

**BANKNORDIK**

# **Interim Report**

## **H1 2021**

**4 August 2021**

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## MANAGEMENT'S REPORT

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## FINANCIAL STATEMENTS

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## Financial highlights and ratios - BankNordik Group

| Highlights   | H1        |                |                | Q2    | Q1             | Q4              | Q3             | Q2              |                |
|--|-----------|----------------|----------------|-------|----------------|-----------------|----------------|-----------------|----------------|
|  | DKK 1,000 | 2021           | 2020           |       |                |                 |                |                 | Index 21/20    |
| Net interest income  |           | 133,779        | 139,935        | 96    | 67,103         | 66,677          | 68,893         | 69,392          | 70,614         |
| Dividends from shares and other investments  |           | 3,423          | 3,272          | 105   | 2,918          | 505             | 0              | 0               | 2,479          |
| Net fee and commission income  |           | 37,888         | 29,094         | 130   | 19,368         | 18,520          | 15,979         | 14,819          | 13,423         |
| Net interest and fee income  |           | 175,090        | 172,301        | 102   | 89,388         | 85,702          | 84,872         | 84,211          | 86,516         |
| Net insurance income   |           | 21,142         | 15,244         | 139   | 13,940         | 7,202           | 11,583         | 18,325          | 11,693         |
| Interest and fee income and income from insurance activities, net                          |           | 196,232        | 187,545        | 105   | 103,329        | 92,904          | 96,455         | 102,536         | 98,209         |
| Market value adjustments   |           | -3,183         | -64,668        | 5     | -4,554         | 1,371           | 2,389          | 45,312          | -46,905        |
| Other operating income   |           | 4,888          | 2,528          | 193   | -251,564       | 256,452         | 3,103          | 1,456           | 2,145          |
| Staff costs and administrative expenses  |           | 131,654        | 121,558        | 108   | -113,253       | 244,907         | 64,063         | 58,715          | 60,709         |
| Impairment charges on loans and advances etc.  |           | -23,425        | 2,297          |       | -18,908        | -4,518          | -9,557         | 2,298           | -15,660        |
| Net profit continuing operations   |           | 71,285         | -1,530         |       | -15,392        | 86,677          | 36,448         | 68,233          | 6,714          |
| Net profit discontinued operations   |           | 81,876         | 59,576         | 137   | 74,631         | 7,245           | 6,839          | -3,379          | 75,604         |
| Net profit   |           | 153,161        | 58,046         | 264   | 59,238         | 93,922          | 43,287         | 64,853          | 82,318         |
| Loans and advances   |           | 7,601,355      | 7,479,595      | 102   | 7,601,355      | 7,449,620       | 7,607,901      | 7,470,650       | 7,479,595      |
| Bonds at fair value  |           | 2,357,080      | 4,461,308      | 53    | 2,357,080      | 2,835,773       | 4,472,621      | 4,080,854       | 4,461,308      |
| Intangible assets  |           | 2,491          | 11,326         | 22    | 2,491          | 2,491           | 2,432          | 12,096          | 11,326         |
| Assets held for sale   |           | 3,564          | 2,404,507      | 0     | 3,564          | 3,564           | 4,466          | 2,363           | 2,405          |
| Assets in disposals groups classified as held for sale                                     |           | 0              | 0              |       | 0              | 0               | 3,217,940      | 0               | 0              |
| Total assets   |           | 12,000,521     | 16,868,303     | 71    | 12,000,521     | 11,971,157      | 17,290,303     | 16,746,992      | 16,868,303     |
| Amounts due to credit institutions and central banks                                       |           | 1,037,969      | 51,963         | 1,998 | 1,037,969      | 1,263,398       | 27,954         | 47,148          | 51,963         |
| Deposits and other debt  |           | 7,642,397      | 7,578,031      | 101   | 7,642,397      | 7,512,542       | 7,733,408      | 7,476,585       | 7,578,031      |
| Liabilities directly associated with assets in disposal groups classified as held for sale |           | 0              | 0              |       | 0              | 0               | 6,520,004      | 0               | 0              |
| Total shareholders' equity   |           | 2,368,780      | 2,167,057      | 109   | 2,368,780      | 2,312,540       | 2,271,024      | 2,229,699       | 2,167,057      |
|  |           | <b>June 30</b> | <b>June 30</b> |       | <b>June 30</b> | <b>March 31</b> | <b>Dec. 31</b> | <b>Sept. 30</b> | <b>June 30</b> |
|  |           | <b>2021</b>    | <b>2020</b>    |       | <b>2021</b>    | <b>2021</b>     | <b>2020</b>    | <b>2020</b>     | <b>2020</b>    |
| <b>Ratios and key figures</b>  |           |                |                |       |                |                 |                |                 |                |
| <b>Solvency</b>  |           |                |                |       |                |                 |                |                 |                |
| Total capital ratio, incl. MREL capital, %   |           | 31.3           | 24.0           |       | 31.3           | 36.2            | 26.4           | 24.9            | 24.0           |
| Total capital ratio, %   |           | 29.2           | 24.0           |       | 29.2           | 36.2            | 26.4           | 24.9            | 24.0           |
| Core capital ratio, %  |           | 27.8           | 21.8           |       | 27.8           | 33.1            | 24.1           | 22.6            | 21.8           |
| CET 1 capital  |           | 25.7           | 20.3           |       | 25.7           | 31.0            | 22.6           | 21.1            | 20.3           |
| Risk-weighted Items, DKK mill  |           | 7,134          | 10,286         |       | 7,134          | 7,147           | 9,774          | 9,883           | 10,286         |
| <b>Profitability</b>   |           |                |                |       |                |                 |                |                 |                |
| Return on shareholders' equity after tax, %  |           | 6.6            | 2.7            |       | 2.5            | 4.1             | 1.9            | 3.0             | 3.9            |
| Cost / income, %   |           | 56.3           | 102.2          |       | 85.9           | 69.1            | 55.3           | 42.0            | 88.3           |
| Cost / income, % (excl. value adjustm. and impairments)                                    |           | 67.0           | 66.3           |       | 75.7           | 70.6            | 66.2           | 58.1            | 62.7           |
| Return on assets   |           | 1.3            | 0.3            |       | 0.5            | 0.8             | 0.3            | 0.4             | 0.5            |
| <b>Market risk</b>   |           |                |                |       |                |                 |                |                 |                |
| Interest rate risk, %  |           | 0.2            | 1.6            |       | 0.2            | 0.4             | 0.5            | 0.4             | 1.6            |
| Foreign exchange position, %   |           | 0.7            | 1.5            |       | 0.7            | 0.7             | 1.0            | 1.1             | 1.5            |
| Foreign exchange risk, %   |           | 0.0            | 0.0            |       | 0.0            | 0.0             | 0.0            | 0.0             | 0.0            |
| <b>Liquidity</b>   |           |                |                |       |                |                 |                |                 |                |
| Liquidity Coverage Ratio (LCR), %  |           | 202.5          | 232.6          |       | 202.5          | 211.7           | 231.1          | 227.3           | 232.6          |
| <b>Credit risk</b>   |           |                |                |       |                |                 |                |                 |                |
| Change in loans and advances, %  |           | -0.1           | -24.5          |       | 2.0            | -2.1            | 1.8            | -0.1            | 0.3            |
| Gearing of loans and advances  |           | 3.2            | 3.5            |       | 3.2            | 3.2             | 3.3            | 3.4             | 3.5            |
| Impairment and provisioning ratio, end of period, %  |           | 3.0            | 4.0            |       | 3.0            | 3.6             | 5.1            | 3.8             | 4.0            |
| Write-off and provisioning ratio, %  |           | -0.2           | 0.0            |       | -0.2           | 0.0             | -0.1           | 0.0             | -0.2           |
| Share of amounts due on which interest rates have been reduced, end of period, %           |           | 0.4            | 0.7            |       | 0.4            | 0.7             | 0.7            | 0.7             | 0.7            |
| <b>Shares</b>  |           |                |                |       |                |                 |                |                 |                |
| Earnings per share after tax (nom. DKK 20), DKK  |           | 16.0           | 6.1            |       | 6.2            | 9.8             | 4.5            | 6.8             | 8.6            |
| Market price per share (nom. DKK 20), DKK  |           | 168.5          | 101.0          |       | 168.5          | 156.0           | 152.0          | 110.0           | 101.0          |
| Book value per share (nom. DKK 20), DKK  |           | 247.5          | 227.3          |       | 247.5          | 241.6           | 237.3          | 233.5           | 227.3          |
| <b>Other</b>   |           |                |                |       |                |                 |                |                 |                |
| Number of full-time employees, end of period   |           | 195            | 363            |       | 195            | 218             | 352            | 361             | 363            |

# Financial review

“We’re delivering a positive performance for the first half-year, driven mainly by improved core earnings and good developments in the insurance business. Our customers have generally emerged from the coronavirus crisis in good shape, although a few industries remain challenged. I’m very pleased to announce that the IT migration of the customer base sold to Spar Nord was executed according to plan in June. As previously announced, we still expect to distribute DKK 700m in extraordinary dividends in relation to the divestment of the Danish business, including DKK 450m this year,” said BankNordik CEO Árni Ellefsen.

“In order to ensure that we will remain an efficient organisation and can keep costs at a reasonable level, we have reorganised our Group and implemented certain initiatives to enhance our earnings. We expect these steps will lift our consolidated profit by DKK 20–25m annually over the coming years. This will provide a good start for our strategic deliberations on how to enhance profitability in all business areas for the longer term,” said Mr Ellefsen.

## Income statement

### Income statement, Group

| DKKm   | H1 2021    | H1 2020    | Index<br>21/20 | Q2 2021    | Q1 2021    | Q4 2020    | Q3 2020    | Q2 2020    |
|--|------------|------------|----------------|------------|------------|------------|------------|------------|
| Net interest income  | 129        | 128        | 101            | 66         | 64         | 65         | 65         | 65         |
| Net fee and commission income                              | 38         | 29         | 130            | 20         | 17         | 16         | 15         | 13         |
| Net insurance income                                       | 21         | 15         | 139            | 14         | 7          | 12         | 18         | 12         |
| Other operating income (less reclassification)             | 18         | 11         | 169            | 9          | 9          | 8          | 6          | 5          |
| <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>  |
| Operating costs <sup>1</sup>                               | -120       | -118       | 101            | -61        | -59        | -62        | -57        | -59        |
| Sector costs   | -1         | 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>  |
| Impairment charges, net                                    | 23         | -2         |                | 27         | -3         | 10         | -2         | 16         |
| <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>  |
| Non-recurring items <sup>2</sup>                           | 81         | 0          |                | 4          | 77         | 0          | 0          | 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>  |
| Investment portfolio earnings <sup>3</sup>                 | -7         | -7         |                | -4         | -3         | 1          | 3          | 15         |
| <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>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>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>Tax</b>   | <b>39</b>  | <b>16</b>  | <b>250</b>     | <b>15</b>  | <b>24</b>  | <b>7</b>   | <b>17</b>  | <b>21</b>  |
| <b>Net profit</b>  | <b>153</b> | <b>58</b>  | <b>263</b>     | <b>59</b>  | <b>94</b>  | <b>43</b>  | <b>65</b>  | <b>82</b>  |
| Operating cost/income, %                                   | 58         | 65         |                | 56         | 60         | 62         | 55         | 62         |
| Number of FTE, end of period                               | 195        | 228        | 86             | 195        | 218        | 228        | 232        | 228        |

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).

The following comments relate to the adjusted figures and are generally stated relative to Q1 2021. Due to seasonal variations, comments on the insurance segment are made relative to Q2 2020. The comments on H1 2021 are stated relative to H1 2020.

**Operating income**

The BankNordik Group generated operating income of DKK 109m in Q2 2021, an increase of DKK 12m compared to Q1 2021.

**Net interest income**

Net interest income was DKK 66m in Q2 2021, DKK 2m more than in Q1 2021.

**Net fee and commission income**

Net fee and commission income amounted to DKK 20m in Q2 2021, an increase of DKK 3m compared to Q1 2021.

**Net insurance income**

Net insurance income was DKK 14m in Q2 2021, DKK 2m more than in Q2 2020.

**Operating and sector costs**

Operating costs amounted to DKK 61m in Q2 2021, increasing DKK 3m relative to Q1 2021.

**Profit before impairment charges**

Profit before impairment charges was DKK 47m in Q2 2021, DKK 9m higher than in Q1 2021.

**Impairment charges**

Net impairments were a reversal of DKK 27m in Q2 2021 compared to charges of DKK 3m in Q1 2021.

**Operating profit**

As a result, operating profit came in at DKK 74m in Q2 2021 compared to DKK 35m in Q1 2021.

**Non-recurring items**

Non-recurring items represented an income of DKK 4m in Q2 2021, whereas the figure for Q1 2021 was DKK 77m due to the finalisation of the sale of BankNordik's Danish business.

**Profit before tax**

Profit before tax in Q2 was DKK 74m, DKK 44m less than in the first quarter of the year, which was obviously strongly impacted by the sale of the Bank's Danish business being finalised.

Profit before tax for the first half of the year totalled DKK 192m, including DKK 9m from discontinued operations. This was significantly higher than the figure for H1 2020 of DKK 74m, which included DKK 18m from discontinued operations. Most of the increase in profit before tax can be ascribed to non-recurring income, although operating profit was DKK 47m higher in H1 2021 than in H1 2020.

**Balance sheet**

BankNordik's total assets at 30 June 2021 amounted to DKK 12.0bn, up by DKK 29m compared to Q1 2021.

Loans and advances were DKK 7.6bn, i.e. up by DKK 152m compared to Q1 2021. Deposits were DKK 7.6bn, up by DKK 130m compared to Q1 2021.

Liquidity invested in bonds, primarily in Danish mortgage bonds and Danish government bonds, amounted to DKK 2.4bn, a decrease of DKK 479m compared to Q1 2020. Liquidity invested in equities amounted to DKK 263m, a decrease of DKK 10m relative to Q1 2021. The Group's liquidity indicator was 205.3% at 30 June 2021, well above the requirement of 100%. The Group's LCR at 30 June 2021 was 202.5%, also well above the requirement of 100%. Shareholders' equity at 30 June 2021 amounted to DKK 2,369m, up by DKK 56m compared to Q1 2021.

## Capital ratios

At 30 June 2021, the Group's CET1 capital ratio was 25.7%, the core capital ratio was 27.8% and the total capital ratio was 29.7%. The total capital ratio, incl. MREL capital, was 31.3%. The net profit for H1 2021 of DKK 71m after deduction of dividends as per the Bank's dividend policy for 2021 amounting to DKK 82m, is included in the solvency statement.

Three factors affected the Bank's capital ratio during the second quarter of Q2. Firstly, effective on 18 June, the Bank issued DKK 150m of senior non-preferred debt, an instrument designed to meet the Bank's MREL requirement. Secondly, effective 24 June, the Bank's optimised its subordinated Tier 2 capital by redeeming DKK 225m of existing subordinated Tier 2 capital and issuing new subordinated Tier 2 capital of DKK 100m. Lastly, the planned dividend and/or share buy-back for an amount of DKK 450m, which was approved by the Danish FSA on 21 July 2021, has been deducted from the Bank's Q2 2021 capital. As a result, the Bank's CET1 capital ratio fell by 5.3 percentage points relative to 31 March 2021 while remaining 3 percentage points above its 31 December 2020 level, comfortably exceeding the Bank's capital requirement.

## Compliance with the Danish FSA Supervisory Diamond

### The Supervisory Diamond

|                        | <u>H1 2021</u> | <u>H1 2020</u> | <u>FSA limit</u> |
|------------------------|----------------|----------------|------------------|
| Sum of large exposures | 147.4%         | 120.1%         | < 175%           |
| Liquidity indicator    | 205.3%         | 237.7%         | >100 %           |
| Loan growth            | 1.7%           | -1.7%          | < 20 %           |
| Funding ratio          | 0.77           | 0.63           | < 1.0            |
| Property exposure      | 10.5%          | 8.5%           | < 25 %           |

At 30 June 2021, the Group was in compliance with all Supervisory Diamond requirements set by the Danish FSA.

## Events after the balance sheet date

No events have occurred since 30 June 2021 that are deemed to have a significant impact on the Group's financial position.

## Guidance for 2021

At the start of the year, management's full-year guidance for 2021 was for net profit in the range of DKK 150-

200m. The guidance was raised on 19 July such that management now expects full-year net profit for 2021 of between DKK 190m and 220m.

This outlook is subject to uncertainty, including impairments on loans and advances, market value adjustments, and macroeconomic developments, including developments in the COVID-19 situation affecting the markets in which the Group operates.

## Adjusted results

| Note   | Income statement H1 2021, Group, DKK 1,000   | Income statement | Restatement    | Restated income statement |
|--|--|------------------|----------------|---------------------------|
| 1, 8   | Net interest income  | 133,779          | -4,524         | 129,255                   |
| 2  | Net fee and commission income  | 41,311           | -3,427         | 37,884                    |
|  | Net insurance income   | 21,142           |                | 21,142                    |
| 2, 6   | Other operating income   | 4,888            | 13,081         | 17,968                    |
|  | <b>Operating income</b>  | <b>201,120</b>   | <b>5,130</b>   | <b>206,250</b>            |
| 3, 7   | Operating costs  | 134,764          | -14,708        | 120,056                   |
|  | Sector costs   | 697              | 0              | 697                       |
|  | <b>Profit before impairment charges</b>  | <b>65,659</b>    | <b>19,838</b>  | <b>85,497</b>             |
| 4  | Impairment charges   | -23,425          | 0              | -23,425                   |
|  | <b>Operating profit</b>  | <b>89,085</b>    | <b>19,838</b>  | <b>108,922</b>            |
| 3, 4, 5  | Non-recurring items  | 0                | 80,701         | 80,701                    |
|  | <b>Profit before investment portfolio earnings and tax</b>   | <b>89,085</b>    | <b>100,538</b> | <b>189,623</b>            |
| 1, 6, 9  | Investment portfolio earnings  | -2,067           | -5,130         | -7,197                    |
|  | <b>Profit before tax, continuing operations</b>  | <b>87,018</b>    | <b>95,409</b>  | <b>182,426</b>            |
| 5, 7, 8, 9   | <b>Profit before tax, discontinued operations</b>  | <b>104,969</b>   | <b>-95,409</b> | <b>9,560</b>              |
|  | <b>Profit before tax, total</b>  | <b>191,986</b>   | <b>0</b>       | <b>191,986</b>            |
| <b>Note Income statement H1 2020, Group, DKK 1,000</b>           |  |                  |                |                           |
| 1, 8   | Net interest income  | 139,935          | -12,175        | 127,760                   |
| 2  | Net fee and commission income  | 32,366           | -3,272         | 29,094                    |
|  | Net insurance income   | 15,244           | 0              | 15,244                    |
| 2, 6   | Other operating income   | 2,528            | 8,089          | 10,617                    |
|  | <b>Operating income</b>  | <b>190,073</b>   | <b>-7,358</b>  | <b>182,715</b>            |
| 3, 7   | Operating costs  | 125,579          | -7,164         | 118,416                   |
|  | Sector costs   | 688              | -378           | 310                       |
|  | <b>Profit before impairment charges</b>  | <b>63,806</b>    | <b>184</b>     | <b>63,989</b>             |
| 4  | Impairment charges   | 2,297            | 0              | 2,297                     |
|  | <b>Operating profit</b>  | <b>61,509</b>    | <b>184</b>     | <b>61,692</b>             |
| 3, 4, 5  | Non-recurring items  | 0                | 0              | 0                         |
|  | <b>Profit before investment portfolio earnings and tax</b>   | <b>61,509</b>    | <b>184</b>     | <b>61,692</b>             |
| 1, 6, 9  | Investment portfolio earnings  | -64,332          | 57,811         | -6,521                    |
|  | <b>Profit before tax, continuing operations</b>  | <b>-2,823</b>    | <b>57,995</b>  | <b>55,172</b>             |
| 5, 7, 8, 9   | <b>Profit before tax, discontinued operations</b>  | <b>76,379</b>    | <b>-57,995</b> | <b>18,384</b>             |
|  | <b>Profit before tax, total</b>  | <b>73,556</b>    | <b>0</b>       | <b>73,556</b>             |
| <b>Note Restatements made to the income statement, DKK 1,000</b> |  |                  |                |                           |
|  |  | <b>H1 2021</b>   | <b>H1 2020</b> |                           |
| 1  | Reclassification of interest income from bonds from the item Interest income to Investment portfolio earnings.                             | 4,524            | 14,601         |                           |
| 2  | Dividends reclassified from Net fee and commission income to Other operating income.   | 3,423            | 3,272          |                           |
| 3  | Reclassification of IT-costs, severance costs and other costs from Operating costs to Non-recurring items.                                 | 14,708           | 0              |                           |
| 4  | Reclassification of impairment charges to Non-recurring items.   | 0                | 0              |                           |
| 5  | Reclassification of provenue regarding the sale of the Danish activities Non-recurring items.  | 95,409           | 0              |                           |
| 6  | Reclassification of value adjustments related to sector shares and of profit or loss from currency transactions to Other operating income. | 9,658            | 4,817          |                           |
| 7  | Operating costs allocated to the Greenland segment   | 0                | 7,164          |                           |
| 8  | Interests allocated to the Danish segment  | 0                | 2,426          |                           |
| 9  | Value adjustments allocated to the Danish segment  | 0                | 48,027         |                           |



# BankNordik Group by segment

Note that the financial results as presented in the items Investment portfolio earnings and operating costs other than direct costs are not recognised under the business segments Corporate Banking and Personal Banking. Effective from the Q3 2021 interim report, we plan to include costs other than direct costs in the reporting of the two segments.

## Income statement, Banking

| DKKm   | H1 2021    | H1 2020    | Index<br>21/20 | Q2 2021   | Q1 2021    | Q4 2020   | Q3 2020   | Q2 2020   |
|--|------------|------------|----------------|-----------|------------|-----------|-----------|-----------|
| Net interest income  | 129        | 128        | 101            | 66        | 64         | 65        | 65        | 65        |
| Net fee and commission income                              | 44         | 35         | 127            | 24        | 20         | 19        | 18        | 16        |
| Other operating income                                     | 14         | 9          | 161            | 7         | 7          | 7         | 5         | 4         |
| <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> |
| Operating cost   | -110       | -108       | 102            | -56       | -54        | -58       | -52       | -53       |
| Sector costs   | -1         | 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> |
| Impairment charges, net                                    | 23         | -2         |                | 27        | -3         | 10        | -2        | 16        |
| <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> |
| Non-recurring items  | 81         | 0          |                | 4         | 77         | 0         | 0         | 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> |
| Investment portfolio earnings                              | -6         | -6         |                | -4        | -2         | 2         | 4         | 15        |
| <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>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>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> |
| Loans and advances   | 7,586      | 7,479      | 101            | 7,586     | 7,450      | 7,608     | 7,501     | 7,479     |
| Deposits and other debt                                    | 7,660      | 7,581      | 101            | 7,660     | 7,536      | 7,756     | 7,531     | 7,581     |
| Mortgage credit  | 2,502      | 2,121      | 118            | 2,502     | 2,443      | 2,375     | 2,284     | 2,121     |
| Operating cost/income, %                                   | 59         | 63         |                | 59        | 59         | 63        | 60        | 62        |
| Number of FTE, end of period                               | 166        | 197        | 84             | 166       | 186        | 196       | 199       | 197       |

## Personal Banking

The Personal Banking segment reported operating income of DKK 53m for Q2 2021, DKK 1m more than for Q1 2021.

Net interest income and other operating income were unchanged compared to the previous quarter at DKK 34m and DKK 4m, respectively. Net fee and commission income for Q2 2021 increased by DKK 1m compared to the previous quarter.

Operating costs were DKK 14m in Q2 2021, an increase of DKK 1m compared to Q1 2021. Impairment charges amounted to DKK 0m in Q2 2021 compared to a reversal of DKK 13m in Q1 2021.

As a result, operating profit for Q2 2021 was DKK 39m, a decrease of DKK 12m compared to the previous quarter. Operating profit for the first half of the year totalled DKK 90m, DKK 21m more than in 2020.

Bank loans and advances to personal customers during the quarter rose by DKK 25m to DKK 3,584m, whereas brokered mortgage credit rose by DKK 53m to DKK 2,205m, both compared to 31 March 2021. This is a slight reversal of the trend seen in recent years of Faroese households increasingly embracing the traditional Danish financing model of 80% LTV mortgage funding with the residual in 2nd lien bank lending.

Deposits held by personal customers increased by DKK 64m during the quarter to DKK 5,269m at 30 June 2021.

### Income statement, Personal banking

| DKKm   | H1 2021    | H1 2020    | Index<br>21/20 | Q2 2021   | Q1 2021   | Q4 2020   | Q3 2020   | Q2 2020   |
|--|------------|------------|----------------|-----------|-----------|-----------|-----------|-----------|
| Net interest income  | 68         | 67         | 100            | 34        | 34        | 34        | 34        | 34        |
| Net fee and commission income                              | 28         | 27         | 104            | 15        | 14        | 15        | 17        | 14        |
| Other operating income                                     | 8          | 9          | 97             | 4         | 4         | 4         | 4         | 2         |
| <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> |
| Operating costs <sup>1</sup>                               | -28        | -31        | 92             | -14       | -14       | -15       | -13       | -16       |
| Sector costs   | 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> |
| Impairment charges, net                                    | 14         | -4         | 390            | 0         | 13        | 3         | -4        | -2        |
| <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> |
| Non-recurring items  | 0          | 0          |                | 0         | 0         | 0         | 0         | 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>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>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>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> |
| Loans and advances   | 3.584      | 3.636      | 99             | 3.584     | 3.559     | 3.587     | 3.581     | 3.636     |
| Deposits and other debt                                    | 5.269      | 5.112      | 103            | 5.269     | 5.205     | 5.140     | 5.144     | 5.112     |
| Mortgage credit  | 2.205      | 1.872      | 118            | 2.205     | 2.152     | 2.074     | 2.003     | 1.872     |
| Number of FTE, end of period                               | 72         | 82         | 89             | 72        | 77        | 80        | 79        | 82        |

1) Other costs than direct costs are not included.

## Corporate Banking

Corporate Banking activities reported operating income of DKK 43m in Q1 2021, up by DKK 1m compared to Q1 2020.

Net interest income was flat quarter on quarter at DKK 34m in Q2 2021. Net fee and commission income increased by DKK 2m to DKK 8m, while other operating income fell by DKK 1m compared to the previous quarter to DKK 1m.

Operating costs fell by DKK 1m to DKK 4m in Q2 2021 compared to Q1 2021. Impairment charges for Q2 2021 were a reversal of DKK 27m, a significant change compared to the previous quarter, which saw net impairments of DKK 18m.

As a result, operating profit for Q2 2021 amounted to DKK 66m, compared to DKK 20m in Q1 2021. Operating profit for H1 2021 was DKK 86m, well above H1 2020 during which the Corporate Banking segment saw an operating profit of DKK 70m.

Corporate loans and advances increased by DKK 106m in the second quarter of 2021 to DKK 3,962m at 30 June 2021, while deposits rose by DKK 61m in the same period to DKK 2,384m.

### Income statement, Corporate Banking

| DKKm   | H1 2021   | H1 2020   | Index<br>21/20 | Q2 2021   | Q1 2021   | Q4 2020   | Q3 2020   | Q2 2020   |
|--|-----------|-----------|----------------|-----------|-----------|-----------|-----------|-----------|
| Net interest income  | 69        | 68        | 101            | 34        | 34        | 35        | 34        | 35        |
| Net fee and commission income                              | 14        | 8         | 169            | 8         | 6         | 5         | 4         | 4         |
| Other operating income                                     | 3         | 2         | 185            | 1         | 2         | 1         | 1         | 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> |
| Operating costs <sup>1</sup>                               | -8        | -9        | 88             | -4        | -5        | -5        | -4        | -5        |
| Sector costs   | 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> |
| Impairment charges, net                                    | 9         | 2         | 460            | 27        | -18       | 4         | 2         | 17        |
| <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> |
| Non-recurring items  | 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>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> |
| Loans and advances   | 3,962     | 3,831     | 103            | 3,962     | 3,856     | 3,974     | 3,847     | 3,831     |
| Deposits and other debt                                    | 2,384     | 2,469     | 97             | 2,384     | 2,323     | 2,607     | 2,347     | 2,469     |
| Mortgage credit  | 297       | 249       | 119            | 297       | 291       | 301       | 281       | 249       |
| Number of FTE, end of period                               | 14        | 17        | 82             | 14        | 15        | 16        | 17        | 17        |

1) Other costs than direct costs are not included.

## Insurance: Trygd

Trygd's premium income was DKK 31m in Q2 2021, DKK 1m more than in Q2 2020. Claims were DKK 1m higher than in the same period of 2020 at DKK 19m.

Operating costs were DKK 6m in Q2 2021, flat compared to the second quarter of 2020. As a result, Trygd saw a quarterly profit before tax of DKK 6m, the same as in Q2 2020. Profit before tax during the first half of 2021 was DKK 4m, DKK 4m more than for the same period of 2020.

Trygd continues to strengthen its market position as a leading provider of non-life insurance in the Faroe Islands. Premium increases are seen due to an increase in market share as well as general market growth related to developments in the Faroese economy. Trygd has made changes to its pricing policy to the effect that from 2021 premium increases will still follow Faroese inflation, but now at a minimum annual premium increase of 2% instead of 1%. On the costs side, operating costs remained largely flat, thereby contributing to margin expansion.

Trygd's claims vary significantly from one period to the next due to the limited size of the Faroese insurance market as well the timing and severity of weather events, which adds volatility to the financials results.

### Income statement, Trygd

| DKKm                                  | H1 2021   | H1 2020   | Index<br>21/20 | Q2 2021   | Q1 2021   | Q4 2020  | Q3 2020   | Q2 2020   |
|---------------------------------------|-----------|-----------|----------------|-----------|-----------|----------|-----------|-----------|
| Premium income, net of reinsurance    | 61        | 60        | 103            | 31        | 30        | 30       | 31        | 30        |
| Claims, net of reinsurance            | -45       | -47       | 96             | -19       | -26       | -23      | -14       | -18       |
| <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> |
| Net income from investment activities | -1        | -1        | 154            | 0         | -1        | 0        | 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> |
| Operating cost                        | -12       | -12       | 100            | -6        | -6        | -5       | -6        | -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>  |
| Combined ratio                        | 93        | 99        |                | 81        | 106       | 93       | 65        | 81        |
| Claims ratio                          | 73        | 79        |                | 62        | 85        | 76       | 46        | 60        |
| Number of FTE, end of period          | 22        | 24        | 90             | 22        | 24        | 25       | 25        | 24        |

## Income statement

| Note | DKK 1,000  | Group          |                | BankNordik     |                |
|------|--|----------------|----------------|----------------|----------------|
|      |  | H1<br>2021     | H1<br>2020     | H1<br>2021     | H1<br>2020     |
| 3    | Interest income  | 145,384        | 148,582        | 144,820        | 147,889        |
|      | - of which interest income from deposits                                 | 18,759         | 13,997         | 18,759         | 13,997         |
| 4    | Interest expenses  | 11,605         | 8,647          | 11,605         | 8,647          |
|      | - of which interest expenses from assets                                 | 2,831          | 1,719          | 2,831          | 1,719          |
|      | <b>Net interest income</b>   | <b>133,779</b> | <b>139,935</b> | <b>133,215</b> | <b>139,242</b> |
|      | Dividends from shares and other investments                              | 3,423          | 3,272          | 3,423          | 3,272          |
| 5    | Fee and commission income  | 41,949         | 31,557         | 48,046         | 37,221         |
| 5    | Fee and commissions paid   | 4,061          | 2,462          | 4,061          | 2,462          |
|      | <b>Net dividend, fee and commission income</b>                           | <b>41,311</b>  | <b>32,366</b>  | <b>47,408</b>  | <b>38,030</b>  |
|      | <b>Net interest and fee income</b>                                       | <b>175,090</b> | <b>172,301</b> | <b>180,623</b> | <b>177,272</b> |
|      | Premium income, net of reinsurance                                       | 69,322         | 66,804         |                |                |
|      | Claims, net of reinsurance   | 48,179         | 51,560         |                |                |
|      | <b>Interest and fee income and income from insurance activities, net</b> | <b>196,232</b> | <b>187,545</b> | <b>180,623</b> | <b>177,272</b> |
| 6    | Market value adjustments   | -3,183         | -64,668        | -1,441         | -63,220        |
| 7    | Other operating income   | 4,888          | 2,528          | 852            | 543            |
| 8    | Staff costs and administrative expenses                                  | 131,654        | 121,558        | 121,741        | 111,846        |
|      | Amortisation, depreciation and impairment charges                        | 3,110          | 4,021          | 2,994          | 3,646          |
|      | Other operating expenses   | 697            | 688            | 697            | 688            |
| 9    | Impairment charges on loans and advances etc.                            | -23,425        | 2,297          | -23,425        | 2,297          |
|      | Income from investments accounted for under the equity method            | 1,116          | 337            | 7,565          | 951            |
|      | <b>Profit before tax from continuing operations</b>                      | <b>87,018</b>  | <b>-2,823</b>  | <b>85,591</b>  | <b>-2,932</b>  |
|      | Tax  | 15,733         | -1,293         | 14,306         | -1,401         |
|      | <b>Net profit from continuing operations</b>                             | <b>71,285</b>  | <b>-1,530</b>  | <b>71,285</b>  | <b>-1,530</b>  |
| 10   | Discontinued operations, net of tax                                      | 81,876         | 59,576         | 81,876         | 59,576         |
|      | <b>Net profit</b>  | <b>153,161</b> | <b>58,046</b>  | <b>153,161</b> | <b>58,046</b>  |
|      | Portion attributable to  |                |                |                |                |
|      | Shareholders of BankNordik P/F   | 153,161        | 58,046         | 153,161        | 58,046         |
|      | <b>Net profit</b>  | <b>153,161</b> | <b>58,046</b>  | <b>153,161</b> | <b>58,046</b>  |
|      | EPS Basic for the period, discontinuing operations, DKK*                 | 8.55           | 6.22           | 8.55           | 6.22           |
|      | EPS Diluted for the period, discontinuing operations, DKK*               | 8.55           | 6.22           | 8.55           | 6.22           |
|      | EPS Basic for the period, continuing operations, DKK*                    | 7.45           | -0.16          | 7.45           | -0.16          |
|      | EPS Diluted for the period, continuing operations, DKK*                  | 7.45           | -0.16          | 7.45           | -0.16          |

\*Based on average number of shares outstanding, see the specification of shareholders equity

## Statement of comprehensive income - BankNordik

| DKK 1,000                                      | Group          |               | BankNordik     |               |
|--|----------------|---------------|----------------|---------------|
|  | H1<br>2021     | H1<br>2020    | H1<br>2021     | H1<br>2020    |
| Net profit                                     | 153,161        | 58,046        | 153,161        | 58,046        |
| Other comprehensive income                     |                |               |                |               |
| Items which will not subsequently be recycled: |                |               |                |               |
| Revaluation of domicile property               | -4,000         | 0             | -4,000         | 0             |
| Tax on other comprehensive income              | 880            | 0             | 880            | 0             |
| Total other comprehensive income               | -3,120         | 0             | -3,120         | 0             |
| <b>Total comprehensive income</b>              | <b>150,041</b> | <b>58,046</b> | <b>150,041</b> | <b>58,046</b> |
| Portion attributable to                        |                |               |                |               |
| Shareholders of BankNordik P/F                 | 146,562        | 54,619        | 146,562        | 54,619        |
| Additional Tier 1 capital holders              | 3,479          | 3,427         | 3,479          | 3,427         |
| <b>Total comprehensive income</b>              | <b>150,041</b> | <b>58,046</b> | <b>150,041</b> | <b>58,046</b> |

## Balance Sheet

| Note | DKK 1,000  | Group             |                   | BankNordik        |                   |
|------|--|-------------------|-------------------|-------------------|-------------------|
|      |  | June 30<br>2021   | Dec. 31<br>2020   | June 30<br>2021   | Dec. 31<br>2020   |
|      | <b>Assets</b>  |                   |                   |                   |                   |
|      | Cash in hand and demand deposits with central banks    | 1,065,273         | 208,010           | 1,064,999         | 207,843           |
| 11   | Amounts due from credit institutions and central banks | 455,489           | 1,177,515         | 455,489           | 1,177,515         |
| 9    | Loans and advances at fair value                       | 458,558           | 473,357           | 458,558           | 473,357           |
| 9    | Loans and advances at amortised cost                   | 7,142,797         | 7,134,544         | 7,142,797         | 7,134,544         |
|      | Bonds at fair value                                    | 2,357,080         | 4,472,621         | 2,164,355         | 4,255,519         |
|      | Shares, etc.   | 262,801           | 309,443           | 262,801           | 309,443           |
|      | Assets under insurance contracts                       | 10,537            | 9,556             | 0                 | 0                 |
|      | Holdings in associates                                 | 7,822             | 6,706             | 7,822             | 6,706             |
|      | Holdings in subsidiaries                               | 0                 | 0                 | 102,535           | 143,086           |
|      | Intangible assets                                      | 2,491             | 2,432             | 2,491             | 2,432             |
|      | Total land and buildings                               | 144,466           | 144,688           | 141,835           | 142,043           |
|      | Domicile property                                      | 75,021            | 73,253            | 72,390            | 70,608            |
|      | Domicile property (lease asset)                        | 69,445            | 71,436            | 69,445            | 71,436            |
|      | Other property, plant and equipment                    | 8,623             | 7,543             | 7,325             | 6,439             |
|      | Current tax assets                                     | 14,518            | 13,604            | 14,518            | 13,604            |
|      | Deferred tax assets                                    | 180               | 195               | 0                 | 0                 |
| 12   | Assets held for sale                                   | 3,564             | 4,466             | 3,564             | 4,466             |
|      | Other assets   | 28,187            | 69,190            | 23,972            | 67,297            |
|      | Prepayments  | 38,137            | 38,491            | 37,131            | 37,412            |
| 10   | Assets in disposal groups classified as held for sale  | 0                 | 3,217,940         | 0                 | 3,217,940         |
|      | <b>Total assets</b>                                    | <b>12,000,521</b> | <b>17,290,303</b> | <b>11,890,191</b> | <b>17,199,646</b> |

## Balance Sheet

| Note | DKK 1,000 | Group   |                   | BankNordik        |                   |                   |
|------|-----------|---|-------------------|-------------------|-------------------|-------------------|
|      |           | June 30<br>2021   | Dec. 31<br>2020   | June 30<br>2021   | Dec. 31<br>2020   |                   |
|      |           | <b>Shareholders' equity and liabilities</b>   |                   |                   |                   |                   |
|      |           | <b>Liabilities other than provisions</b>  |                   |                   |                   |                   |
|      |           | Amounts due to credit institutions and central banks  | 1,037,969         | 27,954            | 1,037,969         | 27,954            |
|      |           | Deposits and other debt   | 7,642,397         | 7,733,408         | 7,661,793         | 7,755,724         |
|      |           | Issued bonds at amortised cost  | 148,875           | 0                 | 148,875           | 0                 |
|      |           | Liabilities under insurance contracts   | 118,759           | 98,231            | 0                 | 0                 |
|      |           | Current tax liabilities   | 69,999            | 31,136            | 65,511            | 28,060            |
|      |           | Other liabilities   | 333,989           | 205,995           | 327,913           | 195,264           |
|      |           | Deferred income   | 4,676             | 4,198             | 4,273             | 3,263             |
| 10   |           | Liabilities directly associated with assets in Disposal groups classified as assets held for sale | 0                 | 6,520,004         | 0                 | 6,520,004         |
|      |           | <b>Total liabilities other than provisions</b>  | <b>9,356,664</b>  | <b>14,620,926</b> | <b>9,246,334</b>  | <b>14,530,269</b> |
|      |           | <b>Provisions for liabilities</b>   |                   |                   |                   |                   |
|      |           | Provisions for deferred tax   | 2,213             | 3,093             | 2,213             | 3,093             |
| 9    |           | Provisions for losses on guarantees etc   | 15,753            | 16,015            | 15,753            | 16,015            |
|      |           | Provisions for other liabilities  | 3,422             | 3,641             | 3,422             | 3,641             |
|      |           | <b>Total provisions for liabilities</b>   | <b>21,388</b>     | <b>22,749</b>     | <b>21,388</b>     | <b>22,749</b>     |
|      |           | <b>Subordinated debt</b>  |                   |                   |                   |                   |
|      |           | Subordinated debt   | 99,300            | 224,695           | 99,300            | 224,695           |
|      |           | <b>Total liabilities</b>  | <b>9,477,353</b>  | <b>14,868,370</b> | <b>9,367,023</b>  | <b>14,777,713</b> |
|      |           | <b>Equity</b>   |                   |                   |                   |                   |
|      |           | Share capital   | 192,000           | 192,000           | 192,000           | 192,000           |
|      |           | Revaluation reserve   | 6,123             | 9,243             | 6,123             | 9,243             |
|      |           | Retained earnings   | 2,170,657         | 2,021,781         | 2,170,657         | 2,021,781         |
|      |           | Proposed dividends  | 0                 | 48,000            | 0                 | 48,000            |
|      |           | <b>Shareholders of the Parent Company</b>   | <b>2,368,780</b>  | <b>2,271,024</b>  | <b>2,368,780</b>  | <b>2,271,024</b>  |
|      |           | Additional tier 1 capital holders   | 154,388           | 150,909           | 154,388           | 150,909           |
|      |           | <b>Total equity</b>   | <b>2,523,168</b>  | <b>2,421,933</b>  | <b>2,523,168</b>  | <b>2,421,933</b>  |
|      |           | <b>Total liabilities and equity</b>   | <b>12,000,521</b> | <b>17,290,303</b> | <b>11,890,191</b> | <b>17,199,646</b> |



## Statement of capital - BankNordik Group

## Changes in equity:

| DKK 1,000  | Shareholders equity |                     |                    |                   |                  |                | Additional tier 1 |  |
|--|---------------------|---------------------|--------------------|-------------------|------------------|----------------|-------------------|--|
|  | Share capital       | Revaluation Reserve | Proposed dividends | Retained earnings | Total            | capital        | Total             |  |
| <b>Shareholders' equity at January 1, 2021</b>                     | <b>192,000</b>      | <b>9,243</b>        | <b>48,000</b>      | <b>2,021,781</b>  | <b>2,271,024</b> | <b>150,909</b> | <b>2,421,933</b>  |  |
| 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           |  |
| <b>Total comprehensive income</b>                                  |                     | <b>-3,120</b>       | <b>0</b>           | <b>149,682</b>    | <b>146,562</b>   | <b>3,479</b>   | <b>150,041</b>    |  |
| Acquisition of own shares  |                     |                     |                    | -952              | -952             |                | -952              |  |
| Dividends paid   |                     |                     | -48,000            | 146               | -47,854          |                | -47,854           |  |
| <b>Shareholders' equity at June 30, 2021</b>                       | <b>192,000</b>      | <b>6,123</b>        | <b>0</b>           | <b>2,170,657</b>  | <b>2,368,780</b> | <b>154,388</b> | <b>2,523,168</b>  |  |

| DKK 1,000  | Shareholders equity |                     |                    |                   |                  |                | Additional tier 1 |  |
|--|---------------------|---------------------|--------------------|-------------------|------------------|----------------|-------------------|--|
|  | Share capital       | Revaluation Reserve | Proposed dividends | Retained earnings | Total            | capital        | Total             |  |
| <b>Shareholders' equity at January 1, 2020</b>   | <b>192,000</b>      | <b>9,243</b>        | <b>67,200</b>      | <b>1,843,891</b>  | <b>2,112,335</b> | <b>150,754</b> | <b>2,263,088</b>  |  |
| Net profit                                       |                     |                     | 48,000             | 111,280           | 159,280          | 6,906          | 166,186           |  |
| <b>Total comprehensive income</b>                |                     |                     | <b>48,000</b>      | <b>111,280</b>    | <b>159,280</b>   | <b>6,906</b>   | <b>166,186</b>    |  |
| Paid interest on additional tier 1 capital       |                     |                     |                    |                   | 0                | -6,750         | -6,750            |  |
| Acquisition of own shares                        |                     |                     |                    | -591              | -591             |                | -591              |  |
| Dividends paid                                   |                     |                     | -67,200            | 67,200            | 0                |                | 0                 |  |
| <b>Shareholders' equity at December 31, 2020</b> | <b>192,000</b>      | <b>9,243</b>        | <b>48,000</b>      | <b>2,021,781</b>  | <b>2,271,024</b> | <b>150,909</b> | <b>2,421,933</b>  |  |

Regarding 2020: Proposed dividend per share DKK 5. Dividend payed out per share DKK 0.

| DKK 1,000                                      | Shareholders equity |                     |                    |                   |                  |                | Additional tier 1 |  |
|--|---------------------|---------------------|--------------------|-------------------|------------------|----------------|-------------------|--|
|  | Share capital       | Revaluation Reserve | Proposed dividends | Retained earnings | Total            | capital        | Total             |  |
| <b>Shareholders' equity at January 1, 2020</b> | <b>192,000</b>      | <b>9,243</b>        | <b>67,200</b>      | <b>1,843,891</b>  | <b>2,112,335</b> | <b>150,754</b> | <b>2,263,088</b>  |  |
| Net profit                                     |                     |                     |                    | 54,619            | 54,619           | 3,427          | 58,046            |  |
| <b>Total comprehensive income</b>              |                     |                     |                    | <b>54,619</b>     | <b>54,619</b>    | <b>3,427</b>   | <b>58,046</b>     |  |
| Sale of own shares                             |                     |                     |                    | 104               | 104              |                | 104               |  |
| Dividends paid                                 |                     |                     | -67,200            | 67,200            | 0                |                | 0                 |  |
| <b>Shareholders' equity at June 30, 2020</b>   | <b>192,000</b>      | <b>9,243</b>        | <b>0</b>           | <b>1,965,814</b>  | <b>2,167,057</b> | <b>154,180</b> | <b>2,321,237</b>  |  |

## Statement of capital - BankNordik P/F

## Changes in equity:

| DKK 1,000  | Shareholders equity |                     |                    |                   |                  | Additional tier 1 |                  |
|--|---------------------|---------------------|--------------------|-------------------|------------------|-------------------|------------------|
|  | Share capital       | Revaluation Reserve | Proposed dividends | Retained earnings | Total            | capital           | Total            |
| <b>Shareholders' equity at January 1, 2021</b>                     | <b>192,000</b>      | <b>9,243</b>        | <b>48,000</b>      | <b>2,021,781</b>  | <b>2,271,024</b> | <b>150,909</b>    | <b>2,421,933</b> |
| 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          |
| <b>Total comprehensive income</b>                                  |                     | <b>-3,120</b>       | <b>0</b>           | <b>149,682</b>    | <b>146,562</b>   | <b>3,479</b>      | <b>150,041</b>   |
| Acquisition of own shares  |                     |                     |                    | -952              | -952             |                   | -952             |
| Dividends paid   |                     |                     | -48,000            | 146               | -47,854          |                   | -47,854          |
| <b>Shareholders' equity at June 30, 2021</b>                       | <b>192,000</b>      | <b>6,123</b>        | <b>0</b>           | <b>2,170,657</b>  | <b>2,368,780</b> | <b>154,388</b>    | <b>2,523,168</b> |

| DKK 1,000  | Shareholders equity |                     |                    |                   |                  | Additional tier 1 |                  |
|--|---------------------|---------------------|--------------------|-------------------|------------------|-------------------|------------------|
|  | Share capital       | Revaluation Reserve | Proposed dividends | Retained earnings | Total            | capital           | Total            |
| <b>Shareholders' equity at January 1, 2020</b>   | <b>192,000</b>      | <b>9,243</b>        | <b>67,200</b>      | <b>1,843,891</b>  | <b>2,112,335</b> | <b>150,754</b>    | <b>2,263,088</b> |
| Net profit                                       |                     |                     | 48,000             | 111,280           | 159,280          | 6,906             | 166,186          |
| <b>Total comprehensive income</b>                |                     |                     | <b>48,000</b>      | <b>111,280</b>    | <b>159,280</b>   | <b>6,906</b>      | <b>166,186</b>   |
| Paid interest on additional tier 1 capital       |                     |                     |                    |                   |                  | -6,750            | -6,750           |
| Acquisition of own shares                        |                     |                     |                    | -591              | -591             |                   | -591             |
| Suspended dividend payment                       |                     |                     | -67,200            | 67,200            | 0                |                   | 0                |
| <b>Shareholders' equity at December 31, 2020</b> | <b>192,000</b>      | <b>9,243</b>        | <b>48,000</b>      | <b>2,021,781</b>  | <b>2,271,024</b> | <b>150,909</b>    | <b>2,421,933</b> |

Regarding 2020: Proposed dividend per share DKK 5. Dividend payed out per share DKK 0.

| DKK 1,000                                      | Shareholders equity |                     |                    |                   |                  | Additional tier 1 |                  |
|--|---------------------|---------------------|--------------------|-------------------|------------------|-------------------|------------------|
|  | Share capital       | Revaluation Reserve | Proposed dividends | Retained earnings | Total            | capital           | Total            |
| <b>Shareholders' equity at January 1, 2020</b> | <b>192,000</b>      | <b>9,243</b>        | <b>67,200</b>      | <b>1,843,891</b>  | <b>2,112,335</b> | <b>150,754</b>    | <b>2,263,088</b> |
| Net profit                                     |                     |                     |                    | 54,619            | 54,619           | 3,427             | 58,046           |
| <b>Total comprehensive income</b>              |                     | <b>0</b>            | <b>0</b>           | <b>54,619</b>     | <b>54,619</b>    |                   | <b>58,046</b>    |
| Sale of own shares                             |                     |                     |                    | 104               | 104              |                   | 104              |
| Suspended dividend payment                     |                     |                     | -67,200            | 67,200            | 0                |                   | 0                |
| <b>Shareholders' equity at June 30, 2020</b>   | <b>192,000</b>      | <b>9,243</b>        | <b>0</b>           | <b>1,965,710</b>  | <b>2,167,057</b> | <b>154,180</b>    | <b>2,321,237</b> |

**Capital and Solvency - BankNordik**

| Solvency  | June 30          | Dec. 31          |
|---|------------------|------------------|
| DKK 1,000   | 2021             | 2020             |
| Core capital  | 1,985,918        | 2,356,719        |
| Total capital   | 2,085,218        | 2,581,414        |
| Risk-weighted items not included in the trading portfolio               | 6,146,449        | 8,120,941        |
| Risk-weighted items with market risk etc.                               | 374,354          | 584,300          |
| Risk-weighted items with operational risk                               | 612,724          | 1,068,984        |
| <b>Total risk-weighted items</b>  | <b>7,133,528</b> | <b>9,774,225</b> |
| <b>CET 1 capital ratio</b>  | <b>25.7%</b>     | <b>22.6%</b>     |
| <b>Core capital ratio</b>   | <b>27.8%</b>     | <b>24.1%</b>     |
| <b>Total capital ratio</b>  | <b>29.2%</b>     | <b>26.4%</b>     |
| <b>MREL capital ratio</b>   | <b>31.3%</b>     | <b>26.4%</b>     |
| <b>Core Capital and Shareholders' equity</b>                            |                  |                  |
| Share capital   | 192,000          | 192,000          |
| Reserves  | 6,123            | 9,243            |
| Net profit  | 153,161          | 166,186          |
| Retained earnings, previous years                                       | 2,022,429        | 1,908,332        |
| <b>Shareholders' equity, before deduction of holdings of own shares</b> | <b>2,373,714</b> | <b>2,275,762</b> |
| Deduction of ordinary dividend  | 82,063           | 48,000           |
| Deduction of extraordinary dividend                                     | 450,000          | 0                |
| Deduction of holdings of own shares                                     | 4,933            | 4,738            |
| Deduction of intangible assets  | 2,491            | 12,572           |
| Deduction regarding prudent valuation of financial instruments          | 2,697            | 4,642            |
| <b>CET 1 capital</b>  | <b>1,831,530</b> | <b>2,205,809</b> |
| Hybrid core capital   | 154,388          | 150,909          |
| <b>Core capital</b>   | <b>1,985,918</b> | <b>2,356,719</b> |
| <b>Total capital</b>  |                  |                  |
| Core capital  | 1,985,918        | 2,356,719        |
| Subordinated loan capital   | 99,300           | 224,695          |
| <b>Total capital</b>  | <b>2,085,218</b> | <b>2,581,414</b> |
| MREL capital  | 148,875          | 0                |
| <b>Total capital incl. MREL capital</b>                                 | <b>2,234,093</b> | <b>2,581,414</b> |

## Cash flow statement - BankNordik Group

|   | Group<br>H1<br>2021 | Group<br>Full year<br>2020 |
|---|---------------------|----------------------------|
| <b>DKK 1,000</b>  |                     |                            |
| <b>Cash flow from operations</b>  |                     |                            |
| Profit before tax   | 191,987             | 206,441                    |
| Amortisation and impairment charges for intangible assets   | 53                  | 653                        |
| Interest expence on leasing liabilities   | 1,181               | 3,299                      |
| Depreciation and impairment charges of tangible assets  | 3,584               | 17,754                     |
| Impairment of loans and advances/guarantees   | -31,325             | -12,241                    |
| Paid tax  | 0                   | -40,537                    |
| Other non-cash operating items  | -3,288              | -4,796                     |
| <b>Total</b>  | <b>162,192</b>      | <b>170,573</b>             |
| <b>Changes in operating capital</b>   |                     |                            |
| Change in loans at fair value   | 0                   | 40,878                     |
| Change in loans at amortised cost   | 23,072              | 45,998                     |
| Change in holding of bonds  | 2,098,680           | 1,100,638                  |
| Change in holding of shares   | 53,912              | 12,519                     |
| Change in deposits  | -159,120            | -1,004,537                 |
| Due to credit institutions and central banks  | 1,010,015           | -26,631                    |
| Change in other assets / liabilities  | 187,141             | -7,023                     |
| Assets/liabilities under insurance contracts  | 19,547              | 1,929                      |
| Prepayments   | 833                 | 1,946                      |
| <b>Cash flow from operations</b>  | <b>3,396,273</b>    | <b>336,290</b>             |
| <b>Cash flow from investing activities</b>  |                     |                            |
| Divestment of businesses, net of cash   | -3,302,064          | 0                          |
| Dividends received  | 3,423               | 12,559                     |
| Acquisition of intangible assets  | -112                | -3,268                     |
| Acquisition of tangible assets  | -3,925              | -4,014                     |
| Sale of tangible assets   | 2,132               | 30                         |
| <b>Cash flow from investing activities</b>  | <b>-3,300,546</b>   | <b>5,307</b>               |
| <b>Cash flow from financing activities</b>  |                     |                            |
| Issued bonds at amortised cost  | 148,875             | 0                          |
| Change in subordinated debt   | -125,700            | 0                          |
| Paid interest on additional tier 1 capital  | 0                   | -6,750                     |
| Acquisition of own shares   | -952                | -591                       |
| Payment of dividends  | -48,000             | 0                          |
| Payment of dividends, own shares  | 146                 | 0                          |
| Principal portion of lessee lease payments  | -2,969              | -10,505                    |
| <b>Cash flow from financing activities</b>  | <b>-28,600</b>      | <b>-17,846</b>             |
| <b>Cash flow</b>  | <b>67,128</b>       | <b>323,751</b>             |
| Cash in hand and demand deposits with central banks, and due from<br>Credit institutions, etc. at the beginning of the year | 1,453,635           | 1,129,884                  |
| Cash flow   | 67,128              | 323,751                    |
| <b>Cash and due etc.</b>  | <b>1,520,763</b>    | <b>1,453,635</b>           |
| <b>Cash and due etc.</b>  |                     |                            |
| Cash in hand and demand deposits with central banks   | 1,065,273           | 223,320                    |
| Due from credit institutions, etc.  | 455,489             | 1,230,315                  |
| <b>Total</b>  | <b>1,520,763</b>    | <b>1,453,635</b>           |

Regarding 2020 total cash include cash from Discontinued operations, DKK 68.1m

## Note 1 Significant accounting policies

The consolidated financial statements for the first six months of 2021 have been prepared in accordance with IAS 34 "Interim Financial Reporting" supplemented by additional Faroese disclosure requirements for quarterly reports of listed financial companies and in accordance with the financial reporting requirements of the Nasdaq exchange in Copenhagen. 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 application of IAS 34 means that the disclosure of figures is less detailed than the disclosure in a full annual report and that the valuation principles laid down by the international financial reporting standards (IFRS) are applied.

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

### Future financial reporting standards and interpretations

The International Accounting Standards Board (IASB) has issued a number of new accounting standards (IAS and IFRS) and interpretations (IFRIC) that have not yet entered into force. Please refer to the Annual Report 2020 for further information.

### 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 Group's accounting policies and the most important uncertainty affecting estimates made when preparing the condensed interim report 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 Group 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.

## Notes - BankNordik Group

| Note  | Operating segments H1 2021 |                  |                  |                   | Non-life Insurance | Elimination   | Continuing operations | Discontinued operations | Group             |
|---|----------------------------|------------------|------------------|-------------------|--------------------|---------------|-----------------------|-------------------------|-------------------|
|   | Banking                    |                  |                  |                   |                    |               |                       |                         |                   |
|   | Private                    | Corporate        | Other            | Total             | Faroë Islands      |               | Total                 |                         | Total             |
| 2   | <b>DKK 1,000</b>           |                  |                  |                   |                    |               |                       |                         |                   |
| External interest income, Net                       | 99,556                     | 68,583           | -34,973          | 133,165           | 614                |               | 133,779               | 8,554                   | 142,333           |
| Internal interest                                   | 0                          | 0                | 0                | 0                 | 0                  |               | 0                     | 0                       | 0                 |
| <b>Net interest income</b>                          | <b>99,556</b>              | <b>68,583</b>    | <b>-34,973</b>   | <b>133,165</b>    | <b>614</b>         |               | <b>133,779</b>        | <b>8,554</b>            | <b>142,333</b>    |
| <b>Net Fee and dividends income</b>                 | <b>32,535</b>              | <b>13,937</b>    | <b>-1,065</b>    | <b>45,407</b>     | <b>-4,096</b>      |               | <b>41,310</b>         | <b>10,807</b>           | <b>52,118</b>     |
| Premium income, net of reinsurance                  | 0                          | 0                | 8,569            | 8,569             | 61,442             | -689          | 69,322                | 0                       | 69,322            |
| <b>Net premium income of reinsurance and claims</b> | <b>0</b>                   | <b>0</b>         | <b>5,398</b>     | <b>5,398</b>      | <b>16,434</b>      | <b>-689</b>   | <b>21,142</b>         | <b>0</b>                | <b>21,142</b>     |
| Other income  | 5,943                      | 2,807            | -2,804           | 5,946             | -1,417             | -1,709        | 2,820                 | 255,173                 | 257,993           |
| <b>Total income</b>                                 | <b>138,034</b>             | <b>85,327</b>    | <b>-33,443</b>   | <b>189,917</b>    | <b>11,534</b>      | <b>-2,399</b> | <b>199,053</b>        | <b>274,534</b>          | <b>473,587</b>    |
| <b>Total operating expenses</b>                     | <b>29,208</b>              | <b>8,495</b>     | <b>92,157</b>    | <b>129,860</b>    | <b>7,999</b>       | <b>-2,399</b> | <b>135,461</b>        | <b>185,981</b>          | <b>321,442</b>    |
| <i>of which depreciation and amortisation</i>       | 344                        | 0                | 2,714            | 3,059             | 51                 |               | 3,109                 | 528                     | 3,637             |
| <b>Profit before impairment charges on loans</b>    | <b>108,826</b>             | <b>76,832</b>    | <b>-125,600</b>  | <b>60,057</b>     | <b>3,535</b>       |               | <b>63,592</b>         | <b>88,553</b>           | <b>152,146</b>    |
| Impairment charges                                  | -13,958                    | -9,468           | 1                | -23,425           | 0                  |               | -23,425               | -16,415                 | -39,840           |
| <b>Profit before tax</b>                            | <b>122,784</b>             | <b>86,300</b>    | <b>-125,601</b>  | <b>83,482</b>     | <b>3,535</b>       |               | <b>87,018</b>         | <b>104,969</b>          | <b>191,986</b>    |
| <b>Total assets</b>                                 | <b>3,756,937</b>           | <b>4,182,696</b> | <b>3,875,711</b> | <b>11,815,344</b> | <b>185,177</b>     |               | <b>12,000,521</b>     | <b>0</b>                | <b>12,000,521</b> |
| <i>of which Loans and advances</i>                  | 3,603,333                  | 3,998,022        |                  | 7,601,355         | 0                  |               | 7,601,355             | 0                       | 7,601,355         |
| <b>Total liabilities</b>                            | <b>5,273,065</b>           | <b>2,388,728</b> | <b>1,815,559</b> | <b>9,477,352</b>  | <b>0</b>           |               | <b>9,477,352</b>      | <b>0</b>                | <b>9,477,352</b>  |
| <i>of which Deposits</i>                            | 5,273,065                  | 2,388,728        |                  | 7,661,793         |                    | -19,396       | 7,642,397             | 0                       | 7,642,397         |
| <i>of which Insurance liabilities</i>               |                            |                  | 4,077            |                   | 114,682            |               | 118,759               | 0                       | 118,759           |

| Operating segments H1 2020                          | Banking           |                  |                  |                   | Non-life Insurance | Elimination   | Continuing operations | Discontinued operations | Group             |
|---|-------------------|------------------|------------------|-------------------|--------------------|---------------|-----------------------|-------------------------|-------------------|
|   | Private           | Corporate        | Other            | Total             |                    |               |                       |                         |                   |
|   | Private           | Corporate        | Other            | Total             | Faroë Islands      |               | Total                 |                         | Total             |
| <b>DKK 1,000</b>                                    |                   |                  |                  |                   |                    |               |                       |                         |                   |
| External interest income, Net                       | 68,035            | 67,912           | 3,260            | 139,207           | 728                |               | 139,935               | 50,887                  | 190,821           |
| Internal interest                                   | 0                 | 0                | 0                | 0                 | 0                  |               | 0                     | 0                       | 0                 |
| <b>Net interest income</b>                          | <b>68,035</b>     | <b>67,912</b>    | <b>3,260</b>     | <b>139,207</b>    | <b>728</b>         |               | <b>139,935</b>        | <b>50,887</b>           | <b>190,821</b>    |
| <b>Net Fee and dividends income</b>                 | <b>29,550</b>     | <b>8,481</b>     | <b>-1,784</b>    | <b>36,246</b>     | <b>-3,880</b>      |               | <b>32,366</b>         | <b>79,403</b>           | <b>111,769</b>    |
| Premium income, net of reinsurance                  | 0                 | 0                | 7,574            | 7,574             | 59,905             | -675          | 66,804                | 0                       | 66,804            |
| <b>Net premium income of reinsurance and claims</b> | <b>0</b>          | <b>0</b>         | <b>3,090</b>     | <b>3,090</b>      | <b>12,829</b>      | <b>-675</b>   | <b>15,244</b>         | <b>0</b>                | <b>15,244</b>     |
| Other income  | -32,728           | 1,285            | -27,532          | -58,975           | -1,251             | -1,577        | -61,804               | 34,794                  | -27,010           |
| <b>Total income</b>                                 | <b>64,856</b>     | <b>77,677</b>    | <b>-22,966</b>   | <b>119,568</b>    | <b>8,426</b>       | <b>-2,252</b> | <b>125,742</b>        | <b>165,083</b>          | <b>290,825</b>    |
| <b>Total operating expenses</b>                     | <b>-8,265</b>     | <b>9,517</b>     | <b>118,996</b>   | <b>120,247</b>    | <b>8,272</b>       | <b>-2,252</b> | <b>126,268</b>        | <b>88,928</b>           | <b>215,195</b>    |
| <i>of which depreciation and amortisation</i>       | 1,908             | 0                | 1,868            | 3,776             | 245                |               | 4,021                 | 4,698                   | 8,719             |
| <b>Profit before impairment charges on loans</b>    | <b>73,121</b>     | <b>68,161</b>    | <b>-141,962</b>  | <b>-679</b>       | <b>153</b>         |               | <b>-526</b>           | <b>76,155</b>           | <b>75,629</b>     |
| Impairment charges                                  | 3,606             | -2,058           | 749              | 2,297             | 0                  |               | 2,297                 | -224                    | 2,073             |
| <b>Profit before tax</b>                            | <b>69,515</b>     | <b>70,219</b>    | <b>-142,711</b>  | <b>-2,976</b>     | <b>153</b>         | <b>0</b>      | <b>-2,823</b>         | <b>76,379</b>           | <b>73,556</b>     |
| <b>Total assets</b>                                 | <b>6,244,068</b>  | <b>3,886,382</b> | <b>6,524,412</b> | <b>16,654,861</b> | <b>213,442</b>     |               | <b>16,868,303</b>     | <b>0</b>                | <b>16,868,303</b> |
| <i>of which Loans and advances</i>                  | 6,047,857         | 3,831,736        |                  | 9,879,592         | 0                  |               | 9,879,592             | 0                       | 9,879,592         |
| <b>Total liabilities</b>                            | <b>10,585,335</b> | <b>2,473,537</b> | <b>1,366,158</b> | <b>14,425,030</b> | <b>122,036</b>     |               | <b>14,547,066</b>     | <b>0</b>                | <b>14,547,066</b> |
| <i>of which Deposits</i>                            | 10,585,335        | 2,473,537        |                  | 13,058,872        |                    | -10,658       | 13,048,214            | 0                       | 13,048,214        |
| <i>of which Insurance liabilities</i>               |                   |                  | 4,363            |                   | 112,668            |               | 117,030               | 0                       | 117,030           |

## BankNordik Group - Geographical revenue information

| Geographical segments               | Total income   |                | Non.current assets |                | Additions to tangible assets |              | Additions to intangible assets |              |
|-------------------------------------|----------------|----------------|--------------------|----------------|------------------------------|--------------|--------------------------------|--------------|
|                                     | H1 2021        | H1 2020        | H1 2021            | H1 2020        | H1 2021                      | H1 2020      | H1 2021                        | H1 2020      |
| Faroe Islands                       | 164,490        | 143,853        | 121,448            | 122,678        | -1,815                       | 1,112        | 59                             | 203          |
| Denmark                             | 4,377          | -47,324        | 0                  | 77,410         | 0                            | 2,624        | 0                              | 1,166        |
| Greenland                           | 30,187         | 29,213         | 45,150             | 45,506         | 29                           | 0            | 0                              | 0            |
| <b>Total, continuing operations</b> | <b>199,054</b> | <b>125,742</b> | <b>166,598</b>     | <b>245,594</b> | <b>-1,787</b>                | <b>3,736</b> | <b>59</b>                      | <b>1,369</b> |
| Denmark, discontinued operations    | 274,534        | 165,083        | 0                  | 0              | 0                            | 0            | 0                              | 0            |
| <b>Total</b>                        | <b>473,587</b> | <b>290,825</b> | <b>166,598</b>     | <b>245,594</b> | <b>-1,787</b>                | <b>3,736</b> | <b>59</b>                      | <b>1,369</b> |

| Geographical segments               | Impairments   |               | Investment portfolio earnings |                |
|-------------------------------------|---------------|---------------|-------------------------------|----------------|
|                                     | H1 2021       | H1 2020       | H1 2021                       | H1 2020        |
| Faroe Islands                       | 16,600        | -7,731        | -2,067                        | -64,332        |
| Denmark                             | 7,215         | 13,784        | 0                             | 0              |
| Greenland                           | -390          | -8,351        | 0                             | 0              |
| <b>Total, continuing operations</b> | <b>23,425</b> | <b>-2,297</b> | <b>-2,067</b>                 | <b>-64,332</b> |
| Denmark, discontinued operations    | 16,415        | 224           | 0                             | 0              |
| <b>Total</b>                        | <b>39,841</b> | <b>-2,073</b> | <b>-2,067</b>                 | <b>-64,332</b> |

Income from external customers are divided into activities related to the customers's domiciles. Assets include all non-current assets, i.e. intangible assets, material assets, investment properties and holdings in associates.

| Operational segments                      | Total income   |                | Profit before tax |               | Tax           |               | FTE        |            |
|---|----------------|----------------|-------------------|---------------|---------------|---------------|------------|------------|
|   | H1 2021        | H1 2020        | H1 2021           | H1 2020       | H1 2021       | H1 2020       | H1 2021    | H1 2020    |
| Faroe Islands, Banking, Other             | 152,956        | 135,427        | 38,729            | 31,691        | 6,877         | -5,498        | 154        | 185        |
| Faroe Islands, Insurance                  | 11,534         | 8,426          | 3,535             | 153           | 645           | 6             | 22         | 24         |
| Denmark, Banking                          | 4,377          | -47,324        | 28,018            | -41,648       | 2,888         | 2,942         | 1          | 1          |
| Greenland, Banking                        | 30,187         | 29,213         | 16,737            | 6,981         | 5,322         | 1,257         | 19         | 18         |
| <b>Total, continuing operations</b>       | <b>199,054</b> | <b>125,742</b> | <b>87,018</b>     | <b>-2,823</b> | <b>15,733</b> | <b>-1,293</b> | <b>195</b> | <b>228</b> |
| Denmark, Banking, discontinued operations | 274,534        | 165,083        | 104,969           | 76,379        | 23,093        | 16,803        | 0          | 135        |
| <b>Total</b>                              | <b>473,587</b> | <b>290,825</b> | <b>191,987</b>    | <b>73,556</b> | <b>38,826</b> | <b>15,511</b> | <b>195</b> | <b>363</b> |

## Notes

| Note | DKK 1.000                               | Group          |                | BankNordik     |                |
|------|---|----------------|----------------|----------------|----------------|
|      |   | H1<br>2021     | H1<br>2020     | H1<br>2021     | H1<br>2020     |
| 3    | <b>Interest income</b>                  |                |                |                |                |
|      | Credit institutions and central banks   | 623            | 192            | 623            | 192            |
|      | Loans and advances                      | 122,283        | 124,264        | 122,283        | 124,264        |
|      | Deposits                                | 18,759         | 13,997         | 18,759         | 13,997         |
|      | Bonds                                   | 7,355          | 15,843         | 6,791          | 15,150         |
|      | Total derivatives of which:             | -3,637         | -5,713         | -3,637         | -5,713         |
|      | <i>Currency contracts</i>               | 242            | -75            | 242            | -75            |
|      | <i>Interest rate contracts</i>          | -3,879         | -5,638         | -3,879         | -5,638         |
|      | Other interest income                   | 0              | 0              | 0              | 0              |
|      | <b>Total interest income</b>            | <b>145,384</b> | <b>148,582</b> | <b>144,820</b> | <b>147,889</b> |
| 4    | <b>Interest expenses</b>                |                |                |                |                |
|      | Credit institutions and central banks   | 2,706          | 290            | 2,706          | 290            |
|      | Deposits                                | 1,437          | 1,508          | 1,437          | 1,508          |
|      | Subordinated debt                       | 5,597          | 5,081          | 5,597          | 5,081          |
|      | Bonds                                   | 125            | 429            | 125            | 429            |
|      | Lease liabilities                       | 1,111          | 1,151          | 1,111          | 1,151          |
|      | Other interest expenses                 | 629            | 188            | 629            | 188            |
|      | <b>Total interest expenses</b>          | <b>11,605</b>  | <b>8,647</b>   | <b>11,605</b>  | <b>8,647</b>   |
| 5    | <b>Net fee and commission income</b>    |                |                |                |                |
|      | Fee and commission income               |                |                |                |                |
|      | Securities trading and custody accounts | 5,397          | 2,870          | 5,397          | 2,870          |
|      | Credit transfers                        | 7,534          | 7,403          | 7,534          | 7,403          |
|      | Loan commissions                        | 1,815          | 2,411          | 1,815          | 2,411          |
|      | Guarantee commissions                   | 13,483         | 10,535         | 13,483         | 10,535         |
|      | Other fees and commissions              | 13,720         | 8,337          | 19,817         | 14,001         |
|      | <b>Total fee and commission income</b>  | <b>41,949</b>  | <b>31,557</b>  | <b>48,046</b>  | <b>37,221</b>  |
|      | Fee and commissions paid                |                |                |                |                |
|      | Securities trading and custody accounts | 4,061          | 2,462          | 4,061          | 2,462          |
|      | <b>Net fee and commission income</b>    | <b>37,888</b>  | <b>29,094</b>  | <b>43,985</b>  | <b>34,758</b>  |
| 6    | <b>Market value adjustments</b>         |                |                |                |                |
|      | Loans and advances                      | -14,799        | 6,688          | -14,799        | 6,688          |
|      | Bonds                                   | -18,334        | -63,044        | -16,592        | -61,596        |
|      | Shares                                  | 7,270          | -4,515         | 7,270          | -4,515         |
|      | Foreign exchange                        | 3,755          | 2,805          | 3,755          | 2,805          |
|      | Total derivatives of which:             | 18,926         | -6,601         | 18,926         | -6,601         |
|      | <i>Currency Swaps</i>                   | 732            | 538            | 732            | 538            |
|      | <i>Interest Swaps</i>                   | 18,194         | -3,702         | 18,194         | -3,702         |
|      | <i>Other contracts</i>                  | 0              | -3,437         | 0              | -3,437         |
|      | <b>Total market value adjustments</b>   | <b>-3,183</b>  | <b>-64,668</b> | <b>-1,441</b>  | <b>-63,220</b> |



| Note | DKK 1.000   | Group          |                | BankNordik     |                |
|------|---|----------------|----------------|----------------|----------------|
|      |   | H1             | H1             | H1             | H1             |
|      |   | 2021           | 2020           | 2021           | 2020           |
| 7    | <b>Other operating income</b>                                       |                |                |                |                |
|      | Profit on sale of properties  | 1,033          | 2              | 1,033          | 2              |
|      | Other income  | 3,855          | 2,526          | -181           | 541            |
|      | <b>Total other operating income</b>                                 | <b>4,888</b>   | <b>2,528</b>   | <b>852</b>     | <b>543</b>     |
| 8    | <b>Staff costs and administrative expenses</b>                      |                |                |                |                |
|      | Staff costs:  |                |                |                |                |
|      | Salaries  | 63,039         | 60,821         | 54,867         | 53,108         |
|      | Pensions  | 8,795          | 8,634          | 7,756          | 7,635          |
|      | Social security expenses  | 8,809          | 10,129         | 7,784          | 9,127          |
|      | <b>Total staff costs</b>  | <b>80,644</b>  | <b>79,584</b>  | <b>70,407</b>  | <b>69,870</b>  |
|      | Administrative expenses:  |                |                |                |                |
|      | IT  | 27,605         | 27,015         | 25,128         | 24,752         |
|      | Marketing etc   | 4,414          | 3,306          | 3,518          | 2,960          |
|      | Education etc   | 607            | 916            | 483            | 850            |
|      | Advisory services   | 9,970          | 1,145          | 9,958          | 1,145          |
|      | Other expenses  | 12,311         | 13,713         | 12,247         | 12,269         |
|      | <b>Total administrative expenses</b>                                | <b>54,907</b>  | <b>46,094</b>  | <b>51,334</b>  | <b>41,976</b>  |
|      | Total staff costs   | 80,644         | 79,584         | 70,407         | 69,870         |
|      | Employee costs included under the item "Claims, net of reinsurance" | -3,897         | -4,120         | 0              | 0              |
|      | Total administrative expenses                                       | 54,907         | 46,094         | 51,334         | 41,976         |
|      | <b>Total staff costs and administrative expenses</b>                | <b>131,654</b> | <b>121,558</b> | <b>121,741</b> | <b>111,846</b> |
|      | <b>Number of employees</b>  |                |                |                |                |
|      | Average number of full-time employees in the period                 | 214            | 228            | 183            | 199            |
|      | <b>Executive remuneration:</b>                                      |                |                |                |                |
|      | Board of Directors  | 1,150          | 1,325          | 1,150          | 1,325          |
|      | Executive Board:  |                |                |                |                |
|      | Salaries  | 1,491          | 1,325          | 1,491          | 1,325          |
|      | - less fees received from directorships                             | 37             | 249            | 37             | 249            |
|      | The Bank's expense, salaries  | 1,454          | 1,076          | 1,454          | 1,076          |
|      | Pension   | 224            | 199            | 224            | 199            |
|      | <b>Total executive board</b>  | <b>1,677</b>   | <b>1,275</b>   | <b>1,677</b>   | <b>1,275</b>   |
|      | <b>Total executive remuneration</b>                                 | <b>2,827</b>   | <b>2,600</b>   | <b>2,827</b>   | <b>2,600</b>   |

| Note | DKK 1.000  | Group          |                | BankNordik     |                |
|------|--|----------------|----------------|----------------|----------------|
|      |  | H1             | H1             | H1             | H1             |
|      |  | 2021           | 2020           | 2021           | 2020           |
| 9    | <b>Impairment charges on loans and advances and provisions for guarantees etc.</b>                     |                |                |                |                |
|      | Impairment charges and provisions at 31 December   | 327,822        | 348,155        | 327,822        | 348,155        |
|      | New and increased impairment charges and provisions  | 72,926         | 53,307         | 72,926         | 53,307         |
|      | Reversals of impairment charges and provisions   | 92,552         | 46,621         | 92,552         | 46,621         |
|      | Written-off, previously impaired   | 12,809         | 19,049         | 12,809         | 19,049         |
|      | <i>Interest income on impaired loans</i>   | <i>2,108</i>   | <i>2,524</i>   | <i>2,108</i>   | <i>2,524</i>   |
|      | <b>Total impairment charges and provisions at 30 June</b>  | <b>295,386</b> | <b>335,792</b> | <b>295,386</b> | <b>335,792</b> |
|      | <b>Impairment charges and provisions recognised in the income statement</b>                            |                |                |                |                |
|      | Loans and advances at amortised cost   | -23,164        | 3,079          | -23,164        | 3,079          |
|      | Loans and advances at fair value   | 0              | -29            | 0              | -29            |
|      | Guarantees and loan commitments  | -261           | -753           | -261           | -753           |
|      | <b>Total individual impairment charges and provisions</b>  | <b>-23,425</b> | <b>2,297</b>   | <b>-23,425</b> | <b>2,297</b>   |
|      | <i>Reversal of impairment charges in the discontinued activities amounted to 16.4 m DKK in H1 2021</i> |                |                |                |                |
|      | <b>Stage 1 impairment charges</b>  |                |                |                |                |
|      | Stage 1 impairment charges etc. at 31 December   | 33,844         | 7,908          | 33,844         | 7,908          |
|      | New and increased Stage 1 impairment charges   | 23,446         | 2,428          | 23,446         | 2,428          |
|      | Reversals, net of Stage 1 impairment charges   | 15,361         | 3,845          | 15,361         | 3,845          |
|      | <b>Stage 1 impairment charges at 30 June</b>   | <b>41,929</b>  | <b>6,491</b>   | <b>41,929</b>  | <b>6,491</b>   |
|      | <i>Total net impact recognised in the income statement</i>   | <i>8,085</i>   | <i>-1,417</i>  | <i>8,085</i>   | <i>-1,417</i>  |
|      | <b>Stage 2 impairment charges</b>  |                |                |                |                |
|      | Stage 2 impairment charges etc. at 31 December   | 36,509         | 17,191         | 36,509         | 17,191         |
|      | New and increased impairment charges   | 18,828         | 19,976         | 18,828         | 19,976         |
|      | Reversals, net of impairment charges   | 30,199         | 10,607         | 30,199         | 10,607         |
|      | <b>Stage 2 impairment charges at 30 June</b>   | <b>25,138</b>  | <b>26,559</b>  | <b>25,138</b>  | <b>26,559</b>  |
|      | <i>Total net impact recognised in the income statement</i>   | <i>-11,371</i> | <i>9,368</i>   | <i>-11,371</i> | <i>9,368</i>   |
|      | <b>Weak Stage 2</b>  |                |                |                |                |
|      | Weak Stage 2 impairment charges etc. at 31 December  | 39,548         | 35,664         | 39,548         | 35,664         |
|      | New and increased impairment charges   | 22,225         | 25,181         | 22,225         | 25,181         |
|      | Reversals, net of impairment charges   | 17,936         | 10,831         | 17,936         | 10,831         |
|      | <b>Weak Stage 2 impairment charges at 30 June</b>  | <b>43,837</b>  | <b>50,014</b>  | <b>43,837</b>  | <b>50,014</b>  |
|      | <i>Total net impact recognised in the income statement</i>   | <i>4,289</i>   | <i>14,350</i>  | <i>4,289</i>   | <i>14,350</i>  |

| Note     | DKK 1.000   | Group          |                | BankNordik     |                |
|----------|---|----------------|----------------|----------------|----------------|
|          |   | H1<br>2021     | H1<br>2020     | H1<br>2021     | H1<br>2020     |
| <b>9</b> | <b>Stage 3 impairment charges</b>                                 |                |                |                |                |
| (cont'd) | Stage 3 impairment charges etc. at 31 December                    | 201,906        | 269,932        | 201,906        | 269,932        |
|          | New and increased impairment charges                              | 4,604          | 3,098          | 4,604          | 3,098          |
|          | Reversals of impairment charges                                   | 24,972         | 17,961         | 24,972         | 17,961         |
|          | Written-off, previously impaired                                  | 12,809         | 19,049         | 12,809         | 19,049         |
|          | <i>Write-offs charged directly to the income statement</i>        | 179            | 17             | 179            | 17             |
|          | <i>Received on claims previously written off</i>                  | 1,870          | 1,882          | 1,870          | 1,882          |
|          | <i>Interest income on impaired loans</i>                          | 2,108          | 2,524          | 2,108          | 2,524          |
|          | <b>Stage 3 impairment charges at 30 June</b>                      | <b>168,729</b> | <b>236,020</b> | <b>168,729</b> | <b>236,020</b> |
|          | <i>Total net impact recognised in the income statement</i>        | -24,167        | -19,252        | -24,167        | -19,252        |
|          | <b>Purchased credit-impaired assets included in stage 3 above</b> |                |                |                |                |
|          | <b>Provisions for guarantees and undrawn credit lines</b>         |                |                |                |                |
|          | Individual provisions at 31 December                              | 16,015         | 15,333         | 16,015         | 15,333         |
|          | New and increased provisions                                      | 3,823          | 2,624          | 3,823          | 2,624          |
|          | Reversals of provisions   | 4,085          | 3,376          | 4,085          | 3,376          |
|          | <b>Provisions for guarantees etc at 30 June</b>                   | <b>15,753</b>  | <b>14,580</b>  | <b>15,753</b>  | <b>14,580</b>  |
|          | <i>Total net impact recognised in the income statement</i>        | -261           | -753           | -261           | -753           |
|          | <b>Provisions for guarantees and undrawn credit lines</b>         |                |                |                |                |
|          | Stage 1 provisions  | 2,246          | 1,228          | 2,246          | 1,228          |
|          | Stage 2 provisions  | 2,496          | 1,921          | 2,496          | 1,921          |
|          | Weak Stage 2 provisions   | 200            | 200            | 200            | 200            |
|          | Stage 3 provisions  | 10,811         | 11,231         | 10,811         | 11,231         |
|          | <b>Provisions for guarantees etc at 30 June</b>                   | <b>15,753</b>  | <b>14,580</b>  | <b>15,753</b>  | <b>14,580</b>  |

| Note      | DKK 1.000  | Group          |                | BankNordik     |                |
|-----------|--|----------------|----------------|----------------|----------------|
|           |  | H1             | H1             | H1             | H1             |
|           |  | 2021           | 2020           | 2021           | 2020           |
| <b>10</b> | <b>Discontinued operations</b>   |                |                |                |                |
|           | On 22 December 2020 BankNordik entered into a conditional agreement with Spar Nord on the sale of BankNordik's Danish activities. The sale has been approved by the Danish FSA and the Danish Competition and Consumer Authority, and the acquisition was completed with 1 February 2021 as the takeover date. |                |                |                |                |
|           | Interest income  | 7,911          | 48,458         | 7,911          | 48,458         |
|           | Interest expenses  | -643           | -2,428         | -643           | -2,428         |
|           | <b>Net interest income</b>   | <b>8,554</b>   | <b>50,887</b>  | <b>8,554</b>   | <b>50,887</b>  |
|           | Dividends from shares and other investments  | 0              | 9,282          | 0              | 9,282          |
|           | Fee and commission income  | 10,807         | 74,226         | 10,807         | 74,226         |
|           | Fee and commissions paid   | 0              | 4,105          | 0              | 4,105          |
|           | <b>Net dividend, fee and commission income</b>   | <b>10,807</b>  | <b>79,403</b>  | <b>10,807</b>  | <b>79,403</b>  |
|           | <b>Net interest and fee income</b>   | <b>19,361</b>  | <b>130,290</b> | <b>19,361</b>  | <b>130,290</b> |
|           | <b>Interest and fee income and income, net</b>   | <b>19,361</b>  | <b>130,290</b> | <b>19,361</b>  | <b>130,290</b> |
|           | Market value adjustments   | -1,361         | 34,229         | -1,361         | 34,229         |
|           | Other operating income   | 256,535        | 564            | 256,535        | 564            |
|           | Staff costs and administrative expenses  | 185,390        | 84,230         | 185,390        | 84,230         |
|           | Amortisation, depreciation and impairment charges  | 528            | 4,698          | 528            | 4,698          |
|           | Other operating expenses   | 63             | 0              | 63             | 0              |
|           | Impairment charges on loans and advances etc.  | -16,415        | -224           | -16,415        | -224           |
|           | <b>Profit before tax</b>   | <b>104,969</b> | <b>76,379</b>  | <b>104,969</b> | <b>76,379</b>  |
|           | Tax  | 23,093         | 16,803         | 23,093         | 16,803         |
|           | <b>Net profit</b>  | <b>81,876</b>  | <b>59,576</b>  | <b>81,876</b>  | <b>59,576</b>  |

| Note   | Group           |                  | BankNordik      |                  |
|--|-----------------|------------------|-----------------|------------------|
|  | June 30<br>2021 | Dec. 31<br>2020  | June 30<br>2021 | Dec. 31<br>2020  |
| <b>10 Assets</b>   |                 |                  |                 |                  |
| (cont'd) Cash in hand and demand deposits with central banks | 0               | 15,310           | 0               | 15,310           |
| Amounts due from credit institutions and central banks       | 0               | 52,800           | 0               | 52,800           |
| Loans and advances at amortised cost                         | 0               | 2,230,722        | 0               | 2,230,722        |
| Assets under pooled schemes                                  | 0               | 800,402          | 0               | 800,402          |
| Intangible assets  | 0               | 10,141           | 0               | 10,141           |
| Total land and buildings                                     | 0               | 59,386           | 0               | 59,386           |
| Other property, plant and equipment                          | 0               | 6,544            | 0               | 6,544            |
| Other assets   | 0               | 15,537           | 0               | 15,537           |
| Prepayments  | 0               | 27,100           | 0               | 27,100           |
| <b>Total assets</b>  | <b>0</b>        | <b>3,217,940</b> | <b>0</b>        | <b>3,217,940</b> |
| <b>Liabilities other than provisions</b>                     |                 |                  |                 |                  |
| Amounts due to credit institutions and central banks         | 0               | 338              | 0               | 338              |
| Deposits and other debt                                      | 0               | 5,629,740        | 0               | 5,629,740        |
| Deposits under pooled schemes                                | 0               | 800,402          | 0               | 800,402          |
| Current tax liabilities                                      | 0               | 1,158            | 0               | 1,158            |
| Other liabilities  | 0               | 83,380           | 0               | 83,380           |
| Deferred income  | 0               | 1,154            | 0               | 1,154            |
| <b>Total liabilities other than provisions</b>               | <b>0</b>        | <b>6,516,171</b> | <b>0</b>        | <b>6,516,171</b> |
| <b>Provisions for liabilities</b>                            |                 |                  |                 |                  |
| Provisions for losses on guarantees etc                      | 0               | 2,556            | 0               | 2,556            |
| Provisions for other liabilities                             | 0               | 1,277            | 0               | 1,277            |
| <b>Total provisions for liabilities</b>                      | <b>0</b>        | <b>3,833</b>     | <b>0</b>        | <b>3,833</b>     |
| <b>Total liabilities</b>                                     | <b>0</b>        | <b>6,520,004</b> | <b>0</b>        | <b>6,520,004</b> |
| <b>Cash flow statement</b>                                   |                 |                  |                 |                  |
| Cash flow from operations                                    |                 | 9,138            |                 | 9,138            |
| Cash flow from investing activities                          |                 | 4,199            |                 | 4,199            |
| Cash flow from financing activities                          |                 | -5,556           |                 | -5,556           |
| <b>Cash flow</b>   |                 | <b>7,781</b>     |                 | <b>7,781</b>     |

| Note | DKK 1.000  | Group            |                  | BankNordik       |                  |
|------|--|------------------|------------------|------------------|------------------|
|      |  | June 30<br>2021  | Dec. 31<br>2020  | June 30<br>2021  | Dec. 31<br>2020  |
| 11   | <b>Due from credit institutions etc. specified by maturity</b> |                  |                  |                  |                  |
|      | On demand  | 256,746          | 377,256          | 256,746          | 377,256          |
|      | 3 months and below   | 0                | 800,259          | 0                | 800,259          |
|      | 3 months to 1 year   | 198,743          | 0                | 198,743          | 0                |
|      | <b>Total due from credit institutions etc.</b>                 | <b>455,489</b>   | <b>1,177,515</b> | <b>455,489</b>   | <b>1,177,515</b> |
| 12   | <b>Assets held for sale</b>                                    |                  |                  |                  |                  |
|      | Total purchase price, at 1 January                             | 4,466            | 5,112            | 4,466            | 5,112            |
|      | Additions  | 0                | 3,564            | 0                | 3,564            |
|      | Reclassification from domicile properties                      | 0                | 902              | 0                | 902              |
|      | Disposals  | 902              | 5,112            | 902              | 5,112            |
|      | <b>Total purchase price</b>                                    | <b>3,564</b>     | <b>4,466</b>     | <b>3,564</b>     | <b>4,466</b>     |
|      | Depreciation and impairment, at 1 January                      | 0                | 3,612            | 0                | 3,612            |
|      | Reversal of impairment on disposals during the year            | 0                | 3,612            | 0                | 3,612            |
|      | <b>Total depreciation and impairment</b>                       | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |
|      | <b>Total assets held for sale</b>                              | <b>3,564</b>     | <b>4,466</b>     | <b>3,564</b>     | <b>4,466</b>     |
| 13   | <b>Contingent liabilities</b>                                  |                  |                  |                  |                  |
|      | <b>Guarantees</b>  |                  |                  |                  |                  |
|      | Financial guarantees   | 264,399          | 285,623          | 264,399          | 285,623          |
|      | Mortgage finance guarantees                                    | 732,186          | 676,508          | 732,186          | 676,508          |
|      | Registration and remortgaging guarantees                       | 141,367          | 241,742          | 141,367          | 241,742          |
|      | Other guarantees   | 654,387          | 271,696          | 654,387          | 271,696          |
|      | <b>Total guarantees</b>  | <b>1,792,339</b> | <b>1,475,570</b> | <b>1,792,339</b> | <b>1,475,570</b> |

14 **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 report for the first six months to 30 June 2021.

The consolidated financial statements for the first six months to 30 June 2021 have been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the EU, while the interim financial statements of the Parent Company have been prepared in accordance with the Faroese Financial Business Act. Furthermore, the Interim Report has been prepared in accordance with additional Faroese disclosure requirements for interim reports of listed financial companies and in accordance with the financial reporting requirements of Nasdaq Copenhagen.

The interim financial statements have not been audited or reviewed.

We consider the accounting policies applied to be appropriate, such that the Interim Financial Report gives a true and fair view of the Group's and the Parent Company's assets, shareholders' equity and liabilities and financial position at 30 June 2021, and of the results of the Group's and the Parent Company's operations and the Group's and Parent Company's cash flows for the first six months ended 30 June 2021.

In addition, we consider the Management's report to give a fair presentation of the development in the Group's activities and financial affairs, the profit for the period and the Group's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Group.

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. Samuelson

Rúna Hentze

Alexandur Johansen

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SWIFT: FIFB FOTX

BankNordik is a limited liability  
company incorporated and  
domiciled in the Faroe Islands.

The company is listed on  
Nasdaq Copenhagen.

## IR contact

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