

Statutory statement on corporate governance 2013

in accordance with Section 134 of the Executive Order on Financial Reports for Credit Institutions and Investment Firm etc.

Published 29 January 2014

Under the applicable Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., listed Danish banks must publish a statutory statement on corporate governance in their annual report or on their website. The statement must include the following information:

- (1) Whether the company is covered by a code of corporate governance, with reference to the code in question if the company is so covered.
- (2) Details of where the code specified in point 1 is available to the public.
- (3) If the company has decided to deviate from parts of the code specified in point 1, details of those parts of the code from which the company deviates and the reasons for so doing.
- (4) If the company has decided not to use the code specified in point 1, a statement of the reasons.
- (5) A reference to any other codes of corporate governance which the company has decided to use in addition to or in place of the code specified in point 1, or which the company uses voluntarily, with details equivalent to those specified in points 2 and 3.
- (6) A description of the main elements in the company's internal control and risk management systems in connection with the financial reporting process.
- (7) A description of the composition of the company's management organs and their committees and functions.

Ringkjøbing Landbobank's statutory statement on corporate governance, including the above points, is below.

Code of management

As indicated below, Ringkjøbing Landbobank is covered by the following two codes on corporate governance:

- **“Recommendations on corporate governance” of 6 May 2013 adopted by the Committee on Corporate Governance (hereinafter called the Corporate Governance recommendations).**

The bank is covered by this code as Ringkjøbing Landbobank's shares are listed on the NASDAQ OMX Copenhagen.

In its letter of 6 May 2013, the NASDAQ OMX Copenhagen advised the bank that it had been decided to implement the Corporate Governance recommendations in “Rules for issuers of shares”.

It also follows from the Recommendations to member companies of the Danish Bankers' Association that members of the Association are duty-bound to consider the Corporate Governance recommendations as per the following point.

Companies covered by the Corporate Governance recommendations must specify how they act with respect to the recommendations under the “comply or explain” principle.

- **“Recommendations to member companies of the Danish Bankers’ Association” of 24 June 2013 adopted by the Danish Bankers’ Association (hereinafter called “the Danish Bankers’ Association’s recommendations”).**

The bank is covered by this code as Ringkjøbing Landbobank is a member of the Danish Bankers’ Association.

In the Danish Bankers’ Association’s recommendations, the Association recommends that member companies consider all of the recommendations of the Committee for Corporate Governance of 6 May 2013 under the “comply or explain” principle.

The Danish Financial Supervisory Authority further recommends that the member companies follow the Danish Bankers’ Association’s recommendations on auditing.

On 22 November 2013, the Association also published a new code of management which was adopted by the Association, hereinafter called “the Danish Bankers’ Association’s code of management”. The object of the recommendations in the Danish Bankers’ Association’s code of management is that the Association’s member companies must actively consider a number of managerial matters, and that greater openness will be obtained concerning the frameworks for management of the individual member companies. The Danish Bankers’ Association has thus prepared a further ten recommendations as well as the above two recommendations in connection with the code of management. The additional ten recommendations together with the above two by the Danish Bankers’ Association therewith comprise the full Danish Bankers’ Association’s code of management. Under the “comply or explain” principle, the Association’s member companies must specify how they view the Danish Bankers’ Association’s code of management in connection with the presentation of the annual report for the 2014 financial year. When presenting the 2014 annual report, Ringkjøbing Landbobank will thus provide a specific and detailed account of its position on the recommendations in the Danish Bankers’ Association’s code of management. It is, however, noted that the bank has a positive attitude to the recommendations and that it has already implemented, and is following, most of the new recommendations.

The bank notes that it does not currently follow or expect to start following codes other than the above on corporate governance.

All three of the above codes are publicly available. The Corporate Governance recommendations are available at www.corporategovernance.dk, and the Danish Bankers’ Association’s recommendations and the new Danish Bankers’ Association’s code of management, which will apply in connection with the submission of the 2014 annual report, are available at www.finansraadet.dk.

The bank’s position on both sets of current recommendations is generally positive as the interplay between the bank and our stakeholders (shareholders, customers, employees, the local community, etc.) is a prerequisite for the bank’s continuing positive development. As a local and regional bank, we see it as our foremost task to focus on personal contact with customers, and as satisfied customers are our bread and butter, it is thus important that we show due care for our shareholders and respect the wishes of our other stakeholders, including the bank’s customers.

Shareholders and other stakeholders can read more below on the bank's attitude to the Corporate Governance recommendations and the Danish Bankers' Association's recommendations.

The bank complies with the great majority of the Corporate Governance recommendations, and for those recommendations with which the bank does not comply, more details for the reason are provided in accordance with the "comply or explain" principle.

With respect to the "comply or explain" principle, the NASDAQ OMX Copenhagen emphasises that the sustaining element is the transparency concerning companies' circumstances, and it is a matter for the individual company to assess the extent to which the Corporate Governance recommendations should be followed, or whether this is not appropriate or desirable for the company in question.

The Corporate Governance recommendations are classified under the following five headings:

1. The company's communication and interplay with its investors and other stakeholders
2. The duties and responsibilities of the board of directors
3. The composition and organisation of the board of directors
4. Management's remuneration
5. Presentation of financial statements, risk management and auditing

Apart from the recommendation to consider the Corporate Governance recommendations, the Danish Bankers' Association's recommendations also include recommendations concerning auditing, and the bank complies with these recommendations.

The Corporate Governance recommendations and the Danish Bankers' Association's recommendations supplement the rules applying to listed companies and the rules of company law and, for banks, also financial law.

Corporate governance

Corporate governance in Ringkjøbing Landbobank concerns the objectives which govern the bank's management and the general principles and structures governing the interplay between the bank's management and its shareholders and customers, the bank's employees, and the local areas in which the bank has branches.

Goals

Ringkjøbing Landbobank has set a goal which focuses on the bank's primary stakeholders, namely its shareholders, customers, employees, and the local areas where the bank has branches.

With respect to the bank's owners, its shareholders, the bank's goal is to realise the best possible return for them in the long term, and it is also the bank's goal to realise operating results among the best third in the Danish financial sector, to be achieved via rational operation of the bank and a sound credit policy.

With respect to its customers, the bank's goal is to play a central role in Central and West Jutland, of which the bank is an integral part. The bank's goal is thus to retain and further develop that section of its customer portfolio which is situated in Central and West Jutland.

The bank's goal is also to service selected customer groups throughout Denmark via the bank's distance customer department and private banking branches via a high level of expertise and competitive products.

In general, the bank will thus meet the expectations of a full-service bank for both private and business customers via its strengths in both capital and consultancy.

It is also a goal for Ringkjøbing Landbobank to be a good place to work for its employees. On the basis of its chosen strategy, the bank wishes to create an interesting and challenging workplace which can attract and retain competent employees.

Finally, the bank's goal is to support development in those areas where it has branches.

The Committee for Corporate Governance

The board of directors and the general management of Ringkjøbing Landbobank have taken a systematic approach to all recommendations of the Committee for Corporate Governance. A statement is provided in the document "Form for reporting on the recommendations on corporate governance, 6 May 2013" which is appended to this report. The statement indicates that the bank follows 43 of the total of 47 recommendations.

The Danish Bankers' Association's recommendations

As described above, the Danish Bankers' Association recommends that its member companies consider all of the recommendations of the Committee for Corporate Governance under the "comply or explain" principle. The Association further recommends that the member companies follow the recommendations on auditing.

The Association is motivated by the fact that it finds it to be of major importance to recreate trust in the financial sector, including with respect to managerial and operating matters in financial companies.

The bank follows the Association's recommendation on deciding on all recommendations of the Committee for Corporate Governance, and the bank follows the recommendation in the area of auditing (discussed below).

The Danish Bankers' Association's recommendations on auditing

The Association's recommendation is as follows:

"The Danish Bankers' Association's member companies must be strongly focused on the role of the external auditor and the quality of his work. Banks, savings banks and cooperative banks should, for example, require:

- that external auditors have undergone in-service training focused on the banking sector, and
- the composition of the team used by external auditors must include at least two experienced auditors with supplementary areas of expertise. To be an experienced auditor, the person in question must also have participated in bank audits for at least three years in addition to the above in-service training.

The bank follows the recommendation. The bank is strongly focused on the external auditors' role and qualifications. It is agreed in the bank's partnership with external auditors that the team that will audit the bank will always include at least two experienced auditors with experience in auditing banks. Care is also taken to ensure that the signing auditor(s) will be certified under applicable rules.

The bank also knows that the firm elected by the general meeting to audit the bank has an in-service training programme etc. targeted towards the financial sector.

The Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

Finally, the bank advises that in accordance with Section 134 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc., it is required to provide

- A. a description of the main elements in the company's internal control and risk management systems in connection with the financial reporting process and
- B. a description of the composition of the company's management organs and their committees and functions.

A. The financial reporting process

The board of directors, the general management and the audit committee regularly ensure that the bank's controls and risk management in connection with the financial reporting process are functioning satisfactorily.

The process is arranged in order to ensure that the annual report is presented in accordance with statutory requirements and that it is free of significant misstatement, whether attributable to fraud or error.

The financial reporting process is also organised so that the bank's annual report is prepared by the bank's accounts department in cooperation with the bank's general management and other relevant departments.

A general rule for the financial reporting process is that the bank's general management and the accounts department continuously monitor compliance with relevant legislation, other regulations and provisions in connection with the financial reporting process and report regularly to the bank's board of directors and the audit committee.

The internal controls and risk management systems in connection with the financial reporting process are also structured with the following main elements:

- The accounts department has general management of the process of financial reporting.
- The accounts department coordinates and obtains relevant information from other departments for use in the preparation of accounts and it also reviews such information.
- The accounts department assists external and internal auditing with information and details in connection with the auditing of the annual report.
- The general management makes a thorough review of the draft annual report and other reports.
- The audit committee and the board of directors review the draft annual report.
- The general management and the board of directors meet with the bank's auditors.

The above also applies to the presentation of quarterly and half-yearly reports with their consequent changes and adaptations resulting from the absence of audit hereof.

A statement is given below of the bank's audit committee and the internal controls and risk management process in connection with the financial reporting process.

The audit committee

The audit committee's tasks include monitoring and checking accounting and auditing matters and preparing the board of directors' handling of accounting- and auditing-related items.

The board of directors has appointed an independent board member (the chairman of the audit committee) who possesses the requisite qualifications within accounting, including the financial reporting process, internal controls and risk management etc.

Internal control and risk management systems

The board of directors and the general management have general responsibility for the bank's internal control and risk management systems in connection with the presentation of accounts.

Recognition and measurement

For the recognition and measurement of certain assets and liabilities, estimates are required of how future events will affect the value of these assets and liabilities on the balance sheet date. Estimates of significance for the presentation of accounts are made among other ways by summarising impairments charges on impaired loans, current values of unlisted financial instruments and provisions.

The estimates used are based on assumptions which management judges to be responsible, but which by their nature are uncertain. In management's assessment, assets and liabilities provide a true and fair view of the bank's financial position, and the control environment for the estimates made is satisfactory.

The control environment

The most important elements in the control environment are an appropriate organisation, including proper separation of functions and internal policies, routines and procedures.

The board of directors, the general management and the other persons concerned with the presentation of accounts is comprised such that relevant expertise concerning risk management and assessment of internal controls is present and independently functioning.

The appointed audit committee regularly monitors the adequacy of the bank's internal controls and assesses material risks in connection with the financial reporting process, including the risk that fraud or errors could lead to material misstatement in the annual report.

Risk assessment

A risk assessment of the information in the annual report is regularly made in order to identify elements which carry increased risks because they are based on estimates and/or generated via complex or manual processes.

The audit committee is regularly advised of the assessment of the bank's risks, including risks which affect the process of presentation of the accounts. At least once a year, the audit committee, the board of directors and the general management decide whether new internal controls should be implemented to counter identified risks. The audit committee and the board of directors also reviews particularly risky areas at least once a year, including the recognition and measurement of important assets and liabilities and any changes in accounting policies.

Checks

Checks have been established, the object of which is to prevent, discover and correct any errors and deficiencies in the data which form the basis for preparation of the accounts.

These activities include certification, authorisation, approval, reconciliation, analysis of results, separation of duties, general IT controls, and controls concerning IT applications.

Monitoring and reporting

The bank uses systems and manual resources to monitor the data on the basis of which the accounts are prepared. Any weaknesses and errors are regularly corrected and reported.

Further analysis and control activities are carried out in connection with the preparation of the accounts to ensure that the accounts are presented in accordance with legal requirements. The audit committee follows up to ensure that the weaknesses in the internal controls and major errors and omissions in the annual financial statements noted and reported by the internal audit and the independent auditor are corrected.

B. The company's management organs and their committees and functions

The company's management organs comprise the following bodies:

1. The general meeting
2. The shareholders' committee
3. The board of directors
4. The general management

The bank advises as follows with respect to the individual organs' functions:

1. The general meeting

The general meeting is the bank's supreme decision-making authority. The general meeting's tasks include electing members to the bank's shareholders' committee.

2. The shareholders' committee

In accordance with the articles of association, the bank's shareholders' committee has at least 25 and at most 30 members elected for four years at a time. As of the end of December 2013, 26 members had been elected to the bank's shareholders' committee.

The bank's shareholders' committee elects the members of the bank's board of directors. The shareholders' committee also has a duty to act in the bank's best interest and, to the best of its ability, to assist the board of directors and the general management with the procuring of information they may need. The shareholders' committee also sets the fixed remuneration for the board of directors and decides on the establishment of branches as recommended by the board of directors.

Members of the shareholders' committee must retire from the committee at the latest at the first annual general meeting after they have reached the age of 67.

3. The board of directors

In accordance with the articles of association, the bank's board of directors consists of at least four and at most six members elected by the shareholders' committee. As of the end of December 2013, the board of directors had six members elected by the shareholders' committee and two members elected by the employees.

The bank's management does not serve on the board of directors, but it participates in board meetings. The board of directors holds 10-12 meetings a year. The board of directors proposes members of the board such that its composition ensures a range of expertise and is comprised in a manner which ensures a broad range of skills and compliance with a special expertise profile specified by the board itself. Board members are also elected for four-year terms. In accordance with the recommendation of the Committee for Corporate Governance, at least half the board members must be independent.

Members of the board of directors must retire at the latest at the first annual general meeting after they have reached the age of 67.

Committees of the board of directors

The board of directors has appointed the following Committees: an audit committee, a risk committee, a nomination committee and a remuneration committee. The audit, risk and nomination committees consist of the bank's full board of directors, while the remuneration committee consists of the chairman and deputy chairman of the board of directors and one member elected by the employees. The audit committee held three meetings in 2013. The risk and nomination committees were only formed at the end of 2013, and the remuneration committee's tasks during the 2013 financial year were undertaken by the board of directors.

Further information on the committees of the board of directors is given on pages 97-99 of the bank's 2013 annual report.

Evaluation of the board of directors etc.

The board of directors has for several years conducted a self-evaluation process, and the board of directors in 2012 also supplemented the self-evaluation on the basis of the Financial Supervisory Authorities' guideline for evaluation of the board of directors' knowledge and experience in credit institutions.

In autumn 2013 the board of directors again made its annual self-evaluation process etc. As a basis for the evaluation, the board also identified the expertise which it should possess in order to be able to perform its activities in a competent way. This was done on the basis of the bank's business concept and a comprehensive analysis of the risks associated therewith. The general expertise required includes knowledge of the following matters:

- the business concept and various related matters
- credit risks and various related matters
- market risks and various related matters
- liquidity risks and various related matters
- operational risks and various related matters
- other matters:
 - budgets, accounting and auditing
 - capital
 - insurance matters
 - risk management
 - managerial experience from other financial companies
 - general managerial experience
 - legal insight, including in relation to financial legislation

Each individual board member assessed his or her own qualifications on the basis of the specified requirements.

The board also evaluated its own work and working relationships.

The board discussed the result of the evaluations, and its assessment and conclusion is that its work and working relationships are functioning satisfactorily and that its members possess adequate collective knowledge and the professional skills and experience to master the bank's activities and their associated risks, and that the number of board members is appropriate relative to what is judged to be required for the bank.

Each member of the board of directors has also declared his judgment that he or she is fit and proper under applicable rules, and that he possesses the necessary resources for the job.

Remuneration policy

In 2012 the bank's board of directors adopted a remuneration policy which was presented to the 2013 annual general meeting for approval. The meeting approved the policy, which includes guidelines for the remuneration paid to Ringkjøbing Landbobank's board of directors and management.

The policy for management is that the bank's management is paid remuneration which is both in line with the market and reflects the management's performance for the bank. It was also decided that the remuneration paid to both the board of directors and the general management will be fixed such that there are no incentive payments. Other risk takers and employees in control functions will not be paid variable salary components outside the framework of the collective agreement which was entered into. The board of directors has made an annual review of the policy and has found no reason to make changes.

Supplementary information on the members of management, including other managerial offices

The reader is referred to pages 95-96 and 101 of the bank's 2013 annual report for supplementary information on the bank's managerial staff, including information on their other managerial offices and on the expertise of the members of the board of directors.

4. The general management

The general management undertakes the bank's daily management.

The board of directors of Ringkjøbing Landbobank A/S the 29 January 2014

**Form for reporting on the recommendations on corporate governance,
6 May 2013**

This form is meant as a tool for Danish companies with shares admitted to trading on a regulated market who wish to report on the company's compliance with the recommendations on corporate governance in a standard reporting format.

The recommendation text of this form does not replace the recommendations; reference is made to the recommendations on corporate governance with regard to preface, introduction and comments. The Committee's comments on the recommendations may be included as guidelines and inspiration for companies in their work on the recommendations. In this connection the comments are meant as a tool. The reporting on corporate governance itself should only be carried out in compliance with the specific recommendations of the Committee, and not according to the comments or guidelines.

The report must be composed in Danish and must be provided in a corporate governance report published as either part of the management commentary on the annual report or on the company's website with exact reference to the management commentary. The Committee believes that publication of the corporate governance report on the company's website - with exact reference to the report in the management commentary - creates the highest degree of transparency. Publication of the report on the company's website provides easier access for investors and other stakeholders.

Under the Financial Statement Act a publication on the company's website requires that the URL address – where the corporate governance report is published – is stated in the management commentary in the annual report. The URL address must be the internet address which can be used to access the report **directly**.

There are further requirements to the preparation of the report on corporate governance and how it is to be published. The detailed requirements are described in Executive order no. 761 of 20 July 2009 on Publication of Reports on Corporate Governance and Corporate Social Responsibility in supplementary reviews and on the business' website.

Notice: The form below contains the recommendations of the Committee on Corporate Governance of 6 May 2013. The recommendations are available on the website of the Committee on Corporate Governance www.corporategovernance.dk. NASDAQ OMX Copenhagen A/S has decided to include the recommendations in the Rules for issuers of shares by 1 June 2013. **This form may be used for the preparation of the report on corporate governance in annual reports concerning financial years commencing 1 January 2013 or later.**

“Comply or explain”

If a company deviates from parts of the recommendations, the company has to explain the reasons for the deviations, cf. section 107 b (1) (iii) of the Financial Statements Act. The company has to explain why it has chosen not to comply with a recommendation and what it has chosen to do instead. Failure to comply with a recommendation is not considered a breach of rules, but merely implies that the board of directors of the company has chosen a different approach. The market must decide whether deviations are justified and whether the explanation is satisfactory. A good explanation provides specific insight for stakeholders to be able to decide on any investments. In order to create the transparency necessary for investors, companies must respond to each recommendation and provide information on whether or not they will comply with the recommendation in question.

Note that the reporting must reflect the current style of management at the time of the reporting. In the event of significant changes during the year, or after the balance sheet date, descriptions of the changes should be included in the corporate governance report. Companies must consider each of the recommendations.

If the company complies partially with a recommendation the company must specify which parts it is complying with, why it is deviating from the remaining part of the recommendation and what it has chosen to do instead.

The Committee has observed that many companies choose to provide supplementary information even in cases where the company complies with a recommendation. The Committee encourages companies to provide supplementary information where this increases transparency.

The report concerns the financial year **2013 (1 January – 31 December)**

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying 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>				
<p>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.</p>	X			<p>The bank follows the recommendation.</p> <p>The shareholders are the bank's owners, and the bank's goal is to maintain a good dialogue between the shareholders and the bank.</p> <p>To ensure dialogue with the shareholders, the bank's board of directors has adopted an Investor Relations policy and therewith also an information and communication policy. The Investor Relations policy, which is available on the bank's website, was last updated in</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<p>June 2013.</p> <p>Ringkjøbing Landbobank strives via its Investor Relations policy for the greatest possible openness concerning its affairs. The Investor Relations policy thus aims to ensure that all information of significance to the shareholders', the financial markets' and other stakeholders' assessment of the bank is published immediately. Information relevant to Investor Relations is published in both Danish and English, ensuring that both Danish and foreign shareholders have access to relevant information.</p> <p>The bank developed its website on the basis of the Investor Relations policy, and the level of information provided complies with the NASDAQ OMX Copenhagen's recommendations.</p> <p>The website, which contains relevant and up-to-date information on the bank, thus ensures that the bank's shareholders can easily seek</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<p>information on the bank at no cost.</p> <p>With respect to information of a financial nature, the bank advises that its annual report is presented in accordance with the Danish Financial Supervisory Authority's executive order on financial statements (which is IAS/IFRS-compatible). The board of directors does not currently find it necessary to supplement the annual report with accounting standards other than that used in the annual report.</p> <p>With respect to information of a non-financial nature, the bank's annual report includes a general statement on Corporate Governance, social responsibility/Corporate Social Responsibility and target figures and a policy to increase the proportion of the under-represented gender. More detailed statements on this are provided on the bank's website. The board of directors finds that given the bank's size, information of a non-financial</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				character is included and published to an appropriate extent.
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 the shareholders are respected in accordance with company policies.	X			<p>The bank follows the recommendation.</p> <p>The bank's board of directors has adopted an Investor Relations policy and a policy for social responsibility/CSR.</p> <p>The policies are published on the bank's website, to which reference is made. Reference is also made to the above point 1.1.1.</p> <p>The bank's board of directors regularly ensures that the bank's general management and its employees remain focused on compliance with the defined policies.</p>
1.1.3. The Committee recommends that the company publish quarterly reports.	X			The bank follows the recommendation and publishes quarterly reports.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<i>1.2. General meeting</i>				
1.2.1. The Committee recommends that when organizing the company's general meeting, the board of directors plans the meeting to support active ownership.	X			<p>The recommendation is followed.</p> <p>The bank's general meetings are planned and organised to ensure that the shareholders can participate and speak at the meeting. Shareholders who are unable to attend the meeting in person can participate either via proxy or by postal vote, and the opportunity to express an opinion is secured by the option of submitting written questions on the points in the agenda etc. for answering at the meeting.</p> <p>Apart from the annual general meeting, the bank also holds an annual shareholders' meeting.</p>
1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	X			<p>The recommendation is followed.</p> <p>The proxy (postal vote) for the bank's general meetings is structured such that shareholders are given the possibility of expressing an opinion on every</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				single point on the agenda.
1.3. Takeover bids				
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 reason 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	If the bank becomes the object of a takeover attempt, the bank's board of directors will assess what is best for the bank's shareholders in the long term and act on this basis.
2. Tasks and responsibilities of the board of directors				
2.1. Overall tasks and responsibilities				
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			<p>The recommendation is followed.</p> <p>The board of directors makes an annual review of its procedures, and there is an annual review of the board's calendar wheel, and therewith the tasks which the board is to undertake. The calendar wheel is also adjusted on an <i>ad hoc</i> basis as required.</p> <p>The board of directors thus discusses and determines, both</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				annually and on an ongoing basis, the tasks which it will undertake in relation to the overall management and checks of the bank's operations.
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			<p>The recommendation is followed.</p> <p>The board of directors holds an annual strategy seminar/prepares a strategy update where the general goals and strategies for the bank are discussed and determined to ensure the bank's continuing value creation. The point of departure for this is a thorough review of the bank's business and risks.</p> <p>The board also regularly discusses strategy.</p>
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 longterm 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			<p>The recommendation is followed.</p> <p>The bank's board of directors regularly and annually assesses the bank's capital and share structure in relation to the aim that the bank's strategy and its long-term value creation are in the shareholders' and the bank's</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<p>interest.</p> <p>The board provided a statement on the bank's capital and share structure in the bank's 2013 annual report.</p> <p>With respect to the bank's share structure, it is also noted that a shareholding up to and including nom. DKK 500 gives one vote, and shareholdings above this level give two votes as per the bank's articles of association.</p> <p>The board of directors has not found occasion to change these rules as long as the bank's performance is above the average for the Danish financial sector. No new limitations on voting rights will be introduced into the bank's articles of association. There are no limitations on the shares' negotiability.</p> <p>At the end of 2013, the bank had 16,859 shareholders listed by name. There are both Danish and foreign investors.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				ATP, Hillerød, Denmark and Parvus Asset Management, London, UK have advised that they own more than 5% of the share capital.
2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.	X			<p>The recommendation is followed.</p> <p>The bank annually reviews the board of directors' instructions to the general management, including the requirements concerning reporting to the board.</p>
2.1.5. The Committee recommends that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.	X			<p>The recommendation is followed.</p> <p>There is an annual evaluation discussion between the chairman of the board of directors and the general management.</p> <p>On the basis of this discussion, the full board of directors discusses the general management's composition and development, risks and succession plans.</p> <p>The general management does not participate in this discussion.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>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.</p>	X			<p>The recommendation is followed.</p> <p>The bank's board of directors and the general management find it important that there are equal opportunities for employees of both genders and for employees with different backgrounds, and the bank thus strongly wishes to make it possible for talents to be developed, thrive, and remain in the bank.</p> <p>In March 2013 the board of directors adopted a target figure for the under-represented gender in the board of directors and a policy to increase the proportion of the under-represented gender in the bank's management levels (excluding the board of directors). The policy has the following specific goals:</p> <ol style="list-style-type: none"> 1. The employees must, irrespective of gender, feel that they have equal career and management opportunities.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<p>2. The proportion of female managers at the bank's management's levels must be at least 20%.</p> <p>3. Focus must be placed on gradually increasing the current percentage of 25% up to 2017.</p> <p>The bank has accounted for both the target figure and for the fulfilment of the policy in the 2013 annual report.</p> <p>In 2014 the board of directors is also expected to adopt a policy for diversity in the board of directors and in the bank to supplement the above target figure and the policy.</p>
<i>2.2. Corporate social responsibility</i>				
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	X			The bank follows the recommendation, and the policy is published on the bank's website.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<i>2.3. Chairman and vice-chairman of the board of directors</i>				
<p>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.</p>	X			<p>The recommendation is followed.</p> <p>In accordance with the bank's articles of association, the board of directors elects both a chairman and a vice-chairman.</p> <p>The duties of the chairman and the vice-chairman are defined in the board's rules of procedure.</p>
<p>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.</p>	X			<p>The recommendation is followed.</p> <p>The chairman of the board of directors does not participate in the daily management or perform any special tasks for the bank.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
3. Composition and organization of the board of directors				
<i>3.1. Composition</i>				
<p>3.1.1. The Committee recommends that the board of directors annually accounts for</p> <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			<p>The recommendation is followed.</p> <p>The bank desires a board of directors with broad competencies and background as a basis for the bank's continuing development.</p> <p>On the basis of the bank's business concept, the board has found it necessary to possess the following competencies:</p> <ul style="list-style-type: none"> • business concept and various related matters • credit risks and various related matters • market risks and various related matters • liquidity risks and various related matters • operational risks and various related matters • other matters including <ul style="list-style-type: none"> ○ budgets, accounting and auditing ○ capital

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<ul style="list-style-type: none"> ○ insurance matters ○ risk management ○ managerial experience from other financial activities ○ general managerial experience ● legal insight, including in relation to financial legislation <p>The annual report for 2013 contains the above description of the total required Board competencies, a list of board members' special competencies and information on their employment and other management activities.</p>
<p>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.</p>	X			<p>The recommendation is followed.</p> <p>It is noted by way of introduction that the board of directors makes an assessment at least once a year of the competencies it requires for the best possible performance of its duties. An assessment of whether it possesses these competencies is</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<p>also made.</p> <p>Members of the board are elected indirectly as they are elected by the bank's shareholders' committee. The election procedure for the board of directors was changed at the bank's annual general meeting in February 2013 so that candidates can now be elected among both members of the shareholders' committee and from other sources. This ensures that the board can more easily be constituted in the event of a need for specific expertise which may arise over time.</p> <p>In the board's assessment, the greatest possible diversity should be ensured in relation to <i>inter alia</i> the ages, gender and business experience of members of the shareholders' committee and board members, taking due account of the fact that focus is also placed on shareholders' committee and board members' professional qualifications, skills and business</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<p>experience, which are thus taken into account in the board's recommendation of new members to both the shareholders' committee and the board of directors.</p> <p>Election of members of the shareholders' committee is decided by simple majority vote at the general meetings. It is noted that the bank's articles of association specify an age limit of 67 for members of both the shareholders' committee and the board of directors.</p> <p>Members of both the shareholders' committee and the board of directors are elected for four-year terms, and re-election is possible.</p> <p>The board has considered whether introducing direct election of its members and/or a period of election of one year would be appropriate, but the board has judged that for the time being, the present system of election is</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				functioning satisfactorily, and that the present provisions in the articles of association on the period of election ensure good continuity in the board's work.
<p>3.1.3. The Committee recommends that a description of the nominated candidates' 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, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda. • demanding organizational tasks, and information • about whether candidates to the board of directors are considered independent. 		X		<p>For general meetings where there will be an election for the shareholders' committee, the notice of meeting will provide a brief statement on the candidates for election to the committee and the criteria which the board of directors and the shareholders' committee have used in the nomination.</p> <p>The shareholders' committee's election of members to the board of directors is done with full knowledge of the proposed candidates.</p>
<p>3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the board of directors.</p>	X			<p>The recommendation is followed, and the age limit for members of both the board of directors and the shareholders' committee is 67 as specified in the bank's articles of association.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>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.</p>			X	<p>Members of the board of directors are elected indirectly as they are elected by the members of the bank's shareholders' committee.</p> <p>Election of members of the shareholders' committee is decided by simple majority vote at the general meetings. It is noted that the bank's articles of association specify an age limit of 67 for members of both the shareholders' committee and the board of directors.</p> <p>Members of both the shareholders' committee and the board of directors are elected for four-year terms, and re-election is possible.</p> <p>The board has considered whether a period of election of one year would be appropriate, but the board has judged that for the time being, the present system of election is functioning satisfactorily, and that the present provisions in the articles of association on the period of election ensure good</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				continuity in the board's work.
<i>3.2. Independence of the board of directors</i>				
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors 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:</p> <ul style="list-style-type: none"> • be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate, • within the past five years, have received larger emoluments from the company/group, • a subsidiary undertaking or an associate in another capacity than as 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 	X			<p>The bank's board of directors fulfils the requirement on independence.</p> <p>Among the six current board members elected by the bank's shareholders' committee, only Jens Lykke Kjeldsen has sat on the bank's board of directors for more than 12 years.</p> <p>There is compliance with all other requirements concerning independence.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> have been close relatives with persons who are not considered independent. 				
<p><i>3.3. Members of the board of directors and the number of other executive functions</i></p>				
<p>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.</p>	X			The recommendation is followed, and the board members regularly make an evaluation.
<p>3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the 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 organizational 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			The recommendation is followed, and the information is given in the bank's annual report.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<i>3.4. Board committees</i>				
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <p>The terms of reference of the board committees,</p> <ul style="list-style-type: none"> 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 independent members and which members have special qualifications. 	X			
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>	X			The recommendation is followed.
<p>3.4.3. The Committee recommends that the board of directors set up a formal <u>audit committee</u> composed such that</p> <ul style="list-style-type: none"> the chairman of the board of directors is not chairman of the audit committee, and between them, 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			<p>The board of directors has appointed an audit committee consisting of the full board.</p> <p>The board has adopted terms of reference which follow the statutory requirements for the area for the audit committee.</p> <p>The audit committee plans to hold about four meetings a year.</p> <p>The committee's chairman is Gert</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				Asmussen, who also acts as the special member with competencies in accounts.
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports 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 recommendation is followed.
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> • annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 	X			The bank has an internal auditor as required under applicable law.
<p>3.4.6. The Committee recommends that the board of directors establish a nomination committee 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 competencies, knowledge and experience of the two governing bodies combined, 	X			<p>The recommendation is followed.</p> <p>The board of directors has appointed a nomination committee consisting of the full board.</p> <p>The nomination committee's duties include those described in the</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying 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 competencies, 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. 				recommendation.
<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board 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 executive board, 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 the board of directors and the executive board receive from other companies in the group, and 	X			<p>The recommendation is followed.</p> <p>The board of directors has appointed a remuneration committee consisting of the chairman and deputy chairman of the board and one board member elected by the employees.</p> <p>The remuneration committee's duties include those described in the recommendation.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> recommend a remuneration policy applicable for the company in general. 				
3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.	X			The recommendation is followed.
<i>3.5. Evaluation of the performance of the board of directors and the executive board</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 executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.	X			<p>The recommendation is followed.</p> <p>An annual evaluation of the work of the board of directors is made.</p>
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			<p>The recommendation is followed.</p> <p>Under the articles of association, the bank's board of directors must consist of four to six members elected by the shareholders' committee.</p> <p>In addition, the board includes those members prescribed by law.</p> <p>The board of directors regularly considers whether the number of members elected by the shareholders' committee and the</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<p>composition in general are appropriate in relation to the bank's needs in general and the board's work in particular, so that this work can proceed in an effective and constructive manner.</p> <p>The number of members is also assessed in connection with the annual evaluation of the board's work.</p>
<p>3.5.3. The Committee recommends that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.</p>	X			<p>The recommendation is followed.</p> <p>Further reference is made to recommendation number 2.1.5.</p>
<p>3.5.4. The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalized 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.</p>	X			<p>The recommendation is followed.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
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 executive board, 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 executive board, • 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>The recommendation is followed.</p> <p>The bank has prepared a remuneration policy which is reviewed annually.</p> <p>The remuneration policy was approved by the bank's annual general meeting in February 2013, and the board of directors has subsequently made an annual review of the policy without finding a need for changes in it.</p> <p>The remuneration policy is published on the bank's website.</p>
<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 	X			<p>The remuneration policy does not contain variable components for the bank's general management and the board of directors, and variable components are not paid to the bank's general management and board of directors.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
award 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 is 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 does not include share options.	X			The recommendation is followed. No share options/warrants programmes of any kind are used in the board of directors' remuneration.
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			The bank does not use share-based programmes in any form.
4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<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			The recommendation is followed. The remuneration policy and the remuneration of the bank's general management are referred to in the chairman's report at the annual general meeting.
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	The total payment is relatively modest compared with the bank's other activities, and special approval is thus not desired.
4.2.3. The Committee recommends that the total remuneration granted to each member of the board of directors and the executive board 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			The recommendation is followed.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
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 recommendation is followed. The management's review includes an account of the most important strategic and business risks and of the bank's risk management.
<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			No whistleblower scheme was established in the 2013 financial year, but such a scheme is being established with effect from 2014 in accordance with applicable rules for financial companies.
<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 executive board present. This also applies to the internal auditor, if any.	X			The recommendation is followed. The bank's board of directors and the general management maintain an ongoing dialogue with both the internal and external auditors, and the management discusses the result of the audit, the prepared

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<p>annual report and the accounting policies and estimates with both external and internal auditors. The bank's board of directors meets at least once a year with the bank's external auditors. The general management does not attend this meeting.</p> <p>The board also meets with the internal auditor without the general management's participation.</p> <p>The bank's internal auditor also maintains an ongoing dialogue with the external auditors.</p>
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			The recommendation is followed.