

# Quarterly Report

Q1 2022

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# Management's Review

## Report for Q1 in headlines

### Satisfactory Q1 for the BANK of Greenland

The BANK of Greenland's profit before tax amounts to DKK 29.6 million for Q1 2022, compared to DKK 40.2 million for Q1 2021. The profit before value adjustments and write-downs is satisfactory at DKK 40.9 million, compared to DKK 37.1 million for the previous year.

Lending has increased by DKK 121 million since the end of 2021, amounting to DKK 3,905 million at the end of Q1. At the start of 2022, it was expected that the favourable economic development in Greenland would result in positive development in the Bank's lending. Guarantees increased by DKK 4.5 million from DKK 1,781 million at the end of 2021 to DKK 1,786 million at the end of Q1 2022.







Net interest and fee income increased by DKK 2.4 million to DKK 88.5 million in Q1 2022 compared to the same period in 2021. The increase is due, among other things, to the improvement in negative deposit interest rates and fees and commission from the pension and investment area.

Total expenses including depreciation amounted to DKK 49.2 million at the end of Q1 2022, compared to DKK 49.3 million for the same period in 2021.

The increase in medium-term and long-term interest rates and the general market turmoil meant that value adjustments at the end of March 2022 resulted in a capital loss of DKK 10.7 million, compared to a capital gain of DKK 3.1 million for the same period in 2021. The Bank's sector shareholdings and currency area developed positively in Q1, while the Bank's bond holdings generated capital losses.

Impairment write-downs on loans and guarantees decreased by DKK 0.2 million from Q1 2021 and amounted to a modest DKK 0.7 million for Q1 2022. The Bank sees continued satisfactory creditworthiness in the loan portfolio. The impact of Covid-19 on Greenland's society is moderate, and there are signs of positive development in tourism in 2022. The Russian invasion of Ukraine has and is expected to continue to have a significant impact on e.g. goods supplies and inflation across Europe. So far, no significant effect can be seen in Greenland. The Bank does not have direct exposure to Ukraine or Russia. On this basis, the Bank reduces the Covid-19 management reserve, but maintains a significant management reserve to counter risks.

In the Annual Report for 2021, the forecast for the year's profit before tax was estimated at an interval of DKK 120-140 million, which remains unchanged.

-  The profit after tax gives a return of 13.5% p.a. on opening equity after disbursement of dividend.
-  Lending and guarantees increased by a total of DKK 126 million to DKK 5.691 billion.
-  Deposits increased to DKK 5.5 billion.
-  Core earnings per krone in costs of 1.83 in Q1 2022, compared to 1.77 in Q1 2021.
-  Write-downs and provisions of 0.01% for the period.
-  Capital ratio and core capital ratio of 24.4 and an individual capital requirement of 10.7%.



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## Financial highlights for Q1 2021

	Q1 2022	Q1 2021	Full year 2021	Q1 2020	Q1 2019	Q1 2018
Net interest and fee income	88,507	86,095	338,933	82,880	80,554	79,586
Value adjustments	-10,667	3,127	11,219	-11,636	3,214	-1,023
Other operating income	1,635	1,139	6,185	1,087	1,495	1,311
Staff and administration expenses	47,063	47,123	186,385	44,592	43,220	40,158
Depreciation and impairment of tangible assets	1,829	1,740	7,014	1,707	1,722	1,652
Other operating expenses	305	406	2,497	212	627	531
Write-downs on loans and receivables, etc.	718	922	1,537	9,190	1,820	3,460
<b>Profit before tax</b>	<b>29,560</b>	<b>40,170</b>	<b>158,904</b>	<b>16,630</b>	<b>37,874</b>	<b>34,073</b>
Tax	-10,169	-1,281	26,072	4,404	12,043	10,823
<b>Profit for the period</b>	<b>39,729</b>	<b>41,451</b>	<b>132,832</b>	<b>12,226</b>	<b>25,831</b>	<b>23,250</b>
<b>Selected balance sheet items:</b>						
Lending	3,904,824	3,905,129	3,783,681	3,636,588	3,628,717	3,393,345
Deposits	5,542,272	5,571,272	5,363,871	5,742,351	5,238,496	5,282,943
Equity	1,236,483	1,174,147	1,267,911	1,090,630	988,813	933,187
Total assets	7,375,601	7,177,469	7,226,988	7,183,145	6,536,682	6,429,309
Contingent liabilities	1,786,028	1,804,673	1,781,465	1,514,627	1,270,841	1,200,728
<b>Key figures:</b>						
Capital ratio	24.4	22.3	24.4	24.6	21.8	22.4
Core capital ratio	24.4	22.3	24.4	24.6	21.8	22.4
Return on equity before tax for the period	2.4	3.4	13.0	1.5	3.8	3.6
Return on equity after tax for the period	3.2	3.5	10.9	1.1	2.6	2.5
Income per cost krone	1.6	1.8	1.8	1.3	1.8	1.7
Rate of return	0.5	0.6	1.8	0.2	0.4	0.4
Interest risk rate	1.2	1.6	1.2	1.0	2.3	1.3
Foreign exchange position	0.8	0.7	0.8	0.7	0.3	0.5
Liquidity coverage ratio	236.7	290.9	238.6	284.8	293.5	203.6
Lending plus write-downs as a ratio of deposits	68.8	70.1	69.1	64.3	71.3	67.1
Lending as a ratio of equity	3.2	3.3	3.0	3.3	3.7	3.6
Growth in lending for the period	3.2	-2.5	-5.6	-3.2	4.5	1.8
Sum of large exposures	164.0	163.6	156.7	159.8	162.6	169.1
Write-down ratio for the period	0.0	0.0	0.0	0.2	0.0	0.1
Accumulated write-down ratio	3.2	3.2	3.2	3.5	3.4	3.4
Profit per share after tax for the period	22.1	23.0	73.8	6.8	14.4	12.9
Net book value per share	687.0	652.0	704.0	606.0	549.0	518.0
Stock exchange quotation/net book value per share	0.9	1.0	0.8	0.8	1.0	1.2

## Management's Review, Q1 2022

### Statement of income

At TDKK 59,384, compared to TDKK 57,382 in Q1 2021, net interest income increased by 3.5%. Lending interest rates are at an unchanged level, while interest income from bonds and negative interest income have improved.

Since 2020, the Bank has continuously improved the balance between the return on the Bank's surplus liquidity and the negative deposit interest rates by continuously adjusting the negative deposit interest rates. These factors had a positive impact on net interest income in Q1 2022.

Fee and commission income increased by TDKK 227 compared to the same period in 2021. The increased guarantee scope, intensified investment activity and the pension area have a positive impact on this item. Net interest and fee income therefore also increased, and by TDKK 2,412 to TDKK 88,507 for Q1 2022.

Other operating income amounted to TDKK 1,635, which is an increase of TDKK 496 from Q1 2021. To some extent, this concerns timing differences, and moreover the Bank realised non-recurring income from the sale of property, plant and equipment in Q1 2022.

Staff and administration expenses are at the level of Q1 2021, amounting to TDKK 47,063. This development reflects a small decrease in staff expenses and a small increase in other administration expenses.

Other operating expenses, which concern operation and maintenance of the Bank's office buildings, decreased by TDKK 101 to TDKK 302 in Q1 2022, compared to the same period in 2021. The decrease is due to timing differences in the payment of costs.

Depreciation of tangible assets is by and large unchanged, amounting to TDKK 1,829, compared to TDKK 1,740 for the same period in 2021.

The profit before value adjustments and write-downs is a satisfactory TDKK 40,945, compared to TDKK 37,965 in Q1 2021.

Value adjustments represent a total capital loss of TDKK 10,667, compared to a capital gain of TDKK 3,127 for the same period in 2021. The Bank's holdings of sector equities and the currency area developed favourably in Q1. The increase in medium- and long-term yields and the general market turmoil caused value adjustments of bonds and listed shares to develop negatively in Q1 2022.

### Selected highlights and key figures (not audited)

DKK 1,000

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net interest and fee income	88,507	89,871	80,914	82,053	86,095	84,305	81,098	78,230
Costs, depreciation and amortisation	49,197	51,145	46,436	49,048	49,269	51,833	46,028	43,920
Other operating income	1,635	2,244	1,762	1,040	1,139	2,026	1,122	1,134
Profit before value adjustments and write-downs	40,945	40,970	36,242	34,045	37,965	34,498	36,192	35,444
Value adjustments	-10,667	3,503	2,601	1,988	3,127	4,828	2,638	4,306
Write-downs on loans, etc.	718	-33	-761	1,409	922	2,434	549	655
Profit before tax	29,560	44,506	39,604	34,624	40,170	36,892	38,281	39,095

Impairment of loans, etc. amounts to TDKK 718, compared to TDKK 922 for the same period in 2021. 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 impact on Greenlandic society is now very modest, and there is a positive outlook for tourism in 2022.

The Russian invasion of Ukraine has, and is expected to continue to have, a significant impact on the supply of goods and on inflation throughout Europe. So far, Greenland has not noted any significant effect, but a certain impact must be expected in the longer term. The Bank does not have direct exposures to Ukraine or Russia, but the derived effects of the invasion are also expected to affect Greenland.

In addition to the individual write-downs, the Bank has on basis of the above mentioned reduced the Covid-19 management reserve by DKK 5 million., but maintained a significant management reserve to counter risks.

The profit before tax is TDKK 29,560, and is thereby TDKK 10,610 lower than in the same period in 2021.

### **Balance sheet and equity**

During Q1 the Bank's lending saw a satisfactory increase of TDKK 121,143 to TDKK 3,904,824, while the Bank's guarantees to customers increased by TDKK 4,563 from the end of 2021 and amounted to TDKK 1,786,028 at the end of March 2022.

The Bank reduced its holdings of listed shares and funds in Q1 2022, and at the end of the quarter shares, mainly comprising sector equities, totalled TDKK 117,475.

At the end of March 2022, the Bank's deposits, which predominantly comprise on-demand deposits, amounted to TDKK 5,542,272, which is an increase of TDKK 178,401 from the end of 2021.

After payment of the dividend of TDKK 72,000 for 2021 adopted by the annual general meeting, the Bank's equity was reduced from TDKK 1,267,911 to TDKK 1,236,483.

Total assets thereby increased by TDKK 148,613 to TDKK 7,375,601.

### **Uncertainty of recognition and measurement**

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

### **Financial risks**

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

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

**Market risk:** Risk of loss as a consequence of fluctuation in the fair value of financial instruments and derivative financial instruments due to changes in market prices. The BANK of

Greenland classifies three types of risk within the market risk area: interest rate risk, foreign exchange risk and share risk.

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

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

### **Capital requirement**

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

#### *MREL requirement*

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

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

Pursuant to the determination of the MREL requirement in October 2021, the Bank issued DKK 50 million Senior-Non-Preferred for the purpose of targeted fulfilment of the MREL requirement.

<b>Capital requirement</b>	<b>Q1 2022</b>	<b>Year 2021</b>
Pillar I	8.00%	8.00%
Pillar II	2.70%	2.70%
<b>Solvency requirement</b>	<b>10.70%</b>	<b>10.7%</b>
SIFI buffer requirement	1.50%	1.50%
Capital reserve buffer requirement	2.50%	2.50%
<b>Capital requirement</b>	<b>14.70%</b>	<b>14.7%</b>
MREL requirement (phased in linearly as from 1 January 2022)	2.53%	0.00%
<b>Total capital requirement</b>	<b>17.23%</b>	<b>14.7%</b>
Capital base, cf. Note 19	1,199,874	1,201,358
SNP issue	49,665	49,642
<b>MREL capital base</b>	<b>1,249,539</b>	<b>1,251,000</b>
MREL capital ratio	25.40%	25.40%
Surplus capital cover	<b>8.17%</b>	<b>10.70%</b>

#### *Solid capital base*

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

The BANK of Greenland was designated as an SIFI institution in April 2017. Based on the requirements own funds and eligible liabilities determined in 2021, the Board of Directors expects that the total capital reserves must be increased during the coming years. The aim of the Board of Directors is that there must be sufficient capital for growth in the Bank's business activities, just as there must be sufficient capital to cover ongoing fluctuations in the risks assumed by the Bank. In 2021, the Bank's Board of Directors therefore adopted a capital objective with a set target for CET1 of 24%. The BANK of Greenland's capital ratio was 24.4 at the end of Q1 2022.

The result for Q1 2022 has not been verified by the Bank's auditor and is therefore not included in the capital ratio. Including the result for Q1 2022, the capital ratio is calculated at 24.8%.

As at the end of March 2022, the Bank's individual solvency requirement was compiled at an unchanged 10.7%. The BANK of Greenland thereby has surplus capital cover before the buffer requirements of 13.7%, or TDKK 670,654. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 9.7%.

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

	<b>Q1 2022</b>		<b>Year 2021</b>	
	<b>Capital requirement</b>	<b>Solvency requirement</b>	<b>Capital requirement</b>	<b>Solvency requirement</b>
Pillar I requirement	394,087	8.0	393,339	8.0
Credit risk	99,885	2.0	98,663	2.0
Market risk	21,113	0.4	21,910	0.4
Operational risk	10,126	0.2	10,117	0.2
Other risk	3,982	0.1	4,046	0.1
<b>Capital and solvency requirement</b>	<b>529,193</b>	<b>10.7</b>	<b>528,075</b>	<b>10.7</b>

The BANK of Greenland has published further details of the calculated solvency requirement in a report on its website

<http://www.banken.gl/report/>



## Liquidity

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

At the end of Q1, the Bank had an LCR of 236.7% and thereby fulfils the LCR requirement of at least 100%.

The Bank's funding is based solely on deposits.

## The Supervisory Diamond for banks

The BANK of Greenland has considered the benchmarks set out in the Danish FSA's Supervisory Diamond for banks. The Supervisory Diamond states five benchmarks for banking activities which the Bank aims to fulfil. It must be noted that publicly-owned enterprises account for 48% points of the sum of large exposures.

The exposure to property amounts to 22.7%. This exposure is subject to considerable subordinate public financing. In addition, some of the exposure is based on lease contracts with the state, Greenland Government, or municipalities. The Bank assesses that both of these factors contribute to stabilising the overall sector exposure.

## Investor relations

The BANK of Greenland's overall financial objective is to achieve a competitive return for the shareholders. At a price of 618 at the end of Q1 2022, the price of the BANK of Greenland's shares has increased from the end of 2021, when the price was 598.

At the Bank's Annual General Meeting on 29 March 2022, a dividend payment of DKK 40 per share, or a total of DKK 72 million, to the Bank's shareholders was adopted, and this was paid out on 31 March 2022.

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

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

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

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

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

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

### Sum of large exposures

*(maximum of 175% of actual core capital)*

The Bank of Greenland 164.0%

### Property exposure

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

The Bank of Greenland 22.7%



### Growth in lending

*(less than 20% per year)*

The Bank of Greenland 0.0%

### Liquidity benchmark

*(greater than 100%)*

The Bank of Greenland 239.8%

### Stable funding

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

The Bank of Greenland 0.6

**Outlook for the remainder of 2022**

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

On this basis, lending is expected to develop positively towards the end of the year. Deposits are expected to be at the level of the end of 2021.

The Bank will be affected negatively if the Covid-19 pandemic returns to any significant extent or if the current crisis further to Russia's invasion of Ukraine has an increasing impact on Greenland's society.

Total core income is expected to increase in 2022, the primary factors being the expected increased lending volume, the full impact of negative deposit interest rates, and the development in the Bank's pension, insurance and investment products.

Total expenses including depreciation and amortisation are expected to be moderately higher than in 2021. Staff expenses are expected to show more subdued development. Administration expenses are also expected to increase slightly, primarily in the IT area.

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

On the basis of the interest rate level, for 2022 as a whole moderate capital losses on the Bank's listed securities must still be expected. Capital gains are expected from the currency area and sector equities.

On presentation of the annual report for 2021, the profit before tax expected to be achieved in 2022 was in the range of DKK 120-140 million. On the basis of the uncertainty described above, this expectation is maintained.

# Management statement

The Board of Directors and Executive Management have today considered and approved the quarterly report for the period 1 January – 31 March 2022, for the public limited liability company, GrønlandsBANKEN A/S.

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

It is our opinion that the quarterly report gives a true and fair view of the Bank's assets, liabilities and financial position at 31 March 2022, and of the results of the Bank's operations for Q1 2022.

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

Nuuk, 10 May 2022

## Executive Management

Martin Birkmose Kviesgaard

## Board of Directors

Gunnar í Liða

Chair

Malene Meilfart Christensen

Niels Peter Fleischer Rex

Kristian Frederik Lennert

Vice Chair

Lars Holst

Peter Angutinguaq Wistoft,

Maliina Bitsch Abelsen

Yvonne Jane Poulsen Kyed

Ellen Dalsgaard Zdravkovic



## Income statement and statement of comprehensive income

1.000 kr.

Notes		1. kvartal 2022	hele året 2021	1. kvartal 2021
3	Interest income	55,162	223,790	55,178
4	Negative interest income	-2,793	-13,033	-3,258
5	Interest expenses	260	1,019	125
6	Positive interest expenses	7,275	24,383	5,587
	<b>Net interest income</b>	<b>59,384</b>	<b>234,121</b>	<b>57,382</b>
	Share dividend, etc.	171	913	60
7	Fees and commission income	29,081	104,794	28,854
	Fees paid and commission expenses	129	895	201
	<b>Net interest and fee income</b>	<b>88,507</b>	<b>338,933</b>	<b>86,095</b>
8	Value adjustments	-10,667	11,219	3,127
	Other operating income	1,635	6,185	1,139
9	Staff and administration expenses	47,063	186,385	47,123
	Depreciation and impairment of tangible assets	1,829	7,014	1,740
	Other operating expenses	305	2,497	406
17	Write-downs on loans and receivables, etc.	718	1,537	922
	<b>Profit before tax</b>	<b>29,560</b>	<b>158,904</b>	<b>40,170</b>
10	Tax	-10,169	26,072	-1,281
	<b>Profit for the period</b>	<b>39,729</b>	<b>132,832</b>	<b>41,451</b>
	COMPREHENSIVE INCOME			
	Profit for the period	39,729	132,832	41,451
	Other comprehensive income:			
	Value adjustment of properties	1,124	4,346	1,060
	Value adjustment of defined-benefit severance/pension scheme	0	-32	0
	Tax on value adjustment of properties	-281	-1,152	-281
	<b>Other comprehensive income</b>	<b>843</b>	<b>3,162</b>	<b>779</b>
	<b>Comprehensive income for the period</b>	<b>40,572</b>	<b>135,994</b>	<b>42,230</b>

## Balance sheet

1.000 kr.

Notes	Assets	31 March 2022	31 December 2021	31 March 2021
	Cash balance and demand deposits with central banks	1,405,167	1,434,027	1,143,058
11	Receivables from credit institutions and central banks	122,300	57,293	410,033
17	Loans and other receivables at amortised cost	3,904,824	3,783,681	3,905,129
12	Bonds at fair value	1,088,019	1,100,975	1,002,716
	Shares, etc.	117,475	138,902	131,889
13	Assets connected to pool schemes	381,028	360,537	249,483
	Land and buildings in total, domicile properties	247,261	247,292	240,636
	Other tangible assets	6,714	6,652	6,329
	Other assets	97,987	93,798	82,366
	Accruals and deferred income	4,826	3,831	5,830
	<b>Total assets</b>	<b>7,375,601</b>	<b>7,226,988</b>	<b>7,177,469</b>
	<b>Liabilities</b>			
	Liabilities to credit institutions and central banks	9,128	13,145	10,785
14	Deposits and other liabilities	5,542,272	5,363,871	5,571,272
	Deposits in pool schemes	381,028	360,537	249,483
15	Issued bonds at amortised cost	49,665	49,642	0
	Current tax liabilities	30,408	22,615	33,241
	Other liabilities	50,453	53,911	63,419
	Prepayments and deferred expenses	3,526	7,499	2,545
	<b>Total debt</b>	<b>6,066,480</b>	<b>5,871,220</b>	<b>5,930,745</b>
	Provisions for pensions and similar obligations	1,771	1,705	1,455
	Provisions for deferred tax	50,607	68,326	52,484
	Provisions for losses on guarantees	10,362	7,673	8,979
	Other provisions	5,144	5,351	5,160
	Provisions for losses on non-utilised credit facilities	4,754	4,802	4,499
	<b>Total provisions</b>	<b>72,638</b>	<b>87,857</b>	<b>72,577</b>
	Equity			
16	Share capital	180,000	180,000	180,000
	Revaluation reserves	38,471	37,628	35,528
	Retained earnings	1,018,012	978,283	958,619
	Proposed dividend	0	72,000	0
	<b>Total equity</b>	<b>1,236,483</b>	<b>1,267,911</b>	<b>1,174,147</b>
	<b>Total liabilities</b>	<b>7,375,601</b>	<b>7,226,988</b>	<b>7,177,469</b>

1 Accounting policies applied

2 Accounting estimates

18 Contingent liabilities

19 Capital conditions and solvency

## Statement of changes in equity

1.000 kr.

	Share capital	Revaluation reserves	Retained earnings	Proposed dividend	Total equity capital
<b>Equity, 01 January 2021</b>	<b>180,000</b>	<b>34,749</b>	<b>917,168</b>	<b>45,000</b>	<b>1,176,917</b>
Dividend paid				-45,000	
Other comprehensive income		779			779
Profit for the period			41,451		41,451
<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>
Other comprehensive income		2,100	283		2,383
Profit for the period			19,381	72,000	91,381
<b>Equity, 31 December 2021</b>	<b>180,000</b>	<b>37,628</b>	<b>978,283</b>	<b>72,000</b>	<b>1,267,911</b>
<b>Equity, 01 January 2022</b>	<b>180,000</b>	<b>37,628</b>	<b>978,283</b>	<b>72,000</b>	<b>1,267,911</b>
Dividend paid				-72,000	-72,000
Other comprehensive income		843			843
Profit for the period			39,729		39,729
<b>Equity, 31 March 2022</b>	<b>180,000</b>	<b>38,471</b>	<b>1,018,012</b>	<b>0</b>	<b>1,236,483</b>





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# Notes to the Quarterly Report

## 1. Accounting policies applied etc.

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

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

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

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

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

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

## 2. Significant accounting estimates

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

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

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

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

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

1.000 kr.	Q1 2022	Full year 2021	Q1 2021
<b>3. Interest income</b>			
Lending and other receivables	53,936	220,044	54,407
Bonds	1,226	3,746	771
<b>Total interest income</b>	<b>55,162</b>	<b>223,790</b>	<b>55,178</b>
<b>4. Negative interest income</b>			
Receivables from credit institutions and central banks	-2,476	-11,008	-2,664
Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	-317	-2,025	-594
<b>Total negative interest</b>	<b>-2,793</b>	<b>-13,033</b>	<b>-3,258</b>
<b>5. Interest expenses</b>			
Credit institutions and central banks	6	6	2
Deposits and other liabilities	254	988	123
Issued bonds	0	25	0
<b>Total interest expenses</b>	<b>260</b>	<b>1,019</b>	<b>125</b>
<b>6. Positive interest expenses</b>			
Deposits and other liabilities	7,275	24,383	5,587
<b>Total positive interest expenses</b>	<b>7,275</b>	<b>24,383</b>	<b>5,587</b>
<b>7. Fee and commission income</b>			
Securities and securities accounts	1,090	6,359	841
Payment settlement	8,951	39,654	9,917
Loan transaction fees	1,173	5,817	1,200
Guarantee commission	7,571	30,718	7,411
Other fees and commission	10,296	22,246	9,485
<b>Total fee and commission income</b>	<b>29,081</b>	<b>104,794</b>	<b>28,854</b>
<b>8. Value adjustments</b>			
Lending at fair value	-2,904	-6,670	-1,401
Bonds	-13,266	-6,473	-3,089
Shares	1,445	12,922	5,147
Currency	1,253	4,519	1,000
Foreign exchange, interest rate, equity, commodities and other contracts, as well as derivative financial instruments	2,805	6,921	1,470
<b>Total value adjustments</b>	<b>-10,667</b>	<b>11,219</b>	<b>3,127</b>

1.000 kr.	Q1 2022	Full year 2021	Q1 2021
<b>9. Staff and administration expenses</b>			
Staff expenses			
Salaries	21,620	83,188	22,079
Other staff expenses	618	2,302	784
Pensions	2,691	10,535	2,566
Social security expenses	115	535	224
<b>In total</b>	<b>25,044</b>	<b>96,560</b>	<b>25,653</b>
Other administration expenses	22,019	89,825	21,470
Average number of FTEs	137.7	137.7	138.7
Of which salaries and remuneration to the Board of Directors and the Executive Management	1,522	5,583	1,466
Five other employees (Q1 2021: four employees) whose activities have a significant influence on the Bank's risk profile:			
Salaries and pensions, including free car and other benefits	1,621	5,603	1,334
<b>10. Tax</b>			
25-% of the profit before tax	7,390	39,726	10,043
Discount for dividend tax paid	-38	-217	-13
6-%-supplement	441	2,370	601
<b>Total tax on ordinary profit</b>	<b>7,793</b>	<b>41,879</b>	<b>10,631</b>
Paid dividend tax	38	217	13
Change in deferred tax as a consequence of a change in the corporate tax supplement	0	-4,099	0
Adjustment to deferred tax prior year	1,080	0	0
Taxation value of dividend paid	-19,080	-11,925	-11,925
<b>Tax in total</b>	<b>-10,169</b>	<b>26,072</b>	<b>-1,281</b>
Deferred tax	1,361	3,046	281
Taxation value of dividend paid	-19,080	0	-11,925
Tax to be paid	7,550	23,026	10,363

No company tax was paid in the period.

1.000 kr.	Q1 2022	Full year 2021	Q1 2021
<b>11. Amounts receivable from credit institutions and central banks</b>			
Receivables subject to terms of notice at central banks	0	0	0
Receivables from credit institutions	122,300	57,293	410,033
<b>Total amounts receivable</b>	<b>122,300</b>	<b>57,293</b>	<b>410,033</b>
<b>12. Bonds</b>			
Of the bond portfolio, a nominal amount of TDKK 50,000 is pledged as collateral for accounts with Danmarks Nationalbank.			
<b>13. Assets connected to pool schemes</b>			
Investment associations	381,005	359,866	249,449
Non-invested funds	23	671	34
<b>Total</b>	<b>381,028</b>	<b>360,537</b>	<b>249,483</b>
<b>14. Deposits</b>			
On demand	5,014,523	4,826,448	4,959,850
On terms of notice	285,564	294,802	382,390
Special deposit conditions	242,185	242,621	229,032
<b>Total deposits</b>	<b>5,542,272</b>	<b>5,363,871</b>	<b>5,571,272</b>
<b>15. Issued bonds at amortised cost</b>			
Bond issue	49,665	49,642	0
<b>Total</b>	<b>49,665</b>	<b>49,642</b>	<b>0</b>
The loan was raised as Senior Non-Preferred on 27 October 2021 and falls due for full redemption on 27 October 2026. The Bank has the option of early redemption as from 27 October 2025.			
<b>16. Share capital</b>			
Share capital consists of 1,800,000 shares of DKK 100.			
<b>Own shares</b>			
Number of own shares	0	0	0
<b>17. Loans</b>			
Write-downs on loans, guarantees and non-utilised credit facilities:			
New write-downs concerning new facilities during the period	4,325	29,455	4,376
Reversal of write-downs concerning redeemed facilities	-5,301	-25,917	-13,771
Net write-downs during the period as a consequence of changes in the credit risk	1,688	-723	10,838
Losses without preceding write-downs	342	647	166
Received for claims previously written off	-336	-1,925	-687
<b>Recognised in the statement of income</b>	<b>718</b>	<b>1,537</b>	<b>922</b>

1.000 kr.	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on loans</b>				
<b>31.03.2022</b>				
Start of the period	21,314	67,951	85,104	174,369
New write-downs concerning new facilities during the year	1,125	1,975	753	3,853
Reversal of write-downs concerning redeemed facilities	-772	-407	-3,839	-5,018
Change in write-downs at the beginning of the year – transfer to stage 1	14,974	-12,593	-2,381	0
Change in write-downs at the beginning of the year – transfer to stage 2	-390	1,232	-842	0
Change in write-downs at the beginning of the year – transfer to stage 3	-12	-1,314	1,326	0
Net write-downs as a consequence of changes in the credit risk	-21,468	10,685	10,018	-765
Previously written down, now finally lost			-2,852	-2,852
Interest on written-down facilities			1,280	1,280
<b>Write-downs in total</b>	<b>14,771</b>	<b>67,529</b>	<b>88,567</b>	<b>170,867</b>

**Write-downs on guarantees**

<b>31.03.2022</b>				
Start of the period	744	2,071	4,858	7,673
New write-downs concerning new facilities during the year	135	224	38	397
Reversal of write-downs concerning redeemed facilities	0	-23	-35	-58
Change in write-downs at the beginning of the year – transfer to stage 1	1,559	-1,524	-35	0
Change in write-downs at the beginning of the year – transfer to stage 2	-10	49	-39	0
Change in write-downs at the beginning of the year – transfer to stage 3	-3	-44	47	0
Net write-downs as a consequence of changes in the credit risk	-1,401	290	3,461	2,350
<b>Write-downs in total</b>	<b>1,024</b>	<b>1,043</b>	<b>8,295</b>	<b>10,362</b>

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

<b>31.03.2022</b>				
Start of the period	1,203	1,037	2,561	4,801
New write-downs concerning new facilities during the year	74	0	1	75
Reversal of write-downs concerning redeemed facilities	-88	-104	-33	-225
Change in write-downs at the beginning of the year – transfer to stage 1	296	-290	-6	0
Change in write-downs at the beginning of the year – transfer to stage 2	-8	8	0	0
Change in write-downs at the beginning of the year – transfer to stage 3	0	0	0	0
Net write-downs as a consequence of changes in the credit risk	-330	-223	656	103
<b>Write-downs in total</b>	<b>1,147</b>	<b>428</b>	<b>3,179</b>	<b>4,754</b>

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

**Write-downs on guarantees****31.12.2021**

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

**Write-downs on non-utilised drawing rights****31.12.2021**

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

1.000 kr.	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on loans</b>				
<b>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 redeemed 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 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>

**Write-downs on guarantees****31.03.2021**

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 redeemed 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 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>

**Write-downs on non-utilised drawing rights****31.03.2021**

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 redeemed 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 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>



1.000 kr.	Q1 2022	Full year 2021	Q1 2021
<b>18. Contingent liabilities</b>			
Mortgage finance guarantees	1,004,580	942,401	1,114,410
Registration and remortgaging guarantees	182,416	306,503	168,632
Other guarantees	599,032	532,561	521,631
<b>Guarantees, etc. in total</b>	<b>1,786,028</b>	<b>1,781,465</b>	<b>1,804,673</b>
Provision balance for guarantees	10,362	9,890	8,979
Provision balance for non-utilised credit facilities	4,754	5,297	4,499
<p>The Bank is a member of BEC (BEC Financial Technologies a.m.b.a.). On any withdrawal the Bank will be obliged to pay a withdrawal fee to BEC equivalent to the preceding five years' IT costs. Like the rest of the Danish banking sector, the Bank has an obligation to make payments to the Guarantee Fund and the Resolution Fund.</p>			
<b>19. Capital conditions and solvency</b>			
Credit risk	4,067,384	4,070,758	4,270,701
CVA risk	6,154	1,720	2,767
Market risk	212,905	204,615	189,177
Operational risk	639,644	639,644	615,611
<b>Total risk exposure</b>	<b>4,926,087</b>	<b>4,916,737</b>	<b>5,078,256</b>
Equity at the beginning of the period	1,267,911	1,176,917	1,176,917
Comprehensive income for the period	0	135,994	0
Adjustment to deferred tax prior year	-1,080	0	0
Proposed dividend, accounting effect	19,080	-52,920	11,925
Paid dividend	-72,000	-45,000	-45,000
Framework for ratio of own shares	-11,124	-10,764	-11,160
Deductions for prudent valuation	-1,456	-1,490	-1,383
Deductions for Non-Performing Exposures	-1,484	-1,379	0
<b>Actual core capital</b>	<b>1,199,847</b>	<b>1,201,358</b>	<b>1,131,299</b>
<b>Capital base</b>	<b>1,199,847</b>	<b>1,201,358</b>	<b>1,131,299</b>
Actual core capital ratio	24.4	24.4	22.3
Capital ratio	24.4	24.4	22.3
Statutory capital ratio requirements	8.0	8.0	8.0

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