Corporate Governance

The overall aim of Føroya Banki corporate governance policy is to ensure responsible corporate management and to safeguard the interests of the Bank's shareholders, customers and employees. Corporate governance at Føroya Banki provides the framework under which the Bank is directed and managed, and the relationship between the Bank's Executive Board, Board of Directors, its shareholders and other stakeholders.

Føroya Banki is dually listed on the Nasdaq OMX in Iceland and Copenhagen respectively with Iceland as the primary listing. Accordingly, the corporate governance principles comply with the Icelandic corporate governance recommendations as issued by Nasdaq OMX Iceland. The Bank follows most of the recommendations. Where the Bank does not comply, the reasons for the deviations are explained according to the guidelines set in the recommendations.
The Board of Directors currently comprises six members, of which two are elected by the employees. According to the Articles of Associations, four to six members of the Board of Directors are elected by the shareholders at the general meeting to hold office until the next annual general meeting. The age limit for election and re-election to the Board of Directors is 70 years.

Pursuant to the statutory provisions on employee representation in Faroese legislation, the employees are entitled to elect a number of representatives to serve on the Board of Directors for a four year period.

The Board of Directors convenes at regular Board Meetings at least 10 times a year. In addition a strategy seminar is conducted on annual basis.
The Bank values that the Board members possess the necessary qualifications to be able to fulfil their duties and that they complement each other in terms of expertise, qualifications and skills.

The Board of Directors does not make use of board committees in addition to those which are statutory. The reason for this decision is primarily that the Board of Directors deem that the frequency of its sessions and the close collaboration enables the entire Board of Directors to make all the necessary decisions.

Currently the Board of Directors believes the there is not a need for a regular assessment of the Board of Directors or Executive Management and the work between them. Through regular meetings and close collaboration, including working with management, the Board believes that it can have the necessary discussions about the achieved results.

The Board of Directors is compensated with a fixed fee, which is reflected in the Annual Report. The Board of Directors is not compensated with a profit related pay. Føroya Banki does not comply with the recommendations regarding transparency in compensation and severance agreements, as the Board of Directors regard such information as sensitive.

It is believed that the circumstances regarding appointment to management, including severance conditions, follows standard practice on the area and this is reassessed on a regular basis. Retirement assurances for management are already indicated in the financial statements. The management is not compensated with a performance related pay.

The Board of Directors always gives the Bank's diverse risks and the aggregated risk profile their full attention, and follows up on the risks on a regular basis.

The Board of Directors maintain a steady and close cooperation with the Bank's auditors. The Bank's current external auditors are NOTA P/F and PricewaterhouseCoopers.