Jyske Bank Group
Capital Requirement

The second quarter of 2025

This document provides a consolidated assessment of Jyske Bank Group's capital requirement and risk profile for the second quarter of 2025.

Jyske Bank Group determines its capital requirement through the Internal Adequacy Assessment Process (ICAAP) and makes quarterly reassessments and updates. Each update is reviewed and approved by the Group Supervisory Board to ensure that the capital position remains adequate and aligned with the Group's risk appetite and regulatory obligations.

The document serves as a quarterly follow-up to the annual publication "Risk and Capital Management 2024", which was published in February 2025 along with the annual report of the Group. The "Risk and Capital Management 2024" report contains further details on:

- The organisational structure and processes for risk management in Jyske Bank Group
- Methods and specifications of the solvency need divided on the main risk typers
- The scenarios and methods used for capital planning and stress testing
- A description of the process and methods used for ESG-related risk

Jyske Bank Group's capital management is anchored in the regulatory framework defined by the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD), and is structured around the three-pillar approach:

- Pillar I outlines methodologies for calculating minimum capital requirements across credit, market, and operational risks, with a baseline requirement of 8% of risk exposure amount (REA).
- Pillar II encompasses the Internal Capital Adequacy Assessment Process (ICAAP), which includes risk identification, solvency need assessment, and stress testing. It also forms the basis for the Supervisory Review and Evaluation Process (SREP) dialogue with supervisory authorities.
- Pillar III concerns transparency and disclosure of risk and capital metrics.

Under Pillar I, Jyske Bank applies standard approaches for market and operational risks, while credit risk is assessed using a hybrid approach applying the standard methodology as well as internally developed IRB-models. Credit risk remains the dominant risk category within the Group's capital requirement.

Pillar II capital requirements are tailored to reflect the Group's actual risk profile and are designed to capture risks not fully addressed under Pillar I. These additions are structured into distinct categories within the ICAAP framework:

Credit Risk
Within credit risk, additional capital is held to cover concentration risks - both at the individual counterparty and industry level - reflecting the elevated risks that may arise from large or correlated positions. The Group also applies capital buffers to exposures flagged by internal early warning indicators and to clients assessed as financially vulnerable, where their repayment capacity may be uncertain. Furthermore, risks associated with interest-only lending and potential payment shocks on variable-rate loans are considered and addressed through supplementary capital requirements. Counterparty credit risk and settlement risk, particularly in relation to derivative transactions, are also covered by dedicated capital reserves. In cases where internal rating-based (IRB) models are under remediation or do not fully comply with regulatory requirements, specific reservations are applied to ensure an adequate capitalisation.

Market Risk
Regarding market risk, the Group holds capital against risks towards interest rate movements, including credit spread volatility, as well as foreign exchange, equity, and commodity risks. These risks are monitored and assessed through a combination of scenario analyses and stress testing, ensuring that the Group remains resilient under adverse market conditions.

Liquidity Risk
Liquidity risk is addressed through capital add-ons that reflect refinancing risk and sensitivity to changes in credit ratings. These measures support the Group's strategic focus on maintaining funding stability and preserving market confidence. The liquidity buffer is actively managed and structured to ensure sufficient coverage under both normal and stressed conditions.

Operational Risk
Pillar II capital add-ons pertaining to operational risk reflect risks arising from ongoing litigation, data governance, IT infrastructure, and compliance with the General Data Protection Regulation (GDPR). These risks are identified through structured risk assessments, historical incident analysis, and scenario-based evaluations.

Other Risks
Beyond the core risk categories, the ICAAP framework also encompasses other risk types such as strategic risk, reputational risk, and ESG-related risks. These are continuously assessed to ensure a comprehensive understanding of the Group's overall risk profile. At present, however, no specific Pillar II capital add-ons have been allocated to these categories. This is because the risks are either deemed immaterial in terms of capital impact under current conditions or are considered sufficiently mitigated through internal processes, governance structures, and contingency planning.

Additionally, as part of the Group's ICAAP framework, stress testing is conducted regularly to assess the impact of adverse macroeconomic scenarios. The stress testing setup includes scenario-based and sensitivity analyses, ensuring that the Group maintains sufficient capital buffers to support its strategic objectives and regulatory compliance.

Capital Buffers
The Group's solvency need consists of the sum of Pillar I and Pillar II capital requirements. Furthermore, capital buffers constitute an additional capital requirement. Currently, the Group holds a SIFI-buffer (O-SII) of 1.5%, a capital conservation buffer (CCoB) of 2.5%, a countercyclical capital buffer (CCyB) of 2.4%, and a sector specific systemic risk buffer (SyRB) of 1.0%.

Group Capital Requirement
The Group's solvency and total capital requirements are delineated below by principal risk categories. The individual solvency need of the Grou The individual solvency need of the Group makes up 11.0% of the risk exposure assets (REA). Moreover, the total capital requirement encompasses the regulatory buffers, which currently constitutes 7.5% of REA. Hence, the total solvency need of the Group including the buffer requirement amounts to 18.5% of REA. The capital buffer amounts to 3.0% of REA.

Jyske Bank A/S Capital requirement
The solvency need of the parent company (Jyske Bank A/S) is based on 8% of REA of the parent company, representing pillar 1 requirements. As a conservative assumption, the pillar 2 capital additions of the parent company are identical to those of the Group, as the parent is liable for all risk in the subsidiaries. Consequently, the total solvency need of Jyske Bank A/S including the buffer requirement amounts to 18.6%. Thus, providing a capital buffer of the parent company of 10.4% of REA.

Capital requirement	Jyske Bank Group		Jyske Bank A/S	
	DKKm	Pct. of REA	DKKm	Pct. of REA
Credit risk	20,001	8.4%	15,754	8.9%
Market risk	3,737	1.6%	3,781	2.1%
Operational risk	2,506	1.0%	1,806	1.0%
Liquidity risk	0	0.0%	0	0.0%
Solvency need	26,243	11.0%	21,340	12.0%
Solvency need + combined buffer requirement	44,109	18.5%	33,043	18.6%
Capital Base	51,394	21.5%	51,445	29.0%
Capital buffer	7,286	3.0%	18,403	10.4%
Additional tier 1 capital buffer	6,221	2.6%	16,113	9.1%
Core tier 1 capital buffer	6,221	2.6%	15,194	8.6%