

10 July 2018

The text of the following notification from the Danish FSA dated 10 July 2018 has been translated from Danish to English by the BANK of Greenland. In the event of any discrepancies, the Danish text will apply.

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 (hereinafter referred to as the "Financial Business Act").

Indicators

	2017	2016	Limits
The institution's balance sheet as a percentage of GDP	29.4	32.5	> 65
The institution's lending in Greenland as a percentage of Greenlandic banking and mortgage credit institutions' total lending in Greenland.	85.4	78.5	> 50
The institution's deposits in Greenland as a percentage of the Greenlandic banking institutions' total deposits in Greenland.	86.7	85.1	> 50

The Danish FSA has compiled the BANK of Greenland's systemic importance (systemicity) at 8.7, cf. Section 308(6) of the Danish Financial Business Act. The systemicity 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

	<i>2017</i>
Balance sheet of the institution as a percentage of the total balance sheet of Greenlandic banking institutions, mortgage credit institutions and investment services companies.	90.0
The institution's lending in Greenland as a percentage of Greenlandic banking institutions and mortgage credit institutions' total lending in Greenland.	85.4
The institution's deposits in Greenland as a percentage of the Greenlandic banking institutions' total deposits in Greenland.	86.7
Systemicity	8.7

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 an SIFI buffer requirement of 1.5% that reflects the systemic importance (systemicity) of the institution, cf Section 308(7) and Section 125 h 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 requirement will be phased in gradually in 2017-2019.

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