

## Danske Mortgage Bank Plc's Remuneration Policy 2025

*This policy, including the amendments made, is adopted by the Board of Directors of Danske Mortgage Bank Plc the "Company" on 5 May 2025. 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 the policy 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
- 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 offering an appropriate total remuneration package

Remuneration Policy 2025 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 Forward '28 Strategy and the four strategic focus areas: Advisory, Digital, Sustainability and Simple, Efficient & Secure.
- The distribution between bonus payouts in cash and shares seeks to ensure a balance between short-term and long-term results.
- The payout partly in shares under the short-term incentive Programme (STI) and the completely share-based long-term incentive Programme (LTI) provide a strong alignment with the Group's long-term interests.

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

- Clear guidance for setting goals .
- Alignment with the Group's ambitions and key priorities on a short- and long-term basis.
- Alignment with the principle of protection of customers, shareholders and Alternative Investment Funds managed by Alternative Investment Fund Managers ensuring prevention of conflicts of interest.
- 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.
- Alignment with the Group's Code of Conduct.

### 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 the above-mentioned 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 variable remuneration payouts are made in accordance with the guidelines laid down by the Group Board of Directors and applicable regulation. The practices and procedures with regard to this 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

The general rules on conflict of interest applicable to the Board of Directors also apply to the decision-making process as regards remuneration matters, including the Remuneration Policy. Accordingly, each member of the Board of Directors shall as soon as practically possible notify the Chairman of the Board of Directors in the event that the individual member finds reason to believe that their private or professional interests or those of their related parties may – directly or indirectly – conflict with the interests of Danske Bank. In the event of any reasonable doubt as to whether a conflict of interest exists, the Chairman may decide to defer the decision to the Board of Directors. More details about conflict of interest are provided in the Rules of Procedure of the Board of Directors and the Executive Leadership Team, which are available on Danske Bank's website.

### **Remuneration components**

At least once a year, during the performance and appraisal dialogues, 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 remuneration are made on the basis of these dialogues.

The general remuneration components are

- Base salary
- Fixed allowances
- Pension schemes and other benefits
- Variable remuneration, such as the short-term incentives and long-term incentives
- 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 paid out mainly in cash but can in specific cases be paid partly in shares or other instruments especially if 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 the Group's internal 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 agreements. 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 conduct according to our purpose and cultural commitments and rewards performance in line with the Group's strategy. 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 Large Corporate & Institutional Customers and Asset Management)
- 3) Employee award programmes
- 4) Long term share-based remuneration

As a main principle for the KPI-based programmes, variable remuneration should be based on an assessment of the performance against pre-determined KPIs and targets. Procedures and internal governance are in place to ensure that variable remuneration represents the actual performance delivered.

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 and compliance KPIs are further applied to ensure a strong risk management and compliance culture, facilitating the Group's commitment to integrity and a sound business culture. Where relevant, this means that the Group integrates sustainability risks into the existing KPI structures of variable remuneration programmes, so that the variable remuneration for individuals covered by such programmes, depends partly on sound risk management and/or compliance to group policies covering sustainability risks.

Examples of KPIs are listed below:

- Return on Equity (RoE)
- Profit
- Cost/income ratio and/or other cost-related measures
- Creation of shareholder value relative to peers
- Relative and/or absolute customer satisfaction
- Compliance with legislation and/or internal business/ conduct procedures
- Observance of the Group's and business units' risk management and compliance culture
- Other risk measures
- Sustainability and ESG-related targets
- Diversity and inclusion
- Employee engagement
- Actions and performance supporting the achievement of the Group's strategy
- Personal KPIs, including conduct and demonstration of Danske Bank's Culture Commitments

Employees in customer-facing roles, such as advisers and other front-line employees, may be subject to a KPI-based programme. However, the majority of customer-facing employees are covered by the Group's employee award programmes.

It is a key principle that these employees must be remunerated in a manner that promotes the fair treatment of our customers. In this regard, the Group has laid down internal policies and instructions outlining the principles for treating customers fairly and for regulatory compliance. The policies and instructions are supplemented by internal guidelines and procedures for managers and employees outlining the principle that the target setting and performance appraisals for such employees must be in the customer's interest and must not incentivise employees to sell specific products to customers if other products would serve the customer better, or be more suitable for the customer. Additional (non-exhaustive) examples are provided in the following of how sound risk management is supported for customer-facing roles. The governance and practices are regularly reviewed and updated:

- Target setting for individuals is based on a balanced approach between performance-related goals ('What') and conduct ('How').
- Managers are responsible for ensuring that the performance-related goals take into account the regulatory requirements and the governance for the specific area, as relevant.

- Guidelines and training are provided to support compliant application of the risk governance framework in the target setting, follow-up and appraisal processes.
- In line with the principles set out in the Group's Code of Conduct, the Group does not reward outcomes if they are reached through undesired conduct (see below). Consequence management procedures are applied in cases of non-compliant conduct.
- The Group is conducting targeted reviews of sales employees' compliance, typically in the form of spot checks.
- The Group has a whistleblowing procedure under which employees can anonymously report practices that are to the disadvantage of customers.

### **Conflict of interest**

A conflict of interest associated with remuneration can arise that may affect or appear to affect an employee's performance, motivation, loyalty or alignment with the Group's objectives and values. Conflicts of interest will be avoided or, where applicable, mitigated and managed in line with the principles and guidelines outlined in Danske Bank's established conflict management framework. Some of the measures used by Danske Bank to avoid a conflict of interest are described in this policy, such as the KPI Scorecard for management programmes.

Applicable to all the Group's short-term incentive programmes, a qualifying mechanism is installed to ensure that variable remuneration lapses in general if the Group incurs losses during a year ('hurdle rate'). Further, if individual beneficiaries act in conflict with behavioural expectations, such as misconduct, the Company's Board may reduce any earned variable remuneration in part or in full ('conduct detractor').

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 remuneration ('cap'). The cap 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 remuneration of 25% (certain employees and senior management are subject to a variable remuneration cap of up to 50% of the base salary, possibly inclusive of pension).

Variable remuneration may be settled in cash, 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 variable remuneration 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 performance period for short-term incentives is one year. For a limited number of employees, the performance period is two years, while long-term incentive programmes may have a performance 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.

Deferred variable remuneration is subject to backtesting (as a minimum for employees identified as material risk takers) before being paid. Backtesting criteria are determined by Group HR in accordance with applicable legislation.

In regard to material risk takers, variable remuneration is subject to mandatory clawback regulations if granted on the basis of information 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, guaranteed bonuses as well as retention bonuses, are granted only in certain cases where a clear business need exists.

Buyouts, sign-on fees and guaranteed bonuses are agreed when an employment agreement is entered into and are not granted for longer than the first year of employment. Furthermore, buyouts, sign-on fees, guaranteed bonuses and retention bonuses are governed by and paid in accordance with relevant legislation applicable to both the Group and local entities. In general, each of these exceptional remuneration components must not exceed one year's fixed remuneration which includes base salary, pension, benefits, fixed supplements and allowances. However, in exceptional cases, Danske Bank may also award exceptional remuneration exceeding this general internal guideline if needed for attracting and retaining key talents without deviating from this policy. In such case, as in all others, the applicable regulatory caps remain in effect.

#### **Buyouts**

Buyouts are granted to compensate for remuneration which was forfeited or reduced at the former place of employment due to the employee leaving the former employer. All requirements for variable remuneration apply, including deferral, retention and clawback.

#### **Sign-on fees**

Sign-on fees are granted only by exception to attract key candidates at the executive level. Sign-on fees can be paid in cash and/or shares. In addition, deferral and holding periods may apply. Unless prohibited by statutory legislation, the main rule is that the employees will lose the sign-on fee if they resign within a given period after having received the fee.

#### **Guaranteed bonuses**

Guaranteed bonuses are granted only by exception to attract key candidates.

#### **Retention bonuses**

Retention bonuses are only used in extraordinary cases to retain individual employees 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 bonus should not be granted merely to compensate for performance-related remuneration not paid due to insufficient performance or the institution's financial situation.

#### **Severance pay**

Severance pay is 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 pay agreed as 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 at which the employee is employed and the individual employee's performance, etc.

The Group has for several years adopted a strategy and policy on Diversity, Equality and Inclusion which can be found at [danskebank.com](http://danskebank.com). The objectives of this Policy imply that the remuneration of individual employees is set with no regard to gender, race, ethnic origin, political opinion, 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 is provided in the section on sustainability in the Group's annual report.

### **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 are in accordance with Group's business and risk strategy, long-term interest, purpose, cultural commitments, avoid conflicts of interest and do not encourage excessive risk-taking or 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 remuneration from the Group. In alignment with the above set criteria the CEO in cooperation with the Chief Procurement Officer 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 programmes, 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 2025 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**

In the event of exceptional circumstances and in accordance with the framework of the remuneration rules for the financial sector, the Board of Directors may temporarily deviate from the Remuneration Policy in order to serve the long-term interests of the Company and its shareholders. Such deviation must be based on valid and objective criteria. The respects in which the Board of Directors may deviate from the Remuneration Policy include the following but are not limited to:

- Caps and forms of settlement of variable remuneration
- Forms of settlement of exceptional remuneration and granting of further exceptional remuneration
- Deferral and holding periods of shares as well as term of notice periods

Any such temporary deviation, including the reasons for such deviation given by the Board of Directors, must be described in the Annual Report.