

TERMS AND CONDITIONS OF THE CAPITAL CERTIFICATES
(WITH VOLUNTARY AND MANDATORY CONVERSION)

TERMS:

Issuer: Vestjysk Bank A/S

Total Amount of the Issuance: DKK 322,257,000

Date of Issuance: 24 August 2009

Coupon Conversion Commission: 0.1% per annum

Conversion Commission: 0.4% per annum

Annual Effective Rate of Interest: 9.690% per annum

Conversion: Mandatory Conversion and Issuer's Conversion Option

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Appendix 1 The Issuer's Hybrid Core Capital at the Date of Issuance

TERMS AND CONDITIONS OF THE CAPITAL CERTIFICATES (WITH VOLUNTARY AND MANDATORY CONVERSION)

1. **DEFINITIONS**

The following definitions are used and have the following meaning in these Conditions (with voluntary and mandatory conversion):

"Shares" mean shares issued by the Issuer.

"Danish Public Companies Act" means Consolidating Act no. 649 of 15 June 2006, as amended.

"Alternative Coupon Payment Event" has the meaning set out in paragraph 5.1.

"Subordinated Loan Capital" means loan capital which meets the requirements set out in section 136 of the Danish Financial Business Act and any other loan capital designated as being subordinated to other unsubordinated capital (except for Hybrid Core Capital or debt designated as ranking *pari passu* with Hybrid Core Capital).

"Number of Capital Certificates" means the number of Capital Certificates outstanding from time to time.

"Business Day" means any day on which banks are generally open for business in Denmark.

"Calculation Period" means the period in which the Coupon Conversion Price is fixed in accordance with paragraph 5.4.1.

"Conditions (with voluntary and mandatory conversion)" mean these Terms and Conditions of the Capital Certificates (with voluntary and mandatory conversion).

"Dividends Declared" mean the sum of dividends as calculated on a VDS Calculation Date and resolved by the Issuer's shareholders in general meeting or Board of Directors in the period from the latest VDS Calculation Date or, with respect to the first VDS Calculation Date, the period from 1 October 2010 to the relevant VDS Calculation Date and either (i) paid by the Issuer during such period or (ii) scheduled for payment during the period after the VDS Calculation Date on which the dividends are calculated. If it has been resolved to declare dividends denominated in a currency other than DKK, the

amount will be translated into DKK based on the price published by Danmarks Nationalbank on the date of the resolution to declare dividends.

"Partial Redemption" has the meaning set out in paragraph 8.6.

"DKK" means Danish kroner.

"Effective Rate of Interest" means the effective rate of interest equal to the sum of the Coupon Conversion Commission, Conversion Commission (where relevant) and the Annual Effective Rate of Interest. During the Conversion Option Period, the Effective Rate of Interest will be 10.190% per annum, and subsequently thereto 9.790% per annum.

"Fixed Coupon" has the meaning set out in paragraph 4.2.

"FSA Conversion Order" has the meaning set out in paragraph 12.1.

"Stock Exchange" means Nasdaq OMX Copenhagen A/S, CVR no. 19042677.

"Distributable Reserves" mean the distributable reserves which appear from the Issuer's latest audited annual report approved by the Issuer's shareholders in general meeting.

"Early Redemption Amount" means an amount the payment of which on the Date of Redemption will imply that the Capital Certificate has generated an overall return equal to the Effective Rate of Interest calculated during the period from the Date of Issuance to the Date of Redemption.

"Trading Day" means any day on which trading can take place on the Stock Exchange.

"Principal in Excess of Market Capitalisation" means the Outstanding Principal on a VDS Calculation Date divided by the Market Capitalisation.

"Hybrid Core Capital" means loan capital which meets the requirements set out in section 132 of the Danish Financial Business Act.

"Hybrid Core Capital Ratio" means the Issuer's Hybrid Core Capital from time to time as a percentage of the Issuer's Core Capital from time to time.

"Date of Redemption" means the date of redemption of the Capital Certificates or part thereof under paragraph 8.

"Capital Certificates" have the meaning set out in paragraph 2.1.

"Capital Certificates with Mandatory Conversion" mean the Capital Certificates and other capital certificates with mandatory conversion issued under the Danish Act on State-Funded Capital Injections.

"Capital Certificates without Mandatory Conversion" mean capital certificates issued under the Terms and Conditions of the Capital Certificates (with voluntary conversion) of the same date as the Conditions (with voluntary and mandatory conversion) and other capital certificates with voluntary conversion issued under the Danish Act on State-Funded Capital Injections.

"Capital Certificate Holder" means a natural or legal person registered with VP as a holder of one or more Capital Certificates.

"Capital Requirement" means the higher of the Solvency Requirement and the minimum capital requirement, see section 127 of the Danish Financial Business Act.

"Core Capital" means core capital as defined in section 5(7)(iv) of the Danish Financial Business Act.

"Conversion Price" has the meaning set out in paragraph 12.4.

"Conversion Notification" has the meaning set out in paragraph 11.3.

"Conversion Option Price" has the meaning set out in paragraph 11.7.

"Conversion Option Period" has the meaning set out in paragraph 11.1.

"Conversion Option Valuation Expert" has the meaning set out in paragraph 11.7.1.

"Conversion Option Valuation Report" has the meaning set out in paragraph 11.7.4.

"Conversion Commission" means 0.4% per annum.

"Coupon" means the sum of the Fixed Coupon and the Variable Dividend Supplement.

"Price-Sensitive Information" means information on (i) the Issuer, including the Issuer's activities, assets, liabilities, conditions (financial or other), financial results and operations, (ii) the Shares and (iii) market conditions relating to (i) and/or (ii), which information ((i)-(iii)) will, or may reasonably be expected to, individually or jointly with other information, affect the price of the Shares, or which a rational investor may reasonably be expected to include in the estimation of the value of the Shares. The issuer will be deemed to hold Price-Sensitive Information if a member of its Board of

Directors, executive board, management or other key employees hold such Price-Sensitive Information.

"Danish Financial Business Act" means Consolidating Act no. 897 of 4 September 2008 and executive orders issued in pursuance thereof, all as amended.

"Danish Act on State-Funded Capital Injections" means Act no. 67 of 3 February 2009 and executive orders issued in pursuance thereof, all as amended.

"Market Capitalisation" means DKK 1,234,974,000 plus any net cash proceeds from a cash share capital increase in the Issuer effected in the period from the Date of Issuance until a VDS Calculation Date.

"Nominal Rate of Interest" means the nominal rate of interest equal to the Effective Rate of Interest on semi-annual payments of the Fixed Coupon. During the Conversion Option Period, the Nominal Rate of Interest will be 9.942849% per annum, and subsequently thereto 9.561447% per annum.

"New Shares" mean Shares issued by the Issuer to the Capital Certificate Holders in the event of conversion, see paragraphs 11 and 12.

"Mandatory Conversion" has the meaning set out in paragraph 12.1.

"Volume-Weighted Average Price" with respect to the Shares means the volume-weighted average price calculated on the basis of the period from 9.00 a.m. CET on the first day of the Calculation Period to 5.00 p.m. CET on the last day of the Calculation Period, as published in the column "Bloomberg VWAP" on Bloomberg's page VJBA DC <equity> VAP (or similar page).

"Nominal Value" means DKK 0.01.

"Coupon Conversion Shares" have the meaning set out in paragraph 5.1.

"Date of Coupon Conversion Notification" has the meaning set out in paragraph 5.2.

"Coupon Conversion Date" has the meaning set out in paragraph 5.1.

"Coupon Conversion Price" has the meaning set out in paragraph 5.4.

"Coupon Conversion Notification" has the meaning set out in paragraph 5.2.

"Coupon Conversion Commission" means 0.1% per annum.

"Coupon Conversion Valuation Expert" has the meaning set out in paragraph 5.4.2.

"Interest Addition Date" means 1 May and 1 November of any year.

"Company Resolution" means dividend and any other distribution of cash or other assets to the Issuer's shareholders, capital increase or capital reduction, issuance of warrants, share options, convertible bonds or other convertible instruments, other rights to subscribe for or purchase Shares, share split or share consolidation, merger, demerger and any other resolution by the Issuer which affects the capital structure of the Issuer.

"Solvency Requirement" means the higher of (i) the solvency requirement, see section 124(2) of the Danish Financial Business Act, and (ii) any individual solvency requirement determined by the Danish Financial Supervisory Authority, see section 124(5) of the Danish Financial Business Act.

"Total Amount of the Issuances" means the Total Amount of the Issuance plus the Total Amount of the Issuance as defined in the Terms and Conditions of the Capital Certificates (with voluntary conversion) of the same date as the Conditions (with voluntary and mandatory conversion), in total DKK 1,438,000,000.

"Outstanding Principal" means the Number of Capital Certificates multiplied by the Nominal Value.

"Issuer's Mandatory Conversion Notification" has the meaning set out in paragraph 12.2.

"Total Amount of the Issuance" has the meaning set out in paragraph 2.1.

"Date of Issuance" means 24 August 2009.

"Issuer" means Vestjysk Bank A/S, Torvet 4, -DK-7620 Lemvig, CVR no. 34631328.

"Issuer's Conversion Option" has the meaning set out in paragraph 11.1.

"Variable Dividend Supplement" has the meaning set out in paragraph 4.3.

"VP" means VP Securities A/S, CVR no. 21599336.

"VDS Calculation Date" has the meaning set out in paragraph 4.3.

"Valuation Expert" has the meaning set out in paragraph 12.4.1.

"Valuation Report" has the meaning set out in paragraph 12.4.4.

"Annual Effective Rate of Interest" means 10.190% per annum.

"Fixed Annual Coupon" means the sum of the Fixed Coupon accruing on the Capital Certificates in a one-year period from 1 May of any one year to 1 May of the next year.

2. **FORM AND NOMINAL VALUE**

2.1 Capital Certificates. The Issuer will issue 32,225,700,000 capital certificates (individually referred to as a "Capital Certificate" and collectively referred to as the "Capital Certificates") in denominations of DKK 0.01 each, in total DKK 322,257,000 (say three hundred and twenty two million and two hundred and fifty seven thousand Danish kroner only) (the "Total Amount of the Issuance") under these Conditions (with voluntary and mandatory conversion).

2.2 Registration with VP. The Capital Certificates are issued in book-entry form through VP. Unless otherwise provided in these Conditions (with voluntary and mandatory conversion), interest etc. must be calculated and paid in accordance with the rules of VP applicable from time to time.

3. **STATUS**

3.1 Status. The Capital Certificates constitute Hybrid Core Capital. The Capital Certificates rank pari passu with other Hybrid Core Capital of the Issuer and any other debt designated as ranking pari passu with Hybrid Core Capital. The Capital Certificates rank senior to the Issuer's share capital and debt designated as being subordinated Hybrid Core Capital, in all respects, including in respect of the right to receive periodic payments and the right to receive payment in connection with the Issuer's bankruptcy or liquidation.

3.2 Subordination. The Capital Certificates are subordinated to any unsubordinated debt of the Issuer and any Subordinated Loan Capital of the Issuer.

4. **INTEREST**

4.1 Payment of Coupon. The Issuer must pay Coupon to the Capital Certificate Holders in accordance with this paragraph 4.

4.2 Fixed Coupon. The Issuer must pay the Nominal Rate of Interest on the Outstanding Principal ("Fixed Coupon"). The Fixed Coupon is payable semi-annually on each Interest Addition Date. The calculation of the Fixed Coupon must comply with actual/actual (ICMA) and the rules of VP applicable from time to time.

4.3 Variable Dividend Supplement. Furthermore, the Issuer must pay a variable dividend supplement ("Variable Dividend Supplement") to be calculated as the higher amount of:

- (i) DKK 0; and

- (ii) (Dividend Declared x 1.25 x Principal in Excess of Market Capitalisation) – Fixed Annual Coupon.

The Variable Dividend Supplement is calculated five Business Days before 1 May of any year (the "VDS Calculation Date"). If the Issuer's shareholders in general meeting or Board of Directors has resolved to declare dividends on a later date in April of the relevant year, such date will be deemed to be the VDS Calculation Date. The Variable Dividend Supplement will be payable each year on 1 May, beginning on 1 May 2012.

5. **ALTERNATIVE COUPON PAYMENT**

- 5.1 Alternative Coupon Payment Event. If the solvency ratio of the Issuer will be less than 110% of the Solvency Requirement upon payment in whole or in part of the Coupon ("Alternative Coupon Payment Event"), the payment of Coupon must be effected through issuance of new Shares or delivery of existing treasury Shares ("Coupon Conversion Shares") to the Capital Certificate Holders relative to their holdings of Capital Certificates on the relevant Interest Addition Date or on such later date as may be determined under paragraph 5.4.1 (the "Coupon Conversion Date").
- 5.2 Notification of Alternative Coupon Payment Event. In the event of an Alternative Coupon Payment Event, the Issuer must notify the Capital Certificate Holders and the public ("Coupon Conversion Notification") not later than three Trading Days and not earlier than five Trading Days before the Coupon Conversion Date ("Date of Coupon Conversion Notification"). Notwithstanding the above, the Issuer may publish any notification of an Alternative Coupon Payment Event at an earlier date if the Issuer has an obligation to do so under applicable law or the rules of the Stock Exchange. However, in all events, the Issuer must publish a Coupon Conversion Notification not later than three Trading Days and not earlier than five Trading Days before the Coupon Conversion Date. The Coupon Conversion Notification must be published before the opening of the Stock Exchange on the Date of Coupon Conversion Notification. The Issuer must notify the Capital Certificate Holders and the public of the Coupon Conversion Price on or before the Coupon Conversion Date and before the conversion of the Coupon. All notifications under this paragraph must be given in accordance with the rules of VP applicable from time to time, the rules of the Stock Exchange and applicable law.
- 5.3 Number of Coupon Conversion Shares. Coupon converted as a result of an Alternative Coupon Payment Event will be converted into a number of Coupon Conversion Shares according to the following formula:

Number of Coupon Conversion Shares = Coupon converted, divided by the Coupon Conversion Price, see, however, paragraph 11.6.

5.4 Coupon Conversion Price. The price at which Coupon is converted into New Shares ("Coupon Conversion Price") is calculated in DKK per Share pursuant to the rules set out in paragraphs 5.4.1 and 5.4.2.

5.4.1 Market Price. The Coupon Conversion Price is calculated in accordance with the following formula:

The average of (i) the Volume-Weighted Average Price of the Shares calculated over a period of three consecutive Trading Days immediately preceding the Date of Coupon Conversion Notification (exclusive) and (ii) the Volume-Weighted Average Price of the Shares calculated over a period of three consecutive Trading Days, beginning on the Date of Coupon Conversion Notification (inclusive).

If the Issuer holds Price-Sensitive Information, notification of such information must be given to the public pursuant to applicable law on or before the Date of Coupon Conversion Notification. If the Issuer believes or predicts, after having performed reasonable examinations of the Issuer's activities, assets, liabilities, conditions (financial or other), financial results and operations, that it will come into possession of Price-Sensitive Information within the first ten consecutive Trading Days after the Date of Coupon Conversion Notification, the Date of Coupon Conversion Notification may be the date of publication of such Price-Sensitive Information at the earliest.

5.4.2 Coupon Conversion Valuation Expert. If (i) the Shares have not been traded on one or more Trading Days during the Calculation Period or (ii) the Danish State so requests, the Coupon Conversion Price will be fixed by an independent investment bank or a state-authorized public accountant designated by the Danish State upon consultation with the Issuer (the "Coupon Conversion Valuation Expert"). The Coupon Conversion Price fixed by the Coupon Conversion Valuation Expert is binding. The Issuer shall pay all costs for the Coupon Conversion Valuation Expert. The conversion of the Coupon must be effected as soon as possible after the Coupon Conversion Valuation Expert has informed the Issuer and the Capital Certificate Holders of the Coupon Conversion Price. This paragraph 5.4.2 will cease to apply if the Danish State ceases to be a Capital Certificate Holder.

5.5 Conditions. Conversion of Coupon under this paragraph 5 is subject to:

- (i) the Issuer's shareholders in general meeting having passed all the necessary resolutions to issue the Coupon Conversion Shares against conversion of Coupon at the Coupon Conversion Price and on the other terms and conditions of the Conditions (with voluntary and mandatory conversion);
- (ii) the Issuer providing a legal opinion at the time of the implementation of the conversion in a form and with a content which is satisfactory to the Danish State,

confirming (i) the fulfilment of the above and that the Coupon Conversion Shares will rank *pari passu* with, and be identical to, the Issuer's existing Shares at the date of implementation of the conversion;

- (iii) the Issuer's articles of association not containing any restrictions in respect of ownership, voting or transferability, etc.;
- (iv) the Issuer being licensed to operate as a bank, not having suspended its payments or entered into liquidation or having been declared bankrupt;
- (v) the Shares having been, and the Coupon Conversion Shares being admitted to trading on the Stock Exchange or another regulated market; and
- (vi) no Company Resolution having been passed (or implemented), being pending or published within a period of five consecutive Trading Days before the Date of Coupon Conversion Notification and during a period of ten consecutive Trading Days after the Date of Coupon Conversion Notification (inclusive) or, if the Coupon Conversion Price is fixed in accordance with paragraph 5.4.2, within the relevant period in which the Coupon Conversion Valuation Expert is to fix the Coupon Conversion Price.

5.6 No adjustment. The Coupon Conversion Price will not be separately adjusted in the event of the Issuer's increase or reduction of the share capital, issuance of warrants or convertible instruments, merger, demerger or other dissolution.

5.7 Similar application. Paragraphs 11.6, 11.8, 11.9, 11.11 and 11.12 apply subject to any necessary amendments with respect to an Alternative Coupon Payment Event or issuance of Coupon Conversion Shares.

6. **CANCELLATION OF COUPON**

6.1 Conditions. Coupon is payable on the due date, see paragraphs 4.2 and 4.3, unless:

- (i) the Issuer either does not fulfil the Capital Requirement before payment of Coupon or, after payment of Coupon, the Issuer will not fulfil the Capital Requirement;
- (ii) the Coupon exceeds the Distributable Reserves, see section 132(1)(vii) of the Danish Financial Business Act; or
- (iii) The Danish Financial Supervisory Authority has announced that, in the assessment of the Financial Supervisory Authority, the Issuer either does not fulfil the Capital Requirement before payment of Coupon or, after payment of Coupon, will not fulfil the Capital Requirement, or if the authority assesses that the payment of Coupon will adversely affect the Issuer's financial position to the effect that the Issuer is likely not to fulfil the Capital Requirement.

- 6.2 Partial payment. If either of the exceptions in (i) or (ii) set out in paragraph 6.1 applies, the Issuer must pay Coupon in any such smaller amount as may be paid without triggering the application of the exceptions in (i) and (ii) in paragraph 6.1. In the event of partial payment of Coupon under this paragraph 6.2, the amount payable in respect of the Capital Certificates must constitute a proportionate share of the total amount available for payment of Coupon calculated as such share of the sum of the Issuer's total Hybrid Core Capital as represented by the Outstanding Principal on the due date.
- 6.3 Lost Coupon. Any Coupon not paid in whole or in part under paragraphs 6.1 or 6.2 will be lost, and no claim for such interest may be made at any subsequent time.
- 6.4 Resumption of obligation to pay Coupon. The addition of Coupon will be resumed, and the obligation to pay Coupon will apply again from such date as the exceptions in paragraph 6.1 no longer apply.
- 6.5 Notification. The Issuer shall immediately notify the Capital Certificate Holders when the Issuer becomes aware that the full Coupon cannot be paid on the due date under this paragraph 6.

7. **WRITE-DOWN OF PRINCIPAL AND UNPAID COUPON**

- 7.1 Write-down of Capital Certificates. The Issuer may at an annual or extraordinary general meeting resolve to write down, in whole or in part, the Outstanding Principal and any accrued, unpaid Coupon if the Issuer's equity is lost and the Issuer's share capital has been written down to zero. In the event of a partial write-down of the Outstanding Principal, such write-down must be effected by a proportionate write-down of the Issuer's total Hybrid Core Capital.
- 7.2 Conditions for write-downs. The Outstanding Principal and any accrued, unpaid Coupon may be written down in accordance with paragraph 7.1 only if (i) additional capital is subsequently contributed to the Issuer to the effect that the Capital Requirement is fulfilled, or (ii) the Issuer discontinues its activities without any loss to the unsubordinated creditors. Write-downs may only be effected by an amount approved in advance by the Issuer's external auditor(s) and the Danish Financial Supervisory Authority.
- 7.3 Notification. The Issuer shall immediately, or, where possible, in advance, notify the Capital Certificate Holders of a notice to convene a general meeting with a view to passing resolutions of the nature specified in paragraph 7.1.

8. **REDEMPTION OF CAPITAL CERTIFICATES**

- 8.1 No maturity date. The Capital Certificates have no maturity date, are not payable in whole or in part at any fixed time and no claim for repayment in whole or in part may be made unless expressly provided in these Conditions (with voluntary and mandatory conversion).
- 8.2 Redemption. The Capital Certificates may not be redeemed in whole or in part before 25 August 2012. If the Capital Certificates are redeemed by the Issuer in whole or by

Partial Redemption before 25 August 2014, such redemption will be subject to the fulfilment of the conditions of section 132(4) of the Danish Financial Business Act.

8.3 Redemption price in the fourth and fifth year from the Date of Issuance. During the period from 25 August 2012 until 24 August 2014, the Issuer may redeem the Capital Certificates, in whole or by Partial Redemption, plus any due, unpaid Coupon, at an amount per Capital Certificate corresponding to the higher of

- (a) the Nominal Value; and
- (b) the Early Redemption Amount

plus

- (i) as regards (a) above, any Fixed Coupon accrued during the period from the latest Interest Addition Date until the Date of Redemption; and
- (ii) as regards both (a) and (b) above, any Variable Dividend Supplement accrued from the latest VDS Calculation Date until the Date of Redemption.

8.4 Redemption price in the sixth year from the Date of Issuance. During the period from 25 August 2014 until 24 August 2015, the Issuer may redeem the Capital Certificates, in whole or by Partial Redemption, plus any due, unpaid Coupon, at an amount per Capital Certificate corresponding to 105% of the Nominal Value, plus

- (a) 5% of the Nominal Value if the Coupon is lost in whole or in part in the period from the Date of Issuance until the Date of Redemption, see paragraph 6.3;
- (b) Fixed Coupon accrued in the period from the latest Interest Addition Date until the Date of Redemption; and
- (c) Variable Dividend Supplement accrued in the period from the latest VDS Calculation Date until the Date of Redemption.

8.5 Redemption price in and after the seventh year from the Date of Issuance. From 25 August 2015, the Issuer may redeem the Capital Certificates, in whole or by Partial Redemption, plus any due, unpaid Coupon, at an amount per Capital Certificate corresponding to 110% of the Nominal Value, plus

- (a) Fixed Coupon accrued in the period from the latest Interest Addition Date until the Date of Redemption; and

- (b) Variable Dividend Supplement accrued in the period from the latest VDS Calculation Date until the Date of Redemption.
- 8.6 Partial Redemption. Notwithstanding paragraphs 8.1 to 8.5, the Issuer may only redeem part (and not all) of the Capital Certificates ("Partial Redemption") on the following conditions:
- (a) the Issuer may effect a maximum of three Partial Redemptions before full redemption of all Capital Certificates must be effected;
 - (b) at least 20% of the Total Amount of the Issuance must be redeemed through Partial Redemption;
 - (c) the Outstanding Principal must represent at least 30% of the Total Amount of the Issuance after a Partial Redemption; and
 - (d) the selection of Capital Certificates to be redeemed through Partial Redemption must be made in accordance with the rules of VP applicable from time to time.
- 8.7 Redemption (capital and tax event). From 25 August 2012, the Issuer may, subject to prior written consent from the Danish Financial Supervisory Authority and notwithstanding the provisions set out in paragraphs 8.2 and 8.6, redeem any Capital Certificates, plus any due, unpaid Coupon, (a) which can no longer fully form part of the Issuer's Hybrid Core Capital due to changes in relevant legislation, or (b) in respect of which the Issuer may no longer (in whole or in part) make tax deductions for Coupon. The redemption amount per Capital Certificate, see this paragraph 8.7, will be fixed in accordance with paragraphs 8.3 to 8.5. Paragraph 8.3 applies from 25 August 2012.
- 8.8 Obligation to redeem convertible Hybrid Core Capital. Capital Certificates without Mandatory Conversion may not be redeemed in whole or by Partial Redemption before such time as the Issuer has redeemed, written down or converted all Capital Certificates with Mandatory Conversion.
- 8.9 Notification. The Issuer shall notify the Capital Certificate Holders of redemption under this paragraph 8 not later than 15 days and not earlier than 60 days before the redemption may be effected.
- 8.10 Approval by the Danish Financial Supervisory Authority. Both full redemption and Partial Redemption are subject to the prior approval of the Danish Financial Supervisory Authority, see the Danish Financial Business Act.
9. **PAYMENTS**
- 9.1 Currency. All payments to the Capital Certificate Holders under these Conditions (with voluntary and mandatory conversion) must be made in DKK.
- 9.2 Time. All payments in respect of Capital Certificates must be made on or before the due date for the relevant payment and be at the free disposal of the Capital Certificate Holders on such date. All payments must be made through VP and in accordance with the rules of VP applicable from time to time.

9.3 Non-Business Day. If an Interest Addition Date falls on a day which is not a Business Day, payment of Coupon will be deferred until the next Business Day. Deferral of payment of Coupon under this paragraph 9.3 will not give rise to any additional payments.

10. **OBLIGATIONS OF THE ISSUER**

10.1 Obligations of the Issuer. The Issuer must fulfil all obligations set out in this paragraph 10.1 from the Date of Issuance until such date as the Capital Certificates have been fully written down, see paragraph 7, redeemed, see paragraph 8, or converted, see paragraph 11.

10.1.1 Capital reduction and treasury Shares. The Issuer may not (i) effect a capital reduction for any purpose other than to cover losses or to carry out write-downs under paragraph 7.1, (ii) purchase treasury Shares, including the implementation of buy-back programmes for treasury Shares, if such purchase is in contravention of the Danish Act on State-Funded Capital Injections, or (iii) dispose of treasury Shares on terms other than market terms.

10.1.2 Issuance of share options etc. The Issuer may only issue share options, warrants, convertible debt instruments or similar instruments on market terms, unless such issuance forms part of a general employee plan.

10.1.3 Dividend and repayment of subordinated debt. The Issuer may not declare dividends, repay or buy back debt which is subordinated to or ranks *pari passu* with the Capital Certificates or other Hybrid Core Capital if (i) any due Coupon has not been paid in whole or in part, or if (ii) the Coupon is lost under paragraph 6 and no full payment of Coupon has been made on two consecutive Interest Addition Dates after the date when the Coupon was lost. Notwithstanding the above, the Issuer may, however, buy back debt which is subordinated to the Capital Certificates, or which ranks *pari passu* with the Capital Certificates or other Hybrid Core Capital, for its trading portfolio with a view to fulfilling applications from the Issuer's customers in connection with the Issuer's market maker function.

10.1.4 Liquidation. The shareholders of the Issuer may not adopt any resolution to liquidate the Issuer, unless such liquidation is required by law.

10.1.5 Bonus shares. The Issuer is not permitted to issue bonus shares.

10.1.6 Merger and demerger. The Issuer may not enter into (i) a merger plan, and the shareholders of the Issuer may not approve such merger if the valuation experts under section 134 c of the Danish Public Companies Act declare that the consideration for the Shares is not reasonable, or if the shareholders of the Issuer receive consideration other than shares in the continuing company, or (ii) a demerger plan, and the shareholders of the Issuer may not approve such demerger if such demerger may have a significant adverse impact on the interests of the Capital Certificate Holders.

10.1.7 Listing. The Issuer may not apply for delisting of the Shares from the Stock Exchange.

10.1.8 Other provisions. The Issuer may not implement any Company Resolutions entailing that the value of the total number of Coupon Conversion Shares received in the event of an Alternative Coupon Payment Event, see paragraph 5, or New Shares received in connection with a conversion, see paragraphs 11 and 12, would be lower than the value of such Shares had the Company Resolution not been implemented.

11. **ISSUER'S CONVERSION OPTION**

11.1 Issuer's Conversion Option. During the period from the Date of Issuance up to and including 24 August 2014 (the "Conversion Option Period"), the Issuer may at any time request that the Capital Certificates plus any accrued, unpaid Coupon be converted into New Shares if the Issuer's Hybrid Core Capital Ratio exceeds 35 (the "Issuer's Conversion Option"). The Issuer's Conversion Option may not be exercised if the Danish Financial Supervisory Authority has ordered a conversion of all or part of the Capital Certificates, see paragraph 12, and such conversion has not been finally carried out. During the Conversion Option Period, the Issuer shall pay Conversion Commission.

11.2 Exercise of the Issuer's Conversion Option. The Issuer's Conversion Option may only be exercised in tranches of 20% of the Total Amount of the Issuances. If necessary in order to bring the Issuer's Hybrid Core Capital Ratio (calculated after conversion of each tranche) down to 35 or below, the Issuer's Conversion Option may be exercised with several tranches at a time.

11.3 Notification of exercise. The Issuer must notify the Capital Certificate Holders and the public ("Conversion Notification") of the exercise of the Issuer's Conversion Option in accordance with the rules of VP applicable from time to time, the rules of the Stock Exchange and applicable law.

11.4 Implementation of the Issuer's Conversion Option. The implementation of the conversion as per the Conversion Notification must be effected immediately after the Conversion Option Valuation Report is made available. At VP, the conversion must be effected in the form of a proportionate or (where relevant) full reduction and cancellation of the holdings of Capital Certificates in all accounts of VP in accordance with the rules of VP applicable from time to time. Upon exercise and implementation of the Issuer's Conversion Option through valid issuance of New Shares, the Capital Certificate Holders may not set up any claims against the Issuer relating to converted Capital Certificates. Coupon will continue to accrue on Capital Certificates not converted into New Shares in accordance with these Conditions (with voluntary and mandatory conversion).

11.5 Number of New Shares. The Capital Certificates to be converted under this paragraph 11 must be converted into a number of New Shares in accordance with the following formula:

Number of New Shares = the sum of the Nominal Value of the Capital Certificates to be converted plus any accrued, unpaid Coupon, divided by the Conversion Option Price, see, however, paragraph 11.6.

- 11.6 Roundings. If the Nominal Value of the Capital Certificates, plus any accrued, unpaid Coupon, to be converted does not correspond to a whole number of New Shares for a given account with VP, the number of New Shares will be rounded down to the nearest whole number of New Shares for the account with VP. No fractions of New Shares will be issued in connection with conversion, see this paragraph 11. Accordingly, any amounts not converted will be paid in cash to the Capital Certificate Holders at the time of VP's implementation of the Issuer's Conversion Option in accordance with VP's rules applicable from time to time.
- 11.7 Conversion Option Price. The price at which the Capital Certificates are to be converted into New Shares ("Conversion Option Price") is calculated in DKK per Share pursuant to the rules set out in paragraphs 11.7.1 to 11.7.5.
- 11.7.1 Conversion Option Valuation Expert. The Conversion Option Price is fixed by an independent state-authorized public accountant (the "Conversion Option Valuation Expert") appointed by the Institute of State Authorized Public Accountants in Denmark. The Conversion Option Valuation Expert must meet the conditions for being appointed valuation expert under section 6b of the Danish Public Companies Act and have experience of credit institutions. Immediately after the Conversion Notification, the Issuer must contact the Institute of State Authorized Public Accountants in Denmark for appointment of a Conversion Option Valuation Expert. The Issuer shall pay all costs for the Conversion Option Valuation Expert.
- 11.7.2 Valuation criteria. The Conversion Option Price is determined by the Conversion Option Valuation Expert as the market value of the Issuer's Shares immediately after the Conversion Notification, taking into account the situation of the Issuer at the time of the Conversion Notification. The Conversion Option Valuation Expert determines at his own discretion the most suitable valuation method(s) based on the situation of the Issuer, and may, if he sees fit, determine the market value on the basis of the price of the Shares on the Stock Exchange after the Conversion Notification. When making his valuation, the Conversion Option Valuation Expert is not required to take into account the effect of any simultaneous or subsequent capital increase or capital injection in the Issuer, unless such capital increase or such capital injection has been subscribed or underwritten at the date of the Conversion Notification. If the Conversion Option Valuation Expert elects to determine the market value on the basis of the price of the Shares on the Stock Exchange after the Issuer's Conversion Notification, the Conversion Option Valuation Expert is not required to adjust such price, unless he considers it appropriate. If the Conversion Option Price is lower than the nominal value of the New Shares, the Issuer's Conversion Option may not be exercised.

- 11.7.3 No adjustment. The Conversion Option Price will not be separately adjusted in the event of the Issuer's increase or reduction of the share capital, issuance of warrants or convertible instruments, merger, demerger or other dissolution prior to the Conversion Notification, since the Conversion Option Price is determined at market value, see paragraph 11.7.2.
- 11.7.4 Conversion Option Valuation Report. The Conversion Option Valuation Expert's valuation report (the "Conversion Option Valuation Report") must be available not later than three weeks after the date of the Conversion Notification. The Conversion Option Valuation Report must state the procedure(s) applied in determining the Conversion Option Price. The Conversion Option Valuation Report is final. Accordingly, the Issuer or the Capital Certificate Holders cannot set up any claims or take legal action on the basis of the Conversion Option Valuation Report. As soon as the Conversion Option Valuation Report is available, the Issuer must notify the Capital Certificate Holders of the results in accordance with the rules of VP applicable from time to time, and the Issuer must publish the Conversion Option Valuation Report in accordance with the rules of the Stock Exchange and applicable law.
- 11.7.5 Issuer's collaboration. Immediately after the appointment of the Conversion Option Valuation Expert, the Issuer must notify the Conversion Option Valuation Expert of or publish (in accordance with the rules of the Stock Exchange and applicable law) any Price-Sensitive Information and, during the period until the date of the Conversion Option Valuation Report, notify the Conversion Option Valuation Expert of or publish (in accordance with the rules of the Stock Exchange and applicable law) any additional Price-Sensitive Information of which the Issuer may gain knowledge during such period. At the request of the Conversion Option Valuation Expert, the Issuer must confirm that it has published or disclosed any Price-Sensitive Information. Furthermore, the Issuer must provide the Conversion Option Valuation Expert with access to any such information and employees of the Issuer as the Conversion Option Valuation Expert deems necessary, taking into account the limited period of time available for the preparation of the Conversion Option Valuation Report, see paragraph 11.7.4. In addition, the Issuer must comply with the principles of section 6b(4) of the Danish Public Companies Act. Where possible, the Issuer must arrange for the Issuer's auditor(s) to collaborate with and disclose such information to the Conversion Option Valuation Expert as he may need, including the work papers of the Issuer's auditor.

- 11.8 Delivery. The New Shares will be delivered in book-entry form through VP to the accounts of the Capital Certificate Holders in which the converted Capital Certificates were registered and otherwise in accordance with the rules of VP applicable from time to time.
- 11.9 Ranking. The New Shares must rank *pari passu* with, and be identical to, the Issuer's existing Shares at the date of the implementation of the Issuer's Conversion Option. The New Shares must be negotiable instruments and freely transferable. The New Shares must carry the same right to dividends from the date of registration with the Danish Commerce and Companies Agency as the Shares of the Issuer on the date of implementation of the Issuer's Conversion Option.
- 11.10 Conditions. The exercise of the Issuer's Conversion Option is subject to:
- (i) the Issuer's shareholders in general meeting having passed all the necessary resolutions to issue the New Shares against conversion of the Capital Certificates at the Conversion Option Price and on the other terms of the Conditions (with voluntary and mandatory conversion);
 - (ii) the Issuer providing a legal opinion on or before the date of implementation of the Issuer's Conversion Option in a form and with a content which is satisfactory to the Danish State, confirming (i) the fulfilment of the above and that the New Shares will rank *pari passu* with, and be identical to, the Issuer's existing Shares at the date of implementation of the Issuer's Conversion Option;
 - (iii) the Issuer's articles of association not containing any restrictions in respect of ownership, voting or transferability, etc.;
 - (iv) the Issuer being licensed to operate as a bank, not having suspended its payments or entered into liquidation or having been declared bankrupt;
 - (v) the Shares having been, and the New Shares being admitted to trading on the Stock Exchange or another regulated market; and
 - (vi) no Company Resolution having been passed (or implemented), being pending or published within the relevant period in which the Conversion Option Valuation Expert is to fix the Conversion Option Price;
- 11.11 Taxation. Any tax imposed on the Capital Certificate Holders as a result of the Issuer's exercise of the Issuer's Conversion Option is payable by the Issuer.

11.12 Expenses. Any expenses for VP and the custodians of the Capital Certificate Holders as a result of the Issuer's exercise of the Issuer's Conversion Option are payable by the Issuer.

12. **MANDATORY CONVERSION**

12.1 Conversion obligation. The Danish Financial Supervisory Authority may order ("FSA Conversion Order") that all or part of the Capital Certificates be converted into New Shares in one or more rounds ("Mandatory Conversion"), in the event that:

- (a) the Issuer fails to meet the Solvency Requirement; or
- (b) the Danish Financial Supervisory Authority assesses that there is a clear risk that the Issuer will fail to meet the Solvency Requirement.

If the Danish Financial Supervisory Authority issues an order for Mandatory Conversion against the Issuer, the Issuer and the Capital Certificate Holders are under an obligation to carry out the Mandatory Conversion as ordered under the rules of this paragraph 12. Any undue Coupon accrued on the Capital Certificates converted will be lost from the date of the Mandatory Conversion in connection with the registration with the Danish Commerce and Companies Agency of the capital increase by the New Shares.

12.2 Issuer's notifications of conversion. The Issuer must immediately upon receipt of the FSA Conversion Order notify the Capital Certificate Holders and the public (the "Issuer's Mandatory Conversion Notification") of the receipt of the FSA Conversion Order and of the Mandatory Conversion as ordered in accordance with the rules of VP applicable from time to time, the rules of the Stock Exchange and applicable law.

12.3 Number of New Shares. The Capital Certificates to be converted in connection with a Mandatory Conversion must be converted into a number of New Shares in accordance with the following formula:

Number of New Shares = the sum of the Nominal Value of all Capital Certificates to be converted, divided by the Conversion Price, see, however, paragraph 11.6.

12.4 Conversion Price. The price at which the Capital Certificates are to be converted into New Shares ("Conversion Price") is calculated in DKK per Share pursuant to the rules set out in paragraphs 12.4.1 and 12.4.5.

12.4.1 Valuation Expert. The Conversion Price is fixed by an independent state-authorized public accountant (the "Valuation Expert") appointed by the Institute of State Authorised Public Accountants in Denmark. The Valuation Expert must meet the conditions for being appointed valuation expert under section 6b of the Danish Public Companies Act and have experience of credit institutions. Immediately upon receipt of

the FSA Conversion Order, the Issuer must contact the Institute of State Authorised Public Accountants in Denmark for appointment of a Valuation Expert. The Issuer shall pay all costs for the Valuation Expert.

- 12.4.2 Valuation criteria. The Conversion Price is determined by the Valuation Expert as the market value of the Issuer's Shares immediately after the publication of the Issuer's Mandatory Conversion Notification, taking into account the situation of the Issuer at the time of the FSA Conversion Order. The Valuation Expert determines at his own discretion the most suitable valuation method(s) based on the situation of the Issuer, and may, if he sees fit, determine the market value on the basis of the price of the Shares on the Stock Exchange after the Issuer's Mandatory Conversion Notification. When making his valuation, the Valuation Expert is not required to take into account (i) the effect of any subsequent Mandatory Conversion (including the impact on the Issuer's solvency ratio and the dilution resulting from the conversion) or (ii) any simultaneous or subsequent capital increase or capital injection in the Issuer, unless such capital increase or such capital injection has been subscribed or underwritten at the date of the FSA Conversion Order. If the Valuation Expert elects to determine the market value on the basis of the price of the Shares on the Stock Exchange after the Issuer's Mandatory Conversion Notification, the Valuation Expert is not required to adjust such price, unless he considers it appropriate. Notwithstanding the above, the Conversion Price may not be lower than the nominal value of the New Shares.
- 12.4.3 No adjustment. The Conversion Price will not be separately adjusted in the event of the Issuer's increase or reduction of the share capital, issuance of warrants or convertible instruments, merger, demerger or other dissolution prior to the FSA Conversion Order, since the Conversion Price is determined at market value, see paragraph 12.4.2.
- 12.4.4 Valuation Report. The Valuation Expert's valuation report (the "Valuation Report") must be available not later than three weeks after the date of the FSA Conversion Order. The Valuation Report must state the procedure(s) applied in determining the Conversion Price. The Valuation Report is final. Accordingly, the Issuer or the Capital Certificate Holders cannot set up any claims or take legal action on the basis of the Valuation Report. As soon as the Valuation Report is available, the Issuer must notify the Capital Certificate Holders of the results in accordance with the rules of VP applicable from time to time, and the Issuer must publish the Valuation Report in accordance with the rules of the Stock Exchange and applicable law.
- 12.4.5 Issuer's collaboration. Immediately after the appointment of the Valuation Expert, the Issuer must notify the Valuation Expert of or publish (in accordance with the rules of

the Stock Exchange and applicable law) any Price-Sensitive Information and, during the period until the date of the Valuation Report, notify the Valuation Expert of or publish (in accordance with the rules of the Stock Exchange and applicable law) any additional Price-Sensitive Information of which the Issuer may gain knowledge during such period. At the request of the Valuation Expert, the Issuer must confirm that it has published or disclosed any Price-Sensitive Information. Furthermore, the Issuer must provide the Valuation Expert with access to any such information and employees of the Issuer as the Valuation Expert deems necessary, taking into account the limited period of time available for the preparation of the Valuation Report, see paragraph 12.4.4. In addition, the Issuer must comply with the principles of section 6b(4) of the Danish Public Companies Act. Where possible, the Issuer must arrange for the Issuer's auditor(s) to collaborate with and disclose such information to the Valuation Expert as he may need, including the work papers of the Issuer's auditor.

- 12.5 Cancellation of licence. Notwithstanding paragraph 12.1, no request to convert the Capital Certificates into Shares in the Issuer may be made if the Issuer is no longer licensed to operate as a bank and is no longer subject to the supervision of the Danish Financial Supervisory Authority under the Danish Financial Business Act.
- 12.6 Status of the Capital Certificates. As from the date of the FSA Conversion Order, any Capital Certificates to be converted into New Shares must, in all respects, rank *pari passu* with the Shares of the Issuer and with any debt designated as ranking *pari passu* with the Shares of the Issuer. In the event of a withdrawal by the Danish Financial Supervisory Authority of the FSA Conversion Order prior to the implementation of the Mandatory Conversion in connection with registration of the capital increase by the New Shares with the Danish Commerce and Companies Agency, the Capital Certificates will resume the status in accordance with paragraph 3 from the date of such withdrawal.
- 12.7 Similar application. Paragraphs 11.4, 11.6, 11.8, 11.9 and 11.12 apply subject to any necessary amendments with respect to a Mandatory Conversion.
13. **BREACH**
- 13.1 Breach of the Conditions (with voluntary and mandatory conversion). In the event of the Issuer's breach or anticipatory breach in performing its obligations under these Conditions (with voluntary and mandatory conversion), any Capital Certificate Holder may exercise remedies for breach under Danish law. The exercise of remedies for breach may, however, not result in an obligation on the part of the Issuer to pay an amount at an earlier date than the date on which such amount would otherwise have fallen due for payment under the Conditions (with voluntary and mandatory conversion), see, however, paragraph 13.2.

13.2 Discontinuation of activities. Breach includes, *inter alia*, (i) the Issuer entering into liquidation, (ii) a bankruptcy order being made against the Issuer, or (iii) the withdrawal by the Danish Financial Supervisory Authority of the Issuer's licence to operate as a bank and approval of the winding up of the Issuer, with the exception of winding up through merger, under section 227 of the Danish Financial Business Act. In the event of breach under this paragraph 13.2, any Capital Certificate Holder may notify the Issuer that the Capital Certificates, plus any accrued Coupon, have fallen due. The redemption amount under this paragraph 13.2 is calculated in accordance with paragraphs 8.3 to 8.5. However, the redemption amount at a due date before 25 August 2012 is fixed at par.

14. **AMENDMENTS AND APPROVALS**

14.1 Amendments. Any amendments of these Conditions (with voluntary and mandatory conversion) to the effect that the Capital Certificates will no longer constitute Hybrid Core Capital are subject to the prior written approval of the Danish Financial Supervisory Authority.

14.2 Consent. If the Issuer ceases to be subject to the supervision of the Danish Financial Supervisory Authority under the Danish Financial Business Act, and the Financial Supervisory Authority has no authority *vis-à-vis* the Issuer, the consent of the Financial Supervisory Authority is not required under these Conditions (with voluntary and mandatory conversion).

15. **GOVERNING LAW AND VENUE**

15.1 Governing law and venue. These Conditions (with voluntary and mandatory conversion) are governed by Danish law. Any dispute arising out of these Conditions (with voluntary and mandatory conversion) shall be settled by the City Court of Copenhagen. The Issuer or a Capital Certificate Holder may, however, move to have the case referred to settlement by the High Court of Eastern Denmark.

Date: 20 August 2009

Issuer:
Vestjysk Bank A/S

Name: Frank Kristensen
Title: CEO

Name: Preben Knudsgaard
Title: Managing Director