

Internal and external audit responsibilities

The role of the audit function in relation to IT Security is based on the “Executive Order on Auditing Financial Undertakings etc. as well as Financial Groups” from which it appears:

The external auditors must in the entry concerning the annual report issue an audit opinion as to whether the company’s overall systems, data and operational stability is adequate and functions adequately....

Data Security is in this respect the result of the policies, business procedures and controls that are to secure reliable and confidential registration, storage and use of data as well as change, deletion, physical or logical access to or use of data are approved and documented.

Legal basis

Basically, a financial undertaking in Denmark must, among other things, comply with the following legislation:

The Danish Financial Business Act, including:

1. Executive Order on the Danish Financial Business Act.
 - A financial undertaking, a financial holding company and an insurance holding company must have efficient types of corporate governance, including adequate control and security measures in the IT area.
2. Executive Order on Management and Control of Banks, etc., including appendix 5 concerning IT security.
 - Appendix 5 describes in detail which areas within IT security are the focus of attention that should be complied with by banks.
3. Executive order on the outsourcing of material activities.
 - A financial undertaking must, in addition to item 3, exercise prudent handling of outsourcing in general.
4. General Data Protection Regulation ((EU) 2016/679)

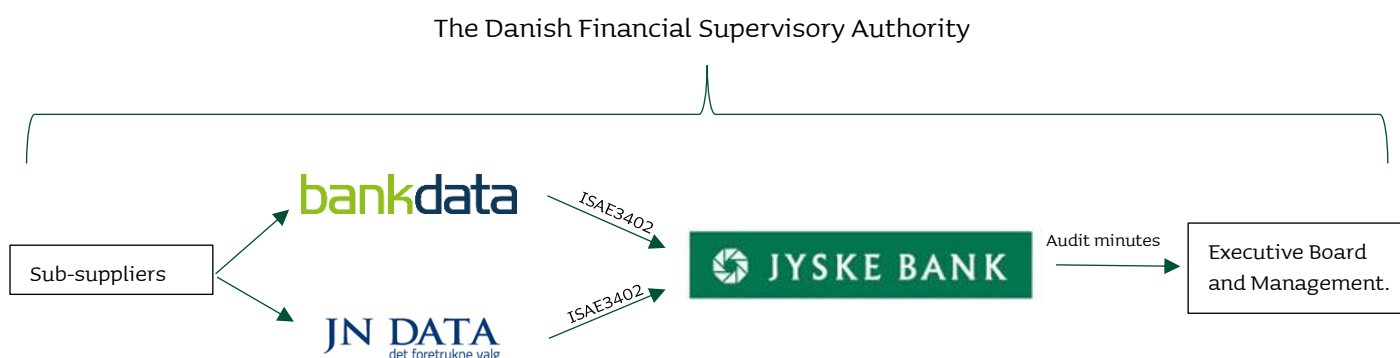
- provides how the undertaking must protect natural persons in connection with the processing of personal data.

This implies that Jyske Bank must both exercise good management and control internally in the company as well as in case of outsourcing.

Outsourcing

Jyske Bank has outsourced the majority of its use of IT to Bankdata and JN Data. Consequently, the development and operations are handled by suppliers. Danish legislation secures systems, data and operating security through outsourcing via "Executive Order on Systems Audit at Joint Data Centres (BEK No. 1268 outsourcing of 21/11/2014)". The executive order covers Jyske Bank's suppliers of IT development and operations.

Since Jyske Bank's primary suppliers in relation to IT development and operations are subject to the Executive Order on Systems Audit, this implies that these suppliers are obliged to perform sufficient systems audit in order to make an annual ISAE3402 declaration to Jyske Bank which is used when the overall systems, data and operational security is to be assessed.



Jyske Bank submits requests to the systems audit of JN Data and Bankdata. Including inputs as to which sub-suppliers are important for Jyske Bank's IT application. Every year, Jyske Bank receives an ISAE3402 auditor-certified declaration from JN Data and Bankdata, respectively which must include a statement as to whether systems, data and operational security is adequate. These declarations are included in the total audit work and are part of entries to Jyske Bank's Supervisory Board. All elements of this process are subject to inspection by the Danish Financial Supervisory Authority.

Audit

Internally at Jyske Bank, audits are performed of areas deriving from financial or operational risks. This implies that audits are on an ongoing basis performed of processes, areas and systems that are relevant to these risks, including audit of compliance with the General Data Protection Regulation. The audit plan is prepared in cooperation with Jyske Bank's external auditors (Deloitte). The audit comprises audit of 1st Line of Defence as well as 2nd Line of Defence.

Jyske Bank's Internal Audit Division consists of 26 employees who are exclusively involved in audit work. The division is headed by the chief auditor who is employed by Jyske Bank's Supervisory Board in order to maintain the independence to the line organisation.

ITEM 4 – inputs from Internal Audit

In connection with the audit of cybersecurity, the Internal Audit Division performs an annual audit of the Group's awareness programme.