

# Strong performance in Q1 2020

*- uncertain economic environment ahead*

Investor presentation

30 April 2020

Árni Ellefsen, CEO

# Disclaimer

- This presentation contains statements regarding future results, which are subject to risks and uncertainties. Consequently, actual results may differ significantly from the results indicated or implied in these statements.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of BankNordik, or any of its principal shareholders or subsidiary undertakings or any of such person's officers or employees or advisers accept any liability whatsoever arising directly or indirectly from the use of this document.

# Overview

- **Highlights**
- **Financials**
  - Operating income
  - Insurance
  - Business volumes
  - Expenditures
  - Impairment charges
  - Capital ratios
- **Strategy and long-term financial objectives**
- **Revised 2020 outlook**
- **Appendices**



# Highlights in Q1 2020

– Strong customer activity and pressure on interest margins eased

## Operating highlights Q1 2020

- Merger of two branches in Denmark implemented in January
- Activity levels adapted to the COVID-19 situation from mid-March:
  - No physical customer meetings – only virtual meetings
  - A majority of the Bank's personnel has been working from home
- From 1 April, no threshold for negative interest rates on corporate deposits
- Changes in customer concepts will increase income from 1 April

## Financial highlights Q1 2020

- Operating income up 2% and Operating costs down 10%
- Profit before impairment charges up 46%
- Net impairment charges increased to DKK 24m (DKK -19m)
- Investment portfolio earnings down for a loss of DKK 51m (DKK 15m)
- Loss before tax of DKK -30m (DKK 65m profit)
- CET1 capital ratio of 19.8% and total capital ratio of 23.4%

## Profit & loss

|   | Q1 2020    | Q1 2019    | Index      |
|---|------------|------------|------------|
| Net interest income                     | 88         | 84         | 104        |
| Net fee and commission income           | 54         | 48         | 113        |
| Net insurance income                    | 4          | 9          | 42         |
| Other operating income                  | 9          | 11         | 81         |
| <b>Operating income</b>                 | <b>154</b> | <b>151</b> | <b>102</b> |
| Operating costs                         | -109       | -120       | 90         |
| Sector costs                            | 0          | 0          | 186        |
| <b>Profit before impairment charges</b> | <b>45</b>  | <b>31</b>  | <b>146</b> |
| Net impairment charges on loans         | -24        | 19         | -124       |
| <b>Operating profit</b>                 | <b>22</b>  | <b>50</b>  | <b>43</b>  |
| Non-recurring items                     | 0          | 0          |            |
| Investment portfolio earnings           | -51        | 15         | -352       |
| <b>Profit before tax</b>                | <b>-30</b> | <b>65</b>  | <b>-46</b> |

## Key metrics

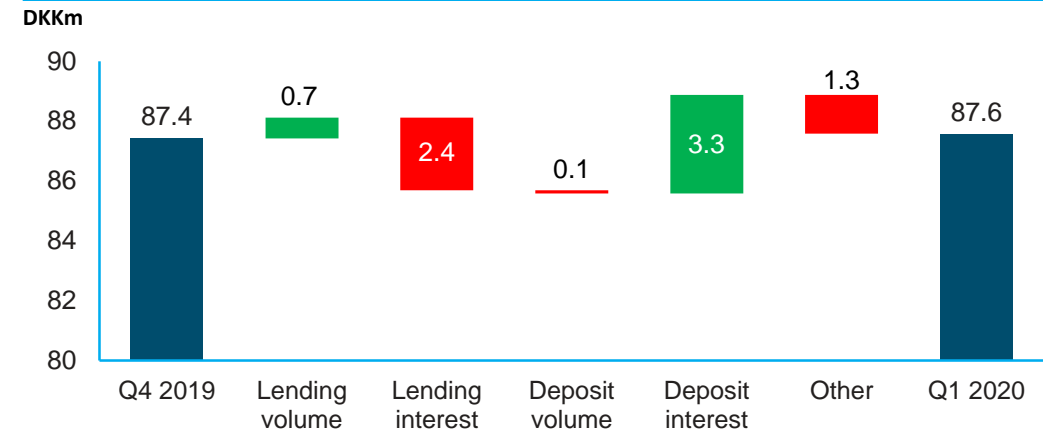
|                            | Q1 2020 | Q1 2019 | Index |
|----------------------------|---------|---------|-------|
| Loans and advances         | 10.0    | 10.0    | 100   |
| Deposits and other debt    | 12.9    | 14.0    | 92    |
| Mortgage credit            | 13.0    | 12.5    | 104   |
| Operating cost / income, % | 70      | 79      |       |
| Total capital ratio, %     | 23.4    | 19.2    |       |
| CET1 capital ratio, %      | 19.8    | 17.2    |       |

# Margin pressure eased by negative interest rates brackets

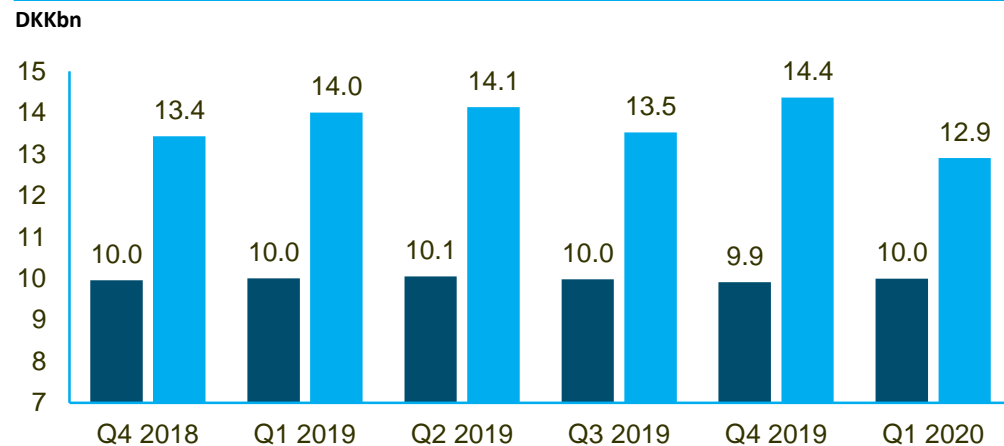
## Comments

- Net interest income flat QoQ and up by DKK 4m YoY mainly due to negative interest rates on corporate business
- Effects of negative interest rate brackets introduced on pension and retail deposits in December 2019 feeding through from 1 March 2020
- From 1 April, no threshold for negative interest rates on corporate deposits
- Lending volumes up by DKK 62m QoQ and down by DKK 36m YoY

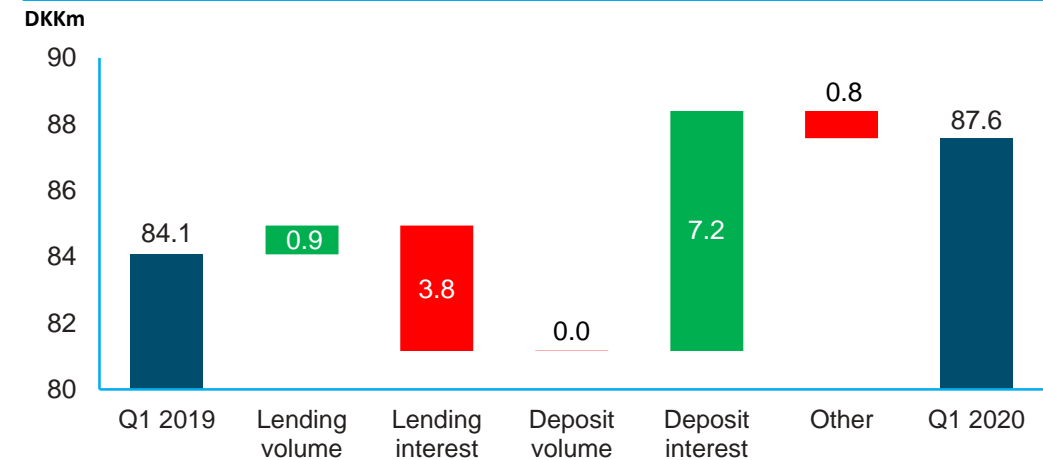
## QoQ changes in net interest income



## Loans and deposits



## YoY changes in net interest income

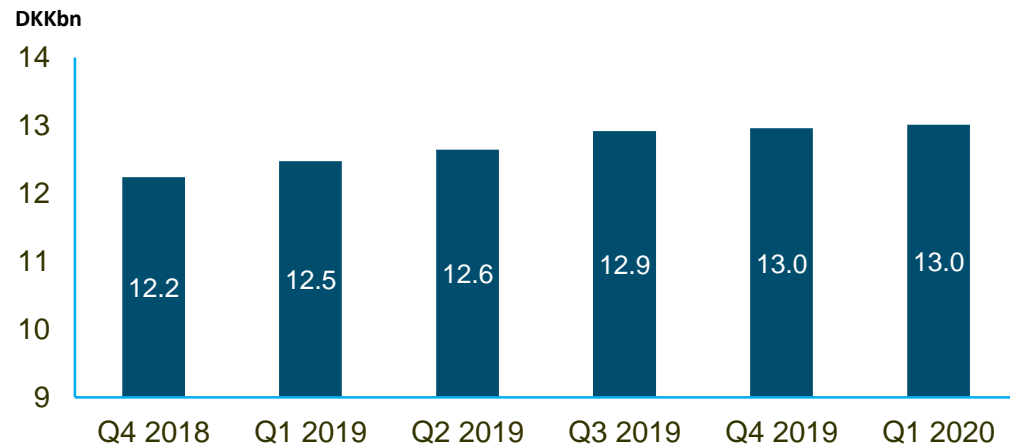


# Fee and commission income up in Q1 2020

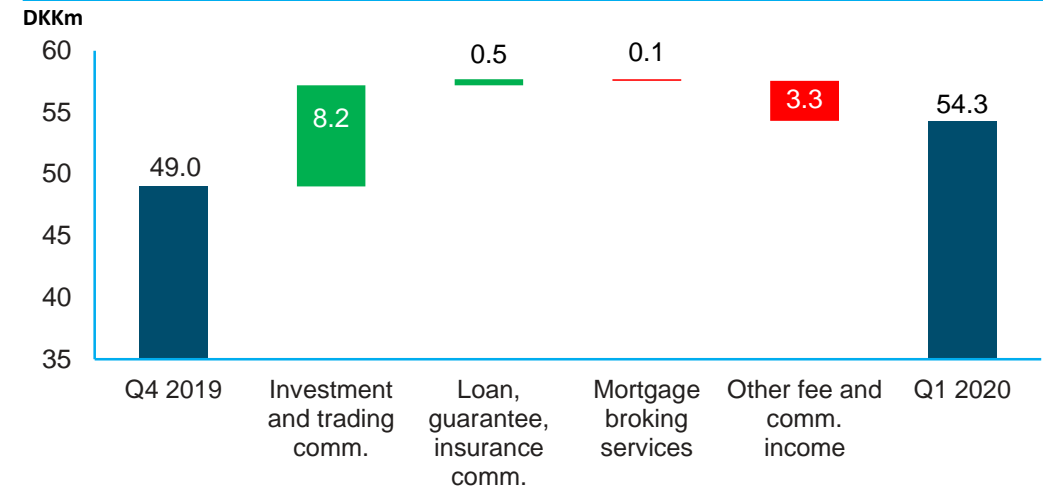
## Comments

- Net fee and commission income up by DKK 5m QoQ and up by DKK 6m YoY
- Income from investment management operations increased during Q1 2020
- Mortgage-lending volumes up DKK 51m QoQ and DKK 533m YoY

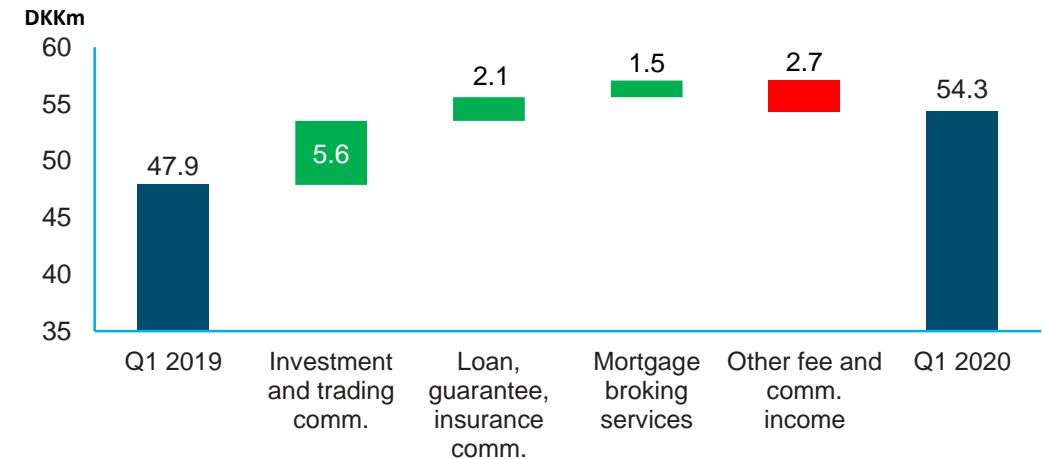
## Mortgage lending



## QoQ changes in fee and commission income

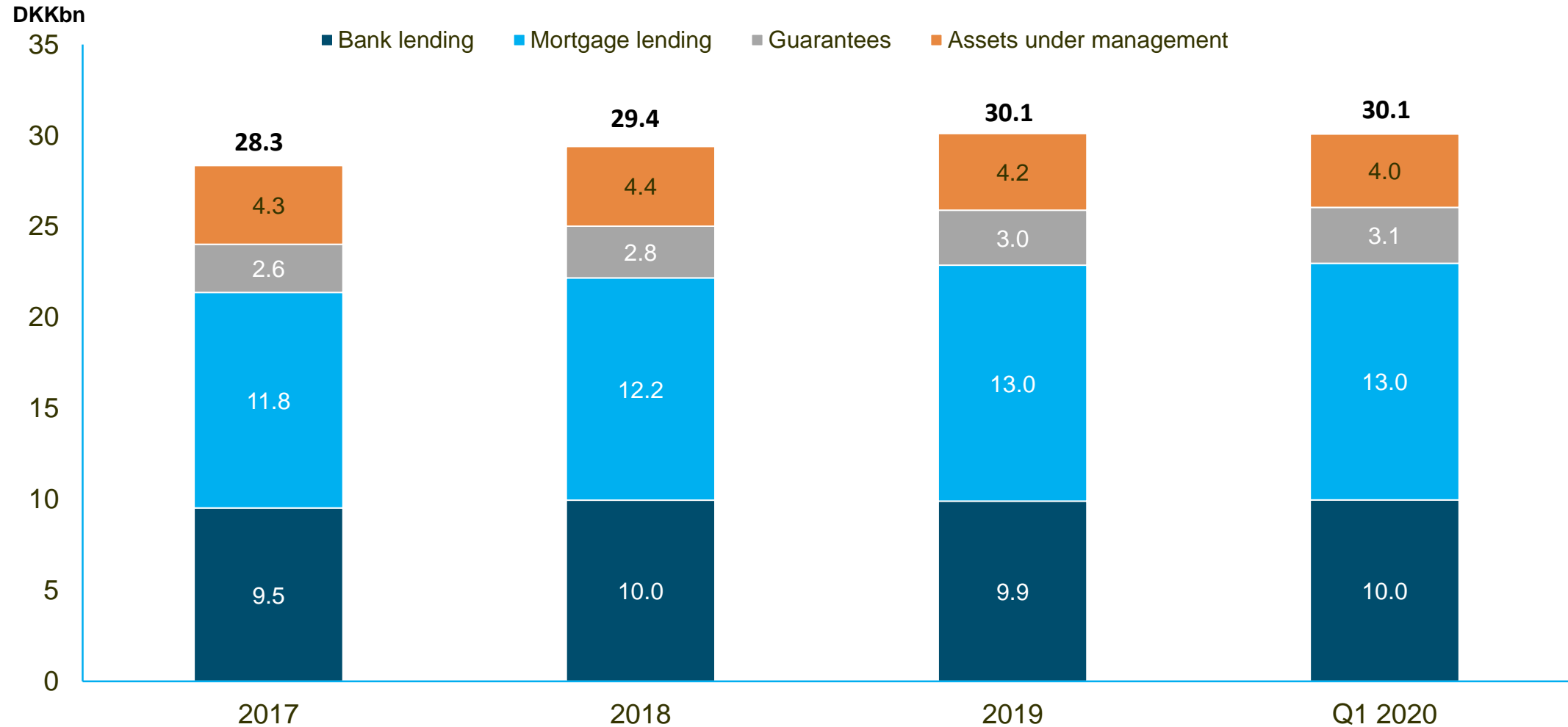


## YoY changes in fee and commission income



# Development in business volumes

Business volumes as measured by the sum of lending, guarantees and AUM

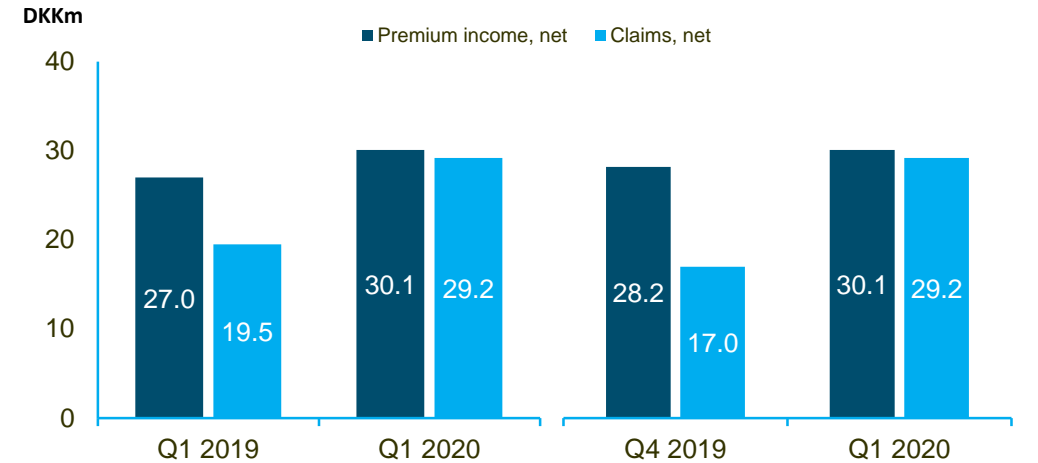


# Trygd: Q1 weather conditions causing high insurance claims

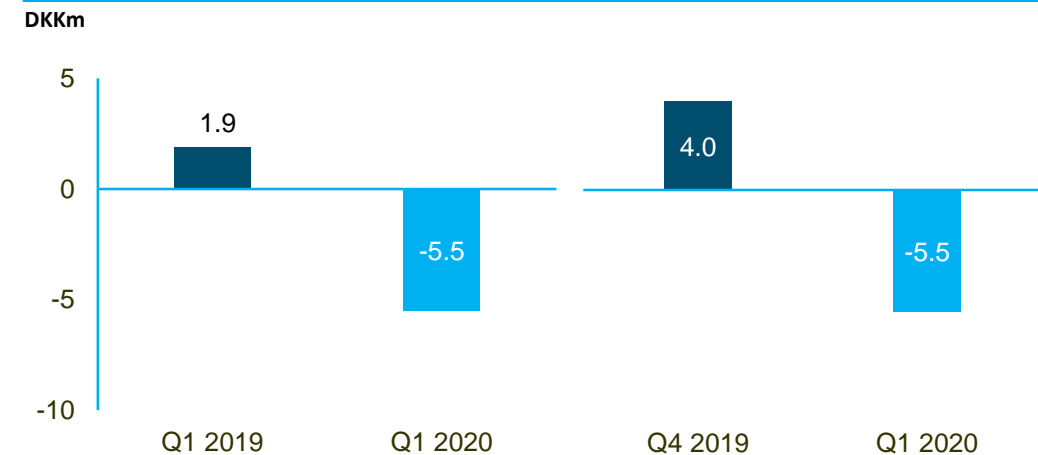
## Comments

- Combined ratio of 116% in Q1 2020 compared to 93% in Q1 2019
- Net premium income up by DKK 3m YoY and by DKK 2m QoQ
- Net claims up by DKK 10m YoY and up by DKK 12m QoQ
- Claims in Q1 driven by storm-related claims and travel cancellations due to COVID-19
- Result before tax was a loss of DKK 6m in Q1 2020 relative to a profit of DKK 2m in Q1 2019 and a profit of DKK 4m in Q4 2019
- Trygd expects further losses in 2020 depending on the duration of travel restrictions implied to prevent possible spread of COVID-19

## Premium and claims



## Profit before tax



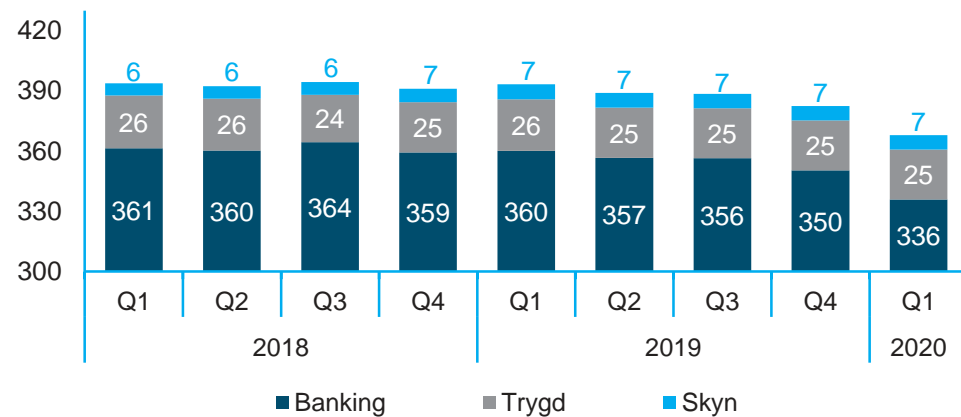


# Reduction in operating costs

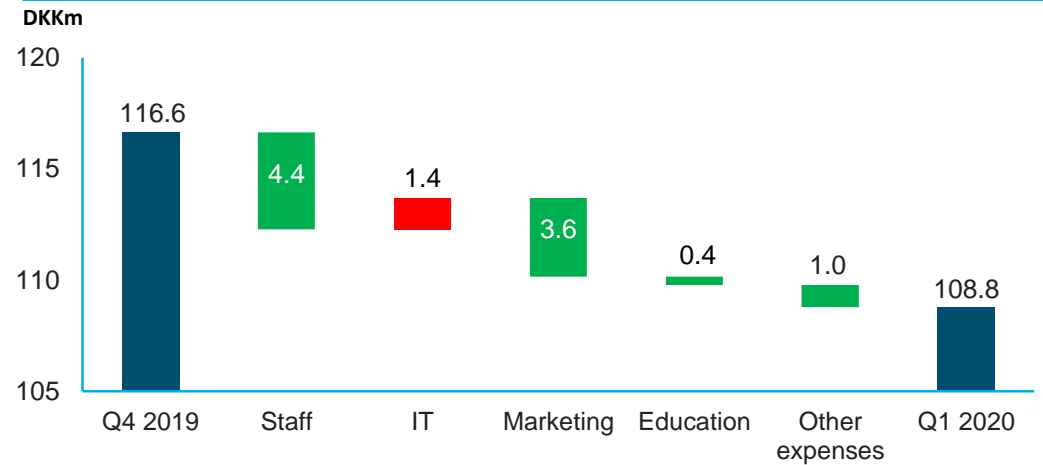
## Comments

- Operating costs down by DKK 11m YoY and down by DKK 8m QoQ
- Decrease in staff costs due to steady fall in number of average FTEs
- Decrease in marketing expenditures mainly related to low marketing activity in Q1 2020

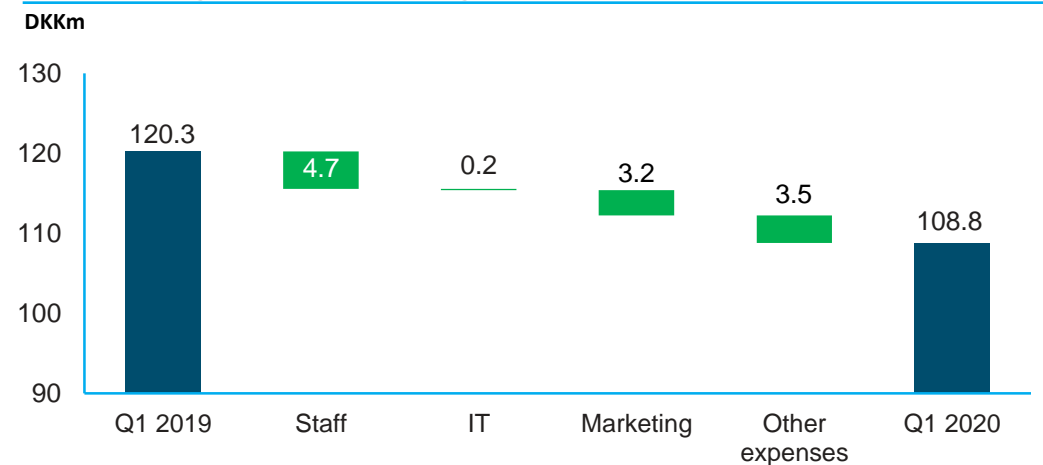
## Average number of employees (FTE)



## QoQ changes in operating costs



## YoY changes in operating costs

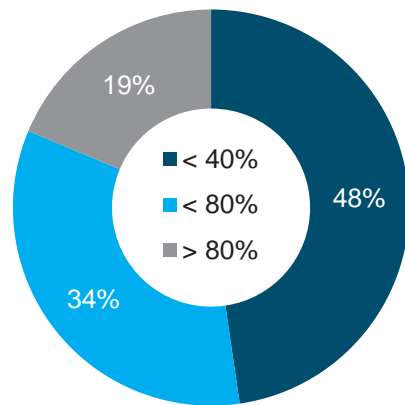


# Impairment charges up due to the COVID-19 health crisis

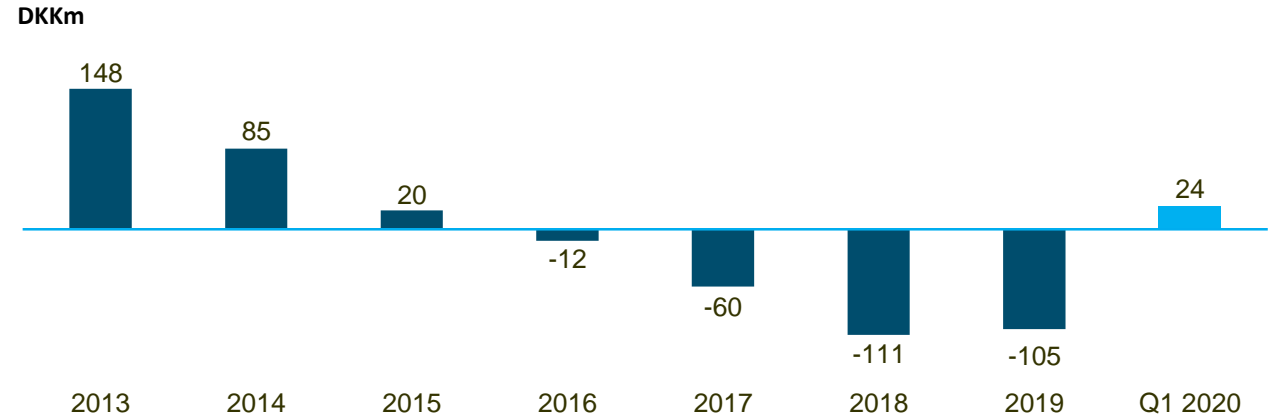
## Comments

- Net impairment charges were DKK 24m in Q1 2020
- Additional discretionary management estimated impairment charge of 25m has been made due to the COVID-19 health crisis
- Well-diversified loan portfolio with no individual sector accounting for more than 5%
- Strong LTV ratios for housing loans

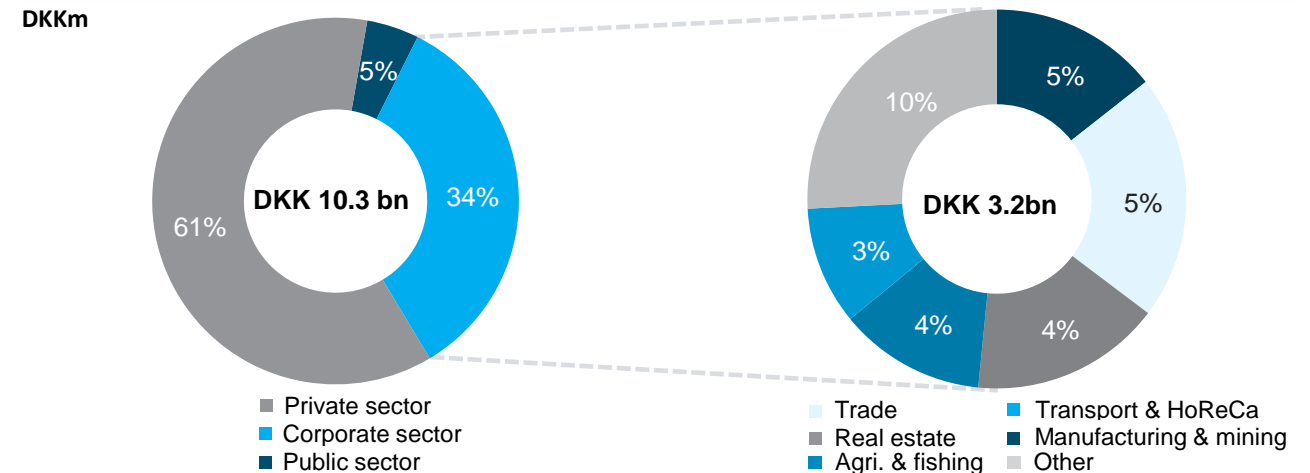
## LTV for housing loans<sup>1</sup>



## Net impairment charges



## Gross loans by sector

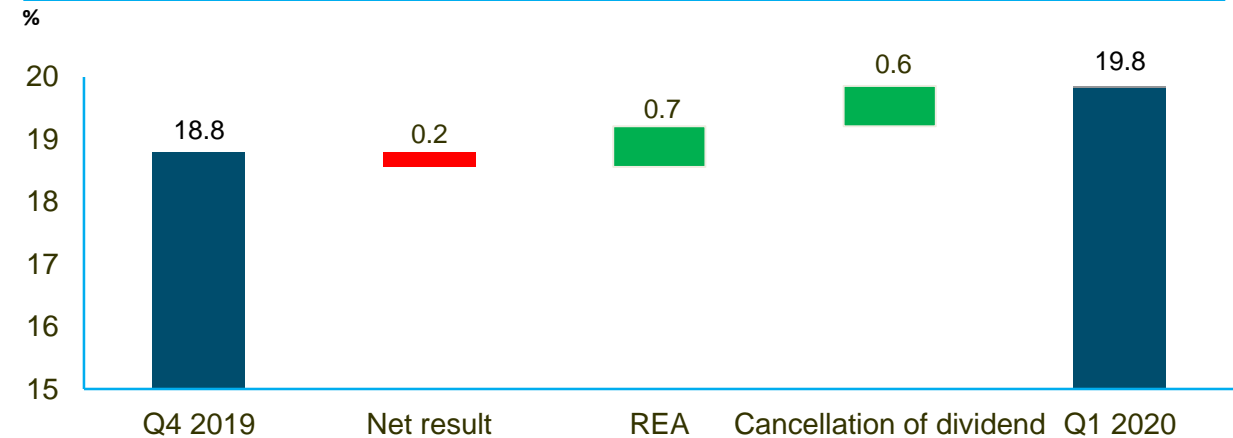


# Cancellation of dividend strengthens capital position

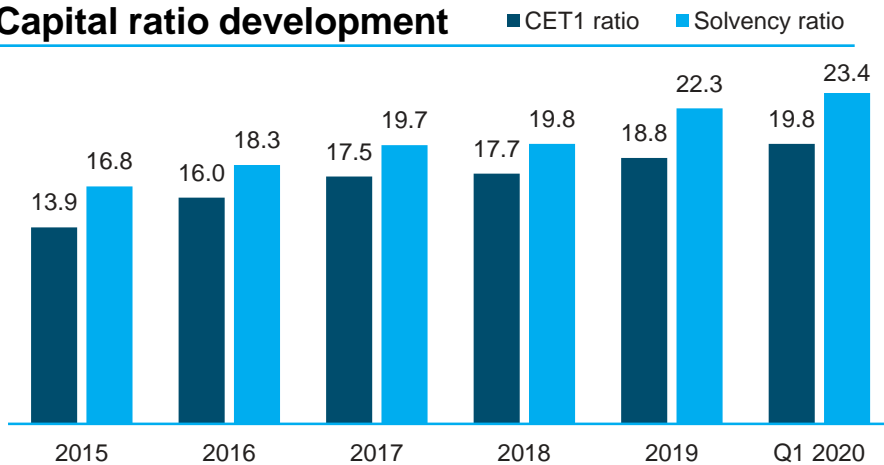
## Comments

- CET1 up by 1.0 pp and total capital ratio up by 1.1 pp QoQ
- Cancellation of proposed dividend of DKK 67m for 2019 contributes 0.6 pp to the Group's total capital ratio
- Regularly monitoring the development and consequences of the COVID-19 situation regarding the possibilities of paying dividend for the 2019 financial year.

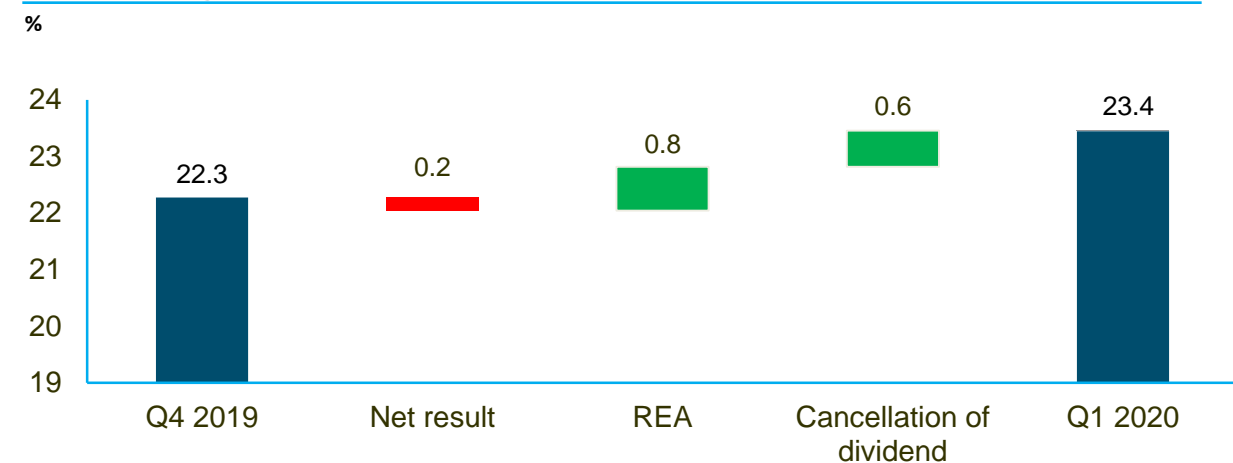
## QoQ changes in CET1 ratio



## Capital ratio development



## QoQ changes in total capital ratio



# Revised 2020 outlook

## Previous FY2020 guidance was for profit after tax of DKK 100-150m

- On March 20, management suspended this guidance due to the uncertainty surrounding the COVID-19 situation

## The original FY 2020 guidance reduced by DKK 70m due to the COVID-19 situation

- An increase in travel insurance claims until the end of august 2020 by **DKK 25m**
- An increase in impairment charges (of which DKK 25m were recognised in Q1 2020) by **DKK 40m**
- Losses from the investment portfolio expected to increase by **DKK 15m**
- The expectations set out above have a combined before tax effect of **DKK 80m** (approx. after tax effect of **DKK 70m**)

## New FY2020 guidance is for net profit after tax of DKK 30-80m

# 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**

# Group

## Income statement, Group

| DKKm   | Index      |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
|  | Q1 2020    | Q1 2019    | 20/19      | Q1 2020    | Q4 2019    | Q3 2019    | Q2 2019    | Q1 2019    |
| Net interest income                            | 88         | 84         | 104        | 88         | 87         | 83         | 83         | 84         |
| Net fee and commission income                  | 54         | 48         | 113        | 54         | 49         | 47         | 45         | 48         |
| Net insurance income                           | 4          | 9          | 42         | 4          | 14         | 15         | 15         | 9          |
| Other operating income (less reclassification) | 9          | 11         | 81         | 9          | 14         | 13         | 11         | 11         |
| <b>Operating income</b>                        | <b>154</b> | <b>151</b> | <b>102</b> | <b>154</b> | <b>164</b> | <b>158</b> | <b>155</b> | <b>151</b> |
| Operating costs <sup>1</sup>                   | -109       | -120       | 90         | -109       | -117       | -116       | -119       | -120       |
| Sector costs                                   | 0          | 0          | 186        | 0          | 0          | 0          | 0          | 0          |
| <b>Profit before impairment charges</b>        | <b>45</b>  | <b>31</b>  | <b>146</b> | <b>45</b>  | <b>47</b>  | <b>42</b>  | <b>35</b>  | <b>31</b>  |
| Impairment charges, net                        | -24        | 19         | -124       | -24        | 25         | 9          | 53         | 19         |
| <b>Operating profit</b>                        | <b>22</b>  | <b>50</b>  | <b>43</b>  | <b>22</b>  | <b>71</b>  | <b>51</b>  | <b>88</b>  | <b>50</b>  |
| Non-recurring items <sup>2</sup>               | 0          | 0          |            | 0          | -13        | 0          | 0          | 0          |
| <b>Profit before value adjustments and tax</b> | <b>22</b>  | <b>50</b>  | <b>43</b>  | <b>22</b>  | <b>58</b>  | <b>50</b>  | <b>88</b>  | <b>50</b>  |
| Investment portfolio earnings <sup>3</sup>     | -51        | 15         | -352       | -51        | 1          | 0          | -2         | 15         |
| <b>Profit before tax</b>                       | <b>-30</b> | <b>65</b>  | <b>-46</b> | <b>-30</b> | <b>59</b>  | <b>50</b>  | <b>86</b>  | <b>65</b>  |
| Operating cost/income, %                       | 70         | 79         |            | 70         | 71         | 73         | 77         | 79         |
| Number of FTE, end of period                   | 359        | 393        | 91         | 359        | 377        | 383        | 390        | 393        |

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

## Income statement, Banking

| DKKm   | <i>Index</i> |            |            | Q1 2020    | Q4 2019    | Q3 2019    | Q2 2019    | Q1 2019    |
|--|--------------|------------|------------|------------|------------|------------|------------|------------|
|  | Q1 2020      | Q1 2019    | 20/19      |            |            |            |            |            |
| Net interest income                            | 87           | 84         | 104        | 87         | 87         | 83         | 83         | 84         |
| Net fee and commission income                  | 57           | 51         | 113        | 57         | 52         | 50         | 48         | 51         |
| Other operating income                         | 9            | 10         | 89         | 9          | 13         | 11         | 10         | 10         |
| <b>Operating income</b>                        | <b>153</b>   | <b>144</b> | <b>106</b> | <b>153</b> | <b>152</b> | <b>144</b> | <b>140</b> | <b>144</b> |
| Operating cost                                 | -105         | -116       | 91         | -105       | -110       | -111       | -113       | -116       |
| Sector costs                                   | 0            | 0          | 186        | 0          | 0          | 0          | 0          | 0          |
| <b>Profit before impairment charges</b>        | <b>47</b>    | <b>28</b>  | <b>169</b> | <b>47</b>  | <b>41</b>  | <b>33</b>  | <b>27</b>  | <b>28</b>  |
| Impairment charges, net                        | -24          | 19         | -124       | -24        | 25         | 9          | 53         | 19         |
| <b>Operating profit</b>                        | <b>24</b>    | <b>47</b>  | <b>51</b>  | <b>24</b>  | <b>66</b>  | <b>42</b>  | <b>80</b>  | <b>47</b>  |
| Non-recurring items                            | 0            | 0          |            | 0          | -13        | 0          | 0          | 0          |
| <b>Profit before value adjustments and tax</b> | <b>24</b>    | <b>47</b>  | <b>51</b>  | <b>24</b>  | <b>52</b>  | <b>41</b>  | <b>80</b>  | <b>47</b>  |
| Investment portfolio earnings                  | -50          | 15         | -334       | -50        | 2          | 0          | -2         | 15         |
| <b>Profit before tax</b>                       | <b>-26</b>   | <b>62</b>  | <b>-42</b> | <b>-26</b> | <b>55</b>  | <b>42</b>  | <b>78</b>  | <b>62</b>  |
| Loans and advances                             | 9.971        | 10.006     | 100        | 9.971      | 9.909      | 9.983      | 10.053     | 10.006     |
| Deposits and other debt                        | 12.903       | 14.027     | 92         | 12.903     | 14.399     | 13.557     | 14.156     | 14.027     |
| Mortgage credit                                | 13.010       | 12.477     | 104        | 13.010     | 12.960     | 12.918     | 12.644     | 12.477     |
| Operating cost/income, %                       | 69           | 80         |            | 69         | 73         | 77         | 81         | 80         |
| Number of FTE, end of period                   | 327          | 359        | 91         | 327        | 345        | 354        | 358        | 359        |



# Personal Banking

## Income statement, Personal banking

| DKKm   | Index      |            |            | Q1 2020    | Q4 2019    | Q3 2019    | Q2 2019    | Q1 2019    |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
|  | Q1 2020    | Q1 2019    | 20/19      |            |            |            |            |            |
| Net interest income                            | 59         | 61         | 96         | 59         | 61         | 60         | 60         | 61         |
| Net fee and commission income                  | 53         | 46         | 114        | 53         | 48         | 46         | 44         | 46         |
| Other operating income                         | 10         | 8          | 123        | 10         | 8          | 8          | 8          | 8          |
| <b>Operating income</b>                        | <b>122</b> | <b>116</b> | <b>105</b> | <b>122</b> | <b>117</b> | <b>114</b> | <b>112</b> | <b>116</b> |
| Operating cost                                 | -40        | -43        | 93         | -40        | -38        | -42        | -45        | -43        |
| Sector costs                                   | 0          | 0          |            | 0          | 0          | 0          | 0          | 0          |
| <b>Profit before impairment charges</b>        | <b>81</b>  | <b>73</b>  | <b>112</b> | <b>81</b>  | <b>78</b>  | <b>71</b>  | <b>67</b>  | <b>73</b>  |
| Impairment charges, net                        | -8         | 4          | 174        | -8         | 13         | 2          | 26         | 4          |
| <b>Operating profit</b>                        | <b>74</b>  | <b>77</b>  | <b>96</b>  | <b>74</b>  | <b>91</b>  | <b>74</b>  | <b>92</b>  | <b>77</b>  |
| Non-recurring items                            | 0          | 0          |            | 0          | -9         | 0          | 0          | 0          |
| <b>Profit before value adjustments and tax</b> | <b>74</b>  | <b>77</b>  | <b>96</b>  | <b>74</b>  | <b>82</b>  | <b>74</b>  | <b>92</b>  | <b>77</b>  |
| Investment portfolio earnings                  | 0          | 0          |            | 0          | 0          | 0          | 0          | 0          |
| <b>Profit before tax</b>                       | <b>74</b>  | <b>77</b>  | <b>96</b>  | <b>74</b>  | <b>82</b>  | <b>74</b>  | <b>92</b>  | <b>77</b>  |
| Loans and advances                             | 6.152      | 6.429      | 96         | 6.152      | 6.287      | 6.402      | 6.451      | 6.429      |
| Deposits and other debt                        | 10.003     | 10.304     | 97         | 10.003     | 10.603     | 10.523     | 10.639     | 10.304     |
| Mortgage credit                                | 12.815     | 12.093     | 106        | 12.815     | 12.751     | 12.546     | 12.280     | 12.093     |
| Operating cost/income, %                       | 33         | 37         |            | 33         | 33         | 37         | 40         | 37         |
| Number of FTE, end of period                   | 187        | 200        | 94         | 187        | 202        | 213        | 212        | 200        |

# Corporate Banking

## Income statement, Corporate Banking

| DKKkm  | <i>Index</i> |           |            | Q1 2020   | Q4 2019   | Q3 2019   | Q2 2019   | Q1 2019   |
|--|--------------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
|  | Q1 2020      | Q1 2019   | 20/19      |           |           |           |           |           |
| Net interest income                            | 33           | 29        | 113        | 33        | 31        | 30        | 29        | 29        |
| Net fee and commission income                  | 4            | 4         | 105        | 4         | 4         | 4         | 4         | 4         |
| Other operating income                         | 1            | 1         | 81         | 1         | 2         | 1         | 1         | 1         |
| <b>Operating income</b>                        | <b>38</b>    | <b>35</b> | <b>111</b> | <b>38</b> | <b>37</b> | <b>35</b> | <b>34</b> | <b>35</b> |
| Operating cost                                 | -4           | -3        | 129        | -4        | -4        | -4        | -3        | -3        |
| Sector costs                                   | 0            | 0         |            | 0         | 0         | 0         | 0         | 0         |
| <b>Profit before impairment charges</b>        | <b>34</b>    | <b>31</b> | <b>109</b> | <b>34</b> | <b>33</b> | <b>31</b> | <b>31</b> | <b>31</b> |
| Impairment charges, net                        | -15          | 11        | 146        | -15       | 22        | 4         | 24        | 11        |
| <b>Operating profit</b>                        | <b>19</b>    | <b>42</b> | <b>45</b>  | <b>19</b> | <b>55</b> | <b>35</b> | <b>54</b> | <b>42</b> |
| Non-recurring items                            | 0            | 0         |            | 0         | 0         | 0         | 0         | 0         |
| <b>Profit before value adjustments and tax</b> | <b>19</b>    | <b>42</b> | <b>45</b>  | <b>19</b> | <b>55</b> | <b>35</b> | <b>54</b> | <b>42</b> |
| Investment portfolio earnings                  | 0            | 0         |            | 0         | 0         | 0         | 0         | 0         |
| <b>Profit before tax</b>                       | <b>19</b>    | <b>42</b> | <b>45</b>  | <b>19</b> | <b>55</b> | <b>35</b> | <b>54</b> | <b>42</b> |
| Loans and advances                             | 3.819        | 3.565     | 107        | 3.819     | 3.602     | 3.534     | 3.573     | 3.565     |
| Deposits and other debt                        | 2.892        | 3.715     | 78         | 2.892     | 3.770     | 3.018     | 3.498     | 3.715     |
| Mortgage credit                                | 196          | 384       | 51         | 196       | 209       | 372       | 364       | 384       |
| Operating cost/income, %                       | 11           | 10        |            | 11        | 10        | 11        | 10        | 10        |
| Number of FTE, end of period                   | 17           | 16        | 105        | 17        | 16        | 16        | 16        | 16        |

# Banking, Faroe Islands

## Income statement, Faroe Islands

| DKKkm  | <i>Index</i> |           |             |           |           |           |           |           |
|--|--------------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|
|  | Q1 2020      | Q1 2019   | 20/19       | Q1 2020   | Q4 2019   | Q3 2019   | Q2 2019   | Q1 2019   |
| Net interest income                            | 50           | 46        | 108         | 50        | 49        | 46        | 46        | 46        |
| Net fee and commission income                  | 16           | 14        | 113         | 16        | 15        | 14        | 14        | 14        |
| Other operating income                         | 4            | 5         | 84          | 4         | 7         | 6         | 4         | 5         |
| <b>Total Operating income</b>                  | <b>70</b>    | <b>65</b> | <b>108</b>  | <b>70</b> | <b>71</b> | <b>66</b> | <b>64</b> | <b>65</b> |
| Operating cost                                 | -48          | -48       | 100         | -48       | -51       | -48       | -50       | -48       |
| Sector costs                                   | 0            | 0         |             | 0         | 0         | 0         | 0         | 0         |
| <b>Profit before impairment charges</b>        | <b>21</b>    | <b>17</b> | <b>129</b>  | <b>21</b> | <b>20</b> | <b>18</b> | <b>14</b> | <b>17</b> |
| Impairment charges, net                        | -11          | 10        | - 117       | -11       | 11        | 3         | 12        | 10        |
| <b>Operating profit</b>                        | <b>10</b>    | <b>26</b> | <b>38</b>   | <b>10</b> | <b>31</b> | <b>21</b> | <b>27</b> | <b>26</b> |
| Non-recurring items                            | 0            | 0         |             | 0         | -5        | 0         | 0         | 0         |
| <b>Profit before value adjustments and tax</b> | <b>10</b>    | <b>26</b> | <b>38</b>   | <b>10</b> | <b>26</b> | <b>21</b> | <b>27</b> | <b>26</b> |
| Investment portfolio earnings                  | -17          | 11        | - 159       | -17       | -2        | -4        | -6        | 11        |
| <b>Profit before tax</b>                       | <b>-7</b>    | <b>37</b> | <b>- 19</b> | <b>-7</b> | <b>23</b> | <b>16</b> | <b>20</b> | <b>37</b> |
| Loans and advances                             | 6.428        | 6.540     | 98          | 6.428     | 6.492     | 6.508     | 6.564     | 6.540     |
| Deposits and other debt                        | 6.749        | 7.442     | 91          | 6.749     | 7.299     | 7.135     | 7.491     | 7.442     |
| Mortgage credit                                | 1.323        | 1.102     | 120         | 1.323     | 1.275     | 1.206     | 1.146     | 1.102     |
| Operating cost/income, %                       | 69           | 74        |             | 69        | 72        | 73        | 78        | 74        |
| Number of FTE, end of period                   | 175          | 190       | 92          | 175       | 185       | 188       | 189       | 190       |

# Banking, Denmark

## Income statement, Denmark

| DKK M  | Index      |           |            |            |           |           |           |           |
|--|------------|-----------|------------|------------|-----------|-----------|-----------|-----------|
|  | Q1 2020    | Q1 2019   | 20/19      | Q1 2020    | Q4 2019   | Q3 2019   | Q2 2019   | Q1 2019   |
| Net interest income                            | 25         | 29        | 87         | 25         | 28        | 28        | 28        | 29        |
| Net fee and commission income                  | 39         | 34        | 113        | 39         | 34        | 34        | 32        | 34        |
| Other operating income                         | 4          | 4         | 94         | 4          | 5         | 4         | 4         | 4         |
| <b>Total Operating income</b>                  | <b>68</b>  | <b>68</b> | <b>101</b> | <b>68</b>  | <b>66</b> | <b>66</b> | <b>65</b> | <b>68</b> |
| Operating cost                                 | -50        | -61       | 82         | -50        | -51       | -55       | -57       | -61       |
| Sector costs                                   | 0          | 0         |            | 0          | 0         | 0         | 0         | 0         |
| <b>Profit before impairment charges</b>        | <b>18</b>  | <b>7</b>  | <b>275</b> | <b>18</b>  | <b>16</b> | <b>11</b> | <b>8</b>  | <b>7</b>  |
| Impairment charges, net                        | -5         | 14        | -36        | -5         | 10        | 8         | 23        | 14        |
| <b>Operating profit</b>                        | <b>13</b>  | <b>21</b> | <b>64</b>  | <b>13</b>  | <b>25</b> | <b>19</b> | <b>31</b> | <b>21</b> |
| Non-recurring items                            | 0          | 0         |            | 0          | -8        | 0         | 0         | 0         |
| <b>Profit before value adjustments and tax</b> | <b>13</b>  | <b>21</b> | <b>64</b>  | <b>13</b>  | <b>17</b> | <b>19</b> | <b>31</b> | <b>21</b> |
| Investment portfolio earnings                  | -29        | 4         |            | -29        | 4         | 4         | 4         | 4         |
| <b>Profit before tax</b>                       | <b>-16</b> | <b>24</b> | <b>-67</b> | <b>-16</b> | <b>21</b> | <b>23</b> | <b>35</b> | <b>24</b> |
| Loans and advances                             | 2.536      | 2.846     | 89         | 2.536      | 2.622     | 2.785     | 2.845     | 2.846     |
| Deposits and other debt                        | 5.418      | 5.693     | 95         | 5.418      | 5.802     | 5.691     | 5.799     | 5.693     |
| Mortgage credit                                | 11.058     | 10.740    | 103        | 11.058     | 11.038    | 11.080    | 10.892    | 10.740    |
| Operating cost/income, %                       | 73         | 90        |            | 73         | 76        | 84        | 88        | 90        |
| Number of FTE, end of period                   | 132        | 149       | 89         | 132        | 140       | 146       | 149       | 149       |

# Banking, Greenland

## Income statement, Greenland

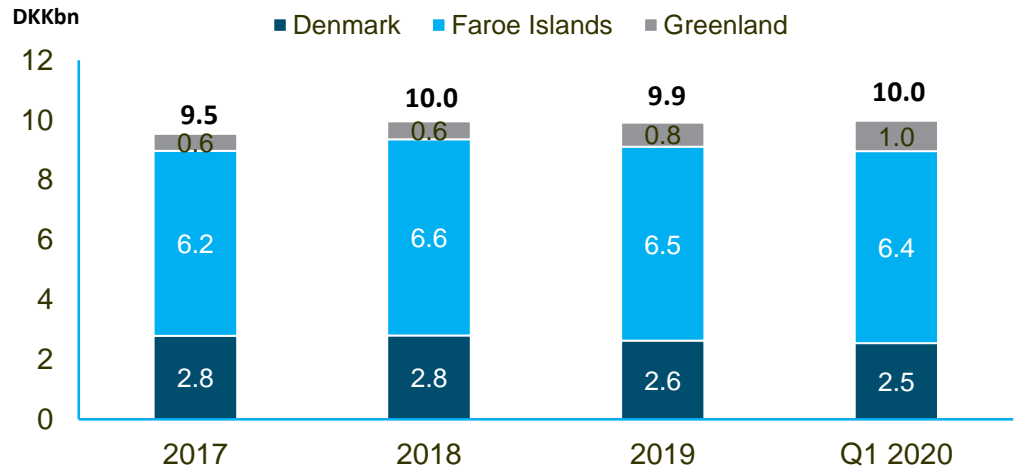
| DKKkm  | <i>Index</i> |           |              | Q1 2020   | Q4 2019   | Q3 2019   | Q2 2019   | Q1 2019   |
|--|--------------|-----------|--------------|-----------|-----------|-----------|-----------|-----------|
|  | Q1 2020      | Q1 2019   | 20/19        |           |           |           |           |           |
| Net interest income                            | 12           | 8         | 141          | 12        | 11        | 9         | 8         | 8         |
| Net fee and commission income                  | 2            | 2         | 107          | 2         | 2         | 2         | 2         | 2         |
| Other operating income                         | 1            | 1         | 93           | 1         | 1         | 1         | 1         | 1         |
| <b>Total Operating income</b>                  | <b>15</b>    | <b>11</b> | <b>130</b>   | <b>15</b> | <b>14</b> | <b>12</b> | <b>12</b> | <b>11</b> |
| Operating cost                                 | -7           | -6        | 104          | -7        | -8        | -8        | -7        | -6        |
| Sector costs                                   | 0            | 0         |              | 0         | 0         | 0         | 0         | 0         |
| <b>Profit before impairment charges</b>        | <b>8</b>     | <b>5</b>  | <b>165</b>   | <b>8</b>  | <b>6</b>  | <b>5</b>  | <b>5</b>  | <b>5</b>  |
| Impairment charges, net                        | -7           | -5        |              | -7        | 4         | -3        | 18        | -5        |
| <b>Operating profit</b>                        | <b>1</b>     | <b>0</b>  | <b>334</b>   | <b>1</b>  | <b>10</b> | <b>2</b>  | <b>22</b> | <b>0</b>  |
| Non-recurring items                            | 0            | 0         |              | 0         | 0         | 0         | 0         | 0         |
| <b>Profit before value adjustments and tax</b> | <b>1</b>     | <b>0</b>  | <b>334</b>   | <b>1</b>  | <b>10</b> | <b>2</b>  | <b>22</b> | <b>0</b>  |
| Investment portfolio earnings                  | -3           | 0         |              | -3        | 0         | 0         | 0         | 0         |
| <b>Profit before tax</b>                       | <b>-3</b>    | <b>1</b>  | <b>- 412</b> | <b>-3</b> | <b>10</b> | <b>3</b>  | <b>23</b> | <b>1</b>  |
| Loans and advances                             | 1.006        | 621       | 162          | 1.006     | 795       | 690       | 643       | 621       |
| Deposits and other debt                        | 736          | 892       | 83           | 736       | 1.299     | 730       | 865       | 892       |
| Mortgage credit                                | 629          | 635       | 99           | 629       | 646       | 632       | 606       | 635       |
| Operating cost/income, %                       | 45           | 57        |              | 45        | 58        | 61        | 58        | 57        |
| Number of FTE, end of period                   | 19           | 21        | 93           | 19        | 20        | 20        | 20        | 21        |

## Income statement, Trygd

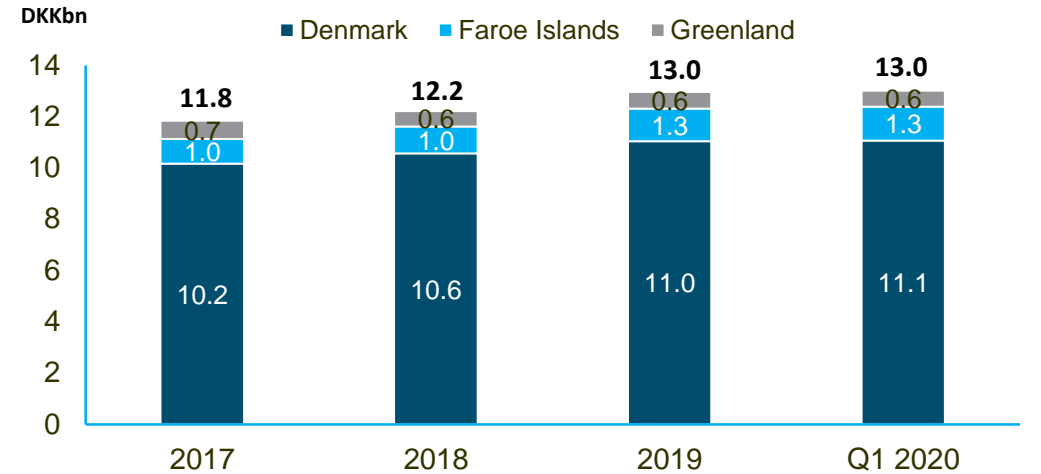
| DKKm                                  | <i>Index</i> |          |            | Q1 2020   | Q4 2019   | Q3 2019   | Q2 2019   | Q1 2019  |
|---------------------------------------|--------------|----------|------------|-----------|-----------|-----------|-----------|----------|
|                                       | Q1 2020      | Q1 2019  | 20/19      |           |           |           |           |          |
| Premium income, net of reinsurance    | 30           | 27       | 112        | 30        | 28        | 29        | 28        | 27       |
| Claims, net of reinsurance            | -29          | -19      | 150        | -29       | -17       | -17       | -15       | -19      |
| <b>Net insurance income</b>           | <b>1</b>     | <b>8</b> | <b>13</b>  | <b>1</b>  | <b>11</b> | <b>12</b> | <b>13</b> | <b>8</b> |
| Net income from investment activities | -1           | 0        |            | -1        | 0         | 0         | 0         | 0        |
| <b>Operating income</b>               | <b>0</b>     | <b>8</b> | <b>5</b>   | <b>0</b>  | <b>11</b> | <b>11</b> | <b>13</b> | <b>8</b> |
| Operating cost                        | -6           | -6       | 103        | -6        | -7        | -6        | -7        | -6       |
| <b>Profit before tax</b>              | <b>-6</b>    | <b>2</b> | <b>294</b> | <b>-6</b> | <b>4</b>  | <b>6</b>  | <b>6</b>  | <b>2</b> |
| Combined ratio                        | 116          | 93       |            | 116       | 85        | 80        | 78        | 93       |
| Claims ratio                          | 97           | 72       |            | 97        | 60        | 60        | 54        | 72       |
| Number of FTE, end of period          | 25           | 26       | 96         | 25        | 25        | 22        | 24        | 26       |

# Development in business volumes

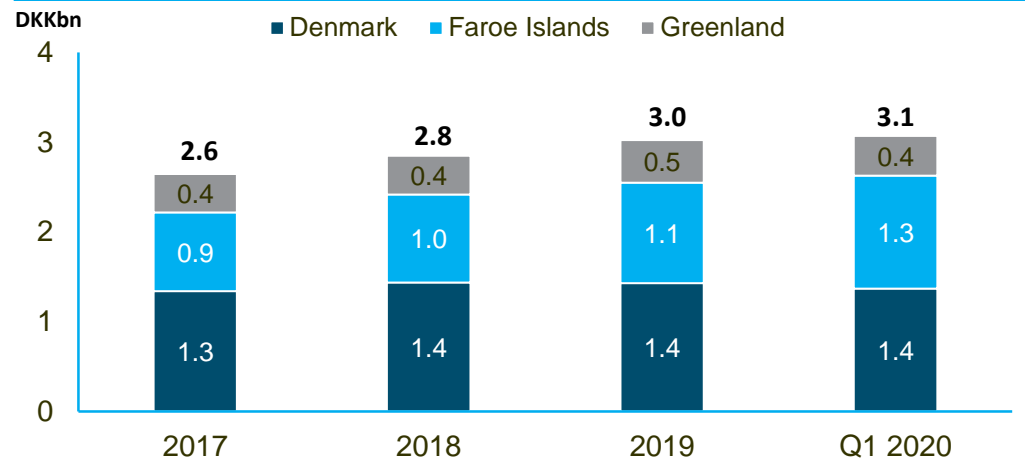
## Bank lending



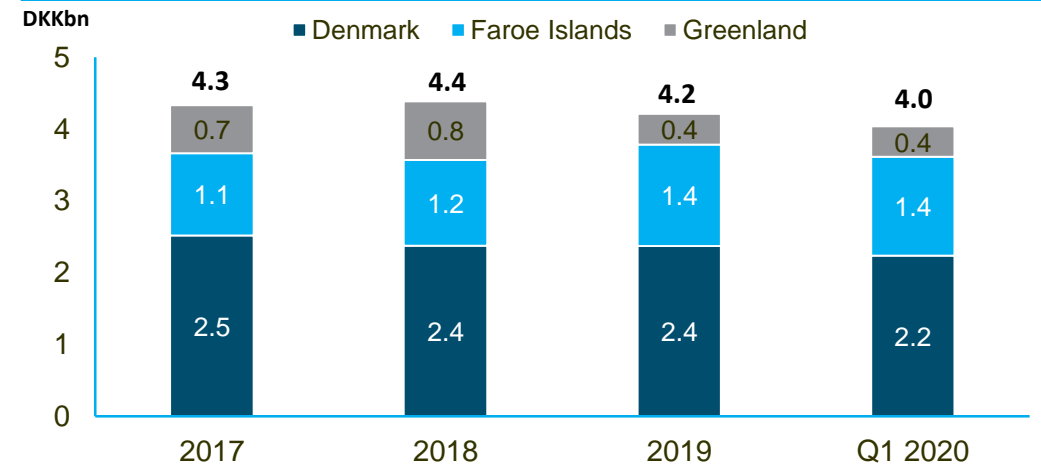
## Mortgages



## Guarantees



## Assets under management



# Credit quality of the loan portfolio

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

|   | Q4 2019       |              |               | Q1 2020      |              |               | Change     |
|---|---------------|--------------|---------------|--------------|--------------|---------------|------------|
|   | <7.5 DKKm     | >7.5 DKKm    | Total         | <7.5 DKKm    | >7.5 DKKm    | Total         |            |
| Portfolio without weakness                | 3,163         | 3,503        | 6,665         | 3,110        | 3,330        | 6,440         | -226       |
| Portfolio with some weakness              | 6,148         | 1,469        | 7,617         | 6,097        | 2,059        | 8,156         | 539        |
| Portfolio with weakness                   | 214           | 149          | 362           | 213          | 126          | 339           | -23        |
| - here of unsecured                       | 46            | 45           | 91            | 55           | 49           | 104           | 13         |
| - impairments                             | 71            | 38           | 109           | 87           | 42           | 129           | 20         |
| Portfolio with OIE                        | 514           | 205          | 719           | 505          | 193          | 698           | -21        |
| - here of unsecured                       | 265           | 132          | 397           | 245          | 125          | 370           | -27        |
| - impairments                             | 259           | 116          | 375           | 257          | 113          | 370           | -5         |
| Portfolio without individ. classification | 107           | 101          | 208           | 66           | 8            | 74            | -134       |
| <b>Total</b>                              | <b>10,146</b> | <b>5,426</b> | <b>15,572</b> | <b>9,990</b> | <b>5,716</b> | <b>15,706</b> | <b>135</b> |