Q1-Q3 2013

vestjyskBANK
Quarterly Report 2013

Table of contents

Vestjysk Bank A/S
Torvet 4-5, 7620 Lemvig
CVR-nr. 34631328
Hjemsted: Lemvig
Telefon 96 63 20 00
Telefax 96 63 22 99
www.vestjyskbank.dk
vestjyskbank@vestjyskbank.dk

Read or download this report at vestjyskbank.dk.
The vestjyskBANK Quarterly Report Q1-Q3 2013 is a translation of the original report in Danish (vestjyskBANK Kvartalsrapport 1.-3. Kvartal 2013)

Summary of vestjyskBANK's results

Q1-Q3 2013

- Results before tax at DKK -128 million (Q1-Q3 2012: DKK -710 million);
- Core income of DKK 916 million (Q1-Q3 2012: DKK 939 million);
- Capital gains of DKK 64 million through early repayment of subordinated loan capital of, respectively, DKK 75 million and NOK 90 million;
- Rate of cost at 49.3 (Q1-Q3 2012: 57.2 per cent – excl. impairment of goodwill);
- Personnel and administrative expenses at DKK 404 million (Q1-Q3 2012: DKK 503 million);
- Core earnings before impairments at DKK 464 million (Q1-Q3 2012: DKK 402 million);
- Impairments of loans and receivables, etc. at DKK 592 million (Q1-Q3 2012: DKK 904 million);
- Targeted efforts to narrow deposit-lending gap successful. At 30 September 2013, the deposit deficit stood at DKK 1.1 billion (31 December 2012: DKK 2.6 billion);
- Solvency ratio at 10.8; core capital ratio at 5.4 and individual solvency at 10.2 per cent corresponding to a surplus at DKK 130 million;
- Liquidity cover ratio at 146.1 per cent as of 30. September 2013;
- Government guarantee framework through the Financial Stability Company has been reduced from DKK 6.8 billion to DKK 4.5 billion as at 30 September 2013; and
- Restructuring plan has not yet received final EU approval.

Q3 2013

- Results before tax at DKK -62 million (Q3 2012: DKK -726 million);
- Core income of DKK 275 million (Q3 2012: DKK: 336 million);
- Rate of cost at 50.2 per cent (Q3 2012: 55.1 per cent – excl. impairment of goodwill);
- Personnel and administrative expenses at DKK 123 million (Q3 2012: DKK 172 million);
- Core earnings before impairments at DKK 137 million (Q3 2012: DKK 151 million); and
- Impairments of loans and receivables, etc. at DKK 199 million (Q3 2012: DKK 669 million).

Fiscal year 2013 outlook

- Core earnings at around DKK 550 million before impairment charges;
- On 22 October 2013, DKK 338 million in government hybrid core capital incl. interest was converted to share capital to improve the Bank's solvency. After the conversion, the State's holding stood at 65.96 per cent and the government-owned Financial Stability Company [Finansiel Stabilitet A/S] holds 1.5 per cent of the total share capital and votes; and
- The need for impairments is also expected to be high in 2013, but at a significantly lower level than in 2012. Due to the Bank's loan risk profile uncertainty remains about the exact level of expected impairments.

Capital

- The challenges related to the capital conditions are big and on 18 October 2013, the Bank issued a company announcement regarding a study of structural measures that could improve the Bank's solvency more permanently. This study has yet to produce any specific conclusions; and
- It is anticipated that the Financial Supervisory Authority will begin enforcing the new CRD IV rules as they are implemented into Danish law and expected to enter into effect on 31 March 2014. The new rules are currently being studied and this work will continue. The new rules are anticipated to have a negative impact on how the Bank's solvency ratio is calculated and may create uncertainty with respect to whether the Bank will subsequently have an adequate level of solvency; these are some of the concerns regarding structural measures that Management is currently studying.

Management's Review

Quarterly Key Figures and Financial Ratios

Key figures	Q1-Q3 2013	Q1-Q3 2012	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	2012
Statement of Income (in MDKK)								
Net interest income	594	681	193	201	200	211	239	892
Net fee income	187	196	61	67	59	82	61	279
Dividends on equity securities etc.	10	5	2	8	0	0	0	5
Market value adjustments for foreign currency and sector shares	106	43	16	20	70	53	29	96
Other operating income	19	14	3	9	7	-4	7	10
Core income	916	939	275	305	336	342	336	1,282
Personnel and administrative expenses	-404	-503	-123	-138	-143	-156	-172	-660
Other operating expenses as well as deprecia-tion, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-48	-34	-15	-15	-18	-15	-13	-49
Operating expenses and operating depreciations and amortisations	-452	-537	-138	-153	-161	-171	-185	-709
Core earnings before impairments	464	402	137	152	175	171	151	573
Impairment of goodwill	0	-208	0	0	0	0	-208	-208
Impairments of loans and receivables etc.	-592	-904	-199	-253	-140	-611	-669	-1,515
Profit/loss before tax	-128	-710	-62	-101	35	-440	-726	-1,150
Tax	0	189	0	-3	3	110	184	299
Profit/loss	-128	-899	-62	-98	32	-550	-910	-1,449
Statement of Financial Position (in MDKK)								
Assets, total	26,816	33,270	26,816	27,373	29,088	32,750	33,270	32,750
Loans	18,451	21,700	18,451	19,418	20,144	20,697	21,700	20,697
Deposits, including pooled funds	17,347	17,718	17,347	17,446	17,470	18,058	17,718	18,058
Contingent liabilities	3,161	4,634	3,161	3,307	4,196	5,154	4,634	5,154
Business volume	38,959	44,052	38,959	40,171	41,810	43,909	44,052	43,909
Equity	841	1,486	841	903	1,004	975	1,486	975

The results for Aarhus Lokalbank have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012. Assets and liabilities from Aarhus Lokalbank have been recognised in the Statement of Financial Position as at the end of March 2012.

Financial ratios	Q1-Q3 2013	Q1-Q3 2012	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	2012
Solvency								
Solvency ratio	10.8%	13.7%	10.8%	11.2%	12.1%	10.9%	13.7%	10.9%
Core capital ratio	5.4%	8.0%	5.4%	5.6%	6.0%	5.4%	8.0%	5.4%
Earnings								
Return on equity before tax, annually [1]	-18.8%	-59.7%	-28.6%	-42.4%	14.4%	-142.2%	-148.1%	-86.2%
Return on equity after tax, annually [1]	-18.8%	-75.5%	-28.6%	-41.2%	13.3%	-178.0%	-185.6%	-108.6%
Income-cost ratio [2]	0.88	0.57	0.81	0.75	1.12	0.44	0.32	0.53
Rate of cost [3]	49.3%	79.3%	50.2%	50.2%	47.8%	50.2%	55.1%	55.4%
Employees converted to full-time (average)	568.0	627.1	559.0	567.1	577.8	604.7	636.1	621.3
Market risk								
Interest rate risk [4]	-4.9%	-8.2%	-4.9%	-6.3%	-4.8%	-11.5%	-8.2%	-11.5%
Foreign currency position [5]	3.0%	1.3%	3.0%	5.0%	1.3%	1.7%	1.3%	1.7%
Foreign currency risk	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Excess cover in relation to statutory liquidity requirements [6]	146.1%	135.2%	146.1%	111.6%	101.0%	144.8%	135.2%	144.8%
Credit risk								
Loans plus impairments on loans in relation to deposits	128.0%	138.3%	128.0%	132.3%	135.2%	133.2%	138.3%	133.2%
Loans in relation to equity	21.9	14.6	21.9	21.5	20.1	21.2	14.6	21.2
Growth in loans for the period [7]	-10.9%	-0.1%	-5.0%	-3.6%	-2.7%	-4.6%	-5.6%	-4.7%
Total of large commitments [8]	35.6%	17.8%	35.6%	36.5%	32.4%	46.1%	17.8%	46.1%
Accumulated impairment ratio	15.0%	9.8%	15.0%	14.0%	12.7%	11.6%	9.8%	11.6%
Impairment ratio for the period	2.3%	3.1%	0.8%	1.0%	0.5%	2.1%	2.3%	5.2%
vestjyskBANK share								
Profit/loss for the period per share	-2.1	-24.5	-1.0	-1.6	0.5	-9.0	-14.9	-39.5
Equity value per share [9]	13.8	24.3	13.8	14.8	1.6	1.6	2.4	1.6
Price of vestjyskBANK shares, end of the period	13.50	13.60	13.50	9.25	7.90	13.00	13.60	13.00
Market price / profit/loss for the period per share	1.0	0.6	1.0	0.6	0.5	0.8	0.6	0.8

The results for Aarhus Lokalbank have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012. Assets and liabilities from Aarhus Lokalbank have been recognised in the Statement of Financial Position as at the end of March 2012.

1 Based on average equity.

2 Income from ordinary activities in relation to costs from ordinary activities.
Income from ordinary activities = net interest and fee income + value adjustments + other operating income .
Costs from ordinary activities = operating costs and operating depreciations and impairments + impairment of goodwill + impairment of loans and amounts receivable, etc.

3 Operating costs and operating depreciations and impairments in relation to core income.

4 Interest rate risk in relation to core capital, less deductions.

5 Foreign Currency Indicator 1 in relation to core capital, less deductions.

6 Surplus funding in relation to the 10% requirement set out in sec 152 of the Danish Finance Act.

7 Growth in loans measured in relation to vestjyskBANK's loans, beginning of the period .

8 Commitments exceeding 10 percent of the capital base in relation to the capital base.

9 The Bank changed the individual denomination of its share from DKK 10 to DKK 1 per share when it reduced its share capital from DKK 612.9 million to DKK 61.3 million, cf. Company Announcement of 25 April 2013.

Management’s Review
Financial Review

Introduction

In the first three quarters of 2013, the Bank’s results before tax stood at DKK –128 million compared to DKK –710 million for the same period 2012.

The Bank had core earnings of DKK 916 million compared to DKK 939 million for the same period the previous year.

Personnel and administrative costs continued their downward trend at DKK 452 million for the year's first nine months; a decline of DKK 85 million compared to the same period the previous year.

Income and cost developments resulted in a basic income of DKK 464 million, which was DKK 62 million higher than for the first three quarters of 2012. This increase was primarily attributable to higher gains from positive market value adjustments. These gains where attained through prepayments of subordinated loans. These subordinated loans were prepaid with the prior approval of the Danish Financial Supervisory Authority.

Impairments of loans stood at DKK 592 million compared to DKK 904 million for the same period 2012. This reduction in impairment charges is significant but the level remains high.

In summary, the results met Management’s expectations; however, the extent of the impairments kept the results in negative territory—a development that is naturally unsatisfactory.

Bank’s key challenges and Management’s measures

As detailed in the Management’s Action Plan, the Bank’s delicate capital structure has made it necessary to continue its efforts to pare down the Bank’s balance sheet. The biggest contributing component was the Bank’s decline in lending of approx. DKK 2.2 billion over the past nine months. Moreover, deposits remained stable at around DKK 17 billion, which resulted in a loan-deposit gap of only DKK 1.1 billion at 30 September 2013—and the Bank's liquidity was healthy.

Management retained tight control of both management processes and the 2013 Action Plan initiatives detailed in the 2012 Annual Report Management’s Review section. All those measures were designed to strengthen the Bank’s solvency and regenerate positive operating results. Those measures will be continued at the same level of perseverance but is supplemented with initiatives that can strengthen the Bank’s solvency more permanently and create greater robustness in relation to statutory and regulatory requirements.

Even as the Bank has undergone various positive developments as a clear result of the Action Plan, we have yet to reach an actual financial turning point. This prompted the Bank to issue a company announcement on 18 October 2013 outlining its plan to investigate opportunities to implement structural measures for a long-term solution to the Bank's capital-related challenges. Thus far, this effort has yet to produce any specific structural measures that the Bank can pursue. The Bank has assigned a separate financial advisor to assist in these efforts. Since the Danish State has indicated that it does not see itself as a long-term shareholder, the measures that are being explored are therefore being conducted in close consultation with the State.

When in the spring of 2012 the EU Commission preliminarily approved the government subsidy for the capital plan for the merged bank, it was conditional upon its prior approval of the Bank’s restructuring plan. The negotiations related to this approval have not yet been concluded. The Bank’s structural considerations are an important component in obtaining the EU Commission's approval.

As at 30 December 2013, the Bank’s solvency ratio stood at 10.8 per cent. The assessed solvency requirement was 10.2 per cent; at 30 September 2013, the solvency surplus alone therefore stood at DKK 130 million. In order to strengthen both the solvency and the solvency surplus, it has been decided to exercise the Bank's right to convert government hybrid loan capital to share capital in the amount of approx. DKK 338 million, cf. the company announcement of 24 September 2013. This conversion has ***not*** been recognised in the figures at 30 September 2013 but would result in an increase in the solvency of approx. 1.4 percentage points and a total solvency surplus of approx. DKK 441 million.

After the conversion, the State's holding will stand at 65.96 per cent and the government-owned Financial Stability Company [Finansiel Stabilitet A/S] holds 1.5 per cent of the total share capital and votes.

The rules for how banks must determine solvency will be amended in accordance with the future so-called Capital Requirements Directive IV rules. It was expected that the rules would be enforced by the Danish Financial Supervisory Authority at 1 January 2014. This date, however, has now been postponed to 31 March 2014. The effect these rules will have on the Bank's future solvency is currently being analysed carefully. All the details have not yet been clarified but one should expect that the computational methods set out in these rules will affect the Bank negatively.

A negative impact on how the Bank's solvency ratio is calculated may create uncertainty regarding whether the Bank will subsequently have a sufficient level of solvency; this is a contributing factor to the Management's study of potential structural measures.

Statement of income

Results

For Q1–Q3 2013, the Bank's results before tax stood at DKK -128 million, against DKK million -710 over the same period last year.

Impairments of loans and receivables, etc. totalled DKK 592 million in Q1–Q3 2013. The impairment ratio for Q1–Q3 2013 stood at 2.3 per cent.

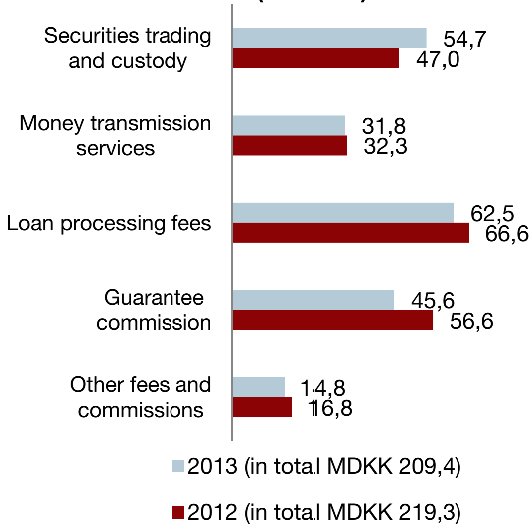
Core income

For the period Q1–Q3 2013, vestjyskBANK realised core income of DKK 916 million, which represented a DKK 23 million decline compared to the same period last year.

Positive market value adjustments have been recognised at DKK 106 million, of which DKK 64 million is attributable to the Bank's early repayment of subordinated debt of DKK 75 million and NOK 90 million at a discount.

Simultaneously, fee income was realised at DKK 209 million during Q1–Q3 2013, which is DKK 10 million less than the same period last year.

Commissions and fees (in MDKK)



Other operating income stood at DKK 19 million in Q1–Q3 2013, compared with DKK 14 million for the same period last year.

Operating expenses and operating depreciations and amortisations

Operating expenses and operating depreciations and amortisations totalled DKK 452 million during Q1–Q3 2013. Compared to the same period last year, we now see the impact of the efficiency processes that were launched in 2012: Personnel and administration costs declined from DKK 503 million in Q1–Q3 2012 to DKK 404 million in Q1–Q3 2013, in spite of the addition of Aarhus Lokalbank as at 1 April 2012.

vestjyskBANK's contribution to the Danish Deposit Guarantee Fund was recognised as an expense at DKK 35 million in 2013, compared to DKK 21 million in Q1–Q3 2012.

Core earnings before impairments

For Q1–Q3 2013, the Bank's core earnings before impairments stood at DKK 464 million. The lower earnings on interest and fees were offset by lower operating costs and positive market value adjustments of which DKK 64 million was attributable to the Bank's early repayment of subordinated debt at a discount. Thus, core earnings before impairments were DKK 62 million higher than in Q1–Q3 2012.

Management's Review
Financial Review

Impairment of loans and receivables, etc.
Fiscal years 2011 and especially 2012 were characterised by the big impairment charges incurred by the Bank.

Year-to-date adjustments stood at net DKK 592 million. For the same period last year, that amount stood at DKK 904 million. The need for impairments exhibited a decline overall for the first three quarters of 2013 of DKK 312 million. However, the need remains strong, which is related to the composition of the Bank's loan portfolio—the number of customers with weak economies is relatively great, which is also the case in comparison with a number of other banks.

The Bank's current initiatives to put together an overall healthier business loan portfolio will be maintained. In light of the combination of a historically very high level of risk acceptance and a protracted deep economic crisis, this kind of process requires a certain period of time before quality improvements can gain enough traction for the need for new impairments to be normalised.

The Bank is engaged in a close and constructive dialogue with its business customers and has established specific action plans for the futures of the individual businesses. If they exhibit signs of economic weakness, the relevant action plan will either detail an expectation for a realistic financial restoration or that the company's commitments be wound down.

However, in spite of certain improvements in the general economic climate, the full effect of the improvement have only been felt to a limited extent in individual companies' economies, and there has therefore been no reason to reduce previous impairment charges to set off losses on customers to any significant extent.

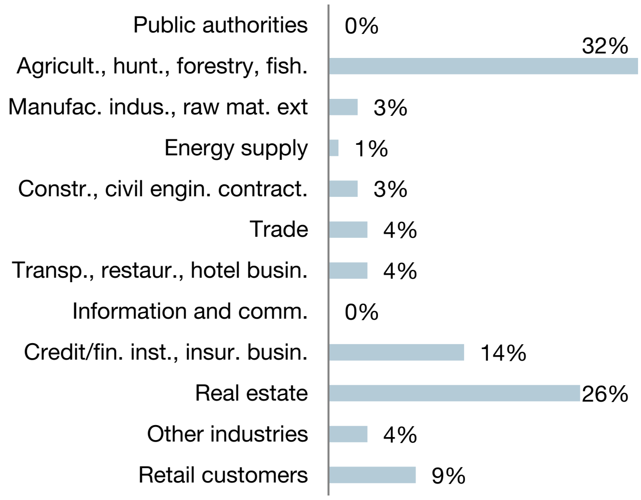
The need for additional liquidity might also arise ordinarily as part of a business recovery and if, in the Bank's assessment, assistance is justifiable, such assistance will often result in a corresponding write-down of the Bank's books.

Weak customers might also become even weaker with a resulting need for impairments for the Bank. In some cases, businesses that are being wound up may also have difficulties realising their assets within a reasonable time without having to perform downwards revaluations in relation to their estimated outlook.

Weak customers' finances are monitored carefully in order to determine, on a regular basis, if the action plan for the specific customer needs to be adjusted.

During the first three quarters of 2013, impairments had no material impact on the industry segment distribution of accumulated impairments and provisions.

Accumulated impairments and provisions by industry segment as at 30. September 2013



Statement of Financial Position

At 30 September 2013, vestjyskBANK's Statement of Financial Position stood at DKK 26.8 billion, compared to DKK 33.3 billion at 30 September 2012. This decrease in the balance sheet is primarily attributable to the Bank's focused efforts on narrowing the gap between deposits and loans.

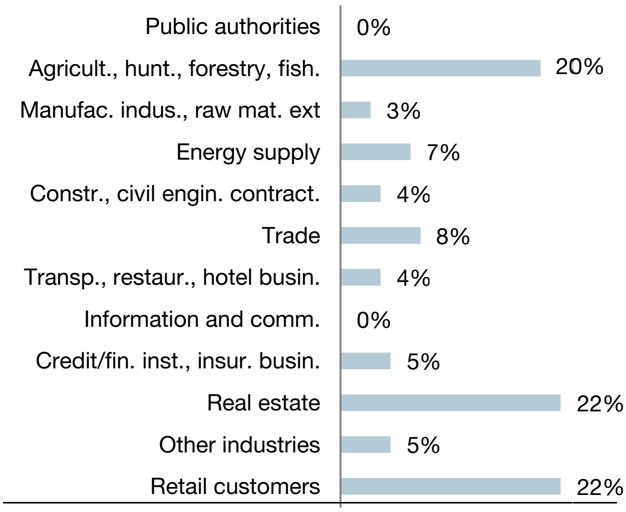
At 31 December 2012, vestjyskBANK's balance sheet stood at DKK 32.8 billion. The balance sheet has thus been reduced by DKK 6.0 billion over the course of Q1–Q3 2013. The Bank will continue to follow its planned balance sheet adjustment designed to ensure that the Bank will have the necessary funding and liquidity and that will decrease the Bank's risk weighted items.

Loans

Following its Q1 2012 merger with Aarhus Lokalbank, vestjyskBANK's loans rose to DKK 23.8 billion at 31 March 2012. However, the ongoing balance sheet adjustment has resulted in the Bank's loans now standing at DKK 18.5 billion at 30 September 2013. For Q1-Q3 2013, the Bank's loans were reduced by DKK 2.2 billion. The adjustment was among other things a result of the Bank's disinclination to issue new loans to business customers.

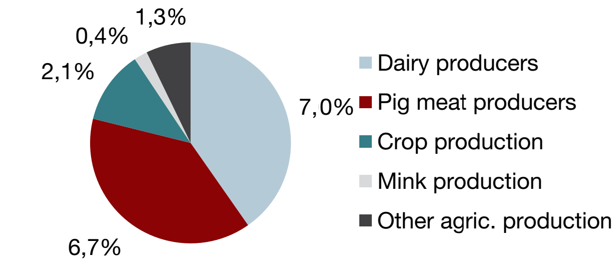
The distribution of vestjyskBANK's loans and guarantees by industry segment is illustrated below.

Loans and guarantees by industry segment as at 30. September 2013



Agriculture remains an important business segment in which the Bank has great experience. The Bank's agricultural commitments in isolation stood at 17.5 percent of total loans and guarantees at 30 September 2013 and were distributed across the various production branches as shown in the figure below.

Agricultural commitments distributed across production branches at 30. september 2013



The sum of major commitments (commitments of 10 per cent or more of the capital base) stood at 35.6 per cent of the capital base at 30 September 2013 and comprised 2 commitments.

Deposits, including pool

Following the merger with Aarhus Lokalbank during the first quarter of 2012, vestjyskBANK's deposits, including pooled funds, rose to DKK 17.8 billion at 31 March 2012 and are at the same level as at 30 September 2013, where deposits, including pooled funds, stood at DKK 17.3 billion.

At 30 September 2013, deposits including pooled funds showed a decline of DKK 0.7 billion compared with 31 December 2012.

Loan-deposit gap

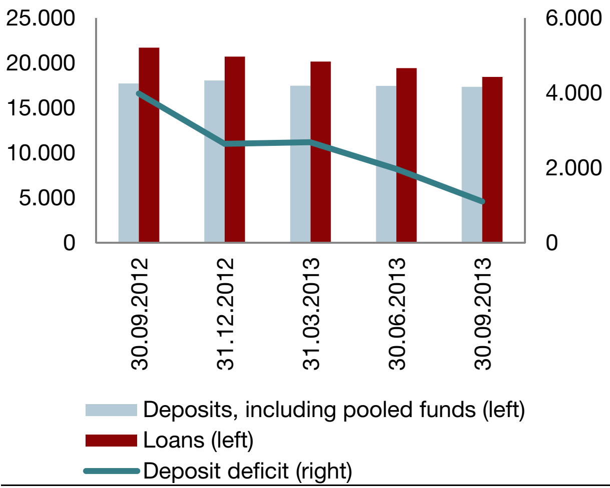
Compared with 30 September 2012, the positive trend for deposits and loans has resulted in a reduction in vestjyskBANK's deposit deficit by DKK 2.9 billion from DKK 4.0 billion at 30 September 2012 to DKK 1.1 billion at 30 September 2013.

The figure below details how vestjyskBANK's deposits, loans and loan-deposit gap have developed over the past five quarters.

Management's Review

Financial Review

Development in deposits, including pooled funds, loans and deposit deficit (in MDKK)



vestjyskBANK will continue its focused efforts on narrowing its loan-deposit gap.

Business volume

vestjyskBANK's business volume—total deposits, loans and contingent liabilities—stood at DKK 39.0 billion at 30 September 2013 compared to DKK 44.1 billion at 30 September 2012. The change in business volume is largely a result of the decline in lending.

Capital and liquidity conditions

Equity

vestjyskBANK's equity totalled DKK 841 million at 30 September 2013. The development in equity since 1 January 2013 is detailed in the Statement of Changes in Equity.

Subordinated debt

vestjyskBANK's subordinated debt stood at DKK 2.194 million at 30 September 2013, of which government hybrid core capital under Bank Package II represented DKK 1.217 million. Of these funds, DKK 1.181 million accrued interest at a rate of 9.943 per cent while DKK 36 million accrued interest at 11.11 per cent.

Special rules apply to hybrid core capital under Bank Package II as set out by law. No dilution of the capital may occur and buyback programmes designed to impair the Bank's share capital are therefore not permitted. Additionally, the tax credit issued will only be for 50 per cent of Executive Board salaries.

As approved by the Financial Supervisory Authority, subordinated capital has been reduced by DKK 75 million and NOK 90 million during Q1–Q3 2013.

On 22 October 2013, after the end of the reporting period under review, the Bank converted hybrid core capital of DKK 323 million and accrued undisbursed coupon interest of DKK 15.4 million to share capital to improve its solvency.

Solvency

The capital base less deductions totalled DKK 2.345 million at 30 September 2013, which compared with a total of risk-weighted items of DKK 21.718 million for Q1-Q3 2013, produced a solvency ratio of 10.8 per cent. At 31 December 2012, the Bank's solvency ratio stood at 10.9 per cent.

Simultaneously, the Bank's core capital ratio was calculated at 5.4 per cent at 30 September 2013, which corresponds to the core capital ratio at 31 December 2012.

Solvency need

The individual solvency need for vestjyskBANK has been calculated at 10.2 per cent.

The adequate capital base has been recognised at DKK 2.215 million, which is comparable to the core capital less deductions of DKK 2.345 million. The difference between the capital base and the adequate capital base constitutes the surplus solvency, which has been assessed at 0.6 percentage points corresponding to DKK 130 million as at 30 September 2013. Management considers this an unacceptably low level but initiatives have been launched to improve this situation as set out in the Bank's action plan.

Conversion of hybrid core capital to share capital at 22 October 2013 resulted in an increase in the solvency ratio of approx. 1.4 percentage points to 12.2 percentage points whereby the surplus solvency increases by approx. DKK 440 billion.

For a more detailed discussion of the Bank's solvency need as at 30 September 2013, please refer to the Bank's website.

Liquidity

vestjyskBANK's loans have traditionally exceeded the Bank's deposits. In recent years the Bank has therefore raised loans and issued debt securities through both Danish and non-Danish credit institutions. At 30 September 2013, the Bank's external funding totalled DKK 8.0 billion, incl. subordinated debt of DKK 2.2 billion.

vestjyskBANK's liquidity-related situation has improved, which is particularly a result of the Bank's narrowing gap between deposits and loans.

Eksternal funding including subordinated debt

	30/9 2013	30/9 2012	31/12 2012
Debts to credit institutions	438	940	925
Debts to central banks	5,394	3,000	3,002
Issued bonds at amortised cost	18	6,878	6,782
Total before subordinated debt	5,850	10,818	10,709
Subordinated debt	2,194	2,459	2,384
Total	8,044	13,277	13,093

The table above shows the development in vestjyskBANK's external funding, incl. subordinated debt. Debts to credit institutions and central banks as well as issued bonds at amortised cost were reduced by DKK 4.859 million from 31 December 2012 to 30 September 2013.
Bonds issued at amortised cost have been reduced drastically by DKK 6.764 million, while debts to credit institutions and central banks have been increased by DKK 1.905 million. The increase was due to a rise in the Bank's debts to Danmarks Nationalbank while debts to credit institutions were reduced. The Bank's debt to Danmarks Nationalbank has increased based on a collateral that primarily consists of bond loans guaranteed by the Financial Stability Company under the new guarantee scheme. Bond loans guaranteed by the Financial Stability Company totalled DKK 4.5 billion at 30 September 2013, a reduction of DKK 2,3 billion from 31 December 2012, with government guaranteed issues representing DKK 6.8 billion.

Share capital

vestjyskBANK's share capital stood at DKK 61,288,878 at 30 September 2013. The share capital was distributed across 61,288,878 shares with a par value of DKK 1 per share.

The shareholders at the Bank's Annual General Meeting on 26 March 2013 adopted the Supervisory Board's proposal to reduce the par value of the Bank's share from DKK 10 to DKK 1. The reduction was executed in April 2013. Among other things, this means that

- The denomination of all the Bank's shares was changed from a nominal price of DKK 10 to DKK 1, so that the Bank's share capital after the capital reduction totalled DKK 61,288,878 distributed across 61,288,878 shares of DKK 1 each.
- After the capital reduction, the Bank holds a special reserve of DKK 551,599,902, which constitutes part of the Bank's equity.
- The reserve created by the capital reduction is tied up and may be used only to cover deficits or conversions of share capital, unless the shareholders at the Annual General Meeting determine that it should be used for a different purpose. However, the shareholders at the Annual General Meeting cannot make such a determination as long as the Bank has outstanding loans in the form of government capital injections or senior loans covered by individual government guarantees.

vestjyskBANK has approx. 43,700 registered shareholders. The Danish State holds 32,017,428 shares, corresponding to an ownership interest of 52.2 per cent. Additionally, the Financial Stability Company, which is wholly owned by the Danish State, holds 1,291,222 shares in vestjyskBANK, which corresponds to a rate of interest of 2.1 per cent. In total, including this ownership interest, the Danish State holds 54.3 per cent of the share capital and the voting rights of vestjyskBANK. After the conversion of hybrid core capital on 22 October, the State's holding rose to 65.96 per cent. while Financial Stability Company is reduced to 1.5 percent.

Second only to the Danish State, the ten biggest shareholders hold 8.3 per cent of the share capital in vestjyskBANK.

Management's Review

Financial Review

The Financial Supervisory Authority's Supervisory Diamond

vestjyskBANK's goal is to remain within the limit values for the five parameters established by the Danish Financial Supervisory Authority's "Supervisory Diamond" and with which, in principle, all banks should comply. vestjyskBANK is meeting this goal.

vestjyskBANK's values in relation to the relevant limit values are listed in the table below.

Realised values at 30. september 2013

Supervisory Diamond Benchmarks	Realised values
Sum of major commitments (< 125%)	35.6 %
Growth in loans (< 20%)	-15.0 %
Property exposure (< 25%)	22.7 %
Funding ratio (< 1)	0.72
Liquidity surplus (> 50%)	146.1 %

Miscellaneous accounting information

Related parties

vestjyskBANK's related parties comprise the members of the Supervisory Board as well as these persons' relatives. Over the course of the year, the Bank has conducted normal trade on arm's-length terms with Kaj Bech A/S, an enterprise controlled by Director Anders Bech, the Bank's deputy chairman.

Related parties furthermore comprise the Danish State, which holds a controlling ownership interest by virtue of its ownership of 52.2 per cent of the Bank's share capital and voting rights. After conversion of hybrid core capital on 22 October 2013, the Danish State holds 65.96 per cent of vestjyskBANK.

Apart from normal management remuneration, no transactions have been carried out with related parties during the reporting period.

2013 Outlook

For the first three quarters, vestjyskBANK's operations measured by core results before impairments have progressed as expected; it is anticipated that this figure will remain at around DKK 550 million for the entire year.

The impairments performed on loans and receivables, etc. are assessed to match to the actual risk. In light of the composition of the Bank's loan portfolio with a continued high level of business customers with weak economies, the Bank also expects a high level of impairments in the fourth quarter. However, the need for all of 2013 is still expected to be realised at a significantly lower level than in 2012.

Generally, the economic development in the Bank's market area seems to exhibit some positive trends, among other things, within certain parts of the agricultural sector where milk prices have developed positively with small price increases several times. This premise was considered critical by many farmers, so these increases have generated renewed optimism in this production branch. However, pig meat producers have not had their price expectations met—but a good harvest and an improved balance between feed and meat prices have limited the effect of the unfulfilled expectations to some degree. Certain industries and trades have reported a slight increase in activity, but business closures remain a part of the economic picture. However, the Bank remains extremely cautious in its approach to recognising positive expectations when assessing risks related to business loans.

The Bank's Supervisory and Executive Boards are working intensively on their structural considerations in parallel with maintaining their focus on daily operation. The challenges related to the capital conditions are big and a more permanent solution to these are being prioritised very highly.

2014 Financial Calendar

10. February	Deadline for receipt of shareholders' request for items inclusion on agenda for the Annual General Meeting
03. March	Annual Report 2013
25. March	Annual General Meeting
23. May	Quarterly Report, Q1 2014
21. August	Half-year Report, H1 2014
27. November	Quarterly Report, Q1-Q3 2014

Management's Statement

The Bank's Supervisory and Executive Boards have considered and approved the Quarterly Report, representing the period 1 January–30 September 2013 for Vestjysk Bank A/S.

The present Quarterly Financial Statements are presented in accordance with the Danish Financial Business Act and in accordance with the applicable supplementary Danish disclosure requirements relating to interim financial reporting for listed financial enterprises.

In our opinion, the accounting policies applied are appropriate and the interim financial statements provide a true and fair view of the Company's assets and liabilities and financial position as at 30 September 2013, as well as the results of the Bank's activities and cash flows for the reporting period 1 January–30 September 2013.

In our opinion, the present Management's Review provides a true and fair view of the developments in the Company's activities and financial situation, as well as a true and fair description of the most significant risks and uncertainties that may affect the Bank.

The 2012 Annual Report Management's Review made mention of matters regarding "uncertainties related to recognition and measurement" and "risks related to going concern" as well as uncertainties pertainining to the execution of the action plan. It is our assessment that these matters still apply; we refer to the Management's Statement as well as Notes 2 and 3 in the Annual Report.

The present Quarterly report has neither been audited nor reviewed.

Lemvig, 28. november 2013

Executive Board

……………………………………………	……………………………………………
Vagn Thorsager	Michael Nelander Petersen
Chief Executive Officer	*Managing Director*

Supervisory Board

…………………………………………..	……………………………………………	……………………………………………
Steen Hemmingsen	Anders Bech	Bent Simonsen
Chairman of the Board of Directors	*Deputy Chairman of the Board of Directors*	
……………………………………………	……………………………………………	……………………………………………
Kirsten Lundgaard-Karlshøj	Poul Hjulmand	Aage Tang-Andersen
……………………………………………	……………………………………………	……………………………………………
Jacob Møllgaard	Malene Rønø	Palle Hoffmann

Quarterly Financial Statements

Statement of Income and Statement of Comprehensive Income

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	Q3 2013 TDKK	Q3 2012 TDKK	Full year 2012 TDKK
	Statement of Income					
2	Interest income	1,013,434	1,220,265	321,508	416,192	1,619,146
3	Interest expenses	419,864	539,034	128,922	177,045	727,132
	Net interest income	593,570	681,231	192,586	239,147	892,014
	Dividends on equity securities etc.	9,622	4,789	1,191	129	4,818
4	Income from fees and commissions	209,419	219,315	67,222	67,372	312,027
	Fees and commissions paid	21,951	22,592	6,319	6,598	32,581
	Net interest and fee income	790,660	882,743	254,680	300,050	1,176,278
5	Market value adjustments	105,506	43,085	15,948	29,010	95,661
6	Other operating income	19,084	14,098	2,714	6,761	10,192
7	Personnel and administrative expenses	403,466	503,361	122,358	171,736	659,887
	Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	12,027	218,986	4,120	211,490	223,809
8	Other operating expenses	35,665	23,383	10,662	9,512	33,665
9	Impairment of loans and receivables etc.	591,767	904,333	198,306	669,091	1,514,755
	Income from investments i group enterprises	-16	1	0	-6	1
	Profit/loss before tax	-127,691	-710,136	-62,104	-726,014	-1,149,984
	Tax	0	188,723	0	183,733	299,408
	Profit/loss	-127,691	-898,859	-62,104	-909,747	-1,449,392
	Statement of Comprehensive Income					
	Profit/loss	-127,691	-898,859	-62,104	-909,747	-1,449,392
	Other comprehensive income:					
	Changes in value of owner-occupied properties	0	0	0	0	24,185
	Hedge accounting	-5,999	5,753	17	-18,532	38,434
	Of which transferred to interest in the Statement of Income	-322	-9,981	-34	-5,619	-16,361
	Tax on hedge accounting	0	1,057	0	6,038	-3,938
	Other comprehensive income after tax	-6,321	-3,171	-17	-18,113	42,320
	Total comprehensive income	-134,012	-902,030	-62,121	-927,860	-1,407,072

Quarterly Financial Statements

Statement of Financial Position

Note		30/9 2013 TDKK	30/9 2012 TDKK	31/12 2012 TDKK
	Assets			
	Cash in hand and demand deposits with central banks	924,915	1,802,955	1,232,087
	Amounts receivable from credit institutions and central banks	181,850	370,571	456,065
	Loans and other receivables at amortised cost	18,451,103	21,700,475	20,696,873
	Debt securities at fair value	4,453,624	6,228,020	7,271,083
	Equity securities etc.	464,488	459,472	487,474
	Income from investments in group enterprises	0	717	717
	Assets related to pooled fund schemes	1,451,933	1,196,041	1,255,966
10	Intangible assets	7,856	9,353	8,978
	Land and buildings, total	383,919	367,490	390,470
	Investment property	7,195	3,623	1,212
11	Owner-occupied property	376,724	363,867	389,258
	Other property, plant and equipment	9,023	12,618	12,661
	Current tax assets	1,947	1,960	940
	Deferred tax assets	0	121,452	0
	Temporary assets	5,930	17,177	3,787
12	Other assets	463,825	961,311	914,334
	Deferred Revenue	15,814	20,159	18,271
	Assets, total	26,816,227	33,269,771	32,749,706

Quarterly Financial

Statement of Financial Position

Note		30/9 2013 TDKK	30/9 2012 TDKK	31/12 2012 TDKK
	Liabilities			
	Debts			
	Amounts owed to credit institutions and central banks	5,831,704	3,939,505	3,926,024
	Deposits and other debt	15,894,883	16,521,970	16,801,610
	Deposits with pooled fund schemes	1,451,933	1,196,041	1,255,966
	Debt securities in issue at amortised cost	18,013	6,878,394	6,781,980
13	Other liabilities	519,373	711,021	547,949
	Prepayments	17	845	58
	Liabilities, total	23,715,923	29,247,776	29,313,587
	Provisions			
	Provision for pensions and similar liabilities	23,045	21,456	23,622
	Provisions against losses on guarantees	39,225	41,590	43,614
	Other provisions	2,568	13,552	9,663
	Provisions, total	64,838	76,598	76,899
14	**Subordinated debt**	2,194,343	2,459,423	2,384,054
	Equity			
15	Share capital	61,289	612,889	612,889
	Accumulated changes in value, total	55,433	15,863	61,754
	Revaluation reserves	55,433	30,848	55,433
	Reserve for cash flow hedges	0	-14,985	6,321
	Statutory reserves	551,600	0	1
	Retained profit or loss	172,801	857,222	300,522
	Equity, total	841,123	1,485,974	975,166
	Liabilities, total	26,816,227	33,269,771	32,749,706
	Items not recognised in the Statement of Financial Position			
16	Contingent liabilities	3,161,322	4,634,440	5,153,651
17	Other binding agreements	5,577	8,109	5,179
	Items not recognised in the Statement of Financial Position, total	3,166,899	4,642,549	5,158,830

Quarterly Financial Statements

Statement of Changes in Equity

	Share capital	Share premium	Revaluation reserves	Accumulated value adjustments of hedging instruments in hedging cash flows	Statutory reserves	Retained profit /loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2013	612,889	0	55,433	6,321	1	300,522	975,166
Comprehensive income for the period				-6,321	-1	-127,690	-134,012
Additions relating to sale of own equity securities						32,833	32,833
Disposals relating to purchase of own equity securities						-32,864	-32,864
Capital reduction	-551,600				551,600		0
Equity, 30 September 2013	61,289	0	55,433	0	551,600	172,801	841,123

	Share capital	Share premium	Revaluation reserves	Accumulated value adjustments of hedging instruments in hedging cash flows	Statutory reserves	Retained profit /loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2012	125,000	0	30,848	-11,814	0	1,549,497	1,693,531
Comprehensive income for the period				-3,171		-898,859	-902,030
Additions relating to sale of own equity securities						44,722	44,722
Disposals relating to purchase of own equity securities						-44,498	-44,498
Shares issued upon conversion of hybrid capital	141,780	154,540					296,320
Shares issued upon merger	39,664					57,008	96,672
Capital injection from issue of shares	306,445	12,128					318,573
Costs related to capital increase		-17,316					-17,316
Transferred to retained earnings		-149,352				149,352	0
Equity, 30 September 2012	612,889	0	30,848	-14,985	0	857,222	1,485,974

	Share capital	Share premium	Revaluation reserves	Accumulated value adjustments of hedging instruments in hedging cash flows	Statutory reserves	Retained profit /loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2012	125,000	0	30,848	-11,814	0	1,549,497	1,693,531
Comprehensive income for the period			24,585	18,135	1	-1,449,793	-1,407,072
Additions relating to sale of own equity securities						53,190	53,190
Disposals relating to purchase of own equity securities						-52,962	-52,962
Shares issued upon conversion of hybrid capital	141,780	154,540					296,320
Shares issued upon merger	39,664					57,008	96,672
Capital injection from issue of shares	306,445	12,258					318,703
Costs related to capital increase		-23,216					-23,216
Transferred to retained earnings		-143,582				143,582	0
Equity, 31 December 2012	612,889	0	55,433	6,321	1	300,522	975,166

Kvartalsregnskab
Noter

List of Notes for the Half-year Financial Statements

Note

1 **Accounting policies**

vestjyskBANK's half-year report for the period 1 January–30 September 2013 has been prepared in accordance with the Danish Financial Businesses Act, including the Danish Financial Supervisory Authority's Executive order on financial reporting for credit institutions and investment companies, et al. and also the supplementary Danish disclosure requirements relating to interim financial reporting for listed financial enterprises; it is thus, as distinguished from the Bank's annual reports, not presented under the International Financial Reporting Standards (IFRS). vestjyskBANK does not present consolidated financial statements owing to its subsidiary's modest size in relation to the Bank. The subsidiary is currently undergoing liquidation proceedings.

This change does not affect recognition and measurement.

The wholly-owned subsidiary Center Finansiering A/S was wound up on September 30th.

With the exception of what is specified in the following, the accounting policies applied in this report remain essentially unchanged from the 2012 Annual Report, which contains a full description of those policies.

Section 38a of the Danish Executive Order on the presentation of financial statements contains a new provision on general policies for the measurement of fair value; it replaces sections 47–48, which solely describe measuring fair value in relation to financial instruments. This change has not had any material impact on the results and equity for the reporting period.

Measuring certain assets and liabilities require Management to make an estimate of how future events will affect the value of such assets and liabilities. Estimates considered material in presenting the accounts are, among other things, made by stating depreciations of impaired loans, the fair values of unlisted financial instruments as well as provisions, *cf*. the more detailed discussion in the 2012 Annual Report. The applied estimates are based on assumptions deemed sound by Management but which by their nature are uncertain.

The Bank's significant risks and external conditions that may affect the Bank are described in greater detail in the 2012 Annual Report.

		1/1-30/9 2013	1/1-30/9 2012	1/1-31/12 2012
		TDKK	TDKK	TDKK
2	**Interest income**			
	Amounts receivable from credit institutions and central banks	2,818	6,983	7,982
	Loans and other receivables	952,384	1,118,451	1,485,889
	Debt securities	28,260	62,268	78,400
	Other interest income	351	60	285
	Derivative financial instruments	29,621	32,503	46,590
	Total	1,013,434	1,220,265	1,619,146
	This amount includes interest income from actual purchase and resale transactions recognised under			
	- Amounts receivable from credit institutions and central banks	0	16	16

Quarterly Financial Statements
Notes

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	1/1-31/12 2012 TDKK
3	**Interest expenses**			
	Credit institutions and central banks	37,129	19,693	24,871
	Deposits and other debt	214,471	232,073	308,184
	Debt securities in issue	50,323	152,384	192,955
	Subordinated debt	117,926	134,540	201,044
	Other interest expenses	15	344	78
	Interest expenses, total	419,864	539,034	727,132
	This amount includes interest expenses			
	- Actual sales and repurchase transactions recognised under Credit institutions and central banks	30	10	10
	- Tier 2 capital with step-up clause recognised under Subordinated debt	0	0	19,500
4	**Income from fees and commissions**			
	Securities trading and custody	54,741	46,967	70,738
	Money transmission services	31,757	32,280	47,048
	Loan processing fees	62,549	66,656	89,910
	Guarantee commission	45,588	56,637	83,419
	Other fees amd commissions	14,784	16,775	20,912
	Income from fees and commissions, total	209,419	219,315	312,027
5	**Market value adjustments**			
	Debt securities	20,873	24,764	29,810
	Equity securities etc.	10,670	23,481	24,281
	Exchange rate adjustment	10,430	17,706	23,089
	Derivative financial instruments	-15,213	3,524	3,213
	Assets related to pooled fund schemes	105,966	143,524	150,279
	Deposits with pooled fund schemes	-105,966	-143,524	-150,279
	Fair value hedged lending	-6,860	4,619	4,040
	Fair value hedged borrowing	21,955	-12,909	-12,757
	Gain from repayment of liabilities measured at amortised cost	63,651	-18,100	23,985
	Market value adjustments, total	105,506	43,085	95,661

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	1/1-31/12 2012 TDKK
6	**Other operating income**			
	Gains on disposal of operating equipment	1,048	238	619
	Other income	18,184	14,000	9,741
	Operation of investment property	-148	-140	-168
	Other operating income, total	19,084	14,098	10,192
7	**Personnel and administrative expenses**			
	Salaries and remuneration to the Supervisory and Executive Boards	6,038	17,638	19,560
	Personnel expenses	249,715	311,381	406,740
	Other management expenses	147,713	174,342	233,587
	Personnel and management expenses, total	403,466	503,361	659,887
	Salaries and remuneration to the Supervisory and Executive Boards			
	Supervisory Board	1,208	1,200	1,562
	Executive Board:			
	Contractual remuneration	4,643	4,117	6,616
	Pension	187	2,016	578
	Termination benefits	0	10,305	10,804
	Executive Board, total	4,830	16,438	17,998
	Total	6,038	17,638	19,560
	Executive Board, other expenses			
	Value of perquisites	225	210	282
	With reference to the terms and conditions for participation as set out in the Act on State-Funded Capital Injections into Credit Institutions (Bankpakke II), please note that the calculation of taxable income payments to the Executive Board deducted for tax purposes totalled	2,528	8,324	9,140
	No agreements have been executed concerning bonus plans, incentive programmes or similar compensation plans.			
	The Bank is exempt from any and all defined benefit obligations in respect of the departure of members of the Executive Board, whether as a result of age, illness, disability or any other reason.			
	Personnel expenses			
	Wages and salaries	195,667	254,187	329,639
	Pensions	27,911	28,313	38,623
	Expenses relating to social security contributions, payroll tax etc.	26,137	28,881	38,478
	Total	249,715	311,381	406,740

Quarterly Financial Statements
Notes

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	1/1-31/12 2012 TDKK
8	**Other operating expenses**			
	Contributions to the Guarantee Fund for Depositors and Investors	34,872	21,274	28,292
	Other expenses	793	2,109	5,373
	Total	35,665	23,383	33,665
9	**Impairments of loans and provisions against guarantees etc.**			
	Individual impairments of loans			
	Individual impairments of loans and other receivables, beginning of the period	3,319,190	2,121,489	2,121,489
	Impairments over the course of the period	738,123	985,799	1,575,614
	Reversal of impairments performed in prior financial years	-144,337	-98,140	-70,991
	Other movements	47,709	22,677	22,677
	Previously individually impaired, now definitely lost	-245,636	-262,162	-329,599
	Individual impairments of loans and other receivables, end of the period	3,715,049	2,769,663	3,319,190
	Impact on operations	593,786	887,659	1,504,623
	Impairments of loans in groups			
	Impairments of loans and other receivables in groups, beginning of the period	36,089	51,304	51,304
	Impairments over the course of the period	18,404	8,218	9,143
	Reversal of impairments performed in prior financial years	-9,688	-22,590	-36,372
	Other movements	1,557	1,852	12,014
	Impairments of loans and other receivables in groups, end of the period	46,362	38,784	36,089
	Impact on operations	8,716	-14,372	-27,229
	Impairments of loans, total			
	Impairments of loans and other receivables, beginning of the period	3,355,279	2,172,793	2,172,793
	Impairments over the course of the period	756,527	994,017	1,584,757
	Reversal of impairments performed in prior financial years	-154,025	-120,730	-107,363
	Other movements	49,266	24,529	34,691
	Previously individually impaired, now definitely lost	-245,636	-262,162	-329,599
	Impairments of loans and other receivables, end of the period	3,761,411	2,808,447	3,355,279
	Impact on operations	602,502	873,287	1,477,394
	Provisions against losses on guarantees and unused credit commitments			
	Provisions against losses on guarantees and unused credit commitments, beginning of the period	49,839	36,043	36,043
	Impairments over the course of the period	19,551	34,353	34,841
	Reversal of provisions performed in prior financial years	-28,522	-17,320	-21,045
	Provisions against losses on guarantees and unused credit commitments, end of the period	40,868	53,076	49,839
	Impact on operations	-8,971	17,033	13,796
	Accumulated impairment ratio	15.0%	9.8%	11.6%

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	1/1-31/12 2012 TDKK
9	**Impairments of loans and provisions against guarantees etc. (continued)**			
	Amounts receivable for which calculation of interest has stopped, end of the period	2,684,468	1,725,948	2,025,471
	Of which impaired, total	1,988,279	1,161,422	1,395,861
	Amounts receivable for which calculation of interest has stopped, as a percentage of loans before impairments	12.1%	7.0%	8.4%
	Impairments of/provisions for amounts receivable from credit institutions			
	Impairments of/provisions for amounts receivable from credit institutions, beginning of the period	1,043	1,081	1,081
	Impairments/provisions over the course of the period	0	901	637
	Reversal of impairments performed in prior financial years	-1,043	-1,081	-675
	Impairments of/provisions for amounts receivable from credit institutions, end of the period	0	901	1.043
	Impact on operations	-1,043	-180	-38
	Impact on operations, total	592,488	890,140	1,491,152
	Lost, where individual impairments/provisions have not been made	17,569	19,003	29,444
	Included in previously written-off debts	-18,290	-4,810	-5,841
	Impairment of loans and guarantee debtors, etc., total	591,767	904,333	1,514,755
	Interest income on written-down loans is offset in impairments by	60.036	44,497	49,266
10	**Intangible assets**			
	Goodwill			
	Total acquisition price, beginning of the period	0	96,590	96,590
	Addition due to merger with Aarhus Lokalbank	0	111,074	111,074
	Total acquisition price, end of the period	0	207,664	207,664
	Impairments, beginning of the period	0	0	0
	Amortisations and impairments for the period	0	207,664	207,664
	Impairments, end of the period	0	207,664	207,664
	Recognised holding, end of the period	0	0	0
	Customer relations			
	Total acquisition price, beginning of the period	14,964	14,964	14,964
	Total acquisition price, end of the period	14,964	14,964	14,964
	Amortisations and impairments, beginning of the period	5,986	4,489	4,489
	Amortisations and impairments for the period	1,122	1,122	1,497
	Amortisations and impairments, end of the period	7,108	5,611	5,986
	Recognised holding, end of the period	7,856	9,353	8,978
	Total	7,856	9,353	8,978

Quarterly Financial Statements
Notes

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	1/1-31/12 2012 TDKK
11	**Owner-occupied property**			
	Revalued amount, beginning of the period	389,258	327,596	327,596
	Additions	0	42,706	45,917
	Disposals	6,895	2,130	2,130
	Depreciations	5,639	4,305	6,853
	Changes in value recognised under other comprehensive income	0	0	24,185
	Changes in value recognised in the Statement of Income	0	0	543
	Changes in value, end of the period	376,724	363,867	389,258
	External experts were involved in measuring the most significant investment properties and owner-occupied properties.			
12	**Other assets**			
	Positive market value of derivative financial instruments	201,617	696,451	648,042
	Interest and commission receivable	50,009	53,586	66,242
	Other assets	212,199	211,274	200,050
	Total	463,825	961,311	914,334
13	**Other liabilities**			
	Negative market value of derivative financial instruments	106,378	217,358	240,395
	Various creditors	130,020	158,039	149,225
	Interest and commission payable	269,254	298,057	113,419
	Other liabilities	13,721	37,567	44,910
	Total	519,373	711,021	547,949

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	1/1-31/12 2012 TDKK
14	**Subordinated debt**			
	Tier 2 capital	747,173	1,009,872	931,511
	Tier 2 capital falls due between 16 May 2014 and 28 June 2020 with an option to prepay remaining in effect until 28 June 2017, subject to approval by the Danish Financial Supervisory Authority. The capital accrues interest at 2.800 - 9.500% with a step-up clause after the prepayment date.			
	In 2013, the Bank repaid a total of MNOK 90 and MDKK 75 cf. Company Notice of 27 February, 3 April 2013. and 17 June 2013			
	Total	747,173	1,009,872	931,511
	Hybrid core capital			
	Hybrid core capital of DKK 100 million	105,218	107,749	107,573
	The capital accrues interest at a fixed 4.765%. There is no due date.			
	There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, on 15 November 2015.			
	Hybrid core capital of DKK 75 million	75,000	75,000	75,000
	The capital accrues interest at a fixed 5.000%. There is no due date.			
	There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, on 30 June 2016.			
	Hybrid core capital of DKK 50 million	50,000	50,000	50,000
	The capital accrues interest at a fixed 5.440%. There is no due date.			
	There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, on 1 May 2016.			
	Hybrid core capital of DKK 1,150.4 million	1,181,402	1,181,533	1,184,568
	DKK 34.7 million is subject to a conversion duty, if the Bank does not meet the solvency requirement, or if, in the opinion of the Danish Financial Supervisory Authority, there is an imminent risk that the Bank does not meet the solvency requirement.			
	The capital accrues interest at a fixed 9.943%. There is no due date.			
	An option of prepayment exists, subject to approval by the Danish Financial Supervisory Authority, from 25 August 2012 to 24 August 2014 at par, from 25 August 2014 to 24 August 2015 at a price of DKK 105 per 100, and from 25 August 2015 and thereafter at a price of DKK 110 per 100.			
	Premiums are recognised and amortised according to their expected settlement date.			
	On 22 October 2013, the Bank coverted hybrid core capital of DKK 287.6 million to share capital.			
	Hybrid core capital of DKK 35.6 million	35,550	35,269	35,402
	The capital accrues interest at a fixed 11.11%. There is no due date.			
	Prepayment can be made, subject to the approval of the Danish Financial Supervisory Authority, from 24 December 2012 to 23 December 2014 at price 105 per 100, from 24 December 2014 onwards at price 110 per 100.			
	Premiums are recognised and amortised according to their expected settlement date.			
	On 22 October 2013, the capital was converted to share capital.			
	Hybrid capital, total	1,447,170	1,449,551	1,452,543
	Subordinated debt, total	2,194,343	2,459,423	2,384,054
	Subordinated debt that can be included in the capital base	1,666,707	2,236,096	1,929,870

Quarterly Financial Statements
Notes

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	1/1-31/12 2012 TDKK
15	**Share capital**			
	Share capital, beginning of the period	612,889	125,000	125,000
	Shares issued upon conversion of hybrid capital	0	141,780	141,780
	Shares issued upon merger	0	39,664	39,664
	Capital injection from issue of shares	0	306,445	306,445
	Capital reduction	-551,600	0	0
	Share capital, total	61,289	612,889	612,889
	Number of equity shares	61,288,878 DKK 1 each	61,288,878 DKK 10 each	61,288,878 DKK 10 each
	Number of own equity securities, beginning of the period			
	Number of own equity securities in 1,000 unit lots	174	185	185
	Nominal value in DKK 1,000	1,747	1,852	1,852
	Percentage of the share capital	0.3%	0.3%	0.3%
	Additions			
	Purchased own equity securities in 1,000 unit lots	3,156	2,307	2,936
	Nominal value in DKK 1,000	3,156	23,066	29,361
	Percentage of the share capital	5.1%	3.8%	4.8%
	Total purchase price in DKK 1,000	32,864	44,498	52,962
	Disposals			
	Disposal of own equity securities in 1,000 unit lots	3,154	2,317	2,947
	Nominal value in DKK 1,000	3,154	23,169	29,466
	Percentage of the share capital	5.1%	3.8%	4.8%
	Total selling price in DKK 1,000	32,833	44,722	53,190
	Number of own equity securities, end of the period			
	Number of own equity securities in 1,000 unit lots	176	175	174
	Nominal value in DKK 1,000	176	1,749	1,747
	Percentage of the share capital	0.3%	0.3%	0.3%

The Bank's trade in its own equity securities takes place as part of its regular trade in equity securities.

The Bank is receiving government hybrid core capital and issuing bonds under the individual government guarantee and is therefore not permitted to pay dividends.

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	1/1-31/12 2012 TDKK
16	**Contingent liabilities**			
	Financial guarantee contracts	565,184	987,144	1,368,854
	Loss guarantees for mortgage loans	1,602,711	1,681,945	1,814,473
	Registration and conversion guarantees	9,054	736,004	540,606
	Other contingent liabilities	984,373	1,229,347	1,429,718
	Total	3,161,322	4,634,440	5,153,651
	'Other contingent liabilities' include, among other things, performance bonds, delivery guarantees as well as provisions of endemnity in relation to the Guarantee Fund for Depositors and Investors (Indskydergarantifonden) etc.			
17	**Other binding agreements**			
	Other liabitlities	5,577	8,109	5,179
	Total	5,577	8,109	5,179
18	**Capital requirements**			
	Equity excl. profit/loss for the period	968,814	2,384,833	2,424,558
	Recognised profit/loss	-127,691	-898,859	-1,449,392
	Revaluation reserves	-55,433	-30,848	-55,433
	Intangible assets	-7,856	-9,353	-8,978
	Deferred capitalised tax assets	0	-121,452	0
	Other deductions from the core capital	-77,392	-5,327	-57,254
	Hybrid core capital	472,153	774,399	540,434
	Core capital after statutory deductions	1,172,595	2,093,393	1,393,935
	Subordinated loan capital	219,536	786,545	477,327
	Revaluation reserves	55,433	30,848	55,433
	Hybrid core capital	975,018	675,152	912,109
	Capital base before deductions	2,422,582	3,585,938	2,838,804
	Deductions from the capital base	-77,392	-5,327	-57,254
	Capital base after deductions	2,345,190	3,580,611	2,781,550
	Weighted items, total	21,717,991	26,218,564	25,594,727
	Core capital after statutory deductions as a percentage of weighted items, total	5.4%	8.0%	5.4%
	Solvency ratio according to sec 124(2) of the Danish Financial Business Act	10.8%	13.7%	10.9%
	Solvency reguirement according to sec 124(2) of the Danish Financial Business Act	8.0%	8.0%	8.0%

Quarterly Financial Statements
Notes

Note		1/1-30/9 2013 TDKK	1/1-30/9 2012 TDKK	1/1-31/12 2013 TDKK
19	**Security pledged**			
	Credit institutions:			
	Margin accounts pledged as security in relation to financial instruments	59,132	63,927	108,158
	Loans:			
	Pledged as security for credit facility with Danmarks Nationalbank			
	Collateral basis	2,097,890	3,393,664	3,208,826
	Collateral value	1,363,629	2,205,882	2,085,737
	Of which pledged	1,363,629	2,205,882	2,085,737
	Debt securities:			
	Pledged as security for credit facility with Danmarks Nationalbank			
	Total nominal value	1,558,617	1,825,770	2,394,206
	Total market value	1,564,284	1,825,878	2,393,649
	Of which pledged	0	794,118	915,780

20 **Verserende retssager**

In addition to that, vestjyskBANK is also party to other litigation. The proceedings are evaluated on an ongoing basis, and requisite provisions are made on the basis of a risk assessment of losses.

The pending proceedings are not expected to have significant influence on the Bank's financial position.

Note				
21	**Key figures and financial ratios**	1/1-30/9 2013	1/1-30/9 2012	1/1-31/12 2012
	Key figures			
	Statement of Income (in MDKK)			
	Net interest income	594	681	892
	Net fee income	187	196	279
	Dividends on equity securities etc.	10	5	5
	Market value adjustments for foreign currency and sector shares	106	43	96
	Other operating income	19	14	10
	Core income	916	939	1,282
	Personnel and administrative expenses	-404	-503	-660
	Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-48	-34	-49
	Operating expenses and operating depreciations and amortisations	-452	-537	-709
	Core earnings before impairments	464	402	573
	Impairment of goodwill	0	-208	-208
	Impairments of loans and receivables etc.	-592	-904	-1,515
	Profit/loss before tax	-128	-710	-1,150
	Tax	0	189	299
	Profit/loss	-128	-899	-1,449
	Statement of Financial Position (in MDKK)			
	Assets, total	26,816	33,270	32,750
	Loans	18,451	21,700	20,697
	Deposits, including pooled funds	17,347	17,718	18,058
	Contingent liabilities	3,161	4,634	5,154
	Business volume	38,959	44,052	43,909
	Equity	841	1,486	975

The results for Aarhus Lokalbank have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012. Assets and liabilities from Aarhus Lokalbank have been recognised in the Statement of Financial Position as at the end of March 2012.

Quarterly Financial Statements
Notes

Note		1/1-30/9 2013	1/1-30/9 2012	1/1-31/12 2012
21	**Key figures and financial ratios (continued)**			
	Financial ratios			
	Solvency			
	Solvency ratio	10.8%	13.7%	10.9%
	Core capital ratio	5.4%	8.0%	5.4%
	Earnings			
	Return on equity before tax, annually [1]	-18.8%	-59.7%	-86.2%
	Return on equity after tax, annually [1]	-18.8%	-75.5%	-108.6%
	Income-cost ratio [2]	0.88	0.57	0.53
	Rate of cost [3]	49.3%	79.3%	55.4%
	Employees converted to full-time (average)	568.0	627.1	621.3
	Market risk			
	Interest rate risk [4]	-4.9%	-8.2%	-11.5%
	Foreign currency position [5]	3.0%	1.3%	1.7%
	Foreign currency risk	0.0%	0.0%	0.0%
	Excess cover in relation to statutory liquidity requirements [6]	146.1%	135.2%	144.8%
	Credit risk			
	Loans plus impairments on loans in relation to deposits	128.0%	138.3%	133.2%
	Loans in relation to equity	21.9	14.6	21.2
	Growth in loans for the period [7]	-10.9%	-0.1%	-4.7%
	Total of large commitments [8]	35.6%	17.8%	46.1%
	Accumulated impairment ratio	15.0%	9.8%	11.6%
	Impairment ratio for the period	2.3%	3.1%	5.2%
	vestjyskBANK share			
	Profit/loss for the period per share	-2.1	-24.5	-39.5
	Equity value per share [9]	13.8	24.3	1.6
	Price of vestjyskBANK shares, end of the period	13.50	13.60	13.00
	Market price / profit/loss for the period per share	1.0	0.6	0.8

The results for Aarhus Lokalbank have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012. Assets and liabilities from Aarhus Lokalbank have been recognised in the Statement of Financial Position as at the end of March 2012.

1 Based on average equity.

2 Income from ordinary activities in relation to costs from ordinary activities.
Income from ordinary activities = net interest and fee income + value adjustments + other operating income .
Costs from ordinary activities = operating costs and operating depreciations and impairments + impairment of goodwill + impairment of loans and amounts receivable, etc.

3 Operating costs and operating depreciations and impairments in relation to core income.

4 Interest rate risk in relation to core capital, less deductions.

5 Foreign Currency Indicator 1 in relation to core capital, less deductions.

6 Surplus funding in relation to the 10% requirement set out in sec 152 of the Danish Finance Act.

7 Growth in loans measured in relation to vestjyskBANK's loans, beginning of the period .

8 Commitments exceeding 10 percent of the capital base in relation to the capital base.

9 The Bank changed the individual denomination of its share from DKK 10 to DKK 1 per share when it reduced its share capital from DKK 612.9 million to DKK 61.3 million, cf. Company Announcement of 25 April 2013.


Thisted
Thyborøn
Lemvig
Struer
Region Holstebro
Viborg
Randers
Hadsten
Region Ringkøbing
Region Herning
Ikast
Silkeborg
Aarhus Havnegade
Region Aarhus Åboulevarden
Videbæk
Hvide Sande
Skjern
Horsens
Esbjerg
Kolding