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# Acquisition of Handelsbanken Denmark



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## Transaction



Agreement to acquire Svenska Handelsbanken AB's business activities in Denmark ("Handelsbanken Denmark").

## Consideration



Fixed goodwill of DKK 3.0bn, included in total asset purchase price to be settled at closing in cash.

## Financing



Deploying strong capital base and issuing AT1 and T2 instruments of approx. DKK 2.5bn as well as senior debt.

## Timeline



Closing anticipated in Q4 2022, full migration expected in 2023 and synergies to be fully realised during 2024.

## A unique opportunity to further strengthen market position



Scale, talent and critical mass within existing business and geography. Expanding career opportunities.



Highly compatible corporate cultures underpinned by decades of stable, professional and sustainable banking.



Customer value proposition strengthened by deepened local presence and improved product and service offerings.



Experienced consolidator with proven skill-set to integrate, migrate and deliver value to stakeholders.



Strong capital and funding position allows for all cash deal and no need for equity raise.



Transaction expected to increase EPS by c. 10% and RoE by c. 1.5pp in 2024 vs. stand-alone business plan.

# Handelsbanken Denmark is a sizeable, top-quality bank

### Handelsbanken Denmark at a glance

Headquartered in **Copenhagen** with **43 branches** and **c. 600 employees**

Offering **full-service** household and corporate banking to **>130k clients**.

**Solid credit quality** with low historical impairments and stronghold in **high-value regions**

**1992**

Established in Denmark

**2001**

Acquisition of Midtbank

**2008**

Acquisition of Lokalbanken

### Strong operating performance

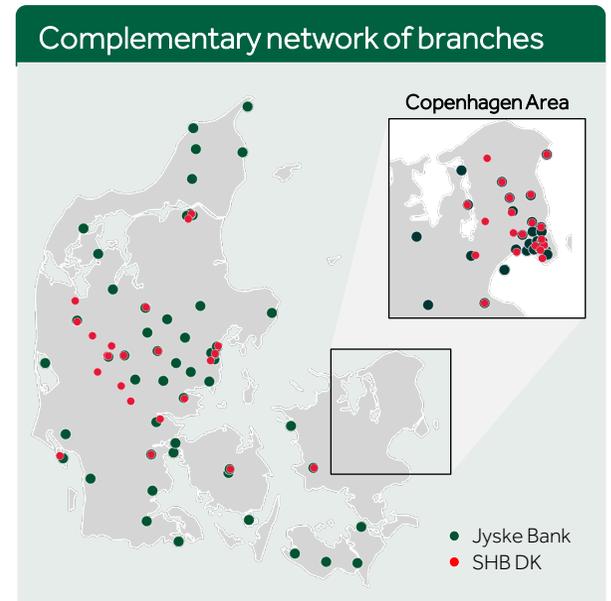
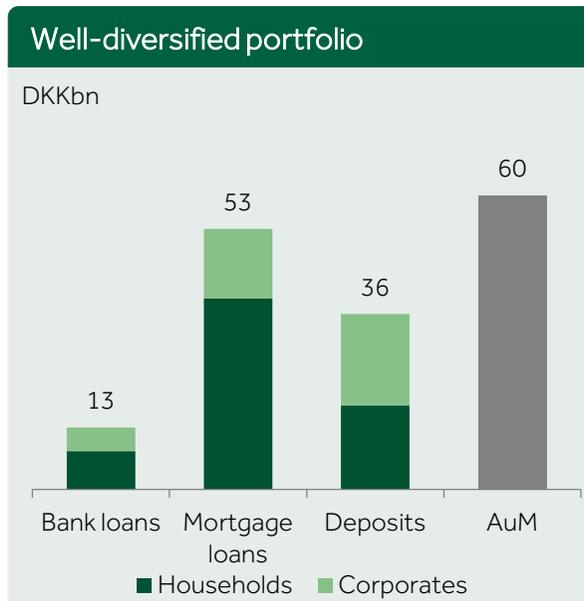
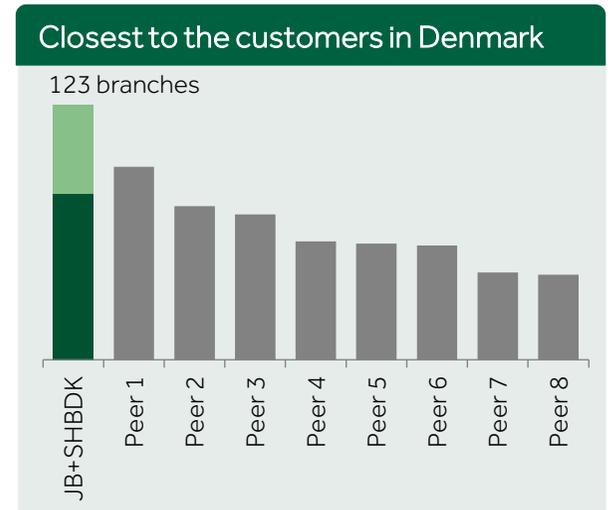
SHBDK standalone KPI's

**DKK 0.7bn**  
Profit before tax

**58%**  
Cost/income

**0.5%**  
Non-performing loans

**~2%**  
Market share



Note: Financial metrics exclude impact from one-off items. Data as of 2021.

# Transaction adds critical scale to Jyske Bank

## Increasing Jyske Bank's size by approximately one fifth

| FY 2021                                  | Jyske Bank   | SHB DK       | Pro forma     | Index      |
|------------------------------------------|--------------|--------------|---------------|------------|
| <b>Condensed income statement (DKKm)</b> |              |              |               |            |
| Net interest income                      | 4,973        | 1,040        | 6,013         | 121        |
| Net fee income                           | 2,308        | 515          | 2,823         | 122        |
| <b>Total income</b>                      | <b>8,652</b> | <b>1,653</b> | <b>10,305</b> | <b>119</b> |
| Operating expenses                       | 4,904        | 968          | 5,872         | 120        |
| Loan impairment charges                  | -218         | -51          | -269          | -          |
| <b>Profit before tax</b>                 | <b>4,027</b> | <b>735</b>   | <b>4,762</b>  | <b>118</b> |
| <b>Business volumes (DKKbn)</b>          |              |              |               |            |
| Loans (excl. repo)                       | 444          | 66           | 510           | 115        |
| - o.w. mortgage loans                    | 341          | 53           | 394           | 116        |
| - o.w. bank loans                        | 103          | 13           | 116           | 112        |
| Deposits                                 | 122          | 36           | 157           | 129        |
| Assets under mgmt.                       | 208          | 60           | 268           | 129        |

## Highly complementary businesses



## Increasing distribution power and adding key competencies

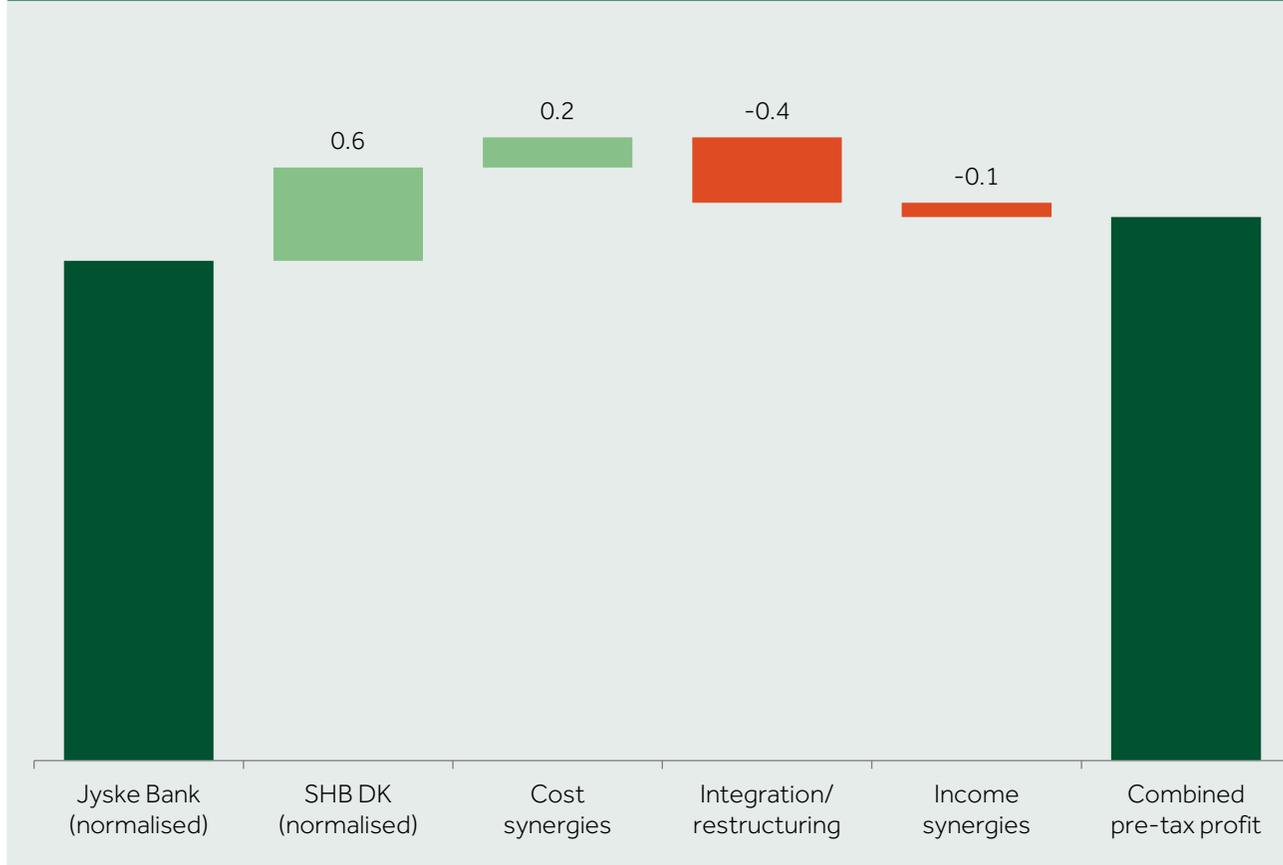


## Further diversifying portfolio by boosting share of private loans



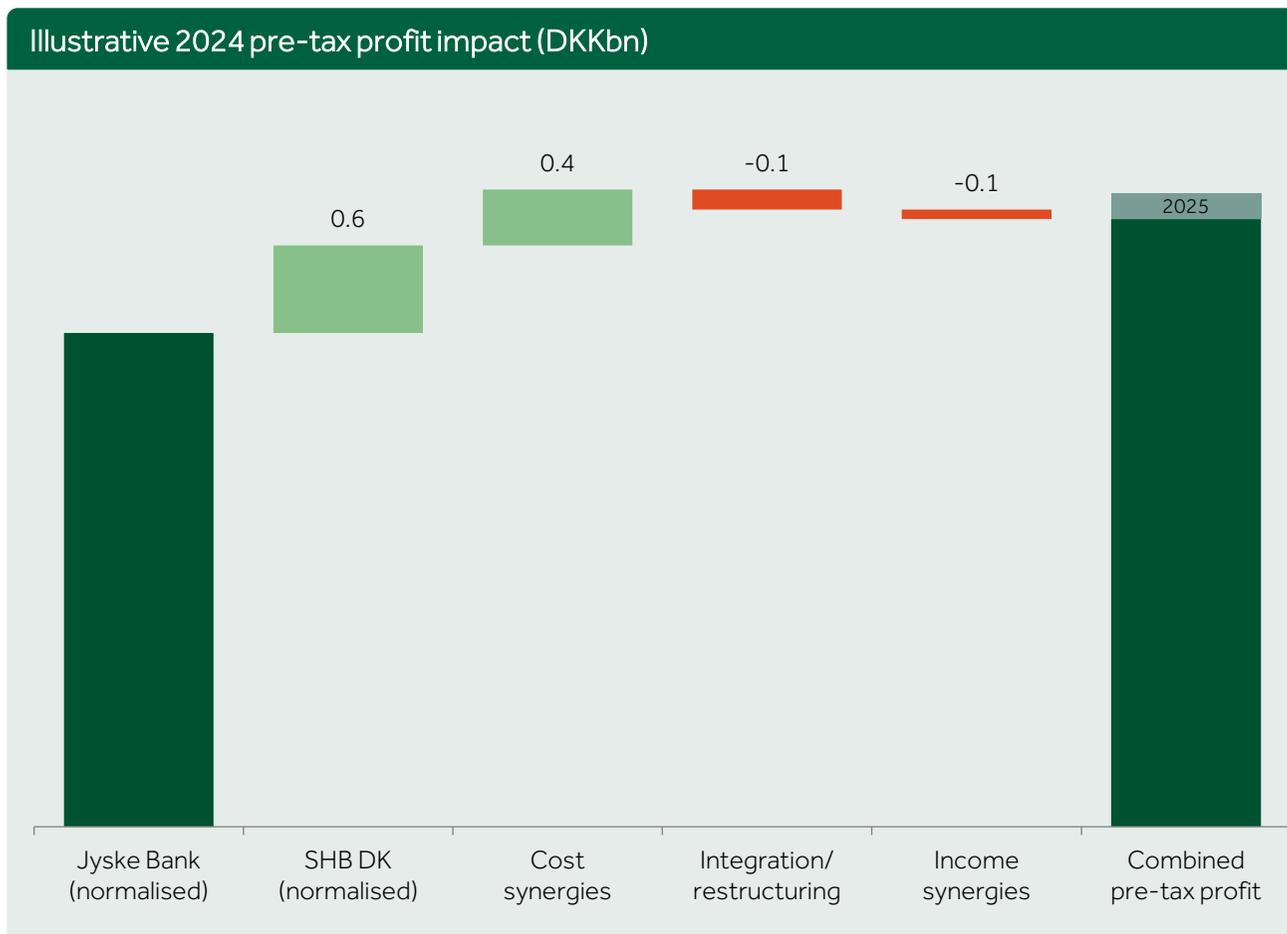
## Positive impact in the first year despite integration costs

Illustrative 2023 pre-tax profit impact (DKKbn)



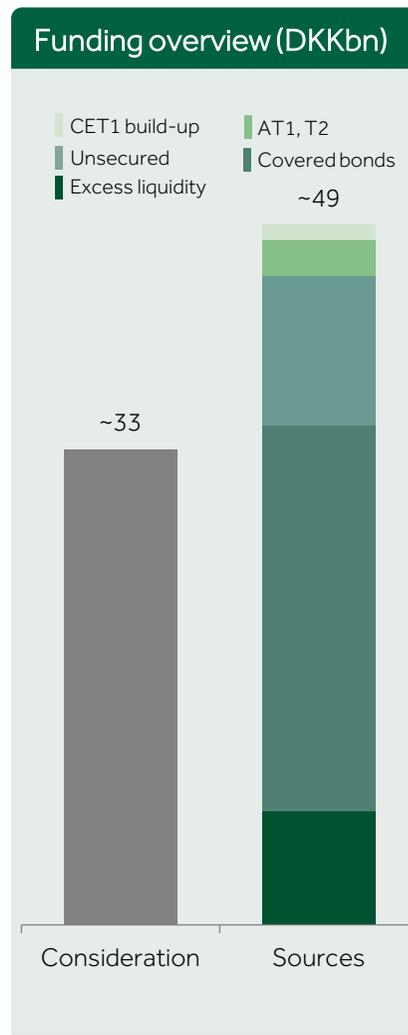
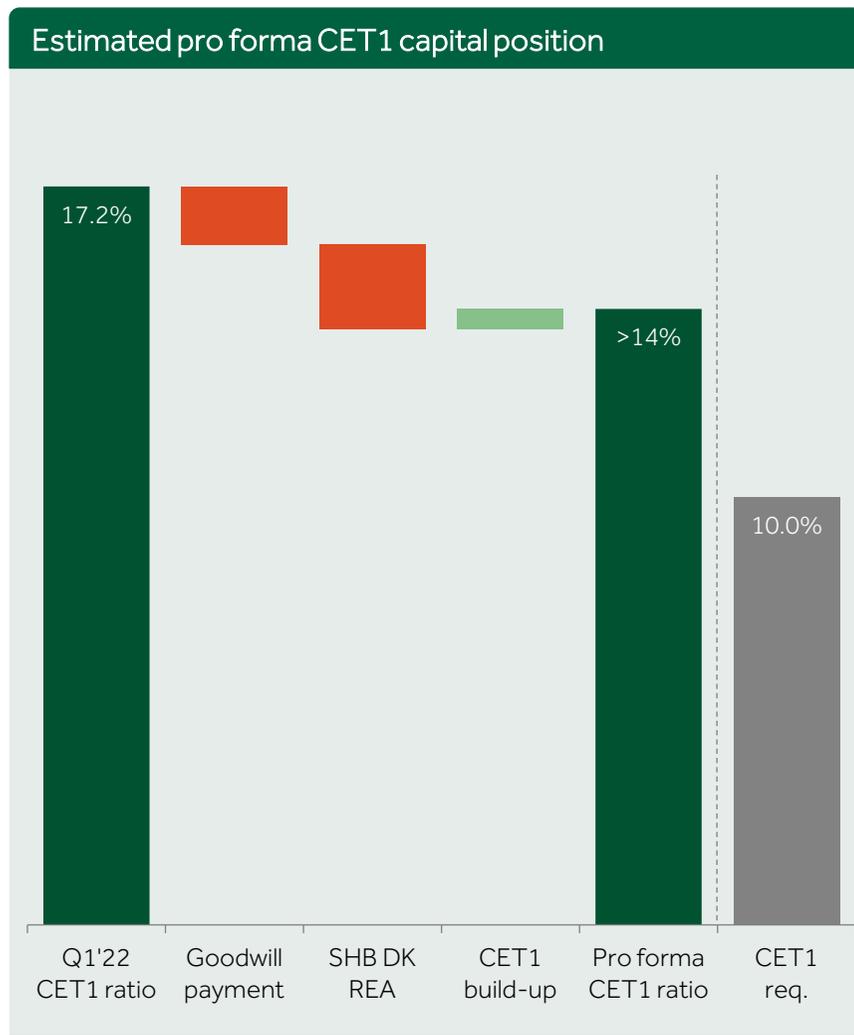
- Total pre-tax profit impact c. DKK 0.3bn in 2023 based on a limited contribution from synergies and normalized credit provisioning.
- Short-term cost synergies of c. DKK 0.2bn, primarily from leveraging common platform in replacing costs related to group services.
- Integration and restructuring costs of c. DKK 0.4bn related to IT migration, etc. in 2023. BEC (data central) exit fee to be incurred by seller.
- Negative income synergies due to potential customer churn, uncertainty as to Totalkredit fees as well as funding costs. Negligible effect from income initiatives included. Dialogue with seller on transferring selected Danish large corporates currently not in perimeter.

## Pre-tax profit run-rate lifted by c. 25% in the long term



- Fully-phased impact in 2025 with normalised **pre-tax profit of c. DKK 1bn** p.a. Total **synergies** (incl. AT1 costs) of c. DKK 0.3bn p.a. to be realised during 2024.
- **Cost synergies of c. DKK 0.4bn p.a.** from leveraging common platform and scale benefits to replace group services and reduce headcount, mainly by natural attrition across the combined entity.
- **Negative income synergies** included. Significant additional upside potential from e.g. higher interest rates, deposit margins, cross-selling of products, lower customer churn and increased repatriation of Totalkredit loans as well as dialogue with seller on selected Danish large corporates.

# CET1 ratio within range in 2023 without equity raise



- CET1 effects from transaction:
  - Goodwill payment of DKK 3.0bn.
  - REA increase of c. DKK 25bn.
  - CET1 build-up in 2022 in-line with guidance.
- CET1 ratio expected to be **back within mgmt. target range of 15-17% during 2023**, at which point **recommencing capital distribution** will be considered.
- Capital planning includes **adequate headroom** for potential consolidation effects.
- **No need for equity raise.** However, maintain the option to issue equity non-preemptively up to a cap of DKK 1.5bn.
- Funding plan indicates **significant excess funding flexibility**. Plan to issue AT1, T2 instruments of c. DKK 2.5bn as well as senior debt.

# Transaction is expected to close in Q4 2022

**20 June 2022**

## Public announcement

Signing and public announcement of agreement to acquire Handelsbanken Denmark.



**Q4 2022**

## Expected deal closing

Completion of acquisition following regulatory approvals.



**2024**

## Realization of synergies

Full realization of cost synergies during 2024, full financial impact seen from 2025 onwards.



## Between signing and closing Financing

Issuing AT1, T2 instruments of approx. DKK 2.5bn as well as senior debt.



**H2 2023**

## Expected completion of transition

Full migration of Handelsbanken Denmark customers and data to Jyske Bank platforms.

# Compelling transaction for all stakeholders involved



Customers

Benefit from strong platform to continue offering best-in-class advisory, products and services.



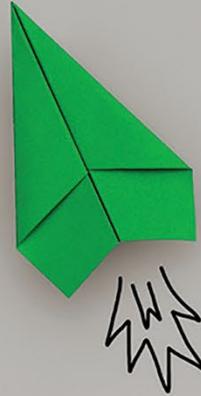
Employees

Attractive workplace with strong cultural alignment and excellent career opportunities.



Shareholders

Unique value-enhancing opportunity to add further scale and strengthen market position.



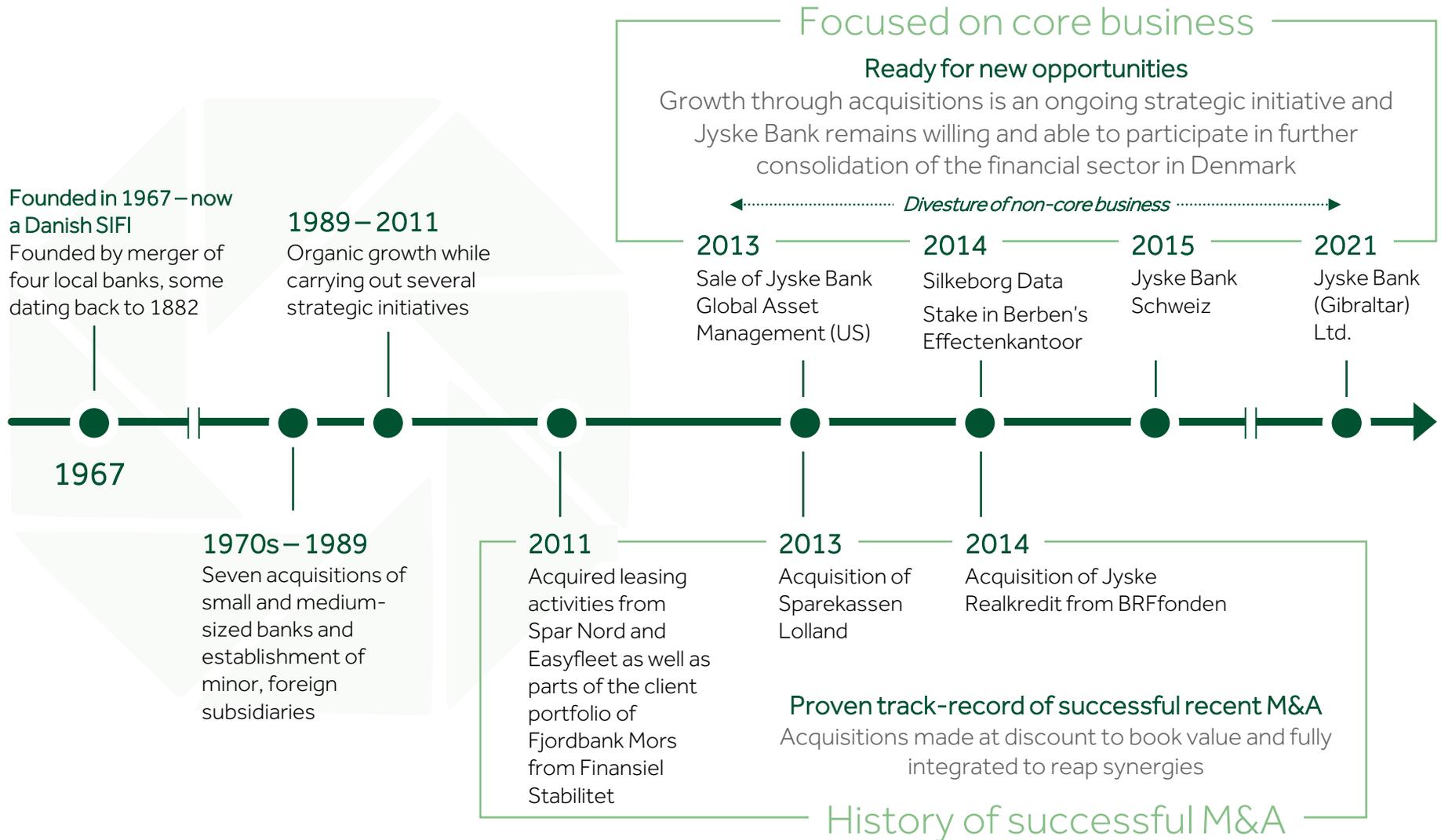
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# Appendix

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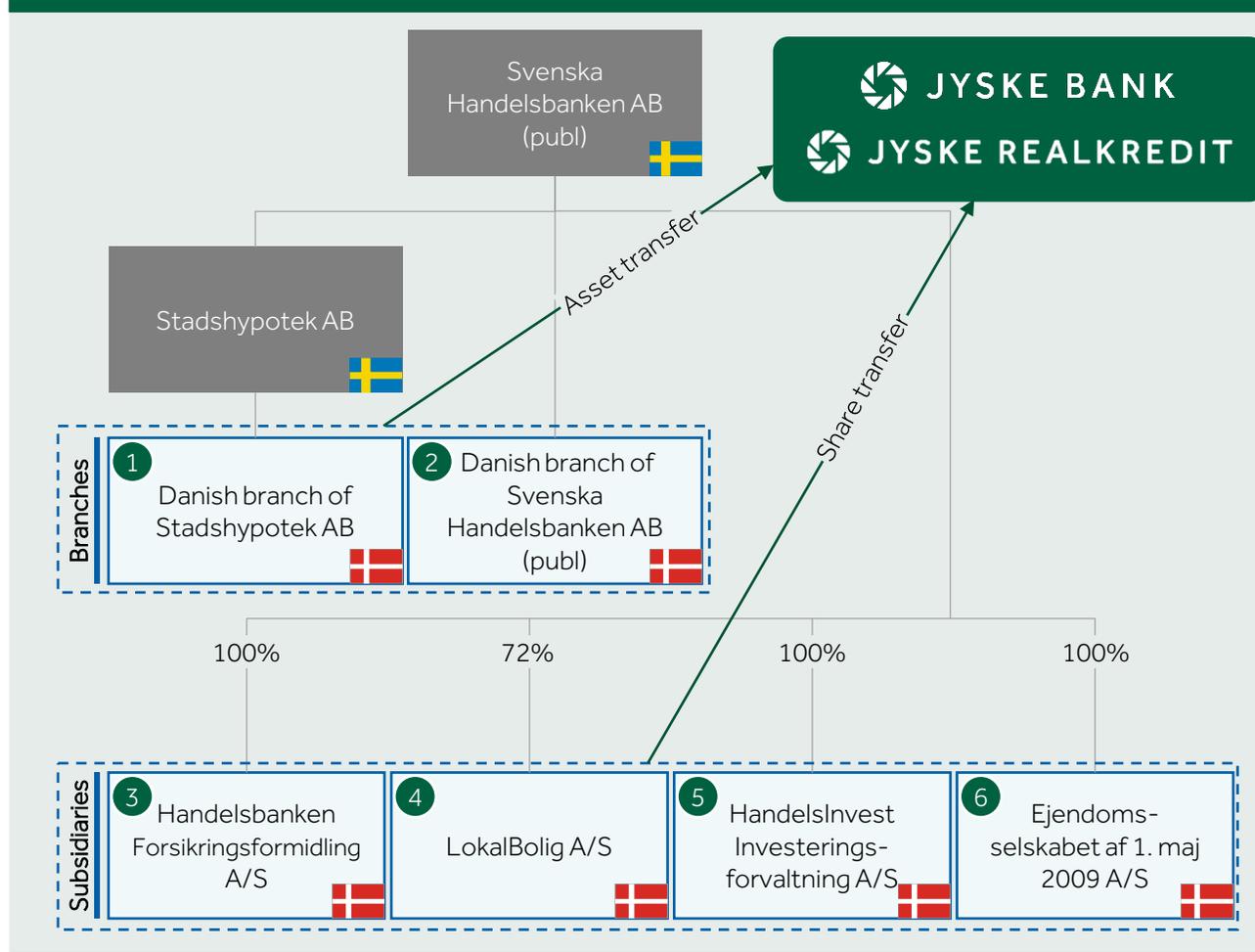


# Domestic consolidation is part of Jyske Bank's strategy



## Deal contemplated through asset and share transfers

## Illustrative transaction structure overview



1. Transfer of branch assets from Danish branch of Stadshypotek AB to Jyske Bank
2. Transfer of branch assets from Danish branch of Svenska Handelsbanken AB to Jyske Bank
3. Transfer of shares in Handelsbanken Forsikringsformidling A/S from Svenska Handelsbanken AB to Jyske Bank
4. Transfer of shares in LokalBolig A/S from Svenska Handelsbanken AB to Jyske Bank
5. Transfer of shares in HandelsInvest Investeringsforvaltning A/S from Svenska Handelsbanken AB to Jyske Bank
6. Transfer of shares in Ejendomsselskabet af 1. maj 2009 A/S from Svenska Handelsbanken AB to Jyske Bank

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