

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 obligations and authority of the Risk Committee of Danske Bank.

1.2 The Risk Committee works as a preparatory committee for the Board of Directors in respect of the risk management of Danske Bank and thereto related matters. Any delegation to the Risk Committee shall not amend the authority or responsibility of the Board of Directors.

2 Constitution and members

2.1 The Risk Committee consists of no less than three members of the Board of Directors, who must all have the requisite knowledge, qualifications and competences to understand and monitor Danske Bank's risks.

2.2 The Chairman of the Risk Committee is elected by the Board of Directors among the members of the Risk Committee.

3 Meetings

3.1 Frequency, participation and agenda

3.1.1 Meetings are held as often as the Chairman of the Risk Committee considers necessary subject to a minimum of four meetings annually. The Chief Risk Officer and any member of the Risk Committee can request a meeting of the Risk Committee, if the said persons consider it necessary.

3.1.2 The Chief Risk Officer shall attend meetings of the Risk Committee unless otherwise instructed by the committee. Other members of the Board of Directors, the Executive Board and relevant employees of Danske Bank shall participate in meetings of the Risk Committee at the request of the committee.

3.1.3 The Chairman of the Risk Committee shall prepare the agenda in consultation with the Chief Risk Officer and the Secretary to the Board of Directors. The agenda for each committee meeting will be issued to each committee member within reasonable time, which may be shortened by the Chairman of the Risk Committee from time to time, prior to that meeting. At the same time, relevant material shall be distributed to the members.

3.2 Quorum

3.2.1 The Risk Committee forms a quorum when half of its members are present.

3.2.2 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.

3.3 Minutes

3.3.1 The Secretary to the Board of Directors shall prepare and keep minutes of the businesses transacted at meetings of the Risk Committee.

3.3.2 Copies of the minutes shall be sent to all members of the Board of Directors and, if practically possible, considered at the first meeting of the Board of Directors subsequent to

the meeting of the Risk Committee. If the minutes are not yet available, the Chairman of the Risk Committee shall give a summary of the business transacted at the Risk Committee meeting and the minutes shall be submitted to the Board of Directors for information at the following meeting of the Board of Directors.

4 Secretarial tasks and other assistance

4.1 The Secretariat of the Board of Directors shall act as secretariat for the Risk Committee.

4.2 To the extent necessary, the Risk Committee may seek assistance from employees of Danske Bank.

4.3 The Risk Committee may engage external legal and other expert advisers as it deems necessary to carry out its tasks. The Risk Committee shall avoid engaging the same external advisers that assist the Executive Board.

5 Tasks of the Risk Committee

5.1 Purpose

5.1.1 The purpose of the Risk Committee is to advise the Board of Directors on:

- (a) Danske Bank's risk strategy and risk appetite being the extent and types of risks 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 risk culture.
- (c) Danske Bank's position in relation to regulatory requirements and best practice in risk matters.
- (d) The adequacy and effectiveness of Danske Bank's risk management framework which shall cover principles, policies, guidelines, instructions, methodologies, systems, processes, procedures and people.

5.1.2 The Risk Committee shall assist the Board of Directors in overseeing the implementation of the risk strategy.

5.2 Capital, liquidity and general risk management

5.2.1 The Risk Committee shall monitor, consider and present recommendations to the Board of Directors on the internal capital adequacy assessment process of Danske Bank (the ICAAP process) and liquidity needs. As part of this process the Risk Committee shall:

- (a) Monitor 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 once annually assist the Board of Directors in assessing the solvency needs of Danske Bank together with the Executive Board.
 - (c) Review and make recommendations to the Board of Directors on the annual ICAAP and internal liquidity adequacy assessment process (ILAAP) reports.
- 5.2.2 The Risk Committee shall:
 - (a) Monitor and make recommendations to the Board of Directors on the overall leverage risk of Danske Bank to ensure that it is adequate.
 - (b) At least once annually review and make recommendations to the Board of Directors on the leverage policy.
- 5.2.3 The Risk Committee shall at least once annually review and make recommendations to the Board of Directors on a recovery plan for Danske Bank.
- 5.2.4 The Risk Committee shall at least annually review and make recommendations to the Board of Directors on a business continuity plan.
- 5.2.5 The Risk Committee provides the Board of Directors with an overview of the framework for risk management in Danske Bank. This includes the task to continuously assess and at least once annually present recommendations to the Board of Directors on Danske Bank's risk profile, risk policies and limits for:
 - (a) Operational risk excluding compliance and anti-money laundering risk;
 - (b) credit risk;
 - (c) market risk;
 - (d) liquidity risk; and
 - (e) other material risk, including reputational risk, associated with Danske Bank's strategy, banking and financial business activities and other operations.
- 5.2.6 The Risk Committee shall at least once annually consider and, if relevant, present recommendations to the Board of Directors on:
 - (a) The use of internal models, including systems to classify customers (Danske Rating) 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 both in terms of numbers and competences 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.

- 5.2.7 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.
- 5.3 Credit risks
- 5.3.1 The Risk Committee shall continuously and at least once annually consider and present recommendations to the Board of Directors on total credit exposure of credit portfolios with either significant volume or enhanced credit risk as agreed from time to time.
- 5.3.2 Exposures on the Board of Directors watch-list exceeding DKK 750 million shall be reviewed annually by the Risk Committee.
- 5.4 Impairment levels
- 5.4.1 The Risk Committee shall continuously review and advise the Audit Committee and the Board of Directors on the credit impairment levels of Danske Bank on the basis of information received from the Executive Board.
- 5.5 Products and services
- 5.5.1 The Risk Committee shall ensure that the products and services offered by Danske Bank, including the pricing of these, are compliant with the business model and risk profile. In case of non-compliance, the Risk Committee shall present a remedy plan to the Board of Directors based on a draft prepared by the Executive Board.
- 5.6 Incentive programmes
- 5.6.1 The Risk Committee shall, without prejudice to the tasks of the Remuneration Committee, consider Danske Bank's incentives programmes to ensure that risk, capital, liquidity and the likelihood and timing of earnings are taken into account.
- 5.7 Subsidiary companies
- 5.7.1 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 the subsidiary has not already appointed a separate risk committee.
- 5.7.2 The Risk Committee shall on group level monitor the composition, tasks and general competences of other credit and/or risk committees, if any, within Danske Bank and ensure a constructive dialogue and cooperation. This shall be based on reports received from subsidiaries to the Risk Committee.
- 6 Reporting**
- 6.1 The Risk Committee reports and makes recommendations to the Board of Directors on the matters set out in this Charter.
- 6.2 The Risk Committee's recommendations are documented in the minutes of the committee meeting and reported to the Board of Directors, cf. Clause 3.3.2.
- 7 Disclosure**
- 7.1 The activities, meeting frequency and attendance rate of members of the Risk Committee

during the year are disclosed in the annual report and/or on the website of Danske Bank.

8 Amendments

8.1 This Charter may at all times be amended by a simple majority of the Board of Directors.

8.2 The Risk Committee must conduct an annual review of its performance and of this Charter with the purpose of assessing if the Charter is adequate and compliant. Any amendments of the Charter are subject to approval by the Board of Directors.

9 Applicability to Danske Bank

Where applicable based on the specific content, a reference to “Danske Bank” shall be construed as referring to and including all companies in the Danske Bank group, and otherwise to Danske Bank A/S.

Approved by the Board of Directors of Danske Bank A/S on 22 June 2016.