

## Core operations improved in Q1

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### Announcement no. 11/2022

“The positive trends continued in the first quarter, and we’re pleased to deliver solid financial results for the period. Our core operations improved by 30% over the year-earlier period. The outlook for the rest of the year is promising, but also subject to potential negative economic implications of the war in Ukraine,” said BankNordik CEO Árni Ellefsen.

“As part of our ongoing efforts to optimise the capital structure of the Group, we requested a rating by Moody’s, and in March we were assigned a good rating with low risk and a positive outlook. The rating enabled us to issue MREL bonds for SEK 300m at a very satisfactory price,” said Ellefsen.

### Highlights of BankNordik's interim report for the three months to 31 March 2022:

#### Q1 2022 vs Q1 2021

- Operating profit before impairment charges increased from DKK 38m in Q1 2021 to DKK 49m in Q1 2022.
  - Net interest income rose from DKK 63m in Q1 2021 to DKK 66m in Q1 2022.
  - Fee and commission income was up by DKK 4m from DKK 17m in Q1 2021 to DKK 22m in Q1 2022.
  - Net insurance income amounted to DKK 12m in Q1 2022 for a DKK 4m improvement on Q1 2021.
  - Other operating income amounted to DKK 11m in Q1 2022, which was DKK 2m lower than the Q1 2021 figure.
  - Operating costs amounted to DKK 61m in Q1 2022, which was a DKK 2m increase relative to Q1 2021.
- BankNordik maintains the management estimated provision of DKK 52m originally made due to COVID-19. Although the uncertainty relating to the pandemic has been reduced, the war in Ukraine has caused increased uncertainty.
- Net impairment charges were a DKK 10m reversal in Q1 2022, compared to charges of DKK 3m in Q1 2021.
- The overall profit before tax was DKK 60m in Q1 2022, compared to the Q1 2021 figure of 117m, which included non-recurring income of DKK 77m.
  - The investment portfolio yielded a gain of DKK 2m against a loss of DKK 3m in Q1 2021.

#### Q1 2022 vs Q4 2021

- BankNordik reported an operating profit before impairment of DKK 49m in Q1 2022, a DKK 3m (+6%) improvement on Q4 2021.
  - Net interest income amounted to DKK 66m in Q1 2022, which was in line with the Q4 2021 figure.
  - Fee and commission income fell by DKK 1m to DKK 22m in Q1 2022 from DKK 23m in Q4 2021.
  - Net insurance income amounted to DKK 12m in Q1 2022, a DKK 6m increase on Q4 2021.
- Other operating income was up by DKK 3m on Q4 2021 to DKK 11m in Q1 2022.
- Operating costs amounted to DKK 61m in Q1 2022, which was a DKK 4m increase relative to Q4 2021.
- Loan impairment charges were a DKK 10m net reversal for the Q1 2022 period against a DKK 40m reversal in Q4 2021. Although the uncertainty connected to the COVID-19 pandemic has been reduced, the Bank will maintain its management estimated provision of DKK 52m due to the uncertainty relating to the war in Ukraine.
- The overall profit before tax was DKK 60m in Q1 2022 against DKK 95m in Q4 2021.
  - The investment portfolio yielded a gain of DKK 2m in Q1 2022, which was in line with the figure for the previous quarter.
- Bank lending volumes were up by DKK 60m (1%) from DKK 7,624m at 31 December 2021 to DKK 7,684m at 31 March 2022.
- Mortgage-broking services were up by DKK 70m (+3%) from DKK 2,657m at 31 December 2021 to DKK 2,727m at 31 March 2022.
- Deposits were up by DKK 132m (2%) from DKK 7,914m at 31 December 2021 to DKK 8,047m at 31 March 2022.

#### Capital ratios

At 31 March 2022, the Group had a CET 1 capital ratio of 23.8% which is on a level with 31 December 2021. The total capital ratio including MREL was 32.9% at 31 March 2022 against 29.6% at 31 December 2021.

#### Guidance for 2022

BankNordik's management is guiding for a FY 2022 net profit in the DKK 130-160m range. Solid Q1 results indicate FY results at higher end of guidance range. The guidance is subject to uncertainty and will, amongst other things, depend on

economic conditions, developments in the situation relating to the war in Ukraine, loan impairment and market value adjustments.

**For further information, please call:**

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BankNordik has banking activities in Greenland and the Faroe Islands and insurance activities in the Faroe Islands. Founded in the Faroe Islands more than a century ago, the Group has total assets of DKK 12bn and 199 employees. The Bank is subject to the supervision of the Danish Financial Supervisory Authority and is listed on Nasdaq Copenhagen.

**Appendix: Q1 2022 financial highlights and comparative figures**

| <b>Highlights and ratios</b>                        |            |            |       |            |            |            |            |            |            |       |
|---|------------|------------|-------|------------|------------|------------|------------|------------|------------|-------|
| DKKm  | Q1<br>2022 | Q4<br>2021 | Index | Q4<br>2021 | Q3<br>2021 | Q2<br>2021 | Q1<br>2021 | Q1<br>2022 | Q1<br>2021 | Index |
| Net interest income                                 | 66         | 66         | 99    | 66         | 65         | 66         | 63         | 66         | 63         | 104   |
| Net fee and commission income                       | 22         | 23         | 96    | 23         | 19         | 20         | 17         | 22         | 17         | 123   |
| Net insurance income                                | 12         | 6          | 195   | 6          | 7          | 14         | 7          | 12         | 7          | 160   |
| Other operating income (less reclassification)      | 11         | 8          | 140   | 8          | 8          | 9          | 9          | 11         | 9          | 124   |
| Operating income                                    | 110        | 103        | 107   | 103        | 99         | 109        | 97         | 110        | 97         | 114   |
| Operating costs                                     | -61        | -57        | 107   | -57        | -59        | -61        | -59        | -61        | -59        | 104   |
| Sector costs  | 0          | 0          |       | 0          | 0          | 0          | 0          | 0          | 0          |       |
| Profit before impairment charges                    | 49         | 46         | 106   | 46         | 40         | 48         | 38         | 49         | 38         | 129   |
| Impairment charges, net                             | 10         | 40         | 24    | 40         | 13         | 27         | -3         | 10         | -3         | -289  |
| Operating profit                                    | 59         | 86         | 68    | 86         | 53         | 75         | 34         | 59         | 34         | 170   |
| Non-recurring items                                 | 0          | 6          | -     | 6          | 2          | 4          | 77         | 0          | 77         |       |
| Profit before investment portfolio earnings and tax | 59         | 93         | 63    | 93         | 54         | 79         | 111        | 59         | 111        | 53    |
| Investment portfolio earnings                       | 2          | 2          | 75    | 2          | -1         | -4         | -3         | 2          | -3         | -52   |
| Profit before tax, continuing operations            | 60         | 95         | 63    | 95         | 53         | 75         | 108        | 60         | 108        | 56    |
| Profit before tax, discontinued operations          | 0          | 0          |       | 0          | 0          | 0          | 9          | 0          | 9          | -     |
| Profit before tax, total                            | 60         | 95         | 63    | 95         | 53         | 75         | 117        | 60         | 117        | 51    |
| Tax   | 12         | 17         | 70    | 17         | 11         | 15         | 24         | 12         | 24         | 50    |
| Net profit  | 48         | 78         | 62    | 78         | 41         | 59         | 93         | 48         | 93         | 52    |
| Loans and advances                                  | 7.684      | 7.624      |       | 7.624      | 7.594      | 7.586      | 7.450      | 7.684      | 7.450      |       |

|  |       |       |     |       |       |       |       |       |       |     |
|--|-------|-------|-----|-------|-------|-------|-------|-------|-------|-----|
|  |       |       | 101 |       |       |       |       |       |       | 103 |
| Deposits and other debt                    | 8.047 | 7.914 | 102 | 7.914 | 7.435 | 7.660 | 7.536 | 8.047 | 7.536 | 107 |
| Mortgage credit                            | 2.727 | 2.657 | 103 | 2.657 | 2.609 | 2.502 | 2.443 | 2.727 | 2.443 | 112 |
| Equity                                     | 1.697 | 2.036 | 83  | 2.036 | 2.410 | 2.369 | 2.313 | 1.697 | 2.313 | 73  |
| Total capital ratio, incl. MREL capital, % | 32,9  | 29,6  |     | 29,6  | 31,7  | 31,3  | 36,2  | 32,9  | 36,2  |     |
| CET 1 capital, %                           | 23,8  | 23,8  |     | 23,8  | 26,1  | 25,7  | 31,0  | 23,8  | 31,0  |     |
| ROE, %                                     | 10,3  | 13,3  |     | 13,3  | 6,8   | 9,7   | 7,3   | 10,3  | 7,3   |     |
| ROE, excl. one-offs, %                     | 10,3  | 13,1  |     | 13,1  | 6,7   | 9,6   | 4,4   | 10,3  | 4,4   |     |
| Liquidity Coverage Ratio (LCR), %          | 198,4 | 191,4 |     | 191,4 | 185,9 | 202,5 | 211,7 | 198,4 | 211,7 |     |
| Operating cost/income, %                   | 55    | 55    |     | 55    | 59    | 56    | 60    | 55    | 61    |     |
| Number of FTE, end of period               | 199   | 195   | 102 | 195   | 199   | 195   | 218   | 199   | 218   | 91  |

Further details are available in the interim report.

## Attachments

- [Interim Report Q1 2022.pdf](#)
- [IR-Presentation Q1 2022.pdf](#)