

Q1-Q3 2012

vestjyskBANK Quarterly Report



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The vestjyskBANK Quarterly Report for Q1-Q3 2012 is a translation of the original report in Danish (vestjyskBANK Kvartalsrapport for 1.-3. kvartal 2012). In case of discrepancies, the Danish version prevails.

Summary

The merger between vestjyskBANK and Aarhus Lokalbank was executed on 30 March 2012 with vestjyskBANK as the continuing company.

The results for Aarhus Lokalbank have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012, and its assets and liabilities have been recognised as at 31 March 2012. The numbers for Aarhus Lokalbank have not been included in the 2011 comparative figures.

Summary of vestjyskBANK's results:

Q1-Q3 2012

- Unsatisfactory result before tax of DKK -710 million (DKK 29 million in Q1-Q3 2011)
- Core income of DKK 939 million (DKK 776 million in Q1-Q3 2011)
- Rate of cost, including impairment of goodwill, of 79.3 percent (63.1 percent in Q1-Q3 2011). Excluding impairment of goodwill, the rate of cost equals 57.2 percent.
- Core earnings before impairments of DKK 194 million (DKK 287 million in Q1-Q3 2011)
- Impairments of loans and receivables etc. of DKK 904 million (DKK 258 million in Q1-Q3 2011)
- Targeted effort to reduce deposit deficit. Deposit deficit stood at DKK 4.0 billion at end of September 2012. Over the course of one year, the Bank has managed to cut the deposit deficit in half.
- Solvency ratio of 13.8 percent, core capital ratio of 8.2 percent and excess cover in relation to statutory liquidity requirements of 135.2 percent at end September 2012

Q3 2012 compared to Q2 2012

- Core income of DKK 336 million (DKK 321 million in Q2 2012)
- Core earnings before impairments of DKK -57 million (DKK 131 million in Q2 2012)
- Impairments of loans and receivables etc. of DKK 669 million (DKK 129 million in Q2 2012)
- Negative result before tax of DKK 726 million (positive by DKK 2 million in Q2 2012)
- Deposit deficit reduced by DKK 0.5 billion from end of Q2 2012 to end of Q3 2012

Outlook for fiscal year 2012

- Core earnings at around DKK 500 million before impairments, termination benefits and costs related to Aarhus Lokalbank merger
- Rate of cost at 55 percent before impairments, termination benefits and costs related to Aarhus Lokalbank merger
- Impairments and provisions for loans and guarantees at around DKK 1,050 million

vestjyskBANK's general strategy

- To preserve vestjyskBANK's status as an independent and major bank in Denmark by:
 - maintaining relatively high core earnings levels by optimising revenues and focusing on cost reduction,
 - continuing the controlled balance-sheet adjustment,
 - facilitating tight credit management, and
 - attaining a funding structure independent of government guarantees.

Management's Review

Key Figures and Financial Ratios

Consolidated key figures	Q1-Q3 2012	Q1-Q3 2011	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Full year 2011
Statement of Income (in MDKK)								
Net interest income	681	621	239	231	211	225	220	846
Net fee income	196	176	61	81	55	60	50	236
Dividends on equity securities etc.	5	3	0	4	1	0	0	3
Market value adjustments	43	-29	29	-1	15	4	-40	-25
Other operating income	14	5	7	6	1	1	1	6
Core income	939	776	336	321	283	290	231	1.066
Personnel and administrative expenses	-503	-433	-172	-181	-151	-158	-125	-590
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-34	-56	-13	-9	-12	5	3	-51
Impairment of goodwill	-208	0	-208	0	0	0	0	0
Operating expenses and operating depreciations and amortisations	-745	-489	-393	-190	-163	-153	-122	-641
Core earnings before impairments	194	287	-57	131	120	137	109	425
Impairments of loans and receivables etc.	-904	-258	-669	-129	-106	-726	-101	-984
Profit/loss before tax	-710	29	-726	2	14	-589	8	-559
Tax	189	10	184	1	4	-146	3	-136
Profit/loss	-899	19	-910	1	10	-443	5	-423
Statement of Financial Position (in MDKK)								
Assets, total	33,309	29,304	33,309	33,894	35,959	29,280	29,304	29,280
Loans	21,700	22,565	21,700	22,983	23,824	21,716	22,565	21,716
Deposits, including pooled funds	17,717	14,467	17,717	18,529	17,843	15,029	14,467	15,029
Contingent liabilities	4,634	4,023	4,634	5,234	4,464	4,353	4,023	4,353
Business volume	44,051	41,055	44,051	46,746	46,131	41,098	41,055	41,098
Equity	1,526	2,160	1,526	2,454	2,137	1,733	2,160	1,733

Management's Review

Key Figures and Financial Ratios

Consolidated financial ratios	Q1-Q3 2012	Q1-Q3 2011	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Full year 2011
Solvency								
Solvency ratio	13.8%	14.4%	13.8%	15.1%	12.9%	12.6%	14.4%	12.6%
Core capital ratio	8.2%	12.3%	8.2%	10.7%	8.6%	9.4%	12.3%	9.4%
Earnings								
Return on equity before tax, annually ¹	-58.2%	1.8%	-145.1%	0.4%	2.9%	-119.7%	1.4%	-28.7%
Return on equity after tax, annually ¹	-73.6%	1.2%	-181.9%	0.2%	2.1%	-90.0%	0.9%	-21.7%
Income-cost ratio ²	0.57	1.04	0.32	1.01	1.05	0.33	1.03	0.66
Rate of cost ³	79.3%	63.1%	116.6%	59.0%	57.7%	52.0%	53.1%	60.1%
Rate of cost excl. impairment of goodwill	57.2%	63.1%	55.1%	59.0%	57.7%	52.0%	53.1%	60.1%
Employees converted to full-time (average)	627.1	617.4	636.1	649.5	594.8	605.7	613.4	614.8
Market risk								
Interest rate risk ⁴	-7.9%	-3.6%	-7.9%	-5.2%	-5.4%	-4.5%	-3.6%	-4.5%
Foreign currency position ⁵	1.3%	1.7%	1.3%	1.5%	1.1%	1.5%	1.7%	1.5%
Foreign currency risk	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Excess cover in relation to statutory liquidity requirements ⁶	135.2%	73.4%	135.2%	143.5%	178.6%	98.8%	73.4%	98.8%
Credit risk								
Loans plus impairments on loans in relation to deposits	138.3%	167.6%	138.3%	136.2%	146.2%	158.9%	167.6%	158.9%
Loans in relation to equity	14.2	10.4	14.2	9.4	11.1	12.5	10.4	12.5
Growth in loans for the period ⁷	-0.1%	-3.8%	-5.6%	-3.5%	9.7%	-3.8%	-2.5%	-7.5%
Total of large commitments ⁸	17.6%	27.9%	17.6%	15.3%	26.0%	30.2%	27.9%	30.2%
Accumulated impairment ratio	9.8%	6.0%	9.8%	7.5%	7.5%	7.8%	6.0%	7.8%
Impairment ratio for the period	3.1%	0.9%	2.3%	0.4%	0.3%	2.6%	0.4%	3.5%
vestjyskBANK share								
Profit/loss for the period per share (denomination DKK 10)	-24.5	1.5	-14.9	0.0	0.5	-35.8	0.4	-34.2
Equity value per share (denomination DKK 10)	25.0	175.1	25.0	40.2	70.1	140.8	175.1	140.8
Price of vestjyskBANK shares, end of the period	13.6	31.9	13.6	16.0	25.0	18.8	31.9	18.8
Market price / equity value per share	0.5	0.2	0.5	0.4	0.4	0.1	0.2	0.1

The results for Aarhus Lokalbanc have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012, and its assets and liabilities have been recognised as at 31 March 2012. The numbers for Aarhus Lokalbanc have not been included in the 2011 comparative figures.

1 On the basis of the average equity

2 Income from ordinary activities in relation to costs from ordinary activities. Income from ordinary activities = net interest and fee income + market value adjustments + other operating income. Costs from ordinary activities = operating expenses and operating depreciations and amortisations + impairments of loans and receivables etc.

3 Operating expenses and operating depreciations and amortisations / core income

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

5 Exchange Rate Indicator 1 in relation to core capital, less deductions

6 Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act

7 Growth in loans measured in relation to vestjyskBANK's loans, beginning of the period. The growth in Q1 2012 can be attributed to the Aarhus Lokalbanc merger.

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

Management's Review

Financial Review

Introduction

The merger between vestjyskBANK and Aarhus Lokalbanc was carried out on 30 March 2012 with vestjyskBANK as the continuing company.

The results for Aarhus Lokalbanc have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012. Assets and liabilities from Aarhus Lokalbanc have been recognised in the Statement of Financial Position as at 31 March 2012. The 2011 comparative figures do not include Aarhus Lokalbanc.

vestjyskBANK has prepared quarterly financial statements for both the group and the parent company. The Management's Review is based on the financial figures for the vestjyskBANK group.

Statement of Income

Result

The result for the first nine months of the year was negative at DKK 710 million before tax. This is unsatisfactory and should be viewed in context of the continued challenging market climate.

The development in vestjyskBANK's core income for Q1–Q3 2012 has been satisfactory, and income was realised as expected.

For the period 1 January–30 September 2012, the Bank's core earnings before impairments stood at DKK 194 million. In spite of solid revenue performance, core earnings reflected the rise in operating expenses brought about by the Aarhus Lokalbanc merger and termination benefits paid out in Q2 and Q3 2012. The Bank's costs were also affected by its DKK 208 million goodwill impairment, cf. the Bank's company announcement of 25 September 2012.

For Q1–Q3 2012, impairments of loans and receivables etc. stood at DKK 904 million. The impairment ratio was calculated at 3.1 percent.

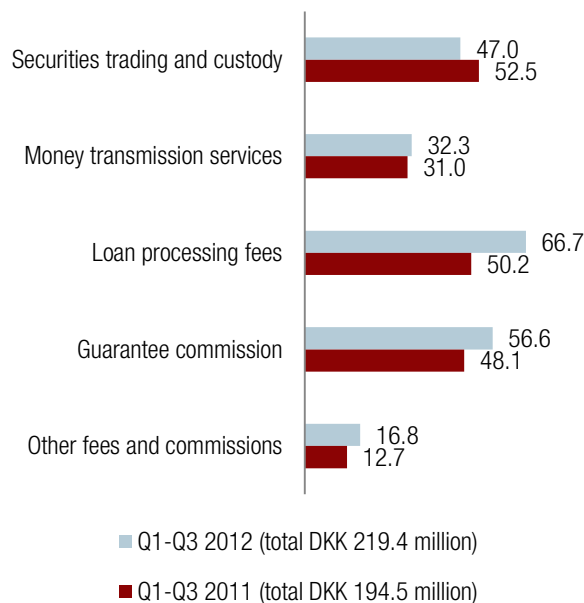
Core income

For Q1–Q3 2012, vestjyskBANK realised core income of DKK 939 million, an increase of DKK 163 million or 21.0 percent over the same period last year.

This increase was primarily caused by the rise in net interest income of DKK 60 million—or 9.7 percent—from DKK 621 million in Q1–Q3 2011 to DKK 681 million in Q1–Q3 2012.

Simultaneously, the Bank's net fee income was realised at DKK 196 million in Q1–Q3 2012, which is an improvement of DKK 20 million—or 11.4 percent—over the same period last year. Beyond the net impact of the merger with Aarhus Lokalbanc, the income reflects the Bank's high level of activity, not least within the mortgage area and housing loan conversions.

Commissions and fees (in MDKK)



Dividends on equity securities etc. stood at DKK 5 million in Q1–Q3 2012 compared to DKK 3 million for the same period last year.

Market value adjustments for the period 1 January–30 September 2012 totalled DKK 43 million, while such adjustments were negative at DKK 29 million during the same period last year.

Other operating income stood at DKK 14 million for Q1–Q3 2012 compared to DKK 5 million for the same period last year.

Management's Review

Financial Review

Operating expenses and operating depreciations and amortisations

The Bank's total operating expenses and operating depreciations and amortisations stood at DKK 745 million for the first three quarters of 2012. DKK 9.4 million of these were related to the Aarhus Lokalbank merger. Additionally, all known termination-related costs for Q2 and Q3 2012 have been recognised in the quarterly financial statements at DKK 30.9 million, which also includes the termination benefits paid out to the Bank's former chief executive officer.

The Bank's operating expenses and operating depreciations were also affected by the goodwill impairment of DKK 208 million, cf. the company announcement of 25 September 2012.

Less costs related to the merger and terminations and the goodwill impairment, the Bank's costs have developed as expected, and its existing emphasis on cost management will be maintained. The streamlining process to realise annual cost savings of approximately DKK 50 million is progressing satisfactorily.

vestjyskBANK's contributions to the Danish Guarantee Fund for Depositors and Investors for Q1–Q3 2012 have been expensed at DKK 21 million.

The rate of cost for the first nine months of the fiscal year has been calculated at 79.3, which is 16.2 percentage points higher than for Q1–Q3 2011. Less the DKK 208 million goodwill impairment, the rate of cost stands at 57.2 percent.

Core earnings before impairments

For the period 1 January–30 September 2012, the Bank's core earnings before impairments totalled DKK 194 million. In spite of its solid revenue performance, core earnings before impairments were down DKK 93 million compared to the same period last year. The primary reason for this decline is the goodwill impairment of DKK 208 million.

Impairments of loans and receivables etc.

As set out in the company announcement of 25 September 2012, vestjyskBANK's Supervisory Board requested that the Bank's senior management execute an extraordinary review of the Bank's loan and guarantee portfolio. The purpose of this review was to uncover the Bank's current loss risk across commitments as a result of:

- The continued weak broader economic climate;
- The deteriorated earnings capacity within certain branches of the agricultural sector—especially dairy production—and negative developments in the trade terms for feed expenses and settlement prices. This deterioration in many farmers' operating results is frequently associated with negative consolidation throughout several years;
- The housing market's continued transactional sluggishness within the letting and housing property segments. Parts of the market are almost frozen solid and price formation is extremely unfavourable for owners and lenders;
- Many commercial properties' having been affected by long periods of inactivity within the letting segment.

This situation also persuaded the Bank to take a more in-depth and conservative look at the Danish Financial Supervisory Authority's new impairment guidelines.

The extraordinary review of the loan and guarantee portfolio prompted an increase of around DKK 600 million in the Bank's forecast for loan and guarantee impairments and provisions for the year.

For Q1–Q3 2012 vestjyskBANK's impairments of loans and receivables etc. totalled DKK 904 million.

In terms of corporate customers, it was—as expected—primarily the Bank's agricultural commitments that influenced its quarterly results negatively. And, as a whole, the agricultural sector is still enduring a harsh economic climate. The burgeoning optimism of the first quarter of 2012 has since been overshadowed by the prospect of increased feed costs for animal production. vestjyskBANK is subject to the same broader economic trends in the agricultural sector as are all other Danish banks doing business with agricultural customers.

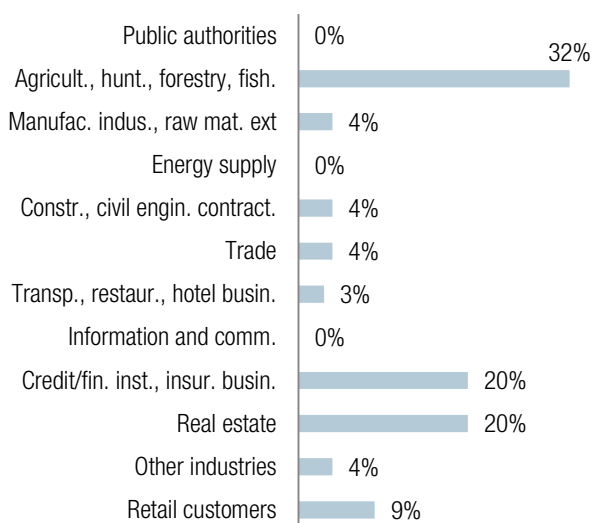
Beyond the agricultural sector, the impairments for Q1–Q3 2012 were applied broadly across other industry segments.

The Bank's accumulated impairment ratio at the end of Q3 2012 stood at 9.8, compared to 6.0 at the end of Q3 2011. The distribution of accumulated impairments and provisions by industry segments as at 30 September 2012 is illustrated in the figure on the next page.

Management's Review

Financial Review

Accumulated impairments and provisions by industry segment as at 30 September 2012



Q3 2012 compared to Q2 2012

vestjyskBANK's core income rose by approximately 5 percent from DKK 321 million during Q2 2012 to DKK 336 million during Q3 2012.

The Bank's operating expenses and operating depreciations—which in Q3 2012 totalled DKK 393 million compared to DKK 190 million during the previous quarter—were extraordinarily affected by termination benefits as well as the goodwill impairment of DKK 208 million described in the company announcement of 25 September 2012.

For Q3 2012, vestjyskBANK realised negative core earnings before impairments of DKK 57 million, compared to core earnings of DKK 131 million for Q2 2012.

For Q3 2012, impairments of loans and receivables etc. stood at DKK 669 million compared to DKK 129 million for Q2 2012.

The Bank realised a negative result before tax for Q3 2012 of DKK 726 million compared to positive results of DKK 2 million for Q2 2012. These quarterly results are unsatisfactory and should be viewed in context of the continued difficult economic climate.

Statement of Financial Position

vestjyskBANK's balance sheet stood at DKK 33.3 billion at 30 September 2012 compared to DKK 29.3 billion at year-end 2011. The increase was primarily a result of the merger with Aarhus Lokalbank in Q1 2012.

At 30 June 2012, vestjyskBANK's balance sheet stood at DKK 33.9 billion. Thus, the balance sheet was reduced by DKK 0.6 billion over the course of Q3 2012. The Bank will continue to follow its plan for a controlled balance sheet adjustment designed to ensure the Bank's necessary funding and liquidity.

Loans

As a result of the merger with Aarhus Lokalbank in Q1 2012, vestjyskBANK's lending portfolio rose from DKK 21.7 billion at 31 December 2011 to DKK 23.8 billion at 31 March 2012.

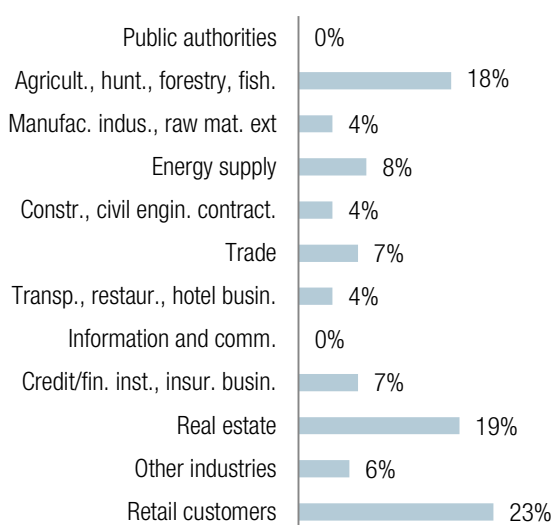
However, the ongoing balance sheet adjustment means that the Bank's lending as at 30 September 2012 has been brought back down to 31 December 2011 levels and thus totals DKK 21.7 billion. In Q3 2012 alone, the Bank's loans were reduced by DKK 1.3 billion. However, one should note that some of that reduction can be attributed to the previously mentioned impairments of the Bank's loan portfolio.

The distribution of vestjyskBANK's loans and guarantees by industry segment is illustrated on the following page.

Management's Review

Financial Review

Loans and guarantees by industry segment as at 30 September 2012



Agriculture is and has historically been an important element in vestjyskBANK's core business, and it is a business area in which the Bank has great experience. As at 30 September 2012, the Bank's involvement in the agricultural sector accounted for approximately 15.6 percent of all its outstanding loans and guarantees, distributed across individual production branches with 6.5 percent on dairy producers, 4.6 percent on pig meat producers, 1.6 percent on crop production, 0.4 percent on mink production and 2.5 percent on other agricultural production and hobby farming.

The development in loans for new Danish wind turbine projects has been satisfactory; the Bank's total financing for wind turbines totalled DKK 1.9 billion at 30 September 2012. Since year-end 2011, the lending portfolio has been reduced by approximately DKK 0.8 billion.

vestjyskBANK is financing a great number of wind turbine projects—primarily in Denmark and Germany—and going forward, the Bank will continue to apply its significant range of competencies and leverage its strong market position to provide financing for attractive projects.

The sum of large commitments—i.e., commitments of or in excess of 10 percent of the capital base—stood at 17.6 percent at 30 September 2012.

Deposits, including pooled funds

As at 30 September 2012, the Bank's deposits including pooled funds totalled DKK 17.7 billion, which is DKK 2.7 billion higher than at year-end 2011.

The merger with Aarhus Lokalbanc and the Bank's emphasis on attracting depositors resulted in an increase in deposits of DKK 2.8 billion in Q1 2012. In Q2 2012, the Bank continued its targeted efforts and increased deposits further by DKK 0.7 billion to DKK 18.5 billion as at 30 June 2012.

At 30 September 2012, the item 'deposits incl. pooled funds' shows a minor decline of DKK 0.8 billion compared to 30 June 2012. This development is a result of the Bank's less active role in the term deposit market in Q3 2012. The after-effects of the company announcement of 25 September 2012 also brought about a decline in deposits.

Deposit loan gap

For the year's first three quarters, the Bank's progress with respect to deposits and lending meant that its deposit deficit has been reduced by DKK 2.7 billion—from DKK 6.7 billion at 31 December 2011 to DKK 4.0 billion at 30 September 2012. Since 30 September 2011, when the deficit stood at DKK 8.1 billion, vestjyskBANK's deposit deficit has been cut in half.

In Q3 2012 alone, the deposit deficit shrunk by DKK 0.5 billion.

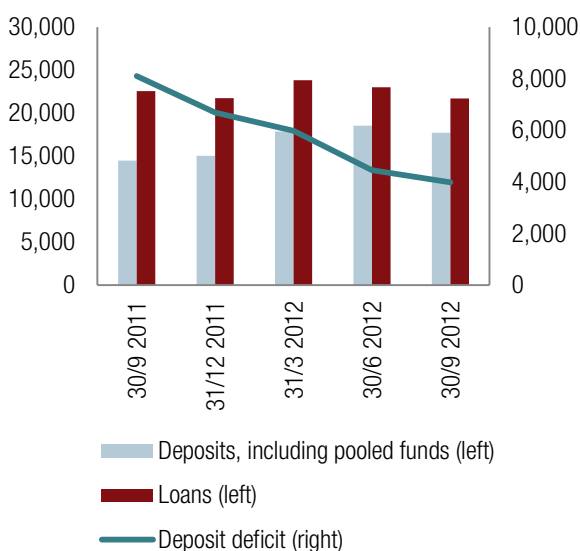
The figure on the next page shows how vestjyskBANK's deposits, loans and the deposit deficit have developed over the past five quarters.

vestjyskBANK will continue its focused effort to narrow the gap between deposits and lending.

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Financial Review

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



Business volume

As at 30 September 2012, vestjyskBANK's business volume—total deposits, loans and contingent liabilities—stood at DKK 44.1 billion compared to DKK 41.1 billion at year-end 2011. The change in business volume is ascribed to an increase of DKK 2.7 billion in deposits, including pooled funds, and an increase in contingent liabilities of DKK 0.3 billion. Lending levels remain unchanged compared to 31 December 2011.

Capital and liquidity conditions

Equity

vestjyskBANK's equity totalled DKK 1,526 million at 30 September 2012. Equity developments since 1 January 2011 are detailed in the Statement of Changes in Equity.

Subordinated debt

vestjyskBANK's subordinated debt stood at DKK 2,459 million at 30 June 2012, of which government hybrid core capital under Bank Package II represented DKK 1,217 million. Of these funds, DKK 1,182 million accrues interest at a rate of 9.943 percent, while DKK 35 million accrues interest at 11.11 percent.

In February 2012, vestjyskBANK converted hybrid core capital to share capital for DKK 287.6 million, including accrued interest of DKK 8.7 million, totalling DKK 296.3 million. This took place as part of the Bank's capital plan.

As set out by law, special rules apply to hybrid core capital under Bank Package II. Thus, no dilution of the capital may occur, which is the reason buyback programmes aimed at impairing the Bank's share capital are not permitted. Additionally, Executive Board salaries are only eligible for a 50 percent tax deduction.

Solvency

The capital base less deductions totalled DKK 3,626 million at 30 September 2012, which, together with risk-weighted items of a total of DKK 26,267 million, produced a solvency ratio of 13.8 percent. At year-end 2011 the Bank's solvency ratio totalled 12.6 percent.

As a result of the Bank's capital plan implementation in the first half-year 2012, the Bank's solvency ratio rose to 12.9 percent at 31 March 2012 and 15.1 percent at 30 June 2012.

The Bank's negative results in Q3 2012 have caused the solvency ratio to decline by 1.3 percentage point compared to 30 June 2012.

Simultaneously, the Bank's core capital ratio has declined to 8.2 percent at 30 September 2012—a decline of 1.2 percentage points compared to 31 December 2011 and 2.5 percentage points compared to 30 June 2012. The implementation of the capital plan during the first half-year 2012 resulted in a core capital ratio as at 30 June 2012 of 10.7 percent.

Solvency need

The individual solvency need for vestjyskBANK has been calculated at 11.1 percent.

The adequate capital base has been determined to be DKK 2,925 million, which can be compared to the core capital less deductions of DKK 3,626 million. The difference between the capital base and the adequate capital base constitutes the surplus solvency, which has been calculated at 2.7 percentage points as at 30 September 2012.

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For a more detailed account of the Bank's solvency need as at 30 September 2012, please see the Bank's website.

Liquidity

vestjyskBANK's loans have traditionally exceeded the Bank's deposits. In recent years the Bank has therefore raised loans and issued debt securities through both Danish and non-Danish credit institutions. At 30 September 2012, the Bank's external funding totalled DKK 13.3 billion.

As part of the implementation of its capital plan, vestjyskBANK repaid a government guaranteed bond loan of DKK 1.0 billion on 17 May 2012. This served to reduce the total Financial Stability Company guarantee framework from DKK 9.6 billion to DKK 8.6 billion.

As anticipated, the Bank's declining deposit deficit and the implementation of the capital plan's elements have improved vestjyskBANK's liquidity-related situation. In June 2012 a decision was therefore made to seek early redemption for government guaranteed bond loans for an additional DKK 1.8 billion. As a result, the Financial Stability Company's commitment for new individual government guarantees was reduced from the anticipated DKK 8.6 billion to DKK 6.8 billion.

The gap between loans and deposits has narrowed further during Q3 2012, and this development is expected to continue, as the Bank maintains its focus on increasing deposits and continuing its present reduction in loans.

At 30 September 2012, the Bank's liquidity was good, and surplus funding in relation to statutory requirements was calculated at 135.2 percent. Furthermore, the Bank has decided to exercise Denmark's Nationalbank's loan scheme in the amount of DKK 3 billion—this loan has a due date of 25 September 2015.

The Financial Supervisory Authority's Supervisory Diamond

vestjyskBANK's goal is to remain within the limit values for the five parameters established by the Danish Financial Supervisory Authority's "Supervisory Diamond" and with which, in principle, all banks should comply at year-end 2012. vestjyskBANK is meeting this goal.

vestjyskBANK's values compared to the relevant limit values are displayed in the table below.

Realised values as at 30 September 2012

Supervisory Diamond Benchmarks	Realised values
Large commitments, total < 125%	17.6%
Growth in loans < 20%	-3.8%
Property exposure < 25%	17.6%
Funding ratio < 1	0.88
Excess cover, liquidity > 50%	135.2%

Outlook for 2012

vestjyskBANK's core income has developed positively and as expected during the first three quarters of 2012.

Less costs related to the merger and terminations as well as the goodwill impairment, the Bank maintains its previously announced outlook: a rate of cost of 55 percent for 2012.

The Bank anticipates total core earnings for 2012 at around DKK 500 million before impairments and before termination benefits and costs related to the Aarhus Lokalbanc merger.

In accordance with the downward adjustment of the expected annual results announced in the company announcement of 25 September 2012, the Bank anticipates high impairment levels for 2012. Total impairments and provisions for loans and guarantees are thus expected to be around DKK 1,050 million.

vestjyskBANK's general strategy

Maintaining relatively high core earnings levels is a fundamental component of the Bank's strategy to preserve vestjyskBANK as an independent and major bank in Denmark.

The Bank will optimise revenues through its branch network and distribution channels; a strategy that will be supplemented by an ever widening array of digital customer-oriented solutions. In order to narrow the Bank's business focus and maximise its manage-

Management's Review

Financial Review

ment potential, customer-facing branches will be organised into four regions—these will be responsible for sales, developing management competencies and providing close monitoring and assistance within the credit area.

With the Bank's continued reduction in business volume and its goal to reduce its rate of cost, it is imperative that the organisation be adjusted to the new level. The Bank is constantly sharpening its branches' focus on customer contact while implementing measures that improve and streamline the logistics, internal processes and routines that underpin that contact.

The Bank's deposit deficit reduction—attained by increasing deposits and continuing its reduction in lending—will be guiding all activities across the enterprise. The controlled adjustment process will still enable the Bank to meet customer demand for loans to the normal extent.

Combined with tight credit management—designed to bolster the Bank's income after tax in order to increase the Bank's equity substantially over the next years—the Bank will work on attaining a funding structure that does not involve government guarantees or collateralising borrowings from Danmarks Nationalbank.

Share capital

vestjyskBANK's share capital amounts to DKK 612,888,780. The share capital is distributed across 61,288,878 shares with a nominal value of DKK 10.

vestjyskBANK has approximately 46,000 registered shareholders. The Danish state holds 32,017,428 shares, which corresponds to an ownership share of 52.2 percent. Additionally, the Financial Stability Company, which is wholly owned by the Danish state, holds 1,291,222 shares in vestjyskBANK; this corresponds to an ownership share of 2.1 percent. If this ownership share is included, the Danish state holds a total of 54.3 percent of vestjyskBANK's share capital and voting rights.

Second only to the Danish state, the ten biggest shareholders hold 9.0 percent of the share capital in vestjyskBANK.

Miscellaneous information

Matters pertaining to Management

As set out in the company announcement of 25 September 2012, vestjyskBANK's Supervisory Board has appointed a new Executive Board consisting of Vagn Thorsager, Chief Executive Officer, and Michael Nelander Petersen, Executive Vice President.

Related parties

vestjyskBANK's related parties with significant influence comprise the Bank's Supervisory and Executive Boards, senior executives and relatives of these individuals.

Over the course of the period, the Bank has conducted normal trade on arm's-length terms with Kaj Bech A/S, an enterprise wholly owned by Director Anders Bech. Apart from what is considered normal management remuneration, no transactions have been carried out with related parties during the fiscal period.

By virtue of its ownership interest, the Danish state maintains controlling influence.

2013 financial calendar

- 11 February Deadline for receipt of shareholders' request for items for inclusion on agenda for the Annual General Meeting
- 28 February Annual Report 2012
- 26 March Annual General Meeting
- 1 May Quarterly Report, Q1 2013
- 29 August Half-Year Report, H1 2013
- 6 November Quarterly Report, Q1-Q3 2013

Management's Statement

The Bank's Supervisory and Executive Boards have today considered and approved the present Quarterly Report, representing the period 1 January–30 September 2012 for Vestjysk Bank A/S.

The consolidated quarterly financial statements are presented in accordance with IAS 34 "Interim Financial Reporting" as approved by the EU. The quarterly financial statements for the parent company are presented under the Danish Financial Business Act. The Quarterly Report is furthermore presented in accordance with supplementary Danish disclosure requirements relating to interim financial reporting for listed financial enterprises.

In our opinion, the accounting policies applied are appropriate and the quarterly financial statements provide a true and fair view of

the group's and the parent company's assets and liabilities and financial position as at 30 September 2012, as well as the results of the group's and parent company's activities and the consolidated cash flows for the reporting period 1 January–30 September 2012.

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

The present Quarterly Report has neither been audited nor reviewed.

Lemvig, 7 November 2012

Executive Board

.....
Vagn Thorsager

.....
Michael Nelander Petersen

Supervisory Board

.....
Carsten Andersen

.....
Anders Bech

.....
Carl Olav Birk Jensen

.....
Kirsten Lundgaard-Karlshøj

.....
Poul Hjulmand

.....
Malene Rønø

.....
Palle Hoffmann

.....
Peter Bækkelund Rasmussen

Consolidated Quarterly Financial Statements

Statement of Income and Statement of Comprehensive Income

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Q3 2012 TDKK	Q3 2011 TDKK	Full year 2011 TDKK
Statement of Income					
2	1,220,265	1,125,550	416,192	390,777	1,527,430
3	539,033	504,429	177,051	170,396	681,031
	Net interest income	681,232	621,121	239,141	846,399
	Dividends on equity securities etc.	4,789	3,327	129	3,355
4	Income from fees and commissions	219,315	194,567	67,372	263,074
	Fees and commissions paid	22,592	18,964	6,598	27,488
	Net interest and fee income	882,744	800,051	300,044	1,085,340
5	Market value adjustments	43,085	-29,584	29,010	-25,053
6	Other operating income	14,098	5,004	6,761	6,345
7	Personnel and administrative expenses	503,361	432,775	171,736	590,548
	Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	218,694	11,489	211,399	15,210
8	Other operating expenses	23,383	44,929	9,512	34,781
9	Impairment of loans and receivables etc.	904,333	257,670	669,091	984,869
	Profit/loss before tax	-709,844	28,608	-725,923	-558,776
10	Tax	188,723	9,742	183,733	-136,140
	Profit/loss	-898,567	18,866	-909,656	-422,636
Basic earnings per share					
	Basic earnings per share	-24.47	1.53	-14.88	-34.22
	Diluted earnings per share	-24.47	1.53	-14.88	-34.22
Statement of Comprehensive Income					
	Profit/loss	-898,567	18,866	-909,656	-422,636
Other comprehensive income:					
	Hedge accounting	5,753	-29,872	-18,532	-11,938
	Of which transferred to interest in the Statement of Income	-9,981	7,819	-5,619	9,888
	Tax on hedge accounting	1,057	5,513	6,038	513
	Other comprehensive income after tax	-3,171	-16,540	-18,113	-1,537
	Total comprehensive income	-901,738	2,326	-927,769	-424,173

Consolidated Quarterly Financial Statements

Statement of Financial Position

Note	30/9 2012 TDKK	30/9 2011 TDKK	31/12 2011 TDKK
Assets			
	1,802,955	626,368	666,076
	370,571	876,239	730,792
	21,700,476	22,564,513	21,715,932
	6,228,020	2,075,122	2,909,038
	459,471	599,526	570,109
	1,196,041	1,010,882	1,104,270
11 Intangible assets	9,353	107,439	107,065
Land and buildings, total	407,589	371,547	368,894
Investment property	5,423	2,888	1,492
12 Owner-occupied property	402,166	368,659	367,402
Other property, plant and equipment	12,618	12,803	12,083
Current tax assets	1,960	1,233	588
13 Deferred tax assets	121,452	162,321	303,346
14 Other assets	998,647	895,800	792,006
Assets, total	33,309,153	29,303,793	29,280,199
Liabilities			
	3,939,505	1,980,165	1,929,734
	16,521,240	13,456,283	13,925,039
	1,196,041	1,010,882	1,104,270
	6,878,394	7,767,604	7,927,786
	55,142	25,517	36,043
15 Other liabilities	733,336	749,467	461,004
16 Subordinated debt	2,459,423	2,153,442	2,162,986
Liabilities, total	31,783,081	27,143,360	27,546,862
Equity			
17 Share capital	612,889	125,000	125,000
Revaluation reserves	30,848	30,848	30,848
Reserve for cash flow hedges	-14,985	-26,817	-11,814
Retained profit or loss	897,320	2,031,402	1,589,303
Equity, total	1,526,072	2,160,433	1,733,337
Liabilities and equity, total	33,309,153	29,303,793	29,280,199
Items not recognised in the Statement of Financial Position			
18 Contingent liabilities	4,634,440	4,023,095	4,353,268
19 Other binding agreements	8,109	204,822	4,822
Items not recognised in the Statement of Financial Position, total	4,642,549	4,227,917	4,358,090

Consolidated Quarterly Financial Statements

Statement of Changes in Equity

	Share capital	Revaluation reserves	Reserve for cash flow hedges	Retained profit/loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2012	125,000	30,848	-11,814	1,589,303	1,733,337
Comprehensive income for the period			-3,171	-898,567	-901,738
Additions relating to sale of own equity securities				44,722	44,722
Disposals relating to purchase of own equity securities				-44,498	-44,498
Shares issued upon conversion of hybrid capital	141,780			154,540	296,320
Shares issued upon merger	39,664			57,008	96,672
Capital injection from issue of shares	306,445			12,128	318,573
Costs related to capital increase				-17,316	-17,316
Equity, 30 September 2012	612,889	30,848	-14,985	897,320	1,526,072

	Share capital	Revaluation reserves	Reserve for cash flow hedges	Retained profit/loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2011	125,000	30,848	-10,277	2,015,178	2,160,749
Comprehensive income for the period			-16,540	18,866	2,326
Additions relating to sale of own equity securities				63,772	63,772
Disposals relating to purchase of own equity securities				-66,414	-66,414
Equity, 30 September 2011	125,000	30,848	-26,817	2,031,402	2,160,433

	Share capital	Revaluation reserves	Reserve for cash flow hedges	Retained profit/loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2011	125,000	30,848	-10,277	2,015,178	2,160,749
Comprehensive income for the period			-1,537	-422,636	-424,173
Additions relating to sale of own equity securities				73,198	73,198
Disposals relating to purchase of own equity securities				-76,437	-76,437
Equity, 31 December 2011	125,000	30,848	-11,814	1,589,303	1,733,337

Consolidated Quarterly Financial Statements

Statement of Cash Flows

	1/1-30/9 2012	1/1-30/9 2011	Full year 2011
	TDKK	TDKK	TDKK
Operating activities			
Profit/loss after tax for the period, excl. received share dividends	-903,356	15,539	-425,991
Dividends on equity securities	4,789	3,327	3,355
Profit/loss after tax for the period	-898,567	18,866	-422,636
Adjustment for non-cash operating items etc.:			
Adjustment of impairment of loans etc.	904,333	257,670	984,869
Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	218,693	11,489	15,210
Other operating items with no effect on cash flow	254,732	157,434	33,973
Tax charged as expense	188,723	9,742	-136,140
Corporation tax paid	-908	-588	57
Operating activities, total	667,006	454,613	475,333
Working capital			
Increase/decrease in credit institutions and central banks, net	2,515,178	-1,969,699	-1,932,151
Increase/decrease in loans and other receivables at amortised cost	1,950,031	645,426	766,808
Increase/decrease in debt securities at fair value	-2,930,237	2,766,907	1,932,991
Increase/decrease in shareholding	173,870	1,863	31,280
Increase/decrease in debt securities in issue at amortised cost	-2,378,179	-922,219	-762,037
Increase/decrease in other assets and other liabilities, net	-222,900	-249,110	-270,523
Increase/decrease in deposits and other debt	309,758	-962,379	-493,623
Working capital, total	-582,479	-689,211	-727,255
Cash flows from operating activities, total	84,527	-234,598	-251,922
Investment activities			
Payments for property, plant and equipment	-3,762	-18,700	-20,072
Proceeds from disposal of property, plant and equipment	864	3,911	5,445
Cash flows from investment activities, total	-2,898	-14,789	-14,627
Financing activities			
Payment for and proceeds from the disposal of own equity securities	224	-2,642	-3,239
Capital increase after deduction of costs	301,257	0	0
Issue of subordinated debt	200,000	0	0
Repayment of subordinated debt	0	-125,000	-125,000
Cash flows from financing activities, total	501,481	-127,642	-128,239
Change in cash and cash equivalents	583,110	-377,029	-394,788
Cash and cash equivalents at the beginning of the period	1,305,834	1,700,622	1,700,622
Change in cash and cash equivalents	583,110	-377,029	-394,788
Cash and cash equivalents at the end of the period	1,888,944	1,323,593	1,305,834
Cash and cash equivalents at the end of the period			
Cash in hand and demand deposits with central banks	1,802,955	626,368	666,076
Amounts receivable from credit institutions and central banks with a maturity of less than 3 months	85,989	697,225	639,758
Cash and cash equivalents at the end of the period, total	1,888,944	1,323,593	1,305,834

Consolidated Quarterly Financial Statements

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List of notes for the consolidated quarterly financial statements

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- 2 Interest income
- 3 Interest expenses
- 4 Income from fees and commissions
- 5 Market value adjustments
- 6 Other operating income
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Note

1 Accounting policies

The Quarterly Report for the period 1 January–30 September 2012 for the vestjyskBANK group is presented in accordance with IAS 34 "Interim Financial Reporting" as approved by the EU and supplemental Danish disclosure requirements for interim reporting. The application of IAS 34 means that its scope is more limited than an annual report and also that it complies with the valuation policies set out in the International Financial Reporting Standards (IFRS).

As at 30 September 2012 vestjyskBANK has implemented the following new standards, whose application is mandatory for 2012:

Change of IFRS 7 relating to disclosure of transfers of financial assets.

The change entails expanded disclosure requirements regarding the transfer of financial assets but does not affect recognition and measurement.

The vestjyskBANK group was established in connection with the merger with Aarhus Lokalbanc on 30 March 2012. The comparative figures for 2011 therefore relate to the parent company.

Apart from these changes, the accounting policies applied in this report remain unchanged compared to the 2011 Annual Report, which contains a full description of those policies.

The measurement of certain assets and liabilities requires that Management estimate how future events may affect the value of such assets and liabilities. Estimates considered material in presenting the accounts include stating depreciations of impaired loans, the fair values of unlisted financial instruments as well as provisions, cf. the more detailed discussion in the 2011 Annual Report. The applied estimates are based on assumptions deemed sound by Management but which by their very nature are uncertain.

The Bank's most significant risks and the external conditions that may affect the Bank are described in greater detail in the 2011 Annual Report.

2 Interest income

	1/1-30/9 2012	1/1-30/9 2011	Full year 2011
	TDKK	TDKK	TDKK
Amounts receivable from credit institutions and central banks	6,983	8,576	12,133
Loans and other receivables	1,118,451	1,036,565	1,409,214
Debt securities	62,268	75,705	95,354
Other interest income	60	394	535
Interest income at amortised cost	1,187,762	1,121,240	1,517,236
Derivative financial instruments	32,503	4,310	10,194
Interest income, total	1,220,265	1,125,550	1,527,430
This amount includes interest income from actual purchase and resale transactions recognised under			
Amounts receivable from credit institutions and central banks	16	0	0

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
3 Interest expenses			
Credit institutions and central banks	19,693	36,681	46,738
Deposits and other debt	232,072	171,752	238,094
Debt securities in issue	152,384	159,272	213,496
Subordinated debt	134,540	136,689	182,668
Other interest expenses	344	35	35
Interest expenses at amortised cost, total	539,033	504,429	681,031
This amount includes interest expenses from actual sales and repurchase transactions recognised under			
Credit institutions and central banks	10	0	0
4 Income from fees and commissions			
Securities trading and custody	46,967	52,529	74,033
Money transmission services	32,280	30,971	44,429
Loan processing fees	66,656	50,217	69,409
Guarantee commission	56,637	48,113	59,444
Other fees and commissions	16,775	12,737	15,759
Income from fees and commissions, total	219,315	194,567	263,074
5 Market value adjustments			
Debt securities	24,764	23,783	24,471
Equity securities etc.	23,481	-11,054	-22,785
Total market value adjustments for securities attributed to fair value in the Statement of Income	48,245	12,729	1,686
Exchange rate adjustment of foreign currency balances	-138,557	57,718	-82,913
Exchange rate adjustment of financial instruments	156,263	-46,476	103,534
Exchange rate adjustment, total	17,706	11,242	20,621
Derivative financial instruments, other adjustments	3,524	-56,189	-45,771
Assets related to pooled fund schemes	143,524	-119,591	-54,898
Deposits with pooled fund schemes	-143,524	119,591	54,898
Fair value hedged lending	4,619	6,024	8,613
Fair value hedged borrowing	-31,009	-3,390	-10,202
Market value adjustments, total	43,085	-29,584	-25,053
Total fair value adjustment for derivative financial contracts including amounts recognised under 'Interest income'	192,290	-98,355	67,957

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
6 Other operating income			
Gains on disposal of operating equipment	238	454	836
Other income	14,000	4,638	5,515
Operation of investment property	-140	-88	-6
Other operating income, total	14,098	5,004	6,345
7 Personnel and administrative expenses			
Salaries and remuneration to the Supervisory Board and the Executive Board			
Supervisory Board	1,200	1,150	1,525
Executive Board:			
Salaries	4,117	3,443	4,293
Pension	2,016	2,147	2,192
Termination benefits	10,305	4,860	4,860
Executive Board, total	16,438	10,450	11,345
Salaries and remuneration to the Supervisory Board and the Executive Board, total	17,638	11,600	12,870
Personnel expenses			
Wages and salaries	254,187	204,987	282,674
Pensions	28,313	27,462	36,414
Expenses relating to social security contributions, payroll tax etc.	28,881	25,363	36,968
Personnel expenses, total	311,381	257,812	356,056
Other administrative expenses			
Other administrative expenses, total	174,342	163,363	221,622
Personnel and administrative expenses, total	503,361	432,775	590,548
Executive Board, other			
Value of fringe benefits	210	194	244
With reference to the terms and conditions for participation as set out in the Act on State-Funded Capital Injections into Credit Institutions (Bankpakke II), we note that in the calculation of taxable income payments made to the Executive Board deducted for tax purposes totalled	8,324	5,322	5,795
No agreements have been made concerning bonus plans, incentive programmes or similar compensation plans. The Bank is exempt from any defined benefit obligations in respect of the departure of members of the Executive Board, whether as a result of age, illness, disability or any other reason.			
8 Other operating expenses			
Contributions to the Guarantee Fund for Depositors and Investors	21,274	43,934	33,622
Other expenses	2,109	995	1,159
Other operating expenses, total	23,383	44,929	34,781

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
9 Impairments of loans and provisions against guarantees etc.			
Individual impairments of loans			
Individual impairments of loans and other receivables, beginning of the year	2,121,489	1,416,918	1,416,918
Impairments over the course of the year	985,799	439,381	1,139,347
Reversal of impairments performed in prior financial years	-98,140	-197,887	-208,282
Other movements	22,677	19,258	19,258
Previously individually impaired, now definitely lost	-262,162	-54,820	-245,752
Individual impairments of loans and other receivables, end of the period	2,769,663	1,622,850	2,121,489
Impact on operations	887,659	241,494	931,065
Impairments of loans in groups			
Impairments of loans and other receivables in groups, beginning of the year	51,304	69,912	69,912
Impairments over the course of the year	8,218	15,726	15,910
Reversal of impairments performed in prior financial years	-22,590	-27,975	-37,153
Other movements	1,852	2,635	2,635
Impairments of loans and other receivables in groups, end of the period	38,784	60,298	51,304
Impact on operations	-14,372	-12,249	-21,243
Impairments of loans, total			
Impairments of loans and other receivables, beginning of the year	2,172,793	1,486,830	1,486,830
Impairments over the course of the year	994,017	455,107	1,155,257
Reversal of impairments performed in prior financial years	-120,730	-225,862	-245,435
Other movements	24,529	21,893	21,893
Previously individually impaired, now definitely lost	-262,162	-54,820	-245,752
Impairments of loans and other receivables, end of the period	2,808,447	1,683,148	2,172,793
Impact on operations	873,287	229,245	909,822
Provisions against losses on guarantees and unused credit commitments			
Provisions against losses on guarantees and unused credit commitments, beginning of the year	36,043	10,710	10,710
Provisions over the course of the year	34,353	19,007	31,882
Reversal of provisions performed in prior financial years	-17,320	-4,200	-6,549
Provisions against losses on guarantees and unused credit commitments, end of the period	53,076	25,517	36,043
Impact on operations	17,033	14,807	25,333
Accumulated impairment ratio	9.8%	6.0%	7.8%

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
9 Impairments of loans and provisions against guarantees etc. (cont.)			
Amounts receivable for which calculation of interest has stopped, end of the period	1,725,948	1,310,354	1,308,665
Of which impaired, total	1,161,422	984,101	916,650
Amounts receivable for which calculation of interest has stopped, as a percentage of loans before impairments	7.0%	5.4%	5.5%
Impairments of/provisions for amounts receivable from credit institutions			
Impairments of/provisions for amounts receivable from credit institutions, beginning of the year	1,081	413	413
Impairments/provisions over the course of the period	901	364	1,081
Reversal of impairments performed in prior financial years	-1,081	-411	-413
Impairments of/provisions for amounts receivable from credit institutions, end of the period	901	366	1,081
Impact on operations	-180	-47	668
Impact on operations, total	890,140	244,005	935,823
Lost, where no individual impairments/provisions have been made previously	19,003	17,616	54,455
Included in previously written-off debts	-4,810	-3,951	-5,409
Impairment of loans and guarantee debtors etc., total	904,333	257,670	984,869
Interest income on impaired loans is offset in impairments by	44,497	21,109	24,529
10 Tax			
Tax on income/loss for the year	0	0	143
Deferred tax	-181,847	4,229	-136,796
Impairment of deferred tax assets	363,741	0	0
Tax, total	181,894	4,229	-136,653
Which is distributed as follows:			
Tax on income for the year	188,723	9,742	-136,140
Tax of other comprehensive income	-1,057	-5,513	-513
Tax related to changes in equity	-5,772	0	0
Tax, total	181,894	4,229	-136,653

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
11 Intangible assets			
Goodwill			
Total acquisition price, beginning of the period	96,590	96,590	96,590
Addition due to merger with Aarhus Lokalbanc	111,074	0	0
Total acquisition price, end of the period	207,664	96,590	96,590
Impairments, beginning of the period	0	0	0
Amortisations and impairments for the period	207,664	0	0
Impairments, end of the period	207,664	0	0
Recognised holding, end of the period	0	96,590	96,590
Customer relations			
Total acquisition price, beginning of the period	14,964	14,964	14,964
Total acquisition price, end of the period	14,964	14,964	14,964
Amortisations and impairments, beginning of the period	4,489	2,992	2,992
Amortisations and impairments for the period	1,122	1,123	1,497
Amortisations and impairments, end of the period	5,611	4,115	4,489
Recognised holding, end of the period	9,353	10,849	10,475
Intangible assets, total	9,353	107,439	107,065
Goodwill and customer relations are derived from the acquisition of Bonusbanken in 2008 and the merger with Aarhus Lokalbanc in 2012. Their activities have been fully integrated into the activities of vestjyskBANK and therefore cannot be attributed to any separate activity whose returns are monitored in the internal management reporting. This is the reason goodwill has been attributed to the Company as a whole.			
As a result of the continued, significant impairments on loans, the Bank has re-assessed the assumptions for the budgets and forecasts on which the impairment test is based. This re-assessment has concluded that there is no basis for maintaining any amount of goodwill. The combined goodwill of DKK 208 million has therefore been impaired.			
The following assumptions are applied to the impairment test:			
Required rate of return after tax: 10%			
Budget period: 5 years, incl. 2012			
Growth during the terminal period: 2.2%			
Budget outlook for the period 2013–2016:			
- Maintenance of interest margin			
- Rising fee income			
- Weak decline in the rate of cost			
- Declining loans and guarantee debtors			
- Rising deposits			
- Declining impairments: 1.4% in 2013, declining linearly to 1.1% in 2016			

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
12 Owner-occupied property			
Cost price			
Cost price, beginning of the year	382,140	372,251	372,251
Additions	42,707	12,600	12,600
Disposals	0	0	0
Carried forward to investment property	4,099	2,711	2,711
Total cost price, end of the period	420,748	382,140	382,140
Depreciations			
Depreciations, beginning of the year	14,738	9,782	9,782
Depreciations for the period	4,013	3,770	5,027
Depreciations reversed through disposals, for the period	169	71	71
Depreciations, end of the period	18,582	13,481	14,738
Carrying amount, end of the period	402,166	368,659	367,402
13 Deferred tax assets/liabilities			
As mentioned in Note 10, the Bank has conducted a re-assessment of the assumptions underlying the budgets and forecasts for the coming years. This has involved a re-assessment of the Bank's capacity to exercise tax assets that primarily arise from tax losses. As a result of the heightened uncertainty, only tax assets that the Bank anticipates exercising over the next five years are included. The Bank has therefore impaired its tax assets in the amount of DKK 364 million.			
Deferred tax, beginning of period	303,346	166,550	166,550
Deferred tax for the period	181,847	-4,229	136,796
Impairment of deferred tax assets	-363,741	0	0
Deferred tax asset, end of period	121,452	162,321	303,346
14 Other assets			
Positive market value of derivative financial instruments	696,451	641,278	526,519
Interest and commission receivable	53,586	47,392	45,891
Other assets	248,610	207,130	219,596
Other assets, total	998,647	895,800	792,006
15 Other liabilities			
Negative market value of derivative financial instruments	217,358	359,290	205,979
Various creditors	158,039	103,360	125,292
Interest and commission payable	298,057	252,201	93,792
Other liabilities	59,882	34,616	35,941
Other liabilities, total	733,336	749,467	461,004

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
16 Subordinated debt			
Tier 2 capital	1,009,872	591,039	596,198
Tier 2 capital falls due between 16 May 2014 and 28 June 2020 with an option to prepay remaining in effect until 28 June 2017, subject to approval by the Danish Financial Supervisory Authority. The capital accrues interest at 1.433 - 9.500% with a step-up clause after the prepayment date.			
Hybrid core capital of DKK 100 million	107,749	105,619	107,031
The capital accrues interest at a fixed 4.765%. There is no due date.			
There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, on 15 November 2015.			
Hybrid core capital of DKK 75 million	75,000	0	0
The capital accrues interest at a fixed 5.000%. There is no due date.			
There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, on 30 June 2016.			
Hybrid core capital of DKK 50 million	50,000	0	0
The capital accrues interest at a fixed 5.440%. There is no due date.			
There is an option of prepayment, subject to the approval of the Danish Financial Supervisory Authority, on 1 May 2016.			
Hybrid core capital of DKK 1,150.4 million	1,181,533	1,456,784	1,459,757
DKK 34.7 million is subject to a conversion duty, if the Bank does not meet the solvency requirement, or if, in the opinion of the Danish Financial Supervisory Authority, there is an imminent risk that the Bank does not meet the solvency requirement.			
The capital accrues interest at a fixed 9.943%. There is no due date.			
An option of prepayment exists, subject to approval by the Danish Financial Supervisory Authority, from 25 August 2012 to 24 August 2014 at par, from 25 August 2014 to 24 August 2015 at a price of DKK 105 per 100, and from 25 August 2015 and thereafter at a price of DKK 110 per 100. Premiums are recognised and amortised according to their expected settlement date.			
During Q1 2012 hybrid core capital of DKK 287.6 million has been converted into share capital.			
Hybrid core capital of DKK 35.6 million	35,269	0	0
The capital accrues interest at a fixed 11.11%. There is no due date.			
Prepayment can be made, subject to the approval of the Danish Financial Supervisory Authority, from 24 December 2012 to 23 December 2014 at price 105 per 100, from 24 December 2014 onwards at price 110 per 100. No premium has been recognised and amortised with respect to the anticipated payment date.			
Hybrid capital, total	1,449,551	1,562,403	1,566,788
Subordinated debt, total	2,459,423	2,153,442	2,162,986
Subordinated debt that can be included in the capital base	2,236,096	2,074,432	2,082,686

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
17 Share capital			
Share capital, beginning of the year	125,000	125,000	125,000
Shares issued upon conversion of hybrid capital	141,780	0	0
Shares issued upon merger	39,664	0	0
Capital injection from issue of shares	306,445	0	0
Share capital, total	612,889	125,000	125,000
Number of equity shares of DKK 10 each	61,288,878	12,500,000	12,500,000
Number of own equity securities, beginning of the year			
Number of own equity securities in 1,000 unit lots	185	99	99
Nominal value in DKK 1,000	1,852	993	993
Percentage of the share capital	0.3%	0.8%	0.8%
Additions			
Purchased own equity securities in 1,000 unit lots	2,307	1,444	1,802
Nominal value in DKK 1,000	23,066	14,437	18,023
Percentage of the share capital	3.8%	11.5%	14.4%
Total purchase price in DKK 1,000	44,498	66,414	76,437
Disposals			
Disposal of own equity securities in 1,000 unit lots	2,317	1,378	1,716
Nominal value in DKK 1,000	23,169	13,783	17,164
Percentage of the share capital	3.8%	11.0%	13.7%
Total selling price in DKK 1,000	44,722	63,772	73,198
Number of own equity securities, end of the period			
Number of own equity securities in 1,000 unit lots	175	165	185
Nominal value in DKK 1,000	1,749	1,647	1,852
Percentage of the share capital	0.3%	1.3%	1.5%
The Bank's trade in its own equity securities takes place as part of its regular trade in equity securities.			
As a result of the Bank's receiving government hybrid core capital—in addition to its issuance of debt securities under the individual government guarantee—dividends may only be paid as of 1 October 2010, provided they can be financed from current profits. Revaluation reserves included in equity may not be used for payment of dividends.			
18 Contingent liabilities			
Financial guarantee contracts	987,144	748,651	1,272,894
Loss guarantees for mortgage loans	1,681,945	1,136,034	1,139,977
Registration and conversion guarantees	736,004	440,186	557,904
Other contingent liabilities	1,229,347	1,698,224	1,382,493
Contingent liabilities, total	4,634,440	4,023,095	4,353,268
'Other contingent liabilities' include, among other things, performance bonds, delivery guarantees as well as provisions of indemnity in relation to the Guarantee Fund for Depositors and Investors (Indskydergarantifonden) etc.			

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
19 Other binding agreements			
Other liabilities	8,109	204,822	4,822
Other binding agreements, total	8,109	204,822	4,822
20 The difference between presenting financial statements under IFRS and the rules set out by the Danish Financial Supervisory Authority			
Profit/loss for the period, as presented under IFRS	-898,567	18,866	-422,636
Owner-occupied property, major depreciations and impairments	292	9,995	11,048
Profit/loss for the period, as presented under the rules set out by the Danish Financial Supervisory Authority	-898,859	8,871	-433,684
Equity under IFRS	1,526,072	2,160,433	1,733,337
Owner-occupied property, accumulated depreciations and impairments	40,098	38,753	39,806
Equity under the rules set out by the Danish Financial Supervisory Authority	1,485,974	2,121,680	1,693,531
21 Capital requirements			
Equity excl. profit/loss for the period	2,424,639	2,141,567	2,155,973
Recognised profit/loss	-898,567	0	-422,636
Revaluation reserves	-30,848	-30,848	-30,848
Intangible assets	-9,353	-107,439	-107,065
Deferred capitalised tax assets	-121,452	-162,321	-303,346
Other deductions from the core capital	-2,927	-46,238	-83,686
Hybrid core capital	795,991	1,500,304	1,196,778
Core capital after statutory deductions	2,157,483	3,295,025	2,405,170
Subordinated loan capital	786,545	512,029	515,898
Revaluation reserves	30,848	30,848	30,848
Hybrid core capital	653,560	62,099	370,010
Capital base before deductions	3,628,436	3,900,001	3,321,926
Deductions from the capital base	-2,927	-46,238	-83,686
Capital base after deductions	3,625,509	3,853,763	3,238,240
Weighted items, total	26,266,826	26,753,746	25,705,428
Core capital after statutory deductions as a percentage of weighted items, total	8.2%	12.3%	9.4%
Solvency ratio according to sec 124(2) of the Danish Financial Business Act	13.8%	14.4%	12.6%
Solvency requirement according to sec 124(2) of the Danish Financial Business Act	8.0%	8.0%	8.0%
22 Security pledged			
Credit institutions:			
Margin accounts pledged as security in relation to financial instruments	63,927	232,550	123,578
Loans:			
Pledged as security for credit facility with Danmarks Nationalbank	2,205,882	0	0
Of which pledged	2,205,882	0	0

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
22 Security pledged (cont.)			
Debt securities:			
Pledged as security for credit facility with Danmarks Nationalbank			
Total nominal value	1,825,770	1,081,653	814,263
Total market value	1,825,878	1,081,873	818,089
Of which pledged	794,118	0	0
23 Pending litigation			
Legal proceedings have been instituted against vestjyskBANK by EBH-Fonden administered in bankruptcy for DKK 100 million, due to vestjyskBANK's off-setting of liabilities to EBH-Fonden administered in bankruptcy in the Bank's receivables from the estate. vestjyskBANK's liabilities consist of subordinated loan capital, which the Danish Financial Supervisory Authority granted the Bank permission to settle in 2009. The Bank's receivable is categorised as a regular receivable. vestjyskBANK prevailed in the Danish High Court, and the opposing party has appealed the case to the Danish Supreme Court.			
In addition to that, vestjyskBANK is also party to other litigations. Proceedings are evaluated on an ongoing basis, and provisions are made as needed on the basis of a risk assessment of potential losses.			
The pending proceedings are not expected to have significant influence on the Bank's financial position.			
24 Group overview			
Consolidated subsidiaries			
Share capital:			
Center Finansiering A/S	500		
Profit/loss:			
Center Finansiering A/S	1		
Equity:			
Center Finansiering A/S	717		
Center Finansiering A/S is directly and wholly owned by vestjyskBANK.			
25 Acquisition			
vestjyskBANK and Aarhus Lokalbanc merged on 30 March 2012. In the accounts, the merger was completed on the date of acquisition.			
Both the fair value of acquired net assets and calculated goodwill were stated in the Quarterly Report for Q1 2012.			
If the merger had taken place on 1 January 2012, vestjyskBANK's total net interest and fee income would have totalled	912,647		
and profits would have been	-899,227		
In estimating the Bank's results, the impact of the acquisition and related revaluations have not been taken into account.			
Transactions expenses related to the merger have been recognised under the item Other administrative expenses in the amount of DKK 9.4 million.			

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012	1/1-30/9 2011	Full year 2011
26 Key figures and financial ratios			
Statement of Income (in MDKK)			
Net interest income	681	621	846
Net fee income	196	176	236
Dividends on equity securities etc.	5	3	3
Market value adjustments for foreign currency and sector shares	43	-29	-25
Other operating income	14	5	6
Core income	939	776	1,066
Personnel and administrative expenses	-503	-433	-590
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-34	-56	-51
Impairment of goodwill	-208	0	0
Operating expenses and operating depreciations and amortisations	-745	-489	-641
Core earnings before impairments	194	287	425
Impairments of loans and receivables etc.	-904	-258	-984
Profit/loss before tax	-710	29	-559
Tax	189	10	-136
Profit/loss	-899	19	-423
Statement of Financial Position (in MDKK)			
Assets, total	33,309	29,304	29,280
Loans	21,700	22,565	21,716
Deposits, including pooled funds	17,717	14,467	15,029
Contingent liabilities	4,634	4,023	4,353
Business volume	44,051	41,055	41,098
Equity	1,526	2,160	1,733

Consolidated Quarterly Financial Statements

Notes

Note	1/1-30/9 2012	1/1-30/9 2011	Full year 2011
26 Key figures and financial ratios (cont.)			
Solvency			
Solvency ratio	13.8%	14.4%	12.6%
Core capital ratio	8.2%	12.3%	9.4%
Earnings			
Return on equity before tax, annually ¹	-58.2%	1.8%	-28.7%
Return on equity after tax, annually ¹	-73.6%	1.2%	-21.7%
Income-cost ratio ²	0.57	1.04	0.66
Rate of cost ³	79.3%	63.1%	60.1%
Rate of cost excl. impairment of goodwill	57.2%	63.1%	60.1%
Employees converted to full-time (average)	627.1	617.4	614.8
Market risk			
Interest rate risk ⁴	-7.9%	-3.6%	-4.5%
Foreign currency position ⁵	1.3%	1.7%	1.5%
Foreign currency risk	0.0%	0.0%	0.0%
Excess cover in relation to statutory liquidity requirements ⁶	135.2%	73.4%	98.8%
Credit risk			
Loans plus impairments on loans in relation to deposits	138.3%	167.6%	158.9%
Loans in relation to equity	14.2	10.4	12.5
Growth in loans for the period ⁷	-0.1%	-3.8%	-7.5%
Total of large commitments ⁸	17.6%	27.9%	30.2%
Accumulated impairment ratio	9.8%	6.0%	7.8%
Impairment ratio for the period	3.1%	0.9%	3.5%
vestjyskBANK share			
Profit/loss for the period per share (denomination DKK 10)	-24.5	1.5	-34.2
Equity value per share (denomination DKK 10)	25.0	175.1	140.8
Price of vestjyskBANK shares, end of the period	13.6	31.9	18.8
Market price / equity value per share	0.5	0.2	0.1

The results for Aarhus Lokalbanc have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012, and its assets and liabilities have been recognised as at 31 March 2012. The numbers for Aarhus Lokalbanc have not been included in the 2011 comparative figures.

1 On the basis of the average equity

2 Income from ordinary activities in relation to costs from ordinary activities. Income from ordinary activities = net interest and fee income + market value adjustments + other operating income. Costs from ordinary activities = operating expenses and operating depreciations and amortisations + impairments of loans and receivables etc.

3 Operating expenses and operating depreciations and amortisations / core income

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

5 Exchange Rate Indicator 1 in relation to core capital, less deductions

6 Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act

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

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

Quarterly Financial Statements – Parent Company

Statement of Income and Statement of Comprehensive Income

Note	Q1-Q3 2012 TDKK	Q1-Q3 2011 TDKK	Q3 2012 TDKK	Q3 2011 TDKK	Full year 2011 TDKK
Statement of Income					
2	1,220,265	1,125,550	416,192	390,777	1,527,430
3	539,034	504,429	177,045	170,396	681,031
	681,231	621,121	239,147	220,381	846,399
	4,789	3,327	129	251	3,355
	219,315	194,567	67,372	56,417	263,074
	22,592	18,964	6,598	6,581	27,488
	882,743	800,051	300,050	270,468	1,085,340
4	43,085	-29,584	29,010	-40,290	-25,053
	14,098	5,004	6,761	596	6,345
5	503,361	432,775	171,736	125,468	590,548
	218,986	21,484	211,490	12,536	26,258
	23,383	44,929	9,512	-7,115	34,781
6	904,333	257,670	669,091	100,469	984,869
	1	0	-6	0	0
	-710,136	18,613	-726,014	-584	-569,824
	188,723	9,742	183,733	2,904	-136,140
	-898,859	8,871	-909,747	-3,488	-433,684
Basic earnings per share					
	-24.48	0.72	-14.89	-0.03	-35.11
	-24.48	0.72	-14.89	-0.03	-35.11
Statement of Comprehensive Income					
	-898,859	8,871	-909,747	-3,488	-433,684
Other comprehensive income:					
	5,753	-29,872	-18,532	-34,163	-11,938
	-9,981	7,819	-5,619	4,267	9,888
	1,057	5,513	6,038	7,474	513
	-3,171	-16,540	-18,113	-22,422	-1,537
	-902,030	-7,669	-927,860	-25,910	-435,221

Quarterly Financial Statements – Parent Company

Statement of Financial Position

Note	30/9 2012 TDKK	30/9 2011 TDKK	31/12 2011 TDKK
Assets			
	1,802,955	626,368	666,076
	370,571	876,239	730,792
	21,700,475	22,564,513	21,715,932
	6,228,020	2,075,122	2,909,038
	459,472	765,549	570,109
	717	0	0
	1,196,041	1,010,882	1,104,270
	9,353	107,439	107,065
	367,490	332,794	329,088
	3,623	2,888	1,492
7	363,867	329,906	327,596
	12,618	12,803	12,083
	1,960	1,233	588
	121,452	162,321	303,346
	998,647	729,777	792,006
Assets, total	33,269,771	29,265,040	29,240,393
Liabilities			
	3,939,505	1,980,165	1,929,734
	16,521,970	13,456,283	13,925,039
	1,196,041	1,010,882	1,104,270
	6,878,394	7,767,604	7,927,786
	55,142	25,517	36,043
	733,322	749,467	461,004
	2,459,423	2,153,442	2,162,986
Liabilities, total	31,783,797	27,143,360	27,546,862
Equity			
	612,889	125,000	125,000
	30,848	30,848	30,848
	-14,985	-26,817	-11,814
	857,222	1,992,649	1,549,497
Equity, total	1,485,974	2,121,680	1,693,531
Liabilities and equity, total	33,269,771	29,265,040	29,240,393
Items not recognised in the Statement of Financial Position			
	4,634,440	4,023,095	4,353,268
	8,109	204,822	4,822
Items not recognised in the Statement of Financial Position, total	4,642,549	4,227,917	4,358,090

Quarterly Financial Statements – Parent Company

Statement of Changes in Equity

	Share capital	Revaluation reserves	Reserve for cash flow hedges	Retained profit/loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2012	125,000	30,848	-11,814	1,549,497	1,693,531
Comprehensive income for the period			-3,171	-898,859	-902,030
Additions relating to sale of own equity securities				44,722	44,722
Disposals relating to purchase of own equity securities				-44,498	-44,498
Shares issued upon conversion of hybrid capital	141,780			154,540	296,320
Shares issued upon merger	39,664			57,008	96,672
Capital injection from issue of shares	306,445			12,128	318,573
Costs related to capital increase				-17,316	-17,316
Equity, 30 September 2012	612,889	30,848	-14,985	857,222	1,485,974

	Share capital	Revaluation reserves	Reserve for cash flow hedges	Retained profit/loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2011	125,000	30,848	-10,277	1,986,420	2,131,991
Comprehensive income for the period			-16,540	8,871	-7,669
Additions relating to sale of own equity securities				63,772	63,772
Disposals relating to purchase of own equity securities				-66,414	-66,414
Equity, 30 September 2011	125,000	30,848	-26,817	1,992,649	2,121,680

	Share capital	Revaluation reserves	Reserve for cash flow hedges	Retained profit/loss	Equity, total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity, 1 January 2011	125,000	30,848	-10,277	1,986,420	2,131,991
Comprehensive income for the period			-1,537	-433,684	-435,221
Additions relating to sale of own equity securities				73,198	73,198
Disposals relating to purchase of own equity securities				-76,437	-76,437
Equity, 31 December 2011	125,000	30,848	-11,814	1,549,497	1,693,531

Quarterly Financial Statements – Parent Company

Notes

List of notes for the quarterly financial statements – parent company

- 1 Accounting policies
- 2 Interest income
- 3 Interest expenses
- 4 Market value adjustments
- 5 Personnel and administrative expenses
- 6 Impairments of loans and provisions against guarantees etc.
- 7 Owner-occupied property
- 8 Capital requirements
- 9 Key figures and financial ratios

Quarterly Financial Statements – Parent Company

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
1 Accounting policies			
The Quarterly Report for 1 January–30 September 2012 for the parent company vestjyskBANK is presented under the Danish Financial Business Act, including the Danish Financial Supervisory Authority's Executive Order on Financial Reporting for Credit Institutions et al.			
The accounting policies applied by the parent company are identical to those applied by the group (Note 1 of the Consolidated Financial Statements). However, owner-occupied properties have been valued at their revalued amounts and recognised at their fair values at the date of revaluation applying the returns-based approach, less subsequent accumulated impairment.			
2 Interest income			
Amounts receivable from credit institutions and central banks	6,983	8,576	12,133
Loans and other receivables	1,118,451	1,036,565	1,409,214
Debt securities	62,268	75,705	95,354
Other interest income	60	394	535
Interest income at amortised cost	1,187,762	1,121,240	1,517,236
Derivative financial instruments	32,503	4,310	10,194
Interest income, total	1,220,265	1,125,550	1,527,430
This amount includes interest income from actual purchase and resale transactions recognised under			
Amounts receivable from credit institutions and central banks	16	0	0
3 Interest expenses			
Credit institutions and central banks	19,693	36,681	46,738
Deposits and other debt	232,073	171,752	238,094
Debt securities in issue	152,384	159,272	213,496
Subordinated debt	134,540	136,689	182,668
Other interest expenses	344	35	35
Interest expenses at amortised cost, total	539,034	504,429	681,031
This amount includes interest expenses from actual sales and repurchase transactions recognised under			
Credit institutions and central banks	10	0	0
4 Market value adjustments			
Debt securities	24,764	23,783	24,471
Equity securities etc.	23,481	-11,054	-22,785
Total market value adjustments for securities attributed to fair value in the Statement of Income	48,245	12,729	1,686
Exchange rate adjustment of foreign currency balances	-138,557	57,718	-82,913
Exchange rate adjustment of financial instruments	156,263	-46,476	103,534
Exchange rate adjustment, total	17,706	11,242	20,621

Quarterly Financial Statements – Parent Company

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
4 Market value adjustments (cont.)			
Derivative financial instruments, other adjustments	3,524	-56,189	-45,771
Assets related to pooled fund schemes	143,524	-119,591	-54,898
Deposits with pooled fund schemes	-143,524	119,591	54,898
Fair value hedged lending	4,619	6,024	8,613
Fair value hedged borrowing	-31,009	-3,390	-10,202
Market value adjustments, total	43,085	-29,584	-25,053
Total fair value adjustment for derivative financial contracts including amounts recognised under 'Interest income'	192,290	-98,355	67,957
5 Personnel and administrative expenses			
Salaries and remuneration to the Supervisory Board and the Executive Board			
Supervisory Board	1,200	1,150	1,525
Executive Board:			
Salaries	4,117	3,443	4,293
Pension	2,016	2,147	2,192
Termination benefits	10,305	4,860	4,860
Executive Board, total	16,438	10,450	11,345
Salaries and remuneration to the Supervisory Board and the Executive Board, total	17,638	11,600	12,870
Personnel expenses			
Wages and salaries	254,187	204,987	282,674
Pensions	28,313	27,462	36,414
Expenses relating to social security contributions, payroll tax etc.	28,881	25,363	36,968
Personnel expenses, total	311,381	257,812	356,056
Other administrative expenses			
Other administrative expenses, total	174,342	163,363	221,622
Personnel and administrative expenses, total	503,361	432,775	590,548
Executive Board, other			
Value of fringe benefits	210	194	244
With reference to the terms and conditions for participation as set out in the Act on State-Funded Capital Injections into Credit Institutions (Bankpakke II), we note that in the calculation of taxable income payments made to the Executive Board deducted for tax purposes totalled	8,324	5,322	5,795
No agreements have been made concerning bonus plans, incentive programmes or similar compensation plans.			
The Bank is exempt from any defined benefit obligations in respect of the departure of members of the Executive Board, whether as a result of age, illness, disability or any other reason.			

Quarterly Financial Statements – Parent Company

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
6 Impairments of loans and provisions against guarantees etc.			
Individual impairments of loans			
Individual impairments of loans and other receivables, beginning of the year	2,121,489	1,416,918	1,416,918
Impairments over the course of the year	985,799	439,381	1,139,347
Reversal of impairments performed in prior financial years	-98,140	-197,887	-208,282
Other movements	22,677	19,258	19,258
Previously individually impaired, now definitely lost	-262,162	-54,820	-245,752
Individual impairments of loans and other receivables, end of the period	2,769,663	1,622,850	2,121,489
Impact on operations	887,659	241,494	931,065
Impairments of loans in groups			
Impairments of loans and other receivables in groups, beginning of the year	51,304	69,912	69,912
Impairments over the course of the year	8,218	15,726	15,910
Reversal of impairments performed in prior financial years	-22,590	-27,975	-37,153
Other movements	1,852	2,635	2,635
Impairments of loans and other receivables in groups, end of the period	38,784	60,298	51,304
Impact on operations	-14,372	-12,249	-21,243
Impairments of loans, total			
Impairments of loans and other receivables, beginning of the year	2,172,793	1,486,830	1,486,830
Impairments over the course of the year	994,017	455,107	1,155,257
Reversal of impairments performed in prior financial years	-120,730	-225,862	-245,435
Other movements	24,529	21,893	21,893
Previously individually impaired, now definitely lost	-262,162	-54,820	-245,752
Impairments of loans and other receivables, end of the period	2,808,447	1,683,148	2,172,793
Impact on operations	873,287	229,245	909,822
Provisions against losses on guarantees and unused credit commitments			
Provisions against losses on guarantees and unused credit commitments, beginning of the year	36,043	10,710	10,710
Provisions over the course of the year	34,353	19,007	31,882
Reversal of provisions performed in prior financial years	-17,320	-4,200	-6,549
Provisions against losses on guarantees and unused credit commitments, end of the period	53,076	25,517	36,043
Impact on operations	17,033	14,807	25,333
Accumulated impairment ratio	9.8%	6.0%	7.8%

Quarterly Financial Statements – Parent Company

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
6 Impairments of loans and provisions against guarantees etc. (cont.)			
Amounts receivable for which calculation of interest has stopped, end of the period	1,725,948	1,310,354	1,308,665
Of which impaired, total	1,161,422	984,101	916,650
Amounts receivable for which calculation of interest has stopped, as a percentage of loans before impairments	7.0%	5.4%	5.5%
Impairments of/provisions for amounts receivable from credit institutions			
Impairments of/provisions for amounts receivable from credit institutions, beginning of the year	1,081	413	413
Impairments/provisions over the course of the year	901	364	1,081
Reversal of impairments performed in prior financial years	-1,081	-411	-413
Impairments of/provisions for amounts receivable from credit institutions, end of the period	901	366	1,081
Impact on operations	-180	-47	668
Impact on operations, total	890,140	244,005	935,823
Lost, where no individual impairments/provisions have been made previously	19,003	17,616	54,455
Included in previously written-off debts	-4,810	-3,951	-5,409
Impairment of loans and guarantee debtors etc., total	904,333	257,670	984,869
Interest income on impaired loans is offset in impairments by	44,497	21,109	24,529
7 Owner-occupied property			
Cost price			
Cost price, beginning of the year	413,128	404,855	404,855
Additions	42,706	12,600	12,600
Disposals	0	0	0
Carried forward to investment property	11,954	4,327	4,327
Total cost price, end of the period	443,880	413,128	413,128
Impairments and depreciations			
Impairments and depreciations, beginning of the year	85,532	71,145	71,145
Depreciations for the period	4,305	6,929	9,239
Impairments for the period	0	6,972	6,972
Depreciations reversed through disposals, for the period	9,824	1,824	1,824
Impairments and depreciations, end of the period	80,013	83,222	85,532
Carrying amount, end of the period	363,867	329,906	327,596

Quarterly Financial Statements – Parent Company

Notes

Note	1/1-30/9 2012 TDKK	1/1-30/9 2011 TDKK	Full year 2011 TDKK
8 Capital requirements			
Equity excl. profit/loss for the period	2,384,833	2,112,809	2,127,215
Recognised profit/loss	-898,859	0	-433,684
Revaluation reserves	-30,848	-30,848	-30,848
Intangible assets	-9,353	-107,439	-107,065
Deferred capitalised tax assets	-121,452	-162,321	-303,346
Other deductions from the core capital	-5,327	-47,676	-85,677
Hybrid core capital	774,399	1,484,819	1,175,344
Core capital after statutory deductions	2,093,393	3,249,344	2,341,939
Subordinated loan capital	786,545	512,029	515,898
Revaluation reserves	30,848	30,848	30,848
Hybrid core capital	675,152	77,584	391,444
Capital base before deductions	3,585,938	3,869,805	3,280,129
Deductions from the capital base	-5,327	-47,676	-85,677
Capital base after deductions	3,580,611	3,822,129	3,194,452
Weighted items, total	26,218,564	26,712,117	25,661,641
Core capital after statutory deductions as a percentage of weighted items, total	8.0%	12.2%	9.1%
Solvency ratio according to sec 124(2) of the Danish Financial Business Act	13.7%	14.3%	12.4%
Solvency requirement according to sec 124(2) of the Danish Financial Business Act	8.0%	8.0%	8.0%

Quarterly Financial Statements – Parent Company

Notes

Note	1/1-30/9 2012	1/1-30/9 2011	Full year 2011
9 Key figures and financial ratios			
Statement of Income (in MDKK)			
Net interest income	681	621	846
Net fee income	196	176	236
Dividends on equity securities etc.	5	3	3
Market value adjustments for foreign currency and sector shares	43	-29	-25
Other operating income	14	5	6
Core income	939	776	1,066
Personnel and administrative expenses	-503	-433	-590
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-34	-66	-62
Impairment of goodwill	-208	0	0
Operating expenses and operating depreciations and amortisations	-745	-499	-652
Core earnings before impairments	194	277	414
Impairments of loans and receivables etc.	-904	-258	-984
Profit/loss before tax	-710	19	-570
Tax	189	10	-136
Profit/loss	-899	9	-434
Statement of Financial Position (in MDKK)			
Assets, total	33,270	29,265	29,240
Loans	21,700	22,565	21,716
Deposits, including pooled funds	17,718	14,467	15,029
Contingent liabilities	4,634	4,023	4,353
Business volume	44,052	41,055	41,098
Equity	1,486	2,122	1,694

Quarterly Financial Statements – Parent Company

Notes

Note	1/1-30/9 2012	1/1-30/9 2011	Full year 2011
9 Key figures and financial ratios (cont.)			
Solvency			
Solvency ratio	13.7%	14.3%	12.4%
Core capital ratio	8.0%	12.2%	9.1%
Earnings			
Return on equity before tax, annually ¹	-59.7%	1.2%	-29.8%
Return on equity after tax, annually ¹	-75.5%	0.6%	-22.7%
Income-cost ratio ²	0.57	1.02	0.65
Rate of cost ³	79.3%	64.4%	61.1%
Rate of cost excl. impairment of goodwill	57.2%	64.4%	61.1%
Employees converted to full-time (average)	627.1	617.4	614.8
Market risk			
Interest rate risk ⁴	-8.2%	-3.7%	-4.6%
Foreign currency position ⁵	1.3%	1.7%	1.5%
Foreign currency risk	0.0%	0.0%	0.0%
Excess cover in relation to statutory liquidity requirements ⁶	135.2%	73.4%	98.8%
Credit risk			
Loans plus impairments on loans in relation to deposits	138.3%	167.6%	158.9%
Loans in relation to equity	14.6	10.6	12.8
Growth in loans for the period ⁷	-0.1%	-3.8%	-7.5%
Total of large commitments ⁸	17.8%	28.1%	30.7%
Accumulated impairment ratio	9.8%	6.0%	7.8%
Impairment ratio for the period	3.1%	0.9%	3.5%
vestjyskBANK share			
Profit/loss for the period per share (denomination DKK 10)	-24.5	0.7	-35.1
Equity value per share (denomination DKK 10)	24.3	172.0	137.5
Price of vestjyskBANK shares, end of the period	13.6	31.9	18.8
Market price / equity value per share	0.6	0.2	0.1

The results for Aarhus Lokalbanc have been recognised in vestjyskBANK's Statement of Income as at 1 April 2012, and its assets and liabilities have been recognised as at 31 March 2012. The numbers for Aarhus Lokalbanc have not been included in the 2011 comparative figures.

1 On the basis of the average equity

2 Income from ordinary activities in relation to costs from ordinary activities. Income from ordinary activities = net interest and fee income + market value adjustments + other operating income. Costs from ordinary activities = operating expenses and operating depreciations and amortisations + impairments of loans and receivables etc.

3 Operating expenses and operating depreciations and amortisations / core income

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

5 Exchange Rate Indicator 1 in relation to core capital, less deductions

6 Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act

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

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

