BANKNORDIK

Investor Presentation

Contemplated Senior Non Preferred issue

21 March 2022

Strictly private and confidential

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Agenda

Summary: key highlights and transaction rationale

- Attractive credit story combined with a robust business model

Key credit investment highlights

- Diversified and stable business model with an experienced long-term management team
- Market leader in the Faroese market and well-positioned to increase market share in Greenland's attractive growth market
- Strong historical organic growth and with both horizontal and vertical growth opportunities
- Low risk loan portfolio with limited exposure to historically risky sectors and countries
- Strong capital generation with very high leverage ratio and overall capitalization
- Best-in-class KPI's as well as high customer satisfaction scores and low employee turnover
- Strategic focus on customer-friendly digitalization and automation

Transaction rationale

Non-Preferred Senior DKK 250m (expected) / SEK 350m (expected), 5NC4

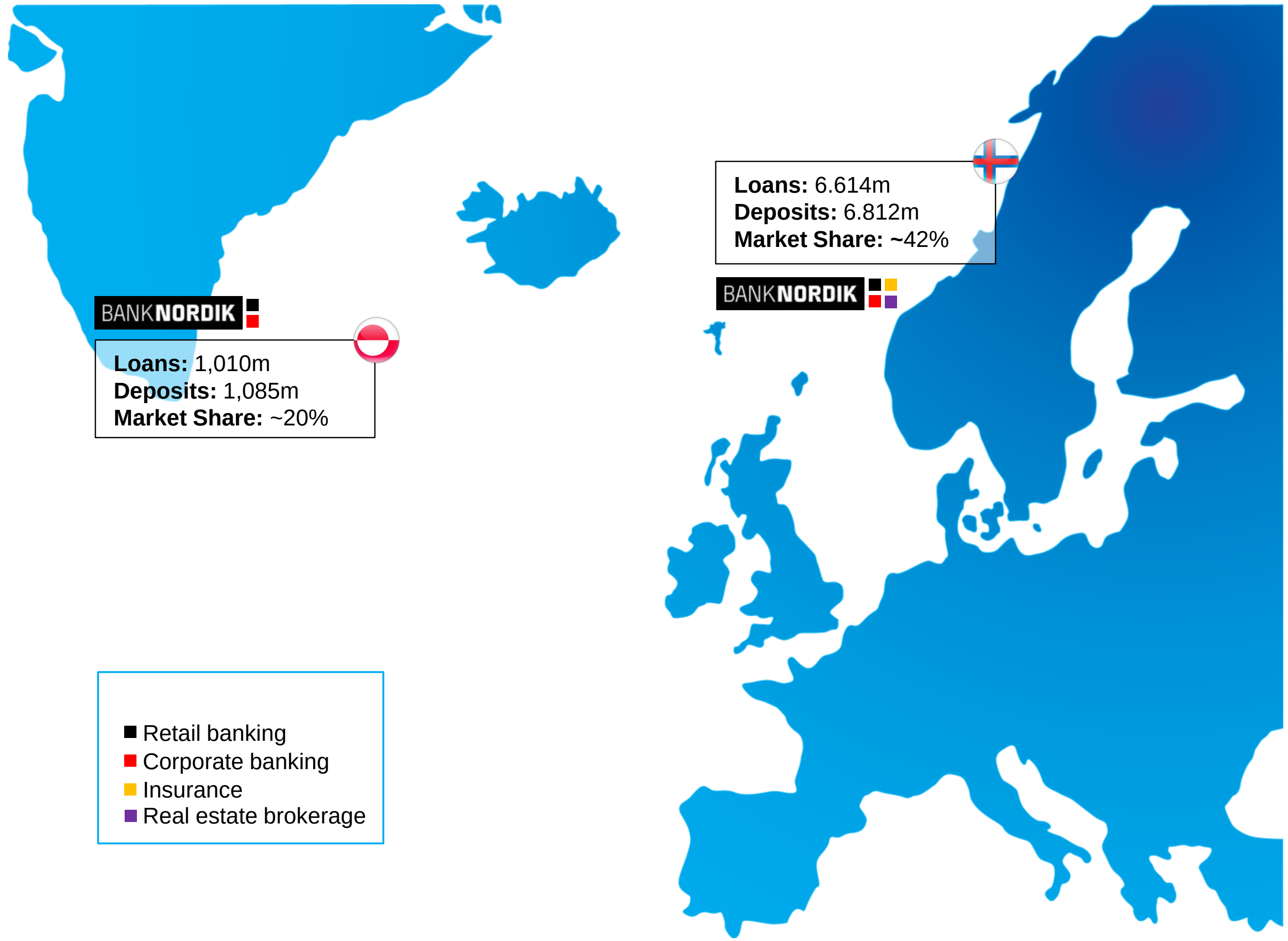
- Maintaining BankNordik's strong capital position
- Optimising BankNordik's capital structure
- Taking advantage of favourable growth opportunities
- Adapting to the implementation of MREL as a local SIFI bank (partly owned by the government)

Overview of BankNordik’s activities

Comments

- Founded in 1907 and listed on the stock exchange in 2007
- Headquartered in Tórshavn, Faroe Islands, BankNordik has successfully expanded into Greenland
- 5 branches in the Faroe Islands and 1 branch in Greenland – 195 employees in total (FTE)
- While maintaining a leading position in the Faroese market, BankNordik is focused on increasing its market share in Greenland
- In addition to banking activities, BankNordik owns life and non-life insurance subsidiaries in the Faroe Islands, as well as a real estate brokerage subsidiary

Presence in the North Atlantic region (Q4 2021 figures)



BankNordik’s management team

Brief introduction to BankNordik’s management team

Árni Ellefsen
CEO

- With BankNordik since 2011 (CFO) and CEO since 2015
- State-auth. public accountant and cand.merc.aud from Copenhagen Business School

Rune Nørregaard
CFO and Chief Credit Officer

- With BankNordik since 2009, member of Group Management since 2015, and CFO since 2017
- Master in law from Aarhus University and Executive MBA from IE Business School

Turið F. Arge
Chief Commercial Officer

- With BankNordik since 2007, member of Group Management since 2015, and CCO since 2017
- M.Sc, Business economics and Auditing from Aarhus School of Business and Executive MBA from Henley Business School

Investor 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	Employees	Shareholders
- Relational NPS > 40 at branches and in corporate departments - Relational NPS > 15 in Customer Service and in Banking for young people - Transactional NPS > 90	- Employee satisfaction score > 75 - Employee turnover < 7% p.a. - Gender overrepresentation of not more than 60% among managers and in all departments	- ROE > 10% p.a. - C/I < 55% - Dividend payout ratio 50% - Share buybacks - CET 1 ratio 20.0% - MREL capital: 2 pp above requirement

ESG Reporting

– Efforts to minimise our carbon footprint already implemented and more to come

- During 2021, we defined more ambitious ESG targets
- All direct emissions to be eliminated by 2025
- We expect to have completed the phasing out of all petrol and diesel cars by the end of 2022
- We have begun to convert from fossil fuels to sustainable sources of energy in all our buildings
- New action plan to reduce emissions from our investment activities
- Progress on ESG key figures
  - The divestment of the Danish business has affected the employee turnover ratio and the sickness absence rate
  - Initiatives were launched in 2021 to reduce gender pay ratio

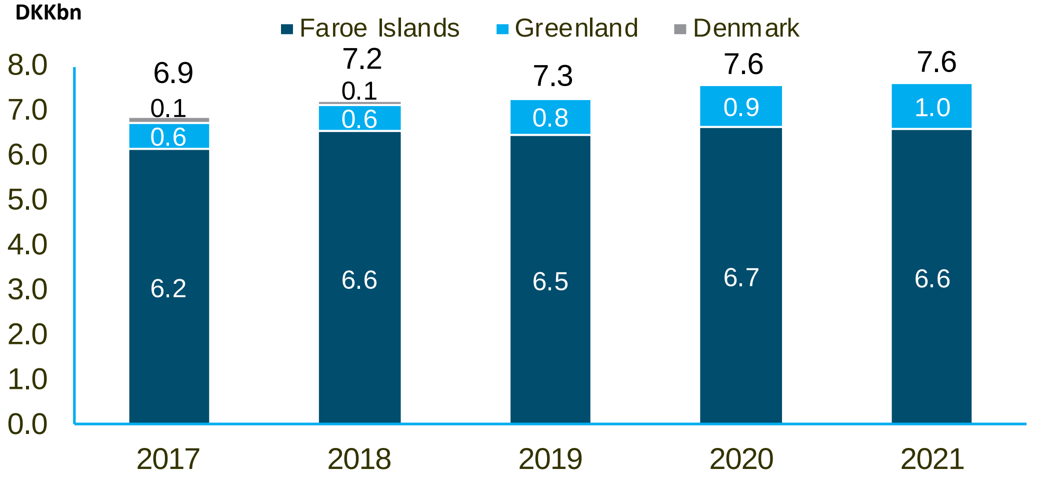
ESG key figures

Environmental data	**Target (2025)**	**Status 2021**	**Status 2020**
Co_2e, scope 1, metric tonnes	0 (50)	111.7	134.3
Co_2e, scope 2, metric tonnes	75	136.6	124.6
Energy consumption, GJ	4,200	5,067	5,328
Renewable energy share, %	65 (50)	30.5	31.6
Social data			
Full-time workforce, FTE		194.7	377.7
Gender diversity, %	40–60	63	60
Gender diversity, Management, %	40–60	49	41
Gender pay ratio, times		1.20	1.30
Employee turnover ratio, %	7	16.3	10.7
Sickness absence, days/FTE	5	8.6	7.8
Governance data			
Gender diversity, Board, %	40-60	20	16.7
Board meeting attendance rate, %	-	100	98.9
CEO pay ratio, times	-	6.7	6.4
Other			
Net promoter score (transactional)	>90	60.6	21

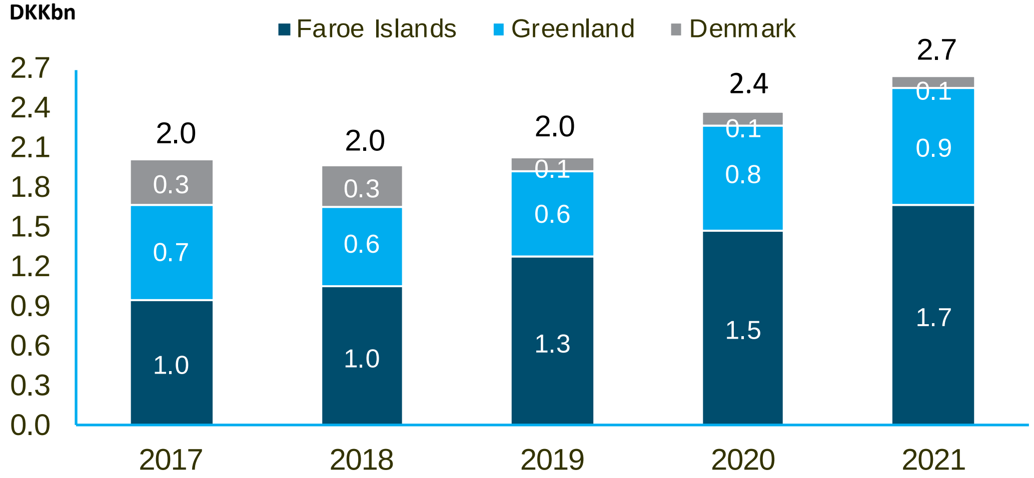
Development in business volumes

- Growth in line with markets

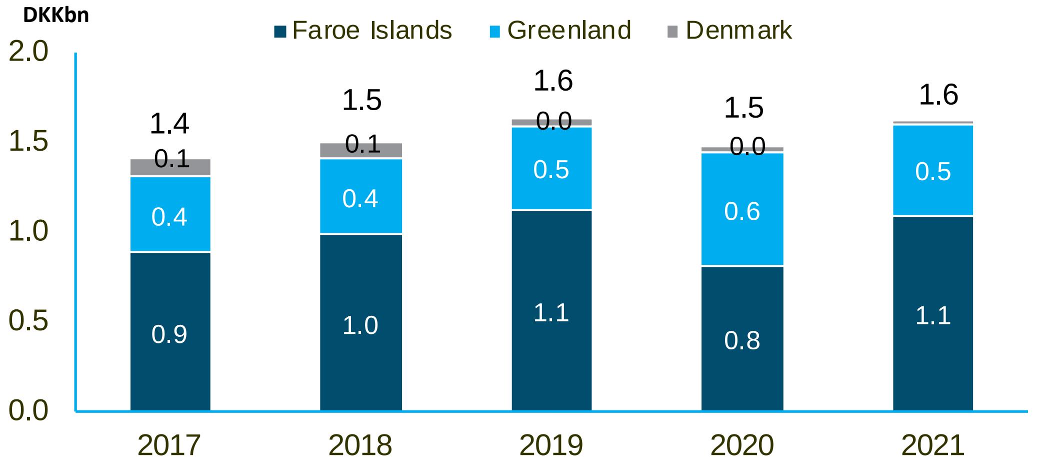
Bank lending



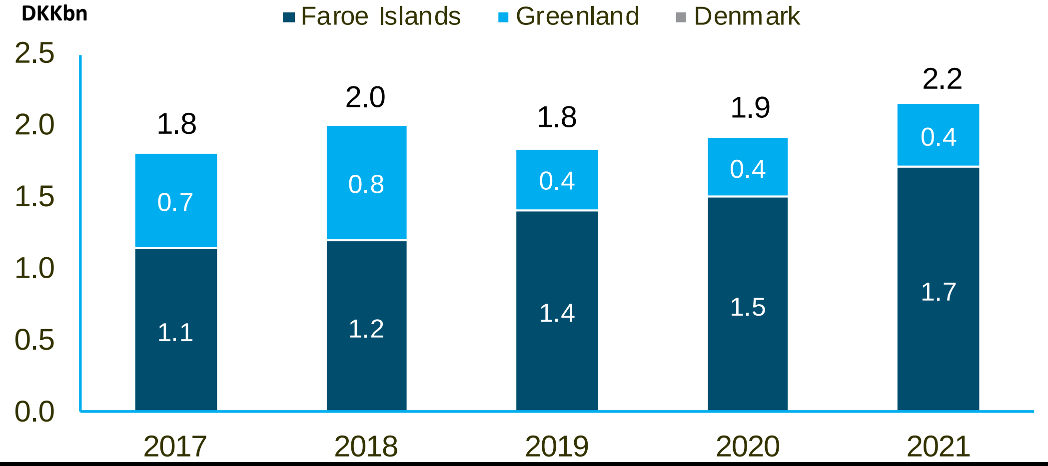
Mortgages



Guarantees



Assets under management



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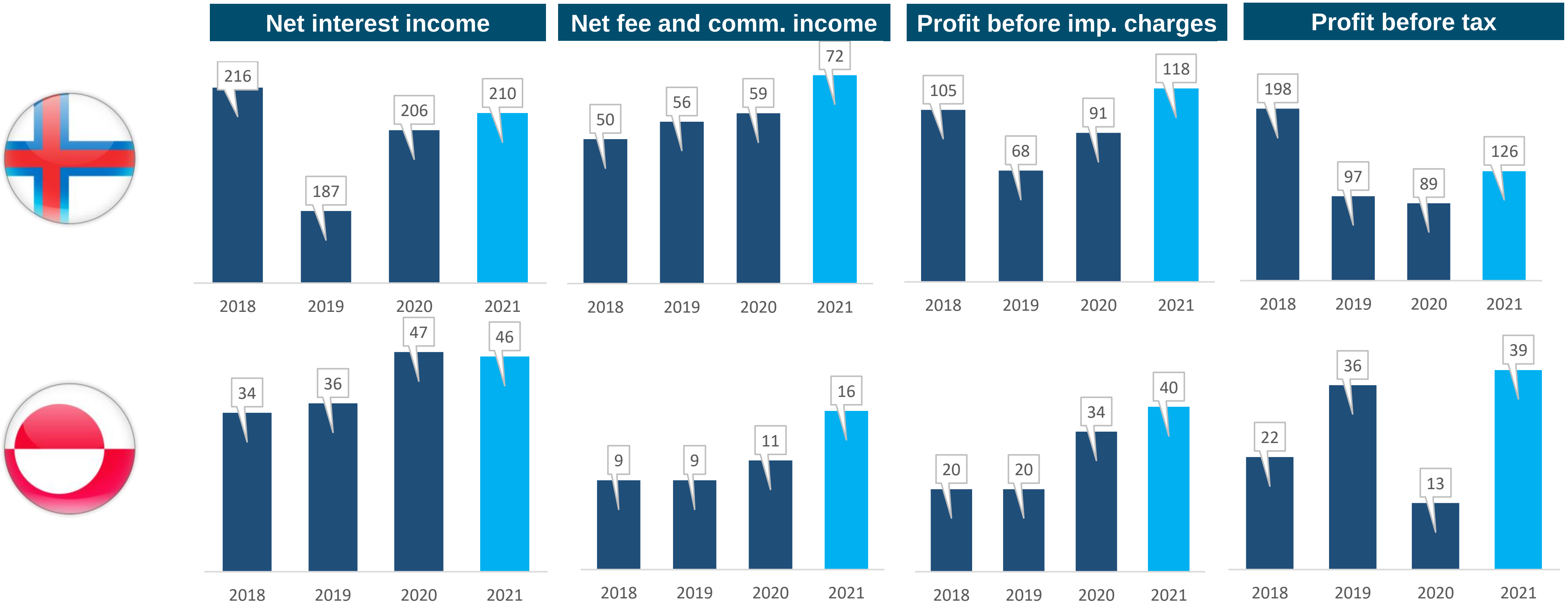
Divested activities eliminated from the figures above

Performance per geographic area (Banking only) -MDKK



Agenda

Highlights of 2021 and Q4 2021

– Changes to prices taking full effect in Q4

Operational and financial highlights

- New loan types with improved terms presented to incentivise conversion to renewable energy sources
- First mortgage credit loans to Faroese corporate customers made in 2021
- Changes to prices and customer concepts increased interest and fee income in Q4
- Insurance claims up 22% in Q4 2021 compared to Q4 2020 and up 20% in 2021 relative to 2020
- Profit before impairment charges up 16% QoQ and up 15% YoY
- Profit before tax from continuing operations of DKK 95m in Q4 2021 and DKK 330m in 2021
- CET1 capital ratio of 23.8% and MREL capital ratio of 29.6% after deducting DKK 700m ex. dividend (450m paid out in October 2021 and 250m to be paid out in March 2022) and DKK 136m in ordinary dividend.

Profit & Loss

DKKm	Q4 2021	Q3 2021	*Index*	2021	2020	*Index*
Net interest income	66	65	*102*	260	258	*101*
Net fee and commission income	23	19	*119*	79	60	*133*
Net insurance income	6	7	*86*	34	45	*75*
Other operating income	8	8	*96*	34	24	*139*
Operating income	**103**	**99**	***104***	**407**	**387**	***105***
Operating and sector costs	-56	-59	*95*	-236	-238	*99*
Profit before impairment charges	**46**	**40**	***116***	**171**	**149**	***115***
Net impairment charges on loans	40	13	*311*	77	5	*1543*
Operating profit	**86**	**53**	***164***	**248**	**154**	***161***
Non-recurring items	6	2	*408*	89	0	
Investment portfolio earnings	2	-1	*-178*	-6	-2	*360*
Profit before tax, continuing operations	**95**	**53**	***179***	**330**	**152**	***217***
Profit before tax, discontinued operations	0	0		9	54	*17*
Profit before tax	**95**	**53**	***179***	**340**	**206**	***164***

Key Metrics

DKKbn	**Target**	Q4 2021	Q3 2021	*Index*	2021	2020	*Index*
Loans and advances		7.6	7.6	*100*	7.6	7.6	*100*
Deposits and other debt		7.9	7.4	*106*	7.9	7.8	*102*
Mortgage credit		2.7	2.6	*102*	2.7	2.4	*112*
Operating cost / income, %	< 55.0	55.1	59.9		58.0	61.6	
CET1 capital ratio, %	20.0	23.8	26.1		23.8	22.6	
MREL capital ratio, %	33.0	29.6	31.7		29.6	26.4	
RoE, % (annualised)	> 10.0	13.1	6.9		12.6	7.6	
RoE, excl. one-offs, % (annualised)	> 10.0	12.9	6.8		8.9	5.6	
Combined ratio	85.0	109.0	93.1		101.0	88.8	

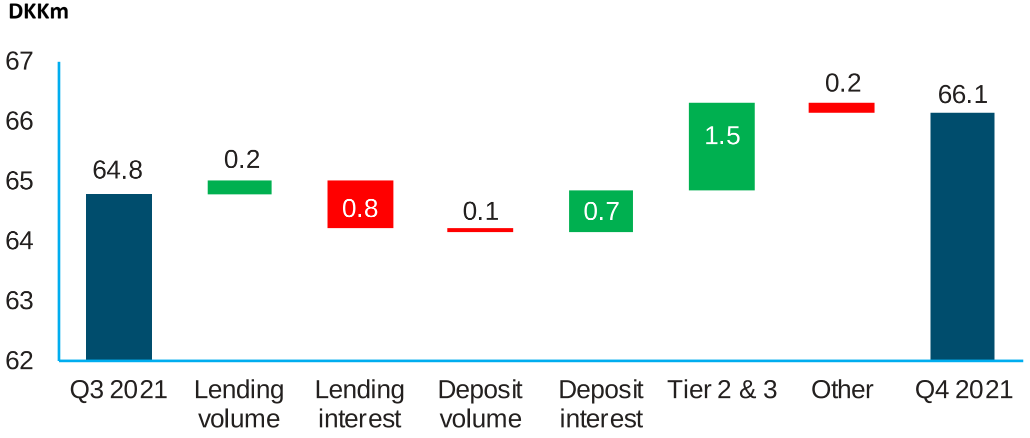
Operating income - Net interest

- Slight improvement, expected to continue in coming quarters

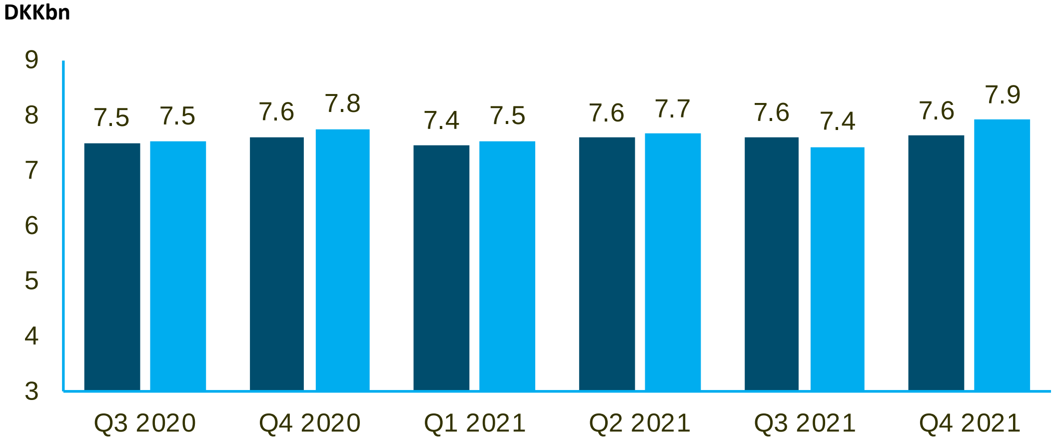
Comments

- Net interest income up DKK 1.3m QoQ and up DKK 2.2m 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 increase margin pressure
- Changes in negative interest rate brackets increased net interest income from mid-August
- Optimisation of capital funding during the year led to reduced interest expenses of DKK 2.7m
- Lending volumes up by DKK 30m QoQ (DKK 16m YoY)

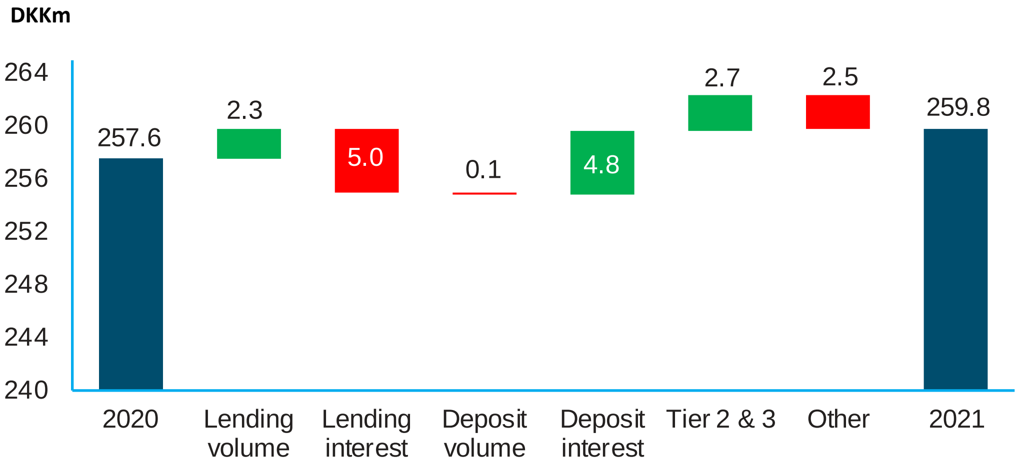
QoQ changes in net interest income



Loans and deposits



YoY changes in net interest income



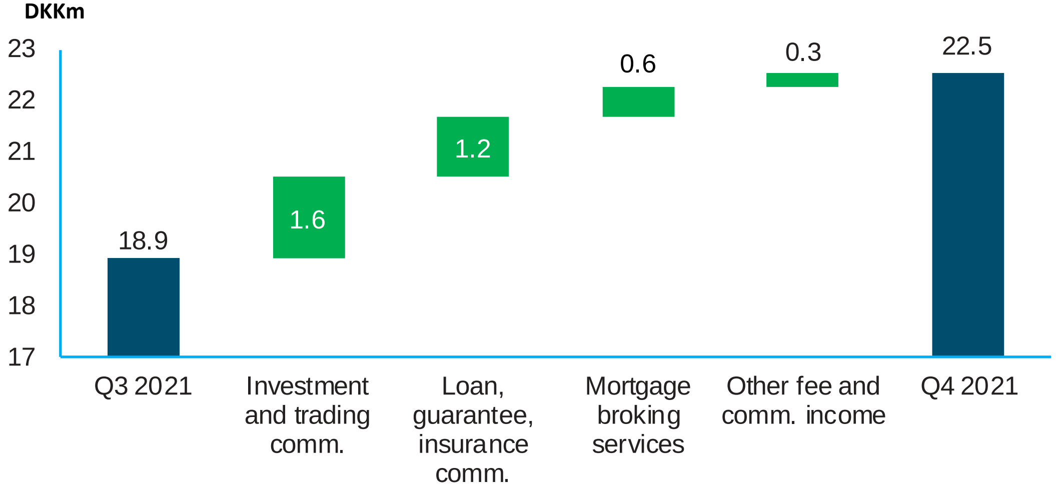
Operating income - Fee and commission income

- Increased prices drive fee and commission income higher

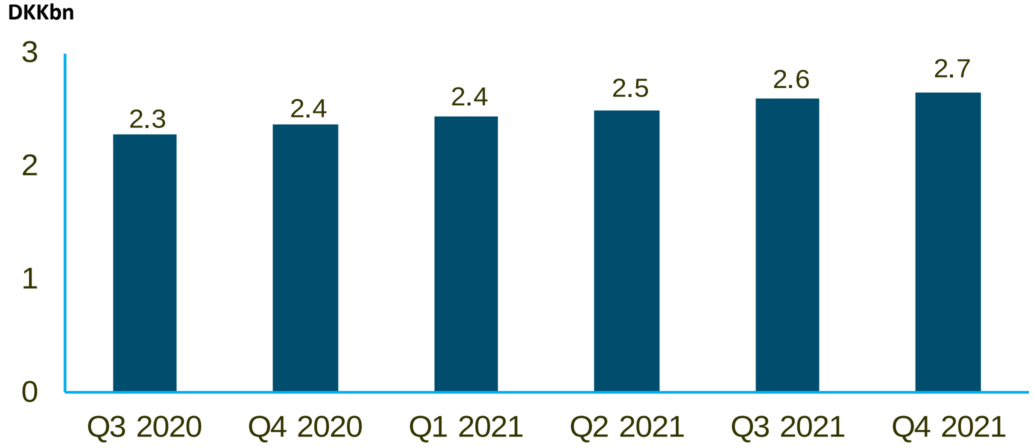
Comments

- Up by DKK 3.8m QoQ and up by DKK 19.5m YoY
- Increase in fee and commission income driven by increases in prices during the year
- High level of activity in corporate segment
- Mortgage-broking services up DKK 48m QoQ (282m YoY)
- Re-negotiated brokering agreement has reduced brokering fees and reduced REA

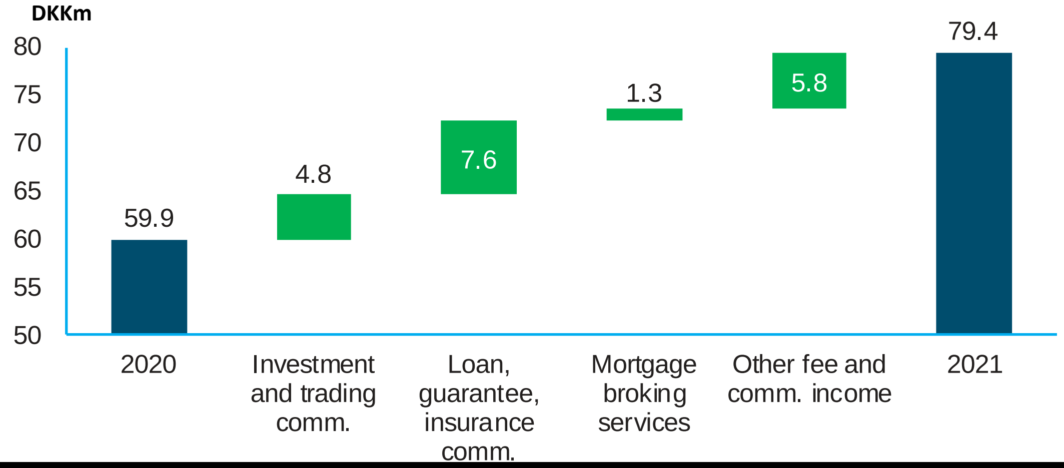
QoQ changes in fee and commission income



Mortgage-broking services



YoY changes in fee and commission income



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Divested activities eliminated from the figures above

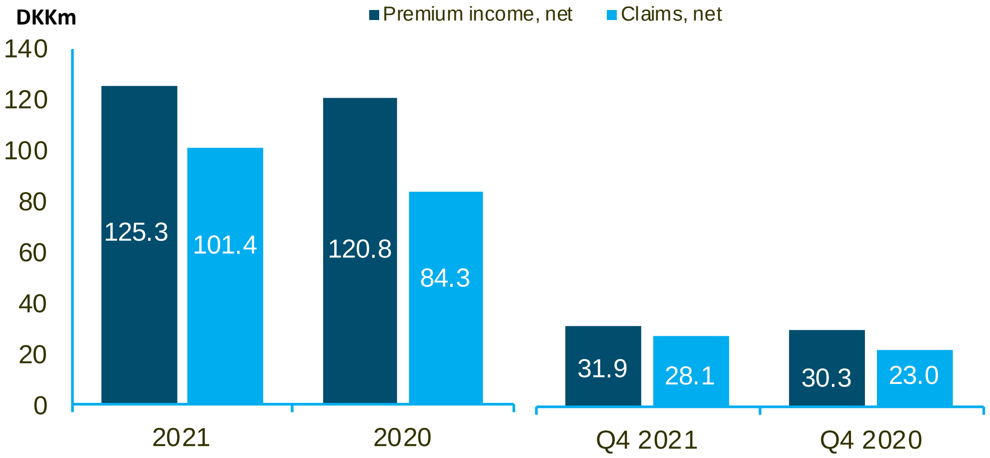
Insurance - Financial results for Trygd

- Negative impact from an increased number of individual major events – Initiatives to improve net insurance income have been implemented

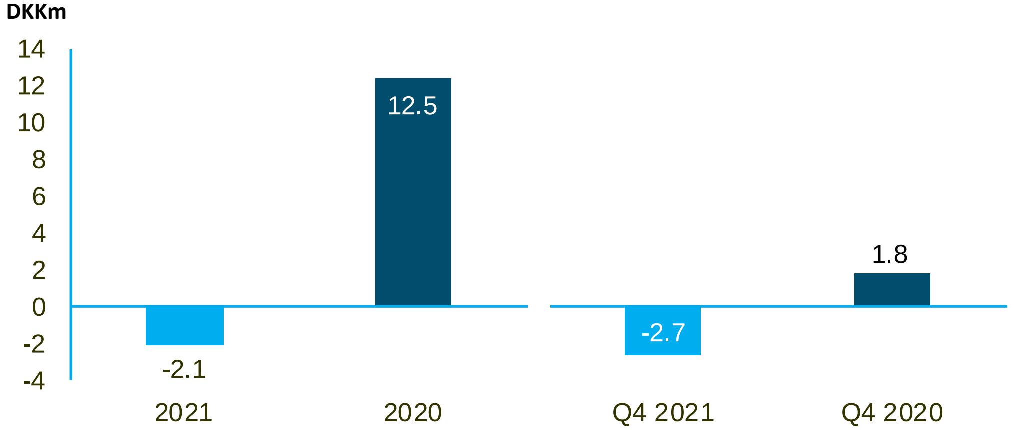
Comments

- Combined ratio of 101% in 2021 compared to 89% in 2020. Ratio high due to several individual major events.
- Net premium income up by DKK 4.5m YoY and up by DKK 1.6m QoQ – driven by general indexation
- Net claims up by DKK 17m YoY and DKK 5m QoQ
- Claims particularly high due to several major events, including housing-fire-related and personal claims.
- In addition to general indexation, conditional and price adjustments implemented in less profitable branches, including
  - Increased premiums on houses and occupational injury insurances
  - Increased own risk on occupational injury insurances
- A normalised level of large claims along with the above changes in premiums and own risk underpins expected improvement in insurance income in 2022

Premiums and claims



Result before tax



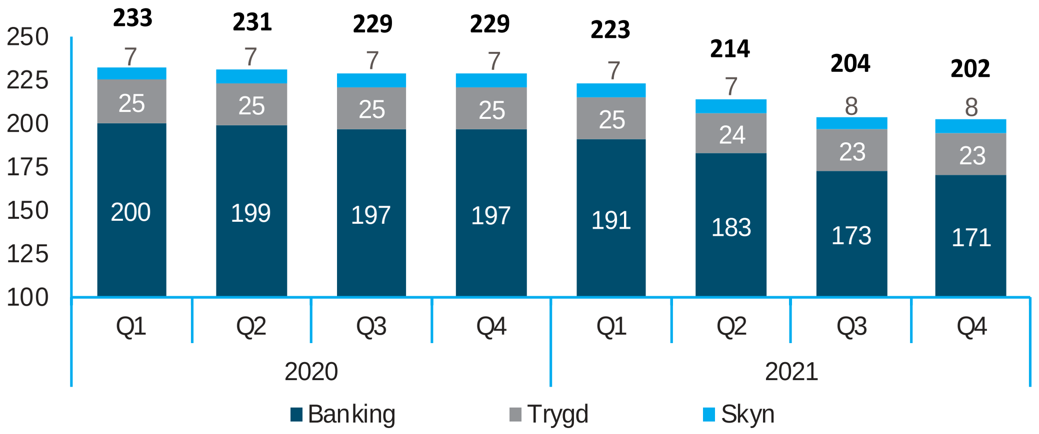
Operating costs

- Reductions in operating costs outweigh staff compensation from divested activities

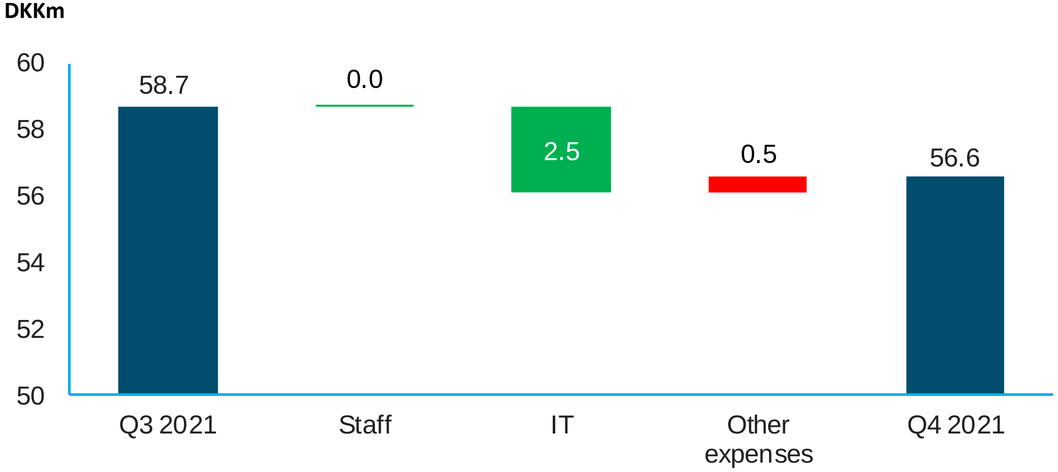
Comments

- Operating costs down by DKK 2.1m QoQ and down by DKK 2.0m YoY
- Compensation for staff costs etc. is no longer received as 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
- Steady fall in average number of employees

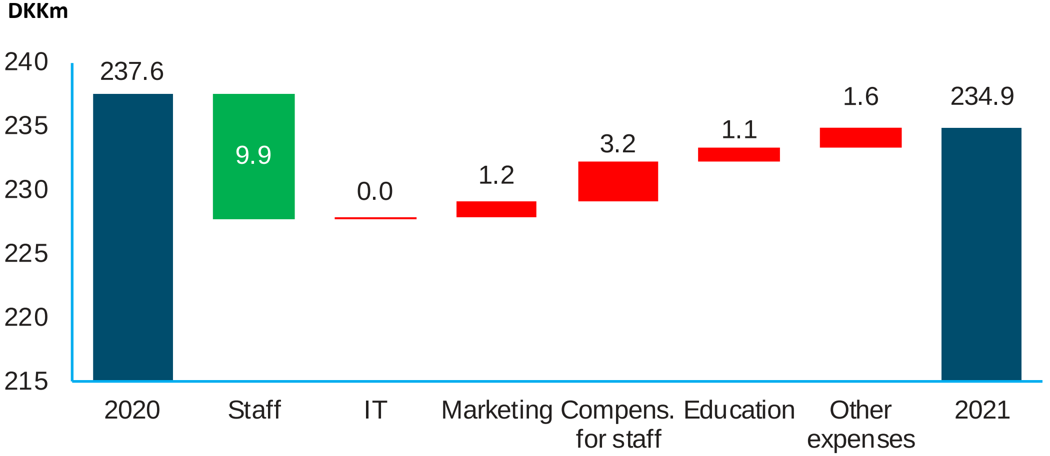
Average number of employees (FTE)



QoQ changes in operating costs



YoY changes in operating costs



Impairment charges

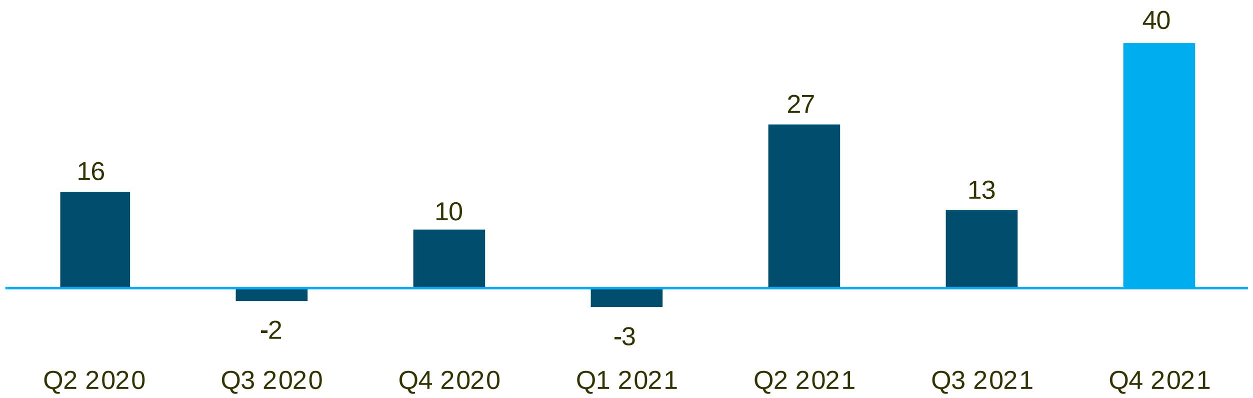
- Reversals of impairment charges on well-collateralised loan portfolio

Comments

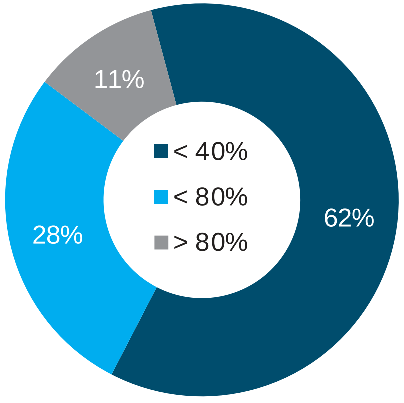
- Net impairment was a reversal of DKK 40m in Q4 2021
- Maintaining discretionary management estimate of DKK 52m recognised in 2020 due to COVID-19
- Strong LTV ratios for housing loans
- Gross lending by sector include remaining Danish corporate loans

Net impairment charges

DKKm

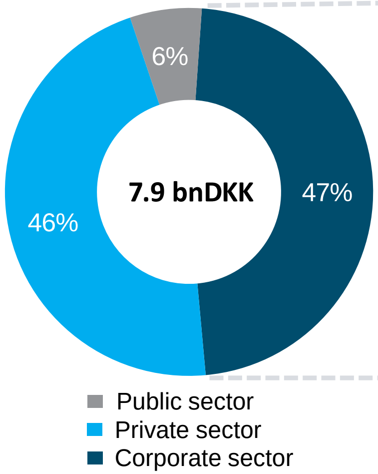


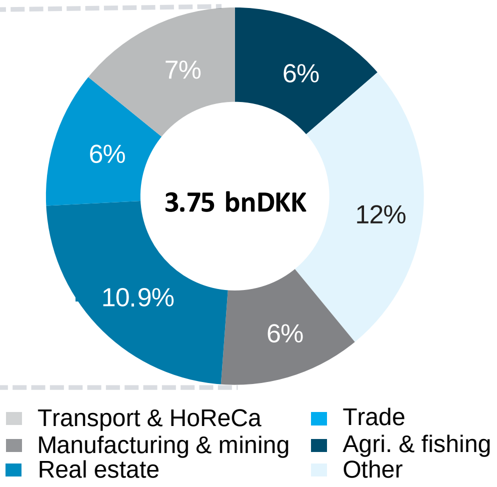
LTV for housing loans[1]



Gross lending by sector

DKKm





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1) Lending for housing accounts for DKK 3.3bn of total for retail lending of DKK 3.7bn

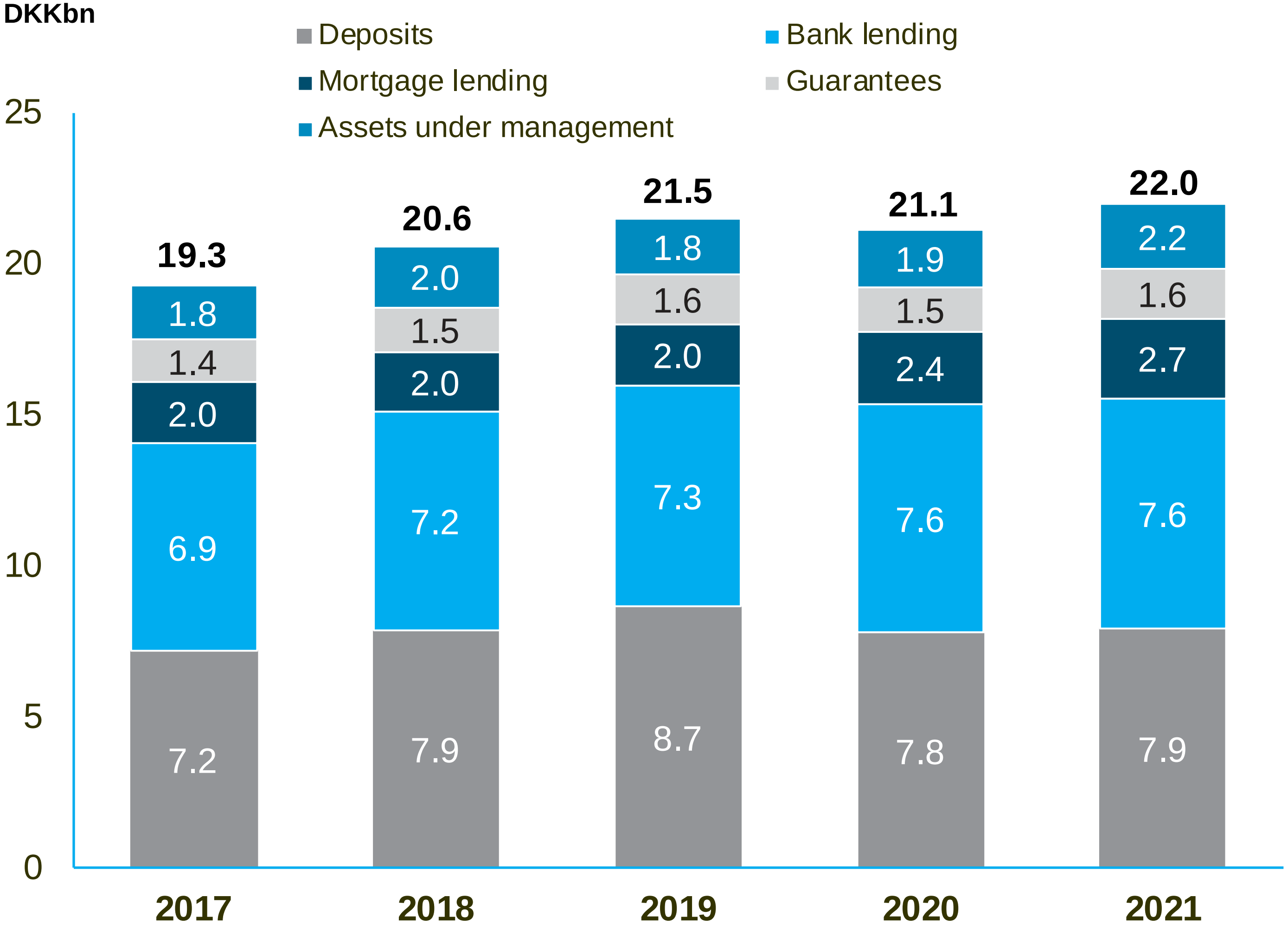
Divested activities eliminated from the figures above

Confidential

Developments in business volumes

- Increased corporate activity drives up business volumes

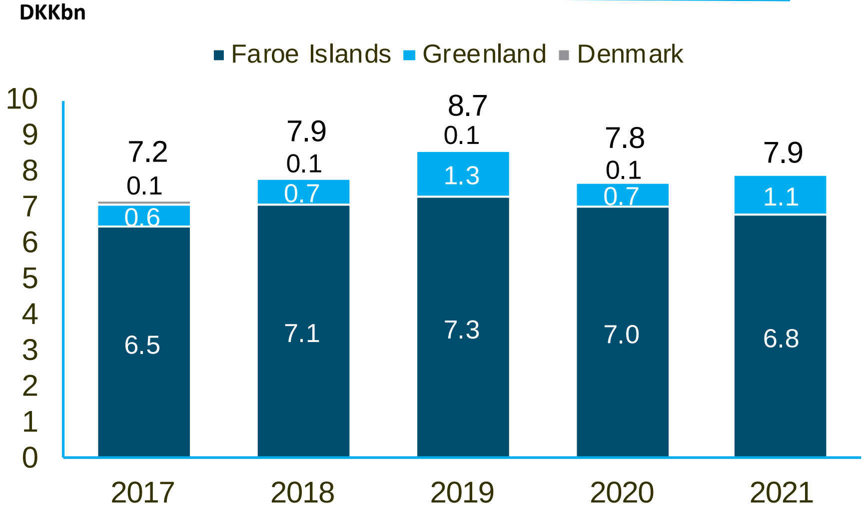
Business volumes (sum of deposits, lending, guarantees and AUM)



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



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Divested activities eliminated from the figures above

Credit quality of the loan portfolio

- Stronger exposures increases and weaker exposures decreases

Credit classification according to the Danish FSA's method

	Q3 2021			Q4 2021			
	<7.5 DKKm	>7.5 DKKm	Total	<7.5 DKKm	>7.5 DKKm	Total	Change
Portfolio without weakness	1,237	4,362	5,599	1,304	4,217	5,521	-78
Portfolio with some weakness	3,603	1,930	5,533	3,611	1,798	5,410	-124
Portfolio with weakness	95	241	336	84	161	245	-91
- here of unsecured	16	47	63	12	34	46	-17
- impairments	6	33	38	8	21	30	-9
Portfolio with OIE	222	277	499	196	248	443	-56
- here of unsecured	79	141	220	58	96	154	-66
- impairments	78	75	153	55	63	118	-35
Portfolio without individ. classification	52	14	66	43	40	83	18
Total	**5,209**	**6,823**	**12,032**	**5,238**	**6,464**	**11,701**	**-331**

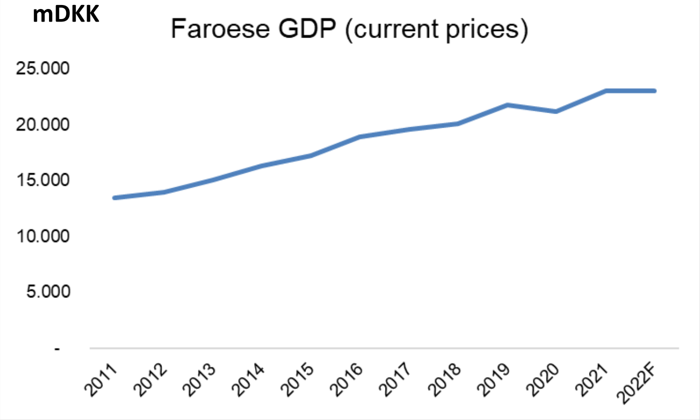
Total loan portfolio (Gross exposure) includes

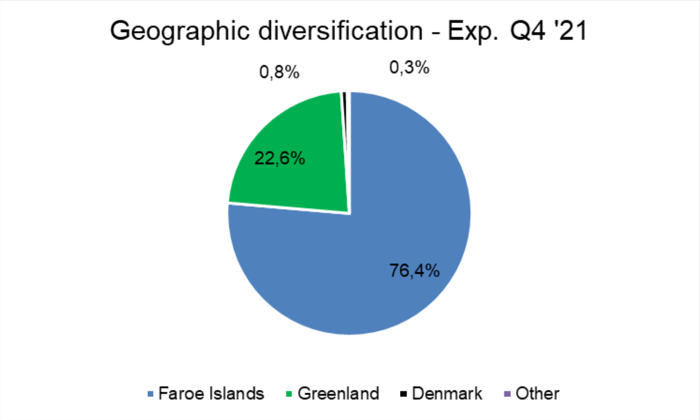
- Loans and advances
- Credits
- Unused credits
- Guarantees

Divested activities eliminated from the figures above

Russia/Ukraine-conflict

-BankNordik has zero exposures towards Russia or Ukraine – Faroese economy may experience lower growth than expected in 2022





Exports to Russia

- App. 23% of the total export of goods from the Faroe Islands in 2021 where to the Russian market
- Mainly pelagic fish and to a smaller extent salmon
- Wide consensus that the Russian market can be replaced by other markets (Faroese fish products are exported worldwide)
- Lower sales prices can be expected in the effort of growing new markets

Faroese GDP

- The Faroese Economic Council expects some, but limited, negative effect of the Faroese economy as a whole due to the ongoing conflict in Ukraine
- Effect on GDP expected to reduce forecasted growth of 3.3% to a 0% growth in 2022 – however substantial negative effects remains to be seen
- No negative net effect expected if bilateral fishing arrangement with Russia are put to a hold

Exposures – Geograhic diversification

- 99.7% of exposures are towards customers on the Faroe Islands (76.4%), in Greenland (22.6%) or Denmark (0.8%)
- No exposures towards Russia or Ukraine

Outlook 2022 – Remain unchanged

Growth in business volumes

- Using the Danish export-credit fund (EKF) to support corporate lending growth
- Robust growth in mortgage-broking volumes, bank lending to personal customers flat
- Increase in insurance income and assets under management
- Risk-weighted assets reduced to less than DKK 7bn

Robust growth in operating income

- Growth in lending volume offset by margin pressure
- Rising fee and commission income due to changes in prices in 2021 and growth in mortgage credit and assets under management
- Increased insurance premium income

Moderate growth in operating costs

- Investments in digitalisation and automation lending to higher IT costs
- Increased staff costs due to salary increases
- Savings on staff costs due to increased efficiency and process optimisation

Impairment charges to remain at a low level

Net profit expected at DKK 130-160m (2021: DKK 272m)

Economic outlook (GDP growth)

	2021E	2022F
Faroe Islands[1]	7.9%	0%-3,3%
Greenland[2]	1.8%	2.5%

[1] Nominal GDP. 2022F span is reflecting potential reduction from originally 3.3% to 0% due to the impact of the Russia/Ukraine-conflict
[2] Real GDP

Agenda

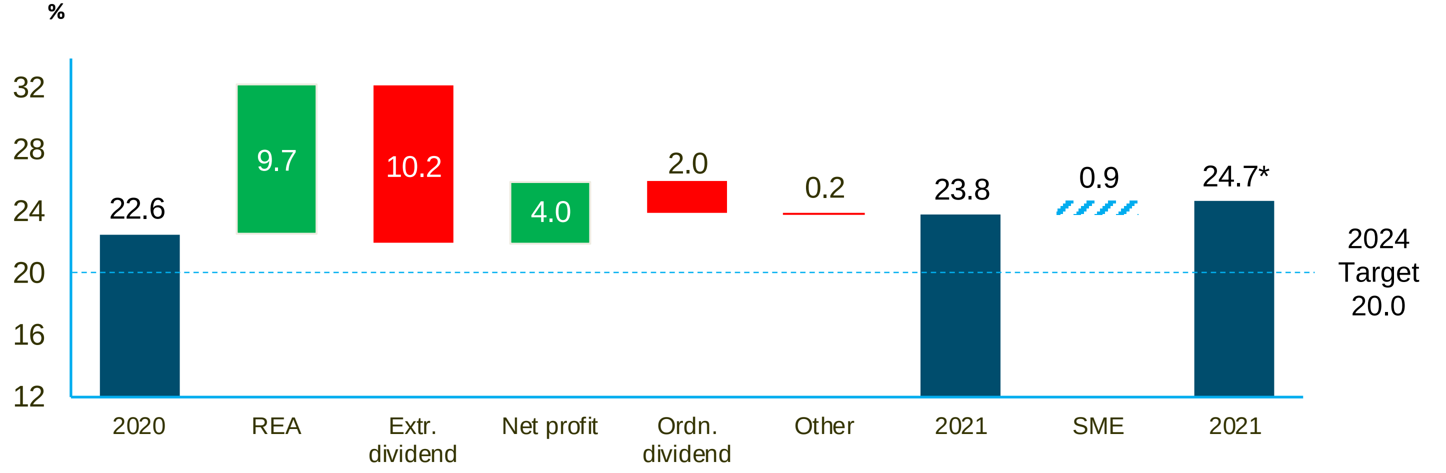
Capital position

- Strong capital ratios due to sale – also after dividend payouts

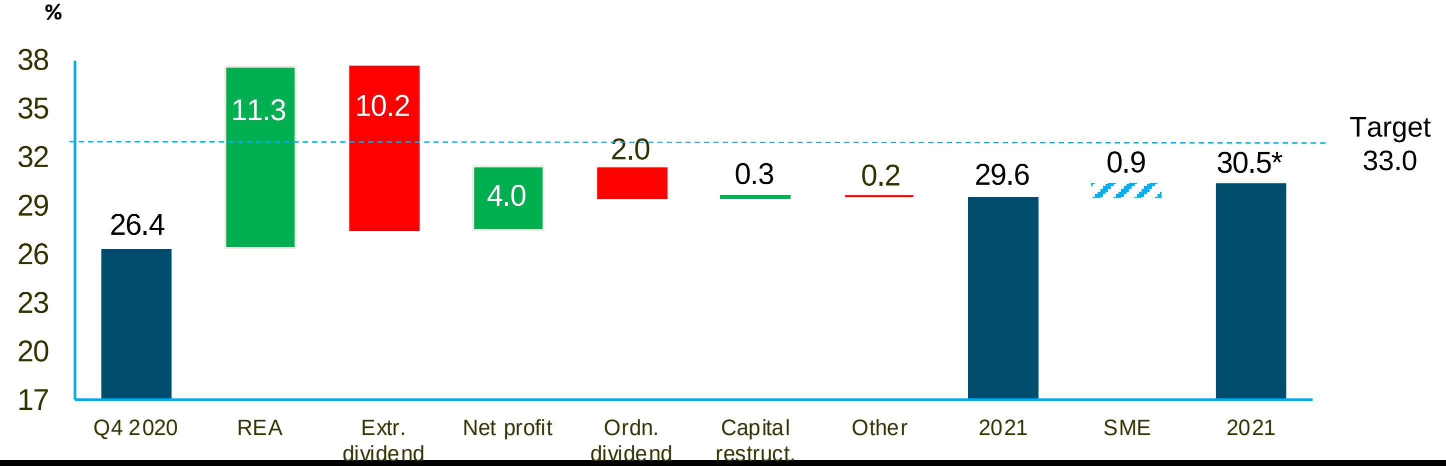
Comments

- CET1 up by 1.2 pp and MREL capital ratio up by 3.2 pp
- Capital ratios significantly increased after sale of the Danish loan portfolio (+7.7 pp) and other REA optimising measures (+2.0 pp)
- Sale of the Danish loan portfolio has led to dividend payouts of DKK 700m (-10.2 pp)
- Net profit for 2021 (+4.0 pp)
- Ordinary dividend of DKK 136m (50% of net profit for 2021) expected to be declared at AGM (-2.0 pp)
- Incoming legislation expected to reduce REA of SME exposures by DKK 250m (0.9 pp)

Changes in CET1 ratio



Changes in MREL Capital Ratio



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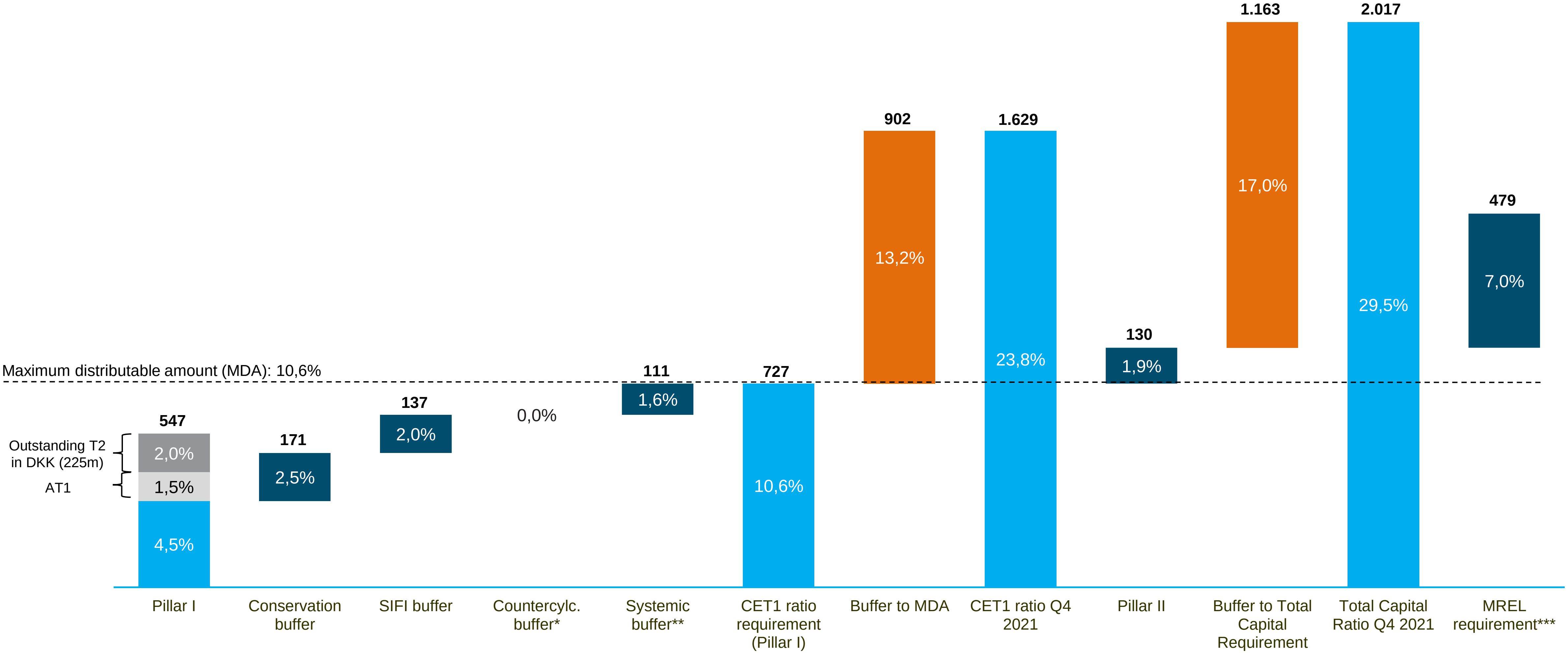
*Capital ratios include REA reductions from upcoming legislation

Strong CET1 buffer
as at 31 December 2021



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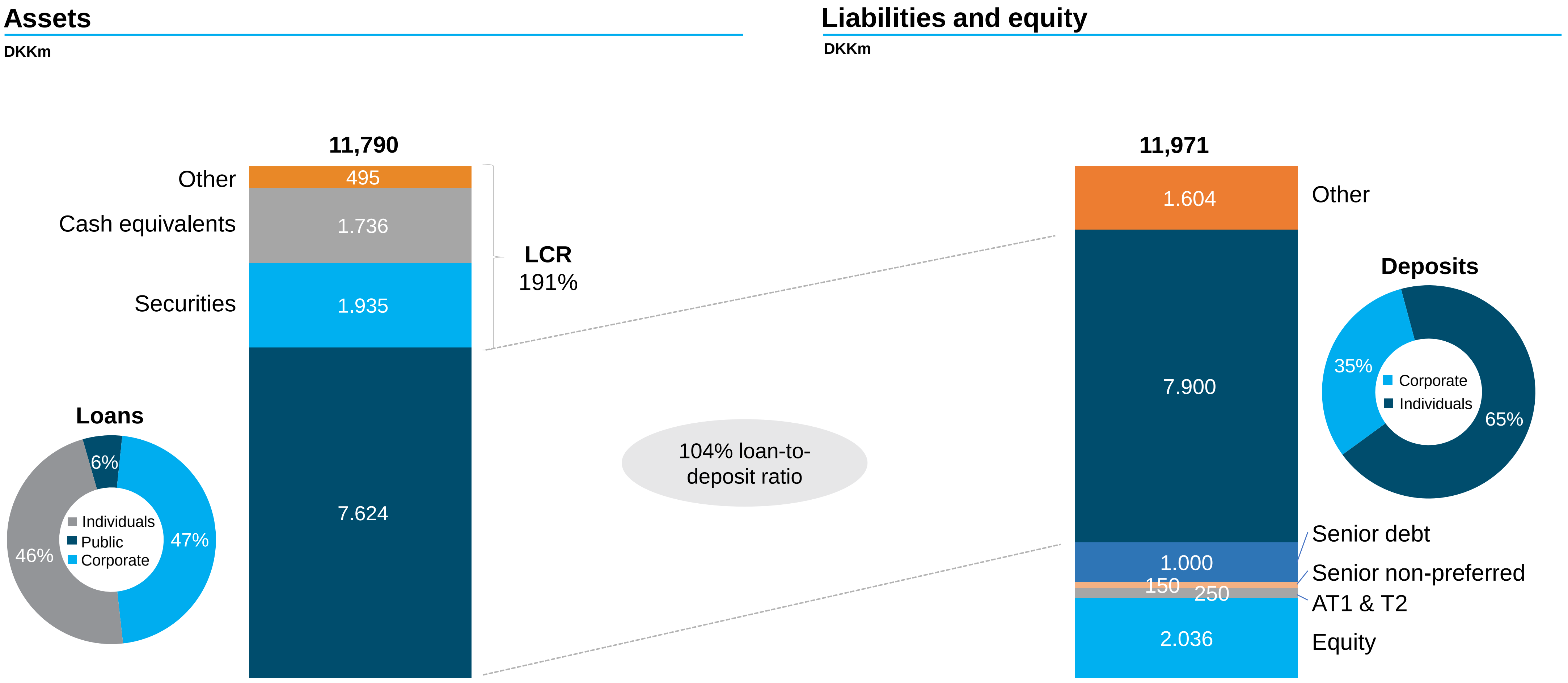
*The countercyclical buffer currently set to 0% but is set to increase to 1% for Faroese exposures in 2023, which on a weighted basis constitutes 0,8% of the Group's total exposure
**The systemic risk buffer at 2% only applies to Faroese exposures, which on a weighted basis constitutes 1,6% of the Group's total exposures
***BankNordik's MREL-requirement is being phased in until 2025 at which point it will be 14,4%

Robust funding with LCR of 191%
as at 31 December 2021



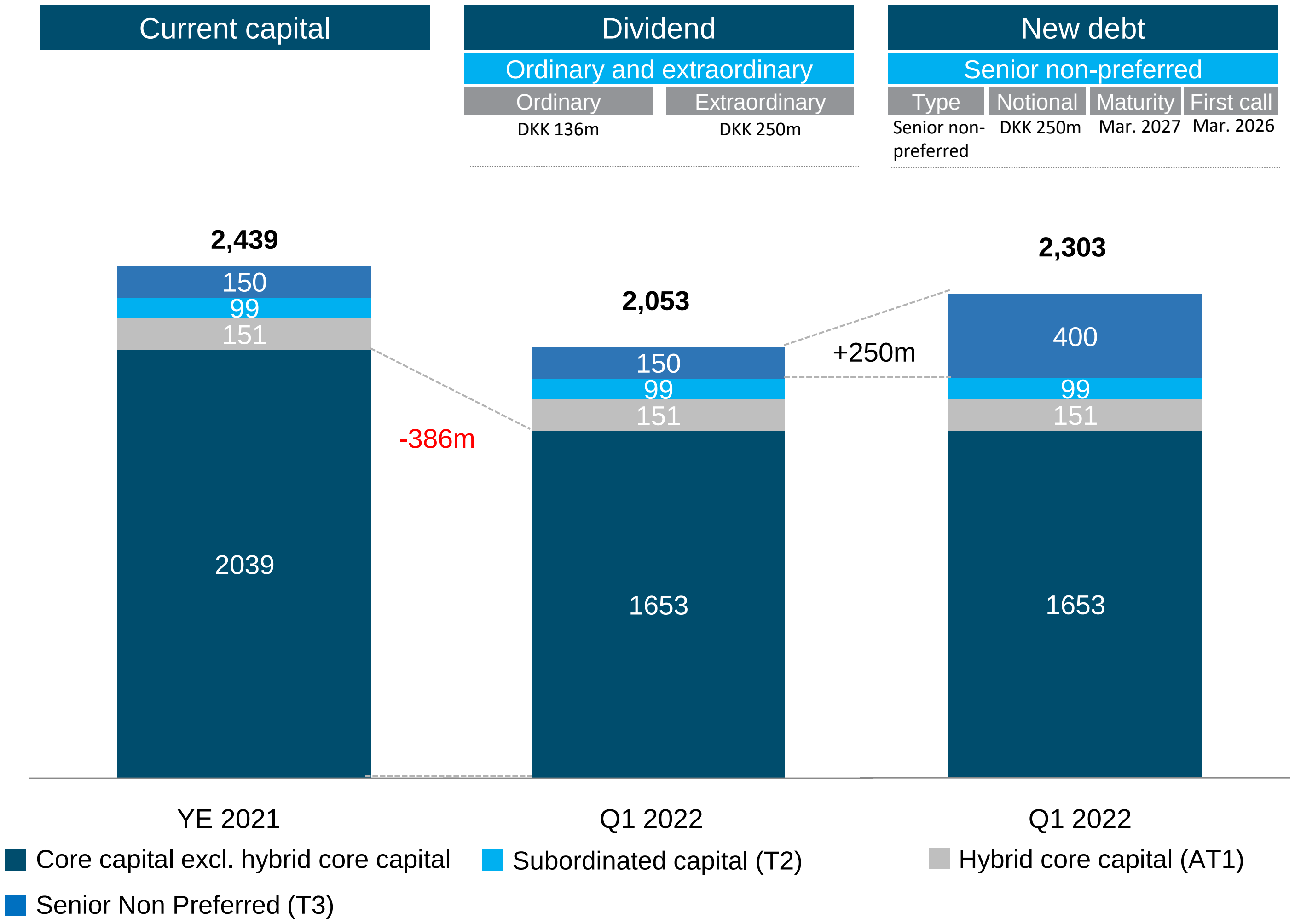
Agenda

Contemplated transaction

Comments

- An ordinary and extraordinary dividend pay out of DKK 386m is proposed to the upcoming Ordinary General Meeting on 25 March 2022
- BankNordik has initiated a process to explore the possibility of raising DKK 250m in new Senior Non Preferred capital to cover a part of the Groups MREL requirement
- The issuance would be in line with the Group's continuous efforts to optimise its capital structure within the CRD IV framework

Overview of the current capital structure and planned adjustments



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Agenda

Key terms and conditions

Non-Preferred Senior Notes

Issuer	P/F BankNordik
Notes	Callable Non-Preferred Senior, Floating Rate Notes
Status	The Notes issue constitute Non-Preferred Senior Obligations of the Issuer
Volume	DKK 250 million in SEK equivalent
Minimum settlement	SEK 2,000,000 and integral multiples of SEK 2,000,000 in excess thereof
Structure	5 years with a 4-year non-call period (5NC4) after which 100 per cent of the Nominal Amount may be redeemed at 100 per cent
Day count fraction until first call date	Actual/360, Modified following, Adjusted
Day count fraction after reset	Actual/360, Modified following, Adjusted
Coupon	3m Stibor + [] bps, payable quarterly in arrear
Documentation	Standalone terms and conditions
Governing law	Danish Law
Call options	Tax Event and MREL Disqualification Event
Target Market	MiFID II professionals/ECPs-only - Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA
Sole Arranger	Nordea Bank Abp

Agenda

DEFINITIONS IN RISK FACTORS

The following is a non-exhaustive extract of certain defined terms in the Terms and Conditions which are used in the Risk Factors. Other capitalised, but non-defined, terms used herein shall have the meaning given to such terms in the Terms and Conditions.

"**Alternative STIBOR Rate**" means the rate that the Independent Adviser determines has replaced the STIBOR Rate in customary market usage in the relevant debt capital markets for the purposes of determining rates of interest in respect of notes denominated in Swedish Kronor and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the STIBOR Rate.

"**Applicable MREL Regulations**" means at any time the laws, regulations, requirements, guidelines and policies then in effect on the Faroe Islands giving effect to any MREL Requirement or any successor regulations then applicable to the Issuer or the Group, including, without limitation to the generality of the foregoing, CRD/CRR, the BRRD and those regulations, requirements, guidelines and policies giving effect to any MREL Requirements or any successor regulations , and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/ or the Group.

"**BRRD**" means the Directive (2014/59/EU) of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014 (or, as the case may be, any provision of Danish or Faroese law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2017/2399 of the European Parliament and of the Council dated 12 December 2017 2019 and published in the Official Journal of the European Union on 27 December 2017 and Directive (EU) 2019/879 of the European Parliament and of the Council dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019).

"**CRD/CRR**" means, as the context requires, any or any combination of the CRD Directive, the CRR and any CRD/CRR Implementing Measures

"**CRD Directive**" means the Directive (2013/36/EU) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013 (or, as the case may be, any provision of Danish or Faroese law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2019/878 of the European Parliament and of the Council as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019).

"**CRD/CRR Implementing Measures**" means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and/or the Group, as applicable, and which prescribe (alone or in conjunction with any other rules, regulations or other requirements) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD Directive or the CRR, including for the avoidance of doubt and without limitation any regulatory technical standards, guidelines, recommendations and/or opinions released from time to time by the European Banking Authority (or any successor or replacement thereof) or the Relevant Regulator, as the case may be.

"**CRR**" means the Regulation (2013/575) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Regulation resulting from Regulation (EU) 2019/876 of the European Parliament and of the Council as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019).

"**Danish Act on Recovery and Resolution of certain Financial Businesses**" means Danish Act on Recovery and Resolution of certain Financial Businesses in force on the Faroe Islands pursuant to the decree no. 183 of 15 March 1989 and most recently amended by the decree no. 1589 of 19 December 2017 as amended or replaced from time to time.

"**Danish Bankruptcy Act**" means the Danish Bankruptcy Act in force on the Faroe Islands pursuant to the decree no. 5 of 9 January 2015 as amended or replaced from time to time.

“**Danish Statutory Loss Absorption Powers**” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Denmark, relating to (i) the transposition of the BRRD (or, as the case may be, any provision of Danish or Faroese law transposing or implementing the BRRD (or, as the case may be, any provision of Danish or Faroese law transposing or implementing the BRRD) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified or converted into other Securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

“**Group**” means the Issuer together with its subsidiaries and other entities, if any, that are consolidated in the Issuer’s calculation of the MREL Requirement on a consolidated level in accordance with the CRD/CRR requirements.

“**Independent Advisor**” means an independent financial institution of repute in the debt capital markets where the CIBOR Rate is commonly used or other independent financial adviser experienced in the debt capital markets where the CIBOR Rate is commonly used, in each case appointed by the Issuer at its own expense.

“**MREL Disqualification Event**” means, in respect of the Notes, the determination by the Issuer that, as a result of:

(a) the implementation of any Applicable MREL Regulations on or after the Issue Date; or

(b) a change in any Applicable MREL Regulations becoming effective on or after the Issue Date,

all or part of the Outstanding Principal Amount of the Notes will be excluded from the “eligible liabilities” (or any equivalent or successor term) available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) if the Issuer and/or the Group is/are then or, as the case may be, will be subject to such MREL Requirement, provided that an MREL Disqualification Event shall not occur where such exclusion is or will be caused by (i) the remaining maturity of such Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL Regulations, or (ii) any applicable limits on the amount of “eligible liabilities” (or any equivalent or successor term) permitted or allowed to meet any MREL Requirement(s) being exceeded.

“**MREL Eligible Liabilities**” means “eligible liabilities” (Da: *nedskrivningsrelevante passivinstrumenter*) (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer and / or the Group under the Applicable MREL Regulations.

“**MREL Requirement**” means the minimum requirement for own funds and eligible liabilities, in each case which is or, as the case may be, will be, applicable to the Issuer and / or the Group.

“**Outstanding Principal Amounts**” means, in respect of a Note or the Notes, as the context requires, the outstanding principal amount thereof, as adjusted from time to time for any reduction of the principal amount as required by then current legislation and/or regulations applicable to the Issuer.

“**Relevant Regulator**“ means, in relation to the Issuer or the Group, as the case may be, the Danish Financial Supervisory Authority (Da: *Finanstilsyne*t) and any successor or replacement thereto, and/or such other authority having primary responsibility for the prudential oversight and supervision of the Issuer or the Group and / or the Relevant Resolution Authority (if applicable), in any case as determined by the Issuer.

“**Relevant Resolution Authority**“ means the resolution authority with the ability to exercise any Danish Statutory Loss Absorption Powers (or any other power under the BRRD) in relation to the Issuer and / or the Group.

“**STIBOR Rate Event**” means one or several of the following circumstances:

a) the STIBOR Rate (for the relevant period) has ceased to exist or ceased to be published for at least five (5) consecutive STIBOR Rate Fixing Business Days as a result of the STIBOR Rate (for the relevant period) ceasing to be calculated or administered;

b) a public statement or publication of information by (i) the supervisor of the STIBOR Rate Administrator or (ii) the STIBOR Rate Administrator that the STIBOR Rate Administrator ceases to provide the applicable STIBOR Rate (for the relevant Interest Period) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the STIBOR Rate;

c) a public statement or publication of information in each case by the supervisor of the STIBOR Rate Administrator that the STIBOR Rate (for the relevant period) is no longer representative of the underlying market which the STIBOR Rate is intended to represent and the representativeness of the STIBOR Rate will not be restored in the opinion of the supervisor of the STIBOR Rate Administrator;

d) a public statement or publication of information in each case by the supervisor of the STIBOR Rate Administrator with the consequence that it is unlawful for the Issuer or the Calculation Agent to calculate any payments due to be made to any Noteholder using the applicable STIBOR Rate (for the relevant period) or it has otherwise become prohibited to use the applicable STIBOR Rate (for the relevant period);

e) a public statement or publication of information in each case by the bankruptcy trustee of the STIBOR Rate Administrator or by the trustee under the bank recovery and resolution framework (Sw. *krishanteringsregelverket*) containing the information referred to in (b) above; or

f) a STIBOR Rate Event Announcement has been made and the announced STIBOR Rate Event as set out in (b) to (e) above will occur within six (6) months.

"**Successor STIBOR Rate**" means the rate that an Independent Adviser determines is a successor to or the replacement of the applicable STIBOR Rate and which is formally recommended by a Relevant Nominating Body.

"**Tax Event**" means as a result of any change in the laws, regulations or rulings of Faroese tax authorities (TAKS), or any authority in, or of, the Faroe Islands having the power to tax or in the official interpretation or administration of any such laws, regulations or rulings on or after the Issue Date, the Issuer receives an opinion of external counsel in the Faroe Islands experienced in such matters that (A) it would be required to pay Additional Amounts as provided in Clause 12 of the Terms and Conditions (*Taxation (Gross up)*) or (B) it will no longer be able to obtain a tax deduction for the purposes of Faroese tax for any payment of interest under the Notes (or the value of such deduction would be materially reduced), in each case provided that the Issuer satisfies the Relevant Regulator that such change in tax treatment of the Notes is material and was not reasonably foreseeable at the time of their issuance.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make or restricted from making all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make or restricted from making all payments due in respect of the Notes. The Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Investor Presentation a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.

The most material risks, as currently assessed by the Issuer, taking into account, among other things, (i) the expected magnitude of their negative impact on the Issuer and/or the Notes and (ii) the probability of their occurrence, are set out first in the risk factor categories "Risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes" and "Risk factors relating to the structure of the Notes". Where it has been assessed not to be possible to make an accurate assessment of the probability of the occurrence of a risk factor in these risk factor categories, the probability of the occurrence of such risk factor has not been specified in respect of such risk factor.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Investor Presentation and reach their own views prior to making any investment decision.

Words and expressions defined in the Terms and Conditions or elsewhere in this Investor Presentation, including in the definitions above have the same meanings in this section, unless otherwise stated. References to a numbered "Clause" shall be to the relevant Clause in the Terms and Conditions.

RISK FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

Risks related to the general economic and geopolitical conditions on the Faroe Islands and internationally may have a material adverse effect on the Group's business, results of operations, financial position and/or prospects.

The business activities and performance of Group are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are dependent on customer confidence, employment trends, state of the economy, housing market and market interest rates at the time. As Group currently conducts the majority of its business on the Faroe Islands, its performance is influenced by the level and cyclical nature of business activity on the Faroe Islands, which is in turn affected by both domestic and international economic and political events.

The Issuer has no direct or indirect business in either Ukraine or Russia, however, in general a large part of the total export from the Faroe Islands has in previous years been to Russia in the form of various fish products and Faroese fishing vessels have had some access to fisheries in Russian territorial waters. Russia's actions in Ukraine, have led to and may lead to new severe sanctions against Russia and Russia have responded and may respond with sanctions towards e.g. the Faroe Islands, which in turn over time may negatively impact one or more of the Issuer's corporate customers ability to honour their fiscal obligations towards the Issuer due to either lower export sales and/or no or restricted access to fisheries in Russian territorial waters. As i) the main export to the Russian market is and has been fish products which also may be exported to other markets outside Russia, e.g. United States, EU, Great Britain and certain African countries, and ii) restricted access to fisheries in Russian territorial waters may free up quotas of Russian vessels in Faroese territorial waters the negative economic effect of sanctions on Faroese exports may be partly mitigated by directing such products to such other markets and the utilization by Faroese vessels of quota previously granted Russian vessels in Faroese waters.

The Faroese Economic Council expects that the conflict in Ukraine may reduce the previously expected Fareose GDP growth of 3.3 percent in 2022 to a 0% percent growth in 2022.

The Group has no significant business in the United Kingdom but the Group's fish product exporting customers and other business customers with exposure to or a trading relationship with the United Kingdom may be adversely affected by the new trading relationship between with the United Kingdom under the EU-UK Trade and Cooperation Agreement.

A negative development in the general economic conditions on the Faroe Islands, such as a downturn in the economy, an increase in unemployment on the Faroe Islands or a reduction in the value of housing and other collateral provided to the Group could have a material adverse effect on the Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Credit risk related to borrowers, counterparties and customers of the Group may have an adverse effect on the Group's business, results of operations, financial position and/or prospects

Credit risk is the risk of loss that the Group may incur as a result of borrowers or other counterparties of the Group defaulting on their payment obligations, including the risks attaching to the Group's customers having financial difficulties, risks relating to large exposures and concentration risks that may occur in relation to the Group's business and risks attaching to granted, unutilised credit lines that may be provided by the Group. Credit risk is also the risk that the Group may be unable to assess the credit risk of potential borrowers or other counterparties and may provide loans and advances to customers that increase the Group's credit risk exposure more than intended. Credit risk is an inherent part of the Group's business. Ordinary credit risk arises from the Issuer's loan portfolio and from credit lines and guarantees. Furthermore, credit risk also includes settlement and counterparty risks. Settlement risk is the risk arising when payments are settled, for instance payments for currency transactions and trading in financial instruments, including derivatives. The risk arises when the Issuer transfers payments before it has attained full assurance that the counterparty has met all its obligations. Counterparty risk is the risk of loss as a result of a customer's default of OTC derivatives and securities financing instruments. Credit risk also arises from credit investments in the Group in, for example, senior bonds of other highly rated financial institutions. Market-related counterparty credit risk arises from financial instruments including fixed income, equity and other investments that the Group owns or is in another way exposed to.

Group may suffer losses from credit risk in the future, some of which may be material in amount, which could have an adverse effect on the Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Market risk related to adverse developments in market values resulting from fluctuations in interest rates, credit spreads, foreign currency exchange rates and equity and commodity prices may have an adverse effect on the Group’s business, results of operations, financial position and/or prospects

The Group faces market risks as an inherent part of its business. The Group deals and takes positions in financial products such as interest-based products, shares and foreign exchange instruments, which involve a number of market-based risks. The Group’s market risks relate to the risk of loss that the Group may incur because of adverse developments in market values resulting from fluctuations in interest rates, credit spreads, foreign currency exchange rates and equity prices. For example, interest rates risk attaching to positions in the trading book of the Group derives primarily from bonds and swaps. With respect to the banking book, interest rate risk of the Group derives from fixed-rate deposits and lending from ordinary banking transactions, monetary policy loans, bonds as well as interest rate risk related to the Group’s own funding. The performance of financial markets may cause changes in the value of the Group’s investment and trading portfolios as well as affect other areas of the operations of the Group such as the availability of funding for the Group. A significant part of the Group’s market risk derives from changes in the value of its bond portfolio.

Any fluctuations in interest rates, foreign currency exchange rates, equity prices and fixed income prices could have an adverse effect on the Group’s business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Funding and liquidity risk related to funding costs, liquidity and refinancing risk, deposit withdrawal and access to funds may have an adverse effect on the Group's business, results of operations, financial position and/or prospects

Liquidity risk is the risk of loss that the Group may incur because funding costs become excessive, a lack of funding prevents Group from fulfilling its business model or a lack of funding prevents the Group from fulfilling its payment obligations. Refinancing risk is the risk of the Group not being able to refinance maturing deposits, senior debt, covered bonds or other liabilities, or the risk that the refinancing cost will be so high that it will adversely affect net interest income of the Group.

For the Group, being a financial intermediary, liquidity and refinancing risk is an inherent and unavoidable part of the Group's banking operations. Liquidity and refinancing risk of the Group arises from funding mismatches in the balance sheet as the average duration of the Issuer's loan portfolio is generally longer than the average duration of the Issuer's funding sources.

As a retail bank the Issuer receives a high portion of its funding from customer deposits, and therefore the Group is also subject to the risk that its depositors could withdraw their funds at a faster rate than the rate at which the Group's borrowers repay their loans, thus causing liquidity strains for the Group.

Ready access to funds is essential to any banking business, including the Group. If the Group is unable to access funds or to access the markets from which the Group raises funds, it could have an adverse effect on the Group's ability to meet its obligations as they fall due and impede the Group's ability to finance its operations adequately. These and other factors could also lead creditors to form a negative view of the Group's liquidity, which could result in higher borrowing costs and decreased access to various funding sources for the Group which could have an adverse effect on Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

The outbreak of COVID-19 (and possibly other contagious diseases) may adversely impact the business and results of operations of the Group, including the Issuer

At the date of this Investor Presentation, a wide-spread global pandemic of the infectious disease COVID-19 is taking place. Effective cure and vaccines are yet to be fully distributed on a global scale.

Faroese GDP fell by 2.8 per cent. in 2020. The Faroese Economic Council expects Faroese GDP to rise by 8.2 per cent. in 2021.

The full economic impact of the COVID-19 pandemic is highly uncertain and will depend on the spread of the virus and the response of the local authorities and the global community. If business clients, particularly the Group's corporate customers in the fisheries, manufacturing, retail, tourism, entertainment and service industries, including hotels and restaurants which due to the previously imposed temporary forced lockdowns, have been affected the most and which may be affected by new lockdowns, or home owners, are unable to repay their loans due to the COVID-19 pandemic, this could increase default rates and result in increased credit impairments that could potentially exceed the management's estimate of COVID-19 related provisions.

The previously imposed measures to help combat the surge of COVID-19 infections on the Faroe Islands, including measures to limit large crowds and quarantining, have been lifted with effect as of 1 March 2022. This being said if the Faroe Islands sees a new broad-based surge in the spread of COVID-19 (or possibly other contagious diseases) other and additional measures, including another lockdown of the Faroese society cannot be ruled out.

The Issuer may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any other possible future epidemic or pandemic.

The COVID-19 pandemic and any other any other possible future epidemic or pandemic could have an adverse effect on the Issuer's business, results of operations, financial position or prospects and could thereby affect the ability of the Issuer to meet its obligations under the Notes.

Risks related to an increase in the Issuer's and/or the Group's capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or risk exposure amount (REA) which could have a material adverse effect on the Group's business, results of operations, financial position and/or prospects

Minimum and additional own funds requirement

Under CRD/CRR, institutions, such as the Issuer, are required to hold a minimum amount of regulatory capital equal to 8 per cent. of the risk exposure amount ("REA") (of which at least 4.5 per cent. must be Common Equity Tier 1 Capital, and at least 6 per cent. must be Tier 1 capital), which is also referred to as the minimum own funds Pillar 1 requirements (the "minimum own funds requirements"). In addition to the minimum own funds requirements, the CRD contemplates that competent authorities may require additional "Pillar 2" capital to be maintained by an institution (the "additional own funds requirements" or the "individual solvency requirement") for example where an institution is exposed to risks which are not fully captured by the minimum own funds requirements as further set out in Article 104a(1)(a) of the CRD.

The REA of the Issuer and the Group and the capital requirements (the minimum own funds requirements and the additional own funds requirements the combined buffer requirement (see "Combined capital buffer requirement" below) applicable to the Issuer and/or the Group are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Any of the minimum own funds Pillar 1 requirements, additional own funds requirements or buffer capital requirements applicable to the Issuer and/or the Group may be amended in the future to include new and more onerous capital requirements, which may exacerbate the risk that discretionary payments, including payments of interest on the Notes, are cancelled.

Combined capital buffer requirement

CRD includes a combined capital buffer requirement consisting of a capital conservation buffer, an institution-specific countercyclical capital buffer, a G-SII buffer (applicable to global systemically important institutions ("G-SIIs"), a O-SII buffer (applicable to other systemically important institutions ("O-SIIs") and a systemic risk buffer.

The combined capital buffer requirement consists, in the case of the Issuer as the date of this Investor Presentation, of a 2.5 per cent. capital conservation buffer, a 2.0 per cent. O-SII buffer (also referred to as systemically important financial institution ("SIFI") buffer), a 2 per cent systemic risk buffer and a countercyclical buffer, currently at 0 per cent. (all are stated as a percentage of the overall risk exposure, except for the SIFI buffer and systemic risk buffer which are stated as a percentage of the Faroese exposures, and all must be met with Common Equity Tier 1 capital). The systemic risk buffer on the Faroe Islands was reduced from 3 per cent. to 2 per cent. on 19 March 2020 as a result of unrest in the financial markets due to the COVID-19 outbreak. Notice has been given that the Faroese countercyclical buffer will be activated at a level of 1.0 per cent from 31 March 2023. At the date of this Investor Presentation, it is not possible to predict the future development of the systemic risk buffer nor the countercyclical capital buffer on the Faroe Islands.

CRR Amendment Regulation, CRD Amendment Directive and SREP Guidelines

Regulation (EU) 2019/876 of the European Parliament and of the Council as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, minimum loss coverage for non-performing loans (non-performing loan backstop), counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019 (the “CRR Amendment Regulation”) (although the CRR Amendment Regulation has not yet been adopted for the Faroe Islands, the Issuer expects that the CRR Amendment Regulation will apply on the Faroe Islands in the future) and Directive (EU) 2019/878 of the European Parliament and of the Council as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019 (the “CRD Amendment Directive”) (although the CRD Amendment Directive has not yet been adopted on the Faroe Islands, the Issuer expects that the CRD Amendment Directive will be implemented into Faroese law in the future) introduce, among other things, a leverage ratio requirement of 3 per cent. Tier 1 Capital, a leverage ratio related maximum distributable amount for G-SIIs (the “L-MDA”), harmonised binding requirement for stable funding (the “Net Stable Funding Ratio” or “NSFR”) on 100 per cent., strengthening of the conditions for use of internal models and changes to the relevant regulator’s application of the institution specific “Pillar 2” capital add-ons (referred to above as the additional own funds requirements). The additional own funds requirement must be fulfilled with at least 56.25 per cent. Common Equity Tier 1 Capital and at least 75 per cent. Tier 1 capital. Furthermore, the CRD Amendment Directive authorises the relevant competent authority to require that the institution fulfils its additional own funds requirement with a higher portion of Tier 1 Capital or Common Equity Tier 1 Capital where necessary (while having regard to the specific circumstances of the relevant institution). The CRD Amendment Directive also introduces a so-called “guidance on additional own funds” requirement, which sets a level and quality of CET1 capital the relevant credit institution is expected to hold in excess of its overall capital requirement. The guidance which is expected to become applicable to the Group on additional own funds will be based on, inter alia, the stress tests performed in respect of the Issuer and the Group (see “Risks related to stress tests and other regulatory enquiries, which could trigger enforcement actions by supervisory authorities may have a material adverse effect on the Group’s business, results of operations, financial position and/or prospects” below). A failure to meet such expected guidance on additional own funds requirement does not trigger automatic restrictions on distributions provided for in Article 141 of the CRD or Article 16a of the BRRD. Where an institution repeatedly fails to meet the guidance on additional own funds, the competent authority is entitled to take supervisory measures and, where appropriate, impose additional own funds requirements.

A G-SII that fails to meet its applicable leverage ratio buffer requirement shall calculate its L-MDA. The L-MDA will, among other things, set the level for payments on Additional Tier 1 Capital instruments (such as the Notes). According to the CRR Amendment Regulation, the European Commission was required to submit a report to the European Parliament and to the Council on whether it is appropriate to extend the L-MDA restrictions to O-SIIs, such as the Issuer. On 16 February 2021 the European Commission published that report, which concluded that the European Commission does not consider it appropriate to introduce a leverage ratio surcharge for O-SIIs in the current context. Instead, the European Commission proposes that this question should be examined as part of the comprehensive review of the macroprudential toolbox in banking by 30 June 2022, as set out in Article 513 of the CRR.

The CRR Amendment Regulation and CRD Amendment Directive entered into force on 27 June 2019. The date of application of the new rules varies from the date of their entry into force and 12 months to four years after their entry into force. On 22 December 2020 Act no. 2110 on Changes to the Financial Business Act, the Recovery and Resolution Act of Certain Financial Undertakings, the Capital Markets Act and Cessation of the Act on Finansiel Stabilitet (changes as result of the revision of the Capital Requirements Directive (CRD V) and the Resolution and Recovery Directive (BRRD II) etc.) (the "BRRDII/CRDV Act") was adopted by the Danish Parliament. The BRRDII/CRDV Act implements the CRD Amendment Directive and the BRRD Amendment Directive (see "Risk factors relating to the Notes" – "Resolution tools and powers under the BRRD" – "The BRRD Amendment Directive") into Danish law. The rules implementing the CRD Amendment Directive into Danish law, with certain exemptions, entered into force on 28 December 2020. At the date of this Investor Presentation, it is still uncertain whether (and if so to what extent) the CRR Amendment Regulation and the CRD Amendment Directive will impose additional capital, liquidity and/or leverage requirements on the Issuer and/or the Group, which in turn may affect the Issuer's capacity to fulfil its obligations under the Notes.

The European Banking Authority ("EBA") and the Danish Financial Supervisory Authority (the "Danish FSA") will continue to propose detailed rules through binding technical standards, guidelines, recommendations and/or opinions in respect of many areas, including the CRR, the CRR Amendment Regulation, the CRD and the CRD Amendment Directive. As a consequence, the Group is subject to the risk of possible interpretational changes. Given the uncertainty of the exact wording of the technical standards, they could potentially lead to a reduction in the regulatory capital or an increase in the REA of the Issuer and the Group, which in turn may affect the Issuer's capacity to fulfil its obligations under the Notes.

On 7 December 2017, the Basel Committee published its recommendations named Basel III: Finalising post crisis reforms (informally referred to as "Basel IV"). The reforms contain new requirements for credit risk, operational risk, CVA risk and a so called output floor which sets new minimum standards for capital requirements in financial institutions using internal models for calculating capital requirements. On 27 October 2021, the European Commission published its proposal for a review of the CRR Regulation and the CRD Directive, implementing, inter alia, the Basel IV (the "Basel IV CRR/CRD Proposal"). The Basel IV CRR/CRD Proposal is now subject to the EU legislative procedure. The Basel IV CRR/CRD Proposal introduces, inter alia, an output floor on 72.5 per cent. of the standardised approach for calculating REA. The output floor will be gradually introduced from 1 January 2025 over a period of 5 years. Group's REA will increase as a result of a European implementation of Basel IV as set out in the Basel IV CRR/CRD Proposal. The exact amount with which the REA of the Group will increase is currently unknown.

Pursuant to the Danish FSA's decision of 10 January 2022 (published by the Danish FSA) setting the minimum requirement for own funds and eligible liabilities for the Issuer, the Issuer will be required to maintain a minimum requirement of own funds and eligible liabilities (MREL) (Da: *nedskrivningsegnede passiver*) corresponding to 22.2 per cent. of REA as of 1 July 2022 which will gradually increase to 30.4 per cent. of REA on 1 July 2025.

The relationship between any of the aforementioned or future incremental additional own funds requirements and the combined buffer requirement is particularly complex and depends on a range of different factors and it may lead to severe consequences for an institution, including the Issuer, if its capital levels fall below the combined buffer requirement, the additional own funds requirement and the minimum own funds requirement referred to above. For example, if the regulatory capital requirements, leverage ratio requirements, liquidity restrictions or ratios applied to the Issuer and/or the Group are increased in the future, any failure of the Issuer and/or the Group to maintain such increased capital and liquidity ratios could result in administrative actions or sanctions, which could have a material adverse effect on the Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Risks related to the operations, business and reputation of the Group may have a material adverse effect on the Group's business, results of operations, financial position and/or prospects

Operational risk is understood as the risk of loss that the Group may incur which results from inefficient or deficient internal procedures in the Group, from human or systemic errors or from external events, including legal risks. Model risk, which is the risk of loss that the Group may incur as a consequence of decisions based mainly on output from internal models and occurring due to errors in the development, implementation or use of such models, is also defined as operational risk.

All activities of the Group are subject to operational risk. Operational risks are categorized on the basis of the seven event types defined by Basel III: Employment practices and workplace safety; external fraud; business disruption and systems failures; internal fraud; clients, products and business practice; execution/delivery and process management; and damage to physical assets. Moreover, the Group is exposed to the risk of cybercrime attacks.

The Group's business and other activities (including those performed by the Issuer), are increasingly dependent on highly advanced IT systems. The Group may be the target of malicious hacking resulting in the shutdown of individual or all of its IT systems. Consequences of a malicious hacker attack could include financial losses, business disruption, inability to service payments on time, loss of data or other sensitive information etc.

Business risk is the risk of loss that the Group may incur caused by changes in external circumstances or events that harm the Group's image or operational performance. Business risk includes strategic risk and reputational risk. Strategic risk and reputational risk are the risks of loss that the Group may incur due to external circumstances or events that could harm the Issuer's reputation or affect its earnings negatively.

Failure by the Group to identify and manage these risks could have a material adverse effect on the Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Risks related to stress tests and other regulatory enquiries, which could trigger enforcement actions by supervisory authorities may have a material adverse effect on the Group's business, results of operations, financial position and/or prospects

The banking sector, which includes the Issuer, is subject to periodic stress testing and other regulatory enquiries to examine the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the Danish Central Bank and/or the national supervisors such as the Danish FSA and/or the Faroese systemic risk Council. Stress tests and the disclosure of their results by supervisory authorities can influence the banking or the financial services sector and lead to a loss of trust with regard to individual banks or the financial services sector as a whole. The outcome of stress tests could materially and adversely affect the Group's reputation and funding costs, as well as trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Group having to meet higher capital and liquidity requirements, which could have a material adverse effect on the Group's funding costs, business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Group had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a material adverse effect on the Group's funding costs, business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Risks relating to the Group becoming involved in supervisory actions, litigation and regulatory investigations may have an adverse effect on the Group's business, results of operations, financial position and/or prospects

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the Group is and may become involved in various disputes and legal proceedings on the Faroe Islands and other jurisdictions, including litigation and regulatory investigations. Further, the Group's banking and other operations, like those of other credit institutions, have been the subject of regulatory scrutiny from time to time. For example, the Group is subject to applicable anti-money laundering and terrorist financing laws. The Danish Financial Supervisory Authority conducts on-going inspections from time to time of the Group's compliance with anti-money laundering and terrorist financing laws, which can potentially lead to supervisory actions. Such supervisory actions and any other disputes and legal proceedings are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation. Therefore, if the Group become involved in supervisory actions, litigation and regulatory investigations it could have an adverse effect on Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Risks relating to the Group's participation in the Deposit Guarantee Scheme and resolution fund may result in the Group to incur additional costs

On the Faroe Islands and other jurisdictions, deposit guarantee schemes and similar funds (each, a "Deposit Guarantee Scheme") have been implemented from which compensation for deposits may become payable to customers of financial services firms in the event that such financial services firm is unable to pay, or unlikely to pay, claims against it. Revised legislation regarding the Danish Deposit Guarantee Scheme redefines the Danish scheme as a premium based scheme funded by the banking sector itself, such that the participating banks' (including the Issuer) payments into the scheme will be more stable every year in profit and loss terms. The calculation of premium will be based on each participating bank's covered deposits and the relevant bank's risk profile. The premium payments will stop when a target level of 0.8 per cent. of covered deposits has been reached. In addition, the Issuer contributes to the Danish resolution fund established as the Danish resolution financing arrangement under the BRRD, which capital must amount to 1.0 per cent. of the covered deposits of all Danish credit institutions by 31 December 2024. The future target level of funds to be accumulated in Deposit Guarantee Schemes and resolution funds across different EU countries may exceed the minimum levels provided for in the BRRD, Directive 2014/49/EU, as amended from time to time, (the "Revised Deposit Guarantee Schemes Directive") and in EU Regulation No 806/2014, as amended from time to time and EU Regulation No 81/2015, as amended from time to time of the European Parliament and of the Council establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the latter of which will be relevant should Denmark choose to participate in the Single Resolution Mechanism). Both the BRRD and the Revised Deposit Guarantee Schemes Directive are implemented in Danish law as referred to in "Resolution tools and powers under the BRRD" below and by Consolidated Act no. 356 of 2 April 2020 on Depositor and Investor Guarantee Scheme as amended from time to time.

It is still unclear whether Denmark, despite being outside the Eurozone, will join the European Banking Union and therefore be part of the Single Resolution Mechanism. It therefore remains unclear whether the Issuer, being resident in a country outside the EU, can participate under the Single Resolution Mechanism and the Single Resolution Fund or similar schemes and if so at which costs the Issuer will incur in the coming year in relation to payments to deposit guarantee funds and/or resolution funds on a national or European level.

General regulatory risk related to changes in supervision and regulation may affect the Group's business, the products and services offered or the value of its assets

The Group is subject to financial services laws, regulations, administrative actions and policies on the Faroe Islands and in each other jurisdiction in which the Group carries on business. Regulatory risk is the risk that changes in supervision and regulation applicable to the Group, in particular on the Faroe Islands, could materially affect the Group's business, the products and services offered or the value of its assets. Irrespective of the fact that the Issuer collaborates with the authorities and continuously monitors the situation, future legislative amendments or fiscal measures may be unpredictable and outside the issuer's control.

The Faroe Islands are not a member of the EU. Thus, EU-regulation is not directly applicable in the Faroe Islands and must be enacted by law in order to apply in the Faroe Islands. EU-directives implemented in Danish law are not automatically adopted by the Faroe Islands and must be enacted either by law or by royal decree in order to apply on the Faroe Islands.

Regulatory risk may also arise from a failure by the Issuer to comply with laws and regulations, which could lead to civil liability, disciplinary action, the imposition of fines and/or the revocation of the licence, permission or authorisation to conduct the Group's business in the jurisdictions in which the Group operates.

Various aspects of banking regulations are still under debate in the EU, including, inter alia, proposals to review standardised approaches for capital requirements for credit, market and operational risk (together with a proposed capital floor based on the revised standardised approaches for banks using internal models). The Issuer does currently not use internal models to estimate its own funds requirements. Furthermore, a leverage ratio requirement of 3 per cent. has been introduced by way of the CRR Amendment Regulation which may become applicable to the Issuer (see "Risks related to an increase in the Issuer's and/or the Group's capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA which could have a material adverse effect on the Group's business, results of operations, financial position and/or prospects" above).

RISK FACTORS RELATING TO THE STRUCTURE OF THE NOTES

Set out below are various risk factors which relate to the Notes and the structure of the Notes, including their designation as “Senior Non-Preferred Debt”.

The Notes constitute senior non-preferred debt of the Issuer

The Notes will constitute direct and unsecured debt obligations of the Issuer and will rank as described in Clause 7 (*Status of the Notes*). The Notes constitute senior non-preferred debt of the Issuer and will rank junior to present or future claims of the Issuer pursuant to section 97 of the Danish Bankruptcy Act.

On 12 December 2017, the European Parliament and the Council of the European Union adopted Directive 2017/2399/EU amending the BRRD (the "Insolvency Hierarchy Directive") as regards the ranking of unsecured debt instruments in insolvency hierarchy. The Insolvency Hierarchy Directive enables banks to issue debt in a new statutory category of unsecured debt which would rank below the most senior debt and other senior liabilities for the purposes of resolution (i.e. "Senior Non-Preferred Debt"). The directive has been transposed into national law in Denmark and was adopted by the Danish Parliament on 8 June 2018 by Act No. 706 and became effective on 1 July 2018.

Under Danish law, non-preferred senior notes rank junior to present or future claims of (a) depositors of an issuer, (b) unsubordinated creditors of an issuer pursuant to section 97 of the Danish Bankruptcy Act and (c) any other unsubordinated creditors of an issuer that are not creditors in respect of non-preferred senior debt of an issuer, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of an issuer and the right to receive repayment of capital on a liquidation or bankruptcy of an issuer.

The Danish Act no. 706 of 8 June 2018, however, is not in force on the Faroe Islands and consequently the Insolvency Hierarchy Directive is not implemented on the Faroe Islands. Accordingly, the Act on Recovery and Resolution of certain Financial Businesses as adopted on the Faroe Islands does not provide for a special ranking of senior non-preferred debt as otherwise provided for in section 13(3) of the Danish Act on Recovery and Resolution of certain Financial Businesses.

While the exact ranking of the Notes under the Act on Recovery and Resolution of certain Financial Businesses as adopted on the Faroe Islands is not provided for, Clause 7 (*Status of the Notes*) provides for a ranking of the Notes which mirrors the ranking of senior non-preferred debt under Danish law, as described above.

Accordingly, the Issuer may issue other unsubordinated obligations or instruments that rank or are expressed to rank senior to the Notes as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay its depositors and its unsubordinated creditors pursuant to section 97 of the Danish Bankruptcy Act in full before it can make any payments on the Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Notes.

In addition, in the event of a liquidation or bankruptcy of the Issuer, to the extent the Issuer has assets remaining after paying its creditors who rank senior to the Notes, payments relating to other obligations or instruments of the Issuer that rank *pari passu* with the Notes may, if there are insufficient assets to satisfy the claims of all of the Issuer's *pari passu* creditors, further reduce the assets available to pay amounts due under the Notes on a liquidation or bankruptcy of the Issuer.

Resolution tools and powers under the BRRD

Recovery and Resolution Directive

The BRRD, including the general bail-in tool and the minimum requirement for own funds and eligible liabilities ("MREL"), was implemented into Danish law and entered into force as of 1 June 2015 by the Danish Act on Recovery and Resolution of certain Financial Businesses (set in force on the Faroe Islands pursuant to the decree no. 1589 of 19 December 2017) and by amendments to the Danish Financial Business Act as in force on the Faroe Islands.

Any reference to the BRRD below shall include the implementation hereof into Faroese law.

The BRRD confers substantial powers on national resolution authorities designed to enable them to take a range of actions in relation to credit institutions which are considered to be at risk of failing. The exercise of any of these actions in relation to the Issuer could materially adversely affect the value of the Notes

The BRRD is designed to provide authorities designated by Member States with a credible set of tools to intervene sufficiently early and quickly in relation to unsound or failing credit institutions, investment firms, certain financial institutions and certain holding companies (each, a "relevant entity") to ensure the continuity of the relevant entity's critical financial and economic functions while minimising the impact of a relevant entity's failure on the economy and financial system.

The BRRD contains various resolution powers which may be used alone or in combination where the relevant resolution authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest. A relevant entity will be considered as failing or likely to fail when either: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). In such circumstances, the relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the relevant entity's creditors: (i) sale of business – which enables resolution authorities to direct the sale of the relevant entity or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the relevant entity to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer assets (including, without limitation, impaired or problem assets) to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including the Notes) to equity or other instruments of ownership (the "general bail-in tool"), which equity or other instruments of ownership could also be subject to any future application of the general bail-in tool.

Depositor preference and the general bail-in tool

As part of the reforms required by the BRRD, amendments have been made to relevant legislation in Denmark (and put into force on the Faroe Islands pursuant to degree 1584 of 21 December 2017) to establish a preference in the insolvency hierarchy for certain deposits that are eligible for protection by the Danish deposit guarantee scheme and the uninsured element of such deposits and, in certain circumstances, deposits made in non-EEA branches. In addition, the Danish implementation of the Revised Deposit Guarantee Scheme increased the nature and quantum of insured deposits to cover a wide range of deposits, including certain corporate deposits (unless the depositor is a public sector body or financial institution) and some temporary high value deposits. The effect of these changes is to increase the size of the class of preferred creditors. All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured creditors of the Issuer, including the Noteholders. Furthermore, insured deposits are excluded from the scope of the general bail-in tool. As a result, if the general bail-in tool were exercised by the relevant resolution authority, the Notes would be more likely to be bailed-in than certain other unsubordinated liabilities of the Issuer such as other preferred deposits.

Additional powers of Member States and resolution authorities

The BRRD also provides for a Member State as a last resort, after having assessed and applied the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The BRRD (and thereby also the Danish Act on Recovery and Resolution of certain Financial Businesses) also provides resolution authorities with broader powers to implement other resolution measures with respect to distressed relevant entities, which may include (without limitation) the replacement or substitution of the relevant entity as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

MREL requirement

With the implementation of the BRRD, European banks are required to have bail in-able resources in order to fulfil their MREL requirement. There is no minimum EU-wide level of the MREL requirement – each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution.

The Danish FSA on 10 January 2022 set the MREL requirement for the Issuer at 30.4 per cent of the Group's REA as per mid 2021. The requirement will be phased in until 2025 as follows:

1 July 2022: 22.2 per cent of the Group's REA (14.0 per cent. of the Issuer's total liabilities and own funds on a consolidated level)

30 September 2022: 22.4 per cent of the Group's REA (14.1 per cent. of the Issuer's total liabilities and own funds on a consolidated level) (the MREL requirement calculation takes into account that the countercyclical capital buffer in Denmark is increased to 1.0 per cent. on 30 September 2022)

1 July 2023: 25.0 per cent of the Group's REA (15.8 per cent. of the Issuer's total liabilities and own funds on a consolidated level)

1 July 2024: 27.7 per cent of the Group's REA (17.5 per cent. of the Issuer's total liabilities and own funds on a consolidated level)

1 July 2025: 30.4 per cent of the Group's REA (19.1 per cent. of the Issuer's total liabilities and own funds on a consolidated level)

According to the Danish FSA's MREL decision regarding the Issuer, the MREL requirement must be met with own fund instruments and non-preferred senior debt, which also fulfil the requirements for eligible liabilities under the CRR.

The MREL requirement will be set annually on the basis of the entity's annual update of its individual resolution plan and it is the Danish FSA, following consultation with Finansiel Stabilitet, which sets the MREL requirement for each relevant entity. The applicable MREL requirement will be determined on the basis of, among other things, the relevant entity's total capital requirement (solvency need plus the combined buffer requirement) and its capital provisions for certain exposures and its REA on certain loans and guarantees.

Accordingly, an increase in the total capital requirement (e.g. an increase in the countercyclical capital buffer) and/or an increase in the exposures of the relevant entity could lead to a higher MREL requirement.

The BRRD Amendment Directive

Directive (EU) 2019/879 of the European Parliament and of the Council dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019 (the "BRRD Amendment Directive") includes, among other things, proposals to implement TLAC (Total loss-absorbing capacity into EU legislation and the introduction of the concept of resolution groups and resolution entities. The BRRD Amendment Directive entered into force on 27 June 2019 and was implemented into Danish law with effect as of 28 December 2020 by the Danish Act no. 2110 of 22 December 2020.

The Danish Act no. 2110 of 22 December 2020 is not in force on the Faroe Islands and consequently the BRRD Amendment Directive is not implemented on the Faroe Islands and consequently the clarity in the regulatory framework surrounding MREL, both in terms of the framework for setting banks' requirements as well as the instruments that can be used to fulfil such requirements is still pending on the Faroe Islands.

The CRR sets the requirements for the instruments that can be used towards fulfilment of the MREL requirement.

Exercise of powers under the BRRD

The powers set out in the already adopted BRRD will impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors. The BRRD outlines the priority ranking of certain deposits in an insolvency hierarchy, which required changes to the insolvency hierarchy in Denmark, which was further amended by way of the Insolvency Hierarchy Directive. The BRRD establishes a preference in the ordinary insolvency hierarchy, firstly for insured depositors and, secondly, for all other deposits of individuals and micro, small and medium-sized enterprises held in the EEA or non-EEA branches of an EEA bank. These preferred deposits rank ahead of all other unsecured senior creditors of the Issuer in the insolvency hierarchy. Furthermore, the insolvency hierarchy could be changed in the future.

Any application of the general bail-in tool under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on Noteholders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

To the extent any resulting treatment of holders of Notes pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder has a right to compensation under the BRRD based on an independent valuation of the relevant entity (which is referred to as the “no creditor worse off principle” under the BRRD). Any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes.

The exercise of any power under the BRRD or any suggestion of such exercise, could have a material adverse effect on the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. Although the BRRD, as implemented, contains certain limited safeguards for creditors in specific circumstances, including in the case of senior creditors a safeguard that aims to ensure that they do not incur greater losses than they would have incurred had the relevant entity been wound up under normal insolvency proceedings, there can be no assurance that these safeguards will be effective if such powers are exercised. The determination that any power under the BRRD shall be exercised or that all or a part of the principal amount of the Notes will be subject to bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer’s control. The application of the general bail-in tool with respect to the Notes may result in the write-down or cancellation of all, or a portion of, the principal amount of, or outstanding amount payable in respect of, and/or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to such application of the general bail-in tool. Accordingly, potential investors in the Notes should consider the risk that the general bail-in tool may be applied in such a manner as to result in Noteholders losing all or a part of the value of their investment in the Notes or receiving a different security than the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the relevant resolution authority may exercise its authority to apply the general bail-in tool without providing any advance notice to the Noteholders. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the relevant Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Loss absorption following an exercise of Danish Statutory Loss Absorption Powers

The Notes include a principal loss absorption feature that means that the proceeds of their issue will be available to absorb any losses of the Issuer and/or the Group upon the exercise of any Danish Statutory Loss Absorption Powers as further set out in Clause 25.3 (*Recognition of write-down or conversion powers*) of the Terms and Conditions and in accordance with Article 48 of the BRRD.

Noteholders may lose all or some of their investment as a result of such a write down of the Outstanding Principal Amounts of the Notes. The Notes may also be converted (in whole or in part) into a subordinated instrument of the Issuer, all as determined by the Relevant Regulator and/or the Relevant Resolution Authority, provided that all other debt instruments and other obligations of the Issuer which are expressed to rank or which rank junior to the Notes in the case of bankruptcy or liquidation of the Issuer (including, but not limited to, instruments of ownership, relevant capital instruments and eligible liabilities pursuant to paragraphs (a) to (d) of Article 48 of the BRRD) have already fully absorbed losses of the Issuer to the extent required by the Danish Resolution Authority and in accordance with Articles 47 and 48 of the BRRD before any write-down or conversion of Notes pursuant to any exercise of Danish Statutory Loss Absorption Powers.

Noteholders will lose all or part of their investment as a result of (i) such a write-down to the Outstanding Principal Amounts of the Notes or (ii) such a conversion of the Notes to a subordinated instrument. Any such write-down or conversion is not a default in payment pursuant to the Terms and Conditions.

The market price of the Notes is expected to be affected by the financial viability of the Issuer. Any indication that the Issuer or the Group is failing or is likely to fail may have an adverse effect on the market price of the Notes.

Investors should note that, while neither a write-down of the Outstanding Principal Amounts of the Notes nor a conversion of the Notes into a subordinated instrument of the Issuer is common, the occurrence of either such event is an appreciable risk and is not limited to the liquidation or bankruptcy of the Issuer.

Notes subject to optional redemption by the Issuer

At any time upon occurrence of a Tax Event and /or a MREL Disqualification Event and subject to the Conditions and in particular Clause 11.8 (*Conditions to redemption etc. prior to the Maturity Date*), the Issuer may, at its option, redeem all, but not some only, of the Notes at their Outstanding Principal Amounts, together with accrued and unpaid interest thereon, as set out in the Conditions.

Such an optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem or is perceived to be likely to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

Substitution and variation of the Notes without Noteholder consent

Subject to Clause 11.8 (*Conditions to redemption etc. prior to the Maturity Date*), if a Tax Event and/or a MREL Disqualification Event as described in the Terms and Conditions has/have occurred and is/are continuing, the Issuer may, at its option at any time vary the terms of all (but not some only) the Notes without any requirement for the consent or approval of the Noteholders, so that they become Qualifying Non-Preferred Senior Notes.

Qualifying Non-Preferred Senior Notes are securities issued or guaranteed by the Issuer that have, *inter alia*, terms not otherwise materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Issuer. There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Non-Preferred Senior Notes will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the Qualifying Non-Preferred Senior Notes are not materially less favourable to Noteholders than the terms of the Notes.

No events of default and limited Enforcement Events in relation to the Notes

There are no events of default in relation to the Notes. Holders of the Notes may not at any time demand repayment or redemption of their Notes, and enforcement rights for any payment are limited to the claim of Noteholders in a liquidation or bankruptcy of the Issuer. In a liquidation or bankruptcy of the Issuer, a holder of Notes may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such liquidation or bankruptcy together with any interest accrued and unpaid on such Note from (and including) the Interest Payment Date immediately preceding commencement of such liquidation or bankruptcy and any other amounts payable on such Note under the Terms and Conditions.

No limitation on issuing senior or *pari passu* securities

There is no restriction on the amount of securities which the Issuer may issue, nor on the amount of any other obligations it may assume, which rank senior to, or *pari passu* with, the Notes. The issue of any such securities and/or the assumption of any such other obligations may reduce the amount recoverable by Noteholders on a resolution, liquidation or bankruptcy of the Issuer.

No right of set-off or counterclaim

As provided in the Terms and Conditions and as a general principle of Faroese law, no noteholder, who shall in the event of the liquidation or bankruptcy of the issuer be indebted to the issuer, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the issuer in respect of the notes held by such noteholder.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

In order to ensure the reliability of reference rates (such as STIBOR), legislative action at EU level has been taken. Hence, the so-called Benchmarks Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as reference values for financial instruments and financial agreements or for measuring investment fund results and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) were added and entered into force on 1 January 2018. The Benchmark Regulation regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. Since the benchmark regulation has only been applied for a short period of time, the effects of it so far are difficult to assess. However, there are future risks that the benchmark regulation affects how certain reference rates are determined and how they are developed. This in conjunction with increased administrative requirements is likely to lead to a reduced number of entities involved in the determination of reference rates, which, in such case, would lead to a certain reference interest ceasing to be published.

The Terms and Conditions provide that the interest rate benchmark STIBOR, which applies for the Notes, can be replaced as set out therein, upon the occurrence of a STIBOR Rate Event which includes if STIBOR ceases to be calculated or administered. Such replacement shall be made in good faith and in a commercially reasonable manner and is always subject to any applicable regulations and the prior written consent of the Relevant Nominating Body. However, there is a risk that such replacement is not made in an effective manner and consequently, if STIBOR ceases to be calculated or administered, an investor in the Notes would be adversely affected. The degree to which amendments to and application of the European Benchmarks Regulation may affect the Noteholders is uncertain and presents a significant risk to the return on the Noteholder's investment.

Further discontinuance of certain benchmark rates (for example, STIBOR) may adversely affect the value of Notes which are linked to or which reference any such benchmark rate

Investors should be aware that, if a benchmark rate such as STIBOR were discontinued or otherwise unavailable, the rate of interest on the Notes which are linked to or which reference such benchmark rate will be determined for the relevant period by the fallback provisions applicable to such Notes. The Terms and Conditions provide for certain fallback arrangements in the event that a published benchmark, such as STIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or if a STIBOR Rate Event (as defined in the Terms and Conditions below) otherwise occurs.

If the circumstances described in the preceding paragraph occur and the STIBOR Rate replacement is specified in the relevant Clauses as being applicable, such fallback arrangements will include the possibility that:

(i) the relevant rate of interest (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a Successor STIBOR Rate or an Alternative STIBOR Rate (as applicable) determined by the Issuer (following consultation with an Independent Advisor (if any)); and

(ii) such Successor STIBOR Rate or Alternative STIBOR Rate (as applicable) may be adjusted (if required) by the Issuer (following consultation with an Independent Advisor (if any)) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the STIBOR Rate with the relevant Successor STIBOR Rate or Alternative STIBOR Rate (as applicable),

in any such case, acting in good faith an in a commercially reasonable manner as described more fully in the Terms and Conditions.

In addition, the Issuer (following consultation with an Independent Adviser (if any)) may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the Terms and Conditions of the Notes are necessary in order to follow market practice in relation to the relevant Successor STIBOR Rate or Alternative STIBOR Rate (as applicable) and to ensure the proper operation of the relevant Successor STIBOR Rate or Alternative STIBOR Rate (as applicable).

No consent of the Noteholders shall be required in connection with effecting any relevant Successor STIBOR Rate or Alternative STIBOR Rate (as applicable) or any other related adjustments and/or amendments described above.

If, following the occurrence of a STIBOR Rate Event, no Successor STIBOR Rate or Alternative STIBOR Rate is determined, the ultimate fallback for determining the rate of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for the Notes based on the rate which was last observed on the relevant screen page for the purposes of determining the rate of interest in respect of an Interest Period. In addition, due to the uncertainty concerning the availability of Successor STIBOR Rates and Alternative STIBOR Rates, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the relevant Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the relevant Notes. Investors should note that, in the case of relevant Notes, the Issuer will have discretion to adjust the relevant Successor STIBOR Rate or Alternative STIBOR Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder.

In addition, potential investors should also note that:

(i) no Successor STIBOR Rate or Alternative STIBOR Rate (as applicable) will be adopted, and no other amendments to the Terms and Conditions of the Notes will be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the eligibility of the Notes for the purposes of the Debt Buffer Requirement of the Issuer and/or the MREL Requirement (if applicable) of the Issuer; and/or

(ii) no Successor STIBOR Rate or Alternative STIBOR Rate (as applicable) will be adopted, and no other amendments to the terms and conditions of the Notes will be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of the Notes, rather than the Maturity Date.

Because the Notes are dematerialised securities, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer

The Notes will not be evidenced by any physical note or document of title other than statements of account made by VP or other securities depositary through which the Notes are issued and settled. Ownership of the Notes will be recorded and transfer effected only through the book entry system and register maintained by VP or other securities depositary through which the Notes are issued and settled.

Minimum trading amount of Notes

All trades in Notes shall either be in a minimum amount of SEK 2,000,000, and the minimum specified denomination of each Note shall be a minimum of SEK 2,000,000. In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than SEK 2,000,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of the Notes at or in excess of SEK 2,000,000 such that its holding amounts to SEK 2,000,000 or above.

Limitation on gross-up obligation under the Notes

The Issuer’s obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and paid under such Notes and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal, holders of Notes may receive less than the full amount due under the Notes and the market value of such Notes may be adversely affected. Holders of Notes should note that principal for these purposes may include any payments of premium.

Prescription limits

Claims against the Issuer for payment in respect of the Notes shall be subject to limitation under the Danish Limitation Act (Da: *lov om forældelse af fordringer*) and shall become void unless proceedings have been commenced or the limitation period has otherwise been suspended or interrupted pursuant to the rules of the Danish Limitation Act within 10 years (in the case of principal) or three years (in the case of interest) from the date when the creditor was entitled to claim payment within the meaning of section 2 of the Danish Limitation Act.

The Danish Limitation Act (Da: *lov om forældelse af fordringer*) is not in force on the Faroe Islands and the prescription limits set out in Clause 20 (*Prescription limits*) in the Terms and Conditions are a deviation from applicable prescription limits on the Faroe Islands.

Modification and waivers

The conditions contain provisions for convening meetings of Noteholders or instigating a Written Procedure to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend or vote at the relevant meeting or respond in the Written Procedure and Noteholders who voted or responded in a manner contrary to the majority. In addition, the Issuer may, subject to the Conditions, make any modification to the Notes and/or the Conditions which is not prejudicial to the interests of the Noteholders without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.

Change of law

The conditions are based on Danish law in effect as at the Issue Date of the Notes and the organisational and regulatory matters of the Issuer are governed by Faroese law. No assurance can be given as to the impact of any possible judicial decision or change to Danish, Faroese or other applicable laws, regulations or administrative practice after the Issue Date. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by the Issuer, including the Notes. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Issuer is no longer considered viable by its regulator or upon the occurrence of another trigger.

RISKS RELATED TO THE MARKET WHICH MAY AFFECT THE ISSUER AND/OR THE NOTES

Set out below is a brief description of certain market risks, including credit rating risk, liquidity risk, exchange rate risk and interest rate risk.

Credit rating risks related to the Issuer

One or more independent credit rating agencies may assign credit ratings to the Issuer. At the date of this Investor Presentation, the Issuer has been rated A2 (long term issuer rating rating) with a baseline credit assessment of baa1 by Moody’s. The Issuer’s credit ratings are important to its business. Any relevant rating agency, including Moody’s, may downgrade the ratings of the Issuer or the ratings of the Issuer’s debt instruments, including the Notes (however, the Notes are unrated as of the date of this Investor Presentation) either as a result of the financial position of the Group or changes to applicable rating methodologies used by any relevant rating agency. A rating agency’s evaluation of the Issuer may also be based on a number of factors not entirely within the control of the Issuer, such as conditions affecting the financial services industry generally. Any reduction in the Issuer’s credit ratings or the ratings of its debt instruments, including any unsolicited credit rating, could adversely affect its liquidity and competitive position, undermine confidence in the Issuer and the Group, increase its borrowing costs, limit its access to the capital markets, or limit the range of counterparties willing to enter into transactions with the Issuer and the Group. Such development could have a material adverse effect on the Issuer and the Group’s business, financial situation, results of operations, liquidity and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

In addition, rating agencies may assign unsolicited ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the Regulation (EC) no. 1060/2009 as amended on credit rating agencies, (the “CRA Regulation”) from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the United Kingdom are subject to similar restrictions under Regulation (EC) no. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act (the “UK CRA Regulation”). As such, United Kingdom regulated investors are required to use for United Kingdom regulatory purposes ratings issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation. In the case of ratings issued by third country non-United Kingdom credit rating agencies, third country credit ratings can either be: (a) endorsed by a United Kingdom registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant United Kingdom registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the United Kingdom, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Issuer changes for the purposes of the CRA Regulation or the UK CRA Regulation, or if there are otherwise restrictions on the use of the credit rating for regulatory purposes in any relevant jurisdiction, relevant regulated investors may no longer be able to use the rating for regulatory purposes, and the Notes may have a different regulatory treatment compared to what may have been expected, which may impact the value of the Notes and their liquidity in the secondary market.

The secondary market of the Notes

Application for admission to trading and official listing has not been submitted in respect of the Notes and, accordingly, the Notes will not have an established trading market when issued, and one may never develop. The Issuer intends to apply for admission to trading of the Notes on a regulated market within six months from their issuance, however, it cannot be guaranteed that the Notes will comply with relevant listing rules and requirements, or otherwise be eligible and/or permitted for trading and official listing. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If a market does develop, it may not be very liquid and any liquidity in such market could be significantly affected by any purchase and cancellation of the Notes by the Issuer. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Senior non-preferred notes such as the Notes may have a higher volatility than senior notes and it should further be noted that the volatility and liquidity of a capital instrument compared to that of other capital instruments will be affected by a number of factors, for example, the size and nature of the issuer, the currency of the instrument, the interest rate, the ranking of the capital instrument and whether capital instrument has been structured to meet the investment requirements of limited categories of investors. Illiquidity may have an adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the SEK. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the SEK. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the SEK would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

The Notes bear interest at a floating rate and may result in the rate of interest being lower than the initial rate of interest and may adversely affect the yield of the Notes.

Questions?

Appendices

- Group
- Banking
- Personal Banking
- Corporate Banking
- Banking, Faroe Islands
- Banking, Denmark
- Banking, Greenland
- Insurance, Trygd

Group

- Reversals of impairment charges lead to increased profit and outweigh high insurance claims

DKKm	Q4 2021	Q3 2021	*Index*	Q2 2021	Q1 2021	Q4 2020	2021	2020	*Index*
Net interest income	66	65	*102*	66	63	65	260	258	*101*
Net fee and commission income	23	19	*119*	20	17	16	79	60	*133*
Net insurance income	6	7	*86*	14	7	12	34	45	*75*
Other operating income (less reclassification)	8	8	*96*	9	9	8	34	24	*139*
Operating income	**103**	**99**	***104***	**109**	**97**	**101**	**407**	**387**	***105***
Operating costs[1]	-57	-59	*96*	-61	-59	-62	-235	-238	*99*
Sector costs	0	0		0	0	0	-1	-1	*158*
Profit before impairment charges	**46**	**40**	***116***	**48**	**38**	**38**	**171**	**149**	***115***
Impairment charges, net	40	13	*311*	27	-3	10	77	5	
Operating profit	**86**	**53**	***164***	**75**	**34**	**48**	**248**	**154**	***161***
Non-recurring items[2]	6	2	*408*	4	77	0	89	0	
Profit before investment portfolio earnings and tax	**93**	**54**	***171***	**79**	**111**	**48**	**337**	**154**	***219***
Investment portfolio earnings[3]	2	-1	*-178*	-4	-3	1	-6	-2	
Profit before tax, continuing operations	**95**	**53**	***179***	**75**	**108**	**49**	**330**	**152**	***217***
Profit before tax, discontinued operations	**0**	**0**		**0**	**9**	**1**	**9**	**54**	***17***
Profit before tax, total	**95**	**53**	***179***	**75**	**117**	**51**	**340**	**206**	***164***
Tax	**17**	**11**	***148***	**15**	**24**	**7**	**67**	**40**	***167***
Net profit	**78**	**41**	***188***	**59**	**93**	**43**	**272**	**166**	***164***
Operating cost/income, %	55	59		56	60	62	58	61	
Number of FTE, end of period	195	199	*98*	195	218	228	195	228	*86*

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 high

DKKm	Q4 2021	Q3 2021	*Index*	Q2 2021	Q1 2021	Q4 2020	2021	2020	*Index*
Net interest income	66	64	*103*	66	63	65	260	258	*101*
Net fee and commission income	26	22	*118*	24	20	19	92	71	*128*
Other operating income	7	7	*95*	7	7	7	28	20	*138*
Operating income	**99**	**94**	***106***	**96**	**91**	**91**	**380**	**349**	***109***
Operating cost	-51	-53	*95*	-56	-54	-58	-214	-218	*98*
Sector costs	0	0		0	0	0	-1	-1	*158*
Profit before impairment charges	**48**	**40**	***122***	**40**	**37**	**33**	**165**	**130**	***126***
Impairment charges, net	40	13	*311*	27	-3	10	77	5	
Operating profit	**89**	**53**	***169***	**67**	**34**	**43**	**241**	**135**	***178***
Non-recurring items	6	2	*408*	4	77	0	89	0	
Profit before investment portfolio earnings and tax	**95**	**54**	***176***	**71**	**110**	**43**	**330**	**135**	***244***
Investment portfolio earnings	2	-1	*-216*	-4	-2	2	-5	0	
Profit before tax, continuing operations	**97**	**53**	***182***	**67**	**108**	**44**	**325**	**135**	
Profit before tax, discontinued operations	**0**	**0**		**0**	**9**	**1**	**9**	**54**	***17***
Profit before tax, total	**97**	**53**	***182***	**67**	**117**	**46**	**334**	**189**	***176***
Loans and advances	7,624	7,594	*100*	7,586	7,450	7,608	7,624	7,608	*100*
Deposits and other debt	7,914	7,435	*106*	7,660	7,536	7,756	7,914	7,756	*102*
Mortgage credit	2,657	2,609	*102*	2,502	2,443	2,375	2,657	2,375	*112*
Operating cost/income, %	51	56		59	59	63	56	62	
Number of FTE, end of period	164	167	*98*	166	186	196	164	196	*84*

Personal Banking

- Stable development

DKKm	Q4 2021	Q3 2021	*Index*	Q2 2021	Q1 2021	Q4 2020	2021	2020	*Index*
Net interest income	34	33	*103*	33	32	32	131	127	*103*
Net fee and commission income	19	15	*127*	16	14	14	65	54	*119*
Other operating income	5	5	*94*	5	5	5	20	16	*122*
Operating income	**58**	**54**	***109***	**53**	**51**	**51**	**216**	**198**	***109***
Operating costs	-39	-44	*89*	-45	-43	-46	-172	-174	*99*
Sector costs	0	0		0	0	0	-1	0	
Profit before impairment charges	**19**	**9**	***211***	**8**	**8**	**5**	**43**	**24**	***182***
Impairment charges, net	5	3		0	14	5	22	-4	*- 582*
Operating profit	**24**	**12**	***207***	**8**	**22**	**10**	**65**	**20**	***326***
Non-recurring items	-4	2	*-235*	4	77	0	79	0	
Profit before investment portfolio earnings and tax	**21**	**13**	***154***	**12**	**98**	**10**	**144**	**20**	***719***
Investment portfolio earnings	2	-1	*-305*	-3	-2	1	-3	0	
Profit before tax, continuing operations	**23**	**13**	***178***	**9**	**97**	**11**	**141**	**21**	***687***
Profit before tax, discontinued operations	**0**	**0**		**0**	**9**	**1**	**9**	**54**	***17***
Profit before tax, total	**23**	**13**	***178***	**9**	**106**	**12**	**150**	**75**	***200***
Loans and advances	3,583	3,603	*99*	3,584	3,559	3,587	3,583	3,587	*100*
Deposits and other debt	5,105	5,125	*100*	5,269	5,205	5,140	5,105	5,140	*99*
Mortgage credit	2,292	2,252	*102*	2,205	2,152	2,074	2,292	2,074	*110*
Operating cost/income, %	68	82		85	85	90	80	88	
Number of FTE, end of period	71	73	*97*	72	77	80	71	80	*88*

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Divested activities eliminated from the figures above

Corporate Banking

- High customer activity and credit quality still improving

DKKm	Q4 2021	Q3 2021	*Index*	Q2 2021	Q1 2021	Q4 2020	2021	2020	*Index*
Net interest income	32	31	*103*	33	32	33	128	130	*99*
Net fee and commission income	7	7	*97*	8	6	5	27	17	*158*
Other operating income	2	2	*116*	2	2	2	9	4	*210*
Operating income	**41**	**40**	***103***	**43**	**40**	**40**	**164**	**151**	***108***
Operating costs	-11	-9	*123*	-11	-11	-12	-42	-44	*94*
Sector costs	0	0		0	0	0	0	0	
Profit before impairment charges	**30**	**31**	***97***	**32**	**29**	**28**	**122**	**107**	***114***
Impairment charges, net	35	10	*343*	27	-17	5	54	9	*622*
Operating profit	**65**	**41**	***158***	**59**	**12**	**33**	**176**	**115**	***153***
Non-recurring items	0	0		0	0	0	0	0	
Profit before investment portfolio earnings and tax	**65**	**41**	***158***	**59**	**12**	**33**	**176**	**115**	***153***
Investment portfolio earnings	1	0		-1	-1	0	-1	-1	
Profit before tax	**66**	**41**	***162***	**58**	**11**	**33**	**175**	**115**	***153***
Loans and advances	4,041	3,960	*102*	3,962	3,856	3,974	4,041	3,974	*102*
Deposits and other debt	2,808	2,300	*122*	2,384	2,323	2,607	2,808	2,607	*108*
Mortgage credit	365	357	*102*	297	291	301	365	301	*121*
Operating cost/income, %	28	23		26	27	30	25	29	
Number of FTE, end of period	13	14	*93*	14	15	16	13	16	*81*

Banking – Faroe Islands

- Steady improvment in operating profit

DKKm	Q4 2021	Q3 2021	*Index*	Q2 2021	Q1 2021	Q4 2020	2021	2020	*Index*
Net interest income	53	53	*100*	54	51	53	210	206	*102*
Net fee and commission income	21	18	*118*	18	16	16	72	59	*123*
Other operating income	6	6	*92*	6	6	6	24	17	*143*
Total Operating income	**80**	**77**	***104***	**77**	**73**	**74**	**306**	**282**	***109***
Operating cost	-47	-46	*101*	-49	-46	-50	-188	-190	*99*
Sector costs	0	0		0	0	0	-1	-1	*162*
Profit before impairment charges	**33**	**30**	***109***	**28**	**27**	**23**	**118**	**91**	***129***
Impairment charges, net	18	-2	*-1025*	17	-8	11	25	-2	
Operating profit	**51**	**29**	*177*	**45**	**19**	**34**	**143**	**89**	*160*
Non-recurring items	11	2		-18	-7	0	-13	0	
Profit before investment portfolio earnings and tax	**61**	**30**	***203***	**26**	**12**	**34**	**130**	**89**	***146***
Investment portfolio earnings	2	-1	*-263*	-3	-1	2	-4	0	
Profit before tax	**63**	**30**	***212***	**23**	**11**	**36**	**126**	**89**	***142***
Loans and advances	6,614	6,555	*101*	6,643	6,512	6,670	6,614	6,670	*99*
Deposits and other debt	6,812	6,900	*99*	7,010	6,833	7,037	6,812	7,037	*97*
Mortgage credit	1,673	1,631	*103*	1,554	1,513	1,481	1,673	1,481	*113*
Operating cost/income, %	59	59		64	63	68	61	67	
Number of FTE, end of period	147	149	*98*	146	166	174	147	174	*84*

Banking – Greenland

- Stable development

DKKm	Q4 2021	Q3 2021	*Index*	Q2 2021	Q1 2021	Q4 2020	2021	2020	*Index*
Net interest income	12	12	*107*	11	11	11	46	47	*99*
Net fee and commission income	5	4	*118*	4	3	3	16	11	*137*
Other operating income	1	1	*104*	1	1	1	4	3	*126*
Total Operating income	**18**	**17**	***109***	**16**	**15**	**16**	**66**	**61**	***108***
Operating cost	-6	-7	*87*	-5	-7	-7	-26	-28	*92*
Sector costs	0	0		0	0	0	0	0	
Profit before impairment charges	**12**	**10**	***125***	**11**	**8**	**8**	**40**	**34**	***120***
Impairment charges, net	-1	1		-2	2	-8	0	-20	
Operating profit	**11**	**11**	***102***	**9**	**10**	**1**	**41**	**14**	***295***
Non-recurring items	0	0		0	0	0	0	0	
Profit before investment portfolio earnings and tax	**11**	**11**	***102***	**8**	**10**	**1**	**40**	**14**	***292***
Investment portfolio earnings	0	0		-1	-1	0	-1	0	
Profit before tax	**11**	**11**	***107***	**8**	**9**	**0**	**39**	**13**	***289***
Loans and advances	1,010	1,038	*97*	938	909	908	1,010	908	*111*
Deposits and other debt	1,085	508	*213*	610	658	661	1,085	661	*164*
Mortgage credit	888	881	*101*	854	836	795	888	795	*112*
Operating cost/income, %	33	41		34	47	45	39	45	
Number of FTE, end of period	17	18	*97*	19	19	21	17	21	*83*

Banking – Denmark

- Reversal of impairments from remaining activities

DKKm	Q4 2021	Q3 2021	*Index*	Q2 2021	Q1 2021	Q4 2020	2021	2020	*Index*
Net interest income	1	0	*1700*	1	1	1	3	5	*66*
Net fee and commission income	0	0	*91*	2	1	0	4	1	*312*
Other operating income	0	0		0	0	0	0	0	*108*
Total Operating income	**2**	**0**	***598***	**3**	**2**	**1**	**7**	**6**	***115***
Operating cost	2	-1	*-382*	-2	0	0	-1	-1	*62*
Sector costs	0	0		0	0	0	0	0	
Profit before impairment charges	**4**	**0**	***-1475***	**1**	**2**	**1**	**7**	**5**	***125***
Impairment charges, net	23	13	*183*	13	3	6	52	27	*191*
Operating profit	**27**	**12**	***216***	**14**	**5**	**8**	**58**	**32**	***180***
Non-recurring items	-4	0		23	83	0	102	0	
Profit before investment portfolio earnings and tax	**23**	**12**	***186***	**37**	**88**	**8**	**161**	**32**	***495***
Investment portfolio earnings	0	0		0	0	0	-1	0	
Profit before tax, continuing operations	**23**	**12**	***188***	**37**	**88**	**8**	**160**	**32**	***493***
Profit before tax, discontinued operations	**0**	**0**		**0**	**9**	**1**	**9**	**54**	***17***
Profit before tax, total	**23**	**12**	***188***	**37**	**97**	**9**	**169**	**87**	***195***
Loans and advances	0	3	*15*	24	30	29	0	29	*1*
Deposits and other debt	17	27	*63*	41	45	58	17	58	*30*
Mortgage credit	95	97	*98*	94	93	100	95	100	*96*
Operating cost/income, %	-121	190		67	0	7	8	15	
Number of FTE, end of period	0	0		0	0	0	0	0	

Divested activities eliminated from the figures above

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- Seasonality as always between quarters, high insurance claims in Q4

DKKm	Q4 2021	Q4 2020	*Index*	Q3 2021	Q2 2021	Q1 2021	2021	2020	*Index*
Premium income, net of reinsurance	32	30	*105*	32	31	30	125	121	*104*
Claims, net of reinsurance	-28	-23	*122*	-28	-19	-26	-101	-84	*120*
Net insurance income	**4**	**7**	***53***	**4**	**12**	**4**	**24**	**37**	***65***
Net income from investment activities	0	0	*-64*	0	0	-1	-1	-1	*77*
Operating income	**4**	**7**	***58***	**3**	**12**	**4**	**23**	**35**	***65***
Operating cost	-7	-5	*130*	-6	-6	-6	-25	-23	*109*
Profit before tax	**-3**	**2**		**-3**	**6**	**-2**	**-2**	**12**	***-16***
Combined ratio	109	93		65	81	106	101	89	
Claims ratio	88	76		46	62	85	81	70	
Number of FTE, end of period	22	25	*87*	25	22	24	22	25	*87*