

# Charter of the Risk Committee

Danske Bank A/S  
CVR no. 61 12 62 28

## **1. Scope and objective**

- 1.1 This Charter lays down the responsibilities of the Risk Committee of Danske Bank A/S.
- 1.2 The Risk Committee works as a preparatory committee for the Board of Directors with respect to the risk management of Danske Bank and thereto-related matters and other matters, which the Board of Directors may want to have examined by the Risk Committee, excluding financial crime risk and conduct risk, which falls under the remit of the Conduct & Compliance Committee. Any delegation to the Risk Committee shall not amend the authority or responsibility of the Board of Directors.

## **2. Members**

- 2.1 The Risk Committee consists of no less than three members of whom the majority shall be independent. The Chairman of the Risk Committee is elected by the Board of Directors from amongst the independent members of the Risk Committee. The Chairman of the Board of Directors or any other committee may not also be Chairman of the Risk Committee.
- 2.2 The Risk Committee as a whole shall have the requisite experience, knowledge, qualifications and competencies concerning risk management and control practices, which are individually and collectively required to understand and monitor Danske Bank Group's risks.

## **3. Meetings**

- 3.1 Meetings are held as often as the Chairman of the Risk Committee considers necessary subject to a minimum of six meetings annually. Any member of the Risk Committee and the Chief Risk Officer can request a meeting of the Risk Committee.
- 3.2 Meetings of the Risk Committee shall be held physically at the offices of Danske Bank or at another venue designated by the Chairman of the Risk Committee. Meetings of the Risk Committee may also be held virtually or as hybrid meetings when considered appropriate, or necessary, by the Chairman of the Risk Committee.
- 3.3 The Chief Risk Officer shall attend meetings of the Risk Committee unless otherwise instructed by the Risk Committee. Members of the Executive Leadership Team, relevant employees of Danske Bank and other subject matter experts shall participate in meetings of the Risk Committee at the request of the Risk Committee.

- 3.4 In order to ensure the autonomy and objectivity of the Risk Committee, the Risk Committee shall hold discussions without the attendance of the members of the Executive Leadership Team, cf. the principle set out in Clause 6.1 of this Charter.
- 3.5 The Company Secretariat shall prepare the agenda under the supervision of the Chairman of the Risk Committee and in consultation with the Chief Risk Officer.
- 3.6 The Risk Committee forms a quorum when half of its members are present.
- 3.7 Resolutions by the Risk Committee shall be passed by simple majority. In case of equality of votes, the Chairman of the Risk Committee shall have a casting vote.
- 3.8 The Company Secretariat shall prepare and keep minutes of the business transacted at meetings of the Risk Committee.
- 3.9 The Chairman of the Risk Committee shall as soon as possible, and if practically possible no later than ten working days after a meeting, receive the draft minutes.

#### **4. Tasks of the Risk Committee**

##### **4.1 General**

- 4.1.1 The Risk Committee shall review, consider and/or make recommendations to the Board of Directors on:
  - (a) Danske Bank's risk strategy, risk tolerance, incl. statements and limits where applicable, and risk appetite, which the Board of Directors considers acceptable for Danske Bank keeping in mind current and potential future risks and the operating environment;
  - (b) Danske Bank's enterprise risk management policy;
  - (c) Danske Bank's risk culture;
  - (d) Danske Bank's position in relation to regulatory risk management requirements and best practice in risk matters; and
  - (e) The adequacy and effectiveness of Danske Bank's risk management framework, which shall cover principles, policies, guidelines, instructions, methodologies, models, systems, processes, procedures, people skill-sets, controls, and resources.

- 4.1.2 The Risk Committee shall assist the Board of Directors in overseeing the implementation of the risk strategy and the corresponding tolerances and limits set.
- 4.1.3 The Risk Committee shall assist the Board of Directors in overseeing the risk assessments and impact of Danske Bank's strategies.
- 4.2 Capital, liquidity and general risk management
  - 4.2.1 The Risk Committee shall monitor and make recommendations to the Board of Directors on the annual internal capital adequacy assessment process (the ICAAP), macroeconomic scenarios for stress testing and internal liquidity adequacy assessment process (the ILAAP). As part of this process, the Risk Committee shall:
    - (a) review and make recommendations to the Board of Directors on the adequacy of the capital resources and liquidity of Danske Bank in particular with respect to the regulatory total capital, which must be sufficient in size, type and composition to match the risk profile of Danske Bank;
    - (b) on a continuous basis and at least annually assist the Board of Directors in assessing the solvency needs of Danske Bank together with the Executive Leadership Team; and
    - (c) review and make recommendations to the Board of Directors on the covered bonds guidelines.
  - 4.2.2 The Risk Committee shall:
    - (a) review and make recommendations to the Board of Directors on the overall leverage risk of Danske Bank to ensure that it is adequate; and
    - (b) at least annually, review and make recommendations to the Board of Directors on the capital policy.
  - 4.2.3 The Risk Committee shall at least annually review and make recommendations to the Board of Directors on a recovery plan for Danske Bank.
  - 4.2.4 The Risk Committee shall at least annually review and make recommendations to the Board of Directors on an operational resilience framework including business continuity management.

- 4.2.5 The Risk Committee shall at least annually review and make recommendations to the Board of Directors on the third party risk management policy, relevant material outsourcing agreements and a report on critical or important outsourcing arrangements.
- 4.2.6 The Risk Committee provides the Board of Directors with an overview of the framework for risk management in Danske Bank and continuously overseeing significant developments and maintaining adherence to limits, assessing and at least annually presenting recommendations to the Board of Directors on Danske Bank's risk profile, risk policies and limits for:
- (a) Strategic risk;
  - (b) Credit risk;
  - (c) Market risk;
  - (d) Liquidity risk;
  - (e) Life Insurance risk;
  - (f) Non-financial risk (including operational, legal, IT/technology and data risks); and
  - (g) other material risks, including sustainability risks and reputational risk, .
- 4.2.7 The Risk Committee shall at least annually consider and, if relevant, present recommendations to the Board of Directors on:
- (a) the use of internal models, including systems to classify customers and/or relevant models as may be relevant, for the purpose of calculations and estimations required to make statements about the solvency needs of Danske Bank; and
  - (b) The staff resources in terms of both numbers and competencies in risk management control functions with a view to assess if the allocated resources are adequate and sufficient to ensure satisfactory operation of Danske Bank.
- 4.2.8 All material applications to supervisory authorities for the use of internal models shall be considered by the Risk Committee prior to submission of such applications.

- 4.3 Credit risks
  - 4.3.1 The Risk Committee shall continuously review and at least annually provide the Board of Directors with the total credit exposure of credit portfolios with either significant volume, new, or enhanced credit risk as agreed from time to time.
  - 4.3.2 The Risk Committee shall on an ongoing basis make recommendations to the Board of Directors on any exposure towards a member of the Board of Directors or the Executive Leadership Team and their Persons Closely Associated and at least annually make recommendations in the form of periodic reviews of these individuals total exposures towards Danske Bank.
  - 4.3.3 The Risk Committee shall on the request from the Chief Risk Officer discuss and make recommendations to the Board of Directors on unusual and/or particularly difficult credit exposures.
  - 4.3.4 Exposures on the Board of Directors watch-list exceeding DKK 750m shall be reviewed annually by the Risk Committee.
  - 4.3.5 The Risk Committee shall at least annually review an aggregated report on ESG risks incl. a list of material ESG cases and present it to the Board of Directors.
- 4.4 Impairment levels
  - 4.4.1 The Risk Committee shall continuously review and advise the Audit Committee and the Board of Directors on the credit impairment levels of Danske Bank.
- 4.5 Material products and services
  - 4.5.1 The Risk Committee shall ensure that the products and services offered by Danske Bank are in accordance with the business model and risk profile and that the returns on the products and services cover the risks through the economic cycle.
- 4.6 Incentive programmes
  - 4.6.1 The Risk Committee shall, without prejudice to the tasks of the Remuneration Committee, consider Danske Bank's incentives programmes to ensure compensation programmes do not incite excessive behaviours and review their efficiency and effectiveness from a risk perspective.

4.7 Subsidiaries

- 4.7.1 The Risk Committee shall undertake the task as risk committee for subsidiaries of Danske Bank provided that for such subsidiary (i) a risk committee is required by law or follows from applicable corporate governance recommendations and (ii) the board of directors of the subsidiary has not already appointed a separate risk committee.
- 4.7.2 Notwithstanding Clause 4.7.1, the Risk Committee shall ensure that it receives regular reporting from the CRO on risks in material subsidiaries of Danske Bank.

**5. Policies**

- 5.1 The Risk Committee shall review and make recommendations to the Board of Directors on Board owned policies concerning the risk management of Danske Bank and thereto-related matters.

**6. Conflicts of interest**

- 6.1 A member of the Risk Committee may not take part in the consideration of matters in which the member has a material interest, whether directly or indirectly, which may conflict with the interests of Danske Bank.
- 6.2 The Risk Committee shall avoid engaging the same external advisers as the Executive Leadership Team on risk specific matters where conflicts of interest may arise.

**7. Disclosure**

- 7.1 The number of Risk Committee meetings held during the year is disclosed on Danske Bank's website together with the names of the Risk Committee members, their attendance at Risk Committee meetings, special qualifications and independence status.

**8. Miscellaneous**

- 8.1 This Charter may be amended by a simple majority of the Board of Directors.
- 8.2 The Risk Committee must conduct an annual review of its compliance with this Charter as well as the quality and frequency of the information which it receives.
- 8.3 The Risk Committee must conduct an assessment of its own effectiveness and competencies against this Charter.

- 8.4 For the avoidance of doubt, the procedural rules set out in the Rules of Procedure of the Board of Directors and the Executive Leadership Team shall apply with the necessary changes.

Approved by the Board of Directors of Danske Bank A/S on 8 December 2023.