

# Organisation and management

2018

### **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.

### **General Meeting**

Shareholders' right to pass resolutions shall be exercised at the General Meetings which are held in Silkeborg or at some other location in the Central Jutland region. General Meetings shall be called by the Supervisory Board at not more than five weeks' and not less than three weeks' notice. The notice convening the Annual General Meeting shall be sent to the Nasdaq Copenhagen A/S and be announced on Jyske Bank's website.

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 [www.jyskebank.dk](http://www.jyskebank.dk).

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 are associated with a geographical electoral region (out of three). Association to a region is considered valuable to ensure close relations to the bank and in respect of the Representatives' function as ambassadors for the bank.

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. Re-elections shall be allowed.

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. Employee-elected members of the Supervisory board are elected for a term of four years.

Generally Jyske Bank follows the recommendations from the Committee on Corporate Governance; please see the report on this.

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 form a quorum where more than half its members participate in discussions. Business transacted 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 2018, the Supervisory Board held 43 board meetings.

The Supervisory Board receives a regular cash payment, which is fixed by the General Meeting. 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 2018.

The competencies of each member of the Supervisory Board are stated on Jyske Bank's website.

### **Committees under the Supervisory Board**

The Supervisory Board has established five 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 two meetings in 2018. 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 remuneration and pension conditions of the Executive Board and the Head of Internal Audit, and the Committee is also responsible for the remuneration to the risk officer and the chief compliance officer. The Remuneration Committee is the only committee to whom the Supervisory Board has delegated decision-making authority. 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 2018. Sven Buhrkall (Chair), Kurt Bligaard Pedersen and Marianne Lillevang are members of the committee.

*The Audit Committee* established under current legislation 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 six meetings in 2018. Kurt Bligaard Pedersen (Chair), Sven Buhrkall, Keld Norup, Jens A. Borup and Christina Lykke Munk 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. Quarterly meetings discuss, among other things, issues relating to regulatory requirements of the capital adequacy statement, the Group's capital base, solvency requirement, as well as capital and liquidity buffers, material changes of the model set-up for risk management, and the annual re-estimate and validation of models. The Risk Committee had six meetings in 2018. Rina Asmussen (Chair), Sven Buhrkall, Jens A. Borup and Marianne Lillevang are members of the committee.

*The Digital and Technology Committee* is in charge of the preparatory work to enable the Group Supervisory Board to decide on the Jyske Bank Group's strategies on digitization and technology, inclusive of related policies, relating to the bank's business activities. The Digital and Technology Committee had four meetings in 2018. Rina Asmussen (Chair), Sven Buhrkall and Johnny Christensen are members of the committee.

#### **Target figures for the underrepresented gender**

Target figures have been defined for members of the Group Supervisory Board according to which it should be attempted to have four female members in 2021. Today the Group Supervisory Board has three female members: one shareholder elected member and two employee-elected members. In 2018, a male shareholder-elected member of the Supervisory Board was re-elected, and the employees elected one male representative to replace a resigning male member and re-elected the two female members.

**Members of the Supervisory Board at 31 December 2018**

Name	Age	Ap- pointed a Board member	Expiry of term of of- fice	Audit commit- tee	Nomina- tion Commit- tee	Remune- ration Commit- tee	Risk Commit- tee	Digitization & Technol- ogy Com- mittee
Sven Buhrkall, Consultant, Chairman	69	1998	2019	Member	Chairman	Chairman	Member	Member
Kurt Bligaard Pedersen, Managing Director, Deputy Chairman	59	2014	2020	Chairman	Member	Member		
Partner Rina Asmussen	59	2014	2019				Chairman	Chairman
Philip Baruch	65	2006	2021		Member			
Jens A. Borup	63	2005	2020	Member	Member		Member	
Keld Norup	65	2007	2019	Member				
Employee representatives:								
Marianne Lillevang, District Chairman	53	2006	2022			Member	Member	
Christina Lykke Munk, Portfolio Management Adviser	40	2016	2022	Member				
Johnny Christensen, Deputy District Chairman	56	2018	2022					Member

Name	Number of Jyske Bank shares		Participation and number of meetings 2018					
	End- 2018	End- 2017	Board meeting	Audit commit- tee	Nomina- tion Commit- tee	Remune- ration Commit- tee	Risk Commit- tee	Digitization & Technol- ogy Com- mittee
Sven Buhrkall, Consultant, Chairman	<b>2,580</b>	2,580	42/43	6/6	2/2	2/2	6/6	4/4
Kurt Bligaard Pedersen, Managing Director, Deputy Chairman	<b>1,150</b>	1,150	38/43	5/6	2/2	2/2		
Partner Rina Asmussen	<b>927</b>	927	40/43				6/6	4/4
Philip Baruch, Attorney-at-Law	<b>2,893</b>	2,893	38/43		2/2			
Jens A. Borup, Fishing Vessel Master	<b>3,970</b>	3,970	41/43	3/3	2/2		6/6	
Keld Norup, Attorney-at-Law	<b>1,100</b>	1,100	43/43	6/6				
Employee representatives:								
Marianne Lillevang, District Chairman	<b>2,456</b>	2,348	40/43	2/3		2/2	4/4	
Christina Lykke Munk, Port-folio Management Adviser	<b>279</b>	359	41/43	3/3				
Johnny Christensen, Deputy District Chairman	<b>327</b>	773	27/32					3/3

The board members' participation in meetings appear above.

The Supervisory Board has decided on a remuneration policy and had it adopted most recently at the Annual General Meeting in March 2018. 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		
DKK m	2018	2017
<b>Remuneration of the Supervisory Board</b>		
Sven Buhrkall	1.5	0.9
Kurt Bliigaard Pedersen	0.9	0.5
Rina Asmussen	0.6	0.4
Philip Baruch	0.6	0.5
Jens A. Borup	0.8	0.5
Keld Norup	0.6	0.5
Peter Schleidt (resigned on 30.05.2017)	0.0	0.2
Marianne Lillevang	0.5	0.3
Christina Lykke Munk	0.4	0.3
Johnny Christensen (joined on 20.03.2018)	0.3	0.0
Haggai Kunisch (resigned on 20.03.2018)	0.1	0.4
<b>Total</b>	<b>6.3</b>	4.5

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 2.6m in 2018 against DKK 1.8m in 2017, which amount is included in the above amounts Amount.

The Supervisory Board does not receive variable remuneration.

## Directorships held by members of the Supervisory Board in other commercial enterprises at 31 December 2018

Sven Buhrkall, Consultant, Fanø, Chairman

- Board member of H.P. Therkelsen A/S, Padborg
- Board member, Hirtshals Havn, (foundation/independent institution)
- 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
- Director of Sven Buhrkall Consulting

Kurt Bligaard Pedersen, Director, London, deputy chairman

- Board member, BRFFonden and on the board of a fully owned subsidiary
- Board member, Noordgastransport B.V., the Netherlands
- General manager and board member, Gazprom Marketing & Trading Retail Ltd., Great Britain

Rina Asmussen, Consultant, Klampenborg

- Board member, PFA Invest
- Board member and Deputy Chairman, BRFFonden, and on the board of a fully owned subsidiary
- Board member, HUMAN UNIVERZ Partner byHeart Aps
- Director, RA-Consulting

Philip Baruch, Charlottenlund

- Chairman of the supervisory board, Zimmer Group A/S
- Chairman of the supervisory board, Ottensten A/S
- Chairman of the supervisory board, Seniorshop Aps
- 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
  - Chairman of the supervisory board, Scandic Pelagic A/S
  - Board member, Scandic Pelagic AB, Sweden, and on the board of two fully owned subsidiaries
  - Managing director of Hirtshals Tanklager ApS, FF Handelsafdeling ApS and H.F. Industrifiskehandel ApS
- Managing director, Starholm Holding ApS, Skagen

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
- Chairman of the supervisory board, Clausen-gruppen, Vejle including
  - Chairman of the supervisory board, GV-Holding A/S
  - Chairman of the supervisory board, VAC Holding ApS
  - Chairman of the supervisory board, VHF Holding ApS
- Board member, Sole-gruppen, Vejle, including
  - Board member, Sole Holding ApS, Vejle, and also on the board of five fully owned subsidiaries
  - Board member, Sole Invest Aps, Hedensted and also on the board of a fully owned subsidiary
  - Board member, TP Family ApS and on the board of a fully owned subsidiary
  - Board member, Hølggaard Ejendomme ApS
  - Board member, Solbjerg Ejendomme A/S
  - Board member, JGP Family ApS and on the board of a fully owned subsidiary
  - Board member, Vesterby Minkfarm A/S
  - Board member, Solskov Minkfarm A/S
- Chairman of the supervisory board, Skov Advokater Advokataktieselskab
- Managing director, Keld Norup Holding Aps

## Executive Board

The Executive Board has four 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.

The Executive Board shall participate - but with no voting rights - in 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	2018	2017
<b>Remuneration paid to the Executive Board</b>		
Anders Dam	9.8	8.1
Niels Erik Jakobsen	7.7	6.6
Peter Schleidt (joined on 01.09.2017)	7.7	2.6
Per Skovhus	7.9	6.7
Leif F. Larsen (resigned on 30.04.2018)	3.1	6.2
Sven A. Blomberg (resigned on 31.07.2017)	0.0	10.6
<b>Total</b>	<b>36.2</b>	<b>40.8</b>

\*Remuneration to the Executive Board includes the value of company car, etc.

In 2018, the Executive Board earned further retirement remuneration from Jyske Bank's Pensionstilskudsfond, which will be paid out upon retirement.

#### Directorships held by members of the Executive Board in other commercial enterprises at 31 December 2018

Anders Dam

- Chairman of the Supervisory Board of Jyske Banks Almennyttige Fond as well as the fully owned subsidiary Jyske Banks Almennyttige Fonds Holdingselskab
- Board member (deputy chairman), Foreningen Bankdata F.m.b.a.
- Board member, FR I af 16. september 2015 A/S

Niels Erik Jakobsen

- Board member (deputy chairman), Letpension A/S
- Board member, BI Holding A/S as well as the fully owned BI Asset Management Fondsmæglerselskab A/S

Peter Schleidt

- Board member (deputy chairman), JN Data A/S
- Board member, VP Securities 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 financial reporting 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.

### **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.