Translation from Danish prepared by Jyske Bank of a statement dated 15 September 2023 issued by the Danish Financial Supervisory Authority (Finanstilsynet). In the event of any discrepancy between the Danish version and the English version, the Danish version shall prevail.

Thematic inspection of the alternative standard approach to market risk (A-SA)

From December 2022 to September 2023, the Danish Financial Supervisory Authority (FSA) carried out an inspection of the implementation and use of the alternative standard approach to market risk at Jyske Bank. This formed part of a thematic inspection of 18 selected financial and mortgage credit institutions.

The purpose of the thematic inspection was to investigate implementation by the institutions of the alternative standard approach (A-SA) to market risk for calculation of capital requirement. The A-SA approach is expected to become a capital requirement as from 2025, but already now a reporting requirement prevails to the effect that the institutions comprised must calculate their market risk according to A-SA and report data to the Danish FSA.

The inspection was carried out without any physical visits to the bank (off-site).

The thematic inspection included a qualitative and quantitative analysis of implementation by the selected institutions of the new A-SA approach. The quantitative analysis comprised a benchmarking of the institutions' calculation of REA and underlying key figures such as delta risk, jump to default (JTD) etc. of selected instruments and for some institutions also portfolios. The qualitative analysis consisted of a questionnaire concerning the implementation, the expected use of the calculation and the planned governance of the calculation by the institutions.

Jyske Bank's reporting was in a number of places in the outer percentiles of the data reported across institutions. This may be well-founded and may for instance be due to technical issues relating to the booking of trades in connection with the inspection. The Bank should review its model implementation to ensure that this is not due to errors in the implementation of the model. The inspection did not give rise to any reactions on the part of the Danish FSA.