vestjyskBANK
2014 Annual Report

vestjyskBANK

Contents

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The vestjyskBANK Finanancial Report for 2014 is a translation of the original report in Danish (vestjyskBANK Årsrapport for 2014).
In case of discrepancies, the Danish version prevails.

Introduction

Financial Alignment Shows Progress but Normalisation is Protracted

The Bank achieved satisfactory core earnings before impairments of DKK 493 million in 2014, which corresponds to the outlook set out in the 2013 Annual Report. This is a decline of DKK 138 million compared with the realised core earnings of 2013 of DKK 631 million. However, the decline in core earnings is a natural result of the Bank's process of paring down its balance sheet and thus also its business volume.

The realised expectations are the result of a combination of loyal customers, skilled staff, and efficient operations with an income-to-expense ratio that is well balanced.

The need for impairments on the Bank's lending and guarantees shows a percentage decline but the development is still a distance off from what one might call a normalised need for impairments. The first six months of 2014 did show signs of promise. However, a series of unexpected and dramatic declines in the agricultural sector's settlement prices during the final six months exerted a major, negative impact on the Bank's need for impairments related to its lending exposures within the agriculture industry. The actual impairment figures in 2014 stood at DKK 684 million compared with DKK 1,073 million in 2013—a decline of DKK 389 million.

The timeframe for restoring the creditworthiness of the Bank's business customer loan portfolio to a level where its average quality is in line with the banking sector's average has—in the weak economic climate—turned out to be more complex and drawn-out than first assumed.

The Bank's total capital ratio stood at 12.1 per cent at 31 December 2014. The solvency need has been calculated at 10.4%. The Bank conformed to the statutory solvency requirements and a coverage of 1.7 percentage points corresponds to a surplus of approx. DKK 300 million, which—in the context of the Bank's size—is a low amount. Efforts are therefore still underway to improve this situation. This should also be seen in the context of the modest coverage in relation to the requirement for the Bank's Common Equity Tier 1 capital ratio, which stood at 7.1% at 31 December 2014 compared with an individual requirement of 6.4%, which corresponds to a coverage surplus of around DKK 125 million. At 1 January 2015, the requirement for the Common Equity Tier 1 capital ratio will be tightened from 4.0 percentage points to 4.5 percentage points. All else being equal, this will result in a reduction in the Bank's coverage of the individual need for Common Equity Tier 1 capital of a corresponding 0.5 percentage points and the current excess coverage will be reduced to 0.2 percentage points, or approx. DKK 35 million. The Bank has initiated measures to strengthen this key figure and the Bank's expectation is for the coverage to be continuously strengthened throughout 2015, primarily through its earnings. Uncertainty may arise with respect to the coverage and the Bank is aware that this may result in the need for an actual recovery plan, which will require the Financial Supervisory Authority's approval.

The net loss of DKK –191 million is an improvement over 2013, which showed a negative result of DKK 442 million. However, the results nevertheless remain unsatisfactory.

Statutory changes to how Banks are required to state their solvency ratios entered into effect on 31 March 2014. These new provisions generated a number of major challenges for the Bank. However, the Bank resolved these challenges by implementing a number of measures, which are detailed in the section "Changes to Solvency Rules."

Loan Concentration by Industry Segments

The Bank's exposure to the real estate and agricultural sectors has historically—up until 2012—been dominated by its strategy targeting growth. That strategy was successful but also resulted in insufficient focus on credit risks and the robustness in the composition of the Bank's capital base. Combined, the Bank's exposure to the real estate and agricultural sectors constituted approx. 40% of its overall net lending.

However, measured over a two-year period since 31 December 2012, the Bank's net lending to the agricultural sector has declined from DKK 6,503 million to DKK 5,245 million, a decline of 19.3%. For the real estate sector, the corresponding decline stood at 23.8% from DKK 6,396 million to DKK 4,872 million.

The agricultural sector remains a very large factor with respect to the Bank's industry segment diversification across business loans. Moreover, as a result of the adverse market conditions in recent years for the agricultural sector, agriculture represents the lion's share of the Bank's accu-

Introduction

mulated impairments at 36%, corresponding to DKK 1.3 billion. The concern that the Bank expressed in Q3 2014 with respect to the economic trend in the agricultural sector was regrettably confirmed in Q4 2014 and the outlook for 2015 is similarly worrisome. Settlement prices for pork have declined drastically in the wake of the Russian suspension of imports. Milk producers were affected by the very low prices on milk that resulted from the depressed prices in the world markets. The EU-Russia crisis and China's reluctance with respect to previously purchased quantities of milk powder are the key reasons for the imbalance that has arisen between supply and demand for animal agricultural products. The situation for agriculture will have an indirect negative effect on many other business segments. The current political tensions between the EU and Russia also affect other export businesses and thus contribute to creating uncertainty about the economic development in Denmark.

Because of the current, low settlement prices and the resulting, expected impact on already-financially challenged customers within the agricultural industry and in response to “early events” prompted by the present EU-Russia crisis, the Bank has charged DKK 50 million as a management judgement on the portfolio impairments in addition to the individual impairments within agriculture and made extraordinary provisions of DKK 75 million in the Bank's individual solvency need. The management judgement addition to the portfolio impairments and the solvency provision are expected to be applied to the partial coverage of a likely impairment need in 2015. The present, low level for the agricultural sector's settlement prices and resulting impact on the Bank's exposure to this industry may entail a need for additional impairments, if the crisis is particularly protracted or the economic climate worsens even further. This may result in uncertainty related to the coverage of the Bank's individual solvency ratios and the Bank is aware that this may result in a need for an actual recovery plan, which will require the Financial Supervisory Authority’s approval.

The vast majority of the Bank’s agricultural customers have efficient productions at a level at which a change in ownership would not be perceived to benefit the Bank. When the customer’s professional and management skills are deemed sufficient and the financial results show progress—with positive consolidation having already taken place or if such prospects seem realistic—the Bank, in principle, remains positive, on a case-by-case basis, to contribute to such farmers’ restoration of economic viability through the injection of additional liquidity. In the long term, this strategy is expected, once the agricultural sector's framework has improved, to have the capacity to form the basis for a reduction in the need for new impairments for the agriculture industry as well as a certain reduction over time in already charged impairments.

The continuing alignment of the Bank’s involvement in the real estate industry segment shows some progress as we reduce or wind down exposures by selling assets or using other financing sources. It is a complex process and often requires additional liquidity during the winding-down period. The additional liquidity typically involves equivalent impairments on loans in the Bank’s accounts. In addition to this, to complicate matters, determining the right time to sell at an acceptable price can—in certain cases—also result in the Bank having to accept additional impairments or losses, in order to terminate the specific cases. However, some real estate exposures have developed favourably with positive operations and have sufficient liquidity to service their obligations. The Bank expects that this development will continue in 2015 because of the historically low interest levels.

Irrespective of industry segments, some businesses have had to recognise that achieving profitability was unrealistic and therefore had to be wound up. The Bank endeavours to have such winding up proceedings take place in close consultation with the customer and affiliated advisers—characterised by mutual respect and understanding.

Also in 2015, there will be situations where businesses will need to be wound down within various industry segments. The Bank has endeavoured—to the greatest extent possible—to identify and prepare for such situations by incurring impairments for particularly challenged customers with a very uncertain future.

Status of 2012 Strategy and Action Plan

For the 2012 Management's Review, the Bank introduced a ***Strategy and Action Plan*** to intensify its efforts to restore a positive bottom line.

The essence of the strategy and the action plan can be described as follows:

- Strengthen the Bank's solvency by exercising its right to convert government Additional Tier 1 capital to share capital;
- Monitor income and costs developments closely;
- Implement additional measures to handle credit processes;
- Perform action-oriented monitoring of exposures with impairments;
- Proactively evaluating the relationship between the Bank's business concept and the size of individual customers and/or complexity;
- Adjusting individual customers' size in relation to the Bank's total capital;
- Optimising the Bank's liquidity;
- Continuing to pare down the Bank's balance sheet; and
- Providing attentive and proactive servicing and advisory services to customers.

It is Management's assessment that the Bank's strategy and action plan have now been implemented with major, positive effects in all substantial respects. A number of items in the action plan remain in effect for the common purpose of strengthening further the Bank's solvency.

A strengthening of the solvency primarily emphasizes restoring positive operating results through a continued focus on cost reductions, the Bank's interest margin and fee earnings, and on reducing the Bank's impairments through action-oriented monitoring of exposures with impairments.

Conversion of Additional Tier 1 Capital

In the strategic area, the Bank exercised the right to convert Additional Tier 1 capital of approx. DKK 588 million, *cf.* Company Announcement of 20 January 2014. The conversion, which was performed in accordance with the executed loan agreements under Bank Package II, increased the Danish State's stake in Vestjysk Bank A/S from 52.2% to 80.6%.

Changes to Solvency Rules

The Bank's total capital ratio was negatively affected by the changes to the laws on European banks' capital requirements expressed in the so-called Basel III rules as well as the Capital Requirements Directive (CRD) IV and the Capital Requirements Regulation (CRR).

Management was at an early stage aware of the need for having these rules interpreted and their impact analysed. The rules were implemented into Danish law effective 31 March 2014 upon adoption of the Danish legislative proposal.

The Bank issued a company announcement on 1 April 2014 regarding its failure to meet the solvency need under the new CRD IV rules, which had just then entered into force, for determining the solvency of banks. On that date, the Bank calculated its estimated total capital ratio at approx. 10.0% compared with an estimated individual solvency need of 10.9%. In consequence of this solvency shortfall, the Financial Supervisory Authority (FSA), *cf.* the same company announcement, established a solvency requirement of 10.9% and ordered the Bank to implement certain transactional restrictions, which included a ban on paying out dividends or interest for the Bank's already-issued capital base components and refraining from assuming any new major risks. Additionally, the Bank was ordered to draft a so-called recovery plan. This plan was submitted to the FSA on 7 April 2014 and detailed various measures targeted at strengthening the Bank's solvency.

As an important part of the Bank's recovery, on 21 August 2014, the Bank issued a company announcement related to executed agreements for the raising of new loans as subordinated capital as well as reorganisation of Additional Tier 1 capital. The net effect of these agreements meant, in isolation, that the Bank's total capital—effective 1 September 2014—was increased immediately by DKK 150 million. This meant that the Bank was again in compliance with its individual solvency need and the limits on the Bank's discretionary powers issued by the FSA lapsed.

At 23 October 2014, the Bank sold shares in the sector company DLR Kredit A/S for DKK 250 million. In isolation, this improved the Bank's total capital at around DKK 225 million.

Introduction

The Bank's Current Action Plan
The Bank is focusing its efforts on continuing the action plans for 2013 and 2014, which contain the following items:

- Close monitoring of developments in costs and revenues by focusing on interest margins and fee earning;
- Additional steps to monitor and following up on credit risks;
- Reducing the Bank's impairments through action-oriented follow-up on exposures with impairments;
- Proactively evaluating the relationship between the Bank's business concept and the size of individual customers and/or complexity;
- Adjusting individual customers' size in relation to the Bank's total capital;
- Optimising the Bank's liquidity;
- Continuing to pare down the Bank's balance sheet; and
- Providing attentive and proactive servicing and advisory services to customers.

EU Commission
When the EU Commission preliminarily approved the government subsidy for the capital plan for the merged bank in the spring of 2012, that approval was predicated upon the EU Commission's prior approval of the Bank's restructuring plan. The negotiations have not yet been concluded but the Bank remains in continuous dialogue with the EU Commission via the Ministry of Business and Growth. The timeframe for the approval process is not yet known. Management is not aware of any requirements set out by the EU Commission that the Bank is currently not able to meet. The importance of settling the issue of final approval is highlighted by the fact that, ultimately, the Bank may find itself in a situation where the question regarding the potential repayment of government subsidies may become relevant.

Paring Down the Balance Sheet
The efforts involved in aligning the Bank's business volume closer with its total capital are primarily focused on reducing the Bank's volume of business loans. The process of paring down the balance sheet is progressing satisfactorily and takes into account a generally low demand for loans, regular repayments, dissolving certain types of customer relationships (size and/or complexity), and a conservative approach to issuing new loans to existing and new business customers. In the assessment of the Bank's Management, customers have not experienced terminations that have been unwarranted just to accommodate the Bank's desire for a reduction in its balance sheet. Customers' need for bank financing is predominantly being met for the Bank's good customers.

Liquidity
An additional and important focus area with respect to the Bank's future operations is to maintain a healthier relationship between lending and deposits. In restoring this balance, the Bank would regain a firm grip on its liquidity, have it remain in proportion and competitively priced. As late as 31 December 2010, the Bank had a deposit deficit of nearly DKK 8 billion. Through targeted efforts, the Bank has managed to change that relationship so that, at 31 December 2014, a deposit surplus has been reached of around DKK 4 billion. The pricing on deposits follow the prevailing market conditions where declining interest rates have also facilitated more affordable liquidity for the Bank and increased the Bank's deposits to around DKK 18.8 billion.

In recent years, the Bank has drastically reduced its government-guaranteed credit facility and at 10 February 2015, the Bank repaid the final part of this framework about 1½ years before the date agreed with the government, which was in June 2016. This was achieved due to the growth in the Bank's liquidity through the planned reduction in the Bank's lending and strengthening of the Bank's deposits.

As of October 2015, the Bank will be required to meet the new demands from the Liquidity Coverage Ratio (LCR) standard under the Basel III provisions. The Bank is fully aware of these matters and has incorporated this requirement into the Bank's liquidity management. The Bank's liquidity projections show that, with a high level of coverage, the Bank will be able to comply with the LCR requirement in its fully phased-in form at 1 October 2015.

2015 Outlook

The Bank's total business volume is expected, given an unchanged economic climate, to have the capacity to generate core earnings before impairments at around DKK 350-400 million. The need for impairments is expected to exhibit a continued decline. Assuming unchanged economic conditions, Management expects that the need for impairments can be absorbed into the Bank's core earnings and thereby achieve a certain degree of consolidation. This will ensure a continuing bank with an appropriate business platform and the capacity to achieve a more adequate capital structure.

If the current crisis in the agricultural sector becomes very protracted and/or it worsens further, the Bank's significant exposure to this industry may entail an increased need for impairments in relation to Management's current estimates for 2015. This might also be the case if the economic climate generally worsens. The impact of a deterioration of the economic climate on the agricultural sector and/or other sectors will thus reduce the Bank's opportunities for consolidation in 2015.

Vagn Thorsager
Supervisory Board Chairman

Jan Ulsø Madsen
Chief Executive Officer

Management's Review

Financial Highlights

Key Figures	2014	2013	2012	2011	2010
Statement of Income (MDKK)					
Net interest income	697	813	892	846	816
Net fee income	290	262	279	236	233
Dividends on equity securities, etc.	6	13	5	3	3
Market value adjustments	56	126	94	-19	52
Other operating income	4	20	10	6	9
Core Income	1,053	1,234	1,280	1,072	1,113
Personnel and administrative expenses	-509	-539	-656	-588	-589
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-51	-64	-49	-61	-106
Operating expenses and operating depreciations and amortisations	-560	-603	-705	-649	-695
Core Earnings Before Impairments	493	631	575	423	418
Impairment of goodwill	0	0	-208	0	0
Impairments of loans and receivables, etc.	-684	-1,073	-1,515	-984	-408
Profit/loss Before Tax	-191	-442	-1,148	-561	10
Tax	0	0	299	-136	4
Profit/loss After Tax	-191	-442	-1,447	-425	6
Statement of Financial Position (MDKK)					
Assets, total	21,804	26,112	32,773	29,265	33,572
Loans	14,714	17,360	20,697	21,716	23,468
Deposits, including pooled funds	18,768	17,877	18,058	15,029	15,564
Contingent Liabilities	3,036	2,958	5,154	4,353	4,485
Business volume	36,518	38,195	43,909	41,098	43,517
Equity	1,287	887	998	1,718	2,150

Financial ratios	2014	2013	2012	2011	2010
Solvency					
Total capital ratio[1]	12.1%	11.3%	11.2%	12.6%	13.7%
Tier 1 capital ratio[1]	9.9%	5.9%	5.6%	9.3%	11.5%
Common Equity Tier 1 capital ratio[1]	7.1%	4.1%	3.6%	5.0%	6.6%
Earnings					
Return on equity before tax, annually[2]	-17.5%	-46.9%	-84.5%	-29.0%	0.4%
Return on equity after tax, annually[2]	-17.5%	-46.9%	-106.6%	-22.0%	0.3%
Income-cost ratio[3]	0.85	0.74	0.53	0.66	1.01
Rate of cost[4]	53.2%	48.9%	55.1%	60.6%	62.5%
Return on capital employed[5]	-0.8%	-1.5%	-8.8%	-2.9%	0.0%
Employees converted to full-time (average)	523.1	562.9	621.3	614.8	642.1
Market Risk					
Interest rate risk[6]	-4.7%	-4.9%	-11.2%	-4.5%	-1.9%
Foreign currency position[7]	1.4%	1.6%	1.6%	1.5%	4.7%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.1%
Coverage in relation to statutory liquidity requirements[8]	136.2%	162.2%	144.8%	98.8%	126.7%
Credit Risk					
Loans plus impairments on loans in relation to deposits	97.3%	118.3%	133.5%	159.1%	160.5%
Loans in relation to equity	11.4	19.6	20.7	12.6	10.9
Growth in loans for the year[9]	-15.2%	-16.1%	-4.7%	-7.5%	-1.7%
Sum of large exposures[10]	22.3%	33.5%	44.9%	30.4%	40.5%
Accumulated impairment ratio	16.7%	15.7%	11.8%	7.9%	5.2%
Impairment ratio for the year	3.2%	4.5%	5.2%	3.5%	1.4%
vestjyskBANK Share					
Profit/loss per share for the year	-1.6	-6.0	-39.4	-34.5	0.5
Equity value per share[11]	8.5	10.3	16.3	139.5	173.4
Price of vestjyskBANK shares, end of the year	9.3	9.0	13.0	18.8	68.5
Market price/income or loss for the year per share					144.2
Market price/equity value per share	1.1	0.9	0.8	0.1	0.4

The results for Aarhus Lokalbank is recognised in vestjyskBANK's Statement of Income from 1 April 2012. Assets and liabilities from Aarhus Lokalbank have been recognised in the Statement of Financial Position from 31 March 2012

1 From 2014, determined in accordance with CRR/CRD IV

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 expenses and depreciation + impairment of goodwill + impairments of loans and receivables, 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 Excess cover 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 lending, beginning of the reporting period

10 Exposures greater than 10% of the eligible capital

11 Denomination of the Bank's shares has changed from DKK 10 per share to DKK 1 per share; *cf.* Company Announcement of 25 April 2013.

Management's Review

Financial Highlights by Quarters

Key Figures	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Statement of Income (MDKK)					
Net interest income	165	177	184	171	219
Net fee income	87	71	68	64	75
Dividends on equity securities etc.	0	0	4	2	3
Market value adjustments	-24	12	39	29	21
Other operating income	1	0	1	2	1
Core Income	229	260	296	268	319
Personnel and administrative expenses	-129	-114	-127	-139	-136
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-10	-14	-14	-13	-17
Operating expenses and operating depreciations and amortisations	-139	-128	-141	-152	-153
Core Earnings Before Impairments	90	132	155	116	166
Impairments of loans and receivables, etc.	-288	-195	-114	-87	-482
Profit/loss Before Tax	-198	-63	41	29	-316
Tax	0	3	0	-3	0
Profit/loss After Tax	-198	-60	41	26	-316
Statement of Financial Position (MDKK)					
Assets, total	21,804	21,476	23,161	23,957	26,112
Loans	14,714	15,462	16,070	16,696	17,360
Deposits, including pooled funds	18,768	17,983	18,002	17,713	17,877
Contingent Liabilities	3,036	2,900	2,809	2,865	2,958
Business volume	36,518	36,345	36,881	37,274	38,195
Equity	1,287	1,481	1,541	1,500	887

Financial ratio	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Solvency					
Total capital ratio[1]	12.1%	11.5%	10.8%	10.2%	11.3%
Tier 1 capital ratio[1]	9.9%	9.9%	9.6%	9.1%	5.9%
Common Equity Tier 1 capital ratio[1]	7.1%	7.7%	7.8%	7.4%	4.1%
Earnings					
Return on equity before tax, annually[2]	-56.6%	-16.4%	10.7%	9.8%	-143.0%
Return on equity after tax, annually[2]	-56.6%	-15.8%	10.8%	8.9%	-143.0%
Income-cost ratio[3]	0.54	0.81	1.16	1.12	0.50
Rate of cost[4]	60.4%	49.3%	47.8%	56.8%	48.0%
Return on capital employed[5]	-0.9%	-0.3%	0.2%	0.1%	-1.2%
Employees converted to full-time (average)	515.7	516.6	526.3	535.3	547.9
Market Risk					
Interest rate risk[6]	-4.7%	-4.3%	-3.0%	-3.7%	-4.9%
Foreign currency position[7]	1.4%	2.0%	2.1%	1.4%	1.6%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%
Coverage in relation to statutory liquidity requirements[8]	136.2%	143.5%	124.2%	175.4%	162.2%
Credit Risk					
Loans plus impairments on loans in relation to deposits	97.3%	106.0%	110.9%	115.9%	118.3%
Loans in relation to equity	11.4	10.4	10.4	11.1	19.6
Growth in loans for the period[9]	-4.8%	-3.8%	-3.7%	-3.8%	-5.9%
Total of large exposures[10]	22.3%	35.0%	36.6%	38.0%	33.5%
Accumulated impairment ratio	16.7%	16.4%	17.1%	16.4%	15.7%
Impairment ratio for the period	1.3%	0.9%	0.5%	0.4%	2.0%
vestjyskBANK Share					
Profit/loss per share for the period	-1.3	-0.4	0.3	0.2	-4.3
Equity value per share[11]	8.5	9.8	10.2	10.0	10.3
Price of vestjyskBANK shares, end of the reporting period	9.3	12.2	13.0	9.2	9.0
Market price/equity value per share	1.1	1.2	1.3	0.9	0.9

1 From 31 March 2014, determined in accordance with CRR/CRD IV

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 expenses and depreciation + impairment of goodwill + impairments of loans and receivables, etc.

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5 Results/average assets, total

6 Interest rate risk in relation to Tier 1 capital

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10 Exposures greater than 10% of the eligible capital

11 Denomination of the Bank's shares has changed from DKK 10 per share to DKK 1 per share, *cf.* Company Announcement of 25 April 2013

Management's Review

Financial Review

Introduction

The Bank's results before tax stood at DKK –191 million in 2014 compared with DKK -442 million in 2013.

Core income stood at DKK 1,053 million compared with DKK 1,234 million in 2013.

Personnel and administrative costs continued the downward trend and stood at DKK 509 million; a decline of DKK 30 million compared with the previous year.

Income and cost developments led to core earnings before impairments of DKK 493 million, which is DKK 138 million less than in 2013. The key reason for this reduction is primarily attributable to reduced earnings resulting from the planned paring down of the balance sheet as well as reduced market value adjustments.

Loan-related impairments stood at DKK 684 million compared with DKK 1,073 million in 2013. The decline is significant but the level remains high.

In summary, as a result of the continued high level of impairments the results has not developed within the framework of Management's expectations. The extent of the impairments keeps the results in negative territory, which is unsatisfactory.

The Bank's Challenges and Management Actions

As detailed in the Management's Action Plan, the Bank's unsatisfactory capital structure has made it necessary to continue the efforts to pare down the Bank's balance sheet. A decline in loans of approx. DKK 2.7 billion during 2014 is the greatest contributor. The Bank's deposits have increased to approx. DKK 18.8 billion. At 31 December 2014, the Bank had a deposit surplus of approx. DKK 4.0 billion, which contributed to the Bank's good liquidity situation.

Management has maintained its focus on tight management processes as well as the components included in the action plans for 2013 and 2014. All the components have been designed to contribute to strengthening the Bank's solvency and restoring positive operating results.

On 20 January 2014, in order to strengthen its solvency, the Bank converted Additional Tier 1 capital of a total of DKK 575.2 million as well as accrued unpaid coupon interest of approx. DKK 12.6 million for the issuance of 65,026,432 shares at a nominal value of DKK 1 to the Danish State.

After this conversion, the Danish State's stake stood at 80.62% and the state-owned Financial Stability Company's [Finansiel Stabilitet A/S] stake stood at 0.86% of the total share capital and votes.

Statement of Income

Results

For 2014, the Bank's results before tax stood at DKK -191 million, compared with DKK -442 million in 2013.

Impairments of loans and receivables, etc. totalled DKK 684 million in 2014. The impairment ratio stood at 3.2% for 2014 and, in spite of a declining trend, the level remains high, both in absolute terms and relative to the sector.

Core Income

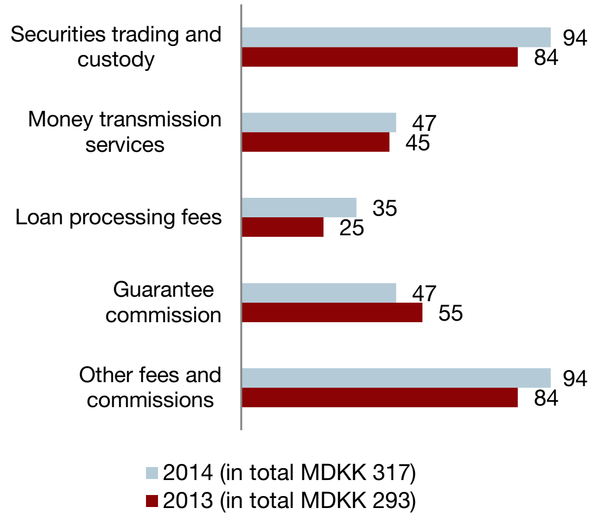
In 2014, vestjyskBANK realised core income of DKK 1,053 million, which is a decline of DKK 181 million compared with 2013.

Positive market value adjustments stood at DKK 56 million compared with DKK 126 million in 2013. Out of the market value adjustments for the period, DKK 60 million is attributable to gains on shares in sector companies, of which DKK 20 million was derived from the sale of Nets. The gains were negatively affected by DKK 24 million from an accounting charge of the total payment for a buyback option for the next five years in connection with the Bank's sale of DLR shares. The Bank has found it strategically expedient to maintain the option, in the long term, to re-establish an appropriate stake in DLR Kredit.

Simultaneously, fee income of DKK 317 million was realised in 2014, which is DKK 24 million more than in 2013. The distribution is illustrated in the figure on the right.

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

Income from Fees and Commissions (MDKK)



Other operating income stood at DKK 4 million in 2014 compared with DKK 20 million in 2013.

Operating expenses and operating depreciations and amortisations

Total operating expenses and depreciations totalled DKK 560 million in 2014. Compared with 2013, the Bank's tight cost management showed results in 2014 with a decline of DKK 43 million or 7.2%.

vestjyskBANK's contributions to the Guarantee Fund for Depositors and Investors was recognised as an expense in the amount of DKK 40 million in 2014 compared with DKK 46 million in 2013.

Core Earnings before Impairments

The Bank achieved satisfactory core earnings before impairments of DKK 493 million in 2014, compared with DKK 631 million in 2013. Thus, core earnings before impairments were DKK 138 million less than in 2013. The reduced results on interest and market value adjustments are balanced in part by lower operating costs and higher proceeds from fees.

Impairments of Loans and Guarantees, etc.

The need for impairments totalled net DKK 684 million in 2014 compared with DKK 1,073 million in 2013. The decline is significant but the level for impairments remains unsatisfactorily high and higher than Management's expectations.

The main reasons for this are the generally, very limited improvements in the weak economic climate and the Bank's previously high level of risk acceptance as well as its late alignment of its risk acceptance levels once the financial crisis escalated as of 2008. Since the proportional share of financially weak customers in the Bank's loan portfolio remains relatively high, the lack of timely preventive measures to minimise the Bank's risks have prevented it from reaching a stage where the need for new impairments has declined sufficiently. A deterioration in the economy for these weak customers will typically result in an impairment for the Bank to mitigate a potential loss. The economic climate, including the present EU-Russia conflict, has maintained a situation in which the Bank has not been able to determine that its previous impairments have shown themselves to be unnecessary to any noteworthy degree and therefore can be reversed to form a certain counterbalance to new impairments.

The timeframe for restoring the creditworthiness of the Bank's business customer loan portfolio to a level where the average quality equals the banking sector's average has—in the continued weak economic climate—turned out to be more protracted than first assumed.

The Bank's exposure to the real estate and agricultural sectors has historically—up until 2012—been dominated by its strategy targeting growth. That strategy was successful but also resulted in insufficient focus on credit risks and the robustness in the composition of the Bank's capital base. Combined, the Bank's exposure to the real estate and agricultural sectors constituted approx. 40% of its overall net lending.

However, measured over a two-year period since 31 December 2012, the Bank's net lending to the agricultural sector has declined from DKK 6,503 million to DKK 5,245 million, a decline of 19.3%. For the real estate sector, the corresponding decline stood at 23.8% from DKK 6,396 million to DKK 4,872 million.

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The agricultural sector remains a very large factor with respect to the Bank's industry segment diversification across business loans. Moreover, as a result of the industry's adverse market conditions in recent years for the agricultural sector, agriculture represents the lion's share of the Bank's accumulated impairments at 36%, corresponding to DKK 1.3 billion. The concern that the Bank expressed in Q3 2014 with respect to the economic trend in the agricultural sector was regrettably confirmed in Q4 2014 and the outlook for 2015 is similarly worrisome. Settlement prices for pork have declined drastically in the wake of the Russian suspension of imports. Milk producer were affected by the very low prices on milk that resulted from the depressed prices on the world markets. The EU-Russia crisis as well as China's reluctance in respect to previously purchased quantities of milk powder are the key reasons for the arisen imbalance between supply and demand for animal agricultural products. The situation for agriculture will have an indirect negative effect on many other business segments. The current political tensions between the EU and Russia also affect other export businesses and thus contribute to creating uncertainty about the economic development in Denmark.

Because of the current, low settlement prices and the resulting, expected impact on already-financially challenged customers within the agricultural industry and in response to "early events" prompted by the present EU-Russia crisis, the Bank has charged DKK 50 million as a management judgement on the portfolio impairments in addition to the individual impairments within agriculture and made extraordinary provisions of DKK 75 million in the Bank's individual solvency need. The management judgement addition to the portfolio impairments and the solvency provision are expected to be applied to the partial coverage of a likely impairment need in 2015. The present, low level for the agricultural sector's settlement prices and resulting impact on the Bank's exposure to this industry may entail a need for additional impairments, if the crisis is particularly protracted or the economic climate worsens even further. This may result in uncertainty related to the coverage of the Bank's individual solvency ratios and the Bank is aware that this may result in a need for an actual restructuring plan, which will require the Financial Supervisory Authority's approval.

The vast majority of the Bank's agricultural customers have efficient productions at a level at which a change in ownership would not be perceived to benefit the Bank. When the customer's professional and management skills are deemed sufficient and the financial results show progress—with positive consolidation having already taken place or if such prospects seem realistic—the Bank, in principle, remains positive, on a case by case basis, to contribute to such farmers' restoration of economic viability through the injection of additional liquidity. In the long term, this strategy is expected, once the agricultural sector's framework has improved, to have the capacity to form the basis for a reduction in the need for new impairments for the agriculture industry as well as a certain reduction over time in already charged impairments.

The continuing alignment of the Bank's involvement in the real estate industry segment shows some progress as we reduce or wind down exposures by selling assets or using other financing sources. It is a complex process and often requires additional liquidity during the winding-down period. The additional liquidity typically involves equivalent impairments on loans in the Bank's accounts. In addition to this, to complicate matters, determining the right time to sell at an acceptable price can—in certain cases—also result in the Bank having to accept additional impairments or losses, in order to terminate the specific cases. However, some real estate exposures have developed favourably with positive operations and have sufficient liquidity to service their obligations. The Bank expects that this development will continue in 2015 because of the historically low interest levels.

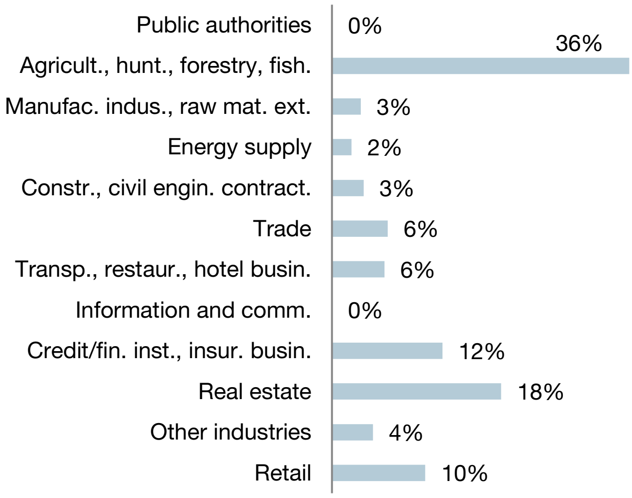
Irrespective of industry segments, some businesses have had to recognise that achieving profitability was unrealistic and therefore had to be wound up. The Bank endeavours to have such winding up proceedings take place in close consultation with the customer and affiliated advisers—characterised by mutual respect and understanding.

Also in 2015, there will be situations where businesses will need to be wound down within various industry segments. The Bank has endeavoured—to the greatest extent possible—to identify and prepare for such situations by incurring impairments for particularly challenged customers with a very uncertain future.

Internally, the Bank is continuing with additional process improvement measures to manage and monitor the Bank's loans and guarantees combined with development initiatives of customer representative competencies.

The Bank's cumulative impairment ratio stood at 16.7 at 31 December 2014 compared with 15.7 at 31 December 2013.

Accumulated Impairments and Provisions by Industry Segment at 31 December 2014



Management's Review

Financial Review

Statement of Financial Position

vestjyskBANK's financial position was DKK 21.8 billion at 31 December 2014 compared with DKK 26.1 billion at 31 December 2013. This balance sheet reduction of DKK 4.3 billion can primarily be attributed to the Bank's focused efforts on creating a sensible balance between deposits and loans.

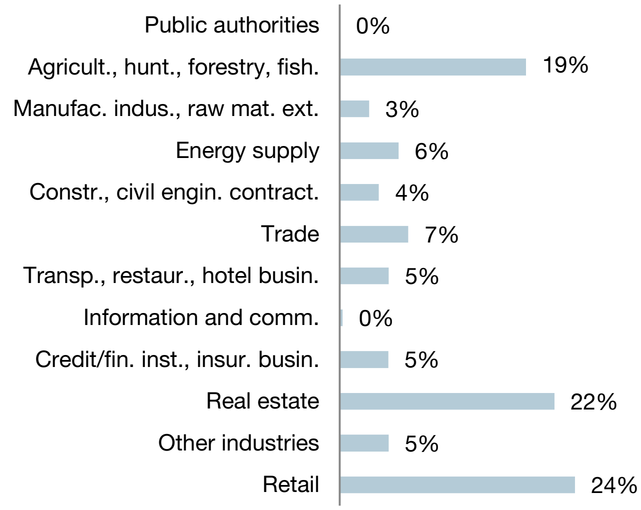
The Bank has continued to follow its planned balance sheet adjustment, in order to ensure that the Bank will have the requisite funding and liquidity and to reduce the Bank's risk-weighted exposures.

Lending

At 31 December 2013, vestjyskBANK's lending stood at DKK 17.4 billion. The ongoing balance sheet adjustment has meant that the Bank's lending totalled DKK 14.7 billion at 31 December 2014. During 2014, the Bank reduced its lending by DKK 2.7 billion.

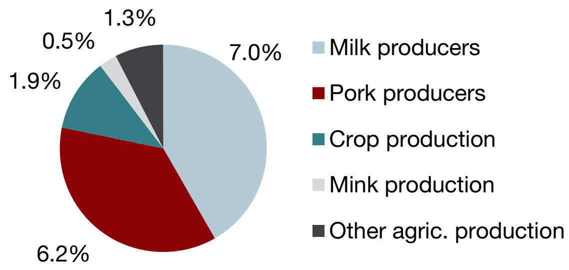
The distribution of vestjyskBANK's loans and guarantees by industry segment is illustrated below.

Loans and Guarantees by Industry Segment at 31 December 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 16.9% of its total loans and guarantees at 31 December 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 31 December 2014



The sum of large exposures (i.e. 10% or more of the eligible capital) stood at 22.3% of the eligible capital at 31 December 2014 and consisted of one exposure.

Deposits, Including Pooled Funds

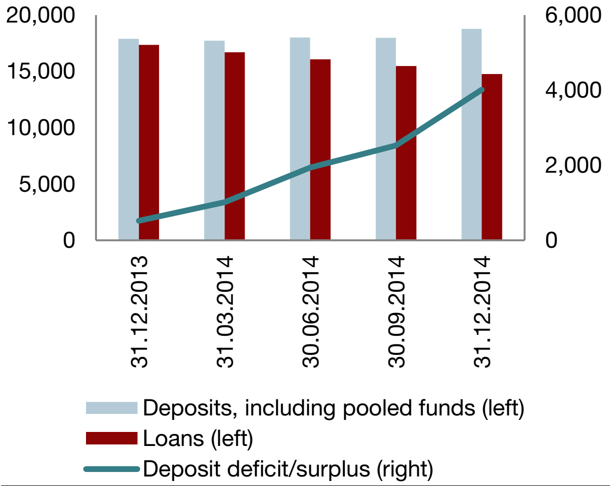
vestjyskBANK's deposits, including pooled funds, stood at DKK 18.8 billion at 31 December 2014. This is an increase of DKK 0.9 billion compared with 31 December 2013 where deposits, including pooled funds, stood at DKK 17.9 billion.

Gap between Deposits and Loans

The positive development in the gap between deposits and loans of DKK 3.5 billion has meant that the Bank's deposit surplus of DKK 0.5 billion at 31 December 2013 has grown to DKK 4.0 billion at 31 December 2014.

vestjyskBANK's target is for the Bank's growth in deposits to follow the development in the Bank's gross lending. The figure overleaf illustrates how the relationship between vestjyskBANK's deposits and loans over the past five quarters has developed.

Trend in Deposits, including Pooled Funds, Loans and Deposit Deficit/Surplus (MDKK)



Business Volume

vestjyskBANK's business volume—that is, its total deposits, loans and contingent liabilities—stood at DKK 36.5 billion at 31 December 2014 compared with DKK 38.2 billion at year-end 2013. The change in business volume was attributable to a decline in loans and guarantees as well as a rise in the Bank's deposits.

Capital and Liquidity Conditions

Equity

vestjyskBANK's equity totalled DKK 1,287 million at 31 December 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 1,071 million at 31 December 2014 of which Additional Tier 1 capital from the Danish State under Bank Package II totalled DKK 288 million. This debt accrues interest at 9.561%.

Under the law, special rules apply to Additional Tier 1 capital subject to Bank Package II. Thus, no dilution of the capital may occur, which is the reason buyback programmes aimed at impairing equity are not permitted. Moreover, executive board salaries will only be eligible for a 50% tax deduction.

In order to improve the Common Equity Tier 1 capital, on 20 January 2014, DKK 575.2 million in Additional Tier 1 capital as well as accrued non-disbursed coupon interest of DKK 12.6 million were converted to share capital.

Solvency

The solvency-related total capital totalled DKK 2,169 million at 31 December 2014, which—together with the total risk exposure of DKK 17,927 million—produced a total capital ratio of 12.1%. At 31 December 2013, the Bank's total capital ratio stood at 11.3%. Please note that the total capital ratio for 2014 has been determined under the CRD IV provisions, which entered into force on 31 March 2014. However, the total capital ratio at 31 December 2013 was calculated under the rules as they applied then, which means that the two capital ratios are not directly comparable. The Bank's Common Equity Tier 1 capital totalled DKK 1,276 million at 31 December 2014 which—compared with the total risk exposure of a total of DKK 17,927 million—produces a Common Equity Tier 1 capital ratio of 7.1% compared with 4.1% at 31 December 2013. Concurrently, the Bank's Tier 1 capital ratio has been computed to 9.9% at 31 December 2014, compared with 5.9% at 31 December 2013.

Solvency Need

The individual solvency need for vestjyskBANK stood at 10.4% at 31 December 2014.

The adequate total capital has been calculated at DKK 1,868 million, which is comparable with a total capital of DKK 2,169 million. The difference between the total capital and the adequate total capital constitutes the solvency surplus, which has been calculated at 1.7 percentage point at 31 December 2014, or approx. DKK 300 million.

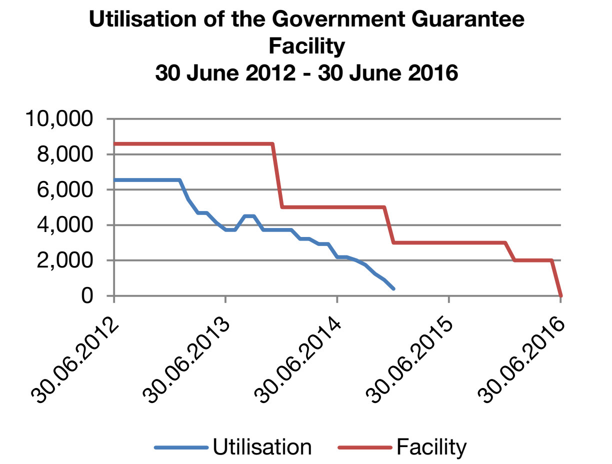
The minimum requirement for the Bank's total capital ratio for continued banking activities is 8.0%, or DKK 1,434 million. With the Banks current financial status, this requirement is met with a coverage surplus of 4.1 percentage points, or DKK 735 million.

In relation to the Bank's common Tier 1 capital, the adequate capital need stands at 6.4%, or DKK 1,151 million, which can be compared with the Bank's Common Equity Tier 1 capital of DKK 1,276 million. The difference constitutes the individual coverage surplus of Common Equity Tier 1 capital ratio at 31 December 2014 of 0.7 percentage points, or approx. DKK 125 million. At 1 January 2015, the requirement for the Common Equity Tier 1 capital ratio will be tightened from 4.0 percentage points to 4.5 percentage points. All else being equal, this will result in a reduction in the Bank's coverage of the individual need for Common Equity Tier 1 capital of a corresponding 0.5 percentage points and the current coverage surplus will be reduced to 0.2 percentage points, or approx. DKK 35 million. The Bank has initiated measures to strengthen this key figure and the Bank's expectation is for the coverage to be continuously strengthened throughout 2015, primarily through its earnings. Uncertainty may arise with respect to the coverage and the Bank is aware that this may result in the need for an actual recovery plan, which will require the Financial Supervisory Authority's approval.

The minimum requirement for the Bank's Common Equity Tier 1 capital for continued banking activities is 4.0%, or DKK 717 million. With the Banks current financial status, this requirement is met with a coverage surplus of 3.1 percentage points, or approx. DKK 560 million. All else being equal, with the more stringent requirement for 4.5% for Common Equity Tier 1 capital, at 1 January 2015 the coverage surplus will be reduced to approx. DKK 470 million. For a detailed discussion of the Bank's solvency need as at 31 December 2014, please refer to the Bank's website.

Liquidity

vestjyskBANK's liquidity situation has improved, especially because of the improved balance between the Bank's deposits and loans. The government guarantee facility—which totalled DKK 8.6 billion at the merger in 2012 and which must be repaid by June 2016—has been reduced by DKK 3.3 billion in 2014 as a result of the Bank's good liquidity situation and stood at DKK 0.4 billion at 31 December 2014.



In recent years, the Bank has drastically reduced its government-guaranteed credit facility and at 10 February 2015, the Bank repaid the final part of this facility about 1½ years before the date agreed with the government, which was in June 2016. This was done as a result of the growth in the Bank's liquidity through the planned reduction in the Bank's lending and strengthening of the Bank's deposits.

External Funding, Incl. Subordinated Capital Injections (MDKK)

	31 Dec 2014	31 Dec 2013
Debts to credit institutions	339	402
Debts to central banks	0	4,700
Issued bonds at amortised cost	9	18
Total, before subordinated capital	348	5,120
Subordinated debt	1,071	1,848
Total	1,419	6,968

The table shows the development in vestjyskBANK's external funding, including subordinated capital. Debts to credit institutions and central banks as well as issued bonds at amortised cost and subordinated debt have been reduced by DKK 5.6 billion from DKK 7.0 billion at 31 December 2013 to DKK 1.4 billion at 31 December 2014.

Recognition of sector shares in the Bank’s liquidity as well as Danmarks Nationalbank's loan scheme lapsed on 1 July 2014.

As of October 2015, the Bank will be required to meet the new demands from the Liquidity Coverage Ratio (LCR) standard under the Basel III provisions. The Bank is fully aware of these matters and has incorporated this requirement into the Bank's liquidity management. The Bank's liquidity projections show that, with a high level of coverage, the Bank will be able to comply with the LCR requirement in its fully phased-in form at 1 October 2015.

Uncertainties Relating to Recognition or Measurements

The most significant uncertainties related to recognition and measurements are associated with impairments on loans and provisions against guarantees. Moreover, there are uncertainties related to the valuation of the Bank’s owner-occupied properties as well as financial instruments.

In the opinion of Management, the assessments in calculating the impairment need at 31 December 2014 reflect the Danish Financial Supervisory Authority guidelines, including "early events" as well as the risk of losses associated with the current economic climate.

Risk Related to Going Concern

In the event Management’s outlook for the Bank's core earnings as well as significantly lower impairments are not materially realised, or in the event major, unexpected negative events arise, this might—ultimately—mean that the Bank forfeits its license to operate as a bank or be forced to wind down with a related negative impact on the Bank's results, financial position and as a going concern.

Management is aware that the Bank has a relative large number of customers with signs of weakness and customers with impairments. In the event, the economic climate deteriorates further, especially within the agricultural and real estate sectors, it might also have a major impact on the Bank’s operating results and financial position and its ability to continue as a going concern.

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 currently meeting this goal.

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

Realised Values at 31 December 2014

Supervisory Diamond Benchmarks	Realised values
Sum of large exposures (< 125%)	22.3%
Growth in loans (< 20%)	-15.2%
Real estate exposure (< 25%)	21.6%
Funding ratio (< 1)	0,70
Liquidity coverage ratio (> 50%)	136.2%

Miscellaneous

Related Parties

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

Moreover, related parties comprise the Danish State, which holds a controlling interest by virtue of its ownership of 80.62% of the Bank's share capital and voting rights.

Please see Note 30 for a more detailed specification.

Remuneration Policy

vestjyskBANK's policy in the area is detailed in the Bank's remuneration policy, which is available at vestjyskbank.dk/om-banken/organisation.

Financial Reporting Process

The Supervisory and Executive Boards have the overall responsibility for the Bank's control and risk-management systems in connection with the financial reporting process, including ensuring compliance with relevant laws and other rules and regulations related to presenting the accounts. The Supervisory Board has established an Audit Committee that meets four times annually. The Bank's control and risk management systems can provide for reasonable, but not absolute, certainty that assets are not being misappropriated or misapplied, and that losses and/or material errors and omissions are avoided in connection with presenting the accounts.

The Supervisory Board performs an evaluation of the Bank's organisational structure, the risk of fraud, and verifies the presence of the Bank's internal rules and guidelines. The Supervisory and Executive Boards approve the general procedures and control mechanisms in significant areas in connection with the financial reporting process. The Executive Board continuously monitors to ensure that the relevant laws and other regulations and provisions related to the financial reporting process are complied with, and it briefs the Supervisory Board on its findings on a regular basis.

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

Events occurred after the Balance Sheet date

After the reporting date on the 31 December 2014, no major events have occurred.

The Bank’s Current Action Plan

As mentioned, the Bank is focusing its efforts on continuing the action plans for 2013 and 2014, which contain the following items:

- Close monitoring of developments in costs and revenues by focusing on interest margins and fee earning;
- Additional steps to monitor and following up on credit risks;
- Reducing the Bank's impairments through action-oriented follow-up on exposures with impairments;
- Proactively evaluating the relationship between the Bank’s business concept and the size of individual customers and/or complexity;
- Adjusting individual customers’ size in relation to the Bank’s total capital;
- Optimising the Bank’s liquidity;
- Continuing to pare down the Bank’s balance sheet; and
- Providing attentive and proactive servicing and advisory services to customers.

Paring Down the Balance Sheet

The efforts involved in aligning the Bank’s business volume closer with its total capital are primarily focused on reducing the Bank’s volume of business loans. The process of paring down the balance sheet is progressing satisfactorily and takes into account a generally low demand for loans, regular repayments, dissolving certain types of customer relationships (size and/or complexity), and a conservative approach to the issuing of new loans to existing business customers and caution with respect to seeking out new business customers. In the long term, this kind of policy is not viable; however, in the short term, it has been and remains a necessary tool for the Bank in its particular situation. In the assessment of the Bank’s Management, customers have not experienced terminations that have been unwarranted just to accommodate the Bank's desire for a reduction in its balance sheet. Customers’ need for bank financing is predominantly being met for the Bank's good customers.

Liquidity

An additional and important focus area with respect to the Bank’s future operations is to maintain a healthier relationship between loans and deposits. In restoring this balance, the Bank would regain a firm grip on its liquidity, have it remain in proportion and competitively priced. As late as 31 December 2010, the Bank had a deposit deficit of nearly DKK 8 billion. Through targeted efforts, the Bank has managed to change that relationship so that, at 31 December 2014, a deposit surplus has been reached of around DKK 4.0 billion. The pricing on deposits follow the prevailing market conditions where declining interest rates have also facilitated more affordable liquidity for the Bank while increasing deposits to approx. DKK 18.8 billion.

As of October 2015, the Bank will be required to meet the new demands from the Liquidity Coverage Ratio (LCR) standard under the Basel III provisions. The Bank is fully aware of these matters and has incorporated this requirement into the Bank's liquidity management. The Bank's liquidity projections show that, with a high level of coverage, the Bank will be able to comply with the LCR requirement in its fully phased-in form at 1 October 2015.

2015 Outlook

The Bank's total business volume is expected, given an unchanged economic climate, to have the capacity to generate core earnings before impairments at around DKK 350-400 million. The need for impairments is expected to exhibit a continued decline. Assuming unchanged economic conditions, Management expects that the need for impairments can be absorbed into the Bank's core earnings and thereby achieve a certain degree of consolidation. This will ensure a continuing bank with an appropriate business platform and the capacity to achieve a more adequate capital structure.

If the current crisis in the agricultural sector becomes very protracted and/or it worsens further, the Bank's significant exposure to this industry may entail an increased need for impairments in relation to Management's current estimates for 2015. This might also be the case if the economic climate generally worsens. The impact of a deterioration of the economic climate on the agricultural sector and/or other sectors will thus reduce the Bank's opportunities for consolidation in 2015.

Management's Review

Financial Review

Risk Management

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

It has turned out that the Bank, in periods of a favourable economic climate, was insufficiently focused on the prevention of risks and on incorporating precautionary principles that could create a certain ballast to mitigate the consequences of the current financial challenges. This has increased the Bank's sensitivity. At the same time, the Bank's previous growth strategy was too dependent on a total capital whose structure carried a relatively high level of interest expenditures. The absence of patient and non-interest bearing Common Equity Tier 1 capital has impeded longer-term strategic manoeuvres.

Risk exposure is a completely central consideration for all the transactions in which the Bank engages.

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

vestjyskBANK divides risk into the following categories:

Market Risk

The risk that changes might occur in the market value of the Bank's financial assets and liabilities because of changes in market conditions is collectively referred to as "market risk." Market risk exposure is a natural part of the Bank's activities and it affects the Bank's total earnings.

vestjyskBANK defines the following risks as market risks: Interest rate risk, foreign exchange rate risk, equity risk and other price risks, including for raw materials.

vestjyskBANK's policy is to maintain a generally low level of market risk.

vestjyskBANK's ambition is, to a limited degree, to assume market risks not directly linked to the Bank's general operations.

vestjyskBANK accepts market risks related to the Bank's general operations. However, if possible, the Bank will endeavour to moderate a given risk or hedge it in such a way that it cannot be characterised as high.

The Supervisory Board has established a framework for the Bank's market risks. Monitoring market risks and verifying the Bank's established risk framework take place on a daily basis.

Interest Rate Risk

Interest rate risk is defined as the loss incurred by the Bank in the event of a rise in general interest rate levels of 1 percentage point.

For general operations, the Bank assumes interest rate risk from the following activities: Deposits, loans, raising Tier 2 capital and funding as well as investing the Bank's liquidity reserves and trading portfolio in interest rate instruments. The Bank may utilise financial instruments to hedge against the interest rate risk from these activities in part or in full.

The Bank accepts a certain interest rate risk for activities related to deposits, loans and the raising of Tier 2 capital and funding.

However, it is the Bank's policy that the interest rate risk derived from the investment of the Bank's liquidity reserves and trading portfolio in interest rate instrument must be low.

The Bank's total interest rate risk stood at DKK -84.2 million at 31 December 2014. The Bank therefore maintains a positive exposure in relation to a general increase in interest rates. The negative interest rate risk was primarily caused by fixed-interest deposits that contributed with a negative interest rate risk of DKK 100.3 million, while the Bank's bond portfolio and its fixed-rate loans contributed with a positive interest rate risk of DKK 5.5 million and DKK 13.3 million, respectively.

Foreign Exchange Risk
The Bank assumes foreign exchange risk related to assets and liabilities held in foreign currencies.

It is the Bank's policy to maintain an overall foreign exchange risk profile that is low. The Bank therefore makes extensive use of financial instruments to hedge against foreign exchange risk.

Foreign Currency Indicator 1, which represents a simplified target for the scope of the Bank's positions in foreign currencies, stood at DKK 24.3 million at 31 December 2014.

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

The investment portfolio primarily includes shares in enterprises in the financial sector with which the Bank has a strategic partnership.

This typically pertains to shares where the Bank holds a share of these enterprises in terms of its proportionate share of the partnership.

The Bank accepts the risk associated with the ownership of sector enterprises while it is its policy that the risk derived from shares and derivative equity instruments in its investment portfolio must be low.

At 31 December 2014, the share risk, expressed as the invested amount, stood at DKK 187.2 million, of which sector company shares totalled DKK 162.1 million.

Other Market Risks
It is the Bank's policy not to assume other market risks via financial instruments than the ones specified above. It is therefore also the Bank's policy not to assume commodities risk through financial instruments.

The most significant aspects of the various types are set out in Notes 43-45 of the Annual Report.

Credit Risk
Credit risk is a very significant part of vestjyskBANK's business area.

Credit risk is the risk that a counterparty is unable or unwilling to satisfy his or her obligations and that the security provided does not sufficiently cover the obligations. Illiquidity or value impairments for provided collateral may result in losses and increase the need for impairments and provisions.

An increase of the Bank's credit risks may incur losses for the Bank or result in the need for impairments, risk definite losses on already impaired exposures or increase the capital requirement.

The Bank's risk assessment greatly relies on case-by-case assessments as to whether customers can/will meet their obligations and whether the requisite value and collaterals are present.

Operational Risk
Operation risk is defined as the risk of losses derived from internal and external conditions caused by inappropriate or defective internal procedures, human or system-related errors as well as external conditions, including legal risks. These conditions are described in detail in Note 47 of the Annual Report.

Liquidity Risk
Liquidity risk is defined as the risk that the Bank will be unable to pay its liabilities drawing on its regular liquidity reserves.

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

Business Risk
Business risk is defined as the risk of losses caused by changes in external conditions or events that harm the Bank's reputation or earnings.

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

Management's Review

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Risk to Total Capital

Risk to total capital is defined as the risk of losses as a result of the Bank's not having sufficient capital to meet its total capital requirement and solvency needs, if this is greater.

The Bank's total capital is recognised under the Executive Order on Calculation of Risk Exposures Own Funds and Solvency Need, and at 31 December 2014, the total capital stood at DKK 2,169 million. The weighted exposures stood at DKK 17,927 million, which meant that the Bank's total capital ratio stood at 12.1%.

The solvency need at 31 December 2014 stood at 10.4%, which meant that the solvency coverage surplus was 1.7 percentage points, or approx. DKK 300 million. The coverage is considered to be tight. The Common Equity Tier 1 capital ratio stood at 7.1% at 31 December 2014.

The capital is deemed tenuous and it is Management's assessment that there will be a need for a future strengthening, in order to reduce the Bank's vulnerability to future losses as well as changes to the capital rules because of the continued implementation of the Basel III rules.

Uncertainties Relating to Recognition or Measurements

The most significant uncertainties related to recognition and measurements are associated with impairments on loans and provisions against guarantees. Moreover, there are uncertainties related to the valuation of the Bank's owner-occupied properties and financial instruments.

In the opinion of Management, the assessments in calculating the impairment need at 31 December 2014 reflect the Danish Financial Supervisory Authority guidelines, including "early events" as well as the risk of losses associated with the current economic climate.

Capital Structure – Going Concern

The assumption at the time the accounts are presented as they relate to the Bank's going concern is that the Bank will have sufficient capital resources to cover its future need for capital.

The determined amount of the solvency, the Tier 1 capital ratio and the solvency need are described in the Management's Review section on page 17. The outlook for 2015 and the Bank's action plan are described on page 21 in the Management's Review.

Assuming unchanged economic conditions, Management expects that the need for impairments can be absorbed into the Bank's core earnings and thereby achieve a certain degree of consolidation. Management expects to be able to realise core results before impairments at around DKK 350-400 million.

The capital is therefore deemed sufficient but it is also the Management's assessment that there will be a need for a future strengthening, in order to reduce the Bank's vulnerability to future losses as well as changes to the capital rules, including the applicable Basel III/CRD IV provisions.

In the event Management's outlook for the Bank's core earnings as well as significantly lower impairments are not materially realised, or in the event major, unexpected negative events arise, this might—ultimately—mean that the Bank forfeits its license to operate as a bank or be forced to wind down with a related negative impact on the Bank's results, financial position and as a going concern.

Risk Report 2014

vestjyskBANK is required to provide detailed public disclosure about risks, capital structure, capital adequacy, risk management, etc. in pursuance of the CRR regulation's disclosure requirements (Pillar III), the Danish Financial Business Act, as well as other orders, regulations and guidelines. The Bank has drawn up "Risk Report 2014" (Risikorapport 2014) for that purpose. The report is published at the same time as the Annual Report and is available at vestjyskbank.dk/risikorapport.

Credit Risk

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

In order to ensure proper diversification across industry segments and customers, in principle the Bank will not accept exposures that exceed 10% of its total capital.

Approved exposures greater than the 10% shall contain an action plan for when and how that size can be accommodated within that 10% limit. In doing so, in issuing credit, vestjyskBANK is constantly seeking to ensure that individual exposures, including for groups, do not constitute a danger to the existence of the Bank. The sum of large exposures totalled 22.3% of the eligible capital at 31 December 2014 and consisted of one exposure.

The Bank's credit policy has been tightened with respect to financing assets outside the Bank's ordinary market area as well as its capacity to utilise foreign exchange loans and financial instruments. Similarly, the Bank's credit policy has been clarified with targets for a number of metrics related to the Bank's exposures.

For credit evaluations of business exposures, vestjyskBANK emphasises that credit decisions be made on the basis of a thorough analysis of its customer's financial conditions and the security provided so that vestjyskBANK will have a sufficient understanding of the risk in question. For the issuance of credit, the Bank must have full insight into the customer's financial conditions. Credit decisions must generally be based on the robustness of the customer's future earnings and liquidity and not be excessively based on provided security that may suffer a decline in value. Other highly weighted factors that come into consideration include the customer's, the company's, and the respective management's credibility and expertise.

The Bank has an exposure strategy for all significant exposures, for retail as well as business customers.

For business customers, the Bank seeks to gain an overview of the customer relationship by means of a logbook, which means that minutes from meetings and discussions with customers as well as other documentation is gathered in an electronic logbook. Meeting minutes must be drawn up and all major agreements with customers shall be confirmed in writing by letter.

In analysing the creditworthiness of private clients, the client's disposable funds and his or her assets are regarded as decisive factors. vestjyskBANK segments customer exposures into various risk categories. vestjyskBANK employs various systems as tools to facilitate correct segmentation.

Segmentation is an important component of the Bank's credit risk management.

At 31 December 2014, vestjyskBANK's business customers accounted for 76% of all loans, advances and guarantees; and retail customers accounted for 24%.

The Bank's evaluation of provided collateral of real estate is based on a specific assessment of the property's commercial value, primarily addressed through a cost-benefit analysis with an estimated factor based on the property's location, use, as well as alternative applications, creditworthiness of the tenant, and the duration of the lease agreement, etc. The value of the Bank's collateral in real estate is therefore associated with uncertainty since changes in the market conditions may lead to a need for a reassessment of the value of the lodged collaterals. Even for exposures where the lodged collaterals are sufficient according to the Bank's present evaluation, going forward there is a major risk related to the Bank's loans and guarantees for the real estate segment, since the value of the lodged collaterals and impairment needs may change if the market changes.

A decline in sales prices for real estate, general economic conditions or other conditions that lead to a decline in prices of securities or other collaterals may mean that the value of the collaterals lodged vis-a-vis the Bank will fall and that the collaterals will thus not be sufficient to cover the customer's liabilities. If the collaterals are illiquid, the collaterals may not be realisable for covering the customer's liabilities.

The Bank also incurs major risk on the Bank's loans and guarantees in the agricultural sector among other things by a continued economic downturn in the industry, including with declining prices and ability to pay by debtors. The need for both performing impairments on an individual basis and in groups and for making provisions for credit commitments is reviewed on a regular basis.

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

Management’s Review
Financial Review

Generally, for the time being and in principle, the Bank does not wish to expand its portfolio of agricultural customers but still to help skilled and solid existing customers on the basis of an objective risk assessment of the individual farmer's operational abilities and earnings results. Farms than can render likely a development from negative to positive operating results and whose increased need for bank financing is accommodated will also entail an increased risk for the Bank.

The Bank will only, by way of exception, seek to expand its exposure to the real estate market; however, it will help, to a limited extent, its existing customers. In addition, the Bank will continue to finance property purchases for customers' own use (principally detached and holiday houses), if the customer's current and future earnings and financial position are assessed to be stable. If the Bank, in exceptionally cases, participates in project financing within the real estate area, the project shall, in principle, be sold or leased in full before the project is initiated just as the customer, in principle, must be able to provide actual self-financing of a minimum of 20%.

Exposures that exhibit signs of weakness due to e.g. poor earnings or a fragile capital base are watched closely, in order for the Bank to be able to intervene in time to limit its losses. The Bank performs impairments in groups based on a segmentation model developed by the industry organisation Association of Local Banks, Savings Banks and Cooperative Banks in Denmark (Lokale Pengeinstitutter). The model is structured around a number of macroeconomic variables.

Management is aware that the Bank has a relative high number of customers that exhibit signs of weakness and customers with impairments. Impairments on loans and provisions against guarantees are therefore associated with significant uncertainty. In the event, the economic climate deteriorates further, especially within the agricultural and real estate sectors, it might also have a major impact on the Bank’s operating results and financial position and its ability to continue as a going concern.

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

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

IR Portal at vestjyskBANK's Website

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

The vestjyskBANK Share

The shares of vestjyskBANK are listed at NASDAQ Copenhagen. The closing price of the vestjyskBANK share was DKK 9.25 at 31 December 2014 compared with a closing price at 31 December 2013 of DKK 9.00, an increase of nearly 3%. The officially quoted price in relation to the equity value is 1.1. The share transaction volume for 2014 was roughly 16.7 million at a combined market value of DKK 205.0 million.

Share Capital

vestjyskBANK's share capital totalled DKK 151 million at 31 December 2014. The share capital is distributed across 151,008,121 shares with a nominal value of DKK 1.

vestjyskBANK has approx. 41,350 registered shareholders. The Danish State holds 121,736,671 shares, corresponding to a stake of 80.62%. Additionally, the Financial Stability Company, which is wholly owned by the Danish State, holds 1,291,222 shares in vestjyskBANK, which corresponds to a stake of 0.86%. Including this stake, the Danish State holds 81.48% of the share capital and voting rights in vestjyskBank.

Second only to the Danish State, the ten biggest shareholders hold 3.32 percent of the share capital in vestjyskBANK.

Capital

At the Annual General Meeting on 26 March 2013, the Supervisory Board was authorised to acquire treasury shares until 26 March 2018 of a nominal value of up to 10% of the share capital. At year-end 2014, vestjyskBANK held 173,000 treasury shares, which corresponds to 0.1% of the share capital.

The Bank cannot convert Additional Tier 1 capital provided by the Danish State. On 20 January 2014, DKK 575.2 million Additional Tier 1 capital as well as accrued non-disbursed coupon interest of DKK 12.6 million were converted to share capital.

The rules related to the conversion of Additinal Tier 1 capital as well as other matters concerning the Bank's share capital are set out in the Bank's Articles of Association, which are available at vestjyskbank.dk/vedtaegter.

Dividend Policy

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

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

During the period in which the government Additional Tier 1 capital is injected, no reduction of capital may take place and treasury shares may not be acquired apart from what occurs as part of the general daily trade.

Management's Review

Investor Relations

Annual General Meeting and Shareholder Meetings

vestjyskBANK's Annual General Meeting will be held on Monday, 23 March 2015 at Lemvig Idræts- og Kulturcenter, Christinelystvej 8, DK-7620 Lemvig, Denmark.

A Shareholder meeting will be held in Aarhus on Tuesday, 24 March 2015 at NRGI Park, Hall 2, Stadion Allé 70, DK-Aarhus C, Denmark.

A shareholder meeting will be held in Ringkøbing on Wednesday, 25 March 2015 at the Ringkøbing Sports- og Kursuscenter (ROFI), Kirkevej 26, DK-6950 Ringkøbing, Denmark.

A shareholder meeting will be held in Holstebro on Thursday, 26 March 2015 at Musikteatret Holstebro, Den Røde Plads 16, DK-7500 Holstebro, Denmark.

2015 Financial Calendar

26 February	2014 Annual Report
23 March	Annual General Meeting
13 May	Quarterly Report, Q1
19 August	Half-Year Report
18 November	Quarterly Report, Q1-Q3

Investor Relations Manager

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

Jan Ulsø Madsen, Chief Executive Officer
vestjyskBANK
Torvet 4-5
DK-7620 Lemvig, Denmark
Tel. [+45] 96 63 21 04
jum@vestjyskbank.dk

Company Announcements in 2014

Over the course of 2014, the Bank published the following company announcements:

28 November	New CEO
27 November	vestjyskBANK's Quarterly Report for Q1-Q3 2014
31 October	Vestjysk Bank A/S appeals verdict in case on alleged market manipulation in the former Aarhus Lokalbank A/S in the period from 1 September 2009 to 5 February 2010
31 October	Delivery of verdict in case on alleged market manipulation in the former Aarhus Lokalbank A/S in the period from 1 September 2009 to 5 February 2010
23 October	Completion of sale of sector shares in DLR Kredit A/S and increase in surplus solvency
10 October	Increase of surplus solvency through sale of sector shares in DLR Kredit A/S
21 August	Conversion of loan capital, raising of new loans and redemption of subordinated loan capital
21 August	vestjyskBANK's Half-Year Report 2014
27 June	Extension of deadline for taking necessary measures and fulfilment of orders limiting the right of disposal
13 June	Cancellation of charge of price manipulation
23 May	vestjyskBANK’s Quarterly Report for Q1 2014
07 April	CORRECTION: The Board of Directors' request for the Chairman of the Board of Directors to undertake special operational tasks
07 April	The Board of Directors' request for the Chairman of the Board of Directors to undertake special operational tasks
01 April	Establishment of capital adequacy requirement, imposition of restricting order and order for plan for re-establishment
25 March	Resolutions at Vestjysk Bank A/S’ Annual General Meeting on 25 March 2014
24 March	Sale of Nets shares
24 March	Annual General Meeting - Nomination of two additional candidates and election as chairmann and vice-chairmann
03 March	Notice of Annual General Meeting from the Supervisory Board of Vestjysk Bank A/S
03 March	vestjyskBANK's Annual Report 2013
06 February	Composition of the supervisory board after the annual general meeting 2014
31 January	Share capital and voting rights
20 January	Conversion of government hybrid core capital completed
10 January	Conversion price for government hybrid core capital
02 January	Vestjysk Bank A/S accused in case concerning alleged market manipulation in the former Aarhus Lokalbank A/S in the period from 1 September 2009 to 5 February 2010

Management's Review

Management

Operations management

Report on Corporate Governance
vestjyskBANK's governance is based on the Recommendations on Corporate Governance issued by the Committee on Corporate Governance in Denmark (Komitéen for god Selskabsledelse) and are thereby in line with the principles that NASDAQ Copenhagen has determine that listed companies must comply. Moreover, the Bank complies with the Corporate Governance Code of the Danish Bankers' Association.

vestjyskBANK has decided to publish its statutory report on corporate governance at the Bank's website—see vestjyskbank.dk/om banken/organisation. The report provides details on the Bank's status for each of the recommendations issued by the Committee on Corporate Governance and the Corporate Governance Code of the Danish Bankers' Association.

Report on Corporate Social Responsibility (CSR)
vestjyskBANK's work with corporate social responsibility focuses on three key areas: Customers, the local communities in which the Bank wishes to be an active part, and staff. Through the Bank's vision, mission and values, its social responsibility platform has been an integral part of its business for several years.

vestjyskBANK has decided to publish its statutory report on corporate social responsibility at the Bank's website—see vestjyskbank.dk/om banken/profil.

Report on the Under-Represented gender
vestjyskBANK's ambition is for it to be an attractive workplace for both women and men and it endeavours to provide equal opportunities to pursue careers and to attain and hold positions of leadership. For this, it is important that its executives have the proper competencies, irrespective of gender.

vestjyskBANK has decided to publish its statutory report on the under-represented sex at the Bank's website—see vestjyskbank.dk/om-banken/profil.

Supervisory and Executive Boards

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

Former Chief Cxecutive Officer Vagn Thorsager (born 1948), Chairman
Thorsager worked as Chief Executive Officer of Aarhus Lokalbank from 2011 and continued as Managing Director of vestjyskBANK after its merger in 2012. He was appointed Chief Executive Officer of vestjyskBANK on 25 September 2012.

Newly elected as chairperson of vestjyskBANK's Supervisory Board at the 2014 Annual General Meeting on which occasion he simultaneously stepped down from his position as Chief Executive Officer.

Based on the criteria set out in the Recommendations for Corporate Governance, Thorsager is considered a non-independent board member in view of his previous position as Chief Executive Efficer.

- Elected to vestjyskBANK's Supervisory Board in 2014.
- Expiry of current term: 2015.
- Other leadership positions or organisational duties: Board member of BKG Finans A/S.

Own and related parties' shares, options or warrants in vestjyskBANK: 19,637 shares.

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

Former Credit Officer Lars Holst (born 1952), Deputy Chairman
Newly elected as deputy chairman for vestjyskBANK's Supervisory Board at the 2014 Annual General Meeting.

Meets the definition of independence issued by the Committee on Corporate Governance in Denmark.

- Elected to vestjyskBANK's Supervisory Board in 2014.
- Expiry of current term: 2015.
- Other management positions or organisation duties: Board member of the Danish Growth Fund.

Own and related parties' shares, options or warrants in vestjyskBANK: None.

Changes to holdings over the year: None.

Anders Bech (born 1947), CEO
Was chairman of the Supervisory Board from 2002 to 2012 after which the Supervisory Board was constituted with Anders Bech as deputy chairman. Anders Bech served as the Board's deputy chairman up until 2014, interrupted only by a brief period in 2013 during which he returned to the chairmanship when a vacancy arose.

Based on the criteria set out in the Recommendations for Corporate Governance, Anders Bech is considered a non-independent board member under the 12-year rule, which expired on 13 December 2014.

- First elected to vestjyskBANK's Supervisory Board in 1997.
- Continued serving on the Supervisory Board for vestjyskBANK after its merger with nordvestBANK in 2002 after which he was elected chairperson.
- Has been re-elected to vestjyskBANK's Supervisory Board.
- Expiry of current term: 2015.
- Other management positions or organisational duties: Chief Executive Officer of Kaj Bech Holding A/S and one subsidiary, board member of Kaj Bech Holding A/S and one subsidiary and Fonden Nørre Vosborg as well as board chairman of Ejendomsselskabet Doktorvænget A/S.

Own and related parties' shares, options or warrants in vestjyskBANK: 64,870 shares.

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

Bent Simonsen, Group CEO (born 1961)
Meets the definition of independence issued by the Committee on Corporate Governance in Denmark.

- Elected to vestjyskBANK's Supervisory Board in 2013.
- Has been re-elected to vestjyskBANK's Supervisory Board.
- Expiry of current term: 2015.
- Other management positions or organisational duties: Group CEO of Det danske Hedeselskab and Dalgasgroup A/S, CEO of Hedeselskabet Sp. z o.o. (Poland), Enricom A/S, DDH Forests A/S and SIA Dan Baltic Forest (Latvia), supervisory board member of HedeDanmark A/S, Orbicon A/S and one subsidiary, Enricom A/S, DDH Forests A/S and one subsidiary, A/S Jydsk Landvinding, Hedeselskabet Sp. z o.o. (Poland), JCCJS Rindibel (Belarus), Plantningsselskabet Steen Blicher A/S, and A/S Plantningsselskabet Sønderjylland.

Own and related parties' shares, options or warrants in vestjyskBANK: None.

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

Kirsten Lundgaard-Karlshøj (born 1951), Farmer
Based on the criteria set out in the Recommendations for Corporate Governance, Kirsten Lundgaard-Karlshøj is considered a non-independent board member under the 12-year rule, which expired on 13 December 2014.

- First elected to the Supervisory Board of the then Vestjysk Bank in 1998.
- Continued on the Supervisory Board of vestjyskBANK after its merger with nordvestBANK in 2002.
- Has been re-elected to vestjyskBANK's Supervisory Board.
- Expiry of current term: 2015.
- Other leadership positions or organisational duties: Land owner

Own and related parties' shares, options or warrants in vestjyskBANK: 122,070 shares.

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

Poul Hjulmand (born 1945), former CEO
Was deputy chairman until the merger in 2012 with Aarhus Lokalbank after which he stepped down from the chairmanship of the Supervisory Board. Because of a vacancy, he also served as deputy chairman for a brief period in 2013.

Meets the definition of independence issued by the Committee on Corporate Governance in Denmark.

- First elected to Ringkjøbing Bank's Supervisory Board in 2003 after which he was elected chairman.
- Continued serving on the Supervisory Board for vestjyskBANK after its merger in 2008 after which he was elected deputy chairman.
- Has been re-elected to vestjyskBANK's Supervisory Board.
- Expiry of current term: 2015.
- Other management positions or organisational duties: Supervisory board chairman of Landia Holding ApS and board member of two subsidiaries, board chairman of RAH Holding A/S and six subsidiaries as well as Iron Pump Holding and two subsidiaries, board member of Vestas Aircoil A/S and two subsidiaries, I.P.L. and three associated companies, Hydroman Holding A/S, Conset A/S and one subsidiary, RGT Holding A/S, Ølgaard-Jensens Fond, Hvide Sande Havn and Lem Varmeværk.

Own and related parties' shares, options or warrants in vestjyskBANK: 30,804 shares.

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

Jacob Møllgaard, Development employee (born 1976)
Elected by the Bank's employees. Meets the definition of independence issued by the Committee on Corporate Governance in Denmark—with the exception of his employment with the Bank.

- Elected as employee board representative to the vestjyskBANK Supervisory Board in 2013.
- Expiry of current term: 2017.
- Other leadership positions or organisational duties: Supervisory board member of the Financial Services Union Denmark, Western District.

Own and related parties' shares, options or warrants in vestjyskBANK: 328 shares.

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

Malene Rønø (born 1971), Business Account Manager
Elected by the Bank's employees. Meets the definition of independence issued by the Committee on Corporate Governance in Denmark—with the exception of his employment with the Bank.

- Elected as employee board representative to the vestjyskBANK Supervisory Board in 2011.
- Has been re-elected to vestjyskBANK's Supervisory Board.
- Expiry of current term: 2017.
- Other leadership positions or organisational duties: None.

Own and related parties' shares, options or warrants in vestjyskBANK: 672 shares.

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

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

- Elected as employee board representative to the vestjyskBANK Supervisory Board in 2011.
- Expiry of current term: 2015.
- Other leadership positions or organisational duties: None.

Own and related parties' shares, options or warrants in vestjyskBANK: 5,910 shares.

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

The Bank's Executive Board

Jan Ulsø Madsen (born 1960), Chief Executive Officer
Appointed Chief Executive Officer 1 February 2015.

Other leadership positions or organisational duties: None.

Own and related parties' shares, options or warrants in vestjyskBANK: None.

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

Michael Nelander Petersen (born 1963), Managing Director
Appointed Managing Director of vestjyskBANK on 25 September 2012. After Vagn Thorsager's election to the Supervisory Board on 25 March 2014, Michael Nelander Petersen served as constituted Chief Executive Officer up until Jan Ulsø Madsen's assuming his office on the Bank's Executive Board, after which point he once again served as managing director.

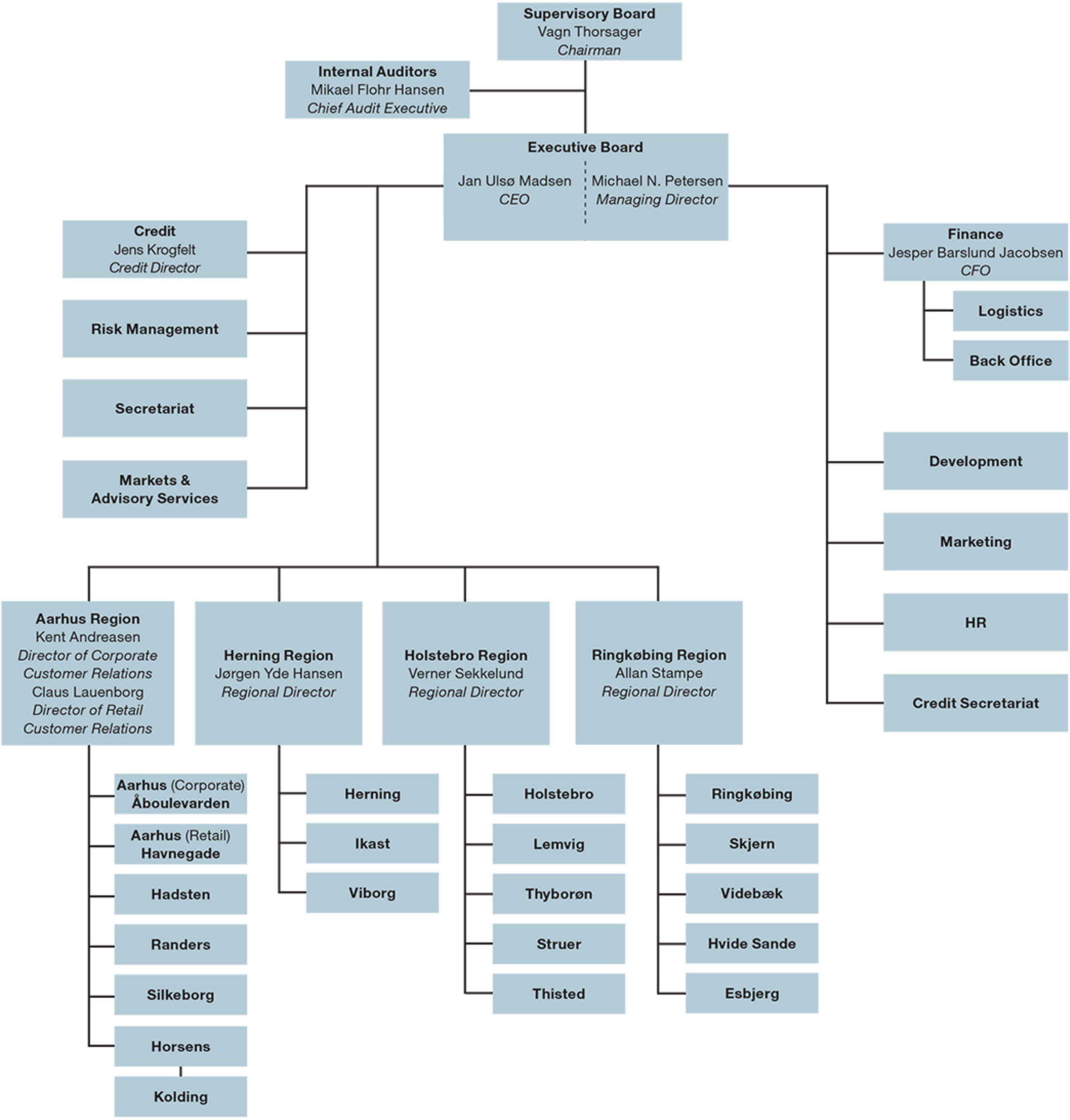
Other management positions or organisational duties: Supervisory board member of Bankernes EDB Central (BEC) and BDC-Bankernes Uddannelsesfond.

Own and related parties' shares, options or warrants in vestjyskBANK: 10,000 shares.

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

Management's Review

Organisation



Organisation of the Bank

Strategy

vestjyskBANK is dedicated to being a bank that, with the customer in the centre, advises retail and business customers locally and regionally via a well-developed branch network in select locations in Jutland.

The Bank seeks to create the framework for a business-oriented bank that offers products and services that meet its customers' demands and needs. The Bank's targets realising good core earnings, combined with a focus on industry-specific credit exposures subject to a credit management policy that ensures a period during which the Bank's will have the capacity to build up a healthier balance sheet and capital structure.

The Bank sees central and western Jutland as well as parts of eastern Jutland as its core market area. The market strategy is adapted to the general opportunities in the individual market area. The number of branches is regularly being evaluated in relation to current and anticipated market developments.

In this core area, the Bank positions itself as the local bank that is engaged in the local community, and outside its core area, it emphasizes on being a bank that is present and that focuses on personal relationships between the bank and the customer.

The Bank previously built up a certain portfolio outside its market area in Denmark. Going forward, the Bank will primarily seek to retain existing customers and attract new customers from the Bank's geographic market area. It will therefore work actively to reduce the share of loans outside the market area from the present approx. 17% to approx. 12% over the course of a five-year period.

The Bank has also built up a portfolio abroad. The Bank will seek to reduce its percentage share of lending abroad from the present approx. 8 percent to approx. 5 percent over the course of a five-year period.

The business customer segment is vestjyskBANK's primary business area focused primarily on the financing of small and mid-sized enterprises within agriculture, fisheries and real estate-related investments. vestjyskBANK has accumulated special expertise and experience within advisory services for the agricultural and fisheries sectors.

vestjyskBANK's business customers are offered a number of financing products, such as construction loans, commercial credit lines, provision of guarantees, foreign loans, as well as foreign exchange and interest rate swaps to hedge against commercial risks.

The Bank's retail customers are offered all the traditional products and advisory services within savings, retirement pension, loans, debit and credit cards. Through strategic preferred partners, the Bank also offers mortgage credit, investment, retirement pension and insurance products.

Foundation

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

In the short term, where the consequences of the financial crisis and the economic setback as an impact on societal development, vestjyskBANK is particularly committed to emphasising limited risks and cost management.

The general financial objective of vestjyskBANK is to consolidate its Tier 1 capital and especially its Common Equity Tier 1 capital.

In order to ensure the Bank's future freedom of action, it is important for us to create a level of solidity that brings us in compliance with the requirements in the continued implementation of the Basel III rules.

Organisation

The Bank is built up around four regions, which are responsible for sales, management and close sparring in the credit area.

The aim of the four regions is to ensure the links between the customer-facing branches and the central corporate functions in the Bank's senior management. The Regional Directors are thus part of the Bank's management group, which works with strategy, results and action plans.

Management's Review

Organisation

In addition to the four regions, the Bank has a number of central management forums. Thus, the Bank has established a Credit Committee, which reviews major credit exposures. Similarly, a Solvency and Market Risk Committee has been established which is tasked with regularly assessing the composition of the Bank's funding and liquidity. Finally, a special committee is evaluating developments in, and the composition of, the Bank's prices and products.

Management and Employee Development
At vestjyskBANK, we are constantly seeking to maintain a high level of expertise for both management and staff. Our ambition is to do things properly, which makes the development of competencies a strategic development area for us.

This emphasis enables the Bank to retain and attract skilled and expert employees with respect to both competencies of a general nature and specialist expertise. The average age and seniority for the Bank's employees are 47.8 years and 15.6 years, respectively. The number of employees in 2014 was 523 converted to full-time (average), which is 40 fewer than in 2013.

Partners

vestjyskBANK has partnered with and receives commissions from the following:

Mortgage Credit
In the mortgage credit area, vestjyskBANK is primarily collaborating with Totalkredit within mortgaging of full-year and second homes as well as owner-occupied dwellings.

vestjyskBANK is also a shareholder in the sector holding company Pras A/S.

Within mortgaging of business property, including agriculture, residential rental properties and cooperatives, vestjyskBANK collaborates primarily with DLR Kredit, which is also co-owned by the Bank.

In addition to these primary partners, vestjyskBANK is also collaborating with Nykredit.

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

vestjyskBANK is, via Letpension Holding A/S, co-owner of Letpension A/S, which functions as an advisory and intermediation platform, and insurance policies taken out are transferred to PFA.

vestjyskBANK is also collaborating with Pensionsinfo with respect to data exchange related to pension advisory services.

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

Securities Trading and Management
vestjyskBANK collaborates with BankInvest for intermediation of BankInvest mutual funds societies and other related products.

vestjyskBANK is collaborating with Garanti Invest A/S for the intermediation of structured products and is also a shareholder of Garanti Invest A/S.

vestjyskBANK is collaborating with Sparinvest for the intermediation of the Sparinvest mutual funds and is also a shareholder of Sparinvest Holding A/S.

Moreover, vestjyskBANK collaborates with Sydinvest, Alm. Brand Invest, Maj Invest, Danske Invest, Carnegie and ValueInvest for the intermediation of financial products.

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

Payment Services
vestjyskBANK is collaborating with NETS Denmark A/S for payment services, cards and NemID.

Payroll Processing for Customers
vestjyskBANK has collaborated with Bluegarden A/S for payroll systems. vestjyskBANK is a co-owner of Bluegarden A/S through Bluegarden Holding A/S.

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

Mortgage Credit
vestjyskBANK is collaborating with BoligCenter Vestjylland, a local real estate broker. This partnership includes valuations of properties as well as the mutual referral of customers.

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

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

Insurance
vestjyskBANK is collaborating with Euler Hermes. This collaboration includes referring customers for matters relating to credit insurance.

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

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

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

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

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

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

vestjyskBANK is also collaborating with e-Boks A/S for electronic archiving of correspondence from the Bank to the customers who subscribe to e-Boks.

vestjyskBANK is collaborating with and is a co-owner of the VP SECURITIES A/S, whose most important duty is to handle the electronic issuance of securities, to register ownership and rights as well as perform clearing and settlement of securities trades.

vestjyskBANK is collaborating with Bankernes Kontantservice, whose most important duties involve handling cash and money transports.

vestjyskBANK is a member of the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark along with approx. 70 other local banks. The Association's objective is to support its members, promote their common interest taking into consideration individual members' independence, freedom of action and integrity and to promote the sound development of the financial sector, so that its members can solve their tasks in the most efficacious manner.

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

Management's Statement

The Bank's Supervisory and Executive Boards have considered and approved the Annual Report for the period 1 January–31 December 2014 for Vestjysk Bank A/S.

The annual report is presented in accordance with the Danish Financial Business Act and in accordance with the supplementary Danish disclosure requirements relating to financial reporting for listed financial enterprises.

In our opinion, the applied accounting policies are appropriate and the financial statements provide a true and fair view of the Company's assets and liabilities and financial position as at 31 December 2014, as well as the results of the Bank's activities for the reporting period 1 January–31 December 2014.

In our opinion, the present Management's Review provides a true and fair view of the developments in the Bank'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 sections "Risks Related to Going Concern" and "2015 Outlook" detail the need for a continued strengthening of the Bank's total capital and uncertainties associated with impairments, especially for agricultural customers as a result of the crisis between the EU and Russia. We also refer to Note 2 "Uncertainty, Capital Structure and Going Concern."

It is Management's assessment that the projected core earnings and need for impairments for 2015 will be sufficient to ensure the Bank's continuation as a going concern.

We hereby recommend the Annual Report for adoption by the Annual General Meeting.

Lemvig, Denmark, 26 February 2015

Executive Board

……………………………………………	…………………………………………
Jan Ulsø Madsen	Michael Nelander Petersen
Chief Executive Officer	*Managing Director*

Supervisory Board

…………………………………………..	…………………………………………	…………………………………………
Vagn Thorsager	Lars Holst	Anders Bech
Chairman of the Supervisory Board	*Deputy Chairman of the Supervisory Board*	
…………………………………………	…………………………………………	…………………………………………
Kirsten Lundgaard-Karlshøj	Poul Hjulmand	Bent Simonsen
…………………………………………	…………………………………………	…………………………………………
Jacob Møllgaard	Malene Rønø	Palle Hoffmann

Auditors' Statement

Internal auditors' reports

Report on Financial Statements

We have audited the Financial Statements of Vestjysk Bank A/S for the financial year 1 January to 31 December 2014, which comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and notes. The Financial Statements are prepared in accordance with the Danish Financial Business Act.

Basis of opinion

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

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

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

Our audit has not resulted in any qualification.

Opinion

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

In addition, in our opinion, the Company's Financial Statements give a true and fair view of the Company's financial position at 31 December 2014 and of its financial performance for the financial year 2014 in accordance with the Danish Financial Business Act.

Emphasis of Matter

Without modifying our opinion we draw attention to the material uncertainty, raising doubt as to the company's ability to continue its operations. We refer to management's assessment of the financial basis for the company's operations for the coming financial year in note 2 "Uncertainty, capital resources and going concern", including in particular credit risks and capital resources. Management has assessed capital resources as adequate to ensure the continued operations of the Bank, albeit with limited margin.

In assessing the adequacy of the capital resources management has placed emphasis as to the expectations of the Bank's core earnings and expected impairment of loans in 2015. As mentioned in note 2, management's assessment of impairment of loans is subject to significant uncertainty. As described in note 2, it is management's expectation that the need for impairment can be absorbed against core earnings.

If impairment in 2015 materially exceeds core earnings, there is a material risk that the Bank will not be able to continue its operations.

Statement on Management's Review

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

Lemvig, 26 February 2015

Mikael Flohr Hansen
Chief Audit Executive

Auditors' Statement

Independent Auditor's Report

To the Shareholders of Vestjysk Bank A/S

Report on the Financial Statements

We have audited the Financial Statements of Vestjysk Bank A/S for the financial year 1 January – 31 December 2014, which comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and notes. The Financial Statements are prepared in accordance with the Danish Financial Business Act.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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

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

The audit has not resulted in any qualification.

Opinion
In our opinion, the Financial Statements give a true and fair view of assets, liabilities and the financial position of the Company at 31 December 2014 and of the results of the Company operations for the financial year 1 January - 31 December 2014 in accordance with the Danish Financial Business Act.

Emphasis of matter
Without modifying our opinion we draw attention to the material uncertainty, raising doubt as to the company's ability to continue its operations. We refer to management's assessment of the financial basis for the company's operations for the coming financial year in note 2 "Uncertainty, capital resources and going concern", including in particular credit risks and capital resources. Management has assessed capital resources as adequate to ensure the continued operations of the Bank, albeit with limited margin.

In assessing the adequacy of the capital resources management has placed emphasis as to the expectations of the Bank's core earnings and expected impairment of loans in 2015. As mentioned in note 2, management's assessment of impairment of loans is subject to significant uncertainty. As described in note 2, it is management's expectation that the need for impairment can be absorbed against core earnings.

If impairment in 2015 materially exceeds core earnings, there is a material risk that the Bank will not be able to continue its operations.

Auditors' Statement

Statement on Management's Review

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

Holstebro, 26 February 2015
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Jesper Edelbo	Carsten Jensen
State Authorised Public Accountant	*State Authorised Public Accountant*

Financial Statements

Statements of Income and Comprehensive Income

Note		2014 TDKK	2013 TDKK
	Statement of Income		
3	Interest income	1,061,802	1,333,568
4	Interest expenses	365,021	520,318
	Net interest income	696,781	813,250
	Dividends on equity securities etc.	5,944	13,003
5	Income from fees and commissions	317,091	292,863
	Fees and commissions paid	27,120	31,112
	Net interest and fee income	992,696	1,088,004
6	Market value adjustments	56,021	126,421
7	Other operating income	4,270	19,883
8-9	Personnel and administrative expenses	509,239	538,675
	Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	9,098	15,956
10	Other operating expenses	41,779	48,689
11	Impairments of loans and receivables, etc.	683,466	1,073,345
	Income from investments in group enterprises	0	-16
	Profit/loss Before Tax	-190,595	-442,373
	Tax	0	0
	Profit/loss After Tax	-190,595	-442,373
	Statement of Comprehensive Income		
	Profit/loss After Tax	-190,595	-442,373
	Other comprehensive income:		
	Change in the value of owner-occupied properties	5,645	0
	Changes in the value of pension liabilities	-2,237	275
	Hedge accounting	0	-5,999
	Of which transferred to interest in the Statement of Income	0	-322
	Other comprehensive income after tax	3,408	-6,046
	Total comprehensive income	-187,187	-448,419

Note		2014 TDKK	2013 TDKK
	Assets		
	Cash in hand and demand deposits with central banks	894,587	1,198,891
12	Receivables from credit institutions and central banks	123,477	189,367
13-14	Loans and other receivables at amortised cost	14,713,799	17,360,430
	Debt securities at fair value	3,359,259	4,470,961
	Shares, etc.	187,188	479,211
15	Assets related to pool fund schemes	1,720,926	1,586,325
16	Intangible assets	5,986	7,482
	Land and buildings, total	369,721	371,671
17	Investment property	0	5,695
18	Owner-occupied property	369,721	365,976
19	Other property, plant and equipment	7,271	7,384
	Current tax assets	1,006	2,195
	Assets held for sale	0	4,644
20	Other assets	404,694	421,000
	Prepayments and accruals	15,648	12,676
	Assets total	21,803,562	26,112,237

Financial Statements

Statement of Financial Position

Note		2014 TDKK	2013 TDKK
	Liabilities		
	Debts		
21	Debts to credit institutions and central banks	338,672	5,101,855
22	Deposits and other debt	17,047,097	16,290,590
	Deposits with pool fund schemes	1,720,926	1,586,325
23	Debt securities in issue at amortised cost	8,761	18,013
24	Other liabilities	282,218	344,824
	Prepayments and accruals	29	28
	Debt, total	19,397,703	23,341,635
	Provisions		
	Provision for pensions and similar liabilities	22,895	21,455
	Provisions for losses on guarantees	8,817	10,573
	Other provisions	16,086	3,074
	Provisions, total	47,798	35,102
25	**Subordinated debt**	1,070,919	1,848,481
	Equity		
26	Share Capital	151,008	85,982
	Revaluation reserves	57,526	55,433
	Reserves provided for in the Bank's Articles of Association	551,600	551,600
	Retained profit/loss	527,008	194,004
	Equity, total	1,287,142	887,019
	Equity and liabilities, total	21,803,562	26,112,237
27	**Items not recognised in the Statement of Financial Position**		
	Contingent liabilities	3,036,027	2,957,747
	Other commitments	27,814	30,262
	Items not recognised in the Statement of Financial Position, total	3,063,841	2,988,009

Financial Statements

Statement of Changes in Equity

	Share capital	Share premium	Revaluation reserves	Accumulated value adjustments of hedging instruments in hedging cash flows	Reserves provided for in the Bank's Articles of Association	Retained profit/ loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 Jan 2014	85,982	0	55,433	0	551,600	194,004	887,019
Comprehensive income for the period			5,645			-192,832	-187,187
Additions relating to sale of own equity securities						51,824	51,824
Disposals relating to purchase of own shares						-51,793	-51,793
Issued shares upon conversion of Additional Tier 1 capital	65,026	522,813					587,839
Costs related to the raising of capital		-560					-560
Transferred to retained earnings		-522,253	-3,552			525,805	0
Equity, 31 Dec 2014	151,008	0	57,526	0	551,600	527,008	1,287,142
Equity, 1 Jan 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 shares						-45,534	-45,534
Capital reduction	-551,600				551,600		0
Issued shares upon conversion of Additional Tier 1 capital	24,693	313,846					338,539
Costs related to the raising of capital		-1,084					-1,084
Transferred to retained earnings		-312,762				312,762	0
Equity, 31 Dec 2013	85,982	0	55,433	0	551,600	194,004	887,019

Financial Statements
Notes

Overview of Notes on the Financial Statements

Note

1 **Accounting policies**

General remarks

vestjyskBANK's annual report is presented in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., as well as the disclosure requirements for listed enterprises issued by NASDAQ Copenhagen A/S.

Under section 27 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., interest on loans shall be recognised in the statement of income in accordance with the effective interest method. As opposed to 2013 and earlier practice, vestjyskBANK is not reducing its allowance account with interest from impaired loans when recognising total impairments. This change has no effect on the results and equity but does affect the impairment balance and the total credit exposure for loans.

(MDKK)	2014 before the change in practice	2014 after the change in practice	Change
Accumulated impairments of loans and other receivables	3,452.6	3,539.5	86.9
Accumulated impairment ratio	16.4%	16.7%	0.3%

(MDKK)	2013 before the change in practice	2013 after the change in practice	Change
Accumulated impairments of loans and other receivables	3,709.5	3,782.8	73.3
Accumulated impairment ratio	15.5%	15.7%	0.2%

The comparative figures are adjusted in the relevant notes and financial ratios.

Apart from those changes, the accounting policies remain unchanged in relation to the 2013 Annual Report.

Recognition and Measurement

Assets are recognised in the financial position when it is deemed likely that—because of past events—future economic benefits will accrue to the Bank and that the value of the assets can be reliably measured.

Liabilities are recognised in the statement of financial position once the Bank has a legal or constructive commitment as a result of past events and where it is deemed likely that future economic benefits will flow from the company and that the value of the liability can be reliably measured.

At initial recognition, assets and liabilities are measured at fair value. However, property, plant and equipment are measured at cost upon initial recognition. Measurement after initial recognition occurs as specified for each individual accounting item.

Note

1 **Accounting policies (continued)**

Foreseeable losses and risks arising before the presentation of the annual report and which confirm or disprove matters arising on or before the reporting date are taken into consideration upon recognition and measurement.

Income is recognised in the statement of income as it is earned while costs are recognised at the amounts that pertain to the reporting period. However, increases in value from owner-occupied properties are recognised directly in equity.

Financial instruments are recognised on the day they are settled.

Segment information is not provided since neither the activities nor geographic markets differ substantially from one another.

Accounting Estimates and Assessments

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

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

The principles for making accounting estimates and assessments critical to presenting the accounts include, among other things, assessments related to:

- Impairments of loans and advances and provisions for guarantees.
- Restated value of owner-occupied properties.
- Fair value of financial instruments.
- Whether or not debt securities are traded in an active market.

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

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

Note

1 **Accounting policies (continued)**

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

Assessment by groups is performed for groups of loans and amounts receivable that possess uniform characteristics in respect of credit risk. There are 11 groups: One for public authorities, one for retail customers, and nine for business customers where business customers are segmented by industry.

Moreover, estimates of provisions for guarantees are associated with uncertainty when there is a need to establish the extent to which a payment should be made for the guarantee in question.

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

The conditions that have had the most influence on the assessment of the needs for impairments and provisions are:

- Continued weak economic climate;
- A weakened earnings capacity within certain branches of agriculture, especially pork and milk production. The outlook for the agricultural industry in 2015 is currently very worrisome as a result of steep price declines on milk and pork. The expectations with respect to the scope and duration of very low settlement prices are heavily affected by the trade crisis between the EU and Russia and are highly uncertain. The Bank has taken into account these factors as well as the Danish Financial Supervisory Authority's announcement relating to "early events" in respect of assessments of the impairment need within the agricultural sector.
- In 2014, the real estate market has shown signs of slow improvement in the form of a slight revenue and price increase—especially in the Bank's eastern market area.
- Certain commercial properties are affected by periods during which letting of space is idle.

The amounts for loan and guarantee impairments are specified in Note 11.

Restated Value of Owner-Occupied Properties
The rate of return method is used for measuring owner-occupied properties at restated value. The uncertainty related to the measurement is primarily linked to the rate of return used in the valuation.

The carrying amount of owner-occupied properties is specified in Notes 17 and 18.

Note

1 **Accounting policies (continued)**

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

Assessments are made in connection with establishing the fair value of financial instruments in respect of the following areas:

- Choice of valuation method.
- Determination of when available listed prices do not represent the fair value.
- Calculation of fair value adjustments to take account of relevant risk factors such as credit and liquidity risk.
- Assessment of which market parameters should be observed.
- Estimate of future cash flows and rate of return requirements for unlisted equity securities.

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

The carrying amount of securities measured at fair value is specified in Note 31.

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

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

Specification of Accounting Policies

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

Note

1 **Accounting policies (continued)**

Determination of fair value for measurement and disclosure
Derivative financial instruments as well as unsettled spot transactions are recognised and measured at fair value, which, as a rule, is based on listed market prices. To the extent that these are unlisted instruments, fair value is determined using generally accepted principles based on market parameters.

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

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

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

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

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

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

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

Hedge accounting
The Bank applies the special rules on hedge accounting to avoid the inconsistency of having certain financial assets or financial liabilities measured at amortised cost while derivative financial instruments are measured at fair value if the conditions relating to documentation and efficiency are met. Hedging has been established for the following items: Fixed-rate loans, foreign currency loans, subordinated debt and fixed-rate deposits. In hedging the fair value of fixed rate assets and liabilities, hedged items are regulated at their fair value for the hedged risk.

When future cash flows are hedged, the value adjustment of the hedging instruments is recognised in other comprehensive income and is classified as a special reserve in equity. They are reversed to the income statement as the hedged items affect the results.

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

Note

1 **Accounting policies (continued)**

Statements of Income and Comprehensive Income

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

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

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

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

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

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

The majority of employees have entered into defined contribution plans. For the defined contribution plans, fixed contributions are paid to an independent pension fund where the Bank has no obligation to deposit any further contributions.

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

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

Current tax liabilities and current tax receivables are recognized in the Statement of Financial Position as calculated tax on the taxable income for the reporting period adjusted for tax paid on account.

Note

1 **Accounting policies (continued)**

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

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

Statement of Financial Position

Financial assets in general

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

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

Financial assets are not reclassified after initial recognition.

Financial assets are measured at fair value where fair value changes are recognised in the Statement of Income.

Loans and receivables are measured at amortised cost, which usually corresponds to their nominal value less opening fees constituting part of the effective interest rate and impairments to cover incurred but as-yet realised losses.

Cash in hand and demand deposits with central banks

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

Receivables from credit institutions and central banks

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

Loans and other receivables

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

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

Note

1 **Accounting policies (continued)**

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

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

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

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

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

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

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

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

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

Note

1 **Accounting policies (continued)**

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

Debt securities
This item comprises debt security traded in an active market.

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

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

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

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

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

Owner-occupied property is property the Bank utilises for administration, branches or other service activities.

Owner-occupied properties are measured at their revalued amounts, which is the fair value at the date of revaluation less subsequent accumulated depreciations and impairments. The revalued value constitutes the depreciation basis. Revaluation to an amount that exceeds the cost less accumulated depreciations is recognised under other comprehensive income and is bound under revaluation reserves in equity. Revaluation to an amount lower than the cost less accumulated depreciations is recognised in the statement of income.

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

The value of acquired customer relationships is measured at cost less accumulated depreciation and impairments. The value of the acquired customer relationships is depreciated on a straight-line basis over their expected life, which is 10 years.

Note

1 **Accounting policies (continued)**

Other property, plant and equipment
Other tangible assets are measured at cost less accumulated depreciations and impairments. Depreciations are performed on a straight-line basis based on the following assessment of the other assets' expected usable period:

- IT equipment 2–3 years.
- Machinery and equipment 3 years.
- Automobiles 3–4 years.

Other tangible assets are assessed for impairment need when there is indication of impairment.

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

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

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

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

Subordinated debt
When recognising subordinated debt, any embedded derivatives are treated as independent derivatives.

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

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

Note

2 **Uncertainty, capital structure and going concern**

It has turned out that the Bank, in periods of a favourable economic climate, was insufficiently focused on the prevention of risks and on incorporating precautionary principles that could create a certain ballast to mitigate the consequences of the current financial challenges. This has increased the Bank's sensitivity. At the same time, the Bank's previous growth strategy was too dependent on a total capital whose structure carried a relatively high level of interest expenditures. The absence of patient and non-interest bearing Common Equity Tier 1 capital has impeded longer-term strategic manoeuvres.

The economic development in the agricultural sector of 2014 was worrisome and there is similar reason for concern for the outlook for 2015. Settlement prices for pork have declined drastically in the wake of the Russian suspension of imports. Milk producers were affected by the very low prices on milk that resulted from the pressured prices on the world markets. The EU-Russia crisis as well as China's reluctance in respect to previously depressed quantities of milk powder are the key reasons for the arisen imbalance between supply and demand for animal agricultural products. The situation for agriculture will have an indirect negative effect on many other business segments. The current political tensions between the EU and Russia also affect other export businesses and thus contribute to creating uncertainty about the economic development in Denmark.

Uncertainties relating to recognition or measurements

The solvency surplus is deemed tenuous and it is Management's assessment that there will be a need for a future strengthening, in order to reduce the Bank's vulnerability to future losses as well as changes to the capital rules as a result of the continued implementation of the Basel III rules.

The most significant uncertainties related to recognition and measurements are associated with impairments on loans and provisions against guarantees. Moreover, there are uncertainties related to the valuation of the Bank's owner-occupied properties and financial instruments.

In 2014, there were continued efforts to ensure that the Bank's credit policy and its business processes and internal procedures were sufficient to ensure the correct credit treatment of the Bank's exposures for the purpose of assessing and calculating any impairment need in a timely fashion. In the opinion of Management, the assessments in calculating the impairment need at 31 December 2014 reflect the Danish Financial Supervisory Authority guidelines, including "early events" as well as the risk of losses associated with the current economic climate. Management is aware that the Bank has a relative high number of customers that exhibit signs of weakness and customers with impairments. Impairments on loans and provisions against guarantees are therefore associated with significant uncertainty. In the event, the economic climate deteriorates further, especially within the agricultural and real estate sectors, it might have a significant negative impact on the Bank's operating results and financial position as well as create uncertainty relating to its ability to continue as a going concern.

Note

2 **Uncertainty, capital structure and going concern (continued)**

Capital structure and going concern

The assumption of going concern at the time the accounts are presented entails that the Bank will have sufficient capital resources to cover its future need for capital. The Bank's total capital is recognised in accordance with the Danish Financial Business Act, and at 31 December 2014 it totalled DKK 2,169 million. Risk weighted exposures totalled DKK 17,927 million, which meant that the Bank's total capital—recognised under sec 124(2) of the Danish Financial Business Act—stood at 12.1%. The solvency need at 31 December 2014 stood at 10.4%, which meant that the coverage surplus was at 1.7 percentage points or approx. DKK 300 million, which is too low. Efforts has therefore been undertaken to improve this situation. The requirement for the Bank's total capital ratio for continued banking activities is 8.0% or DKK 1,434 million. With the Banks current financial status, this requirement is met with a coverage surplus of 4.1 percentage points, or DKK 735 million. The minimum requirement for the Bank's Common Equity Tier 1 capital for continued banking activities is 4.0%, or DKK 717 million. With the Banks current financial status, this requirement is met with a coverage surplus of 3.1 percentage points, or DKK 559 million.

In relation to the Bank's Common Equity Tier 1 capital, the adequate capital need stands at 6.4%, or DKK 1,151 million, which can be compared with the Bank's Common Equity Tier 1 capital of DKK 1,276 million. The difference constitutes the individual coverage of Common Equity Tier 1 capital at 31 December 2014 of 0.7 percentage points, or approx. DKK 125 million. At 1 January 2015, the requirement for the Common Equity Tier 1 capital ratio will be tightened from 4.0 percentage points to 4.5 percentage points. All else being equal, this will result in a reduction in the Bank's coverage surplus of the individual need for Common Equity Tier 1 capital of a corresponding 0.5 percentage points and the current coverage surplus will be reduced to 0.2 percentage points, or approx. DKK 35 million. The Bank has initiated measures to strengthen this key figure and the Bank's expectation is for the coverage to be continuously strengthened throughout 2015, primarily through its earnings. Uncertainty may arise with respect to the coverage and the Bank is aware that this may result in the need for an actual recovery plan, which will require the Financial Supervisory Authority's approval.

2015 Outlook

The Bank's total business volume is expected, given an unchanged economic climate, to have the capacity to generate core earnings before impairments at around DKK 350-400 million. The need for impairments is expected to exhibit a continued decline. Assuming unchanged economic conditions, Management expects that the need for impairments can be absorbed into the Bank's core earnings and thereby achieve a certain degree of consolidation. This will ensure a continuing bank with an appropriate business platform and the capacity to achieve a more adequate capital structure.

If the current crisis in the agricultural sector becomes very protracted and/or it worsens further, the Bank's significant exposure to this industry may entail an increased need for impairments in relation to Management's current estimates for 2015. This might also be the case if the economic climate generally worsens. The impact of a deterioration of the economic climate on the agricultural sector and/or other sectors will thus reduce the Bank's opportunities for consolidation in 2015.

Note	
2	**Uncertainty, capital structure and going concern (continued)**

In the event Management's expected core earnings as well as significantly lower impairments are not materially realised, or in the event major, unexpected negative events arise this might—ultimately—mean that the Bank forfeits its license to operate as a bank or be forced to wind down with a related negative impact on the Bank's results, financial position and as a going concern.

EU Commission

When the EU Commission preliminarily approved the government subsidy for the capital plan for the merged bank in the spring of 2012, that approval was predicated upon the EU Commission's prior approval of the Bank's restructuring plan. The negotiations have not yet been concluded but the Bank remains in continuous dialogue with the EU Commission via the Ministry of Business and Growth. The timeframe for the approval process is not yet known. Management is not aware of any requirements set out by the EU Commission that the Bank is currently not able to meet. The importance of settling the issue of final approval is highlighted by the fact that, ultimately, the Bank may find itself in a situation where the question regarding the potential repayment of government subsidies might become relevant.

		2014	2013
		TDKK	TDKK
3	**Interest income**		
	Receivables from credit institutions and central banks	3,370	3,647
	Loans and other receivables	1,018,005	1,257,611
	Debt securities	17,169	36,036
	Other interest income	132	434
	Derivative financial instruments	23,126	35,840
	Total	1,061,802	1,333,568
	There is no interest income originating from actual purchase and resale transactions.		

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Note		2014 TDKK	2013 TDKK
4	**Interest expenses**		
	Credit institutions and central banks	51,471	59,113
	Deposits and other debt	259,352	280,507
	Debt securities in issue	308	50,526
	Subordinated debt	53,835	130,157
	Other interest expenses	55	15
	Total	365,021	520,318
	Of this, interest expenses of actual sale and repurchase transactions recognised under Credit institutions and central banks	0	30
5	**Income from fees and commissions**		
	Securities trading and custody services	93,406	83,510
	Payment services	46,884	45,279
	Loan processing fees	35,164	24,548
	Guarantee provisions	47,405	55,330
	Other, fees and commissions	94,232	84,196
	Total	317,091	292,863
6	**Market value adjustments**		
	Debt securities	-5,164	29,162
	Shares, etc.	59,031	20,998
	Investment property	-1,994	-1,712
	Foreign currency	17,414	14,387
	Foreign exchange, interest, equity, commodities, and other contracts as well as derivative financial instruments	-6,779	-3,317
	Assets related to pool fund schemes	148,228	166,640
	Deposits with pool fund schemes	-148,228	-166,640
	Other assets	10,556	-9,690
	Other liabilities	-17,043	12,942
	Proceeds from the redemption of liabilities measured at amortised cost	0	63,651
	Total	56,021	126,421
7	**Other operating income**		
	Gains on sale of property, plant and equipment	781	4,691
	Other income	3,689	15,390
	Operation of investment properties	-200	-198
	Total	4,270	19,883

Note		2014 TDKK	2013 TDKK
8	**Personnel and administrative expenses**		
	Salaries and remuneration for the Supervisory and Executive Boards	6,439	8,013
	Personnel Expenses	314,360	325,694
	Other administrative expenses	188,440	204,968
	Total	509,239	538,675
	Personnel expenses		
	Wages and salaries	247,978	255,957
	Pensions	31,385	35,042
	Expenses relating to social security contributions, payroll tax, etc.	34,997	34,695
	Total	314,360	325,694
	Salaries and remuneration of the supervisory and executive boards and major risk takers		
	Supervisory board		
	Fixed remuneration	1,500	1,621
	Total	1,500	1,621
	Number of Supervisory Board members, end of the reporting year	9	9
	Remuneration of supervisory board		
	Supervisory Board Chairman	300	300
	Deputy Chairman	250	250
	Non-executive members of the Supervisory Board	150	150
	Supplemental remuneration for Chairman of Audit Committee	50	50
	Executive board		
	Michael N. Petersen, Constituted Chief Executive Officer		
	Contractual remuneration	2,443	2,042
	Pension	293	247
	Total	2,736	2,289
	Vagn Thorsager, Chief Executive Officer (retired at 25 March 2014)		
	Contractual remuneration	2,202	4,101
	Pension	1	2
	Total	2,203	4,103
	Executive Board, total		
	Contractual remuneration	4,645	6,143
	Pension	294	249
	Total	4,939	6,392

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Notes

Note		2014 TDKK	2013 TDKK
8	**Personnel and administrative expenses (continued)**		
	Value of benefits	183	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	2,561	3,318
	No agreements have been executed concerning bonus plans, incentive programmes or similar compensation plans.		
	The Bank is exempt from 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.		
	Pension plan/annual pension:		
	Michael N. Petersen: Contribution-based through pension fund. vestjyskBANK deposits 12.25% of salary.		
	Other employees with significant influence on the Bank's risk profile		
	Fixed remuneration	12,933	12,310
	Pension	1,523	1,481
	Total	14,456	13,791
	Number of employees with significant influence on the Bank's risk profile, end of the reporting period	17	17
	Pension plan Defined contribution plan through pension fund as well as premium capital pension.		
	Annual pension:		
	vestjyskBANK deposits 12.25% of wages		
	This complies with the Remuneration Policy, which can be found at the Bank's website—see vestjyskbank.dk/om-banken/organisation		
9	**Auditors' fees**		
	Fees for statutory audit of the financial statements	2,717	2,769
	Fees for other assurance engagements	191	390
	Fees for other services	943	4,247
	Total	3,851	7,406
10	**Other operating expenses**		
	Contributions to the Guarantee Fund for Depositors and Investors	40,053	46,174
	Other expenses	1,726	2,515
	Total	41,779	48,689

Note		2014 TDKK	2013 TDKK
11	**Impairments of loans and provisions against guarantees, etc.**		
	Individual impairments of loans		
	Individual impairments of loans and other receivables, beginning of the reporting period	3,722,615	3,366,899
	Impairments for the period	754,875	1,212,575
	Reversal of impairments performed in prior financial years	-227,244	-205,937
	Other movements	84,330	71,496
	Previously individually impaired, now definitely lost	-911,164	-722,418
	Individual impairments of loans and other receivables, end of the reporting period	3,423,412	3,722,615
	Impact on Financial Income Statement	527,631	1,006,638
	Impairments of loans in groups		
	Impairments in groups of loans and other receivables, beginning of the reporting period	60,227	37,646
	Impairments for the period	74,388	32,308
	Reversal of impairments performed in prior financial years	-21,151	-11,591
	Other movements	2,605	1,864
	Impairments of loans and other receivables in groups, end of the reporting period	116,069	60,227
	Impact on Financial Income Statement	53,237	20,717
	Impairments of loans, total		
	Impairments of loans and other receivables, beginning of the reporting period	3,782,842	3,404,545
	Impairments for the period	829,263	1,244,883
	Reversal of impairments performed in prior financial years	-248,395	-217,528
	Other movements	86,935	73,360
	Previously individually impaired, now definitely lost	-911,164	-722,418
	Impairments of loans and other receivables, end of the reporting period	3,539,481	3,782,842
	Impact on Financial Income Statement	580,868	1,027,355
	Provisions against losses on guarantees and unused credit commitments		
	Provisions against losses on guarantees and unused credit commitments, beginning of the reporting period	11,332	49,839
	Impairments for the period	22,427	4,744
	Reversal of provisions performed in prior financial years	-8,856	-43,251
	Provisions against losses on guarantees and unused credit commitments, end of the reporting period	24,903	11,332
	Impact on Financial Income Statement	13,571	-38,507
	Accumulated impairment ratio	16.7%	15.7%

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Note		2014 TDKK	2013 TDKK
11	**Impairments of loans and provisions against guarantees, etc. (continued)**		
	Receivables for which calculation of interest has stopped, end of the reporting period	1,810,463	2,208,438
	Of which impaired, total	1,261,185	1,587,757
	Receivables for which calculation of interest has stopped, as a percentage of loans before impairments	9.9%	10.4%
	Impairments of/provisions for receivables from credit institutions		
	Impairments of/provisions for receivables from credit institutions, beginning of the reporting period	0	1,043
	Impairments/provisions for the period	0	0
	Reversal of impairments performed in prior financial years	0	-1,043
	Impairment of/provisions for receivables from credit institutions, end of the reporting period	0	0
	Impact on Financial Income Statement	0	-1,043
	Impact on operations, total	594,439	987,805
	Lost, where individual impairments/provisions have not been made	100,818	105,320
	Included in previously written-off debts	-11,791	-19,780
	Impairments of loans and guarantee debtors, etc., total	683,466	1,073,345
	Interest income on impaired loans is offset in impairments by	86,935	73,360
12	**Receivables from credit institutions and central banks**		
	Receivables at notice from central banks	0	0
	Receivables from credit institutions	123,477	189,367
	Total	123,477	189,367
	Distributed by term to maturity		
	On demand	81,477	141,672
	From 3 months to and including 1 year	42,000	42,000
	Over 1 year up to and including 5 years	0	5,695
	Total	123,477	189,367
13	**Loans and other receivables, by term to maturity**		
	Distributed by term to maturity		
	On demand	4,381,719	5,638,374
	Up to and including 3 months	3,966,302	4,319,123
	From 3 months to and including 1 year	917,026	1,213,688
	Over 1 year up to and including 5 years	3,439,527	3,574,900
	More than 5 years	2,009,225	2,614,345
	Total	14,713,799	17,360,430
14	**Carrying amount of loans and receivables for which there is objective indication of value impairment**		
	Loans and other receivables before impairments	7,972,985	8,387,864
	Impairments	3,423,412	3,722,615
	Carrying amount	4,549,573	4,665,249

Note		2014 TDKK	2013 TDKK
15	**Pooled assets**		
	Cash deposits	54,940	91,604
	Debt securities	672,923	595,526
	Shares, etc.	987,043	893,096
	Other Assets	6,020	6,099
	Total	1,720,926	1,586,325
16	**Intangible assets**		
	Customer relationships		
	Total acquisition price, beginning of the reporting period	14,964	14,964
	Total acquisition price, end of the reporting period	14,964	14,964
	Depreciations and impairments, beginning of the reporting period	7,482	5,986
	Depreciations and impairments for the period	1,496	1,496
	Depreciations and impairments, end of the reporting period	8,978	7,482
	Recognised holding, end of the reporting period	5,986	7,482
17	**Investment property**		
	Fair value, beginning of the reporting period	5,695	1,212
	Carried forward from owner-occupied property	0	6,895
	Disposals	3,701	700
	Fair value adjustment for the reporting period	-1,994	-1,712
	Fair value at the end of the reporting period	0	5,695
18	**Owner-occupied property**		
	Restated value, beginning of the period	365,976	389,258
	Additions	399	0
	Disposals	0	15,276
	Depreciations	6,749	7,506
	Changes in value recognised in other comprehensive income	5,645	0
	Changes in value recognised in the Statement of Income	4,450	-500
	Restated value, end of the period	369,721	365,976
	External assessment experts have been involved in measuring the most important owner-occupied properties.		

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Note		2014 TDKK	2013 TDKK
19	**Other property, plant and equipment**		
	Cost price		
	Cost price, beginning of the reporting period	27,128	35,309
	Additions	5,607	3,257
	Disposals	15,172	11,438
	Total cost price, end of the reporting period	17,563	27,128
	Impairments and depreciation		
	Impairments and depreciation, beginning of the reporting period	19,744	22,648
	Depreciations for the reporting period	5,169	5,572
	Impairments and depreciation for the period on sold and scrapped assets	134	881
	Reversals for the reporting period of impairment losses for previous years and reversal of the overall impairments and depreciation on assets sold or retired from operations during the reporting period	14,755	9,357
	Impairments and depreciation, end of the reporting period	10,292	19,744
	Carrying amount, end of the reporting period	7,271	7,384
20	**Other assets**		
	Positive market value of derivative financial instruments	178,778	178,742
	Interest and commission receivable	47,079	46,902
	Other assets	178,837	195,356
	Total	404,694	421,000
21	**Debts to credit institutions and central banks, by term to maturity**		
	Distributed by term to maturity:		
	On demand	338,672	401,617
	Up to and including 3 months	0	0
	From 3 months to and including 1 year	0	475,000
	Over 1 year up to and including 5 years	0	4,225,238
	Total	338,672	5,101,855

Note		2014 TDKK	2013 TDKK
22	**Deposits and other debt**		
	On demand	8,612,920	6,794,047
	With term of notice	0	5,238
	Term deposits	5,615,913	5,970,614
	Special deposit forms	2,818,264	3,520,691
	Total	17,047,097	16,290,590
	Distributed by term to maturity:		
	On demand	9,107,035	7,419,815
	Up to and including 3 months	1,729,281	2,406,593
	From 3 months to and including 1 year	309,418	1,651,682
	Over 1 year up to and including 5 years	5,724,343	4,581,203
	More than 5 years	177,020	231,297
	Total	17,047,097	16,290,590
23	**Debt securities in issue**		
	Distributed by term to maturity:		
	On demand	8,761	0
	Up to and including 3 months	0	9,252
	From 3 months to and including 1 year	0	0
	Over 1 year up to and including 5 years	0	8,761
	Total	8,761	18,013
24	**Other liabilities**		
	Negative market value of derivative financial instruments	78,373	76,025
	Various creditors	174,974	215,737
	Interest and commission payable	14,805	34,366
	Other liabilities	14,066	18,696
	Total	282,218	344,824

Note		2014 TDKK	2013 TDKK
25	**Subordinated debt**		
	Tier 2 capital	534,305	743,822
	A nominal DKK 173 million will fall due from 3 December 2015 to 22 May 2016 with an option for early repayment subject to the Financial Supervisory Authority's approval. The capital accrues interest at 3.055–3.538%.		
	A nominal DKK 200 million will fall due on 28 June 2020 with an option for early repayment on 28 June 2017 subject to the Financial Supervisory Authority's approval. The capital accrues interest at 9.500% with no step-up clause.		
	A nominal DKK 150 million will fall due on 1 September 2022 with an option for early repayment on 1 September 2019 subject to the Financial Supervisory Authority's approval. The capital accrues interest at 7.805% with no step-up clause.		
	Total	534,305	743,822
	Additional Tier 1 capital		
	Additional Tier 1 capital of DKK 100 million.	102,650	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 on 15 November 2015.		
	Additional Tier 1 capital of DKK 75 million.	75,000	75,000
	The capital accrues interest at a fixed 9.561%. There is no due date.		
	There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority on 1 September 2019.		
	Additional Tier 1 capital of DKK 50 million.	50,000	50,000
	The capital accrues interest at a fixed 5.440%. There is no due date.		
	There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority on 1 May 2016.		
	Additional Tier 1 capital of DKK 287.6 million.	308,964	874,723
	The capital accrues interest at a fixed 9.561%. 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 2014–24 August 2015 at a price of DKK 105 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.		
	Total	536,614	1,104,659
	Subordinated debt, total	1,070,919	1,848,481
	Charged as an expense under interest expenses/subordinated debt		
	Interest expenses	56,465	162,579
	Costs related to payment and incurrence	315	2,950
	Market value adjustments, etc.	-2,945	-35,372
	Total	53,835	130,157
	Subordinated debt that can be included in the total capital	898,096	1,557,543

Note		2014 TDKK	2013 TDKK
26	**Share capital**		
	Share capital, beginning of the period	85,982	612,889
	Issued shares upon conversion of Additional Tier 1 capital	65,026	24,693
	Capital reduction	0	-551,600
	Total	151,008	85,982
	Number of shares (units)	151,008,121 of DKK 1	85,981,689 of DKK 1
	Number of own shares, beginning of the period		
	Number of own shares in 1,000 unit lots.	176	174
	Nominal value in DKK 1,000	176	1,747
	Percentage of the share capital	0.2%	0.3%
	Additions		
	Purchase of own shares in 1,000 unit lots.	4,293	4,211
	Nominal value in DKK 1,000	4,293	4,211
	Percentage of the share capital	2.8%	4.9%
	Total purchase price in DKK 1,000	51,793	45,534
	Disposals		
	Sold own shares in 1,000 unit lots	4,296	4,209
	Nominal value in DKK 1,000	4,296	4,209
	Percentage of the share capital	2.8%	4.9%
	Total selling price in DKK 1,000	51,824	45,505
	Number of own shares, end of reporting period		
	Number of own shares in 1,000 unit lots.	173	176
	Nominal value in DKK 1,000	173	176
	Percentage of the share capital	0.1%	0.2%
	Own shares are intermediated, purchased and sold through the securities exchange as part of vestjyskBANK's normal customer banking transactions. The Bank is not direct counterparty in such transactions.		
	vestjyskBANK has a constant holding of own shares.		
	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.		
27	**Contingent liabilities**		
	Guarantees		
	Financial guarantee contracts	395,720	405,861
	Loss guarantees for mortgage loans	1,687,291	1,622,291
	Registration and conversion guarantees	24	1,429
	Other contingent liabilities	952,992	928,166
	Total	3,036,027	2,957,747
	'Other contingent liabilities' include, among other things, performance bonds, delivery guarantees as well as provisions of indemnity in relation to the Danish Guarantee Fund for Depositors and Investors, etc.		
	Other commitments		
	Other liabilities	27,814	30,262
	Total	27,814	30,262

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Note		2014 TDKK	2013 TDKK
28	**Capital requirements**		
	Equity	1,287,142	887,019
	Revaluation reserves	-	-55,433
	Intangible assets	-5,986	-7,482
	Prudent valuation	-3,638	-
	Holdings in financial sector entities in which the Bank does not have significant investments	-1,388	-
	Common Equity Tier 1 capital	1,276,130	824,104
	Additional Tier 1 capital	510,022	443,748
	Holdings in financial sector entities in which the Bank does not have significant investments	-2,776	-72,980
	Tier 1 capital	1,783,376	1,194,872
	Tier 2 capital	388,074	1,113,795
	Revaluation reserves	-	55,433
	Holdings in financial sector entities in which the Bank does not have significant investments	-2,776	-72,980
	Total capital	2,168,674	2,291,120
	Total risk exposure	17,926,706	20,334,717
	Common Equity Tier 1 capital ratio	7.1%	4.1%
	Tier 1 capital ratio	9.9%	5.9%
	Total capital ratio	12.1%	11.3%
	As of 2014, the Tier 1 capital and total capital ratios are determined under the CRR/CRD IV rules. The new rules have meant that the Bank has changed the manner in which it determines its total capital and total risk exposure. The comparative figures for 2013 have not been adapted to take this change in account.		
29	**Security pledged**		
	Credit institutions:		
	Margin accounts pledged as security in relation to financial derivatives	29,215	42,991
	Deposited in the Danish Growth Fund	458	0
	Loans:		
	Pledged as security for credit facility with Danmarks Nationalbank		
	Collateral basis	0	2,037,408
	Collateral value	0	1,324,315
	Of which pledged	0	1,324,315
	Debt securities:		
	Pledged as security for credit facility with Danmarks Nationalbank		
	Total nominal value	1,470,538	1,559,384
	Total market value	1,471,578	1,567,832
	Of which pledged	0	0

Note		2014 TDKK	2013 TDKK
30	**Related parties**		
	vestjyskBANK’s related parties comprise the Danish State, the members of the Supervisory and Executive Boards as well as these persons’ relatives.		
	Over the course of the year, the Bank has conducted normal trade on arm's-length terms with Kaj Bech A/S, an enterprise wholly owned by CEO Anders Bech.		
	Purchases from Kaj Bech A/S	39	42
	Share holdings of a min. 5% of the Bank's share capital (1,000 units):		
	The Danish State	121,737	56,710
	Financial Stability Company (wholly-owned by the Danish State)	1,291	1,291
	Total	123,028	58,001
	The Danish State's stake in per cent of the Bank's share capital	81.5%	67.5%
	The Danish State is a related party with controlling influence:		
	The Bank has had the following transactions with the Danish State:		
	Additional Tier 1 capital with a principal of DKK 575.2 million was converted to a nominal DKK 65.0 million of shares in the Bank in 2014		
	Additional Tier 1 capital, *cf.* Note 25:		
	Principal	287,600	862,800
	Interest rate	9.561%	9.943%
	Charged interest for Additional Tier 1 capital totalled	9,192	112,052
	Payment guarantee for debt securities	400,000	3,720,000
	Guarantee provisions totalled	48,396	67,015
	Size of loans, pledges, sureties or guarantees made for members of the institution's		
	Executive Board	100	100
	Supervisory Board	14,224	8,972
	In 2014, the Executive Board was granted a commitment increase of TDKK 5,400		
	All commitments are provided on arm's-length terms		
	Interest rate:		
	Executive Board	0%*	0%*
	Supervisory Board	3,0% - 6,0%	3,5% - 6,0%
	* MasterCard		
	Security pledges made for commitments issued to members of the institution's		
	Executive Board	0	0
	Supervisory Board	6,206	3,296
	Apart from what is considered normal management remuneration, no transactions have been carried out with related parties during the period		

Note

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

Financial assets and liabilities are measured in the Statement of Financial Position at their fair value or at 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 instruments measured at fair value, the basis for establishing the fair value is:

Level 1: Listed prices in an active market for identical assets or 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 based on non-observable market data primarily comprise shares in enterprises in the financial sector, *cf.* Note 45.

Shares, bonds, assets in pool fund schemes and derivative financial instruments have been measured at their fair value in the financial statements so that the recognised values correspond to fair values.

For listed shares and bonds, the fair value is established as the officially listed price on the reporting date. For unlisted shares in the form of shares in sector-held enterprises where the shares are redistributed, the fair value is set at the redistribution price. For other financial instruments, 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.

The impairments of loans and advances is determined to correspond to changes in credit quality. The differential in respect of fair values is computed as received fees and commissions, interest receivable, which does not fall due until after the end of the financial reporting period, and, for fixed-rate loans 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 receivables 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 as for fixed-rate debt securities in issue also value adjustments linked to the interest rate level.

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

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

Note

31	Fair value of financial assets and liabilities (continued)					
	2014 (TDKK)	Carrying amount	Fair value	Listed Prices Level 1	Observable prices Level 2	Non-observable prices Level 3
	Financial assets					
	Cash on hand and demand deposits with central banks	894,587	894,587	91,465	0	803,122
	Receivables from credit institutions and central banks	123,477	123,485	0	0	123,485
	Loans at amortised cost	14,713,799	14,731,818	0	0	14,731,818
	Debt securities at fair value	3,359,259	3,359,259	3,334,520	24,739	0
	Shares, etc.	186,128	186,128	21,098	0	165,030
	Assets related to pool fund schemes	1,720,926	1,720,926	1,720,926	0	0
	Derivative financial instruments	178,778	178,778	0	178,778	0
	Total	21,176,954	21,194,981	5,168,009	203,517	15,823,455
	Financial liabilities					
	Debts to credit institutions and central banks	338,672	338,672	0	0	338,672
	Deposits	17,047,097	17,042,309	0	0	17,042,309
	Deposits with pool fund schemes	1,720,926	1,720,926	0	0	1,720,926
	Debt securities in issue	8,761	8,761	0	0	8,761
	Subordinated debt	1,070,919	1,046,047	0	0	1,046,047
	Derivative financial instruments	78,373	78,373	0	78,373	0
	Total	20,264,748	20,235,088	0	78,373	20,156,715
	Shares measured at fair value based on non-observable inputs (Level 3)					
	Carrying amount, beginning of the period					459,277
	Additions					3,262
	Disposals					357,250
	Price adjustment					59,741
	Value, end of the period					165,030
	Period's value adjustments relating to financial assets in the portfolio, total					15,236

Note

31 **Fair value of financial assets and liabilities (continued)**

2013 (TDKK)	Carrying amount	Fair value	Listed Prices Level 1	Observable prices Level 2	Non-observable prices Level 3
Financial assets					
Cash on hand and demand deposits with central banks	1,198,891	1,198,891	99,988	0	1,098,903
Receivables from credit institutions and central banks	189,367	189,375	0	0	189,375
Loans at amortised cost	17,360,430	17,376,865	0	0	17,376,865
Debt securities at fair value	4,470,961	4,470,961	4,347,526	123,435	0
Shares, etc.	478,151	478,151	18,874	0	459,277
Assets related to pool fund schemes	1,586,325	1,586,325	1,586,325	0	0
Derivative financial instruments	178,742	178,742	0	178,742	0
Total	25,462,867	25,479,310	6,052,713	302,177	19,124,420
Financial liabilities					
Debts to credit institutions and central banks	5,101,855	5,101,959	0	0	5,101,959
Deposits	16,290,590	16,289,760	0	0	16,289,760
Deposits with pool fund schemes	1,586,325	1,586,325	0	0	1,586,325
Debt securities in issue	18,013	18,719	0	0	18,719
Subordinated debt	1,848,481	1,858,938	0	0	1,858,938
Derivative Financial Instruments	76,025	76,025	0	76,025	0
Total	24,921,289	24,931,726	0	76,025	24,855,701

Shares measured at fair value based on non-observable inputs (Level 3)	
Carrying amount, beginning of the period	444,858
Additions	44,529
Disposals	34,743
Price adjustment	4,633
Value, end of the period	459,277
Period's value adjustments relating to financial assets in the portfolio, total	19,001

Note	
32	**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 Management Review's sections in risk, "Risk Management" and "Credit Risks" on pp. 22-26:

Credit Risk, pp. 23-26

Market Risk, p. 22

- Interest Rate Risk, p. 22
- Foreign Exchange Risk, p. 23
- Share Risk, p. 23

Liquidity Risk, p. 23

Note		2014 TDKK	2013 TDKK
33	**Credit exposure**		
	The Bank's credit exposure is composed of the following assets and items not recognised in the Statement of Financial Position:		
	Receivables from central banks	803,121	1,098,903
	Receivables from credit institutions	123,477	189,367
	Debt securities	3,359,259	4,470,961
	Loans	18,253,279	21,143,272
	Items not recognised in the Statement of Financial Position		
	Financial guarantees	2,088,450	2,031,944
	Credit commitments	4,890,492	5,591,138
	Total	29,518,078	34,525,585
	Of which recognised in the Statement of Financial Position	22,539,136	26,902,503

Credit institutions

The item 'Receivables from central banks' solely pertains to Danmarks Nationalbank.

The item 'Receivables from credit institutions' pertains to receivables from a number of credit institutions located in Denmark and abroad.

'Receivables from Non-Danish credit institutions' is very limited in amount.

	2014	2013
Receivables from individual institutions in excess of DKK 5 million		
Credit institutions or their subsidiaries rated, at a minimum, A+	29,502	60,872
Credit institutions or their subsidiaries rated A or lower	32,562	69,124
Unrated credit institutions or their subsidiaries	42,000	46,326
Total	104,064	176,322

Note		2014 TDKK	2013 TDKK
33	**Credit exposure (continued)**		
	Debt securities by rating categories		
	AAA	3,264,620	3,895,937
	A+ to A-	0	81,064
	BBB+ to BBB-	69,900	370,525
	BB+ and lower	9,941	9,516
	No rating	14,798	113,919
	Total	3,359,259	4,470,961
	Debt Securities by Issuer		
	Mortgage-credit bonds	3,355,548	4,416,624
	Other debt securities	3,711	54,337
	Total	3,359,259	4,470,961
	Loans, Financial Guarantees and Credit Commitments by Industry Segments		
	Public authorities	0	50,050
	Business:		
	Agriculture, hunting, forestry and fishery	5,245,439	5,787,449
	Manufacturing industry and raw material extraction	909,363	1,250,997
	Energy supply	1,224,308	1,641,285
	Construction and civil engineering contractors	889,594	1,032,367
	Trade	1,848,379	2,151,770
	Transportation, hotels and restaurant businesses	1,114,810	1,139,991
	Information and communication	102,628	131,093
	Credit and financing institutes and insurance businesses	1,243,885	1,557,650
	Real estate	4,871,960	5,707,179
	Other business	1,394,072	1,525,390
	Business, total	18,844,438	21,925,171
	Retail	6,387,783	6,791,133
	Total	25,232,221	28,766,354

Note

34 **Collaterals**

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

For the majority of retail customer exposures it is also the case that the Bank holds a charge in financed asset—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 based on 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 should not necessarily be taken to represent the collaterals' actual value.

Collaterals by type

2014 (TDKK)	Charges held in properties and wind turbines	Right of subrogation for mortgages secured in real property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
Business:							
Agriculture, hunting, forestry and fishery	2,745,101	73,985	412,726	89,488	30,330	116,144	3,467,774
Manufacturing industry and raw material extraction	60,680	25,483	234,231	1,227	658	31,246	353,525
Energy supply	718,849	103,603	40,732	72,125	8,074	11,337	954,720
Construction and civil engineering contractors	222,099	50,816	118,025	8,505	7,160	12,391	418,996
Trade	166,833	98,582	483,215	17,194	14,280	90,364	870,468
Transportation, hotels and restaurant businesses	231,620	238,357	174,787	5,515	3,513	18,610	672,402
Information and communication	19,806	3,147	7,546	1,495	591	0	32,585
Credit and financing institutes and insurance businesses	216,202	25,688	3,336	227,826	17,080	62,235	552,367
Real estate	2,865,822	544,664	7,857	181,931	84,267	135,725	3,820,266
Other business	217,788	87,327	113,075	28,308	43,652	7,239	497,389
Business, total	7,464,800	1,251,652	1,595,530	633,614	209,605	485,291	11,640,492
Retail	2,125,733	388,042	184,524	265,111	92,884	47,518	3,103,812
Total	9,590,533	1,639,694	1,780,054	898,725	302,489	532,809	14,744,304

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Note	
34	**Collaterals (continued)**
	Collaterals by type (continued)

2013 (TDKK)	Charges held in properties and wind turbines	Right of subrogation for mortgages secured in real property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	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

Note		2014	2013
35	Loans and Guarantees, by Industry Segments		
	Business:		
	Agriculture, hunting, forestry and fishery	19%	19%
	Manufacturing industry and raw material extraction	3%	4%
	Energy supply	6%	7%
	Construction and civil engineering contractors	4%	4%
	Trade	7%	8%
	Transportation, hotels and restaurant businesses	5%	4%
	Information and communication	0%	0%
	Credit and financing institutes and insurance businesses	5%	5%
	Real estate	22%	22%
	Other business	5%	5%
	Business, total	76%	78%
	Retail	24%	22%
	Total	100%	100%

Note	
36	**Credit Quality of Loans and Guarantee Debtors Not Delinquent and for Which Impairments/Provisions Have Not 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.

In the second half 2014 the Bank's internal model for segmenting has been changed to align to FSA categories of creditworthiness. The change has moved some loans and guaranties from the category normal creditworthiness to slightly impaired creditworthiness, certain signs of weakness. The comparable figures for 2013 have been adjusted to reflect the changed segmenting.

2014 (TDKK)	Loan + guarantee debtors with material weaknesses, but without impairments/provisions	Loan + guarantee debtors with slightly impaired creditworthiness, certain signs of weakness	Loan + guarantee debtors with normal creditworthiness	Amortised cost, total
Business:				
Agriculture, hunting, forestry and fishery	430,147	898,036	438,186	1,766,369
Manufacturing industry and raw material extraction	95,176	206,001	151,032	452,209
Energy supply	30,486	460,146	259,799	750,431
Construction and civil engineering contractors	105,988	225,273	114,211	445,472
Trade	274,203	428,071	352,726	1,055,000
Transportation, hotels and restaurant businesses	91,065	321,652	123,459	536,176
Information and communication	5,532	29,145	17,775	52,452
Credit and financing institutes and insurance businesses	127,612	209,292	290,448	627,352
Real estate	974,351	773,537	422,942	2,170,830
Other business	111,769	351,553	247,977	711,299
Business, total	2,246,329	3,902,706	2,418,555	8,567,590
Retail	536,436	1,901,216	1,497,782	3,935,434
Total	2,782,765	5,803,922	3,916,337	12,503,024
2013 (TDKK)				
Business:				
Agriculture, hunting, forestry and fishery	432,847	1,259,916	594,257	2,287,020
Manufacturing industry and raw material extraction	101,784	304,048	261,294	667,126
Energy supply	22,899	595,321	488,658	1,106,878
Construction and civil engineering contractors	133,926	253,845	110,783	498,554
Trade	310,323	599,686	380,538	1,290,547
Transportation, hotels and restaurant businesses	120,240	333,713	131,183	585,136
Information and communication	12,329	27,785	11,841	51,955
Credit and financing institutes and insurance businesses	193,634	224,691	327,411	745,736
Real estate	864,163	1,211,364	375,732	2,451,259
Other business	133,027	445,675	289,119	867,821
Business, total	2,325,172	5,256,044	2,970,816	10,552,032
Retail	971,036	1,867,388	1,320,841	4,159,265
Total	3,296,208	7,123,432	4,291,659	14,711,299

Note

37 **Overdue receivables for loans that have not been impaired, by industry segment**

2014	0-30 days TDKK	31-60 days TDKK	61-90 days TDKK	> 90 days TDKK	Total TDKK
Business:					
Agriculture, hunting, forestry and fishery	25,614	2,680	499	280	29,073
Manufacturing industry and raw material extraction	5,019	0	29	2,224	7,272
Energy supply	3,182	0	0	12	3,194
Construction and civil engineering contractors	3,807	1,169	42	559	5,577
Trade	10,410	711	98	763	11,982
Transportation, hotels and restaurant businesses	2,326	1,146	596	191	4,259
Information and communication	214	138	0	75	427
Credit and financing institutes and insurance businesses	1,237	190	10	2,190	3,627
Real estate	15,651	255	37	6,761	22,704
Other business	7,911	1,626	154	1,661	11,352
Business, total	75,371	7,915	1,465	14,716	99,467
Retail	28,843	3,390	827	1,643	34,703
Amounts in arrears, total	104,214	11,305	2,292	16,359	134,170
Loans in arrears, total	1,520,204	43,764	9,236	130,810	1,704,014

2013					
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
Amounts in arrears, 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

Note		2014 TDKK	2013 TDKK
38	**Gross loan and guarantee debtors, individually impaired, by cause**		
	Reorganisation/insolvency proceedings	429,012	612,205
	Rescheduling of debts	14,019	13,299
	Debt Collection	1,067,650	782,683
	Customer deceased	8,281	9,648
	Relief in terms	2,146,894	2,030,963
	Other causes	3,425,230	4,007,871
	Total	7,091,086	7,456,669

39 **Segment of loan and guarantee debtors, individually impaired, by industry**

2014 (TDKK)	Gross	Loan value of collaterals	Unsecured component before impairments	Impairments/provisions	Unsecured component after impairments
Business:					
Agriculture, hunting, forestry and fishery	2,503,370	687,335	1,816,035	1,227,356	588,679
Manufacturing industry and raw material extraction	171,304	48,691	122,613	103,927	18,686
Energy supply	245,440	118,686	126,754	72,962	53,792
Construction and civil engineering contractors	250,522	112,639	137,883	116,297	21,586
Trade	328,337	89,118	239,219	191,617	47,602
Transportation, hotels and restaurant businesses	419,928	158,595	261,333	196,327	65,006
Information and communication	12,042	95	11,947	5,802	6,145
Credit and financing institutes and insurance businesses	635,843	169,227	466,616	405,400	61,216
Real estate	1,766,717	1,031,599	735,118	632,095	103,023
Other business	219,517	40,234	179,283	152,873	26,410
Business, total	6,553,020	2,456,219	4,096,801	3,104,656	992,145
Retail	538,066	102,896	435,170	343,659	91,511
Total	7,091,086	2,559,115	4,531,971	3,448,315	1,083,656
2013 (TDKK)					
Business:					
Agriculture, hunting, forestry and fishery	2,354,772	660,912	1,693,860	1,163,584	530,276
Manufacturing industry and raw material extraction	202,374	62,213	140,161	113,549	26,612
Energy supply	161,787	61,109	100,678	54,126	46,552
Construction and civil engineering contractors	272,301	120,844	151,457	119,888	31,569
Trade	327,688	86,069	241,619	212,403	29,216
Transportation, hotels and restaurant businesses	420,532	164,544	255,988	169,043	86,945
Information and communication	18,991	3,946	15,045	5,924	9,121
Credit and financing institutes and insurance businesses	779,535	148,968	630,567	549,033	81,534
Real estate	2,206,514	1,355,389	851,125	869,622	0
Other business	225,426	32,492	192,934	160,167	32,767
Business, total	6,969,920	2,696,486	4,273,434	3,417,339	874,592
Retail	486,749	74,033	412,716	316,608	96,108
Total	7,456,669	2,770,519	4,686,150	3,733,947	970,700

Note

40 **Collaterals for loan and guarantee debtors, individually impaired, by types**

2014 (TDKK)	Charges held in properties and wind turbines	Right of subrogation for mortgages secured in real property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
Business:							
Agriculture, hunting, forestry and fishery	589,936	18,123	21,138	7,183	2,042	48,913	687,335
Manufacturing industry and raw material extraction	9,911	3,695	34,369	16	0	700	48,691
Energy supply	110,237	0	2,700	1,262	287	4,200	118,686
Construction and civil engineering contractors	91,392	2,695	14,286	0	141	4,125	112,639
Trade	10,308	8,167	67,359	0	171	3,113	89,118
Transportation, hotels and restaurant businesses	60,267	55,685	37,887	2,092	1,864	800	158,595
Information and communication	0	0	0	92	3	0	95
Credit and financing institutes and insurance businesses	105,547	1,350	1,140	52,453	198	8,539	169,227
Real estate	907,959	102,930	478	7,050	8,272	4,910	1,031,599
Other business	24,363	329	10,848	1,937	162	2,595	40,234
Business, total	1,909,920	192,974	190,205	72,085	13,140	77,895	2,456,219
Retail	59,865	15,495	5,037	17,246	71	5,182	102,896
Total	1,969,785	208,469	195,242	89,331	13,211	83,077	2,559,115
2013 (TDKK)							
Business:							
Agriculture, hunting, forestry and fishery	531,645	17,411	68,010	7,248	12,317	24,281	660,912
Manufacturing industry and raw material extraction	6,425	4,316	46,140	10	0	5,322	62,213
Energy supply	53,443	0	0	7,513	153	0	61,109
Construction and civil engineering contractors	96,066	3,147	17,142	205	159	4,125	120,844
Trade	10,007	4,445	69,932	5	347	1,333	86,069
Transportation, hotels and restaurant businesses	72,378	51,563	38,252	2,281	70	0	164,544
Information and communication	0	0	0	3,938	8	0	3,946
Credit and financing institutes and insurance businesses	78,161	2,377	761	57,193	33	10,443	148,968
Real estate	1,182,604	109,154	3,384	10,906	34,513	14,828	1,355,389
Other business	18,476	279	9,127	1,947	68	2,595	32,492
Business, total	2,049,205	192,692	252,748	91,246	47,668	62,927	2,696,486
Retail	48,624	12,944	6,962	1,920	90	3,493	74,033
Total	2,097,829	205,636	259,710	93,166	47,758	66,420	2,770,519

Note		2014 TDKK	2013 TDKK
41	**Hedge accounting**		
	For hedging interest rate risk, the following are hedged (fair value hedge):		
	Loans at amortised cost	150,459	201,154
	Hedged with interest rate swaps, maturity 2015-2032:		
	Synthetic principal	126,333	178,340
	Fair value	-17,403	-15,655
	Hedged with interest rate caps, maturity 2024:		
	Synthetic principal	6,745	7,258
	Fair value	22	100
	Deposits	2,707,552	3,756,964
	Hedged with interest rate swaps, maturity 2015-2016:		
	Synthetic principal	2,700,000	3,750,000
	Fair value	7,552	6,964
	Subordinated debt	609,249	606,620
	Hedged with interest rate swaps, maturity 2015-2020:		
	Synthetic principal	587,600	600,000
	Fair value	21,649	6,620
	Total fair value adjustment of hedging instruments	22,182	-3,055
	Total fair value adjustment of the hedged items	-22,182	3,055
	Ineffectiveness recognised in the Statement of Income	0	0
	Value adjustments for these transactions are classified as hedging instruments in connection with hedging of cash flows.		
	Recognised under other comprehensive income	0	-6,321
	Recognised in equity	0	-6,321

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Notes

Note

42 **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.

2014 (TDKK)	Nominal value	Net market value	Positive market value	Negative market value
Foreign exchange contracts				
Up to and including 3 months	3,110,780	78,637	87,003	8,366
Over 3 months to and including 1 year	272,047	5,483	9,751	4,268
Over 1 year up to and including 5 years	46,347	-1,644	6,414	8,058
More than 5 years	8,891	-1,244	0	1,244
Average market value		88,024	109,174	21,150
Interest rate contracts				
Up to and including 3 months	1,295,272	686	1,560	874
Over 3 months to and including 1 year	118,975	2,710	2,909	199
Over 1 year up to and including 5 years	2,633,207	14,257	37,811	23,554
More than 5 years	512,301	1,836	33,049	31,213
Average market value		15,600	72,230	56,630
Equity contracts				
Up to and including 3 months	72,938	-226	281	507
Over 3 months to and including 1 year	35	-90	0	90
Over 1 year up to and including 5 years	0	0	0	0
More than 5 years	0	0	0	0
Average market value		-672	1,338	2,010

2013 (TDKK)				
Foreign exchange contracts				
Up to and including 3 months	3,765,918	93,853	107,364	13,511
Over 3 months to and including 1 year	259,923	7,787	8,783	996
Over 1 year up to and including 5 years	29,998	-6	6,442	6,448
More than 5 years	29,477	-3,187	933	4,120
Average market value		101,347	143,310	41,963
Interest rate contracts				
Up to and including 3 months	1,660,593	232	710	478
Over 3 months to and including 1 year	1,210,285	9,276	9,364	88
Over 1 year up to and including 5 years	2,566,387	1,142	16,681	15,539
More than 5 years	614,185	-6,057	27,673	33,730
Average market value		3,771	68,906	65,135
Equity contracts				
Up to and including 3 months	165,016	-144	788	932
Over 3 months to and including 1 year	110	-181	3	184
Over 1 year up to and including 5 years	0	0	0	0
More than 5 years	0	0	0	0
Average market value		-566	1,027	1,593

Note

43 **Interest rate risk**

Interest rate risk is the risk of losses incurred in the event of change in the general interest level. vestjyskBANKs interest rate risk is related to activities from normal course of banking business like deposits, loans and other interest related products.

The interest rate risk is divided into risks inside and outside the Bank's trading book like shown below. Everything else equal the direct impact on the Income Statement from a change in the general interest level will only be related to the interest rate risk inside the trading book. For 2014 this amounts to DKK 7.4 million and DKK 10.3 million in 2013.

Outside the trading book a change in the general interest level will have an impact on the future earnings and equity, as a change in interest rate will impact the alternative funding and deposits possibilities.

Interest rate risk is calculated applying the Financial Supervisory Authority's guidelines.

	2014	2013
	TDKK	TDKK
Interest rate risk relating to the Bank's trading book:		
Securities	5,489	10,354
Futures/forward contracts/forward rate agreements	8,552	-126
Options	0	0
Swaps	-6,595	90
Total	7,446	10,318
Interest rate risk outside the Bank's trading book:		
Receivables from credit institutions	0	0
Loans	13,303	18,507
Debt securities	0	0
Debts to credit institutions	0	0
Deposits	-100,262	-82,161
Debt securities in issue	0	-89
Subordinated debt	-4,729	-5,090
Total	-91,688	-68,833
Total interest rate risk	-84,242	-58,515
Measured in relation to the Tier 1 capital, the interest rate risk corresponds to	-4.7%	-4.9%
An increase in the interest rate of 1 percentage point will result in an income and equity impact before tax of	84,242	58,515
A decline in the interest rate of 1 percentage point will result in an income and equity impact before tax of	-84,242	-58,515
Interest rate risk, by modified duration		
Up to and including 1 year	3,810	-5,408
From 1 year to and including 2 years	-2,068	4,754
From 2 year to and including 3.6 years	-73,260	-14,810
More than 3.6 years	-12,724	-43,051
Total	-84,242	-58,515

Note		2014 TDKK	2013 TDKK
44	**Foreign exchange risk**		
	Foreign exchange risk is the risk of losses on foreign currency positions because of changes in foreign exchange rates.		
	Foreign Currency 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).		
	Assets in foreign currency, total	2,176,070	2,610,849
	Liabilities in foreign currencies, total	76,729	261,106
	Foreign Currency Indicator 1	24,272	19,119
	Foreign Currency Indicator 1 in percent of Tier 1 capital	1.4%	1.6%
	The foreign currency position consists primarily of CHF, EUR, GBP, NOK, SEK and USD.		
	A change unfavourable to the Bank in EUR of 2% and other foreign currencies of 10% will result in an income and equity impact before tax of	-1,712	-1,774
45	**Share risk**		
	The Bank’s share risk is derived from shares and derivatives in the Bank’s investment and trading books.		
	Shares, etc.		
	Shares/mutual funds listed on NASDAQ OMX Copenhagen A/S	11,786	9,035
	Shares/ mutual funds listed on other exchanges	9,312	9,839
	Unlisted shares recognised at fair value	165,030	459,277
	Unlisted shares, etc. recognised at cost	1,060	1,060
	Total	187,188	479,211
	Of which, sector shares	162,093	455,977
	Sensitivity		
	An increase in the share value of 10 percentage points will result in an income and equity impact before tax of	18,719	47,921
	of which sector shares	16,209	45,598
	of which other shares	2,510	2,323
	A decrease in the share value of 10 percentage points will result in an income and equity impact before tax of	-18,719	-47,921
	of which sector shares	-16,209	-45,598
	of which other shares	-2,510	-2,323

Note	
46	**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 and deposits with Danmarks Nationalbank.

	2014 TDKK	2013 TDKK
Cash resources		
Demand deposits with Danmarks Nationalbank as well as demand deposits with other credit institutions	943,931	1,297,595
Liquid securities	4,007,372	5,038,278
Other secure, readily negotiable and uncollateralised securities and credit instruments	400,000	645,891
Total	5,351,303	6,981,764
Coverage in relation to the 10%-requirement set out in section 152 of the Danish Financial Business Act.	136.2%	162.2%

47 **Other risks**

Operational risks

General responsibility for operational risks resides with the Bank's Risk Management.

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 department. 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 related to total capital

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

Compliance

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

48 **Pending litigation**

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

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

49 **Events occurred after the balance sheet date**

After the reporting date on the 31 December 2014, no major events have occurred.

Note		2014	2013	2012	2011	2010
50	**Financial highlights**					
	Key figures					
	Statement of income (MDKK)					
	Net interest income	697	813	892	846	816
	Net fee income	290	262	279	236	233
	Dividends on equity securities etc.	6	13	5	3	3
	Market value adjustments	56	126	94	-19	52
	Other Operating Income	4	20	10	6	9
	Core income	1,053	1,234	1,280	1,072	1,113
	Personnel and administrative expenses	-509	-539	-656	-588	-589
	Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-51	-64	-49	-61	-106
	Operating expenses and operating depreciations and amortisations	-560	-603	-705	-649	-695
	Core earnings before impairments	493	631	575	423	418
	Impairedment of goodwill	0	0	-208	0	0
	Impairments of loans and receivables, etc.	-684	-1,073	-1,515	-984	-408
	Profit/loss before tax	-191	-442	-1,148	-561	10
	Tax	0	0	299	-136	4
	Profit/loss after tax	-191	-442	-1,447	-425	6
	Statement of Financial Position (MDKK)					
	Assets, total	21,804	26,112	32,773	29,265	33,572
	Loans	14,714	17,360	20,697	21,716	23,468
	Deposits, including pooled funds	18,768	17,877	18,058	15,029	15,564
	Contingent liabilities	3,036	2,958	5,154	4,353	4,485
	Business volume	36,518	38,195	43,909	41,098	43,517
	Equity	1,287	887	998	1,718	2,150

Note		2014	2013	2012	2011	2010
50	**Financial highlights (continued)**					
	Financial ratios					
	Solvency					
	Total capital ratio[1]	12.1%	11.3%	11.2%	12.6%	13.7%
	Tier 1 capital ratio[1]	9.9%	5.9%	5.6%	9.3%	11.5%
	Common Equity Tier 1 capital ratio[1]	7.1%	4.1%	3.6%	5.0%	6.6%
	Earnings					
	Return on equity before tax, annually [2]	-17.5%	-46.9%	-84.5%	-29.0%	0.4%
	Return on equity after tax, annually [2]	-17.5%	-46.9%	-106.6%	-22.0%	0.3%
	Income-cost ratio[3]	0.85	0.74	0.53	0.66	1.01
	Rate of cost[4]	53.2%	48.9%	55.1%	60.6%	62.5%
	Return on capital employed[5]	-0.8%	-1.5%	-8.8%	-2.9%	0.0%
	Employees converted to full-time (average)	523.1	562.9	621.3	614.8	642.1
	Market risk					
	Interest rate risk[6]	-4.7%	-4.9%	-11.2%	-4.5%	-1.9%
	Foreign currency position[7]	1.4%	1.6%	1.6%	1.5%	4.7%
	Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.1%
	Coverage in relation to statutory liquidity requirements[8]	136.2%	162.2%	144.8%	98.8%	126.7%
	Credit risk					
	Loans plus impairments on loans in relation to deposits	97.3%	118.3%	133.5%	159.1%	160.5%
	Loans in relation to equity	11.4	19.6	20.7	12.6	10.9
	Growth in loans for the year[9]	-15.2%	-16.1%	-4.7%	-7.5%	-1.7%
	Sum of large exposures[10]	22.3%	33.5%	44.9%	30.4%	40.5%
	Accumulated impairment ratio	16.7%	15.7%	11.8%	7.9%	5.2%
	Impairment ratio for the year	3.2%	4.5%	5.2%	3.5%	1.4%
	vestjyskBANK share					
	Profit/loss per share for the year	-1.6	-6.0	-39.4	-34.5	0.5
	Equity value per share[11]	8.5	10.3	16.3	139.5	173.4
	Price of vestjyskBANK shares, end of the year	9.3	9.0	13.0	18.8	68.5
	Market price/income or loss for the year per share					144.2
	Market price/equity value per share	1.1	0.9	0.8	0.1	0.4

The results for Aarhus Lokalbank is recognised in vestjyskBANK's Statement of Income from 1 April 2012. Assets and liabilities from Aarhus Lokalbank have been recognised in the Statement og Financial Position from 31 March 2012.

1 From 2014, determined in accordance with CRR/CRD IV.

2 On the basis of the 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 expenses and depreciation + impairment of goodwill + impairments of loans and receivables, 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 Coverage ratio in relation to the 10%-requirement set out in section 152 of the Danish Finance Act.

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

10 Exposures greater than 10% of the adjusted capital structure.

11 Denomination of the Bank's shares has changed from DKK 10 per share to DKK 1 per share, cf. Company Announcement of 25 April 2013.

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