

# Quarterly Report

First half of 2022

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# Management's Review

## Interim Report in headlines

### Stable core business and market turmoil in the first half-year

The BANK of Greenland's profit before tax amounts to DKK 45.8 million for the first half of 2022, compared to DKK 74.8 million for the first half of 2021. The profit before value adjustments and write-downs is satisfactory at DKK 73.1 million, compared to DKK 72.0 million for the previous year.

Lending has increased by DKK 226 million since the end of 2021, amounting to DKK 4,010 million at the end of the first half of 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 190.9 million from DKK 1,781 million at the end of 2021 to DKK 1,972 million at the end of the first half of 2022.

Net interest, fees and other operating income in the first half of 2022 were almost unchanged at DKK 170.9 million compared to the same period in 2021. This reflects volume increases and mix changes in the lending structure, and an increase resulting from such factors as an improvement in the negative deposit interest rates, as well as fees and commission from the pension and investment area.

Total expenses including depreciation amounted to DKK 97.8 million at the end of the first half of 2022, compared to DKK 98.3 million for the same period in 2021. The increase in interest rates and the general market turmoil meant that value

adjustments at the end of June 2022 resulted in a capital loss of DKK 25.2 million, compared to a capital gain of DKK 5.1 million for the same period in 2021. The Bank's sector shareholdings and the currency area performed positively in the first half of the year, while the Bank's bond holdings generated capital losses.

Write-downs on loans and guarantees were reduced by DKK 0.2 million from the first half of 2021 and amounted to a modest DKK 2.1 million for the first half of 2022. The Bank sees continued satisfactory creditworthiness in the loan portfolio. The impact of Covid-19 on Greenland's society is minimal, which is, among other things, reflected in positive development in tourism in 2022. Uncertainty primarily concerns increasing inflation and resulting interest rate increases, as well as geopolitical uncertainty. So far, no significant effect can be seen in Greenland. On the basis of the aforementioned, the Bank has reduced the Covid-19 supplement in the management reserve to a minimum. On the other hand, the Bank has allocated a supplement of DKK 19.4 million to counter risks derived from increasing inflation and interest rates, and poorer cyclical prospects, and the overall management supplement to write-downs has thereby been increased.

In the Annual Report for 2021, the forecast for the year's profit before tax was estimated at a range of DKK 120-140 million. This range is maintained, provided that there is no significant negative market impact during the rest of the year.

- The profit after tax gives a return of 8.5% p.a. on opening equity after disbursement of dividend.
- Lending and guarantees increased by a total of DKK 417 million to DKK 5.982 billion.
- Deposits increased to DKK 5.6 billion.
- Basic earnings per cost in DKK of 1.75 in the first half of 2022, compared to 1.73 in the first half of 2021
- Write-downs and provisions of 0.03% for the period.
- Capital ratio and core capital ratio of 22.8 and an individual capital requirement of 10.6%



## Financial Highlights for the first half of 2022

	First half- year 2022	First half- year 2021	Full year 2021	First half- year 2020	First half- year 2019	First half- year 2018
Net interest and fee income	167,808	168,148	338,933	161,110	160,316	157,027
Value adjustments	-25,195	5,115	11,219	-7,330	2,593	-345
Other operating income	3,049	2,179	6,185	2,221	2,878	2,856
Staff and administration expenses	92,437	93,229	186,385	85,566	86,341	79,990
Depreciation and impairment of tangible assets	3,636	3,486	7,014	3,449	3,367	3,367
Other operating expenses	1,696	1,602	2,497	1,416	1,889	838
Write-downs on loans and receivables, etc.	2,112	2,331	1,537	9,845	4,787	6,666
<b>Profit before tax</b>	<b>45,781</b>	<b>74,794</b>	<b>158,904</b>	<b>55,725</b>	<b>69,403</b>	<b>68,677</b>
Tax	-5,893	7,882	26,072	14,754	4,877	4,632
<b>Profit for the period</b>	<b>51,674</b>	<b>66,912</b>	<b>132,832</b>	<b>40,971</b>	<b>64,526</b>	<b>64,045</b>
<b>Selected balance sheet items:</b>						
Lending	4,009,541	3,824,443	3,783,681	3,736,894	3,797,656	3,552,620
Deposits	5,673,324	5,879,878	5,363,871	6,016,314	5,593,007	5,086,734
Equity	1,249,277	1,200,414	1,267,911	1,120,137	1,010,990	957,464
Total assets	7,544,633	7,537,865	7,226,988	7,507,427	6,874,825	6,275,024
Contingent liabilities	1,972,396	1,914,893	1,781,465	1,521,275	1,300,697	1,185,142
<b>Key figures:</b>						
Capital ratio	22.8	22.7	24.4	23.3	21.1	22.1
Core capital ratio	22.8	22.7	24.4	23.3	21.1	22.1
Return on equity before tax for the period	3.6	6.3	13.0	5.1	6.9	7.2
Return on equity after tax for the period	4.1	5.6	10.9	3.7	6.6	6.8
Income per cost krone	1.5	1.7	1.8	1.6	1.7	1.8
Rate of return	0.7	0.9	1.8	0.5	0.9	1.0
Interest risk rate	1.4	1.5	1.2	1.0	2.0	1.9
Foreign exchange position	0.3	0.9	0.8	0.7	0.3	0.8
Liquidity coverage ratio	207.9	259.6	238.6	183.7	165.3	143.9
Lending plus write-downs as a ratio of deposits	68.9	65.1	69.1	63.2	69.8	72.8
Lending as a ratio of equity	3.2	3.2	3.0	3.3	3.8	3.7
Growth in lending for the period	6.0	-4.5	-5.6	-0.6	9.4	7.0
Sum of large exposures	164.0	163.1	156.7	167.6	172.2	170.5
Write-down ratio for the period	0.0	0.0	0.0	0.2	0.1	0.1
Accumulated write-down ratio	3.1	3.2	3.2	3.5	3.3	3.4
Profit per share after tax for the period	28.7	37.2	73.8	22.8	35.8	35.6
Net book value per share	694.0	666.9	704.0	622.3	561.7	532.0
Stock exchange quotation/net book value per share	0.9	0.9	0.8	0.8	1.0	1.1

## Management's Review, first half of 2022

### Statement of income

At TDKK 113,127, compared to TDKK 114,911 for the first half of 2021, net interest income decreased by 1.6%. 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 during the half-year period.

Since 2020, the Bank has continuously improved the balance between the return on the Bank's surplus liquidity and the negative deposit interest rates by continuously adjusting the negative deposit interest rates. These factors had a positive impact on net interest income in the first half of 2022.

Fee and commission income increased by TDKK 449 compared to the same period in 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 overall decreased by TDKK 340 to TDKK 167,808 for the first half of 2022.

Other operating income amounted to TDKK 3,049, which is an increase of TDKK 870 from Q1 2021. To some extent, this reflects timing differences, and moreover the Bank realised non-recurring income from the sale of other tangible assets in the first half of 2022.

Staff and administration expenses are TDKK 792 lower than in the first half of 2021, amounting to TDKK 92,437. Staff expenses are lower, as a consequence of slightly fewer employees, and administration expenses are also lower.

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

### Financial Highlights and Key Figures

DKK 1,000

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net interest and fee income*	82,061	85,747	89,871	80,914	82,053	86,095	84,305	81,098
Costs, depreciation and amortisation	48,572	49,197	51,145	46,436	49,048	49,269	51,833	46,028
Other operating income	1,414	1,635	2,244	1,762	1,040	1,139	2,026	1,122
Profit before value adjustments and write-downs*	34,903	38,185	40,970	36,242	34,045	37,965	34,498	36,192
Value adjustments	-14,528	-10,667	3,503	2,601	1,988	3,127	4,828	2,638
Write-downs on loans, etc.	1,394	718	-33	-761	1,409	922	2,434	549
Profit before tax	18,981	26,800	44,506	39,604	34,624	40,170	36,892	38,281

Depreciation of tangible assets is TDKK 150 higher than in the first half of 2021, amounting to TDKK 3,636.

The profit before value adjustments and write-downs is a satisfactory TDKK 73,088, compared to TDKK 72,010 in the first half of 2021.

Value adjustments present a total capital loss of TDKK 25,195, compared to a capital gain of TDKK 5,115 for the same period in 2021. The Bank's holdings of sector equities and the currency area performed favourably in the first half of 2022. The increase in medium- and long-term yields and the general market turmoil caused value adjustments of bonds and listed shares to perform negatively in the first half of 2022.

Impairment of loans, etc. amounts to TDKK 2,112, compared to TDKK 2,331 for the same period in 2021. Since the first outbreak of Covid-19 in Q1 2020, the Bank has continuously reviewed both customer exposures and sectors, in order to identify consequences of Covid-19. The impact on Greenlandic society is very modest, and there is a positive outlook for tourism in 2022.

Covid-19 and an uncertain geopolitical situation have presented problems for the supply of goods, increasing inflation and consequentially rising interest rates. So far, Greenland has not noted any significant effect, but a certain impact must be expected in the longer term. 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 reduced the Covid-19 supplement to a minimum. On the other hand, the Bank has allocated a supplement of DKK 19.4 million to counter risks derived from rising inflation and interest rates, and a poorer economic outlook. The total management supplements have thereafter increased by DKK 6.3 million to DKK 39.2 million.

The profit before tax is TDKK 45,781, and is thereby TDKK 29,013 lower than for the same period in 2021.

### Development during the quarter

After the publication of the quarterly report for Q1 2022, the Bank has identified a technical error in the recognition of accrual of interest receivable. The recognition error was corrected in Q2 2022. The error has a negative impact of TDKK 2,760 on the Bank's interest income and profit before tax for Q1. The Other assets item of the balance sheet is thus TDKK 2,760 too high in Q1 2022. The Bank's customers are not affected by the error.

The above selected financial highlights and key figures present the adjusted figures for Q1 2022 and Q2 2022, whereby the marked items have been corrected for the error between the quarters.

The corrected net interest and fee income amounted to TDKK 85,747 in Q1 and to TDKK 82,061 in Q2. The difference between the quarters is primarily due to periodically higher fee and commission income in Q1 compared to Q2.

Total costs in Q1 amounted to TDKK 49,197 and in Q2 to TDKK 48,572. Staff expenses decreased in Q2, since in Q1 holiday allowance, etc. is paid, but is not paid in the subsequent quarters. Other administrative expenses increased at the same level in Q1 and Q2.

The profit before value adjustments and write-downs thereby decreased in Q2, to TDKK 34,903, which is TDKK 3,282 lower than in Q1 2022. The profit before tax declined in Q2 2022 to DKK 19.0 million, from DKK 26.8 million in Q1 2022.

Lending increased by TDKK 121,143 in Q1, and by TDKK 104,717 in Q2, which overall corresponds to an increase of 6.0% 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 overall terms, the increase in deposits from the end of 2021 thus amounts to TDKK 309,453.

### Balance sheet and equity

During the first half-year, the Bank's lending saw a satisfactory increase of TDKK 225,860 to TDKK 4,009,541, while the Bank's guarantees to customers increased by TDKK 190,931

from the end of 2021 and amounted to TDKK 1,972.396 at the end of June 2022.

The Bank reduced its holdings of listed shares and funds in the first half of 2022, and at the end of the period shares, mainly comprising sector equities, totalled TDKK 117,480.

Other assets amount to TDKK 100,755, having increased by TDKK 6,957 from the end of 2021.

At the end of June 2022, the Bank's deposits, predominantly comprising on-demand deposits, amounted to TDKK 5,673,324, which is an increase of 5.8% 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 1,249,277.

Total assets thereby increased by TDKK 317,645 to TDKK 7,544,633.

### 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.

Capital requirement	First half of 2022	Year 2021
Pillar I	8.00%	8.00%
Pillar II	2.60%	2.70%
<b>Solvency requirement</b>	<b>10.60%</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>14.60%</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>17.13%</b>	<b>14.7%</b>
Capital base, cf. Note 19	1,197,833	1,201,358
SNP issue	49,688	49,642
<b>MREL capital base</b>	<b>1,247,521</b>	<b>1,251,000</b>
MREL capital ratio	23.70%	25.40%
Surplus capital cover	<b>6.57%</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 capital ratio was 22.8 at the end of the first half of 2022.

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. Including the result for Q1 2022, the capital ratio is calculated at 23.5%.

At the end of June 2022, the Bank's individual solvency requirement was unchanged at 10.6%. The BANK of Greenland thereby has surplus capital cover before the buffer requirement of 12.2%, or TDKK 670,654. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 8.2%.

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

	First half of 2022		Year 2021	
	Capital requirement	Solvency requirement	Capital requirement	Solvency requirement
Pillar I requirement	420,386	8.0	393,339	8.0
Credit risk	99,353	1.9	98,663	2.0
Market risk	20,353	0.4	21,910	0.4
Operational risk	10,455	0.2	10,117	0.2
Other risk	5,381	0.1	4,046	0.1
<b>Capital and solvency requirement</b>	<b>555,928</b>	<b>10.6</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 207.9% 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 48% points of the sum of large exposures.

The exposure to property amounts to 22.0%. 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. At a price of 610 at the end of the first half of 2022, the price of the BANK of Greenland's shares has increased from 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 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.

**Sum of large exposures**

*(maximum of 175% of actual core capital)*  
The Bank of Greenland 164.0%

**Property exposure**

*(less than 25% of total loans and guarantees)*  
The Bank of Greenland 22.0%

**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 year)*  
The Bank of Greenland 4.8%

**Liquidity benchmark**

*(greater than 100%)*  
The Bank of Greenland 210.3%



### **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**

It is expected that Greenland achieved positive economic growth in 2020 and 2021, despite Covid-19. The BANK of Greenland also expects economic growth in 2022.

On this basis, lending is expected to develop positively in 2022. However, a flatter development curve is expected in the second half of 2022. Deposits are expected to be at the level of the first half of 2022.

The Bank will be negatively affected if the development in interest rates and inflation, and the war in Ukraine, have an increasing impact on Greenland's society.

Total core income is expected to decline slightly in 2022. In the first half of 2022, the Bank experienced a change of mix in its lending structure. This will have a reducing effect on lending rates. 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. 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.

There is still considerable uncertainty in the market area, while the interest rate development after 30 June shows a probability of improved value adjustments in the second half-year. Capital gains are also expected from the currency area and sector equities.

On the presentation of the Annual Report for 2021, the profit before tax in 2022 was expected to lie in the range of DKK 120-140 million. On the basis of the uncertainty described above and subject to the condition of a reduced market impact, this expectation is maintained.

# Management Statement

The Board of Directors and Executive Management have today considered and approved the Interim Report for the period 1 January – 30 June 2022, for the public limited liability company, GrønlandsBANKEN A/S.

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

It is our opinion that the Interim Report gives a true and fair view of the Bank's assets, liabilities and financial position at 30 June 2022, and of the result of the Bank's activities in the first half 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, 17 August 2022

## Executive Management

Martin Birkmose Kviesgaard

## Board of Directors

Gunnar í Liða

Chair

Kristian Frederik Lennert

Vice Chair

Maliina Bitsch Abelsen

Malene Meilfart Christensen

Lars Holst

Yvonne Jane Poulsen Kyed

Niels Peter Fleischer Rex

Peter Angutinguaq Wistoft

Ellen Dalsgaard Zdravkovic



## Income Statement and Statement of Comprehensive Income

DKK 1,000

Notes		First half-year 2022	hele året 2021	First half-year 2021
3	Interest income	104,063	223,790	110,211
4	Negative interest income	-5,778	-13,033	-6,289
5	Interest expenses	512	1,019	165
6	Positive interest expenses	15,354	24,383	11,154
	<b>Net interest income</b>	<b>113,127</b>	<b>234,121</b>	<b>114,911</b>
	Share dividend, etc.	1,822	913	913
7	Fees and commission income	53,092	104,794	52,643
	Fees paid and commission expenses	233	895	319
	<b>Net interest and fee income</b>	<b>167,808</b>	<b>338,933</b>	<b>168,148</b>
8	Value adjustments	-25,195	11,219	5,115
	Other operating income	3,049	6,185	2,179
9	Staff and administration expenses	92,437	186,385	93,229
	Depreciation and impairment of tangible assets	3,636	7,014	3,486
	Other operating expenses	1,696	2,497	1,602
17	Write-downs on loans and receivables, etc.	2,112	1,537	2,331
	<b>Profit before tax</b>	<b>45,781</b>	<b>158,904</b>	<b>74,794</b>
10	Tax	-5,893	26,072	7,882
	<b>Profit for the period</b>	<b>51,674</b>	<b>132,832</b>	<b>66,912</b>
	COMPREHENSIVE INCOME			
	Profit for the period	51,674	132,832	66,912
	Other comprehensive income:			
	Value adjustment of properties	2,256	4,346	2,156
	Value adjustment of defined-benefit severance/pension scheme	0	-32	0
	Tax on value adjustment of properties	-564	-1,152	-571
	<b>Other comprehensive income</b>	<b>1,692</b>	<b>3,162</b>	<b>1,585</b>
	<b>Comprehensive income for the period</b>	<b>53,366</b>	<b>135,994</b>	<b>68,497</b>

## Balance Sheet

1.000 kr.

Notes	Assets	30 June 2022	31 December 2021	30 June 2021
	Cash balance and demand deposits with central banks	1,134,350	1,434,027	1,723,489
11	Receivables from credit institutions and central banks	447,042	57,293	252,421
17	Loans and other receivables at amortised cost	4,009,541	3,783,681	3,824,443
12	Bonds at fair value	1,074,041	1,100,975	1,002,972
	Shares, etc.	117,480	138,902	133,425
13	Assets connected to pool schemes	400,118	360,537	268,492
	Land and buildings in total, domicile properties	250,305	247,292	240,607
	Other tangible assets	6,214	6,652	6,273
	Other assets	100,755	93,798	81,047
	Accruals and deferred income	4,787	3,831	4,696
	<b>Total assets</b>	<b>7,544,633</b>	<b>7,226,988</b>	<b>7,537,865</b>
	<b>Liabilities</b>			
	Liabilities to credit institutions and central banks	7,237	13,145	11,886
14	Deposits and other liabilities	5,673,324	5,363,871	5,879,878
	Deposits in pool schemes	400,118	360,537	268,492
15	Issued bonds at amortised cost	49,688	49,642	0
	Current tax liabilities	34,292	22,615	42,200
	Other liabilities	52,991	53,911	56,131
	Prepayments and deferred expenses	8,137	7,499	5,849
	<b>Total debt</b>	<b>6,225,787</b>	<b>5,871,220</b>	<b>6,264,436</b>
	Provisions for pensions and similar obligations	1,837	1,705	1,521
	Provisions for deferred tax	50,890	68,326	52,774
	Provisions for losses on guarantees	8,614	7,673	10,537
	Other provisions	5,076	5,351	4,866
	Provisions for losses on non-utilised credit facilities	3,152	4,802	3,317
	<b>Total provisions</b>	<b>69,569</b>	<b>87,857</b>	<b>73,015</b>
	Equity			
16	Share capital	180,000	180,000	180,000
	Revaluation reserves	39,320	37,628	36,334
	Retained earnings	1,029,957	978,283	984,080
	Proposed dividend	0	72,000	0
	<b>Total equity</b>	<b>1,249,277</b>	<b>1,267,911</b>	<b>1,200,414</b>
	<b>Total liabilities</b>	<b>7,544,633</b>	<b>7,226,988</b>	<b>7,537,865</b>

1 Accounting policies applied

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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	
Other comprehensive income		1,585			1,585
Profit for the period			66,912		66,912
<b>Equity, 30 June 2021</b>	<b>180,000</b>	<b>36,334</b>	<b>984,080</b>	<b>0</b>	<b>1,200,414</b>
Other comprehensive income		1,294	283		1,577
Profit for the period			-6,080	72,000	65,920
<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		1,692			1,692
Profit for the period			51,674		51,674
<b>Equity, 30 June 2022</b>	<b>180,000</b>	<b>39,320</b>	<b>1,029,957</b>	<b>0</b>	<b>1,249,277</b>



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# Notes to the Interim 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 on 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
- provisions.

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 obligation for tax-free savings accounts.

1.000 kr.	First half-year 2022	Full year 2021	First half-year 2021
<b>3. Interest income</b>			
Lending and other receivables	101,791	220,044	108,475
Bonds	2,272	3,746	1,736
<b>Total interest income</b>	<b>104,063</b>	<b>223,790</b>	<b>110,211</b>
<b>4. Negative interest income</b>			
Receivables from credit institutions and central banks	-5,170	-11,008	-5,113
Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	-608	-2,025	-1,176
<b>Total negative interest</b>	<b>-5,778</b>	<b>-13,033</b>	<b>-6,289</b>
<b>5. Interest expenses</b>			
Credit institutions and central banks	1	6	6
Deposits and other liabilities	511	988	159
Issued bonds	0	25	0
<b>Total interest expenses</b>	<b>512</b>	<b>1,019</b>	<b>165</b>
<b>6. Positive interest expenses</b>			
Credit institutions and central banks	11	0	0
Deposits and other liabilities	15,343	24,383	11,154
<b>Total positive interest expenses</b>	<b>15,343</b>	<b>24,383</b>	<b>11,154</b>
<b>7. Fees and commission income</b>			
Securities and securities accounts	2,314	6,359	1,528
Payment settlement	18,446	39,654	19,859
Loan transaction fees	2,456	5,817	2,390
Guarantee commission	15,589	30,718	15,007
Other fees and commission	14,287	22,246	13,859
<b>Total fee and commission income</b>	<b>53,092</b>	<b>104,794</b>	<b>52,643</b>
<b>8. Value adjustments</b>			
Lending at fair value	-5,520	-6,670	-2,164
Bonds	-29,093	-6,473	-4,644
Shares	1,378	12,922	7,446
Currency	2,494	4,519	2,177
Foreign exchange, interest rate, equity, commodities and other contracts, as well as derivative financial instruments	5,546	6,921	2,300
<b>Total value adjustments</b>	<b>-25,195</b>	<b>11,219</b>	<b>5,115</b>

1.000 kr.	First half-year 2022	Full year 2021	First half-year 2021
<b>9. Staff and administration expenses</b>			
Staff expenses			
Salaries	41,521	83,188	42,039
Other staff expenses	1,223	2,302	1,333
Pensions	5,402	10,535	5,210
Social security expenses	188	535	407
<b>In total</b>	<b>48,334</b>	<b>96,560</b>	<b>48,989</b>
Other administration expenses	44,103	89,825	44,240
Average number of FTEs	136.2	137.7	137.8
Of which salaries and remuneration to the Board of Directors and the Executive Management	2,930	5,583	2,822
Five other employees (Q1 2021: four employees) whose activities have a significant influence on the Bank's risk profile:			
Salaries and pensions, including free car and other benefits	2,996	5,603	2,469
<b>10. Tax</b>			
25-% of the profit before tax	11,445	39,726	18,699
Discount for dividend tax paid	-429	-217	-217
6-%-supplement	662	2,370	1,108
<b>Total tax on ordinary profit</b>	<b>11,678</b>	<b>41,879</b>	<b>19,590</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>-5,893</b>	<b>26,072</b>	<b>7,882</b>
Deferred tax	1,644	3,046	571
Taxation value of dividend paid	-19,080	0	-11,925
Tax to be paid	11,543	23,026	19,236

No company tax was paid in the period.

1.000 kr.	First half-year 2022	Full year 2021	First half-year 2021
<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	447,042	57,293	252,421
<b>Total amounts receivable</b>	<b>447,042</b>	<b>57,293</b>	<b>252,421</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.			
<b>13. Assets connected to pool schemes</b>			
Investment associations	400,106	359,866	268,445
Non-invested funds	12	671	47
<b>Total</b>	<b>400,118</b>	<b>360,537</b>	<b>268,492</b>
<b>14. Deposits</b>			
On demand	5,157,844	4,826,448	5,267,645
On terms of notice	267,113	294,802	378,599
Special deposit conditions	248,367	242,621	233,634
<b>Total deposits</b>	<b>5,673,324</b>	<b>5,363,871</b>	<b>5,879,878</b>
<b>15. Issued bonds at amortised cost</b>			
Bond issue	49,688	49,642	0
<b>Total</b>	<b>49,688</b>	<b>49,642</b>	<b>0</b>
The loan was raised as Senior Non-Preferred on 27 October 2021 and falls due for full redemption on 27 October 2026. The Bank has the option of early redemption as from 27 October 2025.			
<b>16. 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>17. Loans</b>			
Write-downs on loans, guarantees and non-utilised credit facilities:			
New write-downs concerning new facilities during the period	7,904	29,455	9,658
Reversal of write-downs concerning redeemed facilities	-8,843	-25,917	-16,441
Net write-downs during the period as a consequence of changes in the credit risk	3,609	-723	10,054
Losses without preceding write-downs	433	647	215
Received for claims previously written off	-991	-1,925	-1,155
<b>Recognised in the statement of income</b>	<b>2,112</b>	<b>1,537</b>	<b>2,331</b>

1.000 kr.	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on loans</b>				
<b>30.06.2022</b>				
Start of the period	21,314	67,951	85,104	174,369
New write-downs concerning new facilities during the year	2,268	2,332	2,145	6,745
Reversal of write-downs concerning redeemed facilities	-1,250	-2,084	-5,065	-8,399
Change in write-downs at the beginning of the year – transfer to stage 1	15,085	-13,055	-2,030	0
Change in write-downs at the beginning of the year – transfer to stage 2	-508	5,742	-5,234	0
Change in write-downs at the beginning of the year – transfer to stage 3	-18	-2,803	2,821	0
Net write-downs as a consequence of changes in the credit risk	-20,915	8,663	17,284	5,032
Previously written down, now finally lost	0	0	-3,070	-3,070
Interest on written-down facilities	0	0	2,307	2,307
<b>Write-downs in total</b>	<b>15,976</b>	<b>66,746</b>	<b>94,262</b>	<b>176,984</b>
<b>Write-downs on guarantees</b>				
<b>30.06.2022</b>				
Start of the period	744	2,071	4,858	7,673
New write-downs concerning new facilities during the year	367	352	0	719
Reversal of write-downs concerning redeemed facilities	0	-23	-38	-61
Change in write-downs at the beginning of the year – transfer to stage 1	1,544	-1,458	-86	0
Change in write-downs at the beginning of the year – transfer to stage 2	-14	1,050	-1,036	0
Change in write-downs at the beginning of the year – transfer to stage 3	-3	-44	47	0
Net write-downs as a consequence of changes in the credit risk	-1,520	-1,028	2,831	283
<b>Write-downs in total</b>	<b>1,118</b>	<b>920</b>	<b>6,576</b>	<b>8,614</b>
<b>Write-downs on non-utilised drawing rights</b>				
<b>30.06.2022</b>				
Start of the period	1,203	1,037	2,561	4,801
New write-downs concerning new facilities during the year	334	17	89	440
Reversal of write-downs concerning redeemed facilities	-116	-162	-105	-383
Change in write-downs at the beginning of the year – transfer to stage 1	530	-524	-6	0
Change in write-downs at the beginning of the year – transfer to stage 2	-7	663	-656	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	-1,173	-630	97	-1,706
<b>Write-downs in total</b>	<b>771</b>	<b>401</b>	<b>1,980</b>	<b>3,152</b>

1.000 kr.	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>

1.000 kr.	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on loans</b>				
<b>30.06.2021</b>				
Start of the period	14,202	71,617	86,174	171,993
New write-downs concerning new facilities during the year	1,297	4,089	3,393	8,779
Reversal of write-downs concerning redeemed facilities	-469	-10,104	-3,933	-14,506
Change in write-downs at the beginning of the year – transfer to stage 1	12,311	-11,539	-772	0
Change in write-downs at the beginning of the year – transfer to stage 2	-1,647	2,345	-698	0
Change in write-downs at the beginning of the year – transfer to stage 3	-25	-991	1,016	0
Net write-downs as a consequence of changes in the credit risk	-12,696	9,950	13,078	10,332
Previously written down, now finally lost			-1,776	-1,776
Interest on written-down facilities			2,377	2,377
<b>Write-downs in total</b>	<b>12,973</b>	<b>65,367</b>	<b>98,859</b>	<b>177,199</b>

**Write-downs on guarantees****30.06.2021**

Start of the period	554	655	8,681	9,890
New write-downs concerning new facilities during the year	206	392	149	747
Reversal of write-downs concerning redeemed facilities	-3	-3	-56	-62
Change in write-downs at the beginning of the year – transfer to stage 1	265	-165	-100	0
Change in write-downs at the beginning of the year – transfer to stage 2	-43	43	0	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	-277	1,083	-845	-39
<b>Write-downs in total</b>	<b>700</b>	<b>2,003</b>	<b>7,833</b>	<b>10,536</b>

**Write-downs on non-utilised drawing rights****30.06.2021**

Start of the period	746	239	4,312	5,297
New write-downs concerning new facilities during the year	46	2	84	132
Reversal of write-downs concerning redeemed facilities	-116	-44	-1,713	-1,873
Change in write-downs at the beginning of the year – transfer to stage 1	116	-68	-48	0
Change in write-downs at the beginning of the year – transfer to stage 2	-18	45	-27	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	-463	-7	231	-239
<b>Write-downs in total</b>	<b>311</b>	<b>153</b>	<b>2,853</b>	<b>3,317</b>

1.000 kr.	First half-year 2022	Full year 2021	First half-year 2021
<b>18. Contingent liabilities</b>			
Mortgage finance guarantees	1,009,270	942,401	1,206,528
Registration and remortgaging guarantees	282,776	306,503	135,941
Other guarantees	680,350	532,561	572,424
<b>Guarantees, etc. in total</b>	<b>1,972,396</b>	<b>1,781,465</b>	<b>1,914,893</b>
Provision balance for guarantees	8,614	9,890	10,537
Provision balance for non-utilised credit facilities	3,152	5,297	3,317
<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>19. Capital conditions and solvency</b>			
Credit risk	4,381,110	4,070,758	4,182,887
CVA risk	9,133	1,720	747
Market risk	224,938	204,615	182,003
Operational risk	639,644	639,644	615,611
<b>Total risk exposure</b>	<b>5,254,825</b>	<b>4,916,737</b>	<b>4,981,248</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	-10,980	-10,764	-11,052
Deductions for prudent valuation	-1,447	-1,490	-1,384
Deductions for Non-Performing Exposures	-3,651	-1,379	-302
<b>Actual core capital</b>	<b>1,197,833</b>	<b>1,201,358</b>	<b>1,131,104</b>
<b>Capital base</b>	<b>1,197,833</b>	<b>1,201,358</b>	<b>1,131,104</b>
Actual core capital ratio	22.8	24.4	22.7
Capital ratio	22.8	24.4	22.7
Statutory capital ratio requirements	8.0	8.0	8.0

