

# Positive developments in H1 2021

*- Sale of Danish business executed as planned*

Investor presentation 4 August 2021

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# Overview

- **Overview**
- **Highlights**
- **Financials**
  - Operating income
  - Insurance
  - Expenditures
  - Impairment charges
  - Capital ratios
- **Increased profitability going forward**
- **Appendices**



# Highlights in Q2 2021

— Capital structure adjusted for dividend payout

## Operational highlights

- Sale of Danish business finalised and executed as planned
- Capital structure optimised as Tier 2 capital reduced from DKK 225m to DKK 100m and DKK 150m MREL capital issued
- Changes in customer concepts and prices expected to increase interest and fee income from mid-August

## Financial highlights

- Profit before impairment charges up 31%
- Profit before tax from continuing operations of DKK 74m
- Non-recurring items before tax of DKK 4m:
  - Net profit from sale of Danish business (DKK 19m)
  - Clients compensated for return shortfall (DKK 15m)
- CET1 capital ratio of 25.7% and total capital ratio (MREL) of 31.3%

## Profit & Loss

<i>DKK</i> m	H1 2021	Q2 2021	Q2 2020	Index
Net interest income	129	66	65	101
Net fee and commission income	38	20	13	152
Net insurance income	21	14	12	119
Other operating income	18	9	5	169
<b>Operating income</b>	<b>206</b>	<b>109</b>	<b>95</b>	<b>114</b>
Operating costs	-121	-62	-59	104
<b>Profit before impairment charges</b>	<b>85</b>	<b>47</b>	<b>36</b>	<b>131</b>
Net impairment charges on loans	23	27	16	171
<b>Operating profit</b>	<b>109</b>	<b>74</b>	<b>52</b>	<b>143</b>
Non-recurring items	81	4	0	
Investment portfolio earnings	-7	-4	15	-28
<b>Profit before tax, continuing operations</b>	<b>182</b>	<b>74</b>	<b>66</b>	<b>111</b>
Profit before tax, discontinued operations	9	0	37	
<b>Profit before tax</b>	<b>192</b>	<b>74</b>	<b>103</b>	<b>72</b>

## Key Metrics

<i>DKK</i> bn	H1 2021	Q2 2021	Q2 2020	Index
Loans and advances	7.6	7.6	7.5	101
Deposits and other debt	7.7	7.7	7.6	101
Mortgage credit	2.5	2.5	2.1	118
				<b>Target</b>
Operating cost / income, %	58.5	56.3	62.1	55.0
CET1 capital ratio, %	25.7	25.7	20.3	23.0
Total capital ratio (MREL), %	31.3	31.3	24.0	33.0
RoE, % (annualised)	10.1	9.7	11.4	8.0
RoE, excl. one-offs, % (annualised)	7.0	9.5	10.0	8.0

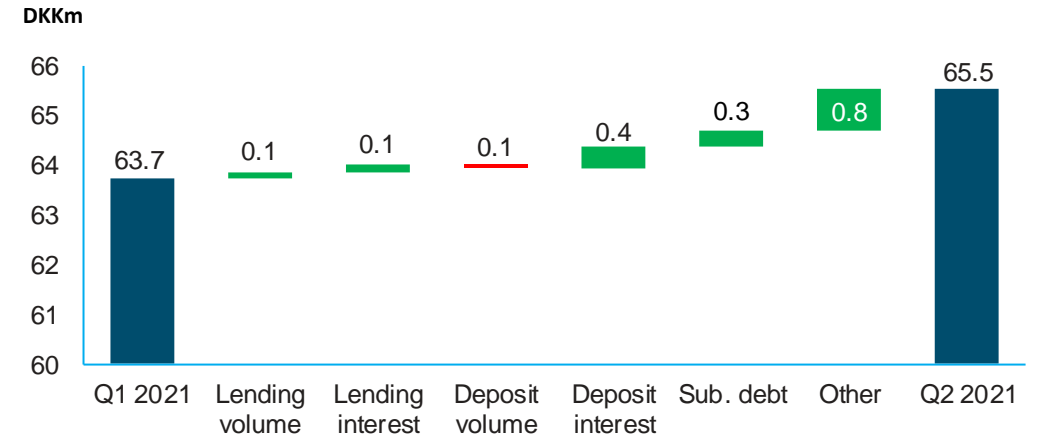
# Net interest income

- Slight improvement, will continue in coming quarters

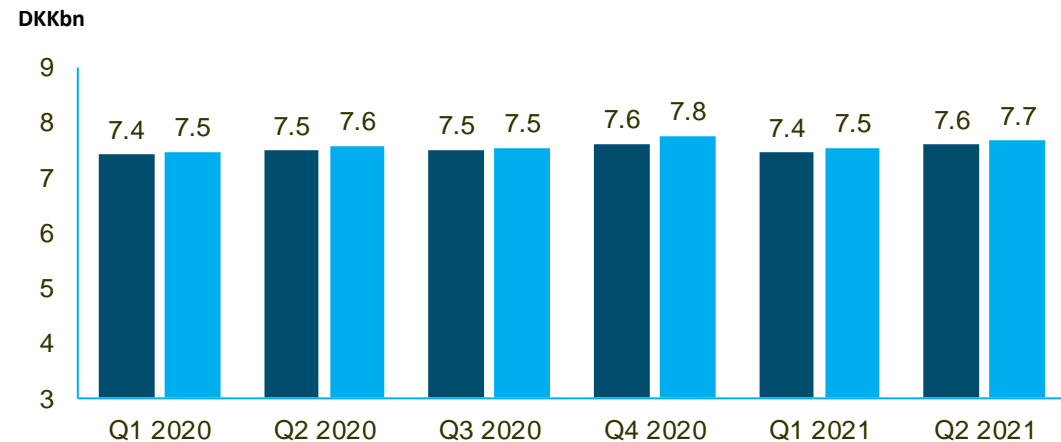
## Comments

- Net interest income up DKK 1.8m QoQ and up DKK 1.5m YoY mainly due to negative interest rates on deposits
- Changes in negative interest rate brackets expected to 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 136m QoQ (DKK 107m YoY)

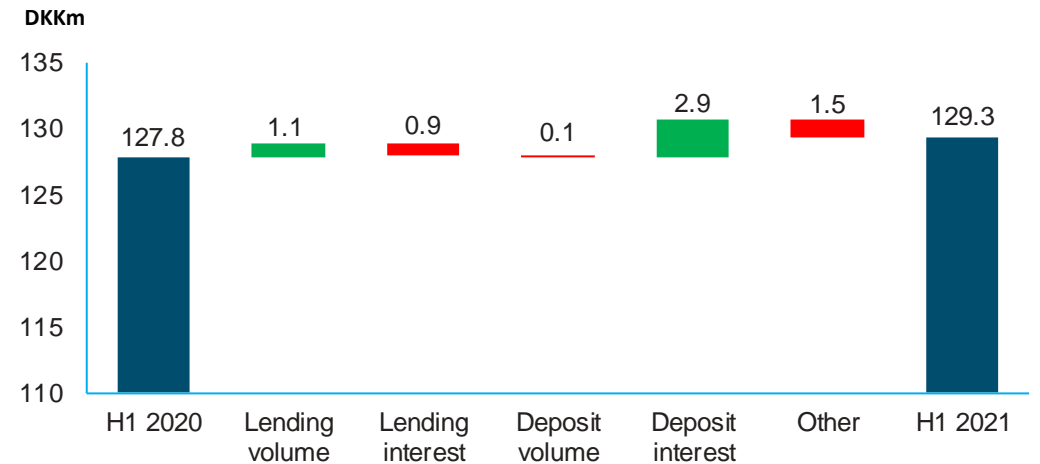
## QoQ changes in net interest income



## Loans and deposits



## YoY changes in net interest income



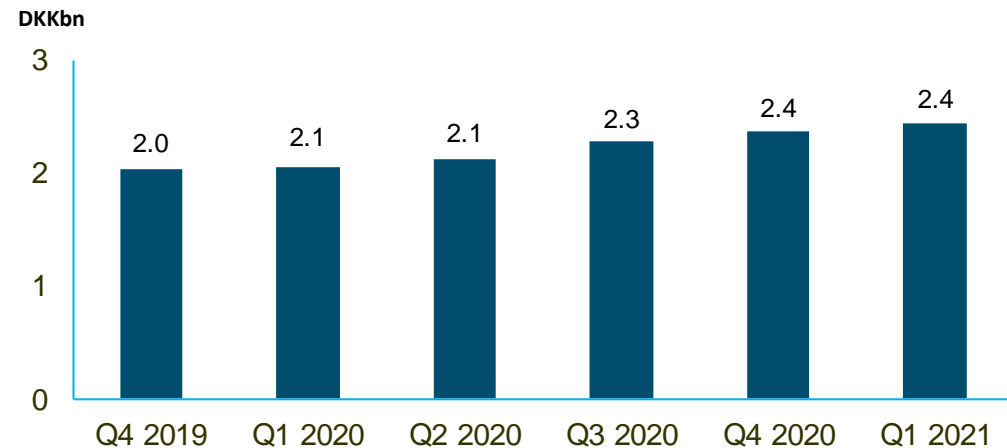
# Fee and commission income

- Strong customer activity driving income growth

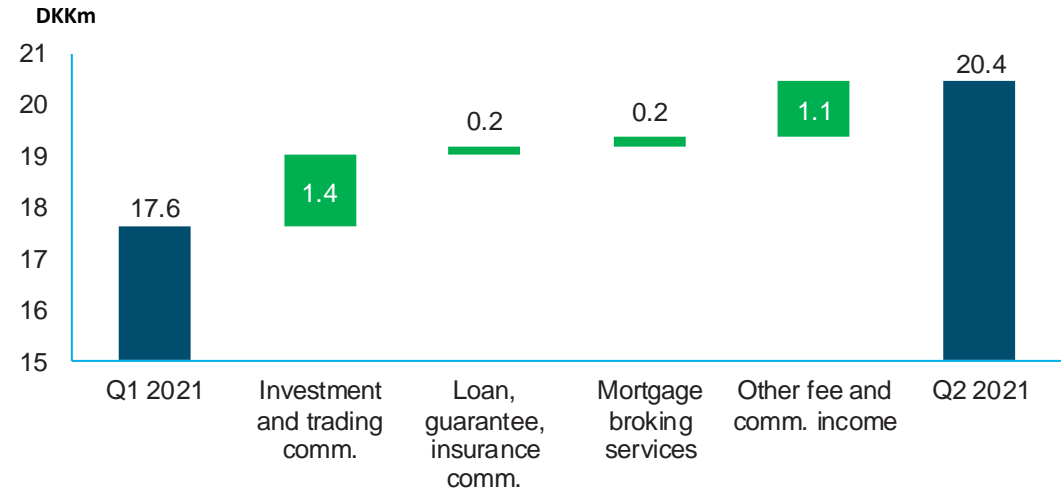
## Comments

- Up by DKK 2.8m QoQ and by DKK 8.8m 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 volumes up DKK 59m QoQ (381m YoY).
- Re-negotiated brokering agreement has lowered brokering fees

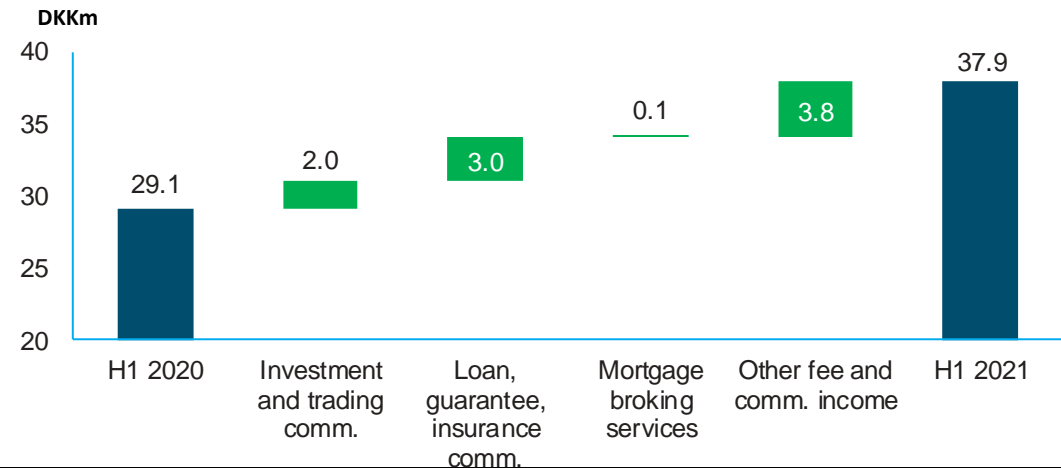
## Mortgage-broking services



## QoQ changes in fee and commission income



## YoY changes in fee and commission income



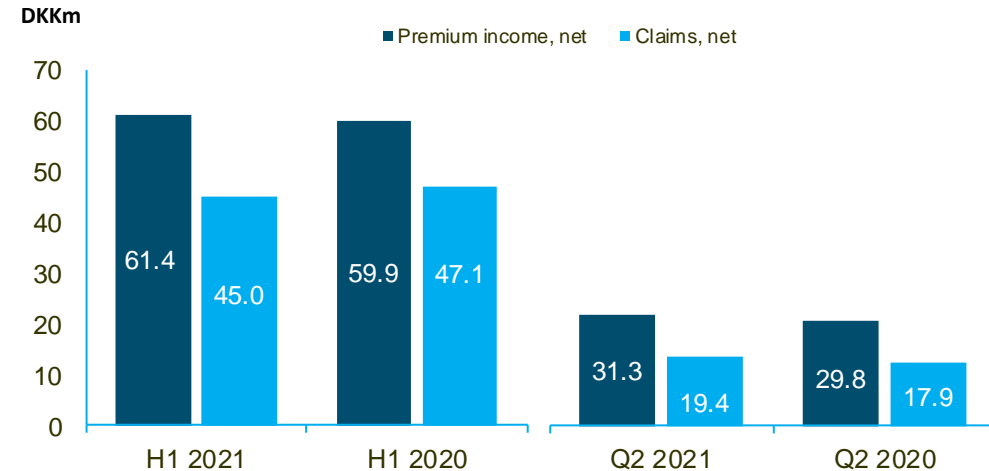
# Financial results for Trygd

- Increased claims expenses may outweigh recent premium increases going forward

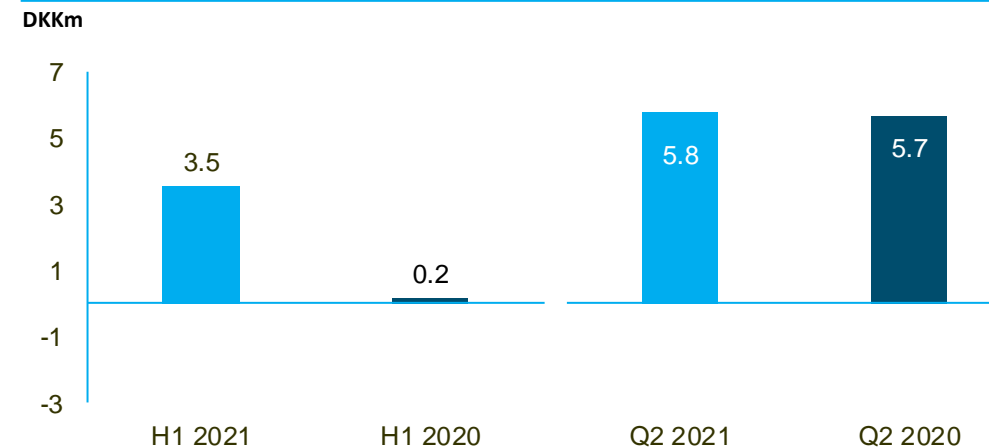
## Comments

- Combined ratio of 93% in H1 2021 compared to 99% in H1 2020. Ratio still high primarily due to high claims in Q1 2021 (severe weather conditions)
- Premium income subject to general indexation (effect in H1 2021) and selected policies subject to premium increases in upcoming quarters. However, general inflation and steep increase in prices of building materials in 2021 may partially offset such premium increases going forward.

## Premiums and claims



## Profit before tax



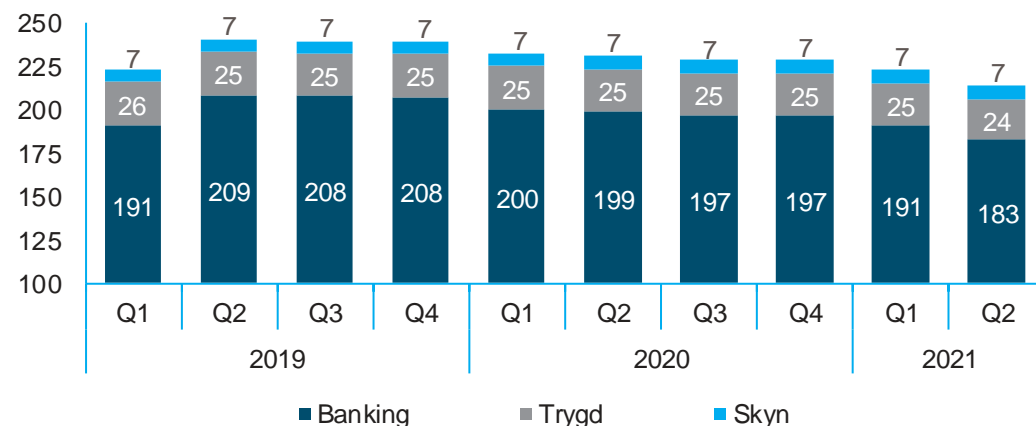
# Operating costs

- Operating costs up in H1 2021

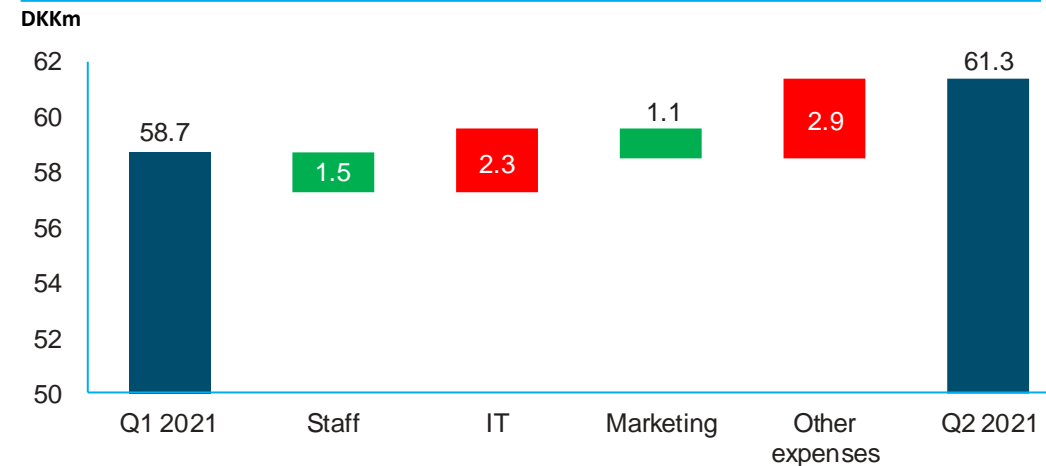
## Comments

- Operating costs up by DKK 1.7m YoY and up by DKK 2.6m QoQ
- Decrease in staff costs due to reduction in HQ and support function staffing following sale of Danish business
- Increase in IT costs related to planned IT projects in Q2 2021

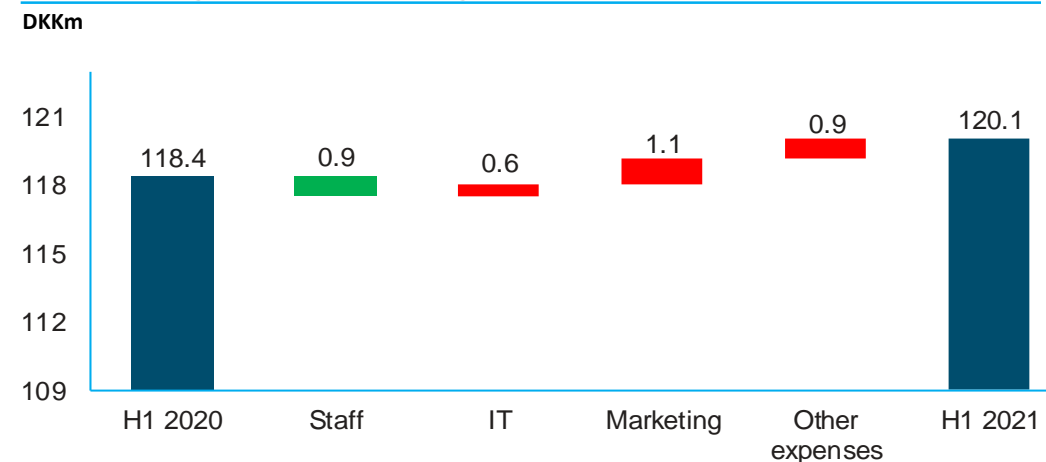
## Average number of employees (FTE)



## QoQ changes in operating costs



## YoY changes in operating costs





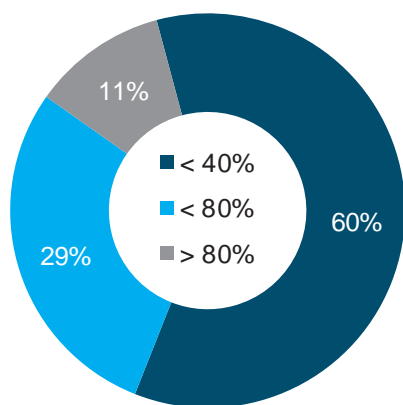
# Impairment charges

- Low impairment charges on well-collateralized loan portfolio

## Comments

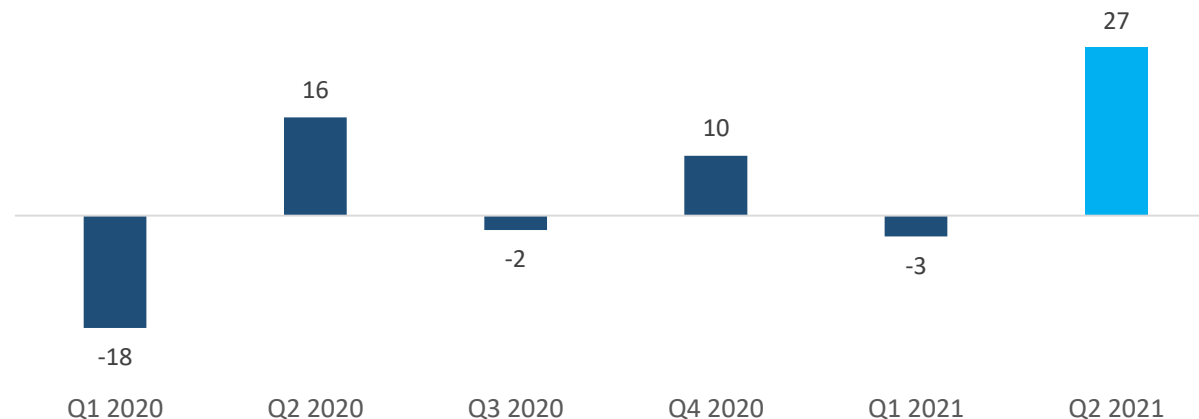
- Maintaining discretionary management estimate of DKK 52m recognised in 2020 due to COVID-19
- Net impairment charges were a reversal of DKK 27m in Q2 2021:
  - Reversal of individually impaired corporate customers (stage 3)
  - Reduced risk among weaker stage 2 customers (primarily corporate customers)
- Strong LTV ratios for housing loans

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



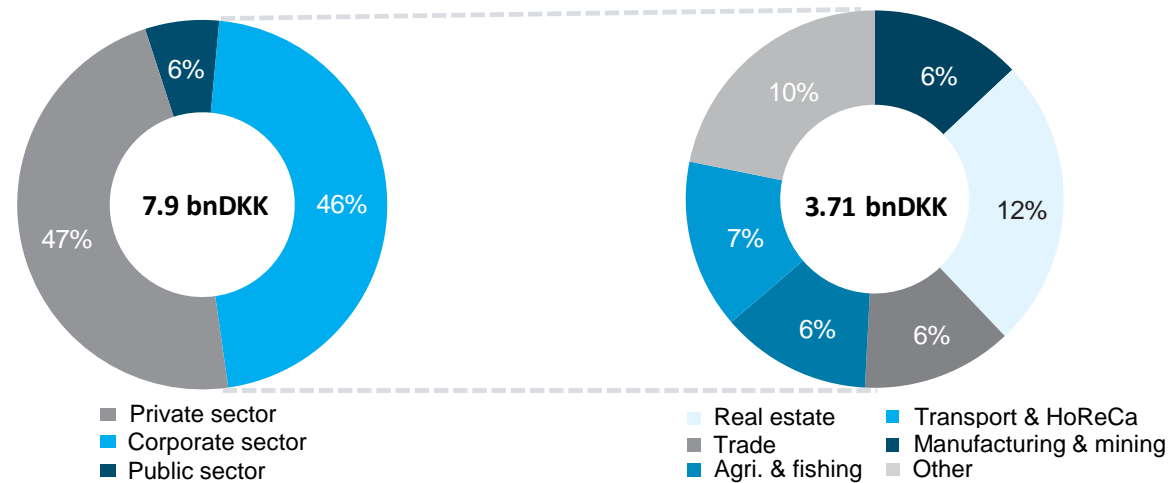
## Net impairment charges

DKKm



## Gross loans by sector

DKKm



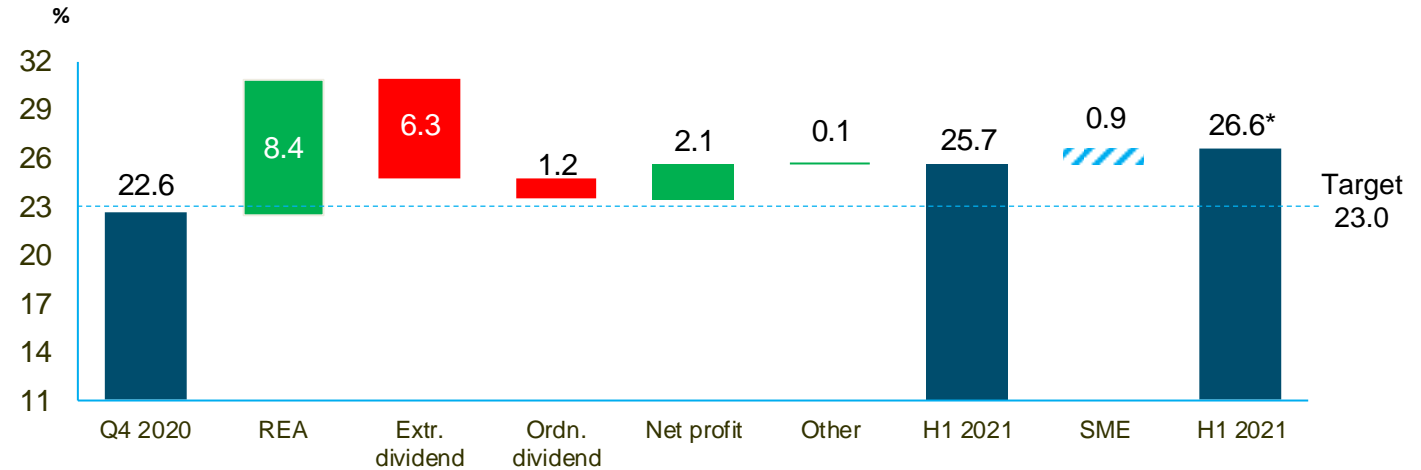
# Capital position

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

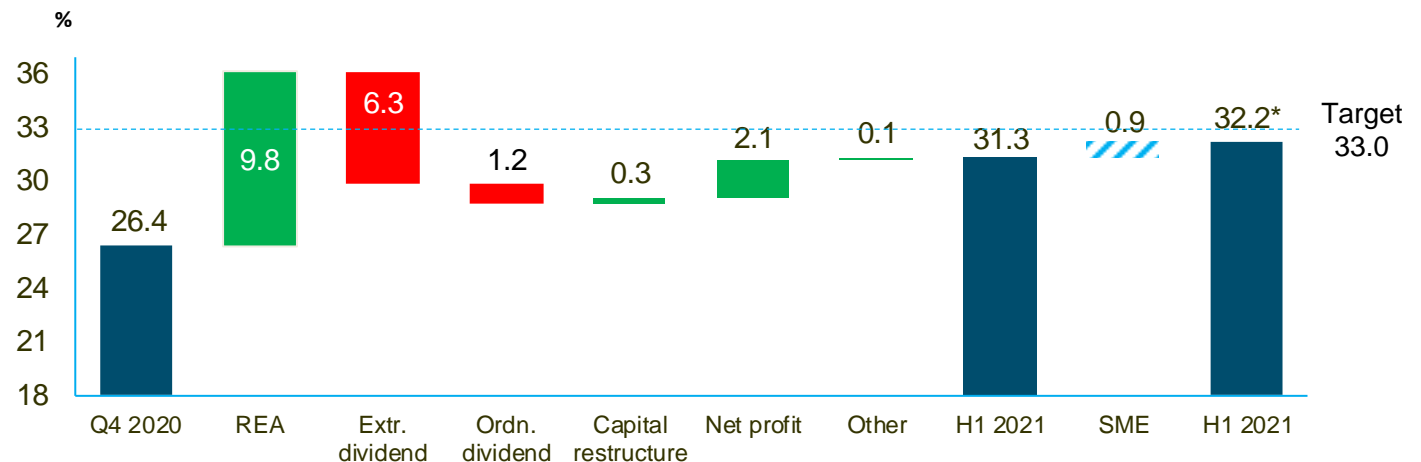
## Comments

- CET1 up by 3.1 pp and total capital ratio up by 2.8 pp
- Capital ratios significantly increased after sale of the Danish loan portfolio (+7.7 pp)
- Sale of the Danish loan portfolio expected to lead to a dividend payout of DKK 450m in Q4 2021 (-6.3 pp)
- Ordinary dividend of DKK 82m (50% of H1 net result) expected to be paid out at AGM in 2022 (-1.2 pp)
- H1 net result from continuing business (+2.1 pp)
- Incoming legislation expected to reduce REA of SME exposures by DKK 250m (0.9 pp)

## Changes in CET1 ratio



## Changes in Total Capital Ratio (MREL)



# Extraordinary dividend payout

*- DKK 450m to be paid out – subject to approval at EGM planned to be held no later than in October 2021*

- Payment is pending approval at an extraordinary general meeting (EGM) to be held no later than in October 2021
- Notice of the EGM is expected to be issued in September 2021 – the notice period cannot be shorter than 3 weeks
- A decision will be made ahead of the notice of the EGM as to whether part of the extraordinary dividend be distributed by way of a share buyback

# New initiatives launched before summer and outlook 2021

*- Expected full-year effect of DKK 20-25m pre tax*

- In order to underpin the Group's profitability going forward, the following earnings-enhancing initiatives were executed in H1 2021:
  - Changes to discounts in the Bank's loyalty programmes
  - Adjustment of neg. interest rate on deposits and floor for private customers lowered
  - General increase in banking fees and in premiums on selected insurance products
- In addition to the 9 FTE reduction in back office announced in January 2021 the following cost cuts have been executed in 2021:
  - Reduction of 7-8 FTE in staff and support functions driven by reorganisation and process optimisation post sale of Danish business
- On 19 July the net profit outlook for 2021 was adjusted from DKK 150-200m to 190-220m

# 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

- Improved income and stable costs along with better credit quality increases result from the continuing operation

## Income statement, Group

DKKm	H1 2021	H1 2020	Index 21/20	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	129	128	101	66	64	65	65	65	63	61	56
Net fee and commission income	38	29	130	20	17	16	15	13	16	15	13
Net insurance income	21	15	139	14	7	12	18	12	4	14	15
Other operating income (less reclassification)	18	11	169	9	9	8	6	5	5	10	9
<b>Operating income</b>	<b>206</b>	<b>183</b>	<b>113</b>	<b>109</b>	<b>97</b>	<b>101</b>	<b>104</b>	<b>95</b>	<b>87</b>	<b>99</b>	<b>94</b>
Operating costs <sup>1</sup>	-120	-118	101	-61	-59	-62	-57	-59	-59	-67	-61
Sector costs	-1	0		0	0	0	0	0	0	0	0
<b>Profit before impairment charges</b>	<b>85</b>	<b>64</b>	<b>134</b>	<b>47</b>	<b>38</b>	<b>38</b>	<b>47</b>	<b>36</b>	<b>28</b>	<b>33</b>	<b>33</b>
Impairment charges, net	23	-2		27	-3	10	-2	16	-18	21	5
<b>Operating profit</b>	<b>109</b>	<b>62</b>	<b>177</b>	<b>74</b>	<b>35</b>	<b>48</b>	<b>44</b>	<b>52</b>	<b>10</b>	<b>53</b>	<b>38</b>
Non-recurring items <sup>2</sup>	81	0		4	77	0	0	0	0	-5	0
<b>Profit before investment portfolio earnings and tax</b>	<b>190</b>	<b>62</b>	<b>308</b>	<b>78</b>	<b>111</b>	<b>48</b>	<b>44</b>	<b>52</b>	<b>10</b>	<b>48</b>	<b>38</b>
Investment portfolio earnings <sup>3</sup>	-7	-7		-4	-3	1	3	15	-21	-3	-4
<b>Profit before tax, continuing operations</b>	<b>182</b>	<b>55</b>	<b>331</b>	<b>74</b>	<b>108</b>	<b>49</b>	<b>48</b>	<b>66</b>	<b>-11</b>	<b>46</b>	<b>34</b>
<b>Profit before tax, discontinued operations</b>	<b>9</b>	<b>18</b>	<b>51</b>	<b>0</b>	<b>9</b>	<b>1</b>	<b>35</b>	<b>37</b>	<b>-18</b>	<b>14</b>	<b>16</b>
<b>Profit before tax, total</b>	<b>192</b>	<b>74</b>	<b>261</b>	<b>74</b>	<b>118</b>	<b>51</b>	<b>82</b>	<b>103</b>	<b>-30</b>	<b>59</b>	<b>50</b>
Operating cost/income, %	58	65		56	60	62	55	62	68	67	65
Number of FTE, end of period	195	228	86	195	218	228	232	228	228	238	238

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

- New strategy post sale of Denmark will be communicated after Q3

## Income statement, Banking

DKKkm	Index			Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
	H1 2021	H1 2020	21/20								
Net interest income	129	128	101	66	64	65	65	65	63	61	56
Net fee and commission income	44	35	127	24	20	19	18	16	18	18	16
Other operating income	14	9	161	7	7	7	5	4	5	8	7
<b>Operating income</b>	<b>187</b>	<b>171</b>	<b>109</b>	<b>96</b>	<b>91</b>	<b>91</b>	<b>87</b>	<b>85</b>	<b>86</b>	<b>87</b>	<b>80</b>
Operating cost	-110	-108	102	-56	-54	-58	-52	-53	-55	-60	-56
Sector costs	-1	0		0	0	0	0	0	0	0	0
<b>Profit before impairment charges</b>	<b>77</b>	<b>63</b>	<b>123</b>	<b>39</b>	<b>37</b>	<b>33</b>	<b>35</b>	<b>32</b>	<b>31</b>	<b>27</b>	<b>24</b>
Impairment charges, net	23	-2		27	-3	10	-2	16	-18	21	5
<b>Operating profit</b>	<b>100</b>	<b>60</b>	<b>166</b>	<b>66</b>	<b>34</b>	<b>43</b>	<b>32</b>	<b>48</b>	<b>13</b>	<b>48</b>	<b>29</b>
Non-recurring items	81	0		4	77	0	0	0	0	-5	0
<b>Profit before investment portfolio earnings and tax</b>	<b>181</b>	<b>60</b>	<b>300</b>	<b>70</b>	<b>111</b>	<b>43</b>	<b>32</b>	<b>48</b>	<b>13</b>	<b>43</b>	<b>29</b>
Investment portfolio earnings	-6	-6		-4	-2	2	4	15	-20	-2	-4
<b>Profit before tax, continuing operations</b>	<b>175</b>	<b>54</b>		<b>66</b>	<b>108</b>	<b>44</b>	<b>36</b>	<b>62</b>	<b>-8</b>	<b>41</b>	<b>25</b>
<b>Profit before tax, discontinued operations</b>	<b>9</b>	<b>18</b>	<b>51</b>	<b>0</b>	<b>9</b>	<b>1</b>	<b>35</b>	<b>37</b>	<b>-18</b>	<b>14</b>	<b>16</b>
<b>Profit before tax, total</b>	<b>184</b>	<b>73</b>	<b>252</b>	<b>66</b>	<b>118</b>	<b>46</b>	<b>71</b>	<b>99</b>	<b>-26</b>	<b>55</b>	<b>42</b>
Loans and advances	7,586	7,479	101	7,586	7,450	7,608	7,501	7,479	7,416	7,363	7,262
Deposits and other debt	7,660	7,581	101	7,660	7,536	7,756	7,531	7,581	7,468	8,701	7,947
Mortgage credit	2,502	2,121	118	2,502	2,443	2,375	2,284	2,121	2,057	2,036	2,116
Operating cost/income, %	59	63		59	59	63	60	62	64	69	70
Number of FTE, end of period	166	197	84	166	186	196	199	197	195	206	208

1) Other costs than direct costs are not included.



# Personal Banking

- Improvements driven by improved credit quality

NB: Business segments ("Corporate Banking"/Private Banking") do not include in-direct costs (e.g. HQ and support-functions and IT-costs are not included) – these costs will be allocated to business segments from and including Q3 2021

## Income statement, Personal banking

DKKm	H1 2021	H1 2020	Index 21/20	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	68	67	100	34	34	34	34	34	33	33	33
Net fee and commission income	28	27	104	15	14	15	17	14	13	12	14
Other operating income	8	9	97	4	4	4	4	2	6	4	4
<b>Operating income</b>	<b>104</b>	<b>103</b>	<b>101</b>	<b>53</b>	<b>52</b>	<b>53</b>	<b>55</b>	<b>51</b>	<b>53</b>	<b>49</b>	<b>51</b>
Operating costs <sup>1</sup>	-28	-31	92	-14	-14	-15	-13	-16	-15	-20	-16
Sector costs	0	0		0	0	0	0	0	0	0	0
<b>Profit before impairment charges</b>	<b>76</b>	<b>73</b>	<b>104</b>	<b>39</b>	<b>37</b>	<b>38</b>	<b>42</b>	<b>35</b>	<b>38</b>	<b>29</b>	<b>35</b>
Impairment charges, net	14	-4	390	0	13	3	-4	-2	-2	0	1
<b>Operating profit</b>	<b>90</b>	<b>69</b>	<b>130</b>	<b>39</b>	<b>51</b>	<b>41</b>	<b>38</b>	<b>33</b>	<b>36</b>	<b>30</b>	<b>36</b>
Non-recurring items	0	0		0	0	0	0	0	0	-1	0
<b>Profit before investment portfolio earnings and tax</b>	<b>89</b>	<b>69</b>	<b>129</b>	<b>39</b>	<b>51</b>	<b>41</b>	<b>38</b>	<b>33</b>	<b>36</b>	<b>28</b>	<b>36</b>
<b>Profit before tax, continuing operations</b>	<b>89</b>	<b>69</b>	<b>129</b>	<b>39</b>	<b>51</b>	<b>41</b>	<b>38</b>	<b>33</b>	<b>36</b>	<b>28</b>	<b>36</b>
<b>Profit before tax, discontinued operations</b>	<b>9</b>	<b>67</b>	<b>14</b>	<b>0</b>	<b>9</b>	<b>32</b>	<b>48</b>	<b>39</b>	<b>28</b>	<b>54</b>	<b>38</b>
<b>Profit before tax, total</b>	<b>98</b>	<b>136</b>	<b>72</b>	<b>39</b>	<b>60</b>	<b>73</b>	<b>86</b>	<b>72</b>	<b>64</b>	<b>82</b>	<b>74</b>
Loans and advances	3.584	3.636	99	3.584	3.559	3.587	3.581	3.636	3.628	3.696	3.690
Deposits and other debt	5.269	5.112	103	5.269	5.205	5.140	5.144	5.112	4.625	4.858	4.890
Mortgage credit	2.205	1.872	118	2.205	2.152	2.074	2.003	1.872	1.861	1.828	1.743
Number of FTE, end of period	72	82	89	72	77	80	79	82	79	94	105

1) Other costs than direct costs are not included.

# Corporate Banking

- High customer activity and better credit quality drives profit up

**NB: Business segments ("Corporate Banking"/Private Banking") do not include in-direct costs (e.g. HQ and support-functions and IT-costs are not included) – these costs will be allocated to business segments from and including Q3 2021**

## Income statement, Corporate Banking

DKKm	H1 2021	H1 2020	Index 21/20	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	69	68	101	34	34	35	34	35	33	31	30
Net fee and commission income	14	8	169	8	6	5	4	4	4	4	4
Other operating income	3	2	185	1	2	1	1	1	1	2	1
<b>Operating income</b>	<b>85</b>	<b>78</b>	<b>110</b>	<b>43</b>	<b>42</b>	<b>41</b>	<b>40</b>	<b>39</b>	<b>38</b>	<b>37</b>	<b>35</b>
Operating costs <sup>1</sup>	-8	-9	88	-4	-5	-5	-4	-5	-4	-4	-4
Sector costs	0	0		0	0	0	0	0	0	0	0
<b>Profit before impairment charges</b>	<b>77</b>	<b>68</b>	<b>113</b>	<b>39</b>	<b>38</b>	<b>36</b>	<b>36</b>	<b>34</b>	<b>34</b>	<b>33</b>	<b>31</b>
Impairment charges, net	9	2	460	27	-18	4	2	17	-15	20	4
<b>Operating profit</b>	<b>86</b>	<b>70</b>	<b>123</b>	<b>66</b>	<b>20</b>	<b>40</b>	<b>38</b>	<b>51</b>	<b>19</b>	<b>54</b>	<b>35</b>
Non-recurring items	0	0		0	0	0	0	0	0	0	0
<b>Profit before investment portfolio earnings and tax</b>	<b>86</b>	<b>70</b>	<b>123</b>	<b>66</b>	<b>20</b>	<b>40</b>	<b>38</b>	<b>51</b>	<b>19</b>	<b>54</b>	<b>35</b>
<b>Profit before tax</b>	<b>86</b>	<b>70</b>	<b>123</b>	<b>66</b>	<b>20</b>	<b>40</b>	<b>38</b>	<b>51</b>	<b>19</b>	<b>54</b>	<b>35</b>
Loans and advances	3,962	3,831	103	3,962	3,856	3,974	3,847	3,831	3,819	3,602	3,534
Deposits and other debt	2,384	2,469	97	2,384	2,323	2,607	2,347	2,469	2,892	3,770	3,018
Mortgage credit	297	249	119	297	291	301	281	249	196	209	372
Number of FTE, end of period	14	17	82	14	15	16	17	17	17	16	16

1) Other costs than direct costs are not included.

# Banking – Faroe Islands

- Significant non-recurring costs due to client compensation and severance pay, underlying better

## Income statement, Faroe Islands

DKKkm	H1 2021	H1 2020	Index 21/20	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	105	102	103	54	52	53	51	52	50	49	46
Net fee and commission income	34	29	117	18	16	16	14	13	16	15	14
Other operating income	12	7	166	6	6	6	4	3	4	7	6
<b>Total Operating income</b>	<b>151</b>	<b>138</b>	<b>109</b>	<b>77</b>	<b>74</b>	<b>74</b>	<b>70</b>	<b>68</b>	<b>70</b>	<b>71</b>	<b>66</b>
Operating cost	-95	-94	102	-49	-47	-50	-45	-45	-48	-51	-48
Sector costs	-1	0		0	0	0	0	0	0	0	0
<b>Profit before impairment charges</b>	<b>55</b>	<b>44</b>	<b>125</b>	<b>28</b>	<b>27</b>	<b>23</b>	<b>24</b>	<b>22</b>	<b>21</b>	<b>20</b>	<b>18</b>
Impairment charges, net	9	-8	113	17	-8	11	-6	4	-11	11	3
<b>Operating profit</b>	<b>63</b>	<b>36</b>	<b>176</b>	<b>44</b>	<b>19</b>	<b>34</b>	<b>19</b>	<b>26</b>	<b>10</b>	<b>31</b>	<b>21</b>
Non-recurring items	-25	0		-18	-7	0	0	0	0	-5	0
<b>Profit before investment portfolio earnings and tax</b>	<b>38</b>	<b>36</b>	<b>107</b>	<b>26</b>	<b>13</b>	<b>34</b>	<b>19</b>	<b>26</b>	<b>10</b>	<b>26</b>	<b>21</b>
Investment portfolio earnings	-5	-5	94	-3	-1	2	3	12	-17	-2	-4
<b>Profit before tax</b>	<b>34</b>	<b>31</b>	<b>109</b>	<b>23</b>	<b>11</b>	<b>36</b>	<b>22</b>	<b>38</b>	<b>-7</b>	<b>23</b>	<b>16</b>
Loans and advances	6,643	6,422	103	6,643	6,512	6,670	6,531	6,422	6,428	6,492	6,508
Deposits and other debt	7,010	6,935	101	7,010	6,833	7,037	6,794	6,935	6,749	7,299	7,135
Mortgage credit	1,554	1,378	113	1,554	1,513	1,481	1,434	1,378	1,323	1,275	1,206
Operating cost/income, %	63	68		64	63	68	65	67	69	72	73
Number of FTE, end of period	146	178	82	146	166	174	178	178	175	185	188

# Banking – Denmark

## - Reversal of impairments from remaining activities

### Income statement, Denmark

DKKkm	H1 2021	H1 2020	Index 21/20	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	2	2	89	1	1	1	1	1	1	1	1
Net fee and commission income	3	1	490	2	1	0	0	0	0	0	0
Other operating income	0	0	125	0	0	0	0	0	0	0	0
<b>Total Operating income</b>	<b>5</b>	<b>3</b>	<b>172</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Operating cost	-2	-1	379	-2	0	0	0	0	0	0	0
Sector costs	0	0		0	0	0	0	0	0	0	0
<b>Profit before impairment charges</b>	<b>3</b>	<b>3</b>	<b>129</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Impairment charges, net	15	14	110	12	3	6	7	13	1	6	5
<b>Operating profit</b>	<b>18</b>	<b>16</b>	<b>113</b>	<b>13</b>	<b>5</b>	<b>8</b>	<b>9</b>	<b>14</b>	<b>2</b>	<b>7</b>	<b>6</b>
Non-recurring items	106	0		23	83	0	0	0	0	0	0
<b>Profit before investment portfolio earnings and tax</b>	<b>125</b>	<b>16</b>	<b>762</b>	<b>36</b>	<b>88</b>	<b>8</b>	<b>9</b>	<b>14</b>	<b>2</b>	<b>7</b>	<b>6</b>
Investment portfolio earnings	-1	0		0	0	0	0	0	0	0	0
<b>Profit before tax, continuing operations</b>	<b>124</b>	<b>16</b>	<b>758</b>	<b>36</b>	<b>88</b>	<b>8</b>	<b>9</b>	<b>14</b>	<b>2</b>	<b>7</b>	<b>6</b>
<b>Profit before tax, discontinued operations</b>	<b>9</b>	<b>18</b>	<b>51</b>	<b>0</b>	<b>9</b>	<b>1</b>	<b>35</b>	<b>37</b>	<b>-18</b>	<b>14</b>	<b>16</b>
<b>Profit before tax, total</b>	<b>133</b>	<b>35</b>	<b>384</b>	<b>36</b>	<b>97</b>	<b>9</b>	<b>43</b>	<b>51</b>	<b>-16</b>	<b>21</b>	<b>23</b>
Loans and advances	24	20	117	24	30	29	23	20	28	28	55
Deposits and other debt	41	43	97	41	45	58	48	43	39	55	58
Mortgage credit	94	103	91	94	93	100	102	103	105	115	278
Operating cost/income, %	38	17		67	0	7	16	18	17	15	29
Number of FTE, end of period	1	1	100	1	1	1	1	1	1	1	1

# Banking – Greenland

- Stable development

## Income statement, Greenland

DKKm	H1 2021	H1 2020	Index 21/20	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	22	23	94	11	11	11	12	12	12	11	9
Net fee and commission income	7	5	137	4	3	3	3	3	2	2	2
Other operating income	2	1	143	1	1	1	1	1	1	1	1
<b>Total Operating income</b>	<b>31</b>	<b>30</b>	<b>104</b>	<b>16</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>14</b>	<b>12</b>
Operating cost	-13	-14	91	-5	-7	-7	-7	-7	-7	-8	-8
Sector costs	0	0		0	0	0	0	0	0	0	0
<b>Profit before impairment charges</b>	<b>19</b>	<b>16</b>	<b>116</b>	<b>11</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>6</b>	<b>5</b>
Impairment charges, net	0	-8		-2	2	-8	-4	-1	-7	4	-3
<b>Operating profit</b>	<b>18</b>	<b>8</b>	<b>233</b>	<b>9</b>	<b>10</b>	<b>1</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>10</b>	<b>2</b>
Non-recurring items	0	0		0	0	0	0	0	0	0	0
<b>Profit before investment portfolio earnings and tax</b>	<b>18</b>	<b>8</b>	<b>227</b>	<b>8</b>	<b>10</b>	<b>1</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>10</b>	<b>2</b>
Investment portfolio earnings	-1	-1		-1	-1	0	1	3	-3	0	0
<b>Profit before tax</b>	<b>17</b>	<b>7</b>	<b>240</b>	<b>8</b>	<b>9</b>	<b>0</b>	<b>6</b>	<b>10</b>	<b>-3</b>	<b>10</b>	<b>3</b>
Loans and advances	938	1,039	90	938	909	908	918	1,039	1,006	795	690
Deposits and other debt	610	611	100	610	658	661	659	611	736	1,299	730
Mortgage credit	854	639	134	854	836	795	748	639	629	646	632
Operating cost/income, %	40	46		34	47	45	43	47	45	58	61
Number of FTE, end of period	19	18	106	19	19	21	20	18	19	20	20

# Trygd

- Seasonality as always between quarters, stable development

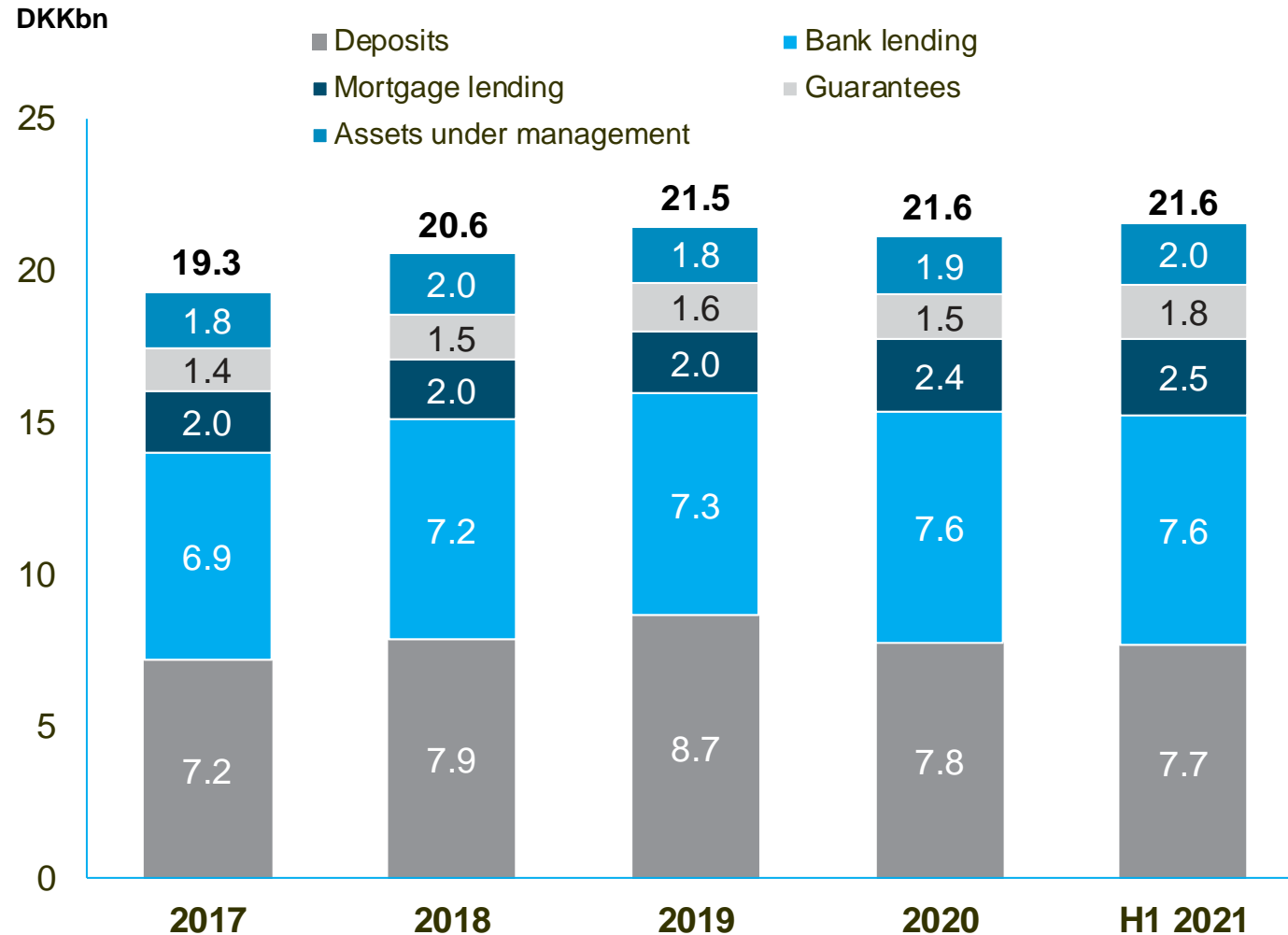
## Income statement, Trygd

DKKkm			Index								
	H1 2021	H1 2020	21/20	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Premium income, net of reinsurance	61	60	103	31	30	30	31	30	30	28	29
Claims, net of reinsurance	-45	-47	96	-19	-26	-23	-14	-18	-29	-17	-17
<b>Net insurance income</b>	<b>16</b>	<b>13</b>	<b>128</b>	<b>12</b>	<b>4</b>	<b>7</b>	<b>16</b>	<b>12</b>	<b>1</b>	<b>11</b>	<b>12</b>
Net income from investment activities	-1	-1	154	0	-1	0	0	0	-1	0	0
<b>Operating income</b>	<b>16</b>	<b>12</b>	<b>127</b>	<b>12</b>	<b>4</b>	<b>7</b>	<b>16</b>	<b>12</b>	<b>0</b>	<b>11</b>	<b>11</b>
Operating cost	-12	-12	100	-6	-6	-5	-6	-6	-6	-7	-6
<b>Profit before tax</b>	<b>4</b>	<b>0</b>		<b>6</b>	<b>-2</b>	<b>2</b>	<b>11</b>	<b>6</b>	<b>-6</b>	<b>4</b>	<b>6</b>
Combined ratio	93	99		81	106	93	65	81	116	85	80
Claims ratio	73	79		62	85	76	46	60	97	60	60
Number of FTE, end of period	22	24	90	22	24	25	25	24	25	25	22

# Developments in business volumes

- Increased corporate activity drives up business volumes

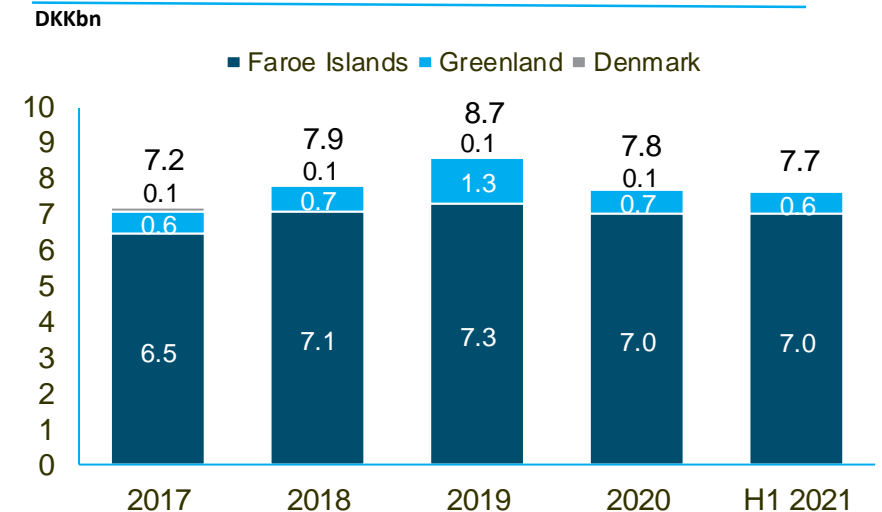
## Business volumes (sum of deposits, lending, guarantees and AUM)



## 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 H1 2021

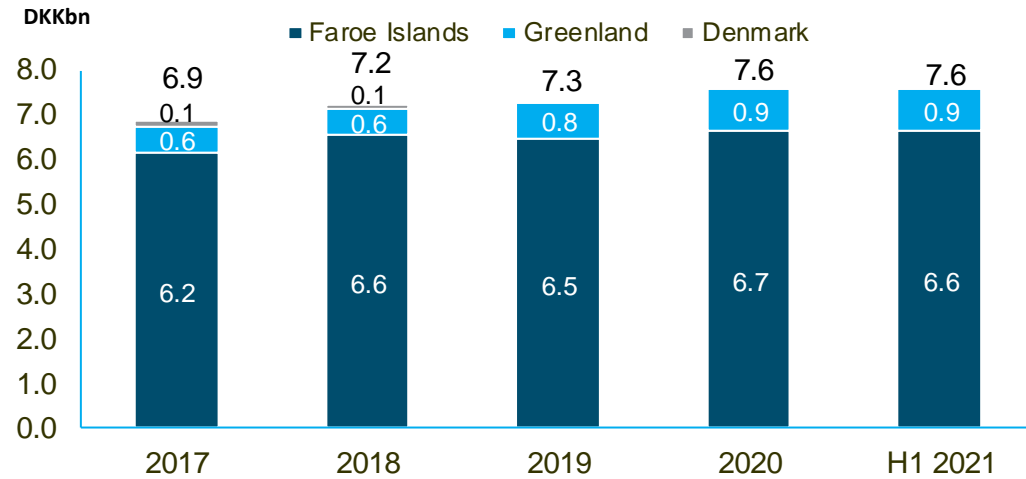
## Deposits



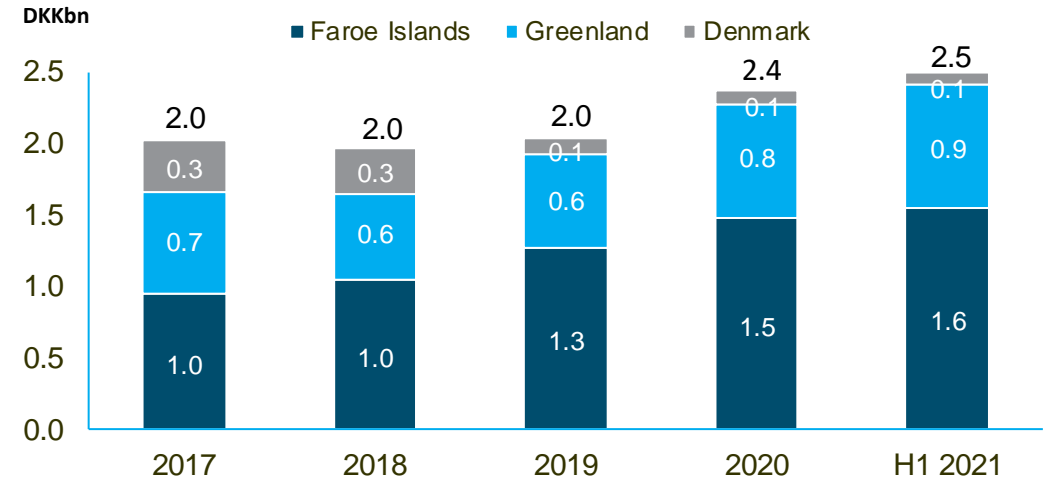
# Development in business volumes

- Growth in line with markets

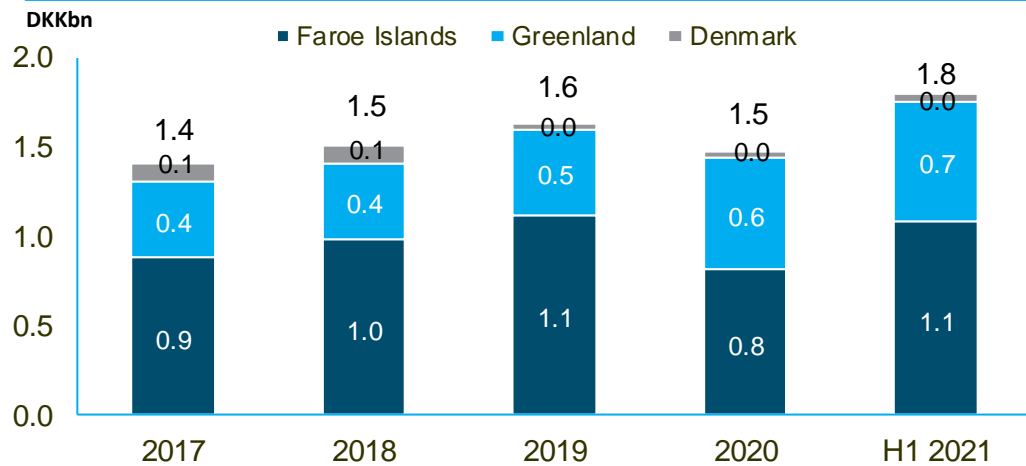
## Bank lending



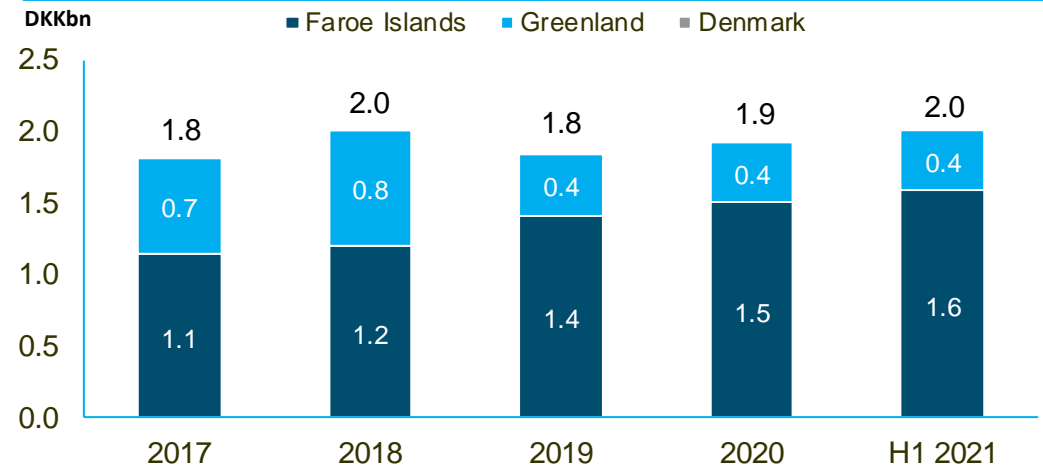
## Mortgages



## Guarantees



## Assets under management





# Credit quality of the loan portfolio

- Weaker exposures decreases and stronger exposures increases

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

	Q1 2021			Q2 2021			Change
	<7.5 DKKm	>7.5 DKKm	Total	<7.5 DKKm	>7.5 DKKm	Total	
Portfolio without weakness	1,258	4,254	5,511	1,256	4,274	5,530	18
Portfolio with some weakness	3,531	1,847	5,378	3,540	1,993	5,533	155
Portfolio with weakness	120	185	305	107	182	289	-16
- here of unsecured	19	47	66	16	45	61	-5
- impairments	21	30	52	36	84	120	68
Portfolio with OIE	234	322	556	232	291	523	-34
- here of unsecured	96	186	282	88	153	241	-41
- impairments	97	105	203	86	83	169	-33
Portfolio without individ. classification	58	52	111	71	78	149	38
<b>Total</b>	<b>5,201</b>	<b>6,661</b>	<b>11,861</b>	<b>5,206</b>	<b>6,817</b>	<b>12,023</b>	<b>162</b>

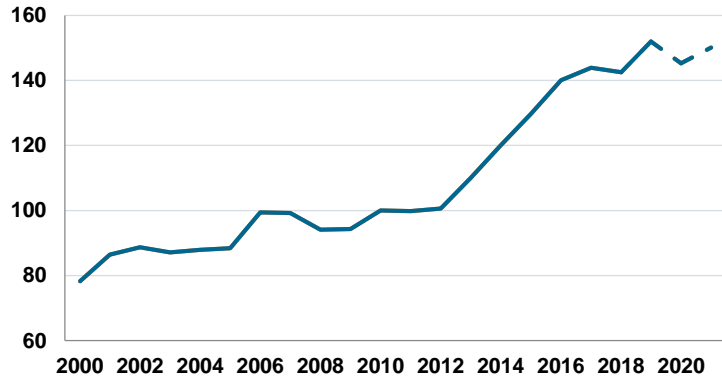
### Total loan portfolio (Gross exposure) includes

- Loans and advances
- Credits
- Unused credits
- Guarantees

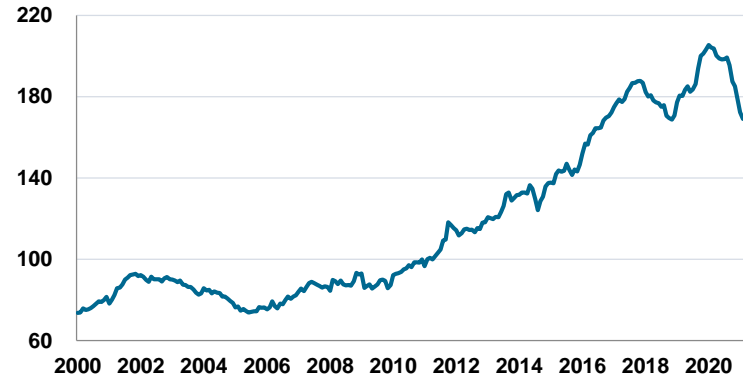
# The Faroese economy

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.

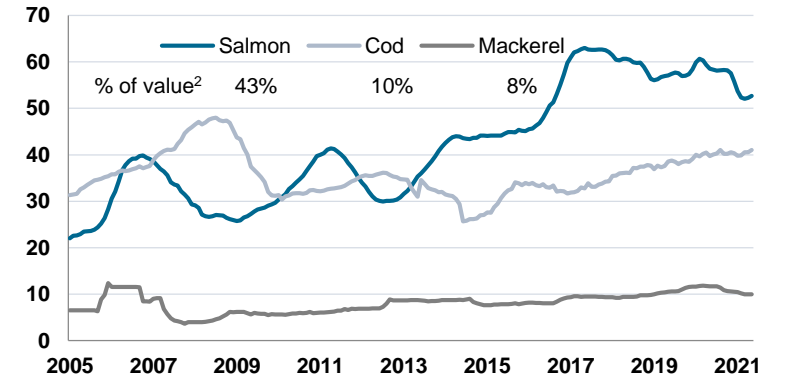
**Real GDP<sup>1</sup> (2010 = 100)**



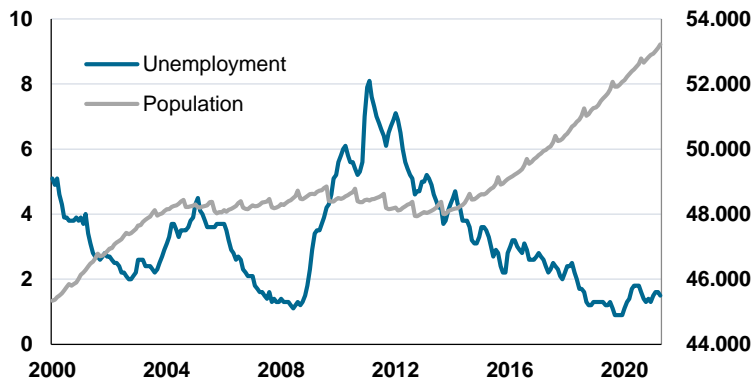
**Exports, rolling 12m (Dec 2010 = 100)**



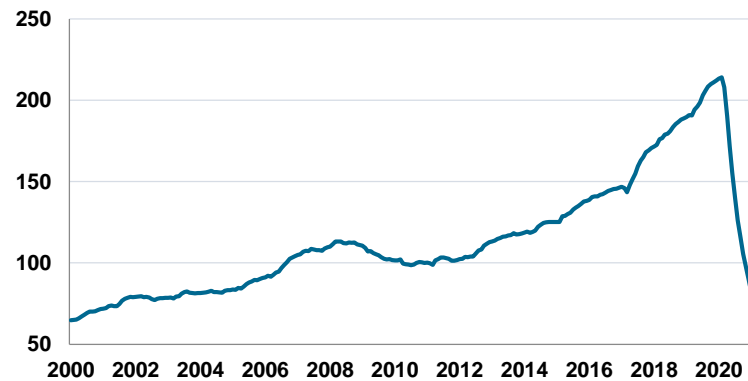
**Export prices, rolling 12m avg, DKK/kg**



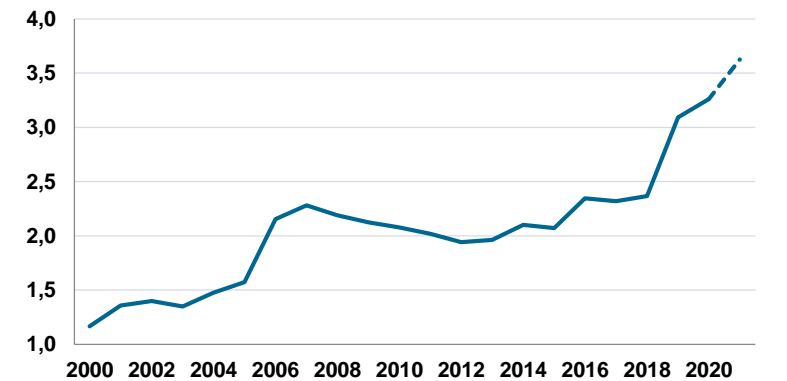
**Unemployment, % (left); population, '000' (right)**



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



**Housing prices, Tórshavn, annual average, DKKm**



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

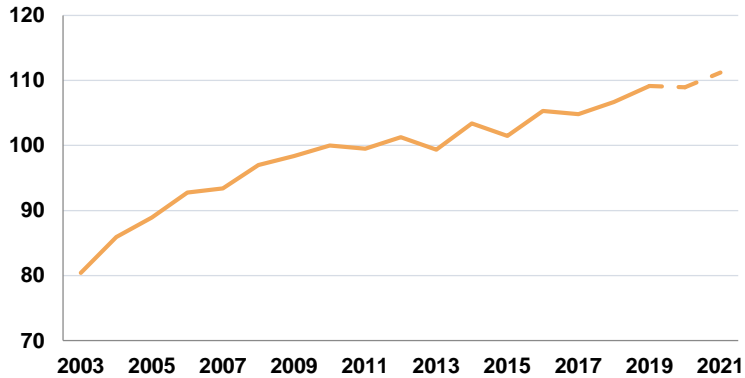
<sup>2</sup> Species' export value as percentage of total export value during last 12 months

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

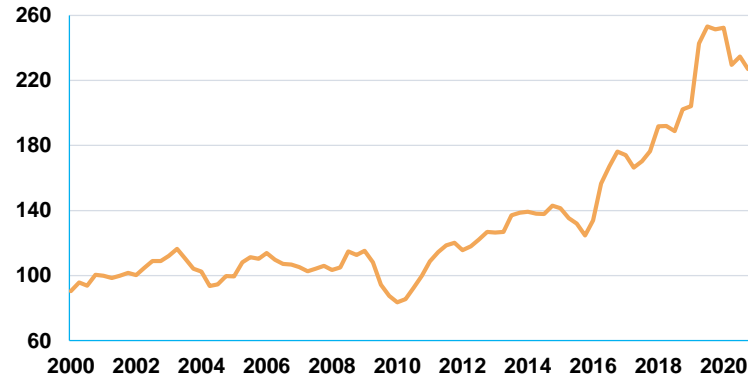
# The Greenlandic economy

The Greenlandic economy has grown steadily over the past 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.

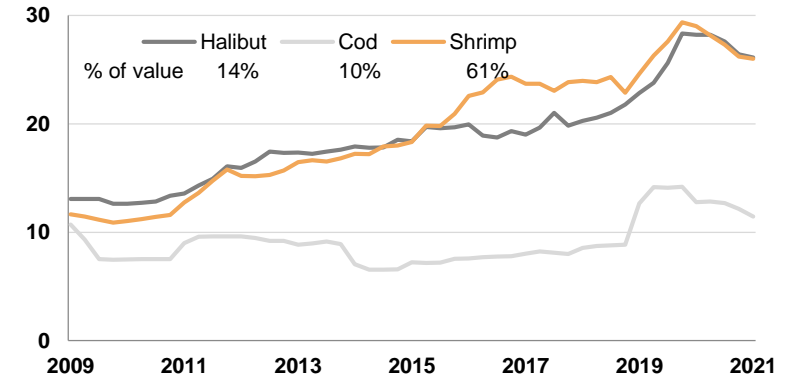
**Real GDP (2010 = 100)**



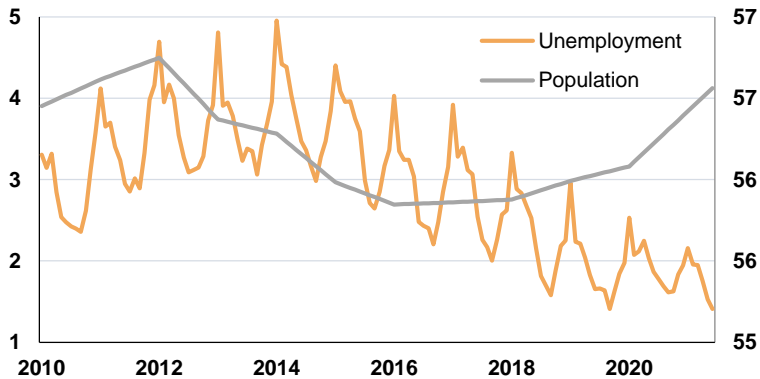
**Exports, rolling 4Q (Q4 2010 = 100)**



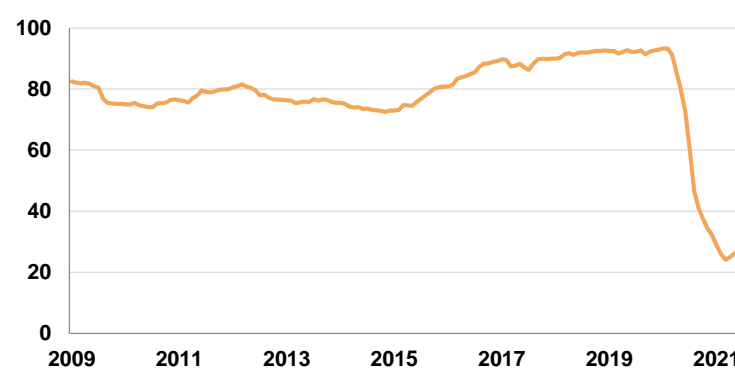
**Export prices, rolling 4Q avg., DKK/kg**



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



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



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

