

To Nasdaq OMX Copenhagen

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Announcement no. 14/2021

Decision on The BANK of Greenlands MREL requirement – Capital objective and agreement with the Danish Ministry of Industry, Business and Financial Affairs.

The Danish FSA has decided on the Bank's minimum requirement for own funds and eligible liabilities (MREL). The FSA assigns a MREL requirement of 30.4% of the Bank's risk-weighted assets as per year-end of 2020. The MREL requirement will be phased in during the 2022-2027 periode. The BANK of Greenland expects to cover most of the MREL requirement by issuing Tier 3 capital and to a lesser extent with Tier 1 and Tier 2 capital.

This decision is in line with the Bank's expectations and the principles for determining MREL requirements derived from the designation of The BANK of Greenland as a systemically important bank in 2017. The FSA updates the MREL requirement annually and the conclusion will be published on The BANK of Greenland's website.

Capital objective

Until now, The BANK of Greenland has had a capital objective of a capital ratio of 8-10% points above the individual capital requirement, most recently calculated at 10.7% at 30 June 2021. At the same date, the Bank's capital ratio amounted to 22.7%, which the Board of Directors has assessed to be appropriate in view of the lack of clarification of the MREL requirement.

Based on the decision taken concerning MREL requirement, the Bank's Board of Directors will, in the coming periode, reassess the capital targets and the distribution on capital instruments. New capital targets will be announced no later than the publication of the annual report for 2021.

However, the Bank has already decided to issue up to DKK 100 million Senior Non-Preferred later in 2021, in order to optimise the capital structure and cover the Bank's MREL add-on, on a targeted basis. When a final agreement on the issue of SNP has been entered, a new company announcement will be published.

Agreement with the Danish Ministry of Danish Ministry of Industry, Business and Financial Affairs

In connection with the MREL decision, an agreement has been reached between the Ministry of Industry, Business and Financial Affairs and The BANK of Greenland to cover future issuance costs for the part of the Bank's issuances that exceed the average level to which a small bank in the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark will be subject.

The aforementioned decision and agreements do not affect the Bank's previously announced expectations of a profit before tax of DKK 125-140 million in 2021.

Kind regards,
The BANK of Greenland

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