

Interim Report Q3 2020

BANKNORDIK

Interim Report Q3 2020

Contents

Overview of the Group..... 3
 Financial highlights and ratios..... 4

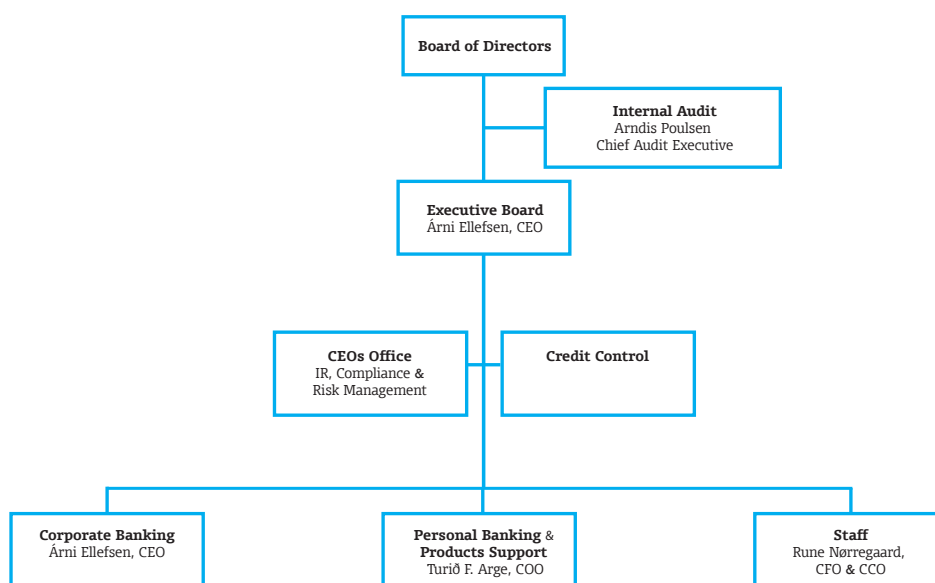
Financial Review
 Income statement..... 6
 Supervisory Diamond..... 7
 Balance sheet..... 7
 Capital Ratios..... 7
 Events after the balance sheet date..... 7
 Outlook 2020..... 7
 Adjusted results..... 8

Segments
 Banking.....10
 Personal Banking..... 11
 Corporate Banking..... 12
 Insurance..... 13

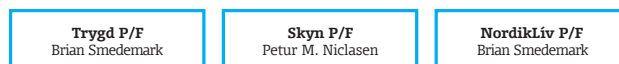
Financial statement
 Income statement.....15
 Balance sheet..... 17
 Statement of capital..... 19
 Cash flow..... 22
 Notes to the financial statement..... 23

Statement by the management..... 31
Contact details..... 32

BankNordik Organisation



Subsidiaries



Overview of the Group

BANKNORDIK

BANKNORDIK
TRYGD NORDIKLÍV SKYN

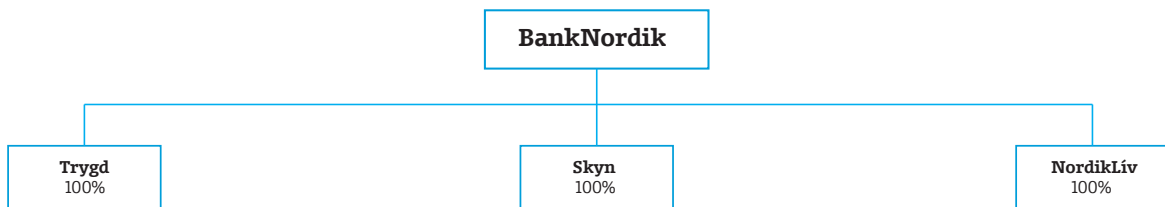
BANKNORDIK

17
Branches across
3 countries

361
Full-time
employees

23.2
DKKbn in lending
and mortgage
lending

4.0
DKKbn in asset
management



Banking is the principal business activity under the BankNordik brand in the Faroe Islands, Denmark and Greenland. The Group has non-life and life insurance operations in the Faroe Islands under the Trygd and NordikLiv brands.

Other activities include Skyn, a Faroese estate agency.

Highlights, ratios, and key figures - BankNordik Group

Highlights DKK 1,000	Q1-Q3 2020	Q1-Q3 2019	Index 20/19	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	285,951	271,906	105	95,130	96,078	94,743	94,785	90,413
Dividends from shares and other investments	12,554	13,984	90	0	11,699	855	0	0
Net fee and commission income	148,301	140,482	106	49,086	44,897	54,319	48,993	47,126
Net interest and fee income	446,807	426,371	105	144,216	152,673	149,917	143,778	137,539
Net insurance income	33,569	38,697	87	18,325	11,693	3,551	13,630	14,875
Interest and fee income and income from insurance activities, net	480,375	465,068	103	162,541	164,366	153,468	157,408	152,414
Market value adjustments	-17,948	1,222	-1	12,491	20,695	-51,134	3,172	749
Other operating income	4,743	11,326	42	1,651	2,324	768	3,172	5,612
Staff costs and administrative expenses	304,597	346,226	88	98,809	101,696	104,092	124,754	113,734
Impairment charges on loans and advances etc.	-6,277	-80,355	8	-8,351	-21,583	23,656	-24,573	-8,566
Net profit	122,899	158,212	78	64,853	82,318	-24,272	48,418	39,847
Loans and advances	9,829,011	9,982,999	98	9,829,011	9,879,592	9,970,611	9,908,886	9,982,999
Bonds at fair value	4,080,854	5,024,465	81	4,080,854	4,461,308	4,952,913	5,599,529	5,024,465
Intangible assets	12,096	9,043	134	12,096	11,326	10,818	9,957	9,043
Assets held for sale	4,510	3,865	117	4,510	4,510	946	1,500	3,865
Total assets	16,746,992	17,618,509	95	16,746,992	16,868,303	16,940,493	18,173,399	17,618,509
Amounts due to credit institutions and central banks	47,148	368,008	13	47,148	51,963	482,266	54,922	368,008
Deposits and other debt	12,867,417	13,528,109	95	12,867,417	13,048,214	12,870,849	14,367,685	13,528,109
Total shareholders' equity	2,229,699	2,064,175	108	2,229,699	2,167,057	2,086,980	2,112,335	2,064,175
Ratios and key figures	Sept. 30 2020	Sept. 30 2019		Sept. 30 2020	June 30 2020	March 31 2020	Dec. 31 2019	Sept. 30 2019
Solvency								
Total capital ratio, %	24.9	21.0		24.9	24.0	23.4	22.3	21.0
Core capital ratio, %	22.6	18.9		22.6	21.8	21.3	20.2	18.9
CET 1 capital	21.1	17.5		21.1	20.3	19.8	18.8	17.5
Risk-weighted Items, DKK mill	9,883	10,664		9,883	10,286	10,405	10,764	10,664
Profitability								
Return on shareholders' equity after tax, %	5.7	7.8		3.0	3.9	-1.2	2.3	1.9
Cost / income, %	66.7	58.0		53.4	45.0	128.8	63.9	68.6
Cost / income, % (excl. value adjustm. and impairments)	65.5	75.0		62.6	63.5	70.7	80.4	74.3
Return on assets	0.7	0.9		0.4	0.5	-0.1	0.3	0.2
Market risk								
Interest rate risk, %	0.4	1.6		0.4	1.6	1.0	1.8	1.6
Foreign exchange position, %	1.1	1.0		1.1	1.5	1.2	1.4	1.0
Foreign exchange risk, %	0.0	0.0		0.0	0.0	0.0	0.1	0.0
Liquidity								
Excess cover relative to statutory liquidity requirements, %	184.4	225.1		184.4	185.9	159.4	215.7	225.1
Credit risk								
Change in loans and advances, %	-0.8	0.3		-0.5	-0.9	0.6	-0.7	-0.7
Gearing of loans and advances	4.4	4.8		4.4	4.6	4.8	4.7	4.8
Impairment and provisioning ratio, end of period, %	3.6	3.9		3.6	3.8	3.8	3.7	3.9
Write-off and provisioning ratio, %	-0.0	-0.6		-0.1	-0.2	0.2	-0.2	-0.1
Share of amounts due on which interest rates have been reduced, end of period, %	0.6	0.8		0.6	0.6	0.7	0.8	0.8
Shares								
Earnings per share after tax (nom. DKK 20), DKK	12.9	16.2		6.8	8.6	-2.5	5.1	4.1
Market price per share (nom. DKK 20), DKK	110.0	102.5		110.0	101.0	99.0	109.0	102.5
Book value per share (nom. DKK 20), DKK	233.5	216.6		233.5	227.3	218.9	221.6	216.6
Other								
Number of full-time employees, end of period	361	383		361	363	359	377	383

Financial Review

"We're pleased to note that the cost-saving and income-generating measures put in place at the end of 2019 yielded positive results in the first nine months of the year. Even though this has been a challenging year considering the COVID-19 situation, we were able to maintain an improved balance between costs and earnings. In the third quarter, the development in net insurance income was especially favourable. Combined with our continued focus on maintaining cost-effective operations, the overall effect of the implemented measures has been greater than initially anticipated," said BankNordik CEO Árni Ellefsen.

"To date, the pandemic has only had a limited impact on the Group's financial results, and our impairment charges were lower than what we expected at the start of the year. Considerable uncertainty persists in terms of the public health crisis, however, and as a result, we have made a further DKK 15m provision against potential COVID-19-related losses, taking total provisions to DKK 50m. Given our total capital ratio of 24.9%, however, we are well-equipped to tackle the challenges that the current situation poses. At the start of October, we announced new financial targets for the Group's cost/income ratio and



return on equity, and in light of our third quarter performance, we're well on our way to meeting the new targets," said Árni Ellefsen.



Income statement

Income statement, Group								
DKKm	Q1-Q3 2020	Q1-Q3 2019	Index 20/19	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	266	250	106	89	89	87	87	83
Net fee and commission income	148	140	106	49	45	54	49	47
Net insurance income	34	39	87	18	12	4	14	15
Other operating income (less reclassification)	26	35	73	9	8	9	14	13
Operating income	473	464	102	166	153	154	164	158
Operating costs ¹	-317	-355	89	-102	-106	-109	-117	-116
Sector costs	-1	-1		0	0	0	0	0
Profit before impairment charges	155	108	143	63	47	45	47	42
Impairment charges, net	6	80	8	8	22	-24	25	9
Operating profit	162	189	86	71	69	21	71	51
Non-recurring items ²	0	0		0	0	0	-13	0
Profit before investment portfolio earnings and tax	162	189	86	71	69	21	58	50
Investment portfolio earnings ³	-6	12	-48	11	34	-51	1	0
Profit before tax	156	201	78	82	103	-30	59	50
Tax	33	42	78	17	21	-5	11	10
Net profit	123	158	78	65	82	-24	48	40
Operating cost/income, %	67	77		62	69	71	71	73
Number of FTE, end of period	361	383	94	361	363	359	377	383

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 Q2 2020. Due to seasonal variations, comments on the insurance segment are made relative to Q3 2019.

Operating income

The BankNordik Group generated operating income of DKK 166m in Q3 2020, an increase of DKK 12m over Q2 2020.

Net interest income

Net interest income was DKK 89m in Q3 2020, unchanged relative to Q2 2020.

Net fee and commission income

Net fee and commission income amounted to DKK 49m in Q3 2020, an increase of 4m compared to Q2 2020.

Net insurance income

Net insurance income amounted to DKK 18m in Q3 2020, DKK 3m higher than in Q3 2019.

Operating and sector costs

Operating costs amounted to DKK 102m in Q3 2020, down by DKK 3m relative to Q2 2020 and continuing the downward trend seen in each of the four quarters since organisational changes were implemented in Q4 2019.

Profit before impairment charges

Profit before impairment charges was DKK 63m in Q3 2020, DKK 16m higher than in Q2 2020.

Impairment charges

Net impairment charges were a reversal of DKK 8m in Q3 2020, compared to a reversal of DKK 22m in Q2 2020.

Operating profit

As a result, operating profit came in at DKK 71m in Q3 2020, DKK 3m higher than in Q2 2020.

The Supervisory Diamond

Sum of Large exposures < 175 %

Q3 2020	Q3 2019
129.7%	131.0%

Loan growth < 20 %

Q3 2020	Q3 2019
-1.5%	-0.2%

Funding-ratio < 1.0

Q3 2020	Q3 2019
0.64	0.63

Property exposure < 25%

Q3 2020	Q3 2019
7.7%	6.2%

Liquidity indicator > 100%

Q3 2020	Q3 2019
236.0%	282.1%

At 30 September 2020, the Group was in compliance with all Supervisory Diamond requirements set by the Danish FSA.

Balance sheet

BankNordik's total assets at 30 September 2020 amounted to DKK 16,7bn. Loans and advances were DKK 9,8bn, i.e. down by DKK 80m compared to 31 December 2019. Deposits were DKK 12,9bn, a decrease of DKK 1.500m compared to 31 December 2019.

Liquidity invested in bonds, primarily in Danish mortgage bonds and Danish government bonds, amounted to DKK 4.1bn, a decrease of DKK 1,519m compared to 31 December 2019. Liquidity invested in equities amounted to DKK 303m, a decrease of DKK 9m relative to 31 December 2019. The Group's liquidity indicator was 236.0% at 30 September 2020, well above the requirement of 100%. The Group's LCR at 30 September 2020 was 227.3%, also well above the requirement of 100%. Shareholder's equity at 30 September 2020 amounted to DKK 2,230m, up by DKK 117m compared to 31 December 2019.

Capital ratios

At 30 September 2020, the Group's CET1 capital ratio was 21.1%, the core capital ratio was 22.6% and the total capital ratio was 24.9%.

The net profit for the 9M 2020 period is not reflected in the solvency statement.

Events after the balance sheet date

No events have occurred since 30 September 2020 that are deemed to have a significant impact on the Group's financial position.

Outlook

At the start of the year, BankNordik's management expected net profit for 2020 in the DKK 100-150m range. However, due to the uncertainty surrounding the Covid-19 pandemic, management lowered its guidance by DKK 80m at the end of April.

The limited impact of the pandemic on the Group's financial performance to date has allowed the Bank to upgrade its guidance on 24 June, 16 July and 7 October, when the guidance for net profit in 2020 was raised to DKK 120-160m. As a consequence of continued positive developments, the Group is now narrowing its projection for the full-year net profit to the range of DKK 140-160m. The positive developments were driven especially by improved operating income and a consistent focus on reducing costs.

The outlook is subject to uncertainty relating to how the COVID-19 situation evolves, economic developments, as well as developments in loan impairments and asset prices.

Adjusted results

Note	Income statement Q1-Q3 2020, Group, DKK 1,000	Income statement	Restatement	Restated income statement
1	Net interest income	285,951	-20,401	265,550
2	Net fee and commission income	160,855	-12,554	148,301
	Net insurance income	33,569		33,569
2, 4, 5	Other operating income	4,743	21,051	25,795
	Operating income	485,119	-11,904	473,215
3	Operating costs	316,918	0	316,918
	Sector costs	1,033	0	1,033
	Profit before impairment charges	167,167	-11,904	155,264
	Impairment charges	-6,277		-6,277
	Operating profit	173,445	-11,904	161,541
3, 5	Non-recurring items	0	0	0
	Profit before investment portfolio earnings and tax	173,445	-11,904	161,541
1, 4	Investment portfolio earnings	-17,612	11,904	-5,708
	Profit before tax	155,833	0	155,833
Note	Income statement Q1-Q3 2019, Group, DKK 1.000			
1	Net interest income	271,906	-21,977	249,929
2	Net fee and commission income	154,465	-13,984	140,482
	Net insurance income	38,697		38,697
2, 4, 5	Other operating income	11,326	23,978	35,303
	Operating income	476,394	-11,983	464,411
	Operating costs	356,930	-1,500	355,430
	Sector costs	507	0	507
	Profit before impairment charges	118,956	-10,483	108,474
	Impairment charges	-80,355		-80,355
	Operating profit	199,311	-10,483	188,828
3, 5	Non-recurring items	0	-235	-235
	Profit before investment portfolio earnings and tax	199,311	-10,248	188,593
1, 4	Investment portfolio earnings	1,222	10,718	11,940
	Profit before tax	200,534	0	200,534
Note	Restatements made to the income statement, DKK 1,000		Q1-Q3 2020	Q1-Q3 2019
1	Reclassification of interest income from bonds from the item Interest income to Investment portfolio earnings.		20,401	21,977
2	Dividends reclassified from Net fee and commission income to Other operating income.		12,554	13,984
3	Reclassification of severance and other costs from Operating costs to Non-recurring items.		0	1,500
4	Reclassification of value adjustments related to sector shares and of profit or loss from currency transactions to Other operating income.		8,497	11,259
5	Reclassification of capital gains related to the sale of the Group's head office and other domicile property from Other operating income to Non-recurring items.		0	1,265

BankNordik Group by segment

BANKNORDIK

BANKNORDIK
TRYGD NORDIKLÍV SKYD

BANKNORDIK

Personal Banking

	Q1-Q3 2020	Q1-Q3 2019
Loans and advances	DKK 5.9bn	DKK 6.4bn
Deposits and other debt	DKK 10.5bn	DKK 10.5bn
Mortgage credit	DKK 13.1bn	DKK 12.5bn
Operating cost/income, %	33%	38%
Operating profit	DKK 232m	DKK 243m

Corporate Banking

	Q1-Q3 2020	Q1-Q3 2019
Loans and advances	DKK 3.8bn	DKK 3.5bn
Deposits and other debt	DKK 2.3bn	DKK 3.0bn
Mortgage credit	DKK 0.3bn	DKK 0.4bn
Operating cost/income, %	11%	10%
Operating profit	DKK 108m	DKK 131m

Trygd

	Q1-Q3 2020	Q1-Q3 2019
Premium, net of insurance	DKK 90m	DKK 84m
Net insurance income	DKK 29m	DKK 32m
Profit before tax	DKK 11m	DKK 14m
Combined ratio	87%	83%
Claims ratio	68%	62%

Banking

Income statement, Banking								
DKKmn	Q1-Q3 2020	Q1-Q3 2019	Index 20/19	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	266	249	107	89	89	87	87	83
Net fee and commission income	157	149	106	52	48	57	52	50
Other operating income	23	31	75	8	6	9	13	11
Operating income	445	428	104	150	143	153	152	144
Operating cost	-302	-339	89	-98	-99	-105	-110	-111
Sector costs	-1	-1		0	0	0	0	0
Profit before impairment charges	142	88	161	51	43	47	41	33
Impairment charges, net	6	80	8	8	22	-24	25	9
Operating profit	148	168	88	60	65	24	66	42
Non-recurring items	0	0		0	0	0	-13	0
Profit before investment portfolio earnings and tax	148	168	88	60	65	24	52	41
Investment portfolio earnings	-5	14	-35	11	34	-50	2	0
Profit before tax	144	182	79	71	99	-26	55	42
Loans and advances	9,829	9,983	98	9,829	9,880	9,971	9,909	9,983
Deposits and other debt	12,892	13,557	95	12,892	13,059	12,903	14,399	13,557
Mortgage credit	13,333	12,918	103	13,333	13,107	13,010	12,960	12,918
Operating cost/income, %	68	79		65	70	69	73	77
Number of FTE, end of period	329	354	93	329	332	327	345	354

Note that the financial results as presented in the item Investment portfolio earnings are not recognised under the business segments Corporate Banking and Personal Banking.

Personal Banking

Income statement, Personal Banking								
DKKm	Q1-Q3 2020	Q1-Q3 2019	Index 20/19	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	179	181	99	60	60	59	61	60
Net fee and commission income	145	136	106	48	44	53	48	46
Other operating income	21	24	88	7	4	10	8	8
Operating income	345	342	101	115	108	122	117	114
Operating cost	-116	-130	89	-35	-40	-40	-38	-42
Sector costs	-1	0		0	0	0	0	0
Profit before impairment charges	229	211	109	80	68	81	78	71
Impairment charges, net	3	32	10	7	4	-8	13	2
Operating profit	232	243	95	86	72	74	91	74
Non-recurring items	0	0		0	0	0	-9	0
Profit before investment portfolio earnings and tax	232	243	95	158	0	74	82	74
Profit before tax	232	243	95	86	72	74	82	74
Loans and advances	5,923	6,402	93	5,923	6,047	6,152	6,287	6,402
Deposits and other debt	10,534	10,523	100	10,534	10,581	10,003	10,603	10,523
Mortgage credit	13,052	12,546	104	13,052	12,859	12,815	12,751	12,546
Operating cost/income, %	33	38		31	37	33	33	37
Number of FTE, end of period	187	213	88	187	190	187	202	213

The Personal Banking segment reported operating income of DKK 115m in Q3 2020, a DKK 7m increase on Q2 2020 driven by an increase in fee and commission income and other operating income.

Net interest income was DKK 60m in Q3 2020, the same level as in the previous quarter. Net fee and commission income in Q3 2020 increased by DKK 4m quarter on quarter.

Operating costs were DKK 35m in Q3 2020, down by DKK 4m compared to Q2 2020. Impairment charges amounted to a reversal of DKK 7m in Q2 2020 compared to a reversal of DKK 4m in Q3 2020.

As a result, operating profit in the quarter was DKK 86m in Q3 2020, a significant increase of DKK 14m over the previous quarter.

Bank loans and advances to personal customers during the quarter fell by DKK 124m to DKK 5,923m, whereas mortgage-broking services increased by DKK 194m to DKK 13,052m, both compared to 30 June 2020. This is a continuation 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 fell by DKK 47m during the quarter to DKK 10,534m at 30 September 2020.

Corporate Banking

Income statement, Corporate Banking								
DKKm	Q1-Q3 2020	Q1-Q3 2019	Index 20/19	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest income	102	88	117	34	35	33	31	30
Net fee and commission income	12	12	99	4	4	4	4	4
Other operating income	3	4	72	1	1	1	2	1
Operating income	117	104	113	40	39	38	37	35
Operating cost	-13	-10	128	-4	-5	-4	-4	-4
Sector costs	0	0		0	0	0	0	0
Profit before impairment charges	104	93	111	36	34	34	33	31
Impairment charges, net	4	38	11	2	17	-15	22	4
Operating profit	108	131	83	38	51	19	55	35
Non-recurring items	0	0		0	0	0	0	0
Profit before investment portfolio earnings and tax	108	131	83	38	51	19	55	35
Profit before tax	108	131	83	38	51	19	55	35
Loans and advances	3,847	3,534	109	3,847	3,831	3,819	3,602	3,534
Deposits and other debt	2,347	3,018	78	2,347	2,469	2,892	3,770	3,018
Mortgage credit	281	372	75	281	249	196	209	372
Operating cost/income, %	11	10		10	13	11	10	11
Number of FTE, end of period	17	16	106	17	17	17	16	16

Corporate Banking activities reported operating income of DKK 40m in Q3 2020, up by DKK 1m compared to Q2 2020.

Net interest income fell by DKK 1m in Q3 2020 compared to the previous quarter. Net fee and commission income remained flat during the quarter.

Operating costs fell by DKK 1m to DKK 4m in Q3 2020 compared to Q2 2020. Impairment charges for Q3 2020 amounted to a reversal of DKK 2m, net, a fairly significant change from Q2 2020, which saw reversals of DKK 17m.

As a result, operating profit for Q3 2020 amounted to DKK 38m compared to DKK 51m for Q2 2020.

Corporate loans and advances were up by DKK 16m in the third quarter to DKK 3,847m at 30 September 2020, while deposits fell by DKK 122m in the same period to DKK 2,347m.

Insurance

Income statement, Trygd								
DKKm	Q1-Q3 2020	Q1-Q3 2019	Index 20/19	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Premium income, net of reinsurance	90	84	107	31	30	30	28	29
Claims, net of reinsurance	-61	-52	118	-14	-18	-29	-17	-17
Net insurance income	29	32	90	16	12	1	11	12
Net income from investment activities	-1	0		0	0	-1	0	0
Operating income	28	32	89	16	12	0	11	11
Operating cost	-18	-18	97	-6	-6	-6	-7	-6
Profit before tax	11	14	78	11	6	-6	4	6
Combined ratio	87	83		65	81	116	85	80
Claims ratio	68	62		46	60	97	60	60
Number of FTE, end of period	25	22	112	25	24	25	25	22

Trygd's premium income was DKK 31m in Q3 2020, up by DKK 1m compared to Q3 2019. Claims fell by DKK 3m in Q3 2020 compared to the same period last year to DKK 14m.

Operating costs were DKK 6m in Q2 2020, flat compared to the same period last year. As a result, Trygd saw a quarterly profit before tax of DKK 11m, an increase of DKK 5m compared to Q3 2019.

Trygd continues to strengthen its market position as a leading provider of non-life insurance in the Faroe Islands. The increase in premiums stems from both 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 cost side, operating costs have 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, which adds volatility to the financials results.



Income statement - BankNordik

Note	DKK 1,000	Group		BankNordik	
		Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q1-Q3 2019
3	Interest income	302,181	291,480	301,104	290,326
	- of which interest income from deposits	29,699	4,473	29,699	4,473
4	Interest expenses	16,230	19,574	16,230	19,575
	- of which interest expenses from assets	2,801	2,251	2,801	2,251
	Net interest income	285,951	271,906	284,874	270,751
	Dividends from shares and other investments	12,554	13,984	12,554	13,984
5	Fee and commission income	157,950	150,086	166,518	158,204
5	Fee and commissions paid	9,648	9,604	9,648	9,604
	Net dividend, fee and commission income	160,855	154,465	169,424	162,583
	Net interest and fee income	446,807	426,371	454,299	433,334
	Premium income, net of reinsurance	101,144	94,757		
	Claims, net of reinsurance	67,575	56,060		
	Interest and fee income and income from insurance activities, net	480,375	465,068	454,299	433,334
6	Market value adjustments	-17,948	1,222	-15,845	2,860
7	Other operating income	4,743	11,326	1,862	6,688
8	Staff costs and administrative expenses	304,597	346,226	290,455	330,753
	Amortisation, depreciation and impairment charges	12,322	10,704	11,786	10,244
	Other operating expenses	1,033	507	1,033	507
9	Impairment charges on loans and advances etc.	-6,277	-80,355	-6,277	-80,355
	Income from investments accounted for under the equity method	337	0	10,317	15,425
	Profit before tax	155,833	200,534	153,635	197,159
	Tax	32,934	42,321	30,736	38,946
	Net profit	122,899	158,212	122,899	158,212
	Portion attributable to				
	Shareholders of BankNordik P/F	122,899	158,212	122,899	158,212
	Net profit	122,899	158,212	122,899	158,212
	EPS Basic for the period, total, DKK*	12.89	16.25	12.89	16.25
	EPS Diluted for the period, total, DKK*	12.89	16.25	12.89	16.25

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

Statement of comprehensive income - BankNordik

	Group		BankNordik	
	Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q1-Q3 2019
DKK 1,000				
Net profit	122,899	158,212	122,899	158,212
Other comprehensive income				
Items which will not subsequently be recycled:				
Revaluation of domicile property	0	-3,000	0	-3,000
Tax on other comprehensive income	0	660	0	660
Changes in accounting policies, Trygd	0	-4,607	0	-4,607
Total other comprehensive income	0	-6,947	0	-6,947
Total comprehensive income	122,899	151,265	122,899	151,265
Portion attributable to				
Shareholders of BankNordik P/F	117,733	151,265	117,733	151,265
Additional Tier 1 capital holders	5,166	0	5,166	0
Total comprehensive income	122,899	151,265	122,899	151,265

Balance Sheet - BankNordik

Note	DKK 1,000	Group		BankNordik	
		Sept. 30 2020	Dec. 31 2019	Sept. 30 2020	Dec. 31 2019
	Assets				
	Cash in hand and demand deposits with central banks	141,150	252,059	141,025	252,000
10	Amounts due from credit institutions and central banks	1,257,120	877,825	1,257,120	877,825
9	Loans and advances at fair value	532,147	509,864	532,147	509,864
9	Loans and advances at amortised cost	9,296,864	9,399,022	9,296,864	9,399,022
	Bonds at fair value	4,080,854	5,599,529	3,863,666	5,404,445
	Shares, etc.	303,152	312,175	303,152	312,175
	Assets under insurance contracts	9,245	6,176	0	0
	Holdings in associates	6,706	6,369	6,706	6,369
	Holdings in subsidiaries	0	0	139,118	133,438
	Assets under pooled schemes	745,814	795,822	745,814	795,822
	Intangible assets	12,096	9,957	12,096	9,957
	Total land and buildings	209,287	212,559	206,635	209,886
	Domicile property	209,287	212,559	206,635	209,886
	Other property, plant and equipment	14,859	19,985	13,659	19,060
	Current tax assets	13,600	10,705	13,600	10,705
	Deferred tax assets	5,038	5,008	4,960	4,960
11	Assets held for sale	4,510	1,500	4,510	1,500
	Other assets	95,580	87,188	93,113	81,669
	Prepayments	18,970	67,657	17,989	66,584
	Total assets	16,746,992	18,173,399	16,652,173	18,095,281

Balance Sheet - BankNordik

		Group		BankNordik	
Note	DKK 1,000	Sept. 30 2020	Dec. 31 2019	Sept. 30 2020	Dec. 31 2019
Shareholders' equity and liabilities					
Liabilities other than provisions					
	Amounts due to credit institutions and central banks	47,148	54,922	47,148	54,922
	Deposits and other debt	12,867,417	14,367,685	12,892,092	14,399,292
	Deposits under pooled schemes	745,814	795,832	745,814	795,832
	Liabilities under insurance contracts	107,076	92,922	0	0
	Current tax liabilities	67,731	36,107	63,361	32,828
	Other liabilities	281,748	309,825	274,225	297,822
	Deferred income	4,538	5,471	4,013	3,951
	Total liabilities other than provisions	14,121,472	15,662,763	14,026,653	15,584,648
Provisions for liabilities					
	Provisions for deferred tax	0	2	0	0
9	Provisions for losses on guarantees etc	17,293	18,446	17,293	18,446
	Provisions for other liabilities	4,815	5,012	4,815	5,012
	Total provisions for liabilities	22,108	23,461	22,108	23,459
Subordinated debt					
	Subordinated debt	224,543	224,086	224,543	224,086
	Total liabilities	14,368,123	15,910,311	14,273,304	15,832,193
Equity					
	Share capital	192,000	192,000	192,000	192,000
	Revaluation reserve	9,243	9,243	9,243	9,243
	Retained earnings	2,028,456	1,843,891	2,028,456	1,843,891
	Proposed dividends	0	67,200	0	67,200
	Shareholders of the Parent Company	2,229,699	2,112,335	2,229,699	2,112,335
	Additional tier 1 capital holders	149,170	150,754	149,170	150,754
	Total equity	2,378,869	2,263,088	2,378,869	2,263,088
	Total liabilities and equity	16,746,992	18,173,399	16,652,173	18,095,281

Statement of capital - Group

Changes in equity:	Shareholders equity						Additional tier 1 capital	
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	Total	
DKK 1,000								
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			0	117,733	117,733	5,166	122,899	
Total comprehensive income		0	0	117,733	117,733	5,166	122,899	
Paid interest on additional tier 1 capital				0	0	-6,750	-6,750	
Acquisition of own shares				-368	-368		-368	
Changes to proposed dividends			-67,200	67,200	0		0	
Shareholders' equity at September 30, 2020	192,000	9,243	0	2,028,456	2,229,699	149,170	2,378,869	

Regarding 2019: Proposed dividend per share DKK 7. Dividend payed out per share DKK 0.

DKK 1.000	Shareholders equity						Additional tier 1 capital	
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	Total	
Shareholders' equity at December 31, 2018	200,000	10,968	70,000	1,705,783	1,986,752		1,986,752	
Changes in accounting policies, subsidiaries				-6,109	-6,109		-6,109	
Tax on changes in accounting policies, subsidiaries				1,100	1,100		1,100	
Adjusted equity at January 1, 2019	200,000	10,968	70,000	1,700,774	1,981,742		1,981,742	
Revaluation of assets		-3,000		1,265	-1,735		-1,735	
Tax on entries on income recognised as Other comprehensive income		660			660		660	
Revaluation of assets, subsidiaries		615			615		615	
Net profit			67,200	137,691	204,891	1,739	206,631	
Total comprehensive income		-1,725	67,200	138,957	204,432	1,739	206,171	
Issuance of additional tier 1 capital, net of transaction costs					0	149,014	149,014	
Cancellation of own shares	-8,000			8,000	0		0	
Acquisition of own shares				-7,054	-7,054		-7,054	
Dividends paid			-70,000	3,215	-66,785		-66,785	
Total equity at December 31, 2019	192,000	9,243	67,200	1,843,891	2,112,335	150,754	2,263,088	

DKK 1.000	Shareholders equity						Additional tier 1 capital	
	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	Total	
Shareholders' equity at January 1, 2019	200,000	10,968	70,000	1,705,783	1,986,752		1,986,752	
Revaluation of assets		-3,000		0	-3,000		-3,000	
Tax on entries on income recognised as Other comprehensive income		660			660		660	
Changes in accounting policies, Trygd				-4,607	-4,607		-4,607	
Net profit				158,212	158,212		158,212	
Total comprehensive income		-2,340		153,605	151,265		151,265	
Issuance of additional tier 1 capital, net of transaktion costs						148,962	148,962	
Cancellation of own shares	-8,000			8,000	0		0	
Acquisition of own shares				-7,057	-7,057		-7,057	
Dividends paid			-70,000	3,215	-66,785		-66,785	
Shareholders' equity at September 30, 2019	192,000	8,628	0	1,863,547	2,064,175	148,962	2,213,138	

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	Total		
DKK 1,000								
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			0	117,733	117,733	5,166	122,899	
Total comprehensive income		0	0	117,733	117,733	5,166	122,899	
Paid interest on additional tier 1 capital				0	0	-6,750	-6,750	
Acquisition of own shares				-368	-368		-368	
Changes to proposed dividends			-67,200	67,200	0		0	
Shareholders' equity at September 30, 2020	192,000	9,243	0	2,028,456	2,229,699	149,170	2,378,869	

Regarding 2019: Proposed dividend per share DKK 7. Dividend payed out per share DKK 0.

DKK 1.000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	Total
Shareholders' equity at December 31, 2018	200,000	10,968	70,000	1,705,783	1,986,752		1,986,752
Changes in accounting policies, subsidiaries				-6,109	-6,109		-6,109
Tax on changes in accounting policies, subsidiaries				1,100	1,100		1,100
Adjusted equity at January 1, 2019	200,000	10,968	70,000	1,700,774	1,981,742		1,981,742
Revaluation of assets		-3,000		1,265	-1,735		-1,735
Tax on entries on income recognised as Other comprehensive income		660			660		660
Revaluation of assets, subsidiaries		615			615		615
Net profit			67,200	137,691	204,891	1,739	206,631
Total comprehensive income		-1,725	67,200	138,957	204,432	1,739	206,171
Issuance of additional tier 1 capital, net of transaction costs					0	149,014	149,014
Cancellation of own shares	-8,000			8,000	0		0
Acquisition of own shares				-7,054	-7,054		-7,054
Dividends paid			-70,000	3,215	-66,785		-66,785
Total equity at December 31, 2019	192,000	9,243	67,200	1,843,891	2,112,335	150,754	2,263,088

DKK 1.000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	Total
Shareholders' equity at January 1, 2019	200,000	10,968	70,000	1,705,783	1,986,752		1,986,752
Revaluation of assets		-3,000			-3,000		-3,000
Tax on entries on income recognised as Other comprehensive income		660			660		660
Changes in accounting policies, Trygd				-4,607	-4,607		-4,607
Net profit				158,212	158,212		158,212
Total comprehensive income		-2,340	0	153,605	151,265		151,265
Issuance of additional tier 1 capital, net of transaktion costs					0	148,962	148,962
Cancellation of own shares	-8,000			8,000	0		0
Acquisition of own shares				-7,057	-7,057		-7,057
Dividends paid			-70,000	3,215	-66,785		-66,785
Total equity at September 30, 2019	192,000	8,628	0	1,863,547	2,064,175	148,962	2,213,138

Statement of capital - P/F BankNordik

Solvency DKK 1,000	Sept. 30 2020	Dec. 31 2019
Core capital	2.234.688	2.173.404
Total capital	2.459.231	2.397.490
Risk-weighted items not included in the trading portfolio	8.089.215	8.374.072
Risk-weighted items with market risk etc.	724.920	1.299.559
Risk-weighted items with operational risk	1.068.984	1.090.091
Total risk-weighted items	9.883.119	10.763.722
CET 1 capital ratio	21,1%	18,8%
Core capital ratio	22,6%	20,2%
Total capital ratio	24,9%	22,3%
Core Capital and Shareholders' equity		
Share capital	192.000	192.000
Reserves	9.243	8.628
Net profit	122.899	206.631
Retained earnings, previous years	1.911.290	1.712.623
Shareholders' equity, before deduction of holdings of own shares	2.235.432	2.119.882
Deduction of dividend	0	68.939
Deduction of net profit	122.899	0
Deduction of holdings of own shares	5.733	7.547
Deduction of intangible assets	12.096	9.957
Deduction of deferred tax assets	4.960	4.960
Deduction regarding prudent valuation of financial instruments	4.226	5.828
CET 1 capital	2.085.518	2.022.650
Hybrid core capital	149.170	150.754
Core capital	2.234.688	2.173.404
Total capital		
Core capital	2.234.688	2.173.404
Subordinated loan capital	224.543	224.086
Total capital	2.459.231	2.397.490

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 core capital, hybrid capital and subordinated loan capital. The core capital corresponds to the carrying amount of equity, after deductions of holdings of own shares, tax assets and other minor deductions.

Cash flow statement - Group

DKK 1,000	Q1-Q3 2020	Full year 2019
Cash flow from operations		
Profit before tax	155,833	259,775
Interest expense on leasing liabilities	2,474	2,924
Depreciation and impairment charges of tangible assets	12,322	14,923
Impairment of loans and advances/guarantees	-6,277	-104,928
Paid tax	-1,141	-21,272
Other non-cash operating items	-16,103	-20,973
Total	147,107	130,449
Changes in operating capital		
Change in loans at fair value	-22,283	9,774
Change in loans at amortised cost	108,435	242,746
Change in holding of bonds	1,520,372	-1,032,634
Change in holding of shares	9,022	-8,172
Change in deposits	-1,500,267	935,456
Due to credit institutions and central banks	-7,774	-16,038
Change in other assets / liabilities	-36,682	16,794
Assets/liabilities under insurance contracts	11,085	-3,791
Prepayments	47,754	3,963
Cash flow from operations	276,771	278,548
Cash flow from investing activities		
Dividends received	12,554	13,984
Acquisition of intangible assets	-2,510	-3,828
Acquisition of tangible assets	-3,731	-10,358
Sale of tangible assets	0	16,922
Cash flow from investing activities	6,313	16,719
Cash flow from financing activities		
Change in loans from central banks and credit institutions	0	-227,650
Paid interest on additional tier 1 capital	-6,750	148,962
Acquisition of own shares	-368	-7,054
Payment of dividends	0	-70,000
Payment of dividends, own shares	0	3,215
Principal portion of lessee lease payments	-7,580	-7,328
Cash flow from financing activities	-14,698	-159,855
Cash flow	268,386	135,412
Cash in hand and demand deposits with central banks, and due from Credit institutions, etc. at the beginning of the year	1,129,884	994,471
Cash flow	268,386	135,412
Cash and due etc.	1,398,270	1,129,884
Cash and due etc.		
Cash in hand and demand deposits with central banks	141,150	252,059
Due from credit institutions, etc.	1,257,120	877,825
Total	1,398,270	1,129,884

Notes

Note **Significant accounting policies**

1

The consolidated financial statements for the first nine months of 2020 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 2019. The Annual Report 2019 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 2019 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 2019 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-Q3 2020	Banking			Total	Non-life	Elimination	Group
		Private	Corporate	Other		Insurance		
2	DKK 1,000					Faroe Islands		Total
	External interest income, Net	179,208	102,392	3,255	284,854	1,097		285,951
	Internal interest	0	0	0	0	0		0
	Net interest income	179,208	102,392	3,255	284,854	1,097		285,951
	Net Fee and dividends income	156,787	12,637	-2,697	166,728	-5,872		160,855
	Premium income, net of reinsurance	0	0	11,379	11,379	90,457	-692	101,144
	Net premium income of reinsurance and claims	0	0	5,024	5,024	29,237	-692	33,569
	Other income	9,115	2,376	-19,719	-8,228	-1,900	-2,741	-12,868
	Total income	345,111	117,404	-14,137	448,378	22,562	-3,433	467,507
	Total operating expenses	116,305	13,650	179,527	309,482	11,903	-3,433	317,951
	<i>of which depreciation and amortisation</i>	2,339	0	9,657	11,996	325		12,322
	Profit before impairment charges on loans	228,806	103,754	-193,664	138,896	10,660		149,556
	Impairment charges	-3,186	-4,243	1,151	-6,277	0	0	-6,277
	Profit before tax	231,992	107,997	-194,815	145,174	10,660	0	155,833
	Total assets	6,118,735	3,946,274	6,469,219	16,534,228	212,764		16,746,992
	<i>of which Loans and advances</i>	5,952,480	3,876,531		9,829,011	0		9,829,011
	Total liabilities	10,539,259	2,352,833	1,363,260	14,255,353	112,770		14,368,123
	<i>of which Deposits</i>	10,539,259	2,352,833		12,892,092	0	-24,675	12,867,417
	<i>of which Insurance liabilities</i>			4,472		102,605	0	107,076

Operating segments Q1-Q3 2019	Banking			Total	Non-life	Elimination	Group
	Private	Corporate	Other		Insurance		
DKK 1,000					Faroe Islands		Total
External interest income, Net	177,828	87,812	5,082	270,722	1,184		271,906
Internal interest	3,476	-157	-3,319	0	0		0
Net interest income	181,304	87,655	1,763	270,722	1,184		271,906
Net Fee and dividends income	149,974	12,609	-2,618	159,965	-5,500		154,465
Premium income, net of reinsurance	0	0	11,112	11,112	84,285	-640	94,757
Net premium income of reinsurance and claims	0	0	7,030	7,030	32,308	-640	38,697
Other income	10,356	3,567	1,765	15,687	-1,533	-1,606	12,548
Total income	341,634	103,831	7,939	453,404	26,459	-2,247	477,616
Total operating expenses	130,792	10,591	205,553	346,936	12,748	-2,247	357,437
<i>of which depreciation and amortisation</i>	1,706	0	8,726	10,432	272		10,704
Profit before impairment charges on loans	210,842	93,240	-197,614	106,468	13,710		120,179
Impairment charges	-32,436	-37,629	-10,290	-80,355	0	0	-80,355
Profit before tax	243,279	130,868	-187,323	186,824	13,710	0	200,534
Total assets	6,614,616	3,537,584	7,272,903	17,425,103	193,406		17,618,509
<i>of which Loans and advances</i>	6,425,472	3,557,526		9,982,999	0		9,982,999
Total liabilities	10,531,245	3,025,798	1,742,203	15,299,246	106,125		15,405,371
<i>of which Deposits</i>	10,531,245	3,025,798		13,557,043	0	-28,934	13,528,109
<i>of which Insurance liabilities</i>			4,232		97,557	0	101,789

Notes - BankNordik Group

Note DKK 1,000

2 BankNordik Group - Geographical revenue information (cont'd)

Geographical segments	Total income		Non-current assets		Additions to tangible assets		Additions to intangible assets	
	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Faroe Islands	232,571	242,808	121,137	119,253	1,151	77,697	12,096	9,043
Denmark	189,107	198,157	76,455	61,869	2,809	22,437		
Greenland	45,829	35,386	45,356	45,844	-37	-50		
Total	467,507	476,351	242,948	226,966	3,923	100,083	12,096	9,043

Geographical segments	Impairments		Investment portfolio earnings	
	Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q1-Q3 2019
Faroe Islands	-13,320	24,841	-3,020	-1,334
Denmark	31,626	45,189	-2,677	11,890
Greenland	-12,029	10,325	-11	1,385
Total	6,277	80,355	-5,708	11,940

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-Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019
Faroe Islands, Banking, Other	210,009	216,349	54,249	92,030	9,756	16,564	186	195
Faroe Islands, Insurance	22,562	26,459	10,660	13,710	3,211	2,459	25	22
Denmark, Banking	189,107	198,157	77,822	69,872	16,149	22,417	131	146
Greenland, Banking	45,829	35,386	13,104	24,921	5,105	881	20	20
Total	467,507	476,351	155,833	200,534	34,221	42,321	361	383

Notes

Note	DKK 1,000	Group		BankNordik	
		Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q1-Q3 2019
3	Interest income				
	Credit institutions and central banks	382	628	382	628
	Loans and advances	257,590	271,719	257,590	271,719
	Deposits	29,699	4,473	29,699	4,473
	Bonds	22,048	24,829	20,971	23,675
	Total derivatives of which:	-7,391	-10,245	-7,391	-10,245
	<i>Currency contracts</i>	0	-441	0	-441
	<i>Interest rate contracts</i>	-7,391	-9,804	-7,391	-9,804
	Other interest income	-148	76	-148	76
	Total interest income	302,181	291,480	301,104	290,326
4	Interest expenses				
	Credit institutions and central banks	1,134	1,305	1,134	1,305
	Deposits	2,175	4,669	2,175	4,670
	Subordinated debt	9,154	9,122	9,154	9,122
	Bonds	1,667	1,698	1,667	1,698
	Lease liabilities	1,649	2,193	1,649	2,193
	Other interest expenses	451	586	451	586
	Total interest expenses	16,230	19,574	16,230	19,575
5	Net fee and commission income				
	Fee and commission income				
	Securities trading and custody accounts	27,207	20,479	27,207	20,479
	Credit transfers	19,236	17,513	19,236	17,513
	Loan commissions	5,250	4,552	5,250	4,552
	Guarantee commissions	16,637	16,178	16,637	16,178
	Other fees and commissions	89,619	91,364	98,188	99,482
	Total fee and commission income	157,950	150,086	166,518	158,204
	Fee and commissions paid				
	Securities trading and custody accounts	9,648	9,604	9,648	9,604
	Net fee and commission income	148,301	140,482	156,870	148,600
6	Market value adjustments				
	Loans and advances	6,281	30,442	6,281	30,442
	Bonds	-25,094	-324	-22,991	1,314
	Shares	2,674	7,196	2,674	7,196
	Foreign exchange	4,602	6,689	4,602	6,689
	Total derivatives of which:	-6,412	-42,780	-6,412	-42,780
	<i>Currency Swaps</i>	690	2,027	690	2,027
	<i>Interest Swaps</i>	-3,723	-44,807	-3,723	-44,807
	<i>Other contracts</i>	-3,380	0	-3,380	0
	Assets under pooled schemes	-32,483	49,653	-32,483	49,653
	Deposits in pooled schemes	32,483	-49,653	32,483	-49,653
	Total market value adjustments	-17,948	1,222	-15,845	2,860

Notes

Note	DKK 1,000	Group		BankNordik	
		Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q1-Q3 2019
7	Other operating income				
	Profit on sale of properties	167	2,910	167	2,910
	- of which assets held for sale	0	1,278	0	1,278
	Other income	4,576	8,416	1,695	3,778
	Total other operating income	4,743	11,326	1,862	6,688
8	Staff costs and administrative expenses				
	Staff costs:				
	Salaries	145,899	161,341	134,239	149,463
	Pensions	20,115	22,309	18,597	20,807
	Social security expenses	24,562	25,777	23,065	24,203
	Total staff costs	190,576	209,427	175,901	194,473
	Administrative expenses:				
	IT	80,144	79,656	76,886	76,526
	Marketing etc	7,607	15,841	7,129	15,194
	Education etc	1,356	1,795	1,288	1,395
	Advisory services	455	1,040	455	1,023
	Other expenses	30,737	43,955	28,797	42,140
	Total administrative expenses	120,300	142,287	114,554	136,280
	Total staff costs	190,576	209,427	175,901	194,473
	Employee costs included under the item "Claims, net of reinsurance"	-6,279	-5,488	0	0
	Total administrative expenses	120,300	142,287	114,554	136,280
	Total staff costs and administrative expenses	304,597	346,226	290,455	330,753
	Number of employees				
	Average number of full-time employees in the period	361	389	329	356
	Executive remuneration:				
	Board of Directors	1,925	1,750	1,925	1,750
	Executive Board:				
	Salaries	1,987	1,881	1,987	1,881
	- less fees received from directorships	242	147	242	147
	The Bank's expense, salaries	1,746	1,733	1,746	1,733
	Pension	298	281	298	281
	Total executive board	2,044	2,015	2,044	2,015
	Total executive remuneration	3,969	3,765	3,969	3,765

Notes

Note	DKK 1,000	Group		BankNordik	
		Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q1-Q3 2019
9	Impairment charges on loans and advances and provisions for guarantees etc.				
	Impairment charges and provisions at 31 December	496,291	607,341	496,291	607,341
	New and increased impairment charges and provisions	104,919	47,388	104,919	47,388
	Reversals of impairment charges and provisions	99,969	113,965	99,969	113,965
	Written-off, previously impaired	29,982	12,338	29,982	12,338
	Interest income on impaired loans	6,246	8,356	6,246	8,356
	Total impairment charges and provisions at 30 September	471,259	528,427	471,259	528,427
	<i>Of which the management in 2020 has made impairment amounting to DKK 50m due to the COVID-19 crisis.</i>				
	Impairment charges and provisions recognised in the income statement				
	Loans and advances at amortised cost	-5,124	-73,431	-5,124	-73,431
	Loans and advances at fair value	0	-1,113	0	-1,113
	Guarantees and loan commitments	-1,154	-5,811	-1,154	-5,811
	Assets held for sale	0	0	0	0
	Total individual impairment charges and provisions	-6,277	-80,355	-6,277	-80,355
	Stage 1 impairment charges				
	Stage 1 impairment charges etc. at 31 December	14,405	14,583	14,405	14,583
	New and increased Stage 1 impairment charges	19,158	3,126	19,158	3,126
	Reversals, net of Stage 1 impairment charges	9,066	5,060	9,066	5,060
	Stage 1 impairment charges at 30 September	24,497	12,649	24,497	12,649
	<i>Total net impact recognised in the income statement</i>	<i>10,092</i>	<i>-1,934</i>	<i>10,092</i>	<i>-1,934</i>
	Stage 2 impairment charges				
	Stage 2 impairment charges etc. at 31 December	33,012	44,846	33,012	44,846
	New and increased impairment charges	36,618	12,192	36,618	12,192
	Reversals, net of impairment charges	21,678	15,884	21,678	15,884
	Stage 2 impairment charges at 30 September	47,952	41,154	47,952	41,154
	<i>Total net impact recognised in the income statement</i>	<i>14,940</i>	<i>-3,692</i>	<i>14,940</i>	<i>-3,692</i>
	Weak Stage 2				
	Weak Stage 2 impairment charges etc. at 31 December	41,301	57,867	41,301	57,867
	New and increased impairment charges	33,955	9,037	33,955	9,037
	Reversals, net of impairment charges	15,603	28,791	15,603	28,791
	Weak Stage 2 impairment charges at 30 September	59,653	38,113	59,653	38,113
	<i>Total net impact recognised in the income statement</i>	<i>18,353</i>	<i>-19,754</i>	<i>18,353</i>	<i>-19,754</i>

Notes

Note	DKK 1,000	Group		BankNordik	
		Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q1-Q3 2019
9	Stage 3 impairment charges				
(cont'd)	Stage 3 impairment charges etc. at 31 December	389,126	544,232	389,126	544,232
	New and increased impairment charges	11,096	44,487	11,096	44,487
	Reversals of impairment charges	48,376	97,305	48,376	97,305
	Written-off, previously impaired	29,982	8,415	29,982	8,415
	<i>Write-offs charged directly to the income statement</i>	1,863	809	1,863	809
	Received on claims previously written off	6,845	8,809	6,845	8,809
	Interest income on impaired loans	6,246	10,695	6,246	10,695
	Stage 3 impairment charges at 30 September	321,864	483,000	321,864	483,000
	<i>Total net impact recognised in the income statement</i>	<i>-48,508</i>	<i>-71,512</i>	<i>-48,508</i>	<i>-71,512</i>
	Purchased credit-impaired assets included in stage 3 above				
	Provisions for guarantees and undrawn credit lines				
	Individual provisions at 31 December	18,446	41,813	18,446	41,813
	New and increased provisions	4,092	1,662	4,092	1,662
	Reversals of provisions	5,245	8,559	5,245	8,559
	Provisions for guarantees etc at 30 September	17,293	34,915	17,293	34,915
	<i>Total net impact recognised in the income statement</i>	<i>-1,154</i>	<i>-6,897</i>	<i>-1,154</i>	<i>-6,897</i>
	Provisions for guarantees and undrawn credit lines				
	Stage 1 provisions	1,713	6,773	1,713	6,773
	Stage 2 provisions	2,207	8,000	2,207	8,000
	Weak Stage 2 provisions	200	3,400	200	3,400
	Stage 3 provisions	13,173	16,743	13,173	16,743
	Provisions for guarantees etc at 30 September	17,293	34,915	17,293	34,915

Notes

Note	DKK 1,000	Group		BankNordik	
		Sept. 30 2020	Dec. 31 2019	Sept. 30 2020	Dec. 31 2019
10	Due from credit institutions etc. specified by maturity				
	On demand	383,120	336,172	383,120	336,172
	3 months and below	874,000	541,652	874,000	541,652
	Total due from credit institutions etc.	1,257,120	877,825	1,257,120	877,825
11	Assets held for sale				
	Total purchase price, at 1 January	3,752	22,730	3,752	22,730
	Additions	3,564	34	3,564	34
	Disposals	554	19,011	554	19,011
	Total purchase price	6,762	3,752	6,762	3,752
	Depreciation and impairment, at 1 January	2,252	2,366	2,252	2,366
	Reversal of impairment on disposals during the year	0	114	0	114
	Total depreciation and impairment	2,252	2,252	2,252	2,252
	Total assets held for sale	4,510	1,500	4,510	1,500
12	Contingent liabilities				
	Guarantees				
	Financial guarantees	595,550	477,165	595,550	477,165
	Mortgage finance guarantees	1,145,466	1,440,550	1,145,466	1,440,550
	Registration and remortgaging guarantees	648,711	714,237	648,711	714,237
	Other guarantees	315,518	326,154	315,518	326,154
	Total guarantees	2,705,245	2,958,105	2,705,245	2,958,105
13	Assets deposited as collateral				
	At September 30 2020 the Group had deposited bonds at a total market value of DKK 31m (Q3 2019: 34m) with Danmarks Nationalbank (the Danish Central Bank) in connection with clearing. Deposits of bonds and cash to others in total have a market value of DKK 71m (Q3 2019: 97m).				

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 nine months to 30 September 2020.

The consolidated financial statements for the first nine months to 30 September 2020 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 September 2020, 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 nine months ended 30 September 2020.

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, 3 November 2020

Executive Board

Árni Ellefsen
CEO

Board of Directors

Ben Arabo
Chairman

John Henrik Holm
Vice Chairman

Barbara Pállsdóttir Vang

Jógvan Jespersen

Gunnar Nielsen

Hans Arni Bjarnason Thomsen

Kenneth M. Samuelsen

Dan Rasmussen

Alexandur Johansen

Head Office

P/F BankNordik
Oknarvegur 5
P.O. Box 3048
FO-110 Tórshavn
Faroe Islands
Tel. +298 330 330
Fax +298 330 001
E-mail: info@banknordik.fo
www.banknordik.fo

P/F skr. nr. 10, Tórshavn
SWIFT: FIFB FOTX

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

The company is listed on
Nasdaq Copenhagen.

IR Contact

Rúna N. Rasmussen
E-mail: rr@banknordik.fo
Tel. +298 330 330

Branches

Faroe Islands

Tórshavn
Oknarvegur 5
100 Tórshavn
Tel. +298 330 330

Miðvágur
Jatnavegur 26
370 Miðvágur
Tel. +298 330 330

Klaksvík
Klaksvíkvegur
700 Klaksvík
Tel. +298 330 330

Saltangará
Heiðavegur 54
600 Saltangará
Tel. +298 330 330

Tvøroyri
Sjógøta 2
800 Tvøroyri
Tel. +298 330 330

Sandur
Heimasandsvegur 58
210 Sandur
Tel. +298 330 330

Customer Service
Oknarvegur 5
100 Tórshavn
Tel. +298 330 330

Ungdómsbankin
Oknarvegur 5
100 Tórshavn
Tel. +298 330 330

Corporate Banking
Oknarvegur 5
100 Tórshavn
Tel. +298 330 330

Markets
Oknarvegur 5
100 Tórshavn
Tel. +298 330 330

Denmark

Amager
Amagerbrogade 175
2300 København S
Tlf. +45 76 97 80 00

Haderslev
Nørregade 32
6100 Haderslev
Tlf. +45 76 97 80 00

Kongelundsvej
Kongelundsvej 267
2770 Kastrup
Tlf. +45 76 97 80 00

Aarhus
Mariane Thomsens
Gade 1c, 4.sal
8000 Aarhus C
Tlf. +45 76 97 80 00

Customer Service
Rued Langgaards
Vej 6-9, 4. sal
2300 København S
Tlf. +45 76 97 80 00

Dragør
Dragørhjørnet 2
2791 Dragør
Tlf. +45 76 97 80 00

Hvidovre
Hvidovrevej 275
2650 Hvidovre
Tlf. +45 76 97 80 00

Odense
Vestergade 67
5000 Odense C
Tlf. +45 76 97 80 00

Ungdomsbanken
Rued Langgaards
Vej 6-9, 4. sal
2300 København S
Tlf. +45 76 97 80 00

Frederiksberg
Falkoner Allé 31
2000 Frederiksberg
Tlf. +45 76 97 80 00

Kolding
Bredgade 15
6000 Kolding
Tlf. +45 76 97 80 00

Østerbro
Østerbrogade 43
2100 København Ø
Tlf. +45 76 97 80 00

Greenland

Personal Banking
Qullilerfik 2
3900 Nuuk
Tel. +299 34 79 00

Corporate Banking
Qullilerfik 2
3900 Nuuk
Tel. +299 34 79 00

P/F BankNordik
Oknarvegur 5
P.O Box 3048
FO-110 Tórshavn
Tel. +298 330 330
Fax +298 330 001
www.banknordik.fo

