



Vestjysk Bank Half-Year Report 2016

Contents

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

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The Vestjysk Bank Half-Year Report 2016 is a translation of the original report in Danish (Vestjysk Bank Halvårsrapport 2016).
In case of discrepancies, the Danish version prevails.

Summary

H1 2016 Highlights

Vestjysk Bank realised a profit after tax of DKK 10 million in the first half of 2016. The Bank's core operations are still sound, and a profit before impairment charges of DKK 227 million for H1 2016 is considered satisfactory. As a result of the persistently large impairment charges – due to the depressed economic situation still facing Danish agriculture, with very low settlement prices for milk in particular, but also for pork – the Bank's profit after impairment charges is considered unsatisfactory.

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

- Profit after tax of DKK 10 million (H1 2015: DKK 44 million).
- Core income of DKK 477 million (H1 2015: DKK 499 million).
- Cost ratio of 52.4 per cent (H1 2015: 56.1 per cent), corresponding to a decrease of 3.7 percentage points.
- Core earnings of DKK 227 million before impairment (H1 2015: DKK 220 million).
- Impairment of loans and receivables, etc. of DKK 216 million (H1 2015: DKK 171 million). Impairment charges on agriculture accounted for the majority of the Bank's impairment charges.
- Deposit surplus of DKK 4.4 billion at 30 June 2016, compared with a deposit surplus of DKK 4.8 billion at 30 June 2015.
- The minimum requirements for continued banking operations are 8.0 per cent (total capital ratio) and 4.5 per cent (common equity tier 1 capital ratio), respectively, of weighted risk exposures. At 30 June 2016, the Bank's surplus relative to these requirements was 4.5 percentage points, or DKK 729 million, and 3.7 percentage points, or DKK 598 million, respectively.
- The total capital ratio stood at 12.5 per cent and the individual solvency need at 10.7 per cent, corresponding to a surplus of 1.8 percentage points or DKK 295 million at 30 June 2016.
- Common equity tier 1 capital ratio of 8.2 per cent at 30 June 2016, compared with a requirement of 7.0 per cent. The surplus is 1.2 of a percentage point, or DKK 193 million, which is how far the Bank is from the need to prepare a recovery plan.
- Surplus liquidity of 134 per cent at 30 June 2016.
- In December 2015, the EU Commission opened an in-depth investigation to assess whether the state aid granted to Vestjysk Bank by the Danish State in 2012 was in accordance with EU state aid rules. In particular, the Commission will examine whether Vestjysk Bank's restructuring plan would restore the Bank's long-term viability without unduly distorting competition. The time frame of this investigation and the approval process is unknown.

Outlook for 2016

Given an unchanged economic climate, the Bank's total business volume is expected to have the capacity to generate core earnings before impairment at the upper end of DKK 350 to 400 million. Assuming an unchanged economic climate, Management expects that impairment writedowns can be absorbed into the Bank's core earnings, leading to a result at the same level as 2015. This will ensure a continuing bank with an appropriate business platform and the possibility of achieving a more adequate capital structure.

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

Management review

Financial Highlights

Key Figures	H1 2016	H1 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	FY 2015
Statement of income (DKKm)								
Net interest income	295	316	149	146	168	160	164	644
Net fee income	148	163	71	77	73	69	81	305
Dividends on shares, etc.	3	2	3	0	0	0	1	2
Value adjustments	24	15	17	7	11	-9	-16	17
Other operating income	7	3	6	1	17	1	1	21
Core income	477	499	246	231	269	221	231	989
Staff costs and administrative expenses	243	253	120	123	122	138	127	513
Other operating expenses as well as depreciation, amortisation and impairment losses; on intangible and tangible assets	7	26	4	3	16	14	13	56
Operating expenses and operating depreciation and amortisation	250	279	124	126	138	152	140	569
Core earnings before impairment	227	220	122	105	131	69	91	420
Impairment of loans and receivables, etc.	216	171	123	93	118	81	78	370
Profit/loss before tax	11	49	-1	12	13	-12	13	50
Tax	1	5	1	0	-2	-2	2	1
Profit/loss after tax	10	44	-2	12	15	-10	11	49
Statement of financial position (DKKm)								
Assets, total	20,557	22,103	20,557	20,444	21,114	21,652	22,103	21,114
Loans	13,051	14,035	13,051	13,304	13,337	13,888	14,035	13,337
Deposits, including pooled schemes	17,463	18,821	17,463	17,367	18,090	18,137	18,821	18,090
Contingent liabilities	3,143	3,383	3,143	3,101	3,213	3,289	3,383	3,213
Business volume	33,657	36,239	33,657	33,772	34,640	35,314	36,239	34,640
Equity	1,411	1,403	1,411	1,413	1,404	1,391	1,403	1,404

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

Financial ratios ¹	H1 2016	H1 2015	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	FY 2015
Solvency								
Total capital ratio	12.5%	12.5%	12.5%	12.6%	12.5%	12.6%	12.5%	12.5%
Tier 1 capital ratio	10.6%	10.3%	10.6%	10.7%	10.5%	10.4%	10.3%	10.5%
Common equity tier 1 capital ratio	8.2%	7.5%	8.2%	8.0%	7.9%	7.6%	7.5%	7.9%
Earnings								
Return on equity before tax, annually	1.6%	7.0%	-0.2%	3.4%	3.8%	-3.3%	3.5%	3.6%
Return on equity after tax, annually	1.5%	6.5%	-0.3%	3.3%	4.4%	-3.0%	3.2%	3.6%
Income-cost ratio	1.02	1.11	1.00	1.05	1.05	0.95	1.06	1.05
Cost ratio ²	52.4%	56.1%	57.5%	54.6%	51.2%	68.4%	61.0%	57.5%
Return on assets	0.0%	0.2%	0.0%	0.1%	0.1%	0.0%	0.1%	0.2%
Employees converted to full-time (average)	464.6	510.9	461.3	467.8	473.1	505.7	509.2	500.1
Market risk								
Interest rate risk	-4.1%	-5.8%	-4.1%	-4.6%	-5.1%	-5.3%	-5.8%	-5.1%
Foreign exchange position	0.9%	2.1%	0.9%	0.9%	1.9%	2.2%	2.1%	1.9%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Surplus liquidity in relation to statutory liquidity requirements	134.3%	145.3%	134.3%	121.6%	140.1%	130.1%	145.3%	140.1%
Credit risk								
Loans plus impairment on loans relative to deposits	92.0%	92.6%	92.0%	93.8%	90.8%	95.6%	92.6%	90.8%
Loans relative to equity	9.3	10.0	9.3	9.4	9.5	10.0	10.0	9.5
Growth in loans for the year	-2.1%	-4.6%	-1.9%	-0.2%	-4.0%	-1.0%	-3.0%	-9.4%
Sum of large exposures	38.6%	33.0%	38.6%	37.3%	35.1%	31.8%	33.0%	35.1%
Accumulated impairment ratio	15.7%	16.4%	15.7%	15.5%	15.8%	16.9%	16.4%	15.8%
Impairment ratio for the year	1.1%	0.8%	0.6%	0.5%	0.6%	0.4%	0.4%	1.9%
Vestjysk Bank share ³								
Earnings per share for the year	0.1	0.3	0.0	0.1	0.1	-0.1	0.1	0.3
Book value per share	8.9	8.8	8.9	8.9	8.8	8.7	8.8	8.8
Price of Vestjysk Bank shares, end of the year	8.0	9.9	8.0	9.1	7.8	8.8	9.9	7.8
Share price/book value per share	0.9	1.1	0.9	1.0	0.9	1.0	1.1	0.9

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

2 Operating expenses and operating depreciation and amortisation/core income

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

Management's Review

Financial Review

Income statement

Profit after tax

For H1 2016, the Bank's profit after tax was DKK 10 million, compared with DKK 44 million for H1 2015.

Impairment of loans and receivables, etc. amounted to DKK 216 million in H1 2016, against 171 in H1 2015. The impairment ratio for H1 2016 was 1.1 per cent, against 0.8 per cent in H1 2015. The level remains high compared to the sector average reflecting the large impairment charges due to the depressed and worsened economic situation facing Danish agriculture, with very low price levels for milk and still low price level for pork.

The Bank's core operations are sound, and core earnings of DKK 227 million before impairment is DKK 7 million higher than H1 2015 and is considered satisfactory.

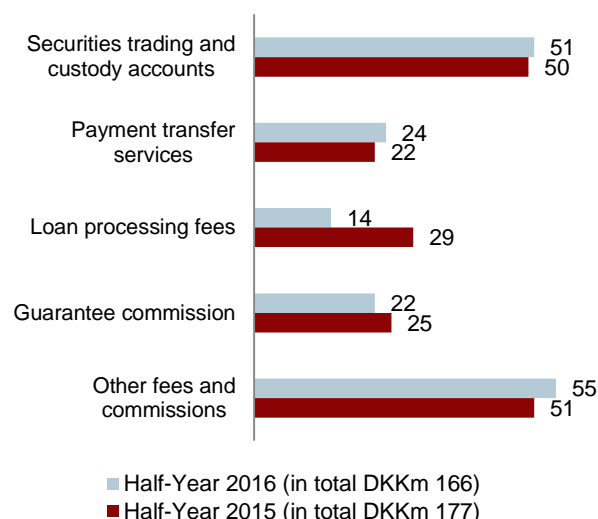
Core income

In H1 2016, Vestjysk Bank realised core income of DKK 477 million, down DKK 22 million compared with H1 2015. The lower core income was mainly due to lower interest income due to lower business volume and lower fee income, whereas H1 2015 had extraordinary high remortgaging activity.

Net interest income shows a drop of DKK 21 million and totalled DKK 295 million in H1 2016, against DKK 316 million in H1 2015. The decline was due to a DKK 54 million drop in interest income due to a lower lending volume and increased price pressure, while the Bank's interest expenses were reduced by DKK 33 million, due to lower deposit rates and lower deposit volume.

Fee and commission income declined from DKK 177 million in H1 2015 to DKK 166 million in H1 2016, corresponding to a drop of 6.6 per cent. The decrease in fee and commission income is exclusively explained by the high remortgaging activity in H1 2015. The distribution is shown in the following figure.

Income from Fees and Commissions (DKKm)



Positive value adjustments represented DKK 24 million in H1 2016, compared with DKK 15 million in H1 2015. The higher value adjustments are primarily due to positive value adjustments on bonds due to the declining interest level and narrowing of the interest spread.

Other operating income amounted to DKK 7 million in H1 2016, against DKK 3 million in H1 2015.

Operating expenses and operating depreciation and amortisation

Total operating expenses, depreciation and amortisation showed a drop of DKK 29 million from DKK 279 million in H1 2015 to DKK 250 million in H1 2016, equalling almost a 11 per cent reduction of expenses. The cost ratio has been reduced with 3.7 percentage points, from 56.1 per cent in H1 2015 to 52.4 per cent in H1 2016.

The lower expenses are attributable to cost cuts realised after the organisational changes in September 2015, see company announcement of 14 September 2015, and the discontinuation of contributions to the Guarantee Fund for Depositors and Investors, to which Vestjysk Bank's contribution in H1 2015 amounted to DKK 21 million.

At the end of 2015, contributions to the Guarantee Fund for Depositors and Investors were replaced by contributions to a new Resolution Fund. Vestjysk Bank's share of

contributions to the new Resolution Fund is expected to amount to DKK 2 million for 2016.

Core earnings before impairment

For H1 2016, the Bank's core earnings before impairment stood at DKK 227 million, compared with DKK 220 million in H1 2015. Adjusted for higher value adjustments, core earnings before impairment for H1 2016 were in line with H1 2015, which is considered satisfactory in a period marked by financial market turbulence and continued low interest rates.

Impairment charges on loans, advances, guarantees etc.

Impairment charges amounted to DKK 216 million, net in H1 2016, compared to 171 million in H1 2015. The impairment ratio for H1 2016 was 1.1 per cent, against 0.8 per cent in H1 2015. The level of impairment is still unsatisfying high and higher than the sector average, reflecting the large impairment charges due to the depressed and worsened economic situation facing Danish agriculture, with very low price levels for especially milk but also pork. In H1 2016 the agricultural sectors share of the banks impairment charges amounted to 85 per cent.

Milk and pork prices were historically low throughout 2015 and H1 2016. No improvement seems likely for milk for the foreseeable future. Pork prices have lately shown an improved development, but are still at a low level and there are still uncertainties about the future development in prices. The Bank is closely monitoring developments in the agricultural sector and will continue to incorporate the consequences of any changes in the calculation of impairment.

Agriculture is still a large factor in the sector diversification of the Bank's business loans, and as a result of the unfavourable market conditions that the sector has experienced in recent years, agriculture also accounts for the largest share of the Bank's accumulated impairment writedowns: 42 per cent or DKK 1.3 billion. The Bank has thus written down approximately 31 per cent of its gross lending to the agricultural sector.

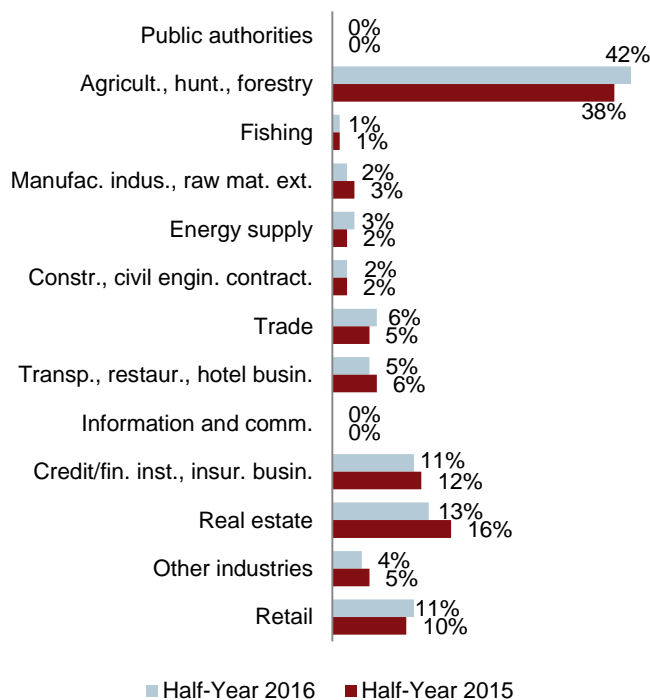
The process of adjusting the Bank's involvement in the real estate sector continues, as the Bank focuses on weeding out unprofitable real estate exposures. For some of these

property commitments, we are seeing a favourable trend with operating profits and sufficient liquidity to service debt. As a result, the Bank has reduced its exposure to this sector, and the Bank's customers have sold assets at acceptable prices.

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

The Bank's accumulated impairment ratio at the end of June 2016 stood at 15.7 per cent, compared with 16.4 per cent at the end of June 2015.

Accumulated Impairments and Provisions by Industry Segment at 30 June 2016



Management's Review

Financial Review

Statement of financial position

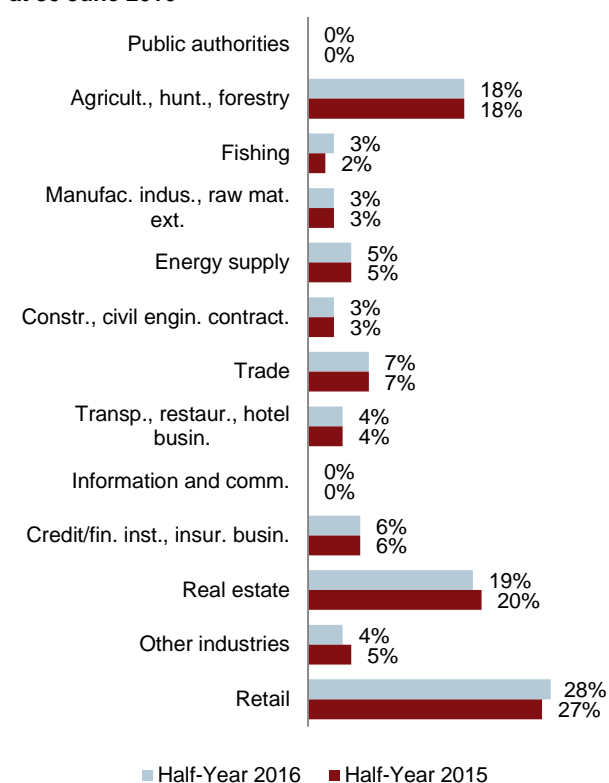
Vestjysk Bank's balance sheet amounted to DKK 20.6 billion at 30 June 2016, against DKK 22.1 billion at 30 June 2015. The Bank has succeeded in the planned trimming of its balance sheet, primarily by reducing lending. Based on its liquidity and funding situation, the Bank will now aim to maintain the current business volume.

Loans

At 30 June 2016, Vestjysk Bank's net lending amounted to DKK 13.1 billion, against DKK 14.0 billion at 30 June 2015.

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

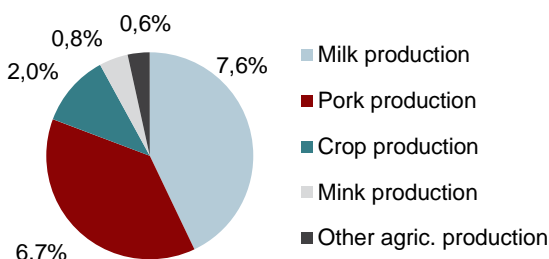
Loans and Guarantees by Industry Segment at 30 June 2016



It is a positive development that loans to retail customers continue to rise, accounting for 28 per cent of the Bank's net loans and guarantees at 30 June 2016. At 30 June 2015, retail customers accounted for 27 per cent of the Bank's net loans and guarantees. The Bank is working on further increasing the retail customer segment as a business area.

Agriculture remains an important strategic business area in which the Bank has considerable experience. In isolated terms, at 30 June 2016 the Bank's exposure to agriculture accounted for 17.7 per cent of its total loans and guarantees and was distributed across the various production branches as shown in the figure below.

Agricultural Commitments' Share of Loans and Guarantees by Production Branches at 30 June 2016



Large exposures

The sum of large exposures, constituting 10 per cent or more of total capital, amounted to 38.6 per cent of total capital at 30 June 2016, distributed on two exposures.

Difference between deposits and loans

Vestjysk Bank's deposits including pooled schemes amounted to DKK 17.5 billion at 30 June 2016, against DKK 18.8 billion at 30 June 2015.

As a result of the positive development since 2012 between deposits and loans, the Bank had a deposit surplus at 30 June 2016 of DKK 4.4 billion, against DKK 4.8 at 30 June 2015.

Business volume

Vestjysk Bank's business volume – total deposits, loans and contingent liabilities – amounted to DKK 33.7 billion at 30 June 2016, against DKK 36.2 billion at 30 June 2015. The change in business volume was due to decreases in both loans and deposits.

Capital and liquidity

Equity

Vestjysk Bank's equity stood at DKK 1,411 million at 30 June 2016, against DKK 1,403 million at 30 June 2015. The development in equity since 1 January 2015 is detailed in the statement of changes in equity.

Subordinated debt

The Bank's subordinated debt stood at DKK 816 million at 30 June 2016, of which state-funded additional tier 1 capital under Bank Package II totalled DKK 312 million. This capital carries interest at 9.561 per cent.

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

Solvency

Solvency-related total capital amounted to DKK 2,028 million at 30 June 2016 which, relative to the total risk exposure of DKK 16,236 million, gives a total capital ratio of 12.5 per cent. At 30 June 2015, the Bank's total capital ratio was also 12.5 per cent.

The minimum total capital ratio requirement for continued banking operations is 8.0 per cent, which for Vestjysk Bank equals DKK 1,299 million at 30 June 2016. Based on the Bank's current financial position, this requirement is met with a surplus of 4.5 percentage points, or DKK 729 million.

Solvency-related adequate total capital amounted to DKK 1,733 million at 30 June 2016 which, relative to the total risk exposure of DKK 16,236 million, gives an individual solvency need of 10.7 per cent, corresponding to a solvency need supplement of 2.7 percentage points in addition to the minimum requirement. Relative to the DKK 2,028 million

total capital, the surplus solvency was 1.8 percentage points or DKK 295 million at 30 June 2016.

Common equity tier 1 capital

The Bank's common equity tier 1 capital totalled DKK 1,328 million at 30 June 2016 which, relative to the total risk exposure of DKK 16,236 million, gives a common equity tier 1 capital ratio of 8.2 per cent, against 7.5 per cent at 30 June 2015. The Bank's tier 1 capital ratio was 10.6 per cent at 30 June 2016, compared to 10.3 per cent at 30 June 2015.

The minimum common equity tier 1 capital ratio requirement for continued banking operations is 4.5 per cent, which for Vestjysk Bank equals DKK 730 million at 30 June 2016. Based on the Bank's current financial position, this requirement is met with a surplus of 3.7 percentage points, or DKK 598 million.

In relation to the Bank's common equity tier 1 capital, the aggregate capital requirement is 7.0 per cent, or DKK 1,135 million, compared to the Bank's common equity tier 1 capital of DKK 1,328 million. The difference between these two amounts constitutes the Bank's surplus common equity tier 1 capital of 1.2 percentage point, or DKK 193 million at 30 June 2016. At 30 June 2015, the surplus common equity tier 1 capital amounted to DKK 84 million.

Management is continuously considering measures to strengthen its common equity tier 1 capital. The surplus was improved by DKK 72 million during H1 2016, primarily through the Bank's earnings and lower weighted risk exposures. The surplus is still tenuous, however, and the Bank is aware of the fact that this may lead to the need for a capital conservation plan and, if the operating results deteriorate compared to the expected, an actual recovery plan. Such plans would require the FSA's approval.

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

Management's Review

Financial Review

Liquidity

Vestjysk Bank's liquidity position remains good with surplus liquidity of 134 per cent and a deposit surplus in excess of DKK 4.4 billion.

At 30 June 2016, the Bank's Liquidity Coverage Ratio (LCR) stood at 343 per cent, relative to the LCR ratio requirement of 70 per cent.

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

Share capital

Vestjysk Bank's share capital totalled DKK 151 million at 30 June 2016. The share capital consists of 151,008,121 shares with a nominal value of DKK 1 each.

Vestjysk Bank has some 39,000 registered shareholders. The Danish State holds 121,736,671 shares, corresponding to a stake of 80.62 per cent. Additionally, the Financial Stability Company, which is wholly owned by the Danish State, holds 1,291,222 shares in Vestjysk Bank, corresponding to a stake of 0.86 per cent. Including this stake, the Danish State holds 81.48 per cent of the share capital and voting rights in Vestjysk Bank. After the Danish State, the ten largest shareholders hold 3.27 percent of Vestjysk Bank's share capital.

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

The Financial Supervisory Authority's Supervisory Diamond

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

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

Realised values at 30 June 2016

Supervisory Diamond Benchmarks	Realised values
Sum of large exposures (< 125%)	38.6%
Growth in loans (< 20%)	-7.0%
Real estate exposure (< 25%)	18.2%
Funding ratio (< 1)	0.66
Liquidity surplus (> 50%)	134.3%

Other matters

Related parties

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

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

EU Commission

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

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

Management is not aware of any requirements to be set out by the EU Commission that the Bank is currently not able to

meet. The importance of settling the issue of final approval is highlighted by the fact that, ultimately, the Bank may find itself in a situation where the question regarding the potential repayment of state aid might become relevant.

Action plan 2016

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

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

Execution of the plan is monitored closely by Management and the development in H1 2016 is evaluated to be within the plan.

Outlook for 2016

Given an unchanged economic climate, the Bank's total business volume is expected, to have the capacity to generate core earnings before impairment at the upper end of DKK 350 to 400 million. Assuming an unchanged economic climate, Management expects that impairment writedowns can be absorbed into the Bank's core earnings, leading to a result at the same level as 2015. This will ensure a continuing bank with an appropriate business platform and the possibility of achieving a more adequate capital structure.

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

2016 Financial Calendar

23 November Quarterly report for Q1-Q3

Management's Statement

The Bank's Board of Directors and Executive Board have today considered and approved the Half-Year Report for the period from 1 January to 30 June 2016 of Vestjysk Bank A/S.

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

In our opinion, the accounting policies applied are appropriate and the financial statements present a true and fair view of the Company's assets and liabilities and financial position as at 30 June 2016, and of the results of the Bank's activities for the reporting period from 1 January to 30 June 2016.

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

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

The present Half-Year Report has not been audited or reviewed.

Lemvig, Denmark, 24 August 2016

Executive Board

.....
Jan Ulsø Madsen
Chief Executive Officer

.....
Michael Nelander Petersen
Managing Director

Board of Directors

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

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

.....
Anders Bech

.....
Bent Simonsen

.....
Jens Erik Christensen

.....
Karina Boldsen

.....
Jacob Møllgaard

.....
Malene Rønø

.....
Palle Hoffmann

Financial Statements

Statements of Income and Comprehensive Income

Note	H1 2016 DKK'000	H1 2015 DKK'000	Q2 2016 DKK'000	Q2 2015 DKK'000	FY 2015 DKK'000	
Statement of Income						
2	Interest income	395,908	449,465	196,988	225,230	888,693
3	Interest expenses	100,777	133,724	47,967	60,956	244,558
	Net interest income	295,131	315,741	149,021	164,274	644,135
	Dividends on shares etc.	3,243	2,314	3,070	1,415	2,397
4	Income from fees and commissions	165,646	177,383	81,418	88,212	339,645
	Fees and commissions paid	18,059	14,754	10,950	7,981	34,955
	Net interest and fee income	445,961	480,684	222,559	245,920	951,222
5	Value adjustments	23,497	15,373	16,209	-15,454	16,617
6	Other operating income	7,118	3,204	5,991	944	21,012
7	Staff costs and administrative expenses	242,940	253,409	120,056	127,944	513,185
	Depreciation, amortisation and impairment losses; on tangible and intangible assets	5,162	5,817	2,599	2,784	12,979
8	Other operating expenses	1,600	20,870	552	10,449	42,681
9	Impairment of loans and receivables, etc.	215,890	170,953	122,379	77,884	370,062
	Profit before tax	10,984	48,212	-827	12,349	49,944
	Tax	607	3,728	319	1,220	521
	Profit after tax	10,377	44,484	-1,146	11,129	49,423
Statement of Comprehensive Income						
	Profit/loss after tax	10,377	44,484	-1,146	11,129	49,423
	Other comprehensive income:					
	Change in the value of owner-occupied properties	0	0	0	0	-409
	Changes in the value of pension obligations	0	0	0	0	-248
	Other comprehensive income after tax	0	0	0	0	-657
	Total comprehensive income	10,377	44,484	-1,146	11,129	48,766

Financial Statements

Statement of Financial Position

Note	30 June 2016 DKK'000	30 June 2015 DKK'000	31 Dec 2015 DKK'000
Assets			
	542,400	1,094,962	393,127
	449,564	283,274	373,257
	13,050,653	14,035,085	13,337,021
	3,453,280	3,794,139	4,014,258
	179,586	170,918	179,255
	2,163,386	1,977,752	2,108,604
10	3,741	5,237	4,489
	320,138	366,821	352,431
11	0	0	29,900
12	320,138	366,821	322,531
	2,903	5,844	4,378
	4,995	2,781	5,482
	2,935	3,635	3,635
13	325,774	344,987	319,852
	57,883	17,523	18,267
Assets total	20,557,238	22,102,958	21,114,056

Financial Statements

Statement of Financial Position

Note	30 June 2016 DKK'000	30 June 2015 DKK'000	31 Dec 2015 DKK'000
Equity and liabilities			
Debts			
	488,705	465,990	326,710
	15,299,627	16,843,676	15,981,237
	2,163,386	1,977,752	2,108,604
14 Other liabilities	345,182	372,602	340,151
	12	12,466	25
Debts, total	18,296,912	19,672,486	18,756,727
Provisions			
	21,075	22,042	21,520
	10,501	11,991	9,936
	2,577	16,055	7,219
Provisions, total	34,153	50,088	38,675
15 Subordinated debt	815,638	977,316	914,920
Equity			
16 Share capital	151,008	151,008	151,008
	52,543	57,526	52,543
	551,600	551,600	551,600
	580,384	567,934	573,583
Shareholder equity, total	1,335,535	1,328,068	1,328,734
Additional tier 1 capital holders	75,000	75,000	75,000
Equity, total	1,410,535	1,403,068	1,403,734
Equity and liabilities, total	20,557,238	22,102,958	21,114,056
Items not recognised in the statement of financial position			
17 Contingent liabilities	3,142,937	3,383,328	3,212,734
Other commitments	58,535	56,679	51,235
Items not recognised in the statement of financial position, total	3,201,472	3,440,007	3,263,969

Financial Statements

Statement of Changes in Equity

DKK'000	Share capital	Revaluation reserves	Reserves provided for in the Bank's Articles of Association	Retained earnings	Total	Additional tier 1 capital*)	Equity, total
Equity, 1 January 2016	151,008	52,543	551,600	573,583	1,328,734	75,000	1,403,734
Comprehensive income for the period				6,802	6,802	3,575	10,377
Interest on additional tier 1 capital					0	-3,575	-3,575
Additions relating to sale of own shares				7,902	7,902		7,902
Disposals relating to purchase of own shares				-7,903	-7,903		-7,903
Equity, 30 June 2016	151,008	52,543	551,600	580,384	1,335,535	75,000	1,410,535
Equity, 1 January 2015	151,008	57,526	551,600	527,008	1,287,142	75,000	1,362,142
Comprehensive income for the period				40,928	40,928	3,556	44,484
Interest on additional tier 1 capital					0	-3,556	-3,556
Additions relating to sale of own shares				11,354	11,354		11,354
Disposals relating to purchase of own shares				-11,356	-11,356		-11,356
Equity, 30 June 2015	151,008	57,526	551,600	567,934	1,328,068	75,000	1,403,068
Equity, 1 January 2015	151,008	57,526	551,600	527,008	1,287,142	75,000	1,362,142
Comprehensive income for the period		-409		42,004	41,595	7,171	48,766
Interest on additional tier 1 capital					0	-7,171	-7,171
Additions relating to sale of own shares				21,916	21,916		21,916
Disposals relating to purchase of own shares				-21,919	-21,919		-21,919
Transferred to retained earnings		-4,574		4,574	0		0
Equity, 31 December 2015	151,008	52,543	551,600	573,583	1,328,734	75,000	1,403,734

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

Overview of notes to the financial statements

- | | | | |
|----|---|----|---|
| 1 | Accounting policies | 22 | Credit exposure |
| 2 | Interest income | 23 | Collateral |
| 3 | Interest expenses | 24 | Loans and guarantees, by industry segments |
| 4 | Income from fees and commissions | 25 | Credit quality of loans and guarantee debtors not delinquent and for which impairment charges/provisions have not been made |
| 5 | Value adjustments | 26 | Overdue receivables on loans that have not been written down, by industry segment |
| 6 | Other operating income | 27 | Distribution of gross loan and guarantee debtors, individually impaired, by cause |
| 7 | Staff costs and administrative expenses | 28 | Distribution by industry segment of loan and guarantee debtors, individually impaired |
| 8 | Other operating expenses | 29 | Collateral for loan and guarantee debtors, individually impaired, by types of collateral |
| 9 | Impairment of loans and provisions for guarantees, etc. | 30 | Hedge accounting |
| 10 | Intangible assets | 31 | Derivative financial instruments |
| 11 | Investment property | 32 | Interest rate risk |
| 12 | Owner-occupied property | 33 | Foreign exchange risk |
| 13 | Other assets | 34 | Share risk |
| 14 | Other equity and liabilities | 35 | Liquidity risk |
| 15 | Subordinated debt | 36 | Other risks |
| 16 | Share capital | 37 | Pending litigation |
| 17 | Contingent liabilities | 38 | Financial highlights |
| 18 | Capital requirements | | |
| 19 | Security pledged | | |
| 20 | Fair value of financial assets and liabilities | | |
| 21 | Risks and risk management | | |

Financial Statements

Notes

note

1 Accounting policies

Vestjysk Bank's Half-Year report for 1 January - 30 June 2016 is presented in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's executive order on financial reporting for credit institutions and investment companies, et al. as well as the disclosure requirements for listed companies issued by NASDAQ OMX Copenhagen A/S.

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

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

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

	H1 2016	H1 2015	FY 2015
	DKK'000	DKK'000	DKK'000
2 Interest income			
Receivables from credit institutions and central banks	553	850	1,925
Loans and other receivables	386,791	436,240	862,145
Bonds	5,087	7,945	14,997
Other interest income	1	2	6
Derivative financial instruments	3,476	4,428	9,620
Total	395,908	449,465	888,693
There is no interest income originating from reverse repo transactions.			
3 Interest expenses			
Credit institutions and central banks	143	715	807
Deposits and other debt	67,521	97,590	173,137
Subordinated debt	33,057	35,359	70,554
Other interest expenses	56	60	60
Total	100,777	133,724	244,558
There is no interest expense originating from repo transactions.			
4 Income from fees and commissions			
Securities trading and custody services	50,606	49,974	101,194
Payment services	24,434	21,861	45,618
Loan processing fees	14,322	28,810	45,014
Guarantee commission	21,738	25,677	48,747
Other fees and commissions	54,546	51,061	99,072
Total	165,646	177,383	339,645

note	H1 2016 DKK'000	H1 2015 DKK'000	FY 2015 DKK'000
5 Value adjustments			
Bonds	24,502	2,557	-8,490
Shares, etc.	-3,710	6,200	8,051
Investment property	0	0	6,313
Foreign currency	7,134	716	6,786
Foreign exchange, interest rate, equity, commodity, and other contracts as well as derivative financial instruments	-11,645	4,268	-2,891
Assets related to pooled schemes	-19,052	144,888	160,750
Deposits with pooled schemes	19,052	-144,888	-160,750
Other assets	176	-2,955	-3,933
Other liabilities	7,040	4,587	10,781
Total	23,497	15,373	16,617
6 Other operating income			
Gains on sale of property, plant and equipment	348	228	2,237
Other income	6,770	2,976	18,775
Total	7,118	3,204	21,012
7 Staff costs and administrative expenses			
Salaries and remuneration for the Board of Directors and Executive Board	3,982	3,577	7,239
Staff costs	150,114	161,731	329,247
Other administrative expenses	88,844	88,101	176,699
Total	242,940	253,409	513,185
Salaries and remuneration of the Board of Directors and Executive Board and major risk takers			
Board of Directors			
Fixed remuneration	825	825	1,650
Total	825	825	1,650
Executive Board			
Contractual remuneration	3,017	2,602	5,299
Pension	140	150	290
Total	3,157	2,752	5,589

Financial Statements

Notes

Note	H1 2016 DKK'000	H1 2015 DKK'000	FY 2015 DKK'000
7 Staff costs and administrative expenses (continued)			
Value of benefits	102	103	216
With reference to the terms and conditions for participation in Bank Package II, please note that in the calculation of taxable income, remuneration of the Executive Board was deducted for tax purposes in the amount of	1,630	1,428	2,903
No agreements have been concluded concerning bonus plans, incentive programmes or similar compensation plans.			
The Bank is exempt from all pension obligations in respect of the departure of members of the Executive Board, whether as a result of age, illness, disability or any other reason.			
Staff costs			
Wages and salaries	117,002	127,621	260,758
Pensions	14,135	15,358	30,757
Expenses relating to social security contributions, payroll tax etc.	18,977	18,752	37,732
Total	150,114	161,731	329,247
8 Other operating expenses			
Contributions to the Guarantee Fund for Depositors and Investors	762	20,771	42,294
Other expenses	838	99	387
Total	1,600	20,870	42,681
9 Impairment of loans and provisions for guarantees, etc.			
Individual impairment of loans			
Individual impairment of loans and other receivables, beginning of the reporting period	2,997,232	3,423,412	3,423,412
Impairment charges for the period	304,341	306,789	501,758
Reversal of impairment charges in prior financial years	-108,501	-102,913	-143,534
Other movements	42,495	47,354	81,415
Previously individually impaired, now written off	-330,150	-363,589	-865,819
Individual impairment of loans and other receivables, end of the reporting period	2,905,417	3,311,053	2,997,232
Impact on financial income statement	195,840	203,876	358,224
Collective impairment of loans			
Collective impairment of loans and other receivables, beginning of the reporting period	93,712	116,069	116,069
Impairment charges for the period	27,014	27,616	42,766
Reversal of impairment charges in prior financial years	-14,359	-62,752	-68,700
Other movements	2,300	1,831	3,577
Collective impairment of loans and other receivables, end of the reporting period	108,667	82,764	93,712
Impact on financial income statement	12,655	-35,136	-25,934

note	H1 2016 DKK'000	H1 2015 DKK'000	FY 2015 DKK'000
9			
Impairment of loans and provisions for guarantees, etc. (continued)			
Impairment of loans, total			
Impairment of loans and other receivables, beginning of the reporting period	3,090,944	3,539,481	3,539,481
Impairment charges for the period	331,355	334,405	544,524
Reversal of impairment charges in prior financial years	-122,860	-165,665	-212,234
Other movements	44,795	49,185	84,992
Previously individually impaired, now written off	-330,150	-363,589	-865,819
Impairment of loans and other receivables, end of the reporting period	3,014,084	3,393,817	3,090,944
Impact on financial income statement	208,495	168,740	332,290
Provisions for losses on guarantees and unused credit commitments			
Provisions for losses on guarantees and unused credit commitments, beginning of the reporting period	17,155	24,903	24,903
Provisions for the period	4,986	8,975	11,034
Reversal of provisions in prior financial years	-9,064	-5,832	-18,782
Provisions for losses on guarantees and unused credit commitments, end of the reporting period	13,077	28,046	17,155
Impact on financial income statement	-4,078	3,143	-7,748
Accumulated impairment ratio	15,7%	16,4%	15,8%
Receivables for which accrual of interest has been discontinued, end of the reporting period	1,353,794	1,685,207	1,361,082
Total impairment charge thereon	1,016,605	1,197,312	991,083
Receivables for which accrual of interest has been discontinued, as a percentage of loans before impairment	8.4%	9.7%	8.3%
Impact on operations, total	204,417	171,883	324,542
Loans with no prior individual impairment/provisions, written off	15,850	5,627	55,816
Recovered on previously written-off debts	-4,377	-6,557	-10,296
Impairment of loans and guarantee debtors, etc., total	215,890	170,953	370,062
Interest income on impaired loans is offset against impairment in the amount of	44,795	49,185	84,992

Financial Statements

Notes

Note	30 June 2016 DKK'000	30 June 2015 DKK'000	31 Dec 2015 DKK'000
10 Intangible assets			
Customer relationships			
Total acquisition cost, beginning of the reporting period	14,964	14,964	14,964
Total acquisition cost, end of the reporting period	14,964	14,964	14,964
Depreciation and impairment, beginning of the reporting period	10,475	8,978	8,978
Depreciation and impairment for the period	748	749	1,497
Depreciation and impairment, end of the reporting period	11,223	9,727	10,475
Recognised holding, end of the reporting period	3,741	5,237	4,489
11 Investment property			
Fair value, beginning of the reporting period	29,900	0	0
Transferred from owner-occupied property	0	0	23,587
Disposals	29,900	0	0
Fair value adjustment for the reporting period	0	0	6,313
Fair value at the end of the reporting period	0	0	29,900
12 Owner-occupied property			
Revalued amount, beginning of the period	322,531	369,721	369,721
Additions	434	0	870
Disposals	0	0	40,048
Depreciations	2,827	2,900	6,080
Changes in value recognised in other comprehensive income	0	0	-409
Changes in value recognised in the statement of income	0	0	-1,523
Revalued amount, end of the period	320,138	366,821	322,531
External valuation experts have been involved in measuring the most important owner-occupied properties.			
13 Other assets			
Positive market value of derivative financial instruments	56,069	97,202	66,534
Interest and commission receivable	3,523	41,073	51,397
Investments in BEC	179,081	175,815	175,815
Other assets	87,101	30,897	26,106
Total	325,774	344,987	319,852
14 Other liabilities			
Negative market value of derivative financial instruments	60,853	62,270	50,420
Various creditors	195,492	191,648	243,640
Interest and commission payable	66,870	96,767	10,389
Other liabilities	21,967	21,917	35,702
Total	345,182	372,602	340,151

note	30 June 2016 DKK'000	30 June 2015 DKK'000	31 Dec 2015 DKK'000
15 Subordinated debt			
Tier 2 capital	353,884	522,008	453,893
A nominal DKK 200 million will fall due on 28 June 2020 with an option for early repayment on 28 June 2017 subject to the Financial Supervisory Authority's approval. The capital accrues interest at 9.500% with no step-up clause. The capital meets the conditions of CRR/CRV IV.			
A nominal DKK 150 million will fall due on 1 September 2022 with an option for early repayment on 1 September 2019 subject to the Financial Supervisory Authority's approval. The capital accrues interest at 7.385% with no step-up clause. The capital meets the conditions of CRR/CRV IV.			
Total	353,884	522,008	453,893
Additional tier 1 capital			
Additional tier 1 capital of DKK 100 million.	100,000	101,431	100,000
The capital accrues interest at a floating rate of 2.4175%. There is an option of early repayment, subject to the approval of the Danish Financial Supervisory Authority, at par, at any interest payment date with 30 calendar days' notice. The capital does not meet the conditions of CRR/CRV IV.			
Additional tier 1 capital of DKK 50 million.	50,000	50,000	50,000
The capital accrues interest at a fixed 2.733%. There is no due date. The capital does not meet the conditions of CRR/CRV IV.			
Additional tier 1 capital of DKK 287.6 million.	311,754	303,877	311,027
The capital accrues interest at a fixed 9.561%. There is no due date. There is an option of early repayment, subject to the approval of the Danish Financial Supervisory Authority, at a price of DKK 110. Premiums are recognised and amortised according to their expected repayment date. The capital does not meet the conditions of CRR/CRV IV, but is included in the Bank's total capital under the transitional provisions.			
Total	461,754	455,308	461,027
Subordinated debt, total	815,638	977,316	914,920
Charged as an expense under interest expenses/subordinated debt:			
Interest expenses	31,869	35,083	69,933
Costs related to repayment and incurrence	141	141	283
Value adjustments, etc.	1,047	135	338
Total	33,057	35,359	70,554
Subordinated debt that can be included in the total capital	624,571	804,275	696,118

Financial Statements

Notes

Note	30 June 2016 DKK'000	30 June 2015 DKK'000	31 Dec 2015 DKK'000
16 Share capital			
Share capital, beginning of the period	151,008	151,008	151,008
Number of shares (units)	151,008,121 of DKK1	151,008,121 of DKK1	151,008,121 of DKK1
Number of own shares, beginning of the period			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.1%	0.1%	0.1%
Additions			
Purchase of own shares (thousands)	942	1,190	2,355
Nominal value DKK'000	942	1,190	2,355
Percentage of the share capital	0.6%	0.8%	1.6%
Total purchase price DKK'000	7,903	11,356	21,919
Disposals			
Sold own shares (thousands)	942	1,190	2,355
Nominal value DKK'000	942	1,190	2,355
Percentage of the share capital	0.6%	0.8%	1.6%
Total selling price DKK'000	7,902	11,354	21,916
Number of own shares, end of the period			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.1%	0.1%	0.1%
Own shares are intermediated, purchased and sold through the securities exchange as part of Vestjysk Bank's normal customer banking transactions. The Bank is not a direct counterparty in such transactions.			
Vestjysk Bank has a constant holding of own shares. The Bank receives state-funded additional tier 1 capital and issues bonds under the individual government guarantee and is therefore not allowed to pay out dividends.			
17 Contingent liabilities			
Guarantees			
Financial guarantees	395,416	529,582	441,403
Loss guarantees on mortgage loans	1,848,698	1,801,387	1,868,648
Other contingent liabilities	898,823	1,052,359	902,683
Total	3,142,937	3,383,328	3,212,734
'Other contingent liabilities' include, among other things, performance bonds, delivery guarantees as well as provisions of indemnity in relation to the Danish Guarantee Fund for Depositors and Investors, etc.			
Other commitments			
Irreversible credit commitments	34,543	30,170	25,760
Other liabilities	23,992	26,509	25,475
Total	58,535	56,679	51,235

Note	30 June 2016 DKK'000	30 June 2015 DKK'000	31 Dec 2015 DKK'000
18 Capital requirements			
Shareholders Equity	1,335,535	1,328,068	1,328,734
Intangible assets	-3,741	-5,237	-4,489
Prudent valuation	-3,593	-3,968	-4,151
Common equity tier 1 capital	1,328,201	1,318,863	1,320,094
Additional tier 1 capital	386,754	489,179	436,027
Tier 1 capital	1,714,955	1,808,042	1,756,121
Tier 2 capital	312,817	390,096	335,091
Total capital	2,027,772	2,198,138	2,091,212
Total risk exposure	16,235,642	17,597,857	16,738,717
Common equity tier 1 capital ratio	8.2%	7.5%	7.9%
Tier 1 capital ratio	10.6%	10.3%	10.5%
Total capital ratio	12.5%	12.5%	12.5%
19 Security pledged			
Credit institutions:			
Margin accounts pledged as security in relation to financial derivatives	40,879	27,256	31,132
Deposited in the Danish Growth Fund	457	458	457
Other accounts pledged as security	10,000	0	10,000
Bonds:			
Pledged as security for credit facility with Danmarks Nationalbank			
Total nominal value	1,273,799	1,188,756	1,387,194
Total market value	1,274,911	1,193,993	1,379,272

Financial Statements

Notes

Note

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

Financial assets and liabilities are measured in the statement of financial position at their fair value or at amortised cost. Fair value is the amount for which a financial asset can be traded or a financial liability settled between parties in an arm's-length transaction.

For financial instruments measured at fair value, three levels of valuation categories are used:

Level 1: Listed prices in an active market for identical assets or liabilities.

Level 2: Valuation model based primarily on observable market data.

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

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

For listed shares and bonds, the fair value is determined as the officially listed price at the reporting date. For unlisted shares in the form of shares in sector-held enterprises where the shares are redistributed, the distribution is considered to constitute the primary market for the shares. The fair value is determined as the redistribution price and the shares are part of the level 2 category (observable prices). For other unlisted shares in sector-held enterprises, with no observable market data, the valuation is involving estimates, based on financial reports from the enterprise, previous trading of shares in the enterprise and input from qualified external party. A change of 10 percent in the market value of sector-held enterprises in level 3 will result in an income and equity impact before tax of DKK 9.0 million.

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

Impairment of loans and advances is assessed to correspond to changes in credit quality. The difference relative to fair values is computed as received fees and commissions, interest receivable, not falling due until after the end of the financial reporting period, and, for fixed-rate loans, interest rate-dependent value adjustments. If the loan portfolio is transferred in full or in part, the fair value will be lower.

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

Issued bonds and subordinated debt are measured at amortised cost. The difference between the carrying amount and the fair value is assessed to be interest payable not falling due until after the end of the financial reporting period as well as costs and premiums amortised over the term of the loan and for fixed-rate debt securities in issue, also interest rate-dependent value adjustments.

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

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

Note

20	Fair value of financial assets and liabilities (continued)				
30 June 2016 (DKK'000)	Carrying amount	Fair value	Listed prices Level 1	Observable prices Level 2	Non-observable prices Level 3
Financial assets					
Cash on hand and demand deposits with central banks	542,400	542,400	81,519	460,881	0
Receivables from credit institutions and central banks	449,564	449,564	0	449,564	0
Loans at amortised cost	13,050,653	13,074,279	0	0	13,074,279
Bonds at fair value	3,453,280	3,453,280	3,375,320	77,960	0
Shares, etc.	178,570	178,570	23,199	61,037	94,334
Assets related to pooled schemes	2,163,386	2,163,386	2,163,386	0	0
Derivative financial instruments	56,069	56,069	0	56,069	0
Total	19,893,922	19,917,548	5,643,424	1,105,511	13,168,613
Financial liabilities					
Debts to credit institutions and central banks	488,705	488,705	0	488,705	0
Deposits	15,299,627	15,358,764	0	0	15,358,764
Deposits in pooled schemes	2,163,386	2,163,386	0	0	2,163,386
Subordinated debt	815,638	793,673	0	0	793,673
Derivative financial instruments	60,853	60,853	0	60,853	0
Total	18,828,209	18,865,381	0	549,558	18,315,823
Shares measured at fair value based on non-observable inputs (Level 3)					
Carrying amount, beginning of the period					92,021
Additions					214
Disposals					0
Value adjustment					2,099
Value, end of the period					94,334
Period's value adjustments relating to financial assets in the portfolio, total					2,397

Financial Statements

Notes

Note

20	Fair value of financial assets and liabilities (continued)				
30 June 2015 (DKK'000)	Carrying amount	Fair value	Listed Prices Level 1	Observable prices Level 2	Non-observable prices Level 3
Financial assets					
Cash on hand and demand deposits with central banks	1,094,962	1,094,962	91,465	1,003,497	0
Receivables from credit institutions and central banks	283,274	283,269	0	283,269	0
Loans at amortised cost	14,035,085	14,055,663	0	0	14,055,663
Bonds at fair value	3,794,139	3,794,139	3,770,629	23,510	0
Shares, etc.	169,858	169,858	13,907	65,884	90,067
Assets related to pooled schemes	1,977,752	1,977,752	1,977,752	0	0
Derivative financial instruments	97,202	97,202	0	97,202	0
Total	21,452,272	21,472,845	5,853,753	1,473,362	14,145,730
Financial liabilities					
Debts to credit institutions and central banks	465,990	465,990	0	465,990	0
Deposits	16,843,676	16,918,662	0	0	16,918,662
Deposits in pooled schemes	1,977,752	1,977,752	0	0	1,977,752
Subordinated debt	977,316	970,505	0	0	970,505
Derivative Financial Instruments	62,270	62,270	0	62,270	0
Total	20,327,004	20,395,179	0	528,260	19,866,919
Shares measured at fair value based on non-observable inputs (Level 3)					
Carrying amount, beginning of the period					87,951
Additions					0
Disposals					539
Value adjustment					2,655
Value, end of the period					90,067
Period's value adjustments relating to financial assets in the portfolio, total					2,653

Note

20	Fair value of financial assets and liabilities (continued)				
31 Dec 2015 (DKK'000)	Carrying amount	Fair value	Listed Prices Level 1	Observable prices Level 2	Non-observable prices Level 3
Financial assets					
Cash on hand and demand deposits with central banks	393,127	393,127	91,652	301,475	0
Receivables from credit institutions and central banks	373,257	373,264	0	373,264	0
Loans at amortised cost	13,337,021	13,359,220	0	0	13,359,220
Bonds at fair value	4,014,258	4,014,258	4,000,650	13,608	0
Shares, etc.	178,195	178,195	19,664	66,510	92,021
Assets related to pooled schemes	2,108,604	2,108,604	2,108,604	0	0
Derivative financial instruments	66,534	66,534	0	66,534	0
Total	20,470,996	20,493,202	6,220,570	821,391	13,451,241
Financial liabilities					
Debts to credit institutions and central banks	326,710	326,710	0	326,710	0
Deposits	15,981,237	15,977,118	0	0	15,977,118
Deposits in pooled schemes	2,108,604	2,108,604	0	0	2,108,604
Subordinated debt	914,920	893,761	0	0	893,761
Derivative Financial Instruments	50,420	50,420	0	50,420	0
Total	19,381,891	19,356,613	0	377,130	18,979,483
Shares measured at fair value based on non-observable inputs (Level 3)					
Carrying amount, beginning of the period					87,951
Additions					0
Disposals					2,142
Value adjustment					6,212
Value, end of the period					92,021
Period's value adjustments relating to financial assets in the portfolio, total					4,300

Financial Statements

Notes

Note			
21	Risk and risk management		
	Vestjysk Bank is exposed to various types of risk. These risks as well as the Bank's policies and goals for managing such risks are described in Annual report for 2015:		
22	Credit exposure The Bank's credit exposure is composed of the following assets and items not recognised in the statement of financial position:	30 June 2016 DKK'000	30 June 2015 DKK'000
			31 Dec 2015 DKK'000
	Receivables from central banks	746,882	1,050,237
	Receivables from credit institutions	163,564	235,266
	Bonds	3,453,280	3,794,139
	Loans	16,064,736	17,428,902
	Items not recognised in the statement of financial position		
	Financial guarantees	2,249,273	2,338,802
	Credit commitments	4,830,345	4,915,474
	Total	27,508,080	29,762,820
	Of which recognised in the statement of financial position	20,428,462	21,116,953
	Credit institutions		
	The item 'Receivables from central banks' solely pertains to Danmarks Nationalbank.		
	The item 'Receivables from credit institutions' pertains to receivables from a number of credit institutions located in Denmark and abroad. 'Receivables from Non-Danish credit institutions' is very limited in amount.		
	Receivables from individual institutions in excess of DKK 5 million		
	Credit institutions or their subsidiaries rated, at a minimum, A+	31,459	38,756
	Credit institutions or their subsidiaries rated A or lower	36,824	116,383
	Unrated credit institutions or their subsidiaries	52,000	42,000
	Total	120,283	197,139

Note	30 June 2016 DKK'000	30 June 2015 DKK'000	31 Dec 2015 DKK'000
22 Credit exposure (continued)			
Bonds by rating categories			
AAA	3,299,757	3,316,275	3,701,100
A+ to A-	75,563	0	0
BBB+ to BBB-	0	454,354	299,550
BB+ and lower	0	10,029	0
No rating	77,960	13,481	13,608
Total	3,453,280	3,794,139	4,014,258
Bonds by issuer			
Mortgage-credit bonds	3,192,663	3,637,659	3,805,441
Government bonds	0	0	51,290
Other bonds	260,617	156,480	157,527
Total	3,453,280	3,794,139	4,014,258
Loans, financial guarantees and credit commitments by industry segments			
Public authorities	1	0	0
Business:			
Agriculture, hunting, forestry and fishery	5,139,736	5,271,886	5,094,630
Manufacturing industry and raw material extraction	742,431	789,416	758,895
Energy supply	1,047,445	1,176,271	1,167,371
Construction and civil engineering contractors	719,933	831,298	730,206
Trade	1,758,304	1,834,904	1,818,150
Transportation, hotels and restaurant businesses	921,243	1,068,962	992,570
Information and communication	88,662	88,189	86,723
Credit and financing institutes and insurance businesses	1,238,973	1,340,614	1,246,394
Real estate	3,877,164	4,368,408	4,049,850
Other business	1,117,323	1,300,102	1,223,062
Business, total	16,651,214	18,070,050	17,167,851
Retail	6,493,139	6,613,128	6,456,210
Total	23,144,354	24,683,178	23,624,061

Financial Statements

Notes

Note

23 Collateral

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

For the majority of retail customer exposures it is also the case that the Bank holds a charge in the financed asset—which is the reason the most common types of collateral are mortgages secured in real property and in motor vehicles. The Bank continuously performs assessments of pledged collateral. Valuations are performed based on the fair value of the asset, less the margin for covering costs related to realisation, selling period costs as well as rebates. Some collateral is assessed for precautionary and practical reasons not to have any value; thus the figures listed below should not necessarily be taken to represent the actual value of the collateral.

A number of exposures have higher collaterals than the actual value of the exposure. The excess collaterals are not included in the tables below.

Collateral by type

30 June 2016 (DKK'000)	Mortgages on properties and wind turbines	Right of sub- rogation for mortgages secured in real property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
Business:							
Agriculture, hunting, forestry and fishery	2,533,926	70,994	482,212	70,969	11,188	152,186	3,321,475
Manufacturing industry and raw material extraction	87,263	41,953	230,191	2,268	459	5,016	367,150
Energy supply	528,044	93,825	13,205	75,977	5,630	4,049	720,730
Construction and civil engineering contractors	147,272	41,430	123,366	7,741	4,623	8,095	332,527
Trade	167,585	95,637	453,540	19,474	6,476	33,816	776,528
Transportation, hotels and restaurant businesses	211,727	201,924	155,352	13,228	39	14,881	597,151
Information and communication	20,997	7,997	10,291	1,294	584	417	41,580
Credit and financing institutes and insurance businesses	376,758	14,798	2,479	187,262	13,001	37,283	631,581
Real estate	2,433,297	447,841	4,854	161,511	55,730	58,496	3,161,729
Other business	200,580	97,907	99,155	27,446	31,207	6,947	463,242
Business, total	6,707,449	1,114,306	1,574,645	567,170	128,937	321,186	10,413,693
Retail	2,157,603	936,990	179,775	233,551	85,921	43,779	3,637,619
Total	8,865,052	2,051,296	1,754,420	800,721	214,858	364,965	14,051,312

Note

23	Collateral (continued)							
30 June 2015	(DKK'000)	Mortgages on properties and wind turbines	Right of subro- gation for mortgages secured in real property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
	Business:							
	Agriculture, hunting, forestry and fishery	2,631,665	65,843	372,563	73,815	16,197	135,907	3,295,990
	Manufacturing industry and raw material extraction	86,637	39,247	221,395	4,917	2,321	28,905	383,422
	Energy supply	628,940	101,103	34,216	112,652	3,598	6,160	886,669
	Construction and civil engineering contractors	129,715	35,530	110,960	8,222	45,322	12,980	342,729
	Trade	165,988	89,267	473,572	22,398	13,162	36,841	801,228
	Transportation, hotels and restaurant businesses	209,077	225,857	172,517	11,347	440	18,106	637,344
	Information and communication	19,363	2,654	11,093	1,527	582	0	35,219
	Credit and financing institutes and insurance businesses	479,069	14,130	1,957	210,378	13,752	34,002	753,288
	Real estate	2,522,176	515,035	6,489	171,744	64,587	73,814	3,353,845
	Other business	250,467	89,835	107,986	33,847	43,527	6,509	532,171
	Business, total	7,123,097	1,178,501	1,512,748	650,847	203,488	353,224	11,021,905
	Retail	2,089,633	560,960	181,183	274,548	100,008	39,669	3,246,001
	Total	9,212,730	1,739,461	1,693,931	925,395	303,496	392,893	14,267,906

Financial Statements

Notes

Note								
23	Collateral (continued)							
	31 Dec 2015 (DKK'000)	Mortgages on properties and wind turbines	Right of subro- gation for mortgages secured in real property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
	Business:							
	Agriculture, hunting, forestry and fishery	2,656,540	77,581	417,903	71,265	11,978	135,243	3,370,510
	Manufacturing industry and raw material extraction	80,736	41,218	234,882	7,711	839	5,305	370,691
	Energy supply	592,159	97,360	40,725	78,196	3,500	7,168	819,108
	Construction and civil engineering contractors	136,960	36,983	111,980	8,305	4,859	7,668	306,755
	Trade	169,558	100,087	458,809	20,166	11,932	35,175	795,727
	Transportation, hotels and restaurant businesses	204,073	211,584	158,244	13,488	284	16,533	604,206
	Information and communication	20,621	4,887	10,292	1,582	515	0	37,897
	Credit and financing institutes and insurance businesses	368,739	14,779	1,601	217,529	11,532	29,057	643,237
	Real estate	2,523,608	475,640	5,066	167,549	54,882	47,884	3,274,629
	Other business	219,881	94,202	98,259	33,323	32,860	6,947	485,472
	Business, total	6,972,875	1,154,321	1,537,761	619,114	133,181	290,980	10,708,232
	Retail	2,177,694	736,239	190,000	259,837	78,740	48,840	3,491,350
	Total	9,150,569	1,890,560	1,727,761	878,951	211,921	339,820	14,199,582

Note

24	Loans and guarantees, by industry segments	30 June 2016	30 June 2015	31 Dec 2015	
	Business:	DKK'000	DKK'000	DKK'000	
	Agriculture, hunting, forestry and fishery	20%	20%	19%	
	Manufacturing industry and raw material extraction	3%	3%	3%	
	Energy supply	5%	5%	6%	
	Construction and civil engineering contractors	3%	3%	3%	
	Trade	7%	7%	7%	
	Transportation, hotels and restaurant businesses	5%	4%	4%	
	Information and communication	0%	0%	0%	
	Credit and financing institutes and insurance businesses	6%	6%	6%	
	Real estate	19%	20%	19%	
	Other business	4%	5%	5%	
	Business, total	72%	73%	72%	
	Retail	28%	27%	28%	
	Total	100%	100%	100%	
25	Credit quality of loans and guarantee debtors not delinquent and for which impairment writedowns/Provisions have not been made				
	'Loan and guarantee debtors with signs of weakness' refers to loans and guarantee debtors for which no individual impairment charges have been realised but which display signs of weakness. 'Signs of weakness' refers to conditions that affect the credit risk assessment of the loan negatively. These are loan and guarantee debtors whose credit rating is impaired and therefore closer to being written down.				
	30 June 2016 (DKK'000)	Loan + guarantee debtors with material weaknesses, but without impairment/provision	Loan + guarantee debtors with slightly impaired credit quality, some signs of weakness	Loan + guarantee debtors with normal credit quality	Amortised cost, total
	Business:				
	Agriculture, hunting, forestry and fishery	518,527	962,945	461,930	1,943,402
	Manufacturing industry and raw material extraction	56,073	151,990	168,896	376,959
	Energy supply	115,026	279,310	204,438	598,774
	Construction and civil engineering contractors	65,636	235,458	142,985	444,079
	Trade	120,261	540,602	270,975	931,838
	Transportation, hotels and restaurant businesses	106,747	215,028	101,844	423,619
	Information and communication	3,904	25,419	17,512	46,835
	Credit and financing institutes and insurance businesses	178,907	149,975	290,120	619,002
	Real estate	577,306	778,029	368,223	1,723,558
	Other business	71,654	303,750	194,296	569,700
	Business, total	1,814,041	3,642,506	2,221,219	7,677,766
	Retail	467,186	2,105,532	1,698,232	4,270,950
	Total	2,281,227	5,748,038	3,919,452	11,948,717

Financial Statements

Notes

Note				
25	Credit quality of loans and guarantee debtors not delinquent and for which impairment writedowns/Provisions have not been made (continued)			
	30 June 2015 (DKK'000)			
	Loan + guarantee debtors with material weaknesses, but without impairment/provision	Loan + guarantee debtors with slightly impaired credit quality, some signs of weakness	Loan + guarantee debtors with normal credit quality	Amortised cost, total
Business:				
Agriculture, hunting, forestry and fishery	497,770	1,050,632	361,842	1,910,244
Manufacturing industry and raw material extraction	84,177	179,757	168,060	431,994
Energy supply	50,719	475,680	232,083	758,482
Construction and civil engineering contractors	83,839	258,864	100,010	442,713
Trade	137,484	562,810	240,524	940,818
Transportation, hotels and restaurant businesses	63,734	293,228	136,463	493,425
Information and communication	4,501	21,562	14,538	40,601
Credit and financing institutes and insurance businesses	296,663	146,559	263,378	706,600
Real estate	713,155	750,493	328,233	1,791,881
Other business	91,937	385,915	202,212	680,064
Business, total	2,023,979	4,125,500	2,047,343	8,196,822
Retail	517,409	2,033,762	1,717,773	4,268,944
Total	2,541,388	6,159,262	3,765,116	12,465,766
	31 Dec 2015 (DKK'000)			
	Loan + guarantee debtors with material weaknesses, but without impairment/provision	Loan + guarantee debtors with slightly impaired credit quality, some signs of weakness	Loan + guarantee debtors with normal credit quality	Amortised cost, total
Business:				
Agriculture, hunting, forestry and fishery	386,453	1,017,315	346,850	1,750,618
Manufacturing industry and raw material extraction	54,744	167,109	162,850	384,703
Energy supply	88,490	387,782	230,146	706,418
Construction and civil engineering contractors	55,738	215,563	124,840	396,141
Trade	130,648	556,299	270,107	957,054
Transportation, hotels and restaurant businesses	75,389	258,357	129,369	463,115
Information and communication	4,846	23,865	26,712	55,423
Credit and financing institutes and insurance businesses	199,417	131,401	291,135	621,953
Real estate	677,503	718,102	333,373	1,728,978
Other business	73,011	347,973	214,902	635,886
Business, total	1,746,239	3,823,766	2,130,284	7,700,289
Retail	500,513	2,085,055	1,684,085	4,269,653
Total	2,246,752	5,908,821	3,814,369	11,969,942

Note

26 Amounts in arrears on loans that are not impaired, by industry segment					
30 June 2016 (DKK'000)	0-30 days	31-60 days	61-90 days	> 90 days	Total
Business:					
Agriculture, hunting, forestry and fishery	13,461	1,214	646	468	15,789
Manufacturing industry and raw material extraction	841	0	235	0	1,076
Energy supply	1,188	8	0	0	1,196
Construction and civil engineering contractors	3,003	227	377	774	4,381
Trade	5,779	232	80	208	6,299
Transportation, hotels and restaurant businesses	2,400	596	3,878	0	6,874
Information and communication	397	222	0	0	619
Credit and financing institutes and insurance businesses	2,645	59	68	104	2,876
Real estate	14,106	879	2,061	336	17,382
Other business	4,806	2,398	1	1,108	8,313
Business, total	48,626	5,835	7,346	2,998	64,805
Retail	22,771	2,126	749	1,001	26,647
Total	71,397	7,961	8,095	3,999	91,452
Loans in arrears, total	1,086,063	38,233	44,581	28,386	1,197,263
30 June 2015 (DKK'000)	0-30 days	31-60 days	61-90 days	> 90 days	Total
Business:					
Agriculture, hunting, forestry and fishery	12,829	9,991	525	8,198	31,543
Manufacturing industry and raw material extraction	2,067	144	0	6	2,217
Energy supply	1,034	0	0	415	1,449
Construction and civil engineering contractors	3,963	489	351	1,455	6,258
Trade	7,654	242	818	1,480	10,194
Transportation, hotels and restaurant businesses	5,859	233	0	48	6,140
Information and communication	546	2	0	0	548
Credit and financing institutes and insurance businesses	4,895	11	0	281	5,187
Real estate	84,535	1,035	1	971	86,542
Other business	7,025	1,461	398	1,212	10,096
Business, total	130,407	13,608	2,093	14,066	160,174
Retail	32,265	7,157	247	2,519	42,188
Total	162,672	20,765	2,340	16,585	202,362
Loans in arrears, total	1,200,793	76,902	8,570	81,877	1,368,142

Financial Statements

Notes

Note

26	Amounts in arrears on loans that are not impaired, by industry segment (continued)					
	31 Dec 2015 (DKK'000)	0-30 days	31-60 days	61-90 days	> 90 days	Total
	Business:					
	Agriculture, hunting, forestry and fishery	9,308	1,948	22	39	11,317
	Manufacturing industry and raw material extraction	3,039	18	38	0	3,095
	Energy supply	2,048	1	0	0	2,049
	Construction and civil engineering contractors	3,771	238	466	52	4,527
	Trade	7,658	728	75	330	8,791
	Transportation, hotels and restaurant businesses	3,784	363	0	21	4,168
	Information and communication	374	5	0	0	379
	Credit and financing institutes and insurance businesses	13,690	16	5	340	14,051
	Real estate	17,020	1,864	122	1,176	20,182
	Other business	7,660	345	765	33	8,803
	Business, total	68,352	5,526	1,493	1,991	77,362
	Retail	16,936	2,032	2,518	740	22,226
	Total	85,288	7,558	4,011	2,731	99,588
	Loans in arrears, total	1,163,660	35,213	11,607	15,544	1,226,024
27	Gross loan and guarantee debtors, individually impaired, by cause		30 June 2016 (DKK'000)	30 June 2015 (DKK'000)		31 Dec 2015 (DKK'000)
	Reconstruction/bankruptcy		230,133	339,294		255,253
	Rescheduling of debts		9,095	15,060		12,879
	Debt collection		1,112,870	1,225,671		1,255,255
	Customer deceased		5,276	4,121		4,225
	Easing of terms		1,910,632	2,148,081		1,464,746
	Other causes		2,804,188	3,258,086		3,462,311
	Total		6,072,194	6,990,313		6,454,669

Note

28 Segment of loan and guarantee debtors individually impaired, by industry					
30 June 2016 (DKK'000)	Gross	Loan value of collaterals	Unsecured component before impairments	Impairments/ provisions	Unsecured component after impairments
Business:					
Agriculture, hunting, forestry and fishery	2,433,084	614,895	1,818,189	1,241,868	576,321
Manufacturing industry and raw material extraction	136,171	63,618	72,553	61,745	10,808
Energy supply	250,955	117,010	133,945	90,911	43,034
Construction and civil engineering contractors	103,097	36,172	66,925	50,805	16,120
Trade	274,156	74,187	199,969	169,451	30,518
Transportation, hotels and restaurant businesses	347,325	137,772	209,553	159,767	49,786
Information and communication	4,061	252	3,809	3,655	154
Credit and financing institutes and insurance businesses	620,173	205,488	414,685	347,494	67,191
Real estate	1,317,351	890,600	426,751	387,589	39,162
Other business	157,614	26,823	130,791	106,367	24,424
Business, total	5,643,987	2,166,817	3,477,170	2,619,652	857,518
Retail	428,207	101,365	326,842	298,842	28,000
Total	6,072,194	2,268,182	3,804,012	2,918,494	885,518
30 June 2015 (DKK'000)	Gross	Loan value of collaterals	Unsecured component before impairments	Impairments/ provisions	Unsecured component after impairments
Business:					
Agriculture, hunting, forestry and fishery	2,593,971	683,400	1,910,571	1,283,247	627,324
Manufacturing industry and raw material extraction	179,215	54,358	124,857	105,755	19,102
Energy supply	226,085	83,028	143,057	79,902	63,155
Construction and civil engineering contractors	143,252	49,168	94,084	76,061	18,023
Trade	330,574	102,899	227,675	180,611	47,064
Transportation, hotels and restaurant businesses	399,001	144,876	254,125	188,855	65,270
Information and communication	6,520	252	6,268	3,822	2,446
Credit and financing institutes and insurance businesses	702,868	238,560	464,308	398,539	65,769
Real estate	1,665,894	1,075,614	590,280	538,700	51,580
Other business	218,133	45,481	172,652	148,900	23,752
Business, total	6,465,513	2,477,636	3,987,877	3,004,392	983,485
Retail	524,800	104,219	420,581	334,707	85,874
Total	6,990,313	2,581,855	4,408,458	3,339,099	1,069,359

Financial Statements

Notes

Note

28	Segment of loan and guarantee debtors individually impaired, by industry (continued)				
31 Dec 2015 (DKK'000)	Gross	Loan value of collaterals	Unsecured component before impairments	Impairments/ provisions	Unsecured component after impairments
Business:					
Agriculture, hunting, forestry and fishery	2,548,588	688,807	1,859,781	1,231,429	628,352
Manufacturing industry and raw material extraction	145,253	70,237	75,016	60,516	14,500
Energy supply	262,223	126,732	135,491	91,001	44,490
Construction and civil engineering contractors	116,800	48,257	68,543	48,579	19,964
Trade	300,103	73,907	226,196	188,340	37,856
Transportation, hotels and restaurant businesses	370,168	139,741	230,427	174,267	56,160
Information and communication	3,687	252	3,435	3,157	278
Credit and financing institutes and insurance businesses	650,577	191,885	458,692	371,888	86,804
Real estate	1,409,114	937,089	472,025	427,927	44,098
Other business	181,425	30,738	150,687	116,324	34,363
Business, total	5,987,938	2,307,645	3,680,293	2,713,428	966,865
Retail	466,732	126,095	340,637	300,959	39,678
Total	6,454,670	2,433,740	4,020,930	3,014,387	1,006,543

Note

29 Collateral for loan and guarantee debtors, individually impaired, by types							
30 June 2016 (DKK'000)	Mortgages on properties and wind turbines	Right of subrogation for mortgages secured in real property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
Business:							
Agriculture, hunting, forestry and fishery	510,520	13,727	21,641	4,876	0	64,131	614,895
Manufacturing industry and raw material extraction	14,361	19,987	28,968	2	0	300	63,618
Energy supply	104,614	949	2,700	7,374	328	1,045	117,010
Construction and civil engineering contractors	28,046	1,134	6,943	0	0	49	36,172
Trade	12,395	8,271	37,552	0	0	15,969	74,187
Transportation, hotels and restaurant businesses	38,168	70,483	27,002	1,481	0	638	137,772
Information and communication	252	0	0	0	0	0	252
Credit and financing institutes and insurance businesses	153,001	1,992	725	45,613	20	4,137	205,488
Real estate	807,242	82,318	760	245	35	0	890,600
Other business	12,271	583	10,502	1,956	161	1,350	26,823
Business, total	1,680,870	199,444	136,793	61,547	544	87,619	2,166,817
Retail	75,295	14,794	2,278	495	5,622	2,881	101,365
Total	1,756,165	214,238	139,071	62,042	6,166	90,500	2,268,182

Financial Statements

Notes

Note

29	Collateral for loan and guarantee debtors, individually impaired, by types (continued)						
30 June 2015	Mortgages	Right of	Charges held	Securities	Bank	Others	Total
(DKK'000)	on	subrogation for	in movable		accounts		
	properties	mortgages	property,				
	and wind	secured	motor				
	turbines	in real property	vehicles,				
			operating				
			equipment,				
			ships etc.				
Business:							
Agriculture, hunting, forestry and fishery	585,974	15,789	13,934	4,915	2,000	60,788	683,400
Manufacturing industry and raw material extraction	10,633	6,458	32,152	4,243	172	700	54,358
Energy supply	77,019	0	2,700	3,021	288	0	83,028
Construction and civil engineering contractors	30,365	3,094	10,943	0	141	4,625	49,168
Trade	13,104	8,804	65,241	0	0	15,750	102,899
Transportation, hotels and restaurant businesses	38,701	67,612	36,475	1,963	125	0	144,876
Information and communication	252	0	0	0	0	0	252
Credit and financing institutes and insurance businesses	179,731	510	1,226	49,744	3,849	3,500	238,560
Real estate	946,735	108,387	84	16,189	4,219	0	1,075,614
Other business	22,915	1,280	9,359	1,952	7,380	2,595	45,481
Business, total	1,905,429	211,934	172,114	82,027	18,174	87,958	2,477,636
Retail	59,250	16,907	2,847	16,181	4,432	4,602	104,219
Total	1,964,679	228,841	174,961	98,208	22,606	92,560	2,581,855

Note

29	Collateral for loan and guarantee debtors, individually impaired, by types (continued)							
31 Dec 2015 (DKK'000)	Mortgages on properties and wind turbines	Right of subrogation for mortgages secured in real property	Charges held in movable property, motor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total	
Business:								
Agriculture, hunting, forestry and fishery	589,928	17,291	18,906	4,615	2,093	55,974	688,807	
Manufacturing industry and raw material extraction	13,485	23,614	27,445	5,223	170	300	70,237	
Energy supply	115,647	0	2,700	8,057	328	0	126,732	
Construction and civil engineering contractors	34,152	2,343	11,572	0	141	49	48,257	
Trade	14,459	8,693	34,478	0	0	16,277	73,907	
Transportation, hotels and restaurant businesses	38,869	65,346	33,462	1,639	0	425	139,741	
Information and communication	252	0	0	0	0	0	252	
Credit and financing institutes and insurance businesses	137,460	1,703	1,500	46,972	47	4,203	191,885	
Real estate	843,174	78,946	0	14,954	15	0	937,089	
Other business	16,857	1,394	9,015	1,961	161	1,350	30,738	
Business, total	1,804,283	199,330	139,078	83,421	2,955	78,578	2,307,645	
Retail	87,626	15,182	2,566	17,118	109	3,494	126,095	
Total	1,891,909	214,512	141,644	100,539	3,064	82,072	2,433,740	

Financial Statements

Notes

Note	30 June 2016 (DKK'000)	30 June 2015 (DKK'000)	31 Dec 2015 (DKK'000)
30			
Hedge accounting			
To manage interest rate risk, the following are hedged (fair value hedge):			
Bonds	256,250	153,062	250,245
Hedged with interest rate swaps, maturity 2020-2025:			
Notional principal	250,000	150,000	250,000
Fair value	-10,486	178	-1,990
Loans at amortised cost	145,729	186,256	159,638
Hedged with interest rate swaps, maturity 2016-2022:			
Notional principal	129,232	167,213	142,977
Fair value	-10,637	-12,590	-10,534
Hedged with interest rate caps, maturity 2024:			
Notional principal	5,869	6,478	6,148
Fair value	8	26	20
Deposits	1,151,958	1,960,692	1,955,907
Hedged with interest rate swaps, maturity 2016:			
Notional principal	1,150,000	1,950,000	1,950,000
Fair value	1,958	10,692	5,907
Subordinated debt	0	108,623	0
Hedged with interest rate swaps:			
Notional principal	0	100,000	0
Fair value	0	8,623	0
Total fair value adjustment of hedging instruments	-11,218	4,816	-95
Total fair value adjustment of the hedged items	7,703	-5,929	-879
Ineffectiveness recognised in the statement of income	-3,515	-1,113	-974

Note

31 **Derivative financial instruments**

Derivative financial instruments are utilised by both the Bank's customers and the Bank to hedge and manage financial risks and positions.

32 **Interest rate risk**

Interest rate risk is the risk of losses incurred in the event of change in the general interest rate level. Vestjysk Banks interest rate risk is related to activities involving normal banking business such as deposits, loans, trading and position-taking in interest-related products.

The interest rate risk is divided into risks inside and outside the Bank's trading book, see below. All else being equal, the direct impact on the income statement from a change in the general interest level will only be related to the interest rate risk inside the trading book. An increase in the interest rate of 1 percentage point would result in an income before tax of DKK 6.1 million in H1 2016 and DKK 3.7 million in H1 2015 and DKK 4.8 million in 2015. A decline in the interest rate of 1 percentage point would result in a loss before tax of DKK -6.1 million in H1 2016 and DKK -3.7 million in H1 2015 and DKK -4.8 million in 2015.

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

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

	30 June 2016 (DKK'000)	30 June 2015 (DKK'000)	31 Dec 2015 (DKK'000)
Interest rate risk inside the Bank's trading book:			
Securities	21,461	12,051	21,076
Futures/forward contracts/forward rate agreements	-1,710	-996	-918
Swaps	-13,661	-7,365	-15,362
Total	6,090	3,690	4,796
Interest rate risk outside the Bank's trading book:			
Loans	6,569	11,836	6,931
Debts to credit institutions	-2	-12	-7
Deposits	-62,887	-93,696	-78,301
Subordinated debt	-17,523	-23,308	-20,268
Equity	-2,268	-2,939	-2,600
Total	-76,111	-108,119	-94,245
Total interest rate risk	-70,021	-104,429	-89,449
Measured in relation to the tier 1 capital, the interest rate risk corresponds to	-4,1%	-5,8%	-5,1%
Interest rate risk, by modified duration			
Up to 1 year	-3,200	-970	229
1 year to 2 years	-23,487	-12,111	-25,130
2 year to 3.6 years	-56,085	-81,774	-62,589
More than 3.6 years	12,751	-9,574	-1,959
Total	-70,021	-104,429	-89,449

Financial Statements

Notes

Note				
33	Foreign exchange risk			
	Foreign exchange risk is the risk of losses on foreign exchange positions because of changes in foreign exchange rates. Foreign exchange Indicator 1 expresses a simplified measure of the scope of the institution's positions in foreign currency and is calculated - according to the guidelines of the Danish Financial Supervisory Authority - as the greater of the sum of the foreign currency positions in which the Bank has net payables (short foreign exchange positions) and the sum of all the currencies in which the Bank has a net receivable (long foreign exchange positions).			
		30 June 2016	30 June 2015	31 Dec 2015
		(DKK'000)	(DKK'000)	(DKK'000)
	Assets in foreign currency, total	1,980,424	2,190,332	2,086,384
	Liabilities in foreign currency, total	73,444	65,988	68,366
	Foreign Exchange Indicator 1	15,941	38,573	32,555
	Foreign Exchange Indicator 1 in percent of tier 1 capital	0.9%	2.1%	1.9%
	The foreign exchange position consists primarily of positions in CHF, EUR, GBP, NOK, SEK and USD.			
	A change unfavourable to the Bank of 2% in EUR and of 10% in other foreign currencies will result in a profit/loss and equity impact before tax of			
		-1,709	-2,371	-2,125
34	Share risk			
	The Bank's share risk is derived from shares and derivatives in the Bank's investment and trading books.			
	Shares, etc.			
	Shares/unit trust certificates listed on NASDAQ OMX Copenhagen A/S	10,326	8,398	10,182
	Shares/unit trust certificates listed on other exchanges	12,873	5,509	9,482
	Unlisted shares recognised at fair value	155,371	155,951	158,531
	Unlisted shares, etc. recognised at cost	1,016	1,060	1,060
	Total	179,586	170,918	179,255
	Of which, sector shares	152,251	151,020	153,474
	Sensitivity			
	An increase in share prices of 10 percentage points will result in a profit/loss and equity impact before tax of	17,959	17,092	17,925
	of which sector shares	15,225	15,102	15,347
	of which other shares	2,734	1,990	2,578
	A decrease in share prices of 10 percentage points will result in a profit/loss and equity impact before tax of	-17,959	-17,092	-17,925
	of which sector shares	-15,225	-15,102	-15,347
	of which other shares	-2,734	-1,990	-2,578

Note

35 **Liquidity risk**

Liquid resources are determined on the basis of the Bank's objective of consistently maintaining excess liquidity of 125% under an extended stress scenario. The stress scenario is based on the Danish FSA's stress factors, among others. Liquid resources consist of liquid securities and deposits held with the Danish central bank.

For 2016, Vestjysk Bank is subject to both the section 152 requirement and the LCR requirement. In accordance with the LCR regulation, the LCR requirement is being gradually phased in, with 60% at 1 October 2015, 70% at 1 January 2016, 80% at 1 January 2017 and 100% at 1 January 2018. Vestjysk Bank's goal in 2016 is to maintain an LCR of at least 100%.

The liquidity requirement of section 152 of the Danish Financial Business Act is expected to be phased out at 31 December 2016. In 2016 Vestjysk Bank intends to continue to base its liquidity risk management on the section 152 requirement, while gradually aligning risk management to being subject only to the LCR requirement.

	30 June 2016 (DKK'000)	30 June 2015 (DKK'000)	31 Dec 2015 (DKK'000)
Liquidity buffer			
Demand deposits with Danmarks Nationalbank as well as demand deposits with other credit institutions	898,628	1,305,532	682,795
Liquid securities	4,185,698	4,405,052	4,654,383
Total	5,084,326	5,710,584	5,337,178
Excess coverage in relation to the 10%-requirement set out in section 152 of the Danish Financial Business Act.	134.3%	145.3%	140.1%
LCR values	3,933,592		3,975,227
LCR values after adjustment on level 1a assets	3,538,083		2,576,993
Net outflow	1,030,255		990,540
Liquidity Coverage Ratio - LCR	343.4%		260.2%

36 **Other risks**

Operational risks

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

Vestjysk Bank considers its reliance on key employees to be a focus area. There are ongoing efforts to minimise the Bank's reliance on key employees, among other things in the form of written business procedures, centralisation of tasks, and the outsourcing of areas that are not significant to the Bank's competitiveness.

Vestjysk Bank is continuously working on policies and contingency plans for physical catastrophes and IT-related disaster recovery. The Bank is a member of Bankernes EDB Central (BEC), which handles the day-to-day operations of its IT systems. The Bank follows the directions and recommendations issued by BEC and it does not perform any independent IT system development.

The Bank's contingency plans for the IT area cover service interruptions at headquarters and parts of the department network. In the event of interruptions in one or more departments, operations can still take place from the other departments—and in the event of prolonged interruptions at headquarters, vital functions can be carried out from one department. The Bank's contingency plan is reviewed by the Board of Directors at least once a year.

The operational risk is minimised by ensuring, among other things, that the execution of activities is organisationally separated from the control of such activities.

Risk related to total capital

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

Compliance

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

Financial Statements

Notes

Note				
37	Pending litigation			
	Vestjysk Bank is a party to various lawsuits. The proceedings are evaluated on an ongoing basis, and requisite provisions are made based on an assessment of the risk of losses.			
	The pending proceedings are not expected to have material influence on the Bank's financial position.			
		H1 2016	H1 2015	FY 2015
38	Financial highlights			
	Key figures			
	Statement of income (DKKm)			
	Net interest income	295	316	644
	Net fee income	148	163	305
	Dividends on shares etc.	3	2	2
	Value adjustments	24	15	17
	Other operating income	7	3	21
	Core income	477	499	989
	Staff costs and administrative expenses	243	253	513
	Other operating expenses as well as depreciation, amortisation and impairment losses; on intangible and intangible assets	7	26	56
	Operating expenses and operating depreciation and amortisation	250	279	569
	Core earnings before impairment	227	220	420
	Impairment of loans and receivables, etc.	216	171	370
	Profit before tax	11	49	50
	Tax	1	5	1
	Profit after tax	10	44	49
		30 June 2016	30 June 2015	31 Dec 2015
	Statement of financial position (DKKm)			
	Assets, total	20,557	22,103	21,114
	Loans	13,051	14,035	13,337
	Deposits, including pooled schemes	17,463	18,821	18,090
	Contingent liabilities	3,143	3,383	3,213
	Business volume	33,657	36,239	34,640
	Equity	1,411	1,403	1,404

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

Note	H1 2016	H1 2015	FY 2015
38			
Financial highlights (continued)			
Financial ratios¹			
Solvency			
Total capital ratio	12.5%	12.5%	12.5%
Tier 1 capital ratio	10.6%	10.3%	10.5%
Common equity tier 1 capital ratio	8.2%	7.5%	7.9%
Earnings			
Return on equity before tax, annually	1.6%	7.0%	3.6%
Return on equity after tax, annually	1.5%	6.5%	3.6%
Income/cost ratio	1.02	1.11	1.05
Cost Ratio ²	52.4%	56.1%	57.5%
Return on assets	0.0%	0.2%	0.2%
Employees converted to full-time (average)	464.6	510.9	500.1
Market risk			
Interest rate risk	-4.1%	-5.8%	-5.1%
Foreign exchange position	0.9%	2.1%	1.9%
Foreign exchange risk	0.0%	0.0%	0.0%
Surplus liquidity in relation to statutory liquidity requirements	134.3%	145.3%	140.1%
Credit risk			
Loans plus impairment of loans relative to deposits	92.0%	92.6%	90.8%
Loans relative to equity	9.3	10.0	9.5
Growth in loans for the year	-2.1%	-4.6%	-9.4%
Sum of large exposures	38.6%	33.0%	35.1%
Accumulated impairment ratio	15.7%	16.4%	15.8%
Impairment ratio for the period	1.1%	0.8%	1.9%
Vestjysk Bank share³			
Earnings per share for the period	0.1	0.3	0.3
Book value per share	8.9	8.8	8.8
Price of Vestjysk Bank shares, end of the period	8.0	9.9	7.8
Share price/book value per share	0.9	1.1	0.9

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

2 Operating expenses and operating depreciation and amortisation/core income

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

