

Notification to Nasdaq OMX Copenhagen
7/2019

A large, stylized blue bird logo is positioned on the left side of the page, facing right. It has a white circular eye and a long, pointed beak. The body of the bird is composed of several curved, overlapping shapes that suggest feathers.

INTERIM REPORT

FIRST HALF OF 2019



GER no. 80050410

INTERIM REPORT FOR THE FIRST HALF OF 2019 IN HEADLINES

Satisfactory interim result for the BANK of Greenland.

The BANK of Greenland's profit before tax for the first half of 2019 is DKK 69.4 million, compared to DKK 68.7 million for the first half of 2018. The profit before value adjustments and write-downs amounts to DKK 71.6 million, compared to DKK 75.7 million for the previous year.

The sound growth in lending in 2018 continued in 2019. Lending increased by DKK 325 million in the first half-year, amounting to DKK 3,798 million at the end of June.

Net interest and fee income increased by DKK 3.4 million to DKK 158.9 million, compared to the same period of 2018. The increase reflects increasing interest income from lending on the positive side, and increasing negative interest income arising from the Bank's surplus liquidity and falling bond yields on the negative side. Negative deposit interest rates for the Bank's surplus liquidity and lower interest rate margins thereby resulted in a moderate increase in net interest income, despite a satisfactory increase in lending.

Total expenses including depreciation amounted to DKK 90.2 million at the end of the first half of 2019, compared to DKK 82.7 million for the same period of 2018. The increase concerns staff expenses that are 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-related expenses. Part of the Bank's total increase in expenses concerns timing variations, so that the same increase is not expected in the second half-year.

At the end of June 2019, value adjustments show a gain of DKK 2.6 million, compared to a loss of DKK 0.3 million for the same period of 2018. In the second half-year, the Bank expects a gain in the region of DKK 8.5 million from the sale of Sparinvest Holding to Nykredit.

Write-downs on loans and guarantees declined by DKK 1.9 million, amounting to DKK 4.8 million.

For the first time ever, the Bank's equity amounts to DKK 1 billion.

- The profit before tax gives a return of 14.4% p.a. on opening equity after disbursement of dividend.
- An increase in lending of DKK 325 million to DKK 3.798 billion.
- An increase in deposits to DKK 5.593 billion.
- An increase of 2.2% in net interest and fee income.
- An increase of 9.1% in total costs, including depreciation and amortisation.
- Write-downs and provisions of 0.09% for the period.
- Capital ratio and core capital ratio of 21.1 and an individual capital requirement of 11.2%.

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FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2019

(DKK 1,000)

	First half-year 2019	First half-year 2018	Full year 2018	First half-year 2017	First half-year 2016	First half-year 2015
Net interest and fee income	158,894	155,504	313,597	154,643	141,863	142,137
Value adjustments	2,593	-345	-1,546	4,925	-11,518	-3,868
Other operating income	2,878	2,856	5,385	2,452	2,418	2,585
Staff and administration expenses	84,919	78,467	157,407	75,289	71,914	69,710
Depreciation and impairment of tangible assets	3,367	3,367	6,765	3,271	2,158	1,988
Other operating expenses	1,889	838	2,011	891	2,022	4,353
Write-downs on loans, etc.	4,787	6,666	10,938	8,797	8,937	9,734
Profit before tax	69,403	68,677	140,315	73,772	47,732	55,069
Tax	22,049	21,804	44,595	23,448	15,141	17,505
Profit for the period	47,354	46,873	95,720	50,324	32,591	37,564
Selected accounting items:						
Lending	3,797,656	3,552,620	3,472,174	3,354,477	2,855,444	2,853,879
Deposits	5,593,007	5,086,734	4,899,044	5,033,678	4,695,186	4,206,595
Equity	1,010,990	957,464	999,159	917,065	879,746	878,876
Balance sheet total	6,874,825	6,275,024	6,164,536	6,112,595	5,749,788	5,288,495
Contingent liabilities	1,300,697	1,185,142	1,277,604	1,130,244	1,155,276	1,158,038
Key figures:						
Capital ratio	21.1	22.1	22.7	20.6	19.7	18.6
Core capital ratio	21.1	22.1	22.7	20.6	19.7	18.6
Return on equity before tax for the period	6.9	7.2	14.3	8.0	5.3	6.2
Return on equity after tax for the period	4.7	4.9	9.8	5.5	3.6	4.2
Income per cost krone	1.73	1.77	1.8	1.84	1.56	1.66
Rate of return	0.7	0.8	1.6	0.8	0.6	0.7
Interest rate risk	2.0	1.9	2.0	1.3	1.2	1.4
Foreign exchange position	0.3	0.8	0.5	2.1	5.9	15.5
Liquidity coverage ratio	165.3	143.9	203.6	155.9	n/a	n/a
Loans plus write-downs as a ratio of deposits	69.8	72.8	73.1	69.2	63.3	70.1
Lending as a ratio of equity	3.8	3.7	3.5	3.7	3.2	3.2
Growth in lending during the period	9.4	7.0	5.0	9.1	1.2	1.4
Sum of large exposures	172.2	170.5	160.4	n/a	n/a	n/a
Write-down ratio for the period	0.1	0.1	0.2	0.2	0.3	0.3
Accumulated write-down ratio	3.3	3.4	3.4	3.0	3.0	2.6
Profit per share after tax for the period	26.3	26.0	53.2	28.0	18.0	20.9
Net book value per share	562	532	555	509	489	488
Stock exchange quotation/net book value per share	1.0	1.1	1.0	1.2	1.2	1.3

MANAGEMENT REVIEW FIRST HALF OF 2019

Income statement

At TDKK 114,765, compared to TDKK 109,422 for the first half of 2018, net interest income increased by 5%. In 2018, and continuing into 2019, the Bank's lending has increased, which contributes to reducing 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 costs from customers with substantial 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 loans' effective interest rate, so that TDKK 3,899 is reclassified from fee and commission income to interest income. Taking the reclassification into account, net interest income increased by TDKK 1,444, equivalent to 1.3%.

Share dividend amounts to TDKK 1,911, compared to TDKK 1,945 for the same period of 2018.

Fee and commission income decreased by TDKK 1,971 compared to the same period of 2018. Taking account of the aforementioned change of policy, the item shows an increase of TDKK 1,928, however. The increased guarantee volume in particular makes a positive contribution, but virtually all fee and commission income developed favourably.

Other operating income increased by TDKK 22, to TDKK 2,878 compared to the first half of 2018.

Staff and administration expenses increased, as expected, by TDKK 6,452, to TDKK 84,919 compared to the same period of 2018. The increase is primarily related to staff expenses and is due to an expected increase in the number employees. In the same period, other administration expenses increased by TDKK 3,045, which can primarily be attributed to higher IT expenses for the Bank's IT centre, and in particular extra expenses for compliance development. Part of the increase in the Bank's expenses can also be attributed to timing differences for both staff expenses and expenses related to the proprietary development of the pension system.

Other operating expenses, which concern operation and maintenance of the Bank's office buildings, increased by TDKK 1,051, to TDKK 1,889, in the first half of 2019, compared to the same period of 2018. In this case, too, this concerns timing differences to some extent.

Depreciation of tangible assets is unchanged at TDKK 3,367.

Value adjustments represent a total capital gain of TDKK 2,593, compared to a capital loss of TDKK 345 for the same period of the previous year. 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)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2019	2019	2018	2018	2018	2018	2017	2017
Net interest and fee income	79,096	79,798	80,468	77,625	76,684	78,820	76,525	78,378
Costs, depreciation and amortisation	45,362	44,813	44,440	39,071	41,097	41,575	45,206	37,420
Other operating income	1,383	1,495	1,251	1,278	1,545	1,311	1,194	1,594
Profit before value adjustments and write-downs	35,117	36,480	37,279	39,832	37,132	38,556	32,513	42,552
Value adjustments	-621	3,214	-2,049	848	678	-1,023	-1,460	-9,833
Write-downs on loans, etc.	2,967	1,820	1,823	2,449	3,206	3,460	2,224	2,713
Profit before tax	31,529	37,874	33,407	38,231	34,604	34,073	28,829	30,006

MANAGEMENT REVIEW FIRST HALF OF 2019

Impairment of loans, etc. for the half-year period amounted to TDKK 4,787, compared to TDKK 6,666 for the same period of the previous year. 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 claims written off by the Bank.

The profit before tax is TDKK 69,403, having increased by TDKK 726 from the same period of 2018.

Development during the quarter

Net interest and fee income amounted to TDKK 79,798 in Q1 and to TDKK 79,096 in Q2. Net interest income increased in Q2 as a consequence of increased lending, while fee and commission income declined, which is not unusual.

In Q1, costs totalled TDKK 44,813 and in Q2, TDKK 45,362. Other administration expenses and other operating expenses increased in Q2, while staff expenses declined. The increase in other administration expenses is primarily related to costs for the Bank's IT centre.

The profit before value adjustments and write-downs thereby decreased in Q2, to TDKK 35,117, which is TDKK 1,363 lower than in Q1 2019.

Lending increased by TDKK 156,841 in Q1, and again by TDKK 168,939 in Q2, which overall corresponds to an increase of 9.4% from the end of 2018.

Deposits increased by TDKK 339,452 in Q1 2019 and by TDKK 354,511 in Q2. In overall terms, the increase in deposits from 2018 is thus TDKK 693,964 in Q2.

Balance sheet and equity

During the first half of the year, the Bank's lending increased very satisfactorily by TDKK 325,482, to TDKK 3,797,656.

The Bank's deposits, which predominantly comprise on-demand deposits, amounted to TDKK 5,593,007 at the end of June 2019.

The total balance sheet thereby increased by TDKK 710,289, to TDKK 6,874,825 in Q2. At the end of the first half-year, equity amounted to TDKK 1,010,990.

Outside the balance sheet, the Bank's guarantees to customers increased by TDKK 23,093 from the end of 2018, amounting to TDKK 1,300,697 at the end of June 2019.

Uncertainty of recognition and measurement

The principal uncertainties concerning recognition and measurement are related to write-downs on lending, and 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.

MANAGEMENT REVIEW FIRST HALF OF 2019

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. 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 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 as at the first half of 2019 is 21.1%, compared to a capital ratio of 22.1% as at the first half of 2018, and 22.7% as at 31 December 2018. The result for the first half of 2019 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 2019, the capital ratio can be calculated at 21.7%.

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 requirement), 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 requirement 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 is not yet subject to an MREL capital requirement. 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 June 2019, the Bank's individual solvency requirement was compiled at 11.2%. The BANK of Greenland thus has surplus capital cover before the buffer requirements of 9.9%, or DKK 453,062. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 5.9%.

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

In DKK 1,000	First half of 2019		End of 2018	
	Capital requirement	Capital requirement in %	Capital requirement	Capital requirement in %
Pillar I requirement	365,435	8.0%	337,637	8.0%
Credit risk	119,183	2.6%	71,838	1.7%
Market risk	18,734	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%
Capital requirement	509,252	11.2%	433,767	10.3%

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

MANAGEMENT REVIEW FIRST HALF OF 2019

Liquidity

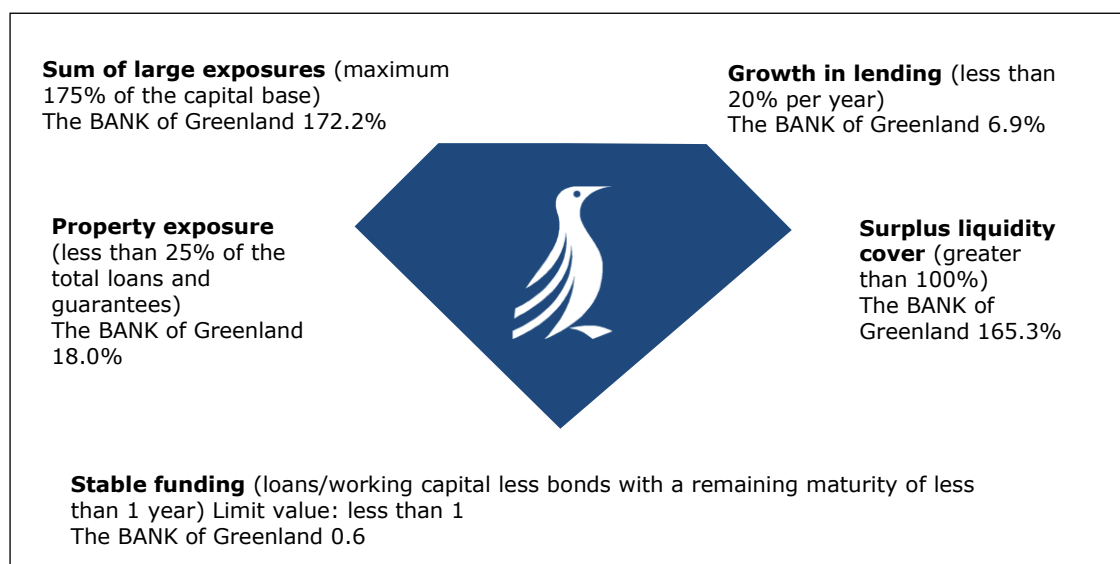
The liquidity coverage ratio (LCR) is a minimum requirement of the ratio between short-term assets and liabilities, to ensure a satisfactory liquidity ratio.

At the end of the first half-year, the Bank had an LCR of 165.3% and thereby fulfils the LCR requirement of at least 100%.

The Bank's funding is based solely on deposits.

The Supervisory Diamond for banks

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



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. The price of the BANK of Greenland's shares decreased to a price of 545 at the end of the first half of 2019 from the end of 2018, when the price was 546. In April 2019, the Bank paid dividend to its shareholders totalling DKK 54 million, or DKK 30 per share.

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 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 in Greenland, while also ensuring sound financial activities. The BANK of Greenland is highly aware of this vital role.

MANAGEMENT REVIEW FIRST HALF OF 2019

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 2019

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

Deposits increased in the first half-year, but the increase is expected to stagnate during the rest of 2019.

Net interest and fee income is thereby 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 the pension area 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 for impairment of 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 takes place, the Bank will achieve a capital gain in the region of DKK 8.5 million.

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

20 August 2019
Board of Directors

(DKK 1,000)

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Notes		First half-year 2019	Full year 2018	First half-year 2018
3	Interest income	117,309	236,632	112,399
4	Negative interest income	-5,817	-10,825	-5,209
5	Interest expenses	75	1,706	802
6	Positive interest expenses	+3,348	+6,761	+3,034
	Net interest income	114,765	230,862	109,422
	Share dividend, etc.	1,911	1,946	1,945
7	Fees and commission income	42,408	81,636	44,379
	Fees paid and commission expenses	190	847	242
	Net interest and fee income	158,894	309,546	155,504
8	Value adjustments	2,593	-1,546	-345
	Other operating income	2,878	5,385	2,856
9	Staff and administration expenses	84,919	157,407	78,467
	Depreciation and impairment of tangible assets	3,367	6,765	3,367
	Other operating expenses	1,889	2,011	838
16	Write-downs on loans, etc.	4,787	10,938	6,666
	Profit before tax	69,403	140,315	68,677
10	Tax	22,049	44,595	21,804
	Profit for the period	47,354	95,720	46,873
Statement of comprehensive income				
	Profit for the period	47,354	95,720	46,873
	Other comprehensive income:			
	Value adjustment of properties	1,913	3,747	1,902
	Effect of IFRS9 at the beginning of 2018	0	0	-12,336
	Value adjustment of defined-benefit severance/pension scheme	0	-13	0
	Tax on value adjustment of properties	-608	-1,192	-605
	Total other comprehensive income	1,305	2,542	-11,039
	Comprehensive income for the period	48,659	98,262	35,834

(DKK 1,000)

BALANCE SHEET

Notes		30 June 2019	31 December 2018	30 June 2018
	ASSETS			
	Cash balance and demand deposit with central banks	176,603	180,193	177,268
11	Receivables from credit institutions and central banks	1,385,653	1,160,234	1,209,663
16	Loans and other receivables at amortised cost	3,797,656	3,472,174	3,552,620
12	Bonds at fair value	979,193	879,093	878,577
	Shares, etc.	111,502	85,243	87,538
13	Assets connected to pool schemes	74,848	63,043	44,194
	Land and buildings in total, domicile properties	218,269	207,265	207,619
	Other tangible assets	7,387	8,070	8,741
	Deferred tax assets	0	0	0
	Other assets	119,271	105,748	105,082
	Prepayments and deferred expenses	4,443	3,473	3,722
	Total assets	6,874,825	6,164,536	6,275,024
	LIABILITIES			
	Liabilities to credit institutions and central banks	14,355	22,565	23,856
14	Deposits and other liabilities	5,593,007	4,899,044	5,086,734
	Deposits in pool schemes	74,848	63,043	44,194
	Current tax liabilities	22,031	17,522	15,175
	Other liabilities	65,740	73,570	63,122
	Accruals and deferred income	4,755	5,555	4,757
	Total debt	5,774,736	5,081,299	5,237,838
	Provisions for pensions and similar obligations	929	796	648
	Provisions for deferred tax	61,327	60,719	54,560
	Provisions for losses on guarantees	18,692	14,274	13,494
	Other provisions	5,354	5,606	6,353
	Write-downs for losses on non-utilised credit facilities	2,797	2,683	4,667
	Total provisions	89,099	84,078	79,722
	Equity			
15	Share capital	180,000	180,000	180,000
	Revaluation reserves	30,397	29,092	28,073
	Retained earnings	800,593	753,239	749,391
	Total equity	1,010,990	999,159	957,464
	Total liabilities	6,874,825	6,164,536	6,275,024
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 n re- serves	Retained earnings	Proposed dividend, net	Total equity
Equity, 1 January 2018	180,000	26,776	714,854	36,828	958,458
Changes in accounting policies applied			-12,336		-12,336
Dividend paid				-54,000	-54,000
Taxation value of dividend paid				17,172	17,172
Other comprehensive income		1,297			1,297
Profit for the period			46,873		46,873
Equity, 30 June 2018	180,000	28,073	749,391	0	957,464
Changes in accounting policies applied			-8,397		-8,397
Other comprehensive income		1,019	226		1,245
Profit for the period			-5,153	54,000	48,847
Taxation value of proposed dividend			17,172	-17,172	0
Equity, 31 December 2018	180,000	29,092	753,239	36,828	999,159
Equity, beginning of 2019	180,000	29,092	753,239	36,828	999,159
Other comprehensive income		1,305			1,305
Profit for the period			47,354		47,354
Dividend paid				-54,000	-54,000
Taxation value of dividend paid				17,172	17,172
Equity, 30 June 2019	180,000	30,397	800,593	0	1,010,990

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 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 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 2019	Full year 2018	First half-year 2018
3	Interest income			
	Loans	113,492	228,114	108,341
	Bonds	3,817	8,518	4,058
	Total interest income	117,309	236,632	112,399
4	Negative interest income			
	Receivables from credit institutions and central banks	-3,990	-6,614	-2,969
	Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	-1,827	-4,211	-2,240
	Total negative interest	-5,817	-10,825	-5,209
5	Interest expenses			
	Credit institutions and central banks	9	30	12
	Deposits	66	1,676	790
	Total interest expenses	75	1,706	802
6	Positive interest expenses			
	Deposits and other liabilities	+3,348	+6,761	+3,034
	Total positive interest expenses	+3,348	+6,761	+3,034
7	Fees and commission income			
	Securities and securities accounts	1,183	3,115	1,360
	Funds transfer	18,758	38,227	18,492
	Loan case fees	2,910	5,467	6,181
	Guarantee commission	10,339	20,265	9,767
	Other fees and commission	9,218	14,562	8,579
	Total fee and commission income	42,408	81,636	44,379
8	Value adjustments			
	Lending at fair value	2,014	-1,017	-1,125
	Bonds	-3,215	-7,995	-4,647
	Shares	4,186	3,114	2,575
	Currency	1,737	3,059	1,496
	Derivative financial instruments	-2,129	1,293	1,356
	Total value adjustments	2,593	-1,546	-345

NOTES TO THE INCOME STATEMENT

(DKK 1,000)	First half-year 2019	Full year 2018	First half-year 2018
9 Staff and administration expenses			
Salaries and remuneration to the Board of Directors and the Executive Management			
Board of Directors	960	1,955	1,019
Executive Management, including free car and other benefits	1,810	3,459	1,773
Total	2,770	5,414	2,792
<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 the first half of 2019 amounts to TDKK 133, 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>Two other employees whose activities have a significant influence on the Bank's risk profile:</p>			
Salaries and pensions, including free car and other benefits	1,697	2,834	1,348
Staff expenses in total			
Salaries	36,564	66,729	33,515
Other staff expenses	1,485	2,472	1,492
Pensions	4,543	8,382	4,136
Social security expenses	322	659	364
Total	42,914	78,242	39,507
Other administration expenses	42,005	79,165	38,960
Average no. of full-time employees	129.0	120.8	119.7
10 Tax			
30% of the result	20,822	42,094	20,594
Paid dividend tax for Danish shares	-368	-414	-414
6% supplement	1,227	2,501	1,210
Total tax on ordinary profit	21,681	44,181	21,390
Paid dividend tax	368	414	414
Taxes in total	22,049	44,595	21,804
Deferred tax	0	9,487	0
Taxation value of dividend paid	17,172	17,172	17,172
Tax to be paid	4,682	17,936	4,632
No company tax was paid during the period			

NOTES TO THE BALANCE SHEET

(DKK 1,000)		30 June 2019	31 December 2018	30 June 2018
11	Amounts receivable from credit institutions and central banks			
	Receivables subject to terms of notice at central banks	639,000	352,000	203,000
	Receivables from credit institutions	746,653	808,234	1,006,663
	Total amounts receivable	1,385,653	1,160,234	1,209,663
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			
	Investment associations	74,836	63,032	44,094
	Non-invested funds	12	11	100
	Total	74,848	63,043	44,194
14	Deposits			
	On demand	5,006,675	4,366,433	4,582,495
	On terms of notice	316,438	281,756	286,717
	Fixed-term deposits	60,436	60,436	40,436
	Special deposit conditions	209,458	190,419	177,086
	Total deposits	5,593,007	4,899,044	5,086,734
15	Share capital			
	Share capital consists of 1,800,000 shares of DKK 100			
	Own holdings of capital investments			
	Number of own shares	0	0	0
16	Loans			
	Write-downs on loans and receivables			
	Lending	255	9,936	6,006
	Guarantees, non-utilised credit lines and loan undertakings	4,532	3,798	660
	Total write-downs during the period	4,787	13,734	6,666
	Of which losses not previously written down	365	247	184

NOTES TO THE BALANCE SHEET

(DKK 1,000)		30 June 2019	31 December 2018	30 June 2018
16	Loans			
	Stage 1 impairment			
	Beginning of year	14,192	-	-
	Change in accounting policy	-	12,728	12,728
	Write-downs during the period	1,230	1,464	0
	Reversal during the period	0	0	360
	End of period	15,422	14,192	12,368
	Stage 2 impairment			
	Beginning of year	28,225	-	0
	Change in accounting policy	-	36,222	36,222
	Write-downs during the period	16,040	0	1,920
	Reversal during the period	0	-7,997	0
	End of period	44,265	28,225	38,142
	Stage 3 impairment			
	Beginning of year	110,967	-	0
	Change in accounting policy	-	98,071	98,071
	Write-downs during the period	0	12,895	3,103
	Reversal during the period	-14,703	-	0
	End of period	96,264	110,966	101,174
	Total write-downs at the end of the period	155,951	153,383	151,684
17	Contingent liabilities			
	Mortgage finance guarantees	773,318	707,584	677,037
	Registration and remortgaging guarantees	90,061	136,340	95,156
	Other guarantees	437,318	433,680	412,949
	Guarantees, etc. in total	1,300,697	1,277,604	1,185,142
	Provision balance for guarantees	18,693	14,275	13,494
	Provision balance for non-utilised credit facilities	2,797	2,683	4,667

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

	30 June 2019	31 December 2018	30 June 2018
(DKK 1,000)			
18 Capital conditions and solvency			
Risk-weighted items:			
Credit risk	3,825,413	3,486,548	3,409,024
CVA risk	4,962	5,707	6,620
Market risk	170,720	161,366	136,508
Operational risk	566,841	566,841	542,621
Weighted assets in total	4,567,936	4,220,462	4,094,773
Capital ratio	21.1	22.7	22.1
Core capital ratio	21.1	22.7	22.1
Statutory capital ratio requirements	8.0	8.0	8.0
Core capital	962,314	956,236	903,988
Capital base	962,314	956,236	903,988

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 2019 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 2019, and of the result of the Bank's activities in the first half of 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.

20 August 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