



Good performance in Q1 2023

Guidance for 2023 net profit higher due to rising market rates and as customers have proven resilient in the face of inflationary pressures

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Overview

- **Highlights of Q1 2023**
- **Financials**
 - Operating income
 - Insurance
 - Expenditures
 - Impairment charges
 - Capital ratios
 - Economic outlook
- **Appendices**



Highlights of Q1 2023

— Satisfactory developments in core banking operations

Operational and financial highlights

- Net interest income up by 7% QoQ and up by 18% YoY, driven by higher interest rates.
- Net insurance income down by 66% QoQ and down by 58% YoY, driven by increased claims in the first quarter of 2023.
- Operating costs up by DKK 5m QoQ and DKK 2m YoY. Operating costs for Q1 were as expected.
- Non-recurring items of DDK 3m were due to changes in management.
- Profit before tax up by 8% QoQ and up by 28% YoY.
- Outlook: Net profit guidance raised to DKK 210-240m (from DKK 190-220m) - Customers' resilience in the face of economic uncertainty and inflation has proven strong, leading to lower impairment levels than initially expected. The outlook for core operations has improved due to higher net interest income from higher policy and market rates.

Profit & Loss

<i>DKK</i> m	Q1 2023	Q4 2022	Index	Q1 2023	Q1 2022	Index
Net interest income	78	72	107	78	66	118
Net fee and commission income	21	23	93	21	22	99
Net insurance income	5	14	34	5	12	42
Other operating income	8	8	110	8	10	84
Operating income	112	117	96	112	109	103
Operating costs	-63	-58	109	-63	-61	104
Profit before impairment charges	49	59	82	49	48	102
Net impairment charges on loans	8	3	249	8	10	87
Operating profit	57	62	92	57	57	99
Non-recurring items	-3	0		-3	0	
Investment portfolio earnings	22	8	275	22	2	1354
Profit before tax	75	70	108	75	59	128
Tax	14	16	87	14	12	119
Net result	61	54	114	61	47	130

Key Metrics

<i>DKK</i> bn		Q1 2023	Q4 2022	Index	Q1 2023	Q1 2022	Index
Loans and advances		8.4	8.1	103	8.4	7.7	109
Deposits and other debt		8.5	8.4	102	8.5	8.0	106
Mortgage credit		2.6	2.6	99	2.6	2.7	97
	Target						
Operating cost / income, %	< 53.0	56.5	49.5		56.5	55.8	
CET1 capital ratio, %	20.0	21.0	21.6		21.0	23.8	
RoE, % (annualised)	> 12.0	14.3	12.1		14.3	10.4	
RoE, excl. one-offs, % (annualised)	> 12.0	14.3	12.1		14.3	10.4	
Combined ratio	85.0	113.3	85.0		113.3	92.5	

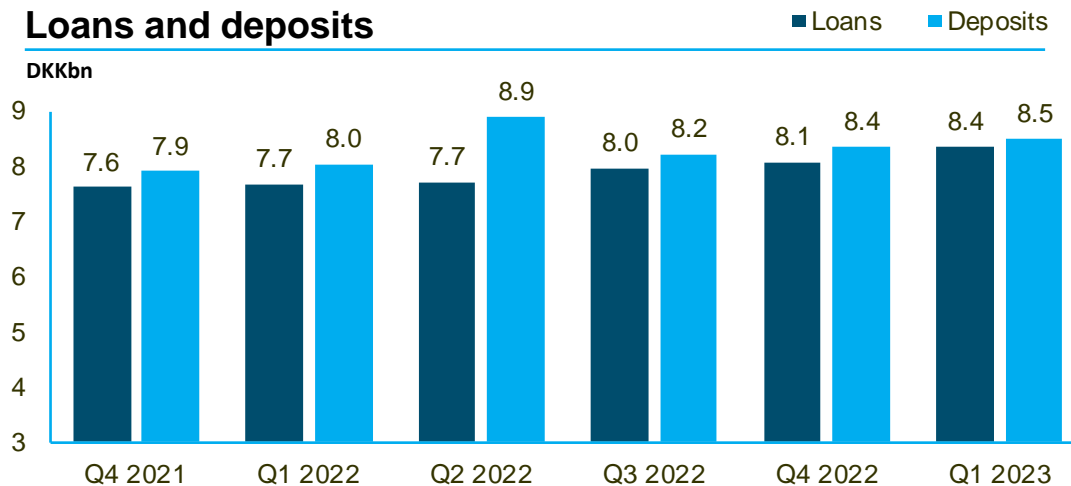
Operating income - Net interest income

- Lending rates higher and deposit rates lower

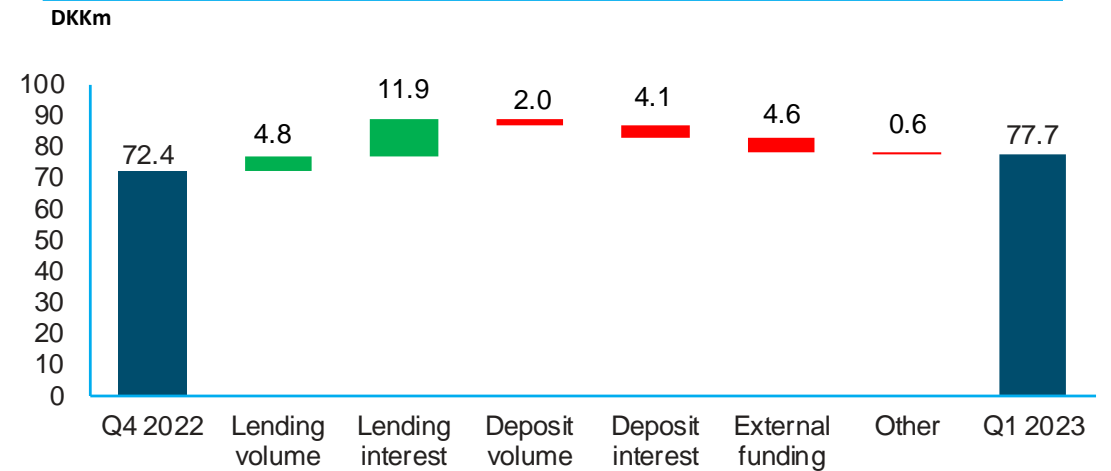
Comments

- Net interest income up by DKK 5.4m QoQ and by DKK 12m YoY.
- Increase in net interest income due to higher interest rates.
- Lending volumes up by DKK 271m QoQ and by DKK 671m YoY.
- Deposits up by DKK 155m QoQ and by DKK 460m YoY.

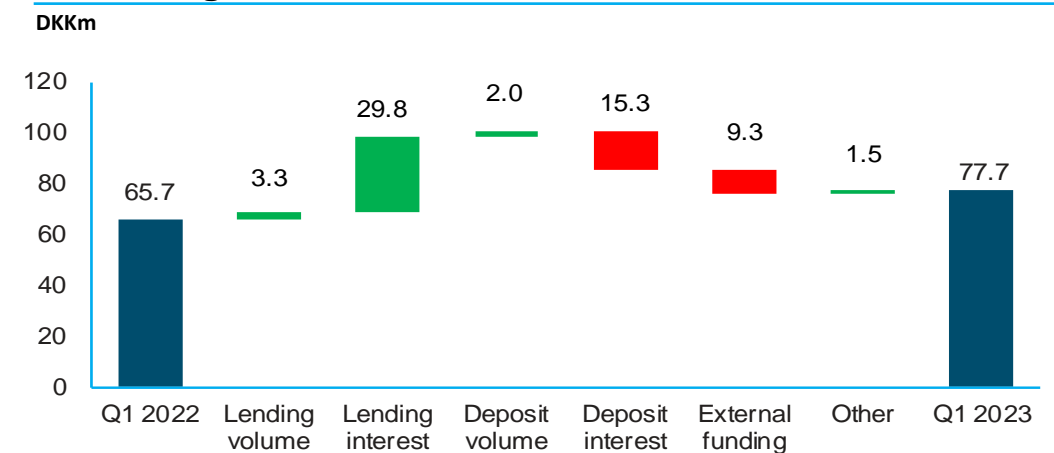
Loans and deposits



QoQ changes in net interest income



YoY changes in net interest income



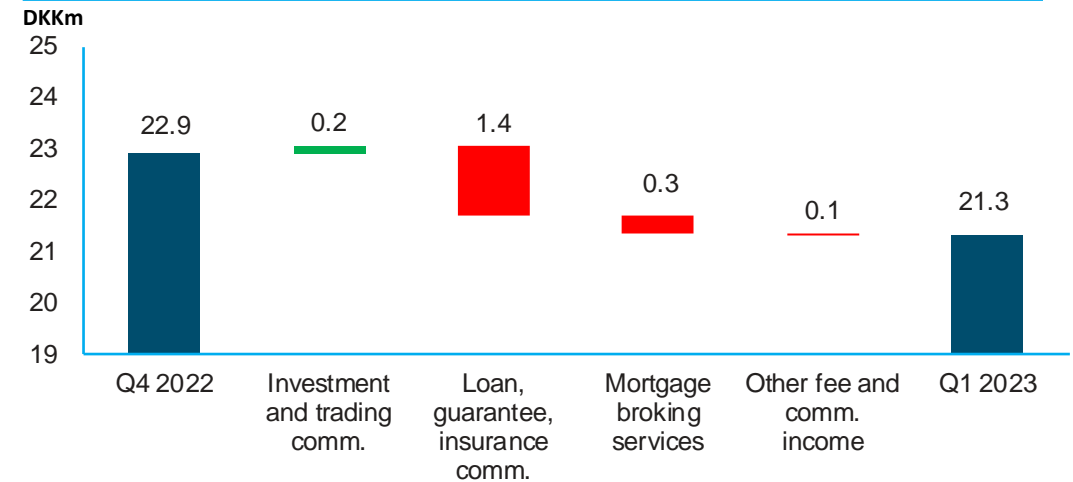
Operating income - Fee and commission income

- Fee and commission income down in the first quarter

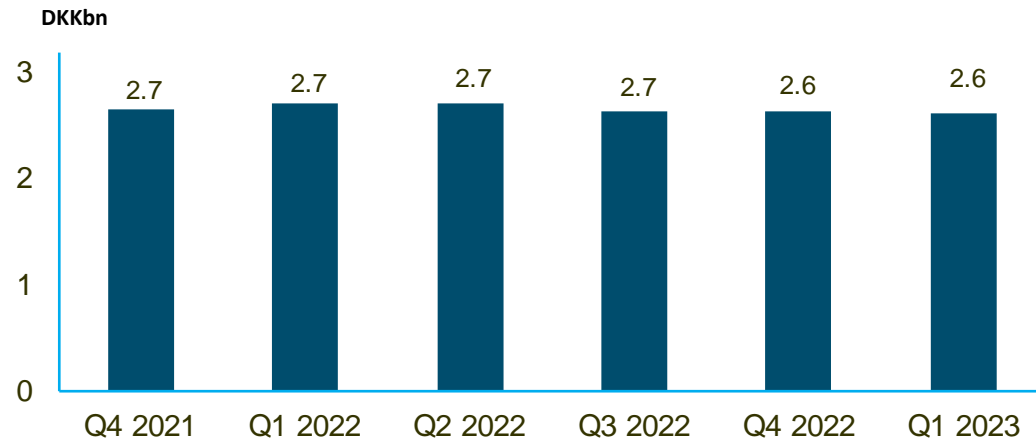
Comments

- Fee and commission income down by DKK 1.6m QoQ and down by DKK 0.2m YoY, mainly because of lower activity level.
- Mortgage-broking services down by DKK 15m QoQ and down by DKK 93m YoY.

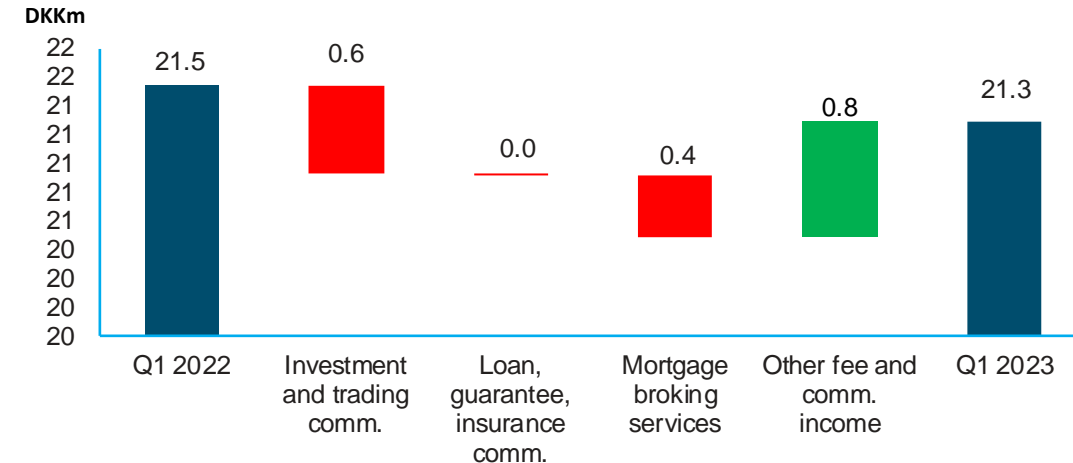
QoQ changes in fee and commission income



Mortgage-broking services



YoY changes in fee and commission income



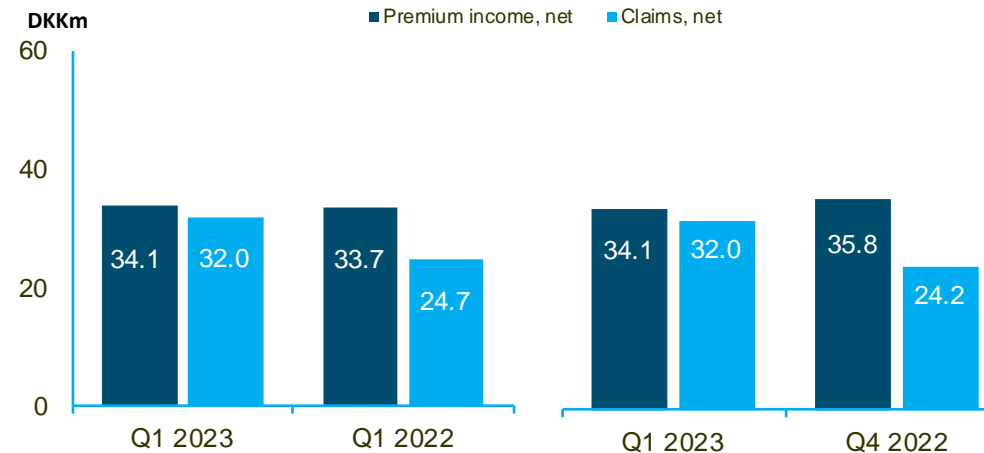
Insurance - Financial results for Trygd

- High claims in the first quarter

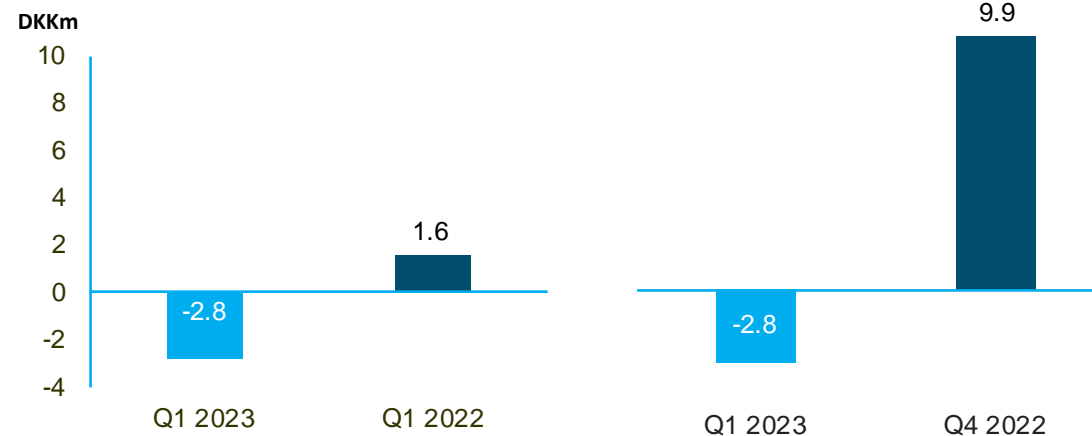
Comments

- Combined ratio of 113% in Q1 compared to 85% in Q4.
- Net premium income down by DKK 1.8m QoQ and up by DKK 0.4m YoY – lost a large customer in Q1.
- Net claims up by DKK 7.7m QoQ and up by DKK 7.2m YoY.
- Due to a storm in February, claims were higher than expected.

Premiums and claims



Result before tax



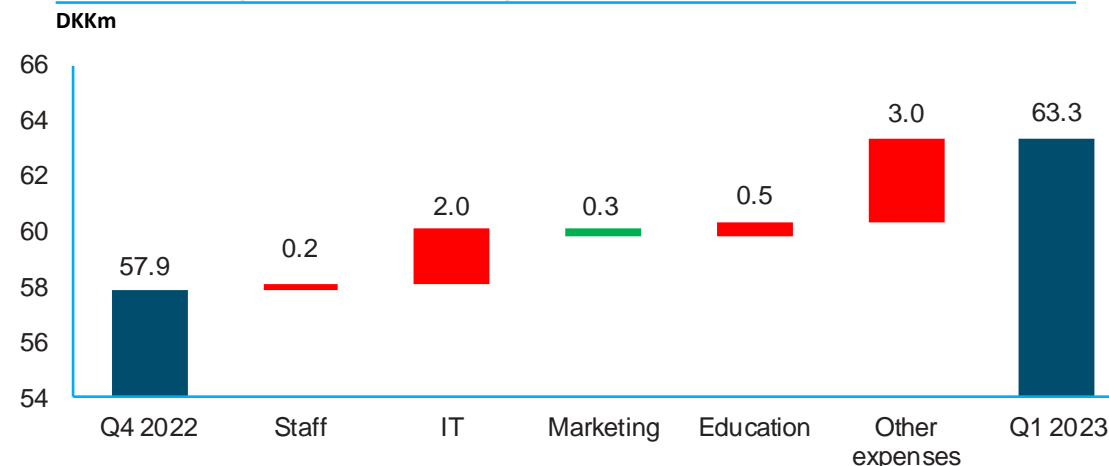
Operating costs

- Costs under pressure but cost discipline remains a focus area

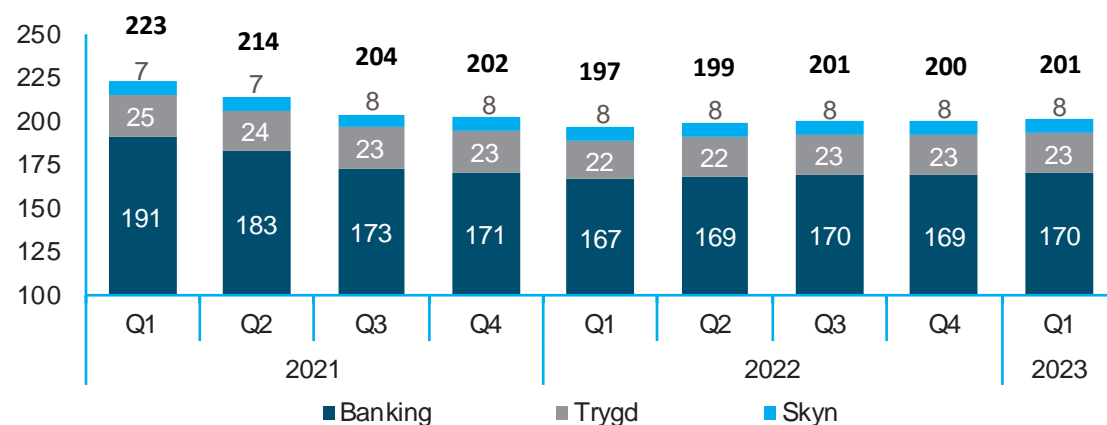
Comments

- Operating costs up by DKK 5.5m QoQ and up by DKK 2.7m YoY.
- Change in “other expenses” QoQ is related to a reversal of depreciation from the sale of a branch building in Q4.
- Operating costs as expected for Q1. IT higher due to dip in IT costs in Q4.

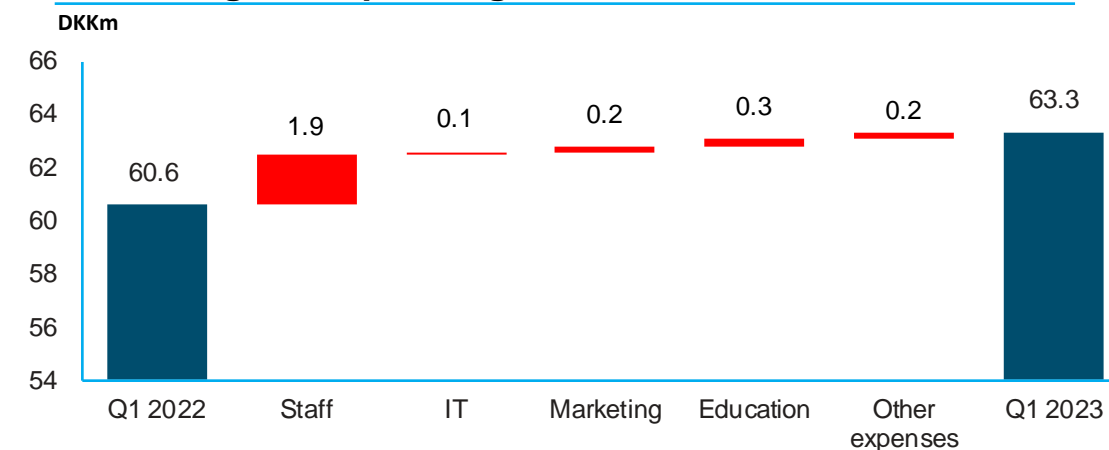
QoQ changes in operating costs



Average number of employees (FTE)



YoY changes in operating costs



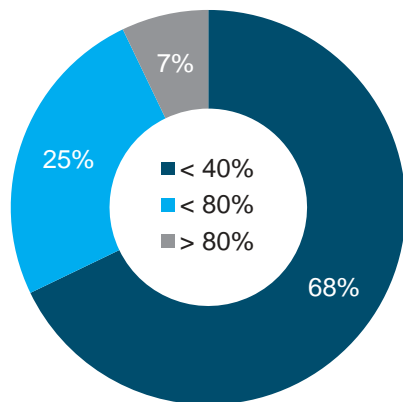
Impairment charges

- Reversal of impairment charges on well-collateralised loan portfolio

Comments

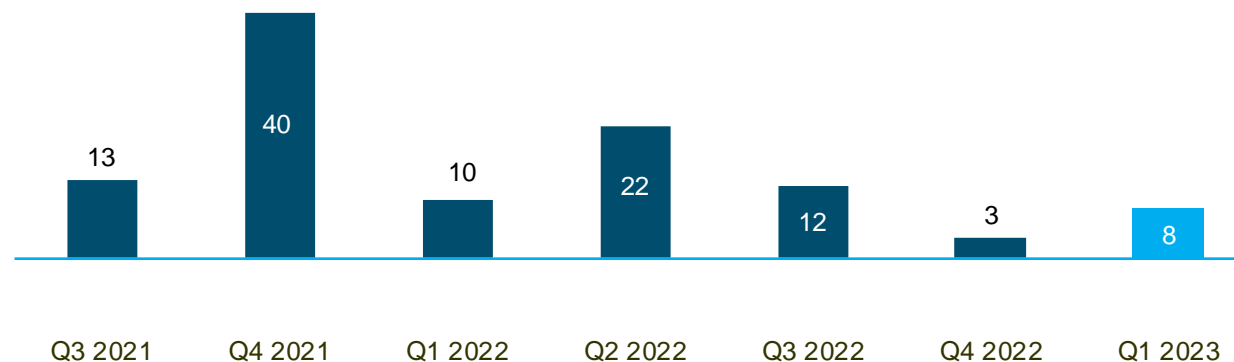
- Impairment charges were a net reversal of DKK 8m in Q1 2023.
- Discretionary management estimate of DKK 65m; DKK 9m higher than in Q4. Originally recognised in 2020 due to Covid. Covid-related uncertainty reduced, but the estimate has been reassessed and increased due to the uncertainty caused by the war in Ukraine and macroeconomic developments.
- BankNordik still expects to be able to keep impairments below the industry average going forward.
- Strong LTV ratios for housing loans.

LTV for housing loans¹



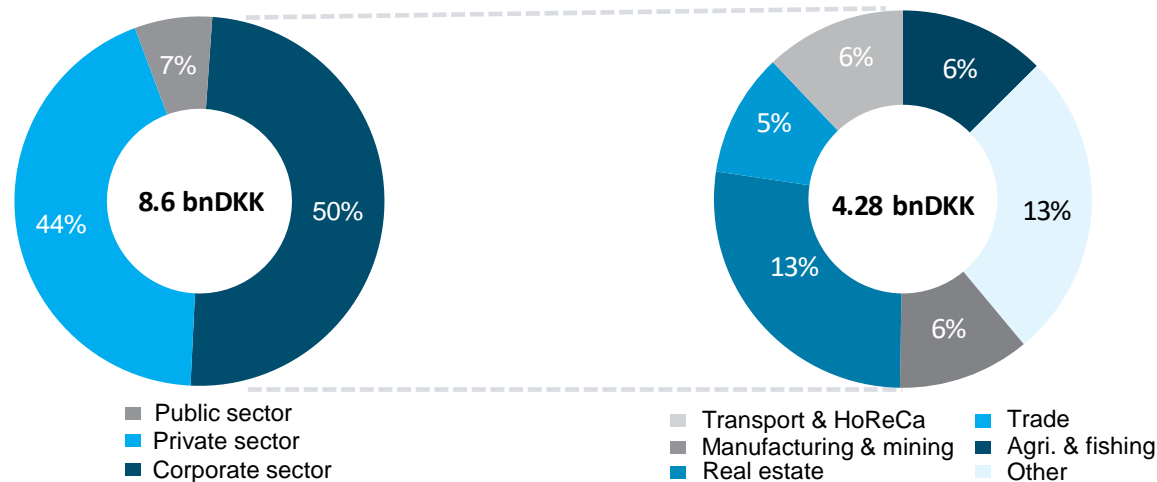
Net impairment charges

DKKm



Gross lending by sector

DKKm



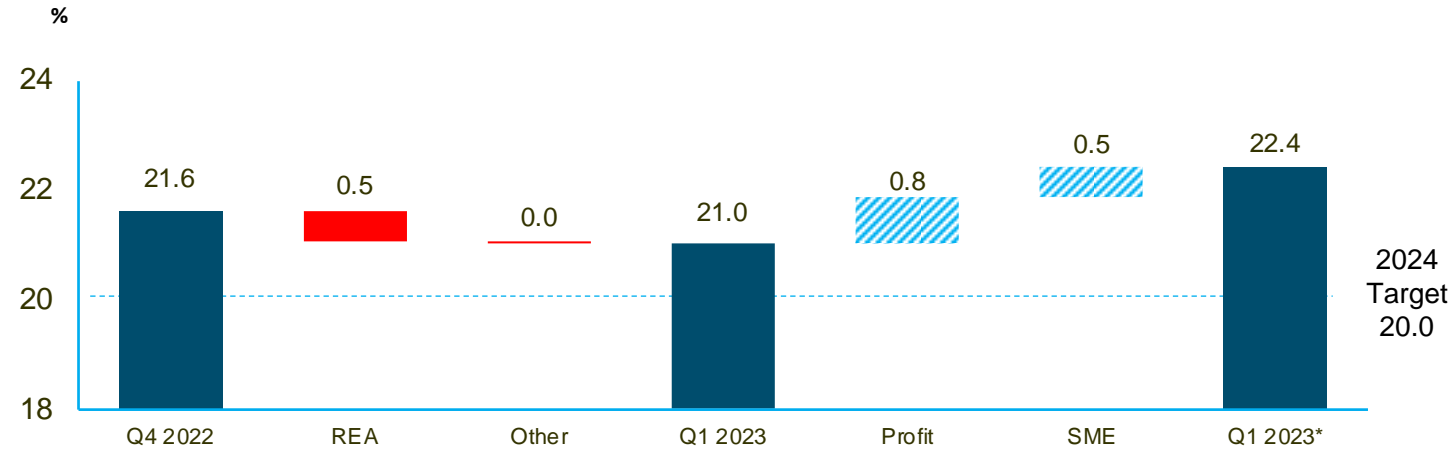
Capital position

- Strong capital ratios with focus on capital optimisation

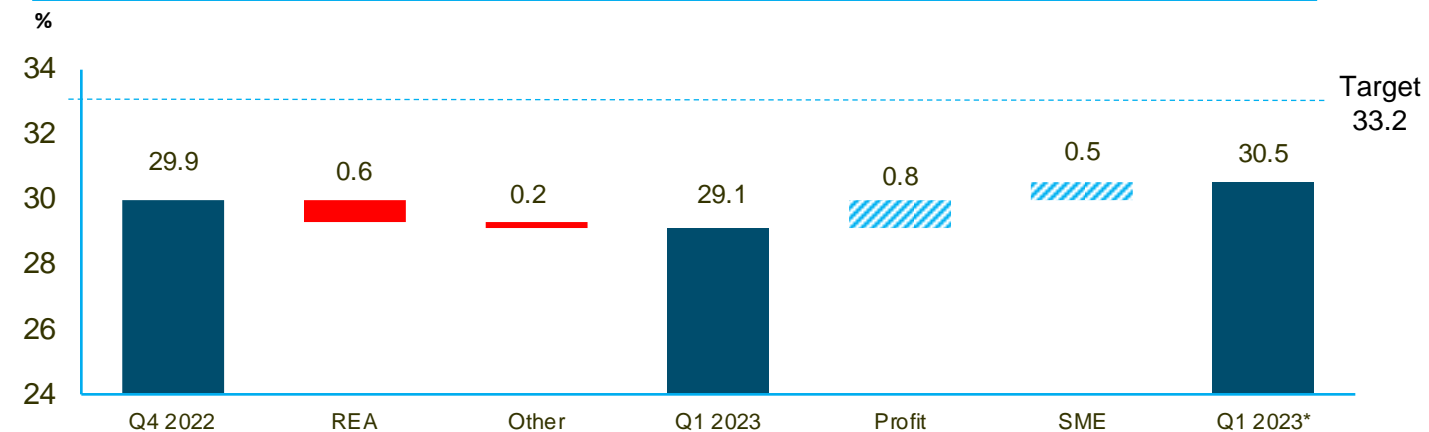
Comments

- CET1 ratio down by 0.6 pp and MREL capital ratio down by 0.8 pp in Q1 2023 compared to Q1 2022.
- REA increased by 2.6 pp to DKK 7,382m compared to Q4 2022.
- Year-to-date net profit is not reflected in CET1 ratio and MREL capital ratio, but the light blue area of the graph shows the effect on the ratio if it were included.
- Incoming legislation expected to reduce REA of SME exposures by DKK 185m (0.5 pp).
- Due to the continuous focus on optimising its capital structure and liquidity, BankNordik plans to continue issuing senior non-preferred (T3) and/or senior preferred loan capital in 2023.

Changes in CET1 ratio



Changes in MREL Capital Ratio



Economic outlook

Positive momentum and outlook, but with different and idiosyncratic downside risks

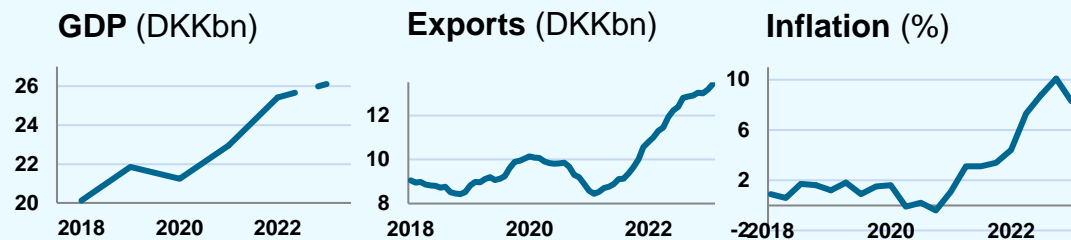
The Faroe Islands

Positive momentum

- Strong rebound after Covid
- GDP growth (nominal)
 - 2022: 10.8%
 - 2023: 2.7%
- 32% export growth in 2022

Risk factors

- Inflation as high as in rest of Europe, 8.3% in Feb 2023
- Russia fisheries agreement extended through 2023



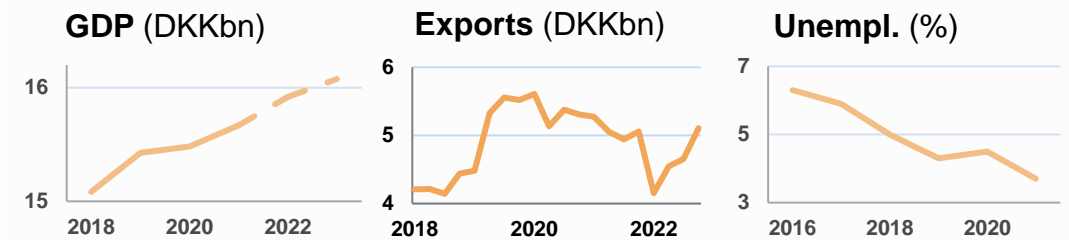
Greenland

Positive momentum

- Moderate, but positive growth in recent years – including in 2020
- GDP growth expectations (real)
 - 2022: 1.6%
 - 2023: 1.0%
- Inflation low: 3-4% in 2022

Risk factors

- Exports below pre-Covid peak, but strong recent growth
- Bottlenecks in labour market and structural unemployment



Questions?

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Appendices

- **Group**
- **Banking**
- **Personal Banking**
- **Corporate Banking**
- **Banking – Faroe Islands**
- **Banking – Greenland**
- **Banking – Denmark**
- **Insurance – Trygd**
- **Equity Story**
- **Developments in business volumes**
- **Credit quality of loan portfolio**
- **The Faroese economy**
- **The Greenlandic economy**

Group

- Increased net profit despite lower result on insurance activities

DKKmn	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022	Index
Net interest income	78	72	107	67	65	66	78	66	118
Net fee and commission income	21	23	93	22	22	22	21	22	99
Net insurance income	5	14	34	11	15	12	5	12	42
Other operating income (less reclassification)	8	8	110	11	9	10	8	10	84
Operating income	112	117	96	110	111	109	112	109	103
Operating costs ¹	-63	-58	109	-62	-62	-61	-63	-61	104
Sector costs	0	0		0	0	0	0	0	92
Profit before impairment charges	49	59	82	48	48	48	49	48	102
Impairment charges, net	8	3	249	12	22	10	8	10	
Operating profit	57	62	92	60	70	57	57	57	99
Non-recurring items ²	-3	0		0	0	0	-3	0	
Profit before investment portfolio earnings and tax	54	62	86	60	70	57	54	57	93
Investment portfolio earnings ³	22	8		-36	-16	2	22	2	
Profit before tax	75	70	108	24	54	59	75	59	128
Profit before tax, discontinued operations	0	0		0	0	0	0	0	
Profit before tax, total	75	70	108	24	54	59	75	59	128
Tax	14	16	87	4	10	12	14	12	119
Net profit	61	54	114	20	43	47	61	47	130
Operating cost/income, %	56	49		56	56	56	56	56	
Number of FTE, end of period	201	200	101	201	203	199	201	199	101

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

- Interest rate increases reflected in higher operating income

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022
Net interest income	78	72	107	67	65	66	78	66
Net fee and commission income	25	26	94	26	25	25	25	25
Other operating income	8	6	129	10	8	8	8	8
Operating income	110	105	105	102	97	99	110	99
Operating cost	-58	-53	111	-57	-57	-56	-58	-56
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	51	52	99	45	40	43	51	43
Impairment charges, net	8	3	249	12	22	10	8	10
Operating profit	60	55	108	57	62	52	60	52
Non-recurring items	-3	0		0	0	0	-3	0
Profit before investment portfolio earnings and tax	56	55	102	57	62	52	56	52
Investment portfolio earnings	20	3		-32	-12	3	20	3
Profit before tax	76	58	131	25	50	55	76	55
Profit before tax, discontinued operations	0	0		0	0	0	0	0
Profit before tax, total	76	58	131	25	50	55	76	55
Loans and advances	8,354	8,083	103	7,977	7,724	7,684	8,354	7,684
Deposits and other debt	8,506	8,351	102	8,225	8,897	8,047	8,506	8,047
Mortgage credit	2,634	2,648	99	2,652	2,730	2,727	2,634	2,727
Operating cost/income, %	53	50		56	58	57	53	57
Number of FTE, end of period	170	169	101	170	173	168	170	168

Personal Banking

- High income level maintained

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022
Net interest income	36	35	102	34	33	34	36	34
Net fee and commission income	18	19	92	19	18	18	18	18
Other operating income	6	5	122	8	6	6	6	6
Operating income	60	60	101	60	57	58	60	58
Operating costs	-47	-48	97	-49	-44	-44	-47	-44
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	12	11	114	11	13	13	12	13
Impairment charges, net	5	-3		6	7	5	5	5
Operating profit	18	8	212	17	20	18	18	18
Non-recurring items	-3	0		0	0	0	-3	0
Profit before investment portfolio earnings and tax	15	8	177	17	20	18	15	18
Investment portfolio earnings	11	6	187	-23	-13	2	11	2
Profit before tax	25	14	181	-6	7	20	25	20
Profit before tax, discontinued operations	0	0		0	0	0	0	0
Profit before tax, total	25	14	181	-6	7	20	25	20
Loans and advances	3,673	3,645	101	3,626	3,576	3,550	3,673	3,550
Deposits and other debt	5,316	5,412	98	5,388	5,410	5,264	5,316	5,264
Mortgage credit	2,331	2,338	100	2,328	2,344	2,344	2,331	2,344
Number of FTE, end of period	74	71	104	74	76	75	74	75

Corporate Banking

- High interest income due to interest rate hikes

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022
Net interest income	42	37	113	33	32	32	42	32
Net fee and commission income	7	7	97	7	7	7	7	7
Other operating income	1	1	191	2	2	2	1	2
Operating income	50	45	111	42	41	41	50	41
Operating costs	-6	-3	223	-9	-7	-12	-6	-12
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	44	42	104	33	33	29	44	29
Impairment charges, net	3	6	55	6	14	5	3	5
Operating profit	47	48	98	38	47	34	47	34
Non-recurring items	0	0		0	0	0	0	0
Profit before investment portfolio earnings and tax	47	48	97	38	47	34	47	34
Investment portfolio earnings	4	-3		-9	-5	1	4	1
Profit before tax	51	46	111	29	42	35	51	35
Loans and advances	4,681	4,438	105	4,351	4,148	4,133	4,681	4,133
Deposits and other debt	3,190	2,939	109	2,837	3,487	2,783	3,190	2,783
Mortgage credit	302	310	97	324	382	383	302	383
Operating cost/income, %	12	6		22	18	29	12	0
Number of FTE, end of period	15	15	100	15	15	15	15	15

Banking – Faroe Islands

- Steady improvement in operating profit

DKKkm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022
Net interest income	64	60	107	55	52	54	64	54
Net fee and commission income	21	22	95	22	22	21	21	21
Other operating income	6	4	152	9	6	7	6	7
Total Operating income	91	86	106	86	80	82	91	82
Operating cost	-49	-45	108	-50	-47	-46	-49	-46
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	42	40	103	35	33	36	42	36
Impairment charges, net	15	-9	-169	12	4	2	15	2
Operating profit	57	32	179	47	37	38	57	38
Non-recurring items	-3	0		0	0	0	-3	0
Profit before investment portfolio earnings and tax	53	32	169	47	37	38	53	38
Investment portfolio earnings	16	2		-25	-9	2	16	2
Profit before tax	69	33	210	22	28	40	69	40
Loans and advances	6,971	6,833	102	6,780	6,577	6,584	6,971	6,584
Deposits and other debt	7,787	7,791	100	7,592	7,532	7,148	7,787	7,148
Mortgage credit	1,756	1,771	99	1,777	1,776	1,764	1,756	1,764
Operating cost/income, %	54	53		59	59	56	54	56
Number of FTE, end of period	153	152	101	152	156	150	153	150

Banking – Greenland

- Higher impairment charges

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022
Net interest income	14	13	109	12	13	12	14	12
Net fee and commission income	3	4	78	4	4	4	3	4
Other operating income	1	1	68	2	1	1	1	1
Total Operating income	18	18	99	17	17	17	18	17
Operating cost	-9	-7	127	-8	-10	-9	-9	-9
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	9	11	81	9	8	7	9	7
Impairment charges, net	-7	12		0	2	4	-7	4
Operating profit	3	23	11	8	10	11	3	11
Non-recurring items	0	0		0	0	0	0	0
Profit before investment portfolio earnings and tax	3	23	11	8	10	11	3	11
Investment portfolio earnings	3	1		-6	-3	1	3	1
Profit before tax	6	25	24	3	7	12	6	12
Loans and advances	1,372	1,243	110	1,187	1,138	1,093	1,372	1,093
Deposits and other debt	717	544	132	616	1,352	883	717	883
Mortgage credit	866	860	101	846	866	873	866	873
Operating cost/income, %	50	39		47	56	56	50	56
Number of FTE, end of period	17	17	100	17	17	18	17	18

Banking – Denmark

- Remaining activities still decreasing in volume

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022
Net interest income	0	0	-133	0	0	0	0	0
Net fee and commission income	0	0	837	0	0	0	0	0
Other operating income	0	0		0	0	0	0	0
Total Operating income	1	0	675	0	0	0	1	0
Operating cost	0	0	195	1	0	0	0	0
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	0	0	-414	1	0	0	0	0
Impairment charges, net	0	0	23	0	15	4	0	4
Operating profit	0	0	142	1	15	4	0	4
Non-recurring items	0	0		0	0	0	0	0
Profit before investment portfolio earnings and tax	0	0	142	1	15	4	0	4
Investment portfolio earnings	1	0		-1	-1	0	1	0
Profit before tax	1	0	187	0	15	4	1	4
Profit before tax, discontinued operations	0	0		0	0	0	0	0
Profit before tax, total	1	0	187	0	15	4	1	4
Loans and advances	11	8	130	10	10	6	11	6
Deposits and other debt	3	17	16	17	13	15	3	15
Mortgage credit	11	17	66	29	87	90	11	90
Operating cost/income, %	52	179		-1414	-33	1206	52	1206
Number of FTE, end of period	0	0		0	0	0	0	0

Trygd

- Lower premiums and higher claims

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022
Premium income, net of reinsurance	34	36	95	36	35	34	34	34
Claims, net of reinsurance	-32	-24	132	-26	-23	-25	-32	-25
Net insurance income	2	12	18	11	12	9	2	9
Net income from investment activities	2	4	38	-3	-3	-1	2	-1
Operating income	4	16	24	7	9	8	4	8
Operating cost	-7	-6	107	-6	-6	-6	-7	-6
Profit before tax	-3	10	-29	1	3	2	-3	2
Combined ratio	113	85		88	83	92	113	92
Claims ratio	94	68		71	65	73	94	73
Number of FTE, end of period	23	23	101	23	23	22	23	22

Equity Story



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 > 80
- Employee turnover < 7% p.a.
- Gender overrepresentation of not more than 60% among managers and in all departments

Shareholders

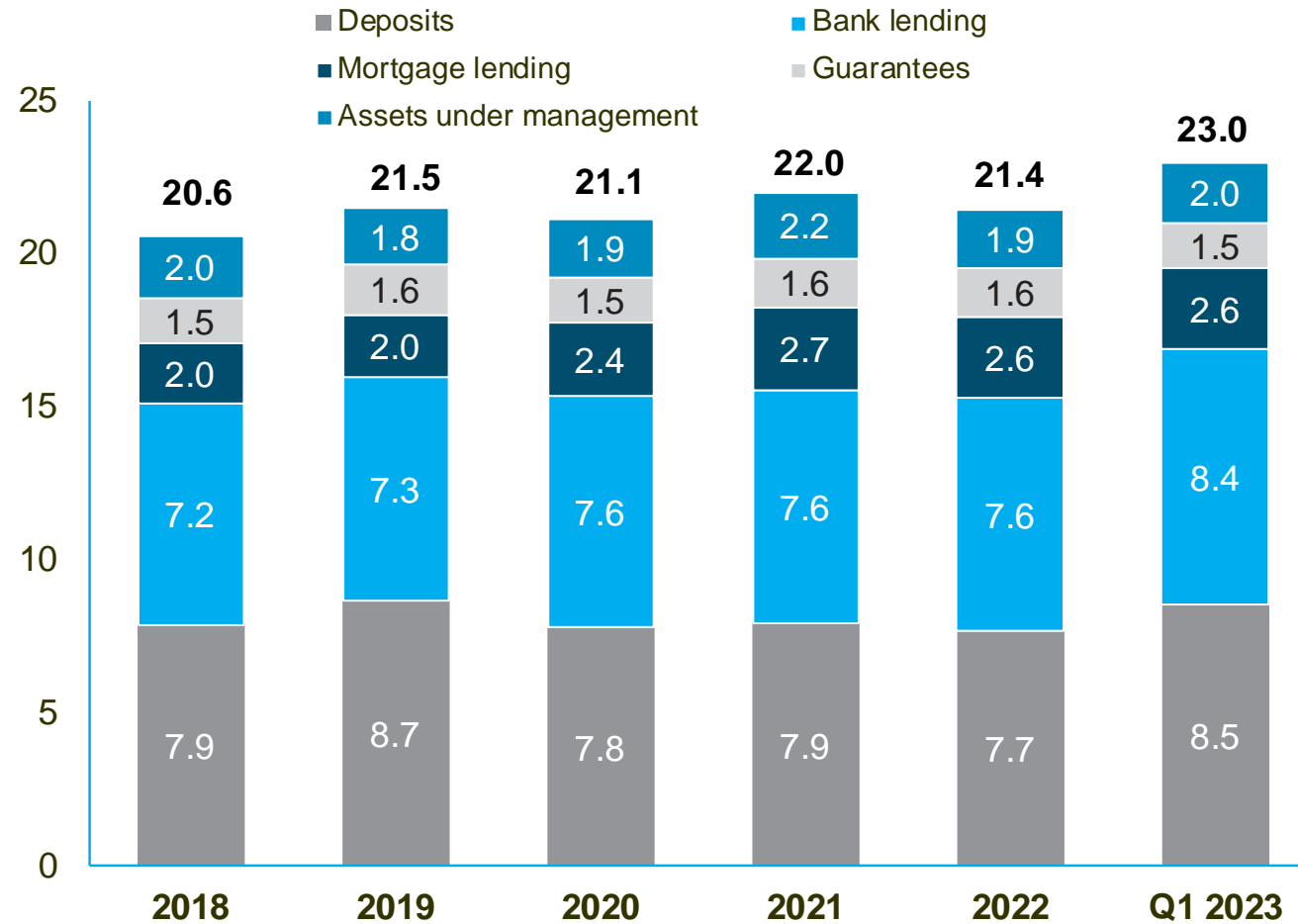
- ROE > 12% p.a.
- C/I < 53%
- Dividend payout ratio 70%
- Share buybacks
- CET 1 ratio 20.0%
- MREL capital: 2 pp above requirement
- Combined ratio 85%

Developments in business volumes

- Increased activity in all business areas drives up total business volume

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

DKKbn

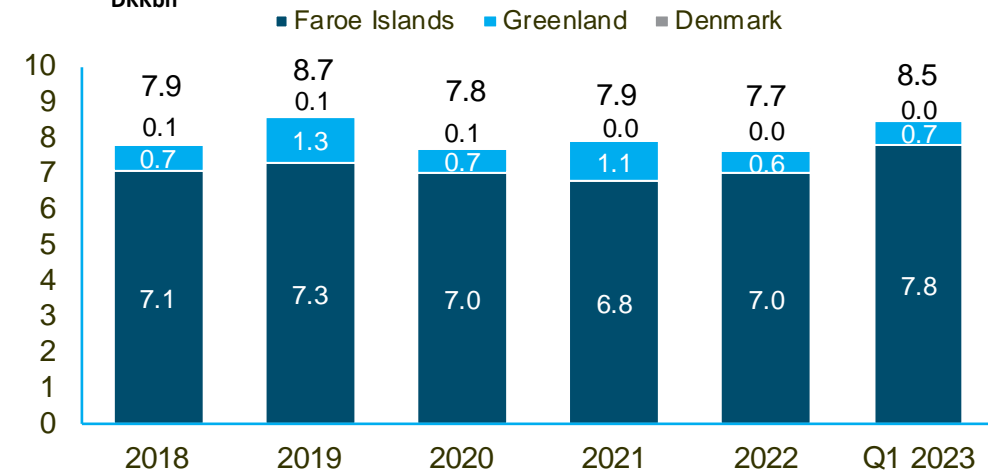


Comments

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

Deposits

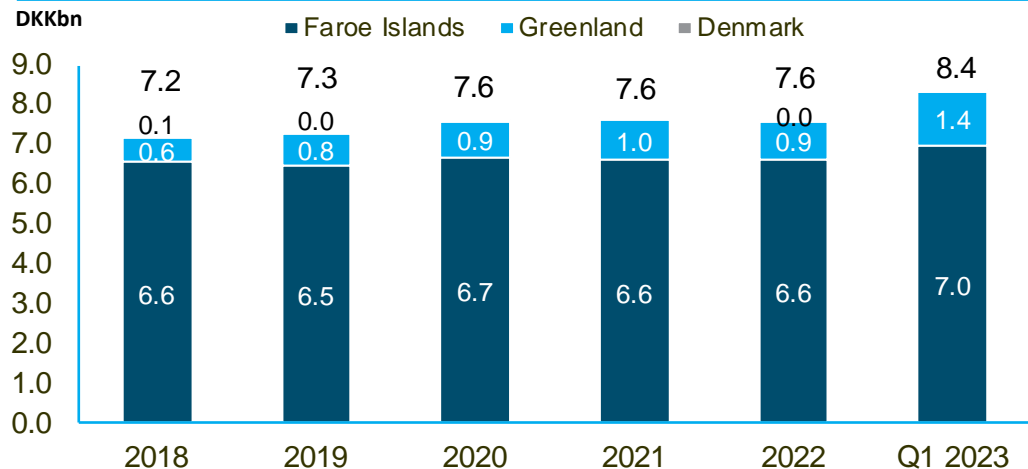
DKKbn



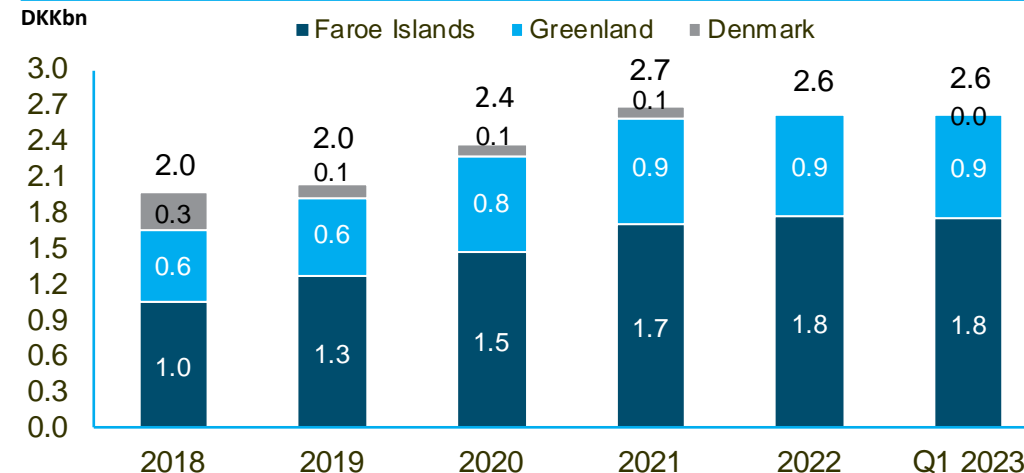
Developments in business volumes

- Growth in line with markets

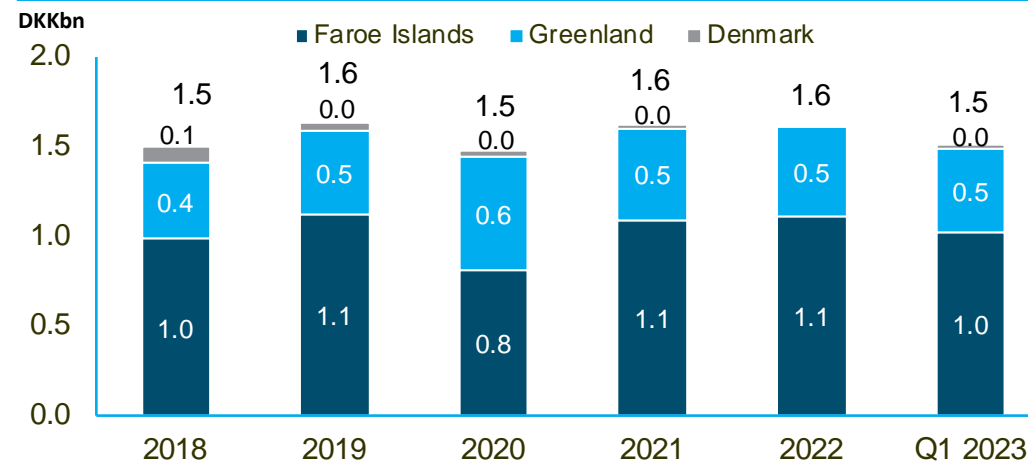
Bank lending



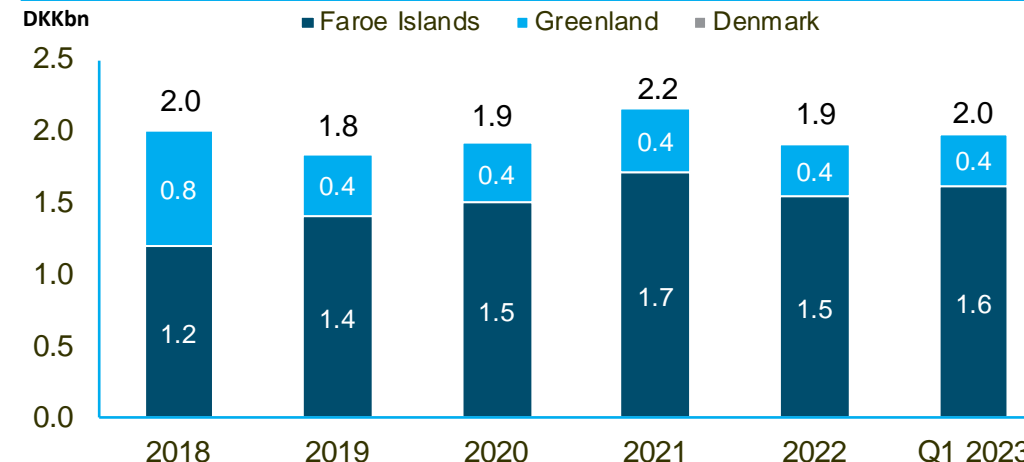
Mortgages



Guarantees



Assets under management



Credit quality of the loan portfolio

- Still a solid loan portfolio

Credit classification according to the Danish FSA's method

	Q4 2022			Q1 2023			Change
	<7.5 DKKm	>7.5 DKKm	Total	<7.5 DKKm	>7.5 DKKm	Total	
Portfolio without weakness	1,442	3,979	5,421	1,543	3,849	5,391	-29
Portfolio with some weakness	3,552	2,201	5,753	3,404	2,341	5,745	-8
Portfolio with weakness	100	80	180	86		86	-94
- of which unsecured	17	15	32	10		10	-21
- impairments	5	16	21	8		8	-13
Portfolio with OIE	150	171	321	161	161	322	1
- of which unsecured	36	78	114	33	72	105	-9
- impairments	40	47	86	31	44	75	-11
Portfolio w/o individual classification	30	92	122	31	192	224	102
Total	5,273	6,523	11,796	5,225	6,543	11,768	-28

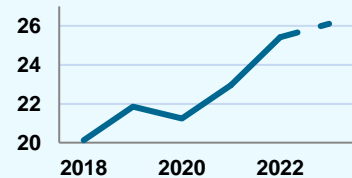
Total loan portfolio (gross exposure) includes

- Loans and advances
- Credits
- Unused credits
- Guarantees

The Faroese economic outlook

Positive momentum and outlook, but with clear risk to the downside

Strong growth momentum



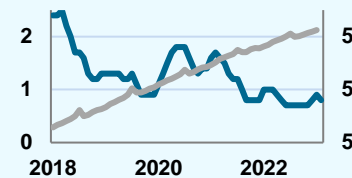
GDP

- Strong rebound after Covid-19
- Growth estimate for 2022: 10.8% in *nominal* GDP growth (real growth 3.1%)



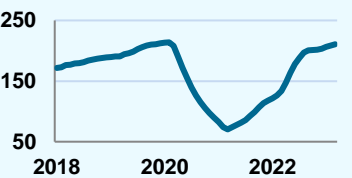
Exports

- Highest ever 12-month level in Feb 2023
- 34% above previous peak (Jan 2020)



Low unemployment and population growth

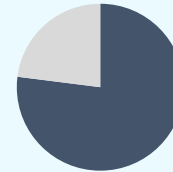
- Unemployment rate low at 0.8% in Feb 2023
- Population grown c. 4,000 in 5 years



Tourism rebounding

- 2022 on similar level to 2019
- Contribution to economy growing rapidly

Downside risks



Relations with Russia

- Largest export partner at 23% in 2021; fallen to 8% Mar 2022 – Feb 2023
- Fisheries agreement in the Barents sea extended through 2023, outlook uncertain



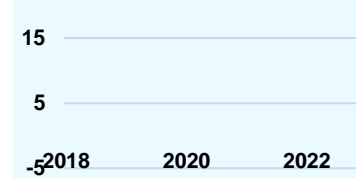
Imports

- Imports growing faster than exports
- Positive balance of trade, albeit at less than half of its post-pandemic peak



Inflation

- Global inflationary trend clearly seen in the Faroese economy



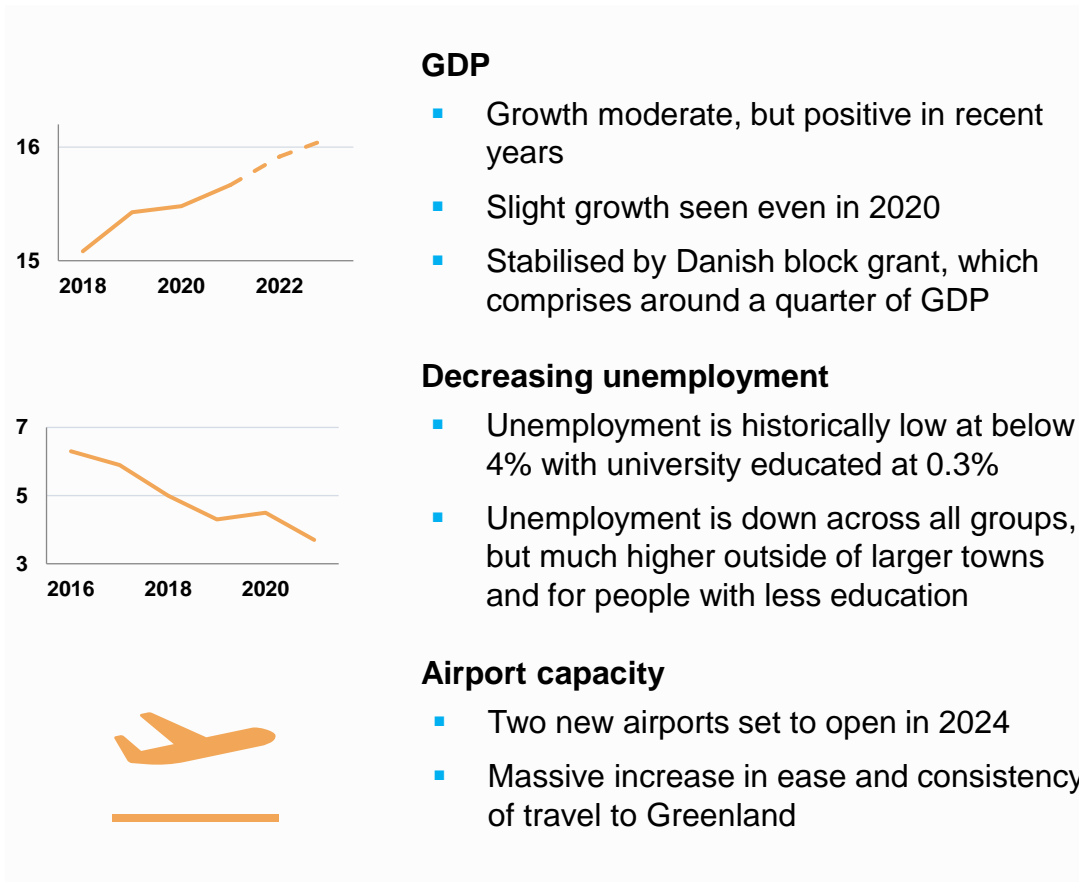
Consumer confidence

- Consumer confidence remains low along with outlook in the trade sector
- Business confidence overall falling, although construction remains high

The Greenlandic economy

Growth level moderate, but exports lagging and labour market seeing bottlenecks

Moderate growth momentum



Downside risks and structural challenges

