

Guidelines for performance based pay for Danske Bank's management team 2019

Performance based programmes for the members of the Executive Board

Performance based pay for members of the Executive Board is determined in accordance with the Group's Remuneration policy, which is approved at the Annual General Meeting.

Performance based pay to members of the Executive Board includes short-term variable pay (1 year accrual), as well as long-term variable pay (3 year vesting). The aggregate level of variable pay cannot exceed 50% of the fixed compensation according to applicable regulatory requirements.

The short-term variable pay is based on Group results, Business Unit results and individual performance. The composition of performance measures for each of the performance areas reflects the Group's strategic priorities and ambitions.

The long-term variable pay is based on the Group's performance on total shareholder return against selected peers.

The settlement of variable pay according to the agreed performance measures is on annual basis endorsed by the Remuneration Committee and approved by the Board of Directors.

Variable pay to members of the Executive Board are subject to rules for material risk takers. A significant part of the variable performance based pay is deferred and may be forfeited cf. regulation and the Group's Remuneration Policy. The deferral period is 5 years. Variable pay is paid in cash and shares. Paid shares are according to applicable regulation subject to an additional retention period of 1 year upon disbursement.

Variable pay to members of the Executive Board is subject to back testing as well as claw back. Applicable business procedures has been set to handle back testing and claw back.

Performance based programmes for the Bank's senior management

Performance based programmes to the Bank's senior management is determined in accordance with the Remuneration policy and includes short-term variable pay.

The short-term variable pay is based on Group results, Business Unit results and individual performance. The composition of performance measures for each of the performance areas reflects the Group's strategic priorities and ambitions.

Individual performance agreements are set annually for each participant of the Group's Senior Management programme. Performance based pay is granted to the individual on the basis of the above mentioned performance areas, including manager assessment of individual performance and behaviour in the preceding year.

The bonus cap for participants in the Group's Senior Management programmes is 50%, or 25% of fixed salary.

A limited number of managers and employees are eligible to variable pay via a profit share based scheme with a bonus cap of 100-200% of fixed salary. In such cases, participants are excluded from participation on the Senior Management programme.

Employees whom the Board of Directors have identified as material risk takers will be subject to the regulatory rules for material risk takers. Thus, payment of settled variable pay is split evenly into cash and shares. Further, a minimum of 40% of settled variable pay is deferred for 3-4 years. Paid shares are subject to a 6 months retention period upon disbursement.

Variable pay is subject to back testing and claw back as described for members of the Executive Board.