

Interim Report

H1 2021

4 August 2021

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Financial highlights and ratios - BankNordik Group

Highlights	H1	H1	Index	Q2	Q1	Q4	Q3	Q2
	DKK 1,000	2021						
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
	June 30	June 30		June 30	March 31	Dec. 31	Sept. 30	June 30
	2021	2020		2021	2021	2020	2020	2020
Ratios and key figures								
Solvency								
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
Profitability								
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
Market risk								
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
Liquidity								
Liquidity Coverage Ratio (LCR), %	202.5	232.6		202.5	211.7	231.1	227.3	232.6
Credit risk								
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
Shares								
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
Other								
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 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
Operating income	206	183	113	109	97	101	104	95
Operating costs ¹	-120	-118	101	-61	-59	-62	-57	-59
Sector costs	-1	0		0	0	0	0	0
Profit before impairment charges	85	64	134	47	38	38	47	36
Impairment charges, net	23	-2		27	-3	10	-2	16
Operating profit	109	62	177	74	35	48	44	52
Non-recurring items ²	81	0		4	77	0	0	0
Profit before investment portfolio earnings and tax	190	62	308	78	111	48	44	52
Investment portfolio earnings ³	-7	-7		-4	-3	1	3	15
Profit before tax, continuing operations	182	55	331	74	108	49	48	66
Profit before tax, discontinued operations	9	18	51	0	9	1	35	37
Profit before tax, total	192	74	261	74	118	51	82	103
Tax	39	16	250	15	24	7	17	21
Net profit	153	58	263	59	94	43	65	82
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
	Operating income	201,120	5,130	206,250
3, 7	Operating costs	134,764	-14,708	120,056
	Sector costs	697	0	697
	Profit before impairment charges	65,659	19,838	85,497
4	Impairment charges	-23,425	0	-23,425
	Operating profit	89,085	19,838	108,922
3, 4, 5	Non-recurring items	0	80,701	80,701
	Profit before investment portfolio earnings and tax	89,085	100,538	189,623
1, 6, 9	Investment portfolio earnings	-2,067	-5,130	-7,197
	Profit before tax, continuing operations	87,018	95,409	182,426
5, 7, 8, 9	Profit before tax, discontinued operations	104,969	-95,409	9,560
	Profit before tax, total	191,986	0	191,986
Note Income statement H1 2020, Group, DKK 1,000				
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
	Operating income	190,073	-7,358	182,715
3, 7	Operating costs	125,579	-7,164	118,416
	Sector costs	688	-378	310
	Profit before impairment charges	63,806	184	63,989
4	Impairment charges	2,297	0	2,297
	Operating profit	61,509	184	61,692
3, 4, 5	Non-recurring items	0	0	0
	Profit before investment portfolio earnings and tax	61,509	184	61,692
1, 6, 9	Investment portfolio earnings	-64,332	57,811	-6,521
	Profit before tax, continuing operations	-2,823	57,995	55,172
5, 7, 8, 9	Profit before tax, discontinued operations	76,379	-57,995	18,384
	Profit before tax, total	73,556	0	73,556
Note Restatements made to the income statement, DKK 1,000				
		H1 2021	H1 2020	
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 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
Operating income	187	171	109	96	91	91	87	85
Operating cost	-110	-108	102	-56	-54	-58	-52	-53
Sector costs	-1	0		0	0	0	0	0
Profit before impairment charges	77	63	123	39	37	33	35	32
Impairment charges, net	23	-2		27	-3	10	-2	16
Operating profit	100	60	166	66	34	43	32	48
Non-recurring items	81	0		4	77	0	0	0
Profit before investment portfolio earnings and tax	181	60	300	70	111	43	32	48
Investment portfolio earnings	-6	-6		-4	-2	2	4	15
Profit before tax, continuing operations	175	54		66	108	44	36	62
Profit before tax, discontinued operations	9	18	51	0	9	1	35	37
Profit before tax, total	184	73	252	66	118	46	71	99
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 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
Operating income	104	103	101	53	52	53	55	51
Operating costs ¹	-28	-31	92	-14	-14	-15	-13	-16
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	76	73	104	39	37	38	42	35
Impairment charges, net	14	-4	390	0	13	3	-4	-2
Operating profit	90	69	130	39	51	41	38	33
Non-recurring items	0	0		0	0	0	0	0
Profit before investment portfolio earnings and tax	89	69	129	39	51	41	38	33
Profit before tax, continuing operations	89	69	129	39	51	41	38	33
Profit before tax, discontinued operations	9	67	14	0	9	32	48	39
Profit before tax, total	98	136	72	39	60	73	86	72
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 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
Operating income	85	78	110	43	42	41	40	39
Operating costs ¹	-8	-9	88	-4	-5	-5	-4	-5
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	77	68	113	39	38	36	36	34
Impairment charges, net	9	2	460	27	-18	4	2	17
Operating profit	86	70	123	66	20	40	38	51
Non-recurring items	0	0		0	0	0	0	0
Profit before investment portfolio earnings and tax	86	70	123	66	20	40	38	51
Profit before tax	86	70	123	66	20	40	38	51
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	Index			Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
	H1 2021	H1 2020	21/20					
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
Net insurance income	16	13	128	12	4	7	16	12
Net income from investment activities	-1	-1	154	0	-1	0	0	0
Operating income	16	12	127	12	4	7	16	12
Operating cost	-12	-12	100	-6	-6	-5	-6	-6
Profit before tax	4	0		6	-2	2	11	6
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 2021	H1 2020	H1 2021	H1 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
	Net interest income	133,779	139,935	133,215	139,242
	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
	Net dividend, fee and commission income	41,311	32,366	47,408	38,030
	Net interest and fee income	175,090	172,301	180,623	177,272
	Premium income, net of reinsurance	69,322	66,804		
	Claims, net of reinsurance	48,179	51,560		
	Interest and fee income and income from insurance activities, net	196,232	187,545	180,623	177,272
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
	Profit before tax from continuing operations	87,018	-2,823	85,591	-2,932
	Tax	15,733	-1,293	14,306	-1,401
	Net profit from continuing operations	71,285	-1,530	71,285	-1,530
10	Discontinued operations, net of tax	81,876	59,576	81,876	59,576
	Net profit	153,161	58,046	153,161	58,046
	Portion attributable to				
	Shareholders of BankNordik P/F	153,161	58,046	153,161	58,046
	Net profit	153,161	58,046	153,161	58,046
	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

	Group		BankNordik	
	H1 2021	H1 2020	H1 2021	H1 2020
DKK 1,000				
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
Total comprehensive income	150,041	58,046	150,041	58,046
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
Total comprehensive income	150,041	58,046	150,041	58,046

Balance Sheet

Note	DKK 1,000	Group		BankNordik	
		June 30 2021	Dec. 31 2020	June 30 2021	Dec. 31 2020
	Assets				
	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
	Total assets	12,000,521	17,290,303	11,890,191	17,199,646

Balance Sheet

Note	DKK 1,000	Group		BankNordik		
		June 30 2021	Dec. 31 2020	June 30 2021	Dec. 31 2020	
		Shareholders' equity and liabilities				
		Liabilities other than provisions				
		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
		Total liabilities other than provisions	9,356,664	14,620,926	9,246,334	14,530,269
		Provisions for liabilities				
		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
		Total provisions for liabilities	21,388	22,749	21,388	22,749
		Subordinated debt				
		Subordinated debt	99,300	224,695	99,300	224,695
		Total liabilities	9,477,353	14,868,370	9,367,023	14,777,713
		Equity				
		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
		Shareholders of the Parent Company	2,368,780	2,271,024	2,368,780	2,271,024
		Additional tier 1 capital holders	154,388	150,909	154,388	150,909
		Total equity	2,523,168	2,421,933	2,523,168	2,421,933
		Total liabilities and equity	12,000,521	17,290,303	11,890,191	17,199,646

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

DKK 1,000	Shareholders equity					Additional tier 1	
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	capital	Total
Shareholders' equity at January 1, 2020	192,000	9,243	67,200	1,843,891	2,112,335	150,754	2,263,088
Net profit			48,000	111,280	159,280	6,906	166,186
Total comprehensive income			48,000	111,280	159,280	6,906	166,186
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
Shareholders' equity at December 31, 2020	192,000	9,243	48,000	2,021,781	2,271,024	150,909	2,421,933

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
Shareholders' equity at January 1, 2020	192,000	9,243	67,200	1,843,891	2,112,335	150,754	2,263,088
Net profit				54,619	54,619	3,427	58,046
Total comprehensive income				54,619	54,619	3,427	58,046
Sale of own shares				104	104		104
Dividends paid			-67,200	67,200	0		0
Shareholders' equity at June 30, 2020	192,000	9,243	0	1,965,814	2,167,057	154,180	2,321,237

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

DKK 1,000	Shareholders equity						Additional tier 1	
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	capital	Total	
Shareholders' equity at January 1, 2020	192,000	9,243	67,200	1,843,891	2,112,335	150,754	2,263,088	
Net profit			48,000	111,280	159,280	6,906	166,186	
Total comprehensive income			48,000	111,280	159,280	6,906	166,186	
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	
Shareholders' equity at December 31, 2020	192,000	9,243	48,000	2,021,781	2,271,024	150,909	2,421,933	

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	
Shareholders' equity at January 1, 2020	192,000	9,243	67,200	1,843,891	2,112,335	150,754	2,263,088	
Net profit				54,619	54,619	3,427	58,046	
Total comprehensive income		0	0	54,619	54,619		58,046	
Sale of own shares				104	104		104	
Suspended dividend payment			-67,200	67,200	0		0	
Shareholders' equity at June 30, 2020	192,000	9,243	0	1,965,710	2,167,057	154,180	2,321,237	

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
Total risk-weighted items	7,133,528	9,774,225
CET 1 capital ratio	25.7%	22.6%
Core capital ratio	27.8%	24.1%
Total capital ratio	29.2%	26.4%
MREL capital ratio	31.3%	26.4%
Core Capital and Shareholders' equity		
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
Shareholders' equity, before deduction of holdings of own shares	2,373,714	2,275,762
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
CET 1 capital	1,831,530	2,205,809
Hybrid core capital	154,388	150,909
Core capital	1,985,918	2,356,719
Total capital		
Core capital	1,985,918	2,356,719
Subordinated loan capital	99,300	224,695
Total capital	2,085,218	2,581,414
MREL capital	148,875	0
Total capital incl. MREL capital	2,234,093	2,581,414

Cash flow statement - BankNordik Group

DKK 1,000	Group H1 2021	Group Full year 2020
Cash flow from operations		
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
Total	162,192	170,573
Changes in operating capital		
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
Cash flow from operations	3,396,273	336,290
Cash flow from investing activities		
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
Cash flow from investing activities	-3,300,546	5,307
Cash flow from financing activities		
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
Cash flow from financing activities	-28,600	-17,846
Cash flow	67,128	323,751
Cash in hand and demand deposits with central banks, and due from Credit institutions, etc. at the beginning of the year	1,453,635	1,129,884
Cash flow	67,128	323,751
Cash and due etc.	1,520,763	1,453,635
Cash and due etc.		
Cash in hand and demand deposits with central banks	1,065,273	223,320
Due from credit institutions, etc.	455,489	1,230,315
Total	1,520,763	1,453,635

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	Faroe Islands		Total		Total
2	DKK 1,000								
	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
	Net interest income	99,556	68,583	-34,973	133,165	614	133,779	8,554	142,333
	Net Fee and dividends income	32,535	13,937	-1,065	45,407	-4,096	41,310	10,807	52,118
	Premium income, net of reinsurance	0	0	8,569	8,569	61,442	-689	69,322	69,322
	Net premium income of reinsurance and claims	0	0	5,398	5,398	16,434	-689	21,142	21,142
	Other income	5,943	2,807	-2,804	5,946	-1,417	-1,709	2,820	257,993
	Total income	138,034	85,327	-33,443	189,917	11,534	-2,399	199,053	473,587
	Total operating expenses	29,208	8,495	92,157	129,860	7,999	-2,399	135,461	185,981
	<i>of which depreciation and amortisation</i>	344	0	2,714	3,059	51	3,109	528	3,637
	Profit before impairment charges on loans	108,826	76,832	-125,600	60,057	3,535	63,592	88,553	152,146
	Impairment charges	-13,958	-9,468	1	-23,425	0	-23,425	-16,415	-39,840
	Profit before tax	122,784	86,300	-125,601	83,482	3,535	87,018	104,969	191,986
	Total assets	3,756,937	4,182,696	3,875,711	11,815,344	185,177	12,000,521	0	12,000,521
	<i>of which Loans and advances</i>	3,603,333	3,998,022		7,601,355	0	7,601,355	0	7,601,355
	Total liabilities	5,273,065	2,388,728	1,815,559	9,477,352	0	9,477,352	0	9,477,352
	<i>of which Deposits</i>	5,273,065	2,388,728		7,661,793		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	Faroe Islands		Total		Total
DKK 1,000									
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
Net interest income	68,035	67,912	3,260	139,207	728		139,935	50,887	190,821
Net Fee and dividends income	29,550	8,481	-1,784	36,246	-3,880		32,366	79,403	111,769
Premium income, net of reinsurance	0	0	7,574	7,574	59,905	-675	66,804	0	66,804
Net premium income of reinsurance and claims	0	0	3,090	3,090	12,829	-675	15,244	0	15,244
Other income	-32,728	1,285	-27,532	-58,975	-1,251	-1,577	-61,804	34,794	-27,010
Total income	64,856	77,677	-22,966	119,568	8,426	-2,252	125,742	165,083	290,825
Total operating expenses	-8,265	9,517	118,996	120,247	8,272	-2,252	126,268	88,928	215,195
<i>of which depreciation and amortisation</i>	1,908	0	1,868	3,776	245		4,021	4,698	8,719
Profit before impairment charges on loans	73,121	68,161	-141,962	-679	153		-526	76,155	75,629
Impairment charges	3,606	-2,058	749	2,297	0		2,297	-224	2,073
Profit before tax	69,515	70,219	-142,711	-2,976	153	0	-2,823	76,379	73,556
Total assets	6,244,068	3,886,382	6,524,412	16,654,861	213,442		16,868,303	0	16,868,303
<i>of which Loans and advances</i>	6,047,857	3,831,736		9,879,592	0		9,879,592	0	9,879,592
Total liabilities	10,585,335	2,473,537	1,366,158	14,425,030	122,036		14,547,066	0	14,547,066
<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
Total, continuing operations	199,054	125,742	166,598	245,594	-1,787	3,736	59	1,369
Denmark, discontinued operations	274,534	165,083	0	0	0	0	0	0
Total	473,587	290,825	166,598	245,594	-1,787	3,736	59	1,369

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
Total, continuing operations	23,425	-2,297	-2,067	-64,332
Denmark, discontinued operations	16,415	224	0	0
Total	39,841	-2,073	-2,067	-64,332

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
Total, continuing operations	199,054	125,742	87,018	-2,823	15,733	-1,293	195	228
Denmark, Banking, discontinued operations	274,534	165,083	104,969	76,379	23,093	16,803	0	135
Total	473,587	290,825	191,987	73,556	38,826	15,511	195	363

Notes

Note	DKK 1.000	Group		BankNordik	
		H1	H1	H1	H1
		2021	2020	2021	2020
3	Interest income				
	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
	Total interest income	145,384	148,582	144,820	147,889
4	Interest expenses				
	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
	Total interest expenses	11,605	8,647	11,605	8,647
5	Net fee and commission income				
	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
	Total fee and commission income	41,949	31,557	48,046	37,221
	Fee and commissions paid				
	Securities trading and custody accounts	4,061	2,462	4,061	2,462
	Net fee and commission income	37,888	29,094	43,985	34,758
6	Market value adjustments				
	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
	Total market value adjustments	-3,183	-64,668	-1,441	-63,220

Note	DKK 1.000	Group		BankNordik	
		H1	H1	H1	H1
		2021	2020	2021	2020
7	Other operating income				
	Profit on sale of properties	1,033	2	1,033	2
	Other income	3,855	2,526	-181	541
	Total other operating income	4,888	2,528	852	543
8	Staff costs and administrative expenses				
	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
	Total staff costs	80,644	79,584	70,407	69,870
	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
	Total administrative expenses	54,907	46,094	51,334	41,976
	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
	Total staff costs and administrative expenses	131,654	121,558	121,741	111,846
	Number of employees				
	Average number of full-time employees in the period	214	228	183	199
	Executive remuneration:				
	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
	Total executive board	1,677	1,275	1,677	1,275
	Total executive remuneration	2,827	2,600	2,827	2,600

Note	DKK 1.000	Group		BankNordik	
		H1	H1	H1	H1
		2021	2020	2021	2020
9	Impairment charges on loans and advances and provisions for guarantees etc.				
	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>
	Total impairment charges and provisions at 30 June	295,386	335,792	295,386	335,792
	Impairment charges and provisions recognised in the income statement				
	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
	Total individual impairment charges and provisions	-23,425	2,297	-23,425	2,297
	<i>Reversal of impairment charges in the discontinued activities amounted to 16.4 m DKK in H1 2021</i>				
	Stage 1 impairment charges				
	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
	Stage 1 impairment charges at 30 June	41,929	6,491	41,929	6,491
	<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>
	Stage 2 impairment charges				
	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
	Stage 2 impairment charges at 30 June	25,138	26,559	25,138	26,559
	<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>
	Weak Stage 2				
	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
	Weak Stage 2 impairment charges at 30 June	43,837	50,014	43,837	50,014
	<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 2021	H1 2020	H1 2021	H1 2020
9	Stage 3 impairment charges				
(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
	Stage 3 impairment charges at 30 June	168,729	236,020	168,729	236,020
	<i>Total net impact recognised in the income statement</i>	-24,167	-19,252	-24,167	-19,252
	Purchased credit-impaired assets included in stage 3 above				
	Provisions for guarantees and undrawn credit lines				
	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
	Provisions for guarantees etc at 30 June	15,753	14,580	15,753	14,580
	<i>Total net impact recognised in the income statement</i>	-261	-753	-261	-753
	Provisions for guarantees and undrawn credit lines				
	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
	Provisions for guarantees etc at 30 June	15,753	14,580	15,753	14,580

Note	DKK 1.000	Group		BankNordik	
		H1	H1	H1	H1
		2021	2020	2021	2020
10	Discontinued operations				
	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
	Net interest income	8,554	50,887	8,554	50,887
	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
	Net dividend, fee and commission income	10,807	79,403	10,807	79,403
	Net interest and fee income	19,361	130,290	19,361	130,290
	Interest and fee income and income, net	19,361	130,290	19,361	130,290
	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
	Profit before tax	104,969	76,379	104,969	76,379
	Tax	23,093	16,803	23,093	16,803
	Net profit	81,876	59,576	81,876	59,576

Note	Group		BankNordik	
	June 30 2021	Dec. 31 2020	June 30 2021	Dec. 31 2020
10 Assets				
(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
Total assets	0	3,217,940	0	3,217,940
Liabilities other than provisions				
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
Total liabilities other than provisions	0	6,516,171	0	6,516,171
Provisions for liabilities				
Provisions for losses on guarantees etc	0	2,556	0	2,556
Provisions for other liabilities	0	1,277	0	1,277
Total provisions for liabilities	0	3,833	0	3,833
Total liabilities	0	6,520,004	0	6,520,004
Cash flow statement				
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
Cash flow		7,781		7,781

Note	DKK 1.000	Group		BankNordik	
		June 30	Dec. 31	June 30	Dec. 31
		2021	2020	2021	2020
11	Due from credit institutions etc. specified by maturity				
	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
	Total due from credit institutions etc.	455,489	1,177,515	455,489	1,177,515
12	Assets held for sale				
	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
	Total purchase price	3,564	4,466	3,564	4,466
	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
	Total depreciation and impairment	0	0	0	0
	Total assets held for sale	3,564	4,466	3,564	4,466
13	Contingent liabilities				
	Guarantees				
	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
	Total guarantees	1,792,339	1,475,570	1,792,339	1,475,570

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

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BankNordik is a limited liability
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The company is listed on
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