

Annual General Meeting of Jyske Bank A/S, 24 March 2015

Motion for consideration, cf. item d on the agenda: Approval of Jyske Bank's remuneration policy.

The definitions in the remuneration policy of material risk takers is changed to comply with the EU Commission's new binding technical guidelines for the area.

The full wording of the remuneration policy:

"Remuneration policy

Appropriate remuneration

The vision behind the Group's remuneration policy is that the leader and the employee have a mutual understanding and acceptance of the fairness of the level of remuneration. The basis of the understanding and acceptance of the remuneration is that it has been determined and explained based on the principles described below.

The purpose of the remuneration policy is to reward competent, responsible and independent conduct; and the remuneration policy must support productivity and job satisfaction. In line with the statutory requirements of the Danish Financial Business Act it is also important for the Group that the remuneration policy – and the way in which it is implemented – is in accordance with and promotes sound and efficient risk management.

Market conditions.

We hold it to be important to see the employment relationship as a long-term entirety. Consequently, we maintain a competitive remuneration level but refrain from participating in unilateral pay competition.

Equal pay for equal work is also an important principle in the Group's remuneration policy.

In our view, less tangible and visible benefits in the employment relation, for instance personal development possibilities, influence on the employee's own work situation and a good working environment constitute a value which should be included in a comparison with the market conditions.

Therefore, it is crucial that the market conditions for fully comparable jobs are used as a benchmark.

Definitions

Remuneration means the total remuneration which apart from actual remuneration consists of the other cash payments, such as pension contributions. To a relevant degree, non-cash elements in the form of employee benefits, working tools with a private utility value and non-material benefits must also be considered.

Since we strive to obtain lasting relations, it is the total remuneration over a long period of time that must be appropriate. In the short term, there may be minor deviations, positive as well as negative, between the actual and the appropriate remuneration.

Individual overall assessment

When a leader determines the remuneration, it is based on an individual overall assessment. In his assessment, the leader considers the following factors:

Job profile - what is the employee's job?

Results - in which way does the employee contribute to the value creation at the Bank?

Job performance - how big and good is the performance rendered by the employee?

Competencies - what is the employee's professional potential?

The leader is responsible for insuring that the remuneration of the individual employee is appropriate in relation to the overall assessment of these factors. To create clarity and openness about the success criteria of the Bank, the leader must state a reason in case of a change of the remuneration. The reason should be given on the basis of the four factors, in the recommendation, orally to the employee and possibly to the colleagues.

Job profile: responsibility and complexity

A job profile is very important for the level of remuneration. The two most important elements of a job profile are firstly the responsibility – and hence the influence and the possibility of impact – inherent in the job, and secondly the complexity which must be handled by the employee to perform the job.

The responsibility of a job involves managerial responsibility, business responsibility as well as professional responsibility. Often the powers related to the job will give a rough indication of the level of responsibility, but if it is assessed that there are particularly great possibilities of creating results in the job, the level of responsibility may be significantly higher than indicated by the formal powers.

The complexity of a job is primarily related to the professional and personal requirements which must be fulfilled to perform the job well. It may be requirements of education, practical experience and professional competencies and requirements of for instance personal qualities such as empathy, overview, drive or initiative.

Results: value creation and activity level

Depending on the job-specific content, there may be various types of results that are relevant to assess – for an adviser it may for instance be the development in the contribution of his client portfolio, whereas for an engineer it may be compliance with ambitious deadlines for the completion of new facilities, and for an administrative employee an important criterion will be high quality in the form of living up to zero errors in critical areas.

In general, it is important to assess how the employee productively contributes to the value creation and the activity level of the business and whether the track record is sustainable. If the results should, per se, be able to form the basis of a higher remuneration, they must exceed the results which can naturally be expected in the job – ordinary increases in productivity have been included in the pay increase as a result of the automatic regulations in the collective agreement and can therefore not as such be the basis of a increase in remuneration.

Job performance: quality and volume of work

In the long term, the value of the performance lies in the results it creates but when the performance is particularly high or good, it may be rewarded. Performance which should be specifically rewarded must be exceptional, qualitatively or quantitatively.

The qualitatively good performance is for instance characterised by a high degree of reliability and flexibility or by few and rare errors whereas the quantitative performance alone relates to the volume of work and the number of tasks solved.

The content of the performance may be individual and collective or collaborative performances. For the performance as such to form the basis of a higher remuneration, it must exceed the performance which can as a matter of course be expected in the job.

Competencies: professional and personal

According to the collective agreement and legislation there are some minimum requirements of the remuneration which are usually based on the formal competencies and/or the length of service of the employee. The Bank, of course, complies with these requirements.

Competency is included as a factor for remuneration since it contributes to value creation. But in case of scarcity of competencies which are in heavy demand in the labour market, it may be necessary to grant increases in remuneration to maintain the balance in relation to the market level.

In addition, it may be relevant that the leader, when determining the remuneration, pays regard to the special competencies of an employee. It may be purely professional and more personal or attitudinal competencies. Likewise, it may be relevant to assess the employee's more long-term competence potential. An important basic competency is the employee's ability and will to team up constructively with the relevant colleagues. In this context, it is an important capacity that the employee shows ability and will to share knowledge and other competencies with the colleagues. Participation in the training of young colleagues is also an important factor.

Fixed remuneration or one-off allowance

Usually, the fixed remuneration is adjusted when indicated by the overall assessment of the above-mentioned four factors. According to the framework of the collective agreement, the fixed remuneration is composed by the basic remuneration at a specific pay scale and various allowances, for instance specialist or functional allowance.

Especially if the change is based on results or performance, it should be considered whether there are prospects that such results or performance will continue. If they are only temporary, for instance results created during a specific economic situation or performance rendered in connection with a specific project, the most obvious solution will be to grant a one-off allowance instead.

Like all other forms of remuneration, a one-off allowance is granted on the basis of an individual overall assessment of all four pay factors. The employee must be aware that it is a one-off allowance which will only be granted again if the conditions (results or performance) occur again – this is also the case where the allowance has been granted several times.

Variable remuneration can never account for more than 50% of the fixed annual pay.

Specific rules for top management and important risk-takers

Payment of a one-off allowance respects the provisions of S.77(a-d) of the Danish Financial Business Act. The provisions apply to the Supervisory Board and the Executive Board and the following material risk takers:

- Members of the Group's top management (currently the Group Management)
- Heads of division and department in the Group's trading functions (currently Jyske Markets)
- Employees working with the management of the Group's balance sheet and positions (currently all employees in the 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 material 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, and managers referring to the director of Jyske Finans).
- Managers and employees authorised to approve or veto introduction of new product.

For this group of employees only one-off payments, bonuses or any special consideration below the triviality limit (at present DKK 100,000 per year) are made as laid down in the executive order on remuneration policy issued by the Danish FSA. Approval of such payments is made according to the normal procedure and on the basis of the criteria otherwise included in this remuneration policy.

Pension and retirement compensation shall be determined and agreed on the basis of purely objective criteria, primarily fixed remuneration, length of service and age.

Inconvenience allowance

When an employee faces a special inconvenience in relation to his job, for instance longer travel time or larger expenses in connection with a job change, it may be considered to grant compensation for the inconvenience, for instance a mileage allowance or a travel inconvenience allowance for a period of time. If an allowance is granted, it will lapse again when the inconvenience ceases to exist.

Reduction in remuneration

Especially when an employee changes positions to one involving less responsibility or less complexity or if the job content changes, it must be assessed and reasons must be given for the size of the adjustment in remuneration. The changed position may be based on the Bank's circumstances, for instance an organisational change or a change in the conditions of the employee, for instance a desire for a job involving less responsibility.

The reduction in remuneration must be implemented in relation to the position change. In case of a permanent reduction of the employee's competence, efforts or performance, it may also be relevant to assess the need for a reduction of the remuneration."