

# Quarterly Report

Q1 – Q3 2022

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# Management's Review

## Overview of the first three quarters

### Increasing business volume and continued market turbulence

The BANK of Greenland's profit before tax is DKK 65.2 million at the end of September 2022, compared to DKK 114.4 million for the same period of 2021. The profit before value adjustments and write-downs is satisfactory at DKK 113.9 million, compared to DKK 108.3 million for the previous year.

Lending has increased by DKK 317.4 million since the end of 2021, amounting to DKK 4,101 million at the end of Q3 2022. At the start of 2022, it was expected that Greenland's favourable economic development would result in positive development in the Bank's lending. Guarantees increased by DKK 262.6 million from DKK 1,781 million at the end of 2021 to DKK 2,044 million at 30 September 2022.

Net interest and fee income amount to DKK 255.2 million for the first three quarters of 2022, compared to DKK 249.1 million for the same period of 2021. This reflects volume increases and mix changes in the lending structure, and an increase resulting from such factors as an improvement in fees and commission from the pension and investment area. Total expenses including depreciation amount to DKK 145.8 million at the end of Q3 2022, compared to DKK 144.8 million for the same period of 2021.

The increase in interest rates and the general market turmoil meant that value adjustments at the end of September 2022 resulted in a capital loss of DKK 45.7 million, compared to a capital gain of DKK 7.7 million for the same period in 2021. The Bank's sector shareholdings and currency area developed positively in the first three quarters of 2022, while the Bank's bond holdings generated capital losses.

Write-downs on loans and guarantees amount to a modest DKK 3.0 million at 30 September 2022. The Bank sees continued satisfactory creditworthiness in the loan portfolio. Uncertainty primarily concerns increasing inflation and resulting interest rate increases, as well as geopolitical uncertainty. So far without any significant effect in Greenland, although the Bank has allocated a supplement of DKK 30.0 million to counter risks derived from increasing inflation and interest rates, and poorer economic outlook, and the overall management supplement to write-downs has thereby been increased.

In a stock exchange announcement dated 19 October 2022, the Bank reduced its expectations of the profit for the year before tax to DKK 90-120 million from the previously estimated interval of DKK 120-140 million in the Annual Report for 2021. The adjusted expectations are maintained.

-  The profit after tax gives a return of 7.2% p.a. on opening equity after disbursement of dividend.
-  Lending and guarantees increased by a total of DKK 580 million to DKK 6.145 billion.
-  Deposits increased to DKK 5.8 billion.
-  Core earnings per krone in costs of 1.78 at 30 September 2022, compared to 1.75 at 30 September 2021.
-  Write-downs and provisions of 0.05% for the period.
-  Capital ratio of 22.7 and core capital ratio of 22.2, with an individual capital requirement of 10.7%



## Financial Highlights for Q1 – Q3 of 2022

	Q1 - Q3 2022	Q1 - Q3 2021	Full year 2021	Q1 - Q3 2020	Q1 - Q3 2019	Q1 - Q3 2018
Net interest and fee income	255,178	249,061	338,933	239,671	240,099	233,129
Value adjustments	-45,672	7,716	11,219	-4,691	9,823	503
Other operating income	4,563	3,942	6,185	3,343	4,280	4,134
Staff and administration expenses	138,304	137,545	186,385	126,964	124,789	115,426
Depreciation and impairment of tangible assets	5,488	5,214	7,014	5,213	5,023	5,101
Other operating expenses	2,036	1,992	2,497	1,746	1,852	1,216
Write-downs on loans and receivables, etc.	3,040	1,570	1,537	10,394	6,615	9,115
<b>Profit before tax</b>	<b>65,201</b>	<b>114,398</b>	<b>158,904</b>	<b>94,006</b>	<b>115,923</b>	<b>106,908</b>
Tax	-747	18,377	26,072	24,898	19,666	16,800
<b>Profit for the period</b>	<b>65,948</b>	<b>96,021</b>	<b>132,832</b>	<b>69,108</b>	<b>96,257</b>	<b>90,108</b>
<b>Selected balance sheet items:</b>						
Lending	4,101,071	3,814,849	3,783,681	3,734,998	3,693,537	3,460,949
Deposits	5,786,992	5,634,605	5,363,871	5,909,284	5,629,837	4,935,056
Equity	1,264,404	1,230,319	1,267,911	1,149,052	1,043,379	984,177
Total assets	7,752,312	7,352,102	7,226,988	7,447,672	6,986,261	6,158,154
Contingent liabilities	2,044,097	1,937,514	1,781,465	1,585,426	1,403,000	1,222,946
<b>Key figures:</b>						
Capital ratio	22.7	22.7	24.4	23.0	22.3	21.8
Core capital ratio	22.2	22.7	24.4	23.0	22.3	21.8
Return on equity before tax for the period	5.1	9.5	13.0	8.4	11.4	11.3
Return on equity after tax for the period	5.2	8.0	10.9	6.2	9.5	9.4
Income per cost krone	1.4	1.8	1.8	1.7	1.8	1.8
Rate of return	0.9	1.3	1.8	0.9	1.4	1.5
Interest rate risk	1.3	1.4	1.2	1.1	2.4	2.3
Foreign exchange position	0.6	0.9	0.8	0.6	0.4	0.8
Liquidity coverage ratio	230.9	273.4	238.6	243.1	153.8	351.4
Lending plus write-downs as a ratio of deposits	69.0	64.4	69.1	63.9	67.2	73.3
Lending as a ratio of equity	3.2	3.1	3.0	3.3	3.5	3.5
Growth in lending for the period	8.4	-4.8	-5.6	-0.7	6.4	4.3
Sum of large exposures	167.5	161.3	156.7	168.4	173.3	165.8
Write-down ratio for the period	0.1	0.0	0.0	0.2	0.1	0.2
Accumulated write-down ratio	3.0	3.2	3.2	3.3	3.4	3.5
Profit per share after tax for the period	36.6	53.3	73.8	38.4	53.5	50.1
Net book value per share	702	684	704	638	580	547
Stock exchange quotation/net book value per share	0.8	0.9	0.8	0.9	0.9	1.1

## Management's Review Q1 - Q3 2022

### Statement of income

At TDKK 175,800, compared to TDKK 172,289 for the first three quarters of 2021, net interest income increased by 2%. The start of 2021 was affected by a higher level of lending than at the start of 2022. Furthermore, in recent years the Bank has seen a change of mix in the lending structure in favour of loans at lower margins. This had a negative impact on lending rates in 2022. Interest rate increases in the money markets in Q3 improved the return on the Bank's surplus liquidity. The interest rate increases will also improve the Bank's lending rates going forward.

At the end of Q3, the Bank phased out negative deposit interest rates for private customers, and reduced negative deposit interest rates for business customers.

Fee and commission income increased by TDKK 1,565 compared to the same period of 2021. The increased guarantee scope, intensified investment activity and the pension area have a positive impact on this item, while the payment area has a negative impact. Net interest and fee income increased overall by TDKK 6,117 to TDKK 255,178 in the first nine months of 2022.

Other operating income amounts to TDKK 4,563, which is an increase of TDKK 621 from Q3 2021. To some extent, this reflects timing differences, and moreover the Bank realised non-recurring income from the sale of property, plant and equipment.

Staff and administration expenses are TDKK 759 higher than at 30 September 2021, amounting to TDKK 138,304. Despite slightly fewer employees, staff costs are marginally higher than for the same period last year, which is primarily due to adjustment of collective agreements. Administration expenses are at the level of the same period of 2021.

Other operating expenses, which concern operation and maintenance of the Bank's buildings and contributions to the Resolution Fund, are at the same level as at 30 September 2021.

Depreciation of tangible assets is TDKK 274 higher than in the first three quarters of 2021, amounting to TDKK 5,488.

The profit before value adjustments and write-downs is a satisfactory TDKK 113,913 at 30 September 2022, compared to TDKK 108,252 for the same period of 2021.

Value adjustments present a total capital loss of TDKK 45,672, compared to a capital gain of TDKK 7,716 for the same period in 2021. The Bank's holdings of sector equities and the currency area performed favourably during the period. The increase in medium- and long-term yields and the general market turmoil caused value adjustments of bonds and listed shares to develop negatively in the first three quarters of 2022.

Impairment of loans, etc. amounts to TDKK 3,040, compared to TDKK 1,537 for the same period in 2021. Covid-19 and an uncertain geopolitical situation have presented problems for the supply of goods, increasing inflation and consequentially rising interest rates. In Greenland, the effect so far is limited. The Bank does not have direct exposure to Ukraine or Russia.

In addition to the individual write-downs, on the basis of the aforementioned the Bank has allocated a supplement of DKK 30.0 million to counter risks derived from rising inflation and interest rates, and a poorer economic outlook. The total management supplements have thereby increased by DKK 10.7 million to DKK 49.1 million in 2022.

The profit before tax is TDKK 65,201, and is thereby TDKK 49,197 lower than for the same period in 2021.

### Financial highlights and key figures

DKK 1,000

	Q3 2022	Q2 2022	Q1 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2020	Q4 2020
Net interest and fee income	87,370	82,061	85,747	89,871	80,914	82,053	86,095	84,305
Costs, depreciation and amortisation	48,059	48,572	49,197	51,145	46,436	49,048	49,269	51,833
Other operating income	1,514	1,414	1,635	2,244	1,762	1,040	1,139	2,026
Profit before value adjustments and write-downs	40,825	34,903	38,185	40,970	36,242	34,045	37,965	34,498
Value adjustments	-20,477	-14,528	-10,667	3,503	2,601	1,988	3,127	4,828
Write-downs on loans, etc.	928	1,394	718	-33	-761	1,409	922	2,434
Profit before tax	19,420	18,981	26,800	44,506	39,604	34,624	40,170	36,892

### Development during the quarter

Net interest and fee income amounted to TDKK 85,747 in Q1, to TDKK 82,061 in Q2 and to TDKK 87,370 in Q3. The difference between Q1 and Q2 is primarily due to periodically higher fee and commission income in Q1 compared to Q2. In Q3, the aforementioned interest rate increases are the reason for the positive development in both the Bank's liquidity positions and bond yields.

Total costs in Q1 amounted to TDKK 49,197, and in Q2 to TDKK 48,572. In Q3, the item amounted to TDKK 48,059. Staff expenses decreased in Q2, since in Q1 holiday allowance, etc. is paid, but is not paid in the subsequent quarters. In Q3, the number of employees is lower than in the previous quarters. Other administrative expenses were at the same level in Q1 and Q2, but decreased in Q3.

The profit before value adjustments and write-downs amounted to TDKK 34,903 in Q2, which is TDKK 3,282 lower than in Q1 2022. From Q2 to Q3, the profit before value adjustments and write-downs increased by TDKK 5,922 to TDKK 40,825. The profit before tax in Q1 amounted to TDKK 26,800, in Q2 to TDKK 18,981 and in Q3 to TDKK 19,420.

Lending increased by TDKK 121,143 in Q1 and by TDKK 104,717 in Q2. In Q3, lending increased by TDKK 91,530, which overall corresponds to an increase of 8.4% from the end of 2021. At the start of the year, it was expected that the favourable economic development in Greenland would increase the Bank's lending.

Deposits increased by TDKK 178,401 in Q1 2021 and by TDKK 131,052 in Q2. In Q3, deposits increased by TDKK 113,668. In overall terms, the increase in deposits from the end of 2021 thus amounts to TDKK 423,121.

### Balance sheet and equity

During the first three quarters the Bank's lending saw a satisfactory increase of TDKK 317,390 to TDKK 4,101,071, while the Bank's guarantees to customers increased by TDKK 262,632 from the end of 2021 and amounted to TDKK 2,044,097 at the end of September 2022.

The Bank reduced its holdings of listed shares and funds during 2022, and at the end of the quarter shares, mainly comprising sector equities, totalled TDKK 118,444.

Other assets amount to TDKK 118,361, having increased by TDKK 24,563 from the end of 2021. This is primarily due to adjustment of the Bank's capital contributions to BEC.

The Bank's deposits, predominantly comprising on-demand deposits, amounted to TDKK 5,786,992 at the end of September 2022, which is an increase of 7.9% from the end of 2021.

After payment of the dividend of TDKK 72,000 for 2021 adopted by the Annual General Meeting, the Bank's equity was reduced from TDKK 1,267,911 to TDKK 1,264,404.

Total assets thereby increased by TDKK 525,324 to TDKK 7,752,312.

### Uncertainty of recognition and measurement

The principal uncertainties concerning recognition and measurement are related to write-downs on lending, provisions on guarantees and non-utilised credit facilities, together with the valuation of properties, unlisted securities and financial instruments. The management assesses that the presentation of the accounts is subject to an appropriate level of uncertainty.

### Financial risks

The BANK of Greenland is exposed to various financial risks, which are managed at different levels of the organisation. The Bank's financial risks consist of:

Credit risk: Risk of loss as a consequence of debtors' or counterparties' default on actual payment obligations.

Market risk: Risk of loss as a consequence of fluctuation in the fair value of financial instruments and derivative financial instruments due to changes in market prices. The BANK of Greenland classifies three types of risk within the market risk area: interest rate risk, foreign exchange risk and share risk.

Liquidity risk: Risk of loss as a consequence of the financing costs increasing disproportionately, the risk that the Bank is prevented from maintaining the adopted business model due to a lack of financing/funding, or ultimately, the risk that the Bank cannot fulfil agreed payment commitments when they fall due, as a consequence of the lack of financing/funding.

Operational risk: The risk that the Bank in full or in part incurs financial losses as a consequence of inadequate or inappropriate internal procedures, human errors, IT systems, etc.

## Capital requirement

The BANK of Greenland must by law have a capital base that supports the risk profile. The BANK of Greenland compiles the credit and market risk according to the standard method and the operational risk according to the basic indicator method.

### MREL requirement

The requirement concerning own funds and eligible liabilities must be viewed as an element of the recovery and resolution of banks. This entails that banks which are subject to this requirement must maintain a ratio of capital instruments and debt obligations that, in a resolution situation, can be written down or converted before simple claims.

On 4 October 2021, an MREL requirement was determined for the BANK of Greenland at 30.4% of the Bank's risk-weighted assets at the end of 2020. The MREL requirement is being phased in during 2022 to 2027. The linear phasing-in means that by 2022, the Bank must fulfil an MREL requirement of 2.53%. This means that in the course of the coming years, the Bank must fulfil the phased-in requirement by issuing capital instruments and consolidation of equity capital.

Pursuant to the determination of the MREL requirement in October 2021, the Bank issued DKK 50 million Senior-Non-Preferred for the purpose of targeted fulfilment of the MREL requirement. In addition, in September 2022 an additional DKK 25 million was issued as Senior-Non-Preferred, as well as DKK 25 million in supplementary Tier 2 capital.

Capital requirement	Q3 2022	Year 2021
Pillar I	8.00%	8.00%
Pillar II	2.70%	2.70%
<b>Solvency requirement</b>	<b>10.70%</b>	<b>10.7%</b>
SIFI buffer requirement	1.50%	1.50%
Capital reserve buffer requirement	2.50%	2.50%
<b>Capital requirement</b>	<b>14.70%</b>	<b>14.7%</b>
MREL requirement (phased in linearly as from 1 January 2022)	2.53%	0.00%
<b>Total capital requirement</b>	<b>17.23%</b>	<b>14.7%</b>
Capital base, cf. Note 19	1,223,641	1,201,358
SNP issue	74,528	49,642
<b>MREL capital base</b>	<b>1,298,169</b>	<b>1,251,000</b>
MREL capital ratio	24.04%	25.40%
Surplus capital cover	<b>6.81%</b>	<b>10.70%</b>

### Solid capital base

In accordance with the Danish Financial Business Act, the Board of Directors and the Executive Management must ensure that the BANK of Greenland has an adequate capital base. The capital requirement is the capital which, according to the management's assessment, as a minimum is needed to cover all risks.

The BANK of Greenland was designated as an SIFI institution in April 2017. Based on the requirements concerning impairment liabilities determined in 2021, the Board of Directors expects that the total capital reserves must be increased during the coming years. The aim of the Board of Directors is that there must be sufficient capital for growth in the Bank's business activities, just as there must be sufficient capital to cover ongoing fluctuations in the risks assumed by the Bank. In 2021, the Bank's Board of Directors therefore adopted a capital objective with a set target for CET1 of 24%. The BANK of Greenland's core capital ratio was 22.2 at the end of the first half of 2022, and the capital ratio was 22.7.

The result for the first half of 2022 has not been verified by the Bank's auditor and is therefore not included in the capital ratio. If the result for the first nine months of 2022 is recognised, the capital ratio can be calculated at 23.6%.

As at the end of September 2022, the Bank's individual solvency requirement was calculated at 10.7%. The BANK of Greenland thereby has surplus capital cover before the buffer requirement of 12.0%, or TDKK 648,241. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 8.0%.

**The BANK of Greenland's individual solvency requirement determined according to the 8+ model**

	Q1 - Q3 2022		Year 2021	
	Capital requirement	Solvency requirement	Capital requirement	Solvency requirement
Pillar I requirement	431,594	8.0	393,339	8.0
Credit risk	97,605	1.8	98,663	2.0
Market risk	21,859	0.4	21,910	0.4
Operational risk	15,990	0.3	10,117	0.2
Other risk	8,352	0.2	4,046	0.1
<b>Capital and solvency requirement</b>	<b>575,400</b>	<b>10.7</b>	<b>528,075</b>	<b>10.7</b>

The BANK of Greenland has published further details of the calculated solvency requirement in a report on its website <http://www.banken.gl/report/>

**Liquidity**

The liquidity coverage ratio (LCR) is a minimum requirement of the ratio between current assets and liabilities, to ensure a satisfactory liquidity ratio.

At the end of the first half-year, the Bank had an LCR of 230.9% and thereby fulfils the LCR requirement of at least 100%.

The Bank's funding is based solely on deposits.

**The Supervisory Diamond for banks**

The BANK of Greenland has considered the benchmarks set out in the Danish FSA's Supervisory Diamond for banks. The Supervisory Diamond states five benchmarks for banking activities which the Bank aims to fulfil. It must be noted that

publicly-owned enterprises account for 53% points of the sum of large exposures.

The exposure to property amounts to 23.3%. This exposure is subject to considerable subordinate public financing. In addition, some of the exposure is based on lease contracts with the state, the Government of Greenland or municipalities. The Bank assesses that both of these factors contribute to stabilising the overall sector exposure.

**Investor relations**

The BANK of Greenland's overall financial objective is to achieve a competitive return for the shareholders. The price of the BANK of Greenland's share is by and large unchanged at 595 at 30 September 2022, compared to the end of 2021, when the price was 598.

At the Bank's Annual General Meeting on 29 March 2022, a dividend payment of DKK 40 per share, or a total of DKK 72

**Sum of large exposures**

*(maximum 175% of actual core capital)*

The BANK of Greenland 167.5 %

**Property exposure**

*(less than 25% of total loans and guarantees)*

The BANK of Greenland 23.3%

**Stable funding**

*(loans/working capital less bonds with a remaining maturity of less than 1 year) Limit value: less than 1*

The BANK of Greenland 0.6

**Growth in lending**

*(less than 20% per annum)*

The BANK of Greenland 7.5%

**Liquidity benchmark**

*(greater than 100%)*

The BANK of Greenland 233.1%

million, to the Bank's shareholders was adopted, and this was paid out on 31 March 2022.

In accordance with Section 28a of the Danish Companies Act, six shareholders have notified shareholdings in excess of 5%. The Bank has no holdings of own shares.

### **The BANK of Greenland's mission, values and corporate governance**

The BANK of Greenland conducts banking activities in Greenland in open competition with domestic and foreign banks and provides advice and services in the financial area to all citizens and businesses in Greenland.

The Bank's mission should be viewed in a broader perspective whereby the BANK of Greenland can be seen as the BANK for all of Greenland. This entails an enhanced responsibility to participate positively and actively in society's development and to help to create opportunities for the benefit of Greenland, while also ensuring sound financial activities. The BANK of Greenland is highly aware of this vital role.

The BANK of Greenland's values are firmly anchored in the Bank and its employees. The values are Commitment, Decency, Customer-oriented and Development-oriented. These values serve as a guide for how we act and wish to be seen within and outside the Bank.

The BANK of Greenland considers all of the Corporate Governance recommendations and the Danish Executive Order on Management and Control of Banks, etc. and it is the Bank's objective to observe these recommendations at all times and to the greatest possible extent. The Bank's Corporate Governance Statement can be found on the Bank's website [www.banken.gl](http://www.banken.gl).

### **Outlook for the remainder of 2022**

The BANK of Greenland expects continued economic growth in 2022.

Lending developed positively in 2022. A flatter development curve is expected in the last quarter of 2022. Deposits are expected to be at the level of 30 September 2022, or marginally lower.

Inflation development and the ongoing war in Ukraine have so far had only a limited impact on Greenland. Total core income is expected to be higher than in 2021 as a consequence of the most recent quarter's interest rate development. The Bank's pension, insurance and investment products are expected to continue to develop positively.

Total expenses including depreciation and amortisation are expected to be moderately higher than in 2021. Staff expenses are expected to show more subdued development. However, in the fourth quarter, an increased holiday pay obligation will be recognised as an extraordinary expense, as a result of a changed calculation method. Administration expenses are also expected to increase slightly, primarily in the IT area.

The Bank assesses that the quality of the loan portfolio is satisfactory. Write-downs on loans are therefore still expected to be at a low, but normalised, level.

In the market area, there is still considerable uncertainty concerning the development in interest rates and thereby the performance of the Bank's bond portfolio. Capital gains are also expected from the currency area and sector equities.

In the stock exchange announcement of 19 October 2022, the Bank reduced its expectations of the profit for the year before tax to DKK 90-120 million, which is maintained.

# Management Statement

The Board of Directors and Executive Management have today considered and approved the quarterly report for the period 1 January - 30 September 2022 for the limited liability company, GrønlandsBANKEN A/S.

The quarterly report is presented in accordance with the Danish Financial Business Act, and the Management's Review is prepared in accordance with the Danish Financial Business Act. The quarterly report is furthermore prepared in accordance with additional Danish disclosure requirements for listed financial companies.

It is our opinion that the quarterly report gives a true and fair view of the Bank's assets, liabilities and financial position at 30 September 2022, and of the result of the Bank's activities for the first three quarters of 2022.

It is our opinion that the Management's Review gives a true and fair review of the development in the Bank's activities and financial affairs, as well as a description of the significant risks and uncertainties to which the BANK of Greenland is subject.

Nuuk, 2 November 2022

## Executive Management

Martin Birkmose Kviesgaard

## Board of Directors

Gunnar í Liða

Chair

Malene Meilfart Christensen

Niels Peter Fleischer Rex

Kristian Frederik Lennert

Vice Chair

Lars Holst

Peter Angutinguaq Wistoft

Maliina Bitsch Abelsen

Yvonne Jane Poulsen Kyed

Ellen Dalsgaard Zdravkovic



## Income Statement and Statement of Comprehensive Income

DKK 1,000

Notes		Q1 - Q3 2022	Full year 2021	Q1 - Q3 2021
3	Interest income	160,638	223,790	165,537
4	Negative interest income	-5,465	-13,033	-9,661
5	Interest expenses	1,010	1,019	808
6	Positive interest expenses	21,637	24,383	17,222
	<b>Net interest income</b>	<b>175,800</b>	<b>234,121</b>	<b>172,289</b>
	Share dividend, etc.	1,822	913	913
7	Fees and commission income	77,852	104,794	76,287
	Fees paid and commission expenses	296	895	428
	<b>Net interest and fee income</b>	<b>255,178</b>	<b>338,933</b>	<b>249,061</b>
8	Value adjustments	-45,672	11,219	7,716
	Other operating income	4,563	6,185	3,942
9	Staff and administration expenses	138,304	186,385	137,545
	Depreciation and impairment of tangible assets	5,488	7,014	5,214
	Other operating expenses	2,036	2,497	1,992
17	Write-downs on loans and receivables, etc.	3,040	1,537	1,570
	<b>Profit before tax</b>	<b>65,201</b>	<b>158,904</b>	<b>114,398</b>
10	Tax	-747	26,072	18,377
	<b>Profit for the period</b>	<b>65,948</b>	<b>132,832</b>	<b>96,021</b>
	COMPREHENSIVE INCOME			
	Profit for the period	65,948	132,832	96,021
	Other comprehensive income:			
	Value adjustment of properties	3,393	4,346	3,240
	Value adjustment of defined-benefit severance/pension scheme	0	-32	0
	Tax on value adjustment of properties	-848	-1,152	-859
	<b>Other comprehensive income</b>	<b>2,545</b>	<b>3,162</b>	<b>2,381</b>
	<b>Comprehensive income for the period</b>	<b>68,493</b>	<b>135,994</b>	<b>98,402</b>

## Balance Sheet

DKK 1,000

Notes	Assets	30 Sep 22	31 December 2021	30 June 2021
	Cash balance and demand deposits with central banks	1,232,568	1,434,027	1,516,828
11	Receivables from credit institutions and central banks	352,114	57,293	263,909
17	Loans and other receivables at amortised cost	4,101,071	3,783,681	3,814,849
12	Bonds at fair value	1,150,641	1,100,975	1,002,138
	Shares, etc.	118,444	138,902	135,791
13	Assets connected to pool schemes	417,404	360,537	285,756
	Land and buildings in total, domicile properties	250,530	247,292	237,952
	Other tangible assets	5,925	6,652	6,471
	Other assets	118,361	93,798	83,842
	Accruals and deferred income	5,254	3,831	4,566
	<b>Total assets</b>	<b>7,752,312</b>	<b>7,226,988</b>	<b>7,352,102</b>
	<b>Liabilities</b>			
	Liabilities to credit institutions and central banks	16,699	13,145	14,015
14	Deposits and other liabilities	5,786,992	5,363,871	5,634,605
	Deposits in pool schemes	417,404	360,537	285,756
15	Issued bonds at amortised cost	74,528	49,642	0
	Current tax liabilities	39,439	22,615	52,695
	Other liabilities	54,380	53,911	60,064
	Prepayments and deferred expenses	4,183	7,499	2,578
	<b>Total debt</b>	<b>6,393,625</b>	<b>5,871,220</b>	<b>6,049,713</b>
	Provisions for pensions and similar obligations	1,903	1,705	1,587
	Provisions for deferred tax	51,174	68,326	53,061
	Provisions for losses on guarantees	7,842	7,673	7,472
	Other provisions	5,006	5,351	5,167
	Provisions for losses on non-utilised credit facilities	3,666	4,802	4,783
	<b>Total provisions</b>	<b>69,591</b>	<b>87,857</b>	<b>72,070</b>
16	Subordinated debt	24,692	0	0
	<b>Total subordinated debt</b>	<b>24,692</b>	<b>0</b>	<b>0</b>
	Equity			
17	Share capital	180,000	180,000	180,000
	Revaluation reserves	40,173	37,628	37,130
	Retained earnings	1,044,231	978,283	1,013,189
	Proposed dividend	0	72,000	0
	<b>Total equity</b>	<b>1,264,404</b>	<b>1,267,911</b>	<b>1,230,319</b>
	<b>Total liabilities</b>	<b>7,752,312</b>	<b>7,226,988</b>	<b>7,352,102</b>

1 Accounting policies applied

2 Accounting estimates

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## Statement of Changes in Equity

DKK 1,000

	Share capital	Revaluation reserves	Retained earnings	Proposed dividend	Total equity capital
<b>Equity, 01 January 2021</b>	<b>180,000</b>	<b>34,749</b>	<b>917,168</b>	<b>45,000</b>	<b>1,176,917</b>
Dividend paid				-45,000	-45,000
Other comprehensive income		2,381			2,381
Profit for the period			96,021		96,021
<b>Equity, 30 September 2021</b>	<b>180,000</b>	<b>37,130</b>	<b>1,013,189</b>	<b>0</b>	<b>1,230,319</b>
Other comprehensive income		498	283		781
Profit for the period			-35,189	72,000	36,811
<b>Equity, 31 December 2021</b>	<b>180,000</b>	<b>37,628</b>	<b>978,283</b>	<b>72,000</b>	<b>1,267,911</b>
<b>Equity, 01 January 2022</b>	<b>180,000</b>	<b>37,628</b>	<b>978,283</b>	<b>72,000</b>	<b>1,267,911</b>
Dividend paid				-72,000	-72,000
Other comprehensive income		2,545			2,545
Profit for the period			65,948		65,948
<b>Equity, 30 September 2022</b>	<b>180,000</b>	<b>40,173</b>	<b>1,044,231</b>	<b>0</b>	<b>1,264,404</b>



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# Notes to the Quarterly Report

## 1. Accounting policies applied, etc.

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The Interim Report has been prepared in accordance with the Danish Financial Business Act, the statutory order for financial reports for credit institutions and investment service companies, etc., and the Danish disclosure requirements for the interim reports of listed financial companies.

The accounting policies applied are unchanged from the Annual Report for 2021.

Tax, which consists of current tax and changes in deferred tax, is recognised in the income statement when it relates to the

profit for the period, and directly in equity when it can be attributed to items carried directly to equity.

On calculating the taxable income, Greenland allows tax deduction of dividends for the dividend-paying company. The taxation value of this is therefore added to equity at the time of the Annual General Meeting's approval of the dividend.

Deferred tax assets are recognised in the balance sheet at the value at which the asset is expected to be realised. The interim report has not been audited or reviewed.

## 2. Significant accounting estimates

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The calculation of the accounting value of certain assets and liabilities is subject to a degree of uncertainty and an estimate of how future events will affect the value of these assets and liabilities. The most significant estimates relate to:

- measurement of loans, guarantees and non-utilised credit facilities;
- financial instruments;
- fair value of domicile properties; and
- commissions.

Non-listed financial instruments that primarily concern sector equities and that are measured at estimated fair values.

The measurement of the fair value of the Bank's head office properties is subject to significant accounting estimates and assessments, including expectations of the properties' future returns and the fixed yield ratios.

For provisions, there are significant estimates related to the determination of the future employee turnover rate, as well as determining the interest bond for tax-free savings accounts.

DKK 1,000	Q1 - Q3 2022	Full year 2021	Q1 - Q3 2021
<b>3. Interest income</b>			
Lending and other receivables	156,007	220,044	162,913
Bonds	4,631	3,746	2,624
<b>Total interest income</b>	<b>160,638</b>	<b>223,790</b>	<b>165,537</b>
<b>4. Negative interest income</b>			
Receivables from credit institutions and central banks	-4,675	-11,008	-7,937
Foreign exchange, interest rate, equity, commodities and other contracts, as well as derivative financial instruments	-790	-2,025	-1,724
<b>Total negative interest</b>	<b>-5,465</b>	<b>-13,033</b>	<b>-9,661</b>
<b>5. Interest expenses</b>			
Credit institutions and central banks	0	6	6
Deposits and other liabilities	1,010	988	802
Issued bonds	0	25	0
<b>Total interest expenses</b>	<b>1,010</b>	<b>1,019</b>	<b>808</b>
<b>6. Positive interest expenses</b>			
Credit institutions and central banks	11	0	0
Deposits and other liabilities	21,626	24,383	17,222
<b>Total positive interest expenses</b>	<b>21,637</b>	<b>24,383</b>	<b>17,222</b>
<b>7. Fees and commission income</b>			
Securities and securities accounts	3,062	6,359	2,301
Payment settlement	28,372	39,654	29,783
Loan transaction fees	3,829	5,817	3,987
Guarantee commission	24,070	30,718	22,485
Other fees and commission	18,519	22,246	17,731
<b>Total fee and commission income</b>	<b>77,852</b>	<b>104,794</b>	<b>76,287</b>
<b>8. Value adjustments</b>			
Lending at fair value	-7,651	-6,670	-2,762
Bonds	-52,849	-6,473	-5,446
Shares	2,762	12,922	9,811
Currency	4,286	4,519	3,253
Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	7,780	6,921	2,860
<b>Total value adjustments</b>	<b>-45,672</b>	<b>11,219</b>	<b>7,716</b>

DKK 1,000	Q1 - Q3 2022	Full year 2021	Q1 - Q3 2021
<b>9. Staff and administration expenses</b>			
Staff expenses			
Salaries	61,965	83,188	61,490
Other staff expenses	1,886	2,302	1,613
Pensions	8,117	10,535	7,856
Social security expenses	264	535	629
<b>In total</b>	<b>72,232</b>	<b>96,560</b>	<b>71,588</b>
Other administration expenses	66,072	89,825	65,957
Average number of FTEs	136.3	137.7	137.2
Of which salaries and remuneration to the Board of Directors and the Executive Management	4,346	5,583	4,180
Five other employees (Q3 2021: four employees) whose activities have a significant influence on the Bank's risk profile:			
Salaries and pensions, including free car and other benefits	4,422	5,603	3,635
<b>10. Tax</b>			
25% of the profit before tax	16,300	39,726	28,600
Discount for dividend tax paid	-429	-217	-217
6%-supplement	952	2,370	1,702
<b>Total tax on ordinary profit</b>	<b>16,823</b>	<b>41,879</b>	<b>30,085</b>
Paid dividend tax	429	217	217
Change in deferred tax as a consequence of a change in the corporate tax supplement		-4,099	0
Adjustment to deferred tax prior year	1,080	0	0
Taxation value of dividend paid	-19,080	-11,925	-11,925
<b>Tax in total</b>	<b>-748</b>	<b>26,072</b>	<b>18,377</b>
Deferred tax	1,928	3,046	859
Taxation value of dividend paid	-19,080	0	-11,925
Tax to be paid	16,404	23,026	29,443
No company tax was paid during the period.			
<b>11. Amounts receivable from credit institutions and central banks</b>			
Receivables subject to terms of notice at central banks	0	0	0
Receivables from credit institutions	352,114	57,293	263,909
<b>Total amounts receivable</b>	<b>352,114</b>	<b>57,293</b>	<b>263,909</b>
<b>12. Bonds</b>			
Of the bond portfolio, a nominal amount of TDKK 50,000 is pledged as collateral for accounts with Danmarks Nationalbank.			

DKK 1,000	Q1 - Q3 2022	Full year 2021	Q1 - Q3 2021
<b>13. Assets connected to pool schemes</b>			
Investment associations	417,318	359,866	285,611
Non-invested funds	86	671	145
<b>Total</b>	<b>417,404</b>	<b>360,537</b>	<b>285,756</b>
<b>14. Deposits</b>			
On demand	5,209,531	4,826,448	5,018,464
On terms of notice	284,110	294,802	375,608
Time deposits	40,000	0	0
Special deposit conditions	253,351	242,621	240,533
<b>Total deposits</b>	<b>5,786,992</b>	<b>5,363,871</b>	<b>5,634,605</b>
<b>15. Issued bonds at amortised cost</b>			
Bond issue	74,528	49,642	0
<b>Total</b>	<b>74,528</b>	<b>49,642</b>	<b>0</b>
<p>Loans are raised as Senior Non-Preferred:</p> <ul style="list-style-type: none"> <li>- DKK 50 million raised on 27/10/2021 and falling due for full redemption on 27/10/2026. The Bank has the option of early redemption as from 27/10/2025.</li> <li>- DKK 25 million raised on 2/9/2022 and falling due for full redemption on 2/9/2027. The Bank has the option of early redemption as from 2/9/2026.</li> </ul>			
<b>16. Subordinated debt</b>			
Supplementary capital Tier 2:			
Capital certificate, fixed rate 6,197%	24,692	0	0
<b>Total</b>	<b>24,692</b>	<b>0</b>	<b>0</b>
Subordinated debt included in the capital base	24,692	0	0
<p>Loan was raised on 2/9/2022 and falls due for full redemption on 2/9/2032. The Bank has the option of early redemption as from 2/9/2027.</p>			
<b>17. Share capital</b>			
Share capital consists of 1,800,000 shares of DKK 100.			
<b>Own shares</b>			
Number of own shares	0	0	0
<b>18. Loans</b>			
Write-downs on loans, guarantees and non-utilised credit facilities:			
New write-downs concerning new facilities during the year	10,252	29,455	20,260
Reversal of write-downs concerning redeemed facilities	-14,714	-25,917	-21,329
Net write-downs during the period as a consequence of changes in the credit risk	8,951	-723	3,792
Losses without preceding write-downs	547	647	393
Received for claims previously written off	-1,996	-1,925	-1,546
<b>Recognised in the statement of income</b>	<b>3,040</b>	<b>1,537</b>	<b>1,570</b>

DKK 1,000	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on loans</b>				
<b>30.09.2022</b>				
Start of the period	21,314	67,951	85,104	174,369
New write-downs concerning new facilities during the year	3,605	4,091	1,591	9,287
Reversal of write-downs concerning redeemed facilities	-1,636	-2,561	-9,881	-14,078
Change in write-downs at the beginning of the year – transfer to stage 1	16,157	-12,469	-3,688	0
Change in write-downs at the beginning of the year – transfer to stage 2	-1,407	6,948	-5,541	0
Change in write-downs at the beginning of the year – transfer to stage 3	-28	-3,253	3,281	0
Net write-downs as a consequence of changes in the credit risk	-23,062	18,477	14,831	10,246
Previously written down, now finally lost			-3,191	-3,191
Interest on written-down facilities			3,159	3,159
<b>Write-downs in total</b>	<b>14,943</b>	<b>79,184</b>	<b>85,665</b>	<b>179,792</b>

**Write-downs on guarantees****30.09.2022**

Start of the period	744	2,071	4,858	7,673
New write-downs concerning new facilities during the year	545	279	0	825
Reversal of write-downs concerning redeemed facilities	-1	-24	-49	-74
Change in write-downs at the beginning of the year – transfer to stage 1	1,449	-1,367	-82	0
Change in write-downs at the beginning of the year – transfer to stage 2	-55	1,116	-1,061	0
Change in write-downs at the beginning of the year – transfer to stage 3	-3	-42	45	0
Net write-downs as a consequence of changes in the credit risk	-1,312	-1,450	2,180	-582
<b>Write-downs in total</b>	<b>1,368</b>	<b>583</b>	<b>5,891</b>	<b>7,842</b>

**Write-downs on non-utilised drawing rights****30.09.2022**

Start of the period	1,203	1,037	2,561	4,801
New write-downs concerning new facilities during the year	33	72	35	140
Reversal of write-downs concerning redeemed facilities	-167	-164	-231	-562
Change in write-downs at the beginning of the year – transfer to stage 1	451	-451	0	0
Change in write-downs at the beginning of the year – transfer to stage 2	-24	684	-660	0
Change in write-downs at the beginning of the year – transfer to stage 3	-1	0	1	0
Net write-downs as a consequence of changes in the credit risk	-740	-906	933	-713
<b>Write-downs in total</b>	<b>755</b>	<b>272</b>	<b>2,639</b>	<b>3,666</b>

DKK 1,000	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on loans</b>				
<b>31.12.2021</b>				
Start of the period	14,202	71,617	86,174	171,993
New write-downs concerning new facilities during the year	5,424	13,766	7,459	26,649
Reversal of write-downs concerning redeemed facilities	-3,079	-11,891	-8,562	-23,532
Change in write-downs at the beginning of the year – transfer to stage 1	19,607	-11,812	-7,795	0
Change in write-downs at the beginning of the year – transfer to stage 2	-1,397	2,581	-1,184	0
Change in write-downs at the beginning of the year – transfer to stage 3	-59	-1,148	1,207	0
Net write-downs as a consequence of changes in the credit risk	-13,384	4,838	10,957	2,411
Previously written down, now finally lost	0	0	-6,975	-6,975
Interest on written-down facilities	0	0	3,823	3,823
<b>Write-downs in total</b>	<b>21,314</b>	<b>67,951</b>	<b>85,104</b>	<b>174,369</b>

**Write-downs on guarantees**

<b>31.12.2021</b>				
Start of the period	554	655	8,681	9,890
New write-downs concerning new facilities during the year	342	677	865	1,884
Reversal of write-downs concerning redeemed facilities	-5	-4	-125	-134
Change in write-downs at the beginning of the year – transfer to stage 1	534	-188	-346	0
Change in write-downs at the beginning of the year – transfer to stage 2	-17	4,051	-4,034	0
Change in write-downs at the beginning of the year – transfer to stage 3	-2	-3	5	0
Net write-downs as a consequence of changes in the credit risk	-662	-3,117	-188	-3,967
<b>Write-downs in total</b>	<b>744</b>	<b>2,071</b>	<b>4,858</b>	<b>7,673</b>

**Write-downs on non-utilised drawing rights**

<b>31.12.2021</b>				
Start of the period	746	239	4,312	5,297
New write-downs concerning new facilities during the year	769	151	2	922
Reversal of write-downs concerning redeemed facilities	-273	-48	-1,930	-2,251
Change in write-downs at the beginning of the year – transfer to stage 1	159	-107	-52	0
Change in write-downs at the beginning of the year – transfer to stage 2	-35	58	23	0
Change in write-downs at the beginning of the year – transfer to stage 3	0	0	0	0
Net write-downs as a consequence of changes in the credit risk	-163	744	252	833
<b>Write-downs in total</b>	<b>1,203</b>	<b>1,037</b>	<b>2,561</b>	<b>4,801</b>

DKK 1,000	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on loans</b>				
<b>30.09.2021</b>				
Start of the period	14,202	71,617	86,174	171,993
New write-downs concerning new facilities during the year	2,952	9,503	5,626	18,081
Reversal of write-downs concerning redeemed facilities	-1,689	-10,722	-6,789	-19,200
Change in write-downs at the beginning of the year – transfer to stage 1	19,270	-11,577	-7,693	0
Change in write-downs at the beginning of the year – transfer to stage 2	-1,696	3,162	-1,466	0
Change in write-downs at the beginning of the year – transfer to stage 3	-28	-1,024	1,052	0
Net write-downs as a consequence of changes in the credit risk	-19,082	13,142	12,714	6,774
Previously written down, now finally lost			-1,913	-1,913
Interest on written-down facilities			3,064	3,064
<b>Write-downs in total</b>	<b>13,929</b>	<b>74,101</b>	<b>90,769</b>	<b>178,799</b>

**Write-downs on guarantees****30.09.2021**

Start of the period	554	655	8,681	9,890
New write-downs concerning new facilities during the year	357	390	1,174	1,921
Reversal of write-downs concerning redeemed facilities	-4	-4	-125	-133
Change in write-downs at the beginning of the year – transfer to stage 1	402	-198	-204	0
Change in write-downs at the beginning of the year – transfer to stage 2	-42	4,042	-4,000	0
Change in write-downs at the beginning of the year – transfer to stage 3	-2	-2	4	0
Net write-downs as a consequence of changes in the credit risk	-570	-2,057	-1,579	-4,206
<b>Write-downs in total</b>	<b>695</b>	<b>2,826</b>	<b>3,951</b>	<b>7,472</b>

**Write-downs on non-utilised drawing rights****30.09.2021**

Start of the period	746	239	4,312	5,297
New write-downs concerning new facilities during the year	15	231	12	258
Reversal of write-downs concerning redeemed facilities	-230	-48	-1,718	-1,996
Change in write-downs at the beginning of the year – transfer to stage 1	108	-78	-30	0
Change in write-downs at the beginning of the year – transfer to stage 2	-2	25	-23	0
Change in write-downs at the beginning of the year – transfer to stage 3	0	-14	14	0
Net write-downs as a consequence of changes in the credit risk	-190	490	924	1,224
<b>Write-downs in total</b>	<b>447</b>	<b>845</b>	<b>3,491</b>	<b>4,783</b>

DKK 1,000	Q1 - Q3 2022	Full year 2021	Q1 - Q3 2021
<b>19. Contingent liabilities</b>			
Mortgage finance guarantees	999,100	942,401	1,121,493
Registration and remortgaging guarantees	340,221	306,503	248,506
Other guarantees	704,776	532,561	567,515
<b>Guarantees, etc. in total</b>	<b>2,044,097</b>	<b>1,781,465</b>	<b>1,937,514</b>
Provision balance for guarantees	7,842	9,890	7,472
Provision balance for non-utilised credit facilities	3,666	5,297	4,783
<p>The Bank is a member of BEC (BEC Financial Technologies a.m.b.a.). On any withdrawal the Bank will be obliged to pay a withdrawal fee to BEC equivalent to the preceding five years' IT costs. Like the rest of the Danish banking sector, the Bank has an obligation to make payments to the Guarantee Fund and the Resolution Fund.</p>			
<b>20. Capital conditions and solvency</b>			
Credit risk	4,487,750	4,070,758	4,211,475
CVA risk	21,254	1,720	738
Market risk	251,326	204,615	166,978
Operational risk	639,644	639,644	615,611
<b>Total risk exposure</b>	<b>5,399,974</b>	<b>4,916,737</b>	<b>4,994,802</b>
Equity at the beginning of the period	1,267,911	1,176,917	1,176,917
Comprehensive income for the period	0	135,994	0
Adjustment to deferred tax prior year	-1,080	0	0
Proposed dividend, accounting effect	19,080	-52,920	11,925
Paid dividend	-72,000	-45,000	-45,000
Framework for ratio of own shares	-10,710	-10,764	-10,800
Deductions for prudent valuation	-1,526	-1,490	-1,382
Deductions for Non-Performing Exposures	-2,726	-1,379	-131
<b>Actual core capital</b>	<b>1,198,949</b>	<b>1,201,358</b>	<b>1,131,529</b>
Supplementary capital	24,692	0	0
<b>Capital base</b>	<b>1,223,641</b>	<b>1,201,358</b>	<b>1,131,529</b>
Capital ratio	22.7	24.4	22.7
Actual core capital ratio	22.2	24.4	22.7
Statutory capital ratio requirements	8.0	8.0	8.0



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