

# Strong performance in 2023

**BANKNORDIK**

**TRYGD**

**SKYN**

27 February 2024  
Turið F Arge, CEO

**BANKNORDIK**

*“Tailwinds and positive developments are the key words to describe virtually all aspects of the BankNordik Group’s business in 2023.*

*The sound results were driven mainly by the favourable interest rate environment, an improved balance of income and costs, the return on our own portfolio and the continued solid performance of the customer portfolio.”*

*Turið F. Arge, CEO*

# Overview

- **BankNordik at a glance**
- **Highlights**
- **Financials**
  - Operating income
  - Insurance
  - Expenditures
  - Impairment charges
  - Capital ratios
- **The Faroese and Greenlandic economy**
- **ESG reporting**
- **Appendices**

# BankNordik at a glance

- Full-service banking institution with headquarters in the Faroe Islands:
  - 5 branches in the Faroe Islands
  - 1 branch in Greenland
- BankNordik operates three subsidiaries in the Faroe Islands:
  - Trygd (non-life insurance)
  - NordikLív (life insurance)
  - Skyn (real estate broker)
- The Group has approximately 200 full-time employees in total.
- While maintaining a leading position in the Faroe Islands, BankNordik is a challenger in Greenland. Furthermore, the Group sees a growth potential in the Faroese insurance market.



## Presence in the North Atlantic region

**Faroe Islands**  
Loans: 7,441m  
Deposits: 7,555m  
Market Share: ~40%

**Greenland**  
Loans: 1,442m  
Deposits: 1,143m  
Market Share: ~20%

**Group figures**  
Loans: 8,883m  
Deposits: 8,702m  
Net interest and fee income: 437m  
Premiums: 185m



# Satisfactory developments in 2023

- Solid financial results for the year.
- Core operating income improved. The positive performance was especially driven by a strong interest rate environment and an increase in loans and deposits.
- Solid return on the investment portfolio.
- Better balance between income and costs.
- Customers' resilience has proven strong, in the face of economic uncertainty and inflation, leading to lower impairment levels than initially expected.
- Outlook 2024: Net profit expected at DKK 225-255m, corresponding to a ROE of 12%-14%.
- The bank maintains the announced financial targets for 2024: ROE >12%, cost/income <53% and a CET1 capital of 20%.

## Profit & Loss

DKKm	2023	2022	Index
Net interest income	360	270	133
Net fee and commission income	77	88	87
Net insurance income	60	52	115
Other operating income	32	37	87
<b>Operating income</b>	<b>528</b>	<b>447</b>	<b>118</b>
Operating costs	-257	-243	106
<b>Profit before impairment charges</b>	<b>269</b>	<b>202</b>	<b>133</b>
Net impairment charges on loans	10	47	22
<b>Operating profit</b>	<b>279</b>	<b>249</b>	<b>112</b>
Non-recurring items	-9	0	
Investment portfolio earnings	109	-43	356
<b>Profit before tax</b>	<b>379</b>	<b>207</b>	<b>184</b>
Tax	72	42	170
<b>Net profit</b>	<b>308</b>	<b>164</b>	<b>187</b>

## Key Metrics

DKKbn	Target	2023	2022	Index
Loans and advances		8,9	8,1	110
Deposits and other debt		8,7	8,4	104
Mortgage credit		2,6	2,6	98
Operating cost / income, %	< 53.0	49,0	54,7	
CET1 capital ratio, %	20,0	25,8	21,6	
RoE after tax (annualised)*, %	> 12.0	16,9	8,5	

\*Non-recurring items are excluded in the annualisation



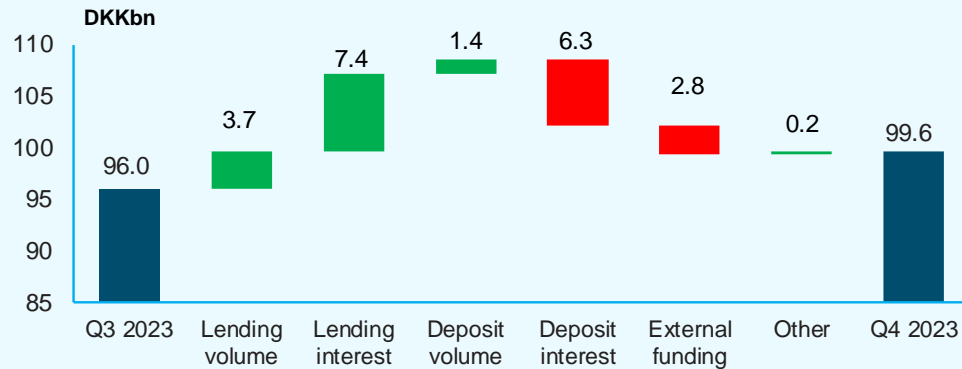
# Financials

- Increase in lending and deposit rates and volumes
- Decrease in fee and commission income
- Strong results for Trygd in 2023
- Costs under pressure but remains a focus area
- Low impairment charges
- Strong capital ratios with focus on optimisation

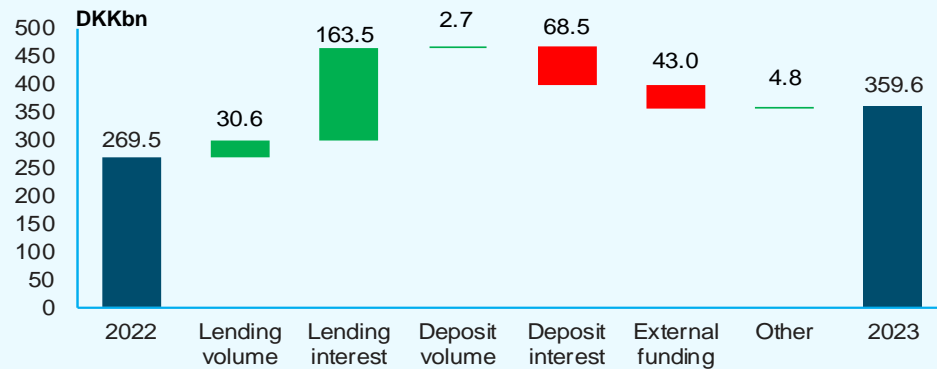
# Lending and deposit rates higher

- Net interest income up by DKK 3.6m QoQ and by DKK 90m YoY.
- Increase in net interest income due to higher interest rates and increase in total lending volume.
- The increase in loans is driven by both private and corporate customers in the Faroe Islands and Greenland.
- The increase in deposits is driven especially by corporate customers in Greenland and private customers in the Faroe Islands.
- Lending volumes up by DKK 90m QoQ and by DKK 797m YoY.
- Deposits up by DKK 108m QoQ and by DKK 359m YoY.

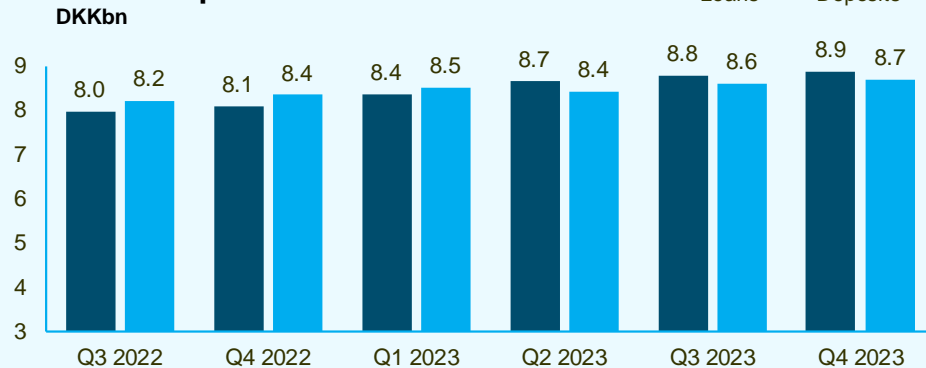
## QoQ changes in net interest income



## YoY changes in net interest income



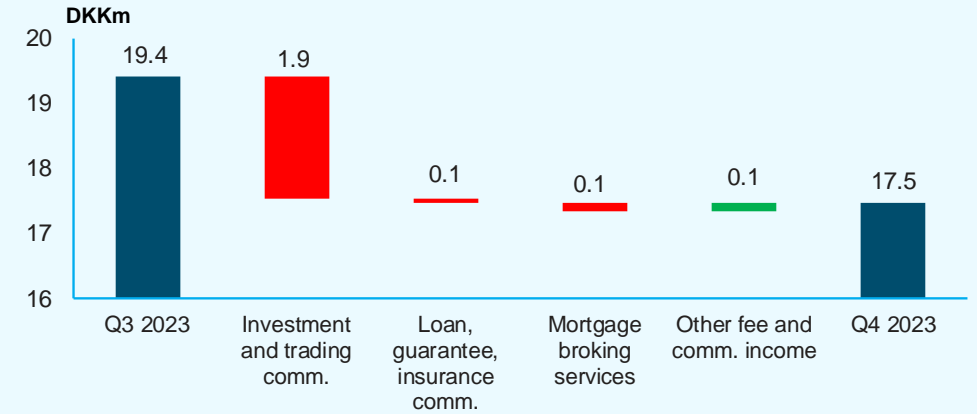
## Loans and deposits



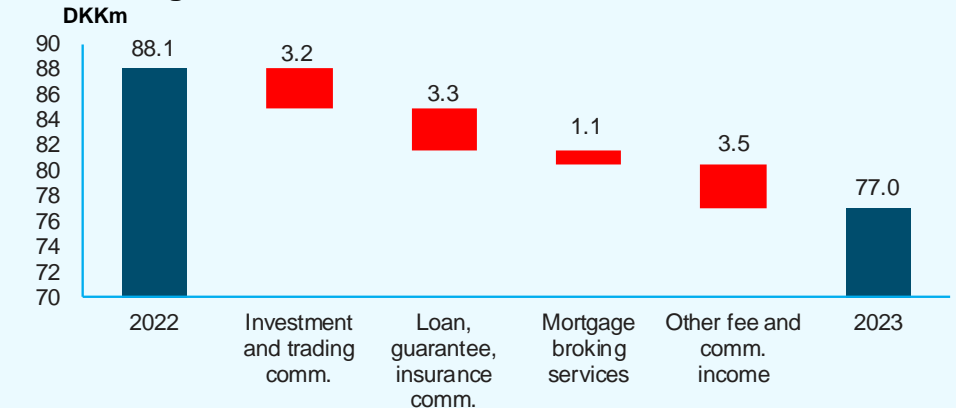
# Decrease in fees due to change in activity

- Fee and commission income down by DKK 1.9m QoQ and down by DKK 11m YoY.
- Guarantee commissions down by DKK 0.3m QoQ and down by DKK 4.5m YoY, driven by a decrease in the total amount of guarantees as guarantees have been converted to loans.
- Mortgage-broking services down by DKK 16m QoQ and down by DKK 49m YoY.
  - An increase in interest rates has led many customers to convert their mortgages to bank loans, affecting the performance.

QoQ changes in fee and commission income



YoY changes in fee and commission income

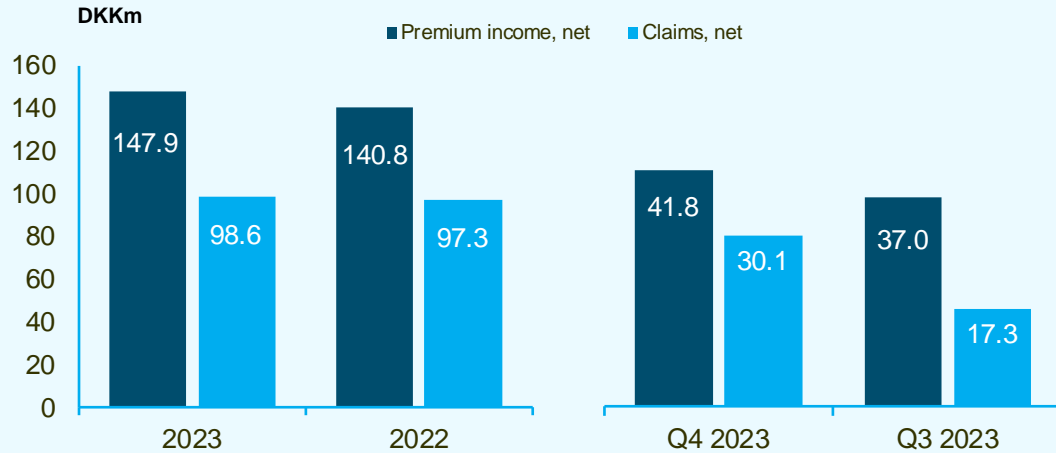


Mortgage-broking services

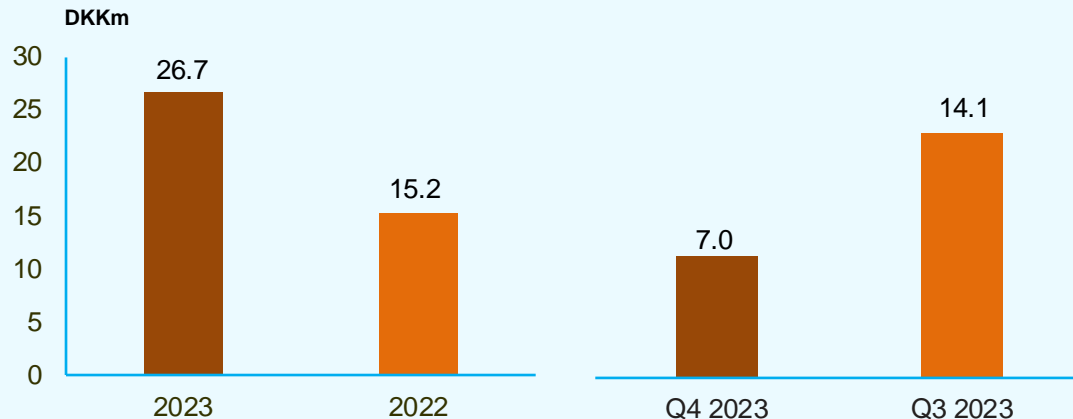




## Premiums and claims



## Profit before tax



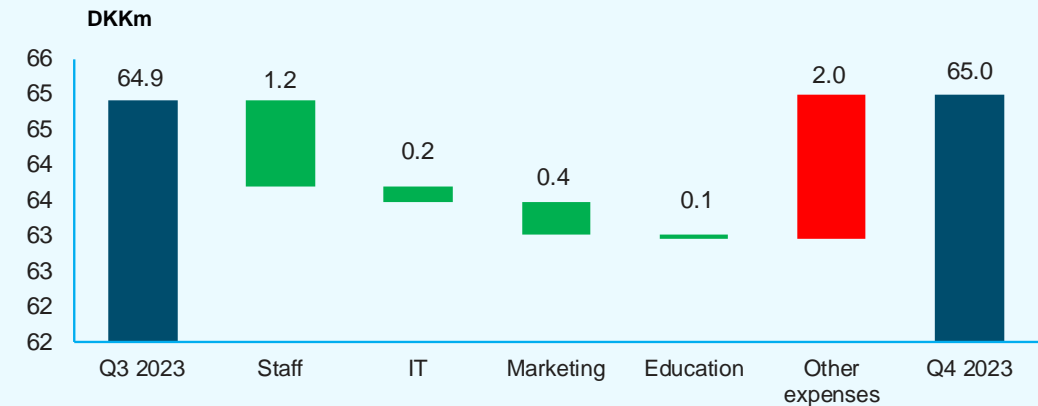
# Strong results for Trygd in 2023

- Combined ratio of 86% in 2023 compared to 87% 2022.
- Net premium income up by DKK 4.8m QoQ and up by DKK 7.1m YoY.
- Net claims up by DKK 12.8m QoQ and up by DKK 1.3m YoY, due to additional provisions for workers' compensation and ongoing indexation.
- Profit before tax down by DKK 7.1m QoQ and up by DKK 11.5 m YoY.
- 2023 was characterized by relatively fewer large insurance claims compared to 2022.

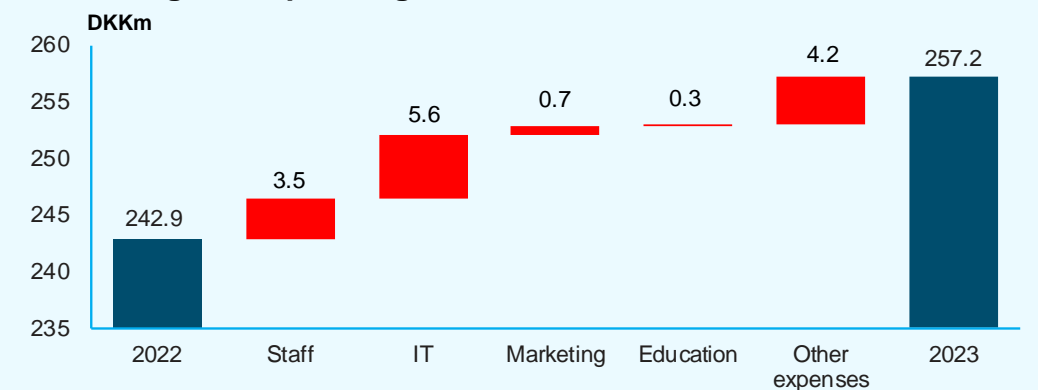
# Costs continues to be a focus area

- Operating costs up by DKK 0.1m QoQ and up by DKK 14.3m YoY.
- Furthermore, non-recurring items of DKK 9m due to changes in staff and management.
- Average FTE of 205. An increase of 5 FTE compared to Q4 2022.
- Operating costs to increase in 2024
  - IT-related costs to increase by approx. 8%
  - Slight increase in number of staff and general pay increase of approx. 4%

### QoQ changes in operating costs

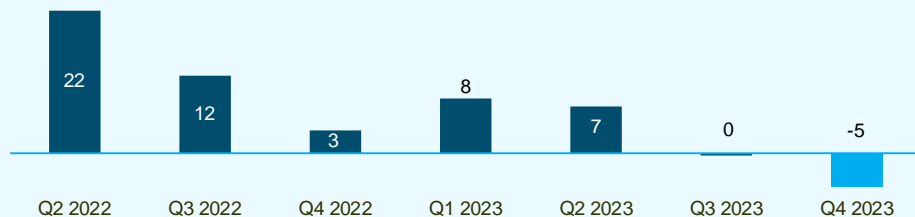


### YoY changes in operating costs

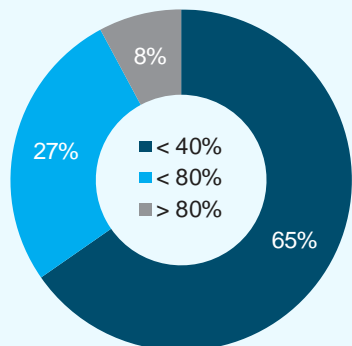


## Premiums and claims

DKKm

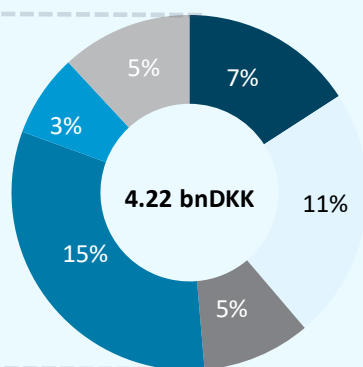
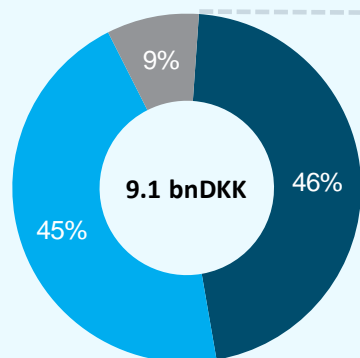


## LTV for housing loans<sup>1</sup>



## Gross lending by sector

DKKbn



- Public sector
- Private sector
- Corporate sector
- Agri. & fishing
- Transport & HoReCa
- Real estate
- Trade
- Manufacturing & mining
- Other

# Low impairment charges

- Net impairment charges of DKK 5m in Q4 2023. Remains an expense in Q4, as was the case in Q3.
  - The item has been a net reversal since Q2 2021.
- Discretionary management estimate of DKK 100m.
  - Originally recognised in 2020 due to Covid.
  - Covid-related uncertainty reduced, but the estimate has been retained due to the uncertainty caused by the war in Ukraine and macroeconomic developments.
- Strong LTV ratios for housing loans. 92% of total housing loans below LTV of 80% and 65% below LTV of 40%.
- Impairment charges expected to be at a normalized level in 2024 – approx. 40m DKK.

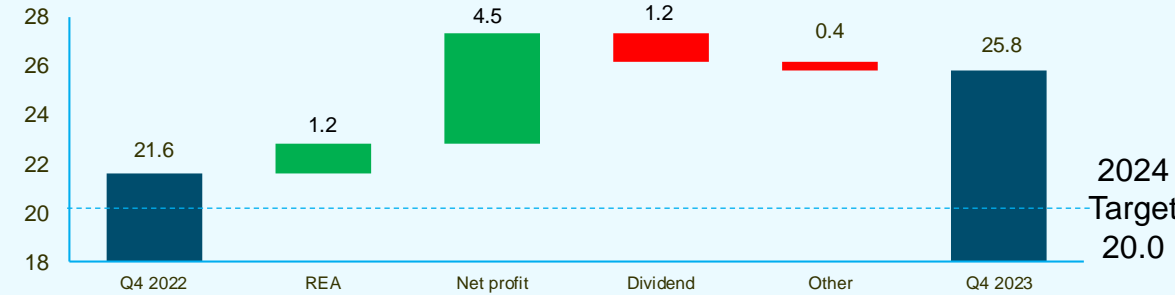
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1) Lending for housing accounts for DKK 3.8bn of total retail lending of DKK 4.1bn

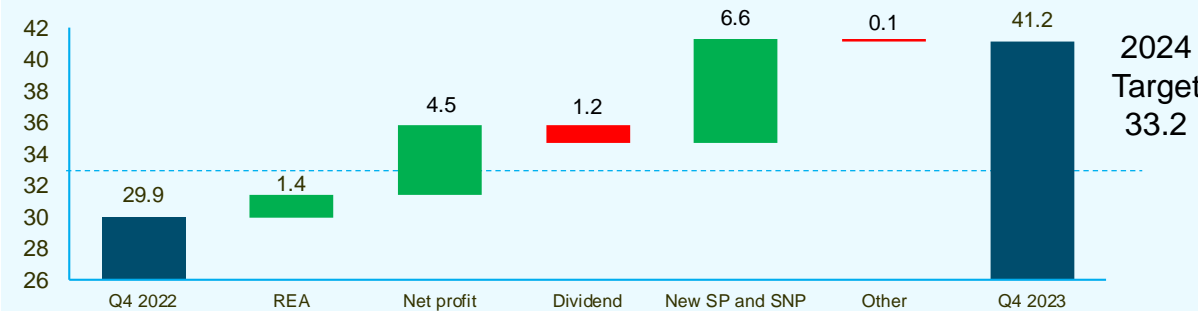
# Strong capital ratios

- REA down by 5.3 pp to DKK 6,817m compared to Q4 2022.
- The Board intends to propose total dividend payments of DKK 80m for 2023 (DKK 8.33 per share). The dividend corresponds to 26% of net profit.
- The proposed dividend deviates from our dividend policy of 70% of net profit. The reason for the deviation is an ongoing consultation in connection with the FSA's preliminary assessment that it cannot be established that there is a well-developed and established residential and commercial property market in the Faroe Islands and in Greenland.
- The consultation may result in an increased risk weighting of exposures of Faroese and Greenlandic banks secured against residential and commercial properties.
- If the proposed changes are implemented, the Bank will manage its loan portfolio with respect to its largest exposures within some months, such that it can comply with its dividend policy. The Bank expects the issue to be resolved during the first half of 2024.

## Changes in CET1 ratio



## Changes in MREL Capital Ratio





# Economic outlook

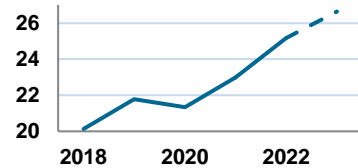
- Positive momentum and outlook, but with different downside risks
- Faroese economic outlook:
  - Positive momentum and outlook
  - Strong growth momentum
  - Clear risk to the downside
- The Greenlandic economy:
  - Growth level moderate
  - Downside risks and structural challenges

## Faroese economic outlook:

# Strong growth momentum

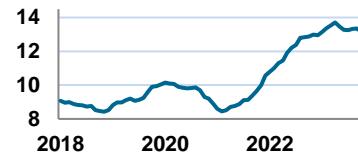
### GDP

- Strong rebound after Covid-19
- GDP growth in 2022: 9.5%
- Expected growth in 2023: 5.9%



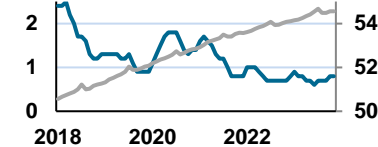
### Exports

- Record annual exports in 2023
- Increase of 1.2% compared to 2022



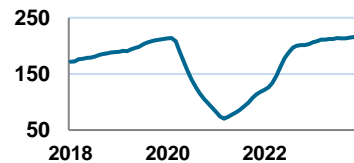
### Low unemployment and population growth

- Unemployment at all-time low of 0.8%. Consistently below 1.0% since April 2022
- Population growth: approx. 4,000 in 5 years



### Tourism rebounding

- More journeys í 2023 than in 2019 (pre-Covid)
- Contribution to economy growing rapidly



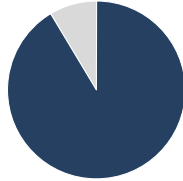


## Faroese economic outlook:

# Reduced risks, but confidence also down

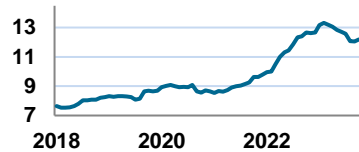
### Relations with Russia

- 4th largest export destination in 2023 at 9%. Pre Ukraine war Russia received 25% of all Faroese exports
- Fisheries agreement extended through 2024



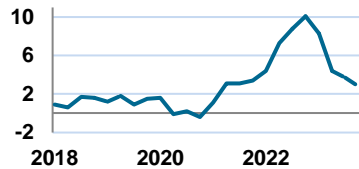
### Imports

- Imports down 5% compared to 2022
- Positive balance of trade in 2023, significantly higher than in 2022 or 2021



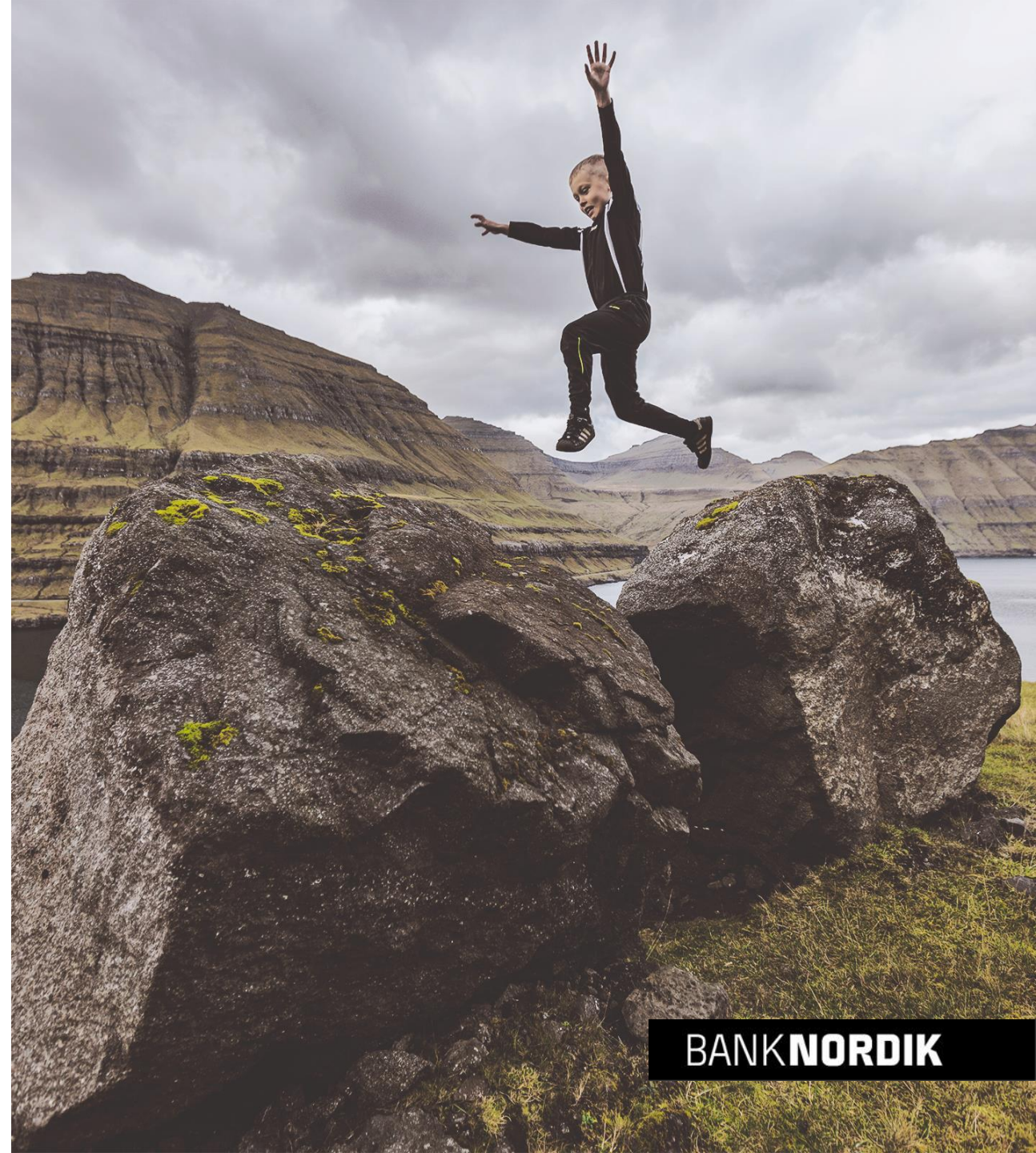
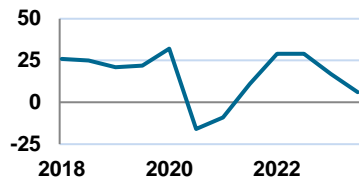
### Inflation

- Inflation at 2.8% (Nov'23) - a significant reduction compared to a year prior (10.1% in Nov'22)



### Consumer confidence

- Confidence in production and retail is low, while in construction and services confidence is high
- Private consumer confidence is low

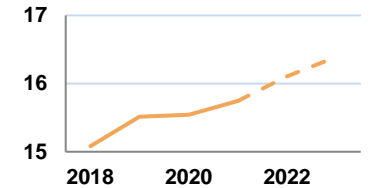




# The Greenlandic economy: Moderate growth momentum

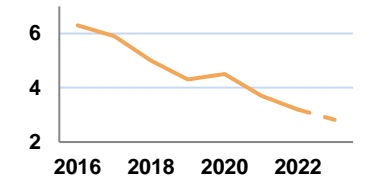
## GDP

- Growth moderate, but positive in recent years
- Stabilised by Danish block grant, which accounts for around a quarter of GDP



## Decreasing unemployment

- Unemployment is historically low at below 3%
- Very tight labour market in large towns and for skilled labour



## Airport capacity

- A new airport set to open in 2024
- Massive increase in ease and consistency of travel to Greenland



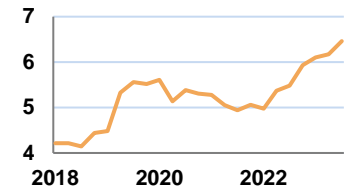




# The Greenlandic economy: Downside risks and structural challenges

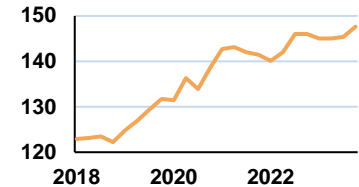
## Trade

- After low export growth in 2020 and 2021, both 2022 and 2023 have seen strong exports with year-on-year annual growth of 18%
- Balance of trade remains negative



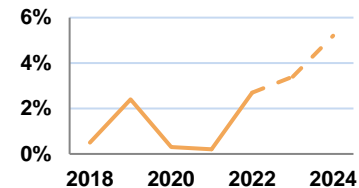
## Retail sales

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



## Inflation

- Inflation relatively low in 2020 and 2021 due to well-timed oil price hedge
- Expected relatively high inflation in 2024 of 5.2%, partly due to bottlenecks appearing in the economy





# ESG Reporting

- All direct emissions to be eliminated by 2025
  - Electrical Vehicles (EV) only
- Balanced gender representation in management
- Adjusting targets according to improved data quality
  - Improved data quality in scope 3 (2<sup>nd</sup> reporting on emissions from our loans and 3<sup>rd</sup> reporting on emissions from our investment activities)
  - Double Materiality Assessment: Process initiated in 2024
  - CSRD: Audit readiness at beginning of 2025

<u>Environmental data</u>	Target 2025	Status 2023	Status 2022	Status 2021
Co <sub>2</sub> e, scope 1, metric tonnes	0	98.3	93.7	118.7
Co <sub>2</sub> e, scope 2, metric tonnes	170	240.4	233.4	290.4
Energy consumption, GJ	4,200	4,894	4,891	5,067
Renewable energy share, %	65	46.8	38.9	30.5
<u>Social data</u>				
Full-time workforce, FTE		205.2	200.3	194.7
Gender diversity, %	40-60	61%	63	63
Gender diversity, Management, %	40-60	50%	49	50
Gender pay ratio, times		1.3	1.2	1.2
Employee turnover ratio, %	7	11.1	7.6	16.3
Sickness absence, days/FTE	5	8.6	10.9	8.6
<u>Governance data</u>				
Gender diversity, Board, %	40-60	40	40	20
Board meeting attendance rate, %	-	95.1	95.6	100
CEO pay ratio, times	-	5.9	6.5	6.7
<u>Other</u>				
Net promoter score (transactional)	>60	58	46	60.6

# Questions?

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# Appendices

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



# Group

- The sound results were driven mainly by the favourable interest rate environment, an improved balance of income and costs, the return on our own portfolio and the continued solid performance of the customer portfolio.

DKK <sup>m</sup>	Q4 2023	Q3 2023	Index	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	2023	2022	Index
Net interest income	100	96	104	86	78	72	67	65	360	270	133
Net fee and commission income	17	19	90	19	21	23	22	22	77	88	87
Net insurance income	12	24	51	19	5	14	11	15	60	52	115
Other operating income (less reclassification)	4	9	42	11	8	8	11	9	32	37	87
<b>Operating income</b>	<b>133</b>	<b>148</b>	<b>90</b>	<b>135</b>	<b>112</b>	<b>117</b>	<b>110</b>	<b>111</b>	<b>528</b>	<b>447</b>	<b>118</b>
Operating costs <sup>1</sup>	-65	-65	100	-64	-63	-58	-62	-62	-257	-243	106
Sector costs	0	0	100	0	0	0	0	0	-2	-1	143
<b>Profit before impairment charges</b>	<b>68</b>	<b>83</b>	<b>82</b>	<b>71</b>	<b>49</b>	<b>59</b>	<b>48</b>	<b>48</b>	<b>269</b>	<b>202</b>	<b>133</b>
Impairment charges, net	-5	0	1105	7	8	3	12	22	10	47	22
<b>Operating profit</b>	<b>62</b>	<b>82</b>	<b>76</b>	<b>78</b>	<b>57</b>	<b>62</b>	<b>60</b>	<b>70</b>	<b>279</b>	<b>249</b>	<b>112</b>
Impairment charges, intangible assets	0	0		0	0	0	0	0	0	0	
Non-recurring items <sup>2</sup>	0	0		-6	-3	0	0	0	-9	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>62</b>	<b>82</b>	<b>76</b>	<b>72</b>	<b>54</b>	<b>62</b>	<b>60</b>	<b>70</b>	<b>270</b>	<b>249</b>	<b>109</b>
Investment portfolio earnings <sup>3</sup>	46	26	179	15	22	8	-36	-16	109	-43	-256
<b>Profit before tax</b>	<b>109</b>	<b>108</b>	<b>101</b>	<b>87</b>	<b>75</b>	<b>70</b>	<b>24</b>	<b>54</b>	<b>379</b>	<b>207</b>	<b>184</b>
<b>Tax</b>	<b>20</b>	<b>20</b>	<b>100</b>	<b>17</b>	<b>14</b>	<b>16</b>	<b>4</b>	<b>10</b>	<b>72</b>	<b>42</b>	<b>170</b>
<b>Net profit</b>	<b>89</b>	<b>88</b>	<b>101</b>	<b>70</b>	<b>61</b>	<b>54</b>	<b>20</b>	<b>43</b>	<b>308</b>	<b>164</b>	<b>187</b>
Operating cost/income, %	49	44		47	56	49	56	56	49	54	
Number of FTE, end of period	207	207	100	203	203	200	201	203	207	200	104

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

2 Reclassified from Staff costs and administrative expenses.

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

# Banking

- Interest rate increases reflected in higher net interest income, but net fees are at a lower level due to change in the levels of activity.

DKKm	Q4 2023	Q3 2023	Index	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	2023	2022	Index
Net interest income	100	96	104	86	78	72	67	65	360	270	133
Net fee and commission income	21	23	92	23	25	26	26	25	92	102	91
Other operating income	3	8	31	9	8	6	10	8	27	32	86
<b>Operating income</b>	<b>124</b>	<b>127</b>	<b>97</b>	<b>118</b>	<b>110</b>	<b>105</b>	<b>102</b>	<b>97</b>	<b>479</b>	<b>403</b>	<b>119</b>
Operating cost	-59	-59	100	-58	-58	-53	-57	-57	-233	-223	105
Sector costs	0	0	100	0	0	0	0	0	-2	-1	143
<b>Profit before impairment charges</b>	<b>65</b>	<b>68</b>	<b>94</b>	<b>60</b>	<b>51</b>	<b>52</b>	<b>45</b>	<b>40</b>	<b>244</b>	<b>179</b>	<b>136</b>
Impairment charges, net	-5	0	1105	7	8	3	12	22	10	47	22
<b>Operating profit</b>	<b>59</b>	<b>68</b>	<b>88</b>	<b>67</b>	<b>60</b>	<b>55</b>	<b>57</b>	<b>62</b>	<b>254</b>	<b>226</b>	<b>112</b>
Non-recurring items	0	0		-6	-3	0	0	0	-9	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>59</b>	<b>68</b>	<b>88</b>	<b>62</b>	<b>56</b>	<b>55</b>	<b>57</b>	<b>62</b>	<b>245</b>	<b>226</b>	<b>108</b>
Investment portfolio earnings	42	24	175	14	20	3	-32	-12	101	-38	-264
<b>Profit before tax</b>	<b>102</b>	<b>92</b>	<b>111</b>	<b>76</b>	<b>76</b>	<b>58</b>	<b>25</b>	<b>50</b>	<b>346</b>	<b>188</b>	<b>184</b>
Loans and advances	8,883	8,790	101	8,655	8,354	8,083	7,977	7,724	8,883	8,083	110
Deposits and other debt	8,710	8,602	101	8,426	8,524	8,351	8,225	8,897	8,710	8,351	104
Mortgage credit	2,599	2,615	99	2,567	2,634	2,648	2,652	2,730	2,599	2,648	98
Operating cost/income, %	47	46		49	53	50	56	58	49	55	
Number of FTE, end of period	176	176	100	173	172	169	170	173	176	169	104

# Personal Banking

- Operating income strong compared to last year because of changes in interest rates and growth in loans and deposits.

DKKm	Q4 2023	Q3 2023	Index	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	2023	2022	Index
Net interest income	79	60	132	48	36	35	34	33	223	136	164
Net fee and commission income	16	18	90	16	18	19	19	18	69	73	93
Other operating income	2	5	29	7	6	5	8	6	20	25	81
<b>Operating income</b>	<b>97</b>	<b>84</b>	<b>116</b>	<b>71</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>57</b>	<b>311</b>	<b>235</b>	<b>133</b>
Operating costs	-49	-51	96	-49	-47	-48	-49	-44	-196	-186	106
Sector costs	0	0	100	0	0	0	0	0	-1	-1	143
<b>Profit before impairment charges</b>	<b>47</b>	<b>32</b>	<b>147</b>	<b>22</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>13</b>	<b>114</b>	<b>48</b>	<b>237</b>
Impairment charges, net	-5	1	-494	1	5	-3	6	7	2	16	11
<b>Operating profit</b>	<b>42</b>	<b>33</b>	<b>126</b>	<b>23</b>	<b>18</b>	<b>8</b>	<b>17</b>	<b>20</b>	<b>115</b>	<b>64</b>	<b>181</b>
Non-recurring items	0	0		-5	-3	0	0	0	-8	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>42</b>	<b>33</b>	<b>126</b>	<b>18</b>	<b>15</b>	<b>8</b>	<b>17</b>	<b>20</b>	<b>108</b>	<b>64</b>	<b>170</b>
Investment portfolio earnings	30	17	175	10	11	6	-23	-13	69	-28	-244
<b>Profit before tax</b>	<b>72</b>	<b>51</b>	<b>143</b>	<b>28</b>	<b>25</b>	<b>14</b>	<b>-6</b>	<b>7</b>	<b>177</b>	<b>35</b>	<b>498</b>
Loans and advances	4,066	3,859	105	3,771	3,673	3,645	3,626	3,576	4,066	3,645	112
Deposits and other debt	5,761	5,678	101	5,584	5,392	5,412	5,388	5,410	5,761	5,412	106
Mortgage credit	2,179	2,203	99	2,285	2,331	2,338	2,328	2,344	2,179	2,338	93
Number of FTE, end of period	81	82	99	74	74	71	74	76	81	71	113

# Corporate Banking

- Strong growth in loans but operating income under pressure because of a relatively low level of deposits compared to loans.

DKKm	Q4 2023	Q3 2023	Index	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	2023	2022	Index
Net interest income	21	36	58	38	42	37	33	32	137	133	103
Net fee and commission income	5	5	100	7	7	7	7	7	24	28	83
Other operating income	1	3	36	2	1	1	2	2	7	7	106
<b>Operating income</b>	<b>27</b>	<b>44</b>	<b>61</b>	<b>47</b>	<b>50</b>	<b>45</b>	<b>42</b>	<b>41</b>	<b>168</b>	<b>169</b>	<b>99</b>
Operating costs	-9	-8	124	-8	-6	-3	-9	-7	-32	-31	101
Sector costs	0	0	100	0	0	0	0	0	-1	0	143
<b>Profit before impairment charges</b>	<b>17</b>	<b>36</b>	<b>48</b>	<b>39</b>	<b>44</b>	<b>42</b>	<b>33</b>	<b>33</b>	<b>135</b>	<b>137</b>	<b>99</b>
Impairment charges, net	0	-2	-21	6	3	6	6	14	8	31	27
<b>Operating profit</b>	<b>17</b>	<b>34</b>	<b>51</b>	<b>45</b>	<b>47</b>	<b>48</b>	<b>38</b>	<b>47</b>	<b>144</b>	<b>168</b>	<b>86</b>
Non-recurring items	0	0		-1	0	0	0	0	-1	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>17</b>	<b>34</b>	<b>51</b>	<b>44</b>	<b>47</b>	<b>48</b>	<b>38</b>	<b>47</b>	<b>142</b>	<b>168</b>	<b>85</b>
Investment portfolio earnings	12	7	175	4	4	-3	-9	-5	27	-15	-174
<b>Profit before tax</b>	<b>29</b>	<b>41</b>	<b>71</b>	<b>48</b>	<b>51</b>	<b>46</b>	<b>29</b>	<b>42</b>	<b>169</b>	<b>152</b>	<b>111</b>
Loans and advances	4,816	4,932	98	4,884	4,681	4,438	4,351	4,148	4,816	4,438	109
Deposits and other debt	2,948	2,924	101	2,824	3,132	2,939	2,837	3,487	2,948	2,939	100
Mortgage credit	420	412	102	282	302	310	324	382	420	310	136
Number of FTE, end of period	14	15	95	15	15	15	15	15	14	15	95



# Banking – Faroe Islands

- Steady improvement in profit before tax due to favorable interest rates, growth in loans, investment portfolio earnings and the continued solid performance of the customer portfolio.

DKKm	Q4 2023	Q3 2023	Index	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	2023	2022	Index
Net interest income	88	80	110	74	64	60	55	52	305	221	138
Net fee and commission income	18	19	93	19	21	22	22	22	78	87	90
Other operating income	2	6	34	8	6	4	9	6	22	26	84
<b>Total Operating income</b>	<b>108</b>	<b>105</b>	<b>103</b>	<b>101</b>	<b>91</b>	<b>86</b>	<b>86</b>	<b>80</b>	<b>405</b>	<b>334</b>	<b>121</b>
Operating cost	-50	-50	99	-48	-49	-45	-50	-47	-197	-189	104
Sector costs	0	0	100	0	0	0	0	0	-2	-1	143
<b>Profit before impairment charges</b>	<b>57</b>	<b>54</b>	<b>105</b>	<b>53</b>	<b>42</b>	<b>40</b>	<b>35</b>	<b>33</b>	<b>206</b>	<b>144</b>	<b>144</b>
Impairment charges, net	5	1	386	-1	15	-9	12	4	20	9	214
<b>Operating profit</b>	<b>63</b>	<b>56</b>	<b>112</b>	<b>52</b>	<b>57</b>	<b>32</b>	<b>47</b>	<b>37</b>	<b>227</b>	<b>153</b>	<b>148</b>
Non-recurring items	0	0		-6	-3	0	0	0	-9	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>63</b>	<b>56</b>	<b>112</b>	<b>46</b>	<b>53</b>	<b>32</b>	<b>47</b>	<b>37</b>	<b>218</b>	<b>153</b>	<b>142</b>
Investment portfolio earnings	31	18	175	11	16	2	-25	-9	76	-30	-249
<b>Profit before tax</b>	<b>94</b>	<b>73</b>	<b>128</b>	<b>57</b>	<b>69</b>	<b>33</b>	<b>22</b>	<b>28</b>	<b>293</b>	<b>123</b>	<b>239</b>
Loans and advances	7,441	7,365	101	7,248	6,971	6,833	6,780	6,577	7,441	6,833	109
Deposits and other debt	7,555	7,565	100	7,734	7,803	7,791	7,592	7,532	7,555	7,791	97
Mortgage credit	1,654	1,676	99	1,723	1,756	1,771	1,777	1,776	1,654	1,771	93
Operating cost/income, %	46	48		50	54	53	59	59	49	57	
Number of FTE, end of period	158	157	100	156	155	152	152	156	158	152	104

# Banking – Greenland

- Interest rate increase and growth in both loans and deposits are reflected in higher operating income, but impairments charges are at a higher level compared to 2022.

DKKm	Q4 2023	Q3 2023	Index	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	2023	2022	Index
Net interest income	12	16	75	12	14	13	12	13	54	49	111
Net fee and commission income	3	4	85	3	3	4	4	4	14	15	90
Other operating income	0	2	19	1	1	1	2	1	5	5	92
<b>Total Operating income</b>	<b>16</b>	<b>22</b>	<b>71</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>17</b>	<b>73</b>	<b>69</b>	<b>105</b>
Operating cost	-9	-8	104	-10	-9	-7	-8	-10	-36	-34	104
Sector costs	0	0	100	0	0	0	0	0	0	0	143
<b>Profit before impairment charges</b>	<b>7</b>	<b>14</b>	<b>52</b>	<b>7</b>	<b>9</b>	<b>11</b>	<b>9</b>	<b>8</b>	<b>37</b>	<b>35</b>	<b>106</b>
Impairment charges, net	-9	-3	325	-2	-7	12	0	2	-21	17	-120
<b>Operating profit</b>	<b>-2</b>	<b>11</b>	<b>-22</b>	<b>5</b>	<b>3</b>	<b>23</b>	<b>8</b>	<b>10</b>	<b>16</b>	<b>52</b>	<b>31</b>
Non-recurring items	0	0		0	0	0	0	0	0	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>-2</b>	<b>11</b>	<b>-22</b>	<b>5</b>	<b>3</b>	<b>23</b>	<b>8</b>	<b>10</b>	<b>16</b>	<b>52</b>	<b>31</b>
Investment portfolio earnings	9	5	175	3	3	1	-6	-3	21	-7	-321
<b>Profit before tax</b>	<b>7</b>	<b>16</b>	<b>43</b>	<b>9</b>	<b>6</b>	<b>25</b>	<b>3</b>	<b>7</b>	<b>38</b>	<b>46</b>	<b>82</b>
Loans and advances	1,442	1,425	101	1,397	1,372	1,243	1,187	1,138	1,442	1,243	116
Deposits and other debt	1,143	1,025	112	687	717	544	616	1,352	1,143	544	210
Mortgage credit	943	929	101	833	866	860	846	866	943	860	110
Operating cost/income, %	55	37		45	50	39	47	56	49	49	
Number of FTE, end of period	18	19	93	17	17	17	17	17	18	17	102

# Trygd

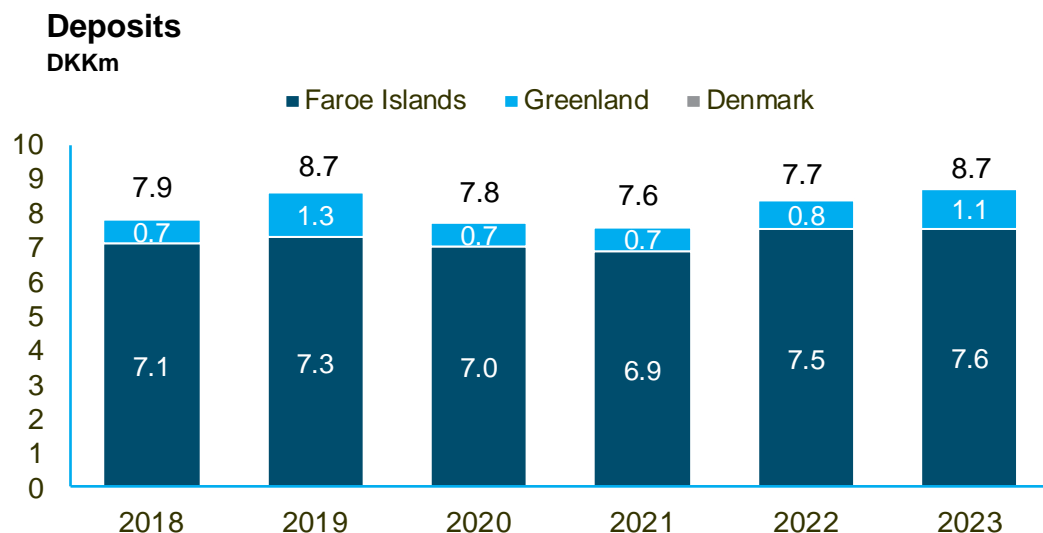
- Strong results in 2023 due to a higher level of premiums and relatively fewer large insurance claims compared to 2022.

DKKm	Q4 2023	Q3 2023	Index	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	2023	2022	Index
Premium income, net of reinsurance	42	37	113	35	34	36	36	35	148	141	105
Claims, net of reinsurance	-30	-17	174	-19	-32	-24	-26	-23	-99	-97	101
<b>Net insurance income</b>	<b>12</b>	<b>20</b>	<b>59</b>	<b>16</b>	<b>2</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>49</b>	<b>43</b>	<b>113</b>
Net income from investment activities	3	2	159	0	2	4	-3	-3	7	-3	-215
<b>Operating income</b>	<b>15</b>	<b>22</b>	<b>68</b>	<b>16</b>	<b>4</b>	<b>16</b>	<b>7</b>	<b>9</b>	<b>56</b>	<b>40</b>	<b>138</b>
Operating cost	-8	-7	103	-8	-7	-6	-6	-6	-29	-25	116
<b>Profit before tax</b>	<b>7</b>	<b>14</b>	<b>49</b>	<b>8</b>	<b>-3</b>	<b>10</b>	<b>1</b>	<b>3</b>	<b>27</b>	<b>15</b>	<b>175</b>
Combined ratio	90	67		76	113	85	88	83	86	87	
Claims ratio	72	47		55	94	68	71	65	67	69	
Number of FTE, end of period	23	23	99	22	23	23	23	23	23	23	102

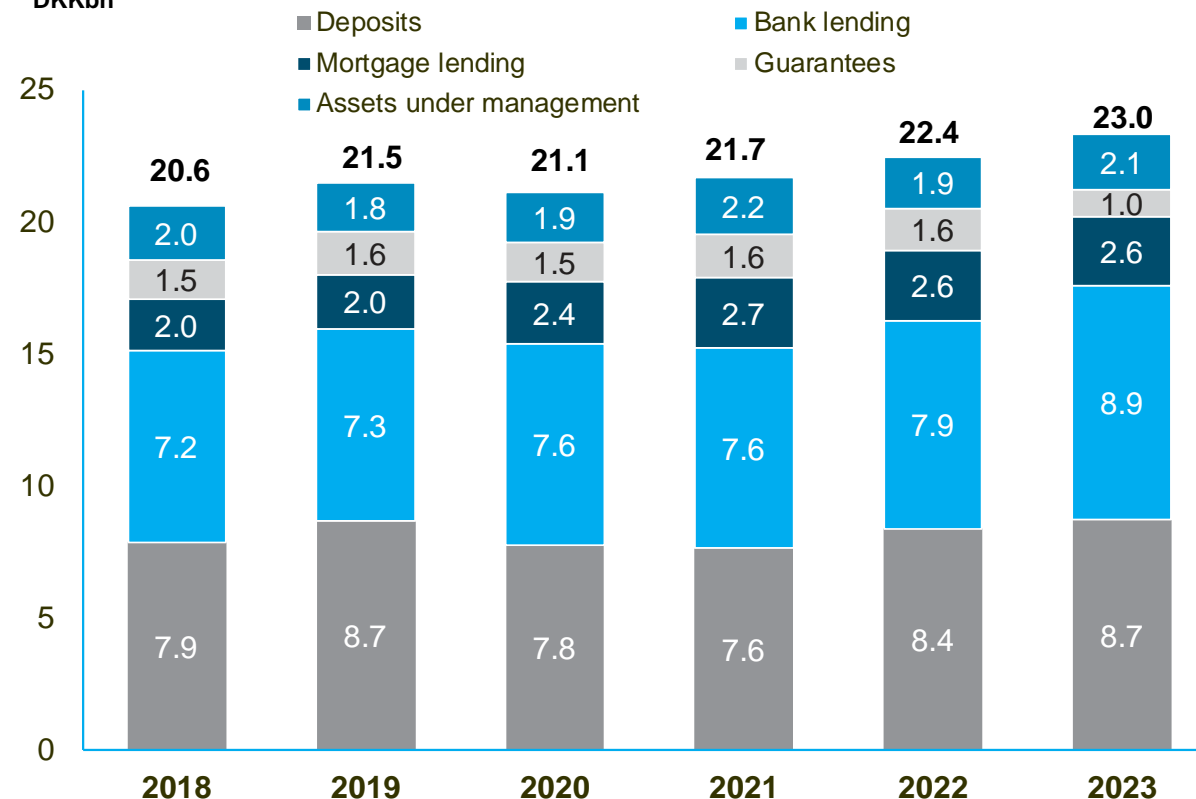
# Developments in business volumes

## Increased activity in most areas drives up total business volumes

- Total bank lending and deposits increased
- Total guarantees decreased



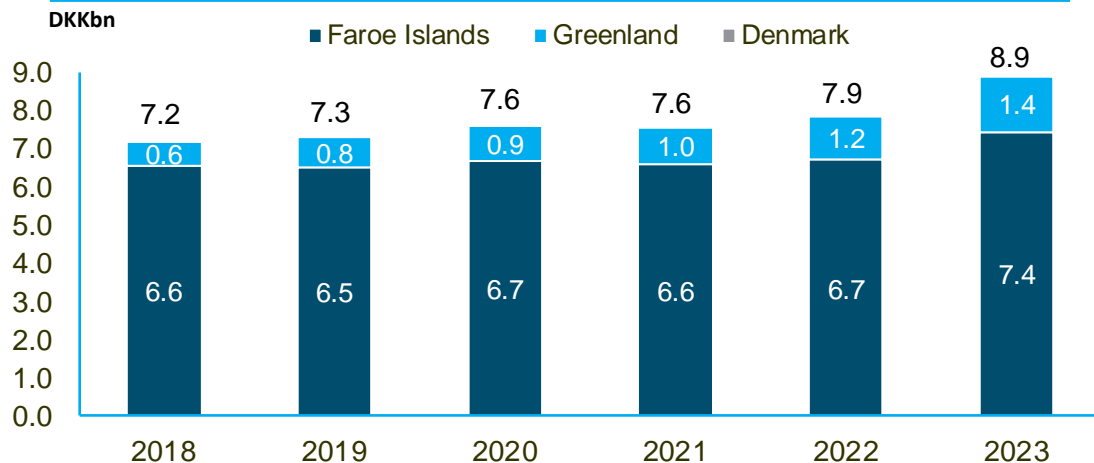
## Business volumes (sum of deposits, lending, guarantees and AUM) DKKbn



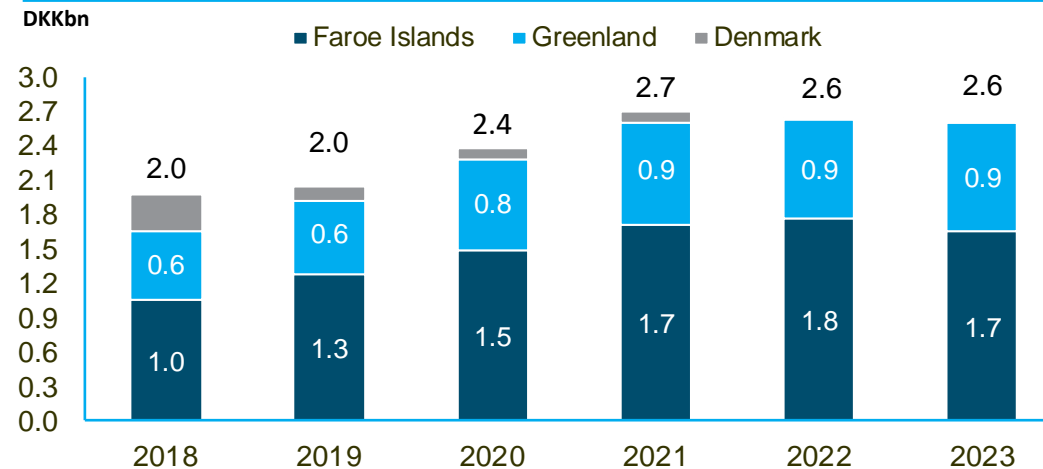
# Developments in business volumes

- Growth in line with markets.

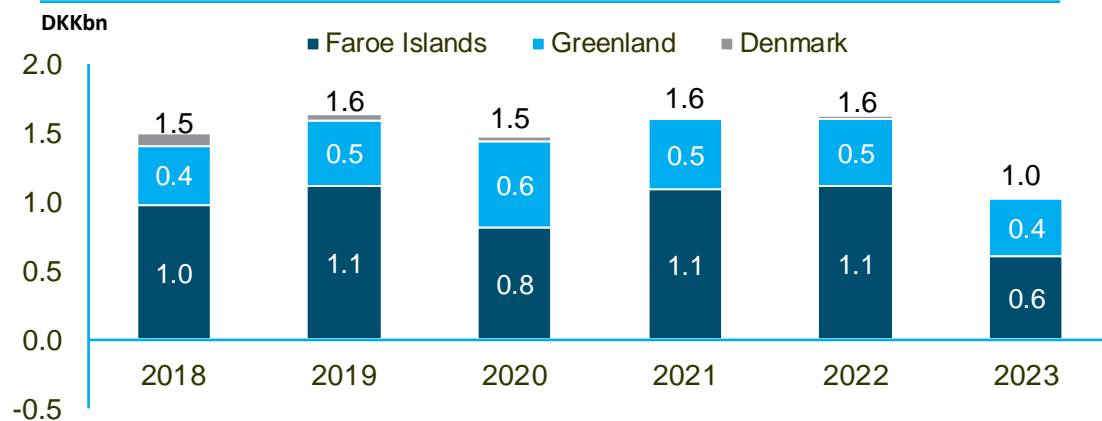
## Bank lending



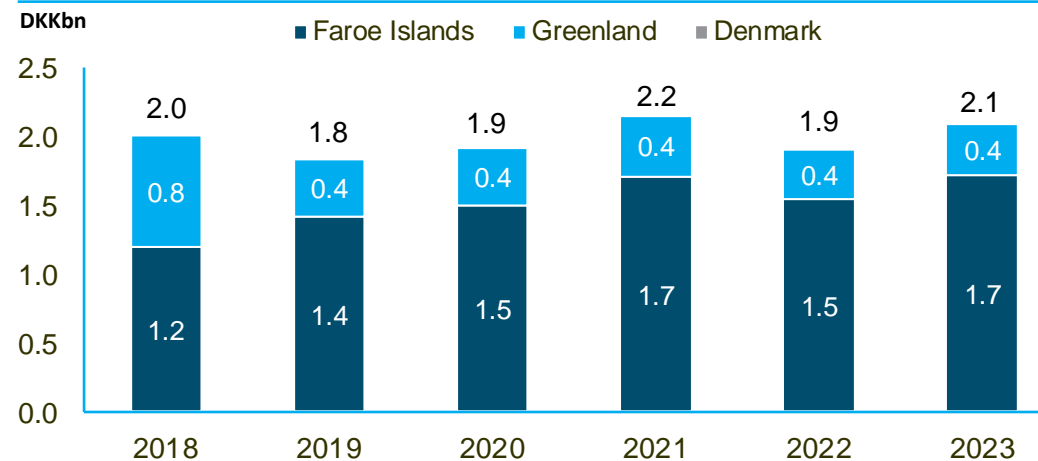
## Mortgages



## Guarantees



## Assets under management



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# Credit quality of the loan portfolio

- Increase in strong exposures and decrease in portfolio with some weakness. A solid loan portfolio.

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

	Q3 2023			Q4 2023			Change
	<7.5 DKKm	>7.5 DKKm	Total	<7.5 DKKm	>7.5 DKKm	Total	
Portfolio without weakness	2,437	4,087	6,525	2,639	4,387	7,025	500
Portfolio with some weakness	2,677	2,185	4,862	2,563	2,006	4,569	-293
Portfolio with weakness	80	76	156	74	76	150	-7
- of which unsecured	7	13	20	6	4	9	-10
- impairments	6	7	13	5	1	5	-8
Portfolio with OIE	148	126	273	148	129	277	4
- of which unsecured	32	61	93	30	57	87	-6
- impairments	32	33	64	27	26	53	-12
Portfolio w/o individual classification	26	100	126	37		37	-89
<b>Total</b>	<b>5,368</b>	<b>6,574</b>	<b>11,942</b>	<b>5,461</b>	<b>6,597</b>	<b>12,058</b>	<b>116</b>

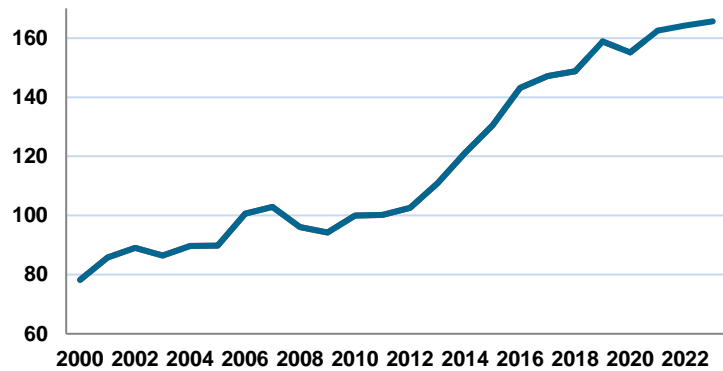
### Total loan portfolio (gross exposure) includes

- Loans and advances
- Credits
- Unused credits
- Guarantees

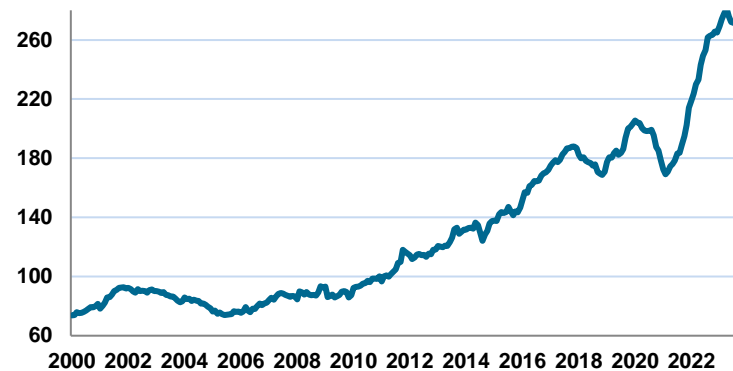
# The Faroese economy

The Faroese economy has seen significant growth in the past decade, to the point where GDP per capita in 2019 surpassed that of Denmark. The main drivers of growth have been pelagic fisheries and aquaculture. The economy has also seen significant growth in its tourism industry, which is back at the pre-COVID level. Inflation is back at “normal” levels (2.8% in Nov. 2023) and house prices remain high although interest rates have increased significantly.

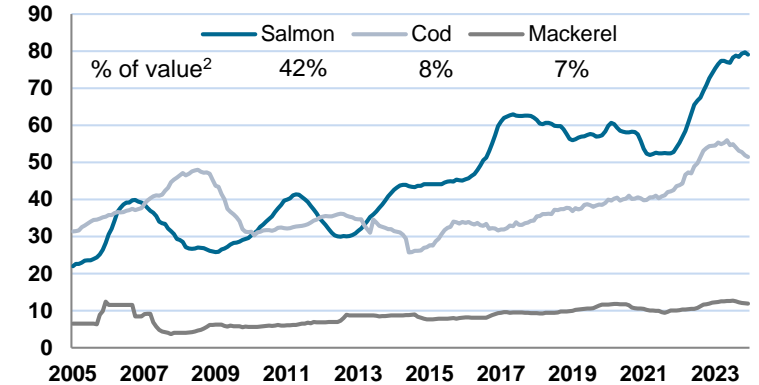
**Real GDP<sup>1</sup> (2010 = 100)**



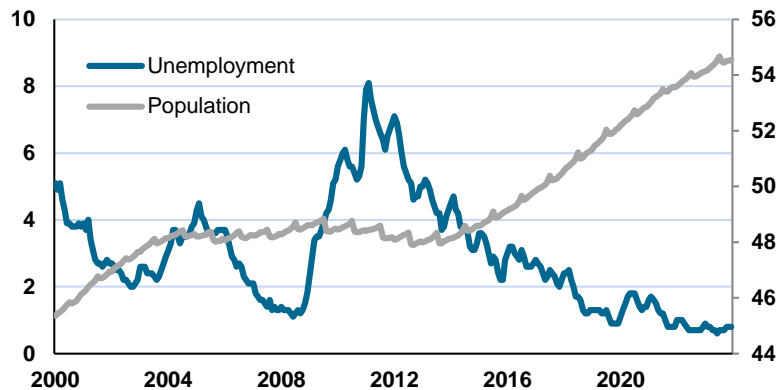
**Exports, rolling 12m (Dec 2010 = 100)**



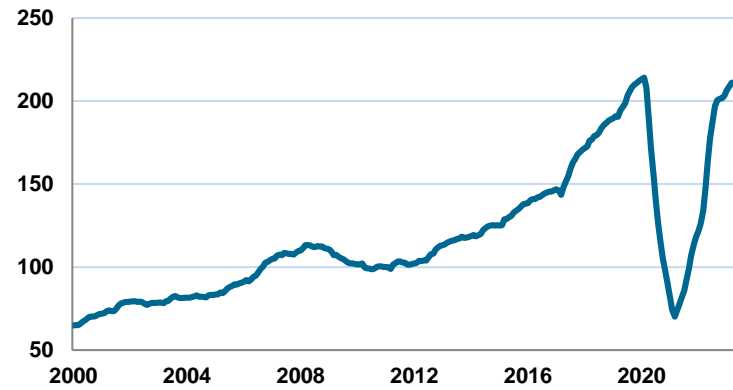
**Export prices<sup>2</sup>, rolling 12m avg, DKK/kg**



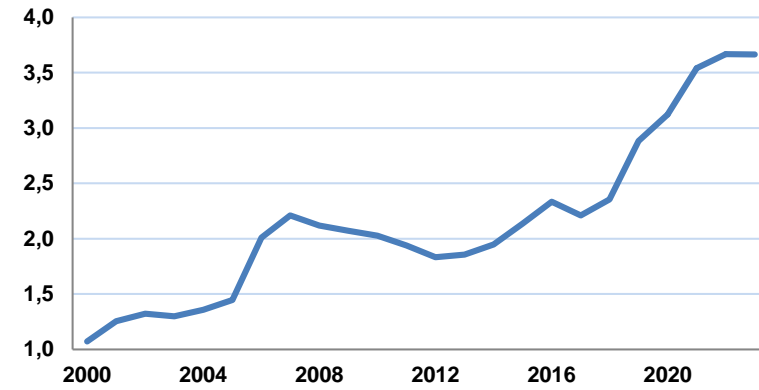
**Unemployment, % (left); population, '000' (right)**



**Arrivals, air travel, rolling 12m, '000**



**House prices, Tórshavn, annual average, DKKm**



<sup>1</sup>) Nominal GDP deflated by annual rate of inflation.

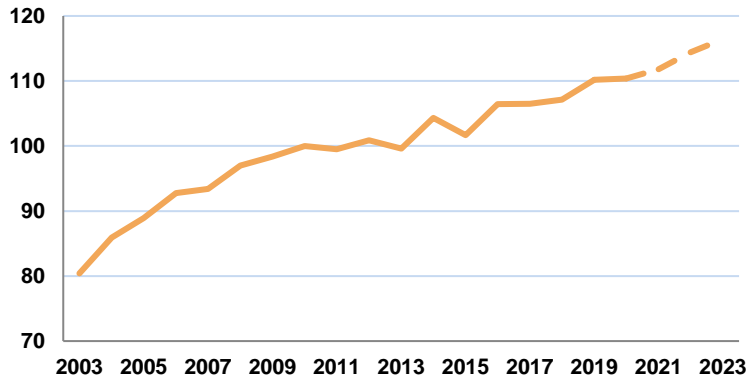
<sup>2</sup>) Species' export value as percentage of total export value during last 12 months

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

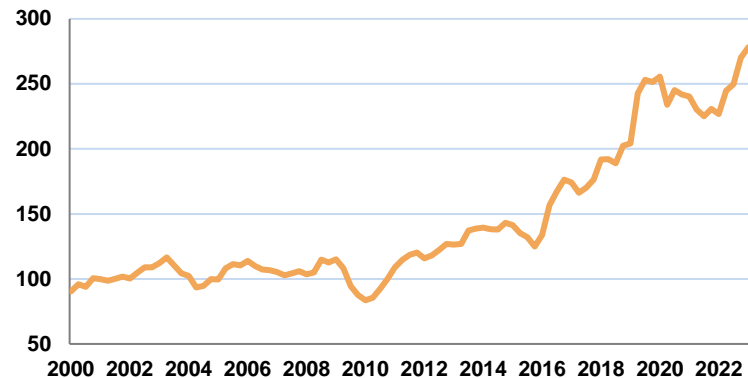
# The Greenlandic economy

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.

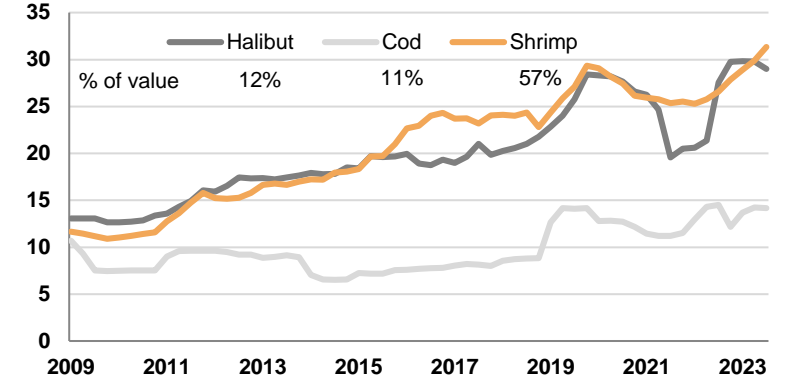
**Real GDP (2010 = 100)**



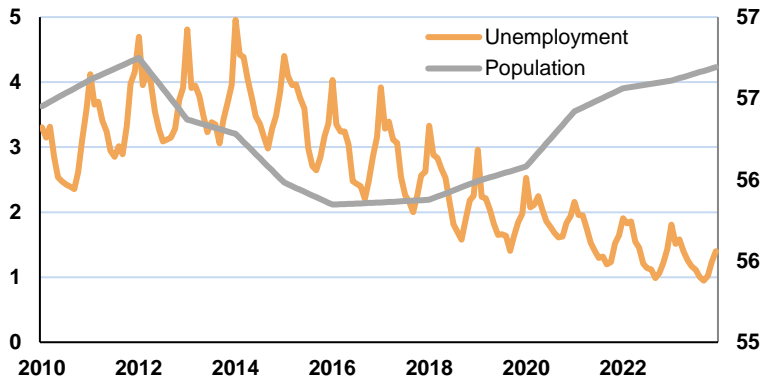
**Exports, rolling 4Q (Q4 2010 = 100)**



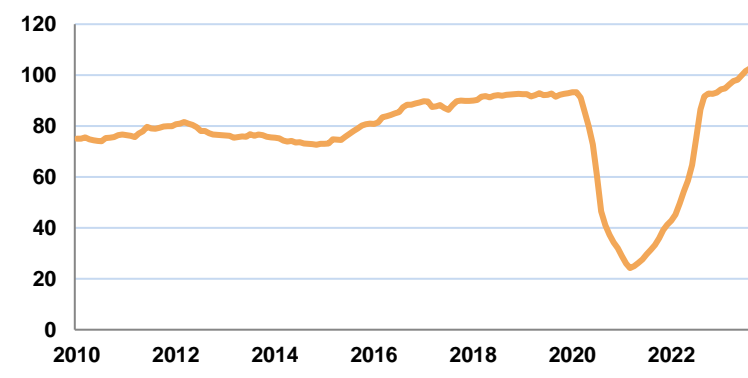
**Export prices<sup>1</sup>, rolling 4Q avg., DKK/kg**



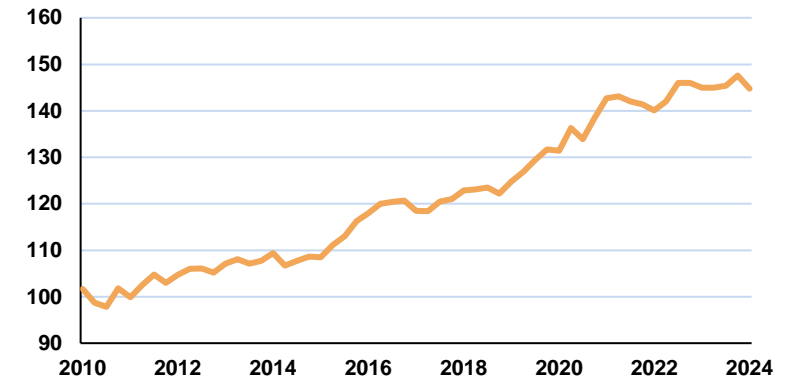
**Unemployment (left), population (right), '000**



**Arrivals, air travel, rolling 12m, '000**



**Retail sales, seasonally adusted index (2010 = 100)**



<sup>1)</sup> Percentage of total Greenlandic fisheries value during last 12 month  
Sources: Statistics Greenland, the Greenland Economic Council

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