

Notification to Nasdaq OMX Copenhagen

13/2016



INTERIM REPORT

FIRST HALF OF 2016



GER no. 80050410

INTERIM REPORT FIRST HALF OF 2016 IN HEADLINES

Satisfactory first half of 2016

The first half of 2016 shows a profit before tax of DKK 47.7 million, compared to DKK 55.1 million in 2015. The profit comprises a profit before tax of DKK 26.3 million in Q2 and DKK 21.5 million in Q1 2016.

The profit before value adjustments and write-downs amounts to DKK 68.2 million, compared to DKK 68.7 million for the same period of 2015. The development in Q2 thus sets off the rather weaker result in Q1, compared to the same period of 2015.

In the first half of 2016, the Bank achieved an increase in lending and guarantees totalling DKK 65.3 million. The increase can primarily be attributed to the last part of Q2, and earnings are thus not significantly affected.

The continuing very low level of interest rates, which affects the Bank as e.g. negative interest payments on surplus liquidity at Danmarks Nationalbank, exerts pressure on net interest rates. Together with the large decrease in income from interest on bonds, this results in a decline compared to the same period of 2015, amounting to DKK 4.3 million.

Share dividend at the end of the first half of 2016 amounted to DKK 3.6 million, compared to DKK 0.5 million for the same period of 2015.

Fee income of DKK 41.5 million is at a satisfactory level and is by and large at the same level as the equivalent period of 2015.

Costs, including depreciation and amortisation, amount to DKK 76.1 million and are at the level of the first half of 2015.

Value adjustments were negative in the first half of 2016, at DKK 11.5 million, which is an increase from the same period of 2015, when the capital loss amounted to DKK 3.9 million. The capital loss is distributed fairly equally between the Bank's bond portfolio and the Bank's shareholdings. The negative value adjustments are thus the primary reason for the decrease in the profit before tax compared to the first half of 2015.

Write-downs on loans and guarantees remain low, amounting to DKK 8.9 million, compared to DKK 9.7 million for the first half of 2015.

In June, the Danish Financial Supervisory Authority performed an ordinary review of the BANK of Greenland, for the first time since 2012. This review is expected not to lead to any changes in the Bank's valuation of lending and other assets.

- The profit before tax gives a return of 11.3% p.a. on opening equity after dividend.
- A good increase in total loans and guarantees of DKK 65.3 million.
- Unchanged net interest and fee income, despite a large decrease in income from bond interest.
- Unchanged total costs, including depreciation and amortisation.
- Write-downs and provisions for the period of 0.3%.
- Solvency ratio of 19.7 and a capital requirement of 10.2.

TABLE OF CONTENTS

Financial Highlights and Key Figures	4
Management Review	5 - 10
Income Statement and Statement of Comprehensive Income.....	11
Balance Sheet.....	12
Statement of changes in equity	13
Notes, accounting policies and financial estimates	14
Notes to the Income Statement	15 - 16
Notes to the Balance Sheet	17 - 18
Management Statement	19

FINANCIAL HIGHLIGHTS AND KEY FIGURES FOR THE FIRST HALF OF 2016

(DKK 1,000)

	1st half-year 2016	1st half-year 2015	Full year 2015	1st half-year 2014	1st half-year 2013	1st half-year 2012
Net interest and fee income	141,863	142,137	284,174	144,408	138,339	137,629
Value adjustments	-11,518	-3,868	-10,775	16,757	- 2,363	3,518
Other operating income	2,418	2,585	6,002	2,690	3,062	2,992
Staff and administration expenses	71,914	69,710	139,414	69,241	64,542	62,150
Depreciation and impairment of tangible assets	2,158	1,988	6,150	5,165	4,381	6,690
Other operating expenses	2,022	4,353	7,780	2,557	2,793	2,320
Write-downs on loans, etc.	8,937	9,734	19,432	8,526	8,696	6,406
Profit before tax	47,732	55,069	106,625	78,366	58,626	66,573
Tax	15,141	17,505	33,899	24,901	18,621	21,160
Profit for the period	32,591	37,564	72,726	53,465	40,005	45,413
Selected accounting details:						
Lending	2,855,444	2,853,879	2,822,572	2,989,814	2,930,958	3,076,691
Deposits	4,695,186	4,206,595	4,741,477	3,901,128	3,492,635	4,200,537
Equity	879,746	878,876	914,282	867,978	829,469	804,086
Balance sheet total	5,749,788	5,288,495	5,846,450	4,964,276	4,542,982	5,187,616
Contingent liabilities	1,155,276	1,158,038	1,123,022	1,007,362	895,051	866,550
Key figures:						
Capital ratio	19.7	18.6	20.8	19.8	20.5	19.6
Core capital ratio	19.7	18.6	20.8	19.3	20.0	19.0
The period's return on equity before tax	5.3	6.2	11.7	9.0	7.0	8.4
The period's return on equity after tax	3.6	4.2	8.0	6.1	4.8	5.7
Income per cost krone	1.56	1.66	1.62	1.93	1.74	1.87
Rate of return	0.6	0.7	1.2	1.1	0.9	0.9
Interest rate risk	1.2	1.4	1.1	1.4	0.7	1.3
Foreign exchange position	5.9	15.5	5.6	1.9	4.3	7.5
Currency risk	0.1	0.0	0.0	0.0	0.0	0.0
Loans plus write-downs in relation to deposits	63.3	70.1	61.7	78.6	86.0	74.7
Loans in relation to equity	3.2	3.2	3.1	3.4	3.5	3.8
Growth in lending during the period	1.2	1.4	0.3	4.0	- 3.7	0.4
Excess capital base compared to statutory liquidity requirement	188.8	180.9	203.9	141.8	172.8	236.8
The sum of large exposures	96.4	68.2	69.9	59.3	63.0	99.3
The period's write-down percentage	0.3	0.3	0.6	0.2	0.3	0.2
Accumulated write-down percentage	3.0	2.6	2.8	2.1	1.9	1.5
The period's profit per share after tax	18.0	20.9	15.4	29.7	22.2	25.2
Net book value per share	489	488	508	486	468	456
Stock exchange quotation/net book value per share	1.2	1.3	1.2	1.3	1.2	0.8

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2016

Income statement

Net interest income decreased in the first half of 2016 by TDKK 4,023 to TDKK 97,305, compared to the same period of 2015. Lower income from bond interest and the negative interest on the Bank's certificates of deposit at Danmarks Nationalbank and on deposits with other banks are the primary reasons. During the half-year, the interest loss was reduced, however, since elements of the Bank's largest deposits are subject to negative deposit interest rates.

Share dividend for the first half of 2016 was TDKK 3,634, compared to TDKK 497 for the same period of 2015. In Q2 2016, dividend of TDKK 2,508 was booked on the Bank's Sparinvest Holding portfolio.

Fee and commission income of TDKK 41,498 is by and large unchanged compared to the same period of 2015.

Other operating income, mainly external rental income on the Bank's homes, fell to TDKK 2,418 from TDKK 2,585 for the same period of 2015.

Staff and administration costs increased by TDKK 2,204, or 3.2%, to TDKK 71,914 compared to the same period of 2015. Of this amount, staff costs increased by TDKK 1,266. This increase is as expected and is related to increases under collective agreements and the addition of two more employees. Other administration costs increased by TDKK 938 to TDKK 34,818. This increase is due among other things to the Bank's investment in digital solutions in Q2 2016.

Other operating expenses, which concern operation and maintenance of the Bank's bank buildings, and payments to sector guarantee schemes, fell in the first half of 2016 to TDKK 2,022, from TDKK 4,353 for the same period of 2015. This decline must be viewed in the light of savings on the payment to the sector guarantee scheme in 2016, and to the Bank's completion of the expansion of the head office in Nuuk in the first half of 2015.

Depreciation of tangible assets increased marginally by TDKK 170 to TDKK 2,158 compared to the same period of 2015.

In view of the increase in Q2, the profit before value adjustments and write-downs is thus almost unchanged from the first half of 2015, at TDKK 68,187.

Selected Highlights and Key Figures (not audited)

(DKK 1,000)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2016	2016	2015	2015	2015	2015	2014	2014
Net interest and fee income	71,975	69,891	70,399	71,638	70,439	71,698	73,324	75,724
Costs, depreciation and amortisation	36,819	39,275	39,780	37,512	37,460	38,592	37,774	35,824
Other operating income	1,120	1,297	2,212	1,205	1,145	1,440	1,394	1,573
Profit before value adjustments and write-downs	36,276	31,913	32,831	35,331	34,124	34,546	36,944	41,473
Value adjustments	-5,150	-6,369	-4,001	-2,907	269	-4,136	-10,295	1,226
Impairment of loans, etc.	4,875	4,063	5,011	4,687	4,558	5,176	10,768	5,513
Profit before tax	26,251	21,481	23,819	27,737	29,835	25,234	15,881	37,186

Value adjustments represent a total capital loss of TDKK 11,518, having increased by TDKK 7,650 from the first half of 2015 and are thereby the primary explanation for the decline in the period's profit before tax. The loss is distributed by and large equally between the Bank's holdings of bonds and shares. In Q2 2016, the Bank

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2016

booked a capital loss of TDKK 5,420 on its holdings of shares in Sparinvest Holding A/S.

Impairment of loans, etc. of TDKK 8,837 is slightly below the same period of 2015, when impairments amounted to TDKK 9,734. Write-downs and provisions on the bank's loans and guarantees remain limited and thus reflect the continued generally strong credit standing of the Bank's private and business customers in Greenland. This is supported by how the Bank's accumulated write-downs in recent years have increased considerably, and the very moderate level of written-off claims.

The profit before tax was TDKK 47,732, compared to TDKK 55,059 for the same period of 2015.

Balance sheet and equity

The Bank's lending increased by DKK 32.9 million in the first half of 2016, to TDKK 2,855,444 in relation to the end of 2015.

The Bank's deposits, of which the largest element is deposits on demand, amounted to TDKK 4,695,186 at the end of the first half of 2016, having decreased by TDKK 46,291 from the end of 2015. The Bank expects a further decline in deposits in the course of the year.

The total balance sheet decreased by TDKK 96,662 to TDKK 5,749,788. Equity amounted to TDKK 879,746 at the close of the first half of 2016.

Outside the balance sheet, the bank's guarantees and irrevocable undertakings to customers increased by TDKK 32,254 to TDKK 1,155,276 at the end of June 2016.

Development in Q2

In terms of the development in the first two quarters, net interest and fee income increased by TDKK 2,084 in Q2 compared to Q1 2016. This increase is primarily due to dividend payments on the Bank's shareholding in Sparinvest Holding A/S.

Total costs including depreciation and amortisation decreased by TDKK 2,456 to TDKK 36,819 in Q2 2016. The decrease is primarily due to the decline in staff expenses, although other administration expenses are also lower than in Q2 2016.

The result before write-downs and provisions is thereby TDKK 4,363 better than in Q1 2016. The profit before tax is DKK 26.3 million in Q2 and DKK 21.5 million in Q1 2016.

In Q2 2016, total loans and guarantees showed a good increase of TDKK 60,717 to TDKK 4,010,720. In the same period, deposits increased by TDKK 136,391 to TDKK 4,695,186.

Uncertainty of recognition and measurement

The main uncertainties concerning recognition and measurement are related to write-downs on loans, provisions on guarantees, and the valuation of properties, unlisted securities and financial instruments. The management believes that the presentation of the accounts for first half of 2016 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.

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2016

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

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

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

Capital requirement

The BANK of Greenland must by law have a capital base that supports the risk profile. The BANK of Greenland compiles the credit and market risk according to the standard method, and the operational risk according to the basic indicator method. It is still the Bank's assessment that there is no need for more sophisticated methods to be used.

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

The BANK of Greenland's capital ratio, excluding the result for the period and after deduction of the tax asset due to payment of dividend, stood at 19.7 at the end of the first half of 2016.

The Board of Directors still has the objective for the BANK of Greenland's capital ratio to be approximately 8-10% points above the Bank's individual solvency requirement. The BANK of Greenland now expects SIFI designation in mid-2017, after which a new capital adequacy and solvency target will be determined. It is the Board of Directors' assessment that the Bank's current capital ratio will also be satisfactory after any SIFI designation.

At the end of June 2016 the Bank's individual capital requirement was compiled at 10.2% according to the 8+ model and the Bank thus has surplus cover of 9.5% points, or TDKK 401,352.

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

In DKK 1,000	First half of 2016		End of 2015	
	Capital requirement	Capital requirement in %	Capital requirement	Capital requirement in %
Pillar I requirement	336,151	8.0%	325,659	8.0%
Credit risk	65,836	1.6%	68,123	1.7%
Market risk	13,837	0.3%	14,169	0.4%
Operational risk	5,500	0.1%	5,500	0.1%
Other conditions	6,207	0.2%	9,038	0.2%
Capital requirement	427,531	10.2%	422,489	10.4%

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 FOR THE FIRST HALF OF 2016

Liquidity

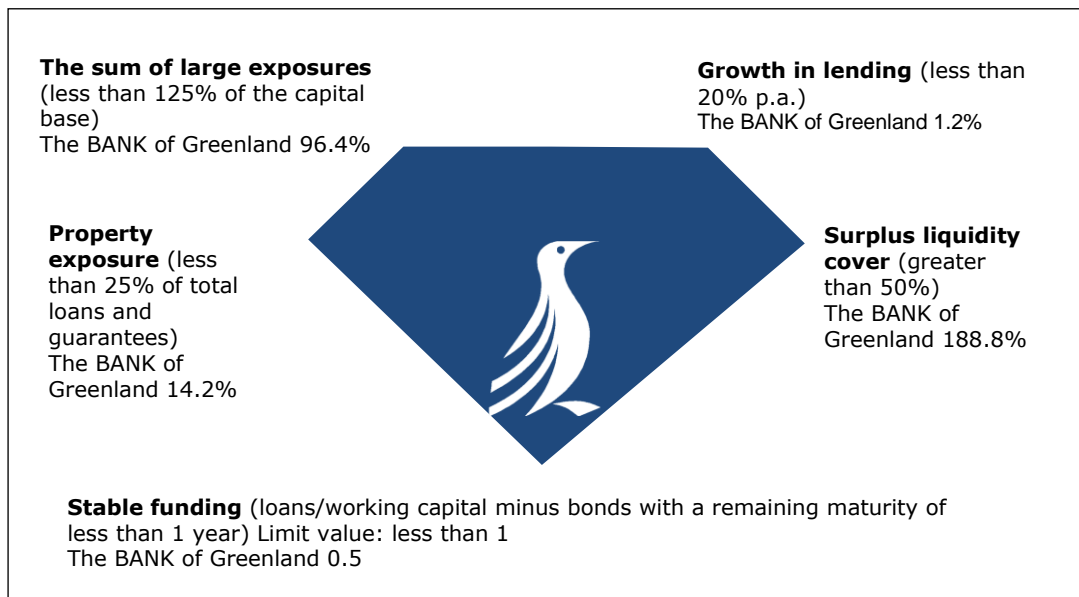
The new liquidity provisions entered into force with effect from 1 October 2015. The Liquidity Coverage Ratio (LCR) expresses how the Bank is able to honour its payment obligations for a coming 30-day period, without access to market funding. The key figure will replace the current Section 152 liquidity ratio.

LCR will be phased in gradually up to 2018, when the ratio must be at least 100% for non-SIFI institutions. For SIFI institutions, as of 1 October 2015 the coverage ratio must already be 100%. The Bank already wishes to adhere to the same rules as apply to SIFI institutions.

The statement as of the end of June 2016 shows an LCR ratio of 180.4, which thereby fulfils the requirement. Based on the current requirements (Section 152 of the Financial Business Act), at the end of the first half of 2016, the Bank has excess liquidity coverage of 188.8%.

The Supervisory Diamond

The BANK of Greenland has considered the benchmarks set out in the Danish Financial Supervisory Authority's Supervisory Diamond for banks. The Supervisory Diamond indicates five benchmarks for banking activities. The Bank's business model states that the sum of large exposures should not exceed 100% of the capital base.



The sum of large exposures constituted 96.4% at the end of the first half of 2016, of which exposures to publicly owned and sector companies constituted 21.4%. The sum is expected to be reduced in the second half of 2016.

Ordinary inspection by the Danish Financial Supervisory Authority

The Danish Financial Supervisory Authority paid an ordinary inspection visit to The BANK of Greenland in June 2016. The Financial Supervisory Authority's report has not yet been received, but the inspection is not expected to lead to any further write-downs or provisions, nor to any changes in the Bank's valuations. The Financial Supervisory Authority's report will be published at: <http://www.banken.gl/finanstilsynet/> (In Danish only)

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2016

Shareholders and dividend

The BANK of Greenland's overall financial objective is to achieve a competitive return for the shareholders. At a price of 581 at the end of the first half of 2016, the price of the BANK of Greenland's shares has decreased from the end of 2015, when the price was 625. During the first half of 2016, the Bank paid dividend to its shareholders totalling DKK 99 million, or DKK 55 per share.

In accordance with Section 28a of the Danish Companies Act, five shareholders have notified shareholdings in excess of 5%.

The Bank aims to maintain low own holdings of between 0 and 3% of the share capital. The Bank may therefore in open trading windows choose to buy and sell own shares within this objective. At the end of the first half of 2016, the Bank had no holdings of own shares.

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

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

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

The BANK of Greenland's values are firmly anchored in the Bank and its employees. The values are **Commitment, Room for Diversity, Decency and Competency**. 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 may be found on the Bank's website www.banken.gl

The BANK of Greenland has endorsed the UN Global Compact, which has ten principles for ethical conduct. The BANK of Greenland publishes its report every year. This is available on the Bank's website.

Outlook for 2016

Negative GDP development in Greenland in the period from 2012 to 2014 was followed by a cyclical reversal in 2015. The BANK of Greenland expects further growth in 2016, especially in view of the increased construction activity and higher prawn quota.

The BANK of Greenland still expects a moderate increase in lending during the year, guarantees at a high level, and an unchanged interest rate margin. There is still considerable uncertainty related to the extremely low level of interest rates, including the negative rate of interest on certificates of deposit at Danmarks Nationalbank. On this basis, the Bank expects by and large unchanged overall income in relation to 2015.

The total costs including depreciation and amortisation are also expected to be at the 2015 level.

The bank assesses that the quality of the loan portfolio is satisfactory. Value adjustment of lending at a moderate level is therefore expected in 2016, and probably below the level in 2015.

MANAGEMENT REVIEW FOR THE FIRST HALF OF 2016

Profit before value adjustments and write-downs at the level of DKK 125-145 million is still expected, compared to DKK DKK 137 million in 2015.

10 August 2016
Board of Directors

(DKK 1,000)

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Notes	1st half-year 2016	Full year 2015	1st half-year 2015	
3	Interest income	103,803	215,458	107,794
4	Negative interest income	-5,725	- 8,719	-3,769
5	Interest expenses	773	4,531	2,697
	Net interest income	97,305	202,208	101,328
	Share dividend, etc.	3,634	497	497
6	Fee and commission income	41,498	83,441	41,101
	Fees paid and commission expenses	574	1,972	789
	Net interest and fee income	141,863	284,174	142,137
7	Value adjustments	-11,518	-10,775	-3,868
	Other operating income	2,418	6,002	2,585
8	Staff and administration costs	71,914	139,414	69,710
	Depreciation and impairment of tangible assets	2,158	6,150	1,988
	Other operating expenses	2,022	7,780	4,353
11	Write-downs on loans, etc.	8,937	19,432	9,734
	Profit before tax	47,732	106,625	55,069
9	Tax	15,141	33,899	17,505
	Profit for the period	32,591	72,726	37,564
Statement of comprehensive income				
	Profit for the period	32,591	72,726	37,564
	Other comprehensive income:			
	Property exposures	574	-1,170	-1,527
	Tax on other comprehensive income	-183	372	485
	Total other comprehensive income	391	-798	-1,042
	Comprehensive income for the year	32,982	71,928	36,522

(DKK 1,000)

BALANCE SHEET

Notes	30 June 2016	31 December 2015	30 June 2015
ASSETS			
	196,573	336,618	451,937
Cash balance and demand deposits with central banks			
10 Amounts receivable from credit institutions and central banks	1,297,536	1,454,983	761,106
11 Loans and other receivables at amortised cost	2,855,444	2,822,572	2,853,879
12 Bonds at fair value	994,927	835,754	838,260
Shares, etc.	82,613	84,750	73,079
Land and buildings in total, domicile properties	195,513	194,709	190,779
Other tangible assets	8,106	8,036	8,304
Deferred tax assets	16,975	0	14,101
Other assets	98,226	106,225	92,192
Accruals and deferred income	3,875	2,803	4,858
Total assets	5,749,788	5,846,450	5,288,495
LIABILITIES			
	25,491	45,572	48,765
Liabilities to credit institutions and central banks			
13 Deposits and other liabilities	4,695,186	4,741,477	4,206,595
Current tax liabilities	2,769	2,769	11,490
Other liabilities	73,789	67,530	63,848
Prepayments and deferred expenses	4,452	5,096	5,802
Total debt	4,801,687	4,862,444	4,336,500
Provisions for deferred tax	55,242	55,060	55,422
Provisions for losses on guarantees	6,483	7,620	11,050
Other provisions	6,630	7,044	6,647
Total provisions	68,355	69,724	73,119
Equity			
14 Share capital	180,000	180,000	180,000
Revaluation reserves	15,782	15,207	15,505
Retained earnings	683,964	719,075	683,371
Total equity	879,746	914,282	878,876
Total liabilities	5,749,788	5,846,450	5,288,495
01 Applied accounting policies			
02 Accounting estimates			
15 Contingent liabilities			
16 Capital conditions and solvency			

((DKK 1,000)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Revaluation reserves	Retained earnings	Proposed dividend, net	Total equity
Equity, 1 January 2015	180,000	16,547	645,807	67,518	909,872
Dividend paid				-99,000	- 99,000
Taxation value of dividend paid				31,482	31,482
Other comprehensive income		-1,042			-1,042
Profit for the period			37,564		37,564
Equity, 30 June 2015	180,000	15,505	683,371	0	878,876
Other comprehensive income		- 298			-298
Profit for the period			35,704		35,704
Equity, 31 December 2015	180,000	15,207	719,075	0	914,282
Equity at the beginning of 2016 after distribution of dividend	180,000	15,207	651,557	67,518	914,282
Dividend paid				- 99,000	- 99,000
Taxation value of dividend paid				31,482	31,482
Other comprehensive income		575	-184		391
Profit for the period			32,591		32,591
Equity, 30 June 2016	180,000	15,782	683,964	0	879,746

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 2015.

This interim report is presented in accordance with the going concern principle, based on current practice and interpretation of the rules for Danish banking institutions.

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

Calculation of the accounting value of certain assets and liabilities is related to an estimate of how future events will affect the value of these assets and liabilities. The most significant estimates relate to:

- measurement of loans and guarantees
- financial instruments
- fair value of domicile properties
- provisions

The estimates are based on assumptions that the management considers reasonable, but which are uncertain. In addition, the Bank is subject to risks and uncertainties that may lead the actual results to deviate from the estimates.

For write-downs of loans there are significant estimates associated with the quantification of the risk that not all future payments will be received. Furthermore, collective write-downs and the determination of the management reserve in write-downs remain uncertain.

Listed financial instruments may be priced in markets with low turnover, which means that the use of the stock exchange prices when measuring fair value may be subject to some uncertainty.

Unlisted financial instruments may involve significant estimates in connection with the measurement of fair value.

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

Valuation of the Bank's domicile properties is also subject to significant estimates.

NOTES TO THE INCOME STATEMENT

(DKK 1,000)	1st half-year 2016	Full year 2015	1st half-year 2015
3 Interest income			
Amounts receivable from credit institutions and central banks	0	0	0
Lending	96,060	194,996	96,576
Bonds	7,743	20,462	11,218
Total interest income	103,803	215,458	107,794
4 Negative interest			
Amounts receivable from credit institutions and central banks	-2,827	-4,412	-1,715
Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	-2,898	-4,307	-2,054
Total negative interest	-5,725	-8,719	-3,769
5 Interest expenses			
Credit institutions and central banks	95	318	199
Deposits	678	4,213	2,498
Total interest expenses	773	4,531	2,697
6 Fees and commission income			
Securities and securities accounts	1,819	5,281	2,931
Funds transfer	16,464	33,038	15,967
Loan case fees	5,965	13,034	6,132
Guarantee commission	8,806	17,796	8,843
Other fees and commission	8,444	14,292	7,228
Total fee and commission income	41,498	83,441	41,101
7 Value adjustments			
Lending at fair value	2,712	-3,107	-3,111
Bonds	-5,640	-28,118	-11,310
Shares	-6,080	14,325	6,679
Currency	1,165	2,387	465
Derivative financial instruments	-3,563	3,738	3,409
Other assets	-112	0	0
Total value adjustments	-11,518	-10,775	-3,868

NOTES TO THE INCOME STATEMENT

(DKK 1,000)	1st half-year 2016	Full year 2015	1st half-year 2015
8 Staff and administration expenses			
Salaries and remuneration to the Board of Directors and the Executive Management			
Board of Directors	669	1,338	621
Executive Management	1,663	3,026	1,506
In total	2,332	4,364	2,127
<p>The Bank has established a defined benefit pension scheme for the Bank's managing director. Under this scheme, the Bank is obliged to pay a fixed benefit for a period after the managing director's retirement. The present value of the benefit as of 30 June 2016 is compiled at TDKK 122, which is recognised under staff and administration expenses. This obligation, which is earned over the 2016-2024 period, may comprise 0-24 months' salary.</p>			
Staff expenses			
Salaries	29,494	57,119	28,378
Other staff expenses	1,420	3,233	1,492
Pensions	3,616	7,073	3,560
Social security expenses	234	545	273
In total	34,764	67,970	33,703
Other administration expenses	34,818	67,155	33,880
Average no. of full-time employees	120.3	117.9	118.3
9 Tax			
30%	14,320	31,988	16,521
Paid dividend tax for Danish shares	- 634	-124	-124
6% supplement	821	1,911	984
Total tax on ordinary profit	14,507	33,775	17,381
Paid dividend tax	634	124	124
Taxes in total	15,141	33,899	17,505
Deferred tax	0	-476	0
Taxation value of dividend paid	14,507	31,482	17,381
Tax to be paid	634	2,893	124
No company tax was paid during the period			

NOTES TO THE BALANCE SHEET

(DKK 1,000)	30 June 2016	31 December 2015	30 June 2015
10	Amounts receivable from credit institutions and central banks		
Receivables subject to terms of notice at central banks	663,000	723,000	4,000
Receivables from credit institutions	634,536	731,983	757,106
Total amounts receivable	1,297,536	1,454,983	761,106
11	Lending		
Write-downs on loans and receivables			
Lending	10,074	23,573	10,445
Guarantees	-1,137	-4,141	-711
Total write-downs during the period	8,937	19,432	9,734
Of which losses not previously written down	131	160	81
	Individual write-downs		
Start of the period	77,423	66,664	66,664
Write-downs during the period	22,311	34,427	19,608
Reversal of write-downs in previous financial years	9,483	15,059	9,255
Final loss (depreciated) previously individually depreciated	640	8,223	2,981
Other movements	0	-386	0
End of period	89,611	77,423	74,036
	Group write-downs		
Start of the period	27,126	18,551	18,551
Write-downs during the period	5,702	8,662	3,090
Reversal of write-downs in previous financial years	5,307	0	804
Other movements	0	-87	0
End of period	27,521	27,126	20,837
12	Bonds		
Of which nominal TDKK 50,000 pledged as security for accounts with Danmarks Nationalbank			
13	Deposits		
On demand	4,107,439	4,108,708	3,784,923
On terms of notice	303,128	303,562	274,949
Fixed-term deposits	174,688	224,000	44,000
Special deposit conditions	109,931	105,207	102,723
Total deposits	4,695,186	4,741,477	4,206,595

NOTES TO THE BALANCE SHEET

(DKK 1,000)	30 June 2016	31 December 2015	30 June 2015
14 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
Nominal own holdings of capital investments	0	0	0
Percentage of share capital at year-end	0.00	0.00	0.00
15 Contingent liabilities			
Financial guarantees	800	1,200	1,800
Mortgage finance guarantees	636,252	617,967	598,364
Registration and remortgaging guarantees	53,406	49,137	103,772
Other guarantees	464,818	454,538	405,622
Guarantees, etc. in total	1,155,276	1,122,842	1,109,558
Provision balance for guarantees	6,483	7,620	11,050
Irrevocable loan commitments	0	180	48,480
Other contingent liabilities in total	0	180	48,480
16 Capital conditions and solvency			
Risk-weighted items			
Credit risk	3,487,439	3,375,264	3,654,987
Market risk	168,496	149,519	242,133
Operational risk	545,958	545,958	552,871
Weighted items in total	4,201,893	4,070,741	4,449,991
Capital ratio	19.7	20.8	18.6
Core capital ratio	19.7	20.8	18.6
Statutory capital ratio requirements	8.0	8.0	8.0
Capital base	828,883	845,613	827,211
Core capital	828,883	845,613	827,211

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 2016, 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 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 as at 30 June 2016, and of the result of the Bank's activities in the first half of 2016.

It is our opinion that the Management 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.

10 August 2016

Executive Management

Martin Kviesgaard

Board of Directors

Gunnar í Liða
Chairman

Kristian Lennert
Vice Chairman

Frank Bagger

Anders Brøns

Christina F. Bustrup

Allan Damsgaard

Lars Holst

Yvonne Kyed

Arne G. Petersen

GrønlandsBANKEN A/S, Telephone no. +299 70 12 34