

ANNUAL REPORT

2001

FINANCIAL HIGHLIGHTS and KEY FIGURES

(DKK 1,000)	2001	2000	1999	1998	1997
Net income from interest and charges	160,644	148,406	134,080	127,705	135,264
Price adjustment of securities.....	+ 7,161	+ 411	- 11,922	+ 7,229	- 7,398
Other ordinary income	5,691	2,869	4,751	4,236	17,537
Staff costs and administrative expenses, etc.	71,460	72,209	70,866	72,043	89,800
Depreciation and write-downs of tangible assets	4,696	5,647	3,893	5,879	7,890
Depreciation and provisions for loss on bad debts.....	3,477	879	471	3,041	1,696
Profit on ordinary activities	93,863	72,951	51,679	58,207	46,834
Tax	14,980	9,179	1,571	6,281	1,458
Profit for the financial year	78,883	63,772	50,108	51,926	45,376
Loans and advances.....	1,246,204	1,175,282	922,573	783,547	715,972
Deposits	2,576,203	2,410,189	2,195,902	2,121,960	2,610,151
Shareholders' equity	519,945	521,641	505,822	503,667	487,803
Balance sheet total	3,378,630	3,281,398	2,892,270	2,884,682	3,325,245
Off-balance-sheet items	331,985	299,061	324,164	232,012	206,208
Key figures					
Return on equity (before tax)	18.0	14.2	10.3	11.8	9.9
Basic earnings per expense DKK.....	2.18	1.93	1.68	1.71	1.46
Solvency ratio.....	27.4	28.0	30.0	38.4	41.2
Dividend rate	30	25	25	20	15
Price for the bank's share at the end of the year	319	220	198	198	196
Equity of the share	289	272	264	263	254
Number of employees (average).....	86	85	91	93	105

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International Economic Issues

2001 was characterized by significant lulls in international market conditions. Many markets experienced steeply declining, and in some cases negative, growth rates as a result. This tendency was reinforced by the terror attacks in the United States on 11 September.

In the U.S.A., this lull led to 11 consecutive reductions in interest rates to counteract the risk of a lengthy recession. As a consequence, American fiscal policy has been eased. The most recent figures suggest that the American economy is stabilizing, and a strong comeback in growth rates is expected during the summer of 2002.

The lulls in market conditions have been smaller in Europe than in the U.S.A. mostly because of significant easing of fiscal policy in most major European countries. However, the European Central Bank has also reduced, albeit to a lesser extent, interest rates in 2001, and the Danish Central Bank has followed suit. Improved market conditions are also expected to make themselves felt in 2002.

Economic Activity

Following several years of high growth rates, the economy of Greenland has also experienced a lull in market conditions in 2001. Falling world market prices for shrimp and increasing oil prices in 2000 and the first six months of 2001 have led to a significant deterioration in terms of trade, which in isolated terms, have, in turn, led to a fall in growth of approximately 3 percentage points

Based on a scientific evaluation of the biology of Greenland's fishing grounds, the Government increased the TAC (Total Allowable Catches) for shrimp in 2001 by 13%. However, this increase has not been reflected in a comparable increase in amounts caught because of structural problems in shrimp fishing performed close to the coast. The export statistics for the first to the third quarters of 2001 show a 4% fall in the amounts of shrimp exported.

Shrimp exports, which amount to 60% of Greenland's total exports, has decreased by more than 11% in the first nine months of the year. Exports of the next largest export product, Greenland halibut, have also fallen; 7% in tonnage and 8% in value. However, exports of crab, 13% of Greenland's total exports, have increased by more than 50%.

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However, the increase in the export of crab has not been able to counteract the decrease in the export of shrimp and Greenland halibut. In summary, the total value of exports from Greenland has fallen by 2%.

Based on taxable incomes, real economic growth in 2001 is judged to have been between 0 and 1%. Once again, there have been significant regional variations in activities, but the majority of the growth has been centered around the major cities and around the towns that enjoy good fishing. Today, Nuuk, Ilulissat and Sisimiut account for approximately 60% of the total economic activity in Greenland.

Activity in the building trades, combined with an expansive fiscal policy, has once again managed to keep the general level of activity on a high level in 2001. The tourist industry has made definite gains, but remains on a modest level. Its contribution to the total economy of Greenland is therefore not significant. Nor does the mining sector yet make significant economic contributions.

Increasing oil and food prices led to an increase of 3.2% in consumer prices in Greenland during the period from July 2001 to July 2001. Thus, for the first time in several years, inflation in Greenland was higher than in Denmark. However, the agreements entered into between employers and the unions last year demonstrate that there is a general willingness in Greenland to keep wage increases, and thus inflation, lower than levels found abroad. This wage demand restraint contributes to an absolutely necessary, and on-going, improvement in the ability of businesses in Greenland to compete. Based on these moderate wage increases and the decrease in oil prices during the autumn, inflation in 2002 is expected to fall to around 2%.

The Government has not changed the TAC for shrimp in 2002. Seen in an historical perspective, prices on shrimp are extremely low. However, improving market conditions in most of Greenland's export markets are expected to prevent shrimp prices from further declines. Catches of Greenland halibut are expected to remain stable in 2002. If crab fishing can maintain its present positive position, it can be expected to contribute to positive growth rates in 2002.

However, the greatest contribution to growth is expected once again to stem from an expansive fiscal policy. Activity within the building trades is expected to remain high in the major towns, while earnings in these trades are under pressure as a result of high wage levels. In summary, real growth of between 1 and 2% is expected in 2002 – a rather uncertain estimate because of the situation within the fishing industry.

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Public Finances

For several years, the Parliament has maintained an expansive fiscal policy based on developments in market conditions. The plan for the National Budget for 2001 was a surplus of DKK 35 million. However, during the year, both incomes and expenditures have been re-adjusted upwards; the expectation is now that the Greenland Treasury will end up with a result for 2001 that hovers around the balancing point.

The National Budget for 2002 was passed with a surplus of DKK 34 million. The budget operates with an increase in income of 2.3%, an increase in operating expenses of 5.5% and an increase in capital outlay of 3%. Only a modest reserve to meet unforeseen expenses has been allowed for. Economic elbowroom thus continues to get narrower. Where operating expenses in 1993 amounted to 78% of income, in 2002 they are expected to amount to 88%.

Viewed over a lengthy period of time, the present fiscal approach is not sustainable. Public finances are not being consolidated and investments are not keeping pace with demands. In the long run, these two factors will necessitate a significant reordering of public resources or a tax increase.

Over the years and seen as a whole, the accounts for the municipalities in Greenland have resulted in surpluses. Contributing factors have been favourable market conditions with concomitant increases in tax revenue and decreasing costs for such expenses as welfare payments. However, there are significant differences among the municipalities. For example, the surplus in Nuuk Municipality in 2000 amounted to nearly half the total surplus for all the municipalities. Other municipalities are deeply dependent on individual companies, and are hard hit when factories are closed, fishing is bad, etc.

Structural Policy

The limited economic elbowroom in public finances, a block grant from Denmark containing no allowance for real growth and unchanged pressure on the fishing industry provide poor conditions for economic growth. Economic growth in Greenland will necessitate changing the structures of the economy as described in the Government's structural action plan entitled "A Vision for the Future" published in September of 2000.

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One of the most important actions that can contribute to improved economic structures in Greenland within a relatively short number of years is a revamping of the one-price system and the introduction of prices that more realistically reflect actual expense levels.

Cross-subsidies increase and distort production costs in the major cities, and the real expenses of production in the smaller towns continue to be clouded. Therefore, the Parliament does not receive a true picture what it costs to maintain the widespread pattern of population settlement that is common in Greenland. It is important that the job of doing away with the one-price system will continue in the coming years. Apart from doing away with the one-price system within the field of sea cargo, there is a need for prices that truly reflect the level of expenses within the fields of passenger transportation as well as electricity, water and heat.

Privatisation

A lower level of public involvement in the business community is necessary in order to create a dynamic private commercial sector. With its sale of 68% of the shares in KNI Pisiffik to the Danish supermarket chain, Dagrofa, and to a number of leading employees, the Parliament has taken its first step in the privatisation process.

In 2001, NunaMinerals A/S issued an Initial Public Offering in which approximately 400 private shareholders subscribed for shares amounting to more than DKK 3 million. Private investors now own approximately 11% of the company.

It is crucial that privatisation efforts continue. Service contracts will ensure Greenland Home Rule that the desired level of service is maintained in the outlying settlements. Furthermore, Home Rule will be able to set priorities based on real cost levels. At the same time, those parts of a company that can survive on a commercial basis without subsidies will be sold. By opening service contracts to public bidding, competition can be created between the service providers unlike today where services are automatically supplied by public companies holding concessions and public service obligations.

Commercial Policy

The most important objective for a governmental commercial policy ought to be to ensure the best possible framework in which commerce can operate. Long-term work is of the essence – other

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wise, uncertainty about political objectives and priorities can arise.

The need for a long-term and tenable framework is especially evident within the largest private industry in Greenland: fishing. The objective here ought to be profitable fishing done close to the coast operating on an equal footing with other industries. It is important to keep governmental commercial policy separate from social objectives, including major subsidies that maintain the existence of unprofitable jobs.

From an economic point of view, production facilities should be located in areas that will allow for the greatest possible profit. Since the critical factors for the creation of a profitable production are typically identical for a number of industries, geographic centralisation will naturally lead to the creation of growth centres that will, in turn, result in a number of subsequent and derived dynamic effects that will benefit the entire society in Greenland.

Development tendencies

The transfer of labour to these natural growth centres presupposes that the requisite housing is available. The present housing shortage in the major cities restricts the mobility of the labour force – from the smaller towns to the major cities and among the companies in the major cities because many employees in Greenland live in company housing. In reality, they are not free to change their jobs.

From 1996 to 2001, the population in Nuuk rose by 6% while the population in the rest of Greenland fell by nearly 1%.

During the same period, the number of new housing starts in Nuuk has increased by more than 3%. Thus, the population has increased faster than housing even though Nuuk was already suffering from housing shortages. The housing shortage in Nuuk has gradually increased, and it prevents many, who would otherwise wish to do so, from moving to Nuuk and other major cities.

There are plans for building 1,200 new housing units in Qinnqorput in Nuuk over the next five years. Assuming continuing pressure from the small towns and settlements as well as out-of-towners moving to Nuuk, the development of Qinnqorput will only partially reduce the number of people waiting for housing in Nuuk.

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The present waiting lists for housing and the expected population development in Nuuk can hardly be expected to bring housing availability in Nuuk above the national average despite new building starts.

The BANK of Greenland expects that the city of Nuuk and certain of the other major cities on the west coast will experience major growth in the years to come. This tendency will be supported by and also ease the gradual fading out of the one-price system. Therefore, there will be a need for continued housing growth in Nuuk, even after the development of Qinnqorput, and in some of the other major cities.

In the long term, continued economic growth will call for significantly more than extra housing. There will be a need for access to adequately trained labour, adequate savings to ensure the capital needed and access to the latest developments within the area of production technology.

Education

The average educational level for the resident population born in Greenland is very low compared to the Nordic countries. At the same time, the efforts presently being expended on education are not sufficient to ensure that the population born in Greenland will even be able to replace the present labour force, much less improve or expand it. In order to maintain a standard of living and a welfare society on the Nordic level, there will be a continuing need for labour from abroad and a block grant from Denmark.

This situation can be changed only by motivating the coming generations to get an education and by instituting on-going training programmes for the present generations. It is necessary to set up a structure of incentives that will motivate the youth of Greenland to educate themselves in their own and their country's interest.

It is absolutely crucial that pupils learn basic skills in the public schools so that the individual acquires a foundation on which to base more advanced education. Among the skills that need to be learned, language is vital. By becoming multi-lingual, the coming generations will be able to take advantage of free schooling in Denmark and to continue their education in Denmark, Europe and the U.S.A.

The resources spent on education ought to be optimised. This can be done by reducing the num-

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ber of educations being offered and by concentrating educational institutions geographically. The commercial educations have recently been reformed based on this strategy. Hopefully, this reform will express itself in an increasing number of graduates from these schools. In the public school sector, the program entitled “the good school” aims at an increased focus on improved quality.

Savings

Savings and accumulation of capital in the private sector is estimated to be very modest in Greenland. As a result of the preceding decades of public welfare for private individuals with its public housing projects, large subsidization of non-profitable commercial activities, public welfare programmes based on need, social security, free health care, etc. the incentive for private individuals to save has been poor.

Predictions of increasing numbers of elderly have encouraged the Government to recognize that and announce that the population can expect to finance its own pension more and more in future. The creation of PFA Soraaneq and SISA plus the agreements on the labour market on pension contributions have created the basis for incipient pension programs. Moreover, the Government’s plans for individuals to insure themselves against unemployment should further increase people’s individual sense of responsibility. A user financed unemployment insurance plan will contribute to an increase in private savings.

A certain amount of private savings must be made available to start and run small and medium sized companies. The Government’s present efforts to increase private ownership of housing are therefore absolutely essential. The planned rent reforms will increase private incentive to purchase housing and current projects such as “from tenant to owner” function as useful shortcuts to increase private ownership.

Therefore, public funds, released when private entities take over housing owned by the Government or the municipalities, must be earmarked for new housing in the areas where the need for them is greatest. In this manner, the continued expansion of the major cities will be strengthened.

The privatisation of companies owned by the government or the municipalities can contribute to an increased interest in private savings. However, in the near future, the need to find external financing, either as loans or as direct investments, will continue to be required to ensure the necessary capital base.

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Production Technology

An on-going transfer of know-how and new production technology from abroad will also be necessary to continue efforts to increase productivity in Greenland, thus increasing welfare levels for all the inhabitants of Greenland. Competition on an equal footing and a willingness to deal with for-

foreign countries are crucial elements in this process and will ensure that domestic companies force themselves to evolve.

The present concessions, public service obligations and public monopolies contribute to the preservation of a pattern of production where the incentives for renewal are limited. The one-price system and cross-subsidisation distort market mechanisms and counteract efficient allocation of resources. Therefore, production is not being adequately exploited to the benefit of the society as a whole today.

It is essential that the position statement from the Government's structural action plan be followed up on: *"The Government of Greenland wishes to maintain Greenland's position as a completely integrated partner in an open global economy. This means that corporate and anti-trust legislation – including their enforcement – ought to be as up-to-date as possible. It also means that current technical trade and establishment barriers should be considered very carefully."*

MANAGEMENT REPORT FOR 2001

In 2001, The BANK of Greenland had another good year. The profit before tax was DKK 93.863 m – a significant improvement of DKK 72.951 m over the profit for 2000. The increase in earnings was as expected and as expressed upon publication of the financial report for the first three quarters of 2001. The profit before tax gives a return on equity at the start of the year of 18%.

The Board of Directors proposes that the dividend, in light of the profit for the year, be increased to DKK 30 per share. Assuming that the general meeting approves such a proposal, DKK 24.883 m of the year's profit will be brought forward to shareholders' equity which will then, taken together with the capital reduction carried out during 2001, amount to DKK 519.945 m.

In 2001, The BANK of Greenland's total volume of business with its 59,000 customers increased once again by DKK 246.200 m or 6,4%, and stems from all business sectors.

**Base Earnings and the Profit for the Year
in million DKK**

	2001	2000
Base income from banking operations (net income from interest and charges as well as ordinary income)	166.335	151.275
Operating expenses and depreciation	76.156	77.856
Base earnings before provisions for loss on bad debts	90.179	73.419
Provisions on loans/guarantees	3.477	879
Base earnings	86.702	72.540
Price adjustments	7.161	411
Profit before tax	93.863	72.951
Tax	14.980	9.179
Net profit for the financial year	78.883	63.772

Base earnings increased by DKK 15.060 m to DKK 166.335 m. This increase stems from the increased volume of business, particularly from loans and advances with the increase amounting to 6% from 2000 to 2001.

As a result of continued tight control measures, costs have fallen by 2.2%. The incipient finan-

cial lull and slowdown in the level of activity have required the bank to increase its provisions for loss on bad debts. Losses and provisions for loss have increased by DKK 2.598 m to DKK 3.477 m, but remain at a low level.

Profits from security trading, DKK 7.161 m, are, seen in light of the volatile stock and bond market, very satisfactory.

Profit on the Accounts

Net income from interest increased by DKK 13.169 m to DKK 130.634 m. This increase in earnings reflects an increase in loans and advances and higher yields on the bank's bond holdings, which, in turn, stem from generally higher nominal interest rates on the holdings in 2001.

Yields on shares stem primarily from the holding of the bank's own shares that it bought in March 2000.

Charges and commissions receivable have decreased by DKK 1.298 m to DKK 25.483 m. Seen in isolation, charges receivable have fallen by 9% to DKK 20.625 m while commissions receivable have increased by 19%.

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Profits on price fluctuations on securities and on trading in foreign exchange amounted to DKK 7.161 m compared with DKK 411,000 in 2000. The bank's total interest risk increased in 2001 so that an increase in the interest rate levels of 1 percentage point will lead to a loss of DKK 24.044 m as compared with DKK 21.175 m at the end of 2000.

Other ordinary income that includes, among other items, the operation of the bank's own property, amounts to DKK 5.691 m as compared with DKK 2.869 m in 2000. In 2000, a comprehensive remodeling of the customer service area at the Nuuk branch was carried out.

Expenses and depreciation on tangible assets have, as expected, fallen by DKK 1.700 m to a total of DKK 76.156 m.

The total expenses for losses and provisions for losses on bad debts amount to DKK 3.477 m as compared with DKK 879,000 in 2000. These increasing provisions result from less favourable market conditions in 2001 in Greenland and for Greenland's most important trading partners.

Profit before tax increased by DKK 20.912 m to DKK 93.863 m. After apportionment of the dividend for 2000, of which 40% or DKK 19.181 m has been calculated as dividend tax, corporate tax has been calculated to be DKK 14.980 m. The net profit for the year will thus be DKK 78.883 m.

Balance, Solvency and Shareholders' Equity

In 2001, the balance sheet total for The BANK of Greenland increased by DKK 97.232 m to DKK 3,378.630 m.

Loans and advances grew by DKK 70.922 m to a total of DKK 1,246.204 m. DKK 17 m of this increase can be attributed to loans and advances for housing, boats and vehicles to private customers. DKK 64 m went to loans and credits to businesses. Student loans, which the bank administers by agreement with Greenland Home Rule, were reduced by DKK 10 m.

At the end of the year, the bank's bond holdings amounted to DKK 1,043.041 m as compared with DKK 904.624 m at the end of 2000. The average duration of bond holdings is 4.2 years.

Deposits have increased by DKK 166.014 m to DKK 2,576.203 m. The most significant proportion of the bank's deposits continue to be deposits on demand.

At the end of the year, the shareholders' equity amounted to DKK 519.945 m as compared with DKK 521.641 m at the end of 2000. The share capital is DKK 180.000 m and the reserves are DKK 339.661 m. In the middle of 2001, the shareholders' equity was reduced by DKK 26.579 m as a result of a proposal passed at last year's general meeting to reduce the bank's capital.

The bank has not raised any subordinated loan capital.

The solvency ratio is 27.4; Danish banking legislation sets a minimum requirement of 8.

The Board of Directors proposes that the bank pay a dividend of DKK 30 per share, or a total of DKK 54.000 m. In 2000, the dividend paid to shareholders was DKK 47.953 m.

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Shareholders

Since the start of the year, the price of a share in The BANK of Greenland has risen from 220 to 319, equivalent to an increase of 45%. Adding the dividend of DKK 25 per share in 2000 to the share price, the more than 2,300 shareholders in The BANK of Greenland have achieved a yield of 56% for the year.

Danske Bank, Danmarks Nationalbank (The Danish Central Bank), Nuna Fund and Nordea have each reported holdings in excess of 5% of the share capital.

Employees

At the end of the year, the bank employed 85 people: 58 women and 27 men. These figures remain almost unchanged from the beginning of the year. The average length of service is 8.5 years, again essentially unchanged over the past five years. The average length of service in the financial sector is 14.4 years.

Both the numbers and the quality of the staff are continually being adjusted to meet the bank's needs. Organizational changes are ongoing, and they enable the bank to rationalize and further centralize as many administrative tasks as possible, most of which are today located in departments with direct customer relations. The increasing use of IT by the bank and its customers enables ever fewer employees to manage an ever-increasing volume of business. Since 1997, the volume of business per employee has increased from DKK 33.6 m to DKK 49.5 m; an improvement in efficiency of 47%.

New employees are increasingly being recruited from a wide variety of educational backgrounds. Since the number of potential employees with university backgrounds is still

very limited in Greenland, The BANK of Greenland will continue to recruit employees from abroad – primarily from Denmark. Over the past years, such recruitment has become more and more difficult.

During 2001, the bank was one of the first companies in Greenland to enter into a corporate agreement with the pension fund PFA Soraarnej. All the bank's employees are now covered by an actual insurance scheme allowing them to save up for their pensions during their active years. This insurance scheme is meant to improve their retirement packages. Payments to this scheme vary from between 13.5% to 15% of each employee's salary.

Management

At the general meeting of The BANK of Greenland held on 5 April 2001, Jakob Brogaard, Bank Manager, Anders Brøns, Managing Director, and Abel Egede, Chief Superintendent of Police, were reelected to the Board of Directors.

After the general meeting, the Board of Directors appointed Jakob Brogaard, Bank Manager, to the post of Chairman, with Abel Egede, Chief Superintendent of Police, being appointed to the post of Deputy Chairman.

Customers

The BANK of Greenland operates banking activities in Greenland in open competition with domestic as well as foreign credit institutions. Its objective is to create an efficient transfer of capital for the benefit of its savers and depositors as well as for its borrowers. Furthermore, it contributes to the creation of an up-dated payment system throughout all of Greenland.

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The bank is a professional partner for small, medium sized and large companies throughout Greenland. Our customer advisors located in the commercial department in Nuuk maintain on-going contact with all medium-sized and large customers. These are the same advisors who, by traveling regularly to the towns along the coast, have acquired in-depth knowledge of business conditions in each town. The customer advisor is also a liaison to the special functions available at the bank.

Not only can the bank's commercial customers take advantage of personal contacts with their customer advisors – they can also access a number of self-service systems, the most widespread of which is the Erhvervssystem (Business System).

The bank's private customers have been very positive about the newly renovated branch in Nuuk. The customers and their advisors can now discuss issues of importance in quieter and more pleasant surroundings.

Private customers are more and more taking advantage of electronic methods of payment. In particular, use of the Webbank and Telefonservice has increased significantly during the year. At the end of the year, customers could trade securities on their own via the Webbank.

Partners

The BANK of Greenland is the leading full-service bank in Greenland, thus meeting its customers' needs for banking and advisory services. Based on its agreements with a number of leading companies in the financial sector, the bank can also provide the best solutions available on the market today within the fields of home-banking, mortgage credit, insurance,

payment services and investment services.

BEC (Danish Banks' Computer Center)

IT systems are vital to modern banking operations. Since 1981, the bank has been a joint owner of BEC, located in Roskilde, Denmark. All development and operations of the bank's computer systems are done in close cooperation with BEC.

Mortgage Credit

In the past years, the bank has worked closely with Danish mortgage banks, primarily NYKREDIT. In 2001, the bank handled 71 mortgage credit loans amounting to a total of DKK 84.456 m in principal.

Insurance

In 2001, the bank entered into a formalized agreement with Kallallit Forsikring/ if... for the writing of non-life insurance for private customers. The bank also entered into an agreement with PFA for the writing of group life assurance that is primarily being used in connection with loan contracts.

Payment Services

The bank is a joint owner of PBS, best known for its PaymentService and the Dankort (Danish bank card). In Greenland, these cooperative efforts also include payment by means of the AKILIUT card in Dankort terminals.

The bank has entered into agreements with Danske Bank and BG Bank about using the AKILIUT card in more than 1,000 cash dispensers in Denmark.

Pursuant to its service contract with

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Greenland Home Rule, the bank also participates in ensuring that the level of service for payment transfers desired by Home Rule is present in those locations in Greenland where there is no commercial basis for setting up banking offices.

UCITS (Collective Investment Schemes)

The bank has entered into cooperative agreements with several of the largest UCITS in Denmark for the purpose of trading collective investment certificates. The use of UCITS for savings purposes has become very widespread among the bank's customers in recent years.

Expectations for 2002

The lull in market conditions in 2001, that is a consequence of significantly lower shrimp prices and higher energy prices, is also expected to curb economic development in Greenland in 2002. As in previous years, activity within the building trades in the major cities coupled with an expansive fiscal policy will be the primary engine that stimulates growth.

Therefore, The BANK of Greenland expects no change in its volume of business in 2002. The business community will be in the market for funds to finance its on-going operations for the building activities included in, primarily, the public sector budgets. For private customers, a more modest increase in demand for borrowing is expected, and this demand is primarily expected for financing the purchase of homes.

Competition on interest margins and prices from the Danish financial sector is expected to continue.

Interest rate levels and, in particular, the interest rate structure changed during 2001.

Short-term interest rates fell proportionally more than long-term rates. If this structure remains unchanged in 2002, total net income from interest and charges will be expected to decline.

Tight reins on expenses will continue, and total expenses are therefore expected to be only slightly larger than last year's.

Provisions for loss on bad debts and losses on receivables are expected to continue at the same level as in 2001. However, the economic lull that started in 2001 combined with a further slow-down in the level of activity can have an adverse affect on the ability of the bank's customers to repay their debts. Thus, the bank may be required to increase its provisions for loss on bad debts.

Seen in this light, the bank expects base earnings to be slightly lower than in 2001. The final profit for the year will also be influenced by developments in bond and share prices during the year.

The Year in Review

The Board of Directors would like to thank the bank's customers and shareholders for the interest and support, which they continue to show the bank. Thanks are also due to the staff of POST Greenland and KNI Pilersuisoq who do such an exemplary job of seeing to payment service tasks all along the coast.

Finally, we should like to thank the bank's management and employees for their involvement in performing their daily duties with great skill in yet another year filled with many internal and external challenges.

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Important Dates of Interest to the Stock Exchange

The ordinary general meeting of The BANK of Greenland will be held on Thursday, 4 April 2002 in Nuuk.

The printed version of the bank's annual report is expected to be available during the week starting 11 March 2002.

The bank is planning on publishing the following notices on the accounts:

Report for the first quarter: 18 April 2002

Bi-annual report: 20 August 2002

Report for the first three quarters: 15 October 2002

Nuuk, 25 February 2002

The Board of Directors

SIGNATURES

The Board of Directors and the Board of Management have today reviewed and approved the Annual Report for 2001, which will be submitted to the general meeting for approval.

Nuuk, 19 February 2002 and Copenhagen, 25 February 2002

Board of Management

Svend-Erik Danielsen Jesper Flensted Nielsen

Board of Directors

Jakob Brogaard
Chairman

Abel Egede
Deputy Chairman

Anders Brøns

Ejvind Christoffersen

Lars Peter Danielsen

Inger Jensen

Stine Jensen

Amma Kleist

Ole Thomasen

SIGNATURES

Report of the Auditors Elected at the General Meeting

We have audited the financial statements presented by the Board of Directors and the Management of The BANK of Greenland for the year ended 31 December 2001.

Basis of Opinion

We have planned and conducted our audit in accordance with generally accepted auditing standards as applied in Denmark in order to obtain reasonable assurance that the financial statements are free of material misstatements. Based on an evaluation of materiality and risk, we have tested the basis of documentation of the amounts and disclosures in the financial statements. Our audit included an assessment of the accounting policies applied and estimates made by the Board of Directors and the Management. In addition, we have evaluated the overall adequacy of the presentation of information in the financial statements.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the financial statements have been prepared in accordance with the accounting provisions of Danish legislation, and give a true and fair view of the bank's assets, liabilities, financial position and profit for the year 2001.

Nuuk, 19 February 2002 and
Copenhagen 25 February 2002

DELOITTE & TOUCHE

Statsautoriseret Revisionsaktieselskab

B.E. Neergaard Jacobsen Per Jansen
State-authorised Public Accountants

GROTHEN & PERREGAARD

Statsautoriseret Revisionsaktieselskab

Jørgen Frank Jakobsen Christian F. Jakobsen
State-authorised Public Accountants

RISK MANAGEMENT

MARKET RISKS

For the bank as a whole, maximum market risks have been set for the bank's holdings of shares, bonds and foreign currency.

The bank's central staff functions are responsible for monitoring risk and ensuring that the bank's pre-set framework is observed. In the bank's organization, these functions are thus kept separate from customer service departments.

CREDIT RISK

The bank's risk profile is prudent. It also wishes to maintain the quality of its assets, thus ensuring a stable basis for its future development.

The bank works to establish and expand long-term customer relations for the benefit of both parties. An important element in issuing credit is the mutual faith the bank and its customers have in each other's reliability and skill.

The bank wishes to maintain an appropriate spreading of risks in order to reduce its sensitivity to particular industries and individual customers.

Provisions for loss on bad debts are made according to a prudent assessment of the risks involved in the exposures. This assessment includes an evaluation of the customer's future financial position. The bank can make provisions for loss on bad debts on risky exposures even if the customer is repaying his debt according to schedule.

ACCOUNTING PRINCIPLES

In General

The annual accounts have been written in accordance with the Danish Banks and Savings Banks, etc. Act, Executive Order on the presentation of Accounts, etc. by Credit Institutions, etc. and the Copenhagen Stock Exchange's Reporting Rules for Issuers of Securities Listed on the CSE, including Danish Guidelines for Accounts. The accounting principles remain unchanged in relation to previous years.

Foreign Currency

Assets and liabilities in foreign currency have been stated at Danmarks Nationalbank's (the Danish Central Bank's) official exchange rates at the end of the year. Income and expenses in foreign currency have been calculated according to the exchange rates current at the time of entering into the books.

Financial Instruments

Futures have been stated at their prices at the end of the year while swaps have been stated at market value at the end of the year. Adjustments in value have been included in the profit and loss account under price adjustments of financial instruments, except for price adjustments of foreign currency, which are included in the profit and loss account under exchange rate adjustments for foreign currency. Financial instruments, included to cover fixed interest assets and liabilities, have not been price adjusted, but are mentioned in the notes.

Securities

Listed securities have been listed at their official prices at the end of the year. Unlisted securities have been stated at either purchase price or at market value at the time of their assessment if the market value is deemed to be lower than the purchase price. Non-quoted shares in UCITS are listed at the calculated equity value as calculated by the UCITS.

Own Holdings

Own holdings are stated in the bank's trade holding at their officially quoted prices at the end of the year.

Advances and Guarantees

The bank's advances and guarantees have been subjected to a prudent evaluation in order to uncover any risk of loss on bad debts; these risks have been debited in the profit and loss account under "Losses and provision for loss on bad debts" either as direct loss or as provisions for possible loss. Provisions are removed from the provisions account and are depreciated when the loss is considered to be realized.

Interest of exposure in default, where the interest is considered irrevocable, is not taken to income.

Tangible Assets

Real property has been stated at purchase price plus any expenses for improvements less computed depreciation and write-offs.

Bank buildings are depreciated by the straight-line method over 25 years. Staff housing is depreciated by the straight-line method over 50 years.

Property taken over in connection with the settlement of an exposure has been stated at a prudently estimated trading value.

Machinery and equipment, etc. have been stated in the balance sheet at their purchase price less operating depreciation. Depreciation is based on the asset's expected lifetime, though no more than five years.

Individual assets, whose purchase price was less than DKK 50,000, and automobiles, have been debited in the year in which they were purchased.

Tax

Tax on the profit for the year includes payable tax and transformation into tax assets.

Payable tax is calculated as 37.1% of the profit before taxation, adjusted for non-taxable income, non-deductible expenses and paid dividend. Tax assets are calculated at the rates in force.

(DKK 1,000)

PROFIT AND LOSS ACCOUNT FOR 2001

2001 2000

Notes

1	Interest receivable	226,256	199,450
2	Interest payable	95,622	81,985
	Net income from interest	130,634	117,465
3	Dividend of holdings	4,812	4,675
	Charges and commissions receivable	25,483	26,781
	Charges and commissions payable	285	515
	Net income from interest and charges	160,644	148,406
4	Price adjustments	+ 7,161	+ 411
5	Other ordinary income	5,691	2,869
6	Staff costs and administrative expenses	71,450	72,172
	Depreciation and write-downs of tangible assets	4,696	5,647
	Other ordinary charges	10	37
	Losses and provision for loss on bad debts	3,477	879
	Profit on ordinary activities	93,863	72,951
7	Tax	14,980	9,179
	Net profit for the financial year	78,883	63,772
Allocation of profits			
	Net profit for the financial year	78,883	63,772
	Brought forward from prior years	0	0
	Total available for distribution	78,883	63,772
	Dividends	54,000	47,953
	Amount appropriated to shareholders' equity	24,883	15,819
	Total allocation	78,883	63,772

(DKK 1,000)

BALANCE SHEET (at the end of the year)

2001 2000

		2001	2000
ASSETS			
	Cash in hand and claims at call on central banks	77,222	57,196
8,13	Claims on credit institutions and central banks	870,539	966,274
9,12	Loans and advances	1,246,204	1,175,282
14,16	Bonds.....	1,043,041	904,624
15, 16, 17	Shares, etc.	34,549	46,774
18	Tangible assets	51,318	53,107
	Own holdings.....	385	26,997
	Other assets	53,944	49,741
	Prepayments and accrued income	1,428	1,403
	Total assets.....	3,378,630	3,281,398
LIABILITIES			
10, 19	Debt to credit institutions and central banks	180,948	231,159
11, 20	Deposits.....	2,576,203	2,410,189
	Other liabilities	100,158	117,331
	Accruals and deferred income	1,376	1,078
	Shareholders' equity		
	Share capital.....	180,000	191,813
	Reserve for own shares	385	0
	Brought forward from prior years	314,677	314,009
	Brought forward from profit for the year	24,883	15,819
	Total shareholders' equity	519,945	521,641
	Total liabilities.....	3,378,630	3,281,398
OFF-BALANCE SHEET ITEMS			
21	Guarantees, etc.....	280,611	271,347
22	Other commitments.....	51,374	27,714
	Total off-balance sheet items	331,985	299,061

(DKK 1,000)

MOVEMENTS IN CAPITAL

	Beginning of Year	Capital Reduction	Other additions	Other disposals	End of year
Share Capital	191,813	11,813			180,000
Reserve for own shares			385		385
Brought forward from profit for the year	329,828	14,766	24,883	385	339,560
	521,641	26,579	25,268	385	519,945

The share capital in The BANK of Greenland consists of 1,800,000 shares denominated at DKK 100 each. All shares carry the same rights. Consequently, there is only one class of shares.

SOLVENCY

Core capital, less statutory deductions	519,560	494,644
Core capital and short-term supplementary capital, less statutory deductions	519,560	494,644
Weighted items not included in trading portfolio	1,573,458	1,432,124
Weighted items with market risk included in trading portfolio, etc.	318,191	330,899
Total weighted items	1,891,649	1,763,023
Total core capital, less statutory deduction expressed as percentage of weighted items	27.4	28.0
Solvency ratio	27.4	28.0
Statutory minimum solvency requirement	8.0	8.0

The solvency ratio is calculated in accordance with the rules on capital adequacy for banks and certain credit institutions.

(DKK 1,000)

CASH FLOW ANALYSIS

2001 2000

CAPITAL ACQUISITION

Operations

Profit for the financial year	78,883	63,772
Losses and provisions for losses on bad debts	3,477	879
Depreciations and write-downs on tangible and intangible assets.....	4,696	5,647
Dividend and appropriated for other purposes.....	- 54,000	47,953
Total capital acquisition via operations.....	33,056	22,345

Capital reduction.....	- 26,579	0
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External financing

Debt to credit institutions and central banks	- 50,210	110,084
Deposits	166,014	214,287
Other liabilities 1)	- 16,875	48,938
Total external financing.....	98,929	373,309

TOTAL CAPITAL ACQUISITION	105,406	395,654
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APPLICATION OF CAPITAL

Cash in hand, etc. and refinansible notes	20,026	-73,203
Balances due from credit institutions and central banks.....	- 95,735	102,845
Loans and advances	74,400	253,588
Bond holdings	138,417	60,828
Share holdings	- 12,225	19,562
Tangible and intangible assets.....	2,907	2,218
Other assets 2).....	- 22,384	29,816

TOTAL APPLICATION OF CAPITAL	105,406	395,654
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1) Other liabilities, accruals and deferred income and provisions for liabilities

2) Other assets, own holdings and prepayments and accrued income

(DKK 1,000)	NOTES TO THE ANNUAL ACCOUNTS 2001	2001	2000
1	Interest receivable/premium on claims on credit institutions and central banks	50,185	49,934
	Loans and advances	123,063	103,869
	Bonds	53,181	45,660
	Total derivatives	- 173	- 13
	of which		
	Currency contracts	110	90
	Interest contracts	- 283	- 103
	Total interest receivable	226,256	199,450
2	Interest payable to		
	Credit institutions and central banks	2,150	2,194
	Deposits.....	93,472	79,791
	Total interest payable	95,622	81,985
3	Dividend on		
	Shares	4,812	4,675
	Total dividend on shares and other holdings	4,812	4,675
4	Price adjustments of		
	Bonds	+ 8,178	- 1,375
	Shares	- 2,213	+ 916
	Fixed interest loans and advances	+ 34	+ 37
	Foreign currency	+ 1,162	+ 833
	Total price adjustments	+ 7,161	+ 411
5	Other ordinary income		
	Internal rental value of bank buildings	3,276	3,276
	Rental income, external rentals	1,594	1,544
	Operations and maintenance.....	- 521	- 2,914
	Earnings on the sale of property	0	3
	Other ordinary income.....	1,342	960
	Total other ordinary income	5,691	2,869

(DKK 1,000)	NOTES TO THE ANNUAL ACCOUNTS 2001	2001	2000
6	Staff costs and administrative expenses		
	Salaries and remuneration to Board of Directors and Management		
	Board of Directors	598	485
	Management	2,757	1,734
	Total	3,355	2,219
	Staff costs		
	Wages and salaries.....	27,558	29,136
	Pensions	2,418	2,389
	Social security costs.....	294	299
	Total	30,270	31,824
	Other administrative expenses	37,825	38,129
	Total staff costs and administrative expenses	71,450	72,172
	Auditing fee		
	Total fee to the auditing firms elected at the general meeting and who perform the audit required by law.....	1,352	869
	of which services other than auditing.....	37	65
	Number of employees		
	The average number of employees during the financial year calculated as full-time employees	85.8	84.8
7	Tax		
	Estimated tax on the year's income.....	17,096	8,067
	Regulation of tax asset.....	- 2,116	1,206
	After-the-fact regulation of estimated tax on ordinary profit from previous years.....	0	- 94
	Total tax	14,980	9,179
	35% tax of the ordinary profit	32,852	25,533
	Tax impact of deduction rights for declared dividend.....	- 18,900	- 16,784
	Difference in taxation rate on dividend of own shares.....	148	150
	Regulation of tax from previous years	0	- 94
	6% addition.....	880	374
	Total tax on ordinary profit	14,980	9,179

(DKK 1,000) **NOTES TO THE ANNUAL ACCOUNTS 2001** 2001 2000

Corporate tax paid during the year	8,067	3,549
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The tax asset has been calculated on the basis of time differences between taxation and accounting values and the declared dividend for 2001. The tax asset has thus been calculated as follows:

Tangible assets	191	191
Declared dividend.....	18,900	16,784
Total	19,091	16,975

Tax assets are assessed on the basis of an evaluation of the opportunity to apply the tax asset in the bank's future earnings. Tax assets of DKK 2,771,000, which are not expected to be applied within a period of three to four years, are not included in the balance sheet.

MATURITY LISTED BY RESIDUAL MATURITY

8 Claims on credit institutions and central banks

Claims on demand	21,098	22,416
Up to and including three months	849,441	943,858
Total	870,539	966,274

9 Loans and advances

On demand.....	209,965	165,206
Up to and including three months	246,339	200,520
More than three months and up to and including one year	338,758	408,624
More than one year and up to and including five years.....	375,603	337,021
More than five years.....	75,539	63,911
Total	1,246,204	1,175,282

(DKK 1,000) **NOTES TO THE ANNUAL ACCOUNTS 2001** 2001 2000

10 Debt to credit institutions and central banks

Debt on demand.....	159,004	208,343
Up to and including three months	237	218
More than three months and up to and including one year	714	654
More than one year and up to and including five years.....	4,754	5,705
More than five years	16,239	16,239
Total	180,948	231,159

11 Total deposits

On demand.....	1,634,815	1,647,572
Deposits at notice:		
Up to and including three months	900,091	721,585
More than three months and up to and including one year	7,016	12,133
More than one year and up to and including five years.....	19,643	15,903
More than five years	14,638	12,996
Total	2,576,203	2,410,189

12 Board of Directors and Management

Amount of loans, advances, security, sureties or guarantees

issued to the members of the bank's management as listed below:

Board of Directors	1,305	1,050
Management	259	292

13 Claims on credit institutions and central banks

Claims at notice at central banks.....	399,441	543,858
Claims on credit institutions	471,098	422,416
Total claims on credit institutions and central banks	870,539	966,274

(DKK 1,000) **NOTES TO THE ANNUAL ACCOUNTS 2001** 2001 2000

14 Bonds

Bonds quoted on the Copenhagen Stock Exchange	1,043,041	904,624
Total bonds	1,043,041	904,624

Of which DKK 150,000,000 nominal value has been deposited
as collateral for debt to The Danish Central Bank.

15 Shares

Shares quoted on the Copenhagen Stock Exchange	8,634	24,383
Other shares	10,791	10,412
Other holdings	15,124	11,979
Total shares, etc.	34,549	46,774

16 FINANCIAL CURRENT ASSETS

a. Financial current assets valued at market value	1,051,675	929,007
b. Difference between the purchase price of financial current assets under a. and the higher market value on balance sheet date	8,544	- 20,246
c. Financial current assets not valued at market value	10,791	9,767
d. Difference between the purchase price of financial current assets under c. and the higher market value on balance sheet date	- 21	- 598

(DKK 1,000) **NOTES TO THE ANNUAL ACCOUNTS 2001** 2001 2000

17 FINANCIAL FIXED ASSETS

	Other holdings	
Total purchase price, beginning of year	11,979	8,423
Inflow	3,145	3,556
Total purchase price, end of year	15,124	11,979
Booked value, end of year	15,124	11,979
Booked value, beginning of year	11,979	8,423

18 TANGIBLE ASSETS

	Buildings	Plant and Machinery	Total
Total purchase price, beginning of year	94,623	10,240	104,863
Additions	777	972	1,749
Disposals	0	0	0
Total purchase price, end of year	95,400	11,212	106,612
Depreciations and write-downs, beginning of year	41,867	9,889	51,756
Depreciation during the year	3,297	242	3,539
Write-downs during the year	0	0	0
Reversal of depreciation and write-downs	0	0	0
Depreciation and write-downs, end of year	45,164	10,131	55,295
Portfolio booked, end of year	50,236	1,081	51,317
Booked value, beginning of year	52,756	351	53,107
Most recent rateable value (purchase price)	95,400		

There is no public assessment of land and buildings in Greenland.

Plant and machinery depreciated immediately	1,157	1,157
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NOTES ON THE ANNUAL ACCOUNTS 2001

(DKK 1,000) 2001 2000

19 Debt to credit institutions and central banks

Debt to central banks	71,488	144,165
Debt to credit institutions	109,460	86,994
Total debt to credit institutions and central banks	180,948	231,159

20 Deposits

On demand.....	1,634,815	1,647,572
At notice.....	241,988	242,148
Time deposits	659,014	485,197
Special category of deposits	40,386	35,272
Total deposits	2,576,203	2,410,189

GUARANTEES AND OTHER COMMITMENTS
21 Guarantees, etc.

Financial guarantees	111,670	112,762
Other guarantees	168,941	158,585
Total guarantees, etc.	280,611	271,347

22 Other commitments

Irrevocable standby letters of credit	51,374	27,714
Total other commitments	51,374	27,714

NOTES ON THE ANNUAL ACCOUNTS 2001

 (DKK 1,000)

DERIVATIVES
Maturity listed by residual maturity

	Up to and including three months			
	2001		2000	
	Nominal value	Net market value	Nominal value	Net market value
Foreign currency contracts				
Futures, purchase	- 5,887	87	- 44,901	2,409
Futures, sale	5,887	- 86	44,872	- 2,450
Interest contracts				
Futures, purchase	0	0	- 1,500	2
Futures, sale	0	0	1,500	- 2

More than three months and up to and including one year

	More than three months and up to and including one year			
	2001		2000	
	Nominal value	Net market value	Nominal value	Net market value
Foreign currency contracts				
Futures, purchase	0	0	- 24,789	1,936
Futures, sale	0	0	24,782	- 1,956
Swaps	1,140	0	0	0

More than one year and up to and including five years

	More than one year and up to and including five years			
	2001		2000	
	Nominal value	Net market value	Nominal value	Net market value
Foreign currency contracts				
Futures, purchase	0	0	0	0
Futures, sale	0	0	0	0
Swaps	0	0	2,280	0

NOTES ON THE ANNUAL ACCOUNTS 2001

(DKK 1,000)

	More than five years			
	2001		2000	
	Nominal value	Net market value	Nominal value	Net market value
Interest contracts				
Swaps	63,999	0	49,578	0

	Total			
	2001		2000	
	Nominal value	Net market value	Nominal value	Net market value
Foreign currency contracts				
Futures, purchase	- 5,887	87	- 69,690	4,345
Futures, sale	5,887	- 86	69,654	- 4,406
Interest contracts				
Futures, purchase	0	0	- 1,500	2
Futures, sale	0	0	1,500	- 2
Swaps	65,139	0	51,858	0

	Market value			
	2001		2000	
	Positive	Negative	Positive	Negative
Foreign currency contracts				
Futures, purchase	87	0	7	- 4,338
Futures, sale	0	- 86	4,409	3
Interest contracts				
Futures, purchase	0	0	2	0
Futures, sale	0	0	0	- 2
Total	87	- 86	4,418	- 4,337

NOTES ON THE ANNUAL ACCOUNTS 2001

 (DKK 1,000)

	Average market value			
	Positive	2001 Negative	Positive	2000 Negative
Foreign currency contracts				
Futures, purchase	1,981	0	2,346	0
Futures, sale	0	- 1,981	0	- 2,346
Total	1,981	- 1,981	2,346	- 2,346

	Market value of non-guaranteed contracts			
	Positive	2001 Negative	Positive	2000 Negative
Foreign currency contracts				
Futures, purchase	87	0	7	- 4,352
Futures, sale	0	- 86	4,409	- 3
Interest contracts				
Futures, purchase	0	0	2	0
Futures, sale	0	0	0	- 2
Total	87	- 86	4,418	- 4,357

	Unsettled Spot Transactions	
	Nominal value	
	2001	2000
Stock transaction, purchase	344	2,699
Stock transaction, sale	- 352	- 2,757
Other transactions, purchase	357	10,104
Other transactions, sale	- 357	- 10,104
Total	- 8	58

NOTES ON THE ANNUAL ACCOUNTS 2001

(DKK 1,000)

	Market value			
	2001		2000	
	Positive	Negative	Positive	Negative
Stock transaction, purchase.....	38	1	17	3
Stock transaction, sale	62	32	15	18
Other transactions, purchase.....	0	0	10	0
Other transactions, sale	0	0	0	10
I alt	100	33	42	31

NOTES ON THE ANNUAL ACCOUNTS 2001

2001 2000

(DKK 1,000)

	Net market value	
Stock transaction, purchase.....	37	14
Stock transaction, sale	- 30	- 3
Other transactions, purchase.....	0	10
Other transactions, sale	0	- 10
Total	7	11

Credit risks
**Loans, advances and guarantee debtors
in percentage at the end of the year**
LISTED BY SECTOR AND LINE OF BUSINESS

Public authorities	0	1
Commercial enterprises		
Agriculture, hunting and forestry	0	0
Fisheries	20	13
Production companies, mining and utilities	4	7
Construction companies	8	8
Trade, restaurant and hotel companies.....	16	17
Transportation, post and telephone	8	10
Credit, finance and insurance companies	0	1
Property administration, property sales, commercial service.....	6	5
Other commercial enterprises.....	2	1
Total commercial enterprises.....	64	62
Private.....	36	37
Total	100	100

NOTES ON THE ANNUAL ACCOUNTS 2001

2001 2000

(DKK 1,000)

ACCUMULATED PROVISIONS FOR LOSS ON BAD DEBTS

Provided for at the end of the year on loans, advances and guarantee debtors	97,493	93,542
Total accumulated provisions for loss on bad debts.....	97,493	93,542

Accumulated provisions for loss on loans, advances and guarantee Debtors as a percentage of loans, advances and guarantee debtors at the end of the year	6.0	6.1
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Claims on which, at the end of the year, interest calculation has ceased, amount to.....	15,214	14,452
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NOTES ON THE ANNUAL ACCOUNTS 2001

2001 2000

(DKK 1,000)

CREDIT RISK ON DERIVATIVES

Counterpart with weighted Risk
20 % 100 %

Positive market value after netting..... 87 0

Market risks
FOREIGN CURRENCY RISKS

Total assets in foreign currency 20,957 13,845

Total liabilities in foreign currency 16,696 13,054

Foreign exchange rate indicator 1 830 2,975

Foreign exchange rate indicator 1, as a percentage of core capital
after deduction..... 0.1 0.6

Foreign exchange rate indicator 2 20 97

Foreign exchange rate indicator 2, as a percentage of core capital
after deduction..... 0.0 0.0

INTEREST RISK

The bank holds only fixed interest assets in Danish Kroner.

Interest risk on bond holdings, etc. 24,044 21,175

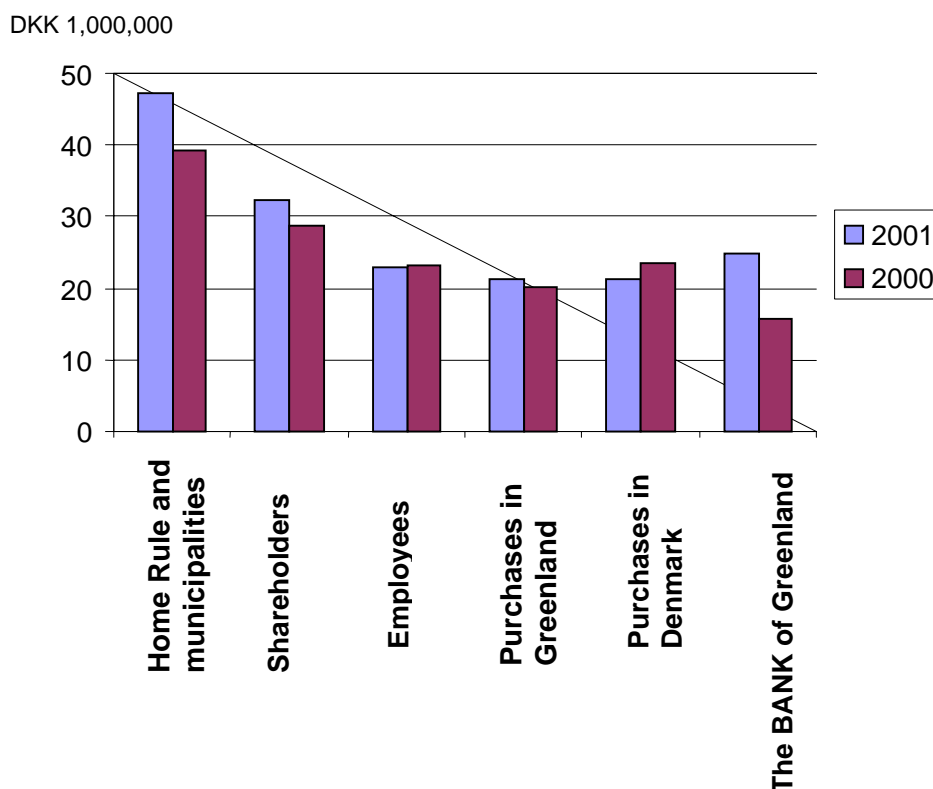
The bank's fixed interest loans are, in terms of interest risk, covered
by equivalent fixed interest liabilities or interest swaps.

THE DANISH FINANCIAL SUPERVISORY AUTHORITY'S KEY FIGURES

	2001	2000	1999	1998	1997
<i>(in percentage)</i>					
Solvency ratio.....	27.4	28.0	30.0	38.4	41.2
Solvency ration based on core capital.....	27.4	28.0	30.0	38.4	41.2
Return on equity (before tax).....	18.0	14.2	10.3	11.8	9.9
Return on equity (after tax).....	15.1	12.4	9.9	10.5	9.6
Earnings per expense DKK.....	2.18	1.93	1.68	1.71	1.46
Interest risk.....	4.6	4.3	4.7	4.4	5.4
Foreign exchange position.....	0.1	0.6	0.7	0.3	0.9
Foreign exchange risk.....	0.0	0.0	0.0	0.0	0.0
Loans and advances plus provisions for losses on bad debts in relation to deposits.....	51.8	52.3	46.0	41.0	30.6
Excess coverage relative to legal requirements for liquidity.....	374.6	376.3	346.3	480.3	523.6
Total of major exposures.....	147.2	143.3	144.1	109.0	114.6
Percentage of claims at reduced interest rates.....	0.9	0.9	0.9	1.7	2.1
Percentage of provisions for loss on bad debts.....	6.0	6.1	7.0	8.5	8.8
Percentage of loss and provision for losses on bad debts for the year.....	0.2	0.1	0.0	0.3	0.2
Growth in loans and advances for the year.....	6.0	27.4	17.7	9.4	- 13.9
Loans and advances in relation to shareholders' equity.....	2.4	2.3	1.8	1.6	1.5
<i>(in DKK, face value of each share equals DKK 100)</i>					
Profit for the year per share.....	42.4	33.2	26.1	27.1	23.7
Equity per share.....	289	272	264	263	254
Dividend per share.....	30	25	25	20	15
Stock exchange price /profit for the year per share.....	7.5	6.6	7.6	7.3	8.3
Stock exchange price / equity per share.....	1.10	0.81	0.75	0.75	0.77

THE BANK OF GREENLAND AND SOCIETY

To ensure that The BANK of Greenland continues to thrive and to find new opportunities for development, the bank must maintain good relations with its customers, shareholders, employees, partners, suppliers and the local community. During 2001, the bank's daily business with its customers, in the broadest sense, has provided for base earnings of DKK 170 m, as compared with DKK 150.8 m in 2000. The base earnings have been calculated as the sum of the net income from interest and charges, other ordinary income, price adjustments and with a deduction of losses and provisions for loss on bad debts. The chart below shows how base earnings have been distributed among the bank's stakeholders.



Greenland's Home Rule and the municipalities of Greenland receive corporate tax, dividend tax and tax on salaries. The bank's shareholders have received dividend on their shares after deduction of 40% in dividend tax. The bank's employees have received salary and pension supplements, etc. after deduction of withholding tax. Nearly the only products or services that the bank purchases in Denmark are computer services from BEC in Roskilde.

MANAGERIAL POSITIONS

The most important managerial positions of the members of the Board of Directors and Management in Greenlandic and Danish limited companies.

Jakob Brogaard. Managing Director

Managing Director of:

Danske Bank Aktieselskab

Lars Peter Danielsen. Production Manager

Member of the Board of Directors of:

Superbyg Kalaallit Nunaat A/S

Arssarnerit A/S

Anders Brøns. Managing Director

Managing Director of:

Polar Suluppaagaq A/S

Member of the Board of Directors and managing director of:

Polar Seafood Trawl A/S

Polar Princess A/S

Polar Seafood Greenland A/S

Member of the Board of Directors of:

Egede & Brøns A/S

Polar Seafood Denmark A/S

Naajaq Seafood Holding A/S

Nanoq Trawl A/S

Polar Raajat A/S

Qalut Nuuk A/S

Great Greenland A/S

Upernavik Seafood A/S

Atuakkiorfik A/S

Saattaq A/S

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