



Half-Year Report 2020

Summary

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The Vestjysk Bank Half-Year Report 2020 is a translation of the original report in Danish (Vestjysk Bank Halvårsrapport 2020).
In case of discrepancies, the Danish version prevails.

Summary

H1 2020 highlights

Vestjysk Bank reported profit after tax of DKK 142 million in H1 2020. The reported profit was adversely affected by the impact of the Corona crisis on the Bank's impairment provisions, based on a management estimate. The Bank increased impairment provisions by an additional DKK 60 million in Q2 in light of the Corona crisis and the uncertainty concerning Britain's exit from the EU (Brexit). The Bank has thus made a total impairment provision of DKK 200 million for economic uncertainty, corresponding to 2.1% of the Bank's net loans and advances.

- Profit after tax was DKK 142 million (H1 2019: DKK 163 million), for an annualised return on equity after tax of 9.5%.
- Core income of DKK 425 million (H1 2019: DKK 453 million).
- Market value adjustments of DKK 14 million (H1 2019: DKK 20 million).
- Cost ratio of 58.3% (H1 2019: 53.1%).
- Core earnings before impairment allowances of DKK 177 million (H1 2019: DKK 212 million).
- Impairment of loans and receivables, etc. of DKK 24 million (H1 2019: DKK 37 million). Impairment allowances on agriculture amounted to a net reversal for the first half.
- The Bank's capital requirements totalled 13.0%, consisting of an individual solvency need of 10.5% and a general capital conservation buffer of 2.5%. The MREL was phased in at 1.875%, which is added to the capital requirement. The individual solvency need includes DKK 50 million, or 0.37 of a percentage point, based on a management estimate of economic uncertainty.
- The Bank's total capital ratio was 23.3, implying an excess cover of 10.3 percentage points or DKK 1,390 million.
- The Bank's MREL ratio was 23.3. This taken into account, the excess cover was 8.4 percentage points, or DKK 1,136 million.

Preliminary impact of the Corona crisis on Vestjysk Bank

Like the rest of Denmark, the Bank has been impacted by the official lockdown of the country from 12 March 2020. The vast majority of the Bank's employees have been working from home, and the Bank's branches were only open for digital contact until 27 April 2020. During this period, the Bank was able to maintain a reasonable level of operations, and the level of customer activity has been normal.

The Bank's advisers have proactively contacted all business customers several times to arrange how the Bank can help them through the Corona crisis and to advise them on how to apply the rescue packages provided by the Danish government and parliament. So far, the crisis has not directly impacted the Bank's lending or impairment allowances to any significant extent. This is expected to change over time, however, if the crisis persists through the coming months.

For retail customers, Vestjysk Bank has provided a range of borrowing facilities in the form of permission to skip instalments, temporary overdraft facilities and increased credit facilities to support customers hit by the lockdown. These measures for retail customers have also had a limited impact on the Bank.

The sector distribution of the Bank's lending plays a positive part in this. Most of the Bank's lending is within sectors that have not been particularly badly affected by the Corona crisis so far. At this point, the hotel, restaurant, transport and retail sectors are the hardest hit, and these sectors account for some 10% of the Bank's total lending.

Vestjysk Bank's two main sectors, agriculture and real estate, have so far been relatively unaffected by the Corona crisis. Until now, the crisis has not affected dairy farmers, whereas pork prices dropped over the course of first half. They remain at a satisfactory level, however. Because of the relatively high pork prices, pig farmers, some of which are credit-impaired, have been able to repay debt to the Bank. This resulted in reversals of impairment allowances within this sector in H1 2020. We expect this development to continue, but if the price level slides further, it could have an adverse effect on the Bank. Agriculture still faces

Summary

risk factors such as the risk of an outbreak of African swine fever in Germany and/or in Denmark and a potential adverse impact of Brexit.

The Bank assesses that a Brexit without a trade agreement between the UK and Denmark is also a real risk for the fisheries sector.

In the real estate sector, we are so far seeing an effect on commercial leases in the affected sectors, where agreements have been made to defer rent payments. Depending on the duration and depth of the crisis, this effect could widen. Private residential rentals have not been affected at this point, and this is not expected to change significantly.

Our retail customers are generally doing well and are in a strong position to withstand the consequences of the Corona crisis. In the long term, we expect to see an increase in impairment allowances, but on a manageable level overall.

The situation is expected to change over the coming weeks and months. The Bank forecasts that the negative impact will spread to a wider range of sectors, particularly exporters, and that some of the Bank's retail customers may face unemployment, for example.

We assess that the Bank's DKK 200 million impairment provisions due to economic uncertainty concerning the Corona crisis and Brexit and the DKK 50 million capital reservation in the individual solvency need will be sufficient to cover the Bank's current risk exposure. Projections about the future consequences of the Corona crisis are subject to considerable uncertainty. In particular, the above-mentioned potential risks to pig farmers could lead to an increase in impairment allowances.

Outlook for 2020

On the basis of the preliminary impact of the Coronavirus situation, Vestjysk Bank issued revised full-year 2020 profit guidance on 13 May 2020. At that date, the guidance was a profit after tax in the range of DKK 160-240 million.

Positive financial market developments in the second quarter had a favourable effect on the Bank's investment portfolio during the period. Also, the continued favourable settlement prices for agricultural products meant that the positive trend in the Bank's impairment allowances, particularly in respect of agricultural customers, continued throughout the second quarter of 2020.

In an announcement issued on 14 July 2020, Vestjysk Bank upgraded and specified the full-year profit guidance after tax, and still expects a profit after tax to a range of DKK 200-260 million.

Management's review

Financial highlights

| Key figures | H1 2020 | H1 2019 | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 | FY 2019 |
|---|------------|------------|------------|------------|------------|------------|------------|--------------|
| Statement of income (DKKm) | | | | | | | | |
| Net interest income | 241 | 252 | 123 | 118 | 131 | 127 | 127 | 510 |
| Net fee income | 161 | 156 | 77 | 84 | 85 | 88 | 81 | 329 |
| Dividends on shares, etc. | 9 | 23 | 9 | 0 | 0 | 6 | 23 | 29 |
| Value adjustments | 14 | 20 | 18 | -4 | 12 | 153 | 0 | 185 |
| Other operating income | 0 | 2 | 0 | 0 | 0 | 0 | 1 | 2 |
| Core income | 425 | 453 | 227 | 198 | 228 | 374 | 232 | 1,055 |
| Staff costs and administrative expenses | 241 | 236 | 118 | 123 | 122 | 119 | 116 | 477 |
| Other operating expenses and depreciation, amortisation and impairment of property, plant and equipment and intangible assets | 7 | 5 | 4 | 3 | 19 | 7 | 2 | 31 |
| Operating expenses and operating depreciation and amortisation | 248 | 241 | 122 | 126 | 141 | 126 | 118 | 508 |
| Core earnings before impairment | 177 | 212 | 105 | 72 | 87 | 248 | 114 | 547 |
| Impairment of loans and receivables, etc. | 24 | 37 | 12 | 12 | 20 | 7 | 15 | 64 |
| Profit before tax | 153 | 175 | 93 | 60 | 67 | 241 | 99 | 483 |
| Tax | 11 | 12 | 8 | 3 | -14 | 7 | 8 | 5 |
| Profit after tax | 142 | 163 | 85 | 57 | 81 | 234 | 91 | 478 |
| Statement of financial position (DKKm) | | | | | | | | |
| Total assets | 21,871 | 21,591 | 21,871 | 21,102 | 22,192 | 22,019 | 21,592 | 22,192 |
| Loans | 9,507 | 10,613 | 9,507 | 9,966 | 10,221 | 10,756 | 10,613 | 10,221 |
| Deposits, including pooled schemes | 17,644 | 17,800 | 17,644 | 16,602 | 18,276 | 18,043 | 17,800 | 18,276 |
| Contingent liabilities | 3,830 | 3,606 | 3,830 | 3,791 | 3,966 | 3,974 | 3,606 | 3,966 |
| Custody services | 8,562 | 8,338 | 8,562 | 7,720 | 8,708 | 8,332 | 8,338 | 8,708 |
| Arranged mortgage loans | 31,696 | 29,491 | 31,696 | 31,297 | 30,749 | 30,060 | 29,491 | 30,749 |
| Business volume | 30,981 | 32,019 | 30,981 | 30,359 | 32,463 | 32,773 | 32,019 | 32,463 |
| Business volume including custody services and arranged mortgage loans | 71,239 | 69,848 | 71,239 | 69,376 | 71,920 | 71,165 | 69,848 | 71,920 |
| Equity | 3,092 | 2,743 | 3,092 | 3,010 | 2,956 | 2,892 | 2,743 | 2,956 |

Management's review

Financial highlights

| Financial ratios | H1 2019 | H1 2018 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | FY 2018 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Solvency | | | | | | | | |
| Total capital ratio | 23.3% | 18.6% | 23.3% | 22.1% | 21.1% | 17.8% | 18.6% | 21.1% |
| Tier 1 capital ratio | 20.7% | 16.3% | 20.7% | 19.5% | 18.6% | 15.4% | 16.3% | 18.6% |
| Common equity tier 1 capital ratio | 19.6% | 14.7% | 19.6% | 18.4% | 17.6% | 14.3% | 14.7% | 17.6% |
| Earnings | | | | | | | | |
| Return on equity before tax, p.a. | 10.2% | 13.2% | 12.3% | 8.1% | 9.1% | 33.9% | 14.7% | 17.4% |
| Return on equity after tax, p.a. | 9.5% | 12.3% | 11.3% | 7.7% | 11.0% | 32.9% | 13.5% | 17.2% |
| Income-cost ratio | 1.57 | 1.63 | 1.70 | 1.43 | 1.42 | 2.80 | 1.74 | 1.84 |
| Cost ratio ¹ | 58.3% | 53.1% | 53.6% | 63.7% | 61.5% | 34.0% | 50.6% | 48.2% |
| Return on assets | 0.6% | 0.8% | 0.4% | 0.3% | 0.4% | 1.1% | 0.4% | 2.2% |
| Average number of employees (FTE) | 393.9 | 371.7 | 396.3 | 391.5 | 390.2 | 375.0 | 373.1 | 377.9 |
| Market risk | | | | | | | | |
| Interest rate risk | 1.6% | 0.2% | 1.6% | 0.8% | 0.7% | 0.2% | 0.2% | 0.7% |
| Foreign exchange position | 0.3% | 0.4% | 0.3% | 0.4% | 0.4% | 0.3% | 0.4% | 0.4% |
| Foreign exchange risk | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| LCR | 195.8% | 236.5% | 195.8% | 170.8% | 259.2% | 203.2% | 236.5% | 259.2% |
| Credit risk | | | | | | | | |
| Loans plus impairment on loans relative to deposits | 66.7% | 73.7% | 66.7% | 74.3% | 68.9% | 73.1% | 73.7% | 68.9% |
| Loans relative to equity | 3.1 | 3.9 | 3.1 | 3.3 | 3.5 | 3.7 | 3.9 | 3.5 |
| Lending growth for the period | -7.0% | -1.7% | -4.6% | -2.5% | -5.0% | 1.3% | -3.0% | -5.3% |
| Sum of 20 largest exposures | 108.7% | 124.9% | 108.7% | 113.9% | 102.7% | 126.3% | 124.9% | 102.7% |
| Accumulated impairment ratio | 14.6% | 15.1% | 14.6% | 14.8% | 14.5% | 14.3% | 15.1% | 14.5% |
| Impairment ratio | 0.2% | 0.2% | 0.0% | 0.1% | 0.1% | 0.1% | 0.2% | 0.3% |
| Vestjysk Bank share | | | | | | | | |
| Earnings per share for the period | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.3 | 0.1 | 0.5 |
| Book value per share ² | 3.3 | 2.8 | 3.3 | 3.2 | 3.1 | 3.1 | 2.8 | 3.1 |
| Price of Vestjysk Bank shares, end of the period | 2.9 | 4.2 | 2.9 | 2.8 | 3.1 | 3.5 | 4.2 | 3.1 |
| Share price/book value per share | 0.9 | 1.5 | 0.9 | 0.9 | 1.0 | 1.2 | 1.5 | 1.0 |

1 Operating expenses and operating depreciation and amortisation/core income

2 The ratio "Book value per share" is adjusted for the portion of equity (additional tier 1 capital), that is not part of the shareholders' share of equity.

Management's review

Financial review

Income statement

Profit after tax

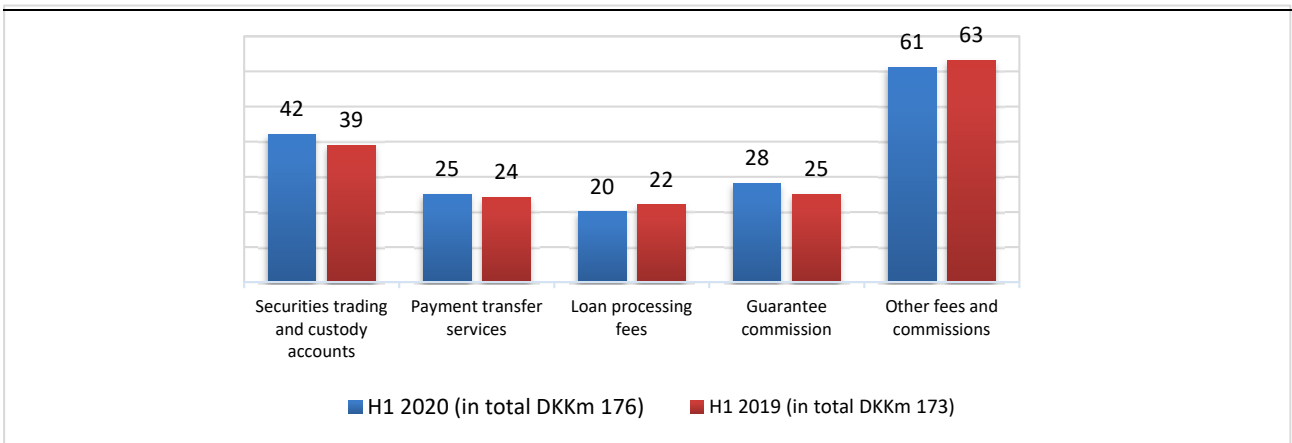
For H1 2020, the Bank's profit after tax was DKK 142 million, compared with DKK 163 million for H1 2019.

Core income

In H1 2020, Vestjysk Bank recorded core income of DKK 425 million, against DKK 453 million in H1 2019. The lower core income was due to a drop in interest income as a consequence of lower lending volume and due to a drop in dividends received after the sale of shares in Sparinvest Holdings SE in 2019. A decline in market value adjustments due to the Corona crisis also affected core income.

Net interest income amounted to DKK 241 million in H1 2020, against DKK 252 million in H1 2019. The drop resulted from a DKK 31 million decline in interest income from the Bank's loans and advances and other receivables as a result of the lower lending volume and increased price pressure. The Bank's interest expenses were down DKK 7 million as a result of a lower deposit volume and the redemption of subordinated capital in 2019. Furthermore, the Bank recorded a DKK 13 million increase in income from negative deposit rates.

Net fee income for H1 2020 amounted to DKK 161 million, compared with DKK 156 million in H1 2019. The increase was driven by continued strong remortgaging activity in H1 2020. The distribution of the Bank's fee income is shown in the figure below.



Share dividends for H1 2020 were negative in the amount of DKK 9 million, compared with positive dividends of DKK 23 million in H1 2019. The decline was due to lower dividend payments after the Bank reduced its ownership interest in Sparinvest Holdings SE in 2019.

Market value adjustments for H1 2020 amounted to DKK 14 million, compared with DKK 20 million in H1 2019. The negative market value adjustments of DKK 24 million in Q1 2020 resulting from financial market turmoil connected to the Corona crisis were replaced by positive adjustments of DKK 16 million in Q2 2020. As a result, the Bank's investment portfolio generated a negative return of DKK 8 million in H1 2020, whereas the portfolio of sector shares generated a positive return of DKK 9 million. Securities trading activities and currency transactions with the Bank's customers contributed DKK 13 million.

Management's review

Financial review

Operating expenses, depreciation and amortisation

Total operating expenses, depreciation and amortisation amounted to DKK 248 million in H1 2020, against DKK 241 million in H1 2019.

The increase was mainly attributable to IT investments related to stricter statutory requirements in the banking sector, primarily in the anti-money-laundering area, and an increased headcount.

The number of employees in H1 2020 was 393.9 FTEs, compared with 371.7 FTEs in H1 2019. The increase of 22.2 FTEs caused staff costs to increase by DKK 7 million compared with H1 2019. Half of the increase was due to annual pay increases according to the collective agreement and increased payroll tax rates. The increase in the number of FTEs was due to hiring of temporary staff to handle the strong remortgaging activity. Also, in the second half of 2019, Vestjysk Bank took on 11 new trainees in the Bank's branches to secure a pool of skilled staff and a recruitment base for the future.

Other administrative expenses excluding IT costs amounted to DKK 26 million in H1 2020, against DKK 36 million in H1 2019. The DKK 10 million reduction was attributable to the Bank's general focus on marketing costs and other external adviser fees.

The cost ratio for H1 2020 was 58.3%, compared with 53.1% in H1 2019.

The table below illustrates the composition of operating expenses, depreciation and amortisation.

| DKKm | H1 2020 | H1 2019 | FY 2019 |
|---|------------|------------|------------|
| Staff costs | 147 | 140 | 285 |
| IT costs | 68 | 60 | 125 |
| - Of this amount BEC | 63 | 55 | 115 |
| Other administrative expenses | 26 | 36 | 66 |
| Operating depreciation and amortisation | 5 | 4 | 30 |
| Other operating expenses | 2 | 1 | 2 |
| Total | 248 | 241 | 508 |

Core earnings before impairment

For H1 2020, the Bank's core earnings before impairment amounted to DKK 177 million, compared with DKK 212 million in H1 2019.

Impairment of loans and guarantees etc.

Impairment losses amounted to DKK 24 million net in H1 2020, compared with DKK 37 million in H1 2019. At 0.2%, the impairment ratio for H1 2020 was unchanged relative to H1 2019.

Since April 2019, pork settlement prices have risen sharply as a result of an outbreak and subsequent spread of African swine fever in Asia and Eastern and Central Europe. Due to market fluctuations in the wake of the Corona crisis, pork prices fell towards the end of Q1 2020, and this trend persisted in Q2 2020. Pork prices remain at a satisfactory level.

The relatively high prices throughout H1 2020 led to extraordinary debt repayment by pig farmers, which has resulted in a significant reduction of agricultural customers' debt and a reversal of impairment allowances in the amount of DKK 71 million in 2020.

In light of the ongoing Corona crisis, the risk of African swine fever spreading to Germany and/or Denmark and the as yet unknown consequences to Danish exports of Britain's exit from the European Union (Brexit), the long-term financial outlook for pig farmers is still subject to significant risk and uncertainty, however.

At 42%, or approximately DKK 1 billion, the agricultural sector in general accounted for the greater part of Vestjysk Bank's accumulated impairment allowances. The Bank has recorded impairment allowances on some 33% of gross loans and guarantees to the agricultural sector. The Bank continues to focus on developments in this sector.

Management's review

Financial review

The Bank assesses that a Brexit without a trade agreement between the UK and Denmark is also a real risk for the fisheries sector.

As a result of the Corona crisis and uncertainty about Brexit, Vestjysk Bank increased its impairment provisions by an additional DKK 60 million in Q2 2020 based on a management estimate due to economic uncertainty. The Bank has made impairment provisions amounting to DKK 200 million, which corresponds to 2.1% of the Bank's net loans, in response to the current economic uncertainty in relation to the Corona crisis and Brexit.

The table below shows the distribution of the Bank's loans and guarantees for and impairment allowances on agricultural exposures by sub-sectors, real estate, other business and the retail segment.

| Distribution of loans and guarantees at 30 June 2020 (DKKm) | Loans and guarantees before impairment | Acc. impairment | Loans and guarantees after impairment | Impairment for the period |
|---|--|-----------------|---------------------------------------|---------------------------|
| Dairy farmers | 1,456 | 562 | 894 | 0 |
| Pig breeders | 936 | 256 | 680 | -71 |
| Other agriculture | 538 | 147 | 391 | -1 |
| Agriculture, total | 2,930 | 965 | 1,965 | -72 |
| Real estate | 1,900 | 288 | 1,612 | 12 |
| Other business | 5,249 | 771 | 4,478 | 63 |
| Business, total | 10,079 | 2,024 | 8,055 | 3 |
| Retail | 5,538 | 256 | 5,282 | 21 |
| Total | 15,617 | 2,280 | 13,337 | 24 |

The Bank's accumulated impairment ratio at 30 June 2020 stood at 14.6%, compared with 15.1% at 30 June 2019.

The sector distribution of accumulated impairment and provisions is shown below:

| Accumulated Impairments and provisions by sector | H1 2020 DKKm | H1 2020 % | H1 2019 DKKm | H1 2020 % |
|---|-----------------|--------------|-----------------|--------------|
| Public authorities | 0 | 0% | 0 | 0% |
| Agricult., hunt., forestry | 964 | 42% | 1,204 | 48% |
| Fishing | 78 | 3% | 10 | 0% |
| Manufac. indus., raw mat. Ext. | 57 | 3% | 78 | 3% |
| Energy supply | 67 | 3% | 116 | 4% |
| Constr., civil engin. contract. | 51 | 2% | 43 | 2% |
| Trade | 115 | 5% | 121 | 5% |
| Transp., restaur., hotel busin. | 155 | 7% | 167 | 7% |
| Information and comm. | 6 | 0% | 4 | 0% |
| Financing and insurance | 150 | 7% | 145 | 6% |
| Real estate | 288 | 13% | 318 | 12% |
| Other industries | 91 | 4% | 92 | 4% |
| Retail | 256 | 11% | 235 | 9% |
| Accumulated Impairments and provisions total | 2,280 | 100% | 2,531 | 100% |

Management's review

Financial review

Statement of financial position

Vestjysk Bank's total assets stood at DKK 21.9 billion at 30 June 2020, against DKK 22.2 billion at 31 December 2019.

Loans

At 30 June 2020, Vestjysk Bank's net lending amounted to DKK 9.5 billion, down DKK 0.7 billion from DKK 10.2 billion at 31 December 2019. The lower lending volume was specifically related to the agricultural segment, which made an extraordinary repayment of debt driven by high pork settlement prices.

At 30 June 2020, loans to retail customers accounted for 40% of the Bank's net loans and guarantees.

The Bank's business lending is mainly concentrated within the agricultural and real estate sectors. Of total net loans and guarantees, agriculture accounted for 15% and real estate accounted for 12%. The Bank's overall exposure to these sectors thus amounted to 27% of total net loans and guarantees. At 30 June 2020, the Bank met the overall business plan target that no individual sector is to exceed 15% of total net loans and guarantees.

The sector distribution of net loans and guarantees is shown below:

| Loans and guarantees by sector | H1 2020 | H1 2020 | H1 2019 | H1 2019 |
|------------------------------------|---------------|-------------|---------------|-------------|
| | DKKkm. | % | DKKkm | % |
| Public authorities | 0 | 0% | 0 | 0% |
| Agricult., hunt., forestry | 1,966 | 15% | 2,195 | 15% |
| Fishing | 767 | 6% | 692 | 5% |
| Manufac. indus., raw mat. Ext. | 448 | 3% | 485 | 3% |
| Energy supply | 312 | 2% | 381 | 3% |
| Constr., civil engin. contract. | 498 | 4% | 481 | 3% |
| Trade | 686 | 5% | 972 | 7% |
| Transp., restaur., hotel busin. | 427 | 3% | 493 | 4% |
| Information and comm. | 50 | 0% | 48 | 0% |
| Financing and insurance | 571 | 5% | 645 | 5% |
| Real estate | 1,612 | 12% | 1,807 | 13% |
| Other industries | 720 | 5% | 735 | 5% |
| Retail | 5,281 | 40% | 5,287 | 37% |
| Loans and guarantees, Total | 13,337 | 100% | 14,219 | 100% |

The credit quality of the Bank's total loans and guarantees improved from 30 June 2019 to 30 June 2020. In H1 2020, 52% of the Bank's customers were of normal credit quality, and the proportion of credit-impaired customers was 17%, against 20% at 30 June 2019. The distribution is illustrated in the table below. This development is satisfactory, and in 2020 the Bank will continue to focus on individual customers in the challenged segments.

| Loans and guarantees by credit quality | H1 2020 | | H1 2019 | |
|--|---------------|-------------|---------------|-------------|
| | DKKkm | % | DKKkm | % |
| | 11,551 | 52% | 10,129 | 44% |
| Normal credit quality | 6,293 | 28% | 7,169 | 31% |
| Some signs of weakness | 769 | 3% | 967 | 4% |
| Significant signs of weakness without impairment | 3,793 | 17% | 4,665 | 21% |
| Impaired loans | 22,406 | 100% | 22,930 | 100% |

In note 24 to the financial statements, the Bank's credit quality is specified in terms of rating, stages and sectors.

At 30 June 2020, Vestjysk Bank replaced the previous internal segmentation model with a behavioural rating model for retail customers. The Bank's credit risk in relation to retail customers is managed by rating customers from 1 to 11 using a rating system developed by the BEC data centre together with member banks. The Bank's credit risk in relation to business customers is managed using an internal segmentation model classifying customers according to credit risk.

As a result, customers showing some signs of weakness were recategorised to customers with normal credit quality. In aggregate, customers with normal credit quality and customers showing some signs of weakness represented 80% of the Bank's customers in H1 2020, against 75% in H1 2019.

Both models are directly compatible with the Danish FSA's classification model. The correlation between the models is set out in the table below.

| | Normal credit quality | Some signs of weakness | Significant signs of weakness | Credit-impaired customers |
|---|-----------------------|------------------------|-------------------------------|---------------------------|
| The Bank's segmentation model (business) | E1+E2 | E3+E4 | E5 | E6 |
| The Bank's customer rating model (retail) | 1-3 | 4-6 | 7-8 | 9-11 |
| The Danish FSA's classification model | 3-2a | 2b | 2c | 1 |

Large exposures

The 20 largest exposures represented 108.7% of the Bank's common equity tier 1 capital, which is below the FSA's supervisory diamond benchmark of 175%.

Business volume including custody services

Vestjysk Bank's business volume including custody accounts and arranged mortgage loans amounted to DKK 71.2 billion at 30 June 2020, against DKK 71.9 billion at 31 December 2019.

The Bank's deposits decreased by 0.4 billion in H1 2020 due to deposits being transferred to the Bank's investment concepts and an outflow of partial service customers who only used the Bank's deposit products.

Pooled schemes and custody accounts were reduced by a total of DKK 0.4 billion as a result of securities price falls due to the Corona crisis.

The positive trend in arranged mortgage loans continued. The volume of mortgage loans to both business customers and retail customers is growing, and in H1 2020 this growth amounted to DKK 947 million.

| | H1 2020 | 31.12.2019 |
|---|---------------|---------------|
| Business volume | DKKm | DKKm |
| Net loans | 9,507 | 10,221 |
| Deposits | 12,682 | 13,043 |
| Pools | 4,962 | 5,233 |
| Custody services | 8,562 | 8,708 |
| Arranged mortgage loans | 31,696 | 30,749 |
| Business volume, including custody accounts and arranged mortgaged loans | 71,239 | 71,920 |

Management's review

Financial review

Deferred tax asset

An additional amount of the Bank's deferred tax asset was recognised in 2019. Vestjysk Bank remains confident that part of the deferred tax asset can be expected to be utilised within the next three years based on cautious earnings expectations, and DKK 98 million of the deferred tax asset was therefore recognised. Of this amount, DKK 84 million related to unutilised tax losses set off against total capital. The deferred tax asset not recognised subsequently amounted to DKK 460 million.

Capital and liquidity

Equity

Vestjysk Bank's equity stood at DKK 3,092 million at 30 June 2020, against DKK 2,956 million at 31 December 2019. The changes in equity since 31 December 2019 were positively affected by consolidation via the Bank's profit for H1 2020. The equity development since 1 January 2019 is detailed in the statement of changes in equity.

Subordinated debt

The Bank's subordinated debt amounted to DKK 347 million at 30 June 2020 and was eligible for full inclusion in total capital.

Total capital

Overall, total capital amounted to DKK 3,151 million at 30 June 2020. With a total risk exposure of DKK 13,548 million, this equalled a total capital ratio of 23.3%. At 31 December 2019, the Bank's total capital ratio was 21.1%.

Capital requirements

Adequate total capital amounted to DKK 1,422 million at 30 June 2020, and with a total risk exposure of DKK 13,548 million, this equalled an individual solvency need of 10.5%. At 30 June 2020, the capital conservation buffer had been fully phased in at 2.5 percentage points and the countercyclical buffer has been reduced to 0% due to the Corona crisis.

DKK 50 million, or 0.37 of a percentage point, has been added to the individual solvency need in response to the uncertainty about the long-term consequences of the Corona crisis. The amount has been reserved to mitigate the negative effects on customers who are not currently credit-impaired, but who are expected to see their credit quality reduced as a consequence of the Corona crisis.

The aggregate capital requirements amounted to 13.0%, corresponding to DKK 1,761 million.

This meant that Vestjysk Bank's excess cover relative to the individual solvency need was 12.8 percentage points, corresponding to DKK 1,729 million, while the excess cover relative to the aggregate capital requirements was 10.3 percentage points or DKK 1,390 million.

MREL

The MREL add-on is being phased in during the period to 1 July 2023. The period has been extended due to the Corona crisis.

The MREL add-on, determined annually by the Danish FSA, has been fixed at 6% of risk-weighted assets. The MREL is added on top of the capital requirement and at 30 June 2020 had been phased in at 14.9%. Vestjysk Bank's MREL ratio was equal to the total capital ratio of 23.3% at 30 June 2020. The excess cover was thus 8.4%, or DKK 1,136 million. In 2023, when fully phased in, the effect of the MREL add-on is expected to be in the region of DKK 800 million. Based on the current MREL ratio of 23.3%, the Bank complies with the coming fully-phased in capital requirements at 30 June 2020.

The Bank's capital position is illustrated below:

Capital position

| DKKm | H1 2020 | H1 2019 |
|---|---------------|---------------|
| Equity | 3,092 | 2,956 |
| Deductions: | | |
| - prudent valuation | -8 | -4 |
| - holdings in financial sector entities | -196 | -199 |
| - deferred tax assets | -84 | -84 |
| Subordinated debt | 347 | 347 |
| Total capital | 3,151 | 3,016 |
| - Kreditrisiko | 10,691 | 11,684 |
| - Markedsrisiko | 1,139 | 861 |
| - Operationel risiko | 1,718 | 1,771 |
| Total risk exposures | 13,548 | 14,316 |
| Common equity tier 1 capital ratio | 19.6% | 17.6% |
| Tier 1 capital ratio | 20.7% | 18.6% |
| Total capital ratio | 23.3% | 21.1% |
| MREL capital ratio | 23.3% | 21.1% |

Having obtained the Danish FSA's approval, Vestjysk Bank recognised the profit for the period in total capital for H1 2020. Total capital was negatively impacted by investments in shares in sector companies. Accordingly, total capital increased by DKK 135 million from 31 December 2019 to 30 June 2020.

Liquidity

Vestjysk Bank's liquidity remains strong. At 30 June 2020, the Bank's Liquidity Coverage Ratio (LCR) stood at 195.8%, relative to the LCR requirement of 100%.

Share capital

Vestjysk Bank's share capital totalled DKK 896 million at 30 June 2020. The share capital consists of 895,981,517 shares with a nominal value of DKK 1 each.

Vestjysk Bank has some 37,000 registered shareholders. The Bank's major shareholders are:

| | |
|--------------------------------------|--------|
| Aktieselskabet Arbejdernes Landsbank | 32.44% |
| AP Pension Livsforsikringsselskab | 19.71% |
| Nykredit Realkredit A/S | 13.97% |

The Bank's shares are listed as a component of the Nasdaq OMX Nordics Mid Cap index.

Management's review

Financial review

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 table below.

| Supervisory Diamond Benchmarks | Danish FSA's requirements | Vestjysk Bank |
|--------------------------------|---------------------------|---------------|
| Sum of large exposures | < 175% | 108.7% |
| Lending growth | < 20% | -10.4% |
| Real estate exposure | < 25% | 13.1% |
| Funding ratio | < 1 | 0.45 |
| Liquidity benchmark | >100% | 299.2% |

Other matters

Business plan 2020

The business plan for 2020 is based on the objective of ensuring that Vestjysk Bank remains strong and grows even stronger. The business plan for 2020 builds on the business plan for 2019 and remains focused on generating earnings by entering into business transactions with existing and new customers within the Bank's natural market segment, further improving the Bank's credit quality and maintaining strict cost control in order to maintain the Bank's competitive strength.

Preliminary impact of the Corona crisis on Vestjysk Bank

Like the rest of Denmark, the Bank has been impacted by the official lockdown of the country from 12 March 2020. The vast majority of the Bank's employees have been working from home, and the Bank's branches were only open for digital contact until 27 April 2020. During this period, the Bank was able to maintain a reasonable level of operations, and the level of customer activity has been normal.

The Bank's advisers have proactively contacted all business customers several times to arrange how the Bank can help them through the Corona crisis and to advise them on how to apply the rescue packages provided by the Danish government and parliament. So far, the crisis has not directly impacted the Bank's lending or impairment allowances to any significant extent. This is expected to change over time, however, if the crisis persists through the coming months.

For retail customers, Vestjysk Bank has provided a range of borrowing facilities in the form of permission to skip instalments, temporary overdraft facilities and increased credit facilities to support customers hit by the lockdown. These measures for retail customers have also had a limited impact on the Bank.

The sector distribution of the Bank's lending plays a positive part in this. Most of the Bank's lending is within sectors that have not been particularly badly affected by the Corona crisis so far. At this point, the hotel, restaurant, transport and retail sectors are the hardest hit, and these sectors account for some 10% of the Bank's total lending.

Vestjysk Bank's two main sectors, agriculture and real estate, have so far been relatively unaffected by the Corona crisis. Until now, the crisis has not affected dairy farmers, whereas pork prices dropped over the course of first half. They remain at a satisfactory level, however. Because of the relatively high pork prices, pig farmers, some of which are credit-impaired, have been able to repay debt to the Bank. This resulted in reversals of impairment allowances within this sector in H1 2020. We expect this development to continue, but if the price level slides further, it could have an adverse effect on the Bank. Agriculture still faces

risk factors such as the risk of an outbreak of African swine fever in Germany and/or in Denmark and a potential adverse impact of Brexit.

The Bank assesses that a Brexit without a trade agreement between the UK and Denmark is also a real risk for the fisheries sector.

In the real estate sector, we are so far seeing an effect on commercial leases in the affected sectors, where agreements have been made to defer rent payments. Depending on the duration and depth of the crisis, this effect could widen. Private residential rentals have not been affected at this point, and this is not expected to change significantly.

Our retail customers are generally doing well and are in a strong position to withstand the consequences of the Corona crisis. In the long term, we expect to see an increase in impairment allowances, but on a manageable level overall.

The situation is expected to change over the coming weeks and months. The Bank forecasts that the negative impact will spread to a wider range of sectors, particularly exporters, and that some of the Bank's retail customers may face unemployment, for example.

We assess that the Bank's DKK 200 million impairment provisions due to economic uncertainty concerning the Corona crisis and Brexit and the DKK 50 million capital reservation in the individual solvency need will be sufficient to cover the Bank's current risk exposure. Projections about the future consequences of the Corona crisis are subject to considerable uncertainty. In particular, the above-mentioned potential risks to pig farmers could lead to an increase in impairment allowances.

Outlook for 2020

On the basis of the preliminary impact of the Coronavirus situation, Vestjysk Bank issued revised full-year 2020 profit guidance on 13 May 2020. At that date, the guidance was a profit after tax in the range of DKK 160-240 million.

Positive financial market developments in the second quarter had a favourable effect on the Bank's investment portfolio during the period. Also, the continued favourable settlement prices for agricultural products meant that the positive trend in the Bank's impairment allowances, particularly in respect of agricultural customers, continued throughout the second quarter of 2020.

In an announcement issued on 14 July 2020, Vestjysk Bank upgraded and specified the full-year profit guidance after tax, and still expects a profit after tax to a range of DKK 200-260 million.

Financial calendar

■ 18 November

Quarterly report for Q1-Q3

Management's review

Financial review

Alternative performance measures

The Bank applies a number of alternative performance measures. These measures are applied where they provide greater informational value about, e.g. the Bank's earnings, or a common denomination for several items. The Bank is aware of the need for calculations to be applied consistently and with comparative figures.

The applied performance measures are defined below.

| Definitions | |
|--|--|
| Core income | The sum of Net interest and fee income, Dividends on shares, etc., Value adjustments and Other operating income. |
| Operating expenses and operating depreciation and amortisation | The sum of Staff costs and administrative expenses, Depreciation, amortisation and impairment losses on intangible and tangible assets and Other operating expenses. |
| Core earnings before impairment | Profit/loss before tax less Impairment of loans and receivables, etc. |
| Business volume including custody services | The sum of Loans, Guarantees, Deposits, including pooled funds and Customer services. |

Management's statement

The Bank's Board of Directors and Executive Board have today considered and approved the Quarterly report for the period 1 January – 30 June 2020 of Vestjysk Bank A/S.

The half-year report is presented in accordance with the Danish Financial Business Act.

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 2020, and of the results of the Bank's activities for the reporting period 1 January – 30 June 2020.

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 interim report has not been audited or reviewed, but the external auditor has verified the profit. This verification included procedures consistent with the requirements relating to a review. Hence, it was ascertained that the conditions for ongoing recognition of the profit for the period in common equity tier 1 capital were met.

Lemvig, Denmark, 19 August 2020

Executive Board

.....
Jan Ulsø Madsen
Chief Executive Officer

.....
Michael Nelander Petersen
Managing Director

Board of Directors

.....
Kim Duus
Chairman of the Board of Directors

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

.....
Bent Simonsen

.....
Bolette van Ingen Bro

.....
Claus Jensen

.....
Karina Boldsen

.....
Nicolai Hansen

.....
Jacob Møllgaard

.....
Martin Sand Thomsen

.....
Mette Holmegaard Nielsen

Financial statements

Statements of income and comprehensive income

| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | Q2 2020 DKK'000 | Q2 2019 DKK'000 | FY 2019 DKK'000 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Statement of income | | | | | |
| 2 Interest income | 245,943 | 276,071 | 123,286 | 138,552 | 554,382 |
| 2a Negative interest income | 4,313 | 2,493 | 1,957 | 1,593 | 6,781 |
| 3 Interest expenses | 15,259 | 22,142 | 7,387 | 10,173 | 40,797 |
| 3a Negative interest expenses | 14,298 | 874 | 9,099 | 528 | 3,393 |
| Net interest income | 240,669 | 252,310 | 123,041 | 127,314 | 510,197 |
| Dividends on shares etc. | 8,691 | 23,210 | 8,468 | 22,977 | 29,017 |
| 4 Income from fees and commissions | 176,052 | 172,637 | 84,065 | 89,425 | 363,594 |
| Fees and commissions paid | 15,268 | 16,879 | 7,705 | 8,710 | 34,520 |
| Net interest and fee income | 410,144 | 431,278 | 207,869 | 231,006 | 868,288 |
| 5 Value adjustments | 14,338 | 19,469 | 18,359 | -335 | 184,939 |
| Other operating income | 235 | 2,147 | 37 | 1,637 | 2,433 |
| 6 Staff costs and administrative expenses | 240,734 | 235,539 | 117,946 | 115,099 | 477,417 |
| Depreciation, amortisation and impairment charges on tangible assets | 5,365 | 4,292 | 2,681 | 2,132 | 29,547 |
| Other operating expenses | 1,283 | 798 | 626 | 404 | 1,569 |
| 7 Impairment of loans and receivables, etc. | 23,633 | 37,377 | 11,740 | 15,632 | 64,425 |
| Profit before tax | 153,702 | 174,888 | 93,272 | 99,041 | 482,702 |
| Tax | 10,960 | 11,750 | 7,924 | 7,855 | 4,957 |
| Profit after tax | 142,742 | 163,138 | 85,348 | 91,186 | 477,745 |
| Statement of comprehensive income | | | | | |
| Profit after tax | 142,742 | 163,138 | 85,348 | 91,186 | 477,745 |
| Other comprehensive income: | | | | | |
| Change in the value of owner-occupied properties | 0 | 0 | 0 | 0 | -16,955 |
| Changes in the value of pension obligations | 0 | 0 | 0 | 0 | -801 |
| Other comprehensive income after tax | 0 | 0 | 0 | 0 | -17,756 |
| Total comprehensive income | 142,742 | 163,138 | 85,348 | 91,186 | 459,989 |

Financial statements

Statement of financial position

| Note | 30 June 2020 DKK'000 | 30 June 2019 DKK'000 | 31 Dec 2019 DKK'000 |
|---------------|-------------------------|-------------------------|------------------------|
| Assets | | | |
| | 404,752 | 383,948 | 395,706 |
| | 523,302 | 771,409 | 775,266 |
| | 9,507,294 | 10,613,465 | 10,220,920 |
| | 5,293,131 | 3,465,768 | 4,268,252 |
| | 514,431 | 588,922 | 502,314 |
| | 4,962,217 | 4,980,260 | 5,232,977 |
| 11 | 0 | 230 | 17 |
| 12 | 274,943 | 300,284 | 261,684 |
| | 274,943 | 300,284 | 261,684 |
| | 3,722 | 4,629 | 4,831 |
| | 98,000 | 75,000 | 98,000 |
| | 963 | 0 | 0 |
| 13 | 269,594 | 384,505 | 415,928 |
| | 18,978 | 23,595 | 16,004 |
| | 21,871,327 | 21,592,015 | 22,191,899 |

Financial statements

Statement of financial position

| Note | 30 June 2020 DKK'000 | 30 June 2019 DKK'000 | 31 Dec 2019 DKK'000 |
|-------------------------------|-------------------------|-------------------------|------------------------|
| Equity and liabilities | | | |
| Debts | | | |
| | 114,492 | 42,169 | 13,001 |
| | 12,681,455 | 12,819,587 | 13,042,817 |
| | 4,962,217 | 4,980,260 | 5,232,977 |
| | 8,565 | 8,787 | 3,715 |
| 14 | 576,646 | 524,848 | 495,429 |
| | 8 | 57 | 18 |
| | 18,343,383 | 18,375,708 | 18,787,957 |
| Provisions | | | |
| | 15,265 | 15,287 | 15,532 |
| 8 | 18,896 | 28,721 | 25,762 |
| 8 | 54,245 | 56,868 | 59,466 |
| | 88,406 | 100,876 | 100,760 |
| 15 | 347,488 | 372,919 | 347,015 |
| Equity | | | |
| 16 | 895,982 | 895,982 | 895,982 |
| | 47,449 | 64,404 | 47,449 |
| | 551,600 | 551,600 | 551,600 |
| | 1,442,019 | 1,000,526 | 1,306,136 |
| | 2,937,050 | 2,512,512 | 2,801,167 |
| | 155,000 | 230,000 | 155,000 |
| | 3,092,050 | 2,742,512 | 2,956,167 |
| | 21,871,327 | 21,592,015 | 22,191,899 |

Financial statements

Statement of changes in equity

| DKK'000 | Share capital | Revaluation reserves | Reserves provided for in the Bank's Articles of Asso- | Retained earnings | Shareholder equity, total | Additional tier 1 capital holders *) | Equity, total |
|--|---------------|----------------------|---|-------------------|---------------------------|--------------------------------------|---------------|
| Equity, 1 January 2020 | 895,982 | 47,449 | 551,600 | 1,306,136 | 2,801,167 | 155,000 | 2,956,167 |
| Profit after tax for the period | | | | 136,190 | 136,190 | 6,552 | 142,742 |
| Total comprehensive income | 0 | 0 | 0 | 136,190 | 136,190 | 6,552 | 142,742 |
| Interest on additional tier 1 capital | | | | | | -6,552 | -6,552 |
| Additions relating to sale of own shares | | | | 29,527 | 29,527 | | 29,527 |
| Disposals relating to purchase of own shares | | | | -29,527 | -29,527 | | -29,527 |
| Equity, 30 June 2020 | 895,982 | 47,449 | 551,600 | 1,442,326 | 2,937,357 | 155,000 | 3,092,357 |
| Equity, 1 January 2019 | 895,982 | 64,563 | 551,600 | 846,678 | 2,358,823 | 230,000 | 2,588,823 |
| Profit after tax for the period | | | | 153,048 | 153,048 | 10,090 | 163,138 |
| Total comprehensive income | 0 | 0 | 0 | 153,048 | 153,048 | 10,090 | 163,138 |
| Interest on additional tier 1 capital | | | | | | -10,090 | -10,090 |
| Tax on interest on additional tier 1 capital | | | | 641 | 641 | | 641 |
| Additions relating to sale of own shares | | | | 98,787 | 98,787 | | 98,787 |
| Disposals relating to purchase of own shares | | | | -98,787 | -98,787 | | -98,787 |
| Retained earnings | | -159 | | 159 | 0 | | 0 |
| Equity, 30 June 2019 | 895,982 | 64,404 | 551,600 | 1,000,526 | 2,512,512 | 230,000 | 2,742,512 |
| Equity, 1 January 2019 | 895,982 | 64,563 | 551,600 | 846,678 | 2,358,823 | 230,000 | 2,588,823 |
| Profit after tax for the period | | | | 459,206 | 459,206 | 18,539 | 477,745 |
| Other comprehensive income after tax | | -16,955 | | -801 | -17,756 | | -17,756 |
| Total comprehensive income | 0 | -16,955 | 0 | 458,405 | 441,450 | 18,539 | 459,989 |
| Redemption on tier 1 capital | | | | | | -75,000 | -75,000 |
| Interest on additional tier 1 capital | | | | | | -18,539 | -18,539 |
| Tax on interest on additional tier 1 capital | | | | 894 | 894 | | 894 |
| Additions relating to sale of own shares | | | | 131,720 | 131,720 | | 131,720 |
| Disposals relating to purchase of own shares | | | | -131,720 | -131,720 | | -131,720 |
| Retained earnings | | -159 | | 159 | 0 | | 0 |
| Equity, 31 December 2019 | 895,982 | 47,449 | 551,600 | 1,306,136 | 2,801,167 | 155,000 | 2,956,167 |

*)

Holders of additional tier 1 capital

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.

The additional tier 1 capital meets the conditions under CRR/CRD IV.

Additional tier 1 capital DKK 155 million

There is an option of early redemption, subject to approval by the Danish Financial Supervisory Authority, on 16 August 2022. The capital accrues interest at 8.50% until 16 August 2022, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. If Vestjysk Bank's common equity tier 1 capital ratio falls below 5.125%, the loan will be written down.

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- 3 Interest expenses
- 3a Negative interest expenses
- 4 Income from fees and commissions
- 5 Value adjustments
- 6 Staff costs and administrative expenses
- 7 Impairment of loans and receivables, etc.
- 8 Impairment of loans and receivables and provisions for losses on guarantees and unused credit commitments
- 9 Receivables for which accrual of interest has been discontinued
- 10 Tax
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Notes

Note

1 **Accounting policies**

Vestjysk Bank's interim report for the period 1 January - 30 June 2020 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, etc.

Except for the changes below the accounting policies are consistent with those applied in the 2019 Annual Report, which contains a full description of those policies.

Measuring certain assets and liabilities requires Management estimates of how future events will affect the value of such assets and liabilities. Estimates material to the financial reporting are for example made in connection with the determination of impairment allowances according to an expected loss model, fair values of unlisted financial instruments and provisions. For more details, see the 2019 Annual Report. The applied estimates are based on assumptions that Management considers reasonable, but which are inherently uncertain.

The Bank's significant risks and external conditions that may affect the Bank are described in greater detail in the 2019 Annual Report.

Changed income statement presentation

In the annual report from 2019, negative interest income and negative interest expenses were presented under interest income and interest expenses, respectively, in the notes to the financial statements. Effective from 2020, negative interest income and negative interest expenses will be presented separately in the notes to the financial statements and in the income statement. The changed presentation has no effect on the net profit.

Changed accounting treatment of leases

The Danish FSA's Amending Executive Order of 3 December 2018 became effective for the financial year beginning on 1 January 2020.

The Amending Executive Order introduces new rules on leases, which depart from the previous rules in that the lessee is no longer required to distinguish between finance leases and operating leases when accounting for leases. All leases are to be recognised by the lessee as a lease asset representing the value of the right of use. On initial recognition, the asset is measured at the present value of the lease liability, including costs and any advance payment. At the same time, the present value of the agreed lease payments is recognised as a liability. Short-term leases and leases of low-value assets are exempt from the requirement for recognition of a lease asset.

As a result of the amended rules and changed accounting policies, the Bank's opening property, plant and equipment and liabilities increased by DKK 15.7 million. Of this amount, DKK 15.3 million relates to the Bank's owner-occupied properties.

The effect of the amended rules and accounting policies on net profit is immaterial, as the Bank has a limited number of leases.

Financial statements

Notes

| Note | | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|-----------|---|--------------------|--------------------|--------------------|
| 2 | Interest income | | | |
| | Receivables from credit institutions and central banks | 44 | 23 | 43 |
| | Loans and other receivables | 239,458 | 270,474 | 543,366 |
| | Bonds | 6,246 | 5,883 | 9,023 |
| | Derivative financial instruments | 195 | -309 | 1,950 |
| | Total | 245,943 | 276,071 | 554,382 |
| 2a | Negative interest income | | | |
| | Receivables from credit institutions and central banks | 1,314 | 951 | 2,426 |
| | Bonds | 2,999 | 1,542 | 4,355 |
| | Total | 4,313 | 2,493 | 6,781 |
| 3 | Interest expenses | | | |
| | Deposits and other debt | 5,071 | 9,117 | 16,086 |
| | Subordinated debt | 10,076 | 13,008 | 24,327 |
| | Other interest expenses | 112 | 17 | 384 |
| | Total | 15,259 | 22,142 | 40,797 |
| 3a | Negative interest expenses | | | |
| | Credit institutions and central banks | 147 | 0 | 0 |
| | Deposits and other debt | 14,151 | 874 | 3,393 |
| | Total | 14,298 | 874 | 3,393 |
| 4 | Income from fees and commissions | | | |
| | Securities trading and custody services | 41,898 | 38,664 | 83,175 |
| | Payment services | 24,801 | 24,355 | 50,245 |
| | Loan processing fees | 20,227 | 21,672 | 58,671 |
| | Guarantee commission | 27,598 | 25,385 | 53,164 |
| | Other fees and commissions | 61,528 | 62,561 | 118,339 |
| | Total | 176,052 | 172,637 | 363,594 |
| 5 | Value adjustments | | | |
| | Bonds | 2,344 | 5,776 | 5,046 |
| | Shares, etc. | 5,541 | 727 | 162,604 |
| | Foreign currency | 5,590 | 6,562 | 13,586 |
| | Foreign exchange, interest rate, equity, commodity, and other contracts as well as derivative financial instruments | 1,515 | 6,558 | 4,927 |
| | Assets related to pooled schemes | -434,595 | 371,286 | 581,559 |
| | Deposits with pooled schemes | 434,595 | -371,286 | -581,559 |
| | Other assets | -652 | -154 | -1,224 |
| | Total | 14,338 | 19,469 | 184,939 |

| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|--|--------------------|--------------------|--------------------|
| 6 Staff costs and administrative expenses | | | |
| Staff costs: | | | |
| Wages and salaries | 113,703 | 108,865 | 220,307 |
| Pensions | 13,712 | 12,994 | 26,670 |
| Payroll tax | 19,266 | 17,881 | 35,894 |
| Expenses relating to social security contributions etc. | 790 | 451 | 2,583 |
| Total | 147,471 | 140,191 | 285,454 |
| Average number of employee (FTE) | 393.9 | 371.7 | 377.9 |
| Other administrative expenses: | | | |
| IT expenses | 67,834 | 59,868 | 124,853 |
| Rent, electricity and heat | 4,357 | 5,548 | 11,365 |
| Postage, telephone etc. | 764 | 1,270 | 2,136 |
| Other administrative expenses | 20,615 | 28,662 | 53,609 |
| Total | 93,570 | 95,348 | 191,963 |
| Total | 241,041 | 235,539 | 477,417 |
| Salaries and remuneration of the Board of Directors and Executive Board are included in staff costs in the following amounts | | | |
| Board of directors | 1,322 | 1,021 | 2,036 |
| Executive board | | | |
| Fixed remuneration | 3,274 | 3,230 | 6,457 |
| Pension | 163 | 161 | 322 |
| Total | 3,437 | 3,391 | 6,779 |
| Value of benefits executive board | 142 | 149 | 302 |
| 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 other reasons. | | | |
| 7 Impairment of loans and receivables, etc. | | | |
| Impairment of loans and other receivables in the statement of income | | | |
| Impairment charges for the period | 368,051 | 302,674 | 400,647 |
| Reversal of impairment charges in prior financial years | -324,946 | -267,020 | -339,743 |
| Loans with no prior individual impairment/provisions, written off | 1,274 | 2,236 | 10,545 |
| Recovered on previously written off debts | -8,660 | -6,799 | -12,834 |
| Total | 35,719 | 31,091 | 58,615 |
| Provisions for losses on guarantees and unused credit commitments | | | |
| Impairments for the period | 29,582 | 35,135 | 49,167 |
| Reversal of provisions in prior financial years | -41,668 | -28,849 | -43,357 |
| Total | -12,086 | 6,286 | 5,810 |
| Impairment of loans and other receivables, end of the reporting period | 23,633 | 37,377 | 64,425 |
| Interest income on impaired loans is offset against impairment in the amount of | 25,083 | 33,950 | 58,463 |

Financial statements

Notes

| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|--|--------------------|--------------------|--------------------|
| 8 | | | |
| Impairments of loans and receivables and provisions on guarantees and unutilised credit lines - Impairment of loans and receivables | | | |
| Stage 1 (absence of significant increase in risk assessment) | | | |
| Impairment, beginning of the reporting period | 45,111 | 29,938 | 29,938 |
| New impairments, new exposures | 8,020 | 4,200 | 15,178 |
| Reversed impairments repaid accounts | -76,723 | -29,381 | -48,166 |
| Change in impairments, beginning of period to/from stage 1 | -7,651 | -4,755 | -4,943 |
| Change in impairments, beginning of period to/from stage 2 | 28,740 | 24,006 | 23,758 |
| Change in impairments, beginning of period to/from stage 3 | 27,807 | 1,119 | 19,055 |
| Impairments due to change in credit risk | 8,247 | 9,508 | 10,291 |
| Impairment, end of the reporting period | 33,551 | 34,635 | 45,111 |
| Stage 2 (significant increase in risk assessment) | | | |
| Impairment, beginning of the reporting period | 75,845 | 91,895 | 91,895 |
| New impairments, new exposures | 8,038 | 8,618 | 11,033 |
| Reversed impairments repaid accounts | -67,574 | -37,127 | -67,431 |
| Change in impairments, beginning of period to/from stage 1 | 6,461 | 4,413 | 4,241 |
| Change in impairments, beginning of period to/from stage 2 | -30,372 | -28,089 | -28,602 |
| Change in impairments, beginning of period to/from stage 3 | 45,570 | 18,390 | 35,502 |
| Impairments due to change in credit risk | 24,863 | 29,336 | 29,207 |
| Impairment, end of the reporting period | 62,831 | 87,436 | 75,845 |
| Stage 3 (credit-impaired) | | | |
| Impairment, beginning of the reporting period | 2,198,643 | 2,445,023 | 2,445,023 |
| New impairments, new exposures | 128,961 | 29,001 | 38,309 |
| Reversed impairments repaid accounts | -336,109 | -280,873 | -353,102 |
| Change in impairments, beginning of period to/from stage 1 | 1,190 | 342 | 702 |
| Change in impairments, beginning of period to/from stage 2 | 1,632 | 4,083 | 4,844 |
| Change in impairments, beginning of period to/from stage 3 | -73,376 | -19,509 | -54,557 |
| Impairments due to change in credit risk | 346,562 | 297,858 | 418,441 |
| Impairments lost | -166,580 | -179,062 | -359,480 |
| Other movements | 25,083 | 33,950 | 58,463 |
| Impairment, end of the reporting period | 2,126,006 | 2,330,813 | 2,198,643 |
| Loans, credit-impaired at initial recognition | | | |
| Impairment, beginning of the reporting period (acquired impairment) | 52,246 | 47,972 | 47,972 |
| New impairments | 149 | 4,837 | 8,627 |
| Reversed impairments | -1,329 | -324 | -1,483 |
| Impairments lost | -12,567 | -2,870 | -2,870 |
| Impairment, end of the reporting period | 38,499 | 49,615 | 52,246 |

| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|---|--------------------|--------------------|--------------------|
| 8 Provisions for losses on guarantees | | | |
| Provisions, beginning of the reporting period | 25,762 | 32,814 | 32,814 |
| New provisions, new exposures | 181 | 1,230 | 2,220 |
| Reversed provisions for losses at repaid accounts | -8,212 | -7,335 | -14,247 |
| Provision during the period due to change in credit risk | 1,165 | 2,012 | 4,975 |
| Provisions, end of the reporting period | 18,896 | 28,721 | 25,762 |
| Overall accumulated impairment of loans and receivables and provisions for losses on guarantees | 2,279,783 | 2,531,220 | 2,397,607 |
| Accumulated impairment ratio | 14.6% | 15.1% | 14.5% |
| Provisions for losses on unused credit commitments | | | |
| Provisions beginning of the reporting period | 59,466 | 46,604 | 46,604 |
| New provisions, new exposures | 2,359 | 1,667 | 11,615 |
| Reversed provisions for losses at repaid accounts | -35,317 | -22,500 | -30,178 |
| Provision during the period due to change in credit risk | 27,737 | 31,213 | 31,425 |
| Provisions lost during the period | 0 | -116 | 0 |
| Provisions at 31 June | 54,245 | 56,868 | 59,466 |
| 9 Receivables for which accrual of interest has been discontinued | | | |
| Receivables for which accrual of interest has been discontinued, end of the reporting period | 1,000,884 | 1,006,354 | 966,895 |
| Total impairment charge thereon | 826,074 | 860,507 | 743,191 |
| Receivables for which accrual of interest has been discontinued, as a percentage of loans before impairment | 8.5% | 7.7% | 7.7% |
| 10 Tax | | | |
| Current tax | 3,036 | 3,895 | 26,803 |
| Deffered tax | 0 | 0 | -23,000 |
| Adjustment of current tax for prior years | 0 | 0 | 1,154 |
| Total | 3,201 | 3,895 | 4,957 |
| Applicable tax rate reduced from 22% to 5.0% | | | |
| Applicable tax rate | 22.0% | 22.0% | 22.0% |
| Use of losses from previous years | -8.4% | -9.6% | -7.6% |
| Tax-free value adjustments | -3.7% | -3.8% | -7.0% |
| Deffered tax asset | 0.0% | 0.0% | -4.8% |
| Other adjustment | -4.9% | -3.5% | -1.8% |
| Adjustment of current tax for prior years | 0.0% | 0.0% | 0.2% |
| Effective tax rate | 5.0% | 5.1% | 1.0% |

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| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|---|--------------------|--------------------|--------------------|
| 11 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 | 14,964 | 14,964 | 14,964 |
| Depreciation and impairment for the period | 0 | 0 | 0 |
| Depreciation and impairment, end of the reporting period | 14,964 | 14,964 | 14,964 |
| Recognised holding, end of the reporting period | 0 | 0 | 0 |
| Other Intangible assets | | | |
| Total acquisition cost, beginning of the reporting period | 1,416 | 1,416 | 1,416 |
| Total acquisition cost, end of the reporting period | 1,416 | 1,416 | 1,416 |
| Depreciation and impairment, beginning of the reporting period | 1,399 | 950 | 950 |
| Depreciation and impairment for the period | 17 | 236 | 449 |
| Depreciation and impairment, end of the reporting period | 1,416 | 1,186 | 1,399 |
| Recognised holding, end of the reporting period | 0 | 230 | 17 |
| Total | 0 | 230 | 17 |
| 12 Owner-occupied property | | | |
| Revalued amount, beginning of the period | 261,684 | 310,381 | 310,381 |
| Additions | 1,496 | 0 | 1,483 |
| Disposals | 0 | 7,489 | 7,488 |
| Depreciations | 2,105 | 2,608 | 4,971 |
| Changes in value recognised in other comprehensive income | 0 | 0 | -16,955 |
| Changes in value recognised in the statement of income | 0 | 0 | -20,766 |
| Revalued amount, end of the period | 261,075 | 300,284 | 261,684 |
| External valuation experts have been involved in measuring the most important owner-occupied and investment properties. | | | |
| Leased owner-occupied property | | | |
| Value of leases, beginning of the period | 0 | 0 | 0 |
| Value of leases recognised, change in accounting treatment | 15,316 | 0 | 0 |
| Recognised in statement of financial position, beginning period | 15,316 | 0 | 0 |
| Depreciations | 1,448 | 0 | 0 |
| Value of leases, end of the period | 13,868 | 0 | 0 |
| Total | 274,943 | 300,284 | 261,684 |
| 13 Other assets | | | |
| Positive market value of derivative financial instruments | 19,655 | 23,902 | 13,801 |
| Interest and commission receivable | 76,553 | 69,623 | 104,750 |
| Investments in BEC | 143,595 | 242,278 | 242,278 |
| Other assets | 29,791 | 48,702 | 55,099 |
| Total | 269,594 | 384,505 | 415,928 |
| 14 Other liabilities | | | |
| Negative market value of derivative financial instruments | 20,275 | 22,464 | 15,852 |
| Various creditors | 481,967 | 455,482 | 447,057 |
| Interest and commission payable | 31,524 | 31,588 | 15,751 |
| Lease liabilities | 14,280 | 0 | 0 |
| Other liabilities | 28,600 | 15,314 | 16,769 |
| Total | 576,646 | 524,848 | 495,429 |

| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|---|--------------------|--------------------|--------------------|
| 15 Subordinated debt | | | |
| Tier 2 capital | 347,251 | 372,750 | 347,015 |
| <p>A nominal DKK 225 million will fall due on 16 August 2027 with an option for early redemption on 16 August 2022 subject to the Financial Supervisory Authority's approval. The capital accrues interest at a fixed 6.50% until 16 August 2022, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. The capital meets the tier 2 capital requirements under CRR/CRD IV.</p> <p>A nominal DKK 125 million will fall due on 28 August 2029 with an option for early repayment on 28 August 2024 subject to the Financial Supervisory Authority's approval. The capital accrues interest at a fixed 3.75% until 28 August 2028, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. The capital meets the requirements under CRR/CDR IV.</p> | | | |
| Total | 347,251 | 372,750 | 347,015 |
| 15 | | | |
| Charged as an expense under interest expenses/subordinated debt: | | | |
| Interest expenses | 4,802 | 6,302 | 23,539 |
| Costs related to incurrence and repayment | 236 | 169 | 788 |
| Total | 5,038 | 6,471 | 24,327 |
| Subordinated debt that can be included in the total capital | 347,251 | 325,433 | 347,015 |
| 16 Share capital | | | |
| Share capital | 895,982 | 895,982 | 895,982 |
| Number of shares (units of DKK 1) | 895,981,517 | 895,981,517 | 895,981,517 |
| 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 | 0.0% | 0.0% | 0.0% |
| Additions | | | |
| Purchase of own shares (thousands) | 9,502 | 28,948 | 38,103 |
| Nominal value DKK'000 | 9,502 | 28,948 | 38,103 |
| Percentage of the share capital | 1.1% | 3.2% | 4.3% |
| Total purchase price DKK'000 | 29,527 | 98,787 | 131,720 |
| Disposals | | | |
| Sold own shares (thousands) | 9,502 | 28,948 | 38,103 |
| Nominal value DKK'000 | 9,502 | 28,948 | 38,103 |
| Percentage of the share capital | 1.1% | 3.2% | 4.3% |
| Total selling price DKK'000 | 29,527 | 98,787 | 131,720 |
| Number of own shares, end of reporting period | | | |
| Number of own shares (thousands) | 173 | 173 | 173 |
| Nominal value DKK'000 | 173 | 173 | 173 |
| Percentage of the share capital | 0.0% | 0.0% | 0.0% |

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.

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| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|---|--------------------|--------------------|--------------------|
| 17 Capital | | | |
| Shareholders' Equity | 2,937,357 | 2,512,512 | 2,801,167 |
| Profit not recognised in total capital | - | -153,048 | - |
| Intangible assets | 0 | -230 | -17 |
| Prudent valuation | -8,069 | -3,558 | -4,343 |
| Holdings in financial sector entities | -196,594 | -201,477 | -199,573 |
| Deferred tax assets | -83,707 | -57,201 | -83,707 |
| Common equity tier 1 capital | 2,648,987 | 2,096,998 | 2,513,527 |
| Additional tier 1 capital | 155,000 | 230,000 | 155,000 |
| Tier 1 capital | 2,803,987 | 2,326,998 | 2,668,527 |
| Tier 2 capital | 347,488 | 318,127 | 347,015 |
| Total capital | 3,151,475 | 2,645,125 | 3,015,542 |
| Total risk exposure | 13,548,077 | 14,249,987 | 14,316,337 |
| Common equity tier 1 capital ratio | 19.6% | 14.7% | 17.6% |
| Tier 1 capital ratio | 20.7% | 16.3% | 18.6% |
| Total capital ratio | 23.3% | 18.6% | 21.1% |
| MREL- capital | | | |
| Total capital | 3,151,168 | 2,645,125 | 3,015,991 |
| MREL-capital | 0 | 54,792 | 0 |
| MREL- total capital | 3,151,168 | 2,699,917 | 3,015,991 |
| MREL-capital ratio | 23.3% | 18.9% | 21.1% |
| 18 Contingent assets | | | |
| Deffered tax asset at a tax rate of 22% | 459,987 | 529,653 | 480,480 |

The deferred tax asset is primarily related to carry forward taxable deficits.

It is the Banks assessment that there is no basis for recognition of all of the deferred tax asset presently. Therefore, the deferred tax is partly recognised at DKK 98 million in the financial statement H1 2020.

The remaining deffered tax asset is treated as a contingent asset which is not recognised in the Statement of Financial Position.

| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|--|--------------------|--------------------|--------------------|
| 19 Contingent liabilities | | | |
| Guarantees | | | |
| Financial guarantees | 569,452 | 556,114 | 741,057 |
| Loss guarantees on mortgage loans | 2,122,370 | 2,115,320 | 2,172,001 |
| Other contingent liabilities | 1,138,180 | 934,255 | 1,052,605 |
| Total | 3,830,002 | 3,605,689 | 3,965,663 |
| 'Other contingent liabilities' include, among other things, performance bonds, delivery guarantees as well as provisions of indemnity in relation to the Guarantee Fund. | | | |
| Other commitments | | | |
| Irreversible credit commitments | 117,824 | 135,070 | 144,799 |
| Other liabilities | 0 | 17,875 | 12,554 |
| Total | 117,824 | 152,945 | 157,353 |
| Security pledged | | | |
| Credit institutions: | | | |
| Margin accounts pledged as security in relation to financial derivatives | 15,449 | 19,854 | 14,391 |
| Deposited in the Danish Growth Fund | 406 | 455 | 455 |
| Bonds: | | | |
| Pledged as security for credit facility with Danmarks Nationalbank | | | |
| Total nominal value | 1,233,882 | 1,123,497 | 942,470 |
| Total market value | 1,239,592 | 1,132,278 | 948,682 |
| 20 Hedge accounting | | | |
| To manage interest rate risk, the following are hedged (fair value hedge): | | | |
| Bonds | 0 | 151,325 | 0 |
| Hedged with interest rate swaps, maturity 2020: | | | |
| Notional principal | 0 | 150,000 | 0 |
| Fair value | 0 | -674 | 0 |
| Loans at amortised cost | 35,676 | 66,135 | 57,962 |
| Hedged with interest rate swaps, maturity 2019-2022: | | | |
| Notional principal | 34,567 | 63,523 | 56,178 |
| Fair value | -1,109 | -2,612 | -1,784 |
| Total fair value adjustment of hedging instruments | 613 | 1,037 | 1,357 |
| Total fair value adjustment of the hedged items | -613 | -1,561 | -1,357 |
| Ineffectiveness recognised in the statement of income | 0 | -524 | 0 |

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Note

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

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

For financial instruments measured at fair value, the basis for determining fair value is:

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

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

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

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 fair value is determined as the redistribution price and the shares are included in level 2 (observable). For other unlisted shares in sector-held enterprises, with no observable market data, the valuation involves estimates, based on financial reports from the enterprise, previous trading of shares in the enterprise and input from a 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 11,3 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.

The fair value of receivables from credit institutions and central banks is determined by applying the same method as for loans, although the bank has not made impairments of receivables from credit institutions and central banks.

Subordinated debt is 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 and for fixed-rate debt securities in issue, also interest rate-dependent value adjustments for fixed-rate subordinated debt.

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

21 Fair value of financial assets and liabilities (continued)

| H1 2020 (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 | 404,752 | 404,752 | 68,737 | 336,015 | 0 |
| Receivables from credit institutions and central banks | 523,302 | 523,302 | 0 | 523,302 | 0 |
| Loans at amortised cost | 9,507,294 | 9,572,780 | 0 | 0 | 9,572,780 |
| Bonds at fair value | 5,293,131 | 5,293,131 | 5,245,297 | 47,834 | 0 |
| Shares, etc. | 514,431 | 514,431 | 46,078 | 355,605 | 112,748 |
| Assets related to pooled schemes | 4,962,217 | 4,962,217 | 4,962,217 | 0 | 0 |
| Derivative financial instruments | 19,655 | 19,655 | 0 | 19,655 | 0 |
| Total | 21,224,782 | 21,290,268 | 10,322,329 | 1,282,411 | 9,685,528 |
| Financial liabilities | | | | | |
| Debts to credit institutions and central banks | 114,492 | 114,492 | 0 | 114,492 | 0 |
| Deposits | 12,681,455 | 12,682,649 | 0 | 0 | 12,682,649 |
| Deposits in pooled schemes | 4,962,217 | 4,962,217 | 0 | 0 | 4,962,217 |
| Subordinated debt | 347,488 | 365,305 | 0 | 0 | 365,305 |
| Derivative financial instruments | 20,275 | 20,275 | 0 | 20,275 | 0 |
| Total | 18,125,927 | 18,144,938 | 0 | 134,767 | 18,010,171 |
| Shares measured at fair value based on non-observable inputs (level 3) | | | | | |
| Carrying amount, beginning of the period | | | | | 111,319 |
| Additions | | | | | 0 |
| Disposals | | | | | 359 |
| Value adjustment | | | | | 1,788 |
| Value, end of the period | | | | | 112,748 |
| Period's value adjustments relating to financial assets in the portfolio, total | | | | | 1,842 |

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| Note | | | | | |
|---|-------------------|-------------------|-----------------------|---------------------------|-------------------------------|
| 21 Fair value of financial assets and liabilities (continued) | | | | | |
| H 1 2019 (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 | 383,948 | 383,948 | 60,391 | 323,557 | 0 |
| Receivables from credit institutions and central banks | 771,409 | 771,409 | 0 | 771,409 | 0 |
| Loans at amortised cost | 10,613,465 | 10,685,860 | 0 | 0 | 10,685,860 |
| Bonds at fair value | 3,465,768 | 3,465,768 | 3,437,636 | 28,132 | 0 |
| Shares, etc. | 588,922 | 588,922 | 45,947 | 435,522 | 107,453 |
| Assets related to pooled schemes | 4,980,260 | 4,980,260 | 4,980,260 | 0 | 0 |
| Derivative financial instruments | 23,902 | 23,902 | 0 | 23,902 | 0 |
| Total | 20,827,674 | 20,900,069 | 8,524,234 | 1,582,522 | 10,793,313 |
| Financial liabilities | | | | | |
| Debts to credit institutions and central banks | 42,169 | 42,169 | 0 | 42,169 | 0 |
| Deposits | 12,819,587 | 12,824,091 | 0 | 0 | 12,824,091 |
| Deposits in pooled schemes | 4,980,260 | 4,980,260 | 0 | 0 | 4,980,260 |
| Subordinated debt | 372,919 | 388,607 | 0 | 0 | 388,607 |
| Derivative financial instruments | 22,464 | 22,464 | 0 | 22,464 | 0 |
| Total | 18,237,399 | 18,257,591 | 0 | 64,633 | 18,192,958 |
| Shares measured at fair value based on non-observable inputs (level 3) | | | | | |
| Carrying amount, beginning of the period | | | | | 104,422 |
| Additions | | | | | 0 |
| Disposals | | | | | 0 |
| Value adjustment | | | | | 3,031 |
| Value, end of the period | | | | | 107,453 |
| Period's value adjustments relating to financial assets in the portfolio, total | | | | | 3,060 |

Note

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

| FY 2019 (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 | 395,706 | 395,706 | 60,112 | 335,594 | 0 |
| Receivables from credit institutions and central banks | 775,266 | 775,266 | 0 | 775,266 | 0 |
| Loans at amortised cost | 10,220,920 | 10,297,765 | 0 | 0 | 10,297,765 |
| Bonds at fair value | 4,268,252 | 4,268,252 | 4,220,323 | 47,929 | 0 |
| Shares, etc. | 502,314 | 502,314 | 43,383 | 347,612 | 111,319 |
| Assets related to pooled schemes | 5,232,977 | 5,232,977 | 5,232,977 | 0 | 0 |
| Derivative financial instruments | 13,801 | 13,801 | 0 | 13,801 | 0 |
| Total | 21,409,236 | 21,486,081 | 9,556,795 | 1,520,202 | 10,409,084 |
| Financial liabilities | | | | | |
| Debts to credit institutions and central banks | 13,001 | 13,001 | 0 | 13,001 | 0 |
| Deposits | 13,042,817 | 13,044,046 | 0 | 0 | 13,044,046 |
| Deposits in pooled schemes | 5,232,977 | 5,232,977 | 0 | 0 | 5,232,977 |
| Subordinated debt | 347,015 | 357,108 | 0 | 0 | 357,108 |
| Derivative financial instruments | 15,852 | 15,852 | 0 | 15,852 | 0 |
| Total | 18,651,662 | 18,662,984 | 0 | 28,853 | 18,634,131 |
| Shares measured at fair value based on non-observable inputs (level 3) | | | | | |
| Carrying amount, beginning of the period | | | | | 104,422 |
| Additions | | | | | 0 |
| Disposals | | | | | 0 |
| Value adjustment | | | | | 6,897 |
| Value, end of the period | | | | | 111,319 |
| Period's value adjustments relating to financial assets in the portfolio, total | | | | | 6,926 |

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Notes

Note

22 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 2019.

23 Loans and guarantees, by sector (net)

| | H1 2020 DKK'000 | H1 2020 pct. | H1 2019 DKK'000 | H1 2019 pct. | FY 2019 DKK'000 | FY 2019 pct. |
|--|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|
| Public authorities | 0 | 0% | 0 | 0% | 0 | 0% |
| Business: | | | | | | |
| Agriculture, hunting, forestry and fishery | 2,732,879 | 21% | 2,886,655 | 20% | 2,893,210 | 20% |
| Manufacturing industry and raw material extraction | 448,307 | 3% | 484,638 | 3% | 493,006 | 4% |
| Energy supply | 312,052 | 2% | 381,028 | 3% | 359,366 | 3% |
| Construction and civil engineering contractors | 497,590 | 4% | 480,819 | 3% | 502,881 | 4% |
| Trade | 685,559 | 5% | 971,794 | 7% | 881,614 | 6% |
| Transportation, hotels and restaurant businesses | 426,932 | 3% | 492,532 | 4% | 456,111 | 3% |
| Information and communication | 50,277 | 0% | 47,853 | 0% | 58,659 | 0% |
| Credit and financing institutes and insurance businesses | 570,655 | 4% | 645,467 | 5% | 602,421 | 4% |
| Real estate | 1,611,638 | 12% | 1,807,178 | 13% | 1,861,000 | 13% |
| Other businesses | 720,290 | 6% | 734,577 | 5% | 699,660 | 5% |
| Business, total | 8,056,179 | 60% | 8,932,541 | 63% | 8,807,928 | 62% |
| Retail | 5,281,117 | 40% | 5,286,614 | 37% | 5,378,655 | 38% |
| Total | 13,337,296 | 100% | 14,219,155 | 100% | 14,186,583 | 100% |

Note

24 **Loans by rating, sectors and IFRS9- stages**

Loans at amortised cost, unused credit commitments and financial guarantees, by rating and IFRS 9 Stages

| | H1 2020 (DKK'000) | | | | Total |
|-------------------------------|-------------------|------------------|------------------|--|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | credit-impaired at initial recognition | |
| Normal credit quality | 11,062,531 | 488,511 | 0 | 0 | 11,551,042 |
| Some signs of weakness | 4,639,750 | 1,653,331 | 0 | 0 | 6,293,081 |
| Significant signs of weakness | 312,311 | 456,861 | 0 | 0 | 769,172 |
| Impaired loans | 0 | 0 | 3,714,413 | 78,111 | 3,792,524 |
| Total | 16,014,592 | 2,598,703 | 3,714,413 | 78,111 | 22,405,819 |

| | H1 2019 (DKK'000) | | | | Total |
|-------------------------------|-------------------|------------------|------------------|--|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | credit-impaired at initial recognition | |
| Normal credit quality | 9,587,934 | 541,474 | 0 | 0 | 10,129,408 |
| Some signs of weakness | 5,062,020 | 2,106,395 | 0 | 0 | 7,168,415 |
| Significant signs of weakness | 316,835 | 650,327 | 0 | 0 | 967,162 |
| Impaired loans | 0 | 0 | 4,550,255 | 114,312 | 4,664,567 |
| Total | 14,966,789 | 3,298,196 | 4,550,255 | 114,312 | 22,929,552 |

| | H1 2020 (DKK'000) | | | | Total |
|-------------------------------|-------------------|------------------|------------------|--|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | credit-impaired at initial recognition | |
| Normal credit quality | 9,622,996 | 503,822 | 0 | 0 | 10,126,818 |
| Some signs of weakness | 5,330,933 | 1,674,611 | 0 | 0 | 7,005,544 |
| Significant signs of weakness | 530,057 | 649,053 | 0 | 0 | 1,179,110 |
| Impaired loans | 0 | 0 | 4,168,137 | 92,968 | 4,261,105 |
| Total | 15,483,986 | 2,827,486 | 4,168,137 | 92,968 | 22,572,577 |

The Bank's credit risk in relation to retail customers is managed by rating customers from 1 to 11 using a rating system developed by the BEC data centre together with member banks. The Bank's credit risk in relation to business customers is managed using an internal segmentation model classifying customers according to credit risk.

Both models are directly compatible with the Danish FSA's classification model. The correlation between the models is set out in the table below.

| | Normal credit quality | Some signs of weakness | Significant signs of weakness | Credit-impaired customers |
|---|-----------------------|------------------------|-------------------------------|---------------------------|
| The Bank's segmentation model (business) | E1+E2 | E3+E4 | E5 | E6 |
| The Bank's customer rating model (retail) | 1-3 | 4-6 | 7-8 | 9-11 |
| The Danish FSA's classification model | 3-2a | 2b | 2c | 1 |

Note

24 **Loans at amortised cost, unused credit commitments and financial guarantees, by sector and IFRS 9 stage**

FY 2019 (DKK'000).

| | Stage 1 | Stage 2 | Stage 3 | credit-impaired at initial recognition | Total |
|--|------------|-----------|-----------|---|------------|
| Public authorities | 0 | 0 | 0 | 0 | 0 |
| Business: | | | | | |
| Agriculture, hunting, forestry and fishery | 2,025,594 | 959,403 | 1,801,808 | 63,284 | 4,850,089 |
| Manufacturing industry and raw material extraction | 614,164 | 78,307 | 134,598 | 5,507 | 832,576 |
| Energy supply | 472,737 | 9,348 | 133,654 | 0 | 615,739 |
| Construction and civil engineering contractors | 643,191 | 176,193 | 82,087 | 600 | 902,071 |
| Trade | 1,010,470 | 267,533 | 204,177 | 251 | 1,482,431 |
| Transportation, hotels and restaurant businesses | 401,054 | 118,289 | 262,578 | 0 | 781,921 |
| Information and communication | 99,404 | 12,019 | 6,299 | 0 | 117,722 |
| Credit and financing institutes and insurance businesses | 474,360 | 47,890 | 223,470 | 36 | 745,756 |
| Real estate | 1,818,590 | 350,489 | 856,812 | 10,753 | 3,036,644 |
| Other businesses | 783,510 | 233,920 | 122,091 | 9,404 | 1,148,925 |
| Business, total | 8,343,074 | 2,253,391 | 3,827,574 | 89,835 | 14,513,874 |
| Retail | 7,140,912 | 574,095 | 340,563 | 3,133 | 8,058,703 |
| Total | 15,483,986 | 2,827,486 | 4,168,137 | 92,968 | 22,572,577 |

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Notes

| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|---|--------------------|--------------------|--------------------|
| 25 Maximum credit exposure before impairment and provisions | | | |
| Loans measured at amortised cost | 11,768,181 | 13,115,964 | 12,592,765 |
| Unused credit commitments | 7,928,316 | 7,117,235 | 7,043,115 |
| Guarantees | 3,848,898 | 3,634,410 | 3,991,425 |
| Loans, guarantees etc.. | 23,545,395 | 23,867,609 | 23,627,305 |
| Receivables from credit institutions and central banks | 859,317 | 1,094,966 | 1,110,860 |
| Bonds at fair value | 5,293,131 | 3,465,768 | 4,268,252 |
| Positive market value of derivative financial instruments | 19,655 | 23,902 | 13,801 |
| Total | 29,717,498 | 28,452,245 | 29,020,218 |
| Maximum credit exposure after impairment and provisions | | | |
| Loans measured at amortised cost | 9,507,294 | 10,613,465 | 10,220,920 |
| Unused credit commitments | 7,874,071 | 7,060,367 | 6,983,649 |
| Guarantees | 3,830,002 | 3,605,690 | 3,965,663 |
| Loans, guarantees etc.. | 21,211,367 | 21,279,522 | 21,170,232 |
| Receivables from credit institutions and central banks | 859,317 | 1,094,966 | 1,110,860 |
| Bonds at fair value | 5,293,131 | 3,465,768 | 4,268,252 |
| Positive market value of derivative financial instruments | 19,655 | 23,902 | 13,801 |
| Total | 27,383,470 | 25,864,158 | 26,563,145 |
| Collateral for loans, credit commitments and guarantees | | | |
| Bank accounts | 74,885 | 98,370 | 98,389 |
| Securities | 939,717 | 980,916 | 998,769 |
| Mortgages on properties and wind turbines | 8,692,364 | 9,088,120 | 8,750,749 |
| Right of subrogation for mortgages secured in real property | 2,129,941 | 2,071,525 | 2,193,247 |
| Charges held in movable property, motor vehicles, operating equipment, ships etc. | 2,765,622 | 2,467,787 | 2,591,198 |
| Other | 292,710 | 331,051 | 274,680 |
| Total | 14,895,239 | 15,037,769 | 14,907,032 |
| Of this amount collateral for loans, credit commitments and guarantees (stage 3) | 1,498,893 | 2,219,366 | 2,083,060 |

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.

A number of exposures are secured by collateral in excess of the amount of the exposure. The excess collateral is not included in the calculation

Note

26 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 loss after tax of DKK 51,9 million at 30 June 2020.

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.

| | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|---|--------------------|--------------------|--------------------|
| Interest rate risk inside the Bank's trading book: | | | |
| Securities | 57,890 | 16,389 | 29,510 |
| Futures/forward contracts/forward rate agreements | -2,029 | -199 | 421 |
| Swaps | 13 | 10 | 14 |
| Total | 55,874 | 16,200 | 29,945 |
| Interest rate risk outside the Bank's trading book: | | | |
| Loans | 3,398 | 2,924 | 3,723 |
| Deposits | -134 | -2,336 | -744 |
| Subordinated debt | -10,023 | -7,269 | -11,448 |
| Equity | -3,362 | -5,152 | -3,990 |
| Total | -10,121 | -11,833 | -12,459 |
| Total interest rate risk | 45,753 | 4,367 | 17,486 |
| Measured in relation to the tier 1 capital, the interest rate risk corresponds to | 1.6% | 0.2% | 0.7% |
| Interest rate risk, by modified duration | | | |
| Up to 1 year | 543 | -605 | 318 |
| 1 year to 2 years | -1,267 | 1,456 | 2,649 |
| 2 year to 3.6 years | 21,966 | -1,269 | 9,614 |
| More than 3.6 years | 24,511 | 4,785 | 4,905 |
| Total | 45,753 | 4,367 | 17,486 |

27 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).

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| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|--|--------------------|--------------------|--------------------|
| 27 Foreign exchange risk (continued) | | | |
| Assets in foreign currency, total | 407,603 | 560,170 | 531,424 |
| Liabilities in foreign currency, total | 102,206 | 107,254 | 83,249 |
| Foreign exchange indicator 1 | 7,447 | 8,404 | 9,902 |
| Foreign exchange indicator 1 in percent of tier 1 capital | 0.3% | 0.4% | 0.4% |
| The foreign exchange position consists primarily of positions in EUR. | | | |
| 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 | -692 | -784 | -980 |
| 28 Share risk | | | |
| The Bank's share risk is derived from shares and derivatives in the Bank's investment and trading books. | | | |
| | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
| Shares, etc. | | | |
| Shares/unit trust certificates listed on NASDAQ OMX Copenhagen A/S | 30,876 | 30,605 | 30,206 |
| Shares/unit trust certificates listed on other exchanges | 13,472 | 13,744 | 13,178 |
| Unlisted shares recognised at fair value | 470,083 | 544,573 | 458,930 |
| Total | 514,431 | 588,922 | 502,314 |
| Of which, sector shares | 468,177 | 541,659 | 455,437 |
| Sensitivity | | | |
| An increase in share prices of 10 percentage points will result in a profit/loss and equity impact before tax of | 47,791 | 54,946 | 49,730 |
| of which sector shares | 43,494 | 50,537 | 45,089 |
| of which other shares | 4,297 | 4,409 | 4,641 |
| A decrease in share prices of 10 percentage points will result in a profit/loss and equity impact before tax of | -47,791 | -54,946 | -49,730 |
| of which sector shares | -43,494 | -50,537 | -45,089 |
| of which other shares | -4,297 | -4,409 | -4,641 |
| 29 Liquidity risk | | | |
| The Bank's liquidity buffer is determined on the basis of the Bank's objective of maintaining an LCR of 100% month by month under a chosen 12-month stress scenario. The stress scenario is based on a standard LCR-based stress situation for the first 30 days and a specific Vestjysk Bank stress scenario for the remaining 11 months. | | | |
| The liquidity buffer consists of liquid government and mortgage bonds categorised as level 1a, level 1b or level 2a assets and deposits in the Danish central bank. | | | |

| Note | H1 2020 DKK'000 | H1 2019 DKK'000 | FY 2019 DKK'000 |
|--|--------------------|--------------------|--------------------|
| 29 Liquidity risk (continued) | | | |
| Liquidity buffer | | | |
| LCR values | 5,408,264 | 4,236,973 | 4,905,648 |
| LCR values after adjustment on level 1a assets | 3,580,690 | 4,236,973 | 4,729,023 |
| Net outflow | 1,828,903 | 1,791,753 | 1,824,172 |
| Liquidity Coverage Ratio - LCR | 195.8% | 236.5% | 259.2% |

30 Other risks

Operational risks

General responsibility for operational risks resides with the Bank's Middle Office.

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

Total capital risk

Total capital is monitored on an ongoing basis and monthly reporting to the Board of Directors takes place according to 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.

31 Pending litigation

Vestjysk Bank is a party to various lawsuits. The proceedings are evaluated on an ongoing basis, and required 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.

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Notes

| Note | H1 2020 | H1 2019 | FY 2019 |
|---|------------|------------|--------------|
| 32 | | | |
| Financial highlights | | | |
| Key figures | | | |
| Statement of income (DKKm) | | | |
| Net interest income | 241 | 252 | 510 |
| Net fee income | 161 | 156 | 329 |
| Dividends on shares etc. | 9 | 23 | 29 |
| Value adjustments | 14 | 20 | 185 |
| Other operating income | - | 2 | 2 |
| Core income | 425 | 453 | 1,055 |
| Staff costs and administrative expenses | 241 | 236 | 477 |
| Other operating expenses as well as depreciation, amortisation and impairment charges on intangible and intangible assets | 7 | 5 | 31 |
| Operating expenses and operating depreciation and amortisation | 248 | 241 | 508 |
| Core earnings before impairment | 177 | 212 | 547 |
| Impairment of loans and receivables, etc. | 24 | 37 | 64 |
| Profit before tax | 153 | 175 | 483 |
| Tax | 11 | 12 | 5 |
| Profit after tax | 163 | 119 | 296 |
| | | | |
| | H1 2020 | H1 2019 | FY 2019 |
| Statement of financial position (DKKm) | | | |
| Assets, total | 21,871 | 21,591 | 22,192 |
| Loans | 9,507 | 10,613 | 10,221 |
| Deposits, including pooled schemes | 17,644 | 17,800 | 18,276 |
| Guarantees | 3,830 | 3,606 | 3,966 |
| Custody accounts | 8,562 | 8,338 | 8,708 |
| Arranged mortgages | 31,696 | 29,491 | 30,749 |
| Business volume | 30,981 | 32,019 | 32,463 |
| Business volume including custody services and arranged mortgages | 71,239 | 69,848 | 71,920 |
| Equity | 3,092 | 2,743 | 2,956 |

| Note | H1 2020 | H1 2019 | FY 2019 |
|---|---------|---------|---------|
| 32 Financial highlights (continued) | | | |
| Financial ratios | | | |
| Solvency | | | |
| Total capital ratio | 23.3% | 18.6% | 21.1% |
| Tier 1 capital ratio | 20.7% | 16.3% | 18.6% |
| Common equity tier 1 capital ratio | 19.6% | 14.7% | 17.6% |
| Earnings | | | |
| Return on equity before tax, annually | 10.2% | 13.2% | 17.4% |
| Return on equity after tax, annually | 9.5% | 12.3% | 17.2% |
| Income/cost ratio | 1.57 | 1.63 | 1.84 |
| Cost ratio ¹ | 58.3% | 53.1% | 48.2% |
| Return on assets | 0.6% | 0.8% | 2.2% |
| Employees converted to full-time (average) | 393.91 | 371.68 | 377.90 |
| Market risk | | | |
| Interest rate risk | 1.6% | 0.2% | 0.7% |
| Foreign exchange position | 0.3% | 0.4% | 0.4% |
| Foreign exchange risk | 0.0% | 0.0% | 0.0% |
| LCR | 195.8% | 236.5% | 259.2% |
| Credit risk | | | |
| Loans plus impairment of loans relative to deposits | 66.7% | 73.7% | 68.9% |
| Loans relative to equity | 3.1 | 3.9 | 3.5 |
| Growth in loans for the period | -7.0% | -1.7% | -5.3% |
| Sum of the 20 biggest exposures | 108.7% | 124.9% | 102.7% |
| Accumulated impairment ratio | 14.6% | 15.1% | 14.5% |
| Impairment ratio for the period | 0.2% | 0.2% | 0.3% |
| Vestjysk Bank share | | | |
| Earnings per share for the period | 0.2 | 0.2 | 0.5 |
| Book value per share ² | 3.3 | 2.8 | 3.1 |
| Price of Vestjysk Bank shares, end of the period | 2.9 | 4.2 | 3.1 |
| Share price/book value per share | 0.9 | 1.5 | 1.0 |

1 Operating expenses and operating depreciation and amortization/core income

2 The ratio "Book value per share" is adjusted for the portion of equity (additional tier 1 capital), that is not part of the shareholders' share of equity.

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