

Report on enforcement order to Jyske Bank A/S concerning the annual report for 2018

10 February 2020

The FSA has ordered Jyske Bank to rectify some material matters in the annual report for 2018.

1. Introduction

The FSA has audited Jyske Bank's Annual Report 2018. In its audit, the FSA focused on the new disclosure requirements of the International Financial Reporting Standard IFRS 7 on disclosure of financial instruments. The new disclosure requirements are a consequence of the new International Financial Reporting Standard IFRS 9 on financial instruments.

The FSA has established some deviations in the bank's annual report for 2018. Therefore, the FSA has ordered Jyske Bank to rectify these matters, which the FSA assesses, overall, to be material. In its assessment, the FSA took into account that some of the deviations from the accounting rules are by themselves of a material nature. In addition, the FSA took into account that a number of deviations relate to the same area, namely impairment charges for expected credit losses. The FSA assesses that, on the whole, information about this area is material for a user of financial statements.

2. Summary

The bank did not disclose information about commission and fee income from asset-management activities and other activities entrusted to the bank that entail management or investment of assets on behalf of individuals, funds, pension funds and other institutions, cf. paragraph 20 c of the IFRS 7. In its assessment, the FSA took into account that a user of financial statements must be able to assess possible future income from asset-management activities and other entrusted activities. In addition, the information is particularly relevant for the annual report for 2018, because this was the first annual report where the entire financial year was affected by the changed rules on management charges.

The bank has not disclosed its own credit risk, including a description of the methods applied, according to paragraphs 10A and 11 of the IFRS 7. In its assessment, the FSA took into account that a user of financial statements must have this information available in order to assess how the company's own credit risk affected the annual report, and also this is information about a material item.

Moreover, the bank did not disclose a number of details for the area of impairment charges for expected credit losses, such as details about collateral, cf. paragraph 7.35K b iii) of the IFRS 7 and the reasons for the definition of default used by the bank, cf. paragraph 35F b) of the IFRS 7. In addition, information was not disclosed on hedge accounting.

Jyske Bank has notified the FSA that the bank will comply with the order by stating the missing information in its annual report for 2019. The FSA has accepted this as the annual report for 2019 will be published soon.