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Vestjysk Bank realises a profit in 2015

Vestjysk Bank realised a profit after tax of DKK 49 million in 2015. This is not satisfactory. However, considering the persistently large impairment charges – in particular due to the depressed economic situation facing Danish agriculture, with very low price levels for milk as well as pork – the performance is considered acceptable.

The Bank's core operations are sound, and core earnings of DKK 420 million before impairment are considered satisfactory and better than expected.

The Bank remains committed to improving its capital situation, including strengthening its solvency surplus in relation to the requirement for common equity tier 1 capital.

Summary of Vestjysk Bank's results in 2015:

- Profit after tax of DKK 49 million (2014: a loss of DKK 188 million)
- Core income of DKK 989 million (2014: DKK 1,055 million), including value adjustments of DKK 17 million (2014: DKK 56 million)
- Expense ratio of 57.5 (2014: 53.1). As announced in the company announcement of 14 September 2015, Vestjysk Bank implemented organisational changes, which are expected to reduce the Bank's annual costs by at least DKK 25 million going forward. In 2015, the Bank recognised costs in the amount of DKK 15 million related to the organisational changes.
- Core earnings of DKK 420 million before impairment (2014: DKK 495 million).
- Impairment of loans and receivables, etc. of DKK 370 million (2014: DKK 683 million). Impairment charges on agriculture accounted for the majority of the Bank's impairment charges.
- Deposit surplus of DKK 4.8 billion at 31 December 2015, compared with a deposit surplus of DKK 4.1 billion at 31 December 2014.
- The minimum requirements for continued banking operations are 8 per cent (total capital ratio) and 4.5 per cent (common equity tier 1 capital ratio), respectively, of weighted risk exposures. At 31 December 2015, the Bank's surplus relative to these requirements is 4.5 percentage points, or DKK 752 million, and 3.4 percentage points, or DKK 567 million, respectively.
- The total capital ratio stood at 12.5 per cent and the individual solvency need at 10.7 per cent, corresponding to a surplus of 1.8 percentage points or DKK 307 million at 31 December 2015.
- Common equity tier 1 capital ratio of 7.9 per cent at 31 December 2015, compared with a requirement of 7.2 per cent. The surplus is 0.7 of a percentage point, or DKK 121 million, which is the gap to the requirement to prepare a recovery plan.
- Surplus liquidity of 140.1 per cent at 31 December 2015.
- In December 2015, the EU Commission opened an in-depth investigation to assess whether the restructuring aid granted to Vestjysk Bank by the Danish State in 2012 was in accordance with EU state aid rules. In particular, the Commission will examine whether Vestjysk Bank's restructuring plan would restore the Bank's long-

term viability without unduly distorting competition. The time frame of this investigation and the approval process is unknown.

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

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