

INTERNAL LETTER

To the Board of Directors

The remuneration policy was approved by the Board of Directors of Realkredit Danmark at a meeting held on 29 January 2021 and the general meeting of Realkredit Danmark held on 3 March 2021.

Danske Bank Group's remuneration policy was approved at Danske Bank's general meeting on 16 March 2021.

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Realkredit Danmark's Remuneration Policy 2021

Please find enclosed "Danske Bank Group's Remuneration Policy, March 2021". The Remuneration Policy was approved by the ELT on 5 January 2021 and will be approved by RemCo on 25 January 2021 and by the Board of Directors of Danske Bank A/S on 3 February 2021. Subsequently, the policy is expected to be approved at the annual general meeting of Danske Bank A/S in March 2021.

It is recommended that the Board of Directors of Realkredit Danmark adopt "Danske Bank Group's Remuneration Policy, March 2021" without major deviations - provided both RemCo and Danske Bank's Board of Directors approve the Group's Remuneration Policy.

Realkredit Danmark's Remuneration Policy will be approved at Realkredit Danmark's annual general meeting in March 2021, provided the annual general meeting of Danske Bank A/S approves the Group's Remuneration Policy.

Special matters relating to Realkredit Danmark

Realkredit Danmark follows Danske Bank Group's Remuneration Policy with a few exceptions.

- Remuneration committee: The Board of Directors of Realkredit Danmark has not established an independent remuneration committee of Realkredit Danmark, but handles this task on the basis of the remuneration policy for the Group and other HR guidelines.
- Performance-based remuneration: At Realkredit Danmark, several managers participate in the Group's short-term incentive programme. Other managers and employees participate in the employee programme. No executive will receive performance-based remuneration exceeding 50% of the fixed salary and any pension. No employee will receive performance-based remuneration exceeding 25% of the fixed salary.

- Remuneration comprised by other special regulation: None of Realkredit Danmark's employees are covered by "Remuneration comprised by special regulation" in Danske Bank Group's remuneration policy.
- Remuneration of the Executive Board of Realkredit Danmark A/S: The remuneration, including pension scheme and period of notice, of the Executive Board of Realkredit Danmark A/S is determined by the Board of Directors of Realkredit Danmark A/S based on a recommendation by the Chairman of the Board of Directors of Realkredit Danmark.
- Remuneration of the Board of Directors of Realkredit Danmark: The members of the Board of Directors of Realkredit Danmark A/S only receive a fixed annual fee. Board members elected by the shareholders and employed with Danske Bank A/S do not receive remuneration. The fees paid to individual Board members are disclosed in the Annual Report. The chairman of the Board of Director's audit committee also receives a committee fee in addition to the fixed board fee.
- Disclosure of remuneration policies: Realkredit Danmark's Remuneration Policy will be approved at Realkredit Danmark's annual general meeting in March 2021, provided the annual general meeting of Danske Bank A/S approves the Group's Remuneration Policy. After approval of Danske Bank Group's Remuneration Policy, Realkredit Danmark's Remuneration Policy will be published on Realkredit Danmarks's website www.rd.dk.

Executive Board

The Danske Bank Group's Remuneration Policy, March 2021

Purpose

The remuneration policy of the Danske Bank Group ("the Group") applies to all Group employees. The Board of Directors has adopted the remuneration policy at the recommendation of the Remuneration Committee. The policy is subject to approval at the Annual General Meeting in March 2021, however when approved, the policy will apply to remuneration earned from 1 January 2021.

An overview of the Group's remuneration practice is available in the Remuneration Report at [danskebank.com](https://www.danskebank.com) from mid-March.

The policy and the Group's general incentive structures reflect the Group's objectives for good corporate governance as well as sustained and long-term value creation for shareholders. In addition, it ensures that

- the Group is able to attract, develop and retain high-performing and motivated employees in a competitive international market
- employees are offered a competitive and market aligned remuneration package making base salaries a significant remuneration component
- employees feel encouraged to create sustainable results
- there is a convergence of the interests of
 - shareholders, inclusive of Alternative Investment Funds managed by Alternative Investment Fund Managers and UCITS managed by management companies
 - customers and
 - employees

The policy and the Group's general incentive structures focus on ensuring sound and effective risk management through

- a stringent governance structure for setting goals and communicating these goals to employees
- alignment with the Group's business strategy, values, key priorities and long-term goals
- alignment with the principle of protection of customers, investors 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 endanger the Group'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 to risk and actual performance

The policy and the Group's general incentive structures are consistent with the Group's long-term strategy including the overall business strategy, 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 general incentive structures further ensure transparency in respect of the Group's reward strategy. As a main rule, individual performance agreements are entered into with employees comprised by incentive schemes. On the basis thereof said employees have clear and predetermined KPIs, which are set in accordance with the Group's overall strategy and applicable regulation. Further, transparency is ensured by the Group's disclosure of remuneration policies and information on paid remuneration to the authorities, by disclosure of the Annual Report and the yearly Remuneration Report. Finally, internally the Group has published bonus procedures and guidelines in which the Group's incentive schemes and procedures are described.

Corporate governance

The Board of Directors has established a Remuneration Committee. The Remuneration Committee works as a preparatory committee for the Board of Directors and prepares the Board with respect to remuneration issues and monitors compliance with the remuneration policy. A description of the composition, tasks and authority of the Remuneration Committee is available in the Charter of the Remuneration Committee at [danskebank.com](https://www.danskebank.com).

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 Remuneration Committee, the 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 Board of Directors based on recommendation of the Remuneration Committee.

The Group has established effective control procedures in order to ensure that payment of variable remuneration is conducted in accordance with guidelines set by the 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 are subject to at least one independent review annually by Internal Audit.

Remuneration components

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

The five remuneration components are:

- base salary
- short-term and long-term, where applicable, variable pay
- pension schemes, where applicable
- other benefits in kind
- severance payment, where applicable

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

The variable remuneration motivates, rewards and drives the right behaviour and performance according to set expectations for the employee, reflecting specific requirements for performance at the Group, business unit and individual levels. Hence, all incentive programmes in the Group include performance at all three levels, where relevant. The Group's incentive structures are overall divided into 1) Management programmes, 2) Capital Market/Asset Management programmes and 3) Employee programmes.

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 in which the employee is employed and local requirements. The maximum limit on variable remuneration remains at 200 per cent of fixed remuneration including base salary and pension. This level of variable remuneration will, in practice, apply only to a small minority of employees and be offered only to enable the Group to match market terms. The limit is reduced in jurisdictions where a lower maximum cap is required by applicable legislation. Most employees covered by incentive schemes have a cap on variable pay at 25 per cent. Furthermore, certain employees and senior management are comprised by a variable pay limit of up to 50 per cent of the base salary, possibly inclusive of pension. Calculating the ratio between fixed and variable remuneration, institutions are, pursuant to applicable legislation, allowed to apply a discount rate of 25% subject to requirements for deferral and instruments. However, the Group does not apply this notional discount rate.

Variable remuneration may be disbursed as 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 Board of Directors has determined certain minimum thresholds according to which bonuses exceeding the thresholds shall be split into cash/shares or other adequate financial instruments. In accordance with the proportionality principle set forth in applicable regulation, 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, 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.

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 construed and offered to employees in accordance with local practises 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 in various employment levels within the Group. The benefit offered to certain groups of employees could be 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.

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 early termination by the Group, 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. Normally, severance pay is linked to seniority, as employees earn entitlement to 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 severance pay in addition to that pursuant to legislation or collective agreement of up to a maximum of 12 months' base salary while certain managers (below Executive Leadership Team-level) are entitled to a maximum of up to 24 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 may 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.

Variable remuneration

Variable remuneration is awarded in a manner which promotes 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 Board of Directors the variable pay will be split in shares (or other instruments) and cash, part of which will be deferred in accordance with national legislation or 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. Further, the Group has established a governance for spot-bonus under which certain employees, not comprised by mandatory legislation stipulating otherwise, can be granted a bonus for extraordinary performance during a certain period.

Deferral varies on the basis of position, geography and amount, from three to seven years. Employees receiving variable remuneration over a certain threshold will have the part of the variable remuneration exceeding the threshold granted in conditional shares or other applicable instruments and deferred for one to three years. For material risk takers, deferral is applied according to mandatory legislation and Group policies. The Executive Leadership Team is subject to at least five years' deferral. The deferral period for other material risk takers has been assessed, the purpose being to ensure adequate ex-post risk adjustment according to applicable legislation. Given the nature of the business, the business cycle, its risks, the individual's activities and applied pay-out structures, including back testing and claw back provisions, a general deferral period of at least four years has been decided.

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

Concerning all employees, disbursed as well as non-disbursed components are subject to claw back if granted on the basis of data which has subsequently proven to be manifestly misstated or inaccurate.

Further, variable pay 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 transfer of the instruments to the risk taker

Variable pay is granted to reflect the Group's financial results, the result of the business unit (or the Alternative Investment Fund Managers/Management Companies) in which the employee is employed and the individual employee's performance. As a minimum, this applies to material risk takers. Further, both financial and non-financial factors shall be taken into consideration when determining the individual's bonus, i.e. compliance with the Group's purpose, cultural commitment, internal guidelines and procedures, including customer and investor related guidelines. A discretionary assessment is always made to ensure that other factors – including factors which are not directly measurable – are considered.

Variable pay must be based on an assessment of the Group's results and a number of KPIs reflecting the Group's key strategic priorities. Dependant on the field of employment, the Group sets and uses an appropriate balance of absolute, relative, internal and external KPIs, balancing short-term and long-term goals. Risk KPIs are further applied to ensure a strong risk management and compliance culture, facilitating the Group's commitment to integrity. KPIs cover quantitative and qualitative criteria, such as

- return on equity
- cost/income ratio and/or other cost related measures
- customer satisfaction
- relative performance against peers
- observance of the Group's purpose and cultural commitment
- compliance with legislation and/or internal business/conduct procedures
- performance which supports the strategy of the business unit and/or the Group
- expected loss or similar risk measures
- innovation
- observance of the Group's and business units' risk management and compliance culture
- leadership/employee engagement

A qualifying mechanism may be installed to ensure, variable pay lapses in general, if the Group is loss bearing during a year. Further, if individual beneficiaries act in conflict with behavioural expectations, e.g. misconduct, the Executive Leadership Team, subsequently the Group's Remuneration Committee may reduce any earned bonus partly or in full.

Long-term incentives (LTI) can be applied to certain employees. The LTI can be related to other/additional criteria, such as creation of shareholder value, that is, the remuneration is based on a rolling 3-year performance on total shareholder return against peers.

Further, the KPIs are designed to prevent conflicts of interest and thus ensure that employees are remunerated in alignment with serving the best interest of all stakeholders, inclusive of customers. Employees are not incentivised 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 prohibition of employees being remunerated on sale of specific products.

Sign-on fixed pay, stay-on and guaranteed bonus

Sign-on fixed pay as well as stay-on and guaranteed variable pay are granted only in exceptional cases, and will be assessed by the head of the business unit in question and Group HR. The mentioned components will be used only to attract or retain highly specialised individuals or on executive level. Such pay may not exceed one year's gross salary inclusive of pension, benefits and fixed supplements. Sign-on fixed pay can be paid in cash or in a split between cash/shares and is, according to applicable legislation, as a main rule conditional on the employee not resigning within a given period of time after the pay.

Any sign-on pay to material risk takers is agreed in connection with the employment of the material risk taker and is not granted for periods longer than one year.

Sign-on, stay-on or guaranteed variable pay are subject to and paid in accordance with relevant legislation applicable for both Group and for local entities subject to national legislation.

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](https://www.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, purpose, cultural commitment, 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 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 Board of Directors and local Remuneration Committees and regulatory qualitative and quantitative criteria. Members of the Executive Leadership Team and 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 comprised by other special regulation

Special legislation regulates the Alternative Investment Fund Managers within the Group. variable remuneration to any such employees is created in order to ensure compliance with regulation within this area.

Under some conditions, incentives in the form of carried interest payable from such Alternative Investment Funds to the Alternative Investment Fund Managers, including Danske Private Equity, are exempted from this Remuneration Policy and are paid in accordance with applicable legislation.

The assessment of performance of Alternative Investment Fund Managers is set in a multi-year framework appropriate to the life-cycle of the Alternative Investment Funds managed by the Alternative Investment Fund Manager. This is done in order to ensure that the assessment process is based on longer-term performance and that the actual payment of variable components of remuneration is spread over a period which takes account of the life cycle of the Alternative Investment Funds it manages. Further, their investment risks are also taken into consideration.

Some functions within the Group are comprised by other special regulations, and performance agreements covering employees in such functions are construed in accordance with applicable mandatory law, including, but not limited to, MiFID II, UCITS, IDD, , AIFMD, the Disclosure Regulation etc. This includes e.g. specific measures ensuring that the structure of remuneration does not encourage advisors and investment managers to take excessive risks with respect to sustainability risks impacting the value of clients' investments adjusting as relevant the variable remuneration to address such exposure.

Finally, to the extent bonus is agreed on in collective agreements between the Group or employer organisations and unions, any such agreements will, to the extent necessary, be exempted from this policy in accordance with EU and national legislation.

Remuneration of the Executive Leadership Team

The remuneration of the Executive Leadership Team is intended to ensure the Group's continued ability to attract and retain the most qualified Executive Leadership Team-members. In connection with the annual assessment of the remuneration of the Executive Leadership Team, developments in market practice are assessed.

The Remuneration Committee makes recommendations on adjustments of the remuneration of the Executive Leadership Team-members to the Board of Directors. The remuneration of the Executive Leadership Team may consist of base salary and supplements, short-term and long-term incentive programmes and pension schemes (as a main rule the Executive will be comprised by a Group pension scheme according to which a fixed percentage of the salary will be paid into the collective pension scheme entitling the Executive to appropriate pension payment upon retirement). Subject to individual agreement, members of the Executive Leadership Team are also entitled mobile telephone, internet, newspaper, company car, health insurance and health checks, assistance from health providers and other benefits in kind, including safe boxes and security facilities installed at the private addresses of the Executive as deemed necessary by the Board of Directors in order to protect the individual Executive and to safeguard the interests of Danske Bank and its customers. The Company will pay all costs associated with the above security facilities, including tax, if necessary, instalment of equipment, monthly fees etc. Further, members of the Executive Leadership Team could be offered insurance cover and/or indemnification for costs related to the conduct during the employment.

As a main rule, the Executive Leadership Team-members are entitled to a notice period upon termination from the Group of 18 months, and to terminate their own position with a notice of 9 months (9 months for the CEO). During such notice period, the Executive Leadership Team-members are only entitled to full salary and benefits to the extent the Executive does not obtain other income during the notice period. The members of the Executive Leadership Team are not entitled to severance pay.

The performance of Executive Leadership Team-members is assessed once a year based on written performance agreements in accordance with the above described criteria containing both financial and non-financial KPIs. The yearly variable remuneration to members of the Executive Leadership Team cannot exceed the limit of 50 per cent of the yearly base salary, however, subject to applicable legislation. The Annual Report specifies the Executive Leadership Team remuneration. For further information on remuneration of the Executive Leadership Team please refer to danskebank.com.

In order to ensure alignment of the CEO's and Danske Bank Group's strategic goals and long-term objectives, Danske Bank Group has a requirement that the CEO must own shares in the Group corresponding to a value of approximately DKK 2 million.

Remuneration of the Board of Directors

Members of the Board of Directors of the Group receive a fixed fee. 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 Group's size and complexity, the responsibilities and the time the Board members are expected to allocate to discharge their obligations as Board members, including responsibilities as members of sub-committees. No pension contributions are payable on Board members' fees.

The fee of the individual Board member is specified in the Annual Report.

In addition to the Board of Directors' fixed fees to members of the Board of Directors and Committees, Danske Bank may pay social duties and similar taxes levied by foreign authorities in relation to the directors' fees. Danske Bank may also pay any outlays and travel expenses incurred in connection with a director's discharge of his or her duties as a member of the Board of Directors. Further, Danske Bank may pay costs associated with granting telephones, newspapers, safe boxes and security facilities installed at the private addresses of the members of the Board of Directors as deemed necessary by the Board of Directors in order to protect the individual member of the Board and to safeguard the interests of Danske Bank and its customers. The Company will pay all costs associated with the above security facilities, including tax, if necessary, instalment of equipment, monthly fees etc. Further, members of the Board of Directors could be offered insurance cover and/or indemnification for costs related to the conduct during the employment.

Based on the recommendation of the Remuneration Committee, the Board of Directors submits proposals for remuneration of the members of the Board of Directors to the Annual General Meeting for approval every year.

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.

Some entities and units within the Group have remuneration policies and guidelines that apply in addition to the Group's remuneration policy. Such entities may implement policies that deviate from the Group policy in order to meet local requirements and practises, for example to set different caps for variable remuneration, to extend periods of deferral for variable remuneration or to apply access or restrictions regarding the use of instruments. However, if employees in any such entity have a significant impact on the Group's risk profile, the Group will ensure that the variable remuneration to any such employees fulfils the requirement set out in this policy and applicable legislation. Any material deviations from this policy must be reported to the owner of the policy.

Once a year at danskebank.com, the Group discloses information on the Group's remuneration practices and the remuneration to individual members of the Board of Directors and the Executive Leadership Team and on aggregate level for other material risk takers.