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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.

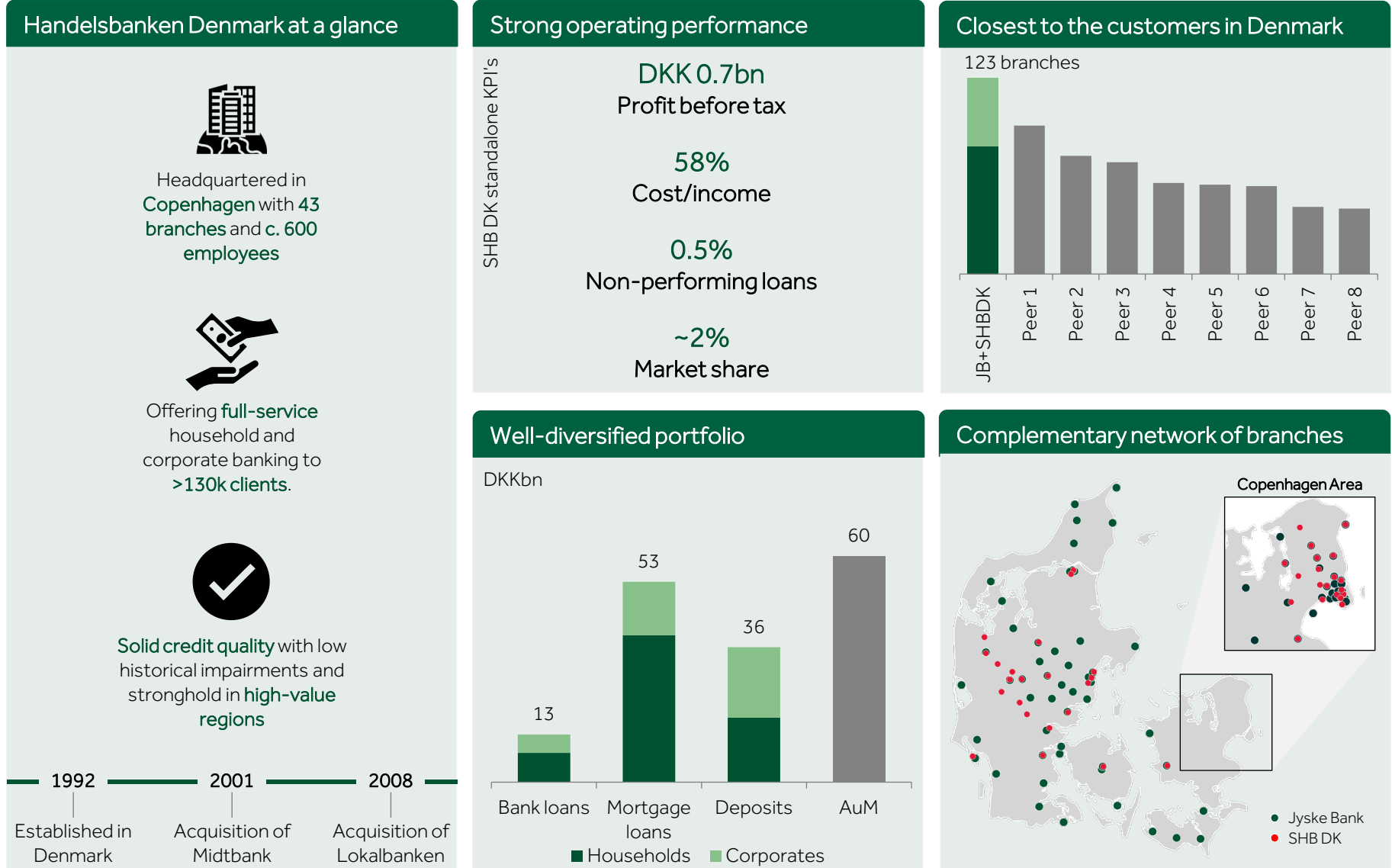


Strong capital and funding position allows for all cash deal and no need for equity raise.



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

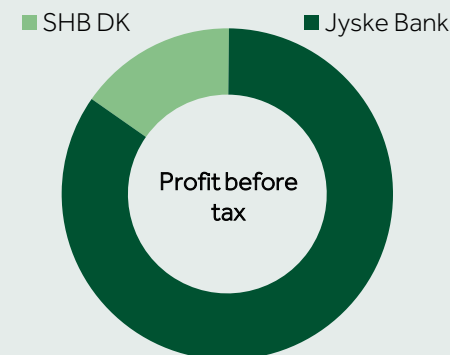


# Transaction adds critical scale to Jyske Bank

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

FY 2021	Jyske Bank	SHB DK	Pro forma	Index
<b>Condensed income statement (DKK m)</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 (DKK bn)</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

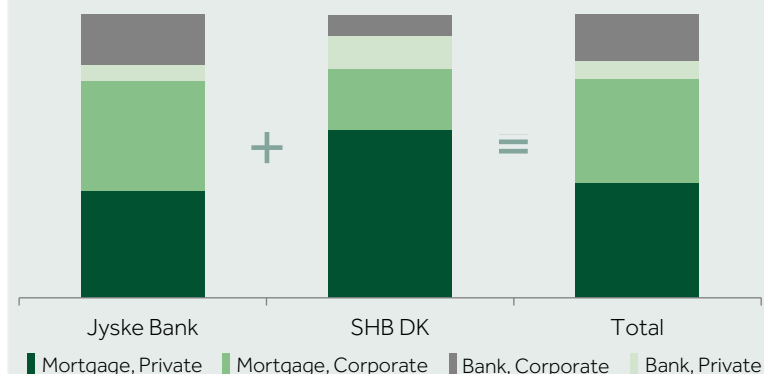
## Highly complementary businesses



## 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.

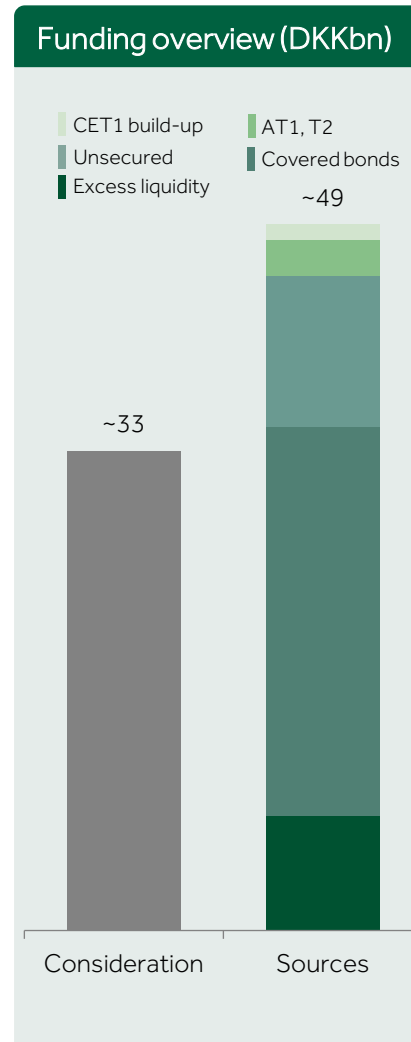
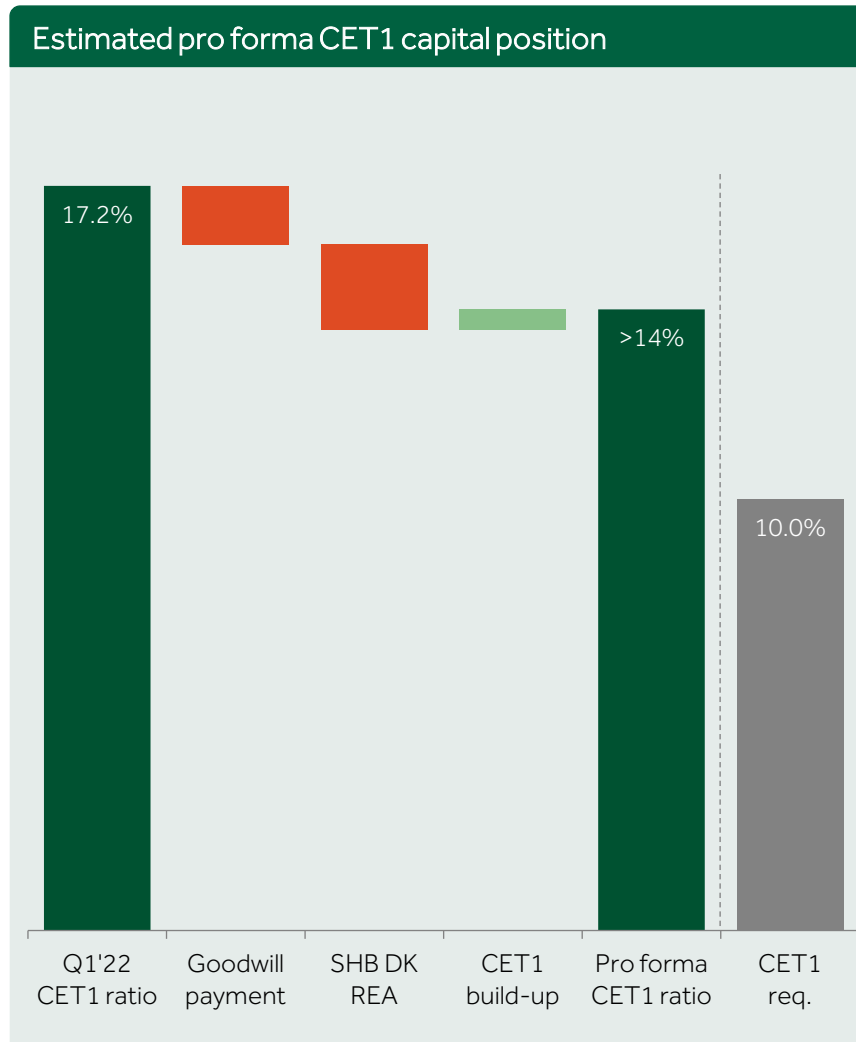
## Pre-tax profit run-rate lifted by c. 25% in the long term

Illustrative 2024 pre-tax profit impact (DKKbn)



- 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.



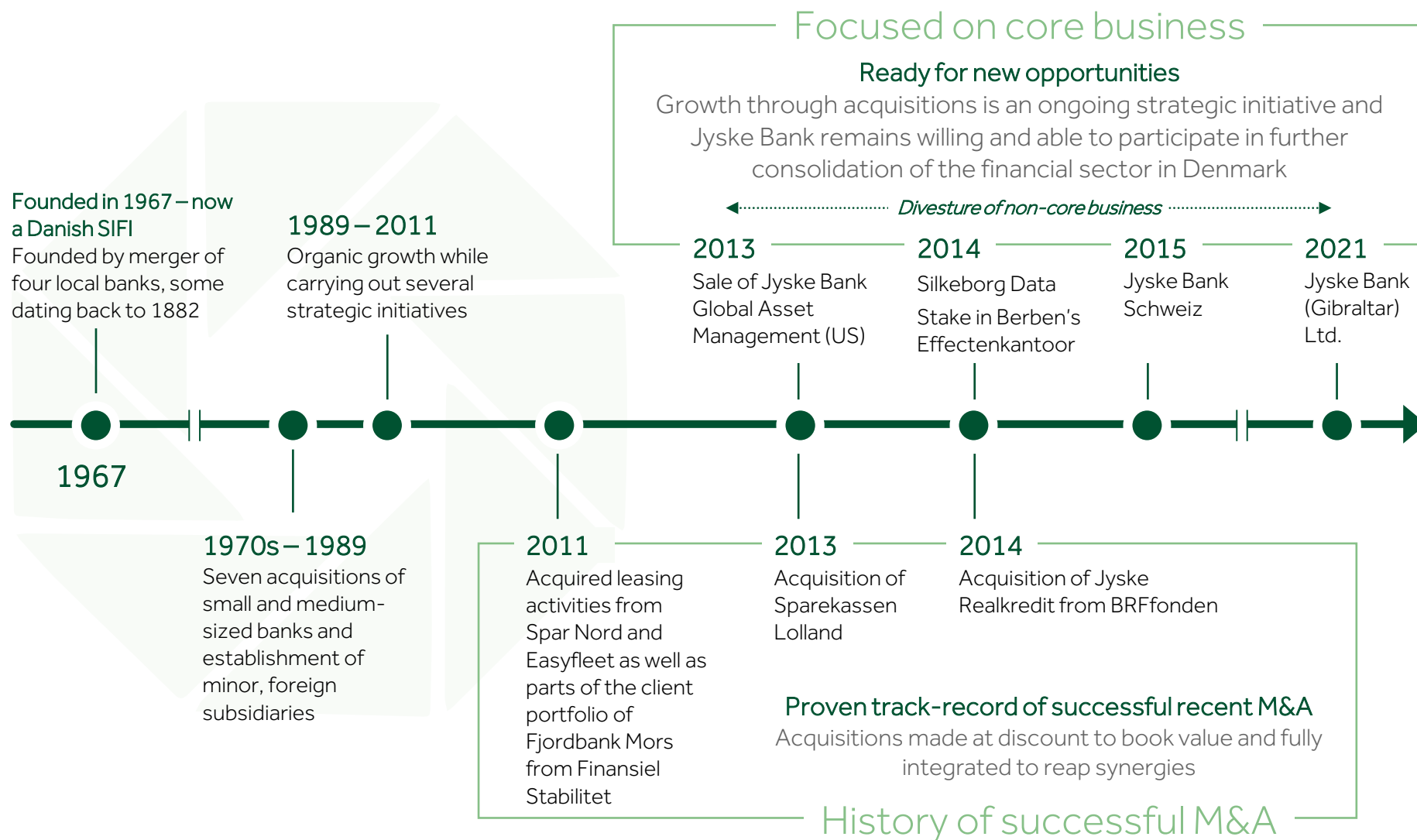
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## Appendix

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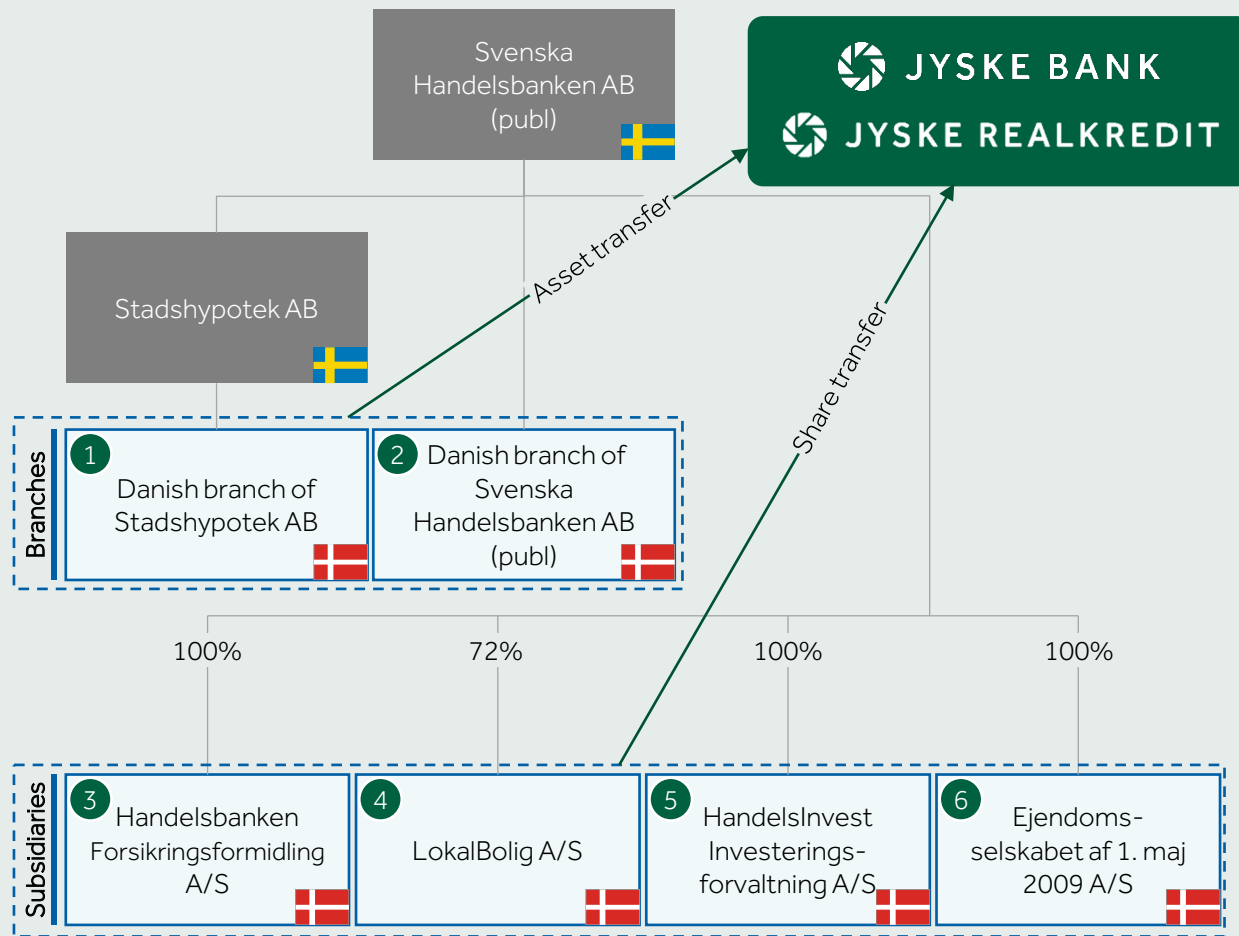


# Domestic consolidation is part of Jyske Bank's strategy



# 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 **Ejendoms-selskabet af 1. maj 2009 A/S** from Svenska Handelsbanken AB to Jyske Bank



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