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)	2017	2016
Ole Andersen	2,284	2,054
Urban Bäckström	884	811
Lars-Erik Brenøe	658	521
Jørn P, Jensen	793	771
Rolv Erik Ryssdal	643	601
Carol Sergeant	973	951
Martin Tivéus 1)	529	-
Hilde Merete Tonne	778	476
Dorte Annette Bielefeldt ³⁾	131	-
Kirsten Ebbe Brich	523	511
Carsten Eilertsen	523	511
Charlotte Hoffmann	643	631
Trond Ø, Westlie ²⁾	223	932
Steen Lund Olsen 4)	391	511
Lars Förberg ⁵⁾	-	155
Jim Hagemann Snabe ⁵⁾		155
Total remuneration	9,973	9,593
Remuneration for committee work included in total remuneration	2,200	2,180

¹⁾ From 16 March 2017

²⁾ Until 16 March 2017

³⁾ From 29 September 2017

⁴⁾ Until 29 September 2017

⁵⁾ Until 17 March 2016

33. Remuneration of management and material risk takers continued

(b) Remuneration of the Executive Board

For the Executive Board, a total remuneration of DKK 86.2 million for 2017 (2016: DKK 77.7 million) has been expensed, with fixed remuneration amounting to DKK 65.8 million (2016: DKK 60.5 million) and variable remuneration amounting to DKK 20.4 million (2016: DKK 17.2 million). Part of the fixed salary of the Executive Board is paid as shares (fixed salary shares). Variable remuneration cannot exceed 50% of the fixed salary. Part of the variable remuneration of the Executive Board is provided as a share-based Long-term Incentive Programme as described in section (d). The variable share-based payment for 2017 includes deferred variable payments from the Short-term Incentive Programme to be paid in future financial years, in accordance with EBA regulations, and prorated provisions for the Long-term Incentive Programme. "Total paid" remuneration comprises fixed salary, 2017 payments to pension plans, variable cash payments for 2016, pay-out of deferred cash payments for previous financial years and exercised rights to conditional shares for previous financial years.

Membership of the Board of Directors in one or more of the Group's subsidiaries is not remunerated separately but considered part of the Executive Board responsibilities and hence part of the remuneration of the Executive Board.

Remuneration of the Executive Board

2017 (DKK millions)	Thomas F. Borgen	Jacob Aarup-Andersen	Tonny Thierry Andersen	James Ditmore	Carsten Rasch Egeriis	Lars Mørch	Jesper Nielsen	Glenn Söderholm
Fixed salary*	11.5	6.8	7.0	7.6	3.3	6.5	5.0	6.6
Pension	2.2	0.3	1.3	-	-	1.3	1.0	1.3
Variable cash payment**	0.8	0.4	0.3	0.5	5.4	0.4	0.3	0.5
Variable share-based payment	2.9	1.1	1.5	1.6	0.3	1.6	0.7	1.6
Total expensed	17.4	8.6	10.1	9.7	9.0	9.8	7.0	10.0
Total paid	15.4	8.0	9.3	9.4	8.6	8.6	6.4	9.5

^{*} Fixed salary includes fixed cash salary, fixed salary shares and other benefits.

Carsten Rasch Egeriis joined the Executive Board on 1 August 2017. Gilbert Kohnke resigned from his position as member of the Executive Board on 31 July 2017. In the period from 1 January 2017 to 31 July 2017, the remuneration earned by Gilbert Kohnke was DKK 4.6 million, which consists of fixed salary of DKK 4.1 million, pension of DKK 0.0 million, variable cash payment of DKK 0.2 million and variable share-based payment of DKK 0.3 million. Paid remuneration amounts to DKK 4.5 million. Gilbert Kohnke's employment with Danske Bank Group ended on 31 August 2017. From 1 August 2017 to 31 August 2017, Gilbert Kohnke earned a further DKK 0.7 million, which is included as remuneration to other material risk takers.

	Thomas F.	Jacob	Tonny Thierry	James	Gilbert	Lars	Jesper	Glenn
2016 (DKK millions)	Borgen Aaru	p-Andersen	Andersen	Ditmore	Kohnke	Mørch	Nielsen	Söderholm
Fixed salary*	11.5	4.9	7.0	7.6	7.0	6.4	1.3	6.6
Pension	2.2	-	1.3	-	-	1.1	0.2	1.4
Variable cash payment	1.2	0.5	0.7	0.6	0.5	0.6	0.1	0.5
Variable share-based payment	3.1	0.9	1.8	1.7	1.3	1.6	0.2	1.5
Total expensed	18.0	6.3	10.8	9.9	8.8	9.7	1.8	10.0
Total paid	14.7	5.0	9.0	8.1	7.4	8.0	1.5	8.2

^{*}Fixed salary includes fixed cash salary, fixed salary shares and other benefits.

Jacob Aarup-Andersen joined the Executive Board on 1 April 2016. Jesper Nielsen joined the Executive Board on 1 October 2016. Henrik Ramlau-Hansen resigned from his position as member of the Executive Board on 31 March 2016 (during this period the remuneration earned was DKK 2.4 million, which consists of fixed salary of DKK 1.6 million, pension of DKK 0.4 million, variable cash payment of DKK 0.1 million and variable share-based payment of DKK 0.3 million).

Pension and termination (end of 2017)

	Thomas F. Borgen	Jacob Aarup-Andersen	Tonny Thierry Andersen		Carsten Rasch Egeriis		Jesper Nielsen	Glenn Söderholm
Annual contribution	Bank contributes 20% of salary p.a.	Bank contributes 20% of salary p.a.		-	-	Bank contributes 20% of salary p.a.	Bank contributes 20% of salary p.a.	Bank contributes 20% of salary p.a.
Notice of termination by Danske Bank	18 months	18 months	18 months	18 months	18 months	18 months	18 months	18 months
Notice of termination by the board member	12 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months
Non-competition clause	24 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months

^{**} Variable cash payment includes sign-on fees.

33. Remuneration of management and material risk takers continued

(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 2017, 726 other material risk takers were designated (end of 2016: 838 FTEs). During 2017, 752 full-time-equivalents were designated as other material risk takers (2016: 835 FTEs). The reduction in the number of material risk takers is due mainly to changes to the designation criteria for material risk takers. The 752 FTEs designated as other material risk takers earned remuneration of DKK 1,446 million (2016: 835 FTEs earned remuneration of DKK 1,585 million), with fixed remuneration amounting to DKK 1,103 million and variable remuneration amounting to DKK 343 million (2016: DKK 1,224 million and DKK 361 million, respectively). Variable pay for 2017 is estimated, as the final figure is determined at the end of February 2018. The final variable pay will be published in the Danske Bank Group Remuneration Report 2017, which provides additional quantitative information on the remuneration of material risk takers. Remuneration Report 2017 will be available at danskebank.com/remuneration and is expected to be published on 8 March 2018.

Of the above remuneration for 2017, 396 FTEs designated as other material risk takers at the Parent Company, Danske Bank A/S, earned remuneration of DKK 995 million (2016: DKK 1,133 million to 470 FTEs), with fixed remuneration amounting to DKK 734 million and variable remuneration amounting to DKK 261 million (2016: DKK 836 million and DKK 297 million, respectively).

The Group's pension obligations towards other material risk takers amounted to DKK 846 million to 128 employees at year-end 2017 (31 December 2016: DKK 951 million and 144 employees).

Variable payment for other material risk takers is split into cash and 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 inaccurate.

(d) Share-based payment

The total expense recognised under Operating expenses in 2017 arising from share-based payments was DKK 150 million (2016: DKK 171 million). All share-based payments are equity-settled. The exact number of shares granted for 2017 will be determined at the end of February 2018.

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 Danske Bank shares granted to 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 to the Executive Board is paid in 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 fixed salary shares, and the shares are fully acquired by the Executive Board member each month. 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, with the exception that, according to EBA regulation, the rights to Danske Bank shares are deferred for five years, followed by a one-year retention period before the shares are available to trade. 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 2017 Long-term Incentive Programme vests over three years (2017-2019). After the vesting period, part of the shares will be paid out. The remaining shares are deferred for five years, followed by a one-year retention period before the shares are available to trade. 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 5.8 million for the 2017 programme and DKK 7.5 million for the 2016 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.

From 2017, the Short-term Incentive Programme and the Long-term Incentive Programme apply to Group management, that is, the Executive Board and the Group heads of Human Resources and Marketing & Communications.

33. Remuneration of management and material risk takers continued

	Number	Fair value (FV)			
Executive Board	Other staff	Total	Employee payment price (DKK)	At issue (DKK m)	End of year (DKK m)
25,648 -18,096 - -1,486	1,765,830 -1,351,868 -1,589 -193,352	1,791,478 -1,369,964 -1,589 -194,838	0.0-1.1	191.3	430.9
6,066	219,021	225,087	0.0-1.1	24.0	54.1
-6,066 - - -	-16,771 -12,845 - 189,405	-22,837 -12,845 - 189,405	0.0-1.1 - - 0.0-1.1	- - 20.2	- - - 45.6
45,977 -8,674 - 2,639 39,942	804,438 -4,412 -30,329 -2,639 767,058	850,415 -13,086 -30,329 - 807,000	0.0-1.4 0.0-1.4 - - 0.0-1.4	115.3 - - - 109.4	204.4 - - - 193.9
-19,845 - - 20,097	-766,288 6,788 - 7,558	-786,133 6,788 - 27,655	0.0-1.4 - - 0.0-1.4	- - - 3.8	- - - 6.7
12,697 - - -1,295 11,402	649,764 -5,424 -19,412 -1,822 623,106	662,461 -5,424 -19,412 -3,117 634,508	0.0-1.7 0.0-1.7 - - 0.0-1.7	111.3 - - - 106.6	158.9 - - - 152.2
11,402	-17,019 - 606,087	-17,019 - 617,489	- - - 0.0-1.7	- - 103.7	148.2
21,985 - - - 21,985	973,081 -334,841 -34,419 -	995,066 -334,841 -34,419 -		181.3 - - - 114.0	240.4 - - - 151.2
- -2,562 19,423	-1,683 -17,292 4,655 589,501	-1,683 -17,292 2,093 608,924	- - -	- - 110.9	- - - 147.1
27,464 -505 - - - 26,959	827,251 -295,002 -20,529 -511,720	854,715 -295,507 -20,529 - 538,679	- - - -	203.0 - - - 127.9	206.5 - - - 130.1
	25,648 -18,096 -1,486 6,066 -6,066 -6,066 -2,639 39,942 -19,845 -20,097 -1,295 -1,402 -1,402 -11,402	Executive Board staff 25,648 1,765,830 -18,096 -1,351,868 -	Executive Board Other staff Total 25,648 1,765,830 1,791,478 -18,096 -1,351,868 -1,369,964 - 1,589 -1,589 -1,589 -1,486 -193,352 -194,838 6,066 219,021 -225,087 -6,066 -16,771 -22,837 - 12,845 -12,845 -12,845 - 189,405 189,405 45,977 804,438 850,415 - 8,674 -4,412 -13,086 - 8,674 -4,412 -13,086 - 8,674 -4,412 -13,086 - 30,329 -2,639 - - 2,639 -2,639 - - 39,942 767,058 807,000 - 19,845 -766,288 -786,133 - 6,788 6,788 - - 12,697 649,764 662,461 - 5,424 -5,424 - - 1,4912 -19,412 -19,412 - 1,295 -1,822 -3,117	Executive Board Other staff Total Employee payment price (DKK) 25.648 1,765,830 1.791,478 0.0-1.1 -18,096 -1,351,868 -1,369,964 0.0-1.1 -1,486 -193,352 -194,838 - -1,486 -193,352 -194,838 - -6,066 -16,771 -22,837 0.0-1.1 -6,066 -16,771 -22,837 0.0-1.1 -4,941 -12,845 -12,845 - -12,845 -12,845 - -12,845 -12,845 - -2,674 -4,412 -13,086 0.0-1.4 -8,674 -4,412 -13,086 0.0-1.4 -8,674 -4,412 -13,086 0.0-1.4 -8,678 -2,639 -30,329 - -2639 -2,639 -30,329 - -2,639 -2,639 -30,029 - -2,639 -2,639 -7,000 0.0-1.4 -19,845 -766,288 -786,133 <t< td=""><td>Executive Board Other staff Total price (DKK) Employee payment price (DKK) At issue price (DKK) 25,648 1,765,830 1,791,478 0.0-1.1 191.3 -18,096 -1,351,868 -1,589 -1,589 -1,589 -1,486 -193,352 -1948,38 - - -0,066 -219,021 225,087 0.0-1.1 240 -6,066 -16,771 -22,837 0.0-1.1 - -12,845 -12,845 - - - -189,405 189,405 0.0-1.1 20.2 45,977 804,438 850,415 0.0-1.4 115.3 -8,674 -4,412 -13,086 0.0-1.4 115.3 -8,674 -4,412 -13,086 0.0-1.4 109.4 -19,845 -766,288 -786,133 0.0-1.4 109.4 -19,845 -766,288 -786,133 0.0-1.4 109.4 -19,845 -766,288 -786,133 0.0-1.4 3.8 -12,897 649,7</td></t<>	Executive Board Other staff Total price (DKK) Employee payment price (DKK) At issue price (DKK) 25,648 1,765,830 1,791,478 0.0-1.1 191.3 -18,096 -1,351,868 -1,589 -1,589 -1,589 -1,486 -193,352 -1948,38 - - -0,066 -219,021 225,087 0.0-1.1 240 -6,066 -16,771 -22,837 0.0-1.1 - -12,845 -12,845 - - - -189,405 189,405 0.0-1.1 20.2 45,977 804,438 850,415 0.0-1.4 115.3 -8,674 -4,412 -13,086 0.0-1.4 115.3 -8,674 -4,412 -13,086 0.0-1.4 109.4 -19,845 -766,288 -786,133 0.0-1.4 109.4 -19,845 -766,288 -786,133 0.0-1.4 109.4 -19,845 -766,288 -786,133 0.0-1.4 3.8 -12,897 649,7

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

${\bf 33. \, Remuneration \, of \, management \, and \, material \, risk \, takers \, continued}$

Holdings of the Executive Board and fair value at $31\,\mathrm{December}\,2017$

Grant year	2013-2017	FV
	Number	(DKK m)
Thomas F. Borgen	18,121	4.4
Jacob Aarup-Andersen	3,596	0.9
Tonny Thierry Andersen	10,278	2.5
James Ditmore	27,250	6.6
Carsten Egeriis	-	-
Lars Morch	9,988	2.4
Jesper Nielsen	1,449	0.4
Glenn Söderholm	7,199	1.7

Holdings of the Executive Board and fair value at $31\,\text{December}\,2016$

Grant year	2012-2016	FV
	Number	(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

In 2017, the average price at the vesting date for rights to conditional shares was DKK 240.6 (2016: DKK 191.4).