

Pay Policy

Objective and scope

The objective of the Pay Policy is to encourage conduct that benefits the Bank's interests and long-term value creation.

The Pay Policy covers the Supervisory and Executive Boards as well as major stakeholders.

Determination and approval

The Remuneration Committee recommends the Pay Policy, including pension policy and guidelines for adoption of termination benefits for the beneficiaries covered by the Pay Policy, to the Bank's Supervisory Board.

The Pay Policy shall be officially approved at the Bank's Annual General Meeting.

The Remuneration Committee shall monitor initiatives taken within the pay area and carry out controls with respect to the Pay Policy.

Principles

The Pay Policy shall

- be in accordance with and promote sound and effective risk management that does not encourage excessive risk taking,
 - be in accordance with the Bank's business strategy, values and long-term goals, including a sound business model,
 - be reconciled with the principles of protecting customers and investors in connection with banking operations and contain measures to avoid conflicts of interest,
 - be based on prevailing market conditions, taking into consideration the tasks and responsibilities at hand, and
 - be revised annually.
-

Pay components and severance

Neither the Supervisory Board nor the Executive Board shall be remunerated with variable pays, shares, share options or other forms of incentive remuneration, in the same manner that no defined benefit pension plans shall be paid out.

The members of the Supervisory Board shall receive a fee paid out annually. The Executive Board shall be salaried and its members' employment, including severance terms and conditions, shall comply with the generally accepted practice for that area and be reviewed on an on-going basis.

No severance benefits exceeding the value of two years' remuneration shall be arranged for the Executive Board or major stakeholders. The Executive Board's and major stakeholders' severance terms and conditions shall comply with the generally accepted practice for the area and be reviewed on an on-going basis.

Major stakeholders can, in isolated cases, be remunerated with special bonuses/one-time considerations based on a heavy workload and/or the completion of projects, on the condition that the Supervisory Board, by the recommendation of the Executive Board, assesses that the provisions of executive order no. 122/2012 on pay policy and notification duties on remuneration in financial companies and financial holding companies are met in the specific situation.

The total payment of special bonuses/one-time considerations to major stakeholders may not exceed a total annual amount of DKK 500,000.

No special bonuses are paid for successful sales results. Major stakeholders are not remunerated with shares, share options or other forms of incentive remuneration, in the same manner that no defined benefit pension plans shall be paid out.

Employees with significant influence on the Bank's risk profile

The Bank has defined the following employees as having significant influence on the Bank's risk profile:

- executives of the part of the organisation that trades in or approves financial instruments,
- executives of the part of the organisation that invests the Bank's own funds,
- employees in the parts of the organisation mentioned in items 1 and 2, who, via financial instruments, may incur significant risk on behalf of the Bank with the Bank's funds,
- employees in a position to incur significant credit risks for the Bank,
- executives of the part of the organisation that is responsible for monitoring compliance with risk-taking limits, and
- employees with compliance duties as well as employees in the internal audit department.

Control functions

The pay system has been designed to avoid conflicts of interest. Among other things, this means that employees in control functions may not be paid one-time considerations that depend on the function they monitor.

Employees covered by collective bargaining

Employees covered by collective bargaining shall be paid wages in accordance with such arrangements.

Disclosure and reporting requirements

Disclosures relating to remuneration shall be published in the Annual Report and comply with the general disclosure requirements set out in the Danish Financial Business Act.
