

The BANK of Greenland's Remuneration Report 2022

Introduction

The BANK of Greenland is Greenland's largest bank and offers a wide range of financial products and services, combined with expert advisory services, to private customers and to small and medium-sized enterprises. The Bank's knowledge and areas of expertise include the provision of loans and deposits, payment settlement services and pension and investment advice. Based on the business strategy to be "For the benefit of Greenland", the Bank wishes to be a responsible and value-creating company. The Bank naturally wishes to support the development in Greenland for the benefit of Greenland, its customers and shareholders, and the Bank as a company.

This Remuneration Report has been prepared in accordance with the requirements of Section 139 b of the Danish Companies Act and contains an overview of the total remuneration received by each member of the Board of Directors and Executive Management of GrønlandsBANKEN A/S (the Bank), CVR no. 80050410, during the 2022 financial year, compared to the last five financial years.

The remuneration of the Board of Directors and Executive Management during the 2022 financial year has been allocated in accordance with the Bank's Remuneration Policy, which was approved at the Annual General Meeting held on 29 March 2022 and which is available on the Bank's website: [BANK of Greenland](#)

The Remuneration Policy, covers both the requirements in Sections 139 and 139 a of the Danish Companies Act and Section 77 d of the Danish Financial Business Act.

The overall purpose of the remuneration is to attract, motivate and retain qualified members of the Board of Directors and Executive Management, and to align the interests of the Board of Directors and Executive Management with the interests of the Bank and the Bank's shareholders.

The information contained in this Remuneration Report is derived from the audited annual reports for the 2018-2022 financial years and an external source, "Den Danske Pengeinstitutsektor - 2021" (The Danish Financial Institute Sector – 2021), Niro Invest ApS. All amounts are stated in DKK.

Statement by the Board of Directors

The Board of Directors has today considered and approved the Remuneration Report for GrønlandsBANKEN A/S for the financial year 1 January – 31 December 2022. The Remuneration Report is presented in accordance with Section 139 b of the Danish Companies Act. In our opinion, the Remuneration Report is in accordance with the company's Remuneration Policy, which was approved at the company's Annual General Meeting, and is free from material misstatements and omissions, whether due to fraud or error. The Remuneration Report is recommended for an indicative vote at the company's Annual General Meeting.

Nuuk, 1 March 2023

Board of Directors:

Gunnar í Liða

Chair

Kristian Frederik Lennert

Vice Chair

Maliina Bitsch Abelsen

Malene Meilfart Christensen

Lars Holst

Yvonne Jane Poulsen Kyed

Niels Peter Fleischer Rex
Zdravkovic

Peter Angutinguaq Wistoft

Ellen Dalsgaard

Remuneration – General

The Remuneration Report has been prepared on the basis of the recommendations from the Committee on Corporate Governance and the rules applying to Greenland.

The BANK of Greenland's Remuneration Policy is intended to ensure that the Bank can attract, motivate and retain qualified members of the Board of Directors, management and other employees.

The Remuneration Policy will ensure appropriate balance between the Executive Management's fixed remuneration and any variable remuneration. The remuneration is intended to ensure long-term value creation. The Remuneration Policy must therefore promote sound and effective financial management by not creating incentives for exaggerated risk-taking, or promoting unilateral short-term decisions to the detriment of the long-term requirements and objectives of customers and shareholders, as well as the Bank.

Remuneration of the Executive Management

The Executive Management consists of one person. The table below presents the remuneration of the Executive Management for 2022 and previous years:

TDKK	2022	2021	2020	2019	2018
Fixed salary, including value of free car, etc.	2,943	2,917	2,855	2,783	2,732
Pension	657	495	483	471	460
Provision for conditional pension/severance scheme	300*	284*	278*	271*	265*
In total (TDKK)	3,900	3,696	3,616	3,525	3,457
Annual change in total remuneration (%)	5.52	2.21	2.52	1.93	1.88

*In 2016, the Bank established a defined-benefit and conditional severance/pension scheme for the Bank's Managing Director. Under this scheme, subject to certain specifically agreed terms, the Bank is obliged to pay a fixed benefit for a period of time following the Managing Director's retirement. The present value of the year's share of the accumulated conditional obligation for the year 2022 is TDKK 300, which is recognised under pension for the Executive Management. The obligation, which is expected to be accrued in the 2016-2028 period, may total 0-24 months' salary and consists of 50% shares and 50% cash payment. A clawback clause is incorporated in the agreement, and also that the agreement may lapse in particular situations. There are no other variable salary elements in the Executive Management's remuneration.

Distribution of the remuneration of the Executive Management	2022
Fixed salary, including value of free car, etc.	75%
Pension	17%
Provision for conditional pension/severance scheme	8*%

In total (TDKK)	100%
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The severance scheme may in total amount to 0-200% of the total annual remuneration as of the termination date, with the addition of remuneration during the notice period of up to 12 months. The metrics applied to eligibility for the severance package are employment for a specific number of years (retention), achievement of a minimum return on equity, and compliance with mandatory orders issued by the Danish FSA. The Executive Management may be employed until the end of the calendar year in which the Managing Director reaches the age of 62.

Remuneration of the Board of Directors:

The remuneration for Board work was maintained at DKK 125,000 in 2022, whereby the Chair of the Board of Directors receives double remuneration, and the Vice Chair receives one and half times the remuneration. The remuneration for Audit and Risk Committee work amounts to DKK 25,000 in each case, whereby the Chair of the committee receives double remuneration, and the Vice Chair receives one and half times the remuneration.

The remuneration for other committee positions, as before, amounts to DKK 10,000 to all members. No members receive special remuneration for consulting work for the BANK of Greenland. The members' travel and accommodation costs are covered.

The remuneration of the Board of Directors of the BANK of Greenland is distributed as follows:

	Chair	Vice Chair	Board member
Board remuneration	250,000	187,500	125,000
Audit Committee	50,000	37,500	25,000
Risk Committee	50,000	37,500	25,000
Nomination Committee	10,000	10,000	0
Remuneration Committee	10,000	10,000	10,000
Total 2022	370,000	282,500	185,000/175,000
Total 2021	370,000	282,500	185,000/175,000
Difference (%)	0	0	0

The table below presents the remuneration of the individual Board members in total for both Board and committee work.

TDKK	2022	2021	2020	2019	2018
Gunnar í Liðá	370	370	370	370	370
Kristian F. Lennert	282.5	282.5	257.5	257.5	257.5
Frank O. Bagger	-	-	-	-	43.25 (resigned)
Anders J. Brøns	-	-	-	-	175 (resigned)
Christina F. Bustrup	-	43.75 (resigned)	175	175	175
Lars Holst	175	175	175	175	175

Ben Arabo	-	-	-	-	92.5 (joined and resigned)
Maliina B. Abelsen	175	175	175	175	131.25 (joined)
Peter A. Wistoft	175	175	175	131.25 (joined)	-
Ellen Dalsgaard Zdravkovic	175	131.25 (joined)	-	-	-
Hans N. Boassen	-	-	-	43.25 (resigned)	175
Yvonne J. P. Kyed	185	185	185	185	185
Elise Zeeb	-	-	-	43.25 (resigned)	175
Malene Christensen	175	175	175	131.25 (joined)	-
Peter F. Rex	175	175	175	131.25 (joined)	-
In total (TDKK)	1,887.50	1,887.50	1,862.50	1,817.75	1,954.50

The Remuneration Policy has been adopted on the basis of an objective to ensure stable long-term development in the Bank's business results. The business results are described in the key financial indicators. The Bank also has the objective to contribute to the social, economic and sustainable development of Greenland's society.

Remuneration – Comparative figures:

Below, the development in the remuneration of the Board of Directors and Executive Management is compared with the development in the Bank's profit before and after tax.

Overview of the Bank's key financial indicators in recent years:

	2022	2021	2020	2019	2018
Profit before tax	109.1	158.9	130.9	150.5	140.3
Difference (%)	-31.34	21.39	-14.97	6.78	5.49
Profit after tax	98.8	132.8	96.2	129.9	112.9
Difference (%)	-25.60	38.04	-35.03	13.09	4.69

Overview of the Bank's gross remuneration of full-time employees in recent years:

	2022* estimate	2021	2020	2019	2018
Average employee remuneration	681.5	665.4	648.8	634.0	607,9
Difference (%)	2.42	2.56	2.33	4.29	0.33

Source: Financial institutions' accounts 2021 and "Den Danske Pengeinstitutsektor - 2021" (The Danish Financial Institute Sector) – 2021", Niro Invest ApS.

Compliance with the Remuneration Policy:

The remuneration of the Board of Directors and Executive Management for the 2022 financial year complies with the guidelines in the Remuneration Policy by contributing to the BANK of Greenland's business strategy, long-term interests, sustainability and value creation.

There is no deviation from or waiver of the guidelines laid down in the Remuneration Policy.