



# Vestjysk Bank 2016 Quarterly Report

## Contents

■ <b>Summary</b>	3
■ <b>Management's Review</b>	4
Key Figures and Financial Ratios	4
Financial Review	6
■ <b>Management's Statement</b>	12
■ <b>Financial Statements</b>	13
Statements of Income and Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	16
Notes to the financial statements	17

Vestjysk Bank A/S  
Torvet 4-5, DK-7620 Lemvig  
Denmark  
CVR 34631328  
Registered Office: Lemvig, Denmark  
Telephone (+45) 96 63 20 00  
[www.vestjyskbank.dk](http://www.vestjyskbank.dk)  
[vestjyskbank@vestjyskbank.dk](mailto:vestjyskbank@vestjyskbank.dk)

Read or download this report at [vestjyskbank.dk](http://vestjyskbank.dk).  
The Vestjysk Bank Quarterly Report 2016 is a translation of the original report in Danish (Vestjysk Bank kvartalsrapport 2016).  
In case of discrepancies, the Danish version prevails.

# Summary

## Q1 2016 Highlights

Vestjysk Bank realised a profit after tax of DKK 12 million in Q1 2016. The Bank's core operations are still sound and are considered satisfactory. However, as a result of the persistently large impairment losses – in particular due to the depressed and worsened economic situation facing Danish agriculture, with very low price levels for milk as well as pork – the Bank reports an unsatisfactory result after impairment.

The Bank remains committed to improving its capital situation, including strengthening its solvency surplus in relation to the requirement for common equity tier 1 capital.

- Profit after tax of DKK 12 million (Q1 2015: DKK 33 million).
- Core income of DKK 231 million (Q1 2015: DKK 268 million), including value adjustments of DKK 7 million (Q1 2015: DKK 31 million).
- Cost ratio of 54.6 (Q1 2015: 51.9). After value adjustments, the cost ratio was down 2.3 percentage points from 58.6 per cent in Q1 2015 to 56.3 per cent in Q1 2016.
- Core earnings of DKK 105 million before impairment (Q1 2015: DKK 129 million).
- Impairment of loans and receivables, etc. of DKK 93 million (Q1 2015: DKK 93 million). Impairment charges on agriculture accounted for the majority of the Bank's impairment charges.
- Deposit surplus of DKK 4.1 billion at 31 March 2016, compared with a deposit surplus of DKK 4.2 billion at 31 March 2015.
- The minimum requirements for continued banking operations are 8.0 per cent (total capital ratio) and 4.5 per cent (common equity tier 1 capital ratio), respectively, of weighted risk exposures. At 31 March 2016, the Bank's surplus relative to these requirements is 4.6 percentage points, or DKK 767 million, and 3.5 percentage points, or DKK 586 million, respectively.
- The total capital ratio stood at 12.6 per cent and the individual solvency need at 11.2 per cent, corresponding to a surplus of 1.4 percentage points or DKK 239 million at 31 March 2016.
- Common equity tier 1 capital ratio of 8.0 per cent at 31 March 2016, compared with a requirement of 7.2 per cent. The surplus is 0.8 of a percentage point, or DKK 135 million, which is the gap to the requirement to prepare a recovery plan.
- Surplus liquidity of 122 per cent at 31 March 2016.
- In December 2015, the EU Commission opened an in-depth investigation to assess whether the restructuring aid granted to Vestjysk Bank by the Danish State in 2012 was in accordance with EU state aid rules. In particular, the Commission will examine whether Vestjysk Bank's restructuring plan would restore the Bank's long-term viability without unduly distorting competition. The time frame of this investigation and the approval process is unknown.

## Outlook for 2016

Given an unchanged economic climate, the Bank's total business volume is expected, to have the capacity to generate core earnings before impairment at around DKK 350-400 million. Assuming an unchanged economic climate, Management expects that impairment writedowns can be absorbed into the Bank's core earnings, resulting in a certain improvement of its consolidation in 2016. This will ensure a continuing bank with an appropriate business platform and the possibility of achieving a more adequate capital structure.

If the worsened crisis in the agricultural sector becomes very protracted or worsens further, the Bank's significant exposure to this industry may entail an increased need for impairment writedowns relative to Management's current estimates for 2016. This might also be the case if the economic climate generally worsens. The impact of a further deterioration of the economic climate on the agricultural sector and/or other sectors will thus reduce the Bank's opportunities for consolidation in 2016.

# Management's Review

## Financial Highlights

<b>Key Figures</b>	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	FY 2015
<b>Statement of Income (DKKm)</b>						
Net interest income	146	168	160	164	152	644
Net fee income	77	73	69	81	82	305
Dividends on shares, etc.	0	0	0	1	1	2
Value adjustments	7	11	-9	-16	31	17
Other operating income	1	17	1	1	2	21
<b>Core Income</b>	231	269	221	231	268	989
Staff costs and administrative expenses	123	122	138	127	126	513
Other operating expenses as well as depreciation, amortisation and impairment losses; on intangible and tangible assets	3	16	14	13	13	56
Operating expenses and operating depreciation and amortisation	126	138	152	140	139	569
<b>Core Earnings Before Impairment</b>	105	131	69	91	129	420
Impairment of loans and receivables, etc.	93	118	81	78	93	370
<b>Profit/loss Before Tax</b>	12	13	-12	13	36	50
Tax	0	-2	-2	2	3	1
<b>Profit/loss After Tax</b>	12	15	-10	11	33	49
<b>Statement of financial position (DKKm)</b>						
Assets, total	20,444	21,114	21,652	22,103	21,931	21,114
Loans	13,304	13,337	13,888	14,035	14,476	13,337
Deposits, including pooled schemes	17,367	18,090	18,137	18,821	18,695	18,090
Contingent liabilities	3,101	3,213	3,289	3,383	3,118	3,213
Business volume	33,772	34,640	35,314	36,239	36,289	34,640
Equity	1,413	1,404	1,391	1,403	1,394	1,404

The financial highlights have been restated to reflect the change relating to the recognition of additional tier 1 capital. See the description under the accounting policies in the annual report for 2015.

<b>Financial ratios</b> <sup>1</sup>	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	FY 2015
<b>Solvency</b>						
Total capital ratio	12.6%	12.5%	12.6%	12.5%	12.4%	12.5%
Tier 1 capital ratio	10.7%	10.5%	10.4%	10.3%	10.2%	10.5%
Common equity tier 1 capital ratio	8.0%	7.9%	7.6%	7.5%	7.4%	7.9%
<b>Earnings</b>						
Return on equity before tax, annually	3.4%	3.8%	-3.3%	3.5%	10.6%	3.6%
Return on equity after tax, annually	3.3%	4.4%	-3.0%	3.2%	9.8%	3.6%
Income-cost ratio	1.05	1.05	0.95	1.06	1.15	1.05
Cost ratio <sup>2</sup>	54.6%	51.2%	68.4%	61.0%	51.9%	57.5%
Return on assets	0.1%	0.1%	0.0%	0.1%	0.2%	0.2%
Employees converted to full-time (average)	467.8	473.1	505.7	509.2	512.6	500.1
<b>Market Risk</b>						
Interest rate risk	-4.6%	-5.1%	-5.3%	-5.8%	-6.0%	-5.1%
Foreign exchange position	0.9%	1.9%	2.2%	2.1%	1.9%	1.9%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Surplus liquidity in relation to statutory liquidity requirements	121.6%	140.1%	130.1%	145.3%	123.1%	140.1%
<b>Credit Risk</b>						
Loans plus impairment on loans relative to deposits	93.8%	90.8%	95.6%	92.6%	95.6%	90.8%
Loans relative to equity	9.4	9.5	10.0	10.0	10.4	9.5
Growth in loans for the year	-0.2%	-4.0%	-1.0%	-3.0%	-1.6%	-9.4%
Sum of large exposures	37.3%	35.1%	31.8%	33.0%	21.0%	35.1%
Accumulated impairment ratio	15.5%	15.8%	16.9%	16.4%	16.3%	15.8%
Impairment ratio for the year	0.5%	0.6%	0.4%	0.4%	0.4%	1.9%
<b>Vestjysk Bank Share</b> <sup>3</sup>						
Earnings per share for the year	0.1	0.1	-0.1	0.1	0.2	0.3
Book value per share	8.9	8.8	8.7	8.8	8.7	8.8
Price of Vestjysk Bank shares, end of the year	9.1	7.8	8.8	9.9	9.8	7.8
Share price/book value per share	1.0	0.9	1.0	1.1	1.1	0.9

1 The financial ratios are laid down in the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. and restated to reflect the change relating to the recognition of additional tier 1 capital.

2 Operating expenses and operating depreciation and amortisation/core income

3 The ratios are calculated as though the additional tier 1 capital is a liability.

# Management's Review

## Financial Review

### Income statement

#### Profit after tax

For Q1 2016, the Bank's profit after tax was DKK 12 million, compared with DKK 33 million for Q1 2015.

Impairment of loans and receivables, etc. is on level with Q1 2015 and amounted to DKK 93 million in Q1 2016. The impairment ratio for Q1 2016 was 0.5 per cent, against 0.4 per cent in Q1 2015. The level remains high compared to the sector average reflecting the large impairment charges due to the depressed and worsened economic situation facing Danish agriculture, with very low price levels for milk as well as pork.

The Bank's core operations are sound, and core earnings of DKK 105 million before impairment is considered satisfactory.

#### Core income

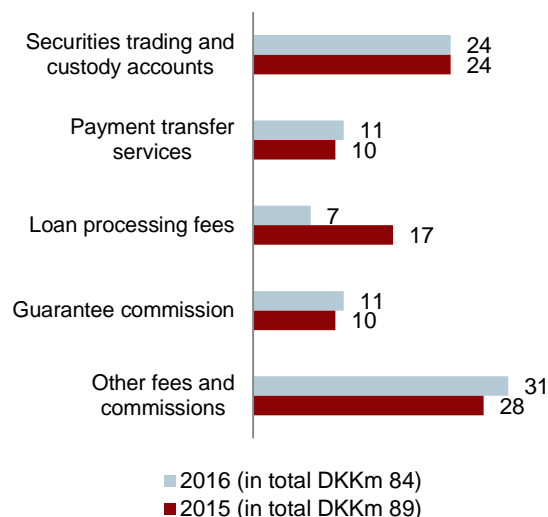
In Q1 2016, Vestjysk Bank realised core income of DKK 231 million, down DKK 37 million compared with Q1 2015. The lower core income was mainly due to reduced market value adjustments and fee income.

Net interest income shows a modest drop of DKK 6 million and totalled DKK 146 million in Q1 2016, against DKK 152 million in Q1 2015. The decline was due to a DKK 25 million drop in interest income due to a lower lending volume and increased price pressure, while the Bank's interest expenses were reduced by almost DKK 20 million, mainly due to lower deposit rates.

Positive value adjustments represented DKK 7 million in Q1 2016, compared with DKK 31 million in Q1 2015. The decline in value adjustments on DKK 24 million is primarily due to lower value adjustments on bonds and interest rate contracts.

Fee and commission income declined from DKK 89 million in Q1 2015 to DKK 84 million in Q1 2016, corresponding to a drop of nearly 6 per cent. The decrease in fee and commission income is exclusively explained by the high remortgaging activity in Q1 2015. The distribution is shown in the following figure.

#### Income from Fees and Commissions (DKKm)



Other operating income amounted to DKK 1 million in Q1 2016, against DKK 2 million in Q1 2015.

#### Operating expenses and operating depreciation and amortisation

Total operating expenses, depreciation and amortisation showed a drop of DKK 13 million from DKK 139 million in Q1 2015 to DKK 126 million in Q1 2016, equalling a 9 per cent reduction of expenses. The lower expenses are attributable to cost cuts realised after the organisational changes in September 2015, see company announcement of 14 September 2015, and the discontinuation of contributions to the Guarantee Fund for Depositors and Investors, to which Vestjysk Bank's contribution in Q1 2015 amounted to DKK 10 million.

At the end of 2015, contributions to the Guarantee Fund for Depositors and Investors were replaced by contributions to a new Resolution Fund. Vestjysk Bank's share of contributions to the new Resolution Fund is expected to amount to DKK 2 million for 2016.

#### Core earnings before impairment

For Q1 2016, the Bank's core earnings before impairment stood at DKK 105 million, compared with DKK 129 million in Q1 2015. Adjusted for the DKK 24 million drop in value adjustments, core earnings before impairment for Q1 2016 were in line with Q1 2015, which is considered satisfactory

in a quarter marked by financial market turbulence and continued low interest rates.

**Impairment charges on loans, advances, guarantees etc.**

Impairment charges amounted to DKK 93 million, net in Q1 2016, which is on level with Q1 2015. The impairment ratio for Q1 2016 was 0.5 per cent, against 0.4 per cent in Q1 2015. The level of impairment is still unsatisfying high and higher than the sector average, reflecting the large impairment charges due to the depressed and worsened economic situation facing Danish agriculture, with very low price levels for milk as well as pork. In Q1 2016 the agricultural sectors share of the banks impairment charges amounted to 85 per cent.

Milk and pork prices were historically low throughout 2015 and Q1 2016. At present the situation looks worse for milk. No improvement seems likely for the foreseeable future, which is a cause for concern. The Bank is closely monitoring developments in the agricultural sector and will continue to incorporate the consequences of any changes in the calculation of impairment.

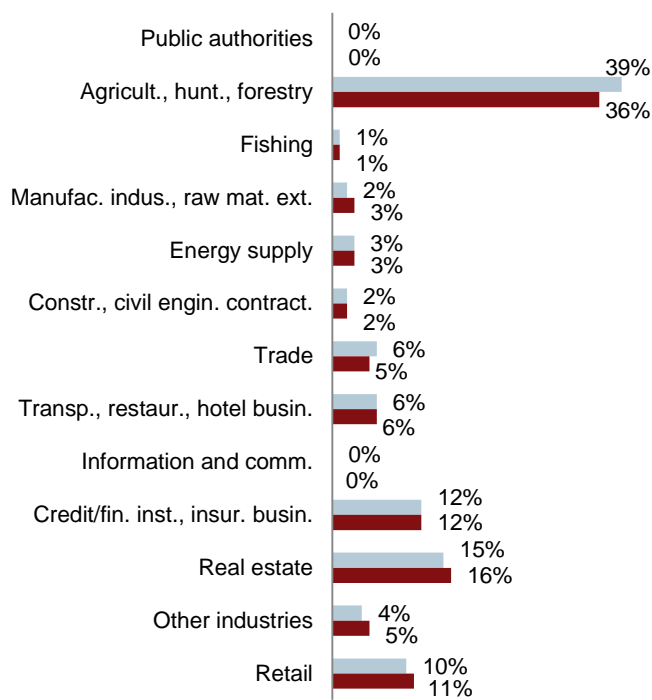
Agriculture is still a large factor in the sector diversification of the Bank's business loans, and as a result of the unfavourable market conditions that the sector has experienced in recent years, agriculture also accounts for the largest share of the Bank's accumulated impairment writedowns: 39 per cent or DKK 1.2 billion. The Bank has thus written down approximately 23 per cent of its gross lending to the agricultural sector.

The process of adjusting the Bank's involvement in the real estate sector continues, as the Bank focuses on weeding out unprofitable real estate exposures. For some of these property commitments, we are seeing a favourable trend with operating profits and sufficient liquidity to service debt. As a result, the Bank has reduced its exposure to this sector, and the Bank's customers have sold assets at acceptable prices.

The Bank continues to implement further measures to improve the process of managing and monitoring the Bank's loans and guarantees and to develop the skills of account managers.

The Bank's accumulated impairment ratio at the end of March 2016 stood at 15.5 per cent, compared with 16.3 per cent at the end of March 2015.

**Accumulated Impairments and Provisions by Industry Segment at 31 March 2016**



# Management's Review

## Financial Review

### Statement of financial position

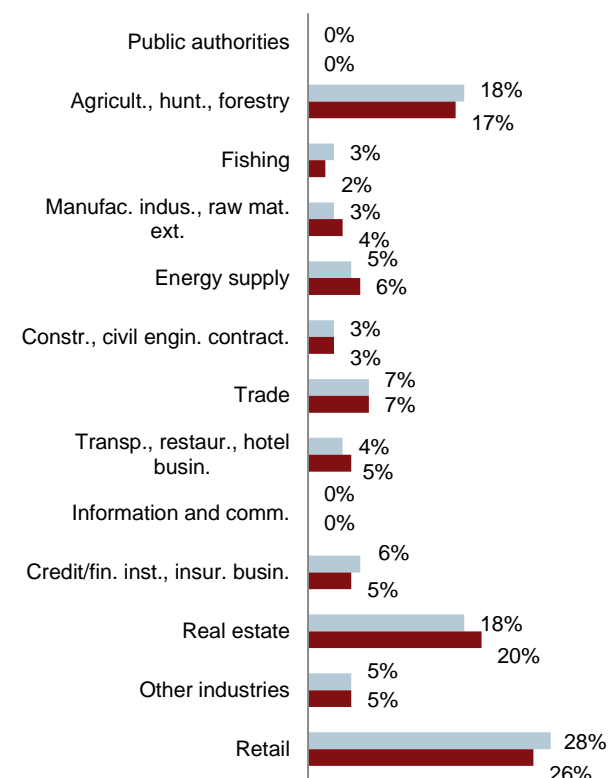
Vestjysk Bank's balance sheet amounted to DKK 20.4 billion at 31 March 2016, against DKK 21.9 billion at 31 March 2015. The Bank has succeeded in the planned trimming of its balance sheet, primarily by reducing lending. Based on its liquidity and funding situation, the Bank will now aim to maintain the current business volume.

### Loans

At 31 March 2016, Vestjysk Bank's net lending amounted to DKK 13.3 billion, against DKK 14.5 billion at 31 March 2015. Compared to 31 December 2015 net lending has been kept stable at DKK 13.3 billion.

The distribution of Vestjysk Bank's loans and guarantees by sector is illustrated below.

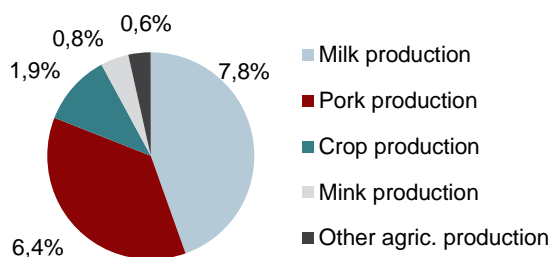
### Loans and Guarantees by Industry Segment at 31 March 2016



It is a positive development that loans to retail customers continue to rise, accounting for 28 per cent of the Bank's net loans and guarantees at 31 March 2016. At 31 March 2015, retail customers accounted for 26 per cent of the Bank's net loans and guarantees. The Bank is working on further increasing the retail customer segment as a business area.

Agriculture remains an important strategic business area in which the Bank has considerable experience. In isolated terms, at 31 March 2016 the Bank's exposure to agriculture accounted for 17.5 per cent of its total loans and guarantees 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 March 2016



### Large exposures

The sum of large exposures, constituting 10 per cent or more of total capital, amounted to 37.3 per cent of total capital at 31 March 2016, distributed on two exposures.

### Difference between deposits and loans

Vestjysk Bank's deposits including pooled schemes amounted to DKK 17.4 billion at 31 March 2016, against DKK 18.7 billion at 31 March 2015.

As a result of the positive development since 2012 between deposits and loans, the Bank had a deposit surplus at 31 March 2016 of DKK 4.1 billion, against DKK 4.2 billion at 31 March 2015.



### **Business volume**

Vestjysk Bank's business volume – total deposits, loans and contingent liabilities – amounted to DKK 33.8 billion at 31 March 2016, against DKK 36.3 billion at 31 March 2015. The change in business volume was due to decreases in both loans and deposits.

### **Capital and liquidity**

#### **Equity**

Vestjysk Bank's equity stood at DKK 1,413 million at 31 March 2016, against DKK 1,394 million at 31 March 2015. The development in equity since 1 January 2015 is detailed in the statement of changes in equity.

#### **Subordinated debt**

The Bank's subordinated debt stood at DKK 864 million at 31 March 2016, of which state-funded additional tier 1 capital under Bank Package II totalled DKK 311 million. This capital carries interest at 9.561 per cent.

Special statutory rules apply to additional tier 1 capital under Bank Package II. No dilution of the capital is allowed, and buyback programmes aimed at reducing the Bank's share capital are therefore not permitted. Moreover, only 50 per cent of Executive Board salaries will be eligible for tax deduction.

#### **Solvency**

Solvency-related total capital amounted to DKK 2,090 million at 31 March 2016 which, relative to the total risk exposure of DKK 16,546 million, gives a total capital ratio of 12.6 per cent. At 31 March 2015, the Bank's total capital ratio was 12.4 per cent.

The minimum total capital ratio requirement for continued banking operations is 8.0 per cent, which for Vestjysk Bank equals DKK 1,323 million at 31 March 2016. Based on the Bank's current financial position, this requirement is met with a surplus of 4.6 percentage points, or DKK 767 million.

Solvency-related adequate total capital amounted to DKK 1,851 million at 31 March 2016 which, relative to the total risk exposure of DKK 16,546 million, gives an individual solvency need of 11.2 per cent, corresponding to a solvency need supplement of 3.2 percentage points in addition to the minimum requirement. Relative to the DKK 2,090 million total capital, the surplus solvency was 1.4 percentage points or DKK 239 million at 31 March 2016.

### **Common equity tier 1 capital**

The Bank's common equity tier 1 capital totalled DKK 1,330 million at 31 March 2016 which, relative to the total risk exposure of DKK 16,546 million, gives a common equity tier 1 capital ratio of 8.0 per cent, against 7.4 per cent at 31 March 2015. The Bank's tier 1 capital ratio was 10.7 per cent at 31 March 2016, compared to 10.2 per cent at 31 March 2015.

The minimum common equity tier 1 capital ratio requirement for continued banking operations is 4.5 per cent, which for Vestjysk Bank equals DKK 744 million at 31 March 2016. Based on the Bank's current financial position, this requirement is met with a surplus of 3.5 percentage points, or DKK 586 million.

In relation to the Bank's common equity tier 1 capital, the aggregate capital requirement is 7.2 per cent, or DKK 1,195 million, compared to the Bank's common equity tier 1 capital of DKK 1,330 million. The difference between these two amounts constitutes the Bank's surplus common equity tier 1 capital of 0.8 percentage point, or DKK 135 million at 31 March 2016. At 31 March 2015, the surplus common equity tier 1 capital amounted to DKK 69 million.

The Bank has taken measures to strengthen its common equity tier 1 capital, and the surplus was improved by approx. DKK 14 million during Q1 2016, primarily through the Bank's earnings and lower weighted risk exposures. The surplus is still tenuous, however, and the Bank is aware of the fact that this may lead to the need for a capital conservation plan and, if the operating results deteriorate compared to the expected, an actual recovery plan. Such plans would require the FSA's approval.

Also note that the provisions in the FSA's guidelines on the calculation of solvency need have been changed. Under the guidelines, the effect of any maturity of capital instruments in the coming 12 months should be recognised as a reservation in the solvency need. As from 1 January 2018, additional tier 1 capital in the amount of DKK 287.6 million, see note 15, will no longer be eligible for inclusion in total capital. The effect of this reservation in the Bank's solvency need is part of Management's rationale for seeking to strengthen total capital on a timely basis.

# Management's Review

## Financial Review

### Liquidity

Vestjysk Bank's liquidity position remains good with surplus liquidity of 122 per cent and a deposit surplus in excess of DKK 4 billion.

At 31 March 2016, the Bank's Liquidity Coverage Ratio (LCR) stood at 187 per cent, relative to the LCR ratio requirement of 70 per cent.

In accordance with the LCR regulation, the LCR requirement is being gradually phased in, with 70 per cent at 1 January 2016, 80 per cent at 1 January 2017 and 100 per cent at 1 January 2018. The Bank's liquidity projections indicate that the Bank will meet the fully phased-in LCR requirements.

### Share capital

Vestjysk Bank's share capital totalled DKK 151 million at 31 March 2016. The share capital consists of 151,008,121 shares with a nominal value of DKK 1 each.

Vestjysk Bank has some 39,000 registered shareholders. The Danish State holds 121,736,671 shares, corresponding to a stake of 80.62 per cent. Additionally, the Financial Stability Company, which is wholly owned by the Danish State, holds 1,291,222 shares in Vestjysk Bank, corresponding to a stake of 0.86 per cent. Including this stake, the Danish State holds 81.48 per cent of the share capital and voting rights in Vestjysk Bank.

After the Danish State, the ten largest shareholders hold 3.28 percent of Vestjysk Bank's share capital.

The Bank's shares are listed in the Nasdaq OMX Nordic Mid Cap Index where the share has had observation status since 1 March 2013.

### The Financial Supervisory Authority's Supervisory Diamond

Vestjysk Bank's objective is to remain within the threshold values for the five indicators set out in the FSA's Supervisory Diamond, which all banks should generally comply with. Vestjysk Bank meets this objective.

Vestjysk Bank's values relative to each of these threshold values are set out in the following table.

### Realised values at 31 March 2016

Supervisory Diamond Benchmarks	Realised values
Sum of large exposures (< 125%)	37.3%
Growth in loans (< 20%)	-8.1%
Real estate exposure (< 25%)	18.0%
Funding ratio (< 1)	0.68
Liquidity surplus (> 50%)	121.6%

### Other matters

#### Related parties

Vestjysk Bank's related parties comprise the members of the Board of Directors and Executive Board as well as these persons' family members. During the period, the Bank has conducted normal trading on arm's-length terms with Kaj Bech A/S, in which board member Anders Bech, exercises control.

Another related party is the Danish State, which by virtue of its ownership of 80.62 per cent of the Bank's share capital and voting rights exercises control.

### EU Commission

When the EU Commission temporarily approved the state aid in parts of the capital plan for the merger with Aarhus Lokalbank in the spring of 2012, that approval was predicated upon the EU Commission's prior approval of the Bank's restructuring plan. As mentioned in the company announcement dated 4 December 2015, the EU Commission has opened an in-depth investigation into the restructuring aid granted to Vestjysk Bank in 2012.

The Bank utilised the facility in the amount of DKK 7,142 million, comprising a capital increase to which the Danish State contributed DKK 167 million, relief of the solvency-related capital charge through the sale of sector shares of DKK 175 million and guarantees in the amount of DKK 6,800 million. The state-guaranteed borrowing facility was repaid in early 2015, 18 months ahead of its expiry. The Bank maintains regular dialogue with the EU Commission via the Ministry of Business and Growth. The time frame for the approval process is not yet known.

Management is not aware of any requirements to be 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 state aid might become relevant.

### Action plan 2016

In the annual report 2015, the bank launched a new action plan for 2016 and the following years, including the following action points:

- Maintaining the Bank's current business volume by focusing on the existing customers' borrowing and credit needs and adding good new retail customers and solid business customers in the SME segment
- Reducing the Bank's total agricultural and real estate exposures
- Continuing working actively with the Bank's weak and impaired customers to reduce the Bank's overall impairment writedowns
- Focusing on maintaining a cost ratio of around 55
- Increasing earnings, particularly in the investment area, by increasing the customers' proportion of pooled and wealth management products
- Further digitalisation of the Bank
- Exploring the options of raising additional tier 2 capital.
- Maintaining a strong liquidity position by balancing the development of gross lending and deposits

Execution of the plan is monitored closely by the Management and the development in Q1 2016 is evaluated to be within the plan.

### Outlook for 2016

Given an unchanged economic climate, the Bank's total business volume is expected, to have the capacity to generate core earnings before impairment at around DKK 350-400 million. Assuming an unchanged economic climate, Management expects that impairment writedowns can be absorbed into the Bank's core earnings, resulting in a certain improvement of its consolidation in 2016. This will ensure a continuing bank with an appropriate business platform and the possibility of achieving a more adequate capital structure.

If the worsened crisis in the agricultural sector becomes very protracted or worsens further, the Bank's significant exposure to this industry may entail an increased need for impairment writedowns relative to Management's current estimates for 2016. This might also be the case if the economic climate generally worsens. The impact of a further deterioration of the economic climate on the agricultural sector and/or other sectors will thus reduce the Bank's opportunities for consolidation in 2016.

### 2016 Financial Calendar

- |               |                            |
|---------------|----------------------------|
| ■ 24 August   | Half-year report           |
| ■ 23 November | Quarterly report for Q1-Q3 |

# Management's Statement

The Bank's Board of Directors and Executive Board have today considered and approved the Quarterly Report for the period from 1 January to 31 March 2016 of Vestjysk Bank A/S.

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

In our opinion, the accounting policies applied are appropriate and the financial statements present a true and fair view of the Company's assets and liabilities and financial position as at 31 March 2016, and of the results of the Bank's activities for the reporting period from 1 January to 31 March 2016.

In our opinion, the management's review includes a fair review of the development and performance of the company and a fair description of the principal risks and uncertainty factors that the Bank faces.

The management's review section of the 2015 Annual Report detailed matters related to "Risks relating to going concern" and "Outlook for 2016". It is our assessment that these matters still apply and we refer to the Management's Statement, as well as Note 2 "Uncertainty, capital structure and going concern" in the 2015 Annual Report.

The present Quarterly Report has not been audited or reviewed.

Lemvig, Denmark, 12 May 2016

## Executive Board

.....  
Jan Ulsø Madsen  
*Chief Executive Officer*

.....  
Michael Nelander Petersen  
*Managing Director*

## Board of Directors

.....  
Vagn Thorsager  
*Chairman of the Board of Directors*

.....  
Lars Holst  
*Deputy Chairman of the Board of Directors*

.....  
Anders Bech

.....  
Bent Simonsen

.....  
Jens Erik Christensen

.....  
Karina Boldsen

.....  
Jacob Møllgaard

.....  
Malene Rønø

.....  
Palle Hoffmann

# Financial Statements

## Statements of Income and Comprehensive Income

Note	Q1 2016 DKK'000	Q1 2015 DKK'000	FY 2015 DKK'000
<b>Statement of Income</b>			
2	198,920	224,235	888,693
3	52,810	72,768	244,558
	146,110	151,467	644,135
	173	899	2,397
4	84,228	89,171	339,645
	7,109	6,773	34,955
	223,402	234,764	951,222
5	7,288	30,827	16,617
6	1,127	2,260	21,012
7	122,884	125,465	513,185
	2,563	3,033	12,979
8	1,048	10,421	42,681
9	93,511	93,069	370,062
	11,811	35,863	49,944
	288	2,508	521
	11,523	33,355	49,423
<b>Statement of Comprehensive Income</b>			
	11,523	33,355	49,423
Other comprehensive income:			
	0	0	-409
	0	0	-248
	0	0	-657
	11,523	33,355	48,766

# Financial Statements

## Statement of Financial Position

Note	31 March 2016 DKK'000	31 March 2015 DKK'000	31 Dec 2015 DKK'000
<b>Assets</b>			
	239,885	1,118,406	393,127
	382,560	165,946	373,257
	13,303,864	14,476,293	13,337,021
	3,521,109	3,213,369	4,014,258
	182,734	172,990	179,255
	2,082,704	1,980,818	2,108,604
10	4,115	5,612	4,489
	351,054	368,271	352,431
11	29,900	0	29,900
12	321,154	368,271	322,531
	3,606	6,735	4,378
	5,223	3,508	5,482
	3,285	0	3,635
13	287,251	401,955	319,852
	76,443	16,722	18,267
	20,443,833	21,930,625	21,114,056

# Financial Statements

## Statement of Financial Position

Note	31 March 2016 DKK'000	31 March 2015 DKK'000	31 Dec 2015 DKK'000
<b>Equity and liabilities</b>			
<b>Debts</b>			
	405,671	395,727	326,710
	15,284,376	16,714,239	15,981,237
	2,082,704	1,980,818	2,108,604
14	355,504	409,444	340,151
	13	11	25
	18,128,268	19,500,239	18,756,727
<b>Provisions</b>			
	21,413	22,684	21,520
	9,196	9,799	9,936
	7,278	26,852	7,219
	37,887	59,335	38,675
15	864,190	977,324	914,920
<b>Equity</b>			
16	151,008	151,008	151,008
	52,543	57,526	52,543
	551,600	551,600	551,600
	583,337	558,593	573,583
	1,338,488	1,318,727	1,328,734
	75,000	75,000	75,000
	1,413,488	1,393,727	1,403,734
	20,443,833	21,930,625	21,114,056
<b>Items not recognised in the statement of financial position</b>			
	3,101,265	3,118,607	3,212,734
	24,953	27,318	25,475
	3,126,218	3,145,925	3,238,209

# Financial Statements

## Statement of Changes in Equity

DKK'000	Share capital	Revaluation reserves	Reserves provided for in the Bank's Articles of Association	Retained earnings	Total	Additional tier 1 capital*)	Equity, total
<b>Equity, 1 January 2016</b>	151,008	52,543	551,600	573,583	1,328,734	75,000	1,403,734
Comprehensive income for the period				9,755	9,755	1,768	11,523
Interest on additional tier 1 capital					0	-1,768	-1,768
Additions relating to sale of own shares				5,085	5,085		5,085
Disposals relating to purchase of own shares				-5,086	-5,086		-5,086
<b>Equity, 31 March 2016</b>	151,008	52,543	551,600	583,337	1,338,488	75,000	1,413,488
<b>Equity, 1 January 2015</b>	151,008	57,526	551,600	527,008	1,287,142	75,000	1,362,142
Comprehensive income for the period				31,587	31,587	1,768	33,355
Interest on additional tier 1 capital					0	-1,768	-1,768
Additions relating to sale of own shares				6,432	6,432		6,432
Disposals relating to purchase of own shares				-6,434	-6,434		-6,434
<b>Equity, 31 March 2015</b>	151,008	57,526	551,600	558,593	1,318,727	75,000	1,393,727
<b>Equity, 1 January 2015</b>	151,008	57,526	551,600	527,008	1,287,142	75,000	1,362,142
Comprehensive income for the period		-409		42,004	41,595	7,171	48,766
Interest on additional tier 1 capital					0	-7,171	-7,171
Additions relating to sale of own shares				21,916	21,916		21,916
Disposals relating to purchase of own shares				-21,919	-21,919		-21,919
Transferred to retained earnings		-4,574		4,574	0		0
<b>Equity, 31 December 2015</b>	151,008	52,543	551,600	573,583	1,328,734	75,000	1,403,734

The additional tier 1 capital has been provided for an indefinite term and Vestjysk Bank has full discretion at all times to omit interest payments, and it is consequently accounted for as equity. There is an option of early repayment, subject to approval by the Danish Financial Supervisory Authority, on 1 September 2019. The capital accrues interest at 9.561 per cent. If Vestjysk Bank's common equity tier 1 capital ratio falls below 5.125 per cent, the loan will be written down.

The additional tier 1 capital meets the conditions of CRR/CRV IV.



## Overview of notes on the financial statements

- 1 Accounting policies
- 2 Interest income
- 3 Interest expenses
- 4 Income from fees and commissions
- 5 Value adjustments
- 6 Other operating income
- 7 Staff costs and administrative expenses
- 8 Other operating expenses
- 9 Impairment of loans and provisions for guarantees, etc.
- 10 Intangible assets
- 11 Investment property
- 12 Owner-occupied property
- 13 Other assets
- 14 Other equity and liabilities
- 15 Subordinated debt
- 16 Share capital
- 17 Contingent assets
- 18 Capital requirements
- 19 Security pledged
- 20 Pending litigation
- 21 Financial highlights

# Financial Statements

## Notes

note

### 1 Accounting policies

Vestjysk Bank's Quarterly report for 1 January - 31 March 2016 is presented in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's executive order on financial reporting for credit institutions and investment companies, et al. as well as the disclosure requirements for listed enterprises issued by NASDAQ OMX Copenhagen A/S.

The accounting policies applied in this report remain unchanged from the 2015 Annual Report, which contains a full description of those policies.

Measuring certain assets and liabilities require Management to make an estimate of how future events will affect the value of such assets and liabilities. Estimates considered material in presenting the accounts are, among other things, made by stating impairments of impaired loans, the fair values of unlisted financial instruments as well as provisions, cf. the more detailed discussion in the 2015 Annual Report. The applied estimates are based on assumptions deemed sound by Management but which by their nature are uncertain.

The Bank's significant risks and external conditions that may affect the Bank are described in greater detail in the 2015 Annual Report.

	Q1 2016	Q1 2015	FY 2015
	DKK'000	DKK'000	DKK'000
<b>2 Interest income</b>			
Receivables from credit institutions and central banks	305	133	1,925
Loans and other receivables	193,711	217,865	862,145
Debt securities	2,690	4,171	14,997
Other interest income	1	2	6
Derivative financial instruments	2,213	2,064	9,620
<b>Total</b>	<b>198,920</b>	<b>224,235</b>	<b>888,693</b>
There is no interest income originating from reverse repo transactions.			
<b>3 Interest expenses</b>			
Credit institutions and central banks	75	662	807
Deposits and other debt	35,922	54,268	173,137
Subordinated debt	16,754	17,778	70,554
Other interest expenses	59	60	60
<b>Total</b>	<b>52,810</b>	<b>72,768</b>	<b>244,558</b>
There is no interest expense originating from repo transactions.			
<b>4 Income from fees and commissions</b>			
Securities trading and custody services	24,485	24,618	101,194
Payment services	11,313	9,902	45,618
Loan processing fees	6,999	16,613	45,014
Guarantee commission	10,736	10,389	48,747
Other fees and commissions	30,695	27,649	99,072
<b>Total</b>	<b>84,228</b>	<b>89,171</b>	<b>339,645</b>

note	Q1 2016 DKK'000	Q1 2015 DKK'000	FY 2015 DKK'000
<b>5 Value adjustments</b>			
Bonds	5,851	13,397	-8,490
Shares, etc.	1,259	3,139	8,051
Investment property	0	0	6,313
Foreign currency	3,197	-2,552	6,786
Foreign exchange, interest rate, equity, commodity, and other contracts as well as derivative financial instruments	-8,063	4,452	-2,891
Assets related to pooled schemes	-39,878	187,044	160,750
Deposits with pooled schemes	39,878	-187,044	-160,750
Other assets	673	-439	-3,933
Other liabilities	4,371	12,830	10,781
<b>Total</b>	<b>7,288</b>	<b>30,827</b>	<b>16,617</b>
<b>6 Other operating income</b>			
Gains on sale of property, plant and equipment	13	140	2,237
Other income	1,255	2,120	18,775
Operation of investment properties	-141	0	0
<b>Total</b>	<b>1,127</b>	<b>2,260</b>	<b>21,012</b>
<b>7 Staff costs and administrative expenses</b>			
Salaries and remuneration for the Board of Directors and Executive Board	1,831	1,615	7,239
Staff costs	76,325	77,702	329,247
Other administrative expenses	44,728	46,148	176,699
<b>Total</b>	<b>122,884</b>	<b>125,465</b>	<b>513,185</b>
<b>Salaries and remuneration of the Board of Directors and Executive Board and major risk takers</b>			
<b>Board of Directors</b>			
Fixed remuneration	412	412	1,650
<b>Total</b>	<b>412</b>	<b>412</b>	<b>1,650</b>
<b>Executive Board</b>			
Contractual remuneration	1,349	1,128	5,299
Pension	70	75	290
<b>Total</b>	<b>1,419</b>	<b>1,203</b>	<b>5,589</b>

# Financial Statements

## Notes

Note	Q1 2016 DKK'000	Q1 2015 DKK'000	FY 2015 DKK'000
<b>7 Staff costs and administrative expenses (continued)</b>			
Value of benefits	52	47	216
With reference to the terms and conditions for participation in Bank Package II, please note that in the calculation of taxable income, remuneration of the Executive Board was deducted for tax purposes in the amount of	736	625	2,903
No agreements have been concluded concerning bonus plans, incentive programmes or similar compensation plans.			
The Bank is exempt from all pension obligations in respect of the departure of members of the Executive Board, whether as a result of age, illness, disability or any other reason.			
<b>Staff expenses</b>			
Wages and salaries	59,548	60,897	260,758
Pensions	7,636	7,711	30,757
Expenses relating to social security contributions, payroll tax etc.	9,141	9,094	37,732
<b>Total</b>	<b>76,325</b>	<b>77,702</b>	<b>329,247</b>
<b>8 Other operating expenses</b>			
Contributions to the Guarantee Fund for Depositors and Investors	600	10,386	42,294
Other expenses	448	35	387
<b>Total</b>	<b>1,048</b>	<b>10,421</b>	<b>42,681</b>
<b>9 Impairment of loans and provisions for guarantees, etc.</b>			
<b>Individual impairment of loans</b>			
Individual impairment of loans and other receivables, beginning of the reporting period	2,997,232	3,423,412	3,423,412
Impairment charges for the period	157,560	177,619	501,758
Reversal of impairment charges in prior financial years	-76,209	-75,863	-143,534
Other movements	24,718	26,724	81,415
Previously individually impaired, now written off	-216,928	-262,242	-865,819
Individual impairment of loans and other receivables, end of the reporting period	2,886,373	3,289,650	2,997,232
Impact on financial income statement	81,351	101,756	358,224
<b>Collective impairment of loans</b>			
Collective impairment of loans and other receivables, beginning of the reporting period	93,712	116,069	116,069
Impairment charges for the period	17,074	18,961	42,766
Reversal of impairment charges in prior financial years	-9,094	-38,070	-68,700
Other movements	1,170	946	3,577
Collective impairment of loans and other receivables, end of the reporting period	102,862	97,906	93,712
Impact on financial income statement	7,980	-19,109	-25,934

note	Q1 2016 DKK'000	Q1 2015 DKK'000	FY 2015 DKK'000
9			
<b>Impairment of loans and provisions for guarantees, etc. (continued)</b>			
<b>Impairment of loans, total</b>			
Impairment of loans and other receivables, beginning of the reporting period	3,090,944	3,539,481	3,539,481
Impairment charges for the period	174,634	196,580	544,524
Reversal of impairment charges in prior financial years	-85,303	-113,933	-212,234
Other movements	25,888	27,670	84,992
Previously individually impaired, now written off	-216,928	-262,242	-865,819
Impairment of loans and other receivables, end of the reporting period	2,989,235	3,387,556	3,090,944
Impact on financial income statement	89,331	82,647	332,290
<b>Provisions for losses on guarantees and unused credit commitments</b>			
Provisions for losses on guarantees and unused credit commitments, beginning of the reporting period	17,155	24,903	24,903
Impairments for the period	3,568	16,330	11,034
Reversal of provisions in prior financial years	-4,248	-4,582	-18,782
Provisions for losses on guarantees and unused credit commitments, end of the reporting period	16,475	36,651	17,155
Impact on financial income statement	-680	11,748	-7,748
Accumulated impairment ratio	15.5%	16.3%	15.8%
Receivables for which accrual of interest has been discontinued, end of the reporting period	1,313,239	1,692,753	1,361,082
Total impairment charge thereon	949,435	1,161,681	991,083
Receivables for which accrual of interest has been discontinued, as a percentage of loans before impairment	8.1%	9.5%	8.3%
Impact on operations, total	88,651	94,395	324,542
Loans with no prior individual impairment/provisions, written off	7,056	1,299	55,816
Recovered on previously written-off debts	-2,196	-2,625	-10,296
Impairment of loans and guarantee debtors, etc., total	93,511	93,069	370,062
Interest income on impaired loans is offset against impairment in the amount of	25,888	27,670	84,992

# Financial Statements

## Notes

Note		31 March 2016 DKK'000	31 March 2015 DKK'000	31 Dec 2015 DKK'000
10	<b>Intangible assets</b>			
	<b>Customer relationships</b>			
	Total acquisition cost, beginning of the reporting period	14,964	14,964	14,964
	Total acquisition cost, end of the reporting period	14,964	14,964	14,964
	Depreciation and impairment, beginning of the reporting period	10,475	8,978	8,978
	Depreciation and impairment for the period	374	374	1,497
	Depreciation and impairment, end of the reporting period	10,849	9,352	10,475
	Recognised holding, end of the reporting period	4,115	5,612	4,489
11	<b>Investment property</b>			
	Fair value, beginning of the reporting period	29,900	0	0
	Transferred from owner-occupied property	0	0	23,587
	Fair value adjustment for the reporting period	0	0	6,313
	Fair value at the end of the reporting period	29,900	0	29,900
12	<b>Owner-occupied property</b>			
	Revalued amount, beginning of the period	322,531	369,721	369,721
	Additions	0	0	870
	Disposals	0	0	40,048
	Depreciations	1,377	1,450	6,080
	Changes in value recognised in other comprehensive income	0	0	-409
	Changes in value recognised in the statement of income	0	0	-1,523
	Revalued amount, end of the period	321,154	368,271	322,531
	External valuation experts have been involved in measuring the most important owner-occupied properties.			
13	<b>Other assets</b>			
	Positive market value of derivative financial instruments	58,193	130,637	66,534
	Interest and commission receivable	3,932	52,502	51,397
	Investments in BEC	175,815	172,315	175,815
	Other assets	49,311	46,501	26,106
	Total	287,251	401,955	319,852
14	<b>Other liabilities</b>			
	Negative market value of derivative financial instruments	56,313	93,986	50,420
	Various creditors	222,340	225,481	243,640
	Interest and commission payable	51,998	71,791	10,389
	Other liabilities	24,853	18,186	35,702
	Total	355,504	409,444	340,151

note	31 March 2016 DKK'000	31 March 2015 DKK'000	31 Dec 2015 DKK'000
<b>15 Subordinated debt</b>			
<b>Tier 2 capital</b>	402,800	521,967	453,893
A nominal DKK 48 million will fall due 22 May 2016. The capital accrues interest at 2.910%. The capital does not meet the conditions of CRR/CRV IV. 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. The capital meets the conditions of CRR/CRV IV. 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 7.415% with no step-up clause. The capital meets the conditions of CRR/CRV IV.			
Total	402,800	521,967	453,893
<b>Additional tier 1 capital</b>			
<b>Additional tier 1 capital of DKK 100 million.</b>	100,000	102,228	100,000
The capital accrues interest at a floating rate of 2.430%. There is an option of early repayment, subject to the approval of the Danish Financial Supervisory Authority, at par, at any interest payment date with 30 calendar days' notice. The capital does not meet the conditions of CRR/CRV IV.			
<b>Additional tier 1 capital of DKK 50 million.</b>	50,000	50,000	50,000
The capital accrues interest at a fixed 5.440%. There is no due date. There is an option of early repayment, subject to the approval of the Danish Financial Supervisory Authority on 1 May 2016. The capital does not meet the conditions of CRR/CRV IV, but is included in the Bank's total capital under the transitional provisions.			
<b>Additional tier 1 capital of DKK 287.6 million.</b>	311,390	303,129	311,027
The capital accrues interest at a fixed 9.561%. There is no due date. There is an option of early repayment, subject to the approval of the Danish Financial Supervisory Authority, at a price of DKK 110. Premiums are recognised and amortised according to their expected repayment date. The capital does not meet the conditions of CRR/CRV IV, but is included in the Bank's total capital under the transitional provisions.			
Total	461,390	455,357	461,027
Subordinated debt, total	864,190	977,324	914,920
Charged as an expense under interest expenses/subordinated debt:			
Interest expenses	16,254	17,636	69,933
Costs related to repayment and incurrence	71	71	283
Value adjustments, etc.	429	71	338
Total	16,754	17,778	70,554
Subordinated debt that can be included in the total capital	685,289	804,501	696,118

# Financial Statements

## Notes

Note	31 March 2016 DKK'000	31 March 2015 DKK'000	31 Dec 2015 DKK'000
<b>16 Share capital</b>			
Share capital, beginning of the period	151,008	151,008	151,008
Number of shares (units)	151,008,121 of DKK1	151,008,121 Of DKK1	151,008,121 Of DKK1
<b>Number of own shares, beginning of the period</b>			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.1%	0.1%	0.1%
<b>Additions</b>			
Purchase of own shares (thousands)	609	698	2,355
Nominal value DKK'000	609	698	2,355
Percentage of the share capital	0.4%	0.5%	1.6%
Total purchase price DKK'000	5,086	6,434	21,919
<b>Disposals</b>			
Sold own shares (thousands)	609	698	2,355
Nominal value DKK'000	609	698	2,355
Percentage of the share capital	0.4%	0.5%	1.6%
Total selling price DKK'000	5,085	6,432	21,916
<b>Number of own shares, end of reporting period</b>			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.1%	0.1%	0.1%
Own shares are intermediated, purchased and sold through the securities exchange as part of Vestjysk Bank's normal customer banking transactions. The Bank is not a direct counterparty in such transactions.			
Vestjysk Bank has a constant holding of own shares. The Bank receives state-funded additional tier 1 capital and issues bonds under the individual government guarantee and is therefore not allowed to pay out dividends.			
<b>17 Contingent liabilities</b>			
<b>Guarantees</b>			
Financial guarantees	397,759	372,707	441,403
Loss guarantees on mortgage loans	1,867,583	1,786,219	1,868,648
Other contingent liabilities	835,923	959,681	902,683
<b>Total</b>	<b>3,101,265</b>	<b>3,118,607</b>	<b>3,212,734</b>
'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.			
<b>Other commitments</b>			
Other liabilities	24,953	27,318	25,475
<b>Total</b>	<b>24,953</b>	<b>27,318</b>	<b>25,475</b>



Note	31 March 2016 DKK'000	31 March 2015 DKK'000	31 Dec 2015 DKK'000
<b>18 Capital requirements</b>			
Shareholders Equity	1,338,488	1,318,727	1,328,734
Intangible assets	-4,115	-5,612	-4,489
Prudent valuation	-3,657	-3,458	-4,151
Holdings in financial sector entities in which the Bank does not have significant investments	-378	0	0
Common equity tier 1 capital	1,330,338	1,309,657	1,320,094
Additional tier 1 capital	436,390	488,430	436,027
Holdings in financial sector entities in which the Bank does not have significant investments	-126	0	0
Tier 1 capital	1,766,602	1,798,087	1,756,121
Tier 2 capital	323,899	391,071	335,091
Holdings in financial sector entities in which the Bank does not have significant investments	-126	0	0
<b>Total capital</b>	<b>2,090,375</b>	<b>2,189,158</b>	<b>2,091,212</b>
<b>Total risk exposure</b>	<b>16,546,091</b>	<b>17,595,918</b>	<b>16,738,717</b>
Common equity tier 1 capital ratio	8.0%	7.4%	7.9%
Tier 1 capital ratio	10.7%	10.2%	10.5%
Total capital ratio	12.6%	12.4%	12.5%
<b>19 Security pledged</b>			
Credit institutions:			
Margin accounts pledged as security in relation to financial derivatives	38,688	34,169	31,132
Deposited in the Danish Growth Fund	457	458	457
Other accounts pledged as security	10,000	0	10,000
Bonds:			
Pledged as security for credit facility with Danmarks Nationalbank			
Total nominal value	1,481,253	1,483,406	1,387,194
Total market value	1,474,271	1,495,225	1,379,272
<b>20 Pending litigation</b>			
Vestjysk Bank is a party to various lawsuits. The proceedings are evaluated on an ongoing basis, and requisite provisions are made based on an assessment of the risk of losses.			
The pending proceedings are not expected to have material influence on the Bank's financial position.			



Note	Q1 2016	Q1 2015	FY 2015
21			
<b>Financial highlights (continued)</b>			
<b>Financial ratios<sup>1</sup></b>			
<b>Solvency</b>			
Total capital ratio	12.6%	12.4%	12.5%
Tier 1 capital ratio	10.7%	10.2%	10.5%
Common equity tier 1 capital ratio	8.0%	7.4%	7.9%
<b>Earnings</b>			
Return on equity before tax, annually	3.4%	10.6%	3.6%
Return on equity after tax, annually	3.3%	9.8%	3.6%
Income/cost ratio	1.05	1.15	1.05
Cost Ratio <sup>2</sup>	54.6%	51.9%	57.5%
Return on assets	0.1%	0.2%	0.2%
Employees converted to full-time (average)	467.8	512.6	500.1
<b>Market risk</b>			
Interest rate risk	-4.6%	-6.0%	-5.1%
Foreign exchange position	0.9%	1.9%	1.9%
Foreign exchange risk	0.0%	0.0%	0.0%
Surplus liquidity in relation to statutory liquidity requirements	121.6%	123.1%	140.1%
<b>Credit risk</b>			
Loans plus impairment of loans relative to deposits	93.8%	95.6%	90.8%
Loans relative to equity	9.4	10.4	9.5
Growth in loans for the year	-0.2%	-1.6%	-9.4%
Sum of large exposures	37.3%	21.0%	35.1%
Accumulated impairment ratio	15.5%	16.3%	15.8%
Impairment ratio for the period	0.5%	0.4%	1.9%
<b>Vestjysk Bank share<sup>3</sup></b>			
Earnings per share for the period	0.1	0.2	0.3
Book value per share	8.9	8.7	8.8
Price of Vestjysk Bank shares, end of the period	9.1	9.8	7.8
Share price/book value per share	1.0	1.1	0.9

1 The financial ratios are laid down in the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. and restated to reflect the change relating to the recognition of additional tier 1 capital.

2 Operating expenses and operating depreciation and amortisation/core income

3 The ratios are calculated as though the additional tier 1 capital is a liability.

