



Good performance in Q1 2022

Indicates full-year net result at upper end of outlook range

28 April 2022

Árni Ellefsen, CEO

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Overview

- **Highlights of Q1 2022**
- **Financials**
 - Operating income
 - Insurance
 - Expenditures
 - Impairment charges
 - Capital ratios
- **Appendices**



Highlights of Q1 2022

– Solid Q1 indicates higher end of outlook

Operational and financial highlights

- Net insurance income up by 95% QoQ and 60% YoY. Claims lower, premiums higher and costs lower.
- Operating costs higher primarily because of higher IT costs
- Profit before impairment charges up 7% QoQ and up 30% YoY
- CET1 capital ratio of 23.9% and MREL capital ratio of 33%
- Rating by Moody's (A2, positive outlook)
- DKK 216m in new MREL funding
- Outlook: Net profit expected at DKK 130-160m (2021: DKK 272m) – Solid Q1 results indicate FY results at higher end of guidance range

Profit & Loss

DKKm	Q1 2022	Q4 2021	Index	Q1 2022	Q1 2021	Index
Net interest income	66	66	99	66	63	104
Net fee and commission income	22	23	96	22	17	123
Net insurance income	12	6	195	12	7	160
Other operating income	11	8	140	11	9	124
Operating income	110	103	107	110	97	114
Operating and sector costs	-61	-56	108	-61	-59	104
Profit before impairment charges	49	46	106	49	38	129
Net impairment charges on loans	10	40	24	10	-3	-289
Operating profit	59	86	68	59	34	170
Non-recurring items	0	6	0	0	77	
Investment portfolio earnings	2	2	75	2	-3	-52
Profit before tax, continuing operations	60	95	63	60	108	56
Profit before tax, discontinued operations	0	0		0	9	0
Profit before tax	60	95	63	60	117	51

Key Metrics

DKKbn		Q1 2022	Q4 2021	Index	Q1 2022	Q1 2021	Index
Loans and advances		7.7	7.6	101	7.7	7.4	103
Deposits and other debt		8.0	7.9	102	8.0	7.5	107
Mortgage credit		2.7	2.7	103	2.7	2.4	112
	Target						
Operating cost / income, %	< 55.0	55.6	55.1		55.6	60.9	
CET1 capital ratio, %	20.0	23.9	23.8		23.9	31.0	
MREL capital ratio, %	33.0	33.0	29.6		33.0	36.2	
RoE, % (annualised)	> 10.0	10.4	12.6		10.4	6.6	
RoE, excl. one-offs, % (annualised)	> 10.0	10.4	8.9		10.4	-	
Combined ratio	85.0	85.7	102.3		85.7	98.8	

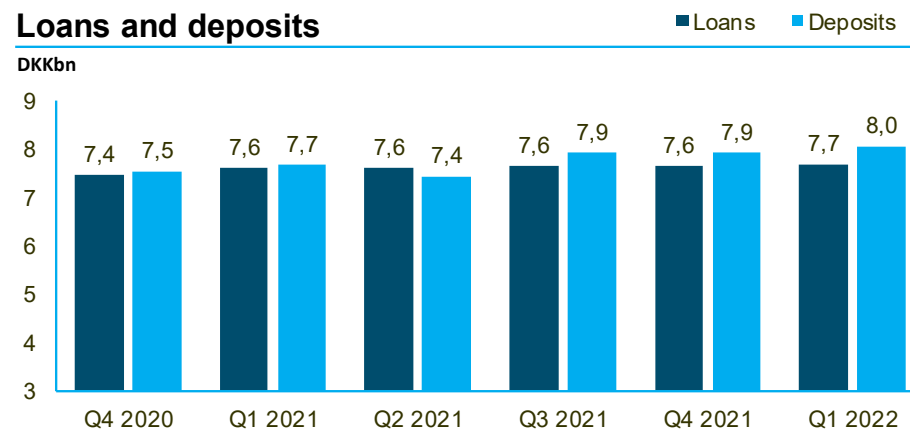
Operating income - Net interest income

- Remaining at a high level and expected to persist

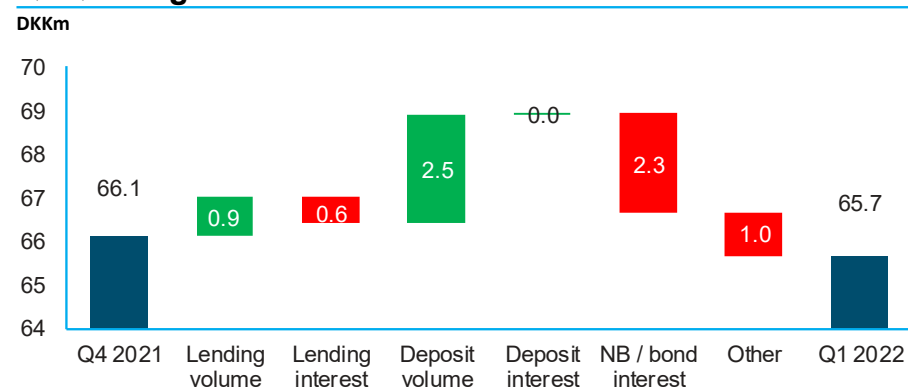
Comments

- Net interest income down DKK 0.4m QoQ and up DKK 2.6m YoY mainly due to negative interest rates on deposits and steady increase in loans
- New green reduced-rate loan types introduced in 2021 with improved terms increasing margin pressure
- Changes in negative interest rate brackets increased net interest income from mid-August
- Reorganisation of own reserves from bonds to cash held with Danish central bank drives interest income down
- Lending volumes up by DKK 60m QoQ (DKK 234m YoY)

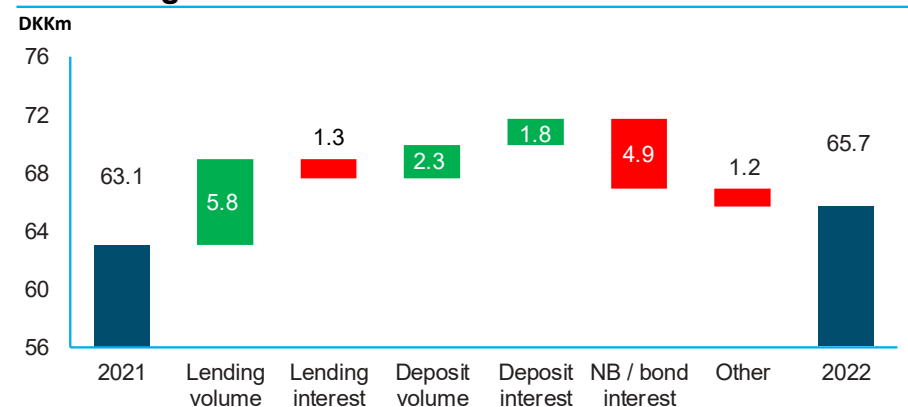
Loans and deposits



QoQ changes in net interest income



YoY changes in net interest income



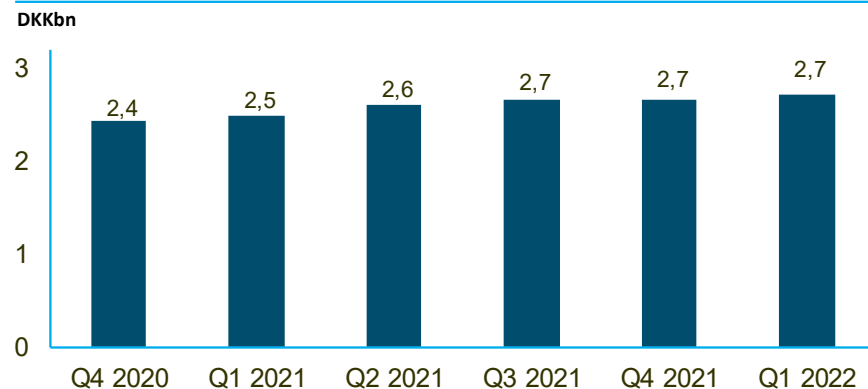
Operating income - Fee and commission income

- Remaining at a high level and expected to persist

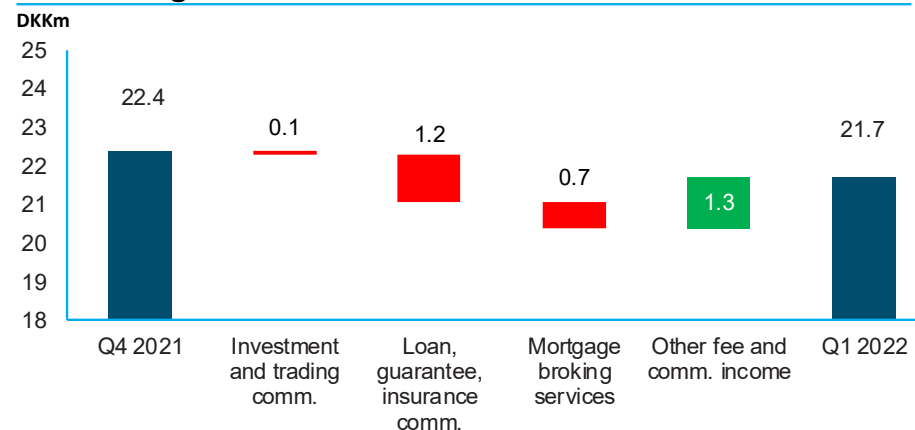
Comments

- Down by DKK 0.7m QoQ and up by DKK 3.9m YoY
- Increase in fee and commission income driven by increases in prices during the year
- Mortgage-broking services up DKK 70m QoQ (225m YoY)

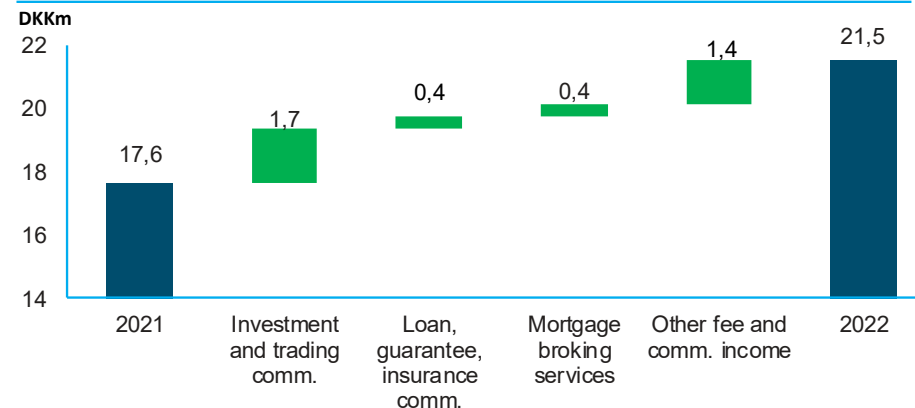
Mortgage-broking services



QoQ changes in fee and commission income



YoY changes in fee and commission income



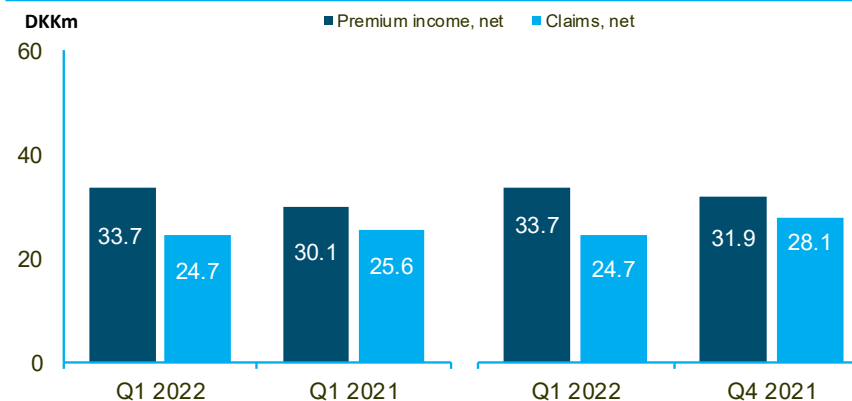
Insurance - Financial results for Trygd

- Back on track due to price adjustments and normalised level of large claims

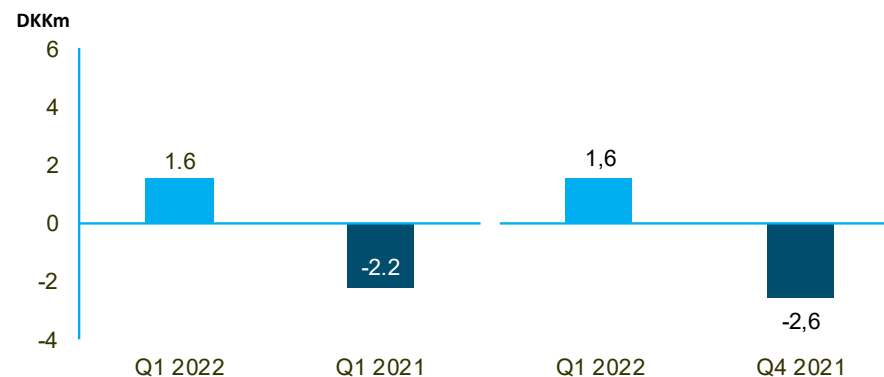
Comments

- Combined ratio of 86% in 2021 compared to 102% in Q4 2021. Ratio lower due to fewer claims and higher premiums
- Net premium income up by DKK 3.6m YoY and up by DKK 1.7m QoQ – driven by general indexation
- Net claims down by DKK 0.9m YoY and DKK 3.3m QoQ
- In addition to general indexation, conditional and price adjustments implemented in less profitable industries, including
 - Increased premiums on house and occupational injury insurances
 - Increased deductibles on occupational injury insurances
- A normalised level of large claims along with the above changes in premiums and deductibles underpins premiums and results

Premiums and claims



Result before tax



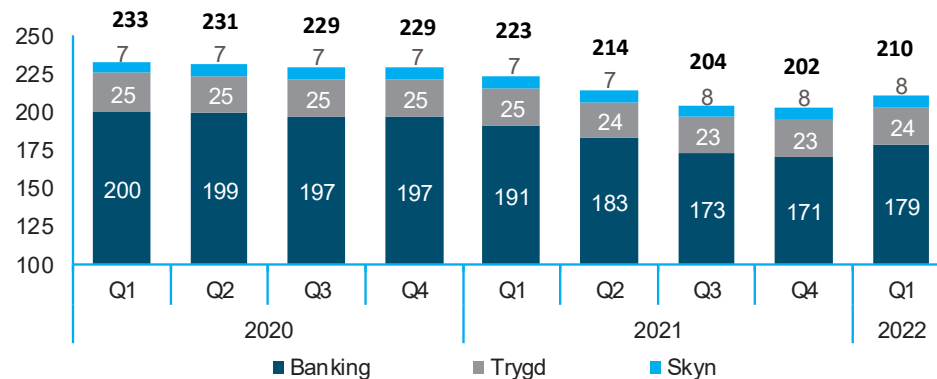
Operating costs

- Planned increase in IT costs pushes costs slightly higher

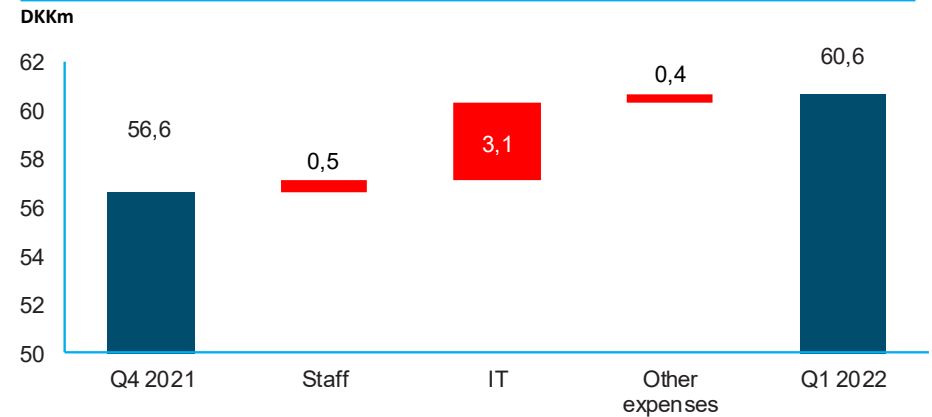
Comments

- Operating costs up by DKK 4m QoQ and up by DKK 2.1m YoY
- Compensation for staff costs etc. was received when the sale of the Danish business was executed in Q2 2021. Staff costs and other operating costs are consequently reduced and more than outweigh the compensation from divested activities
- Employee headcount increased in Q1 2022 due to fewer sick leaves, maternity leaves and trainees.

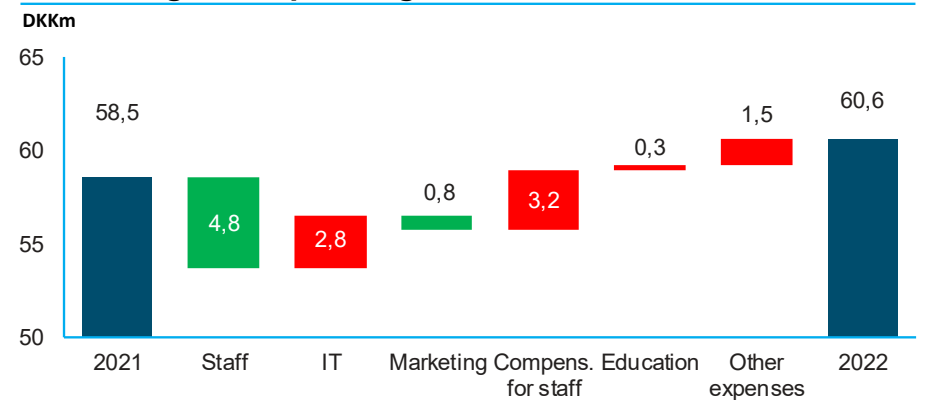
Average number of employees (FTE)



QoQ changes in operating costs



YoY changes in operating costs



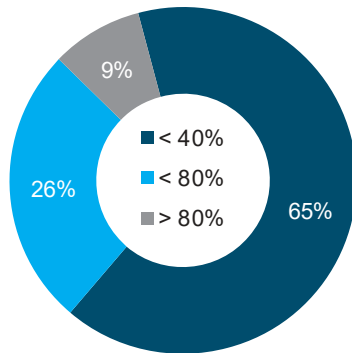
Impairment charges

- Reversals of impairment charges on well-collateralised loan portfolio

Comments

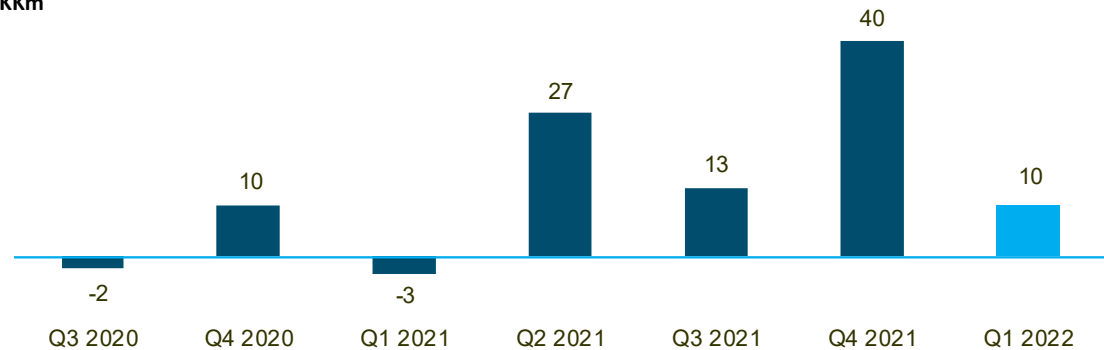
- Net impairment was a reversal of DKK 10m in Q1 2022
- Maintaining discretionary management estimate of DKK 52m recognised in 2020 due to COVID-19. COVID-19 uncertainty has decreased, but DKK 52m provision retained due to the uncertainty caused by the war in Ukraine
- Strong LTV ratios for housing loans

LTV for housing loans¹



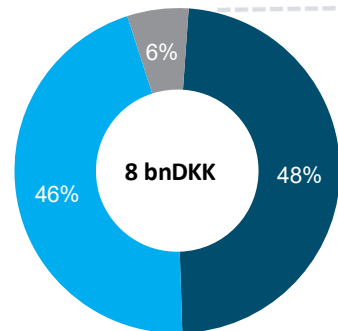
Net impairment charges

DKKm

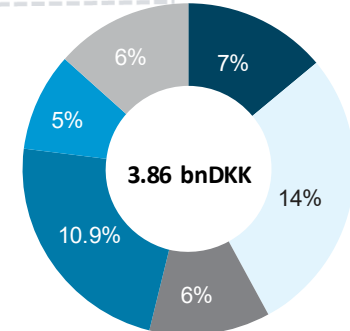


Gross lending by sector

DKKm



Public sector
Private sector
Corporate sector



Transport & HoReCa
Manufacturing & mining
Real estate
Trade
Agri. & fishing
Other

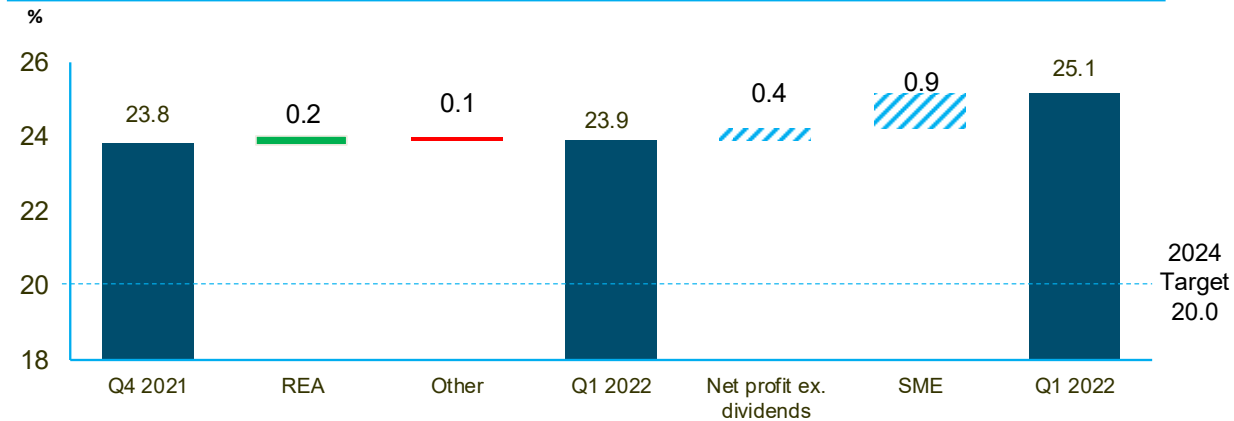
Capital position

- Strong capital ratios

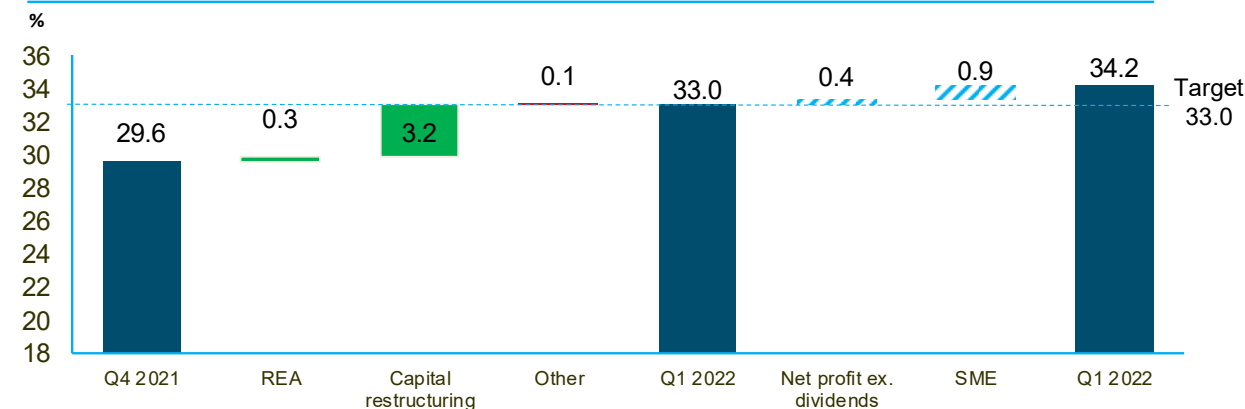
Comments

- CET1 up by 0.1 pp and MREL capital ratio up by 3.4 pp
- DKK 216m in new MREL capital in Q1 2022
- Net profit in 2022 (+0.4 pp) after 50% reduction ordinary dividend
- Incoming legislation expected to reduce REA of SME exposures by DKK 250m (0.9 pp)

Changes in CET1 ratio



Changes in MREL Capital Ratio



Questions?

Árni Ellefsen, CEO



Appendices

- **Group**
- **Banking**
- **Personal Banking**
- **Corporate Banking**
- **Banking – Faroe Islands**
- **Banking – Greenland**
- **Banking – Denmark**
- **Insurance – Trygd**
- **Equity Story**
- **Development in business volumes**
- **Credit quality of loan portfolio**

Group

- Increased profit before impairment charges despite planned increase in IT investments

DKKm	Q1 2022	Q4 2021	Index	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q1 2022	Q1 2021	Index
Net interest income	66	66	99	66	65	66	63	66	63	104
Net fee and commission income	22	23	96	23	19	20	17	22	17	123
Net insurance income	12	6	195	6	7	14	7	12	7	160
Other operating income (less reclassification)	11	8	140	8	8	9	9	11	9	124
Operating income	110	103	107	103	99	109	97	110	97	114
Operating costs ¹	-61	-57	107	-57	-59	-61	-59	-61	-59	104
Sector costs	0	0		0	0	0	0	0	0	122
Profit before impairment charges	49	46	106	46	40	48	38	49	38	129
Impairment charges, net	10	40	24	40	13	27	-3	10	-3	
Operating profit	59	86	68	86	53	75	34	59	34	170
Non-recurring items ²	0	6	0	6	2	4	77	0	77	
Profit before investment portfolio earnings and tax	59	93	63	93	54	79	111	59	111	53
Investment portfolio earnings ³	2	2	75	2	-1	-4	-3	2	-3	
Profit before tax, continuing operations	60	95	63	95	53	75	108	60	108	56
Profit before tax, discontinued operations	0	0		0	0	0	9	0	9	-
Profit before tax, total	60	95	63	95	53	75	117	60	117	51
Tax	12	17	70	17	11	15	24	12	24	50
Net profit	48	78	62	78	41	59	93	48	93	52
Operating cost/income, %	55	55		55	59	56	60	55	61	
Number of FTE, end of period	199	195	102	195	199	195	218	199	218	91

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

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

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

Banking

- Operating income remains at a high level

DKKm	Q1 2022	Q4 2021	Index	Q4 2021	Q3 2021	Q2 2021	Q1 2022	Q1 2021	Index
Net interest income	66	66	99	66	64	66	66	63	104
Net fee and commission income	25	26	96	26	22	24	25	20	121
Other operating income	10	7	141	7	7	7	10	7	135
Operating income	100	99	101	99	94	96	100	91	110
Operating cost	-56	-51	110	-51	-53	-56	-56	-54	104
Sector costs	0	0		0	0	0	0	0	122
Profit before impairment charges	44	48	91	48	40	40	44	37	119
Impairment charges, net	10	40	24	40	13	27	10	-3	
Operating profit	54	89	61	89	53	67	54	34	160
Non-recurring items	0	6	0	6	2	4	0	77	
Profit before investment portfolio earnings and tax	54	95	57	95	54	71	54	110	49
Investment portfolio earnings	3	2	152	2	-1	-4	3	-2	
Profit before tax, continuing operations	57	97	59	97	53	67	57	108	
Profit before tax, discontinued operations	0	0		0	0	0	0	9	-
Profit before tax, total	57	97	59	97	53	67	57	117	48
Loans and advances	7,684	7,624	101	7,624	7,594	7,586	7,684	7,450	103
Deposits and other debt	8,047	7,914	102	7,914	7,435	7,660	8,047	7,536	107
Mortgage credit	2,727	2,657	103	2,657	2,609	2,502	2,727	2,443	112
Operating cost/income, %	56	51		51	56	59	56	59	
Number of FTE, end of period	168	164	102	164	167	166	168	186	90

Personal Banking

- High income level maintained

DKKmn	Q1 2022	Q4 2021	Index	Q4 2021	Q3 2021	Q2 2021	Q1 2022	Q1 2021	Index
Net interest income	34	34	100	34	33	33	34	32	107
Net fee and commission income	18	19	92	19	15	16	18	14	123
Other operating income	7	5	136	5	5	5	7	5	141
Operating income	58	58	100	58	54	53	58	51	115
Operating costs	-44	-39	112	-39	-44	-45	-44	-43	103
Sector costs	0	0		0	0	0	0	0	
Profit before impairment charges	14	19	74	19	9	8	14	8	183
Impairment charges, net	5	5		5	3	0	5	14	33
Operating profit	19	24	77	24	12	8	19	22	86
Non-recurring items	0	-4	0	-4	2	4	0	77	
Profit before investment portfolio earnings and tax	19	21	91	21	13	12	19	98	19
Investment portfolio earnings	2	2	96	2	-1	-3	2	-2	
Profit before tax, continuing operations	21	23	91	23	13	9	21	97	21
Profit before tax, discontinued operations	0	0		0	0	0	0	9	-
Profit before tax, total	21	23	91	23	13	9	21	106	19
Loans and advances	3,550	3,583	99	3,583	3,603	3,584	3,550	3,559	100
Deposits and other debt	5,264	5,105	103	5,105	5,125	5,269	5,264	5,205	101
Mortgage credit	2,344	2,292	102	2,292	2,252	2,205	2,344	2,152	109
Operating cost/income, %	76	68		68	82	85	76	85	
Number of FTE, end of period	75	71	106	71	73	72	75	77	98

Corporate Banking

- High customer activity and credit quality still improving

DKKm	Q1 2022	Q4 2021	Index	Q4 2021	Q3 2021	Q2 2021	Q1 2022	Q1 2021	Index
Net interest income	32	32	99	32	31	33	32	32	101
Net fee and commission income	7	7	110	7	7	8	7	6	118
Other operating income	3	2	114	2	2	2	3	2	108
Operating income	42	41	101	41	40	43	42	40	104
Operating costs	-12	-11	104	-11	-9	-11	-12	-11	110
Sector costs	0	0		0	0	0	0	0	
Profit before impairment charges	30	30	100	30	31	32	30	29	102
Impairment charges, net	5	35	14	35	10	27	5	-17	29
Operating profit	35	65	54	65	41	59	35	12	293
Non-recurring items	0	0		0	0	0	0	0	
Profit before investment portfolio earnings and tax	35	65	54	65	41	59	35	12	293
Investment portfolio earnings	1	1		1	0	-1	1	-1	
Profit before tax	36	66	55	66	41	58	36	11	320
Loans and advances	4,133	4,041	102	4,041	3,960	3,962	4,133	3,856	107
Deposits and other debt	2,783	2,808	99	2,808	2,300	2,384	2,783	2,323	120
Mortgage credit	383	365	105	365	357	297	383	291	132
Operating cost/income, %	28	28		28	23	26	28	27	
Number of FTE, end of period	15	13	116	13	14	14	15	15	100

Banking – Faroe Islands

- Steady improvment in operating profit

DKKm	Q1 2022	Q4 2021	Index	Q4 2021	Q3 2021	Q2 2021	Q1 2022	Q1 2021	Index
Net interest income	54	53	101	53	53	54	54	51	105
Net fee and commission income	21	21	101	21	18	18	21	16	130
Other operating income	9	6	147	6	6	6	9	6	143
Total Operating income	83	80	105	80	77	77	83	73	114
Operating cost	-46	-47	99	-47	-46	-49	-46	-46	99
Sector costs	0	0		0	0	0	0	0	126
Profit before impairment charges	37	33	112	33	30	28	37	27	139
Impairment charges, net	2	18	12	18	-2	17	2	-8	
Operating profit	39	51	77	51	29	45	39	19	209
Non-recurring items	0	11		11	2	-18	0	-7	
Profit before investment portfolio earnings and tax	39	61	64	61	30	26	39	12	320
Investment portfolio earnings	2	2	137	2	-1	-3	2	-1	
Profit before tax	41	63	66	63	30	23	41	11	385
Loans and advances	6,584	6,614	100	6,614	6,555	6,643	6,584	6,512	101
Deposits and other debt	7,148	6,812	105	6,812	6,900	7,010	7,148	6,833	105
Mortgage credit	1,764	1,673	105	1,673	1,631	1,554	1,764	1,513	117
Operating cost/income, %	55	59		59	59	64	55	63	
Number of FTE, end of period	150	147	102	147	149	146	150	166	90

Banking – Greenland

- Stable development

DKKm	Q1 2022	Q4 2021	Index	Q4 2021	Q3 2021	Q2 2021	Q1 2022	Q1 2021	Index
Net interest income	12	12	97	12	12	11	12	11	111
Net fee and commission income	4	5	81	5	4	4	4	3	114
Other operating income	1	1	98	1	1	1	1	1	94
Total Operating income	17	18	93	18	17	16	17	15	111
Operating cost	-9	-6	154	-6	-7	-5	-9	-7	131
Sector costs	0	0		0	0	0	0	0	
Profit before impairment charges	8	12	63	12	10	11	8	8	93
Impairment charges, net	4	-1		-1	1	-2	4	2	
Operating profit	11	11	99	11	11	9	11	10	115
Non-recurring items	0	0		0	0	0	0	0	
Profit before investment portfolio earnings and tax	11	11	99	11	11	8	11	10	115
Investment portfolio earnings	1	0		0	0	-1	1	-1	
Profit before tax	12	11	102	11	11	8	12	9	130
Loans and advances	1,093	1,010	108	1,010	1,038	938	1,093	909	120
Deposits and other debt	883	1,085	81	1,085	508	610	883	658	134
Mortgage credit	873	888	98	888	881	854	873	836	104
Operating cost/income, %	55	33		33	41	34	55	47	
Number of FTE, end of period	18	17	103	17	18	19	18	19	95

Banking – Denmark

- Reversal of impairments from remaining activities

DKKm	Q1 2022	Q4 2021	Index	Q4 2021	Q3 2021	Q2 2021	Q1 2022	Q1 2021	Index
Net interest income	0	1	-1	1	0	1	0	1	0
Net fee and commission income	0	0	-5	0	0	2	0	1	2
Other operating income	0	0		0	0	0	0	0	92
Total Operating income	0	2	4	2	0	3	0	2	3
Operating cost	0	2	-19	2	-1	-2	0	0	
Sector costs	0	0		0	0	0	0	0	
Profit before impairment charges	0	4	-9	4	0	1	0	2	14
Impairment charges, net	4	23	17	23	13	13	4	3	137
Operating profit	4	27	14	27	12	14	4	5	71
Non-recurring items	0	-4		-4	0	23	0	83	
Profit before investment portfolio earnings and tax	4	23	16	23	12	37	4	88	4
Investment portfolio earnings	0	0		0	0	0	0	0	
Profit before tax, continuing operations	4	23	16	23	12	37	4	88	4
Profit before tax, discontinued operations	0	0		0	0	0	0	9	-
Profit before tax, total	4	23	16	23	12	37	4	97	4
Loans and advances	6	0	1466	0	3	24	6	30	20
Deposits and other debt	15	17	88	17	27	41	15	45	33
Mortgage credit	90	95	94	95	97	94	90	93	96
Operating cost/income, %	586	-121		-121	190	67	586	0	
Number of FTE, end of period	0	0		0	0	0	0	0	

Trygd

- Adjusted prices and normalization of larger claims at a lower level brings operating profit back on track

DKKm	Q1 2022	Q4 2021	Index	Q4 2021	Q3 2020	Q3 2021	Q1 2022	Q1 2021	Index
Premium income, net of reinsurance	34	32	105	32	31	32	34	30	112
Claims, net of reinsurance	-25	-28	88	-28	-14	-28	-25	-26	96
Net insurance income	9	4	231	4	16	4	9	4	200
Net income from investment activities	-3	-2	168	-2	-2	-2	-3	-3	127
Operating income	6	2	276	2	14	1	6	2	297
Operating cost	-4	-5	89	-5	-4	-4	-4	-4	100
Profit before tax	2	-3		-3	11	-3	2	-2	-70
Combined ratio	86	102		102	58	102	86	99	
Claims ratio	73	88		88	46	46	73	85	
Number of FTE, end of period	22	22	101	22	25	25	22	24	90

Equity Story

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

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



Targets

Customers

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

Employees

- Employee satisfaction score > 75
- Employee turnover < 7% p.a.
- Gender overrepresentation of not more than 60% among managers and in all departments

Shareholders

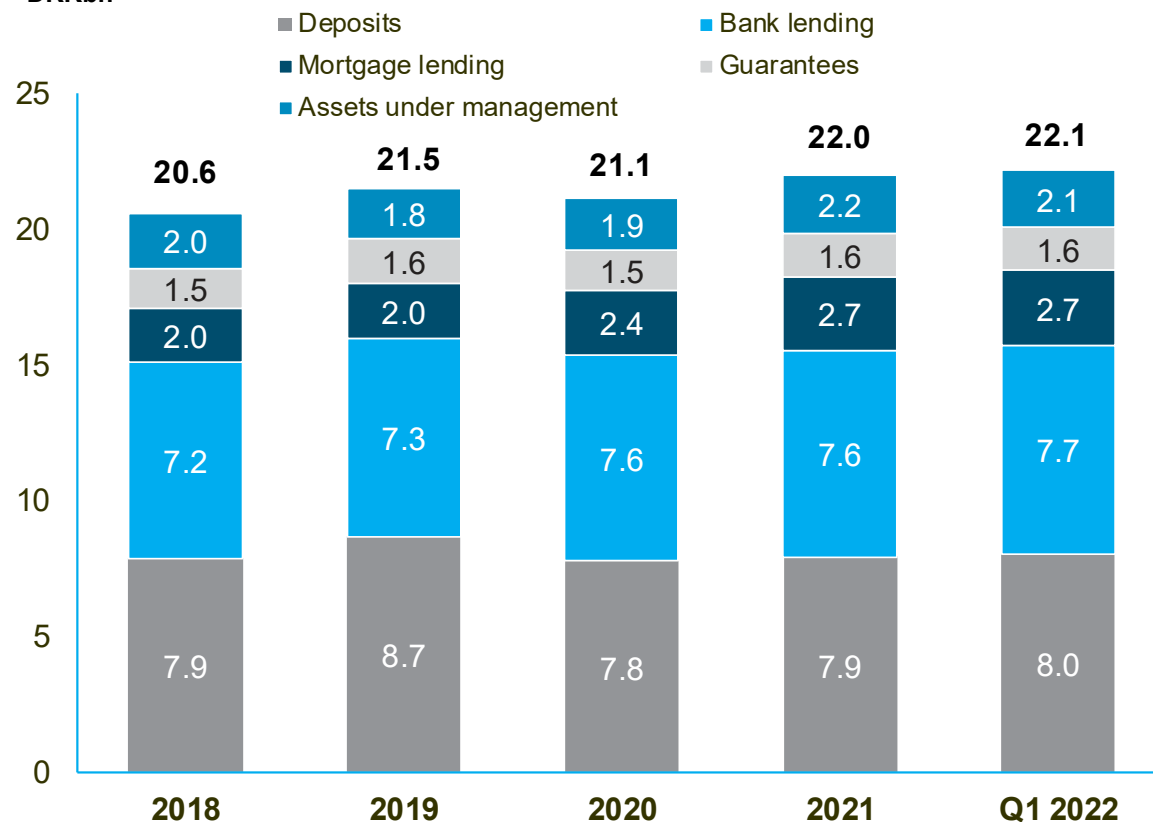
- ROE > 10% p.a.
- C/I < 55%
- Dividend payout ratio 50%
- Share buybacks
- CET 1 ratio 20.0%
- MREL capital: 2 pp above requirement
- Combined ratio 85%

Developments in business volumes

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

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

DKKbn

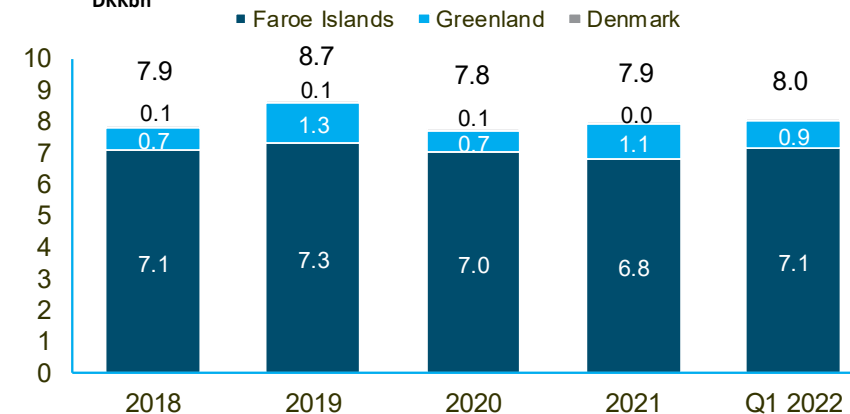


Comments

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

Deposits

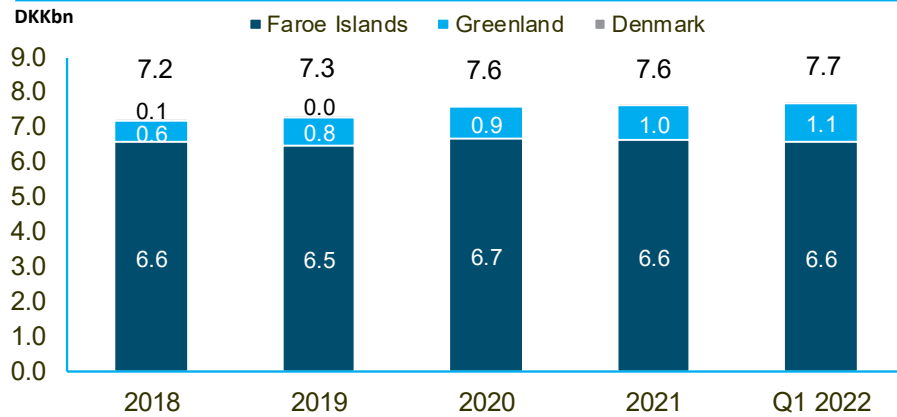
DKKbn



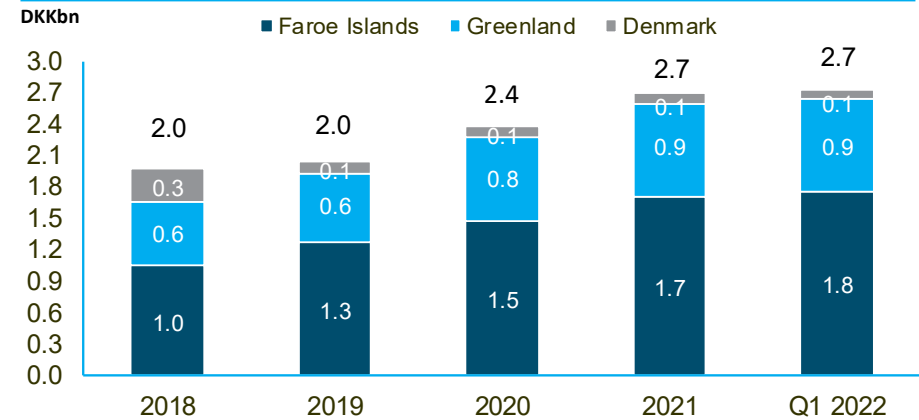
Development in business volumes

- Growth in line with markets

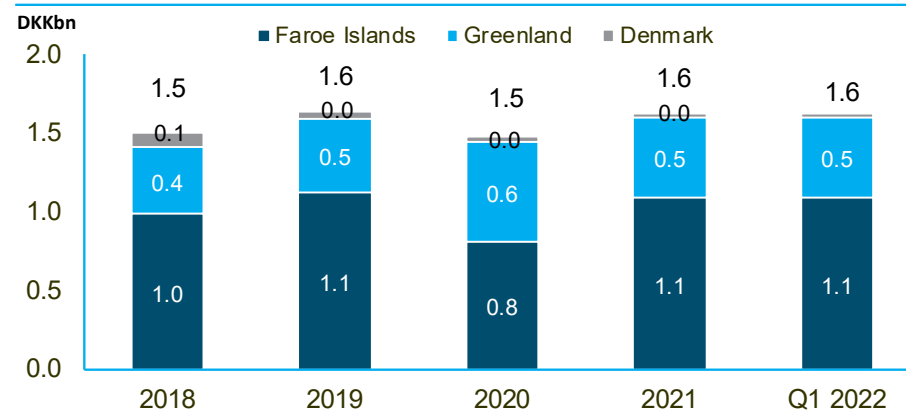
Bank lending



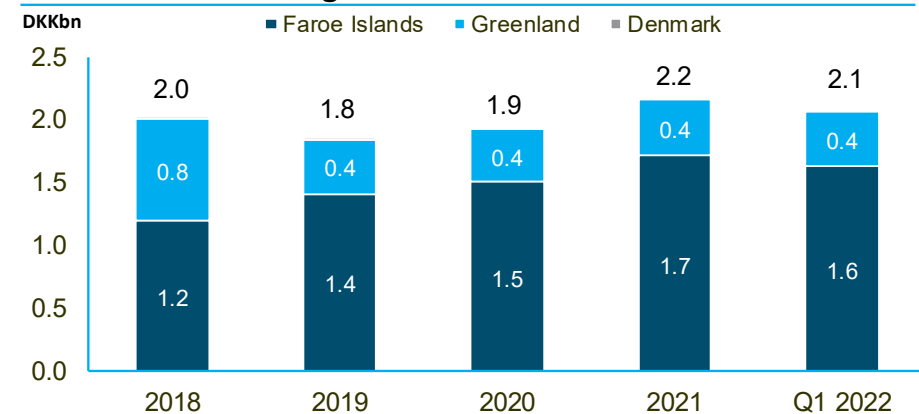
Mortgages



Guarantees



Assets under management



Credit quality of the loan portfolio

- Stronger exposures increases and weaker exposures decreases

Credit classification according to the Danish FSA's method

	Q4 2021			Q1 2022			Change
	<7.5 DKKm	>7.5 DKKm	Total	<7.5 DKKm	>7.5 DKKm	Total	
Portfolio without weakness	1,304	4,217	5,521	1,318	4,031	5,349	-172
Portfolio with some weakness	3,611	1,798	5,410	3,592	1,991	5,583	174
Portfolio with weakness	84	161	245	63	153	216	-29
- here of unsecured	12	34	46	11	36	47	1
- impairments	8	21	30	4	24	28	-2
Portfolio with OIE	196	248	443	187	208	395	-48
- here of unsecured	58	96	154	47	77	124	-30
- impairments	55	63	118	51	66	117	-1
Portfolio without individ. classification	43	40	83	48	43	91	7
Total	5,238	6,464	11,701	5,208	6,425	11,633	-68

Total loan portfolio (Gross exposure) includes

- Loans and advances
- Credits
- Unused credits
- Guarantees