

Report on thematic inspection of market risk at Jyske Bank A/S (calculation and reporting of earnings and risk in business areas)

Introduction

In June 2014, the Financial Supervisory Authority (FSA) conducted a thematic inspection at Jyske Bank A/S on the bank's calculation and reporting of earnings and risk in its business areas in respect of market risk. On the basis of a risk assessment, thematic inspections were conducted at three selected financial institutions.

Through the thematic inspection, the FSA assessed whether the financial institutions in their systems are able to calculate earnings and risk at a comparable level in the individual business areas in respect of market risk, and to which extent managements receive reports on earnings in the business areas in respect of the risk assumed in the business areas.

The background for the thematic inspection is that analysis of whether earnings measure up to the risk assumed is a key basis for management's decisions in respect of market risk.

The business areas involving market risk include trading in securities and other financial instruments on behalf of clients as well as on the bank's own behalf. In respect of the latter, it must be possible to calculate earnings and risk in respect of investment of the bank's funds in the slightly longer term, on the one hand, and speculative trading, on the other.

Summary and risk assessment

It is the assessment of the FSA that Jyske Bank A/S in a satisfactory manner calculates earnings and risk in respect of market risk and that information of earnings relative to risk forms part of the periodic management reporting in a satisfactory manner according to the Executive Order on Management and Control of banks, etc.