

The Danish Financial Supervisory Authority
NASDAQ OMX Copenhagen A/S

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Vestjysk Bank's Quarterly Report for Q1-Q3 2015

Vestjysk Bank realised a profit before tax of DKK 31 million in Q1-Q3 2015. The result is not deemed satisfactory. However, in light of the continued large need for impairments, particularly relating to the very disturbing financial situation within the agricultural sector due to very low settlement prices for milk and pork, the result is viewed as acceptable and within the scope of Management's current expectations for 2015.

The Bank's basic operations are performing well, and core earnings before impairments of DKK 283 million are deemed satisfactory.

The Bank continues 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.

Summary of Vestjysk Bank's results in Q1-Q3 2015:

- Profit before tax at DKK 31 million (Q1-Q3 2014: DKK 7 million)
- Core income of DKK 714 million (Q1-Q3 2014: DKK 824 million), of which value adjustments represented DKK 6 million (Q1-Q3 2014: DKK 80 million)
- Cost ratio at 60.3 per cent (Q1-Q3 2014: 51.2 per cent). As stated in the company announcement of 14 September 2015, Vestjysk Bank made organisational changes that as from 2016 are expected to reduce the Bank's costs by at least DKK 25 million on an annual basis. At 30 September 2015 an amount of DKK 15 million was expensed as costs relating to the implemented organisational changes.
- Core earnings before impairments at DKK 283 million (Q1-Q3 2014: DKK 402 million)
- Impairments of loans and receivables, etc., at DKK 252 million (Q1-Q3 2014: DKK 395 million). Impairments on the agricultural sector accounts for the main part of the impairments. In September 2015, the Danish Financial Supervisory Authority completed a functional review of the Bank. The full result of the Financial Supervisory Authority's review is included in the financial statements at 30 September 2015.
- Deposit surplus of DKK 4.2 billion at 30 September 2015, compared with a deposit surplus of DKK 2.5 billion at 30 September 2014
- The minimum requirements for continued banking activities are 8 per cent (total capital ratio) and 4.5 per cent (Common Equity Tier 1 capital ratio), respectively, of the Bank's weighted risk exposures. At 30 September 2015 the Bank has a surplus of 4.6 percentage points, equivalent to DKK 798 million, and 3.1 percentage points, equivalent to DKK 532 million, respectively.
- Total capital ratio at 12.6 per cent, and an individual solvency need of 10.5 per cent. This corresponds to a surplus of 2.1 percentage points or DKK 366 million at 30 September 2015.
- Common Equity Tier 1 capital ratio of 7.6 per cent at 30 September 2015, compared to a calculated requirement of 7.0 per cent. Surplus of 0.6 percentage

points, equivalent to DKK 100 million, which is the gap to the requirement to prepare a recovery plan

- Liquidity surplus at 130.1 per cent at 30 September 2015
- The negotiations with the EU Commission in relation to the Bank's restructuring plan are still on-going, but the Bank remains in continuous dialogue with the EU Commission via the Ministry of Business and Growth. The timeframe for the approval is not known.

Based on Vestjysk Bank's results in Q1-Q3 2015, the Bank maintains its 2015 outlook of core earnings before impairments of approximately DKK 350-400 million and a moderate degree of consolidation.

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Vestjysk Bank A/S

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