

Denmark's Danske Bank to cut 2,000 jobs

Written by AFP / The Swedish Wire

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COPENHAGEN, November 1, 2011 (AFP) - Denmark's biggest bank, Danske Bank, will cut 2,000 jobs as part of a three-year savings programme, it said on Tuesday as it posted a surprise third-quarter net loss amid poor global economic growth.

Danske Bank plans to slash expenses by 10.0 percent or 2.0 billion kroner (269 million euros, \$370 million) over the next three years, it said.

"Results are under pressure because of the financial crisis, new regulation and high funding costs. To improve earnings, we focus on our expenses. The group aims to reduce operating expenses by 10 percent from 2012 to 2014," the bank said in a statement.

A "substantial number of the reductions" would be made without redundancies, through retirement and optional departures, it said.

The bank posted a net loss of 384 million kroner in the third quarter, compared to a profit of 887 million kroner in the same period a year earlier, due mainly to weak results in its insurance business.

Analysts polled by Dow Jones Newswires had expected a profit of 718 million kroner.

The news sent Danske Bank's share price down by 6.11 percent to 69.95 kroner in mid-morning trading, on a Copenhagen exchange slumping 3.0 percent.

Net interest income rose to 6.01 billion kroner in the quarter from 5.84 billion, while loan losses totalled 2.80, down from 3.08 billion.

Net trading income plunged meanwhile from 1.9 billion kroner a year ago to 267 million, a result of the global financial turmoil.

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"Volatile interest rates, equity prices and exchange rates led to low net trading income and a loss on the insurance business," it said.

Danske Bank said its Irish and Northern Ireland banking units reported "substantial loan impairment charges and both units posted losses."

"Our third-quarter results suffered from the intensified financial turmoil," chief executive Peter Straarup said.

"The global economy remains very fragile, and growth rates in the western world are expected to be low in the remainder of 2011," the bank said.

"The global economic developments could contribute to making the group's loan impairment charges higher in the fourth quarter than in the third quarter, but the figure for the full year is still expected to be lower than the 2010 figure," it added.

Danske Bank also announced it had begun searching for a new chief executive to replace Straarup, who plans to retire after recently turning 60. He will stay on until a successor is found.

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