

Notification to Nasdaq OMX Copenhagen  
6/2019



## QUARTERLY REPORT

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Q1 2019



CVR no. 80050410

## Q1 REPORT FOR 2019 IN HEADLINES

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### **Satisfactory first quarter for the BANK of Greenland.**

The BANK of Greenland's profit before tax is DKK 37.9 million for Q1 2019, compared to DKK 34.1 million for Q1 2018. The profit before value adjustments and write-downs amounts to DKK 36.5 million, compared to DKK 38.6 million for the previous year.

The sound growth in lending in 2018 continued in 2019. Lending increased by DKK 157 million in Q1, amounting to DKK 3,629 million at the end of the quarter,

Net interest and fee income amounts to DKK 79.8 million, having increased by DKK 1 million.

At the end of Q1 2019, total costs including write-offs amounted to DKK 44.8 million, compared to DKK 41.6 million for the same period of 2018. The increase concerns staff expenses, partly related to higher payroll expenses due to adjustments under the collective agreement and an increase in the number of employees. Other costs show an increase in primarily IT expenses to BEC, including compliance.

At the end of March 2019, value adjustments show a gain of DKK 3.2 million, compared to a loss of DKK 1.0 million for the same period of 2018.

Write-downs on loans and guarantees declined by DKK 1.7 million, amounting to a modest DKK 1.8 million.

- The profit before tax gives a return of 15.7% p.a. on opening equity after disbursement of dividend.
- Increase in lending by 157 million to DKK 3,629 billion.
- Deposits increase to DKK 5,238 billion.
- An increase in net interest and fee income of 1.2%.
- An increase in total costs, including depreciation and amortisation, of 7.8%.
- Write-downs and provisions for the period of 0.03%.
- Capital ratio and core capital ratio of 21.8 and an individual capital requirement of 10.4%.

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## FINANCIAL HIGHLIGHTS AND KEY FIGURES FOR Q1 2019

(DKK 1,000)

	Q1	Q1	Full year	Q1	Q1	Q1
	2019	2018	2018	2017	2016	2015
Net interest and fee income	79,798	78,820	313,597	77,400	69,891	71,698
Value adjustments	3,214	-1,023	-1,546	4,010	-6,369	-4,136
Other operating income	1,495	1,311	5,385	1,258	1,297	1,440
Staff and administration expenses	42,464	39,392	157,407	38,517	37,533	36,729
Depreciation and impairment of tangible assets	1,722	1,652	6,765	1,633	1,033	23
Other operating expenses	627	531	2,011	450	709	1,840
Write-downs on loans, etc.	1,820	3,460	10,938	3,859	4,063	5,176
<b>Profit before tax</b>	<b>37,874</b>	<b>34,073</b>	<b>140,315</b>	<b>38,209</b>	<b>21,481</b>	<b>25,234</b>
Tax	12,043	10,823	44,595	12,142	6,831	8,022
<b>Profit for the period</b>	<b>25,831</b>	<b>23,250</b>	<b>95,720</b>	<b>26,067</b>	<b>14,650</b>	<b>17,212</b>
<b>Selected accounting details:</b>						
Lending	3,628,717	3,393,345	3,472,174	3,195,960	2,809,026	2,838,689
Deposits	5,238,496	5,282,943	4,899,044	4,926,085	4,558,795	3,994,265
Equity	988,813	933,187	999,159	892,165	861,565	859,760
Balance sheet total	6,536,682	6,429,309	6,164,536	5,977,811	5,651,493	5,068,400
Contingent liabilities	1,270,841	1,200,728	1,277,604	1,112,308	1,141,157	1,173,529
<b>Key figures:</b>						
Capital ratio	21.8	22.4	22.7	20.7	19.8	20.7
Core capital ratio	21.8	22.4	22.7	20.7	19.8	20.7
The period's return on equity before tax	3.8	3.6	14.3	4.2	2.4	2.9
The period's return on equity after tax	2.6	2.5	9.8	2.9	1.6	1.9
Income per cost krone	1.8	1.8	1.8	2.0	1.5	1.6
Rate of return	0.4	0.4	1.6	0.4	0.3	0.3
Interest rate risk	2.3	1.3	2.0	1.3	1.2	1.2
Foreign exchange position	0.3	0.5	0.5	1.6	6.7	-1.0
Liquidity coverage ratio	293.5	203.6	282.1	374.5	n/a	n/a
Loans plus write-downs in relation to deposits	71.3	67.1	73.1	67.4	64.1	73.3
Lending as a ratio of equity	3.7	3.6	3.5	3.6	3.3	3.3
Growth in lending during the period	4.5	1.8	5.0	4.0	-0.5	0.9
Sum of large exposures	162.6	169.1	160.4	n/a	n/a	n/a
The period's write-down percentage	0.0	0.1	0.2	0.1	0.1	0.2
Accumulated write-down percentage	3.4	3.4	3.4	3.0	2.9	2.4
The period's profit per share after tax	14.4	12.9	53.2	14.5	8.1	9.6
Net book value per share	549	518	555	496	479	478
Stock exchange quotation/net book value per share	1.0	1.2	1.0	1.2	1.3	1.3

## MANAGEMENT'S REVIEW FOR Q1 2019

### Income statement

Net interest income of TDKK 56,411, compared to TDKK 54,267 in Q1 2018, an increase of 4%. In 2018, continuing into 2019, the Bank's lending has increased, which helps to reduce the impact of the negative return on the Bank's surplus liquidity. At the same time, the Bank's funding costs have fallen to a minimum level, and the positive interest expenses from customers with large deposits have increased from the same period of 2018.

The Annual Report for 2018 describes the change in accounting policy concerning fees and commission. Loan case fees are now amortised as an integrated element of the effective interest rate on lending, so that TDKK 2,062 is reclassified from fee and commission income to interest income. Taking the reclassification into account, net interest income increased by TDKK 82.

Unlike before, in Q1 2019 no significant share dividend was achieved. This is related to timing differences, however.

Fee and commission income decreased by TDKK 406 compared to the same period of 2018. Taking account of the aforementioned change of policy, the item shows an increase of TDKK 1,229, however. The increased guarantee volumes in particular contribute positively, while virtually all fee and commission income developed favourably.

Other operating income increased by TDKK 184, to TDKK 1,495 compared to Q1 2018.

Staff and administration expenses increased, as expected, by TDKK 3,072, to TDKK 42,464 compared to the same period of 2018. The increase is primarily related to staff expenses and is due an expected increase in the number employees. In the same period, other administration expenses increased by TDKK 1,569, which is primarily related to increased IT costs for the bank's IT centre.

Other operating expenses, which concern operation and maintenance of the Bank's office buildings, increased by TDKK 96 to TDKK 627 in Q1 2019, compared to the same period of 2018.

Depreciation of tangible assets increased by TDKK 70, and amounts to TDKK 1,722 compared to the same period of 2018.

Value adjustments represent a total capital gain of TDKK 3,214, compared to a capital loss of TDKK 1,023 for the same period of 2018. The capital loss on the Bank's bond portfolio is compensated by capital gains, primarily on the Bank's portfolio of sector equities.

### Financial Highlights and Key Figures

(DKK 1,000)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2019	2018	2018	2018	2018	2017	2017	2017
Net interest and fee income	79,798	80,468	77,625	76,684	78,820	76,525	78,378	77,243
Costs, depreciation and amortisation	44,813	44,440	39,071	41,097	41,575	45,206	37,420	38,851
Other operating income	1,495	1,251	1,278	1,545	1,311	1,194	1,594	1,194
Profit before value adjustments and write-downs	36,480	37,279	39,832	37,132	38,556	32,513	42,552	39,586
Value adjustments	3,214	-2,049	848	678	-1,023	-1,460	-9,833	915
Write-downs on loans, etc.	1,820	1,823	2,449	3,206	3,460	2,224	2,713	4,938
Profit before tax	37,874	33,407	38,231	34,604	34,073	28,829	30,006	35,563

Impairment of loans, etc. amounted to TDKK 1,820 at the end of March 2019, which is TDKK 1,640 lower than

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## MANAGEMENT'S REVIEW FOR Q1 2019

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for the same period of 2018.

Write-downs and provisions on the Bank's loans and guarantees are still moderate and thereby reflect the continued generally strong credit standing of the Bank's private and business customers in Greenland. This is supported by the low level of the Bank's written-off claims.

The profit before tax is TDKK 37,874, having increased by TDKK 3,801 from the same period of 2018.

### **Balance sheet and equity**

During Q1, the Bank's lending increased very satisfactorily by TDKK 156,543, to TDKK 3,628,717.

The Bank's deposits, of which the predominant element is deposits on demand, increased by TDKK 339,452, to TDKK 5,238,496 at the end of March 2019.

The total balance sheet thereby increased by TDKK 372,146, to TDKK 6,536,682. At the end of the quarter, equity amounted to TDKK 988,813

Outside the balance sheet, the Bank's guarantees to customers decreased by TDKK 6,763 from the end of 2018, amounting to TDKK 1,270,841 at the end of March 2019.

### **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 believes 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 has financial losses as a consequence of inadequate or deficient 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. It is still the Bank's assessment that there is no need for more sophisticated methods to be used.

In accordance with the Danish Financial Business Act, the Board of Directors and the Executive Management

## MANAGEMENT'S REVIEW FOR Q1 2019

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's capital ratio, excluding the result for the period, stood at 21.8 at the end of March 2019.

The BANK of Greenland was designated as an SIFI institution in Q2 2017. In view of the new SIFI requirements concerning capital reserves and new requirements concerning impairment liabilities (MREL requirements), the Board of Directors assesses that the overall capital reserves must be increased. The aim of the Board of Directors is for the Bank to fulfil the maximum MREL capital requirements in full, in good time before the deadline for full phasing-in, and also that there must be sufficient capital for growth in the Bank's business activities. The BANK of Greenland does not yet have an MREL capital requirement, since BRRD has not yet been incorporated into Greenlandic legislation. When the final MREL capital requirement is known, more precise capital planning will be possible, including which capital instruments can be put to good use.

As at the end of March 2019, the Bank's individual solvency requirement was compiled at 10.4%. The BANK of Greenland thus has surplus capital cover before the buffer requirements of 11.4%, or TDKK 495,628. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 7.4%.

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

In DKK 1,000	Q1 2019		End of 2018	
	Capital requirement	Capital requirement in %	Capital requirement	Capital requirement in %
Pillar I requirement	349,594	8.0%	337,637	8.0%
Credit risk	81,460	1.8%	71,838	1.7%
Market risk	19,218	0.4%	18,391	0.4%
Operational risk	3,800	0.1%	3,800	0.1%
Other conditions	2,100	0.1%	2,100	0.1%
<b>Capital requirement</b>	<b>456,172</b>	<b>10.4%</b>	<b>433,767</b>	<b>10.3%</b>

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

### Liquidity

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

At the end of Q1 2019, the Bank had an LCR of 293.5% and thereby fulfils the LCR requirement of at least 100% for SIFI institutions.

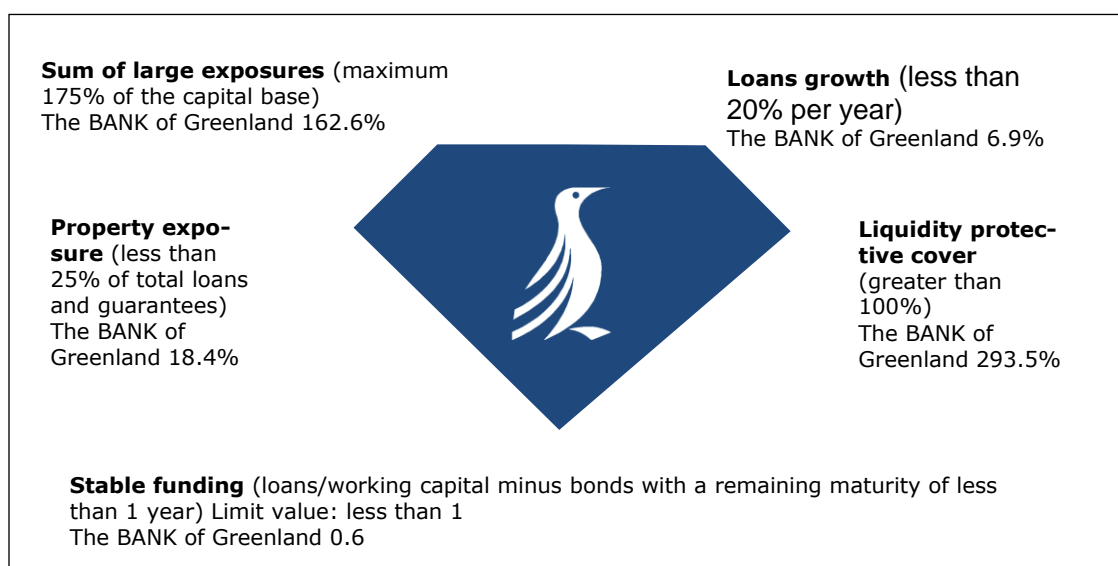
The Bank's funding is based solely on deposits.

## MANAGEMENT'S REVIEW FOR Q1 2019

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### The Supervisory Diamond

The BANK of Greenland has considered the benchmarks set out in the Danish Financial Supervisory Authority'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 41% of the sum of large exposures.



### 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 528 at the end of Q1 2019, the price of the BANK of Greenland's shares has decreased from the end of 2018, when the price was 546. At the Annual General Meeting on 27 March 2019, dividend to the Bank's shareholders totalling DKK 54 million, or DKK 30 per share, was adopted. The dividend was paid out on 1 April 2019.

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

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

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

The Bank'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 in 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



## MANAGEMENT'S REVIEW FOR Q1 2019

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recommendations at all times and to the greatest possible extent. The Bank's Corporate Governance Statement can be found on the Bank's website [www.banken.gl](http://www.banken.gl).

### **Outlook for the remainder of 2019**

Continued stable economic development in 2019 is expected. The Bank saw a good increase in lending in 2018 and this development continued in 2019. The Bank still expects a moderately increasing level during the rest of the year.

Deposits increased in Q1, but the increase is expected to stagnate during the rest of 2019.

Net interest and fee income are thus expected to be at a higher level than in 2018.

The BANK of Greenland is continuing the work of developing and expanding the pension area. This area is still new in Greenland and as yet is only expected to make a minor contribution to the Bank's earnings in 2019. In the longer term the Bank considers pension savings to be a significant business area.

A higher level of total costs is expected than in 2018, based on collective wage increases, an increase in the number of employees, and rising compliance and IT costs.

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

On the basis of the continued low level of interest rates, moderate capital losses on the Bank's bond portfolio must be expected, just as there is generally greater uncertainty in the market area. If the announced sale of Sparinvest Holding to Nykredit is achieved later in the year, the Bank will achieve a capital gain.

On this basis, an unchanged profit before tax at the level of DKK 130-150 million is expected, compared with DKK 140 million in 2018.

08 May 2019  
Board of Directors

(DKK 1,000)

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**

Notes		Q1 2019	Full year 2018	Q1 2018
3	Interest income	58,035	236,632	55,821
4	Negative interest income	-3,030	-10,825	-2,327
5	Interest expenses	188	1,706	147
6	Positive interest expenses	+1,594	+6,761	+920
	<b>Net interest income</b>	<b>56,411</b>	<b>230,862</b>	<b>54,267</b>
	Share dividend, etc.	42	1,946	910
7	Fee and commission income	23,462	81,636	23,814
	Fees paid and commission expenses	117	847	171
	<b>Net interest and fee income</b>	<b>79,798</b>	<b>309,546</b>	<b>78,820</b>
8	Value adjustments	3,214	-1,546	-1,023
	Other operating income	1,495	5,385	1,311
9	Staff and administration expenses	42,464	157,407	39,392
	Depreciation and impairment of tangible assets	1,722	6,765	1,652
	Other operating expenses	627	2,011	531
16	Write-downs on loans, etc.	1,820	10,938	3,460
	<b>Profit before tax</b>	<b>37,874</b>	<b>140,315</b>	<b>34,073</b>
10	Tax	12,043	44,595	10,823
	<b>Profit for the period</b>	<b>25,831</b>	<b>95,720</b>	<b>23,250</b>
<b>Statement of comprehensive income</b>				
	Profit for the period	25,831	95,720	23,250
	Other comprehensive income:			
	Value adjustment of properties	955	3,747	943
	Effect of IFRS9 at the beginning of 2018	0	0	-18,089
	Value adjustment of defined-benefit severance/pension scheme	0	-13	0
	Tax on value adjustment of properties	-304	-1,192	5,453
	<b>Total other comprehensive income</b>	<b>651</b>	<b>2,542</b>	<b>11,693</b>
	<b>Comprehensive income for the period</b>	<b>26,482</b>	<b>98,262</b>	<b>34,943</b>

(DKK 1,000)

**BALANCE SHEET**

Notes		31 March 2019	31 December 2018	31 March 2018
	<b>ASSETS</b>			
	Cash balance and demand deposit with central banks	180,706	180,193	171,368
11	Receivables from credit institutions and central banks	1,237,253	1,160,234	1,520,393
16	Loans and other receivables at amortised cost	3,628,717	3,472,174	3,393,345
12	Bonds at fair value	978,642	879,093	885,469
	Shares, etc.	96,163	85,243	88,635
13	Assets connected to pool schemes	68,437	63,043	32,551
	Land and buildings in total, domicile properties	214,653	207,265	209,603
	Other tangible assets	7,927	8,070	8,866
	Deferred tax assets	5,129	0	6,650
	Other assets	114,473	105,748	108,501
	Prepayments and deferred expenses	4,582	3,473	3,928
	<b>Total assets</b>	<b>6,536,682</b>	<b>6,164,536</b>	<b>6,429,309</b>
	<b>LIABILITIES</b>			
	Liabilities to credit institutions and central banks	19,546	22,565	18,436
14	Deposits and other liabilities	5,238,496	4,899,044	5,282,943
	Deposits in pool schemes	68,437	63,043	32,551
	Current tax liabilities	17,522	17,522	10,957
	Dividend	54,000	0	0
	Other liabilities	61,685	73,570	69,960
	Prepayments and deferred expenses	2,464	5,555	2,420
	<b>Total debt</b>	<b>5,462,150</b>	<b>5,081,299</b>	<b>5,417,267</b>
	Provisions for pensions and similar obligations	862	796	640
	Provisions for deferred tax	61,022	60,719	54,253
	Provisions for losses on guarantees	15,035	14,274	13,337
	Other provisions	5,581	5,606	8,609
	Write-downs for losses on non-utilised credit facilities	3,219	2,683	2,016
	<b>Total provisions</b>	<b>85,719</b>	<b>84,078</b>	<b>78,855</b>
	Equity			
15	Share capital	180,000	180,000	180,000
	Revaluation reserves	29,743	29,092	27,419
	Retained earnings	779,070	753,239	725,768
	<b>Total equity</b>	<b>988,813</b>	<b>999,159</b>	<b>933,187</b>
	<b>Total liabilities</b>	<b>6,536,682</b>	<b>6,164,536</b>	<b>6,429,309</b>
01	Accounting policies applied			
02	Accounting estimates			
17	Contingent liabilities			
18	Capital conditions and solvency			

((DKK 1,000))

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Re- valua- tion re- serves	Retained earnings	Proposed dividend, net	Total equity
<b>Equity, 01 January 2018</b>	<b>180,000</b>	<b>26,776</b>	<b>714,854</b>	<b>36,828</b>	<b>958,458</b>
Changes in accounting policies applied			-18,089		-18,089
Dividend paid				-54,000	-54,000
Taxation value of dividend paid				17,172	17,172
Other comprehensive income		643	5,753		6,396
Profit for the period			23,250		23,250
<b>Equity, 31 March 2018</b>	<b>180,000</b>	<b>27,419</b>	<b>725,768</b>	<b>0</b>	<b>933,187</b>
Changes in accounting policies applied			-2,644		-2,644
Other comprehensive income		1,673	-5,527		-3,854
Profit for the period			18,470	54,000	72,470
Taxation value of proposed dividend			17,172	-17,172	0
<b>Equity, 31 December 2018</b>	<b>180,000</b>	<b>29,092</b>	<b>753,239</b>	<b>36,828</b>	<b>999,159</b>
<b>Equity, beginning of 2019</b>	<b>180,000</b>	<b>29,092</b>	<b>753,239</b>	<b>36,828</b>	<b>999,159</b>
Other comprehensive income		651			651
Profit for the period			25,831		25,831
Dividend adopted by the AGM transferred to current debt				-54,000	-54,000
Taxation value of dividend paid				17,172	17,172
<b>Equity, 31 March 2019</b>	<b>180,000</b>	<b>29,743</b>	<b>779,070</b>	<b>0</b>	<b>988,813</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 compared to the Annual Report for 2018.

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 tax value of this is therefore added to equity at the time of the Annual General Meeting's approval of the dividend.

Deferred tax assets are recognised in the balance sheet at the value at which the asset is expected to be realised.

The interim report has not been audited or reviewed.

### **Note 2**

#### **Significant accounting estimates**

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

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

Unsolicited 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 2019	Full year 2018	Q1 2018
<b>3</b>	<b>Interest income</b>			
	Loans	56,050	228,114	53,844
	Bonds	1,985	8,518	1,977
	<b>Total interest income</b>	<b>58,035</b>	<b>236,632</b>	<b>55,821</b>
<b>4</b>	<b>Negative interest income</b>			
	Receivables from credit institutions and central banks	-2,110	- 6,614	-1,213
	Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	-920	- 4,211	-1,114
	<b>Total negative interest</b>	<b>-3,030</b>	<b>- 10,825</b>	<b>-2,327</b>
<b>5</b>	<b>Interest expenses</b>			
	Credit institutions and central banks	4	30	14
	Deposits	184	1,676	133
	<b>Total interest expenses</b>	<b>188</b>	<b>1,706</b>	<b>147</b>
<b>6</b>	<b>Positive interest expenses</b>			
	Deposits and other liabilities	+1,594	+6,761	+920
	<b>Total positive interest expenses</b>	<b>+1,594</b>	<b>+6,761</b>	<b>+920</b>
<b>7</b>	<b>Fees and commission income</b>			
	Securities and securities accounts	610	3,115	777
	Funds transfer	9,310	38,227	8,855
	Loan case fees	1,233	5,467	2,969
	Guarantee commission	5,213	20,265	4,960
	Other fees and commission	7,096	14,562	6,253
	<b>Total fee and commission income</b>	<b>23,462</b>	<b>81,636</b>	<b>23,814</b>
<b>8</b>	<b>Value adjustments</b>			
	Lending at fair value	610	-1,017	-1,651
	Bonds	-1,150	-7,995	-2,965
	Shares	3,492	3,114	1,250
	Currency	915	3,059	525
	Derivative financial instruments	-653	1,293	1,818
	<b>Total value adjustments</b>	<b>3,214</b>	<b>-1,546</b>	<b>-1,023</b>

## NOTES TO THE INCOME STATEMENT

	Q1 2019	Full year 2018	Q1 2018
(DKK 1,000)			
<b>9 Staff and administration expenses</b>			
Salaries and remuneration to the Board of Directors and the Executive Management			
Board of directors	465	1,955	498
Executive Management, incl. free car and other benefits	932	3,459	924
<b>Total</b>	<b>1,397</b>	<b>5,414</b>	<b>1,422</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 benefit in Q1 2019 amounts to TDKK 66, which is carried as an element of the executive management's remuneration under staff expenses and administration costs. This obligation, which is earned over the 2016-2023 period, may comprise 0-24 months' salary.</p> <p>Three other employees whose activities have a significant influence on the Bank's risk profile:</p>			
Salaries and pensions, including free car and other benefits	965	2,834	735
Staff expenses			
Salaries	19,004	66,729	17,351
Other staff expenses	723	2,472	1,097
Pensions	2,247	8,382	2,020
Social security expenses	177	659	180
<b>Total</b>	<b>22,151</b>	<b>78,242</b>	<b>20,648</b>
<b>Other administration expenses</b>	<b>20,313</b>	<b>79,165</b>	<b>18,744</b>
Average no. of full-time employees	128.7	120.8	119.7
<b>10 Tax</b>			
30% of the result	11,362	42,094	10,222
Paid dividend tax for Danish shares	0	-414	-201
6% supplement	681	2,501	601
<b>Total tax on ordinary profit</b>	<b>12,043</b>	<b>44,181</b>	<b>10,622</b>
Paid dividend tax	0	414	201
<b>Taxes in total</b>	<b>12,043</b>	<b>44,595</b>	<b>10,823</b>
Deferred tax	304	9,487	201
Taxation value of dividend paid	5,129	17,172	10,622
Tax to be paid	0	17,936	0
No company tax was paid during the period			

## NOTES TO THE BALANCE SHEET

(DKK 1,000)		31 March 2019	31 December 2018	31 March 2018
<b>11</b>	<b>Amounts receivable from credit institutions and central banks</b>			
	Receivables subject to terms of notice at central banks	476,000	352,000	676,000
	Receivables from credit institutions	761,253	808,234	844,393
	<b>Total amounts receivable</b>	<b>1,237,253</b>	<b>1,160,234</b>	<b>1,520,393</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	68,392	63,032	32,141
	Non-invested funds	45	11	410
	<b>Total</b>	<b>68,437</b>	<b>63,043</b>	<b>32,551</b>
<b>14</b>	<b>Deposits</b>			
	On demand	4,692,018	4,366,433	4,747,135
	On terms of notice	287,165	281,756	317,252
	Fixed-term deposits	60,436	60,436	40,436
	Special deposit conditions	198,877	190,419	178,120
	<b>Total deposits</b>	<b>5,238,496</b>	<b>4,899,044</b>	<b>5,282,943</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>			
	<b>Write-downs on loans and receivables</b>			
	Lending	523	9,936	2,957
	Guarantees, non-utilised credit lines and loan undertakings	1,297	3,798	503
	<b>Total write-downs during the period</b>	<b>1,820</b>	<b>13,734</b>	<b>3,460</b>
	Of which losses not previously written down	108	247	67



## NOTES TO THE BALANCE SHEET

(DKK 1,000)		31 March 2019	31 December 2018	31 March 2018
<b>16</b>	<b>Loans</b>			
	<b>Stage 1 impairment</b>			
	Beginning of year	14,192	0	0
	Change in accounting policy	-	12,728	12,728
	Write-downs during the period	0	1,464	0
	Reversal during the period	-714	-	953
	<b>End of period</b>	<b>13,478</b>	<b>14,192</b>	<b>11,775</b>
	<b>Stage 2 impairment</b>			
	Beginning of year	28,225	-	0
	Change in accounting policy	-	36,222	36,222
	Write-downs during the period	15,153	-	0
	Reversal during the period	0	-7,997	5,871
	<b>End of period</b>	<b>43,378</b>	<b>28,225</b>	<b>30,351</b>
	<b>Stage 3 impairment</b>			
	Beginning of year	110,966	-	0
	Change in accounting policy	-	98,071	98,071
	Write-downs during the period	0	12,895	9,493
	Reversal during the period	-12,458	-	0
	<b>End of period</b>	<b>98,509</b>	<b>110,966</b>	<b>107,564</b>
	<b>Total write-downs at the end of the period</b>	<b>155,365</b>	<b>153,383</b>	<b>149,690</b>
<b>17</b>	<b>Contingent liabilities</b>			
	Mortgage finance guarantees	781,157	707,584	684,161
	Registration and remortgaging guarantees	56,115	136,340	98,973
	Other guarantees	433,569	433,680	417,594
	<b>Guarantees, etc. in total</b>	<b>1,270,841</b>	<b>1,277,604</b>	<b>1,200,728</b>
	<b>Provision balance for guarantees</b>	<b>15,036</b>	<b>14,275</b>	<b>13,337</b>
	<b>Provision balance for non-utilised credit facilities</b>	<b>3,219</b>	<b>2,683</b>	<b>2,016</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 two and a half years' IT costs.

## NOTES TO THE BALANCE SHEET

(DKK 1,000)		31 March 2019	31 December 2018	31 March 2018
<b>18</b>	<b>Capital conditions and solvency</b>			
	Risk-weighted items			
	Credit risk	3,608,685	3,486,548	3,348,328
	CVA risk	5,277	5,707	7,565
	Market risk	189,119	161,366	102,608
	Operational risk	566,841	566,841	542,621
	<b>Weighted items in total</b>	<b>4,369,922</b>	<b>4,220,462</b>	<b>4,001,122</b>
	Capital ratio	21.8	22.7	22.4
	Core capital ratio	21.8	22.7	22.4
	Statutory capital ratio requirements	8.0	8.0	8.0
	<b>Core capital</b>	<b>951,800</b>	<b>956,236</b>	<b>896,577</b>
	<b>Capital base</b>	<b>951,800</b>	<b>956,236</b>	<b>896,577</b>

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## MANAGEMENT STATEMENT

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The Board of Directors and Executive Management have today considered and approved the quarterly report for the period 1 January - 31 March 2019 for the limited liability company, GrønlandsBANKEN A/S.

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

It is our opinion that the quarterly financial statements give a true and fair view of the Bank's assets, liabilities and financial position at 31 March 2019, as well as of the results of the Bank's operations for Q1 2019.

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.

8 May 2019

### **Executive Management**

Martin Birkmose Kviesgaard

### **Board of Directors**

Gunnar í Liðá  
Chairman

Kristian Frederik Lennert  
Vice Chairman

Maliina Bitsch Abelsen

Christina Finderup Bustrup

Malene Meilfart Christensen

Lars Holst

Yvonne Jane Poulsen Kyed

Niels Peter Fleischer Rex

Peter Angutinguaq Wistoft