

# Good performance in Q3 core earnings

*- Full-year guidance upgraded from original forecast*

Investor presentation 2 November 2021

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# Overview

- **Overview**
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- **New financial and ESG targets**
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# Highlights in Q3 2021 & Revised 2024 strategy

– Q3: Increased prices from mid-August – full effect in Q4

## Revised 2024 Strategy

- Increased ROE and efficiency through digitalisation transformation and capital optimisation
- New financial and ESG targets:
  - ROE: >8% → > 10% (2024)
  - CET1: 23% → <20% (2024)
  - ESG: Reduction of CO2 Scope 1 from 50 → 0 tonnes (2025)
- The remaining DKK 250m of the DKK 700m ex. dividend is expected to be distributed in 2022 instead of in 2022 and 2023 as previously announced

## Operational and financial highlights

- Changes in customer concepts and prices increase interest and fee income from mid-August
- Profit before impairment charges down 13%
- Profit before tax from continuing operations of DKK 54m
- CET1 capital ratio of 26.1% and MREL capital ratio of 31.7% after deducting DKK 450m ex. dividend paid out 27 October 2021

## Profit & Loss

<i>DKK</i> m	Q3 2021	Q2 2021	Index	9M 2021
Net interest income	66	66	101	196
Net fee and commission income	19	20	93	57
Net insurance income	7	14	49	28
Other operating income	8	9	91	26
<b>Operating income</b>	<b>100</b>	<b>109</b>	<b>92</b>	<b>307</b>
Operating costs	-59	-62	96	-180
<b>Profit before impairment charges</b>	<b>41</b>	<b>47</b>	<b>87</b>	<b>127</b>
Net impairment charges on loans	13	27	48	36
<b>Operating profit</b>	<b>54</b>	<b>74</b>	<b>73</b>	<b>163</b>
Non-recurring items	2	4	38	82
Investment portfolio earnings	-1	-4	28	-9
<b>Profit before tax, continuing operations</b>	<b>54</b>	<b>74</b>	<b>73</b>	<b>237</b>
Profit before tax, discontinued operations	0	0		9
<b>Profit before tax</b>	<b>54</b>	<b>74</b>	<b>73</b>	<b>246</b>

## Key Metrics

<i>DKK</i> bn	Q3 2021	Q2 2021	Index	9M 2021
Loans and advances	7.6	7.6	100	7.6
Deposits and other debt	7.4	7.7	97	7.4
Mortgage credit	2.6	2.5	104	2.6
			<b>Target</b>	
Operating cost / income, %	59.1	56.6	< 55.0	58.7
CET1 capital ratio, %	26.1	25.7	20.0	26.1
MREL capital ratio, %	31.7	31.3	33.0	31.7
RoE, % (annualised)	7.1	9.7	> 10.0	10.1
RoE, excl. one-offs, % (annualised)	7.1	9.5	> 10.0	7.0
Combined ratio	108.4	80.8	85.0	98.2

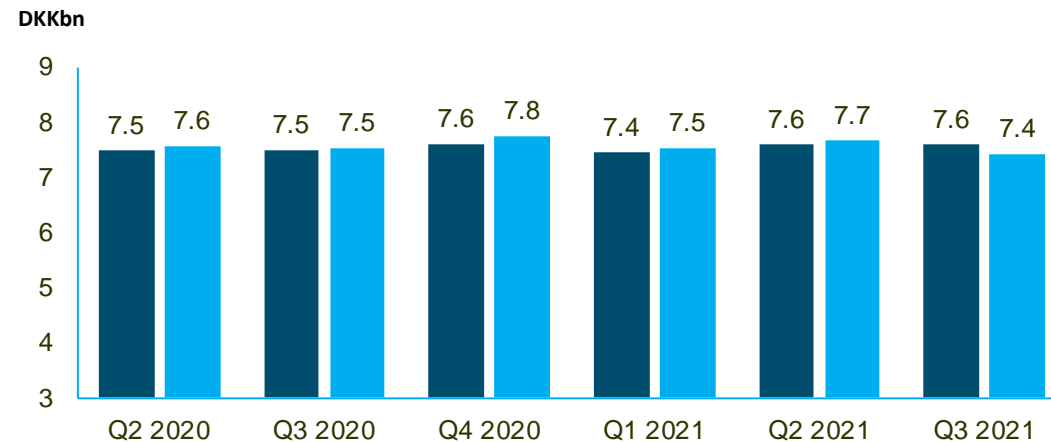
# Net interest income

- Slight improvement, expected to continue in coming quarters

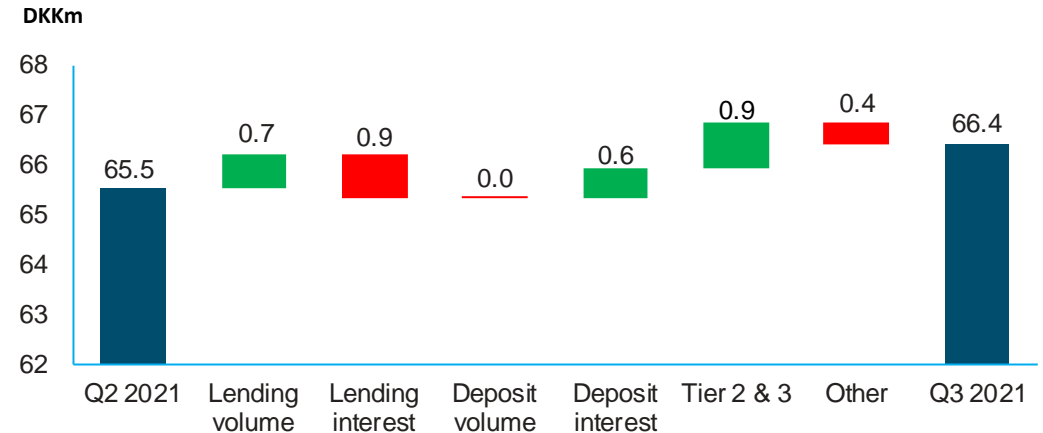
## Comments

- Net interest income up DKK 0.9m QoQ and up DKK 3.4m YoY mainly due to negative interest rates on deposits and steady increase in loans
- New green loan types introduced in 2021 with improved terms increase margin pressure
- Changes in negative interest rate brackets increase net interest income from mid-August
- Optimisation of capital funding in June with an annual reduction in interest expenses of approx. DKK 5m
- Lending volumes up by DKK 8m QoQ (DKK 92m YoY)

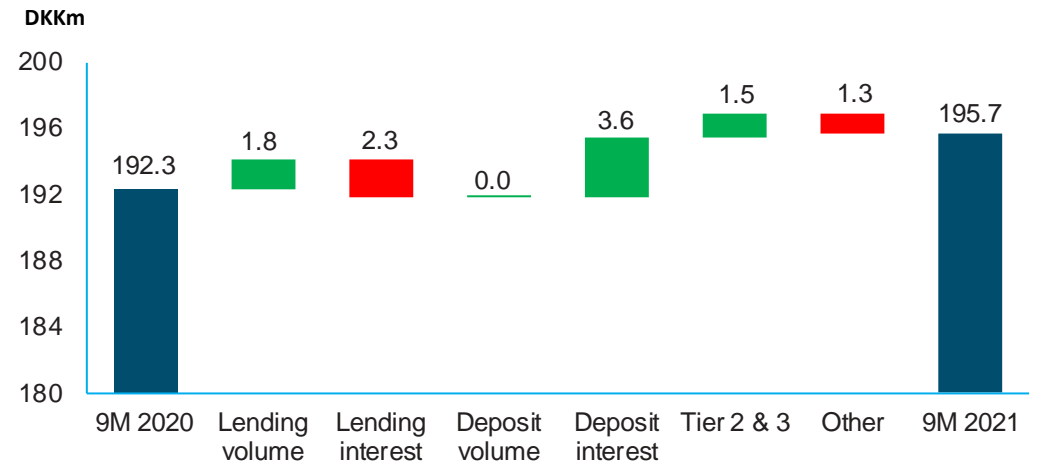
## Loans and deposits



## QoQ changes in net interest income



## YoY changes in net interest income



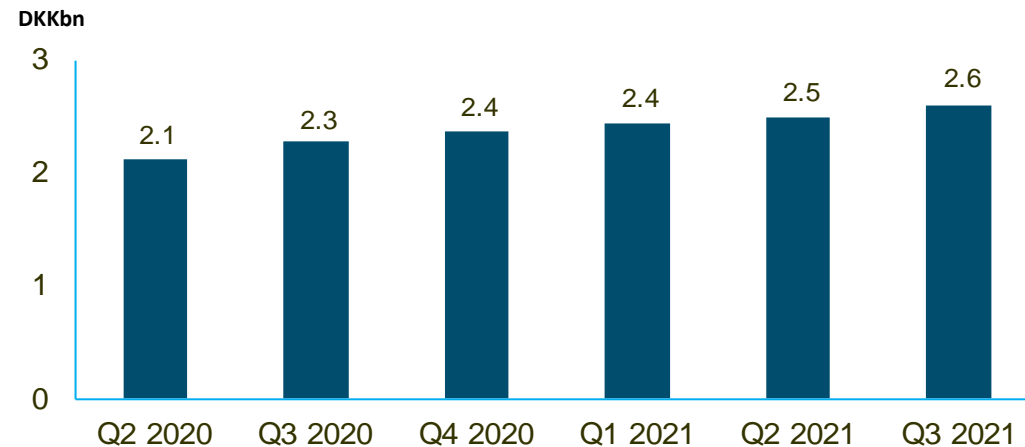
# Fee and commission income

- Announced increase in price expected to increase fee income in coming months

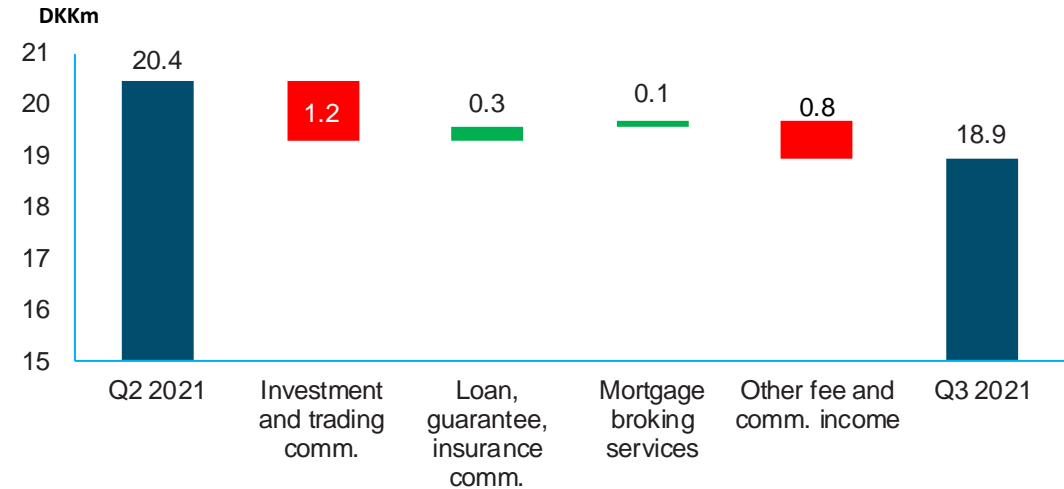
## Comments

- Down by DKK 1.5m QoQ and up by DKK 12.9m YoY
- Driven mainly by high activity level in corporate segment
- Announced changes in prices expected to further increase fee income in upcoming periods
- Mortgage-broking services up DKK 107m QoQ (325m YoY)
- Re-negotiated brokering agreement has reduced brokering fees and reduced REA

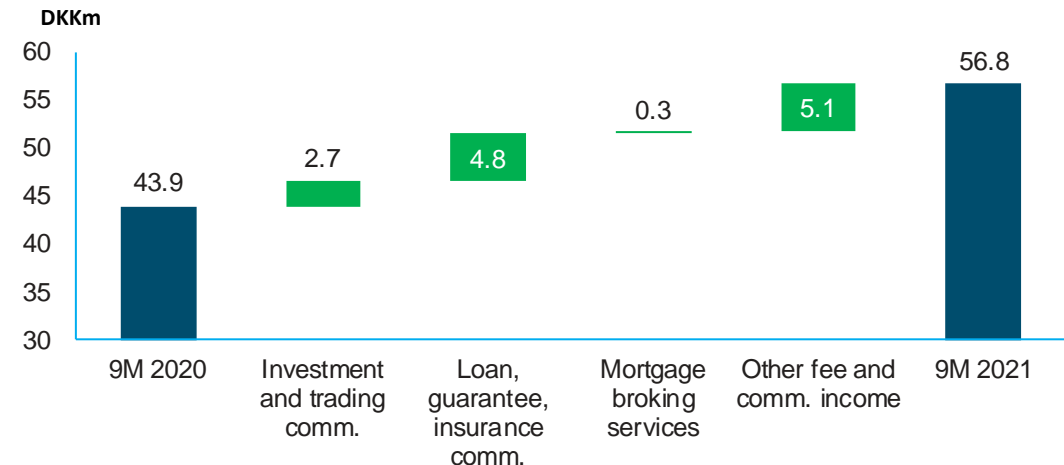
## Mortgage-broking services



## QoQ changes in fee and commission income



## YoY changes in fee and commission income



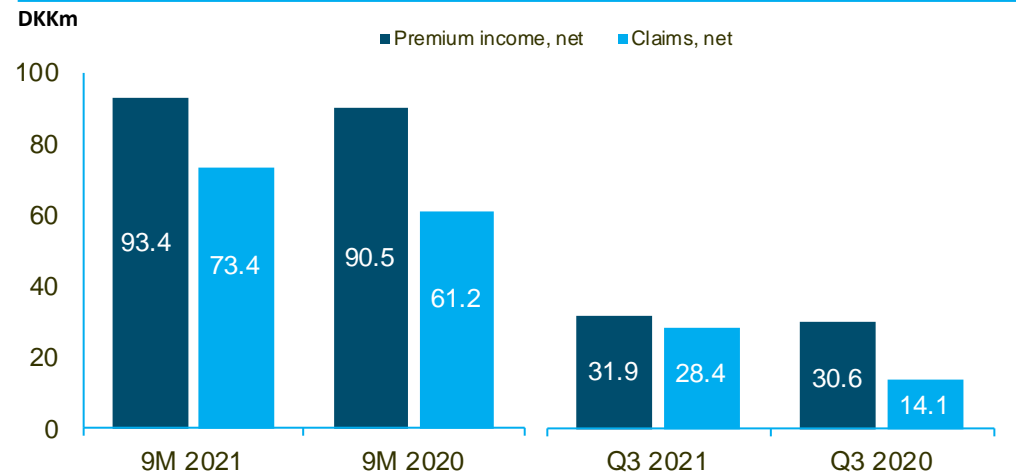
# Financial results for Trygd

- Weather conditions and individual major events causing high insurance claims

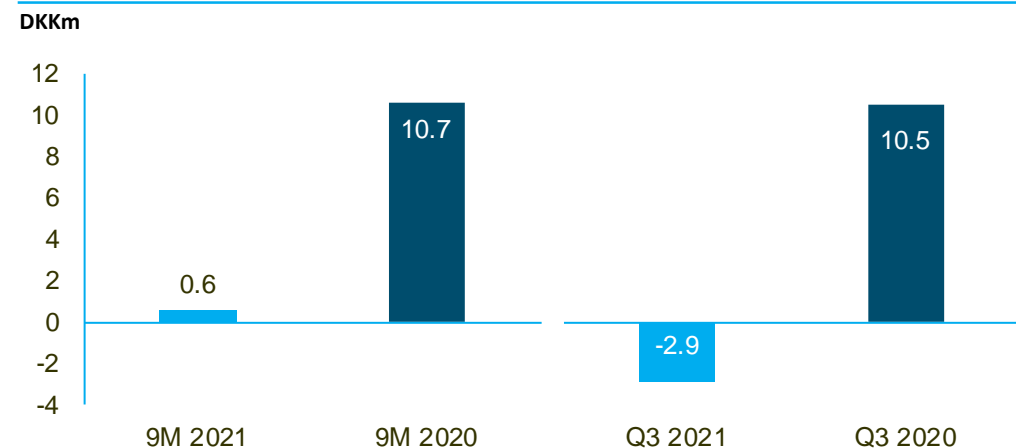
## Comments

- Combined ratio of 98% in 9M 2021 compared to 87% in 9M 2020. Ratio still high primarily due to high claims in Q1 and Q3 2021
- Net premium income up by DKK 2.9m YoY and up by DKK 1.3m QoQ – driven by general indexation
- Net claims up by DKK 12m YoY and DKK 14m QoQ
- Claims in Q1 and Q3 2021 driven by storm-related and fire claims
- Profit before tax of DKK 0.6m in 9M 2021 relative to a profit of DKK 10.7m in 9m 2020 and a loss of DKK 2.9m in Q3 2021 relative to a profit of DKK 10.5m in Q3 2020

## Premiums and claims



## Profit before tax



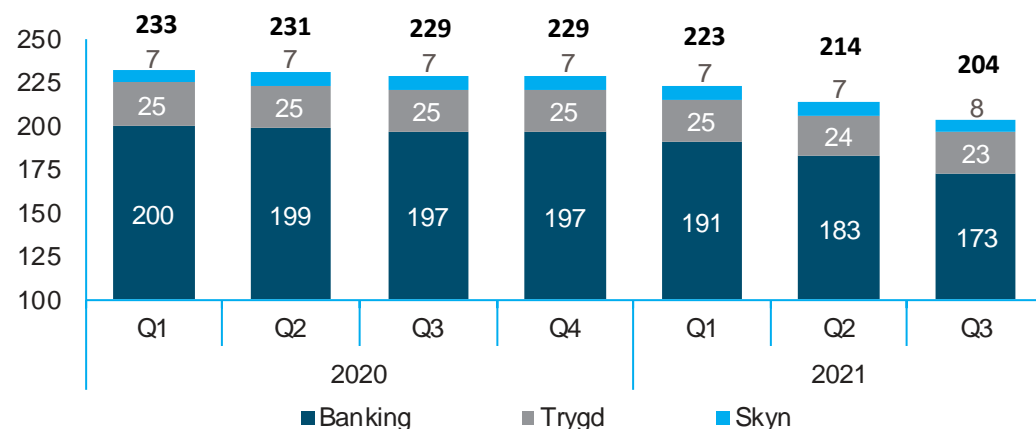
# Operating costs

- Reductions in operating costs outweigh staff compensation from divested activities

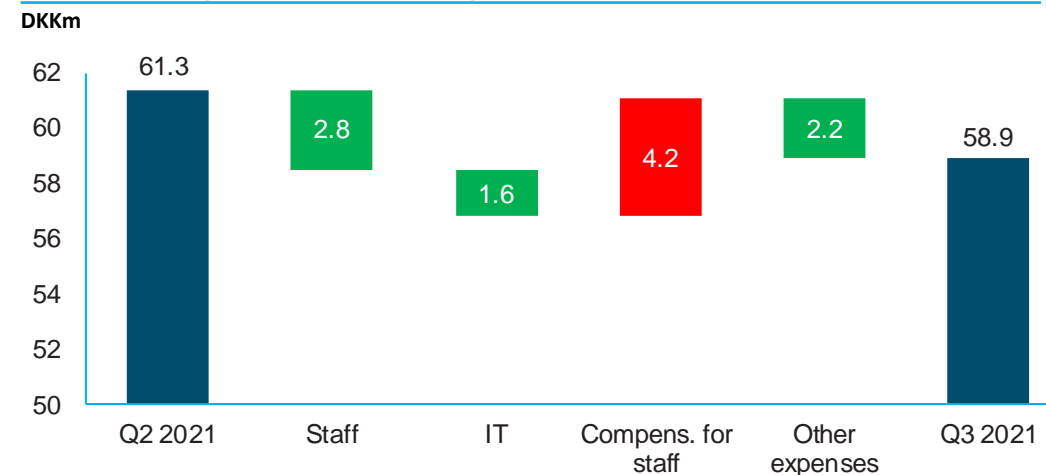
## Comments

- Operating costs down by DKK 2.4m QoQ and up by DKK 3.5m YoY
- Compensation for staff costs etc. is no longer received as the sale of the Danish business was executed in Q2. Staff costs and other operating costs are consequently reduced and outweigh the compensation from divested activities.
- Steady fall in average number of employees

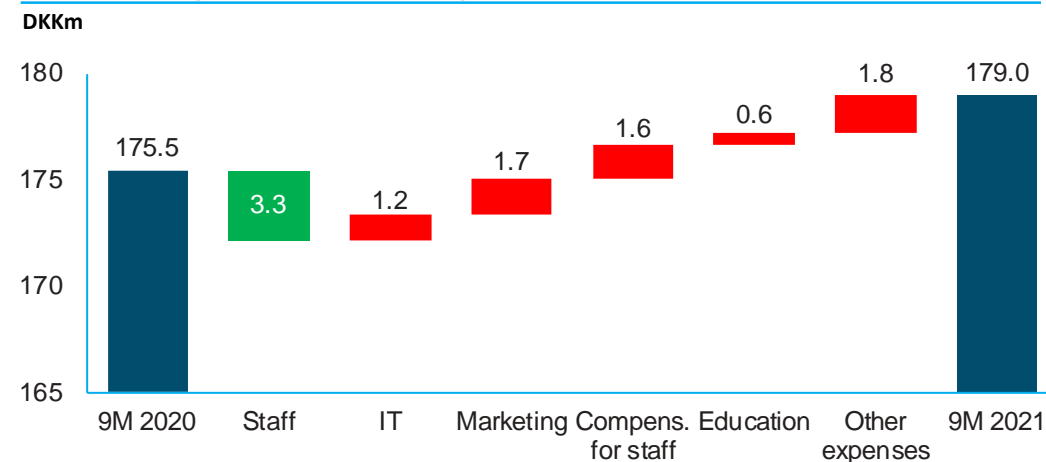
## Average number of employees (FTE)



## QoQ changes in operating costs



## YoY changes in operating costs





# Impairment charges

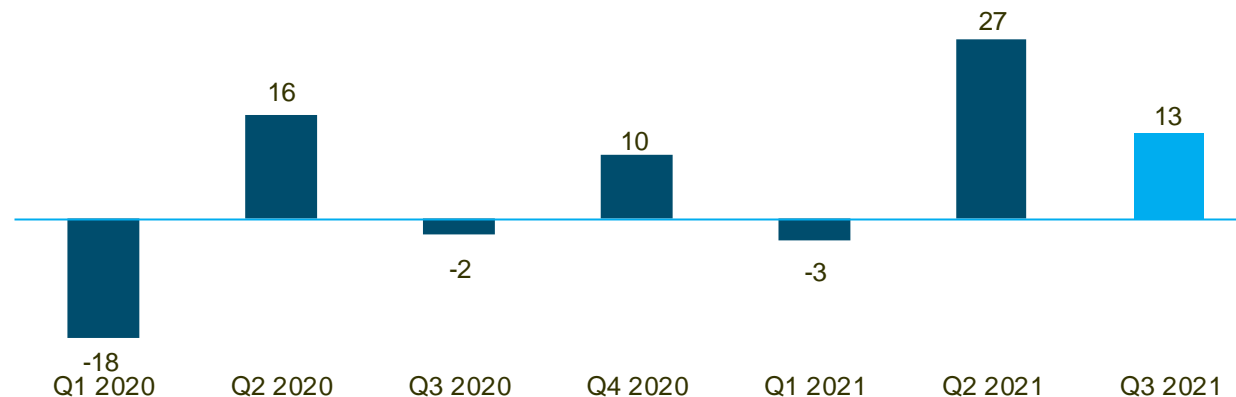
- Low impairment charges on well-collateralised loan portfolio

## Comments

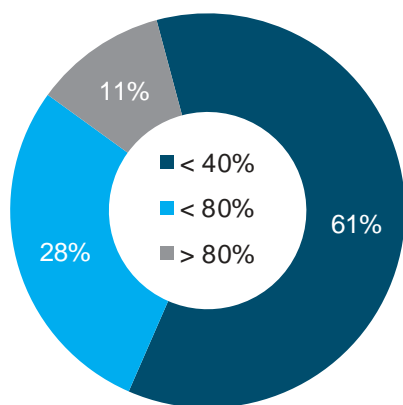
- Net impairment charges were a reversal of DKK 13m in Q3 2021
- Maintaining discretionary management estimate of DKK 52m recognised in 2020 due to COVID-19
- Strong LTV ratios for housing loans
- Gross loans by sector include remaining Danish corporate loans

## Net impairment charges

DKKm

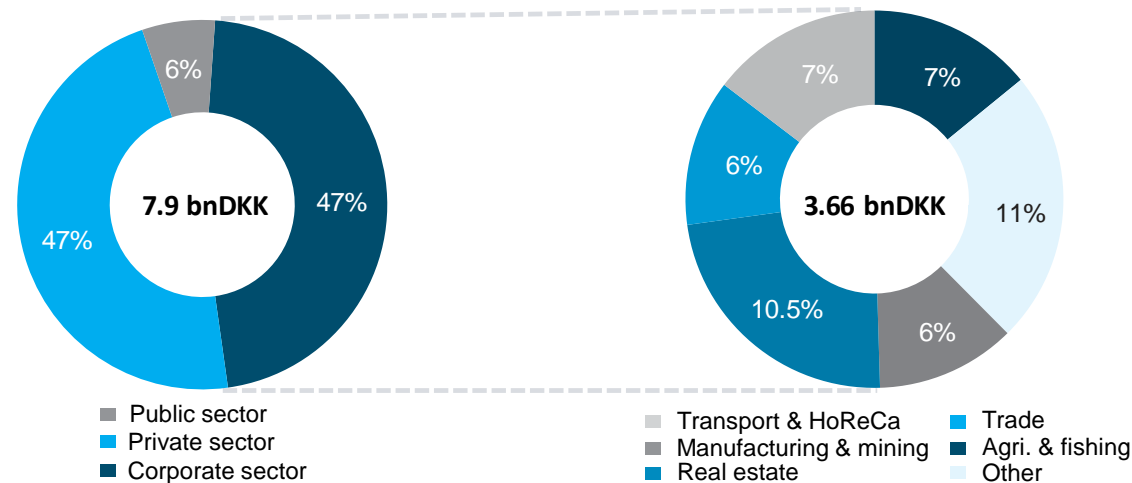


## LTV for housing loans<sup>1</sup>



## Gross loans by sector

DKKm



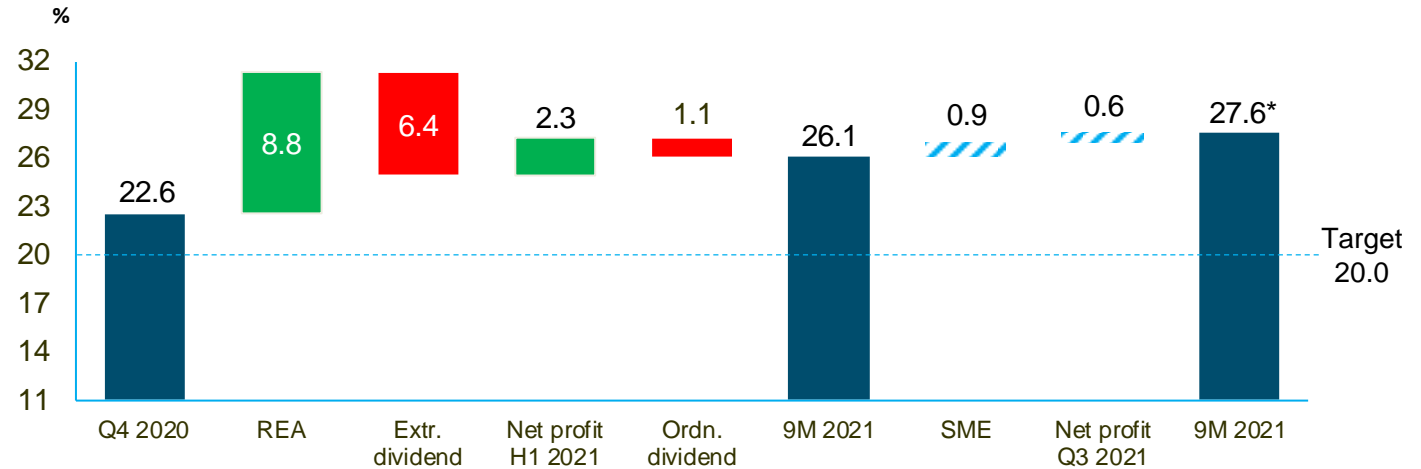
# Capital position

- Strong capital ratios due to sale – including after dividend payouts

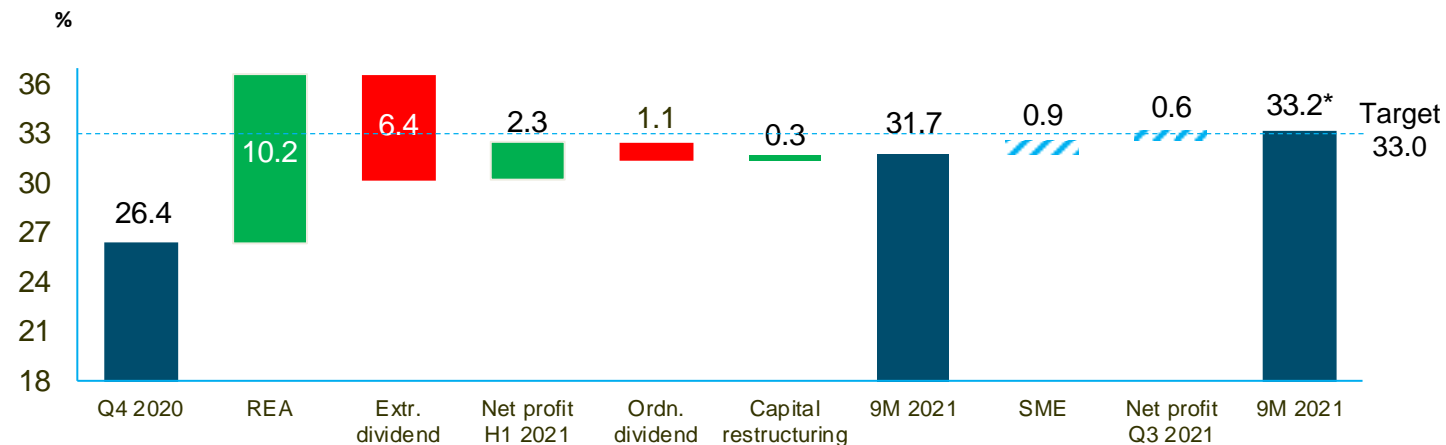
## Comments

- CET1 up by 3.5 pp and MREL capital ratio up by 5.3 pp
- Capital ratios significantly increased after sale of the Danish loan portfolio (+7.7 pp)
- Sale of the Danish loan portfolio led to a dividend payout of DKK 450m in October (-6.4 pp)
- H1 2021 net result from continuing business (+2.3 pp)
- Ordinary dividend of DKK 77m (50% of 9M 2021 net result) expected to be paid out at AGM in 2022 (-1.1 pp)
- Incoming legislation expected to reduce REA of SME exposures by DKK 250m (0.9 pp)

## Changes in CET1 ratio



## Changes in MREL Capital Ratio



# New financial targets

*- Increased ROE and efficiency through digitalisation transformation and capital optimisation*

**ROE 8% → >10%**

- Core operations continue to improve thanks to increased digitalisation and efficiency enhancements
- CET 1 target reduced from 23% to 20% in period to 2024
- Assuming current low interest rate environment prevails and impairment charges normalise at 0.4% of loans and guarantees

**C/I 55% → <55%**

- Digitalisation and automation leads to a better online customer experience and increased efficiency (increased income and reduced costs)
- Continuation of the shift in home and commercial property financing from bank lending to mortgage lending (reduces net income along with capital consumption)
- Increased use of capital relief guarantees, such as from EKF, in order to mitigate the largest exposures and generally reduce capital consumption (reduced net income)
- Assuming the current low interest rate environment prevails

**Extraordinary dividend of DKK 700m**

- At the extraordinary general meeting held on 22 October, the shareholders voted to approve the distribution of DKK 450m
- The remaining 250 million is expected to be distributed in 2022 instead of in 2022 and 2023 as previously announced

# New and adjusted ESG targets

*- Increased focus on reducing CO2 emissions and eliminating gender gap pays*

- In connection with the 2020 Annual Report, we began to report on selected ESG ratios for the Group
- We have taken the necessary measures to ensure a positive trend in these ratios
- We have decided to revise our environmental goals and to add a new social ratio:
  - We have defined a more ambitious target for our direct Scope 1 CO2 emissions, lowering it from 50 to 0 tonnes by 2025. This will lead to a 70% overall reduction of the Group's CO2 emissions with 2020 as the base year.
  - As a new reporting feature, we will be disclosing data on gender pay gaps, the elimination of which will require a constant focus in-house

# Equity Story – Revised Strategy and Targets

BANKNORDIK



## Focus on improving the digital customer experience and on more efficient operations

- Banking operations firmly anchored in the Faroes – continued profitable growth in Greenland and in P&I business
- A significant player in two attractive markets within financing, insurance, investing and pensions
- Strategic focus:
  - deliver digital end-to-end customer experience with the customer in control and always able to request personalised advice
  - develop an efficient organisation through digitalisation and automation
- Low-risk loan portfolio with limited exposure to historically risky sectors
- Capital resources aligned with targets
- A competitive banking group contributing to sustainable societies

## Targets

### Customers

- Relational NPS > 40 at branches and in corporate departments
- Relational NPS > 15 in Customer Service and in Banking for young people
- Transactional NPS > 90

### Employees

- Employee satisfaction score > 75
- Employee turnover < 7% p.a.
- Gender overrepresentation of not more than 60% among managers and in all departments

### Shareholders

- ROE > 10% p.a.
- C/I < 55%
- Dividend payout ratio 50%
- Share buybacks
- CET 1 ratio 20.0%
- MREL capital: 2 pp above requirement

# Questions?

Árni Ellefsen, CEO

# Appendices

- **Group**
- **Banking**
- **Personal Banking**
- **Corporate Banking**
- **Banking – Faroe Islands**
- **Banking – Denmark**
- **Banking – Greenland**
- **Insurance – Trygd**
- **Development in business volumes**
- **Credit quality of loan portfolio**
- **Macro economic overview**

# Group

- High insurance claims and lower reversals of impairment charges lead to reduced profit

DKKm	Q3 2021	Q2 2021	Index	Q1 2021	Q4 2020	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Net interest income	66	66	101	64	65	65	196	192
Net fee and commission income	19	20	93	17	16	15	57	44
Net insurance income	7	14	49	7	12	18	28	34
Other operating income (less reclassification)	8	9	91	9	8	6	26	17
<b>Operating income</b>	<b>100</b>	<b>109</b>	<b>92</b>	<b>97</b>	<b>101</b>	<b>104</b>	<b>307</b>	<b>286</b>
Operating costs <sup>1</sup>	-59	-61	96	-59	-62	-57	-179	-175
Sector costs	0	0		0	0	0	-1	0
<b>Profit before impairment charges</b>	<b>41</b>	<b>47</b>	<b>87</b>	<b>38</b>	<b>38</b>	<b>47</b>	<b>127</b>	<b>110</b>
Impairment charges, net	13	27	48	-3	10	-2	36	-5
<b>Operating profit</b>	<b>54</b>	<b>74</b>	<b>73</b>	<b>35</b>	<b>48</b>	<b>44</b>	<b>163</b>	<b>106</b>
Non-recurring items <sup>2</sup>	2	4	38	77	0	0	82	0
<b>Profit before investment portfolio earnings and tax</b>	<b>56</b>	<b>78</b>	<b>71</b>	<b>111</b>	<b>48</b>	<b>44</b>	<b>245</b>	<b>106</b>
Investment portfolio earnings <sup>3</sup>	-1	-4	28	-3	1	3	-9	-3
<b>Profit before tax, continuing operations</b>	<b>54</b>	<b>74</b>	<b>73</b>	<b>108</b>	<b>49</b>	<b>48</b>	<b>237</b>	<b>103</b>
<b>Profit before tax, discontinued operations</b>	<b>0</b>	<b>0</b>		<b>9</b>	<b>1</b>	<b>35</b>	<b>9</b>	<b>53</b>
<b>Profit before tax, total</b>	<b>54</b>	<b>74</b>	<b>73</b>	<b>118</b>	<b>51</b>	<b>82</b>	<b>246</b>	<b>156</b>
Operating cost/income, %	59	56		60	62	55	58	61
Number of FTE, end of period	199	195	102	218	228	232	199	232

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

2 Reclassified from Other operating income, Staff costs and administrative expenses and from Amortisation, depreciation and impairment charges.

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



# Banking

- Operating income remains high

DKKm	Q3 2021	Q2 2021	Index	Q1 2021	Q4 2020	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Net interest income	66	66	101	64	65	65	195	192
Net fee and commission income	22	24	93	20	19	18	66	52
Other operating income	7	7	108	7	7	5	21	14
<b>Operating income</b>	<b>95</b>	<b>96</b>	<b>99</b>	<b>91</b>	<b>91</b>	<b>87</b>	<b>283</b>	<b>259</b>
Operating cost	-54	-56	95	-54	-58	-52	-164	-161
Sector costs	0	0		0	0	0	-1	0
<b>Profit before impairment charges</b>	<b>41</b>	<b>39</b>	<b>105</b>	<b>37</b>	<b>33</b>	<b>35</b>	<b>118</b>	<b>97</b>
Impairment charges, net	13	27	48	-3	10	-2	36	-5
<b>Operating profit</b>	<b>54</b>	<b>66</b>	<b>82</b>	<b>34</b>	<b>43</b>	<b>32</b>	<b>154</b>	<b>93</b>
Non-recurring items	2	4	38	77	0	0	82	0
<b>Profit before investment portfolio earnings and tax</b>	<b>56</b>	<b>70</b>	<b>79</b>	<b>111</b>	<b>43</b>	<b>32</b>	<b>236</b>	<b>93</b>
Investment portfolio earnings	-1	-4	23	-2	2	4	-7	-2
<b>Profit before tax, continuing operations</b>	<b>55</b>	<b>66</b>	<b>82</b>	<b>108</b>	<b>44</b>	<b>36</b>	<b>229</b>	<b>91</b>
<b>Profit before tax, discontinued operations</b>	<b>0</b>	<b>0</b>		<b>9</b>	<b>1</b>	<b>35</b>	<b>9</b>	<b>53</b>
<b>Profit before tax, total</b>	<b>55</b>	<b>66</b>	<b>82</b>	<b>118</b>	<b>46</b>	<b>71</b>	<b>238</b>	<b>144</b>
Loans and advances	7,594	7,586	100	7,450	7,608	7,501	7,594	7,501
Deposits and other debt	7,435	7,660	97	7,536	7,756	7,531	7,435	7,531
Mortgage credit	2,609	2,502	104	2,443	2,375	2,284	2,609	2,284
Operating cost/income, %	56	59		59	63	60	58	62
Number of FTE, end of period	167	166	101	186	196	199	167	199

# Personal Banking

- Stable development

NB: Business segments ("Corporate Banking"/Private Banking") now include in-direct costs (e.g. HQ and support-functions and IT-costs are now included)

DKKmn	Q3 2021	Q2 2021	Index	Q1 2021	Q4 2020	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Net interest income	34	33	103	32	32	32	98	95
Net fee and commission income	15	16	96	14	14	14	46	40
Other operating income	5	5	110	5	5	4	15	12
<b>Operating income</b>	<b>54</b>	<b>53</b>	<b>101</b>	<b>51</b>	<b>51</b>	<b>49</b>	<b>158</b>	<b>147</b>
Operating costs	-44	-45	98	-43	-46	-42	-133	-128
Sector costs	0	0		0	0	0	-1	0
<b>Profit before impairment charges</b>	<b>9</b>	<b>8</b>	<b>123</b>	<b>8</b>	<b>5</b>	<b>7</b>	<b>25</b>	<b>19</b>
Impairment charges, net	3	0		14	5	-4	17	-8
<b>Operating profit</b>	<b>12</b>	<b>8</b>	<b>160</b>	<b>22</b>	<b>10</b>	<b>3</b>	<b>41</b>	<b>10</b>
Non-recurring items	2	4	38	77	0	0	82	0
<b>Profit before investment portfolio earnings and tax</b>	<b>14</b>	<b>12</b>	<b>116</b>	<b>98</b>	<b>10</b>	<b>3</b>	<b>124</b>	<b>10</b>
Investment portfolio earnings	-1	-3	23	-2	1	3	-5	-1
<b>Profit before tax, continuing operations</b>	<b>13</b>	<b>9</b>	<b>146</b>	<b>97</b>	<b>11</b>	<b>6</b>	<b>119</b>	<b>10</b>
<b>Profit before tax, discontinued operations</b>	<b>0</b>	<b>0</b>		<b>9</b>	<b>1</b>	<b>35</b>	<b>9</b>	<b>53</b>
<b>Profit before tax, total</b>	<b>13</b>	<b>9</b>	<b>146</b>	<b>106</b>	<b>12</b>	<b>40</b>	<b>128</b>	<b>63</b>
Loans and advances	3.603	3.584	101	3.559	3.587	3.581	3.603	3.581
Deposits and other debt	5.125	5.269	97	5.205	5.140	5.144	5.125	5.144
Mortgage credit	2.252	2.205	102	2.152	2.074	2.003	2.252	2.003
Operating cost/income, %	82	85		85	90	85	84	87
Number of FTE, end of period	73	72	101	77	80	79	73	79

# Corporate Banking

- High customer activity and credit quality still improving

NB: Business segments ("Corporate Banking"/Private Banking") now include in-direct costs (e.g. HQ and support-functions and IT-costs are now included)

DKKm	Q3 2021	Q2 2021	Index	Q1 2021	Q4 2020	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Net interest income	32	33	98	32	33	33	98	97
Net fee and commission income	7	8	88	6	5	4	20	12
Other operating income	2	2	101	2	2	1	6	2
<b>Operating income</b>	<b>41</b>	<b>43</b>	<b>97</b>	<b>41</b>	<b>40</b>	<b>38</b>	<b>124</b>	<b>111</b>
Operating costs	-9	-11	86	-11	-12	-10	-31	-32
Sector costs	0	0		0	0	0	0	0
<b>Profit before impairment charges</b>	<b>32</b>	<b>32</b>	<b>100</b>	<b>30</b>	<b>28</b>	<b>28</b>	<b>93</b>	<b>79</b>
Impairment charges, net	10	27	38	-17	5	2	20	4
<b>Operating profit</b>	<b>42</b>	<b>58</b>	<b>71</b>	<b>12</b>	<b>33</b>	<b>30</b>	<b>113</b>	<b>82</b>
Non-recurring items	0	0		0	0	0	0	0
<b>Profit before investment portfolio earnings and tax</b>	<b>42</b>	<b>58</b>	<b>71</b>	<b>12</b>	<b>33</b>	<b>30</b>	<b>113</b>	<b>82</b>
Investment portfolio earnings	0	-1		-1	0	1	-2	-1
<b>Profit before tax</b>	<b>42</b>	<b>57</b>	<b>72</b>	<b>12</b>	<b>33</b>	<b>31</b>	<b>111</b>	<b>81</b>
Loans and advances	3.960	3.962	100	3.856	3.974	3.847	3.960	3.847
Deposits and other debt	2.300	2.384	96	2.323	2.607	2.347	2.300	2.347
Mortgage credit	357	297	120	291	301	281	357	281
Operating cost/income, %	23	26		27	30	27	25	29
Number of FTE, end of period	14	14	100	15	16	17	14	17

# Banking – Faroe Islands

- Steady improvment in operating profit

DKKmn	Q3 2021	Q2 2021	Index	Q1 2021	Q4 2020	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Net interest income	54	54	101	52	53	51	159	153
Net fee and commission income	18	18	101	16	16	14	51	43
Other operating income	6	6	113	6	6	4	18	11
<b>Total Operating income</b>	<b>78</b>	<b>77</b>	<b>102</b>	<b>74</b>	<b>74</b>	<b>70</b>	<b>229</b>	<b>208</b>
Operating cost	-46	-49	95	-47	-50	-45	-142	-139
Sector costs	0	0		0	0	0	-1	0
<b>Profit before impairment charges</b>	<b>32</b>	<b>28</b>	<b>114</b>	<b>27</b>	<b>23</b>	<b>24</b>	<b>86</b>	<b>68</b>
Impairment charges, net	-2	17	-10	-8	11	-6	7	-13
<b>Operating profit</b>	<b>30</b>	<b>44</b>	<b>68</b>	<b>19</b>	<b>34</b>	<b>19</b>	<b>93</b>	<b>55</b>
Non-recurring items	2	-18		-7	0	0	-23	0
<b>Profit before investment portfolio earnings and tax</b>	<b>31</b>	<b>26</b>	<b>122</b>	<b>13</b>	<b>34</b>	<b>19</b>	<b>70</b>	<b>55</b>
Investment portfolio earnings	-1	-3	20	-1	2	3	-5	-2
<b>Profit before tax</b>	<b>31</b>	<b>23</b>	<b>136</b>	<b>11</b>	<b>36</b>	<b>22</b>	<b>65</b>	<b>53</b>
Loans and advances	6.555	6.643	99	6.512	6.670	6.531	6.555	6.531
Deposits and other debt	6.900	7.010	98	6.833	7.037	6.794	6.900	6.794
Mortgage credit	1.631	1.554	105	1.513	1.481	1.434	1.631	1.434
Operating cost/income, %	59	64		63	68	65	62	67
Number of FTE, end of period	149	146	102	166	174	178	149	178

# Banking – Denmark

## - Reversal of impairments from remaining activities

DKKm	Q3 2021	Q2 2021	Index	Q1 2021	Q4 2020	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Net interest income	0	1	7	1	1	1	2	4
Net fee and commission income	0	2	17	1	0	0	3	1
Other operating income	0	0		0	0	0	0	0
<b>Total Operating income</b>	<b>0</b>	<b>3</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>5</b>
Operating cost	-1	-2	26	0	0	0	-3	-1
Sector costs	0	0		0	0	0	0	0
<b>Profit before impairment charges</b>	<b>0</b>	<b>1</b>	<b>-25</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Impairment charges, net	13	13	99	3	6	7	28	21
<b>Operating profit</b>	<b>12</b>	<b>14</b>	<b>90</b>	<b>5</b>	<b>8</b>	<b>9</b>	<b>31</b>	<b>25</b>
Non-recurring items	0	23		83	0	0	106	0
<b>Profit before investment portfolio earnings and tax</b>	<b>12</b>	<b>37</b>	<b>34</b>	<b>88</b>	<b>8</b>	<b>9</b>	<b>138</b>	<b>25</b>
Investment portfolio earnings	0	0		0	0	0	-1	0
<b>Profit before tax, continuing operations</b>	<b>12</b>	<b>37</b>	<b>34</b>	<b>88</b>	<b>8</b>	<b>9</b>	<b>137</b>	<b>25</b>
<b>Profit before tax, discontinued operations</b>	<b>0</b>	<b>0</b>		<b>9</b>	<b>1</b>	<b>35</b>	<b>9</b>	<b>53</b>
<b>Profit before tax, total</b>	<b>12</b>	<b>37</b>	<b>34</b>	<b>97</b>	<b>9</b>	<b>43</b>	<b>146</b>	<b>78</b>
Loans and advances	3	24	11	30	29	23	3	23
Deposits and other debt	27	41	66	45	58	48	27	48
Mortgage credit	97	94	103	93	100	102	97	102
Operating cost/income, %	190	67		0	7	16	46	17
Number of FTE, end of period	0	0		0	0	0	0	0

# Banking – Greenland

- Stable development

DKKm	Q3 2021	Q2 2021	Index	Q1 2021	Q4 2020	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Net interest income	12	11	105	11	11	12	34	35
Net fee and commission income	4	4	101	3	3	3	11	8
Other operating income	1	1	102	1	1	1	3	2
<b>Total Operating income</b>	<b>17</b>	<b>16</b>	<b>104</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>48</b>	<b>46</b>
Operating cost	-7	-5	128	-7	-7	-7	-19	-21
Sector costs	0	0		0	0	0	0	0
<b>Profit before impairment charges</b>	<b>10</b>	<b>11</b>	<b>92</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>29</b>	<b>25</b>
Impairment charges, net	1	-2		2	-8	-4	1	-12
<b>Operating profit</b>	<b>11</b>	<b>9</b>	<b>128</b>	<b>10</b>	<b>1</b>	<b>5</b>	<b>30</b>	<b>13</b>
Non-recurring items	0	0		0	0	0	0	0
<b>Profit before investment portfolio earnings and tax</b>	<b>11</b>	<b>8</b>	<b>135</b>	<b>10</b>	<b>1</b>	<b>5</b>	<b>29</b>	<b>13</b>
Investment portfolio earnings	0	-1		-1	0	1	-1	0
<b>Profit before tax</b>	<b>11</b>	<b>8</b>	<b>142</b>	<b>9</b>	<b>0</b>	<b>6</b>	<b>28</b>	<b>13</b>
Loans and advances	1.038	938	111	909	908	918	1.038	918
Deposits and other debt	508	610	83	658	661	659	508	659
Mortgage credit	881	854	103	836	795	748	881	748
Operating cost/income, %	41	34		47	45	43	40	45
Number of FTE, end of period	18	19	95	19	21	20	18	20

# Trygd

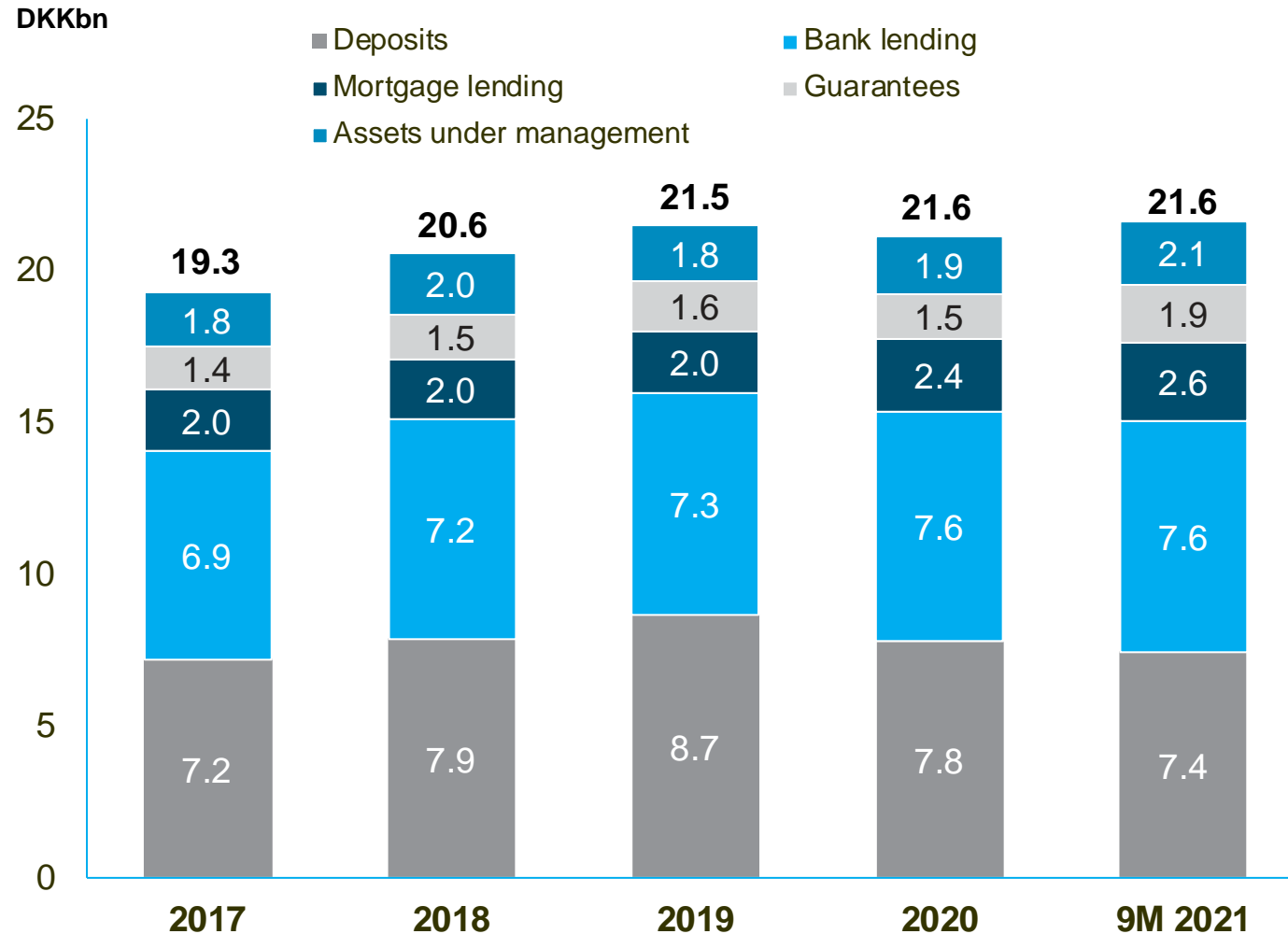
- Seasonality as always between quarters, high insurance claims in Q3

DKKm	Q3 2021	Q3 2020	Index	Q2 2021	Q1 2021	Q4 2020	Q1-Q3 2021	Q1-Q3 2020
Premium income, net of reinsurance	32	31	104	31	30	30	93	90
Claims, net of reinsurance	-28	-14	200	-19	-26	-23	-73	-61
<b>Net insurance income</b>	<b>4</b>	<b>16</b>	<b>22</b>	<b>12</b>	<b>4</b>	<b>7</b>	<b>20</b>	<b>29</b>
Net income from investment activities	0	0	86	0	-1	0	-1	-1
<b>Operating income</b>	<b>3</b>	<b>16</b>	<b>21</b>	<b>12</b>	<b>4</b>	<b>7</b>	<b>19</b>	<b>28</b>
Operating cost	-6	-6	111	-6	-6	-5	-18	-18
<b>Profit before tax</b>	<b>-3</b>	<b>11</b>		<b>6</b>	<b>-2</b>	<b>2</b>	<b>1</b>	<b>11</b>
Combined ratio	108	65		81	106	93	98	87
Claims ratio	89	46		62	85	76	79	68
Number of FTE, end of period	24	25	94	22	24	25	24	25

# Developments in business volumes

- Increased corporate activity drives up business volumes

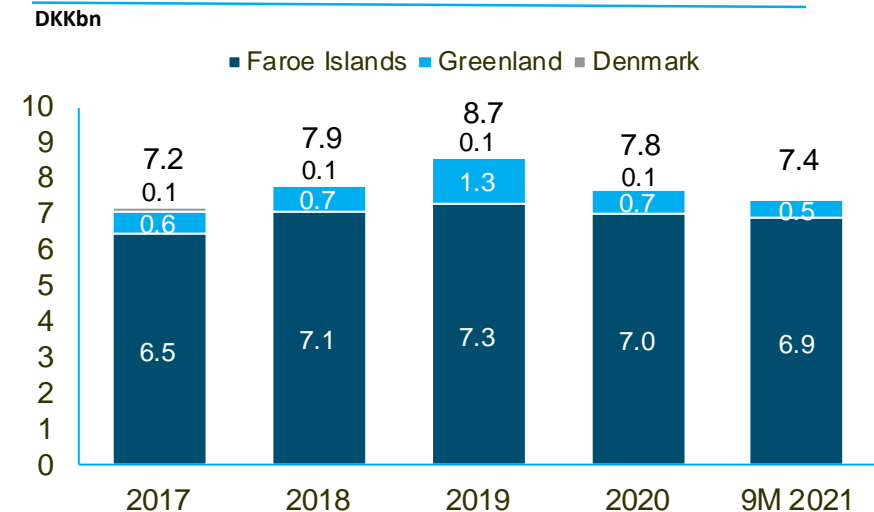
## Business volumes (sum of deposits, lending, guarantees and AUM)



## Comments

- New agreement with DLR has reduced guarantees with more than DKK 400m in 2020
- Significant increase in guarantees for corporate sector in 2020 and 9M 2021

## Deposits

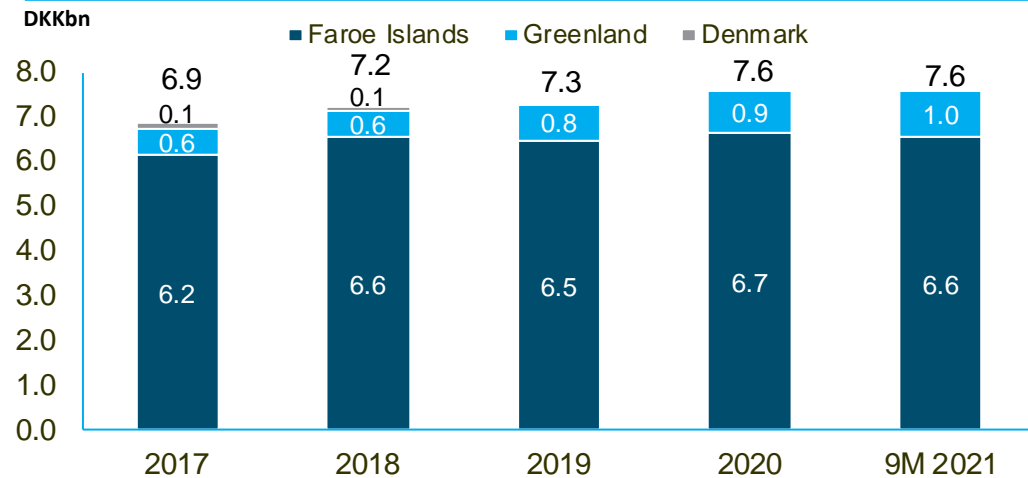




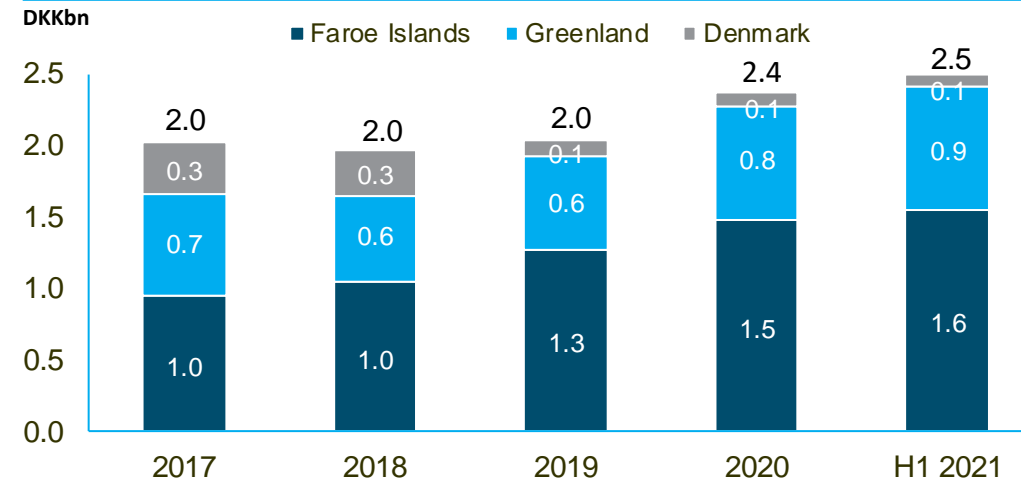
# Development in business volumes

- Growth in line with markets

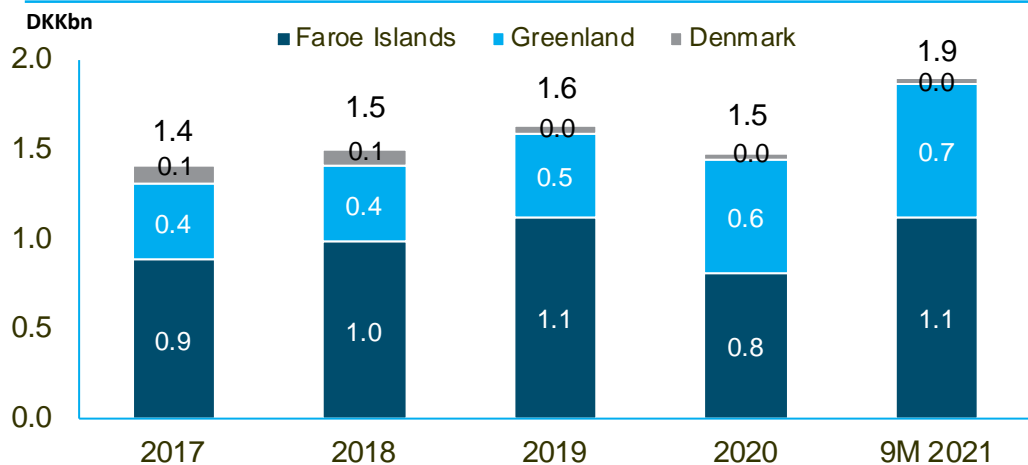
## Bank lending



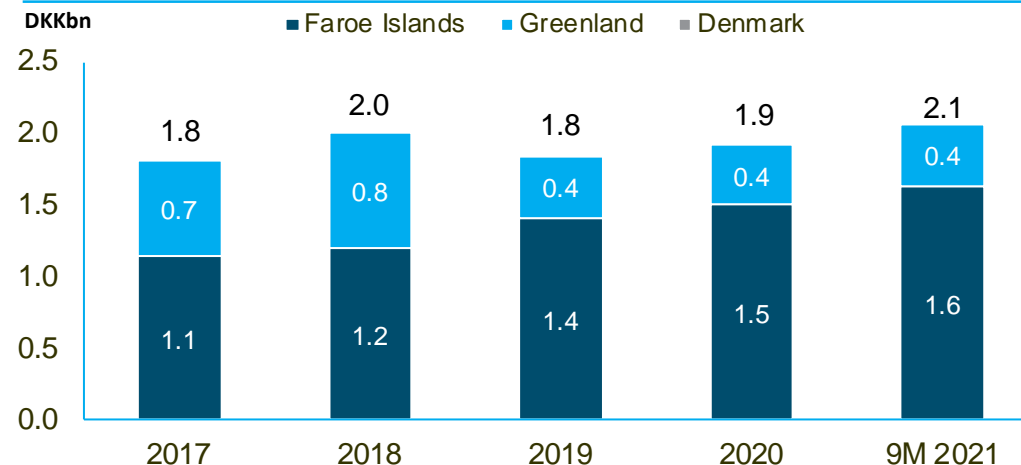
## Mortgages



## Guarantees



## Assets under management



# Credit quality of the loan portfolio

- Stronger exposures increases and weaker exposures decreases

## Credit classification according to the Danish FSA's method

	Q2 2021			Q3 2021			Change
	<7.5 DKKm	>7.5 DKKm	Total	<7.5 DKKm	>7.5 DKKm	Total	
Portfolio without weakness	1,262	4,175	5,437	1,237	4,362	5,599	162
Portfolio with some weakness	3,516	2,071	5,588	3,603	1,930	5,533	-54
Portfolio with weakness	107	182	289	95	241	336	47
- here of unsecured	17	45	62	16	47	63	1
- impairments	11	26	37	6	33	38	1
Portfolio with OIE	231	291	522	222	277	499	-23
- here of unsecured	89	156	244	79	141	220	-24
- impairments	86	83	169	78	75	153	-17
Portfolio without individ. classification	47	20	67	52	14	66	-1
<b>Total</b>	<b>5,163</b>	<b>6,740</b>	<b>11,902</b>	<b>5,209</b>	<b>6,823</b>	<b>12,032</b>	<b>130</b>

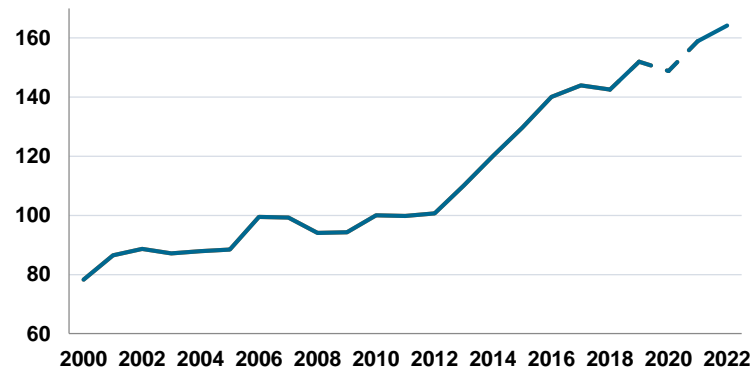
### Total loan portfolio (Gross exposure) includes

- Loans and advances
- Credits
- Unused credits
- Guarantees

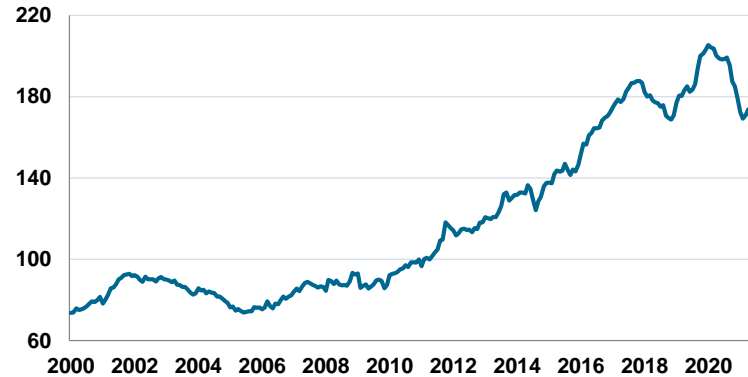
# The Faroese economy

The Faroese economy has seen significant growth in the past decade to the point where GDP per capita in 2019 surpassed that of Denmark. The main drivers of growth have been pelagic fisheries and aquaculture. The economy has also seen significant growth in its tourism industry until the COVID-19 pandemic. The Faroese economy remained resilient throughout 2020 and has rebounded well in 2021 to date.

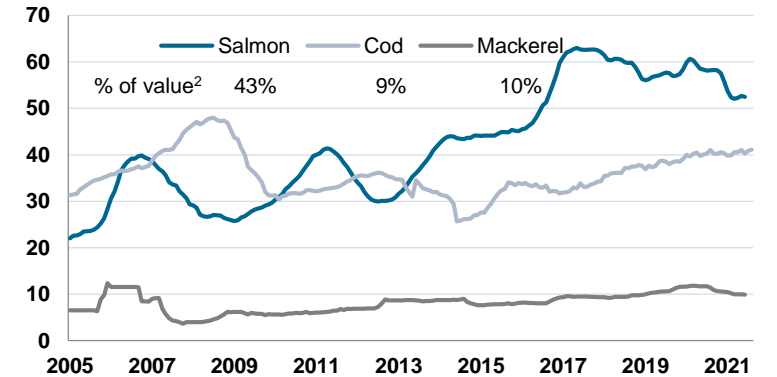
**Real GDP<sup>1</sup> (2010 = 100)**



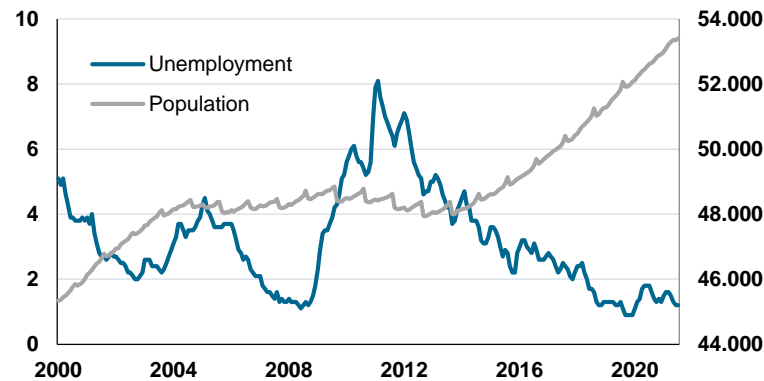
**Exports, rolling 12m (Dec 2010 = 100)**



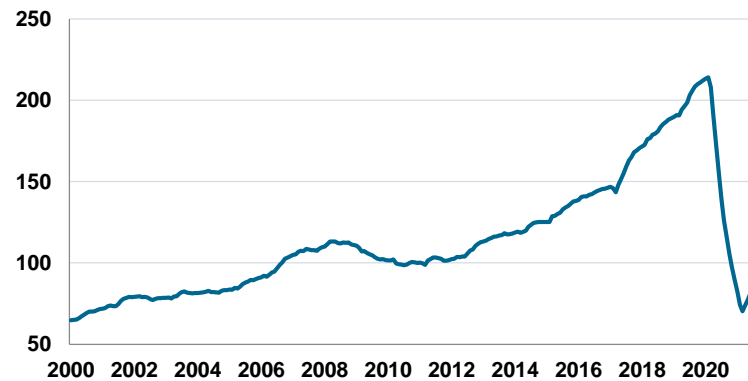
**Export prices<sup>2</sup>, rolling 12m avg, DKK/kg**



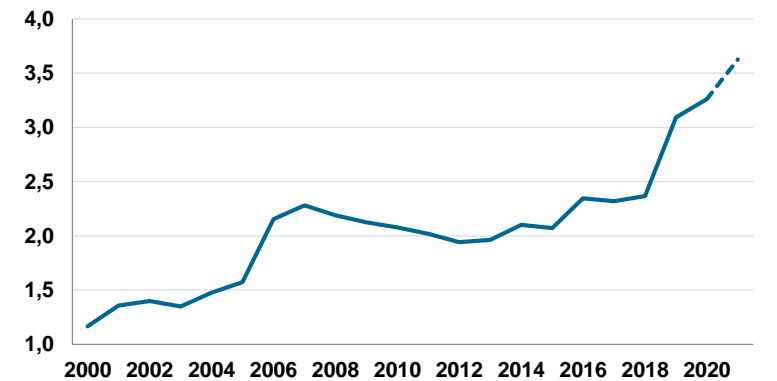
**Unemployment, % (left); population, '000' (right)**



**Arrivals, air travel, annual total, '000**



**House prices, Tórshavn, annual average, DKKm**



<sup>1</sup> Nominal GDP deflated by annual rate of inflation. 2020 estimated and 2021 forecast

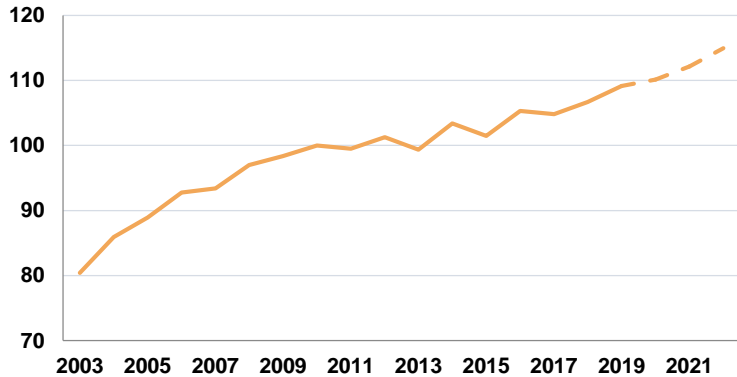
<sup>2</sup> Species' export value as percentage of total export value during last 12 months

Sources: Statistics Faroe Islands, the Faroese Economic Council, BankNordik

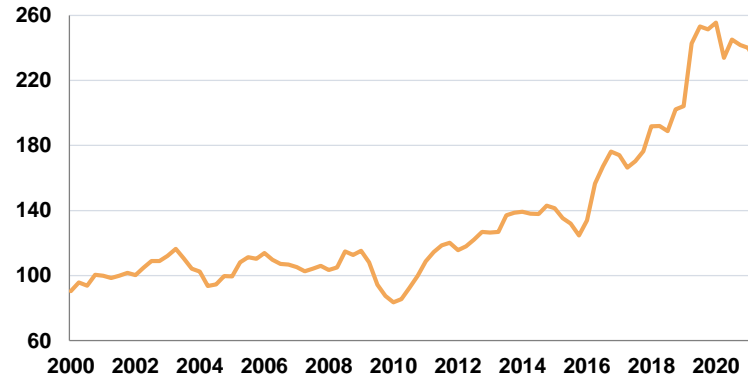
# The Greenlandic economy

The Greenlandic economy has grown steadily over the last decade, mainly driven by an increase in export volumes and prices. Greenland's economic cycles are stabilised by the fact that the Danish block grant accounts for about a third of its public sector budget. The country has significant opportunities for future growth in its upcoming airport capacity expansion and the nascent mining industry. The main challenges to growth are structural unemployment as well as a shortage of skilled labour.

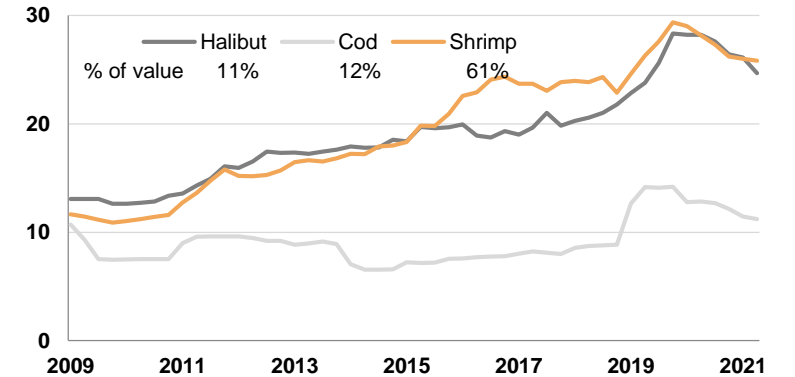
**Real GDP (2010 = 100)**



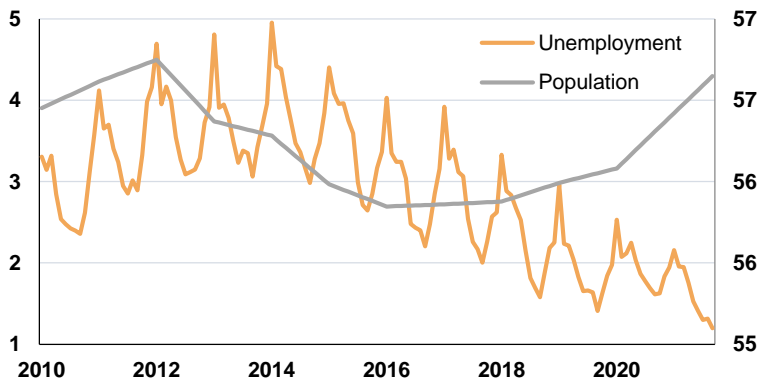
**Exports, rolling 4Q (Q4 2010 = 100)**



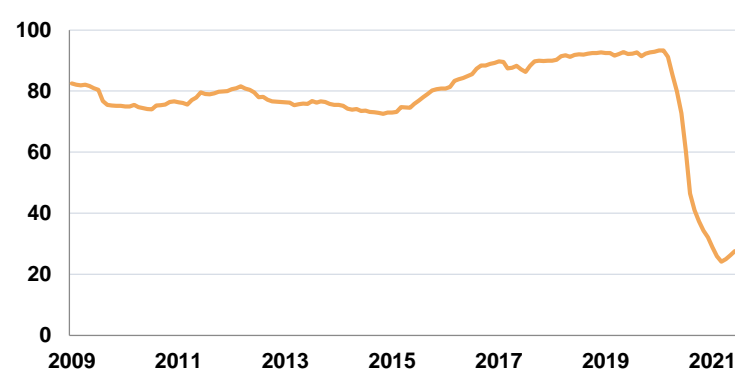
**Export prices<sup>1</sup>, rolling 4Q avg., DKK/kg**



**Unemployment (left), population (right), '000**



**Arrivals, air travel, rolling 12M, '000**



**Retail sales, seasonally adusted index (2010 = 100)**

