

# Merger Statement

for the merger of Vestjysk Bank A/S, company reg. no. 34 63 13 28 and Aarhus Lokalbanc Aktieselskab, company reg. no. 37 72 91 16

*This document has been prepared in a Danish-language and an English-language version. In the event of discrepancies, the Danish version shall prevail.*

In connection with the merger plan between Vestjysk Bank A/S and Aarhus Lokalkbank Aktieselskab the board of directors of Aarhus Lokalkbank Aktieselskab has prepared this merger statement.

The merger statement has been prepared pursuant to section 238 of the Danish Companies Act (in Danish “*selskabsloven*”).

## **1 The companies' background**

### **1.1 Vestjysk Bank A/S:**

Vestjysk Bank A/S conducts business as a financial institution. Prior to the merger, the company's share capital amounts to nominally DKK 266,779,950 divided into shares of DKK 10 each or multiples thereof. The company's shares are admitted to trading on NASDAQ OMX Copenhagen A/S.

### **1.2 Aarhus Lokalkbank Aktieselskab:**

Aarhus Lokalkbank Aktieselskab also conducts business as a financial institution. Prior to the merger, the company's share capital amounts to nominally DKK 162,036,550 divided into shares of DKK 10 each or multiples thereof. The company's shares are admitted to trading on NASDAQ OMX Copenhagen A/S.

## **2 Reasons for the merger**

2.1 On 25 January 2012 Vestjysk Bank A/S and Aarhus Lokalkbank Aktieselskab announced that the two banks contemplated to merge with Vestjysk Bank A/S as the continuing company and to execute a capital plan in the continuing company, Vestjysk Bank A/S.

2.2 On this basis the boards of directors of the two banks have entered into a merger plan today. The merger plan originates from a mutual desire of the board of directors of both banks to expand the commercial basis in Eastern Jutland and to create a stronger Jutland regional bank through operational synergies.

2.3 A merger of the two banks will furthermore create a basis for the contemplated capital plan that – if executed – will result in a strengthening of the long term liquidity and capital base of the continuing bank.

2.4 The merger is furthermore intended to address the funding challenges of Vestjysk Bank A/S and to create an improved basis for a future successive reduction of the state guaranteed loans.

2.5 The management of Aarhus Lokalkbank Aktieselskab looks forward to the merger with Vestjysk Bank A/S, which after the completion of its capital plan will emerge as a stronger regional bank. The hardship of the present presents additional challenges, especially for small banks, and therefore a merger of the two banks is believed to be beneficial to shareholders, customers and employees.

**3 The completion of the merger**

3.1 As of the merger, Vestjysk Bank A/S will be the continuing company and Aarhus Lokalkbank Aktieselskab will be dissolved. Reference is made to the merger plan for a description of the further terms and conditions for completion of the merger.

3.2 The merger will be effected as a taxable merger.

**4 Consideration**

4.1 As consideration for the cancelled shares, shareholders in Aarhus Lokalkbank Aktieselskab receive shares in Vestjysk Bank A/S at an exchange ratio of 1:4. For every four shares of nominally DKK 10 in Aarhus Lokalkbank Aktieselskab shareholders in Aarhus Lokalkbank Aktieselskab receive one share of nominally DKK 10 in Vestjysk Bank A/S. If a shareholder in Aarhus Lokalkbank Aktieselskab holds a number of shares in Aarhus Lokalkbank Aktieselskab that is not divisible with four, such shareholder will, in addition to ordinary shares, also receive temporary fractional shares in Vestjysk Bank A/S. The allocation and handling of fractional shares in Vestjysk Bank A/S is described in the merger plan to which reference is made.

4.2 The exchange ratio is final and a subsequent adjustment of the consideration cannot take place, including in case of error etc. in the basis for determination of the exchange ratio.

4.3 Shares in Aarhus Lokalkbank Aktieselskab held by the merging banks at the time of the merger will be cancelled and thus not exchanged to shares in Vestjysk Bank A/S.

4.4 As a result of the merger, the share capital in Vestjysk Bank A/S will be increased with nominally DKK 39,664,440 to DKK 306,444,390.

4.5 A valuation report will not be prepared in connection with the capital increase, as a valuation experts' statement on the merger plan pursuant to section 241 of the Danish Companies Act as well as a valuation experts' declaration on the creditors' position pursuant to section 242 of the Danish Companies Act have been prepared.

4.6 The exchange ratio has been determined through negotiation between the boards of directors of the merging banks and on the basis of the two banks' latest annual reports, profit forecasts and other matters that are usually taken into consideration in such negotiations. When determining the exchange ratio, the boards of directors have taken into account the capital increase in connection with the conversion of state injected hybrid capital in Vestjysk Bank A/S on 20 February 2012. In the opinion of the boards of directors, the method used is fair and objective. The boards of directors have not experienced any special difficulties in connection with the determination of the consideration to the shareholders in the discontinuing company, Aarhus Lokalkbank Aktieselskab.

4.7 Reference is also made to valuation experts' statement on the fairness and objectivity of the consideration to the shareholders in Aarhus Lokalkbank Aktieselskab prepared in accordance with section 241 of the Danish Companies Act.

## **5 Interim accounts**

As the merger plan is signed before six months after the expiry of the financial year to which both banks' most recent annual report relates, an interim balance sheet must not be prepared in connection with the merger, cf. section 239 of the Danish Companies Act.

## **6 Documents for review**

In accordance with section 245(6) of the Danish Companies Act, the corporate documents to be prepared pursuant to chapter 15 of the Danish Companies Act and as set out in the merger plan will be available for the shareholders' review at the office of the company and be available on the website of the company not later than four weeks prior to resolution on approval on the merger is to be passed.

## **7 The board of directors and management of the continuing company**

7.1 The board of director of the continuing company, Vestjysk Bank A/S, will consist of the existing board of directors of the company, however, a proposal will be made to elect Carsten Andersen from Aarhus Lokalbanc Aktieselskab as a new member of the board of director and subsequent chairman of the board of directors. It is the intention of the merging parties that the existing chairman of the board of directors of Vestjysk Bank A/S, Anders Kristian Bech, is elected as deputy chairman of the board of directors in the continuing company. Provided that the abovementioned persons are elected and that members of the board of directors of Vestjysk Bank A/S who are proposed re-elected are re-elected, the board of directors of the continuing company will consist of: Carsten Andersen (chairman), Anders Kristian Bech (deputy chairman), Poul Hjulmand, Bjørn Albinus, Carl Olav Birk Jensen, Kirsten Skou Lundgaard-Karlshøj, Peter Bækkelund Rasmussen (elected by the employees), Palle Hoffmann (elected by the employees) and Malene Rønø (elected by the employees).

7.2 The executive management of the continuing company will consist of Frank Kristensen and Vagn Thorsager with Frank Kristensen as chief executive officer.

## **8 Approval**

8.1 In Vestjysk Bank A/S, a proposal to approve the merger pursuant to section 247(1) of the Danish Companies will be made at the annual general meeting on 29 March 2012.

8.2 In Aarhus Lokalbanc Aktieselskab, a proposal to approve the merger pursuant to section 246(1) of the Danish Companies will be made at the annual general meeting on 28 March 2012.

8.1 If deemed appropriate by the boards of directors, approval of the merger can be postponed to a later point in time. The merger cannot be completed, if the merger has not been approved and filed for registration with the Danish Business Authority on 28 February 2013 at the latest.

Aarhus, on 28 February 2012

The board of directors of Aarhus Lokalbanc Aktieselskab:

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Carsten Andersen

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Flemming Johansen

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Jørn Sørensen

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Jan Vestergaard Rasmussen

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Camilla Lund

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Hans Peder Hansen

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Per Enevoldsen