

The Danish Financial Supervisory Authority
NASDAQ OMX Copenhagen A/S

Vestjysk Bank A/S
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vestjyskBANK's 2014 Annual Report

In 2014, vestjyskBANK realised a loss before tax of DKK -191 million, which is viewed as unsatisfactory, in light of the continuously large although declining need for impairments. Nevertheless, the Bank attained satisfactory core earnings before impairments of DKK 493 million, which is in line with Management's expectations at the outset of the year. The Bank's basic operations are regarded as sound.

The Bank is continuing its efforts to improve its capital situation by, among other things, strengthening its solvency surplus and its coverage in relation to the requirement for Common Equity Tier 1 capital ratio.

Summary of vestjyskBANK's results for 2014:

- Loss before tax of DKK -191 million (DKK -442 million in 2013)
- Core income of DKK 1,053 million (DKK 1,234 million in 2013)
- Cost ratio of 53% (49% in 2013)
- Personnel and administrative expenses of DKK 509 million (DKK 539 million in 2013)
- Core earnings before impairments of DKK 493 million (DKK 631 million in 2013)
- Impairment of loans and receivables, etc. of DKK 684 million (DKK 1,073 million in 2013). Impairments for agriculture constitute the greatest share of the year's impairments.
- Deposit surplus of DKK 4.0 billion at year-end 2014 (DKK 0.5 billion at year-end 2013)
- The process of paring down the Bank's balance sheet is progressing satisfactorily. Over the course of 2014, the balance sheet was reduced by DKK 4.3 billion, corresponding to a decline of 16.5%.
- Solvency ratio of 12.1%; solvency need of 10.4%, and solvency surplus of 1.7 percentage points, or approx. DKK 300 million at year-end 2014
- Government Additional Tier 1 capital of approx. DKK 588 million was converted in January 2014 in order to bolster the Bank's solvency. As a result of that conversion, the stake of the Danish State currently stands at 80.62% and the ownership share of the state-owned Financial Stability Company (Finansiel Stabilitet A/S) comprises 0.86% of the total share capital and votes.
- New solvency rules went into effect at 31 March 2014, which meant that the Bank no longer met the individual solvency requirement and therefore had to issue a company announcement at 1 April 2014. Accordingly, the Danish Financial Supervisory Authority ordered the Bank to draw up a restructuring plan with measures to strengthen its solvency. On 21 August 2014, the Bank issued a company announcement that agreements had been signed for new loans taken out as subordinated capital and for the restructuring of Additional Tier 1 capital. Accordingly, the Bank was once more in compliance with its individual solvency need.

- At 23 October 2014, the Bank sold shares in DLR Kredit A/S of DKK 250 million to further strengthen its solvency.
- Common Equity Tier 1 capital ratio of 7.1% at year-end 2014, compared with a calculated requirement of 6.4%. Coverage of 0.7 percentage points, corresponding to DKK 125 million. Technically, the requirement for the Common Equity Tier 1 capital ratio was raised by 0.5 percentage points at 1 January 2015, which all else being equal will result in a corresponding decline in the Bank's coverage.
- Coverage in relation to statutory liquidity requirements of 136.2% at year-end 2014
- The original government guarantee framework of DKK 8.6 billion granted in 2012 in connection with the merger with Aarhus Lokalbank A/S had been reduced to DKK 0.4 billion by 31 December 2014. By 10 February 2015, the guarantee framework had been eliminated in full, nearly 1½ years before the agreed-upon repayment deadline.
- The negotiations with the EU Commission relating to the Bank's restructuring plan have yet to be concluded, but the Bank remains in continuous dialogue with the Danish Ministry of Business and Growth. The timeframe for the approval process is not yet known.
- Assuming an unchanged economic climate, the Bank estimates core earnings before impairments of approx. DKK 350-400 million for 2015.

Please address any enquiries regarding the present announcement to Jan Ulsø Madsen, CEO, at tel. +45 96 63 21 04.

Vestjysk Bank A/S

Vagn Thorsager
Chairman

Jan Ulsø Madsen
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