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vestjyskBANK's Quarterly Report for Q1 2014

Summary of vestjyskBANK's results in Q1 2014:

- Results before tax at DKK 29 million (Q1 2013: DKK 36 million);
- Core income of DKK 268 million (Q1 2013: DKK 336 million), of which market value adjustments stood at DKK 29 million (DKK 70 million in Q1 2013);
- Rate of cost at 56.8 (Q1 2013: 47.7 per cent);
- Core earnings before impairments at DKK 116 million (Q1 2013: DKK 176 million);
- Impairments of loans and receivables, etc. at DKK 87 million (Q1 2013: DKK 140 million);
- Deposit surplus of DKK 1.0 billion compared with a deposit deficit of DKK 2.7 billion at 31 March 2013.
- Solvency ratio under the new capital adequacy rules at 10.2; Tier 1 capital ratio at 9.1; and an individual solvency need of 11.0 per cent. This corresponds to a shortfall of 0.8 percentage points or DKK 164 million at 31 March 2014;
- Liquidity cover ratio at 175.4 per cent as of 31 March 2014;
- Redemption of bond loans guaranteed by the Financial Stability Company of DKK 500 million. Outstanding debt thereafter at DKK 3.2 billion (DKK 4.7 billion at 31 March 2013).

Fiscal year 2014 outlook:

- Core earnings at around DKK 450-500 million before impairment charges;
- Restoration of the Bank's solvency surplus in relation to the Bank's individual solvency need;
- Significant decline in impairment need in comparison with 2013 but uncertainty remains about the precise level.

Solvency requirement/restoration plan:

- The Bank issued a company announcement on 1 April 2014 regarding its failure to meet the solvency need under the new CRD IV rules that had just entered into force for determining the solvency of banks. On that date, the Bank calculated its estimated solvency ratio at approx. 10.0 per cent compared with an estimated individual solvency need of 10.9 per cent. In consequence of this solvency shortfall, the Financial Supervisory Authority (FSA), cf. the same company announcement, has established a solvency requirement of 10.9 per cent and ordered the Bank to implement certain transactional restrictions, such as not to pay out dividends or interest for the Bank's already-issued own funds elements and refrain from assuming any new major risks. Additionally, the Bank has been ordered to draft a so-called restoration plan. This plan was submitted to the FSA on 7 April 2014 and details various measures targeted at strengthening the Bank's solvency. Realising the measures to meet the current solvency need of 11 per cent requires the approval of both the FSA and the European Commission. FSA is updated regularly regarding the realisation, in full or in part, of the plan.

Any inquiries regarding the present announcement should be addressed to Michael N. Petersen, Acting CEO, at tel. +45 96 63 21 52.

vestjyskBANK

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