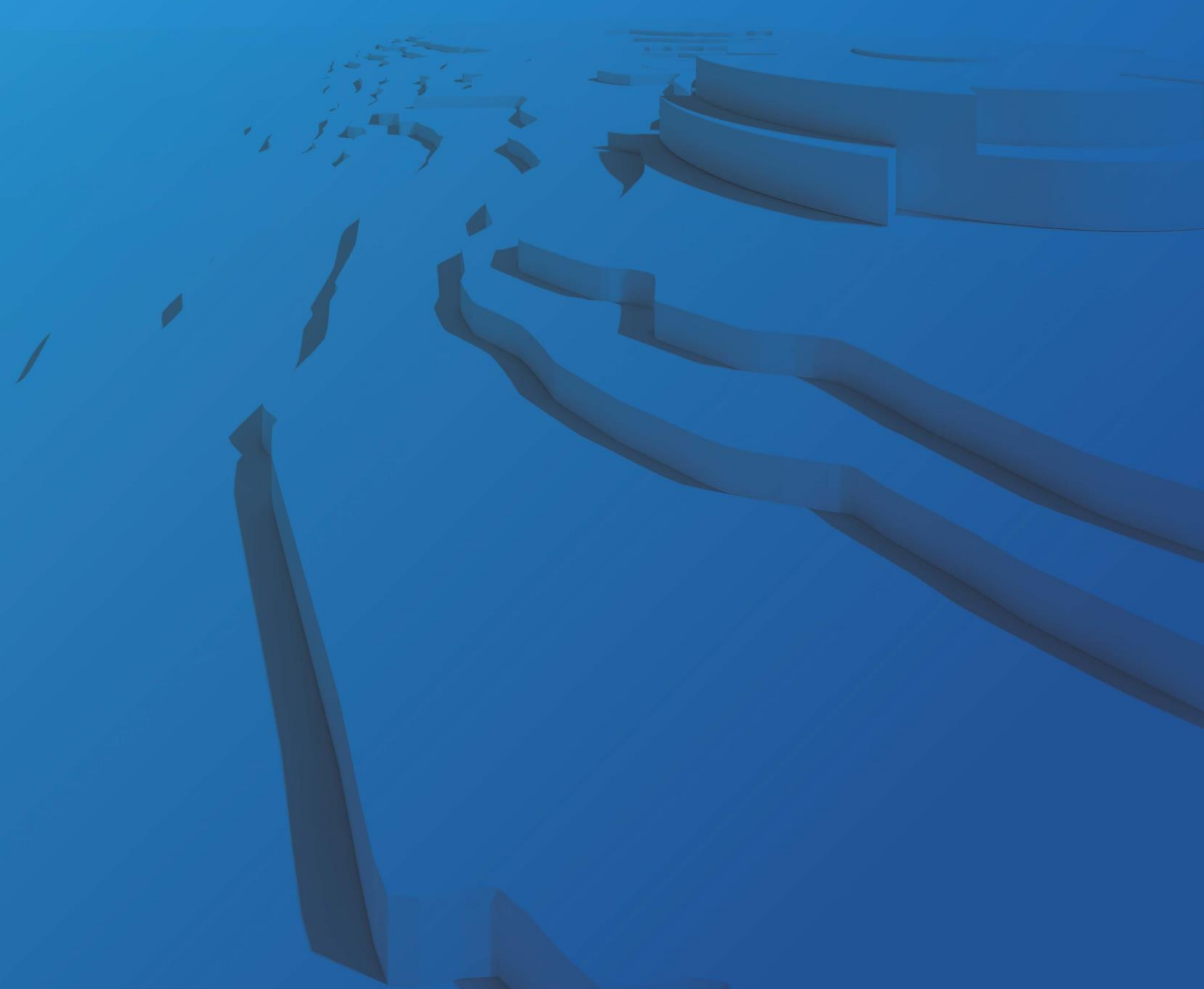


**BANKNORDIK**

# Interim Report

## Q1 2023



## Contents

### MANAGEMENT'S REPORT

• Financial highlights and ratios.....	3
• Financial review .....	4
- Q1 2023 Highlights .....	4
- Income statement .....	4
- Balance sheet .....	5
- Capital ratios.....	6
- Compliance with the Danish FSA Supervisory Diamond .....	6
- Events after the balance sheet date .....	6
- Guidance for 2023.....	6
- Adjusted results.....	7
• Segments .....	8
- Personal Banking.....	9
- Corporate Banking.....	10
- Insurance: Trygd.....	11

### FINANCIAL STATEMENTS

• Income statement .....	12
• Balance sheet .....	14
• Statement of capital .....	16
• Capital and Solvency .....	18
• Cash flow statement .....	19
• Notes to the financial statements .....	20

Statement by the Executive Board and the Board of Directors .....	27
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CONTACT DETAILS .....	28
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## Financial Review

“We’re pleased to report solid financial results for the first quarter, as we improved our net profit by 30% year on year. The strong performance was driven especially by the persistently sound credit quality and resilience to inflationary pressures of our customer portfolio, which enabled reversals of impairment losses during the period. Although income from our insurance operations came in below our expectations, we upgraded our full-year net profit guidance in April due to the improved outlook for our core operations. While we see good prospects for the rest of the year, we have decided to raise the management estimated provision from DKK 56m to DKK 65m in light of the generally uncertain economic environment,” said BankNordik CEO Árni Ellefsen.

### Q1 2023 Highlights

#### Adjusted Income statement, Group

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022	Index
Net interest income	78	72	107	67	65	66	78	66	118
Net fee and commission income	21	23	93	22	22	22	21	22	99
Net insurance income	5	14	34	11	15	12	5	12	42
Other operating income (less reclassification)	8	8	110	11	9	10	8	10	84
<b>Operating income</b>	<b>112</b>	<b>117</b>	<b>96</b>	<b>110</b>	<b>111</b>	<b>109</b>	<b>112</b>	<b>109</b>	<b>103</b>
Operating costs <sup>1</sup>	-63	-58	109	-62	-62	-61	-63	-61	104
Sector costs	0	0		0	0	0	0	0	92
<b>Profit before impairment charges</b>	<b>49</b>	<b>59</b>	<b>82</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>49</b>	<b>48</b>	<b>102</b>
Impairment charges, net	8	3	249	12	22	10	8	10	
<b>Operating profit</b>	<b>57</b>	<b>62</b>	<b>92</b>	<b>60</b>	<b>70</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>99</b>
Non-recurring items <sup>2</sup>	-3	0		0	0	0	-3	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>54</b>	<b>62</b>	<b>86</b>	<b>60</b>	<b>70</b>	<b>57</b>	<b>54</b>	<b>57</b>	<b>93</b>
Investment portfolio earnings <sup>3</sup>	22	8		-36	-16	2	22	2	
<b>Profit before tax</b>	<b>75</b>	<b>70</b>	<b>108</b>	<b>24</b>	<b>54</b>	<b>59</b>	<b>75</b>	<b>59</b>	<b>128</b>
<b>Tax</b>	<b>14</b>	<b>16</b>	<b>87</b>	<b>4</b>	<b>10</b>	<b>12</b>	<b>14</b>	<b>12</b>	<b>119</b>
<b>Net profit</b>	<b>61</b>	<b>54</b>	<b>114</b>	<b>20</b>	<b>43</b>	<b>47</b>	<b>61</b>	<b>47</b>	<b>130</b>
Operating cost/income, %	56	49		56	56	56	56	56	
Number of FTE, end of period	201	200	101	201	203	199	201	199	101

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).

### Income statement

The following comments are generally stated relative to Q4 2022. Due to seasonal variations, comments provided on the insurance segment relate to Q1 2022.

#### Operating income

The BankNordik Group generated operating income of DKK 112m in Q1 2023, DKK 5m less than in Q4 2022, mainly driven by a quarter-to-quarter decrease in net insurance income.

#### Net interest income

Net interest income was DKK 78m in Q1 2023, an increase of DKK 5m compared to Q4 2022.

**Net fee and commission income**

Net fee and commission income amounted to DKK 21m in Q1 2023, DKK 2m less than in Q4 2022.

**Net insurance income**

Net insurance income was DKK 5m in Q1 2023, DKK 7m less than in Q1 2022.

**Operating and sector costs**

Operating costs amounted to DKK 63m in Q1 2023, an increase of DKK 5m compared to Q4 2022.

**Profit before impairment charges**

Profit before impairment charges was DKK 49m in Q1 2023, a decrease of DKK 10m compared to Q4 2022.

**Impairment charges**

Net impairments were a reversal of DKK 8m in Q1 2023 compared to a reversal of DKK 3m in Q4 2022. Included in this figure is an increase of the management provision taken in relation to the ongoing economic uncertainty from DKK 56m to DKK 65m. Management believes that despite some significant reversals of impairments seen in certain sectors, the overall economic uncertainty remains a risk to the bank's customers.

**Operating profit**

The resulting operating profit was DKK 54m in Q1 2023 compared to DKK 62m in Q4 2022.

**Non-recurring items**

Non-recurring items amounted to DKK 3m in Q1 2023 related to changes in the bank's management.

**Investment portfolio earnings**

Investment portfolio earnings yielded a return of DKK 22m in Q1 2023 compared to DKK 8m in Q4 2022.

**Profit before tax**

Profit before tax in Q1 2023 was DKK 75m, DKK 5m higher than the pre-tax profit of DKK 70m reported for Q4 2022.

**Balance sheet**

BankNordik's total assets at 31 March 2023 amounted to DKK 12.5bn, up by DKK 295m compared to 31 December 2022. Loans and advances were DKK 8.4bn, DKK 271m more than at 31 December 2022. Deposits were DKK 8.5bn, up by DKK 183m compared to 31 December 2022.

Liquidity invested in bonds, primarily in Danish mortgage bonds and Danish government bonds, amounted to DKK 1.6bn, a decrease of DKK 21m compared to 31 December 2022. Liquidity invested in equities amounted to DKK 309m, an increase of DKK 11m relative to 31 December 2022. The Group's liquidity indicator was 222.4% at 31 March 2023, well above the requirement of 100%. The Group's LCR at 31 March 2023 was 220.0%, also well above the requirement of 100%. Shareholders' equity at 31 March 2023 amounted to DKK 1,626m, down by DKK 191m compared to 31 December 2022 due to the payment of dividend amounting to DKK 250m.

## Capital ratios

At 31 March 2023, the Group's CET1 capital ratio was 21.0%, the core capital ratio was 23.1% and the total capital ratio was 24.4%. The total capital ratio, incl. MREL capital, was 29.1%. The net result for the Q1 2023 period, amounting to DKK 61.4m, is not included in the calculation of the capital ratios.

## Compliance with the Danish FSA Supervisory Diamond

<b>The Supervisory Diamond</b>			
	<b>Q1 2023</b>	<b>Q1 2022</b>	<b>FSA limit</b>
Sum of large exposures	148.5%	140.5%	< 175%
Liquidity indicator	222.4%	198.4%	>100 %
Loan growth	8.6%	3.2%	< 20 %
Funding ratio	0.72	0.69	< 1.0
Property exposure	13.8%	12.2%	< 25 %

At 31 March 2023, the Group was in compliance with all Supervisory Diamond requirements set by the FSA.

## Events after the balance sheet date

No events have occurred since 31 March 2023 that are deemed to have a significant impact on the Group's financial position.

## Guidance for 2023

On 18 April 2023, the Bank raised its financial guidance for its 2023 net profit from DKK 190-220m to the range of DKK 210-240m. Customers' resilience in the face of economic uncertainty and inflation has proven strong, leading to lower impairment levels than initially expected. In addition, the outlook for core operations has improved due to higher net interest income from rising policy and market rates.

The guidance is subject to uncertainty, including impairments on loans and advances, market value adjustments, and macroeconomic developments in the markets in which the Group operates.

## Adjusted results

Note	Adjusted Income statement Q1 2023, Group, DKK 1,000	Income statement	Restatement	Restated income statement
1	Net interest income	92,436	-14,720	77,716
2	Net fee and commission income	27,482	-6,191	21,291
	Net insurance income	4,823	0	4,823
2, 4	Other operating income	1,350	6,992	8,342
	<b>Operating income</b>	<b>126,091</b>	<b>-13,919</b>	<b>112,172</b>
3	Operating costs	66,631	-3,286	63,345
	Sector costs	315	0	315
	<b>Profit before impairment charges</b>	<b>59,145</b>	<b>-10,633</b>	<b>48,512</b>
	Impairment charges	-8,400	0	-8,400
	<b>Operating profit</b>	<b>67,544</b>	<b>-10,633</b>	<b>56,911</b>
	Non-recurring items	0	-3,286	-3,286
	<b>Profit before investment portfolio earnings and tax</b>	<b>67,544</b>	<b>-13,919</b>	<b>53,625</b>
1, 4	Investment portfolio earnings	7,921	13,919	21,840
	<b>Profit before tax, continuing operations</b>	<b>75,465</b>	<b>0</b>	<b>75,465</b>
	<b>Profit before tax, discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Profit before tax, total</b>	<b>75,465</b>	<b>0</b>	<b>75,465</b>
<b>Note Adjusted Income statement Q1 2022, Group, DKK 1,000</b>				
1	Net interest income	64,346	1,319	65,665
2	Net fee and commission income	21,900	-364	21,536
	Net insurance income	11,542	0	11,542
2, 4	Other operating income	2,240	9,159	11,399
	<b>Operating income</b>	<b>100,027</b>	<b>10,114</b>	<b>110,141</b>
3	Operating costs	60,640	0	60,640
	Sector costs	344	0	344
	<b>Profit before impairment charges</b>	<b>39,043</b>	<b>10,114</b>	<b>49,158</b>
	Impairment charges	-9,706	0	-9,706
	<b>Operating profit</b>	<b>48,750</b>	<b>10,114</b>	<b>58,864</b>
	Non-recurring items	0	0	0
	<b>Profit before investment portfolio earnings and tax</b>	<b>48,750</b>	<b>10,114</b>	<b>58,864</b>
1, 4	Investment portfolio earnings	11,364	-10,114	1,250
	<b>Profit before tax, continuing operations</b>	<b>60,114</b>	<b>0</b>	<b>60,114</b>
	<b>Profit before tax, discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Profit before tax, total</b>	<b>60,114</b>	<b>0</b>	<b>60,114</b>
<b>Note Restatements made to the income statement, DKK 1,000</b>				
			<b>Q1 2023</b>	<b>Q1 2022</b>
1	Reclassification of interest income related to bonds from the item Interest income to Investment portfolio earnings.		14,720	-1,319
2	Dividends reclassified from Net fee and commission income to Other operating income.		6,191	364
3	Reclassification of severance costs to Non-recurring items.		3,286	0
4	Reclassification of value adjustments related to sector shares and of profit or loss from currency transactions to Other operating income.		801	8,795

## BankNordik Group by segments

### Adjusted Income statement, Banking

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022	Index
Net interest income	78	72	107	67	65	66	78	66	118
Net fee and commission income	25	26	94	26	25	25	25	25	99
Other operating income	8	6	129	10	8	8	8	8	91
<b>Operating income</b>	<b>110</b>	<b>105</b>	<b>105</b>	<b>102</b>	<b>97</b>	<b>99</b>	<b>110</b>	<b>99</b>	<b>111</b>
Operating cost	-58	-53	111	-57	-57	-56	-58	-56	105
Sector costs	0	0		0	0	0	0	0	92
<b>Profit before impairment charges</b>	<b>51</b>	<b>52</b>	<b>99</b>	<b>45</b>	<b>40</b>	<b>43</b>	<b>51</b>	<b>43</b>	<b>120</b>
Impairment charges, net	8	3	249	12	22	10	8	10	
<b>Operating profit</b>	<b>60</b>	<b>55</b>	<b>108</b>	<b>57</b>	<b>62</b>	<b>52</b>	<b>60</b>	<b>52</b>	<b>114</b>
Non-recurring items	-3	0		0	0	0	-3	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>56</b>	<b>55</b>	<b>102</b>	<b>57</b>	<b>62</b>	<b>52</b>	<b>56</b>	<b>52</b>	<b>108</b>
Investment portfolio earnings	20	3		-32	-12	3	20	3	
<b>Profit before tax</b>	<b>76</b>	<b>58</b>	<b>131</b>	<b>25</b>	<b>50</b>	<b>55</b>	<b>76</b>	<b>55</b>	
Loans and advances	8,354	8,083	103	7,977	7,724	7,684	8,354	7,684	109
Deposits and other debt	8,506	8,351	102	8,225	8,897	8,047	8,506	8,047	106
Mortgage credit	2,634	2,648	99	2,652	2,730	2,727	2,634	2,727	97
Operating cost/income, %	53	50		56	58	57	53	57	
Number of FTE, end of period	170	169	101	170	173	168	170	168	102



## Personal Banking

The Personal Banking segment reported operating income of DKK 60m for Q1 2023, the same as in the previous two quarters. Net interest income was up by DKK 1m in Q1 2023 compared to Q4 2022 to DKK 36m. Net fee and commission income was DKK 18m in Q1 2023, DKK 1m lower than in the preceding quarter. Other operating income amounted to DKK 6m in Q1 2023, an increase of DKK 1m relative to Q4 2022.

Operating costs were DKK 47m in Q1 2023, DKK 1m lower than in Q4 2022. Impairment charges amounted to a reversal of DKK 5m in Q1 2023 compared to impairment charges of DKK 3m in Q4 2022.

As a result, operating profit for Q1 2023 was DKK 18m, DKK 9m more than in the previous quarter.

Investment portfolio earnings posted to the personal banking segment amounted to DKK 11m in Q1 2023 compared to DKK 6m in Q4 2022.

Profit before tax thus amounted to DKK 25m in the first quarter of 2023, DKK 11m more than the DKK 14m posted in Q4 2022.

Loans and advances to personal customers during the quarter rose by DKK 28m to DKK 3,673m, while brokered mortgage credit was relatively flat at DKK 2,331m, both compared to 31 December 2022. Although the trend in recent years has been for Faroese households to increasingly embrace the traditional Danish financing model of 80% LTV mortgage funding with the residual in 2<sup>nd</sup> lien bank lending, interest rate conditions of the past year or so have slightly affected the type of loans taken out by customers. The Bank does not expect the trend to reverse in the medium term, however. Deposits held by personal customers fell by DKK 96m during the quarter to DKK 5,316m at 31 March 2023.

### Adjusted Income statement, Personal banking

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022	Index
Net interest income	36	35	102	34	33	34	36	34	106
Net fee and commission income	18	19	92	19	18	18	18	18	100
Other operating income	6	5	122	8	6	6	6	6	103
<b>Operating income</b>	<b>60</b>	<b>60</b>	<b>101</b>	<b>60</b>	<b>57</b>	<b>58</b>	<b>60</b>	<b>58</b>	<b>104</b>
Operating costs	-47	-48	97	-49	-44	-44	-47	-44	107
Sector costs	0	0		0	0	0	0	0	
<b>Profit before impairment charges</b>	<b>12</b>	<b>11</b>	<b>114</b>	<b>11</b>	<b>13</b>	<b>13</b>	<b>12</b>	<b>13</b>	<b>93</b>
Impairment charges, net	5	-3		6	7	5	5	5	108
<b>Operating profit</b>	<b>18</b>	<b>8</b>	<b>212</b>	<b>17</b>	<b>20</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>97</b>
Non-recurring items	-3	0		0	0	0	-3	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>15</b>	<b>8</b>	<b>177</b>	<b>17</b>	<b>20</b>	<b>18</b>	<b>15</b>	<b>18</b>	<b>81</b>
Investment portfolio earnings	11	6	187	-23	-13	2	11	2	
<b>Profit before tax</b>	<b>25</b>	<b>14</b>	<b>181</b>	<b>-6</b>	<b>7</b>	<b>20</b>	<b>25</b>	<b>20</b>	<b>127</b>
Loans and advances	3,673	3,645	101	3,626	3,576	3,550	3,673	3,550	103
Deposits and other debt	5,316	5,412	98	5,388	5,410	5,264	5,316	5,264	101
Mortgage credit	2,331	2,338	100	2,328	2,344	2,344	2,331	2,344	99
Number of FTE, end of period	74	71	104	74	76	75	74	75	99

## Corporate Banking

Corporate Banking activities saw operating income of DKK 50m in Q1 2023, an increase of DKK 5m relative to Q4 2022. Net interest income increased by DKK 5m to DKK 42m, while both net fee and commission income and other operating income were flat at DKK 7m and DKK 1m, respectively.

Operating costs increased by DKK 3m in Q1 2023 to DKK 6m from DKK 3m in Q4 2022. Impairment charges during Q1 2023 were a reversal of DKK 3m compared to a reversal of DKK 6m in Q4 2022.

Operating profit for Q1 2023 amounted to DKK 47m, down DKK 1m relative to Q4 2022.

Investment portfolio earnings posted to the corporate banking segment in Q1 2023 amounted to DKK 4m, following a loss in Q4 2022 of DKK 3m.

The resulting profit before tax for the quarter was DKK 51m, DKK 5m higher than in the final quarter of 2022.

Corporate loans and advances increased by DKK 242m in the first quarter of 2023 to DKK 4,681m at 31 March 2023, while deposits increased by DKK 251m during the period to DKK 3,190m. Brokered mortgage credit was relatively flat at DKK 302m at 31 March 2023 compared to 31 December 2022.

### Adjusted Income statement, Corporate Banking

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022	Index
Net interest income	42	37	113	33	32	32	42	32	132
Net fee and commission income	7	7	97	7	7	7	7	7	98
Other operating income	1	1	191	2	2	2	1	2	57
<b>Operating income</b>	<b>50</b>	<b>45</b>	<b>111</b>	<b>42</b>	<b>41</b>	<b>41</b>	<b>50</b>	<b>41</b>	<b>122</b>
Operating costs	-6	-3	223	-9	-7	-12	-6	-12	53
Sector costs	0	0		0	0	0	0	0	
<b>Profit before impairment charges</b>	<b>44</b>	<b>42</b>	<b>104</b>	<b>33</b>	<b>33</b>	<b>29</b>	<b>44</b>	<b>29</b>	<b>150</b>
Impairment charges, net	3	6	55	6	14	5	3	5	67
<b>Operating profit</b>	<b>47</b>	<b>48</b>	<b>98</b>	<b>38</b>	<b>47</b>	<b>34</b>	<b>47</b>	<b>34</b>	<b>138</b>
Non-recurring items	0	0		0	0	0	0	0	
<b>Profit before investment portfolio earnings and tax</b>	<b>47</b>	<b>48</b>	<b>97</b>	<b>38</b>	<b>47</b>	<b>34</b>	<b>47</b>	<b>34</b>	<b>137</b>
Investment portfolio earnings	4	-3		-9	-5	1	4	1	
<b>Profit before tax</b>	<b>51</b>	<b>46</b>	<b>111</b>	<b>29</b>	<b>42</b>	<b>35</b>	<b>51</b>	<b>35</b>	<b>144</b>
Loans and advances	4,681	4,438	105	4,351	4,148	4,133	4,681	4,133	113
Deposits and other debt	3,190	2,939	109	2,837	3,487	2,783	3,190	2,783	115
Mortgage credit	302	310	97	324	382	383	302	383	79
Number of FTE, end of period	15	15	100	15	15	15	15	15	100

## Insurance: Trygd

Trygd reported premium income of DKK 34m for Q1 2023, flat compared to Q1 2022. Claims were DKK 7m higher than in the same period of 2022 at DKK 32m. Net income from investment activities amounted to DKK 2m in Q1 2023 compared to a loss of DKK 1m in Q1 2022. As a result, operating income was DKK 4m in Q1 2023, DKK 4m less than in Q1 2022.

Operating costs were DKK 7m in Q1 2023, flat compared to the first quarter of 2022. As a result, Trygd reported a loss before tax for the quarter of DKK 3m, compared to a profit before tax of DKK 2m in Q1 2022.

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, optimisation of Trygd's pricing structure as well as general market growth related to developments in the Faroese economy. Along with operating costs remaining low, these developments contribute 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 financial results.

### Adjusted Income statement, Trygd

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022	Index
Premium income, net of reinsurance	34	36	95	36	35	34	34	34	101
Claims, net of reinsurance	-32	-24	132	-26	-23	-25	-32	-25	129
<b>Net insurance income</b>	<b>2</b>	<b>12</b>	<b>18</b>	<b>11</b>	<b>12</b>	<b>9</b>	<b>2</b>	<b>9</b>	<b>24</b>
Net income from investment activities	2	4	38	-3	-3	-1	2	-1	
<b>Operating income</b>	<b>4</b>	<b>16</b>	<b>24</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>4</b>	<b>8</b>	<b>48</b>
Operating cost	-7	-6	107	-6	-6	-6	-7	-6	104
<b>Profit before tax</b>	<b>-3</b>	<b>10</b>	<b>-29</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>-3</b>	<b>2</b>	
Combined ratio	113	85		88	83	92	113	92	
Claims ratio	94	68		71	65	73	94	73	
Number of FTE, end of period	23	23	101	23	23	22	23	22	104

## Income statement

Note	DKK 1,000	Group		BankNordik	
		Q1 2023	Q1 2022	Q1 2023	Q1 2022
3	Interest income	110,199	71,133	109,548	70,805
	- of which interest income from deposits	708	10,479	708	10,479
4	Interest expenses	17,763	6,787	17,763	6,787
	- of which interest expenses from assets	5,951	4,101	5,951	4,101
	<b>Net interest income</b>	<b>92,436</b>	<b>64,346</b>	<b>91,784</b>	<b>64,017</b>
	Dividends from shares and other investments	6,191	364	6,080	364
5	Fee and commission income	22,597	22,765	26,001	26,093
5	Fee and commissions paid	1,306	1,229	1,306	1,229
	<b>Net dividend, fee and commission income</b>	<b>27,482</b>	<b>21,900</b>	<b>30,775</b>	<b>25,228</b>
	<b>Net interest and fee income</b>	<b>119,918</b>	<b>86,246</b>	<b>122,559</b>	<b>89,245</b>
	Premium income, net of reinsurance	37,396	37,087		
	Claims, net of reinsurance	32,573	25,545		
	<b>Interest and fee income and income from insurance activities, net</b>	<b>124,741</b>	<b>97,787</b>	<b>122,559</b>	<b>89,245</b>
6	Market value adjustments	2,813	11,364	1,576	13,055
7	Other operating income	1,350	2,240	620	557
8	Staff costs and administrative expenses	64,685	58,812	59,991	54,177
	Amortisation, depreciation and impairment charges	1,945	1,828	1,783	1,643
	Other operating expenses	315	344	315	344
9	Impairment charges on loans and advances etc.	-8,400	-9,706	-8,400	-9,706
	Income from investments accounted for under the equity method	5,108	0	4,525	3,045
	<b>Profit before tax from continuing operations</b>	<b>75,465</b>	<b>60,114</b>	<b>75,590</b>	<b>59,445</b>
	Tax	14,114	11,887	14,238	11,218
	<b>Net profit</b>	<b>61,352</b>	<b>48,227</b>	<b>61,352</b>	<b>48,227</b>
	Portion attributable to				
	Shareholders of BankNordik P/F	59,612	46,488	59,612	46,488
	Owners of additional Tier 1 capital	1,739	1,739	1,739	1,739
	<b>Net profit</b>	<b>61,352</b>	<b>48,227</b>	<b>61,352</b>	<b>48,227</b>
	EPS Basic for the period, total, DKK*	6.41	5.04	6.41	5.04
	EPS Diluted for the period, total, DKK*	6.41	5.04	6.41	5.04

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

## Statement of comprehensive income - BankNordik

	Group		BankNordik	
	Q1 2023	Q1 2022	Q1 2023	Q1 2021
<b>DKK 1,000</b>				
Net profit	61,352	48,227	61,352	48,227
Other comprehensive income				
Items which will not subsequently be recycled:				
Revaluation of domicile property	-1,656	0	-1,656	0
Tax on other comprehensive income	298	0	298	0
Total other comprehensive income	<b>-1,358</b>	<b>0</b>	<b>-1,358</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>59,994</b>	<b>48,227</b>	<b>59,994</b>	<b>48,227</b>

## Balance Sheet

Note	DKK 1,000	Group		BankNordik	
		March 31 2023	Dec. 31 2022	March 31 2023	Dec. 31 2022
<b>Assets</b>					
	Cash in hand and demand deposits with central banks	1,471,616	1,442,769	1,467,242	1,442,643
10	Amounts due from credit institutions and central banks	354,132	389,894	354,132	389,894
9	Loans and advances at fair value	332,761	357,641	332,761	357,641
9	Loans and advances at amortised cost	8,021,428	7,725,702	8,021,428	7,725,702
	Bonds at fair value	1,612,037	1,591,453	1,452,866	1,449,713
	Shares, etc.	308,995	298,478	226,767	228,572
	Assets under insurance contracts	12,344	6,901	0	0
	Holdings in associates	16,947	11,839	16,947	11,839
	Holdings in subsidiaries	0	0	108,842	109,426
	Assets under pooled schemes	24,035	24,078	24,035	24,078
	Intangible assets	2,195	2,402	2,195	2,402
	Total land and buildings	123,856	124,975	121,274	122,386
	Domicile property	61,403	61,522	58,821	58,933
	Domicile property (lease asset)	62,453	63,453	62,453	63,453
	Other property, plant and equipment	9,453	8,826	8,534	7,821
	Current tax assets	40,919	40,167	40,919	40,167
	Deferred tax assets	6,888	6,888	6,666	6,666
	Assets held for sale	19,000	24,200	19,000	24,200
	Other assets	120,470	118,597	116,674	117,466
	Prepayments	7,974	15,421	6,775	14,070
	<b>Total assets</b>	<b>12,485,050</b>	<b>12,190,232</b>	<b>12,327,058</b>	<b>12,074,686</b>

## Balance Sheet

Note	DKK 1,000	Group		BankNordik	
		March 31 2023	Dec. 31 2022	March 31 2023	Dec. 31 2022
<b>Shareholders' equity and liabilities</b>					
<b>Liabilities other than provisions</b>					
	Amounts due to credit institutions and central banks	835,923	858,172	835,923	858,172
	Deposits and other debt	8,518,439	8,335,662	8,523,901	8,351,065
	Deposits under pooled schemes	24,035	24,078	24,035	24,078
	Issued bonds at amortised cost	564,813	547,584	564,813	547,584
	Liabilities under insurance contracts	149,743	120,864	0	0
	Current tax liabilities	54,947	40,837	52,002	37,764
	Other liabilities	448,078	183,709	437,369	177,244
	Deferred income	4,058	4,774	4,002	4,227
	<b>Total liabilities other than provisions</b>	<b>10,600,035</b>	<b>10,115,679</b>	<b>10,442,043</b>	<b>10,000,133</b>
<b>Provisions for liabilities</b>					
	Provisions for losses on guarantees etc	7,610	4,353	7,610	4,353
	Provisions for other liabilities	-844	2,699	-844	2,699
	<b>Total provisions for liabilities</b>	<b>6,767</b>	<b>7,052</b>	<b>6,767</b>	<b>7,052</b>
<b>Subordinated debt</b>					
	Subordinated debt	99,545	99,510	99,545	99,510
	<b>Total liabilities</b>	<b>10,706,347</b>	<b>10,222,241</b>	<b>10,548,354</b>	<b>10,106,696</b>
<b>Equity</b>					
	Share capital	192,000	192,000	192,000	192,000
	Revaluation reserve	13,034	14,392	13,034	14,392
	Retained earnings	1,420,606	1,360,275	1,420,606	1,360,275
	Proposed dividends	0	250,000	0	250,000
	<b>Shareholders of the Parent Company</b>	<b>1,625,640</b>	<b>1,816,666</b>	<b>1,625,640</b>	<b>1,816,666</b>
	Additional tier 1 capital holders	153,064	151,324	153,064	151,324
	<b>Total equity</b>	<b>1,778,704</b>	<b>1,967,991</b>	<b>1,778,704</b>	<b>1,967,991</b>
	<b>Total liabilities and equity</b>	<b>12,485,051</b>	<b>12,190,232</b>	<b>12,327,058</b>	<b>12,074,686</b>

## Statement of capital - BankNordik Group

## Changes in equity:

	Shareholders equity					Additional tier 1	
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	capital	Total
<b>DKK 1,000</b>							
<b>Shareholders' equity at January 1, 2023</b>	<b>192,000</b>	<b>14,392</b>	<b>250,000</b>	<b>1,360,275</b>	<b>1,816,666</b>	<b>151,324</b>	<b>1,967,991</b>
Revaluation of assets		-1,656			-1,656		-1,656
Tax on entries on income recognised as Other comprehensive income.		298			298		298
Net profit			0	59,612	59,612	1,739	61,352
<b>Total comprehensive income</b>		<b>-1,358</b>	<b>0</b>	<b>59,612</b>	<b>58,254</b>	<b>1,739</b>	<b>59,994</b>
Dividends paid			-250,000	719	-249,281		-249,281
<b>Shareholders' equity at March 31, 2023</b>	<b>192,000</b>	<b>13,034</b>	<b>0</b>	<b>1,420,606</b>	<b>1,625,640</b>	<b>153,064</b>	<b>1,778,704</b>

	Shareholders equity					Additional tier 1	
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	capital	Total
<b>DKK 1,000</b>							
<b>Shareholders' equity at January 1, 2022</b>	<b>192,000</b>	<b>6,123</b>	<b>386,000</b>	<b>1,451,730</b>	<b>2,035,853</b>	<b>151,117</b>	<b>2,186,970</b>
Revaluation of assets		10,083			10,083		10,083
Tax on entries on income recognised as Other comprehensive income		-1,815			-1,815		-1,815
Net profit			250,000	-92,550	157,450	6,958	164,407
<b>Total comprehensive income</b>		<b>8,268</b>	<b>250,000</b>	<b>-92,550</b>	<b>165,718</b>	<b>6,958</b>	<b>172,675</b>
Paid interest on additional tier 1 capital				0	0	-6,750	-6,750
Dividends paid			-386,000	1,096	-384,904		-384,904
<b>Shareholders' equity at December 31, 2022</b>	<b>192,000</b>	<b>14,392</b>	<b>250,000</b>	<b>1,360,275</b>	<b>1,816,666</b>	<b>151,324</b>	<b>1,967,991</b>

	Shareholders equity					Additional tier 1	
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	capital	Total
<b>DKK 1,000</b>							
<b>Shareholders' equity at January 1, 2022</b>	<b>192,000</b>	<b>6,123</b>	<b>386,000</b>	<b>1,451,730</b>	<b>2,035,853</b>	<b>151,117</b>	<b>2,186,970</b>
Net profit			0	46,488	46,488	1,739	48,227
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>46,488</b>	<b>46,488</b>	<b>1,739</b>	<b>48,227</b>
Dividends paid			-386,000	1,096	-384,904		-384,904
<b>Shareholders' equity at March 31, 2022</b>	<b>192,000</b>	<b>6,123</b>	<b>0</b>	<b>1,499,313</b>	<b>1,697,436</b>	<b>152,856</b>	<b>1,850,292</b>



## Statement of capital - BankNordik P/F

## Changes in equity:

	Shareholders equity						Additional tier 1 capital	Total
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total			
<b>DKK 1,000</b>								
Shareholders' equity at January 1, 2023	192,000	14,392	250,000	1,360,275	1,816,666	151,324	1,967,991	
Revaluation of assets		-1,656			-1,656		-1,656	
Tax on entries on income recognised as Other comprehensive income.		298			298		298	
Net profit			0	59,612	59,612	1,739	61,352	
<b>Total comprehensive income</b>		<b>-1,358</b>	<b>0</b>	<b>59,612</b>	<b>58,254</b>	<b>1,739</b>	<b>59,994</b>	
Dividends paid			-250,000	719	-249,281		-249,281	
<b>Shareholders' equity at March 31, 2023</b>	<b>192,000</b>	<b>13,034</b>	<b>0</b>	<b>1,420,606</b>	<b>1,625,640</b>	<b>153,064</b>	<b>1,778,704</b>	

	Shareholders equity						Additional tier 1 capital	Total
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total			
<b>DKK 1,000</b>								
Shareholders' equity at January 1, 2022	192,000	6,123	386,000	1,451,729	2,035,853	151,117	2,186,970	
Revaluation of assets		10,083			10,083		10,083	
Tax on entries on income recognised as Other comprehensive income		-1,815			-1,815		-1,815	
Net profit			250,000	-92,550	157,450	6,958	164,407	
<b>Total comprehensive income</b>		<b>8,268</b>	<b>250,000</b>	<b>-92,550</b>	<b>165,718</b>	<b>6,958</b>	<b>172,675</b>	
Paid interest on additional tier 1 capital						-6,750	-6,750	
Dividends paid			-386,000	1,096	-384,904		-384,904	
<b>Shareholders' equity at December 31, 2022</b>	<b>192,000</b>	<b>14,392</b>	<b>250,000</b>	<b>1,360,275</b>	<b>1,816,666</b>	<b>151,324</b>	<b>1,967,991</b>	

	Shareholders equity						Additional tier 1 capital	Total
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total			
<b>DKK 1,000</b>								
Shareholders' equity at January 1, 2022	192,000	6,123	386,000	1,451,729	2,035,853	151,117	2,186,970	
Net profit				46,488	46,488	1,739	48,227	
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>46,488</b>	<b>46,488</b>	<b>1,739</b>	<b>48,227</b>	
Dividends paid			-386,000	1,096	-384,904		-384,904	
<b>Shareholders' equity at March 31, 2022</b>	<b>192,000</b>	<b>6,123</b>	<b>0</b>	<b>1,499,313</b>	<b>1,697,436</b>	<b>152,856</b>	<b>1,850,292</b>	

**Capital and Solvency - BankNordik**

Solvency	March 31	Dec. 31
DKK 1,000	2023	2022
Core capital	1,703,300	1,705,429
Total capital	1,802,845	1,804,939
Risk-weighted items not included in the trading portfolio	6,126,271	6,044,057
Risk-weighted items with market risk etc.	592,410	506,894
Risk-weighted items with operational risk	662,873	644,527
<b>Total risk-weighted items</b>	<b>7,381,553</b>	<b>7,195,479</b>
<b>CET 1 capital ratio</b>	<b>21.0%</b>	<b>21.6%</b>
<b>Core capital ratio</b>	<b>23.1%</b>	<b>23.7%</b>
<b>Total capital ratio</b>	<b>24.4%</b>	<b>25.1%</b>
<b>MREL capital ratio</b>	<b>29.1%</b>	<b>29.9%</b>
<b>Core Capital and Shareholders' equity</b>		
Share capital	192,000	192,000
Reserves	13,034	14,392
Net profit	61,352	164,407
Retained earnings, previous years	1,364,496	1,449,624
<b>Shareholders' equity, before deduction of holdings of own shares</b>	<b>1,630,881</b>	<b>1,820,423</b>
Deduction of ordinary dividend	0	115,000
Deduction of extraordinary dividend	0	135,000
Deduction of net profit Q1	61,352	0
Deduction of holdings of own shares	5,241	3,757
Deduction of intangible assets	2,195	2,402
Deduction of deferred tax assets	6,666	6,666
Deduction regarding prudent valuation of financial instruments	1,817	1,806
<b>CET 1 capital</b>	<b>1,553,611</b>	<b>1,555,792</b>
Hybrid core capital	149,689	149,637
<b>Core capital</b>	<b>1,703,300</b>	<b>1,705,429</b>
<b>Total capital</b>		
Core capital	1,703,300	1,705,429
Subordinated loan capital	99,545	99,510
<b>Total capital</b>	<b>1,802,845</b>	<b>1,804,939</b>
MREL capital	345,700	349,954
<b>Total capital incl. MREL capital</b>	<b>2,148,545</b>	<b>2,154,893</b>

The BankNordik Group holds a license to operate as a bank and is therefore subject to a capital requirement under the Faroese Financial Business Act and to CRR. The Faroese provisions on capital requirements apply to both the Parent Company and the Group. The capital requirement provisions stipulate a minimum capital of 8% of the identified risks. A detailed body of rules determines the calculation of capital as well as risks (risk-weighted items). The capital comprises CET 1 capital, hybrid core capital and subordinated loan capital. The CET 1 capital corresponds to the carrying amount of equity, after deductions of holdings of own shares, tax assets and other minor deductions.

## Cash flow statement - BankNordik Group

DKK 1,000	Group Q1 2023	Group Full year 2022
<b>Cash flow from operations</b>		
Profit before tax	65,717	206,579
Amortisation and impairment charges for intangible assets	364	364
Interest expense on leasing liabilities	513	2,138
Depreciation and impairment charges of tangible assets	1,582	3,579
Impairment of loans and advances/guarantees	-8,037	-43,940
Paid tax	0	-96,726
Other non-cash operating items	-2,113	13,092
<b>Total</b>	<b>58,025</b>	<b>85,087</b>
<b>Changes in operating capital</b>		
Change in loans at fair value	28,516	-4,401
Change in loans at amortised cost	-287,690	-472,839
Change in holding of bonds	-17,369	227,637
Change in holding of shares	-13,756	-47,972
Change in deposits	182,777	436,002
Due to credit institutions and central banks	-22,249	19,564
Change in other assets / liabilities	5,953	15,875
Assets/liabilities under insurance contracts	23,436	4,590
Prepayments	6,728	16,343
<b>Cash flow from operations</b>	<b>-35,630</b>	<b>279,886</b>
<b>Cash flow from investing activities</b>		
Dividends received	6,080	6,475
Acquisition of intangible assets	0	-82
Acquisition of tangible assets	-1,287	-1,646
Sale of tangible assets	5,200	19
<b>Cash flow from investing activities</b>	<b>9,993</b>	<b>4,767</b>
<b>Cash flow from financing activities</b>		
Issued bonds at amortised cost	220,000	207,757
Redemption of issued bonds at amortised cost	-200,000	0
Interest paid on additional tier 1 capital	0	-6,750
Payment of dividends	0	-386,000
Payment of dividends, own shares	0	1,096
Principal portion of lessee lease payments	-1,278	-5,061
<b>Cash flow from financing activities</b>	<b>18,722</b>	<b>-188,958</b>
<b>Cash flow</b>	<b>-6,915</b>	<b>95,695</b>
Cash in hand and demand deposits with central banks, and due from Credit institutions, etc. at the beginning of the year	1,832,663	1,736,968
Cash flow	-6,915	95,695
<b>Cash and due etc.</b>	<b>1,825,748</b>	<b>1,832,663</b>
<b>Cash and due etc.</b>		
Cash in hand and demand deposits with central banks	1,471,616	1,442,769
Due from credit institutions, etc.	354,132	389,894
<b>Total</b>	<b>1,825,748</b>	<b>1,832,663</b>

## Notes to the financial statements

### Note 1 Significant accounting policies

The consolidated financial statements for the first three months of 2023 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 2022. The Annual Report 2022 provides a full description of the Group's significant accounting policies. Regarding the implementation of IFRS 17 'Insurance contracts' as of 1. January 2023 there has not been any significant impact on the income statement, assets, liabilities and equity in prior periods and in 2023.

### 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 2022 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 2022 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 Q1 2023	Banking			Total	Non-life	Elimination	Group
		Personal	Corporate	Other		Insurance		
2	DKK 1,000					Faroe Islands		Total
	External interest income, Net	33,289	36,959	21,535	91,783	653		92,436
	Internal interest	0	0	0	0			0
	<b>Net interest income</b>	<b>33,289</b>	<b>36,959</b>	<b>21,535</b>	<b>91,783</b>	<b>653</b>		<b>92,436</b>
	<b>Net Fee and dividends income</b>	<b>22,725</b>	<b>7,732</b>	<b>-584</b>	<b>29,874</b>	<b>-2,392</b>		<b>27,481</b>
	Premium income, net of reinsurance	0	0	4,090	4,090	34,079	-773	37,396
	<b>Net premium income of reinsurance and claims</b>	<b>0</b>	<b>0</b>	<b>3,475</b>	<b>3,475</b>	<b>2,121</b>	<b>-773</b>	<b>4,823</b>
	Other income	1,230	1,003	6,987	9,220	1,066	-1,015	9,271
	<b>Total income</b>	<b>57,245</b>	<b>45,693</b>	<b>31,414</b>	<b>134,352</b>	<b>1,448</b>	<b>-1,788</b>	<b>134,012</b>
	<b>Total operating expenses</b>	<b>19,517</b>	<b>4,198</b>	<b>40,747</b>	<b>64,462</b>	<b>4,272</b>	<b>-1,788</b>	<b>66,946</b>
	<i>of which depreciation and amortisation</i>	1,635	260	-81	1,814	132		1,945
	<b>Profit before impairment charges on loans</b>	<b>37,727</b>	<b>41,495</b>	<b>-9,332</b>	<b>69,890</b>	<b>-2,824</b>		<b>67,066</b>
	Impairment charges	-4,915	-3,079	-405	-8,399	0		-8,399
	<b>Profit before tax</b>	<b>42,642</b>	<b>44,575</b>	<b>-8,928</b>	<b>78,289</b>	<b>-2,824</b>		<b>75,465</b>
	<b>Total assets</b>	<b>3,573,825</b>	<b>4,754,122</b>	<b>3,932,493</b>	<b>12,260,439</b>	<b>224,611</b>		<b>12,485,050</b>
	<i>of which Loans and advances</i>	3,668,810	4,685,380		8,354,190			8,354,190
	<b>Total liabilities</b>	<b>5,324,828</b>	<b>3,199,073</b>	<b>2,023,774</b>	<b>10,547,675</b>	<b>158,672</b>		<b>10,706,346</b>
	<i>of which Deposits</i>	5,324,828	3,199,073		8,523,901		-5,462	8,518,439
	<i>of which Insurance liabilities</i>			4,043		145,700		149,743

Operating segments Q1 2022	Banking			Total	Non-life	Elimination	Group
	Personal	Corporate	Other		Insurance		
DKK 1,000					Faroe Islands		Total
External interest income, Net	34,020	31,932	-1,866	64,086	260		64,346
Internal interest	0	0	0	0	0		0
<b>Net interest income</b>	<b>34,020</b>	<b>31,932</b>	<b>-1,866</b>	<b>64,086</b>	<b>260</b>		<b>64,346</b>
<b>Net Fee and dividends income</b>	<b>18,162</b>	<b>7,156</b>	<b>-1,129</b>	<b>24,189</b>	<b>-2,289</b>		<b>21,900</b>
Premium income, net of reinsurance	0	0	4,029	4,029	33,673	-615	37,087
<b>Net premium income of reinsurance and claims</b>	<b>0</b>	<b>0</b>	<b>3,206</b>	<b>3,206</b>	<b>8,950</b>	<b>-615</b>	<b>11,542</b>
Other income	4,713	1,583	9,414	15,710	-1,248	-858	13,604
<b>Total income</b>	<b>56,895</b>	<b>40,671</b>	<b>9,626</b>	<b>107,192</b>	<b>5,673</b>	<b>-1,473</b>	<b>111,392</b>
<b>Total operating expenses</b>	<b>17,422</b>	<b>5,375</b>	<b>35,541</b>	<b>58,338</b>	<b>4,120</b>	<b>-1,473</b>	<b>60,984</b>
<i>of which depreciation and amortisation</i>	1,423	220	32	1,675	153		1,828
<b>Profit before impairment charges on loans</b>	<b>39,473</b>	<b>35,296</b>	<b>-25,915</b>	<b>48,854</b>	<b>1,553</b>		<b>50,408</b>
Impairment charges	-5,197	-3,814	-696	-9,707	0		-9,707
<b>Profit before tax</b>	<b>44,670</b>	<b>39,110</b>	<b>-25,219</b>	<b>58,561</b>	<b>1,553</b>	<b>0</b>	<b>60,114</b>
<b>Total assets</b>	<b>3,826,318</b>	<b>4,232,878</b>	<b>3,692,756</b>	<b>11,751,952</b>	<b>194,799</b>		<b>11,946,751</b>
<i>of which Loans and advances</i>	3,549,283	4,141,345		7,690,628	0		7,690,628
<b>Total liabilities</b>	<b>5,263,542</b>	<b>2,783,129</b>	<b>1,912,066</b>	<b>9,958,737</b>	<b>137,722</b>		<b>10,096,459</b>
<i>of which Deposits</i>	5,263,542	2,783,129		8,046,671		-21,388	8,025,283
<i>of which Insurance liabilities</i>			5,611		128,906		134,517

## BankNordik Group - Geographical revenue information

Note 2 DKK 1,000 (cont'd) Geographical segments	Total income		Non.current assets		Additions to tangible assets		Additions to intangible assets	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Faroe Islands	108,985	93,654	114,907	116,862	1,291	2,473	-207	0
Denmark	954	190	0	0	0	0	0	0
Greenland	24,073	17,547	37,487	44,896	-58	-337	0	0
<b>Total</b>	<b>134,012</b>	<b>111,391</b>	<b>152,394</b>	<b>161,758</b>	<b>1,234</b>	<b>2,136</b>	<b>-207</b>	<b>0</b>

Geographical segments	Impairments (reversals)		Investment portfolio earnings	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Faroe Islands	14,864	2,117	7,921	11,364
Denmark	69	4,008	0	0
Greenland	-6,533	3,581	0	0
<b>Total</b>	<b>8,400</b>	<b>9,706</b>	<b>7,921</b>	<b>11,364</b>

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

Operational segments	Total income		Profit before tax		Tax		FTE	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Faroe Islands, Banking, Other	107,537	87,981	71,606	42,981	12,892	7,802	161	159
Faroe Islands, Insurance	1,448	5,673	-2,824	1,553	-508	280	23	22
Denmark, Banking	954	190	914	3,810	201	686	0	0
Greenland, Banking	24,073	17,547	5,769	11,769	1,529	3,119	17	18
<b>Total</b>	<b>134,012</b>	<b>111,391</b>	<b>75,465</b>	<b>60,114</b>	<b>14,114</b>	<b>11,887</b>	<b>201</b>	<b>199</b>

<b>Notes</b>		<b>Group</b>		<b>BankNordik</b>	
Note	DKK 1,000	Q1	Q1	Q1	Q1
		2023	2022	2023	2022
3	<b>Interest income</b>				
	Credit institutions and central banks	376	200	376	199
	Loans and advances	93,352	60,281	93,352	60,281
	Deposits	708	10,479	708	10,479
	Bonds	3,894	1,847	3,242	1,520
	Total derivatives of w hich:	2,739	-1,786	2,739	-1,786
	<i>Currency contracts</i>	312	62	312	62
	<i>Interest rate contracts</i>	2,427	-1,848	2,427	-1,848
	Other interest income	9,131	113	9,131	113
	<b>Total interest income</b>	<b>110,199</b>	<b>71,133</b>	<b>109,548</b>	<b>70,805</b>
4	<b>Interest expenses</b>				
	Credit institutions and central banks	5,951	3,976	5,951	3,976
	Deposits	5,286	194	5,286	194
	Issued bonds	4,758	0	4,758	0
	Subordinated debt	1,016	850	1,016	850
	Bonds	0	125	0	125
	Lease liabilities	1,025	535	1,025	535
	Other interest expenses	-273	1,108	-273	1,108
	<b>Total interest expenses</b>	<b>17,763</b>	<b>6,787</b>	<b>17,763</b>	<b>6,787</b>
5	<b>Net fee and commission income</b>				
	Fee and commission income				
	Securities trading and custody accounts	3,122	3,649	3,122	3,649
	Credit transfers	5,122	4,881	5,122	4,881
	Loan commissions	1,152	1,009	1,152	1,009
	Guarantee commissions	7,501	7,402	7,501	7,402
	Other fees and commissions	5,700	5,824	9,104	9,152
	<b>Total fee and commission income</b>	<b>22,597</b>	<b>22,765</b>	<b>26,001</b>	<b>26,093</b>
	Fee and commissions paid				
	Securities trading and custody accounts	1,306	1,229	1,306	1,229
	<b>Net fee and commission income</b>	<b>21,291</b>	<b>21,536</b>	<b>24,695</b>	<b>24,864</b>
6	<b>Market value adjustments</b>				
	Loans and advances	3,636	-22,894	3,636	-22,894
	Bonds	5,348	-8,140	4,111	-6,449
	Shares	-3,239	4,590	-3,239	4,590
	Investment properties	0	0	0	0
	Foreign exchange	2,089	1,875	2,089	1,875
	Total derivatives of w hich:	-5,021	35,934	-5,021	35,934
	<i>Currency Swaps</i>	85	405	85	405
	<i>Interest Swaps</i>	63,352	34,935	63,352	34,935
	<i>Other contracts</i>	-68,458	594	-68,458	594
	Assets under pooled schemes	888	-700	888	-700
	Deposits in pooled schemes	-888	700	-888	700
	Deposits in pooled schemes	0	0	0	0
	<b>Total market value adjustments</b>	<b>2,813</b>	<b>11,364</b>	<b>1,576</b>	<b>13,055</b>

Note	DKK 1,000	Group		BankNordik	
		Q1	Q1	Q1	Q1
		2023	2022	2023	2022
7	<b>Other operating income</b>				
	Profit on sale of properties	70	0	70	0
	Other income	1,280	2,240	550	557
	<b>Total other operating income</b>	<b>1,350</b>	<b>2,240</b>	<b>620</b>	<b>557</b>
8	<b>Staff costs and administrative expenses</b>				
	Staff costs:				
	Salaries	33,127	28,266	29,157	24,389
	Pensions	4,284	4,144	3,736	3,599
	Social security expenses	4,475	4,333	3,971	3,833
	<b>Total staff costs</b>	<b>41,887</b>	<b>36,742</b>	<b>36,864</b>	<b>31,821</b>
	Administrative expenses:				
	IT	14,970	14,617	13,600	13,133
	Marketing etc	2,200	1,965	1,972	1,687
	Education etc	989	654	584	457
	Advisory services	1,084	415	1,068	415
	Other expenses	6,011	6,816	5,904	6,663
	<b>Total administrative expenses</b>	<b>25,255</b>	<b>24,467</b>	<b>23,127</b>	<b>22,356</b>
	Total staff costs	41,887	36,742	36,864	31,821
	Employee costs included under the item "Claims, net of reinsurance"	-2,456	-2,397	0	0
	Total administrative expenses	25,255	24,467	23,127	22,356
	<b>Total staff costs and administrative expenses</b>	<b>64,685</b>	<b>58,812</b>	<b>59,991</b>	<b>54,177</b>
	<b>Number of employees</b>				
	Average number of full-time employees in the period	201	197	170	173
	<b>Executive remuneration:</b>				
	Board of Directors	450	550	450	550
	Executive Board:				
	Salaries	1,379	747	1,379	747
	- less fees received from directorships	0	0	0	0
	The Bank's expense, salaries	1,379	747	1,379	747
	Pension	205	112	205	112
	<b>Total executive board</b>	<b>1,584</b>	<b>859</b>	<b>1,584</b>	<b>859</b>
	<b>Total executive remuneration</b>	<b>2,034</b>	<b>1,409</b>	<b>2,034</b>	<b>1,409</b>



Note	DKK 1,000	Group		BankNordik	
		Q1	Q1	Q1	Q1
		2023	2022	2023	2022
9	<b>Impairment charges on loans and advances and provisions for guarantees etc.</b>				
	Impairment charges and provisions at 31 December	185,981	237,705	185,981	237,705
	New and increased impairment charges and provisions	40,440	52,036	40,440	52,036
	Reversals of impairment charges and provisions	47,826	60,762	47,826	60,762
	Written-off, previously impaired	310	1,914	310	1,914
	<i>Interest income on impaired loans</i>	651	749	651	749
	<b>Total impairment charges and provisions at 30 September</b>	<b>178,285</b>	<b>227,065</b>	<b>178,285</b>	<b>227,065</b>
	<b>Impairment charges and provisions recognised in the income statement</b>				
	Loans and advances at amortised cost	-11,657	-9,001	-11,657	-9,001
	Loans and advances at fair value	0	0	0	0
	Guarantees and loan commitments	3,257	-705	3,257	-705
	<b>Total individual impairment charges and provisions</b>	<b>-8,400</b>	<b>-9,706</b>	<b>-8,400</b>	<b>-9,706</b>
	<b>Stage 1 impairment charges</b>				
	Stage 1 impairment charges etc. at 31 December	43,128	45,089	43,128	45,089
	New and increased Stage 1 impairment charges	16,288	16,834	16,288	16,834
	Reversals, net of Stage 1 impairment charges	10,747	21,073	10,747	21,073
	<b>Stage 1 impairment charges at 30 September</b>	<b>48,669</b>	<b>40,850</b>	<b>48,669</b>	<b>40,850</b>
	<i>Total net impact recognised in the income statement</i>	<i>5,541</i>	<i>-4,239</i>	<i>5,541</i>	<i>-4,239</i>
	<b>Stage 2 impairment charges</b>				
	Stage 2 impairment charges etc. at 31 December	32,535	18,468	32,535	18,468
	New and increased impairment charges	13,293	18,583	13,293	18,583
	Reversals, net of impairment charges	10,312	9,997	10,312	9,997
	<b>Stage 2 impairment charges at 30 September</b>	<b>35,516</b>	<b>27,054</b>	<b>35,516</b>	<b>27,054</b>
	<i>Total net impact recognised in the income statement</i>	<i>2,981</i>	<i>8,587</i>	<i>2,981</i>	<i>8,587</i>
	<b>Weak Stage 2</b>				
	Weak Stage 2 impairment charges etc. at 31 December	25,792	33,720	25,792	33,720
	New and increased impairment charges	2,777	10,811	2,777	10,811
	Reversals, net of impairment charges	17,593	20,392	17,593	20,392
	<b>Weak Stage 2 impairment charges at 30 September</b>	<b>10,977</b>	<b>24,140</b>	<b>10,977</b>	<b>24,140</b>
	<i>Total net impact recognised in the income statement</i>	<i>-14,815</i>	<i>-9,581</i>	<i>-14,815</i>	<i>-9,581</i>
	<b>Stage 3 impairment charges</b>				
	Stage 3 impairment charges etc. at 31 December	80,172	128,243	80,172	128,243
	New and increased impairment charges	2,416	2,293	2,416	2,293
	Reversals of impairment charges	6,765	5,081	6,765	5,081
	Written-off, previously impaired	310	1,914	310	1,914
	<i>Write-offs charged directly to the income statement</i>	<i>0</i>	<i>2</i>	<i>0</i>	<i>2</i>
	<i>Received on claims previously written off</i>	<i>363</i>	<i>232</i>	<i>363</i>	<i>232</i>
	<i>Interest income on impaired loans</i>	<i>651</i>	<i>749</i>	<i>651</i>	<i>749</i>
	<b>Stage 3 impairment charges at 30 September</b>	<b>75,513</b>	<b>123,540</b>	<b>75,513</b>	<b>123,540</b>
	<i>Total net impact recognised in the income statement</i>	<i>-5,363</i>	<i>-3,768</i>	<i>-5,363</i>	<i>-3,768</i>
	<b>Purchased credit-impaired assets included in stage 3 above</b>				
	<b>Provisions for guarantees and undrawn credit lines</b>				
	Individual provisions at 31 December	4,353	12,186	4,353	12,186
	New and increased provisions	5,667	3,515	5,667	3,515
	Reversals of provisions	2,409	4,219	2,409	4,219
	<b>Provisions for guarantees etc at 30 September</b>	<b>7,610</b>	<b>11,481</b>	<b>7,610</b>	<b>11,481</b>
	<i>Total net impact recognised in the income statement</i>	<i>3,257</i>	<i>-705</i>	<i>3,257</i>	<i>-705</i>
	<b>Provisions for guarantees and undrawn credit lines</b>				
	Stage 1 provisions	1,210	2,267	1,210	2,267
	Stage 2 provisions	5,497	2,553	5,497	2,553
	Weak Stage 2 provisions	0	0	0	0
	Stage 3 provisions	903	6,662	903	6,662
	<b>Provisions for guarantees etc at 30 September</b>	<b>7,610</b>	<b>11,481</b>	<b>7,610</b>	<b>11,481</b>

Note	DKK 1,000	Group		BankNordik	
		March 31	Dec. 31	March 31	Dec. 31
		2023	2022	2023	2022
10	<b>Due from credit institutions etc. specified by maturity</b>				
	On demand	354,132	389,894	354,132	389,894
	3 months and below	0	0	0	0
	3 months to 1 year	0	0	0	0
	<b>Total due from credit institutions etc.</b>	<b>354,132</b>	<b>389,894</b>	<b>354,132</b>	<b>389,894</b>
11	<b>Contingent liabilities</b>				
	<b>Guarantees</b>				
	Financial guarantees	255,524	265,042	255,524	265,042
	Mortgage finance guarantees	584,312	591,723	584,312	591,723
	Registration and remortgaging guarantees	121,214	166,632	121,214	166,632
	Other guarantees	545,833	600,122	545,833	600,122
	<b>Total guarantees</b>	<b>1,506,882</b>	<b>1,623,519</b>	<b>1,506,882</b>	<b>1,623,519</b>
12	<b>Assets deposited as collateral</b>				
	At March 31 2023 the Group had deposited cash amounting to DKK 55m (Dec. 31 2022: 55m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing. Deposits of cash to others in total amounting to DKK 12m (Dec. 31 2022: 12m).				

## 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 three months to 31 March 2023.

The consolidated financial statements for the first three months to 31 March 2023 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 31 March 2023, 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 three months ended 31 March 2023.

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, 27 April 2023

### **Executive Board**

Árni Ellefsen  
*CEO*

Turið F. Arge  
*EVP*

### **Board of Directors**

Birita Sandberg Samuelsen  
*Chairman*

Rúni Vang Poulsen  
*Vice chairman*

Birgir Durhuus

Kristian Reinert Davidsen

Marjun Eystberg

Tom Ahrenst

Anja Rein

Kenneth M. Samuelsen

Alexandur Johansen

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

The company is listed on Nasdaq Copenhagen.

### IR contact

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