

## Notes – Danske Bank Group

### 33. Remuneration of management and material risk takers

This note gives information on the remuneration of the management of the Group in the form of the Board of Directors and the Executive Board, and of other material risk takers. This note further includes information on the Group's share-based payment.

#### (a) Remuneration of the Board of Directors

Danske Bank's directors receive fixed remuneration only and are not covered by incentive programmes. Directors also receive a fee for board committee membership. The Board of Directors is remunerated by the Parent Company, Danske Bank A/S. No director has received remuneration for membership of the Executive Board or the Board of Directors in any of the Group's subsidiaries. The Group has no pension obligations towards the directors.

Remuneration of the Board of Directors (DKK thousands)	2016	2015
Ole Andersen	2,054	2,002
Trond Ø. Westlie	932	1,040
Lars-Erik Brenøe <sup>1)</sup>	521	-
Urban Bäckström	811	793
Jørn P. Jensen	771	713
Rolv Erik Ryssdal	601	493
Carol Sergeant	951	886
Hilde Merete Tonne <sup>1)</sup>	476	-
Kirsten Ebbe Brich	511	493
Carsten Eilertsen	511	493
Charlotte Hoffmann	631	621
Steen Lund Olsen	511	493
Lars Förberg <sup>2)</sup>	155	621
Jim Hagemann Snabe <sup>2)</sup>	155	621
<b>Total remuneration</b>	<b>9,593</b>	<b>9,268</b>
<b>Remuneration for committee work included in total remuneration</b>	<b>2,180</b>	<b>2,118</b>

1) From 17 March 2016

2) Until 17 March 2016



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#### (c) Remuneration of other material risk takers

Danske Bank Group is required to identify all employees whose professional activities could have a material impact on the risk profile of Danske Bank in accordance with current legislation. Other material risk takers do not include members of the Board of Directors or the Executive Board.

At the end of 2016, 838 other material risk takers were designated (end of 2015: 876 FTEs). During 2016, 835 full-time-equivalents were designated as other material risk takers (2015: 883 FTEs). The reduction in the number of material risk takers is due mainly to a review of material risk takers positions in Danske Bank Plc. The 835 FTEs designated as other material risk takers earned remuneration of DKK 1,585 million (2015: 883 FTEs earned remuneration of DKK 1,552 million), with fixed remuneration amounting to DKK 1,224 million and variable remuneration amounting to DKK 361 million (2015: DKK 1,169 million and DKK 383 million, respectively). Variable pay for 2016 is estimated and the final figure is determined at the end of February 2017. The final variable pay will be published no later than 9 March 2017 in the Danske Bank Group Remuneration Report 2016, which provides additional quantitative information on the remuneration of material risk takers. Remuneration Report 2016 will be available at [danskebank.com/remuneration](http://danskebank.com/remuneration).

Of the above remuneration for 2016, 470 FTEs designated as other material risk takers at the Parent Company, Danske Bank A/S, earned remuneration of DKK 1,133 million (2015: DKK 1,054 million to 430 FTEs), with fixed remuneration amounting to DKK 836 million and variable remuneration amounting to DKK 297 million (2015: DKK 738 million and DKK 316 million, respectively).

The Group's pension obligations towards other material risk takers amounted to DKK 951 million to 144 employees at year-end 2016 (31 December 2015: DKK 964 million and 157 employees).

Variable payment for other material risk takers is split into cash and equity shares according to EBA regulations. Further, 40-60% of variable payments are deferred for a minimum of three years. All variable payments are subject to claw back provisions if granted on the basis of data which has subsequently proven to be manifestly misstated or inaccurate.

#### (d) Share-based payment

The total expense recognised as Operating expenses in 2016 arising from share-based payments was DKK 171 million (2015: DKK 195 million). All share-based payments are equity-settled. The exact number of shares granted for 2016 will be determined at the end of February 2017.

Effective from 2010, the Group has granted rights to conditional shares under the bonus structure for material risk takers and other employees as part of their variable remuneration. Such employees have a performance agreement based on the performance of the Group, the business unit and the individual employee. Part of the rights to Danske Bank shares for material risk takers are, as required by the EBA, deferred (see section (c) above on variable payment). The fair value at the grant date is measured at the expected monetary value of the underlying agreement.

Part of the fixed salary of the Executive Board is paid as shares (fixed salary shares). The amount of shares is determined on the basis of the share price each month. There are no vesting requirements attached to the shares, and the shares are fully acquired by the Executive Board member each month. Part of the variable remuneration of the Executive board is provided as part of a Short-term Incentive Programme and a Long-term Incentive Programme. The Short-term Incentive Programme is structured as the programme for other material risk takers, as described above. However, with the exception that the rights to Danske Bank shares are deferred for four years. The Long-term Incentive Programme is based on total shareholder return performance relative to peers over a three-year performance period. The first pay-out will be in 2018, based on the performance in 2015, 2016 and 2017. The current 2016 Long-term Incentive Programme is to be paid out in 2019. After the performance period, part of the shares will be paid out, and part of the shares will be deferred for four years. The deferred remuneration is subject to back-testing and claw-back. The fair value of the Long-term Incentive Programmes at the grant date was DKK 7.5 million for the 2016 programme and DKK 9.4 million for the 2015 programme. The fair value of the shares is calculated at the grant date, which includes valuing market conditions. The estimated fair value is based on relevant assumptions, which relate to the expected return on equity and volatility relative to peers. The fair value at grant date is expensed over the three-year vesting period.

Until 2008, the Group offered senior staff and selected employees incentive programmes in the form of share-based payment, that included share options. During 2015, the last share options were forfeited.

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Conditional shares	Number			Employee payment price (DKK)	Fair value (FV)	
	Executive Board	Other staff	Total		At issue (DKK m)	End of year (DKK m)
<b>Granted in 2012</b>						
1 January 2015	40,488	1,155,831	1,196,319	0.0-0.9	109.8	199.2
Vested 2015	-33,005	-1,147,981	-1,180,986	0.0-0.9	-	-
Forfeited 2015	-	-7,939	-7,939	-	-	-
Other changes 2015	-	4,655	4,655	-	-	-
31 December 2015	7,483	4,566	12,049	0.0-0.9	1.1	2.2
Vested 2016	-7,483	-4,566	-12,049	0.0-0.9	-	-
Forfeited 2016	-	-	-	-	-	-
Other changes 2016	-	-	-	-	-	-
31 December 2016	-	-	-	-	-	-
<b>Granted in 2013</b>						
1 January 2015	25,648	1,898,509	1,924,157	0.0-1.1	205.5	320.1
Vested 2015	-	-104,592	-104,592	1.1	-	-
Forfeited 2015	-	-33,415	-33,415	-	-	-
Other changes 2015	-	5,328	5,328	-	-	-
31 December 2015	25,648	1,765,830	1,791,478	0.0-1.1	191.3	329.9
Vested 2016	-18,096	-1,351,868	-1,369,964	0.0-1.1	-	-
Forfeited 2016	-	-1,589	-1,589	-	-	-
Other changes 2016	-1,486	-193,352	-194,838	-	-	-
31 December 2016	6,066	219,021	225,087	0.0-1.1	24.0	48.0
<b>Granted in 2014</b>						
1 January 2015	45,977	824,768	870,745	0.0-1.4	118.1	144.6
Vested 2015	-	-6,311	-6,311	1.4	-	-
Forfeited 2015	-	-20,585	-20,585	-	-	-
Other changes 2015	-	6,566	6,566	-	-	-
31 December 2015	45,977	804,438	850,415	0.0-1.4	115.3	156.4
Vested 2016	-8,674	-4,412	-13,086	0.0-1.4	-	-
Forfeited 2016	-	-30,329	-30,329	-	-	-
Other changes 2016	2,639	-2,639	-	-	-	-
31 December 2016	39,942	767,058	807,000	0.0-1.4	109.4	171.8
<b>Granted in 2015</b>						
1 January 2015	12,697	932,134	944,831	0.0-1.7	159.0	175.3
Vested 2015	-	-255,068	-255,068	1.7	-	-
Forfeited 2015	-	-27,302	-27,302	-	-	-
Other changes 2015	-	-	-	-	-	-
31 December 2015	12,697	649,764	662,461	0.0-1.7	111.3	121.6
Vested 2016	-	-5,424	-5,424	0.0-1.7	-	-
Forfeited 2016	-	-19,412	-19,412	-	-	-
Other changes 2016	-1,295	-1,822	-3,117	-	-	-
31 December 2016	11,402	623,106	634,508	0.0-1.7	106.6	134.9
<b>Granted in 2016</b>						
1 January 2016	21,985	973,081	995,066	-	181.3	213.1
Vested 2016	-	-334,841	-334,841	-	-	-
Forfeited 2016	-	-34,419	-34,419	-	-	-
Other changes 2016	-	-	-	-	-	-
31 December 2016	21,985	603,821	625,806	-	114.0	134.0

Other staff includes material risk takers and other employees eligible for share-based payment.

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#### Holdings of the Executive Board and fair value at 31 December 2016

Grant year	2012-2016 Number	FV (DKK m)
Thomas F. Borgen	13,270	2.8
Jacob Aarup-Andersen	3,952	0.8
Tonny Thierry Andersen	8,261	1.8
James Ditmore	31,937	6.8
Gilbert Kohnke	2,562	0.5
Lars Mørch	7,691	1.6
Jesper Nielsen	-	-
Glenn Söderholm	11,722	2.5

#### Holdings of the Executive Board and fair value at 31 December 2015

Grant year	2012-2015 Number	FV (DKK m)
Thomas F. Borgen	9,190	1.7
Tonny Thierry Andersen	7,018	1.3
James Ditmore	36,545	6.8
Gilbert Kohnke	-	-
Lars Mørch	6,112	1.1
Henrik Ramlau-Hansen	5,874	1.1
Glenn Söderholm	27,066	5.0

In 2016, the average price at the vesting date for rights to conditional shares was DKK 191.4 (2015: DKK 179.8).

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### 34. Danske Bank shares held by the Board of Directors and the Executive Board

(Number)	Beginning of 2016	Upon appointment/ retirement	Additions	Disposals	End of 2016
<b>Board of Directors</b>					
Ole Andersen	53,199	-	-	-	53,199
Trond Ø Westlie	7,000	-	-	-	7,000
Lars-Erik Brenøe	-	12,360	1,942	-	14,302
Urban Bäckström	11,000	-	-	-	11,000
Jørn P. Jensen	2,098	-	-	-	2,098
Rolv Erik Ryssdal	-	-	1,250	-	1,250
Carol Sergeant	5,073	-	-	-	5,073
Hilde Merete Tonne	-	-	-	-	-
Kirsten Ebbe Brich	2,208	-	-	-	2,208
Carsten Eilertsen	120	-	-	-	120
Charlotte Hoffmann	2,175	-	-	-	2,175
Steen Lund Olsen	788	-	-	-	788
Lars Förberg	5,000	-5,000	-	-	-
Jim Hagemann Snabe	2,645	-2,645	-	-	-
<b>Total</b>	<b>91,306</b>	<b>4,715</b>	<b>3,192</b>	<b>-</b>	<b>99,213</b>
<b>Executive Board</b>					
Thomas F. Borgen	26,892	-	7,255	-	34,147
Jacob Aarup-Andersen	-	-	6,081	-	6,081
Tonny Thierry Andersen	25,963	-	5,036	5,230	25,769
James Ditmore	5,206	-	11,614	-	16,820
Gilbert Kohnke	2,219	-	2,730	-	4,949
Lars Mørch	25,565	-	4,928	1,970	28,523
Jesper Nielsen	-	9,777	696	-	10,473
Glenn Söderholm	31,909	-	21,141	18,096	34,954
Henrik Ramlau-Hansen	28,326	-29,116	790	-	-
<b>Total</b>	<b>146,080</b>	<b>-19,339</b>	<b>60,271</b>	<b>25,296</b>	<b>161,716</b>

Under the Danish Securities Trading Act, the acquisition and sale of Danske Bank shares by members of the Board of Directors and the Executive Board and related parties must be reported to the Danish FSA and be publicly disclosed when transactions exceed EUR 5,000 per calendar year. Danske Bank discloses all additions, disposals and total holdings of members of the Board of Directors and the Executive Board and related parties. Holdings of share options and conditional shares of the members of the Executive Board are disclosed in note 33.