Translation from Danish prepared by Jyske Bank of a statement 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 the inspection of Jyske Bank A/S' management of ESG-related credit risks in relation to corporate customers

In May and June 2025, the Danish Financial Supervisory Authority conducted an inspection of Jyske Bank's management of ESG-related credit risks among corporate customers.

ESG-related credit risks are Jyske Bank's risks of losses on loans, etc., where environmental, social, or governance (ESG) issues cause financial problems for Jyske Bank's customers.

The purpose of the inspection was to assess whether Jyske Bank's credit management adequately limited its risk of losses due to corporate customers' ESG issues.

Conclusion and risk assessment

Jyske Bank has a relevant method for calculating its most significant ESG-related credit risks at portfolio level. The method includes mapping ESG issues, transmission channels and assessing their probability and impact for different time horizons for two scenarios. However, Jyske Bank's work has some shortcomings. Among other things, Jyske Bank has only to a limited extent assessed the quantitative effect of ESG issues on the loan portfolio, even though data is available for this in a number of cases.

Jyske Bank does not analyse significant aspects of its customers' ESG issues that may affect credit risk. This applies even though it uses the ESG profile tool for the majority of its customers. Jyske Bank also lacks documented analyses of customers' transition plans for those customers where ESG risk management is significant for credit risk. Results from portfolio analyses can help clarify which customer groups particularly need documented analyses of transition plans and how the analyses should be designed.

Jyske Bank has made it mandatory to collect and enter a number of specific ESG metrics into a database in connection with the credit processing of corporate customers. However, in practice, it only collects data to a limited extent. The results of the portfolio analyses can help clarify whether Jyske Bank's selected ESG metrics are relevant for measuring customers' credit risk.

Due to these shortcomings Jyske Bank has been ordered to strengthen its analyses of ESG issues that may affect credit risk at both portfolio and customer level, including with regard to calculating the impact on the loan portfolio, the ESG profile, customers' transition plans, and data collection[1].

[1] Appendix 1, No. 16, a, and Appendix 1, No. 17, b of the FSA's Executive Order on the Management and Control of Banks etc.

Jyske Bank lacked a number of controls for managing ESG-related credit risks. However, this did not result in an order since Jyske Bank was in the process of introducing appropriate controls.

The inspection did not give rise to any changes to Jyske Bank’s solvency requirement.