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Spar Nord sharpens strategy and trims staff

In addition to the organizational restructuring announced in October in connection with the merger between Sparbank and Spar Nord, Spar Nord has today implemented a number of strategic initiatives in headquarters and support functions and in the asset management area. The underlying intention of the implemented initiatives, which are together intended to serve as catalysts for achieving future profitability and competitiveness for the Bank, is to sharpen the strategic focus on running a simpler retail bank.

The combined initiatives related to the integration of Sparbank's organization into Spar Nord and other implemented initiatives mean a downsizing of the Group's staff of about 150 persons, and thus a reduction of future annual payroll costs of around DKK 100 million.

Integration of Sparbank's organization after the merger

In October, when Spar Nord and Sparbank disclosed their plan to merge the two banks, it was announced that integrating Sparbank into Spar Nord after the merger was expected to result in a staff cut of about 100 full-time positions, primarily at headquarters, but also in towns and cities with a branch overlap.

The process of mapping out the future manning situation has now been completed, and the result is that 59 positions at headquarters and 41 at the local banks will be eliminated. 50 positions will be cut by voluntary retirement, etc., and 50 by dismissals.

The implemented downsizing cuts the Group's future payroll costs by DKK 65 million, with non-recurring costs of DKK 34 million being defrayed in 2012 and DKK 13 million in 2013 in connection with disemployment, voluntary retirement, etc.

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Strategic initiatives to create a simpler and more focused bank

Simultaneously with the staff trimming springing from the integration of Sparbank, a number of strategic initiatives have been implemented today, the sum of which is intended to contribute to transforming Spar Nord into a simpler retail bank with dedicated focus on retail customers and businesses in the local area. Thus, the overall focus is to boost profitability and competitiveness, without detracting from proximity and quality in customer service.

Thus, the implemented initiatives comprise headquarters and support functions and the asset management area, while local banks (branches) will not be affected.

Highlights of the initiatives:

- Organizational reshuffle at headquarters
  The number of departments in the support organization will be cut with a view to making it less complex and reducing coordination needs.

- Simpler structure in the asset management area
  The responsibility for asset management advice and related concepts will be centralized in Trading, Financial Markets & the International Division, and the structure of regional pension & investment centres will be changed such that investment and asset management advisers are brought together in larger, but more flexible units.

- The IRB project to be discontinued
  Due to uncertainty as to whether the future impact of a transition to IRB models in the capital sphere will match the resources invested, the ongoing work in preparing an application to the Danish Financial Supervisory Authority regarding this issue will be discontinued. The business insights and the methods that the preparatory project has given the Bank will be maintained and expanded.

- Development projects and operational tasks will be adapted to match the goal of running a simpler bank
  As a consequence of the strategic endeavours to run a simpler and more focused bank, the decision has been made to discontinue a number of development projects and operational tasks.

The implemented initiatives mean that 52 positions at headquarters and the regional pension & investment centres will be closed down. 12 of these positions will be cut by voluntary retirement, etc., and 40 by dismissals.

The implemented downsizing cuts the Group's future payroll costs by DKK 39 million, with non-recurring costs of DKK 29 million being defrayed in 2012 and DKK 5 million in 2013 in connection with disemployment, voluntary retirement, etc.

In addition to the staff-related savings, the implemented initiatives will result in a reduction of other operating costs of around DKK 20 million in 2013.

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Outlook

Compared with the previously announced estimate of around DKK 900 million in 2012 in core earnings before impairment and non-recurring costs related to the merger, it should be noted that the above-mentioned DKK 29 million by way of extraordinary costs related to the strategic restructuring in the wake of the merger will be expensed under core earnings.

As concerns 2013, the implemented initiatives underpin Spar Nord's expectation for core earnings before impairment and non-recurring costs related to the merger with Sparbank to end around DKK 1,100 million.

Please contact Lasse Nyby, Chief Executive Officer, at tel. +45 9634 4011, or Ole Madsen, Senior Vice President, Corporate Communications, at tel. +45 9634 4010 if you have any questions regarding the contents of this Announcement.

Sincerely yours,
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