

Notification to Nasdaq OMX Copenhagen
12/2021



INTERIM REPORT

FIRST HALF OF 2021



CVR no. 80050410

REPORT FOR FIRST HALF OF 2021 IN HEADLINES

Satisfactory first half of 2021

The BANK of Greenland's profit before tax amounts to DKK 74.8 million for the first half of 2021, compared to DKK 55.7 million for the first half of 2020. The profit before value adjustments and write-downs is DKK 72.0 million, compared to DKK 72.9 million for the previous year.

After sound growth in lending in both 2019 and 2020, lending fell in the first half of 2021. Lending has decreased by DKK 182 million since the end of 2020, amounting to DKK 3,824 million at the end of the first half-year. As stated in the Q1 report, the decline in lending was expected in view of the completion of several major construction financing projects, to some extent replaced by mortgage finance guarantees. Guarantees increased by DKK 293 million from DKK 1,622 million at the end of 2020 to DKK 1,915 million at the end of Q2 2021.

Net interest and fee income increased by DKK 7.0 million to DKK 168.1 million in the first half of 2021 compared to the same period in 2020. The increase is due partly to higher guarantee commission income and income from the investment and pension area.

Total expenses including depreciation amounted to DKK 98.3 million at the end of the first half of 2021, compared to DKK 90.4 million for the same period of 2020. The increase is related to staff expenses, reflecting higher payroll expenses due to adjustments under the collective agreement and an increase in the number of employees, and to other administration expenses, primarily increasing IT costs for BEC.

At the end of June 2021, value adjustments represent a capital gain of DKK 5.1 million, compared to a capital loss of DKK 7.3 million for the same period of 2020. The Bank's shareholdings developed positively in the first half-year, while the interest environment continues to result in automatically generated capital losses on the Bank's bond holdings.

Write-downs on loans and guarantees were reduced by DKK 7.5 million from the first half of 2020 and amounted to DKK 2.3 million for the first half of 2021. Even though Covid-19 continues to affect Greenland's economy, the low level of write-downs confirms the continued good credit quality of the Bank's customers. Despite the low level of write-downs in the first half-year, a management reservation of approximately DKK 20 million continues to be allocated concerning Covid-19.

In the Annual Report for 2020, the forecast for the year's profit before tax was estimated at an interval of DKK 115-135 million, which is upgraded to a profit before tax at an interval of DKK 125-140 million.

- The profit before tax gives a return of 13.1% p.a. on opening equity after disbursement of dividend.
- Lending decreased by DKK 182 million to DKK 3,824 billion. Guarantees increased by DKK 293 million to DKK 1,915 billion.
- Deposits increased to DKK 5.9 billion.
- Continued stable core operations.
- Write-downs and provisions of 0.04% for the period.
- Capital ratio and core capital ratio of 22.7 and an individual capital requirement of 10.7%.

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FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2020

(DKK 1,000)

	First half-year 2021	First half-year 2020	Full year 2020	First half-year 2019	First half-year 2018	First half-year 2017
Net interest and fee income	168,148	161,110	326,513	160,316	157,027	156,156
Value adjustments	5,115	-7,330	136	2,593	-345	4,925
Other operating income	2,179	2,221	5,369	2,878	2,856	2,452
Staff and administration expenses	93,229	85,566	178,734	86,341	79,990	76,802
Depreciation and impairment of tangible assets	3,486	3,449	6,948	3,367	3,367	3,271
Other operating expenses	1,602	1,416	2,610	1,889	838	891
Write-downs on loans, etc.	2,331	9,845	12,828	4,787	6,666	8,797
Profit before tax	74,794	55,725	130,898	69,403	68,677	73,772
Tax	7,882	14,754	34,671	4,877	4,632	6,276
Profit for the period	66,912	40,971	96,227	64,526	64,045	67,496
Selected accounting items:						
Lending	3,824,443	3,736,894	4,006,248	3,797,656	3,552,620	3,354,477
Deposits	5,879,878	6,016,314	5,847,772	5,593,007	5,086,734	5,033,678
Equity	1,200,414	1,120,137	1,176,917	1,010,990	957,464	917,065
Balance sheet total	7,537,865	7,507,427	7,438,325	6,874,825	6,275,024	6,112,595
Contingent liabilities	1,914,893	1,521,275	1,621,831	1,300,697	1,185,142	1,130,244
Key figures:						
Capital ratio	22.7	23.3	23.5	21.1	22.1	20.6
Core capital ratio	22.7	23.3	23.5	21.1	22.1	20.6
Return on equity before tax for the period	6.3	5.1	11.6	6.9	7.2	8.0
Return on equity after tax for the period	5.6	3.7	8.5	6.6	6.8	7.5
Income per cost krone	1.74	1.56	1.70	1.73	1.77	1.84
Rate of return	0.9	0.5	1.3	0.9	1.0	1.1
Interest rate risk	1.5	1.0	1.1	2.0	1.9	1.3
Foreign exchange position	0.9	0.7	0.6	0.3	0.8	2.1
Liquidity coverage ratio	259.6	183.7	241.0	165.3	143.9	155.9
Lending plus write-downs as a ratio of deposits	65.1	63.2	68.8	69.8	72.8	69.2
Lending as a ratio of equity	3.2	3.3	3.4	3.8	3.7	3.7
Growth in lending during the period	-4.5	-0.6	6.6	9.4	7.0	9.1
Sum of large exposures	163.1	167.6	162.6	172.2	170.5	n/a
Write-down ratio for the period	0.04	0.2	0.2	0.1	0.1	0.2
Accumulated write-down ratio	3.2	3.5	3.2	3.3	3.4	3.0
Profit per share after tax for the period	37.2	22.8	53.5	35.8	35.6	37.5
Net book value per share	667	622	654	562	532	509
Stock exchange quotation/net book value per share	0.9	0.8	0.9	1.0	1.1	1.2

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2021

Income statement

At TDKK 114,911, compared to TDKK 115,957 for the first half of 2020, net interest income decreased by 1%. From the end of 2019 and during 2020, there was a shift in the Bank's lending mix in favour of lending at lower interest margins, with a consequential negative impact on interest income from lending, while falling bond yields also have a negative impact on net interest rates.

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

At the end of the first half of 2021, the Bank became a primary clearing participant. For a number of years, the Bank has been a secondary clearing participant, and the retention of clearing will have a positive impact on the Bank's negative interest income. The Bank is also changing its set-up in the foreign transaction and fund area, which will have a positive impact on fees and commission.

Fee and commission income increased by TDKK 8,116 compared to the same period of 2020. The increased guarantee scope, intensified investment activity and the pension area have a positive impact on this item. Net interest and fee income therefore also increased by TDKK 7,038 to TDKK 168,148 for the first half of 2021.

Other operating income amounted to TDKK 2,179, which is at the level of the first half of 2020.

Staff and administration expenses increased by TDKK 7,663, to TDKK 93,229 compared to the same period of 2020. The increase relates to both staff expenses and other administration expenses. The increase in staff expenses is due to an expected increase in the number of employees and to salary increases under collective agreements, while the increase in other administration expenses is primarily due to increased IT costs for BEC.

Other operating expenses, which concern operation and maintenance of the Bank's office buildings and contributions to Afviklingsformuen (the Resolution Fund), increased by TDKK 186 to TDKK 1,602 in the first half of 2021, compared to the same period of 2020. The increase is primarily due to the Bank's contribution to the Resolution Fund.

Depreciation of tangible assets is by and large unchanged, amounting to TDKK 3,486, compared to TDKK 3,449 for the same period of 2020.

Value adjustments represent a total capital gain of TDKK 5,115, compared to a capital loss of TDKK 7,330 for the same period of the previous year. The financial markets and the Bank's portfolio of sector equities developed favourably in the first half of the year. Automatic negative bond value adjustments were significantly lower in the first half of 2021 than in the same period of 2020.

Financial Highlights and Key Figures

(DKK 1,000)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2021	2021	2020	2020	2020	2020	2019	2019
Net interest and fee income	82,053	86,095	84,306	81,098	78,230	82,880	81,261	81,930
Costs and depreciation	49,048	49,269	51,832	46,028	43,920	46,511	46,544	42,214
Other operating income	1,040	1,139	2,025	1,122	1,134	1,087	1,442	1,402
Profit before value adjustments and write-downs	34,045	37,965	34,499	36,192	35,444	37,456	36,159	41,118
Value adjustments	1,988	3,127	4,828	2,638	4,306	-11,636	-238	7,230
Write-downs on loans, etc.	1,409	922	2,435	549	655	9,190	1,344	1,828
Profit before tax	34,624	40,170	36,892	38,281	39,095	16,630	34,577	46,520

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2021

Impairment of loans, etc. amounts to TDKK 2,331, compared to TDKK 9,845 for the same period of 2020.

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

The management reserve includes a Covid-19 sectoral and cyclical addition that gives weight to the sectors assessed to be subject to direct and derived impacts. This amounted to approximately DKK 20 million at the end of Q2 2021. In addition, individual impairment write-downs concerning affected customers have been made.

The profit before tax is TDKK 74,793, having increased by TDKK 19,068 from the same period of 2020.

Development during the quarter

Net interest and fee income amounted to TDKK 86,095 in Q1 and to TDKK 82,053 in Q2. The difference between the quarters is primarily due to periodically higher fee and commission income in Q1 compared to Q2.

Total costs in Q1 amounted to TDKK 49,269 and in Q2 to TDKK 49,048. Staff expenses decreased in Q2, since in Q1 holiday allowance, etc. is usually paid, which is not paid in the subsequent quarters. Other administration expenses increased in Q2, which is primarily due to costs of a one-off nature, e.g. costs associated with the aforementioned retention of clearing and other consulting services.

The profit before value adjustments and write-downs thereby decreased in Q2, to TDKK 34,045, which is TDKK 3,920 lower than in Q1 2021. The profit before tax decreased in Q2 2021 to DKK 34.6 million from DKK 40.2 million in Q1 2021.

Lending decreased by TDKK 101,120 in Q1, and by TDKK 80,685 in Q2, which overall corresponds to a decrease of 4.5% from the end of 2020. It was expected that major ongoing construction financing projects at the end of 2020 would be completed during the first half of 2021. To some extent, however, these projects have been replaced by an increase in mortgage finance guarantees.

The Bank's property portfolio increased in the first half of 2021, amounting to TDKK 240.607, compared to TDKK 229,650 at the end of 2020. The Bank purchased staff accommodation in the first half of the year in view of the increasing number of employees.

Other assets amount to TDKK 81,047, having declined by TDKK 1,194 from the end of 2020.

Deposits decreased by TDKK 276,500 in Q1 2021 and increased by TDKK 308,606 in Q2. In overall terms, the increase in deposits from the end of 2020 thus amounts to TDKK 32,106. The fluctuations in Q1 and Q2 do not reflect a new trend for the Bank's deposits, but are due to customary periodic fluctuations in the liquidity of the Bank's largest public deposit customers.

Balance sheet and equity

During the first half-year, the Bank's lending decreased by TDKK 181,805 to TDKK 3,824,443, while the Bank's guarantees to customers increased by TDKK 293,062 from the end of 2020 and amounted to TDKK 1,914,893 at the end of June 2021.

The Bank's deposits, which predominantly comprise on-demand deposits, amounted to TDKK 5,879,878 at the end of June 2021.

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2021

Total assets have thereby increased by TDKK 99,540, to TDKK 7,537,865. At the end of the first half-year, equity amounted to TDKK 1,200,414.

Uncertainty of recognition and measurement

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

Financial risks

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

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

Market risk: Risk of loss as a consequence of fluctuation in the fair value of financial instruments and derivative financial instruments due to changes in market prices. The BANK of Greenland classifies three types of risk within the market risk area: interest rate risk, foreign exchange risk and share risk.

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

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

Capital requirement

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

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

The capital ratio at the close of the first half of 2021 is 22.7%, compared to a capital ratio of 23.3% at the close of the first half of 2020, and 23.5% at 31 December 2020. The result for the first half of 2021 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 2021, the capital ratio is calculated at 23.8%.

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

At the end of June 2021, the Bank's individual solvency requirement was compiled at 10.7%. The BANK of Greenland thereby has surplus capital cover before the buffer requirements of 12.0%, or TDKK 596,501. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 8.0%.

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2021

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

In DKK 1,000	First half of 2021		End of 2020	
	Capital requirement	Capital requirement in %	Capital requirement	Capital requirement in %
Pillar I requirement	398,500	8.0%	387,576	8.0%
Credit risk	89,124	1.8%	97,538	2.0%
Market risk	19,919	0.4%	18,149	0.4%
Operational risk	18,744	0.4%	23,179	0.5%
Other conditions	8,316	0.1%	17,887	0.3%
Capital requirement	534,603	10.7%	544,329	11.2%

The BANK of Greenland has published further details of the reported 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 current assets and liabilities, to ensure a satisfactory liquidity ratio.

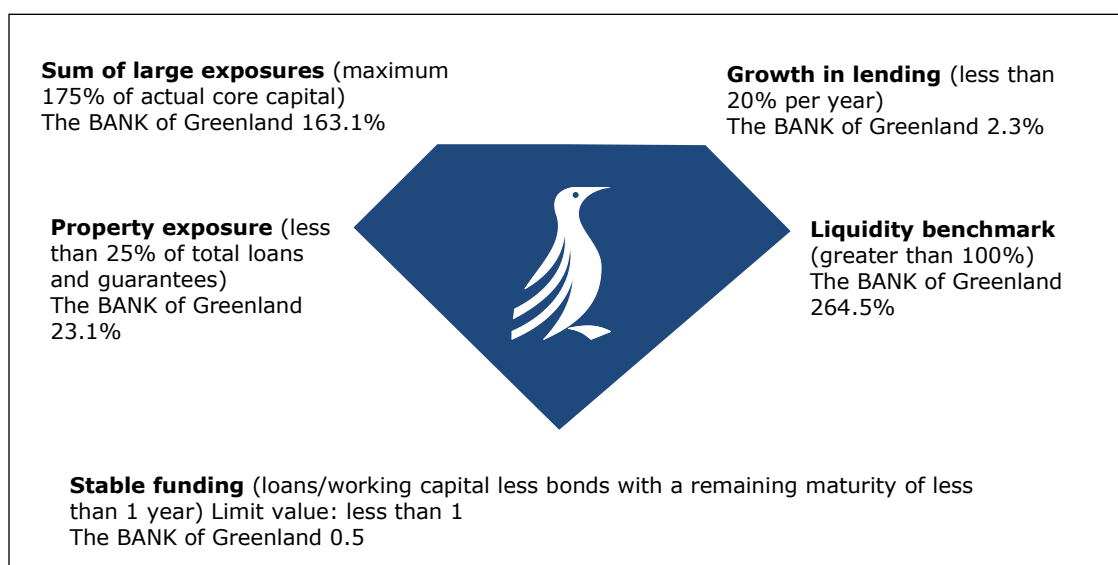
At the end of the first half-year, the Bank had an LCR of 259.6% and thereby fulfils the LCR requirement of at least 100%.

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 43% points of the sum of large exposures.

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



MANAGEMENT REVIEW FOR THE FIRST HALF OF 2021

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 614 at the end of the first half of 2021, the price of the BANK of Greenland's shares has increased from the end of 2020, when the price was 590.

At the Bank's Annual General Meeting on 24 March 2021, a dividend payment of DKK 25 per share or a total of DKK 45 million was adopted for the Bank's shareholders, and this was paid out on 29 March 2021.

In accordance with Section 55 of Danish Act on Public and Private Limited Companies, 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 of Greenland's mission should be viewed in a broader perspective whereby the BANK of Greenland can be seen as the *BANK for all of Greenland*. This entails an enhanced responsibility to participate positively and actively in society's development and to help to create opportunities for the benefit of Greenland, while also ensuring sound financial activities. The BANK of Greenland is highly aware of this vital role.

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

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

Outlook for the remainder of 2021

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

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

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

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

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

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2021

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

Upon presentation of the Annual Report for 2020, the forecast for the year's profit before tax was estimated at an interval of DKK 115-135 million. Based on business development and a reduced COVID-19-uncertainty the interval is now upgraded to a profit before tax at the level of DKK 125-140 million, compared to DKK 130.8 in 2020.

18 August 2021
Board of Directors

(DKK 1,000)

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Notes	First half-year 2021	Full year 2020	First half-year 2020	
3	Interest income	110,211	229,089	113,853
4	Negative interest income	-6,289	-14,412	-7,316
5	Interest expenses	165	129	39
6	Positive interest expenses	+11,154	+19,870	+9,459
	Net interest income	114,911	234,418	115,957
	Share dividend, etc.	913	1,222	936
7	Fees and commission income	52,643	91,961	44,527
	Fees paid and commission expenses	319	1,088	310
	Net interest and fee income	168,148	326,513	161,110
8	Value adjustments	5,115	136	-7,330
	Other operating income	2,179	5,369	2,221
9	Staff and administration expenses	93,229	178,734	85,566
	Depreciation and impairment of tangible assets	3,486	6,948	3,449
	Other operating expenses	1,602	2,610	1,416
16	Write-downs on loans, etc.	2,331	12,828	9,845
	Profit before tax	74,794	130,898	55,725
10	Tax	7,882	34,671	14,754
	Profit for the period	66,912	96,227	40,971
Statement of comprehensive income				
	Profit for the period	66,912	96,227	40,971
	Other comprehensive income:			
	Value adjustment of properties	2,156	4,140	2,027
	Value adjustment of defined-benefit severance/pension scheme	0	-29	0
	Tax on value adjustment of properties	-571	-1,097	-537
	Total other comprehensive income	1,585	3,014	1,490
	Comprehensive income for the period	68,497	99,241	42,461

(DKK 1,000)

BALANCE SHEET

Notes	30 June 2021	31 December 2020	30 June 2020
ASSETS			
	1,723,489	192,107	175,205
11	252,421	1,686,361	2,102,575
16	3,824,443	4,006,248	3,736,894
12	1,002,972	885,752	885,580
	133,425	122,763	116,479
13	268,492	221,589	174,976
	240,607	229,650	229,646
	6,273	6,856	7,703
	81,047	82,241	71,965
	4,696	4,758	6,404
Total assets	7,537,865	7,438,325	7,507,427
LIABILITIES			
	11,886	17,040	8,535
14	5,879,878	5,847,772	6,016,314
	268,492	221,589	174,976
	42,200	22,610	44,905
	56,131	60,452	62,691
	5,849	6,082	5,286
Total debt	6,264,436	6,175,545	6,312,707
	1,521	1,389	1,214
	52,774	64,128	51,879
	10,537	9,890	13,513
	4,866	5,159	5,015
	3,317	5,297	2,962
Total provisions	73,015	85,863	74,583
Equity			
15	180,000	180,000	180,000
	36,334	34,749	33,196
	984,080	917,168	906,941
	0	45,000	0
Total equity	1,200,414	1,176,917	1,120,137
Total liabilities	7,537,865	7,438,325	7,507,427
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- valuation re- serves	Retained earnings	Proposed dividend	Total equity capital
Equity, 01 January 2020	180,000	31,706	865,970	0	1,077,676
Other comprehensive income		1,490			1,490
Profit for the period			40,971		40,971
Equity, 30 June 2020	180,000	33,196	906,941	0	1,120,137
Other comprehensive income		1,553	-29		1,524
Profit for the period			10,256	45,000	55,256
Equity, 31 December 2020	180,000	34,749	917,168	45,000	1,176,917
Equity, 01 January 2021	180,000	34,749	917,168	45,000	1,176,917
Dividend paid				-45,000	-45,000
Other comprehensive income		1,585			1,585
Profit for the period			66,912		66,912
Equity, 30 June 2021	180,000	36,334	984,080	0	1,200,414

NOTES

Note 1

Accounting policies applied, etc.

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

The accounting policies applied are unchanged from the Annual Report for 2020.

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

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

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

The interim report has not been audited or reviewed.

Note 2

Significant accounting estimates

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

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

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

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

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

NOTES TO THE INCOME STATEMENT

(DKK 1,000)	First half-year 2021	Full year 2020	First half-year 2020
3 Interest income			
Lending	108,475	225,064	111,413
Bonds	1,736	4,025	2,440
Total interest income	110,211	229,089	113,853
4 Negative interest income			
Receivables from credit institutions and central banks Foreign exchange, interest rate, equities, commodities and other contracts, as well as derivative financial instruments	-5,113	-11,608	-5,743
	-1,176	-2,804	-1,573
Total negative interest	-6,289	-14,412	-7,316
5 Interest expenses			
Credit institutions and central banks	6	12	9
Deposits	159	117	30
Total interest expenses	165	129	39
6 Positive interest expenses			
Deposits and other liabilities	+11,154	+19,870	+9,459
Total positive interest expenses	+11,154	+19,870	+9,459
7 Fees and commission income			
Securities and securities accounts	1,528	4,087	974
Payment settlement	19,859	38,833	18,285
Loan transaction fees	2,390	5,140	2,410
Guarantee commission	15,007	25,507	12,373
Other fees and commission	13,859	18,394	8,810
Total fee and commission income	52,643	91,961	42,852
8 Value adjustments			
Lending at fair value	-2,164	-1,471	-291
Bonds	-4,644	-9,519	-8,511
Shares	7,446	6,178	-333
Currency	2,177	3,266	1,423
Derivative financial instruments	2,300	1,682	382
Total value adjustments	5,115	136	-7,330
Staff and administration expenses			

NOTES TO THE INCOME STATEMENT

(DKK 1,000)	First half-year 2021	Full year 2020	First half-year 2020
9			
Salaries and remuneration to the Board of Directors and the Executive Management			
Board of Directors	930	1,863	932
Executive Management, including free car and other benefits	1,892	3,616	1,856
Total	2,822	5,479	2,788
<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. In the first half of 2021, the present value of the annual earned benefit was calculated at TDKK 133, which is recognised as a pension to the Executive Management under staff expenses. This obligation, which is earned over the 2016-2028 period, may comprise 0-24 months' salary.</p>			
<p>Four other employees whose activities have a significant influence on the Bank's risk profile (Q2 2020 – two persons):</p>			
Salaries and pensions, including free car and other benefits	2,469	4,649	1,363
Staff expenses in total			
Salaries	42,039	77,763	37,499
Other staff expenses	1,333	3,087	1,258
Pensions	5,210	9,670	4,702
Social security expenses	407	794	334
Total	48,989	91,314	43,793
Other administration expenses	44,240	87,420	41,773
Average no. of full-time employees	137.8	133.3	131.7
10			
Tax			
25% of the profit before tax	18,699	32,724	13,932
Discount for dividend tax paid	-217	-288	-225
6% supplement	1,108	1,947	822
Total tax on ordinary profit	19,590	34,383	14,529
Paid dividend tax	217	288	225
Taxation value of dividend paid	-11,925	0	0
Taxes in total	7,882	34,671	14,754
Deferred tax	571	11,690	537
Taxation value of dividend paid	-11,925	0	0
Tax to be paid	19,236	22,981	14,217

No company tax was paid during the period

NOTES TO THE BALANCE SHEET

(DKK 1,000)	30 June 2021	31 December 2020	30 June 2020
11	Amounts receivable from credit institutions and central banks		
	0	1,345,000	1,566,000
	252,421	341,361	536,575
	252,421	1,686,361	2,102,575
12	Bonds		
	Of the bond portfolio, a nominal amount of TDKK 50,000 is pledged as collateral for accounts with Danmarks Nationalbank		
13	Assets connected to pool schemes		
	268,445	221,400	174,800
	47	189	176
	268,492	221,589	174,976
14	Deposits		
	5,267,645	5,322,574	5,494,255
	378,599	294,190	289,125
	0	0	21,000
	233,634	231,008	211,934
	5,879,878	5,847,772	6,016,314
15	Share capital		
	Share capital consists of 1,800,000 shares of DKK 100		
	Own holdings of capital investments		
	0	0	0
16	Loans		
	Write-downs on loans, guarantees and non-utilised credit facilities:		
	9,658	22,675	4,849
	-16,441	-17,028	-6,727
	10,054	8,031	12,388
	215	516	282
	-1,155	-1,366	-949
	2,331	12,828	9,845

NOTES TO THE BALANCE SHEET

(DKK 1,000)

16 Loans	Stage 1	Stage 2	Stage 3	Total
Write-downs on loans				
30.06.2021				
Start of the period	14,202	71,617	86,174	171,993
New write-downs concerning new facilities during the year	1,297	4,089	3,393	8,779
Reversal of write-downs concerning redeemed facilities	-469	-10,104	-3,933	-14,506
Change in write-downs at the beginning of the year –				
transfer to stage 1	12,311	-11,539	-772	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-1,647	2,345	-698	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	-25	-991	1,016	0
Net write-downs during the year as a consequence of changes in the credit risk	-12,696	9,950	13,078	10,332
Previously written down, now finally lost			-1,776	-1,776
Interest on written-down facilities			2,377	2,377
Write-downs in total	12,973	65,367	98,859	177,199
Write-downs on guarantees				
30.06.2021				
Start of the period	554	655	8,681	9,890
New write-downs concerning new facilities during the year	206	392	149	747
Reversal of write-downs concerning redeemed facilities	-3	-3	-56	-62
Change in write-downs at the beginning of the year –				
transfer to stage 1	265	-165	-100	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-43	43	0	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	-2	-2	4	0
Net write-downs during the year as a consequence of changes in the credit risk	-277	1,083	-845	-39
Write-downs in total	700	2,003	7,833	10,536

NOTES TO THE BALANCE SHEET

(DKK 1,000)

	Stage 1	Stage 2	Stage 3	Total
Write-downs on non-utilised drawing rights				
30.06.2021				
Start of the period	746	239	4,312	5,297
New write-downs concerning new facilities during the year	46	2	84	132
Reversal of write-downs concerning redeemed facilities	-116	-44	-1,713	-1,873
Change in write-downs at the beginning of the year –				
transfer to stage 1	116	-68	-48	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-18	45	-27	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	0	-14	14	0
Net write-downs during the year as a consequence of changes in the credit risk	-463	-7	231	-239
Write-downs in total	311	153	2,853	3,317
Write-downs on loans				
31.12.2020				
Start of the period	15,835	41,405	82,938	140,178
New write-downs concerning new facilities during the year	4,285	3,967	5,835	14,087
Reversal of write-downs concerning redeemed facilities	-2,036	-5,210	-8,652	-15,898
Change in write-downs at the beginning of the year –				
transfer to stage 1	13,272	-10,410	-2,862	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-2,580	7,533	-4,953	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	-105	-2,878	2,983	0
Net write-downs during the year as a consequence of changes in the credit risk	-14,469	37,210	14,594	37,335
Previously written down, now finally lost			-6,847	-6,847
Interest on written-down facilities			3,138	3,138
Write-downs in total	14,202	71,617	86,174	171,993

NOTES TO THE BALANCE SHEET

(DKK 1,000)

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

NOTES TO THE BALANCE SHEET

(DKK 1,000)

	Stage 1	Stage 2	Stage 3	Total
Write-downs on loans				
30.06.2020				
Start of the period	15,835	41,405	82,938	140,178
New write-downs concerning new facilities during the year	1,407	1,339	1,157	3,903
Reversal of write-downs concerning redeemed facilities	-1,279	-1,479	-3,432	-6,190
Change in write-downs at the beginning of the year –				
transfer to stage 1	12,341	-10,774	-1,567	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-2,139	8,098	-5,959	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	-44	-2,919	2,963	0
Net write-downs during the year as a consequence of changes in the credit risk	-11,630	15,336	29,650	33,356
Previously written down, now finally lost			-713	-713
Interest on written-down facilities			2,469	2,469
Write-downs in total	14,491	51,006	107,506	173,003
Write-downs on guarantees				
30.06.2020				
Start of the period	656	267	19,560	20,483
New write-downs concerning new facilities during the year	112	33	318	463
Reversal of write-downs concerning redeemed facilities	-2	0	0	-2
Change in write-downs at the beginning of the year –				
transfer to stage 1	171	-156	-15	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-10	16,738	-16,728	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	0	0	0	0
Net write-downs during the year as a consequence of changes in the credit risk	-173	-8,462	1,204	-7,431
Write-downs in total	754	8,420	4,339	13,513

NOTES TO THE BALANCE SHEET

(DKK 1,000)	30 June 2021	31 December 2020	30 June 2020	
	Stage 1	Stage 2	Stage 3	Total
Write-downs on non-utilised drawing rights				
30.06.2020				
Start of the period	814	3,408	12,328	16,550
New write-downs concerning new facilities during the year	115	50	318	483
Reversal of write-downs concerning redeemed facilities	-66	-60	-409	-535
Change in write-downs at the beginning of the year –				
transfer to stage 1	114	-35	-79	0
Change in write-downs at the beginning of the year –				
transfer to stage 2	-7	10,630	-10,623	0
Change in write-downs at the beginning of the year –				
transfer to stage 3	0	0	0	0
Net write-downs during the year as a consequence of changes in the credit risk	-661	-13,424	549	-13,536
Write-downs in total	309	569	2,084	2,962
17 Contingent liabilities				
Mortgage finance guarantees	1,206,528	976,295	921,033	
Registration and remortgaging guarantees	135,941	137,502	108,693	
Other guarantees	572,424	508,034	491,549	
Guarantees, etc. in total	1,914,893	1,621,831	1,521,275	
Provision balance for guarantees		10,537	9,890	13,513
Provision balance for non-utilised credit facilities		3,317	5,297	2,962

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

NOTES TO THE BALANCE SHEET

(DKK 1,000)	30 June 2021	31 December 2020	30 June 2020
18 Capital conditions and solvency			
Risk-weighted items:			
Credit risk	4,182,887	4,099,907	3,880,422
CVA risk	747	2,928	3,481
Market risk	182,003	126,259	107,498
Operational risk	615,611	615,611	600,646
Weighted items in total	4,981,248	4,844,705	4,592,047
Equity at the beginning of the period	1,176,917	1,077,676	1,077,676
Comprehensive income for the period	0	99,241	0
Proposed dividend, accounting effect	11,925	-33,075	0
Dividend paid	-45,000	0	0
Framework for the ratio of own shares	-11,052	-5,310	-4,680
Deductions for prudent valuation	-1,384	-1,247	-1,242
Deduction for Non-Performing-Exposures	-302	0	0
Actual core capital	1,131,104	1,137,285	1,071,754
Capital base	1,131,104	1,137,285	1,071,754
Capital ratio	22.7	23.5	23.3
Core capital ratio	22.7	23.5	23.3
Statutory capital ratio requirements	8.0	8.0	8.0

MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today considered and approved the interim report for the period from 1 January to 30 June 2021, 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 2021, and of the result of the Bank's activities in the first half of 2021.

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

18 August 2021

Executive Management

Martin Birkmose Kviesgaard

Board of Directors

Gunnar í Liða
Chairman

Kristian Frederik Lennert
Vice Chairman

Maliina Bitsch Abelsen

Malene Meilfart Christensen

Lars Holst

Yvonne Jane Poulsen Kyed

Niels Peter Fleischer Rex

Peter Angutinguaq Wistoft

Ellen Dalsgaard Zdravkovic