



*Annual general  
meeting of  
Danske Bank A/S  
2020*

ISIN DK0010274414

Danske Bank

*Danske Bank A/S (“Danske Bank”) will hold its annual general meeting on Tuesday, 17 March 2020 at 3.00pm at K.B. Hallen, Peter Bangs Vej 147, DK-2000 Frederiksberg.*

The doors to the general meeting at K.B. Hallen will open at 2.00pm. Coffee and tea will be served until 3.00pm.

#### Agenda

- 1) The Board of Directors' report on Danske Bank's activities in 2019
- 2) Submission of the Annual Report 2019 for adoption
- 3) Proposal for allocation of profits according to the adopted Annual Report
- 4) Election of members to the Board of Directors
- 5) Appointment of external auditors
- 6) The Board of Directors' proposals to amend the Articles of Association
  - Proposal for
    - a. extension by one year of the existing authority in articles 6.1. and 6.2. regarding capital increases with pre-emption rights
    - b. extension by one year of the existing authority in articles 6.5. and 6.6. regarding capital increases without pre-emption rights
    - c. increase and amendment of the existing authority in articles 6.5. and 6.6. regarding capital increases without pre-emption rights
    - d. alignment of article 9.4. of the Articles of Association with the Danish Companies Act regarding the deadline for submitting shareholder proposals
    - e. inclusion of an article in the Articles of Association regarding indemnification of Directors and Officers
    - f. update of references to the share registrar in the Articles of Association
- 7) The Board of Directors' proposal for extension of its existing authority to acquire own shares
- 8) The Board of Directors' proposal for remuneration of the Board of Directors in 2020
- 9) The Board of Directors' proposal for adjustments to the Remuneration Policy
- 10) The Board of Directors' proposal regarding indemnification of Directors and Officers as of the 2020 annual general meeting until the 2021 annual general meeting
- 11) Proposals from shareholder Wismann Property Consult A/S
- 12) Proposals from shareholder Gunnar Mikkelsen
- 13) Proposal from shareholder Kim Pedersen
- 14) Proposal from shareholder Ole Schultz
- 15) Proposals from shareholder Philip C Stone
- 16) Authorisation to the chairman of the general meeting
- 17) Any other business

#### Items on the agenda, including complete proposals

##### Re item 1)

##### **The Board of Directors' report on Danske Bank's activities in 2019**

The Board of Directors proposes that the general meeting take note of the report on Danske Bank's activities in 2019.

##### Re item 2)

##### **Submission of the Annual Report 2019 for adoption**

The Board of Directors proposes that the general meeting adopt Danske Bank's Annual Report 2019.

##### Re item 3)

##### **Proposal for allocation of profits according to the adopted Annual Report**

The net profit of Danske Bank A/S for 2019 is DKK 15,068 million.

The Board of Directors proposes that the net profit for 2019 be allocated as follows:

Payment of a dividend of DKK 8.5 per share of DKK 10, corresponding to DKK 7,329 million or approximately

49% of net profit for the year for the Danske Bank Group.

Please also refer to page 213 of Annual Report 2019.

#### Re item 4)

##### Election of members to the Board of Directors

Lars-Erik Brenøe, Karsten Dybvad, Bente Avnung Landsnes, Jan Thorsgaard Nielsen, Christian Sagild, Carol Sergeant and Gerrit Zalm all seek and are proposed for re-election to the Board of Directors.

Jens Due Olsen does not seek re-election.

The Board of Directors nominates Martin Blessing and Raija-Leena Hankonen as new members of the Board of Directors.

A shareholder has nominated Lars Wismann to be elected as a new member of the Board of Directors. The Board of Directors does not support this candidacy.

The Board of Directors updated its competency profile in 2019 and has assessed the competencies of the individual members as well as its combined competencies in view of the updated profile.

The Board of Directors has adopted a procedure for selection and nomination of candidates for the Board of Directors as part of its planning for the future composition of the Board of Directors.

The Board of Directors' selection and nomination of candidates for the Board of Directors are approved by the full Board of Directors and carried out through a thorough and transparent process. When assessing its composition and nominating new candidates, the Board of Directors takes into consideration the need for continuity and integration of new talent as well as diversity in relation, for example, to age, international experience and gender.

For more information about the candidates' competencies, independence, background, directorships and other offices, please refer to Appendix 1.

The competency profile for the Board of Directors is available at [danskebank.com](https://www.danskebank.com).

#### Re item 5)

##### Appointment of external auditors

The Board of Directors proposes re-election of Deloitte Statsautoriseret Revisionspartnerselskab as external auditors in line with the recommendation of the Audit Committee.

The Audit Committee's recommendation is free from influence from third parties and no clauses restricting the choice by the general meeting to certain categories or lists of statutory auditors or audit firms have been imposed upon the Audit Committee.

#### Re item 6)

##### The Board of Directors' proposals to amend the Articles of Association

- a. Proposal for extension by one year of the existing authority in articles 6.1. and 6.2. regarding capital increases with pre-emption rights

The Board of Directors proposes that the Board of Directors' existing authority, with pre-emption rights for Danske Bank's shareholders, to increase Danske Bank's share capital and to raise loans against bonds or other debt instruments with access to conversion to shares (convertible loans) be extended from 1 March 2024 to 1 March 2025. The authority corresponds to less than 20% of Danske Bank's nominal share capital. The purpose of the proposal is to ensure Danske Bank's flexibility to raise capital, if necessary.

Consequently, the Board of Directors proposes that articles 6.1. and 6.2. of the Articles of Association be amended as follows:

*"6.1. The Board of Directors is authorised, until 1 March 2025, to raise Danske Bank's share capital by up to DKK 1,720,000,000. The share capital increase may take place on one or more occasions against cash. According to article 5.1., Danske Bank's existing shareholders have pre-emption rights to subscribe for the new shares in proportion to their existing holdings.*

*6.2. The Board of Directors is also authorised, until 1 March 2025, on one or more occasions to raise loans against bonds or other instruments of debt with access to convert them into shares (convertible loans), and the Board of Directors is*

authorised to make the related capital increase. Convertible loans may not exceed an amount resulting in a maximum capital increase, which may be effected under the authority to increase Danske Bank's share capital, see article 6.1.above, according to the conversion price fixed at the raising of such loans as laid down by the terms and conditions of the bonds or other instruments of debt. The exercise of this authority reduces, by a corresponding amount, the authority in article 6.1. to increase Danske Bank's share capital. When the Board of Directors decides to raise convertible loans, the authority to increase the share capital, see article 6.1. above, is considered utilised by an amount corresponding to the maximum conversion rights. The conversion period may run for longer than five years after the raising of the convertible loan. Danske Bank's shareholders are entitled to subscribe for convertible loans in proportion to their shareholdings. The decision of the Board of Directors to raise convertible loans must be recorded in the Articles of Association and the Board of Directors is authorised to amend the articles accordingly."

The proposal does not result in any changes to articles 6.3. and 6.4. of the Articles of Association.

- b. Proposal for extension by one year of the existing authority in articles 6.5. and 6.6. regarding capital increases without pre-emption rights

The Board of Directors proposes that the Board of Directors' existing authority, without pre-emption rights for Danske Bank's shareholders, to increase Danske Bank's share capital and to raise loans against bonds or other debt instruments with access to conversion to shares (convertible loans) be extended from 1 March 2024 to 1 March 2025.

Consequently, the Board of Directors proposes that articles 6.5. and 6.6. of the Articles of Association be amended as follows:

*"6.5. The Board of Directors is authorised, until 1 March 2025, to increase Danske Bank's share capital by up to DKK 860,000,000. The share capital increase may take place on one or more occasions. Danske Bank's shareholders are not entitled to subscribe for shares in proportion to their shareholdings. Consequently, the new shares must be offered at market price. The*

*share capital increase may be against payment in cash, conversion of debt or as consideration in connection with Danske Bank's acquisition of an existing business.*

*6.6. The Board of Directors is also authorised, until 1 March 2025, on one or more occasions to raise loans against bonds or other instruments of debt with access to convert them into shares (convertible loans), and the Board of Directors is authorised to make the related capital increase. Convertible loans may not exceed an amount resulting in a maximum capital increase, which may be effected under the authority to increase Danske Bank's share capital, see article 6.5. above, according to the conversion price fixed at the raising of such loans as laid down by the terms and conditions of the bonds or instruments of debt. The exercise of this authority reduces, by a corresponding amount, the authority in article 6.5. to increase Danske Bank's share capital. When the Board of Directors decides to raise convertible loans, the authority to increase the share capital, see article 6.5. above, is considered utilised by an amount corresponding to the maximum conversion rights. The conversion period may run for longer than five years after the raising of the convertible loan. Danske Bank's shareholders are not entitled to subscribe for convertible loans in proportion to their shareholdings. The decision of the Board of Directors to raise convertible loans must be recorded in the Articles of Association and the Board of Directors is authorised to amend the articles accordingly."*

This proposal does not result in any changes to articles 6.7.-6.10. of the Articles of Association.

- c. Proposal for increase and amendment of the existing authority in articles 6.5. and 6.6. regarding capital increases without pre-emption rights

As DKK 625,782,240 of the existing authorisation has already been utilised by the previous two issuances of Additional Tier 1 Capital, as recorded in articles 6.9. and 6.10. of the Articles of Association, the purpose of the proposal is to reinstate an authorisation corresponding to a maximum of 10% of the share capital, and to ensure Danske Bank's flexibility to raise loans against bonds in relation to issuance of Additional Tier 1 Capital, if necessary.

The Board of Directors thus proposes to increase the amount of the Board of Director's authority to a total of DKK 1,485,000,000, which may be used to increase Danske Bank's share capital (limited to 10%) or to raise loans against bonds or other instruments of debt with access to convert them into shares (convertible loans).

Consequently, and subject to the approval of the proposed extension of the Board of Directors' existing authority, cf. agenda item 6.b. above, the Board of Directors proposes that articles 6.5. and 6.6 of the Articles of Association be further amended as follows:

*"6.5. The Board of Directors is authorised, until 1 March 2025, to increase Danske Bank's share capital by up to DKK 1,485,000,000. The share capital increase may take place on one or more occasions. Danske Bank's shareholders are not entitled to subscribe for shares in proportion to their shareholdings. Consequently, the new shares must be offered at market price. The share capital increase may be against payment in cash, conversion of debt or as consideration in connection with Danske Bank's acquisition of an existing business. For share issues not related to conversion of convertible bonds issued under article 6.6., including articles 6.9. and 6.10., the authorisation is, however, limited to DKK 860,000,000.*

*6.6. The Board of Directors is also authorised, until 1 March 2025, on one or more occasions to raise loans against bonds or other instruments of debt with access to convert them into shares (convertible loans) for a total of DKK 1,485,000,000, subject to previous issues under articles 6.9. and 6.10. below. The Board of Directors is authorised to make the related capital increase. Convertible loans may not exceed an amount resulting in a maximum capital increase, which may be effected under the authority to increase Danske Bank's share capital, see article 6.5. above, according to the conversion price fixed at the raising of such loans as laid down by the terms and conditions of the bonds or instruments of debt. The exercise of this authority reduces, by a corresponding amount, the authority in article 6.5. to increase Danske Bank's share capital. When the Board of Directors decides to raise convertible loans, the authority to increase the share capital, see article 6.5. above, is considered utilised by an*

*amount corresponding to the maximum conversion rights. The conversion period may run for longer than five years after the raising of the convertible loan. Danske Bank's shareholders are not entitled to subscribe for convertible loans in proportion to their shareholdings. The decision of the Board of Directors to raise convertible loans must be recorded in the Articles of Association and the Board of Directors is authorised to amend the articles accordingly."*

The proposal does not result in any changes to articles 6.7.-6.10. of the Articles of Association.

- d. Proposal for alignment of article 9.4. of the Articles of Association with the Danish Companies Act regarding the deadline for submitting shareholder proposals

The Board of Directors proposes to align the deadline for submitting shareholder proposals for specific issues to be included on the agenda for the annual general meeting, with Section 90(2) of the Danish Companies Act.

Consequently, the Board of Directors proposes that article 9.4. of the Articles of Association be amended as follows:

*"9.4. Any shareholder is entitled to have specific issues included on the agenda and transacted at the annual general meeting, provided that the shareholder submits a request in writing to this effect to the Board of Directors and such request is received by the Board of Directors no later than six weeks before the annual general meeting."*

- e. Proposal for inclusion of an article in the Articles of Association regarding indemnification of Directors and Officers

The Directors' and Officers' (D&O) liability insurance taken out by Danske Bank for 2020 has a total coverage amount of EUR 85 million. In the view of the Board of Directors, this coverage amount is far from sufficient considering the size of Danske Bank's business and the risks associated with this business, including a significantly increased risk exposure under Danish and international laws and regulations and the enforcement thereof by relevant authorities. Danske Bank has tried to take out insurance at a higher level, but this has not been possible due to

limited capacity in the liability insurance market. It may not be possible to obtain such coverage in the years to come.

The current D&O liability insurance taken out by Danske Bank (for 2020) excludes coverage in the event of conduct attributable to the gaining of personal profit or advantage to which a Director or Officer was not legally entitled, or the committing of any intentional criminal act by a Director or Officer, and it excludes coverage for claims which are in any way related to or arising out of the Estonia matter. Further, the current D&O liability insurance excludes coverage for new claims (unrelated to the Estonia matter) concerning money laundering, other related financial crime matters and sanctions violations.

The Board of Directors has concluded that, in order to attract and retain talented and experienced individuals as representatives of Danske Bank (employees as well as members of the Board of Directors), it is necessary for Danske Bank to indemnify Directors and Officers in excess of the coverage currently provided by the D&O liability insurance, and that the indemnification should also cover new claims (unrelated to the Estonia matter) concerning money laundering, other related financial crime matters and sanctions violations.

The Board of Directors proposes that a provision be incorporated in the Articles of Association to the effect that the Board of Directors may, if it deemes it necessary, propose that the general meeting resolve that Danske Bank shall indemnify Directors and Officers of the Danske Bank Group for a specific period and up to a specific amount proposed by the Board of Directors (deducting any coverage available under Directors' and Officers' liability insurance taken out by Danske Bank).

Consequently, the Board of Directors proposes that the following be inserted in the Articles of Association as a new article 9.5:

*"9.5. The Board of Directors may, if it deemes it necessary, propose that the general meeting resolve that Danske Bank shall indemnify Directors and Officers, both current and former, of the Danske Bank Group for claims against these individuals in connection with their services to the Danske Bank Group up to a total amount proposed by the Board of Directors (deducting any coverage available under the Directors' and Officers' (D&O)*

*liability insurance taken out by Danske Bank). Such resolution shall apply for a period proposed by the Board of Directors and apply to claims made against Directors and Officers during this period. Exclusions applicable under the D&O liability insurance taken out by Danske Bank and in force at the time when a claim is made shall apply accordingly to the indemnity, unless the general meeting resolves that specific exclusions under the D&O liability insurance shall not apply to the indemnity. If, when a claim is made, no D&O liability insurance is applicable, the exclusions of the latest applicable D&O liability insurance shall apply, except for specific exclusions applicable under the D&O liability insurance which the general meeting has resolved shall not apply to the indemnity, see above. In the event that claims covered by the indemnity exceed the total amount of the indemnity, the principle of Section 95(3) of the Danish Insurance Contracts Act shall apply. A Director or Officer shall be understood to mean a member of the Board of Directors, a member of the Executive Leadership Team and any other person who can incur personal managerial liability according to applicable law. The indemnity by Danske Bank shall also, in addition to the total amount proposed by the Board of Directors and resolved by the general meeting, cover any adverse tax consequences for Directors and Officers arising from the fact that coverage is provided by way of the indemnity and not through D&O liability insurance."*

- f. Proposal for update of references to the share registrar in the Articles of Association

To reflect the recent merger between VP Investor Services and VP Securities, it is proposed that the company registration No. of VP Investor Services in article 7.2. of the Articles of Association be amended to "21599336" and references to "VP Investor Services A/S" in articles 7.2., 7.3., 11.1., and 11.3. be amended to "VP Securities A/S".

The proposed updated Articles of Association are available on Danske Bank's website.

**Re item 7)  
The Board of Directors' proposal for extension of its existing authority to acquire own shares**

The Board of Directors proposes to extend its existing authority so that the Board of Directors be authorised in the period until 1 March 2025 to allow Danske

Bank and the Group to acquire own shares by way of ownership or pledge up to an aggregate value of 10% of Danske Bank's share capital at the time of granting of the authority, provided that Danske Bank's holding of own shares does not exceed 10% of Danske Bank's share capital. If shares are acquired for ownership, the purchase price must not deviate from the price quoted on Nasdaq Copenhagen at the time of acquisition by more than 10%.

#### Re item 8) The Board of Directors' proposal for remuneration of the Board of Directors in 2020

Due to increasing requirements and expectations from regulators and other stakeholders, the additional time spent by Board members attending to Danske Bank affairs, both during and in between meetings, the limitations on the number of directorships which a Board member may hold, and finally to ensure that Danske Bank continues to be able to attract competent candidates, the Board of Directors proposes to increase the remuneration of the Board of Directors to the level of Nordic peers. Consequently, the Board of Directors proposes to increase the base fee from DKK 537,500 to DKK 660,000 and that the base fee multiples will be as set out below.

#### The proposed fee structure for 2020 is as follows:

	2020	2019
<b>Base fee</b>	<b>DKK 660,000</b>	<b>DKK 537,500</b>
The chairman's fee	4 x base fee	3.5 x base fee
The vice chairman's/ vice chairmen's fees	2 x base fee	1.5 x base fee
<b>Board committee fees</b>		
Remuneration Committee and Nomination Committee	1/4 x base fee (DKK 165,000)	DKK 123,000
Audit Committee, Risk Committee and Conduct & Compliance Committee	1/3 x base fee (DKK 220,000)	DKK 185,000
<b>Committee Chairmen fees</b>		
Remuneration Committee and Nomination Committee	1/2 x base fee (DKK 330,000)	DKK 175,000
Audit Committee, Risk Committee, and Conduct & Compliance Committee	2/3 x base fee (DKK 440,000)	DKK 278,000

In addition to the above proposed fees to members of the Board of Directors and Committees, Danske Bank may pay social duties and similar taxes levied by foreign

authorities in relation to the directors' fees. Danske Bank may also pay any outlays and travel expenses, and, subject to the approval of the proposed revisions to the Remuneration Policy, additional costs incurred in connection with a director's discharge of his or her duties as a member of the Board of Directors.

#### Re item 9) The Board of Directors' proposal for adjustments to the Remuneration Policy

The Board of Directors proposes only a few adjustments and editorial amendments to Danske Bank's Remuneration Policy for 2020 as the implementation of regulatory changes was conducted in the 2019 revision of the policy.

The proposed adjustments are described in general terms below.

- Extension of deferral period for material risk-takers from three to four years.
- Specification of additional covered costs associated with members of the Board of Directors and the Executive Leadership Team discharging their duties.

The Board of Directors' proposed and updated Remuneration Policy is set out in Appendix 2.

#### Re item 10) The Board of Directors' proposal regarding the indemnification of Directors and Officers as of the 2020 annual general meeting until the 2021 annual general meeting

As stated under agenda item 6.e., Danske Bank has been unable to take out a Directors and Officers insurance coverage, which in the view of the Board of Directors can be deemed sufficient.

Danske Bank has obtained expert advice, according to which a D&O liability coverage for Danske Bank of minimum EUR 200 million would be equivalent to the average of other banks (both international, European and Nordic). According to the expert advice, Danske Bank should however, due to the current circumstances surrounding Danske Bank, consider to insure also against a worse scenario (which according to the expert advice would mean EUR 300 million for a 20 year event, EUR 500 million for a 50 year event and EUR 750 million for a 100 year event). The expert advice has considered the level of insurance taken out by other

banks as well as the risk exposure of Directors and Officers (the risk of being met with claims, the likely size of such claims, etc.).

Based on the expert advice obtained, the Board of Directors proposes that Danske Bank indemnify Directors and Officers up to a total annual amount of EUR 250 million, that is, EUR 165 million in excess of the D&O liability coverage available for 2020. The D&O liability insurance is renewed annually. In connection with renewal of the insurance, the total annual amount of D&O liability coverage which Danske Bank is able to obtain may be higher or lower than EUR 85 million, depending on market capacity and other circumstances. Accordingly, the indemnity up to the total annual amount of EUR 250 million, may cover a higher or a lower amount in excess of D&O liability coverage (where applicable) than what is currently the case.

Consequently, the Board of Directors proposes that the general meeting resolve that Danske Bank shall indemnify Directors and Officers of the Danske Bank Group up to an amount of EUR 250 million in accordance with the proposed new article 9.5 cf. agenda item 6.e. above. The indemnity shall apply as of the 2020 annual general meeting until the next annual general meeting. The exclusions applicable under the D&O liability insurance taken out by Danske Bank shall apply accordingly to the indemnity, except that exclusions under the D&O liability insurance concerning money laundering (unrelated to the Estonia matter), other related financial crime matters and sanctions violations shall not apply to the indemnity.

#### **Re item 11)**

#### **Proposals from shareholder Wismann Property Consult A/S**

##### **11.1 Determination of administration margins and interest rates**

Going forward, Danske Bank/RD must, in respect of commercial customers, including cooperative housing associations, ensure openness, transparency, regularity and equal treatment in the determination of administration margins and interest rates. In case the terms deviate from the figure according to the price calculation programme, the customer must be informed of the amount of discount given or the additional amount charged in relation to the regular and ordinary price according to the price calculation programme.

*The Board of Directors' reply:*

*To support the price setting, Danske Bank and Realkredit Danmark have developed a price calculation programme which takes a variety of factors into consideration for the purpose of setting competitive prices for and in open dialogue with our commercial customers. So, in practice, it does not make sense to talk about deviations or discounts.*

*The Board of Directors therefore does not support this proposal.*

##### **11.2 Information regarding assessments and calculations**

Going forward, Danske Bank/RD must inform its commercial customers, including cooperative housing associations, when collecting mortgage payments, of the loan-to-value (LTV) ratio of their properties assessed by the bank as well as of the LTV calculation, as well as produce, on request, the reference properties, registered and traded, and the Discounted Cash Flow calculation or the calculation which the bank applies, based on which the LTV ratio has been calculated, and that the bank, as a new feature, must inform the customer of all the factors affecting the determination of the price (administration margin, interest rate) and of their impact on the determination of the administration margin and interest rate to the effect that, in future, commercial customers may be offered real advice on what they can do to be granted the bank's ordinary and lowest prices or to avoid risking to pay the highest prices.

*The Board of Directors' reply:*

*If commercial customers applying for a loan wish to discuss the LTV ratio of their property or other matters in relation to their loans and facilities, Realkredit Danmark would always like to have such a discussion with them. However neither Danske Bank nor Realkredit Danmark is in a position to offer further insights into the pricing tools etc., including the price calculation programme as this constitutes confidential information in a competitive market.*

*The Board of Directors therefore does not support this proposal.*

##### **11.3 Ceasing advisory services to commercial customers within real estate mortgages**

If, as expected, the Board of Directors does not support proposal 11.2., the general meeting will adopt a resolution that Danske Bank, in fact, will not provide advice to our commercial customers, including cooperative housing associations, in cases involving real estate mortgages, since the customer cannot be informed of the basis for an LTV calculation, since Danske Bank does not offer advice on matters which may result in better terms for the customer, and since Danske Bank will not inform customers of the amount of discount given in cases where discounts are given. Thus, the general meeting will resolve that in cases involving commercial customers and mortgage financing, Danske Bank/RD has decided not to offer advisory services, since it is meaningless to discuss advisory services without openness, transparency, regularity and equal treatment.

*The Board of Directors' reply:*

*Every day, Danske Bank and Realkredit Danmark offer customers advice on which solutions, products and services to choose. Such advice is based on the wishes and needs of customers and offered on an informed basis for the purposes of creating value for our customers.*

*The Board of Directors therefore does not support this proposal.*

#### **11.4 Confirm receipt of enquiries**

Going forward, Danske Bank, its subsidiaries and employees must, within 24 hours (or another reasonable deadline suggested by the Board of Directors) of receipt of an enquiry, confirm receipt of such enquiry from a customer, a shareholder or an authority, either as part of a fixed business procedure or if the person making the enquiry to the bank requests a confirmation of receipt of the enquiry.

#### **11.5 Respondent**

If an enquiry is addressed to a named person in the bank, e.g. CEO Chris Vogelzang or Chairman of the Board of Directors, Karsten Dybvad, or another person employed with the bank, and if such ask their assistants to both read the enquiry and reply to the enquiry, it must be stated first of all in the reply that the reply is given on behalf of the person to whom the enquiry was addressed, e.g. Chris Vogelzang or Karsten Dybvad, to ensure that the person who receives the reply has no

doubts that the person who is responsible for the reply and who has sent the reply, is the same person as the one to whom the enquiry was addressed.

#### **11.6 Deadline for reply**

If an enquiry is sent to the bank, the bank must, simultaneously with confirming receipt of the enquiry, inform the person who sent the enquiry to the bank when he can expect to receive a reply at the latest.

*The Board of Directors' reply to the proposals 11.4-11.6:*

*Every day, Danske Bank receives many different enquiries. Because of the diverse nature of the enquiries and the many channels through which enquiries are made, however it is not possible to establish identical procedures and/or deadlines for all enquiries. What is most important for Danske Bank is to reply to all enquiries as soon as possible.*

*The Board of Directors therefore does not support the proposals 11.4-11.6.*

#### **11.7 Minutes of the annual general meeting**

Going forward, the written minutes of meeting from the annual general meeting, which are subsequently uploaded to the bank's website, must give a verbatim account of the words expressed from the podium and not, as is the case today, be heavily made up and edited in concealment, to the effect that the comments which Danske Bank's management would rather have done without are not included in the written minutes.

*The Board of Directors' reply:*

*The minutes of the general meeting are drafted and signed by the appointed chairman of the general meeting, thereby confirming these to be true, accurate, and in compliance with Danish law. The minutes must record the proceedings and resolutions of the general meeting and, as a minimum, include a reproduction of the main points and decisions under each agenda item. The minutes are not, and should not be, a direct transcript of all discussions.*

*The Board of Directors therefore does not support this proposal.*

### 11.8 Researcher tax scheme

In order to comply with Danske Bank's declared intent to have a special responsibility and to create a positive impact on society, the bank must decide that in future all employees are obliged to refrain from making use of Sections 48 E and 48 F of the Danish Withholding Tax Act, known as the researcher tax scheme. Danske Bank must offer the same good terms (read net salary) to employees who cannot be employed under sections 48 E and 48 F of the Danish Withholding Tax Act as the terms offered to those who can, in the 84 months during which it is possible to take part in the scheme. For anyone who wants to work for Danske Bank, like CEO Chris Vogelzang, and receive approx. DKK 25 million per year, which is the average of the three preceding CEOs during their term of office, including severance payments, the amount of DKK 25 million p.a. must exclude the special researcher tax discount of approx. 25% or around DKK 6.25 million p.a. Thus, in order to create a positive impact on society, Danske Bank must decide that in Danske Bank, all employees pay tax according to Danish terms in order to avoid any special preferential treatment of those who, for 84 months, can be comprised by sections 48 E and 48 F of the Danish Withholding Tax Act. Danske Bank's employees must be employees of the bank because they want to and not because they can make use of sections 48 E and 48 F of the Danish Withholding Tax Act to obtain one of Western Europe's lowest tax rates with the highest level of welfare and then give notice when the bank's "researcher employees" reach the expiry of the 84 months. It was never the intention of Sections 48 E and 48 F of the Danish Withholding Tax Act that it should be exploited by employees, banking executives, with sky-high salaries over a period of seven years.

*The Board of Directors' reply:*

*The Board of Directors does not find it reasonable to impose a certain level of tax contribution on individual employees as long as the employee adheres to applicable tax legislation. The Danish researcher tax scheme was adopted by a broad majority in the Danish Parliament to ensure that companies are in a position to attract individuals who possess qualifications needed in Denmark. It has been and still is very important for Danske Bank to be able to attract managers and employees with the right experience and expertise, including individuals from other countries.*

*The Board of Directors therefore does not support this proposal.*

### Re item 12) Proposals from shareholder Gunnar Mikkelsen

#### 12. 1 Legal proceedings

Pursuant to Section 364, cf. section 361(2), of the Danish Companies Act, the general meeting will adopt a resolution that Danske Bank A/S, no later than at 3.00pm on the day after the general meeting, commence legal proceedings against KPMG Statsautoriseret Revisionspartnerselskab/ Ernst & Young Godkendt Revisionspartnerselskab (see the decision by the Danish Competition Council of 22/05/2014, 13/13057) and Deloitte Statsautoriseret Revisionspartnerselskab and the signing auditors who must be considered to have issued inadequate and incomplete long-form audit reports to the Bank's management and in that the auditors are not considered to have provided additional information in the auditors' reports contained in Danske Bank's financial statements in relation to the now identified serious violations of the money-laundering provisions of the Bank's Estonian branch for the period 2007 up to and including 2015. The said legal and natural persons must be ordered to acknowledge liability, primarily on a joint and several basis, secondarily on an alternative basis in respect of the following:

1. Danske Bank A/S's consequential costs associated with a counter audit made in connection with the legal inquiry, see page 16 of the Report on the Non-Resident Portfolio of Danske Bank's Estonian branch and subsequent investigations. Even though these investigations have been resolved by Danske Bank, the conclusions and results of the counter audit are completely different from those expressed by the external auditors in the unmodified auditors' reports issued during all these years,
2. fines which Danske Bank may be ordered to pay as a result of the inadequate and not timely reporting made by the auditors appointed by the general meeting about the matters to Danske Bank's Board of Directors in relation to the long-form audit reports and the auditors' reports, respectively, in which additional information must be provided in the event of a presumption of violations for which management could be held tort or criminally liable,

3. losses which Danske Bank may have suffered on buybacks – in accordance with authorisations granted by shareholders in general meeting – of own shares at an artificially high price as a result of the inadequate information in the market,
4. costs which Danske Bank has incurred or will incur to defend itself against claims from authorities both in Denmark and abroad, as a result of flows of approx. DKK 1,500 billion, most of which as stated in the report on the non-resident portfolio in Estonia – according to a correspondent bank – in nine out of ten cases are considered suspicious and should have been reported to the relevant authorities, and the Board of Directors of Danske Bank did not receive adequate information thereon from the auditors appointed by the general meeting, including for the purpose of providing information to the public about matters that would be likely to have a significant effect on the price of the Danske Bank share,
5. costs which Danske Bank has incurred or will incur to defend itself against claims for compensation raised by foreign and Danish groups of shareholders, and which will not be covered by the courts' decisions about coverage of costs.

In future, Danske Bank A/S must inform the shareholders at annual general meetings of the gross costs associated with the specified cost categories.

Proposing shareholder's motivation for the proposal:

In the opinion of the proposing shareholder, Danske Bank's shareholders need to consider whether any liability can be assigned to the Bank's auditors appointed by the general meeting since they have not, to the extent necessary and required, informed the Bank's management, the authorities and financial statement users, including the shareholders, about the money laundering that took place and about the deficiencies of the Bank's internal lines of defence. In the opinion of the proposing shareholder, the shareholders have suffered a total loss of about DKK 120 billion.

The proposing shareholder finds that the auditors should have identified the serious information about obvious and incomplete control procedures and other warning signals about existing risks in relation to money laundering by the Bank's Estonian branch, including in relation to use of the head office's systems. Timely notification of the Bank's management and financial statement users would have limited the loss, just as substantial costs to a number of advisers could have

been avoided. To this should be added additional risks of significant fines and costs associated with defending such claims. In the opinion of the proposing shareholder, these fines and costs could have been avoided if the auditors appointed by the general meeting had given a correct and timely account of the matters in the long-form audit report and the auditors' report, respectively.

The proposing shareholder finds that the auditors appointed by the general meeting had not planned the audit sufficiently to clarify the following:

"At the beginning of 2014 – after receipt of an enquiry from a whistleblower and audit letters from Group Internal Audit – it became clear that AML measures taken by the Estonian branch were obviously inadequate and insufficient" and "that all of Danske Bank's three internal lines of defence had fallen."

At present, and as far as the proposing shareholder is aware, there is no quantitative information available about any fines, and costs of the Bank's defence against actions instituted etc., but it appears from the financial statements that Danske Bank has allocated up to DKK 10 billion for this purpose.

According to Danske Bank, an assessment of the outcome of the listed pending civil cases, with claims of more than DKK 7.5 billion, the outcome of the charge against Danske Bank and previous employees by the Danish State Prosecutor for Serious Economic and International Crime (SØIK), the Danish Financial Supervisory Authority's decision and similar decisions made by several foreign authorities, as well as the outcome of investigations related to the non-resident portfolio of its Estonian branch or similar matters of the Bank's other Baltic branches, is subject to significant uncertainty.

For the purpose of statute-barring deadlines, it is of material importance that the declaratory action is presented to the auditors appointed by the general meeting and the signing auditors no later than the day after the general meeting, and Danske Bank is deemed to have the time required to prepare for this ahead of the general meeting.

## 12.2 Criminal complaint

The general meeting instructs the Board of Directors to file a criminal complaint against Deloitte Statsautoriseret Revisionspartnerselskab for violation of section 16 of the Danish Auditors' Act and section 7(2)

of the Danish Executive Order on Statements Made by State-Authorised and Registered Public Accountants in connection with the auditors' report in Danske Bank's annual report for 2015.

Proposing shareholder's motivation for the proposal:

In 2019, the Danish Business Authority filed a criminal complaint against Danske Bank's previous auditors and brought both the audit firm and the signing auditors before the Danish Accountancy Board. SØIK has filed criminal complaints against both Danske Bank and previous executive officers and senior employees, and the Danish Financial Supervisory Authority has issued serious reprimands and orders against Danske Bank. Even though several authorities are already investigating both Danske Bank and the independent auditors, the proposing shareholder finds that the shareholders should consider whether the Bank's current auditors have violated the law.

### 12.3 Forum for shareholder proceedings

The general meeting instructs the Board of Directors to ensure that a body or scheme is established under which all of the company's shareholders may commence proceedings free of charge against the Bank's auditors appointed by the general meeting in the period from 2007 up to and including 2015, by covering the costs of a group action with Danske Bank A/S or order as group representative. The relevant proceedings must make it possible to obtain compensation for losses on shares acquired in Danske Bank before the release of Danske Bank's company announcement of 20 March 2017, Comments on media coverage of transactions at Danske Bank in connection with the money laundering case, and for some time after this date, as a result of the auditors' non-compliance with their obligations in connection with the issuance of unmodified auditors' reports for the years 2007 to 2016 despite non-compliance with the AML rules on the part of Danske Bank's branch in Estonia. Danske Bank A/S must institute legal proceedings no later than at 3.00pm on the day after the general meeting.

Proposing shareholder's motivation for the proposal:

The proposing shareholder finds that the Bank must ensure that all of the Bank's shareholders have equal opportunity to raise a claim against the Bank's auditors free of charge for the shareholders. In the opinion of the proposing shareholder, the proposal will not have any

negative tax consequences for any shareholders joining the action.

*The Board of Directors' reply to proposals 12.1-12.3:*

*The main task of the external auditors is to provide their views on whether the financial statements presented by management are in accordance with applicable legislation and the accounting policies applied.*

*The Board of Directors has no basis for believing that the parent company and consolidated financial statements for the period from 2007 to 2015 did not give a true and fair view of Danske Bank's results and financial position at the time when the financial statements were presented.*

*The distribution of tasks between Danske Bank's internal audit department and the external auditors in the period 2007-2015 meant, among other things, that Danske Bank's internal audit department was responsible for auditing compliance, including AML procedures.*

*As regards Bruun & Hjejle's investigation of the non-resident portfolio at Danske Bank's Estonian branch, focus was therefore naturally on the internal audit. In addition, this was an internal investigation which did not comprise any external parties, such as Danske Bank's external auditors. Bruun & Hjejle has stated that in connection with the internal investigation, no information was found to indicate any liability on the part of the external auditors.*

*The Danish Business Authority has conducted a thorough investigation of EY's audit of the parent company and consolidated financial statements for 2014. This investigation was completed in January 2020 and did not lead to any allegations of errors in the auditors' report, the parent company and consolidated financial statements for 2014 or in the auditors' reporting to the Board of Directors and the Audit Committee. The investigation gave rise only to comments on certain matters related to documentation in the auditors' work papers.*

*In 2017, as part of its annual supervisory activities regarding Deloitte, the Danish Business Authority spot checked and reviewed the audit of Danske Bank's annual report for 2016. Deloitte's audit was approved without any comments. The phrasing of the auditors' report on the annual report for 2016 is similar to that*

of the report for 2015, apart from the addition of Key Audit Matters in 2016 due to changes in regulatory requirements.

The Board of Directors finds no grounds for instituting legal proceedings or filing a criminal complaint against the external auditors.

The Board of Directors therefore does not support the proposals 12.1-12.3.

### Re item 13)

#### Proposal from shareholder Kim Pedersen

Danske Bank is encouraged to introduce negative interest rates for private customers based on criteria comparable to those recently announced by other financial institutions.

*The Board of Directors' reply:*

*The Board of Directors does not consider pricing to be a matter for general meetings. Danske Bank has decided to introduce negative interest rates for large deposits for personal customers in the period after receiving the shareholder proposal and before the notice convening the general meeting was sent out.*

*The Board of Directors does not support the proposal and no longer finds it relevant to consider the proposal.*

### Re item 14)

#### Proposal from shareholder Ole Schultz

The general meeting recognises that Danske Bank is working with sustainability and responsible investments.

Because Danske Bank, according to the media, wishes to take an increased level of societal responsibility, the general meeting recommends that Danske Bank works in such a way that:

- all investments (shares and corporate bonds) in coal and tar sands companies, covering both extraction and infrastructure, are sold off before the end of 2025 if the turnover of the individual company in this area is greater than 1%,
- no savings, investments or pension investments are offered in such coal and tar sands companies,

- critical dialogues are initiated with fossil fuel companies in which Danske Bank has invested that directly or indirectly work against the 1.5 degree Celsius target of the Paris Agreement on Climate Change, and if these companies do not alter their behaviour, the investments will be sold off before the end of 2022,
- efforts are made towards only investing in fossil fuel companies when a clear plan exists for when and how the companies will adapt their business model to support the 1.5 degree Celsius target of the Paris Agreement on Climate Change.

Proposing shareholder's motivation for the proposal:

As the largest bank in Denmark and as an international financial institution, Danske Bank has a special responsibility in contributing to the Paris Agreement on Climate Change target of limiting the global temperature increase to well under 2 degrees Celsius and as close to 1.5 degrees Celsius as possible. As a member of the Investor Group on Climate Change (IGCC) and other organisations, Danske Bank must lead the way.

*The Board of Director's reply:*

*Danske Bank wants to contribute to a more green and more sustainable economy, so we have set new targets to accelerate our efforts. Danske Bank is working actively to integrate climate considerations into relevant business processes and already excludes companies which have a turnover of 30% or more from tar sands, thermal coal mining and coal-based power stations. Danske Bank clearly expects the threshold for excluding companies to be adjusted in future in step with market and regulatory developments.*

*Danske Bank has set a target to provide more than DKK 100 billion in sustainable financing toward 2023. Moreover, Danske Bank has committed to setting a climate target by 2023 for its commercial loan portfolio which is in line with the climate goals of the Paris Agreement on Climate Change. At the same time, Danica Pension has committed to investing DKK 30 billion by 2023 to support the green transition, and the Danske Bank Group will reduce its own CO2 emissions by 75% from the 2010 level. In addition to these targets, Danske Bank will continue its efforts to further integrate environmental, social and governance factors into its investment and lending processes when assessing risks and opportunities. As part of this work, Danske Bank follows the recommendations of the*

*Financial Stability Board in relation to assessments of climate-related risks and opportunities as stipulated in the guidelines from the Task Force on Climate-related Financial Disclosures (TCFD) and Danske Bank is a signatory of the investor initiative Climate Action 100+.*

*Thus, the Board of Directors fully recognises the motivation behind this proposal, but does not support the specific proposal.*

## **Re item 15)**

### **Proposals from shareholder Philip C Stone**

#### **15.1 Board of Directors' and Executive Leadership Team's shareholdings in the oil, gas and coal industry.**

The general meeting requires that the Board of Directors ensures that any shareholdings in the oil, gas and coal industry held by members of the Bank's Board of Directors and members of the Executive Leadership Team are sold before the next annual general meeting.

Proposing shareholder's motivation for the proposal:

The climate crisis is the greatest threat we face. An increasing number of reports from financial sources highlight the fact that this crisis is also a threat to our economies and to financial stability. In order to minimise the consequences of this crisis, it is necessary to have a rapid and targeted phasing out of activities that increase the concentration of greenhouse gasses in the environment. If the Bank's management has a personal interest in the well-being of oil, gas and coal companies and in slowing down the process of reducing fossil fuels, the Bank will be unable to make the necessary contribution.

*Reply of the Board of Directors:*

*The Board of Directors will of course ensure that there are no conflicts of interest between the private interests of the management and Danske Bank's interest; however, the private investment activities of members of Danske Bank's Board of Directors and members of the Executive Leadership Team are fundamentally a private matter.*

*The Board of Directors therefore does not support this proposal.*

#### **15.2. Investing in oil, gas and coal**

The general meeting decides that Danske Bank will cease to offer investments in oil, gas and coal companies, and in funds that contain such investments.

Proposing shareholder's motivation for the proposal:

Such investments are detrimental to both the climate and to investors. Over the past two years, the energy sector excluding companies producing clean energy has performed worst on the stock exchange. Over the past ten years, the share price of oil companies has not risen. Funds that exclude fossil fuel companies perform better than funds that include fossil fuel companies. In recognition of the risks associated with the breakdown of a stable climate and of the poor forecasts for investments in fossil fuels, among other reasons, Goldman Sachs and BlackRock have recently tightened up their policies.

*Reply of the Board of Directors:*

*Danske Bank works continually to offer investment solutions which accommodate customer preferences in terms of sustainability, and the assessment of climate-related risks and opportunities forms an integral part of Danske Bank's investment approach. Danske Bank also believes that it is generally more productive to remain invested in a company when dilemmas and risks arise. Instead of divesting, Danske Bank's portfolio managers enter into an active dialogue and take responsibility by setting clear demands for addressing, for example, environmental, social and governance (ESG) factors.*

*We refer to the reply under item 14.*

*The Board of Directors therefore does not support this proposal.*

#### **15.3 Investing and lending policy**

The general meeting decides that Danske Bank must follow an investing and lending policy that aligns with the European Investment Bank's proposal "EIB ENERGY LENDING POLICY: Supporting the energy transformation".

Proposing shareholder's motivation for the proposal:

The objective of the lending policy set out in the proposal is to accelerate the implementation of the

Paris Agreement on Climate Change. It is noted therein that the EIB will phase out lending to fossil fuel-based companies. The degradation of the climate cannot be held in check unless we take action. There is a need for a significant and rapid reallocation of financial funds away from fossil fuels and towards sustainable technologies. We cannot avoid increased risks if the bank continue to invest in new fossil fuel infrastructure and projects that serve to increase the amount of oil, gas and coal reserves.

*Reply of the Board of Directors:*

*Danske Bank wants to contribute to a more green and more sustainable economy, and we are therefore integrating climate-related risks and opportunities into both lending and investment policies. Danske Bank actively tracks developments in this area, including in relation to generally recognised guidelines and methodologies.*

*We refer to the reply under item 14.*

*The Board of Directors therefore does not support this proposal.*

#### **15.4 Mistrust**

The general meeting expresses mistrust in Karsten Dybvad and Chris Vogelzang.

Proposing shareholder's motivation for the proposal:

The current management deserves credit for the way it has handled the money laundering and fee cases, but it has done almost nothing so far in relation to the by far more important threat to the climate. Even when the question is about the most dirty fuels, the management is unwilling to draw a meaningful line.

Chris Vogelzang started his career at the oil company Shell, and he was brought in to head Danske Bank by Gerrit Zalm, member of Danske Bank's Board of Directors and member of Shell's board of directors. So, Shell can be assumed to exert a large influence on the Bank's decisions. Vogelzang was dismissed as the head of a Dutch bank because his level of societal awareness was considered inadequate. His lack of initiative in relation to the climate crisis suggests that his societal outlook is still insufficient. Despite the clear outcome of the Danish parliamentary election and the support of almost all the political parties to step up environmental

initiatives, it seems as if the Bank intends to continue its dedication to fossil fuels.

At the annual general meeting in 2019, Karsten Dybvad referred to a "high degree of optimism in Norway, where oil investments stand to grow" (by the way, it can be mentioned that the Norwegian oil fund has chosen to dispose of fossil investments to the tune of USD 1.3 billion). Karsten Dybvad also mentioned that the nations' contributions to ensuring compliance with the Paris Agreement on Climate Change were progressing quite well (which is not in line with the truth) and that the oil companies were in the process of transforming themselves into "energy companies". If by that he means that the oil companies are moving away from oil, this allegation is wrong too, and there is ample documentation to substantiate this.

The common denominator of these statements is an underestimation of the seriousness of the crisis, an embellishment of reality, an uncritical acceptance of the oil industry's propaganda and a legitimization of the Bank's inactivity. With the current management, there are no signs suggesting that Danske Bank will contribute to the solution of the climate crisis.

*Reply of the Board of Directors:*

*As stated in the Board of Directors' reply under item 14, Danske Bank is well aware of its role in the efforts to meet the targets set out in the Paris Agreement on Climate Change and has therefore set ambitious targets for the period toward 2023.*

*The Board of Directors therefore does not support this proposal.*

#### **Re item 16) Authorisation to the chairman of the general meeting**

The Board of Directors proposes that the general meeting authorise the chairman of the general meeting, with a right of substitution, to file the resolutions adopted with the Danish Business Authority and to make any such amendments as the Danish Business Authority may require in order to register or approve the resolutions adopted.

#### **Re item 17) Any other business**

## Other information

### Communication

On the InvestorPortal, shareholders can register to receive the convening notice and the annual report via either e-mail or regular postal service. Danske Bank encourages electronic communication and therefore we kindly ask that all shareholders, who wish to continue to receive a physical copy of the convening notice and/or the annual report, register via the InvestorPortal or by contacting VP Securities A/S on tel. +45 43 58 88 66 or by e-mail to [vpinvestor@vp.dk](mailto:vpinvestor@vp.dk).

On the InvestorPortal shareholders can register their e-mail address as follows:

1. Go to [danskebank.com](https://danskebank.com) and choose "Go to InvestorPortal" on the front page
2. Log on to the InvestorPortal with your NemID or VPID
3. Enter your e-mail address under "My Profile" and remember to click "Save preferences"

### Share capital and voting rights

Danske Bank's nominal share capital totals DKK 8,621,846,210 and each share of nominally DKK 10 entitles the holder to one vote.

Information about the total number of shares and voting rights at the date of the notice convening the general meeting is available at [danskebank.com](https://danskebank.com). The agenda for the general meeting, the complete proposals, the Annual Report 2019, the amended Articles of Association, the revised Remuneration Policy and the forms to be used for requesting an admission card or for voting by correspondence or voting by proxy are also available on the website.

### The registration date

The registration date is Tuesday 10 March 2020. The right to participate and vote at the general meeting, including voting by correspondence or proxy, is calculated on the basis of the information in Danske Bank's register of shareholders on this date and any notices about shareholdings which have been received by Danske Bank and/or VP Securities A/S for entry into the register of shareholders. Only shareholders who are registered on this date or who have given notification of and documented their title are entitled to attend and vote at the general meeting.

### Admission card

In order to attend the general meeting and to exercise his/her rights, a shareholder must request an admission card.

In order to receive an admission card electronically, the shareholder must register an e-mail address on Danske Bank's InvestorPortal as described above. The electronic admission card must be presented at the general meeting by using for example a smartphone or a tablet. Shareholders may as an alternative bring a printed version of the electronic admission card received by e-mail and present it at the general meeting.

Shareholders may also request a physical admission card at [investor.vp.dk/en/danskebank](https://investor.vp.dk/en/danskebank), by contacting VP Securities A/S on tel. +45 43 58 88 66 or by e-mail to [vpinvestor@vp.dk](mailto:vpinvestor@vp.dk). The admission card will be sent by ordinary mail. Danske Bank is not liable for any delays in the delivery of ordinary mail.

The deadline for requesting admission cards is Friday, 13 March 2020 at midnight.

### Voting by correspondence

Shareholders may vote electronically at [investor.vp.dk/en/danskebank](https://investor.vp.dk/en/danskebank) or by using the voting by correspondence form available at [danskebank.com](https://danskebank.com). The form must be completed, signed and sent by ordinary mail to VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S or as a scanned copy by e-mail to [vpinvestor@vp.dk](mailto:vpinvestor@vp.dk). Votes cast by correspondence cannot be revoked.

Please note that votes by correspondence must be received by VP Securities A/S no later than Monday 16 March 2020 at 4.00pm.

### Proxy

Shareholders are entitled to attend the general meeting by proxy. Proxy may be granted at [investor.vp.dk/en/danskebank](https://investor.vp.dk/en/danskebank) or by completing the proxy form available at [danskebank.com](https://danskebank.com). The form must be completed, signed and sent by ordinary mail to VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S or as a scanned copy by e-mail to [vpinvestor@vp.dk](mailto:vpinvestor@vp.dk).

Shareholders who wish to grant a proxy to a third party must request an admission card no later than Friday, 13 March 2020. A completed proxy form must be received by VP Securities A/S no later than Friday, 13 March 2020.

Danske Bank's Board of Directors encourages shareholders to vote by correspondence rather than by granting a proxy to the Board of Directors.

#### **Adoption requirements**

The proposals to amend Danske Bank's Articles of Association, items 6.a-6.f, must be passed by at least two-thirds of the votes cast as well as the share capital represented at the general meeting.

All other proposed resolutions may be passed by simple majority.

#### **Electronic voting**

An electronic voting device (e-voter) will be used for voting at the general meeting. The e-voter will be handed out at the entrance.

#### **Questions from shareholders**

Before the general meeting, shareholders may send questions to the Board of Directors about the Annual Report 2019, Danske Bank's position in general or about the items on the agenda. Questions must be sent to Danske Bank by e-mail to [shareholder@danskebank.com](mailto:shareholder@danskebank.com) or by ordinary mail to Danske Bank A/S, Holmens Kanal 2-12, DK-1092 Copenhagen K, for the attention of the Board of Directors' Secretariat.

#### **Payment of dividends**

If the general meeting approves the Board of Directors' proposal for payment of dividends, dividends are expected to be available on the shareholders' cash accounts on Friday, 20 March 2020.

#### **Webcast**

The general meeting will be webcasted live on the InvestorPortal. The broadcast, which will consist of both picture and sound, will cover the general meeting's podium and speaker's rostrum. A sound recording will be produced for the drafting of the minutes of the general meeting and it will be deleted after the publication of the minutes on the website.

#### **GDPR**

With regards to Danske Bank's processing of personal data in connection with general meetings, reference is made to Danske Bank's "Collection, processing and storing of personal data in connection with general meetings" information sheet, which is available on Danske Bank's website.

Reference is also made to Danske Bank's policy on personal data and cookies and information on matters in relation to personal data protection, which are available on Danske Bank's website [danskebank.dk/privat/gdpr/data-in-danskebank](https://danskebank.dk/privat/gdpr/data-in-danskebank).

#### **Parking**

The number of parking spaces is limited (please use designated pay stations) by K.B. Hallen and at Peter Bangs Vej. Thus, it is recommended that shareholders use other private or public transportation. Further information can be found on [kbhallen.dk/en/location](https://kbhallen.dk/en/location).

#### **Documents presented for review**

The Annual Report 2019 together with the agenda for the general meeting and the complete proposals are available to shareholders for inspection at Danske Bank's address at Holmens Kanal 2-12, Copenhagen.

Danske Bank A/S  
21 February 2020  
The Board of Directors

## Appendix 1

*Candidates for the Board of Directors***Martin Blessing**

Born on 6 July 1963  
Nationality: German  
Gender: Male  
Independent

**Competencies:**

- Universal banking experience as senior executive and CEO of major, primarily ECB-regulated banks
- Solid, all-round experience from leading positions in private banking, corporate banking, direct banking, IT and wealth management
- Strong customer and digital focus and considerable experience with digital transformation
- Extensive experience with P&L leadership
- Board experience from large and diverse companies and bank subsidiaries
- Experience in operating within a complex regulatory framework

**Former employment:**

2018-2019 Co-President Global Wealth Management, UBS Switzerland AG and member of the Group Executive Board of UBS Group AG

2016-2017 President Personal & Corporate Banking and President of the Executive Board of UBS Switzerland AG and member of the Group Executive Board of UBS Group AG

2008-2016 Chief Executive Officer, Commerzbank, Germany

2004-2008 Executive Board Member Corporate Banking, Commerzbank, Germany

2001-2004 Executive Board Member Private Clients, Commerzbank, Germany

2000-2001 Chief Executive Officer, Advance Bank, Dresdner Bank's direct subsidiary, Germany

1997-2000 Co-Head, Private and SME Clients, Dresdner Bank, Germany

1994-1996 Partner, McKinsey & Company, Germany  
1989-1994 Associate/Project Manager, McKinsey & Company, Germany and USA  
1988 Internship, Société Française Hoechst, France  
1983-1984 Banking apprenticeship, Dresdner Bank AG

**Formal training:**

1988 MBA, University of Chicago, USA  
1987 Lic.oec., [Masters] Business Administration, University of St. Gallen

**Directorships and other offices:***Private-sector directorships:*

Baden-Baden Entrepreneur Talks (member of the Executive Board)

**Lars-Erik Brenøe**

Elected by the General Meeting



Executive Vice President, Head of Chairman's Office,  
A.P. Møller-Mærsk A/S

Born on 22 March 1961

Nationality: Danish

Gender: Male

Joined the Board on 17 March 2016

Most recently re-elected in 2019

Term expires in 2020

Non-independent

Chairman of the Nomination Committee and member of  
the Remuneration Committee

**Competencies:**

- Broad and in-depth experience with board work and corporate governance
- Financially literate
- Knowledge of relevant legal/regulatory issues
- Knowledge of stakeholder management
- Experience with international business and the markets/regions in which Danske Bank operates

**Former employment:**

2003-	Executive Vice President, Head of Chairman's Office, A.P. Møller-Mærsk A/S
1993-2012	Senior Vice President/Vice President/ Director, Mærsk Mc-Kinney Møller's Secretariat. Personal Assistant to Mærsk Mc-Kinney Møller
1992-1993	Legal counsel, Management Secretariat/ Corporate Secretariat
1991-	A.P. Møller - Mærsk Group
1986-1991	Dragsted Advokater (now the Bech-Bruun law firm)

**Formal training:**

1998	Executive leadership programme, IMD
1989	Attorney-at-law
1986	Master's degree in law from University of Copenhagen

**Directorships and other offices:***Private-sector directorships:*

The A.P. Møller and Hustru Chastine Mc-Kinney Møller  
Foundation (member of the boards of directors or the  
executive boards of 7 affiliated undertakings)

Maersk Broker A/S (chairman or vice chairman of the  
boards of directors of 6 affiliated undertakings)

LINDØ port of Odense A/S (member of the board of  
directors)

Navigare Capital Partners A/S (chairman)

*Entities which do not pursue predominantly commercial objectives:*

A.P. Møller og Hustru Chastine Mc-Kinney Møllers  
Familiefond (The A.P. Møller Family Foundation) (member  
of the board of directors)

The Danish Committee on Foundation Governance (vice  
chairman)

The Confederation of Danish Industry (DI) (member of the  
central board)

## Karsten Dybvad

### Chairman

Elected by the General Meeting



Born on 5 November 1956  
 Nationality: Danish  
 Gender: Male  
 Joined the Board on 7 December 2018  
 Most recently re-elected in 2019  
 Term expires in 2020  
 Independent

Chairman of the Remuneration Committee, Chairman of the Conduct and Compliance Committee and member of the Nomination Committee and the Risk Committee

#### Competencies:

- Broad experience with community and authority relationships, financial and regulatory competencies with extensive knowledge about the framework conditions of financial institutions
- Broad experience with board work both as member and chairman in various lines of business

#### Former employment:

2010-2018 Director General and CEO, Confederation of Danish Industry  
 2005-2010 Prime Minister's Office - Permanent Secretary  
 2001-2005 Danish Ministry of Finance - Permanent Secretary  
 2000-2001 Danish Ministry of Transport - Permanent Secretary  
 1998-2000 Agency for Financial Management and Administrative Affairs - Director  
 1997-1998 MP Pension - CEO  
 1995-1997 Prime Minister's Office - Permanent Under-Secretary of State  
 1994-1995 Prime Minister's Office - Head of Division  
 1993-1994 Danish Ministry of Finance, Budget Department - Head of Division  
 1992-1993 Bikuben Pension - Vice Manager  
 1990-1992 Bikuben Pension - Head of Division  
 1987-1990 The Danish Confederation of Trade Unions - Economist  
 1985-1986 The Danish Economic Council of the Labour Movement - Economist

#### Formal training:

1985 MSc in Economics, University of Copenhagen

#### Directorships and other offices:

None

## Raija-Leena Hankonen



Born on 29 August 1960  
 Nationality: Finnish  
 Gender: Female  
 Independent

#### Competencies:

- Universal banking experience as leading auditor of major, primarily ECB-regulated banks
- Long experience with regulatory implications for ECB-regulated banks and with financial regulation for businesses in general
- Considerable knowledge of financial reporting, risk management and corporate governance in the financial services sector and at listed companies
- Thorough understanding of the financial service sector and experience in financial services, in particular core banking
- Board experience from major organisations including experience with audit committee work

#### Former employment:

2001-2019 Lead Audit Partner, KPMG Oy Ab  
 2016-2018 Chairman of the Board, KPMG Oy Ab  
 2010-2016 Chief Executive Officer (CEO), KPMG Oy Ab  
 2006-2010 Head of Audit & Member of the Group Management Team, KPMG Oy Ab  
 2005-2006 Head of Financial Services Group, KPMG Oy Ab  
 2003-2005 IFRS Advisor, KPMG Brazil  
 1996-2003 Authorised Public Accountant in Financial Services Group, KPMG Oy Ab  
 1990-1996 Head of Branch Office, KPMG Oy Ab  
 1987-1990 Auditor, KPMG Oy Ab  
 1985-1987 Financial Analyst, Digital Equipment Corporation Oy Ab  
 1983-1985 Controller, Roche Oy Ab  
 1981-1983 Accountant, Outokumpu Plc

#### Formal training:

1990 Authorised Public Accountant, the Central Chamber of Commerce, Helsinki  
 1984 Master of Science (MSc) with majors in Economics and Business Administration, Aalto University School of Business, Helsinki

**Directorships and other offices:**

*Entities which do not pursue predominantly commercial objectives:*

Jalmari and Rauha Ahokas Medical Foundation (chairman)

Savonlinna Opera Festival (member)

Helsinki Deaconess Foundation (member)

**Bente Avnung Landsnes**

Elected by the General Meeting



Born on 8 August 1957

Nationality: Norwegian

Gender: Female

Joined the Board on 18 March 2019

Term expires in 2020

Independent

Member of the Audit Committee and the Remuneration Committee

**Competencies:**

- Long track record in financial services, including core banking, settlement, risk management and capital markets
- In-depth experience with change and reputation management, financial reporting, investor relations, corporate governance, operations, infrastructure, regulatory issues, risk management and digital transformation
- Experience with licensed financial operations and regulatory implementation as well as significant experience from managing an exchange and securities services group and from various board roles

**Former employment:**

- 2006-2019 CEO and President, Oslo Børs ASA, Oslo Børs VPS Holding ASA
- 2003-2006 Group Executive Vice president, DnBNOR ASA
- 2000-2003 Group Executive Vice President, Gjensidige NOR Sparebank
- 1998-2000 General manager, Sparebanken NOR
- 1996-1997 Ass. General manager, Sparebanken NOR
- 1988-1996 Senior Vice President, Bankenes Betalingssentral A/S  
CEO, Bankenes Utdredningsselskap A/S (88-94)
- 1975-1988 Bankenes Betalingssentral A/S and Tifix Data (87-88)

**Formal training:**

- 1974 Frogner Handelsskole, Oslo, spec. Accounting and language

**Directorships and other offices:**

*Private-sector directorships:*

NORBIT (deputy chairman)

**Jan Thorsgaard Nielsen****Vice Chairman**

Elected by the General Meeting



Chief Investment Officer (CIO), A.P. Møller Holding A/S

Born on 6 June 1974

Nationality: Danish

Gender: Male

Joined the Board on 7 December 2018

Most recently re-elected in 2019

Term expires in 2020

Non-independent

Member of the Audit Committee and the Conduct and Compliance Committee

**Competencies:**

- Several years of experience from the global financial sector and broad experience with board work in different lines of business
- Major experience with business development and change management with a strong profile within building talent

**Former employment:**

2018-	A.P. Møller Holding A/S, Chief Investment Officer
2011-2018	Blackstone Group Hong Kong Ltd. - Senior Managing Director, Private Equity and COO of Blackstone Asia
2005-2011	Blackstone Group UK - Managing Director, Private Equity
2000-2005	Morgan Stanley, the UK and the US - Associate, Investment Banking

**Formal training:**

2000	MSc in Economics and Management, University of Aarhus
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**Directorships and other offices:***Private-sector directorships:*

APMH Invest IV A/S (chairman)  
 APMH Invest VI A/S (chairman)  
 KK-Group A/S (chairman of the boards of directors of 5 affiliated undertakings)  
 APMH Invest A/S (member of the board of directors)  
 A.P. Møller Capital P/S (member of the board of directors)  
 A.P. Møller Capital GP ApS (member of the board of directors)  
 LEGO A/S (member of the board of directors)

**Christian Sagild**

Elected by the General Meeting



Born on 11 December 1959

Nationality: Danish

Gender: Male

Joined the Board on 18 March 2019

Term expires in 2020

Independent

Member of the Audit Committee and the Risk Committee

**Competencies:**

- Significant experience from managing public companies. Primary experience is from the insurance sector, but also insights and skills from various board roles in public companies in other sectors
- Experience in operating with complex regulatory framework
- Very solid experience in managing external stakeholders and in reputation management in general
- Many years of experience in general financial analysis and reporting across complicated income and balance statements of publicly listed companies

**Former employment:**

2009-2017	Topdanmark A/S, Group CEO
2006-2009	Topdanmark A/S, Executive director
1998-2006	Topdanmark Livsforsikring A/S, CEO
1992-1998	BG Pension, CEO
1989-1992	ALKA Forsikring (Insurance), Appointed Actuary, SVP
1986-1989	PFA Pension, Actuary

**Formal training:**

1985	Actuary, cand.act., Copenhagen University
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**Directorships and other offices:***Private-sector directorships:*

Blue Ocean Robotics A/S (member of the boards of directors of two affiliated undertakings)  
 Royal Unibrew A/S (member of the board of directors)  
 Nordic Solar Energy A/S and Nordic Solar Global A/S (chairman)  
 AMBU A/S (member of the board of directors)  
 Sagild ApS (executive officer)

**Carol Sergeant**  
**Vice Chairman**  
 Elected by the General Meeting



Born on 7 August 1952  
 Nationality: British  
 Gender: Female  
 Joined the Board on 18 March 2013  
 Most recently re-elected in 2019  
 Term expires in 2020  
 Independent

Chairman of the Risk Committee and member of the  
 Conduct and Compliance Committee

**Competencies:**

- Senior management and board experience in the public, private and charity sectors
- Broad and in-depth knowledge of financial services business, credit and risk management and regulatory issues in the UK and Europe
- Significant change management experience

**Former employment:**

2011-2018 Financial services non-executive director, and special adviser to Bank CEOs, Chairmen and Government

2004-2011 Chief Risk Officer, Lloyds Banking Group

1998-2003 Managing Director, Risk and Regulatory Processes, and Board member UK Financial Services Authority

1974-1998 Bank of England (financial markets, monetary policy, and regulation - last position Head of Department, Major UK Banks Supervision)

**Formal training:**

1979 MBA, Cass Business School, England

1974 Modern Languages, Newnham College, Cambridge University, England

**Directorships and other offices:**

*Private-sector directorships:*

Belmont Green Finance Limited (Director)  
 BNY Mellon SA/NV (member of the board of directors, chairman of the risk committee and member of the audit committee)  
 Threadneedle Solutions Ltd. (company director)

*Entities which do not pursue predominantly commercial objectives:*

Lloyds Register Foundation (trustee and member of the audit and investment committee)  
 The Governing Council of the Centre for the Study of Financial Innovation (CSFI) (trustee)

**Gerrit Zalm**

Elected by the General Meeting



Born on 6 May 1952

Nationality: Dutch

Gender: Male

Joined the Board on 18 March 2019

Term expires in 2020

Independent

Member of the Nomination Committee and the Risk Committee

**Competencies:**

- Broad professional background originally anchored in economics and later politics
- Broad and holistic perspective on the financial services sector and its role in society and strong advocate of tighter regulations and less self-supervision
- Significant experience across the audit and risk committees' areas both within and outside banking and a significant senior leadership and board exposure track record
- Unique blend of regulator and banking executive experience and considerable experience in dealing with stakeholder and reputation management

**Former employment:**

2010-2017 CEO and chairman, ABN AMRO Group & ABN AMRO Bank  
 2009-2010 CEO and chairman, ABN AMRO Bank  
 2008-2009 Chief Financial Officer, DSB Bank NV  
 2007-2008 Chief Economist, DSB Bank NV  
 2003-2007 Finance Minister Balkenende II Cabinet and Deputy Prime Minister  
 2002-2003 Parliamentary Leader of the People's Party for Freedom and Democracy  
 1994-2002 Finance Minister, Paars I and II Cabinets  
 1989-1994 Director, Bureau for Economic Policy Analysis  
 1989-1994 Professor Economic Policy, Vrije Universiteit Amsterdam  
 1988-1989 Deputy Director, Bureau for Economic Policy Analysis  
 1985-1988 Director, General Economic Policy, Ministry of Economic Affairs  
 1983-1985 Deputy Director, General Economic Policy, Ministry of Economic Affairs  
 1981-1983 Deputy Director, Budgetary Affairs, Ministry of Finance  
 1975-1981 Various positions in the Ministry of Finance

**Formal training**

2008 Honorary Doctorate, Economics, Vrije Universiteit, Amsterdam  
 1975 Master's Degree, Economics, Vrije Universiteit, Amsterdam

**Directorships and other offices:***Private-sector directorships:*

MALZ BV (director)  
 Moody's Corporation (member)  
 Royal Dutch Shell (member)  
 Y-Group (Advisory Board member)

*Entities which do not pursue predominantly commercial objectives:*

Central Bureau of Statistics, Netherlands (Advisory Board chairman)  
 Foundation Schuldenlab.nl (chairman)  
 Stichting VU MC Fonds (Supervisory Council member)  
 Trustees of the National Academy for Finance and Economics (chairman)  
 Wigo4it, cooperative effort of the social assistance organisations of the four largest cities in the Netherlands (Advisory Council chairman)

## Lars Wismann



Born on 14 June 1958  
Nationality: Danish  
Gender: Male  
Independent

### Explanatory statement:

I seek election to the Board of Directors because:

- 1) Danish values should be part of Danske Bank's Board of Directors work
- 2) Danske Bank must show in the future that the bank exists for the customers and not the other way round
- 3) The Board of Directors must have members who know our customers and their wishes
- 4) The Board of Directors should have members who read Danish newspapers and trade magazines, and who participate in relevant conferences and contribute to the debate
- 5) Danske Bank must build on simple business principles, openness, transparency, compliance with rules and equal treatment
- 6) Danske Bank must have a competitive profile instead of a shady reputation

### Competencies:

- Significant experience from business management primarily through 37 years of active work in the financial sector, stockbroking business and within the mortgage credit and banking sector, and particularly within investment property
- Particular experience with mortgage credit and investments in and financing of investment property
- Experience as external lecturer at graduate level, primarily focusing on financing, investing, and financial analysis
- Political experience in connection with legislative work. Strong analytical skills
- Comments and expert views for various media (2005-present), columnist for Økonomisk Ugebrev (2009-present), columnist for Ugebrev for bestyrelser (2007-2011)
- I have political experience in connection with legislative work and my bringing the Farum case before the authorities in 2000 led to the biggest post-war financial local government scandal

### Former employment:

2005- Managing director, Wismann Property Consult A/S

2003-2005 Project manager, estate agent and valuer, NAI Danmark A/S and NAI Investor A/S  
2001-2003 Project manager, InvestorPartner A/S  
2001-2001 Project manager, Scanplan Ejendomme A/S  
1998-2001 Project manager, InvestorPartner A/S  
1997-1998 External lecturer, Health Economics, Sundhedsvæsenets Diplomlederuddannelse, Storstrøms Handelshøjskolecenter  
1994-1998 Teacher/part-time, Business Economics, Copenhagen Business School, Graduate Certificate  
1992-1997 Teacher, Hillerød Handelsskole  
1989-1992 Project analyst, BRFkredit International & Greater Copenhagen  
1987-1989 Credit manager/financial analyst, Nykredit Erhvervsafdelingen Copenhagen. Business loans, large customers.  
1985-1987 Finance analyst broker firm Lannung og Co. responsible for equity research, finance loans and various special financial assignments  
1984-1985 Financial analyst, Kronebanken, Fondsaafdelingen, Copenhagen

### Formal training:

1994 Business school specialist teacher certificate, Statens Erhvervspædagogiske Læreruddannelse, Economics (approx. 20 ECTS points)  
1992 Valuer, Lyngby Uddannelsescenter (30 ECTS points)  
1991 Estate agent, Lyngby Uddannelsescenter (60 ECTS points)  
1984 MSc (Econ.), Copenhagen Business School (120 ECTS points)  
1982 BSc in Economics and Business Administration., Copenhagen Business School (180 ECTS points)  
1977-1979 Sergeant in connection with 18 months of compulsory military naval service  
1978 EFG Naval School in connection with compulsory military naval service  
1977 Mathematics/Physics, Upper Secondary School Leaving Examination, Sortedam Gymnasium

### Directorships and other offices:

#### Private-sector directorships:

Wismann Property Consult A/S (member)  
K/S Ørebro & Haninge, Sweden (chairman of the board of directors)  
K/S Søborg Hovedgade 25-29, Gentofte (chairman of the board of directors)  
K/S Larsbjørnstræde 8 (chairman of the board of directors)  
K/S Skindergade 32, Fiolstræde 2 (member)

## Appendix 2

# *The Danske Bank Group's Remuneration Policy, March 2020 including the proposed amendments*

### **Purpose**

The remuneration policy of the Danske Bank Group ("the Group") applies to all Group employees. The Board of Directors has adopted the remuneration policy at the recommendation of the Remuneration Committee. The policy is subject to approval at the Annual General Meeting in March 2020, however when approved, the policy will apply to remuneration earned from 1 January 2020.

An overview of the Group's remuneration practice is available in the Remuneration Report at [danskebank.com](http://danskebank.com) from mid-March.

The policy and the Group's general incentive structures reflect the Group's objectives for good corporate governance as well as sustained and long-term value creation for shareholders. In addition, it ensures that

- the Group is able to attract, develop and retain high-performing and motivated employees in a competitive international market
- employees are offered a competitive and market aligned remuneration package making fixed salaries a significant remuneration component
- employees feel encouraged to create sustainable results
- there is a convergence of the interests of
  - shareholders, inclusive of Alternative Investment Funds managed by Alternative Investment Fund Managers and UCITS managed by management companies
  - customers and
  - employees

The policy and the Group's general incentive structures focus on ensuring sound and effective risk management through

- a stringent governance structure for setting goals and communicating these goals to employees
- alignment with the Group's business strategy, values, key priorities and long-term goals
- alignment with the principle of protection of customers, investors and Alternative Investment Funds managed by Alternative Investment Fund Managers ensuring prevention of conflict of interests
- ensuring that the total bonus pool does not undermine or endanger the Group's capital base by including the policy and incentive structures in the capital and liquidity planning and setting
- ensuring that incentives to take risk are balanced with incentives to manage risk and ensuring that remuneration is aligned to risk and actual performance

The policy and the Group's general incentive structures are consistent with the Group's long-term strategy including the overall business strategy, the risk strategy and the risk appetite across all risk types such as credit, market, operational, liquidity, reputational and other risks identified by the Group.

The policy and the Group's general incentive structures further ensure transparency in respect of the Group's reward strategy. As a main rule, individual performance agreements are entered into with employees comprised by incentive schemes. On the basis thereof said employees have clear and predetermined KPIs, which are set in accordance with the Group's overall strategy and applicable regulation. Further, transparency is ensured by the Group's disclosure of remuneration policies and information on paid remuneration to the authorities, by disclosure of the Annual Report and the yearly Remuneration Report. Finally, internally the Group has published bonus procedures and guidelines in which the Group's incentive schemes and procedures are described.

### **Corporate governance**

The Board of Directors has established a Remuneration Committee. The Remuneration Committee works as a preparatory committee for the Board of Directors and prepares the Board with respect to remuneration issues and monitors compliance with the remuneration policy. A description of the composition, tasks and authority of the Remuneration Committee is available in the Charter of the Remuneration Committee at [danskebank.com](http://danskebank.com).

Various control and compliance functions within the Group are involved in the process with regard to the implementation of the policy and incentive structures to ensure that risk, capital and liquidity limits are not exceeded. The Group's Risk Committee assesses whether the incentive structure is commensurate with the Group's risks, capital and liquidity and evaluates the probability and timing of the remuneration.

On the basis of the recommendation of the Remuneration Committee, the Board of Directors reviews, considers and approves the incentive structure for the coming year. The aggregate bonus spend which is made up of bonus accrued under said structures is approved once a year by the Board of Directors based on recommendation of the Remuneration Committee.

The Group has established effective control procedures in order to ensure that payment of variable remuneration is conducted in accordance with guidelines set by the Board of Directors, if any, applicable incentive structures and applicable regulation. The practices and procedures

with regard thereto are clear, well-documented and transparent, and the procedures are subject to at least one independent review annually by Internal Audit.

### Remuneration components

At least annually, during the performance and appraisal dialogues, the individual employees and managers evaluate and document performance in the past period/year and set new goals. Decisions on adjustment, if any, of the employee's fixed salary or on annual performance-based pay are made on the basis of these dialogues.

The five remuneration components are:

- fixed remuneration
- short-term and long-term, where applicable, performance-based remuneration (variable pay)
- pension schemes, where applicable
- other benefits in kind
- severance payment, where applicable

*The fixed remuneration* is determined on the basis of the role and position of the individual employee, including professional experience, seniority, education, responsibility, job complexity, local market conditions, etc. Fixed salary is payable mainly in cash but can in specific cases be payable partly in shares or other instruments as required by relevant legislation or the Group's policies.

*The performance-based remuneration* motivates, rewards and drives the right behaviour and performance according to set expectations for the employee, reflecting specific requirements for performance at the Group, business unit and individual levels. Hence, all incentive programmes in the Group include performance at all three levels, where relevant. The Group's incentive structures are overall divided into 1) Management programmes, 2) Capital Market/Asset Management programmes and 3) Employee programmes.

The Board of Directors has determined a maximum percentage of performance-based remuneration relative to the fixed remuneration in order to ensure an appropriate balance between fixed and variable pay. This percentage varies according to the type of position held by the employee and the business unit in which the employee is employed and local requirements. The maximum limit on variable remuneration remains at 200 per cent of fixed salary inclusive of pension. This level of variable remuneration will, in practice, apply only to a small minority of employees and be offered only to enable the Group to match market terms. The limit is reduced in jurisdictions where a lower maximum cap is required by applicable legislation. Most employees covered by incentive schemes have a cap on variable

pay at 25 per cent. Furthermore, certain employees and senior management are comprised by a variable pay limit of up to 50 per cent of the fixed salary, possibly inclusive of pension. Calculating the ratio between fixed and variable remuneration, institutions are, pursuant to applicable legislation, allowed to apply a discount rate of 25% subject to requirements for deferral and instruments. However, the Group does not apply this notional discount rate.

*Performance-based remuneration* may be disbursed as cash bonus, shares, share-based instruments, including conditional shares and other generally approved instruments, all on the basis of applicable local legislation. Where relevant and applicable, the Board of Directors has determined certain minimum thresholds according to which bonuses exceeding the thresholds shall be split into cash/shares or other adequate financial instruments. In accordance with the proportionality principle set forth in applicable regulation, the thresholds and the split vary within different business units and positions and are set according to the employees' impact on the specific risk profile, market practice within the business unit in question and in order to offer competitive remuneration packages. However, alignment of the interests of the employees, the Group, the customers and the shareholders, Alternative Investment Funds and/or UCITS managed by management companies is always ensured.

*Pension schemes* guarantee employees a basic cover in the event of critical illness or death and pension payments upon retirement. In general, employees are covered by mandatory defined contribution plans with a pension insurance company. The pension contributions of employees subject to collective bargaining agreements are regulated by the collective agreement. Further, pension schemes are construed and offered to employees in accordance with local practises and regulation.

Other *benefits* are awarded on the basis of individual employment contracts and local market practice. As a main rule, the Group has set guidelines in order to align benefits/routine packages offered to employees in various employment levels within the Group. The benefit offered to certain groups of employees could be mobile telephone, internet, newspaper, company car, health insurance and health checks, assistance from health providers and other benefits in kind, such as insurance cover and/or indemnification for costs related to the conduct of certain employees during the employment.

*Severance payments* are payable in accordance with relevant local legislation and applicable collective

agreements. The overall policy and agreements on severance pay are determined by Group HR and relevant control functions. Severance pay constitutes an appropriate compensation for early termination by the Group, is decided upon consideration of the individual's responsibility and decision-making powers and it is taken into account that it must not constitute a reward for failure. Normally, severance pay is linked to seniority, as employees earn entitlement to severance pay throughout their years of service. Most employees are entitled to severance pay solely pursuant to legislation or collective agreement. Under specific individual agreements, certain key employees are entitled to severance pay in addition to that pursuant to legislation or collective agreement of up to a maximum of 12 months' salary while certain managers (below Executive Leadership Team level) are entitled to a maximum of up to 24 months' salary.

For the avoidance of doubt and subject to applicable legislation and collective bargaining agreements, no severance payment agreed from 1 January 2015 onwards may include any variable remuneration, pension or other benefits. Further, unless otherwise required by law, collective agreements or agreements entered into prior to 1 January 2018, severance pay, inclusive of salary during a notice period, cannot exceed a total of two years' salary and benefits.

#### **Performance-based remuneration**

Performance-based remuneration is awarded in a manner which promotes sound risk management, includes ex-post risk adjustments and does not induce excessive risk-taking. This means that if the performance-based remuneration exceeds the minimum threshold determined by the Board of Directors the performance-based pay will be split in shares (or other instruments) and cash, part of which will be deferred in accordance with national legislation or Group's guidelines. Further, the default accrual period for short-term performance-based remuneration is one year. For a limited number of employees the accrual period is two years, while long-term incentive programmes may have an accrual period of up to three years. Further, the Group has established a governance for spot-bonus under which certain employees, not comprised by mandatory legislation stipulating otherwise, can be granted a bonus for extraordinary performance during a certain period.

Deferral varies on the basis of position, geography and amount, from three to seven years. Employees receiving performance-based remuneration over a certain threshold will have the part of the performance-based remuneration exceeding the threshold granted in conditional shares or other applicable instruments and

deferred for one to three years. For material risk takers, deferral is applied according to mandatory legislation and Group policies. The Executive Leadership Team is subject to at least five years' deferral.

The deferral period for other material risk takers has been assessed, the purpose being to ensure adequate ex-post risk adjustment according to applicable legislation. Given the nature of the business, the business cycle, its risks, the individual's activities and applied pay-out structures, including back testing and claw back provisions, a general deferral period of at least four years has been decided.

Non-disbursed performance-based components are subject to back testing (as a minimum for employees identified as material risk takers). Back testing criteria are determined by Group HR in accordance with applicable law.

Concerning all employees, disbursed as well as non-disbursed components are subject to claw back if granted on the basis of data which has subsequently proven to be manifestly misstated or inaccurate. Further, performance-based pay is awarded by ensuring

- an appropriate balance between fixed and performance-based components
- that the fixed component represents a sufficiently high proportion of the total remuneration to make non-payment of the performance-based component possible
- that no hedging of deferred shares takes place for employees who are identified as material risk takers
- that material risk takers cannot dispose of the share-based instruments for an appropriate period of time after transfer of the instruments to the risk taker

Performance-based pay is granted to reflect the Group's financial results, the result of the business unit (or the Alternative Investment Fund Managers/Management Companies) in which the employee is employed and the individual employee's performance. As a minimum, this applies to material risk takers. Further, both financial and non-financial factors shall be taken into consideration when determining the individual's bonus, i.e. compliance with the Group's core values, internal guidelines and procedures, including customer and investor related guidelines. A discretionary assessment is always made to ensure that other factors - including factors which are not directly measurable - are considered.

Performance-based pay must be based on an assessment of the Group's results and a number of KPIs reflecting the Group's key strategic priorities. Dependant on the field of employment, the Group sets

and uses an appropriate balance of absolute, relative, internal and external KPIs, balancing short-term and long-term goals. Risk KPIs are further applied to ensure a strong risk management and compliance culture, facilitating the Group's commitment to integrity. KPIs cover quantitative and qualitative criteria, such as

- return on equity
- cost/income ratio and/or other cost related measures
- customer satisfaction
- relative performance against peers
- observance of the Group's core values and delivery on the Essence of Danske Bank Group
- compliance with legislation and/or internal business/conduct procedures
- performance which supports the strategy of the business unit and/or the Group
- expected loss or similar risk measures
- innovation
- observance of the Group's and business units' risk management and compliance culture
- leadership/employee engagement

A qualifying mechanism may be installed to ensure, performance based pay lapses in general, if the Group is loss bearing during a year. Further, if individual beneficiaries act in conflict with behavioural expectations, e.g. misconduct, the Executive Leadership Team, subsequently the Group's Remuneration Committee may reduce any earned bonus partly or in full.

Long-term performance-based incentives (LTI) can be applied to certain employees. The LTI can be related to other/additional criteria, such as creation of shareholder value, that is, the remuneration is based on a rolling 3-year performance on total shareholder return against peers.

Further, the KPIs are designed to prevent conflicts of interest and thus ensure that employees are remunerated in alignment with serving the best interest of all stakeholders, inclusive of customers. Employees are not incentivised to sell specific products to customers if other products would serve the customers better or be more suitable for the customer in accordance with best practice, customer analyses, etc. Where applicable, the Group has implemented a prohibition of employees being remunerated on sale of specific products.

#### **Sign-on fixed pay, stay-on and guaranteed bonus**

Sign-on fixed pay as well as stay-on and guaranteed variable pay are granted only in exceptional cases, and will be assessed by the head of the business unit in

question and Group HR. The mentioned components will be used only to attract or retain highly specialised individuals or on executive level. Such pay may not exceed one year's gross salary inclusive of pension, benefits and fixed supplements. Sign-on fixed pay can be paid in cash or in a split between cash/shares and is, according to applicable legislation, as a main rule conditional on the employee not resigning within a given period of time after the pay.

Any sign-on pay to material risk takers is agreed in connection with the employment of the material risk taker and is not granted for periods longer than one year.

Sign-on, stay-on or guaranteed variable pay are subject to and paid in accordance with relevant legislation applicable for both Group and for local entities subject to national legislation.

#### **Diversity and equal pay**

An employee's total remuneration package is determined on the basis of the role and position of the individual employee, professional experience, seniority, education, responsibility, job complexity, local market conditions, the results of the Group, the business unit in which the employee is employed and the individual's performance, etc.

The Group has for several years adopted a strategy and policy on Diversity and Inclusion which can be found at [danskebank.com](https://www.danskebank.com). The objectives of that Policy imply that the remuneration of individuals is set with no regard to gender, race, ethnic origin, political views, sexual orientation, age or other discriminatory factors. The Group constantly strives to promote equality within the Group both with respect to employment, career development, promotions, equal pay etc. This implies that to overcome gender pay gaps, the Group does not focus only on pay but more broadly on diversity and inclusion to ensure a more even distribution of women in particularly higher managerial positions and in positions within professional areas with higher market remuneration levels. The Group has implemented numerous initiatives to achieve its ambitions within diversity and equal pay and regularly performs internal reviews in order to ensure that the Group lives up to the set strategy and targets. Further information on this can be found in the Corporate Responsibility report at [danskebank.com](https://www.danskebank.com).

#### **Non-employees of the Group**

When cooperating with non-employees of the Group, such as agents, independent contractors/consultants, temporary workers from temp agencies etc., the Group strives to ensure that the terms and conditions in the

contract lives up to the Group's business and risk strategy, long-term interest of the Group, core values, avoid conflict of interests and does not encourage excessive risk-taking or the mis-selling of products. Accordingly, as an overall starting point non-employees are remunerated with a fixed hourly fee or a fixed project fee and do not receive variable pay. In alignment with the above set criteria Head of Procurement can in extraordinary and exceptional cases decide to deviate from fixed remuneration and agree on project bonuses etc. However, in any and all cases such bonus shall respect the criteria above and may not reward any kind of failure or misconduct/non-compliance with Group policies on behalf of the non-employee.

#### **Material risk takers and control functions**

The remuneration of material risk takers and employees in control functions is subject to specific conditions laid down in applicable national legislation, EU rules and relevant guidelines.

Once a year, subject to the policy of conducting an annual assessment process, where applicable on a consolidated, sub-consolidated and individual institution basis, the Board of Directors designates employees in the Group's internal control functions and employees who are material risk takers.

In accordance with the regulations applicable, the designation of material risk takers is made subject to internal criteria set by the Board of Directors and local Remuneration Committees and regulatory qualitative and quantitative criteria. Members of the Executive Leadership Team and the Board of Directors are appointed material risk takers on an ongoing basis.

To the extent control functions are comprised by incentive schemes, the Group ensures that control functions are remunerated for delivering their best performance in the specific role and that the variable remuneration does not compromise employees' objectivity and independence.

#### **Remuneration comprised by other special regulation**

Special legislation regulates the Alternative Investment Fund Managers within the Group. Performance-based remuneration to any such employees is created in order to ensure compliance with regulation within this area.

Under some conditions, incentives in the form of carried interest payable from such Alternative Investment Funds to the Alternative Investment Fund Managers, including Danske Private Equity, are exempted from this

Remuneration Policy and are paid in accordance with applicable legislation.

The assessment of performance of Alternative Investment Fund Managers is set in a multi-year framework appropriate to the life-cycle of the Alternative Investment Funds managed by the Alternative Investment Fund Manager. This is done in order to ensure that the assessment process is based on longer-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the life cycle of the Alternative Investment Funds it manages. Further, their investment risks are also taken into consideration.

Some functions within the Group are comprised by other special regulations, and performance agreements covering employees in such functions are construed in accordance with applicable mandatory law, including, but not limited to, MiFID II, UCITS, IDD, etc.

Finally, to the extent bonus is agreed on in collective agreements between the Group or employer organisations and unions, any such agreements will, to the extent necessary, be exempted from this policy in accordance with EU and national legislation.

#### **Remuneration of the Executive Leadership Team**

The remuneration of the Executive Leadership Team is intended to ensure the Group's continued ability to attract and retain the most qualified Executive Leadership Team members. In connection with the annual assessment of the remuneration of the Executive Leadership Team, developments in market practice are assessed.

The Remuneration Committee makes recommendations on adjustments of the remuneration of the Executive Leadership Team members to the Board of Directors. The remuneration of the Executive Leadership Team may consist of fixed salary and supplements, fixed salary payable in shares short-term and long-term incentive programmes and pension schemes (as a main rule the Executive will be comprised by a Group pension scheme according to which a fixed percentage of the salary will be paid into the collective pension scheme entitling the Executive to appropriate pension payment upon retirement). Subject to individual agreement, members of the Executive Leadership Team are also entitled mobile telephone, internet, newspaper, company car, health insurance and health checks, assistance from health providers and other benefits in kind, including

safe boxes and security facilities installed at the private addresses of the Executive as deemed necessary by the Board of Directors in order to protect the individual Executive and to safeguard the interests of Danske Bank and its customers. The Company will pay all costs associated with the above security facilities, including tax, if necessary, instalment of equipment, monthly fees etc. Further, members of the Executive Leadership Team could be offered insurance cover and/or indemnification for costs related to the conduct during the employment.

As a main rule, the Executive Leadership Team members are entitled to a notice period upon termination from the Group of 18 months, and to terminate their own position with a notice of 9 months (12 months for the CEO). During such notice period, the Executive Leadership Team members are only entitled to full salary and benefits to the extent the Executive does not obtain other income during the notice period. The members of the Executive Leadership Team are not entitled to severance pay.

The performance of Executive Leadership Team members is assessed once a year based on written performance agreements in accordance with the above described criteria containing both financial and non-financial KPIs. The yearly performance-based remuneration to members of the Executive Leadership Team cannot exceed the limit of 50 per cent of the yearly gross salary exclusive of pension, however, subject to applicable legislation. The Annual Report specifies the Executive Leadership Team remuneration. For further information on remuneration of the Executive Leadership Team please refer to [danskebank.com](http://danskebank.com).

In order to ensure alignment of the CEO's and Danske Bank Group's strategic goals and long-term objectives, Danske Bank Group has a requirement that the CEO must own shares in the Group corresponding to a value of approximately DKK 2 million.

#### **Remuneration of the Board of Directors**

Members of the Board of Directors of the Group receive a fixed fee. Board members are not covered by incentive programmes and do not receive performance-based remuneration. The fees are set at a level that is market aligned and reflects the qualifications and competencies required in view of the Group's size and complexity, the responsibilities and the time the Board members are expected to allocate to discharge their obligations as Board members, including responsibilities as members of sub-committees. No pension contributions are payable on Board members' fees.

The fee of the individual Board member is specified in the Annual Report.

In addition to the Board of Directors' fixed fees to members of the Board of Directors and Committees, Danske Bank may pay social duties and similar taxes levied by foreign authorities in relation to the directors' fees. Danske Bank may also pay any outlays and travel expenses incurred in connection with a director's discharge of his or her duties as a member of the Board of Directors. Danske Bank may pay costs associated with carrying out the position as Board member such as telephone and securities facilities and Danske Bank may refund potential tax consequences thereof. Further, members of the Board of Directors could be offered insurance cover and/or indemnification for costs related to the conduct during the employment.

Based on the recommendation of the Remuneration Committee, the Board of Directors submits proposals for remuneration of the members of the Board of Directors to the Annual General Meeting for approval every year.

#### **Miscellaneous**

To the extent legally acceptable under applicable law, the Board of Directors may deviate from this policy in individual cases, if justified by extraordinary and exceptional circumstances.

Some entities and units within the Group have remuneration policies and guidelines that apply in addition to the Group's remuneration policy. Such entities may implement policies that deviate from the Group policy in order to meet local requirements and practises, for example to set different caps for variable remuneration, to extend periods of deferral for variable remuneration or to apply access or restrictions regarding the use of instruments. However, if employees in any such entity have a significant impact on the Group's risk profile, the Group will ensure that the variable remuneration to any such employees fulfils the requirement set out in this policy and applicable legislation. Any material deviations from this policy must be reported to the owner of the policy.

Once a year at [danskebank.com](http://danskebank.com), the Group discloses information on the Group's remuneration practices and the remuneration to individual members of the Board of Directors and the Executive Leadership Team and on aggregate level for other material risk takers.

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