Risk and Capital Management 2024

Jyske Bank-Group

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Executive Summary

The objective of this report is to offer insight into the Group's internal risk and capital management and the regulatory capital requirements.

On a continuous basis, Jyske Bank strives to become more efficient to ensure two main aspects. First, to comply with the complex regulatory requirements and second, to ensure value creation by providing relevant information for decision-making.

From a risk perspective, the macroeconomic developments are of great interest and are monitored closely in relation to the potential impact on the customers in Jyske Bank. The macroeconomic outlook of Denmark has improved during 2024, as inflation rates has stabilized, interest rates are reduced. Hereto, solid GDP-growth has been observed as well as a labor market exhibiting all-time-high employment. The continued low impairment and loss levels are indicative of the strong economic health.

During 2024 the Group has been active on the capital markets as well as the market for senior bonds. Moreover, the Group has also been distributing capital in the form of both dividends and a share buy-back programme amounting to a total of DKK 2bn. The Group will continuously seek to optimize capital in relation to upcoming regulatory and business developments.

In 2025, the regulatory landscape of capital management will alter significantly with the implementation of the new capital requirement regulation (CRRIII). Additionally, the Digital Operational Resilience Act (DORA) will be a driver in the continued advancement of our ICT-risk management. The technological landscape is evolving and in combination with our ambitions of being a data-driven bank, new risks emerge, which will be closely monitored.

The capital-management objectives of Jyske Bank are a capital ratio within the range of 20-22% and a common equity tier 1 capital ratio between 15% and 17%. This will ensure a buffer towards future legislation and uncertainties in relation hereto. Additionally, the Group will also have the necessary flexibility for strategic decisions.

Business Model

The Jyske Bank Group is a financial Group, in which Jyske Bank, being the parent company, conducts banking activities, and subsidiaries provide other financial or accessory activities. The Group conducts mortgage-credit activities through Jyske Realkredit and leasing activities through Jyske Finans.

The business model of Jyske Bank Group is organised to offer financial products and other related services to private individuals, businesses, and institutions based in Denmark. The strategic target is to increase market shares through organic growth and profitable acquisitions.

A main component of the Group's business model is to provide loans in exchange for collateral in real estate. The Group's mortgage loans are primarily funded by issuing CRD-compliant covered bonds (SDO) and secondarily by issuing mortgage bonds (RO). It is the Group's ambition to maintain an AAA rating for its covered bonds and mortgage bonds issues.

The Group includes the leasing company, Jyske Finans, which supports the business model by facilitating services necessary for clients to obtain their financial objectives.

The Jyske Bank Group offers pension and life insurance products, investment and asset-management products, payment-service products as well as advisory services from subcontractors, including joint-owned sector companies.

The Group cooperates with other financial institutions on the delivery or distribution of the Group's products to the relevant businesses and clients. The Group's focus is on the Danish market.

Jyske Bank operates as a company that conducts business in a responsible manner and promotes sustainability. Therefore, our ambition is to make a difference and contribute to our customers becoming more sustainable. We have a long-term goal of net-zero CO_2e emissions and wish to contribute to responsible growth in society. Therefore, sustainability remains an integrated part of our value proposition to our customers in the form of products and solutions, and we will set an example through responsibility and sustainability in our own operations.

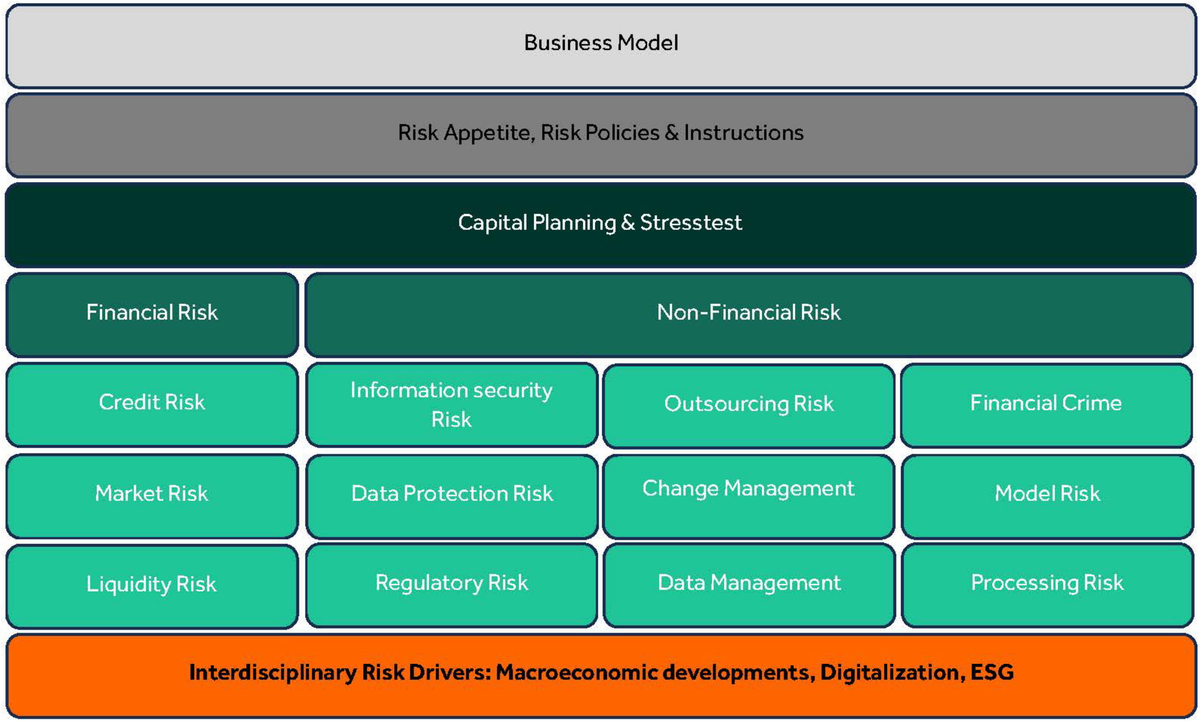
The Jyske Bank Group undertakes financial risks within established limits and to the extent that the risk-adjusted return contributes to the Group's financial goals. Jyske Bank's financial risks consist mainly of credit risk. The Group will undertake credit risk given that the debtor has the necessary ability to service the debt and that it can be rendered sufficiently probable that the debtor has the intention to repay the credit granted. To mitigate the risk, the collateral must have sufficient value as well to that it can be expected, that the collateral can be liquidated and cover the remaining credit. Hence, it is a requirement that the Group's earnings must match the associated credit risk and capital charge.

Market risk arises as an integrated part of banking activities, e.g., hedging interest rate risk. Moreover, the Group undertakes market risk when the expected return more than matches the risk. Trading-related market risks arise primarily from client-related transactions. The Group holds only a small trading-related market risk position. Differentiated portfolios characterize the market risk profile where interest rate risk and foreign exchange risk are the main trading-related market risks. Asset and liability management drives the non-trading-related market-risk, and the interest-rate risk exposure is founded in core banking activities, as well as funding and liquidity management.

Because of the Group's activities, liquidity risk arises when a funding mismatch occurs in the balance sheet. Active liquidity management ensures sufficient liquidity, enabling the Group to meet its short- and long-term obligations.

Non-financial risks are an integrated part of banking activities, and the importance of this area is also recognized and has gained increased attention over the last couple of years. The Group apply a risk-based approach ensuring that the risk of operational losses is kept at acceptable levels and balances the costs of risk reducing initiatives. Solid risk management processes and effective control environments are in place to support this.

The business model of Jyske Bank is the foundation for evaluating the risk of adequately capital and liquidity for ensuring sound banking operations. The total risk is adjusted regularly to harmonize with the Group's risk profile and capital structure in accordance with the Group's capital management objective. This will ensure, that the Jyske Bank Group is a trustworthy, long-term business partner for its clients and counterparties.



Risk management is a fundamental part of the daily operation in Jyske Bank and is embedded in the Group Supervisory Board and the Group Executive Board. Jyske Bank has an independent Risk unit with the CRO placed in the Group Executive Board.

The Risk unit undertakes activities involving risk policies, implementation, quantification, and reporting. A strong risk management function has a continuous focus on providing relevant and timely analyses to ensure the foundation for the most qualified decision-making of the management. Hence, the Risk unit applies a risk-based approach implying that the analyses and reporting is proportional with the severity of the identified risk.

In the continuous risk reporting to the management, the primary attention is given to the current risk identification and focus areas. Additionally, the risk unit has established adequate internal processes, which ensure a strong risk culture and monitoring.

Risk Management

The current section describes the risk organisation of Jyske Bank and risk management processes.

Risk Organisation

The Group Supervisory Board established the general principles for risk and capital management, as well as defining the Group's risk profile, and implements these by adopting several risk policies and instructions in the Group. The Group Supervisory Board is responsible for ensuring that the Group has an organisational structure that will ensure a distinct allocation of responsibility and include an appropriate separation of functions between development units, operating units, and control units in the daily monitoring and management of the Group's risks. The Group Executive Board is responsible for the day-to-day risk management of the Group and will ensure that policies and instructions are implemented and complied with. The Risk unit is an independent entity under the CRO.

The risk management organisation is based upon the "three lines of defense" model, which ensures effective risk management and oversight. The first line consists of business units and support functions and handles day-to day management of risk and acts within the preestablished limits, risk policies, and risk appetite.

The second line comprises various departments within the Risk unit, including IRB & Risk, Risk Management, Risk Management Realkredit, Model Risk & Validation, Market Risk & Models. Additionally, the second line also includes the Compliance function. The second line performs independent monitoring, analyses, and reporting on the risks arising from first line activity. Furthermore, second line is responsible for the risk framework and policies.

The Internal Audit constitutes the third line and monitors the Group's risk management. The Internal Audit is an independent unit that evaluates the effectiveness of the overall risk management. The independence ensures credible and objective evaluations.

The CRO, who also serves as a member of the Group Executive Board and is responsible for the following:

- proposals of risk policies and risk-management principles to the Group Executive Board and the Group Supervisory Board.
- implementation of risk-management principles and policies to improve risk management on an ongoing basis.
- quantification of the Group's risk exposure as well as monitoring and reporting to ascertain that the Group's risk exposure does

not exceed the limits defined by the Group Supervisory Board.
- recognition, measurement, and reporting of risk in the Group as well as the implementation of risk management tools.

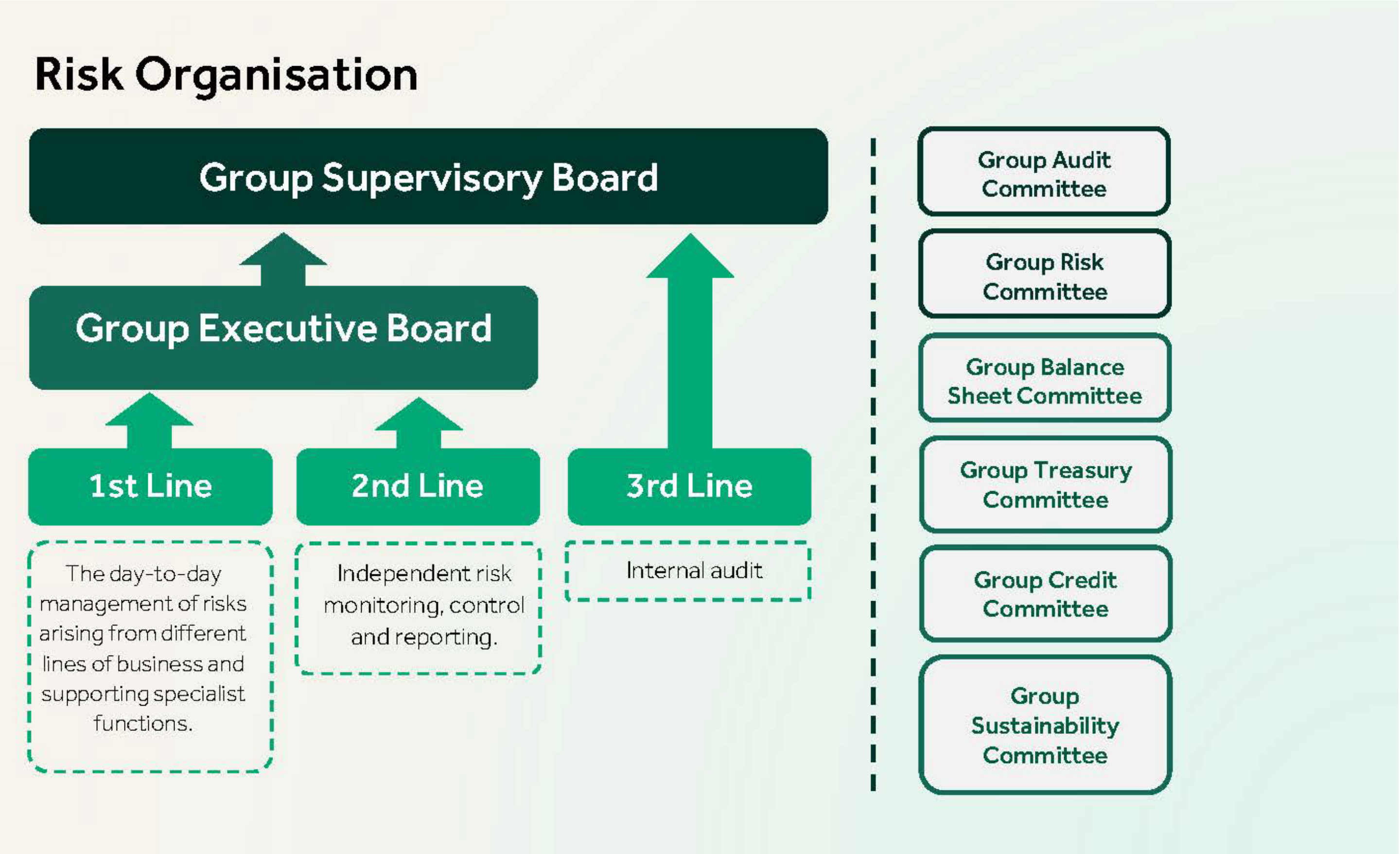
To achieve efficient risk management, the Group has appointed a CRO at Jyske Realkredit in line with regulatory requirements.

The organizational structure of the Group, in which the Risk unit is separated from the risk-taking units in first line, ensures the Risk unit is independent of business-oriented activities and decisions.

Day-to-day management of credit risk is undertaken by relationship managers in first line as well as the Credit Unit under the framework of credit policies and credit instructions.

Jyske Bank has three main business areas that manage market risk. Group Treasury manages strategic market risk, and their investments are generally based on a long-term perspective of the financial markets. Jyske Markets and Jyske Realkredit manage short-term market risk as part of their services related to clients' trades in financial instruments and the mortgage activities.

Additionally, Group Treasury manages the strategic liquidity risks, and Jyske Markets and



Jyske Realkredit manage the short-term operational liquidity risk.

Risk management of the specific risk types is more thoroughly described in the chapters covering individual risks.

Several committees consider and process risk-related issues The Group Audit Committee oversees whether the Group's internal management and risk management systems operate effectively. These tasks are carried out through written and oral reporting to the committee and the committee's consideration of relevant internal and external audit reports.

The Group Risk Committee carries out the preliminary consideration of risk-related issues before the final consideration by the Group Supervisory Board. At quarterly meetings and in case of special circumstances, subjects concerning the following are discussed:

- the Group's risk profile and the implementation hereof in the organisation.
- the Group's capital base as well as capital requirements.
- capital and liquidity buffers with related contingency plans including the Group's recovery plan.
- material changes of the model set-up for risk management as well as re-estimation and validation of models.
- internal procedures for risk measurement and management.
- assessment of material products earnings and risk profiles.
- new legislation relating to capital structure or risk management.
- assessment of new products and services with substantial risk for the Group or clients.
- topics of strategic relevance for the Group's overall risk management.
- assessment of risks of external and internal nature.

To facilitate a more tactical risk management the Group Executive Board have appointed different risk committees that ensures specific risks are managed with in the risk appetite of the Executive Board.

The main task of the Group Treasury Committee is to ensure that the Group's actual market-risk profile is in line with the intended risk profile and the assessment of market expectations.

The Group's liquidity risk profile, balance sheet development, and financial structure are assessed by the Group Balance Sheet Committee, which ensure a continuously adequate liquidity risk profile and balance sheet structure according to the general guidelines.

The committee of credit risk assesses credit facilities that are too substantial in size for the credit approval unit, and this ensures to be within the risk appetite of the Group.

The sustainability committee contributes to establish a framework and guides the direction for the Groups sustainability actions to ensure coordinated efforts with a holistic outlook including the perspectives of the Risk unit.

Risk reporting

The Group Supervisory Board and the Group Executive Board receive regular reports on the risk development and the utilisation of the allocated risk limits and can therefore monitor whether the risk limits are adhered to and evaluate their appropriateness.

The Risk unit continuously focuses on providing relevant and timely analyses to provide a foundation for the most qualified decision-making of the management. This includes analyses of both internal and external conditions that might influence the risk assessment of the Group. Hence, the identification and analyses of all material risks should be communicated and handled accordingly.

Risk reporting is submitted to the Group Supervisory Board, the Group Executive Board, the Group Supervisory Board Committees, and relevant business areas, depending on the relevance of the contents of the reports.

Moreover, risk reporting is prepared for the supervisory boards and executive boards of the individual subsidiaries.

The following table provides an overview of the Group-wise risk reporting to the Group Executive Board and the Group Supervisory Board.

REPORTING TO THE GROUP SUPERVISORY BOARD AND THE GROUP EXECUTIVE BOARD

	REPORT	FREQUENCY	RECIPIENT	CONTENTS
OVERALL PICTURE OF RISK	ICAAP report	Annually	Group Supervisory Board, Group Executive Board	A description of the Group's statement of the capital requirements. It includes a description of the methodological approach to estimating capital requirements and future implications of the capital structure based on sensitivity analyses and projections under stress scenarios. Ultimately, the report outlines the Group's total capital requirement.
OVERALL PICTURE OF RISK	Group capital requirement statement	Quarterly	Group Supervisory Board, Group Executive Board	A statement of the Group's capital requirement for pillar I, II, and additional capital buffers, as well as providing explanations of material changes due to portfolio developments, regulation or methodological refinements and developments.
OVERALL PICTURE OF RISK	Group risk report	Quarterly	Group Supervisory Board, Group Executive Board	A detailed description of the development in the Group's risk along with a status of established risk targets and recovery indicators. It includes capital projections encompassing all risks in different scenarios, the credit quality of the portfolios, overall market risk exposure, balance sheet development and the development in the largest non-financial risks and realised operational losses.
OVERALL PICTURE OF RISK	Financial and risk reporting	Quarterly	Group Supervisory Board, Group Executive Board	Reports on the development of the business units' risk-adjusted results, etc.
OVERALL PICTURE OF RISK	Group balance sheet and liquidity report	Monthly	Group Executive Board	A description of the development of the Group's balance sheet, capital risk profile, liquidity and funding structure and funding requirements, as well as an overview of supervisory diamond, leverage ratio, etc.
MARKET RISK	Market risk report	Monthly	Group Executive Board	A description of the Group's overall market risk exposure based on the authority granted for both the Group, Group Treasury, Jyske Markets, and Jyske Realkredit. It includes a description of liquidity positions that exceed the authorised limits as well as changes in authority granted.
LIQUIDITY RISK	ILAAP report	Annually	Group Supervisory Board, Group Executive Board	An assessment of the Group's funding and liquidity adequacy profile focusing on the Group's liquidity status, managerial initiatives throughout the year as well as the development of important key figures.

Internal risk management

In the Group's internal risk management, risk-adjusted target returns are used in the form of RoRC (Return on Regulatory Capital) as a general management tool. RoRC calculations offer an overview of the risk and profitability of the various activities of the Group. RoRC calculations are based on the current valid regulatory capital requirements, which transitioned to CRRIII at the start of 2025. The calculations also incorporate the development in the general credit quality of the portfolio, concentration risk, and other capital-related factors.

RoRC forms an integral part of the reporting to the management of the business units, who determine activities for follow-up and any initiatives to manage risk within the risk appetite stated by the Supervisory Board. RoRC is also applied at client and product level to measure results, assess profitability, and determine prices of new loans. RoRC calculations and the facilities for pricing are made available in profitability systems where employees and managers have access to current profitability calculations at various levels. Hence, RoRC is also key for determining who in the organisation has the price-authority and the price-approval is made in the profitability system. The profitability systems allow for expenses, including expenses relating to the funding of the loans and other types of expenses.

The profitability systems consider the composition of the Group's credit portfolio through a concentration risk calculation based on methods developed by the Basel Committee for Banking Supervision, which means that concentration effects and diversification effects are reflected directly in the profitability calculations of new and existing loans. If loans, for instance, are granted to clients in sectors, which are highly correlated with the market or where the portfolio already contains large exposures, this will result in higher capital requirements and therefore lower profitability.

Remuneration supports risk management

The ambition of Jyske Bank is to have a sound and strong risk culture hence the objective of the remuneration policy is to support efficient risk management. In general, the purpose of the remuneration policy is to:

- Reward value-creating, competent, and responsible conduct.
- Support productivity and job satisfaction.
- Promote sound and efficient risk management.
- Ensure proper focus on sustainability and corporate social responsibility.
- Prevent conflicts of interest and strengthen the liability to act in the best interest of the clients.
- Ensure equal pay for equal work.

The policy applies to all companies in the Group. Jyske Bank has opted out of using direct bonus schemes with variable salaries. The Group's remuneration policy and latest remuneration reports are available at jyskebank.com/investorrelations/governance.

Supervisory diamond

The Danish FSA has defined a supervisory diamond focusing on specific risk areas and limits which institutions should not exceed. The purpose is to balance the ability of institutions to provide the necessary funding without taking excessive risk.

The supervisory diamond is defined for bank and mortgage separately and the results for Jyske Bank A/S and Jyske Realkredit A/S are shown in the table above.

As of end 2024 the Group complied with all thresholds in the supervisory diamonds with large margins. Looking ahead the annual refinancing in Jyske Realkredit is expected to increase gradually with prospect to come close to the threshold. To counter this tendency Jyske Realkredit will continue to fund loans with frequent interest rate resets with long term funding, amongst other initiatives.

The report on risk and capital management serves as the Group's main document for disclosure of the information required in CRR [1]. In addition to the report, a number of tables on jyskebank.com/investorrelations/capitalstructure provide further details to comply with transparency requirements from the CRR and the EBA guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013. The Group continuously assesses the adequacy of both the content and frequency of its disclosures.

THE SUPERVISORY DIAMOND

JYSKE BANK A/S	Limit	2024	2023
Sum of large exposures	<175%	103.8%	104.2%
Increase in loans and advances (p.a.)	<20%	-3.4%	-2.9%
Exposures to property- administration and transactions	<25%	9.3%	10.9%
Liquidity surplus	>100%	175.0	142.0%
JYSKE REALKREDIT A/S			
Concentration risk	<100%	43.3%	45.6%
Increase in loans and advances (segments p.a.)			
Owner occupied homes and vacation houses	<15%	0.2%	-1,5%
Residential rental properties	<15%	3.9%	7.4%
Other	<15%	5.8%	6.6%
Borrowers interest rate risk	<25%	18.6%	18.5%
Interest-only schemes	<10%	3.8%	4.3%
Loans with frequent interest-rate fixing			
Refinancing annually	<25%	16.6%	18.6%
Refinancing quarterly	<12.5%	5.6%	4.9%

[1] CRR: The Capital requirements regulation is an EU regulation that lays down the rules for capital requirements of credit institutions.

During 2024, Jyske Bank has demonstrated a very strong consolidation with low impairments and losses.

Furthermore, increased presence in the capital markets has increased the capital base significantly. Hence the capital ratios of the Group surpassed the internal capital management objectives.

During 2024 a systemic capital buffer of 7% of the exposure on commercial real estate has been introduced. The addition of the systemic capital buffer has increased the Group's capital requirement by 0.9% of the risk weighted assets.

During the fiscal year of 2024, Jyske Bank paid a dividend of DKK 500 million and executed a share purchase program worth DKK 1.5 billion.

In 2025, there will be a transition to the new Capital Requirements Regulation (CRRIII). Jyske Bank is well-prepared for this change and has been planning for its consequences for an extended period. Post CRRIII, the CET1 capital ratio is expected to be in the lower range of the target interval.

Capital Management

The objective of capital management is to optimize the Group's capital structure considering the risk profile. Jyske Bank has a capital-management objective of retaining a capital ratio within the range of 20-22% and a common equity tier 1 capital ratio between 15-17%. The desired capital objectives ensure that Jyske Bank can absorb the effects of forthcoming legislative changes and at the same time maintain the desired strategic capital buffer. As of end-2024, the Group's Common Equity Tier 1 (CET1) capital ratio amounted to 17.6% of REA and a total capital ratio of 23.1%. Hence, the current capital levels surpass the capital objectives of the Group.

S&P's RAC (Risk-adjusted capital) for Jyske Bank Group has been substantially above the critical 10% mark for many years. During 2024 the level has increased to a rounded level of 13%. Forecast points to continued RAC-numbers well above S&P's threshold. Therefore, RAC is not expected to be restricting the capital management, as the score "Strong" in Capital & Earnings is well preserved.

Capital base

At end-2024, CET1 capital amounted to 76% of the capital base, which has increased by almost DKK 2.5bn during 2024. Furthermore, the increase has occurred while generating a capital reservation for dividends of approximately DKK 1.5bn. The reservation aligns with the distribution policy, which specifies a 30% cash dividend payout ratio. The level of CET1 capital is comfortable relative to the CET1 capital requirements and even above the Group's capital objective. Hereto, the total capital ratio exceeds the Group's objective, partly driven by Jyske Bank's capital market issuance activities in 2024, which have increased AT1 and Tier 2 capital. The capital base and underlying components are stated in the table below.

CAPITAL BASE

DKKm	2024	2023
Equity	45,663	42,573
Intangible assets	-3,328	-3,395
Cautious valuation	-98	-292
Share buyback/dividends	-1,543	-500
Other deductions	-220	-347
Common equity tier 1 capital	40,474	38,039
Additional tier 1 capital	4,914	3,257
Tier 1 capital	45,388	41,296
Tier 2 capital	7,556	6,112
Capital base	52,944	47,408
Risk Exposure Amount	229,519	225,521
CET1 capital (% of REA)	17.6%	16.7%
Tier 1 capital (% of REA)	19.8%	18.3%
TCR capital (% of REAI	23.1%	21.0%

The capital structure is evaluated regularly to maintain an adequate structure in all the Groups' subsidiaries. Situations may arise necessitating a transfer of capital between the companies of the Group. However, the transfer of capital must take place subject to the capital requirements of the individual subsidiaries. There are no obstacles for a quick repayment of claims between parent company and subsidiaries.

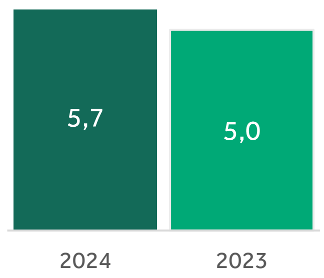
Leverage ratio

The leverage ratio is a non-risk sensitive measure for the maximum extent of the balance-sheet leverage and is calculated as Tier 1 capital relative to the Group's total non-weighted exposures. A leverage ratio of minimum 3% constitutes the binding leverage ratio requirement as prescribed by EBA (European Banking Authority).

The Group Supervisory Board has adopted a policy for maximum leverage. To ensure a satisfactory development of the balance sheet, the Group's balance sheet is considered in two sub-portfolios as it is assessed that the Group's banking and mortgage activities have different adequate leverage levels. The banking activities of the Group involve a higher risk in respect to liquidity and capital relative to the Group's mortgage activities. Therefore, a higher acceptable leverage is applied to the mortgage activities than to the banking activities.

At end-2024, the leverage ratio for the Group was at 5.7% [2].

Leverage ratio for Jyske Bank Group (%)



ICAAP and capital requirement

Jyske Bank's ICAAP (Internal Capital Adequacy Assessment Process) forms the basis of the assessment of the Group's capital structure and hence the determination of the Group's capital requirement. The assessment is based on the current relationship between the Group's risk profile and capital structure as well as forward-looking considerations that may affect this. Stress tests are used to expose the bank's robustness to micro- and macroeconomic factors.

Capital Requirement

Jyske Bank applies an 8+ setup when determining the capital requirement. Through the ICAAP, analyses are conducted for each risk type, incorporating both qualitative and quantitative elements related to ongoing quality assurance, including the evaluation of model assumptions and monitoring. These analyses address relevant risk factors within each risk type, in compliance with current legislation.

The capital requirement consists of the pillar I regulatory requirement of 8% of the total risk exposure amount. Additionally, the pillar II requirement defines the Group specific risks which are not covered by pillar I. Thus, it expresses Jyske Bank's own assessment of the capital requirement based on the risk profile of the Group and reflections concerning the Group's own data, experience, and management.

In 2008, Jyske Bank was approved to apply the advanced internal rating-based approach (AIRB) to measure credit risk. The approval extends to the application of advanced methods

[2] The leverage ratio is specified in further detail in the disclosure for Jyske Bank Group 2023 according to the requirements as per the CRR at jyskebank.com/investorrelations/capitalstructure.

for the calculation of the capital requirement for the majority of the Group's credit portfolio.

The capital requirements for market risk and operational risk are calculated according to the standard method. The development of the capital requirements for credit risk, market risk and operational risk is outlined in the table below and is further described in the chapters covering the individual risk types.

CAPITAL REQUIREMENTS BY RISK TYPE

		2024	% of REA	2023	% of REA
Pillar 1	Credit risk	15,912	6.9	15,829	7.0
	Market risk	755	0.3	786	0.3
	Operational risk	1,694	0.7	1,426	0.6
	Total	18,361	8.0	18,042	8.0
Pillar 2	Credit risk	3,878	1.7	3,811	1.7
	Market risk	3,125	1.4	2,941	1.3
	Operational risk	756	0.3	536	0.2
	Other	0	0.0	31	0.0
	Total	7,674	3.3	7,319	3.2
	Total capital requirement	**26,035**	**11.3**	**25,360**	**11.2**

The higher total capital requirement, in nominal values, is attributable to both the increase in the total risk exposure amount and the underlying pillar II increases. The pillar I requirement is predominately associated with credit risk taking up 87% of the total pillar I. The majority of REA is treated applying the advanced IRB models. Further descriptions of REA and own funds requirements is available in the sections covering the respective risk types.

The Pillar II capital requirements have increased moderately across all risk disciplines and encompass a range of risks that are not covered under the Pillar I requirements, including concentration risk, model risks, credit spread risk, and risks from ongoing litigation.

Capital Buffers

Jyske Bank constitutes a systemically important financial institution (O-SII). Consequently, the Group will be subject to an additional capital buffer requirement of 1.5%. Moreover, the Group is subject to a capital conservation buffer of 2.5%. Furthermore, a systemic risk buffer related to commercial real estate has been implemented during 2024. The systemic buffer constitutes 7% of REA of the effected industry.

TOTAL CAPITAL REQUIREMENTS (%)

	TCR	CET1
Pillar 1	8.0	4.5
Pillar 2	3.3	1.9
SIFI-buffer	1.5	1.5
Capital conservation buffer	2.5	2.5
Countercyclical buffer	2.4	2.4
Systemic risk buffer	0.9	0.9
Total	**18.7**	**13.7**
Capital ratios	23.1	17.6

Currently, the Danish countercyclical buffer stands at 2.5%, which is the maximum threshold. Jyske Bank is also subject to countercyclical buffers in countries outside of Denmark wherever the Group has exposures. Due to Jyske Bank's low level of foreign exposures, the contribution to the countercyclical buffer from foreign countries is limited. A detailed overview of the foreign exposures is reported in Disclosure Jyske Bank Group in table CCyB1.[3]

The Pillar I and II requirements, along with the combined buffer requirements, constitute the total capital requirement for the Group as of the end of 2024.

Group recovery plan

The recovery and resolution of credit institutions and investment firms' directive (BRRD) requires financial institutions to develop recovery plans. In the unlikely event that the Group suffers from serious financial stress, the recovery plan serves a useful resource. The Jyske Bank Group is composed and organized to facilitate the preservation of the Group's critical business processes given significant financial stress.

The recovery plan contains multiple potential recovery option with distinct individual

[3] See jyskebank.com/investorrelations/capitalstructure

features, prerequisites, and effects. These options have been tested under different stress scenarios to evaluate their ability in ensuring the Group's recovery from various circumstances of macroeconomic and idiosyncratic stress.

The recovery options can be divided into three different types:

- Recovery options aiming to improve the capital ratio of the Group.
- Recovery options aiming to improve the liquidity of the Group.
- Recovery options aiming to improve the Group's profitability by reducing the cost base, either through disposal or cost reductions.

The recovery plan includes recovery indicators that monitor the development in capital, liquidity, profitability, and asset quality of the Group as well as relevant macro-economic and market-based indicators. The indicators serve as potential warnings to allow early identification of an adverse development. The recovery indicators are divided into two primary Groups; indicators of observational character and indicators necessitating actions when breached. As an integrated part of the risk management of the Group, the indicators are monitored and reported quarterly to the Group Supervisory Board, the Group Executive Board, and the Group Risk Committee, which will consider and act upon adverse developments.

The recovery plan contains a detailed mapping of business lines, economic functions, and services within the Jyske Bank Group, enabling the Danish FSA to obtain a complete picture of all the significant activities within the Jyske Bank Group.

Stress test

Stress testing constitutes a decisive element of Jyske Bank's approach of projecting the capital base and relevant capital requirements. Moreover, stress tests are suitable to assess the Group's capital-management objective from a forward-looking perspective, while also considering future legislation.

Stress testing is used for a variety of purposes. In general, stress testing can be characterized as an extensive scenario-based analysis of the impact on the Group of cyclical and legislative changes. The stress testing setup also allows for various sensitivity analyses. Furthermore, reverse stress testing is carried out to test the Group's capacity for loss and produce an understanding of the severeness of developments needed to challenge the survival of the Group in its current composition.

An objective of the stress test analyses is to assess whether the future risk level of a given scenario can be mitigated by excess capital, considering the Group's earnings, capital policy, management objectives, and risk profile. The results of the stress test also provide information that allows for evaluation of the sufficiency of the capital level and quality. Expected consequences of future regulation are also included in the stress test analyses.

Scenarios

The stress test analyses rest on various macroeconomic scenarios. As a standard, a scenario of the expected development as well a stress scenario used for long term capital planning is analyzed every quarter. In addition, the Group's setup includes an alternative stress scenario in which demand decreases. This scenario enables central banks to implement expansionary economic policies, leading to deposit rate levels around 0%.

When defining stress scenarios, special considerations are given to areas where the Group or its subsidiaries are particularly exposed or have exposure deemed to be of high risk and importance for the Group. This is to ensure that the business model of Jyske Bank is tested under different and severe macroeconomic conditions.

The table below highlights main macroeconomic developments of the scenarios under which the Group is tested, and the following infographic provides a more in-depth description of the scenarios.

Macroeconomic scenarios

Base Scenario

- The Base scenario describes the most likely scenario for the Danish economy. The projections are made by Jyske Bank's macroeconomic experts, based on the current state of the economy. In the current base scenario, the Danish economy is expected to enter a period of solid growth. The expectations of the development of the economy has drastically changed since early 2024, where the economic foresight were less positive. Inflation is expected to remain stabile and ECB are expected to reduce the interest rate further. Housing prices are expected to increase.

Stress Scenario

- The stress scenario illustrates a situation, where both domestic and international demand decreases significantly. Moreover, supply of goods, services and labor is confined. Hence, inflation is more persistent than expected, and consequently expansionary monetary policy is delayed and reduced in magnitude . The lower demand and recession results in a significant increase of unemployment. The housing market will suffer and substantial price reductions occur. The scenario can be characterized as a severe recession and is considered highly unlikely but not unimaginable.

Alternative Stress Scenario

- The alternative macroeconomic stress scenario implies a decreasing demand and a rapidly developing economic downturn. Contrary to the other stress scenario the inflationary enviroment of the scenario allows central banks for more expanionary economic policies. Consequently, the interest rates are lowered significantly, which reduces the economic consequences. Nonetheless, the stress scenario remains harsh and reduces the economic activity substantiallly. Housing prices are also affected by the economic downturn, but the effects are mitigated by the decrease in interest rates.

SCENARIO DEVELOPMENTS		2025	2026	2027
GDP	Basis	1.9%	1.8%	2.0%
	Stress	-2.2%	-4.3%	0.5%
	Alternative	-2.1%	-2.5%	1.1%
Unemployment	Basis	2.6%	2.6%	2.5%
	Stress	5.3%	8.7%	9.3%
	Alternative	4.9%	7.3%	7.7%
House prices	Basis	4.6%	3.0%	0.0%
	Stress	-19.4%	-6.4%	-1.0%
	Alternative	-14.9%	-1.9%	0.0%
Share prices	Basis	8.9%	8.0%	8.0%
	Stress	-50.0%	0.0%	0.0%
	Alternative	-35.0%	0.0%	8.0%
Deposit rate	Basis	1.7%	1.6%	1.6%
	Stress	1.6%	1.0%	0.9%
	Alternative	1.5%	0.0%	-0.2%

Processes and models

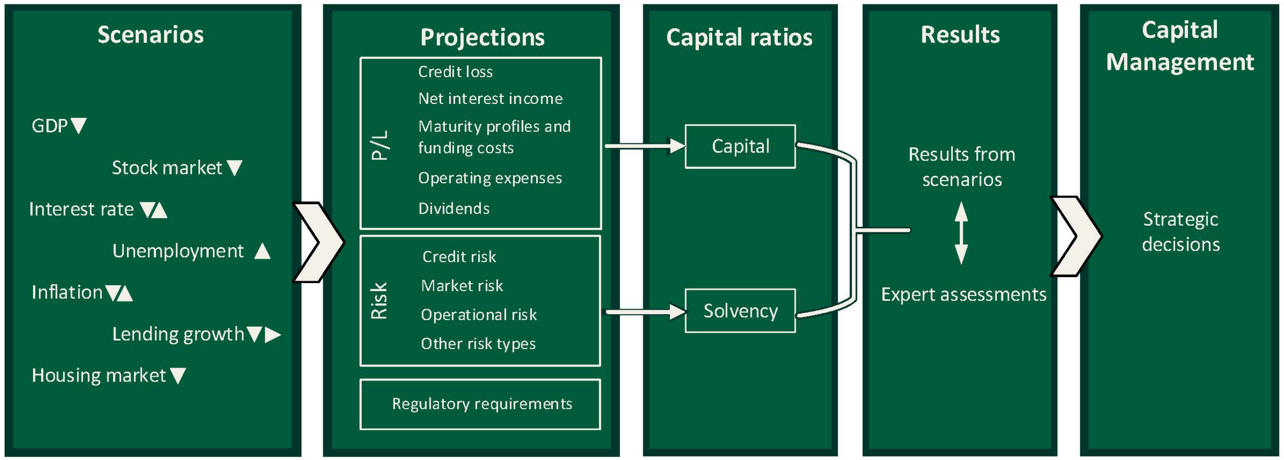
The scenarios play a key role in the projection of the consolidated profit, balance sheet, liquidity, and capital structure. The scenario projections are based on model-based calculations combined with expert assessments. This interaction is necessary as the model-based approach builds on historical data. Hence, the results are to be interpreted considering Jyske Bank's current business structure and risk profile. The scenario projections offer a broader overview of the Group's sensitivity to the economic development.

Reverse stress testing is applied as an important supplement in order to put the regular stress tests into perspective. Reverse stress testing enables an in-depth understanding of the current and potential vulnerabilities of the Group, as well as circumstances under which the Group's business model would become unviable.

Processing of results

The effect from the stress scenario results in deterioration of the earnings capacity and a higher level of risk-weighted assets. Both these elements reduce the capital buffer compared to the expected scenario.

Despite the large impairments under the stress scenarios, the outcome of the analyses of the stress scenarios shows that both the capital base and the capital ratio will remain at a satisfactory level. The effects from the scenarios on the minimum requirement for own funds and eligible liabilities (MREL), the legal requirement for covered bonds (SDO-requirement) as well as the over-collateralization requirement are also included in the results of the stress tests. The projections of these aspects uniformly display acceptable results with buffers to the regulatory requirement. An illustration of the stresstesting proces is displayed below.



External stress tests

Stress testing financial institutions is becoming an increasingly important aspect of both national and international authorities' efforts to ensure integrity of the financial markets and stability of the financial system.

The Group participates in external stress testing exercises facilitated by the Danish FSA as well as by the EBA. The Danish FSA conducts annual macroeconomic stress testing exercises, which is an important element into the capital planning of Jyske Bank. Additionally, the comprehensive EBA stress testing exercise is conducted at every second year. The last EBA stresstest was conducted in 2023 and a new EBA stresstest is scheduled for 2025.

MREL

The current minimum requirements for own funds and eligible liabilities (MREL) are set equal to the double of the current capital requirements (the countercyclical buffer only counts once) for the banking business of the Group but with a different treatment of the mortgage assets within the Group.

Mortgage Credit institutions are exempt from the MREL requirement. Instead, they must maintain a debt buffer of 2% of the total non-weighted loans. Jyske Realkredit complies with the debt-buffer requirement based on its high capitalization.

The MREL requirement is the higher of the risk-weighted requirement and the non-risk-weighted requirements.

- *Risk-weighted requirement*: MREL for banking activities + capital and debt buffer requirement in the mortgage bank.
- *Non-risk-weighted requirement*: 8% of total liabilities and own funds (TLOF).

Currently, the most binding requirement consists of the risk-weighted requirement.

The MREL requirement should primarily be fulfilled with senior non-preferred debt (NPS). The implementation of BRRD II allows for senior debt, equal to the sum of the Group's O-SII-buffer, capital conservation buffer and systemic buffer, to count as eligible liabilities and fulfil the MREL requirement. These buffer components constitute nearly 5% of the Group's REA. Jyske Bank fulfils the MREL requirement with a substantial margin by end 2024 and has done so since the introduction of the requirement [4]

Future legislation

As an important and integrated element of the capital planning of the Group, the expected effect from future legislation is included in the projections. Currently, Jyske Bank is working to implement models aligned with the EBA guidelines under the "IRB repair program". However, Jyske Bank has already implemented significant pillar I reservations seeking to ensure that the effects of implementing new models are contained in the capital requirements.

Below is a short description of the regulatory changes expected to affect Jyske Bank notably over the coming years.

The 6th edition of the Capital Requirements Directive (CRD VI) and the 3rd edition of the Capital Requirements Regulation (CRRIII) has been finalized and approved in the European Parliament and contains, most importantly, the new European rules implementing the Finalization of Basel III recommendations in Europe. The general purpose of CRR was to strengthen the capital structure of the European financial institutions and to ensure a level playing field. With the implementation of CRRIII, the playing field will become more even. This is partly attained by introducing several floors restricting credit parameters for the calculation of the risk weighted assets as well as floors on the risk weights applied. The new rules take effect on 1. January 2025. However, to ease the implementation, transitional arrangements have been introduced. Moreover, the implementation of FRTB has been delayed and is currently scheduled to take effect from 2026. The implementation of CRRIII entails significant changes in capital requirement calculations for many banks in Europe – including Jyske Bank.

Overall, the phasing-in of Basel IV/CRR III/CRD VI from 2025 to 2032 will most likely result in increasing REA under pillar 1, reducing the CET1 ratio of up to 1.5pp. Presumably, however, this effect will to some extent be offset by decreasing pillar II risk. These counteracting effects are both included in the Group's capital planning.

[4] For more information on the Group's MREL requirement, MREL position, and issued MREL bonds, please see the link, which is updated on a quarterly basis: Information for Debt Investors (jyskebank.com)

During 2024, the credit risk of the Group has been stable, and the level of impairments remains fairly stable.

The general economic outlook of Denmark has improved during 2024, where solid economic growth has been witnessed, as well as increasing private consumption and surging home prices. Nonetheless, we have observed a slight increase in the past due exposures, which is partly considered to be a consequence of the higher cost of living. It is expected that interest rates will continue to decline during 2025 and that the Danish economy will exhibit solid growth. However, there are great uncertainties connected to the geopolitical developments both in terms of war and the current protectionist tendencies.

The risk weighted assets have increased over the year (DKK +1.0bn) partly because of increased exposure levels towards large exposures. Moreover, there are underlying changes due to the methodological pre-implementation of parts of the new capital requirement requlation (CRRIII).

Credit Risk

Jyske Bank's Group Supervisory Board lays down the overall guidelines for credit granting within the Group, and the largest exposures are presented to the Group Supervisory Board for approval. The Group Supervisory Board delegates limits to the members of the Group Executive Board.

Credit risk is by far the largest risk category. It is managed through Jyske Bank's credit policy with the objective to keep Group risk at an acceptable level in relation to the capital base and business volume of the Group, given the general trend in the Danish economy. Client transactions with the Group must generate a satisfactory long-term return according to RoRC principles.

Specific credit policies are formulated for all areas in which the Group assumes credit risk, and credit-risk levels and desirable types of business have been identified. The policies are regularly adjusted to meet current requirements and adapted to the management tools available to relationship managers and the monitoring functions.

Credit risk is managed based on individual credit assessments and the Group's credit-risk models. Credit models are used for various purposes, for instance in connection with the advisory services and pricing offered to the Group's clients, in the Group's risk management processes/risk assessment and in management reporting.

Limits and authorisation

Jyske Bank attaches great importance to its decentralised credit-authorisation process. The limit structure is in line with the hierarchy described below where, for each level, it is clearly stated which amounts, instances and segments are covered by the limit. The main principle is that regularly occurring credit cases can be authorized locally whereas credit-related decisions for major or more complicated cases are authorized centrally.

Limits are individually delegated to relationship managers. Credit applications exceeding these limits are decided by the Credit Unit. For credit-related decisions above the Credit Unit's limits, the Group Executive Board, which includes a credit committee with the CRO, takes over. The supervisory boards of the individual subsidiaries handle cases involving their clients. Any credit-related decisions above the Group Executive Board's limits are made by the Group Supervisory Board.

The Group Executive Board is represented on the Supervisory Boards of the subsidiaries.

The granting procedures for mortgage credits concerning retail are outsourced from Jyske Realkredit to Jyske Bank.

The credit process and monitoring

Together with policies and business procedures, the credit processes form the basis ensuring that the granting of credit is based on sound risk taking and prudent loss minimization.

The basis of each approval of credit is the client's ability to repay the loan. A central element in the assessment of the creditworthiness of corporate clients is their ability to service debt out of cash flows from operations in combination with their financial strength. In respect of personal clients, their debt servicing ability, as reflected in budgets and disposable income, is decisive.

The extent of data and analyses depends on the client's financial situation and the complexity of the matter and may therefore vary from case to case.

The provision of collateral is a material element in credit granting in order to minimize the Group's future losses.

Monitoring of the credit-risk positions of the Group is carried out by Risk Management functions, which is separated from client-oriented functions and is independent of core business processes.

Large exposures

Large exposures are monitored on a regular basis in accordance with CRR, including exposures larger than 10% of the Group's capital base. At end-2024, no exposures exceeded 10% of tier 1 capital. Six exposures amounted to between 5% and 7.5% of tier 1 capital, and four exposures were between 7.5% and 10% of tier 1 capital.

Risk Models

The Group applies the advanced approach to calculate the own funds requirement for the majority of the Group's credit portfolio. As a pre-implementation of CRRIII rules, large corporate customers are now calculated using a Foundation IRB approach (FIRB). And finally, exposures to governments and public-sector entities, central banks, institutions, and financials treated as corporates are processed according to the standardised approach.

In the credit modelling, key parameters are the client's probability of default as well as the extent of the client's exposure and collateral provided at the time of default.

The credit-risk models are currently being redeveloped to secure compliance with the current regulatory requirements, first and foremost the "IRB Repair Programme" launched by EBA.

Credit assessment and PD

Credit procedures are adjusted to match the level of risk on individual exposures. The key element is the client's credit quality, referred to as credit rating, as this expresses the probability of the client defaulting during the coming year (PD). Default occurs when an obligor is considered unlikely to meet his obligations to the Group. Most clients are awarded a PD based on statistical credit-scoring models developed internally in the Group. Very large enterprises and enterprises within special sectors are, however, awarded a PD based on an assessment by an independent expert. Examples are investment companies and educational institutions.

Many factors are relevant for the calculation of a client's PD. Specific factors relating to the client are considered, but factors relating to the situation of the client are also considered. The calculation of PD therefore takes into account financial data, changes in transaction data, management and market circumstances, industrial assessments, questionnaires, expert assessments, and any other essential elements. Also included are specific warning signals in relation to the client's credit quality, payment profile and loss history.

In order to reach the best possible overview of client-credit quality, PD is mapped into internal credit ratings at Jyske Bank. Jyske Bank's credit ratings are on a scale from 1 to 14, 1 being the highest credit quality (the lowest PD) and 14 the lowest credit quality (the highest PD). The scale is constant over time so that clients migrate up or down depending on their PD.

PD levels relative to the actual development of the default rate are monitored quarterly. Necessary adjustments are made partially relative to the long-term average.

At Jyske Realkredit (JR), the PD is translated into 9 rating classes, where rating class 9 designates clients in default. Work is undergoing to harmonize credit-rating models and rating classes in the Group (JB). The subsequent table shows the mapping between credit ratings, PD and external ratings at end-2024.

The Group's internal credit ratings and the mapped Jyske Realkredit credit ratings aim to assess the credit risk in a one-year perspective, while external ratings (Aaa - C) aim to assess the credit risk in a longer perspective. The mapping between the internal credit ratings, Jyske Realkredit credit ratings and the external credit ratings is based on the currently observed rated by Jyske Realkredit and Moody's. The mapping between Jyske Bank credit rating, Jyske Realkredit credit rating, and external credit rating is therefore dynamic.

INTERNAL RATINGS AND PD BAND

JB Credit rating	JR Credit rating	PD band (%)	External rating equivalence
1		0.00 - 0.10	Aaa-A3
2	1	0.10 - 0.15	Baa1
3		0.15 - 0.22	Baa2
4		0.22 - 0.33	Baa3
5	2	0.33 - 0.48	Ba1
6		0.48 - 0.70	Ba2
7	3	0.70 - 1.02	Ba3
8		1.02 - 1.48	B1
9	4	1.48 - 2.15	
10	5	2.15 - 3.13	B2
11		3.13 - 4.59	B3
12	6	4.59 - 6.79	Caa1
13		6.79 - 10.21	Caa2
14	7 & 8	10.21 - 25.0	Caa3- C

Note: Jyske Realkredit's rating class 8 includes PDs above 25%.

Observations are made on at least a quarterly basis to determine the adequacy of the mapping.

If the credit rating calculated by the model is inadequate, independent credit experts may review the credit rating of corporate clients at the request of the relevant relationship manager.

Credit exposure

Credit exposures are quantified by means of Exposure at Default (EAD). EAD reflects the exposure at default in the event of the client defaulting in the next twelve months. A client's overall EAD depends on client-specific factors and the specific products held by the client. For some product types, EAD is calculated based on statistical models while other product types are based on standard methods.

For loans with a fixed principal, the only element of uncertainty is the time until possible default. Uncertainty is higher, however, for credit facilities. In those cases, the amount drawn by the client at the time of loss is decisive. This can be modelled by means of client-specific factors and the circumstances surrounding the exposure.

Guarantees and credit commitments are special products as a certain event must take place before they are utilized. The Group has recorded very few default events over time, so the available data are too meagre for statistical modelling, therefore the Group uses standard EAD parameters.

In respect of financial instruments, EAD is measured according to the Standardized Approach for Counterparty Credit Risk (SA-CCR).

Collateral
With the objective of limiting credit risk, the need to demand collateral will be considered for each exposure on its merits. As a main rule, clients are required to provide full or partial collateral for their exposures. The Group's mortgage loans are always secured by mortgages on immovable property, and in several cases, guarantees are provided by third parties in connection with cooperation with other financial institutions. In connection with loans for social housing, guarantees are provided by municipalities and the government.

Collateral received is a main element of the Group's assessment of Loss Given Default (LGD). LGD is the part of the Group's total exposure to a client which the Group expects to lose in the event of the client defaulting within the next twelve months. A client's LGD depends on specific factors concerning the client, but also on the commitment and the collateral provided. Overall, LGD also depends on Jyske Bank's ability to collect receivables and liquidate collateral.

The models relating to real property and vehicles include ongoing updating of the collateral value, considering, among other things, market-related changes in value, ranking of the loan, and wear and tear. The ongoing updating of the values of real property will also ensure compliance with the requirements relating to the monitoring of LTV limits of the covered bonds according to the rules on possible, further supplementary capital.

In the calculation of the own funds requirement, LGD estimates are used which reflect the expected loss rates of the Group in the event of an economic downturn. The levels of loss have been calibrated to the crises-period at the end of the 1980s and the beginning of the 1990s.

Overall development in exposures and REA

The Group's risk weighted exposure amount (REA) for credit risk increased 1% during 2024, while exposures decreased 4%. Overall, the development in the exposure level can be associated to several factors:

- The acquired portfolio from Handelsbanken Denmark was originally distinguished in customers for which Jyske Banks existing AIRB models could be used when calculating the regulatory capital requirement and those awaiting the approval from the Danish FSA to use those models [5].
- The latter customer Group have decreased REA over the year because of decreased exposure levels for customers in the acquired portfolio from Handelsbanken Denmark.
- Increased exposure levels in Jyske Realkredit related to interest rate sensitive exposures (mortgage loans with fixed interest coupons).
- A general increase in lending to large corporate customers over the year (excl. repos).
- A decrease in exposures to central banks reduce the overall exposure level on the standardised approach, but without any effect on REA.

[5] The distinction between the two customer Groups of the original Handelsbanken Denmark portfolio is based on whether the customers have been credit processed in Jyske Bank and those that are not known already. For the remainder of this section about REA development "of which from Handelsbanken Denmark" is referring to the later customer Group (not known in Jyske Bank already).

The following tables and associated assessments show the breakdown of exposures and risk-weighted exposure amount according to the standardised approach and the AIRB approach.

Development for the standardised approach

For the standardized approach, the risk weighted exposure increased by 24% in 2024. This increase was primarily the result of a pre-implementation of the CRRIII rules, where Financials treated as corporates have been moved from the IRB to the standardised approach, which has increased REA in the Corporates exposure class.

Exposures to central banks have been reduced during the year, without an effect on REA, due to a 0% risk weight for these exposures.

The Group's average risk weight on the standardized approach increased from 7.1% to 9.6% in 2024 primarily driven by the previously mentioned events.

A reservation is applied to cover methodological aspects not fully covered in the ordinary regulatory calculations, e.g. special treatment of a purchased portfolio of leasing customers in Jyske Finans as agreed with the Danish FSA.

EAD AND RISK-WEIGHTED EXPOSURE FOR CREDIT RISK

DKKm	2024		2023		Change	
	EaD	REA	EaD	REA	EaD	REA
Jyske Bank Group - Standard approach	167,332	16,533	189,277	13,364	-12%	24%
- of which from an additional regulatory reservation	-	543	-	-	-	-
Jyske Bank Group - IRB approach	621,471	181,113	630,310	183,266	-1%	-1%
- of which from Handelsbanken Denmark	50,611	14,555	52,217	15,217	-3%	-8%
- of which non-compliance reservation for IRB-models	-	12,621	-	13,245	-	-5%
Total	788,803	197,646	819,587	196,630	-4%	1%

BREAKDOWN OF EXPOSURE CLASSES ACCORDING TO THE STANDARDISED APPROACH

DKKm	EaD 2024	REA 2024	EaD 2023	REA 2023
Central governments or central banks	43,113	792	79,127	1,610
Regional governments or local authorities	20,446	29	20,536	56
Public sector entities	303	57	412	73
Multilateral development banks	15,275	-	16,215	-
International organisations	-	-	-	-
Institutions	17,369	1,853	14,913	1,836
Corporates	13,575	3,713	1,544	1,467
Retail	628	246	550	244
Secured by mortgages on immovable property	431	140	519	175
In default	1,101	708	1,032	579
Exposures associated with particularly high risk	211	316	0	0
Institutions with a short-term credit assessment	-	-	-	-
Covered bonds	52,845	5,284	52,793	5,279
Equity	2,037	2,852	1,635	2,046
Other	-	-	-	-
	167,332	15,990	*189,277*	*13,364*
Additional regulatory reservations	-	543	-	-
Total	167,332	16,533	189,277	13,364

Breakdown of development for the IRB approach

Exposures treated on the IRB approach decreased by DKK 8.8bn during 2024, while REA decreased by DKK 2.2bn.

The underlying developments of IRB-treated exposures are described below.

- As a pre-implementation of CRRIII rules, large corporate customers (turnover > EUR 500bn) are now calculated using a Foundation IRB approach (FIRB). This change has resulted in a REA increase of approximately 1.1bn. Because this is a less sophisticated method, where LGD parameters are given by the regulation, this change has resulted in a decrease in the reservation made regarding non-compliance in the IRB models.

- Decreased interest rates over the year have led to an increase in the exposure level for interest-sensitive mortgage loans in Jyske Realkredit. As a result, the risk weighted exposure amount increase subsequently, which is primarily related to Jyske Realkredit.

- A decrease in exposure in the CORP-SME exposure class is partly due to the pre-implementation of FIRB and "Financials treated as Corporates" to STD, which, together with updated income statements, have moved customers to other exposure classes.

- The overall exposure level related to repo transactions have decreased (~16bn) The risk-weighted exposure amount did not change significantly because of the high collateralisation level of repo exposures.

- A general increase in lending to large corporate customers over the year have in isolation generated increased exposure levels in the CORP-Other exposure class. The increase in exposure is reduced by a decrease in REPO's as mentioned above.

- The acquisition of a leasing portfolio in Jyske Finans has increased the REA of other-non-credit-obligations assets. This

BREAKDOWN OF EXPOSURE CLASSES ACCORDING TO THE IRB APPROACH

DKKm	EaD 2024	REA 2024	EaD 2023	REA 2023
Corporates, total	331,134	104,171	340,496	104,544
Large corporate clients	280,582	86,210	282,918	84,146
Specialised lending	311	228	241	136
SME corporates	50,240	17,733	57,337	20,262
Retail, total	226,633	42,759	224,484	42,552
Real property, personal	163,839	29,170	163,878	29,105
Real property, SMEs	34,366	5,017	35,090	5,334
Other retail, private	18,465	5,358	15,373	4,393
Other retail, SMEs	9,963	3,213	10,143	3,719
	557,767	146,930	564,980	147,096
Other non-credit obligation assets	6,174	6,174	5,588	5,588
Securitisations	6,919	1,384	7,525	1,525
Handelsbanken DK's portfolio treated on the IRB approach (awaiting FSA approval to use JB's IRB models)	50,611	14,003	52.217	15,812
Non-compliance reservation regarding IRB-models	-	12,621	-	13,245
Total	**621,471**	**181,113**	**630,310**	**183,266**

also increases the exposures and REA slightly in the Retail exposure classes.

The acquired portfolio from Handelsbanken Denmark have been split into customers for which Jyske Banks existing IRB models can be used when calculating the regulatory capital requirement and those awaiting the approval from the Danish FSA to use those models. The latter is displayed separately in the table for the IRB approach as an aggregate regulatory requirement.

The Group's average risk weight for exposures treated according to the AIRB approach is unchanged at 29.1%.

Loan impairment charges and provisions for guarantees

For all exposures, impairments are made in accordance with IFRS9 [6] The impairment model according to IFRS 9 is based on a calculation of expected credit losses where loans are divided into four categories, depending on the loan's credit deterioration compared to the first recognition:

1) Lending with the absence of a significant increase in credit risk (stage 1).
2) Loans with a significant increase in credit risk (stage 2).
3) Loans that are credit-impaired (stage 3).
4) Loans that are purchased or credit impaired at first recognition (POCI-category). This category is only relevant for reporting as the impairment calculation are made in accordance with the actual underlying staging based on the actual risk-assessment.

Risk classifications

The Group divides exposures with objective evidence of impairment into three risk classifications: exposures with low, high, and full risk. The latter two risk categories consist of credit-impaired exposures (stage 3), where the entry criteria are defined according to the default definition as used in the Group's advanced IRB setup.

On an ongoing basis - and at least quarterly - the Group assesses whether objective evidence of impairment relating to the Group's clients has emerged.

The Annual Report provides more information on the definitions for default and rating classes in note 50.

Impairment calculations

For loans at stage 1, impairments are made for expected credit losses in the coming 12 months, while for loans at stages 2 and 3, impairments are made for the expected loss in the loans' expected residual maturity.

On initial recognition, the individual loans are placed based on stage 1, whereby impairments are made for 12-month expected losses on initial recognition.

The classification into the 3 stages is of significance for the calculation method used and is determined, among other things, by the change in probability of default (PD) over the expected residual maturity of the loan.

The assessment of whether there has been a significant increase in the credit risk since initial recognition is based on the following factors:

- An increase in PD for the expected residual maturity of the financial asset of 100% and an increase of 12-month PD of 0.5 percentage point when the 12-month PD at initial recognition was below 1.0%.
- An increase in PD for the expected residual maturity of the financial asset of 100% or an increase of 12-month PD of 2.0 percentage points when the 12-month PD at initial recognition was 1.0% or more.
- The loan is in 30 days past due or more.

The Group's risk assessment (risk classification), which is based on, among other things, assessment of the client's ability and willingness to comply with his payment obligations, breach of contract/covenants and/or changes

[6] IFRS: International Financial Reporting Standards

in the initial conditions for the client relationship.

In addition to the calculations, a managerial assessment is made of the ability of the models and the expert assessing impairment calculations to consider all expectations regarding loan impairment charges. To the extent that it is assessed that there are risk factors that are not addressed in the calculations, a management estimate is made for the write-down calculations. This estimate is based on concrete observations and is calculated based on the expected risks in the portfolio.

The calculated impairments (both individual and management's estimates) are based on the credit portfolio to ensure consistency to the accounting framework and are attributable to the specific exposures (specific credit-risk adjustments).

The Annual Report provides more detailed information on the impairment methods and processes.

Trend in loan impairment charges and provisions for guarantees

The total balance of loan impairment charges and provisions for guarantees amounted to DKK 4.9bn at end-2024 (2023: DKK 5.0bn). The discount balance from acquired assets at end-2024 amounts to DKK 112m against DKK 306m at end-2023. Hence, the total balance of impairment charges and provisions inclusive of discounts from acquired loans, amounts to DKK 5.0bn at end-2024.

Provisions for financial instruments are recognised in the P/L-item 'value adjustments', and as the negative market value of financial instruments is included in the statement of EAD, the balance of these value adjustments is also shown in the table. At end-2024, the balance of value adjustments amounted to DKK 16m (2023: DKK 13m).

In 2024, the development in loan-impairment charges and provisions for guarantees amounted to DKK 195m (2023: DKK 437m), and Jyske Bank recognized as interest income of DKK 174m (2023: DKK 310m) from the discount balance. Hence, the total net effect recognized in the income statement came to DKK 21m (2023: DKK 127m).

IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES

DKKm	2024	2023
Balance of impairment charges for loans and advances	4,448	4,547
Balance of provisions for guarantees and liabilities	482	431
Balance of loan impairment charges and provisions for guarantees	4,930	4,978
Balance of discounts	112	306
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts	5,042	5,284
Balance of value adjustments	16	13
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts and balance of value adjustments	5,058	5,297

NET EFFECT FROM IMPAIRMENT CHARGES, ETC.

DKKm	2024	2023
Loan-impairment charges and provisions for the year	145	391
Recognised as a loss, not covered by loan-impairment charges/provisions	97	68
Recoveries	-47	-22
Loan-impairment charges and provisions for guarantees	195	437
Recognised discount for assets taken over	-174	-310
Net effect on income statement	21	127
Value adjustments for financial instruments	2	2
Net effect on income statement, inclusive of value adjustments	23	129

EAD FOR ACCOUNTING PURPOSES AND PAST-DUE EXPOSURES BROKEN DOWN BY SECTOR

DKKm	EAD Stage 1	EAD Stage 2	EAD Stage 3	EAD Past-Due	Balance of loan-impairment charges*	Net effect from impairment charges**
Banks and mortgage-credit institutions	7,432	890	-	-	7	-
Public authorities	20,413	6	-	-	1	-
Agriculture, hunting, forestry, and fishing	12,910	1,660	118	2	87	-26
Manufacturing, mining, etc.	20,681	907	340	3	318	-18
Energy supply	17,285	27	17	-	26	-20
Construction	9,410	475	293	8	104	-13
Commerce	15,123	2,588	508	3	498	-7
Transport, hotels, and restaurants	9,538	557	392	6	211	44
Information and communication	2,210	47	18	1	20	-19
Finance and insurance	134,115	1,662	1,104	313	1,004	183
Real property	176,486	3,660	2,552	11	947	19
Other sectors	24,852	1,237	754	1	483	78
Corporate Clients	450,453	13,763	5,641	350	3,706	221
Personal clients	215,254	10,851	3,080	768	1,351	-197
Total 2024	**665,707**	**24,614**	**9,177**	**1,118**	**5,057**	**24**
Total 2023	625,739	21,635	8,966	992	5,297	125

EAD for past-due exposures amounted to DKK 1,118m end-2024 (DKK 992m end-2023). The level has a small increase although there has been a continuous focus on arrears in the business units of Jyske Bank Group. This small increase in past due amount is considered to be, among other things, the result of effects from the Danish economy that is affected by higher consumer prices, higher interest rates etc., which is quite normal under these economic circumstances. Alignment of the definitions of credit impairment and default from early 2021 implies that the total exposure to a customer, who has a past-due exposure, is impaired.

Credit risk and impairment levels in 2022-2024 has generally performed well and proved to be robust, although there has been a negative view on the Danish and European economic outlook. Higher levels of defaults have not yet been observed to a significant extent in the portfolio. The economic outlook comes with some uncertainty and will depend on developments in the level of unemployment, interest rates, house prices, inflation, etc. Therefore, the Jyske Bank Group has taken these risk factors into account in the calculation of the managerial overlays regarding macroeconomic effects. The Annual Report provides more detailed information in notes 14 and 68 about the determination of the managerial overlays.

The total balance of impairment charges for corporate clients as a percentage of total EAD amounted to 0.8% at end-2024.

Commerce makes up the riskiest sector in terms of balance of impairment charges as a percentage of total EAD. Total volume in the sector is relatively low.

The balance of impairment charges for real property as a percentage of total EAD amounted to 0.5% at end-2024, compared to 0.6% at end-2023.

The balance of impairment charges for personal clients as a percentage of total EAD is continuously low and amounted to 0.6% at end-2024.

Re-estimation and validation of models
The credit-risk models are enhanced to improve quality and to ensure compliance with current legislation. Therefore, whether, based on statistical models or on expert opinions, the models behind the calculations of PD, LGD, EAD and collateral models are validated at least annually by the validation function. All new models will also go through an initial validation. The validation function is independent of the department responsible for developing the models.

The validation includes, for example, stability testing and back testing, and its objective is to reveal any areas which require special attention. The purpose of stability testing is to monitor whether the models are stable over time. The identification of structural breaks and systematic changes is an important aspect when the models are applied to such long-time horizons as are involved in credit risk. The purpose of back testing is to compare a model's predictions to what occurred, thus measuring the predictive capabilities of the model. The validation of the models used for credit risk purposes is carried out quantitatively as well as qualitatively.
Re-estimation and model improvements of the credit-risk models are undertaken when needed due to the validation results, changing business requirements or significant changes in the legal requirements.

The models also constitute a component highly applicable for other purposes than IRB such as IFRS9. The models form a fundamental structure in this regard. IFRS9 models are also validated by the validation function.

The Group has a governance structure, which ensures that all changes to the IRB models are decided and documented by the Credit Risk Control Unit (CRCU). The CRCU receives information about all validation results and other relevant issues related to models and decides appropriate actions depending on materiality and severity. The CRCU is responsible for communication of relevant issues to the senior management and for the ongoing dialogue about IRB models with the Danish FSA. The members of the CRCU are all senior experts with management responsibility in credit risk and modelling.

The Group's net exposure, after netting and collateral, is almost unchanged at the aggregate level. Non-CCP gross exposure decreased, compared to end-2023.

Counterparty Credit Risk

Counterparty credit risk is the risk of a financial loss due to a counterparty failing to fulfil its obligations. Counterparty credit risk occurs when Jyske Bank trades derivative contracts with clients and financial counterparties.

The financial loss is the market value of the derivative contract. The future market value of a contract is uncertain, due to the construction of the derivative contract, in which the value depends on the underlying market factors. Jyske Bank has a counterparty credit risk exposure towards a certain counterparty when the market value is positive, meaning that if the counterparty defaults, Jyske Bank has lost this value.

Policy and management

Jyske Banks policy for managing counterparty credit risk distinguishes between small and large counterparties, where the latter includes financial institutions. The basic principles for measuring risk on the two types of counterparties are identical, however the management of risk on large counterparties is extended to include additional management parameters.

Jyske Bank calculates its daily exposure to individual counterparties within the Group's counterparty credit risk management system. These exposures are included in the credit risk management in line with other credit exposures. Counterparties are granted lines in accordance with the instructions in force after risk assessment of the individual counterparty. The lines are reviewed at least once a year or in case of a change in creditworthiness of the respective counterparty.

The daily exposure is calculated as the sum of the current market value of the portfolio, taking netting and collateral into account, and the potential future exposure. The potential future exposure is determined as an add-on of the nominal amount of each transaction intraday and by a portfolio calculation end-of-day. The size of the add-on depends on various characteristics, such as the type of trade, maturity, and currency.

Risk reduction

To manage and monitor large counterparty exposures, the Group calculates settlement risk. To reduce the settlement risk towards each individual counterparty, settlement of foreign exchange transactions will, to the extent possible, take place through the Continuous Linked Settlement system (CLS). Jyske Bank is a third-party member of the CLS system in which settlement is based on the principle of "payment to payment", thus reducing the settlement risk on foreign exchange derivative transactions between participants of the system.

For all derivatives transactions, the Group seeks to mitigate counterparty credit risk further by:

- Clearing through a Central Counterparty (CCP)
- Requiring netting agreements, which gives the Group the right to net market values of derivative trades in case of counterparty default
- Attaching collateral agreements to the netting agreements, which entitles the Group to collateral in case the counterparty's debt to Jyske Bank exceeds the contractually agreed threshold

The table below shows to which extent the Group clears derivatives through a CCP. Of the total amount of principals not cleared in 2024, around 86% was covered by collateral agreements (CSA).

DERIVATIVES - NOTIONAL AMOUNT		
DKKm	2024	2023
CCP	1,312,314	1,222,765
Non-CCP	985,957	1,096,245
- Collateralized	*851,071*	*966,164*
- Non-collateralized	*134,886*	*130,081*
Total	2,298,271	2,319,009

From September 2021 the Group was obliged to fulfil the EMIR requirements on Initial Margin for non-cleared derivatives. At year-end 2024, no Initial Margin was posted or collected, but during 2024 OTC Initial Margin has been exchanged with a few counterparties. Security Agreements and Collateral Transfer Agreements are set up with counterparties approaching the 50m EUR threshold. For most of the Groups financial counterparties, the Threshold Monitoring Agreement will be sufficient.

Risk Profile

The current exposure is measured in terms of the market value of a portfolio with a given counterparty, considering any allowed netting and collateral exchanged with the counterparty. The table below shows the Groups exposure at end-2024 for counterparties except CCPs.

COUNTERPARTY CREDIT RISK EXPOSURE		
DKKm	2024	2023
Gross exposure	13,830	15,138
Effect of netting	7,059	9,033
Exposure after netting	6,771	6,105
Effect of collateral	4,290	3,616
Exposure after netting and collateral	2,481	2,490

The Group's non-CCP gross exposure decreased, compared to end-2023, whereas exposure after netting and collateral is almost unchanged at the aggregate level.

Collateral agreements with financial counterparties and large corporate clients are mutual agreements, which means that Jyske Bank is also obliged to post margin to the counterparty if the market value in favor of the counterparty exceeds a pre-agreed threshold. The Group's collateral holdings consist of cash and securities in the form of Danish mortgage bonds and government bonds issued in Denmark, Germany, France, and the United States.

Jyske Bank currently has a few collateral agreements in which additional collateral must be posted to the counterparty in case of a rating downgrade of Jyske Bank. None of these minor independent amounts are currently triggered, and the vast majority of the Group's collateral agreements do not contain this rating dependent clause.

Wrong Way Risk

Wrong way risk occurs when the exposure to a counterparty is negatively correlated with the credit quality of that counterparty. General wrong way risk (GWWR) occurs when the credit quality of a counterparty is correlated with specific macroeconomic factors that also affect the value of the derivative transaction. Specific wrong way risk (SWWR) arises when the exposure to a counterparty is positively correlated with the probability of default of that counterparty due to the type of transaction with the counterparty.

In the event of SWWR, there is a legal relationship between the counterparty and the issuer of the underlying OTC derivative or securities-financing transactions. An example is if the Group receives collateral from a counterparty that is legally linked to the issuer of the securities received as collateral. Similarly, SWWR could also arise if the Group enters a repo transaction with a counterparty where the underlying security is issued by the same counterparty. It is Jyske Bank's policy not to assume considerable SWWR and the Group has procedures in place to monitor this.

Capital requirements

Jyske Bank calculates its capital requirements using the Standard Approach for Counterparty Credit Risk (SA-CCR), in which the exposure at default (EAD) is calculated as the current market value of a portfolio recognizing allowed netting and collateral exchanged plus an add-on for potential future exposure. The capital requirement for counterparty credit risk is reported as part of the requirements for credit risk.

Furthermore, capital must be set aside to cover the Credit Valuation Adjustment (CVA) risk. Jyske Bank uses the Standard Approach in CRR to calculate the corresponding capital requirement. Under CRRIII, Jyske Bank will use the Reduced Basic Approach. The requirement covers only exposure towards financial counterparties. Therefore, a capital addition is computed to cover CVA risk for non-financial counterparties.

Market Risk exposure from trading-related activities was primarily driven by client flows in a volatile market.

The sensitivity to interest rate changes in the banking book has decreased at the end of 2024. The decrease is a result of decreasing expected net interest income in line with the decreasing interest rates. The interest rate risk from deposits is partially hedged, and the hedge has decreased slightly during 2024.

Although the implementation of FRTB has been postponed to 2026, Jyske Bank is prepared for the expected capital impact. This is part of the sound capital planning of the Group.

Market Risk

Market risk is the risk that Jyske Bank will incur losses due to changes in market prices affecting market values or the Group's net interest income. Jyske Bank assumes market risk from position taking in the financial markets and general mortgage-banking operations.

Certain financial instruments include elements of credit risk, which are managed and monitored in parallel with market risk.

Governance and responsibility

The Group Supervisory Board decides the Market Risk Policy, setting the Group's overall market risk profile and framework. The policy is implemented through limits delegated to the Group Executive Board.

The Group Executive Board's limits are further restricted and delegated to the three heads of Jyske Markets, Group Treasury and Jyske Realkredit (first line). The three business units are the sole units of the Jyske Bank Group that may assume significant market risk.

Market Risk and Models is the second line unit that is responsible for the risk framework for market risk and oversees market risk and monitors delegated limits. This includes establishing methodologies for measuring and assessing market risk, setting limits, and ensuring an appropriate risk control infrastructure.

The internal audit (third line) is the independent unit that evaluates the effectiveness of the risk management, monitoring, and governance setup.

The Group Treasury Committee monitors market developments closely and is therefore able to adjust for any discrepancies between the Group's actual risk profile and its desired risk profile.

Monitoring and reporting

All risk positions in the Group's trading portfolio are monitored daily. The Group Executive Board is notified immediately of any exposure that breaches the delegated limits or conflicts with the Market Risk Policy. Upon a breach, the responsible business unit is requested to provide an explanation and rectifying plan. The Group Supervisory Board is notified immediately if an exposure exceeds the overall authority of the Group Executive Board.

New products and services are reviewed in relation to the Group's risk management infrastructure and IT systems.

The development of the market risk exposure of the various units is reported monthly to the

Group Executive Board and quarterly to the Group Risk Committee.

Market risk management

In the management of market risk, the Group distinguishes between:

- Trading Book: Trading related market risks
- Banking Book: Non trading related market risks which are handled by Group Treasury

Trading related market risks arise primarily from portfolios in Jyske Markets where client-related transactions drive the risk profile. This means that differentiated portfolios characterize the market risk profile across interest rate risk, foreign exchange risk and equity risk where interest-rate risk and foreign exchange risk are the main market risks. Commodity risk is fully hedged daily. Group Treasury is responsible for strategic market risk positions in the trading book, which primarily consists of interest rate risk and foreign exchange risk.

Non trading related market risk exposure arises from asset and liability management and is managed in the banking book. The exposure originates from exposure to interest rate risk founded in core banking and mortgage lending activities as well as funding and liquidity management. In addition, the Group holds a portfolio of strategic shares not held for trading, which is primarily relating to the ordinary operating activity of the Group.

Developments in market risk in the trading book

The market risk exposure from the trading related activities is in large driven by market making activities related to Danish mortgage bonds, Nordic FX and investment funds. The FX risk is concentrated in EUR and a diversified portfolio of investment funds drove the equity risk. The Group has only a minor portfolio of shares.

The Danish Mortgage bond market has overall been less volatile than the years before – and without any extreme stressed scenarios. The issuance was at same level as 2023, and thus significantly lower than in 2022 and 2021. We have seen net purchases from foreign investors. In fixed callable bonds the 4% and 3.5% coupons were the main issuing bonds during the year, and we did continue to see buybacks in low coupon callable bonds.

Own funds requirements for market risk

During 2024, REA from market risk decreased with DKK 0.4bn to DKK 9.4bn. The requirement from debt instruments increased while Groups' equity portfolio decreased during 2024. The REA from foreign exchange remains zero, as the exposure is below the minimum threshold according to CRR article 351.

A large part of the Group's own funds requirement in debt instruments is a result of hedging DKK interest rate risk with EUR instruments.

OWN FUNDS REQUIREMENT FOR MARKET RISK

DKKm	2024		2023	
Risk type	REA	OFR*	REA	OFR*
Debt instruments	8,091	647	7, 893	631
Equity	1,346	108	1, 935	155
Commodity	-	-	-	-
Foreign exchange	-	-	-	-
Total	9,437	754	9,828	786

Note: OFR = Own funds requirements

Methodologies

Every market risk type has its own characteristics and is managed by means of individual risk measurements as well as through stress testing like the Group's VaR (Value at Risk) model and interest-rate scenarios. The management of market risk associated with derivatives is supplemented by risk measurements developed in accordance with conventional option theory.

Interest rate risk

The Group measures interest rate risk as the gain or loss generated by shifts in the yield curve. In addition to a simple simultaneous 1-

percentage point shift in all yield curves the Group also measures and limits the interest rate risk under different scenarios including variants of curve twists.

Interest rate risk is calculated on contractual cash flows. Jyske Bank has no fixed rate balances without an agreed due date. Certain loans are fixed rate loans and can be prepaid. Jyske Bank has developed a risk management model that adjusts the key risk figures for mortgage bonds for the built-in option element of the bonds. Therefore, callable mortgage bonds are included in the interest-rate risk with the option adjusted duration.

Interest rate risk in the banking book

Interest-rate risk in the banking book (IRRBB) is measured and monitored separately from trading related interest rate risk.

On a monthly basis, the Group measures, and monitors IRRBB within a risk tolerance framework founded in the Market Risk Policy decided by the Group Supervisory Board. IRRBB is measured in respect to both economic value and earnings at risk within a 12-month horizon in different interest rate scenarios, including both parallel and non-parallel shifts in interest rates. In addition to the monitoring of overall risk tolerance, sub elements of IRRBB are measured daily in respect to the additional limiting.

The asset and liability management of the Group drives the interest rate risk in the banking book, and a number of activities and risk factors drive the interest rate risk. These include factors such as funding and liquidity risk, interest rate risk from non-maturing deposits, and optionality and interest rate floors within client products.

Hedging the interest rate risk from deposits is of high attention. Management of interest rate risk in the banking book is addressed by hedging with different instrument types and with a high attention on alignment in accounting principles.

The interest rate sensitivity in the banking book, measured by economic value, is illustrated below in a 50bp parallel shift in interest rates. The figures do not include the pick-up in NII from deposits, resulting from a realization of current forwards.

A sudden parallel increase in interest rates would positively impact the Group's economic value from the banking-book positions,

INTEREST RATE RISK IN THE BANKING BOOK

DKKm	2024		2023	
	+50bp	-50bp	+50bp	-50bp
DKK	551	-585	603	-648
EUR	-74	73	-76	85
Other	-4	-4	1	-1
Total	473	-508	528	-564

whereas decreases in interest rates reduce the economic value.

The sensitivity to falling interest rates decrease from DKK -564min 2023 to DKK -508min 2024.

Foreign exchange risk

Jyske Bank's foreign exchange risk indicators are calculated based on currency indicator 1 in accordance with the Danish Executive Order on the Presentation of Financial Statements laid down by the Danish FSA.

Currency indicator 1 does not consider the fact that some currencies are more volatile and perhaps less liquid than others. For management purposes, Jyske Bank therefore uses more granular risk indicators.

Equity risk

The daily measuring of equity risk distinguishes between equities in- and outside the trading portfolio.

The exposure of the trading portfolio is measured based on the stock holdings as well as equity-based instruments. The equity risk is determined through risk measurements that indicate the maximum loss that Jyske Bank may

SHARES NOT HELD FOR TRADING

DKKm	2024	2023	Unrealised gain	Realised gain
Total	1,630	1,622	263	21

incur in the event of different simultaneous changes in the underlying equity prices.

Equity exposure in the banking book is primarily financial sector shares relating to the ordinary operating activity of the Group.

Shares are valued at fair value though associate holdings are recognized in accordance with the equity method as described in the Group's annual report. Unrealized capital gains/losses have influenced the operating income.

Commodity risk

Jyske Bank's exposure to commodities is modest as commodity trades are made on back-to-back basis and thereby fully hedged. The commodity risk is determined and limited according to simple-risk measurements.

Credit risk exposure

Jyske Bank's exposure to credit risk on financial instruments relates mainly to bond holdings. Jyske Bank manages the exposure by limiting concentration risk expressed as the credit quality of the instruments as defined by ratings granted by recognized international rating agencies. Based on the credit quality of the instruments, concentration risk is calculated for rating classes and bond types. This means that there are different limits depending on whether the instrument is a government bond, a corporate bond, or a securitization. For equities, a concentration risk limit has been defined geographically and for individual exposures.

In addition, risk management of the Group's portfolio of mortgage bonds is supplemented with limits for credit-spread risk.

BREAKDOWN OF RATINGS (Standard & Poor's / Moody's)

DKKm	2024	2023
AAA / Aaa	6,882	7,429
AA / Aa	36	52
A / A	0	15
BBB / Baa	0	12
BB / Ba	-	-
Lower or no rating	-	-
Total	6,919	7,508

EXPOSURE TYPES FOR SECURITIZATIONS

DKKm	European	American	Other	Total 2024	Total 2023
RMBS	200	-	-	200	217
CLO[7]	4.914	1,805	-	6,719	7,292
ABS[8]	-	0	-	0	-
Total 2024	5,114	1,805	-	6,919	
Total 2023	5,175	2,334	-		7,508

Securitizations

The Group's activity within securitization is investment in tranches issued by other institutions and legal entities. The Group does not invest in re-securitizations and acts as neither an originator nor a sponsor. Investment is made in traditional securitizations and distributed on the following securitization types:

- RMBS (Residential Mortgage-Backed Securities) primarily consisting of AAA-rated senior tranches.
- CLOs consisting only of AAA.
- A minor position in one single ABS

Since credit risk on the underlying assets is the most significant, the Group limits itself to acquiring positions that are the most senior in the

[7] CLO: Collateralised Loan Obligation. An asset-backed security backed by receivables on loans.

[8] ABS: Asset Backed Security. A general term for claims whose value is determined by a pool of specified underlying assets such as a certain type of loan.

capital structure and highly rated by rating agencies.

The portfolio's positions are acquired with the intent of holding them until maturity and therefore held in the banking book. As such, they are booked at amortized cost though a small amount of legacy positions is at fair value.

The level of the underlying market and credit risks in securitizations is monitored continuously and is analyzed at least every quarter. The analyses are based on trustee reports [9] and information from rating agencies or other external sources. The securitization types and the geographical exposure of the underlying assets of the portfolio are depicted in the table of exposure types for securitizations above.

The Group acquired new securitizations during 2024. All new investments in CLO's have an AAA-rating and senior status in accordance with the Market Risk Policy.

Own funds requirements for securitizations

Jyske Bank applies the external rating-based approach (SEC-ERBA) for the calculation of the own funds requirements. The own funds requirements have decreased by DKK 11m in comparison to 2023, which is a direct consequence of a reduction in positions.

OWN FUNDS REQUIREMENTS FOR SECURITIZATIONS

DKKm	2024		2023	
Risk weight – ranges	Exposure	OFR*	Exposure	OFR*
≤ 20%	6,882	110	7,429	119
> 20% < 50%	37	1	79	3
> 50% < 100%	-	-	1	0
> 100% < 1,250%	-	-	-	-
1,250% / deduction	-	-	-	-
Total	6,919	111	7,508	122
Of which in the trading portfolio	-	-	-	-

Note: OFR = Own funds requirements

[9] A status report from the securitization's trustee describing the underlying loan portfolio of the securitization and the development of this to be used by investors, among others.

For the regulatory liquidity measures LCR and NSFR the Group maintained a high excess coverage to both internal delegated limits and to a high extend the regulatory limits.

Despite continued geopolitical turmoil and macro deterioration in Germany credit spreads drifted gradually tighter during the year backed by expectations of lower central bank rates fueling strong fund inflows. Consequently, credit spreads ended at compressed levels by year-end 2024.

The Group successfully issued five public benchmark bonds in the international capital markets at attractive prices during 2024. Furthermore, the tightening of credit spreads relative to peers of especially its outstanding non preferred senior bonds continued.

Liquidity Risk

Liquidity risk occurs due to funding mismatch in the balance sheet. The Group's liquidity risk can primarily be attributed to its bank-lending activities as the loan portfolio has a longer contractual duration than its average funding sources. The liquidity risk at Jyske Realkredit is contained due to the adherence to the balance objective and overall setup

The Group Supervisory Board determines the liquidity profile expressed as the balance between the risk level and the Group's costs of managing liquidity risk. Jyske Bank's liquidity management must ensure adequate short- and long-term liquidity so the Group can in due time honor its payment obligations by having reasonable funding costs. The risk level is reassessed on an ongoing basis, considering current market and economic conditions in Denmark and the financial sector.

Organization, Management and monitoring

The Group Supervisory Board has adopted a liquidity policy which sets specific guidelines and limits including critical survival horizons for the Group during three different stress scenarios. Other key ratios include an internal key objective for the LCR and NSFR, the size and quality of the Groups liquidity buffer and the relationship between bank loans and bank deposits. Based on the overall limits, the Group Executive Board has defined and delegated specific limits to those operationally responsible in Jyske Bank, who daily monitor and manage the Group's liquidity. Group liquidity management is conducted by Group Treasury.

Jyske Realkredit is subject to liquidity-related restrictions in respect of the investment profile in the securities portfolio, repo borrowing as well as money-market placements outside the Group to ensure that transactions of Jyske Realkredit are in line with statutory requirements as well as the internal guidelines at Jyske Realkredit and at Group level.

Market Risk & Models monitor liquidity positions daily for observance of the delegated limits. Liquidity positions that exceed the authorized limits are reported immediately according to the business procedure relating to liquidity risks.

The Group's responsibility for issuing bonds in the capital market is centralized at Group Treasury. As a mortgage-credit institution, Jyske Realkredit must comply with mandatory over-collateralization within the scope of the privileged position of covered bond investors in a bankruptcy scenario. In a scenario with declining real estate prices, Jyske Realkredit may need to have liquidity injected into its capital centers [10] from Jyske Bank to fund supplementary collateral and to ensure the capital center's compliance with S&P's OC requirements.

Short-term liquidity management

Jyske Markets manage short-term operational liquidity, which is active in the international money markets as a trader in all major currencies and related derivatives and as a market-maker in the Nordic inter-bank money markets. Short-term funding in these markets' forms part of the overall Group limits for short-term funding within strategic liquidity management.

Strategic liquidity management

Strategic liquidity is managed by Group Treasury. Measurement of the Group's liquidity position in various stress scenarios is a cornerstone in managing the Groups strategic liquidity risk profile. The asset side of the liquidity balance is broken down and Grouped in order of liquidity whereas the financial liabilities are Grouped according to expected run-off risk in various scenarios. In the three current relevant stress scenarios, the Group's liquidity buffer is used to cover negative payment gaps. In addition to the survival horizon in these stress scenarios, the Group's compliance with the LCR ratio in stress scenarios is monitored. Three scenarios are analyzed: an idiosyncratic scenario, a capital market/recession scenario, and a combination scenario.

For more detailed information on the stress scenarios used, see the Group's Annual Report 2024.

Liquidity contingency plan

The liquidity contingency plan comes into force if the Group can only meet the internally delegated limits at very high costs or is ultimately unable to come back to compliance with limits. The plan determines a broad range of initiatives that can be used to strengthen the Group's liquidity position.

During 2024, Jyske Bank had a very high degree of excess coverage in terms of the stress-based internally delegated limits and guidelines.

Group funding structure

The Group's largest funding source is covered bonds and mortgage bonds issued by Jyske Realkredit which according to the balance principle of the Danish mortgage legislation fund Jyske Realkredit's mortgage loans. Total covered bonds and mortgage bonds amounted to DKK 362bn corresponding to 48% of the balance sheet at the end of 2024. The Group's second largest source of funding is customer deposits representing DKK 190bn (25 % of the balance sheet). The deposit base is granular and well-diversified reflecting a broad client base of private customers as well as small and medium-sized companies. Other important funding sources are primarily short- and long-term bonds issued in the international capital markets. In addition, Jyske Markets funds its own wholesale-related activities by taking up unsecured as well as secured loans in the wholesale fixed-term and interbank markets. Continuous activity in the above-mentioned markets enhances the possibility of refinancing short-term positions and is a natural part of the business of Jyske Markets.

The Group's liquidity buffer

Jyske Bank's liquidity buffer consists solely of assets which can be sold immediately or pledged as collateral for loans and are therefore a swift and efficient source of liquidity. The procurement of secured funding does not depend on Jyske Bank's creditworthiness, but solely on the quality of the assets that can be offered as collateral. The measurement of the Group's liquidity buffer considers haircuts of the relevant assets.

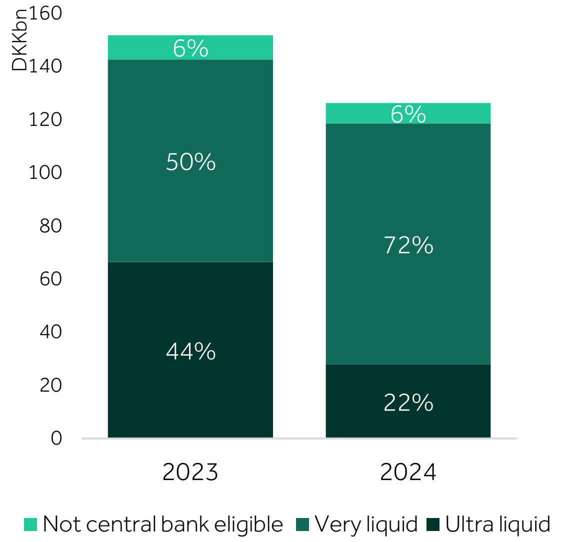
Jyske Bank's holding of securities is divided into three Groups in the internal liquidity management in order of liquidity:

[10] Capital centers: Covered bonds and mortgage bonds are issued by capital centres with separate individual own funds requirements. At Jyske Realkredit, covered bonds (SDO) are issued at Capital Centre E and traditional mortgage bonds (RO) at Capital Centre B.

1. Ultra-liquid assets (intra-day liquidity): Assets placed with the Danish Central Bank or the ECB (European Central Bank) with intra-day liquidity effect: Cash deposits at the ECB or the Danish Central Bank, certificates of deposit with the Danish Central Bank.
2. Very liquid assets (central bank eligible): Assets eligible for borrowing transactions in the Danish Central Bank or the ECB: Danish government-, mortgage-, and covered bonds, as well as European covered bonds, residential mortgage-backed securities (RMBS) and government bonds.
3. Non-central bank eligible assets: Other negotiable securities with a longer realization period. Securities in this Group consist primarily of assets denominated in currencies other than DKK and EUR as well as emerging-market bonds, corporate and structured bonds, and equities.

Jyske Bank has adopted a general policy for the size and quality of its liquidity buffer, which is adjusted to suit the Group's balance-sheet composition and risk profile. In practice, the liquidity buffer policy implies that the liquidity buffer consists predominantly of assets from liquidity Group 1 (ultra liquid) and Group 2 (very liquid) as there is a high degree of consistency to the requirements for LCR-reserves. At end-2024, the Group's liquidity buffer amounted to DKK 126bn compared to DKK 152bn end-2023.

DEVELOPMENT IN THE GROUP LIQUIDITY BUFFER



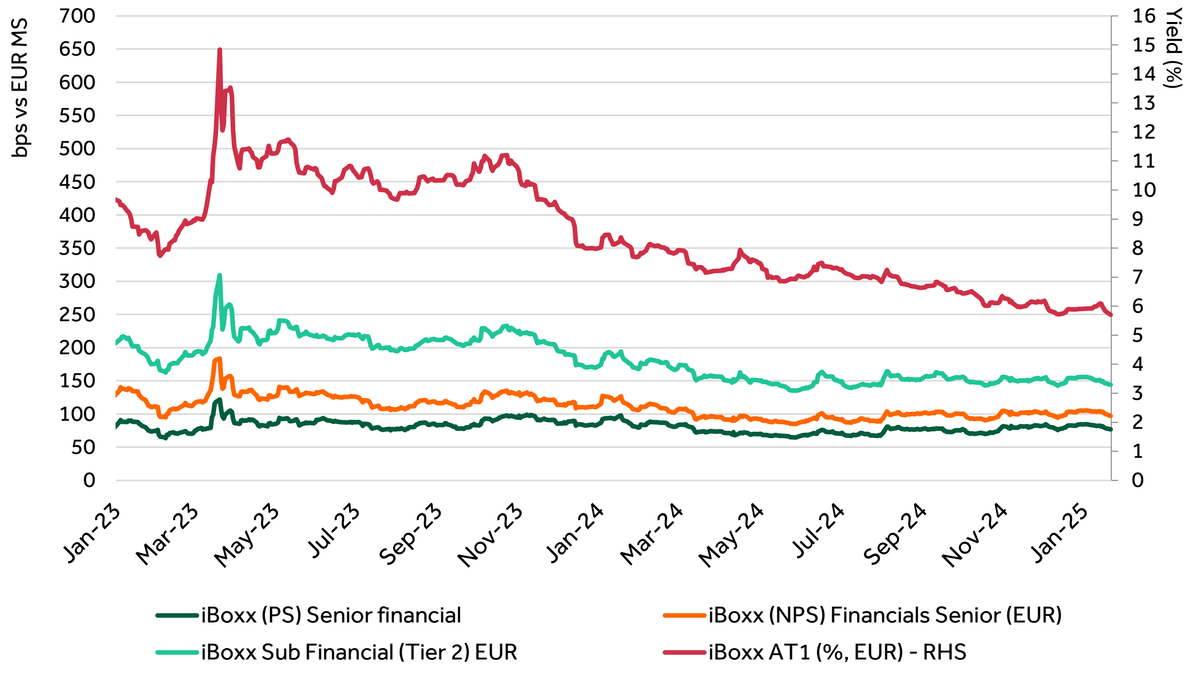
As reflected in the above chart the reserve consists mainly of ultra-liquid or very liquid assets such as central bank deposits and Danish mortgage bonds and covered bonds. End of 2024 DKK 118bn of the buffer was eligible at either the Danish Central Bank or the ECB.

Capital markets & issuance activity
In 2024 the market backdrop became one of a central banks narrative as expectations on rates to start lowering fueled market sentiment. At the beginning of the year market expectations pointed to substantial rate cuts from both ECB and Fed by year-end, starting in March for both. This only came to fruition slightly back ended and underwhelming in June and September respectively from the ECB and Fed for 2024.

On the geopolitical front, ongoing tensions in Ukraine and Gaza did little to deter markets whereas the likelihood of a come-back Trump administration was more the focus, especially in Q3 2024. In Europe French politics and German macro deterioration created rifts in government bonds pushing covered bond spreads inches away from the senior preferred asset class.

Against the volatile rates backdrop, credit markets remained resilient and became the asset class of choice for investors. Supported by strong fund inflows, credit spreads held out well and trended moderately tighter and ended compressed across all asset classes from preferred senior to AT1 by end of 2024.

DEVELOPMENT IN CREDIT SPREADS 2023-2024



BONDS ISSUED DURING 2024 + EARLY 2025	Maturity/Call	Credit spread
EUR 500m tier 2 (value date 01.02.2024)	01,05.2035/call 2030	3M CIBOR + 224bps
EUR 750m EUR covered bond (value date 02.02.2024)	01.04.2031	3M CIBOR + 22bps
EUR 300m additional tier 1 capital (value date 13.02.2024)	Perpetual/call 2030	3M CIBOR + 408bps
EUR 500m non preferred senior debt (value date 06.06.2024)	06.09.2030/call 2029	3M CIBOR + 95bps
EUR 500m preferred senior debt (value date 05.11.2024)	05.05.2029/call 2028	3M CIBOR + 49bps
EUR 750m non preferred senior debt (value date 29.01.2025)	29.04.2031/call 2030	3M CIBOR + 108bps

Jyske Bank Group used the attractive market conditions during 2024 to issue five public benchmark transactions during 2024.

An overview of the bonds issued in the international capital markets during 2024 as well as until 26 February 2025 is provided in the table below.

At end-2024, senior unsecured debt amounted to DKK 35bn (EUR 4.7bn) against DKK 33.5bn (EUR 4.5bn) at end-2023. Outstanding CRD VI compliant issues of subordinated Tier 2 notes and AT1 capital amounted to respectively DKK 7.6bn (EUR 1bn) and DKK 4.5bn (EUR 0.6bn) end of 2024 compared to DKK 6.1bn (EUR 0.8bn) and DKK 3.3bn (EUR 0.4bn) end of 2023.

At end-2024, outstanding bonds under the CP program amounted to DKK 35bn (EUR 4.7bn) compared to DKK 64bn (EUR 8.6bn) end-2023.

Group refinancing risk

Refinancing risk is the risk of a financial institution not being able to refinance maturing deposits, senior debt, covered bonds or other liabilities, or the risk that the refinancing cost will be so high that it will adversely affect net-interest income.

The refinancing risk of deposits and senior unsecured funding at Jyske Bank is addressed, monitored, and managed via the Group's internal limits and the integration of stress scenarios in liquidity-risk management. Jyske

Realkredit's mortgage bonds dominate the Group's refinancing risk measured by volume.

Refinancing risk covered bonds

Through Jyske Realkredit, the Group is a major issuer in the Danish market for SDO's and has a high dependency on secured capital-market funding on a covered bond basis.

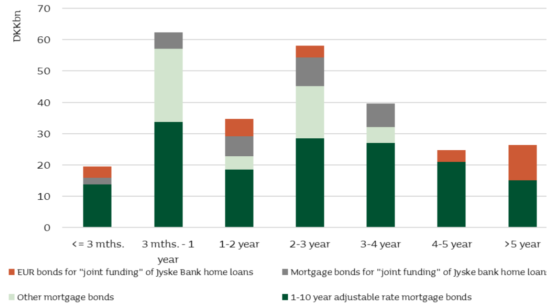
Jyske Realkredit's outstanding volume of covered bonds (premium) and covered bonds in nominal values increased from DKK 373bn at end-2023 to DKK 382bn at end-2024. The increase was driven by general lending growth especially within multifamily housing.

The proportion of loans with 30-year fixed rate callable covered bonds with no refinancing risk was constant during 2024. The change in the interest rate profile of existing borrowers has during 2024 increased the proportion of loans with yearly refinancing in Jyske Realkredit as borrowers with 3–5-year adjustable-rate mortgage loans shifted to loans with yearly refinancing.

As at the end of 2024 loans with refinancing risk amounted to DKK 265bn and 69.5% of Jyske Realkredit's lending volume.

The maturity profile for the mortgage loans with refinancing risk, as of end-2024, is illustrated in the chart below.

MATURITY PROFILE FOR SDO's WITH REFINANCING RISK



Refinancing of senior debt and capital instruments

Refinancing risk at Jyske Bank A/S is related to the wholesale fixed-term market, the interbank market, the CP and the market for preferred and non-preferred debt. In addition, refinancing of the Group's capital instruments according to the Group's capital targets and capital policy must also be addressed.

Furthermore, monitoring and assessing the structure and quality of the deposit base is imperative to assess the overall need for longer-dated funding to hedge overall refinancing risk.

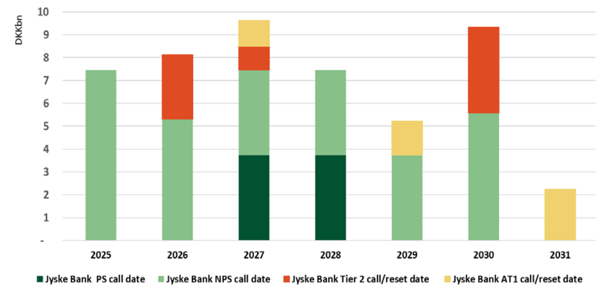
The Jyske Bank Group has a high-quality deposit base with a high proportion of small deposits from SMEs and private individuals and "core deposits" represents approximately 68% of bank lending.

The run-off of wholesale fixed-term deposits, interbank deposits, CP and EMTN [11] issues is monitored and managed via the use of stress scenarios to make sure that the Group does not become structurally dependent on these founding sources. In addition, the Group has limitations on the amount of senior debt maturing within a rolling 12- month horizon.

[11] European Medium-Term Notes. Typically, with maturities of between two and ten years.

The "call-profile" profile of the Group's MREL eligible preferred and non-preferred senior debt and the "call/reset" profile of outstanding CRD-IV compliant capital instruments as of end-2024 but incl. of bonds issued until 26 February 2025 are illustrated in the following chart:

CALL/RESET DATE PROFILE



Debt buffer requirement at Jyske Realkredit

As part of the Danish BRRD framework, mortgage-credit institutions are required to establish a debt buffer equal to 2% of their total unweighted mortgage lending to facilitate a more flexible resolution process.

MREL & MREL eligible debt

Since January 1st, 2022, the Group MREL requirement has been the highest of either 8 % of the Group's total liabilities and own funds (TLOF) or the general MREL requirement consisting of the sum of the MREL requirement for banking activities plus the capital and 2% debt buffer requirement in Jyske Realkredit. After full implementation of the countercyclical buffer at 2.5 % end of Q1 2023, the latter has been the highest and consequently constitutes the binding MREL requirement. It is important to note that Group capital used to meet the Jyske Realkredit's capital and debt buffer requirements cannot be counted towards the MREL requirement for banking activities.

The subordination requirement for MREL for banking activities end of 2024 was 27.9% of the risk weighted exposure as set by the Danish FSA before the introduction of the systemic risk buffer for commercial real estate exposures. To ensure alignment to the current capital requirements, the systemic risk buffer has been added to the subordination requirement, resulting in a 28.8% requirement for banking activities. The subordination requirement for banking activities will increase to 29.9% of the risk-weighted exposure in Q1 2025.

Implementation of the amendments to the European Crisis Management Directive (BRRD II), introduced a subordination cap on the MREL requirement (for banking activities). Consequently, Jyske Bank can meet part of the MREL requirement with preferred senior debt. The total MREL requirement for banking activities incl. the non-subordinated allowance was 33.7% end of December 2024 and will increase to 34.8% in 2025.

To ensure ongoing compliance with statutory requirements, including an internal buffer, Jyske Bank expects to have an outstanding volume of MREL eligible debt instruments of approx. DKK 32bn-34bn, of which DKK approx. 7bn preferred senior debt (PS) and DKK 25bn-27bn non-preferred senior debt (NPS) outstanding in the market.

Liquidity risk legislation

The daily calculation of the LCR ratio is the key short-term limit for liquidity risk management.

As of end-2024, the Group's LCR was 234% compared to 211% as of end-2023. The yearly development in the underlying liquidity buffer and net liquidity outflow is shown in the table below. Furthermore, the composition of the Group's LCR buffer net of haircuts as of end-2023 is shown:

GROUP LCR	2024	2023
Liquidity buffer	129.9	160.4
Net outflow	55.4	76.0
LCR	234%	211%

GROUP LCR LIQUIDITY BUFFER 2024		
Asset classes	DKKbn	%
Level 1a	42.1	32.4
Level 1b	81.9	63.0
Level 2a+2b	5.9	4.6
Total	129.9	100.0

The minimum target for the LCR is 120% for the Group as well as at bank level.

As a Danish SIFI, Jyske Bank must also comply with a modified LCR requirement in EUR. Jyske Bank is fully compliant with a substantial buffer

GROUP ENCUMBRANCE RATIO		
DKKbn	2024	2023
Total encumbered assets and collateral	441.02	435.66
of which: derivatives collateral	15.03	17.31
of which: Repo incl. Triparty	26.09	35.39
of which: Central Bank funding	0.00	0.00
of which: SDO-issuance	399.90	382.96
of which: other assets	0.00	0.00
Total assets and collateral	819.98	847.34
Encumbrance ratio	53.8%	51.4%

to the 100% requirement as of end-2024.

Net Stable Funding Ratio has been a statutory requirement since the end of June 2021. The "maturity extension trigger" in the Danish mortgage bond legislation means that all bonds qualify as "closely related to the loans" and can be excluded from the calculation. NSFR compliance at Jyske Realkredit is therefore relatively easy to achieve.

At Group level, Jyske Bank was fully NSFR-compliant throughout 2024. The Group NSFR as of end-2024 was 142% compared to 136% as of end-2023.

Funding plans

Early 2025 Jyske Bank issued EUR 750m of non-preferred senior debt. For the remainder of 2025 Jyske Bank intends to issue an EUR 500m non-preferred senior benchmark bond.

Asset encumbrance

Assets are encumbered if they have been pledged or are subject to any form of arrangement to secure, collateralize or credit-enhance any on- or off-balance-sheet transaction from which it cannot be freely withdrawn.

Asset encumbrance is a natural and inevitable part of the Group's daily activities. However, a large asset encumbrance on the Group's assets will entail a structural subordination of the Group's unsecured creditors. To ensure that the Group always has access to unsecured funding, a policy has been established to ensure that asset encumbrance is not extended to any inexpedient extent.

At Jyske Bank, the following types of asset encumbrance of material extent have been identified. The primary sources of asset and collateral encumbrance stem from:

- Issuance of covered bonds
- Repo financing
- Derivatives and clearing activities
- Periodical short-term funding in central banks (Danmarks Nationalbank and ECB)

As the amounts in the table above suggest, the issuance of covered bonds out of Jyske Realkredit is by far the most substantial source of encumbrance. Issuance of covered bonds is a long-term and strategically important instrument to ensure stable and attractive funding.

Credit ratings

The Jyske Bank Group is rated by Standard & Poor's (S&P). Jyske Realkredit has the same rating as Jyske Bank.

On 21 July 2023 S&P upgraded Jyske Bank and Jyske Realkredit 's Issuer Credit Rating to 'A+' from 'A' with continued stable outlook. The upgrade was based on sustainably higher bail-inable debt buffers. Jyske Banks SACP of A- remained unchanged. There have been no changes to the ratings during 2024. Jyske Bank's stand-alone credit profile ("SACP") has been A- with a stable outlook since 2011. Jyske Realkredit issues mortgage bonds from Jyske Realkredit's Capital Centre E (SDO), which are rated AAA. It is a key objective of the Group to maintain S&P's AAA rating for Jyske Realkredit's capital centres.

The capital requirement to maintain the AAA rating for Jyske Realkredit's capital centres is assessed continuously by S&P, among other things, based on Jyske Realkredit's issuer rating as well as the growth and composition of the loan portfolio at the capital centres. At end-2024 the over-collateralisation requirement from S&P totalled DKK 8.8bn against DKK 8.6bn at end-2023.

STANDARD & POOR'S RATINGS

Jyske Bank issuer rating profile	rating	outlook	Jyske Realkredit ratings of Mortgage bonds	
Stand Alone Credit Profile (SACP)	A-	stable	CRD-compliant covered bonds from Capital Center E	AAA
Issuer Credit Rating ("ICR")	A +	stable		
Short term unsecured rating (preferred senior)	A-1	stable		
Long-term unsecured rating (preferred senior)	A +	stable	UCITS-compliant mortgage bonds from Capital Center B and the General Capital Center	AAA
Long-term non-preferred senior ("NPS")	BBB+	stable		
Tier 2	BBB	stable		
Additional Tier 1 (AT1)	BB+	stable		

Jyske Bank has throughout 2024 continued its efforts to strengthen the management of non-financial risk in the Group.

A major area of focus has in 2024 been the implementation of the Digital Operational Resilience Act (DORA) in the Group's processes. This work will continue throughout 2025.

Management of ICT- risks and especially cyber risk remains top-priority, and the Group works continually to enhance its ICT-risk management. In 2024, further initiatives were launched to combat cyber threats and improve the overall security of the IT-infrastructure.

Operational Risk

Jyske Bank is exposed to potential losses as a result of operational risk events, including inexpedient processes, human errors, IT errors as well as financial crime. Operational risk relates to all internal processes and can therefore not be eliminated entirely. The Group monitors and actively manages operational risk to reduce the risk of operational risk events resulting in material losses and reputational damage.

Policy and strategic objective

Jyske Bank's Group Supervisory Board sets out a policy for operational risk that states the framework for identification, assessment, monitoring, and management of operational risk as well as the Group's operational risk appetite.

The purpose of the policy is to keep operational risk at an acceptable level with respect to the Group's overall strategic objectives and the cost associated with reducing the risks. Therefore, the Group Supervisory Board has laid down principles for the set-up and management of the Group where, among other things, attention must be paid to sufficient resources, IT support of material work processes, due separation of functions as well as stable development and operational processes.

Risk identification and assessment

The primary ways in which risks are identified and assessed in the Group are via Risk and Control Self-Assessments (RCSA) conducted in all business units, and analysis of historical losses and near misses. Further, scenario analysis of tail-risk events strengthens the ability to manage operational risk effectively in the Group.

RCSA-analysis assess the Group's potential operational risk events in term of probability of occurrence and impacts in case of occurrence. All risk events that may cause losses of more than DKK 100,000 are within scope of the RCSA-analyses.

Each business unit maps out the risks that are significant based on substantial experience within their respective areas. Analysis of central processes and historical events using several internal as well as external inputs factor into risk identification as well as risk assessments. A broad range of risks are accounted for, such as the provision of incorrect advice, trading errors, errors in models, as well as errors in internal and external reporting. Operational risks at major business partners are included in the assessments, including errors in IT development or IT failure. Risks that could materially damage the

Group's reputation are also analyzed and mitigated, if necessary.

An assessment of the effectiveness of the control environment reveals risks that are insufficiently mitigated by existing controls. The RCSA-analysis propose ways in which operational risks can be reduced.

The Operational Risk Function acts as a second line function and hence, supports and facilitates the Group's business units throughout the RCSA process as well as challenges and ensures the quality of the work. The Operational Risk Function is centralized, to achieve consistency across the Group.

Registration is made of all operational incidents in the Group that cause losses or gains in excess of DKK 5,000. Near misses of significant amounts are also registered. Each registration includes information about the incident such as product, work process and cause of error. Data is used for analysis and reporting with a view to optimizing processes and reducing future losses.

Management and monitoring

Developments in operational risk are monitored using a risk-based approach to ensure the best possible basis for risk management.

High risk areas are reported on more frequently and thoroughly than other areas.

The Group Executive Board and the relevant unit directors oversee operational risk management. Thus, risk management is an integral part of daily operations through policies and controls established with the purpose of securing the best possible processing environment.

Regular reporting to the business unit directors, ensures that management are continually informed about developments in operational risk exposure in their respective business units.

Furthermore, quarterly reports to the Group Executive Board and the Group Supervisory Board are prepared by the Operational Risk Function. In these reports, important aspects with respect to the development in the Group's operational risk exposure are described and areas in need of senior management attention are highlighted.

Cyber security

The Group recognizes cyber risk among the top operational risks. Throughout 2024, Jyske Bank continued its IT security activities and launched further initiatives to combat cyber threats and improve overall digital resilience capabilities. Further, the Group has put a significant effort into stress-testing its business resilience towards digital threats and extreme operational scenarios.

Spurred by global and national increases in cyber threat trends, including Russia's uphold of the war in Ukraine, Jyske Bank has not been notably affected in terms of being targeted for advanced cyberattacks.

High volatility in the threat landscape was assumed throughout 2024 due to the Russian invasion and large-scale DDoS attacks that were aimed at Jyske Bank and the Danish Financial sector in 2023. Investments in security measures in 2023 and 2024 have proven to be effective and it is assessed that they have had a deterrent effect on the threat actors.

While the Group sees multiple indicators of attack attempts in day-to-day monitoring and cyber events, it has not seen any sophisticated, directly targeted attempts– proving that the Group is maintaining its strategy well in terms of managing the attack surface.

The Group has not experienced any material losses stemming from cyber-attacks or ICT breaches in 2024. The anticipation for 2025 is a "moderate to high" cyber threat activity against Jyske Bank Group. Volatility of cyber threats is expected, and the possibility that the Group is targeted again as a result of activism connected to the Russian invasion cannot be ruled out.

Focus of the initiatives in 2025 remains on improving the overall security posture and stay on par with the current threat landscape. External security posture has already been improved significantly, yet the Group continues its investments here to increase resilience.

In line with 2024 industry predictions, the Group anticipates that supply chain risks will increase again, including attacks on supply chains that can affect the Group. This modus is observed more often and in 2024 the Crowdstrike incident's widespread consequences demonstrated the global reliance on the major tech-suppliers affecting multiple supply chains. The fact that threat intelligence has unveiled an increase in cyber criminals organizing a supply chain for committing cybercrime – meaning that certain threat actor Groupings specialize in one type of attack or exploitation while others buy this information to include in their own attacks – calls for more focus on third-party risk management.

The Group's ambitious technology strategy, the advances of AI/GenAI and increased digitization are also making the threat-landscape more complex and difficult to assert control of. Due to this, the Group realizes that the nature of cyber threats may develop in unknown directions and the fact that it must enhance IT capabilities and explore corrective measures even more to bolster against the effects of the evolving complex threats. In 2025 the Group is carrying out significant initiatives to strengthen resilience in the recovery domain. This includes business continuity as well as disaster recovery enhancements.

Even more scrutiny in the cyber security field is expected due to the adoption of the new legislation on IT security – The digital operational resilience act (DORA). Jyske Bank Group already has a strong foundation within ICT risk management and controlling setup, which is a key area in DORA. Throughout 2024 the Group has prioritized significant resources to ensure compliance with DORA, and the Group will continue its efforts to grow and improve the entire security capabilities in order to meet these new requirements into 2025 as well.

Third-party risk

As aforementioned, with the adoption of the new legislation DORA, the Group expects more scrutiny on IT security, which includes the management of risks associated with processes, services or activities provided to the Group by third parties.

As Cloud solutions grow and become more popular, so does the focus on third-party risk management.

Through 2024, the Group has thrived to implement the different requirements in order to be compliant with the new regulation. This process will continue through 2025.

Financial crime

Efforts to prevent financial crime and violations of international sanctions remains a high priority at the Jyske Bank Group. Substantial resources go into ongoing enhancements within a wide range of focus areas.

For 2024 the Group has made further improvement due to the KYC process in relation to communicating with clients and collecting information from clients. Centralization of the ordinary due-diligence and enhanced due-diligence processes was also finalized. These efforts have caused an improvement in the quality of the Group's customer due diligence data.

The Group facilitates transactions to and from Russia and Belarus for a few of the banks own clients, provided that such transfers do not violate international sanctions and the Groups sanctions policy. The clients who wish to send or receive transactions to and from Russia or Belarus are subject to rigorous due-diligence procedures and are subject to time-limited approval. The Group has always been committed to counter sanction violations and is constantly revising its internal and external procedures. The Group also has an extensive control setup in relation to transaction to and from countries with close political- or geographic ties to heavily sanctioned jurisdictions.

In May 2024 the Danish Financial Supervisory Authority (DFSA) conducted an inspection of Jyske Banks handling of respondent banking in relation to KYC and transaction monitoring and the banks handling of sanctions risks. The inspection did not cause any orders.

At the end of 2024 the Group received a fine of 24 million Danish kroner due to critical gaps in the Group's anti-money laundering (AML) setup. [12]

Model risk

Models risk constitutes an important and still growing risk type within non-financial risk, due to an increase in digitalisation and need for efficient data-driven processes and decisions. The application of models to support decision making may result in risk due to errors in the development, operationalisation, and application of models.

Model risk is governed by the Group's Model Risk Policy, which defines the Group's framework for managing and governing model risk as well as defining the model risk appetite.

Model owners are responsible for the model risk connected to their models, which includes identifying models and ensuring ownership of tasks connected to models such as development, validation, monitoring, and processes related to application of their models.

The Model Risk Management (MRM) function is the Group's second line concerning model risk and is responsible for developing and updating the model risk policy, composing guidelines and business procedures for working with model risk, classifying models in cooperation with business units and reviewing relevant model information. The MRM function also compose ongoing reports for areas with significant model risk and reports on the development of the overall model risk.

An essential part of the oversight and control of model risk is the validation of high-risk models, covering among others the risk models used for IRB, IFRS9, stress test and pricing derivatives. The Group has an internal framework for validating models. The validation unit performs model validation for all high-risk models. These models are subject to both initial validation and afterwards periodic validations by the validation unit.

The results of the validations performed by the validation unit are logged in a repository, which together with the model inventory and MRM function's review of the business units work with models are the basis of the evaluation the Group's model risk, which is regularly reported to the Group Risk Committee.

Data protection

The Group is committed to maintain compliance with the General Data Protection Regulation (GDPR). In 2024, further development and implementation activities were undertaken to enhance Jyske Bank Group's adherence to data protection principles and to ensure the rights of the data subjects.

The Operational Risk Function and the Group's Data Protection Officer (DPO) are working closely with the Group's other control functions to ensure continuous risk monitoring and controls.

The year 2024 has also been characterized by implementation activities related to cross-cutting financial legislation and GDPR, especially in preparation for new EU legislation, Digital Operational Resilience Act (DORA) and Artificial Intelligence Act.

Data management

Data management is recognized as a highly important area for risk management in the Jyske Bank Group. Significant efforts go into ongoing assurance and control of data quality to ensure highly reliable risk reporting as well as risk-based decisions. The Group also recognizes that this area has become even more relevant with set ambitions regarding digitalization, AI and data driven banking in Jyske Banks strategy "Potential for more".

Further advances and strengthening of overall data governance and data management

[12] See the Annual Report for more information.

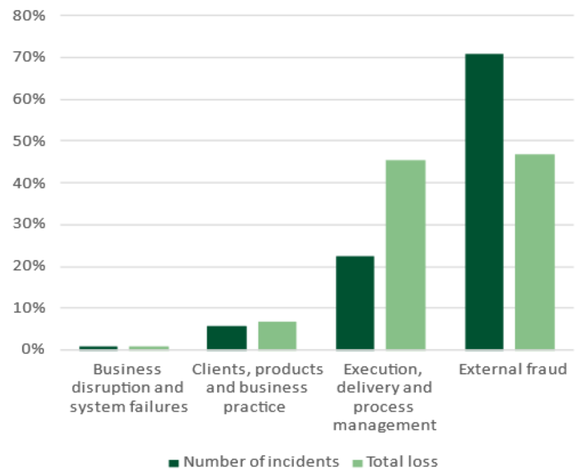
processes throughout the entire Group continue to be a highly prioritized area going into 2025.

Breakdown of losses

The breakdown of operational incidents and losses registered in 2024 by Basel category shows that most incidents are related to 'execution, delivery and process management' and 'external fraud'. These two categories collectively comprise 93 % of the total distribution of incidents and 92 % of total losses. 'External fraud' alone contributed for 71 % of loss incidents and 47 % of the total loss amount. The number of 'external fraud' incidents has, for the second year in a row, increased substantially despite continued significant ongoing improvements in preventative measures. A reason for the high concentration of 'external fraud' is that the Group has refunded customers' self-payments in connection with card dispute cases.

The challenge, and especially the development, within the category, is an industry-specific matter. The area of fraud has high priority in the Group going into 2025.

BREAKDOWN OF LOSSES



The registration of incidents only includes direct losses that are recognised separately, for instance, compensation to clients, loss of means and extra expenses. Therefore, a category such as 'business disruption and system failures' rank low on the list as such incidents will primarily result in loss of working hours.

Own funds requirement for operational risk

The own funds requirement for Jyske Bank is determined by means of the standardised approach. At end-2024, the overall own funds requirement for the Group amounted to DKK 1,559m against DKK 1,224m at end 2023. The PFA own funds requirement is included in the amount for 2023. The increase in the own fund's requirement is primarily due to increasing net income from the last two fiscal years, in the three years covered by the 2024 calculation.

In addition to the above-mentioned own funds requirement for operational risk, an addition of DKK 135m has been separately added due to the purchase of Handelsbanken Denmark to cover the operational risks of those assets. The addition is being deduced by one-third annually. The gradual reduction will reflect the earnings from the portfolio until fully implemented in Jyske Bank Groups operational risk calculation.

The total own funds requirement for operational risk thus becomes DKK 1,694m.

In 2024, the Group continued to strengthen its ESG risk management through enhanced processes, a robust and flexible framework for ESG risk identification and assessments, improved data management, and continuous monitoring.

Analyses confirm that the Group's primary exposure stems from transition risks, driven by regulatory changes, technological shifts, and market demands. However, analyses indicate that potential losses remain limited, even under extreme scenarios.

The Group is well-prepared to meet the upcoming EBA guidelines on the management of ESG-related risks. Existing structures and processes are robust and aligned to ensure effective risk management, and long-term resilience. However, ensuring access to consistent and reliable ESG data remains an area of ongoing focus and development.

ESG-related Risk

While ESG is a strategic priority for the Group, it is also aware of its inherent risk factors. Hence, ESG-related risks (hereafter ESG risks) demand assessments, mitigation, and monitoring of ESG risks to provide a holistic risk management practice. As regulatory frameworks, market conditions, and the state of the planet continue to evolve, managing ESG requires continuous awareness and agility to adapt business strategies and risk management practices. This approach ensures the Group's long-term stability and resilience.

ESG risk refers to potential significant negative impacts on the Group – both financial and reputation-wise – stemming from current or future environmental, social, and governance (ESG) events. These risks arise not only from the Group's direct operations but also from its customers, investment activities, suppliers, and other business partners.

Recognizing ESG risk as an embedded component of its primary risk categories, the Group incorporates ESG considerations into its management of credit, market, liquidity, and operational risks. Rather than treating ESG risk as an isolated category, the Group acknowledges that ESG events can amplify existing financial and operational risks. However, integrating ESG risks into the broader risk management framework remains a dynamic and evolving process shaped by regulatory developments, market standards, and improving data availability.

Currently, the Group places particular emphasis on climate and environmental risks within its credit risk assessment. These factors represent the most immediate and material risks in the short term.

Governance and reporting structure

The responsibility for assessing, analyzing, and reporting ESG risks lies within the Risk unit, which operates under the Chief Risk Officer (CRO). The unit is structured into specialized teams for different risk categories, with a designated ESG risk lead within each team. The ESG risk leads are members of an ESG working Group. This governance structure ensures not only the systematic integration of ESG risk across all risk categories but also fosters a stronger professional environment for assessing ESG risks.

ESG risk is an integrated part of the Group's risk reporting framework, ensuring that ESG-related developments and findings are continuously monitored and communicated through established risk management channels. Additionally, the Sustainability Committee receives the ESG risk report to ensure a strategic and holistic approach to ESG risks and opportunities. When material risks are identified, the supervisory board is positioned to make informed decisions based on these insights.

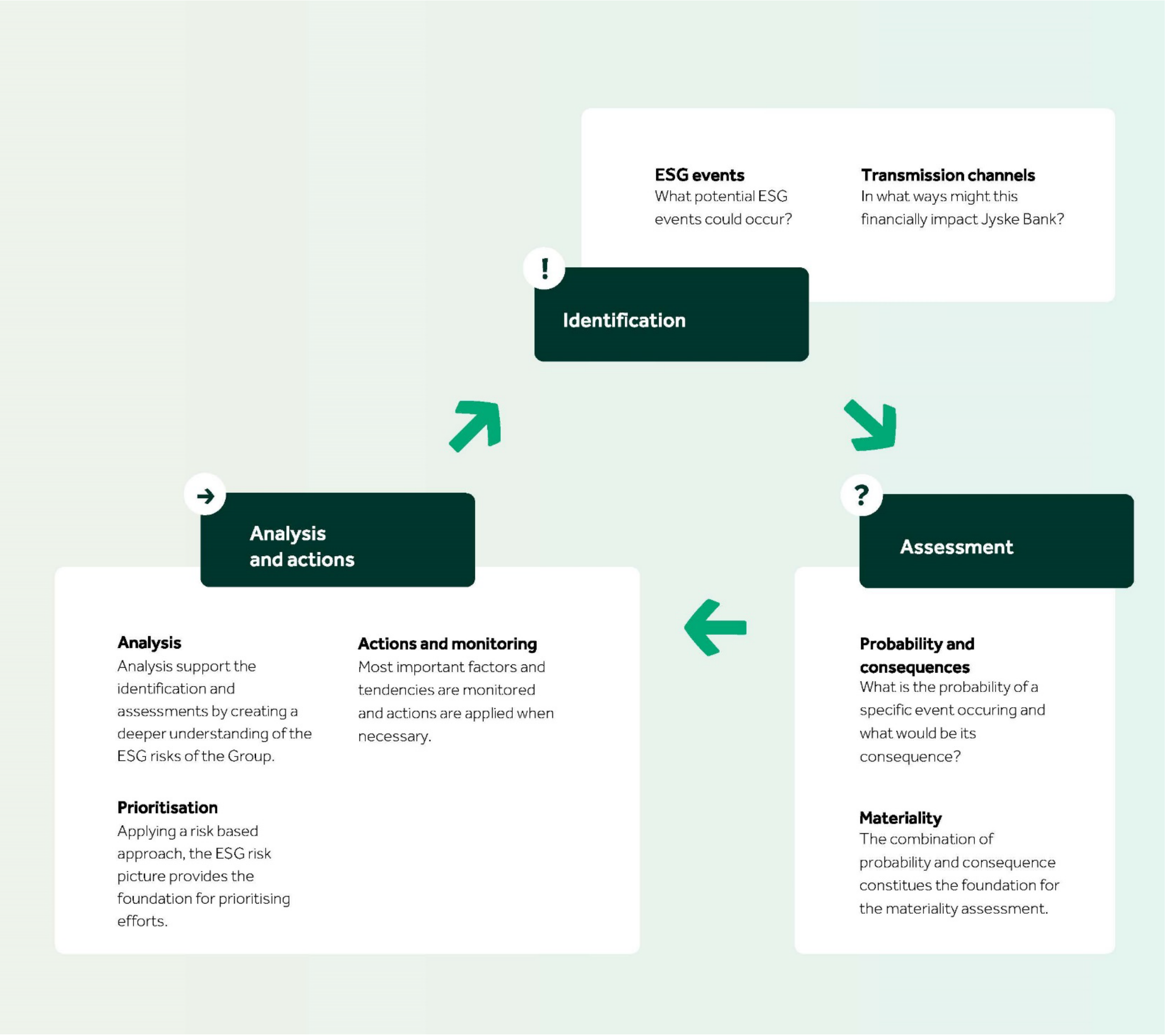
ESG risk identification and materiality assessment at a portfolio level

It is important that the Group is capable of continuously identifying, assessing, and managing ESG risk – both to minimize potential losses from own operations and to ensure the resilience of the Group's customers in the face of changes in ESG events. The Group has developed a structured ESG risk framework with the main purposes:

- To have a comprehensive and documented understanding of how ESG factors affect Jyske Bank – both operationally and in relation to the Group's overall risk profile across risk types.
- To establish a foundation for prioritizing and focusing future work related to ESG events.
- To set up relevant monitoring and identify the need for risk mitigation.

The framework aligns with best practices from key regulatory bodies, including the European Central Bank (ECB) and the European Banking Authority (EBA). The framework is also an important element in meeting the requirements of the EBA guidelines for managing ESG risks, which come into effect in January 2026.

The ESG framework, which is utilized in Jyske Banks, builds upon a three-part iterative



process which is illustrated in the figure above. It builds upon a risk-based approach, with ongoing updates and refinements as data availability improves.

The first element is the identification of relevant ESG events. Climate-related disasters (e.g., storm surges or temperature fluctuations), changes in market conditions or regulatory requirements, constitute examples of ESG events, which is evaluated in the framework. Environmental events are classified into physical (acute and chronic) and transition risks, distinguishing between immediate threats and longer-term structural changes. Thereupon, channels of potential financial impact are mapped to create a deeper understanding of the underlying mechanisms and impact of the respective ESG events.

Following the phase of identifications comes the assessment of probability, consequence and ultimately materiality. At this stage the probability and the financial consequence of a specific ESG event are assessed. The assessments are conducted using short-, medium- and long-term scenarios and under both a so-called hot-house scenario as well as a Paris-aligned scenario. The scenarios applied are developed by NGFS (Network of Central Banks and Supervisors for Greening the Financial System) and have been tailored specifically to Jyske Bank's context. The assessments of probability and consequence constitutes the foundation for the materiality assessment. Hence, a high financial consequence combined with a high probability constitutes an ESG event of high materiality. Following the assessment conducted within the framework, an internal expert judgement on the accuracy of the assessment is performed to verify the results.

The assessments provide an overview of ESG events and their materiality, which forms the basis for further analysis, prioritization, actions, and monitoring of these conditions. Effectively, the framework provides a comprehensive picture of the Group's ESG risks.

Additionally, as part of the Group's stress test framework, the Group conducts climate stress test, which plays a crucial tool for evaluating potential consequences across all risk categories.

ESG risk identification at a customer level

In alignment with legal requirements and Jyske Bank's credit policy, an internally developed ESG profile is integrated into the credit decision process. The profile is used to assess corporate customers vulnerability to ESG events. The assessment is either made through:

- Automated machine screening in case of small companies.
- A structured questionnaire completed by the responsible bank advisor.

The ESG profile ensures consistency in customer assessments, providing a standardized framework for evaluating ESG risks. It helps advisors engage in structured dialogues with customers, fostering a common understanding of ESG implications for their business models.

Additionally, ESG profile data is leveraged in ongoing monitoring and risk management, forming part of the Group's key ESG risk indicators.

Current ESG risk profile of Jyske Bank

The Group's current ESG risk profile indicates that transition risks represent the most significant exposure, driven by:

- The Group's credit exposure to energy-intensive industries.
- Denmark's ambitious regulatory targets for the green transition.
- Heightened stakeholder focus on sustainability.

This leads to a high probability of regulatory changes, technological shifts, and increased attention from the Group's stakeholders in the area.

During 2024, the Group has been closely following the developments in Denmark concerning the implementation of a CO_2e tax. Initially, there were large uncertainties regarding the tax-levels, but since then a political agreement has been reached. Portfolio analysis shows a rather limited effect on impairments of the agreed upon tax levels. This conclusion is consistent with the results of several other organizations here among Danmarks Nationalbank.

Physical risks, while relevant, primarily related to acute climate events (e.g., temperature fluctuations and precipitation changes) is currently viewed as a less substantial risk, partly as it currently affects a smaller portion of the portfolio.

In conclusion it is primarily ESG events, which arises unexpectedly and in an abrupt manner, forcing quick transitions that constitutes risk scenarios of significant financial losses.

ESG data accessibility

As a financial institution, Jyske Bank plays a crucial role in influencing the ESG agenda through its lending and investment activities. To measure the ongoing progress, data is essential. With the ambition to have a strong ESG data foundation that is consistent across the organization. Consistent and reliable data constitutes a prerequisite for valuable analytical work and the ongoing risk monitoring and management.

The demand for ESG data is growing, fuelled by:

- CSRD (Corporate Sustainability Reporting Directive) requirements, which large companies (including Jyske Bank) are required to report by end of 2024.
- The Pillar 3 disclosures.
- Increased stakeholder scrutiny, necessitating more granular data to evaluate the impact of ESG events.

Efforts are ongoing to enhance data coverage and quality across multiple dimensions, ensuring the Group remains well-positioned to meet evolving regulatory and market expectations.

Management declaration

In line with article 435 (1) of the Capital Requirements Regulation, Jyske Bank Group is obligated to provide a declaration and a risk statement approved by the management body – the Group Supervisory Board. Further information on the supervisory board regarding diversity, members and their expertise, please see jyskebank.com.

Board declaration

The Group Supervisory Board establishes the general principles for risk and capital management and assesses the Group's risk on an ongoing basis. A thorough assessment, based on a report presented by the Group Executive Board, is conducted yearly. The Group Executive Board is responsible for the day-to-day risk management of the Group and ensures compliance with the implemented policies and instructions. The Group Supervisory Board declares that the Group has adequate risk management arrangements in place, providing assurance that these systems are adequate with regard to the Group's risk profile and strategy.

Risk statement

The Jyske Bank Group's business model offers financial products and services to private individuals, businesses, and institutions, primarily within Denmark. The Group Supervisory Board sets guidelines for credit granting and approves the largest exposures. Credit risk is managed to maintain an acceptable level relative to the capital base and business volume.

Market risk, mainly interest-rate risk, is managed under the Market Risk Policy set by the Group Supervisory Board, with adjustments made according to market developments.

Liquidity risk is controlled through active management to ensure sufficient liquidity for obligations, with the Group Supervisory Board determining the liquidity profile.

Non-financial risks, including operational risk, are managed to keep exposure and losses at acceptable levels, with policies approved annually and adjusted regularly to align with the Group's risk profile and capital structure.

For further information on key ratios, please see Pillar 3 KM1. All key ratios are within the risk appetite of the Jyske Bank Group.

IntraGroup transactions and transactions with related parties

Affiliated, associated companies and joint ventures are considered to be related parties. Jyske Bank's management and board of directors are also considered related parties. Transactions between related parties are characterized by ordinary financial transactions and services of an operational nature. An agreement on joint funding and an outsourcing agreement has been made between Jyske Bank A/S and Jyske Realkredit A/S. Transactions between Jyske Bank and affiliated companies are eliminated in the Group. Transactions between Jyske Bank and affiliated, associated companies, and other related parties are conducted on market terms.

Group Supervisory Board

Kurt Bligaard Pedersen Chairman	Keld Norup Deputy Chairman	Rina Asmussen	Anker Laden-Andersen
Per Schnack	Bente Overgaard	Lisbeth Holm	Glenn Söderholm
Marianne Lillevang Employee-elected	Michael C. Mariegaard Employee-elected	Henriette Hoffmann Employee-elected	