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vestjyskBANK's Half-Year Report 2014

Summary of vestjyskBANK's results in first half 2014:

- Result before tax at DKK 70 million (HY 2013: DKK -65 million);
- Core income of DKK 564 million (HY 2013: DKK 641 million), of which market value adjustments represented DKK 68 million (HY 2013: DKK 90 million);
- Rate of cost at 52.1% (HY 2013: 48.8%);
- Core earnings before impairments at DKK 270 million (HY 2013: DKK 328 million);
- Impairments of loans and receivables, etc. at DKK 200 million (HY 2013: DKK 393 million);
- Deposit surplus of DKK 1.9 billion compared with a deposit deficit of DKK 2.0 billion at 30 June 2013;
- Solvency ratio under the new capital adequacy rules at 10.8%; Tier 1 capital ratio at 9.6%; and an individual solvency need of 11.1%. This corresponds to a shortfall of 0.3 percentage points or DKK 58 million at 30 June 2014;
- Liquidity surplus at 124.2% at 30 June 2014; and
- Reduction of government credit facility by DKK 1.5 billion, after which it stood at DKK 2.2 billion at 30 June 2014.

Fiscal year 2014 outlook:

- Core earnings at around DKK 450-500 million before impairment charges;
- Strengthening of the Bank's solvency in relation to its individual solvency need;
- Significantly reduced need for impairments compared with 2013 but uncertainty remains about the precise level.

Solvency requirement/restoration plan:

- On 1 April 2014, the Bank issued a company announcement regarding its failure to meet the solvency need under the new CRD IV rules for determining bank solvency. These rules had just entered into force at the time. 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, set 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 to refrain from incurring any new major risks. Additionally, the Bank was ordered to draft a so-called restoration plan. The Bank submitted this plan to the FSA on 7 April 2014 and it detailed various measures to strengthen the Bank's solvency.
- The negotiations of measures to realise the current solvency need of 11.1 per cent have now been finalised and approved by the relevant authorities. In extension of the publication of the half-year report, the Bank will issue a separate company announcement detailing the status of its restoration plan.

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

Vestjysk Bank A/S

Vagn Thorsager
Chairman

Michael N. Petersen
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