

1st HALF 2011

vestjyskBANK **Half-year Report**



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The Half-year Report is accessible at vestjyskbank.dk

Management's Review

Increase in income, lower costs and lower impairments result in earnings improvement

For the first six months of 2011, European economies and the financial sector were characterised by financial uncertainty and challenging market conditions.

Public finance, the debt situation in Greece and a number of other southern European countries have generated significant volatility in the financial markets. At the same time the Danish financial sector collectively suffered from the transition of Amagerbanken and Fjordbank Mors to winding-up proceedings by the Financial Stability Company (Finansiel Stabilitet). In this connection, there was a lack of willingness to find solution models that could indemnify depositors and lenders from losses. This has resulted in a general ratings downgrade of Danish banks, which in turn has impaired future funding options.

Subject to such market conditions, vestjyskBANK realised satisfactory core earnings before impairment for the first half year 2011 of DKK 234 million, an improvement of DKK 7 million compared to the same period last year. The improved results were virtually in line with expectations and were a product of the Bank's increase in income.

The results for the first half year 2011 show profits of DKK 21 million before tax compared to last year's deficit of DKK 86 million. The results were affected by the Bank's extraordinary contribution to the Danish Deposit Guarantee Fund of DKK 51 million prompted by the bankruptcies of Amagerbanken and Fjordbank Mors. Without this, profits would have been DKK 72 million.

In the first half year 2011 costs were realised slightly below expectations. The rate of cost was recognised at 57.4, whereas the rate of cost for 2011 is projected to be 55.

Impairments of loans for the first half year 2011 totalled net DKK 157 million, which annualised corresponds to 1.1 percent of the Bank's loans, advances and guarantees.

Total business volume totalled DKK 41.5 billion at the end of June 2011 and was thus DKK 2 billion lower than at year-end 2010. This was mainly owing to a lower rate of deposits with customers' diversifying their deposits or investing in debt securities as a result of the general uncertainty in relation to the financial sector. The solvency ratio has been recognised at 13.9, compared to 13.6 at year-end 2010.



vestjyskBANK maintains its previously announced outlook for core earnings of DKK 500 million before impairments and extraordinary contributions to the Danish Deposit Guarantee Fund for 2011. Expectations relating to impairments of loans, advances and guarantees also remain unchanged at around 1 percent of loans, advances and guarantees.

Frank Kristensen
CEO

Management's Review

Quarterly Key Figures and Financial Ratios

	Q2	Q1	Q4	Q3	Q2
	2011	2011	2010	2010	2010
Key Figures					
Statement of Income (in MDKK)					
Net interest income	201	200	213	210	203
Net fee income	70	56	62	51	64
Dividends on equity securities etc.	3	0	0	0	3
Market value adjustments for foreign currency and sector shares	5	10	1	17	12
Other operating income	0	4	1	3	3
Core income	279	270	277	281	285
Operating expenses and operating depreciations and amortisations	-163	-152	-143	-151	-152
Core earnings before impairments	116	118	134	130	133
Impairments of loans and receivables etc., excl. the Private Contingency Association (Det Private Beredskab)	-89	-68	-83	-48	-163
Core earnings after impairments	27	50	51	82	-30
Other market value adjustments	0	-5	10	19	-35
Profit after market value adjustments	27	45	61	101	-65
Extraordinary contribution to the Guarantee Fund for Depositors and Investors (Garantifonden for Indskydere og Investorer)	-15	-36	0	0	0
The Private Contingency Association (Det Private Beredskab)	0	0	0	-66	-54
Profit/loss before tax	12	9	61	35	-119
Tax	-4	-3	-15	-10	30
Profit/loss	8	6	46	25	-89
Statement of Financial Position (in MDKK)					
Assets, total	30,019	31,674	33,583	34,099	39,652
Loans	23,132	23,162	23,468	23,711	23,954
Deposits, including pooled funds	14,351	14,879	15,564	15,506	17,353
Contingent liabilities	3,983	4,094	4,485	5,107	5,933
Business volume	41,466	42,135	43,517	44,324	47,240
Equity	2,176	2,171	2,161	2,115	2,092

	Q2	Q1	Q4	Q3	Q2
Financial Ratios	2011	2011	2010	2010	2010
Solvency					
Solvency ratio	13.9%	13.8%	13.6%	13.4%	13.8%
Core capital ratio	11.8%	11.7%	11.4%	10.9%	10.4%
Earnings					
Return on equity before tax, annually ¹	2.2%	1.6%	11.3%	6.6%	-22.3%
Return on equity after tax, annually ¹	1.5%	1.1%	8.5%	4.9%	-16.8%
Income-cost ratio ²	1.05	1.03	1.27	1.13	0.68
Rate of cost ³	58.6%	56.3%	51.5%	53.7%	53.5%
Employees converted to full-time (average)	618.9	620.7	631.6	645.0	643.2
Market risk					
Interest rate risk ⁴	-2.7%	-2.2%	-2.0%	-2.7%	-2.6%
Foreign currency position ⁵	4.2%	3.7%	4.7%	4.7%	10.9%
Foreign currency risk	0.1%	0.1%	0.1%	0.1%	0.1%
Excess cover in relation to statutory liquidity requirements ⁶	34.2%	81.3%	126.9%	128.1%	219.9%
Credit risk					
Loans plus impairments on loans in relation to deposits	172.5%	166.1%	160.3%	163.6%	147.5%
Loans in relation to equity	10.6	10.7	10.9	11.2	11.4
Growth in loans for the period ⁷	-0.1%	-1.3%	-1.0%	-1.0%	0.7%
Total of large commitments ⁸	40.6%	40.2%	40.7%	40.4%	53.4%
Accumulated impairment ratio	5.7%	5.4%	5.1%	5.9%	5.6%
Impairment ratio for the period	0.5%	0.2%	0.3%	0.3%	0.6%
vestjyskBANK share					
Profit/loss per share for the period (denomination DKK 10)	0.7	0.5	3.7	2.1	-7.2
Equity value per share (denomination DKK 10)	177.1	175.7	174.2	170.6	168.8
Price of vestjyskBANK shares, end of the period	36.9	58.5	68.5	68.0	79.5
Market price / profit/loss for the period per share	54.9	127.1	18.7	32.5	-11.0
Market price / equity value per share	0.2	0.3	0.4	0.4	0.5

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 = personnel and administrative expenses + depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets + other operating expenses + impairment of loans and receivables etc.

3 Operating costs as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets/ core income

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

5 Foreign Exchange 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. The method of accounting has been changed for 2010, cf. new executive order.

Management's Review

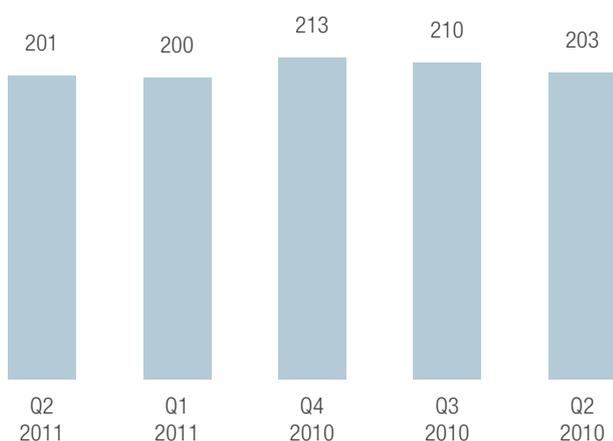
Statement of Income and Statement of Financial Position

Statement of Income

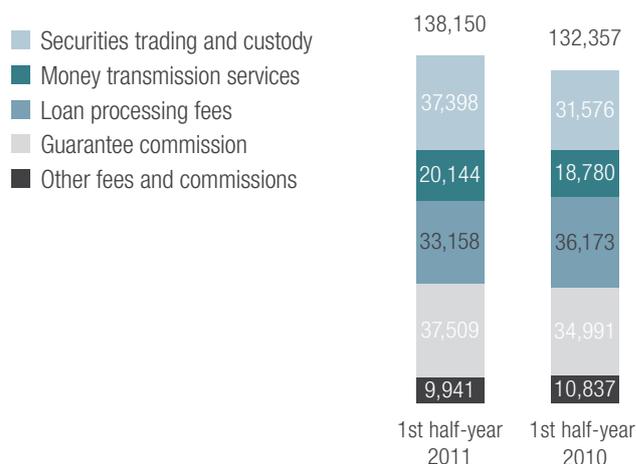
Core income has been recognised at DKK 549 million for the first half year 2011, by which the core income rose by nearly 3 percent from the first to the second quarter of the year. Net income from fees and commissions totalled DKK 70 million for the second quarter; it was realised at DKK 126 million for the entire first half year 2011. This is 5 percent higher than the first half year 2010 and exceeds expectations in spite of the decreasing activity level for obtaining mortgages. This improvement was primarily brought about by earnings from securities trading, which could be attributed to the Bank's targeted focus on the asset management product *vestjyskVÆRDIPLEJE* and the pooled pension fund product *vestjyskPENSIONSPULJE*.

Overall, however, core income for the first half year was marginally below expectations since the interest rate increase – which was announced in late June 2011 – had been anticipated earlier this year, just as the decrease in lending has affected the net interest income.

Net interest income by quarter (figures in MDKK)



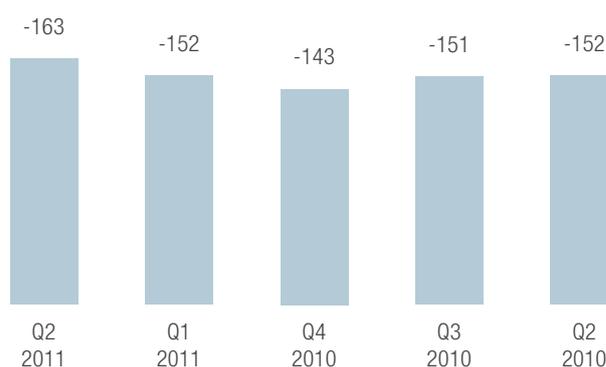
Fees and commissions (figures in TDKK)



Market value adjustments of foreign currency items and sector shares showed a positive result of DKK 15 million, with DKK 10 million distributed across currency items and DKK 5 million across sector shares.

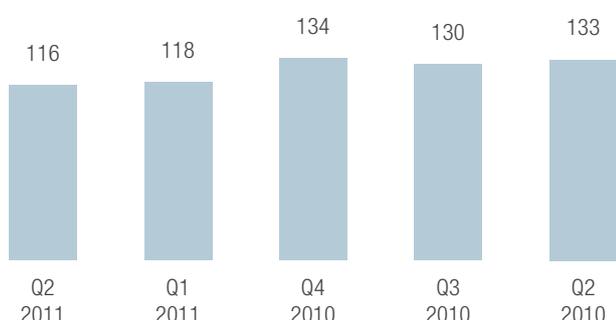
Operating costs, including depreciation and impairment losses on property, plant and equipment, totalled DKK 315 million for the first half year 2011, which was marginally less than expected in spite of the fact that the item included termination benefits recognised as an expense of DKK 5.7 million. For the second quarter, the rate of cost totalled 58.6 and for the first half year 2011 totalled 57.4 percent compared to 58.1 percent for the same period last year. The rate of cost is thus above the target of 55 as a result of the slightly lower than expected core income for the first half year.

Operating expenses as well as operating depreciations and amortisations by quarter (figures in MDKK)



Core earnings before impairment were realised at DKK 116 million for the second quarter and thus totalled DKK 234 million in the first six months of 2011 compared to DKK 227 million for the first half year 2010.

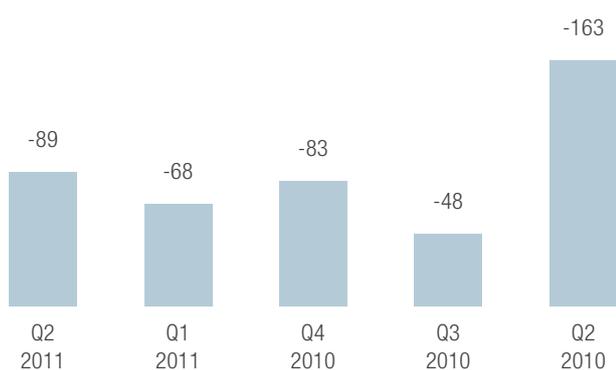
Core earnings before impairment by quarter (figures in MDKK)



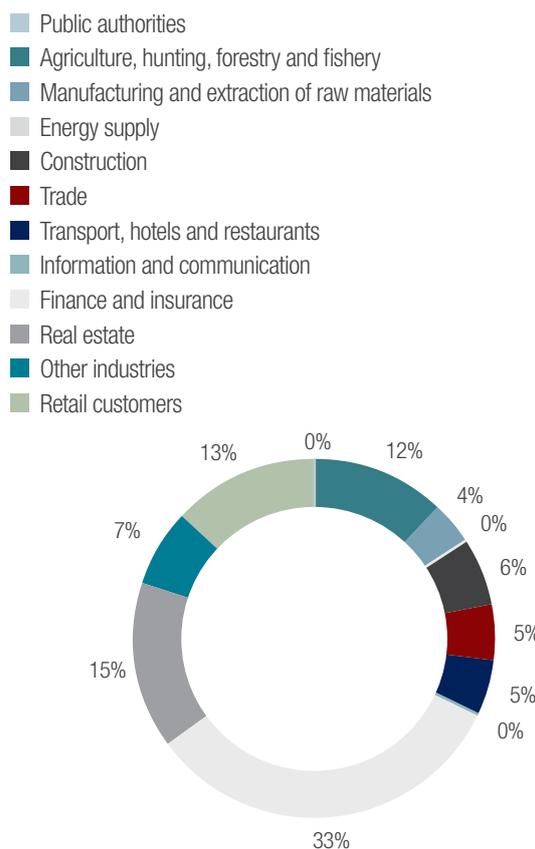
Impairments of loans and receivables etc. followed the traditional seasonal pattern and for the second quarter totalled DKK 89 million or DKK 157 million for the first half year 2011. Annualised, this corresponds to impairments of 1.1 percent of loans, advances and guarantees for the half year. The need for impairment cannot be linked to any single major commitment. Accumulated impairments and provisions totalled DKK 1.6 billion corresponding to 5.7 percent of loans, advances and guarantees.

There is no overlap of customers with Fjordbank Mors, why the transition of this company to Financial Stability Company does not affect the impairment of loans in vestjyskBANK.

Impairment of loans and receivables, excl. the Private Contingency Association by quarter (figures in MDKK)



Distribution of accumulated impairments by industry



Other value adjustments showed a negative adjustment of DKK 4 million compared to a negative adjustment of DKK 17 million for the first half of 2010. This item is composed of negative value adjustments for debt securities of DKK 21 million, negative value adjustments for equity securities of DKK 3 million, positive value adjustments for financial instruments of DKK 10 million as well as positive value adjustments for other assets and liabilities of DKK 10 million.

The background for the modest negative value adjustment is that vestjyskBANK has a negative interest rate risk in anticipation of a continued rise in interest rate levels. The Bank has entered into various financial contracts in line with these expectations, which means that the negative value adjustment for debt securities is offset by the positive value adjustments contained in the financial contracts. The negative interest rate risk as a result of fixed-rate liabilities does not result in a positive value adjustment since liabilities are not market value adjusted, cf. the accounting rules.

Management's Review

Statement of Income and Statement of Financial Position

Extraordinary contributions to the Danish Deposit Guarantee Fund were recognised as an expense at DKK 51 million for the first half year 2011 as a result of the bankruptcies of Amagerbanken and Fjordbank Mors.

Income before tax for the second quarter of 2011 accordingly showed acceptable profits of DKK 12 million. For the first half year 2011, the Bank realised profits of DKK 21 million before tax and DKK 14 million after tax, which is an improvement of, respectively, DKK 107 million and DKK 79 million, over the same period last year.

Statement of Financial Position

The Bank's financial position was DKK 30.0 billion at the end of the first half year 2011 compared to DKK 33.6 billion at year-end 2010. Since the beginning of the year, total loans and advances have declined by DKK 400 million to DKK 23.1 billion, which is in line with expectations. Deposits have declined by DKK 1.2 billion since the beginning of the year and totalled DKK 14.4 billion on 30 June 2011. For the second quarter 2011 deposits declined by net DKK 500 million which could be attributed to the negative media coverage of the sector and vestjyskBANK in connection with the bankruptcy of Fjordbank Mors. Customers were worried about whether vestjyskBANK had problems. The bank has a good banking operation, so it should not cause anxiety, but the bank has a task with the funding which has to be solved. The opportunities for the sector to obtain other funding to replace the government-guaranteed loans have become both more expensive and harder. The sector has a total government-guaranteed loans of DKK 193 billion, of which vestjyskBANK's share amounts to DKK 7.8 billion. After the end of the quarter, deposit levels stabilised, and vestjyskBANK has decided to continue its current deposit campaign in the third quarter.

The Bank's loans, advances and guarantees to the agricultural sector constituted 14 percent of all loans, advances and guarantees and were distributed across individual production branches with 5.5 percent on dairy producers, 4.5 percent on pig meat producers, 2.0 percent on crop production, and 2.0 percent on mink production and hobby farming.

Dairy, crop and mink producers have generally experienced reasonable conditions in terms of sales and earnings, whereas some pig meat producers have been affected by the distorted terms of trade. However, for pig meat producers there is a big difference in whether the individual farmer's acreage is consistent with his animal

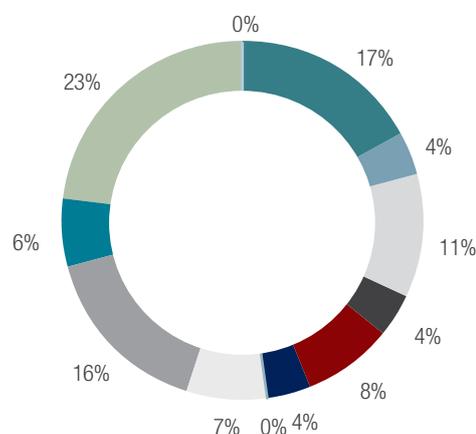
production, since consistency improves the distortion of the terms of trade. vestjyskBANK has significant experience and expertise within the general agricultural sector, and our assessment is that the Bank is not especially exposed to uncertainties and difficult conditions among pig meat producers, which represents a limited part of the loans in vestjyskBANK.

The total business volume – the total loans, advances, deposits and guarantees – accordingly constitutes DKK 41.5 billion compared to DKK 43.5 billion at year-end 2010.

The diversification of loans, advances and guarantees across sectors and sizes is illustrated in the charts below. Compared to year-end 2010 we do not believe there are significant changes to the risk exposure profiles for the individual sectors.

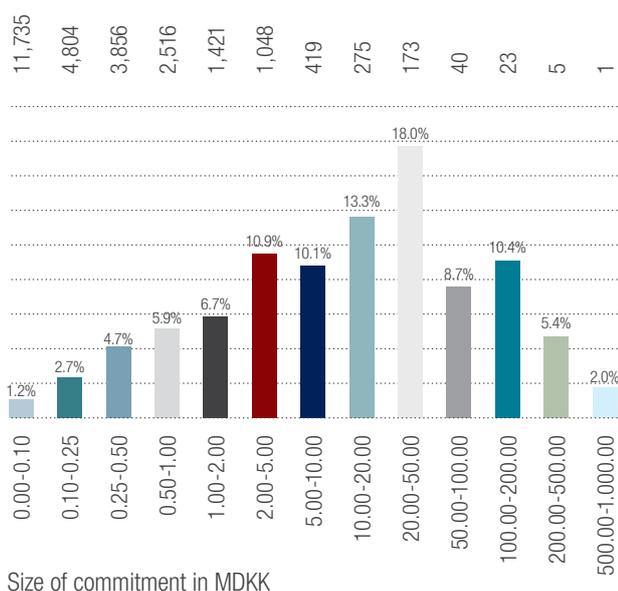
Distribution of loans and guarantees

- Public authorities
- Agriculture, hunting, forestry and fishery
- Manufacturing and extraction of raw materials
- Energy supply
- Construction
- Trade
- Transport, hotels and restaurants
- Information and communication
- Finance and insurance
- Real estate
- Other industries
- Retail customers



Diversification of loans and guarantees

Number of key customers with loans and guarantees



Size of commitment in MDKK

The sum of “major commitments” – defined under the law as commitments of or in excess of 10 percent of the capital base – totalled 40.6 percent at the end of the half year 2011; it covered three commitments and thereby remained largely unchanged from year-end 2010.

Liquidity

vestjyskBANK’s loans and advances 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 the end of June 2011, these totalled DKK 9 billion. The maturity structures for these loans and debt securities are listed in the table below. Additionally, vestjyskBANK has liquidity reserves consisting of undrawn committed credit facilities of DKK 530 million, of which DKK 250 million will lapse in December 2011 and DKK 280 million in June 2012.

Maturity structure for senior loans (debt securities issued and loans raised) (figures in MDKK)

2011	0
2012	969
2013	7,754
2014	240
Total	8,963

The deficit in deposits – i.e. the difference between loans and advances and deposits – constituted DKK 8.8 billion at the end of June 2011 and thereby rose by DKK 800 million compared to year-end 2010. The primary reason for the change is the consequences of the bankruptcies of Fjordbank Mors and Amagerbanken and the uncertainty these have engendered in depositors regarding the general stability of banks. As at today’s date, the ratio of loans and deposits remains unchanged. Out of vestjyskBANK’s total deposits of DKK 14.4 billion, approx. DKK 1.2 billion is not covered by the Danish Deposit Guarantee Fund.

At the end of June 2011, vestjyskBANK’s excess liquidity cover under the statutory requirements was 34.2 percent. The bank has a liquidity cover target of at least 50 per cent; therefore, action has been taken to reach this target.

In order to strengthen liquidity further, vestjyskBANK will carry out a controlled adjustment of its loan portfolio to corporate customers. This adjustment will entail, for example, restraint in respect of new loans, the reduction of investment credits and the taking up of mortgage credit loans to repay loans in the bank with first priority collateral.

Furthermore, vestjyskBANK has decided to modify its strategy for the financing of wind turbines, which are expected to grow significantly in the coming years. The Bank will utilise its considerable competencies and strong market position in certain areas to spread its exposure and gain a share in this growth by seeking one or more strategic collaboration partners with whom it can finance existing and future wind turbine projects.

The initiatives are expected to reduce overall lending by the bank by 5-10 percent by the end of 2012, and will be adjusted to maintain long-term earnings capacity and strengthen the funding base.

Management's Review

Statement of Income and Statement of Financial Position

The long term funding has the greatest attention of the Management. vestjyskBANK's liquidity policy specifies that the Bank's loans must be financed by deposits, debt securities in issue and loans with lives of > 1 year, subordinated loans, as well as capital and reserves, less properties. As illustrated in the table below, the Bank has complied with this policy.

Financing of loans (figures in MDKK)

	End of June 2011	End of March 2011	End of year 2010	End of year 2009	End of year 2008
Loans	23,132	23,162	23,468	23,874	24,069
Deposits, excl. pooled deposits	13,235	13,731	14,419	17,800	15,992
Bonds issued with a maturity date > 1 year	7,586	7,692	7,860	1,178	3,798
Loans with a maturity date > 1 year	240	1,119	1,119	1,889	4,630
Subordinated loans	2,251	2,269	2,269	2,597	1,172
Equity, less properties	1,814	1,808	1,795	1,764	1,870
Total	25,126	26,619	27,462	25,228	27,462
Equity	2,176	2,171	2,161	2,149	2,196
Properties	362	363	366	385	326
Equity, less properties	1,814	1,808	1,795	1,764	1,870

Solvency and equity

By the end of the first half year 2011, vestjyskBANK's solvency ratio was 13.9 compared to 13.6 at year-end 2010. Equity at the end of the first half year 2011, plus the income for the period after tax, was DKK 2.2 billion. The capital base less deductions totalled DKK 3.8 billion as at 30 June 2011, and the weighted items totalled, at the same date, DKK 27.5 billion. The individual solvency need for vestjyskBANK, which among other things is based on Management's expectations of future events, has been recognized at 9.8 percent. For a more detailed account of the solvency need at the end of June 2011, please refer to the Bank's website.

The difference between the capital base and the adequate capital case is what constitutes the surplus capital; this has been recognised at DKK 1.1 billion, which corresponds to 42 percent of the required capital base.

Report on the development of loans at vestjyskBANK for the first half year 2011

vestjyskBANK's credit policy remains unchanged in relation to the end of 2010. The Bank has also decided not to increase lending levels for the first half year 2011. Loans not extended were primarily issued as new loans to existing customers.

In handling credit, vestjyskBANK places great emphasis on having its commitments backed by collateral. For this reason, the Bank often requires new security when commitments are changed or renegotiated, and when loan prices are reassessed.

In performing credit reviews of corporate customers, the Bank places great emphasis on the cash flow of the business and its capacity to weather times of crisis. Throughout the first half year 2011, the Bank has again noted that the socioeconomic trends have affected the creditworthiness of some of our corporate customers. Some custo-

mers still have weak earnings and their asset values have decreased. vestjyskBANK has therefore sharpened its focus on its credit risk.

The creditworthiness of our retail customer lending portfolio has not changed significantly in the first half year 2011. A major part of the Bank's retail customer portfolio is geographically located in areas that experienced only limited real estate price increases during the good years, and is therefore not seeing the large decreases that other areas have experienced; on the other hand, these areas are also not expected to enjoy any major increases if and when an economic upswing occurs. This means that vestjyskBANK's retail customer portfolio remains sound and that it is not particularly characterised by over-mortgaged properties and technical insolvencies.

Statement on growth in loans and guarantees before impairment and provisions (Figures in MDKK)

Period 1 January to 30 June 2011	Total		Development	
	Start of period	End of period	Total	New customers
Public authorities	28	9	-19	0
Corporate				
Agriculture, hunting, forestry and fishery	4,911	4,821	-90	27
Manufacturing and extraction of raw materials	1,247	1,242	-5	5
Energy supply	1,994	2,891	897	211
Construction	1,498	1,193	-305	11
Trade	2,236	2,194	-42	11
Transport, hotels and restaurants	1,282	1,170	-112	8
Information and communication	115	93	-22	0
Finance and insurance	2,411	2,481	70	21
Real estate	4,788	4,670	-118	9
Other industries	2,013	1,653	-360	14
Total corporate	22,495	22,408	-87	317
Retail				
Mortgages	1,805	1,891	86	21
Other consumer loans	5,067	4,404	-663	123
Non-consumer loans	53	38	-15	0
Total retail	6,925	6,333	-592	144
Total	29,448	28,750	-698	461

Management's Review

Statement of Income and Statement of Financial Position

Supervisory Diamond Benchmarks

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 all banks in principle should comply as of year-end 2012.

This objective has been fulfilled, except for the excess liquidity cover. As previously mentioned, action has been taken to reach this target.

Realised values at the end of June 2011

Benchmarks	
Major commitments, total < 125%	40.6%
Growth in loans < 20%	-3.4%
Property exposure < 25%	16.7%
Funding ratio < 1	0.88
Excess cover, liquidity > 50%	34.2%

Ownership

As at 30 June 2011, the Bank had 40,237 registered shareholders owning 97.5 percent of the share capital. The group of shareholders is characterised by the 10 largest shareholders holding 21.3 percent of the share capital. 70 percent of the share capital is subscribed for by 3,279 shareholders. vestjyskBANK thus has a large number of shareholders with minor shareholdings. No shareholder has pursuant to the wording of sec 55 of the Danish Companies Act disclosed ownership of more than 5 percent of the total share capital, or more than 5 percent of the associated voting rights.

The closing price on the vestjyskBANK's share fell from 68.5 at year-end 2010 to 36.9 at 30 June 2011. For the same period the number of registered shareholders fell by 1,038.

Expectations for 2011

For the fiscal year 2011, vestjyskBANK maintains the previously announced expectations of core earnings of DKK 500 million before impairments, a rate of cost of 55 as well as impairments of loans,

advances and guarantees at the level of 1 percent of loans, advances and guarantees. However, there is uncertainty associated with the level of expected depreciations in light of the general economic climate. Taking into consideration the extraordinary contributions to the Danish Deposit Guarantee Fund, the expected return of 10 percent on equity will not be realized.

Related parties

vestjyskBANK's related parties with significant influence comprise the members of the Bank's Supervisory and Executive Boards and senior executives as well as the family members of these individuals. Over the course of the period, the Bank has conducted normal trade on arm's-length terms with Peter Mortensen, butcher, who retired from the Supervisory Board at the Annual General Meeting in 2011 and 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 period.

Financial calendar

■ 27 October Report for Q1-Q3 2011

Matters pertaining to Management

Director Preben Knudsgaard retired on 1 May 2011 and therefore also retired from the Executive Board. The Executive Board now only consists of Director Frank Kristensen.

Management's Statement

The Bank's Supervisory and Executive Boards have today considered and approved the present report for the period 1 January - 30 June 2011 for Vestjysk Bank A/S.

This half year report was prepared in accordance with IAS 34 "Interim Financial Reporting" as approved by the EU, and with additional Danish disclosure requirements for listed financial enterprises.

In our opinion, the accounting policies applied are appropriate and the interim financial statements provide a true and fair view of the Bank's

assets and liabilities and financial position as at 30 June 2011, as well as of the results of the Bank's activities and cash flows for the reporting period 1 January - 30 June 2011.

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

The half year financial statements have not been audited or reviewed.

Lemvig, 11 August 2011

Executive Board

Frank Kristensen

Supervisory Board

Anders Bech

Poul Hjulmand

Bjørn Albinus

Kirsten Lundgaard-Karlshøj

Carl Olav Birk Jensen

Malene Rønø

Palle Hoffmann

Peter Bækkelund Rasmussen

Statement of Income

and Statement of Comprehensive Income

Note no.	1/1-30/6 2011	1/1-30/6 2010	Q2 2011	Q2 2010	1/1-31/12 2010	
	TDKK	TDKK	TDKK	TDKK	TDKK	
2	Interest income	734,773	759,435	368,746	390,726	1,530,349
3	Interest expenses	334,033	365,373	168,284	187,556	713,590
	Net interest income	400,740	394,062	200,462	203,170	816,759
	Dividends on equity securities etc.	3,076	3,232	2,867	3,066	3,456
4	Income from fees and commissions	138,150	132,357	76,656	71,244	259,772
	Fees and commissions paid	12,383	12,513	6,431	7,166	26,849
	Net interest and fee income	529,583	517,138	273,554	270,314	1,053,138
5	Market value adjustments	10,706	1,548	5,505	-23,763	48,707
6	Other operating income	4,408	4,731	565	2,995	8,716
7	Personnel and administrative expenses	307,307	304,677	159,503	147,259	590,023
	Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	7,291	8,168	3,599	4,066	16,330
8	Other operating expenses	52,044	57,690	16,593	29,003	86,458
9	Impairment of loans and receivables etc.	157,201	239,023	87,749	188,389	408,219
	Profit/(loss) before tax	20,854	-86,141	12,180	-119,171	9,531
10	Tax	6,838	-20,658	3,865	-29,468	3,553
	Profit/(loss)	14,016	-65,483	8,315	-89,703	5,978
	Basic earnings per share					
	Basic earnings per share	1,10	-5,30	0,67	-7,23	0,48
	Diluted earnings per share	1,10	-5,30	0,67	-7,23	0,48
	Statement of comprehensive income					
	Profit/(loss) for the period	14,016	-65,483	8,315	-89,703	5,978
	Other comprehensive income:					
	Hedge accounting	4,291	3,437	-4,164	-6,167	1,518
	Of which transferred to interest in the Statement of Income	3,552	-12,546	2,657	-9,221	-15,221
	Tax on hedge accounting	-1,961	2,277	377	3,847	3,426
	Other comprehensive income after tax	5,882	-6,832	-1,130	-11,541	-10,277
	Total comprehensive income	19,898	-72,315	7,185	-101,244	-4,299

Statement of Financial Position

Note no.	30/6 2011 TDKK	30/6 2010 TDKK	31/12 2010 TDKK
Assets			
	168,485	334,795	629,179
	751,148	3,367,273	1,171,731
	23,132,455	23,953,618	23,467,609
	2,632,424	8,495,980	4,842,029
	612,053	590,378	601,389
	1,115,752	969,696	1,145,057
11	107,814	109,310	108,562
	361,829	375,718	366,395
12	4,438	9,251	3,926
13	357,391	366,467	362,469
14	12,003	14,225	13,532
	1,208	1,650	645
15	157,751	189,301	166,550
16	965,856	1,250,222	1,070,133
17	30,018,778	39,652,166	33,582,811
Liabilities			
	2,713,458	3,873,288	3,871,136
	13,235,136	16,383,226	14,418,662
	1,115,752	969,696	1,145,057
	7,586,193	12,544,763	8,689,823
	18,328	124,238	10,710
18	922,814	1,043,753	1,017,314
19	2,251,013	2,620,999	2,269,360
	27,842,694	37,559,963	31,422,062
Equity			
20	125,000	125,000	125,000
	30,848	30,848	30,848
	-4,395	-6,832	-10,277
	2,024,631	1,943,187	2,015,178
	2,176,084	2,092,203	2,160,749
21	30,018,778	39,652,166	33,582,811
Contingent liabilities			
	3,983,198	5,933,137	4,484,724
	204,822	5,596	205,596
	4,188,020	5,938,733	4,690,320

Statement of Changes in Equity

	Share capital TDKK	Revaluation reserves TDKK	Reserve for cash flow hedges TDKK	Retained earnings TDKK	Equity, total TDKK
Equity, 1 January 2011	125,000	30,848	0	2,015,178	2,160,749
Adjustment comprehensive income previous years			-10,277		0
Adjusted equity 1 January 2011	125,000	30,848	-10,277	2,015,178	2,160,749
Comprehensive income for the period			5,882	14,016	19,898
Additions relating to sale of own equity securities				39,353	39,353
Disposals relating to purchase of own equity securities				-43,916	-43,916
Equity, 30 June 2011	125,000	30,848	-4,395	2,024,631	2,176,084

	Share capital TDKK	Revaluation reserves TDKK	Reserve for cash flow hedges TDKK	Retained earnings TDKK	Equity, total TDKK
Equity, 1 January 2010	125,000	30,848	0	1,993,568	2,149,416
Comprehensive income for the period			-6,832	-65,483	-72,315
Additions relating to sale of own equity securities				64,117	64,117
Disposals relating to purchase of own equity securities				-49,015	-49,015
Equity, 30 June 2010	125,000	30,848	-6,832	1,943,187	2,092,203

	Share capital TDKK	Revaluation reserves TDKK	Reserve for cash flow hedges TDKK	Retained earnings TDKK	Equity, total TDKK
Equity, 1 January 2010	125,000	30,848	0	1,993,568	2,149,416
Comprehensive income for the period			-10,277	5,978	-4,299
Additions relating to sale of own equity securities				91,161	91,161
Disposals relating to purchase of own equity securities				-75,529	-75,529
Equity, 31 December 2010	125,000	30,848	-10,277	2,015,178	2,160,749

Statement of Cash Flows

	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
Cash flows from operating activities			
Profit/loss after tax for the period	14,016	-65,483	5,978
Adjustment for non-cash operating items etc.:			
Adjustment of impairment of loans etc.	157,201	239,023	408,219
Depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	7,291	8,168	16,330
Other operating items with no effect on cash flow	102,374	152,329	19,610
Tax charged as expense	6,838	-20,658	3,553
Corporation tax paid	-563	-614	391
Cash flows from operating activities, total	287,157	312,765	454,081
Movements in working capital			
Increase/decrease in credit institutions and central banks, net	-1,235,135	262,293	271,626
Increase/decrease in loans and other receivables at amortised cost	177,953	-318,584	-1,771
Increase/decrease in debt securities at fair value	2,209,605	-4,198,610	-544,659
Increase/decrease in shareholding	-10,664	1,018	-9,993
Increase/decrease in debt securities in issue at amortised cost	-1,103,630	7,464,927	3,609,987
Increase/decrease in other assets and other liabilities, net	-70,482	-358,315	-180,397
Increase/decrease in deposits and other debt	-1,183,526	-1,416,583	-3,381,147
Working capital, total	-1,215,879	1,436,146	-236,354
Cash flows from operating activities, total	-928,722	1,748,911	217,727
Cash flows from investing activities			
Payments for property, plant and equipment	-2,808	-4,585	-10,805
Proceeds from disposal of property, plant and equipment	2,361	9,395	18,217
Cash flows from investing activities, total	-447	4,810	7,412
Cash flows from financing activities			
Payment for and proceeds from the disposal of own equity securities	-4,563	15,102	15,632
Repayment of subordinated debt	-25,000	0	-361,623
Cash flows from financing activities, total	-29,563	15,102	-345,991
Change in cash and cash equivalents for the period	-958,732	1,768,823	-120,852
Cash and cash equivalents at the beginning of the period	1,700,622	1,821,474	1,821,474
Change in cash and cash equivalents for the period	-958,732	1,768,823	-120,852
Cash and cash equivalents at the end of the period	741,890	3,590,297	1,700,622
Cash and cash equivalents at the end of the period			
Cash in hand and demand deposits with central banks	168,485	334,795	629,179
Amounts receivable from credit institutions and central banks with a maturity of less than 3 months	573,405	3,255,502	1,071,443
Total	741,890	3,590,297	1,700,622

Notes to the Half-year Report

Note no.	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
1 Accounting Policies			
<p>The half-yearly report for the period 1 January – 30 June 2011 for vestjyskBANK is presented in accordance with IAS 34, “Interim Financial Reporting”, as approved by the EU, and supplemental Danish disclosure requirements for interim reports. The fact that the report is presented applying IAS 34 means that it is more limited in relation to the presentation of an annual report and also that it complies with the valuation principles set out in the International Financial Reporting Standards (IFRS).</p> <p>The accounting policies applied in this report remain unchanged from the 2010 Annual Report, which contains a full description of those policies. However, changes have been made to the valuation of financial instruments used to hedge the Bank’s cash flows. The accounting effect on the comprehensive income was positive at TDKK 5,882. The effect on equity after tax was negative at TDKK 4,395. Comparative figures have been restated.</p> <p>The measurement of certain assets and liabilities requires that Management make an estimate of how future events may affect the value of such assets and liabilities. Estimates considered material in presenting the accounts are, among other things, made by stating depreciations of impaired loans, the fair values of unlisted financial instruments as well as provisions, cf. the more detailed discussion in the 2010 Annual Report. The estimates that have been applied are based on assumptions deemed sound by Management but which by their nature are uncertain.</p> <p>The Bank’s significant risks and the external conditions that may affect the Bank are described in greater detail in the 2010 Annual Report.</p>			
2 Interest income			
Amounts receivable from credit institutions and central banks	5,242	10,209	17,135
Loans and other receivables	668,125	678,370	1,365,750
Debt securities	56,262	60,378	131,722
Other interest income	261	0	398
Interest income at amortised cost	729,890	748,957	1,515,005
Derivative financial instruments	4,883	10,478	15,344
Interest income, total	734,773	759,435	1,530,349
3 Interest expenses			
Credit institutions and central banks	25,132	25,117	50,720
Deposits and other debt	110,564	143,652	257,207
Debt securities in issue	107,548	102,107	218,539
Subordinated debt	90,754	94,479	187,106
Other interest expenses	35	18	18
Interest expenses at amortised cost, total	334,033	365,373	713,590

Note no.	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
4 Fees and commission income			
Securities trading and custody	37,398	31,576	70,068
Money transmission services	20,144	18,780	43,024
Loan processing fees	33,158	36,173	74,295
Guarantee commission	37,509	34,991	55,810
Other fees and commissions	9,941	10,837	16,575
Total fees and commission income	138,150	132,357	259,772
5 Market value adjustments			
Debt securities	-20,526	50,482	33,667
Equity securities etc.	1,831	6,325	22,207
Total market value adjustments for securities attributed to fair value in the Statement of Income	-18,695	56,807	55,874
Foreign currency translation adjustment of foreign currency balances	219,380	51,249	259,288
Foreign currency translation adjustment of financial instruments	-209,510	-41,381	-236,238
Foreign currency, total	9,870	9,868	23,050
Derivative financial instruments	9,687	-66,183	-29,346
Assets related to pooled fund schemes	-31,525	90,603	176,562
Deposits with pooled fund schemes	31,525	-90,603	-176,562
Fair value hedged lending	-3,678	5,639	98
Fair value hedged borrowing	13,522	-4,583	-969
Market value adjustments, total	10,706	1,548	48,707
Total fair value adjustment for derivative financial contracts including amounts recognised under 'Interest income'	-194,940	-97,086	-250,240
6 Other operating income			
Gains on disposal of operating equipment	406	248	722
Other income	4,095	4,188	7,615
Operation of investment property	-93	295	379
Other operating income, total	4,408	4,731	8,716
7 Personnel and administrative expenses			
Salaries and remuneration to the Supervisory Board and the Executive Board			
Supervisory Board	775	750	1,500
Executive Board			
Salaries	2,592	2,923	5,953
Pension	1,602	1,832	3,191
Termination benefits, former chief executive officer	4,860	0	0
Executive Board, total	9,054	4,755	9,144
Total	9,829	5,505	10,644
Personnel expenses			
Wages and salaries	145,839	144,821	281,869
Pensions	18,400	18,589	37,371
Expenses relating to social security contributions, payroll tax etc.	17,427	15,797	31,739
Total	181,666	179,207	350,979
Other administrative expenses	115,812	119,965	228,400
Personnel and administrative expenses, total	307,307	304,677	590,023

Notes to the Half-year Report

Note no.	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
7 Executive Board, other			
Value of fringe benefits	129	140	280
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.			
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 on the calculation of taxable income payments to the Executive Board deducted for tax purposes totalled			
	4,592	2,448	4,712
8 Other operating expenses			
Extraordinary contribution to the Guarantee Fund for Depositors and Investors (Garantifonden for Indskydere og Investorer)	51,269	0	0
The Private Contingency Association (Det Private Beredskab)	0	56,528	84,792
Other expenses	775	1,162	1,666
Other operating expenses, total	52,044	57,690	86,458
9 Impairment of loans and receivables etc.			
Loans	149,583	215,866	347,850
The Private Contingency Association (Det Private Beredskab)	0	25,324	63,009
Guarantees and credit commitments	7,618	-2,167	-2,640
Impairment of loans and receivables etc., total	157,201	239,023	408,219
Interest income on impaired loans is offset in impairments by	15,905	12,547	21,893
10 Tax			
Tax on profit (loss) for the year	0	0	0
Deferred tax	6,838	-20,658	3,242
Readjustment of tax for previous years	0	0	311
Tax, total	6,838	-20,658	3,553
Effective tax rate:			
Applicable tax rate	25.0%	25.0%	25.0%
Adjustments to this:			
Non-deductible expenses	5.5%	-0.8%	13.7%
Non-taxable income	-3.0%	-0.2%	-2.3%
Property depreciation and adjustments pertaining to sale	5.3%	-0.1%	-2.4%
Adjustment of tax for previous years	0.0%	0.0%	3.3%
Effective tax rate, total	32.8%	23.9%	37.3%

Note no.	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
11 Intangible assets			
Goodwill			
Total acquisition price, beginning of the year	96,590	96.590	96.590
Total acquisition price, end of period	96.590	96.590	96.590
Impairments, beginning of the year	0	0	0
Impairments, end of period	0	0	0
Recognised holding, end of period	96.590	96.590	96.590
Customer relationships			
Total acquisition price, beginning of the year	14.964	14.964	14.964
Total acquisition price, end of period	14.964	14.964	14.964
Amortisations and impairment losses, beginning of the year	2.992	1.496	1.496
Amortisations and impairment losses for the year	748	748	1.496
Amortisations and impairment losses, end of period	3.740	2.244	2.992
Recognised holding, end of period	11.224	12.720	11.972
Intangible assets, total	107.814	109.310	108.562
Goodwill and customer relationships are derived from the acquisition of Bonusbanken in 2008. The activities of Bonusbanken 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. The following assumptions are applied to the impairment test: Budget period: 5 years Growth during the terminal period: 2% Rate of discount: 8.4% The impairment test did not give rise to any impairment.			
12 Investment property			
Fair value, beginning of the year	3.926	18.401	18.401
Carried forward from owner-occupied property	2.504	0	1.555
Disposals during the year	1.992	9.150	16.030
Fair value adjustment for the year	0	0	0
Fair value, end of period	4.438	9.251	3.926
Rental income	149	363	751
Operating expenses on properties generating rental income	-312	-57	-372
The fair value is determined using the rate of return method. Operating income is composed of realised rental income and expenses paid. A rate of return requirement of 6% has been applied.			
13 Owner-occupied property			
Cost price			
Cost price, beginning of the year	372.251	371.293	371.293
Additions during the year	0	2.533	2.533
Disposals during the year	0	0	20
Carried forward to investment property	2.711	0	1.555
Total cost price, end of period	369.540	373.826	372.251

Notes to the Half-year Report

Note no.	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
13 Depreciations			
Depreciations, beginning of the year	9,782	4,896	4,896
Depreciations for the year	2,574	2,463	4,906
Depreciations reversed through disposals for the year	207	0	20
Depreciations, end of period	12,149	7,359	9,782
Carrying amount, end of period	357,391	366,467	362,469
14 Other property, plant and equipment			
Cost price			
Cost price, beginning of the year	31,421	31,077	31,077
Additions during the year	2,808	2,051	6,717
Disposals during the year	3,588	2,040	6,373
Total cost price, end of period	30,641	31,088	31,421
Depreciations			
Depreciations, beginning of the year	17,889	13,702	13,702
Depreciations for the year	3,913	4,913	9,233
Depreciations for the year on sold and scrapped assets	55	43	695
Reversals for the year of impairment losses for previous years and reversal of the overall depreciation and impairment losses on assets sold or retired from operations during the year.	3,219	1,795	5,741
Total depreciations, end of period	18,638	16,863	17,889
Carrying amount, end of period	12,003	14,225	13,532
15 Deferred tax assets/liabilities are specified as follows:			
Loans and other receivables	-6,860	-55,853	-5,319
Property, plant and equipment	14,323	9,727	11,626
Provisions for liabilities	-5,136	-5,686	-5,140
Tax loss	-174,626	-153,044	-182,023
Others	14,548	15,555	14,306
Deferred tax assets (-)/tax liabilities, total	-157,751	-189,301	-166,550
The deferred tax asset is expected to be utilised within the next three years based on expected core earnings.			
16 Other assets			
Positive market value of derivative financial instruments	692,188	967,943	810,134
Interest and commission receivable	51,927	86,666	73,352
Other assets	221,741	195,613	186,647
Other assets, total	965,856	1,250,222	1,070,133
17 Asset items falling due one year or later from the reporting date			
Amounts receivable from credit institutions and central banks	102,744	111,772	100,287
Loans and other receivables at amortised cost	9,232,669	9,999,595	9,274,939
Debt securities at fair value	2,533,631	7,864,850	4,713,082
Other assets	169,224	136,890	136,570
Asset items falling due one year or later from the reporting date, total	12,038,268	18,113,107	14,224,878

Note no.	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
18 Other liabilities			
Negative market value of derivative financial instruments	598,868	632,034	591,343
Various creditors	114,638	113,888	281,004
Interest and commission payable	160,108	261,302	111,979
Other liabilities	49,200	36,529	32,988
Other liabilities, total	922,814	1,043,753	1,017,314
19 Subordinated debt			
Tier 2 capital	695,863	1,074,723	719,389
Tier 2 capital falls due between 3 March 2014 and 3 March 2016 with an option of prepayment from 3 March 2011 to 3 March 2013, subject to approval by the Danish Financial Supervisory Authority. The capital accrues interest at 2.190 – 4.890% with a step-up clause after the prepayment date. Of this the Danish Financial Supervisory Authority has approved prepayment of DDK 100 million.			
Hybrid core capital of DKK 100 million	101,339	104,355	102,105
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 1,438 million	1,453,811	1,441,921	1,447,866
DKK 322 million is subject to a conversion duty, if the Bank does not meet the solvency requirement or if, in the opinion of the Danish Financial Supervisory Authority, there is an imminent risk that the Bank does not meet the solvency requirement. The capital accrues interest at a fixed 9.943%. There is no due date. An option of prepayment exists, subject to approval by the Danish Financial Supervisory Authority, from 25 August 2012 to 24 August 2014 at par, from 25 August 2014 to 24 August 2015 at a price of DKK 105 per 100, and from 25 August 2015 and thereafter at a price of DKK 110 per 100. Premiums are recognised and amortised according to their expected settlement date.			
Hybrid capital, total	1,555,150	1,546,276	1,549,971
Subordinated debt, total	2,251,013	2,620,999	2,269,360
Subordinated debt that can be included in the capital base	2,118,687	2,520,999	2,169,360
20 Share capital			
Number of shares of DKK 10 (denomination)	210	103	99
Percentage of the share capital	1.7%	0.8%	0.8%
Number of own equity securities, beginning of the year			
Number of own equity securities in 1,000 unit lots	99	271	271
Nominal value in DKK 1,000	993	2.712	2.712
Percentage of the share capital	0.8%	2.2%	2.2%

Notes to the Half-year Report

Note no.	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
20 Additions			
Purchased own equity securities in 1,000 unit lots	801	564	936
Nominal value in DKK 1,000	8,012	5,637	9,363
Percentage of the share capital	6.4%	4.5%	7.5%
Total purchase price in DKK 1,000	43,916	49,015	75,529
Disposals			
Sold own equity securities in 1,000 unit lots	690	732	1,108
Nominal value in DKK 1,000	6,899	7,319	11,082
Percentage of the share capital	5.5%	5.9%	8.9%
Total selling price in DKK 1,000	39,353	64,117	91,161
Number of own equity securities, end of the year			
Number of own equity securities in 1,000 unit lots	210	103	99
Nominal value in DKK 1,000	2,106	1,030	993
Percentage of the share capital	1.7%	0.8%	0.8%
The Bank's trade in its own equity securities takes place as part of its regular trade in equity securities.			
21 Liabilities falling due one year or later from the reporting date			
Amounts owed to credit institutions	1,345,933	591,450	1,368,550
Deposits	5,385,299	3,343,661	5,244,108
Debt securities in issue at amortised cost	7,581,563	7,975,335	7,859,805
Other liabilities	20,544	22,743	22,645
Subordinate debt	2,251,013	2,620,999	2,269,360
Liabilities falling due one year or later from the reporting date, total	16,584,352	14,554,188	16,764,468
22 Contingent liabilities			
Financial guarantee contracts	795,131	2,073,215	1,312,541
Loss guarantees for mortgage loans	1,130,678	971,554	1,072,071
Registration and conversion guarantees	457,772	1,405,895	775,602
Other contingent liabilities	1,599,617	1,482,473	1,324,510
Contingent liabilities, total	3,983,198	5,933,137	4,484,724
'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.			
Other binding agreements			
Other liabilities	204,822	5,596	205,596
Other binding agreements, total	204,822	5,596	205,596
23 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	14,016	-65,483	5,978
Owner-occupied property, major depreciation and impairment losses	1,657	1,994	4,475
Profit/(loss) for the period, as presented under the rules set out by the Danish Financial Supervisory Authority	12,359	-67,477	1,503

Note no.	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
23	2,176,084	2,092,203	2,160,749
Equity under IFRS			
Owner-occupied property, accumulated depreciation and impairment losses	30,415	26,277	28,758
Equity under the rules set out by the Danish Financial Supervisory Authority	2,145,669	2,065,926	2,131,991
24 Capital requirements			
Equity excl. profit/(loss) for the period, cf. the rules set out by the Danish Financial Supervisory Authority	2,133,310	2,133,403	2,130,488
Recognised profit/(loss), cf. the rules set out by the Danish Financial Supervisory Authority	0	-67,477	1,503
Revaluation reserves	-30,848	-30,848	-30,848
Intangible assets	-107,814	-109,310	-108,562
Deferred capitalised tax assets	-157,751	-189,301	-166,550
Other deductions from the core capital	-86,140	-109,520	-107,452
Hybrid core capital	1,483,574	1,429,081	1,477,516
Core capital after statutory deductions	3,234,331	3,056,028	3,196,095
Subordinated loan capital	563,537	974,723	619,389
Revaluation reserves	30,848	30,848	30,848
Hybrid core capital	71,576	117,195	72,455
Capital base before deductions	3,900,292	4,178,794	3,918,787
Deductions from the capital base	-86,140	-109,520	-107,452
Capital base after deductions	3,814,152	4,069,274	3,811,335
Weighted items, total	27,467,575	29,395,366	27,985,461
Core capital after statutory deductions as a percentage of weighted items, total	11.8%	10.4%	11.4%
Solvency ratio according to sec 124(2) of the Danish Financial Business Act	13.9%	13.8%	13.6%
Solvency requirement according to sec 124(2) of the Danish Financial Business Act	8.0%	8.0%	8.0%
The Supervisory Board sets solvency targets and criteria for determining solvency needs. The solvency target has been set at 12 percent. The Executive Board is responsible for complying with the targets/framework.			
25 Security pledged			
Debt securities:			
Pledged as security for credit facility with Danmarks Nationalbank			
Total nominal value	915,543	612,729	1,636,880
Total market value	894,457	616,150	1,613,174
Of which pledged	0	0	0
Credit institutions:			
Margin accounts pledged as security in respect of financial instruments	449,122	130,869	301,139

Notes to the Half-year Report

Note no.

26 Fair value of financial assets and liabilities

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

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

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

The impairment of loans and advances is determined to correspond to changes in credit quality. The differential in respect of fair values is assessed to be received fees and commissions, interest receivable, which does not fall due until after the end of the financial reporting period, and, for fixed-rate loans, also market value adjustments linked to the interest rate level.

The fair value for amounts receivable from credit institutions and central banks is determined by applying the same method as for loans. However, the Bank has not made impairments of amounts receivables from credit institutions and central banks in the current instance.

Debt securities in issue and subordinate debt are measured at amortised cost. The difference between the carrying amount and the fair value is determined to be interest payable that does not fall due until after the end of the financial reporting period as well as costs and premiums amortised over the life of the loan.

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

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

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

Level 2: Valuation model based primarily on observable market data

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

Note no.	30/6 2011 TDKK	30/6 2011 TDKK	30/6 2010 TDKK	30/6 2010 TDKK	31/12 2010 TDKK	31/12 2010 TDKK
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
26 Financial assets						
Loans and receivables						
Cash in hand and demand deposits with central banks	168,485	168,485	334,795	334,795	629,179	629,179
Amounts receivable from credit institutions and central banks	751,148	751,473	3,367,273	3,367,782	1,171,731	1,172,031
Loans	23,132,455	23,172,623	23,953,618	23,989,494	23,467,609	23,503,255
Total	24,052,088	24,092,581	27,655,686	27,692,071	25,268,519	25,304,465
Attributed to fair value in the Statement of Income						
Debt securities at fair value (Level 1)	2,632,424	2,632,424	8,495,980	8,495,980	4,842,029	4,842,029
Listed equity securities (Level 1)	96,287	96,287	111,118	111,118	112,036	112,036
Unlisted equity securities, etc. (Level 3)	493,171	493,171	460,623	460,623	466,753	466,753
Total	3,221,882	3,221,882	9,067,721	9,067,721	5,420,818	5,420,818
Trading portfolio						
Derivative financial instruments (Level 2)	692,188	692,188	967,943	967,943	810,134	810,134
Total	692,188	692,188	967,943	967,943	810,134	810,134
Financial liabilities						
Financial liabilities at amortised cost						
Amounts owed to credit institutions and central banks	2,713,458	2,718,227	3,873,288	3,878,042	3,871,136	3,876,556
Deposits	13,235,136	13,326,765	16,383,226	16,479,025	14,418,662	14,421,442
Debt securities in issue	7,586,193	7,623,406	12,544,763	12,656,391	8,689,823	8,733,492
Subordinate debt	2,251,013	2,262,502	2,620,999	2,642,996	2,269,360	2,294,344
Financial liabilities at amortised cost, total	25,785,800	25,930,900	35,422,276	35,656,454	29,248,981	29,325,834
Trading portfolio						
Derivative financial instruments (Level 2)	598,868	598,868	632,034	632,034	591,343	591,343
Trading portfolio, total	598,868	598,868	632,034	632,034	591,343	591,343
Changes in financial assets belonging to Level 3:						
Beginning of the year	466,753		427,107		427,107	
Additions	47,804		35,035		36,175	
Disposals	26,950		10,914		12,904	
Fair value adjustment included in market value adjustments	5,564		9,395		16,375	
End of period	493,171		460,623		466,753	
Value adjustments relating to financial assets in portfolio, end of period, total	7,740		8,709		-5,118	

Notes to the Half-year Report

Note no.	30/6 2011 TDKK	31/12 2010 TDKK
27 Credit exposure		
The Bank's credit exposure is composed of the following assets and items not recognised in the Statement of Financial Position:		
Amounts receivable from central banks	140,751	1,027,891
Amounts receivable from credit institutions	676,163	671,809
Debt securities	2,632,424	4,842,029
Loans	24,731,727	24,953,203
Items not recognised in the Statement of Financial Position		
Financial guarantees	1,936,570	2,383,976
Unconditional credit commitments < 1 year	200,000	200,000
Non-unconditional credit commitments	3,443,326	3,161,259
Total	33,760,961	37,240,167

Comparative figures as at 30 June 2010 are not available.

Credit institutions

The item 'Amounts receivable from central banks' solely pertains to Danmarks Nationalbank.

'Amounts receivable from credit institutions' pertain to receivables from a number of credit institutions located in Denmark and abroad. Amounts receivable from individual institutions in excess of DKK 5 million total DKK 635 million, of which DKK 458 million relates to credit institutions or subsidiaries thereof that have a minimum rating of A1 and the others are unrated.

	30/6 2011 TDKK	30/6 2010 TDKK	31/12 2010 TDKK
Debt securities by rating categories			
AAA	1,686,352	6,828,526	3,402,981
AA+ to AA-	185,577	667,414	768,230
A+ to A-	544,275	758,949	408,421
BBB+ and lower	139,336	128,424	158,540
No rating	76,884	112,667	103,857
Total	2,632,424	8,495,980	4,842,029
Debt securities by issuers			
Mortgage-credit bonds	2,209,943	7,902,938	4,176,359
Government bonds	2	56	1
Other debt securities	422,479	592,986	665,669
Total	2,632,424	8,495,980	4,842,029

Note no.	30/6 2011 TDKK	31/12 2010 TDKK
27 Loans, guarantees and credit commitments by industry segments		
Public authorities	9,577	41,901
Business		
Agriculture, hunting, forestry and fishery	5,258,994	5,319,569
Manufacturing and extraction of raw materials	1,307,604	1,337,523
Energy supply	2,774,969	2,167,338
Construction	1,163,796	1,436,526
Trade	2,353,961	2,441,515
Transport, hotels and restaurants	1,231,951	1,296,387
Information and communication	114,251	119,224
Finance and insurance	2,551,190	2,401,080
Real estate	4,987,288	5,068,880
Other industries	1,655,013	2,074,417
Business, total	23,399,017	23,662,459
Retail customers	6,903,029	6,994,077
Total	30,311,623	30,698,437

Comparative figures as at 30 June 2010 are not available.

28 Description of collaterals

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

For private customer commitments it is also the case that the Bank holds a charge in financed asset-which is the reason the most common collaterals are mortgages secured in real property and in motor vehicles.

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

29 Credit quality of loans that are neither delinquent nor have been written down

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

Notes to the Half-year Report

Note no.	Loans + guarantee debtors with material weaknesses, but without impairments/ provisions	Loans + guarantee debtors with slightly impaired credit rating, certain signs of weakness	Loans + guarantee debtors with normal credit rating	Amortised cost, total
29				
30/6 2011				
Public authorities	0	0	0	0
Business				
Agriculture, hunting, forestry and fishery	327,488	688,168	1,197,107	2,212,763
Manufacturing and extraction of raw materials	72,146	92,933	484,264	649,343
Energy supply	49,626	179,488	2,175,953	2,405,067
Construction	84,969	222,307	395,533	702,809
Trade	97,696	460,933	849,902	1,408,531
Transport, hotels and restaurants	106,270	199,386	333,383	639,039
Information and communication	11,856	6,664	41,104	59,624
Finance and insurance	331,341	229,045	546,596	1,106,982
Real estate	211,513	779,026	989,224	1,979,763
Other industries	58,384	134,770	768,779	961,933
Business, total	1,351,289	2,992,720	7,781,845	12,125,854
Retail customers	865,284	804,310	3,108,815	4,778,409
Total	2,216,573	3,797,030	10,890,660	16,904,263
Comparative figures as at 30 June 2010 are not available.				
31/12 2010				
Public authorities	0	0	4,233	4,233
Business				
Agriculture, hunting, forestry and fishery	200,927	747,980	1,239,854	2,188,761
Manufacturing and extraction of raw materials	56,902	45,901	377,963	480,766
Energy supply	95,425	108,170	880,417	1,084,012
Construction	70,000	131,772	362,706	564,478
Trade	145,834	262,809	775,642	1,184,285
Transport, hotels and restaurants	45,153	95,886	389,839	530,878
Information and communication	14,272	8,896	40,452	63,620
Finance and insurance	48,167	106,731	942,479	1,097,377
Real estate	121,594	523,874	860,003	1,505,471
Other industries	97,173	165,427	857,742	1,120,342
Business, total	895,447	2,197,446	6,727,097	9,819,990
Retail customers	696,414	804,989	2,926,739	4,428,142
Total	1,591,861	3,002,435	9,658,069	14,252,365

Note no.

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

	0-30 days	31-60 days	31-90 days	> 90 days	Total
30/6 2011	TDKK	TDKK	TDKK	TDKK	TDKK
Public authorities	9,427	0	0	0	9,427
Business					
Agriculture, hunting, forestry and fishery	99,983	14,784	27,826	19,801	162,394
Manufacturing and extraction of raw materials	17,768	4,626	4,841	9	27,244
Energy supply	10,788	1,843	190	0	12,821
Construction	14,528	6,608	952	90	22,178
Trade	23,005	8,071	1,062	3,738	35,876
Transport, hotels and restaurants	11,058	10,966	127	346	22,497
Information and communication	474	281	514	175	1,444
Finance and insurance	9,669	2,132	448	371	12,620
Real estate	31,674	12,108	2,949	2,080	48,811
Other industries	11,895	5,027	458	699	18,079
Business, total	230,842	66,446	39,367	27,309	363,964
Retail customers	41,281	8,881	3,156	2,498	55,816
Arreaes, total	281,550	75,327	42,523	29,807	429,207
Exposure, total	6,615,983	1,221,018	481,143	168,053	8,486,197

Comparative figures as at 30 June 2010 are not available.

	0-30 days	31-60 days	31-90 days	> 90 days	Total
31/12 2010	TDKK	TDKK	TDKK	TDKK	TDKK
Public authorities	23,474	0	0	0	23,474
Business					
Agriculture, hunting, forestry and fishery	52,347	5,453	6,375	318	64,493
Manufacturing and extraction of raw materials	14,137	19,609	509	0	34,255
Energy supply	8,573	1,541	0	0	10,114
Construction	14,613	1,873	1,924	27	18,437
Trade	22,062	3,013	4,590	2,474	32,139
Transport, hotels and restaurants	17,754	4,576	1,212	384	23,926
Information and communication	958	277	102	110	1,447
Finance and insurance	6,951	295	945	10	8,201
Real estate	58,468	3,356	2,313	7,325	71,462
Other industries	19,816	2,710	884	1,143	24,553
Business, total	215,679	42,703	18,854	11,791	289,027
Retail customers	84,461	6,328	3,682	859	95,330
Arreaes, total	323,614	49,031	22,536	12,650	407,831
Exposure, total	10,886,287	722,941	319,054	58,679	11,986,961

Notes to the Half-year Report

Note no.	30/6 2011 TDKK	31/12 2010 TDKK
31 Distribution of gross loan and guarantee debtors, individually impaired by cause		
Suspension of payment/bankruptcy	526,082	493,639
Rescheduling of debts	11,628	8,787
Collection	203,206	101,140
Customer deceased	6,179	6,299
Relief in terms	961,344	928,297
Other causes	1,654,613	1,672,798
Total	3,363,052	3,210,960

Comparative figures as at 30 June 2010 are not available.

32 Distribution by industry segment of loan and guarantee debtors, individually impaired

	Gross	Impairments/ provisions	Net	Loan value of collaterals	Unsecured part before impairment
30/6 2011					
Public authorities	0	0	0	0	0
Business					
Agriculture, hunting, forestry and fishery	587,682	180,733	406,949	77,990	509,692
Manufacturing and extraction of raw materials	122,949	59,934	63,015	13,524	109,425
Energy supply	0	0	0	0	0
Construction	168,807	97,822	70,985	13,205	155,602
Trade	140,549	82,741	57,808	12,726	127,823
Transport, hotels and restaurants	154,169	76,421	77,748	9,721	144,448
Information and communication	8,792	6,825	1,967	553	8,239
Finance and insurance	943,618	521,663	421,955	61,296	882,322
Real estate	738,580	241,785	496,795	157,460	581,120
Other industries	180,334	103,015	77,319	15,545	164,789
Business, total	3,045,480	1,370,939	1,674,541	362,020	2,683,460
Retail customers	317,572	211,219	106,353	20,020	297,552
Total	3,363,052	1,582,158	1,780,894	382,040	2,981,012

Comparative figures as at 30/6 2010 are not available.

Note no.

32

	Gross	Impairments/ provisions	Net	Loan value of collaterals	Unsecured part before impairment
31/12 2010					
Public authorities	0	0	0	0	0
Business					
Agriculture, hunting, forestry and fishery	474,027	150,031	323,996	74,798	399,229
Manufacturing and extraction of raw materials	109,875	60,732	49,143	6,644	103,231
Energy supply	0	0	0	0	0
Construction	157,061	89,590	67,471	12,968	144,093
Trade	112,304	70,354	41,950	11,370	100,934
Transport, hotels and restaurants	158,540	66,021	92,519	7,174	151,366
Information and communication	9,498	6,361	3,137	153	9,345
Finance and insurance	821,873	415,752	406,121	70,694	751,179
Real estate	833,945	262,526	571,419	185,105	648,840
Other industries	237,357	113,493	123,864	21,647	215,710
Business, total	2,914,480	1,234,860	1,679,620	390,553	2,523,927
Retail customers	296,480	192,768	103,712	20,878	275,602
Total	3,210,960	1,427,628	1,783,332	411,431	2,799,529

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

	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, mo- tor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
30/6 2011							
Business							
Agriculture, hunting, forestry and fishery	11,257	0	24,173	0	40	42,520	77,990
Manufacturing and extraction of raw materials	2,992	5,420	1,748	54	60	3,250	13,524
Energy supply	0	0	0	0	0	0	0
Construction	9,867	465	2,315	0	23	535	13,205
Trade	1,904	0	10,822	0	0	0	12,726
Transport, hotels and restaurants	896	3,056	4,153	44	1,302	270	9,721
Information and communication	0	390	163	0	0	0	553
Finance and insurance	5,013	0	735	21,568	281	33,699	61,296
Real estate	140,115	11,849	0	1,547	3,949	0	157,460
Other industries	1,922	4,596	4,973	2,578	1	1,475	15,545
Business, total	173,966	25,776	49,082	25,791	5,656	81,749	362,020
Retail customers	6,924	4,658	6,231	531	189	1,487	20,020
Total	180,890	30,434	55,313	26,322	5,845	83,236	382,040

Comparative figures as at 30 June 2010 are not available.

Notes to the Half-year Report

Note no.

33

	Charges held in properties and wind turbines	Right of substitution for security provided on property	Charges held in movable property, mo- tor vehicles, operating equipment, ships etc.	Securities	Bank accounts	Others	Total
31/12 2010							
Business							
Agriculture, hunting, forestry and fishery	12,459	0	19,538	0	10	42,791	74,798
Manufacturing and extraction of raw materials	569	694	1,998	102	31	3,250	6,644
Energy supply	0	0	0	0	0	0	0
Construction	10,015	236	1,093	0	1,624	0	12,968
Trade	7,996	0	3,373	1	0	0	11,370
Transport, hotels and restaurants	1,000	2,690	1,647	17	1,820	0	7,174
Information and communication	39	0	112	0	2	0	153
Finance and insurance	7,903	0	36	28,844	281	33,630	70,694
Real estate	174,241	7,024	0	3,385	455	0	185,105
Other industries	7,253	2,619	5,123	5,302	0	1,350	21,647
Business, total	221,475	13,263	32,920	37,651	4,223	81,021	390,553
Retail customers	10,919	2,046	5,797	622	174	1,320	20,878
Total	232,394	15,309	38,717	38,273	4,397	82,341	411,431

	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
34 Impairments of loans and provisions against guarantees etc.			
Individual impairments of loans			
Individual impairments of loans and other receivables, beginning of the year	1,416,918	1,382,857	1,382,857
Impairments over the course of the period	313,960	290,125	362,567
Reversal of impairments performed in prior financial years	-149,301	-75,817	-7,851
Other movements	19,258	13,828	13,828
Previously individually impaired, now definitely lost	-37,005	-72,157	-334,483
Individual impairments of loans and other receivables, end of the period	1,563,830	1,538,836	1,416,918
Impairments of loans in groups			
Impairments of loans and other receivables in groups, beginning of the year	69,912	103,822	103,822
Impairments over the course of the period	12,166	44,912	24,036
Reversal of impairments performed in prior financial years	-29,012	-44,316	-58,547
Other movements	2,635	1,014	601
Impairments of loans and other receivables in groups, end of the period	55,701	105,432	69,912

Note no.	1/1-30/6 2011 TDKK	1/1-30/6 2010 TDKK	Full year 2010 TDKK
34 Impairments of loans, total			
Impairments of loans and other receivables, beginning of the year	1,486,830	1,486,679	1,486,679
Impairments over the course of the period	326,126	335,037	386,603
Reversal of impairments performed in prior financial years	-178,313	-120,133	-66,398
Other movements	21,893	14,842	14,429
Previously individually impaired, now definitely lost	-37,005	-72,157	-334,483
Impairments of loans and other receivables, end of the period	1,619,531	1,644,268	1,486,830
Provisions against losses on guarantees and unused credit commitments			
Provisions against losses on guarantees and unused credit commitments, beginning of the year	10,710	101,081	101,081
Provisions over the course of the period	11,590	30,016	6,962
Reversal of provisions performed in prior financial years	-3,972	-6,859	-9,602
Previously individually impaired, now definitely lost	0	0	-87,731
Provisions against losses on guarantees and unused credit commitments, end of period	18,328	124,238	10,710
Accumulated impairment ratio	5.7%	5.6%	5.1%
Loans and advances for which calculation of interest has stopped, end of the year	1,234,341	1,049,173	1,065,581
Of which impaired, total	888,840	729,511	774,150
Loans and advances for which calculation of interest has stopped, as a percentage of loans before impairments	5.0%	4.1%	4.3%
Impairment of/provisions for amounts receivable from credit institutions			
Impairment of/provisions for amounts receivable from credit institutions, beginning of period	413	0	0
Impairments/provisions over the course of the period	241	0	0
Reversal of impairments performed in prior financial years	-413	0	0
Other movements	0	0	413
Impairment of/provisions for amounts receivable from credit institutions, end of period	241	0	413

35 Market risks

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

Interest rate risk

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

Notes to the Half-year Report

Note no.	30/6 2011 TDKK	30/6 2010 TDKK	31/12 2010 TDKK
35	-86,466	-79,556	-62,637
	-2.7%	-2.6%	-2.0%

The change is primarily a result of a fair value adjustment of the Bank's fixed-rate assets and liabilities. The change in the interest rate exposure in the first half of 2011 compared to the end of 2010 can primarily be attributed to a small portfolio of debt securities. In the stress tests carried out in connection with determining the adequacy of the capital base, the Bank has chosen to employ a scenario whereby the Bank is exposed to an interest rate increase of 1.35 percentage point for items in the trading portfolio and 2.00 percentage point for items outside the trading portfolio. Additionally, the interest rate risk is stress-tested for changes in the term structure of interest rates of 0.7 percentage point in each direction. Changes from variable rate assets and liabilities have no impact on earnings.

	30/6 2011 TDKK	30/6 2010 TDKK	31/12 2010 TDKK
36 Hedge accounting			
For hedging interest rate risk, the following are hedged (fair value hedge):			
Debt securities	121,755	446,577	250,748
Hedged with interest rate swaps, maturity 2015-2018			
synthetic principal	117,294	461,937	261,998
fair value	-8,979	-30,962	-13,089
Loans at amortised cost	301,732	317,117	310,829
Hedged with interest rate swaps, maturity 2012-2032			
synthetic principal	283,032	288,303	284,748
fair value	-7,898	-18,346	-12,136
Hedged with interest rate caps, maturity 2024-2026			
synthetic principal	18,700	28,814	26,081
fair value	234	-20	446
Deposits	0	300,000	0
Hedged with interest rate swaps			
synthetic principal	0	300,000	0
fair value	0	2,734	0
Subordinate debt	1,206,364	1,173,000	1,240,500
Hedged with interest rate swaps, maturity 2013			
synthetic principal	1,219,121	1,173,000	1,240,500
fair value	105,811	72,253	156,772
Subordinated debt	101,339	104,355	102,105
Hedged with interest rate swaps, maturity 2015			
synthetic principal	100,000	100,000	100,000
fair value	1,339	4,355	2,105
Total fair value adjustment of hedging instruments	-8,053	-13,844	1,464
Total fair value adjustment of the hedged items	8,637	16,056	603
Ineffectiveness recognised in the Statement of Income	584	2,212	2,067

Note no.

37 Liquidity risk

vestjyskBANK's cash resources are monitored closely in the day-to-day cash management practices. Its cash resources are established based on the objective of ensuring a contingency level sufficient to cover the anticipated loans and changes to such loans, and the liquidity needed to be able to honour normal fluctuations in the bank's deposits. The resources consist of negotiable securities, credit facilities with Danmarks Nationalbank, and undrawn committed credits with other credit institutions.

vestjyskBANK's liquidity policy specifies that loans must be financed by deposits, debt securities in issue and loans with lives of > 1 year, and subordinate loans, as well as equity, less properties; these items are monitored on a monthly basis. In addition, stress tests are performed to test these parameters; cash resources are also subject to stress tests.

However, liquidity was affected adversely as a result of the decline in deposits. The decline in deposits can be attributed to the negative media coverage to which vestjystBANK and the sector in general have been exposed in connection with the transfers of Amagerbanken and Fjordbank Mors to the Financial Stability Company (Finansiel Stabilitet). vestjyskBANK's objective is for its surplus funding in relation to the statutory requirements to reach 50 percent, and the Bank anticipates that it will be able to meet this goal by the end of the 2011 financial year.

	30/6 2011 TDKK	30/6 2010 TDKK	31/12 2010 TDKK
Cash resources			
Demand deposits and uncollateralised certificates of deposit with Danmarks Nationalbank as well as demand deposits and undrawn committed credits with other credit institutions.	822,768	3,009,425	1,824,482
Cash equivalents	3,192,035	9,597,455	5,870,811
Total	4,014,803	12,606,880	7,695,293
Excess cover in relation to the 10 percent requirement set out in sec 152 of the Danish Financial Business Act	34.2%	219.9%	126.9%

38 Pending litigation

Legal proceedings have been instituted against vestjyskBANK by the bankruptcy estate of EBH-Fonden for DKK 100 million because the Bank has set off liabilities to the EBH-Fonden estate in the Bank's receivables from the EBH-Fonden estate. The Bank'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. Since the Bank does not expect to lose the proceeding, no provisions have been made for the amount at issue. In the event the Bank were to lose the proceeding, the estate dividends paid to creditors will be increased.

Apart from that, vestjyskBANK is not currently a party to any litigation of significance.

Notes to the Half-year Report

Note no.	1/1 - 30/6 2011	1/1 - 30/6 2010	1/1 - 31/12 2010
39 Key figures and financial ratios			
Statement of income (in MDKK)			
Net interest income	401	394	817
Net fee income	126	120	233
Dividends on equity securities etc.	3	3	3
Market value adjustments for foreign currency and sector shares	15	19	37
Other operating income	4	5	9
Core income	549	541	1.099
Personnel and administrative expenses	-307	-305	-590
Other operating expenses as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets	-8	-9	-18
Operating expenses and operating depreciations and amortisations	-315	-314	-608
Core earnings before impairments	234	227	491
Impairments of loans and receivables etc., excl. the Private Contingency Association (Det Private Beredskab)	-157	-214	-345
Core earnings after impairments	77	13	146
Other market value adjustments	-5	-17	12
Profit after market value adjustments	72	-4	158
Extraordinary contribution to the Guarantee Fund for Depositors and Investors (Garantifonden for Indskydere og Investorer)	-51	0	0
The Private Contingency Association (Det Private Beredskab)	0	-82	-148
Profit/(loss) before tax	21	-86	10
Tax	-7	21	-4
Profit/(loss)	14	-65	6
Statement of financial position (in MDKK)			
Assets, total	30,019	39,652	33,583
Loans	23,132	23,954	23,468
Deposits, including pooled funds	14,351	17,353	15,564
Contingent liabilities	3,983	5,933	4,485
Business volume	41,466	47,240	43,517
Equity	2,176	2,092	2,161

Note no.	30/6 2011	30/6 2010	31/12 2010
39 Solvency			
Solvency ratio	13.9%	13.8%	13.6%
Core capital ratio	11.8%	10.4%	11.4%
Earnings			
Return on equity before tax, annually ¹	1.9%	-8.2%	0.4%
Return on equity after tax, annually ¹	1.3%	-6.2%	0.3%
Income-cost ratio ²	1.04	0.86	1.01
Rate of cost ³	57.4%	58.1%	55.3%
Employees converted to full-time (average)	619.4	645.5	642.1
Market risk			
Interest rate risk ⁴	-2.7%	-2.6%	-2.0%
Foreign currency position ⁵	4.2%	10.9%	4.7%
Foreign currency risk	0.1%	0.1%	0.1%
Excess cover in relation to statutory liquidity requirements ⁶	34.2%	219.9%	126.9%
Credit risk			
Loans plus impairments on loans in relation to deposits	172.5%	147.5%	160.3%
Loans in relation to equity	10.6	11.4	10.9
Growth in loans for the period ⁷	-1.4%	0.3%	-1.7%
Total of large commitments ⁸	40.6%	53.4%	40.7%
Accumulated impairment ratio	5.7%	5.6%	5.1%
Impairment ratio for the period	0.5%	0.8%	1.4%
vestjyskBANK share			
Profit/(loss) per share for the period (denomination DKK 10)	1.1	-5.3	0.5
Equity value per share (denomination DKK 10)	177.1	168.8	174.2
Price of vestjyskBANK shares, end of the period	36.9	79.5	68.5
Market price / profit/(loss) for the period per share	32.6	-14.9	142.0
Market price / equity value per share	0.2	0.5	0.4

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 = personnel and administrative expenses + depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets + other operating expenses + impairment of loans and receivables etc.

3 Operating costs as well as depreciation, amortisation and impairment losses; property, plant and equipment as well as intangible assets/ core income

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

5 Foreign Exchange 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. The method of accounting has been changed for 2010, cf. new executive order.

