



## **Valuation Experts' Statement issued by Independent Auditor**

To the Danish Business Authority and Creditors of the Merging Banks

### *Introduction*

The Boards of Directors of Vestjysk Bank A/S and Aarhus Lokalbanc Aktieselskab have appointed us independent valuation experts in pursuance of section 37, cf section 242, of the Danish Companies Act, in connection with the merger of Vestjysk Bank A/S and Aarhus Lokalbanc Aktieselskab with Vestjysk Bank A/S as the continuing bank.

In pursuance of section 237 of the Danish Companies Act, the Boards of Directors of Vestjysk Bank A/S and Aarhus Lokalbanc Aktieselskab have on 28 February 2012 prepared a Merger Plan relating to the merger of the banks. In connection with the merger, all assets and liabilities of the discontinuing bank, Aarhus Lokalbanc Aktieselskab, will be transferred to the continuing bank, Vestjysk Bank A/S. The merger will take effect for accounting purposes as of the time of the merger, cf. section 6.1 of the Merger Plan.

We have accepted the assignment and have prepared the following Statement.

In connection with the Merger Plan, a Capital Plan has been published. The implementation of the Capital Plan, the individual elements and the related terms and conditions are described in the published Company Announcement on the Merger dated 25 January 2012. The individual elements of the Capital Plan are interdependent and several elements are outside the management scope of authority.

In the signed Merger Plan, the Managements have described in detail the risk factors related to the merger. Moreover, the Managements have informed us that in case some of the risk factors described become a reality, this may have a material negative impact on the operations, expectations and financial position of the continuing bank.

It is the responsibility of the Boards of Directors of the merging banks that the creditors of Vestjysk Bank A/S and Aarhus Lokalbanc Aktieselskab are sufficiently secured after the merger.

Our work as valuation experts is to verify whether the actual solvency of the continuing bank at the merger date exceeds the solvency needs stated by the Managements in pursuance of the Danish Financial Business Act.

### *Description of the Basis of Work*

In their capacity of financial institutions, the banks involved are subject to the Danish Financial Business Act which, among other things, includes specific and special requirements to the solvency of financial institutions. The purpose of such requirements is, among other things, to ensure that financial institutions have adequate solvency to conduct business as a financial undertaking in a reasonable manner.

Based on our understanding of the regulatory basis of this Statement and on Vestjysk Bank A/S as the continuing bank complying with the solvency requirements of the Danish Financial Business Act at the merger date, it may basically be assumed that the creditors are sufficiently secured after the merger. The solvency and minimum capital requirements of the Danish Financial Business Act are considered the most important provisions to secure the claims of depositors, bondholders, policy holders and other creditors. The rules ensure that all financial undertakings have a capital buffer for creditor claims.

The purpose of this Statement is therefore to conclude that the creditors are assumed to be sufficiently secured at the merger date and combined with the solvency requirements of the Danish Financial Business Act, we have based our Statement on this providing an adequate basis for concluding that the creditors are sufficiently secured after the merger, cf section 242 of the Danish Companies Act.



In pursuance of section 204 of the Danish Financial Business Act, the merger must be approved by the Danish Financial Supervisory Authority.

Moreover, it follows from draft Document 51 that the issue of an individual state guarantee by the Danish Financial Stability Company is conditional upon the Danish Financial Supervisory Authority:

- assessing that a reliable liquidity plan is available;
- assessing that the continuing bank has a viable business plan, cf section 344(3) of the Danish Financial Business Act;
- approving that the merger, cf section 204 of the Danish Financial Business Act; and
- assessing that the continuing bank to be viable, cf requirement as to approval of business plan and merger.

Based on the Managements' negotiations so far with relevant authorities and stakeholders, it is the Managements' opinion that the negotiations may be concluded so that the Capital Plan will be completed in its entirety. Moreover, in the Managements' opinion the creditors can be considered sufficiently secured after the merger.

#### *Scope of Work*

We conducted our work in accordance with the Danish standard on other assurance engagements in order to obtain reasonable assurance in respect of our conclusion. As part of our work, we have reviewed the Merger Plan signed by the Boards of Directors. We have moreover analysed the solvency statements of both banks at 31 December 2011 and of the bank continuing after the merger. We have examined the models applied by the Managements at the statement of the solvency needs at 31 December 2011. This did not give rise to any comments. We have observed that subsequent to the merger, the merged banks comply with the statutory minimum solvency requirement. We have furthermore observed that in the autumn of 2011 the solvency needs statement was reviewed by the Danish Financial Supervisory Authority without comments. In connection with our review or in the period until the date of issuing this Statement, we did not identify any matters which have given rise to corrections to the solvency needs statement. Therefore, in our opinion, the current solvency of the merged bank at 31 December 2011 still complies with the statutory requirements in this respect and it exceeds the merged bank's solvency needs stated by the Managements. We believe that the work performed provides a reasonable basis for our conclusion.

#### *Conclusion*

In our opinion, the creditors of the merging banks can be considered sufficiently secured after the merger, cf section 242 of the Danish Companies Act.

Holstebro, den 28. februar 2012

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

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