

Announcement to the OMX The Nordic Exchange Copenhagen

17/2007

1 November 2007

Q 1-3 Report

Q 1-3 2007



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SIGNATURES OF THE BOARDS OF MANAGEMENT AND DIRECTORS

The BANK of Greenland

The Board of Directors and the Board of Management have today discussed and approved the quarterly report for 1 January 2007 – 30 September 2007 for The BANK of Greenland A/S.

The quarterly report has been presented in accordance with the Danish statutory provisions and accounting standards as stipulated by the Copenhagen Stock Exchange for listed companies. Furthermore, the quarterly report has been written in accordance with other Danish requirements for reports covering parts of years for listed financial institutions. In our opinion, the accounting policies chosen are appropriate thus ensuring that the Q 1-3 report gives a true and fair view of the bank's assets, liabilities, and financial position as of 30 September 2007, and of the profit and loss account and cash flows for Q 1-3 2007.

Nuuk 1 November 2007

The Board of Management

Martin Kviesgaard

The Board of Directors

Bent H. Jakobsen
Chairman

Kristian Lennert
Deputy Chairman

Anders Brøns

Stefan Hviid

Gunnar í Liða

Helle Mark

Jørn Skov Nielsen

Inger Poulsen

Jette Radich

The BANK of Greenland A/S, telephone +299 34 77 00

THE MANAGEMENT'S REPORT FOR Q 1-3 2007

Financial Highlights and Key Figures	Q 1-3 2007	Q 1-3 2006	Whole year 2006	Q 1-3 2005	Q 1-3 2004	Q 1-3 2003
Net income from interest and charges	158,896	144,090	193,812	128,937	108,025	112,167
Price adjustments	- 7,127	- 5,433	-1,381	1,910	- 1,602	208
Other ordinary income	4,041	1,915	1,730	1,911	4,181	4,288
Staff costs and other adm. expenses, etc.	65,701	61,542	87,563	57,016	56,154	54,059
Depreciation & write-down of tangible assets	3,101	3,227	4,207	3,381	3,195	3,845
Other ordinary expenses	4,097	0	0	0	2,618	0
Write-downs on loans, advances, etc.	- 5,872	181	-1,832	1,458	2,940	4,132
Profit on ordinary activities	88,783	75,622	104,223	70,903	45,697	54,627
Tax	28,217	28,056	36,952	26,321	16,953	20,267
Net profit for the period	60,566	47,566	67,271	44,582	28,744	34,360
Selected account items						
Loans and advances	2,229,479	1,924,850	1,989,328	1,588,828	1,197,064	1,164,243
Deposits	3,152,218	2,439,621	2,889,023	2,441,310	2,009,964	2,580,603
Shareholders' equity	642,972	625,095	648,715	603,806	577,529	582,023
Balance sheet total	3,911,692	3,320,706	3,646,237	3,332,011	2,765,917	3,356,659
Off-balance sheet items	431,813	446,531	413,014	382,993	267,778	297,798
Key figures:						
Solvency ratio	18.2		21.0			
Percentage of core capital	17.4		19.9			
Return on shareholders' equity before tax	13.7		16.3			
Return on shareholders' equity after tax	9.4		10.5			
Earnings per expense DK	2.32		2.16			
Interest risk	4.2		4.9			
Currency position	0.0		0.0			
Loans and advances in relation to deposits	72.1		70.8			
Loans and advances in relation to shareholders' equity	3.5		3.1			
Growth in loans and advances for the year	12.1		20.5			
Excess coverage in relation to statutory requirements for liquidity	260.1		331.6			
Sum of major exposures	90.9		70.4			
Write-down percentage for the three quarters	- 0.2		0.0			
Accumulated write-down percentage	1.7		2.4			
Profit for the period per share	33.6		37.4			
Equity of the share	358		360			
Stock exchange price at the end of the period	977		712			
Exchange price/equity of the share	2.7		2.0			

THE MANAGEMENT'S REPORT FOR Q 1-3 2007

The BANK of Greenland made a profit on ordinary activities of DKr 88.783m in Q 1-3 as compared to DKr 75.622m during the same period of 2006.

Base earnings, which is the result before tax and earnings on holdings, rose by DKr 22.516m to DKr 98.498m. Base earnings rose by 17.5% while expenses and depreciation rose by 12.6%. Half of this increase stems from one-time expenses associated with the building of the bank's new head office.

Developments in base earnings during the third quarter of 2007 were as expected at the time of the publication of the half-year report for 2007. Based on continued positive developments, base earnings for the year as a whole are still expected to improve by approximately 20% as compared to 2006.

The profit before tax is still expected to be slightly more than 10% higher than in 2006.

Profit for Q 1-3

(DKr 1,000)	Q 1-3 2007	Q 1-3 whole year 2006	2006
Base income from banking operations	165,525	140,932	190,761
Expenses and depreciation	72,899	64,769	91,770
Base earnings before write-downs	92,626	76,163	98,991
Write-downs on loans, advances, etc.	-5,872	181	-1,832
Base earnings	98,498	75,982	100,823
Earnings on holdings	-9,715	-360	3,400
Profit of ordinary activities	88,783	75,622	104,223
Tax	28,217	28,056	36,952
Net profit	60,566	47,566	67,271

Earnings on holdings – defined as the yield on own holdings of shares and bonds minus a funding interest – has been calculated separately and kept out of the base earnings.

As a result of developments on financial markets in 2007, earnings on holdings decreased by DKr 9,355m to DKr -9,715m.

The profit and loss account

Net income from interest increased by 11,3% or DKr 11.973m to DKr 118.254m. The growth in loans and advances – to the commercial as well as the private sectors – is the reason for this growth.

Income from charges and commissions increased by DKr 3.155 m to DKr 40.723 m. The

increase stems mainly from an increased volume of business as well as our customers' increased trading in securities.

Price fluctuations on securities and losses on trading in foreign currency amounted to a loss of DKr 7.127m as compared with a loss of DKr 5.433 m during the same period of 2006.

The total expenses and depreciation increased by DKr 8.130m to DKr 72.899m. This increase stems mainly from increases in staff costs as well as expenses incurred from the building of a new main office.

The number of full-time employees is 94 at the end of the third quarter.

Write-downs on loans and advances, etc. amount to a plus of DKr 5.872 m as compared with a loss of DKr 181,000 during the same period of 2006.

Tax has been calculated as 31.8% of the profits on ordinary activities. As a result of a deduction right for dividends, the payable tax will amount to slightly more than DKr 24 m.

Balance and capital

At the end of Q3 2007, the bank's loans had increased by DKr 240.151 m to DKr 2,229.479 m. This is, once again, the highest level in the

THE MANAGEMENT'S REPORT FOR Q 1-3 2007

bank's history. The reason for the increase is to be found primarily in loans to commercial activities.

The bank's holdings of bonds decreased by DKr 81.699 m and now amount to DKr 875.239 m. The bank's aggregate sensitivity to price fluctuations when the interest level changes by one percentage point has fallen by DKr 3.864 m to DKr 23.145 m since 1 January 2007.

Deposits rose by DKr 263.195 m to a total of DKr 3,152.218 m. The most significant proportion of the bank's deposits is deposits on demand.

The total balance has increased by DKr 265.455 m to DKr 3,911.692 m.

The solvency ratio at The BANK of Greenland, not including the profit for the year, is 18.2 as opposed to 21.0 at the end of 2006.

At the end of September 2007, the total number of shares held by the members of the Board of Directors and the Board of Management in The BANK of Greenland was 3,685.

Accounting policies, etc.

The Quarterly Report has been prepared in compliance with the Danish Financial Enterprise Act and the executive order on financial reports for credit institutions and stock broking companies, etc. Furthermore, the quarterly report has been prepared in accordance with supplementary Danish requirements for disclosure concerning quarterly reports for financial enterprises quoted on the Copenhagen Stock Exchange.

The accounting policies employed remain unchanged from those used in the annual report for 2006.

Tax, consisting of tax for the year and changes in deferred tax, is included in the profit and loss account as that amount referring to the profit for the period. It is included directly in the shareholders' equity as that amount referring directly to entries on the shareholders' equity.

Greenland allows for deduction of dividend when calculating taxable income. The tax value of dividend proposed in the annual report is therefore entered directly into the shareholders' equity at the time for the final approval of this dividend at the annual general meeting.

Deferred tax assets are included in the balance sheet with the value at which such asset is expected to be realizable.

This report has not been audited or reviewed.

Accounting estimates

Establishing the accounting value of certain assets and commitments is associated with an estimate of the manner in which future events impact the value of these assets and commitments.

The bank's estimate is based on assumptions deemed defensible by the management, but which are, in fact, uncertain. Furthermore, the bank is influenced by risks and uncertainties that can lead to actual results that deviate from the estimates.

Significant estimates made when evaluating write-downs are quantifications of the risk that not all future payments will be received. Significant estimates for provisions are determinations of future employee turnover.

Outlook for 2007

In 2007, we expect positive market conditions to continue with moderate growth in the economy of Greenland resulting. Primarily the major

THE MANAGEMENT'S REPORT FOR Q 1-3 2007

towns can expect growth stemming from publicly financed and subsidized building projects.

Therefore, the BANK of Greenland expects continued growth and commercial developments. In the major towns of Nuuk, Qaqortoq, Sisimiut and Ilulissat, we expect continued higher rates of growth than for the country as a whole.

Steady levels of interest rates in 2007 are expected to lead to a higher net income from interest and charges.

In July 2007, The BANK of Greenland began to remodel and expand its head office in Nuuk. The main contract is DKr 124 m and will be carried out by MT Højgaard A/S. The building itself will comprise 5,278 m², approximately 60% of which will be used for the bank's activities and approximately 40% will be let out. Building is expected to be completed in the spring of 2009.

The expenses associated with the bank's temporary premises, as well as a natural increase in staff costs, mean that, as previously mentioned, expenses will increase in 2007.

The bank believes that the credit worthiness of its loan portfolio is satisfactory. Write-downs on its loans and advances, etc. are therefore expected to impact the profit positively.

Base earnings are therefore expected to be approximately 20% higher than in 2006.

The net profit for the year will be influenced by developments in financial markets. With realized losses during the first nine months of 2007 and the bank's expectations for Q4, the profit on ordinary activities is still expected to be 10% higher than in 2006.

Financial calendar:

Annual Report 2007	13 February 2008
Annual General Meeting	2 April 2008
Q1 Report	30 April 2008
Half-year Report	13 August 2008
Q 1-3 Report	29 October 2008

Nuuk, 1 November 2007

The Board of Directors

(DKr 1,000)

SHAREHOLDERS' EQUITY ACCOUNT

	Share capital	Reserves for write-ups	Profit brought forward	Total
Shareholders' equity on 01 January 2006	180,000	25,222	421,490	626,712
Paid out dividend			-81,000	-81,000
Tax value of paid out dividend			30,051	30,051
Purchase and sale of bank's own shares, net Regulation to current price, headquarters		517	1,249	1,249 517
Profit for the period brought forward to share- holders' equity			47,566	47,566
Shareholders' equity on 30 September 2006	180,000	25,739	419,356	625,095
Purchase and sale of bank's own shares, net Regulation to current price, headquarters		1,676	-1,291	-1,291 1,676
Reversal of write-ups from previous years Regulation to current price, unlisted shares		-228 3,530	228	0 3,530
Profit for the period brought forward to share- holders' equity			19,705	19,705
Shareholder' equity on 1 January 2007	180,000	30,717	437,998	648,715
Paid out dividend			-99,000	-99,000
Tax value of paid out dividend			31,482	31,482
Purchase and sale of bank's own shares, net Regulation to current price, property		1,657	-448	-448 1,657
Profit for the period brought forward to share- holders' equity			60,566	60,566
Shareholders' equity 30 September 2007	180,000	32,374	430,598	642,972

(DKr 1,000)

PROFIT AND LOSS ACCOUNT

		Q 1-3 2007	whole year 2006	Q 1-3 2006
1	Interest receivable	184,385	197,011	144,816
2	Interest payable	66,131	54,836	38,535
	Net income from interest	118,254	142,175	106,281
	Dividend on shares, etc.	944	1,528	1,528
3	Charges and commissions receivable	40,723	51,971	37,568
	Charges and commissions payable	1,025	1,862	1,287
	Net income from interest and charges	158,896	193,812	144,090
4	Price adjustments	- 7,127	- 1,381	- 5,433
	Other ordinary income	4,041	1,730	1,915
5	Staff costs and administrative expenses	65,701	87,563	61,542
	Depreciation and write-downs on tangible assets	3,101	4,207	3,227
	Other ordinary charges	4,097	0	0
8	Write-downs on loans, advances, etc.	- 5,872	- 1,832	181
	Profit on ordinary activities	88,783	104,223	75,622
6	Tax	28,217	36,952	28,056
	Profit on ordinary activities	60,566	67,271	47,566

BALANCE SHEET

(DKr 1,000)

Notes	30 September 2007	31 December 2006	30 September 2006
ASSETS			
	412,803	334,358	82,665
7	179,831	176,978	91,324
8	2,229,479	1,989,328	1,924,850
9	875,239	956,938	1,046,214
	98,848	83,626	71,832
	82,420	75,250	75,250
	2,591	1,628	1,725
	28,378	26,418	24,715
	2,103	1,713	2,131
Total assets	3,911,692	3,646,237	3,320,706
LIABILITIES			
	33,428	38,976	140,567
10	3,152,218	2,889,023	2,439,621
	23,546	27,075	18,887
	43,685	23,153	78,970
	658	1,840	853
Total debt	3,253,535	2,980,067	2,678,898
	13,510	12,737	10,305
	1,675	4,718	6,408
Total reserved commitments	15,185	17,455	16,713
Shareholders' equity			
11	180,000	180,000	180,000
	32,374	30,717	25,739
	430,598	437,998	419,356
Total shareholders' equity	642,972	648,715	625,095
	0	-99,000	0
	0	35,334	0
Total liabilities	3,911,692	3,646,237	3,320,706
12	Off-balance sheet items		
13	Solvency		

NOTES ON THE PROFIT AND LOSS ACCOUNT

(DKr 1,000)	Q 1-3 2007	whole year 2006	Q 1-3 2006
1 Interest receivable/premiums on			
Claims on credit institutions and central banks	16,342	9,379	6,448
Loans and advances	138,840	148,352	108,387
Bonds	28,891	39,842	30,450
Total derivatives	312	- 562	- 469
<i>Of which</i>			
<i>Currency contracts</i>	10	- 1	0
<i>Interest contracts</i>	302	- 561	- 469
Total interest receivable	184,385	197,011	144,816
2 Interest payable to			
Credit institutions and central banks	891	1,646	1,186
Deposits	65,240	53,190	37,349
Total interest payable	66,131	54,836	38,535
3 Charges and commissions payable			
Securities and depositories	6,659	6,608	4,133
Payment transfers	17,587	22,665	17,206
Charges on loan proceedings	5,866	9,158	6,584
Guarantee commission	4,717	6,798	4,856
Other charges and commissions	5,894	6,742	4,789
Total charges and commissions payable	40,723	51,971	37,568
4 Price adjustments of			
Loans, advances at current price	- 833	- 1,105	- 628
Bonds	- 10,439	- 13,665	- 10,769
Shares	2,127	10,648	4,029
Currency	1,205	1,587	1,307
Derivatives	813	1,154	628
Total price adjustments	- 7,127	- 1,381	- 5,433

NOTES ON THE PROFIT AND LOSS ACCOUNT

(DKr 1,000)	Q 1-3 2007	whole year 2006	Q 1-3 2006
5 Staff costs and administrative expenses			
Salaries and remuneration to Boards of Directors and Management			
Board of Directors	57	583	0
Board of Management	4,310	4,720	3,652
Total	4,367	5,303	3,652
Staff costs			
Wages and salaries	27,269	36,941	25,212
Pensions	2,817	3,350	2,435
Social security costs	226	284	142
Total	30,312	40,575	27,789
Other administrative expenses	31,022	41,685	30,101
Total staff costs and administrative expenses	65,701	87,563	61,542
Number of full-time employees, average	92,44	90,60	86,44
6 Tax			
30% / 35% tax on profit of ordinary activities	26,635	36,453	26,468
Paid dividend tax on Danish shares	264	428	428
6% supplement	1,582	2,146	1,588
Total tax on profit of ordinary activities	27,953	38,171	27,628
Paid dividend tax	264	428	428
Regulation of prior years' tax	0	- 1,647	0
Total tax	28,217	36,952	28,056
Tax value of the deduction right for paid dividends	4,407	35,334	10,844
Deferred tax	- 773	1,190	- 820
Tax to be paid	24,583	428	18,032
No corporate tax has been paid in this period.			

NOTES ON THE BALANCE SHEET

(DKr 1,000)		30 September 2007	31 December 2006	30 September 2006
7	Claims on credit institutions and central banks			
	Claims on notice at central banks	0	0	0
	Claims at credit institutions	179,831	176,978	91,324
	Total claims	179,831	176,978	91,324
8	Loans and advances			
	Individual write-downs			
	At the start of the period	54,821	63,875	70,698
	Write-downs in the period	19,391	10,125	1,181
	Reversal of write-downs made in prior accounting years	21,135	7,209	0
	Irreversibly lost (depreciated) previously individually written-down	8,764	9,966	7,615
	Other movements	- 126	- 2,004	0
	At the end of the period	44,187	54,821	64,264
	There was no need for group write-downs in 2007.			
9	Bonds			
	Of which DKr 50,000,000 has been deposited as security at Danmarks Nationalbank			
10	Deposits			
	On demand	2,237,528	2,030,689	1,509,928
	Deposits on notice	318,606	334,209	313,192
	Time deposits	513,480	449,142	544,109
	Special categories of deposits	82,604	74,983	72,392
	Total deposits	3,152,218	2,889,023	2,439,621
11	Share capital			
	The bank's share capital consists of 1,800,000 DKr 100 shares			
	Own holdings			
	Number of own shares	2,552	2,041	1,606
	Nominal holding of own holdings	255	204	161
	Percentage of share capital at end of period	0,1	0,1	0,1

NOTES ON THE BALANCE SHEET

(DKr 1,000)	30 September 2007	31 December 2006	30 September 2006
12 Off-balance sheet items			
Financial guarantees	33,422	47,517	35,956
Loss guarantees on mortgage credit loans	151,863	122,512	112,079
Registration and conversion guarantees	56,453	52,168	97,138
Other guarantees	181,218	182,791	192,983
Total guarantees, etc.	422,956	404,988	438,156
Irrevocable standby letters of credit	8,857	8,026	8,375
Total other commitments	8,857	8,026	8,375
13 Solvency in accordance with the Danish Financial Supervisory Authority's executive order on capital coverage:			
Risk-weighted items	3,121,089	2,772,852	2,559,210
Core capital after deduction in percentage of risk-weighted posts	17.4	19.9	21.5

As a consequence of The Danish Financial Supervisory Authority's executive order that came into power on 1 January 2007, the calculation of the risk-weighted items has been changed. The BANK of Greenland employs the transitional provisions in §70, section 3.

MANAGERIAL POSITIONS – BOARDS OF DIRECTORS AND MANAGEMENT

In accordance with the Danish executive order on financial reports for credit institutions and stock broking companies, etc., the half-year report must contain information about the managerial positions held by the members of the listed credit institution's Board of Directors and the Board of Management in other Danish and Greenlandic limited companies.

In accordance with the Danish Act on Financial Enterprises §80, section 6, the bank must publish, at last once a year, information on the positions that the Board of Directors has approved for persons who, according to the act or statutes, have been employed by the Board of Directors, cf. the Act on Financial Enterprises §80, section 1. Find more information on www.banken.gl.

Concerning the members of the Board of Directors and the Board of Management at The BANK of Greenland, the following information was available at the time of the publication of the Q 1-3 report:

**Bent H. Jakobsen, Managing Director at
Danske Andelskassers Bank A/S**

Born 30 September 1944. Elected to the Board of Directors 6 April 2005. Most recently re-elected in 2007.

Member of the Board of Directors at:
DSK A/S (chairman)
Garanti Invest A/S (chairman)
Sparinvest Holding A/S
Sparinvest Fondsmæglerselskab A/S
Sparinvest Systems A/S

**Kristian Lennert, Managing Director at
INUPLAN A/S**

Born 30 November 1956. Elected to the Board of Directors 8 April 2003. Most recently re-elected in 2006.

Member of the Board of Directors (deputy chairman) at Royal Arctic Line A/S

**Anders Brøns, Managing Director at
Polar Seafood Greenland A/S**

Born 22 December 1949. Elected to the Board of Directors 10 April 1997. Most recently re-elected in 2006.

Member of the Board of Directors and Managing Director at:

Polar Seafood Trawl A/S
Polar Seafood Greenland A/S
Imartuneq Trawl A/S
Polar Raajat A/S (chairman)

Member of the Board of Directors at:
Minikka A/S (chairman)
Polar Seafood Denmark A/S
Qalut Vonin A/S

Great Greenland A/S (chairman)
Upernavik Seafood A/S (deputy chairman)
Saattuaq A/S (chairman)
Ilulissat Trawl A/S (chairman)
ONC - Polar A/S (chairman)
Sigguk A/S (chairman)

**Stefan Hviid, Shop Owner
Polar Cykler**

Born 13 March 1967. Elected to the Board of Directors 31 March 2004. Most recently re-elected in 2006.

**Gunnar í Liða, Managing Director
Tryggingarfelagid Føroyar P/F**

Born 13 April 1960. Elected to the Board of Directors 6 April 2005. Most recently re-elected in 2007.

Managing Director at:
TF Holding P/F
TF Ognir P/F
P/F 2 March 2004
Member of the Board of Directors at:
P/F Hotel Føroyar (chairman)

**Helle Mark, Customer Advisor
The BANK of Greenland A/S**

Born 29 April 1966. Elected to the Board of Directors 28 March 2007

**Jørn Skov Nielsen, Managing Director
Directorate of Raw Materials, Greenland Home Rule**

Born on 27 April 1960. Elected to the Board of Directors 28 March 2007

Member of the Board of Directors at Nuna Oil A/S

**Inger Poulsen, Customer advisor
The BANK of Greenland A/S**

Born 25 August 1954. Elected to the Board of Directors on 1 February 2002. Most recently re-elected in 2007.

**Jette Radich, Controller
The BANK of Greenland A/S**

Born on 26 January 1953.
Elected to the Board of Directors 28 March 2007

Martin Kviesgaard, Bank Manager
Born 23 May 1966.

Appointed to the Board of Management 1 March 2006.