

The BANK of Greenland's Corporate Governance Report

Corporate governance in Greenland

As a publicly quoted financial company The BANK of Greenland wishes to take a position on corporate governance recommendations that are identical with those of Danish publicly quoted companies. Section 107 b of the Danish Financial Statements Act has not been put into force for Greenland but The BANK of Greenland wants to fulfil all the corporate governance recommendations. The texts of recommendations of the form do not replace the recommendations and reference is made to the recommendations on corporate governance as regards the preface, introduction and comments.

The following table presents the Committee on Corporate Governance Recommendations for corporate governance of 6 May 2013, revised in November 2014. The recommendations are available on the Committee on Corporate Governance's website www.corporategovernance.dk. Nasdaq OMX Copenhagen A/S has decided to include the recommendations in the Rules for Issuers of Shares as of 1 June 2013. It must also be stated that Nasdaq OMX Copenhagen A/S has amended the Rules for Issuers of Shares as of 26 November 2015.

"Comply or explain"

Section 107 b(1)(3) of the Danish Financial Statements Act states that the company must indicate the reasons if a company has decided to waive some of the recommendations. Section 107 b of the Danish Financial Statements Act does not apply to Greenland and the bank therefore complies with Section 107 b(1)(3) of the Financial Statements Act on a voluntary basis. GrønlandsBANKEN must state why a specific recommendation is not followed, and what it has done instead. Failure to comply with a recommendation is not a breach of the regulations, but reflects how the bank's Board of Directors has chosen another approach to that stated in the recommendation. The market must determine whether the reason is acceptable and whether the explanation is satisfactory. A good explanation gives stakeholders the concrete insight to be able to decide on any investment. In order to create the required transparency for investors, the bank must therefore consider each recommendation and state whether the bank follows the recommendation in question or not.

The reporting must reflect the current management form at the time of the presentation of financial statements. Any significant changes during the year or after the date of the closure of the accounts should be described in the corporate governance report. It is important that the bank considers the individual recommendations.

If GrønlandsBANKEN partly follows a recommendation, it is stated what the bank follows, why the rest of the recommendation is waived, and what has been done instead.

GrønlandsBANKEN also provides supplementary information in cases where the bank follows a concrete recommendation. This is a consequence of the Committee's recommendations.

POINT 1: Corporate governance code

As a company listed on Nasdaq OMX Nordic, GrønlandsBANKEN is subject to the Recommendations for corporate governance available on the Committee on Corporate Governance's website www.corporategovernance.dk

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
1. Communication and interaction by the company with its investors and other stakeholders				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
1.1.1. The Committee recommends that the Board of Directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the Board of Directors to be aware of the shareholders' views, interests and opinions on the company.	X			Relevant shareholder information is available on the website of The BANK of Greenland.
1.1.2. The Committee recommends that the Board of Directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of stakeholders are respected in accordance with company policies.	X			The strategy plan is the bank's guidelines for its relationship with its stakeholders. Furthermore, a communication strategy has been adopted which also involves the bank's investors and other stakeholders.
1.1.3. The Committee recommends that the company publish quarterly reports.	X			

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
<i>1.2. General Meeting</i>				
1.2.1. The Committee recommends that, when organising the company's general meeting, the Board of Directors plan the meeting to support active ownership.	X			In 2014, the bank implemented electronic communication with shareholders. This will among other things make communication more flexible.
1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	X			
<i>1.3. Takeover Bids</i>				
1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids from the time that the Board of Directors has reasons to believe that a takeover bid will be made. According to such contingency procedures, the Board of Directors should not without the acceptance of the general meeting attempt to counter the takeover bid by making decisions, which in reality prevent the shareholders from deciding on the takeover bid themselves.	X			Takeover bids will be presented to the shareholders. The Board of Directors will be informed of the formal contents and based on the contents of the bid the bank will seek the help of external advisors. Apart from this, there is no detailed procedure for dealing with takeover bids.

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
2. Tasks and responsibilities of the Board of Directors				
<i>2.1. Overall tasks and responsibilities</i>				
2.1.1. The Committee recommends that at least once a year the Board of Directors take a position on the matters related to the board's performance of its responsibilities.	X			The tasks of the Board of Directors are based on an annual plan approved by the Board of Directors as well as rules of procedure.
2.1.2. The Committee recommends that at least once a year the Board of Directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.	X			Once a year, the Board of Directors holds a strategy seminar and the bank's business model and strategy plan for the coming year are approved by the Board of Directors at the end of the year.
2.1.3. The Committee recommends that the Board of Directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the Board of Directors presents this in the management commentary on the company's annual report and/or on the company's website.	X			The Board of Directors evaluates the company's capital and share structure on an annual basis.
2.1.4. The Committee recommends that the Board of Directors annually review and approve guidelines for the Board of Management; this includes establishing requirements for the Board of Management on timely,	X			The Board of Directors annually adopts rules of procedure for its work and Section 70 instructions for the

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
accurate and adequate reporting to the Board of Directors.				work of the Executive Board. In this respect, a number of reporting requirements have been laid down for the Executive Board.
2.1.5. The Committee recommends that at least once a year the Board of Directors discuss the composition of the Board of Management, as well as developments, risks and succession plans.	X			The Executive Board is assessed annually by the Board of Directors
2.1.6. The Committee recommends that once a year the Board of Directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.	X			A policy for the under-represented gender was adopted for 2013. A policy for diversity was adopted in 2014. This is also described in the bank's CSR report.
2.2. Corporate social responsibility				
2.2.1. The Committee recommends that the Board of Directors adopt policies on corporate social responsibility	X			The Board of Directors annually adopts the bank's CSR strategy and policy. GrønlandsBANKEN's CSR policy is described further in the Annual Report's Management Review, and on the bank's website. In 2013, the bank endorsed the UN Global Compact.

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
2.3. Chairman and vice-chairman of the Board of Directors				
2.3.1. The Committee recommends appointing a vice-chairman of the Board of Directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	X			
2.3.2. The Committee recommends ensuring that if the Board of Directors, in exceptional cases, asks the chairman of the Board of Directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the Board of Directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.	X			The chairman does not perform special tasks for the bank.
3. Composition and organisation of the Board of Directors				
3.1. Composition				
3.1.1. The Committee recommends that the Board of Directors annually account for <ul style="list-style-type: none"> • The skills it must have to best perform its tasks, • the composition of the Board of Directors, and • the special skills of each member. 	X			The board members must always represent broad financial and accounting knowledge, business acumen and thorough insight into social conditions in Greenland. A board evaluation is prepared annually.

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
				The backgrounds of the individual members as compared to criteria set up appear from the notice convening the general meeting, the bank's website and in addition to this all board members are described in the annual report. The special expertise of the individual members elected by the general meeting was mainly achieved during their professional and educational careers.
3.1.2. The Committee recommends that the selection and nomination of candidates for the Board of Directors be carried out through a thoroughly transparent process approved by the overall Board of Directors. When assessing its composition and nominating new candidates, the Board of Directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.	X			A nomination committee has been established to nominate candidates for the Board of Directors. The Board of Directors' selection and recommendation are discussed by the Board of Directors, on the basis of the competence profile adopted by the Board of Directors.
3.1.3. The Committee recommends that, in addition to the provisions laid down by legislation, a description of the nominated candidates'				A description of the nominated candidates' qualifications, other

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
<p>qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, accompany the notice convening the general meeting when election of members of the Board of Directors is on the agenda. • demanding organisational tasks, and information • about whether candidates to the Board of Directors are considered independent. 	X			management offices, etc., and whether the candidates are considered to be independent, will be provided in the notice convening the general meeting.
3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the Board of Directors	X			The retirement age has been fixed at 70 years.
3.1.5. The Committee recommends that members of the Board of Directors elected by the general meeting be up for 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 one half (three) of the members elected by the general meeting are up for election each year, due to the wish to ensure acceptable continuity.
3.2. Independence of the Board of Directors				
3.2.1. The Committee recommends that at least half of the board members elected by the general meeting be independent persons, in order for the Board of Directors to be able to act independently of special interests. To be considered independent, this person may not:				At least half the of six members elected by the general meeting are deemed to be independent persons, see 3.3.2 for a more detailed description.

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
<ul style="list-style-type: none"> • be or within the past five years have been member of the Board of Management, or senior staff member in the company, a subsidiary undertaking or an associate, • within the past five years, have received large emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as a member of the Board of Directors, • represent the interests of a controlling shareholder, • within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate, • be or within the past three years have been employed or partner at the external auditor, • have been chief executive in a company holding cross-memberships with the company, • have been member of the Board of Directors for more than 12 years, or • have been close relatives with persons who are not considered independent. 	X			
<i>3.3. Members of the Board of Directors and the number of other executive functions</i>				
3.3.1. The Committee recommends that each member of the Board of Directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.	X			An annual assessment is made of the Board of Directors' qualifications.
3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the				The information is stated directly in the management

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
<p>following information about the members of the Board of Directors:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the relevant person, • whether the member is considered independent, • the date of appointment to the Board of Directors of the member, • expiry of the current election period, • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, and • demanding organisational tasks, and • the number of shares, options warrants and similar in the company, and other group companies of the company, owned by the member as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year. 	X			<p>reporting, or by reference to this report. The following can be stated:</p> <p>Independent and dependent members appear from the information given below:</p> <p>Anders Brøns and Kristian Lennert have been board members for more than 12 years and are therefore dependent members.</p> <p>Independent members are Gunnar í Liða, Frank Olsvig Bagger, Lars Holst and Christina F. Bustrup</p>
3.4. Board committees				
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> • The terms of reference of the board committees, • the most important activities of the committees during the year, and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information on which members are 	X			<p>The terms of reference of the remuneration committee, nomination committee and the audit and risk committee, including the names of their members, appear on the bank's website.</p>

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
independent members and which members have special qualifications.				Both the audit and risk committee, the nomination committee, and the remuneration committees have an annual plan, but these have not been published. The number of meetings is shown in the website
3.4.2. The Committee recommends that a majority of the members of a board committee be independent.		X		The employee representative is not independent, but the majority of the members of the committees elected by the general meeting are independent.
3.4.3. The Committee recommends that the Board of Directors set up a formal <u>audit committee</u> composed so that <ul style="list-style-type: none"> • the chairman of the Board of Directors is not chairman of the audit committee, and • amongst themselves, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market. 		X		Because of The BANK of Greenland's size, simple business model and its major focus being limited to Greenland, it is considered prudent to include the entire Board of Directors in the audit and risk committee. The Chairman of the Board of Directors is also the Chairman of the committees and the

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
				bank therefore deviates from the recommendations in this respect (see 5.10.3).
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the Board of Directors about:</p> <ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook for the current year. 	X			The work of the audit and risk committee is based on an annual plan which e.g. states what must be considered by the committee prior to the approval of the Annual Report, including the items stated.
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> • annually assess the need for an internal audit, and in such case, make recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit, and • monitor the Board of Management's follow-up on the conclusions and recommendations of the internal audit function. 	X			The BANK of Greenland has an internal audit function.
<p>3.4.6. It is recommended, that the Board of Directors establish a <u>nomination committee</u> chaired by the chairman of the Board of Directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describe the qualifications required by the Board of Directors and the Executive Board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined, 	X			The Chairman of the Board of Directors annually discusses the future composition with the Board of Directors, and any concrete measures required.

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
<ul style="list-style-type: none"> • annually assess the structure, size, composition and results of the Board of Directors and the Executive Board, as well as recommend any changes to the Board of Directors, • annually assess the competences, knowledge and experience of the individual members of management, and report to the Board of Directors in this respect, • consider proposals from relevant persons, including shareholders and members of the Board of Directors and the Executive Board for candidates for the Board of Directors and the Executive Board, and • propose an action plan to the Board of Directors on the future composition of the Board of Directors, including proposals for specific changes. 				
<p>3.4.7. The Committee recommends that the Board of Directors establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the Board of Directors and the Board of Management for approval by the Board of Directors prior to approval by the general meeting, • make proposals to the Board of Directors on remuneration for members of the Board of Directors and the Board of Management, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of Board of Directors and the Board of Management receive from other companies in the group, and • recommend a remuneration policy applicable for the company in general. 	X			A remuneration committee has been set up. Because of The BANK of Greenland's size, simple business model and its major focus being limited to Greenland, it is considered prudent to allow the chairman and deputy chairman of the Board of Directors and an employee representative to manage the remuneration committee.
3.4.8. The Committee recommends that the remuneration committee do				The remuneration committee

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
not consult with the same external advisers as the Board of Management of the company.	X			has not used external consultants.
<i>3.5. Evaluation of the performance of the Board of Directors and the Board of Management</i>				
3.5.1. The Committee recommends that the Board of Directors establish an evaluation procedure where contributions and results of the Board of Directors and the individual members, as well as collaboration with the Board of Management are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.	X			An evaluation of the Board of Directors' work should be prepared in conjunction with the Training Centre of the Danish Financial Sector (Finanssektorens Uddannelsescenter).
3.5.2. The Committee recommends that in connection with preparation of the general meeting, the Board of Directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.	X			An internal evaluation of the Board of Directors has been written, and external advisory services have been used in connection with the Board's training and evaluation.
3.5.3. The Committee recommends that at least once every year the Board of Directors evaluate the work and performance of the Board of Management in accordance with pre-defined clear criteria.	X			
3.5.4. The Committee recommends that the Board of Management and the Board of Directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the Board of Directors and the chief executive officer and that the outcome of the evaluation be presented to the Board of Directors.	X			The Executive Board is evaluated annually by the Board of Directors, including as formal evaluation of the cooperation between the Board of Directors and the

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
				Executive Board.
4. Remuneration of management				
<i>4.1. Form and content of the remuneration policy</i>				
<p>4.1.1. The Committee recommends that the Board of Directors prepare a clear and transparent remuneration policy for the Board of Directors and the Board of Management, including</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the Board of Directors and the Board of Management, • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>	X			
<p>4.1.2. The Committee recommends that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms, • there be clarity about performance criteria and measurability for award 	X			A discretionary cash bonus may be given to the Executive Board and significant risk takers. Otherwise no variable remuneration elements may be given to the Executive Board and significant risk takers.

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
of variable components, <ul style="list-style-type: none"> • there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and • an agreement be made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data which proved to be misstated. 				
4.1.3. The Committee recommends that remuneration of members of the Board of Directors should not include share options.	X			As stated in 4.1.2., the remuneration policy does not include such variable components.
4.1.4. The Committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.	X			As stated in 4.1.2., the remuneration policy does not include such variable components.
4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.	X			
<i>4.2. Disclosure of the remuneration policy</i>				
4.2.1. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	X			

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
4.2.2. The Committee recommends that the proposed remuneration for the Board of Directors for the current financial year be approved by the shareholders at the general meeting.	X			
4.2.3. The Committee recommends that the total remuneration granted to each member of the Board of Directors and the Board of Management by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.	X			
5. Financial reporting, risk management and audits				
<i>5.1. Identification of risks and transparency about other relevant information</i>				
5.1.1. The Committee recommends that the Board of Directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	X			The Board of Directors evaluates the bank's complete risk parameters and the individual risk factors related to the bank's activities on a regular basis and at least once a year.
<i>5.2. Whistleblower scheme</i>				
5.2.1. The Committee recommends that the Board of Directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	X			The current Greenland Act Financial Business and on Private Registers does not

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for part compliance/non-compliance with the recommendation:
				make it possible to establish a whistleblower scheme. With the adoption of the amended Financial Business Act in 2016, The BANK of Greenland will establish a whistleblower scheme.
<i>5.3. Contact to auditor</i>				
5.3.1. The Committee recommends that the Board of Directors ensure regular dialogue and exchange of information between the auditor and the Board of Directors, including that the Board of Directors and the audit committee at least once a year meet with the auditor without the Board of Management present. This also applies to the internal auditor, if any.	X			
5.3.2. The Committee recommends that the audit agreement and auditors' fee be agreed between the Board of Directors and the auditor on the basis of a recommendation from the audit committee.	X			

POINT 2: Other codes the company may adhere to

The company has decided to employ the UN Global Compact. Please see: <https://www.banken.gl/en/investor/social-responsibility.aspx>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reasons:
The UN Global Compact has ten principles for ethical conduct.	X		In 2013 GrønlandsBANKEN endorsed the UN Global Compact. An annual report is published on the bank's website, at the start of the calendar year.

POINT 3: The main elements of the company's internal control and risk management systems in conjunction with the process of presenting the accounts

<p><i>Description</i></p> <p>The Board of Directors and the Board of Management have the overriding responsibility for the company's checks and risk management system where it impacts the financial reporting process. The Board of Directors and the Board of Management regularly evaluate significant risks and internal checks of the bank's activities and their potential impact on the financial reporting process.</p> <p>The Board of Directors and the Board of Management annually evaluate the bank's organisational structure and the manning of significant functions relevant for the financial reporting process. The Board of Directors has set up an internal audit function that reports to the Board. The internal audit function performs its tasks in accordance with existing legislation and reviews the bank's business procedures and internal checks. The policies and business procedures adopted by the Board used for the financial reporting process can be found on the bank's intranet.</p> <p>At least once a year, the Board of Directors and the Board of Management perform a generalised risk evaluation of The BANK of Greenland's risks in the following main areas: credit, markets, liquidity, contingency plan and operational risks. In continuation of this risk evaluation, the most significant actual risks that occurred during the year are</p>

described. Moreover, a risk report on The BANK of Greenland's risk adequacy is published on the bank's website once per quarter.

Monitoring the financial reporting process is ongoing and periodic at all levels of the financial reporting process based on an evaluation of risk. Weaknesses, failures to check and non-compliance with previously set limits are reported up in the system. The Board of Directors receives regular reports in relation to the Board of Management's section 70 instruction and the instructions delegated by the Board of Directors. The Board of Directors ensures that the Board of Management reacts effectively to reported weaknesses, inadequacies and non-compliance.

As a minimum prior to each ordinary board meeting the audit committee receives a report on compliance with the bank's various limits according to the Board of Management's section 70 instruction as well as the audit reports.

Contact with the internal and external audit functions is a natural part of the audit committee's tasks which includes the audit committee's ongoing evaluation of the quality and independence of the internal and external auditors' work.

POINT 4: Composition of governance bodies, their committees and function

Description

Audit and risk committee: The entire Board of Directors

The remuneration committee: The chairman and deputy chairman of the Board of Directors as well as an employee representative on the Board of Directors.

The nomination committee: The chairman and deputy chairman of the Board of Directors as well as Ole Nielsen, Nielsen Capital Management Fondsmæglerselskab A/S.