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QUARTERLY REPORT

REPORT FOR Q1 2020



CVR no. 80050410

REPORT FOR Q1 2020 IN HEADLINES

For the BANK of Greenland, Q1 2020 was affected by Covid-19.

Q1 2020 presented challenges related to the consequences of the Covid-19 pandemic. The negative consequences for the Bank are primarily related to value adjustments and write-downs on loans. In the stock exchange announcement of 18 March 2020, the Bank presented a revised forecast of the profit for the year based on the uncertainty concerning the consequences of the ongoing pandemic. This is reflected in the development in the first quarter.

The BANK of Greenland's profit before tax is DKK 16.6 million for Q1 2020, compared to DKK 37.9 million for Q1 2019. The profit before value adjustments and write-downs amounts to DKK 37.5 million, compared to DKK 36.5 million for the previous year, and thus reflects satisfactory development in basic earnings.

After sound lending growth in both 2018 and 2019, lending fell in Q1 2020. Lending decreased by DKK 122 million in Q1, and amounted to DKK 3,637 million at the end of the quarter. The decline in lending can be attributed primarily to the ordinary redemption of two large exposures in Q1.

Net interest and fee income amounts to DKK 82.0 million, having increased by DKK 2.2 million from Q1 2019.

At the end of Q1 2020, total costs including depreciation amounted to DKK 45.6 million, compared to DKK 44.8 million for the same period of 2019. The increase concerns staff expenses, partly related to higher payroll expenses due to adjustments under collective agreements and an increase in the number of employees.

At the end of March 2020, value adjustments show a loss of DKK 11.6 million, compared to a capital gain of DKK 3.2 million for the same period of 2019. In March, the Bank undertook risk adjustment of the bond portfolio and thereby significantly reduced the risk going forward.

Write-downs on loans and guarantees increased by DKK 7.4 million from Q1 2019, amounting to DKK 9.2 million in Q1 2020. In connection with the quarterly statement the Bank reviewed the expected effects of Covid-19 on the Bank's exposures. The total write-downs on exposures, including managerial estimates concerning the risk in sectors affected by Covid-19 and moderate fisheries exposures, thereafter amount to approximately DKK 20 million.

In the stock exchange announcement of 18 March 2020, the forecast profit for the year before tax was changed to an interval of DKK 80-130 million. This interval has now been narrowed to an expected profit before tax of DKK 80-120 million for the full year.

- A decrease in lending by DKK 122 million to DKK 3,637 billion.
- An increase in deposits to DKK 5,742 billion.
- An increase of 2.8% in net interest and fee income.
- An increase of 1.9% in total costs, including depreciation and amortisation.
- Write-downs and provisions of 0.2% for the period.
- Capital ratio and core capital ratio of 24.6 and an individual capital requirement of 11.8%.

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FINANCIAL HIGHLIGHTS AND KEY FIGURES FOR Q1 2020

(DKK 1,000)

| | Q1 | Q1 | Full year | Q1 | Q1 | Q1 |
|---|---------------|---------------|----------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2019 | 2018 | 2017 | 2016 |
| Net interest and fee income | 82,016 | 79,798 | 320,496 | 78,820 | 77,400 | 69,891 |
| Value adjustments | -11,636 | 3,214 | 9,585 | -1,023 | 4,010 | -6,369 |
| Other operating income | 1,087 | 1,495 | 5,722 | 1,311 | 1,258 | 1,297 |
| Staff and administration expenses | 43,728 | 42,464 | 167,884 | 39,392 | 38,517 | 37,533 |
| Depreciation and impairment of tangible assets | 1,707 | 1,722 | 6,672 | 1,652 | 1,633 | 1,033 |
| Other operating expenses | 212 | 627 | 2,788 | 531 | 450 | 709 |
| Write-downs on loans, etc. | 9,190 | 1,820 | 7,959 | 3,460 | 3,859 | 4,063 |
| Profit before tax | 16,630 | 37,874 | 150,500 | 34,073 | 38,209 | 21,481 |
| Tax | 4,404 | 12,043 | 20,582 | 10,823 | 12,142 | 6,831 |
| Profit for the period | 12,226 | 25,831 | 129,918 | 23,250 | 26,067 | 14,650 |
| Selected accounting items: | | | | | | |
| Lending | 3,636,588 | 3,628,717 | 3,758,736 | 3,393,345 | 3,195,960 | 2,809,026 |
| Deposits | 5,742,351 | 5,238,496 | 5,687,451 | 5,282,943 | 4,926,085 | 4,558,795 |
| Total equity | 1,090,630 | 988,813 | 1,077,676 | 933,187 | 892,165 | 861,565 |
| Balance sheet total | 7,183,145 | 6,536,682 | 7,089,915 | 6,429,309 | 5,977,811 | 5,651,493 |
| Contingent liabilities | 1,514,627 | 1,270,841 | 1,479,537 | 1,200,728 | 1,112,308 | 1,141,157 |
| Key figures: | | | | | | |
| Capital ratio | 24.6 | 21.8 | 23.4 | 22.4 | 20.7 | 19.8 |
| Core capital ratio | 24.6 | 21.8 | 23.4 | 22.4 | 20.7 | 19.8 |
| Return on equity before tax for the period | 1.5 | 3.8 | 14.5 | 3.6 | 4.2 | 2.4 |
| Return on equity after tax for the period | 1.1 | 2.6 | 12.5 | 2.5 | 2.9 | 1.6 |
| Income per cost krone | 1.3 | 1.8 | 1.81 | 1.8 | 2.0 | 1.5 |
| Rate of return | 0.2 | 0.4 | 1.8 | 0.4 | 0.4 | 0.3 |
| Interest rate risk | 1.0 | 2.3 | 2.1 | 1.3 | 1.3 | 1.2 |
| Foreign exchange position | 0.7 | 0.3 | 0.9 | 0.5 | 1.6 | 6.7 |
| Liquidity coverage ratio | 284.8 | 293.5 | 238.8 | 203.6 | 374.5 | n/a |
| Lending plus write-downs as a ratio of deposits | 64.3 | 71.3 | 67.2 | 67.1 | 67.4 | 64.1 |
| Lending as a ratio of equity | 3.3 | 3.7 | 3.5 | 3.6 | 3.6 | 3.3 |
| Growth in lending during the period | -3.2 | 4.5 | 8.3 | 1.8 | 4.0 | -0.5 |
| Sum of large exposures | 159.8 | 162.6 | 163.5 | 169.1 | n/a | n/a |
| Write-down ratio for the period | 0.2 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Accumulated write-down ratio | 3.5 | 3.4 | 3.3 | 3.4 | 3.0 | 2.9 |
| Profit per share after tax for the period | 6.8 | 14.4 | 72.2 | 12.9 | 14.5 | 8.1 |
| Net book value per share | 606 | 549 | 599 | 518 | 496 | 479 |
| Stock exchange quotation/net book value per share | 0.8 | 1.0 | 0.9 | 1.2 | 1.2 | 1.3 |

MANAGEMENT'S REVIEW FOR Q1 2020

Income statement

Net interest income of TDKK 59,020, compared to TDKK 56,411 in Q1 2019; an increase of 4.6%. The Bank's lending increased in 2019, while Q1 2020 shows a decrease of around 3%, due to the ordinary redemption of two large exposures.

At the end of 2019, the Bank achieved better balance in the ratio between the return on the Bank's surplus liquidity and the negative deposit interest rates by introducing negative interest rates for a significantly wider group of customers than before. This ratio has a positive effect on net interest income in Q1 2020, while the effect of negative interest rates on private customers' deposits will only be seen as from Q2.

Fee and commission income decreased by TDKK 417 compared to the same period of 2019. This item is affected positively by the increase in the guarantee volume, while there is a small decline in various fees and payment settlement charges.

Other operating income decreased by TDKK 408 to TDKK 1,087 compared to Q1 2019.

Staff and administration expenses increased, as expected, by TDKK 1,264 to TDKK 43,728 from the same period of 2019. The increase is primarily related to staff expenses and is due to an expected increase in the number of employees and also to pay increases under collective agreements. Other administration expenses are by and large unchanged at TDKK 20,251 in Q1 2020, compared to TDKK 20,313 in Q1 2019.

Other operating expenses, which concern operation and maintenance of the Bank's office buildings, decreased by TDKK 415 to TDKK 212 in Q1 2020, compared to the same period of 2019.

Depreciation of tangible assets is by and large unchanged, amounting to TDKK 1,707, compared to TDKK 1,722 for the same period of 2019.

Value adjustments represent a total capital loss of TDKK 11,636, compared to a capital gain of TDKK 3,214 for the same period of 2019. In March in particular, the uncertainty as a consequence of Covid-19 had a significant negative impact on the financial markets. In March, the Bank adjusted its bond portfolio, in order to reduce the risk. Shareholdings include both capital and investment associations, and sector equities. Capital and investment associations performed negatively in Q1 2020, while sector equities developed positively. The risk going forward has been reduced significantly, however.

Financial Highlights and Key Figures

| (DKK 1,000) | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 |
|---|---------|--------|--------|--------|--------|--------|--------|--------|
| | 2020 | 2019 | 2019 | 2019 | 2019 | 2018 | 2018 | 2018 |
| Net interest and fee income | 82,016 | 80,397 | 81,205 | 79,096 | 79,798 | 80,468 | 77,625 | 76,684 |
| Costs and depreciation | 45,647 | 45,680 | 41,489 | 45,362 | 44,813 | 44,440 | 39,071 | 41,097 |
| Other operating income | 1,087 | 1,442 | 1,402 | 1,383 | 1,495 | 1,251 | 1,278 | 1,545 |
| Profit before value adjustments and write-downs | 37,456 | 36,159 | 41,118 | 35,117 | 36,480 | 37,279 | 39,832 | 37,132 |
| Value adjustments | -11,636 | -238 | 7,230 | -621 | 3,214 | -2,049 | 848 | 678 |
| Write-downs on loans, etc. | 9,190 | 1,344 | 1,828 | 2,967 | 1,820 | 1,823 | 2,449 | 3,206 |
| Profit before tax | 16,630 | 34,577 | 46,520 | 31,529 | 37,874 | 33,407 | 38,231 | 34,604 |

Impairment of loans, etc. amounted to TDKK 9,190 at the end of March 2020, which is TDKK 7,370 higher than for the same period of 2019.

MANAGEMENT'S REVIEW FOR Q1 2020

In connection with the quarterly statement the Bank undertook a comprehensive review of both customer exposures and sectors. The purpose was to also assess the expected consequences of Covid-19 for customers with no objective indication of credit impairment. The Bank has assessed that its exposure to the "Transport, Restaurant and Hotel" sector is particularly challenged as a consequence of Covid-19. Based on a scenario in which most of the year's tourist season has been lost, but where there is also a continued slow reopening of the economy, and in which other sectors are only affected to a limited extent, write-downs have been made via a management reserve and the credit reservation in the compilation of the solvency requirement has been increased. All exposures amounting to more than 1% of the Bank's capital base have been assessed individually.

For exposures in affected sectors below 1% of the Bank's capital base, as a general rule a managerial addition to the write downs has been made amounting to 50% of the unsecured value for weak exposures, while for exposures with good credit standing, a solvency reserve of 50% of unsecured value has been allocated.

The profit before tax is thereafter TDKK 16,630, having decreased by TDKK 21,244 from the same period of 2019.

Balance sheet and equity

During Q1, the Bank's lending decreased by TDKK 122,148 to TDKK 3,636,588.

The Bank's deposits, of which the predominant element is on-demand deposits, increased by TDKK 54,900 to TDKK 5,742,351 at the end of March 2020.

The total balance sheet thereby increased by TDKK 93,230 to TDKK 7,183,145. At the end of the quarter, equity amounted to TDKK 1,090,630.

Outside the balance sheet, the Bank's guarantees to customers increased very satisfactorily by TDKK 35,090 from the end of 2019, amounting to TDKK 1,514,627 at the end of March 2020.

Uncertainty of recognition and measurement

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

Financial risks

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

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

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

Liquidity risk: Risk of loss as a consequence of the financing costs increasing disproportionately, the risk that the Bank is prevented from maintaining the adopted business model as a consequence of 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.

MANAGEMENT'S REVIEW FOR Q1 2020

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.

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 that, according to the management's assessment, as a minimum is needed to cover all risks.

The BANK of Greenland's capital ratio, excluding the result for the period, stood at 24.6 at the end of March 2020, which is an increase of 1.2 percentage points in the quarter.

The BANK of Greenland was designated as an SIFI institution in Q2 2017. In view of the SIFI requirements concerning capital reserves and 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 March 2020, the Bank's individual solvency requirement was compiled at 11.8%. The BANK of Greenland thus has surplus capital cover before the buffer requirements of 12.8%, or TDKK 556,996. After deductions for the capital reserve buffer requirement of 2.5% and the SIFI buffer requirement of 1.5%, the surplus cover is 8.8%.

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

| In DKK 1,000 | Q1 2020 | | End of 2019 | |
|----------------------------|---------------------|--------------------------|---------------------|--------------------------|
| | Capital requirement | Capital requirement in % | Capital requirement | Capital requirement in % |
| Pillar I requirement | 348,555 | 8.0% | 368,576 | 8.0% |
| Credit risk | 125,403 | 2.8% | 132,315 | 2.9% |
| Market risk | 17,982 | 0.4% | 21,338 | 0.4% |
| Operational risk | 21,227 | 0.5% | 22,229 | 0.5% |
| Other conditions | 2,100 | 0.1% | 2,100 | 0.1% |
| Capital requirement | 515,267 | 11.8% | 546,558 | 11.9% |

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

MANAGEMENT'S REVIEW FOR Q1 2020

Liquidity

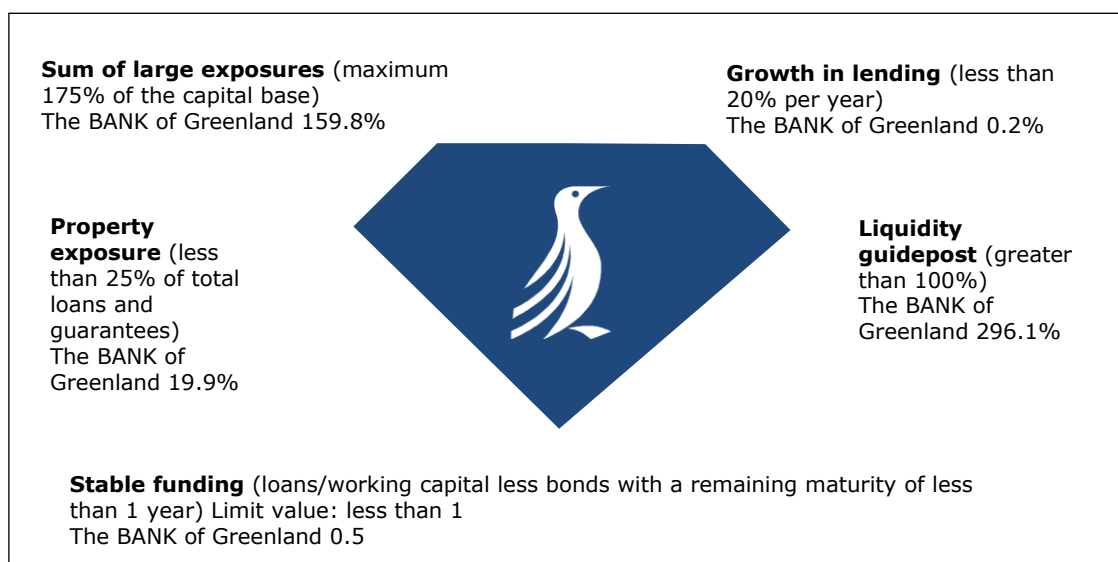
The liquidity coverage ratio (LCR) is a minimum requirement of the ratio between short-term assets and liabilities, to ensure a satisfactory liquidity ratio.

At the end of Q1 2020, the Bank had a legal LCR of 284.8% and thereby fulfils the LCR requirement of at least 100% for SIFI institutions.

The Bank's funding is based solely on deposits.

The Supervisory Diamond

The BANK of Greenland has considered the benchmarks set out in the Danish Financial Supervisory Authority's Supervisory Diamond for banks. The Supervisory Diamond states five benchmarks for banking activities which the Bank aims to fulfil. It must be noted that publicly-owned enterprises account for 30% points of the sum of large exposures.



Shareholders and return on the BANK of Greenland share

At a price of 464 at the end of Q1 2020, the price of the BANK of Greenland's shares has decreased from the end of 2019, when the price was 545.

At the Bank's Annual General Meeting on 25 March 2020 a dividend rate of DKK 0 for the Bank's shareholders was adopted. In the Annual Report for 2019 the Board of Directors had proposed dividend of DKK 30 per share to the Annual General Meeting, but due to the Covid-19 situation, this recommendation was amended prior to the Annual General Meeting.

The Board of Directors has reserved the opportunity to convene an extraordinary general meeting concerning payment of dividend during 2020, if the Covid-19 situation improves.

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.

MANAGEMENT'S REVIEW FOR Q1 2020

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.

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 2020

The negative economic outlook as a consequence of Covid-19 is expected to have a negative impact on the BANK of Greenland's financial results for 2020.

The Bank's lending is expected to decline moderately in 2020 as a consequence of the decrease in activity. In certain segments, the Bank's customers can be expected to continue to be affected, with significantly lower activity, which may increase the Bank's credit losses. In Q1 2020, the Bank made managerial additions to write-downs and also solvency-reserved capital for increased credit losses, based on the expected development. Continued Covid-19 effects can be expected to increase the Bank's credit losses for the rest of 2020, although still within the following result interval.

Deposits are expected to decline slightly during the rest of 2020, as a consequence of negative deposit interest rates and the impact on the Bank's customers' liquidity as a consequence of Covid-19.

Net interest and fee income is expected to be at a lower level than in 2019. Better balance is expected in the ratio between the return on the Bank's surplus liquidity and the negative deposit interest rates, while the development in lending is expected to have a negative impact on income from interest.

On the basis of the risk adjustment of the bond portfolio in Q1 2020, the Bank expects only a very moderate effect from value adjustments during the rest of 2020.

Total costs are expected to be at a moderately higher level than in 2019. Staff expenses are expected to show more subdued development, on the basis of pay increases under collective agreements, and a small increase in the number of employees. Administration expenses are also expected to increase, primarily in the compliance and IT area. A number of costs can be expected to lapse, however, as a consequence of Covid-19.

On 18 March 2020, the Bank revised its forecast profit for the year before tax to DKK 80-130 million. Based on the development in Q1 and the aforementioned assessments for the rest of the year, the forecast is specified as an expected profit before tax at the level of DKK 80-120 million for the full year, compared to DKK 150.5 million in 2019.

6 May 2020
Board of Directors

(DKK 1,000)

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

| Notes | | Q1 2020 | Full year 2019 | Q1 2019 |
|--|--|---------------|-------------------|---------------|
| 3 | Interest income | 58,454 | 237,967 | 58,035 |
| 4 | Negative interest income | -3,629 | -11,938 | -3,030 |
| 5 | Interest expenses | 123 | 765 | 188 |
| 6 | Positive interest expenses | +4,318 | +9,046 | +1,594 |
| | Net interest income | 59,020 | 234,310 | 56,411 |
| | Share dividend, etc. | 185 | 2,329 | 42 |
| 7 | Fee and commission income | 23,045 | 84,761 | 23,462 |
| | Fees paid and commission expenses | 234 | 904 | 117 |
| | Net interest and fee income | 82,016 | 320,496 | 79,798 |
| 8 | Value adjustments | -11,636 | 9,585 | 3,214 |
| | Other operating income | 1,087 | 5,722 | 1,495 |
| 9 | Staff and administration expenses | 43,728 | 167,884 | 42,464 |
| | Depreciation and impairment of tangible assets | 1,707 | 6,672 | 1,722 |
| | Other operating expenses | 212 | 2,788 | 627 |
| 16 | Write-downs on loans, etc. | 9,190 | 7,959 | 1,820 |
| | Profit before tax | 16,630 | 150,500 | 37,874 |
| 10 | Tax | 4,404 | 20,582 | 12,043 |
| | Result for the period | 12,226 | 129,918 | 25,831 |
| Statement of comprehensive income | | | | |
| | Result for the period | 12,226 | 129,918 | 25,831 |
| | Other comprehensive income: | | | |
| | Value adjustment of properties | 990 | 3,833 | 955 |
| | Value adjustment of defined-benefit severance/pension scheme | 0 | -15 | 0 |
| | Tax on value adjustment of properties | -262 | -1,219 | -304 |
| | Total other comprehensive income | 728 | 2,599 | 651 |
| | Comprehensive income for the period | 12,954 | 132,517 | 26,482 |

(DKK 1,000)

BALANCE SHEET

| Notes | | 31 March 2020 | 31 December 2019 | 31 March 2019 |
|-------|--|------------------|---------------------|------------------|
| | ASSETS | | | |
| | Cash balance and demand deposit with central banks | 180,538 | 184,862 | 180,706 |
| 11 | Receivables from credit institutions and central banks | 1,849,318 | 1,380,759 | 1,237,253 |
| 16 | Loans and other receivables at amortised cost | 3,636,588 | 3,758,736 | 3,628,717 |
| 12 | Bonds at fair value | 882,576 | 1,174,084 | 978,642 |
| | Shares, etc. | 114,248 | 117,009 | 96,163 |
| 13 | Assets connected to pool schemes | 156,494 | 112,341 | 68,437 |
| | Land and buildings in total, domicile properties | 229,675 | 228,904 | 214,653 |
| | Other tangible assets | 7,777 | 7,539 | 7,927 |
| | Deferred tax assets | 0 | 0 | 5,129 |
| | Other assets | 121,181 | 122,269 | 114,473 |
| | Accruals and deferred income | 4,750 | 3,412 | 4,582 |
| | Assets in total | 7,183,145 | 7,089,915 | 6,536,682 |
| | LIABILITIES | | | |
| | Liabilities to credit institutions and central banks | 12,585 | 13,625 | 19,546 |
| 14 | Deposits and other liabilities | 5,742,351 | 5,687,451 | 5,238,496 |
| | Deposits in pool schemes | 156,494 | 112,341 | 68,437 |
| | Current tax liabilities | 34,739 | 30,772 | 17,522 |
| | Dividend | 0 | 0 | 54,000 |
| | Other liabilities | 55,102 | 67,578 | 61,685 |
| | Prepayments and deferred expenses | 2,566 | 5,895 | 2,464 |
| | Total debt | 6,003,837 | 5,917,662 | 5,462,150 |
| | Provisions for pensions and similar obligations | 1,148 | 1,082 | 862 |
| | Provisions for deferred tax | 51,604 | 51,341 | 61,022 |
| | Provisions for losses on guarantees | 19,945 | 20,483 | 15,035 |
| | Other provisions | 5,266 | 5,121 | 5,581 |
| | Write-downs for losses on non-utilised credit facilities | 10,715 | 16,550 | 3,219 |
| | Total provisions | 88,678 | 94,577 | 85,719 |
| | Total equity | | | |
| 15 | Share capital | 180,000 | 180,000 | 180,000 |
| | Revaluation reserves | 32,434 | 31,706 | 29,743 |
| | Retained earnings | 878,163 | 865,970 | 779,070 |
| | Total equity | 1,090,630 | 1,077,676 | 988,813 |
| | Total liabilities | 7,183,145 | 7,089,915 | 6,536,682 |
| 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 reserves | Retained Result | Proposed dividend, net | Total equity |
|--|------------------|------------------------------|--------------------|------------------------------|------------------|
| Equity, 01 January 2019 | 180,000 | 29,092 | 753,239 | 36,828 | 999,159 |
| Other comprehensive income | | 651 | | | 651 |
| Result for the period | | | 25,831 | | 25,831 |
| Dividend adopted by the AGM transferred to current debt | | | | -54,000 | -54,000 |
| Taxation value of dividend paid | | | | 17,172 | 17,172 |
| Equity, 31 March 2019 | 180,000 | 29,743 | 779,070 | 0 | 988,813 |
| Other comprehensive income | | 1,963 | -15 | | 1,948 |
| Result for the period | | | 86,915 | | 86,915 |
| Equity, 31 December 2019 | 180,000 | 31,706 | 865,970 | 0 | 1,077,676 |
| Equity, beginning of 2020 | 180,000 | 31,706 | 865,970 | 0 | 1,077,676 |
| Other comprehensive income | | 728 | | | 728 |
| Result for the period | | | 12,226 | | 12,226 |
| Equity, 31 March 2020 | 180,000 | 32,434 | 878,196 | 0 | 1,090,630 |

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 2019.

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
- 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) | | Q1 2020 | Full year 2019 | Q1 2019 |
|-------------|---|----------------|-------------------|---------------|
| 3 | Interest income | | | |
| | Loans | 56,830 | 230,598 | 56,050 |
| | Bonds | 1,624 | 7,369 | 1,985 |
| | Total interest income | 58,454 | 237,967 | 58,035 |
| 4 | Negative interest income | | | |
| | Receivables from credit institutions and central banks | -2,784 | -8,311 | -2,110 |
| | Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments | -845 | -3,627 | -920 |
| | Total negative interest | -3,629 | -11,938 | -3,030 |
| 5 | Interest expenses | | | |
| | Credit institutions and central banks | 5 | 30 | 4 |
| | Deposits | 118 | 735 | 184 |
| | Total interest expenses | 123 | 765 | 188 |
| 6 | Positive interest expenses | | | |
| | Deposits and other liabilities | +4,318 | +9,046 | +1,594 |
| | Total positive interest expenses | +4,318 | +9,046 | +1,594 |
| 7 | Fee and commission income | | | |
| | Securities and securities accounts | 481 | 2,758 | 610 |
| | Funds transfer | 9,064 | 39,002 | 9,310 |
| | Loan case fees | 1,250 | 6,035 | 1,233 |
| | Guarantee commission | 5,788 | 22,144 | 5,213 |
| | Other fees and commission | 6,462 | 14,822 | 7,096 |
| | Total fee and commission income | 23,045 | 84,761 | 23,462 |
| 8 | Value adjustments | | | |
| | Lending at fair value | -498 | -100 | 610 |
| | Bonds | -9,800 | -11,833 | -1,150 |
| | Shares | -2,805 | 17,527 | 3,492 |
| | Currency | 899 | 3,826 | 915 |
| | Derivative financial instruments | 568 | 165 | -653 |
| | Total value adjustments | -11,636 | 9,585 | 3,214 |

NOTES TO THE INCOME STATEMENT

| (DKK 1,000) | Q1 2020 | Full year 2019 | Q1 2019 |
|---|---------------|-------------------|---------------|
| 9 Staff and administration expenses | | | |
| Salaries and remuneration to the Board of Directors and the Executive Management | | | |
| Board of Directors | 465 | 1,819 | 465 |
| Exec. Management, incl. free car and other benefits | 981 | 3,525 | 957 |
| In total | 1,446 | 5,344 | 1,422 |
| <p>The Bank has established a defined benefit severance/pension scheme for the Bank's managing director. Under this scheme, the Bank is obliged to pay a fixed benefit for a period of time following the managing director's retirement. The present value of the benefit in Q1 2020 amounts to TDKK 66, which is carried as an element of the executive management's remuneration under staff expenses and administration costs. This obligation, which is earned over the 2016-2023 period, may comprise 0-24 months' salary.</p> <p>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 | 734 | 2,660 | 646 |
| Employee expenses | | | |
| Salaries | 19,971 | 73,412 | 19,004 |
| Other staff expenses | 1,033 | 2,959 | 723 |
| Pensions | 2,285 | 9,121 | 2,247 |
| Social security expenses | 188 | 625 | 177 |
| In total | 23,477 | 86,117 | 22,151 |
| Other administration expenses | 20,251 | 81,767 | 20,313 |
| Average no. of full-time employees | 131.0 | 128.4 | 128.7 |
| 10 Tax | | | |
| 25% of the profit before tax (2019: 30%) | 4,157 | 45,150 | 11,362 |
| Paid dividend tax for Danish shares | -41 | -427 | 0 |
| 6% supplement | 247 | 2,683 | 681 |
| Total tax on ordinary profit | 4,363 | 47,406 | 12,043 |
| Paid dividend tax | 41 | 427 | 0 |
| Change in deferred tax as a consequence of a changed tax rate | - | -10,268 | - |
| Adjustment concerning previous years' taxes | 0 | 189 | 0 |
| Taxation value of dividend paid | 0 | -17,172 | 0 |
| Taxes in total | 4,404 | 20,582 | 12,043 |
| Deferred tax | 262 | -10,408 | 304 |
| Taxation value of dividend paid | 0 | 0 | 5,129 |
| Tax to be paid | 4,142 | 30,990 | 0 |
| Company tax of TDKK 397 was paid in the period. | | | |

NOTES TO THE BALANCE SHEET

| (DKK 1,000) | | 31 March 2020 | 31 December 2019 | 31 March 2019 |
|-------------|--|------------------|---------------------|------------------|
| 11 | Amounts receivable from credit institutions and central Banks | | | |
| | Receivables subject to terms of notice at central banks | 1,364,000 | 1,015,000 | 476,000 |
| | Receivables from credit institutions | 485,318 | 365,759 | 761,253 |
| | Total amounts receivable | 1,849,318 | 1,380,759 | 1,237,253 |
| 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 | 156,474 | 112,304 | 68,392 |
| | Non-invested funds | 20 | 37 | 45 |
| | In total | 156,494 | 112,341 | 68,437 |
| 14 | Deposits | | | |
| | On demand | 5,208,671 | 5,029,931 | 4,692,018 |
| | On terms of notice | 305,717 | 376,261 | 287,165 |
| | Fixed-term deposits | 21,000 | 54,436 | 60,436 |
| | Special deposit conditions | 206,964 | 226,823 | 198,877 |
| | Total deposits | 5,742,352 | 5,687,451 | 5,238,496 |
| 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 | Lending | | | |
| | Write-downs on loans, guarantees and non-utilised credit facilities: | | | |
| | New write-downs concerning new facilities | 2,094 | 46,595 | 1,975 |
| | Reversal of write-downs concerning redeemed facilities | -3,217 | -15,322 | - |
| | Net write-downs during the year as a consequence of changes in the credit risk | 10,597 | -22,369 | - |
| | Losses without preceding write-downs | 117 | 636 | 108 |
| | Received for claims previously written off | -401 | -1,582 | -263 |
| | Recognised in the statement of income | 9,190 | 7,958 | 1,820 |

NOTES TO THE BALANCE SHEET

(DKK 1,000)

| 16 | Lending | Stage 1 | Stage 2 | Stage 3 | In total |
|----|--|---------------|---------------|---------------|----------------|
| | Write-downs on loans | | | | |
| | 31.03.2020 | | | | |
| | Start of the period | 15,835 | 41,405 | 82,938 | 140,178 |
| | New write-downs concerning new facilities during the year | 660 | 529 | 425 | 1,614 |
| | Reversal of write-downs concerning redeemed facilities | -561 | -416 | -1,819 | -2,796 |
| | Change in write-downs at the beginning of the year - | | | | |
| | transfer to stage 1 | -4,394 | 3,736 | 658 | 0 |
| | Change in write-downs at the beginning of the year - | | | | |
| | transfer to stage 2 | 1,878 | -2,727 | 849 | 0 |
| | Change in write-downs at the beginning of the year - | | | | |
| | transfer to stage 3 | 9 | 994 | -1003 | 0 |
| | Net write-downs during the year as a consequence of changes in the credit risk | 802 | 10,583 | 5,645 | 17,030 |
| | Previously written down, now finally lost | | | -455 | -455 |
| | Interest on written-down facilities | | | 1,316 | 1,316 |
| | Write-downs in total | 14,229 | 54,104 | 88,554 | 156,887 |
| | Write-downs on guarantees | | | | |
| | 31.03.2020 | | | | |
| | Start of the period | 656 | 267 | 19,560 | 20,483 |
| | New write-downs concerning new facilities during the year | 96 | 22 | 112 | 230 |
| | Reversal of write-downs concerning redeemed facilities | 0 | 0 | 0 | 0 |
| | Change in write-downs at the beginning of the year - | | | | |
| | transfer to stage 1 | -260 | 80 | 180 | 0 |
| | Change in write-downs at the beginning of the year - | | | | |
| | transfer to stage 2 | 172 | -172 | 0 | 0 |
| | Change in write-downs at the beginning of the year - | | | | |
| | transfer to stage 3 | 0 | 0 | 0 | 0 |
| | Net write-downs during the year as a consequence of changes in the credit risk | 48 | 191 | -1,007 | -768 |
| | Write-downs in total | 712 | 388 | 18,845 | 19,945 |

NOTES TO THE BALANCE SHEET

(DKK 1,000)

| | Stage 1 | Stage 2 | Stage 3 | In total |
|--|---------------|---------------|---------------|----------------|
| Write-downs on non-utilised drawing rights | | | | |
| 31.03.2020 | | | | |
| Start of the period | 814 | 3,408 | 12,328 | 16,550 |
| New write-downs concerning new facilities during the year | 107 | 30 | 113 | 250 |
| Reversal of write-downs concerning redeemed facilities | -57 | -58 | -306 | -421 |
| Change in write-downs at the beginning of the year - transfer to stage 1 | -3,187 | 3,179 | 8 | 0 |
| Change in write-downs at the beginning of the year - transfer to stage 2 | 88 | -140 | 52 | 0 |
| Change in write-downs at the beginning of the year - transfer to stage 3 | 0 | 0 | 0 | 0 |
| Net write-downs during the year as a consequence of changes in the credit risk | 2,733 | -6,294 | -2,104 | -5,665 |
| Write-downs in total | 498 | 125 | 10,091 | 10,714 |
| Write-downs on loans | | | | |
| 31.12.2019 | | | | |
| Start of the period | 14,192 | 28,225 | 110,967 | 153,384 |
| New write-downs concerning new facilities during the year | 5,705 | 5,214 | 4,212 | 15,131 |
| Reversal of write-downs concerning redeemed facilities | -1,957 | -2,118 | -9,460 | -13,535 |
| Change in write-downs at the beginning of the year - transfer to stage 1 | 11,676 | -8,969 | -2,707 | 0 |
| Change in write-downs at the beginning of the year - transfer to stage 2 | -2,124 | 20,131 | -18,007 | 0 |
| Change in write-downs at the beginning of the year - transfer to stage 3 | -195 | -1,045 | 1,240 | 0 |
| Net write-downs during the year as a consequence of changes in the credit risk | -11,462 | -33 | -1,271 | -12,766 |
| Previously written down, now finally lost | | | -6,113 | -6,113 |
| Interest on written-down facilities | | | 4,077 | 4,077 |
| Write-downs in total | 15,835 | 41,405 | 82,938 | 140,178 |

NOTES TO THE BALANCE SHEET

(DKK 1,000)

| | Stage 1 | Stage 2 | Stage 3 | In total |
|--|------------|--------------|---------------|---------------|
| Write-downs on guarantees | | | | |
| 31.12.2019 | | | | |
| Start of the period | 461 | 205 | 13,608 | 14,274 |
| New write-downs concerning new facilities during the year | 364 | 52 | 14,975 | 15,391 |
| Reversal of write-downs concerning redeemed facilities | 0 | 0 | -23 | -23 |
| Change in write-downs at the beginning of the year - transfer to stage 1 | 254 | -22 | -232 | 0 |
| Change in write-downs at the beginning of the year - transfer to stage 2 | -64 | 244 | -180 | 0 |
| Change in write-downs at the beginning of the year - transfer to stage 3 | 0 | -19 | 19 | 0 |
| Net write-downs during the year as a consequence of changes in the credit risk | -359 | -193 | -8,607 | -9,159 |
| Write-downs in total | 656 | 267 | 19,560 | 20,483 |
| Write-downs on non-utilised drawing rights | | | | |
| 31.12.2019 | | | | |
| Start of the period | 436 | 130 | 2,119 | 2,685 |
| New write-downs concerning new facilities during the year | 883 | 145 | 15,045 | 16,073 |
| Reversal of write-downs concerning redeemed facilities | -135 | -151 | -1,478 | -1,764 |
| Change in write-downs at the beginning of the year - transfer to stage 1 | 200 | -35 | -165 | 0 |
| Change in write-downs at the beginning of the year - transfer to stage 2 | -9 | 109 | -100 | 0 |
| Change in write-downs at the beginning of the year - transfer to stage 3 | -2 | -2 | 4 | 0 |
| Net write-downs during the year as a consequence of changes in the credit risk | -559 | 3,212 | -3,097 | -444 |
| Write-downs in total | 814 | 3,408 | 12,328 | 16,550 |

NOTES TO THE BALANCE SHEET

| (DKK 1,000) | | 31 March 2020 | 31 December 2019 | 31 March 2019 |
|-------------|---|------------------|---------------------|------------------|
| | Stage 1 impairment | | | |
| | Beginning of year | - | - | 14,192 |
| | Write-downs during the period | - | - | 0 |
| | Reversal during the period | - | - | -714 |
| | End of period | - | - | 13,478 |
| | Stage 2 impairment | | | |
| | Beginning of year | - | - | 28,225 |
| | Write-downs during the period | - | - | 15,153 |
| | Reversal during the period | - | - | 0 |
| | End of period | - | - | 43,378 |
| | Stage 3 impairment | | | |
| | Beginning of year | - | - | 110,966 |
| | Write-downs during the period | - | - | 0 |
| | Reversal during the period | - | - | -12,458 |
| | End of period | - | - | 98,509 |
| | Total write-downs at the end of the period | - | - | 155,365 |
| 17 | Contingent liabilities | | | |
| | Mortgage finance guarantees | 878,919 | 858,007 | 781,157 |
| | Registration and remortgaging guarantees | 161,441 | 185,355 | 56,115 |
| | Other guarantees | 474,267 | 436,175 | 433,569 |
| | Guarantees, etc. in total | 1,514,627 | 1,479,537 | 1,270,841 |
| | Provision balance for guarantees | 19,945 | 20,483 | 15,036 |
| | Provision balance for non-utilised credit facilities | 10,714 | 16,550 | 3,219 |

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

NOTES TO THE BALANCE SHEET

| (DKK 1,000) | | 31 March 2020 | 31 December 2019 | 31 March 2019 |
|-------------|--|------------------|---------------------|------------------|
| 18 | Capital conditions and solvency | | | |
| | Risk-weighted items | | | |
| | Credit risk | 3,649,276 | 3,772,382 | 3,608,685 |
| | CVA risk | 3,809 | 4,432 | 5,277 |
| | Market risk | 103,210 | 229,745 | 189,119 |
| | Operational risk | 600,646 | 600,646 | 566,841 |
| | Weighted items in total | 4,356,941 | 4,607,205 | 4,369,922 |
| | Capital ratio | 24.6 | 23.4 | 21.8 |
| | Core capital ratio | 24.6 | 23.4 | 21.8 |
| | Statutory capital ratio requirements | 8.0 | 8.0 | 8.0 |
| | Core capital | 1,072,263 | 1,076,145 | 951,800 |
| | Capital base | 1,072,263 | 1,076,145 | 951,800 |

MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today considered and approved the quarterly report for the period 1 January - 31 March 2020 for the limited liability company, GrønlandsBANKEN A/S.

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

It is our opinion that the quarterly financial statements give a true and fair view of the Bank's assets, liabilities and financial position at 31 March 2020, as well as of the results of the Bank's operations for Q1 2020.

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.

6 May 2020

Executive Management Board

Martin Birkmose Kviesgaard

Board of Directors

Gunnar í Lióða
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