Translation from Danish prepared by Jyske Bank of a decision dated 16 December 2019 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.

Minimum requirement for own funds and eligible liabilities

1. Decision

For Jyske Bank A/S as the parent company, the Danish Financial Supervisory Authority (FSA) determines the minimum requirement for own funds and eligible liabilities (MREL), at a consolidated level, at 13.7% of Jyske Bank's total liabilities and own funds. This corresponds to 30.7% of the risk exposure amount (REA), corresponding to DKK 33.9 bn based on data at the end of 2018.

Jyske Realkredit A/S is exempt from the MREL and is not included in the consolidation, neither in respect of the calculation of REA, on the basis of which the requirement is calculated, nor in the statement of the liabilities and own funds, of which the requirement is expressed as a percentage.

The MREL applies as of 1 January 2020. On 30 June 2020, the MREL will increase to 13.9% of Jyske Bank's total liabilities and own funds at a consolidated level and on 30 December 2020 to 14.1% (31.2% and 31.7%, respectively, of REA calculated at the end of 2018) on the basis of the increase in the countercyclical buffer.

The MREL is determined annually by the FSA on the basis of the group's resolution plan. The MREL can be met through capital instruments and liabilities, which in the event of resolution and bankruptcy are written down and converted before unsecured claims, and otherwise meet the minimum requirement for own funds and eligible liabilities. Debt instruments issued before 1 January 2018 that in the event of resolution and bankruptcy are not written down and converted before other unsecured claims, but otherwise meet the minimum requirement for own funds and eligible liabilities may be included in order to meet the MREL until 1 January 2022.

Equity and liabilities applied to meet the consolidated MREL may not at the same time be applied in order to meet or finance equity and liabilities that are included in order to meet the capital and debt buffer requirements applicable to Jyske Realkredit A/S.

2. Legal basis

According to S.266(1) of the Danish Financial Business Act, the FSA will following a hearing by Finansiel Stabilitet (the Danish resolution authority) determine the requirement of the size of a financial institution's MREL.

A financial institution that is a parent company and subject to consolidated supervision must also meet the MREL at a consolidated level, cf. S.266(3) of the Danish Financial Business Act.

Following a hearing by Finansiel Stabilitet (the Danish resolution authority), the FSA determines the MREL for a financial institution at a consolidated level on the basis of a specific assessment of the following criteria, cf. S.268(1) of the Danish Financial Business Act:

1) The group can be resolved through the use of resolution tools.
2) If bail-in is applied, the group has sufficient own funds and eligible liabilities to ensure that the losses can be absorbed and the Common Equity Tier 1 capital can be restored to a level at which the undertaking can continue to meet the requirements for a licence, and to sustain sufficient market confidence.
3) The group has sufficient own funds and eligible liabilities to ensure that, if certain categories of own funds and eligible liabilities are excluded from bail-in, the losses can be absorbed and an undertaking's Common Equity Tier 1 capital can be restored to a level at which the undertaking can continue to meet the requirements for a licence.
4) The group's size, business model, funding model and risk profile.
5) The extent to which the depositor and investor guarantee scheme can help finance the resolution in accordance with S.2a of the Act on a Depositor and Investor Guarantee Scheme (lov om en indskyder- og investorgarantiordning).
6) To which extent the group being in distress has a negative effect on financial stability, including spillover effects on other financial services companies/groups.

The Commission Delegated Regulation (EU) 2016/1450[1] (the regulation), which specifies the criteria relating to the method applied when determining the minimum requirement of own funds and eligible liabilities, further specifies the criteria stated in S.268(1) of the Danish Financial Act.

The MREL must be expressed as a percentage of the company's total liabilities and own funds, cf. Art.7(2) of the regulation.

The MREL consists of a loss absorption amount, cf. Art.1 of the regulation, and a recapitalisation amount, cf. Art.2 of the regulation with the necessary adjustments and as appear from Art.3-6, cf. Art.7(1) of the regulation.

The loss absorption amount is generally determined according to the company's solvency requirement plus the combined capital buffer requirement, cf. Art.1(4) of the regulation.

The recapitalisation amount is determined on the basis of the expected resolution strategy identified in the institution's resolution plan. The recapitalisation amount is generally determined at 0 if the resolution strategy is bankruptcy, cf. Art.2(2) of the regulation. If the resolution strategy is not bankruptcy, the recapitalisation amount is generally determined at the solvency requirement plus capital buffers, cf. Art.2(5)(7) and (8) of the regulation.

The FSA may decide to adjust the loss absorption and the recapitalisation amount upwards as well as downwards, cf. Art.1(5) and Art.2(3) and (9) of the regulation. Moreover, the FSA may make adjustments according to Art. 3-6 of the regulation.

If follows from Art.8(1) of the regulation that the FSA may determine an appropriate transitional period to comply with the MREL. The transitional period must be as short as possible. If follows from Art.8(2) of the regulation, the FSA must for each 12-month period of

[1] The Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016 on supplementary rules on the European Parliament's and the Council's regulation 2014/59/EU on regulatory technical standards specifying the criteria applicable to the method of determining the minimum requirements of own funds and eligible liabilities

the transitional period, determine a planned MREL requirement. At the end of the transitional period, the MREL must be met.

According to S.266(1) of the Danish Financial Business Act, mortgage credit institutions are exempt from the MREL. Mortgage credit institution must instead meet a debt buffer requirement, cf. S.125 of the Danish Financial Business Act.

It is a condition for the restructuring or resolution that the interest of the general public necessitates the use of resolution measures, cf. S.4(1)(iii) of the Danish Act on Restructuring and Resolution of Certain Financial Enterprises. Pursuant to S.5 of the Danish Act on Restructuring and Resolution of Certain Financial Enterprises, in order to secure the interest of the general public, the following resolution objectives are taken into consideration:

1) Securing the continuity of critical functions, the discontinuance of which is likely to lead to the disruption of services that are essential to the real economy or likely to disrupt financial stability;
2) Avoidance of significant adverse effect on the solution features, change stability, in particular by preventing contagion, including to market infrastructures, and by maintaining market discipline.
3) Protection of public funds by minimising reliance on extraordinary public financial support.
4) Protection of depositors and investors covered by the Act on a Depositor and Investor Guarantee Scheme.
5) Protection of client funds and client assets.

Moreover, it is a condition that the resolution objectives in question cannot be met to the same extent in the event of liquidation or bankruptcy proceedings, cf. the comments to S.4(1)(iii) of the Danish Act on Restructuring and Resolution of Certain Financial Enterprises.

3. The assessment of the FSA

Assessment of *interest of the general public*
As a group, Jyske Bank A/S has been designated a SIFI, and the group is exercising critical functions in both Denmark and Gibraltar.

Therefore the resolution plan assesses that if it is necessary in the interest of the general public, one or more resolution measures must be initiated if the Jyske Bank Group be in distress, cf. S.4(1)(iii) of the Danish Act on Restructuring and Resolution of Certain Financial Enterprises.

Resolution strategy
The resolution strategy of the Jyske Bank Group is that of single-point-of-entry, where the group is seen as one unit in the event of resolution. Basically, it is assumed that the group stay in the market and be re-established as a viable enterprise. This will be ensured through recapitalisation of Jyske Bank A/S at consolidated level through write-downs and refinancing of the claims of the bank's creditors.

Assessment of the size of the MREL
For Jyske Bank A/S, the loss absorption amount of the MREL is determined at the solvency requirement plus the combined capital buffer requirement. The recapitalisation amount is determined at the solvency requirement plus the combined capital buffer requirement expect

for the contra-cyclical buffer. As a result of the international development, the FSA has changed its method for the calculation of MREL to the effect that the contra-cyclical buffer is no longer included in the recapitalisation amount.

Because the point of departure is that the Jyske Bank Group is to be re-established as a viable entity by Finansiel Stabilitet (the Danish resolution authority), the MREL will be twice the solvency requirement requirement plus twice the combined capital buffer requirement. However, the countercyclical capital buffer will only be included once in the calculation of the MREL.

On the basis of the above, the FSA assesses that the MREL must be determined so that it corresponds to 30.7% of the REA calculated as at the end of 2018.

As mortgage credit institutions are exempt from the MREL, Jyske Realkredit is not included in the consolidation on the basis of which the consolidated MREL for Jyske Bank A/S is determined. Hence, the MREL is calculated at 30.7% of REA for Jyske Bank A/S at consolidated level exclusive of Jyske Realkredit. On the basis of data at the end of 2018, REA amounts to DKK 111 bn. Below this calculation is specified in detail.

	REA, DKKbn[2]
Total group, REA	188
Jyske Realkredit contribution to REA	-79
Jyske Bank A/S exposures to Jyske Realkredit:	1
REA for the group exclusive of Jyske Realkredit	**111**

On the basis of the above, the FSA assesses that the MREL is to be determined at 13.7% of Jyske Bank's total liabilities and own funds at consolidated level, exclusive of Jyske Realkredit, cf. S.266(3) of the Danish Financial Business Act. This corresponds to 30.7% of REA calculated at the end of 2018, corresponding to DKK 33.9 bn based on data at the end of 2018.

The MREL applies as of 1 January 2020. On 30 June 2020, the MREL will increase to 13.9% of Jyske Bank's total liabilities and own funds at a consolidated level and on 30 December 2020 to 14.1% (31.2% and 31.7%, respectively, of REA calculated at the end of 2018) on the basis of the increase in the countercyclical buffer.

The MREL is determined annually by the FSA and can be met through capital instruments and liabilities, which in the event of resolution and bankruptcy are written down and converted before unsecured claims, and otherwise meet the minimum requirement for own funds and eligible liabilities. Debt instruments issued before 1 January 2018 that in the event of resolution and bankruptcy are not written down and converted before other unsecured claims, but otherwise meet the minimum requirement for own funds and eligible liabilities may be included in order to meet the MREL until 1 January 2022.

Equity and liabilities applied to meet the consolidated MREL may not at the same time be applied in order to meet or finance equity and liabilities that are included in order to meet the capital and debt buffer requirements applicable to Jyske Realkredit.

[2] The calculation has been rounded to whole numbers.

4. Complaints

The decision of the FSA can, no later than four weeks after receipt, be brought before the Danish Commerce and Companies Appeal Board, cf. S.372(1) of the Danish Financial Business Act. The complaint must be sent by e-mail to ean@naevneneshus.dk or by post to Erhvervsankenævnets sekretariat, Toldboden 2, 8800 Viborg.

A fee of DKK 4,000 is payable for filing a complaint with the Commerce and Companies Appeal Board, cf. S.7(2) of the Danish Executive Order on the Commerce and Companies Appeal Board of the Danish Ministry of Business and Industry. The Commerce and Companies Appeal Board or the Chairman can make a decision about full or partial repayment of the fee paid if the complaint is sustained in part or in full, cf. S.15(4) of the Danish Executive Order on the Commerce and Companies Appeal Board. The fee will be refunded if the Danish Commerce and Companies Appeal Board rejects the complaint.