



## Report on remuneration 2016

### **Principles governing remuneration**

The purpose of Jyske Bank's remuneration policy is to reward competent, responsible and independent 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. 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 pay, measured schematically according to results achieved. Share-based remuneration in the Jyske Bank Group only exists in the form of general schemes comprising all employees – for 2017 all permanent employees in Denmark have received offers of participating in an employee share scheme according to the new provisions of S.7P of the Danish Tax Assessment Act which were introduced in 2016. In Germany, a less comprehensive scheme is offered according to German rules.

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

- job profile
- results
- work performance
- competence.

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 approval when changes are made.

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 the pay policy since proposals for regulation of remuneration of the Supervisory Board and the Shareholders' Representatives are handled by the Nomination Committee. The Remuneration Committee is also responsible for ensuring that the policy is complied with. Proposals for pay policy are prepared by the Jyske Bank Group's HR division which, wherever necessary, discusses any proposed amendments with the employee representatives and with the leaders affected by the policy.

Click to read the policy as described in the Group's internal business procedures:

<https://investor.jyskebank.com/governance>.

### **Report on the remuneration of the Supervisory Board, Executive Board and material risk-takers in 2016**

According to the relevant rules of the legislation, the Executive Board recommends to the Supervisory Board the employees whose activities have a material 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.

In 2016, the Remuneration Committee of the Supervisory Board held two meetings. The Remuneration Committee and the Supervisory Board have reviewed the pay policy, and this gave rise to changes, for which motions will be proposed at the



general meeting on 21 March 2017. After the proposal the fundamental views of the pay policy remain unchanged, and the main features of the changes are as follows:

- a. New supplementary purposes of the policy, primarily attributed to statutory requirements (explicit reference to prevent conflicts of interest and strengthen the liability to act in the best interest of the clients).
- b. Clarification of the possibilities within the pay policy and legislation to grant one-off allowances based on results and value-creation. Moreover, it is added that we do not want to use direct performance fees, for instance commission or bonus schemes.
- c. Removal of the list of groups of material risk-takers etc. since there are frequent technically-related changes for which it is a cumbersome procedure to obtain approval by members in general meeting. The list is updated and controlled in future internally by the committee and published in this annual report on remuneration at the Group's website.
- d. Update of references to relevant legislation.

The appointed material risk-takers are currently:

- Supervisory Board and Executive Board.
- Members of the Group's top management (currently the Group Management).
- Heads of division and department in the Group's trading functions (currently Capital Markets).
- Employees working with the management of the Group's balance sheet and positions (currently all employees in the Group Treasury Division and in BRFkredit's Securities Trading and Securities Research).

- Directors as well as heads of division and heads of 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, all heads of division and department as well as the directors of Finance and Risk Management at Jyske Bank and BRFkredit).
- Employees who may expose the Group to material credit risks (currently employees with powers of granting credits of DKK 100m or more) and also employees responsible for control and final preparation of credit recommendations for exposures above DKK 125m).
- Employees with managerial responsibility in significant business units reporting directly to the head of the unit (currently business directors, heads of division and market directors in Retail & Commercial Banking, Denmark, heads of department and subsidiaries at Private Banking International, directors and deputy directors of BRFkredit, and managers referring to the director of Jyske Finans).
- Managers and employees authorised to approve or veto introduction of new products.

Within the various business areas, the Supervisory Board, the Executive Board as well as material risk-takers in 2016 earned and had the following amounts paid out (Group figures, DKK 1,000):

	Number	Pay, total	Pay, fixed	Pay, variable
Investment	22	25,454	25,194	260
Retail	27	43,763	43,216	547
Asset Management	9	13,125	12,925	200
Other	78	107,642	105,812	1,830
<b>Total</b>	<b>136</b>	<b>189,984</b>	<b>187,147</b>	<b>2,837</b>



The pay includes all fees, fixed pay, pay supplements, bonuses, pension contributions as well as increases in pension provisions. However, in connection with the Executive Board, pension provisions are not included since pension liabilities are actuarial items based on a number of assumptions, including discount rate. Therefore, changes in pension liabilities cannot meaningfully be added to the changes in the annual remuneration of the Executive Board.

The Supervisory Board and the Executive Board are included in the category 'Other'.

The number of persons, etc. in each category covers the employees, etc. who over the year belonged to one of the categories.

The actual number at the closing of the financial statements covered ten members of the Supervisory Board, five managing directors and 115 material risk-takers.

No variable pay in excess of the maximum limit of DKK 100,000 was earned or paid out to these persons. In 2016, the five members of the Executive Board and a total of 32 material risk-takers received a one-off allowance. The Supervisory Board did not receive any variable pay.

The breakdown by Supervisory Board, Executive Board and material risk-takers of earned and paid out fixed and variable pay in 2016 appears from the table below (Group figures, DKK 1,000):

	Supervisory Board	Executive Board	Material risk-takers
Number of recipients, fixed pay	12	5	119
Number of recipients, variable pay	0	5	32
Earned fixed pay in the financial year, total	5.551	31.482	150.114
Earned variable pay in the financial year, total	0	500	2.337

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

For the financial years 2012 and 2013, a total gross amount of DKK 463,725 was deferred for an employee at BRFkredit which will be paid in the financial years 2013-2017. For payment in 2017, an amount of DKK 22,232 is outstanding. No variable remuneration was deferred in 2016.

In the financial year 2016, no person was remunerated by EUR 1m or more.

No sign-on fees were paid during the financial year.

In addition to the variable pay stated, severance benefits/retirement compensation were paid in one instance in the financial year. The benefit/compensation is within the framework of severance benefits/retirement compensation as laid down in statutory provisions.