

1st half 2008

vestjysk BANK Half-year Report



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Creditable robustness and stability at vestjyskBANK

The Board of Directors has today approved the financial results for the first half of 2008.

Highlights of the first half of 2008:

- Pre-tax profits for the first half of 2008 amount to DKK 132m, compared to DKK 149m for the same period last year.
- As a result of vestjyskBANK's stringent credit policy over many years and its focus on maintaining a diversified and conservative loan portfolio, the quality of the Bank's loan portfolio is high. Hence, impairment charges for the first half of 2008 stand at merely 0.07%.
- As at 30 June 2008, the distribution of the Bank's loans and advances is 24% for retail and 76% for corporate banking customers. Only approximately 17% of the Bank's loans and advances have been issued to the property sector, and these are widely diverse in terms of type, size and geographical distribution.
- Business volume has increased from DKK 26.4bn in the first half of 2007 to DKK 29.7bn in the first half of 2008.
- The Bank maintains expectations for a profit for the year before tax of DKK 275m.



Management's Report

Development of activities and financial situation

Pre-tax profits for the first half of 2008 amount to DKK 132m, compared to DKK 149m for the same period last year. This result, which is the product of increased activity levels and a constant focus on managing loan and advance commitments and developing staff skills, is highly satisfactory for vestjyskBANK, given the macroeconomic developments since the beginning of the year.

Despite rising interest rates, vestjyskBANK has maintained its interest earnings and its income from fees and commissions is showing positive growth. The Bank has not been exposed to investment loans and has, therefore, not been affected by the decline in this sector.

In the second quarter of 2008 the Bank introduced a new concept for investment consulting. With vestjyskVÆRDIPLEJE (vestjyskVALUECARE) we are focusing on the customer's needs and wishes, thereby matching the customer's risk willingness to investments on the basis of his/her financial wishes and ability. This puts the focus on our solid commitment, enabling us to provide professional care for our customers' interests.

The regulations on investment consulting, i.e. the Markets in Financial Instruments Directive (MiFID) adopted by the EU, specify that investment consulting must always be carried out on the basis of an assessment of the individual customer's situation and finances. The fundamental ideas behind these regulations are in full accordance with the work that we do in the Bank.

In this period the Bank has seen positive net market value adjustments of DKK 10.7m, which, amongst other components, include an income of DKK 39m stemming from amendments to our cooperation agreement with Totalkredit/Nykredit, a negative market value adjustment of just under DKK 30m as a result of a substantial decline in the market value of shares, and a significant increase in interest rates which has led to an exchange rate loss on bonds. vestjyskBANK has invested its fixed asset funds very carefully, ensuring that approximately one half consists of short-term bonds with a maturity term of less than two years. As the Bank continues to pursue its policy of maintaining its short-term bond funds until their maturity, the non-realised exchange rate loss will change to a market value advance within this time period. In addition, we are continuing to focus on interest rate sensitivity, which remains at a low level. Interest rate risk has, therefore, been calculated at 2.4%.

The cost percentage for the first half of 2008 has been calculated as 50.0. The primary reason for this significant decline in the cost percentage on the same period in 2007 is the income stemming from the amendments made to our cooperation agreement with Totalkredit/Nykredit. If we disregard this, the cost percentage stands at 55.6%, compared with 55.7% in 2007, which is satisfactory.

Management's Report

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Lending volume is declining. The reasons for this are, on the one hand, falling demand for loans and advances and, on the other, the Bank's specific strategy for maintaining the span between deposits and loans and advances.

Diversity, both in terms of size and geographical distribution, and a conservative lending policy with low exposure to development projects and investment credits are hallmarks of vestjyskBANK's core business and values. For this very reason, the quality of the Bank's loan portfolio is high, which is reflected in a very low need for impairment charges (DKK 13m or 0.07% of the total loans and advances for the period).

The Bank's loan portfolio for corporate customers amounts to approximately 76% of total loans and advances and is primarily based on loans and advances extended to business sectors where the Bank has developed special expertise: wind turbines, agriculture, fishing, leisure and health. Only around 17% of the Bank's total loans and advances have been issued to the property sector. This portion of the loan portfolio is immensely diverse in terms of size, type and geographical distribution. vestjyskBANK is primarily involved in financing property projects in sectors where the Bank has a physical presence. The Management has, therefore, taken the view that the overall risk associated with these commitments is low, compared with the general risk in the property market.

In the first quarter of 2008 growth in loans and advances stood at 7.3%, but in the second quarter it dropped to 3.9%. This puts the growth rate for the first half of 2008 at 11.4%.

vestjyskBANK's attractive saving products and its continuing focus on the pensions sector have resulted in the rising growth of total deposits.

In the first quarter of 2008, growth in deposits stood at 2.2% and rose in the second quarter to 6.1%. When the first half of the year as a whole is taken into account, the growth in deposits amounted to 8.4%.

The decline in guarantees is mainly due to the fact that in the first quarter the Bank switched to the off-setting model in respect of guarantees issued to Totalcredit. This has had a negative impact on the business volume to the tune of DKK 0.8bn.

As at 30 June 2008, the total business volume stood at DKK 29.7bn, compared with DKK 26.4bn for the same period in 2007, which equates to an increase of 12.6%. This increase is distributed as follows: loans and advances +23.7%, deposits +17.2% and guarantees -25.5%.

Management's Report

Financial Highlights

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| Financial Highlights (DKK m) | 1st half 2008 | 1st half 2007 | Full year 2007 |
|---|------------------|------------------|-------------------|
| Income statement | | | |
| Net interest income and fee earnings | 326 | 306 | 616 |
| Market value adjustments | 11 | 17 | 23 |
| Staff costs and administrative expenses | 189 | 180 | 353 |
| Impairment of loans and advances and accounts receivable, etc. | 13 | -10 | -15 |
| Pre-tax profit | 132 | 149 | 291 |
| Profit | 102 | 115 | 222 |
| Core income ¹ | 385 | 332 | 653 |
| Costs, incl. depreciation and impairment of tangible assets | 193 | 185 | 365 |
| Balance sheet | | | |
| Loans and advances | 16,226 | 13,119 | 14,563 |
| Deposits | 9,943 | 8,483 | 9,174 |
| Shareholders' equity | 1,795 | 1,667 | 1,714 |
| Total assets | 20,377 | 16,540 | 18,513 |
| Guarantees ² | 3,582 | 4,810 | 5,439 |
| Business volume ² | 29,751 | 26,412 | 29,176 |

¹ Net interest income and fee earnings + market value adjustment of foreign exchange and fixed assets + other operating income

² As of 2008, the statement does not include loss guarantees given to Totalkredit due to the transition to the netting model.

Management's Report

Key Figures

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| Key Figures | 1st half 2008 | 1st half 2007 | Full year 2007 |
|---|------------------|------------------|-------------------|
| Solvency ratio ¹ | 11.2% | 10.8% | 9.1% |
| Core capital ratio ¹ | 8.3% | 8.6% | 7.3% |
| Return on equity before tax ² | 15.1% | 18.1% | 17.3% |
| Return on equity after tax ² | 11.7% | 13.9% | 13.2% |
| Earnings/costs ³ | 1.64 | 1.85 | 1.83 |
| Cost percentage ⁴ | 50.0% | 55.7% | 56.0% |
| Employees calculated as full-time staff (average) | 447.0 | 421.6 | 431.7 |
| Interest rate risk ⁵ | 2.4% | 2.3% | 2.1% |
| Foreign exchange position ⁶ | 50.1% | 23.9% | 99.6% |
| Foreign exchange risk | 0.1% | 0.0% | 0.1% |
| Excess coverage in compliance with statutory liquidity requirements ⁷ | 58.5% | 31.3% | 47.5% |
| Loans and advances plus impairment on these relative to deposits | 164.8% | 156.9% | 160.6% |
| Loans and advances relative to shareholders' equity | 9.0 | 7.9 | 8.5 |
| Growth in loans and advances for the period | 11.4% | 13.8% | 26.3% |
| Sum of large commitments ⁸ | 102.1% | 84.1% | 125.4% |
| Accumulated impairment percentage | 0.9% | 1.1% | 0.9% |
| Impairment percentage for the period | 0.1% | -0.1% | -0.1% |
| Per share of DKK 10: | | | |
| Profit for the period | 12.3 | 13.4 | 26.3 |
| Equity value | 215.1 | 196.8 | 207.4 |
| Price of vestjyskBANK shares at the end of the period | 193.7 | 330.5 | 289.9 |
| Market price/equity value | 0.9 | 1.7 | 1.4 |

1 2008 has been assessed according to the new Executive Order on Capital Adequacy. 2007 has been assessed according to transitional provisions herein.

2 On the basis of average shareholders' equity

3 Ordinary income relative to ordinary costs

Ordinary income = net interest income and fee earnings + market value adjustments + other operating income + profit of equity investments in associated and affiliated companies

Ordinary costs = staff costs and administrative expenses + depreciation and impairment of intangible and tangible assets + other operating expenses + impairment of loans and advances and accounts receivable, etc.

4 Costs incl. depreciation and impairment of assets / core income

5 Interest rate risk relative to core capital after deductions

6 Foreign Exchange Indicator 1 relative to core capital after deductions

7 Excess coverage in compliance with the 10% requirement of Section 152 of the Danish Financial Business Act

8 Commitments larger than 10% of the capital base relative to the capital base

Management's Report

Key Figures

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Solvency ratio

At the end of 2007, vestjyskBANK had a solvency ratio of 9.1, which was below the Bank's solvency target of 10-12 percent.

In February this year, the Bank raised subordinated capital totalling DKK 250m in the form of investments from institutional investors.

Solvency has been calculated at 11.2%, including profit for the period, compared with 10.8% in 2007. This means that the solvency target has been reached.

Earnings per DKK 1.00 of costs

Earnings per DKK 1.00 of costs have dropped from 1.85 in 2007 to 1.64 in the first half of 2008. The most important reason for this drop is the fact that net impairment charges had to be made in 2008, whereas in 2007 there was a net reversal of impairment charges.

Cost percentage

The cost percentage has been calculated at 50.0. It is thus significantly below the Bank's long-term goal for a cost percentage of approximately 55%. As stated previously, however, the primary reason for this is the amendments made to the Bank's cooperation agreement with Totalkredit/Nykredit. If disregarded, the cost percentage stands at 55.6% compared with 55.7% in 2007.

Due to the extensive refurbishment of the Bank's buildings in Viborg and Struer, as well as to the extension of the head office in Lemvig, the Bank's falling cost percentage goal will not be achieved in 2008.

Liquidity/Excess coverage in relation to statutory liquidity requirements

vestjyskBANK has raised its liquidity target from a minimum of 40% to the current 50–70%. At the end of the first half of 2008, the liquidity percentage was calculated at 58.5%, which means that the Bank's liquidity target has been met.

Sum of large commitments

As at 30 June 2008, seven commitments accounted for 10% of the Banks' capital base. The sum of large commitments has been calculated as 102.1% as at 30 June 2008, compared with 125.4% at the end of 2007. Since the beginning of the financial year, vestjyskBANK has therefore reduced the sum of large commitments as a result of its credit and risk management.

Accumulated impairment percentage

The accumulated impairment percentage amounts to 0.9%, compared with 1.1% for the same period in 2007.

Impairment percentage for the period

In 2007 there was a net reversal of impairment charges. In 2008, however, the picture changed after total net impairment charges of DKK 13m were made, corresponding to an impairment percentage of 0.07%, which is satisfactory.



Management's Report

Income Statement

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Income Statement

Net interest income has been calculated at DKK 254m, compared with DKK 237m for the same period in 2007 – a growth of 7%. This success is due to the continuing business volume in all of the Bank's business segments.

The fees and commission income reveals a rather limited growth of DKK 2m to DKK 73.4m, corresponding to 3%. The distribution of this income is shown in the table below.

vestjyskBANK operates a policy whereby customers have to pay for services requiring bank-based resources. This means that customers who are able and willing to use our self-service facilities can avoid the fees charged to those who use bank-based services. Thus, in 2007, vestjyskBANK lowered its brokerage rates for securities trading through vestjyskWEBBANK, and in February 2008 it introduced the product "Exempt from daily charges". With this product, vestjyskBANK removes a number of minor fees, including those relating to transactions in vestjyskWEBBANK and Visa/Dankort fees, for customers who sign up to this product. The product has been a very large success, with approximately 16,000 of our customers signing up for "Exempt from daily charges". The "Other fees and commissions" item is thus lower by DKK 3m than that in 2007. However, the total fees and commission income has risen in the first half of 2008, chiefly because of the guarantee commission connected with mortgage loans and payment services.

The fees and commissions are distributed as follows:

| | Million DKK | | Percentage distribution | |
|---|--------------|--------------|-------------------------|---------------|
| | 30/6 2008 | 30/6 2007 | 30/6 2008 | 30/6 2007 |
| Fees and commission income | | | | |
| Guarantee commission | 29,7 | 26,2 | 40.4% | 36.7% |
| Securities trading and custody | 16,8 | 19,8 | 22.9% | 27.7% |
| Payment services | 11,6 | 8,6 | 15.8% | 12.1% |
| Loan handling fees | 8,7 | 7,2 | 11.8% | 10.1% |
| Other fees and commissions | 6,6 | 9,6 | 9.1% | 13.4% |
| Total fees and commission income | 73,4 | 71,4 | 100.0% | 100.0% |

Net interest income and fee earnings have been calculated at DKK 326m, compared with DKK 306m in 2007. The 7% increase is due to increased business volumes pertaining to loans and advances, guarantees and payment services.

Market value adjustments have suffered a 35% decline and stand at DKK 10.7m. As stated above, this includes the DKK 39m income from the amendments made to the Bank's cooperation agreement with Totalkredit/Nykredit. Without this adjustment, we therefore have a negative market value adjustment of just under DKK 30m, against a positive market value adjustment of DKK 16.6m for the same period in 2007.



Management's Report

Income Statement

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Costs, incl. depreciation and write-down on material assets, amount to DKK 193m against DKK 185m in 2007, corresponding to an increase as high as 4%. Expenditure associated with IT systems and operation have increased substantially, the reason being the fact that in this period the Bank has put into operation new, modern systems. Taking this into consideration, the cost increase has been minor.

Balance Sheet

The Bank's balance at the end of the first half of 2008 amounts to DKK 20.4bn, compared with DKK 16.5bn in 2007. This represents an increase of 23%.

The total volume of loans and advances issued has risen by DKK 3.1bn to DKK 16.2bn. This success is distributed equally across all of the Bank's business sectors. In this period, the Bank also succeeded in increasing deposits by 17%, from DKK 8.5bn to DKK 9.9bn.

The Bank's portfolio of guarantees has dropped from DKK 4.8bn to DKK 3.6bn, corresponding to 26%. This is mainly due to the Bank's transition to the off-setting model as far as loss guarantees for Totalkredit are concerned.

In consequence, the total business volume, i.e. total loans and advances, deposits and guarantees, amounts to DKK 29.7bn, compared with DKK 26.4bn at the end of the first half year of 2007, which represents a growth of 13%.

Shareholders' equity

After the addition of the profit for the period, the shareholders' equity at the end of the first half of 2008 has been calculated at DKK 1.8bn, after tax.

Since the end of the period, no major events have taken place that might affect the results for the period.

The new capital requirements

New capital requirements were introduced for calculating credit, market and operational risks, with effect from 1 January 2007. Up until 1 January 2008 vestjyskBANK applied transitional provisions, but the new rules have been fully implemented since the first quarter of 2008.

Recognition and measuring

Assets are recognised in the balance sheet when, as a consequence of an earlier occurrence, it is probable that future financial benefits will accrue to the Bank, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Bank, as a consequence of an earlier occurrence, has a legal or actual liability, and it is probable that future financial advantages will be offset against the Bank, and the value of the liability can be measured reliably.

Management's Report

Income Statement

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On the first recognition, assets and liabilities are measured at current value. However, tangible assets are, at the time of the first recognition, measured at cost price. Measurement after the first recognition is effected as described for each individual item below.

In connection with recognition and measuring, allowance is made for predictable risks and losses occurring before presentation of the Annual Report and which confirm or invalidate circumstances existing on the date of the balance sheet.

In the income statement, incomes are recognised as earned, whereas expenses are recognised with the amounts relating to the accounting year. However, value increases in domicile properties are recognised directly in the shareholders' equity.

Financial instruments are recognised on the settlement date.

No segment information is given, as neither activities nor geographical markets deviate mutually to any great extent.

OUTLOOK FOR 2008

When it published its Annual Report 2007, vestjyskBANK expected profit for the year 2008 to be approximately DKK 275m. Given its profits for the first half of 2008 and due to the continuing turmoil in the financial markets, the Bank wishes to maintain its expectations to the total annual result.

ACCOUNTING POLICIES

The accounting policies have not changed in relation to last year.

FINANCIAL CALENDAR 2008

29 October 2008 Quarterly report, Q1-Q3 2008

Management's Statement 12

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today reviewed and approved the Half-year Report of Vestjysk Bank A/S for the period 1 January – 30 June 2008.

The Half-year Report has been presented in accordance with the Danish Financial Business Act, including the executive order on financial reporting for credit institutions and investment companies etc. and furthermore, the Danish disclosure requirement for interim financial reports for listed financial institutions.

The statement by the executive and supervisory boards is considered as containing a fair review of the development in the bank's activities and financial issues as well as a fair description of the significant risks and elements of uncertainty by which the bank can be affected.

The accounting policy used is considered appropriate, inasmuch as the Half-year Report provides a fair view of the Bank's assets, liabilities, financial position and profit/loss.

The Half-year Report has not been audited or reviewed, but external auditors are satisfied that the conditions for the inclusion of the period's earnings in the core capital have been met.

Lemvig, 7 August 2008



Executive Board

Frank Kristensen

Board of Directors

Anders Bech

Peter Grankær

Peter Mortensen

Kirsten Lundgaard-Karlshøj

Peder Hesselaa Nielsen

Peter Bækkelund Rasmussen

Income Statement

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| Income Statement | 1st half 2008 DKK t | 1st half 2007 DKK t | Full year 2007 DKK t |
|---|---------------------------|---------------------------|----------------------------|
| Interest income | 632,204 | 473,738 | 1,034,556 |
| Interest expenses | 378,512 | 236,900 | 550,720 |
| Net interest income | 253,692 | 236,838 | 483,836 |
| Dividends of shares, etc. | 5,416 | 4,133 | 4,376 |
| Fees and commission income | 73,407 | 71,396 | 141,737 |
| Paid fees and commission expenses | 6,784 | 6,849 | 13,739 |
| Net interest income and fee earnings | 325,731 | 305,518 | 616,210 |
| Market value adjustments | 10,733 | 16,604 | 22,955 |
| Other operating income | 1,232 | 1,723 | 2,700 |
| Staff costs and administrative expenses | 188,932 | 180,153 | 352,978 |
| Depreciation and impairment of intangible and tangible assets | 3,759 | 4,587 | 12,290 |
| Impairment of loans and advances and accounts receivable, etc. | 13,180 | -9,773 | -14,727 |
| Pre-tax profit | 131,825 | 148,878 | 291,324 |
| Tax | 29,892 | 33,955 | 69,025 |
| Profit | 101,933 | 114,923 | 222,299 |

Balance Sheet

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| Balance Sheet | 30/6 2008 DKK t | 30/6 2007 DKK t | 31/12 2007 DKK t |
|--|--------------------|--------------------|---------------------|
| Assets | | | |
| Cash in hand and demand deposits at central banks | 312,193 | 205,991 | 161,714 |
| Accounts receivable at credit institutions and central banks | 178,253 | 293,548 | 610,674 |
| Loans and advances and other accounts receivable at amortised cost price | 16,226,125 | 13,118,929 | 14,563,436 |
| Bonds carried at current value | 2,759,714 | 2,166,699 | 2,378,866 |
| Shares, etc. | 421,969 | 380,750 | 382,001 |
| Total land and buildings | | | |
| Domicile properties | 211,782 | 218,118 | 213,189 |
| Other tangible assets | 7,044 | 4,726 | 7,800 |
| Current tax assets | 17,935 | 16,215 | 13,784 |
| Deferred tax assets | 0 | 2,334 | 4,777 |
| Other assets | 228,785 | 120,324 | 164,652 |
| Prepayments | 13,487 | 12,699 | 12,337 |
| Total assets | 20,377,287 | 16,540,333 | 18,513,230 |

| Balance Sheet | 30/6 2008 DKK t | 30/6 2007 DKK t | 31/12 2007 DKK t |
|---|--------------------|--------------------|---------------------|
| Liabilities | | | |
| Debt | | | |
| Debt to credit institutions and central banks | 6,052,634 | 4,117,710 | 5,379,692 |
| Deposits and other amounts due | 9,943,491 | 8,483,333 | 9,174,443 |
| Issued bonds carried at amortised cost price | 1,500,750 | 1,498,279 | 1,506,990 |
| Current tax liabilities | 0 | 19,817 | 0 |
| Other liabilities | 371,075 | 299,904 | 282,654 |
| Prepayments | 4 | 9 | 19 |
| Total debt | 17,867,954 | 14,419,052 | 16,343,798 |
| Provisions for liabilities | | | |
| Provisions for pensions and similar liabilities | 10,984 | 10,276 | 8,040 |
| Provisions for deferred tax | 2,755 | 0 | 0 |
| Provisions for losses on guarantees | 13,358 | 3,979 | 9,263 |
| Other provisions for liabilities | 0 | 2,454 | 0 |
| Total provisions for liabilities | 27,097 | 16,709 | 17,303 |
| Subordinated debt | | | |
| Subordinated debt | 687,581 | 437,656 | 438,088 |
| Shareholders' equity | | | |
| Share capital | 86,000 | 86,000 | 86,000 |
| Revaluation reserves | 15,750 | 15,750 | 15,750 |
| Earnings retained / loss brought forward | 1,692,905 | 1,565,166 | 1,569,291 |
| Proposed dividends of this | 0 | 0 | 43,000 |
| Total shareholders' equity | 1,794,655 | 1,666,916 | 1,714,041 |
| Total liabilities | 20,377,287 | 16,540,333 | 18,513,230 |

Statement of Changes in Shareholders' Equity 16

| 1st half 2008 | Share capital | Revaluation reserves | Statutory reserves | Earnings retained | Proposed dividends | Total share holders' equity |
|---|---------------|----------------------|--------------------|-------------------|--------------------|-----------------------------|
| | DKK t | DKK t | DKK t | DKK t | DKK t | DKK t |
| Shareholders' equity, beginning of 2008 | 86,000 | 15,750 | 0 | 1,569,291 | 43,000 | 1,714,041 |
| Profit for the period | | | | 101,933 | | 101,933 |
| Distributed dividends | | | | 964 | -43,000 | -42,036 |
| Sale of own shares | | | | 125,384 | | 125,384 |
| Acquisition of own shares | | | | -113,578 | | -113,578 |
| Calculated tax relating to own shares | | | | 8,911 | | 8,911 |
| Shareholders' equity, end of 1st half 2008 | 86,000 | 15,750 | 0 | 1,692,905 | 0 | 1,794,655 |

| 1st half 2007 | Share capital | Revaluation reserves | Statutory reserves | Earnings retained | Proposed dividends | Total share holders' equity |
|--|---------------|----------------------|--------------------|-------------------|--------------------|-----------------------------|
| | DKK t | DKK t | DKK t | DKK t | DKK t | DKK t |
| Shareholders' equity, end of 2006 | 88,000 | 15,750 | 2,813 | 1,505,507 | 44,000 | 1,656,070 |
| Correction as a result of merger with subsidiary company | | | -2,813 | 2,813 | | 0 |
| Shareholders' equity, beginning of 2007, after correction | 88,000 | 15,750 | 0 | 1,508,320 | 44,000 | 1,656,070 |
| Profit for the period | | | | 114,923 | | 114,923 |
| Distributed dividends | | | | 1,529 | -44,000 | -42,471 |
| Write-down of capital | -2,000 | | | 2,000 | | 0 |
| Sale of own shares | | | | 98,995 | | 98,995 |
| Acquisition of own shares | | | | -160,190 | | -160,190 |
| Calculated tax relating to own shares | | | | -411 | | -411 |
| Shareholders' equity, end of 1st half 2007 | 86,000 | 15,750 | 0 | 1,565,166 | 0 | 1,666,916 |

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Statement of Changes in Shareholders' Equity 17

| Full year 2007 | Share capital | Revaluation reserves | Statutory reserves | Earnings retained | Proposed dividends | Total share holders' equity |
|--|---------------|----------------------|--------------------|-------------------|--------------------|-----------------------------|
| | DKK t | DKK t | DKK t | DKK t | DKK t | DKK t |
| Shareholders' equity, end of 2006 | 88,000 | 15,750 | 2,813 | 1,505,507 | 44,000 | 1,656,070 |
| Correction as a result of merger with subsidiary company | | | -2,813 | 2,813 | | 0 |
| Shareholders' equity, beginning of 2007, after correction | 88,000 | 15,750 | 0 | 1,508,320 | 44,000 | 1,656,070 |
| Profit for the period | | | | 179,299 | 43,000 | 222,299 |
| Distributed dividends | | | | 1,528 | -44,000 | -42,472 |
| Write-down of capital | -2,000 | | | 2,000 | | 0 |
| Sale of own shares | | | | 199,104 | | 199,104 |
| Acquisition of own shares | | | | -322,501 | | -322,501 |
| Calculated tax relating to own shares | | | | 1,541 | | 1,541 |
| Shareholders' equity, end of 2007 | 86,000 | 15,750 | 0 | 1,569,291 | 43,000 | 1,714,041 |

Notes to Income Statement

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| | 1st half 2008 DKK t | 1st half 2007 DKK t | Full year 2007 DKK t |
|---|---------------------------|---------------------------|----------------------------|
| Interest income | | | |
| Accounts receivable at credit institutions and central banks | 13,080 | 12,488 | 27,096 |
| Loans and advances and other accounts receivable | 551,019 | 423,720 | 913,289 |
| Bonds | 54,307 | 35,968 | 84,675 |
| Derivative financial instruments | | | |
| Foreign exchange contracts | 5,198 | 2,465 | 7,361 |
| Interest rate contracts | 8,593 | -907 | 2,115 |
| Total derivative financial instruments | 13,791 | 1,558 | 9,476 |
| Other interest income | 7 | 4 | 20 |
| Total interest income | 632,204 | 473,738 | 1,034,556 |
| Interest expenses | | | |
| Credit institutions and central banks | 120,664 | 66,411 | 157,621 |
| Deposits and other amounts due | 192,546 | 131,456 | 299,991 |
| Issued bonds | 46,084 | 29,885 | 71,365 |
| Subordinated debt | 19,218 | 9,148 | 21,720 |
| Other interest expenses | 0 | 0 | 23 |
| Total interest expenses | 378,512 | 236,900 | 550,720 |
| Fees and commission income | | | |
| Securities trading and custody | 16,781 | 19,799 | 41,132 |
| Payment services | 11,627 | 8,623 | 25,199 |
| Loan processing fees | 8,700 | 7,247 | 17,097 |
| Guarantee commission | 29,654 | 26,176 | 47,506 |
| Other fees and commissions | 6,645 | 9,551 | 10,803 |
| Total fees and commission income | 73,407 | 71,396 | 141,737 |
| Market value adjustments | | | |
| Other loans and advances and accounts receivable at current value | 6 | 0 | 0 |
| Bonds | -44,574 | -19,156 | -12,577 |
| Shares, etc. | 23,100 | 24,375 | 17,088 |
| Foreign exchange | 11,291 | 9,949 | 15,611 |
| Derivative financial instruments | | | |
| Foreign exchange contracts | 22,511 | 1,054 | 2,691 |
| Interest rate contracts | 3,420 | 897 | 6,316 |
| Share contracts | 2,184 | 1,184 | 1,739 |
| Total derivative financial instruments | 28,115 | 3,135 | 10,746 |
| Other assets | -3,000 | -3,245 | -1,391 |
| Other liabilities | -4,205 | 1,546 | -6,522 |
| Total market value adjustments | 10,733 | 16,604 | 22,955 |

Notes to Income Statement

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| | 1st half 2008 DKK t | 1st half 2007 DKK t | Full year 2007 DKK t |
|--|---------------------------|---------------------------|----------------------------|
| Staff costs and administrative expenses | | | |
| Salaries and remuneration to the Board of Directors, Executive Board and Board of Representatives | | | |
| Board of Directors | 396 | 406 | 794 |
| Executive Board: | | | |
| Salaries | 1,393 | 1,154 | 2,440 |
| Pensions | 279 | 204 | 1,462 |
| Total Executive Board | 1,672 | 1,358 | 3,902 |
| The Bank does not uphold agreements with the Executive Board in relation to bonus or incentive schemes or similar remuneration schemes. | | | |
| Board of Representatives | 128 | 123 | 252 |
| Total | 2,196 | 1,887 | 4,948 |
| Staff costs | | | |
| Salaries | 95,164 | 89,558 | 178,120 |
| Pensions | 11,047 | 10,075 | 20,837 |
| Expenses for social security | 10,213 | 9,159 | 17,670 |
| Total | 116,424 | 108,792 | 216,627 |
| Other administrative expenses | 70,312 | 69,474 | 131,403 |
| Total staff costs and administrative expenses | 188,932 | 180,153 | 352,978 |
| Number of employees | | | |
| The average number of employees in the financial period, calculated as full-time employees | 447,0 | 421,6 | 431,7 |
| Pension conditions | | | |
| Members of the Executive Board may resign without notice before expiry of the year in which the member turns 62. The Bank is exempt from any pension liability in relation to resignation, be it on account of age, illness, disability or any other reason. | | | |
| Tax | | | |
| Calculated tax of profit for the year | 22,360 | 34,289 | 72,013 |
| Deferred tax | 7,532 | -334 | -2,777 |
| Deferred adjustment of calculated tax from previous years | 0 | 0 | -211 |
| Total tax | 29,892 | 33,955 | 69,025 |

Notes to Income Statement

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| | 1st half 2008 DKK t | 1st half 2007 DKK t | Full year 2007 DKK t |
|--------------------------------------|---------------------------|---------------------------|----------------------------|
| Effective tax rate | | | |
| Current tax rate | 25.0% | 25.0% | 25.0% |
| Adjustments to this: | | | |
| Non-deductible expenses | 0.1% | 0.1% | 0.1% |
| Non-taxable incomes | -2.4% | -2.5% | -1.6% |
| Property depreciation, etc. | 0.0% | 0.2% | 0.3% |
| Adjustment of tax for previous years | 0.0% | 0.0% | -0.1% |
| Total effective tax rate | 22.7% | 22.8% | 23.7% |

Notes to Balance Sheet 21

| | Individual impairment DKK t | Collective impairment DKK t | Total DKK t |
|---|-----------------------------------|-----------------------------------|----------------|
| Loans and advances and other accounts receivable | | | |
| 1st half 2008 | | | |
| Impairment at the beginning of the period | 163,254 | 3,710 | 166,964 |
| Impairment during the period | 36,367 | 3,996 | 40,363 |
| Reversal of impairment charges from previous financial years | -33,974 | -1,962 | -35,936 |
| Other movements | 4,875 | 292 | 5,167 |
| Previous impairment now finally lost | -13,282 | 0 | -13,282 |
| Impairment 31/6/2008 | 157,240 | 6,036 | 163,276 |
| 1st half 2007 | | | |
| Impairment at the beginning of the period | 200,581 | 4,856 | 205,437 |
| Impairment during the period | 29,862 | 579 | 30,441 |
| Reversal of impairment charges from previous financial years | -35,385 | 0 | -35,385 |
| Other movements | 10,434 | 0 | 10,434 |
| Previous impairment now finally lost | -15,548 | 0 | -15,548 |
| Impairment 31/6/2007 | 189,944 | 5,435 | 195,379 |
| Full year 2007 | | | |
| Impairment at the beginning of the period | 200,581 | 4,856 | 205,437 |
| Impairment during the period | 59,617 | 3,710 | 63,327 |
| Reversal of impairment charges from previous financial years | -71,913 | -4,856 | -76,769 |
| Other movements | 10,434 | 0 | 10,434 |
| Previous impairment now finally lost | -35,465 | 0 | -35,465 |
| Impairment 31/12/2007 | 163,254 | 3,710 | 166,964 |

No impairment charges have been recognised on accounts receivable at credit institutions or on other accounts receivable. However, provisions have been made for losses on guarantees, cf. the liability item "Provisions for losses on guarantees".

Notes to Balance Sheet 22

| | 30/6 2008 DKK t | 30/6 2007 DKK t | 31/12 2007 DKK t |
|---|-----------------------|-----------------------|------------------------|
| Bonds | | | |
| Mortgage credit bonds | 2,382,785 | 1,836,439 | 1,868,319 |
| Government bonds | 127 | 81 | 131 |
| Additional bonds | 376,802 | 330,179 | 510,416 |
| Total bonds at current value | 2,759,714 | 2,166,699 | 2,378,866 |
| Pledged as security for drawing right at Danmarks Nationalbank: | | | |
| Total nominal value | 876,357 | 395,540 | 426,672 |
| Total market value | 855,263 | 392,750 | 424,264 |
| Of which charged | 0 | 0 | 0 |
| Shares, etc. | | | |
| Shares / investment units listed at OMX Nordic Exchange Copenhagen | 89,685 | 90,014 | 93,324 |
| Shares / investment units listed at other stock exchanges | 26,332 | 21,547 | 22,716 |
| Unlisted shares carried at current value | 247,017 | 209,609 | 207,422 |
| Unlisted shares, etc. carried at cost price | 10,718 | 5,438 | 5,438 |
| Additional shares | 48,217 | 54,142 | 53,101 |
| Total shares, etc. | 421,969 | 380,750 | 382,001 |
| Deposits | | | |
| On demand | 5,544,386 | 5,122,070 | 5,421,851 |
| At notice | 95,019 | 76,950 | 72,929 |
| Time deposits | 3,052,716 | 2,183,560 | 2,470,661 |
| Special deposits | 1,251,370 | 1,100,753 | 1,209,002 |
| Total deposits | 9,943,491 | 8,483,333 | 9,174,443 |

Notes to Balance Sheet 23

| | 30/6 2008 DKK t | 30/6 2007 DKK t | 31/12 2007 DKK t |
|--|-----------------------|-----------------------|------------------------|
| Subordinated debt | | | |
| Supplementary capital of EUR 15m | 111,869 | 111,633 | 111,849 |
| Current interest rate | 5.931% | 5.173% | 5.868% |
| Date of maturity | 31/10/2015 | 31/10/2015 | 31/10/2015 |
| The loan may, with the approval of the Danish Financial Supervisory Authority, be prepaid on 31/10/2010. | | | |
| Supplementary capital of DKK 100m | 100,000 | 100,000 | 100,000 |
| Current interest rate | 6.073% | 5.213% | 5.815% |
| Date of maturity | 1/11/2013 | 1/11/2013 | 1/11/2013 |
| The loan may, with the approval of the Danish Financial Supervisory Authority, be prepaid on 1/11/2010. | | | |
| Supplementary capital of NOK 135m | 125,712 | 126,023 | 126,239 |
| Current interest rate | 7.240% | 5.320% | 6.470% |
| Date of maturity | 16/5/2014 | 16/5/2014 | 16/5/2014 |
| The loan may, with the approval of the Danish Financial Supervisory Authority, be prepaid on 16/5/2011. | | | |
| Supplementary capital of DKK 100m | 100,000 | 100,000 | 100,000 |
| Current interest rate | 6.023% | 5.163% | 5.765% |
| Date of maturity | 1/5/2015 | 1/5/2015 | 1/5/2015 |
| The loan may, with the approval of the Danish Financial Supervisory Authority, be prepaid on 1/5/2012. | | | |
| Supplementary capital of DKK 100m | 100,000 | - | - |
| Current interest rate | 6.672% | - | - |
| Date of maturity | 18/2/2011 | - | - |
| Supplementary capital of DKK 100m | 100,000 | - | - |
| Current interest rate | 6.672% | - | - |
| Date of maturity | 22/2/2011 | - | - |

continue next page

Notes to Balance Sheet 24

| | 30/6 2008 DKK t | 30/6 2007 DKK t | 31/12 2007 DKK t |
|--|-----------------------|-----------------------|------------------------|
| Supplementary capital of DKK 25m | 25,000 | - | - |
| Current interest rate | 6.672% | - | - |
| Date of maturity | 3/3/2014 | - | - |
| The loan may, with the approval of the Danish Financial Supervisory Authority, be prepaid on 3/3/2011. | | | |
| Supplementary capital of DKK 25m | 25,000 | - | - |
| Current interest rate | 5.922% | - | - |
| Date of maturity | 3/3/2016 | - | - |
| The loan may, with the approval of the Danish Financial Supervisory Authority, be prepaid on 3/3/2013. | | | |
| Total subordinated debt | 687,581 | 437,656 | 438,088 |
| All of the Bank's subordinated debt is irredeemable. | | | |
| Subordinated debt to be stated as part of the capital base | 637,581 | 437,656 | 438,088 |
| Costs in connection with raising loans | 0 | 0 | 0 |
| Interest relating to subordinated debt included in the income statement | 19,218 | 9,148 | 21,720 |

Notes to Balance Sheet 25

| | 30/6 2008 DKK t | 30/6 2007 DKK t | 31/12 2007 DKK t |
|---|-----------------------|-----------------------|------------------------|
| Share capital | | | |
| Number of shares of DKK 10 (no. of units) | 8,600,000 | 8,600,000 | 8,600,000 |
| Total share capital | 86,000 | 86,000 | 86,000 |
| Own shares | | | |
| Beginning of period | | | |
| Number of own shares in units of 1,000 | 335 | 136 | 136 |
| Face value in DKK 1,000 | 3,353 | 1,361 | 1,361 |
| Percentage of share capital | 3.9% | 1.5% | 1.5% |
| Additions | | | |
| Acquisition of own shares in units of 1,000 | 534 | 513 | 1,032 |
| Face value in DKK 1,000 | 5,341 | 5,122 | 10,320 |
| Percentage of share capital | 6.2% | 6.0% | 12.0% |
| Total acquisition price in DKK 1,000 | 113,578 | 160,190 | 322,501 |
| Outflow | | | |
| Sale of own shares in units of 1,000 | 612 | 319 | 633 |
| Own shares annulled in units of 1,000 | 0 | 200 | 200 |
| Total outflow in units of 1,000 | 612 | 519 | 833 |
| Face value in DKK 1,000 | 6,125 | 5,187 | 8,328 |
| Percentage of share capital | 7.1% | 6.0% | 9.7% |
| Total sales price in DKK 1,000 | 125,384 | 98,995 | 199,104 |
| End of period | | | |
| Number of own shares in units of 1,000 | 257 | 130 | 335 |
| Face value in DKK 1,000 | 2,569 | 1,296 | 3,353 |
| Percentage of share capital | 3.0% | 1.5% | 3.9% |
| Contingent liabilities | | | |
| Guarantees | | | |
| Financial guarantees | 1,296,271 | 1,490,218 | 1,625,978 |
| Loss guarantees for mortgage credit loans | 516,480 | 1,786,003 | 1,896,413 |
| Land registration and conversion guarantees | 337,349 | 228,762 | 380,295 |
| Other guarantees | 1,432,036 | 1,305,232 | 1,536,204 |
| Total guarantees, etc. | 3,582,136 | 4,810,215 | 5,438,890 |
| Other contingent liabilities | | | |
| Other liabilities | 2,803 | 2,803 | 2,803 |
| Total other contingent liabilities | 2,803 | 2,803 | 2,803 |

Notes to Balance Sheet 26

| | 30/6/2008 DKK t | 30/6/2007 DKK t | 31/12/2007 DKK t |
|---|--------------------|--------------------|---------------------|
| Capital requirement | | | |
| Shareholders' equity excl. profit for the period | 1,692,722 | 1,551,993 | 1,491,742 |
| Profit included | 101,933 | 114,923 | 222,299 |
| Proposed dividends | 0 | 0 | -43,000 |
| Revaluation reserves | -15,750 | -15,750 | -15,750 |
| Other deductions in core capital | -54,960 | -56,132 | -59,625 |
| Core capital after deductions | 1,723,945 | 1,595,034 | 1,595,666 |
| Subordinated loan capital | 637,581 | 437,656 | 438,088 |
| Revaluation reserves | 15,750 | 15,750 | 15,750 |
| Capital base before deductions | 2,377,276 | 2,048,440 | 2,049,504 |
| Deductions in capital base | -54,960 | -53,798 | -54,848 |
| Capital base after reductions | 2,322,316 | 1,994,642 | 1,994,656 |
| Total weighted items | 20,735,744 | 18,477,212 | 21,913,315 |
| Core capital after deductions in percent of total weighted items | 8.3% | 8.6% | 7.3% |
| Solvency ratio according to section 124(2) of the Danish Financial Business Act | 11.2% | 10.8% | 9.1% |

The Bank applies the standard method for assessing credit and market risks and the basic indicator method for operational risks. Up until 1 January 2008 the Bank applied the transitional provisions.



vestjyskBANK is oriented towards sound growth and solid financial latitude for our customers as well as ourselves. Our Head Office is situated in Lemvig, while our 16 branches are centrally located in Jutland. In addition, our Remote Customer Branch advises customers living in the rest of Denmark. The Bank has 460 employees, who work with approximately 56,500 retail customers and approximately 6,500 corporate customers. The Bank has a business volume of DKK 29.2bn. vestjyskBANK applies value-based management based on our three core values: PRESENCE, COMPETENCE and DYNAMISM.

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