

NASDAQ OMX Copenhagen A/S
Nikolaj Plads 6
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Date: 25 January 2013
Company announcement No.: 1

Today Sparekassen Lolland A/S has entered into an agreement with Jyske Bank A/S on transfer of all the bank's assets and liabilities with the exception of the bank's share capital, hybrid core capital and subordinate capital. The Danish Financial Supervisory Authority has ordered Sparekassen Lolland A/S to effect additional impairment charges and has set an increased individual solvency requirement.

The agreement entails that SPAR LOLLAND's assets and liabilities except for the bank's share capital, hybrid core capital and subordinate capital are transferred to Jyske Bank, and that all depositors and unsecured creditors will be covered by this transfer.

All SPAR LOLLAND's branches will open for business as usual on Monday 28 January 2013 at 10:00 am. The customers' account numbers will remain unchanged and cards, ATMs and online banking services will operate as usual. All employees of SPAR LOLLAND will continue their employment at Jyske Bank.

The agreement entered into with Jyske Bank has been underway for some time and is the culmination to an extensive process during which the management of SPAR LOLLAND has investigated various consolidation options in an attempt to ensure future stability for SPAR LOLLAND.

In mid-November 2012, the Danish Financial Supervisory Authority commenced a standard investigation and in this connection reviewed a substantial part of the bank's exposures. As a result of this investigation, the Financial Supervisory Authority has today ordered SPAR LOLLAND to effect additional impairment charges in the order of at least DKK 289m and has according to the new more stringent method (the 8+ solvency method) determined an increased individual solvency requirement of 12.26%, which exceeds SPAR LOLLAND's actual solvency of 7.35% after having effected the required impairment charges.

The Financial Supervisory Authority has set a deadline for SPAR LOLLAND of Sunday, 27 January, at 6:00 pm to meet the minimum solvency requirement of 8% and until 1 April 2013 to meet the individual solvency requirement. SPAR LOLLAND has, however, realised that it will not be possible to procure the capital needed to meet the minimum solvency requirement or to meet the individual solvency requirement. SPAR LOLLAND will thereby not be capable of maintaining its licence to continue its activities as an independent financial institution after the expiry of the deadline. Consequently, it must be expected that SPAR LOLLAND would become insolvent within a short period of time and that in a realisation of the bank's assets under these circumstances, the bank's equity would have to be considered lost. Against this background SPAR LOLLAND has concluded the negotiations and entered into an agreement with Jyske Bank in accordance with section 247 of the Danish Financial Business Act. The Financial Supervisory Authority and the Danish Competition and Consumer Authority have approved the transfer.

Comments from the bank:

Sparekassen Lolland A/S

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In connection with this announcement, Hans Jacob Petersen, chairman of the board of directors, states:

“The conclusions of the Financial Supervisory Authority are based on an extensive review of the bank’s credit exposures. Regrettably, the Financial Supervisory Authority’s conclusions are negative for SPAR LOLLAND and in this light, I am satisfied with the agreement we have made with Jyske Bank. With this agreement, SPAR LOLLAND’s activities will be transferred to a stable bank willing to maintain our local presence.”

The consequence of the order from the Financial Supervisory Authority in light of the bank’s capital base is such that SPAR LOLLAND would lose its banking licence and should thereby anticipate becoming insolvent and losing its equity. A transfer was therefore necessary in which no dividend will be paid to the subordinate lenders having provided subordinate capital to SPAR LOLLAND or to the shareholders. It is deeply regrettable, unsatisfactory and frustrating having to recognise this. It is particularly regrettable because SPAR LOLLAND has experienced great loyalty from its customers and shareholders in the past period.”

In connection with this announcement, Ulrich Jespersen, managing director, states:

“In connection with the 2011 annual report, we announced that we were working on a long-term and stable solution for SPAR LOLLAND and would most likely be part of the current consolidation in the sector. In the course of this process we have investigated all options and we have been forced to acknowledge that the bank could not expect to remain independent in the long term. We also realised that a consolidation would only be possible with a large financial institution as cooperation partner. In the course of the past ten months we have tested the market and have, among other things, been in contact with Jyske Bank.”

The management of SPAR LOLLAND has worked determinedly to find a stable solution with a local presence. It has been a complex process involving a constructive dialogue with the relevant authorities.

As a result of the conclusions of the Financial Supervisory Authority we have now entered into an agreement whereby Jyske Bank will take over and continue SPAR LOLLAND’s activities. This arrangement lays the foundation for a stable solution for future operations, which has been our primary objective with respect to the bank’s approx. 120,000 customers and 300 employees.

Jyske Bank is already represented in Lolland-Falster and with this takeover, Jyske Bank strengthens its commitment in the area. The bank will continue to operate as a strong and visible bank in the local area.”

We have previously announced that one of our tasks was clearing out and if we found challenges among our loans we would address them actively. We have remained faithful to this intention. When issuing the 2011 financial statements, we believed that we had almost accomplished this task and that all the challenges were known and in all materiality also addressed. Regrettably, our continued work in 2012 revealed that continued negative development in, among other things, the property sector created an additional need for impairment charges in the 2012 half year report and in the Q3 financial statement. Following the review by the Financial Supervisory Authority, we face additional impairment charges. This is an unsatisfactory and regrettable result in particular in respect of our subordinate lenders and shareholders.

Sparekassen Lolland A/S

“It should, however, be noted that the process has not been fruitless. During this process, SPAR LOLLAND has had considerable core earnings while at the same time reducing lending risks. We have conducted an extensive clean-up process and a number of aspects have been improved, such that today, the bank is a better unit.”

It is expected that an information meeting will be held for the bank’s shareholders and members of the committee of representatives on Thursday, 31 January 2013, at 7:00 pm. Notices convening this meeting will be distributed once the location of the meeting has been determined.

As a consequence of the above, SPAR LOLLAND has today decided to file a petition for bankruptcy with the bankruptcy court on Monday morning.

Furthermore, the bank has requested NASDAQ OMX Copenhagen A/S to suspend trading of all shares and bonds issued by the bank and admitted for trading and official listing on NASDAQ OMX Copenhagen A/S.

Kind regards

SPAREKASSEN LOLLAND A/S

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