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**Company Announcement No 15/11**

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Dear Sirs

**Sydbank to adapt the organisation, its service concept and to increase the interest rate**

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Sydbank's management has decided to introduce a series of measures to ensure that the business continues to be sound and strong. The new measures comprise:

- Termination of employment of 89 employees.
- Ongoing adaptation of the service concept by means of changed business hours as regards cashier services in the majority of the Bank's branches.
- The service of retail clients residing outside Denmark will be based in the Bank's German region.
- Sydbank (Schweiz) AG will transfer some of its clients to Nordea International Private Banking in Switzerland.
- Sydbank will take over the private banking activities of Gries & Heissel Bankiers AG. According to the agreement Sydbank will be represented also in Berlin and Wiesbaden as of 1 January 2012.
- An increase in the interest rates of floating-rate loans by up to 0.50 percentage points as of 14 October 2011.

**Reduction in staffing**

Since 2008 it has been the aim of Sydbank to maintain the current level of costs. This aim has been fulfilled by reducing staffing by a total of around 200 employees in the course of 2009 and 2010.

However as a consequence of the continued setback in the economy it is no longer sufficient to keep costs at an unchanged level. Therefore it has been decided to lower the future level of costs.

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As a result the Bank has terminated the employment of 89 employees who will all be offered remedial measures. Sydbank expects to employ 2,175 at the end of the year.

#### **Adaptation of the service concept by way of changed business hours**

From the beginning of November, the office hours of cashier services in the majority of Sydbank's branches will be changed and in future the cashier services will be open only during the afternoon hours.

Consequently Sydbank continues to adapt its service concept to reflect clients' growing use of electronic self-service solutions and the increased number of cash withdrawals at ATMs and retail shops. Therefore the need for staff-operated cashier services at the branches has been reduced significantly.

#### **Advisory services to retail clients residing outside Denmark to be located in Germany**

Sydbank will merge its advisory services provided to clients residing outside Denmark and will moreover adapt the Bank's foreign organisation to the changed market terms. In this connection the activities of Sydbank PBI in Gråsten have been relocated to the regional head office in Flensburg.

#### **Sydbank (Schweiz) AG**

It has been decided that Sydbank (Schweiz) AG will offer part of its clients to transfer to Nordea International Private Banking in Switzerland. Sydbank is currently exploring the options for its remaining operations in Switzerland, including whether to transfer the remaining activities to other parties or wind-up its Swiss operations. In this context, consultations with the employees have been started.

#### **Sydbank takes over the private banking activities of Gries & Heissel Bankiers AG**

Sydbank strengthens its German operations further by taking over the private banking activities of Gries & Heissel Bankiers AG. The agreement concerns just over 1,000 clients and custody account volume constitutes the majority of the business volume.

As a consequence of the agreement Sydbank's current branches in Flensburg, Hamburg and Kiel will be joined by branches in Berlin and Wiesbaden as of 1 January 2012.

**Interest rate increase as of 14 October 2011**

As from 14 October 2011 Sydbank will increase the interest rates of floating-rate loans by up to 0.50 percentage points. Moreover the premium of loans and credits whose interest rates are related to a market rate will be increased as of 14 October 2011.

These increases are based on the continuing turmoil in the international financial markets which causes increasing funding charges for the banks.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'KF', with a long horizontal stroke extending to the right.

Karen Frøsig  
CEO

A handwritten signature in blue ink, appearing to be 'PH', with a large loop at the top and a wavy line at the bottom.

Preben L. Hansen  
Deputy Group Chief Executive