

To Nasdaq OMX Copenhagen  
2 September 2024  
Announcement no. 10/2024

## **Risk-weighted assets – exposure to real estate in Greenland**

Since 1 December 2023, the Danish FSA has conducted a consultation on "The Danish FSA's assessment of well-developed and well-established markets in the Faroe Islands and Greenland".

29 August, the Danish FSA concluded the consultation.

During the consultation period, the BANK of Greenland has not recognised any possible effect in the Bank's risk-weighted assets in the event of a changed assessment of all or parts of the Bank's real estate exposure.

On the basis of the uncertainty resulting from the consultation, the Bank has maintained higher core capital ratio in the Bank than the Bank's previous target of approximately 24%. In the interim report for the first half of 2024, core capital was 24.7%.

On the conclusion of the consultation, it has been established that the assessment of well-developed and well-established markets in Greenland only has a negative impact on certain delimited segments of commercial properties. It has also been established that on the transition to CRR3, the effect will lapse.

Until CRR3 is implemented in Greenlandic law, expected to be in 2026, the Bank's risk-weighted assets will thus be increased. In relation to the statement as of 30 June 2024, the effect on the solvency ratio is a reduction of approximately 0.6% points. The effect will be recognised as from the Q3 2024 financial statements.

In relation to the development in the Bank's risk-weighted assets, it must also be stated that the new guarantee model for conveyed loans in DLR Kredit A/S will reduce the Bank's risk-weighted assets. The effect of this will be recognised as from Q3 2024.

The effect of the "Assessment of well-developed and well-established markets in Greenland" is assessed to be modest, and in connection with the change in the agreement with DLR Kredit, the net effect is assessed to be at the level of 0.3% points on the surplus capital cover. This does not affect the Bank's core capital targets or the previous plan for capital adequacy and capital issues.

Please direct any questions to the undersigned.

Kind regards,  
BANK of Greenland

Martin Kviesgaard  
Managing Director

Tel. no.: +299 34 78 00 / e-mail: [mbk@banken.gl](mailto:mbk@banken.gl)