

NASDAQ OMX Copenhagen A/S

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BRFkredit and Jyske Bank join forces

BRFkredit a/s and Jyske Bank A/S have today entered into an agreement to merge the two enterprises.

According to the agreement Jyske Bank will take over all BRFkredit shares from BRFholding a/s against the issue of new Jyske Bank shares in the nominal amount of DKK 237,600,000 corresponding to 25 per cent of the share capital after the completion of the merger. In addition, BRFholding will receive a cash payment of DKK 100m. Based on Jyske Bank's closing share price of DKK 307 on 24 February 2014, the BRFkredit shares are valued at approx. DKK 7.4bn. After the merger, BRFholding will be the largest shareholder of Jyske Bank.

Jyske Bank will be the parent company in the combined group, and BRFkredit will become a subsidiary governed by Danish mortgage-credit legislation.

The Supervisory Board of Jyske Bank will at its annual general meeting on 19 March 2014 propose the amendments to Jyske Bank's Articles of Association necessary to implement the merger.

A great match

The merger between BRFkredit and Jyske Bank is a pro-active merger between two strong and well-consolidated financial groups which in terms of strategy and business operations complement each other well and will create a fully-integrated banking and mortgage-credit group in Denmark.

BRFkredit and Jyske Bank are a great match for several reasons:

- The merger of Denmark's third largest bank and Denmark's fourth largest mortgage-credit institution will create a leading Danish financial institution.
- Combination of two highly complementary business models, with the combined company offering a full range of financial products and services to all client segments.

- High growth potential from cross-selling between the bank and the mortgage-credit client bases.
- Significant cost synergies from optimisation of IT, business processes, overlapping functions and capital, with low integration risk.
- Diversified balance sheet and de-risked earnings profile together with a strong capitalisation.

The group will have a total client base of approx. 900,000 clients, 149 branches, approx. 4,600 employees and a balance sheet of approx. DKK 480bn, hereof loans of approx. DKK 335bn and equity of approx. DKK 27.8bn. Both companies comply with the future capital adequacy requirements of systemically important financial institutions (SIFI) and have good and stable ratings from Standard & Poor's.

For 2013, the BRFkredit group and the Jyske Bank group reported pre-tax profits of DKK 0.4bn and DKK 2.3bn, respectively. The solvency ratios are 16.6 per cent and 16.0 per cent, respectively, whereas the core capital excluding hybrid capital was 16.6 per cent and 15.3 per cent, respectively as at 31 December 2013.

Significant growth-oriented financial group with a full product range

Through the merger, BRFkredit and Jyske Bank will create a significant, innovative and strong Danish banking and mortgage-credit group offering a full range of financial products and servicing all client segments.

The distribution strength and the extended client base will offer good opportunities of stronger organic growth during a period of time when the general credit demand is still declining. The market conditions for banking operations in Denmark have been under pressure since the beginning of the financial crisis, and five consecutive years from 2009 to 2013 with flagging demand for banking services underline the need for scale and efficiency. The merger will also pave the way for cost efficiency at BRFkredit as well as at Jyske Bank.

The total portfolio and risk exposure will be well-diversified and offer greater stability in future earnings. The New Group will be well capitalised, thereby supporting its ratings.

Important synergies

The new Jyske Bank Group targets a return on equity before tax of 10 per cent – 15 per cent p.a. When the merger has been fully implemented, it is anticipated to result in annual synergies of at least DKK 600m distributed with approx. DKK 300m relating to costs and approx. DKK 300m relating to earnings. The exact split depending on market conditions. Integration costs in relation to IT, business processes, employees, properties, external assistance etc. are expected to amount to DKK 300m-400m.

Pro forma key figures for the new Jyske Bank Group

A pro forma calculation for 2013 for the new Jyske Bank Group shows the following key figures:

Selected data and key figures	Jyske Bank Group	BRFkredit Group	Pro forma New Group
Solvency ratio	16.0	16.6	16.3
Core Tier 1 capital ratio including hybrid capital	15.9	16.6	16.3
Core Tier 1 capital ratio excluding hybrid capital	15.3	16.6	16.1
Pre-tax profit as a percentage of opening equity	14.7	4.1	10.6
Pre-tax profit as a percentage of average equity	13.9	4.0	10.3
Profit for the year as a percentage of average equity	10.9	3.0	8.0
Income / cost ratio	1.4	1.3	1.4
Loans relative to equity	7.5	20.2	12.0
Number of full-time employees, year-end	3,774	869	4,640

Changes to the management

After the merger, the new Jyske Bank Group will consist of the parent company Jyske Bank A/S and BRFkredit a/s and other existing subsidiaries. BRFkredit Bank is expected to be merged with Jyske Bank.

Oluf Engell, current Chairman of BRFkredit, Kurt Bligaard Pedersen, current Deputy Chairman of BRFkredit and Rina Asmussen, current member of the Supervisory Board of BRFkredit will after the merger be proposed for election to the Supervisory Board of Jyske Bank. Rina Asmussen as member of the Supervisory Board with experience from the daily management of another relevant financial service provider.

The Supervisory Board is expected to elect Sven Buhrkall as its Chairman and Oluf Engell and Jens A. Borup as Deputy Chairmen.

Sven A. Blomberg, current CEO of BRFkredit, will after the merger join Jyske Bank's Executive Board as Managing Director and Deputy Chief Executive responsible for BRFkredit and the international Private Banking activities and Business Services. In addition, Sven A. Blomberg will become the Chairman of BRFkredit, and the Managing Directors Niels Erik Jakobsen and Per Skovhus will join the Supervisory Board of BRFkredit.

After the merger, the Executive Board of BRFkredit will consist of Carsten Tirsbæk Madsen, who will be appointed Managing Director and CEO, and Managing Director Lars Waalen Sandberg.

Head Office

The head office of the Jyske Bank group will still be located in Silkeborg which will also be the head office of the group's staff functions and the competence centre of the group's banking activities. Having its head office at BRFkredit's present premises in Lyngby, BRFkredit will be the competence centre of the group's property financing activities. Covered bonds ("SDO") and mortgage bonds will still be issued in the name of BRFkredit.

Time schedule

Jyske Bank will hold its annual general meeting on 19 March 2014 in Silkeborg. The merger is subject to the necessary approvals at both companies' general meetings as well as approval by the relevant authorities. The merger is expected to be implemented in the second quarter of 2014.

Financial advisers

ABG Sundal Collier and J.P. Morgan acts as financial advisers to Jyske Bank.

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

Yours sincerely,

Sven Buhrkall
Chairman

Anders Dam
Managing Director and CEO