

Organisation and management

2015

Organisation and management

The organisation and management of Jyske Bank reflect the general requirements under the Danish legislation governing financial markets and companies as well as the special requirements ensuing from financial legislation and Jyske Bank's Articles of Association.

Management is undertaken by

- the Annual General Meeting
- the Shareholders' Representatives
- the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board are independent of each other and no person is a member of both the Supervisory Board and the Executive Board. The Supervisory Board and the Executive Board are accountable to the shareholders of Jyske Bank, but they seek also to consider the interests of clients and employees as well.

Annual General Meeting

Shareholders' right to pass resolutions shall be exercised at the Annual General Meetings which shall be held in Silkeborg or at some other location in the Central Jutland Region. The Supervisory Board shall convene the Annual General Meeting at a notice of no more than five weeks and no less than three weeks. The notice convening the Annual General Meeting shall be sent to the NASDAQ OMX Copenhagen A/S and be announced on Jyske Bank's website. Notice of the Annual General Meeting shall be given in writing to all registered shareholders who have so requested.

Jyske Bank's Articles of Association contain information about notice of the general meeting, the right to propose resolutions to the general meeting and right to participate and vote. The Articles of Association are available at investor.jyskebank.com/investorrelations/generalmeetings.

Motions to amend the Articles of Association can only be adopted when 90% of the voting share capital is represented at the Annual General Meeting and the motion is adopted by $\frac{3}{4}$ of the votes cast at the Annual General Meeting as well as by $\frac{3}{4}$ of the voting share capital represented at the Annual General Meeting. Where less than 90% of the voting share capital is represented at the Annual General Meeting, but the motion obtained both $\frac{3}{4}$ of the votes cast and $\frac{3}{4}$ of the voting capital represented at the meeting, and provided the motion was proposed by the Shareholders' Representatives and/or the Supervisory Board of Jyske Bank, the motion can be adopted at an extraordinary general meeting by the said qualified majority irrespective of the proportion of the share capital represented. Such an extraordinary general meeting shall be convened at the usual notice within 14 days after the first Annual General Meeting. Only the rules applying to amendments of the Articles of Association shall apply to motions to wind up Jyske Bank voluntarily or merge it with other financial institutions where Jyske Bank will not be the surviving company.

Shareholders' Representatives

The Shareholders' Representatives elect the members of the Supervisory Board according to the provisions of the Articles of Association on number, term of office and re-election, and on the basis of the Supervisory Board's nomination of candidates. The Shareholders' Representatives form a basis for recruiting members of the Supervisory Board who possess the qualifications that the Supervisory Board at all times considers material for the Group's further development or that are required by regulations.

By participating in the activities of the Shareholders' Representatives, the representatives gain valuable insight into the Bank, and according to Jyske Bank's values and views it is their duty to work for the prosperity and positive development of Jyske Bank and each individual branch.

Shareholders' representatives shall be elected at the Annual General Meeting. With the exception of the general provisions on eligibility as set forth in the Articles of Association, there are no restrictions as to who can be nominated as candidate for the Shareholders' Representatives at the Annual General Meeting. Shareholders' Representatives shall be elected for terms of three years. Members can be re-elected.

Every year, the Shareholders' Representatives shall choose its Chairman and Deputy Chairman. Members can be re-elected.

To ensure coordination in the Bank's management, the Chairman of the Shareholders' Representatives should, if possible, be a member of the Supervisory Board. The Shareholders' Representatives shall hold not fewer than one meeting annually and as often as the Chairman thinks fit or as requested by one fourth of the Representatives or by the Supervisory Board. Each Shareholders' Representative shall receive remuneration as determined by the members in general meeting. In addition, Shareholders' Representatives shall receive an allowance for attending meetings.

The Shareholders' Representatives shall prepare written business procedures. The meetings of the Shareholders' Representatives shall be attended by the members of the Shareholders' Representatives, the Supervisory Board and the Executive Board. Only the members of the Shareholders' Representatives shall have voting rights.

Supervisory Board

The Supervisory Board shall be in charge of the overall management of the Group and supervise the decisions and arrangements made by the Executive Board.

The Supervisory Board shall on behalf of the shareholders determine the overall strategy and contribute actively to maintaining and developing Jyske Bank's position in the financial sector.

The Supervisory Board shall employ the Executive Board and appoint the CEO and Managing Director. Also, the Supervisory Board shall define the salary and pension terms of the Executive Board. Moreover, the Supervisory Board shall employ the Head of the internal Audit Division.

The Supervisory Board consists of

- Six members elected by and among the members of the Shareholders' Representatives
- up to two members for election by members in general meeting and who meet the requirements of the Danish FSA in respect of relevant knowledge and experience of supervisory board members of banks, and
- any additional members as required by law.

The six members who are elected by and among the Shareholders' Representatives are elected for a three-year period. Additional members elected by members in general meeting to meet the requirements of the FSA in respect of relevant knowledge and experience of supervisory board members are elected for a one-year period. Members can be re-elected. Supervisory Board members elected by the Shareholders' Representatives must, however, retire at the next elections of Shareholders Representatives after the calendar year when such member has attained the age of 70. Employee-elected members of the Supervisory board are elected for a term of four years.

The Supervisory Board considers the seven board members elected by the shareholders to be independent, and the three board members elected by the employees to be non-independent.

The Supervisory Board elects its Chairman and Deputy Chairman.

The Supervisory Board shall in written business procedures lay down provisions on the execution of its office and guidelines concerning Jyske Bank's essential activities as well as the distribution of work between the Supervisory Board and the Executive Board. The meetings of the Supervisory Board shall be presided over by its Chairman and in his absence the Deputy Chairman.

The Supervisory Board shall be a quorum where more than half of its members participate in discussions. Matters dealt with shall be determined by a simple majority of votes. In the case of an equality of votes, the Chairman's vote shall be decisive.

To ensure independence and objectivity, members of the Supervisory Board shall not participate in the discussions where questions concerning the member personally are discussed.

According to the Danish Companies Act, the employees of Jyske Bank A/S elect three employee representatives for a period of four years. In addition to electing their members of the Supervisory Board directly, the employees of Jyske Bank A/S will also elect the same number of alternate members for the same period. The members of the Supervisory Board elected by the employees shall have the same rights, duties and responsibilities as the members elected by the shareholders.

The Supervisory Board will hold at least ten physical meetings a year. In addition, the Supervisory Board generally holds teleconferences every second week. In 2015, the Supervisory Board held 34 meetings.

The Supervisory Board receives a regular cash payment, which is fixed by the Shareholders' Representatives of Jyske Bank. No member of the Supervisory Board is entitled to any kind of remuneration when he or she resigns from the Supervisory Board. The remuneration to the Supervisory Board was most recently reassessed in 2014.

Committees under the Supervisory Board

The Supervisory Board has established four committees to supervise certain fields or prepare cases to be decided on subsequently by the entire Supervisory Board.

The Nomination Committee shall support the Supervisory Board in solving tasks ensuing from statutory requirements relating to the Supervisory Board's knowledge and experience, including the composition of the Supervisory Board, and the committee shall support the Supervisory Board in connection with nominations of candidates for the Supervisory Board and the Shareholders' Representatives, and the committee shall be responsible for overseeing that the Supervisory Board is evaluated. The Nomination Committee is responsible for ensuring that the composition of the Supervisory Board entails sufficient diversity as to qualifications and competences, which also entails that the Supervisory Board holds the relevant competences pursuant to the Bank's business model and risk profile. The Nomination Committee had six meetings in 2015. Sven Buhrkall (Chair), Kurt Bligaard Pedersen, Philip Baruch and Jens A. Borup are members of the committee.

The Remuneration Committee is commissioned on behalf of the Supervisory Board to determine the pay and pension conditions of the Executive Board and the Head of Internal Audit. The Remuneration Committee prepares the Group's

pay policy and submits it for adoption by the Annual General Meeting. The Remuneration Committee had two meetings in 2015. Sven Buhrkall, Kurt Bligaard Pedersen and Haggai Kunisch are members of the committee.

The Audit Committee supervises the financial reporting and internal control and risk-management systems; it also checks the independence of the auditors as well as their qualifications. The Supervisory Board considers its chairman Kurt Bligaard Pedersen, the independent member of the committee as he possesses qualifications within accounting. The Audit Committee had seven meetings in 2015. Kurt Bligaard (Chair), Sven Buhrkall, Keld Norup and Marianne Lillevang are members of the committee.

The Risk Committee carries out the preliminary consideration of risk-related issues before the final consideration by the Supervisory Board. This comprises, among other things, regulatory requirements for capital-adequacy calculation, the Group's capital base, individual solvency requirement, and capital and liquidity buffer, material changes to the model set-up for risk management, and the re-estimation and validation of models. The Group Risk Committee had five meetings in 2015. Rina Asmussen (Chair), Sven Buhrkall, Jens A. Borup, Oluf Engell and Haggai Kunisch are members of the committee.

Members of the Supervisory Board at 31 December 2015

Name	Age	Ap- pointed as Board member	Expiry of term of of- fice	Audit commit- tee	Nomination committee	Remuneration committee	Risk commit- tee
Sven Buhrkall, Consultant, Chairman	66 year	1998	2016	Member	Chairman	Member	Member
Kurt Bligaard Pedersen, Deputy Chair- man	56 year	2014	2017	Chairman	Member	Member	
Partner Rina Asmussen	56 year	2014	2016				Chairman
Philip Baruch	62 year	2006	2018		Member		
Jens A. Borup	60 year	2005	2017		Member		Member
Oluf Engell	70 year	2014	2016				Member
Keld Norup	62 year	2007	2016	Member			
Employee representatives:							
Jesper Holbøll, Account Manager	47 year	2014	2018				
Haggai Kunisch, District Chairman	64 year	2002	2018			Member	Member
Marianne Lillevang, Deputy District Chairman	50 year	2006	2018	Member			

Members of the Supervisory Board at 31 December 2015

Name	Number of Jyske Bank Shares		Participation and number of meetings 2015				
	End-2015	End-2014	Board meeting	Audit			Risk committee
				Committee	Nomination committee	Remuneration committee	
Sven Buhrkall, Consultant, Chairman	1,980	1,980	34/34	7/7	6/6	2/2	5/5
Kurt Bligaard Pedersen, Deputy Chairman	1,150	1,150	32/34	6/7	5/6	2/2	
Partner Rina Asmussen	611	611	32/34				5/5
Philip Baruch	2,893	2,893	30/34		6/6		
Jens A. Borup	5,093	4,093	34/34		6/6		4/5
Oluf Engell	200	200	26/34				4/5
Keld Norup	1,100	974	33/34	7/7			
Employee representatives:							
Jesper Holbøll, Account Manager	562	562	33/34				
Haggai Kunisch, District Chairman	2,911	2,967	29/34			2/2	4/5
Marianne Lillevang, Deputy District Chairman	2,328	2,328	33/34	6/7			

The Supervisory Board has decided on a remuneration policy and had it adopted most recently at the Annual General Meeting in March 2015. It is the responsibility of the Supervisory Board to adjust and present anew the remuneration policy to the Annual General Meeting. The management receives a fixed remuneration and is not covered by incentive programmes.

Duty to disclose information about remuneration

DKKm	2015	2014
Remuneration of the Supervisory Board		
Sven Buhrkall	0.8	0.8
Kurt Bligaard Pedersen (joined on 05.05.2014)	0.5	0.3
Rina Asmussen (joined on 05.05.2014)	0.4	0.3
Philip Baruch	0.5	0.5
Jens A. Borup	0.5	0.4
Oluf Engell (joined on 05.05.2014)	0.3	0.2
Keld Norup	0.5	0.4
Jesper Holbøll (joined on 19.03.2014)	0.3	0.2
Haggai Kunisch	0.3	0.3
Marianne Lillevang	0.3	0.3
John Egebjerg-Johansen (resigned on 05.05.2014)	0.0	0.3
Gerner Wolff-Sneedorff (resigned on 05.05.2014)	0.0	0.2
Steen Snedker (resigned on 19.03.2014)	0.0	0.0
Total	4.4	4.2

In addition to the fixed remuneration, the members of the committees under the Supervisory Board receive a committee remuneration. Of the total remuneration to the Supervisory Board, committee remuneration and Shareholders' Representatives' remuneration totalled DKK 1.6m in 2015 against DKK 1.7m in 2014, which amount is included in the above amounts.

**Directorships held by members of the Supervisory Board in other commercial enterprises
at 31 December 2015**

Sven Buhrkall, Consultant, Fanø, Chairman

- Board member of H.P. Therkelsen A/S, Padborg
- Board member, Hirtshals Havn, (foundation/independent institution)
- Board member, ApS Gram Færdig-beton, Holger Kudsk
- Chairman of the supervisory board, Fonden for H.K. Samuelsen Shipping og International Spedition, Sønderborg, and on the board of two fully owned subsidiaries
- Board member, Generalkonsulinde Anna Hedorf og generalkonsul Frode Hedorfs Fond, Vallensbæk, and chairman of the supervisory board of a fully owned subsidiary
- Board member, FDE Fonden

Kurt Bligaard Pedersen, Director, London, deputy chairman

- Board member, BRFFonden and on the board of a fully owned subsidiary
- Board member, NKT Holding A/S
- Board member, Copenhagen Zoo
- Board member, Noordgastransport B.V., the Netherlands
- General manager and board member, Gazprom Energy Ltd., Great Britain

Rina Asmussen, Klampenborg

- Board member, PFA Invest
- Board member, BRFFholding a/s

Philip Baruch, Charlottenlund

- Chairman of the supervisory board, Zimmer Group A/S
- Chairman of the supervisory board, Ottensten A/S
- Board member, Melitek A/S

Jens A. Borup, Skagen

- Board member / chairman, FF Skagen-gruppen including
 - Board member, FF Skagen Fond
 - Chairman of the supervisory board, FF Skagen A/S, and also on the board of two fully owned subsidiaries
 - Board member, Swe-Dan Seafood AB, Sweden, and also on the board of a fully owned subsidiary

Oluf Engell, Skodsborg

- Chairman of the supervisory board, Aktieselskabet Einar Willumsen
- Chairman of the supervisory board, BRFFholding a/s
- Chairman of the supervisory board, Kong Frederik VII Stiftelse på Jægerspris

Directorships held by members of the Supervisory Board in other commercial enterprises at 31 December 2015

Keld Norup, Vejle

- Chairman of the supervisory board/board member, Holmskov-gruppen, Vejle including
 - Chairman of the supervisory board, Holmskov & Co. A/S
 - Chairman of the supervisory board, Holmskov Finans A/S
 - Chairman of the supervisory board, Holmskov Invest A/S
 - Board member, H & P Frugtimport A/S
 - Board member, Intergrønt ApS
- Chairman of the supervisory board, Murermeister Ove Larsen A/S, Vejle
- Board member, Solegruppen, Vejle, including
 - Board member, Sole Holding ApS, Vejle, and also on the board of five fully owned subsidiaries
 - Board member, Tage Pedersen Holding ApS
 - Board member, Hølggaard Ejendomme ApS
 - Board member, Solbjerg Ejendomme ApS
 - Board member, Jørgen G. Pedersen Holding ApS
 - Board member, Vesterby Minkfarm ApS
 - Board member, Solskov Minkfarm A/S
 - Board member, Thyra Mink ApS and on the board of a fully owned subsidiary
- Board member, Clausen-gruppen, Vejle, including
 - Board member, GV-Holding A/S
 - VAC Holding ApS
 - VHF Holding ApS and on the board of a fully owned subsidiary
- Board member, Heede Bolcher A/S
- Board member, Ibæk Strandvej 11, Vejle Smbh
- Board member, L.S. International ApS
- Board member, Bøje & Brøchner A/S
- Board member, CMC Holding Vejle A/S
- Board member, Ejendomsselskabet Tværvej A/S
- Chairman of the supervisory board, Skov Advokater Advokataktieselskab
- Managing Director and board member, Ejendomsaktieselskabet Centrum

Haggai Kunisch, District Chairman, Viborg

- Board member, Bank/Pension

Executive Board

The Executive Board has five members. The number of members is determined by the Supervisory Board.

The Executive Board undertakes the day-to-day management of the Group. The Executive Board strives continuously to ensure that the Group has efficient procedures and a clear organisational structure with a well-defined, transparent and consistent distribution of responsibilities.

Without having the right to vote, the Executive Board attends the meetings of the Shareholders' Representatives and the Supervisory Board. To ensure independence and objectivity, members of the Executive Board shall not participate in the discussions of questions concerning any of the members personally.

Duty to disclose information about remuneration		
DKKm	2015	2014
Remuneration of the Executive Board		
Anders Dam*	7.2	6.7
Sven A. Blomberg (joined on 05.05.2014)	6.4	4.3
Niels Erik Jakobsen	5.7	5.6
Leif F. Larsen	5.7	5.6
Per Skovhus	5.7	5.5
Jørgen Christensen (took retirement on 31.08.2014)	0.0	4.0

To this must be added company cars and also separation allowances for Sven A. Blomberg and Per Skovhus.

*In 2015, Anders Dam received an anniversary bonus of DKK 0.5m.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives.

**Directorships held by members of the Executive Board in other commercial enterprises
at 31 December 2015**

Anders Dam

- Chairman of the supervisory board, Jyske Banks Almennyttige Fond and of a fully owned subsidiary
- Board member (deputy chairman), DLR Kredit A/S
- Board member (deputy chairman), Foreningen Bankdata F.m.b.a.
- Board member, FR I af 16. september 2015 A/S

Niels Erik Jakobsen

- Chairman of the supervisory board, Bank / Pension
- Board member (deputy chairman), Letpension A/S
- Board member, BI Holding A/S and on the board of a fully owned subsidiary

Leif F. Larsen

- Chairman of the supervisory board, Jyske Banks Medarbejderfond and of a fully owned subsidiary
- Chairman of the supervisory board, JN Data A/S
- Board member, Bankernes Kontantservice A/S
- Board member, Finanssektorens Uddannelsescenter

Per Skovhus

- Board member, JSNA Holding A/S

Internal control and risk-management systems

The overall responsibility for the Group's internal control and risk-management systems in connection with the presentation of the accounts rests with the Supervisory Board and the Executive Board. The process has been planned with a view to preparing and presenting an annual report in agreement with the regulatory requirements as well as preparing and presenting an annual report that is free from material misstatement, whether due to fraud or error. Further information about internal control and risk management systems is available at investor.jyske-bank.com/investorrelations/governance.

Recognition and measurement

Recognition and measurement of certain assets and liabilities require an estimate of the influence of future events on the value of such assets and liabilities at the balance sheet date. Estimates of material importance to the presentation of the accounts are, among other things, based on the impairment of loans and advances, the fair value of unlisted financial instruments and provisions already made.

The estimates are based on assumptions which management finds reasonable, but which are inherently uncertain. It is the assessment of management that assets and liabilities offer a true and fair view of the financial position and that the control environment relating to the assessments made is satisfactory.

Control environment

The most important elements in the control environment are an expedient organisation, including separation of functions, as well as internal policies and business procedures.

The Supervisory Board, the Executive Board and the organisation involved in the presentation of the accounts have been organised in such a way that relevant competencies in respect of risk management and assessment of internal controls in relation to the presentation of the accounts have been established and work independently of each other.

The Supervisory Board has set up an Audit Committee which continuously monitors that the Group's internal controls are sufficient and assesses material risks in connection with the process relating to the presentation of the accounts, including the risk that fraud or error may result in material misstatement in the annual report.

Risk assessment

The details given in the annual report are continuously assessed with respect to risk and with a view to identifying elements associated with heightened risk because they are based on estimates and/or generated through complex or manual processes.

The Audit Committee is continuously informed about the assessment of the Group risks, including risks affecting the process relating to the presentation of the accounts. The Audit Committee and the Executive Board decide at least once a year whether new internal controls are to be initiated to counter identified risks. The Audit Committee examines, also at least once a year, particularly risky fields, including recognition and measurement of material assets and liabilities as well as any changes to accounting policies.

Control activities

Control activities have been set up with the purpose of preventing, detecting and correcting any errors and omissions in the data that form the basis of the accounts preparation. The activities include, among other things, certification, authorisation, approval, reconciliation, analyses of results, control of separation of functions, general IT controls and controls regarding IT applications.

Monitoring and reporting

The Group employs systems and manual resources for the monitoring of the data that form the basis of the accounts preparation. Any weaknesses and errors are corrected and reported on a continuous basis.

Reporting from subsidiaries is controlled continuously, and procedures have been established to ensure that any errors and omissions in data reported are communicated to and are rectified by the subsidiaries.

In connection with the accounts preparation further analyses and control activities are carried out to ensure that the presentation of the accounts takes place in compliance with legislation. The Audit Committee will follow up to ensure that established and reported weaknesses in the internal controls as well as material errors and omissions in the Parent's financial statements are rectified.