

Interim Balance Sheet

30 June 2021

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Balance Sheet

		BankNordik
		June 30
Note	DKK 1,000	2021
	Assets	
	Cash in hand and demand deposits with central banks	1,064,999
3	Amounts due from credit institutions and central banks	455,489
2	Loans and advances at fair value	458,558
2	Loans and advances at amortised cost	7,142,797
	Bonds at fair value	2,164,355
	Shares, etc.	262,801
	Assets under insurance contracts	0
	Holdings in associates	7,822
	Holdings in subsidiaries	102,535
	Intangible assets	2,491
	Total land and buildings	141,835
	Domicile property	72,390
	Domicile property (lease asset)	69,445
	Other property, plant and equipment	7,325
	Current tax assets	14,518
	Deferred tax assets	0
	Assets held for sale	3,564
	Other assets	23,972
	Prepayments	37,131
	Assets in disposal groups classified as held for sale	0
	Total assets	11,890,191

Balance Sheet

		BankNordik
		June 30
Note	DKK 1,000	2021
Shareholders' equity and liabilities		
Liabilities other than provisions		
	Amounts due to credit institutions and central banks	1,037,969
	Deposits and other debt	7,661,793
	Issued bonds at amortised cost	148,875
	Liabilities under insurance contracts	0
	Current tax liabilities	65,511
	Other liabilities	327,913
	Deferred income	4,273
	Liabilities directly associated with assets in Disposal groups classified as assets held for sale	0
	Total liabilities other than provisions	9,246,334
Provisions for liabilities		
	Provisions for deferred tax	2,213
2	Provisions for losses on guarantees etc	15,753
	Provisions for other liabilities	3,422
	Total provisions for liabilities	21,388
Subordinated debt		
	Subordinated debt	99,300
	Total liabilities	9,367,023
Equity		
	Share capital	192,000
	Revaluation reserve	6,123
	Retained earnings	2,170,657
	Proposed dividends	0
	Shareholders of the Parent Company	2,368,780
	Additional tier 1 capital holders	154,388
	Total equity	2,523,168
	Total liabilities and equity	11,890,191

Statement of capital - BankNordik P/F

Changes in equity:

DKK 1,000	Shareholders equity						Additional	
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	tier 1 capital	Total	
Shareholders' equity at January 1, 2021	192,000	9,243	48,000	2,021,781	2,271,024	150,909	2,421,933	
Revaluation of assets		-4,000		0	-4,000		-4,000	
Tax on entries on income recognised as Other comprehensive income.		880			880		880	
Net profit			0	149,682	149,682	3,479	153,161	
Total comprehensive income		-3,120	0	149,682	146,562	3,479	150,041	
Acquisition of own shares				-952	-952		-952	
Dividends paid			-48,000	146	-47,854		-47,854	
Shareholders' equity at June 30, 2021	192,000	6,123	0	2,170,657	2,368,780	154,388	2,523,168	

Note 1 Significant accounting policies

The financial statements of the Parent Company, P/F BankNordik, have been prepared in accordance with the Faroese Financial Business Act and with the executive order on financial reports of credit institutions etc. of the Danish FSA as applied in the Faroe Islands.

The Parent Company's significant accounting policies are consistent with those applied in the Annual Report 2020. The Annual Report 2020 provides a full description of the Parent Company's significant accounting policies.

Accounting estimates

The measurement of certain assets and liabilities requires management to estimate how future events will impact on the value of such assets and liabilities. Estimates of significance to the financial reporting are made in connection with determining the impairment of loans and advances, the fair value of unlisted financial instruments, provisions, business acquisitions etc. Estimates are based on assumptions that management considers appropriate but which are inherently uncertain.

The most significant estimates that management makes in applying the Parent Company's accounting policies and the most important uncertainty affecting estimates made when preparing the condensed interim balance sheet are unchanged from the estimates made in connection with the preparation of the Annual Report 2020 and the uncertainties prevailing at that time.

Determination of fair value

The fair value of financial assets is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, fair value is based on the most recently observed market price at the balance sheet date.

If a financial instrument is quoted in a market that is not active, the Parent Company bases its measurement on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations.

If no active market for standard and simple financial instruments, such as interest rate and currency swaps and unlisted bonds, exists, generally accepted valuation techniques rely on market-based parameters for measuring fair value. The results of calculations made on the basis of valuation techniques are often estimates because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity risk and counterparty risk, are sometimes used for measuring fair value.

Note	DKK 1.000	BankNordik 30 June 2021
2	Impairment charges on loans and advances and provisions for guarantees etc.	
	Impairment charges and provisions at 31 December	327,822
	New and increased impairment charges and provisions	72,926
	Reversals of impairment charges and provisions	92,552
	Written-off, previously impaired	12,809
	<i>Interest income on impaired loans</i>	<i>2,108</i>
	Total impairment charges and provisions at 30 June	295,386
3	Due from credit institutions etc. specified by maturity	
	On demand	256,746
	3 months and below	0
	3 months to 1 year	198,743
	Total due from credit institutions etc.	455,489
4	Contingent liabilities	
	Guarantees	
	Financial guarantees	264,399
	Mortgage finance guarantees	732,186
	Registration and remortgaging guarantees	141,367
	Other guarantees	654,387
	Total guarantees	1,792,339
5	Assets deposited as collateral	
	At June 30 2021 the Group had deposited cash amounting to DKK 28m (H1 2020: 37m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing. Deposits of bonds to others in total have a market value of DKK 63m (H1 2020: 60m).	

Statement by the Executive Board and the Board of Directors

We have today considered and approved P/F BankNordik's Interim Balance Sheet for the Parent Company as at 30 June 2021.

The Interim Balance Sheet as at 30 June 2021 have been prepared in accordance with the Faroese Financial Business Act and the accounting policies presented in note 1.

We consider the accounting policies applied to be appropriate, such that the Interim Balance Sheet gives a true and fair view of the Parent Company's assets, shareholders' equity and liabilities and financial position at 30 June 2021.

Tórshavn, 4 August 2021

Executive Board

Árni Ellefsen
CEO

Board of Directors

Sverre Bjerkeli
Chairman

Jóhanna Lava Køtlum
Vice chairman

Ben Arabo

Jógvan Jespersen

Michael Ahm

Kenneth M. Samuelsen

Rúna Hentze

Alexandur Johansen

The Independent Auditor's Review Report

To the Board of Directors

We have reviewed the Interim Balance Sheet of P/F BankNordik at 30 June 2021, which comprises the Parent Company's balance sheet and notes, including a summary of significant accounting policies.

Management's Responsibility for the Interim Balance Sheet

Management is responsible for the preparation of the Interim Balance Sheet in accordance with the accounting policies described in the section Accounting policies and for such internal control as Management determines is necessary to enable the preparation of an interim balance sheet that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Interim Balance Sheet. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and the additional requirements applicable in Denmark. This requires us to conclude whether anything has come to our attention that causes us to believe that the Interim Balance Sheet, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with ethical requirements.

A review of an interim balance sheet in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly we do not express an audit opinion on the Interim Balance Sheet.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Balance Sheet is not prepared in all material respects in accordance with the accounting policies described in the section Accounting policies.

Other Matter

Without modifying our conclusion, we direct attention to the fact that the Interim Balance Sheet is prepared to provide the Board og Directors with an overview of the Bank's financial position, including the existence of distributable reserves, which may, combined with other information, provide the Bank's the Board og Directors with a basis for its consideration of and potential decision on the realisation of a distribution of extraordinary dividend. The Interim Balance Sheet may therefore be unsuitable for any other purpose.

Our Report has been prepared solely to form the basis, combined with other information, for the Board og Directors's consideration of and decision on a potential distribution of extraordinary dividend and should not be distributed to or used by any other parties.

Hellerup, 4 August 2021 PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab CVR-no. 33 77 12 31	Tórshavn, 4 August 2021 JANUAR P/F Løggilt grannskodanarvirki Company reg. no. 5821
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Christian Fredensborg Jakobsen
State Authorised Public Accountant

Fróði Sivertsen
State Authorised Public Accountant