

**Competence profile of the Board of Directors as a whole**

The Board of Directors of BankNordik must have a composition that ensures the stable, satisfactory development of the Bank for the benefit of its shareholders, customers, employees and other stakeholders.

The composition of the Board reflects the general requirements of Faroese law, including the specific legislative requirements for financial institutions, and applicable corporate governance recommendations.

The recruiting process must ensure that the Board maintains the competencies and experience required in order to carry out management duties and responsibilities. The Board must also consider the size of the Board to fulfil the objectives of constructive debate and effective decision making.

The Board should strive to maintain the necessary diversity in regard to e.g. age, gender, nationality and experience. The Board meetings are held in Danish.

The Board’s overall competencies and experiences are considered the sum of the individual board members’ competencies and experiences as the Board operates as a collegial body. Accordingly, each member of the Board is not required to fulfil each of the independent criteria.

The assessment of the Board’s composition should focus on whether the members possess the competencies listed in the table below. This assessment takes place on an ongoing basis.

Competence area	Competencies
Personal	Personal integrity – structured and strategic thinking – analytical capability to guide decision-making – negotiation and communication skills – leadership abilities and ability to give support and constructive criticism to management – commitment and work capacity
Board experience	Experience at board level – loyalty to the board’s decisions – knowledge of relevant corporate governance requirements
International	Understanding of and experience in international business – insight into related issues and market practices in the regions/countries in which the Group operates
Management	Experience from/in management of companies including international and financial companies – understanding of the Group’s relative position and challenges – understanding of alternative/disruptive business models and experience in managing strategy processes – experience with stakeholder management
Risk Management	Knowledge of and experience with risk management models and methods especially credit risk, but also counterparty risk, market risk, liquidity risk, operational risk and insurance risk
Finance/banking/asset management/insurance	Understanding of finance in all its facets, including real estate financing – understanding of banking especially with regards to the credit rating, asset management and insurance operations – experience in financial decision making – ability to evaluate and apply financial data – accounting practices

<b>Competence area</b>	<b>Competencies</b>
Funding and capital structure	Knowledge of funding through debt and equity capital markets – regulatory framework – knowledge of relevant legislative issues
Organisation & humans	Experience in developing and structuring organisations – understanding and experience of human resource management and talent development – compensation issues and models – understanding of modern management development and knowledge of the drivers of contemporary employee motivation
Professional and industry	Knowledge of relevant banking products and technology – knowledge of the banking industry and the various markets in which the Group operates – knowledge on compliance issues
Business acumen	Understanding of market demands, including customer needs and the importance of customer centric service – good commercial judgement and understanding of the risk-return spectrum
IT/Digital banking/Cyber Risk	Knowledge of IT systems and business processes – understanding of the new digital world and its deployment in the financial service industry (digital banking). Knowledge of cyber risk

Approved by the Board of Directors on 8 August 2018.