents

Overview of the Group.....	3	Financial statement	
Financial highlights and ratios.....	4	Income statement.....	14
Financial Review		Balance sheet.....	16
Income statement.....	5	Statement of capital.....	17
Balance sheet.....	6	Capital and solvency.....	20
Supervisory Diamond.....	6	Cash flow statement.....	21
Capital ratios.....	6	Notes to the financial statements.....	22
Events after the balance sheet date.....	6	Statement by the management	30
Outlook 2019.....	6	Contact details	31
Adjusted results.....	7		
Segments			
Banking.....	9		
Personal banking.....	10		
Corporate banking.....	11		
Insurance.....	12		

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	Q1	Q1	Index	Q1	Q4	Q3	Q2	Q1
DKK 1,000	2019	2018	19 / 18	2019	2018	2018	2018	2018
Net interest income	91,034	94,273	97	91,034	92,349	94,286	93,235	94,273
Dividends from shares and other investments	240	275	88	240	83	77	10,962	275
Net fee and commission income	47,876	43,979	109	47,876	42,477	42,741	43,015	43,979
Net interest and fee income	139,151	138,527	100	139,151	134,909	137,104	147,212	138,527
Net insurance income	8,517	11,997	71	8,517	12,598	12,999	6,156	11,997
Interest, fee and insurance income, net	147,668	150,524	98	147,668	147,507	150,103	153,369	150,524
Market value adjustments	15,548	24,455	64	15,548	-5,538	4,330	-16,133	24,455
Other operating income	2,791	5,216	54	2,791	2,311	-4,728	17,149	5,216
Staff costs and administrative expenses	116,707	118,000	99	116,707	114,145	115,025	112,077	118,000
Impairment charges on loans and advances etc.	-19,057	-28,023	68	-19,057	-18,033	-45,736	-18,989	-28,023
Net profit	52,419	118,452	44	52,419	32,763	60,050	50,832	118,452
Loans and advances	10,006,218	9,607,365	104	10,006,218	9,956,478	10,007,984	9,742,046	9,607,365
Bonds at fair value	5,174,715	4,490,952	115	5,174,715	4,565,087	4,558,273	4,622,270	4,490,952
Assets held for sale	19,795	5,775	343	19,795	20,364	4,861	4,911	5,775
Total assets	17,417,463	16,348,558	107	17,417,463	16,700,158	16,716,361	16,719,006	16,348,558
Amounts due to credit institutions and central banks	83,127	385,384	22	83,127	298,610	320,950	440,414	385,384
Deposits and other debt	14,003,644	13,082,937	107	14,003,644	13,432,228	13,162,921	13,147,427	13,082,937
Total shareholders' equity	1,965,329	1,853,133	106	1,965,329	1,986,752	1,948,568	1,890,899	1,853,133
Ratios and key figures								
	March 31	March 31		March 31	Dec. 31	Sept. 30	June 30	March 31
	2019	2018		2019	2018	2018	2018	2018
Solvency								
Solvency ratio, %	19.2	18.9		19.2	19.8	17.6	18.5	18.9
Core capital ratio, %	17.2	16.7		17.2	17.7	15.5	16.3	16.7
Core capital ratio excl. hybrid core capital, end of period, %	17.2	16.7		17.2	17.7	15.5	16.3	16.7
Risk-weighted Items, DKK mill	10,907	10,058		10,907	10,621	10,634	10,219	10,058
Profitability								
Return on equity after tax, %	2.7	6.4		2.7	1.7	3.1	2.7	6.4
Cost / income, %	61.1	17.8		61.1	73.9	47.7	61.7	17.8
Cost / income, % (excl. value ad-justm. and impairments)	80.0	38.6		80.0	83.2	80.5	67.0	38.6
Return on assets	0.3	0.7		0.3	0.2	0.4	0.3	0.7
Market risk								
Interest rate risk, %	1	1.68		1.4	1.7	2.15	1.8	1.7
Foreign exchange position, %	1.9	1.7		1.9	1.3	1.9	1.6	1.7
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, %	221.5	217.9		221.5	212.5	218.6	225.4	217.9
Credit risk								
Change in loans and advances, %	4.2	0.7		0.5	-0.5	2.7	1.4	0.7
Gearing of loans and advances	5.1	5.2		5.1	5.0	5.1	5.2	5.2
Impairment and provisioning ratio, end of period, %	4.4	4.4		4.4	4.5	3.8	4.2	4.4
Write-off and provisioning ratio, %	-0.1	-0.2		-0.1	-0.1	-0.3	-0.1	-0.2
Share of amounts due on which interest rates have been reduced, end of period, %	0.8	0.4		0.8	0.8	0.4	0.4	0.4
Shares								
Earnings per share after tax (nom. DKK 20), DKK	5.5	12.2		5.5	3.4	6.1	5.2	12.2
Market price per share (nom. DKK 20), DKK	108.0	110.5		108.0	108.5	113.0	110.0	110.5
Book value per share (nom. DKK 20), DKK	206.3	190.9		206.3	207.2	202.1	195.7	190.9
Other								
Number of full-time employees, end of period	393	387		393	393	385	390	387

Financial Review

Income statement, Group								
DKKm	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net interest income	91	94	97	91	92	94	93	94
Net fee and commission income	48	44	109	48	42	43	43	44
Net insurance income	9	12	71	9	13	13	6	12
Other operating income (less reclassification)	11	12	94	11	9	10	15	12
Operating income	158	162	98	158	156	160	157	162
Operating costs ¹	-120	-115	104	-120	-115	-111	-116	-115
Sector costs	-0	-0		-0	-0	-0	-0	-0
Profit before impairment charges	38	47	82	38	42	49	42	47
Impairment charges, net	19	31	62	19	18	39	23	31
Operating profit	57	77	74	57	60	88	65	77
Non-recurring items ²	0	76		0	-10	-6	12	76
Profit before value adjustments and tax	57	154	37	57	50	81	76	154
Market value adjustments ³	8	-6		8	-12	-3	-17	-6
Profit before tax	65	148	44	65	38	78	59	148
Operating cost/income, %	76	71		76	73	69	73	71
Number of FTE, end of period	393	387	101	393	393	385	390	387

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).

"While net interest income was down due to persistent margin pressure, net fee and commission income was elevated by strong customer activity in the first quarter of 2019. In particular, an inflow of new customers in Denmark had a positive impact on mortgage sales. Operating costs, on the other hand, were higher during the quarter, but we remain steadfast in targeting almost flat expenditure level of around DKK 460m for FY2019," said BankNordik CEO, Árni Ellefsen.

"In addition to our commitment to improving the customer experience and strengthening the Group's customer relationships, we continued to advance the optimisation of processes and apply technology to increase productivity and our cost structure for the long term," 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 158m in Q1 2019, up by DKK 2m compared to Q4 2018. Net interest income was down by DKK 1m in Q1 2019 compared to Q4 2018 due to margin pressure. Net fee and commission income amounted to DKK 48m in Q1 2019, up by DKK 5m compared to Q4 2018 due to strong customer activity. Net insurance income amounted to DKK 9m in Q1 2019, down by DKK 4m compared to Q4 2018 due to higher claims in both life and non-life insurance operations. Other operating income amounted to DKK 11m in Q1 2019 relative to DKK 9m in Q4 2018.

Operating costs amounted to DKK 120m in Q1 2019, up by DKK 5m compared to Q4 2018. The QoQ increase was due to higher IT costs, in particular. However, BankNordik still expects FY2019 operating costs to be almost flat YoY.

The Supervisory Diamond

Sum of large exposures < 175 %

Q1 2019	Q1 2018
125.5%	121.0%

Loan growth < 20 %

Q1 2019	Q1 2018
4.2%	4.9%

Funding-ratio < 1.0

Q1 2019	Q1 2018
0.62	0.62

Property exposure < 25%

Q1 2019	Q1 2018
5.5%	5.6%

Liquidity indicator > 100%

Q1 2019	Q1 2018
264.4%	280.9

Profit before impairment charges was DKK 38m in Q1 2019, down from DKK 42m in Q4 2018. Net impairment charges were a DKK 19m reversal in Q1 2019 compared to a reversal of DKK 18m in Q4 2018. Operating profit was down by DKK 3m from DKK 60m in Q4 2018 to DKK 57m in Q1 2019.

Balance sheet

BankNordik's total assets at 31 March 2019 amounted to DKK 17.4bn. Loans and advances were DKK 10.0bn, i.e. up by DKK 50m compared to 31 December 2018. Deposits were DKK 14.0bn, an increase of DKK 571m 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 610m compared to 31 December 2018. Liquidity invested in equities amounted to DKK 302m, a decrease of DKK 2m relative to 31 December 2018. The Group's liquidity indicator was 264.4% at 31 March 2019, well above the requirement of 100%. The Group's LCR at 31 March 2019 was 210% also well above the requirement of 100%. The Group's equity at 31 March 2019 amounted to DKK 1,965m, down by DKK 21m compared to 31 December 2018.

Capital ratios

The Group's CET1 capital ratio was down by 0.5 of a percentage point quarter-on-quarter to stand at 17.2% at 31 March 2019. The total capital ratio decreased to 19.2% at 31 March 2019 from 19.8% at 31 December 2018.

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 31 March 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 in 2019 (Q1 2019: DKK 38m), while net profit is expected to be at the upper end of the previously announced range of DKK 100–150m (Q1 2019: DKK 52m).

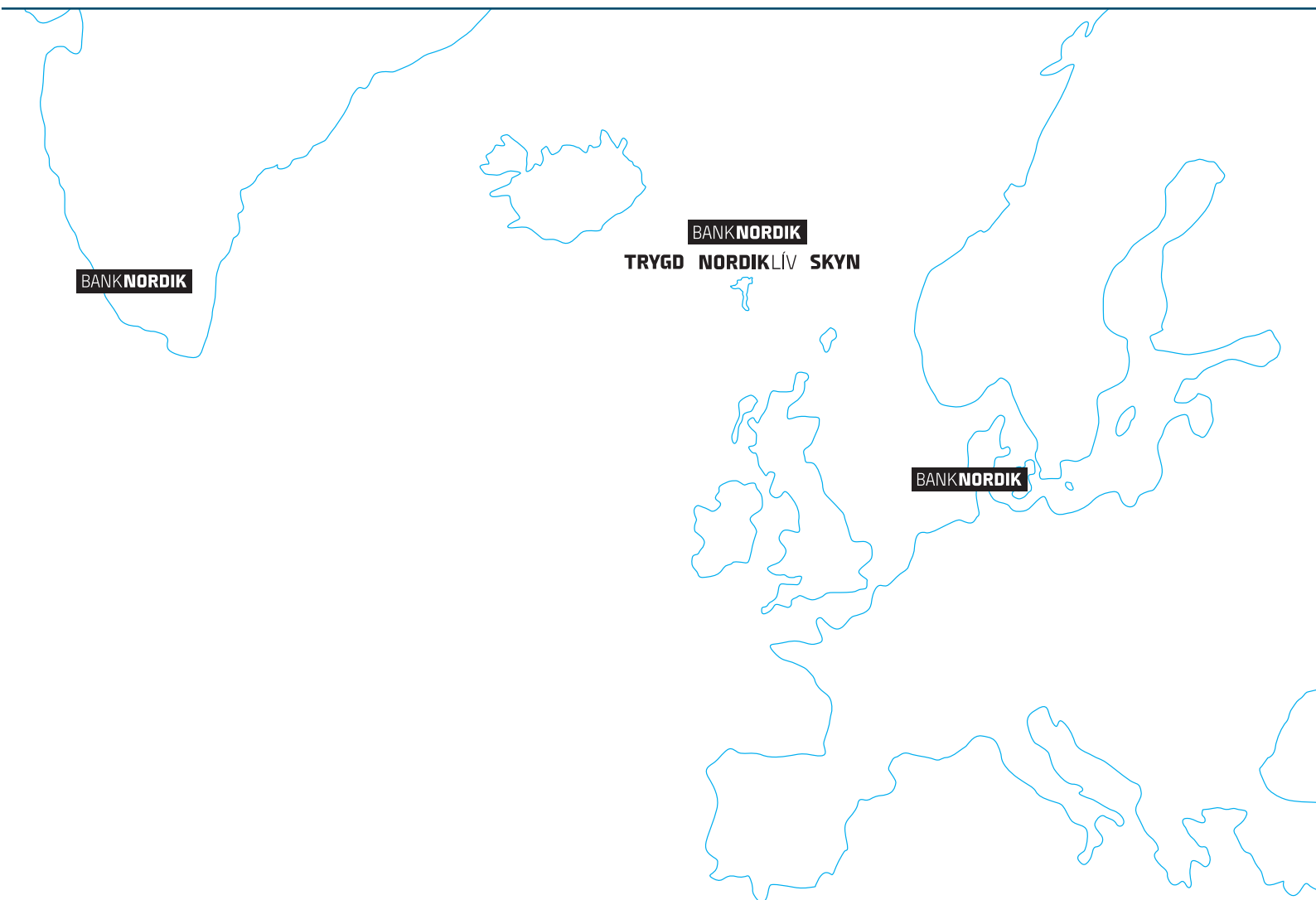
This guidance is generally subject to uncertainty and will, amongst other things, depend on economic conditions, loan impairments and market value adjustments.

Adjusted results

Adjustments made to the income statement are shown below.

Note	Income statement Q1 2019, Group, DKK 1,000	Income statement	Restatement	Restated income statement
	Net interest income	91,034		91,034
1	Net fee and commission income	48,116	-240	47,876
	Net insurance income	8,517		8,517
1, 4	Other operating income	2,791	8,196	10,987
	Operating income	150,459	7,956	158,415
2, 3	Operating costs	120,255	0	120,255
3	Sector costs	169	0	169
	Profit before impairment charges	30,035	7,956	37,991
	Impairment charges	-19,057		-19,057
	Operating profit	49,092	7,956	57,048
2, 4	Non-recurring items	0	0	0
	Profit before value adjustments and tax	49,092	7,956	57,048
4	Market value adjustments	15,548	-7,956	7,593
	Profit before tax	64,640	0	64,640
Note	Income statement Q1 2018, Group, DKK 1,000			
	Net interest income	94,273		94,273
	Net fee and commission income	44,254	-275	43,979
	Net insurance income	11,997		11,997
1, 4	Other operating income	5,216	6,509	11,725
	Operating income	155,740	6,235	161,974
2, 3	Operating costs	59,876	55,330	115,206
3	Sector costs	226	-57	169
	Profit before impairment charges	95,637	-49,038	46,599
1	Impairment charges	-28,023	-2,742	-30,766
	Operating profit	123,660	-46,295	77,365
2, 4	Non-recurring items	0	76,273	76,273
	Profit before value adjustments and tax	123,660	29,977	153,637
4	Market value adjustments	24,455	-29,977	-5,522
	Profit before tax	148,115	0	148,115
Note	Restatements made to the income statement, DKK 1,000		Q1 2019	Q1 2018
1	Reversals of acquired OEI impairments reclassified from Other operating income to Impairment charges.		0	2,742
1	Dividends reclassified from Net fee and commission income to Other operating income		240	275
2	Reclassification of severance costs from Operating costs to Non-recurring items.		0	4,909
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	57
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.		7,956	8,977
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

Segments



Personal Banking	Q1 2019	Q1 2018
Loans and advances	DKK 6.4bn	DKK 6.4bn
Deposits	DKK 10.3bn	DKK 9.8bn
Cost/Income(Operating cost/income)	37%	39%
Operating profit	DKK 77m	DKK 86m

Corporate Banking	Q1 2019	Q1 2018
Loans and advances	DKK 3.6bn	DKK 3.2bn
Deposits	DKK 3.7bn	DKK 3.3bn
Cost/Income(Operating cost/income)	10%	12%
Operating profit	DKK 42m	DKK 45m

Trygd	Q1 2019	Q1 2018
Premium, net of insurance	DKK 27m	DKK 25m
Combined ratio	93%	80%
Claims ratio	72%	58%
Profit before tax	DKK 2m	DKK 5m

Banking Group by segment

Income statement, Banking								
DKKm	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net interest income	91	94	96	91	92	94	93	94
Net fee and commission income	51	46	109	51	45	45	45	46
Other operating income	10	10	97	10	8	8	13	10
Operating income	151	150	100	151	145	147	152	150
Operating cost	-116	-110	105	-116	-109	-106	-110	-110
Sector costs	-0	-0		-0	-0	-0	-0	-0
Profit before impairment charges	35	40	88	35	35	42	42	40
Impairment charges, net	19	31		19	18	39	23	31
Operating profit	54	71	77	54	54	81	65	71
Non-recurring items	0	76		0	-10	-6	12	76
Profit before value adjustments and tax	54	147	37	54	44	75	76	147
Market value adjustments	8	-5		8	-11	-3	-17	-5
Profit before tax	62	142	44	62	32	72	59	142
Loans and advances	10,006	9,607	104	10,006	9,956	10,008	9,742	9,607
Deposits and other debt	14,027	13,107	107	14,027	13,452	13,184	13,168	13,107
Mortgage credit	12,477	11,852	105	12,477	12,238	12,050	11,890	11,852
Operating cost/income, %	77	73		77	75	72	72	73
Number of FTE, end of period	359	356	101	359	360	355	358	356

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	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net interest income	61	66	93	61	63	65	65	66
Net fee and commission income	46	43	109	46	44	41	41	43
Other operating income	8	8	103	8	7	5	11	8
Operating income	116	116	100	116	114	111	117	116
Operating cost	-43	-45	96	-43	-43	-44	-44	-45
Sector costs	-0	-0		-0	-0	-0	-0	-0
Profit before impairment charges	73	71	102	73	70	67	73	71
Impairment charges, net	4	15	29	4	8	22	10	15
Operating profit	77	86	89	77	78	89	83	86
Non-recurring items	0	0		0	0	0	0	0
Profit before value adjustments and tax	77	86	89	77	78	89	83	86
Market value adjustments	-0	0		-0	0	0	0	0
Profit before tax	77	86	89	77	78	89	83	86
Loans and advances	6,429	6,368	101	6,429	6,455	6,481	6,382	6,368
Deposits and other debt	10,304	9,804	105	10,304	10,096	9,928	10,027	9,804
Mortgage credit	12,093	11,406	106	12,093	11,838	11,625	11,460	11,406
Operating cost/income, %	37	39		37	38	40	38	38
Number of FTE, end of period	200	207	96	200	208	206	201	207

The Personal Banking segment reported operating income of DKK 116m in Q1 2019, up by DKK 2m compared to Q4 2018.

Net interest income was DKK 61m in Q1 2019, down by DKK 2m compared to the previous quarter owing to margin pressure. On the other hand, net fee and commission income in Q1 2019 was up by DKK 2m quarter-on-quarter due to higher customer activity.

Operating costs were DKK 43m in Q1 2019, equal to the operating costs in Q4 2018, while impairment charges were a reversal of DKK 4m in Q1 2019 compared to a reversal of DKK 8m in Q4 2018.

As a result, operating profit amounted to DKK 77m in Q1 2019, down DKK 1m compared to the previous quarter.

Bank loans and advances to personal customers during the quarter decreased by DKK 26m to DKK 6,429m at 31 March 2019, while mortgage lending increased by DKK 255m to DKK 12,093m both compared to 31 December 2018. Deposits grew by DKK 208m during the same period to DKK 10,304m at 31 March 2019.

Corporate Banking

Income statement, Corporate Banking								
DKKm	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net interest income	29	28	107	29	27	29	29	28
Net fee and commission income	4	3	131	4	4	3	3	3
Other operating income	1	3		1	1	2	1	3
Operating income	35	33	104	35	32	34	34	33
Operating cost	-3	-4	87	-3	-4	-4	-4	-4
Sector costs	-0	-0		-0	-0	-0	-0	-0
Profit before impairment charges	31	29	106	31	29	30	30	29
Impairment charges, net	11	16		11	10	17	13	16
Operating profit	42	45	92	42	39	47	43	45
Non-recurring items	0	0		0	0	0	0	0
Profit before value adjustments and tax	42	45	92	42	39	47	43	45
Market value adjustments	0	0		0	0	0	0	0
Profit before tax	42	45	92	42	39	47	43	45
Loans and advances	3,565	3,240	110	3,565	3,502	3,527	3,360	3,240
Deposits and other debt	3,715	3,303	112	3,715	3,356	3,257	3,141	3,303
Mortgage credit	384	446	86	384	400	425	430	446
Operating cost/income, %	10	12		10	11	12	11	12
Number of FTE, end of period	16	18	89	16	16	17	17	18

The Corporate Banking activities reported operating income of DKK 35m in Q1 2019, up by DKK 3m compared to Q4 2018.

Net interest income was up by DKK 2m compared to Q4 2018 due to an increase in volumes, while net fee and commission income was flat.

Operating costs fell slightly QoQ and impairment charges were a reversal of DKK 11m compared to a reversal of DKK 10m in the previous quarter.

This brought operating profit to DKK 42m in Q1 2019, up DKK 3m compared to the previous quarter.

Corporate loans and advances increased by DKK 63m to DKK 3,565m at 31 March 2019, while deposits increased by DKK 359m, both compared to 31 December 2018.

Insurance

Income statement, Trygd								
DKKm	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Premium income, net of reinsurance	27	25	106	27	27	27	26	25
Claims, net of reinsurance	-19	-15	133	-19	-17	-17	-23	-15
Net insurance income	8	11	70	8	10	10	3	11
Net income from investment activities	-0	-0		-0	-0	-0	-0	-0
Operating income	8	11	71	8	10	9	3	11
Operating cost	-6	-6	98	-6	-6	-6	-6	-6
Profit before tax	2	5	39	2	4	3	-4	5
Combined ratio	93	80		93	85	87	114	80
Claims ratio	72	58		72	63	64	90	58
Number of FTE, end of period	26	25	103	26	25	23	25	25

Premium income was DKK 27m in Q1 2019, up by DKK 2m compared to Q1 2018, while claims were DKK 19m in Q1 2019, up 5m from DKK 15m in Q1 2018 due to an increase in claims.

Operating costs were DKK 6m in Q1 2019, flat compared to Q1 2018. As a result, profit before tax was DKK 2m in Q1 2019 compared to DKK 5m 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	
		Q1 2019	Q1 2018	Q1 2019	Q1 2018
3	Interest income	96,146	97,643	95,827	97,387
4	Interest expenses	5,112	3,370	5,113	3,370
	Net interest income	91,034	94,273	90,715	94,016
	Dividends from shares and other investments	240	275	240	275
5	Fee and commission income	51,592	47,412	54,241	49,792
5	Fee and commissions paid	3,716	3,433	3,716	3,393
	Net dividend, fee and commission income	48,116	44,254	50,765	46,673
	Net interest and fee income	139,151	138,527	141,479	140,690
	Premium income, net of reinsurance	30,127	28,281		
	Claims, net of reinsurance	21,610	16,284		
	Interest and fee income and income from insurance activities, net	147,668	150,524	141,479	140,690
6	Market value adjustments	15,548	24,455	15,935	25,006
7	Other operating income	2,791	5,216	1,427	3,366
8	Staff costs and administrative expenses	116,707	118,000	112,294	113,237
	Amortisation, depreciation and impairment charges	3,547	-58,124	3,410	-58,264
	Other operating expenses	169	226	169	226
9	Impairment charges on loans and advances etc.	-19,057	-28,023	-19,057	-28,023
	Income from investments accounted for under the equity method	0	0	2,145	5,108
	Profit before tax	64,640	148,115	64,170	146,994
	Tax	12,221	29,663	11,751	28,542
	Net profit	52,419	118,452	52,419	118,452
	Portion attributable to				
	Shareholders of BankNordik P/F	52,419	118,452	52,419	118,452
	Net profit	52,419	118,452	52,419	118,452
	EPS Basic for the period, total, DKK*	5.48	15.25	5.48	15.25
	EPS Diluted for the period, total, DKK*	5.48	15.25	5.48	15.25

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

Statement og comprehensive income - BankNordik

	Group		BankNordik	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
DKK 1,000				
Net profit	52,419	118,452	52,419	118,452
Other comprehensive income				
Revaluation of domicile property	0	9,818	0	9,818
Tax on other comprehensive income	0	-1,767	0	-1,767
Total other comprehensive income	0	8,051	0	8,051
Total comprehensive income	52,419	126,503	52,419	126,503
Portion attributable to				
Shareholders of BankNordik P/F	52,419	126,503	52,419	126,503
Total comprehensive income	52,419	126,503	52,419	126,503

Balance Sheet - BankNordik

Note	DKK 1,000	Group		BankNordik	
		March 31 2019	Dec. 31 2018	March 31 2019	Dec. 31 2018
	Assets				
	Cash in hand and demand deposits with central banks	349,190	180,051	349,087	179,956
10	Amounts due from credit institutions and central banks	671,052	914,420	671,052	914,420
9	Loans and advances at fair value	520,720	519,638	520,720	519,638
9	Loans and advances at amortised cost	9,485,498	9,436,840	9,485,498	9,436,840
	Bonds at fair value	5,174,715	4,565,087	4,975,203	4,374,064
	Shares, etc.	302,475	304,003	302,475	304,003
	Assets under insurance contracts	7,104	5,850	0	0
	Holdings in associates	6,082	6,082	6,082	6,082
	Holdings in subsidiaries	0	0	125,795	123,651
	Assets under pooled schemes	474,794	445,241	474,794	445,241
	Intangible assets	7,511	6,678	7,511	6,678
	Total land and buildings	190,343	98,649	188,405	96,705
	Domicile property	190,343	98,649	188,405	96,705
	Other property, plant and equipment	22,009	23,814	21,033	22,760
	Current tax assets	6,994	6,814	6,994	6,814
	Deferred tax assets	18,541	18,527	18,496	18,496
11	Assets held for sale	19,795	20,364	19,795	20,364
	Other assets	153,855	77,907	148,185	73,361
	Prepayments	6,785	70,194	5,301	68,629
	Total assets	17,417,463	16,700,158	17,326,426	16,617,701

Balance Sheet - BankNordik

Note	DKK 1,000	Group		BankNordik	
		March 31 2019	Dec. 31 2018	March 31 2019	Dec. 31 2018
		Shareholders' equity and liabilities			
		Liabilities other than provisions			
		83,127	298,610	83,127	298,610
		14,003,644	13,432,228	14,026,881	13,452,242
		477,219	445,572	477,219	445,572
		101,120	89,064	0	0
		46,957	17,441	43,424	14,394
		483,462	170,164	474,330	160,240
		2,981	4,044	2,492	3,609
		15,198,509	14,457,124	15,107,472	14,374,667
		Provisions for liabilities			
9		24,973	27,443	24,973	27,443
		5,023	5,361	5,023	5,361
		29,995,782	32,805	29,996	32,805
		Subordinated debt			
		223,629	223,477	223,629	223,477
		15,452,135	14,713,406	15,361,098	14,630,949
		Shareholders' equity			
		200,000	200,000	200,000	200,000
		10,968	10,968	10,968	10,968
		1,754,360	1,705,783	1,754,360	1,705,783
		0	70,000	0	70,000
		1,965,329	1,986,752	1,965,329	1,986,752
		17,417,463	16,700,158	17,326,426	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	52,419	52,419
Total comprehensive income		0	0	52,419	52,419
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 March 31, 2019	200,000	10,968	0	1,754,361	1,965,329

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
Revaluation of assets		9,818		0	9,818
Tax on entries on income recognised as Other comprehensive income		-1,767			-1,767
Net profit			0	118,452	118,452
Total comprehensive income		8,051	0	65,803	73,854
Acquisition of own shares				-4,260	-4,260
Sale of own shares				2,276	2,276
Dividends paid			-40,000	1,171	-38,829
Shareholders' equity at March 31, 2018	200,000	8,051	0	1,645,083	1,853,133

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	52,419	52,419
Total comprehensive income			0	0	52,419	52,419
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 March 31, 2019	200,000	10,968	0	0	1,754,360	1,965,329

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
Revaluation of assets		9,818				9,818
Tax on entries on income recognised as Other comprehensive income		-1,767				-1,767
Net profit		0	0	0	118,452	118,452
Total comprehensive income		8,051	0	0	65,803	73,854
Acquisition of own shares					-4,260	-4,260
Sale of own shares					2,276	2,276
Dividends paid				-40,000	1,171	-38,829
Shareholders' equity at March 31, 2018	200,000	8,051	0	0	1,645,082	1,853,133

Statement of capital - P/F BankNordik

Solvency

DKK 1,000	March 31 2019	Dec. 31 2018
Core capital	1,874,959	1,874,689
Total capital	2,098,588	2,098,167
Risk-weighted items not included in the trading portfolio	8,308,952	8,116,832
Risk-weighted items with market risk etc.	1,507,952	1,308,662
Risk-weighted items with operational risk	1,090,091	1,195,955
Total risk-weighted items	10,906,996	10,621,449
Core capital ratio, excl. hybrid core capital	17.2%	17.7%
Core capital ratio	17.2%	17.7%
Solvency ratio	19.2%	19.8%
Core Capital and Shareholders' equity		
Share capital	200,000	200,000
Reserves	10,968	10,968
Net profit	52,419	262,097
Retained earnings, previous years	1,753,031	1,557,762
Shareholders' equity, before deduction of holdings of own shares	2,016,418	2,030,828
Deduction of dividend	0	70,000
Deduction of net profit	52,419	0
Deduction due to excess holdings of shares in the financial sector	6,649	5,740
Deduction of holdings of own shares	51,089	44,076
Deduction of intangible assets	7,511	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	5,295	4,436
Core capital exclusive of hybrid core capital	1,874,959	1,874,689
Hybrid core capital before deductions	0	0
Core capital	1,874,959	1,874,689
Total capital		
Core capital	1,874,959	1,874,689
Subordinated loan capital, before deductions	223,629	223,477
Total capital	2,098,588	2,098,167

Cash flow statement - Group

DKK 1,000	Group	Group
	Q1	Full year
	2019	2018
Cash flow from operations		
Profit before tax	64,640	323,295
Depreciation and impairment charges of tangible assets	3,547	-43,807
Impairment of loans and advances/guarantees	-19,057	-110,782
Paid tax	0	-36,727
Other non-cash operating items	15,003	-18,711
Total	64,134	113,268
Changes in operating capital		
Change in loans at fair value	-1,083	-88,620
Change in loans at amortised cost	-29,601	-289,707
Change in holding of bonds	-609,242	-300,825
Change in holding of shares	1,529	-55,193
Change in deposits	571,416	799,765
Due to credit institutions and central banks	12,166	-61,886
Change in other assets / liabilities	148,625	17,689
Assets/liabilities under insurance contracts	10,802	10,592
Prepayments	62,345	4,291
Cash flow from operations	231,092	149,374
Cash flow from investing activities		
Dividends received	240	11,396
Acquisition of intangible assets	-833	-6,678
Acquisition of tangible assets	-3,238	-13,127
Sale of tangible assets	0	139,942
Cash flow from investing activities	-3,830	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	-301,492	-53,757
Cash flow	-74,230	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	-74,230	227,150
Cash and due etc.	920,242	994,471
Cash and due etc.		
Cash in hand and demand deposits with central banks	349,190	180,051
Due from credit institutions, etc.	571,052	814,420
Total	920,242	994,471

Notes

Note **Accounting policies**

1

The consolidated financial statements for the first three months 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 has 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. Regarding the implementation of IFRS 16 the Group at January 1, 2019 recognised 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 Q1 2019	Banking				Non-life Insurance	Elimination	Group
		Private	Corporate	Other	Total	Faroe Islands		
2	DKK 1,000							Total
	External interest income, Net	60,274	29,430	952	90,656	378		91,034
	Internal interest	1,087	5	-1,091	0	0		0
	Net interest income	61,361	29,435	-139	90,656	378		91,034
	Net Fee and dividends income	46,709	4,055	-862	49,903	-1,786		48,116
	Premium income, net of reinsurance	0	0	3,685	3,685	27,001	-560	30,127
	Net premium income of reinsurance and claims	0	0	1,545	1,545	7,531	-560	8,517
	Other income	7,771	1,250	10,149	19,170	-387	-444	18,340
	Total income	115,841	34,740	10,694	161,275	5,736	-1,004	166,007
	Total operating expenses	43,244	3,399	70,918	117,560	3,867	-1,004	120,424
	Profit before impairment charges on loans	72,598	31,340	-60,224	43,714	1,869		45,583
	Impairment charges	-4,311	-10,542	-4,204	-19,057	0		-19,057
	Profit before tax	76,909	41,882	-56,020	62,771	1,869		64,640
	Total assets	6,620,325	3,669,543	6,874,582	17,164,450	190,323		17,354,773
	of which Loans and advances	6,435,065	3,571,154		10,006,218	0		10,006,218
	Total liabilities	10,307,874	3,719,007	1,254,409	15,281,289	108,155		15,389,444
	of which Deposits	10,307,874	3,719,007		14,026,881		-23,237	14,003,644
	of which Insurance liabilities			2,475		98,645		101,120

Operating segments Q1 2018	Banking				Non-life Insurance	Elimination	Group
	Private	Corporate	Other	Total	Faroe Islands		
DKK 1.000							Total
External interest income, Net	63,583	28,037	2,440	94,060	213		94,272
Internal interest	2,894	-460	-2,434	-0	0		-0
Net interest income	66,477	27,577	6	94,060	213		94,272
Net Fee and dividends income	42,743	3,292	-152	45,883	-1,629		44,254
Premium income, net of reinsurance	0	0	3,400	3,400	25,413	-532	28,281
Net premium income of reinsurance and claims	0	0	1,748	1,748	10,781	-532	11,997
Other income	-480	1,697	26,489	27,705	-461	-316	26,929
Total income	108,740	32,566	28,090	169,396	8,905	-848	177,452
Total operating expenses	44,892	3,899	8,005	56,796	4,155	-848	60,103
Profit before impairment charges on loans	63,848	28,667	20,085	112,600	4,750		117,350
Impairment charges	-14,897	-15,869	0	-30,766	0		-30,766
Profit before tax	78,745	44,536	20,085	143,366	4,750	0	148,116
Total assets	6,632,100	3,501,470	6,032,834	16,166,404	182,155		16,348,559
of which Loans and advances	6,367,617	3,239,747	0	9,607,365	0		9,607,365
Total liabilities	9,804,245	3,303,197	1,205,829	14,313,270	182,155		14,495,425
of which Deposits	9,804,245	3,303,197	0	13,107,441		-24,504	13,082,937
of which Insurance liabilities			1,205		88,127		89,332

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	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Faroe Islands	87,027	103,335	119,641	181,279	75,034	12,327	7,511	2,120
Denmark	67,697	63,106	60,256	48,357	18,492	-520		
Greenland	11,283	11,011	46,047	46,602	-88	520		
Total	166,007	177,452	225,945	276,238	93,437	12,327	7,511	2,120

Income from external customers are divided into activities related to the customers's domiciles.

Assets include all non-current assets, i.e. intangible assets, material assets, investment properties and holdings in associates.

Operational segments	Total income		Profit before tax		Tax		FTE	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Faroe Islands, Banking, Other	81,291	94,430	42,013	121,093	7,452	23,831	197	178
Faroe Islands, Insurance	5,736	8,905	1,869	4,750	336	855	26	25
Denmark, Banking	67,697	63,106	20,541	21,057	3,552	-1,251	149	166
Greenland, Banking	11,283	11,011	217	1,215	881	6,229	21	19
Total	166,007	177,452	64,640	148,115	12,221	29,663	393	387

Notes

Note	DKK 1,000	Group		BankNordik	
		Q1 2019	Q1 2018	Q1 2019	Q1 2018
3	Interest income				
	Credit institutions and central banks	319	609	319	609
	Loans and advances	91,683	92,682	91,683	92,682
	Bonds	7,284	7,199	6,966	6,943
	Total derivatives of which:	-3,158	-2,848	-3,158	-2,848
	<i>Currency contracts</i>	-68	-61	-68	-61
	<i>Interest rate contracts</i>	-3,091	-2,787	-3,091	-2,787
	Other interest income	19	0	19	0
	Total interest income	96,146	97,643	95,827	97,387
4	Interest expenses				
	Credit institutions and central banks	592	342	592	342
	Deposits	153	44	153	44
	Subordinated debt	3,009	3,009	3,009	3,009
	Other interest expenses	1,359	-25	1,359	-25
	Total interest expenses	5,112	3,370	5,113	3,370
5	Net fee and commission income				
	Fee and commission income				
	Securities trading and custody accounts	9,268	7,233	9,268	7,233
	Credit transfers	5,695	5,754	5,695	5,754
	Loan commissions	1,599	1,202	1,599	1,202
	Guarantee commissions	5,214	4,451	5,214	4,451
	Other fees and commissions	29,817	28,772	32,465	31,151
	Total fee and commission income	51,592	47,412	54,241	49,792
	Fee and commissions paid				
	Securities trading and custody accounts	3,716	3,433	3,716	3,393
	Net fee and commission income	47,876	43,979	50,524	46,399
6	Market value adjustments				
	Loans and advances	9,586	214	9,586	214
	Bonds	11,755	-13,554	12,142	-13,004
	Shares	6,894	27,729	6,894	27,729
	Foreign exchange	2,174	574	2,174	574
	Total derivatives of which:	-14,861	9,493	-14,861	9,493
	<i>Currency Swaps</i>	904	16	904	2,624
	<i>Interest Swaps</i>	-15,781	2,624	-15,781	16
	<i>Other contracts</i>	16	6,853	16	6,853
	Assets under pooled schemes	-32,513	-14,351	-32,513	-14,351
	Deposits in pooled schemes	32,513	14,351	32,513	14,351
	Total market value adjustments	15,548	24,455	15,935	25,006

Notes

Note	DKK 1,000	Group		BankNordik	
		Q1 2019	Q1 2018	Q1 2019	Q1 2018
7	Other operating income				
	Profit on sale of properties	512	0	512	0
	- of which assets held for sale	512	0	512	0
	Reversals of acquired OEI impairments	0	2,742	0	2,742
	Other income	2,279	2,473	914	624
	Total other operating income	2,791	5,216	1,427	3,366
	<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	53,551	58,647	49,593	55,010
	Pensions	6,840	7,041	6,369	6,543
	Social security expenses	8,318	7,751	7,811	7,256
	Total staff costs	68,710	73,440	63,773	68,810
	Administrative expenses:				
	IT	26,812	24,407	26,009	23,330
	Marketing etc	5,321	3,356	5,188	3,249
	Education etc	645	576	431	395
	Advisory services	528	303	526	303
	Other expenses	16,607	17,899	16,368	17,150
	Total administrative expenses	49,914	46,541	48,522	44,427
	Total staff costs	68,710	73,440	63,773	68,810
	Employee costs included under the item "Claims, net of reinsurance"	-1,916	-1,980	0	0
	Total administrative expenses	49,914	46,541	48,522	44,427
	Total staff costs and administrative expenses	116,707	118,000	112,294	113,237
	Number of employees				
	Average number of full-time employees in the period	393	394	360	361
	Executive remuneration:				
	Board of Directors	550	500	550	500
	Executive Board:				
	Salaries	627	627	627	627
	- less fees received from directorships	25	29	25	29
	The Bank's expense, salaries	602	598	602	598
	Pension	94	94	94	94
	Total executive board	696	692	696	692
	Total executive remuneration	1,246	1,192	1,246	1,192

Notes

Note	DKK 1,000	Group		BankNordik	
		Q1 2019	Q1 2018	Q1 2019	Q1 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	23,018	19.361	23,018	19.361
	Reversals of impairment charges and provisions	39,130	41.513	39,130	41.513
	Written-off, previously impaired	1,564	0	1,564	0
	Interest income on impaired loans	2,945	4.054	2,945	4.054
	Total impairment charges and provisions at 31 March	589,665	694.166	589,665	694.166
	Impairment charges and provisions recognised in the income statement				
	Loans and advances at amortised cost	-16,508	-29.368	-16,508	-29.368
	Loans and advances at fair value	-78	224	-78	224
	Guarantees and loan commitments	-2,471	1.121	-2,471	1.121
	Assets held for sale	0	0	0	0
	Total individual impairment charges and provisions	-19,057	-28.023	-19,057	-28.023
	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	2,530	5.860	2,530	5.860
	Reversals, net of Stage 1 impairment charges	6,566	0	6,566	0
	Stage 1 impairment charges at 31 March	10,547	26.631	10,547	26.631
	Total net impact recognised in the income statement	-4,037	5.860	-4,037	5.860
	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	7,002	0	7,002	0
	Reversals, net of impairment charges	6,512	16.654	6,512	16.654
	Stage 2 impairment charges at 31 March	45,335	24.175	45,335	24.175
	Total net impact recognised in the income statement	490	-16.654	490	-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	6,495	0	6,495	0
	Reversals, net of impairment charges	4,581	2.192	4,581	2.192
	Weak Stage 2 impairment charges at 31 March	59,781	66.481	59,781	66.481
	Total net impact recognised in the income statement	1,914	-2.192	1,914	-2.192
	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	6,024	8.889	6,024	8.889
	Reversals of impairment charges	18,032	19.175	18,032	19.175
	Written-off, previously impaired	1,564	0	1,564	0
	Write-offs charged directly to the income statement	227	0	227	0
	Received on claims previously written off	3,433	0	3,433	0
	Interest income on impaired loans	2,945	4.054	2,945	4.054
	Stage 3 impairment charges at 31 March	449,030	533.946	449,030	533.946
	Total net impact recognised in the income statement	-14,953	-14.340	-14,953	-14.340

Notes

Note	DKK 1,000	Group		BankNordik	
		Q1 2019	Q1 2018	Q1 2019	Q1 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	967	4.611	967	4.611
	Reversals of provisions	3,438	3.491	3,438	3.491
	Provisions for guarantees etc. at 31 March	24,973	42.933	24,973	42.933
	<i>Total net impact recognised in the income statement</i>	-2,471	1.121	-2,471	1.121
	Provisions for guarantees and undrawn credit lines				
	Stage 1 provisions	2,028	8.507	2,028	8.507
	Stage 2 provisions	3,872	9.583	3,872	9.583
	Weak Stage 2 provisions	3,400	3.400	3,400	3.400
	Stage 3 provisions	15,673	21.443	15,673	21.443
	Provisions for guarantees etc. at 31 March	24,973	42.933	24,973	42.933

Notes

Note	DKK 1,000	Group		BankNordik	
		March 31 2019	Dec. 31 2018	March 31 2019	Dec. 31 2018
10	Amounts due from credit institutions etc. specified by maturity				
	On demand	276,052	710,962	276,052	710,962
	3 months and below	295,000	89,446	295,000	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.	671,052	914,420	671,052	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	438,037	439,718	438,037	439,718
	Mortgage finance guarantees	1,404,364	1,317,418	1,404,364	1,317,418
	Registration and remortgaging guarantees	561,556	626,104	561,556	626,104
	Other guarantees	344,577	400,961	344,577	400,961
	Total guarantees	2,748,533	2,784,200	2,748,533	2,784,200
13	Assets deposited as collateral				
	At March 31 2019 the Group had deposited bonds at a total market value of DKK 26m (Q1 2018: 42m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing. Deposits of bonds to others in total have a market value of DKK 50m (Q1 2018: 44m).				

Statement by the management

We have today considered and approved P/F BankNordik's interim report for the first three months of 2019.

The consolidated financial statements for the first three months of 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 31 March 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 first months ended 31 March 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, 2 May 2019

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Árni Ellefsen
CEO

Board of Directors

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Chairman

Barbara Pállsdóttir Vang
Vice chairman

Jógvan Jespersen

Kim Jacobsen

John Henrik Holm

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Kenneth M. Samuelson

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BankNordik is a limited liability
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