

Notification to Nasdaq OMX Copenhagen  
17/2021



**QUARTERLY REPORT**

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Q1 - Q3 2021



CVR no. 80050410

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## Q1 - Q3 REPORT 2021 IN HEADLINES

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### Satisfactory performance in the first nine months of the year

The BANK of Greenland's profit before tax is DKK 114.4 million at the end of September 2021, compared to DKK 94.0 million for the same period of 2020. The profit before value adjustments and write-downs amounts to DKK 108.3 million, compared to DKK 109.1 million for the previous year.

Following sound growth in lending in both 2019 and 2020, lending declined in 2021. The decrease in lending amounts to DKK 191 million, and lending totalled DKK 3,815 million at the end of September. As stated in the Q1 report, the decline in lending was expected in view of the completion of several major construction financing projects, to some extent replaced by mortgage finance guarantees. Guarantees increased by DKK 316 million from DKK 1,622 million at the end of 2020 to DKK 1,938 million at the end of Q3 2021. Lending and guarantees showed an overall increase of DKK 124 million in 2021 and totalled DKK 5,752 million, which is the highest level in the Bank's history.

Net interest and fee income increased by DKK 9.4 million to DKK 249.1 million, compared to the same period of 2020. The increase is due to e.g. higher guarantee commission income, negative deposit interest rates and income from the investment and pension area.

Total expenses including depreciation amount to DKK 144.8 million at the end of Q3 2021, compared to DKK 133.9 million for the same period of 2020. The increase is related to higher staff expenses, reflecting higher payroll expenses due to adjustments under the collective agreement and an increase in the number of employees, and also to other administrative expenses, primarily rising IT costs for BEC.

At the end of September 2021, value adjustments showed a capital gain of DKK 7.7 million, compared to a capital loss of DKK 4.7 million for the same period of 2020. The Bank's shareholdings developed positively in the first three quarters of 2021, while the interest-rate environment continues to result in automatically generated capital losses on the Bank's bond holdings.

Impairment write-downs on loans and guarantees were reduced by DKK 8.8 million compared to the first three quarters of 2020 and amounted to DKK 1.6 million at the end of September 2021. To a decreasing extent, Covid-19 continues to affect Greenland's society, and the low level of write-downs indicates continued good credit quality among the Bank's customers. For Q3 in isolation, there is a minor reversal of write-downs of DKK 0.8 million. At the end of Q3 2021, the Bank had an unchanged management reserve with regard to Covid-19 amounting to approximately DKK 20 million.

After the end of the quarter, in a stock exchange announcement dated 4 October 2021, the Bank notified the phasing-in from 2022 of the Bank's MREL capital requirement of 15.2% and also notified an expected SNP (Senior Non-Preferred) issue, as well as cover of issue costs. The MREL capital requirement is in addition to the solvency requirement including capital buffers and a total requirement for own funds and eligible liabilities (MREL) of 30,4%. In a stock exchange announcement dated 13 October 2021, the Bank notified the issue of DKK 50 million SNP.

In a stock exchange announcement dated 19 October 2021, the forecast for the year's profit before tax was adjusted upwards from a range of DKK 125-140 million to a range of DKK 135-150 million, which remains unchanged.

- The profit before tax gives a return of 13.3% p.a. on opening equity after disbursement of dividend.
- Increase in loans and guarantees of DKK 124 million to DKK 5.752 billion.
- Deposits decreased to DKK 5.635 billion.
- Continued stable core operations.
- Write-downs and provisions of 0.03% for the period.
- Capital ratio and core capital ratio of 22.7 and an individual capital requirement of 10.7%.

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**FINANCIAL HIGHLIGHTS AND KEY FIGURES FOR Q1 - Q3 2021**

(DKK 1,000)

|   | Q1 - Q3<br>2021 | Q1 - Q3<br>2020 | Full year<br>2020 | Q1 - Q3<br>2019 | Q1 - Q3<br>2018 | Q1 - Q3<br>2017 |
|---|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Net interest and fee income                       | 249,061         | 239,671         | 326,513           | 240,099         | 233,129         | 233,021         |
| Value adjustments                                 | 7,716           | -4,691          | 136               | 9,823           | 503             | -4,908          |
| Other operating income                            | 3,942           | 3,343           | 5,369             | 4,280           | 4,134           | 4,046           |
| Staff and administration expenses                 | 137,545         | 126,964         | 178,734           | 124,789         | 115,426         | 110,883         |
| Depreciation and impairment of tangible assets    | 5,214           | 5,213           | 6,948             | 5,023           | 5,101           | 4,899           |
| Other operating expenses                          | 1,992           | 1,746           | 2,610             | 1,852           | 1,216           | 1,089           |
| Write-downs on loans, etc.                        | 1,570           | 10,394          | 12,828            | 6,615           | 9,115           | 11,510          |
| <b>Profit before tax</b>                          | <b>114,398</b>  | <b>94,006</b>   | <b>130,898</b>    | <b>115,923</b>  | <b>106,908</b>  | <b>103,778</b>  |
| Tax   | 18,377          | 24,898          | 34,671            | 19,666          | 16,800          | 15,818          |
| <b>Profit for the period</b>                      | <b>96,021</b>   | <b>69,108</b>   | <b>96,227</b>     | <b>96,257</b>   | <b>90,108</b>   | <b>87,960</b>   |
| <b>Selected accounting items:</b>                 |                 |                 |                   |                 |                 |                 |
| Lending   | 3,814,849       | 3,734,998       | 4,006,248         | 3,693,537       | 3,460,949       | 3,239,636       |
| Deposits  | 5,634,605       | 5,909,284       | 5,847,772         | 5,629,837       | 4,935,056       | 4,866,301       |
| Equity  | 1,230,319       | 1,149,052       | 1,176,917         | 1,043,379       | 984,177         | 938,169         |
| Balance sheet total                               | 7,352,102       | 7,447,672       | 7,438,325         | 6,986,261       | 6,158,154       | 5,963,026       |
| Contingent liabilities                            | 1,937,514       | 1,585,426       | 1,621,831         | 1,403,000       | 1,222,946       | 1,169,902       |
| <b>Key figures:</b>                               |                 |                 |                   |                 |                 |                 |
| Capital ratio                                     | 22.7            | 23.0            | 23.5              | 22.3            | 21.8            | 21.3            |
| Core capital ratio                                | 22.7            | 23.0            | 23.5              | 22.3            | 21.8            | 21.3            |
| Return on equity before tax for the period        | 9.5             | 8.4             | 11.6              | 11.4            | 11.3            | 11.1            |
| Return on equity after tax for the period         | 8.0             | 6.2             | 8.5               | 9.5             | 9.4             | 9.5             |
| Income per cost krone                             | 1.78            | 1.65            | 1.70              | 1.84            | 1.82            | 1.81            |
| Rate of return                                    | 1.3             | 0.9             | 1.3               | 1.4             | 1.5             | 1.5             |
| Interest rate risk                                | 1.4             | 1.1             | 1.1               | 2.4             | 2.3             | 1.5             |
| Foreign exchange position                         | 0.9             | 0.6             | 0.6               | 0.4             | 0.8             | 1.8             |
| Liquidity coverage ratio                          | 273.4           | 243.1           | 241.0             | 153.8           | 351.4           | 160.9           |
| Lending plus write-downs as a ratio of deposits   | 64.4            | 63.9            | 68.8              | 67.2            | 73.3            | 69.2            |
| Lending as a ratio of equity                      | 3.1             | 3.3             | 3.4               | 3.5             | 3.5             | 3.5             |
| Growth in lending during the period               | -4.8            | -0.7            | 6.6               | 6.4             | 4.3             | 5.4             |
| Sum of large exposures                            | 161.3           | 168.4           | 162.6             | 173.3           | 165.8           | na              |
| Write-down ratio for the period                   | 0.03            | 0.2             | 0.2               | 0.1             | 0.2             | 0.3             |
| Accumulated write-down ratio                      | 3.2             | 3.3             | 3.2               | 3.4             | 3.5             | 3.1             |
| Profit per share after tax for the period         | 53.3            | 38.4            | 53.5              | 53.5            | 50.1            | 48.9            |
| Net book value per share                          | 684             | 638             | 654               | 580             | 547             | 521             |
| Stock exchange quotation/net book value per share | 0.9             | 0.9             | 0.9               | 0.9             | 1.1             | 1.2             |

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## MANAGEMENT'S REVIEW Q1 - Q3 2021

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### Income statement

At TDKK 172,289, compared to TDKK 175,129 for the first three quarters of 2020, net interest income decreased by 1.6%. From 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 interest income from lending, while falling bond yields also have a negative impact on net interest rates.

In recent years the Bank has improved the balance between the return on the Bank's lending and surplus liquidity and interest paid on deposit by continuously introducing negative interest rates for a wider range of customers and more products than before. These factors had a positive impact on net interest income in the first nine months of the year.

At the end of the first half of 2021, the Bank became a primary clearing participant. This new status as a primary clearing participant has already had a positive impact on the Bank's negative interest income. The Bank has also changed its setup in the foreign transactions and funds area, which has also had a positive impact on fee and commission income.

Fee and commission income increased by TDKK 12,127 compared to the same period of 2020. The increased guarantee scope, intensified investment activity and the pension area have a positive impact on this item. The increase in loan transaction fees and payment settlement fees has also affected this item positively. Net interest and fee income therefore increased by TDKK 9,390 to TDKK 249,061 at the end of September 2021.

Other operating income increased by TDKK 599, to TDKK 3,942, compared to the first three quarters of 2020.

Staff and administration expenses increased by TDKK 10,581, to TDKK 137,545, compared to the same period of the previous year. The increase relates to both staff expenses and other administrative expenses. The increase in staff expenses is due to an expected increase in the number of employees and to salary increases under collective agreements, while the increase in other administrative expenses is primarily due to increased IT costs for BEC.

Other operating expenses, which concern operation and maintenance of the Bank's office buildings and contributions to Afviklingsformuen (the Resolution Fund), increased by TDKK 246, to TDKK 1,992, in the first three quarters of 2021, compared to the same period of 2020.

Depreciation of tangible assets is at the level of the same period of the previous year, amounting to TDKK 5,214.

Value adjustments represent a total capital gain of TDKK 7,716, compared to a capital loss of TDKK 4,691 for the same period of the previous year. The financial markets and the Bank's portfolio of sector equities developed favourably in the first three quarters of 2021. Automatic negative bond value adjustments were significantly lower in the first three quarters of 2021 than in the same period of 2020.

Impairment of loans, etc. amounted to TDKK 1,570 for the first three quarters of 2020, compared to TDKK 10,394 for the same period of 2020, which was particularly affected by uncertainty concerning the development of the Covid-19 pandemic.

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 will maintain a significant management reserve until further notice, despite a decreasing negative impact of the pandemic on Greenland's society.

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 20 million at the

## MANAGEMENT'S REVIEW Q1 - Q3 2021

end of Q3 2021. In addition, individual impairment write-downs concerning affected customers have been made. The overall very low level of write-downs documents the strong credit standing of the Bank's customers.

The profit before tax is TDKK 114,398, having increased by TDKK 20,392 from the same period of 2020.

### Financial Highlights and Key Figures

| (DKK 1,000)                                     | Q3     | Q2     | Q1     | Q4     | Q3     | Q2     | Q1      | Q4     |
|---|--------|--------|--------|--------|--------|--------|---------|--------|
|   | 2021   | 2021   | 2021   | 2020   | 2020   | 2020   | 2020    | 2019   |
| Net interest and fee income                     | 80,914 | 82,053 | 86,095 | 84,306 | 81,098 | 78,230 | 82,880  | 81,261 |
| Costs, depreciation and amortisation            | 46,435 | 49,048 | 49,269 | 51,832 | 46,028 | 43,920 | 46,511  | 46,544 |
| Other operating income                          | 1,763  | 1,040  | 1,139  | 2,025  | 1,122  | 1,134  | 1,087   | 1,442  |
| Profit before value adjustments and write-downs | 36,243 | 34,045 | 37,965 | 34,499 | 36,192 | 35,444 | 37,456  | 36,159 |
| Value adjustments                               | 2,601  | 1,988  | 3,127  | 4,828  | 2,638  | 4,306  | -11,636 | -238   |
| Write-downs on loans, etc.                      | -761   | 1,409  | 922    | 2,435  | 549    | 655    | 9,190   | 1,344  |
| Profit before tax                               | 39,604 | 34,624 | 40,170 | 36,892 | 38,281 | 39,095 | 16,630  | 34,577 |

### Development during the quarter

Net interest and fee income amounted to TDKK 86,095 in Q1 and to TDKK 82,053 in Q2. The difference between the quarters is primarily due to periodically higher fee and commission income in Q1 compared to Q2 and Q3. Considering the development in Q3 in isolation, net interest and fee income amounted to TDKK 80,914. The fluctuation between Q2 and Q3 is primarily due to periodic changes in dividends on the Bank's shareholdings.

Total costs in Q1 amounted to TDKK 49,269, and in Q2 to TDKK 49,048. In Q3, costs decreased to TDKK 46,435. This is due to a decrease in staff expenses between Q2 and Q3. Moreover, in Q2 2021, more costs of a one-off nature were incurred.

The profit before value adjustments and write-downs thereby increased to TDKK 36,243 in Q3, which is TDKK 2,198 higher than in Q2 2021.

Write-downs on loans, etc. amounted to TDKK 922 in Q1 and TDKK 1,409 in Q2. In Q3 the item amounted to TDKK -761. The negative write-downs on loans is due to creditquality improvements on individual exposures in the quarter.

Lending decreased by TDKK 101,120 in Q1 and by TDKK 80,685 in Q2. In Q3, lending decreased by TDKK 9,594. It was expected that major ongoing construction financing projects at the end of 2020 would be completed during the first half of 2021. The increase in guarantees from Q2 to Q3 amounted to TDKK 22,621.

Deposits decreased by TDKK 276,500 in Q1 2021 and increased by TDKK 308,606 in Q2. In Q3, deposits decreased by TDKK 245,273. In overall terms, the decrease in deposits compared to 2020 is thus TDKK 213,167.

### Balance sheet and equity

During the first nine months of the year, the Bank's lending decreased by TDKK 191,399 to TDKK 3,814,849, while the Bank's guarantees to customers increased by TDKK 315,683 compared to the end of 2020, and amounted to TDKK 1,937,514 at the end of September 2021.

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## MANAGEMENT'S REVIEW Q1 - Q3 2021

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The Bank's deposits, which predominantly comprise on-demand deposits, amounted to TDKK 5,634,605 at the end of September 2021.

Total assets have thereby decreased by TDKK 86,223, to TDKK 7,352,102. At the end of Q3, equity amounted to TDKK 1,230,319.

### **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.

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 capital ratio as at 30 September 2021 is 22.7%, compared to a capital ratio of 23.0% as at 30 September 2020, and 23.5% as at 31 December 2020. The result for the period 1 January - 30 September 2021 has not been verified by the Bank's auditor and is therefore not included in the capital ratio. If the profit or loss for the period is recognised, the capital ratio can be calculated at 24.3%.

The BANK of Greenland was designated as an SIFI institution in April 2017. In view of the SIFI requirements concerning capital reserves and the Danish Financial Supervisory Authority's decision of 4 October concerning the requirement for own funds and eligible liabilities (MREL requirement) of 30.4% of the Bank's risk-weighted assets as at the end of 2020, the Board of Directors expects the total capital reserves to be increased.

The MREL requirement will be phased in during the 2022-2027 period. The BANK of Greenland expects to cover most of the MREL requirement by issuing Tier 3 capital and to a lesser extent with Tier 1 and Tier 2

## MANAGEMENT'S REVIEW Q1 - Q3 2021

capital. On 13 October 2021, the BANK of Greenland entered into an agreement to issue DKK 50 million Senior Non-Preferred, as part of the ongoing process of optimising the structure of the Bank's own funds and eligible liabilities (MREL). In the stock exchange announcement dated 4 October 2021, the Bank notified that, on the basis of the decision on the MREL requirement, new capital targets will be disclosed by no later than the submission of the report for 2021.

As at the end of September 2021, the Bank's individual capital requirement was assessed at 10.7%. The BANK of Greenland thereby has surplus capital cover before the buffer requirement of 12.0% points, or TDKK 599,825. 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% points.

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

| In DKK 1,000                            | Q1 - Q3 2021        |                           | End of 2020         |                           |
|---|---------------------|---------------------------|---------------------|---------------------------|
|   | Capital requirement | Solvency requirement in % | Capital requirement | Solvency requirement in % |
| Pillar I requirement                    | 399,584             | 8.0%                      | 387,576             | 8.0%                      |
| Credit risk                             | 96,472              | 1.9%                      | 97,538              | 2.0%                      |
| Market risk                             | 18,199              | 0.4%                      | 18,149              | 0.4%                      |
| Operational risk                        | 10,195              | 0.2%                      | 23,179              | 0.5%                      |
| Other conditions                        | 7,254               | 0.2%                      | 17,887              | 0.3%                      |
| <b>Capital and solvency requirement</b> | <b>531,704</b>      | <b>10.7%</b>              | <b>544,329</b>      | <b>11.2%</b>              |

The BANK of Greenland has published further details of the reported solvency requirement in a report on its website <https://www.banken.gl/en/investor/public-disclosure/>

### 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 Q3, the Bank had an LCR of 273.4% and thereby fulfils the LCR requirement of at least 100%.

The Bank's funding is based solely on deposits, but in the coming years it will also include its own capital issues in line with the fulfilment of the Bank's MREL requirements.

### The Supervisory Diamond for banks

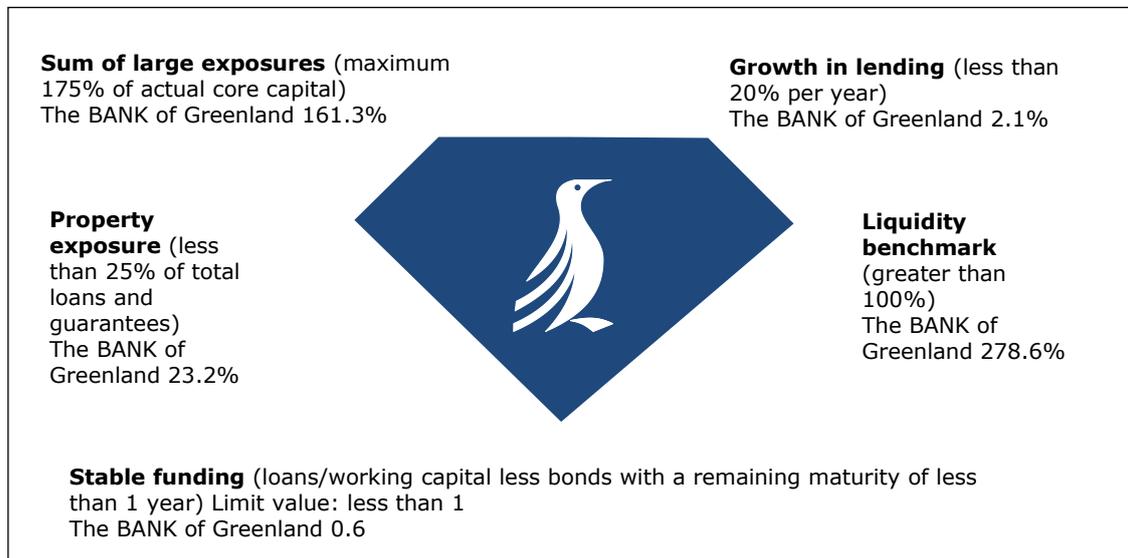
The BANK of Greenland has considered the benchmarks set out in the Danish FSA's Supervisory Diamond for banks. The Supervisory Diamond states five benchmarks for banking activities which the Bank aims to fulfil. It must be noted that publicly-owned enterprises account for 48.1% points of the sum of large exposures.

Concerning property exposure, a significant part is related to property financing with public tenants or with significant public co-financing. The Bank expects that this sectoral exposure will be reduced in the last quarter of 2021.

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## MANAGEMENT'S REVIEW Q1 - Q3 2021

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

The BANK of Greenland's overall financial objective is to achieve a competitive return for the shareholders. At a price of 600 at the end of Q3 2021, the price of the BANK of Greenland's share has increased since 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 25 per share or a total of DKK 45 million was adopted for the Bank's shareholders, and this was paid out on 29 March 2021.

Six shareholders have notified shareholdings in excess of 5% in accordance with Section 55 of the Danish Companies Act. 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.

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 <https://www.banken.gl/en/investor/corporate-governance/>

## MANAGEMENT'S REVIEW Q1 - Q3 2021

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### Outlook for the remainder of 2021

In 2020, the economic conditions were strongly affected by Covid-19. In 2021, the course of the economy is still subject to uncertainty as a consequence of Covid-19, even though the negative economic effects are diminishing.

The Bank will be affected negatively if the Covid-19 pandemic worsens or is significantly prolonged. 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 investment and pension products.

Total expenses including depreciation and amortisation are expected to be higher than in 2020. Staff expenses are expected to show more subdued development in the second half-year compared to the first half-year. 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.

On presentation of the annual report for 2020, the profit before tax in 2021 was expected to be in the range of DKK 115-135 million. Most recently, in stock exchange announcement no. 16/2021 of 19 October 2021, the Bank adjusted its annual expectations for 2021 upwards to a profit before tax in the range of DKK 135-150 million, compared to DKK 130.8 million in 2020.

3 November 2021  
Board of Directors

(DKK 1,000)

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**

| Notes                                    | Q1 - Q3<br>2021  | Full year<br>2020 | Q1 - Q3<br>2020 |                |
|--|--|-------------------|-----------------|----------------|
| <b>3</b>                                 | Interest income  | 165,537           | 229,089         | 171,458        |
| <b>4</b>                                 | Negative interest income                                     | -9,661            | -14,412         | -10,994        |
| <b>5</b>                                 | Interest expenses  | 808               | 129             | 274            |
| <b>6</b>                                 | Positive interest expenses                                   | +17,222           | +19,870         | +14,939        |
|  | <b>Net interest income</b>                                   | <b>172,289</b>    | <b>234,418</b>  | <b>175,129</b> |
|  | Share dividend, etc.   | 913               | 1,222           | 936            |
| <b>7</b>                                 | Fees and commission income                                   | 76,287            | 91,961          | 64,160         |
|  | Fees paid and commission expenses                            | 428               | 1,088           | 554            |
|  | <b>Net interest and fee income</b>                           | <b>249,061</b>    | <b>326,513</b>  | <b>239,671</b> |
| <b>8</b>                                 | Value adjustments  | 7,716             | 136             | -4,691         |
|  | Other operating income                                       | 3,942             | 5,369           | 3,343          |
| <b>9</b>                                 | Staff and administration expenses                            | 137,545           | 178,734         | 126,964        |
|  | Depreciation and impairment of tangible assets               | 5,214             | 6,948           | 5,213          |
|  | Other operating expenses                                     | 1,992             | 2,610           | 1,746          |
| <b>16</b>                                | Write-downs on loans, etc.                                   | 1,570             | 12,828          | 10,394         |
|  | <b>Profit before tax</b>                                     | <b>114,398</b>    | <b>130,898</b>  | <b>94,006</b>  |
| <b>10</b>                                | Tax  | 18,377            | 34,671          | 24,898         |
|  | <b>Profit for the period</b>                                 | <b>96,021</b>     | <b>96,227</b>   | <b>69,108</b>  |
| <b>Statement of comprehensive income</b> |  |                   |                 |                |
|  | Profit for the period  | 96,021            | 96,227          | 69,108         |
|  | Other comprehensive income:                                  |                   |                 |                |
|  | Value adjustment of properties                               | 3,240             | 4,140           | 3,085          |
|  | Value adjustment of defined-benefit severance/pension scheme | 0                 | -29             | 0              |
|  | Tax on value adjustment of properties                        | -859              | -1,097          | -818           |
|  | <b>Total other comprehensive income</b>                      | <b>2,381</b>      | <b>3,014</b>    | <b>2,267</b>   |
|  | <b>Comprehensive income for the period</b>                   | <b>98,402</b>     | <b>99,241</b>   | <b>71,375</b>  |

(DKK 1,000)

**BALANCE SHEET**

| Notes              | 30 September<br>2021                                    | 31 December<br>2020 | 30 September<br>2020 |                  |
|--------------------|---|---------------------|----------------------|------------------|
| <b>ASSETS</b>      |   |                     |                      |                  |
|                    | Cash balance and demand deposits with central banks     | 1,516,828           | 192,107              | 187,738          |
| <b>11</b>          | Receivables from credit institutions and central banks  | 263,909             | 1,686,361            | 2,004,081        |
| <b>16</b>          | Loans and other receivables at amortised cost           | 3,814,849           | 4,006,248            | 3,734,998        |
| <b>12</b>          | Bonds at fair value                                     | 1,002,138           | 885,752              | 885,557          |
|                    | Shares, etc.  | 135,791             | 122,763              | 118,725          |
| <b>13</b>          | Assets connected to pool schemes                        | 285,756             | 221,589              | 190,540          |
|                    | Land and buildings in total, domicile properties        | 237,952             | 229,650              | 229,616          |
|                    | Other tangible assets                                   | 6,471               | 6,856                | 7,268            |
|                    | Other assets  | 83,842              | 82,241               | 81,281           |
|                    | Accruals and deferred income                            | 4,566               | 4,758                | 7,868            |
|                    | <b>Total assets</b>                                     | <b>7,352,102</b>    | <b>7,438,325</b>     | <b>7,447,672</b> |
| <b>LIABILITIES</b> |   |                     |                      |                  |
|                    | Liabilities to credit institutions and central banks    | 14,015              | 17,040               | 9,455            |
| <b>14</b>          | Deposits and other liabilities                          | 5,634,605           | 5,847,772            | 5,909,284        |
|                    | Deposits in pool schemes                                | 285,756             | 221,589              | 190,540          |
|                    | Current tax liabilities                                 | 52,695              | 22,610               | 55,239           |
|                    | Other liabilities                                       | 60,064              | 60,452               | 52,714           |
|                    | Accruals and deferred income                            | 2,576               | 6,082                | 2,234            |
|                    | <b>Total debt</b>                                       | <b>6,049,712</b>    | <b>6,175,545</b>     | <b>6,219,466</b> |
|                    | Provisions for pensions and similar obligations         | 1,587               | 1,389                | 1,281            |
|                    | Provisions for deferred tax                             | 53,061              | 64,128               | 52,159           |
|                    | Provisions for losses on guarantees                     | 7,472               | 9,890                | 8,512            |
|                    | Other provisions  | 5,167               | 5,159                | 5,061            |
|                    | Provisions for losses on non-utilised credit facilities | 4,783               | 5,297                | 12,141           |
|                    | <b>Total provisions</b>                                 | <b>72,070</b>       | <b>85,863</b>        | <b>79,154</b>    |
|                    | Equity  |                     |                      |                  |
| <b>15</b>          | Share capital   | 180,000             | 180,000              | 180,000          |
|                    | Revaluation reserves                                    | 37,130              | 34,749               | 33,974           |
|                    | Retained earnings                                       | 1,013,189           | 917,168              | 935,078          |
|                    | Proposed dividend                                       |                     | 45,000               | 0                |
|                    | <b>Total equity</b>                                     | <b>1,230,319</b>    | <b>1,176,917</b>     | <b>1,149,052</b> |
|                    | <b>Total liabilities</b>                                | <b>7,352,102</b>    | <b>7,438,325</b>     | <b>7,447,672</b> |
| <b>01</b>          | <b>Accounting policies applied</b>                      |                     |                      |                  |
| <b>02</b>          | <b>Accounting estimates</b>                             |                     |                      |                  |
| <b>17</b>          | <b>Contingent liabilities</b>                           |                     |                      |                  |
| <b>18</b>          | <b>Capital conditions and solvency</b>                  |                     |                      |                  |

((DKK 1,000))

**STATEMENT OF CHANGES IN EQUITY**

|                                  | Share capital  | Re-valuation re-serves | Retained earnings | Proposed dividend, net | Equity capital in total |
|----------------------------------|----------------|------------------------|-------------------|------------------------|-------------------------|
| <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       |                | 2,268                  |                   |                        | 2,268                   |
| Profit for the period            |                |                        | 69,108            |                        | 69,108                  |
| <b>Equity, 30 September 2020</b> | <b>180,000</b> | <b>33,974</b>          | <b>935,078</b>    | <b>0</b>               | <b>1,149,052</b>        |
| Other comprehensive income       |                | 775                    |                   |                        | 775                     |
| Profit for the period            |                |                        | -17,910           | 45,000                 | 27,090                  |
| <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, 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>        |

## 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 taxable value of this is recognised in the income statement 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 subject to auditing or review.

### 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.

The method used and the uncertainty in determining accounting estimates are assessed unchanged from the Annual Report for 2020.

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 - Q3<br>2021 | Full year<br>2020 | Q1 - Q3<br>2020 |
|---|-----------------|-------------------|-----------------|
| <b>3 Interest income</b>  |                 |                   |                 |
| Lending   | 162,913         | 225,064           | 168,139         |
| Bonds   | 2,624           | 4,025             | 3,319           |
| <b>Total interest income</b>  | <b>165,537</b>  | <b>229,089</b>    | <b>171,458</b>  |
| <b>4 Negative interest income</b>   |                 |                   |                 |
| Receivables from credit institutions and central banks<br>Foreign exchange, interest rate, equities, commodities<br>and other contracts, as well as<br>derivative financial instruments | -7,937          | -11,608           | -8,867          |
|   | -1,725          | -2,804            | -2,127          |
| <b>Total negative interest income</b>   | <b>-9,662</b>   | <b>-14,412</b>    | <b>-10,994</b>  |
| <b>5 Interest expenses</b>  |                 |                   |                 |
| Credit institutions and central banks   | 6               | 12                | 38              |
| Deposits  | 802             | 117               | 236             |
| <b>Total interest expenses</b>  | <b>808</b>      | <b>129</b>        | <b>274</b>      |
| <b>6 Positive interest expenses</b>   |                 |                   |                 |
| Deposits and other liabilities  | +17,222         | +19,870           | +14,939         |
| <b>Total positive interest expenses</b>   | <b>+17,222</b>  | <b>+19,870</b>    | <b>+14,939</b>  |
| <b>7 Fees and commission income</b>   |                 |                   |                 |
| Securities and securities accounts  | 2,301           | 4,087             | 1,633           |
| Payment settlement  | 29,783          | 38,833            | 28,448          |
| Loan transaction fees   | 3,987           | 5,140             | 3,778           |
| Guarantee commission  | 22,485          | 25,507            | 18,957          |
| Other fees and commission   | 17,731          | 18,394            | 11,344          |
| <b>Total fee and commission income</b>  | <b>76,287</b>   | <b>91,961</b>     | <b>64,160</b>   |
| <b>8 Value adjustments</b>  |                 |                   |                 |
| Lending at fair value   | -2,762          | -1,471            | -801            |
| Bonds   | -5,446          | -9,519            | -9,042          |
| Shares  | 9,811           | 6,178             | 2,174           |
| Currency  | 3,253           | 3,266             | 2,031           |
| Derivative financial instruments  | 2,860           | 1,682             | 947             |
| <b>Total value adjustments</b>  | <b>7,716</b>    | <b>136</b>        | <b>-4,691</b>   |

**NOTES TO THE INCOME STATEMENT**

| (DKK 1,000)   | Q1 - Q3<br>2021 | Full year<br>2020 | Q1 - Q3<br>2020 |
|---|-----------------|-------------------|-----------------|
| <b>9 Staff and administration expenses</b>  |                 |                   |                 |
| Salaries and remuneration to the Board of Directors and the Executive Management  |                 |                   |                 |
| Board of Directors  | 1,395           | 1,863             | 1,397           |
| Exec. Management, incl. free car and other benefits   | 2,785           | 3,616             | 2,728           |
| <b>Total</b>  | <b>4,180</b>    | <b>5,479</b>      | <b>4,125</b>    |
| <p>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. The present value of the annual earned benefit was calculated at TDKK 199 as at 30 September 2021, 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.</p> <p>Four other employees whose activities have a significant influence on the Bank's risk profile:</p> |                 |                   |                 |
| Salaries and pensions, including free car and other benefits  | 3,635           | 4,649             | 3,310           |
| Staff expenses in total   |                 |                   |                 |
| Salaries  | 61,490          | 77,763            | 56,228          |
| Other staff expenses  | 1,613           | 3,087             | 2,053           |
| Pensions  | 7,856           | 9,670             | 7,116           |
| Social security expenses  | 629             | 794               | 488             |
| <b>Total</b>  | <b>71,588</b>   | <b>91,314</b>     | <b>65,885</b>   |
| <b>Other administration expenses</b>  | <b>65,957</b>   | <b>87,420</b>     | <b>61,079</b>   |
| Average no. of full-time employees  | 137.2           | 133.3             | 132.3           |
| <b>10 Tax</b>   |                 |                   |                 |
| 25% of the profit before tax  | 28,600          | 32,724            | 23,501          |
| Paid dividend tax for Danish shares   | -217            | -288              | -225            |
| 6% supplement   | 1,702           | 1,947             | 1,397           |
| <b>Total tax on ordinary profit</b>   | <b>30,085</b>   | <b>34,383</b>     | <b>24,673</b>   |
| Paid dividend tax   | 217             | 288               | 225             |
| Taxation value of dividend paid   | -11,925         | 0                 | 0               |
| <b>Taxes in total</b>   | <b>18,377</b>   | <b>34,671</b>     | <b>24,898</b>   |
| Deferred tax  | 859             | 11,690            | 818             |
| Taxation value of dividend paid   | -11,925         | 0                 | 0               |
| Tax to be paid  | 29,443          | 22,981            | 24,080          |

No company tax was paid during the period

**NOTES TO THE BALANCE SHEET**

| (DKK 1,000)  | Q1 - Q3<br>2021   | 31 December<br>2020 | Q1 - Q3<br>2020  |
|--|---|---------------------|------------------|
| <b>11</b>  | <b>Amounts receivable from credit institutions and central banks</b>  |                     |                  |
|  |   |                     |                  |
| Receivables subject to terms of notice at central banks                        | 0   | 1,345,000           | 1,125,000        |
| Receivables from credit institutions   | 263,909   | 341,361             | 879,081          |
| <b>Total amounts receivable</b>  | <b>263,909</b>  | <b>1,686,361</b>    | <b>2,004,081</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>   |                     |                  |
|  |   |                     |                  |
| Investment associations  | 285,611   | 221,400             | 190,462          |
| Non-invested funds   | 145   | 189                 | 78               |
| <b>Total</b>   | <b>285,756</b>  | <b>221,589</b>      | <b>190,540</b>   |
| <b>14</b>  | <b>Deposits</b>   |                     |                  |
|  |   |                     |                  |
| On demand  | 5,018,464   | 5,322,574           | 5,381,106        |
| On terms of notice   | 375,608   | 294,190             | 285,610          |
| Fixed-term deposits  | 0   | 0                   | 21,000           |
| Special deposit conditions   | 240,533   | 231,008             | 221,568          |
| <b>Total deposits</b>  | <b>5,634,605</b>  | <b>5,847,772</b>    | <b>5,909,284</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>  |                     |                  |
|  |   |                     |                  |
| Number of own shares   | 0   | 0                   | 0                |
| <b>16</b>  | <b>Loans</b>  |                     |                  |
|  | Write-downs on loans, guarantees and non-utilised credit facilities:  |                     |                  |
|  |   |                     |                  |
| New write-downs concerning new facilities                                      | 20,260  | 22,675              | 13,970           |
| Reversal of write-downs concerning redeemed facilities                         | -21,329   | -17,028             | -12,924          |
| Net write-downs during the year as a consequence of changes in the credit risk | 3,792   | 8,031               | 10,099           |
| Losses without preceding write-downs   | 393   | 516                 | 406              |
| Received for claims previously written off                                     | -1,546  | -1,366              | -1,157           |
| <b>Recognised in the income statement</b>                                      | <b>1,570</b>  | <b>12,828</b>       | <b>10,394</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>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 during the year 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> |
| <b>Write-downs on guarantees</b>   |                |                |                |                |
| <b>30.09.2021</b>  |                |                |                |                |
| 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 during the year 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>   |

**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>30.09.2021</b>  |               |               |               |                |
| 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 during the year 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>   |
| <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 redeemed 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 redeemed 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>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b> |
| <b>Write-downs on non-utilised drawing rights</b>                              |                |                |                |              |
| <b>31.12.2020</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 redeemed 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)

| <b>Loans</b>   | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b>   |
|--|----------------|----------------|----------------|----------------|
| <b>Write-downs on loans</b>  |                |                |                |                |
| <b>30.09.2020</b>  |                |                |                |                |
| Start of the period  | 15,835         | 41,405         | 82,938         | 140,178        |
| New write-downs concerning new facilities during the year                      | 2,291          | 3,137          | 2,939          | 8,367          |
| Reversal of write-downs concerning redeemed facilities                         | -1,676         | -4,160         | -6,361         | -12,197        |
| Change in write-downs at the beginning of the year – transfer to stage 1       | 13,049         | -9,440         | -3,609         | 0              |
| Change in write-downs at the beginning of the year – transfer to stage 2       | -1,912         | 7,184          | -5,272         | 0              |
| Change in write-downs at the beginning of the year – transfer to stage 3       | -60            | -2,687         | 2,747          | 0              |
| Net write-downs during the year as a consequence of changes in the credit risk | -13,274        | 20,115         | 24,514         | 31,355         |
| Previously written down, now finally lost                                      |                |                | -6,847         | -6,847         |
| Interest on written-down facilities  |                |                | 2,896          | 2,896          |
| <b>Write-downs in total</b>  | <b>14,253</b>  | <b>55,554</b>  | <b>93,945</b>  | <b>163,752</b> |
| <b>Write-downs on guarantees</b>   |                |                |                |                |
| <b>30.09.2020</b>  |                |                |                |                |
| Start of the period  | 656            | 267            | 19,560         | 20,483         |
| New write-downs concerning new facilities during the year                      | 144            | 84             | 2,535          | 2,763          |
| Reversal of write-downs concerning redeemed facilities                         | -2             | 0              | 0              | -2             |
| Change in write-downs at the beginning of the year – transfer to stage 1       | 197            | -197           | 0              | 0              |
| Change in write-downs at the beginning of the year – transfer to stage 2       | -34            | 16,762         | -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 | -374           | -16,398        | 2,040          | -14,732        |
| <b>Write-downs in total</b>  | <b>587</b>     | <b>516</b>     | <b>7,409</b>   | <b>8,512</b>   |

**NOTES TO THE BALANCE SHEET**

| (DKK 1,000)  | Q1 - Q3<br>2021  | 31 December<br>2020 | Q1 - Q3<br>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>30.09.2020</b>  |                  |                     |                  |
| Start of the period  | 814              | 3,408               | 12,328           |
| New write-downs concerning new facilities during the year                      | 155              | 148                 | 2,537            |
| Reversal of write-downs concerning redeemed facilities                         | -94              | -131                | -500             |
| Change in write-downs at the beginning of the year – transfer to stage 1       | 144              | -62                 | -82              |
| Change in write-downs at the beginning of the year – transfer to stage 2       | -5               | 10,621              | -10,616          |
| Change in write-downs at the beginning of the year – transfer to stage 3       | 0                | 0                   | 0                |
| Net write-downs during the year as a consequence of changes in the credit risk | -598             | -5,071              | -855             |
| <b>Write-downs in total</b>  | <b>416</b>       | <b>8,913</b>        | <b>2,812</b>     |
| <b>17 Contingent liabilities</b>   |                  |                     |                  |
| Mortgage finance guarantees  | 1,121,493        | 976,295             | 972,795          |
| Registration and remortgaging guarantees                                       | 248,506          | 137,502             | 118,248          |
| Other guarantees   | 567,515          | 508,034             | 494,383          |
| <b>Guarantees, etc. in total</b>   | <b>1,937,514</b> | <b>1,621,831</b>    | <b>1,585,426</b> |
| <b>Provision balance for guarantees</b>  | <b>7,472</b>     | <b>9,890</b>        | <b>8,512</b>     |
| <b>Provision balance for non-utilised credit facilities</b>                    | <b>4,783</b>     | <b>5,297</b>        | <b>12,141</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)                               | Q1 - Q3<br>2021  | 31 December<br>2020 | Q1 - Q3<br>2020  |
|---|------------------|---------------------|------------------|
| <b>18 Capital conditions and solvency</b> |                  |                     |                  |
| Risk-weighted items:                      |                  |                     |                  |
| Credit risk                               | 4,211,475        | 4,099,907           | 3,941,946        |
| CVA risk                                  | 738              | 2,928               | 3,291            |
| Market risk                               | 166,978          | 126,259             | 102,834          |
| Operational risk                          | 615,611          | 615,611             | 600,646          |
| <b>Weighted items in total</b>            | <b>4,994,802</b> | <b>4,844,705</b>    | <b>4,648,717</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              | 71,376           |
| Proposed dividend, accounting effect      | 11,925           | -33,075             | 0                |
| Dividend paid                             | -45,000          | 0                   | 0                |
| Framework for the ratio of own shares     | -10,800          | -5,310              | -5,040           |
| Deductions for prudent valuation          | -1,382           | -1,247              | -1,244           |
| Deduction for Non-Performing-Exposures    | -131             | 0                   | 0                |
| <b>Actual core capital</b>                | <b>1,131,529</b> | <b>1,137,285</b>    | <b>1,142,768</b> |
| <b>Capital base</b>                       | <b>1,131,529</b> | <b>1,137,285</b>    | <b>1,142,768</b> |
| Capital ratio                             | 22.7             | 23.5                | 23.0             |
| Core capital ratio                        | 22.7             | 23.5                | 23.0             |
| 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 - 30 September 2021 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 as at 30 September 2021, and of the result of the Bank's activities for the first three quarters of 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.

The quarterly report has not been subject to audit or review.

3 November 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