2011

vestjyskBANK **Annual Report**

vestjyskBANK

It's all about people

Table of Contents

Vestjysk Bank A/S
Torvet 4-5, DK-7620 Lemvig
Denmark
CVR No. 34631328
Registered office: Lemvig, Denmark
Telephone (+45) 96 63 20 00
Fax (+45) 96 63 22 99
www.vestjyskbank.dk
vestjyskbank@vestjyskbank.dk

Read or download this report at vestjyskbank.dk.

Management's Review
Introduction

A difficult year, but core earnings still satisfactory

2011 was characterised by great economic uncertainty both in Denmark and abroad. There has been – and still is – great concern regarding European sovereign debt levels and the challenges these have engendered for, among other things, the financial sector. Over the summer the anticipation of improving market conditions in early 2011 was blurred by continued slow economic growth, a depressed Eurozone and a decline in confidence in the financial sector. Among other things, the financial climate resulted in falling share prices. The funding opportunities for Danish institutions were further hampered by Amagerbanken and Fjordbank Mors' transition to winding-up proceedings by the Financial Stability Company (Finansiel Stabilitet).

In August, Bank Package IV was passed with the objective of contributing to the recovery of confidence in the Danish banking sector. The Bank Package passed muster as Max Bank was wound down in Q3 and depositors and lenders were indemnified from losses. But the difficult economic conditions and the frozen money markets are still acting not only as obstacles to funding but also placing strains on the earnings of Danish banks.

Although Danish economy has not been as profoundly impacted by recent economic developments as some other European countries, the crisis has left clear tracks across small and medium-sized businesses as well as the Danish agricultural and housing sectors.

Because vestjyskBANK reflects the developments of Danish society and the Danish economy at large, 2011 has consequently also been a turbulent year for the Bank in many ways. In spite of the difficult conditions, however, vestjyskBANK has managed to increase both its net income from interest, fees and commissions as well as maintain its relatively low cost levels with a rate of cost of 54.6. The Bank's core earnings for 2011 before impairment were realised at DKK 505 million, which is considered satisfactory. Historically, these are the Bank's best core results ever. The core earnings are the backbone of vestjyskBANK and are therefore the strength that will help the Bank weather the financial crisis. The core earnings are a testament to the Bank's targeted efforts to solidify its income platform and optimise its use of resources.

Over the course of 2011 – especially in the second half of the year – the Bank has focused its efforts on reducing its loan portfolio. In accordance with its stated plan, the Bank has managed to reduce its loan portfolio by 7.5 percent since the beginning of the year to DKK 21.7 billion. The gap between loans and deposits was reduced by DKK 1.2 billion from DKK 7.9 billion to DKK 6.7 billion.

During Q4 2011 the Danish Financial Supervisory Authority conducted a functional study of vestjyskBANK's credit area. Among other things, the Danish Financial Supervisory Authority concluded in its report that the Bank's core earnings were good. Additionally, the Danish Financial Supervisory Authority and the Bank were in general agreement about the valuation of the Bank's real estate commitments. The Danish Financial Supervisory Authority's review applied a more critical approach to primarily agricultural commitments determined to have objective indication of impairment and a more cautious valuation approach to collateral and the price of land than the Bank, resulting in a significant increase in the need for impairments. This has given rise to an increase in the Bank's impairments, especially as regards agricultural commitments. Combined impairments for 2011 totalled DKK 984 million.

At the end of January 2012, vestjyskBANK and Aarhus Lokalbank issued a statement that the two banks plan to merge in spring 2012. The merger and related capital plan, which must be approved by the two banks' annual general meetings, will strengthen vestjyskBANK on three fronts: They will increase business volume; strengthen liquidity and the capital framework; and secure long-term funding with new individual government guarantees. The Danish state will also convert some of the hybrid capital to ordinary shares. The merged bank is therefore considered to be well-equipped to meet the challenges of the future.

After an uncommonly difficult 2011, I would like to express my profound thanks to vestjyskBANK's customers for their great support. At the same time, let me also express my gratitude to our employees for yet another year of tireless and dedicated work.

Frank Kristensen
Chief Executive Officer

Management's Review

Key Figures and Financial Ratios

Key figures	2011	2010	2009	2008	2007
Statement of Income (in MDKK)					
Net interest income	846	817	789	572	484
Net fee income	236	233	225	142	128
Dividends on equity securities etc.	3	3	7	6	4
Market value adjustments for foreign currency and sector shares	20	37	57	59	33
Other operating income	6	9	5	3	3
Core income	1,111	1,099	1,083	782	652
Personnel and administrative expenses	-590	-590	-622	-447	-353
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-16	-18	-19	-14	-12
Operating expenses and operating depreciations and amortisations	-606	-608	-641	-461	-365
Core earnings before impairments	505	491	442	321	287
Impairments of loans and receivables etc., excl. the Private Contingency Association (Det Private Beredskab)	-984	-345	-464	-155	15
Core earnings after impairments	-479	146	-22	166	302
Other market value adjustments	-45	12	84	-117	-11
Profit after market value adjustments	-524	158	62	49	291
Impairments pertaining to transfer of assets recognised as income	0	0	61	0	0
Merger negative goodwill recognised as income	0	0	0	251	0
Extraordinary contributions to the Guarantee Fund for Depositors and Investors (Garantifonden for Indskydere og Investorer)	-34	0	0	0	0
The Private Contingency Association	-1	-148	-182	-46	0
Profit/loss before tax	-559	10	-59	254	291
Tax	136	-4	18	4	-69
Profit/loss for the year	-423	6	-41	258	222
Statement of Financial Position (in MDKK)					
Assets, total	29,280	33,583	32,838	32,216	18,513
Loans	21,716	23,468	23,874	24,069	14,563
Deposits, including pooled funds	15,029	15,564	18,635	16,643	9,174
Contingent liabilities	4,353	4,485	5,715	6,731	5,439
Business volume	41,098	43,517	48,224	47,443	29,176
Equity	1,733	2,161	2,149	2,196	1,714

Financial ratios	2011	2010	2009	2008	2007
Solvency					
Solvency ratio	12.4%	13.6%	14.7%	9.8%	9.1%
Core capital ratio	9.1%	11.4%	11.4%	6.4%	7.3%
Earnings					
Return on equity before tax, annually [1]	-28.7%	0.4%	-2.7%	13.0%	17.3%
Return on equity after tax, annually [1]	-21.7%	0.3%	-1.9%	13.2%	13.2%
Income-cost ratio [2]	0.66	1.01	0.95	1.39	1.83
Cost ratio [3]	54.6%	55.3%	59.2%	58.9%	56.0%
Employees converted to full-time (average)	614.8	642.1	658.9	471.7	431.7
Market risk					
Interest rate risk [4]	-4.6%	-2.0%	-1.6%	2.9%	2.1%
Foreign currency position [5]	1.5%	4.7%	3.9%	25.4%	99.6%
Foreign currency risk	0.0%	0.1%	0.1%	0.1%	0.1%
Excess cover in relation to statutory liquidity requirements [6]	98.8%	126.7%	125.8%	71.6%	47.5%
Credit risk					
Loans plus impairments on loans in relation to deposits	158.9%	160.3%	135.0%	150.3%	160.6%
Loans in relation to equity	12.5	10.9	11.1	10.9	8.5
Growth in loans for the year[7]	-7.5%	-1.7%	-0.8%	65.3%	26.3%
Total of large commitments [8]	30.7%	40.7%	38.1%	80.5%	125.4%
Accumulated impairment ratio	7.8%	5.1%	5.1%	3.9%	0.9%
Impairment ratio for the year	3.5%	1.4%	1.7%	0.6%	-0.1%
vestjyskBANK share					
Profit/loss per share for the year (denomination DKK 10)	-34.2	0.5	-3.4	25.3	26.3
Equity value per share (denomination DKK 10)	140.8	174.2	175.8	180.3	207.4
Dividend per share (denomination DKK 10)	0.0	0.0	0.0	0.0	5.0
Price of vestjyskBANK shares, end of the year	18.8	68.5	87.0	46.0	289.9
Market price / profit/loss for the year per share	-0.5	142.0	-25.7	1.8	11.0
Market price / equity value per share	0.1	0.4	0.5	0.3	1.4

Comparative figures for 2007 are stated without, respectively, Bonusbanken and Ringkjøbing Bank.
In the statement of income for 2008, Bonusbanken is recognised from 1 October and Ringkjøbing Bank from 3 December.
As a result of the Bank's 2010 transition to IFRS, changes in accounting policy are applied prospectively in accordance with IFRS 1. As a result, comparative figures for 2007–2008 have not been restated to comply with the changed accounting policy.

1 On the basis of the average equity
2 Income from ordinary activities in relation to costs from ordinary activities. Income from ordinary activities = net interest and fee income + market value adjustments + other operating income. Costs from ordinary activities = personnel and administrative expenses + depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets + other operating expenses + impairment of loans and receivables etc.
3 Operating costs as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets / core income
4 Interest rate risk in relation to core capital, less deductions
5 Exchange Rate Indicator 1 in relation to core capital, less deductions
6 Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act
7 Growth in loans measured in relation to vestjyskBANK's loans, beginning of the year
8 Commitments exceeding 10 percent of the capital base in relation to the capital base. The method of accounting has been changed for 2010, cf. new executive order.

Management's Review

Quarterly Key Figures and Financial Ratios

Key figures	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Statement of Income (in MDKK)					
Net interest income	225	220	201	200	213
Net fee income	60	50	70	56	62
Dividends on equity securities etc.	0	0	3	0	0
Market value adjustments for foreign currency and sector shares	0	5	5	10	1
Other operating income	1	1	0	4	1
Core income	286	276	279	270	277
Personnel and administrative expenses	-158	-125	-159	-148	-139
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-4	-5	-3	-4	-4
Operating expenses and operating depreciations and amortisations	-162	-130	-162	-152	-143
Core earnings before impairments	124	146	117	118	134
Impairments of loans and receivables etc., excl. the Private Contingency Association	-726	-101	-89	-68	-83
Core earnings after impairments	-602	45	28	50	51
Other market value adjustments	4	-44	0	-5	10
Profit/loss after market value adjustments	-598	1	28	45	61
Extraordinary contributions to the Guarantee Fund for Depositors and Investors	10	7	-15	-36	0
The Private Contingency Association	-1	0	0	0	0
Profit/loss before tax	-589	8	13	9	61
Tax	146	-3	-4	-3	-15
Profit/loss	-443	5	9	6	46
Statement of Financial Position (in MDKK)					
Assets, total	29,280	29,304	30,019	31,676	33,583
Loans	21,716	22,565	23,132	23,162	23,468
Deposits, including pooled funds	15,029	14,467	14,351	14,879	15,564
Contingent liabilities	4,353	4,023	3,983	4,094	4,485
Business volume	41,098	41,055	41,466	42,135	43,517
Equity	1,733	2,160	2,176	2,171	2,161

Financial ratios	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Solvency					
Solvency ratio	12.4%	14.3%	13.9%	13.8%	13.6%
Core capital ratio	9.1%	12.2%	11.8%	11.7%	11.4%
Earnings					
Return on equity before tax, annually [1]	-119.7%	1.4%	2.2%	1.6%	11.3%
Return on equity after tax, annually [1]	-90.0%	0.9%	1.5%	1.1%	8.5%
Income-cost ratio [2]	0.33	1.03	1.05	1.03	1.27
Rate of cost [3]	56.4%	47.1%	58.6%	56.3%	51.5%
Employees converted to full-time (average)	605.7	613.4	618.9	620.7	631.6
Market risk					
Interest rate risk [4]	-4.6%	-3.7%	-2.7%	-2.2%	-2.0%
Foreign currency position [5]	1.5%	1.7%	4.2%	3.7%	4.7%
Foreign currency risk	0.0%	0.0%	0.1%	0.1%	0.1%
Excess cover in relation to statutory liquidity requirements [6]	98.8%	73.4%	34.2%	81.3%	126.7%
Credit risk					
Loans plus impairments on loans in relation to deposits	158.9%	167.6%	172.5%	166.1%	160.3%
Loans in relation to equity	12.5	10.4	10.6	10.7	10.9
Growth in loans for the period [7]	-3.8%	-2.5%	-0.1%	-1.3%	-1.0%
Total of large commitments [8]	30.7%	28.1%	40.6%	40.2%	40.7%
Accumulated impairment ratio	7.8%	6.0%	5.7%	5.4%	5.1%
Impairment ratio for the period	2.6%	0.4%	0.3%	0.2%	0.3%
vestjyskBANK share					
Profit for the period per share (denomination DKK 10)	-35.8	0.4	0.7	0.5	3.7
Equity value per share (denomination DKK 10)	140.8	175.1	177.1	175.7	174.2
Price of vestjyskBANK shares, end of the period	18.8	31.9	36.9	58.5	68.5
Market price / profit for the period per share	-0.5	81.1	54.9	127.1	18.7
Market price / equity value per share	0.1	0.2	0.2	0.3	0.4

1 On the basis of the average equity
2 Income from ordinary activities in relation to costs from ordinary activities. Income from ordinary activities = net interest and fee income + market value adjustments + other operating income. Costs from ordinary activities = personnel and administrative expenses + depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets + other operating expenses + impairment of loans and receivables etc.
3 Operating costs as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets / core income
4 Interest rate risk in relation to core capital, less deductions
5 Exchange Rate Indicator 1 in relation to core capital, less deductions
6 Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act
7 Growth in loans measured in relation to vestjyskBANK's loans, beginning of the year
8 Commitments exceeding 10 percent of the capital base in relation to the capital base. The method of accounting has been changed for 2010, cf. new executive order.

Management's Review
Financial Review

Statement of Income

Results
For the fiscal year 2011 vestjyskBANK realised core earnings before impairments of DKK 505 million. The results were slightly better than the stated outlook of core earnings of DKK 500 million before impairments, which the Bank has maintained since the release of its 2010 Annual Report. Being the Bank's best results so far, the core earnings are considered satisfactory, not least in view of the difficult market conditions in 2011.

In spite of the satisfactory core earnings, vestjyskBANK is realising a loss of DKK 559 million before tax and a loss of DKK 423 million after tax. The unsatisfactory annual results are primarily a result of the total impairments of loans and receivables of DKK 984 million, which mirror the difficult market conditions for both the Bank and its customers.

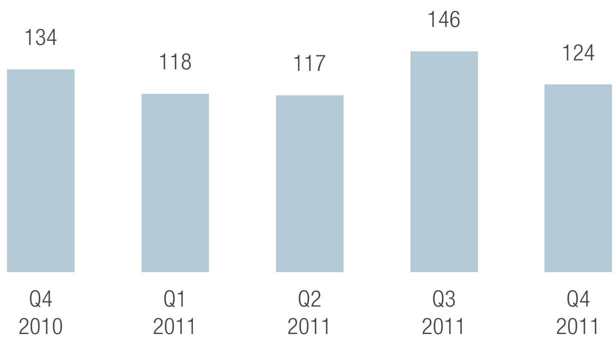
Fourth quarter results
In Q4 2011 vestjyskBANK realised satisfactory core earnings of DKK 124 million before impairments. Core income rose by 3.6 percent in relation to Q3 2011 to DKK 286 million and is thereby continuing the positive trend we have seen over the past five quarters. Both net interest income and net fee income rose in relation to Q3 2011.

Unfortunately, the impairments of loans and receivables of DKK 726 million seriously affected the accounts throughout Q4 2011. The impairments mean that the results for Q4 2011 show a loss of DKK 589 million before tax and a loss of DKK 443 million after tax.

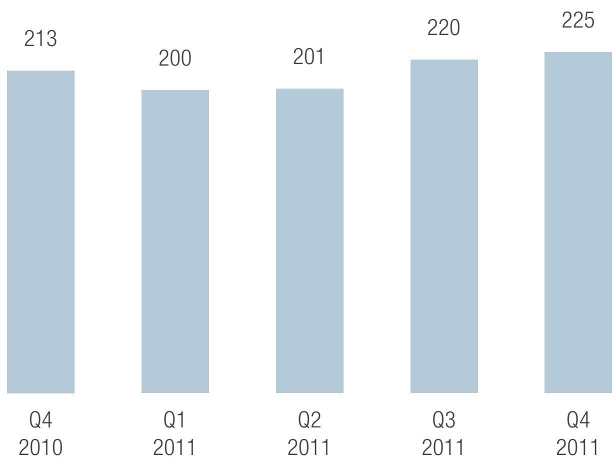
Core income
Core income for the year was realised at DKK 1,111 million, slightly higher than the core income for 2010 of DKK 1,099 million. Both net interest income and net fee income show moderate increases.

In spite of the reduction in the Bank's loans of DKK 1.8 billion (7.5 percent) from year-end 2010 to year-end 2011, the net interest income for the year totaled DKK 846 million – an increase of DKK 29 million (3.6 percent) over 2010.

Core earnings before impairments by quarter *(figures in MDKK)*

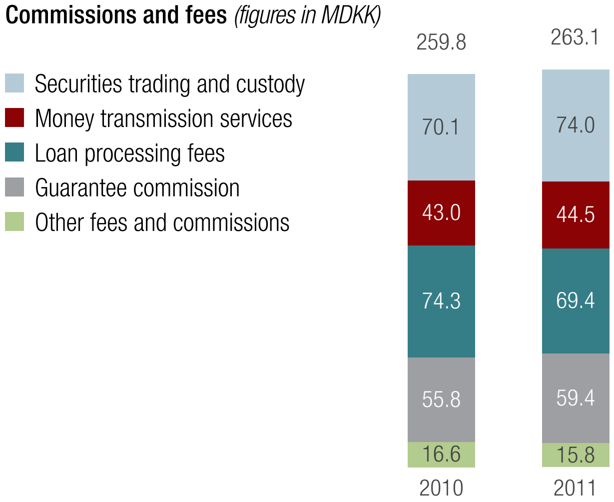


Net interest income by quarter *(figures in MDKK)*



Simultaneously, net fee income was realised at DKK 236 million in 2011 – an increase of DKK 3 million (1 percent) over 2010. Despite declining levels of activity for obtaining mortgage loans, the net fee income was maintained in 2011, due primarily to the increase in income from guaranteed commissions and increased earnings on securities trading. This increase is a result of the Bank's targeted focus on the investment products vestjyskVÆRDIPLEJE, used for unencumbered and pension funds, and vestjyskPENSIONSPULJE, which is solely used for pension funds.

Commissions and fees *(figures in MDKK)*



Income from mortgage intermediation to Totalkredit was largely unchanged, equalling DKK 52.3 million in 2010 and DKK 52.6 million in 2011. The outstanding amount from bonds on intermediated Totalkredit loans totalled DKK 17.6 billion at year-end.

Income from mortgage intermediation to DLR Kredit rose from DKK 22.1 million in 2010 to DKK 23.9 million in 2011, and the outstanding amount from bonds on intermediated DLR Kredit loans totalled DKK 7.9 billion at year-end. Of these, loans to agriculture totalled DKK 6.1 billion.

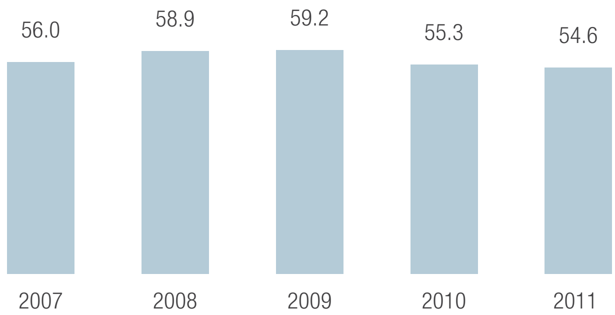
Market value adjustments of foreign currency items and sector shares totalled DKK 20 million in 2011, of which market value adjustments for foreign currency items totalled DKK 20.6 million, while market value adjustments for sector shares – i.e. shares held by vestjyskBANK in companies with whom it collaborates within the sector – were negative at DKK 0.6 million.

Other operating income
Other operating income totalled DKK 6 million.

Operating expenses and operating depreciations and amortisations
The total operating expenses and operating depreciations totalled DKK 606 million in 2011 and were at 2010 levels.

The 2011 rate of cost has been calculated at 54.6, which is satisfactory and slightly lower than expectations for the year of 55. Thus, the rate of cost is at its lowest level in five years.

Rate of cost



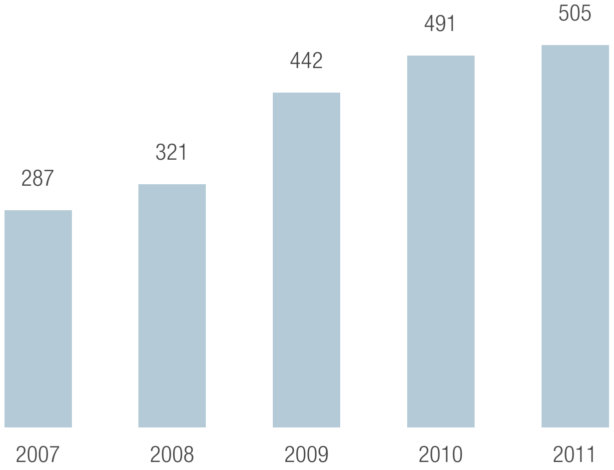
Core earnings before impairments
For the fiscal year 2011, vestjyskBANK realised core earnings before impairments of a total of DKK 505 million. This is slightly higher than the published outlook for core earnings of DKK 500 million before impairments. The core earnings are considered satisfactory, not least because of the difficult market conditions in 2011, and they reflect the Bank's stable results both in terms of income and costs.

Core earnings before impairments for 2011 was DKK 14 million (2.9 percent) greater than in 2010. This represents the best realised core earnings ever for the Bank.

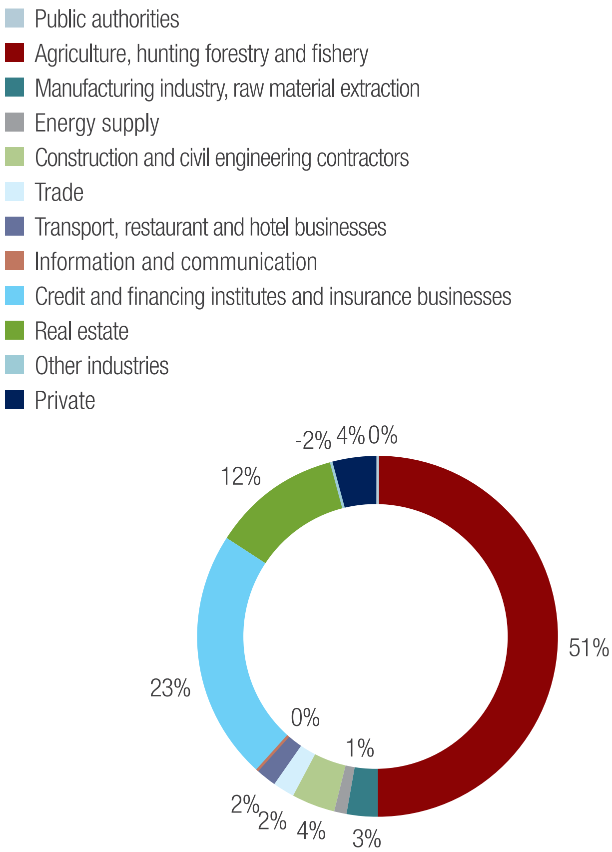
Management's Review

Financial Review

Core earnings before impairments *(figures in MDKK)*



Operational effect of impairments for the year by industry segment



Impairment of loans and receivables, etc.
In terms of impairments, 2011 was an extraordinarily challenging year for vestjyskBANK; the challenges included the general socioeconomic situation and the FSA's review in Q4, which identified a need for additional impairments of around DKK 550 million, of which DKK 384 million pertained to the agricultural sector.

For the year, loans and receivables etc. were impaired in the amount of DKK 984 million.

The figure on the right shows the operational impact of the year's impairments by industry segments.

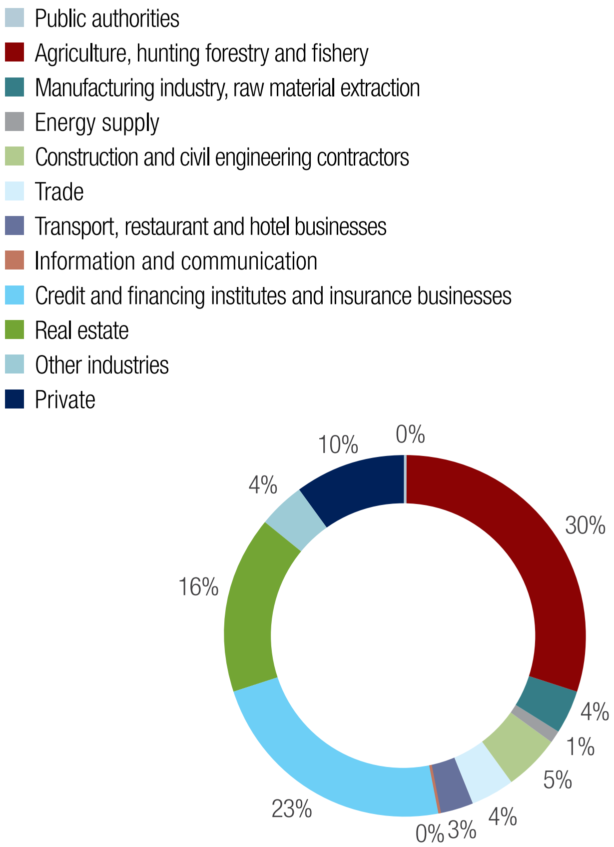
It is primarily the Bank's agricultural commitments that have put a strain on its annual results. In 2011 the agricultural sector was hit hard in financial terms by several factors: Losses from interest rate swaps and foreign currency positions, declining land prices, and the skewed terms of trade between prices on feed and settlement prices etc. In spite of these difficult challenges, several of the Bank's agricultural customers are managing well.

As the FSA has determined in its report, the Bank has extensive knowledge of and monitors its agricultural commitments closely. However, vestjyskBANK is subject to the broader economic trends in the agricultural sector, as are all the other Danish banks with agricultural customers.

Beyond the agricultural sector, the year's impairments were performed broadly across the other industry segments.

The Bank's accumulated impairment ratio for 2011 totalled 7.8 compared to 5.1 for 2010. The distribution of accumulated impairment by industry segments is illustrated in the figure below.

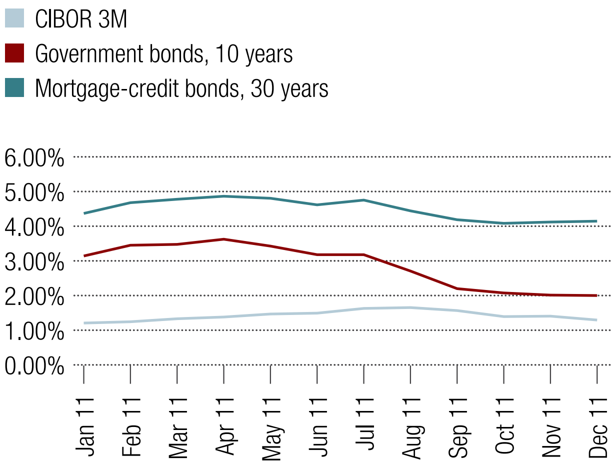
Accumulated impairments and provisions by industry segment



Other market value adjustments

Other market value adjustments have been recognised as an expense in the amount of DKK 45 million in 2011 compared to a positive market value adjustment of DKK 12 million in 2010. In 2011 positive market value adjustments on debt securities equalled DKK 24 million, while negative value adjustments on equity securities holdings equalled DKK 22 million. Market value adjustments of derivative financial instruments were negative by DKK 45 million, and market value adjustments of other assets and liabilities etc. were negative by DKK 2 million.

Interest rate development



Extraordinary contributions to the Danish Guarantee Fund for Depositors and Investors

As a result of the bankruptcies of Amagerbanken and Fjordbank Mors, vestjyskBANK's extraordinary contributions to the Danish Guarantee Fund for Depositors and Investors were recognised as an expense at DKK 51 million for the first half year 2011. During the second half year 2011, the contribution was reduced by net DKK 17 million as a result of adjustments from Amagerbanken, Fjordbank Mors and Max Bank. The combined extraordinary contribution to the Danish Guarantee Fund for Depositors and Investors for 2011 thus totalled DKK 34 million.

Statement of Financial Position

vestjyskBANK's financial position was DKK 29.3 billion at year-end 2011 compared to DKK 33.6 billion at year-end 2010, a reduction of DKK 4.3 billion. The Bank is following its plan for a controlled balance sheet adjustment designed to help secure the necessary funding and liquidity in 2012 and 2013.

Loans

Since the start of the fiscal year, vestjyskBANK's total loans were reduced by DKK 1.8 billion (7.5 percent), to DKK 21.7 billion. In just the second half year, loans were reduced by DKK 1.4 billion (6.1 percent). As stated in connection with vestjyskBANK's 2011 Half-year Report, the Bank's goal was to reduce its business loan portfolio by a total of

Management's Review

Financial Review

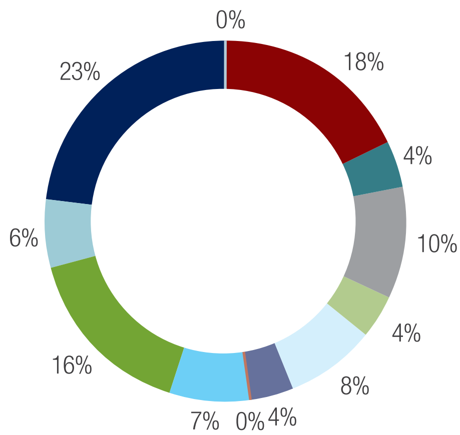
5-10 percent from the end of the half year 2011 to the end of 2012. Thus, the Bank is progressing as planned.

The adjustment of the Bank's loan portfolio took place, among other things, as a result of a reluctance to issue new loans to business customers, a reduction in investment credits and the raising of mortgage loans to redeem first priority loans in the Bank. In addition, a number of partnership agreements have been entered into in the wind turbine area.

The figure below illustrates vestjyskBANK's loans and guarantees by industry segment.

Loans and guarantees by industry segment

- Public authorities
- Agriculture, hunting forestry and fishery
- Manufacturing industry, raw material extraction
- Energy supply
- Construction and civil engineering contractors
- Trade
- Transport, restaurant and hotel businesses
- Information and communication
- Credit and financing institutes and insurance businesses
- Real estate
- Other industries
- Private



Agriculture is and has historically always been an important part of vestjyskBANK's core business and an area in which the Bank has lots of experience. The Bank's commitments in agriculture totalled approximately 16.1 percent of all loans and guarantees as at 31 December 2011 and were distributed across branches with 7.2 percent on dairy production, 5.2 percent on pig meat production, 1.6 percent on crop production, 0.6 percent on mink production and 1.5 percent on general agricultural production, including hobby farming.

The Bank's 2011 earnings outlook for agriculture was positive at the beginning of the year, and there was a general belief that 2011 would be a satisfactory year. Settlement prices for both pig and dairy producers looked reasonable, interest rates remained low, and expectations ran high for a good crop after a warm spring.

Unfortunately, those expectations were not met. There was a pronounced rise in feed prices, a decline in land prices, and many farmers' harvest earnings came in far below average due to the very high cost levels in connection with the harvest. The financial crisis in Southern Europe and Ireland caused the bank rate to come in somewhat higher than budgeted–a situation that could not be counterbalanced by a historically low F1 interest rate. Additionally, many farmers' finances were negatively affected by the development in foreign currency positions, where the Swiss franc (CHF) briefly rose to heights no one could have predicted. For farmers with heavy debt loads, 2011 was therefore not a year for earnings improvements but yet another year with losses.

Contrary to other production branches within agriculture, 2011 was yet another good year for mink producers. There are signs that the industry segment is consolidating to better counter any future decline in the demand for mink fur.

The fisheries industry generally did well in 2011, and gross earnings for the general Danish fisheries rose by approximately 7 percent. Earnings for the fisheries industry are in direct correlation to the size of allocated quotas.

vestjyskBANK is financing many wind turbine projects – primarily in Denmark and Germany – and the Bank will also use its significant range of competencies and strong market position to offer financing of attractive existing and future projects in the future.

The development in loans for new Danish projects has been satisfactory; the Bank's total financing for wind turbines totalled DKK 2.7 billion at year-end 2011. Since the half year 2011, there has been a reduction of approximately DKK 186 million. Following the weak wind years in 2009 and 2010, 2011 showed signs of improvement: both Denmark and Germany came close to a normal wind year which all else being equal resulted in improved earnings.

However, the economic climate was challenging across almost all the other business segments, where many have had to accept declining revenues and earnings. Most business customers are currently in process of adapting their businesses to these new conditions, so that they will be in a stronger position once the market climate improves.

vestjyskBANK's retail customers are distributed all across Denmark, but most come from the Central Denmark Region. Loan demand from customers was weak in 2011. The Bank's losses from retail customers were very limited in 2011.

As shown in the figure illustrating the spread in the Bank's loans and guarantees by sizes of commitments, total commitments in the DKK 0–2 million range totalled about 21 percent of the Bank's loans and guarantees as at 31 December 2011 (approximately 22 percent at year-end 2010). Commitments in the range DKK 2–10 million totalled approximately 20 percent (approximately 21 percent at year-end 2010), while commitments in the range DKK 10-50 million totalled approximately 31 percent (approximately 34 percent at year-end 2010). Commitments in excess of DKK 50 million represented nearly 27 percent at year-end 2011 (approximately 23 percent at year-end 2010). This distribution across commitment sizes is considered satisfactory.

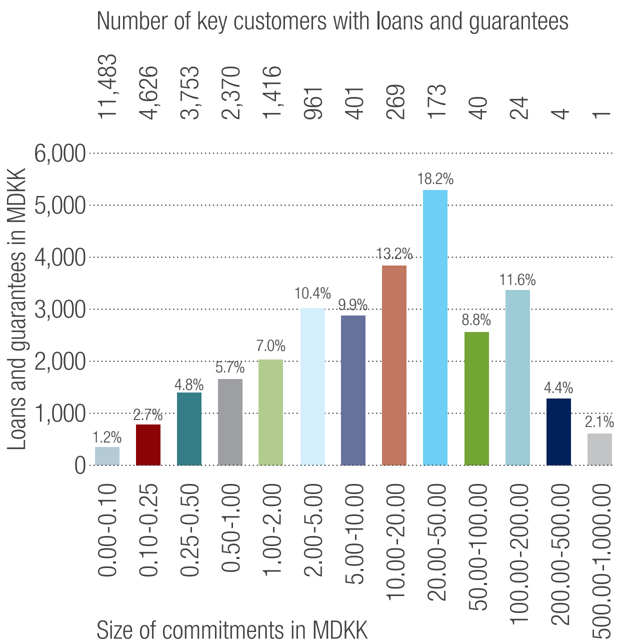
The sum of major commitments (commitments of or in excess of 10 percent of the capital base) totalled 30.7 percent at year-end 2011. This item had been reduced from 40.7 at year-end 2010, with the number of major commitments having been reduced from three to two.

Report on 2011 developments of loans at vestjyskBANK

vestjyskBANK's credit policy remained unchanged in 2011 from year-end 2010. The Bank's strategy was to reduce its loan portfolio in 2011.

In managing credit, vestjyskBANK places great emphasis on having its commitments backed by collateral. For this reason, new security

Distribution of loans and guarantees by commitment sizes



is often required when commitments are changed or renegotiated and when loan prices are reassessed and prices raised.

The Bank continuously monitors its asset mix by distribution of commitments across geographic locations, industries, credit ratings and scores and in terms of the various types of collaterals the Bank receives.

In performing credit reviews of corporate customers, the Bank places great emphasis on companies' cash flows and their capacity to weather times of crisis. The Bank has noted that – also throughout 2011 – the socioeconomic trends had a deteriorating effect on the creditworthiness of our corporate customers. Some customers still have weak earnings and are burdened by decreased asset values. vestjyskBANK has therefore sharpened its focus on its credit risk.

Management's Review

Financial Review

The creditworthiness of our retail customer lending portfolio did not change significantly in 2011. A major part of the Bank's retail customer portfolio is geographically located in areas that have experienced only limited real estate price increases during the good years, and are therefore not seeing the large decreases that other areas have experienced. On the other hand, these areas also do not expect any major increases when the next economic upswing occurs. This means that vestjyskBANK's retail customer portfolio remains sound and that it is not particularly characterised by over-mortgaged properties and technical insolvencies.

Development in loans and guarantees before impairments and provisions *(figures in TDKK)*

Period 1 July to 31 December 2011	Total		Development	
	Start of year	End of year	Total	New customers
Public authorities	9,429	24,891	15,462	0
Corporate				
Agriculture, hunting, forestry and fisheries	4,820,521	5,338,467	517,946	28,178
Industry and raw material extraction	1,242,252	1,213,493	-28,759	437
Energy supply	2,891,427	2,727,799	-163,628	10,390
Building and construction	1,193,243	1,069,666	-123,577	6,230
Trade	2,194,182	2,102,565	-91,617	27,006
Transportation, hotels and restaurants	1,169,647	1,129,719	-39,928	426
Information and communications	93,318	103,967	10,649	613
Financing and insurance	2,480,974	2,244,382	-236,592	12,108
Real property	4,670,494	4,632,534	-37,960	18,828
Other businesses	1,652,716	1,550,404	-102,312	9,656
Total corporate	22,408,774	22,112,996	-295,778	113,872
Retail				
Mortgages	1,890,890	1,793,522	-97,368	11,764
Other consumer loans	4,403,926	4,302,590	-101,336	66,657
Non-consumer loans	38,461	32,452	-6,010	0
Total retail	6,333,277	6,126,563	-204,714	78,421
Total	28,751,480	28,266,450	-485,030	192,293

Deposits

The Bank's deposits totalled DKK 15.0 billion as at 31 December 2011, a decrease of DKK 535 million (3.4 percent) from year-end 2010.

The fallout from the bankruptcies of Amagerbanken and Fjordbank Mors and the uncertainty they caused for depositors regarding the general stability of banks caused the Bank's deposits to decline by DKK 1.2 billion during the first half year of 2011. The critical media coverage of the entire Danish banking sector, including vestjyskBANK, also contributed to the decline in deposits.

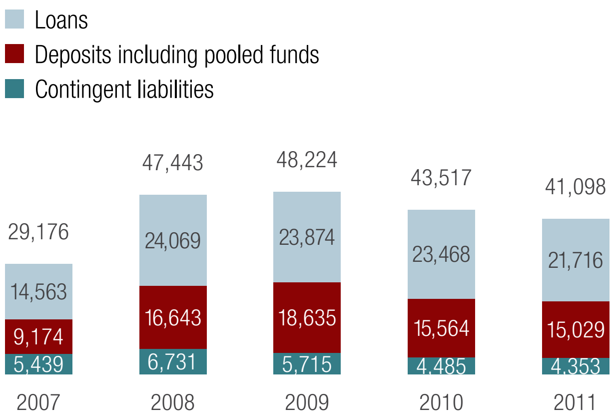
However, during the latter half of 2011 vestjyskBANK increased its deposits by DKK 678 million, of which DKK 562 million was obtained during Q4. Some of this increase can be ascribed to the Bank's emphasis on competitive products, such as vestjyskTIDSINDSKUD and vestjyskHØJRENTE.

Business volume

The Bank's total business volume – total loans, deposits and contingent liabilities – was DKK 41.1 billion as at 31 December 2011, compared to DKK 43.5 billion at the same date last year. The change in business volume is a result of a DKK 1.8 billion reduction in loans, a decrease of DKK 0.5 billion in deposits, including pooled funds, and a reduction in contingent liabilities of DKK 0.1 billion.

Customers' securities holdings in custody accounts totalled DKK 8.8 billion at year-end 2011, compared to DKK 10.2 billion at year-end 2010.

Development in business volume *(figures in MDKK)*



Capital and liquidity conditions

Equity

vestjyskBANK's equity totalled DKK 1,733 million at year-end 2011. The development in equity since the beginning of 2010 is detailed in the Statement of Changes in Equity.

Subordinated debt

Subordinated debt totalled DKK 2,163 million at year-end 2011, of which hybrid core capital from the Danish state under Bank Package II totalled DKK 1,460 million. Hybrid core capital from the Danish state accrues interest at 9.94 percent annually, corresponding to an annual interest expense of DKK 143 million. DKK 125 million in subordinated loans was repaid in 2011.

After the end of the reporting period, vestjyskBANK has voluntarily converted hybrid core capital to equity in the amount of DKK 287.6 million, including accrued interest of DKK 8.7 million, a total of DKK 296.3 million.

Special rules apply to hybrid core capital under Bank Package II under the law. Thus, no dilution of the capital may occur, the reason buyback programmes aimed at impairing equity are not permitted. Additionally, executive board salaries will only be eligible for a 50 percent tax deduction. Tier 2 capital distributed by maturity dates is displayed in the table below.

Tier 2 capital by maturity date (final end date) *(figures in MDKK)*

2014	314
2015	150
2016	125
Infinite	1,548
Total	**2,137**

Solvency

The capital base less deductions totalled DKK 3.2 billion at year-end 2011, which together with the risk-weighted items of a total of DKK 25.7 billion, produced a solvency ratio of 12.4 compared to 13.6 at year-end 2010.

The reduction in the solvency ratio from 2010 to 2011 can primarily be attributed to the year's operating loss and its impact on equity.

The core capital ratio has thus declined from 11.4 percent at year-end 2010 to 9.1 percent at year-end 2011.

vestjyskBANK applies an expansive approach under the standardised approach for measuring credit risk. The basic indicator approach is applied to measure operational risk; the standardised approach is applied to measure market risk.

Solvency need

The individual solvency need for vestjyskBANK, which among other things is based on the Bank management's outlook, was recognised at 10.7 percent, and the adequate capital base was recognised at DKK 2.7 billion, which can be compared to the capital base less deductions of DKK 3.2 billion. For a more detailed account of the Bank's solvency need, please refer to the 2011 Risk Report, published simultaneously with the present Annual Report.

Management's Review

Financial Review

The difference between the capital base and the adequate capital base is what constitutes the surplus solvency, calculated at 1.7 percentage points.

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 year-end 2011, these totalled DKK 9.2 billion. The maturity structures for these loans and debt securities are listed in the table below. Additionally, vestjyskBANK has liquidity reserves consisting of undrawn committed credit facilities of DKK 280 million, which will lapse in June 2012.

List of maturity dates for senior loans *(figures in MDKK)*

2012	1,113
2013	7,874
After 2013	211
Total	**9,198**

The deficit in deposits – i.e. the difference between loans and deposits – constituted DKK 6.7 billion at year-end 2011 and thereafter declined by DKK 1.2 billion compared to year-end 2010. The gap between loans and deposits is expected to be reduced in 2012, since the Bank will maintain its focus on increasing deposits and continuing the Bank's ongoing reduction in loans.

At year-end 2011 the Bank's liquidity was good, and surplus funding in relation to statutory requirements was at 98.8 percent. The Bank's target is that the surplus funding in relation to statutory requirements and the Tilsynsdiamanten (Supervisory Diamond) must be at least 50 percent. The Bank is therefore within the parameters it has set for itself.

Allocation of loss for the year

The loss for the year has been deducted from the equity.

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 as of year-end 2012. vestjyskBANK is meeting this goal.

The table below lists vestjyskBANK's values compared to the relevant limit values.

Realised values year-end 2011

Supervisory Diamond Benchmarks	Realised values
Large commitments, total < 125%	30.7%
Growth in loans < 20%	-7.5%
Property exposure < 25%	16.8%
Funding ratio < 1	0.81
Excess cover, liquidity > 50%	98.8%

Miscellaneous accounting information

The Financial Supervisory Authority's inspection during Q4 2011

During Q4 2011 the Danish Financial Supervisory Authority conducted a functional study of vestjyskBANK's credit area. The study included credit policies, business procedures as well as credit management/organisation.

The Danish Financial Supervisory Authority concluded that vestjyskBANK's core earnings were good. The functional study, however, determined a need for supplemental impairments in the amount of DKK 550 million, of which nearly DKK 384 million pertained to agriculture.

The Danish Financial Supervisory Authority applied a more critical approach than the one the Bank has traditionally used, particularly in their review of agricultural sector commitments determined to have objective indication of impairment. The Danish Financial Supervisory Authority also applied a more cautious valuation approach to collaterals and the price of farm land.

The Danish Financial Supervisory Authority generally agreed with the Bank in its valuation of properties in the Bank's real estate portfolio.

The Danish Financial Supervisory Authority's report summarised that the Bank had good knowledge of and closely monitored its commitments, but that it established objective indication of impairment (OIV) late. The Danish Financial Supervisory Authority additionally pointed to certain matters of a more technical nature and ordered the Bank to adjust its practices.

The Danish Financial Supervisory Authority also noted that the Bank's funding structure is unsustainable, since the Bank's deposit deficit is being financed by the government guarantees.

The Bank has taken the Danish Financial Supervisory Authority's conclusion under advisement.

The Danish Financial Supervisory Authority's report has been posted to vestjyskBANK's website at vestjyskbank.dk/finanstilsynet.

Matters pertaining to Management
Chief Executive Officer Preben Knudsgaard retired on 1 May 2011 and thereby also retired from the Executive Board. The Executive Board now consists of only Chief Executive Officer Frank Kristensen.

Related parties
vestjyskBANK's related parties with significant influence comprise the Bank's Supervisory and Executive Boards, senior executives and relatives of these individuals. Over the course of the year, the Bank has conducted normal trade on arm's-length terms with Peter Mortensen, butcher, and with Kaj Bech A/S, an enterprise wholly owned by Director Anders Bech. Apart from what is considered normal management remuneration, no transactions have been carried out with related parties during the fiscal year.

Pay Policy
vestjyskBANK's policy in this area is outlined in its pay policy, which is accessible at vestjyskbank.dk/paypolicy.

Partners
vestjyskBANK has partnered with and receives commissions from the following:

Mortgage credit
In the mortgage credit area, vestjyskBANK is primarily partnering with Totalkredit within the mortgaging of full-year and second homes as well as owner-occupied dwellings. vestjyskBANK is also a shareholder in the holding company Pras A/S, and the Bank's ownership totals 20,822,737 shares and is recognised in the accounts at DKK 64.8 million.

Within mortgaging of business property, including agriculture, residential rental properties and cooperatives, vestjyskBANK collaborates primarily with DLR Kredit, which is also co-owned by the Bank. The ownership share constitutes a nominal value of DKK 25,557,289 and is recognised in the accounts at DKK 352.9 million. In addition to these primary partners, vestjyskBANK collaborates with Nykredit.

Insurance and pension
Within the insurance area, vestjyskBANK collaborates with PFA insurance in respect of life and disability insurance policies.

Moreover, vestjyskBANK is, via Letpension Holding A/S, co-owner of Letpension A/S, which functions as an advisory and intermediation platform, and insurance policies taken out are transferred to PFA. The ownership share constitutes 9,564,341 shares and has been recognised at DKK 6.5 million.

vestjyskBANK also collaborates with Pensionsinfo about data exchange in connection with pension advisory services.

Within the non-life insurance area, vestjyskBANK is primarily collaborating with Vestjylland Forsikring and Privatsikring.

Securities trading and management
vestjyskBANK collaborates with BankInvest for intermediation of BankInvest investment societies and other related products and is also shareholder of BI Holding A/S, the parent company for the Group. The ownership share constitutes 403,523 shares and has been recognised at DKK 11.7 million.

vestjyskBANK is collaborating with Garanti Invest A/S for the intermediation of structured products and is also a shareholder of Garanti Invest A/S. The ownership share constitutes 2,428 shares and is recognised at DKK 1.8 million.

vestjyskBANK collaborates with Sparinvest for the intermediation of Sparinvest investment societies and is also a shareholder of Sparinvest Holding A/S. The ownership share constitutes 11,805 shares and is recognised in the accounts at DKK 22.7 million.

vestjyskBANK is also collaborating for the intermediation of financial products with Sydinvest, Alm. Brand Invest, Maj Invest, Danske Invest, Carnegie, Dexia Invest and ValueInvest.

vestjyskBANK is collaborating with Forvaltningsinstituttet for Lokale Pengeinstitutter, which has been authorised by the Danish Ministry of Justice to handle administrative duties. This collaboration includes referring customers to Forvaltningsinstituttet.

Payment services
vestjyskBANK is collaborating with NETS A/S within payment services, cards and NemID. vestjyskBANK co-owns NETS A/S via NETS Holding A/S. The ownership share constitutes a nominal 556,154 shares and is recognised in the accounts at DKK 26.0 million.

Management's Review
Financial Review

Payroll processing for customers
vestjyskBANK is collaborating with Multidata A/S within payroll systems. vestjyskBANK co-owns Multidata A/S via Multidata Holding A/S. The ownership share constitutes 107,575 shares and is recognised in the accounts at DKK 5.6 million.

In addition to the partners specified above, vestjyskBANK collaborates with the following enterprises but without receiving commissions:

Mortgage credit
vestjyskBANK is collaborating with BoligCenterVestjylland, a local real estate broker. This collaboration includes valuations of properties as well as mutual referral of customers.

vestjyskBANK is also partnering with Nykredit Mægler. This partnership includes valuations of properties as well as mutual referral of customers.

vestjyskBANK is using the e-net for electronic registration of property transactions.

Insurance
vestjyskBANK is partnering with Euler Hermes. The partnership includes referring customers for matters relating to credit insurance.

Securities transactions
vestjyskBANK collaborates on securities trading with Arbejdernes Landsbank, Danske Bank, Nordea, Sydbank, Spar Nord Bank, Maj Invest, Lind Capital and Nykredit Bank.

vestjyskBANK is collaborating with Arbejdernes Landsbank for the execution of securities orders received by vestjyskBANK from customers via NetBank.

Exchange activities
vestjyskBANK is partnering on foreign exchange trades with Danske Bank, Nordea Finland, Jyske Bank, SEB Stockholm and KBC Bruxelles.

Employees
vestjyskBANK is collaborating with Finanssektorens Uddannelsescenter, which is used for basic studies, continuing studies and advanced studies.

vestjyskBANK is also collaborating with Bankpension in connection with its employee pension funds.

Other partners
vestjyskBANK is co-owner of BEC, one of Denmark's three jointly-owned bank computer centres. The Bank's collaboration with BEC means that vestjyskBANK always has at its disposal reliable, user-friendly and competitive IT solutions. BEC is also a significant provider of services to other players in the financial sector. vestjyskBANK's ownership share is recognised in the accounts at DKK 166 million.

vestjyskBANK is collaborating with e-Boks A/S to maintain an electronic archive of correspondence from the Bank to the customers who subscribe to e-Boks. vestjyskBANK is a co-owner of e-Boks A/S via NETS Holding A/S.

vestjyskBANK is collaborating with and is a co-owner of the VP SECURITIES A/S, whose most important duty is to handle the electronic issuance of securities, to register ownership and rights as well as perform clearing and settlement of securities trades. The Bank's ownership share constitutes 192 shares and has been recognised at DKK 2.0 million.

vestjyskBANK is collaborating with Bankernes Kontantservice, whose most important duties involve handling cash and money transports. This activity will begin in 2012. The ownership share comprises 865,327 shares and is recognised in the accounts at DKK 0.9 million.

Together with about 85 other local banks, vestjyskBANK is a member of the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark. The Association's objective is to support its members, promote their common interest taking into consideration individual members' independence, freedom of action and integrity and to promote the sound development of the financial sector, so that its members can solve their tasks in the most efficacious manner.

vestjyskBANK is also a member of the Danish Employers' Federation for the Financial Sector (Finanssektorens Arbejdsgiverforening) as well as the Danish Bankers' Association (Finansrådet).

Process for presenting the accounts
The Supervisory and Executive Boards have the overall responsibility for the Bank's control and risk-management systems in connection with the process for presenting the accounts, including ensuring compliance with relevant laws and other rules and regulations related to presenting the accounts. The Bank's control and risk-management systems can provide

for reasonable, but not absolute, certainty that assets are not being misappropriated or misapplied, and that losses and/or material errors and omissions are avoided in connection with presenting the accounts. The Supervisory Board performs an evaluation of the Bank's organisational structure, the risk of fraud, and verifies the presence of the Bank's internal rules and guidelines. The Supervisory and Executive Boards approve the general procedures and control mechanisms in significant areas in connection with the presentation of the accounts. The Executive Board continuously monitors to ensure that the relevant laws and other regulations and provisions related to presenting accounting are complied with, and it briefs the Supervisory on its findings on a regular basis.

The Supervisory Board performs an overall risk assessment in connection with the process for presenting the accounts. As part of this risk assessment, the Supervisory Board determines the risk of fraud and what measures are required to reduce and/or eliminate such risks. In that connection, discussions are held regarding any incentives/motives Management might have to manipulate the accounts or commit other kinds of fraud.

Events since the end of the fiscal year

In its company notice of 25 January 2012, vestjyskBANK and Aarhus Lokalbank announced that the two banks were planning a merger and implementation of a capital plan that will strengthen the Bank's business platform as well as ensure the long-term funding and capital structure. This occurred on the basis of a wish by both the banks' executive boards to expand the business platform in East Jutland and through operational synergies to create an even stronger Jutland regional bank.

The announced capital plan comprises (1) a voluntary conversion of a Danish capital injection of approx. DKK 297 million, (2) a rights issue of between DKK 250 and 300 million, (3) raising of subordinated loans in the amount of DKK 200 million, as well as (4) divestiture of sector shares in the amount of DKK 175 million. It is part of the capital plan that the continuing bank is assumed to receive new individual government guarantees with maturities of up to three years, which in the long term might be able to replace the banks' existing individual government guarantees with maturities in 2012 and 2013.

Among other things, the purpose of the merger is to meet vestjyskBANK's funding challenge and form an improved basis for a future successive repayment of the government guaranteed loans with the objective that the Bank will no longer need government guarantees after 2016. Together with greater earning power, this improved funding situation will improve the merged bank's capacity to weather the financial crisis.

The execution of the capital plan is predicated upon a number of formal and factual conditions, including conditions outside the control of vestjyskBANK. There is therefore an element of uncertainty as to whether the capital plan will be executed. Among other things, the Bank must (1) obtain new individual government guarantees, (2) raise the new subordinated loan capital of DKK 200 million, and (3) divest industry sector shares for DKK 175 million to Danmarks Nationalbank for the merger to occur as planned, and it is a condition that all the capital plan's components, including the execution of a rights issue with proceeds in the range DKK 250–300 million, be executed. In addition to this general condition, the merger and the capital plan's components are, among other things, subject to the following conditions:

- The merger can solely be executed, if the participating companies enter into a final merger plan, which will subsequently need to be approved by both parties' annual general meetings, and approval is obtained from the relevant government agencies.
- The issue can solely be executed with the planned proceeds, if the Annual General Meeting approves the required capital increase, and the company obtains issue commitments and deposits in an amount corresponding to proceeds of DKK 250 million. The capital expansion is not guaranteed, and at the present time, there is no guarantee that vestjyskBANK will be able to raise the minimum proceeds of DKK 250 million assumed in the capital plan.
- Obtaining new individual government guarantees is, among other things, conditional upon the provision of the requisite authority, that the relevant government agencies grant their approval and that a number of other terms and conditions are met and complied with in the commitment of new individual government guarantees.
- The execution of the divestiture of industry sector shares is subject to governing body approval of the divestiture by the industry sector companies in question.

Market conditions or developments relating to the activities of Vestjysk Bank A/S or Aarhus Lokalbank Aktieselskab may generally cause the execution of the merger or one or more of the capital plan's components no longer to be sound or for it to no longer be executable in practice, resulting in the inability to execute other components of the capital plan.

Based on the process involved in meeting the conditions for the various capital and liquidity plan components, including obtaining

Management's Review
Financial Review

indications of support from potential investors, it is the assessment of the Bank's Management that the plan will be executed. Management believes that the presented capital plan and merger with Aarhus Lokalbank will provide the Bank, its shareholders, creditors and other stakeholders with a better platform from which to operate the Bank in the current market climate than continuing on its own.

On 20 February 2012 vestjyskBANK executed the voluntary conversion of a government capital injection, cf. company announcement of 20 February 2012.

A final merger plan is expected to be agreed upon and published on 28 February 2012 in order for the merger to be approved conclusively at the banks' annual general meetings at the end of March.

The plan is to execute the merger with Vestjysk Bank A/S as the continuing enterprise and name. With a combined network consisting of 23 branches in Jutland and on Funen, vestjyskBANK will have a total business volume of about DKK 47 billion after the merger, distributed with DKK 17.4 billion on deposits, DKK 24.8 billion on loans and DKK 4.8 billion in guarantees.

The company notice regarding the merger and the capital plan can be read in its entirety at vestjyskBANK.dk/company_announcements.

Outlook for 2012

2011 was a turbulent year, characterised by great economic and market uncertainty. It does not seem that the challenges for both banks and bank customers will be any smaller in 2012; they depend on the general socioeconomic developments, any changes in the competitive picture in the Danish bank sector, statutory changes as well as fluctuations in the interest rate and foreign exchange level.

Apart from the uncertainty factors listed above, vestjyskBANK's financial expectations for 2012 directly depend on whether the planned merger with Aarhus Lokalbank and the related capital plan are implemented. On the basis of a preliminary budget for the merged bank, the merging parties have a target of combined 2012 core earnings at the level of DKK 550-600 million before impairments and before extraordinary costs related to the merger.

The impairments of the merged bank are expected to be around 1.5 percent of loans and guarantees in 2012, corresponding to DKK 450 million.

Synergies from the merger are expected to be realised in 2013.

Management's Review

Investor Relations

The objective of the Bank's Investor Relations (IR) efforts is to communicate a true and fair view of vestjyskBANK's activities and prospects to investors, analysts and other stakeholders in the capital markets.

Disclosure of information takes place subject to the rules of NASDAQ OMX Copenhagen.

IR portal at vestjyskBANK's website

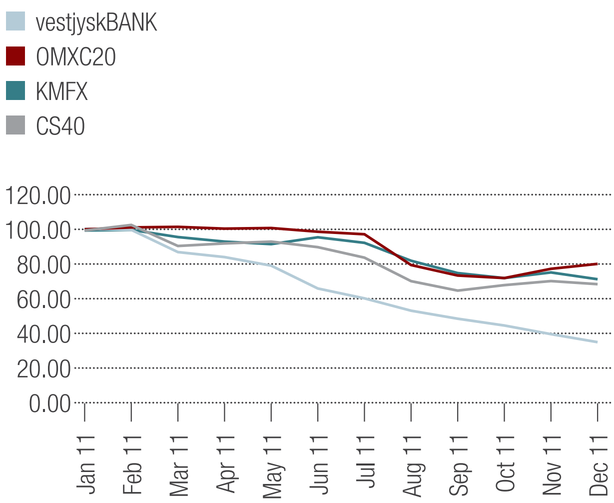
vestjyskBANK's website has an IR portal that contains relevant and updated information to shareholders and other stakeholders. The portal contains any published company notices, investor presentations, the current share price, financial statements and other IR-related information. vestjyskBANK's IR policy is posted on vestjyskBANK's website vestjyskbank.dk/irpolicy.

vestjyskBANK share

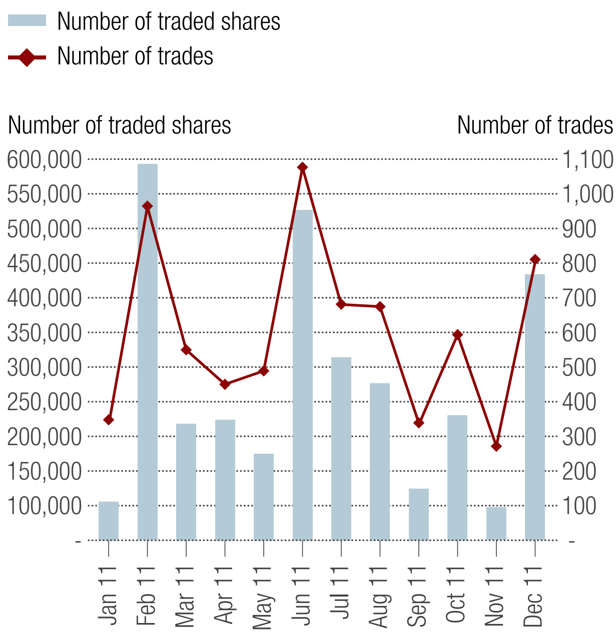
The shares of vestjyskBANK are listed at NASDAQ OMX Copenhagen.

The closing price of the vestjyskBANK share was DKK 18.8 at year-end 2011 compared to a closing price at year-end 2010 of DKK 68.5, a decline of nearly 73 percent. The price corresponds to approx. 14 percent of the equity value per share. During the same period, the OMXC-20 Index for the 20 most active shares declined by 16 percent. The share transaction volume for 2011 was roughly 3.3 million at a combined market value of DKK 141.5 million.

Share index development



Volume of vestjyskBANK's shares



Share capital

At the end of 2011 vestjyskBANK had a share capital of DKK 125 million issued in a single share class with 12.5 million shares. The nominal value of the share is DKK 10. All of the Bank's share capital is listed at NASDAQ OMX Copenhagen.

At year-end 2011, vestjyskBANK had 39,327 registered shareholders, who held 97.6 percent of the share capital. Of these 520 were non-Danish shareholders, who held 7.0 percent of the share capital. Exclusive of vestjyskBANK's holding of treasury shares, the 10 largest shareholders held 17.2 percent of the share capital, while 70 percent of the share capital was subscribed for by 3,105 shareholders.

In its announcement dated 20 February 2012, the Bank disclosed that DKK 287.6 million hybrid core capital as well as accrued interesst of DKK 8.7 million, totalling DKK 296.3 million, had been converted into share capital. The conversion resulted in the nominal share capital of the Bank increasing by DKK 141.8 million from DKK 125.0 to 266.8 million.

Shares must be registered by name to be accorded voting rights. The shares are freely negotiable. No shareholder shall be required to redeem his or her shares in part or in full. No shares confer special rights on any shareholder. At the Annual General Meeting on 16 March 2011, it was decided to terminate the previous voting limit of 3 percent. Each share of DKK 10 thus represents one vote.

In accordance with the wording of sec 55 of the Danish Companies Act, the Danish State has disclosed that it holds more than 5 percent of the total share capital.

Matters pertaining to the Bank's capital

At the Annual General Meeting on 16 March 2011, the Supervisory Board was authorised to acquire treasury shares until 16 March 2016 of a nominal value of up to 10 percent of the share capital. At year-end 2011, vestjyskBANK holds 185,227 treasury shares, which corresponds to 1.48 percent of the share capital.

At the special shareholders' meeting held on 19 August 2009, the Supervisory Board was authorised to increase the share capital by a nominal value of DKK 62.5 million until 18 August 2014. Additionally, hybrid capital contributions made by the government may be converted up to a nominal DKK 1.438 billion as specified in greater details in the rules.

These rules as well as other factors concerning the Bank's share capital are set out in the Bank's Articles of Association, which are available at vestjyskbank.dk/articles_of_association.

Miscellaneous

Beyond entering into funding agreements, vestjyskBANK has not executed any agreements that enter into effect, are changed or lapse if control of the Bank is acquired as a result of a successful takeover bid. Furthermore, no agreements have been executed with the Bank's Management or employees for compensation in the event of departures, resignations or termination without just cause or if their positions are phased out as a result of a takeover bid.

Dividend policy

vestjyskBANK has received government capital injections in accordance with the Danish Act on State-Funded Capital Injections (lov om statsligt kapitalindskud) and exercised the individual government guarantee scheme in accordance with the Danish Act on Financial Stability. The Bank is therefore subject to limitations in its ability to pay dividends until such time when the Bank neither has any outstanding government capital injection nor issuance under the individual government guarantee scheme. This means that vestjyskBANK may only distribute dividends to the extent that the dividends can be financed by the Bank's net profits after tax that consist of distributable reserves and that have been generated after 1 October 2010.

Under the terms for government capital injections, vestjyskBANK is obligated to pay a variable dividend supplement to the state, in the event dividends are paid out during the period the government injections are made.

During the period the government hybrid capital is subscribed, no reduction of capital may take place and own shares may not be acquired apart from what occurs as part of general daily trade.

Annual General Meeting and shareholder meetings

vestjyskBANK's Annual General Meeting will be held on Thursday, 29 March 2012 at Lemvig Idræts- og Kulturcenter, Christinelystvej 8, DK-7620 Lemvig, Denmark.

A shareholder meeting will be held in Holstebro on Tuesday, 2 April 2012 in the concert hall of Musikteatret Holstebro, Den Røde Plads 16, DK-7500 Holstebro, Denmark.

A shareholder meeting will be held in Ringkøbing on Wednesday, 3 April 2012 at the Ringkøbing Sports- og Kursuscenter (ROFI), Kirkevej 26, DK-6950 Ringkøbing, Denmark.

IR contact

The Bank's Executive Board is responsible for vestjyskBANK's IR activities; shareholders and other interested parties are welcome to contact the Board with questions or comments. The Bank's contact to equity market stakeholders and inquiries regarding the Bank's IR policy are handled by:

Frank Kristensen, CEO
vestjyskBANK
Torvet 4-5
DK-7620 Lemvig, Denmark
Tel. (+45) 96 63 21 01
fk@vestjyskbank.dk

Management's Review
Investor Relations

2012 financial calendar

22 February	2011 Annual Report
29 March	Annual General Meeting*
31 May	Quarterly Report, Q1 2012
8 August	Half-year Report 2012
25 October	Quarterly Report, Q1-Q3 2012

* The deadline for receiving shareholders' items for the agenda for the Annual General Meeting was 15 February 2012.

2011 company announcements

Over the course of 2011 vestjyskBANK has published the following company announcements:

7 February	Notice relating to vestjyskBANK's exposure to Amagerbanken
22 February	2010 Annual Report
22 February	Notice relating to Annual General Meeting
17 March	Minutes from vestjyskBANK's Annual General Meeting in 16 March 2011
31 March	Notice of prepayment of tier 2 capital
15 April	Notice of management change in vestjyskBANK
3 May	Quarterly Report, Q1 2011
27 June	Notice relating to vestjyskBANK's exposure to Fjordbank Mors
11 August	Half Year Report for first half year 2011
12 August	Notice relating to insider trading involving the Bank's shares
15 August	Notice relating to insider trading involving the Bank's shares
22 August	Notice relating to insider trading involving the Bank's shares
24 August	Notice relating to insider trading involving the Bank's shares
29 August	Notice relating to insider trading involving the Bank's shares
10 October	Notice relating to vestjyskBANK's exposure to Max Bank
27 October	Quarterly Report for Q1-Q3, 2011
6 December	Supplemental information relating to foreign-exchange exposure
20 December	Notice relating to increase in impairments

Report on corporate governance

The principles for vestjyskBANK's management are based on the Recommendations on Corporate Governance issued by the Committee on Corporate Governance in Denmark (Komitéen for god Selskabsledelse) and are therefore in line with the principles that NASDAQ OMX Copenhagen A/S has decided listed companies must address. The principles on corporate governance are furthermore based on the Recommendations for Members of the Danish Bankers Association (Anbefalinger for Finansrådets medlemmer).

vestjyskBANK has decided to publish its statutory report on corporate governance at the Bank's website. The report is accessible at vestjyskbank.dk/corporate_governance_ENG. The report provides details for the Bank's status for each of the recommendations for corporate governance.

The Supervisory and Executive Boards

The Supervisory Board

vestjyskBANK's Supervisory Board consists of eight members, of which three are elected by the Bank's employees:

Anders Bech (b. 1947), Director, Chairman
Meets the definition of independence issued by the Committee on Corporate Governance in Denmark.

- First elected to the Supervisory Board of the then Vestjysk Bank in 1997.
- Continued serving on the Supervisory Board for vestjyskBANK after its merger with Nordvestbank in 2002 and was elected chairman at the same time.
- Was re-elected to vestjyskBANK's Supervisory Board.
- Chairman of the Supervisory Board's Nomination Committee and Remuneration Committee.
- Expiry of current term of office: 2012

Other executive positions or organisational duties:
- Chief Executive Officer of Kaj Bech Holding A/S and one subsidiary.
- Member of the Supervisory Board of Kaj Bech Holding A/S and one subsidiary, Ejendomsselskabet Doktorvænget A/S and Fonden Nørre Vosborg.

Own and related parties' shares, options or warrants in vestjyskBANK: 24,010 shares.

Changes to holdings in the course of the financial year: Acquired 7,000 shares.

Poul Hjulmand (b. 1945), Director, Deputy Chairman
Meets the definition of independence issued by the Committee on Corporate Governance in Denmark.

- Elected for the first time to Ringkjøbing Bank's Supervisory Board in 2003 and simultaneously elected chairman.
- Continued serving on the Supervisory Board for vestjyskBANK after its merger in 2008 and was elected Deputy Chairman at the same time.
- Expiry of current term of office: 2013

Other executive positions or organisational duties:
- Chief Executive Officer of the Landia Group.
- Member of the supervisory boards of Landia Holding ApS and four subsidiaries, Vestas Aircoil A/S and three subsidiaries, Hydromann Holding A/S, ConSet A/S and one subsidiary, RAH Holding A/S and four subsidiaries, RTG Holding A/S, Vestjyske Net A/S, Iron Pump Holding A/S and two subsidiaries, Pipecon A/S, Ølgaard-Jensens Fond, Hvide Sande Havn and Lem Varmeværk.

Own and related parties' shares, options or warrants in vestjyskBANK: 6,977 shares.

Changes to holdings in the course of the financial year: Acquired 3,000 shares.

Bjørn Albinus, Director (b. 1949)
Meets the definition of independence issued by the Committee on Corporate Governance in Denmark.

- Elected to the Supervisory Board in 2009. Simultaneously appointed Chairman of the Supervisory Board's Audit Committee.
- Expiry of current term of office: 2012

Other executive positions or organisational duties:
- Executive board member at Bovbjerg Fyr ApS
- Supervisory board member of Fonden Bovbjerg Fyr and Museet for Religiøs Kunst.

Own and related parties' shares, options or warrants in vestjyskBANK: 8,000 shares.

Changes to holdings in the course of the financial year: Acquired 4,000 shares.

Management's Review
Governance

Carl Olav Birk Jensen (b. 1955), Director
Meets the definition of independence issued by the Committee on Corporate Governance in Denmark.

- Elected for the first time to Ringkjøbing Bank's Supervisory Board in 2001 and elected Deputy Chairman in 2007.
- Continued on the Supervisory Board of vestjyskBANK after the 2008 merger.
- Expiry of current term of office: 2013

Other executive positions or organisational duties:
- Member of the Supervisory Board of Ringkøbing Håndbold ApS.

Own and related parties' shares, options or warrants in vestjyskBANK: 8,374 shares.

Changes to holdings in the course of the financial year: None.

Kirsten Lundgaard-Karlshøj (b. 1951), Farmer
Meets the definition of independence issued by the Committee on Corporate Governance in Denmark.

- First elected to the Supervisory Board of the then Vestjysk Bank in 1998.
- Continued on the Supervisory Board of vestjyskBANK after its merger with nordvestBANK in 2002.
- Was re-elected to vestjyskBANK's Supervisory Board.
- Expiry of current term of office: 2012

Other executive positions or organisational duties:
- Practises large-scale farming.

Own and related parties' shares, options or warrants in vestjyskBANK: 61,035 shares.

Changes to holdings in the course of the financial year: Acquired 45,535 shares.

Malene Rønø (b. 1971), Business Advisor
Elected by vestjyskBANK's employees
Meets the definition of independence issued by the Committee on Corporate Governance in Denmark – with the exception of her employment with the Bank.

- Elected as employee supervisory board representative in 2011.
- Expiry of current term of office: 2013

Own and related parties' shares, options or warrants in vestjyskBANK: 336 shares.

Changes to holdings in the course of the financial year: None.

Palle Hoffmann (b. 1972), Business Account Manager
Elected by vestjyskBANK's employees
Meets the definition of independence issued by the Committee on Corporate Governance in Denmark – with the exception of his employment with the Bank.

- Elected as employee board representative in 2011.
- Expiry of current term of office: 2015

Own and related parties' shares, options or warrants in vestjyskBANK: 455 shares.

Changes to holdings in the course of the financial year: None.

Peter Bækkelund Rasmussen (b. 1967), Sales Manager
Elected by vestjyskBANK's employees
Meets the definition of independence issued by the Committee on Corporate Governance in Denmark – with the exception of his employment with the Bank.

- First elected to the Supervisory Board of vestjyskBANK as employee board member in 2007.
- Was re-elected to vestjyskBANK's Supervisory Board.
- Expiry of current term of office: 2013

Own and related parties' shares, options or warrants in vestjyskBANK: 1,899 shares.

Changes to holdings in the course of the financial year: None.

Members of the Supervisory Board are elected directly at the Annual General Meeting for two-year terms. Re-election shall be possible. Members of the Supervisory Board must retire from the Board at the first Annual General Meeting after his or her 67th birthday. For further details please refer to the vestjyskBANK's Articles of Association at vestjyskbank.dk/articles_of_association.

The Executive Board

vestjyskBANK's Executive Board consists of Frank Kristensen, Chief Executive Officer.

Frank Kristensen (b. 1952), Chief Executive Officer
Appointed chief executive officer of nordvestBANK in 1999 and continued as chief executive officer of vestjyskBANK after the merger in 2002 between nordvestBANK and the former Vestjysk Bank and after the merger in 2008 between vestjyskBANK and the former Ringkjøbing Bank.

Other executive positions or organisational duties:

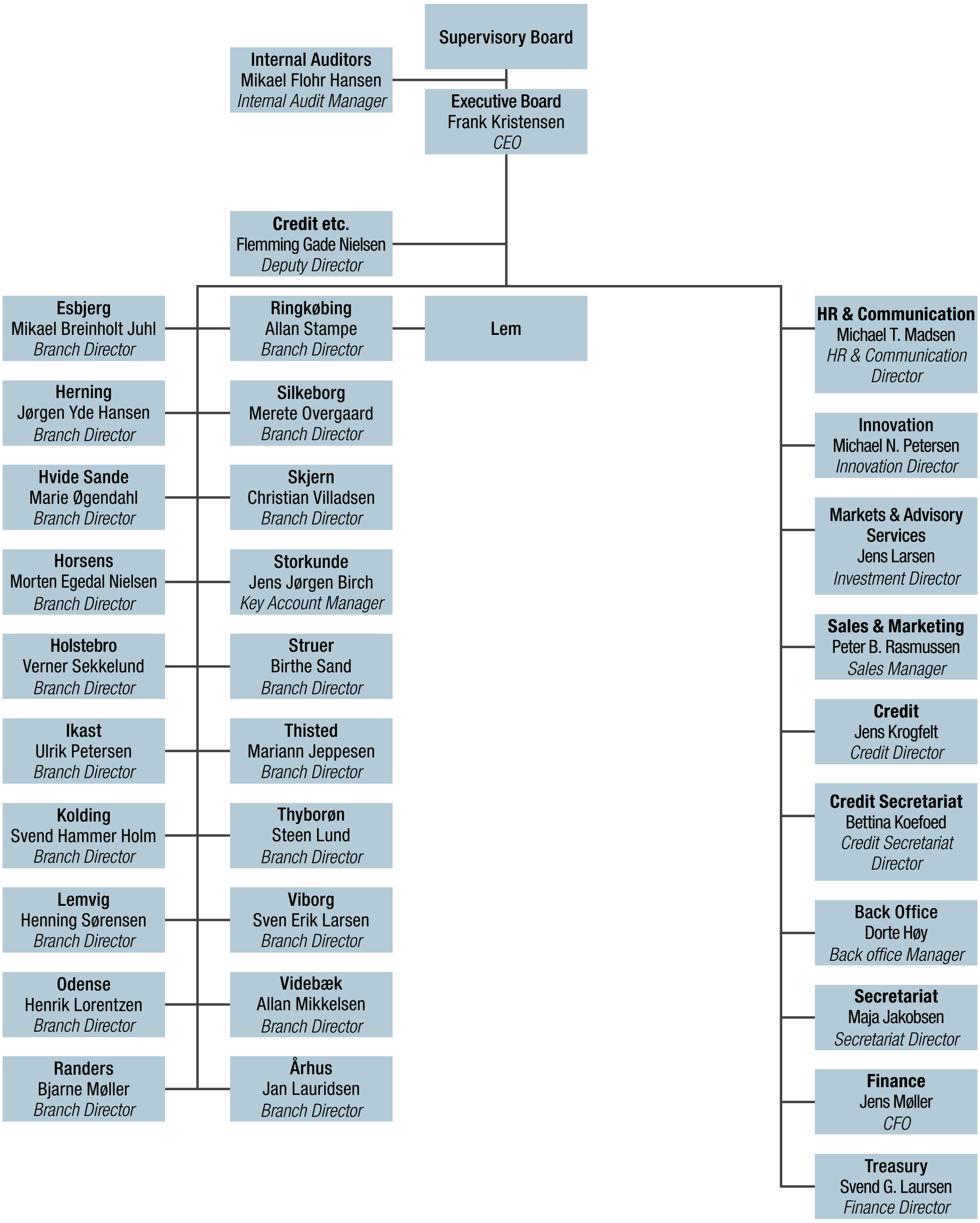
- Member of the supervisory boards of the industry organisation Association of Local Banks, Savings Banks and Cooperative Banks in Denmark (Lokale Pengeinstitutter), the Danish Bankers' Association, Bankernes EDB Central (BEC), Totalkredit A/S, PRAS A/S, VP Securities A/S, e-nettet Holding A/S and one subsidiary as well as Sparinvest Holding A/S.

Own and related parties' shares, options or warrants in vestjyskBANK: 12,294 shares.

Changes to holdings in the course of the financial year: Acquired 300 shares.

Management's Review

Organisation and Corporate Social Responsibility



Organisation of the Bank

vestjyskBANK is a full-service bank that ranks among the 10 largest in Denmark. Based in the central and western Jutland heartland, vestjyskBANK offers its 110,000+ corporate and retail customers a full range of banking, pension and insurance products via its headquarters in Lemvig, Denmark, along with a well-developed branch network in Jutland and one branch on Funen.

The key business areas for retail customers are real estate, investments and pension. We provide our corporate customers broad coverage of all industries with special focus on servicing the needs of small and mid-sized businesses. We have special expertise within the areas of agriculture and fisheries, supplemented by niche areas such as wind turbines, the private health sector and leisure.

Foundation

Based on vestjyskBANK's history, vision and values, the Bank draws its strength from traditional banking. The Bank's – and therefore also its employees' – mission is to create the financial freedom our customers need through steadfast and responsible banking.

vestjyskBANK emphasises its customers' needs via its solid professional and personal competencies, and it is the Bank's ambition for customers to experience value creation, which in turn will result in mutual loyalty.

In its focus on its individual employees, vestjyskBANK is using value-based management as an active management tool, based on vestjyskBANK's core values of steadfastness, attentiveness, competence and dynamism. Management is practiced within a framework in which each individual has the opportunity to take responsibility and in which trust is better than control. Similarly, this management style is predicated on employees exhibiting responsibility.

The Bank's organisational structure is flat, which ensures that all employees have the opportunity to take responsibility and thereby exercise their skill sets fully to the benefit of both our customers and the Bank. The flat management structure also means that the Bank is sufficiently flexible to change along with emerging customers and employees needs and be able to comply with the statutory requirements.

Focus on advisory expertise

The Bank's customers are its most important asset, and they have a right to demand expert advisory services when communicating with their personal advisor. The Bank has therefore decided to have its advisors' areas of expertise be tested annually over and beyond what is required under the law. An expertise profile has been defined for each job function that measures both the employee's professional and personal expertise.

The expertise profiles are designed to ensure that advisors are capable of doing what creates value for the customer and what the customer wishes to pay for.

The Bank's expertise profiles are based on the same philosophy behind the statutory certification of advisors within the investment area. Employees working with less complex investment products (referred to as green and yellow investment products) are required to attend a training course, and their expertise will be documented. Employees selling more complex products (referred to as red investment products) must pass a test.

These processes ensure that customers, employees and the Bank can remain certain that both the professional and personal expertise levels are up to par.

Organisation

It is vestjyskBANK's ambition to maintain and stimulate a business-oriented and innovative environment in the Bank through organisational flexibility. This will contribute to developing and refining our products and services so that they will better meet our customers' needs.

Customer services at the Bank's major branches are organised in a three-legged structure, consisting of a retail customer area, a business area and a customer service area. The basic philosophy is to ensure that the Bank's cutting-edge expertise is used optimally and that customers are offered targeted and qualitative advisory services.

The three-legged organisational structure means that customer-facing employees will be able to concentrate on providing customers with the most expert advisory services while other employees perform administrative tasks in the most efficient manner. In addition, there are specialists with special expertise within housing, investments and pension products.

The Bank's administrative and service divisions are, among other things, set up to support the work performed in the customer-facing functions, including the development of employees and the Bank in conjunction with handling tasks of a more administrative nature.

Management's Review
Organisation and Corporate Social Responsibility

Over the course of the year, a number of strategic adjustments of the organisation designed to strengthen employee expertise, exploit existing technologies and create more efficient banking.

The challenges business customers currently face due to the economic climate and the complexity this creates are now handled in the Bank's major business branches to ensure that they are allocated the requisite resources and competencies.

In the credit area, our competencies have been strengthened and the functions of issuing loans/credits and those monitoring that the credit area are managed according to the applicable rules have been split up.

The Bank has also established a Treasury Department, whose main task is to manage and optimise the Bank's liabilities and combined interest rate risk as well as manage the Bank's own portfolio of cash and cash equivalents and securities.

Management and employee development

vestjyskBANK places great emphasis on the continuous development of its managers and employees as well as organising the Bank so that projects are carried out in a proper, efficient and ethical manner.

This emphasis enables the Bank to retain and attract skilled and expert employees with respect to both competencies of a general nature and specialist expertise. The average age and seniority for the Bank's employees are, respectively, 45.6 years and 13.8 years. The number of employees in 2011 was 614.8 converted to full-time (average), which is 27.3 fewer than in 2010.

Report on corporate social responsibility (CSR)

vestjyskBANK's work involving corporate social responsibility focuses on three key areas: our employees, our customers and the local communities with which we are seeking to become an active part. Through its vision, mission and values, the Bank has worked with social responsibility as an integral part of its business for several years.

vestjyskBANK has decided to publish its statutory report on corporate social responsibility at the Bank's website. The report is accessible at vestjyskbank.dk/CSR_ENG.

Management's Statement

The Bank's Supervisory and Executive Boards have today considered and approved the present Annual Report, representing the period 1 January-31 December 2011 for Vestjysk Bank A/S.

The Annual Report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements relating to financial reporting by listed financial enterprises. In our opinion, the Financial Statements give a true and fair view of the Bank's assets, liabilities and financial position as of 31 December 2011 and of the results of the Bank's activities and cash flows for 2011. In our opinion, the Management's Review reflects the development in the Bank's activities and financial situation truly and fairly and describes the most significant risks and uncertainties that may influence the Bank.

Under "Events since the end of the fiscal year" in the Management's Review and in Note 30, the Bank details the uncertainties related to executing the outlined capital and liquidity plan as well as the risks that flow from not executing the plan. As stated in the Management's Review, it is our assessment that the plan will be executed.

We recommend the Annual Report for approval at the Annual General Meeting.

Lemvig, 22 February 2011

Executive Board

Frank Kristensen

Supervisory Board

Anders Bech	Poul Hjulmand
Bjørn Albinus	Kirsten Lundgaard-Karlshøj
Carl Olav Birk Jensen	Malene Rønø
Palle Hoffmann	Peter Bækkelund Rasmussen

Auditors' Reports

Internal auditor's report

Report on the Financial Statements

We have audited the Financial Statements of Vestjysk Bank A/S for the financial year 1 January–31 December 2011. The Financial Statements comprise the Bank's Statement of Income, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes. The Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed financial institutions. The Management's Review, which is not covered by the audit, is also prepared according to Danish disclosure requirements for listed financial institutions.

Basis of opinion

We have conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and International Standards on Auditing. This requires that we plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement.

The audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of procedures and internal controls established, including the risk management organized by Management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, we have examined, on a test basis, the basis of amounts and other disclosures in the Financial Statements. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements

We have participated in the audit of risk and other material areas and believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the procedures and internal controls established, including the risk management organized by Management relevant to the entity's reporting processes and significant business risks, are working satisfactorily.

Furthermore, in our opinion, the Financial Statements give a true and fair view of the Bank's financial position at 31 December 2011 and of its financial performance and its cash flows for the financial year 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial institutions.

Emphasis of matter

Without qualifying our auditor's report, we draw attention to note 30 "Risks and risk management" in the Financial Statements which describes the Bank's risks, including the uncertainty in respect of credit risks and the uncertainty as to whether the capital and liquidity plan described will be implemented as assumed. As stated in the section "Subsequent events" in Management's Review and in Management's Statement, Management has assessed that the plan will be implemented.

Statement on Management Review

We have, in accordance with the Danish Financial Business Act, read the Management's Review. We have not conducted any additional procedures in connection with our audit of the Financial Statements. On this basis, it is our opinion that the information presented in the Management's Review is in accordance with the Financial Statements.

Lemvig, 22 February 2012

Mikael Flohr Hansen
Chief Auditor

Independent Auditor's Report

To the shareholders of Vestjysk Bank A/S

Report on the Financial Statements

We have audited the Financial Statements of Vestjysk Bank A/S for the financial year 1 January to 31 December 2011, which comprise Statement of Income, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes. The Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial undertakings.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial undertakings, and for such internal control as Management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2011 and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial undertakings.

Emphasis of matter

Without qualifying our auditor's report, we draw attention to note 30 "Risks and risk management" in the Financial Statements which describes the Bank's risks, including the uncertainty in respect of credit risks and the uncertainty as to whether the capital and liquidity plan described will be implemented as assumed. As stated in the section "Subsequent events" in Management's Review and in Management's Statement, Management has assessed that the plan will be implemented.

Statement on Management's Review

We have read the Management's Review in accordance with the Danish Financial Business Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in the Management's Review is consistent with the Financial Statements.

Holstebro, 22 February 2012

PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab

H.C. Krogh
State Authorised Public Accountant

Financial Statements

Statement of Income and Statement of Comprehensive Income

Note		2011 TDKK	2010 TDKK
	Statement of Income		
2	Interest income	1,527,430	1,530,349
3	Interest expenses	681,031	713,590
	Net interest income	846,399	816,759
	Dividends on equity securities etc.	3,355	3,456
4	Income from fees and commissions	263,074	259,772
	Fees and commissions paid	27,488	26,849
	Net interest and fee income	1,085,340	1,053,138
5	Market value adjustments	-25,053	48,707
6	Other operating income	6,345	8,716
7-8	Personnel and administrative expenses	590,548	590,023
	Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	15,210	16,330
9	Other operating expenses	34,781	86,458
10	Impairment of loans and receivables etc.	984,869	408,219
	Profit/loss before tax	-558,776	9,531
11	Tax	-136,140	3,553
	Profit/loss for the year	-422,636	5,978
22	**Basic earnings per share**		
	Basic earnings per share	-34,22	0,48
	Diluted earnings per share	-34,22	0,48
	Statement of Comprehensive Income		
	Profit/loss for the year	-422,636	5,978
	Other comprehensive income:		
	Hedge accounting	-11,938	1,518
	Of which transferred to interest in the Statement of Income	9,888	-15,221
	Tax on hedge accounting	513	3,426
	Other comprehensive income after tax	-1,537	-10,277
	Total comprehensive income	-424,173	-4,299

Financial Statements

Statement of Financial Position at 31 December

Note		2011 TDKK	2010 TDKK
	Assets		
	Cash in hand and demand deposits with central banks	666,076	629,179
	Amounts receivable from credit institutions and central banks	730,792	1,171,731
	Loans and other receivables at amortised cost	21,715,932	23,467,609
	Debt securities at fair value	2,909,038	4,842,029
	Equity securities etc.	570,109	601,389
	Assets related to pooled fund schemes	1,104,270	1,145,057
12	Property, plant and equipment	107,065	108,562
	Land and buildings, total	368,894	366,395
13	Investment property	1,492	3,926
14	Owner-occupied property	367,402	362,469
15	Other property, plant and equipment	12,083	13,532
	Current tax assets	588	645
16	Deferred tax assets	303,346	166,550
17	Other assets	792,006	1,070,133
18	Assets, total	29,280,199	33,582,811
	Liabilities		
	Amounts owed to credit institutions and central banks	1,929,734	3,871,136
	Deposits and other debt	13,925,039	14,418,662
	Deposits with pooled fund schemes	1,104,270	1,145,057
	Debt securities in issue at amortised cost	7,927,786	8,689,823
	Provisions	36,043	10,710
19	Other liabilities	461,004	1,017,314
20	Subordinated debt	2,162,986	2,269,360
	Liabilities, total	27,546,862	31,422,062
	Equity		
21	Share capital	125,000	125,000
	Revaluation reserves	30,848	30,848
	Reserve for cash flow hedges	-11,814	-10,277
	Retained profit or loss	1,589,303	2,015,178
	Equity, total	1,733,337	2,160,749
23	Liabilities and equity, total	29,280,199	33,582,811
24	**Items not recognised in the Statement of Financial Position**		
	Contingent liabilities	4,353,268	4,484,724
	Other binding agreements	4,822	205,596
	Items not recognised in the Statement of Financial Position, total	4,358,090	4,690,320

Financial Statements

Statement of Changes in Equity

	Share capital TDKK	Revaluation reserves TDKK	Reserve for cash flow hedges TDKK	Retained earnings TDKK	Equity, total TDKK
Equity, 1 January 2011	125,000	30,848	-10,277	2,015,178	2,160,749
Comprehensive income for the year			-1,537	-422,636	-424,173
Additions relating to sale of own equity securities				73,198	73,198
Disposals relating to purchase of own equity securities				-76,437	-76,437
Equity, 31 December 2011	125,000	30,848	-11,814	1,589,303	1,733,337

	Share capital TDKK	Revaluation reserves TDKK	Reserve for cash flow hedges TDKK	Retained earnings TDKK	Equity, total TDKK
Equity, 1 January 2010	125,000	30,848	0	1,993,568	2,149,416
Comprehensive income for the year, cp. the 2010 Annual Report				5,978	5,978
Correction relating to hedge accounting			-10,277		-10,277
Corrected comprehensive income for the year			-10,277	5,978	-4,299
Additions relating to sale of own equity securities				91,161	91,161
Disposals relating to purchase of own equity securities				-75,529	-75,529
Equity, 31 December 2010	125,000	30,848	-10,277	2,015,178	2,160,749

Financial Statements
Statement of Cash Flows

Cash flows from operating activities	2011 TDKK	2010 TDKK
Loss after tax for the year, excl. received share dividends	-425,991	2,522
Dividends on equity securities	3,355	3,456
Profit/loss after tax for the year	-422,636	5,978
Adjustment for non-cash operating items etc.:		
Adjustment of impairment of loans etc.	984,869	408,219
Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	15,210	16,330
Other operating items with no effect on cash flow	33,973	19,610
Tax charged as expense	-136,140	3,553
Corporation tax paid	57	391
Cash flows from operating activities, total	475,333	454,081
Movements in working capital		
Increase/decrease in credit institutions and central banks, net	-1,932,151	271,626
Increase/decrease in loans and other receivables at amortised cost	766,808	-1,771
Increase/decrease in debt securities at fair value	1,932,991	-544,659
Increase/decrease in shareholding	31,280	-9,993
Increase/decrease in debt securities in issue at amortised cost	-762,037	3,609,987
Increase/decrease in other assets and other liabilities, net	-270,523	-180,397
Increase/decrease in deposits and other debt	-493,623	-3,381,147
Working capital, total	-727,255	-236,354
Cash flows from operating activities, total	-251,922	217,727
Cash flows from investing activities		
Payments for property, plant and equipment	-20,072	-10,805
Proceeds from disposal of property, plant and equipment	5,445	18,217
Cash flows from investing activities, total	-14,627	7,412
Cash flows from financing activities		
Payment for and proceeds from the disposal of own equity securities	-3,239	15,632
Repayment of subordinated debt	-125,000	-361,623
Cash flows from financing activities, total	-128,239	-345,991
Change in cash and cash equivalents for the year	-394,788	-120,852
Cash and cash equivalents at the beginning of the year	1,700,622	1,821,474
Change in cash and cash equivalents for the year	-394,788	-120,852
Cash and cash equivalents at the end of the year	1,305,834	1,700,622
Cash and cash equivalents at the end of the year		
Cash in hand and demand deposits with central banks	666,076	629,179
Amounts receivable from credit institutions and central banks with a maturity of less than 3 months	639,758	1,071,443
Total cash and cash equivalents, end of the year	1,305,834	1,700,622

Financial Statements

Notes

Contents

Note 1 Accounting Policies

1.1 General remarks

vestjyskBANK presents its annual and interim financial reports in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU. The annual and interim financial reports are furthermore presented in accordance with the IFRSs as issued by the International Accounting Standards Board (IASB). The Bank has applied these standards and interpretations to its financial reporting effective for the period beginning on 1 January 2011.

Annual and interim reports are furthermore presented in compliance with supplementary Danish disclosure requirements relating to financial reporting by listed financial enterprises.

Annual and interim reports are prepared applying the historical cost convention, modified for the purpose of measuring certain items at fair value, as described in the following.

In 2011 the Bank has implemented the following new and amended standards:

- amendments to IAS 24 re information concerning related parties
- annual improvements, including minor amendments to a number of standards.

The amendments are not relevant to recognition and measurement.

IASB has issued the following new standards and amendments to existing standards, which have not yet entered into force and which are relevant to the Bank.

The following amendments were approved by the EU and will enter into effect in fiscal years beginning no earlier than 1 January 2012:

Amendment to IFRS 7 - "Disclosures – Transfers of Financial Assets": Amendments relating to more extensive disclosure requirements for cessation of financial instruments.

This amendment is not relevant to recognition and measurement.

The following amendments have not yet been approved by the EU:

IFRS 9 – Re classification and measurement of financial assets and liabilities: The number of financial asset categories is reduced to two: amortised cost or fair value. Classification is determined on the basis of, respectively, the nature of the business model and the characteristics of the instrument. Changes to own credit risk relating to financial liabilities measured at fair value are recognised under Other comprehensive income.

IFRS 13 – "Fair Value Measurement": The standard establishes a methodology for how the fair value should be measured, and it supersedes the guidelines for stating the fair value set out in other standards, including IAS 39.

Amendment to IFRS 7 – "Offsetting Financial Assets and Financial Liabilities": This amendment means that the company will be required to provide additional notes regarding the right of set-off for the company's financial assets and liabilities. Off-set items should be stated in the Notes as gross; and items that can be off-set in a potential bankruptcy or other future event are subject to disclosure, regardless of whether they are off-set in the Statement of Financial Position.

Amendment to IFRS 32 – "Offsetting Financial Assets and Financial Liabilities": The amendment provides additional guidance for when financial assets and liabilities shall be stated as off-set.

Amendment of IAS 24: Including, among other things, a simpler definition of related parties.

Annual improvements for 2010 comprising minor changes to, among other things, IFRS 7 and IAS 1.

Management is currently reviewing the potential impact of these changes.

Valuation of derivative financial instruments

As at 31 December 2010, a foreign currency swap used for cash flow hedging of a bond in a foreign currency was valued incorrectly; the correct value was TDKK 10,277 lower. This has been incorporated as a correction of an error in 2010 and has had the following effect on the 2010 comparative figures:

Other comprehensive income

Fair value adjustment of derivative financial instruments used for cash flow hedging:
Gross: TDKK -13,703
Tax: TDKK +3,426
Net: TDKK -10,277

Financial Statements
Notes

Statement of Financial Position
Other assets/liabilities: TDKK -10,277
Equity: TDKK -10,277

The correction has not impacted the 2010 results.

1.2 Accounting estimates and assessments

Determining the carrying amount of certain assets and liabilities involves estimating how future events will affect the value of the assets and liabilities at the reporting date.

The estimates and assessments applied by Management are based on assumptions that it considers reasonable, but which by their nature are uncertain and unpredictable. Such assumptions may be incomplete or inexact, and unexpected future events or circumstances may arise. This makes it intrinsically difficult to make estimates and assessments; and when such estimates and assessments furthermore involve customer relationships and other counterparties, they will involve an additional degree of uncertainty. There may be a need to restate previous estimates as a consequence of changes in the underlying conditions for the previous estimates, or because new knowledge has come to light or subsequent events have occurred.

The principles for making accounting estimates critical to presenting the accounts include, among other things, assessments related to:
- impairments of loans and provisions for guarantees
- the fair value of investment property
- the fair value of financial instruments
- company acquisitions
- impairment tests for goodwill and other intangible assets
- deferred tax assets
- whether or not debt securities are traded in an active market.

Impairment of loans and provisions for guarantees
Impairment testing of individual loans involves estimates relating to conditions about which there is a high degree of uncertainty. The assessment entails estimating the most likely future cash flow that the customer will be able to generate.

Loans for which there is no objective indication of impairment are included in a group for which it is assessed at portfolio level whether there is any need for impairment.

An important aspect of testing for impairment of a group of loans is identifying events that indicate objectively that the group has incurred losses. The assessment of the fair value of the cash flows generated by the customers in the group entails a degree of uncertainty when historical data and experience-based assessments are applied in connection with adjusting the assumptions on the basis of the historical data and in order to reflect the current situation.

Assessment by group is performed for groups of loans and receivables that possess uniform credit risk characteristics. There are 11 groups: one for public authorities, one for retail clients, and nine for corporate customers whereby corporate customers are segmented by industry.

If, at the reporting date, the Bank is aware that an event has occurred that will either weaken or strengthen future payment performance, and which the models have not taken into account, Management will correct for this by making a qualified estimate.

The amount of loan and guarantee impairments is specified in Notes 10 and 40.

Fair value of investment property
The rate of return method is used for measuring property at fair value. The uncertainty of the measurement is related to the rate of return used for the valuation.

The carrying amount of investment property is specified in Note 13.

Fair value of financial instruments
vestjyskBANK measures a number of financial instruments at fair value, including all derivative financial instruments, as well as equity and debt securities.

Assessments are made in connection with establishing the fair value of financial instruments in respect of the following areas:
- choice of valuation method
- determination of when available listed prices do not represent the fair value
- calculation of fair value adjustments to take account of relevant risk factors such as credit and liquidity risk
- assessment of which market parameters should be observed
- estimate of future cash flows and rate of return requirements for unlisted equity securities.

As part of its operations, vestjyskBANK has acquired strategic equity interests. These are measured at fair value on the basis of available information about trading in the relevant enterprise's equity interests or, alternatively, a valuation model based on accepted and current market data, including a valuation of expected financial performance and cash flows. The valuation will similarly be influenced by ownership, trading and shareholder agreements etc.

The carrying amount of securities measured at fair value is specified in Note 29.

Acquisitions

Upon acquisition of another enterprise, the acquired enterprise's assets, liabilities and contingent liabilities are recognised in accordance with the acquisition method. Some parts of acquired assets and liabilities have no effective market that can be used to establish their fair value. Management will therefore make estimates on calculating the identified acquired assets, liabilities and contingent liabilities. Depending on the nature of the asset or liability, this calculation may be subject to a degree of uncertainty.

Upon acquisition, among other things, an assessment is made of the value of the acquired customer relationships. The assessment is based on expected and historical customer loyalty in view of existing customer relationships. Additionally, an assessment is made of whether there are circumstances that result in the deviation of the fair value of loans from amortised cost, for example as a result of special risks relating to a commitment or a margin that is lower than the margin on an equivalent loan.

Impairment test for goodwill and other intangible assets

At the annual impairment test of goodwill, or when there is indication of a need for impairment, an estimate is made of how the parts of the enterprise to which the goodwill is related would be capable of generating sufficient positive net cash flows in the future to strengthen the value of goodwill and other net assets in the enterprise.

The estimate must deal with the expected future cash flows many years into the future, which by its nature involves a certain degree of uncertainty.

The carrying amount of goodwill as well as the assumptions of the impairment test are specified in Note 12.

Deferred tax assets

Deferred tax assets relating to unused tax credits are included to the extent it is considered likely that, in the foreseeable future, a tax profit will be realised in which the losses can be off-set. The size of the recognised tax assets and the assumptions for recognition are specified in Note 16.

If a bill relating to restrictions in the application of losses for off-setting in taxable income is passed, tax assets of DKK 303 million will have to be reduced. A reduction, if any, will have no solvency-related significance.

Assessment relating to whether or not debt securities are traded in an active market

Some debt securities listed on NASDAQ OMX Copenhagen are attributed to the category 'Loans and receivables'. The assessment is that trading in the relevant debt securities is so insignificant in volume and scope that the market cannot be characterised as active; the conditions for attributing the debt securities to the category 'Loans and receivables' have therefore been met.

1.3 Specification of applied accounting policies

Translation of foreign currencies

Upon initial recognition, transactions in foreign currencies are translated at the actual rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled on the reporting date are translated at the rate at the reporting date. Exchange differences between the transaction date rate and the rate at the date of the cash flow, respectively the closing rate, are recognised in the Statement of Income as market value adjustment.

Determination of fair value for measurement and disclosure

Derivative financial instruments as well as unsettled spot transactions are recognised and measured at fair value which, as a rule, is based on listed market prices. To the extent that these are unlisted instruments, fair value is determined using generally accepted principles based on arm's-length parameters.

Debt securities traded in regulated markets are measured at fair value. The fair value is determined using the most recent observable market price at the reporting date.

Equity securities traded in regulated markets are measured at fair value. The fair value is determined using the most recent observable market price at the reporting date.

Financial Statements
Notes

Unlisted equity securities in enterprises held jointly by the Bank with a number of other financial institutions are valued at fair value. If no current market data are available, fair value is established on the basis of the enterprises' most recent presented and adopted accounts as well as taking into consideration shareholder agreements.

For loans with variable interest rates, write-downs relating to impairment are, in principle, assumed to correspond to the fair value of the credit risk with the following corrections:

Credit margin changes for a given risk are taken into account by correcting for the difference between the current credit premium and the credit premium that would be required if a given loan was granted at the reporting date.

Fixed-rate loans not subject to hedge accounting are also adjusted by the change in value that arises as a result of the difference between the fixed interest rate and the current market rate.

Fair value of debt securities in issue traded in an active market is determined at fair value as a ratio of the most recent observable market price at the reporting date. The fair value of debt securities in issue and subordinated debt not traded in an active market is determined on the basis of the terms that would have applied if the loan in question had been made at the reporting date.

Hedge accounting

The Bank applies the special rules on hedge accounting to avoid the inconsistency of having certain financial assets or financial liabilities measured at amortised cost. Meanwhile, derivative financial instruments are measured at fair value if the conditions relating to documentation and efficiency are met. The hedging relationship is established at portfolio level for the following items: Fixed-rate loans, foreign currency loans and debt securities, as well as fixed-rate deposits. In hedging the fair value of fixed-rate assets and liabilities, hedged items will be regulated at their fair value for the hedged risk. In hedging future cash flows, value adjustments of the hedging instruments are included under the item 'Other comprehensive income' and reversed as the hedged items affect the results.

Hedging is performed using options, forward contracts, swaps and caps.

Business combinations and disposal of enterprises

Acquisitions of or mergers with other enterprises are recognised from the time of acquisition. Divested enterprises are recognised up until the date of disposal.

Combinations take place by applying the purchase method after which the acquired enterprises' assets, liabilities and contingent liabilities are recognised at fair value at the date of acquisition. The tax effect of performed revaluations is taken into account.

Positive differences between the fair value of considerations and the fair value of acquired net assets are recognised in the Statement of Financial Position as goodwill. Negative differences are recognised as income in the Statement of Income.

Transaction costs are recognised in the Statement of Income, as they are incurred.

At the merger with Ringkjøbing Bank in 2008 and the acquisition of Bonusbanken in 2008, the cost was determined at fair value on the acquisition date of the shares issued by vestjyskBANK at the merger, respectively the vestjyskBANK shares settled at the acquisition date, plus transaction costs incurred.

Business combinations executed before the date for the transition to IFRS on 1 January 2009 have been recognised under the accounting policies as they existed before the transition.

Statement of Income and Statement of Comprehensive Income

Interest, fees and commissions

Interest income and interest expenses are recognised in the Statement of Income for the period to which they pertain. Commissions and fees that are integrated parts of the effective interest on a loan are recognised as part of amortised cost.

Interest income from loans impaired in part or in full is recognised under interest income only with the calculated effective interest on the loan's impaired value. Any additional interest income is recognised under the item 'Impairment of loans and receivables etc'. Commissions and fees that form part of an annuity are accrued over the term of the annuity.

Other fees are recognised in the Statement of Income at the transaction date.

Other operating income

Other operating income contains items of a secondary nature in relation to the Bank's activities, including gains and losses relating to the sale of acquired, investment and owner-occupied property.

Gains and losses relating to sales are determined as the sale price, less selling expenses and the carrying amount at the time of sale.

Personnel and administrative expenses

Staff costs comprise employee salaries and social security costs, pension plans etc. Costs of goods and services provided to employees, including anniversary bonuses, are recognised as the employees perform the services that entitle them to the goods and services in question.

The majority of employees have entered into defined contribution plans. Under defined contribution plans, fixed contributions are made to an independent pension fund. The Bank is not required to make any additional contributions.

Other operating expenses

Other operating expenses contain items of a secondary nature in relation to the Bank's activities, including contributions to the Guarantee Fund for Depositors and Investors and the current guarantee provision relating to the Danish Government-Backed Deposit Guarantee Scheme (Statsgarantiordningen).

Tax

Tax for the year, consisting of the year's current tax and changes in deferred tax, is recognised in the Statement of Income as the part that can be attributed to the income for the year, and directly to other comprehensive income, respectively equity, at the part that can be attributed thereto.

Current tax liabilities, respectively, current tax receivables are recognised in the Statement of Financial Position as calculated tax on the taxable income for the year adjusted for tax paid on account.

Deferred tax is recognised for all temporary differences between carrying amounts and the taxable values of assets and liabilities, apart from goodwill and temporary differences that arise in connection with acquiring assets or assuming liabilities which, at the time of acquisition, affect neither the taxable income nor the result.

Deferred tax is recognised as a liability in the Statement of Financial Position under 'Deferred tax liabilities' or recognised as an asset under 'Deferred tax assets', if the net value is an asset, and it is considered likely that the tax asset will be realised.

Statement of Financial Position

Financial assets in general

The purchase and sale of financial assets are recognised at fair value at the settlement date. From the trade date to the settlement date, changes are included in the fair value of the financial instrument that has not been settled.

Transaction costs are added upon initial recognition of financial assets not subsequently measured at fair value in the Statement of Income.

Financial assets are attributed upon initial recognition, respectively, upon transition to IFRS to one of the following categories:

- trading portfolio, comprising equity and debt securities held for the purpose of short-term profit–taking, as well as derivative financial instruments that are assets
- financial assets attributed to fair value in the Statement of Income, comprising equity and debt securities not held for trading, but which are managed and assessed on the basis of fair value
- loans and receivables comprising loans and other receivables, cash in hand and demand deposits with central banks, amounts receivable from credit institutions and central banks, and other assets apart from derivative financial instruments.

Financial assets are not reclassified after initial recognition.

Financial assets held for trade or attributed to fair value in the Statement of Income are measured at fair value with recognition of fair value changes in the Statement of Income.

Loans and receivables are measured at amortised cost, which usually corresponds to their nominal value less opening fees constituting part of the effective interest rate and impairments to cover incurred but not yet realised losses.

Cash in hand and demand deposits with central banks

Cash in hand and demand deposits comprise the Bank's holdings of domestic and foreign currency notes and coins, as well as demand deposits in central banks.

Amounts receivable from credit institutions and central banks

Amounts receivable from credit institutions and central banks comprise amounts receivable with other credit institutions as well as term deposits in central banks.

Financial Statements
Notes

Loans and other receivables
Loans and other receivables comprise loans to customers and certain debt securities not traded in an active market.

Impairment of loans and receivables, as well as provisions against guarantees and unused credit commitments, are performed both individually and on a group basis. Impairments to losses are performed when there is objective indication of impairment.

For individual impairments, objective indication is considered to exist, at a minimum, once one or more of the following events have occurred:

- borrower is in significant financial difficulties
- borrower is in breach of contract, for example, by failing to perform payment obligations for payment of principal and interest
- borrower has been granted relief from conditions that would otherwise not have been considered if it were not because of borrower's financial difficulties, or if it is likely that the borrower will enter bankruptcy proceedings or is made subject to other financial reorganisation.

Impairment is performed as the difference between the carrying amount before impairment and the present value of the expected future payments on the loan. Expected future payments are determined based on probability-weighted scenarios performed on the debtor's ability to pay, realisation of collateral as well as any dividends. The loan's effective interest rate is applied as the discount rate.

Loans not individually impaired are included in the impairments by group.

Loans and receivables not individually impaired are assessed by group to determine whether an objective indication for impairment of the group exists.

Assessment by group is performed using a segmentation model developed by the industry organisation Association of Local Banks, Savings Banks and Cooperative Banks in Denmark (Lokale Pengeinstitutter). This organisation is responsible for the on-going maintenance and development of the model. The segmentation model establishes cohesion within the individual groups between established losses and a number of significant explanatory macroeconomic variables using linear regression analysis. The explanatory macroeconomic variables include such factors as unemployment, home prices, interest, number of bankruptcies/enforced sales etc.

In principle, the macroeconomic segmentation model is calculated on the basis of loss data for the entire financial institution sector. vestjyskBANK has therefore made an assessment of the extent to which the model estimates reflect the credit risk for vestjyskBANK's own loan portfolio.

This assessment has resulted in model estimate adjustments to fit the Bank's own conditions, after which it is the adjusted estimates that form the basis for calculating the impairments in groups. For each group of loans and receivables, an estimate is drawn up that expresses the percentage impairment relating to a given group of loans and receivables at the reporting date. The individual loan's contribution to the impairment by group is arrived at by comparing the individual loan's original loss risk and the loan's loss risk at the beginning of the current reporting period. The impairment is calculated as the difference between the carrying amount and the discount to net present value of the expected future payments adjusted for management estimates.

Provisions against losses on guarantees as well as provisions against losses on unutilised credit commitments are recognised under 'Provisions'.

Equity securities
Equity securities comprise shares traded in active markets as well as unlisted shares in enterprises held by the Bank jointly with a number of other financial institutions.

Debt securities
This item comprises bonds traded in an active market.

Pooled pension funds
Assets included in pooled pension funds and customers' deposits in pooled pension funds are presented under separate items in the Statement of Financial Position. Returns on pooled assets and deposits are presented jointly under 'Market value adjustments'.

Land and buildings
Investment property is property principally held to earn rental income and/or capital gains.

Investment property is recognised upon acquisition at cost and subsequently measured at fair value. Adjustment of fair value as well as rental income is recognised in the Statement of Income under, respectively, 'Market value adjustments' and 'Other operating income'.

The fair value of investment property is determined on the basis of a systematic assessment based on the property's expected return as the method is assessed to reflect how similar property is valued in the market. Such property is not depreciated.

An assessment of the carrying amounts is obtained from external experts periodically.

Owner-occupied property is property the Bank utilises for administration, branches or other service activities. Owner-occupied property is recognised at purchase price plus expenses for construction or development, and deducting subsequent accumulated depreciation.

Depreciations are performed based on the fair value at 1 January 2009 (starting value upon transition to IFRS) and calculated linearly, based on the expected useful life of the asset, which is 40 years, on the basis for depreciation, less estimated residual value. Useful life and residual value are reassessed on an on-going basis. Installations are depreciated linearly over a period of up to 15 years.

Land is not depreciated.

Intangible assets

Intangible assets concern the value of customer relationships and goodwill acquired in connection with the acquisition of Bonusbanken.

The value of acquired customer relationships is measured at cost less accumulated depreciation and impairment losses. The value of the acquired customer relationships is depreciated linearly over the expected life, which is 10 years. Goodwill is the amount by which the cost of an acquired enterprise exceeds the fair value of the acquired assets and liabilities at the time of acquisition.

Goodwill is recognised as an asset and attributed to cash-flow generating units corresponding to the level at which Management is monitoring the investment.

Goodwill is recognised as an asset and is not amortised but is tested for impairment at least once a year. Goodwill is impaired to its recoverable value, if the carrying value of the cash-flow generating unit's net assets exceeds the higher value of the net selling price and value in use, which corresponds to the present value of expected future cash flows from the unit.

Impairments are recognised in the Statement of Income.

Other property, plant and equipment

Other property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciations are performed on a straight-line basis based on the following assessment of the other assets' useful lives::

- IT equipment 2–3 years
- machinery, tools and equipment 3 years
- automobiles 3–4 years

Other property, plant and equipment are assessed for impairment need when there is indication of impairment.

Other assets

This item comprises assets not placed under other asset items, among others, positive market values of spot transactions and derivative financial instruments, as well as interest receivable.

Financial liabilities

Financial liabilities are recognised at the settlement date at fair value. Transaction costs are deducted upon initial recognition of financial liabilities not subsequently measured at fair value.

Financial liabilities are attributed upon initial recognition, respectively up on transition to IFRS, to one of the following categories:

- trade portfolio comprising derivative financial instruments classified as liabilities
- other financial liabilities, comprising 'Other liabilities' apart from derivative financial instruments, 'Amounts owed to credit institutions and central banks'/'Deposits', and 'Subordinated debt'/'Debt securities in issue'
- financial guarantees.

Liabilities held for trading are measured at fair value with recognition of value adjustments in the Statement of Income.

Other financial liabilities are measured at amortised cost. Expected future interest payments are estimated upon determination of amortised cost. In the event that the interest rate changes over the course of the life of the liability, apart from as a result of the variability of the interest rate, such payments are included, provided that the loan is not expected to be repaid before the interest rate change.

Financial guarantees are measured at the higher of the deferred commission income and provisions for losses on the guarantee. Please see the section 'Loans and receivables' for how provisions against losses on guarantees are calculated.

Financial Statements
Notes

Other liabilities
This item comprises liabilities not included under other liability items and comprises, among others, negative market values of spot transactions, derivative financial instruments and interest payable.

Amounts owed to credit institutions and central banks/deposits
Amounts owed to credit institutions and central banks as well as deposits are valued at amortised cost.

Subordinated debt/debt securities in issue
Financial assets and liabilities are presented as offset, provided offsetting is legally sanctioned, and the Bank intends to offset or sell the asset and the liability simultaneously.

Offsetting financial assets and liabilities
Financial assets and liabilities are presented as offset, provided offsetting is legally sanctioned, and the Bank intends to offset or sell the asset and the liability simultaneously.

Equity

Proposed dividends
Proposed dividends are recognised as a liability at the time of adoption at the Annual General Meeting. The proposed dividends for the year are included under equity until they are adopted.

Own equity securities
Purchase and disposal considerations as well as dividends from own equity securities are recognised directly as retained earnings under equity.

Statement of Cash Flows

The Statement of Cash Flows shows cash flows distributed on operating, investing and financing activities for the year, changes in cash and cash equivalents for the year, as well as cash and cash equivalents at the beginning and end of the year. Cash flows from operating activities are determined using the indirect method as profit before tax adjusted for non-cash operating items as well as changes in working capital.

Cash flows from investing activities comprise payments in connection with the purchase and sale of fixed assets. Cash flows from financing activities comprise dividends paid as well as movements in equity and the payment and incurrence of subordinated debt.

Cash and cash equivalents comprise cash in hand, demand deposits with central banks as well as amounts receivable from credit institutions and central banks with due dates of less than three months.

Note no.		2011 TDKK	2010 TDKK
2	**Interest income**		
	Amounts receivable from credit institutions and central banks	12,133	17,135
	Loans and other receivables	1,409,214	1,365,750
	Debt securities	95,354	131,722
	Other interest income	535	398
	Interest income at amortised cost	1,517,236	1,515,005
	Derivative financial instruments	10,194	15,344
	Interest income, total	1,527,430	1,530,349
3	**Interest expenses**		
	Credit institutions and central banks	46,738	50,720
	Deposits and other debt	238,094	257,207
	Debt securities in issue	213,496	218,539
	Subordinated debt	182,668	187,106
	Other interest expenses	35	18
	Interest expenses at amortised cost, total	681,031	713,590
4	**Income from fees and commissions**		
	Securities trading and custody	74,033	70,068
	Money transmission services	44,429	43,024
	Loan processing feees	69,409	74,295
	Guarantee commission	59,444	55,810
	Other fees amd commissions	15,759	16,575
	Income from fees and commissions, total	263,074	259,772
5	**Market value adjustments**		
	Debt securities	24,471	33,667
	Equity securities etc.	-22,785	22,207
	Total market value adjustments for securities attributed to fair value in the Statement of Income	1,686	55,874
	Foreign currency translation adjustment of foreign currency balances	-82,913	259,288
	Foreign currency translation adjustment of financial instruments	103,534	-236,238
	Foreign currency, total	20,621	23,050
	Derivative financial instruments, other adjustments	-45,771	-29,346
	Assets related to pooled fund schemes	-54,898	176,562
	Deposits with pooled fund schemes	54,898	-176,562
	Fair value hedged lending	8,613	98
	Fair value hedged borrowing	-10,202	-969
	Market value adjustments, total	-25,053	48,707
	Total fair value adjustment for derivative financial contracts including amounts recognised under ‘Interest income’	67,957	-250,240
6	**Other operating income**		
	Gains on disposal of operating equipment	836	722
	Other income	5,515	7,615
	Operation of investment property	-6	379
	Other operating income, total	6,345	8,716

Financial Statements

Notes

Note no.		2011 TDKK	2010 TDKK
7	**Personnel and administrative expenses**		
	Salaries and remuneration to the Supervisory and Executive Boards	12,870	10,644
	Personnel expenses	356,056	350,979
	Other management expenses	221,622	228,400
	Personnel and management expenses, total	590,548	590,023
	Personnel expenses		
	Lønninger	282,674	281,869
	Pensions	36,414	37,371
	Expenses relating to social security contributions, payroll tax etc.	36,968	31,739
	Total	356,056	350,979
	Salaries and remuneration to the Supervisory and Executive Boards and significant risk takers		
	Supervisory Board		
	Fixed remuneration	1,525	1,500
	Total	1,525	1,500
	Number of Supervisory Board members, end of the year	8	8
	Remuneration of the Supervisory Board:		
	Supervisory Board Chairman	300	300
	Deputy Chairman	250	250
	Non-executive members of the Supervisory Board	150	150
	Supplemental remuneration for Chairman of Audit Committee	50	50
	Executive Board		
	Frank Kristensen, Chief Executive Officer		
	Contractual remuneration	3,392	3,305
	Pension	1,678	1,659
	Total	5,070	4,964
	Preben Knudsgaard, Managing Director (retired on 1 May 2011)		
	Contractual remuneration	901	2,648
	Pension	514	1,532
	Severance pay	4,860	0
	Total	6,275	4,180
	Executive Board, total:		
	Contractual remuneration	4,293	5,953
	Pension	2,192	3,191
	Termination benefits, former Managing Director	4,860	0
	Executive Board, total	11,345	9,144
	Value of perquisites	244	280
	With reference to the terms and conditions for participation as set out in the Act on State-Funded Capital Injections into Credit Instituti-ons (Bankpakke II), please note that the calculation of taxable income payments to the Executive Board deducted for tax purposes totalled	5,795	4,712
	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.		

Note no.		2011 TDKK	2010 TDKK
7	Pension scheme:		
	Defined benefit plan through pension insurance company, pension fund as well as premium capital pension.		
	Annual pension:		
	vestjyskBANK deposits 20% of salaries and beyond that a lump sum in the month of December.		
	Other employees with significant influence on the Bank's risk profile		
	Fixed remuneration	14,027	12,604
	Pension	1,612	1,471
	Severance pay	2,600	0
	Total	18,239	14,075
	Number of employees with significant influence on the Bank's risk profile, end of the year	16	15
	Pension scheme:		
	Defined benefit plan through pension fund as well as premium capital pension.		
	Annual pension:		
	vestjyskBANK deposits 12.25-13% of salaries.		
	The above-mentioned is accordance with the Bank's Pay Policy, which is accessible at the Bank's website – please refer to vest-jyskbank.dk/paypolicy		
8	**Auditors' fees**		
	Fees for statutory audit of the annual financial statements	994	1,145
	Fees for other assurance engagements	483	565
	Fees for tax advisory services	33	58
	Fees for other services	1,729	681
	Audit fees, total	3,239	2,449
9	**Other operating expenses**		
	Extraordinary contribution to the Guarantee Fund for Depositors and Investors	33,622	0
	The Private Contingency Association	0	84,792
	Other expenses	1,159	1,666
	Other operating expenses, total	34,781	86,458
10	**Impairment of loans and receivables etc.**		
	Loans	958,846	347,850
	The Private Contingency Association	690	63,009
	Guarantees and credit commitments	25,333	-2,640
	Impairment of loans and receivables etc., total	984,869	408,219
	Interest income on impaired loans is offset in impairments by	24,529	21,893
	The impact on operations has been obtained as follows:		
	Impairments and provisions over the course of the year	1,188,220	393,565
	Reversal of impairments performed in prior financial years	-252,397	-76,000
	Lost, where individual impairments/provisions have not been made	54,456	101,213
	Included in previously written-off debts	-5,410	-10,559
	Impairment of loans and receivables etc., total	984,869	408,219

Financial Statements
Notes

Note no.		2011 TDKK	2010 TDKK
11	**Tax**		
	Tax on profit/loss for the year	121	0
	Deferred tax	-136,798	3,242
	Readjustment of tax for previous years	537	311
	Tax, total	-136,140	3,553
	Effective tax rate:		
	Applicable tax rate	25.0%	25.0%
	Adjustments to this:		
	Non-deductible expenses	-0.3%	13.7%
	Non-taxable income	0.1%	-2.3%
	Property depreciation and adjustments pertaining to sale	-0.3%	-2.4%
	Adjustment of tax for previous years	-0.1%	3.3%
	Effective tax rate, total	24.4%	37.3%
12	**Intangible assets**		
	Goodwill		
	Total acquisition price, beginning of the year	96,590	96,590
	Total acquisition price, end of the year	96,590	96,590
	Impairments, beginning of the year	0	0
	Impairments, end of the year	0	0
	Recognised holding, end of the year	96,590	96,590
	Customer relationships		
	Total acquisition price, beginning of the year	14,964	14,964
	Total acquisition price, end of the year	14,964	14,964
	Amortisations and impairment losses, beginning of the year	2,992	1,496
	Amortisations and impairment losses for the year	1,497	1,496
	Amortisations and impairment losses, end of the year	4,489	2,992
	Recognised holding, end of the year	10,475	11,972
	Intangible assets, total	107,065	108,562

Goodwill and customer relationships are derived from the acquisition of Bonusbanken in 2008. The activities of Bonusbanken have been fully integrated into the activities of vestjyskBANK and therefore cannot be attributed to any separate activity whose returns are monitored in the internal management reporting. This is the reason goodwill has been attributed to the Company as a whole.

The following assumptions are applied to the impairment test:

Required rate of return after tax: 10%

Budget period: 5 years

Growth during the terminal period: 2.8%

Budget outlook for the period 2012–2016:

– Maintenance of interest margin
– Rising fee income
– Weak decline in the rate of cost
– Declining loans and guarantee debtors
– Rising deposits
– Impairment ratio: 1.5% in 2012, linearly declining to 1.1% in 2016

Note no.		2011 TDKK	2010 TDKK
12	– The Bank is exercising its right to convert part of the government injection of hybrid capital to equity.		
	A sensitivity analysis has been performed of the impairment need for changes across the following central variables:		
	– Required rate of return after tax		
	– Impairment ratio		
	The findings of the analysis show that the individual central variables may change as follows before triggering impairment of goodwill:		
	– The required rate of return after tax may rise by 4 percentage points.		
	– The impairment ratio may be maintained at 1.5% throughout the period.		
	The results for the individual variables are based on the “all else being equal” assumption.		
	The impairment test did not give rise to any impairment.		
13	**Investment property**		
	Fair value, beginning of the year	3,926	18,401
	Carried forward from owner-occupied property	2,640	1,555
	Disposals during the year	5,074	16,030
	Fair value adjustment for the year	0	0
	Fair value, end of the year	1,492	3,926
	Rental income	212	751
	Operating expenses on properties generating rental income	-265	-372
	The fair value is determined using the rate of return method. Operating income is composed of realised rental income and expenses paid. A rate of return requirement of 6% has been applied.		
14	**Owner-occupied property**		
	Cost price		
	Cost price, beginning of the year	372,251	371,293
	Additions during the year	12,600	2,533
	Disposals during the year	0	20
	Carried forward to investment property	2,711	1,555
	Total cost price, end of the year	382,140	372,251
	Depreciations		
	Depreciations, beginning of the year	9,782	4,896
	Depreciations for the year	5,027	4,906
	Depreciations reversed for the year carried forward to investment property	71	20
	Depreciations, end of the year	14,738	9,782
	Carrying amount, end of the year	367,402	362,469
15	**Other property, plant and equipment**		
	Cost price		
	Cost price, beginning of the year	31,421	31,077
	Additions during the year	7,472	6,717
	Disposals during the year	6,985	6,373
	Total cost price, end of the year	31,908	31,421

Financial Statements

Notes

Note no.		2011 TDKK	2010 TDKK
15	**Depreciations**		
	Depreciations, beginning of the year	17,889	13,702
	Depreciations for the year	8,418	9,233
	Depreciations for the year on sold and scrapped assets	132	695
	Reversals for the year of impairment losses for previous years and reversal of the overall depreciation and impairment losses on assets sold or retired from operations during the year	6,614	5,741
	Total depreciations, end of the year	19,825	17,889
	Carrying amount, end of the year	12,083	13,532
16	**Deferred tax assets/liabilities are specified as follows:**		
	Loans and other receivables	-3,612	-5,319
	Intangible assests as well as property, plant and equipment and intangible assets	17,090	11,626
	Provisions for liabilities	-5,354	-5,140
	Tax loss	-322,764	-182,023
	Others	11,294	14,306
	Deferred tax assets (-)/tax liabilities, total	-303,346	-166,550
	The deferred tax asset is expected to be able to be used within the next five years based on the following budget expectations for the period 2012–2016: – Maintenance of interest margin – Rising fee income – Weak decline in the rate of cost – Declining loans and guarantee debtors – Rising deposits – Impairment ratio: 1.5% in 2012, linearly declining to 1.1% in 2016 – The Bank is exercising its right to convert part of the government injection of hybrid capital to equity		
17	**Other assets**		
	Positive market value of derivative financial instruments	526,519	810,134
	Interest and commission receivable	45,891	73,352
	Other assets	219,596	186,647
	Other assets, total	792,006	1,070,133
18	**Asset items falling due one year or later from the reporting date**		
	Amounts receivable from credit institutions and central banks	77,908	100,287
	Loans and other receivables at amortised cost	8,605,553	9,274,939
	Debt securities at fair value	2,721,122	4,713,082
	Other assets	168,879	136,570
	Asset items falling due one year or later from the reporting date, total	11,573,462	14,224,878
19	**Other liabilities**		
	Negative market value of derivative financial instruments	205,979	591,343
	Various creditors	125,292	281,004
	Interest and commission payable	93,792	111,979
	Other liabilities	35,941	32,988
	Other liabilities, total	461,004	1,017,314

Note no.		2011 TDKK	2010 TDKK
20	**Subordinated debt**		
	Tier 2 capital	596,198	719,389
	Tier 2 capital falls due between 16 May 2014 and 3 March 2016 with an option to prepay remaining in effect until 3 March 2013, subject to approval by the Danish Financial Supervisory Authority. The capital accrues interest at 2.228 – 5.590% with a step-up clause after the prepayment date.		
	Hybrid core capital of DKK 100 million	107,031	102,105
	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 1,438 million	1,459,757	1,447,866
	DKK 322 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. In its announcement dated 20 February 2012, the Bank disclosed that DKK 287.6 million hybrid capital as well as accrued interest of DKK 8.7 million had been voluntarily converted into share capital. The Bank has thus exercised its conversion option only in part. 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 after 25 August 2015.		
	Hybrid capital, total	1,566,788	1,549,971
	Subordinated debt, total	2,162,986	2,269,360
	Subordinated debt that can be included in the capital base	2,082,686	2,169,360
21	**Share capital**		
	Number of shares of DKK 10 (denomination)	12,500,000	12,500,000
	Share capital, total	125,000	125,000
	Number of own equity securities, beginning of the year		
	Number of own equity securities in 1,000 unit lots	99	271
	Nominal value in DKK 1,000	993	2,712
	Percentage of the share capital	0.8%	2.2%
	Additions		
	Purchased own equity securities in 1,000 unit lots	1,802	936
	Nominal value in DKK 1,000	18,023	9,363
	Percentage of the share capital	14.4%	7.5%
	Total purchase price in DKK 1,000	76,437	75,529
	Disposals		
	Total disposals in 1,000 unit lots	1,716	1,108
	Nominal value in DKK 1,000	17,164	11,082
	Percentage of the share capital	13.7%	8.9%
	Total selling price in DKK 1,000	73,198	91,161

Financial Statements

Notes

Note no.		2011 TDKK	2010 TDKK
21	**Number of own equity securities, end of the year**		
	Number of own equity securities in 1,000 unit lots	185	99
	Nominal value in DKK 1,000	1,852	993
	Percentage of the share capital	1.5%	0.8%
	The Bank's trade in its own equity securities takes place as part of its regular trade in equity securities.		
	As a result of the Bank's receiving government hybrid core capital – in addition to its issuance of debt securities under the individual government guarantee – dividends may only be paid as of 1 October 2010, provided they can be financed from current profits. Revaluation reserves included in equity may not be used for payment of dividends.		
22	**Basic earnings per share**		
	Profit/loss for the year	-422,636	5,978
	Average number of equity securities	12,500,000	12,500,000
	Average number of own equity securities	149,092	110,325
	Average number of equity securities outstanding	12,350,908	12,389,675
	Potential equity shares with dilutive effect	0	0
	Average number of equity securities outstanding (diluted)	12,350,908	12,389,675
	Basic earnings per share	-34,22	0,48
	Diluted earnings per share	-34,22	0,48
23	**Liabilities falling due one year or later from the reporting date**		
	Amounts owed to credit institutions	355,006	1,368,550
	Deposits	6,209,554	5,244,108
	Debt securities in issue at amortised cost	7,923,156	7,859,805
	Other liabilities	20,818	22,645
	Subordinated debt	2,162,986	2,269,360
	Liabilities falling due one year or later from the reporting date, total	16,671,520	16,764,468
24	**Contingent liabilities**		
	Financial guarantee contracts	1,272,894	1,312,541
	Loss guarantees for mortgage loans	1,139,977	1,072,071
	Registration and conversion guarantees	557,904	775,602
	Other contingent liabilities	1,382,493	1,324,510
	Contingent liabilities, total	4,353,268	4,484,724
	'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 etc.		
	Other binding agreements		
	Other liabitlities	4,822	205,596
	Other binding agreements, total	4,822	205,596

Note no.		2011 TDKK	2010 TDKK
25	**The difference between presenting financial statements under IFRS and the rules set out by the Danish Financial Supervisory Authority**		
	Profit/loss for the year, as presented under IFRS	-422,636	5,978
	Owner-occupied property, major depreciation and impairment losses	11,048	4,475
	Profit/loss for the year, as presented under the rules set out by the Danish Financial Supervisory Authority	-433,684	1,503
	Equity under IFRS	1,733,337	2,160,749
	Owner-occupied property, accumulated depreciation and impairment losses	39,806	28,758
	Equity under the rules set out by the Danish Financial Supervisory Authority	1,693,531	2,131,991
26	**Capital requirements**		
	Equity under the rules set out by the Danish Financial Supervisory Authority	1,693,531	2,131,991
	Revaluation reserves	-30,848	-30,848
	Intangible assets	-107,065	-108,562
	Deferred capitalised tax assets	-303,346	-166,550
	Other deductions from the core capital	-85,677	-107,452
	Hybrid core capital	1,175,344	1,477,516
	Core capital after statutory deductions	2,341,939	3,196,095
	Subordinated loan capital	515,898	619,389
	Revaluation reserves	30,848	30,848
	Hybrid core capital	391,444	72,455
	Capital base before deductions	3,280,129	3,918,787
	Deductions from the capital base	-85,677	-107,452
	Capital base after deductions	3,194,452	3,811,335
	Weighted items, total	25,661,641	27,985,461
	Core capital after statutory deductions as a percentage of weighted items, total	9.1%	11.4%
	Solvency ratio according to sec 124(2) of the Danish Financial Business Act	12.4%	13.6%
	Solvency requirement according to sec 124(2) of the Danish Financial Business Act	8.0%	8.0%

The Supervisory Board sets solvency targets and criteria for determining solvency needs.

The Bank's general objectives for capital management are:

– to satisfy the capital requirements established in Chapter 10 of the Danish Financial Business Act,
– to ensure that the Bank has sufficient capital access to support the Bank's activities, and
– for the core capital ratio to remain high, so that reliance on subordinated loan capital will be modest.

The Executive Board is responsible for complying with the objectives.

Financial Statements

Notes

Note no.		2011 TDKK	2010 TDKK
27	**Security pledged**		
	Debt securities:		
	Pledged as security for credit facility with Danmarks Nationalbank		
	Total nominal value	814,263	1,636,880
	Total market value	818,089	1,613,174
	Of which pledged	0	0
	Credit institutions:		
	Margin accounts pledged as security in respect of financial instruments	123,578	301,139
28	**Related parties**		
	vestjyskBANK's related parties with significant influence comprise the Bank's Supervisory and Executive Boards, senior executives and relatives of these individuals. Over the course of the year, the Bank has conducted normal trade on arm's-length terms with Peter Mortensen, butcher, and with Kaj Bech A/S, an enterprise wholly owned by Director Anders Bech.		
	Purchases from Peter Mortensen, butcher	102	111
	Purchases from Kaj Bech A/S	78	147
	Apart from what is considered normal management remuneration, no transactions have been carried out with related parties during the fiscal year.		
	Size of loans, pledges, sureties or guarantees established for members of the institution's		
	Executive Board	100*	3,400
	Supervisory Board	59,211	57,895
	During the course of 2011 further commitments totalling DKK 374,000 have been granted to the Supervisory Board		
	All commitments are provided on arm's-length terms.		
	Interest rate:		
	Executive Board	0.00%*	4.67%
	Supervisory Board	3.29%**- 6.25%	1.21%**- 3.85%
	* MasterCard		
	** Secured by corresponding deposits		
	Security pledges established for members of the institution's:		
	Executive Board	0	0
	Supervisory Board	15,455	15,440

Note no.

29 **Fair value of financial assets and liabilities**

Financial instruments are measured in the Statement of Financial Position at their fair value or amortised cost.

Fair value is the amount for which a financial asset can be traded or a financial liability settled between parties in an arm's-length transaction. For financial assets and liabilities priced in active markets, fair value is determined on the basis of observed market prices on the reporting date. For financial instruments not priced in active markets, fair value is determined on the basis of generally accepted pricing methods.

Equity securities etc. and derivative financial instruments have been measured at their fair value in the financial statements so that the recognised values correspond to the fair values.

The impairment of loans is determined to correspond to changes in credit quality. The differential in respect of fair values is assessed to be received fees and commissions, interest receivable, which does not fall due until after the end of the financial reporting period, and, for fixed-rate loans, also market value adjustments linked to the interest rate level.

The fair value for amounts receivable from credit institutions and central banks is determined by applying the same method as for loans.

Debt securities in issue and subordinated debt are measured at amortised cost. The difference between the carrying amount and the fair value is determined to be interest payable that does not fall due until after the end of the financial reporting period as well as costs and premiums amortised over the life of the loan as well as, for fixed-rate debt securities in issue, value adjustments linked to the interest rate level.

For floating-rate financial liabilities in the form of deposits and debt to credit institutions measured at amortised cost, the differential in respect of fair values is estimated to be interest payable not falling due until after the end of the financial reporting period.

For fixed-rate financial liabilities in the form of deposits and debt to credit institutions measured at amortised cost, the differential in respect of fair values is estimated to be interest payable not falling due until after the end of the financial reporting period and the market value adjustments linked to the interest rate level.

For financial instruments measured at fair value, the basis for establishing the fair value is stated as:

Level 1: Observable prices in an active market for identical instruments

Level 2: Valuation model based primarily on observable market data

Level 3: Valuation model that, to a significant degree, is based on non-observable market data

Financial Statements
Notes

Note no.		2011 TDKK Carrying amount	2011 TDKK Fair value	2010 TDKK Carrying amount	2010 TDKK Fair value
29	**Financial assets**				
	Loans and receivables				
	Cash in hand and demand deposits with central banks	666,076	666,076	629,179	629,179
	Amounts receivable from credit institutions and central banks	730,792	731,058	1,171,731	1,172,031
	Loans	21,715,932	21,739,586	23,467,609	23,503,255
	Loans and receivables, total	23,112,800	23,136,720	25,268,519	25,304,465
	Attributed to fair value in the Statement of Income				
	Debt securities at fair value (Level 1)	2,909,038	2,909,038	4,842,029	4,842,029
	Listed equity securities (Level 1)	58,366	58,366	112,036	112,036
	Unlisted equity securities etc. (Level 3)	496,051	496,051	466,753	466,753
	Attributed to fair value in the Statement of Income, totaln	3,463,455	3,463,455	5,420,818	5,420,818
	Trading portfolio				
	Derivative financial instruments (Level 2)	526,519	526,519	810,134	810,134
	Trading portfolio, total	526,519	526,519	810,134	810,134
	Financial liabilities				
	Financial liabilities at amortised cost				
	Amounts owed to credit institutions and central banks	1,929,734	1,933,409	3,871,136	3,876,556
	Deposits	13,925,039	13,920,940	14,418,662	14,421,442
	Debt securities in issue	7,927,786	7,971,865	8,689,823	8,733,492
	Subordinated debt	2,162,986	2,160,891	2,269,360	2,294,344
	Financial liabilities at amortised cost, total	25,945,545	25,987,105	29,248,981	29,325,834
	Trading portfolio				
	Derivative financial instruments (Level 2)	205,979	205,979	591,343	591,343
	Trading portfolio, total	205,979	205,979	591,343	591,343
	Changes in financial assets belonging to Level 3:				
	Beginning of the year	466,753		427,107	
	Additions	30,912		36,175	
	Disposals	1,400		12,904	
	Fair value adjustment included in market value adjustments	-214		16,375	
	End of the year	496,051		466,753	
	Value adjustment of financial assets in portfolio at 31 December 2011 totals	-816		-5,118	

Note no.

30 **Risk conditions and risk management**

vestjyskBANK defines risk as any event that may adversely affect the Bank's ability to reach its business objectives. The Bank is exposed to various types of risk. These are being monitored and managed at various levels in the organisation.

vestjyskBANK's risk policy is cautious, and its ambition is always to maintain a superior quality asset portfolio in order to ensure that future developments will be based on a solid foundation. Risk exposure to risk is a completely central consideration in all the transactions into which the Bank enters.

The Bank's general policy within the area is laid down in the document 'Risk Exposure Policy for the Bank' (Politik for bankens risikoeksponering).

The Supervisory Board of vestjyskBANK establishes the overall framework and policies for risk and capital structure under which the Bank's Executive Board and general management manage the risks of the Bank. The Supervisory Board receives regular reports relating to risk developments and how the Bank's allocated risk framework is being utilised. The day-to-day risk management is performed by the Treasury, Markets & Advisory Services as well as Credit Departments. The Finance Department performs independent audits.

vestjyskBANK divides risk into the following categories:

Market risks:

The risk that the market value of the Bank's financial assets and liabilities changes as a result of changes in market conditions is collectively referred to as "market risk". Market risk exposure is a natural part of the Bank's activities and it impacts the Bank's total earnings. Monitoring market risks and verifying the Bank's established risk framework take place on a daily basis. The Executive Board is notified of deviations immediately.

vestjyskBANK is working with various types of risk in the market risk area: Interest rate risk, foreign exchange risk and other price risks, including equity risk and risks related to the use of derivative financial instruments. The most significant aspects of the various types are set out in Notes 42-45 of the Annual Report.

Kreditrisici:

Lending is a very significant part of vestjyskBANK's business.

The risk that a counterparty cannot or does not wish to perform his obligations and also that collateral, if any, does not sufficiently cover liabilities. Illiquidity or value impairments for provided collateral may result in losses and increase the need for impairments and provisions.

A heightening of the Bank's credit risks may incur losses for the Bank or result in the need for impairment, risk definite losses on already impaired commitments or increase the need for measures to improve capital adequacy.

The Bank's risk assessment greatly relies on case-by-case assessments by human beings as to whether the customer's can/will meet his or her obligations and whether the requisite value and collaterals are present.

Operational risks:

Risk of losses derived from internal and external conditions caused by inappropriate or defective internal procedures, human or system-related errors as well as external conditions, including legal risks. These conditions are described in greater detail in Notes 48 and 49 of the Annual Report.

Liquidity risks:

The risk that the Bank will unable to pay its liabilities drawing on its regular liquidity reserves.

The Bank has as its objective a liquidity surplus of at least 50 percent measured in relation to statutory requirements. The Bank's liquidity risk and cash resources are detailed in Note 46 of the Annual Report.

Business risks:

The risk of losses caused by changes in external conditions or events that harm the Bank's reputation or earnings.

A good relationship with the Bank's stakeholders – shareholders, customers, suppliers, employees and therefore also the communities in which the Bank is active – is considered the cornerstone of the Bank's continued success and opportunities for development.

Capital base risk:

The risk of losses as a result of the Bank's not having sufficient capital to meet solvency requirements and solvency needs, if this is greater.

The Bank's capital base is recognised in accordance with the Danish Financial Business Act, and at year-end 2011 it totalled TDKK 3,194 after deductions. Weighted items totalled TDKK 25,661,641, which meant that the Bank's solvency ratio – recognised under sec 124(2) of the Danish Financial Business Act – stood at 12.4%. With a solvency need of 10.7% at year-end 2011, the surplus solvency was 1.7 percentage point, or TDKK 436,248. Surplus funding is considered small. Please refer to the capital plan, cf. company announcement of 25 January 2012, discussed below.

Financial Statements
Notes

Note no.

30 The core capital ratio at year-end 2011 stood at 9.1%; the figure is a measure of the Bank's reliance on subordinated loan capital: the higher the core capital ratio, the lower the Bank's reliance on subordinated loan capital.

The capital base is monitored on an ongoing basis, and the Supervisory Board receives monthly reports based on established guidelines.

Capital plan, cf. company announcement of 25 January 2012

The execution of the capital plan is predicated upon a number of formal and factual conditions, including conditions outside the control of vestjyskBANK. There is therefore an element of uncertainty as to whether the capital plan will be executed. Among other things, the Bank must (1) obtain new individual government guarantees, (2) raise the new subordinated loan capital of DKK 200 million, and (3) divest industry sector shares for DKK 175 million to Danmarks Nationalbank for the merger to occur as planned, and it is a condition that all the capital plan's components, including the execution of a rights issue with proceeds in the range DKK 250–300 million, be executed. In addition to this general condition, the merger and the capital plan's components are, among other things, subject to the following conditions:

– The merger can solely be executed, if the participating companies enter into a final merger plan, which will subsequently need to be approved by both parties' annual general meetings, and approval is obtained from the relevant government agencies.
– The issue can solely be executed with the planned proceeds, if the Annual General Meeting approves the required capital increase, and the company obtains issue commitments and deposits in an amount corresponding to proceeds of DKK 250 million. The capital expansion is not guaranteed, and at the time of this announcement there is no guarantee that vestjyskBANK will be able to raise the minimum proceeds of DKK 250 million assumed in the capital plan.
– Obtaining new individual government guarantees is, among other things, conditional upon the provision of the requisite authority, that the relevant government agencies grant their approval and that a number of other terms and conditions are met and complied with in the commitment of new individual government guarantees.
– The execution of the divestiture of industry sector shares is subject to governing body approval of the divestiture by the industry sector companies in question.

Market conditions or developments in the activities of Vestjysk Bank A/S or Aarhus Lokalbank Aktieselskabs may generally cause the execution of the merger or one or more of the capital plan's components no longer to be sound or that it can no longer be executed in practice, resulting in the inability to execute other components of the capital plan.

In the event, the merged bank – failing to implement the Capital Plan in its entirety or to satisfy the conditions for obtaining new individual government guarantees – were to be unable to meet its present or future requirements for capital, capital composition, liquidity and solvency, this could mean, in a worst case scenario, that the merged bank would lose its license to conduct banking activities or be forced into winding up proceedings. This, in turn, could negatively affect the merged bank's results, financial position and continued operations.

Even if the Capital Plan were to be implemented in its entirety, the merged bank might have need of additional capital in the future. There is no guarantee that the merged bank will be able to attract the necessary capital from other sources that would ensure the merged bank's continued operations after its present and expected future capital resources have been used up. This may have a significant, negative impact on the merged bank's activities, operating results, financial position and future prospects.

Uncertainty relating to credit risks

Regardless of whether the merger is adopted, a heightening of the Bank's credit risks may trigger losses or a need for impairment, increase the risk of final losses on already-impaired commitments, or that the Bank will need to raise it capital adequacy levels, which may have a significant impact on the Bank's activities, operating results and financial position.

The Bank's assessment of provided collateral in real property is based on a case-by-case valuation of a property's market value in view of its current assessment or a cost-benefit analysis in which is used an estimated factor based on the property's location, its current use as well as alternative potential uses, furnishings, tenant creditworthiness, and the term of the lease agreement etc. The value of the Bank's collaterals is therefore associated with significant risk, since changes in market conditions may require a reassessment of the value of the provided collaterals. Even for commitments where the provided collaterals are sufficient in the Bank's present assessment, there is a prospective, significant risk associated with the Bank's property segment loans and guarantees, since the value of provided collaterals and impairment needs may change as a result of general market conditions.

Falling sales prices for real property, including commercial properties, agricultural and private properties, general economic business conditions or other factors that lead to falling prices for securities or other collaterals may result in a decline in the value of collaterals provided to the Bank and mean that the collaterals provided would thus not be adequate to cover the customer's liabilities. If the collaterals were to become illiquid, they might not be realisable to cover the customer's liabilities.

Note no.

30 The Bank also has a significant risk related to the Bank's agricultural sector loans and guarantees as a result, among other things, of the continued depressed market conditions for the industry segment, including falling prices and debtor insolvencies. In the event the Bank's commitments within the agricultural sector were to expand, that could widen the impact on the Bank's activities, operating results and financial position.

If the Bank does not obtain additional collateral or if it is unable to realise collateral as expected, this may cause the Bank to incur losses or result in an increased need for impairment for the Bank, a risk of final losses on already-impaired commitments or need to raise capital adequacy levels, which in turn may have a significant impact on the Bank's activities, operating results and financial position.

Uncertainty relating to liquidity

In the event the Bank (regardless of whether the merger is adopted) is unable to access sufficient liquidity or access liquidity at acceptable conditions, this may mean that the statutory requirements for liquidity cannot be met, which is a precondition for the continued ability to carry out banking activities, or that the Bank, as a worst case scenario, will not have the capacity to pay its liabilities as they fall due. This, in turn, could impact the Bank's results, financial position and continued operations negatively.

Risk Report 2011

Under the Danish Financial Business Act and the disclosure requirements set out in Column III of the Danish Executive Order on Capital Adequacy and other orders, regulations and guidelines, vestjyskBANK is required to provide detailed public disclosure about its risks, capital structure, capital adequacy and risk management etc. These disclosures are detailed in the Bank's 2011 Risk Report. The Report will be published at the same time as the Annual Report and will be available at vestjyskbank.dk/riskreport.

31 **Credit risk**

Credit risk is the risk that a counterparty is unable or unwilling to satisfy his or her obligations and that the security provided does not sufficiently cover the obligations. Credit risk is a very significant part of vestjyskBANK's business area.

Under the Danish Financial Business Act, a commitment to one customer or group of consolidated customers may not exceed 25 percent of the capital base. In order to ensure proper diversification across industry segments and customers, the Bank will only accept commitments exceeding 10 percent of its capital base by way of exception. In doing so, in its issuance of credit vestjyskBANK constantly seeks to ensure that individual commitments, including with consolidated enterprises, do not jeopardise the existence of the Bank. At the end of 2011, large commitments totalled 30.7 percent of the capital base and consisted of two commitments, both in the range of 14 to 16 percent of the capital base.

In its general management of credit risks, vestjyskBANK is ensuring that it maintains proper diversification, so that individual sectors, geographical concentration or certain types of collateral are not permitted to form a disproportionately large credit risk.

When performing credit assessments of business and corporate commitments, vestjyskBANK prioritizes the soundness and sustainability of the customer's business concept and that the customer has the requisite competencies. An important component in the Bank's credit assessment consists of analysing the customer's financial statements and budgets. In analysing the creditworthiness of private clients, the client's disposable funds and his or her assets are regarded as decisive factors. vestjyskBANK segments client commitments into various risk categories. vestjyskBANK employs various systems to facilitate correct segmentation. Segmentation is an important component of the Bank's credit risk management.

vestjyskBANK's business and corporate clients account for 77 percent of its loans and guarantees; private clients account for 23 percent.

The need for both performing impairments on an individual basis and in groups and for making provisions for credit commitments is reviewed on an ongoing basis.

The Bank performs impairments on commitments or groups of commitments that display objective indications of impairment loss, so that the Bank's anticipated loss risk is hedged. Impairments are made based on a number of general criteria and after preparing a loss calculation statement.

Commitments that exhibit signs of weakness due to e.g. poor earnings or a fragile capital base are watched closely, so that the Bank will be able to intervene in time to avoid losses. The Bank performs impairments in groups on the basis of a segmentation model developed by the industry organisation Association of Local Banks, Savings Banks and Cooperative Banks in Denmark (Lokale Pengeinstitutter). The model is structured around a number of macro-economic variables.

Financial Statements
Notes

Note no.		2011 TDKK	2010 TDKK
32	**Credit exposure**		
	The Bank's credit exposure is composed of the following assets and items not recognised in the Statement of Financial Position:		
	Amounts receivable from central banks	820,007	1,027,891
	Amounts receivable from credit institutions	480,806	671,809
	Debt securities	2,909,038	4,842,029
	Loans	23,888,675	24,953,203
	Items not recognised in the Statement of Financial Position:		
	Financial guarantees	2,427,904	2,383,976
	Unconditional credit commitments < 1 year	0	200,000
	Non-unconditional credit commitments	4,948,816	5,262,921
	Total	35,475,246	39,341,829
	Of which recognised in the Statement of Financial Position	28,098,526	31,494,932
	Credit institutions		
	The item 'Amounts receivable from central banks' solely pertains to Danmarks Nationalbank.		
	'Amounts receivable from credit institutions' pertain to receivables from a number of credit institutions located in Denmark and abroad. Amounts receivable from credit institutions abroad represent a very limited portion.		
	Amounts receivable from individual institutions in excess of DKK 5 million		
	Credit institutions or their subsidiaries rated, at a minimum, A1	254,894	346,000
	Unrated credit institutions or their subsidiaries	200,385	175,000
	Total	455,279	521,000
	Debt securities by rating categories		
	AAA	2,186,782	3,402,981
	AA+ to AA-	50,811	768,230
	A+ to A-	536,093	408,421
	BBB+ and lower	122,643	158,540
	No rating	12,709	103,857
	Total	2,909,038	4,842,029
	Debt securities by issuers		
	Mortgage-credit bonds	2,623,589	4,176,359
	Government bonds	1	1
	Other debt securities	285,448	665,669
	Total	2,909,038	4,842,029
	Loans, guarantees and credit commitments by industry segments		
	Public authorities	25,183	42,001
	Business		
	Agriculture, hunting, forestry and fisheries	6,002,104	5,553,332
	Industry and raw material extraction	1,295,480	1,443,008
	Energy supply	2,840,810	2,248,521
	Building and construction	1,125,472	1,517,709
	Trade	2,398,255	2,620,934
	Transportation, hotels and restaurants	1,233,083	1,358,200
	Information and communications	131,956	154,004

Note no.		2011 TDKK	2010 TDKK
32	Financing and insurance	2,148,413	2,449,549
	Real estate	4,972,754	5,184,814
	Other business	1,831,665	2,276,679
	Business, total	23,979,992	24,806,750
	Retail	7,260,220	7,951,349
	Total	31,265,395	32,800,100

33 **Description of collaterals**

The Bank holds a charge on financed asset for most of its business commitments, which is the reason the most common collaterals are mortgages secured in real property, ships, wind turbines, motor vehicles, movable property, securities and floating charges. Owner's sureties and personal insurance also constitute a large share of the collateral held by the Bank.

The Bank holds charges in financed assets for most of its retail customer commitments which is the reason the most common collaterals are mortgages secured in real property and in motor vehicles.

The Bank continuously performs assessments of pledged collateral. Valuations are porformed on the basis of the fair value of the asset, les the margin for covering costs related to realisation, selling period costs as well as rebates. Some collaterals are assessed for precautionary and practial reasons not to have any value; thus, the figures listed below may not necessarily be taken to represent the collaterals' actual value.

Collaterals distributed by type

2011 TDKK	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
Business							
Agriculture, hunting, forestry and fisheries	1,459,248	30,106	364,297	75,611	22,453	19,244	1,970,959
Industry and raw material extraction	113,120	23,927	144,977	4,012	2,944	54,380	343,360
Energy supply	394,275	66,771	54,068	41,255	9,589	875,640	1,441,598
Building and construction	224,586	79,911	31,408	15,146	22,742	24,983	398,776
Trade	195,621	68,140	206,716	22,233	35,058	8,733	536,501
Transportation, hotels and restaurants	183,204	91,006	74,115	16,578	5,031	41,585	411,519
Information and communications	16,606	4,439	3,331	11,106	740	1,287	37,509
Financing and insurance	435,530	135,139	9,046	150,912	11,154	143,534	885,315
Real property	2,092,662	199,378	12,713	61,975	92,585	133,963	2,593,276
Other business	248,965	130,388	62,344	70,521	36,202	6,172	554,592
Business, total	5,363,817	829,205	963,015	469,349	238,498	1,309,521	9,173,405
Private	1,259,287	148,659	334,934	227,605	137,982	33,021	2,141,488
Total	6,623,104	977,864	1,297,949	696,954	376,480	1,342,542	11,314,893

Financial Statements

Notes

Note no. 33	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
2010 TDKK							
Business							
Agriculture, hunting, forestry and fisheries	1,198,537	34,253	584,659	103,508	39,981	91,920	2,052,858
Industry and raw material extraction	60,915	27,448	27,244	3,827	11,623	44,405	175,462
Energy supply	907,553	4,883	52,870	40,975	12,975	0	1,019,257
Building and construction	158,766	48,837	36,119	8,130	38,149	25,952	315,953
Trade	170,382	61,338	26,407	23,463	30,797	9,516	321,902
Transportation, hotels and restaurants	146,694	167,466	89,102	17,819	18,667	6,219	445,967
Information and communications	24,257	1,766	3,421	14,786	1,057	700	45,987
Financing and insurance	155,349	6,909	29,727	172,977	40,482	52,970	458,413
Real property	877,839	170,646	14,689	73,916	165,402	42,577	1,345,069
Other business	252,725	47,954	43,598	85,154	85,868	52,023	567,323
Business, total	3,953,016	571,500	907,837	544,555	445,002	326,282	6,748,192
Private	1,341,187	174,943	230,738	279,483	98,510	71,216	2,196,077
Total	5,294,203	746,443	1,138,576	824,038	543,512	397,498	8,944,269

		2011 TDKK	2010 TDKK
34	**Credit quality – summary overview**		
	Loans as per Statement of Financial Position	21,715,932	23,467,609
	Impairment of loans	2,172,793	1,486,830
	Guarantees as per Statement of Financial Position	4,353,268	4,484,724
	Provisions for guarantees	24,457	8,175
	Loans and guarantee debtors, gross	28,266,450	29,447,338
	Loans and guarantee debtors where impairments/provisions have been made, cf. Note 37	5,137,432	3,210,960
	Loans and guarantee debtors in arrears, cf. Note 36	708,984	5,132,231
	Loans and guarantee debtors where impairments/provisions have been made, cf. Note 35	22,420,034	21,104,147
	Loans and guarantee debtors, gross	28,266,450	29,447,338
	Loans and guarantee debtors where impairments/provisions have been made, cf. Note 37	5,137,432	3,210,960
	Impairments of loans, cf. Note 40	2,172,793	1,486,830
	Provisions for guarantees	24,457	8,175
	Loans and guarantee debtors where impairments/provisions have been made	2,940,182	1,715,955
	Loans and guarantee debtors in arrears, cf. Note 36	708,984	5,132,231
	Loans and guarantee debtors not in arrears where impairments/provisions have not been made, cf. Note 35	22,420,034	21,104,147
	Risk, net	26,069,200	27,952,333
	Loans, cf. Statement of Financial Position	21,715,932	23,467,609
	Guarantees, cf. Statement of Financial Position	4,353,268	4,484,724
	Loans and guarantees, cf. Statement of Financial Position, total	26,069,200	27,952,333

Note no.

35 **Credit quality of loans that are neither delinquent nor have been written down/for which provisions have been made**

Loan and guarantee debtors with signs of weakness' refers to loans and guarantee debtors for which individual impairments have not been performed but which display signs of weakness. 'Signs of weakness' refers to conditions that affect the credit risk assessment of the loan negatively. These are loan and guarantee debtors whose credit rating is impaired and therefore closer to being written down.

2011 TDKK	Loan + guarantee debtors with material weaknesses, but without impairments/ provisions	Loan + guarantee debtors with slightly impaired credit rating, certain signs of weakness	Loan + guarantee debtors with normal credit rating	Amortised cost, total
Public authorities	0	0	24,891	24,891
Business				
Agriculture, hunting, forestry and fisheries	528,206	1,084,625	1,919,361	3,532,192
Industry and raw material extraction	121,083	165,532	704,908	991,523
Energy supply	142,807	388,133	2,142,764	2,673,704
Building and construction	154,807	213,005	454,445	822,257
Trade	214,365	716,531	946,626	1,877,522
Transportation, hotels and restaurants	169,318	432,760	385,107	987,185
Information and communications	15,710	9,308	66,855	91,873
Financing and insurance	140,555	249,870	724,455	1,114,880
Real property	776,547	1,330,627	1,222,597	3,329,771
Other business	137,802	310,469	842,050	1,290,321
Business, total	2,401,200	4,900,860	9,409,168	16,711,228
Retail	1,110,553	941,695	3,631,667	5,683,915
Total	3,511,753	5,842,555	13,065,726	22,420,034
2010 TDKK				
Public authorities	0	0	4,176	4,176
Business				
Agriculture, hunting, forestry and fisheries	571,158	1,152,854	1,942,336	3,666,348
Industry and raw material extraction	113,794	145,500	561,035	820,329
Energy supply	103,416	246,962	1,553,708	1,904,086
Building and construction	104,438	267,938	438,813	811,189
Trade	199,812	410,204	1,034,469	1,644,485
Transportation, hotels and restaurants	103,936	195,648	579,839	879,423
Information and communications	18,737	11,084	55,413	85,234
Financing and insurance	66,631	336,217	1,034,666	1,437,514
Real property	377,957	1,065,377	1,368,191	2,811,525
Other business	139,856	212,246	1,070,688	1,422,790
Business, total	1,799,735	4,044,030	9,639,158	15,482,923
Retail	943,166	994,826	3,679,056	5,617,048
Total	2,742,901	5,038,856	13,322,390	21,104,147

In the 2010 Annual Report, 'Amortised cost, total' was erroneously stated at DKK 14.3 billion. The correct amount was DKK 21.1 billion. The difference of DKK 6.8 billion can be attributed to 'Loans in arrears, total' (see Note 36).

Financial Statements

Notes

Note no.

36 **Distribution by industry segment of overdue receivables for loans that have not been written down**

2011	0-30 days TDKK	31-60 days TDKK	61-90 days TDKK	> 90 days TDKK	Total TDKK
Public authorities	0	0	0	0	0
Business					
Agriculture, hunting, forestry and fisheries	40,491	2,088	356	82	43,017
Industry and raw material extraction	13,249	421	6	109	13,785
Energy supply	4,539	0	0	0	4,539
Building and construction	12,745	614	104	48	13,511
Trade	13,839	7,039	5,544	175	26,597
Transportation, hotels and restaurants	13,215	1,445	71	2,060	16,791
Information and communications	761	16	12	144	933
Financing and insurance	10,281	286	1	1,755	12,323
Real property	28,194	2,860	1,154	685	32,893
Other business	19,042	2,339	816	87	22,284
Business, total	156,356	17,108	8,064	5,145	186,673
Private	45,560	7,816	1,009	2,757	57,142
Arrears, total	201,916	24,924	9,073	7,902	243,815
Loans in arrears, total	522,231	105,408	29,649	51,696	708,984

2010	0-30 days TDKK	31-60 days TDKK	61-90 days TDKK	> 90 days TDKK	Total TDKK
Public authorities	23,474	0	0	0	23,474
Business					
Agriculture, hunting, forestry and fisheries	52,347	5,453	6,375	318	64,493
Industry and raw material extraction	14,137	19,609	509	0	34,255
Energy supply	8,573	1,541	0	0	10,114
Building and construction	14,613	1,873	1,924	27	18,437
Trade	22,062	3,013	4,590	2,474	32,139
Transportation, hotels and restaurants	17,754	4,576	1,212	384	23,926
Information and communications	958	277	102	110	1,447
Financing and insurance	6,951	295	945	10	8,201
Real property	58,468	3,356	2,313	7,325	71,462
Other business	19,816	2,710	884	1,143	24,553
Business, total	215,679	42,703	18,854	11,791	289,027
Private	84,461	6,328	3,682	859	95,330
Arrears, total	323,614	49,031	22,536	12,650	407,831
Loans in arrears, total	4,666,264	290,549	119,392	56,026	5,132,231

In the 2010 Annual Report 'Exposures, total' was erroneously stated at a total of DKK 11.9 billion. This should have been 'Loans in arrears, total' stated at DKK 5.1 billion. The difference totals DKK 6.8 billion (see Note 35).

Note no.		2011 TDKK	2010 TDKK
37	**Distribution of gross loan and guarantee debtors, individually impaired by cause**		
	Reorganisation/bankruptcy	323,976	493,639
	Rescheduling of debts	12,126	8,787
	Collection	321,952	101,140
	Customer deceased	8,358	6,299
	Relief in terms	1,319,149	928,297
	Other causes	3,151,871	1,672,798
	Total	5,137,432	3,210,960

Financial Statements
Notes

Note no.

38 **Distribution by industry segment of loan and guarantee debtors, individually impaired**

2011 TDKK	Gross	Loan value of collaterals	Unsecured part before impairment	Impairments/ provisions	Unsecured part after impairment
Public authorities	0	0	0	0	0
Business					
Agriculture, hunting, forestry and fisheries	1,653,209	575,634	1,077,575	651,798	425,777
Industry and raw material extraction	183,563	58,194	125,369	86,103	39,266
Energy supply	49,446	40,747	8,699	8,187	512
Building and construction	210,361	47,417	162,944	118,025	44,919
Trade	144,991	3,415	141,576	86,084	55,492
Transportation, hotels and restaurants	109,684	4,296	105,388	63,869	41,519
Information and communications	9,489	475	9,014	8,181	833
Financing and insurance	1,077,324	378,341	698,983	491,258	207,725
Real property	1,203,513	767,810	435,703	340,400	95,303
Other business	179,194	27,726	151,468	89,750	61,718
Business, total	4,820,774	1,904,055	2,916,719	1,943,655	973,064
Private	316,658	60,996	255,662	213,876	41,786
Total	5,137,432	1,965,051	3,172,381	2,157,531	1,014,850

The increase in the collaterals' value compared to 2010 is a result of a change in the Bank's policy for registering collateral loan value. Collaterals previously valued at zero (0) for practical reasons are now registered at their conservatively estimated actual value.

2010 TDKK	Gross	Loan value of collaterals	Unsecured part before impairment	Impairments/ provisions	Unsecured part after impairment
Public authorities	0	0	0	0	0
Business					
Agriculture, hunting, forestry and fisheries	474,027	74,798	399,229	150,031	249,198
Industry and raw material extraction	109,875	6,644	103,231	60,732	42,499
Energy supply	0	0	0	0	0
Building and construction	157,061	12,968	144,093	89,590	54,503
Trade	112,304	11,370	100,934	70,354	30,580
Transportation, hotels and restaurants	158,540	7,174	151,366	66,021	85,345
Information and communications	9,498	153	9,345	6,361	2,984
Financing and insurance	821,873	70,694	751,179	415,752	335,427
Real property	833,945	185,105	648,840	262,526	386,314
Other business	237,357	21,647	215,710	113,493	102,217
Business, total	2,914,480	390,553	2,523,927	1,234,860	1,289,067
Private	296,480	20,878	275,602	192,768	82,834
Total	3,210,960	411,431	2,799,529	1,427,628	1,371,901

Note no.

39 **Collaterals for loans and guarantees that have been individually impaired, distributed by type of collateral**

2011 TDKK	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
Business							
Agriculture, hunting, forestry and fisheries	550,035	679	21,375	189	40	3,316	575,634
Industry and raw material extraction	8,808	0	39,639	497	0	9,250	58,194
Energy supply	35,515	196	36	0	0	5,000	40,747
Building and construction	41,218	0	6,152	0	47	0	47,417
Trade	1,958	0	1,457	0	0	0	3,415
Transportation, hotels and restaurants	3,103	0	326	4	863	0	4,296
Information and communications	0	475	0	0	0	0	475
Financing and insurance	280,498	1,756	735	28,994	507	65,851	378,341
Real property	726,868	9,685	1,544	1,032	5,769	22,912	767,810
Other business	13,949	6,267	572	5,693	0	1,245	27,726
Business, total	1,661,952	19,058	71,836	36,409	7,226	107,574	1,904,055
Private	22,918	19,523	14,516	1,967	87	1,985	60,996
Total	1,684,870	38,581	86,352	38,376	7,313	109,559	1,965,051

The increase in the collaterals' value compared to 2010 is a result of a change in the Bank's policy for registering collateral loan value. Collaterals previously valued at zero (0) for practical reasons are now registered at their conservatively estimated actual value.

2010 TDKK							
Business							
Agriculture, hunting, forestry and fisheries	12,459	0	19,538	0	10	42,791	74,798
Industry and raw material extraction	569	694	1,998	102	31	3,250	6,644
Energy supply	0	0	0	0	0	0	0
Building and construction	10,015	236	1,093	0	1,624	0	12,968
Trade	7,996	0	3,373	1	0	0	11,370
Transportation, hotels and restaurants	1,000	2,690	1,647	17	1,820	0	7,174
Information and communications	39	0	112	0	2	0	153
Financing and insurance	7,903	0	36	28,844	281	33,630	70,694
Real property	174,241	7,024	0	3,385	455	0	185,105
Other business	7,253	2,619	5,123	5,302	0	1,350	21,647
Business, total	221,475	13,263	32,920	37,651	4,223	81,021	390,553
Private	10,919	2,046	5,797	622	174	1,320	20,878
Total	232,394	15,309	38,717	38,273	4,397	82,341	411,431

Financial Statements

Notes

Note no.		2011 TDKK	2010 TDKK
40	**Impairments of loans and provisions against guarantees etc.**		
	Individual impairments of loans		
	Individual impairments of loans and other receivables, beginning of the year	1,416,918	1,382,857
	Impairments over the course of the year	1,139,347	362,567
	Reversal of impairments performed in prior financial years	-208,282	-7,851
	Other movements	19,258	13,828
	Previously individually impaired, now definitely lost	-245,752	-334,483
	Individual impairments of loans and other receivables, end of the year	2,121,489	1,416,918
	Impairments of loans in groups		
	Impairments of loans and other receivables in groups, beginning of the year	69,912	103,822
	Impairments over the course of the year	15,910	24,036
	Reversal of impairments performed in prior financial years	-37,153	-58,547
	Other movements	2,635	601
	Impairments of loans and other receivables in groups, end of the year	51,304	69,912
	Impairments of loans, total		
	Impairments of loans and other receivables, beginning of the year	1,486,830	1,486,679
	Impairments over the course of the year	1,155,257	386,603
	Reversal of impairments performed in prior financial years	-245,435	-66,398
	Other movements	21,893	14,429
	Previously individually impaired, now definitely lost	-245,752	-334,483
	Impairments of loans and other receivables, end of the year	2,172,793	1,486,830
	Provisions against losses on guarantees and unused credit commitments		
	Provisions against losses on guarantees and unused credit commitments, beginning of the year	10,710	101,081
	Provisions over the course of the year	31,882	6,962
	Reversal of provisions performed in prior financial years	-6,549	-9,602
	Previously individually impaired, now definitely lost	0	-87,731
	Provisions against losses on guarantees and unused credit commitments, end of the year	36,043	10,710
	Accumulated impairment ratio	7.8%	5.1%
	Loans and advances for which calculation of interest has stopped, end of the year	1,308,665	1,065,581
	Of which impaired, total	916,650	774,150
	Loans and advances for which calculation of interest has stopped, as a percentage of loans before impairments	5.5%	4.3%
	Impairments of/provisions for amounts receivable from credit institutions		
	Impairments of/provisions for amounts receivable from credit institutions, beginning of the year	413	0
	Impairments/provisions over the course of the year	1,081	0
	Reversal of impairments performed in prior financial years	-413	0
	Other movements	0	413
	Impairments of/provisions for amounts receivable from credit institutions, end of the year	1,081	413

Note no.

41 **Market risks**

The risk that the market value of the Bank's financial assets and liabilities changes as a result of changes in market conditions is collectively named "market risks". Exposure to market risks is a natural part of the Bank's activities with significance for the Bank's total earnings. Monitoring market risks and controlling the established framework take place on a daily basis. The Executive Board is notified of deviations immediately.

42 **Interest rate risk**

Applying the Danish Financial Supervisory Authority's guidelines, interest rate risk is calculated as the total loss risk of a general change in the interest rate level of 1 percentage point. The total interest rate risk covers the risk for debt securities, derivative financial instruments, and deposits and loans and advances. The Bank is using interest rate swaps to hedge against the interest rate risk in full or in part of fixed-rate assets and liabilities as part of its risk management.

	2011 TDKK	2010 TDKK
The total interest rate risk has been measured at	-107,133	-62,637
which thus corresponds to the effect on income and equity before the tax of a 1 percentage point interest rate level change adversely impacting the Bank.		
Measured in relation to the core capital, this corresponds to	-4.6%	-2.0%
The change in the interest rate risk in 2011 compared to 2010 can primarily be attributed to a minor portfolio of debt securities.		
Hedge accounting		
For hedging interest rate risk, the following are hedged (fair value hedge):		
Debt securities	62,696	250,748
Hedged with interest rate swaps, maturity 2015-2017		
synthetic principal	67,171	261,998
fair value	-7,535	-13,089
Loans at amortised cost	283,182	310,829
Hedged with interest rate swaps, maturity 2012-2032		
synthetic principal	266,365	284,748
fair value	-19,621	-12,136
Hedged with interest rate caps, maturity 2024-2026		
synthetic principal	16,816	26,081
fair value	-44	446
Deposits	900,000	0
Hedged with interest rate swaps		
synthetic principal	900,000	0
fair value	8,757	0
Issued debt securities	1,249,427	1,240,500
Hedged with interest rate swaps, maturity 2013		
synthetic principal	1,245,945	1,110,000
fair value	162,428	156,772
Subordinated debt	107,031	102,105
Hedged with interest rate swaps, maturity 2015		
synthetic principal	100,000	100,000
fair value	7,031	2,105
Total fair value adjustment of hedging instruments	-364	1,464
Total fair value adjustment of the hedged items	-2,393	603
Ineffectiveness recognised in the Statement of Income	-2,757	2,067

Financial Statements
Notes

Note no.

43 **Foreign currency risk**

Foreign currency risk is the risk of losses on foreign currency positions as a result of changes in foreign exchange rates.

Exchange Rate Indicator 1 expresses a simplified target for the scope of the institution's positions in foreign currency and is calculated – according to the guidelines of the Danish Financial Supervisory Authority - as whichever is the greater of the sum of the foreign currency positions where the Bank has net payables (short currency positions) and the sum of all the currencies where the Bank has a net receivable (long currency positions).

	2011 TDKK	2010 TDKK
Assets in foreign currency, total	3,290,994	4,835,187
Liabilities in foreign currency, total	7,498,613	8,318,798
Exchange Rate Indicator 1	35,812	151,718
Exchange Rate Indicator 1 as a percentage of core capital (incl. hybrid core capital), less deductions	1.5%	4.7%
The foreign currency position primarily consists of CHF, EUR, GBP, JPY, SEK and TRY.		
A change unfavourable to the Bank in EUR of 2% and other foreign currencies of 10% will result in an income and equity effect before tax of	-4,831	8,952
For hedging foreign currency risk, the following are hedged (fair value hedge):		
Issued securities in NOK, SEK and USD	3,698,550	4,115,117
Hedged with interest rate swaps, maturity 2011-2013		
synthetic principal	3,685,557	4,220,359
fair value	-7,726	-146,435
Subordinated debt in NOK	0	128,709
Hedged with interest rate swaps, maturity 2011		
synthetic principal	0	129,465
fair value	0	-816
The provisions relating to hedge accounting shall not apply to these foreign currency transactions.		

44 **Equity risk**

Equity risk is determined on the basis of the amount invested in equity securities and equity-related products.

	2011 TDKK	2010 TDKK
Equity securities etc.		
Shares/unit-denominated certificates listed on NASDAQ OMX Copenhagen A/S	42,773	72,352
Shares/unit-denominated certificates listed on other exchanges	15,593	39,684
Unlisted shares recognised at their fair value	496,051	466,753
Unlisted shares etc. recognised at cost	15,692	22,600
Equity securities etc., total	570,109	601,389
Of which sector shares	496,197	486,409
Sensitivity		
If the value of the Bank's equity holding at 31 December had been 10 percent lower, all other factors being equal, the results for the year before tax would be changed by	-57,011	-60,139

The change is a consequence of a negative fair value adjustment of the equity portfolio. The lower equity risk in 2011 compared to 2010 can be attributed to the reduction in the equity position. The equity risk has been reduced by DKK 3.1 million, with negative price adjustments in 2011 constituting DKK 22 million.

Note no.

45 **Derivative financial instruments**

Derivative financial instruments are utilised by both the Bank's customers and the Bank to hedge and manage financial risks and positions.

46 **Liquidity risk**

vestjyskBANK's cash resources are monitored closely in the Bank's day-to-day cash management. Its cash resources are established for the purpose of ensuring that sufficient resources exist to cover anticipated loans and changes to such loans, as well as ensuring sufficient liquidity to cover normal fluctuations in the Bank's deposits at all times. The resources consist of cash equivalents, framework pledges with loans as collateral in Danmarks Nationalbank, and undrawn committed credits with other credit institutions.

vestjyskBANK's liquidity policy specifies that efforts must be made to have loans financed by deposits, debt securities in issue and loans with lives of > 1 year, subordinate loans, as well as equity, less own properties; these items are monitored on a monthly basis. Additionally, stress tests are carried out that exert stress across these parameters; cash resources are similarly made subject to stress tests.

	2011 TDKK	2010 TDKK
Cash resources		
Demand deposits and uncollateralised certificates of deposit with Danmarks Nationalbank as well as demand deposits and undrawn committed credits with other credit institutions	2,167,406	1,824,482
Cash equivalents	3,759,758	5,870,811
Total	5,927,164	7,695,293
Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act	98.8%	126.7%

47 **Contractual terms of financial liabilities**

2011	Carrying amount TDKK	Contractual cash flows TDKK	Before 1 year TDKK	1-5 years TDKK	After 5 years TDKK
Amounts owed to credit institutions and central banks	1,929,734	2,033,407	1,580,174	242,858	210,375
Deposits and other debt	13,925,039	14,154,974	10,636,993	3,379,347	138,634
Debt securities in issue at amortised cost					
Subordinate debt	7,927,786	8,138,876	144,843	7,994,033	0
Irrevocable credit commitments and	2,162,986	3,294,201	171,789	1,594,906	1,527,506
guarantees	4,353,268	4,353,268	4,353,268	0	0
Derivative financial instruments	205,979	344,986	60,646	191,457	92,883
2010					
Amounts owed to credit institutions and central banks	3,871,136	4,022,913	2,507,083	1,135,487	380,343
Deposits and other debt	14,418,662	14,632,349	11,900,143	2,598,111	134,095
Debt securities in issue at amortised cost					
Subordinate debt	8,689,823	8,990,369	960,590	8,029,779	0
Irrevocable credit commitments and	2,269,360	3,597,288	169,379	1,567,098	1,860,811
guarantees	4,684,724	4,684,724	4,684,724	0	0
Derivative financial instruments	591,343	818,416	414,644	315,919	87,852

The maturity analysis shows the contractual undiscounted cash flows and includes principal and interest.
The distribution by maturity is made on the basis of the earliest point in time an amount can be made payable.
Hybrid capital with no maturity date has been listed according to expected life.

Financial Statements
Notes

Note no.

48 **Other risks**

Operating risks

The general responsibility for operational risks is based in the Finance Department.

vestjyskBANK considers its reliance on key employees to be a focus area. There are ongoing efforts to minimise the Bank's reliance on key employees, among other things in the form of written business procedures, centralisation of tasks, and the outsourcing of areas that are not significant to the Bank's competitiveness.

vestjyskBANK is continuously working on policies and contingency plans for physical catastrophes and IT-related disaster recovery. The Bank is a member of Bankernes EDB Central (BEC), which handles the day-to-day operations of its IT systems. The Bank follows the directions and recommendations issued by BEC, and it does not perform any independent IT system development.

The Bank's contingency plans for the IT area cover service interruptions at headquarters and parts of the department network. For interruptions in one or more departments, operations can still take place from the other departments, and in the event of prolonged interruptions at headquarters, vital functions can be carried out from one of the branches. The Bank's contingency plan is reviewed by the Supervisory Board at least once a year.

The operational risk is minimised by ensuring, among other things, that the execution of activities is organisationally separated from the control of such activities.

Capital base risk

The capital base is monitored on an ongoing basis, and the Supervisory Board receives monthly reports based on established guidelines.

Compliance

vestjyskBANK has a compliance function, whose area of responsibility is to monitor compliance with financial legislation. Instructions and an annual plan for this area, approved by the Supervisory Board, have been drawn up.

49 **Pending litigation**

Legal proceedings have been instituted against vestjyskBANK by the bankruptcy estate of EBH-Fonden for DKK 100 million because the Bank has set off liabilities to the EBH-Fonden estate in the Bank's receivables with the EBH-Fonden estate. The Bank's liabilities consisted of subordinated loan capital, which the Danish Financial Supervisory Authority granted the Bank permission to settle in 2009. The Bank's receivable was categorised as a regular receivable. vestjyskBANK prevailed in the Danish High Court, and the opposing party has filed an appeal with the Danish Supreme Court.

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.

50 **Events since the end of the fiscal year**

Events that have occurred since the end of the fiscal year are discussed on pages 19-20 in the Management's Review.

Note no.		2011	2010	2009	2008	2007
51	**Key figures and financial ratios**					
	Statement of Income (in MDKK)					
	Net interest income	846	817	789	572	484
	Net fee income	236	233	225	142	128
	Dividends on equity securities etc.	3	3	7	6	4
	Market value adjustments for foreign currency and sector shares	20	37	57	59	33
	Other operating income	6	9	5	3	3
	Core income	1,111	1,099	1,083	782	652
	Personnel and administrative expenses	-590	-590	-622	-447	-353
	Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-16	-18	-19	-14	-12
	Operating expenses and operating depreciations and amortisations	-606	-608	-641	-461	-365
	Core earnings before impairments	505	491	442	321	287
	Impairments of loans and receivables etc., excl. the Private Contingency Association	-984	-345	-464	-155	15
	Core earnings after impairments	-479	146	-22	166	302
	Other market value adjustments	-45	12	84	-117	-11
	Profit after market value adjustments	-524	158	62	49	291
	Impairments pertaining to transfer of assets recognised as income	0	0	61	0	0
	Merger negative goodwill recognised as income	0	0	0	251	0
	Extraordinary contributions to the Guarantee Fund for Depositors and Investors	-34				
	The Private Contingency Association	-1	-148	-182	-46	0
	Profit/loss before tax	-559	10	-59	254	291
	Tax	136	-4	18	4	-69
	Profit/loss for the year	-423	6	-41	258	222
	Statement of Financial Position (in MDKK)					
	Assets, total	29,280	33,583	32,838	32,216	18,513
	Loans	21,716	23,468	23,874	24,069	14,563
	Deposits, including pooled funds	15,029	15,564	18,635	16,643	9,174
	Contingent liabilities	4,353	4,485	5,715	6,731	5,439
	Business volume	41,098	43,517	48,224	47,443	29,176
	Equity	1,733	2,161	2,149	2,196	1,714

Note no.		2011	2010	2009	2008	2007
51	**Solvency**					
	Solvency ratio	12.4%	13.6%	14.7%	9.8%	9.1%
	Core capital ratio	9.1%	11.4%	11.4%	6.4%	7.3%
	Earnings					
	Return on equity before tax, annually [1]	-28.7%	0.4%	-2.7%	13.0%	17.3%
	Return on equity after tax, annually [1]	-21.7%	0.3%	-1.9%	13.2%	13.2%
	Income-cost ratio [2]	0.66	1.01	0.95	1.39	1.83
	Cost ratio [3]	54.6%	55.3%	59.2%	58.9%	56.0%
	Employees converted to full-time (average)	614.8	642.1	658.9	471.7	431.7
	Market risk					
	Interest rate risk [4]	-4.6%	-2.0%	-1.6%	2.9%	2.1%
	Foreign currency position [5]	1.5%	4.7%	3.9%	25.4%	99.6%
	Foreign currency risk	0.0%	0.1%	0.1%	0.1%	0.1%
	Excess cover in relation to statutory liquidity requirements [6]	98.8%	126.7%	125.8%	71.6%	47.5%
	Credit risk					
	Loans plus impairments on loans in relation to deposits	158.9%	160.3%	135.0%	150.3%	160.6%
	Loans in relation to equity	12.5	10.9	11.1	10.9	8.5
	Growth in loans for the year[8]	-7.5%	-1.7%	-0.8%	65.3%	26.3%
	Total of large commitments [7]	30.7%	40.7%	38.1%	80.5%	125.4%
	Accumulated impairment ratio	7.8%	5.1%	5.1%	3.9%	0.9%
	Impairment ratio for the year	3.5%	1.4%	1.7%	0.6%	-0.1%
	vestjyskBANK share					
	Profit/loss per share for the year (denomination DKK 10)	-34.2	0.5	-3.4	25.3	26.3
	Equity value per share (denomination DKK 10)	140.8	174.2	175.8	180.3	207.4
	Dividend per share (denomination DKK 10)	0.0	0.0	0.0	0.0	5.0
	Price of vestjyskBANK shares, end of the year	18.8	68.5	87.0	46.0	289.9
	Market price / profit/loss for the year per share	-0.5	142.0	-25.7	1.8	11.0
	Market price / equity value per share	0.1	0.4	0.5	0.3	1.4

Comparative figures for 2007 are stated without, respectively, Bonusbanken and Ringkjøbing Bank.
In the statement of income for 2008, Bonusbanken is recognised from 1 October and Ringkjøbing Bank from 3 December.
As a result of the Bank's 2010 transition to IFRS, changes in accounting policy are applied prospectively in accordance with IFRS 1. As a result, comparative figures for 2007–2008 have not been restated to comply with the changed accounting policy.

1 On the basis of the average equity

2 Income from ordinary activities in relation to costs from ordinary activities. Income from ordinary activities = net interest and fee income + market value adjustments + other operating income. Costs from ordinary activities = personnel and administrative expenses + depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets + other operating expenses + impairment of loans and receivables etc.

3 Operating costs as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets / core income

Note no.

51

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

5 Exchange Rate Indicator 1 in relation to core capital, less deductions

6 Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act

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

8 Commitments exceeding 10 percent of the capital base in relation to the capital base. The method of accounting has been changed for 2010, cf. new executive order.

vestjyskBANK
It's all about people

Vestjysk Bank A/S ■ Torvet 4-5 ■ DK-7620 Lemvig ■ Denmark ■ CVR 34631328 ■ vestjyskbank.dk