



Quarterly Report

1 January – 31 March 2021

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The Vestjysk Bank Quarterly Report 2021 is a translation of the original report in Danish (Vestjysk Bank Kvartalsrapport 1. Januar – 31. marts 2021).
In case of discrepancies, the Danish version prevails.

Summary

Q1 2021 highlights

Vestjysk Bank delivered a profit after tax of DKK 548 million for Q1 2021. The performance was significantly affected by non-recurring income and costs in connection with the merger with Den Jyske Sparekasse. Disregarding non-recurring income and costs the profit after tax equals DKK 95 million which is satisfactory.

Non-recurring income of DKK 477 million was recognised during the period as an preliminary estimat, representing a positive difference (badwill) between the purchase price of the investment in Den Jyske Sparekasse and the value of the acquired net assets. The calculated negative goodwill is considered taxable income, on which DKK 35 million is payable in tax. The continuing bank's earnings capacity has increased, resulting in non-recurring tax income of DKK 82 million recognised as a deferred tax asset. Non-recurring costs in connection with the merger amounted to DKK 69 million for the period. Therefore the income for Q1 2021 is affected by net non-recurring income of DKK 453 million.

The profit from ordinary banking operations was positively affected by the continued high level of activity. Developments in the housing area were particularly positive with a large number of real estate trades in the retail segment.

Positive market value adjustments together with the synergies gradually achieved from the merger with Den Jyske Sparekasse all contributed to the positive development.

The Bank's impairment allowances during the period were not affected to any significant extent by the coronavirus crisis, Brexit or the outbreak of African swine fever in Germany, but the Bank is keeping a close eye on developments, and management maintains the impairment provision for economic uncertainty at the level applied at 31 December 2020.

The highlights below were calculated after adjustment for non-recurring items resulting from the merger with Den Jyske Sparekasse.

- Profit after tax of DKK 95 million.
- Return on equity of 8.4% p.a. after tax.
- Core income of DKK 364 million.
- Market value adjustments of DKK 32 million.
- Cost ratio of 65.5.
- Core earnings before impairment allowances of DKK 126 million.
- Impairment of loans and receivables, etc. of DKK 22 million, which equals an impairment ratio of 0,1 %.
- The Bank's capital requirements totalled 13.1%, consisting of an individual solvency need of 10.6% and a general capital conservation buffer of 2.5%.
- The Bank's total capital ratio was 21.1%. The excess cover was 8.0 percentage points, or DKK 1,850 million. Adjusted for the part of capital required to cover the 1.9 percentage point MREL add-on, the excess cover was 6.9 percentage points, or DKK 1,596 million.

Management review

Financial highlights

Merger with Den Jyske Sparekasse

The merger with Den Jyske Sparekasse is proceeding according to plan and in line with our ambition to become the strongest local bank in Denmark.

The redundancies effected in January 2021 meant that the Bank is well under way to realising synergies in the total amount of DKK 150 million, which are expected to be fully phased in by 2022. At the end of January, the number of full-time employees was reduced by 75 compared with the headcount at 31 December 2020.

Non-recurring costs in connection with the merger were at the expected overall level.

The table below compares the business volume at 31 March 2021 with the business volume at 31 December 2020 calculated on a pro forma basis. The comparative figures at 31 December 2020 were derived in a simple calculation of the business volumes of Vestjysk Bank and Den Jyske Sparekasse at 31 December 2020.

Business volume	31 March 2021	31 December 2020
	DKKm	DKKm.
Net loans	16,849	16,285
Deposits	24,088	24,377
Pools	8,435	8,170
Contingent liabilities	9,328	8,270
Custody services	17,371	18,887
Arranged mortgage loans	56,093	53,584
Business volume, including custody accounts and arranged mortgaged loans	132,164	129,573

The table shows that the Bank has succeeded in increasing the business volume following the merger, including loans to customers and arranged mortgage loans. This is a positive result in a lending market under pressure due to the government's coronavirus pandemic relief packages.

Coronavirus crisis, Brexit and African swine fever (ASF)

The Bank's financial statements for Q1 2021 were not significantly affected by the coronavirus crisis, Brexit or the ASF outbreak in Germany.

At 31 March 2021, the Bank's total impairment provision in response to economic uncertainty amounted to DKK 289 million, corresponding to 2% of total lending. This provision based on a management estimate was in line with the DKK 310 million provision at 31 December 2020. Since 31 December 2020, the Bank has individualised part of the provision relating to uncertainty regarding settlement prices and portfolio values in the agricultural sector. As a result, the changes in the provision for economic uncertainty did not affect the profit for Q1 2021.

The Bank believes that the state of the economy remains subject to considerable risk, particularly in relation to the consequences of the phase-out and winding up of the government's coronavirus relief programmes.

In the autumn of 2020, the agricultural sector experienced plunging prices of piglets, among other things. Generally, pig breeders have experienced price increases in 2021.

Dairy farmers also saw price increases throughout Q1 2021, the price of milk currently being at its highest since 2017.

Across the agricultural sector, settlement prices are now generally considered to be at a satisfactory level.

Part of the Bank's loans to the fishing industry is affected by quota reductions, which are mainly due to the Brexit agreement with the United Kingdom. The framework conditions for large parts of the Danish fishing industry are currently pending a political agreement. The Bank's risk in this respect is assessed to be covered by the impairment provision for economic uncertainty.

Of the Bank's total loans and guarantees at 31 March 2020, 13% related to the agricultural sector and 3% related to the fishing industry.

Outlook for 2021

The Bank's profit guidance for 2021 is subject to uncertainty, primarily linked to the Bank's agricultural and fishing industry exposure and the economic consequences of the coronavirus crisis, including in particular the winding up of government relief programmes. Vestjysk Bank maintains its guidance of a profit after tax in the range of DKK 500-550 million for 2021, adjusted for non-recurring items resulting from the merger with Den Jyske Sparekasse. Guidance including non-recurring items and after tax is DKK 800-900 million.

Management review

Financial highlights

Key figures	Q1 2021	Q1 2020	Q4 2020	Q3 2020	Q2 2020	FY 2020
Statement of income (DKKm)						
Net interest income	188	123	122	123	118	486
Net fee income	142	87	78	77	84	326
Dividends on shares, etc.	0	0	0	9	0	9
Value adjustments	32	23	28	18	-4	65
Other operating income	479	1	0	0	0	1
Core income	841	234	228	227	198	887
Staff costs and administrative expenses	294	141	128	118	123	510
Other operating expenses and depreciation, amortisation and impairment of property, plant and equipment and intangible assets	13	10	3	4	3	20
Operating expenses and operating depreciation and amortisation	307	151	131	122	126	530
Core earnings before impairment	534	83	97	105	72	357
Impairment of loans and receivables, etc.	22	25	-20	12	12	29
Income from investments in associates	1	0	0	0	0	0
Profit/loss from operations in the process of being wound up	0	0	0	0	0	0
Profit before tax	513	58	117	93	60	328
Tax	-35	5	9	8	3	25
Profit after tax	548	53	108	85	57	303
Statement of financial position (DKKm)						
Total assets	39,484	23,105	22,308	21,871	21,102	23,105
Loans	16,849	9,332	9,684	9,507	9,966	9,332
Deposits, including pooled schemes	24,088	13,409	12,968	12,682	12,080	13,409
Contingent liabilities	8,435	5,426	5,032	4,962	4,522	5,426
Custody services	9,328	5,202	4,118	3,830	3,791	5,202
Arranged mortgage loans	17,371	10,040	9,169	8,562	7,720	10,040
Business volume	56,093	33,447	32,663	31,696	31,297	33,447
Business volume including custody services and arranged mortgage loans	58,700	33,369	31,802	30,981	30,359	33,369
Equity	132,164	76,856	73,634	71,239	69,376	76,856

Management's review

Financial highlights

Financial ratios	Q1 2021	Q1 2020	Q4 2020	Q3 2020	Q2 2020	FY 2020
Solvency						
Total capital ratio	21.1%	24.7%	23.8%	23.3%	22.1%	24.7%
Tier 1 capital ratio	18.5%	22.1%	21.1%	20.7%	19.5%	22.1%
Common equity tier 1 capital ratio	17.2%	20.9%	20.0%	19.6%	18.4%	20.9%
Earnings						
Return on equity before tax, p.a.	43.0%	7.2%	14.7%	12.3%	8.1%	10.6%
Return on equity after tax, p.a.	45.9%	6.5%	13.6%	11.3%	7.7%	9.8%
Income-cost ratio	2.56	1.33	2.03	1.70	1.43	1.59
Cost ratio ¹	36.5%	64.5%	57.7%	53.6%	63.7%	59.8%
Return on assets	1.8%	0.2%	0.5%	0.4%	0.3%	1.3%
Average number of employees (FTE)	698.2	392.3	398.7	396.3	391.5	394.7
Market risk						
Interest rate risk	1.1%	1.6%	1.4%	1.6%	0.8%	1.6%
Foreign exchange position	0.4%	0.2%	0.4%	0.3%	0.4%	0.2%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LCR	261.6%	180.3%	219.2%	195.8%	170.8%	180.3%
Credit risk						
Loans plus impairment on loans relative to deposits	61.1%	60.8%	66.2%	66.7%	74.3%	60.8%
Loans relative to equity	3.5	2.9	3.0	3.1	3.3	2.9
Lending growth for the period	80.6%	-3.6%	1.9%	-4.6%	-2.5%	-8.7%
Sum of 20 largest exposures	85.7%	109.3%	110.2%	108.7%	113.9%	109.3%
Accumulated impairment ratio	7.9%	12.9%	14.0%	14.6%	14.8%	12.9%
Impairment ratio	0.1%	0.0%	-0.1%	0.0%	0.1%	0.1%
Vestjysk Bank share						
Earnings per share for the period	0.5	0.1	0.1	0.1	0.1	0.3
Book value per share ²	3.7	3.4	3.4	3.3	3.2	3.4
Price of Vestjysk Bank shares, end of the period	3.4	2.8	2.8	2.9	2.8	2.8
Share price/book value per share	0.9	0.8	0.8	0.9	0.9	0.8

¹ Profit/loss / average equity, which is calculated on the basis of opening equity plus capital increase and recognised negative goodwill in connection with the merger with Den Jyske Sparekasse

² Operating expenses and operating depreciation and amortisation/core income

³ The ratio "Book value per share" is adjusted for the portion of equity (additional tier 1 capital), that is not part of the shareholders' share of equity.

Management's review

Financial review

Statement of income

Comparative figures

In the below commentary on developments, the comparative figures do not include the results of Den Jyske Sparekasse at 31 March 2020. Differences will therefore in large part be explained by the fact that the figures at 31 March 2020 are excluding Den Jyske Sparekasse.

Profit after tax

Vestjysk Bank delivered a profit after tax of DKK 548 million for Q1 2021. The performance was significantly affected by non-recurring income and costs in connection with the merger with Den Jyske Sparekasse. Disregarding non-recurring income and costs the profit after tax equals DKK 95 million which is satisfactory.

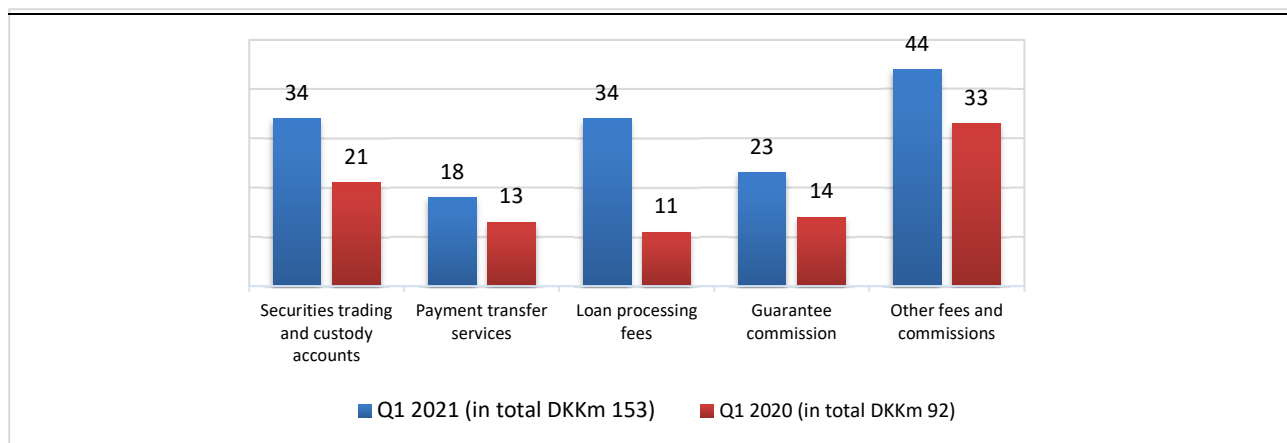
Non-recurring income of DKK 477 million was recognised during the period as an preliminary estimat, representing a positive difference (badwill) between the purchase price of the investment in Den Jyske Sparekasse and the value of the acquired net assets. The calculated negative goodwill is considered taxable income, on which DKK 35 million is payable in tax. The continuing bank's earnings capacity has increased, resulting in non-recurring tax income of DKK 82 million recognised as a deferred tax asset. Non-recurring costs in connection with the merger amounted to DKK 69 million for the period. Therefore the income for Q1 2021 is affected by net non-recurring income of DKK 453 million.

Core income

In Q1 2021, Vestjysk Bank recorded core income of DKK 841 million, against DKK 198 million in 2020. The core income was affected by non-recurring income of DKK 477 million in connection with the merger with Den Jyske Sparekasse

Net interest income amounted to DKK 188 million in Q1 2021, against DKK 84 million in Q1 2020.

Fee and commission income for Q1 2021 amounted to DKK 153 million, against DKK 92 million in Q1 2020. A breakdown of the Bank's fee income is shown in the figure below.



Market value adjustments amounted to DKK 32 million in Q1 2021, against negative adjustments of DKK 4 million in Q1 2020. In Q1 2020, the coronavirus crisis caused financial market volatility.

The market value adjustments for Q1 2021 were mainly related to positive market value adjustments of the Bank's sector shares in DLR Kredit, Bankinvest and PRAS.

Other operating income

The merger with Den Jyske Sparekasse resulted in non-recurring income of DKK 477 million representing the difference between the purchase price of the investment in Den Jyske Sparekasse and the acquired net assets (negative goodwill).

Operating expenses and operating depreciation and amortisation

Total operating expenses, depreciation and amortisation amounted to DKK 307 million in Q1 2020, against DKK 126 million in Q1 2021.

Expenses in Q1 were particularly affected by non-recurring costs relating to the merger with Den Jyske Sparekasse.

With the redundancies effected in January 2021, the Bank is well under way to achieving synergies in the total amount of DKK 150 million, which are expected to be phased in during 2021 and to be fully phased in at the beginning of 2022.

The average number of employees in Q1 2021 was 698.2 FTEs, compared with 394.7 FTEs in Q4 2020. At the end of January 2021, the number of employees was reduced by 75 FTEs, and the expected number of FTEs for 2021 is 640.

Other administrative expenses excluding IT costs amounted to DKK 51 million in Q1 2021, against DKK 16 million in Q1 2020.

The table below shows a breakdown of operating expenses and operating depreciation and amortisation.

DKKm	Q1 2021	Q1 2020	FY 2020
Staff costs	172	73	307
IT costs	70	33	140
- Of this amount BEC	69	31	130
Other administrative expenses	51	16	63
Operating depreciation and amortisation	13	3	17
Other operating expenses	1	1	3
Total	307	126	530

Core earnings before impairment

For Q1 2021, the Bank's core earnings before impairment stood at DKK 534 million, compared with DKK 72 million in Q1 2020. The performance was significantly affected by the non-recurring income in connection with the merger with Den Jyske Sparekasse. Non-recurring costs in connection with the merger amounted to DKK 69 million, bringing the net effect of the merger to DKK 408 million.

Impairment of loans and guarantees etc.

At 31 March 2021, the Bank's total impairment provision in response to economic uncertainty amounted to DKK 289 million, corresponding to 2% of total lending. This provision based on a management estimate was in line with the DKK 310 million provision at 31 December 2020. Since 31 December 2020, the Bank has individualised part of the provision relating to uncertainty regarding settlement prices and portfolio values in the agricultural sector. As a result, the changes in the provision for economic uncertainty did not affect the profit for Q1 2021.

The Bank believes that the state of the economy remains subject to considerable risk, particularly in relation to the consequences of the phase-out and winding up of the government's coronavirus relief programmes.

Management's review

Financial review

In the autumn of 2020, the agricultural sector experienced plunging prices of piglets, among other things. Generally, pig breeders have experienced fair price increases in 2021.

Dairy farmers also saw price increases throughout Q1 2021, the price of milk currently being at its highest since 2017.

Across the agricultural sector, settlement prices are now generally considered to be at satisfactory levels.

Part of the Bank's loans to the fishing industry is affected by quota reductions, which are mainly due to the Brexit agreement with the United Kingdom. The framework conditions for large parts of the Danish fishing industry are currently pending a political agreement. The Bank's risk in this respect is assessed to be covered by the impairment provision for economic uncertainty.

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

Distribution of loans and guarantees at 31 March 2021 (DKKm)	Loans and guarantees before impairment	Acc. impairment	Loans and guarantees after impairment	Impairment for the period
Dairy farmers	2,136	565	1,571	32
Pig breeders	1,137	215	922	-79
Other agriculture	1,131	194	937	66
Agriculture, total	4,404	974	3,430	19
Real estate	3,280	216	3,064	5
Other business	9,035	811	8,224	42
Business, total	16,718	2,001	14,718	66
Retail	11,712	253	11,459	-44
Total	28,431	2,254	26,177	22

The Bank's accumulated impairment ratio at 31 March 2021 stood at 7.9%, compared with 14.8% at 31 March 2020. At 31 March 2021 the Bank has purchased credit impairments of DKK 819 million that are not included in the accumulated impairments.

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

Accumulated Impairments and provisions by sector	31 March 2021 DKKm	31 March 2020 %	31 December 2020 DKKm	31 December 2020 %
Public authorities	-	0%	-	0%
Agricult., hunt., forestry	974	43%	957	45%
Fishing	65	3%	114	5%
Manufac. indus., raw mat. Ext.	46	2%	46	2%
Energy supply	75	3%	56	3%
Constr., civil engin. contract.	64	3%	44	2%
Trade	110	5%	92	4%
Transp., restaur., hotel busin.	105	5%	99	5%
Information and comm.	7	0%	5	0%
Financing and insurance	205	9%	196	9%
Real estate	216	10%	195	9%
Other industries	135	6%	83	4%
Retail	252	11%	262	12%
Accumulated Impairments and provisions total	2,254	100%	2,149	100%

Statement of financial position

Vestjysk Bank's total assets stood at DKK 39.5 billion at 31 March 2021, against DKK 23.1 billion at 31 December 2020.

The increase was due to the merger with Den Jyske Sparekasse.

Loans

At 31 March 2021, Vestjysk Bank's net loans amounted to DKK 16.8 billion, against DKK 9.3 billion at 31 December 2020. The merger with Den Jyske Sparekasse increased the loan portfolio by DKK 6.9 billion. After the merger, the Bank has seen a net increase in loans.

At 31 March 2021, loans to retail customers accounted for 44% of the Bank's net loans and guarantees.

The Bank's business lending is mainly concentrated within the agricultural and real estate sectors. Agriculture accounted for 13% and real estate for 12% of total net loans and guarantees. The Bank's overall exposure to these sectors thus amounted to 25% of total net loans and guarantees. The Bank complies with the internal goal that no individual sector should exceed 15% of total net loans and guarantees.

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

Loans and guarantees by sector	31 March	31. March	31 December	31 December
	2021	2020	2020	2020
	DKKm	%	DKKm	%
Public authorities	-	0%	-	0%
Agricult., hunt., forestry	3,430	13%	1,891	13%
Fishing	769	3%	668	5%
Manufac. indus., raw mat. Ext.	814	3%	479	3%
Energy supply	824	3%	301	2%
Constr., civil engin. contract.	1,066	4%	488	3%
Trade	1,348	5%	639	5%
Transp., restaur., hotel busin.	731	3%	478	3%
Information and comm.	131	1%	79	1%
Financing and insurance	1,094	4%	510	4%
Real estate	3,064	12%	1,776	12%
Other industries	1,447	5%	779	5%
Retail	11,459	44%	6,445	44%
Loans and guarantees, Total	26,177	100%	14,534	100%

The credit quality of the Bank's total loans and guarantees is illustrated in the table below.

Loans and guarantees by credit quality	31 March 2021		31. December 2020	
	DKKm	%	DKKm	%
Normal credit quality	22,298	55%	12,747	54%
Some signs of weakness	11,642	29%	6,513	28%
Significant signs of weakness without impairment	1,917	5%	762	3%
Impaired loans	4,335	11%	3,467	15%
Loans and guarantees, Total	40,192	100%	23,489	100%

Management's review

Financial review

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

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

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

Large exposures

The 20 largest exposures represented 85,7 % of the Bank's common equity tier 1 capital, which is below the FSA's supervisory Business volume including custody services

Business volume

Vestjysk Bank's business volume including custody services and arranged mortgage loans amounted to DKK 132.2 billion at 31 March 2021. This was in line with the goal of DKK 130 billion expressed in connection with the merger. Relative to a pro forma statement prepared at 31 December 2020, the Bank's loans have increased by DKK 0.6 billion. This is a positive result in a lending market under pressure due to the government's coronavirus pandemic relief packages.

The positive trend in arranged mortgage loans continued. Mortgage lending is growing, both to business customers and retail customers. In Q1 2021 alone, lending grew by DKK 2.5 billion reflecting the high level of activity in the housing market.

	31 March 2021	Pro forma 31 December 2020	31 December 2020
	DKKm	DKKm	DKKm
Business volume			
Net loans	16,849	16,285	9,332
Deposits	24,088	24,377	13,409
Pools	8,435	8,170	5,426
Contingent liabilities	9,328	8,270	5,202
Custody services	17,371	18,887	10,040
Arranged mortgage loans	56,093	53,584	33,447
Business volume, including custody accounts and arranged mortgaged loans	132,164	129,573	76,856

Deferred tax asset

An additional portion of the Bank's unrecognised deferred tax asset was recognised in Q1 2021. Driven by an increase in the Bank's expected future earnings capacity after the merger with Den Jyske Sparekasse. The Bank remains confident that part of the deferred tax asset can expectedly be utilised within the next three years based on cautious earnings expectations. A further deferred tax asset of DKK 82 million was recognised, bringing the total to DKK 180 million. Of this amount, DKK 167 million related to unutilised tax losses set off against total capital.

Capital and liquidity

Equity

Vestjysk Bank's equity stood at DKK 4,876 million at 31 March 2021, against DKK 3,245 million at 31 December 2020. The positive development in equity since 31 December 2020 was attributable to the merger with Den Jyske Sparekasse, including the recognition of its profit in Q1 2021. Developments in equity since 1 January 2020 are detailed in the statement of changes in equity.

Common equity tier 1 capital

At 31 March 2021, the Bank's common equity tier 1 capital stood at DKK 3,973 million. Combined with the total risk exposure of DKK 23,134 million, this equalled a common equity tier 1 capital ratio of 18.5%.

Subordinated debt

The Bank's subordinated debt amounted to DKK 596 million at 31 March 2021 and was eligible for full inclusion in total capital.

Total capital

Overall, total capital amounted to DKK 4,871 million at 31 March 2021. Combined with the total risk exposure of DKK 23,134 million, this equalled a total capital ratio of 21.1%.

Total capital is specified in note 20 to the financial statements.

Capital requirements

Adequate total capital amounted to DKK 2,458 million at 31 March 2021. Combined with the total risk exposure of DKK 23,134 million, this equalled an individual solvency need of 10.6%. At 31 March 2021, the capital conservation buffer stood at 2.5 percentage points and the countercyclical buffer had been reduced to 0% due to the coronavirus crisis.

The capital requirements amounted to 13.1% in aggregate, corresponding to DKK 3,030 million.

Accordingly, Vestjysk Bank's excess total capital cover was 8.0 percentage points or DKK 1,850 million.

Minimum requirement for eligible liabilities (MREL requirement)

The Danish FSA and Finansielt Stabilitet have prepared plans for the resolution of failing banks pursuant to the Danish Financial Business Act. In relation to these plans, the authorities must for each bank lay down a minimum requirement for the amount of eligible liabilities (MREL requirement) in accordance with the specific resolution principle determined by the authorities for each individual bank. Vestjysk Bank's MREL add-on has been determined at 6% of risk-weighted exposures. The MREL add-on is phased in successively over the period from 1 January 2019 to 1 July 2023, and full compliance is thus not required until 1 July 2023. As the Bank's total assets are in excess of EUR 3 billion, the MREL add-on is expected to be raised by a further 2.5 percentage points as of 1 January 2024, after which date the MREL add-on will be 8.5 percentage points. The Bank's capital plans provide for issues in 2021 of DKK 580 million in senior non-preferred debt to cover the MREL add-on. Some of the planned issues in the amount of DKK 140 million took place in March 2021.

At 31 March 2021, the MREL add-on was 1.9 percentage points. With the addition of the solvency need ratio, the Bank's total MREL requirement at 31 March 2021 was 12.5% of risk-weighted exposures.

Liquidity

At 31 March 2021, the Bank's Liquidity Coverage Ratio (LCR) stood at 261.6%, relative to the LCR requirement of 100%.

Management's review

Financial review

Share capital

Vestjysk Bank's share capital totalled DKK 1,234 million at 31 March 2021. The share capital consists of 1,233,573,501 shares with a nominal value of DKK 1 each.

Vestjysk Bank has some 59,000 registered shareholders. The Bank's major shareholders are:

Aktieselskabet Arbejdernes Landsbank	32.44%
AP Pension Livsforsikringselskab	16.83%
Nykredit Realkredit A/S	11.55%

In a company announcement dated 24 March 2021 on inside information – “Potential mandatory public offer”, Vestjysk Bank stated that Nykredit Realkredit A/S will transfer 11.5% of the share capital of Vestjysk Bank A/S, whereas AP Pension Livsforsikringsaktieselskab will transfer 16.8% of the share capital in Vestjysk Bank A/S to Aktieselskabet Arbejdernes Landsbank. Aktieselskabet Arbejdernes Landsbank will therefore in total purchase 28.3% of the total share capital of Vestjysk Bank A/S, and with its current shareholding of 32.4%, Aktieselskabet Arbejdernes Landsbank will upon execution hold 60.7% of the share capital of Vestjysk Bank A/S.

The share transfers are conditional upon approval from the Danish Financial Supervisory Authority and from the Danish Competition and Consumer Authority. Aktieselskabet Arbejdernes Landsbank expects to be able to execute the share transfers at the end of May 2021.

Upon purchase of said 28.3% of the total share capital of Vestjysk Bank A/S, Aktieselskabet Arbejdernes Landsbank will be subject to an obligation to submit a mandatory public offer to the remaining shareholders of Vestjysk Bank A/S. Vestjysk Bank A/S has been informed that Aktieselskabet Arbejdernes Landsbank in this connection will publish an offer document, which will include an offer to all shareholders of Vestjysk Bank A/S to sell their shares to Aktieselskabet Arbejdernes Landsbank at a price of DKK 3.45 per share, which is the same price as Aktieselskabet Arbejdernes Landsbank will pay for the shares to be acquired from Nykredit Realkredit A/S and AP Pension Livsforsikringsaktieselskab, respectively.

After the potential publication of the mandatory public offer by Aktieselskabet Arbejdernes Landsbank, the Board of Directors of Vestjysk Bank A/S will consider the offer and publish a statement to the shareholders.

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

The Financial Supervisory Authority's Supervisory Diamond

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

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

Supervisory Diamond Benchmarks	Danish FSA's requirements	Vestjysk Bank
Sum of large exposures	< 175%	85,7%
Lending growth	< 20%	69.1%
Real estate exposure	< 25%	12.4%
Funding ratio	< 1	0.45
Liquidity benchmark	>100%	271.8%

That lending growth exceeds the Danish FSA's benchmark requirement is due to the merger with Den Jyske Sparekasse.

Other matters

The strongest local bank in Denmark

After the merger with Den Jyske Sparekasse, Vestjysk Bank has become Denmark's eighth largest bank, and our ambitious goal is to become the strongest local bank in Denmark for the benefit of customers, shareholders and employees.

Our goals are to:

- create a leading Group 2 bank delivering strong financial results;
- offer valuable customer services and competitive products on the basis of deep knowledge of and proximity to our customers;
- continue the strong commitment to the Bank's local communities;
- be an attractive and stimulating workplace with highly skilled employees.

The merger will build the Bank's scale and thus improve its ability to develop and offer customers new services and products. Following the merger, the business volume is expected to be around DKK 130 billion.

2021 is expected to be the year in which the Bank achieves the synergies made possible by the merger, so as to achieve the following goals in 2022 and the following years:

- Profitability – a return on equity after tax of at least 9.0%;
- Efficiency – a cost ratio below 55%;
- Capital – a common equity tier 1 capital ratio of at least 14.5%;
- Dividend capacity – a payout ratio of between 25% and 50% of the profit for the year.

Achieving the Bank's goals will lead to high profitability and a strong capital base, creating a foundation for additional growth and geographical expansion.

With the financial statements for Q1 2021, the Bank is well on the way to achieving these goals.

Management's review

Financial review

Outlook for 2021

The Bank's profit guidance for 2021 is subject to uncertainty, primarily linked to the Bank's agricultural and fishing industry exposure and the economic consequences of the coronavirus crisis, including in particular the winding up of government relief programmes. Vestjysk Bank maintains its guidance of a profit after tax in the range of DKK 500-550 million for 2021, adjusted for non-recurring items resulting from the merger with Den Jyske Sparekasse. Guidance including non-recurring items and after tax is DKK 800-900 million.

Financial calendar

■ 19 May	Quarterly Report, Q1
■ 17 August	Half Year Report, H1
■ 18 November	Quarterly Report, Q1-Q3

Alternative performance measures

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

The applied performance measures are defined below.

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

Financial statements

Statements of income and comprehensive income

The Bank's Board of Directors and Executive Board have today considered and approved the Quarterly report for the period 1 January – 31 March 2021 of Vestjysk Bank A/S.

The quarterly report is presented in accordance with the Danish Financial Business Act.

In our opinion, the accounting policies applied are appropriate and the financial statements present a true and fair view of the Company's assets and liabilities and financial position as at 31 March 2021, and of the results of the Bank's activities for the reporting period 1 January – 31 March 2021.

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

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

Lemvig, 19 May 2021

.....
Jan Ulsø Madsen
Chief Executive Officer

.....
Claus E. Petersen
Deputy Chief Executive Officer

.....
Michael Nelander Petersen
Managing Director

.....
Torben Sørensen
Managing Director

Management's statement

Board of Directors

.....
Kim Duus
Chairman

.....
Niels Fessel
Deputy Chairman

.....
Lars Langhoff

.....
Jan Nordstrøm

.....
Lars Holst

.....
Bent Simonsen

.....
Claus Jensen

.....
Bolette van Ingen Bro

.....
Hanne Træholt Odegaard

.....
Jacob Møllgaard

.....
Mette Holmegaard Nielsen

.....
Karsten Westergård Hansen

.....
Steen Louie

Management's statement

Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000
Statement of Income			
2 Interest income	183,278	122,657	490,237
2a Negative interest income	4,447	2,356	7,642
3 Interest expenses	13,177	7,872	30,247
3a Negative interest expenses	21,929	5,199	33,820
Net interest income	187,583	117,628	486,168
Dividends on shares etc.	481	223	8,840
4 Income from fees and commissions	152,997	91,987	359,496
Fees and commissions paid	11,132	7,563	33,256
Net interest and fee income	329,929	202,275	821,248
5 Value adjustments	31,830	-4,021	64,659
Other operating income	478,889	198	686
6 Staff costs and administrative expenses	293,915	123,095	510,253
Depreciation, amortisation and impairment of tangible assets	12,565	2,684	17,489
Other operating expenses	658	657	2,534
7 Impairment of loans and receivables, etc.	21,929	11,893	28,533
Income from investments in associates	1,283	0	0
Profit/loss from operations in the process of being wound up	-20	0	0
Profit before tax	512,844	60,123	327,784
Tax	-35,482	3,036	25,233
Profit after tax	548,326	57,087	302,551
Statement of comprehensive income			
Profit after tax	548,326	57,087	302,551
Other comprehensive income:			
Change in the value of owner-occupied properties	1,176	0	0
Changes in the value of pension obligations	0	0	-661
Other comprehensive income after tax	1,176	0	-661
Total comprehensive income	549,502	57,087	301,890

Financial statements

Statement of financial position

Note	31 March 2021 DKK'000	31 March 2020 DKK'000	31 Dec 2020 DKK'000
Assets			
	2,970,557	394,328	364,364
	289,670	744,482	569,359
	16,848,588	9,966,288	9,331,543
	8,618,652	4,164,022	6,159,587
	829,720	512,453	546,932
	109,231	0	0
	8,434,582	4,522,134	5,426,277
11	116,908	0	0
	449,579	275,232	235,986
12	32,129	0	0
13	389,636	275,232	235,986
13	27,814		28,967
	5,261	4,452	2,545
	0	0	1,193
14	180,000	98,000	98,000
	3,170	0	0
15	598,589	404,049	323,294
	29,504	16,796	17,005
Assets total	39,484,011	21,102,236	23,105,052

Financial statements

Statement of financial position

Note	31 March 2021 DKK'000	31 March 2020 DKK'000	31 Dec 2020 DKK'000
Equity and liabilities			
Debts			
	265,377	439,982	22,445
	24,088,305	12,080,135	13,409,203
	8,434,582	4,522,134	5,426,277
16	199,222	0	0
	42,554	2,035	0
17	807,685	614,144	550,630
	35,136	8	15
	33,872,861	17,658,438	19,408,570
Provisions			
	26,866	15,358	15,316
8	41,678	21,948	22,176
8	70,300	49,263	66,133
	138,844	86,569	103,625
18	596,452	347,251	347,961
Equity			
19	1,233,574	895,982	895,982
	599,492	0	0
	49,908	47,449	47,449
	1,247,284	551,600	551,600
	1,440,303	1,359,947	1,594,865
	4,570,561	2,854,978	3,089,896
	305,293	155,000	155,000
	4,875,854	3,009,978	3,244,896
	39,484,011	21,102,236	23,105,052

Financial statements

Statement of changes in equity

DKK'000	Share capital	Share premium	Revaluation reserves	Reserves provided for in the Bank's Articles of Association	Retained earnings	Shareholder equity, total	Additional tier 1 capital holders *)	Equity, total
Equity, 1 January 2021	895,982	0	47,449	551,600	1,594,865	3,089,896	155,000	3,244,896
Profit after tax for the period					542,780	542,780	5,546	548,326
Revaluation reserve, associates			1,283		-1,283	0		0
Other comprehensive income after tax			1,176		0	1,176		1,176
Total comprehensive income	0	0	2,459	0	541,497	543,956	5,546	549,502
Issue of shares on merger	337,592	599,492				937,084		937,084
Additions on merge						0	100,000	100,000
Reclassification of reserves on merger				695,684	-695,684	0		0
Issue of additional tier 1 capital					-375	-375	95,700	95,325
Redemption of additional tier 1 capital						0	-50,000	-50,000
Interest on additional tier 1 capital						0	-953	-953
Additions relating to sale of own shares					19,896	19,896		19,896
Disposals relating to purchase of own shares					-19,896	-19,896		-19,896
Equity, 31 March 2021	1,233,574	599,492	49,908	1,247,284	1,440,303	4,570,561	305,293	4,875,854
Equity, 1 January 2020	895,982	0	47,449	551,600	1,306,136	2,801,167	155,000	2,956,167
Profit after tax for the period					53,811	53,811	3,276	57,087
Total comprehensive income	0	0	0	0	53,811	53,811	3,276	57,087
Interest on additional tier 1 capital							-3,276	-3,276
Additions relating to sale of own shares					22,522	22,522		22,522
Disposals relating to purchase of own shares					-22,522	-22,522		-22,522
Equity, 31 March 2020	895,982	0	47,449	551,600	1,359,947	2,854,978	155,000	3,009,978
Equity, 1 January 2020	895,982	0	47,449	551,600	1,306,136	2,801,167	155,000	2,956,167
Profit after tax for the period					289,390	289,390	13,161	302,551
Other comprehensive income after tax					-661	-661		-661
Total comprehensive income	0	0	0	0	288,729	288,729	13,161	301,890
Interest on additional tier 1 capital							-13,161	-13,161
Additions relating to sale of own shares					49,924	49,924		49,924
Disposals relating to purchase of own shares					-49,924	-49,924		-49,924
Equity, 31 December 2020	895,982	0	47,449	551,600	1,594,865	3,089,896	155,000	3,244,896

The reserves provided for in the Bank's Articles of Association, amounting to DKK 551.6 million at 1 January 2021, arose in connection with Vestjysk Bank's capital reduction in 2013. The DKK 695.7 million addition to reserves stems from the merger with Den Jyske Sparekasse. The non-distributable reserve consists of DKK 568.7 million transferred on Den Jyske Sparekasse's conversion into a limited liability company in June 2018 and DKK 127 million relating to a transfer from guarantee capital to reserves provided for in the Articles of Association in connection with amendments made to the Articles of Association in the spring of 2015.

Financial statements

Statement of changes in equity

The reserves provided for in the Bank's Articles of Association are not distributable as dividends but may be used to cover losses that cannot be covered by distributable elements.

***) Holders of additional tier 1 capital**

The additional tier 1 capital has been provided for an indefinite term and Vestjysk Bank has full discretion at all times to omit interest payments, and it is consequently accounted for as equity.

The capital meets the tier 2 capital requirements under CRR/CRD IV.

Additional tier 1 capital DKK 155 million

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

Additional tier 1 capital DKK 50 million

There is an option of early redemption, subject to approval by the Danish Financial Supervisory Authority, on 26 June 2023. The capital accrues interest at 7,5% until 26 June 2023, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. If Vestjysk Bank's common equity tier 1 capital ratio falls below 5.125%, the loan will be written down.

Additional tier 1 capital DKK 50 million

There is an option of early redemption, subject to approval by the Danish Financial Supervisory Authority, on 12 March 2026. The capital accrues interest at 4,75% until 12 March 2026, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. If Vestjysk Bank's common equity tier 1 capital ratio falls below 5.125%, the loan will be written down.

Additional tier 1 capital DKK 45,7 million

There is an option of early redemption, subject to approval by the Danish Financial Supervisory Authority, on 25 January 2026. The capital accrues interest at 5,75% until 25 January 2026, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. If Vestjysk Bank's common equity tier 1 capital ratio falls below 5.125%, the loan will be written down.

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Statement of changes in equity

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Note

1 **Accounting policies**

Vestjysk Bank's interim report for the period 1 January - 31 March 2021 is presented in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's executive order on financial reporting for credit institutions and investment companies, etc.

Except for the changes below the accounting policies are consistent with those applied in the 2020 Annual Report, which contains a full description of those policies.

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

The Bank's significant risks and external conditions that may affect the Bank are described in greater detail in the 2020 Annual Report.

New accounting policies

In connection with the merger with Den Jyske Sparekasse at 14 January 2021, the Bank has applied new accounting policies regarding items that were not previously part of the Bank's financial statements.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the date of acquisition or establishment. Enterprises disposed of or wound up are recognised in the statement of income until the date of disposal or winding up. Acquisitions are accounted for using the purchase method, according to which the identifiable assets and liabilities of acquired enterprises are measured at fair value at the date of acquisition. The tax effect of revaluations is taken into account.

Any positive difference between the cost of an acquired investment over the fair value of the acquired assets and liabilities (goodwill) is recognised as an asset under intangible assets and written down on evidence of impairment. Any negative difference (badwill) is recognised as income in the statement of income.

Investments in associates

Investments in associates are recognised and measured according to the equity method, which means that the investments are measured at the proportionate share of the company's net asset value.

Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000
2 Interest income			
Receivables from credit institutions and central banks	3	41	53
Loans and other receivables	178,061	120,311	474,544
Bonds	4,115	2,377	14,335
Derivative financial instruments	1,099	-72	1,304
Other interest income	0	0	1
Total	183,278	122,657	490,237
2a Negative interest income			
Receivables from credit institutions and central banks	2,036	571	2,730
Bonds	2,411	1,785	4,912
Total	4,447	2,356	7,642
3 Interest expenses			
Deposits and other debt	4,403	2,765	9,683
Issued bonds	547	0	0
Subordinated debt	8,038	5,038	20,226
Other interest expenses	189	69	338
Total	13,177	7,872	30,247
3a Negative interest expenses			
Credit institutions and central banks	0	19	163
Deposits and other debt	21,929	5,180	33,657
Total	21,929	5,199	33,820
4 Income from fees and commissions			
Securities trading and custody services	34,279	20,793	86,163
Payment services	17,766	12,691	49,366
Loan processing fees	34,417	11,587	46,082
Guarantee commission	22,711	14,059	56,808
Other fees and commissions	43,824	32,857	121,077
Total	152,997	91,987	359,496
5 Value adjustments			
Other loans and receivables at fair value	-2,413	0	0
Bonds	-9,278	-7,516	16,053
Shares, etc.	29,684	5,356	33,872
Investment property	-7	0	0
Foreign currency	8,154	3,173	12,330
Foreign exchange, interest rate, equity, commodity, and other contracts as well as derivative financial instruments	5,863	-4,694	3,324
Assets related to pooled schemes	382,578	-853,592	-11,989
Deposits with pooled schemes	-382,578	853,592	11,989
Other assets	-273	-340	-920
Other liabilities	100	0	0
Total	31,830	-4,021	64,659

Financial statements

Notes

Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000
6 Staff costs and administrative expenses			
Staff costs:			
Wages and salaries	134,516	56,534	237,300
Pensions	17,571	6,804	28,329
Payroll tax	17,034	9,696	39,289
Expenses relating to social security contributions etc.	3,364	293	2,259
Total	172,485	73,327	307,177
Average number of employee (FTE)	698.2	391.5	394.7
Other administrative expenses:			
IT expenses	70,476	33,446	139,795
Rent, electricity and heat	6,028	2,324	9,208
Postage, telephone etc.	1,059	388	1,679
Other administrative expenses	43,867	13,610	52,394
Total	121,430	49,768	203,076
Total	293,915	123,095	510,253
Salaries and remuneration of the Board of Directors and Executive Board are included in staff costs in the following amounts			
Board of directors			
Fixed remuneration	909	508	2,755
Executive board			
Fixed remuneration	3,118	1,614	6,590
Pension	83	80	329
Total	3,201	1,694	6,919
Value of benefits executive board	126	75	279

No bonus programmes, incentive programmes or similar remuneration programmes have been agreed with the members of the Executive Board.

Jan Ulsø Madsen, Chief Executive Officer

The Bank does not make contributions to any pension schemes.

Jan Ulsø Madsen may resign giving 6 months' notice, and the Bank may terminate his employment giving 12 months' notice.

If the Bank terminates Jan Ulsø Madsen's employment in connection with a merger, a transfer of shares or the voting majority, or the transfer of all assets and activities, Jan Ulsø Madsen will be entitled to a special severance payment equal to 12 months' salary in addition to his salary during the notice period.

Claus E. Petersen, Deputy Chief Executive Officer

The Bank does not make contributions to any pension schemes.

Claus E. Petersen may resign giving 6 months' notice, and the Bank may terminate his employment giving 12 months' notice. If the Bank terminates Claus E. Petersen's employment, he will receive severance pay equal to 12 months' salary in addition to his salary during the notice period.

If the Bank terminates Claus E. Petersen's employment in connection with a merger, a transfer of shares or the voting majority, or the transfer of all assets and activities, Claus E. Petersen will be entitled to special a special severance payment equal to 12 months' salary in addition to his salary during the notice period and the above-mentioned severance pay.

Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000	
6	Staff costs include remuneration of the Board of Directors and the Executive Board in the following amounts (continued)			
	<u>Torben Sørensen, Managing Director</u>			
	The Bank does not make contributions to any pension schemes.			
	Torben Sørensen's employment expires without notice at the end of June 2022. His employment is non-terminable by the Bank, but Torben Sørensen may resign giving 6 months' notice.			
	<u>Michael Nelander Petersen, Managing Director</u>			
	The Bank contributes 12.25% of Michael Nelander Petersen's salary to a defined contribution plan.			
	Michael Nelander Petersen may resign giving 6 months' notice, and the Bank may terminate his employment giving 12 months' notice.			
	If the Bank terminates Michael Nelander Petersen's employment in connection with a merger, a transfer of shares or the voting majority, or the transfer of all assets and activities, Michael Nelander Petersen will be entitled to a special severance payment equal to 12 months' salary in addition to his salary during the notice period.			
7	Impairment of loans and receivables, etc.			
	Impairment of loans and other receivables in the statement of income			
	Impairment charges for the period	441,232	186,907	572,166
	Reversal of impairment charges in prior financial years	-392,740	-154,688	-517,045
	Loans with no prior individual impairment/provisions, written off	2,551	544	28,315
	Recovered on previously written off debts	-7,127	-6,854	-58,242
	Total	43,916	25,909	25,194
	Provisions for losses on guarantees and unused credit commitments in the financial statement			
	Impairments for the period	34,047	17,611	61,277
	Reversal of provisions in prior financial years	-56,034	-31,627	-57,938
	Total	-21,987	-14,016	3,339
	Impairment of loans and other receivables, end of the reporting period	21,929	11,893	28,533
	Interest income on impaired loans is offset against impairment in the amount of	16,214	15,589	40,739

Financial statements

Notes

Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000
8			
Impairments of loans and receivables and provisions on guarantees and unutilised credit lines			
Impairment of loans and receivables.			
Stage 1 (absence of significant increase in risk assessment)			
Impairment, beginning of the reporting period	25,381	45,111	45,111
Impairment, addition from merger	46,648	-	-
New impairments, new exposures	11,962	4,651	10,388
Reversed impairments repaid accounts	-106,866	-19,579	-71,655
Change in impairments, beginning of period to/from stage 1	-5,489	-4,961	-14,215
Change in impairments, beginning of period to/from stage 2	16,999	10,321	21,584
Change in impairments, beginning of period to/from stage 3	15,276	45	28,144
Impairments due to change in credit risk	83,485	10,390	6,024
Impairment, end of the reporting period	87,396	45,978	25,381
Stage 2 (significant increase in risk assessment)			
Impairment, beginning of the reporting period	63,689	75,845	75,845
Impairment, addition from merger	47,515	-	-
New impairments, new exposures	1,078	4,904	15,572
Reversed impairments repaid accounts	-56,275	-24,713	-70,043
Change in impairments, beginning of period to/from stage 1	5,234	3,859	11,570
Change in impairments, beginning of period to/from stage 2	-20,461	-10,850	-28,043
Change in impairments, beginning of period to/from stage 3	34,907	839	37,161
Impairments due to change in credit risk	225,912	33,073	21,627
Impairment, end of the reporting period	301,599	82,957	63,689
Stage 3 (credit-impaired)			
Impairment, beginning of the reporting period	2,001,640	2,198,643	2,198,643
Impairment, addition from merger	-	-	-
New impairments, new exposures	41,116	36,448	155,037
Reversed impairments repaid accounts	-408,168	-182,230	-472,599
Change in impairments, beginning of period to/from stage 1	255	1,102	2,645
Change in impairments, beginning of period to/from stage 2	3,462	529	6,459
Change in impairments, beginning of period to/from stage 3	-50,182	-884	-65,305
Impairments due to change in credit risk	252,796	169,092	459,715
Impairments lost	-73,605	-51,792	-323,695
Other movements	16,214	15,589	40,740
Impairment, end of the reporting period	1,782,169	2,186,497	2,001,640
Loans, credit-impaired at initial recognition			
Impairment, beginning of the reporting period (acquired impairment)	35,877	52,246	52,246
Impairment, addition from merger	-	-	-
New impairments	5,143	516	2,060
Reversed impairments	-333	-333	-1,006
Impairments lost	0	0	-17,423
Impairment, end of the reporting period	40,687	52,429	35,877

Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000
8 Provisions for losses on guarantees			
Provisions, beginning of the reporting period	22,176	25,762	25,762
Addition from merger	21,342	-	-
New provisions, new exposures	5,816	268	2,274
Reversed provisions for losses at repaid accounts	-9,908	-4,821	-14,571
Provision during the period due to change in credit risk	2,252	739	8,968
Provisions, lost		0	-257
Provisions, end of the reporting period	41,678	21,948	22,176
Overall accumulated impairment of loans and receivables and provisions for losses on guarantees	2,253,718	2,389,809	2,148,763
Accumulated impairment ratio	7.9%	14.8%	12.9%
Provisions for losses on unused credit commitments			
Provisions beginning of the reporting period	66,133	59,466	59,466
Addition from merger	23,687	-	-
New provisions, new exposures	1,369	881	4,462
Reversed provisions for losses at repaid accounts	-47,491	-28,348	-45,949
Provision during the period due to change in credit risk	25,977	17,264	48,154
Provisions, end of the reporting period	69,675	49,263	66,133
At 31 March 2021 the Bank has purchased credit impairments that are not included in the above.			
9 Receivables for which accrual of interest has been discontinued			
Receivables for which accrual of interest has been discontinued, end of the reporting period	1,584,624	1,016,125	1,209,302
Total impairment charge thereon	1,147,243	822,815	758,278
Receivables for which accrual of interest has been discontinued, as a percentage of loans before impairment	8.3%	8.2%	10.6%
10 Tax			
Current tax	46,518	3,036	25,152
Deferred tax	-82,000	0	0
Adjustment of current tax for prior years	0	0	81
Total	-35,482	3,036	25,233
Applicable tax rate reduced from 22% to -6.9% due to deferred tax asset			
Current tax rate	22.0%	22.0%	22.0%
Use of losses from previous years	-13.7%	-8.4%	-12.1%
Tax-free value adjustments	-0.4%	-3.7%	-1.7%
Deferred tax asset	-16.0%	0.0%	0.0%
Other adjustment	1.2%	-4.9%	-0.5%
Effective tax rate	-6.9%	5.0%	7.7%

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Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000
11 Intangible assets			
Customer relationships and goodwill			
Total acquisition price, beginning of the period	14,964	14,964	14,964
Additions on merger	119,613	0	0
Total acquisition price, end of the period	134,577	14,964	14,964
Amortisation and impairment, beginning of the period	14,964	14,964	14,964
Amortisation and impairment for the period	2,705	0	0
Amortisation and impairment, end of the period	17,669	14,964	14,964
Carrying amount, end of the period	116,908	0	0
Other intangible assets			
Total acquisition price, beginning of the period	1,416	1,416	1,416
Additions	0	0	0
Total acquisition price, end of the period	1,416	1,416	1,416
Amortisation and impairment, beginning of the period	1,416	1,399	1,399
Amortisation and impairment for the period		17	17
Amortisation and impairment, end of the period	1,416	1,416	1,416
Carrying amount, end of the period	0	0	0
Total	116,908	0	0
12 Investment property			
Fair value, beginning of the period	0	425	425
Additions on merger	33,014	0	0
Disposals	885	425	425
Fair value, end of the period	32,129	0	0
13 Owner-occupied property			
Revalued amount, beginning of the period	235,986	261,684	261,684
Additions from merge	153,650	0	1,496
Disposals	0	0	16,851
Depreciations	1,478	1,044	4,044
Changes in value recognised in other comprehensive income	1,176	0	0
Changes in value recognised in the statement of income	302	0	-6,299
Revalued amount, end of the period	389,636	260,640	235,986
The Bank's uses a return-based model to value its owner-occupied properties, based on estimated prices per square metre and return requirements. A return requirement of between 4.8% and 9% has been applied to properties in Jutland.			
Leased owner-occupied property			
Value of leases, beginning of the period	28,967	0	0
Value of leases recognised, change in accounting treatment	0	15,316	15,316
Recognised in statement of financial position, beginning period	28,967	15,316	15,316
Additions from merge	6,718	0	17,418
Depreciations	1,426	724	3,767
Changes in value recognised in the statement of income	6,445		
Value of leases, end of the period	27,814	14,592	28,967
Total	417,450	275,232	264,953

Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000
14 Deferred tax asset			
In 2012, the Bank reassessed the likelihood of utilising its deferred tax asset, following which the tax asset was written off. Vestjysk Bank assesses that part of the deferred tax asset can expectedly be utilised within the next three years based on cautious earnings expectations. Accordingly, an additional amount of DKK 82 million was recognised at 31 March 2021 for a total recognised amount of DKK 180 million. DKK 167 of the tax loss has been offset in the statement of changes in equity (31 December 2020: DKK 85 million).			
15 Other assets			
Positive market value of derivative financial instruments	89,526	35,904	19,804
Interest and commission receivable	96,768	86,725	118,440
Investments in BEC	274,170	242,278	143,595
Other assets	138,125	39,142	41,455
Total	598,589	404,049	323,294
16 Issued bonds			
DKK 60 million fixed rate 3.00%, September 2024	60,000		
DKK 60 million accrued establishment costs	-233		
DKK 140 million floating rate 1.647%, March 2025	140,000		
DKK 140 million accrued establishment costs	-545		
Total	199,222	0	0
17 Other liabilities			
Negative market value of derivative financial instruments	110,477	41,465	20,126
Various creditors	454,517	517,667	459,237
Interest and commission payable	27,805	23,761	15,295
Lease liabilities	36,929	15,014	32,393
Other liabilities	177,957	16,237	23,579
Total	807,685	614,144	550,630
18 Subordinated debt			
Tier 2 capital	596,452	347,251	347,961
Total	596,452	347,251	347,961
Charged as an expense under interest expenses/subordinated debt:			
Interest expenses	7,607	4,802	19,280
Costs related to incurrence and repayment	431	236	946
Total	8,038	5,038	20,226
Subordinated debt that can be included in the total capital	596,452	347,251	347,961
A nominal DKK 225 million will fall due on 16 August 2027 with an option for early redemption on 16 August 2022 subject to the Financial Supervisory Authority's approval. The capital accrues interest at a fixed 6.50% until 16 August 2022, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. The capital meets the tier 2 capital requirements under CRR/CRD IV.			
A nominal DKK 125 million will fall due on 28 August 2029 with an option for early repayment on 28 August 2024 subject to the Financial Supervisory Authority's approval. The capital accrues interest at a fixed 3.75% until 28 August 2028, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. The capital meets the requirements under CRR/CDR IV.			
A nominal DKK 250 million will fall due on 26 June 2028 with an option for early repayment on 26 June 2023 subject to the Financial Supervisory Authority's approval. The capital accrues interest at a fixed 3.75% until 28 August 2028, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread at 5.5% currently 5.39%. The capital meets the requirements under CRR/CDR IV.			

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	Q1 2021	Q1 2020	FY 2020
	DKK'000	DKK'000	DKK'000
19 Share capital			
Share capital	1,233,574	895,982	895,982
Number of shares (units of DKK 1)	1,233,573,501	895,981,517	895,981,517
Number of own shares, beginning of the period			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.0%	0.0%	0.0%
Additions			
Purchase of own shares (thousands)	6,740	32,707	16,541
Nominal value DKK'000	6,740	32,707	16,541
Percentage of the share capital	0.5%	3.7%	1.8%
Total purchase price DKK'000	19,896	113,528	49,924
Disposals			
Sold own shares (thousands)	6,740	32,707	16,541
Nominal value DKK'000	6,740	32,707	16,541
Percentage of the share capital	0.5%	3.7%	1.8%
Total selling price DKK'000	19,896	113,528	49,924
Number of own shares, end of reporting period			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.0%	0.0%	0.0%
Own shares are intermediated, purchased and sold through the securities exchange as part of Vestjysk Bank's normal customer banking transactions. The Bank is not a direct counterparty in such transactions.			
Vestjysk Bank has a constant holding of own shares.			

Note	Q1 2021 DKK'000	Q12020 DKK'000	FY 2020 DKK'000
20 Capital			
Shareholders' Equity	4,875,854	3,009,978	3,244,896
Deductions			
Tier 1 capital	-	-53,811	-
Profit not recognised in total capital	-305,293	-155,000	-155,000
Investments in the sector	-303,267	-210,219	-215,841
Prudent valuation	-10,098	-6,260	-6,489
Intangible assets	-116,908	0	0
Deferred tax assets	-166,853	-83,707	-85,434
Common equity tier 1 capital	3,973,435	2,500,981	2,782,132
Additional tier 1 capital	300,700	155,000	155,000
Tier 1 capital	4,274,135	2,655,981	2,937,132
Tier 2 capital	596,452	347,251	343,598
Total capital	4,870,587	3,003,232	3,280,730
Excess tier 2 capital, not included in total capital	0	0	4,363
MREL-capital	4,870,587	347,251	3,285,093
- Credit risk	20,079,886	11,118,855	10,376,551
- Market risk	1,392,104	756,639	1,264,788
- Operational risk	1,662,041	1,717,740	1,662,041
Total risk exposure	23,134,031	13,593,234	13,303,380
Common equity tier 1 capital ratio	17.2%	18.4%	20.9%
Tier 1 capital ratio	18.5%	19.5%	22.1%
Total capital ratio	21.1%	22.1%	24.7%
MREL- capital			
Total capital	4,870,587	3,003,232	3,280,730
MREL-capital	199,222	0	4,363
MREL- total capital	5,069,809	3,003,232	3,285,093
MREL-capital ratio	21.9%	22.1%	24.7%
21 Contingent assets			
Deferred tax asset at a tax rate of 22%	291,774	473,561	436,091
The deferred tax asset is primarily related to carry forward taxable deficits.			
It is the Banks assessment that there is no basis for recognition of all of the deferred tax asset presently.			
Therefore, the deferred tax is partly recognised at DKK 180 million in the financial statement at 31 March 2021.			
The remaining deferred tax asset is treated as a contingent asset which is not recognised in the Statement of Financial Position.			

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Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000
22 Contingent liabilities			
Guarantees			
Financial guarantees	2,861,690	517,562	1,143,146
Loss guarantees on mortgage loans	3,789,476	2,129,932	2,209,108
Registration and remortgaging guarantees	1,026,900	145,978	450,655
Other contingent liabilities	1,650,114	997,328	1,399,149
Total	9,328,180	3,790,800	5,202,058
Other contingent liabilities' include, among other things, performance bonds, delivery guarantees as well as provisions of indemnity in relation to the Guarantee Fund.			
Other commitments			
Irreversible credit commitments	85,264	12,910	116,262
Other liabilities	1,122,975	542,280	542,280
Total	1,208,239	555,190	658,542
Security pledged			
Credit institutions:			
Margin accounts pledged as security in relation to financial derivatives	105,216	16,317	13,643
Deposited in the Danish Growth Fund	404	406	404
Bonds:			
Pledged as security for credit facility with Danmarks Nationalbank			
Total nominal value	1,096,497	1,251,585	1,098,139
Total market value	1,098,242	1,253,553	1,103,746
23 Pending litigation			
Vestjysk Bank is a party to various lawsuits. The proceedings are evaluated on an ongoing basis, and requisite provisions are made based on an assessment of the risk of losses.			
The pending proceedings are not expected to have material influence on the Bank's financial position.			

Note

24 **Loans and guarantees, by sector (net)**

	Q1 2021 DKK'000	Q1 2021 pct.	Q1 2020 DKK'000	Q1 2020 pct.	FY 2020 DKK'000	FY 2020 pct.
Public authorities	374	0%	0	0%	0	0%
Business:						
Agriculture, hunting, forestry and fishery	4,199,102	16%	2,763,839	20%	2,558,808	18%
Manufacturing industry and raw material extraction	813,780	3%	484,152	4%	479,457	3%
Energy supply	824,161	3%	309,012	2%	301,180	2%
Construction and civil engineering contractors	1,066,018	4%	490,441	4%	487,888	3%
Trade	1,348,204	5%	876,686	6%	638,933	5%
Transportation, hotels and restaurant businesses	730,392	3%	472,313	4%	477,962	3%
Information and communication	130,676	1%	47,725	0%	78,858	1%
Credit and financing institutes and insurance businesses	1,093,595	4%	472,616	4%	510,094	4%
Real estate	3,064,253	12%	1,724,872	13%	1,776,461	12%
Other businesses	1,447,075	5%	734,342	5%	778,643	5%
Business, total	14,717,256	56%	8,475,998	62%	8,088,284	56%
Retail	11,459,137	44%	5,281,090	38%	6,445,317	44%
Total	26,176,768	100%	13,757,088	100%	14,533,601	100%

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25 Loans by rating, sectors and IFRS9- stages

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

	Q1 2021 (DKK'000)				
	Stage 1	Stage 2	Stage 3	credit- impaired at initial recognition	Total
Normal credit quality	21,593,820	703,992	0	0	22,297,812
Some signs of weakness	8,726,700	2,915,250	0	0	11,641,950
Significant signs of weakness	855,889	1,060,983	0	0	1,916,872
Impaired loans	0	0	4,260,008	74,962	4,334,970
Total	31,176,409	4,680,225	4,260,008	74,962	40,191,604

Q1 2020 (DKK'000)

	Stage 1	Stage 2	Stage 3	credit- impaired at initial recognition	Total
Normal credit quality	9,595,587	506,341	0	0	10,101,928
Some signs of weakness	5,764,800	1,756,717	0	0	7,521,517
Significant signs of weakness	386,935	589,197	0	500	976,632
Impaired loans	0	0	4,064,738	92,867	4,157,605
Total	15,747,322	2,852,255	4,064,738	93,367	22,757,682

FY 2020 (DKK'000)

	Stage 1	Stage 2	Stage 3	credit- impaired at initial recognition	Total
Normal credit quality	12,380,243	366,899	0	0	12,747,142
Some signs of weakness	4,887,893	1,624,717	0	0	6,512,610
Significant signs of weakness	322,159	439,505	0	0	761,664
Impaired loans	0	0	3,392,279	75,008	3,467,287
Total	17,590,295	2,431,121	3,392,279	75,008	23,488,703

Note

At 30 June 2020, Vestjysk Bank replaced the previous internal segmentation model with a behavioural rating model for retail customers. The Bank's credit risk in relation to retail customers is managed by rating customers from 1 to 11 using a rating system developed by the BEC data centre together with member banks. As a result of the change, the distribution in credit quality categories is not fully comparable between 2019 and 2020.

The Bank's credit risk in relation to business customers is managed using an internal segmentation model classifying customers according to credit risk.

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

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

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

	Q1 2021 (DKK'000)				
	Stage 1	Stage 2	Stage 3	credit-impaired at initial recognition	Total
Public authorities	1,174	0	0	0	1,174
Business:					
Agriculture, hunting, forestry and fishery	3,655,967	1,109,174	1,975,961	65,716	6,806,818
Manufacturing industry and raw material extraction	1,211,556	190,891	110,557	0	1,515,004
Energy supply	680,252	371,734	121,755	0	1,173,741
Construction and civil engineering contractors	1,460,932	359,127	116,095	0	1,936,154
Trade	1,922,398	352,581	268,067	0	2,543,046
Transportation, hotels and restaurant businesses	769,311	156,820	227,506	0	1,153,637
Information and communication	192,690	20,516	8,370	0	221,576
Credit and financing institutes and insurance businesses	1,195,411	118,310	268,880	12	1,582,613
Real estate	3,291,448	475,231	577,502	3,974	4,348,155
Other businesses	1,879,661	463,675	162,773	1,483	2,507,592
Business, total	16,259,626	3,618,059	3,837,466	71,185	23,786,336
Retail	14,915,609	1,062,166	422,542	3,777	16,404,094
Total	31,176,409	4,680,225	4,260,008	74,962	40,191,604

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Note					
25	Loans at amortised cost, unused credit commitments and financial guarantees, by sector and IFRS 9 stage, continued				
Q1 2020 (DKK'000)					
	Stage 1	Stage 2	Stage 3	credit-impaired at initial recognition	Total
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting, forestry and fishery	2,050,503	905,810	1,795,240	64,372	4,815,925
Manufacturing industry and raw material extraction	629,762	78,858	133,879	4,332	846,831
Energy supply	437,394	43,469	123,608	0	604,471
Construction and civil engineering contractors	773,375	207,840	72,855	600	1,054,670
Trade	902,134	301,657	199,963	250	1,404,004
Transportation, hotels and restaurant businesses	368,695	112,809	252,322	0	733,826
Information and communication	85,205	11,816	4,911	0	101,932
Credit and financing institutes and insurance businesses	489,381	57,573	213,013	36	760,003
Real estate	1,919,515	370,033	813,080	11,253	3,113,881
Other businesses	857,305	195,113	124,948	9,405	1,186,771
Business, total	8,513,269	2,284,978	3,733,819	90,248	14,622,314
Retail	7,234,053	567,277	330,919	3,119	8,135,368
Total	15,747,322	2,852,255	4,064,738	93,367	22,757,682
Loans at amortised cost, unused credit commitments and financial guarantees, by sector and IFRS 9 stage FY 2020 (DKK'000)					
	Stage 1	Stage 2	Stage 3	credit-impaired at initial recognition	Total
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting, forestry and fishery	2,133,633	775,524	1,457,694	65,419	4,432,270
Manufacturing industry and raw material extraction	809,545	96,705	96,659	0	1,002,909
Energy supply	296,035	138,435	97,879	0	532,349
Construction and civil engineering contractors	922,978	121,723	71,275	0	1,115,976
Trade	1,136,349	150,148	214,232	246	1,500,975
Transportation, hotels and restaurant businesses	478,328	141,159	151,300	0	770,787
Information and communication	123,456	23,815	6,084	0	153,355
Credit and financing institutes and insurance businesses	557,272	64,930	207,674	24	829,900
Real estate	1,977,716	352,996	688,548	5,286	3,024,546
Other businesses	1,080,385	174,984	108,022	242	1,363,633
Business, total	9,515,697	2,040,419	3,099,367	71,217	14,726,700
Retail	8,074,598	390,702	292,912	3,791	8,762,003
Total	17,590,295	2,431,121	3,392,279	75,008	23,488,703

Note	Q1 2021 DKK'000	Q1 2020 DKK'000	FY 2020 DKK'000
26 Maximum credit exposure before impairment and provisions			
Loans measured at amortised cost	19,060,627	12,334,150	11,458,130
Unused credit commitments	14,441,626	7,610,245	8,657,605
Guarantees	9,369,858	3,812,747	5,224,234
Loans, guarantees etc..	42,872,111	23,757,142	25,339,969
Receivables from credit institutions and central banks	3,235,996	1,079,981	879,119
Bonds at fair value	8,618,652	4,164,022	6,159,587
Positive market value of derivative financial instruments	89,526	35,904	19,804
Total	54,816,285	29,037,049	32,398,479
Maximum credit exposure after impairment and provisions			
Loans measured at amortised cost	16,848,587	9,966,289	9,331,543
Unused credit commitments	14,371,951	7,560,982	8,591,472
Guarantees	9,328,180	3,790,799	5,202,058
Loans, guarantees etc..	40,548,718	21,318,070	23,125,073
Receivables from credit institutions and central banks	3,235,996	1,079,981	879,119
Bonds at fair value	8,618,652	4,164,022	6,159,587
Positive market value of derivative financial instruments	89,526	35,904	19,804
Total	52,492,892	26,597,977	30,183,583
Collateral for loans, credit commitments and guarantees			
Bank accounts	252,963	84,315	83,637
Securities	1,737,654	904,832	1,093,870
Mortgages on properties and wind turbines	14,515,991	8,775,842	8,759,773
Right of subrogation for mortgages secured in real property	4,486,786	2,159,326	2,221,921
Charges held in movable property, motor vehicles, operating equipment, ships etc.	4,215,826	2,669,512	2,760,342
Other	581,236	268,238	284,841
Total	25,790,456	14,862,065	15,204,384
Of this amount collateral for loans, credit commitments and guarantees (stage 3)	1,998,564	1,656,760	1,484,302

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

For the majority of retail customer exposures, it is also the case that the Bank holds a charge in the financed asset – which is the reason the most common types of collateral are mortgages secured in real property and in motor vehicles.

The Bank continuously performs assessments of pledged collateral. Valuations are performed based on the fair value of the asset, less the margin for covering costs related to realisation, selling period costs as well as rebates.

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

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Note		14. January 2021 DKK ' 000
27	<p>Merger</p> <p>The merger with Den Jyske Sparekasse was completed effective at 14 January 2021 applying the purchase method of accounting. The table below sets out a breakdown of the purchase price by net assets. The stated carrying amounts have been determined at fair value at the acquisition date in accordance with Vestjysk Bank's accounting policies.</p> <p>Breakdown of purchase price by net assets at 14 January 2021</p> <p>Assets</p> <p>Cash in hand and demand deposits with central banks 231,473</p> <p>Receivables from credit institutions and central banks 1,086,890</p> <p>Loans and other receivables at amortised cost 6,919,578</p> <p>Bonds at fair value 3,786,337</p> <p>Shares, etc. 263,201</p> <p>Investments in associates 107,960</p> <p>Assets related to pooled schemes 2,732,073</p> <p>Intangible assets 4,613</p> <p>Land and buildings, total 195,895</p> <p> Investment property 33,014</p> <p> Owner-occupied property 153,650</p> <p> Owner-occupied property, leased 9,231</p> <p>Other property, plant and equipment 1,807</p> <p>Current tax assets 474</p> <p>Deferred tax assets 103,793</p> <p>Assets held for sale 4,276</p> <p>Other assets 260,314</p> <p>Prepayments 5,592</p> <p>Assets total 15,704,276</p>	

Note	14 January 2021 DKK' 000
27 Equity and liabilities	
Debts	
Debts to credit institutions and central banks	131,763
Deposits and other debt	10,414,161
Deposits with pooled schemes	2,732,073
Issued bonds	59,743
Other liabilities	252,882
Prepayments	19,595
Debts, total	13,610,217
Provisions	
Provision for pensions and similar liabilities	10,073
Provisions for losses on guarantees	20,402
Other provisions	30,163
Provisions, total	60,638
Subordinated debt	248,060
Tier 1 Capital	102,324
Debts, total	14,021,239
Acquired net assets	1,683,037
Purchase price	
Acquired net assets	1,683,037
Negative goodwill	-477,455
Customer relationships	115,000
Deferred tax on customer relationships	-103,793
Total purchase price	1,216,789
Transferred to reserve under equity:	
Issue of 337,591,984 shares at a price per share of 2.776	937,084
Cash distribution	279,705
Total purchase price	1,216,789

The Bank has incurred non-recurring costs in connection with the merger, which are recognised in the statement of income under "Administrative expenses" and "Depreciation, amortisation and impairment"

The Bank has recognised negative goodwill in the amount of DKK 477 million in "Other operating income". The negative goodwill income is subject to taxation, and a non-recurring expense of DKK 35 million has been recognised in tax in this respect.

Acquired net assets include loans and other receivables at a fair value of DKK 6.9 billion. The fair value of loans is based on an assessment of the market value of the acquired loan portfolio, stated at the present value of expected future cash inflows.

The consideration paid in connection with the acquisition exceeds the fair value of acquired identifiable assets, liabilities and contingent liabilities.

Of Vestjysk Bank's DKK 548 million profit for the year, DKK 453 million is attributable to non-recurring items.

Note	Q1 2021	Q1 2020	FY 2020
28	Financial highlights (continued)		
	Financial ratios		
	Solvency		
Total capital ratio	21.1%	22.1%	24.7%
Tier 1 capital ratio	18.5%	19.5%	22.1%
Common equity tier 1 capital ratio	17.2%	18.4%	20.9%
	Earnings		
Return on equity before tax, annually ¹	43.0%	8.1%	10.6%
Return on equity after tax, annually ¹	45.9%	7.7%	9.8%
Income/cost ratio	2.56	1.43	1.59
Cost ratio ²	36.5%	63.7%	59.8%
Return on assets	1.8%	0.3%	1.3%
Employees converted to full-time (average)	698.19	391.5	394.7
	Market risk		
Interest rate risk	1.1%	0.8%	1.6%
Foreign exchange position	0.4%	0.4%	0.2%
Foreign exchange risk	0.0%	0.0%	0.0%
LCR	261.6%	170.8%	180.3%
	Credit risk		
Loans plus impairment of loans relative to deposits	61.1%	74.3%	60.8%
Loans relative to equity	3.5	3.3	2.9
Growth in loans for the period	80.6%	-2.5%	-8.7%
Sum of the 20 biggest exposures	85.7%	113.9%	109.3%
Accumulated impairment ratio	7.9%	14.8%	12.9%
Impairment ratio for the period	0.1%	0.1%	0.1%
	Vestjysk Bank share		
Earnings per share for the period	0.5	0.1	0.3
Book value per share ³	3.7	3.2	3.4
Price of Vestjysk Bank shares, end of the period	3.4	2.8	2.8
Share price/book value per share	0.9	0.9	0.8

¹ Profit/loss / average equity, which is calculated on the basis of opening equity plus capital increase and recognised negative goodwill in connection with the merger with Den Jyske Sparekasse at 14 January 2021

² Operating expenses and operating depreciation and amortization/core income

³ The ratio "Book value per share" is adjusted for the portion of equity (additional tier 1 capital), that is not part of the shareholders' share of equity.

