The Mortgage Bank Plc's Remuneration Policy 2022

This policy, including the amendments made, is adopted by the Board of Directors of Danske Mortgage Bank Plc the "Company" on 7 December 2022. When the word "business unit" is used, it shall be read as "the Company" and the "Board of Directors" shall when applicable be read as the "Board of Directors of the Company".

Purpose
The remuneration policy of the Danske Bank Group ("the Group") sets the framework for the remuneration at the Danske Bank Group and applies to all the Group's employees. The policy outlines the principles of the total remuneration by components and how each component supports the achievement of the Group's strategy, long-term interest and sustainability. The Board of Directors of Danske Mortgage Bank Plc ("Company") has adopted the remuneration policy.

The objectives of the Group Remuneration Policy are to

- promote sustainable long-term value creation at the Group and thereby support Danske Bank's ambitions of becoming a Better Bank for all of the Group's stakeholders: customers, employees, society and shareholders
- ensure alignment between the interests of management and employees and the interests of the Group and the shareholders by ensuring that remuneration packages have a clear link to the strategy
- support Danske Bank's ability to attract, motivate and retain qualified and high-performing employees in a competitive international market by enabling an appropriate total remuneration package

Remuneration Policy 2022 contributes to achieving the Group's ambitions and long term interests in several ways:

- The applied performance criteria (KPIs) and associated targets for the Group's incentive programmes are closely aligned with the Group's strategy and ambitions.
- The distribution between bonus payments in cash and shares seeks to ensure a balance between short-term and long-term results.
- The share-based incentive pay under both the Short-term Incentive Programme (STI) and the Long-term Incentive Programme (LTI) provides a strong incentive to look after the Group's long-term interests.

The Group's general incentive structure supports its business strategy, including the risk strategy and the risk appetite across all risk types, such as credit, market, sustainability, operational, liquidity, reputational and other risks identified by the Group. The policy and the Group's incentive structures focus on ensuring sound and effective risk management through the following:

- a stringent governance structure for setting goals and communicating these goals to employees
- alignment with the Group's ambitions and key priorities on a short- and longer-term basis
- alignment with the principle of protection of customers, shareholders 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 compromise the Group's nor Company'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 with risk and actual performance

Corporate governance
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 Group's Remuneration Committee, the Group 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 Company's Board of Directors.

The Group has established effective control procedures in order to ensure that payment of variable remuneration is effected in accordance with the guidelines laid down by the Group 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 applied for Company are subject to at least one annual independent review by Group Internal Audit

Remuneration components
At least once a year, during the performance and appraisal interviews, the individual employees and managers evaluate and document performance for the past period/ year and set new goals. Decisions on adjustment, if any, of an employee's base salary or on annual variable pay are made on the basis of these interviews.

The general remuneration components are

- base salary
- fixed allowances
- pension schemes and other benefits
- variable remuneration, such as the Short-term Incentive Programme and the Long-term Incentive Programme
- exceptional remuneration components

Base salary
Base salary 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. The base salary is payable mainly in cash, but can in specific cases be paid partly in shares or other instruments as required by relevant legislation or the Group´s policies

Fixed allowances
Fixed allowances are used, but are limited to allowances governed by collective agreement or otherwise approved by the Group. The allocation of such allowances is governed by Remuneration Governance.

Pension schemes and other benefits
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 set up and offered to employees in accordance with local practices 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 at various employment levels within the Group. The benefits offered to certain groups of employees include 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

Variable remuneration
Variable remuneration supports facilitating the right behaviour according to our purpose and cultural commitments and rewards performance in line with the Group's strategy and ambitions. The Group's incentive programmes include performance targets at group, unit (or Alternative Investment Fund Manager/Management Companies) level and at the individual level where relevant. As a minimum, this applies to material risk takers

The Group's incentive structures are overall divided into
the following:

1) management programmes (KPI scorecards)

2) profit pools for revenue-generating units (such as Capital Markets and Asset Management programmes)
3) employee award programmes

Variable remuneration must be based on an assessment of the performance against pre-determined KPIs and targets. Depending on the field of employment, the Group sets and uses an appropriate balance of financial, nonfinancial, absolute, relative, internal and external KPIs, balancing short-term and long-term objectives. Risk KPIs are further applied to ensure a strong risk management and compliance culture, facilitating the Group's commitment to integrity.

The KPIs are designed to prevent conflicts of interest and thus ensure that employees are remunerated in alignment with serving the best interests of all stakeholders, including those of customers. Employees are not encouraged 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 ban of employees being remunerated on the basis of sales of specific products

A qualifying mechanism may be installed to ensure that variable pay lapses in general if the Group incurs losses during a year. Further, if individual beneficiaries act in conflict with behavioural expectations, such as misconduct, Company's Board, may reduce any earned bonus in part or in full.

The Board of Directors has determined a maximum percentage of variable 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 at which the employee works and local requirements. Most employees covered by incentive schemes have a cap on variable pay of 25% (certain employees and senior management are subject to a variable pay limit of up to 50% of the base salary, possibly inclusive of pension).

Variable remuneration may be disbursed in the form of a 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 Group Board of Directors has set certain minimum thresholds according to which bonuses exceeding the thresholds must be split into cash and shares or other adequate financial instruments. In accordance with the proportionality principle set out in applicable legislation, 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 and 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.

Variable remuneration is awarded in a manner promoting sound risk management, includes ex-post risk adjustments and does not induce excessive risk-taking. This means that if the variable remuneration exceeds the minimum threshold determined by the Group Board of Directors the variable pay will be split into shares (or other instruments) and cash, part of which will be deferred in accordance with national legislation or the Group´s guidelines. Further, the default accrual period for short- term variable 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.

The deferral period for material risk takers has been assessed, the purpose being to ensure adequate ex-post risk adjustments according to applicable legislation. Given the nature of the business, the business cycle, its risks, the individual´s activities and applied payout structures, including backtesting and clawback provisions, a general deferral period of at least four years has been determined

Non-disbursed variable components are subject to backtesting (as a minimum for employees identified as material risk takers). Backtesting criteria are determined by Group HR in accordance with applicable legislation.

In regard to all employees, disbursed as well as nondisbursed components are subject to clawback if granted on the basis of data which has subsequently proved to be manifestly misstated or inaccurate.

Variable remuneration is awarded by ensuring

- an appropriate balance between fixed and variable components

- that the fixed component represents a sufficiently high proportion of the total remuneration to make non-payment of the variable 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 the transfer of the instruments to the risk taker.

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

Exceptional remuneration components
Exceptional remuneration components, such as buyout, sign-on fees as well as retention awards and guaranteed bonus, are granted only in exceptional cases.

Any buyout or sign-on fee is agreed in connection with the employment and is not granted for periods longer than one year. Furthermore, buyout, sign-on fees, retention and guaranteed bonus are subject to and paid in accordance with relevant legislation applicable to both the Group and local entities. Such remuneration may not exceed one year's gross salary, inclusive of pension, benefits and fixed supplements.

Buyouts
Buyouts are granted only by exception. All requirements for variable remuneration apply, including deferral, retention and clawback.

Sign-on fees
Sign-on fees are granted only by exception to attract the key candidate at the executive level. Sign-on fees for executives are preferably paid in the form of shares with the required deferral and holding period. However, in some cases, the sign-on fee can be paid in cash or in the form of a split between cash and shares. According to applicable legislation, the main rule is that the executive may not resign within a given period of time after the payment.

Retention awards
Retention awards and guaranteed bonus are only used in extraordinary cases to retain individuals for a Pre-defined period. The retention period must be set as a specific period or by defining an event when the retention criterion should be met (such as restructuring, wind-down, divestment, etc.). The retention awards should not be granted merely to compensate for performance-related remuneration not paid due to insufficient performance or the institution's financial situation.

Severance payments
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 termination initiated by the Group and 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 or misconduct. Normally, severance pay is linked to seniority, as employees become eligible for 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 additional severance pay pursuant to legislation or collective agreement of up to a maximum of 12 months' base salary.

For the avoidance of doubt and subject to applicable legislation and collective bargaining agreements, no severance payment agreed from 1 January 2015 onwards must 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.

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. 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.

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 the CEO in cooperation with the Group 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 Group Board of Directors and regulatory qualitative and quantitative criteria. Members of 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 of the Board of Directors of Danske Mortgage Bank Plc

Company's Board member will receive a fixed fee amount of € 16.000 for the year 2022 as decided by the Annual General Meeting. Such Board members are not covered by incentive programmes and do not receive variable remuneration. The fees are set at a level that is market aligned and reflects the qualifications and competencies required in view of the Company's size and complexity, the responsibilities and the time the Board members are expected to allocate to discharge their obligations as Board members. No pension contributions are payable on Board members' fees. Board members who belong to the Group's staff will not receive separate fee for Board member's role.

Personnel Fund

Employee can decide on the payment of the bonus up to the Personnel fund, according to its rules.

Disclosure

Once a year the Company discloses its remunerations policy and information on the Company´s remuneration practices at its web pages.

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.