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Vestjysk Bank initiates voluntary conversion of approx. DKK 575 mill. government hybrid core capital

In continuation of the company announcement on 12 December 2013 regarding the status of investigations on possible structural measures to improve Vestjysk Bank's capital resources, Vestjysk Bank has decided to initiate voluntary conversion of a part of Vestjysk Bank's government hybrid core capital.

The conversion will include government hybrid core capital having a principal of approximately DKK 575 mill. obtained by Vestjysk Bank pursuant to agreement dated 20 August 2009. Accrued interest will also be included in the conversion and is expected to amount to approximately DKK 12 million assuming the conversion is completed in mid-January 2014 as planned.

The conversion will be effected in accordance with the terms and conditions of the abovementioned agreement. The terms and conditions are included as appendix 1 of Vestjysk Bank's Articles of Association and can be found on the bank's website, www.vestjyskbank.dk. The conversion of accrued interest will take place pursuant to a separate decision by the Board of Directors to increase the share capital.

The conversion price will be fixed as the market value of the bank's shares. The market value will be determined by a valuation expert appointed by FSR – Danish Accountants on the basis of the guidelines set out in the agreement on government hybrid core capital as of 20 August 2009.

The conversion is expected to be completed as soon as possible after the announcement of the valuation report. The valuation report must be available within three weeks after the conversion notice.

The Danish State's ownership percentage of the bank post-conversion will depend on the conversion price determined by the valuation expert.

The conversion, when taken by itself, will imply an improvement of the bank's common equity Tier 1 capital ratio, which as of 2014 will be subject to separate requirements under the new CRD IV rules, while the conversion, when taken by itself, will imply only a marginal improvement of the bank's solvency ratio.

The development in the bank's solvency ratio and solvency needs, and thus the bank's compliance with solvency requirements in relation to CRD IV going forward, will continue to be subject to considerable uncertainty, and will among others depend on the bank's financial performance, the impairments of the bank and the effect of the continuous balance sheet reductions.

The bank will continue its unchanged efforts to find a more lasting solution to the bank's capital challenges as described in the company announcement of 12 December 2013.

Please direct inquiries regarding this announcement to CEO Vagn Thorsager at +45 96 63 21 03.

Vestjysk Bank A/S

Steen Hemmingsen
Chairman of the Board

Vagn Thorsager
CEO