

The logo for 'betri' is a green square with the word 'betri' in white lowercase letters.

Betri Banki P/F

Hálvársfrásögn 2021

Interim Report 1H 2021



TRANSFORMARI 2 60/20 KV

Innihaldsyvirlit

Table of contents

5 ára yvirlit Five year Summary	4
Leiðslufrágreiðing Management Review	5
Rakstrarrokskapur Income Statement	13
Fíggarstöða Balance Sheet	14
Uppgerð av broyting í eginogn Statement of Changes in Equity	15
Solvensuppgerð Statement of Solvency	16
Notur Notes	17
Leiðsluátekning Statement by the Management	27

5 ára yvirlit / Five year Summary

DKK mió. / DKK Million	1H 2021	1H 2020	2020	1H 2019	1H 2018	1H 2017
Rakstur / Income Statement						
Rentuinntøkur netto / Net interest income	129	117	236	113	107	107
Ómaksgjöld netto / Net fee income	30	27	58	24	25	26
Virðisjavnan / Fair value adjustments	-3	-16	8	17	6	21
Aðrar vanligar inntøkur / Other operating income	1	1	1	2	2	2
Útreiðslur til starvsfólk og umsiting / Staff costs and adm. expenses	-91	-96	-189	-92	-96	-92
Aðrar útreiðslur / Other expenses	-2	-4	-6	-2	0	-2
Niðurskrivingar av útlánum og aðrari ogn / Impairment of loans advances, receivables etc.	8	-20	0	7	39	38
Úrslit av kapitalþættum og upphaldandi virksemi / Income from associated and subsidiary undertakings and on discontinuing activities	8	0	0	0	2	7
Úrslit áðrenn skatt / Profit/loss (-) before tax	81	9	110	70	84	107
Skattur / Tax	-15	-2	-20	-13	-15	-19
Úrslit / Net profit/loss (-) for the year	67	7	91	57	69	88
Fíggjarstöða / Balance Sheet						
Ogn / Assets						
Kassapeningur og áögn í lánistovnum og tjóðbankum / Cash in hand, claims on central banks and credit institutions	709	504	536	532	348	593
Útlán og onnur ogn / Loans and other advances	6.681	6.311	6.414	6.300	5.950	5.528
Onnur ogn / Other assets	2.951	3.001	3.107	2.875	3.615	3.222
Ogn tilsamans / Total assets	10.341	9.817	10.058	9.708	9.913	9.343
Skuld / Liabilities						
Skuld til lánistovnar og tjóðbankar / Debt to credit institutions and central banks	4	11	1	23	79	22
Innlán og onnur skuld / Deposits and other liabilities	8.267	7.814	8.057	7.738	7.956	7.567
Onnur skuld / Other liabilities	190	262	186	252	268	224
Eginpeningur / Equity	1.880	1.730	1.813	1.694	1.610	1.529
Skuld tilsamans / Total liabilities	10.341	9.817	10.058	9.708	9.913	9.342
Solvensur og kapitalur / Solvency and capital ratios						
Solvensprosent / Solvency ratio	28,8%	27,8%	29,5%	25,9%	24,7%	24,3%
Kjarnukapitalprosent / Core capital ratio	28,8%	27,8%	29,5%	25,9%	24,7%	24,3%
Vinningur / Earning ratios						
Renting av eginögn áðrenn skatt / Return on equity before tax	8,8%	1,0%	6,2%	8,4%	10,7%	14,3%
Renting av eginögn aftaná skatt / Return on equity after tax	7,2%	0,8%	5,1%	6,9%	8,7%	11,7%
Inntøka pr. útreiðslukrónu / Income/cost ratio	1,97	1,07	1,57	1,80	2,49	2,90
Ognaravkast / Return on assets	1,3%	0,1%	0,9%	1,2%	1,4%	1,9%
Marknaðarváði / Market risk ratios						
Rentuváði / Interest rate risk	1,8%	2,1%	1,6%	1,7%	1,6%	1,9%
Gjaldoyrastöða / Foreign exchange position	4,0%	2,3%	2,9%	4,1%	3,9%	12,1%
Gjaldoyraváði / Foreign exchange risk	0,1%	0,1%	0,1%	0,1%	0,1%	0,2%
Gjaldfæri / Liquidity ratios						
Útlán og niðurskrivingar í mun til innlán / Loans, advances and impairments in proportion to deposits	84,3%	84,8%	83,3%	85,2%	78,6%	77,7%
Gjaldfæri eftir LCR / Liquidity Cover Ratio (LCR)	205,4%	190,8%	197,4%	181,5%	136,2%	161,0%
Lánsváði / Credit risk ratios						
Stór engagement í mun til grundkapital / Large loans as percentage of capital base ¹⁾	123,1%	122,7%	110,8%	125,3%	136,2%	44,0%
Tap og niðurskrivingar í tíðarskeiðinum í prosentum / Write-offs and impairments during the period	-0,3%	0,3%	0,0%	-0,1%	-0,5%	-0,6%
Útlán í mun til eiginögnina / Total loans in proportion to equity	3,6	3,6	3,5	3,7	3,7	3,6
Útlánsvækstur / Increase of loans	4,2%	0,2%	1,9%	2,2%	6,7%	4,6%

¹⁾ Í 2018 eru markvirðini og útrokningarmátin fyrri Eftirlitsdramantinn broytt. Samanberingartölunni eru ekki broytt. / In 2018, changes have been made to the limit values and calculation method according to the guidelines for the Supervisory Diamond. No comparative figures are restated.

Leiðslufrágreiðing

Management Review

Í stuttum / Highlights

- Úrslitið farna hálvár vísir eitt avlop á 66,7 mió. kr. / The result for the first half is a profit of DKK 66.7 million
- Úrslitið áðrenn skatt er 81,3 mió. kr. / Result before tax is DKK 81.3 million
- Útlán bankans eru 6.681 mió. kr. / The Bank's lending book amounts to DKK 6,681 million
- Innlán bankans eru 8.267 mió. kr. / Deposits amount to DKK 8,267 million
- Afturførdar niðurskrivingar av útlánnum og yvirtiknum ognum á 8,1 mió. kr. / Total net reversals on loans and assets in temporary possession amount to DKK 8.1 million.
- Gjaldføri eftir LCR 205,4% / Liquidity cover ratio (LCR) 205.4 per cent
- Solvensurin við hálvárið er 28,8% / Solvency ratio is 28.8 per cent
- Roknaður solvenstørvur á 10,36% / Calculated solvency requirement is 10.36 per cent
- Framhaldandi útlit fyri positivan rakstur fyri 2021 / Positive outlook for the year 2021 maintained

Høvuðsvirksemi

Høvuðsvirksemi bankans er at vera heildarpeningastovnur føroyinga, herundir at bjóða fíggjarligar tænastr, ið tæna privat-, vinnu- og almennum kundum. Bankin ráðgevur eisini um innlán, útlán, realkreditt, gjaldsmiðling, íløgur vm.

Main activity

The bank's main activity is to be a full-service bank for the people of the Faroe Islands, which includes offering financial services to the Faroese market serving retail, corporate and public customers as well as providing advice on deposits, loans, mortgage credit, payment services, investments, etc.

Gongdin í búskaparligum viðurskiftum

Hálvannað ár er nú frálígið síðan korona farsóttin byrjaði at herja heimin. Hóast menniskjaligu lagnurnar hava verið nógv- ar og búskaparligu hjólini í heimsbúskapinum eitt tíðarskeið í 2020 meira ella minni steðgaðu upp, so hava búskaparligu avleiðingarnar samanumtikið verið minni enn upprunaliga væntað. Longu í ár væntast ein vøxtur í heimsbúskapinum uppá áleið 6% eftir eina búskaparliga afturgongd uppá 3-4% í 2020. Vøxturinn í heimsbúskapinum í 2021 væntast tí at blíva tvífalt so høgur sum miðal árliki vøxturinn seinastu 30 árin.

Development of the Faroese Economy

It has now been a year and a half since the corona pandemic began to ravage the world. Despite the fact that it has affected people differently and the economic wheels of the world economy, for a period in 2020, more or less stopped, the economic consequences have been smaller than originally expected. Already this year, growth in the world economy is expected to be around 6% after a decline of around 3-4% in 2020. Growth in the world economy in 2021 is thus expected to be twice as large as the average growth over the past 30 years.

Heima á klettunum eru vit eisini sloppin rímliga snikka- leys. Búskaparráði metir í síni seinastu frágreiðing, at fallið í bruttotjóðarúrtøkuni var 4,8% í 2020. Tá korona farsóttin var í hæddini fram móti sumri 2020, væntaði Fíggjarmálaráðið, at afturgongdin í føroyska búskapinum, í ringasta fall, kundi blíva útvíð 10% í 2020. Virksemið í landinum hevur ikki verið hart rakt, burtursæð frá einum styttri tíðarskeiði, beint eftir at fyrstu koronatilburðinir vórðu staðfestir í Føroyum, tá landið meira ella minni bleiv lagt lamið.

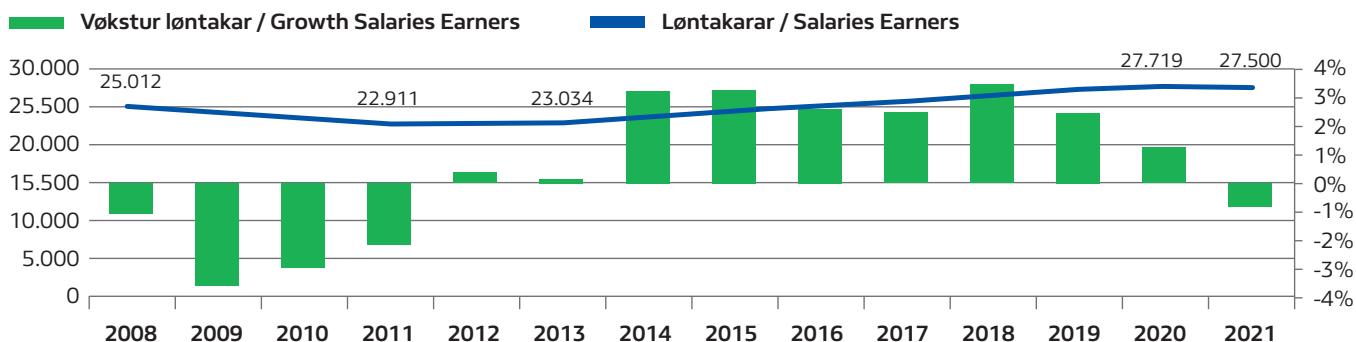
In the Faroe Islands, we have escaped relatively unharmed. The Faroese Economic Advisory Board estimated in its latest report, that the decline in the gross national income was 4.8% in 2020. When the corona pandemic was at its peak in 2020, the Ministry of Finance expected a decline in the Faroese economy of around 10% by 2020. Faroe Islands have not been hit as hard, except for a short period, just after the first corona cases were confirmed in the Faroe Islands, when the whole country was more or less in lockdown.

Úflutningsvinnan og ferðavinnan hava tó verið hart raktar, meðan aðrar vinnur, eitt nú føroyska handilsvinnan, hevur verið vælsignað av, at føroyingar í staðin fyri at brúka pening uppá ferðing, hava brúkt pening heima á klettunum.

However, the export industry and the tourist industry have been hit very hard. While other industries such as the trading industry have been blessed due to the fact, that the Faroese people, instead of spending money on travel, have spent the money here at home on the islands.

Búskaparráðið væntar, at vøksturin í føroyska búskapinum verður 4,6% í ár. Fyrsta hálvár 2021 eru lønargjaldingarnar hækkaðar 2,8%, sæð í mun til sama tíðarskeið í 2020. Løntakaratalið, sum í juni mánaða 2020, eftir at korona varð staðfest í Føroyum, var 26.535, var í juni mánaða í ár 27.500, svarandi til ein vøxtur uppá útvíð 3,6%. Arbeiðsloysið er av tí sama lítið og onki. Í apríl mánaða í ár var arbeiðsloysið skrásett til at vera 1,5% av arbeiðarafjøldini.

The Faroese Economic Advisory Board expects growth in the Faroese economy to be 4.6% this year. In the first half of 2021, wage payments have increased by 2.8% compared to the same period last year. The number of employees in June this year is 27,500, which compared to June 2020 after corona was confirmed in the Faroe Islands, was 26,535, corresponding to a growth of 3.6%. Unemployment was almost non-existent for the same reason. In April this year, the unemployment rate was registered to be 1.5% of the labour force.



Kelda: / Source: Hagstova Føroya

Samlaða talið av løntakarum er tó minkað eitt vet síðan árslok 2020.

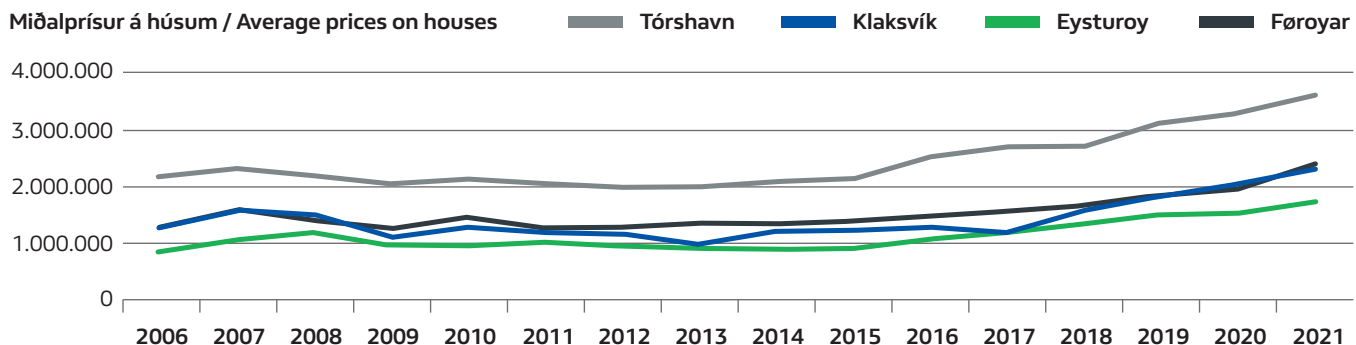
However, the total number of employees has fallen slightly since the end of 2020.

Útflutningsvinnurnar, sum vóru hart raktar av koronastøðuni í 2020, væntast at koma fyri seg aftur í ár. Útflutningsvirðið av fiskavörum fall stíviliga 1,2 mia. í 2020 í mun til útflutningsvirðið í 2019. Minkingin í 2020 stavaði fyri tað mesta frá alifiski, men eisini frá uppisjóvarfiski og botnfiski. Búskaparráðið væntar, at virðið á vøruútflutninginum fer at vaksa 5-10% í ár. Eitt nú væntast bæði størri nøgdur og betri prísur á allaksi sum frá líður.

The export industry, which was hit hard by the corona situation in 2020, is expected to recover this year. The export value of fish products decreased by DKK 1.2 billion in 2020 compared to the export value in 2019. The decrease in 2020 was largely due to farmed fish, but also from demersal fish and pelagic fish. The Faroese Economic Advisory Board expects the value of exports of goods to increase by about 5-10% this year. Both larger quantities and better prices for farmed fish are expected in the time to come.

Í meðan koronastøðan hevur skapt trupuleikar í útflutningsvinnuni og ferðavinnuni, so er handilsvinnan í Føroyum blomstra. Føroyingar hava brúkt pening heima á klettunum, sum ongantið áður. Umsetningurin í handilsvinnuni var væl hægri í 2020 enn í 2019, og rákið tykist at halda fram. Sølun av húsbúnaði er hækkað 21% í fyrsta ársfjórðingi í ár, í mun til sama tíðarskeið í fjør, og tá talan er um klæðnavørður, so er vøksturin heili 59%.

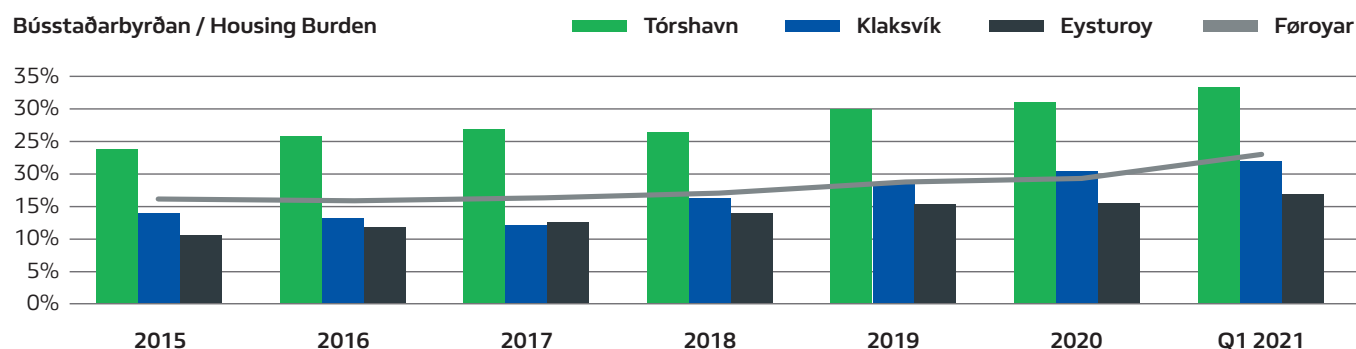
While the corona situation has created major problems in the export industries and in the tourist industry, the trade industry in the Faroe Islands has flourished. Faroese people have spent money here on the islands like never before. Revenue in the trading industry was much higher in 2020 compared to 2019 and the trend seems to continue. Sales of furniture increased by 21% in the first quarter of this year compared to the same period last year. If we look at clothing, growth is as high as 59%.



Kelda: / Source: Betri Banki

Trýstið á bústaðarmarknaðin hefur verið nærum óávirkað av koronastøðuni og prísirnir á sethúsum halda áfram at hækka. Høvuðsorsøkin er flestum kunnugt, at útboðið av bústøðum ikki stendur mót við eftirspurningin. Greiningar hjá Betri Banka vísa, at bara í fyrsta ársfjórðingi í ár hækkaðu sethúsprísirnir í Tórshavn, Klaksvík og Eysturoynni millum 9-12%. Prísvøksturinn í Havnini hefur staðið við í longri tíð, men Eysturoyartunnilin hefur viðført, at prísvøksturinn í Eysturoynni og Klaksvík hava tikið dik á seg. Hetta merkir samstundis, at "bústaðarbyrðan", sum lýsir, hvussu stóran part eitt húski við eini miðalinntøku skal brúka av tøku inntøkuni til bústað, hefur verið hækkanði nógv tey seinastu árin, og nærkast nú av álvara bústaðarbyrðuni, sum var áðrenn fíggjarkreppuna í 2007 til 2009. Tað gerst sostatt tyngri og tyngri at skulla seta búgv. Gongdin higartil í ár hefur ikki verið nakað undantak, tvørturímóti.

The pressure on the housing market has been almost unaffected by the corona situation and housing prices continue to rise. The main reason for this is, as most people know, that the supply of housing is not in line with demand. Analyses conducted by Betri Banki show that in the first quarter of this year, house prices in Tórshavn, Klaksvík and Eysturoy increased between 9-12%. The price increase in Tórshavn has been going on for a long time, but the tunnel to Eysturoy has meant that the price increase in Eysturoy and Klaksvík has picked up. This means that the "housing burden", which shows how much a middle-income household must pay of their disposable income on housing, has been increasing for the past many years. The housing burden is now rapidly approaching the housing burden we saw before the financial crisis in 2007-2009. Thus, it becomes harder and harder for people to afford a house. The trend so far this year has been no exception, on the contrary.



Kelda: / Source: Betri Banki

Roknskaparfrásøgn

Rakstur

Úrslitið hjá bankanum fyrsta hálvår 2021 vísir eitt avlop á 66,7 mió. kr. aftaná skatt.

Úrslitið áðrenn skatt vísir eitt avlop á 81,3 mió. kr.

Úrslitið er væl betri enn bankin metti við árslok 2020. Fleiri orsøkir eru til hetta, men ein av høvuðsorsøkunum er, at rentuinntøkurnar av útlánsvirksemi eru øktar meira enn upprunaliga mett. Orsøkin er vaksandi útlánsvirksemi, sum eisini hefur haft jaliga ávirkan á ómaksgjöldini.

Samstundis sum hetta er farið fram, hava tær neiligu avleiðingarnar av koronufarsóttini ikki enn víst seg, í tann mun mett var. Gongdin í samfelagnum yvirskipað, hefur verið positiv og hetta hefur so eisini merkt, at bankin hefur afturført niðurskrivingar fyrra hálvår.

Betri Banki metti í ársfrásøgnini fyr 2020, at avlopið áðrenn skatt fyr 2021 fór at liggja millum 60-80 mió. kr. Gongdin fyrra hálvår 2021 hefur, sum áður nevnt, verið væl betur enn

Financial Review

Profit and loss account

The Bank's result for the first half of 2021 is a profit of DKK 66.7 million after tax.

The result before taxes shows a profit of DKK 81.3 million.

The result is somewhat better than expected at year-end 2020. There are several reasons, however one of the main reasons is that interest income from lending has increased more than originally estimated. The reason for this is the growing lending activity, which has also had a positive effect on income from fees.

At the same time as this has happened, the negative consequences of the corona pandemic have not yet materialised to the extent that was originally estimated. The overall trend has been positive which has meant, that the bank reversed impairment losses in the first half of the year.

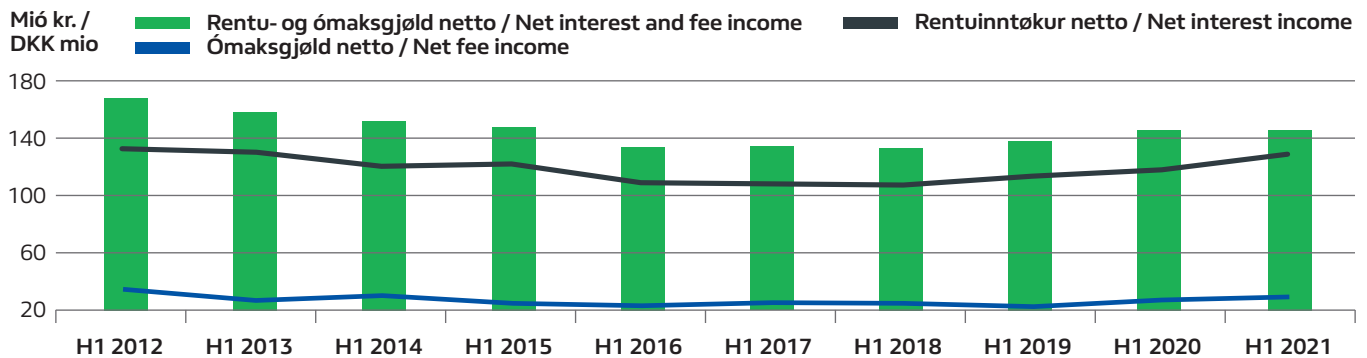
At year-end 2020, Betri Banki predicted a profit before tax of DKK 60-80 million for the year 2021. The result in the first half of 2021 has, as mentioned before, been much better than

mett upprunliga, og tekin eru ekki um, at seinna hálfvör fer at hlnast munandi verri enn mett upprunliga. Tí hefur bankin broytt metingina fyrri 2021 soleiðis, at mett úrliti fyrri 2021 fer at liggja millum 100-130 mió. kr. áðrenn skatt.

Rentuinntøkurnar hjá bankanum eru óktar í mun til sama tíðarskeið í fjör og er ein orsök sum nevnt omanfyri, at útlánini ókjast. Eisini hava ávísar tillagingar av rentunum bøtt um lønsemið hjá bankanum.

Ómaksgjöldini netto, vóru áleið á sama stöði sum undanfarna ár og hava hesi verið stöðug, tó við ráki, sum er eitt vet hægri enn seinastu árin.

Samanlagt merkir hetta, at netto rentu- og ómaksgjöldini vóru nakað størri fyrri hálfvör 2021 enn undanfarna ár.



Kelda: / Source: Betri Banki

Bankin hevði fyrri hálfvör 2021 eitt kurstap á 2,8 mió. kr. og er hetta ein munur á góðar 13,2 mió. kr í mun til sama tíðarskeið í fjör, har bankin hevði eitt kurstap á 15,9 mió. kr.

Høvuðsorsøkin til hetta er, at í tíðarskeiðnum fyrri hálfvör 2020 rakti koronafarsóttin heiminn við álvarsligum ávirkan á virðisbrævamarknaðirnar, har bankin eisini hevði kurstap. Virðisbrævamarknaðirnir komu tó fyrri seg aftur og í seinni helvt av 2020 vóru flest øll tap vunnin inn aftur.

Kursvinningurin fyrri hálfvör 2021 knýtir seg í stóran mun at partabrønum. Rentustöðið á donskum lánsbrønum er framhaldandi søguliga lágt. Stutt lánsbrøv bera nú øll eina negativa effektiva rentu. Sum nú er, so eru ekki útlit til, at hesar rentur falla enn meira. Hetta merkir, at bankin ekki væntar kursvinning av lánsbrønum í 2021, men heldur eitt negativt avkasti av lánsbrønum í 2021.

Útreiðslurnar til starvsfólk og umsiting eru minkaðar eitt vet fyrri hálfvör 2021 í mun til fyrri hálfvör 2020. Orsøkirnar eru fleiri, men bankin væntar, at við árslok 2021 verða útreiðslurnar til starvsfólk og umsiting áleið tær somu sum í 2020.

Avskringingarnar eru í tráð við væntanirnar.

originally estimated. There are no signs that the second half of the year will be significantly different to the originally assessment. Therefore, the bank has changed the assessment for 2021 so that profit before tax for 2021 is estimated to be between DKK 100-130 million.

The bank's interest income has increased slightly compared to the same period last year. One reason for this is, as mentioned above, that the bank's lending has increased. The bank has also made some adjustments to interest rates that have improved profitability.

The net income from fees was approximately at the same level as last year and this has been steady in recent years, however with a positive trend.

All in all, this means that net interest and fee income were somewhat higher in the first half of 2021 than last year.

In the first half of 2021, the bank had a capital gain of DKK 2.7 million and this is a difference of DKK 13.2 million compared to the same period last year, when the bank had a capital loss of DKK 15.9 million.

The main reason for this is that during the first half of 2020, the corona pandemic hit the world with serious consequences to the financial markets, where the bank ended up with capital losses. However, the financial markets recovered and in the second half of 2020, most losses were recovered.

The capital gain in the first half of 2021 is largely due to equities. The interest rate level for Danish bonds is still historically low. Short-term bonds have all a negative effective interest rate. In current conditions, there are no expectations of these rates falling further. This means that the bank does not expect a capital gain on bonds in 2021, but rather a negative return on the bonds in 2021.

Staff and administration costs have decreased slightly in the first half of 2021 compared to the first half of 2020. There are several reasons for this, but the bank expects that by the end of 2021, expenditure on personnel and administration will be at the same level as in 2020.

Depreciations are in line with expectations.

Javnin

Við hálvárið 2021 javnvigaði fíggarstøðan hjá bankanum við 10,3 mia. kr. samanborið við 10,1 mia. kr. tann 31. desember 2020 og 9,8 mia. kr. tann 30. juni 2020.

Væksturinn síðan ársbyrjan kann sum heild fæst aftur á vøkstur í útlánum og innlánunum.

Útlán bankans, sum við ársenda 2020 vóru 6,4 mia. kr., eru fyrra hálvár 2021 vaksin við umleið 267 mio. kr. til 6,7 mia. kr.

Innlán bankans økjast framhaldandi og eru tann 30. juni 2021 á leið 209 mió. kr. hægri enn við árslok 2020.

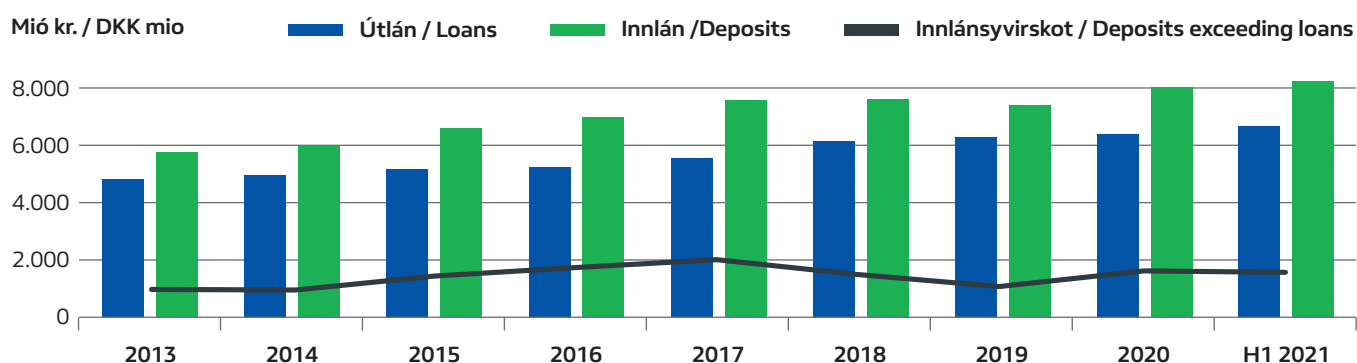
The Balance Sheet

The balance sheet amounted to DKK 10.3 billion in the first half of 2021 compared to DKK 10.1 billion on 31 December 2020 and DKK 9.8 billion on 30 June 2020.

The growth can largely be attributed to increase in loans and deposits.

The bank's lending book, which amounted to DKK 6.4 billion by the end of 2020, has increased by approx. DKK 267 million to DKK 6.7 billion in the first half year of 2021.

Deposits continue to increase. At 30 June 2021 they were approx. DKK 209 million higher than at year-end 2020.



Kelda: / Source: Betri Banki

Innlánsvirskotið, sum áhaldandi vaks fram til 2017 til umleið 2 mia. kr., minkaði aftur fram til 2019 fyri so at vaksa aftur. Við hálvárið 2021 var innlánsvirskotið áljóðandi 1,6 mia. kr.

Orsøkin til, at innlánsvirskotið minkaði frá 2017 og fram til 2019, eru í høvuðsheitum tvíttar. Tann eina var, at útlánini vuku meira enn innlánini, og hin er, at íleggjarar í størri mun settu reiðan pening í virðisbrøv.

Frá 2019 til 2020 vuku innlánini meira enn útlánini, meðan fyrra hálvár 2021 hefur vøksturinn í útlánunum verið áleið hin sami, sum nominelle vøksturinn í innlánunum.

Ein orsök til, at innlánini ikki eru minkað í framhaldi av, at íleggjarar væntandi í størri mun fóru at seta reiðan pening í virðisbrøv heldur enn í peningastovnar kann verða ávirkanin av koronafarsóttini sum merkti, at umstøðurnar á virðisbrævamarknaðinum eitt tíðarskeið vóru sera óstøðugar.

Burtúr hagtølum, sum síggjast omanfyri sæst, at í tíðarskeiðnum 1. januar 2021 og fram til ultimo juni 2021, hava húsarhaldini spart upp áleið 375 mió. kr í færoysku peningastovnunum, meðan innlánini hjá vinnuni eru fallin við umleið 250 mió. kr.

Hetta er ein gongd, sum hefur verið ráðandi síðani 2018, har húsarhaldini spara upp við innlánunum, meðan vinnan brúkar av hesi uppsparing. Samlaðu innlánini í Færoysku peninga-

The deposit surplus, which grew steadily up to 2017 to approximately DKK 2 billion, decreased until 2019, when it has since grown again. At mid-year 2021, the deposit surplus amounted to DKK 1.6 billion kr.

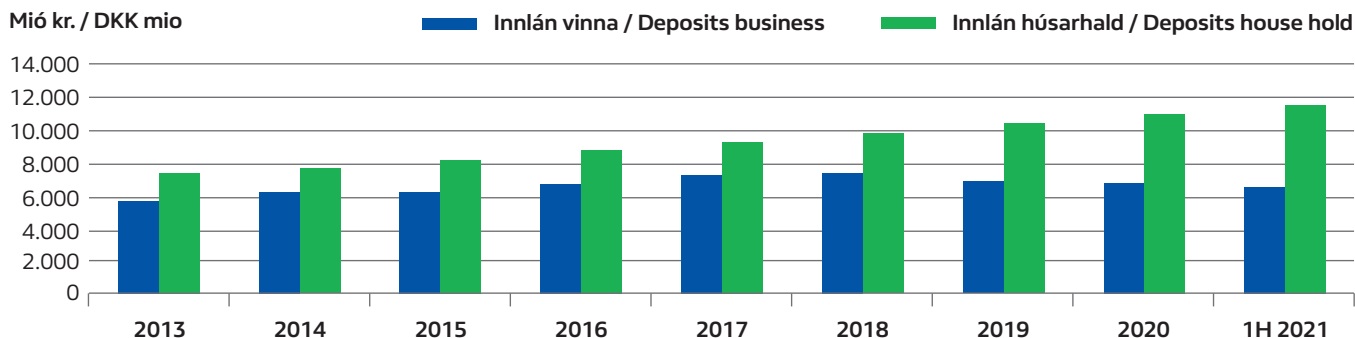
The main reasons why the deposit surplus decreased in the period from 2017 to 2019 can be divided into two. One is that lending increased more than deposits and the other is that investors, to a greater extent, repositioned cash deposits into securities.

From 2019 deposits grew more than lending, while for the first half of 2021, growth in lending was about the same as nominal growth in deposits.

One reason why deposits have not fallen in line with the fact that investors were expected to invest more cash into securities rather than keep it as deposits in banks, may be impacted by the corona pandemic, which meant that conditions in financial markets were very volatile for a period of time.

Based on the statistics shown above, we see that in the period 1 January 2021 until the end of June 2021, private households have saved around DKK 375 million in the Faroese banks, while deposits from businesses have fallen by around DKK 250 million.

This is a trend that has been continuing since 2018. Private households have been saving using deposits, while businesses have been spending. The total deposits in Faroese banks



Kelda: / Source: MFI, Hagstova Føroya

stovnunum øktust soleiðis fyrstu 6 mánaðarnir í 2021 við áleið 125 mió. kr.

Í sama tíðarskeiði eru innláníni í Betri Banka økt við umleið 209 mió. kr.

Vøksturinn í útlánunum fyrra hálvár 2021 hevur verið størri enn fyri sama tíðarskeið seinasta ár. Útlánini hjá Betri Banka er vaksin við umleið 4,5% fyrra hálvár 2021 í mun til 0,2% sama tíðarskeið undanfarna ár. Men her skal havast í huga, at í fyrra hálvárið 2020 byrjaði koronafarsóttin at spjæða seg til allan heimin.

Líkt er tó til, at samlaði vøksturinn í útlánum hjá Føroysku peningastovnunum undir einum er minni enn vøksturinn í BTÚ, og hetta merkir, at hóast Betri Banki hevur ein lutfalsliga størri vøkstur enn peningastovnarnir undir einum, so er ikki talan um at peningastovnarnir skumpa undir vøksturinn í búskapinum.

Eginogn

Av javnanum tann 30. juni 2021 á 10,3 mia. kr. er eginognin áljóðandi 1,9 mia. kr. og innlán áljóðandi 8,3 mia. kr.

Við hálvárið 2021 var solvensurin hjá bankanum 28,8% móti einum roknaðum solvenstørvi á 10,36%.

Gjaldføri

Í mun til kravið til lyklatalið LCR (Liquidity Coverage Ratio) á 100, sum er álagt bankanum at uppfylla hevði bankin ultimo juni 2021 eitt LCR á 205,4.

SIFI

Betri Banki var í 2015 útnevndur SIFI peningastovnur sum merkir, at Fíggjareftirlitið metir Betri Banka hava stóran týdning fyri samfelagið. Fíggjareftirlitið hevur í 2021 endur-útnevnt Betri Banka til framvegis at vera serliga týðandi peningastovnur í Føroyum.

Peningastovnarnir, ið eru útnevndir SIFI bankar, fáa umframt vanlig ískoytiskrøv til kapital, eitt serligt SIFI kapitalkrav sum skal uppfyllast og sum er ásett eftir hvørjum týðningi teir hava.

thus increased in the first 6 months of 2021 by around DKK 125 million. kr.

During the same period deposits in Betri Banki increased by around DKK 209 million.

The growth in lending during the first half of 2021 has been larger than for the same period last year. Lending at Betri Banki has grown by around 4.5% in the first half of 2021 compared to 0.2% in the same period last year. Although, one must keep in mind, that in the first half of 2020, the corona pandemic began to spread to the whole world.

It seems that the total growth in lending by the Faroese banks is less than the growth in GDP. This means, that despite the fact that Betri Banki has a relatively higher growth compared to the banks as a whole, it is not the banks, that are pushing the growth in the Faroese economy.

Equity

Equity accounts for DKK 1.9 billion, while deposits account for DKK 8.3 billion of the total balance sheet of DKK 10.3 billion as at 30 June 2021.

At 30 June 2021 the bank's solvency ratio was 28.8 per cent against a calculated solvency requirement of 10.36 per cent.

Liquidity

Compared to the requirement to the key figure LCR (Liquidity Coverage Ratio) of 100, which the bank is required to adhere to, Betri Banki had an LCR of 205.4 at the end of June 2021.

SIFI

In 2015 Betri Banki was appointed to be a SIFI bank, which means that the Financial Supervisory Board (FSA) has assessed Betri Banki to be a systemically important financial institution. In 2021, the FSA has reappointed Betri Banki as a SIFI bank.

Banks that are appointed as SIFI banks will, in addition to the general additional capital requirements, be subject to a special SIFI capital requirement that has been determined in relation to their importance.

Afturat hesum er Fíggjareftirlitið komið við ásetingum um skuld, sum kann nýtast í sambandi við møguliga rekapitalisering (NEP). Soleiðis fekk Betri Banki hin 21. desember 2020 ásett eitt NEP-krav á 31,7% sum í seinasta lagi skal verða uppfylgt hin 1. juli 2025. Kravið verður sett í verk stigvíst, og 1. juli 2021 er kravið á 21,8%. NEP-kravið verður javnað eina ferð um árið.

Tá mettt verður um NEP-kravið, sum í 2021 er á 21,8%, skal hetta síggjast saman við solvensinum hjá bankanum, sum við hálvárið 2021 er á 28,8%. Bankin lýkur soleiðis fult og heilt kravið.

Í mun til komandi kravið á 31,7%, sum verður galdadi frá 1. juli 2025, fer Betri Banki at megna at lúka krøvini, tí bankin er ein av sterkastu peningastovnum í danska ríkinum mált eftir solvensi.

Útlit fyri 2021

Koronafarsóttin er ikki hæsað av enn, hóast útlitini tykjast bjartari, nú vit eru farin at koppseta. Nøkur útbrot hava tó verið í 2021, men tað sýnist sum um, at tamarhald er á smittuni í Føroyum.

Okkurt er eisini sum bendir á eitt ávist bjartskygni. Konjunkturnetingarnar fyri 2021 sum greina út vísitalið, siga at brúkarin hevur eina størri tiltrúgv til komandi tíðarskeiði enn hann hevur haft. Arbeidsloysið er sum nevnt omanfyri eisini lágt. Arbeidsloysið sum hækkaði tá korona farsóttin byrjaði at herja er nú komið niður á 1,5%.

Í 2020 og í 2021 hevur Betri Banki framt niðurskrivingar til at standa ímóti møguligum bakkøstum orsakað av koronafarsóttini. Niðurskrivingarnar móti koronafarsóttini hava tó verið munandi minni í 2021 enn í 2020, og bankin metir ikki, at farsóttin í sama mun, fer at ávirka bankan í 2021.

Samanumtikið verður mettt, at færri váðar eru at síggja í 2021 samanborið við 2020, tí tað er sannlíkt, at gerandisdagurin er vorðin vanligari í seinnu hálvu av 2021. Lága rentustøðið, sum hevur verið ráðandi í langa tíð, ávirkar enn raksturin hjá bankanum, og bankin rokna framhaldandi við negativum avkasti av lánsbrøvum í 2021.

Leiðslan metti, sum áður nevnt, við árslok 2020, at ársúrslitið áðrenn skatt fyri 2021 fór at vísa eitt avlop millum 60-80 mió. kr.

Gongdin fyrra hálvár 2021 og útlitini fyri seinna hálvár merkir, at bankin væntar, at ársúrslitið áðrenn skatt fer at liggja millum 100-130 mió. kr.

Eftirlitsdiamanturin

Eftirlitsdiamanturin (tilsynsdiamanten), sum Fíggjareftirlitið ásetur mørk fyri, hevur 5 ýti, sum mælt verður at halda seg innanfyri.

Furthermore, the Danish Supervisory Authority has issued requirements for own funds and eligible liabilities (MREL/NEP). Thus, on 21 December 2020, the bank was notified, that the bank should meet a NEP requirement of 31.7% by 1 July 2025. The requirement will be phased in gradually and by 1 July 2021 the requirement is 21.8%. The NEP requirement is adjusted once a year.

When assessing the NEP requirement, which in 2021 is 21.8%, should be seen in connection with the bank's solvency, which by mid-year 2021 was 28.8%. The bank therefore fully meets the requirement.

In relation to the future requirements of 31.7% which will be applicable by 1 July 2025, Betri Banki as one of the strongest banks in the Kingdom of Denmark measured by solvency, will be able to meet the requirements.

2021 outlook

The corona pandemic is not over yet although the outlook looks somewhat brighter with vaccination programs in force. Some outbreaks have been in 2021 but it seems that there is control of the pandemic in the Faroe Islands.

There are also other indicators that point to some optimism. The business cycle assessments for 2021, which sheds light on the economic sentiment indicator, show that customers have greater confidence in the coming period than they have had before. As mentioned above, unemployment is also low. Unemployment that rose as corona pandemic began to ravage has now dropped to 1.5%.

In 2020 and in 2021 Betri Banki has made loan impairment charges to withstand the possible setbacks that the corona pandemic may cause. However, the loan impairment charges to withstand setbacks against the corona pandemic have been significantly less in 2021 than in 2020. The bank does not expect that the pandemic will affect the bank as much in 2021.

Overall, the bank sees fewer risks in 2021 compared to 2020 and there is a certain probability that everyday life will become more normal in the second half of 2021. The low interest rate level that has prevailed over a long period, still affects the bank's operations. The bank still expects a negative return on the bond portfolio in 2021.

At year end 2020 the management expects a profit of DKK 60-80 million for the year 2021.

The trend in the first half of 2021 and the outlook for the second half of the year implies that the bank expects the annual profit before tax to be around DKK 100-130 million. kr.

The Supervisory Diamond

The Supervisory Diamond of the Danish Supervisory Authority consists of five key indicators with thresholds, which the banks should generally stay within.

Hesi ýti knýta seg at markvirðum viðvíkjandi stærstu engagementum tilsamans, útlánsvækstri, útlánum til fastognir, fíggingarlutfalli, og markvirði fyrir gjaldföri yvir lógarinnar krav. Við hálfárið 2021 liggur Betri Banki innanfyri öll hesi 5 ýti.

The supervisory diamond stipulates threshold values regarding the sum of large exposures, lending growth, commercial property exposure, funding ratio and surplus liquidity in relation to statutory liquidity requirements, which the Bank should adhere to. As at mid-year 2021 Betri Banki is within all of these 5 threshold values.

	Markvirði / Threshold value	Betri Banki
Stærstu engagement tilsamans / Sum of large exposures	< 175%	123,1%
Útlánsvækstur / Lending growth	< 20%	4,16%
Útlán til fastognir / Real property exposure	< 25%	5,01%
Fíggingarlutfall / Funding ratio	< 1,0	0,66
Gjaldfæriskrav eftirlitsdiamantur / Liquidity requirement – Supervisory Diamond	> 100%	211,0%

Kelda / Source: : Betri Banki

Óvissa við innrokning og máting

Tann mest týðandi óvissan við innrokning og máting knýtir seg til útlánini og virðisáseting av ognum. Leiðslan metir, at óvissan er á einum støði, sum er ráðiligt í mun til ársfrásögnina. Vit vísa til lýsingina í notu 1 í Nýttum roknskaparhátti.

Uncertainty in calculations and valuations

Uncertainties primarily relate to calculation and measurement of loans and the valuation of properties. The Management believes that the uncertainty is at a level that is reasonable in respect to the annual report. We refer to the explanations in note 1 in Accounting Policies.

Hendingar eftir roknskaparlok

Umframt hetta og tey viðurskifti, sum eru nevnd í frágreiðingini, er einki óvanligt farið fram.

Events after the reporting period

Other than the above and what is already mentioned in the report, no events of significance have occurred.

Váðaviðurskifti

Ongar broytingar eru farnar fram í váða og váðastýringini hjá bankanum, síðan ársfrágreiðingin fyri 2020 varð almanna-kunngjörd.

Risk Management

There have been no recorded changes in risks related to banking operations and in the bank's risk management since the annual report for 2020 was published.

Nærri lýsing av váðaviðurskiftum bankans er í váðafrágreiðing, sum er almanna-kunngjörd á heimasíðu bankans, www.betri.fo/um-betri/um-felogini/betri-p-f/roknskapur-betri-p-f/2020/

A more detailed review of the bank's risk management can be found in the risk management report, which is published on the bank's website, www.betri.fo/um-betri/um-felogini/betri-p-f/roknskapur-betri-p-f/2020/

Nota DKK 1.000

Rakstrarrokskapur / Income Statement

	1H 2021	1H 2020	
2	Rentuinntøkur / Interest income	130.741	118.453
3	Rentuútreiðslur / Interest expenses	1.761	1.744
	Rentuinntøkur netto / Net interest income	128.980	116.709
	Vinningsbýti av partabrøvum v.m. / Dividends on shares, etc.	1.242	455
4	Ómaksgjöld og provísíonsinntøkur / Fee and commission income	33.614	30.891
	Útreiðslur til ómaksgjöld og provísiónir / Fee and commission expenses	4.544	4.283
	Rentu- og ómaksgjöld netto / Net interest income and fee income	159.292	143.772
5	Virðisjavnan / Fair value adjustments	-2.762	-15.923
	Aðrar vanligar inntøkur / Other operating income	1.003	547
6	Útreiðslur til starvsfólk og umsiting / Staff costs and adm. expenses	90.624	95.825
	Av- og niðurskrivingar av óítøkiligum og ítøkiligum ognum / Depreciations and write down of intangible and tangible assets	1.167	2.809
	Aðrar rakstrarútreiðslur / Other operating expenses	600	933
7	Niðurskrivingar av útlánnum og aðrari ogn / Impairment of loans advances, receivables etc.	-8.119	19.663
	Úrslit av kapitalþertum í assosieraðum og tilknýttum fyrritøkum / Income from associated and subsidiary undertakings	8.082	-251
	Úrslit áðrenn skatt / Profit/loss (-) before tax	81.343	8.915
	Skattur / Tax	14.642	1.605
	Úrslit / Net profit/loss (-) for the period	66.701	7.310
	Býti av úrsliti / Allocation		
	Úrslit / Net profit for the period	66.701	7.310
	At ráða yvir tilsamans / Total amount available for allocation	66.701	7.310
	At flyta til næsta ár / Carried forward to next year	66.701	7.310
	Nýtsla av úrsliti / Total allocation	66.701	7.310

Nota	DKK 1.000	1H 2021	2020
Fíggjarstöða / Balance sheet			
Ogn / Assets			
	Kassapeningur og áögn uttan uppsögn hjá tjóðbankum / Cash in hand and demand deposits with central banks	577.418	181.723
8	Áögn í lánistovnum og tjóðbankum / Claims on credit institutions and central banks	132.000	354.241
9	Útlán og onnur ogn til amortiseraðan kostprís / Loans and other claims at amortised cost	6.681.158	6.414.458
	Lánsbrøv til dagsvirði / Bonds at fair value	2.697.437	2.849.599
	Partabrøv / Shares	79.099	73.795
	Kapitalpartar í assosieraðum fyrítökum / Holdings in associated undertakings	21.354	14.190
	Kapitalpartar í tilknýttum fyrítökum / Holdings in subsidiary undertakings	10.015	9.097
	Grundöki og bygningar í alt / Land and buildings	116.057	125.872
	- Ílögubygningar / Investment properties	13.823	22.848
	- Fyrisitingar- og deildarbygningar / Domicile properties	102.233	103.024
	Onnur ítökilig ogn / Other tangible assets	4.610	4.389
	Verandi skattaögn / Current tax assets	521	440
	Ognir í fyríbils varðveitslu / Assets in temporary possession	112	100
	Onnur ogn / Other assets	8.758	17.056
	Tíðarskeiðsavmarkingar / Prepayments	12.888	12.764
	Ogn tilsamans / Total assets	10.341.427	10.057.723
Skuld / Liabilities			
10	Skuld til lánistovnar og tjóðbankar / Debt to credit institutions and central banks	4.252	1.260
11	Innlán og onnur skuld / Deposits and other debt	8.266.810	8.057.487
	Verandi skattaskuld / Current tax liabilities	32.802	18.161
	Onnur skuld / Other liabilities	127.699	130.100
	Tíðarskeiðsavmarkingar / Prepayments	462	737
	Skuld tilsamans / Total liabilities	8.432.025	8.207.745
	Avsett til eftirløn / Provisions for pensions	7.756	7.756
	Útskotin skattaskuld / Deferred tax liabilities	546	546
7	Avsett til tap av ábyrgdum / Provisions for losses on collaterals	13.271	19.974
	Avsett til aðrar útreiðslur / Other provisions	7.893	8.467
	Avsetingar til skyldur / Provisions for liabilities and charges	29.466	36.743
Eginpeningur / Equity			
	Partapeningur / Share capital	100.000	100.000
	Flutt avlop / Retained profit	1.779.936	1.713.235
	Eginpeningur tilsamans / Total equity	1.879.936	1.813.235
	Skuld, skyldur og eginpeningur tilsamans / Total liabilities	10.341.427	10.057.723
12	Töl, ið ekki eru tikið við í javna / Off-balance sheet items		
	Ábyrgdir v.m. / Guarantees, etc.	947.195	860.394
	Töl, ið ekki eru tikið við í javna, tilsamans / Total off-balance sheet items	947.195	860.394
1	Nýttur roknskaparháttur / Significant accounting policies		

Uppgerð av broyting í eginögn / Statement of changes in equity

DKK 1.000	Parta- peningur / Share Capital	Flutt avlop / Re- tained earnings	Tilsamans / Total
Ársbyrjan / Beginning of year	100.000	1.713.235	1.813.235
Heildarinntøka / Comprehensive income		66.701	66.701
30. juni 2021	100.000	1.779.936	1.879.936
Ársbyrjan / Beginning of year	100.000	1.622.716	1.722.716
Heildarinntøka / Comprehensive income		90.519	90.519
31. desember 2020	100.000	1.713.235	1.813.235

Partapeningurin hjá Betri Banki P/F er býttur á partabrøv á DKK 1 ella multipla av hesum. /
The Company's share capital are divided into shares of DKK 1 and multiples thereof.

DKK 1.000

1H 2021

2020

Solvensuppgerð / Statement of Solvency

Kjarnukapitalur aftaná frádráttir / Tier 1 Capital	1.809.999	1.810.238
Grundkapitalur / Capital Base	1.809.999	1.810.238
Vektað ogn uttan fyrri handilsognina, íroknað töl, ið ekki eru tikin við í javna / Weighted assets not included in trading portfolio including off balance-sheet items	5.058.054	4.884.467
Vektaðir postar við marknaðarváða / Weighted items with market risk	667.500	703.580
Rakstrarváði / Operational risk	560.589	558.507
Vektað ogn tilsamans / Total risk weighted assets	6.286.143	6.146.554
Solvensprosent eftir FIL § 124, stk. 2, nr. 1 / Solvency ratio purs. to FIL § 124, 2 no. 1	28,8%	29,5%
Kjarnukapitalur eftir frádrátt í prosent av vektaðari ogn / Core capital ratio	28,8%	29,5%
Kapitalkrav / Capital demand		
Kjarnukapitalur áðrenn frádráttir / Core Capital before statutory deductions	1.813.235	1.813.235
Virðisjavnan orsakað av kravið um varsema virðsmetan / Value adjustments due to the requirements for prudent valuation	3.236	2.997
Kjarnukapitalur aftaná frádráttir / Core capital less statutory deductions	1.809.999	1.810.238

Notur / Notes

Nota

1 Nýttur roknskaparháttur / Significant accounting policies

Alment

Hálvársroknskapurin er gjørdur sambært ásetingunum í lóg um fíggarligt virksemi og tilhoyrandi kunngerð um fíggarligar frásøgnir fyri peningastovnar v.m., sum er galdandi í Føroyum.

Hálvársroknskapurin verður vístur í donskum krónum, sum er funktionella gjaldoyra hjá bankanum. Øll onnur gjaldoyru verða mett sum fremmant gjaldoyra.

Hálvársroknskapurin er settur upp í 1.000 kr.

Hálvársfrásøgnin er eisini sett upp á enskum. Skuldi tað hent, at tað er ósamsvar millum føroysku útgávuna og ensku útgávuna, hevur føroyska útgávan forrættindi.

Nýttur roknskaparháttur er óbroyttur í mun til ársroknskapin fyri 2020, har roknskaparhátturin er lýstur til fulnar.

Í metingini av einstøkum ognum og skyldum er neyðugt við leiðslumeting av, hvussu komandi hendingar fara at ávirka virðið av hesum ognum og skyldum. Metingar og fortreytirnar, sum nýttar eru, byggja á søguligar royndir og onnur viðurskifti, sum leiðslan metir vera ráðiligar, men sum eru óvissar.

Mest týðandi metingarnar, sum leiðslan ger í nýtta roknskaparhátti bankans og somuleiðis mest týðandi máti-óvissan, eru tær somu í hesum tíðarskeiðsroknskapi, sum í ársroknskapinum pr. 31. desember 2020.

Generally

The interim report is prepared in accordance with the provisions of the Faroese Financial Business Act and related regulations in the executive order of bank's financial reporting in force in the Faroe Islands.

The interim report is presented in DKK, which is the Bank's functional currency. All other currencies are considered as foreign currency.

The interim report has been prepared in DKK 1,000.

The interim report is also available in English. In the event of any discrepancy between the Faroese and the English version, the Faroese version shall prevail.

The accounting policies are unchanged compared to the annual report 2020, which contains a full description of accounting policies.

The determination of the carrying amount of assets and liabilities requires the Managements' assessments estimates and assumptions of future events. The estimates and assumptions applied are based on historical experience and other factors that management considers reasonable, but which are inherently uncertain and unpredictable.

The most significant estimates made in accordance with the Bank's accounting policies as well as the most significant uncertainties in this interim report are identical to those in the financial statements pr. 31 December 2020.

Nota	DKK 1.000	1H 2021	1H 2020
2	Rentuinntøkur / Interest Income		
	Áögn í lánistovnum og tjóðbankum / Claims on credit institutions and central banks	1	0
	Útlán og onnur áögn / Loans and other claims	110.193	105.349
	Lánsbrøv / Bonds	9.257	9.075
	Avleidd fígggjaramboð / Derivative financial instruments	-3.103	-3.761
	Herav: / Of which recognised as:		
	Gjaldoyrasáttmálar / Currency contracts	-58	114
	Rentusáttmálar / Interest contracts	-3.045	-3.875
	Innlán, negativar rentur / Deposits negative interest	14.394	7.244
	Aðrar rentuinntøkur / Other interest income	0	545
	Rentuinntøkur tilsamans / Total interest income	130.741	118.453
3	Rentuútreiðslur / Interest expenses		
	Lánistovnar og tjóðbankar / Credit institutions and central banks	890	452
	Innlán og onnur skuld / Deposits and other debt	405	373
	Negativar rentur frá lánsbrøvum / Negative interests Bonds	466	546
	Aðrar rentuútreiðslur / Other interest expenses	0	373
	Rentuútreiðslur tilsamans / Total interest expenses	1.761	1.744
4	Ómaksgjöld og provisiósinntøkur / Fee and commission income		
	Virðisbrævahandil og goymslur / Security and custody accounts	3.667	1.836
	Gjaldmiðling / Credit transfers	9.624	8.678
	Avgreiðslugjöld / Loan fees	2.963	2.961
	Garantiprovisión / Guarantee commissions	2.791	5.262
	Onnur ómaksgjöld og provisióinir / Other fees and commissions	14.569	12.155
	Ómaksgjöld og provisiósinntøkur tilsamans / Total fee and commission income	33.613	30.891
5	Virðisjavnan / Fair value adjustments		
	Lánsbrøv / Bonds	-24.686	-8.435
	Partabrøv / Shares	6.644	-6.162
	Íløgubygningar / Investment properties	3.015	0
	Gjaldoyra / Currencies	3.461	-1.266
	Avleidd fígggjaramboð / Derivative financial instruments	8.804	-60
	Virðisjavnan tilsamans / Total market value adjustments	-2.762	-15.923

Nota	DKK 1.000	1H 2021	1H 2020
6	Útreiðslur til starvsfólk og umsiting / Staff costs and administrative expenses		
	Lønir og samsýning til nevnd og stjórn / Salaries and remuneration of Board og Directors and Executive Board		
	Nevnd / Board of Directors ^{2) 4)}	1.050	1.052
	Stjórn / CEO ^{1) 4) 5)}	2.262	2.304
	Tilsamans / Total	3.312	3.355
	Starvsfólkaútreiðslur / Staff costs		
	Lønir / Salaries	41.126	43.679
	Eftirlønir / Pensions ³⁾	7.052	7.358
	Útreiðslur til sosiala trygd / Social security costs	8.577	8.187
	Tilsamans / Total	56.755	59.224
	Aðrar umsitingarútreiðslur / Other administrative expenses	30.557	33.246
	Útreiðslur til starvsfólk og umsiting tilsamans / Staff costs and administrative expenses total	90.624	95.825
	Miðaltalið á ársverkum / Average number of employees, full time equivalent	180	181

- 1) Forstjórinn og stjórnin kunnu av Betri Banka uppsigast við 12 mánaðar freist og kunnu sjálfvir sigga upp við 6 mánaðar freist. Fráfaringsamsýningin, um stjórnir verður sagdur upp, er 24 mdr. lön. / The Chief Executive Officer and the Managing Director have a notice of termination of 12 months from Betri Bank, and may resign with 6 months notice. The Chief Executive Officer and the Managing Director are entitled to a severance pay of 24 months in total in the event of termination by the company.
- 2) Nevndarlímur hava ikki rætt til samsýning aftaná at teir eru farnir frá. / Members of the Board of Directors are not entitled to any benefits upon termination of employment.
- 3) Stjórn og starvsfólk eru fevnd av eini eftirlønarskipan. / The Chief Executive Officer as well as the staff are included in a defined contribution plan.
- 4) Hvørki nevnd, stjórn ella starvsfólk eru fevnd av nakrari bonusskipan, sum er sett í verk av bankanum. / Neither members of the board, the management nor employees are covered by any incentive program initiated by the bank.
- 5) Stjórnin hevur frían bil og skattgrundarlagið er á TDKK 88 meðan tað fyri 2020 var á TDKK 89. / The Executive Board has a company car and the tax base for 2021 is TDKK 89, while for 2020 it was TDKK 89.

Nota	DKK 1.000	1H 2021	1H 2020	2020
7	Niðurskrivingar av útlánum og aðrari ogn / Impairment of loans advances, receivables etc.			
	Stöði 1 / Stage 1			
	Niðurskrivingar primo / Impairments year begin	6.941	7.035	7.035
	Niðurskrivingar í árinum / Impairments during the year	3.928	2.483	4.262
	Afturförðar niðurskrivingar / Reversed individual impairments	-3.383	-4.036	-4.357
	Niðurskrivingar / Impairments end period	7.486	5.482	6.941
	Stöði 2 / Stage 2			
	Niðurskrivingar primo / Impairments year begin	111.242	52.743	52.743
	Niðurskrivingar í árinum / Impairments during the year	4.643	4.560	8.268
	Niðurskrivingar í samb. við Korona / Impairments due to Corona	12.755	30.000	60.331
	Afturförðar niðurskrivingar / Reversed individual impairments	-10.399	-8.632	-10.100
	Niðurskrivingar / Impairments end period	118.240	78.670	111.242
	Stöði 3 / Stage 3			
	Niðurskrivingar primo / Impairments year begin	157.511	197.625	197.625
	Niðurskrivingar í árinum / Impairments during the year	6.537	13.601	9.419
	Afturförðar niðurskrivingar / Reversed individual impairments	-12.159	-16.996	-47.320
	Staðfest tap, áður niðurskrivað / Previous impairments now confirmed loss	-76	-2.115	-2.214
	Niðurskrivingar / Impairments end period	151.813	192.115	157.511
	Niðurskrivingar á ogn hjá peningastovnum / Impairments due to credit institutions			
	Niðurskrivingar primo / Impairments year begin	218	193	193
	Niðurskrivingar og virðisbreytingar í árinum / Impairments and value adjustments during the year	215	55	45
	Afturförðar niðurskrivingar / Reversed individual impairments	-131	-97	-20
	Niðurskrivingar á ogn hjá peningastovnum tilsamans / Impairments due to credit institutions end period	303	151	218
	Avseting til tap av ábyrgðum / Provisions for losses on collaterals			
	Stöði 1 / Stage 1			
	Niðurskrivingar primo / Impairments year begin	824	429	429
	Niðurskrivingar í árinum / Impairments during the year	252	513	663
	Afturförðar niðurskrivingar / Reversed individual impairments	-647	-209	-268
	Niðurskrivingar / Impairments end period	430	733	824
	Stöði 2 / Stage 2			
	Niðurskrivingar primo / Impairments year begin	14.581	14.526	14.525
	Niðurskrivingar í árinum / Impairments during the year	173	2.907	400
	Afturförðar niðurskrivingar / Reversed individual impairments	-7.349	-344	-344
	Niðurskrivingar / Impairments end period	7.406	17.088	14.581
	Stöði 3 / Stage 3			
	Niðurskrivingar primo / Impairments year begin	4.569	17.470	17.470
	Niðurskrivingar í árinum / Impairments during the year	1.084	0	300
	Afturförðar niðurskrivingar / Reversed individual impairments	-216	-34	-13.201
	Niðurskrivingar / Impairments end period	5.437	17.436	4.569
	Niðurskrivingar / Impairments end period	291.114	311.675	295.885

Nota	DKK 1.000	1H 2021	1H 2020	2020
7	Niðurskrivingar av útlánum og aðrari ogn (framh.)/ Impairment of loans advances, receivables etc. (Cont.)			
	Töl, ið eru við í rakstrarroknaskapinum / Impairments included in the income statement			
	Niðurskrivingar / Impairments			
	Niðurskrivingar og virðisbroytingar í árinum / Impairments and value adjustments during the year	15.324	20.699	21.995
	Niðurskrivingar í samb. við Korona / Impairments due to Corona	12.755	30.000	60.331
	Afturförðar niðurskrivingar / Reversed individual impairments	-26.072	-29.762	-61.796
	Virðisbroyting av yvirtiknum ognum / Value adjustment for acquired assets	100	0	36
	Renta av niðurskrivingum / Revenue from interests on impairments on loans	-3.049	-3.636	-7.357
	Staðfest tap, har ekki er niðurskrivað frammanundan / Write offs without prior impairment	4	178	187
	Inngoldið á áður staðfest tap / Paid into previous depreciated claims	-479	-649	-1.183
	Niðurskrivingar í rakstrarroknaskapinum / Impairments included in the income statement	-1.416	16.830	12.213
	Avsett móti tapi / Provisions for losses			
	Avsett og virðisbroytingar í árinum / Impairments and value adjustment during the year	1.509	3.420	1.362
	Afturförd avseting / Reversed provisions for losses	-8.212	-587	-13.814
	Avsett í rakstrarroknaskapinum / Provisions for losses included in the income statement	-6.703	2.833	-12.450
	Niðurskrivingar tilsamans í rakstrarroknaskapinum / Total impairments in the income statement	-8.119	19.663	-237

Nota	DKK 1.000	1H 2021	2020
8	Áogn í lánistovnum og tjóðbankum / Claims on credit institutions and central banks		
	Áogn í tjóðbankum / Claims on central banks	0	184.928
	Áogn í lánistovnum / Claims on credit institutions	132.000	169.314
	Áogn í lánistovnum og tjóðbankum tilsamans / Total claims on credit institutions and central banks	132.000	354.241
	Áogn í lánistovnum og tjóðbankum / Claims on credit institutions and central banks		
	Uttan uppsögn / Demand deposits	99.388	130.953
	Til og við 3 mánaðir / Up to 3 months	0	185.028
	Frá 1 ár til og við 5 ár / Over 1 year and up to 5 years	8.221	16.283
	Yvir 5 ár / Over 5 years	24.390	21.978
	Áogn í lánistovnum og tjóðbankum tilsamans / Total claims on credit institutions and central banks	132.000	354.241
	Sum trygd fyri rentuswappum standa kontant innistandandi á: / As collateral for interest rate swaps are deposited a total of:	32.612	38.261

Nota	DKK 1.000	1H 2021	2020
9	Útlán og onnur áögn / Loans and other claims		
	Útlán og onnur áögn til amortiseraðan kostprís / Loans and other claims at amortised cost	6.681.158	6.414.458
	Útlán og onnur áögn tilsamans / Total loans and other claims	6.681.158	6.414.458
	Útlán og onnur áögn / Loan and other claims		
	Til og við 3 mánaðir / Up to 3 months	155.501	154.100
	Frá 3 mánaðir til og við 1 ár / Over 3 months and up to 1 year	722.194	798.044
	Frá 1 ár til og við 5 ár / Over 1 year and up to 5 years	2.340.396	2.124.291
	Yvir 5 ár / Over 5 years	3.463.067	3.338.023
	Útlán og onnur áögn tilsamans / Total loans and other claims	6.681.158	6.414.458

**Brutto eksponering býtt eftir ratingbólum og IFRS9 stöði /
Exposure by rating categories and IFRS9 stage (áðrenn niðurskrivingar / before impairments)**

Ratingbólur / Rating category	1H 2021			Íalt / Total
	Stöði 1 / Stage 1	Stöði 2 / Stage 2	Stöði 3 / Stage 3	
1 - Kundar, har OIK er staðfest / Customers with OEI	-	141.370	299.023	440.393
2c - Veikir kundar / Weak customers	852.595	42.417	-	895.012
2b - Miðal góðir kundar / Average customers	3.416.399	153.399	-	3.569.798
2a+3 - Góðir og treytaleyst góðir kundar / Good and unconditionally good customers	4.358.637	91.853	-	4.450.491
Íalt / Total	8.627.631	429.040	299.023	9.355.694

Ratingbólur / Rating category	2020			Íalt / Total
	Stöði 1 / Stage 1	Stöði 2 / Stage 2	Stöði 3 / Stage 3	
1 - Kundar, har OIK er staðfest / Customers with OEI	-	153.058	249.225	402.283
2c - Veikir kundar / Weak customers	992.157	33.714	-	1.025.871
2b - Miðal góðir kundar / Average customers	2.940.033	495.693	-	3.435.726
2a+3 - Góðir og treytaleyst góðir kundar / Good and unconditionally good customers	4.017.186	11.085	-	4.028.271
Íalt / Total	7.949.377	693.550	249.225	8.892.151

Nota	DKK 1.000	1H 2021	2020
10	Skuld til lánistovnar og tjóðbankar / Debt to credit institutions and central banks		
	Skuld til lánistovnar / Debt to credit institutions	4.252	1.260
	Skuld til lánistovnar og tjóðbankar tilsamans / Total debt to credit institutions and central banks	4.252	1.260
	Skuld til lánistovnar og tjóðbankar / Debt to credit institutions and central banks		
	Uttan uppsögn / Demand deposits	4.252	1.260
	Skuld til lánistovnar og tjóðbankar tilsamans / Total debt to credit institutions and central banks	4.252	1.260
11	Innlán og onnur skuld / Deposits and other debt		
	Innlán uttan uppsögn / Deposits on demand	6.768.406	6.551.275
	Innlán við uppsögn / Deposits at notice	934.870	987.823
	Tíðarinnskot / Time deposits	1.867	1.789
	Serligir innlánshættir / Special categories of deposits	561.666	516.600
	Innlán og onnur skuld tilsamans / Total deposits and other debt	8.266.810	8.057.487
	Innlán og onnur skuld / Deposits and other debt		
	Uttan uppsögn / On demand	6.768.406	6.551.275
	Til og við 3 mánaðir / Up to 3 months	1.069.805	1.091.723
	Frá 3 mánaðum til og við 1 ár / Over 3 months and up to 1 year	67.242	54.951
	Frá 1 ár til og við 5 ár / Over 1 year and up to 5 years	61.091	62.876
	Yvir 5 ár / Over 5 years	300.265	296.663
	Innlán og onnur skuld tilsamans / Total deposits and other debt	8.266.810	8.057.487
12	Tøl, ið ikki eru tikin við í javna / Off-balance sheet items		
	Ábyrgdir v.m. / Guarantees and other contingent liabilities		
	Fíggjarligar ábyrgdir / Financial Guaranties	238.782	232.385
	Ábyrgdir fyri realkreditlánnum / Loss guarantees for mortgage loans	574.116	454.283
	Aðrar ábyrgdir / Other contingent liabilities	134.297	173.726
	Ábyrgdir v.m. tilsamans / Total guarantees and other contingent liabilities	947.195	860.394
	Tøl, ið ikki eru tikin við í javna tilsamans / Total off-balance sheet items	947.195	860.394

Lyklatöl¹⁾ / Key Ratios¹⁾

		1H 2021	1H 2020
Solvensur og kapitalur / Solvency and capital ratios			
Solvensprosent / Solvency ratio		28,8%	27,8%
Kjarnukapitalprosent / Core capital ratio		28,8%	27,8%
Vinningur / Earning ratios			
Renting av eiginögn áðrenn skatt (umroknað til heilár) / Return on equity before tax (annualised)	ROE	8,8%	1,0%
Renting av eiginögn aftaná skatt (umroknað til heilár) / Return on equity after tax (annualised)	ROE	7,2%	0,8%
Inntøka pr. útreiðslukrónu / Income/cost ratio		2,0	1,1
Ognaravkast (umroknað til heilár) / Return on assets (annualised)	ROA	1,3%	0,1%
Marknaðarváði / Market risk ratios			
Rentuváði / Interest rate risk		1,8%	2,1%
Gjaldoyrastøða / Foreign exchange position		4,0%	2,3%
Gjaldoyraváði / Foreign exchange risk		0,1%	0,1%
Gjaldføri / Liquidity ratios			
Útlán og niðurskrivingar í mun til innlán / Loans, advances and impairments in proportion to deposits		84,3%	84,8%
Yvirdekningur í mun til lógarkrav um gjaldføri / Excess liquidity cover relative to statutory requirement		205,4%	190,8%
Lánsváði / Credit risk ratios			
Stór engagement í mun til grundkapital / Large loans as percentage of capital base		123,1%	122,7%
Tap og niðurskrivingar í tíðarskeiðinum í prosentum / Write-offs and impairments during the period		-0,3%	0,3%
Útlán í mun til eiginögnina / Total loans in proportion to equity		3,6	3,6
Útlánsvøkstur / Increase of loans		4,2%	0,2%

Frágreiðing til lyklatöl/Explanation of ratios

1) Sí frágreiðing um lyklatöl á síðu 25-26. / See explanation of ratios on page 25-26.

Frágreiðing til lyklatölíni / Explanation of Key figures

Solvensur og kapitalur

$$\text{Solvensprosent}^{1)} = \frac{\text{Grundkapitalur} \times 100}{\text{Vektað ogn tilsamans}}$$

$$\text{Kjarnukapitalprosent}^{1)} = \frac{\text{Kjarnukapitalur aftaná frádrátt} \times 100}{\text{Vektað ogn tilsamans}}$$

Vinningur

$$\text{Rentan av eginogn áðrenn skatt}^{1)} = \frac{\text{Úrslit áðrenn skatt} \times 100}{\text{Eginogn (miðal)}}$$

$$\text{Rentan av eginogn aftaná skatt}^{1)} = \frac{\text{Úrslit aftaná skatt} \times 100}{\text{Eginogn (miðal)}}$$

$$\text{Inntøka pr. útreiðslukrónu}^{1)} = \frac{\text{Vanligar inntøkur}}{\text{Vanligar útreiðslur}}$$

$$\text{Ognaravkast}^{1)} = \frac{\text{Ársúrslit aftaná skatt}}{\text{Ogn tilsamans}}$$

Marknaðarváði

$$\text{Rentuváði}^{1) 2)} = \frac{\text{Rentuváði} \times 100}{\text{Kjarnukapitalur aftaná frádrátt}}$$

$$\text{Gjaldoyrastøða}^{1) 3)} = \frac{\text{Valutakursindikator} \times 2 \times 100}{\text{Kjarnukapitalur aftaná frádrátt} \times 100}$$

Gjaldfæri

$$\text{Útlán og niðurskriving í mun til innlán}^{1)} = \frac{(\text{Útlán} + \text{Niðurskrivingar}) \times 100}{\text{Innlán}}$$

$$\text{Yvirdekingur í mun til lógarkrav um gjaldfæri}^{1)} = \frac{(\text{Tøk ogn} - \text{Skuld styttri enn 1 mánaða samb. FIL § 152 (nr.2)}) \times 100}{\text{Skuld styttri enn 1 mánaða}}$$

Lánsváði

$$\text{Stór viðskifti}^{1) 4)} = \frac{\text{Stór viðskifti} \times 100}{\text{Grundkapital}}$$

$$\text{Tap og niðurskriving í tíðarskeiðinum í prosentum}^{1)} = \frac{\text{Tap og niðurskrivingar í tíðarskeiðinum} \times 100}{\text{Brutto útlán} + \text{Ábyrgdir}}$$

$$\text{Útlán í mun til eginogn}^{1)} = \frac{\text{Útlán}}{\text{Eginogn}}$$

$$\text{Útlánsvækstur}^{1)} = \frac{(\text{Útlán ultimo} - \text{Útlán primo}) \times 100}{\text{Útlán primo}}$$

Solvency and capital ratios

$$\text{Solvency}^{1)} = \frac{\text{Capital base} \times 100}{\text{Total risk weighted assets}}$$

$$\text{Core capital ratio}^{1)} = \frac{\text{Core capital less statutory deductions} \times 100}{\text{Total risk weighted assets}}$$

Earning ratios

$$\text{Return on equity before tax}^{1)} = \frac{\text{Profit before taxes} \times 100}{\text{Equity (avg.)}}$$

$$\text{Return on equity after tax}^{1)} = \frac{\text{Net profit} \times 100}{\text{Equity (avg.)}}$$

$$\text{Income/cost ratio}^{1)} = \frac{\text{Operating income}}{\text{Operating expenses}}$$

$$\text{Return on assets}^{1)} = \frac{\text{Net profit}}{\text{Total assets}}$$

Marked risk ratios

$$\text{Interest rate risk}^{1) 2)} = \frac{\text{Interest risk} \times 100}{\text{Core capital less statutory deductions}}$$

$$\text{Foreign exchange position}^{1) 3)} = \frac{\text{Exchange rate indicator} \times 2 \times 100}{\text{Core capital less statutory deductions} \times 100}$$

Liquidity ratio

$$\text{Loans, advances and impairments in proportion to deposits}^{1)} = \frac{(\text{Loans} + \text{impairments}) \times 100}{\text{Deposits}}$$

$$\text{Excess cover relative to liquidity requirement}^{1)} = \frac{\text{Excess liquidity after fulfilment of FIL, s. 152 (no2)}}{\text{Short term liabilities (less 1 m)}}$$

Credit risk ratios

$$\text{Large loans}^{1) 4)} = \frac{\text{Large loans} \times 100}{\text{Capital base}}$$

$$\text{Write-offs and impairments during the year}^{1)} = \frac{\text{Write-offs and depreciation during the year} \times 100}{\text{Gross loans} + \text{guarantees}}$$

$$\text{Total loans in proportion to equity}^{1)} = \frac{\text{Total loans}}{\text{Equity}}$$

$$\text{Increase in loans}^{1)} = \frac{(\text{Loans year end} - \text{loans year begin}) \times 100}{\text{Loans year begin}}$$

Frágreiðing til lyklatölíni / Explanation of Key ratios

- 1) Gjört í samsvar við leiðreglurnar hjá Fíggjareftirlitinum. / Prepared in accordance with the regulations issued by the Danish Financial Supervisory Authority.
- 2) Rentuváði er grundaður á, at effektiva rentan broytist 1%, og broytingin í krónum verður roknað í mun til kjarnukapitalin eftir frádrátt. / Interest rate risk is based on the premise that the effective interest rate fluctuates 1 per cent and that the fluctuations in DKK are calculated in comparison to core capital less certain adjustments and statutory deductions.
- 3) Gjaldoyrastøða er hægra talið á ogn ella skuld í gjaldoyra og verður roknaður í prosentum av kjarnukapitalinum eftir frádrátt. / Foreign exchange position is the higher amount of assets or liabilities in currency and is calculated in per cent to core capital less certain adjustments.
- 4) Engagement størri enn 10% eftir frádrátt fyri tryggum krøvum í prosentum av basiskapitalinum. / Outstanding balances greater than 10 per cent after deductions for secure requirements in per cent to capital base.

Leiðsluátekning

Nevnd og stjórn hava í dag viðgjört og góðkent roknskapin fyri Betri Banka P/F fyri fyrra hálvár 2021.

Roknskapurin og leiðslufrágreiðingin er sett upp samsvarandi Lóg um fíggarstovnar v.m., kunngerð og leiðreglum frá Fíggarareftirlitinum viðvíkjandi frásögn fyri peningastovnar v.m.

Hálvársfrásögnin er ikki grannskoðað ella gjøgnumgingin av grannskoðara.

Tað er okkara fatan, at roknskapurin gevur eina rættvísandi mynd av felagsins ognum, skyldum og fíggarstöðu 30. juni 2021 og úrslitinum av virkseminum í tíðarskeiðinum 1. januar - 30. juni 2021.

Tað er okkara fatan, at leiðslufrágreiðingin gevur eina rættvísandi umrøðu av gongdini í virkseminum hjá Betri Banka P/F og fíggarligu støðuni, umframt eina rættvísandi lýsing av teimum týðandi váðunum og óvissu faktorunum, sum bankin kann ávirka av.

Statement by the Management

The Management and The Board of Directors have today considered and approved the interim report of Betri Banka P/F for the period 1 January – 30 June 2021.

The interim financial statement has been prepared in accordance with the Financial Business Act, and in accordance with the executive order and guidelines of the Danish Financial Supervisory Authority on presentations of financial statements.

The interim report has not been audited or reviewed

It is our opinion that the interim financial statement gives a true and fair view of the company's assets, liabilities, shareholders equity and financial position at 30 June 2021 and of the results of the company's operations for the period 1 January – 30 June 2021.

In addition, we also consider the Management's review to give a fair presentation of the development in the company's activities and the company's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Bank.

Betri Banki P/F

Tórshavn, 27. august 2021

Stjórn / Executive Board

Jean Djurhuus

Forstjóri / Chief Executive Officer

Olav Guttesen

Stjóri / Managing Director

Nevnd / Board of Directors

Flemming B. Nielsen

Nevndarformaður / Chairman

Evy J. Jacobsen

Næstforkvinna / Deputy chairwoman

Aslaug Gísladóttir

Ivan Christiansen

Janet Fríða Johannesen

Marion á Lakjuni

Kristian Østergaard

Margareth D. Djurhuus

Ann Gvøðny Dáníalsdóttir

Stjórn / Executive Board

Jean Djurhuus

Forstjóri / Chief Executive Officer

Olav Guttesen

Stjóri / Managing Director

Nevnd / Board of Directors

Flemming B. Nielsen

Nevndarformaður / Chairman

Evy J. Jacobsen

Næstforkvinna / Deputy chairwoman

Aslaug Gísladóttir

Ivan Christiansen

Janet Fríða Johannesen

Marion á Lakjuni

Kristian Østergaard

Margareth D. Djurhuus

Ann Gvøðny Dáníalsdóttir



Betri Banki P/F
Yviri við Strond 2
Postsmoga 34
110 Tórshavn

Tel +298 348 000
banki@betri.fo
www.betri.fo