



Core operations improved in 2022

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Overview

- **Highlights**
- **Financials**
 - Operating income
 - Insurance
 - Expenditures
 - Impairment charges
 - Capital ratios
- **The Faroese and Greenlandic economy**
- **Outlook 2023**
- **Appendices**



Highlights

— Satisfactory developments in core banking operations

Operational and financial highlights

- Solid financial results for the year. Core operating income improved by 10% due to better balance between income and costs as well as a stronger interest rate environment.
 - Net interest income up by 8% QoQ and 4% YoY due to interest increases.
 - Net fee and commission income up by 11% YoY
 - Net insurance income increased by 29% QoQ and 54% YoY, driven by price adjustments and lower claims.
- Operating costs YoY higher, primarily because of exceptional costs associated with change in management and board members.
- Reversal of impairment charges on a well-collateralised loan portfolio.
- The turbulence in financial markets had an adverse impact on our securities holdings during the year.
- Capital optimisation continues. CET1 capital ratio of 21.6%
- Financial targets raised for 2024:
 - ROE after tax from 10% to 12%
 - Cost/Income ratio from <55% to <53%
 - Dividend payment from 50% to 70% of net profit

Profit & Loss

<i>DKKm</i>	Q4 2022	Q3 2022	Index	2022	2021	Index
Net interest income	72	67	108	270	260	104
Net fee and commission income	23	22	104	88	79	111
Net insurance income	14	11	129	52	34	154
Other operating income	8	11	70	37	34	108
Operating income	117	110	106	447	407	110
Operating and sector costs	-58	-62	93	-243	-236	103
Profit before impairment charges	59	48	122	202	171	118
Net impairment charges on loans	3	12	29	47	77	61
Operating profit	62	60	104	249	248	101
Non-recurring items	0	0		0	89	
Investment portfolio earnings	8	-36	-22	-43	-6	667
Profit before tax, continuing operations	70	24	294	207	330	63
Profit before tax, discontinued operations	0	0		0	9	0
Profit before tax	70	24	294	207	340	61

Key Metrics

<i>DKKbn</i>		Q4 2022	Q3 2022	Index	2022	2021	Index
Loans and advances		8.1	8.0	101	8.1	7.6	106
Deposits and other debt		8.4	8.2	102	8.4	7.9	106
Mortgage credit		2.6	2.7	100	2.6	2.7	100
	Target						
Operating cost / income, %	< 53.0	49.7	56.5		54.5	58.0	
CET1 capital ratio, %	20.0	21.6	22.9		21.6	23.8	
RoE, % (annualised)	> 12.0	12.1	4.6		8.5	12.6	
RoE, excl. one-offs, % (annualised)	> 12.0	12.1	4.6		8.5	8.9	
Combined ratio	85.0	85.0	87.8		87.0	101.0	

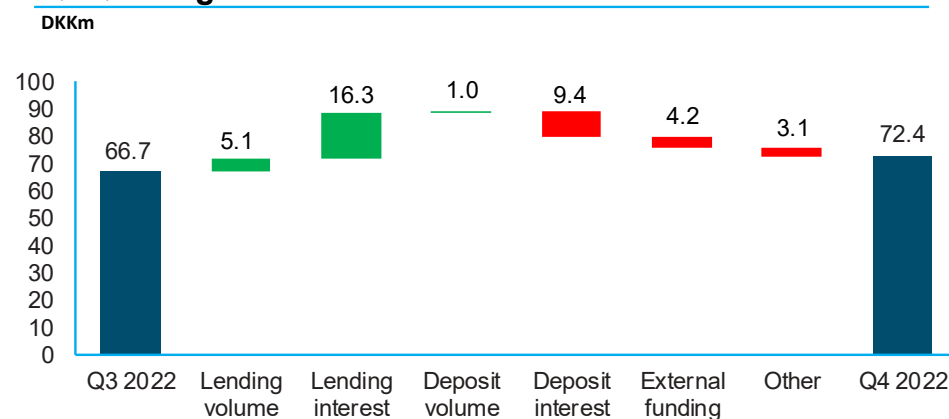
Operating income - Net interest income

- Slightly increased interest rate margin resulted in 4% increase in NII for the year

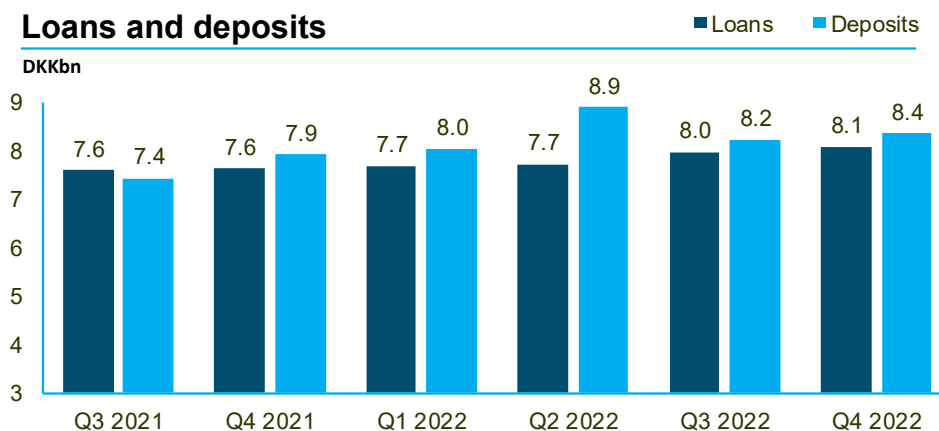
Comments

- Net interest income up by DKK 5.7m QoQ and DKK 9.7m YoY.
- Increase in net interest income due to higher interest rates.
- Lending volumes up by DKK 106m QoQ and DKK 459m YoY
- Deposits up by DKK 126m QoQ and DKK 437m YoY.

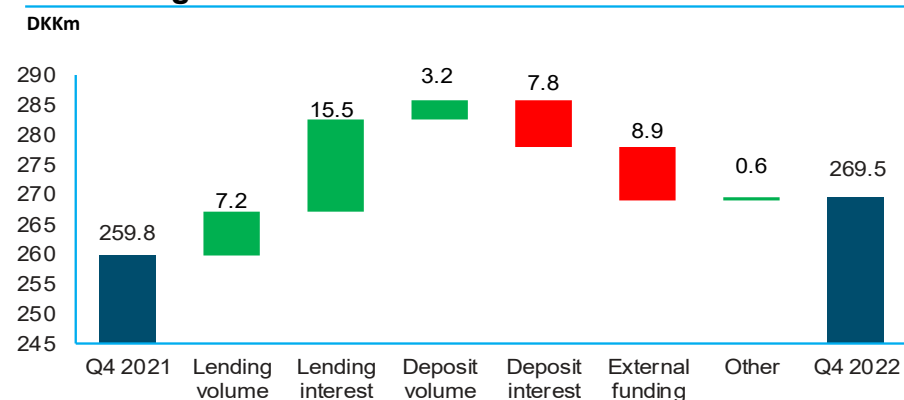
QoQ changes in net interest income



Loans and deposits



YoY changes in net interest income



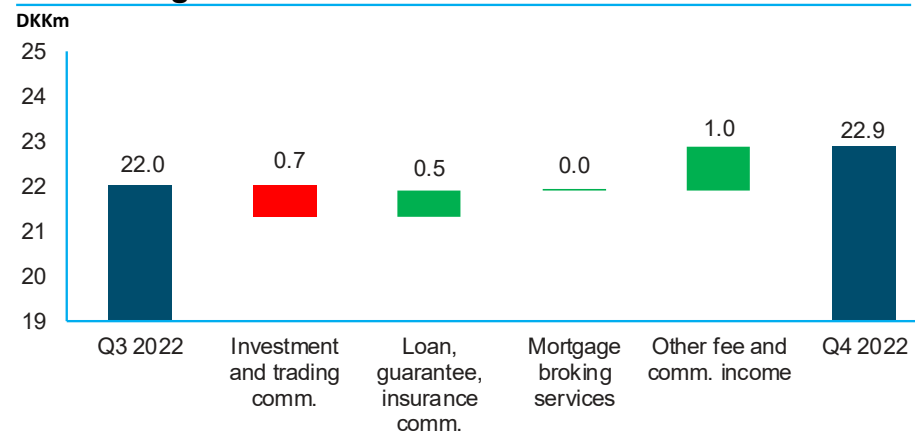
Operating income - Fee and commission income

-Increase in fee and commission income driven by increases in prices during the year

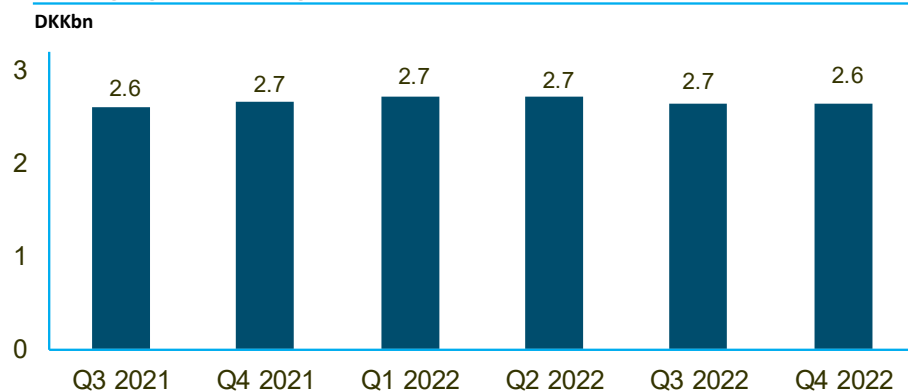
Comments

- Fee and commission income up by DKK 0.9m QoQ and DKK 8.7m YoY
- Increase in fee and commission income driven by increases in prices during the year
- Mortgage-broking services down DKK 4m QoQ and DKK 9m YoY

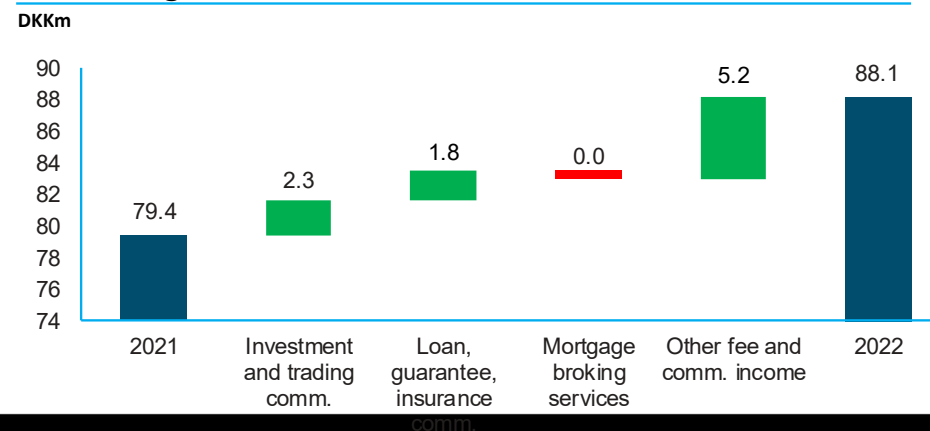
QoQ changes in fee and commission income



Mortgage-broking services



YoY changes in fee and commission income



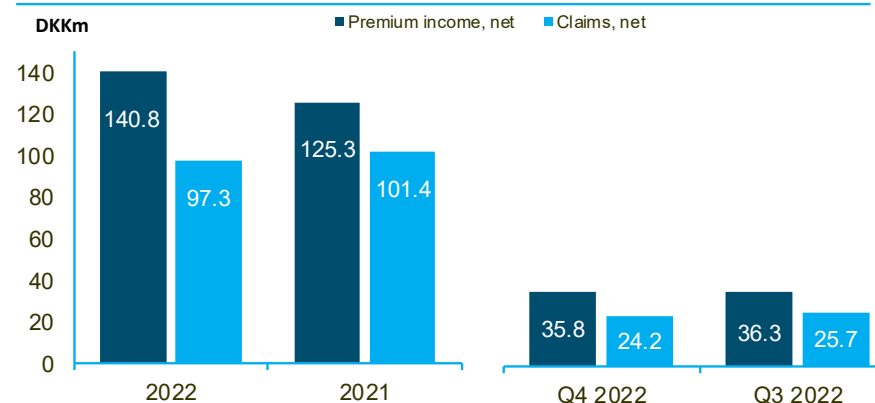
Insurance - Financial results for Trygd

- Back on track thanks to price adjustments and lower level of large claims

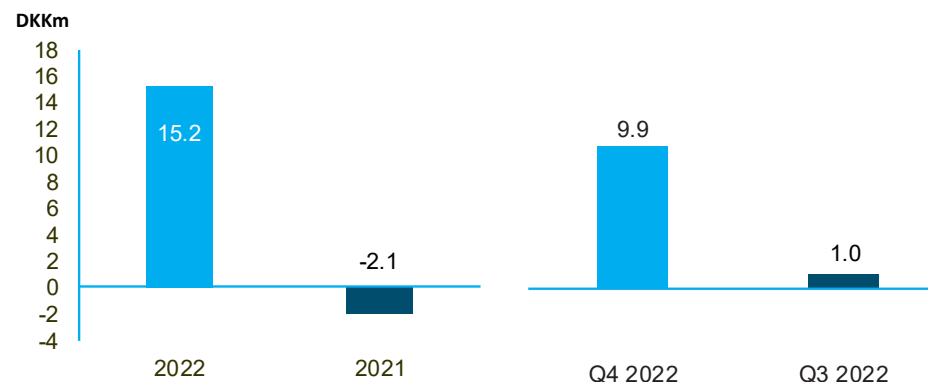
Comments

- Combined ratio of 80% in Q4 compared to 81% in Q3.
- Net premium income down by DKK 0.5m QoQ and up by DKK 14.9m YoY – driven by general indexation
- Net claims down by DKK 1.5m QoQ and down by DKK 13.1m YoY
- In addition to general indexation, conditional and price adjustments implemented in less profitable industries in mid 2021, including
 - Increased premiums on house and occupational injury insurances
 - Increased deductibles on occupational injury insurances
- A lower level of large claims along with the above changes in premiums and deductibles underpins premiums and results

Premiums and claims



Result before tax



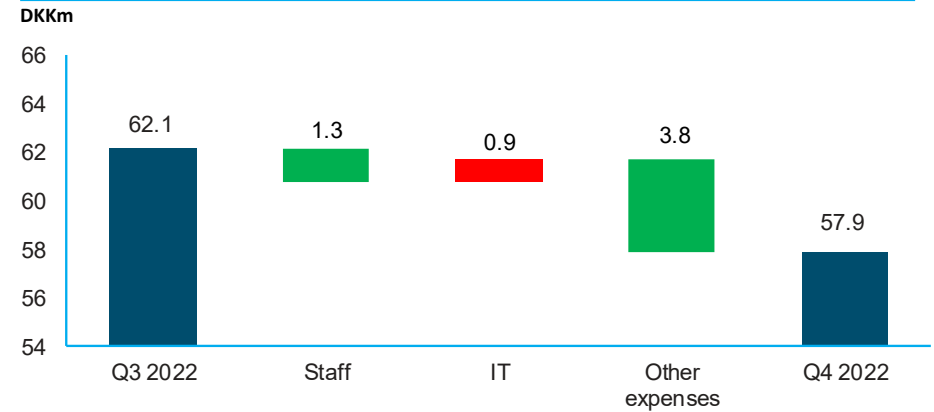
Operating costs

- Costs under pressure but cost discipline remains a focus area

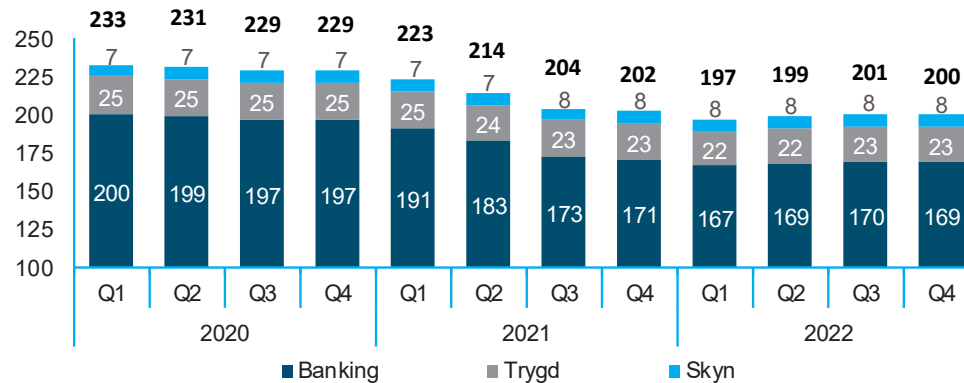
Comments

- Operating costs down by DKK 4.2m QoQ due to higher cost because of change in management in Q3.
- Up by DKK 8.0m YoY. The increase was driven by changes to the bank's management and board.

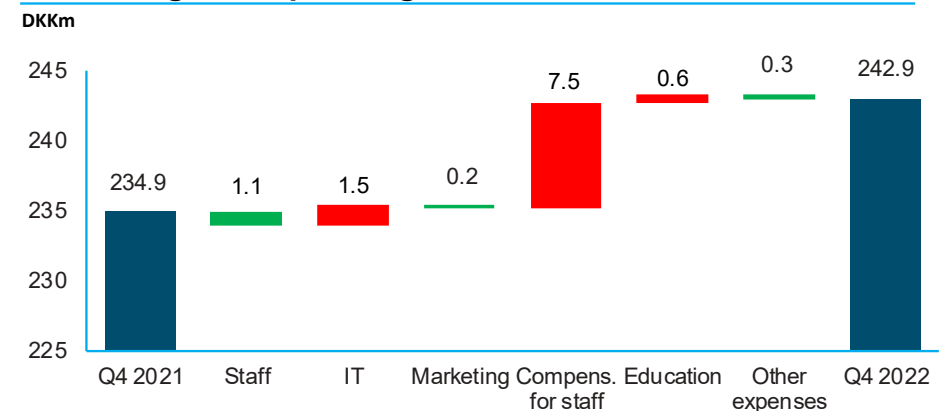
QoQ changes in operating costs



Average number of employees (FTE)



YoY changes in operating costs



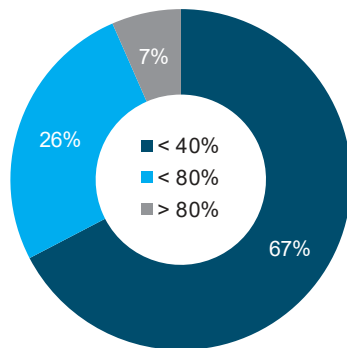
Impairment charges

- Reversal of impairment charges on well-collateralised loan portfolio

Comments

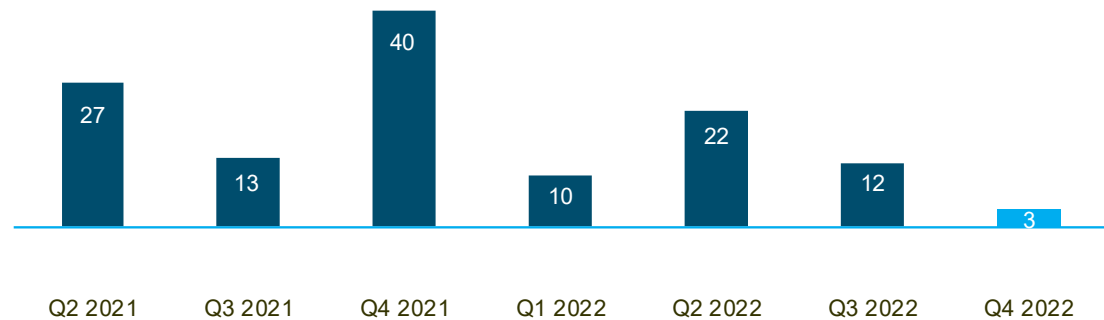
- Impairment was a net reversal of DKK 3m in Q4 2022 and a net reversal of DKK 47m YoY.
- Discretionary management estimate of DKK 56m; DKK 4m higher than Q3. Originally recognised in 2020 due to COVID-19. COVID-19 uncertainty has been reduced, but the estimate has been reassessed and increased due to the uncertainty caused by the war in Ukraine and macroeconomic uncertainty.
- BankNordik still expects to be able to keep impairments below the industry average going forward
- Strong LTV ratios for housing loans

LTV for housing loans¹



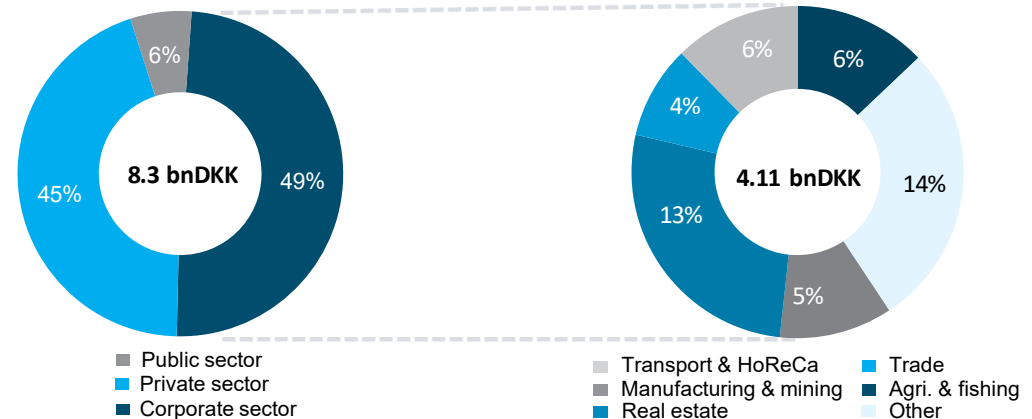
Net impairment charges

DKKm



Gross lending by sector

DKKm



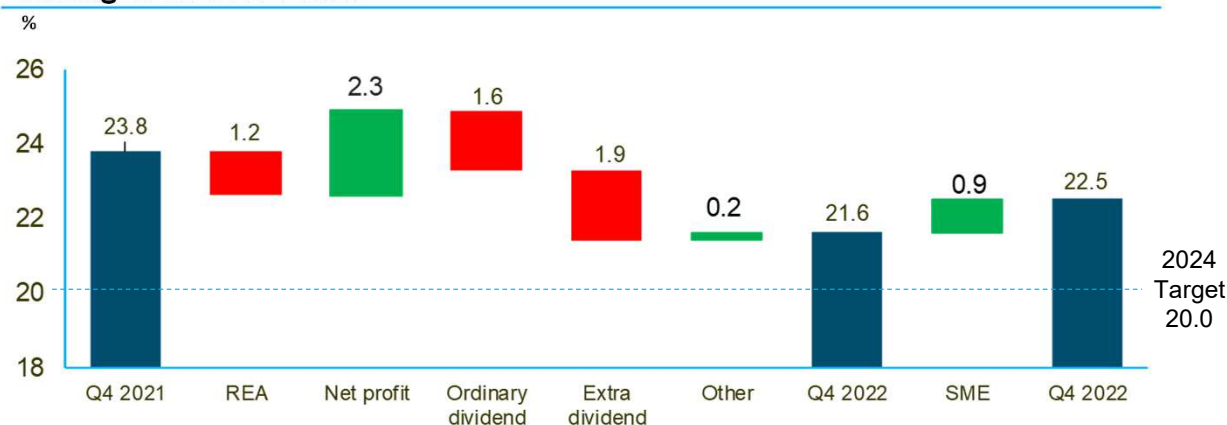
Capital position

- Strong capital ratios with focus on capital optimisation

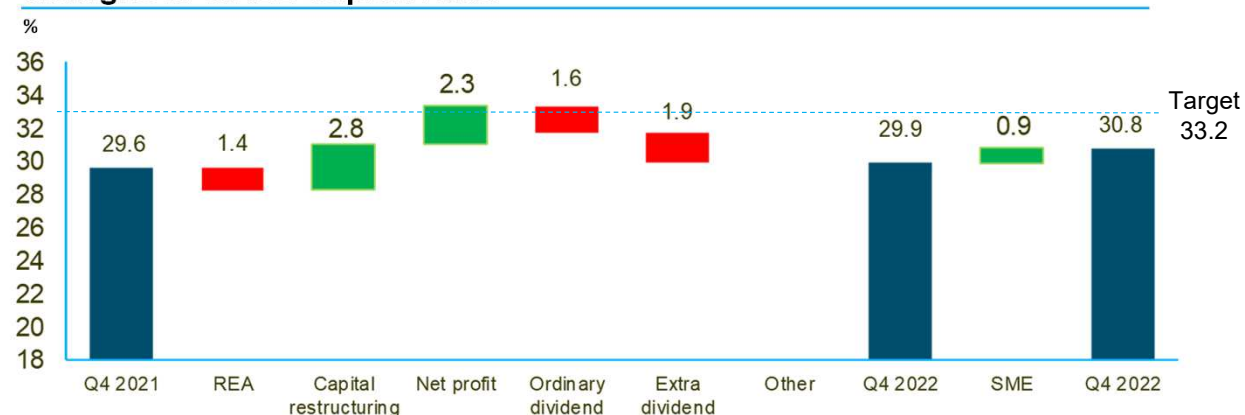
Comments

- CET1 ratio down by 2.2 pp and MREL capital ratio up by 0.3 pp in Q4 2022 compared to Q4 2021.
- REA increased by 5.2 pp to DKK 7,1954m compared to Q4 2021.
- Incoming legislation expected to reduce REA of SME exposures by DKK 250m (0.9 pp).
- Due to the continuous focus on optimising its capital structure and liquidity, BankNordik plans to continue issuing senior non-preferred (T3) and/or senior preferred loan capital in 2023.
- At the Annual General Meeting, the Board intends to propose total dividend payments of DKK 250m for 2022 (DKK 26.0 per share) to the shareholders, consisting of a dividend of DKK 135m stemming from extraordinary capital optimisation and DKK 115m representing 70% of the net profit for 2022

Changes in CET1 ratio



Changes in MREL Capital Ratio



Economic outlook

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

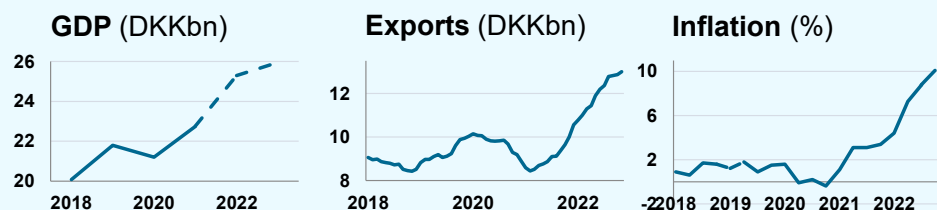
The Faroe Islands

Positive momentum

- Strong rebound after Covid-19
- GDP growth expectations (nominal)
 - 2022: 11.2%
 - 2023: 2.6%
- 32% export growth in 2022

Risk factors

- Inflation as high as in rest of Europe, 10.1% in Nov. 2022
- Russia fisheries agreement extended through 2023



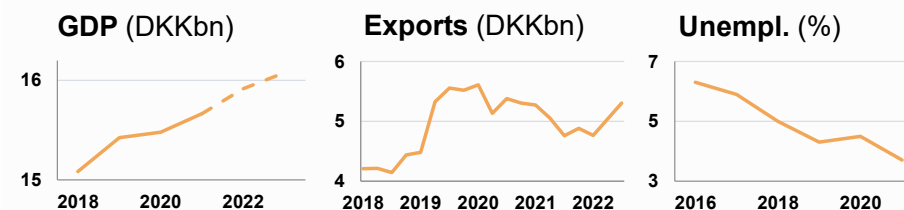
Greenland

Positive momentum

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

Risk factors

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



Outlook 2023

Growth in business volumes

- Using the Danish export-credit fund (EKF) to support corporate lending growth
- Growth in mortgage-broking bank lending volumes
- Increase in insurance income and assets under management

Robust growth in operating income

- Growth in lending volume and deposits
- Rising fee and commission income due to growth in mortgage credit and assets under management
- Increased insurance premium income

Moderate growth in operating costs

- Investments in digitalisation and automation leading to higher IT costs
- Increased staff costs due to salary increases
- Savings on staff costs due to increased efficiency and process optimisation

Impairment charges to remain at a low level, approx. DKK 40m

Investment portfolio earnings higher due to higher interest rates

Improved return on equity (10.5-12%)

Net profit expected at DKK 190-220m (2022: DKK 164m)

Questions?

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Appendices

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

Group

- Increased profit before impairment charges

DKKm	Q4 2022	Q3 2022	Index	Q2 2022	Q1 2022	Q4 2021	2022	2021	Index
Net interest income	72	67	108	65	66	66	270	260	104
Net fee and commission income	23	22	104	22	22	23	88	79	111
Net insurance income	14	11	129	15	12	6	52	34	154
Other operating income (less reclassification)	8	11	70	9	10	8	37	34	108
Operating income	117	110	106	111	109	103	447	407	110
Operating costs ¹	-58	-62	93	-62	-61	-57	-243	-235	103
Sector costs	0	0		0	0	0	-1	-1	121
Profit before impairment charges	59	48	122	48	48	46	202	171	118
Impairment charges, net	3	12	29	22	10	40	47	77	
Operating profit	62	60	104	70	57	86	249	248	101
Non-recurring items ²	0	0		0	0	6	0	89	
Profit before investment portfolio earnings and tax	62	60	104	70	57	93	249	337	74
Investment portfolio earnings ³	8	-36		-16	2	2	-43	-6	
Profit before tax, continuing operations	70	24	294	54	59	95	207	330	63
Profit before tax, discontinued operations	0	0		0	0	0	0	9	-
Profit before tax, total	70	24	294	54	59	95	207	340	61
Tax	16	4	443	10	12	17	42	67	63
Net profit	54	20	267	43	47	78	164	272	60
Operating cost/income, %	49	56		56	56	55	54	58	
Number of FTE, end of period	200	201	100	203	199	195	200	195	103

1 Comprises staff costs, administrative expenses and amortisation, depreciation and impairment charges (less reclassification to non-recurring items).

2 Reclassified from Other operating income, Staff costs and administrative expenses and from Amortisation, depreciation and impairment charges.

3 Incl. net income from investments accounted for under the equity method (excl. sector shares).

Banking

- Interest rate increases reflected in higher operating income

DKKm	Q4 2022	Q3 2022	Index	Q2 2022	Q1 2022	Q4 2021	2022	2021
Net interest income	72	67	108	65	66	66	270	260
Net fee and commission income	26	26	103	25	25	26	102	92
Other operating income	6	10	57	8	8	7	32	28
Operating income	105	102	102	97	99	99	403	380
Operating cost	-53	-57	92	-57	-56	-51	-223	-214
Sector costs	0	0		0	0	0	-1	-1
Profit before impairment charges	52	45	115	40	43	48	179	165
Impairment charges, net	3	12	29	22	10	40	47	77
Operating profit	55	57	97	62	52	89	226	241
Non-recurring items	0	0		0	0	6	0	89
Profit before investment portfolio earnings and tax	55	57	97	62	52	95	226	330
Investment portfolio earnings	3	-32		-12	3	2	-38	-5
Profit before tax, continuing operations	58	25	234	50	55	97	188	325
Profit before tax, discontinued operations	0	0		0	0	0	0	9
Profit before tax, total	58	25	234	50	55	97	188	334
Loans and advances	8,083	7,977	101	7,724	7,684	7,624	8,083	7,624
Deposits and other debt	8,351	8,225	102	8,897	8,047	7,914	8,351	7,914
Mortgage credit	2,648	2,652	100	2,730	2,727	2,657	2,648	2,657
Operating cost/income, %	50	56		58	57	51	55	56
Number of FTE, end of period	169	170	100	173	168	164	169	164

Personal Banking

- High income level maintained

DKKm	Q4 2022	Q3 2022	Index	Q2 2022	Q1 2022	Q4 2021	2022	2021
Net interest income	35	34	104	33	34	34	136	131
Net fee and commission income	19	19	103	18	18	19	73	65
Other operating income	5	8	67	6	6	5	25	20
Operating income	60	60	99	57	58	58	235	216
Operating costs	-48	-49	99	-44	-44	-39	-186	-172
Sector costs	0	0		0	0	0	-1	-1
Profit before impairment charges	11	11	101	13	13	19	48	43
Impairment charges, net	-3	6		7	5	5	16	22
Operating profit	8	17	48	20	18	24	64	65
Non-recurring items	0	0		0	0	-4	0	79
Profit before investment portfolio earnings and tax	8	17	48	20	18	21	64	144
Investment portfolio earnings	6	-23	-25	-13	2	2	-28	-3
Profit before tax, continuing operations	14	-6	-238	7	20	23	35	141
Profit before tax, discontinued operations	0	0		0	0	0	0	9
Profit before tax, total	14	-6	-238	7	20	23	35	150
Loans and advances	3,645	3,626	101	3,576	3,550	3,583	3,645	3,583
Deposits and other debt	5,412	5,388	100	5,410	5,264	5,105	5,412	5,105
Mortgage credit	2,338	2,328	100	2,344	2,344	2,292	2,338	2,292
Number of FTE, end of period	71	74	96	76	75	71	71	71

Corporate Banking

- High customer activity; credit quality still improving

DKKm	Q4 2022	Q3 2022	Index	Q2 2022	Q1 2022	Q4 2021	2022	2021
Net interest income	37	33	113	32	32	32	133	128
Net fee and commission income	7	7	103	7	7	7	28	27
Other operating income	1	2	27	2	2	2	7	9
Operating income	45	42	107	41	41	41	169	164
Operating costs	-3	-9	29	-7	-12	-11	-31	-42
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	42	33	129	33	29	30	137	122
Impairment charges, net	6	6	108	14	5	35	31	54
Operating profit	48	38	126	47	34	65	168	176
Non-recurring items	0	0		0	0	0	0	0
Profit before investment portfolio earnings and tax	48	38	126	47	34	65	168	176
Investment portfolio earnings	-3	-9		-5	1	1	-15	-1
Profit before tax	46	29	156	42	35	66	152	175
Loans and advances	4,438	4,351	102	4,148	4,133	4,041	4,438	4,041
Deposits and other debt	2,939	2,837	104	3,487	2,783	2,808	2,939	2,808
Mortgage credit	310	324	96	382	383	365	310	365
Number of FTE, end of period	15	15	100	15	15	13	15	13

Banking – Faroe Islands

- Steady improvement in operating profit

DKKm	Q4 2022	Q3 2022	Index	Q2 2022	Q1 2022	Q4 2021	2022	2021
Net interest income	60	55	108	52	54	53	221	210
Net fee and commission income	22	22	102	22	21	21	87	72
Other operating income	4	9	49	6	7	6	26	24
Total Operating income	86	86	100	80	82	80	334	306
Operating cost	-45	-50	91	-47	-46	-47	-189	-188
Sector costs	0	0		0	0	0	-1	-1
Profit before impairment charges	40	35	115	33	36	33	144	118
Impairment charges, net	-9	12	-74	4	2	18	9	25
Operating profit	32	47	67	37	38	51	153	143
Non-recurring items	0	0		0	0	11	0	-13
Profit before investment portfolio earnings and tax	32	47	67	37	38	61	153	130
Investment portfolio earnings	2	-25		-9	2	2	-30	-4
Profit before tax	33	22	152	28	40	63	123	126
Loans and advances	6,833	6,780	101	6,577	6,584	6,614	6,833	6,614
Deposits and other debt	7,791	7,592	103	7,532	7,148	6,812	7,791	6,812
Mortgage credit	1,771	1,777	100	1,776	1,764	1,673	1,771	1,673
Operating cost/income, %	53	59		59	56	59	57	61
Number of FTE, end of period	152	152	100	156	150	147	152	147

Banking – Greenland

- Stable developments

DKKm	Q4 2022	Q3 2022	Index	Q2 2022	Q1 2022	Q4 2021	2022	2021
Net interest income	13	12	112	13	12	12	49	46
Net fee and commission income	4	4	110	4	4	5	15	16
Other operating income	1	2	97	1	1	1	5	4
Total Operating income	18	17	110	17	17	18	69	66
Operating cost	-7	-8	90	-10	-9	-6	-34	-26
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	11	9	128	8	7	12	35	40
Impairment charges, net	12	0		2	4	-1	17	0
Operating profit	23	8	274	10	11	11	52	41
Non-recurring items	0	0		0	0	0	0	0
Profit before investment portfolio earnings and tax	23	8	274	10	11	11	52	40
Investment portfolio earnings	1	-6		-3	1	0	-7	-1
Profit before tax	25	3	836	7	12	11	46	39
Loans and advances	1,243	1,187	105	1,138	1,093	1,010	1,243	1,010
Deposits and other debt	544	616	88	1,352	883	1,085	544	1,085
Mortgage credit	860	846	102	866	873	888	860	888
Operating cost/income, %	39	47		56	56	33	49	39
Number of FTE, end of period	17	17	100	17	18	17	17	17

Banking – Denmark

- Reversal of impairments from remaining activities

DKKm	Q4 2022	Q3 2022	Index	Q2 2022	Q1 2022	Q4 2021	2022	2021
Net interest income	0	0	196	0	0	1	0	3
Net fee and commission income	0	0	-132	0	0	0	0	4
Other operating income	0	0		0	0	0	0	0
Total Operating income	0	0	136	0	0	2	0	7
Operating cost	0	1	-17	0	0	2	0	-1
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	0	1	-7	0	0	4	1	7
Impairment charges, net	0	0	90	15	4	23	20	52
Operating profit	0	1	19	15	4	27	21	58
Non-recurring items	0	0		0	0	-4	0	102
Profit before investment portfolio earnings and tax	0	1	19	15	4	23	21	161
Investment portfolio earnings	0	-1		-1	0	0	-1	-1
Profit before tax, continuing operations	0	0	205	15	4	23	19	160
Profit before tax, discontinued operations	0	0		0	0	0	0	9
Profit before tax, total	0	0	205	15	4	23	19	169
Loans and advances	8	10	82	10	6	0	8	0
Deposits and other debt	17	17	97	13	15	17	17	17
Mortgage credit	17	29	60	87	90	95	17	95
Operating cost/income, %	179	-1414		-33	1206	-121	-124	8
Number of FTE, end of period	0	0		0	0	0	0	0

Trygd

- Adjusted prices and larger claims normalising at a lower level bringing operating profit back on track

DKKm	Q4 2022	Q3 2022	Index	Q2 2022	Q1 2022	Q4 2021	2022	2021
Premium income, net of reinsurance	36	36	99	35	34	32	141	125
Claims, net of reinsurance	-24	-26	94	-23	-25	-28	-97	-101
Net insurance income	12	11	109	12	9	4	43	24
Net income from investment activities	4	-3	-132	-3	-1	-2	-3	-1
Operating income	16	7	223	9	8	2	40	23
Operating cost	-6	-6	100	-6	-6	-5	-25	-25
Profit before tax	10	1	967	3	2	-3	15	-2
Combined ratio	85	88		83	92	102	87	101
Claims ratio	68	71		65	73	88	69	81
Number of FTE, end of period	23	23	97	23	22	22	23	22

Equity Story

Focus on improving the digital customer experience and on more efficient operations

- Banking operations firmly anchored in the Faroes – continued profitable growth in Greenland and in P&I business
- A significant player in two attractive markets within financing, insurance, investing and pensions
- Strategic focus:
 - deliver digital end-to-end customer experience with the customer in control and always able to request personalised advice
 - develop an efficient organisation through digitalisation and automation
- Low-risk loan portfolio with limited exposure to historically risky sectors
- Capital resources aligned with targets
- A competitive banking group contributing to sustainable societies



Targets

Customers

- Relational NPS > 40 at branches and in corporate departments
- Relational NPS > 15 in Customer Service and in Banking for young people
- Transactional NPS > 90

Employees

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

Shareholders

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

ESG Reporting

- In 2022, we continued the work on our ambitious ESG targets
- All direct emissions to be eliminated by 2025
- We expect to have completed the phasing out of all petrol and diesel cars by the end of 2023
- We are examining our options to convert from fossil fuels to sustainable sources of energy in all our buildings
- Our second action plan to reduce emissions from our investment activities – now scope 3 included
- First action plan to reduce emissions from our loans
- Progress on ESG key figures
 - Employee turnover ratio “normalised” in 2022 after the negative effects from the divestment of the Danish business in 2021
 - Sickness absence rate increased – Covid-19 wave in early 2022
 - Initiatives were launched in 2021 to reduce gender pay ratio – demands constant focus

ESG key figures

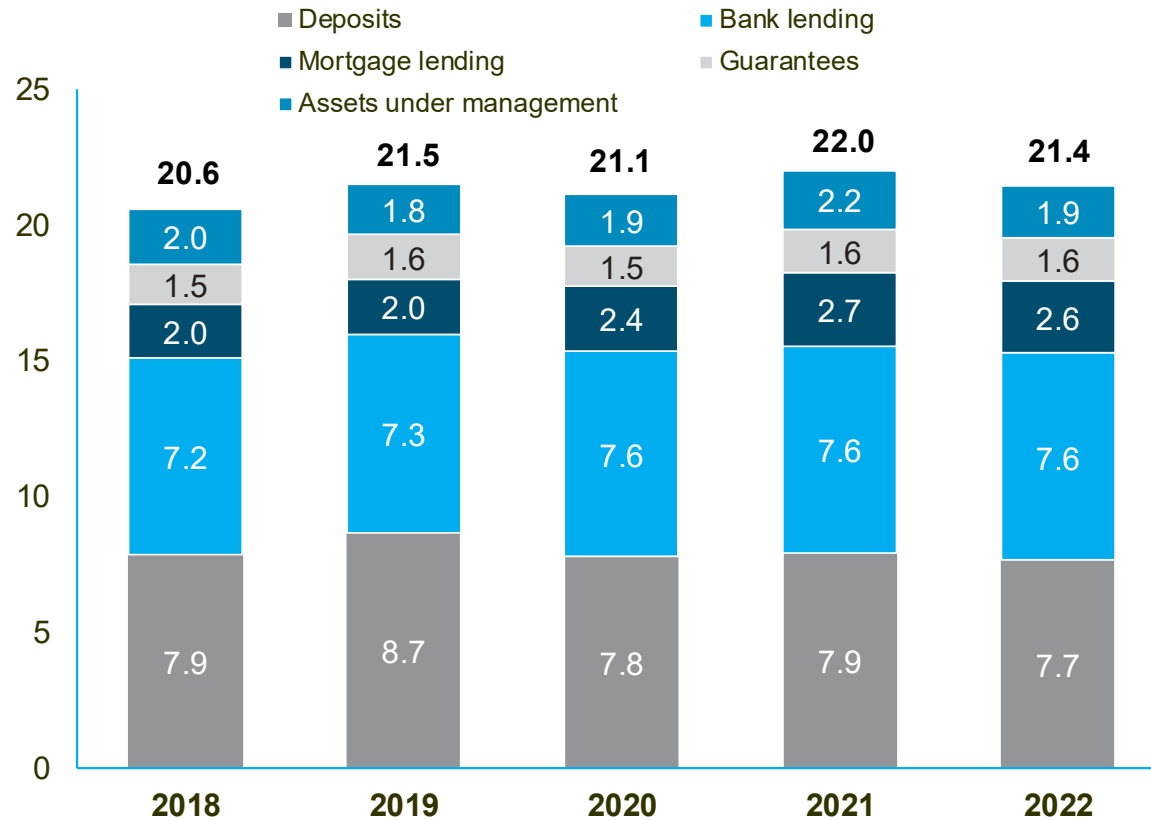
	Target (2025)	Status 2022	Status 2021	Status 2020
Environmental data				
Co ₂ e, scope 1, metric tonnes	0	93.7	118.7	143.4
Co ₂ e, scope 2, metric tonnes	75	246.0	290.4	287.5
Energy consumption, GJ	4,200	4,949	5,067	5,328
Renewable energy share, %	65	37.9	30.5	31.6
Social data				
Full-time workforce, FTE		200.3	194.7	377.7
Gender diversity, %	40-60	63	63	60
Gender diversity, Management, %	40-60	49	50	41
Gender pay ratio, times		1.2	1.2	1.3
Employee turnover ratio, %	7	7.6	16.3	10.7
Sickness absence, days/FTE	5	10.9	8.6	7.8
Governance data				
Gender diversity, Board, %	40-60	40	20	16.7
Board meeting attendance rate, %	-	95.6	100	98.9
CEO pay ratio, times	-	6.5	6.7	6.4
Other				
Net promoter score (transactional)	>90	46	60.6	21

Developments in business volumes

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

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

DKKbn

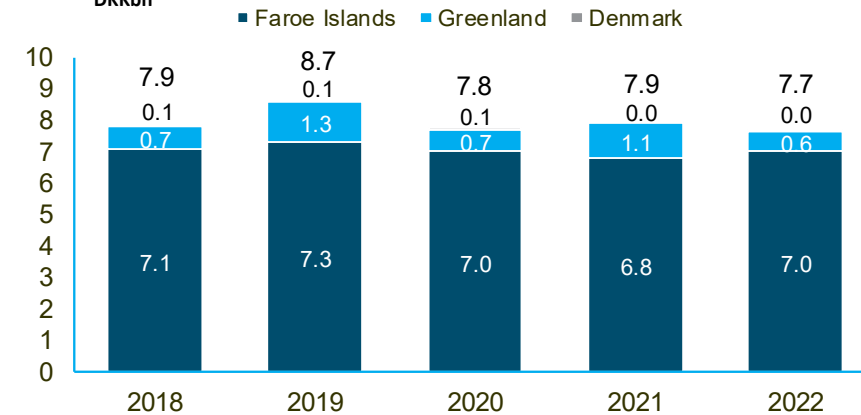


Comments

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

Deposits

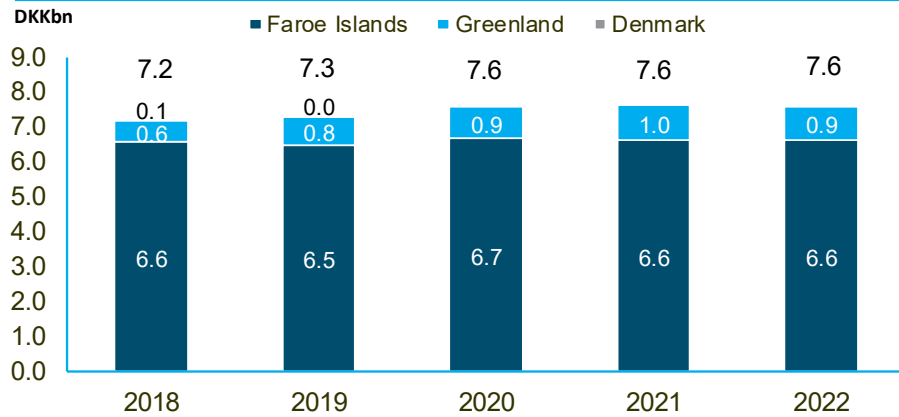
DKKbn



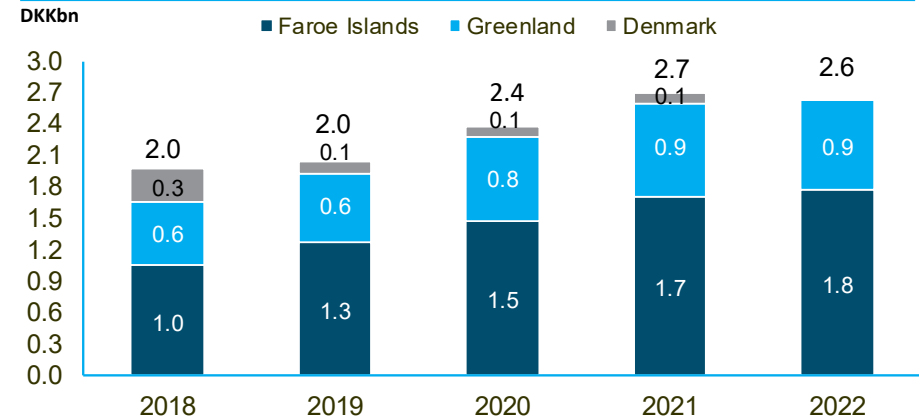
Developments in business volumes

- Growth in line with markets

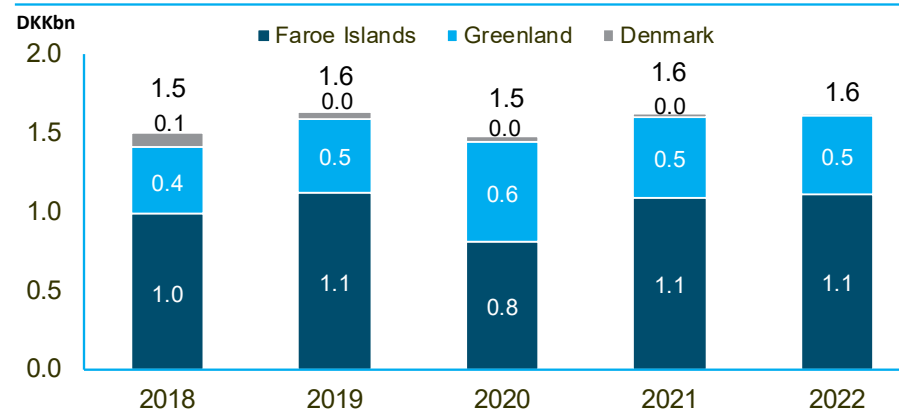
Bank lending



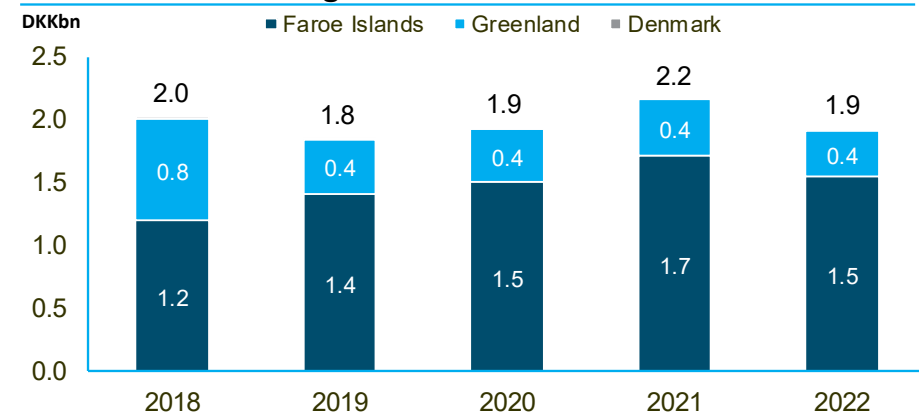
Mortgages



Guarantees



Assets under management



Credit quality of the loan portfolio

- Stronger exposures increasing and weaker exposures decreasing

Credit classification according to the Danish FSA's method

	Q3 2022			Q4 2022			Change
	<7.5 DKKm	>7.5 DKKm	Total	<7.5 DKKm	>7.5 DKKm	Total	
Portfolio without weakness	1,431	3,924	5,355	1,469	3,876	5,345	-10
Portfolio with some weakness	3,579	2,278	5,857	3,538	2,318	5,856	-1
Portfolio with weakness	85	94	179	97	78	176	-3
- of which unsecured	14	16	30	16	14	30	
- impairments	4	16	20	10	13	23	3
Portfolio with OIE	177	168	345	156	170	326	-19
- of which unsecured	42	78	120	36	79	116	-5
- impairments	41	57	97	37	47	84	-14
Portfolio w/o individual classification	52	12	63	35	114	149	86
Total	5,324	6,475	11,799	5,294	6,557	11,851	52

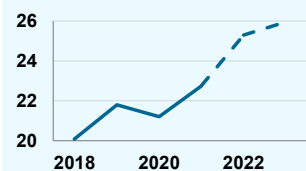
Total loan portfolio (gross exposure) includes

- Loans and advances
- Credits
- Unused credits
- Guarantees

Faroese economic outlook

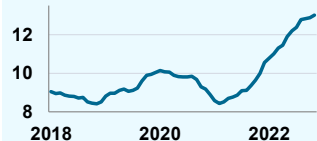
Positive momentum and outlook, but with clear risk to the downside

Strong growth momentum



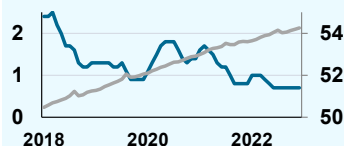
GDP

- Strong rebound after Covid-19
- Growth expectations for 2022: 11.2% in *nominal* GDP growth (real growth c. 4%)



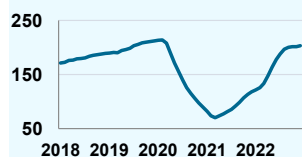
Exports

- Highest ever 12-month level in Sep. 2022
- 28% above previous peak (Jan 2020)



Low unemployment and population growth

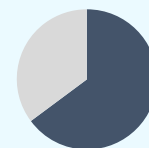
- Unemployment at all-time low of 0.7% since July 2022
- Population growth: c. 4,000 in 5 years



Tourism rebounding

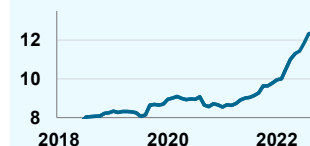
- 2022 at level similar to 2019
- Contribution to economy growing rapidly

Downside risks



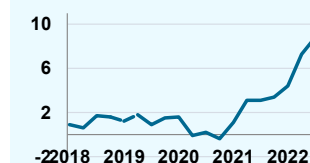
Relations with Russia

- Largest export partner at 23% in 2021; fallen to 5% Mar-Nov 2022
- Fisheries agreement in the Barents sea extended through 2023, outlook uncertain



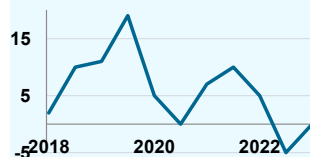
Imports

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



Inflation

- Global inflationary trend clearly seen in the Faroese economy



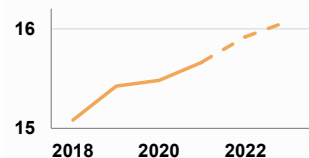
Consumer confidence

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

The Greenlandic economy

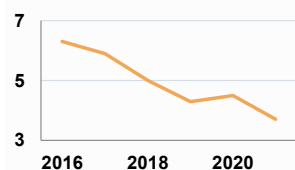
Growth level moderate, but exports lagging and bottlenecks appearing in labour market

Moderate growth momentum



GDP

- Growth moderate, but positive in recent years
- Slight growth seen even in 2020
- Stabilised by Danish block grant, which comprises around a quarter of GDP



Decreasing unemployment

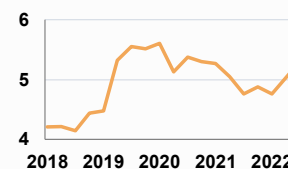
- Unemployment historically low at below 4% with university educated at 0.3%
- Unemployment is down across all groups, but is much higher outside of larger towns and for people with less education



Airport capacity

- Two new airports set to open in 2024
- Massive increase in ease and consistency of travel to Greenland

Downside risks and structural challenges



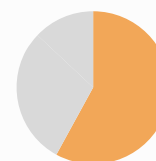
Trade

- Exports on good upward trajectory with 12m year-on-year growth of 11%
- Price of shrimp 11% below peak, but price of halibut only down 3%
- Balance of trade remains in deficit



Retail sales

- Retail sales continue to rise and are now at their highest-ever level



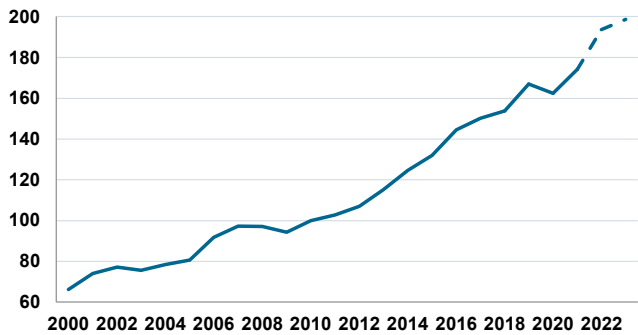
Educational attainment

- 58% of population only have lower secondary education, with unemployment at 6.2% for group
- Economic outcome for this group is far worse than for the better educated

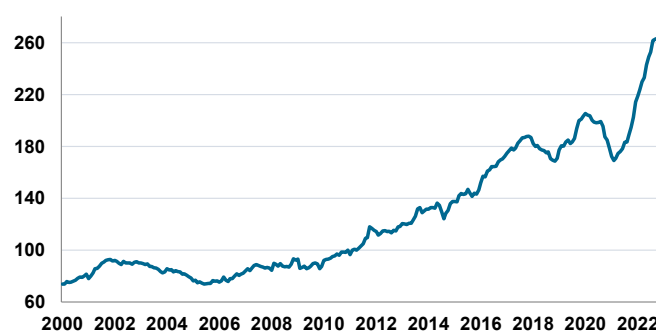
The Faroese economy

The Faroese economy has seen significant growth in the past decade to the point where GDP per capita now is on par with that of Denmark. The main drivers of growth have been pelagic fisheries and aquaculture. The economy has also seen significant growth in the tourism industry with 2022 recovering to around the level of 2019. The Faroese economy is expected to continue its growth trajectory in 2023.

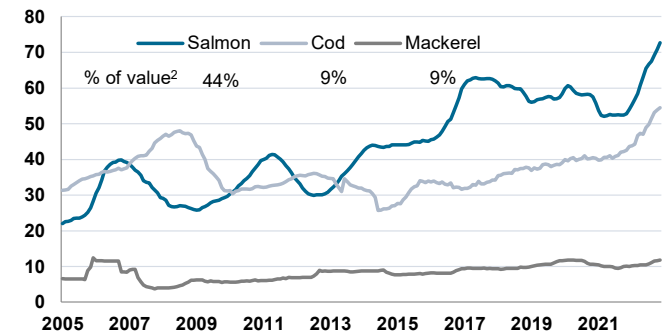
Nominal GDP¹ (2010 = 100)



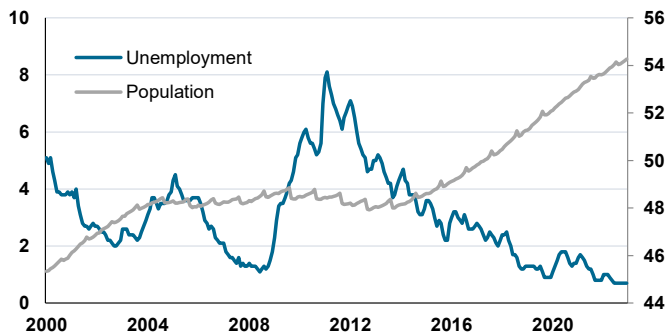
Exports, rolling 12m (Dec 2010 = 100)



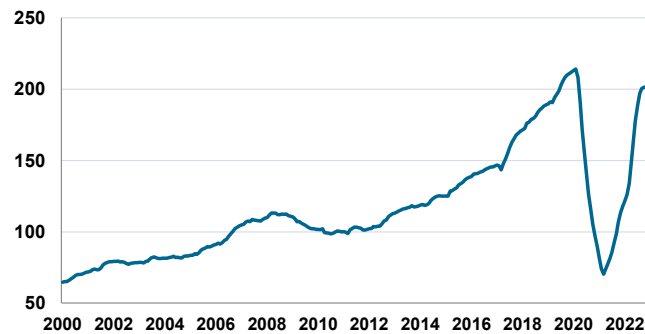
Export prices², rolling 12m avg, DKK/kg



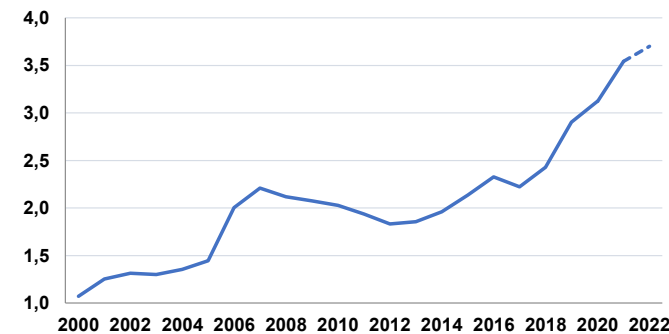
Unemployment, % (left); population, '000' (right)



Arrivals, air travel, rolling 12m, '000



House prices, Tórshavn, annual average, DKKm



¹) 2021 estimated; 2022 and 2023 forecast

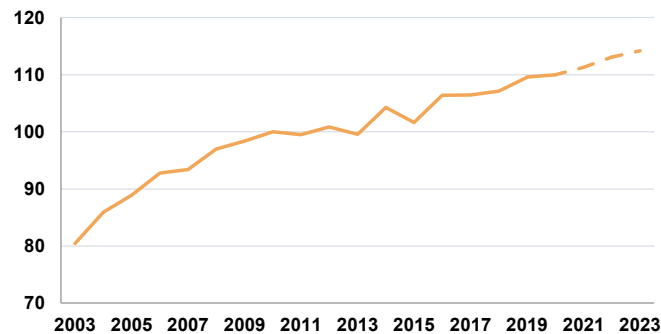
²) Species' export value as percentage of total export value during last 12 months

Sources: Statistics Faroe Islands, the Faroese Economic Council, BankNordik

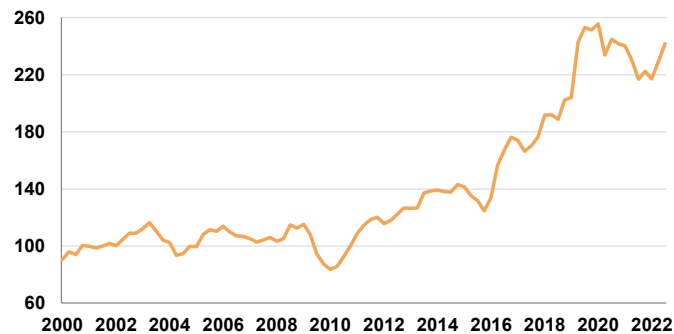
The Greenlandic economy

The Greenlandic economy has grown steadily over the last decade, mainly driven by an increase in export volumes and prices. Greenland's economic cycles are stabilised by the fact that the Danish block grant accounts for about a third of its public sector budget. The country has significant opportunities for future growth in its upcoming airport capacity expansion and the nascent mining industry. The main challenges to growth are structural unemployment and a shortage of skilled labour.

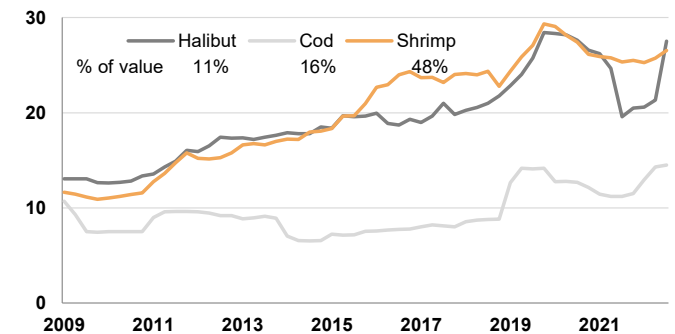
Real GDP (2010 = 100)



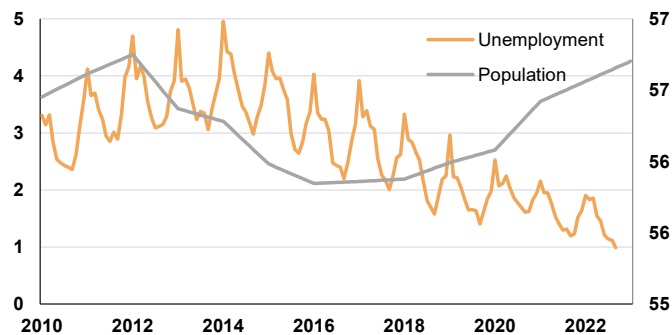
Exports, rolling 4Q (Q4 2010 = 100)



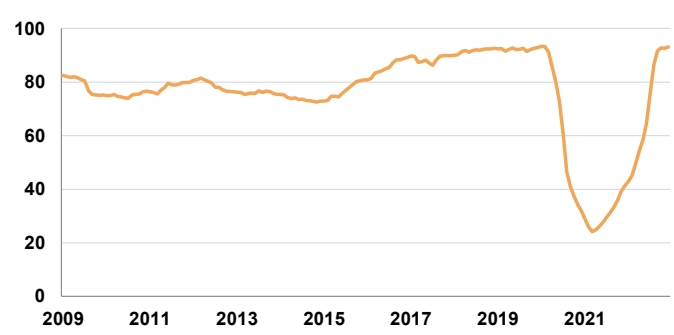
Export prices¹, rolling 4Q avg., DKK/kg



Unemployment (left), population (right), '000



Arrivals, air travel, rolling 12M, '000



Retail sales, seasonally adusted index (2010 = 100)

