

Notification to Nasdaq OMX Copenhagen

11/2015



**QUARTERLY REPORT**

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Q1 - Q3 2015



GER no. 80050410

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## Q1 – Q3 REPORT FOR 2015 IN HEADLINES

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### **Satisfactory result for the first three quarters of 2015 for the BANK of Greenland.**

The first three quarters of 2015 show a profit before value adjustments and write-downs of DKK 104.0 million, compared to DKK 111.6 million for the same period of 2014.

In the first three quarters of 2015, the Bank achieved a small increase in both lending and guarantees totalling DKK 55.1 million. Compared to the same period of the previous year, the level of lending is lower, however. Guarantees, on the other hand, showed a good increase.

The lower level of lending, together with the 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, resulting in a decrease compared to the same period of 2014. In isolated terms, this corresponds to the decrease in the profit before value adjustments and write-downs.

Fee income is at a satisfactory level, and is a good deal higher than for the same period of 2014, primarily due to significant remortgaging activity.

Dividend on shares, etc. fell by DKK 1.3 million compared to the same period of the previous year.

The level of the overall income from basic operations is satisfactory. There is only a small decrease, despite the continuing weak economic conditions in Greenland and the extremely low level of interest rates.

Overall costs, including depreciation, continue to decline, with a decrease by DKK 1.8 million to DKK 109.6 million, compared with the same period of 2014.

Value adjustments were negative in the period, at DKK 6.7 million, compared to a positive figure of DKK 17.9 million for the same period of the previous year. The primary reason for the capital loss in 2015 is the bank's bond holdings.

Write-downs on loans and guarantees remain low, giving a profit before tax of DKK 82.8 million, compared to DKK 115.6 million for the same period of the previous year.

- The profit before tax gives a return of 13.4% p.a. on the opening equity after dividend.
- Net interest and fee income showed a small decline by 2.9%, among other things as a consequence of the low level of interest rates.
- Write-downs and provisions for the period of 0.4%.
- A decrease in total costs, including depreciation, by DKK 1.8 million.
- Almost unchanged lending in the first three quarters of 2015.
- Solvency ratio of 20.3 and a capital requirement of 10.4.

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## FINANCIAL HIGHLIGHTS AND KEY FIGURES FOR THE FIRST THREE QUARTES OF 2015

(DKK 1,000)

	Q1 -Q3 2015	Q1 -Q3 2014	Full year 2014	Q1-Q3 2013	Q1 -Q3 2012	Q1 -Q3 2011
Net interest and fee income	213,776	220,133	293,457	206,273	206,412	186,803
Value adjustments	-6,774	17,983	7,687	- 49	12,687	- 17,047
Other operating income	-214	2,872	3,750	2,641	3,097	1,709
Staff and administration expenses	103,149	102,175	136,440	95,244	92,253	85,910
Depreciation and impairment of tangible assets	4,041	6,890	9,160	7,560	8,869	7,438
Other operating expenses	2,369	2,332	3,054	2,722	1,683	5,913
Write-down of loans, etc.	14,421	14,039	24,807	10,882	9,167	7,819
<b>Profit before tax</b>	<b>82,808</b>	<b>115,552</b>	<b>131,433</b>	<b>92,457</b>	<b>110,224</b>	<b>64,385</b>
Tax	26,326	36,726	41,776	29,379	35,041	20,468
<b>Profit for the period</b>	<b>56,482</b>	<b>78,826</b>	<b>89,657</b>	<b>63,078</b>	<b>75,183</b>	<b>43,917</b>
<b>Selected accounting details:</b>						
Lending	2,821,106	2,951,687	2,814,547	2,903,096	2,982,423	2,963,522
Deposits	4,164,900	3,620,160	3,739,768	3,450,048	3,808,233	3,383,494
Equity	897,993	892,320	909,872	852,750	832,738	784,837
Balance sheet total	5,258,096	4,735,501	4,849,621	4,495,378	4,843,170	4,494,579
Contingent liabilities	1,188,075	1,046,034	1,093,349	898,945	970,281	841,625
<b>Key figures:</b>						
Capital rate	20.3	20.3	20.3	20.8	19.5	20.2
Core capital ratio	20.3	20.3	20.3	20.4	18.9	19.5
The period's return on equity before tax	9.2	13.1	14.7	10.9	13.5	8.3
The period's return on equity after tax	6.2	8.9	10.0	7.4	9.3	5.7
Income per cost krone	1.67	1.92	1.76	1.79	1.98	1.60
Rate of return	1.1	1.7	1.9	1.4	1.6	1.0
Interest rate risk	1.4	1.0	1.3	0.9	1.5	0.6
Foreign exchange position	6.1	3.0	3.1	4.3	7.4	4.2
Loans plus write-downs in relation to deposits	69.6	83.8	77.5	86.1	79.8	89.4
Loans in relation to equity	3.1	3.3	3.1	3.4	3.6	3.8
Growth in lending during the period	0.2	2.7	- 2.1	- 4.7	- 2.6	1.3
Excess capital base compared to statutory liquidity requirement	153.2	146.5	190.7	151.2	183.7	167.0
The sum of large exposures	49.2	48.1	40.0	62.5	96.5	115.3
The period's write-down percentage	0.4	0.4	0.7	0.3	0.3	0.2
Accumulated write-down percentage	2.7	2.2	2.4	2.0	1.5	1.6
The period's profit per share after tax	31.4	43.8	49.8	35.0	41.8	24.4
Net book value per share	499	499	505	481	473	446
Stock exchange quotation/net book value per share	1.2	1.3	1.2	1.2	0.9	0.7

## MANAGEMENT REVIEW FOR Q1 - Q3 2015

### Income statement

Net interest income decreased by TDKK 7,436 to TDKK 152,158 in the first three quarters of 2015, compared to the same period of 2014. The background to this decrease is still the extremely low level of interest rates, a lower lending volume compared to the same period of 2014, and the negative interest on the bank's certificates of deposit at Danmarks Nationalbank. The Bank's large deposit surplus has a negative impact on net interest. The Bank's holdings of corporate bonds do, however, contribute to reducing the decrease in net interest.

Fee and commission income, on the other hand, increased by TDKK 2,598 to TDKK 62,239 compared to the same period of 2014. The largest increase is seen for fee and guarantee commission, due to the increase in remortgaging activity. On the other hand, dividend payments on the Bank's share portfolio decreased from TDKK 1,817 to TDKK 497.

Staff and administration costs have increased in relation to the same period of last year, by TDKK 974 to TDKK 103,149 at the end of September 2015. Personnel costs increased by TDKK 2,845, which is primarily attributable to salaries and pensions. This increase is expected and is related to an increase in the number of employees, as well as the increases under collective agreements. Furthermore, in Q3 2015 earlier years extraordinary holiday allowance adjustment of TDKK 845 was paid out. Other administration costs decreased by TDKK 1,800, primarily due to an extraordinary training programme that was launched in the first half of 2014, and larger advertising and marketing costs in the same period of 2014. In 2015 the conversion of the branch in Qaqortoq commenced, as well as the head office in Nuuk on a more limited scale.

Depreciation of tangible assets decreased by TDKK 2,849 to TDKK 4,041 compared to the same period of 2014.

The profit before value adjustments and write-downs decreased by around 7%, or TDKK 104,003, compared to the same period of 2014.

Value adjustments represent a total capital loss of TDKK 6,774, compared to a capital gain of TDKK 17,983 for the same period of 2014. The reason for the capital loss in 2015 is the bank's bond holdings. Value adjustment of the bank's share holdings is by and large unchanged compared to the same period of 2014.

Write-downs of loans etc. are by and large unchanged from the same period last year and amounted to TDKK 14,421 at the end of Q3 2015. 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.

The profit before tax was TDKK 82,808, compared to TDKK 115,552 for the same period of 2014.

### Selected Highlights and Key Figures (not audited)

(DKK 1,000)

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	2015	2015	2015	2014	2014	2014	2014	2013
Net interest and fee income	71,638	70,439	71,698	73,324	75,724	75,867	68,542	69,477
Costs, depreciation and amortisation	36,481	35,637	37,442	37,258	35,546	37,114	38,736	38,724
Other operating income	174	- 678	290	878	1,295	794	783	507
Profit before value adjustments and write-downs	35,331	34,124	34,546	36,944	41,473	39,547	30,589	31,260
Value adjustments	-2,907	269	- 4,136	-10,295	1,226	8,987	7,769	4,088
Impairment of loans, etc.	4,687	4,558	5,176	10,768	5,513	4,807	3,719	4,304
Profit before tax	27,737	29,835	25,234	15,881	37,186	43,727	34,639	31,044

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## MANAGEMENT REVIEW FOR Q1 - Q3 2015

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### Development in the first three quarters of 2015

The development in net interest is virtually unchanged in 2015, at DKK 50.8 million in both Q2 and Q3, and DKK 50.6 million in Q1 2015.

Fee income of DKK 21.1 million in Q3 2015 reflected an increase by DKK 1.3 million from DKK 19.8 million in Q2 2015, compared to DKK 23.3 million in Q1 2015. Primarily guarantee commission and other fees increased in Q3, while Q1 was affected positively by significant remortgaging activity.

In Q3 costs and depreciation totalled DKK 36.5 million, compared to DKK 35.6 million in Q2 and DKK 37.4 million in Q1 2015. The increase in costs in both Q1 and Q3 can be attributed to the disbursement of holiday allowance.

In Q3 2015 the Bank has allocated an amount equivalent to half of the expected estimated cost in 2015 to the statutory "Settlement reserve". The sector has hereby initiated the accumulation of a settlement reserve to which the credit institutions must contribute according to their relative size and risk. The settlement reserve must be accumulated by the end of 2024 at the latest, with assets equivalent to at least 1% of the covered deposits in all Danish credit institutions. The first contribution to the reserve must be paid at the end of 2015.

The profit before value adjustments and write-downs for Q3 2015 is DKK 35.3 million, compared to DKK 34.1 million in Q2 and DKK 34.5 million in Q1 2015.

Value adjustments in Q3 2015 gave a capital loss of DKK 2.9 million, compared to a small capital gain of DKK 0.3 million in Q2. Q1 2015 also showed a capital loss, amounting to DKK 4.1 million. The capital losses can be attributed to the Bank's holdings of commercial and mortgage credit bonds.

Net write-downs in Q3 2015 amount to DKK 4.7 million, compared to DKK 4.5 million in Q2 and DKK 5.2 million in Q1. The write-downs are still at a low level.

The profit before tax is thus DKK 29.7 million, compared to DKK 29.8 million in Q2 and DKK 25.2 million in Q1 2015.

### Balance sheet and equity

The Bank's lending decreased by DKK 32.8 million in Q3, while the overall year saw a marginal increase by 0.2% to TDKK 2,821,106. The level of lending is also lower than in the first three quarters of 2014.

The Bank's deposits, of which the largest element is deposits on demand, amounted to TDKK 4,164,900 at the end of Q3 2015, having increased by TDKK 425,132 from the end of 2014. The Bank's deposit surplus is thus significant, and in view of the negative interest rate on certificates of deposit at Danmarks Nationalbank, the deposit surplus in the first three quarters of 2015 had a negative impact on the bank's operations. The volume of deposits is expected to be reduced during the coming quarters.

The total balance sheet increased by TDKK 408,475 to TDKK 5,258,096. Equity amounted to TDKK 897,993 at the close of Q3 2015.

Outside the balance sheet, the bank's guarantees and irrevocable undertakings to customers increased by TDKK 94,726 to TDKK 1,188,075 at the end of September 2015.

### 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 the first three quarters of 2015 is subject to an

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## MANAGEMENT REVIEW FOR Q1 - Q3 2015

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appropriate level of uncertainty.

### Financial risks

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

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

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

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

### Capital requirement, risk management

The BANK of Greenland must by law have a capital base that supports the risk profile. The Bank 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.

As of 1 January, 2014, the requirements concerning equity capital, as well as the compilation of risk-weighted assets, were tightened, and in future further requirements will also be made of liquidity and gearing. Based on the Bank's solvency ratio, the BANK of Greenland is not significantly affected by the introduction of the latest capital adequacy rules based on directives and regulations. Reference is made to the "Equity Statement" on page 12 and in Note 15.

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, stands at 20.3.

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

In DKK 1,000	Q1 -Q3 2015		End of 2014	
	Capital requirement	Capital requirement in %	Capital requirement	Capital requirement in %
Pillar I requirement	329,757	8.00 %	325,338	8.00%
Credit risk	69,454	1.68 %	62,556	1.54 %
Market risk	14,216	0.34 %	10,078	0.25 %
Operational risk	5,500	0.13 %	5,000	0.12%
Other conditions	9,952	0.24 %	11,533	0.28%
<b>Capital requirement</b>	<b>428,879</b>	<b>10.39 %</b>	<b>414,505</b>	<b>10.19%</b>

At the end of Q3 2015 the Bank's individual capital requirement was compiled at 10.4 % according to the 8+ model and the Bank thus has surplus cover of 9.9 % points or TDKK 407,352.

## MANAGEMENT REVIEW FOR Q1 - Q3 2015

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

### Liquidity

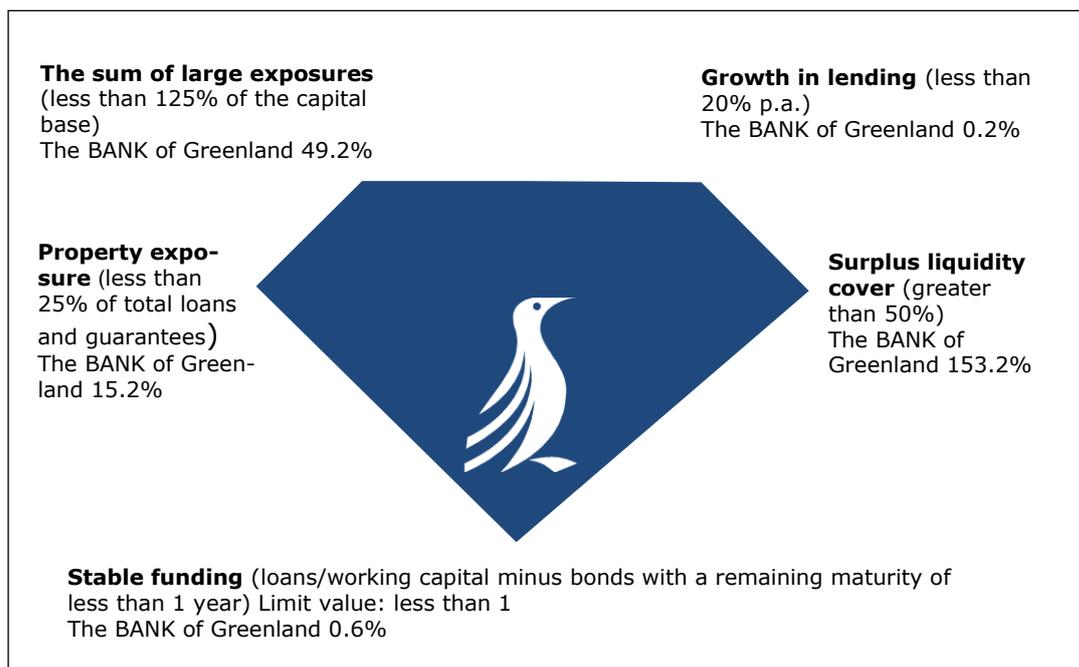
Since Q1 2014, the BANK of Greenland has reported according to the new liquidity requirements (LCR) in accordance with the new capital adequacy rules, although formal compliance is not required until as from 1 October 2015, when the new rules will be phased in up to 2019.

The statement as of the end of September 2015 shows an LCR ratio of 264.5.

Based on the current requirements (Section 152 of the Financial Business Act), at the end of Q3 2015, the Bank had excess liquidity coverage of 153.2%.

### 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 49.2% at the end of Q3 2015, of which exposures to publicly owned and sector companies constituted 10.8%.



### Shareholders and dividend

The BANK of Greenland's overall financial objective is to achieve a competitive return for the shareholders. At a price of 605 at the end of Q3 2015, the price of the BANK of Greenland's shares has decreased from the end of 2014, when the price was 612. During Q1 2015, the Bank paid dividend to its shareholders totaling 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%.

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## MANAGEMENT REVIEW FOR Q1 - Q3 2015

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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 Q3 2015, 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 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 act 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](http://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 2015**

After probably three years with negative GDP development in Greenland, the Bank now expects a small increase in GDP, especially in view of the expected increased construction activity.

The BANK of Greenland continues to expect a moderate increase in lending during the year, guarantees at a high level, and an unchanged to slightly falling interest rate margin. There is still considerable uncertainty related to the extremely low level of interest rates, including for how long the rate of interest on certificates of deposit at Danmarks Nationalbank will be negative. On this basis the Bank expects a slight decrease in overall income compared to 2014.

Total costs including depreciation are expected to show a slight increase by just over 1% compared to 2014. This is based on the expectation that all positions will continue to be filled, and that the planned renovation and maintenance of some of the Bank's staff accommodation will be completed. Conversion of the head office in Nuuk is approaching completion and the planned renovation of the branch in Qaqortoq was begun in Q2 2015.

A profit before value adjustments and write-downs at the level of DKK 125-145 million is still expected, compared to DKK 148 million in 2014.

The bank assesses that the quality of the lending portfolio is satisfactory. Value adjustment of lending at a moderate level is therefore expected in 2015, and probably slightly lower than in 2014.

28 October 2015  
Board of Directors

(DKK 1,000)

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**

Notes	Q1-Q3 2015	Full year 2014	Q1-Q3 2014	
<b>3</b>	Interest income	155,805	227,264	170,412
<b>4</b>	Interest expenses	3,647	13,399	10,818
	<b>Net interest income</b>	<b>152,158</b>	<b>213,865</b>	<b>159,594</b>
	Share dividend, etc.	497	1,821	1,821
<b>5</b>	Fee and commission income	62,239	79,324	59,641
	Fees paid and commission expenses	1,118	1,553	923
	<b>Net interest and fee income</b>	<b>213,776</b>	<b>293,457</b>	<b>220,133</b>
<b>6</b>	Value adjustments	- 6,774	7,687	17,983
	Other operating income	- 214	3,750	2,872
<b>7</b>	Staff and administration costs	103,149	136,440	102,175
	Depreciation and impairment of tangible assets	4,041	9,160	6,890
	Other operating expenses	2,369	3,054	2,332
<b>10</b>	Write-downs on loans, etc.	14,421	24,807	14,039
	<b>Profit before tax</b>	<b>82,808</b>	<b>131,433</b>	<b>115,552</b>
<b>8</b>	Tax	26,326	41,776	36,726
	<b>Profit for the period</b>	<b>56,482</b>	<b>89,657</b>	<b>78,826</b>
<b>Statement of comprehensive income</b>				
	Profit for the period	56,482	89,657	78,826
	Revaluation of domicile properties	764	1,613	778
	Reversed revaluation of domicile properties	- 2,000	- 2,104	0
	Tax on other comprehensive income	393	156	247
	<b>Comprehensive income for the year</b>	<b>55,639</b>	<b>89,322</b>	<b>79,851</b>



(DKK 1,000)

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Re-valuation reserves	Retained earnings	Proposed dividend, net	Total equity
<b>Equity, 1 January 2014</b>	<b>180,000</b>	<b>16,882</b>	<b>611,835</b>	<b>67,518</b>	<b>876,235</b>
Paid dividend				-99,000	- 99,000
Taxation value of dividend paid				31,482	31,482
Trading in own shares, net			3,999		3,999
Other comprehensive income		778			778
Profit for the period			78,826		78,826
<b>Equity, 30 September 2014</b>	<b>180,000</b>	<b>17,660</b>	<b>694,660</b>	<b>0</b>	<b>892,320</b>
Trading in own shares, net			7,834		7,834
Other comprehensive income		- 1,113			-1,113
Profit for the period			10,831		10,831
<b>Equity, 31 December 2014</b>	<b>180,000</b>	<b>16,547</b>	<b>713,325</b>	<b>0</b>	<b>909,872</b>
<b>Equity at the beginning of 2015 after distribution of dividend</b>	<b>180,000</b>	<b>16,547</b>	<b>645,807</b>	<b>67,518</b>	<b>909,872</b>
Paid dividend				- 99,000	- 99,000
Taxation value of dividend paid				31,482	31,482
Other comprehensive income		- 843			- 843
Profit for the period			56,482		56,482
<b>Equity, 30 September 2015</b>	<b>180,000</b>	<b>15,704</b>	<b>702,289</b>	<b>0</b>	<b>897,993</b>

## NOTES

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### Note 1

#### **Accounting policies applied, etc.**

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

The accounting policies applied are unchanged compared to the Annual Report for 2014.

This quarterly 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 tax value of this is therefore added to equity at the time of the Annual General Meeting's approval of the dividend.

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

The quarterly report has not been audited or reviewed.

### 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 write-downs on loans, provisions for guarantees, determination of the fair value of unlisted financial instruments, valuation of domicile properties, and 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)	Q1-Q3 2015	Full year 2014	Q1-Q3 2014
<b>3 Interest income/annual premium on</b>			
Amounts receivable from credit institutions and central banks	-2,376	591	432
Lending	145,685	208,341	156,439
Bonds	15,999	23,093	16,752
Foreign exchange, interest rate, equity, commodity and other contracts, as well as derivative financial instruments	-3,503	-4,761	- 3,211
<b>Total interest income</b>	<b>155,805</b>	<b>227,264</b>	<b>170,412</b>
<b>4 Interest expenses to</b>			
Credit institutions and central banks	503	479	398
Deposits	3,144	12,920	10,420
<b>Total interest expenses</b>	<b>3,647</b>	<b>13,399</b>	<b>10,818</b>
<b>5 Fee and commission income distributed on</b>			
Securities and securities accounts	4,103	6,372	5,288
Funds transfer	24,710	31,884	23,715
Loan case fees	9,140	12,474	9,098
Guarantee commission	13,416	15,630	11,606
Other fees and commission	10,870	12,964	9,934
<b>Total fee and commission income</b>	<b>62,239</b>	<b>79,324</b>	<b>59,641</b>
<b>6 Value adjustments of</b>			
Lending at fair value	-1,698	4,527	3,682
Bonds	-23,039	-9,756	2,032
Shares	12,173	14,268	14,247
Currency	2,208	4,990	3,234
Derivative financial instruments	3,582	-6,342	-5,212
<b>Total value adjustments</b>	<b>- 6,774</b>	<b>7,687</b>	<b>17,983</b>

**NOTES TO THE INCOME STATEMENT**

(DKK 1,000)	Q1-Q3 2015	Full year 2014	Q1-Q3 2014
<b>7</b>	<b>Staff and administration costs</b>		
	Salaries and and remuneration of the Board of Directors and the Executive Management		
	883	1,050	787
	2,208	3,188	2,375
	<b>3,091</b>	<b>4,188</b>	<b>3,162</b>
	Staff expenses		
	42,756	54,329	40,158
	2,310	2,452	2,361
	5,321	6,815	5,084
	395	512	334
	<b>50,782</b>	<b>64,108</b>	<b>47,937</b>
	<b>49,276</b>	<b>68,210</b>	<b>51,076</b>
	Other administration expenses		
	117.9	119.0	115.0
<b>8</b>	<b>Tax</b>		
	24,842	39,430	34,666
	- 124	- 329	- 329
	1,484	2,346	2,060
	<b>26,202</b>	<b>41,447</b>	<b>36,397</b>
	124	329	329
	<b>26,326</b>	<b>41,776</b>	<b>36,726</b>
	Deferred tax		
	0	-1,525	0
	26,202	31,482	31,482
	124	11,819	5,244
	No company tax was paid during the period		

**NOTES TO THE BALANCE SHEET**

(DKK 1,000)	30 September 2015	31 December 2014	30 September 2014
<b>9</b>	<b>Amounts receivable from credit institutions and central banks</b>		
Receivables subject to terms of notice at central banks	87,000	0	0
Receivables from credit institutions	597,707	297,493	242,784
<b>Total amounts receivable</b>	<b>684,707</b>	<b>297,493</b>	<b>242,784</b>
<b>10</b>	<b>Lending</b>		
Write-downs on loans and receivables			
Lending	16,176	21,796	14,161
Guarantees	-1,755	3,011	- 122
<b>Total write-downs during the period</b>	<b>14,421</b>	<b>24,807</b>	<b>14,039</b>
Of which losses not previously written down	122	410	244
<b>Individual write-downs</b>			
Start of the period	66,664	57,359	57,359
Write-downs during the period	23,317	24,945	21,255
Reversal of write-downs in previous financial years	8,879	7,156	6,736
Final loss (depreciated) previously individually depreciated	5,052	7,687	2,069
Other movements	0	-797	0
<b>End of period</b>	<b>76,050</b>	<b>66,664</b>	<b>69,809</b>
<b>Group write-downs</b>			
Start of the period	18,551	10,626	10,626
Write-downs during the period	4,894	8,527	2,336
Reversal of write-downs in previous financial years	0	436	195
Other movements	0	-166	0
<b>End of period</b>	<b>23,445</b>	<b>18,551</b>	<b>12,767</b>
<b>11</b>	<b>Bonds</b>		
Of which nominal TDKK 50,000 pledged as security for accounts with Danmarks Nationalbank			
<b>12</b>	<b>Deposits</b>		
On demand	3,494,273	3,214,899	3,166,638
On terms of notice	282,945	273,979	245,668
Fixed-term deposits	284,000	149,101	107,207
Special deposit conditions	103,682	101,789	100,647
<b>Total deposits</b>	<b>4,164,900</b>	<b>3,739,768</b>	<b>3,620,160</b>

**NOTES TO THE BALANCE SHEET**

(DKK 1,000)	30 September 2015	31 December 2014	30 September 2014
<b>13 Share capital</b>			
Share capital consists of 1,800,000 shares of DKK 100			
<b>Own holdings of capital investments</b>			
Number of own shares	0	0	12,971
Nominal own holdings of capital investments	0	0	1,297
Percentage of share capital at year-end	0.00	0.00	0.7
<b>14 Contingent liabilities</b>			
Financial guarantees	1,200	455	455
Mortgage finance guarantees	609,898	550,127	581,309
Registration and remortgaging guarantees	82,930	173,853	83,991
Other guarantees	445,747	366,814	377,869
<b>Guarantees, etc. in total</b>	<b>1,139,775</b>	<b>1,091,249</b>	<b>1,043,624</b>
<b>Provision balance for guarantees</b>	<b>10,006</b>	<b>11,761</b>	<b>8,493</b>
Irrevocable loan commitments	48,300	2,100	2,410
<b>Other contingent liabilities in total</b>	<b>48,300</b>	<b>2,100</b>	<b>2,410</b>
<b>15 Capital conditions and solvency</b>			
Risk-weighted items			
Credit risk	3,399,136	3,396,490	3,419,599
Market risk	169,953	117,360	145,809
Operational risk	552,871	552,871	500,229
<b>Weighted items in total</b>	<b>4,121,960</b>	<b>4,066,721</b>	<b>4,065,637</b>
Capital rate	20.3	20.3	20.3
Core capital ratio	20.3	20.3	20.3
Statutory capital ratio requirements	8.0	8.0	8.0%
Capital base	836,231	825,807	824,060
Core capital	836,231	825,807	824,060

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## MANAGEMENT STATEMENT

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The Board of Directors and Executive Management have today considered and approved the quarterly report for the period 1 January - 30 September 2015 for the limited liability company, GrønlandsBANKEN A/S.

The quarterly report is presented in accordance with the Danish Financial Business Act, and the Management 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 statement gives a true and fair view of the Bank's assets, liabilities and financial position as of 30 September 2015, and of the result of the Bank's activities for the first three quarters of 2015.

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.

28 October 2015

### **Executive Management**

Martin Kviesgaard

### **Board of Directors**

Gunnar í Liða  
Chairman

Kristian Lennert  
Deputy 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