

Translation from Danish to English by BankNordik. In case of discrepancies, the Danish version prevails

P/F BankNordik as systemically important financial institution in the Faroe Islands

Pursuant to paragraph 308 of the Financial Business Act,¹ the Danish Financial Supervisory Authority on a yearly basis examines whether institutions designated as systemically important financial institutions (SIFI) in the Faroe Islands still exceed the threshold values regarding one or several of the below stated indicators for being designated as a SIFI institution in the Faroe Islands.

Pursuant to paragraph 308, section 4 of the Financial Business Act a condition for a systemically important financial institution (SIFI) for no longer being designated as a systemically important financial institution is that the institution for a period of three successive years has values regarding the below stated indicators which are lower than the assessed threshold values.

The Danish Financial Supervisory Authority has stated that BankNordik's values regarding the below mentioned indicators still exceeds the threshold values.

Indicators

	2015	2014	Threshold
The institution's total assets as a percentage of Faroese GDP	110.7	112.7	> 13
The institution's lending in the Faroe Islands as a percentage of total lending by Faroese banks in the Faroe Islands	45.2	43.7	> 10
The institution's deposits in the Faroe Islands as a percentage of total deposits held by Faroese banks in the Faroe Islands	38.4	41.4	> 10

BankNordik has been given a systemic importance score of 24.4 by the The Danish Financial Supervisory Authority. The systemic importance score is calculated as half of the average of the factors set out below, see section 308(6) of the Financial Business Act as put into force for the Faroe Islands by Royal Decree. Please note that two of the factors are the same as the indicators shown above.

¹ Put into force for the Faroe Islands by Royal Decree, see Decree no. 693 of 22 May 2015.

Factors and systemic importance

	2015
The institution's total assets as a percentage of the total assets of Faroese banks and investment services companies I	59.3
The institution's lending in the Faroe Islands as a percentage of total lending by Faroese banks in the Faroe Islands	45.2
The institution's deposits in the Faroe Islands as a percentage of total deposits held by Faroese banks in the Faroe Islands	38.4
Systemic importance	23.8

On the basis of the calculation of systemic importance, the institution is categorised according to categories of systemic importance, see section 308(7) of the Financial Business Act as put into force for the Faroe Islands by Royal Decree. P/F BankNordik will be categorised in category 3 (see table).

Categories of systemic importance

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

P/F BankNordik must meet a capital requirement in the form of a SIFI buffer requirement amounting to 2 pct. reflecting the institution's systemic importance on the Faroe Islands, see section 2(3) of Decree no. 693 of 22 May 2015. The SIFI buffer requirement must be met with CET1 capital. The requirement will be phased in during the period 2016-2019.

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