BANKNORDIK

Interim Report
Q3 2017

26 October 2017

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Highlights, ratios and key figures - BankNordik Group

Highlights	Q1-Q3	Q1-Q3	*Index*	Q3	Q2	Q1	Q4	Q3
DKK 1,000	2017	2016	17 / 16	2017	2017	2017	2016	2016
Net interest income	292,129	313,167	93	97,240	96,950	97,939	100,037	103,055
Dividends from shares and other investments	5,298	9,385	56	80	4,482	735	84	30
Net fee and commision income	143,344	131,178	109	38,685	53,246	51,413	51,025	44,798
Net interest and fee income	440,771	453,729	97	136,005	154,679	150,088	151,146	147,883
Net insurance income	31,207	33,408	93	12,851	9,328	9,028	-6,782	13,486
Interest and fee income and income from insurance activities, net	471,978	487,137	97	148,855	164,007	159,116	144,364	161,370
Market value adjustments	24,052	21,545	112	5,342	4,678	14,032	-10,232	11,673
Other operating income	19,134	22,628	85	7,509	5,209	6,416	16,559	4,081
Staff cost and administrative expenses	343,272	350,738	98	111,720	117,291	114,262	111,724	111,242
Impairment charges on loans and advances etc.	3,718	7,965	47	296	-1,767	5,189	10,263	-1,642
Net profit continued operations	111,976	128,640	87	23,588	43,152	45,236	37,444	51,453
Net profit discontinued operations	0	72,703	0	0	0	0	0	79,549
Net profit	111,976	201,343	56	23,588	43,152	45,236	20,532	131,002
Loans and advances	9,549,256	9,371,948	102	9,549,256	9,427,627	9,159,436	9,140,637	9,371,948
Bonds at fair value	4,446,548	4,509,844	99	4,446,548	4,479,960	4,770,380	4,677,230	4,509,844
Assets held for sale	13,276	32,266	41	13,276	10,034	10,283	11,974	32,266
Total assets	16,058,764	15,936,796	101	16,058,764	16,117,793	15,578,746	15,552,094	15,936,796
Due to credit institutions and central banks	322,011	494,502	65	322,011	326,367	297,019	341,676	494,502
Deposits and other debt	12,982,550	12,804,917	101	12,982,550	13,472,482	12,678,890	12,668,697	12,804,917
Total shareholders' equity	1,742,990	1,910,554	91	1,742,990	1,718,381	1,674,667	1,922,035	1,910,554

Ratios and key figures

	Sept. 30	Sept. 30		Sept. 30	June 30	March 31	Dec. 31	Sept. 30
	2017	2016		2017	2017	2017	2016	2016
Solvency								
Solvency ratio, %	18.2	19.0		18.2	17.9	18.4	18.3	19.0
Core capital ratio, %	15.9	17.0		15.9	15.7	16.1	16.0	17.0
Core capital ratio excl. hybrid core capital, end of period, %	15.9	17.0		15.9	15.7	16.1	16.0	17.0
Risk-weighted Items, DKK mill	9,942	10,500		9,942	10,071	9,810	9,790	10,500
Profitability								
Return on equity after tax, %	6.1	11.0		1.4	2.5	2.5	1.1	7.0
Cost / income, %	72.2	69.9		81.2	68.2	68.1	81.7	63.7
Cost / income, % (excl. value adjustm. and impairments)	71.6	71.2		73.1	71.2	70.7	70.1	69.2
Return on assets	0.7	1.3		0.1	0.3	0.3	0.1	0.8
Market risk								
Interest rate risk, %	1.6	1.3		1.6	2.0	1.7	1.1	1.3
Foreign exchange position, %	1.1	13.6		1.1	1.0	1.3	4.8	13.6
Liquidity								
Excess cover relative to statutory liquidity requirements, %	218.7	227.6		218.7	245.5	239.1	241.7	227.6
Credit risk								
Growth on loans and advances, %	4.5	-12.2		4.3	2.9	0.2	-2.5	-0.2
Gearing of loans and advances	5.5	4.9		5.5	5.5	5.5	4.8	4.9
Impairment and provisioning ratio, end of period, %	5.0	5.4		5.0	5.1	5.4	5.5	5.4
Write-off and provisioning ratio, %	0.0	0.1		0.0	0.0	0.0	0.1	0.1
Share of amounts due on which interest rates have been reduced, end of period, %	0.5	0.8		0.5	0.6	0.6	0.7	0.8
Shares								
Earnings per share after tax (nom. DKK 20), DKK	11.5	20.5		2.4	4.4	4.7	2.1	13.3
Market price per share (nom. DKK 20), DKK	119.5	127.0		119.5	123.0	139.5	135.5	127.0
Book value per share (nom. DKK 20), DKK	179	195		179	177	172	198	195
Other								
Number of full-time employees, end of period	407	416		407	407	416	415	416

Financial figures of discontinued operations have been left out of the highlights table. Ratios and key figures are calculated on the basis of total results, i.e. both continuing and discontinued operations.

Financial review

Highlights 9M 2017

- Net interest income was down by DKK 21m year-on-year, primarily due to the controlled run-off of corporate lending in Denmark but also due to a tighter interest margin.
- Net fees, commission income and dividends increased to DKK 149m in 9M 2017 from DKK 141m in 9M 2016, mostly due to higher income from asset management activity and mortgage broking services during the period.
- Operating costs increased by DKK 4m to DKK 350m in 9M 2017 from DKK 345m in 9M 2016, owing to severance payments and higher IT-costs.
- Net impairment charges on loans were a reversal of DKK 9m in 9M 2017 compared to a reversal of DKK 8m in 9M 2016.
- Operating profit fell to DKK 136m in 9M 2017 from DKK 153m in 9M 2016.
- An impairment loss of DKK 17m on the Group's head office (written down from DKK 79m to DKK 62m) was recognised as a non-recurring expenditure due to a higher discount rate applied in the valuation.
- Value adjustments were a gain of DKK 24m in 9M 2017 compared to a gain of DKK 18m in 9M 2016.
- Profit before tax was DKK 143m in 9M 2017, down by DKK 16m compared to 9M 2016, excluding the gain on sale of Vørður.

Income statement

The summary income statement has been adjusted for non-recurring items in each relevant quarter:

Income statement, Group

DKKm	Q1-Q3 2017	Q1-Q3 2016	*Index 17/16*	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net interest income	292	313	*93*	97	97	98	100	103
Net fees, commission income & dividends	149	141	*106*	39	58	52	51	46
Net insurance income	31	33	*93*	13	9	9	-7	12
Other operating income (less reclassification)	7	7	*95*	3	2	1	2	2
Operating income	**479**	**494**	***97***	**152**	**166**	**160**	**146**	**163**
Operating costs*	-350	-345	*101*	-114	-120	-116	-114	-113
Sector costs	-2	-3	*53*	-1	-1	-1	1	-1
Profit before impairment charges	**127**	**146**	***87***	**38**	**46**	**43**	**33**	**49**
Impairment charges	-4	-8	*47*	0	2	-5	-10	4
Reversals of acquired OEI impairments (Reclassified from Other operating income)	12	16	*80*	4	3	5	15	-1
Impairment charges, net	9	8	*115*	4	5	0	4	4
Operating profit	**136**	**153**	***89***	**42**	**51**	**43**	**38**	**53**
Impairment charges, intangible assets	0	0		0	0	0	0	0
Non-recurring items**	-17	-12	*136*	-17	0	0	0	0
Profit before value adjustments and tax	**119**	**141**	***85***	**25**	**51**	**43**	**38**	**53**
Market value adjustments***	24	18	*129*	5	4	14	-10	12
Profit before tax, continuing operations	**143**	**159**	***90***	**30**	**55**	**57**	**28**	**64**
Profit before tax, discontinued operations (Vörður)	**0**	**90**		**0**	**0**	**0**	**0**	**99**
Profit before tax, total	**143**	**249**	***57***	**30**	**55**	**57**	**28**	**164**
Operating cost/income, %	73	70		75	72	73	78	69
Number of FTE, end of period	407	416	*98*	407	407	416	415	416

* Comprises Staff costs, administrative expences and amortization, depreciation and impairment charges (less reclassification to non-recurring items).

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

*** Incl. Net income from investments accounted for under the equity method.

The following comments relate to the adjusted figures and are generally stated relative to Q2 2017. Due to seasonal variations, comments on the insurance segment are made relative to Q3 2016.

Operating income
The BankNordik Group generated operating income of DKK 152m in Q3 2017, down by DKK 14m from DKK 166m in Q2 2017.

Net interest income
Net interest income was flat in Q3 2017 compared to Q2 2017.

Net fee and commission income and dividends
Net fee and commission income and dividends amounted to DKK 39m in Q3 2017 compared to DKK 58m in Q2 2017. The drop was in part due to the restructuring of asset management activity with regards to MiFID II, of which approximately DKK 6m is expected to be offset by higher dividend income/value adjustments in the future.

Net insurance income
Net insurance income amounted to DKK 13m in Q3 2017, up by DKK 4m compared to Q2 2017 and by DKK 1m compared to Q3 2016 (DKK 12m).

Operating and sector costs
Operating and sector costs amounted to DKK 114m in Q3 2017, DKK 6m less than in Q2 2017, in particular due to lower IT-costs during the quarter.

Profit before impairment charges
Profit before impairment charges was down from DKK 46m in Q2 2017 to DKK 38m in Q3 2017.

Impairment charges
Net impairment charges were a reversal of DKK 4m in Q3 2017 compared to a reversal of DKK 5m in Q2 2017.

Operating profit
Operating profit was down by DKK 9m from DKK 51m in Q2 2017 to DKK 42m in Q3 2017.

Balance sheet

BankNordik's total assets at 30 September 2017 amounted to DKK 16.1bn. Loans and advances were DKK 9.5bn, i.e. up by DKK 122m compared to 30 June 2017. Deposits were DKK 13.0bn, a decrease of DKK 490m compared to 30 June 2017. The decrease in deposits was due to a transitional period, in which a part of the Group's assets under management were being transferred to deposits under pooled schemes.

Liquidity invested in bonds, primarily in Danish mortgage bonds and Danish government bonds, amounted to DKK 4.4bn, a decrease of DKK 33m compared to 30 June 2017. Liquidity invested in shares amounted to DKK 247m, up by DKK 2m relative to 30 June 2017. The surplus liquidity at 30 September 2017 was 219% higher than the statutory requirement. The Group's equity at 30 September 2017 amounted to DKK 1,743m, up by DKK 25m compared to 30 June 2017.

Capital ratios

The Group's CET1 capital ratio increased by 0.2 percentage point quarter-on-quarter to stand at 15.9% at 30 September 2017. The solvency ratio increased to 18.2% at 30 September 2017 from 17.9% at 30 June 2017. With regards to changes in the accounting guidelines for interim financial reporting, BankNordik has decided not to recognise net profit within a given year in the capital and solvency statement until the annual report is released in audited form.

BankNordik monitors the regulatory environment on a regular basis to anticipate and adapt to the upcoming MREL requirements.

Compliance with the Danish FSA Supervisory Diamond

	BankNordik Q3 2017	FSA Limit
Large exposures	22.6%	<125%
Liquidity coverage	218.7%	>50%
Lending growth	1.9%	<20%
Funding ratio	0.63	<1.00
Lending to property sector	5.8%	<25%

At 30 September 2017, the Group was in compliance with all Supervisory Diamond requirements set by the Danish FSA.

Events after the balance sheet date

No events have occurred since 30 September 2017 that are deemed to have a significant impact on the Group's financial position.

Outlook

Management reconfirms the FY2017 guidance of profit before impairment charges, non-recurring items, value adjustments and tax in the range of DKK 150-190m (9M 2017: DKK 127m).

Previously, management expected net impairment charges on loans for 2017 to be less than DKK 20m. This figure has been revised and net impairment charges for 2017 are now expected not to be higher than zero (9M 2017: Reversal of DKK 9m).

This guidance is generally subject to uncertainty and will depend on economic conditions, including possible central bank monetary policy measures.

BankNordik Group by segment

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

Income statement, Banking

DKKm	Q1-Q3 2017	Q1-Q3 2016	*Index 17/16*	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net interest income	291	312	*93*	97	96	97	99	103
Net fees, commission income & dividends	155	146	*106*	41	60	54	55	48
Other operating income	3	3	*119*	2	1	1	1	1
Operating income	**449**	**461**	***97***	**140**	**157**	**152**	**155**	**151**
Operating cost	-333	-331	*100*	-108	-112	-112	-108	-108
Sector costs	-2	-3	*53*	-1	-1	-1	1	-1
Profit before impairment charges	**115**	**127**	***91***	**31**	**45**	**40**	**49**	**42**
Impairment charges	-4	-8	*47*	0	2	-5	-10	2
Reversals of acquired OEI impairments	12	16	*80*	4	3	5	15	2
Impairment charges, net	9	8	*115*	4	5	0	4	4
Operating profit	**124**	**135**	***92***	**35**	**50**	**40**	**53**	**46**
Impairment charges, intangible assets	0	0		0	0	0	0	0
Non-recurring items	-17	-12	*136*	-17	0	0	0	0
Profit before value adjustments and tax	**107**	**122**	***87***	**18**	**50**	**40**	**53**	**46**
Market value adjustments	25	21	*118*	6	5	14	-9	12
Profit before tax	**132**	**144**	***92***	**24**	**55**	**54**	**44**	**58**
Loans and advances	9,549	9,372	*102*	9,549	9,428	9,159	9,141	9,372
Deposits and other debt	13,000	12,829	*101*	13,000	13,498	12,696	12,691	12,829
Operating cost/income, %	74	72		78	71	74	69	71
Number of FTE, end of period	372	386	*96*	372	376	384	385	386

Personal Banking

The Personal Banking segment reported operating profit of DKK 63m in Q3 2017, flat compared to Q2 2017.

Net interest income was up by DKK 1m as a result of an increase in lending. Net fees, commission income and dividends fell by DKK 3m in Q3 2017 compared to Q2 2017, mostly due to lower income from asset management activity. Operating costs were DKK 43m in Q3 2017, down DKK 2m compared to Q2 2017, while net impairment charges amounted to DKK 1m in Q3 2017 compared to a reversal of DKK 1m in Q2 2017.

Loans and advances to personal customers during the quarter increased by DKK 151m to DKK 6,274m at 30 September 2017, while deposits decreased by DKK 480m, both compared to 30 June 2017. The decrease in deposits was due to a transitional period, where a part of the Group's assets under management were undergoing a transfer to deposits under pooled schemes.

Income statement, Personal banking

DKKm	Q1-Q3 2017	Q1-Q3 2016	*Index 17/16*	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net interest income	196	208	*94*	66	65	64	67	70
Net fees, commission income & dividends	123	119	*103*	38	41	43	51	44
Other operating income	3	2	*149*	2	0	0	1	1
Operating income	**322**	**330**	***98***	**107**	**107**	**108**	**119**	**115**
Operating cost	-132	-125	*106*	-43	-45	-45	-45	-42
Sector costs	-1	-2	*53*	0	0	0	1	-1
Profit before impairment charges	**188**	**202**	***93***	**64**	**62**	**63**	**75**	**72**
Impairment charges, net	3	20	*15*	-1	1	3	-2	8
Operating profit	**191**	**223**	***86***	**63**	**63**	**66**	**73**	**80**
Non-recurring items	0	-2		0	0	0	0	0
Profit before value adjustments and tax	**191**	**221**	***86***	**63**	**63**	**66**	**73**	**80**
Market value adjustments	0	0		0	0	0	0	0
Profit before tax	**191**	**221**	***86***	**63**	**63**	**66**	**73**	**80**
Loans and advances	6,274	5,852	*107*	6,274	6,123	6,017	5,960	5,852
Deposits and other debt	9,802	9,722	*101*	9,802	10,282	9,530	9,538	9,722
Operating cost/income, %	41	38		40	42	41	38	34
Number of FTE, end of period	208	207	*100*	208	214	211	215	207

Corporate Banking

The Corporate Banking activities reported operating profit of DKK 35m in Q3 2017, flat compared to Q2 2017. Operating income was DKK 34m, flat compared to the previous quarter. Operating costs were DKK 4m in Q3 2016 vs. DKK 3m in Q2 2017. Net impairment charges were a reversal of DKK 5m in Q3 2017 compared to a reversal of DKK 4m in Q2 2017.

Corporate loans and advances fell by DKK 29m to DKK 3,276m at 30 September 2017, while deposits fell by DKK 18m, both compared to 30 June 2017.

Income statement, Corporate Banking

DKKm	Q1-Q3 2017	Q1-Q3 2016	*Index 17/16*	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net interest income	92	115	*80*	31	30	31	32	34
Net fees, commission income & dividends	12	12	*100*	4	4	4	5	4
Other operating income	0	0		0	0	0	0	0
Operating income	**104**	**127**	***82***	**34**	**34**	**36**	**38**	**38**
Operating cost	-10	-13	*76*	-4	-3	-3	-4	-3
Sector costs	0	-1	*54*	0	0	0	0	0
Profit before impairment charges	**93**	**113**	***83***	**30**	**31**	**32**	**34**	**35**
Impairment charges, net	6	-13		5	4	-3	6	-2
Operating profit	**99**	**100**	***99***	**35**	**35**	**29**	**40**	**32**
Non-recurring items	0	0		0	0	0	0	0
Profit before value adjustments and tax	**99**	**100**	***99***	**35**	**35**	**29**	**40**	**32**
Market value adjustments	0	0		0	0	0	0	0
Profit before tax	**99**	**100**	***99***	**35**	**35**	**29**	**40**	**32**
Loans and advances	3,276	3,520	*93*	3,276	3,305	3,142	3,181	3,520
Deposits and other debt	3,198	3,107	*103*	3,198	3,216	3,166	3,153	3,107
Operating cost/income, %	10	11		11	9	9	10	8
Number of FTE, end of period	17	18	*95*	17	17	17	17	18

Insurance: Trygd

Premium income was DKK 24m in Q3 2017, up by DKK 2m compared to Q3 2016, while claims were DKK 12m for both periods. Operating costs were DKK 6m in Q3 2017, flat compared to Q3 2016. Profit before tax was DKK 6m in Q3 2017, up by DKK 2m compared to the same period of last year.

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

Income statement, Trygd

DKKm	Q1-Q3 2017	Q1-Q3 2016	*Index 17/16*	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Premium income, net of reinsurance	71	64	*110*	24	23	23	21	22
Claims, net of reinsurance	-42	-34	*122*	-12	-14	-15	-30	-12
Net insurance income	**29**	**30**	***97***	**12**	**9**	**7**	**-8**	**9**
Net income from investment activities	0	1	*12*	0	0	0	0	0
Operating income	**29**	**31**	***94***	**12**	**9**	**8**	**-8**	**9**
Operating cost	-17	-16	*110*	-6	-6	-5	-6	-6
Profit before tax	**11**	**15**	***77***	**6**	**3**	**2**	**-15**	**4**
Combined ratio	84	78		73	88	90	168	77
Claims ratio	59	53		49	60	68	139	57
Number of FTE, end of period	27	24	*113*	27	26	26	24	24

Income statement

Note	DKK 1,000	Group Q1-Q3 2017	Group Q1-Q3 2016	BankNordik Q1-Q3 2017	BankNordik Q1-Q3 2016
3	Interest income	310,523	354,751	309,178	353,950
4	Interest expenses	18,393	41,584	18,393	41,586
	Net interest income	**292,129**	**313,167**	**290,784**	**312,363**
	Dividends from shares and other investments	5,298	9,385	5,298	9,385
5	Fee and commission income	153,388	140,697	159,972	146,299
5	Fee and commissions paid	10,044	9,519	10,044	9,519
	Net dividend, fee and commission income	**148,642**	**140,562**	**155,226**	**146,164**
	Net interest and fee income	**440,771**	**453,729**	**446,010**	**458,528**
	Premium income, net of reinsurance	79,114	71,488		
	Claims, net of reinsurance	47,907	38,080		
	Interest and fee income and income from insurance activities, net	**471,978**	**487,137**	**446,010**	**458,528**
6	Market value adjustments	24,052	21,545	25,375	21,428
7	Other operating income	19,134	22,628	15,858	102,529
8	Staff costs and administrative expenses	343,272	350,738	326,747	336,859
9	Amortisation, depreciation and impairment charges	22,665	6,893	22,209	6,580
	Other operating expenses	2,183	3,248	2,183	3,248
	Impairment charges on loans and advances etc.	3,718	7,965	3,718	7,965
	Income from investments accounted for under the equity method	-501	-3,265	8,477	17,619
	Profit before tax	**142,824**	**159,203**	**140,863**	**245,452**
	Tax	30,849	30,563	28,887	44,109
	Net profit from continuing operations	**111,976**	**128,640**	**111,976**	**201,343**
10	Profit on discontinued operations, net of tax	0	72,703	0	0
	Net profit	**111,976**	**201,343**	**111,976**	**201,343**
	Portion attributable to				
	Shareholders of BankNordik P/F	111,976	201,343	111,976	201,343
	Net profit	**111,976**	**201,343**	**111,976**	**201,343**
	EPS Basic for the period, discontinuing operations, DKK*	0.00	7.37	0.00	7.37
	EPS Diluted for the period, discontinuing operations, DKK*	0.00	7.37	0.00	7.37
	EPS Basic for the period, continuing operations, DKK*	11.52	13.04	11.52	13.04
	EPS Diluted for the period, continuing operations, DKK*	11.52	13.04	11.52	13.04
	EPS Basic for the perdiod, total, DKK*	11.52	20.41	11.52	20.41
	EPS Diluted for the perdiod, total, DKK*	11.52	20.41	11.52	20.41

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

Statement of comprehensive income

	Group		BankNordik	
	Q1-Q3	Q1-Q3	Q1-Q3	Q1-Q3
DKK 1,000	**2017**	**2016**	**2017**	**2016**
Net profit	111,976	201,343	111,976	201,343
Other comprehensive income				
Items which will subsequently be recycled to the income statement if certain conditions are met:				
Translation of non-Faroese subsidiaries	0	-22,988	0	-22,988
Total other comprehensive income	**0**	**-22,988**	**0**	**-22,988**
Total comprehensive income	**111,976**	**178,355**	**111,976**	**178,355**
Portion attributable to				
Shareholders of BankNordik P/F	111,976	178,355	111,976	178,355
Total comprehensive income	**111,976**	**178,355**	**111,976**	**178,355**

Balance Sheet

Note	DKK 1,000	Group Sept. 30 2017	Group Dec. 31 2016	BankNordik Sept. 30 2017	BankNordik Dec. 31 2016
	Assets				
	Cash in hand and demand deposits with central banks	257,696	216,915	257,575	216,820
11	Due from credit institutions and central banks	730,149	816,872	730,149	816,872
	Loans and advances at fair value	530,747	527,019	530,747	527,019
	Loans and advances at amortised cost	9,018,509	8,613,618	9,018,509	8,613,618
	Bonds at fair value	4,446,548	4,677,230	4,274,820	4,509,287
	Shares, etc.	247,029	241,105	247,029	241,105
	Assets under insurance contracts	12,643	27,267	0	0
	Holdings in associates	5,898	6,399	5,898	6,399
	Holdings in subsidiaries	0	0	111,586	106,108
	Assets under pooled schemes	435,196	0	435,196	0
	Total land and buildings	172,398	190,148	170,429	188,163
	investment property	19,982	23,229	19,982	23,229
	domicile property	152,416	166,918	150,447	164,934
	Other property, plant and equipment	27,036	23,648	26,531	23,107
	Current tax assets	6,876	6,015	6,876	6,015
	Deferred tax assets	43,649	55,648	43,580	55,587
12	Assets held for sale	13,276	11,974	13,276	11,974
	Other assets	84,081	99,984	80,829	96,159
	Prepayments	27,033	38,252	25,451	36,954
	Total assets	**16,058,764**	**15,552,094**	**15,978,481**	**15,455,187**

Balance Sheet

Note	DKK 1,000	Group Sept. 30 2017	Group Dec. 31 2016	BankNordik Sept. 30 2017	BankNordik Dec. 31 2016
	Shareholders' equity and liabilities				
	Liabilities other than provisions				
	Due to credit institutions and central banks	322,011	341,676	322,011	341,676
	Deposits and other debt	12,982,550	12,668,697	13,000,077	12,691,224
	Deposits under pooled schemes	435,303	0	435,303	0
	Liabilities under insurance contracts	86,769	105,673	0	0
	Current tax liabilities	56,968	46,265	54,452	45,807
	Other liabilities	169,904	200,995	161,909	189,663
	Deferred income	3,159	3,921	3,014	2,886
	Total liabilities other than provisions	**14,056,664**	**13,367,227**	**13,976,766**	**13,271,256**
	Provisions for liabilities				
	Provisions for losses on guarantees	30,550	33,910	30,550	33,910
	Provisions for other liabilities	5,844	6,663	5,460	5,727
	Total provisions for liabilities	**36,394**	**40,573**	**36,010**	**39,638**
	Subordinated debt				
	Subordinated debt	222,716	222,259	222,716	222,259
	Total liabilities	**14,315,774**	**13,630,060**	**14,235,492**	**13,533,153**
	Shareholders' equity				
	Share capital	200,000	200,000	200,000	200,000
	Retained earnings	1,542,990	1,422,035	1,542,990	1,422,035
	Proposed dividends	0	300,000	0	300,000
	Total shareholders' equity	**1,742,990**	**1,922,035**	**1,742,990**	**1,922,035**
	Total liabilities and equity	**16,058,764**	**15,552,094**	**15,978,481**	**15,455,187**

Statement of capital - BankNordik Group

Changes in shareholders' equity:

DKK 1,000	Share capital	Foreign currency translation reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at Jan. 1, 2017	**200,000**	**0**	**300,000**	**1,422,035**	**1,922,035**
Net profit			0	111,976	111,976
Total comprehensive income		**0**	**0**	**111,976**	**111,976**
Acquisition of own shares				-1,665	-1,665
Sale of own shares				2,276	2,276
Dividends payed			-300,000	8,368	-291,632
Shareholders' equity at Sept. 30, 2017	**200,000**	**0**	**0**	**1,542,990**	**1,742,990**

DKK 1,000	Share capital	Foreign currency translation reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at Jan. 1, 2016	**200,000**	**22,642**	**20,000**	**1,523,694**	**1,766,335**
Translation of foreign units		-22,642		0	-22,642
Other comprehensive income			0	-7,107	-7,107
Net profit			300,000	-78,126	221,874
Total comprehensive income		**-22,642**	**300,000**	**-85,232**	**192,126**
Acquisition of own shares				-31,373	-31,373
Sale of own shares				14,671	14,671
Dividends payed			-20,000	274	-19,726
Shareholders' equity at December 31, 2016	**200,000**	**0**	**300,000**	**1,422,035**	**1,922,035**

DKK 1,000	Share capital	Foreign currency translation reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at Jan. 1, 2016	**200,000**	**22,642**	**20,000**	**1,523,694**	**1,766,335**
Translation of foreign units		-22,988		0	-22,988
Other comprehensive income		346		-7,107	-6,761
Net profit				201,343	201,343
Total comprehensive income		**-22,642**	**0**	**194,236**	**171,594**
Acquisition of own shares				-20,696	-20,696
Sale of own shares				13,046	13,046
Dividends payed			-20,000	274	-19,726
Shareholders' equity at Sept. 30, 2016	**200,000**	**0**	**0**	**1,710,554**	**1,910,554**

Statement of capital - BankNordik P/F

Changes in shareholders' equity:

DKK 1,000	Share capital	Foreign currency translation reserve	Equity method reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at January 1, 2017	**200,000**	**0**	**0**	**300,000**	**1,422,035**	**1,922,035**
Net profit			8,477	0	103,499	111,976
Total comprehensive income		**0**	**8,477**	**0**	**103,499**	**111,976**
Acquisition of own shares					-1,665	-1,665
Sale of own shares					2,276	2,276
Dividends payed				-300,000	8,368	-291,632
Dissolution of revaluation reserves in group enterprises			-8,477		8,477	0
Shareholders' equity at Sept. 30, 2017	**200,000**	**0**	**0**	**0**	**1,542,990**	**1,742,990**

DKK 1,000	Share capital	Foreign currency translation reserve	Equity method reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at January 1, 2016	**200,000**	**22,988**	**115,548**	**20,000**	**1,401,038**	**1,759,575**
Translation of foreign units		-22,988				-22,988
Net profit			4,500	300,000	-82,626	221,874
Total comprehensive income		**-22,988**	**4,500**	**300,000**	**-82,626**	**198,887**
Acquisition of own shares					-31,373	-31,373
Sale of own shares					14,671	14,671
Dividends payed				-20,000	274	-19,726
Dividends received			-79,603		79,603	0
Dissolution of revaluation reserves in group enterprises			-40,445		40,445	0
Shareholders' equity at December 31, 2016	**200,000**	**0**	**0**	**300,000**	**1,422,035**	**1,922,035**

DKK 1,000	Share capital	Foreign currency translation reserve	Equity method reserve	Proposed dividends	Retained earnings	Total
Shareholders' equity at January 1, 2016	**200,000**	**22,988**	**115,548**	**20,000**	**1,401,038**	**1,759,575**
Translation of foreign units		-22,988				-22,988
Net profit			17,619		183,724	201,343
Total comprehensive income		**0**	**17,619**	**0**	**183,724**	**178,355**
Acquisition of own shares					-20,696	-20,696
Sale of own shares					13,046	13,046
Dividends payed				-20,000	274	-19,726
Dividends received			-20,577		20,577	0
Dissolution of revaluation reserves in group enterprises			-84,001		84,001	0
Shareholders' equity at Sept. 30, 2016	**200,000**	**0**	**28,589**	**0**	**1,681,965**	**1,910,554**

Capital and Solvency - BankNordik

DKK 1,000	Sept. 30 2017	Dec. 31 2016
Core capital	1,583,115	1,566,448
Total capital	1,805,831	1,788,707
Risk-weighted items not included in the trading portfolio	7,621,568	7,305,193
Risk-weighted items with market risk etc.	1,022,062	1,065,709
Risk-weighted items with operational risk	1,298,065	1,419,571
Total risk-weighted items	**9,941,695**	**9,790,474**
Core capital rato, excl. hybrid core capital	**15.9%**	**16.0%**
Core capital ratio	**15.9%**	**16.0%**
Solvency ratio	**18.2%**	**18.3%**
Core Capital and Shareholders' equity		
Share capital	200,000	200,000
Net profit	111,976	221,874
Retained earnings, previous years	1,464,348	1,537,957
Shareholders' equity, before deduction of holdings of own shares	**1,776,323**	**1,959,831**
Deduction of dividend	0	300,000
Deduction of net profit	111,976	0
Deduction of holdings of own shares	33,333	37,797
Deduction of deferred tax assets	43,580	55,587
Other deductions	4,319	0
Core capital exclusive of hybrid core capital	**1,583,115**	**1,566,448**
Hybrid core capital before deductions	0	0
Core capital	**1,583,115**	**1,566,448**
Total capital		
Core capital	1,583,115	1,566,448
Subordinated loan capital, before deductions	222,716	222,259
Total capital	**1,805,831**	**1,788,707**

Cash flow statement - BankNordik Group

DKK 1,000	Q1-Q3 2017	Full year 2016
Cash flow from operations		
Profit before tax	142,824	186,830
Depreciation and impairment charges of tangible assets	22,665	8,906
Impairment of loans and advances/guarantees	8,553	13,955
Paid tax	-5,078	-21,323
Other non-cash operating items	-29,735	-21,151
Total	**139,230**	**167,216**
Changes in operating capital		
Change in loans at fair value	-14,913	128,060
Change in loans at amortised cost	-413,443	1,376,671
Change in holding of bonds	235,831	-1,269,817
Change in holding of shares	9,357	-2,324
Change in deposits	311,853	-27,169
Due to credit institutions and central banks	-19,665	-233,115
Change in other assets / liabilities	2,081	92,283
Assets/liabilities under insurance contracts	-4,281	10,500
Prepayments	9,906	-3,612
Cash flow from operations	**255,956**	**238,695**
Cash flow from investing activities		
Capital increase in associates	0	-4,120
Dividends received	5,298	9,469
Sale af group undertakings	0	192,742
Acquisition of tangible assets	-16,615	-12,757
Sale of tangible assets	6,350	8,382
Cash flow from investing activities	**-4,967**	**193,715**
Cash flow from financing activities		
Change in subordinated debt	2,456	-229,917
Acquisition of own shares	-1,665	-31,373
Sale of own shares	2,276	14,671
Payment of dividends	-300,000	-20,000
Cash flow from financing activities	**-296,932**	**-266,618**
Cash flow	**-45,943**	**165,792**
Cash in hand and demand deposits with central banks, and due from credit institutions, etc. at the beginning of the year	1,033,788	867,996
Cash flow	-45,943	165,792
Cash and due etc.	**987,844**	**1,033,788**
Cash and due etc.		
Cash in hand and demand deposits with central banks	257,696	216,915
Due from credit institutions, etc.	730,149	816,872
Total	**987,844**	**1,033,788**

Note 1 Significant accounting policies

The consolidated financial statements for the first nine months of 2017 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.

The Group’s significant accounting policies are consistent with those applied in the Annual Report 2016. The Annual Report 2016 provides a full description of the Group’s significant accounting policies.

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. As mentioned in the Annual Report 2016 the bank currently is carrying out the necessary development work in the areas affected by IFRS 9, particularly in respect of loan impairment, in collaboration with the bank’s data centre. At this stage the development work has not resulted in reliable information regarding the effect of IFRS 9, i.e. the effect on impairments on loans. Please refer to the Annual Report 2016 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 2016 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-Q3 2017	Banking				Non-life Insurance	Elimination	Continuing operations	Discontinued operations	Group
2	DKK 1,000	Private	Corporate	Other	Total	Faroe Islands		Total	Iceland	Total
	External interest income, Net	187,875	93,454	9,938	291,267	862		292,129	0	292,129
	Internal interest	7,964	-1,079	-6,884	0	*0*		0	0	0
	Net interest income	**195,839**	**92,375**	**3,053**	**291,267**	**862**		**292,129**	**0**	**292,129**
	Net Fee and dividends income	**122,732**	**11,592**	**18,711**	**153,035**	**-4,394**		**148,642**	**0**	**148,642**
	Premium income, net of reinsurance	0	0	9,328	9,328	70,581	-796	79,114	0	79,114
	Net premium income of reinsurance and cl	**0**	**0**	3,020	**3,020**	**28,983**	**-796**	**31,207**	**0**	**31,207**
	Other income	2,946	0	29,138	32,084	-877	-938	30,269	0	30,269
	Total income	**321,517**	**103,966**	**53,923**	**479,407**	**24,574**	**-1,734**	**502,247**	**0**	**502,247**
	Total operating expenses	**133,715**	**10,667**	**212,397**	**356,779**	**13,075**	**-1,734**	**368,120**	**0**	**368,120**
	Profit before impairment charges on loans	**187,802**	**93,300**	**-158,474**	**122,628**	**11,499**		**134,127**	**0**	**134,127**
	Impairment charges, incl. reversals of aquired OEI impairments	-3,124	-5,573	0	-8,697	0		-8,697	0	-8,697
	Profit before tax	**190,927**	**98,873**	**-158,474**	**131,326**	**11,499**		**142,824**	**0**	**142,824**
	Total assets	**6,479,340**	**3,515,831**	**5,894,403**	**15,889,574**	**169,189**		**16,058,764**	**0**	**16,058,764**
	of which Loans and advances	6,273,611	3,275,645	0	9,549,256	0		9,549,256	0	9,549,256
	Total liabilities and equity	**9,498,892**	**3,132,333**	**3,258,349**	**15,889,574**	**169,189**		**16,058,764**	**0**	**16,058,764**
	of which Deposits	9,801,850	3,198,227	0	13,000,077		-17,527	12,982,550	0	12,982,550
	of which Insurance liabilities			2,031		84,737		86,769	0	86,769

Operating segments Q1-Q3 2016	Banking				Non-life Insurance	Elimination	Continuing operations	Discontinued operations	Group
DKK 1,000	Private	Corporate	Other	Total	Faroe Islands		Total	Iceland	Total
External interest income, Net	194,109	119,086	-826	312,369	797		313,167	9,475	322,641
Internal interest	14,166	-3,713	-10,453	0	*0*		0	0	0
Net interest income	**208,275**	**115,373**	**-11,279**	**312,369**	**797**		**313,167**	**9,475**	**322,641**
Net Fee and dividends income	**119,438**	**11,592**	**13,335**	**144,364**	**-3,802**		**140,562**	**-12,096**	**128,466**
Premium income, net of reinsurance	0	0	8,307	8,307	63,981	-800	71,488	258,347	329,835
Net premium income of reinsurance and cl	**0**	**0**	**4,382**	**4,382**	**29,826**	**-800**	**33,408**	**29,054**	**62,462**
Other income	1,971	0	24,575	26,546	32	-1,228	25,350	103,959	129,309
Total income	**329,684**	**126,964**	**31,013**	**487,661**	**26,853**	**-2,028**	**512,487**	**130,392**	**642,879**
Total operating expenses	**126,382**	**14,278**	**210,289**	**350,950**	**11,956**	**-2,028**	**360,878**	**40,225**	**401,103**
Profit before impairment charges on loans	**203,302**	**112,686**	**-179,277**	**136,711**	**14,898**	**0**	**151,609**	**90,167**	**241,776**
Impairment charges, incl. reversals of aquired OEI impairments	-20,397	12,803		-7,594	0		-7,594	118	-7,476
Profit before tax	**223,699**	**99,883**	**-179,277**	**144,305**	**14,898**	**0**	**159,203**	**90,049**	**249,252**
Total assets	**6,130,572**	**3,642,450**	**5,962,848**	**15,735,869**	**200,927**		**15,936,796**	**0**	**15,936,796**
of which Loans and advances	5,851,650	3,520,298		9,371,948	0		9,371,948	0	9,371,948
Total liabilities and equity	**9,011,285**	**3,078,751**	**3,645,833**	**15,735,869**	**200,927**		**15,936,796**	**0**	**15,936,796**
of which Deposits	9,722,039	3,107,292		12,829,331		-24,414	12,804,917	0	12,804,917
of which Insurance liabilities					67,834		67,834	0	67,834

BankNordik Group - Geografical revenue information

	Total income		Non.current assets		Additions to tangible assets		Additions to intangible assets	
Continuing operations	**Q1-Q3 2017**	**Q1-Q3 2016**	**Q1-Q3 2017**	**Q1-Q3 2016**	**Q1-Q3 2017**	**Q1-Q3 2016**	**Q1-Q3 2017**	**Q1-Q3 2016**
Faroe Islands	252,412	333,809	110,831	126,504	7,057	5,191		
Denmark	209,690	228,294	48,776	51,283	1,246	-39		
Greenland	40,145	34,472	45,725	46,457	0	61		
Total	**502,247**	**596,575**	**205,331**	**224,245**	**8,304**	**5,212**	**0**	**0**

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

	Total income		Profit before tax		Tax		FTE	
Continuing operations	**Q1-Q3 2017**	**Q1-Q3 2016**	**Q1-Q3 2017**	**Q1-Q3 2016**	**Q1-Q3 2017**	**Q1-Q3 2016**	**Q1-Q3 2017**	**Q1-Q3 2016**
Faroe Islands, Banking, Other	227,838	306,956	64,606	175,110	11,906	31,819	185	184
Faroe Islands, Insurance	24,574	26,853	11,499	14,898	2,062	2,678	27	24
Denmark, Banking	209,690	228,294	45,038	39,218	10,069	8,940	178	191
Greenland, Banking	40,145	34,472	21,681	14,066	6,812	4,473	17	17
Total	**502,247**	**596,575**	**142,824**	**243,291**	**30,849**	**47,909**	**407**	**416**

Notes

Note	DKK 1,000	Group Q1-Q3 2017	Group Q1-Q3 2016	BankNordik Q1-Q3 2017	BankNordik Q1-Q3 2016
3	**Interest income**				
	Credit institutions and central banks	2,070	2,406	2,066	2,400
	Loans and advances	291,681	329,526	291,681	329,526
	Bonds	27,028	30,952	25,686	30,157
	Total derivatives of which:	-10,256	-8,688	-10,256	-8,688
	Currency contracts	15,063	*0*	15,063	*0*
	Interest rate contracts	*-17,341*	*-10,576*	*-17,341*	*-10,576*
	Other transactions	*-7,978*	*1,887*	*-7,978*	*1,887*
	Other interest income	0	555	0	555
	Total interest income	**310,523**	**354,751**	**309,178**	**353,950**
4	**Interest expenses**				
	Credit institutions and central banks	928	1,439	928	1,439
	Deposits	8,232	13,835	8,232	13,836
	Subordinated debt	9,122	25,779	9,122	25,779
	Other interest expenses	111	531	111	531
	Total interest expenses	**18,393**	**41,584**	**18,393**	**41,586**
5	**Net fee and commission income**				
	Fee and commission income				
	Securities trading and custody accounts	44,849	31,142	44,849	31,142
	Credit transfers	16,659	15,916	16,659	15,916
	Loan commissions	4,967	7,430	4,967	7,430
	Guarantee commissions	13,535	13,700	13,535	13,700
	Other fees and commissions	73,378	72,509	79,962	78,111
	Total fee and commission income	**153,388**	**140,697**	**159,972**	**146,299**
	Fee and commissions paid				
	Securities trading and custody accounts	10,044	9,519	10,044	9,519
	Net fee and commission income	**143,344**	**131,178**	**149,928**	**136,780**
6	**Market value adjustments**				
	Loans and advances	-11,185	1,060	-11,185	1,060
	Bonds	3,655	13,932	4,978	13,816
	Shares	15,280	11,081	15,280	11,081
	Foreign exchange	-3,730	-12,791	-3,730	-12,791
	Total derivatives of which:	19,106	4,001	19,106	4,001
	Currency Swaps	*7,227*	*15,507*	*7,227*	*15,507*
	Interest Swaps	*11,883*	*-16,287*	*11,883*	*-16,287*
	Other contracts	*-4*	*-3,272*	*-4*	*-3,272*
	Assets under pooled schemes	1,961	0	1,961	0
	Other obligations	0	4,261	0	4,261
	Deposits in pooled schemes	*-1,036*	*0*	*-1,036*	*0*
	Total market value adjustments	**24,052**	**21,545**	**25,375**	**21,428**

Note	DKK 1,000	Group Q1-Q3 2017	Q1-Q3 2016	BankNordik Q1-Q3 2017	Q1-Q3 2016
7	**Other operating income**				
	Profit on sale of properties	1,017	223	1,017	223
	- of which assets held for sale	*0*	*223*	*0*	*223*
	Profit on sale of operating equipment	300	670	300	670
	Profit on sale of discontinued operations	0	0	0	84,088
	Reversals of acquiered OEI impairments	12,416	15,854	12,416	15,854
	Other income	5,401	5,882	2,125	1,694
	Total other operating income	**19,134**	**22,628**	**15,858**	**102,529**
8	**Staff costs and administrative expenses**				
	Staff costs:				
	Salaries	161,772	170,534	149,415	160,350
	Pensions	20,275	19,635	18,685	18,310
	Social security expenses	23,540	22,023	22,000	20,703
	Total staff costs	**205,587**	**212,192**	**190,101**	**199,363**
	Administrative expenses:				
	IT	75,644	72,085	73,245	69,268
	Marketing etc	11,938	12,942	11,058	11,926
	Education etc	3,220	2,764	2,307	2,352
	Advisory services	1,288	1,397	1,275	1,389
	Other expenses	51,260	55,351	48,761	52,496
	Total administrative expenses	**143,349**	**144,540**	**136,647**	**137,431**
	Total staff costs	205,587	212,192	190,101	199,363
	Employee costs included under the item "Claims, net of reinsurance"	-5,664	-5,994	0	0
	Total administrative expenses	143,349	144,540	136,647	137,496
	Total staff costs and administrative expenses	**343,272**	**350,738**	**326,747**	**336,859**
	Number of employees				
	Average number of full-time employees in the period	410	405	378	375
	Executive remuneration:				
	Board of Directors	1,450	1,350	1,450	1,350
	Executive Board:				
	Salaries	1,656	1,625	1,656	1,625
	- less fees received from directorships	114	65	114	65
	The Bank's expense, salaries	1,542	1,561	1,542	1,561
	Pension	248	250	248	250
	Total executive board	**1,789**	**1,811**	**1,789**	**1,811**
	Total executive remuneration	**3,239**	**2,354**	**3,239**	**2,354**

Note	DKK 1,000	Group Q1-Q3 2017	Q1-Q3 2016	BankNordik Q1-Q3 2017	Q1-Q3 2016
9	**Impairment charges on loans and advances and provisions for guarantees etc.**				
	Individual impairment charges and provisions at 1 January	678,636	671,000	678,636	671,000
	New and increased impairment charges and provisions	83,652	113,543	83,652	113,543
	Reversals of impairment charges and provisions	62,628	73,049	62,628	73,049
	Written-off, previously impaired	65,035	36,528	65,035	36,528
	Interest income on impaired loans	*14,884*	*17,850*	*14,884*	*17,850*
	Total individual impairment charges and provisions	**634,625**	**674,966**	**634,625**	**674,966**
	Impairment charges and provisions recognised in the income statement				
	Loans and advances at amortised cost	7,300	9,406	7,300	9,406
	Loans and advances at fair value	-221	-16,916	-221	-16,916
	Guarantiees and loan commitments	-3,360	15,476	-3,360	15,476
	Total individual impairment charges and provisions	**3,718**	**7,965**	**3,718**	**7,965**
	Individual impairment charges etc.				
	Individual impairment charges etc. at 1 January	592,106	577,447	592,106	577,447
	New and increased impairment charges	55,541	88,646	55,541	88,646
	Reversals of impairment charges	56,627	61,458	56,627	61,458
	Written-off, previously impaired	65,035	36,528	65,035	36,528
	Write-offs charged directly to the income statement	*2,413*	*-11,167*	*2,413*	*-11,167*
	Received on claims previously written off	*4,834*	*3,511*	*4,834*	*3,511*
	Interest income on impaired loans	*14,884*	*17,850*	*14,884*	*17,850*
	Individual impairment charges etc. at 30 September	**525,984**	**568,107**	**525,984**	**568,107**
	Total net impact recognised in the income statement	*-18,392*	*-5,341*	*-18,392*	*-5,341*
	Collective impairment charges				
	Collective impairment charges at 1 January	52,620	53,669	52,620	53,669
	New and increased impairment charges	25,471	4,804	25,471	4,804
	Reversals of impairment charges	0	5,556	0	5,556
	Collective impairment charges at 30 September	**78,091**	**52,916**	**78,091**	**52,916**
	Total net impact recognised in the income statement	*25,471*	*-2,170*	*25,471*	*-753*
	Individual provisions on guarantees				
	Individual provisions at 1 January	33,910	39,884	33,910	39,884
	New and increased provisions	2,640	18,477	2,640	18,477
	Reversals of provisions	6,001	3,001	6,001	3,001
	Individual provisions on guarantees at 30 September	**30,550**	**55,360**	**30,550**	**55,360**
	Total net impact recognised in the income statement	*-3,360*	*15,476*	*-3,360*	*15,476*

Note	DKK 1,000	Group Q1-Q3 2017	Q1-Q3 2016	BankNordik Q1-Q3 2017	Q1-Q3 2016
10	**Discontinued operations**				
	As previously announced, Vørður was sold on 30 Sept. 2016				
	Income statement				
	Net interest income	0	9,475		
	Dividends from shares and other investments	0	0		
	Fee and commission income	0	-12,096		
	Net interest, dividend, fee and commission income	**0**	**-2,621**		
	Premium income, net of reinsurance	0	258,347		
	Claims, net of reinsurance	0	229,293		
	Income and income from insurance activities, net	**0**	**29,054**		
	Market value adjustments	0	19,871		
	Staff costs and administrative expenses	0	40,343		
	Profit before tax	**0**	**5,961**		
	Tax	0	434		
	Net profit on discontinued operations	**0**	**5,527**		
	Disposal				
	Disposal gain, before tax	0	84,088		
	Tax	0	16,912		
	Disposal gain, net	**0**	**67,176**		
	Total, discontinued operations	**0**	**72,703**		

Note	DKK 1,000	Group Sept. 30 2017	Dec. 31 2016	BankNordik Sept. 30 2017	Dec. 31 2016
11	**Due from credit institutions etc. specified by maturity**				
	On demand	323,152	366,540	323,152	366,540
	3 months and below	192,977	250,304	192,977	250,304
	Over 1 year to 5 years	214,020	200,029	214,020	200,029
	Total due from credit institutions etc.	**730,149**	**816,872**	**730,149**	**816,872**
12	**Assets held for sale**				
	Total purchase price, at 1 January	17,095	41,020	17,095	41,020
	Additions	3,607	6,922	3,607	6,922
	Reclassification from investment properties	0	3,247	0	3,247
	Disposals	2,850	34,094	2,850	34,094
	Total purchase price	**17,852**	**17,095**	**17,852**	**17,095**
	Depreciation and impairment, at 1 January	5,121	5,617	5,121	5,617
	Impairment charges for the year	0	613	0	613
	Reversal of impairment on revaluations during the year	545		545	0
	Reversal of impairment on disposals during the year	0	1,109	0	1,109
	Total depreciation and impairment	**4,576**	**5,121**	**4,576**	**5,121**
	Total assets held for sale	**13,276**	**11,974**	**13,276**	**11,974**
13	**Contingent liabilities**				
	Guarantees				
	Financial guarantees	290,807	366,671	290,807	366,671
	Mortgage finance guarantees	1,265,148	1,221,379	1,265,148	1,221,379
	Registration and remortgaging guarantees	644,981	643,841	644,981	643,841
	Other garantees	313,400	262,987	313,400	262,987
	Total guarantees	**2,514,335**	**2,494,879**	**2,514,335**	**2,494,879**

14 **Assets deposited as collateral**

At September 30 2017 the Group had deposited bonds at a total market value of DKK 37m (Q3 2016: 39m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing.

Deposits of bonds to others in total have a market value of DKK 44m (Q3 2016: 72m).

Statement by the Executive Board and the Board of Directors

We have today considered and approved P/F BankNordik's interim report for the first nine months of 2017.

The consolidated financial statements for the first nine months of 2017 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 September 2017, 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 nine months ended 30 September 2017.

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, 26 October 2017

Executive Board

Árni Ellefsen
CEO

Board of Directors

Stine Bosse *Chairman*	Rúni Vang Poulsen *Vice chairman*	Jógvan Jespersen
Barbara Pállsdóttir Vang	Kim Jacobsen	Tórhallur Olsen
Kenneth M. Samuelsen		

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BankNordik is a limited liability company incorporated and domiciled in the Faroe Islands.

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