

The text of the following notification from the Danish FSA dated 29 June 2020 has been translated from Danish to English by the BANK of Greenland. In the event of any discrepancies, the Danish text will apply.

Danish Financial Supervisory Authority

29 June 2020

The BANK of Greenland as a systemically important financial institution (SIFI)

The Danish FSA has designated the BANK of Greenland as a systemically important financial institution (SIFI) in Greenland. This is because the BANK of Greenland for two consecutive years lies above the threshold values for two of the indicators for designation as an SIFI in Greenland.

A systemically important financial institution (SIFI) must lie below the threshold values for the following indicators for three consecutive years, in order to cease to be an SIFI, cf. Section 308(4) of the instrument concerning the entry into force in Greenland of the Danish Financial Business Act (hereafter referred to as the "Financial Business Act").

Indicators	2019	2018	Limits
The institution's balance sheet as a percentage of GDP	36.8	33.3	> 65
The institution's lending in Greenland as a percentage of Greenlandic banking and mortgage credit institutions' total lending in Greenland	82.5	85.3	> 50
The institution's deposits in Greenland as a percentage of the Greenlandic banking institutions' total deposits in Greenland	81.7	87.7	> 50

The Danish FSA has compiled the BANK of Greenland's systemic importance (systemicity) at 8.4, cf. Section 308(6) of the Danish Financial Business Act. The systemic importance is calculated as an average of the following factors, cf. Section 308(6) of the Danish Financial Business Act, which are then divided by 10. Two of the factors are identical to the above indicators.

Factors and systemicity

2019

Balance sheet of the institution as a percentage of the total balance sheet of Greenlandic banking institutions, mortgage credit institutions and investment services companies.

86.5

The institution's lending in Greenland as a percentage of Greenlandic banking institutions and mortgage credit institutions' total lending in Greenland.

82.5

The institution's deposits in Greenland as a percentage of the Greenlandic banking institutions' total deposits in Greenland.

81.7

Systemicity

8.4

Based on the calculation of systemicity, the institution is placed in categories of systemicity, cf. Section 308(7) of the Danish Financial Business Act. The BANK of Greenland is placed in category 2, cf. the table below.

Systemicity categories

	<i>Systemicity</i>
Category 1	≤ 5
Category 2	[5-15[
Category 3	[15-25[
Category 4	[25-35[
Category 5	≥ 35

The BANK of Greenland must fulfil a capital requirement by way of a SIFI buffer requirement of 1.5% that reflects the systemic importance (systemicity) of the institution, cf. Section 308(7) and Section 125h of the Danish Financial Business Act. The SIFI buffer requirement must be fulfilled on the basis of Common Equity Tier 1 (CET 1) capital.

The Danish Minister for Industry, Business and Financial Affairs determines the SIFI buffer requirements within the systemic buffer framework, cf. Section 125h, cf. Section 125a(6) of the Danish Financial Business Act.