Danske Bank's annual general meeting 2018

The Board of Directors' report on the company's activities in 2017

CHECK AGAINST DELIVERY.

Slide: Welcome to the annual general meeting

WELCOME

Dear shareholders

The year 2017 was yet another year of good progress for Danske Bank. We yet again made considerable progress in terms of executing our strategy, the commercial side saw good developments, and as a result – supported by positive macroeconomic trends – we delivered a solid financial performance, with net profit of 20.9 billion kroner and a return on equity of 13.6 per cent. We are happy with that, of course, and I will revert to those results in a moment.

But the year also saw our efforts to combat money laundering and other financial crime questioned – particularly in relation to the no longer existing portfolio of non-resident customers at our branch in Estonia in the years until 2015. Let me emphasise right now that we devote considerable resources to dealing with this issue:

We on the Board of Directors as well as the members of the Executive Board are very aware that our success cannot be measured solely in terms of our ability to deliver good financial results. As a major financial institution, we have a considerable responsibility for running a healthy, solid and responsible bank that creates long-term value for all our stakeholders, including the societies we are part of. That responsibility includes contributing to the fight against money laundering and other financial crime. And unfortunately, we did not do this well enough at our Estonian branch – which of course is highly unsatisfactory. I will elaborate on this and our compliance activities a little later on.

But first let me go over the key results for 2017.

Slide: Two main targets

ON OUR FINANCIAL TARGETS

At Danske Bank, as you know, we pursue two targets for the Group. Firstly, we want to be in the top two in all business units and all markets in terms of customer satisfaction. And secondly, it has been our long-term goal to deliver a return on equity of at least 12.5 per cent in 2018 at the latest.

Let me start with customer satisfaction.

Slide: We maintained good positions in most markets

The battle to be customers' preferred choice has intensified in recent years, at the same time as customer expectations have increased substantially. So we are happy that we were able to maintain the strong positions achieved in recent years. Our goal is to be in the top two, and we were in several of our markets – for example, Business Banking was ranked number two in Denmark, Finland and Norway and number one in Sweden. Corporates & Institutions – whose performance is measured in the four Nordic markets individually and for the Nordic region as a whole, that is, in five markets – again performed strongly and is ranked number one overall in the Nordic region, with top spots within Institutional Banking, Corporate Banking, Cash Management and Trade Finance.

In other areas, however, we need to improve. This is the case for Wealth Management, for example, which has considerable potential but is trailing competitors in Sweden, Finland and Norway. And Personal Banking in Denmark unfortunately was unable to hold on to the number two ranking reached in 2016. It is not that our customers are less satisfied; it is that our competitors are also working hard to improve customer satisfaction, and so it is a constant battle to get to the top. Still, that does not change the fact that we did not reach our targets. Also, customer expectations will only increase in coming years, so we must, and will, continue to focus on improving customer satisfaction.

I have no doubt, however, that we have what it takes to get there. Almost 150 years of experience with and expertise in all our core markets. Modern and innovative products that make it easy for customers to do day-to-day banking and get help and advice to make important financial decisions. And, not least, 20,000 highly skilled and engaged employees who work each day to offer our customers the best possible advisory services and the best possible customer experience.

Slide: We met our target for the second consecutive year

If we look at our financial targets, the return on equity of 13.6 per cent means that we reached our target of at least 12.5 per cent no later than 2018 for the second year running. Naturally, we are pleased with that. It shows both the strength of our diversified business model and the fact that our strategic work to become a more customer-driven, simple and efficient bank continues to create progress and value. In addition, the result provides a good foundation for continuing our investments in the future development of the bank so that we can remain a relevant and competitive bank for our customers.

Since we have now reached the target two years in a row, we feel it is time to set ourselves a new and relative target for return on equity. So in future, our long-term target is a return in the top three among our peers in the Nordic region. We have opted for this relative target in order to better account for macroeconomic trends in our markets while maintaining a high level of ambition.

Slide: Very strong capital position

In recent years, we have also considerably strengthened our capital position – a trend that continued in 2017. With a total capital ratio of 22.6% and a CET1 capital ratio of 17.6%, we are well above our targets of about 19% and 14-15%, respectively. Our capital position thus remains very solid, and we continue to be one of Europe's best-capitalised banks.

Slide: Dividend pay-out and share buy-back programme

On the basis of the solid financial results and our strong capital position, the Board of Directors is proposing to the general meeting that a dividend of 10 kroner per share be paid, corresponding to 45 per cent of net profit for the year.

In 2017, we launched a share buy-back programme for a total of 10 billion kroner. A decision to cancel the shares bought back will – with your approval – be made at this general meeting. During 2017, as in previous years, we accumulated a substantial amount of surplus capital. Consequently, the Board of Directors launched a new share buy-back programme this February for another 10 billion kroner. Let me emphasise that, as was the case in previous years, the decision to adjust our capital base takes into account our need to be able to support our ambition to grow our business as well as handle the uncertainty that continues to surround regulatory requirements and absorb the consequences of macroeconomic downturns. So our capital base continues to be very stable, with a considerable buffer vis-à-vis both our own financial targets and regulatory requirements.

ON 2017 IN NUMBERS

Slide: Strong financial results in 2017

As I have mentioned, with a net profit of 20.9 billion and a return on equity of 13.6 per cent, we delivered strong financial results in 2017. They are based on several factors, for example, the noticeable upswing that has caught on in large parts of the world and has fed into our cores markets, the Nordic economies, which saw good economic trends in 2017. In the Swedish and Norwegian housing markets, however, prices began to fall, especially in the major cities, in spring and later summer, and that naturally led to some discussion about how that would affect these economies. We are not yet worried, but are, of course, keeping an eye on things.

In addition, the good results are due to very positive commercial developments across our business units. Net interest income and net fee income rose – the latter mainly because of an increase in customer activity, while net trading income and other income fell from the level in 2016, which was, however, very high. Overall, income totalled 48.1 billion, more or less the same as last year, when other income was extraordinarily high due, among other things, to the sale of the Holmens Kanal offices and other properties.

Costs also remained at the 2016 level and stood at 22.7 billion, despite the increase in activity and higher costs for regulatory requirements and compliance, as well as the considerable investments we made in digitalisation and innovation.

Our solid credit quality and efforts to maintain a responsible credit policy continue to result in very few new impairment charges. And since our customers are doing better financially thanks to the better macroeconomic conditions, we were able to reverse charges of 873 million in 2017.

I will now briefly review developments at the individual business units.

Slide: Good results by our business units

At **Personal Banking,** we achieved good developments. We continued to strengthen our business in Sweden and Norway, where we saw an increased inflow of customers. Profit before tax rose 5 per cent to 5.2 billion and all income lines saw an increase. This was due, among other factors, to high customer activity within investments and financing. Overall, total income was up 4 per cent, while expenses were down 2 per cent.

At **Business Banking,** 2017 was also characterised by progress, with profit before tax rising 20 per cent to 8 billion. In addition to high customer activity, which resulted in an increase in total income of 5 per cent, we were able to reverse impairment charges of 824 million. There was good demand for loans from both new and existing customers, and overall, lending was up 4 per cent.

At **Corporates & Institutions,** profit before tax rose 32 per cent to 6.4 billion. The result was achieved on the back of a considerable increase in earnings – including a rise in net trading income based on heavy activity in the financial markets early in the year – high customer activity and falling impairment charges.

For **Wealth Management,** 2017 brought a net inflow of customers, growth in premiums in Danica Pension and generally high investment activity, which resulted in an increase in assets under management of 8 per cent. Income matched the level in 2016, whereas profit before tax fell 5 per cent, due, among other things, to an increase in expenses as a result of high activity, the implementation of new regulation and costs for restructuring and the purchase of SEB Pension's activities in Denmark.

In **Northern Ireland** – where our unit has operated independently since 2016, developments were also positive. Profit before tax rose 18 per cent to 1.2 billion – and 26 per cent in local currency – as a result mainly of lower expenses. Expenses were positively affected by a one-off benefit as a result of a change in pension liabilities. The underlying trend was good, however, and the unit recorded a rise in both lending and deposits.

ON FOCUS AREAS IN 2017

Slide: Four strategic themes set our direction

Our work in 2017 centred on the four themes of our strategy: Exploiting our full potential in the Nordic countries, delivering the best customer experience, among other things through digitalisation and innovation, and ensuring that we have the culture and the capabilities required.

Slide: Solid growth in Norway & Sweden

In terms of exploiting our Nordic potential, we have wanted to strengthen our position in Norway and Sweden for some years now. So we were happy to see good progress in those two countries. One of the key drivers of our growth strategy is the strategic partnerships with the TCO and Saco organisations in Sweden and Akademikerne in Norway. These partnerships have enabled us to attract many new personal customers. In addition, we strengthened our relations and increased the volume of business with the largest business customers. In Sweden, for example, we won a number of new cash management mandates, participated in major initial public offerings and bond issues, and increased the volume of business with the Swedish state. Overall, we increased lending by 10 per cent in Norway and 13 per cent in Sweden.

Slide: Good developments in Denmark & Finland

In addition to strengthening our position in Norway and Sweden, we of course also want to develop our two biggest markets, Denmark and Finland.

In Denmark, our market position was stable with a total market share of 27 per cent achieved on the basis of good customer activity and healthy growth in lending to both personal and business customers. Moreover, we launched a large number of new products and solutions and consolidated our position as a leading innovative bank in Denmark. In Finland, our market share of 10 per cent makes us the third-largest bank, and we thus have a good position that we want to develop further. So we are happy that we recorded good developments in several areas – for example within business banking with lending to business customers rising 10 per cent. Within personal banking, we entered into two important partnerships in 2017; with Akava, an umbrella organisation for trade unions, and Frank Students, an association for students in Finland.

Slide: Creating a good customer experience through innovation

We aim to provide the best customer experience in the market by offering high-level advisory services, tailored products and innovative, digital solutions. The good customer experience and the use of digital technology and a high pace in innovation are therefore inextricably linked.

In 2017, we launched many new products based even more on the individual customer's needs. In Denmark, for example, we launched FlexLife®, a unique and highly flexible mortgage loan that offers customers the possibility of adapting the loan to their life situation throughout the term of the loan. The new loan is very popular with our customers, and since its launch, we have issued loan offers for more than 9 billion – with every one in five loans being for a new customer. And just over a month ago, we launched Danske Bolig Fri, a flexible, low-interest home loan that is a strong supplement to conventional mortgage credit financing. In Norway, we launched a new share savings account, and in Finland, we introduced a completely new investment proposition that allows customers to choose the solution and the service level they feel match their needs and purpose, regardless of the amount invested. Our customers in Finland have shown keen interest in this solution since its launch.

Our desire to deliver even better and more innovative pension and insurance solutions was also the reason for Danica Pension's acquisition in December of SEB Pension's activities in

Denmark. We expect the acquisition to be approved by the authorities in the first half of 2018, and once we have approval, Danica Pension will welcome around 200,000 new customers and many new colleagues.

For our business customers, we introduced the first version of an entirely new digital platform across our markets. The solution – which is being developed in cooperation with customers – opens up for partners and third-party vendors who want to integrate their financial solutions with ours, and thus gives customers the possibility of getting a financial overview that can greatly simplify their working day. Furthermore, we continued to simplify and digitalise our existing processes and customers benefit considerably from this. For example, we launched a new digital financing solution for small and medium-sized businesses in Denmark that reduces the processing time for credit applications from weeks to hours. Today, one in three applications from small and medium-sized businesses in Denmark is processed by the digital solution and 40 per cent of these are approved automatically.

Innovation is much more than technology, however. Innovation is also thinking differently. And finding new ways in which to work and collaborate. At Danske Bank, we believe that partnerships is the way to go, and so in 2017, we entered into a number of partnerships and see good prospects. Let me mention our cooperation with Norwegian entrepreneur accelerator nHack, which will smooth the way for startups wishing to enter the Chinese market. GateTu, an entirely new joint effort with A.P. Møller-Mærsk on the development of payment solutions for businesses, is another example. And then of course our successful digital platform for startups – The Hub – which supports small businesses with growth ambitions and which we developed in cooperation with entrepreneur Rainmaking.

Slide: People & culture

The changes in customer needs and expectations as well as increased digitalisation means that we examine new ways in which to organise ourselves and work. And that means that requirements to employee competencies change. To ensure that we have the capabilities we need at all levels, we are using Strategic Workforce Planning – mapping our need to recruit, train and develop as well as retain highly qualified and engaged employees with the right competencies for the future.

We continue to need skilled employees with banking expertise, but we also increasingly need new types of skills, expertise in IT development, digital user experiences and customer processes, for example. In 2017, we recruited about 2,700 new employees. Half of them were what we call millenials (aged 30 or less), and half were recruited for tasks within IT, digitalisation and process management. At the same time, we train and develop our employees and managers through various internal academies and training and leader development activities. Finally, we work systematically with talent development – at top management level as well as manager and specialist levels throughout the organisation.

We measure employee engagement on a regular basis. And although we see from external benchmarks that we are doing well with high scores, we know that the battle to win the best employees is tough. Both the Board of Directors and the Executive Board therefore maintain focus on ensuring that Danske Bank continues to be an attractive place to work for our almost 20,000 employees.

Slide: New domicile from 2023

An important element of being an attractive workplace and creating a culture characterised by innovation and collaboration is the physical setting. That is one of the reasons why we will move our domicile from Holmens Kanal to new and modern buildings on Postgrunden just next to the Tivoli hotel in 2023. Danske Bank has had its domicile at Holmens Kanal since 1875, and so it is a milestone in its history when in five years' time, we leave the old buildings. But the time has come to begin a new chapter in our long history, and our new domicile will give us the physical settings needed to support our aim of being an open and innovative bank and an attractive workplace. From 2023, all our activities in Greater Copenhagen will be gathered at two locations – the new offices at Postgrunden and our existing officers in Høje Taastrup, which will be refurbished.

Slide: Regulation

In addition to the four strategic themes, we also focused on regulation in 2017. As you know, the financial sector is subject to regulation in many, many areas. Some rules ensure that banks have a solid capital position and can operate during crises; other rules deal with consumer protection and with protecting society against crime. As Denmark's largest bank, we naturally want society in general to trust the financial sector. And we believe that the regulation we are subject to furthers this purpose.

However, we agree with the Danish authorities that the Basel IV rules are not quite on target. The general objectives we can agree on. But the proposed rules are off target and will disproportionately burden mortgage lending and businesses’ possibilities of obtaining finance. We fully support the Danish government’s stand in coming negotiations about implementation in Europe and feel well equipped to meet the capital requirements that may result.

Another area that we devote time and resources to is the implementation of MiFIDII and the GDPR. These two sets of rules contain tightened requirements for the handling of customer investments and data. We welcome the new rules, which contribute to increasing customer confidence in our investment advice and handling of their data. Let me repeat myself – customer confidence is key to our delivering the products and services we are meant to deliver.

Developments within digitalisation happen quickly. And customers are offered new services and options all the time. With the introduction of PSD2, banks must open their platforms to other providers of customer solutions. This contributes to competition and to the development of new solutions, and we of course welcome that, as a healthy competitive and innovative environment is key to Danske Bank’s and the financial sector’s future.

Slide: Compliance

We also spent a lot of time on compliance in 2017, and it will also be an important focus area in coming years. We have invested heavily in this area in recent years, and today, more than 900 employees work to combat financial crime. We screen 3.9 million customer transactions and 15 million customers each week, and on the basis of this screening, we submit more than 8,600 reports to the authorities every year. The key issue in connection with compliance is to integrate it into our existing processes and interaction with customers, so that it becomes a natural part of our business and day-to-day customer work. Our efforts to ensure that this is the case are ongoing.

In relation to compliance, it seems that our branch in Estonia has been used for money laundering and this has been a cause of concern in 2017. The financial sector plays a large and important role in the combating of financing crime, and although it is a complex task that requires a lot of resources, our customers, the authorities, our business partners and our shareholders should all be able to trust us to take the task seriously and do everything we can to solve it efficiently. In this light, it is highly unsatisfactory that we may have failed to meet both our own and society's expectations to our anti-money laundering measures in Estonia in the period from 2007 to 2015. The case involves many, many details and is more complex than newspapers can manage to portray, but as I said initially, both the Board of Directors and the Executive Board take it very seriously.

That is why we asked a well-reputed, external US consultancy firm to prepare a root cause analysis of conditions at the Estonian branch during the period in question. The analysis pointed to three decisive matters in particular, which combined meant that we were not sufficiently effective in preventing the Estonian branch from potentially being used for money laundering.

Firstly, the Estonian branch generally did not focus enough on the risk that it could be used for money laundering, among other things. This included insufficient attention to ensuring adequate controls and ongoing monitoring. Secondly, the organisation of compliance activities and risk management was ineffective. The Group based its risk assessments on reports from the Estonian control functions in the local Compliance and Internal Audit departments, which were not sufficiently independent of local management. Moreover, the methods applied for risk assessments across market areas were not strong enough, which meant that the high inherent risk in Estonia was not identified in due time.

Thirdly, management follow-up on and control of the branch's activities depended heavily on local management. The branch in Estonia, acquired in connection with the purchase of Sampo Bank in 2006, operated very independently with own systems, produces and culture in relation to anti-money laundering activities.

Thus, no single factor, but rather a combination of several factors, led to our being unable to adequately ensure that our branch in Estonia could not be used for money laundering.

Today, we have a completely different and strong setup, just as we closed down the non-resident portfolio in Estonia that caused the problems several years ago.

In continuation of the root cause analysis, we have launched thorough investigations: Firstly, a thorough examination of customers and transactions at the Estonian branch in the period from 2007 to 2015 to uncover the extent of suspicious transactions and ensure that we report any relevant matters that have not already been reported to the authorities. The investigation also aims to determine whether there are employees who either actively or otherwise contributed to possible criminal activity. Secondly, we look into who knew what and when, both in Estonia and at Group level, and examine whether managers and employees have lived up to their responsibilities to a sufficient degree. Should the investigations uncover issues that should have consequences, we will of course ensure that the necessary steps are taken.

The investigations are very comprehensive and thorough and are overseen by the Board of Directors. They are led by external legal counsel to ensure objectivity and completeness and are conducted in cooperation with leading Danish and international experts. This is a complex issue, and the material to be examined is massive, consisting of thousands of documents, presentations, emails and very large volumes of transaction data, and that is why the investigation is taking longer than we would have liked. It would be wrong to draw conclusions or comment further on the details of the issue before we have all the facts.

In addition, a number of restrictions apply to the information we can disclose or comment on, including the specific customers we have or have had, the transactions they have carried out, what we have reported and the contents of our dialogue with the authorities. But we fully understand why public interest in the issue is extensive, and we want to get to the bottom of it and present our conclusions. As we have said earlier, the investigations may take up to 12 months to complete. We thus expect to report findings at the latest in September this year but may be able to draw partial conclusions before then.

Slide: Our role in society

These areas – the four strategic themes and regulation and compliance – will also be focus areas for our work in 2018. In addition, in coming years, we will also focus on creating value in the societies we are part of. Danske Bank is the largest financial institution in Denmark and one of the largest in the Nordic region. Our size and importance in the Nordic economies impose a special responsibility on us, and we are aware of that. An important part of our role and responsibility is to be a solid, balanced and predictable bank that contributes to financial stability and economic growth. That is our main task. But it is also important that customers, shareholders and society in general can trust us to operate our business with strong integrity and responsibility – not least, of course, by living up to our responsibility within compliance, as I said earlier.

But we also need systematically to integrate responsibility in our core activities – and we do. This means, for example, that we strive to reduce our impact on the environment and make sure that our suppliers meet our requirements. However, we impact society most through the investments we make on behalf of our customers and the purposes for which we offer loans.

We continue our efforts to develop our screening of investments and loans in relation to environmental, social and governance considerations, just as we work to meet growing demand for sustainable and green products to support a more sustainable society.

We also feel that we have a special responsibility for contributing to solve other societal challenges. That is why we focus especially on helping startups with growth potential with some of the challenges they face. And we engage in activities aimed at strengthening financial literacy among children and young people, so that when they get older, they can make better financial choices. In 2017, we launched a new digital pocket money solution, for example, for children in all the Nordic countries, so that they can start learning about the value of digital money at an early age.

ON THE OUTLOOK FOR 2018

Slide: Outlook for 2018

In terms of the economic outlook for 2018, we expect the upswing to continue, as key indicators across most of the world point to rising growth rates. There are a few clouds in the sky, though, including the discussion in recent weeks of a potential, global trade war, which could hit certain industries hard and generally weaken the outlook for the Nordic economies, since they are very open. In addition, the weakening of the US dollar puts pressure on many

European businesses, and growth in Sweden is likely to be significantly lower than last year, when it was very much driven by an increase in residential property investments. In Denmark, the lack of skilled labour poses a problem for many businesses, and we depend on growth in the labour force to maintain economic growth. Overall, we expect a growth rate of 1.7 to 2.3 per cent in the Nordic markets, which will have a positive effect on our financial performance. We therefore expect a net profit for 2018 of between 18 and 20 billion. Net interest income is expected to rise on the basis of larger volumes, but we also expect a small increase in expenses. The same applies to impairment charges, but impairments will still remain low.

We have chosen to revise our dividend policy from 40 to 50 per cent of net profit to 40 to 60 per cent – for 2017, with your approval, we will, as I mentioned, pay out 45 per cent. We are revising the dividend policy because we would like to have more flexibility in dividend payments, while continuing to be able to ensure that we can support profitable growth and handle the effects of future regulation.

ON THE BOARD OF DIRECTORS

Slide: Focus areas for the Board of Directors

As you may have sensed, the Board of Directors worked extensively with regulation also in 2017. However, Danske Bank's and the Board of Directors' work in this area covers so much more than merely complying with applicable law, even though our efforts to combat money laundering, financial crime and the financing of terrorism require many resources. Our efforts also focused on ensuring corporate governance, strong risk management and financial stability. In addition to regulatory matters, the Board of Directors has focused extensively on strategic development to ensure that we operate a solid, balanced and predictable bank that focuses on customers and creates value for all of its stakeholders.

Furthermore, the Board has worked extensively with organisational and management matters, such as succession planning, competency development and talent development. The aim, of course, is to ensure that we have the right combination of competencies and people. We believe that diversity is crucial for creating the best solutions for our customers, that is, diversity in terms of gender, education, nationality, age and seniority as well as the way in which we work and think. To begin with, however, we focus our efforts on diversity and gender equality. We have launched a number of initiatives that include training managers and reviewing the most important HR processes. In addition, we focus on gender-based pay inequities. The Board of Directors and the Executive Board agree that we must have equal pay for equal work. In practice, this has proven difficult, as many factors other than salary play a role, and it is important to distinguish between pay *differences* and pay *inequities*. To shed some light on the problem, we conducted various analyses, and they show that to avoid pay differences, we need broader initiatives – for example to get more women in management positions.

The Board of Directors has held 13 meetings since the general meeting last year, and the board committees have held another 20 meetings. The chairman of the board and the chairmen of the Audit Committee and the Risk Committee have held separate meetings with the Danish Financial Supervisory Authority – five in total – in connection with the enhanced supervision of the so-called systemically important financial institutions. In 2017, the Board of Directors also continued its efforts to ensure that the board possesses the competencies required at any given time. Among other initiatives, we held two sessions to further build board member competencies.

Slide: Changes in the Board of Directors and the Executive Board
I am still of the opinion that the Board possesses a good mix of competencies and experience. Urban Bäckström and Martin Tivéus have decided not to seek re-election. I would like thank both Urban and Martin for their efforts on the Board. For the past six years, we have benefited from Urban Bäckström's extensive experience with economics and finance, and Martin Tivéus has brought us inspiration with his deep insight into digital banking. Thank you both for your collaboration. To replace Urban Bäckström and Martin Tivéus, the Board of Directors proposes Ingrid Bonde and Jens Due Olsen as new candidates for the Board. I will return to this under item four on the agenda.

In accordance with legislation, the members elected by the employees are elected for terms of four years. The latest election of employee representatives took place in March 2014, and we therefore had a new election this year, which ended on 8 March. In addition to Charlotte Hoffmann and Kirsten Ebbe Brinch who will continue on the Board, the employees have elected Bente Bank and Thorbjørn Lundholm Dahl as their representatives, and I want to welcome them to the Board. Carsten Eilertsen and Dorthe Bielefeldt will leave the Board, and I wish to thank them both for their efforts on the Board.

During the year, there was also a single change in the Executive Board. Carsten Egeriis joined the Executive Board on 15 August 2017 in his capacity of Chief Risk Officer and Head of Risk Management, replacing Gilbert Kohnke. Carsten came from a position as CRO at the British bank Barclays UK.

Slide: Remuneration of the Executive Board
In relation to remuneration of the Executive Board, the Board of Directors is of the opinion that both the overall remuneration level and the individual pay components must be in line not only with standard market practice but also with our values. This means that the remuneration of the Executive Board must depend heavily on value creation for all our stakeholders – employees, customers, investors and society in general.

The variable remuneration paid to the Executive Board is composed of two incentive programmes, both focusing on value creation, as is also the intention in European legislation for the financial sector. A one-year bonus, earned on the basis of financial results, customer satisfaction, risk management, compliance, employee engagement and other targets, and a long-term, three-year share-based programme, under which shares are allocated on the basis of the development in the total return paid to shareholders in the form of price gains and dividend payments, also called total shareholder return. The moving three-year trend in total shareholder return is benchmarked against that of our peers in the Nordic countries before allocation is finalised. A considerable part, 60 per cent, of the shares allocated under both incentive programmes is deferred for five years.

Conclusion

Slide: A solid foundation for future development
As I mentioned initially, 2017 was yet another year of good progress for Danske Bank. We owe this progress very much to the hard work performed by our almost 20,000 highly skilled and committed employees – and I therefore want to take this opportunity to thank them for that.

On the basis of the strong financial results and the progress made in 2017, we have a solid foundation for strengthening our position further and for investing in Danske Bank's future development.