



Translation from Danish by the BANK of Greenland of a memorandum dated 18 December 2020 from the Danish Financial Supervisory Authority (Finanstilsynet). In case of discrepancies, the Danish version prevails.

MEMO

Danish Financial Supervisory Authority
18 December 2020

Ref. no. 62724-0140/tak

Report on the investigation of selected incoming and outgoing cash flows in the BANK of Greenland's LCR statement

Introduction

In the spring and summer of 2020, the Danish FSA conducted an investigation of selected incoming and outgoing cash flows in the BANK of Greenland's LCR statement. This took place as part of a thematic investigation involving 12 banking institutions.

The purpose of the investigation was to examine whether the banks' compilation of the relevant cash flows in accordance with the LCR Regulation, and thereby the reported key liquidity ratio, LCR, gives a true and fair view of the banks' ability to counter liquidity stress.

The purpose was also to investigate whether the banks' compilation of their LCR fulfils the provisions of the Danish Order on the Management and Control of Banks concerning business procedures and documentation¹.

Summary and risk assessment

The bank's compilation of incoming and outgoing cash flows does not fulfil the provisions of the LCR Regulation in every respect. The bank has received a mandatory order to ensure a true and fair LCR statement.

The errors identified do not significantly affect the bank's LCR or the bank's compliance with the regulatory LCR requirement.

The bank lacks a business procedure and documentation of the LCR statement. The bank has received a mandatory order to draw up a procedure and documentation.

¹ Order no. 1026 of 2016-06-30 on the Management and Control of Banks, etc., as amended by Order no. 461 of 2018-05-09 and Order no. 710 of 2019-07-08. The Danish Financial Supervisory Authority 18 December 2020 Ref. no. 62724-0140/tak.