

# Remuneration report 2019

This remuneration report has been designed according to the requirements of S.139b of the Danish Companies Act and also covers the requirements of the annual reporting of remuneration under financial legislation and in the Corporate Governance Recommendations. For 2011-2018, similar information is available at Jyske Bank's website in the reports on remuneration for the individual years.

## Principles governing remuneration

The purpose of Jyske Bank's remuneration policy is to reward value-creating, competent and responsible conduct as well as to support productivity and job satisfaction. It is also important for the Jyske Bank Group and a statutory requirement of the Danish Financial Business Act that the remuneration policy promotes and is in line with sound and efficient risk management and that it prevents conflicts of interest and strengthens the obligation to act in the best interest of the clients. Finally, the remuneration policy must ensure equal pay for equal work. The remuneration policy adopted applies to all companies of the Jyske Bank Group.

It has always been part of Jyske Bank's remuneration policy not to offer actual commission or bonus schemes with variable remuneration, measured schematically according to results. Share-based remuneration only exists in the form of general schemes comprising all employees.

Since 2017, all permanent employees of the Jyske Bank Group in Denmark have received offers of participating in an employee share scheme according to the provisions of S.7P of the Danish Tax Assessment Act that were introduced in 2016. The scheme is granted for one year at a time, and for 2019 and 2020 the Supervisory Board decided to repeat the offer, now with a possibility of opting for up to 20% compared with previously 10% of the remuneration paid out as employee shares. Employees in Germany are offered a less comprehensive scheme according to German rules.

All remuneration is determined on the basis of a comprehensive assessment of four parameters:

- job profile
- results
- work performance
- competences.

As a consequence of the provisions of the Danish Financial Business Act, the Supervisory Board has adopted the Jyske Bank Group's remuneration policy, and in accordance with the act the remuneration policy must be submitted to members in general meeting for adoption when amendments are made. In future, the remuneration policy must be approved at least every fourth year, according to the relevant stipulations of the Danish Companies Act. The requirement of adjustments of the remuneration policy to the development of the Group is monitored on an ongoing basis by the Group's HR division which with the necessary internal and external assistance prepares proposals for amendments. After consideration by the Group Executive Board proposals for adjustments are presented to the Remuneration Committee of the Supervisory Board before the proposed amendments are submitted to members in general meeting for adoption.

The Supervisory Board has established a Remuneration Committee consisting of the chairman and the deputy chairman of the Supervisory Board and one of the board members elected by the employees. The committee is in charge of the preparatory work behind the decisions by the Supervisory Board regarding remuneration, including remuneration policy, yet proposals for adjustment of remuneration of the Supervisory Board and the Shareholders' Representatives are submitted by the Nomination Committee. Moreover, the Remuneration Committee is responsible for controlling compliance with the policy including that the remuneration of the Supervisory Board and the Shareholders' Representatives takes place according to the rates determined by members in general meeting.

In 2019, the Remuneration Committee of the Supervisory Board held two meetings. The Remuneration Committee and the Supervisory Board have reviewed the remuneration policy and since the EU's Shareholder Rights Directive has been implemented in Danish legislation with the adoption of new rules in SS.139, 139a and 139b of the Danish Companies Act, it has been resolved to propose a motion at the General Meeting to amend the remuneration policy. The fundamental principles of the policy are unchanged and the most important adjustments are:

- The terminology has been changed to the effect that reference will, as in legislation, in future be made to remuneration policy and remuneration committee.
- The wording of the first section on purpose, scope and background has been adjusted to meet the requirements of S.139a of the Danish Companies Act – this has been achieved, among other things, by explaining the correlation between the Group's strategy and the remuneration policy.
- Sections 2 and 9 specify that the remuneration policy is primarily based on fixed remuneration, including of the Supervisory Board and the Executive Board. For the Executive Board it has been specified that part of the fixed remuneration may be in the form of fixed benefits and services, for instance a company car or free residence. For the Supervisory Board it has been briefly described, as required by law, that remuneration is based on fixed rates for members of the Supervisory Board and for performance of functions such as chairman, deputy chairman and members of committees or shareholders representatives.
- The Group's threshold limit for variable remuneration of material risk-takers is determined at DKK 100,000 to ensure a continued low level for the use of variable remuneration in the Group and to avoid that we may inadvertently introduce an increasingly bonus-based culture. The implementation of the Capital Requirements Directive (CRD V) in Danish legislation would otherwise with effect as from 01.01.2021 open up the opportunity of lifting the limit to EUR 50,000.
- Section 10 has been expanded by a brief description of duration and terms of notice for executive contracts and by the possibility of granting pension supplements.
- As new section 13 a description of the decision-making process concerning the remuneration policy has been added. A similar description has so far been incorporated in the annual remuneration report and has in this respect been expanded by a more detailed description of the function of the remuneration committee to emphasise that potential conflicts of interest are prevented.
- An exemption clause has been incorporated in the policy, opening up the possibility of deviating from parts of the policy in special circumstances. In accordance with S.139a(5) of the Danish Companies Act it is possible to grant the Supervisory Board such authorisation, and with the provision it has become possible to deviate from limits on amounts and repayments (for instance variable remuneration or severance pay). The Supervisory Board emphasises that deviations must be reported in the remuneration report and the chairman's statement.

Click to read the remuneration policy as adopted by the Jyske Bank Group's members in general meeting on 21 March 2017 [www.investor.jyskebank.com/investorrelations/governance](http://www.investor.jyskebank.com/investorrelations/governance).

### **Equal pay**

In cooperation with Finansforbundet's local union in Jyske Bank, HR conducts an audit of equal pay each year. The audit consists of an analysis of gender pay differences within selected job types, and the aim is to ensure that legal demands on equal pay as well as demands in the remuneration policy are complied with. The result of the audit in 2019 was that no differences were found that would require correction.

## **Report on the remuneration of the Supervisory Board, Executive Board and material risk-takers in 2019**

According to the relevant rules of the legislation, the Executive Board recommends to the Supervisory Board the employees whose activities have a considerable impact on the Group's risk profile. When appointing these employees, the Executive Board and the Supervisory Board find it of great importance both to include all material risk-takers and to define a clear and consistent demarcation that will minimise the uncertainty as to which employees belong to the group of material risk-takers.

The criteria for the appointment of material risk-takers apart from the Group Supervisory Board and the Group Executive Board are currently:

- Members of the Group's top management (currently the Jyske Bank Group Management).
- Heads of division and department in the Group's trading functions (currently Capital Markets).
- Employees working with the management of the Jyske Bank Group's balance sheet and positions (currently all permanent staff of the Group Treasury Division and of Realkredit Balancestyring).
- Directors as well as heads of division and department being responsible for important control activities in relation to the Group's risk management (currently the head of Compliance, the head of Internal Audit and all heads of division and department as well as the Directors of Risk Management).
- Employees who may expose the Group to material credit risks (currently employees with powers of granting credits of DKK 150m or more and also employees responsible for control and final preparation of credit recommendations for exposures above DKK 150m).
- Employees with managerial responsibility in material business units reporting directly to the head of the unit (currently Business, Market and Divisional Directors and of Personal Clients and Corporate Clients as well as Directors referring to the Executive Board of Jyske Finans).
- Supervisory Board, Management Board and employees with managerial responsibility, referring to the Executive Board of Jyske Realkredit.
- Supervisory Board, Management Board and employees with managerial responsibility, referring to the Management Board of Jyske Invest.
- Managers who according to the Group's business procedures for Product Approval are authorised to approve or veto introduction of new products.

### Remuneration broken down by business area

Within the various business areas, the Supervisory Board, the Executive Board as well as material risk-takers in 2019 earned and had the following amounts paid out (Group figures, DKK 1,000):

	Number	Remuneration, total	Remuneration, fixed	Remuneration, variable
Investment	13	18,835	18,548	287
Retail	42	46,412	45,294	1,118
Asset Management	11	16,801	15,801	1,000
Others	70	102,003	101,437	566
Total	136	184,051	181,080	2,971

The remuneration includes all fees, fixed remuneration, remuneration supplements, bonuses, pension contributions as well as increases in pension provisions.

The Supervisory Board and the Executive Board are included in the category 'Other'. The number of employees etc. in each category are those who over the year belonged to one of the categories. The actual number at the closing of the financial statements covered eleven members of the Supervisory Board, four directors and 96 material risk-takers.

No variable remuneration in excess of the maximum limit of DKK 100,000 was earned or paid out to these persons. In 2019, a total of 31 material risk-takers received a one-off allowance. In accordance with the remuneration policy no variable remuneration has been paid out to the Supervisory Board.

### Breakdown of remuneration among the Supervisory Board, Executive Board and material risk-takers

The breakdown by Supervisory Board, Executive Board and material risk-takers of earned and paid out fixed and variable remuneration in 2019 appears from the table below (Group numbers DKK 1,000):

	Supervisory Board	Executive Board	Material risk-takers
Number of recipients, fixed remuneration	11	4	121
Number of recipients, variable remuneration	0	0	31
Earned fixed remuneration in the financial year, total	7,741	35,452	137,887
Earned variable remuneration in the financial year, total	0	0	2,971

Same definitions of remuneration, etc. as in the preceding table.

No sign-on bonuses were paid during the financial year. Included in the variable remuneration stated, severance benefits/retirement compensation were paid to 2 material risk-takers. The benefits/compensation are within the framework of severance benefits/retirement compensation as laid down in statutory provisions.

In the financial year 2019, four persons were remunerated by between EUR 1 m and EUR 1.5 m.

### Individual remuneration of the Supervisory Board and Executive Board, development in average remuneration and consolidated result

In the past four years, the individual members of the Group Supervisory Board and the Group Executive Board received the total remuneration stated below, cf. S.139b(3) of the Danish Companies Act and Report on Recommendations on Corporate Governance, item 4.2.3.

List of 2016-2019, absolute figures				
Remuneration of the Supervisory Board, DKK million				
	2019	2018	2017	2016
Sven Buhrkall	1.7	1.5	0.9	0.9
Kurt Bligaard Pedersen	1.0	0.9	0.5	0.5
Rina Asmussen	0.7	0.6	0.4	0.4
Philip Baruch	0.7	0.6	0.5	0.5
Jens A. Borup	0.8	0.8	0.5	0.5
Keld Norup	0.6	0.6	0.5	0.5
Anker Laden-Andersen (joined on 26.03.2019)	0.4	-	-	-
Per Schnack (joined on 26.03.2019)	0.4	-	-	-
Peter Schleidt (joined on 16.03.2016 and resigned on 30.05.2017)	-	-	0.2	0.2
Oluf Engell (resigned on 16.03.2016)	-	-	-	0.1
Haggai Kunisch (resigned on 20.03.2018)	-	0.1	0.4	0.3
Marianne Lillevang	0.6	0.5	0.3	0.3
Christina Lykke Munk (joined on 01.07.2016)	0.5	0.4	0.3	0.1
Jesper Holbøll (resigned on 30.06.2016)	-	-	-	0.1
Johnny Christensen (joined on 20.03.2018)	0.4	0.3	-	-
Remuneration of the Executive Board, DKK million				
Anders Dam	10.0	9.9	10.3	7.2
Hereof variable		0.1	0.1	0.1
Sven A. Blomberg (resigned on 31.07.2017)	-	-	10.6	6.9
Hereof variable			6.6	0.1
Niels Erik Jakobsen	7.9	7.8	8.1	6.2
Hereof variable		0.1	0.1	0.1
Leif F. Larsen (resigned on 30.04.2018)	-	3.1	6.5	6.1
Hereof variable		0.1	0.1	0.1
Per Skovhus	8.7	8.5	8.6	6.2
Hereof variable		0.1	0.1	0.1
Peter Schleidt (joined on 01.09.2017)	8.8	8.3	2.8	0.0
Hereof variable			0.1	
Remuneration of average FTE (full time equivalent), DKK '000				
Average remuneration (salary + pension)	727	686	693	663
Profit development, Jyske Bank Group, DKK million				
Pre-tax profit	3,079	3,140	4,002	3,906
Post-tax profit	2,440	2,500	3,143	3,116

As from 2017 provision for retirement remuneration is included in the total remuneration calculated, and in connection with a remuneration adjustment the provision for this year was raised, which is the background behind the particularly high total remuneration in 2017. For Sven A. Blomberg remuneration paid in connection with retirement is included in 2017.

Information on the most material contents of the retention and severance schemes appears from note 12 in the individual financial statements.

#### List of 2016-2019, percentage change from previous year

Remuneration of the Supervisory Board, percentage	2019	2018	2017	2016
Sven Buhrkall	13.1	66.8	5.9	0.6
Kurt Bligaard Pedersen	14.2	66.4	0.4	0.0
Rina Asmussen	9.7	42.3	23.9	-3.2
Philip Baruch	6.5	17.9	1.2	0.0
Jens A. Borup	8.2	52.6	-2.2	3.1
Keld Norup	0.5	26.2	0.4	-17.1
Anker Laden-Andersen (joined on 26.03.2019)	-	-	-	-
Per Schnack (joined on 26.03.2019)	-	-	-	-
Peter Schleidt (joined on 16.03.2016 and resigned on 30.05.2017)	-	-	-31.5	-
Oluf Engell (resigned on 16.03.2016)	-	-	-	-76.7
Haggai Kunisch (resigned on 20.03.2018)	-	-74.7	16.7	0.0
Marianne Lillevang	12.6	60.5	0.0	0.0
Christina Lykke Munk (joined on 01.07.2016)	13.3	66.0	100.0	-
Jesper Holbøll (resigned on 30.06.2016)	-	-	-	-50.0
Johnny Christensen (joined on 20.03.2018)	33.3	-	-	-
Remuneration of Executive Board (total, fixed and variable), percentage				
Anders Dam	1.5	-3.4	41.7	-3.6
Sven A. Blomberg (resigned on 31.07.2017)	-	-	54.2	5.1
Niels Erik Jakobsen	1.3	-3.4	30.9	9.0
Leif F. Larsen (resigned on 30.04.2018)	-	-51.7	6.4	5.0
Per Skovhus	2.9	-1.6	38.5	5.4
Peter Schleidt (joined on 01.09.2017)	5.4	201.9	-	-
Remuneration of average FTE (full time equivalent), percentage				
Average remuneration (salary + pension)	6,0	-1,0	4,5	0,1
Profit development, Jyske Bank Group, percentage				
Pre-tax profit	-1,9	-21,5	2,5	21,9
Post-tax profit	-2,4	-20,5	0,9	25,9