

Charter of the Audit 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 Audit Committee of Danske Bank.
- 1.2 The Audit Committee works as a preparatory committee for the Board of Directors with respect to accounting and auditing matters, including risk matters relating thereto, compliance and anti-money laundering matters and other matters which the Board of Directors may wish to have examined by the Audit Committee. Any delegation to the Audit Committee shall not amend the authority or responsibility of the Board of Directors.

2 Constitution and members

- 2.1 The Audit Committee consists of no less than three members of whom the majority shall be independent and at least one member shall have accounting or audit qualifications. The committee as a whole shall have competencies relevant to the financial sector.
- 2.2 The Chairman of the Audit Committee is elected by the Board of Directors among the members of the Audit Committee. The Chairman of the Board of Directors may not be Chairman of the Audit Committee.

3 Meetings

- 3.1 Frequency, participation and agenda
 - 3.1.1 Meetings are held as often as the Chairman of the Audit Committee considers necessary subject to a minimum of four meetings annually. Any member of the Audit Committee, the Chief Audit Executive and/or the external auditor can request a meeting with the Audit Committee if either considers it necessary.
 - 3.1.2 Other members of the Board of Directors, the Executive Board, the Chief Audit Executive, external auditor and relevant employees of Danske Bank shall participate in meetings of the Audit Committee at the request of the committee. The Audit Committee shall meet with the external auditor and the Chief Audit Executive respectively at least once annually without members of the Executive Board being present.
 - 3.1.3 The Secretary to the Board of Directors shall under the supervision of the Chairman of the Audit Committee prepare the agenda in consultation with the Chief Audit Executive and the Chief Financial Officer. The agenda for each committee meeting will be issued to the committee members within reasonable time, which may be shortened by the Chairman of the Audit Committee from time to time, prior to that meeting. At the same time relevant material is distributed to the members.
- 3.2 Quorum and resolutions
 - 3.2.1 The Audit Committee forms a quorum when half of its members are present.
 - 3.2.2 Resolutions by the Audit Committee shall be passed by simple majority. In case of equality of votes, the Chairman of the Audit Committee shall have a casting vote.

3.3 Minutes

3.3.1 The Secretary to the Board of Directors prepares and keeps minutes of the businesses transacted at meetings of the Audit Committee.

3.3.2 Copies of the minutes are 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 Audit Committee. If the minutes are not yet available, the Chairman of the Audit Committee shall give a summary of the business transacted at the Audit 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 serve as secretariat for the Audit Committee.

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

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

5 Tasks of the Audit Committee

5.1 Financial reports

5.1.1 The Audit Committee shall monitor, consider and make recommendations to the Board of Directors on the financial reports including the process leading to the issuance of such reports and its integrity. In connection thereto, the Audit Committee shall engage in dialogue with the external auditor. The Audit Committee shall as part hereof consider:

- (a) Accounting principles and practices, including compliance with applicable accounting standards and other legal requirements.
- (b) Significant accruals and valuations largely based on estimates.
- (c) Material or extraordinary transactions that affect the financial statements, including the level of materiality.
- (d) Clarity and completeness of disclosure.
- (e) Material adjustments as a result of audits.
- (f) Income tax status and related assets and liabilities.
- (g) Transactions with related parties relating to transfer pricing.
- (h) Outlook statements and the basis hereof.

- 5.1.2 At least once annually, the Audit Committee shall review the accounting principles applied including with respect to impairments, financial instruments, goodwill, obligations in terms of insurance contracts, defined benefit plans, deferred taxes and properties.
- 5.1.3 The Audit Committee shall consider, monitor and make recommendations to the Board of Directors on the credit impairment procedures and accounting treatments for impairments of Danske Bank. The Audit Committee shall also consider impairment levels generally based on reviews undertaken by the Risk Committee.
- 5.2 Risk management
- 5.2.1 The Audit Committee shall monitor, consider and present recommendations to the Board of Directors on:
- (a) The risks associated with financial reporting and presentation of financial reports;
 - (b) the effectiveness of internal control, notably with respect to financial reporting; and
 - (c) the effectiveness of the risk management systems within Danske Bank, notably with respect to financial reporting.
- 5.2.2 The Audit Committee shall follow up on cases that may involve fraud.
- 5.3 Group Internal Audit
- 5.3.1 The Audit Committee shall monitor the internal audit function and process, and as part hereof:
- (a) Prepare recommendations to the Board of Directors on the appointment or dismissal of the Chief Audit Executive and the Deputy Chief Audit Executive(s), if any.
 - (b) Continuously monitor the independence, objectivity and competence of the Chief Audit Executive and the Deputy Chief Audit Executive(s), if any, the resources and capabilities of Group Internal Audit.
 - (c) Ensure that an annual appraisal of the Chief Audit Executive is carried out by the Chairman of the Audit Committee.
 - (d) Ensure that Group Internal Audit focuses on all areas of Danske Bank that involve particular risks in relation to operational and compliance risk.
 - (e) Receive and review reporting on activities, observations and conclusions of the Chief Audit Executive through entry in the Chief Audit Executive's long-form audit report and other reports and materials.
 - (f) Review and assess Group Internal Audit's budget for the coming year to evaluate if Group Internal Audit has adequate resources to audit Danske Bank to be approved by the Board of Directors.

- (g) Present recommendations to the Remuneration Committee and the Board of Directors on the remuneration of the Chief Audit Executive.
- (h) Receive and review information on the audit plan of Group Internal Audit for the coming year prior to approval by the Board of Directors.
- (i) Monitor remedial actions required to address audit observations, and receive reports on any outstanding observations.
- (j) Commission external independent assessments of the effectiveness of Group Internal Audit and determine the frequency of such assessments.

5.4 External auditor

5.4.1 The Audit Committee shall monitor the external audit, and as part hereof

- (a) Prepare and submit recommendations to the Board of Directors for the appointment, of the external auditor of Danske Bank at the annual general meeting, inter alia in accordance with 5.4.2.
- (b) Monitor the independence, objectivity and competences of the appointed external auditor with a special focus on non-audit services provided by the external auditor.
- (c) Prepare and submit recommendations to the Board of Directors on the terms of engagement and fees of the external auditor.
- (d) Review and consider guidelines or policies for non-audit services.
- (e) Investigate the circumstances of resignation of the external auditor and make recommendations on steps deemed to be required in consequence thereof.
- (f) Receive and review reporting on significant activities, observations and conclusions of the external auditor through entry in the external auditor's long-form audit report and other reports and materials.
- (g) Ensure an effective and satisfactory coordination and dialogue between the external auditor, Group Internal Audit and the Executive Board.
- (h) Receive and review information on the external auditor's audit plan for the coming year.

5.4.2 If the Audit Committee recommends the appointment of a new external auditor, the Audit Committee shall as part hereof:

- (a) Prepare and be responsible for a selection procedure in accordance with Regulation no. 537/2014 of 16 April 2014.
- (b) Prepare a recommendation containing at least two proposals for a new external auditor with a reasoned preference for one of them. In its recommendation, the Audit

Committee shall state that its recommendation is free from influence by any third parties and that no clause restricting the choice by the general meeting to certain statutory auditors has been imposed.

5.5 Compliance and anti-money laundering

5.5.1 The Audit Committee shall on a regular basis monitor and consider Danske Bank's systems and processes to ensure compliance with rules and regulations applicable to Danske Bank and examine the anti-money laundering control framework of Danske Bank. This shall be based on reports from Group Compliance and Group Internal Audit.

5.5.2 The Audit Committee shall oversee communication with financial supervisory authorities and follow-up on all orders issued by financial supervisory authorities. Once annually the Audit Committee shall prepare and present to the Board of Directors a report on all orders imposed by the Danish Financial Supervisory Authority and other authorities and on all orders outstanding from previous year.

5.6 Whistleblower scheme

5.6.1 The Audit Committee shall monitor and consider the effectiveness of the whistleblower scheme in Danske Bank. As part hereof the Audit Committee shall ensure that the employees and other relevant stakeholders have the opportunity to, in full confidence, express their concerns about possible incorrect financial reporting and other suspected wrongdoings relating to Danske Bank and that the reported cases are handled expediently and followed through.

5.7 Subsidiary companies

5.7.1 The Audit Committee shall on group level monitor the composition, tasks and general competences of other audit committees within Danske Bank and ensure a constructive dialogue and cooperation. This shall be based on reports received from subsidiaries to the Audit Committee.

5.7.2 Based on an annual report received from the chairman of the audit committee of each subsidiary, the Audit Committee monitors and considers key issues materially affecting the Danske Bank group.

5.7.3 The report referred to in Clause 5.8.2 shall include a self-assessment from each audit committee within Danske Bank stating that the committee in question has carried out its duties.

6 Reporting

6.1 The Audit Committee reports and makes recommendations to the Board of Directors on the matters set out in this Charter.

6.2 The Audit 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 and meeting frequency of the Audit Committee during the year are disclosed in the annual report and on the website of Danske Bank together with the names of the committee members.

8 Amendments

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

- 8.2 The Audit Committee must conduct an annual review of its performances 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

- 9.1 Where applicable based on the specific content, a reference to the “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 29 September 2016.