

Quarterly Report

First Half of 2023

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Management's Review

Interim Report in headlines

Excellent first half-year for the Bank

The BANK of Greenland's profit before tax amounts to DKK 103.0 million for the first half of 2023, compared to DKK 45.8 million for the first half of 2022. The profit before value adjustments and write-downs is satisfactory at DKK 98.3 million, compared to DKK 73.1 million for the previous year.

Lending has increased by DKK 285 million since the end of 2022, amounting to DKK 4,639 million at the end of the first half of 2023. The economic development in Greenland continues to be favourable, with positive development in the Bank's lending. Guarantees decreased by DKK 104 million from DKK 1,934 million at the end of 2022 to DKK 1,830 million at the end of the first half of 2023.

Net interest and fee income increased by DKK 36.2 million to DKK 204 million in the first half of 2023 compared to the same period in 2022. The increase is primarily due to the record-high lending volume and the development in the level of interest rates in 2022 and 2023. Compared to the first half of 2022, total loans and guarantees increased by DKK 629 million up to the end of the first half of 2023.







Total expenses including depreciation amounted to DKK 108.7 million at the end of the first half of 2023, compared to DKK 97.8 million for the same period of 2022.

The increase concerns personnel expenses as a consequence of increases due to collective agreement-based adjustments and an increase in the number of employees, as well as other administrative expenses, where the increase can be attributed primarily to IT costs and a few larger one-off cost items.

At the end of the first half of 2023, value adjustments show a capital gain of DKK 11.0 million, compared to a capital loss of DKK 25.2 million for the same period of 2022. The new interest rate trends resulted in positive development in the Bank's bond holdings. Similarly, the Bank's sector shareholdings also performed positively.

Impairments of loans and guarantees amounted to DKK 6.3 million in the first half of 2023, compared to DKK 2.1 million in the first half of 2022. The Bank sees continued satisfactory creditworthiness in the loan portfolio. In addition to the Bank's individual impairment models, a management supplement of DKK 38.2 million is allocated. In particular, the supplement accommodates the risks associated with increasing inflation and interest rates, and greater cyclical uncertainty.

In the announcement to the stock exchange of 21 July 2023, the forecast for the year's profit before tax was changed from a range of DKK 145-185 million to a range of DKK 170-210 million, which is still maintained.

-  The profit before tax gives a return of 15.9% p.a. on opening equity after disbursement of dividend.
-  Lending and guarantees increased by a total of DKK 181 million to DKK 6.469 billion.
-  Deposits increased to DKK 6.1 billion.
-  Basic earnings per cost in DKK of 1.90 in the first half of 2023, compared to 1.75 in the first half of 2022.
-  Write-downs and provisions of 0.1% for the period.
-  Solvency ratio of 24.0 and a capital requirement of 11.3%.



Drømme og planer

Forsikring

- Hvad betyder tryghed for dig?
- Hvorfor er du banket i dag?
- Hvor er du banket i dag?
- Hvad ville der ske hvis du mistede din bolig?

PHILIPS

GrenlandsBANKEN

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Financial highlights for the first half of 2023

	First half- year 2023	First half- year 2022	Full year 2022	First half- year 2021	First half- year 2020	First half- year 2019
Net interest and fee income	203,990	167,808	351,485	168,148	161,110	160,316
Value adjustments	10,992	-25,195	-39,356	5,115	-7,330	2,593
Other operating income	3,005	3,049	6,588	2,179	2,221	2,878
Staff and administration expenses	102,828	92,437	195,056	93,229	85,566	86,341
Depreciation and impairment of tangible assets	4,035	3,636	7,320	3,486	3,449	3,367
Other operating expenses	1,866	1,696	2,706	1,602	1,416	1,889
Write-downs on loans and receivables, etc.	6,279	2,112	4,523	2,331	9,845	4,787
Profit before tax	102,979	45,781	109,112	74,794	55,725	69,403
Tax	16,746	-5,893	10,361	7,882	14,754	4,877
Profit for the period	86,233	51,674	98,751	66,912	40,971	64,526
Selected balance sheet items:						
Lending	4,638,998	4,009,541	4,353,585	3,824,443	3,736,894	3,797,656
Deposits	6,062,091	5,673,324	5,942,479	5,879,878	6,016,314	5,593,007
Equity	1,370,904	1,249,277	1,318,592	1,200,414	1,120,137	1,010,990
Total assets	8,222,783	7,544,633	7,949,566	7,537,865	7,507,427	6,874,825
Contingent liabilities	1,830,345	1,972,396	1,934,125	1,914,893	1,521,275	1,300,697
Key figures:						
Capital ratio	24.0	22.8	23.6	22.7	23.3	21.1
Core capital ratio	22.9	22.8	23.2	22.7	23.3	21.1
Return on equity before tax for the period	7.7	3.6	8.4	6.3	5.1	6.9
Return on equity after tax for the period	6.4	4.1	7.6	5.6	3.7	6.6
Income per cost krone	1.9	1.5	1.5	1.7	1.6	1.7
Rate of return	1.0	0.7	1.2	0.9	0.5	0.9
Interest risk rate	1.3	1.4	1.2	1.5	1.0	2.0
Foreign exchange position	0.3	0.3	0.5	0.9	0.7	0.3
Liquidity coverage ratio	217.2	207.9	220.5	259.6	183.7	165.3
Lending plus write-downs as a ratio of deposits	74.4	68.9	71.5	65.1	63.2	69.8
Lending as a ratio of equity	3.4	3.2	3.3	3.2	3.3	3.8
Growth in lending for the period	6.6	6.0	15.1	-4.5	-0.6	9.4
Sum of large exposures	166.5	164.0	167.3	163.1	167.6	172.2
Write-down ratio for the period	0.0	0.0	0.1	0.0	0.2	0.1
Accumulated write-down ratio	3.0	3.1	3.0	3.2	3.5	3.3
Profit per share after tax for the period	47.9	28.7	54.9	37.2	22.8	35.8
Net book value per share	761.6	694.0	732.6	666.9	622.3	561.7
Stock exchange quotation/net book value per share	0.8	0.9	0.8	0.9	0.8	1.0

Management's Review, first half of 2023

Statement of income

At TDKK 150,522, compared to TDKK 113,127 for the first half of 2022, net interest income increased by 33%. The Bank's growth in lending of just over 15% during the period and the rising interest rate level throughout the second half of 2022 and into 2023 are the reasons for the increase.

Since July 2022, Danmarks Nationalbank has increased the interest rate by 3.7 percentage points in total, which gives the Bank higher income on the direct deposits at Danmarks Nationalbank.

Fee and commission income decreased by TDKK 1,615 compared to the same period of 2022. Lower investment activity and insurance brokerage commission have a negative impact on the item, while increased lending fees have a positive impact on the item.

Dividends on shares show an increase of TDKK 333. Net interest and fee income therefore also increased by TDKK 36,182 to TDKK 203,990 for the first half of 2023.

Other operating income is largely unchanged and amounts to TDKK 3,005.

Staff and administration expenses amount to TDKK 102,828, which is an increase of TDKK 10,391 compared to the first half of 2022.

Financial Highlights and Key Figures

DKK 1,000

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net interest and fee income	99,933	104,056	96,307	87,370	82,061	85,747	89,871	80,914
Costs, depreciation and amortisation	51,814	56,914	59,254	48,059	48,572	49,197	51,145	46,436
Other operating income	1,613	1,392	2,025	1,514	1,414	1,635	2,244	1,762
Profit before value adjustments and write-downs	49,732	48,534	39,078	40,825	34,903	38,185	40,970	36,242
Value adjustments	3,085	7,907	6,316	-20,477	-14,528	-10,667	3,503	2,601
Write-downs on loans, etc.	-713	6,992	1,483	928	1,394	718	-33	-761
Profit before tax	53,530	49,449	43,911	19,420	18,981	26,800	44,506	39,604

Impairment of loans, etc. amounts to TDKK 6,279, compared to TDKK 2,112 for the same period of 2022. The Bank does not consider the increase to reflect a general increase in the credit risk, and the creditworthiness of the loan portfolio is still considered to be satisfactory. The impairment level is still modest and the impairment ratio for the period is 0.1%.

Staff expenses increased by TDKK 4,104 as a consequence of individual staff increases and salary increases under collective agreements. Administration expenses increased by TDKK 6,287. The increase concerns IT costs, supplementary training of staff and costs of a non-recurring nature.

Other operating expenses, which concern operation and maintenance of the Bank's office buildings and contributions to Afviklings- og Garantiformuen (the Settlement and Guarantee Capital scheme), increased by TDKK 170 to TDKK 1,866 in the first half of 2023, compared to the same period of 2022.

Depreciation of property and fixtures and fittings amounts to TDKK 4,035, compared to TDKK 3,636 for the same period of 2022. The difference is primarily related to the increasing depreciation of buildings.

The profit before value adjustments and write-downs is a satisfactory TDKK 98,266, compared to TDKK 73,088 in the first half of 2022.

Value adjustments represent a total capital gain of TDKK 10,992, compared to a capital loss of TDKK 25,195 for the same period of the previous year. The Bank's holdings of sector equities and the currency area performed favourably in the first half of 2023. At the same time, based on the level of interest rates, the Bank's bond holdings also gave capital gains in the first half of 2023.

Despite uncertain macroeconomic prospects as a consequence of inflation, a higher interest rate level and geopolitical instability, Greenland and the BANK of Greenland's customers have so far not been significantly affected. However, the future economic development is subject to uncertainty.

In addition to the individual write-downs, on this basis the Bank has maintained a significant management reserve of DKK 38.2 million to counter risks.

The profit before tax is TDKK 102,979, having increased by TDKK 57,198 from the same period of 2022.

Development during the quarter

Net interest and fee income amounted to TDKK 104,056 in Q1 and to TDKK 99,933 in Q2. The difference between the quarters is primarily due to periodically higher fee and commission income in Q1.

Total costs in Q1 amounted to TDKK 56,914 and in Q2 to TDKK 51,814. Staff expenses decreased in Q2, since in Q1 there is payment of holiday allowance, etc., which is not paid in the subsequent quarters. Other administration costs also fell in Q2 compared to Q1.

The profit before value adjustments and write-downs thereby increased to TDKK 49,732 in Q2, which is TDKK 1,198 higher than in Q1 2023. The profit before tax declined in Q2 2023 to DKK 53.5 million, from DKK 49.4 million in Q1 2023.

Lending increased by TDKK 45,355 in Q1, and by TDKK 240,058 in Q2, which overall corresponds to an increase of 6.6% from the end of 2022. At the start of the year, it was expected that the favourable economic development in Greenland would increase the Bank's lending.

Deposits increased by TDKK 69,612 in Q1 2023 and by TDKK 50,000 in Q2. In overall terms, the increase in deposits from the end of 2022 thus amounts to TDKK 119,612.

Balance sheet and equity

During the first half-year, the Bank's lending showed a satisfactory increase of TDKK 285,413 to TDKK 4,638,998, while the Bank's guarantees to customers decreased by TDKK 103,780 from the end of 2022 and amounted to TDKK 1,830,345 at the end of June 2023.

The Bank increased its bond holdings in the first half of 2023, and at the end of the half-year period, bonds totalled TDKK 1,270,572.

Other assets decreased by TDKK 33,842 from the end of 2022 to June 2023. The primary reason is a reduction in the Bank's capital contribution to BEC.

At the end of June 2023, the Bank's deposits, which predominantly comprise on-demand deposits, amounted to

TDKK 6,062,029, which is an increase of TDKK 119,550 from the end of 2022. The Bank continues to have a stable deposit/lending ratio of approximately 131%.

After payment of the dividend of TDKK 36,000 for 2022 adopted by the Annual General Meeting, the Bank's equity increased from TDKK 1,318,592 to TDKK 1,370,904.

Total assets thereby increased by TDKK 273,217 to TDKK 8,222,783.

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 6 December 2022, a revised MREL requirement was determined for the BANK of Greenland, at 29.4% of the Bank's risk-weighted assets at the end of 2021. The MREL requirement is being phased in during the period from 2022 to 2027. The linear phasing-in means that by 2023, the Bank must fulfil an MREL requirement of 4.9%. 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.

In continuation of the established MREL requirement, the Bank made issues in 2021, 2022 and 2023. A total of DKK 75 million was issued in Senior Non-Preferred and DKK 65 million in subordinated debt.

Capital requirement	First half-year 2023	Year 2022
Pillar I	8.00%	8.00%
Pillar II	3.30%	3.10%
Solvency requirement	11.30%	11.1%
SIFI buffer requirement	1.50%	1.50%
Capital reserve buffer requirement	2.50%	2.50%
Capital requirement	15.30%	15.1%
MREL requirement (phased in linearly as from 1 January 2022)	4.90%	2.53%
Total capital requirement	20.20%	17.6%
Capital base, cf. Note 19	1,329,065	1,300,270
SNP issue	74,633	74,563
MREL capital base	1,403,698	1,374,833
MREL capital ratio	25.40%	25.00%
Surplus capital cover	5.20%	7.37%

Solid capital base

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

The BANK of Greenland was designated as an SIFI institution in April 2017.

Based on the requirements concerning own funds and eligible liabilities, the Board of Directors expects that the total capital reserves must be increased during the coming years. The aim of the Board of Directors is that there must be sufficient capital for growth in the Bank's business activities, just as there must be sufficient capital to cover ongoing fluctuations in the risks assumed by the Bank.

In 2021, the Bank's Board of Directors therefore adopted a capital objective with a set target for CET1 of 24%. The BANK of Greenland's core capital ratio was 22.9 at the end of the first half of 2023, and the capital ratio was 24.0.

For 2023, the Bank expects more subdued growth in risk-weighted assets and higher earnings than in 2022, whereby the capital ratio will be closer to the target at the end of the year.

The result for the first half of 2023 has not been verified by the Bank's auditor and is therefore not included in the capital ratio. Including the result for the first half of 2023, the core capital ratio is calculated at 24.3% and the capital ratio at 25.5%.

At the end of June 2023, the Bank's individual solvency requirement was compiled at 11.3%. The BANK of Greenland thereby has surplus capital cover before the buffer requirement of 12.7%, or TDKK 706,126. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 8.7%.

CRR II has been introduced into Greenlandic legislation with effect from 1 July 2023.

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

	First half-year 2023		Full year 2022	
	Capital requirement	Solvency requirement	Capital requirement	Solvency requirement
Pillar I requirement	442,272	8.0	440,087	8.0
Credit risk	131,434	2.4	119,785	2.2
Market risk	22,389	0.4	21,077	0.4
Operational risk	10,828	0.2	16,302	0.3
Other risk	16,017	0.3	15,323	0.2
Capital and solvency requirement	622,940	11.3	612,574	11.1

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

Liquidity

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

At the end of the first half-year, the Bank had an LCR of 217.2% 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 36% points of the sum of large exposures.

The exposure to property amounts to 21.9%. This exposure is subject to considerable subordinate public financing. In addition, some of the exposure is based on lease contracts with the state, the Government of Greenland or municipalities. The Bank assesses that both of these factors contribute to stabilising the overall sector exposure.

Investor relations

The BANK of Greenland's overall financial objective is to achieve a competitive return for the shareholders. At a price of 615 at the end of the first half of 2023, the price of the BANK of Greenland's shares has increased from the end of 2022, when the price was 590.

At the Bank's Annual General Meeting on 28 March 2023, a dividend payment of DKK 20 per share, or a total of DKK 36 million, to the Bank's shareholders was adopted, and this was paid out on 31 March 2023.

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

Sum of large exposures

(maximum 175% of actual core capital)

The BANK of Greenland 165.5%

Property exposure

(less than 25% of total loans and guarantees)

The Bank of Greenland 21.9%



Growth in lending

(less than 20% per year)

The BANK of Greenland 15.7%

Liquidity benchmark

(less than 100%)

The Bank of Greenland 218.9%

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

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.

Outlook for the remainder of 2023

Despite inflation and interest rate increases, the BANK of Greenland expects moderate economic growth in Greenland in 2023.

On this basis, lending is expected to develop positively towards the end of the year, but with lower full-year growth than in 2022. Deposits are expected to be at the end-2022 level.

The Bank will be affected negatively if inflation and cyclical trends are exacerbated or amplified to any significant degree.

Total core income is expected to increase in 2023, for which the primary reasons are the increased lending volume and the development in interest rates.

Total expenses including depreciation and amortisation are expected to be higher than in 2022. Increases are expected in the personnel area. Administration expenses are also expected to increase, primarily in the IT area and for supplementary staff training and consultants.

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.

On the basis of the level of interest rates, gains must be expected on the Bank's listed securities. However, the value adjustment of the fund portfolio is subject to uncertainty. Capital gains are expected from the currency area and sector equities.

In the announcement to the stock exchange of 21 July 2023, the forecast for the year's profit before tax was changed from a range of DKK 145-185 million to a range of DKK 170-210 million, which is still maintained.

Statement by the Management

The Board of Directors and Executive Management have today considered and approved the Interim Report for the period from 1 January to 30 June 2023, for the public limited liability company, GrønlandsBANKEN A/S.

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

It is our opinion that the Interim Report gives a true and fair view of the Bank's assets, liabilities and financial position at 30 June 2023, and of the result of the Bank's activities for the first half of 2023.

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, 16 August 2023

Executive Management

Martin Birkmose Kviesgaard

Board of Directors

Gunnar í Liða

Chair

Kristian Frederik Lennert

Vice Chair

Maliina Bitsch Abelsen

Lars Holst

Pilunnguaq Frederikke Johansen Kristiansen

Tulliaq Angutimmarik Olsen

Niels Peter Fleischer Rex

Peter Angutinguaq Wistoft

Ellen Dalsgaard Zdravkovic



Income Statement and Statement of Comprehensive Income

DKK 1,000

Notes		First half-year 2023	Full year 2022	First half-year 2022
3	Interest income	186,541	227,093	104,063
4	Negative interest income	0	-1,824	-5,778
5	Interest expenses	36,019	3,040	512
6	Positive interest expenses	0	-20,995	-15,354
	Net interest income	150,522	243,224	113,127
	Share dividend, etc.	2,155	1,822	1,822
7	Fees and commission income	51,477	106,796	53,092
	Fees paid and commission expenses	164	357	233
	Net interest and fee income	203,990	351,485	167,808
8	Value adjustments	10,992	-39,356	-25,195
	Other operating income	3,005	6,588	3,049
9	Staff and administration expenses	102,828	195,056	92,437
	Depreciation and impairment of tangible assets	4,035	7,320	3,636
	Other operating expenses	1,866	2,706	1,696
18	Write-downs on loans and receivables, etc.	6,279	4,523	2,112
	Profit before tax	102,979	109,112	45,781
10	Tax	16,746	10,361	-5,893
	Profit for the period	86,233	98,751	51,674
	COMPREHENSIVE INCOME			
	Profit for the period	86,233	98,751	51,674
	Other comprehensive income:			
	Value adjustment of properties	2,772	32,030	2,256
	Value adjustment of defined-benefit severance/pension scheme	0	-93	0
	Tax on value adjustment of properties	-693	-8,007	-564
	Other comprehensive income	2,079	23,930	1,692
	Comprehensive income for the period	88,312	122,681	53,366

Balance Sheet

DKK 1,000

Notes	Assets	30 June 2023	31 December 2022	30 June 2022
	Cash balance and demand deposits with central banks	1,253,559	1,396,401	1,134,350
11	Receivables from credit institutions and central banks	122,634	118,619	447,042
18	Loans and other receivables at amortised cost	4,638,998	4,353,585	4,009,541
12	Bonds at fair value	1,270,572	1,156,821	1,074,041
	Shares, etc.	129,587	120,063	117,480
13	Assets connected to pool schemes	423,716	394,576	400,118
	Land and buildings in total	290,842	284,370	250,305
	- Domicile properties	290,842	284,370	250,305
	Other tangible assets	6,425	6,007	6,214
	Other assets	81,303	115,145	100,755
	Accruals and deferred income	5,147	3,979	4,787
	Total assets	8,222,783	7,949,566	7,544,633
	Liabilities			
	Liabilities to credit institutions and central banks	20,063	22,598	7,237
14	Deposits and other liabilities	6,062,029	5,942,479	5,673,324
	Deposits in pool schemes	423,716	394,576	400,118
15	Issued bonds at amortised cost	74,633	74,563	49,688
	Current tax liabilities	44,108	18,861	34,292
	Other liabilities	75,495	58,527	52,991
	Prepayments and deferred expenses	6,266	7,535	8,137
	Total debt	6,706,310	6,519,139	6,225,787
	Provisions for pensions and similar obligations	2,246	2,097	1,837
	Provisions for deferred tax	58,819	67,126	50,890
	Provisions for losses on guarantees	11,331	8,036	8,614
	Other provisions	4,793	5,047	5,076
	Provisions for losses on non-utilised credit facilities	4,133	4,821	3,152
	Total provisions	81,322	87,127	69,569
16	Subordinated debt	64,247	24,708	0
	Total subordinated debt	64,247	24,708	0
	Equity			
17	Share capital	180,000	180,000	180,000
	Revaluation reserves	63,730	61,651	39,320
	Retained earnings	1,127,174	1,040,941	1,029,957
	Proposed dividend	0	36,000	0
	Total equity	1,370,904	1,318,592	1,249,277
	Total liabilities	8,222,783	7,949,566	7,544,633

- 1 Accounting policies applied
- 2 Accounting estimates
- 19 Contingent liabilities
- 20 Capital conditions and solvency

Statement of Changes in Equity

DKK 1,000

	Share capital	Revaluation reserves	Retained earnings	Proposed dividend	Total equity capital
Equity, 01 January 2022	180,000	37,628	978,283	72,000	1,267,911
Dividend paid	0	0	0	-72,000	-72,000
Other comprehensive income	0	1,692	0	0	1,692
Profit for the period	0	0	51,674	0	51,674
Equity, 30 June 2022	180,000	39,320	1,029,957	0	1,249,277
Other comprehensive income	0	22,331	-93	0	22,238
Profit for the period	0	0	11,077	36,000	47,077
Equity, 31 December 2022	180,000	61,651	1,040,941	36,000	1,318,592
Equity, 01 January 2023	180,000	61,651	1,040,941	36,000	1,318,592
Dividend paid	0	0	0	-36,000	-36,000
Other comprehensive income	0	2,079	0	0	2,079
Profit for the period	0	0	86,233	0	86,233
Equity, 30 June 2023	180,000	63,730	1,127,174	0	1,370,904



Saligaatsoq GrønlandsBANKEN



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Notes to the Interim Report

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 2022.

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

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.

DKK 1,000	First half-year 2023	Full year 2022	First half-year 2022
3. Interest income			
Receivables from credit institutions and central banks	19,563	1,150	0
Lending and other receivables	153,490	218,531	101,791
Bonds	12,912	7,412	2,272
Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	576	0	0
Total interest income	186,541	227,093	104,063
4. Negative interest income			
Receivables from credit institutions and central banks	0	-1,074	-5,170
Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	0	-750	-608
Total negative interest	0	-1,824	-5,778
5. Interest expenses			
Credit institutions and central banks	81	0	1
Deposits and other liabilities	35,938	3,040	511
Total interest expenses	36,019	3,040	512
6. Positive interest expenses			
Deposits and other liabilities	0	-11	-11
Deposits and other liabilities	0	-20,984	-15,343
Total positive interest expenses	0	-20,995	-15,354
7. Fee and commission income			
Securities and securities accounts	1,404	8,629	2,314
Payment settlement	18,301	38,042	18,446
Loan transaction fees	2,604	5,589	2,456
Guarantee commission	15,999	32,228	15,589
Other fees and commission	13,169	22,308	14,287
Total fee and commission income	51,477	106,796	53,092
8. Value adjustments			
Lending at fair value	480	-7,577	-5,520
Bonds	4,134	-49,488	-29,093
Shares	3,967	4,486	1,378
Currency	2,966	5,473	2,494
Foreign exchange, interest rate, equity, commodities and other contracts, as well as derivative financial instruments	-555	7,750	5,546
Total value adjustments	10,992	-39,356	-25,195

DKK 1,000	First half-year 2023	Full year 2022	First half-year 2022
9. Staff and administration expenses			
Staff expenses			
Salaries	44,909	91,485	41,521
Other staff expenses	1,654	2,271	1,223
Pensions	5,591	10,979	5,402
Social security expenses	284	484	188
In total	52,438	105,219	48,334
Other administration expenses	50,390	89,837	44,103
Average number of FTEs	140.2	137.4	136.2
Of which salaries and remuneration to the Board of Directors and the Executive Management	3,176	5,788	2,930
Five other employees whose activities have a significant influence on the Bank's risk profile:			
Salaries and pensions, including free car and other benefits	3,210	6,124	2,996

10. Tax			
25-% of the profit before tax	25,746	27,278	11,445
Discount for dividend tax paid	-498	-430	-429
6-%-supplement	0	1,637	662
Total tax on ordinary profit	25,248	28,485	11,678
Paid dividend tax	498	430	429
Change in deferred tax as a consequence of a change in the corporate tax supplement	0	-528	0
Adjustment to deferred tax prior year	0	1,080	1,080
Other changes	0	-26	0
Taxation value of dividend paid	-9,000	-19,080	-19,080
Tax in total	16,746	10,361	-5,893
Deferred tax	693	-8,779	1,644
Taxation value of dividend paid	-9,000	0	-19,080
Tax to be paid	25,053	19,140	11,543

No company tax was paid in the period.

11. Amounts receivable from credit institutions and central banks			
Receivables from credit institutions	122,634	118,619	447,042
Total amounts receivable	122,634	118,619	447,042

12. Bonds

Of the bond portfolio, a nominal amount of TDKK 50,000 is pledged as collateral for accounts with Danmarks Nationalbank.

DKK 1,000	First half-year 2023	Full year 2022	First half-year 2022
13. Assets connected to pool schemes			
Investment associations	423,623	394,308	400,106
Non-invested funds	93	268	12
Total	423,716	394,576	400,118
14. Deposits			
On demand	5,409,658	5,241,972	5,157,844
On terms of notice	378,619	442,216	267,113
Special deposit conditions	273,752	258,291	248,367
Total deposits	6,062,029	5,942,479	5,673,324
15. Issued bonds at amortised cost			
Bond issue	74,633	74,563	49,688
Total	74,633	74,563	49,688
Loan raised as Senior Non-Preferred, nominally	50,000	50,000	50,000
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.			
Loan raised as Senior Non-Preferred, nominally	25,000	25,000	0
The loan was raised as Senior Non-Preferred on 2 September 2022 and falls due for full redemption on 2 September 2027. The Bank has the option of early redemption as from 2 September 2026.			
16. Subordinated debt			
Capital certificate as below	64,247	24,708	0
In total	64,247	24,708	0
Subordinated debt included in the capital base according to CRR	64,247	24,708	0
Loan raised as subordinated debt, nominally	25,000	25,000	
Interest rate, fixed rate	6.197%	6.197%	
The loan was raised on 2 September 2022 and falls due for full redemption on 2 September 2032. The Bank has the option of early redemption as from 2 September 2027.			
Loan raised as subordinated debt, nominally	40,000		
Interest rate, floating rate	Cibor 6 + 4%		
The loan was raised on 1 June 2023 and falls due for full redemption on 1 June 2032. The Bank has the option of early redemption as from 1 June 2028.			

DKK 1,000	First half-year 2023	Full year 2022	First half-year 2022
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17. Share capital

Share capital consists of 1,800,000 shares of DKK 100

Own holdings og capital investments

Number of own shares	0	0	0
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18. Loans

Write-downs on loans, guarantees and non-utilised credit facilities:

New write-downs concerning new facilities during the period	9,410	20,471	7,904
Reversal of write-downs concerning redeemed facilities	-7,267	-17,415	-8,843
Net write-downs during the period as a consequence of changes in the credit risk	4,568	3,146	3,609
Losses without preceding write-downs	94	593	433
Received for claims previously written off	-526	-2,272	-991
Recognised in the statement of income	6,279	4,523	2,112

DKK 1,000	Stage 1	Stage 2	Stage 3	Total
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Write-downs on loans

30.06.2023

Start of the period	28,826	64,706	86,477	180,009
New write-downs concerning new facilities during the year	2,795	5,068	884	8,747
Reversal of write-downs concerning redeemed facilities	-2,229	-1,680	-2,582	-6,491
Change in write-downs at the beginning of the year – transfer to stage 1	4,701	-3,134	-1,567	0
Change in write-downs at the beginning of the year – transfer to stage 2	-954	6,004	-5,050	0
Change in write-downs at the beginning of the year – transfer to stage 3	-130	-420	550	0
Net write-downs as a consequence of changes in the credit risk	-6,862	2,145	6,565	1,848
Previously written down, now finally lost	0	0	-655	-655
Interest on written-down facilities	0	0	2,350	2,350
Write-downs in total	26,147	72,689	86,972	185,808

Write-downs on guarantees

30.06.2023

Start of the period	1,239	1,025	5,772	8,036
New write-downs concerning new facilities during the year	178	133	0	311
Reversal of write-downs concerning redeemed facilities	-1	-5	-43	-49
Change in write-downs at the beginning of the year – transfer to stage 1	454	-38	-416	0
Change in write-downs at the beginning of the year – transfer to stage 2	-91	173	-82	0
Change in write-downs at the beginning of the year – transfer to stage 3	-10	-48	58	0
Net write-downs as a consequence of changes in the credit risk	-689	224	3,498	3,033
Write-downs in total	1,080	1,464	8,787	11,331

DKK 1,000	Stage 1	Stage 2	Stage 3	Total
Write-downs on non-utilised drawing rights				
30.06.2023				
Start of the period	498	547	3,776	4,821
New write-downs concerning new facilities during the year	13	318	21	352
Reversal of write-downs concerning redeemed facilities	-51	-25	-651	-727
Change in write-downs at the beginning of the year – transfer to stage 1	10	-1	-9	0
Change in write-downs at the beginning of the year – transfer to stage 2	-5	12	-7	0
Change in write-downs at the beginning of the year – transfer to stage 3	0	-1	1	0
Net write-downs as a consequence of changes in the credit risk	282	-79	-516	-313
Write-downs in total	747	771	2,615	4,133

Write-downs on loans**31.12.2022**

Start of the period	21,314	67,951	85,104	174,369
New write-downs concerning new facilities during the year	4,545	9,913	4,518	18,976
Reversal of write-downs concerning redeemed facilities	-1,757	-3,774	-11,039	-16,570
Change in write-downs at the beginning of the year – transfer to stage 1	17,776	-14,283	-3,493	0
Change in write-downs at the beginning of the year – transfer to stage 2	-1,072	6,416	-5,344	0
Change in write-downs at the beginning of the year – transfer to stage 3	-54	-4,530	4,584	0
Net write-downs as a consequence of changes in the credit risk	-11,926	3,013	12,326	3,413
Previously written down, now finally lost	0	0	-3,445	-3,445
Interest on written-down facilities	0	0	3,266	3,266
Write-downs in total	28,826	64,706	86,477	180,009

Write-downs on guarantees**31.12.2022**

Start of the period	744	2,071	4,858	7,673
New write-downs concerning new facilities during the year	507	547	252	1,306
Reversal of write-downs concerning redeemed facilities	-2	-36	-179	-217
Change in write-downs at the beginning of the year – transfer to stage 1	1,505	-1,370	-135	0
Change in write-downs at the beginning of the year – transfer to stage 2	-68	1,036	-968	0
Change in write-downs at the beginning of the year – transfer to stage 3	-3	-86	89	0
Net write-downs as a consequence of changes in the credit risk	-1,444	-1,137	1,855	-726
Write-downs in total	1,239	1,025	5,772	8,036

DKK 1,000	Stage 1	Stage 2	Stage 3	Total
Write-downs on non-utilised drawing rights				
31.12.2022				
Start of the period	1,203	1,037	2,561	4,801
New write-downs concerning new facilities during the year	25	80	84	189
Reversal of write-downs concerning redeemed facilities	-231	-166	-231	-628
Change in write-downs at the beginning of the year – transfer to stage 1	557	-555	-2	0
Change in write-downs at the beginning of the year – transfer to stage 2	-41	724	-683	0
Change in write-downs at the beginning of the year – transfer to stage 3	-1	0	1	0
Net write-downs as a consequence of changes in the credit risk	-1,014	-573	2,046	459
Write-downs in total	498	547	3,776	4,821

Write-downs on loans

30.06.2022				
Start of the period	21,314	67,951	85,104	174,369
New write-downs concerning new facilities during the year	2,268	2,332	2,145	6,745
Reversal of write-downs concerning redeemed facilities	-1,250	-2,084	-5,065	-8,399
Change in write-downs at the beginning of the year – transfer to stage 1	15,085	-13,055	-2,030	0
Change in write-downs at the beginning of the year – transfer to stage 2	-508	5,742	-5,234	0
Change in write-downs at the beginning of the year – transfer to stage 3	-18	-2,803	2,821	0
Net write-downs as a consequence of changes in the credit risk	-20,915	8,663	17,284	5,032
Previously written down, now finally lost	0	0	-3,070	-3,070
Interest on written-down facilities	0	0	2,307	2,307
Write-downs in total	15,976	66,746	94,262	176,984

Write-downs on guarantees

30.06.2022				
Start of the period	744	2,071	4,858	7,673
New write-downs concerning new facilities during the year	367	352	0	719
Reversal of write-downs concerning redeemed facilities	0	-23	-38	-61
Change in write-downs at the beginning of the year – transfer to stage 1	1,544	-1,458	-86	0
Change in write-downs at the beginning of the year – transfer to stage 2	-14	1,050	-1,036	0
Change in write-downs at the beginning of the year – transfer to stage 3	-3	-44	47	0
Net write-downs as a consequence of changes in the credit risk	-1,520	-1,028	2,831	283
Write-downs in total	1,118	920	6,576	8,614

DKK 1,000	Stage 1	Stage 2	Stage 3	Total
Write-downs on non-utilised drawing rights				
30.06.2022				
Start of the period	1,203	1,037	2,561	4,801
New write-downs concerning new facilities during the year	334	17	89	440
Reversal of write-downs concerning redeemed facilities	-116	-162	-105	-383
Change in write-downs at the beginning of the year – transfer to stage 1	530	-524	-6	0
Change in write-downs at the beginning of the year – transfer to stage 2	-7	663	-656	0
Change in write-downs at the beginning of the year – transfer to stage 3	0	0	0	0
Net write-downs as a consequence of changes in the credit risk	-1,173	-630	97	-1,706
Write-downs in total	771	401	1,980	3,152

DKK 1,000	First half-year 2023	Full year 2022	First half-year 2022
19. Contingent liabilities			
Mortgage finance guarantees	1,013,262	989,198	1,009,270
Registration and remortgaging guarantees	220,673	300,180	282,776
Other guarantees	596,410	644,747	680,350
Guarantees, etc. in total	1,830,345	1,934,125	1,972,396
Provision balance for guarantees	11,331	8,036	8,614
Provision balance for non-utilised credit facilities	4,133	4,821	3,152

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 three 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.

DKK 1,000	First half-year 2023	Full year 2022	First half-year 2022
20. Capital conditions and solvency			
Credit risk	4,619,682	4,619,420	4,381,110
CVA risk	13,915	13,892	9,133
Market risk	266,011	238,978	224,938
Operational risk	628,793	628,793	639,644
Total risk exposure	5,528,401	5,501,083	5,254,825
Equity at the beginning of the period	1,318,592	1,267,911	1,267,911
Comprehensive income for the period	0	122,681	0
Adjustment to deferred tax prior year	0	0	-1,080
Proposed dividend, accounting effect	9,000	-27,000	19,080
Paid dividend	-36,000	-72,000	-72,000
Framework for ratio of own shares	-11,250	-10,620	-10,980
Deductions for prudent valuation	-570	0	0
Deductions for Non-Performing Exposures	-1,406	-1,568	-1,447
Actual core capital	-13,548	-3,842	-3,651
	1,264,818	1,275,562	1,197,833
Supplementary capital			
Capital base	64,247	24,708	0
	1,329,065	1,300,270	1,197,833
Actual core capital ratio			
Capital ratio	24.0	23.6	22.8
Statutory capital ratio requirements	22.9	23.2	22.8
Lovkrav til kapitalprocent	8.0	8.0	8.0

Finansiell forståelse på NI/Handelsskolen

