

JFD BANK AG REMUNERATION POLICY DISCLOSURE

According to Articles 431, 434, 450 CRR (Capital Requirements Regulation) and in conjunction with Section 16 of the German Remuneration Ordinance for Institutions (Institutsvergütungsverordnung, InstitutsVergV), institutions are obliged to publish and update at least annually the following: the structure of their remuneration system and practice; the decision-making processes in determining the remuneration policies, including the relevant remuneration parameters and components; and the total amount of all remunerations, including the number of beneficiaries. The scope of those disclosure requirements is determined in accordance with the principle on non-material, proprietary and confidential information of Article 432 (1) to (3) CRR, depending on the size and remuneration structure of the institution as well as the kind, extent, risk content and internationality of its business activities. As the institution has less than EUR 15 billion in total assets, JFD Bank AG ("the Bank") limits the presentation of its remuneration systems to the following fundamental principles

A. REMUNERATION SYSTEM

The Management Board is responsible for designing a reasonable remuneration system for the employees. The Supervisory Board is responsible for designing and reviewing the remuneration system for the Management Board.

The remuneration systems are designed in a way that prevents negative incentives from arising when taking positions of disproportionately high risk. It also ensures that the remuneration of the control units (e.g. market following, risk controlling, compliance) enables adequate qualitative and quantitative staffing.

The remuneration systems comply with the objectives of the Bank as the latter are set out in the strategies. The Management Board of the Bank reviews the remuneration system for adequacy at least once a year and makes adjustments if necessary.

The remuneration system of the Bank is restricted to the granting of completed bear sales (basic remuneration) and variable components of remuneration (bonuses or special payments, which are determined in a discretionary manner with the aim of achieving a sustainable business success.)

The employees are informed about the remuneration system in their contract of employment with the Bank and about the individual remuneration system in performance reviews.

The Management Board informs the Supervisory Board about the remuneration systems and salary structures at least annually.

B. REMUNERATION STRUCTURES

JFD Bank AG employs non-tariff employees only. They receive an annual gross pay, which is paid in 12 monthly instalments of equal amount. In terms of Section 2 (5) InstitutsVergV, the remuneration of the employees shall be laid down in writing by the Management Board of the Bank in the contract of employment.

In special cases, the Bank may remunerate employees for retirement benefits.

B.2 Variable remuneration

Furthermore, a variable remuneration can be paid which is determined for all employees in a discretionary manner, taking into account the employee's individual performance and the achievement of a sustainable business success. There is no entitlement to variable remuneration.

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The amount of variable remuneration (bonus) for the Management Board is determined by the Supervisory Board, depending on the profitability and performance of the respective member of the Management Board and taking into account the achievement of a sustainable business success. There is no entitlement to variable remuneration.

Regarding the total amount of variable remuneration, attention is given to securing one's own funds. The highest premise is a long-term capital adequacy.

C. TOTAL REMUNERATION AND NUMBER OF BENEFICIARIES IN 2018

As of 31 December 2018, the Bank had 10 employees. In 2018, the total amount of fixed remunerations, including the salaries of the Management Board, was less than EUR 750,000. Therefore, no Board member or employee at JFD Bank AG received a total remuneration of more than EUR 1 million in the financial year 2018. The total remuneration of the members of the Management Board is not disclosed, as the safeguard clause pursuant to Section 286 (4) of the German Commercial Code (Handelsgesetzbuch - HGB) has been invoked. An analysis by each business area of the Bank was not made, as a disclosure would allow for conclusions to be drawn about individual salaries and variable remuneration.

As of April 2020

The Management Board

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