

Report on remuneration 2017

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 pay, measured schematically according to results. Share-based remuneration only exists in the form of general schemes comprising all employees.

For 2017, all permanent employees of the Jyske Bank Group in Denmark 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 2018 the Supervisory Board has decided to repeat the offer. In Germany, a less comprehensive scheme is offered according to German rules. When Jyske Bank's 50th anniversary was celebrated on 7 July 2017, all the Group's leaders and employees received a bonus of DKK 8,000 (proportionately for part-time employees) which was awarded in the form of Jyske Bank shares.

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 approval when amendments are made. 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 the 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.

Click to read the policy as adopted by the Jyske Bank Group's members in general meeting
www.jyskebank.dk/governance.

Report on the remuneration of the Supervisory Board, Executive Board and material risk-takers in 2017

In 2017, the Remuneration Committee of the Supervisory Board held four meetings. The Remuneration Committee and the Supervisory Board have reviewed the pay policy, which did not give rise to any amendments.

According to the relevant statutory provisions, 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.

Apart from the Group Supervisory Board and the Group Executive Board, the appointed material risk-takers are currently:

- Members of the Group's top management (currently the Group Management).
- Heads of division and department and professional directors 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 employees in the Group Treasury Division and in BRFkredit's Securities Trading).
- 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, 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 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 directors, heads of division and market directors in Personal Clients, Corporate Clients and Retail & Commercial Banking, Denmark, heads of department and subsidiaries at Private Banking International, the Supervisory Board, the Executive Board and deputy directors of BRFkredit, and managers referring to the director of Jyske Finans).
- Supervisory Board, Management Board and employees 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.

Within the various business areas, the Supervisory Board, the Executive Board as well as material risk-takers in 2017 earned and had the following amounts paid out (Group figures, DKK 1,000):

	Recipients, total	Pay, total	Pay, fixed	Pay, variable
Investment	19	24,245	24,170	75
Retail	24	42,601	42,446	155
Asset Management	20	19,218	19,098	120
Other	82	115,590	114,491	1,099
Total	145	201,654	200,205	1,449

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 recipients 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 nine 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 2017, six members of the Executive Board and a total of 18 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 2017 appears from the table below (Group figures, DKK 1,000):

	Supervisory Board	Executive Board	Material risk-takers
Number of recipients, fixed pay	10	6	129
Number of recipients, variable pay	0	6	18
Earned fixed pay in the financial year, total	4,464	33,673	162,068
Earned variable pay in the financial year, total	0	600	849

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 was to be paid in the financial years 2013-2017. In 2017, the last outstanding amount of DKK 22,232 was paid. No variable remuneration was deferred in 2017.

In the financial year 2017, one person was remunerated by between EUR 1m and EUR 1.5m.

No sign on bonuses were paid during the financial year. In addition to the variable pay stated, severance benefits/retirement compensation were paid to a group managing director and to a material risk-taker. The benefits/compensation are within the framework of severance benefits/retirement compensation as laid down in statutory provisions.