

# Quarterly Report

Q1 - Q3 2023

# Contents

Management's Review	2
Quarterly Report in headlines	2
Financial highlights Q1 - Q3 2023	4
Management's Review, Q1 - Q3 2023	5
Statement by the Management	10
Income Statement and Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Overview of Notes	16
Notes to the Quarterly Report	17

# Management's Review

## Quarterly Report in headlines

### Good profit improvement and growth for the Bank

The BANK of Greenland's profit before tax is DKK 170.8 million for the first nine months of 2023, compared to DKK 65.2 million for the same period of 2022. The profit before value adjustments and write-downs amounts to DKK 159.2 million, compared to DKK 113.9 million for the previous year.

Lending has increased by DKK 319 million since the end of 2022, and amounts to DKK 4,672 million at the end of September 2023. The economic development in Greenland continues to be favourable, with positive development in the Bank's lending. At the same time, guarantees decreased by DKK 65 million, from DKK 1,934 million at the end of 2022, to DKK 1,869 million at the end of Q3 2023.

Net interest and fee income increased by DKK 59.9 million to DKK 315 million in the first three quarters of 2023, compared to the same period of 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 30 September 2022, loans and guarantees increased by DKK 396 million up to the end of September 2023.







At the end of September 2023, total costs including write-offs amounted to DKK 160.2 million, compared to DKK 145.8

million for the same period of 2022. The increase concerns staff expenses as a consequence of increases due to collective agreement-based adjustments and staff increases, as well as other administration expenses, where the increase can be attributed primarily to IT costs, staff training and a few large cost items of a non-recurring nature.

At the end of the first nine months of 2023, value adjustments show a capital gain of DKK 19.8 million, compared to a capital loss of DKK 45.7 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.

Impairment of loans and guarantees amounted to DKK 8.3 million at the end of September 2023, compared to DKK 3.0 million at the end of September 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 46.5 million is allocated. In particular, the supplement accommodates the risks associated with increasing inflation and interest rates, and greater cyclical uncertainty.

In the stock exchange announcement of 18 October 2023, the forecast profit for the year before tax was adjusted upwards from a range of DKK 170-210 million to a range of DKK 200-230 million, which is maintained.

-  The profit before tax gives a return of 17.6% p.a. on opening equity after disbursement of dividend.
-  Lending and guarantees increased by a total of DKK 253 million to DKK 6.541 billion.
-  Deposits increased to DKK 6.3 billion.
-  Core earnings per DKK in costs of 1.99 in the first 3 quarters of 2023, compared to 1.78 in 2022.
-  Write-downs and provisions of 0.1% for the period.
-  Solvency ratio of 24.6 and a capital requirement of 11.5%.



**Financial highlights Q1 - Q3 2023**

	<b>Q1 - Q3 2023</b>	<b>Q1 - Q3 2022</b>	<b>Full year 2022</b>	<b>Q1 - Q3 2021</b>	<b>Q1 - Q3 2020</b>	<b>Q1 - Q3 2019</b>
Net interest and fee income	315,032	255,178	351,485	249,061	239,671	240,099
Value adjustments	19,809	-45,672	-39,356	7,716	-4,691	9,823
Other operating income	4,456	4,563	6,588	3,942	3,343	4,280
Staff and administration expenses	152,100	138,304	195,056	137,545	126,964	124,789
Depreciation and impairment of tangible assets	6,070	5,488	7,320	5,214	5,213	5,023
Other operating expenses	2,050	2,036	2,706	1,992	1,746	1,852
Write-downs on loans and receivables, etc.	8,253	3,040	4,523	1,570	10,394	6,615
<b>Profit before tax</b>	<b>170,824</b>	<b>65,201</b>	<b>109,112</b>	<b>114,398</b>	<b>94,006</b>	<b>115,923</b>
Tax	33,706	-747	10,361	18,377	24,898	19,666
<b>Profit for the period</b>	<b>137,118</b>	<b>65,948</b>	<b>98,751</b>	<b>96,021</b>	<b>69,108</b>	<b>96,257</b>
<b>Selected balance sheet items:</b>						
Lending	4,672,382	4,101,071	4,353,585	3,814,849	3,734,998	3,693,537
Deposits	6,289,006	5,786,992	5,942,479	5,634,605	5,909,284	5,629,837
Equity	1,422,847	1,264,404	1,318,592	1,230,319	1,149,052	1,043,379
Total assets	8,523,579	7,752,312	7,949,566	7,352,102	7,447,672	6,986,261
Contingent liabilities	1,868,631	2,044,097	1,934,125	1,937,514	1,585,426	1,403,000
<b>Key figures:</b>						
Capital ratio	24.6	22.7	23.6	22.7	23.0	22.3
Core capital ratio	23.4	22.2	23.2	22.7	23.0	22.3
Return on equity before tax for the period	12.5	5.1	8.4	9.5	8.4	11.4
Return on equity after tax for the period	10.0	5.2	7.6	8.0	6.2	9.5
Income per cost krone	2.0	1.4	1.5	1.8	1.7	1.8
Rate of return	1.6	0.9	1.2	1.3	0.9	1.4
Interest risk rate	1.2	1.3	1.2	1.4	1.1	2.4
Foreign exchange position	0.5	0.6	0.5	0.9	0.6	0.4
Liquidity coverage ratio	227.0	230.9	220.5	273.4	243.1	153.8
Net stable funding ratio (NSFR)	133.6	136.0	133.8	-	-	-
Lending plus write-downs as a ratio of deposits	72.2	69.0	71.5	64.4	63.9	67.2
Lending as a ratio of equity	3.3	3.2	3.3	3.1	3.3	3.5
Growth in lending for the period	7.3	8.4	15.1	-4.8	-0.7	6.4
Sum of large exposures	163.9	167.5	167.3	161.3	168.4	173.3
Write-down ratio for the period	0.1	0.1	0.1	0.0	0.2	0.1
Accumulated write-down ratio	3.0	3.0	3.0	3.2	3.3	3.4
Profit per share after tax for the period	76.2	36.6	54.9	53.3	38.4	53.5
Net book value per share	790.5	702.4	732.6	684.0	638.0	580.0
Stock exchange quotation/net book value per share	0.8	0.8	0.8	0.9	0.9	0.9

## Management's Review, Q1 - Q3 2023

### Statement of income

At TDKK 237,689, compared to TDKK 175,800 in the first 3 quarters of 2022, net interest income increased by 35%. The growth in the Bank's lending of just over 14% 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 4.2 percentage points in total, which gives the Bank higher income on the direct deposits at Danmarks Nationalbank.

Fee and commission income decreased by TDKK 2,342 compared to the same period of 2022. Lower investment activity and insurance brokerage commission have a negative impact, 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 59,854 to TDKK 315,032 at the end of September 2023.

Other operating income is by and large unchanged and amounts to TDKK 4,456.

Staff and administration expenses amount to TDKK 152,100, after increasing by TDKK 13,796 from the end of September 2022.

### Financial Highlights and Key Figures

DKK 1,000

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Net interest and fee income	111,043	99,933	104,056	96,307	87,370	82,061	85,747	89,871
Costs, depreciation and amortisation	51,492	51,814	56,914	59,254	48,059	48,572	49,197	51,145
Other operating income	1,451	1,613	1,392	2,025	1,514	1,414	1,635	2,244
Profit before value adjustments and write-downs	61,002	49,732	48,534	39,078	40,825	34,903	38,185	40,970
Value adjustments	8,817	3,085	7,907	6,316	-20,477	-14,528	-10,667	3,503
Write-downs on loans, etc.	1,974	-713	6,992	1,483	928	1,394	718	-33
Profit before tax	67,845	53,530	49,449	43,911	19,420	18,981	26,800	44,506

Impairment of loans, etc. amounted to TDKK 8,253, compared to TDKK 3,040 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 5,382 as a result of higher staff numbers and salary increases under collective agreements. Administration expenses increased by TDKK 8,414. The increase concerns IT costs, supplementary staff training and costs of a non-recurring nature.

Other operating expenses, which consist of the operation and maintenance of the Bank's buildings and contributions to the Settlement and Guarantee Assets, are at a generally unchanged level compared with the same period in 2022, and amount to TDKK 2,050.

Depreciation of tangible assets amounted to TDKK 6,070, compared to TDKK 5,488 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 amounted to a satisfactory TDKK 159,268, compared to TDKK 113,913 after three quarters of 2022.

Value adjustments represent a total capital gain of TDKK 19,809, compared to a capital loss of TDKK 45,672 for the same period of 2022. The Bank's holdings of sector equities and the currency area performed favourably in 2023. At the same time, based on the level of interest rates, the Bank's bond holdings also gave capital gains in the first three quarters 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 46.5 million to counter risks.

The profit before tax is thereafter TDKK 170,824, having increased by TDKK 105,623 from the same period of 2022.

### **Development in the quarter**

Net interest and fee income amounted to TDKK 104,056 in Q1 and to TDKK 99,933 in Q2. In Q3, the item amounted to TDKK 111,043. The difference between Q1 and Q2 is primarily due to periodically higher fee and commission income in Q1. In Q3, the increase was primarily due to an increase in interest income.

Total costs amounted to TDKK 56,914 in Q1, and to TDKK 51,814 in Q2. In Q3, the item amounted to TDKK 51,492. Staff expenses decreased in Q2, since in Q1 holiday allowance, etc. is paid, but 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 in Q3, to TDKK 61,002, which is TDKK 11,270 higher than in Q2 2023 and TDKK 12,438 higher than in Q1 2023. Profit before tax increased to DKK 53.5 million in Q2 2023, from DKK 49.4 million in Q1 2023. In Q3, profit before tax amounted to DKK 67.8 million.

Lending increased by TDKK 45,355 in Q1, by TDKK 240,058 in Q2, and by TDKK 33,384 in Q3, which overall corresponds to an increase of 7.3% 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, by TDKK 50,000 in Q2, and by TDKK 226,915 in Q3 2023. In overall terms, the increase in deposits from the end of 2022 is thus TDKK 346,527.

### **Balance sheet and equity**

In the first three quarters, the Bank's lending grew satisfactorily by TDKK 318,797, to TDKK 4,672,382, while the Bank's guarantees to customers fell by TDKK 65,494 from the end of 2022, and amounted to TDKK 1,868,631 at the end of September 2023.

The Bank increased its bond holdings in 2023, and bonds totalled TDKK 1,279,636 at the end of Q3.

Other assets decreased by TDKK 17,143 from the end of 2022 to September 2023. The primary reason is a reduction in the Bank's capital contribution to BEC.

The Bank's deposits, which predominantly comprise on-demand deposits, amounted to TDKK 6,289,006 at the end of September 2023, which is an increase of TDKK 346,527 from the end of 2022. The Bank continues to have a stable deposit/lending ratio of approximately 135%.

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 1,422,847.

Total assets thereafter increased by TDKK 574,013 to TDKK 8,523,579.

### **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.

### **Ordinary inspection by the Danish Financial Supervisory Authority**

In May 2023, the Danish Financial Supervisory Authority conducted an ordinary inspection of the Bank.

At the end of September 2023, the Bank received a report on the inspection. The report stipulates six mandatory orders to the Bank and a supplement of 0.1% to the solvency requirement. The supplement to the solvency requirement was recognised as at 30 September 2023.

### **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 Senior Non-Preferred and DKK 65 million in subordinated capital contributions.

	Q3 2023	Full year 2022
Capital requirement		
Pillar I	8.00%	8.00%
Pillar II	3.50%	3.10%
<b>Solvency requirement</b>	<b>11.50%</b>	<b>11.1%</b>
SIFI buffer requirement	1.50%	1.50%
Capital reserve buffer requirement	2.50%	2.50%
<b>Capital requirement</b>	<b>15.50%</b>	<b>15.1%</b>
MREL requirement (phased in linearly as from 1 January 2022)	4.90%	2.53%
<b>Total capital requirement</b>	<b>20.40%</b>	<b>17.6%</b>
Capital base, cf. Note 19	1,334,859	1,300,270
SNP issue	74,668	74,563
<b>MREL capital base</b>	<b>1,409,527</b>	<b>1,374,833</b>
MREL capital ratio	25.40%	25.00%
Surplus capital cover	<b>5.00%</b>	<b>7.37%</b>

#### *Solid capital base*

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

The BANK of Greenland was designated as a 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 23.4 at the end of Q3 2023, and the capital ratio was 24.6.

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 Q1-Q3 2023 has not been verified by the Bank's auditor and is therefore not included in the capital ratio. Including the result for Q1-Q3 2023, the core capital ratio is calculated at 25.9% and the capital ratio at 27.1%.



As at the end of September 2023, the Bank's individual solvency requirement was calculated at 11.5%. The BANK of Greenland thus has surplus capital cover before the buffer requirement of 13.1%, or TDKK 711,452. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 9.1%.

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

	Q3 2023		Full year 2022	
	Capital requirement	Solvency requirement	Capital requirement	Solvency requirement
Pillar I requirement	433,661	8.0	440,087	8.0
Credit risk	133,782	2.5	119,785	2.2
Market risk	22,202	0.4	21,077	0.4
Operational risk	16,142	0.3	16,302	0.3
Other risk	17,620	0.3	15,323	0.2
<b>Capital and solvency requirement</b>	<b>623,407</b>	<b>11.5</b>	<b>612,574</b>	<b>11.1</b>

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

The Bank's required funding is based solely on deposits.

### Liquidity and funding

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 227% and thereby fulfils the LCR requirement of at least 100%.

The Net Stable Funding Ratio (NSFR) was introduced with CRR II on 1 July 2023 and replaces the Bank's previous key figures for stable funding in the Supervisory Diamond. NSFR amounts to 133.6 at 30 September 2023 and is thus comfortably above the statutory requirement of 100%.

### The Supervisory Diamond

The BANK of Greenland has considered the benchmarks set out in the Danish FSA's Supervisory Diamond for banks. The Supervisory Diamond states four 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 21.4%. 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.

#### Sum of large exposures

(maximum 175% of actual core capital)

The BANK of Greenland 163.9%

#### Property exposure

(less than 25% of total loans and guarantees)

The Bank of Greenland 21.4%



#### Growth in lending

(less than 20% per year)

The BANK of Greenland 13.9%

#### Liquidity benchmark

(less than 100%)

The Bank of Greenland 228.5%

### Investor relations

The BANK of Greenland's overall financial objective is to achieve a competitive return for the shareholders. At a price of 630 at the end of September 2023, the price of the BANK of Greenland's share has increased since 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 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.

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

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

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

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

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

### 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 level of Q3 2023.

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 stock exchange announcement of 18 October 2023, the forecast profit for the year before tax was adjusted upwards from a range of DKK 170-210 million to a range of DKK 200-230 million, which is maintained.

# Statement by the Management

The Board of Directors and Executive Management have today considered and approved the quarterly report for the period from 1 January to 30 September 2023, for the public limited liability company, GrønlandsBANKEN, aktieselskab.

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

It is our opinion that the quarterly report gives a true and fair view of the Bank's assets, liabilities and financial position at 30 September 2023, and of the result of the Bank's activities for the first three quarters 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, 1 November 2023

## Executive Management

Martin Birkmose Kviesgaard

## Board of Directors

Gunnar í Liða

Chair

Lars Holst

Niels Peter Fleischer Rex

Kristian Frederik Lennert

Vice Chair

Pilunnguaq Frederikke Johansen Kristiansen

Peter Angutinguaq Wistoft

Maliina Bitsch Abelsen

Tulliaq Angutimmarik Olsen

Ellen Dalsgaard Zdravkovic



## Income Statement and Statement of Comprehensive Income

DKK 1,000

Notes		Q1 - Q3 2023	Full year 2022	Q1 - Q3 2022
3	Interest income	298,832	227,093	160,638
4	Negative interest income	0	-1,824	-5,465
5	Interest expenses	61,143	3,040	1,010
6	Positive interest expenses	0	-20,995	-21,637
	<b>Net interest income</b>	<b>237,689</b>	<b>243,224</b>	<b>175,800</b>
	Share dividend, etc.	2,155	1,822	1,822
7	Fees and commission income	75,510	106,796	77,852
	Fees paid and commission expenses	322	357	296
	<b>Net interest and fee income</b>	<b>315,032</b>	<b>351,485</b>	<b>255,178</b>
8	Value adjustments	19,809	-39,356	-45,672
	Other operating income	4,456	6,588	4,563
9	Staff and administration expenses	152,100	195,056	138,304
	Depreciation and impairment of tangible assets	6,070	7,320	5,488
	Other operating expenses	2,050	2,706	2,036
18	Write-downs on loans and receivables, etc.	8,253	4,523	3,040
	<b>Profit before tax</b>	<b>170,824</b>	<b>109,112</b>	<b>65,201</b>
10	Tax	33,706	10,361	-747
	<b>Profit for the period</b>	<b>137,118</b>	<b>98,751</b>	<b>65,948</b>
	COMPREHENSIVE INCOME			
	Profit for the period	137,118	98,751	65,948
	Other comprehensive income:			
	Value adjustment of properties	4,183	32,030	3,393
	Value adjustment of defined-benefit severance/pension scheme	0	-93	0
	Tax on value adjustment of properties	-1,046	-8,007	-848
	<b>Other comprehensive income</b>	<b>3,137</b>	<b>23,930</b>	<b>2,545</b>
	<b>Comprehensive income for the period</b>	<b>140,255</b>	<b>122,681</b>	<b>68,493</b>

## Balance Sheet

DKK 1,000

Notes	Assets	30 September 2023	31 December 2022	30 September 2022
	Cash balance and demand deposits with central banks	1,484,522	1,396,401	1,232,568
11	Receivables from credit institutions and central banks	108,386	118,619	352,114
18	Loans and other receivables at amortised cost	4,672,382	4,353,585	4,101,071
12	Bonds at fair value	1,279,636	1,156,821	1,150,641
	Shares, etc.	132,517	120,063	118,444
13	Assets connected to pool schemes	439,494	394,576	417,404
	Land and buildings in total	297,153	284,370	250,530
	- Domicile properties	297,153	284,370	250,530
	Other tangible assets	6,363	6,007	5,925
	Other assets	98,002	115,145	118,361
	Accruals and deferred income	5,124	3,979	5,254
	<b>Total assets</b>	<b>8,523,579</b>	<b>7,949,566</b>	<b>7,752,312</b>
	Liabilities			
	Liabilities to credit institutions and central banks	17,952	22,598	16,699
14	Deposits and other liabilities	6,289,006	5,942,479	5,786,992
	Deposits in pool schemes	439,494	394,576	417,404
15	Issued bonds at amortised cost	74,668	74,563	74,528
	Current tax liabilities	61,069	18,861	39,439
	Other liabilities	69,852	58,527	54,380
	Prepayments and deferred expenses	2,681	7,535	4,183
	<b>Total debt</b>	<b>6,954,722</b>	<b>6,519,139</b>	<b>6,393,625</b>
	Provisions for pensions and similar obligations	2,322	2,097	1,903
	Provisions for deferred tax	59,172	67,126	51,174
	Provisions for losses on guarantees	10,801	8,036	7,842
	Other provisions	4,861	5,047	5,006
	Provisions for losses on non-utilised credit facilities	4,566	4,821	3,666
	<b>Total provisions</b>	<b>81,722</b>	<b>87,127</b>	<b>69,591</b>
16	Subordinated debt	64,288	24,708	24,692
	<b>Total subordinated debt</b>	<b>64,288</b>	<b>24,708</b>	<b>24,692</b>
	Equity			
17	Share capital	180,000	180,000	180,000
	Revaluation reserves	64,788	61,651	40,173
	Retained earnings	1,178,059	1,040,941	1,044,231
	Proposed dividend	0	36,000	0
	<b>Total equity</b>	<b>1,422,847</b>	<b>1,318,592</b>	<b>1,264,404</b>
	<b>Total liabilities</b>	<b>8,523,579</b>	<b>7,949,566</b>	<b>7,752,312</b>

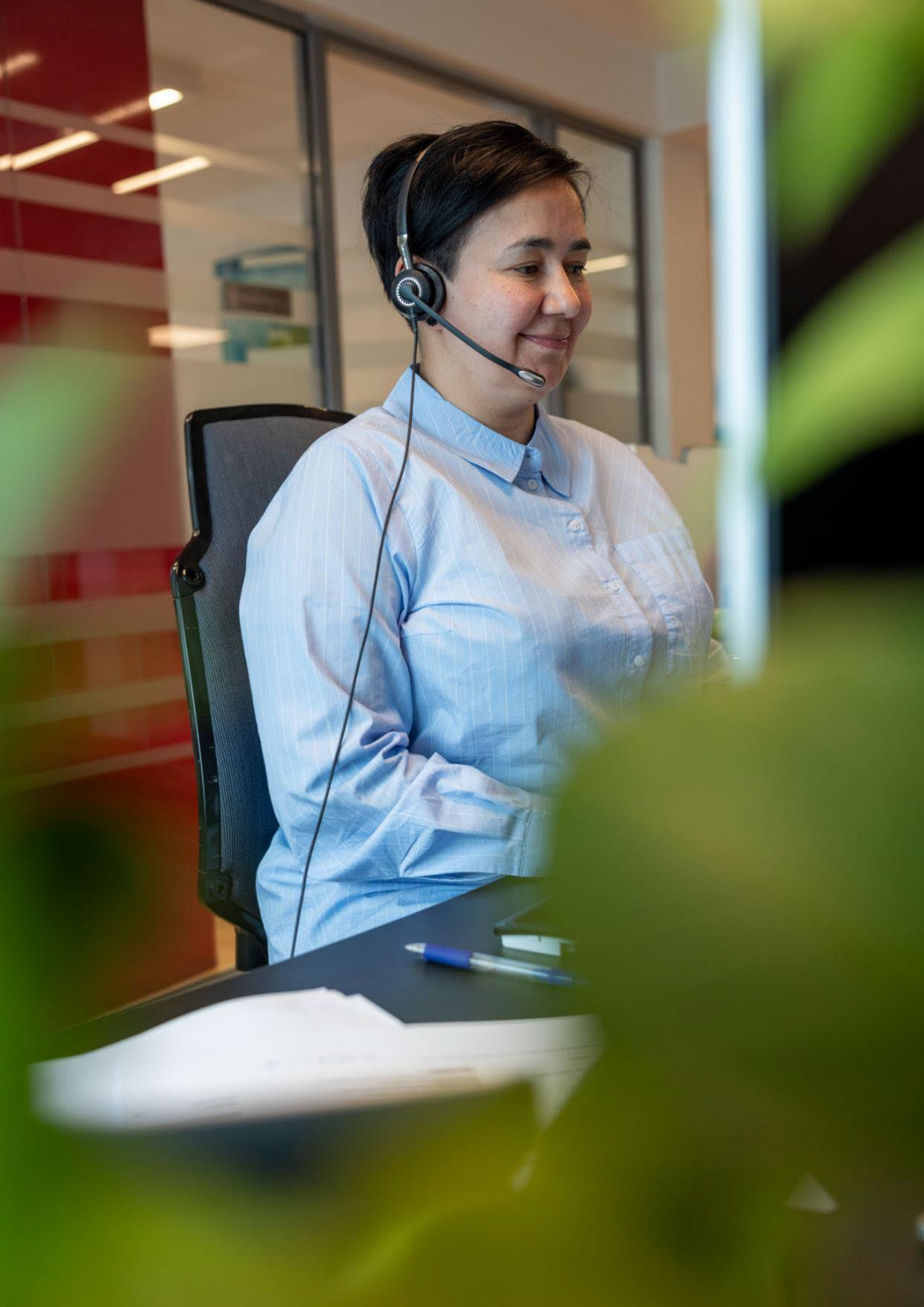
- 1 Accounting policies applied
- 2 Accounting estimates
- 19 Contingent liabilities
- 20 Capital conditions and solvency

## Statement of Changes in Equity

DKK 1,000

	Share capital	Revaluation reserves	Retained earnings	Proposed dividend	Total equity capital
<b>Equity, 01 January 2022</b>	<b>180,000</b>	<b>37,628</b>	<b>978,283</b>	<b>72,000</b>	<b>1,267,911</b>
Dividend paid	0	0	0	-72,000	-72,000
Other comprehensive income	0	2,545	0	0	2,545
Profit for the period	0	0	65,948	0	65,948
<b>Equity, 30 September 2022</b>	<b>180,000</b>	<b>40,173</b>	<b>1,044,231</b>	<b>0</b>	<b>1,264,404</b>
Other comprehensive income	0	21,478	-93	0	21,385
Profit for the period	0	0	-3,197	36,000	32,803
<b>Equity, 31 December 2022</b>	<b>180,000</b>	<b>61,651</b>	<b>1,040,941</b>	<b>36,000</b>	<b>1,318,592</b>
<b>Equity, 01 January 2023</b>	<b>180,000</b>	<b>61,651</b>	<b>1,040,941</b>	<b>36,000</b>	<b>1,318,592</b>
Dividend paid	0	0	0	-36,000	-36,000
Other comprehensive income	0	3,137	0	0	3,137
Profit for the period	0	0	137,118	0	137,118
<b>Equity, 30 September 2023</b>	<b>180,000</b>	<b>64,788</b>	<b>1,178,059</b>	<b>0</b>	<b>1,422,847</b>





# Overview of Notes

1.	Accounting policies applied, etc.	17
2.	Significant accounting estimates	17
3.	Interest income	18
4.	Negative interest income	18
5.	Interest expenses	18
6.	Positive interest expenses	18
7.	Fee and commission income	18
8.	Value adjustments	18
9.	Staff and administration expenses	19
10.	Tax	19
11.	Amounts receivable from credit institutions and central banks	19
12.	Bonds	19
13.	Assets connected to pool schemes	20
14.	Deposits	20
15.	Issued bonds at amortised cost	20
16.	Subordinated debt	20
17.	Share capital	21
18.	Loans	21
19.	Contingent liabilities	24
20.	Capital conditions and solvency	25

# Notes to the Quarterly Report

## 1. Accounting policies applied etc.

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The Quarterly 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 quarterly 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 quarterly report has not been audited or reviewed.

## 2. Significant accounting estimates

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

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

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

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

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

DKK 1,000	Q1 – Q3 2023	Full year 2022	Q1 – Q3 2022
<b>3. Interest income</b>			
Receivables from credit institutions and central banks	33,760	1,150	0
Lending and other receivables	242,965	218,531	156,007
Bonds	21,221	7,412	4,631
Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	886	0	0
<b>Total interest income</b>	<b>298,832</b>	<b>227,093</b>	<b>160,638</b>
<b>4. Negative interest income</b>			
Receivables from credit institutions and central banks	0	-1,074	-4,675
Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	0	-750	-790
<b>Total negative interest</b>	<b>0</b>	<b>-1,824</b>	<b>-5,465</b>
<b>5. Interest expenses</b>			
Credit institutions and central banks	118	0	0
Deposits and other liabilities	61,025	3,040	1,010
<b>Total interest expenses</b>	<b>61,143</b>	<b>3,040</b>	<b>1,010</b>
<b>6. Positive interest expenses</b>			
Deposits and other liabilities	0	-11	-11
Deposits and other liabilities	0	-20,984	-21,626
<b>Total positive interest expenses</b>	<b>0</b>	<b>-20,995</b>	<b>-21,637</b>
<b>7. Fee and commission income</b>			
Securities and securities accounts	2,267	8,629	3,062
Payment settlement	27,968	38,042	28,372
Loan transaction fees	3,903	5,589	3,829
Guarantee commission	23,790	32,228	24,070
Other fees and commission	17,582	22,308	18,519
<b>Total fee and commission income</b>	<b>75,510</b>	<b>106,796</b>	<b>77,852</b>
<b>8. Value adjustments</b>			
Lending at fair value	347	-7,577	-7,651
Bonds	8,233	-49,488	-52,849
Shares	6,896	4,486	2,762
Currency	4,764	5,473	4,286
Foreign exchange, interest rate, equity, commodities and other contracts, as well as derivative financial instruments	-431	7,750	7,780
<b>Total value adjustments</b>	<b>19,809</b>	<b>-39,356</b>	<b>-45,672</b>

DKK 1,000	Q1 – Q3 2023	Full year 2022	Q1 – Q3 2022
<b>9. Staff and administration expenses</b>			
Staff expenses			
Salaries	66,601	91,485	61,965
Other staff expenses	2,082	2,271	1,886
Pensions	8,519	10,979	8,117
Social security expenses	412	484	264
<b>In total</b>	<b>77,614</b>	<b>105,219</b>	<b>72,232</b>
Other administration expenses	74,486	89,837	66,072
Average number of FTEs	141.4	137.4	136.3
Of which salaries and remuneration to the Board of Directors and the Executive Management	4,792	5,788	4,346
Five other employees whose activities have a significant influence on the Bank's risk profile:			
Salaries and pensions, including free car and other benefits	4,722	6,124	4,422

<b>10. Tax</b>			
25-% of the profit before tax	42,706	27,278	16,300
Discount for dividend tax paid	-498	-430	-430
6-%-supplement	0	1,637	953
<b>Total tax on ordinary profit</b>	<b>42,208</b>	<b>28,485</b>	<b>16,823</b>
Paid dividend tax	498	430	430
Change in deferred tax as a consequence of a change in the corporate tax supplement		-528	0
Adjustment to deferred tax prior year	0	1,080	1,080
Other changes		-26	0
Taxation value of dividend paid	-9,000	-19,080	-19,080
<b>Tax in total</b>	<b>33,706</b>	<b>10,361</b>	<b>-747</b>
Deferred tax	1,046	-8,779	1,928
Taxation value of dividend paid	-9,000	0	-19,080
Tax to be paid	41,660	19,140	16,404

No company tax was paid in the period.

<b>11. Amounts receivable from credit institutions and central banks</b>			
Receivables from credit institutions	108,386	118,619	352,114
<b>Total amounts receivable</b>	<b>108,386</b>	<b>118,619</b>	<b>352,114</b>

## 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	Q1 – Q3 2023	Full year 2022	Q1 – Q3 2022
<b>13. Assets connected to pool schemes</b>			
Investment associations	439,468	394,308	417,318
Non-invested funds	26	268	86
<b>Total</b>	<b>439,494</b>	<b>394,576</b>	<b>417,404</b>
<b>14. Deposits</b>			
On demand	5,595,539	5,241,972	5,209,531
On terms of notice	374,021	384,216	284,110
Deposits with time conditions	33,000	58,000	40,000
Special deposit conditions	286,446	258,291	253,351
<b>Total deposits</b>	<b>6,289,006</b>	<b>5,942,479</b>	<b>5,786,992</b>
<b>15. Issued bonds at amortised cost</b>			
Bond issue	74,668	74,563	74,528
<b>Total</b>	<b>74,668</b>	<b>74,563</b>	<b>74,528</b>
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	25,000
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.			
<b>16. Subordinated debt</b>			
Capital certificate as below	64,288	24,708	24,692
<b>In total</b>	<b>64,288</b>	<b>24,708</b>	<b>24,692</b>
Subordinated debt included in the capital base according to CRR	64,288	24,708	24,692
Loan raised as subordinated debt, nominally	25,000	25,000	25,000
Interest rate, fixed rate	6.197%	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		0
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	<b>Q1 – Q3 2023</b>	<b>Full year 2022</b>	<b>Q1 – Q3 2022</b>
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## 17. Share capital

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

### Own holdings of capital instruments

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	11,637	20,471	10,252
Reversal of write-downs concerning redeemed facilities	-12,154	-17,415	-14,714
Net write-downs during the period as a consequence of changes in the credit risk	9,501	3,146	8,951
Losses without preceding write-downs	88	593	547
Received for claims previously written off	-819	-2,272	-1,996
<b>Recognised in the statement of income</b>	<b>8,253</b>	<b>4,523</b>	<b>3,040</b>

DKK 1,000	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Write-downs on loans</b>				
<b>30.09.2023</b>				
Start of the period	28,826	64,706	86,477	180,009
New write-downs concerning new facilities during the year	2,952	6,559	1,227	10,738
Reversal of write-downs concerning redeemed facilities	-2,638	-2,161	-6,010	-10,809
Change in write-downs at the beginning of the year – transfer to stage 1	7,467	-4,873	-2,594	0
Change in write-downs at the beginning of the year – transfer to stage 2	-1,115	6,870	-5,755	0
Change in write-downs at the beginning of the year – transfer to stage 3	-115	-556	671	0
Net write-downs as a consequence of changes in the credit risk	-7,296	5,087	8,753	6,544
Previously written down, now finally lost			-1,002	-1,002
Interest on written-down facilities			3,355	3,355
<b>Write-downs in total</b>	<b>28,081</b>	<b>75,632</b>	<b>85,122</b>	<b>188,835</b>



DKK 1,000	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on guarantees</b>				
<b>30.09.2023</b>				
Start of the period	1,239	1,025	5,772	8,036
New write-downs concerning new facilities during the year	252	191	75	518
Reversal of write-downs concerning redeemed facilities	-2	-6	-68	-76
Change in write-downs at the beginning of the year – transfer to stage 1	545	-37	-508	0
Change in write-downs at the beginning of the year – transfer to stage 2	-70	132	-62	0
Change in write-downs at the beginning of the year – transfer to stage 3	-9	-48	57	0
Net write-downs as a consequence of changes in the credit risk	-816	27	3,112	2,323
<b>Write-downs in total</b>	<b>1,139</b>	<b>1,284</b>	<b>8,378</b>	<b>10,801</b>

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

<b>30.09.2023</b>				
Start of the period	498	547	3,776	4,821
New write-downs concerning new facilities during the year	23	357	0	380
Reversal of write-downs concerning redeemed facilities	-95	-34	-1,140	-1,269
Change in write-downs at the beginning of the year – transfer to stage 1	176	-77	-99	0
Change in write-downs at the beginning of the year – transfer to stage 2	-8	170	-162	0
Change in write-downs at the beginning of the year – transfer to stage 3		-1	1	0
Net write-downs as a consequence of changes in the credit risk	-245	328	551	634
<b>Write-downs in total</b>	<b>349</b>	<b>1,290</b>	<b>2,927</b>	<b>4,566</b>

**Write-downs on loans**

<b>31.12.2022</b>				
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
<b>Write-downs in total</b>	<b>28,826</b>	<b>64,706</b>	<b>86,477</b>	<b>180,009</b>

DKK 1,000	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on guarantees</b>				
<b>31.12.2022</b>				
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
<b>Write-downs in total</b>	<b>1,239</b>	<b>1,025</b>	<b>5,772</b>	<b>8,036</b>
<b>Write-downs on non-utilised drawing rights</b>				
<b>31.12.2022</b>				
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
<b>Write-downs in total</b>	<b>498</b>	<b>547</b>	<b>3,776</b>	<b>4,821</b>
<b>Write-downs on loans</b>				
<b>30.09.2022</b>				
Start of the period	21,314	67,951	85,104	174,369
New write-downs concerning new facilities during the year	3,605	4,091	1,591	9,287
Reversal of write-downs concerning redeemed facilities	-1,636	-2,561	-9,881	-14,078
Change in write-downs at the beginning of the year – transfer to stage 1	16,157	-12,469	-3,688	0
Change in write-downs at the beginning of the year – transfer to stage 2	-1,407	6,948	-5,541	0
Change in write-downs at the beginning of the year – transfer to stage 3	-28	-3,253	3,281	0
Net write-downs as a consequence of changes in the credit risk	-23,062	18,477	14,831	10,246
Previously written down, now finally lost			-3,191	-3,191
Interest on written-down facilities			3,159	3,159
<b>Write-downs in total</b>	<b>14,943</b>	<b>79,184</b>	<b>85,665</b>	<b>179,792</b>

DKK 1,000	Stage 1	Stage 2	Stage 3	Total
<b>Write-downs on guarantees</b>				
<b>30.09.2022</b>				
Start of the period	744	2,071	4,858	7,673
New write-downs concerning new facilities during the year	546	279	0	825
Reversal of write-downs concerning redeemed facilities	-1	-24	-49	-74
Change in write-downs at the beginning of the year – transfer to stage 1	1,449	-1,367	-82	0
Change in write-downs at the beginning of the year – transfer to stage 2	-55	1,116	-1,061	0
Change in write-downs at the beginning of the year – transfer to stage 3	-3	-42	45	0
Net write-downs as a consequence of changes in the credit risk	-1,312	-1,450	2,180	-582
<b>Write-downs in total</b>	<b>1,368</b>	<b>583</b>	<b>5,891</b>	<b>7,842</b>

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

<b>30.09.2022</b>				
Start of the period	1,203	1,037	2,561	4,801
New write-downs concerning new facilities during the year	33	72	35	140
Reversal of write-downs concerning redeemed facilities	-167	-164	-231	-562
Change in write-downs at the beginning of the year – transfer to stage 1	451	-451	0	0
Change in write-downs at the beginning of the year – transfer to stage 2	-24	684	-660	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	-740	-906	933	-713
<b>Write-downs in total</b>	<b>755</b>	<b>272</b>	<b>2,639</b>	<b>3,666</b>

DKK 1,000	Q1 – Q3 2023	Full year 2022	Q1 – Q3 2022
<b>19. Contingent liabilities</b>			
Mortgage finance guarantees	1,029,567	989,198	999,100
Registration and remortgaging guarantees	238,295	300,180	340,221
Other guarantees	600,769	644,747	704,776
<b>Guarantees, etc. in total</b>	<b>1,868,631</b>	<b>1,934,125</b>	<b>2,044,097</b>
Provision balance for guarantees	10,801	8,036	7,842
Provision balance for non-utilised credit facilities	4,566	4,821	3,666

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	<b>Q1 – Q3 2023</b>	<b>Full year 2022</b>	<b>Q1 – Q3 2022</b>
<b>20. Capital conditions and solvency</b>			
Credit risk	4,525,897	4,619,420	4,487,750
CVA risk	13,714	13,892	21,254
Market risk	252,361	238,978	251,326
Operational risk	628,793	628,793	639,644
<b>Total risk exposure</b>	<b>5,420,765</b>	<b>5,501,083</b>	<b>5,399,974</b>
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	-10,710
Deduction - insignificant holdings CET1 instruments	-2,666	0	0
Deductions for prudent valuation	-1,418	-1,568	-1,526
Deductions for Non-Performing Exposures	-5,687	-3,842	-2,726
<b>Actual core capital</b>	<b>1,270,571</b>	<b>1,275,562</b>	<b>1,198,949</b>
Supplementary capital	64,288	24,708	24,692
<b>Capital base</b>	<b>1,334,859</b>	<b>1,300,270</b>	<b>1,223,641</b>
Actual core capital ratio	24.6	23.6	22.7
Capital ratio	23.4	23.2	22.2
Statutory capital ratio requirements	8.0	8.0	8.0

