



vestjyskBANK

Half-Year Report

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The vestjyskBANK Half-Year Report 2014 is a translation of the original report in Danish (vestjyskBANK Halvårsrapport 2014)

Summary

Summary of vestjyskBANK's Results

Half-year 2014

- Result before tax at DKK 70 million (HY 2013: DKK -65 million);
- Core income of DKK 564 million (HY 2013: DKK 641 million), of which market value adjustments represented DKK 68 million (HY 2013: DKK 90 million);
- Rate of cost at 52.1% (HY 2013: 48.8%);
- Core earnings before impairments at DKK 270 million (HY 2013: DKK 328 million);
- Impairments of loans and receivables, etc. at DKK 200 million (HY 2013: DKK 393 million);
- Deposit surplus of DKK 1.9 billion compared with a deposit deficit of DKK 2.0 billion at 30 June 2013;
- Solvency ratio under the new capital adequacy rules at 10.8%; Tier 1 capital ratio at 9.6%; and an individual solvency need of 11.1%. This corresponds to a shortfall of 0.3 percentage points or DKK 58 million at 30 June 2014;
- Liquidity surplus at 124.2 per cent at 30 June 2014; and
- Reduction of government credit facility by DKK 1.5 billion, after which it stood at DKK 2.2 billion.

Fiscal year 2014 outlook

- Core earnings at around DKK 450-500 million before impairment charges;
- Strengthening of the Bank's solvency in relation to its individual solvency need;
- Significantly reduced need for impairments compared with 2013 but uncertainty remains about the precise level.

Solvency requirement/restoration plan

On 1 April 2014, the Bank issued a company announcement regarding its failure to meet the solvency need under the new CRD IV rules for determining bank solvency. These rules had just entered into force at the time. On that date, the Bank calculated its estimated solvency ratio at approx. 10.0 per cent compared with an estimated individual solvency need of 10.9 per cent. In consequence of this solvency shortfall, the Financial Supervisory Authority (FSA), cf. the same company announcement, set a solvency requirement of 10.9 per cent and ordered the Bank to implement certain transactional restrictions, such as not to pay out dividends or interest for the Bank's already-issued own funds elements and to refrain from incurring any new major risks. Additionally, the Bank was ordered to draft a so-called restoration plan. The Bank submitted this plan to the FSA on 7 April 2014 and it detailed various measures to strengthen the Bank's solvency

The negotiations of measures to realise the current solvency need of 11.1 per cent have now been finalised and approved by the relevant authorities. In extension of the publication of the half-year report, the Bank will issue a separate company announcement detailing the status of its restoration plan.

Management's Review

Key Figures and Financial Ratios

Key figures	HY 2014	HY 2013	Q2 2014	Q1 2014	Q4. 2013	Q3 2013	Q2 2013	FY 2013
Statement of Income (in MDKK)								
Net interest income	355	401	184	171	219	193	201	813
Net fee income	132	126	68	64	75	61	67	262
Dividends on equity securities etc.	6	8	4	2	3	2	8	13
Market value adjustments	68	90	39	29	21	16	20	126
Other operating income	3	16	1	2	1	3	9	20
Core income	564	641	296	268	319	275	305	1.234
Personnel and administrative expenses	-266	-280	-127	-139	-136	-123	-138	-539
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-28	-33	-14	-13	-17	-15	-15	-64
Operating expenses and operating depreciations and amortisations	-294	-313	-141	-152	-153	-138	-153	-603
Core earnings before impairments	270	328	155	116	166	137	152	631
Impairments of loans and receivables etc.	-200	-393	-114	-87	-482	-199	-253	-1.073
Profit/loss before tax	70	-65	41	29	-316	-62	-101	-442
Tax	3	0	0	3	0	0	-3	0
Profit/loss	67	-65	41	26	-316	-62	-98	-442
Statement of Financial Position (in MDKK)								
Assets, total	23,161	27,396	23,161	23,957	26,112	26,839	27,396	26,112
Loans	16,070	19,418	16,070	16,696	17,360	18,451	19,418	17,360
Deposits, including pooled funds	18,002	17,446	18,002	17,713	17,877	17,347	17,446	17,877
Contingent liabilities	2,809	3,307	2,809	2,865	2,958	3,161	3,307	2,958
Business volume	36,881	40,171	36,881	37,274	38,195	38,959	40,171	38,195
Equity	1,541	927	1,541	1,500	887	864	926	887

Financial ratios	HY 2014	HY 2013	Q2 2014	Q1 2014	Q4. 2013	Q3 2013	Q2 2013	FY 2013
Solvency								
Solvency ratio ¹	10.8%	11.5%	10.8%	10.2%	11.3%	11.2%	11.5%	11.3%
Tier 1 capital ratio ¹	9.6%	5.7%	9.6%	9.1%	5.9%	5.6%	5.7%	5.9%
Earnings								
Return on equity before tax, annually ²	11.5%	-13.6%	10.7%	9.8%	-143.0%	-27.4%	-41.3%	-46.9%
Return on equity after tax, annually ²	11.1%	-13.6%	10.8%	8.9%	-143.0%	-27.4%	-40.1%	-46.9%
Income-cost ratio ³	1.14	0.91	1.16	1.12	0.50	0.82	0.75	0.74
Rate of cost ⁴	52.1%	48.8%	47.8%	56.8%	48.0%	50.1%	50.1%	48.9%
Return on capital employed ⁵	0.3%	-0.2%	0.2%	0.1%	-1.2%	-0.2%	-0.3%	-1.5%
Employees converted to full-time (average)	530.8	572.5	526.3	535.3	547.9	559.0	567.1	562.9
Market risk								
Interest rate risk ⁶	-3.0%	-6.1%	-3.0%	-3.7%	-4.9%	-4.7%	-6.1%	-4.9%
Foreign currency position ⁷	2.1%	4.7%	2.1%	1.4%	1.6%	2.9%	4.9%	1.6%
Foreign currency risk	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Excess cover in relation to statutory liquidity requirements ⁸	124.2%	111.6%	124.2%	175.4%	162.2%	146.1%	111.6%	162.2%
Credit risk								
Loans plus impairments on loans in relation to deposits	110.6%	132.3%	110.6%	115.8%	117.9%	128.0%	132.3%	117.9%
Loans in relation to equity	10.4	21.0	10.4	11.1	19.6	21.4	21.0	19.6
Growth in loans for the period ⁹	-7.4%	-6.2%	-3.7%	-3.8%	-5.9%	-5.0%	-3.6%	-16.1%
Total of large exposures ¹⁰	36.6%	35.4%	36.6%	38.0%	33.5%	34.4%	35.4%	33.5%
Accumulated impairment ratio	16.9%	14.0%	16.9%	16.4%	15.5%	15.0%	14.0%	15.5%
Impairment ratio for the period	0.9%	1.5%	0.5%	0.4%	2.0%	0.8%	1.0%	4.5%
vestjyskBANK share								
Profit/loss for the period per share	0.6	-1.1	0.3	0.2	-4.3	-1.0	-1.6	-6.0
Equity value per share ¹¹	10.2	15.2	10.2	10.0	10.3	14.1	15.2	10.3
Price of vestjyskBANK shares, end of reporting period	13.0	9.3	13.0	9.2	9.0	13.5	9.3	9.0
Price/book value per share	1.3	0.6	1.3	0.9	0.9	1.0	0.6	0.9

1 Effective 31 March 2014, the solvency and Tier 1 capital ratios were determined under the CRR/CRD IV rules.

2 Based on average equity.

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

4 Operating costs and depreciations and impairments/core income

5 Results/average assets, total

6 Interest rate risk in relation to Tier 1 capital, less deductions

7 Foreign Currency Indicator 1 in relation to Tier 1 capital, less deductions.

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

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

10 Exposures greater than 10% of the eligible capital

11 The Bank changed the individual denomination of its share from DKK 10 to DKK 1 per share, cf. Company Announcement of 25 April 2013

Management's Review

Financial Review

Statement of Income

Results

For the first half-year 2014, the Bank's results before tax stood at DKK 70 million compared with DKK -65 million for the same period last year. This result is in line with Management's outlook expressed at the beginning of the year.

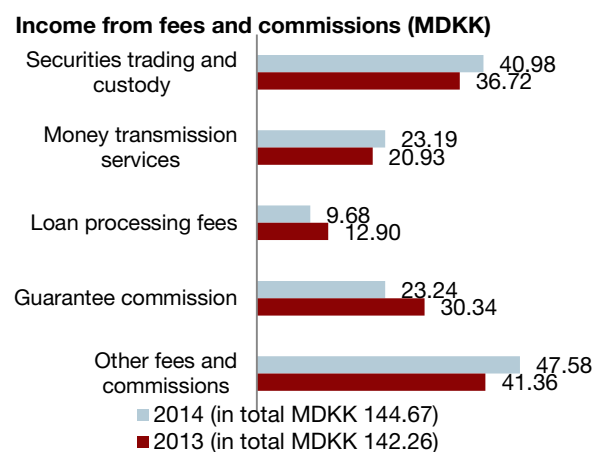
Impairments of loans and receivables, etc. totalled DKK 200 million for the reporting period. The impairment ratio for the reporting period stood at 0.9 per cent and in spite of the declining trend levels, remains high both in absolute terms and relative to the sector.

Core income

For the first half-year 2014, vestjyskBANK realised core income of DKK 564 million, which represented a DKK 77 million decline compared with the same period last year.

Positive market value adjustments represented DKK 68 million, of which DKK 30 million was attributable to the sale of shares in sector enterprises. Market value adjustments stood at DKK 90 million during the first six months of 2013 of which DKK 64 million was attributable to the Bank's early repayment of subordinated debt of a total of NOK 165 million at a discount.

Simultaneously, fee income was realised at DKK 144.7 million in the first half of 2014, which is a DKK 2.5 million increase compared with the same period last year. The distribution is illustrated in the figure below.



In spite of the desire for the Bank to reduce its business volume, it has nonetheless managed to maintain its level of fee income in relation to last year. This is considered satisfactory and reflects the generally higher levels of activity especially within client trading in securities instruments.

Other operating income stood at DKK 3 million in first half of 2014, compared with DKK 16 million for the same period last year.

Operating expenses and operating depreciations and amortisations

Operating expenses and operating depreciations and amortisations totalled DKK 294 million during first half of 2014, compared with DKK 313 million for the same period last year. In other words, the Bank is continuing its targeted effort to reduce costs.

vestjyskBANK's contribution to the Danish Deposit Guarantee Fund was recognised as an expense at DKK 20.1 million for the first half of 2014, compared with DKK 24.3 million in first half of 2013.

Core earnings before impairments

For the first six months of 2014, the Bank's core results before impairments stood at DKK 270 million, compared with DKK 328 million for the first half of 2013. Thus, core results before impairments declined DKK 58 million which was primarily attributable to the continued decline in Bank's loan portfolio and therefore also in income on interest. A similar contributing factor has been the decline in value adjustments.

Impairment of loans and receivables, etc.

Fiscal years 2011, 2012 and 2013 were characterised by extraordinarily heavy impairment charges on loans and receivables, etc.

For the first half of 2014, the Bank has charged impairment losses on loans and receivables, etc. of net DKK 200 million, which is DKK 193 million less than for the first half of 2013.

The lower impairment levels in relation to 2013 should be viewed in the context of the general improvement in agriculture's earnings ratio. For milk producers, 2014

remains positive even as milk prices are currently declining as a result of price pressures on the world market caused by China's filled inventories of milk powder. The crisis in the Ukraine and Russia's import stop have and will increasingly affect agriculture's settlement prices negatively. So far, this has primarily affected prices on pigmeat but the impact may create major economic challenges for a wide variety of export goods in addition to agricultural products. The Bank is carefully tracking the imbalances that have arisen in certain major export markets as it might quickly be affected if parts of the business community are experiencing unexpected economic slowdown.

On 2 July 2014, the Financial Supervisory Authority issued corrections to the valuation of agricultural land; these went into effect on 30 June 2014. The Bank has incorporated these revaluations for the Bank's agricultural customers by increasing the theoretically calculated assets for this industry segment. The net impact on the Bank's impairments has been relative modest. Among other things, this is owing to the Bank's taking into account customers' liquidity and earnings when assessing whether or not to perform customer impairments. Keeping in mind this earnings outlook for the industry segment, these are nonetheless major impairments for the agriculture industry.

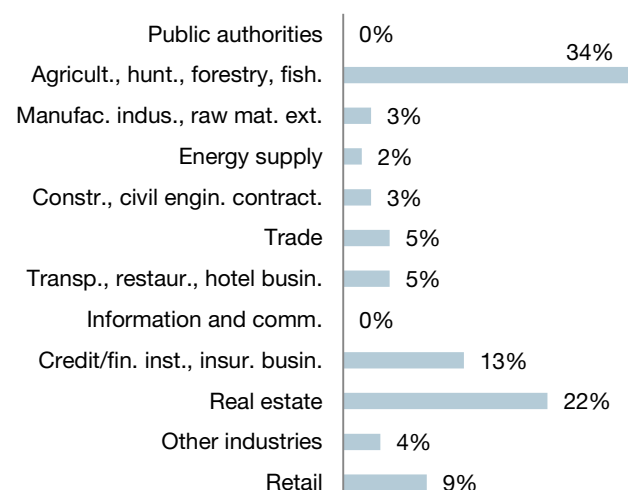
So far in 2014, the real estate market has shown signs of slow improvement in the form of slight increases in revenue and prices. The Bank expects that this trend will continue for the rest of 2014, not least in the Bank's eastern market area.

The impact from other businesses and retail customers has not manifested itself in unexpected or special trends and there are modest signs of improvements owing to the improved general economic climate.

Impairments charged during the first six months of 2014 had no significant impact on the industry segment distribution of accumulated impairment losses and provisions.

The Bank's cumulative impairment ratio stood at 16.9 in first half-year 2014 compared with 15.5 at 31 December 2013.

Accumulated impairments and provisions by industry segment 30 June 2014



The need for impairments as well as identified losses from lending remain significant, since the impairments on loans and receivables, etc. for the first half of 2014 remained at a relatively high level. With the outlook for, among other segments, agriculture, the relatively high need for impairments during the first half-year 2014 is expected to continue for the rest of the year.

Management's Review

Financial Review

Statement of Financial Position

At 30 June 2014, vestjyskBANK's balance sheet stood at DKK 23.2 billion compared with DKK 27.4 billion at 30 June 2013. The decrease of the balance sheet of DKK 4.2 billion was primarily attributable to the Bank's focused effort on reducing its total risk exposure primarily by reducing the Bank's loan portfolio.

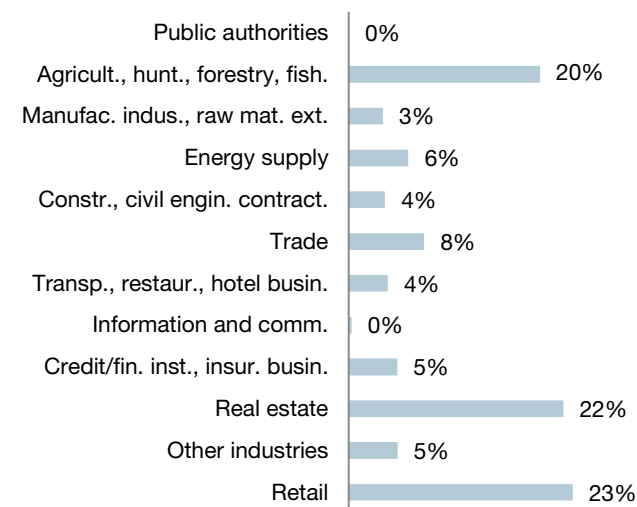
The Bank continues to follow its planned balance sheet adjustment, which is designed to ensure that the Bank will have the requisite funding and liquidity and to reduce the Bank's total risk exposure.

Loans

The ongoing balance sheet adjustment has meant that the Bank's lending at 30 June 2014 stood at DKK 16.1 billion compared with DKK 19.4 billion at 30 June 2013—a decline of DKK 3.3 billion. During the first half of 2014, the Bank reduced its lending by DKK 1.3 billion in relation to 31 December 2013.

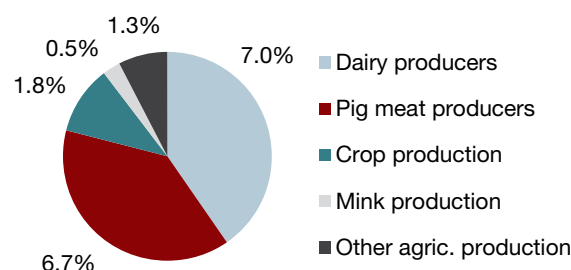
The distribution of vestjyskBANK's loans and guarantees by industry segment is illustrated below.

Loans and guarantees by industry segment as at 30 June 2014



Agriculture remains an important business area; one in which the Bank has great experience. The Bank's exposure to agriculture in isolation stood at 17.3 per cent of its total loans and guarantees at 30 June 2014 and was distributed across the various production branches as shown in the figure below.

Agricultural commitments' share of loans and guarantees by production branches at 30 June 2014



Large exposures

The sum of large exposures (i.e. exposures of 10 per cent or more of the Bank's eligible capital) stood at 36,6 per cent of the eligible capital and consisted of two commitments.

Deposits, including pooled funds

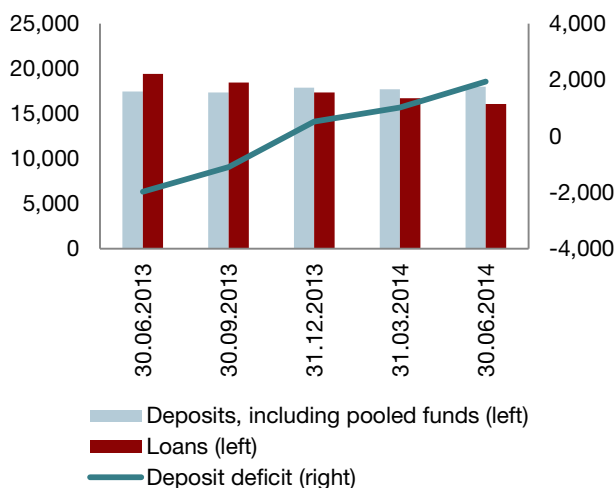
vestjyskBANK's deposits, including pooled funds, stood at DKK 18.0 billion at 30 June 2014, which is DKK 0.6 billion higher than at 30 June 2013, where deposits including pooled funds stood at DKK 17.4 billion.

Gap between deposits and loans

The positive deposit-lending development means that the Bank's deposit surplus stands at DKK 1.9 billion at 30 June 2014 compared with a deposit deficit of DKK 2.0 billion at 30 June 2013.

The figure on the next page illustrates the trend in vestjyskBANK's deposits and loans over the past five quarters.

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



vestjyskBANK's objective is to increase its deposit surplus.

Business volume

vestjyskBANK's business volume—that is, its total deposits, loans and contingent liabilities—stood at DKK 36.9 billion at 30 June 2014 compared with DKK 40.2 billion at 30 June 2013.

Capital and Liquidity Conditions

Equity

vestjyskBANK's equity totalled DKK 1,541 million at 30 June 2014. The development in equity since 1 January 2014 is detailed in the Statement of Changes in Equity.

Subordinated debt

The Bank's subordinated debt stood at DKK 1,247 million at 30 June 2014 of which government-issued additional Tier 1 capital under Bank Package II totalled DKK 287.6 million which accrue interest at 9.943 per cent.

Special rules apply to additional Tier 1 capital under Bank Package II as set out by law. Thus, no dilution of the capital may occur, and buyback programmes aimed at reducing the Bank's share capital are therefore not permitted. Additionally, executive board salaries are only eligible for a 50 percent tax deduction.

In order to improve the common equity Tier 1 capital, on 20 January 2014 DKK 575 million in additional Tier 1 capital as well as accrued unpaid coupon interest of DKK 12.6 million was converted to share capital.

Solvency

The solvency-related own funds totalled DKK 2,053 million in first half-year 2014, which—in the context of the Bank's total risk exposure of DKK 19,026 million—produced a solvency ratio of 10.8 per cent. At 31 December 2013, the Bank's solvency ratio stood at 11.3 per cent. Please note that the solvency ratio was determined applying the rules set out in CRD IV, which entered into force at 31 March 2014 whereas the solvency ratio at 31 December 2013 was calculated under the rules as they applied then, which means that the two solvency ratios are not directly comparable.

Concurrently, the Bank's Tier 1 capital ratio was computed at 9.6 per cent at 30 June 2014 compared with 5.9 per cent at 31 December 2013.

Solvency need

The individual solvency need for vestjyskBANK was calculated at 11.1 per cent at 30 June 2014.

The adequate own funds has been calculated at DKK 2,111 million compared to own funds of DKK 2,053 million. The difference between the own funds and the adequate own funds represents the solvency shortfall, which has been calculated at 0.3 percentage point, or DKK 58 million, at 30 June 2014.

For a detailed explanation of the Bank's solvency need as at 30 June 2014, please refer to the Bank's website

Solvency requirement/restoration plan

The Bank issued a company announcement on 1 April 2014 regarding its failure to meet the solvency need under the new CRD IV rules for determining bank solvency. These rules had just entered into force at the time. On that date, the Bank calculated its estimated solvency ratio at approx. 10.0 per cent compared with an estimated individual solvency need of 10.9 per cent. In consequence of this solvency shortfall, the Financial Supervisory Authority (FSA), cf. the same company announcement, set a solvency requirement of 10.9 per cent and ordered the

Management's Review

Financial Review

Bank to implement certain transactional restrictions, such as not to pay out dividends or interest for the Bank's already-issued own funds elements and to refrain from incurring any new major risks. Additionally, the Bank has been ordered to draft a so-called restoration plan. The Bank submitted this plan to the FSA on 7 April 2014 and it detailed various measures to strengthen the Bank's solvency

The negotiations of measures to realise the current solvency need of 11.1 per cent have now been finalised and approved by the relevant authorities. In extension of the publication of the half-year report, the Bank will issue a separate company announcement detailing the status of its restoration plan.

Liquidity

vestjyskBANK's loans have traditionally exceeded the Bank's deposits. In recent years, the Bank has therefore raised loans and issued debt securities through both Danish and non-Danish credit institutions. At 30 June 2014, the Bank's external funding totalled DKK 3.1 billion, incl. subordinated capital of DKK 1.3 billion.

vestjyskBANK's liquidity situation has improved, especially as a result of an improved balance between the Bank's deposits and loans.

External funding, incl. subordinated capital (MDKK)

	30 June 2014	30 June 2013
Debts to credit institutions	386	588
Debts to central banks	1,500	5,391
Issued bonds at amortised cost	9	275
Total, before subordinated capital	1,895	6,254
Subordinated capital	1,247	2,207
Total	3,142	8,461

The table above shows the development in vestjyskBANK's external funding, incl. subordinated capital. Debts to credit institutions and central banks as well as issued bonds at amortised cost were reduced by DKK 5.4 billion from DKK

8.5 billion at 30 June 2013 to DKK 3.1 billion at 30 June 2014.

As a result of the Bank's good liquidity-related situation, the government credit facility has been reduced by DKK 1.5 billion in 2014 and totalled DKK 2.2 billion at 30 June 2014. The Bank has drawn DKK 1.5 billion on the credit facility.

Recognition of sector shares in the liquidity resources as well as Danmarks Nationalbank's loan scheme will lapse on 1 July 2014. The consequence of this has been incorporated into the account as at 30 June 2014.

Share Capital

vestjyskBANK's share capital stood at MDKK 151 at 30 June 2014. The share capital was distributed across 151,008,121 shares with a par value of DKK 1 per share.

vestjyskBANK has approx. 42,200 registered shareholders. The Danish State holds 121,736,671 shares, corresponding to an ownership interest of 80.62 per cent. Additionally, the Financial Stability Company, which is wholly owned by the Danish State, holds 1,291,222 shares in vestjyskBANK, which corresponds to a rate of interest of 0.86 per cent. In total, including this ownership interest, the Danish State holds 81.48 per cent of the share capital and the voting rights of vestjyskBANK.

Second only to the Danish State, the ten biggest shareholders hold 3.35 per cent of the share capital in vestjyskBANK.

The Financial Supervisory Authority's Supervisory Diamond

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

vestjyskBANK's values in relation to the relevant limits are listed on the next page.

Realised values at 30 June 2014

Supervisory Diamond Benchmarks	Realised values
The sum of large exposures (< 125 pct.)	36.6 pct.
Growth in loans (< 20%)	-17.2 pct.
Property exposure (< 25%)	22.4 pct.
Funding ratio (< 1)	0.73
Liquidity surplus (> 50%)	124.2 pct.

Miscellaneous Accounting Information**Related parties**

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

Related parties furthermore comprise the Danish State, which holds a controlling ownership interest by virtue of its ownership of 80.62 per cent of the Bank's share capital and voting rights.

2014 Outlook

vestjyskBANK's operations in the first quarter of 2014 progressed largely as expected. The Bank maintains its outlook for total core earnings in 2014 at around DKK 450–500 million before impairments.

The need for impairment charges is still expected to be significantly less in 2014 than in 2013 based on the Bank's continued focused efforts on reducing its lending. The impairments performed in first half-year 2014 are deemed to match the actual risks but additional impairments will be necessary also for the remainder of 2014.

Management's outlook remains—assuming an unchanged economic climate—that good opportunities exist to be able to absorb the impairments in the Bank's core results and thus have the capacity to generate limited consolidation capability. Currently, the market conditions are being challenged by various trade restrictions, etc.

The Bank's Management is continuing its initiatives to implement the action plan detailed in the 2013 financial statements and, in extension of the execution of the Bank's restoration plan, is also working in a targeted manner on efforts to further strengthen the Bank's solvency.

The initiatives primarily focus on the restoration and maintenance of positive operating results as well as a reduction in the portfolio of so-called sector shares which, under the rules for determining the Bank's solvency, entails a deduction in the capital structure.

European Commission

When in the spring of 2012 the European Commission issued its preliminary approval for the government subsidy for parts of the merged bank's capital plan, it was made contingent upon the Commission's approval of the Bank's restructuring plan. Those negotiations have not yet been finalised. As detailed in the Bank's 2013 Annual Report, that process has been temporarily suspended as the Bank investigates its options for potential structural measures. However, the dialogue related to the conditions for final approval are expected to be resumed in the near future.

2014 Financial Calendar

■ 27 November Quarterly Report, Q1-Q3 2014

Management's Statement

The Bank's Supervisory and Executive Boards have considered and approved the half-year report, representing the period 1 January–30 June 2014 for Vestjysk Bank A/S.

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

In our opinion, the accounting policies applied are appropriate and the half-year report provide a true and fair view of the Company's assets and liabilities and financial position as at 30 June 2014, as well as the results of the Bank's activities for the reporting period 1 January–30 June 2014.

Lemvig, Denmark 21 August 2014

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

The Management's Review section of the 2013 Annual Report detailed matters related to "Risks Related to Going Concern" and "2014 Outlook." It is our assessment that these matters still apply and we refer to the Management's Statement as well as Note 2 "Uncertainty, Capital Structure and Going Concern" in the annual report.

The present half-year report has neither been audited nor reviewed.

Executive Board

.....
Michael Nelander Petersen
Acting Chief Executive Officer

Supervisory Board

.....
Vagn Thorsager
Chairman of the Supervisory Board

.....
Lars Holst
Deputy Chairman of the Supervisory Board

.....
Bent Simonsen

.....
Kirsten Lundgaard-Karlshøj

.....
Poul Hjulmand

.....
Anders Bech

.....
Jacob Møllgaard

.....
Malene Rønø

.....
Palle Hoffmann

Half-Year Financial Statements

Statement of Income and Statement of Comprehensive Income

Note	HY 2014 TDKK	HY 2013 TDKK	Q2 2014 TDKK	Q2 2013 TDKK	FY 2013 TDKK
Statement of Income					
2 Interest income	546,680	691,926	269,359	339,133	1,333,568
3 Interest expenses	191,685	290,941	85,031	137,959	520,318
Net interest income	354,995	400,985	184,328	201,174	813,250
Dividends on equity securities etc.	5,873	8,431	4,180	8,363	13,003
4 Income from fees and commissions	144,667	142,196	74,654	76,568	292,863
Fees and commissions paid	12,654	15,632	6,901	8,914	31,112
Net interest and fee income	492,881	535,980	256,261	277,191	1,088,004
5 Market value adjustments	67,508	89,558	38,606	19,774	126,421
6 Other operating income	2,956	16,370	1,239	9,117	19,883
7 Personnel and administrative expenses	265,706	280,458	127,009	138,110	538,675
Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	6,758	7,906	3,376	4,048	15,956
8 Other operating expenses	20,895	25,003	11,247	11,145	48,689
9 Impairment of loans and receivables etc.	200,485	393,461	113,737	253,176	1,073,345
Income from investments in group enterprises	0	-16	0	-11	-16
Profit/loss before tax	69,501	-64,936	40,737	-100,408	-442,373
Tax	2,481	0	-138	-2,796	0
Profit/loss	67,020	-64,936	40,875	-97,612	-442,373
Statement of Comprehensive Income					
Profit/loss	67,020	-64,936	40,875	-97,612	-442,373
Other comprehensive income:					
Changes in the value of pension liabilities	0	0	0	0	275
Hedge accounting	0	-6,016	0	-4,930	-5,999
Of which transferred to interest in the Statement of Income	0	-288	0	2,366	-322
Other comprehensive income after tax	0	-6,304	0	-2,564	-6,046
Total comprehensive income	67,020	-71,240	40,875	-100,176	-448,419

Half-Year Financial Statements

Statement of Financial Position

Note	30 June 2014 TDKK	30 June 2013 TDKK	31 Dec 2013 TDKK
Assets			
	844,845	638,048	1,198,891
	130,622	180,553	189,367
	16,069,962	19,417,659	17,360,430
	3,100,226	4,389,068	4,470,961
	482,171	507,594	479,211
	0	701	0
	1,702,276	1,356,627	1,586,325
10 Intangible assets	6,734	8,230	7,482
Land and buildings, total	365,313	386,011	371,671
Investment property	2,500	7,407	5,695
11 Owner-occupied property	362,813	378,604	365,976
Other property, plant and equipment	7,411	10,309	7,384
Current tax assets	3,195	1,941	2,195
Temporary assets	456	5,865	4,644
12 Other assets	432,646	477,147	421,000
Deferred Revenue	15,056	16,424	12,676
Assets, total	23,160,913	27,396,177	26,112,237

Note	30 June 2014 TDKK	30 June 2013 TDKK	31 Dec 2013 TDKK
Liabilities			
Debts			
	1,886,043	5,978,812	5,101,855
	16,299,963	16,088,880	16,290,590
	1,702,276	1,356,627	1,586,325
	8,761	274,561	18,013
	2,481	0	0
13 Other liabilities	439,816	503,455	344,824
Prepayments	12	40	28
Liabilities, total	20,339,352	24,202,375	23,341,635
Provisions			
	21,049	22,760	21,455
	7,517	36,002	10,573
	5,109	907	3,074
Provisions, total	33,675	59,669	35,102
14 Subordinated debt	1,246,538	2,207,459	1,848,481
Equity			
15 Share capital	151,008	61,289	85,982
Revaluation reserves	55,433	55,433	55,433
Other reserves, total	551,600	551,617	551,600
Reserves provided for by the Bank's Articles of Association	551,600	551,600	551,600
Reserve for cash flow hedges	0	17	0
Retained profit or loss	783,307	258,335	194,004
Equity, total	1,541,348	926,674	887,019
Liabilities, total	23,160,913	27,396,177	26,112,237
Items not recognised in the Statement of Financial Position			
16 Contingent liabilities	2,809,329	3,306,665	2,957,747
17 Other binding agreements	28,798	5,577	30,262
Items not recognised in the Statement of Financial Position, total	2,838,127	3,312,242	2,988,009

Half-Year Financial Statements

Statement of Changes in Equity

	Share capital	Share premium	Revaluation reserves	Accumulated value adjustments of hedging instruments in hedging cash flows	Statutory reserves	Retained profit/loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2014	85,982	0	55,433	0	551,600	194,004	887,019
Comprehensive income for the period						67,020	67,020
Additions relating to sale of own equity securities						26,418	26,418
Disposals relating to purchase of own equity securities						-26,388	-26,388
Shares issued upon conversion of additional Tier 1 capital	65,026	522,813					587,839
Costs related to capital increase		-560					-560
Transferred to retained profit/loss		-522,253				522,253	0
Equity, 30 June 2014	151,008	0	55,433	0	551,600	783,307	1,541,348

	Share capital	Share premium	Revaluation reserves	Accumulated value adjustments of hedging instruments in hedging cash flows	Statutory reserves	Retained profit/loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2013	612,889	0	55,433	6,321	0	323,369	998,012
Comprehensive income for the period				-6,304		-64,936	-71,240
Additions relating to sale of own equity securities						19,095	19,095
Disposals relating to purchase of own equity securities						-19,193	-19,193
Capital reduction	-551,600				551,600		
Equity, 30 June 2013	61,289	0	55,433	17	551,600	258,335	926,674

	Share capital	Share premium	Revalua- tion reserves	Accumulated value adjustments of hedging instru- ments in hedging cash flows	Statutory reserves	Retained profit/loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2013	612,889	0	55,433	6,321	0	323,369	998,012
Comprehensive income for the period				-6,321		-442,098	-448,419
Additions relating to sale of own equity securities						45,505	45,505
Disposals relating to purchase of own equity securities						-45,534	-45,534
Capital reduction	-551,600				551,600		0
Shares issued upon conversion of additional Tier 1 capital	24,693	313,846					338,539
Costs related to capital increase		-1,084					-1,084
Transferred to retained profit/loss		-312,762				312,762	0
Equity, 31 December 2013	85,982	0	55,433	0	551,600	194,004	887,019

Half-Year Financial Statements

Notes

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Note

1 Accounting policies

vestjyskBANK's Half-Year report for 1 January–30 June 2014 is presented in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's executive order on financial reporting for credit institutions and investment companies, et al. as well as the disclosure requirements for listed enterprises issued by NASDAQ OMX Copenhagen A/S.

The accounting policies applied in this report remain unchanged from the 2013 Annual Report, which contains a full description of those policies.

Measuring certain assets and liabilities require Management to make an estimate of how future events will affect the value of such assets and liabilities. Estimates considered material in presenting the accounts are, among other things, made by stating depreciations of impaired loans, the fair values of unlisted financial instruments as well as provisions, cf. the more detailed discussion in the 2013 Annual Report. The applied estimates are based on assumptions deemed sound by Management but which by their nature are uncertain.

The Bank's significant risks and external conditions that may affect the Bank are described in greater detail in the 2013 Annual Report.

Note	HY 2014 TDKK	HY 2013 TDKK	FY 2013 TDKK
2 Interest income			
Amounts receivable from credit institutions and central banks	1,774	1,854	3,647
Loans and other receivables	523,433	646,284	1,257,611
Debt securities	9,888	19,812	36,036
Other interest income	11,503	159	434
Derivative financial instruments	82	23,817	35,840
Total	546,680	691,926	1,333,568
There was no interest income from actual purchase and resale transactions.			
3 Interest expenses			
Credit institutions and central banks	35,256	11,601	59,113
Deposits and other debt	132,192	144,059	280,507
Debt securities in issue	152	49,924	50,526
Subordinated debt	24,030	85,339	130,157
Other interest expenses	55	18	15
Total	191,685	290,941	520,318
This amount includes interest expenses from actual sales and repurchase transactions recognised under			
- Credit institutions and central banks	0	0	30

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Notes

Note	HY 2014 TDKK	HY 2013 TDKK	FY 2013 TDKK
4 Income from fees and commissions			
Securities trading and custody	40,977	36,724	83,510
Money transmission services	23,188	20,934	45,279
Loan processing fees	9,679	12,839	24,548
Guarantee commission	23,239	30,342	55,330
Other fees and commissions	47,584	41,357	84,196
Total	144,667	142,196	292,863
5 Market value adjustments			
Debt securities	-1,235	17,589	29,162
Equity securities etc.	54,046	1,532	20,998
Investment property	-1,994	0	-1,712
Exchange rate adjustment	7,894	6,795	14,387
Foreign exchange, interest rate, equity, commodities and other contracts as well as derivative financial instruments	10,486	-8,198	-3,317
Assets related to pooled fund schemes	134,705	39,140	166,640
Deposits with pooled fund schemes	-134,705	-39,140	-166,640
Other assets	9,663	-5,767	-9,690
Other liabilities	-11,352	13,956	12,942
Gain from repayment of liabilities measured at amortised cost	0	63,651	63,651
Total	67,508	89,558	126,421
6 Other operating income			
Gains on disposal of operating equipment	454	3,186	4,691
Other income	2,593	13,203	15,390
Operation of investment property	-91	-19	-198
Total	2,956	16,370	19,883

	HY 2014	HY 2013	FY 2013
Note	TDKK	TDKK	TDKK
7 Personnel and administrative expenses			
Salaries and remuneration to the Supervisory and Executive Boards	4,160	4,089	8,013
Personnel expenses	166,685	174,220	325,694
Other management expenses	94,861	102,149	204,968
Total	265,706	280,458	538,675
Salaries and remuneration to the Supervisory and Executive Boards			
Supervisory Board			
Fixed remuneration	750	821	1,621
Total	750	821	1,621
Executive Board			
Contractual remuneration	2,270	3,143	6,143
Pension	140	125	249
Termination benefits	1,000	0	0
Total	3,410	3,268	6,392
Value of perquisites	125	163	243
With reference to the terms and conditions for participation as set out in the Act on State-Funded Capital Injections into Credit Institutions (Bankpakke II), please note that the calculation of taxable income payments to the Executive Board deducted for tax purposes totalled	1,768	1,716	3,318
No agreements have been executed concerning bonus plans, incentive programmes or similar compensation plans.			
The Bank is exempt from any and all defined benefit obligations in respect of the departure of members of the Executive Board, whether as a result of age, illness, disability or any other reason.			
Personnel expenses			
Wages and salaries	133,086	138,890	255,957
Pensions	15,792	18,218	35,042
Expenses relating to social security contributions, payroll tax etc.	17,807	17,112	34,695
Total	166,685	174,220	325,694
8 Other operating expenses			
Contributions to the Guarantee Fund for Depositors and Investors	20,128	24,277	46,174
Other expenses	767	726	2,515
Total	20,895	25,003	48,689

Half-Year Financial Statements

Notes

	HY 2014	HY 2013	FY 2013
Note	TDKK	TDKK	TDKK
9 Impairments of loans and provisions against guarantees etc.			
Individual impairments of loans			
Individual impairments of loans and other receivables, beginning of the period	3,651,119	3,319,190	3,319,190
Impairments over the course of the period	433,491	572,078	1,212,575
Reversal of impairments performed in prior financial years	-232,002	-153,850	-205,937
Other movements	71,496	47,709	47,709
Previously individually impaired, now definitely lost	-142,930	-153,025	-722,418
Individual impairments of loans and other receivables, end of the period	3,781,174	3,632,102	3,651,119
Impact on operations	201,489	418,228	1,006,638
Impairments of loans in groups			
Impairments of loans and other receivables in groups, beginning of the period	58,363	36,089	36,089
Impairments over the course of the period	12,399	9,198	32,308
Reversal of impairments performed in prior financial years	-13,771	-8,320	-11,591
Other movements	1,864	1,557	1,557
Impairments of loans and other receivables in groups, end of the period	58,855	38,524	58,363
Impact on operations	-1,372	878	20,717
Impairments of loans, total			
Impairments of loans and other receivables, beginning of the period	3,709,482	3,355,279	3,355,279
Impairments over the course of period	445,890	581,276	1,244,883
Reversal of impairments performed in prior financial years	-245,773	-162,170	-217,528
Other movements	73,360	49,266	49,266
Previously individually impaired, now definitely lost	-142,930	-153,025	-722,418
Impairments of loans and other receivables, end of the period	3,840,029	3,670,626	3,709,482
Impact on operations	200,117	419,106	1,027,355

	HY 2014	HY 2013	FY 2013
Note	TDKK	TDKK	TDKK
9 Impairments of loans and provisions against guarantees etc. (continued)			
Provisions against losses on guarantees and unused credit commitments			
Provisions against losses on guarantees and unused credit commitments, beginning of the period	11,332	49,839	49,839
Impairments over the course of the period	8,531	10,432	4,744
Reversal of provisions performed in prior financial years	-7,356	-23,602	-43,251
Provisions against losses on guarantees and unused credit commitments, end of the period	12,507	36,669	11,332
Impact on operations	1,175	-13,170	-38,507
Accumulated impairment ratio	16.9%	14.0%	15.5%
Amounts receivable for which calculation of interest has stopped, end of the period	2,164,887	2,473,117	2,208,438
Of which impaired, total	1,692,954	1,743,738	1,587,757
Amounts receivable for which calculation of interest has stopped, as a percentage of loans before impairments	10.9%	10.7%	10.5%
Impairments of/provisions for amounts receivable from credit institutions			
Impairments of/provisions for amounts receivable from credit institutions, beginning of the period	0	1,043	1,043
Impairments/provisions over the course of the period	0	0	0
Reversal of impairments performed in prior financial years	0	-1,043	-1,043
Impairments of/provisions for amounts receivable from credit institutions, end of the period	0	0	0
Impact on operations	0	-1,043	-1,043
Impact on operations, total	201,292	404,893	987,805
Lost, where individual impairments/provisions have not been made	5,710	5,954	105,320
Included in previously written-off debts	-6,517	-17,386	-19,780
Impairment of loans and guarantee debtors, etc., total	200,485	393,461	1,073,345
Interest income on written-down loans is offset in impairments by	46,685	42,266	73,360

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Notes

	30 June 2014	30 June 2013	31 Dec 2013
Note	TDKK	TDKK	TDKK
10 Intangible assets			
Customer relations			
Total acquisition price, beginning of the period	14,964	14,964	14,964
Total acquisition price, end of the period	14,964	14,964	14,964
Amortisations and impairments, beginning of the period	7,482	5,986	5,986
Amortisations and impairments for the period	748	748	1,496
Amortisations and impairments, end of the period	8,230	6,734	7,482
Recognised holding, end of the period	6,734	8,230	7,482
11 Owner-occupied property			
Revalued amount, beginning of the period	365,976	389,258	389,258
Additions	174	0	0
Disposals	0	6,895	15,276
Depreciations	3,337	3,759	7,506
Changes in value recognised in the Statement of Income	0	0	-500
Changes in value, end of the period	362,813	378,604	365,976
External experts were involved in measuring the most significant owner-occupied properties.			
12 Other assets			
Positive market value of derivative financial instruments	183,366	215,445	178,742
Interest and commission receivable	38,368	44,665	46,902
Other assets	210,912	217,037	195,356
Total	432,646	477,147	421,000
13 Other liabilities			
Negative market value of derivative financial instruments	79,345	117,747	76,025
Various creditors	210,499	146,360	130,313
Interest and commission payable	135,441	214,361	119,790
Other liabilities	14,531	24,987	18,696
Total	439,816	503,455	344,824

	30 June 2014	30 June 2013	31 Dec 2013
Note	TDKK	TDKK	TDKK
14 Subordinated debt			
Tier 2 capital	711,635	753,269	743,822
A nominal DKK 398 million will fall due from 1 November 2014 to 22 May 2016 with an option for early settlement subject to the Financial Supervisory Authority's approval. The capital accrues interest at 2.803–3.625%.			
A nominal NOK 120 million will fall due on 1 September 2014. The capital accrues interest at 4.150%.			
A nominal DKK 200 million will fall due on 28 June 2020 with an option for early settlement from 28 June 2017 subject to the Financial Supervisory Authority's approval. The capital accrues interest at 9.500 %with no step-up clause.			
Total	711,635	753,269	743,822
Additional Tier 1 capital			
Additional Tier 1 capital of DKK 100 million	103,841	105,643	104,936
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, from 15 November 2015.			
Additional Tier 1 capital of DKK 75 million	75,000	75,000	75,000
The capital accrues interest at a fixed 5.000%. There is no due date.			
There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, from 30 June 2016.			
Additional Tier 1 capital of DKK 50 million	50,000	50,000	50,000
The capital accrues interest at a fixed 5.440%. There is no due date.			
There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, from 1 May 2016.			
Additional Tier 1 capital of DKK 287.6 million	306,062	1,187,877	874,723
The capital accrues interest at a fixed 9.943%. There is no due date.			
The Bank retains the option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, from 25 August 2012 to 24 August 2014 at a price of DKK 100, from 25 August 2014 to 24 August 2015 at a price of 105 and on and after 25 August 2015 at a price of DKK 110.			
Premiums are recognised and amortised according to their expected repayment date.			
On 20 January 2014, additional Tier 1 capital of DKK 575.2 million was converted to share capital.			

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Notes

Note	30 June 2014 TDKK	30 June 2013 TDKK	31 Dec 2013 TDKK
14 Subordinated debt (continued)			
Additional Tier 1 capital of DKK 35.6 million	0	35,670	0
Total	534,903	1,454,190	1,104,659
Subordinated debt, total	1,246,538	2,207,459	1,848,481
Charged as an expense under interest expenses Subordinated debt			
Interest expenses	26,222	85,331	162,579
Costs related to payment and incurrence	160	371	2,950
Market value adjustments, etc.	-2,352	-363	-35,372
Total	24,030	85,339	130,157
Subordinated debt that can be included in own funds	742,251	1,844,597	1,557,543
15 Share capital			
Share capital, beginning of the period	85,982	612,889	612,889
Shares issued upon conversion of additional Tier 1 capital	65,026	0	24,693
Capital reduction	0	-551,600	-551,600
Total	151,008	61,289	85,982
Number of equity shares	151,008,121 DKK 1 each	61,288,878 DKK 1 each	85,981,689 DKK 1 each
Number of own equity securities, beginning of the period			
Number of own equity securities in 1,000 unit lots	176	174	174
Nominal value in DKK 1,000	176	1,747	1,747
Percentage of the share capital	0.2%	0.3%	0.3%
Additions			
Purchased own equity securities in 1,000 unit lots	2,502	2,032	4,211
Nominal value in DKK 1,000	2,502	2,032	4,211
Percentage of the share capital	1.7%	3.3%	4.9%
Total purchase price in DKK 1,000	26,388	19,193	45,534
Disposals			
Disposal of own equity securities in 1,000 unit lots	2,505	2,026	4,209
Nominal value in DKK 1,000	2,505	2,026	4,209
Percentage of the share capital	1.7%	3.3%	4.9%
Total selling price in DKK 1,000	26,418	19,095	45,505
Number of own equity securities, end of the period			
Number of own equity securities in 1,000 unit lots	173	180	176
Nominal value in DKK 1,000	173	180	176
Percentage of the share capital	0.1%	0.3%	0.2%
The Bank is receiving additional Tier 1 capital and issuing bonds under the individual government guarantee and is therefore not allowed to pay out dividends.			

	30 June 2014	30 June 2013	31 Dec 2013
Note	TDKK	TDKK	TDKK
16 Contingent liabilities			
Financial guarantee contracts	340,055	553,894	405,861
Loss guarantees for mortgage loans	1,558,159	1,635,409	1,622,291
Registration and conversion guarantees	1,018	24,922	1,429
Other contingent liabilities	910,097	1,092,440	928,166
Total	2,809,329	3,306,665	2,957,747
Other contingent liabilities include, among other things, performance bonds, delivery guarantees as well as provisions of indemnities in relation to the Guarantee Fund for Depositors and Investors (Indskydergarantifonden) etc.			
17 Other binding agreements			
Other liabilities	28,798	5,577	30,262
Total	28,798	5,577	30,262
18 Capital requirements			
Equity	1,541,348	926,674	887,019
Revaluation reserves	-	-55,433	-55,433
Intangible assets	-6,734	-8,230	-7,482
Holdings in financial sector entities in which the Bank does not have significant investments	-44,755	0	-
Common equity Tier 1 capital	1,489,859	863,011	824,104
Additional Tier 1 capital	432,121	518,517	443,748
Holdings in financial sector entities in which the Bank does not have significant investments	-89,510	-65,259	-72,980
Tier 1 capital	1,832,470	1,316,269	1,194,872
Tier 2 capital	310,130	1,326,080	1,113,795
Revaluation reserves	-	55,433	55,433
Holdings in financial sector entities in which the Bank does not have significant investments	-89,510	-65,259	-72,980
Own funds	2,053,090	2,632,523	2,291,120
Total risk exposure	19,025,870	22,916,730	20,334,717
Common equity Tier 1 capital ratio	7.8%	3.8%	4.1%
Tier 1 capital ratio	9.6%	5.7%	5.9%
Solvency ratio	10.8%	11.5%	11.3%
Solvency requirement according to sec 124(2) of the Danish Financial Business Act	10.9%	-	-
As of 2014, the Tier 1 capital and solvency ratios are determined as set out in the CRR/CRD IV rules. The new rules mean that the Bank has changed the manner in which it determines its own funds and total risk exposure. The comparative figures for 2013 have not been adapted to take this change into account.			

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Notes

	30 June 2014	30 June 2013	31 Dec 2013
Note	TDKK	TDKK	TDKK
19 Security pledged			
Credit institutions:			
Margin accounts pledged as security in relation to financial instruments	29,478	72,746	42,991
Loans:			
Pledged as security for credit facility with Danmarks Nationalbank			
Collateral basis	0	2,572,689	2,037,408
Collateral value	0	1,672,248	1,324,315
Of which pledged	0	1,672,248	1,324,315
Debt securities:			
Pledged as security for credit facility with Danmarks Nationalbank			
Total nominal value	965,956	1,670,425	1,559,384
Total market value	970,143	1,676,874	1,567,832
Of which pledged	0	0	0

Note

20 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, the fair value is computed—to the greatest extent possible—based on generally accepted valuation methods based on observable market data. The valuation is based on non-observable market data only in exceptional cases.

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.

Impairments of loans and advances are determined to correspond to changes in credit quality. The differential in respect of fair values is calculated as received fees and commissions, interest receivables, which does not fall due until after the end of the financial reporting period, and, for fixed-rate loans, also value adjustments linked to the interest rate level. If the loan portfolio is transferred in full or in part, the fair value will be lower.

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 and, for fixed-rate debt securities in issue, also market 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 that does not fall 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 that does not fall 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 assets and liabilities

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 instruments valued on the basis of non-observable market data primarily comprise shares in enterprises in the financial sector, cf.

Note 34

	30 June 2014	30 June 2014	30 June 2013	30 June 2013	31 Dec 2013	31 Dec 2013
	TDKK Carrying amount	TDKK Fair value	TDKK Carrying amount	TDKK Fair value	TDKK Carrying amount	TDKK Fair value
Financial assets						
Cash in hand and demand deposits with central banks	844,845	844,845	638,048	638,048	1,198,891	1,198,891
Amounts receivable from credit institutions and central banks	130,622	130,622	180,553	180,553	189,367	189,375
Loans	16,069,962	16,086,854	19,417,659	19,437,005	17,360,430	17,376,865
Debt securities at fair value ^(Level 1)	3,100,226	3,100,226	4,389,068	4,389,068	4,470,961	4,470,961
Listed equity securities ^(Level 1)	18,326	18,326	25,912	25,912	18,875	18,875
Unlisted equity securities etc. ^(Level 3)	462,645	462,645	450,283	450,283	459,276	459,276
Assets related to pooled fund schemes	1,702,276	1,702,276	1,356,627	1,356,627	1,586,325	1,586,325
Derivative financial instruments ^(Level 2)	183,366	183,366	215,445	215,445	178,742	178,742
Total	22,512,268	22,529,160	26,673,595	26,692,941	25,462,867	25,479,310

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Note						
20	Fair value of financial assets and liabilities (continued)					
	30 June 2014	30 June 2014	30 June 2013	30 June 2013	31 Dec 2013	31 Dec 2013
	TDKK Carrying amount	TDKK Fair value	TDKK Carrying amount	TDKK Fair value	TDKK Carrying amount	TDKK Fair value
Financial liabilities						
Amounts owed to credit institutions and central banks	1,886,043	1,886,076	5,978,812	5,978,845	5,101,855	5,101,959
Deposits	16,299,963	16,411,642	16,088,880	16,208,720	16,290,590	16,289,760
Deposits with pooled fund schemes	1,702,276	1,702,276	1,356,627	1,356,627	1,586,325	1,586,325
Debt securities in issue	8,761	8,919	274,561	275,496	18,013	18,719
Subordinated debt	1,246,538	1,230,734	2,207,459	2,203,501	1,848,481	1,858,938
Derivative financial instruments ^(Level 2)	79,345	79,345	117,747	117,747	76,025	76,025
Total	21,222,926	21,318,992	26,024,086	26,140,936	24,921,289	24,931,726
Changes in financial assets belonging to Level 3:						
Beginning of the year	459,276		444,858		444,858	
Additions	1,888		35,302		44,528	
Disposals	51,764		31,048		34,743	
Fair value adjustment included in market value adjustments	53,245		1,171		4,633	
End of the period	462,645		450,283		459,276	
Value adjustment during the course of the period of financial assets in the portfolio totals	41,149		2,704		19,001	
21 Risk conditions and risk management	vestjyskBANK is exposed to various types of risk. These risks as well as the Bank's policies and goals for managing such risks are described in the Annual Report 2013					
22 Credit exposure			30 June 2014	30 June 2013	31 Dec 2013	
			TDKK	TDKK	TDKK	
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			758,290	530,765	1,098,903	
Amounts receivable from credit institutions			130,622	180,553	189,367	
Debt securities			3,100,226	4,389,068	4,470,961	
Loans			19,909,991	23,088,285	21,069,912	
Items not recognised in the Statement of Financial Position:						
Financial guarantees			1,903,489	2,194,014	2,031,944	
Credit commitments			5,025,733	5,187,405	5,591,138	
Total			30,828,351	35,570,090	34,452,225	
Of which recognised in the Statement of Financial Position			23,899,129	28,188,671	26,829,143	

Note	30 June 2014	30 June 2013	31 Dec 2013
	TDKK	TDKK	TDKK
22 Credit exposure (continued)			
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, A+	42,915	63,998	60,872
Credit institutions or their subsidiaries rated A and lower	32,031	57,349	69,124
Unrated credit institutions or their subsidiaries	42,000	42,000	46,326
Total	116,946	163,347	176,322
Debt securities by rating categories			
AAA	2,956,142	3,585,336	3,895,937
A+ to A-	0	167,374	81,064
BBB+ to BBB-	120,717	604,841	370,525
BB+ and lower	9,772	7,757	9,516
No rating	13,595	23,760	113,919
Total	3,100,226	4,389,068	4,470,961
Debt securities by issuers			
Mortgage-credit bonds	3,096,747	4,013,935	4,416,624
Other debt securities	3,479	375,133	54,337
Total	3,100,226	4,389,068	4,470,961
Loans, Financial Guarantees and Credit Commitments by Industry Segments			
Public authorities	0	50,732	50,050
Business:			
Agriculture, hunting, forestry and fishery	5,720,796	6,235,733	5,765,523
Manufacturing industry and raw material extraction	1,017,009	1,259,034	1,248,828
Energy supply	1,431,607	2,130,238	1,640,372
Construction and civil engineering contractors	966,761	999,234	1,029,619
Trade	1,910,325	2,185,230	2,148,084
Transportation, hotels and restaurant businesses	1,141,354	1,188,103	1,136,595
Information and communication	122,716	132,012	130,919
Credit and financing institutes and insurance businesses	1,374,612	1,694,418	1,546,342
Real estate	5,347,608	6,229,230	5,690,332
Other business	1,425,185	1,605,629	1,521,879
Business, total	20,457,973	23,658,861	21,858,493
Retail	6,381,240	6,760,111	6,784,451
Total	26,839,213	30,469,704	28,692,994

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Note

23 Collaterals

The Bank holds a charge on financed assets 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 performed on the basis of the fair value of the asset, less the margin for covering costs related to realisation, selling period costs as well as rebates. Some collaterals are assessed for precautionary and practical reasons not to have any value; thus, the figures listed below may not necessarily be taken to represent the collaterals' actual value. The Bank made changes to its assessment of collaterals in 2013 as a result of an improved data baseline.

Collaterals distributed by type

30 June 2014 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	Other	Total
Business:							
Agriculture, hunting, forestry and fishery	2,706,615	74,446	464,496	76,926	34,356	157,622	3,514,461
Manufacturing industry and raw material extraction	70,347	30,065	250,307	29,770	1,273	37,927	419,689
Energy supply	778,048	106,942	73,210	99,182	23,826	10,225	1,091,433
Construction and civil engineering contractors	247,119	52,911	114,976	8,460	5,145	8,790	437,401
Trade	177,768	95,335	497,498	31,690	14,479	51,245	868,015
Transportation, hotels and restaurant businesses	242,704	242,835	172,747	8,306	2,577	18,305	687,474
Information and communication	22,644	2,639	8,172	52,456	3,183	0	89,094
Credit and financing institutes and insurance businesses	202,008	23,967	3,585	174,073	46,909	31,396	481,938
Real estate	2,834,429	553,439	14,077	187,859	97,103	119,956	3,806,863
Other business	205,002	81,173	128,409	31,248	50,059	8,337	504,228
Business, total	7,486,684	1,263,752	1,727,477	699,970	278,910	443,803	11,900,596
Retail	2,187,762	284,418	185,411	278,627	98,472	52,092	3,086,782
Total	9,674,446	1,548,170	1,912,888	978,597	377,382	495,895	14,987,378

Note

23 **Collaterals (continued)**

Collaterals distributed by type (continued)
30 June 2013 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	Other	Total
Business:							
Agriculture, hunting, forestry and fishery	1,202,598	40,502	424,670	77,217	24,032	38,021	1,807,040
Manufacturing industry and raw material extraction	59,828	20,690	39,795	1,509	2,666	16,564	141,052
Energy supply	415,491	16,758	64,705	147,519	7,089	809	652,371
Construction and civil engineering contractors	199,444	52,383	43,299	4,716	13,494	0	313,336
Trade	115,945	60,802	66,804	17,620	20,197	5,613	286,981
Transportation, hotels and restaurant businesses	114,530	184,500	109,616	7,398	4,435	0	420,479
Information and communication	14,538	1,926	3,209	17,806	56	409	37,944
Credit and financing institutes and insurance businesses	197,722	29,414	5,670	162,149	12,182	47,486	454,623
Real estate	2,146,671	262,742	12,480	59,194	66,818	54,338	2,602,243
Other business	153,978	67,601	47,729	46,236	46,882	7,261	369,687
Business, total	4,620,745	737,318	817,977	541,364	197,851	170,501	7,085,756
Retail	1,169,398	253,082	209,903	262,704	108,627	44,944	2,048,658
Total	5,790,143	990,400	1,027,880	804,068	306,478	215,445	9,134,414

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Note

23 Collaterals (continued)

Collaterals distributed by type (continued)

31 Dec 2013 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	Other	Total
Business:							
Agriculture, hunting, forestry and fishery	2,949,333	85,579	548,980	94,502	51,520	128,499	3,858,413
Manufacturing industry and raw material extraction	74,949	32,484	279,561	1,945	6,371	39,166	434,476
Energy supply	870,357	119,694	78,801	129,710	11,953	10,214	1,220,729
Construction and civil engineering contractors	276,113	56,578	117,562	5,739	7,466	6,266	469,724
Trade	177,864	103,134	509,653	30,497	25,307	19,027	865,482
Transportation, hotels and restaurant businesses	251,558	239,277	154,394	11,125	2,545	17,204	676,103
Information and communication	22,299	2,660	7,117	15,930	409	0	48,415
Credit and financing institutes and insurance businesses	243,589	26,042	2,505	216,734	17,579	81,020	587,469
Real estate	3,142,145	569,751	13,939	197,594	97,440	90,628	4,111,497
Other business	202,308	86,218	113,850	36,248	37,160	6,751	482,535
Business, total	8,210,515	1,321,417	1,826,362	740,024	257,750	398,775	12,754,843
Retail	2,280,878	290,778	198,144	296,752	126,632	60,264	3,253,448
Total	10,491,393	1,612,195	2,024,506	1,036,776	384,382	459,039	16,008,291

24 Loans and guarantees by industry segments

	30 June 2014	30 June 2013	31 Dec 2013
Business:			
Agriculture, hunting, forestry and fishery	20%	19%	19%
Manufacturing industry and raw material extraction	3%	4%	4%
Energy supply	6%	8%	7%
Construction and civil engineering contractors	4%	4%	4%
Trade	8%	8%	8%
Transportation, hotels and restaurant businesses	4%	4%	4%
Information and communication	0%	0%	0%
Credit and financing institutes and insurance businesses	5%	5%	5%
Real estate	22%	22%	22%
Other business	5%	5%	5%
Business, total	77%	79%	78%
Retail	23%	21%	22%
Total	100%	100%	100%

Note

25 **Credit quality of loans and guarantee debtors that are neither in arrears nor for which impairments/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.

30 June 2014 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	0	0
Business:				
Agriculture, hunting, forestry and fishery	498,544	443,673	1,173,601	2,115,818
Manufacturing industry and raw material extraction	102,410	139,891	242,931	485,232
Energy supply	36,357	288,879	600,916	926,152
Construction and civil engineering contractors	132,330	96,961	247,592	476,883
Trade	291,335	178,042	674,988	1,144,365
Transportation, hotels and restaurant businesses	100,237	125,908	293,347	519,492
Information and communication	7,599	7,021	28,186	42,806
Credit and financing institutes and insurance businesses	121,947	93,544	377,308	592,799
Real estate	947,272	576,617	745,548	2,269,437
Other business	122,294	210,621	446,459	779,374
Business, total	2,360,325	2,161,157	4,830,876	9,352,358
Retail	998,977	560,985	2,383,813	3,943,775
Total	3,359,302	2,722,142	7,214,689	13,296,133

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Note

25 **Credit quality of loans and guarantee debtors that are neither in arrears nor for which impairments/provisions have been made (continued)**

30 June 2013 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	4,617	4,617
Business:				
Agriculture, hunting, forestry and fishery	499,463	591,491	1,646,183	2,737,137
Manufacturing industry and raw material extraction	56,429	185,734	515,879	758,042
Energy supply	162,524	211,624	1,407,280	1,781,428
Construction and civil engineering contractors	159,139	118,799	326,047	603,985
Trade	214,115	351,851	794,557	1,360,523
Transportation, hotels and restaurant businesses	84,674	155,411	352,171	592,256
Information and communication	13,817	10,934	39,220	63,971
Credit and financing institutes and insurance businesses	197,049	154,085	522,525	873,659
Real estate	1,148,488	1,141,760	1,063,592	3,353,840
Other business	163,019	271,161	535,440	969,620
Business, total	2,698,717	3,192,850	7,202,894	13,094,461
Retail	959,983	866,754	2,660,125	4,486,862
Total	3,658,700	4,059,604	9,867,636	17,585,940

Note

25 **Credit quality of loans and guarantee debtors that are neither in arrears nor for which impairments/provisions have been made (continued)**

31 Dec 2013 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	2	2
Business:				
Agriculture, hunting, forestry and fishery	432,847	551,476	1,280,771	2,265,094
Manufacturing industry and raw material extraction	101,784	148,267	414,906	664,957
Energy supply	22,899	488,798	594,268	1,105,965
Construction and civil engineering contractors	133,926	113,400	248,480	495,806
Trade	310,323	214,340	762,198	1,286,861
Transportation, hotels and restaurant businesses	120,240	151,436	310,064	581,740
Information and communication	12,329	7,178	32,274	51,781
Credit and financing institutes and insurance businesses	193,634	104,819	435,975	734,428
Real estate	864,163	751,999	818,250	2,434,412
Other business	133,027	225,821	505,462	864,310
Business, total	2,325,172	2,757,534	5,402,648	10,485,354
Retail	971,036	656,971	2,524,576	4,152,583
Total	3,296,208	3,414,505	7,927,226	14,637,939

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Note

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

30 June 2014	0-30 days TDKK	31-60 days TDKK	61-90 days TDKK	> 90 days TDKK	Total TDKK
Business:					
Agriculture, hunting, forestry and fishery	28,264	7,468	3,288	1,420	40,440
Manufacturing industry and raw material extraction	2,460	36,965	350	533	40,308
Energy supply	2,669	313	1,449	1,092	5,523
Construction and civil engineering contractors	7,292	2,297	8	1,094	10,691
Trade	7,661	5,079	205	2,737	15,682
Transportation, hotels and restaurant businesses	4,856	346	134	773	6,109
Information and communication	822	99	147	5	1,073
Credit and financing institutes and insurance businesses	6,665	21	8	4,153	10,847
Real estate	22,586	2,079	3,749	10,127	38,541
Other business	5,279	1,330	335	1,241	8,185
Business, total	88,554	55,997	9,673	23,175	177,399
Retail	24,398	2,479	883	3,111	30,871
Overdue receivables, total	112,952	58,476	10,556	26,286	208,270
Loans in arrears, total	1.554.719	151.804	51.291	175.721	1.933.535

30 June 2013	0-30 days TDKK	31-60 days TDKK	61-90 days TDKK	> 90 days TDKK	Total TDKK
Business:					
Agriculture, hunting, forestry and fishery	16,149	12,067	1,449	906	30,571
Manufacturing industry and raw material extraction	4,595	1,193	687	4,599	11,074
Energy supply	1,634	0	0	0	1,634
Construction and civil engineering contractors	4,008	495	165	44	4,712
Trade	5,901	709	1,678	696	8,984
Transportation, hotels and restaurant businesses	7,491	937	561	9	8,998
Information and communication	1,759	45	28	1	1,833
Credit and financing institutes and insurance businesses	802	1,136	406	0	2,344
Real estate	13,298	1,429	4,935	334	19,996
Other business	3,463	3,878	452	135	7,928
Business, total	59,100	21,889	10,361	6,724	98,074
Retail	14,279	2,423	1,326	1,112	19,140
Overdue receivables, total	73,379	24,312	11,687	7,836	117,214
Loans in arrears, total	734,540	117,676	225,235	51,728	1,129,179

Note

26 **Distribution by industry segment of overdue receivables for loans that have not been written down (continued)**

31 Dec 2013	0-30 days TDKK	31-60 days TDKK	61-90 days TDKK	> 90 days TDKK	Total TDKK
Business:					
Agriculture, hunting, forestry and fishery	31,623	3,787	88	131	35,629
Manufacturing industry and raw material extraction	987	1,201	0	204	2,392
Energy supply	2,396	102	918	0	3,416
Construction and civil engineering contractors	6,426	539	657	0	7,622
Trade	10,513	1,529	1,575	882	14,499
Transportation, hotels and restaurant businesses	3,064	2,199	182	48	5,493
Information and communication	471	77	25	0	573
Credit and financing institutes and insurance businesses	2,512	282	0	57	2,851
Real estate	22,451	910	13,714	115	37,190
Other business	10,613	1,460	747	143	12,963
Business, total	91,056	12,086	17,906	1,580	122,628
Retail	25,375	5,157	1,285	1,005	32,822
Overdue receivables, total	116,431	17,243	19,191	2,585	155,450

Loans in arrears, total 1,764,420 106,357 38,831 33,776 1,943,384

27 **Distribution of gross loans and guarantee debtors, individually impaired, by cause**

	30 June 2014 TDKK	30 June 2013 TDKK	31 Dec 2013 TDKK
Reorganisation/bankruptcy	583,621	601,932	612,205
Rescheduling of debts	8,908	9,107	13,299
Collection	819,601	494,950	782,683
Customer deceased	9,661	11,230	9,648
Relief in terms	2,223,372	2,240,132	2,030,963
Other causes	3,851,887	4,358,242	4,007,871
Total	7,497,050	7,715,593	7,456,669

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Note

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

30 June 2014 TDKK					
	Gross	Loan value of collaterals	Unsecured part before impairment	Impairments/provisions	Unsecured part after impairment
Business:					
Agriculture, hunting, forestry and fishery	2,502,633	587,838	1,914,795	1,306,557	608,238
Manufacturing industry and raw material extraction	208,492	79,232	129,260	114,634	14,626
Energy supply	182,002	60,808	121,194	63,345	57,849
Construction and civil engineering contractors	239,432	108,766	130,666	112,422	18,244
Trade	334,421	88,818	245,603	193,016	52,587
Transportation, hotels and restaurant businesses	438,728	177,809	260,919	180,209	80,710
Information and communication	10,024	105	9,919	5,216	4,703
Credit and financing institutes and insurance businesses	759,213	177,981	581,232	501,853	79,379
Real estate	2,099,826	1,134,969	964,857	838,109	126,748
Other business	221,841	36,399	185,442	153,444	31,998
Business, total	6,996,612	2,452,725	4,543,887	3,468,805	1,075,082
Retail	500,438	83,999	416,439	324,876	91,563
Total	7,497,050	2,536,724	4,960,326	3,793,681	1,166,645
30 June 2013 TDKK					
	Gross	Loan value of collaterals	Unsecured part before impairment	Impairments/provisions	Unsecured part after impairment
Business:					
Agriculture, hunting, forestry and fishery	2,600,849	463,090	2,137,759	1,225,770	911,989
Manufacturing industry and raw material extraction	200,908	28,773	172,135	114,147	57,988
Energy supply	68,957	15,960	52,997	18,566	34,431
Construction and civil engineering contractors	266,760	93,821	172,939	116,404	56,535
Trade	331,651	56,616	275,035	145,466	129,569
Transportation, hotels and restaurant businesses	442,928	161,151	281,777	168,177	113,600
Information and communication	22,039	1,092	20,947	7,612	13,335
Credit and financing institutes and insurance businesses	864,496	167,466	697,030	586,528	110,502
Real estate	2,165,387	953,954	1,211,433	814,103	397,330
Other business	240,711	25,642	215,069	166,663	48,406
Business, total	7,204,686	1,967,565	5,237,121	3,363,436	1,873,685
Retail	510,907	46,033	464,874	305,335	159,539
Total	7,715,593	2,013,598	5,701,995	3,668,771	2,033,224

Note

28 **Distribution by industry segment of loan and guarantee debtors, individually impaired (continued)**

31 Dec 2013 TDKK	Gross	Loan value of collaterals	Unsecured part before impairment	Impair- ments/ provisions	Unsecured part after impairment
Business:					
Agriculture, hunting, forestry and fishery	2,354,772	660,912	1,693,860	1,132,641	561,219
Manufacturing industry and raw material extraction	202,374	62,213	140,161	112,324	27,837
Energy supply	161,787	61,109	100,678	53,302	47,376
Construction and civil engineering contractors	272,301	120,844	151,457	119,164	32,293
Trade	327,688	86,069	241,619	209,679	31,940
Transportation, hotels and restaurant businesses	420,532	164,544	255,988	166,486	89,502
Information and communication	18,991	3,946	15,045	5,777	9,268
Credit and financing institutes and insurance businesses	779,535	148,968	630,567	541,050	89,517
Real estate	2,206,514	1,355,389	851,125	855,219	0
Other business	225,426	32,492	192,934	156,810	36,124
Business, total	6,969,920	2,696,486	4,273,434	3,352,452	925,076
Retail	486,749	74,033	412,716	309,999	102,717
Total	7,456,669	2,770,519	4,686,150	3,662,451	1,027,793

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Note

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

30 June 2014 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 fishery	497,836	20,659	20,537	7,603	2,544	38,659	587,838
Manufacturing industry and raw material extraction	9,871	4,309	57,763	17	291	6,981	79,232
Energy supply	41,426	0	0	5,174	14,208	0	60,808
Construction and civil engineering contractors	90,710	2,290	8,956	661	149	6,000	108,766
Trade	11,261	3,698	72,185	193	171	1,310	88,818
Transportation, hotels and restaurant businesses	75,454	62,634	36,743	2,092	86	800	177,809
Information and communication	0	0	0	103	2	0	105
Credit and financing institutes and insurance businesses	102,890	2,327	1,822	61,981	40	8,921	177,981
Real estate	964,018	108,713	3,747	7,702	11,171	39,618	1,134,969
Other business	21,477	1,260	8,983	1,948	136	2,595	36,399
Business, total	1,814,943	205,890	210,736	87,474	28,798	104,884	2,452,725
Retail	58,500	11,685	5,943	2,500	389	4,982	83,999
Total	1,873,443	217,575	216,679	89,974	29,187	109,866	2,536,724

Note

29 **Collaterals for loans and guarantees that have been individually impaired, distributed by type of collateral (continued)**

30 June 2013 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 fishery	355,748	11,108	65,833	9,095	3,641	17,665	463,090
Manufacturing industry and raw material extraction	1,170	1,740	22,301	50	262	3,250	28,773
Energy supply	15,866	0	0	0	94	0	15,960
Construction and civil engineering contractors	76,254	5,067	11,825	364	311	0	93,821
Trade	4,008	5,897	45,186	1,175	350	0	56,616
Transportation, hotels and restaurant businesses	53,161	57,431	44,175	6,323	61	0	161,151
Information and communication	779	0	107	1	0	205	1,092
Credit and financing institutes and insurance businesses	74,677	2,109	822	57,810	548	31,500	167,466
Real estate	861,786	63,039	5,946	18,041	2,131	3,011	953,954
Other business	9,551	0	11,440	1,931	0	2,720	25,642
Business, total	1,453,000	146,391	207,635	94,790	7,398	58,351	1,967,565
Retail	27,058	5,027	12,051	1,064	255	578	46,033
Total	1,480,058	151,418	219,686	95,854	7,653	58,929	2,013,598

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Note

29 **Collaterals for loans and guarantees that have been individually impaired, distributed by type of collateral (continued)**

31 Dec 2013 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
Public authorities							
Business:	531,645	17,411	68,010	7,248	12,317	24,281	660,912
Agriculture, hunting, forestry and fishery	6,425	4,316	46,140	10	0	5,322	62,213
Manufacturing industry and raw material extraction	53,443	0	0	7,513	153	0	61,109
Energy supply	96,066	3,147	17,142	205	159	4,125	120,844
Construction and civil engineering contractors	10,007	4,445	69,932	5	347	1,333	86,069
Trade	72,378	51,563	38,252	2,281	70	0	164,544
Transportation, hotels and restaurant businesses	0	0	0	3,938	8	0	3,946
Information and communication	78,161	2,377	761	57,193	33	10,443	148,968
Credit and financing institutes and insurance businesses	1,182,604	109,154	3,384	10,906	34,513	14,828	1,355,389
Real estate	18,476	279	9,127	1,947	68	2,595	32,492
Other business	2,049,205	192,692	252,748	91,246	47,668	62,927	2,696,486
Business, total	48,624	12,944	6,962	1,920	90	3,493	74,033
Retail	2,097,829	205,636	259,710	93,166	47,758	66,420	2,770,519

Note	30 June 2014 TDKK	30 June 2013 TDKK	31 Dec 2013 TDKK
30 Hedge accounting			
For hedging interest rate risk, the following are hedged (fair value hedge):			
Debt securities	0	113,300	0
Hedged with interest rate swaps:			
Synthetic principal	0	110,000	0
Fair value	0	-1,195	0
Loans at amortised cost	177,973	236,181	201,154
Hedged with interest rate swaps, maturity 2014-2032			
Synthetic principal	153,498	207,873	178,340
Fair value	-17,515	-17,775	-15,655
Hedged with interest rate caps, maturity 2024:			
Synthetic principal	7,004	10,506	7,258
Fair value	44	-27	100
Deposits	3,906,126	2,558,673	3,756,964
Hedged with interest rate swaps, maturity 2014-2016:			
Synthetic principal	3,900,000	2,550,000	3,750,000
Fair value	6,126	8,673	6,964
Subordinated debt	604,983	802,434	606,620
Hedged with interest rate swaps, maturity 2015-2020:			
Synthetic principal	587,600	800,000	600,000
Fair value	17,383	2,434	6,620
Total fair value adjustment of hedging instruments	9,892	-4,223	-3,055
Total fair value adjustment of the hedged items	-9,892	5,246	3,055
Ineffectiveness recognised in the Statement of Income	0	1,023	0
For hedging foreign currency risk, the following are hedged (fair value hedge):			
Issued debt securities	0	256,504	0
Hedged with interest rate swaps:			
Synthetic principal	0	265,374	0
Fair value	0	-8,728	0
Value adjustments of these transactions are classified as hedging instruments related to hedging cash flows.			
Recognised under other comprehensive income	0	-6,304	-6,321
Recognised under equity	0	-6,304	-6,321

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Note	30 June 2014 TDKK	30 June 2013 TDKK	31 Dec 2013 TDKK
31 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.			
32 Interest rate risk			
Interest rate risk is defined as the loss incurred by the Bank in the event of an increase in general interest rate levels of 1 percentage point. Interest rate risk is calculated applying the Financial Supervisory Authority's guidelines.			
Interest rate risk relating to the trading book:			
Securities	14,184	19,468	10,354
Futures/forward contracts/forward rate agreements	113	89	-126
Options	0	0	0
Swaps	78	-3,947	90
Total	14,375	15,610	10,318
Interest rate risk in the non-trading book:			
Amounts receivable from credit institutions	0	0	0
Loans	16,601	22,295	18,507
Debt securities	0	1	0
Amounts owed to credit institutions	0	-6,436	0
Deposits	-82,421	-73,577	-82,161
Debt securities in issue	-44	-168	-89
Subordinated debt	-3,605	-37,763	-5,090
Total	-69,469	-95,648	-68,833
Total interest rate risk	-55,094	-80,038	-58,515
Measured in relation to the Tier 1 capital, this corresponds to	-3.0%	-6.1%	-4.9%
An increase in the interest rate of 1 percentage point will result in an income and equity exposure before tax of	55,094	80,038	58,515
A decline in the interest rate of 1 percentage point will result in an income and equity exposure before tax of	-55,094	-80,038	-58,515
Interest rate risk by modified duration			
Up to and including 1 year	7,117	-5,442	-5,408
Over 1 year up to and including 2 years	-4,081	525	4,754
Over 2 years up to and including 3.6 years	-19,268	-11,898	-14,810
More than 3.6 years	-38,862	-63,223	-43,051
Total	-55,094	-80,038	-58,515

Note

33 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).

	30 June 2014 TDKK	30 June 2013 TDKK	31 Dec 2013 TDKK
Assets in foreign currency, total	2,321,546	2,776,575	2,610,849
Liabilities in foreign currency, total	184,422	703,601	261,106
Exchange Rate Indicator 1	38,087	64,128	19,119
Exchange Rate Indicator 1 as a percentage of Tier 1 capital	2.1%	4.9%	1.6%
The foreign currency position primarily consists of CHF, EUR, GBP, SEK, NOK, USD 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	-2,382	-2,826	-1,774

34 Equity risk

The Bank's equity risk is derived from shares and derivatives in the Bank's investment and trading portfolios.

	30 June 2014 TDKK	30 June 2013 TDKK	31 Dec 2013 TDKK
Equity securities etc.			
Shares/unit-denominated certificates listed on NASDAQ OMX Copenhagen A/S	9,017	14,362	9,035
Shares/unit-denominated certificates listed on other exchanges	9,309	11,550	9,839
Unlisted shares recognised at their fair value	462,645	450,283	459,277
Unlisted shares etc. recognised at cost	1,200	31,399	1,060
Equity securities etc., total	482,171	507,594	479,211
Of which sector shares	459,403	456,826	455,977
Sensitivity			
An increase in the share value of 10 percentage points will result in an income and equity exposure before tax of	48,217	50,759	47,921
of which sector shares	45,940	45,683	45,598
of which other shares	2,277	5,077	2,323
A decrease in the share value of 10 percentage points will result in an income and equity exposure before tax of	-48,217	-50,759	-47,921
of which sector shares	-45,940	-45,683	-45,598
of which other shares	-2,277	-5,077	-2,323

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35 Liquidity risk

Cash resources are established based on ongoing compliance with the Supervisory Diamond subject to a specific long-term stress scenario. The stress scenario is based on stress factors, etc. formulated by the Financial Supervisory Authority. Cash resources consist of cash equivalents, deposits in and credit facilities with Danmarks Nationalbank.

	30 June 2014 TDKK	30 June 2013 TDKK	31 Dec 2013 TDKK
Liquidity resources			
Demand deposits and uncollateralised certificates of deposit with Danmarks Nationalbank as well as demand deposits and undrawn committed credits with other credit institutions	898,154	692,044	1,297,595
Cash equivalents	3,736,493	4,924,554	5,038,278
Other secure, readily negotiable and uncollateralised securities and credit instruments	675,000	305,468	645,891
Total	5,309,647	5,922,066	6,981,764
Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act	124.2%	111.6%	162.2%

36 Other risks

Operating risks

The general responsibility for operational risks is based in the The Finance and Risk Management 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.

Risk on own funds

Own funds are 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.

37 Pending litigation

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

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

Note			
38 Key figures and financial ratios	HY 2014	HY 2013	FY 2013
Key figures			
Statement of Income (in MDKK)			
Net interest income	355	401	813
Net fee income	132	126	262
Dividends on equity securities etc.	6	8	13
Market value adjustments	68	90	126
Other operating income	3	16	20
Core income	564	641	1,234
Personnel and administrative expenses	-266	-280	-539
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-28	-33	-64
Operating expenses and operating depreciations and amortisations	-294	-313	-603
Core earnings before impairments	270	328	631
Impairments of loans and receivables etc.	-200	-393	-1,073
Profit/loss before tax	70	-65	-442
Tax	3	0	0
Profit/loss	67	-65	-442
	30 June 2014	30 June 2013	31 Dec 2013
Statement of Financial Position (in MDKK)			
Assets, total	23,161	27,396	26,112
Loans	16,070	19,418	17,360
Deposits, including pooled funds	18,002	17,446	17,877
Contingent liabilities	2,809	3,307	2,958
Business volume	36,881	40,171	38,195
Equity	1,541	927	887

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Note				
38	Key figures and financial ratios (continued)			
		HY 2014	HY 2013	FY 2013
	Financial ratios			
	Solvency			
	Solvency ratio ¹	10.8%	11.5%	11.3%
	Tier 1 capital ratio ¹	9.6%	5.7%	5.9%
	Earnings			
	Return on equity before tax, annually ²	11.5%	-13.6%	-46.9%
	Return on equity after tax, annually ²	11.1%	-13.6%	-46.9%
	Income-cost ratio ³	1.14	0.91	0.74
	Rate of cost ⁴	52.1%	48.8%	48.9%
	Return on capital employed ⁵	0.3%	-0.2%	-1.5%
	Employees converted to full-time (average)	530.8	572.5	562.9
	Market risk			
	Interest rate risk ⁶	-3.0%	-6.1%	-4.9%
	Foreign currency position ⁷	2.1%	4.9%	1.6%
	Foreign currency risk	0.0%	0.0%	0.0%
	Excess cover in relation to statutory liquidity requirements ⁸	124.2%	111.6%	162.2%
	Credit risk			
	Loans plus impairments on loans in relation to deposits	110.6%	132.3%	117.9%
	Loans in relation to equity	10.4	21.0	19.6
	Growth in loans for the period ⁹	-7.4%	-6.2%	-16.1%
	Total of large exposures ¹⁰	36.6%	35.4%	33.5%
	Accumulated impairment ratio	16.9%	14.0%	15.5%
	Impairment ratio for the period	0.9%	1.5%	4.5%
	vestjyskBANK share			
	Profit/loss for the year per share	0.6	-1.1	-6.0
	Equity value per share ¹¹	10.2	15.2	10.3
	Price of vestjyskBANK shares, end of the period	13.0	9.3	9.0
	Price/book value per share	1.3	0.6	0.9

1 Effective on 31 March 2014, the solvency and Tier 1 capital ratios were determined under the CRR/CRD IV rules

2 Based on average equity

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

4 Operating costs and depreciations and impairments/core income

5 Results/average assets, total

6 Interest rate risk in relation to Tier 1 capital

7 Foreign Currency Indicator 1 in relation to Tier 1 capital

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

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

10 Exposures greater than 10% of the eligible capital

11 The Bank changed the individual denomination of its share from DKK 10 to DKK 1 per share, cf. Company Announcement of 25 April 2013

