

Recommendation	The company complies	The company does not comply	The company complies / does not comply with a recommendation for the following reasons:
<p>The BANK of Greenland A/S is not subject to the same legislative framework as companies operating in Denmark. This difference applies to certain provisions in the act on annual reports concerning corporate governance. The Companies Act does not apply in Greenland; the Limited Companies Act is employed instead. However, The BANK of Greenland's shares are admitted to trading on a regulated market, and thus subject to a number of requirements. Furthermore, there are a number of derivative requirements, cf. the Act on Financial Enterprises.</p> <p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p>			
<p><b>1. The role of the Shareholders and their interaction with the Management of the Company</b></p>			
<p><b>1.1. Dialogue between the Company and its Shareholders</b></p>			
<p>1.1.1. The <b>recommendation</b> states the central governing body, for example through investor relations activities, should ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website.</p>	X		<p>The BANK of Greenland makes relevant an updated material available on its website. Annual and interim financial reports as well as audio-casts can be downloaded.</p> <p>Moreover, the bank strives to maintain contact with its major shareholders.</p>
<p><b>1.2. Capital and Share Structure</b></p>			
<p>1.2.1. The <b>recommendation</b> states that the central governing body every year should evaluate whether the company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report</p>	X		<p>The Board of Directors evaluates the company's capital and share structure annually.</p>

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and/or on the company's website.			<p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p>
<b>1.3. General Meeting</b>			
1.3.1. The <b>recommendation</b> states that the supreme governing body and the Board of Management should promote active ownership, including shareholders' attendance at general meetings.	X		
1.3.2. The <b>recommendation</b> states that the central governing body should resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.	X		The Board of Directors has evaluated that it is neither necessary nor practical to conduct a general meeting electronically.
1.3.3 The <b>recommendation</b> states that proxies given to the supreme governing body should allow shareholders to consider each individual item on the agenda.		X	This recommendation is not being complied with because of the simplicity of the agendas at the most recent general meetings and because of a wish to maintain a flexible system for collecting proxies.
1.3.4. The <b>recommendation</b> states that all members of the supreme governing body and the executive board should be present at the general meeting.	X		At the most recent general meeting held in 2012, all members of the Board of Directors were present.
<b>1.4. Takeover Bids</b>			
1.4.1. The <b>recommendation</b> states that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, should not, without the acceptance of the general	X		

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meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.			
1.4.2. The <b>recommendation</b> states that the central governing body should give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.	X		
<b>2. The role of Stakeholders and Their Importance to the Company and the Company's Corporate Social Responsibility</b>			
<i>2.1. The company's Policy in Relation to its Stakeholders and its Corporate Social Responsibility</i>			
2.1.1. The <b>recommendation</b> states that the central governing body should identify the company's key stakeholders and their main interests in relation to the company.	X		The BANK of Greenland wishes to establish and maintain good and lasting relations with its stakeholders. The bank's strategic efforts are aimed at identifying its key stakeholders.
2.1.2. The <b>recommendation</b> states that the central governing body should adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.	X		Every year, the Board of Directors adopts a strategic plan including its relation to the bank's key stakeholders. This strategic plan in thus also the bank's written guideline governing its relationship to stakeholders.
<i>2.2. Corporate Social Responsibility</i>			

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2.2.1. The <b>recommendation</b> states that the central governing body should adopt a policy on corporate social responsibility.	X		<p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p> <p>Every year, the Board of Directors adopts the bank's CSR strategy and policies. The BANK of Greenland's CSR policies are described in more detail in the Management's Report in the annual report and on the bank's website.</p>
<b>3. Openness and Transparency</b>			
<b>3.1. Disclosure of Information to the Market</b>			
3.1.1. The <b>recommendation</b> states that the central governing body should adopt a communication strategy.	X		
3.1.2. The <b>recommendation</b> states that information from the company to the market should be published in both Danish and English.	X		The BANK of Greenland's language policy, which is regulated by law in Greenland, is more precisely described in the bank's communication strategy. External communication is described in the communication policy adopted by the Board of Directors.
3.1.3. The <b>recommendation</b> states the company should publish quarterly reports.	X		
<b>4. The Tasks and Responsibilities of the Supreme and the Central Governing Bodies</b>			
<b>4.1. Overall Tasks and Responsibilities</b>			
4.1.1. The <b>recommendation</b> states that the central governing body should determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.	X		The Board of Directors adopts a strategy plan every year.
4.1.2. The <b>recommendation</b> states that the supreme governing body at least once every year should discuss and ensure that the necessary qualifications and financial resources are in place in	X		

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order for the company to achieve its strategic goals.			<p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p>
4.1.3. The <b>recommendation</b> states that the supreme governing body should, at least once every year, define its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the Board of Management.	X		<p>Every year, the Board of Directors adopts a Rules of Procedure for the Board of Directors' work and a §70 instruction (a rule requiring the Board of Directors of a bank to provide the Board of Management with written instructions concerning all significant activities and risks including which transactions the Board of Management can perform as parts of its brief. These instructions are based on the bank's risk profile and the bank's policies). A number of reporting requirements are also set up for the Board of Management.</p>
4.1.4. The <b>recommendation</b> states that the supreme governing body should annually discuss the company's activities to ensure diversity at management levels, including equal opportunities for both sexes, and that the supreme governing body should set measurable objectives and give an account of both the objectives and the progress made in achieving the objectives in the Management's Report contained in the annual report and/or on the company's website	X		<p>Recruitment to the Board of Directors is based on a number of criteria including the wish to ensure diversity in the Board of Directors and at the other levels of management at The BANK of Greenland.</p>
<b>4.2. Procedures</b>			
4.2.1. The <b>recommendation</b> states that the supreme governing body should review its rules of procedure annually to ensure that they are adequate and always match the activities and needs of	X		<p>The Board of Directors' procedures are reviewed annually.</p>

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<p>the company.</p> <p>4.2.2. The <b>recommendation</b> states that the supreme governing body annually review and approve procedures for the executive board, including establish requirements for the executive board's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.</p>	X		<p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p>
<b>4.3. The Chairman and Deputy Chairman of the Supreme Governing Body</b>			
<p>4.3.1. The <b>recommendation</b> states that a deputy chairman of the supreme governing body should be appointed, who must be able to act in the chairman's absence and also act as an effective sounding board for the chairman.</p>	X		<p>The §70 instructions for the Board of Management are reviewed once a year together with the Board of Directors.</p>
<p>4.3.2. The <b>recommendation</b> states that a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman should be prepared.</p>		X	<p>The bank has no formalized list specifying tasks and duties. Instead, the bank's Board of Directors tasks are structured on the basis of an annual plan that is reviewed annually.</p>
<p>4.3.3. The <b>recommendation</b> states that the chairman of the supreme governing body should organise, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.</p>	X		

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<p>4.3.4. The <b>recommendation</b> states that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.</p>	X		<p>The chairman does not perform special tasks for the bank.</p>
<p><b>5. Composition and Organisation of the Supreme Governing Body</b></p>			
<p><b>5.1. Composition</b></p>			
<p>5.1.1. The <b>recommendation</b> states that the supreme governing body should annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to</p>	(X)		<p>The members of the Board of Directors must maintain broad financial and accounting qualifications, commercial experience and significant insight into Greenland's society. Each year an evaluation of the Board of Directors is drawn up. The backgrounds of each individual member compared with the established criteria appear in the invitation to the general meeting. Moreover, each member of the Board of Directors is described in the annual report. No</p>

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the general meeting should be prepared in the light hereof.			<p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p> <p>publication of a formal description of qualifications is made on the bank's website.</p>
5.1.2. The <b>recommendation</b> states that the supreme governing body should ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.	X		<p>It should be mentioned that the Danish bill L17 on changes to the Companies Act, the Act on Annual Accounts and several other laws are not expected to come into force in Greenland.</p>
5.1.3. The <b>recommendation</b> states that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organizational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.	X		<p>A description of the nominated candidates' qualifications accompanies the notice convening the general meeting.</p>
5.1.4. The <b>recommendation</b> states that every year, the management commentary in the annual			<p>Every year, there is a detailed description of the Board of Directors' qualifications in the Management's Report contained in the annual report.</p>



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<p>report should contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.</p>	X		<p>The BANK of Greenland A/S is not subject to the same legislative framework as companies operating in Denmark. This difference applies to certain provisions in the act on annual reports concerning corporate governance. The Companies Act does not apply in Greenland; the Limited Companies Act is employed instead. However, The BANK of Greenland's shares are admitted to trading on a regulated market, and thus subject to a number of requirements. Furthermore, there are a number of derivative requirements, cf. the Act on Financial Enterprises.</p> <p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p>
<b>5.2. Training of Members of the Supreme Governing Body</b>			
<p>5.2.1. The <b>recommendation</b> states that new members joining the supreme governing body should be given an introduction to the company.</p>	X		<p>All new member of the Board of Directors are introduced to The BANK of Greenland's business activities by the Chairman of the Board.</p>
<p>5.2.2. The <b>recommendation</b> states that the supreme governing body should annually assess whether the skills and expertise of its members need to be updated.</p>	X		<p>The Board of Directors annually evaluates the qualifications and contributions from the members of the Board</p>
<b>5.3. Number of Members of the Supreme Governing Body</b>			
<p>5.3.1. The <b>recommendation</b> states that the supreme governing body should have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.</p>	X		<p>When compared with The BANK of Greenland's established criteria and wishes to reflect the bank's major commercial areas, an evaluation has been made that six members of the Board of Directors elected by the general meeting are an appropriate number.</p>
<p>5.3.2. The <b>recommendation</b> states that in connection with the preparation for each year's general meeting, the supreme governing body should consider whether the number of members is appropriate in relation to the requirements of the company.</p>	X		

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<p><b>5.4. The Independence of the Supreme Governing Body</b></p> <p><b>5.4.1. The recommendation</b> states that, in order for the members of the supreme governing body to act independently of special interests, at least half of the members elected by the general meeting should be independent persons.</p> <p>The independent supreme governing body member may not:</p> <ul style="list-style-type: none"> <li>• be, or have been within the last five years, a member of the executive board / managerial staff of the company or an associated company,</li> <li>• have received significant additional remuneration from the company/group or an associated company apart from a fee for his or her services in the capacity as a member of the supreme governing body,</li> <li>• represent the interests of a controlling shareholder,</li> <li>• within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member</li> </ul>	X		<p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p>
			<p>At least half of the six members elected by the general meeting are considered independent.</p>

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<p>of a governing body of companies with similar relations) with the company or an associated company,</p> <ul style="list-style-type: none"> <li>• be, or have been within the last three years, an employee or partner of the external audit firm,</li> <li>• hold cross-memberships of governing bodies,</li> <li>• have been a member of the supreme governing body for more than 12 years, or</li> <li>• have close family ties with persons that are not regarded as independent persons.</li> </ul>			<p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p>
<p>5.4.2. The <b>recommendation</b> states that at least once every year, the supreme governing body must list the names of the members who are regarded as independent persons and also disclose whether new candidates for the supreme governing body are considered independent persons.</p>	X		<p>Independent and non-independent members appear below:</p> <p>Anders Brøns has been a member of the Board of Directors for more than 12 years.</p> <p>Until the end of 2011, Vagn T. Raun was Managing Director at Danske Andelskassers Bank to which the BANK of Greenland has outsourced a number of activities.</p> <p>Independent members are Frank Olsvig Bagger, Kristian Lennert and Gunnar í liða.</p> <p>Moreover, all the members of the Board of Directors elected by the employees are considered independent.</p>

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<b>5.5. Members of the Supreme Governing Body Elected by the Employees</b>			
5.5.1. The recommendation states that the individual company should explain, in the company's annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.	X		<p>In accordance with valid legislation, the bank's employees are represented on the Board of Directors by the number of members equivalent to half the number of members elected by the general meeting at the time of the announcement to hold employee elections. Apart from the direct election of board members, the company's employees also elect an equivalent number of substitutes who are elected for an equivalent period. The board members elected by the employees have the same rights, obligations and liabilities as the board members elected by the general meeting. Employee elections are held once every four years; the next election is in 2015.</p>
<b>5.6. Meeting Frequency</b>			
5.6.1. The recommendation states that the supreme governing body should meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of meetings held be disclosed in the annual report.	X		<p>A list of dates for the Board of Directors' ordinary meetings has been scheduled. For 2012, six ordinary meetings of the board have been scheduled; moreover, one extraordinary meeting of the Board of Directors was held.</p> <p>The number of meetings of the Board of Directors was not included in the annual report from 2011.</p>
<b>5.7. Expected Time Commitment and the Number of Other Executive Functions</b>			
5.7.1. The recommendation states that each member of the supreme governing body should assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satis-	X		

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<p>factory way for the company.</p> <p>5.7.2. The <b>recommendation</b> states that the annual report should contain the following information about the members of the supreme governing body:</p> <ul style="list-style-type: none"> <li>• the member's occupation,</li> <li>• the member's other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks, and</li> <li>• the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year.</li> </ul>	X		
<p><b>5.8. Retirement Age</b></p> <p>5.8.1. The <b>recommendation</b> states that the company's articles of association should fix a retirement age for members of the supreme governing body and that the annual report should contain information on such retirement age as well as the age of each member of the board of directors.</p>	X		

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<b>5.9. Election Period</b>			
5.9.1. The <b>recommendation</b> states that members of the supreme governing body elected by the general meeting should be up for re-election every year at the annual general meeting.		X	The members elected by the general meeting are up for election every second year so that half (3) of the members elected by the general meeting are up for election every year.
5.9.2. The <b>recommendation</b> states that the annual report should state when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the current election period expires.	X		This information appears in the annual report.
<b>5.10. Board Committees</b>			
5.10.1. The <b>recommendation</b> states that the company should publish the following information in the management commentary in its annual report or on the company's website: <ul style="list-style-type: none"> <li>• the terms of reference for the board committees,</li> <li>• important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and</li> </ul>		(X)	The terms of reference (brief) for the remuneration committee and the audit committee, as well as the names of the members of these committees, appear on the bank's website  There is an annual schedule for the work of the audit and remuneration committees, but these have not been made public.  A nominating committee has been set up in 2012.

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which members have special qualifications.			In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.
5.10.2. The <b>recommendation</b> states that a majority of the members of a board committee should be independent members.	X		
5.10.3. The <b>recommendation</b> states that the supreme governing body should establish an actual <u>audit committee</u> .	X		<p>The BANK of Greenland is not subject to the Danish "Executive order on audit committees in companies and groups subject to supervision by the Danish Financial Supervisory Authority". The BANK of Greenland complies with the executive order voluntarily.</p> <p>In light of The BANK of Greenland's small size, straight-forward business model and overwhelming focus on Greenland, the decision to allow the audit committee to be manned by the entire Board of Directors was considered reasonable.</p>
5.10.4. The <b>recommendation</b> states that the following be taken into account in composing the audit committee: <ul style="list-style-type: none"> <li>• the chairman of the supreme governing body should not be chairman of the audit committee, and</li> <li>• between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a</li> </ul>		(X)	<p>The chairman of the Board of Directors is also chairman of the committees (see 5.10.3).</p> <p>In relation to the stipulations in the executive order, the Board of Directors has the requisite expertise and experience.</p>

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<p>regulated market.</p> <p>5.10.5. The <b>recommendation</b> states that, prior to the approval of the annual report and other financial reports, the audit committee should monitor and report to the supreme governing body about:</p> <ul style="list-style-type: none"> <li>• significant accounting policies</li> <li>• significant accounting estimates</li> <li>• related party transactions, and</li> <li>• uncertainties and risks, including in relation to the outlook.</li> </ul>	X		
<p>5.10.6. The <b>recommendation</b> states that the audit committee should:</p> <ul style="list-style-type: none"> <li>• annually consider whether there is a need for an internal audit function, and if so,</li> <li>• formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	X		
<p>5.10.7. The <b>recommendation</b> states that the su-</p>			



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<p>preme governing body should establish a <u>nominating committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of skills, knowledge and experience available in the two governing bodies.</li> <li>• annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes,</li> <li>• annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body,</li> <li>• consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and</li> <li>• identify and recommend to the supreme governing body candidates for the governing bodies.</li> </ul>	X		<p>The BANK of Greenland A/S is not subject to the same legislative framework as companies operating in Denmark. This difference applies to certain provisions in the act on annual reports concerning corporate governance. The Companies Act does not apply in Greenland; the Limited Companies Act is employed instead. However, The BANK of Greenland's shares are admitted to trading on a regulated market, and thus subject to a number of requirements. Furthermore, there are a number of derivative requirements, cf. the Act on Financial Enterprises.</p> <p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p> <p>In 2012, The BANK of Greenland set up a nominating committee with a brief encompassing the recommended areas.</p>

Recommendation	The company complies	The company does not comply	The company complies / does not comply with a recommendation for the following reasons:
<p>5.10.8. The <b>recommendation</b> states that the supreme governing body should establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive board,</li> <li>• make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive board and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive board receive from other companies in the group, and</li> <li>• oversee that the information in the annual report on the remuneration of the supreme</li> </ul>	X		<p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p> <p>A remuneration committee has been set up. In light of The BANK of Greenland's small size, straight-forward business model and overwhelming focus on Greenland, the decision to allow the remuneration committee to be manned by the entire Board of Directors was considered reasonable.</p>

Recommendation	The company complies	The company does not comply	The company complies / does not comply with a recommendation for the following reasons:
governing body and the executive board is correct, true and sufficient.			<p>The BANK of Greenland A/S is not subject to the same legislative framework as companies operating in Denmark. This difference applies to certain provisions in the act on annual reports concerning corporate governance. The Companies Act does not apply in Greenland; the Limited Companies Act is employed instead. However, The BANK of Greenland's shares are admitted to trading on a regulated market, and thus subject to a number of requirements. Furthermore, there are a number of derivative requirements, cf. the Act on Financial Enterprises.</p> <p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p>
5.10.9. The <b>recommendation</b> states that the remuneration committee should not consult with the same external advisers as the executive board of the company.	X		The remuneration committee has not used external advisors.
<b>5.11. Evaluation of the Performance of the Supreme Governing Body and the Executive Board</b>			
5.11.1. The <b>recommendation</b> states that the supreme governing body should undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.	X		An evaluation of the Board of Directors is being drawn up in collaboration with the Financial Sector's Education Center.
5.11.2. The <b>recommendation</b> states that the chairman should be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedure of self-evaluation and the outcome be disclosed in the annual report.	X		An internal evaluation has been performed, in writing, of the Board of Directors. External advice is also taken concerning training and evaluation of the board. The annual report refers to this report.
5.11.3. The <b>recommendation</b> states that the supreme governing body should, at least once every year, evaluate the work and performance of the executive board in accordance with pre-defined criteria.	X		

Recommendation	The company complies	The company does not comply	The company complies / does not comply with a recommendation for the following reasons:
5.11.4. The <b>recommendation</b> states that the executive board and the supreme governing body should establish a procedure according to which their cooperation is evaluated annually through a formalized dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation be presented to the supreme governing body.	(X)		<p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p> <p>The bank has no formal procedure for evaluation; however, the Board of Management is evaluated every year by the Board of Directors.</p>
<b>6. Remuneration of Members of the Governing Bodies</b>			
<b>6.1. Content and Form of the Remuneration Policy</b>			
6.1.1. The <b>recommendation</b> states that the supreme governing body should adopt a remuneration policy applicable to the supreme governing body and the executive board.	X		
6.1.2. The <b>recommendation</b> states that the remuneration policy and any changes to the policy should be approved by the general meeting of the company.	X		
6.1.3. The <b>recommendation</b> states that the remuneration policy should include a thorough description of the components of the remuneration for members of the supreme governing body and the executive board.	X		<p>The Board of Management receives a fixed annual salary including pension, one annual holiday abroad, company car and telephone. Each of the members of the Board of Directors receives a fixed annual fee of DKr 100,000. The Chairman of the Board receives DKr 200,000 and the Deputy Chairman receives DKr 150,000.</p>

Recommendation	The company complies	The company does not comply	The company complies / does not comply with a recommendation for the following reasons: The BANK of Greenland A/S is not subject to the same legislative framework as companies operating in Denmark. This difference applies to certain provisions in the act on annual reports concerning corporate governance. The Companies Act does not apply in Greenland; the Limited Companies Act is employed instead. However, The BANK of Greenland's shares are admitted to trading on a regulated market, and thus subject to a number of requirements. Furthermore, there are a number of derivative requirements, cf. the Act on Financial Enterprises.  In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.
<p>6.1.4. The <b>recommendation</b> states that the remuneration policy should include:</p> <ul style="list-style-type: none"> <li>• the reasons for choosing the individual components of the remuneration, and</li> <li>• a description of the criteria on which the balance between the individual components of the remuneration is based.</li> </ul>	X		The bank's remuneration model was chosen in order to ensure a transparent and simple method of remunerating the management.
<p>6.1.5. The <b>recommendation</b> states that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>• limits should be set on the variable components of the total remuneration package,</li> <li>• a reasonable and balanced linkage should be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term,</li> <li>• there should be clarity about performance criteria and measurability for award of variable components, and</li> <li>• there should be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year.</li> </ul>	X		There are no variable components in the remuneration of the management.

Recommendation	The company complies	The company does not comply	The company complies / does not comply with a recommendation for the following reasons:
6.1.6. The <b>recommendation</b> states that remuneration of members of the supreme governing body should not include share or warrant programmes.	X		Not used.
6.1.7. The <b>recommendation</b> states that if members of the executive board receive share-based remuneration, such programmes should be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.	X		Not used.
6.1.8. The <b>recommendation</b> states that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.	X		Irrelevant since variable remuneration components are not used.
6.1.9. The <b>recommendation</b> states that termination payments should not amount to more than two years' annual remuneration.	X		A mutual termination notice of 12 months has been entered into. If the bank terminates the agreement, termination payment of between 12 and 24 months salary will be paid.
<b>6.2. Disclosure of the Remuneration Policy</b>			
6.2.1. The <b>recommendation</b> states that the remuneration policy should be clear and easily understandable and that it be disclosed in the annual	X		

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report and posted on the company's website.			
6.2.2. The <b>recommendation</b> states that the company's remuneration policy and compliance with this policy should be explained and justified in the chairman's statement at the company's general meeting.	X		Is included in the Chairman of the Board of Directors' statement.
6.2.3. The <b>recommendation</b> states that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies should be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy should be explained.	X		
6.2.4. The <b>recommendation</b> states that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	X		See point 6.1.3.
6.2.5. The <b>recommendation</b> states that the most important aspects of retention and severance programmes be disclosed in the company's annual report.	X		
6.2.6. The <b>recommendation</b> states that the proposal for remuneration of the supreme governing	X		The remuneration of the Board of Directors is approved at the general meeting.

Recommendation	The company complies	The company does not comply	The company complies / does not comply with a recommendation for the following reasons:
body for the current financial year should be approved by the shareholders at the general meeting.			<p>The BANK of Greenland A/S is not subject to the same legislative framework as companies operating in Denmark. This difference applies to certain provisions in the act on annual reports concerning corporate governance. The Companies Act does not apply in Greenland; the Limited Companies Act is employed instead. However, The BANK of Greenland's shares are admitted to trading on a regulated market, and thus subject to a number of requirements. Furthermore, there are a number of derivative requirements, cf. the Act on Financial Enterprises.</p> <p>In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.</p>
<b>7. Financial Reporting</b>			
<b>7.1. Other Relevant Information</b>			
7.1.1. The <b>recommendation</b> states that the annual report and other financial reports should be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	X		
<b>7.2. Going Concern Assumption</b>			
7.2.1. The <b>recommendation</b> states that, upon consideration and approval of the annual report, the supreme governing body should decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.	X		
<b>8. Risk Management and Internal Control</b>			
<b>8.1. Identification of Risks</b>			
8.1.1. The <b>recommendation</b> states that the central governing body at least once every year should identify the most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated	X		The Board of Directors makes on-going evaluations and, at least once every year, makes an evaluation of the overall risks and the individual risk factors associated with the bank's activities.



Recommendation	The company complies	The company does not comply	The company complies / does not comply with a recommendation for the following reasons:
with financial reporting.			The company complies / does not comply with a recommendation for the following reasons: The BANK of Greenland A/S is not subject to the same legislative framework as companies operating in Denmark. This difference applies to certain provisions in the act on annual reports concerning corporate governance. The Companies Act does not apply in Greenland; the Limited Companies Act is employed instead. However, The BANK of Greenland's shares are admitted to trading on a regulated market, and thus subject to a number of requirements. Furthermore, there are a number of derivative requirements, cf. the Act on Financial Enterprises.
8.1.2. The <b>recommendation</b> states that the executive board should currently report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.	X		In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.
<b>8.2. Whistleblowing</b>			
8.2.1. The <b>recommendation</b> states that the supreme governing body should decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.	X		In light of The BANK of Greenland's small size, straight-forward business model and overwhelming focus on Greenland, a whistleblowing scheme has not been set up.
<b>8.3. Openness about Risk Management</b>			
8.3.1. The <b>recommendation</b> states that the management commentary in the annual report should include information about the company's management of business risks.	X		Page 25 in the annual report for 2011.
<b>9. Audit</b>			
<b>9.1. Contact to Auditor</b>			
9.1.1. The <b>recommendation</b> states that the supreme governing body should maintain a regular dialogue and exchange of information with the au-	X		

Recommendation	The company complies	The company does not comply	The company complies / does not comply with a recommendation for the following reasons: The BANK of Greenland A/S is not subject to the same legislative framework as companies operating in Denmark. This difference applies to certain provisions in the act on annual reports concerning corporate governance. The Companies Act does not apply in Greenland; the Limited Companies Act is employed instead. However, The BANK of Greenland's shares are admitted to trading on a regulated market, and thus subject to a number of requirements. Furthermore, there are a number of derivative requirements, cf. the Act on Financial Enterprises.  In this box, you will find an explanation of the reason that The BANK of Greenland might not comply with a particular recommendation. You will also find the steps that the bank takes to live up to the recommendations on a number of points.
<p>auditor.</p> <p>9.1.2. The <b>recommendation</b> states that the auditor agreement and auditors' fee should be agreed between the supreme governing body and the auditor on the basis of a recommendation from the audit committee.</p>	X		
<p>9.1.3. The <b>recommendation</b> states that the supreme governing body and the audit committee should meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.</p>	X		
<b>9.2. Internal Audit</b>			
<p>9.2.1. The <b>recommendation</b> states that the supreme governing body, on the basis of a recommendation from the audit committee, once every year should decide whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.</p>	X		