Translation from Danish prepared by Jyske Bank of a statement dated 31 May 2024 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.

Report on inspection of data quality management at Jyske Bank A/S

1. Introduction

In March 2024, The Danish Financial Supervisory Authority (the FSA) conducted an inspection of data quality management at Jyske Bank A/S.

2. Summary and risk assessment

The FSA reviewed Jyske Bank's policies, business procedures and management reports etc. relating to data quality management. The inspection was carried out at meetings with Jyske Bank's data warehouse function, risk management function, model development function, compliance function and Internal Audit.

For a number of years, Jyske Bank has been working to improve its data quality and establish a framework for these efforts. Until 2023, progress in applying the relevant business processes and methodologies was limited and focused solely on internal credit risk models (the IRB area). During 2023, efforts increased significantly, and Jyske Bank now has a plan to ensure full implementation in the IRB area by the end of 2024, and subsequently in all other areas with critical data.

The plan includes, among other things, engaging external consultancy assistance to ensure that the 2024 target is met and to create a plan for the subsequent implementation in areas other than IRB. The external consultants will also assess the need to establish a chief data officer function and perform a gap analysis of Jyske Bank's data quality management in relation to the Basel Committee's 'Principles for effective risk data aggregation and risk reporting' (BCBS 239).

During 2024, Jyske Bank will also conduct a follow-up review of critical data elements outside the IRB area and assess their quality according to a common methodology so that the conclusion can be included in the data quality reporting to Jyske Bank's Executive Board in the first half of 2025.

The Executive Board's assessment and actions in managing data quality have been unclear. Going forward, Jyske Bank will ensure a clearer decision-making process with documentation of the Executive Board's assessments and decisions.

As a consequence of the shortcomings in the management of data quality, Jyske Bank at end-2023 made an addition to the solvency requirement calculated on the basis of the banking group's risk exposure amount (REA) for operational risk. Data quality uncertainty affects all risk types, not just operational risk. The FSA did not find the addition sufficient. Consequently, Jyske Bank will increase the addition in the second quarter of 2024 to at least DKK 400 million, corresponding to just under 0.2% of the REA of the group.