

Notification to Nasdaq OMX Copenhagen  
8/2021



## QUARTERLY REPORT

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Q1 2021



CVR no. 80050410

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## REPORT FOR Q1 2021 IN HEADLINES

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### Satisfactory Q1 for the BANK of Greenland

The BANK of Greenland's profit before tax amounts to DKK 40.1 million for Q1 2021, compared to DKK 16.6 million for Q1 2020. The profit before value adjustments and write-downs is DKK 38.0 million, compared to DKK 37.5 million for the previous year.

After sound growth in lending in both 2019 and 2020, lending fell in Q1 2021. Lending declined by DKK 101 million, and amounted to DKK 3,905 million at the end of the quarter. The decrease in lending was expected, as several major construction financing projects were completed and partly replaced by mortgage credit guarantees. Guarantees increased from DKK 1,622 million at the end of 2020 to DKK 1,805 million at the end of Q1 2021.

Net interest and fee income amounted to DKK 86.1 million, having increased by DKK 3.2 million compared to the same quarter in 2020.

Total expenses including depreciation amounted to DKK 49.3 million at the end of Q1 2021, compared to DKK 46.5 million for the same period of 2020. The increase is primarily related to staff expenses, reflecting higher payroll expenses due to adjustments under collective agreements and an increase in the number of employees.

At the end of March 2021, value adjustments entail a gain of DKK 3.1 million, compared to a loss of DKK 11.6 million for the same period of 2020.

Impairment write-downs on loans and guarantees decreased by DKK 8.3 million from Q1 2020, and amounted to DKK 0.9 million in Q1 2021. Covid-19 has significantly changed the conditions for banking operations, but the crisis has been well-managed in Greenland, and so far with far fewer economic consequences than in most other countries. Customer segments are still affected by the consequences of Covid-19, but the low level of write-downs shows that the credit quality of the Bank's customers is still good. Despite the low impairment level for the quarter, the allocation of a significant management reserve concerning Covid-19, amounting to approximately DKK 22 million, has been maintained.

In the Annual Report for 2020, the forecast for the year's profit before tax was estimated at an interval of DKK 115-135 million, which remains unchanged.

- The profit before tax gives a return of 14.0% on opening equity after disbursement of dividend.
- Lending decreased by DKK 101 million to DKK 3,905 billion. Guarantees increased by DKK 183 million to DKK 1,805 billion.
- Deposits fell to DKK 5.571 billion.
- Stable core operations
- Write-downs and provisions of 0.02% for the period.
- Capital ratio and core capital ratio of 22.3 and an individual capital requirement of 10.8%

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**FINANCIAL HIGHLIGHTS FOR Q1 2021**

(DKK 1,000)

	Q1 2021	Q1 2020	Full year 2020	Q1 2019	Q1 2018	Q1 2017
Net interest and fee income	86,095	82,880	326,513	80,554	79,586	78,185
Value adjustments	3,127	-11,636	136	3,214	-1,023	4,010
Other operating income	1,139	1,087	5,369	1,495	1,311	1,258
Staff and administration expenses	47,123	44,592	178,734	43,220	40,158	39,302
Depreciation and impairment of tangible assets	1,740	1,707	6,948	1,722	1,652	1,633
Other operating expenses	406	212	2,610	627	531	450
Write-downs on loans, etc.	922	9,190	12,828	1,820	3,460	3,859
<b>Profit before tax</b>	<b>40,170</b>	<b>16,630</b>	<b>130,898</b>	<b>37,874</b>	<b>34,073</b>	<b>38,209</b>
Tax	-1,281	4,404	34,671	12,043	10,823	12,142
<b>Profit for the period</b>	<b>41,451</b>	<b>12,226</b>	<b>96,227</b>	<b>25,831</b>	<b>23,250</b>	<b>26,067</b>
<b>Selected accounting items:</b>						
Lending	3,905,129	3,636,588	4,006,248	3,628,717	3,393,345	3,195,960
Deposits	5,571,272	5,742,351	5,847,772	5,238,496	5,282,943	4,926,085
Equity	1,174,147	1,090,630	1,176,917	988,813	933,187	892,165
Balance sheet total	7,177,469	7,183,145	7,438,325	6,536,682	6,429,309	5,977,811
Contingent liabilities	1,804,673	1,514,627	1,621,831	1,270,841	1,200,728	1,112,308
<b>Key figures:</b>						
Capital ratio	22.3	24.6	23.5	21.8	22.4	20.7
Core capital ratio	22.3	24.6	23.5	21.8	22.4	20.7
Return on equity before tax for the period	3.4	1.5	11.6	3.8	3.6	4.2
Return on equity after tax for the period	3.5	1.1	8.5	2.6	2.5	2.9
Income per cost krone	1.8	1.3	1.7	1.8	1.7	1.8
Rate of return	0.6	0.2	1.3	0.4	0.4	0.4
Interest rate risk	1.6	1.0	1.1	2.3	1.3	1.3
Foreign exchange position	0.7	0.7	0.6	0.3	0.5	1.6
Liquidity coverage ratio	290.9	284.8	241.0	293.5	203.6	374.5
Lending plus write-downs as a ratio of deposits	70.1	64.3	68.8	71.3	67.1	67.4
Lending as a ratio of equity	3.3	3.3	3.4	3.7	3.6	3.6
Growth in lending during the period	-2.5	-3.2	6.6	4.5	1.8	4.0
Sum of large exposures	163.6	159.8	162.6	162.6	169.1	n/a
Write-down ratio for the period	0.0	0.2	0.2	0.0	0.1	0.1
Accumulated write-down ratio	3.2	3.5	3.2	3.4	3.4	3.0
Profit per share after tax for the period	23.0	6.8	53.5	14.4	12.9	14.5
Net book value per share	652	606	654	549	518	496
Stock exchange quotation/net book value per share	1.0	0.8	0.9	1.0	1.2	1.2

## MANAGEMENT REVIEW Q1 2021

### Income statement

At TDKK 57,382, compared to TDKK 59,020 in Q1 2020, net interest income decreased by 2.8%. At the end of 2019 and during 2020, there was a shift in the Bank's lending mix in favour of lending at lower interest margins, with a consequential negative impact on loan interest income, while falling bond yields also have a negative impact on net interest rates.

During 2020 and also in Q1 2021, the Bank improved the balance between the return on the Bank's surplus liquidity and the negative deposit interest rates by continuously introducing and adjusting negative interest rates for a wider range of customers and products. This had a positive impact on net interest income in Q1 2021.

Fee and commission income increased by TDKK 4,945 compared to the same period of 2020. The increased guarantee volume, higher investment activity and the pension area affect the item positively, thereby offsetting the moderate decline in net interest income.

Other operating income is at the same level as Q1 2020, amounting to TDKK 1,139, and bringing net interest and fee income up to a record-high level.

Staff and administration expenses increased, as expected, and by TDKK 2,531 to TDKK 47,123 compared to the same period of 2020. The increase is primarily related to staff expenses and is due to an expected increase in the number of employees and also to pay increases under collective agreements. Other administrative expenses are by and large unchanged at TDKK 21,470 in Q1 2021, compared to TDKK 21,115 in Q1 2020.

Other operating expenses, which concern operation and maintenance of the Bank's office buildings, increased by TDKK 194 to TDKK 406 in Q1 2021, compared to the same period of 2020.

Depreciation of tangible assets is by and large unchanged, amounting to TDKK 1,740, compared to TDKK 1,707 for the same period of 2020.

The Bank's core operations, measured by the profit before value adjustments and write-downs, thereby constitute a satisfactory DKK 38 million, compared to DKK 37.5 million in 2020.

Value adjustments represent a capital gain of TDKK 3,127, compared to a capital loss of TDKK 11,636 for the same period of the previous year. Financial markets developed favourably in Q1, and the Bank's shareholdings performed positively. Automatic negative bond value adjustments were significantly lower in Q1 2021 than in the same period of 2020.

### Financial Highlights and Key Figures

(DKK 1,000)

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2021	2020	2020	2020	2020	2019	2019	2019
Net interest and fee income	86,095	84,306	81,098	78,230	82,880	81,261	81,930	79,792
Costs, depreciation and amortisation	49,269	51,832	46,028	43,920	46,511	46,544	42,214	46,028
Other operating income	1,139	2,025	1,122	1,134	1,087	1,442	1,402	1,383
Profit before value adjustments and write-downs	37,965	34,499	36,192	35,444	37,456	36,159	41,118	35,117
Value adjustments	3,127	4,828	2,638	4,306	-11,636	-238	7,230	-621
Write-downs on loans, etc.	922	2,435	549	655	9,190	1,344	1,828	2,967
Profit before tax	40,170	36,892	38,281	39,095	16,630	34,577	46,520	31,529

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## MANAGEMENT REVIEW Q1 2021

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Impairment of loans, etc. amounted to TDKK 922 at the end of March 2021, which is TDKK 8,268 lower than in the same period of 2020.

Since the first outbreak of Covid-19 in Q1 2020, the Bank has reviewed both customer exposures and sectors, in order to identify consequences of Covid-19. The Bank has assessed that its exposure to the tourism sector in particular is challenged as a consequence of the pandemic. Fisheries are also affected, but the directly impacted exposure for the Bank is limited. Other industries and private households are assessed to remain largely unaffected. The Bank nonetheless maintains a significant management reserve.

The management reserve includes a Covid-19 sectoral and cyclical addition that gives weight to the sectors assessed to be subject to direct and derived impacts. This amounted to approximately DKK 22 million at the end of Q1 2021. In addition, individual impairment write-downs concerning affected customers have been made.

The profit before tax is a satisfactory TDKK 40,170, having increased by TDKK 23,540 from the same period of 2020.

### **Balance sheet and equity**

As expected, the Bank's lending decreased in Q1, and by TDKK 101,120 to TDKK 3,905,128, as a consequence of the redemption of several major construction financing projects.

Outside the balance sheet, the Bank's guarantees to customers increased by a satisfactory TDKK 182,842 from the end of 2020, amounting to TDKK 1,804,673 at the end of March 2021.

The Bank's total loans and guarantees thereby increased by DKK 81.7 million.

The Bank's deposits, which predominantly comprise on-demand deposits, decreased by TDKK 276,500 to TDKK 5,571,272 at the end of March 2021.

Total assets have thereby decreased by TDKK 260,856, to TDKK 7,177,469. At the end of Q1 2021, equity amounted to TDKK 1,174,147.

### **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 as a consequence of a lack of

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## MANAGEMENT REVIEW Q1 2021

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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.

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 that, according to the management's assessment, as a minimum is needed to cover all risks.

The BANK of Greenland's capital ratio, excluding the result for the period, stood at 22.3 at the end of March 2021, which is a decrease of 1.2% points in the quarter.

The BANK of Greenland was designated as an SIFI institution in April 2017. In view of the new SIFI requirements concerning capital reserves and new requirements concerning impairment liabilities (MREL requirements), the Board of Directors expects that the overall capital reserves must be increased. The aim of the Board of Directors is that there must be sufficient capital for growth in the Bank's business activities. When the final MREL capital requirements and phasing-in are known, more precise capital planning will be possible, including which capital instruments it will be beneficial to use.

As at the end of March 2021, the Bank's individual solvency requirement was compiled at 10.8%. The BANK of Greenland thereby has surplus capital cover before the buffer requirements of 11.5%, or TDKK 583,129. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 7.5%.

### The BANK of Greenland's reported individual capital requirement according to the 8+ model

In DKK 1,000	Q1 2021		End of 2020	
	Capital requirement	Capital requirement in %	Capital requirement	Capital requirement in %
Pillar I requirement	406,260	8.0%	387,576	8.0%
Credit risk	91,931	1.8%	97,538	2.0%
Market risk	20,217	0.4%	18,149	0.4%
Operational risk	19,035	0.4%	23,179	0.5%
Other conditions	10,727	0.2%	17,887	0.3%
<b>Capital requirement</b>	<b>548,170</b>	<b>10.8%</b>	<b>544,329</b>	<b>11.2%</b>

The BANK of Greenland has published further details of the reported capital requirement in a report on the 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 Q1 2021, the Bank had an LCR of 290.9% and thereby fulfils the LCR requirement of at least

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## MANAGEMENT REVIEW Q1 2021

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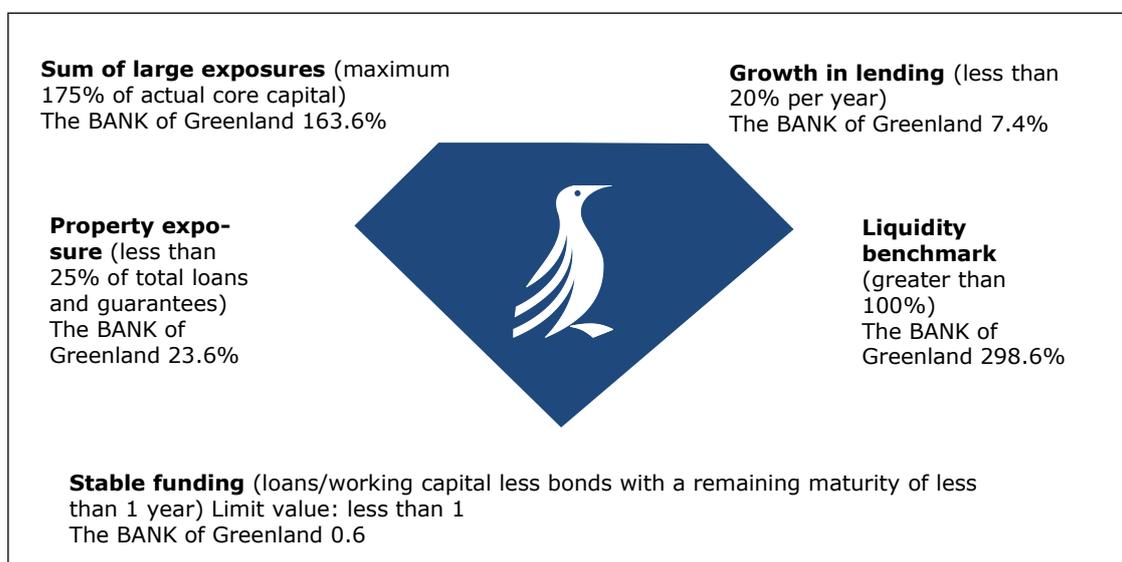
100% for SIFI institutions.

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 38% points of the sum of large exposures.

Concerning property exposure, a significant part is related to property financing with public tenants or with significant public co-financing. It is the Bank's expectation that this sectoral exposure will be reduced in 2021.



### Shareholders and return on the BANK of Greenland share

At a price of 620 at the end of Q1 2021, the price of the BANK of Greenland's shares has increased from the end of 2020, when the price was 590.

At the Bank's Annual General Meeting on 24 March 2021, a dividend payment of DKK 45 million was adopted, equivalent to DKK 25 per share. The dividend was paid out on 29 March 2021.

In accordance with Section 28a of the Danish Companies Act, four 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 of Greenland'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.

## MANAGEMENT REVIEW Q1 2021

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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 2021

The expected favourable economic development in 2020 was strongly affected by the Covid-19 pandemic, as described in the Annual Report for 2020. The course of the economy in 2021 is still uncertain, as a consequence of Covid-19.

The Bank's activities will be affected negatively if the Covid-19 pandemic worsens or is significantly prolonged, and will be affected positively if the negative effects diminish in the course of the year. On this basis, lending is only expected to increase moderately up to the end of the year. Deposits are expected to be at the same level as at the end of 2020, or to show a slight decline as a consequence of the introduction of negative interest rates for a significant proportion of the Bank's deposits.

Total core earnings are expected to increase in 2021, with particularly positive effects from the average higher guarantee and lending volume, the full impact of negative deposit interest rates, and the development in the Bank's pension products.

Total expenses including depreciation and amortisation are expected to be moderately higher than in 2020. Staff expenses are expected to show more subdued development. Administration expenses are also expected to increase, primarily in the compliance and IT area.

The Bank assesses that the quality of the loan portfolio is satisfactory. Write-downs for impairment of lending are therefore expected to continue to be at a low level.

In view of the continued low level of interest rates, moderate capital losses on the Bank's bond portfolio must be expected, while ongoing capital gains are expected from the currency area and sector equities.

Due to the continued Covid-19 uncertainty expected pre-tax profit is maintained at the level of DKK 115-135 million, compared to DKK 130.8 million in 2020, as stated in the Bank's Annual Report for 2020.

11 May 2021  
Board of Directors

(DKK 1,000) **INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**

Notes	Q1 2021	Full year 2020	Q1 2020	
<b>3</b>	Interest income	55,178	229,089	58,454
<b>4</b>	Negative interest income	-3,258	-14,412	-3,629
<b>5</b>	Interest expenses	125	129	123
<b>6</b>	Positive interest expenses	+5,587	+19,870	+4,318
	<b>Net interest income</b>	<b>57,382</b>	<b>234,418</b>	<b>59,020</b>
	Share dividend, etc.	60	1,222	185
<b>7</b>	Fees and commission income	28,854	91,961	23,909
	Fees paid and commission expenses	201	1,088	234
	<b>Net interest and fee income</b>	<b>86,095</b>	<b>326,513</b>	<b>82,880</b>
<b>8</b>	Value adjustments	3,127	136	-11,636
	Other operating income	1,139	5,369	1,087
<b>9</b>	Staff and administration expenses	47,123	178,734	44,592
	Depreciation and impairment of tangible assets	1,740	6,948	1,707
	Other operating expenses	406	2,610	212
<b>16</b>	Write-downs on loans, etc.	922	12,828	9,190
	<b>Profit before tax</b>	<b>40,170</b>	<b>130,898</b>	<b>16,630</b>
<b>10</b>	Tax	-1,281	34,671	4,404
	<b>Profit for the period</b>	<b>41,451</b>	<b>96,227</b>	<b>12,226</b>
<b>Statement of comprehensive income</b>				
	Profit for the period	41,451	96,227	12,226
	Other comprehensive income:			
	Value adjustment of properties	1,060	4,140	990
	Value adjustment of defined-benefit severance/pension scheme	0	-29	0
	Tax on value adjustment of properties	-281	-1,097	-262
	<b>Total other comprehensive income</b>	<b>779</b>	<b>3,014</b>	<b>728</b>
	<b>Comprehensive income for the period</b>	<b>42,230</b>	<b>99,241</b>	<b>12,954</b>

(DKK 1,000)

**BALANCE SHEET**

Notes	31 March 2021	31 December 2020	31 March 2020
<b>ASSETS</b>			
	1,143,058	192,107	180,538
11	410,033	1,686,361	1,849,318
16	3,905,129	4,006,248	3,636,588
12	1,002,716	885,752	882,576
	131,889	122,763	114,248
13	249,483	221,589	156,494
	240,636	229,650	229,675
	6,329	6,856	7,777
	82,366	82,241	121,181
	5,830	4,758	4,750
<b>Total assets</b>	<b>7,177,469</b>	<b>7,438,325</b>	<b>7,183,145</b>
<b>LIABILITIES</b>			
	10,785	17,040	12,585
14	5,571,272	5,847,772	5,742,351
	249,483	221,589	156,494
	33,241	22,610	34,739
	63,419	60,452	55,102
	2,545	6,082	2,566
<b>Total debt</b>	<b>5,930,745</b>	<b>6,175,545</b>	<b>6,003,837</b>
	1,455	1,389	1,148
	52,484	64,128	51,604
	8,979	9,890	19,945
	5,160	5,159	5,266
	4,499	5,297	10,715
<b>Total provisions</b>	<b>72,577</b>	<b>85,863</b>	<b>88,678</b>
Equity			
15	180,000	180,000	180,000
	35,528	34,749	32,434
	958,619	917,168	878,163
	0	45,000	0
<b>Total equity</b>	<b>1,174,147</b>	<b>1,176,917</b>	<b>1,090,630</b>
<b>Total liabilities</b>	<b>7,177,469</b>	<b>7,438,325</b>	<b>7,183,145</b>
01	<b>Accounting policies applied</b>		
02	<b>Accounting estimates</b>		
17	<b>Contingent liabilities</b>		
18	<b>Capital conditions and solvency</b>		

((DKK 1,000))

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Re-valuation re-serves	Retained earnings	Proposed dividend	Total equity capital
<b>Equity, 01 January 2020</b>	<b>180,000</b>	<b>31,706</b>	<b>865,970</b>	<b>0</b>	<b>1,077,676</b>
Other comprehensive income		728			728
Profit for the period			12,226		12,226
<b>Equity, 31 March 2020</b>	<b>180,000</b>	<b>32,434</b>	<b>878,196</b>	<b>0</b>	<b>1,090,630</b>
Other comprehensive income		2,315	-29		2,286
Profit for the period			39,001	45,000	84,001
<b>Equity, 31 December 2020</b>	<b>180,000</b>	<b>34,749</b>	<b>917,168</b>	<b>45,000</b>	<b>1,176,917</b>
<b>Equity, beginning of 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		779			779
Profit for the period			41,451		41,449
<b>Equity, 31 March 2021</b>	<b>180,000</b>	<b>35,528</b>	<b>958,619</b>	<b>0</b>	<b>1,174,147</b>

## NOTES

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### Note 1

#### Accounting policies applied, etc.

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 2020.

Tax, which consists of current tax and changes in deferred tax, is recognised in the income statement when it relates to the result for the period, and directly to equity when it relates to items recognised directly in 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.

### Note 2

#### Significant accounting estimates

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.

**NOTES TO THE INCOME STATEMENT**

(DKK 1,000)	Q1 2021	Full year 2020	Q1 2020
<b>3 Interest income</b>			
Lending	54,407	225,064	56,830
Bonds	771	4,025	1,624
<b>Total interest income</b>	<b>55,178</b>	<b>229,089</b>	<b>58,454</b>
<b>4 Negative interest income</b>			
Receivables from credit institutions and central banks Foreign exchange, interest rate, equities, commodities and other contracts, as well as derivative financial instruments	-2,664	-11,608	-2,784
	-594	-2,804	-845
<b>Total negative interest</b>	<b>-3,258</b>	<b>-14,412</b>	<b>-3,629</b>
<b>5 Interest expenses</b>			
Credit institutions and central banks	2	12	5
Deposits	123	117	118
<b>Total interest expenses</b>	<b>125</b>	<b>129</b>	<b>123</b>
<b>6 Positive interest expenses</b>			
Deposits and other liabilities	+5,587	+19,870	+4,318
<b>Total positive interest expenses</b>	<b>+5,587</b>	<b>+19,870</b>	<b>+4,318</b>
<b>7 Fees and commission income</b>			
Securities and securities accounts	841	4,087	481
Payment settlement	9,917	38,833	9,064
Loan transaction fees	1,200	5,140	1,250
Guarantee commission	7,411	25,507	5,788
Other fees and commission	9,485	18,394	7,326
<b>Total fee and commission income</b>	<b>28,854</b>	<b>91,961</b>	<b>23,909</b>
<b>8 Value adjustments</b>			
Lending at fair value	-1,401	-1,471	-498
Bonds	-3,089	-9,519	-9,800
Shares	5,147	6,178	-2,805
Currency	1,000	3,266	899
Derivative financial instruments	1,470	1,682	568
<b>Total value adjustments</b>	<b>3,127</b>	<b>136</b>	<b>-11,636</b>

**NOTES TO THE INCOME STATEMENT**

(DKK 1,000)	Q1 2021	Full year 2020	Q1 2020
<b>9 Staff and administration expenses</b>			
Salaries and remuneration to the Board of Directors and the Executive Management			
Board of Directors	465	1,863	465
Exec. Management, incl. free car and other benefits	1,001	3,616	981
<b>Total</b>	<b>1,466</b>	<b>5,479</b>	<b>1,446</b>
The Bank has established a defined-benefit severance/pension scheme for the Bank's managing director. Under this scheme, the Bank is obliged to pay a fixed benefit for a period of time following the managing director's retirement. In Q1 2021, the present value of the annual earned benefit was calculated at TDKK 66, which is recognised as a pension to the Executive Management under staff expenses. This obligation, which is earned over the 2016-2028 period, may comprise 0-24 months' salary.			
Four other employees whose activities have a significant influence on the Bank's risk profile (Q1 2020 – two persons):			
Salaries and pensions, including free car and other benefits	1,334	4,649	734
Staff expenses			
Salaries	22,079	77,763	19,971
Other staff expenses	784	3,087	1,033
Pensions	2,566	9,670	2,285
Social security expenses	224	794	188
<b>Total</b>	<b>25,653</b>	<b>91,314</b>	<b>23,477</b>
<b>Other administration expenses</b>	<b>21,470</b>	<b>87,420</b>	<b>21,115</b>
Average no. of FTEs Number	138.7	133.3	131.0
<b>10 Tax</b>			
25% of the profit before tax	10,043	32,724	4,157
Discount for dividend tax paid	-13	-288	-41
6% supplement	601	1,947	247
<b>Total tax on ordinary profit</b>	<b>10,631</b>	<b>34,383</b>	<b>4,363</b>
Paid dividend tax	13	288	121
Taxation value of dividend paid	-11,925	0	0
<b>Taxes in total</b>	<b>-1,281</b>	<b>34,671</b>	<b>4,404</b>
Deferred tax	281	11,690	262
Taxation value of dividend paid	-11,925	0	0
Tax to be paid	10,363	22,981	4,142
No company tax was paid during the period			

**NOTES TO THE BALANCE SHEET**

(DKK 1,000)	31 March 2021	31 December 2020	31 March 2020
<b>11</b>	<b>Amounts receivable from credit institutions and central banks</b>		
	0	1,345,000	1,364,000
	410,033	341,361	485,318
	<b>410,033</b>	<b>1,686,361</b>	<b>1,849,318</b>
<b>12</b>	<b>Bonds</b>		
	Of the bond portfolio, a nominal amount of TDKK 50,000 is pledged as collateral for accounts with Danmarks Nationalbank		
<b>13</b>	<b>Assets connected to pool schemes</b>		
	249,449	221,400	156,474
	34	189	20
	<b>249,483</b>	<b>221,589</b>	<b>156,494</b>
<b>14</b>	<b>Deposits</b>		
	4,959,850	5,322,574	5,208,671
	382,390	294,190	305,717
	0	0	21,000
	229,032	231,008	206,964
	<b>5,571,272</b>	<b>5,847,772</b>	<b>5,742,352</b>
<b>15</b>	<b>Share capital</b>		
	Share capital consists of 1,800,000 shares of DKK 100		
	<b>Own holdings of capital investments</b>		
	0	0	0
<b>16</b>	<b>Loans</b>		
	Write-downs on loans, guarantees and non-utilised credit facilities:		
	4,376	22,675	2,094
	-13,771	-17,028	-3,217
	10,838	8,031	10,597
	166	516	117
	-687	-1,366	-401
	<b>922</b>	<b>12,828</b>	<b>9,190</b>

**NOTES TO THE BALANCE SHEET**

(DKK 1,000)

<b>16 Loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Write-downs on loans</b>				
<b>31.03.2021</b>				
Start of the period	14,202	71,617	86,174	171,993
New write-downs concerning new facilities during the year	574	601	2,432	3,607
Reversal of write-downs concerning re-deemed facilities	-281	-9,169	-2,495	-11,945
Change in write-downs at the beginning of the year –				
transfer to stage 1	21,114	-19,744	-1,370	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-1,020	1,479	-459	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	-17	-635	652	0
Net write-downs during the year as a consequence of changes in the credit risk	-19,255	19,523	11,222	11,490
Previously written down, now finally lost			-303	-303
Interest on written-down facilities			1,210	1,210
<b>Write-downs in total</b>	<b>15,317</b>	<b>63,672</b>	<b>97,063</b>	<b>176,052</b>
<b>Write-downs on guarantees</b>				
<b>31.03.2021</b>				
Start of the period	554	655	8,681	9,890
New write-downs concerning new facilities during the year	102	288	0	390
Reversal of write-downs concerning re-deemed facilities	-3	-2	-56	-61
Change in write-downs at the beginning of the year –				
transfer to stage 1	1,862	-176	-1,686	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-34	34	0	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	-2	-2	4	0
Net write-downs during the year as a consequence of changes in the credit risk	-1,804	1,007	-443	-1,240
<b>Write-downs in total</b>	<b>675</b>	<b>1,804</b>	<b>6,500</b>	<b>8,979</b>

**NOTES TO THE BALANCE SHEET**

(DKK 1,000)

	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on non-utilised drawing rights</b>				
<b>31.03.2021</b>				
Start of the period	746	239	4,312	5,297
New write-downs concerning new facilities during the year	5	6	368	379
Reversal of write-downs concerning re-deemed facilities	-85	-31	-1,649	-1,765
Change in write-downs at the beginning of the year – transfer to stage 1	40	-40	0	0
Change in write-downs at the beginning of the year – transfer to stage 2	-16	16	0	0
Change in write-downs at the beginning of the year – transfer to stage 3	0	-14	14	0
Net write-downs during the year as a consequence of changes in the credit risk	-302	122	768	588
<b>Write-downs in total</b>	<b>388</b>	<b>298</b>	<b>3,813</b>	<b>4,499</b>
<b>Write-downs on loans</b>				
<b>31.12.2020</b>				
Start of the period	15,835	41,405	82,938	140,178
New write-downs concerning new facilities during the year	4,285	3,967	5,835	14,087
Reversal of write-downs concerning re-deemed facilities	-2,036	-5,210	-8,652	-15,898
Change in write-downs at the beginning of the year – transfer to stage 1	13,272	-10,410	-2,862	0
Change in write-downs at the beginning of the year – transfer to stage 2	-2,580	7,533	-4,953	0
Change in write-downs at the beginning of the year – transfer to stage 3	-105	-2,878	2,983	0
Net write-downs during the year as a consequence of changes in the credit risk	-14,469	37,210	14,594	37,335
Previously written down, now finally lost			-6,847	-6,847
Interest on written-down facilities			3,138	3,138
<b>Write-downs in total</b>	<b>14,202</b>	<b>71,617</b>	<b>86,174</b>	<b>171,993</b>

**NOTES TO THE BALANCE SHEET**

(DKK 1,000)

	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on guarantees</b>				
<b>31.12.2020</b>				
Start of the period	656	267	19,560	20,483
New write-downs concerning new facilities during the year	212	181	3,686	4,079
Reversal of write-downs concerning re-deemed facilities	-2	0	0	-2
Change in write-downs at the beginning of the year –				
transfer to stage 1	188	-188	0	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-44	16,772	-16,728	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	0	-2	2	0
Net write-downs during the year as a consequence of changes in the credit risk	-456	-16,375	2,161	-14,670
<b>Write-downs in total</b>	<b>554</b>	<b>655</b>	<b>8,681</b>	<b>9,890</b>
<b>Write-downs on non-utilised drawing rights</b>				
<b>31.12.2020</b>				
Start of the period	814	3,408	12,328	16,550
New write-downs concerning new facilities during the year	592	229	3,688	4,509
Reversal of write-downs concerning re-deemed facilities	-184	-145	-799	-1,128
Change in write-downs at the beginning of the year –				
transfer to stage 1	3,359	-3,230	-129	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-89	10,652	-10,563	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	0	0	0	0
Net write-downs during the year as a consequence of changes in the credit risk	-3,746	-10,675	-213	-14,634
<b>Write-downs in total</b>	<b>746</b>	<b>239</b>	<b>4,312</b>	<b>5,297</b>

**NOTES TO THE BALANCE SHEET**

(DKK 1,000)

	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on loans</b>				
<b>31.03.2020</b>				
Start of the period	15,835	41,405	82,938	140,178
New write-downs concerning new facilities during the year	660	529	425	1,614
Reversal of write-downs concerning re-deemed facilities	-561	-416	-1,819	-2,796
Change in write-downs at the beginning of the year –				
transfer to stage 1	-4,394	3,736	658	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	1,878	-2,727	849	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	9	994	-1,003	0
Net write-downs during the year as a consequence of changes in the credit risk	802	10583	5645	17030
Previously written down, now finally lost			-455	-455
Interest on written-down facilities			1,316	1,316
<b>Write-downs in total</b>	<b>14,229</b>	<b>54,104</b>	<b>88,554</b>	<b>156,887</b>
<b>Write-downs on guarantees</b>				
<b>31.03.2020</b>				
Start of the period	656	267	19,560	20,483
New write-downs concerning new facilities during the year	96	22	112	230
Reversal of write-downs concerning re-deemed facilities	0	0	0	0
Change in write-downs at the beginning of the year –				
transfer to stage 1	-260	80	180	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	172	-172	0	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	0	0	0	0
Net write-downs during the year as a consequence of changes in the credit risk	48	191	-1,007	-768
<b>Write-downs in total</b>	<b>712</b>	<b>388</b>	<b>18,845</b>	<b>19,945</b>

**NOTES TO THE BALANCE SHEET**

(DKK 1,000)	31 March 2021	31 December 2020	31 March 2020	
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Write-downs on non-utilised drawing rights</b>				
<b>31.03.2020</b>				
Start of the period	814	3,408	12,328	16,550
New write-downs concerning new facilities during the year	107	30	113	250
Reversal of write-downs concerning re-deemed facilities	-57	-58	-306	-421
Change in write-downs at the beginning of the year – transfer to stage 1	-3,187	3,179	8	0
Change in write-downs at the beginning of the year – transfer to stage 2	88	-140	52	0
Change in write-downs at the beginning of the year – transfer to stage 3	0	0	0	0
Net write-downs during the year as a consequence of changes in the credit risk	2,733	-6,294	-2,104	-5,665
<b>Write-downs in total</b>	<b>498</b>	<b>125</b>	<b>10,091</b>	<b>10,714</b>
<b>17 Contingent liabilities</b>				
Mortgage finance guarantees	1,114,410	976,295	878,919	
Registration and remortgaging guarantees	168,632	137,502	161,441	
Other guarantees	521,631	508,034	474,267	
<b>Guarantees, etc. in total</b>	<b>1,804,673</b>	<b>1,621,831</b>	<b>1,514,627</b>	
<b>Provision balance for guarantees</b>		<b>8,979</b>	<b>9,890</b>	<b>19,945</b>
<b>Provision balance for non-utilised credit facilities</b>		<b>4,499</b>	<b>5,297</b>	<b>10,714</b>

The Bank is a member of BEC (Bankernes EDB Central). On any withdrawal the Bank will be obliged to pay a withdrawal fee to BEC equivalent to the preceding five years' IT costs.

**NOTES TO THE BALANCE SHEET**

(DKK 1,000)	31 March 2021	31 December 2020	31 March 2020
<b>18 Capital conditions and solvency</b>			
Risk-weighted items:			
Credit risk	4,270,701	4,099,907	3,649,276
CVA risk	2,767	2,928	3,809
Market risk	189,177	126,259	103,210
Operational risk	615,611	615,611	600,646
<b>Weighted items in total</b>	<b>5,078,256</b>	<b>4,844,705</b>	<b>4,356,941</b>
Equity at the beginning of the period	1,176,917	1,077,676	1,077,676
Comprehensive income for the period	0	99,241	0
Proposed dividend, accounting effect	11,925	-33,075	0
Dividend paid	-45,000	0	0
Framework for the ratio of own shares	-11,160	-5,310	-4,176
Deductions for prudent valuation	-1,383	-1,247	-1,237
<b>Actual core capital</b>	<b>1,131,299</b>	<b>1,137,285</b>	<b>1,072,263</b>
<b>Capital base</b>	<b>1,131,299</b>	<b>1,137,285</b>	<b>1,072,263</b>
Capital ratio	22.3	23.5	24.6
Core capital ratio	22.3	23.5	24.6
Statutory capital ratio requirements	8.0	8.0	8.0

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## MANAGEMENT REVIEW

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The Board of Directors and Executive Management have today considered and approved the quarterly report for the period 1 January - 31 March 2021, for the public limited 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 financial statements give a true and fair view of the Bank's assets, liabilities and financial position at 31 March 2021, as well as of the results of the Bank's operations for Q1 2021.

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.

11 May 2021

### **Executive Management**

Martin Birkmose Kviesgaard

### **Board of Directors**

Gunnar í Liða  
Chairman

Kristian Frederik Lennert  
Vice Chairman

Maliina Bitsch Abelsen

Malene Meilfart Christensen

Lars Holst

Yvonne Jane Poulsen Kyed

Niels Peter Fleischer Rex

Peter Angutinguaq Wistoft

Ellen Dalsgaard Zdravkovic