

Remuneration Policy for the BANK of Greenland

The BANK of Greenland's Remuneration Policy concerns the Board of Directors, Executive Management and employees whose activities have a significant influence on the Bank's risk profile (significant risk takers), as well as other members of the staff of the BANK of Greenland.

The Remuneration Policy is intended to promote sound and effective risk management at the BANK of Greenland, and to contribute to creating long-term value for the Bank's shareholders. The Remuneration Policy promotes sound and effective risk management by not creating incentives for excessive risk-taking or promoting short-term, unilateral decisions to the detriment of the long-term requirements and goals of customers and shareholders, as well as the Bank, as these requirements and goals are described in the Bank's business model and strategy.

Furthermore, the Remuneration Policy complies with Section 77 a-d of the Danish Financial Business Act, Sections 139 and 139 a of the Danish Companies Act and Order no. 257 of 14 March 2017 concerning salary policy and remuneration, as well as the CRR Regulation and the Corporate Governance recommendations. In the same way, remuneration at the BANK of Greenland will comply with the Act on Equal Opportunities and Anti-Discrimination applicable to Greenland, so that the Bank ensures equal pay for work of the same type or of the same value.

In addition, the Bank's remuneration will adhere to the collective agreements in force. Furthermore, the disclosure obligations applicable to Greenland regarding remuneration in financial companies are duly observed. The Remuneration Policy must be in accordance with statutory requirements for the protection of customers and investors, as well as legislation in general. The BANK of Greenland ensures the determination and control of remuneration, including compliance with the Remuneration Policy, which contributes to avoiding any conflicts of interest in connection with remuneration.

Overall objectives

The overall objectives of the Remuneration Policy are:

- to attract, motivate and retain qualified employees and members of the Board of Directors and Executive Management;
- to ensure that the interests of management are in harmony with those of the company and its shareholders; and
- to contribute to promoting long-term value creation in the company and thereby support the company's business strategy.

The Remuneration Policy contributes to the company's business strategy and long-term interests. The remuneration applied is aligned with the objectives that guide the company's strategy and policies, including the policy for a sound corporate culture and the policy for integration of sustainability risks. The Bank's employees' working conditions and salary terms are met by entering into relevant collective agreements.

The BANK of Greenland generally only uses fixed remuneration. Therefore, remuneration is not made directly dependent on, for example, compliance with sustainability goals or procedures. Instead, the Board of Directors has a strong focus on sustainability in the business model. Remuneration is therefore determined with a view to ensuring that the Bank achieves its strategy and objectives in accordance with the business model, while respecting the Bank's values and culture, as well as considerations for sustainability and a policy for a sound corporate culture.

Board of Directors

No variable remuneration elements are paid to the Board of Directors as salaries, shares, options or pension contributions. The members of the Board of Directors receive a fixed remuneration, whereby the Chairman of the Board of Directors receives double remuneration and the Vice Chairman receives one and a half times the remuneration. The remuneration for each member of the Board of Directors is stated in the Annual Report. Committee members also receive a fixed remuneration for their membership of committees. The committee chairman receives double remuneration and the vice chairman receives one and a half times the remuneration for membership of the Risk Committee and the Audit Committee. Members of the Board of Directors elected by the Annual General Meeting are elected for terms of two years and members of the Board of Directors elected by the employees are elected for terms of four years.

Executive Management

The Executive Director will receive the contractually agreed fixed salary and pension, annual holiday trip, free car, telephone and Internet. The Executive Director will not receive any variable remuneration elements of any kind during his employment. The Executive Director's pension contribution comprises a fixed percentage of 24% of the fixed salary, in addition to a defined-benefit severance/pension scheme, as described below. The total pension contributions paid out and allocated are specified in the Annual Report. The Executive Management will be employed to the end of the calendar year in which the Executive Director reaches the age of 62.

The Board of Directors has established an agreement with the Executive Director concerning a defined-benefit severance/pension scheme, which will be released and paid out when he leaves the company. The variable remuneration used seeks to ensure the Executive Management's retention and an incentive to safeguard the company's stability and long-term interests. Earning and granting of the right to a defined-benefit severance/pension scheme will be conditional on the Executive Director's continued employment at specific fixed times, and will also be based on the Bank's overall performance compared to banks of an equivalent size, measured in terms of working capital. The defined-benefit severance/pension scheme will consist of 50% shares and 50% cash payment, and may constitute an amount equivalent to 0-24 months' salary. In addition, salary is paid during the notice period. A claw-back clause has been incorporated in the scheme. In accounting terms, 8% of the total salary is currently allocated to the scheme annually.

The notice of termination by the Bank and the Executive Management, respectively, is 12 months, except in special situations, such as breach of the contract. In connection with certain types of change of control, the Executive Management may choose to view himself as dismissed.

As an element of succession within the Executive Board, an agreement may be entered into with a new member of the Executive Board within the framework of the above terms and conditions.

Significant risk takers

The BANK of Greenland's significant risk takers are defined by the Board of Directors on the basis of the rules applicable to Greenland, as

- 1) The management of the part of the organisation that trades in or approves financial instruments;
- 2) The management of the part of the organisation that invests the company's own funds;
- 3) Employees who, via financial instruments, can take a significant risk on behalf of the company for the company's funds;
- 4) The management of the part of the organisation that undertakes control of compliance with the limits for risk taking;
- 5) Employees who may incur significant credit risks for the company.

Employees whose activities have a significant impact on the Bank's risk profile (significant risk takers) will not receive any variable remuneration elements in the form of shares, options or pension contributions.

Significant risk takers may, however, as variable remuneration receive payment of a cash bonus of maximum DKK 100,000 per year. The criteria for allocation is an assessment of performance during the year, a particularly large work burden, a particularly satisfactory contribution, and a particular managerial contribution. Cash bonus to significant risk takers will not be awarded on the basis of any measurable achievement of, for example, sales or operational results, and is not dependent on results.

No separate agreement has been established with the significant risk takers concerning severance pay, but the notice of termination is extended by two months for either party. Pensions to significant risk takers lie within the framework of the collective agreement.

The Bank has the option of entering into an agreement with significant risk takers on a retention bonus. The remuneration report will state the extent to which agreements on retention bonuses have been entered into.

The allocation must take place with due observance of Section 77 a of the Danish Financial Business Act and must be submitted to the Bank's Remuneration Committee prior to the Board's decision. This presentation must include a detailed description of the background to and terms for the bonus, the critical importance of retaining the relevant key risk taker, the consequences if the individual leaves the Bank, and an assessment of the necessity and appropriateness of the retention bonus, as well as the amount and timing.

Other employees

Discretionary bonus

The BANK of Greenland may grant discretionary bonus on the basis of an overall assessment, and this bonus may not exceed DKK 100,000. In total, discretionary bonus may be granted by the Bank for up to 2% of the Bank's total payroll. The criteria for allocation is an assessment of performance during the year, a particularly large work burden, a particularly satisfactory contribution, and a particular managerial contribution, and the bonus is not awarded on the basis of any measurable achievement of, for example, sales or operational results, and is not dependent on results. All discretionary bonuses are awarded on the basis of a "four eyes principle" whereby the immediate manager recommends the bonus and the Executive Management approves the allocated bonus.

The Bank can enter into agreements with the Bank's other employees on a retention bonus. The remuneration report will state the extent to which agreements on retention bonuses have been entered into.

Control functions

Employees with control functions, including the compliance function, are paid to deliver the best results within their specific roles, and so that the discretionary bonus does not compromise the employees' objectiveness and independence. All discretionary bonuses are awarded on the basis of a "four eyes principle" whereby the immediate manager and the Executive Management recommend and approve the allocated bonus. Where the Executive Board is the immediate manager, the Chairman of the Remuneration Committee will approve the allocated bonus.

Collective bonus scheme

For all other employees of the BANK of Greenland, a collective incentive scheme has been established, with payment based on the fulfilment of a number of general targets within the following categories: Employees, Society, Processes, Customers and Finance. The background to the collective bonus scheme is to unite the Bank's employees in a joint effort to achieve the Bank's long-term goals. Under this scheme, a maximum of up to 4% of the Bank's total payroll may be paid out, and no more than DKK 20,000 to each employee. The scheme is reviewed once a year. The remuneration report will show how much has been paid out under the scheme.

Furthermore, the Bank's remuneration of employees who advise on and provide or grant credit facilities against mortgages or other equivalent collateral security in real property is determined so as not to encourage risk-taking that exceeds the Bank's risk profile. Furthermore, the remuneration is independent of the number or proportion of applications granted for mortgage credit, or other types of sales targets.

Remuneration Committee

The BANK of Greenland has appointed a Remuneration Committee which comprises the Chairman and Vice Chairman of the Board of Directors and a member of the Board of Directors elected by the employees.

The Remuneration Committee annually reviews and assesses the remuneration of the Board of Directors and the Executive Management, including on the basis of the scope of work and comparable banks' remuneration. The Remuneration Committee ensures that the remuneration of significant risk takers is in accordance with the Remuneration Policy. On the basis of statutory requirements, the complexity of the business model and the Bank's development, the need to designate other significant risk takers is assessed.

The Remuneration Committee will ensure that the allocation of variable remuneration takes place in accordance with the Board of Directors' guidelines, including that no other type of variable remuneration is paid than is positively stated in the Remuneration Policy. The Remuneration Committee must also ensure that the Bank's form of remuneration cannot entail a conflict of interest for the Bank and the individual employee. The most significant bonuses awarded, including bonus to significant risk takers, are submitted to the Remuneration Committee.

Adoption, annual review and publication of the Remuneration Policy

The Remuneration Committee annually reviews the Remuneration Policy and submits any amendments to the current Remuneration Policy for approval by the Board of Directors.

The Board of Directors will also review the Remuneration Policy once a year in order to match the Remuneration Policy to the Bank's development.

After adoption by the Board of Directors, significant changes to the Remuneration Policy will be presented for approval at the Annual General Meeting, and at least every four years the Remuneration Policy will be submitted to the Annual General Meeting for approval.

The Remuneration Policy is published on the Bank's website.

Compliance with the Remuneration Policy and control of this compliance

The Board of Directors of the BANK of Greenland is responsible for the implementation of the Remuneration Policy.

The Board of Directors of the BANK of Greenland will lay down guidelines for control of compliance with the Remuneration Policy, among other things to ensure control of compliance with the Remuneration Policy at least once a year. The result is reported to the Board of Directors.

Nuuk, 17 February 2025

Remuneration Committee

Gunnar í Liða
Chairman

Kristian Lennert
Vice Chairman

Peter F. Rex
Member of the Board of Directors

The remuneration policy has been prepared in accordance with the rules applicable to Greenland. The remuneration policy was considered and approved at the Annual General Meeting held on 26 March 2025. Upon voting, valid votes were cast for 1,165,411 shares, corresponding to 64.75% of the share capital. Of the valid votes cast, 1,160,557 voted for the salary policy, while 4,854 voted against.

