

22 September 2011

## **Jyske Bank prepares for changing market conditions**

- **By the end of 2012, Jyske Bank will have reduced the number of employees by about 250. Of these, about 150 employees will be made redundant with immediate effect.**
- **By the end of 2011, Jyske Bank will have merged six branches with other nearby branches in central and northern Jutland.**
- **The subsidiary Jyske Finans A/S has today entered into an agreement with the Spar Nord Group to take over leasing activities from Finans Nord A/S and Easyfleet A/S.**
- **Jyske Bank will implement a general increase in interest rates by up to 0.5 percentage point with effect from 14 October 2011.**

### **Anders Dam, Managing Director and CEO:**

“This is a sad day, yet also a day of action at Jyske Bank.

It is sad because we have found it necessary to part with about 150 loyal, competent and skilful employees who through no fault of their own are affected by the setback in the national economy and the increasingly difficult framework conditions for the sector. We hope and believe that the remedial measures that are being initiated will help the affected employees to find new jobs very quickly.

We take action now because we cannot go on justifying rising costs when the market is still shrinking and revenue is levelling off.

We reduce the Jyske Bank Group's other costs and merge six branches with other branches in central and northern Jutland. The purpose of this measure is to create units

that are more powerful and that have a larger number of account managers/advisers in respect of the opportunities in the market.

In order to improve the revenue base, Jyske Finans has entered into a promising agreement with the Spar Nord Group regarding the leasing activities of Finans Nord and Easyfleet. Moreover, we raise our interest rates with a view to widening the interest rate margin.

The full effect of these initiatives as well as the conversion to Bankdata will be reflected in the financial statements for 2013, and - by themselves - the cost-related initiatives are expected to reduce the Jyske Bank Group's costs by at least DKK 400m annually in 2013 and onwards”, ends Anders Dam.

### **Stagnating revenue and rising costs**

Due to the recent development of the Danish and the global economy, the conditions are no longer present for generating the organic growth in business volume over the coming years that Jyske Bank had expected until now and based on which the Bank had made its plans.

Because of the slow economic trends, among other things, private households and businesses are to an increasing degree reducing their debt to banks; and the activity level in the housing market and the financial markets has generally been on the decline. It seems that these trends will continue for quite some time.

Even though Jyske Bank is seeing a large net influx of new personal and corporate customers and hence winning market share in a falling market, we have to accept that in the foreseeable future our revenue will not increase as expected.

To this must be added the rising costs for Jyske Bank due to the markedly higher funding costs, higher-than-expected payments to the Danish Deposit Guarantee Fund, higher payroll tax, increased capital requirements and a presumably higher expense over quite some time when Bank Package IV is implemented.

As there are no prospects of improvement in respect of these circumstances, the Jyske Bank management can no longer justify the current cost level.

### **Staff reduction**

In the course of 2011 and 2012, Jyske Bank will reduce the number of employees by about 250. About 150 employees will be made redundant with immediate effect, while the reduction by a further 100 employees is expected to take place through natural wastage. To meet this target, an employment freeze has been introduced in the Jyske

Bank Group, and it is already now known that in 2012 about 50 employees will resign due to retirement, etc.

Negotiations about the staff reduction have been carried out with Finansforbundet (Financial Services Union Denmark) and an agreement has been signed about remedial measures for the employees who will be made redundant.

The staff reduction will result in severance costs of about DKK 90m in the third quarter of 2011.

### **Branch mergers**

By the end of 2011, Jyske Bank will merge the branches in Bindslev, Pandrup, Hinnerup, Sejs, Virklund and Holstebro Nyholm with other branches in the respective local areas. Subsequently, Jyske Bank's branch network will comprise 108 branches as compared to 116 branches at the beginning of 2011, as this summer the Bank merged the Rådhuspladsen and Gammeltorv branches in Copenhagen with other closeby branches.

### **Other cost reductions**

Currently, Jyske Bank is in the process of converting the Bank's IT systems to Bankdata. Right now, more than 600 employees at Bankdata and Jyske Bank are working to solve this task. Prospects are still, once the conversion has been completed, that total savings will amount to about DKK 200m annually as of 2013 while, at the same time, strengthening IT development considerably. The direct costs relating to the conversion are now expected to be in the amount of about DKK 180m as compared to the previous level of about DKK 220m. It is estimated that Jyske Bank's share of these costs will be about DKK 170m, which amount will affect the financial statements over the coming quarters.

The other costs of the Jyske Bank Group will also be reduced, and tight cost control will still be in focus.

### **Improvement of the revenue base**

In addition to the cost-reducing measures, Jyske Bank will launch a number of initiatives to improve the relationship between revenue and costs. The Bank will focus on selective acquisitions of business activities, organic growth and price adjustment to the extent necessary.

The first instance of selective acquisitions is that Jyske Bank's subsidiary Jyske Finans A/S has as of today entered into an agreement with the Spar Nord Group to take over, from Finans Nord A/S, future new sales of leasing contracts as well as the administration of the existing leasing portfolio of Finans Nord A/S, which will be phased

out by the Spar Nord Group. In connection with this agreement, Jyske Finans takes over a number of employees from Finans Nord and will receive an administration fee from the Spar Nord Group during the phasing-out period.

In addition, Jyske Finans acquires the car-leasing company Finans Nord Easyfleet A/S. On the whole, these acquisitions will strengthen Jyske Finans' activities and growth strategy within the area of car financing, commercial leasing and wholesale activities aimed at other banks. It is estimated that the agreement offers lending potential for the Jyske Bank Group in an amount of up to DKK 5bn up to 2015.

Finally, due to the rising costs for the Deposit Guarantee Fund as well as rising funding costs, Jyske Bank will raise its interest rates generally by up to 0.5 percentage point with effect from 14 October 2011.

Yours sincerely,

Sven Buhrkall  
Chairman of the Supervisory Board

Anders Dam  
Managing Director and CEO

Please direct any questions concerning this announcement to Anders Dam, Managing Director and CEO at tel. +45 89 89 20 01.