



vestjyskBANK

Half-Year Report 2013

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Read or download this report at vestjyskbank.dk.
The vestjyskBANK Half-year report 2013 is a translation
of the original report in Danish (vestjyskBANK
Halvårsrapport 2013)

Summary

Summary of vestjyskBANK's results

First half 2013

- Results before tax at DKK -66 million (First-half 2012: DKK 16 million);
- Core income of DKK 641 million (First-half 2012: DKK 604 million);
- Capital gains of DKK 64 million through early repayment of subordinated loan capital of, respectively, DKK 75 million and NOK 90 million;
- Rate of cost at 48.9% (First-half 2012: 55.4%);
- Personnel and administrative expenses at DKK 281 million (First-half 2012: DKK 332 million);
- Core earnings before impairments at DKK 327 million (First-half 2012: DKK 251 million);
- Impairments of loans and receivables, etc. at DKK 393 million (First-half 2012: DKK 235 million, Second-half 2012: DKK 1,280 million);
- Targeted efforts to narrow deposit-lending gap successful: At 30 June 2013, the deposit deficit stood at DKK 2.0 billion (31 December 2012: DKK 2.6 billion);
- Solvency ratio at 11.2%; core capital ratio at 5.6% and individual solvency at 10.5 per cent corresponding to a surplus at DKK 150 million;
- Liquidity cover ratio at 111.6% as of 30 June 2013;
- Government guarantee framework through the Financial Stability Company has been reduced from DKK 6.8 billion to DKK 4.5 billion and, as at 30 June 2013, the guarantee facility had been utilised in the amount of DKK 4 billion; and
- Restructuring plan has not yet received final EU approval;

Q2 2013

- Results before tax at DKK -101 million (Q2 2012: DKK 2 million);
- Core income of DKK 305 million (Q2 2012: DKK 321 million);
- Rate of cost at 50.2% (Q2 2012: 59.0%);
- Personnel and administrative expenses at DKK 138 million (Q2 2012: DKK 181 million);
- Core earnings before impairments at DKK 152 million (Q2 2012: DKK 131 million); and
- Impairments of loans and receivables, etc. at DKK 253 million (Q2 2012: DKK 129 million);

Outlook for fiscal year 2013

- Core earnings at around DKK 550 million before impairment charges;
- Partial conversion of government hybrid capital for solvency improvement measures; and
- Significant decline in the need for impairment charges compared to 2012, however, uncertainty remains regarding levels.

Management's Review

Key Figures and Financial Ratios for the First Half-Year

Key figures	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Statement of Income (in MDKK)					
Net interest income	201	200	211	239	231
Net fee income	67	59	82	61	81
Dividends on equity securities etc.	8	0	0	0	4
Market value adjustments for foreign currency and sector shares	20	70	53	29	-1
Other operating income	9	7	-4	7	6
Core income	305	336	342	336	321
Personnel and administrative expenses	-138	-143	-156	-172	-181
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-15	-18	-15	-13	-9
Operating expenses and operating depreciations and amortisations	-153	-161	-171	-185	-190
Core earnings before impairments	152	175	171	151	131
Impairment of goodwill	0	0	0	-208	0
Impairments of loans and receivables etc.	-253	-140	-611	-669	-129
Profit/loss before tax	-101	35	-440	-726	2
Tax	-3	3	110	184	1
Profit/loss	-98	32	-550	-910	1
Statement of Financial Position (in MDKK)					
Assets, total	27,373	29,088	32,750	33,270	33,864
Loans	19,418	20,144	20,697	21,700	22,983
Deposits, including pooled funds	17,446	17,470	18,058	17,718	18,539
Contingent liabilities	3,307	4,196	5,154	4,634	5,234
Business volume	40,171	41,810	43,909	44,052	46,756
Equity	903	1,004	975	1,486	2,414

Financial ratios	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Solvency					
Solvency ratio	11.2%	12.1%	10.9%	13.7%	15.0%
Core capital ratio	5.6%	6.0%	5.4%	8.0%	10.4%
Earnings					
Return on equity before tax, annually ¹	-42.4%	14.4%	-142.2%	-148.1%	0.4%
Return on equity after tax, annually ¹	-41.2%	13.3%	-178.0%	-185.6%	0.2%
Income-cost ratio ²	0.75	1.12	0.44	0.32	1.01
Rate of cost ³	50.2%	47.8%	50.2%	55.1%	59.0%
Employees converted to full-time (average)	567.1	577.8	604.7	636.1	649.5
Market risk					
Interest rate risk ⁴	-6.3%	-4.8%	-11.5%	-8.2%	-5.3%
Foreign currency position ⁵	5.0%	1.3%	1.7%	1.3%	1.5%
Foreign currency risk	0.0%	0.0%	0.0%	0.0%	0.0%
Excess cover in relation to statutory liquidity requirements ⁶	111.6%	101.0%	144.8%	135.2%	143.5%
Credit risk					
Loans plus impairments on loans in relation to deposits	132.3%	135.2%	133.2%	138.3%	136.1%
Loans in relation to equity	21.5	20.1	21.2	14.6	9.5
Growth in loans for the period ⁷	-3.6%	-2.7%	-4.6%	-5.6%	-3.5%
Total of large commitments ⁸	36.5%	32.4%	46.1%	17.8%	15.4%
Accumulated impairment ratio	14.0%	12.7%	11.6%	9.8%	7.5%
Impairment ratio for the period	1.0%	0.5%	2.1%	2.3%	0.4%
vestjyskBANK share					
Profit/loss for the period per share	-1.6	0.5	-9.0	-14.9	0.0
Equity value per share ⁹	14.8	1.6	1.6	2.4	4.0
Price of vestjyskBANK shares, end of the period	9.25	7.90	13.00	13.60	16.00
Market price / profit/loss for the period per share	0.6	0.5	0.8	0.6	0.4

1 Based on average equity.

2 Income from ordinary activities in relation to costs from ordinary activities.

Income from ordinary activities = net interest and fee income + value adjustments + other operating income .

Costs from ordinary activities = operating costs and operating depreciations and impairments + impairment of goodwill + impairment of loans and amounts receivable, etc.

3 Operating costs and operating depreciations and impairments in relation to core income.

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

5 Foreign Currency Indicator 1 in relation to core capital, less deductions.

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

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

8 Commitments exceeding 10 percent of the capital base in relation to the capital base.

9 The Bank changed the individual denomination of its share from DKK 10 to DKK 1 per share when it reduced its share capital from DKK 612.9 million to DKK 61.3 million, cf. Company Announcement of 25 April 2013.

Management's Review

Financial Review

Introduction

For the first half-year of 2013, the Bank's results before tax stood at DKK -66 million, compared to DKK 16 million for the same period last year.

Core earnings rose by DKK 37 million compared with the same period last year. They currently stand at DKK 641 million, an increase of 6.1 per cent.

Personnel and administrative costs show a decline of DKK 50 million compared to the first half-year of 2012, and the rate of cost has declined to 48.9.

The earnings and cost developments have resulted in core earnings before impairments of DKK 327 million, which is DKK 75 million higher than for the corresponding period last year.

Impairments of loans, etc. totalled DKK 393 million. This could be characterised as a relatively high level but should be viewed in the context of the Bank's very large impairments in 2012 of around DKK 1.5 billion and DKK 1 billion in 2011.

For the first half-year of 2013, the development across a number of areas progressed as expected and, overall, Management believes that the Bank's results are acceptable in view of the Bank's very negative financial performances in 2011 and 2012 as well as the deliberate paring down of the Bank's balance sheet. For example, the Bank's loans for first half-year of 2013 were reduced by DKK 1.3 billion while its deposit deficit was reduced by DKK 0.6 billion.

The Bank's capital-related challenges still exist—even taking into account the conversion of government hybrid core capital contained in the action plan, surplus solvency remains low and does not meet Management's ambitions. The Bank's Supervisory and Executive Boards will continue their efforts to execute the action plan detailed in the annual financial statements and launch additional initiatives that can strengthen the surplus solvency more permanently. Such initiatives could include further balance sheet reductions.

The financial climate is finally showing signs of recovery. However, this improvement has not had any significant impact on the Bank's financial figures for the first half-year of 2013.

The need for loan impairments remains relatively heavy but, overall, impairments are expected to continue to be markedly lower than the dramatic levels of approx. DKK 1.5 billion in 2012.

A relatively large share of the Bank's business commitments are exhibiting signs of weakness, which means that significant resources are spent on handling the weakest borrowers—but without relaxing the services provided to our good customers.

The EU Commission's spring 2012 preliminary approval of the government subsidy for parts of the merged bank's capital plan was conditioned by the EU Commission's approval of the Bank's restructuring plan. The restructuring plan has not yet been approved by the EU Commission.

Action plans

The Bank is following its intensified strategy and action plan as described in the 2012 Financial Statements with the expected impact on vital areas:

- The Bank's earnings and expenses are developing satisfactorily.
- During the first half-year of 2013, the slimming down of the Bank's balance sheet has taken place according to Management's plans among other things through proactive measures in respect of selected individual customers.
- With the Financial Supervisory Authority's prior approval, subordinated debt has been repaid at a discount. This has resulted in extraordinary capital gains of DKK 64 million, which have contributed to improving the Bank's solvency—also as measured in relation to the potential recognition of repaid debt in determining the Bank's solvency.
- The Bank's deposit deficit has been reduced by approx. DKK 0.6 billion since 31 December 2012, and the Bank's liquidity remains good.
- Increased general focus on credit processes but with special attention to customers whose financial future is

sufficiently critical to merit a review of the potential liquidation of the customer's activities.

Even though the Bank's solvency of 11.2 per cent and the surplus solvency of 0.7 percentage point is very low, Management has not yet exercised the Bank's right to convert additional government hybrid capital, thus improving its solvency by approx. 1 percentage point.

The conversion option and solvency-related risk mitigation measures remain unchanged in Management's plans for 2013—their implementation will provide a necessary lift to the Bank's surplus solvency. The impact of a conversion as described here will affect the ownership structure and make the Danish State an even larger majority shareholder.

Management has noted that the government has expressed that it does not consider itself a long-term shareholder in vestjyskBANK.

Moreover, Management is currently engaged in analysing the effect of the capital requirements specified in the new solvency rules of the so-called CRD IV rules, which will enter into effect on 1 January 2014. Also, the Bank will attempt to resolve the EU Commission's withheld approval of the restructuring process.

Statement of Income

Results

For the first half-year of 2013, the Bank's results before tax stood at DKK -66 million, which is DKK 82 million less than for the same period last year.

Impairments of loans and receivables, etc. totalled DKK 393 million in First-half 2013. The impairment ratio for First-half-year 2013 stood at 1.5 per cent.

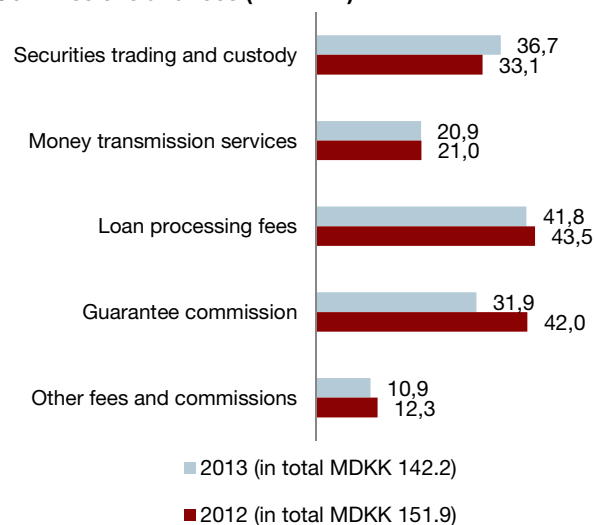
Core income

For First-half year of 2013, vestjyskBANK realised core income of DKK 641 million, which represents a DKK 37 million (6.1 per cent) increase over the same period last year.

Positive market value adjustments have been recognised at DKK 90 million, 64 million of which was attributable to the Bank's early repayment of subordinated debt at a discount.

Furthermore, fee income was realised at DKK 142 million in the first half-year of 2013, which is DKK 10 million (6.4 per cent), less than for the same period last year.

Commissions and fees (in MDKK)



Other operating income stood at DKK 16 million in first half-year of 2013, compared with DKK 7 million for the same period last year.

Operating expenses and operating depreciations and amortisations

Total operating and operating depreciations and amortisations stood at DKK 314 million in 2013. Compared with the first half-year 2012, the impact of the efficiency improvement measures implemented in 2012 is manifesting itself in lower expenditure levels for staff and administration, from DKK 332 million in First-half of 2012 to DKK 281 million in First-half of 2013, in spite of the addition of Aarhus Lokalbank as at 1 April 2012.

In 2013, vestjyskBANK's contributions to the Danish Deposit Guarantee Fund were recognised as an expense at DKK 24 million, compared with DKK 13 million in the first half-year 2012.

Core earnings before impairments

In the first half-year of 2013, the Bank's core earnings before impairments stood at DKK 327 million. The lower earnings on interest and fees were counterbalanced by

Management's Review

Financial Review

lower operating expenses and positive market value adjustments, 64 million of which was attributable to the Bank's early repayment of subordinated debt at a discount. Thus, core earnings before impairments were DKK 76 million higher than in the first half-year of 2012.

Impairment of loans and receivables, etc.

The fiscal years 2011 and especially 2012 were characterised by extraordinarily high impairment charges on loans and receivables, etc.

The impairment need during the first half-year of 2013 can primarily be attributed to weak commitments that, in spite of the customer's probable ability to recover, will often need additional liquidity both seasonally and permanently. The Bank maintains a constructive attitude to aid such customers, if necessary, through economic crises. However, any additional extension of credit by the Bank will typically be matched by a corresponding charge to the Bank's trading account under the item "Impairments of loans and receivables, etc." until the customer's financial situation has been restored.

Additionally, our focus remains on our very weak customers whose activities are currently being wound up, which will allow us to determine if the performed impairments are sufficient to withstand losses.

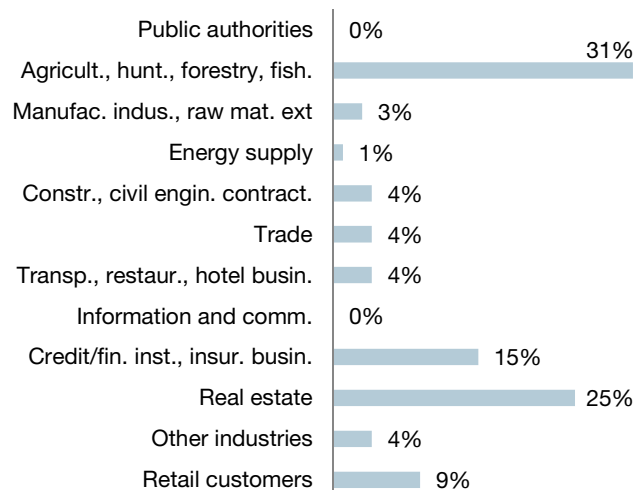
In aggregate, this has resulted in additional impairment of loans and receivables, etc. of DKK 393 million, which is DKK 158 million higher than in the first half-year 2012, but significantly lower than in the second half-year 2012.

The industry segment distribution in the first half-year 2013 was dominated by the facts that the agricultural sector's general financial conditions only developed marginally favourably and that many farmers traditionally have a seasonal, higher need for liquidity for the first 6–8 months of the year.

The impact from other businesses and retail customers has not manifested itself in unexpected or special trends.

First-half year 2013 impairments had no impact on the industry segment distribution of accumulated impairment losses and provisions.

Accumulated impairments and provisions by industry segment as at 30. June 2013



There is still a significant need for impairments and established losses on loans. Impairments on loans and receivables etc. for the first half-year of 2013 remain at high levels but not as high as for the second half-year 2012. The development is therefore in line with our outlook for a significant decline in impairments.

Statement of Financial Position

At 30 June 2013, vestjyskBANK's Statement of Financial Position stood at DKK 27.4 billion, compared with DKK 33.9 billion at 30 June 2012. The balance sheet reduction is primarily attributable to the Bank's focused efforts on narrowing the gap between deposits and loans.

At 31 December 2012, vestjyskBANK's balance sheet stood at DKK 32.8 billion. The balance sheet has thus been reduced by DKK 5.3 billion over the course of the first half-year 2013. We will continue to follow our planned balance sheet adjustment, which is designed to ensure that the Bank will have the necessary funding and liquidity, and reduces the banks risk-weighted items.

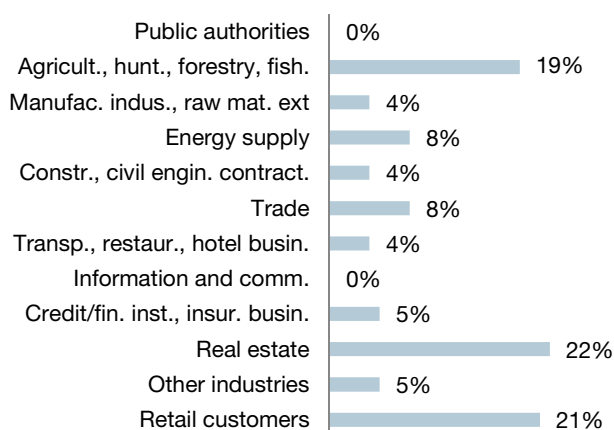
Loans

Following its Q1 2012 merger with Aarhus Lokalbanc, vestjyskBANK's loan portfolio rose to DKK 23.8 billion at 31 March 2012. The ongoing balance sheet adjustment has

meant that the Bank's loans at 30 June 2013 now stand at DKK 19.4 billion, which corresponds to a decline of DKK 4.4 billion. In the first half-year 2013, the Bank's loans were reduced by DKK 1.3 billion. The adjustment was principally a result of the Bank's reluctance to issue new loans to business customers

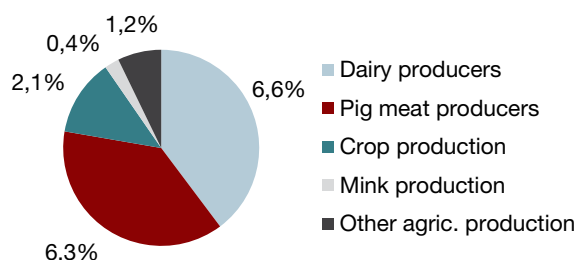
The distribution of vestjyskBANK's loans and guarantees by industry segment is illustrated below.

Loans and guarantees by industry segment as at 30. June 2013



Agriculture remains an important business area where the Bank has great experience. The Bank's agricultural commitments stood at 16.6 per cent of total loans and guarantees at 30 June 2013 and are distributed across the various production branches as shown in the figure above.

Agricultural commitments distributed across production branches at 30. June



The sum of major commitments (commitments of 10 per cent or more of the capital base) stood at 36.7 per cent at 30 June 2013 and comprised two commitments.

Deposits, including pool

Following the merger with Aarhus Lokalbanc in the first quarter of 2012, vestjyskBANK's deposits including pooled funds rose to DKK 17.8 billion at 31 March 2012 and are at the same level as at 30 June 2013, where deposits including pooled funds stood at DKK 17.4 billion.

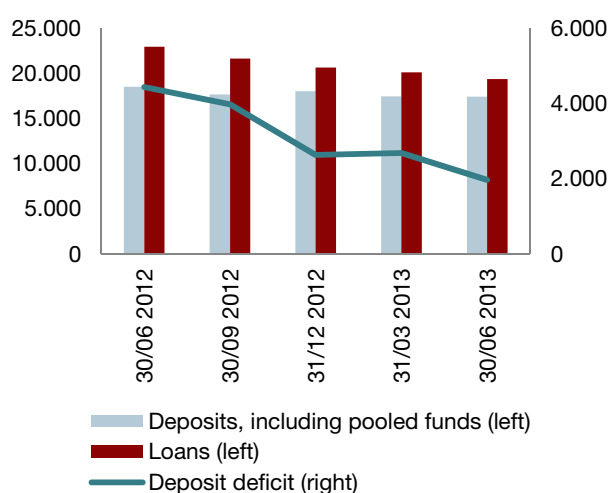
At 30 June 2013, the item deposits incl. pooled funds showed a small decline of DKK 0.6 billion compared with 31 December 2012.

Gap between deposits and loans

Compared with 30 June 2012, the positive trend within deposits and lending has led to a reduction in vestjyskBANK's deposit deficit by DKK 2.4 billion from DKK 4.4 billion at 30 June 2012 to DKK 2.0 billion at 30 June 2013.

The figure on the next page shows how vestjyskBANK's deposits, loans and its deposit deficit have developed over the past five quarters.

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



vestjyskBANK will continue its focused efforts on narrowing its deposit-lending gap.

Business volume

vestjyskBANK's business volume—total deposits, loans and contingent liabilities—stood at DKK 40.2 billion at 30

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June 2013 compared with DKK 46.8 billion at 30 June 2012. In essence, the change in business volume is a result of a decline in lending.

Subsidiaries

vestjyskBANK and Aarhus Lokalbanc merged in the first quarter of 2012 and in doing so, Center Finansiering A/S became an wholly-owned subsidiary part of vestjyskBANK.

The company has no actual activities and is currently undergoing liquidation proceedings. Because of this vestjyskBANK no longer prepares consolidated financial statements.

Capital and Liquidity Conditions

Capital and reserves

vestjyskBANK's equity totalled DKK 903 million at 30 June 2013. Trends in equity since 1 January 2013 are detailed in the Statement of Changes in Equity.

Subordinated debt

vestjyskBANK's subordinated debt stood at DKK 2,207 million at 30 Jun 2013, of which government hybrid core capital under Bank Package II represented DKK 1,224 million. Of these funds, DKK 1,188 million accrue interest at a rate of 9.943 per cent, while DKK 36 million accrue interest at 11.11 per cent.

Special rules apply to hybrid core capital under Bank Package II as set out by law. No dilution of the capital may occur and buyback programmes designed to impair the Bank's share capital are therefore not permitted. Additionally, the tax credit issued will only be for 50 per cent of Executive Board salaries.

With the Financial Supervisory Authority's prior approval, subordinated debt has been repaid with DKK 75 million and NOK 90 million in the First half-year 2013.

Solvency

The capital base less deductions totalled DKK 2,552 million at 30 June 2013, which together with risk-weighted items of a total of DKK 22,886 million, produced a solvency ratio of 11.2 per cent. At 31 December 2012, the Bank's solvency ratio stood at 10.9 per cent.

Simultaneously, the Bank's core capital ratio rose to 5.6 per cent at 30 June 2013, an increase of 0.2 percentage points compared with 31 December 2012.

Solvency need

The individual solvency need for vestjyskBANK has been calculated at 10.5 per cent.

The adequate capital base has been recognised at DKK 2,402 million, which is comparable to the core capital less deductions of DKK 2,552 million. The difference between the capital base and the adequate capital base constitutes the surplus solvency, which has been estimated at 0.7 percentage points corresponding to DKK 150 million as at 30 June 2013. Management considers this level unacceptable but, as set out in the Bank's action plan, initiatives have been launched to improve the situation.

For a detailed discussion of the Bank's solvency need as at 30 June 2013, please refer to the Bank's website.

Liquidity

vestjyskBANK's loans have traditionally exceeded the Bank's deposits. In recent years the Bank has therefore raised loans and issued debt securities through both Danish and non-Danish credit institutions. At 30 June 2013, the Bank's external funding totalled DKK 8.5 billion, incl. subordinated debt of DKK 2.2 billion.

vestjyskBANK's liquidity-related situation has improved, which can especially be attributed to the Bank's narrowing gap between deposits and loans.

Eksternal funding excluding subordinated debt

	30 jun 2013	30 jun 2012	31 dec 2012
Debts to credit institutions	588	1,061	925
Debts to central banks	5,391	2,003	3,002
Issued bonds at amortised cost	274	6,824	6,782
Total	6,253	10,708	9,889

The table above shows the development in vestjyskBANK's external funding, excl. subordinated debt. Debts to credit institutions and central banks as well as issued bonds at

amortised cost were reduced by DKK 3,636 million from 31 December 2012 to 30 June 2013.

Bonds issued at amortised cost have been reduced drastically by DKK 6,508 million, while debts to credit institutions and central banks rose. This rise was due to an increase in the Bank's debts to Danmarks Nationalbank while debts to credit institutions were reduced. The Bank's outstanding debt to Danmarks Nationalbank has increased based on collaterals that primarily consist of bond loans guaranteed by the Financial Stability Company under the new guarantee scheme. Bond loans guaranteed by the Financial Stability Company total DKK 3.7 billion. Bond loans under the old guarantee scheme totalled DKK 0.3 billion at 30 June 2013. Thus, the Bank held government guaranteed issuances of DKK 4.0 billion at 30 June 2013 compared with DKK 6.8 billion at 31 December 2012. The Bank's government guarantee framework through the Financial Stability Company totalled DKK 4.5 billion at 30 June 2013.

Share Capital

vestjyskBANK's share capital stands at DKK 61,288,878. The share capital is distributed across 61,288,878 shares with a nominal value of DKK 1.

At the Bank's Annual General Meeting on 26 March 2013, the Supervisory Board's proposal to reduce the nominal value of the Bank's share from DKK 10 to DKK 1 was adopted. The reduction was executed in April 2013. Among other things, this means that

- The denomination of all the Bank's shares was changed from a nominal price of DKK 10 to DKK 1; the Bank's share capital after the capital reduction totalled DKK 61,288,878 distributed across 61,288,878 shares of DKK 1 each.
- After the execution of the capital reduction, the Bank holds a special reserve of DKK 551,599,902, which constitutes part of the Bank's equity.
- The reserve created by the capital reduction is tied up and may be used only to cover deficits or conversions of share capital, unless the shareholders at the Annual General Meeting determine that it should be used for a different purpose. However, the Annual General Meeting cannot make such a determination as long as the Bank has outstanding loans in the form of government capital

injections or senior loans covered by individual government guarantees.

vestjyskBANK has approx. 44,200 registered shareholders. The Danish State holds 32,017,428 shares, corresponding to an interest of 52.2 per cent. Additionally, the Financial Stability Company, which is wholly owned by the Danish State, holds 1,291,222 shares in vestjyskBANK, which corresponds to a rate of interest of 2.1 per cent. In total, including this interest, the Danish State holds 54.3 per cent of the share capital and the voting rights of vestjyskBANK.

Second only to the Danish State, the ten biggest shareholders hold 8.4 per cent of the share capital in vestjyskBANK.

The Financial Supervisory Authority's Supervisory Diamond

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

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

Realised values at 30. June 2013

Supervisory Diamond Benchmarks	Realised values
Sum of major commitments (< 125%)	36.5 %
Growth in loans (< 20%)	-15.5 %
Property exposure (< 25%)	22.4 %
Funding ratio (< 1)	0,75
Liquidity surplus (> 50%)	111.6 %

Miscellaneous Accounting Information

Related parties

vestjyskBANK's related parties comprise the members of the Supervisory Board as well as these persons' relatives. Over the course of the year, the Bank has conducted normal trade on arm's-length terms with Kaj Bech A/S, an

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enterprise controlled by Deputy Chairman of the Board of Directors, Director Anders Bech.

Related parties furthermore comprise the Danish State, which holds a controlling interest by virtue of its ownership of 52.2% of the Bank's share capital and voting rights.

Apart from what is considered normal management remuneration, no transactions have been carried out with related parties during the period.

2013 Outlook

vestjyskBANK's operations as measured by core results before impairments progressed as expected during the first half-year of 2013. In the 2012 Annual Report, Management's outlook for core earnings before impairments stood around DKK 500 million. Based on the capital gains obtained through early repayment of subordinated loans, the Bank's core earnings have been adjusted upwards to DKK 550 million levels.

The impairments performed in the first half-year of 2013 have been determined to match the actual risks. The need for impairments on loans, etc. for the second half-year of 2013 is expected to remain relatively heavy considering the Bank's loan portfolio composition with a fairly high share of corporate customers with weak finances. However, the need for impairments is deemed to be significantly lower than the second half-year of 2012.

The Bank's Supervisory and Executive Boards will continue their efforts to execute the action plan set out in the annual report and launch new measures, for example further slimming down of the Bank's balance sheet, to ensure that the Bank continues to meet the statutory solvency requirements and increases its surplus solvency. In parallel, the Bank will, in cooperation with the relevant ministries, continue its efforts to obtain the EU Commission's authorisation to implement the restructuring plan.

2013 Financial Calendar

■ 28 November Quarterly Report for Q1-Q3, 2013

Management's Statement

The Bank's Supervisory and Executive Boards have considered and approved the Half-year Report, representing the period 1 January–30 June 2013 for Vestjysk Bank A/S.

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

In our opinion, the accounting policies applied are appropriate and the interim financial statements provide a true and fair view of the Company's assets and liabilities and financial position as at 30 June 2013, as well as the results of the Bank's activities and cash flows for the reporting period 1 January–30 June 2013.

Lemvig, 29 August 2013

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

The 2012 Annual Report Management's Review made mention of matters regarding "uncertainties related to recognition and measurement" and "risks related to going concern" as well as uncertainties pertaining to the execution of the action plan. It is our assessment that these matters still apply; we refer to the Management's Statement as well as Notes 2 and 3 in the Annual Report.

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

Executive Board

.....
Vagn Thorsager
Chief Executive Officer

.....
Michael Nelander Petersen
Managing Director

Supervisory Board

.....
Steen Hemmingsen
Chairman of the Board of Directors

.....
Anders Bech
Deputy Chairman of the Board of Directors

.....
Bent Simonsen

.....
Kirsten Lundgaard-Karlshøj

.....
Poul Hjulmand

.....
Aage Tang-Andersen

.....
Jacob Møllgaard

.....
Malene Rønø

.....
Palle Hoffmann

Half-year Financial Statements

Statement of Income and Statement of Comprehensive Income

Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/4-30/6 2013 TDKK	1/4-30/6 2012 TDKK	1/1-31/12 2012 TDKK
Statement of Income					
2 Interest income	691,926	804,073	339,133	423,175	1,619,146
3 Interest expenses	290,941	361,989	137,959	191,944	727,132
Net interest income	400,985	442,084	201,174	231,231	892,014
Dividends on equity securities etc.	8,431	4,660	8,363	4,195	4,818
4 Income from fees and commissions	142,196	151,943	76,568	90,939	312,027
Fees and commissions paid	15,632	15,994	8,914	9,596	32,581
Net interest and fee income	535,980	582,693	277,191	316,769	1,176,278
5 Market value adjustments	89,558	14,075	19,774	-1,287	95,661
6 Other operating income	16,370	7,337	9,117	6,251	10,192
7 Personnel and administrative expenses	281,109	331,625	138,436	180,973	659,887
Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	7,906	7,496	4,048	3,950	223,809
8 Other operating expenses	25,003	13,871	11,145	4,918	33,665
9 Impairment of loans and receivables etc.	393,461	235,242	253,176	129,630	1,514,755
Income from investments i group enterprises	-16	7	-11	7	1
Profit/loss before tax	-65,587	15,878	-100,734	2,269	-1,149,984
Tax	0	4,990	-2,796	1,274	299,408
Profit/loss	-65,587	10,888	-97,938	995	-1,449,392
Statement of Comprehensive Income					
Profit/loss	-65,587	10,888	-97,938	995	-1,449,392
Other comprehensive income:					
Changes in value of owner-occupied properties	0	0	0	0	24,185
Hedge accounting	-6,016	24,285	-4,930	20,258	38,434
Of which transferred to interest in the Statement of Income	-288	-4,362	2,366	-2,278	-16,361
Tax on hedge accounting	0	-4,981	0	-4,495	-3,938
Other comprehensive income after tax	-6,304	14,942	-2,564	13,485	42,320
Total comprehensive income	-71,891	25,830	-100,502	14,480	-1,407,072

Half-year Financial Statements

Statement of Financial Position

Note	30/6 2013 TDKK	30/6 2012 TDKK	31/12 2012 TDKK
Assets			
	638,048	995,866	1,232,087
	180,553	1,403,073	456,065
	19,417,659	22,983,465	20,696,873
	4,389,068	5,105,435	7,271,083
	484,748	455,881	487,474
	701	9,804	717
	1,356,627	1,107,111	1,255,966
10 Intangible assets	8,230	217,391	8,978
Land and buildings, total	386,011	368,966	390,470
Investment property	7,407	3,622	1,212
11 Owner-occupied property	378,604	365,344	389,258
Other property, plant and equipment	10,309	13,565	12,661
Current tax assets	1,941	1,430	940
Deferred tax assets	0	300,214	0
Temporary assets	5,865	17,078	3,787
12 Other assets	477,147	863,370	914,334
Deferred Revenue	16,424	21,364	18,271
Assets, total	27,373,331	33,864,013	32,749,706

Half-year Financial Statements

Statement of Financial Position

Note	30/6 2013 TDKK	30/6 2012 TDKK	31/12 2012 TDKK
Liabilities			
Debts			
	5,978,812	3,064,749	3,926,024
	16,088,880	17,431,419	16,801,610
	1,356,627	1,107,111	1,255,966
	274,561	6,824,355	6,781,980
	0	1,069	0
13 Other liabilities	503,455	520,811	547,949
Prepayments	40	1,668	58
Liabilities, total	24,202,375	28,951,182	29,313,587
Provisions			
	23,411	21,880	23,622
	36,002	17,859	43,614
	907	11,448	9,663
Provisions, total	60,320	51,187	76,899
14 Subordinated debt	2,207,459	2,447,859	2,384,054
Equity			
15 Share capital	61,289	612,889	612,889
Accumulated changes in value, total	55,450	33,976	61,754
Revaluation reserves	55,433	30,848	55,433
Reserve for cash flow hedges	17	3,128	6,321
Statutory reserves	551,600	0	1
Retained profit or loss	234,838	1,766,920	300,522
Equity, total	903,177	2,413,785	975,166
Liabilities, total	27,373,331	33,864,013	32,749,706
Items not recognised in the Statement of Financial Position			
16 Contingent liabilities	3,306,665	5,233,912	5,153,651
17 Other binding agreements	5,577	8,109	5,179
Items not recognised in the Statement of Financial Position, total	3,312,242	5,242,021	5,158,830

Half-year Financial Statements

Statement of Changes in Equity

	Share capital	Share premium	Revaluation reserves	Accumulated value adjustments of hedging instruments in hedging cash flows	Statutory reserves	Retained profit /loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2013	612,889	0	55,433	6,321	1	300,522	975,166
Comprehensive income for the period				-6,304	-1	-65,586	-71,891
Additions relating to sale of own equity securities						19,095	19,095
Disposals relating to purchase of own equity securities						-19,193	-19,193
Capital reduction	-551,600				551,600		0
Equity, 30 June 2013	61,289	0	55,433	17	551,600	234,838	903,177

	Share capital	Share premium	Revaluation reserves	Accumulated value adjustments of hedging instruments in hedging cash flows	Statutory reserves	Retained profit /loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2012	125,000	0	30,848	-11,814	0	1,549,497	1,693,531
Comprehensive income for the period				14,942		10,888	25,830
Additions relating to sale of own equity securities						33,459	33,459
Disposals relating to purchase of own equity securities						-33,285	-33,285
Shares issued upon conversion of hybrid capital	141,780	154,540					296,320
Shares issued upon merger	39,664					57,008	96,672
Capital injection from issue of shares	306,445	12,128					318,573
Costs related to capital increase		-17,316					-17,316
Transferred to retained earnings		-149,352				149,352	0
Equity, 30 June 2012	612,889	0	30,848	3,128	0	1,766,920	2,413,785

	Share capital	Share premium	Revaluation reserves	Accumulated value adjustments of hedging instruments in hedging cash flows	Statutory reserves	Retained profit /loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2012	125,000	0	30,848	-11,814	0	1,549,497	1,693,531
Comprehensive income for the period			24,585	18,135	1	-1,449,793	-1,407,072
Additions relating to sale of own equity securities						53,190	53,190
Disposals relating to purchase of own equity securities						-52,962	-52,962
Shares issued upon conversion of hybrid capital	141,780	154,540					296,320
Shares issued upon merger	39,664					57,008	96,672
Capital injection from issue of shares	306,445	12,258					318,703
Costs related to capital increase		-23,216					-23,216
Transferred to retained earnings		-143,582				143,582	0
Equity, 31 December 2012	612,889	0	55,433	6,321	1	300,522	975,166

Half-year Financial Statements

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Note

1 Accounting policies

vestjyskBANK's half-year report for the period 1 January–30 June 2013 has been prepared in accordance with the Danish Financial Businesses Act, including the Danish Financial Supervisory Authority's Executive order on financial reporting for credit institutions and investment companies, et al. and also the supplementary Danish disclosure requirements relating to interim financial reporting for listed financial enterprises; it is thus, as distinguished from the Bank's annual reports, not presented under the International Financial Reporting Standards (IFRS). vestjyskBANK does not present consolidated financial statements owing to its subsidiary's modest size in relation to the Bank. The subsidiary is currently undergoing liquidation proceedings.

This change does not affect recognition and measurement.

With the exception of what is specified in the following, the accounting policies applied in this report remain essentially unchanged from the 2012 Annual Report, which contains a full description of those policies.

Section 38a of the Danish Executive Order on the presentation of financial statements contains a new provision on general policies for the measurement of fair value; it replaces sections 47–48, which solely describe measuring fair value in relation to financial instruments. This change has not had any material impact on the results and equity for the reporting period.

Measuring certain assets and liabilities require Management to make an estimate of how future events will affect the value of such assets and liabilities. Estimates considered material in presenting the accounts are, among other things, made by stating depreciations of impaired loans, the fair values of unlisted financial instruments as well as provisions, *cf.* the more detailed discussion in the 2012 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 2012 Annual Report.

	1/1-30/6 2013	1/1-30/6 2012	1/1-31/12 2012
	TDKK	TDKK	TDKK
2 Interest income			
Amounts receivable from credit institutions and central banks	1,854	5,210	7,982
Loans and other receivables	646,284	739,317	1,485,889
Debt securities	19,812	40,146	78,400
Other interest income	159	0	285
Derivative financial instruments	23,817	19,400	46,590
Total	691,926	804,073	1,619,146
This amount includes interest income from actual purchase and resale transactions recognised under			
- Amounts receivable from credit institutions and central banks	0	7	16

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Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/1-31/12 2012 TDKK
3 Interest expenses			
Credit institutions and central banks	11,601	15,058	24,871
Deposits and other debt	144,059	150,812	308,184
Debt securities in issue	49,924	108,215	192,955
Subordinated debt	85,339	87,608	201,044
Other interest expenses	18	296	78
Interest expenses, total	290,941	361,989	727,132
This amount includes interest expenses			
- Actual sales and repurchase transactions recognised under Credit institutions and central banks	0	4	10
- Tier 2 capital with step-up clause recognised under Subordinated debt	0	0	19,500
4 Income from fees and commissions			
Securities trading and custody	36,724	33,098	70,738
Money transmission services	20,934	21,067	47,048
Loan processing fees	41,799	43,480	89,910
Guarantee commission	31,946	42,008	83,419
Other fees and commissions	10,793	12,290	20,912
Income from fees and commissions, total	142,196	151,943	312,027
5 Market value adjustments			
Debt securities	17,589	14,215	29,810
Equity securities etc.	1,532	15,968	24,281
Exchange rate adjustment	6,795	8,797	23,089
Derivative financial instruments	-8,198	-442	3,213
Assets related to pooled fund schemes	39,140	65,928	150,279
Deposits with pooled fund schemes	-39,140	-65,928	-150,279
Fair value hedged lending	-5,767	2,611	4,040
Fair value hedged borrowing	13,956	-27,074	-12,757
Gain from repayment of liabilities measured at amortised cost	63,651	0	23,985
Market value adjustments, total	89,558	14,075	95,661

Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/1-31/12 2012 TDKK
6 Other operating income			
Gains on disposal of operating equipment	3,186	158	619
Other income	13,203	7,256	9,741
Operation of investment property	-19	-77	-168
Other operating income, total	16,370	7,337	10,192
7 Personnel and administrative expenses			
Salaries and remuneration to the Supervisory and Executive Boards	4,089	4,638	19,560
Personnel expenses	174,871	208,952	406,740
Other management expenses	102,149	118,035	233,587
Personnel and management expenses, total	281,109	331,625	659,887
Salaries and remuneration to the Supervisory and Executive Boards			
Supervisory Board	821	787	1,562
Executive Board:			
Contractual remuneration	3,143	2,508	6,616
Pension	125	1,343	578
Termination benefits	0	0	10,804
Executive Board, total	3,268	3,851	17,998
Total	4,089	4,638	19,560
Executive Board, other expenses			
Value of perquisites	163	114	282
With reference to the terms and conditions for participation as set out in the Act on State-Funded Capital Injections into Credit Institutions (Bankpakke II), please note that the calculation of taxable income payments to the Executive Board deducted for tax purposes totalled	1,716	1,983	9,140
No agreements have been executed concerning bonus plans, incentive programmes or similar compensation plans.			
The Bank is exempt from any and all defined benefit obligations in respect of the departure of members of the Executive Board, whether as a result of age, illness, disability or any other reason.			
Personnel expenses			
Wages and salaries	138,890	171,295	329,639
Pensions	18,869	18,646	38,623
Expenses relating to social security contributions, payroll tax etc.	17,112	19,011	38,478
Total	174,871	208,952	406,740

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Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/1-31/12 2012 TDKK
8 Other operating expenses			
Contributions to the Guarantee Fund for Depositors and Investors	24,277	12,770	28,292
Other expenses	726	1,101	5,373
Total	25,003	13,871	33,665
9 Impairments of loans and provisions against guarantees etc.			
Individual impairments of loans			
Individual impairments of loans and other receivables, beginning of the period	3,319,190	2,121,489	2,121,489
Impairments over the course of the period	572,078	292,451	1,575,614
Reversal of impairments performed in prior financial years	-153,850	-51,733	-70,991
Other movements	47,709	22,677	22,677
Previously individually impaired, now definitely lost	-153,025	-186,190	-329,599
Individual impairments of loans and other receivables, end of the period	3,632,102	2,198,694	3,319,190
Impact on operations	418,228	240,718	1,504,623
Impairments of loans in groups			
Impairments of loans and other receivables in groups, beginning of the period	36,089	51,304	51,304
Impairments over the course of the period	9,198	11,885	9,143
Reversal of impairments performed in prior financial years	-8,320	-13,657	-36,372
Other movements	1,557	1,852	12,014
Impairments of loans and other receivables in groups, end of the period	38,524	51,384	36,089
Impact on operations	878	-1,772	-27,229
Impairments of loans, total			
Impairments of loans and other receivables, beginning of the period	3,355,279	2,172,793	2,172,793
Impairments over the course of the period	581,276	304,336	1,584,757
Reversal of impairments performed in prior financial years	-162,170	-65,390	-107,363
Other movements	49,266	24,529	34,691
Previously individually impaired, now definitely lost	-153,025	-186,190	-329,599
Impairments of loans and other receivables, end of the period	3,670,626	2,250,078	3,355,279
Impact on operations	419,106	238,946	1,477,394
Provisions against losses on guarantees and unused credit commitments			
Provisions against losses on guarantees and unused credit commitments, beginning of the period	49,839	36,043	36,043
Impairments over the course of the period	10,432	9,930	34,841
Reversal of provisions performed in prior financial years	-23,602	-16,391	-21,045
Provisions against losses on guarantees and unused credit commitments, end of the period	36,669	29,582	49,839
Impact on operations	-13,170	-6,461	13,796
Accumulated impairment ratio	14.0%	7.5%	11.6%

Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/1-31/12 2012 TDKK
9 Impairments of loans and provisions against guarantees etc. (continued)			
Amounts receivable for which calculation of interest has stopped, end of the period	2,473,117	1,588,045	2,025,471
Of which impaired, total	1,743,738	1,040,834	1,395,861
Amounts receivable for which calculation of interest has stopped, as a percentage of loans before impairments	10.7%	6.3%	8.4%
Impairments of/provisions for amounts receivable from credit institutions			
Impairments of/provisions for amounts receivable from credit institutions, beginning of the period	1,043	1,081	1,081
Impairments/provisions over the course of the period	0	910	637
Reversal of impairments performed in prior financial years	-1,043	-1,081	-675
Impairments of/provisions for amounts receivable from credit institutions, end of the period	0	910	1,043
Impact on operations	-1,043	-171	-38
Impact on operations, total	404,893	232,314	1,491,152
Lost, where individual impairments/provisions have not been made	5,954	6,760	29,444
Included in previously written-off debts	-17,386	-3,832	-5,841
Impairment of loans and guarantee debtors, etc., total	393,461	235,242	1,514,755
Interest income on written-down loans is offset in impairments by	42,266	27,898	49,266
10 Intangible assets			
Goodwill			
Total acquisition price, beginning of the period	0	96,590	96,590
Addition due to merger with Aarhus Lokalbanc	0	111,074	111,074
Total acquisition price, end of the period	0	207,664	207,664
Impairments, beginning of the period	0	0	0
Amortisations and impairments for the period	0	0	207,664
Impairments, end of the period	0	0	207,664
Recognised holding, end of the period	0	207,664	0
Customer relations			
Total acquisition price, beginning of the period	14,964	14,964	14,964
Total acquisition price, end of the period	14,964	14,964	14,964
Amortisations and impairments, beginning of the period	5,986	4,489	4,489
Amortisations and impairments for the period	748	748	1,497
Amortisations and impairments, end of the period	6,734	5,237	5,986
Recognised holding, end of the period	8,230	9,727	8,978
Total	8,230	217,391	8,978

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Notes

Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/1-31/12 2012 TDKK
11 Owner-occupied property			
Revalued amount, beginning of the period	389,258	327,596	327,596
Additions	0	42,706	45,917
Disposals	6,895	2,130	2,130
Depreciations	3,759	2,828	6,853
Changes in value recognised under other comprehensive income	0	0	24,185
Changes in value recognised in the Statement of Income	0	0	543
Changes in value, end of the period	378,604	365,344	389,258
External experts were involved in measuring the most significant investment properties and owner-occupied properties.			
12 Other assets			
Positive market value of derivative financial instruments	215,445	599,029	648,042
Interest and commission receivable	44,665	49,853	66,242
Other assets	217,037	214,488	200,050
Total	477,147	863,370	914,334
13 Other liabilities			
Negative market value of derivative financial instruments	117,747	146,084	240,395
Various creditors	146,360	158,925	149,225
Interest and commission payable	214,361	189,101	113,419
Other liabilities	24,987	26,701	44,910
Total	503,455	520,811	547,949

Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/1-31/12 2012 TDKK
14 Subordinated debt			
Tier 2 capital	753,269	1,001,246	931,511
Tier 2 capital falls due between 16 May 2014 and 28 June 2020 with an option to prepay remaining in effect until 28 June 2017, subject to approval by the Danish Financial Supervisory Authority. The capital accrues interest at 2.800 - 9.500% with a step-up clause after the prepayment date.			
In 2013, the Bank repaid a total of MNOK 90 and MDKK 75 cf. Company Notice of 27 February, 3 April 2013. and 27 June 2013			
Total	753,269	1,001,246	931,511
Hybrid core capital			
Hybrid core capital of DKK 100 million	105,643	107,733	107,573
The capital accrues interest at a fixed 4.765%. There is no due date.			
There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, on 15 November 2015.			
Hybrid core capital of DKK 75 million	75,000	75,000	75,000
The capital accrues interest at a fixed 5.000%. There is no due date.			
There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, on 30 June 2016.			
Hybrid core capital of DKK 50 million	50,000	50,000	50,000
The capital accrues interest at a fixed 5.440%. There is no due date.			
There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, on 1 May 2016.			
Hybrid core capital of DKK 1,150.4 million	1,187,877	1,178,620	1,184,568
DKK 34.7 million is subject to a conversion duty, if the Bank does not meet the solvency requirement, or if, in the opinion of the Danish Financial Supervisory Authority, there is an imminent risk that the Bank does not meet the solvency requirement.			
The capital accrues interest at a fixed 9.943%. There is no due date.			
An option of prepayment exists, subject to approval by the Danish Financial Supervisory Authority, from 25 August 2012 to 24 August 2014 at par, from 25 August 2014 to 24 August 2015 at a price of DKK 105 per 100, and from 25 August 2015 and thereafter at a price of DKK 110 per 100.			
Premiums are recognised and amortised according to their expected settlement date.			
Hybrid core capital of DKK 35.6 million	35,670	35,260	35,402
The capital accrues interest at a fixed 11.11%. There is no due date.			
Prepayment can be made, subject to the approval of the Danish Financial Supervisory Authority, from 24 December 2012 to 23 December 2014 at price 105 per 100, from 24 December 2014 onwards at price 110 per 100.			
Premiums are recognised and amortised according to their expected settlement date.			
Hybrid capital, total	1,454,190	1,446,613	1,452,543
Subordinated debt, total	2,207,459	2,447,859	2,384,054
Subordinated debt that can be included in the capital base	1,795,792	2,283,350	1,929,870

Half-year Financial Statements

Notes

Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/1-31/12 2012 TDKK
15 Share capital			
Share capital, beginning of the period	612.889	125.000	125.000
Shares issued upon conversion of hybrid capital	0	141.780	141.780
Shares issued upon merger	0	39.664	39.664
Capital injection from issue of shares	0	306.445	306.445
Share capital, total	-551.600	0	0
Share capital	61.289	612.889	612.889
Number of equity shares	61,288,878 DKK 1 each	61,288,878 DKK 10 each	61,288,878 DKK 10 each
Number of own equity securities, beginning of the period			
Number of own equity securities in 1,000 unit lots	174	185	185
Nominal value in DKK 1,000	1,747	1,852	1,852
Percentage of the share capital	0.3%	0.3%	0.3%
Additions			
Purchased own equity securities in 1,000 unit lots	2,032	1,661	2,936
Nominal value in DKK 1,000	2,032	16,606	29,361
Percentage of the share capital	3.3%	2.7%	4.8%
Total purchase price in DKK 1,000	19,193	33,285	52,962
Disposals			
Disposal of own equity securities in 1,000 unit lots	2,026	1,668	2,947
Nominal value in DKK 1,000	2,026	16,682	29,466
Percentage of the share capital	3.3%	2.7%	4.8%
Total selling price in DKK 1,000	19,095	33,459	53,190
Number of own equity securities, end of the period			
Number of own equity securities in 1,000 unit lots	180	178	174
Nominal value in DKK 1,000	181	1,776	1,747
Percentage of the share capital	0.3%	0.3%	0.3%
The Bank's trade in its own equity securities takes place as part of its regular trade in equity securities.			
The Bank is receiving government hybrid core capital and issuing bonds under the individual government guarantee and is therefore not permitted to pay dividends.			

Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/1-31/12 2012 TDKK
16 Contingent liabilities			
Financial guarantee contracts	553,894	1,001,690	1,368,854
Loss guarantees for mortgage loans	1,635,409	1,540,524	1,814,473
Registration and conversion guarantees	24,922	1,244,695	540,606
Other contingent liabilities	1,092,440	1,447,003	1,429,718
Total	3,306,665	5,233,912	5,153,651
'Other contingent liabilities' include, among other things, performance bonds, delivery guarantees as well as provisions of indemnity in relation to the Guarantee Fund for Depositors and Investors (Indskydergarantifonden) etc.			
17 Other binding agreements			
Other liabilities	5,577	8,109	5,179
Total	5,577	8,109	5,179
18 Capital requirements			
Equity excl. profit/loss for the period	968,764	2,402,897	2,424,558
Recognised profit/loss	-65,587	0	-1,449,392
Revaluation reserves	-55,433	-30,848	-55,433
Intangible assets	-8,230	-217,391	-8,978
Deferred capitalised tax assets	0	-300,214	0
Other deductions from the core capital	-68,875	-4,902	-57,254
Hybrid core capital	505,864	1,050,085	540,434
Core capital after statutory deductions	1,276,503	2,899,627	1,393,935
Subordinated loan capital	341,603	836,737	477,327
Revaluation reserves	55,433	30,848	55,433
Hybrid core capital	948,325	396,528	912,109
Capital base before deductions	2,621,864	4,163,740	2,838,804
Deductions from the capital base	-68,874	-4,902	-57,254
Capital base after deductions	2,552,990	4,158,838	2,781,550
Weighted items, total	22,886,654	27,781,197	25,594,727
Core capital after statutory deductions as a percentage of weighted items, total	5.6%	10.4%	5.4%
Solvency ratio according to sec 124(2) of the Danish Financial Business Act	11.2%	15.0%	10.9%
Solvency requirement according to sec 124(2) of the Danish Financial Business Act	8.0%	8.0%	8.0%

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Note	1/1-30/6 2013 TDKK	1/1-30/6 2012 TDKK	1/1-31/12 2013 TDKK
19 Security pledged			
Credit institutions:			
Margin accounts pledged as security in relation to financial instruments	72,746	26,530	108,158
Loans:			
Pledged as security for credit facility with Danmarks Nationalbank			
Collateral basis	2,572,689	3,739,342	3,208,826
Collateral value	1,672,248	2,430,572	2,085,737
Of which pledged	1,672,248	2,003,113	2,085,737
Wind turbine loans directly funded by KfW Bankengruppe with first priority pledge	176,348	286,358	269,297
Any reduction in loans with first priority pledge will directly reduce the funding from KfW Bankengruppe.			
Debt securities:			
Pledged as security for credit facility with Danmarks Nationalbank			
Total nominal value	1,670,425	1,323,656	2,394,206
Total market value	1,676,874	1,329,263	2,393,649
Of which pledged	0	0	915,780
20 Pending litigation			
In addition to that, vestjyskBANK is also party to other litigation. The proceedings are evaluated on an ongoing basis, and requisite provisions are made on the basis of a risk assessment of losses.			
The pending proceedings are not expected to have significant influence on the Bank's financial position.			
21 Consolidated overview			
The Bank is the parent company of the following wholly-owned subsidiary:			
Center Finansiering A/S with principal office in Lemvig Municipality			
Share capital:	500	500	500
Profit/loss:	-16	1	1
Equity:	701	717	717
The company is currently undergoing liquidation proceedings.			
Because of the modest size of the subsidiary in relation to the Bank, no consolidated financial statements have been prepared.			
The shares of the subsidiary are recognised at equity value.			

Note

22 Fair value of financial assets and liabilities

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

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

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

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

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

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

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

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

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

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

Level 2: Valuation model based primarily on observable market data

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

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Note	30/06 2013	30/06 2013	30/06 2012	30/06 2012	31/12 2012	31/12 2012
	Carrying amount TDKK	Fair value TDKK	Carrying amount TDKK	Fair value TDKK	Carrying amount TDKK	Fair value TDKK
22 Fair value of financial assets and liabilities (continued)						
Loans and receivables						
Cash in hand and demand deposits with central banks	638,048	638,048	995,866	995,866	1,232,087	1,232,087
Amounts receivable from credit institutions and central banks	180,553	180,553	1,403,073	1,403,266	456,065	456,137
Loans	19,417,659	19,437,005	22,983,465	23,008,124	20,696,873	20,713,415
Debt securities at fair value (Level 1)	4,389,068	4,389,068	5,105,435	5,105,435	7,271,083	7,271,083
Listed equity securities (Level 1)	25,912	25,912	43,039	43,039	31,054	31,054
Unlisted equity securities etc. (Level 3)	427,437	427,437	382,511	382,511	422,012	422,012
Assets related to pooled fund schemes	1,356,627	1,356,627	1,107,111	1,107,111	1,255,966	1,255,966
Derivative financial instruments (Level 2)	215,445	215,445	599,029	599,029	648,042	648,042
Trading portfolio, total	26,650,749	26,670,095	32,619,529	32,644,381	32,013,182	32,029,796
Financial liabilities						
Amounts owed to credit institutions and central banks	5,978,812	5,978,845	3,064,749	3,064,813	3,926,024	3,926,066
Deposits	16,088,880	16,208,720	17,431,419	17,564,366	16,801,610	16,799,274
Deposits with pooled fund schemes	1,356,627	1,356,627	1,107,111	1,107,111	1,255,966	1,255,966
Debt securities in issue	274,561	275,493	6,824,355	6,842,757	6,781,980	6,812,725
Subordinated debt	2,207,459	2,203,501	2,447,859	2,438,512	2,384,054	2,371,316
Derivative financial instruments (Level 2)	117,747	117,747	146,084	146,084	240,395	240,395
Trading portfolio, total	26,024,086	26,140,933	31,021,577	31,163,643	31,390,029	31,405,742

23 Credit risk

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

At 30 June 2012, large commitments totalled 36.7 percent of the capital base and consisted of two commitments.

vestjyskBANK's corporate customers account for 79 percent of its loans and guarantees; private customers account for 21 percent.

Please refer to the 2012 Annual Report for a more detailed discussion of credit risk and the management thereof.

Note	30/06 2013 TDKK	30/06 2012 TDKK	31/12 2012 TDKK
24 Credit exposure			
The Bank's credit exposure is composed of the following assets and items not recognised in the Statement of Financial Position:			
Amounts receivable from central banks	530,765	1,895,327	1,125,999
Amounts receivable from credit institutions	180,553	403,083	457,108
Debt securities	4,389,068	5,105,435	7,271,083
Loans	23,088,285	25,233,543	24,052,152
Items not recognised in the Statement of Financial Position:			
Financial guarantees	2,194,014	2,545,684	3,195,302
Non-unconditional credit commitments	5,187,405	5,288,894	5,163,402
Total	35,570,090	40,471,966	41,265,046
Of which recognised in the Statement of Financial Position	28,188,671	32,637,388	32,906,342
Credit institutions			
■ The item 'Amounts receivable from central banks' solely pertains to Danmarks Nationalbank.			
■ 'Amounts receivable from credit institutions' pertain to receivables from a number of credit institutions located in Denmark and abroad. Amounts receivable from credit institutions abroad represent a very limited portion.			
■ 'Amounts receivable from credit institutions' pertain to receivables from a number of credit institutions located in Denmark and abroad. Amounts receivable from credit institutions abroad represent a very limited portion.			
Amounts receivable from individual institutions in excess of DKK 5 million			
Credit institutions or their subsidiaries rated, at a minimum, A+	63,998	27,049	182,288
Credit institutions or their subsidiaries rated A and lower	57,349	237,978	23,461
Unrated credit institutions or their subsidiaries	42,000	75,000	192,000
Total	163,347	340,027	397,749
Debt securities by rating categories			
AAA	3,585,336	4,221,636	6,347,343
AA+ to AA-	0	25,026	0
A+ to A-	167,374	385,218	290,883
BBB+ to BBB-	604,841	334,042	619,548
BB+ and lower	7,757	0	8,411
No rating	23,760	139,513	4,898
Debt securities, total	4,389,068	5,105,435	7,271,083
Debt securities by issuers			
Mortgage-credit bonds	4,013,935	4,686,700	6,748,532
Government bonds	0	2	0
Other debt securities	375,133	418,733	522,551
Debt securities, total	4,389,068	5,105,435	7,271,083

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Note	30/06 2013 TDKK	30/06 2012 TDKK	31/12 2012 TDKK
24 Credit exposure (continued)			
Loans, guarantees and credit commitments by industry segments			
Public authorities	50,732	78,570	27,327
Business:			
Agriculture, hunting, forestry and fishery	6,235,733	6,142,729	6,503,158
Manufacturing industry and raw material extraction	1,259,034	1,347,443	1,265,475
Energy supply	2,130,238	2,460,562	2,443,506
Construction and civil engineering contractors	999,234	1,109,863	1,095,730
Trade	2,185,230	2,397,469	2,274,791
Transportation, hotels and restaurant businesses	1,188,103	1,301,520	1,250,649
Information and communication	132,012	151,275	138,374
Credit and financing institutes and insurance businesses	1,694,418	2,254,262	1,974,904
Real estate	6,229,230	6,053,476	6,396,351
Other business	1,605,629	2,045,317	1,805,010
Business, total	23,658,861	25,263,916	25,147,948
Retail	6,760,111	7,725,635	7,235,581
Loans, guarantees and credit commitments, total	30,469,704	33,068,121	32,410,856

25 Collaterals

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

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

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

Note

25 **Collaterals distributed by type**

30/6 2013 TDKK	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Other	Total
Public authorities	0	0	0	0	0	0	0
Business:							
Agriculture, hunting, forestry and fishery	1,202,598	40,502	424,670	77,217	24,032	38,021	1,807,040
Manufacturing industry and raw material extraction	59,828	20,690	39,795	1,509	2,666	16,564	141,052
Energy supply	415,491	16,758	64,705	147,519	7,089	809	652,371
Construction and civil engineering contractors	199,444	52,383	43,299	4,716	13,494	0	313,336
Trade	115,945	60,802	66,804	17,620	20,197	5,613	286,981
Transportation, hotels and restaurant businesses	114,530	184,500	109,616	7,398	4,435	0	420,479
Information and communication	14,538	1,926	3,209	17,806	56	409	37,944
Credit and financing institutes and insurance businesses	197,722	29,414	5,670	162,149	12,182	47,486	454,623
Real estate	2,146,671	262,742	12,480	59,194	66,818	54,338	2,602,243
Other business	153,978	67,601	47,729	46,236	46,882	7,261	369,687
Business, total	4,620,745	737,318	817,977	541,364	197,851	170,501	7,085,756
Retail	1,169,398	253,082	209,903	262,704	108,627	44,944	2,048,658
Total	5,790,143	990,400	1,027,880	804,068	306,478	215,445	9,134,414
30/6 2012 TDKK	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Other	Total
Public authorities	3,150	1,982	0	0	0	0	5,132
Business:							
Agriculture, hunting, forestry and fishery	1,496,447	56,674	478,166	118,806	24,032	25,364	2,199,489
Manufacturing industry and raw material extraction	79,160	20,690	209,618	16,982	2,666	38,164	367,280
Energy supply	523,638	17,086	64,705	55,785	11,450	511,337	1,184,001
Construction and civil engineering contractors	198,946	54,910	44,575	10,582	13,494	4,309	326,816
Trade	161,366	69,218	162,018	26,849	38,549	22,867	480,867
Transportation, hotels and restaurant businesses	236,255	204,088	92,483	7,783	4,436	41,754	586,799
Information and communication	16,192	1,926	5,449	26,824	56	409	50,856
Credit and financing institutes and insurance businesses	455,532	132,721	10,334	211,529	11,278	33,752	855,146
Real estate	2,465,361	399,947	16,476	188,344	85,362	110,768	3,266,258
Other business	246,362	81,835	80,755	74,493	47,127	7,361	537,933
Business, total	5,879,259	1,039,095	1,164,579	737,977	238,450	796,085	9,855,445
Retail	1,345,405	301,229	252,815	359,454	108,313	55,391	2,422,607
Total	7,227,814	1,342,306	1,417,394	1,097,431	346,763	851,476	12,283,184

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Note

25 **Collaterals distributed by type (continued)**

31/12 2012 TDKK	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Other	Total
Public authorities	0	0	0	0	0	0	0
Business:							
Agriculture, hunting, forestry and fishery	1,499,548	44,127	404,123	73,786	24,032	51,038	2,096,654
Manufacturing industry and raw material extraction	59,828	20,690	45,584	2,283	2,666	30,864	161,915
Energy supply	480,321	18,133	64,705	152,799	19,087	324,349	1,059,394
Construction and civil engineering contractors	176,061	52,535	46,028	4,716	16,477	0	295,817
Trade	130,632	63,456	124,663	19,174	35,006	5,612	378,543
Transportation, hotels and restaurant businesses	150,927	199,319	111,377	15,197	4,437	3,816	485,073
Information and communication	14,538	1,926	3,209	17,806	56	408	37,943
Credit and financing institutes and insurance businesses	369,569	47,723	4,611	224,189	12,203	15,986	674,281
Real estate	2,174,015	378,552	14,714	82,949	89,870	62,777	2,802,877
Other business	161,092	64,836	42,961	62,281	48,062	7,261	386,493
Business, total	5,216,531	891,297	861,975	655,180	251,896	502,111	8,378,990
Retail	1,172,302	253,964	209,852	292,362	108,875	45,442	2,082,797
Total	6,388,833	1,145,261	1,071,827	947,542	360,771	547,553	10,461,787

Note

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

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

30/6 2013 TDKK	Loan + guarantee debtors with material weaknesses, but without impairments/provisions	Loan + guarantee debtors with slightly impaired credit rating, certain signs of weakness	Loan + guarantee debtors with normal credit rating	Amortised cost, total
Public authorities	0	0	4,617	4,617
Business:				
Agriculture, hunting, forestry and fishery	499,463	591,491	1,646,183	2,737,137
Manufacturing industry and raw material extraction	56,429	185,734	515,879	758,042
Energy supply	162,524	211,624	1,407,280	1,781,428
Construction and civil engineering contractors	159,139	118,799	326,047	603,985
Trade	214,115	351,851	794,557	1,360,523
Transportation, hotels and restaurant businesses	84,674	155,411	352,171	592,256
Information and communication	13,817	10,934	39,220	63,971
Credit and financing institutes and insurance businesses	197,049	154,085	522,525	873,659
Real estate	1,048,488	1,141,760	1,063,592	3,353,840
Other business	163,019	271,161	535,440	969,620
Business, total	2,698,717	3,192,850	7,202,894	13,094,461
Retail	959,983	866,754	2,660,125	4,486,862
Total	3,658,700	4,059,604	9,867,636	17,585,940
30/6 2012 TDKK				
Public authorities	0	0	77,696	77,696
Business:				
Agriculture, hunting, forestry and fishery	746,511	983,066	1,814,460	3,544,037
Manufacturing industry and raw material extraction	84,214	214,497	725,737	1,024,448
Energy supply	99,202	438,757	1,595,387	2,133,346
Construction and civil engineering contractors	126,566	225,936	423,797	776,299
Trade	247,885	569,082	945,994	1,762,961
Transportation, hotels and restaurant businesses	357,930	283,609	356,704	998,243
Information and communication	17,389	34,754	66,070	118,213
Credit and financing institutes and insurance businesses	260,807	351,216	684,288	1,296,311
Real estate	1,139,457	1,669,612	1,129,148	3,938,217
Other business	182,857	321,932	818,060	1,322,849
Business, total	3,262,818	5,092,461	8,559,645	16,914,924
Retail	1,398,510	1,143,024	3,965,729	6,507,263
Total	4,661,328	6,235,485	12,603,070	23,499,883

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Note

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

31/12 2012 TDKK	Loan + guarantee debtors with material weaknesses, but without impairments/provisions	Loan + guarantee debtors with slightly impaired credit rating, certain signs of weakness	Loan + guarantee debtors with normal credit rating	Amortised cost, total
Public authorities	0	0	26,933	26,933
Business:				
Agriculture, hunting, forestry and fishery	352,867	853,724	1,700,004	2,906,595
Manufacturing industry and raw material extraction	62,257	220,891	583,842	866,990
Energy supply	215,528	283,874	1,811,859	2,311,261
Construction and civil engineering contractors	146,844	198,477	326,810	672,131
Trade	265,022	421,948	848,612	1,535,582
Transportation, hotels and restaurant businesses	275,534	143,238	370,371	789,143
Information and communication	16,189	6,922	38,642	61,753
Credit and financing institutes and insurance businesses	197,319	234,310	528,495	960,124
Real estate	1,114,003	1,358,873	1,122,883	3,595,759
Other business	150,842	337,705	723,219	1,211,766
Business, total	2,796,405	4,059,962	8,054,737	14,911,104
Retail	1,163,105	962,972	3,280,115	5,406,192
Total	3,959,510	5,022,934	11,361,785	20,344,229

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

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

Note

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

30/6 2012	0-30 days TDKK	31-60 days TDKK	61-90 days TDKK	> 90 days TDKK	Total TDKK
Business:					
Agriculture, hunting, forestry and fishery	42,929	12,639	8,195	4,688	68,451
Manufacturing industry and raw material extraction	11,020	753	951	4,578	17,302
Energy supply	4,478	12	197	0	4,687
Construction and civil engineering contractors	10,417	539	2,775	1,043	14,774
Trade	18,544	1,393	1,277	5,483	26,697
Transportation, hotels and restaurant businesses	9,162	623	1,782	101	11,668
Information and communication	1,975	187	122	0	2,284
Credit and financing institutes and insurance businesses	13,195	1,164	1,405	486	16,250
Real estate	29,031	7,610	6,380	134	43,155
Other business	16,589	2,500	8,147	534	27,770
Business, total	157,340	27,420	31,231	17,047	233,038
Retail	42,843	5,536	4,740	1,063	54,182
Total	200,183	32,956	35,971	18,110	287,220
Loans in arrears, total	1,256,394	231,826	94,613	152,376	1,735,209
31/12 2012					
Business:					
Agriculture, hunting, forestry and fishery	42,771	7,400	408	7,315	57,894
Manufacturing industry and raw material extraction	4,178	828	0	13	5,019
Energy supply	2,379	0	115	0	2,494
Construction and civil engineering contractors	7,817	735	0	28	8,580
Trade	10,845	4,543	781	2,494	18,663
Transportation, hotels and restaurant businesses	5,480	368	637	102	6,587
Information and communication	482	155	3	0	640
Credit and financing institutes and insurance businesses	5,973	926	2	22	6,923
Real estate	17,115	15,015	17	505	32,652
Other business	7,915	1,597	109	4,024	13,645
Business, total	104,955	31,567	2,072	14,503	153,097
Retail	21,215	7,429	1,623	1,350	31,617
Total	126,170	38,996	3,695	15,853	184,714
Loans in arrears, total	1,044,990	314,337	18,786	32,137	1,410,250

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Note	30/06 2013 TDKK	30/06 2012 TDKK	31/12 2012 TDKK		
28 Distribution of gross loans and guarantee debtors, individually impaired, by cause					
Reorganisation/bankruptcy	601,932	411,804	477,357		
Rescheduling of debts	9,107	11,761	9,359		
Collection	494,950	289,037	394,714		
Customer deceased	11,230	7,810	8,491		
Relief in terms	2,240,132	1,335,521	1,736,846		
Other causes	4,358,242	3,194,564	4,867,932		
Total	7,715,593	5,250,497	7,494,699		
29 Distribution by industry segment of loan and guarantee debtors, individually impaired					
30/06 2013 TDKK	Gross	Loan value of collaterals	Unsecured part before impairment	Impairments/ provisions	Unsecured part after impairment
Business:					
Agriculture, hunting, forestry and fishery	2,600,849	463,090	2,137,759	1,225,770	911,989
Manufacturing industry and raw material extraction	200,908	28,773	172,135	114,147	57,988
Energy supply	68,957	15,960	52,997	18,566	34,431
Construction and civil engineering contractors	266,760	93,821	172,939	116,404	56,535
Trade	331,651	56,616	275,035	145,466	129,569
Transportation, hotels and restaurant businesses	442,928	161,151	281,777	168,177	113,600
Information and communication	22,039	1,092	20,947	7,612	13,335
Credit and financing institutes and insurance businesses	864,496	167,466	697,030	586,528	110,502
Real estate	2,165,387	953,954	1,211,433	814,103	397,330
Other business	240,711	25,642	215,069	166,663	48,406
Business, total	7,204,686	1,967,565	5,237,121	3,363,436	1,873,685
Retail	510,907	46,033	464,874	305,335	159,539
Total	7,715,593	2,013,598	5,701,995	3,668,771	2,033,224

29 Distribution by industry segment of loan and guarantee debtors, individually impaired (continued)					
30/06 2012 TDKK	Gross	Loan value of collaterals	Unsecured part before impairment	Impairments/ provisions	Unsecured part after impairment
Business:					
Agriculture, hunting, forestry and fishery	1,637,737	493,210	1,144,527	653,300	491,227
Manufacturing industry and raw material extraction	196,423	49,849	146,574	87,338	59,236
Energy supply	47,012	45,043	1,969	5,876	0
Construction and civil engineering contractors	232,559	51,117	181,442	110,266	71,176
Trade	163,100	10,726	152,374	103,488	48,886
Transportation, hotels and restaurant businesses	158,474	20,034	138,440	80,391	58,049
Information and communication	6,679	1,041	5,638	5,261	377
Credit and financing institutes and insurance businesses	1,075,150	341,666	733,484	474,265	259,219
Real estate	1,193,630	730,048	463,582	360,476	103,106
Other business	181,115	26,882	154,233	110,738	43,495
Business, total	4,891,879	1,769,616	3,122,263	1,991,399	1,134,771
Retail	358,617	73,089	285,528	236,878	48,650
Total	5,250,496	1,842,705	3,407,791	2,228,277	1,183,421
31/12 2012 TDKK.					
Business:					
Agriculture, hunting, forestry and fishery	2,644,828	751,066	1,893,761	1,133,697	760,065
Manufacturing industry and raw material extraction	204,563	35,142	169,421	116,766	52,655
Energy supply	66,314	10,870	55,444	15,739	39,705
Construction and civil engineering contractors	264,073	86,953	177,121	124,024	53,096
Trade	273,646	87,430	186,216	134,816	51,400
Transportation, hotels and restaurant businesses	303,872	104,526	199,346	121,705	77,641
Information and communication	9,309	1,143	8,166	5,584	2,582
Credit and financing institutes and insurance businesses	1,060,022	332,520	727,501	583,961	143,541
Real estate	1,985,805	1,086,411	899,394	716,264	183,130
Other business	216,750	33,761	182,989	136,831	46,158
Business, total	7,029,182	2,529,822	4,499,359	3,089,387	1,409,973
Retail	465,517	52,080	413,438	279,641	133,796
Total	7,494,699	2,581,902	4,912,797	3,369,028	1,543,769

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

30/06 2013 TDKK	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, motorvehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
Business:							
Agriculture, hunting, forestry and fisheries	355,748	11,108	65,833	9,095	3,641	17,665	463,090
Industry and raw material extraction	1,170	1,740	22,301	50	262	3,250	28,773
Energy supply	15,866	0	0	0	94	0	15,960
Building and construction	76,254	5,067	11,825	364	311	0	93,821
Trade	4,008	5,897	45,186	1,175	350	0	56,616
Transportation, hotels and restaurants	53,161	57,431	44,175	6,323	61	0	161,151
Information and communications	779	0	107	1	0	205	1,092
Financing and insurance	74,677	2,109	822	57,810	548	31,500	167,466
Real property	861,786	63,039	5,946	18,041	2,131	3,011	953,954
Other business	9,551	0	11,440	1,931	0	2,720	25,642
Business, total	1,453,000	146,391	207,635	94,790	7,398	58,351	1,967,565
Private	27,058	5,027	12,051	1,064	255	578	46,033
Total	1,480,058	151,418	219,686	95,854	7,653	58,929	2,013,598

30/06 2012 TDKK

Business:							
Agriculture, hunting, forestry and fisheries	436,396	8,171	21,900	14,836	3,637	8,270	493,210
Industry and raw material extraction	6,786	1,740	33,561	7,675	87	0	49,849
Energy supply	33,500	0	0	6,543	0	5,000	45,043
Building and construction	45,585	1,031	4,178	0	323	0	51,117
Trade	998	0	9,108	620	0	0	10,726
Transportation, hotels and restaurants	4,658	13,170	707	260	1,239	0	20,034
Information and communications	990	0	51	0	0	0	1,041
Financing and insurance	278,237	3,705	3,999	36,897	28	18,800	341,666
Real property	673,229	5,472	5,767	39,901	2,668	3,011	730,048
Other business	3,055	1,116	18,054	1,937	0	2,720	26,882
Business, total	1,483,434	34,405	97,325	108,669	7,982	37,801	1,769,616
Private	24,164	4,288	5,389	38,615	108	525	73,089
Total	1,507,598	38,693	102,714	147,284	8,090	38,326	1,842,705

Note

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

31/12 2012 TDKK	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, motorvehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
Business:							
Agriculture, hunting, forestry and fisheries	673,477	15,156	41,272	3,644	3,707	13,810	751,066
Industry and raw material extraction	1,061	1,740	28,761	47	283	3,250	35,142
Energy supply	10,068	0	691	0	111	0	10,870
Building and construction	70,572	4,481	11,225	364	311	0	86,953
Trade	21,537	5,725	60,115	0	53	0	87,430
Transportation, hotels and restaurants	17,545	30,726	45,269	9,748	1,238	0	104,526
Information and communications	779	0	158	1	0	205	1,143
Financing and insurance	240,518	16,300	547	74,586	569	0	332,520
Real property	885,488	138,734	7,763	20,431	33,495	500	1,086,411
Other business	17,538	0	11,539	1,964	0	2,720	33,761
Business, total	1,938,583	212,862	207,340	110,785	39,767	20,485	2,529,822
Private	21,211	7,331	6,951	15,375	762	450	52,080
Total	1,959,794	220,193	214,291	126,160	40,529	20,935	2,581,902

31 Market risk

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

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32 Interest rate risk

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

	30/06 2013 TDKK	30/06 2012 TDKK	31/12 2012 TDKK
The total interest rate risk has been measured at	-80,038	-154,604	-160,067
Measured in relation to the core capital, this corresponds to	-6.3%	-5.2%	-115%
Interest rate risk for financial instruments measured at fair value	15,610	48,495	15,315
An upwards parallel shift of yield curves by 1 percentage point will affect the equity by	-15,610	-48,495	-15,315
Hedge accounting			
For hedging interest rate risk, the following are hedged (fair value hedge):			
Debt securities	113,300	229,546	209,286
Hedged with interest rate swaps, maturity 2017-2020			
Synthetic principal	110,000	230,000	200,000
Fair value	-1,195	-6,074	-6,481
Loans at amortised cost	218,379	262,279	235,696
Hedged with interest rate swaps, maturity 2013-2032			
Synthetic principal	207,873	247,975	224,948
Fair value	-17,775	-21,747	-23,000
Hedged with interest rate caps, maturity 2024-2026			
Synthetic principal	10,506	14,484	10,748
Fair value	-27	82	-86
Deposits	2,550,000	900,000	900,000
Hedged with interest rate swaps, maturity 2014-2015			
Synthetic principal	2,550,000	900,000	900,000
Fair value	8,673	15,931	14,693
Issued debt securities	0	1,270,237	1,682,941
Hedged with interest rate swaps			
Synthetic principal	0	1,271,834	1,680,120
Fair value	0	171,088	230,303
Subordinated debt	802,434	107,733	107,573
Hedged with interest rate swaps, maturity 2015-2020			
Synthetic principal	800,000	100,000	100,000
Fair value	2,434	7,733	7,573
Total fair value adjustment of hedging instruments	-4,223	510	-305
Total fair value adjustment of the hedged items	5,246	-2,352	789
Ineffectiveness recognised in the Statement of Income	1,023	-1,842	484

Note

33 Foreign currency risk

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

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

	30/06 2013 TDKK	30/06 2012 TDKK	31/12 2012 TDKK
Exchange Rate Indicator 1	64,128	43,599	23,375
Exchange Rate Indicator 1 as a percentage of core capital (incl. hybrid core capital), less deductions	5.0%	1.5%	1.7%
The foreign currency position primarily consists of CHF, EUR, JPY, SEK, NOK, USD and TRY.			
A change unfavourable to the Bank in EUR of 2% and other foreign currencies of 10% will result in an income and equity effect before tax of	-2,826	-5,009	-2,715
For hedging foreign currency risk, the following are hedged:			
Issued securities in SEK and USD	256,504	4,064,981	3,955,256
Hedged with interest rate swaps, maturity 2013			
synthetic principal	265,374	3,950,931	3,950,931
fair value	-8,728	94,730	10,467
Value adjustments of these transactions are classified as hedging instruments related to hedging cash flows.			
Recognised under other comprehensive income	-6,304	14,942	18,135
Recognised under equity	-6,304	14,942	18,135
34 Equity risk			
Equity risk is determined on the basis of the amount invested in equity securities and equity-related products.			
Equity securities etc.			
Shares/unit-denominated certificates listed on NASDAQ OMX Copenhagen A/S	14,362	30,995	20,500
Shares/unit-denominated certificates listed on other exchanges	11,550	12,044	10,554
Unlisted shares recognised at their fair value	427,437	382,511	422,012
Unlisted shares etc. recognised at cost	31,399	30,331	34,408
Equity securities etc., total	484,748	455,881	487,474
Of which sector shares	433,980	395,028	426,661
Sensitivity			
If the value of the Bank's equity holding at 30 June had been 10 percent lower, all other factors being equal, the results for the year before tax would be changed by	-48,475	-45,588	-48,747
35 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.			

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36 Liquidity risk

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

	30/06 2013 TDKK	30/06 2012 TDKK	31/12 2012 TDKK
Cash resources			
Demand deposits and uncollateralised certificates of deposit with Danmarks Nationalbank as well as demand deposits and undrawn committed credits with other credit institutions	692,044	2,622,519	1,452,511
Cash equivalents	5,230,022	5,753,197	7,115,732
Total	5,922,066	8,375,716	8,568,243
Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act	111.6%	143.5%	144.8%

37 Key figures and financial ratios

	1/1-30/6 2013	1/1-30/6 2012	1/1-31/12 2012
Key figures			
Statement of Income (in MDKK)			
Net interest income	401	442	892
Net fee income	126	136	279
Dividends on equity securities etc.	8	5	5
Market value adjustments for foreign currency and sector shares	90	14	96
Other operating income	16	7	10
Core income	641	604	1,282
Personnel and administrative expenses	-281	-332	-660
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-33	-21	-49
Operating expenses and operating depreciations and amortisations	-314	-353	-709
Core earnings before impairments	327	251	573
Impairment of goodwill	0	0	-208
Impairments of loans and receivables etc.	-393	-235	-1,515
Profit/loss before tax	-66	16	-1,150
Tax	0	5	299
Profit/loss	-66	11	-1,449
Statement of Financial Position (in MDKK)			
Assets, total	27,373	33,864	32,750
Loans	19,418	22,983	20,697
Deposits, including pooled funds	17,446	18,539	18,058
Contingent liabilities	3,307	5,234	5,154
Business volume	40,171	46,756	43,909
Equity	903	2,414	975

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

Note	1/1-30/6 2013	1/1-30/6 2012	1/1-31/12 2012
37 Key figures and financial ratios (continued)			
Financial ratios			
Solvency			
Solvency ratio	11.2%	15.0%	10.9%
Core capital ratio	5.6%	10.4%	5.4%
Earnings			
Return on equity before tax, annually ¹	-14.1%	1.6%	-86.2%
Return on equity after tax, annually ¹	-14.1%	1.1%	-108.6%
Income-cost ratio ²	0.91	1.03	0.53
Rate of cost ³	48.9%	55.4%	55.4%
Employees converted to full-time (average)	572.5	622.6	621.3
Market risk			
Interest rate risk ⁴	-6.3%	-5.3%	-11.5%
Foreign currency position ⁵	5.0%	1.5%	1.7%
Foreign currency risk	0.0%	0.0%	0.0%
Excess cover in relation to statutory liquidity requirements ⁶	111.6%	143.5%	144.8%
Credit risk			
Loans plus impairments on loans in relation to deposits	132.3%	136.1%	133.2%
Loans in relation to equity	21.5	9.5	21.2
Growth in loans for the period ⁷	-6.2%	5.8%	-4.7%
Total of large commitments ⁸	36.5%	15.4%	46.1%
Accumulated impairment ratio	14.0%	7.5%	11.6%
Impairment ratio for the period	1.5%	0.8%	5.2%
vestjyskBANK share			
Profit/loss for the period per share	-1.1	0.3	-39.5
Equity value per share ⁹	14.8	4.0	1.6
Price of vestjyskBANK shares, end of the period	9.25	16.00	13.00
Market price / profit/loss for the period per share	0.6	0.4	0.8

The results for Aarhus Lokalbanc have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012. Assets and liabilities from Aarhus Lokalbanc have been recognised in the Statement of Financial Position as at the end of March 2012.

1 Based on average equity.

2 Income from ordinary activities in relation to costs from ordinary activities.

Income from ordinary activities = net interest and fee income + value adjustments + other operating income .

Costs from ordinary activities = operating costs and operating depreciations and impairments + impairment of goodwill + impairment of loans and amounts receivable, etc.

3 Operating costs and operating depreciations and impairments in relation to core income.

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

5 Foreign Currency Indicator 1 in relation to core capital, less deductions.

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

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

8 Commitments exceeding 10 percent of the capital base in relation to the capital base.

9 The Bank changed the individual denomination of its share from DKK 10 to DKK 1 per share when it reduced its share capital from DKK 612.9 million to DKK 61.3 million, cf. Company Announcement of 25 April 2013.



■ vestjyskbank.dk

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