Annual Report

1. January – 31. December 2021

Vestjysk Bank A/S
Industrivej Syd 13c, DK-7400 Herning
CVR no. 34631328
Registered office: Herning
Telephone (+45) 96 63 20 00
www.vestjyskbank.dk
post@vestjyskbank.dk

Read or download this report at vestjyskbank.dk
The Vestjysk Bank Annual Report for 2021 is a translation of the original report in Danish (Vestjysk Bank Årsrapport 2021).
In case of discrepancies, the Danish version prevails

Contents

Summary

2021 Highlights

Vestjysk Bank realised a very satisfactory profit after tax of DKK 1,080 million in 2021.

As mentioned in the 2021 interim reports, the performance was strongly affected by non-recurring income and costs in connection with the merger with Den Jyske Sparekasse in January 2021. Adjusted for non-recurring items in that respect, the profit after tax amounted to DKK 725 million.

The merger with Den Jyske Sparekasse proceeded according to plan. The expected synergies are being realised and non-recurring costs in connection with the merger are lower than estimated. We consider the merger process to have been completed.

Alongside the merger process, Vestjysk Bank's efforts to develop the business focus have produced satisfactory results. In addition to its focus on servicing both retail and business customers in local branches, the Bank is giving more attention to its niche areas (healthcare, renewable energy, tourism, fisheries and agriculture), most recently by establishing a Fisheries Centre in Thyborøn.

The profit for the year was not directly affected by the coronavirus pandemic. The profit was impacted by the impairment provision for economic uncertainty caused by the pandemic. The growing uncertainty regarding African Swine Fever also caused the Bank to increase its impairment provision at 31 December 2021. Since 30 September 2021, the Bank has increased its impairment provision by DKK 67 million from DKK 258 million to DKK 325 million, corresponding to 1.9% of net loans, in response to the economic uncertainty. The impairment provision covers economic uncertainties related to rising animal feeding and energy prices for the Bank's business customers, and particularly piglet producers, the risk of further African Swine Fever outbreak, the risk of bottleneck problems in the Danish labour market and, not least, the uncertainty surrounding the coronavirus pandemic.

In connection with the Bank's budget and forecast updates in Q4 2021, the deferred tax asset was increased by additional tax income of DKK 113 million. Combined with the DKK 82 million tax income in connection with the merger, tax income for 2021 totalled DKK 195 million.

The highlights below were calculated after adjustment for non-recurring items resulting from the merger with Den Jyske Sparekasse. Comparative figures have been stated at 31 December 2020 and have not been adjusted for Den Jyske Sparekasse.

- Profit after tax of DKK 725 million (31 December 2020: DKK 303 million).
- Return on equity of 14.7% p.a. after tax (31 December 2020: 9.8%).
- Core income of DKK 1,538 million (31 December 2020: DKK 887 million).
- Cost ratio of 60.8% (31 December 2020: 59.8%)
- Core earnings before impairment allowances of DKK 614 million (31 December 2020: DKK 357 million).
- Net reversals of impairment of loans and receivables, etc. of DKK 20 million (31 December 2020: net impairment of DKK 29 million).
- Common equity tier 1 capital ratio of 16.7% (31 December 2020: 20.9%).

Follow-up on outlook for 2021 and Vestjysk Bank's outlook for 2022

In connection with the annual report for 2020, the Bank guided 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. The Bank also announced expectations for overall profit after tax including non-recurring items of about DKK 800-900 million.

Summary

The Bank has subsequently upgraded the guidance three times – on 9 August 2021, 12 October 2021 and 13 January 2022. In the most recent upgrade, the forecast profit after tax excluding non-recurring items relating to the merger with Den Jyske Sparekasse was DKK 725 million, while the Bank's expectations for the overall profit after tax including non-recurring items was DKK 1,080 million.

The reported profit for 2021 was in accordance with the Bank's forecast. Vestjysk Bank guides a profit before tax in 2022 of around DKK 600-650 million. Vestjysk Bank's profit guidance for 2022 is subject to uncertainty.

The uncertainty mainly relates to the Bank's agricultural exposures. Particularly, uncertainties related to rising animal feeding and energy prices and the risk of African Swine Fever spreading in Denmark and the declining pork settlement prices could have a significant adverse impact on the Bank's impairment losses.

Kim Duus
Chairman of the Board

Jan Ulsø Madsen
Chief Executive Officer

Management's review

Financial highlights

Key figures	2021	2020	2019	2018	2017
Statement of income (DKKm)					
Net interest income	807	486	510	548	573
Net fee income	601	326	329	297	338
Dividends on shares, etc.	13	9	29	12	4
Value adjustments	108	65	185	35	23
Other operating income	486	1	2	17	7
Core income	2,015	887	1,055	909	945
Staff costs and administrative expenses	1,044	510	477	470	482
Other operating expenses and depreciation, amortisation and impairment of property, plant and equipment and intangible assets	57	20	31	11	22
Operating expenses and operating depreciation and amortisation	1,101	530	508	481	504
Core earnings before impairment	914	357	547	428	441
Impairment of loans and receivables, etc.	-20	29	64	186	270
Income from investments in associates	20	0	0	0	0
Profit/loss from operations in the process of being wound up	0	0	0	0	0
Profit before tax	954	328	483	242	171
Tax	-126	25	5	-54	8
Profit after tax	1,080	303	478	296	163
Statement of financial position (DKKm)					
Total assets	43,310	23,105	22,192	21,198	21,902
Loans	16,778	9,332	10,221	10,797	11,629
Deposits	26,024	13,409	13,043	12,902	13,506
Deposits, pooled schemes	9,223	5,426	5,233	4,681	4,890
Contingent liabilities	10,052	5,202	3,966	3,487	3,608
Custody services	19,809	10,040	8,708	7,585	8,713
Arranged mortgage loans	58,192	33,447	30,749	29,122	28,381
Business volume	62,077	33,369	32,463	31,867	33,633
Business volume including custody services and arranged mortgage loans	140,078	76,856	71,920	68,574	70,727
Equity	5,396	3,245	2,956	2,589	2,515

In accordance with the accounting policies, the comparative figures 2016-2017 have not been restated in connection with the implementation of IFRS 9 at 1 January 2018.

Management's review

Financial highlights

Financial ratios	2021	2020	2019	2018	2017
Solvency					
Total capital ratio	18.4%	20.9%	17.6%	15.7%	15.2%
Tier 1 capital ratio	19.7%	22.1%	18.6%	17.4%	16.8%
Common equity tier 1 capital ratio	22.2%	24.7%	21.1%	19.7%	19.2%
MREL-capital	25.1%	24.7%			
Earnings					
Return on equity before tax, p.a. [1]	18.7%	10.6%	17.4%	9.9%	8.5%
Return on equity after tax, p.a. [1]	21.2%	9.8%	17.2%	12.1%	8.2%
Income-cost ratio	1.88	1.59	1.84	1.36	1.22
Cost ratio [2]	54.1%	59.8%	48.2%	52.9%	53.3%
Return on assets	3.3%	1.3%	2.2%	1.4%	0.8%
Average number of employees (FTE)	657.4	394.7	377.9	385.8	421.9
Market risk					
Interest rate risk	1.5%	1.6%	0.7%	-0.5%	-1.2%
Foreign exchange position	0.1%	0.2%	0.4%	0.3%	0.2%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%
LCR	257.3%	180.3%	259.2%	195.3%	255.4%
NSFR [3]	139.3%	120.6%	-	-	-
Credit risk					
Loans plus impairment on loans relative to deposits	53.2%	60.8%	68.9%	76.3%	79.4%
Loans relative to equity	3.1	2.9	3.5	4.2	4.6
Lending growth for the period	79.8%	-8.7%	-5.3%	-5.6%	-7.2%
Sum of 20 largest exposures [4]	106.0%	109.3%	102.7%	116.4%	-
Accumulated impairment ratio	6.9%	12.9%	14.5%	15.6%	16.5%
Impairment ratio	-0.1%	0.1%	0.3%	1.0%	1.5%
Vestjysk Bank share					
Earnings per share	1.0	0.3	0.5	0.3	0.3
Book value per share [5]	4.1	3.4	3.1	2.6	2.6
Share price at 31 December	3.4	2.8	3.1	2.0	2.7
Share price/earnings per share	3.4	8.2	5.8	5.9	8.7
Share price/book value per share	0.8	0.8	1.0	0.7	1.1

In accordance with the accounting policies, the comparative figures 2016-2017 have not been restated in connection with the implementation of IFRS 9 at 1 January 2018.

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 15. January 2021.
2 Operating expenses and operating depreciation and amortisation/core income.
3 As the method of calculating NSFR was revised on 30 June 2021, the comparative figures are not directly comparable.
4 As from 2018, this financial ratio is calculated according to new rules
5 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 highlights by quarter

Key figures	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Statement of income (DKKm)					
Net interest income	211	201	207	188	123
Net fee income	158	149	152	142	87
Dividends on shares, etc.	0	0	13	0	0
Value adjustments	32	32	12	32	23
Other operating income	0	2	5	479	1
Core income	401	384	389	841	234
Staff costs and administrative expenses	267	224	259	294	141
Other operating expenses and depreciation, amortisation and impairment of property, plant and equipment and intangible assets	22	9	13	13	10
Operating expenses and operating depreciation and amortisation	289	233	272	307	151
Core earnings before impairment	112	151	117	534	83
Impairment of loans and receivables, etc.	32	-18	-56	22	25
Income from investments in associates	2	4	13	1	0
Profit/loss from operations in the process of being wound up	0	0	0	0	0
Profit before tax	82	173	186	513	58
Tax	-114	13	10	-35	5
Profit after tax	196	160	176	548	53
Statement of financial position (DKKm)					
Total assets	43,310	40,796	41,061	39,484	23,105
Loans	16,778	16,655	16,429	16,849	9,332
Deposits	26,024	24,008	24,513	24,088	13,409
Deposits, pooled schemes	9,223	8,745	8,696	8,435	5,426
Contingent liabilities	10,052	9,753	9,940	9,328	5,202
Custody services	19,809	18,575	18,387	17,371	10,040
Arranged mortgage loans	58,192	57,095	56,585	56,093	33,447
Business volume	62,077	59,161	59,578	58,700	33,369
Business volume including custody services and arranged mortgage loans	140,078	134,831	134,550	132,164	76,856
Equity	5,396	5,205	5,049	4,876	3,245

Management's review

Financial highlights by quarter

Financial ratios	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Solvency					
Total capital ratio	18.4%	17.8%	17.9%	17.2%	20.9%
Tier 1 capital ratio	19.7%	19.1%	19.3%	18.5%	22.1%
Common equity tier 1 capital ratio	22.2%	21.7%	21.9%	21.1%	24.7%
MREL-capital	25.1%	23.9%	23.5%	21.9%	24.7%
Earnings					
Return on equity before tax, p.a. [1]	6.1%	13.4%	15.1%	43.0%	7.2%
Return on equity after tax, p.a. [1]	14.6%	12.4%	14.2%	45.9%	6.5%
Income-cost ratio	1.25	1.81	1.86	2.56	1.33
Cost ratio [2]	71.7%	60.0%	67.2%	36.5%	64.5%
Return on assets	0.5%	0.4%	0.4%	1.8%	0.2%
Average number of employees (FTE)	639.7	639.9	656.3	693.8	392.3
Market risk					
Interest rate risk	1.5%	1.6%	1.2%	1.1%	1.6%
Foreign exchange position	0.1%	0.4%	0.5%	0.4%	0.2%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%
LCR	257.3%	280.6%	291.9%	261.6%	180.3%
NSFR [3]	139.3%	137.5%	135.6%	118.8%	120.6%
Credit risk					
Loans plus impairment on loans relative to deposits	53.2%	57.6%	56.2%	61.1%	60.8%
Loans relative to equity	3.1	3.2	3.3	3.5	2.9
Lending growth for the period	0.7%	1.4%	-2.5%	80.6%	-3.6%
Sum of 20 largest exposures	106.0%	100.5%	87.1%	86.1%	109.3%
Accumulated impairment ratio	6.9%	7.9%	7.9%	7.9%	12.9%
Impairment ratio	0.1%	-0.1%	0.0%	0.1%	0.0%
Vestjysk Bank share					
Earnings per share	0.2	0.1	0.1	0.5	0.1
Book value per share [5]	4.1	4.0	3.8	3.7	3.4
Share price at 31 December	3.4	3.3	3.5	3.4	2.8
Share price/book value per share	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 at 15 January 2021
2 Operating expenses and operating depreciation and amortisation/core income
3 As the method of calculating NSFR was revised on 30 June 2021, the comparative figures are not directly comparable.
4 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.

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 December 2020. Differences will therefore in large part be explained by this fact.

Profit after tax
For 2021, the Bank reported profit after tax of DKK 1,080 million, compared with DKK 303 million for 2020.

As described in the interim reports for Q1, Q2 and Q3 2021, the performance was significantly affected by non-recurring income and costs related to the merger with Den Jyske Sparekasse in January 2021. Adjusted for non-recurring items in that connection, the profit after tax amounted to DKK 725 million, which was highly satisfactory.

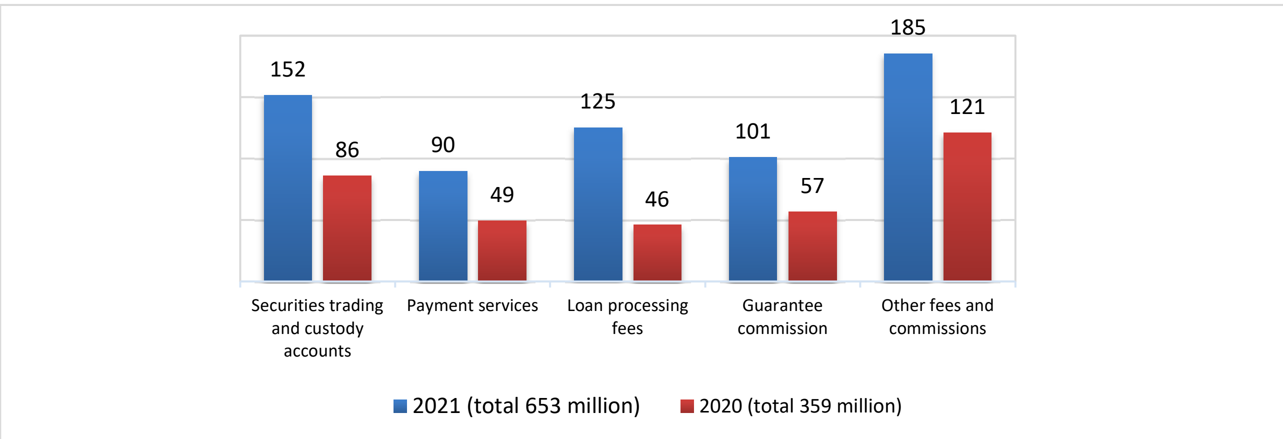
In Q1 2021, non-recurring income was recognised at DKK 477 million, representing a positive difference between the purchase price of the investment in Den Jyske Sparekasse and the value of the acquired net assets (negative goodwill). The calculated negative goodwill is considered taxable income, on which DKK 37 million is payable in tax. At the merger date, the continuing bank's increased earnings capacity gave rise to non-recurring tax income in the amount of DKK 82 million, which was recognised as a deferred tax asset. Non-recurring costs in relation to the merger amounted to DKK 167 million. The merger resulted in net non-recurring income of DKK 355 million for 2021.

In connection with the Bank's budget and forecast updates in Q4 2021, the deferred tax asset was increased by additional tax income of DKK 113 million. Combined with the DKK 82 million tax income in connection with the merger, the total tax income for 2021 amounted to DKK 195 million.

Core income
In 2021, Vestjysk Bank realised core income of DKK 2,015 million, against DKK 877 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 807 million in 2021, against DKK 486 million in 2020.

Fee and commission income for 2021 amounted to DKK 653 million, against DKK 359 million in 2020. A breakdown of the Bank’s fee income is shown in the figure below (DKK million).



Share dividends amounted to DKK 13 million in 2021, against DKK 9 million in 2020.

Value adjustments amounted to DKK 108 million in 2021, against DKK 65 million in 2020. Value adjustments for 2021 were mainly related to positive value adjustments of the Bank's sector shares.

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) note 46. The non-recurring item is included under other operating income.

Operating expenses and operating depreciation and amortisation
Total operating expenses and operating depreciation and amortisation amounted to DKK 1,101 million in 2021, against DKK 530 million in 2020.
Expenses in 2021 were particularly affected by non-recurring costs relating to the merger with Den Jyske Sparekasse.

During the period, a DKK 17 million impairment charge was recognised on the Bank's properties as part of non-recurring costs relating to the merger. Three branch offices were combined in connection with the merger, which meant that a few of the Bank's former owner-occupied properties are no longer used for banking operations, causing the value of the properties to be impaired.

With redundancies in 2021 and other synergies arising in connection with the merger, the Bank has achieved the expected synergies. In 2022, synergies will amount to some DKK 150 million.

The average number of employees in 2021 was 657 FTEs, compared with 395 FTEs in 2020. The average number of employees in Q4 2021 was 640.

Other administrative expenses excluding IT costs amounted to DKK 179 million in 2021, against DKK 63 million in 2020.

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

DKKm	**2021**	**2020**
Staff costs	553	307
IT costs	312	140
- Of this amount BEC	*309*	130
Other administrative expenses	179	63
Operating depreciation and	52	17
Other operating expenses	5	3
Total	**1.101**	**530**

As mentioned above, the increase in expenses was due to non-recurring costs related to the merger and the fact that comparative figures for 2020 do not comprise Den Jyske Sparekasse. IT costs related to the migration of the two banks to a single IT platform contributed significantly to the increase – direct costs relating to BEC as well as indirect costs related to training the Bank's employees. Following the migration, the Bank has also implemented an updated workplace concept, which also contributed to the increased expenses.

Core earnings before impairment
For 2021, the Bank's core earnings before impairment amounted to DKK 914 million, compared with DKK 357 million in 2020. The performance was significantly affected by the DKK 477 million non-recurring income in connection with the merger with Den Jyske Sparekasse. Non-recurring costs in connection with the merger amounted to DKK 167 million, which meant that the net effect of the merger amounted to income of DKK 310 million.

Impairment of loans and guarantees etc.

In 2021, the Bank made net reversals of impairment losses of DKK 20 million. The majority of these reversals were in the segment other business as well as in real estate and retail banking, whereas there were impairment losses of DKK 167 million relating to agricultural customers.

At 31 December 2021, the Bank's total impairment provision in response to economic uncertainty amounted to DKK 325 million, corresponding to 1.9% of total lending.

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. Uncertainty surrounding the supply chain disruption and rising raw materials prices contributed to the risk exposure.

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 December 2021 (DKKm)	Loans and guarantees before impairment	Acc. impairment	Loans and guarantees after impairment	Impairment for the period
Dairy farmers	1,911	445	1,466	123
Pig breeders	1.149	225	924	19
Other agriculture	867	148	719	25
Agriculture, total	**3,927**	**818**	**3,109**	**167**
Real estate	2,778	166	2,612	-27
Other business	7,980	621	7,359	223
Business, total	**14,685**	**1,605**	**13,080**	**-83**
Retail	14,134	384	13,750	63
Total	**28,819**	**1,989**	**26,830**	**-20**

The Bank's accumulated impairment ratio at 31 December 2021 stood at 6.9%. At 31 December 2021, the Bank had impairment losses taken over in mergers amounting to DKK 393 million, which were not included in accumulated impairment. These impairment losses relate to stage 3 impairment losses taken over in connection with mergers – primarily the merger with Den Jyske Sparekasse. If the DKK 393 million in impairment losses taken over were included, this would result in accumulated impairment for the Bank of DKK 2,382 million, or an accumulated impairment ratio of 8.2%.

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

Accumulated Impairments and provisions by sector	**2021** DKKm	**2021** (%)	**2020** DKKm	**2020** (%)
Public authorities	-	0%	-	0%
Agricult., hunt., forestry	817	41%	957	45%
Fishing	62	3%	114	5%
Manufac. indus., raw mat. Ext.	58	3%	46	2%
Energy supply	65	3%	56	3%
Constr., civil engin. contract.	52	3%	44	2%
Trade	88	5%	92	4%
Transp., restaurant., hotel busin.	82	4%	99	5%
Information and comm.	-	0%	5	0%
Financing and insurance	147	7%	196	9%
Real estate	167	8%	195	9%
Other industries	67	4%	83	4%
Retail	384	19%	262	12%
Accumulated Impairments and provisions total	1,989	100%	2,149	100%

Statement of financial position

Vestjysk Bank's total assets amounted to DKK 43.3 billion at 31 December 2021, against DKK 23.1 billion at 31 December 2020.

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

Loans
At 31 December 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.

Loans to retail banking customers accounted for 51% of the Bank's net loans and guarantees.

The Bank's business lending is mainly concentrated within the agricultural and real estate sectors. Loans and guarantees to the agricultural sector accounted for 12% of net loans and guarantees, while real estate accounted for 10%. 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	**2021 DKKm**	**2021 (%)**	**2020 DKKm**	**2020 (%)**
Public authorities	-	0%	-	0%
Agricult., hunt., forestry	3,110	12%	1,891	11%
Fishing	708	3%	668	5%
Manufac. indus., raw mat. Ext.	789	3%	479	3%
Energy supply	834	3%	301	2%
Constr., civil engin. contract.	929	3%	488	4%
Trade	1,109	4%	639	5%
Transp., restaur., hotel busin.	615	2%	478	3%
Information and comm.	57	0%	79	1%
Financing and insurance	1,282	5%	510	4%
Real estate	2,612	10%	1,776	12%
Other industries	1,035	4%	779	5%
Retail	13,750	51%	6,445	44%
Loans and guarantees, Total	26,830	100%	14,534	100%

Retail banking's share of net loans and guarantees was up from 44% to 51%.

	2021		**2020**	
Loans and guarantees by credit quality	**DKKm**	**(%)**	**DKKm**	**(%)**
Normal credit quality	21,931	54%	12,747	54%
Some signs of weakness	13,052	32%	6,513	28%
Significant signs of weakness without impairment	1,996	5%	762	3%
Impaired loans	3,587	9%	3,467	15%
Total	40,566	100%	23,489	100%

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

Large exposures
The 20 largest exposures represented 106.0% of the Bank's common equity tier 1 capital, which is below the FSA's supervisory diamond benchmark of 175%.

At 31 December 2021, the Bank had one exposure representing more than 10% of the common equity tier 1 capital. The exposure represents 11.6% of the Bank's common equity tier 1 capital.

Business volume including custody services
Vestjysk Bank's business volume including custody services and arranged mortgage loans amounted to DKK 140 billion at 31 December 2021.

The positive trend in arranged mortgage loans continued. Mortgage lending, both to business customers and retail customers, is growing.

Business volume	2021 DKKm	2020 DKKm
Net loans	16,778	9,332
Deposits	26,024	13,409
Pools	9,223	5,426
Contingent liabilities	10,052	5,202
Custody services	19,809	10,040
Arranged mortgage loans	58,192	33,447
Business volume, including custody accounts and arranged mortgaged loans	**140,078**	**76,856**

Deferred tax asset
In 2021, Vestjysk Bank's recognised DKK 195 million of its unrecognised deferred tax asset, which was driven by an increase in the Bank's expected future earnings capacity. The Bank is confident that the deferred tax asset can expectedly be utilised within the next five years based on the Bank's budgets and forecasts for the period 2022-2026. At 31 December 2021, the recognised tax asset amounted to DKK 293 million, of which DKK 290 million related to unutilised tax losses set off against total capital.

Capital and liquidity

Equity
Vestjysk Bank's equity stood at DKK 5,396 million at 31 December 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 and the recognition of its profit in 2021. Developments in equity since 1 January 2020 are detailed in the statement of changes in equity.

Common equity tier 1 capital
At 31 December 2021, the Bank's common equity tier 1 capital was DKK 4,313 million. Relative to the total risk exposure of DKK 23,450 million, this equalled a common equity tier 1 capital ratio of 18.4%.

Additional tier 1 capital
The Bank's additional tier 1 capital amounted to DKK 301 million at 31 December 2021 and was eligible for full inclusion in total capital.

Tier 2 capital
The Bank's tier 2 capital amounted to DKK 598 million at 31 December 2021 and was eligible for full inclusion in total capital.

Total capital
Overall, total capital amounted to DKK 5,211 million at 31 December 2021. Relative to the total risk exposure of DKK 23,450 million, this equalled a total capital ratio of 22.2.

Total capital is specified in note 28 to the financial statements.

Capital requirements
Adequate total capital amounted to DKK 2,393 million at 31 December 2021. Relative to the total risk exposure of DKK 23,450 million, this equalled an individual solvency need ratio of 10.2. At 31 December 2021, the capital conservation buffer stood at 2.5 percentage points and the countercyclical buffer had been reduced to 0 percentage point due to the coronavirus pandemic.

The capital requirements amounted to 12.7% in aggregate, corresponding to DKK 2,978 million.

Accordingly, Vestjysk Bank's excess total capital cover was 9.5 percentage points or DKK 2,233 million.

As shown below in the shareholder information section, as of the end of May 2021, Vestjysk Bank is a part of the Arbejdernes Landsbank Group. In connection with Arbejdernes Landsbank acquiring the majority shareholding of Vestjysk Bank, Arbejdernes Landsbank has been designated a systemically important financial institution (SIFI). As a result of the SIFI designation, Arbejdernes Landsbank and each bank within the Group must comply with a special SIFI buffer requirement of 1 percentage point. The SIFI buffer requirement must be met by the end of 2022 with common equity tier 1 capital. For Vestjysk Bank, the effect of the SIFI designation means that the target for common equity tier 1 capital will be raised to 15.5% from the current level of 14.5%. At 31 December 2021, the Bank's common equity tier 1 capital ratio was 18.4.

Minimum requirement for eligible liabilities (MREL)
The Danish FSA and Finansiel 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) in accordance with the specific resolution principle determined by the authorities for each individual bank.

Vestjysk Bank's current MREL add-on has been determined at 6% of risk-weighted exposures. The add-on will be fully phased in at 1 July 2023. At 31 December 2021, the MREL add-on was phased in at 3.1 percentage points. With the addition of the solvency need ratio, the Bank's total MREL requirement at 31 December 2021 was 13.3% of risk-weighted exposures. As the MREL and the combined buffer requirement must be met separately, the Bank faces a total requirement of 15.8%. At 31 December 2021, the Bank's MREL capital ratio was 25.1.

Due to the above-referenced designation of Arbejdernes Landsbank as a SIFI, Vestjysk Bank has received a decision by the Danish Financial Supervisory Authority on compliance with capital adequacy requirements for SIFI banks. This means that Vestjysk Bank is subject to an MREL of the solvency need times two plus the combined buffer requirement less the contracyclical buffer.

For Vestjysk Bank, the requirement will be phased in over the period to 1 January 2026 (decision from FTA):

Date	MREL
1 January 2022	13.2% of total risk exposure amount
1 January 2023	14.5% of total risk exposure amount
1 January 2024	17.5% of total risk exposure amount
1 January 2025	20.6% of total risk exposure amount
1 January 2026	23.6% of total risk exposure amount

The fully phased-in MREL of 23.6% has been calculated using figures from mid-2021 and is calibrated annually by the Danish FSA.

The Bank's capital plans provide for the issue of adequate non-preferred senior debt to cover the MREL requirement plus a comfortable buffer. Some of the planned issues in the amounts of DKK 140 million, DKK 180 million, DKK 140 million and DKK 150 million, respectively, took place in March, June, September and December 2021.

Liquidity
At 31 December 2021, the Bank's Liquidity Coverage Ratio (LCR) stood at 257.3%, relative to the LCR requirement of 100%.

The Bank's Net Stable Funding Ratio (NSFR) was 139.3% at 31 December 2021 relative to the NSFR requirement of 100%.

Share capital

Vestjysk Bank's share capital totals DKK 1,234 million. The share capital consists of 1,233,573,501 shares with a nominal value of DKK 1 each, and the Bank has some 51,000 registered shareholders.

Arbejdernes Landsbank is Vestjysk Bank's majority shareholder, holding approximately 72.7% of the share capital. Arbejdernes Landsbank, domiciled in the municipality of Copenhagen, is Vestjysk Bank's only major shareholder.

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

Uncertainty in recognition and measurement

The most significant uncertainty factors in relation to recognition and measurement concern loan impairment and provisions for guarantees. Other uncertainty factors concern the valuation of the Bank's domicile property, financial instruments and the measurement of deferred tax assets.

Management believes that assessments made in relation to the determination of impairment allowances at 31 December 2021 reflect FSA's financial reporting rules and guidelines.

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. Lending growth exceeds the Danish FSA’s benchmark requirement because of the merger with Den Jyske Sparekasse.

Supervisory Diamond Benchmarks	Danish FSA’s requirements	Vestjysk Bank
Sum of large exposures	< 175%	106.0%
Lending growth	< 20%	79.8%
Real estate exposure	< 25%	10.6%
Liquidity benchmark	>100%	250.5%

Other matters

Remuneration Policy
Vestjysk Bank’s policy in this area is described in the Bank’s remuneration policy, which is available at https://www.vestjyskbank.dk/english/organisation

Financial reporting process
The Board of Directors and the Executive Board have the overall responsibility for the Bank’s control and risk management in relation to the financial reporting process, including compliance with applicable legislation and other rules and regulations relating to financial reporting. The Board of Directors has established an audit committee, which meets at least four times a year. The Bank’s control and risk management systems can provide reasonable, but not absolute, assurance that misappropriation of assets, losses and/or significant errors and omissions in the financial reporting are avoided.

The Board of Directors assesses the Bank’s organisational structure, the risk of fraud and the existence of internal rules and guidelines. The Board of Directors and the Executive Board are responsible for approving general procedures and controls in key areas in relation to the financial reporting process. The Executive Board monitors compliance with relevant legislation and other financial reporting regulations and provisions on an ongoing basis and reports its findings to the Board of Directors.

The Board of Directors makes a general assessment of risk in relation to the financial reporting process. As part of its risk assessment, the Board of Directors assesses the risk of fraud and the measures to be taken to reduce and/or eliminate such risks. In connection with this, the Board discusses any incentive/motive Management may have to commit fraudulent financial reporting or other types of fraud

Special circumstances applying to the Bank for the year, including the impact of the coronavirus crisis
In 2021, the Bank was not adversely affected by the coronavirus crisis, which spread rapidly in March 2020 and continued throughout 2020 and 2021.

Despite the coronavirus crisis, the Bank has been able to maintain a reasonable level of operations, and the level of customer activity has been high.

The Bank’s advisers have been in regular contact with business customers to ascertain what the Bank can do to help them through the coronavirus crisis and to advise them in regard to the rescue packages provided by the Danish government and parliament. So far, the crisis has not had any major direct impact on the Bank’s loans or individual impairment losses.

The sector distribution of the Bank's lending has proved advantageous during the crisis. Most of the Bank's lending is in sectors that have not been particularly badly affected by the coronavirus crisis. The hotel, restaurant, transport and retail sectors are the hardest hit, and these sectors account for some 4% of the Bank's total loans and guarantees.

Vestjysk Bank's two main sectors, agriculture and real estate, have so far been relatively unaffected by the coronavirus crisis. The pandemic has devastated the mink industry, however, bringing an end to mink farming in Denmark. From an overall financial perspective, the Danish government's compensation package for mink farmers is considered adequate, and the package had a positive effect on the Bank's impairment losses relating to this industry in 2021. The Bank's exposure to the mink industry accounts for 0.4% of total exposure, corresponding to DKK 176 million.

Real estate and private residential rentals have not been significantly affected, and this is not expected to change significantly.

In the agricultural sector, dairy farmers experienced satisfactory settlement prices in 2021, while pig breeders have experienced a significant fall in pork prices since Q3 2021. Piglet producers were particularly hard hit.

Part of the Bank's loans to the fishing industry is affected by quota reductions, which are mainly due to the Brexit agreement between the EU and the United Kingdom. A compensation package set up for the industry is considered adequate.

Vestjysk Bank has made a range of facilities available to retail banking customers in the form of loan repayment holidays, temporary overdraft facilities and increased credit facilities to support customers directly hit by the lockdowns and restrictions. Until now, these measures have seen limited use.
Customers in the private segment have proven equipped to the effects og the corona-crisis.

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. Uncertainty surrounding the supply chain disruption and rising raw materials prices contributed to the risk exposure. The growing uncertainty regarding African Swine Fever caused the Bank to increase its impairment provision at 31 December 2021.

Since 30 September 2021, the Bank has increased its impairment provision by DKK 67 million from DKK 258 million to DKK 325 million, corresponding to 1.9% of net loans, in response to the economic uncertainty. The impairment provision covers economic uncertainties related to rising animal feeding and energy prices for the Bank's business customers, and particularly piglet producers, the risk of further African Swine Fever outbreak, the risk of bottleneck problems in the Danish labour market and, not least, the uncertainty surrounding the coronavirus pandemic.

The Bank's DKK 325 million impairment provision for economic uncertainty is assessed to be sufficient.

Projections about the future consequences of the coronavirus crisis and African swine fever are naturally subject to considerable uncertainty.

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

Management's review

Financial review

The 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.

The financial targets for 2022 are to:

- 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 15.5%;
- Dividend capacity – a payout ratio of between 25% and 50% of the profit for the year after tax.

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

With the financial statements for 2021, the Bank remains on track to achieving these goals.

Events after the reporting date

No events have occurred in the period from the reporting date until today which may change the assessment of the annual report.

Follow-up on outlook for 2021 and Vestjysk Bank's outlook for 2022

In connection with the annual report for 2020, the Bank guided 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. The Bank also announced expectations for overall profit after tax including non-recurring items of about DKK 800-900 million.

The Bank has subsequently upgraded the guidance three times – on 9 August 2021, 12 October 2021 and 13 January 2022. In the most recent upgrade, the forecast profit after tax excluding non-recurring items relating to the merger with Den Jyske Sparekasse was DKK 725 million. The Bank's expectations for the overall profit after tax including non-recurring items was DKK 1,080 million.

The reported profit for 2021 was in accordance with the Bank's forecast. Vestjysk Bank guides a profit before tax in 2022 of around DKK 600-650 million. Vestjysk Bank's profit guidance for 2022 is subject to uncertainty.

The uncertainty mainly relates to the Bank's agricultural exposures. Particularly, uncertainties related to rising animal feeding and energy prices and the risk of African Swine Fever spreading in Denmark and the declining pork settlement prices could have a significant adverse impact on the Bank's impairment losses.

Risk management

Vestjysk Bank defines risk as any event that may have a material adverse impact on the Bank's ability to achieve its business objectives. The Bank is exposed to various types of risk, which are monitored and managed at various levels in the organisation.

Risk exposure is a key consideration in all the Bank's transactions.

Vestjysk Bank's Board of Directors establishes the overall framework for risk and capital structure and policies under which the Bank's Executive Board and other executives manage the Bank's risks. The Board of Directors is briefed regularly on risk developments and utilisation of allocated risk limits. Day-to-day risk management is performed by Finance, Markets and Credit. Middle Office and the Credit Secretariat perform independent controls, and Risk and Compliance perform independent monitoring.

Moreover, the Bank's risk management is handled by the Risk Committee and the Audit Committee. The Audit Committee's duties include examining accounting and audit-related matters as well as monitoring the Bank's internal control system. The Risk Committee's duties include monitoring the Bank's internal risk management systems, advising the Board of Directors on the general present and future risk profile and risk strategy and assisting the Board of Directors in ensuring that the Board of Directors' risk strategy is correctly implemented.

The Bank has established a risk management function and appointed a general manager with specific responsibility for the risk management function as the Bank's Risk Officer. Organisationally, it has been ensured that the Risk Officer is sufficiently independent of the Bank's functions, in order for the Risk Officer to have the means to appropriately execute his duties. As needed, and at least once annually, the risk management function prepares a report to the Board of Directors on the Bank's risk management. The Risk Officer may express opinions and concerns and warn the Board of Directors, to the extent relevant, when specific risks affect or may affect the Bank. The Risk Officer moreover assists the Risk Committee by providing it with independent analyses and information.

The Executive Board has drafted a brief for the Risk Officer. The Risk Officer is charged with preparing an annual plan for the risk areas that the function wishes to focus on.

Vestjysk Bank categorises risk as follows:

Credit risk
Extending credit is a key element of Vestjysk Bank's business.

Credit risk is defined as the risk of a counterparty being unable or unwilling to meet an obligation and of any collateral being insufficient to cover the obligations. A reduction of the value of collateral or illiquidity may result in losses and an increase of impairment and provisions.

An increase of the Bank's credit risks may result in losses for the Bank or impairment allowances, ultimate write-offs of already impaired exposures or it may increase its need for capital coverage.

The Bank's calculation of credit risk greatly relies on case-by-case assessments as to whether customers are able and willing to meet their obligations and whether the requisite value and collateral are present.

In order to ensure adequate risk diversification across sectors and customers, the Bank does not accept exposures to individual sectors in excess of 15% of total exposures. Similarly, the Bank does not accept exposures in excess of 10% of its common equity tier 1 capital. Approved exposures in excess of the 10% must be accompanied by an action plan setting out when and how the amount can be brought below 10%. This way, Vestjysk Bank seeks to continually ensure that no individual exposure, including to groups, poses a threat to the Bank's future operations. At 31 December 2021, the Bank had one exposure representing more than 10% of the common equity tier 1 capital. The exposure represents 11.6% of the Bank's common equity tier 1 capital.

The Bank's credit policy comprises targets for a number of measures related to the Bank's exposures.

When performing credit analyses, it is important to Vestjysk Bank that credit decisions are based on a thorough analysis of the customer's financial position and the collateral provided, so that adequate information is available for the assessment of the customer's creditworthiness and the risk attached to the exposure. Credit decisions should generally be based on the robustness of the customer's future earnings and liquidity, and less so on the provided collateral, which may decrease in value. Another highly weighted factor is the trustworthiness and competences of the customer.

The Bank's basic principles for extending credit to business customers are based on obtaining and objectively analysing relevant financial documents from the company and assesses the company's earnings, liquidity and capital position. The Bank also evaluates the company's management and forms an understanding of the company's business model. The Bank needs to have detailed insight into the customer's financial circumstances and for that purpose obtains the following documents:

- Internal and external financial statements
- Statement of personal income and assets if the customer is taxed under the business tax scheme
- Budgets
- Interim reports
- Business- and strategy plans
- Financial documents for evaluation of guarantors or limited partners

In order to ensure an overview of business customer relationships, the Bank files minutes of meetings, discussions with customers and other documentation electronically. Minutes must be taken of all meetings, and all significant agreements with customers must be confirmed in writing.

For retail banking customers, the Bank must follow these basic principles when deciding whether to extend credit:

- Have an insight into the customer's annual tax assessment notice
- Know the customer's actual disposable amount and stressed disposable amount and loan-to-income
- Know and critically assess the size of the customer's assets
- Have insight into the customer's historical financial situation, which includes assessing the customer's past payment record and pattern of consumption
- Be cautious of new customers' motive when they contact Vestjysk Bank on their own initiative to obtain credit
- Both spouses/cohabiting partners must be jointly liable if the financed asset is for their joint use or if settlement is based on their combined income

Segmentation is an important element in the Bank's credit risk management.

Of Vestjysk Bank's loans and guarantees at 31 December 2021, 49% were to business customers and 51% to retail customers.

The Bank's evaluation of collateral in real estate is based on an individual assessment of the property's market value, primarily through a cost-benefit analysis with an estimated factor based on, among other things, the property's location, use as well as potential alternative uses, layout, tenant credit quality and lease duration. The value of the Bank's collateral in real estate is therefore subject to uncertainty, as changes in market conditions may lead to a need to reassess the value of the collateral provided. Even for exposures where the collateral provided is adequate according to the Bank's present evaluation, the Bank's loans and guarantees to the real estate segment are subject to considerable risk going forward, as the value of the collateral provided and any impairment allowances may change if the market changes.

A drop in real estate prices, general economic conditions or other circumstances causing prices of securities or other collateral to decline may cause the value of the collateral provided vis-a-vis the Bank to deteriorate and thus not be sufficient to cover the customer's liabilities. Where collateral is illiquid, it may not be possible to realise the collateral to cover the customer's liabilities.

Vestjysk Bank wishes to maintain the overall exposure to real estate and will increase its credit exposure to customers based on an objective overall risk assessment. The Bank will also continue to finance property purchases for customers' own use (primarily single-family and holiday houses for retail customers and domicile properties for business customers) if the customer's future earnings and assets are assessed to be stable.

The Bank engages in project financing with great caution, carefully assessing each project and the investors behind it. It also imposes stricter requirements for collateral and self-financing.

The Bank is also exposed to significant risk on loans and guarantees to the agricultural sector. Agriculture is cyclical in nature, and changes in settlement prices affecting the debtor's ability to pay can cause major fluctuations in exposure over a span of years.

While the Bank generally intends to maintain its overall exposure to agricultural customers, the total exposure may not exceed 15%. The Bank will continue to add skilled and efficient existing and new customers to these exposures based on an objective risk assessment of the individual farmer's operational skills and earnings track record as well as their future earnings prospects. The Bank wants to grow its existing portfolio in the fishing industry.

Weak and potentially impaired exposures must be identified on a timely basis, and any impairment loss recognised must be appropriate. Any warning signs must immediately prompt measures to reduce risk. For all weak and impaired exposures, the Bank must prepare an operational action plan for effective management of the exposure.

Evidence of individual impairment and provisions **for** credit exposures are assessed on an ongoing basis. The Bank complies with the impairment provisions of IFRS 9.

At Vestjysk Bank, credit approval authority is based on a cautious delegation policy. The authority issued by the Board of Directors to the Executive Board is delegated to the Credit Director, who in turn delegates authority to individual employees. In addition, each branch manager is granted credit approval authority according to whether the branch is a retail or a business banking branch. Commitments that exceed the branch manager's credit approval authority are transferred to the Credit Department for processing. Depending on the amount of the commitment, the credit inquiry will be approved by the Credit Department, the Credit Director, the Credit Committee, the Executive Board or, ultimately, the Board of Directors.

An annual review of commitments is carried out according to defined criteria pre-approved by the Board of Directors. In addition to this, the Credit Secretariat on a quarterly basis reports to the Executive Board and the Board of Directors on developments and the status of credit-related risks. The Credit Secretariat furthermore regularly verifies compliance with the Bank's credit policy.

Market risk
The risk of changes to the market value of the Bank's financial assets and liabilities as a result of changes in market conditions is collectively referred to as "market risk". Assuming market risk exposure is a natural part of the Bank's activities, and it affects the Bank's total earnings.

Vestjysk Bank defines the following risks as market risks: interest rate risk, risk related to liquidity reserves, currency risk, equity risk and other price risks, including in relation to commodities.

Vestjysk Bank's policy is to maintain a low overall level of market risk.

Vestjysk Bank's ambition is to only assume limited market risks not directly linked to the Bank's ordinary operations.

Vestjysk Bank accepts market risks related to the Bank's ordinary operations. However, where possible, the Bank will endeavour to mitigate a given risk or hedge it to such an extent that it cannot be characterised as high.

In specific areas, the Bank uses derivative financial instruments to hedge and manage market risks. The Bank's customers also use derivative financial instruments. Derivative financial instruments are included in the determination of the Bank's market risk for the underlying risk areas.

The Board of Directors has defined limits for the Bank's market risk. Market risk is monitored, and the defined risk limits controlled on a daily basis by Middle Office, which performs the following controls:

- Daily follow-up on compliance with the Board of Directors' instructions to the Executive Board
- Daily follow-up on compliance with the Executive Board's delegated instructions to the Markets Director and Finance
- Price verification relative to market prices for in securities and financial instruments trading
- Ongoing evaluation and reporting of potential risks related to the Bank's in securities and financial instruments trading

The Board of Directors is briefed regularly on risk developments and utilisation of allocated risk limits.

The Executive Board receives daily reports on developments in material market risks as well as cases where the framework provided by the Board of Directors to the Executive Board has been exceeded. Trades to and from the trading book are monitored daily. Instances of limits being exceeded are reported to the Board of Directors.

Interest rate risk
Interest rate risk is defined as the loss incurred by the Bank in the event of a 1 percentage point rise in general interest rate levels.

In connection with its ordinary operations, the Bank assumes interest rate risks in relation to the following activities: deposits, lending, raising of tier 2 capital and funding as well as investing the Bank's liquidity reserves in interest rate-dependent instruments. The Bank may use financial instruments to hedge all or part the interest rate risk from these activities.

While the Bank accepts to assume interest rate risk in relation to the above activities, its policy is to maintain low overall interest rate exposure.

The interest rate exposure related to the investment of the Bank's liquidity reserves in interest rate-dependent instruments must also be low.

The Bank's overall interest rate exposure amounted to DKK 67.1 million at 31 December 2021. The Bank is thus exposed to a general increase in interest rates.

Outside the trading book, Vestjysk Bank has negative interest rate risk of DKK 13.6 million, primarily related to subordinated debt, which contributed a negative interest rate risk of DKK 18.7 million, while fixed-rate loans contributed a positive interest rate risk of DKK 5.1 million.

All other things being equal, the direct profit/loss effect of a change in interest rates will solely be related to the interest rate risk related to the trading book, which was a loss of DKK 80.7 million at 31 December 2021 and DKK 54.9 million at 31 December 2020.

Outside the trading book, a change in interest rates would impact future earnings and equity, as a change in interest rates would affect alternative funding and investment options.

The Bank based its calculation of interest rate risk on the FSA’s guidelines.

Foreign exchange risk
The Bank assumes foreign exchange risk related to assets and liabilities in foreign currencies.

Vestjysk Bank’s policy is to maintain a low overall level of foreign exchange risk. The Bank therefore makes extensive use of financial instruments to hedge foreign exchange risk.

Exchange rate indicators are simplified measures of the amount of the Bank's positions relative to tier 1 capital. Exchange rate indicators in respect of foreign currency amounted to DKK 5.1 million at 31 December 2021, against DKK 6.4 million at 31 December 2020.

Equity risk
The Bank’s equity risk arises from shares and derivative instruments in its trading book and outside its trading book.

Positions outside the trading book mainly comprise shares in financial sector companies with which the Bank has a strategic partnership. They are typically shares in companies in which the Bank has an ownership interest equal to its proportionate share of the partnership. The Bank accepts the risk associated with ownership interests in sector companies, less risk is accepted on the trading book.

31 December 2021, equity risk as expressed in terms of the invested amount was DKK 859 million. Of this amount, sector company shares amounted to DKK 810 million.

Other market risks
It is the Bank’s policy not to assume market risks via financial instruments other than those specified above. It is therefore the Bank’s policy not to assume commodity risk via financial instruments.

The most important aspects of the Bank’s market risks are set out in notes 38-40 to the financial statements.

Operational risk
Operational risk is defined as the risk of losses associated with internal and external conditions resulting from inadequate or failed internal processes, human or system errors as well as external events, including legal risk.

The general responsibility for operational risk resides with the Bank’s Middle Office. Vestjysk Bank considers dependence on key employees a focus area. The Bank continually strives to minimise the dependence on key employees, for example by establishing written business procedures, centralising tasks and outsourcing areas that do not affect the Bank’s competitiveness.

In an operational risk policy, the Board of Directors has defined procedures for identification, assessment, monitoring and management of operational risks. The Bank’s goal is for operational risks to be continually limited taking into account associated costs.

Vestjysk Bank’s policies and contingency plans concerning physical disasters and IT breakdowns are improved on an ongoing basis. The Bank is a member of BEC Financial Technologies (BEC) which handles day-to-day IT system operations. The Bank complies with the directions and recommendations it receives from BEC and does not develop proprietary IT systems.

The Bank's IT contingency plans address breakdowns at the head office and parts of the branch network. In case of a breakdown at one or more branches, operations can be maintained from the remaining branches, and in case of a long-lasting breakdown at the head office, vital functions can be maintained from a branch. The Bank's contingency plan is reviewed by the Board of Directors at least annually.

Among other things, operational risk is minimised by organisational segregation of the performance and control of activities.

The Bank has established a system for registering, categorising and reporting operational risks. Middle Office submits quarterly reports to the Executive Board, and the risk management function annually reports on operational risks to the Board of Directors.

Liquidity risk
Liquidity risk is defined as the risk of the Bank not being able to meet its payment obligations by drawing on its normal liquidity reserves.

Vestjysk Bank pursues a cautious liquidity policy, having defined a number of requirements as to the size and composition of the liquidity reserve and Vestjysk Bank's overall financing structure.

The liquidity buffer must be sufficiently robust that, under a projection of expected cash flows in a stress scenario, adequate liquidity is available to maintain the LCR and NSFR requirements in force from time to time under the CRR as well as the liquidity benchmark requirement over a three-month period. The Bank's liquidity risk and cash resources are detailed in note 41 to the financial statements.

The overriding purpose of Vestjysk Bank's liquidity management is to monitor and manage the development of the Bank's short-term and long-term liquidity and to ensure that the Bank has sufficient liquidity at its disposal at all times in Danish kroner as well as in foreign currency.

The Bank aims to maintain a sound asset structure and focus on strong liquidity. The liquidity must be adequate and sufficiently cautious and support the selected business model.

The liquidity need is planned in both the long and the short term for the purpose of ensuring a sufficient and stable level of cash resources. Liquidity is primarily raised via the Bank's deposit account customers.

Business risk
Business risk is defined as the risk of losses caused by changes in external conditions or events that harm the Bank's reputation or earnings.

Strong relationships with all its stakeholders – shareholders, customers, suppliers, employees and thus also the local communities in which the Bank operates – are considered the foundation of Vestjysk Bank's continued success and opportunities for growth.

Total capital risk
Total capital risk is defined as the risk of losses due to the Bank not having sufficient capital to meet the higher of the total capital requirement and the solvency need. The Board of Directors has adopted a capital coverage policy establishing capital targets for the Bank, with ongoing reporting to the Executive Board and monthly reporting to the Board of Directors.

The Bank's total capital is determined in accordance with the Danish Executive Order on the Calculation of Risk Exposures, Own Funds and Solvency Need (Bekendtgørelse om opgørelse af risikoeksponeringer, kapitalgrundlag og solvensbehov), and at 31 December 2021 total capital amounted to DKK 5,211 million. Risk-weighted exposures amounted to DKK 23.5 billion, resulting in a total capital ratio of 22.2%.

Risk report 2021

Pursuant to the Danish Financial Business Act, the CRR disclosure requirements (Pillar III) and other executive orders and guidelines, Vestjysk Bank is required to publish detailed disclosures on risks, capital structure, capital coverage, risk management, etc. To meet these requirements, Vestjysk Bank has prepared “Risk Report 2021”. The report is published at the same time as the Annual Report and is available at vestjyskbank.dk/english/reports.

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 if they are a common denomination of several items. The Bank is aware of the need for these 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.

Management's review
Investor relations

Investor relations

Through its Investor Relations (IR) activities, Vestjysk Bank aims to communicate a true and fair view of the Bank's activities and prospects to investors, analysts and other stakeholders in the capital markets.

Disclosure of information is subject to the rules of Nasdaq Copenhagen.

IR portal at Vestjysk Bank's website

An IR portal is found at Vestjysk Bank's website, where shareholders and other stakeholders can find relevant and up-to-date information. Here, published company announcements, investor presentations, share price data, financial reports and other IR information are available. Vestjysk Bank's IR policy can be found at vestjyskbank.dk/irpolitik.

The Vestjysk Bank share

The Vestjysk Bank share is listed on Nasdaq Copenhagen. The 2021 year-end closing price was DKK 3.42. The share price/book value ratio was 0.99. The transaction volume for 2021 was 222 million shares at a total market value of DKK 731 million.

Share capital

Vestjysk Bank's share capital totals DKK 1,234 million. The share capital consists of 1,233,573,501 shares with a nominal value of DKK 1 each, and the Bank has some 51,000 registered shareholders.

Arbejdernes Landsbank is Vestjysk Bank's majority shareholder, holding approximately 72.7% of the share capital. Arbejdernes Landsbank, domiciled in the municipality of Copenhagen, is Vestjysk Bank's only major shareholder.

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

Capital position

At 31 December 2021, Vestjysk Bank held 173,000 own shares, equivalent to 0.02% of the share capital, which was in line with 2020.

Dividend policy

Under the provisions of the Danish Companies Act, Vestjysk Bank is not permitted to distribute dividends during the first 12 months after Arbejdernes Landsbank's acquisition of the majority shareholding. The annual report therefore does not comprise any proposal for distribution of dividends.

The Bank's goal is to distribute dividends of between 25% and 50% of profit for the year.

Each year, the Board of Directors considers the possibility of distributing dividend in consideration of the financial results for the year, future capital requirements, etc.

Annual General Meeting

Vestjysk Bank hold a virtual AGM on 7 March 2022 at 3 p.m.

Financial calendar 2022

21 January	Deadline for receipt of shareholders' request for items for inclusion on agenda for the AGM
10 February	Annual Report 2021
7 March	Annual General Meeting
9 May	Quarterly report, Q1 2021
17 August	Half-year report
11 November	Quarterly report, Q3 2021

Investor relations

The Bank's Executive Board is responsible for Vestjysk Bank's investor relations activities. Shareholders and other interested parties are welcome to contact the Executive Board with questions or comments. The Bank's communications with equity market stakeholders and inquiries regarding the Bank's IR policy are primarily handled by:

Jan Ulsø Madsen, Chief Executive Officer
Vestjysk Bank
Industrivej 13 C
DK-7400 Herning
Tel: (+45) 96 63 21 04
jum@vestjyskbank.dk

Management's review
Investor relations

Company announcements 2021

In 2021, Vestjysk Bank issued the following company announcements:

10 December	Vestjysk Bank A/S has signed a loan agreement for DKK 150 million in Senior Non-Preferred Debt
18 November	Vestjysk Bank's Q1-Q3 2021 Quarterly Report
12 October	Vestjysk Bank upgrades its guidance for 2021.
7 September	Vestjysk Bank A/S has signed a loan agreement for DKK 140 million in Senior Non-Preferred Debt
17 August	Claus E. Petersen resigning as Deputy Chief Executive Officer of Vestjysk Bank A/S
17 August	Vestjysk Bank's Half-Year Report 2021
9 August	Vestjysk Bank upgrades its guidance for 2021.
9 July:	Result of mandatory takeover offer published on 7 June 2021
7 July:	Preliminary result of the mandatory takeover offer made by Aktieselskabet Arbejdernes Landsbank
15 June	Vestjysk Bank A/S has issued DKK 180 million in Senior Non-Preferred
31 May	Mandatory tender offer to all shareholders in Vestjysk Bank
19 May	Vestjysk Bank's Q1 2021 Quarterly Report
24 March	Inside information – Potential mandatory public offer
22.marts	Resolutions at Vestjysk Bank A/S' Annual General Meeting on 22 March 2021
4 March	Vestjysk Bank A/S has issued DKK 140 million Senior Non-Preferred
2 March	Vestjysk Bank A/S is exploring the possibility to issue Senior Non-Preferred
26 February	The Board of Directors of Vestjysk Bank A/S gives notice of annual general meeting
25 February	Vestjysk Bank A/S refinances hybrid core capital
23 February	Notification and public disclosure of transactions with shares in Vestjysk Bank A/S
23 February	Vestjysk Bank's 2020 Annual Report
29 January	Total number of voting rights and capital in Vestjysk Bank A/S
14 January	Changes to the management in Vestjysk Bank A/S
14 January	Merger between Vestjysk Bank A/S and Den Jyske Sparekasse A/S
13 January	Decisions adopted on the extraordinary general meeting of Den Jyske Sparekasse A/S held on 13 January 2021 regarding the merger with Vestjysk Bank
13 January	Resolutions at Vestjysk Bank A/S's extraordinary general meeting held on 13 January 2021
7 January	Vestjysk Bank A/S's extraordinary general meeting

Corporate Governance

Corporate governance report

Vestjysk Bank's corporate governance is based on the recommendations of the Committee on Corporate Governance in Denmark (Komitéen for god Selskabsledelse) and is thus in line with the principles which listed companies must consider under the rules of Nasdaq Copenhagen. Moreover, the Bank considers its position on the corporate governance code of Finance Denmark.

Vestjysk Bank has decided to publish its statutory corporate governance report on the Bank's website – see https://www.vestjyskbank.dk/english/organisation.

The report provides details on the Bank's status on each of the recommendations issued by the Committee on Corporate Governance and in the corporate governance code of Finance Denmark.

Corporate social responsibility report

Vestjysk Bank's corporate social responsibility work focuses on five key areas: Climate and the environment, Community, Employees, Human rights and Anti-corruption and bribery. Through its vision, mission and values, Vestjysk Bank has for several years focused on responsibility as an integral part of its business.

Vestjysk Bank supports the Danish government's commitment to giving a high priority to human rights and climate change, including Denmark's backing of the UN's Sustainable Development Goals. The Bank sees these goals as a strategic benchmark that guides its efforts.

As a local and regional bank, it is relevant for Vestjysk Bank to focus on the following Sustainable Development Goals:

Goal 5: Gender equality
Goal 8: Decent Work and Economic Growth
Goal 11: Sustainable Cities and Communities

Vestjysk Bank supports local associations and cultural life and many of the events and activities that help build communities where people meet. The Bank's sponsorships cover a wide array of organisations – from local associations to elite sports – and the Bank's employees also support the local community by performing volunteer work in the various associations.

It is important to Vestjysk Bank that young people looking for a future in the financial sector are given the opportunity to complete their studies and subsequently find employment in the sector. It is therefore a priority for us each year to offer a number of financial economics students and finance undergraduates internships with the Bank as they finish their studies. It is the Bank's intention to recruit finance and business trainees once they have completed their financial economist or finance bachelor studies.

The Bank sees diversity as a strength that has the capacity to contribute positively to the Bank's growth, robustness as well as to meet its established strategies and plans. Diversity in age, gender, experience and expertise has a high priority.

Vestjysk Bank has decided to publish its statutory corporate social responsibility report on the Bank's website – see https://www.vestjyskbank.dk/english/csr.

Report on the underrepresented gender

It is Vestjysk Bank's ambition to be an attractive workplace for both genders and endeavours to provide equal opportunities to pursue careers and to attain and hold positions of leadership. In relation to this, it is important to the Bank that managers possess the required skills, regardless of gender.

Vestjysk Bank has decided to publish its statutory report on the underrepresented gender at the Bank's website – see vestjyskbank.dk/investor-relations/csr.

Reporting on data ethics

Vestjysk Bank plans to adopt a data ethics policy in 2022. The policy will outline the Bank's data ethics principles and data ethics code of conduct and will be based on the principles, values and conduct set out below.

<u>The Bank's usage of customer data</u>

Vestjysk Bank collects and stores large volumes of data, including personal data. We are aware of our great responsibility as a data controller and of the trust placed in us to process data responsibly. We want to be transparent about the basis on which we process data and how we prioritise our data protection efforts.
It is important that the Bank's customers and community have a high degree of trust in our ability to store their data. Respect for our customers' and employees' privacy is a core value for the Bank, and we safeguard people's right to protect their privacy.

<u>Openness and transparency about the Bank's processing of customer data</u>

To ensure our customers' integrity, we strive to be open and transparent about the data we store on each customer. The Bank's customers should at any time be able to obtain information about the personal data the Bank stores about them and how and for what purpose we store the data.
To protect our customers' control over the data we store about them, we continually seek to ensure that our processing is as structured as possible, so that we know what data we are storing about each customer at any given time.

We also ensure that we do not store data for longer than is necessary to meet the purposes for which the relevant personal data are processed.

In the Bank's processing of data, we strive to strike an objective balance in relation to factors such as classification of customers.

<u>Procurement of data</u>

We solely collect and store data that are necessary and that we may lawfully process. We must always ensure that personally identifiable information is collected lawfully, for example pursuant to current legislation or according to agreement with or with the consent of the customer.

<u>The Bank's focus on our community</u>

Besides our customer relationships, we have widespread contacts with our community. We are aware that this means that we also have a wider responsibility in terms of ethical data processing.
Being part of the financial sector, the Bank's use of data is to a great extent a matter of financial calculation and assessments, but it also has extensive legal and societal implications. For example, we collaborate with the authorities and comply with our obligation to provide information when requested to do so. We also collaborate with the authorities by reporting relevant information with respect to money laundering and other criminal activity.

Data processing by third parties

When the Bank collaborates with third parties, we ensure that the third parties protect our customers' data to the same extent as we do.

We enter into data processing agreements with relevant third parties and control that the third parties comply with the Bank's requirements, including our data ethics policy.

We do not sell customer data or other data to third parties.

Compliance within the Bank and training of employee skills

All employees of the Bank are bound by our data ethics policy. Managers have a special responsibility in this respect. They are expected to set a good example and ensure that all employees are aware of and comply with the policy.

We prioritise keeping our employees well informed about data ethics, data security and proper handling of personal data by means of regular training and skills development.

We strive to develop a 'positive culture' among our employees, in which openness about errors and problems leads to improvements. Challenges and dilemmas may arise in relation to the processing of personal data. We must be able to discuss and resolve these issues across employee groups and build a culture where errors and problems lead to improvements over time. The precondition for a such a culture is that the Bank's employees feel comfortable with coming forward and admitting or pointing out errors. The overall goal is to reduce the number of errors to a minimum.

Roles and responsibilities

The Bank's relevant business areas will responsible for integrating data ethics in our day-to-day operations and implementing the Bank's overall data ethics principles and goals.

Our view of data ethics considerations goes beyond mere compliance with and adherence to legislation. We therefore seek a proactive approach to data ethics that is more comprehensive than legal compliance.

Rules on the appointment of members of the Board of Directors

After the Extraordinary General Meeting held on 13 January 2021, Vestjysk Bank's Board of Directors will consist of at least four and no more than nine members until the Annual General Meeting 2023. For the period after the Annual General Meeting 2023, the Board of Directors may consist of at least four and no more than seven members elected by the company in general meeting. The chairman and deputy chairman of the Board are also elected by the general meeting. Members are elected for terms of one year and are eligible for re-election.

Board of Directors and Executive Board

Vestjysk Bank's Board of Directors

The Board of Directors of Vestjysk Bank consists of nine members, four of whom are elected by the Bank's employees.

Kim Duus (born 1956), Chairman

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors at the AGM in 2019, when he was also appointed Chairman of the Board
- Expiry of current term: 2022
- Other directorships:
  Chairman of the board of directors of P+, Pensionskassen for Akademikere
  Deputy chairman of the board of directors of Cobiro A/S
  Member of the board of directors of Investeringsforeningen Sparinvest
  Member of the board of directors of Nærpension Forsikringsformidling A/S
- Committee appointments:
  Chairman of the Board of Directors' nomination committee
  Member of the Board of Directors' remuneration committee
  Member of the Board of Directors' risk committee
- Independent: Yes
- Number of shares in Vestjysk Bank at 31 December 2021: 150,000
- Change to shareholding for the year: 0

Niels Fessel (born 1959), Deputy Chairman

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors in 2021
- Expiry of current term: 2022
- Other directorships:
  None
- Committee appointments:
  Chairman of the Board of Directors' remuneration committee
  Member of the Board of Directors' nomination committee
  Member of the Board of Directors' audit committee
- Independent: Yes
- Number of shares in Vestjysk Bank at 31 December 2021: 125,000
- Change to shareholding for the year: 125,000

Lars Langhoff (born 1969)

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors in 2021
- Expiry of current term: 2022
- Other directorships:
  Member of the executive board of Langhoff Family ApS
  Member of the executive board of Codex Advokaters Komplementar Advokatanpartsselskab
  Member of the board of directors and the executive board of B&P af 17.2.12 A/S
  Member of the board of directors and the executive board of CA af 31/12 2012 A/S
  Chairman of the board of directors of O.M. Holding. Horsens A/S
  Chairman of the board of directors of Højfyns Gruppen ApS
  Chairman of the board of directors of Odense Byg og Bo ApS
  Chairman of the board of directors of Svend Erik Lind A/S
  Chairman of the board of directors of O.M. Invest, Glud A/S
  Chairman of the board of directors of Print Production A/S
  Chairman of the board of directors of Odense Byg og Bo Invest ApS
  Chairman of the board of directors of Teglgaarden Agro ApS
  Chairman of the board of directors of Thygesen Transport A/S
  Chairman of the board of directors of Allégården A/S
  Chairman of the board of directors of O.M. Glud II A/S
  Chairman of the board of directors of OL Biogas ApS
  Member of the board of directors of Codex Advokater Advokatpartnerselskab
  Member of the board of directors of Dansk Farmland K/S
- Committee appointments:
  Member of the Board of Directors' risk committee
- Independent: Yes
- Number of shares in Vestjysk Bank at 31 December 2021: 29,920
- Change to shareholding for the year: 0

Jan Nordstrøm (born 1960),

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors in 2021
- Expiry of current term: 2022
- Other directorships:
  Vice President of Danish Crown A/S
- Committee appointments:
  Chairman of the Board of Directors' risk committee
- Independent: Yes
- Number of shares in Vestjysk Bank at 31 December 2021: 74,732
- Change to shareholding for the year: 0

Lars Holst (born 1952)

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors at the AGM in 2014
- Expiry of current term: 2022
- Other directorships:
  Member of the board of directors of Vækstfonden
  Member of the board of directors of Grønlandsbanken A/S
  Chairman of the board of directors of AG Gruppen A/S and the following subsidiaries:
  Chairman of the board of directors of AG Construction A/S
  Chairman of the board of directors of AG Development A/S
  Chairman of the board of directors of AG Investments A/S
- Committee appointments:
- Member of the Board of Directors' risk committee
  Member of the Board of Directors' audit committee
- Independent: Yes
- Number of shares in Vestjysk Bank at 31 December 2021: 15,000
- Change to shareholding for the year: 0

Bent Simonsen (born 1961)

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors at the AGM in 2013
- Expiry of current term: 2022
- Other directorships:
  Member of the executive board of Hazel Invest ApS
  Chairman of the board of directors of Viborg Håndboldklubs Venner ApS
  Member of the board of directors of A/S Plantningsselskabet Sønderjylland
  Member of the board of directors of Den Sønderjyske Plantagefond
  Member of the board of directors of Green Chip A/S
  Member of the board of directors of Stjernholm US Inc.
  Advisory Board Ausumgaard I/S
- Committee appointments:
  Chairman of the Board of Directors' audit committee
- Independent: Yes
- Number of shares in Vestjysk Bank at 31 December 2021: 125,000
- Change to shareholding for the year: 0

Claus Jensen (born 1964)

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors in 2020
- Expiry of current term: 2022
- Other directorships:
  Chairman of the Danish Metalworkers' Union
  Chairman of CO-Industri
  Chairman of Industriansatte i Norden, IN
  Deputy chairman of IndustriALL, Europe
  Member of the board of directors of A/S A-Pressen
  Member of the board of directors of AKF Holding
  Member of the executive committee of the Danish Trade Union Confederation (FH)
  Member of the board of directors and board of representatives of Arbejdernes Landsbank
  Member of the board of directors of Industriens Pensionsforsikring A/S
  Member of the board of directors of Industriens Pension Holding A/S
  Member of the board of directors of Industriens Pension Service A/S
  Member of the board of directors of Odense Havn A/S
  Member of the board of directors of Sund & Bælt Holding A/S
  Member of the board of directors of Øresundsbro Konsortiet
- Committee appointments: None
- Independent: Yes
- Number of shares in Vestjysk Bank at 31 December 2021: 0
- Change to shareholding for the year: 0

Bolette van Ingen Bro (born 1965)

- Gender: Female
- First elected to Vestjysk Bank's Board of Directors in 2018
- Expiry of current term: 2022
- Other directorships:
  CEO of Navigators
  CEO of Cluster Excellence Denmark / Danish Clusters ApS
  CEO of Netweavers ApS
  Chairman of the board of directors of Fonden West Coast Center Jutland
  Chairman of the board of directors of Kystcentret A/S
  Member of the board of directors of Det Danske Hedeselskab
  Member of the board of directors of Dalgasgroup A/S
- Committee appointments: None
- Independent: Yes
- Number of shares in Vestjysk Bank at 31 December 2021: 194,500
- Change to shareholding for the year: 0

Hanne Træholt Odegaard (born 1969),

- Gender: Female
- First elected to Vestjysk Bank's Board of Directors in 2021
- Expiry of current term: 2022
- Other directorships:
  Member of the board of directors of Hans Schiess Mindelegat
- Committee appointments:
  Member of the Board of Directors' audit committee
- Independent: Yes
- Number of shares in Vestjysk Bank at 31 December 2021: 20,400
- Change to shareholding for the year: 0

Jacob Møllgaard (born 1976)

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors as an employee representative in 2013
- Expiry of current term: 2023
- Other directorships:
  Deputy Chairman of the Financial Services Union Denmark, District West
- Committee appointments: None
- Independent: No
- Number of shares in Vestjysk Bank at 31 December 2021: 4,246
- Change to shareholding for the year: 0

Mette Holmegaard Nielsen (born 1976)

- Gender: Female
- First elected to Vestjysk Bank's Board of Directors as an employee representative in 2019
- Expiry of current term: 2025
- Committee appointments:
  Member of the Board of Directors' audit committee
- Independent: No
- Number of shares in Vestjysk Bank at 31 December 2021: 22,124
- Change to shareholding for the year: 0

Karsten Westergård Hansen (born 1960)

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors as an employee representative in 2021
- Expiry of current term: 2025
- Other directorships:
  Member of the board of directors of Fonden Magion
  Member of the board of directors of Badminton Midtjylland
  Member of the board of directors of Grindsted Badmintonklub
- Committee appointments:
  Member of the Board of Directors' remuneration committee
- Independent: No
- Number of shares in Vestjysk Bank at 31 December 2021: 27,200
- Change to shareholding for the year: 0

Steen Louie Pedersen (born 1964)

- Gender: Male
- First elected to Vestjysk Bank's Board of Directors as an employee representative in 2021
- Expiry of current term: 2023
- Other directorships:
  Member of the board of directors of Hedensted Golfklub
  Member of the board of directors of Den Jyske Sparekasses Støttefond
- Committee appointments:
  Member of the Board of Directors' risk committee
- Independent: No
- Number of shares in Vestjysk Bank at 31 December 2021: 18,360
- Change to shareholding for the year: 0

Vestjysk Bank's Executive Board

Jan Ulsø Madsen, Chief Executive Officer (born 1960)

Appointed Chief Executive Officer of Vestjysk Bank on 1 February 2015

- Other directorships:
  Member of the board of directors of Sparinvest Holdings SE
  Member of the board of directors of Opendo A/S
  Member of the board of directors of Foreningen Lokale Pengeinstitutter
- Number of shares in Vestjysk Bank at 31 December 2021: 124,000
- Change to shareholding for the year: 0

Michael Nelander Petersen, Managing Director (born 1963)

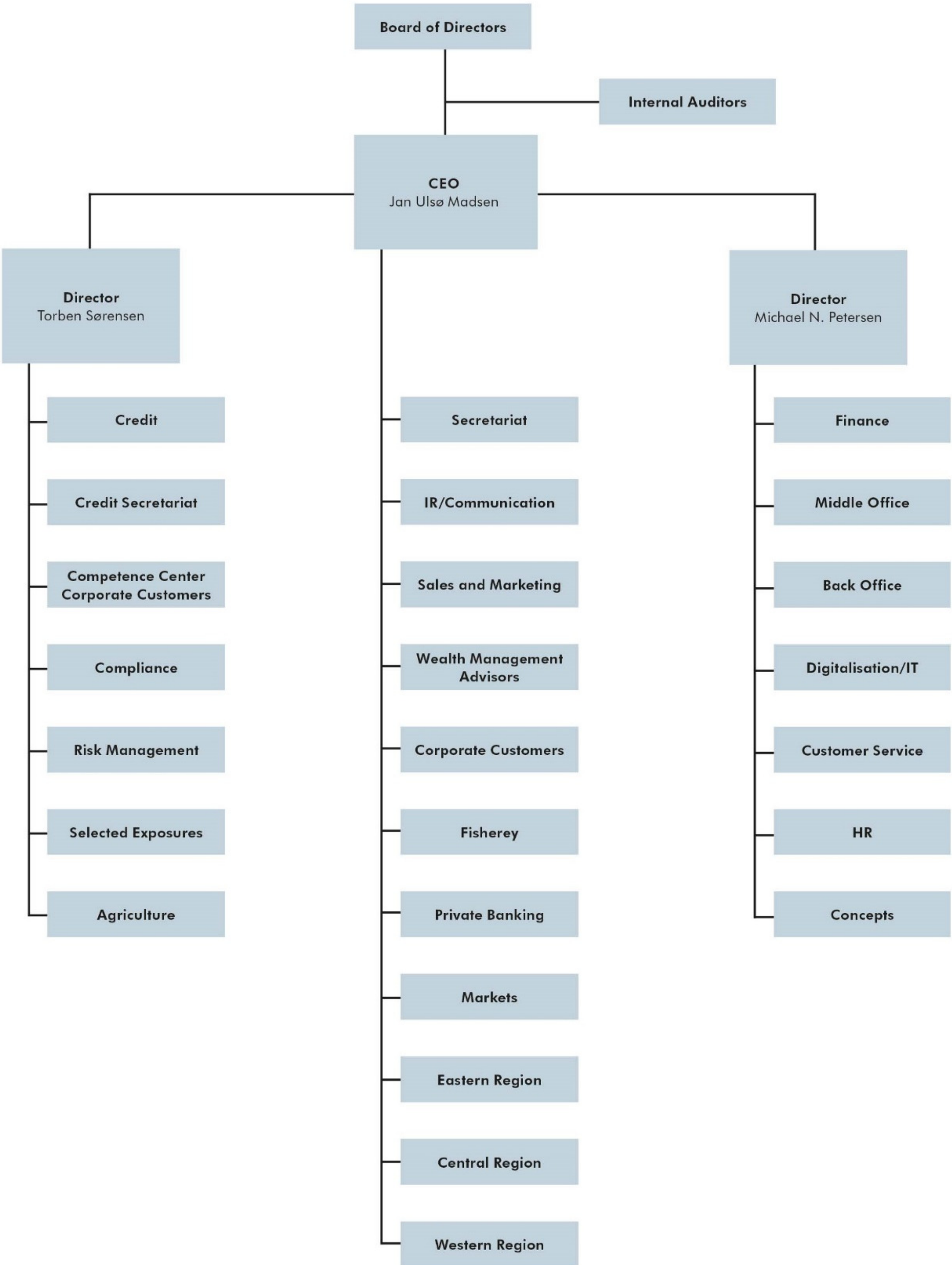
Appointed Managing Director of Vestjysk Bank on 25 September 2012

- Other directorships:
  Member of the board of directors of BEC
  Member of the board of directors of Lokal Pulje Invest
  Member of the board of directors of Factor Insurance Brokers A/S
- Number of shares in Vestjysk Bank at 31 December 2021: 90,000
- Change to shareholding for the year: 0

Torben Sørensen, Managing Director (born 1957)

Appointed Managing Director of Vestjysk Bank on 14 January 2021

- Other directorships:
  None
- Number of shares in Vestjysk Bank at 31 December 2021: 35,088
- Change to shareholding for the year: 0



Board of Directors
Internal Auditors
CEO
Jan Ulsø Madsen
Director
Torben Sørensen
Director
Michael N. Petersen
Credit
Credit Secretariat
Competence Center Corporate Customers
Compliance
Risk Management
Selected Exposures
Agriculture
Secretariat
IR/Communication
Sales and Marketing
Wealth Management Advisors
Corporate Customers
Fisherey
Private Banking
Markets
Eastern Region
Central Region
Western Region
Finance
Middle Office
Back Office
Digitalisation/IT
Customer Service
HR
Concepts

Management's review

Organisation

The Bank’s strategy and organisation

Through its values, Presence, Simplicity and Action, Vestjysk Bank wishes to support positive development for the Bank’s customers and to stimulate activity in its local communities. Vestjysk Bank wishes to use its position as the strongest local bank in Denmark to share in the responsibility for the development of its local communities.

Following the merger with Den Jyske Sparekasse, Vestjysk Bank now has sufficient size and strength to focus even more on attracting new customers while at the same time offering existing customers focused advisory services.

This will continue to be carried out from the Bank's branch network, aiming to grow the business volume through a targeted effort to attract new retail and business customers as well as through additional business with existing customers, not least in the leasing and investment areas.

Vestjysk Bank will also give special attention to attracting large new business customers to the Corporate Customer department and particularly to growth in the Bank’s niche areas, with Renewable Energy particularly expected to add to the business volume growth.

Vestjysk Bank will also focus on strengthening the business areas of Fisheries and Agriculture, where the Bank has both large market shares and strong expertise. The development of the Bank’s business in these industries will therefore remain a big priority.

To support these business initiatives, the Bank’s digitalisation will continue in the coming years, both in the form of new digital solutions for its customers and further automation and digitalisation of internal processes to ensure that the Bank stays competitive in the Danish banking market.

Strengthening these business initiatives will also require focus on maintaining and strengthening the skills of the Bank’s employees. Training of both banking and sales skills will therefore be on the agenda, and the Bank will take on new trainees and junior clerks.

The Bank’s aim is to realise a satisfactory return on equity, combined with focus on a healthy sector distribution of the Bank’s credit exposures.

Credit management is to continually improve the quality of the Bank’s credit book through stringent management of existing vulnerable exposures, focus on increasing business volume with existing financially sound customers and growth through the intake of financially sound new retail and business customers. In the business customer segment, the Bank focuses particularly on customers with a business volume of DKK 3-75 million.

The objective of increasing the business volume must continually be balanced against the Bank’s liquidity and capital structure.

We consider central, western and eastern Jutland our core market area. The market strategy is adapted to the general opportunities in the individual market areas. The number of branches is regularly evaluated against current and anticipated market developments.

Vestjysk Bank’s core business is conventional retail and business banking with special expertise in lending and financing for agriculture, fisheries, real estate, and small and medium-sized enterprises.

We aim to provide a portfolio of products and services designed to meet the needs of ordinary retail and business customers in all core market areas. This portfolio is to ensure a sound business platform for customers as well as the Bank.

The business segment will continue to be the Bank’s primary business segment, with agriculture, fisheries and real estate as the largest sectors. Considering the Bank’s geographical locations and history, the strategy is to continue to have significant business in these areas. The Bank wants to maintain a 60-65%/35-40% ratio of business to retail banking.

The Board of Directors annually defines limits of maximum business volume within individual sectors, and no individual sector may exceed 15% of the Bank's total lending portfolio.

The Bank previously built up a certain portfolio outside its market area in Denmark. Going forward, Vestjysk Bank will seek to primarily retain existing customers and attract new customers within its geographical market area. We will therefore actively maintain the proportion of loans outside our market area at the current level of about 13%.

The Bank has also built up a portfolio abroad. Over a period of several years, the Bank has reduced the proportion of loans abroad, and will now strive to maintain the current level of about 2%.

The Bank's lending portfolio must be characterised by financially sound exposures and a continued healthy diversification on sectors, geography and business areas. Only in exceptional cases and for limited time periods will the Bank accept exposures that exceed 10% of its total capital.

The Executive Board has three members, who between them cover management's areas of responsibility.

Organisation

Vestjysk Bank is organised around its two main customer groups, Business and Retail. The cornerstone of the Bank's business is the branch network in Jutland, organised in three regions: Eastern, Western and Central, plus a number of niche areas. In addition to the branches, the Bank has the following niche areas: Agriculture, Fisheries, Private Banking and Corporate Customers, which comprises Project Financing, Healthcare, Tourism and Renewable Energy.

The customer-facing functions and the central corporate departments are linked through a number of committees and management fora.

The committees are:

- The investment committee
- The price/product committee
- The price/credit committee
- The risk committee

The management fora are:

- A staff forum
- A business forum
- A management forum

Enhancing the competencies of Management and employees

Vestjysk Bank aims to maintain a consistently high level of expertise for management and employees alike. With our ambition of doing things right, skill building is a key strategic development area.

This focus is one of the reasons that the Bank is able to retain and attract competent employees with strong general and specialist competencies. The average age and seniority of the Bank's employees are 47.3 and 13.2 years respectively. The average number of FTEs in 2021 was 657.

Management's statement

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

The annual report is presented in accordance with the Danish Financial Business Act. Furthermore, the annual report has been prepared in accordance with Danish disclosure requirements for listed financial enterprises.

In our opinion, the accounting policies applied are appropriate and the Financial Statements present a true and fair view of the Company's assets and liabilities and financial position as at 31 December 2021, and of the results of the Bank's activities for the reporting period 1 January – 31 December 2021. In our opinion, the annual report has been prepared, in all material respects, in compliance with the ESEF Regulation.

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

We recommend the annual report for adoption by the shareholders at the annual general meeting.

Herning, 10 February 2022

Executive Board

....
Jan Ulsø Madsen
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

Auditors' report

Report by the Internal Audit Department

To the Shareholders of Vestjysk Bank A/S

Opinion

In our opinion, the Financial Statements of Vestjysk Bank A/S give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of its operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

Basis of opinion

We have audited the Financial Statements of Vestjysk Bank A/S for the financial year 1 January - 31 December 2021, which comprise a statement of income and a statement of comprehensive income, a statement of financial position, a statement of changes in equity and notes to the financial statements, including accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Business Act.

We conducted our audit on the basis of the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Enterprises and Financial Groups and in accordance with International Standards on Auditing with respect to the planning and performing of audits.

We planned and performed the audit to obtain reasonable assurance as to whether the Financial Statements are free from material misstatement. We participated in the audit of all critical audit areas.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the Financial Statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatements of the Management's review.

Herning, 10 February 2022

Mikael Flohr Hansen
Chief Audit Executive

Independent Auditor's Report

To the Shareholders of Vestjysk Bank A/S

Opinion

We have audited the financial statements of Vestjysk Bank A/S for the financial year 1 January to 31 December 2021, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for listed financial services companies.

In our opinion, the financial statements give a true and fair view of the Bank's financial position at 31 December 2021 and of its financial performance for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for listed financial services enterprises.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditors' responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Vestjysk Bank A/S for the first time on 25 March 2021 for the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 1 January to 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Loan impairment charges and provisions for guarantees, etc.	***How the matter was addressed in our audit***
The Banks' loans and advances amount to DKK 16,778m and guarantees amount to DKK 10,052m at 31 December 2021 (loans and advances amounted to DKK 9,332m at 31 December 2020, and guarantees amounted to DKK 5,202m at 31 December 2020). Loan impairment charges and provisions for guarantees, etc. for the period 1 January 2021 to 31 December 2021 total DKK -20m (DKK 29m in the period 1 January 2020 to 31 December 2020) in the financial statements. Determining loan impairment charges and provisions for guarantees, etc. is subject to significant uncertainty and to some extent based on management judgement. Due to the significance of such management judgement and the loan and guarantee volumes, etc. for business, including	Based on our risk assessment, our audit comprised a review of the Bank's relevant procedures for loan impairment charges and provisions for guarantees, etc., testing of relevant controls and analysis of the development in credit quality of loans and guarantees, etc. including the amount of impairment charges and provisions. Our audit procedures included testing design and implementation and the operating effectiveness of relevant controls regarding: • Current assessment of credit risk

Auditors' report

agriculture, auditing loan impairment charges and provisions for guarantees, etc. for business is a key audit matter. The principles for determining the impairment losses are described in detail in the summary of significant accounting policies, and Management has described the management of credit risks and the review for impairment in notes 1-1a, 8-9 and 36-37 to the financial statements. In 2021, recognising the effects of COVID-19 has required particular focus in terms of management add-ons in the models and the individual impairment losses. The areas of loans and guarantees, etc. involving the highest level of management judgement, thus requiring greater audit attention, are: • Identification of exposures and guarantees etc. that are credit-impaired relative to initial recognition. • Parameters and management add-ons in the applied calculation model used to determine Stage 1 and Stage 2 expected losses. • Valuation of collateral and future cash flows, including management judgement involved in determining Stage 3 expected losses. • Assessing the effects of COVID-19 and other events that are not already considered by the models in terms of management add-ons in the models and the individual impairment losses.	• Assessment and validation of input and assumptions applied in calculating impairment charges and provisions for Stage 1 and Stage 2 guarantees • Determination of management add-ons for the individual and model-based impairment losses, etc. Our audit procedures also comprised: • Review and assessment of the applied impairment model prepared by the associated datacentre, including the received internal auditor's report stating that the calculations of the model are within the framework of the rules in the Executive Order on Financial Reports, and that the Bank's use of the impairment model has allowed for the emphasis of matter stated in the auditor's report. • Review and assessment of the Bank's calculation of Stage 1 and Stage 2 impairment charges, including an assessment of the model variables and the assumptions thereof which Bank Management has found to be adequate in the Bank's circumstances. • Testing, on a sample basis, the accuracy of the data on which the calculation is based as well as a recalculation thereof. • Reviewing, on a sample basis, exposures to ensure timely identification of credit-impaired loans and provisions for guarantees. • Testing, on a sample basis for loans classified to be in Stage 3, the calculated impairment charges and provisions for guarantees for consistency with legal and bank guidelines to this effect. Our work included testing collateral values and definition of scenarios. • Challenging management judgements incorporated in the models and management add-ons in the models and the individual impairment losses in relation to the effects of COVID-19 and other events that are not already considered by the models.

Statement on Management's Review

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for listed financial services companies and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation
As part of our audit of the financial statements of Vestjysk Bank A/S, we have performed procedures to express an opinion on whether the annual report for the financial year 1 January 2021 to 31 December 2021, with the file name 2021-vestjyskbank-dk.xhtml, has been prepared, in all material respects, in compliance with Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of an annual report in XHTML format.

Management is responsible for preparing an annual report that complies with the ESEF Regulation, including preparation of the annual report in XHTML format.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained and to issue a report that includes our opinion. The procedures include testing whether the annual report is prepared in XHTML format.

In our opinion, the annual report for the financial year 1 January 2021 to 31 December 2021, with the file name 2021-vestjyskbank-dk.xhtml, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 10 February 2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Jens Ringbæk
State Authorised Public Accountant
Identification No (MNE) mne27735

Jakob Lindberg
State Authorised Public Accountant
Identification No (MNE) mne40824

Financial Statements

Statements of Income and Comprehensive Income

Note		2021 DKK'000	2020 DKK'000
	Statement of Income		
2	Interest income	793,499	490,237
2a	Negative interest income	24,352	7,642
3	Interest expenses	61,776	30,247
3a	Negative interest expenses	99,519	33,820
	Net interest income	806,890	486,168
	Dividends on shares etc.	13,434	8,840
4	Income from fees and commissions	653,318	359,496
	Fees and commissions paid	52,015	33,256
	Net interest and fee income	1,421,627	821,248
5	Value adjustments	107,631	64,659
46	Other operating income	486,276	686
6	Staff costs and administrative expenses	1,044,250	510,253
	Depreciation, amortisation and impairment of tangible assets	51,678	17,489
	Other operating expenses	5,414	2,534
8	Impairment of loans and receivables, etc.	-20,007	28,533
	Income from investments in associates	19,887	0
	Profit/loss from operations in the process of being wound up	-18	0
	Profit before tax	954,068	327,784
11	Tax	-125,718	25,233
	Profit after tax	1,079,786	302,551
	Statement of Comprehensive Income		
	Profit after tax	1,079,786	302,551
	Other comprehensive income:		
	Change in the value of owner-occupied properties	676	0
	Changes in the value of pension obligations	-474	-661
	Other comprehensive income after tax	202	-661
	Total comprehensive income	1,079,988	301,890
	Proposed distribution of net profit		
	Additional tier 1 capital holders	21,898	18,539
	Retained earnings	1,058,090	283,351
	Total	1,079,988	301,890

Financial Statements

Statements of Financial Position

Note		2021 DKK'000	2020 DKK'000
	Assets		
	Cash in hand and demand deposits with central banks	5,174,339	364,364
12	Receivables from credit institutions and central banks	186,898	569,359
13	Loans and other receivables at amortised cost	16,778,363	9,331,543
	Bonds at fair value	9,346,206	6,159,587
	Shares, etc.	859,384	546,932
14	Investments in associates	127,847	0
15	Assets related to pooled schemes	9,223,381	5,426,277
16	Intangible assets	103,979	0
	Land and buildings, total	382,240	235,986
17	Investment property	32,129	0
18	Owner-occupied property	274,770	235,986
18	Owner-occupied property, leased	75,341	28,967
19	Other property, plant and equipment	10,315	2,545
	Current tax assets	0	1,193
20	Deferred tax assets	292,718	98,000
	Assets held for sale	48,577	0
21	Other assets	685,238	323,294
	Prepayments	90,498	17,005
	Assets total	43,309,983	23,105,052

Financial Statements

Statements of Financial Position

Note		2021 DKK'000	2020 DKK'000
	Equity and liabilities		
	Debts		
22	Debts to credit institutions and central banks	307,854	22,445
23	Deposits and other debt	26,023,854	13,409,203
	Deposits with pooled schemes	9,223,381	5,426,277
24	Issued bonds	378,279	0
	Current tax liabilities	64,747	0
25	Other liabilities	1,102,669	550,630
	Prepayments	14,890	15
	Debts, total	37,115,674	19,408,570
	Provisions		
	Provision for pensions and similar liabilities	25,670	15,316
9	Provisions for losses on guarantees	21,288	22,176
9	Other provisions	153,173	66,133
	Provisions, total	200,131	103,625
26	**Subordinated debt**	597,746	347,961
	Equity		
27	Share capital	1,233,574	895,982
	Share premium	46,398	47,449
	Reserves provided for in the Bank's Articles of Association	599,492	0
	Revaluation reserves	1,267,171	551,600
	Retained earnings	1,938,060	1,594,865
	Shareholder equity, total	5,084,695	3,089,896
	Additional tier 1 capital holders	311,737	155,000
	Equity, total	5,396,432	3,244,896
	Equity and liabilities, total	43,309,983	23,105,052

Financial Statements

Statements 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					1,038,001	1,038,001	21,898	1,059,899
Revaluation reserve, associates				19,887	0	19,887		19,887
Other comprehensive income after tax			676		-474	202		202
Total comprehensive income	0	0	676	19,887	1,037,527	1,058,090	21,898	1,079,988
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	-10,861	-10,861
Additions relating to sale of own shares					41,671	41,671		41,671
Disposals relating to purchase of own shares					-41,671	-41,671		-41,671
Profits brought forward			-1,727		1,727	0		0
Equity, 31 December 2021	1,233,574	599,492	46,398	1,267,171	1,938,060	5,084,695	311,737	5,396,432
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. 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.

Financial Statements

Notes

Note

1 ## Accounting policies

General information
The Annual Report for the period 1 January – 31 December 2021 for Vestjysk Bank A/S (the "bank") has been prepared in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Companies etc. Comparative figures for 2020 do not include Den Jyske Sparekasse.

Except for changes in "*Changes to accounting policies*", the accounting policies are unchanged from last year.

The financial statements have been prepared in Danish kroner (DKK).

Changes in accounting policies
The accounting policies are unchanged from 2020, but the accounting estimates concerning deferred tax assets have been changed.

<u>Deferred tax assets</u>
The Bank previously recognised deferred tax assets based on the expectation that the deferred tax asset could be used within a period of 3 years based on the banks' budgets.

In recent years, the bank has been able to meet its budgets and forecasts, both with respect to pre-tax profit and to net interest and fee income.

It is further assessed that there is a greater certainty over expected cost reductions in the form of the synergy effects created by the merger with Den Jyske Sparekasse. For the most part, the full synergy effects will flow through as from 2022.

Finally, the bank has improved the credit quality of the loan portfolio in recent years, and, at the same time, account has been taken of future financial uncertainty in the form of a provision for accelerated impairment which amounts to DKK 325m as at the end of 2021.

In the light thereof, the bank considers the application of a 5-year time frame for the recognition of deferred tax assets to be well-founded and to give the fairest presentation.

As a result of the changed time frame for the recognition of deferred tax assets, the post-tax profit for 2021, the equity as at the end of 2021 and the assets as at the end of 2021 have increased by DKK 195m.

General information on recognition and measurement
Assets are recognised in the balance sheet when it is likely that future financial advantages will accrue to the company and the value of such assets may be reliably measured. Liabilities will be recognised in the balance sheet when it is likely that future financial advantages may flow from the company and the value of such liabilities may be reliably measured. On initial recognition, assets and liabilities are measured at fair value except for the following material:

- Owner-occupied and investment properties are measured at cost
- Customer relationships are measured at cost
- Leased assets and lease liabilities are measured at the present value of the lease payments
- Provisions for liabilities are measured at present values or at cost

Subsequently, the assets and liabilities will be measured as described for each individual item below.

Note

1

Accounting policies (continued)

On recognition and measurement, account is taken of foreseeable risks and losses which arise before the annual report is presented and which prove or disprove matters which existed on the balance sheet date.

In the income statement, income is recognised as earned, including value adjustments of financial assets and liabilities which are measured at fair value, value adjustments of properties to fair value, except for adjustments of owner-occupied properties to the revalued amount thereof which are recognised in the equity. In addition, all costs incurred to achieve earnings for the year are recognised in the income statement, including any depreciation, amortisation, impairment and provision for liabilities and any reversal due to changes in accounting estimates of amounts which have previously been recognised in the income statement.

Financial instruments
Financial instruments are recognised on the settlement date and are derecognised when the right to receive or deliver cash flows provided by financial instruments has expired or if the financial instrument has been transferred and the bank has essentially transferred all the risks and rewards incident to ownership.

Financial instruments in general
According to IFRS 9-compatible accounting rules, financial assets are classified and measured based on the business model for the financial assets and the contractual cash flows relating to the financial assets. Consequently, financial assets must be classified in one of the following three categories:

- Financial assets which are held to generate the contractual payments and for which the contractual payments solely comprise interest on and repayment of the amount outstanding are measured after the date of initial recognition at amortised cost. For example, loans and bonds in investment securities which are generally held until they expire etc. They are measured at amortised cost.
- Financial assets which are held in a mixed business model and some of which are held to generate the contractual payments and others are sold and for which the contractual payments of the financial assets in the mixed business model solely comprise interest on and repayment of the amount outstanding are measured after the date of initial recognition at fair value over other comprehensive income. Vestjysk Bank has no financial assets comprised by the measurement category which recognises financial assets at fair value over other comprehensive income.
- Financial assets which do not meet the above business model criteria or for which the contractual payments do not solely comprise interest on and repayment of the amount outstanding are measured after the date of initial recognition at fair value over the income statement. For example, the bank's holding of bonds held for trading, derivative financial instruments and financial assets which are either held for trading or risk management or as part of an investment strategy based on fair value and, in the light thereof, are included in the bank's internal management reporting.

Financial liabilities are generally measured at amortised cost after initial recognition. Financial liabilities may also be measured at fair value if the instrument is held as part of an investment strategy or for risk management based on fair values and are regularly disclosed at fair value in the reporting to the management and if a fair value measurement reduces or eliminates an accounting inconsistency.

Derivative financial instruments
On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value which is generally based on quoted market prices. If the instruments are unlisted, the fair value is calculated according to generally accepted principles based on market-based parametres. Any positive and negative fair values of derivative financial instruments are classified as "Other assets" and "Other liabilities", respectively.

Note

1 **Accounting policies (continued)**

Fair value adjustments of derivative financial instruments which are classified as and meet the criteria for hedging of the fair value of a recognised asset or liability (fair value hedge) are recognised in the income statement under "Value adjustments" together with the change in the value of the hedged asset or liability.

The fair value adjustments of derivative financial instruments which no longer meets the requirements for hedge accounting are recognised on a continuing basis in the income statement over the remaining term of the hedged asset or liability.

The hedging relationships are established for individual assets and liabilities and at portfolio level. The effectiveness of hedge accounting is measures and assessed on a regular basis.

Business combination
Newly acquired or newly formed businesses are recognised in the financial statements from the date of acquisition or the date of formation. Businesses disposed of or wound up are recognised in the income statement 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 businesses are measured at fair value as at the date of acquisition. Account is taken of the tax effect of revaluations.

Any positive difference (goodwill) between the cost of the acquired equity investment and the fair value of the acquired assets and liabilities is recognised under intangible assets and will be written down in case of impairment. Any negative difference (badwill) is recognised as income in the income statement under "*Other operating income*".

Foreign currency translation
The financial statements have been prepared in Danish kroner (DKK) which is also the bank's functional currency. Transactions in other currencies than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated using the functional currency at the exchange rate prevailing as at the date of the transaction. Exchange differences arising between the exchange rate prevailing as at the date of the transaction and the exchange rate as at the payment date are recognised in the income statement under "*Value adjustments*".

Receivables, liabilities other than provisions and other monetary items in foreign currencies not settled on the balance sheet date are translated at the closing rate. The difference between the closing rate and the rate at the accrual of the asset is also recognised in the income statement under "*Value adjustments*".

Set-off
Assets and liabilities will be presented as set off when it is possible to lawfully effect a set-off and the bank intends to effect set-off or to dispose of the asset and the liability at the same time

Note

1 **Accounting policies (continued)**

Income statement and other comprehensive income
Interest income and interest expenses
Interest income and interest expenses relating to all interest-bearing instruments are recognised in the income statement in the period relevant to them, i.e. due and accrued interest, and by applying the effective interest rate based on the expected life of the financial instrument.

Interest income and expenses also comprise amortisation of fees and commissions which form an integrated part of the effective interest rate of a financial instrument, such as upfront commissions and document management fees in connection with the establishment of loans etc.

The following also applies to interest income and expenses:

- Negative interest is recognised under "*Interest expenses*", and negative interest expenses are recognised under "*Interest income*". Negative interest is disclosed in the notes to the relevant items.
- Interest on additional tier 1 capital with an indefinite term for which the bank has full discretion to omit interest payments are recognised directly in equity on the date of payment as a distribution.

Fees and commissions
Fees and commissions relating to services provided for a period accrue over the service period and include guarantee commissions and portfolio management fees.

Other fees are recognised in the income statement on completion of the transaction and include fund and custody fees and payment and intermediary fees.

Fees and commissions forming an integrated part of the effective interest rate are recognised under *Interest income*".

Fees for provision of mortgage loan on behalf of Totalkredit and DLR Kredit are calculated based on a set-off model. Commissions for the establishing loans are recognised on the date of the establishment of the loan, and fees for ongoing provision of services to the borrower are recognised concurrently with the bank's provision of the services and the creation of the right to the fees. Identified losses eligible for set-off are treated as a reduction of income in the period in which set-off is effected.

Fees and commissions delivered are treated for accounting purpose in the same way as fees and commissions received.

Value adjustments
Value adjustments of assets and liabilities measured at fair value, the earnings impact of foreign currency translation adjustments and value adjustments of hedge accounting (fair value hedge) are recognised under value adjustments.

Other operating income and expenses
Other operating income and expenses include items of a secondary nature in relation to the bank's principal activities. The most important items are the operation of investment and owner-occupied properties, badwill in connection with takeover of businesses and gains/losses on sales of land and buildings and other property, plant and equipment.

Note

1 ## Accounting policies (continued)

Staff costs and administrative expenses
Staff costs include wages and salaries, pensions, social security costs, pensions, holiday allowance etc. for employees. Costs and expenses relating to benefits for employees, including anniversary bonuses, will be recognised as the employees perform the work entitling them to such benefits.

Defined contribution plans have been concluded with the majority of the employees. As regards the defined contribution plans, fixed contributions are paid to an independent pension fund, and the bank has no obligation to pay additional contributions to such pension fund. To a minor extent, defined benefit plans have been concluded – see the description under ”*Provisions for liabilities*”.

Administrative expenses include expenses relating to IT, premises and stationery and office supplies etc. and costs associated with acquisitions.

Taxes
Tax for the year, which consists of current taxes for the year and change in deferred taxes, is recognised in the income statement with the share attributable to the profit or loss for the year and directly in other comprehensive income and equity, respectively, with the share attributable thereto.

Current tax liabilities and current tax receivables are recognised in the balance sheet as a forecast tax liability on the taxable income for the year adjusted for tax paid on account. This will be recognised in ”*Current tax liabilities*” or ”*current tax assets*”.

"*Deferred tax assets*" and "*Deferred tax liabilities*" are recognised on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax on temporary differences relating to amortisation of goodwill disallowed for tax purposes and other items where temporary differences, except for acquisitions, have occurred at the acquisition date without impacting the profit or taxable income.

Deferred tax assets are recognised with the value at which, in the opinion of the management, the asset is expected to be realised by offset against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured based on the tax rules and tax rates applicable subject to legislation as at the balance sheet date when the deferred tax is expected to be triggered as current tax.

Vestjysk Bank will be jointly taxed with the Arbejdernes Landsbank Group.

Note

1 **Accounting policies (continued)**

Balance sheet assets
Cash in hand and demand deposits with central banks
Cash in hand and demand deposits with central banks consist of the bank's domestic and foreign physical cash balance and demand deposits with central banks. The item is measured at initial recognition at fair value and is subsequently measured at amortised cost.

Receivables from credit institutions and central banks
Receivables from credit institutions and central banks include receivables from other credit institutions and time deposits with central banks if the other party is a credit institution or a central bank.

Receivables from credit institutions and central banks will initially be recognised at fair value plus transaction costs and less any received fees and commissions relating to the establishment. Subsequently, receivables from credit institutions and central banks are measured at amortised cost using the effective interest method less impairments for expected losses.

Loans and other receivables at amortised cost
The item consists of loans with respect to which payment has been made directly to the borrower.

Loans are recognised on initial fair value measurement less fees and commissions. In connection with a subsequent measurement, loans are recognised at amortised cost which is usually equivalent to nominal value less fees and commissions.

Adjustments for expected losses as a result of credit risk are recognised in the income statement under the item ”*Impairment of loans and other receivables etc.*”

Other receivables include lease agreements according to which the bank is the lessor when all significant risks and rewards incidental to ownership of the asset are transferred to the lessee (finance lease). Finance lease agreements are measured at the net investment in the lease agreement, i.e. the present value of the cash flows of the lease agreement plus an unguaranteed residual value of the asset at the expiry of the lease agreement.

Income from the leased assets is recognised on the basis of the effective interest rates in the lease agreements and are included in the income statement under ”*Interest revenue*”. Profits/losses resulting from sales of leased assets are included in the income statement ”*Other operating income*” or ”*Other operating expenses*”.

Provisions for expected credit losses (”Impairment”)
Provisions are made for expected credit losses (”impairment”) incurred on all financial assets that are subsequently measured at amortised cost, and corresponding provisions are made for expected credit losses incurred on undrawn credit lines, loan commitments and financial guarantees.

With respect to financial assets recognised at amortised cost impairments relating to expected credit losses are recognised in the income statement under ”*Impairment of loans and receivables etc.”* and reduces the value of the asset in the balance sheet. Provisions for losses incurred on undrawn credit lines, loan commitments and guarantees are recognised as a liability. Impairments are based on an expected loss model.

Note

1 **Accounting policies (continued)**

Impairment model
With respect to all loans, impairments will be made according to the impairment rules compatible with IFRS 9. The impairment model is based on a calculation of expected losses dividing the loans into 3 stages depending on the credit impairment of the individual loan compared to the initial recognition of the loans:

- **Stage 1:** Exposures without a significant increase in credit risk since the initial recognition. The assets are written down for impairment by an amount equal to the expected credit losses in case of any default within the next 12 months.
- **Stage 2:** Exposures with respect to which a significant increase in credit risk has been identified. The assets are written down for impairment by an amount equal to the expected credit loss for the useful life of the asset.
- **Stage 2 weak:** Exposures with respect to which a significant increase in credit risk has been identified and the customer's ability to pay is characterised by significant signs of weakness. The assets are written down for impairment by an amount equal to the expected credit loss for the useful life of the asset.
- **Stage 3:** consists of credit-impaired assets and the financial asset has been defaulted on or otherwise credit impaired. In stage 3, the impairments are calculated on the basis of an individual assessment of the credit loss for the useful life of the asset. Unlike other stages, interest revenue is solely based on the value of the asset written down for impairment.

On initial recognition, the individual loans are generally placed in stage 1 in connection with which expected losses for 12 months are written down for impairment on initial recognition. With respect to loans in stage 1, expected losses will be written down for impairment over the next 12 months, while, with respect to loans in stages 2 and 3, expected losses will be written down for impairment over the remaining term to maturity of the loans. Unlike other stages 1 and 2, interest revenue is solely based on the value of the asset written down for impairment.

If the credit risk in respect of the financial asset is considered to be low on the balance sheet date, the asset will, however, remain in stage 1 which is characterised by the absence of a significant increase in credit risk. The credit risk is considered to be low when the customer's 12-month PD is below 0.2%. In addition to loans and receivables meeting the PD criterion, the category of assets with a low credit risk also comprises receivables from Danish credit institutions.

Placing the assets in stages and the calculation of expected losses are based on the bank's rating models in the form of PD models developed and maintained by BEC, and Vestjysk Bank's internal credit management.

Assessment of significant credit risk increase – transition to stage 2
In connection with the transition from stage 1 to stage 2, a significant credit risk increase relative to the date of the initial recognition will be defined in the following situations:

- An increase in PD for the expected remaining term to maturity of the financial asset of 100% and an increase in the 12-month PD of 0.5 percentage points when the 12-month PD was below 1.0% on initial recognition.
- An increase in PD for the expected remaining term to maturity of the financial asset of 100% or an increase in the 12-month PD of 2.0 percentage points when the 12-month PD was 1.0% or more on initial recognition.
- If the financial asset has been in arrears for more than 30 days with an amount considered to be significant.

Financial assets with respect to which the customer is experiencing significant financial difficulties or with respect to which the bank has granted more favourable terms due to the customer's financial difficulties will be kept in stage 2 if a loss is not expected in the most likely scenario.

Note

1 **Accounting policies (continued)**

Credit-impaired – transition to stage 3
If one of the customer's exposures are considered to be credit-impaired or defaulted on (see the next section on the definition of default), this will result in all of the customer's exposures being moved from stage 1 or 2 to stage 3. The credit-impairment criteria have been established on the basis of the bank's credit management and credit policy and includes the following objective credit-impairment indications:

- The borrower is experiencing significant financial difficulties, and Vestjysk Bank assesses that the borrower will not be able to meet its financial obligations as agreed.
- The borrower is in breach of contract e.g. due to a failure to meet its payment obligation relating to interest and capital repayments or repeated overdrafts.
- Vestjysk Bank has granted more favourable terms to the borrower which would not have been considered if not for the debtor's financial difficulties.
- It is likely that the borrower will enter into bankruptcy or become subject to other financial restructuring proceedings.
- Disappearance of an active market for the financial asset due to financial difficulties.
- Acquisition of a financial asset at a deep discount that reflects the incurred credit losses.
- The exposure has been in arrears/overdraft for more than 90 days with an amount considered to be significant.

In connection with Vestjysk Bank's implementation of new guidelines on the application of the definition of default under article 178 of the Capital Requirements Regulation (EBA/GL/2016/07) which comes into force on 1 January 2021, the bank seeks to standardise the criteria for being in default, stage 3 and non-performing exposures. There are various quarantine periods for the individual terms, and, therefore, there will be a difference in the criteria for no longer being in default.

Definition of default (stage 3)
Determining when a borrower has defaulted on its financial obligations is critical to the calculation of the expected credit loss. A borrower is considered by Vestjysk Bank to be in default of its obligations if:

- the borrower has been in arrears with more than 90 days with respect to significant parts of the financial obligations or
- the bank assesses that it is likely that the exposure will result in a loss and/or a forced realisation of the security interests provided for Vestjysk Bank or other creditors.

The definition of default applied by the bank in connection with the measurement of the expected credit loss corresponds to the definition applied for internal risk management purposes, and the definition has also been adjusted to the definition of default in the Capital Requirements Regulation (CRR). Customers are considered have defaulted on their financial obligations in case of bankruptcy, suspension of payments, debt rescheduling, indication of current or expected future challenges in creating a balance between income and expenses etc.

Note

1
Accounting policies (continued)

Calculation of expected loss
The calculation of impairment of exposures in stages 1 and 2 is made on the basis of a portfolio-based model calculation, while the calculation of the impairment of the remaining part of the exposures is made by way of a manual, individual assessment based on three scenarios (a basic scenario, a more positive scenario and a more negative scenario) indicating the likelihood of such scenarios occurring. The model impairment is based on a management estimate described in detail in note 1a.

In the portfolio-based model calculation, the expected loss is calculated as a function of PD (likelihood of default), EAD (exposure value in connection with default) and LGD (losses incurred due to default are calculated on the basis of a PD model developed and maintained at Vestjysk Bank's data centre, accompanied by a forward-looking, macroeconomic module developed and maintained by LOPI.

The macroeconomic module is based on several regression models establishing the historical link between impairments for the year within several sectors and industries and several explanatory macroeconomic variables. Subsequently, estimates are added to the regression models with respect to the macroeconomic variables based on forecasts from consistent sources such as the Danish Economic Council, Danmarks Nationalbank and others, and such forecasts usually look two years into the future and comprises variables as increase in government expenditure, increase in GDP, interest, etc. This means that the expected impairments are calculated for up to two years into the future within the individual sectors and industries. However, with respect to terms to maturity exceeding two years under normal conditions, a straight-line interpolation will be made between the impairment percentage for year 2 and the impairment percentage for year 10 in which it is assumed from a model perspective that a long-term equilibrium in the form of a consistent level will be achieved. The same impairment percentage applicable to the long-term equilibrium in year 10 will be applied to terms to maturity exceeding 10 years. Finally, the calculated impairment percentages are transformed to adjustment factors adjusting the data centre's estimates in the individual sectors and industries.

The bank closely monitors the development of the corona crisis and will continuously assess whether the model impairments are sufficient.

Accordingly, the method for the adjustment to the long-term equilibrium has been changed in the current financial year with respect to GDP and government expenditure, respectively, so that these two variables will reach their equilibrium already in 2022.

Practice for removing financial assets from the balance sheet
Financial assets measured at amortised cost will be removed from the balance sheet in full or in part if Vestjysk Bank no longer has a reasonable expectation of full or partial payment of the outstanding amount. The inclusion will cease on the basis of a specific, individual assessment of the individual exposures. With respect to business customers, Vestjysk Bank will typically base its assessment on indicators such as the customer's liquidity, earnings and equity and the security interests provided in relation to the exposure. With respect to retail customers, Vestjysk Bank will typically base its assessment on the customer's liquidity, income and assets as well as the customer's security interests provided for the commitment and possibilities of realisation thereof. When a financial asset it removed from the balance sheet in full or in part, the impairment of the financial asset will also be deleted from the accumulated impairments, see. note 9.

Note

1 **Accounting policies (continued)**

Vestjysk Bank will continue its efforts to collect outstanding amount after the assets have been removed from the balance sheet. The measures will depend on the specific situation. Vestjysk Bank generally seeks to conclude a voluntary arrangement with the customer, including to renegotiate terms or restructure a business to the effect that debt collection or petition for bankruptcy cannot be applied until other measures have been taken.

Impairment taken over
In connection with business combinations, the bank amortises impairment on acquired stage 3 exposures (exposures that were credit-impaired on initial recognition) over the expected remaining term to maturity. This means that the acquired stage 3 exposures (exposures that were credit-impaired on initial recognition) will be moved from exposures that were credit-impaired on initial recognition to the provisions account over a 5-year period.

Bonds at fair value and shares
On initial recognition at the settlement date, bonds and shares etc. are measured at fair value excluding transaction costs. Subsequently, bonds and shares etc. are measured at fair value. Realised and unrealised gains and losses and dividends are recognised in the income statement under ”*Value adjustments*” and ”*Dividends on shares”*, respectively.

When an active market exists, the fair value of bonds and listed shares etc. will be measured by applying quoted market prices for the instruments. A market is considered an asset when the trading frequency and volume of an instrument is sufficient to provide a valid pricing. The fair value of such instruments is determined on the basis of the most recent observable closing rates on the balance sheet date (level 1). In the alternative, recognised models and observable market data are applied with respect to similar assets for the measurement of the fair value (level 2).

The fair value of unlisted shares and other shares is calculated on the basis of the information available on transactions etc. and taking account of any shareholders' agreements. Alternatively, the fair value is calculated on the basis of expected cash flows (level 3). A small part of the shares is measured in level 3.

Shares in associates
An associate is a business over which the bank may exert significant influence, but not controlling interest, through the participation in the investing business's financial and operational decisions, and which does not qualify as a subsidiary. Significant influence is typically obtained through ownership of between 20% and 50% of the voting rights.

Shares in associates are recognised and measured in the bank's financial statements according to the equity method which means that the shares are measured at the proportionate share of the associates' equity calculated according to the banks accounting policies less or plus, respectively, unrealised intercompany profits or losses, and plus the carrying amount of goodwill.

In the income statement under ”*Income from investments in associates”*, the proportionate share of the associates' profit after tax and elimination of unrealised intercompany profits and losses and less any impairment of goodwill. In the bank's other comprehensive income, the proportionate share of all transactions and events recognised in the associate's equity is recognised.

Note

1 **Accounting policies (continued)**

Assets related to pooled schemes and Deposits with pooled schemes

Assets included in pension pools and customer contributions to pension pools are presented in separate balance sheet items. Assets and liabilities in the pooled scheme are recognised at fair value in the income statement (accounting mismatch). Return on pooled assets and contributions are collectively presented in "*Value adjustments*".

Intangible assets

Intangible assets relate to the value of acquired customer relations.

Customer relations acquired in connection with an acquisition is recognised at cost and are depreciated on a straight-line basis over the expected financial useful life not exceeding 10 years. The financial useful life depends on customer loyalty. The useful life is re-assessed every year. Any change in depreciations as a result of the useful life will, in future, be recognised as a change in an accounting estimate.

An impairment test of customer relations will be made when there is an indication of a decrease in value. Impairment of goodwill and customer relations are recognised in the income statement and will not be reversed subsequently.

Any depreciation, amortisation and impairment are recognised in the income statement under "*Depreciation, amortisation and impairment of property, plant and equipment and intangible assets*".

Investment properties

Investment properties are properties possessed to obtain rental income and/or capital gains. Investment properties are recognised at cost on the date of acquisition. Cost includes the acquisition cost and costs arising directly form the acquisition until the time when the asset is ready for use.

Investment properties are subsequently measured at fair value. Gains or losses due to changes in the investment properties' fair value are recognised in the income statement under *value adjustments* in the period during which they occur. The fair value is calculated on the basis of the returns method, and external experts are involved in the measurement of the fair value at least every three years.

Owner-occupied properties

The owner-occupied properties are properties which the bank itself is using for administration, branch or other service activities. The owner-occupied properties are recognises at cost on acquisition. Cost includes the acquisition cost and costs arising directly form the acquisition until the time when the asset is ready for use.

Subsequently, the owner-occupied properties are measured at revalued amount corresponding to the property's fair value at the date of revaluation less depreciation, amortisation and impairment. The revaluations with respect to the accounting value are recognised in "Other comprehensive income" and transferred to revaluation reserves under the equity. Impairments outweighing previous revaluations of the same property are deducted from the revaluation reserves via "Other comprehensive income" while other impairments are transferred to the income statement.

Revaluations are made often enough, and at least once a year based on the current market and interest rate level, to ensure that the carrying amount does not differ materially from the fair value of the owner-occupied properties at the balance sheet date.

Note

1 **Accounting policies (continued)**

In the ongoing measurement of owner-occupied properties, the value of each individual property is determined on the basis of the returns method according to generally accepted principles. The statement of the property's operating income includes rental income less maintenance, administrative and other operating expenses. The property's return requirements are determined to best reflect the transactions completed in the period leading up to the date of assessment. Account is taken of the nature of each individual property, location and state of repair within a reasonable time frame. External experts are involved in the measurement of the fair value at least every three years.

Owner-occupied properties are depreciated on a straight-line basis over the expected useful life of 50 years, taking into account the expected residual value on expiry of the useful life. Depreciation, amortisation and impairment are recognised in the income statement under the paragraph "*Depreciation, amortisation and impairment of property, plant and equipment*". The site value is not depreciated.
Depreciation and amortisation methods, useful life, residual values and the need for impairment are reviewed each year.

Leased owner-occupied properties
Vestjysk Bank has chosen to apply IFRS 16 as the basis for interpretation of the classification and recognition of leases for the lessee.

Leases are recognised in the balance sheet corresponding to the value of the calculated lease commitment. The lease commitment is measured at present value of the lease payments, calculated by applying the bank's marginal borrowing rate as the discount rate if the internal interest rate is not available. The lease commitment is recognised in the balance sheet as a liability other than provision and will be adjusted concurrently with the payments of capital repayments. At the same time, the commitment carries interest. The interest expenses are charged to the income statement on a regular basis.
When discounting the lease commitments to net present value, Vestjysk Bank applied its alternative borrowing rate which constitutes the costs by raising external financing for a similar asset with a finance period corresponding to the term of the lease agreement.

Lease assets are measured at cost on initial recognition, which corresponds to the value of the lease commitment adjusted for prepaid lease payments plus directly related costs. Subsequently, the asset is measured at cost less accumulated depreciation, amortisation and impairment.

The Lease asset is depreciated over the term of the lease agreement or the expected option to renew the lease asset, whichever is the longest. By assessing the expected lease period, Vestjysk Bank has identified the non-terminable lease period set out in the agreement plus periods which the management expects to be likely to exercise. In the assessment of the expected term of lease agreements concerning properties for head office purposes, the expected term of the lease agreement has been fixed at between 3 and 10 years. The lease assets are depreciated on a straight-line basis over the expected consumption periods of 3-10 years under the paragraph "*Depreciation, amortisation and impairment of property, plant and equipment and intangible assets*" in the income statement.

The bank has chosen to use the relaxation of the rules on lease agreements with a short term and a low value. As a result, such lease assets are not recognised in the balance sheet as assets and liabilities. The lease commitment concerning lease agreement with a short term and a low value is stated in a note. The costs are, therefore, recognised on a straight-line basis in the income statement over the term of the lease agreement.

Note

1 ## Accounting policies (continued)

Other property, plant and equipment
Other property, plant and equipment are measured at cost less accumulated depreciation and impairment. Other property, plant and equipment are depreciated on a straight-line basis based on the following assessment of the estimated useful lives of the other assets less any residual value:

- IT equipment 2-3 years
- Machinery and equipment 3 years
- Vehicles 3-4 years

Other property, plant and equipment are reviewed for impairment when there is an indication of impairment.

Other assets
This item comprises assets not recognised under other asset items, such as equity investments in BEC, positive market values of spot transactions and derivative financial instruments and interest and commission receivables.

Except for derivative financial instruments which have a positive value on the balance sheet day and which are measured at fair value, this item is measured at cost on initial recognition and, subsequently, at amortised cost.

Prepayments and accrued income
Prepayments and accrued income stated as assets comprise prepaid expenses relating to salary, commission, rent and interest. This item is measured at cost corresponding to nominal value.

Balance sheet – equity and liabilities
Debts to credit institutions and central banks
Debts to credit institutions and central banks are recognised at fair value corresponding to received fees less costs directly attributable to transactions. Subsequently, they are measured at amortised cost by applying the effective interest rate method with the result that the difference between net proceeds and nominal value is recognised in the income statement under "*Interest expenses*" over the term of the loan.

This item includes debt classified as non-preferred senior debt to be included as MREL capital.

Deposits and other debts
Deposits comprise amounts received, including liabilities relating to genuine sales and re-purchase transactions, from other parties who are not credit institutions or central banks. Deposits are recognised at fair value corresponding to received fees less costs directly attributable to transactions. Subsequently, they are measured at amortised cost by applying the effective interest rate method with the result that the difference between net proceeds and nominal value is recognised in the income statement under "*Interest expenses*" over the term of the loan.

Issued bonds at amortised cost
Issued bonds at amortised cost do not comprise non-preferred senior debt issued as part of the compliance with the MREL requirements as an SIFI institution.

Issued bonds are recognised on issuance at fair value less costs directly attributable to transactions. Subsequently, issued bonds are measured at amortised cost by applying the effective interest rate method.

Note

1 **Accounting policies (continued)**

Other liabilities
This item comprises liabilities not recognised under other liability items and comprises liabilities arising from finance leases with the lessee, negative market values of derivative financial instruments for hedging purposes, outstanding interest and accounts payable.

Fair value measurement of negative fair value of derivative financial instruments is described in further detail in the paragraph "*Hedge accounting*", and lease obligations are described in further detail in the paragraph "*Leased owner-occupied properties*". Other items are measured at amortised cost.

Provisions for liabilities
Provisions for liabilities are recognised when the group has a legal and constructive obligation as a result of previous events and when it is likely that a disposal of resources with financial advantages will be required in order to pay the liability and it is possible to reliably estimate the liability.

Provisions for liabilities relating to pensions and the like are based on an external actuarial calculation of the present value of the expected pension benefits. The present value is calculated on the basis of expectations for future staff turnover, discount rate and salary increase rate and yield on related assets. The difference between the expected development in pension benefits and the actual benefits will result in actuarial gains and losses which are recognised in other comprehensive income.

With respect to provisions for losses on guarantees, credit lines and unutilised credit lines, reference is made to the paragraph on financial guarantees and the paragraph on loans at amortised cost.

With respect to provisions for deferred tax, reference is made to the paragraph on tax.

Subordinated debts
Subordinated debts are liabilities other than provisions in the form of tier 2 capital and other capital contributions which will not be satisfied in case of solvent liquidation or bankruptcy until the ordinary creditor claims have been satisfied.

Subordinated debts are recognised initially at fair value less costs directly attributable to transactions. Subsequently, subordinated debts are measured at amortised cost by applying the effective interest rate method.

Equity
Revaluation reserves
Revaluation reserves comprise the revaluations of the bank's owner-occupied properties after recognition of deferred taxes. The reserve will be dissolved on the impairment or sale of the property.

Note

1 **Accounting policies (continued)**

Additional Tier 1 capital
The bank's Additional Tier 1 capital amounts to DKK 301m. The loan contains no contractual obligations to deliver cash and cash equivalents or other financial assets as the term of the principal amount is indefinite and the bank is entitled to omit interest payments. According to the Danish Executive Order on the Presentation of Financial Statements, the issuance is therefore classified as equity and not as debt. Consequently, the equity has been increased by the loan proceeds when the loan was raised, and the loan is treated as Additional Tier 1 capital in the statement of own funds. If the bank decides to repay the loan in full or in part, the equity will be reduced on the date of repayment. Interest is treated for accounting purposes as dividends and is transferred directly to the equity and, therefore, does not affect the income statement.

Own shares
Acquisition costs and considerations and dividends on own shares are recognised in the retained profit under equity. A capital reduction by way of cancellation of own shares reduces the share capital by an amount equal to the nominal value of the shares as at the date of registration of the capital reduction.

Financial Statements

Notes

Note	
1	**Accounting policies (continued)**

Basis of accounting of key figures and financial ratios

Capital

Capital ratio = $\dfrac{\text{Own funds x 100}}{\text{Total risk exposure}}$

Tier 1 capital ratio = $\dfrac{\text{Tier 1 capital x 100}}{\text{Total risk exposure}}$

Common Equity Tier 1 capital ratio = $\dfrac{\text{Common Equity Tier 1 capital x 100}}{\text{Total risk exposure}}$

Earnings

Return on equity before tax = $\dfrac{\text{Profit before tax excl. non-controlling interest x 100}}{\text{Equity excl. non-controlling interest (avg.)}}$

Return on equity after tax = $\dfrac{\text{Profit before tax excl. non-controlling interest x 100}}{\text{Equity excl. non-controlling interest (avg.)}}$

Income-cost ratio = $\dfrac{\text{Income}}{\text{Costs (excl. taxes)}}$

Cost ratio = $\dfrac{\text{Operating expenses, depreciation and amortisation}}{\text{Core income}}$

Return on capital employed = $\dfrac{\text{Profit after tax x 100}}{\text{Total assets (avg.)}}$

Employees translated into full time (average) $\dfrac{\text{Actual length of employment x 100}}{\text{Full time}}$

Market risk

Interest rate risk = $\dfrac{\text{Interest rate risk x 100}}{\text{Tier 1 capital}}$

Currency position = $\dfrac{\text{Exchange rate indicator 1 x 100}}{\text{Tier 1 capital}}$

Currency risk = $\dfrac{\text{Exchange rate indicator 2 x 100}}{\text{Tier 1 capital}}$

Liquidity coverage ratio (LCR) = $\dfrac{\text{Cash and easily realisable assets x 100}}{\text{Payment obligations for the next 30 days}}$

Net Stable Funding Ratio (NSFR) = $\dfrac{\text{Available stable funding x 100}}{\text{Required stable funding}}$

Note

1 **Accounting policies (continued)**

Credit risk

Loans plus impairments relative to deposits =	Gross loan / Deposits
Loans relative to equity =	Gross loan / Eguity
Growth in loans for the period =	Loans excl. reverse transactions carried forward – Loans excl. reverse transactions brought forward) x 100 / Loans excl. reverse transactions brought forward
Sum of large exposures >10% =	Sum of large exposures over 10% of Common Equity Tier 1 capital after deductions, excl. credit institutions and jointly owned data centrals / Common Equity Tier 1 capital
Sum of 20 largest exposures*) =	Sum of 20 largest exposures after deductions, excl. credit institutions and jointly owned data centrals x 100 / Common Equity Tier 1 capital
Accumulated impairment ratio	Accumulated impairment on loans and guarantees x 100 / Gross loans and guarantees
Impairment ratio for the year =	Accumulated impairment on loans and guarantees for the year x 100 / Gross loans and guarantees

The Vestjysk Bank share

Earnings per share =	Vestjysk Banks shareholders' share of the profit for the year / Number of shares issued (avg.)
Equity value per share =	Vestjysk Banks shareholders' share of the profit for the year / Number of shares issued (avg.)
Price, end of year	Read

Other financial ratios

Growth in loans *) =	(Loans carried forward - Loans carried forward 1 year before) x 100 / Loans carried forward 1 year before

*) The key figures is used in the Danish FSA benchmarks, as described in the management review.

Note

1a Accounting estimates and judgments

The calculation of the carrying amount of certain assets and liabilities is based on an estimate of the effect of future events on the values of such assets and liabilities at the reporting date.
The estimates and judgments applied by Management are based on assumptions that it considers reasonable, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected future events or circumstances may arise. Therefore, estimates and judgments are inherently difficult to make and will always entail uncertainty when they involve transactions with customers and other counterparties. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or as a result of new information or subsequent events.

The principles for making accounting estimates and judgments material to the financial reporting include an assessment of:

- Loan impairment charges and provisions for guarantees
- Revaluation of domicile property
- Fair value measurement of financial instruments
- Measurement of deferred tax assets

Loan impairment charges and provisions for guarantees
Impairment losses on loans and receivables are recognised in accordance with the accounting policies and based on a number of assumptions. Impairment losses are based on an expected loss model, as a result of which Management has made a number of estimates in connection with the calculation of impairment losses.

Provisions for losses on guarantees also entail uncertainty where the quantification of the risk of a payment having to be made on a guarantee is substantially based on estimates.

Calculation and recognition of impairment is based on a number of factors, several of which are estimated, and as such contain an element of uncertainty.
For example, impairment losses are strongly affected by macroeconomic trends, including the following factors:

Scenarios
The determination of losses under the expected loss model is based on Management's forecasts of future economic developments. Preparing such forecasts involves estimates made by Management. The estimates are based on different scenarios (a base case scenario, an upside scenario and a downside scenario), each of which is given a probability weighting reflecting Management's assessment of current forecasts. The determination and probability weighting of scenarios entail uncertainty.

Value of collateral
Determining the value of collateral also involves estimates. Such estimates relate to the assessment of whether all future payments will be received and the determination of the amount of future payments, including realisable values of any collateral and expected dividend payments from estates.

Note

1a **Accounting estimates and judgments (continued)**

Model uncertainty and management estimates

In connection with Vestjysk Bank's implementation of new guidelines on the application of the definition of default taking effect at 1 January 2021, the Bank is seeking to standardise the criteria for occurrence of default, stage 3 and non-performing exposures. As different quarantine periods apply to each of these, the criteria for when an asset is no longer in default also differ.

In addition to the use of forward-looking elements, impairment losses in stages 1 and 2 are also subject to uncertainty due to the fact that the models do not take into account all relevant factors. As the historical data underlying the models is still limited, it has been necessary to apply management estimates in supplement to the model calculations. These management estimates relate particularly to agriculture, fishery and economic uncertainties, including the coronavirus crisis. Management estimates have been based on individual assessments of each segment and the borrowers concerned. Assessing the effects of the long-term probability of default of these borrowers and segments in an upside and a downside scenario, respectively, involves estimates.

The coronavirus pandemic

The Bank is closely monitoring the coronavirus developments and will assess on an ongoing basis whether the model impairment losses are adequate.

Agriculture

We must also stress that, for the agricultural sector in particular, an adverse trend in sales conditions could result in additional impairment losses, including in case of changes in the estimates and assumptions used to calculate impairment allowances in this sector.

The Bank is closely monitoring developments in the agricultural and mink sectors, including milk and pork settlement prices, and will continue to factor the consequences of any changes into the calculation of impairment.

Management is aware that the Bank has a relatively high proportion of credit-impaired customers. Consequently, loan impairment losses and provisions for guarantees are subject to considerable uncertainty. If the economic climate deteriorates significantly, particularly in the agricultural sector, this could have a material adverse impact on the Bank's results of operation and financial position.

Note

1a **Accounting estimates and judgments (continued)**

Revaluation of domicile property
The rate of return method is applied when measuring domicile property at revalued amount. The uncertainty related to the measurement is mainly linked to the rate of return and rental value used in the valuation.

The carrying amount of domicile property is specified in note 18.

Fair value measurement of financial instruments
Vestjysk Bank measures a number of financial instruments at fair value, including all derivative financial instruments, as well as shares and bonds.

Assessments are made in connection with determining the fair value of financial instruments in the following areas:

- Choice of valuation method
- Determination of when available listed prices do not reflect the fair value
- Calculation of fair value adjustments to provide for relevant risk factors, such as credit and liquidity risk
- Assessment of which market parameters are to be monitored
- Estimate of future cash flows and return requirements for unlisted shares.

As part of its operations, Vestjysk Bank has acquired strategic investments. These are measured at fair value based on the available information about trading in the relevant company's shares or, alternatively, a valuation model based on accepted and current market data, including an assessment of expected future earnings and cash flows. The valuation will also be influenced by co-ownership, trading and other available information.

The carrying amount of securities measured at fair value is specified in note 33.

Measurement of deferred tax assets
Deferred tax assets are recognised for all unutilised tax losses to the extent that it is considered probable that the Bank will realise taxable profits within the next three years against which the tax losses can be set off. Future earnings are calculated without including expected earnings in respect of Den Jyske Sparekasse. Determining the amount to be recognised is based on an estimate of the probable timing and amount of future taxable profits. Budgets of the Bank's performance are based on an estimate of the probable timing and amount of future taxable profits, including the timing and amount of impairment losses. The Bank's use of a five-year budget period is due to its significant exposure to the agricultural sector and the uncertainty concerning future earnings in this sector.

At the reporting date, the Bank's Management assessed that a deferred tax asset of DKK 293 million concerning the tax loss can be realised within a five-year period. If the budgets are not realised as expected, the deferred tax asset may prove to have been overestimated.

Note		2021 DKK'000	2020 DKK'000
2	**Interest income**		
	Receivables from credit institutions and central banks	41	53
	Loans and other receivables	769,747	474,544
	Bonds	18,341	14,335
	Derivative financial instruments	5,225	1,304
	Other interest income	145	1
	Total	793,499	490,237
2a	**Negative interest income**		
	Receivables from credit institutions and central banks	15,363	2,730
	Bonds	8,989	4,912
	Total	24,352	7,642
3	**Interest expenses**		
	Credit institution and central banks	928	0
	Deposits and other debt	19,724	9,683
	Issued bonds	6,028	0
	Subordinated debt	34,151	20,226
	Other interest expenses	945	338
	Total	61,776	30,247
3a	**Negative interest expenses**		
	Credit institutions and central banks	0	163
	Deposits and other debt	99,519	33,657
	Total	99,519	33,820
4	**Income from fees and commissions**		
	Securities trading and custody services	151,599	86,163
	Payment services	89,960	49,366
	Loan processing fees	125,300	46,082
	Guarantee commission	100,966	56,808
	Other fees and commissions	185,493	121,077
	Total	653,318	359,496
5	**Value adjustments**		
	Other loans and receivables at fair value		0
	Bonds	-14,248	16,053
	Shares, etc.	76,128	33,872
	Investment property	1,177	0
	Foreign currency	29,326	12,330
	Foreign exchange, interest rate, equity, commodity, and other contracts as well as derivative financial instruments	14,759	3,324
	Assets related to pooled schemes	994,739	-11,989
	Deposits with pooled schemes	-994,739	11,989
	Other assets	-9,958	-920
	Other liabilities	10,447	0
	Total	107,631	64,659

Note		2021 DKK'000	2020 DKK'000
6	**Staff costs and administrative expenses**		
	Staff costs:		
	Wages and salaries	427,481	237,300
	Pensions	54,273	28,329
	Payroll tax	62,669	39,289
	Expenses relating to social security contributions etc.	8,205	2,259
	Total	552,628	307,177
	Average number of employee (FTE)	657.4	394.7
	Other administrative expenses:		
	IT expenses	312,080	139,795
	Rent, electricity and heat	24,326	9,208
	Other administrative expenses	155,216	54,073
	Total	491,622	203,076
	Total	1,044,250	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	3,539	2,755
	Number of members of the Board of Directors	13	10
	The Board of Directors is remunerated with a fixed fee.		
	Executive Board		
	Fixed remuneration	12,774	6,590
	Pension	335	329
	Total	13,109	6,919
	Value of benefits	458	279
	Number of members of the Executive Board	3	2
	Other employees with significant influence on the Bank's risk profile		
	Fixes remuneration	15,574	12,959
	Holiday pay in resignation, total	293	0
	Pension	2,088	1,594
	Total	17,955	14,553
	Number of employees with significant influence on the Bank's risk profile	18	16

Information on the individual remuneration of Board members and members of the Executive Board appears from the remuneration report, which is available on Vestjysk Bank's website: Vestjyskbank.dk\vederlagsrapport. The Board of Directors' and the Executive Board's shareholdings in Vestjysk Bank A/S appear in the management's review\management.

Note		2021 DKK'000	2020 DKK'000
	Annual pension for the Executive Board and other with significant influence on the Bank's risk profile Executive Board 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. Torben Sørensen, Managing Director 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. Michael Nelander Petersen, Managing Director 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. Other employees with significant influence on the Bank's risk profile: Contribution-based through pension fund. The Bank contributes 12.25% of the salary.		
7	**Auditors' fees**		
	Fees for statutory audit of the financial statements	2,429	750
	Fees for other assurance engagements	463	2,113
	Fees for tax consulting	121	120
	Fees for other services	4,005	215
	I alt	7,018	3,198
	Fees for other assurance engagements mainly relate to reports to public authorities including the merger with Den Jyske Sparekasse and review of the Bank's tax statements. Fees for tax consulting relate to consulting on the Bank's tax statements for previous years. Fees for other services.		
8	**Impairment of loans and receivables, ect.**		
	Impairment of loans and other receivables in the statement of income		
	New impairments, new and increased exposures	592,694	572,166
	Reversal of impairment, new and redeemed exposures	-676,076	-517,045
	Loans with no prior individual impairment/provisions, written off	46,922	28,315
	Recovered on previously written-off debts	-24,594	-58,242
	Total	-61,054	25,194
	Provisions for losses on guarantees and unused credit commitments in the statement of income		
	Impairments for the period	135,998	61,277
	Reversal of provisions in prior financial years	-94,951	-57,938
	Total	41,047	3,339
	Impairment of loans and other receivables, end of the reporting period	-20,007	28,533
	Interest income on impaired loans is offset against impairment in the amount of	32,667	40,739

Note		2021 DKK'000	2020 DKK'000
9	**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
	New impairments, new exposures	30,843	10,388
	Reversed impairments repaid accounts	-88,141	-71,655
	Change in impairments, beginning of period to/from stage 1	-3,020	-14,215
	Change in impairments, beginning of period to/from stage 2	34,825	21,584
	Change in impairments, beginning of period to/from stage 3	43,792	28,144
	Impairments due to change in credit risk	9,056	6,024
	Nedskrivninger ultimo	52,736	25,381
	Stage 2 (significant increase in risk assessment)		
	Impairment, beginning of the reporting period	63,689	75,845
	Impairment, addition from merger	51,943	-
	New impairments, new exposures	42,460	15,572
	Reversed impairments repaid accounts	-80,856	-70,043
	Change in impairments, beginning of period to/from stage 1	2,437	11,570
	Change in impairments, beginning of period to/from stage 2	-47,981	-28,043
	Change in impairments, beginning of period to/from stage 3	46,286	37,161
	Impairments due to change in credit risk	235,235	21,627
	Impairment, end of the reporting period	313,213	63,689
	Stage 3 (credit-impaired)		
	Impairment, beginning of the reporting period	2,001,640	2,198,643
	New impairments, new exposures	158,210	155,037
	Reversed impairments repaid accounts	-550,030	-472,599
	Change in impairments, beginning of period to/from stage 1	583	2,645
	Change in impairments, beginning of period to/from stage 2	13,155	6,459
	Change in impairments, beginning of period to/from stage 3	-90,077	-65,305
	Impairments due to change in credit risk	417,589	459,715
	Impairments lost	-381,567	-323,695
	Other movements	32,667	40,740
	Impairment, end of the reporting period	1,602,170	2,001,640
	Loans, credit-impaired at initial recognition		
	Impairment, beginning of the reporting period (acquired impairment)	35,877	52,246
	Impairment, addition from merger	867,165	-
	New impairments	0	2,060
	Reversed impairments	-257,749	-1,006
	Impairments lost	-251,719	-17,423
	Impairment, end of the reporting period	393,574	35,877
	In connection with the merger With Den Jyske Sparekasse, stage 2 impairments are included as an increase in stage 2 impairments. This is considered accurate.		

Note		2021 DKK'000	2020 DKK'000
9	**Provisions for losses on guarantees**		
	Provisions, beginning of the reporting period	22,176	25,762
	Addition from merger	13,705	-
	New provisions, new exposures	2,938	2,274
	Reversed provisions for losses at repaid accounts	-20,317	-14,571
	Provision during the period due to change in credit risk	2,786	8,968
	Provisions, lost	0	-257
	Provisions, end of the reporting period	21,288	22,176
	Overall accumulated impairment of loans and receivables and provisions for losses on guarantees	1,989,407	2,148,763
	Accumulated impairment ratio	6.9%	12.9%
	Provisions for losses on unused credit commitments		
	Provisions beginning of the reporting period	66,133	59,466
	Addition from merger	31,399	-
	New provisions, new exposures	28,676	4,462
	Reversed provisions for losses at repaid accounts	-74,634	-45,949
	Provision during the period due to change in credit risk	101,599	48,154
	Provisions, end of the reporting period	153,173	66,133
10	**Receivables for which accrual of interest has been discontinued**		
	Receivables for which accrual of interest has been discontinued, end of the reporting period	1,072,551	1,209,302
	Total impairment charge thereon	770,809	758,278
	Receivables for which accrual of interest has been discontinued, as a percentage of loans before impairment	5.6%	10.6%
11	**Tax**		
	Current tax	71,750	25,152
	Deffered tax	-194,718	0
	Adjustment of current tax for prior years	-2,750	81
	Total	-125,718	25,233
	Applicable tax rate is reduced from 22% to an income at 13.2% according to deffered tax asset		
	Applicable tax rate	22.0%	22.0%
	Use of losses from previous years	-11.5%	-12.1%
	Tax-free value adjustments	-1.0%	-1.7%
	Deferred tax asset	-20.4%	0.0%
	Other adjustments	-2.0%	-0.5%
	Adjustment of current tax for prior years	-0.3%	0.0%
	Effective tax rate	-13.2%	7.7%

Financial Statements

Notes

Note		2021 DKK'000	2020 DKK'000
12	**Receivables from credit institutions and central banks**		
	Receivables at notice from central banks	0	481,000
	Receivables from credit institutions	186,898	88,359
	Total	186,898	569,359
	Distributed by term to maturity		
	On demand	186,898	88,359
	Up to and including 3 months	0	481,000
	Total	186,898	569,359
13	**Loans and other receivables, by term to maturity**		
	Distributed by term to maturity		
	On demand	2,728,240	974,970
	Up to and including 3 months	3,127,280	2,607,584
	3 months to 1 year	1,941,304	1,070,132
	1 year to 5 years	5,300,552	2,927,120
	More than 5 years	3,680,987	1,751,737
	Total	16,778,363	9,331,543
14	**Investments in associates**	Ownership:	Domicile:
	Thise Udviklingsselskab ApS	30.8%	Skive
	Activity: Estate rental		
	HN Invest Tyskland A/S	33.3%	Odense
	Activity: Holding company and lending for real estate investment		
	Egns-Invest Tyske Ejendomme A/S	20.0%	Horsens
	Activity: Other rentals		
	Ejendomsfællesskabet Den Jyske Sparekasse og KGH Property I/S	50.0%	Grindsted
	Activity: Other rentals		
		2021 DKK'000	2020 DKK'000
	Fair value, beginning of the period	0	
	Additions	107,960	
	Disposals	0	
	Fair value, end of the period	107,960	
	Changes in value, beginning of the period	0	
	Disposals	0	
	Profit	19,887	
	Changes in value, end og the period	19,887	
	Value, end of the period	127,847	
15	**Assets related to pooled schemes**		
	Cash assets	0	0
	Investment funds	9,223,381	5,426,277
	Other assets	0	0
	Total	9,223,381	5,426,277

Note		2021 DKK'000	2020 DKK'000
16	**Intangible assets**		
	Customer relationships		
	Total acquisition cost, beginning of the reporting period	14,964	14,964
	Additions from merger	119,613	0
	Disposals	19,577	
	Total acquisition cost, end of the reporting period	115,000	14,964
	Depreciation and impairment, beginning of the reporting period	14,964	14,964
	Depreciation and impairment for the period	15,634	0
	Reversed depreciation, disposals	19,577	
	Depreciation and impairment, end of the reporting period	11,021	14,964
	Recognised holding, end of the reporting period	103,979	0
	Other Intangible assets		
	Total acquisition cost, beginning of the reporting period	1,416	1,416
	Doisposals	606	0
	Total acquisition cost, end of the reporting period	810	1,416
	Depreciation and impairment, beginning of the reporting period	1,416	1,399
	Depreciation and impairment, end of the reporting period	0	17
	Reversed depreciation, disposals	606	
	Depreciation and impairment for the period	810	1,416
	Depreciation and impairment, end of the reporting period	0	0
	Total	103,979	0
17	**Investment property**		
	Fair value, beginning of the period	0	425
	Additions on merger	33,014	0
	Additions	48,405	0
	Disposals	50,467	425
	Changes, Fair value	1,177	0
	Fair value, end of the period	32,129	0
18	**Owner-occupied property**		
	Revalued amount, beginning of the period	235,986	261,684
	Additions from merger	153,650	0
	Additions	0	1,496
	Disposals	100,680	16,851
	Depreciations	5,256	4,044
	Changes in value recognised in other comprehensive income	3,852	0
	Changes in value recognised in the statement of income	-12,782	-6,299
	Revalued amount, end of the period	274,770	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 4.75% and 10% has been applied to properties.		
	Leased owner-occupied property		
	Value of leases, beginning of the period	28,967	0
	Impact of changing	0	15,316
	Recognised in statement of financial position, beginning period	28,967	15,316
	Additions from merge	6,718	
	Additions	53,685	17,418
	Depreciations	6,372	3,767
	Changes in value recognised in the statement of income	-7,657	0
	Value of leases, end of the period	75,341	28,967
	Total	382,240	264,953

Note		2021 DKK'000	2020 DKK'000
19	**Other property, plant and equipment**		
	Cost		
	Cost, beginning of the reporting period	11,690	11,089
	Additions	11,625	1,075
	Disposals	8,686	474
	Total cost, end of the reporting period	14,629	11,690
	Impairment and depreciation		
	Impairment and depreciation, beginning of the reporting period	9,145	6,258
	Depreciation for the reporting period	3,521	3,361
	Impairments and depreciation for the period on sold and scrapped assets	210	0
	Reversals for impairment charges for previous years and reversal of total impairment and depreciation on assets sold or retired from operations during the reporting period	8,562	474
	Impairment and depreciation, end of the reporting period	4,314	9,145
	Carrying amount, end of the reporting period	10,315	2,545
20	**Deffered tax asset**		

The bank reassessed the possibilities of utilizing the deffered tax asset in 2012, which resulted in a impairment to DKK 0.
Vestjysk Bank assesses that the deferred tax asset is expected to be partly used within the next five years, based on a cautious expectation of earnings for 2022-2026. Therefore, the deferred tax is partly recognised at DKK 293 million in the financial statement 31. December 2021. Of this, DKK 290 million relates to the unutilised tax losses, which will be set off in the total capital (2020: 85 million).The unrecognised tax asset amounted to DKK 113 million at 31 December 2021.

Note		2021 DKK'000	2020 DKK'000
21	**Other assets**		
	Positive market value of derivative financial instruments	80,617	19,804
	Interest and commission receivable	202,816	118,440
	Investments in BEC	292,196	143,595
	Other assets	109,609	41,455
	Total	685,238	323,294
22	**Debts to credit institutions and central banks**		

Off this:
DKK 140 million. Floating rate at 1.673%, maturing in September 2025
DKK 150 million. Floating rate at 1.873%, maturing in December 2025
The debt is classified as non-preferred debt, which may be included as MREL capital.

	2021 DKK'000	2020 DKK'000
Distributed by term to maturity:		
On demand	17,507	22,075
1 year to 5 years	290,000	
Over 5 years	347	370
Total	307,854	22,445

Note		2021 DKK'000	2020 DKK'000
23	**Deposits and other debt**		
	On demand	24,370,772	12,451,225
	Term deposits	2,158	0
	Time deposits	58,809	0
	Special deposits	1,592,115	957,978
	Total	26,023,854	13,409,203
	Distributed by term to maturity:		
	On demand	25,274,388	12,734,036
	Up to and including 3 months	13,446	15,067
	3 months to 1 year	249,855	41,658
	1 year to 5 years	47,277	179,866
	Over 5 years	438,888	438,576
	Total	26,023,854	13,409,203
24	**Issued bonds**		
	DKK 60 million fixed rate 3.00%, September 2024	60,000	
	DKK 60 million accrued establishment costs	-163	
	DKK 140 million floating rate 1.647%, March 2025	140,000	
	DKK 140 million accrued establishment costs	-405	
	DKK 180 million fixed rate 2.035%, June 2025	180,000	
	DKK 180 million accrued establishment costs	-1,153	
	Total	378,279	0
	The debt is classified as non-preferred debt, which may be included as MREL capital.		
	Distributed by term to maturity:		
	1 year to 5 years	378,279	0
	Total	378,279	0
25	**Other liabilities**		
	Negative market value of derivative financial instruments	84,092	20,126
	Various creditors	844,627	459,237
	Interest and commission payable	16,020	15,295
	Lease liabilities	85,653	32,393
	Other liabilities	72,277	23,579
	Total	1,102,669	550,630
26	**Subordinated debt**		
	Tier 2 capital	597,746	347,961
	Total	597,746	347,961
	Charged as an expense under interest expenses/subordinated debt:		
	Interest expenses	32,426	19,280
	Costs related to incurrence and repayment	1,725	946
	Total	34,151	20,226
	Subordinated debt that can be included in the total capital	597,746	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 with at a floating rate of CIBOR6 plus a credit spread at 5.5% currently 5.317%. The capital meets the requirements under CRR/CDR IV.

Financial Statements

Notes

Note		2021 DKK'000	2020 DKK'000
27	**Share capital**		
	Share capital	1,233,574	895,982
	Number of shares (units of DKK 1)	1,233,573,501	895,981,517
	Number of own shares, beginning of the period		
	Number of own shares (thousands)	173	173
	Nominal value DKK’000	173	173
	Percentage of the share capital	0.0%	0.0%
	Additions		
	Purchase of own shares (thousands)	12,303	16,541
	Nominal value DKK’000	12,303	16,541
	Percentage of the share capital	1.0%	1.8%
	Total purchase price DKK’000	41,671	49,924
	Disposals		
	Sold own shares (thousands)	12,303	16,541
	Nominal value DKK’000	12,303	16,541
	Percentage of the share capital	1.0%	1.8%
	Total selling price DKK’000	41,671	49,924
	Number of own shares, end of reporting period		
	Number of own shares (thousands)	173	173
	Nominal value DKK’000	173	173
	Percentage of the share capital	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.		
28	**Capital**		
	Shareholders’ Equity	5,396,432	3,244,896
	Tier 1 Capital recognised in Equty	-300,700	-155,000
	Interest Tier 1 Capital	-11,037	0
	Prudent valuation	-10,880	-6,489
	Intangible assets	-103,979	0
	Deferred tax assets	-289,626	-85,434
	Investments in the sector	-284,956	-215,841
	Non Performing Exposures (NPE-deduction)	-82,505	
	Common equity tier 1 capital	4,312,749	2,782,132
	Additional tier 1 capital	300,700	155,000
	Tier 1 capital	4,613,449	2,937,132
	Tier 2 capital	597,746	343,598
	Total capital	5,211,195	3,280,730
	- Credit risk	19,682,489	10,376,551
	- Market risk	1,697,106	1,264,788
	- Operational risk	2,070,490	1,662,041
	Total risk exposure	23,450,085	13,303,380
	Common equity tier 1 capital ratio	18.4%	20.9%
	Tier 1 capital ratio	19.7%	22.1%
	Total capital ratio	22.2%	24.7%
	MREL- capital		
	Total capital	5,211,195	3,280,730
	MREL-capital	668,280	4,363
	MREL- total capital	5,879,475	3,285,093
	MREL-capital ratio	25.1%	24.7%

Note		3521 DKK'000	3361 DKK'000
29	**Contingent assets**		
	Deferred tax asset at a tax rate of 22%	113,225	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 293 million in the financial statement. The remaining deferred tax asset is treated as a contingent asset which is not recognised in the Statement of Financial Position.		
30	**Contingent liabilities and security pledge**		
	Guarantees		
	Financial guarantees	2,843,247	1,143,146
	Loss guarantees on mortgage loans	3,955,149	2,209,108
	Registration and remortgaging guarantees	1,061,802	450,655
	Other contingent liabilities	2,191,726	1,399,149
	Total	10,051,924	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	34,571	116,262
	Total	34,571	116,262
	The Bank's membership of BEC means that in the case of termination of the Bank's membership, it is liable to pay an exit fee of DKK 1,123 million.		
	Security pledged		
	Credit institutions:		
	Margin accounts pledged as security in relation to financial derivatives	97,841	13,643
	Deposited in the Danish Growth Fund	403	404
	Bonds:		
	Pledged as security for credit facility with Danmarks Nationalbank		
	Total nominal value	994,557	1,098,139
	Total market value	1,001,032	1,103,746
31	**Hedge accounting**		
	To manage interest rate risk, the following are hedged (fair value hedge):		
	Loans at amortised cost	51,255	32,214
	Hedged with interest rate swaps, maturity 2021-2039:		
	Notional principal	41,920	31,661
	Fair value	-9,335	-553
	Total fair value adjustment of hedging instruments	9,375	1,169
	Total fair value adjustment of the hedged items	-9,375	-1,169
	Recognised in the statement of Income	0	0

Note					
32	**Derivative financial instruments** risks and positions.				
	2021 (DKK'000)	Nominal value	Net market value	Positive market value	Negative market value
	Foreign exchange contracts				
	Up to 3 months	927,635	2,281	9,668	7,388
	3 months to 1 year	383,010	1,622	8,572	6,950
	1 year to 5 years	27,175	-187	365	551
	More than 5 years	0	0	0	0
	Average market value		3,115	17,819	14,705
	Interest rate contracts				
	Up to 3 months	1,156,550	1,384	3,903	2,520
	3 months to 1 year	99,449	88	769	680
	1 year to 5 years	100,993	16	4,770	4,754
	More than 5 years	686,980	-8,683	52,281	60,964
	Average market value		-11,314	70,927	82,241
	Share contracts				
	Up to 3 months	1,423	4	289	285
	3 months to 1 year	0	0	0	0
	1 year to 5 years	0	0	0	0
	More than 5 years	0	0	0	0
	Average market value		-1,152	398	1,550

	2020 (DKK'000)	Nominal value	Net market value	Positive market value	Negative market value
	Foreign exchange contracts				
	Up to 3 months	583,368	-319	2,335	2,654
	3 months to 1 year	309,702	-100	4,978	5,078
	1 year to 5 years	95,969	355	1,102	747
	More than 5 years		0	0	0
	Average market value		759	8,469	7,710
	Interest rate contracts				
	Up to 3 months	696,504	878	3,017	2,139
	3 months to 1 year	48,888	-483	197	680
	1 year to 5 years	0	0	0	0
	More than 5 years	40,648	270	7,687	7,417
	Average market value		-492	14,010	14,502
	Share contracts				
	Up to 3 months	92,824	-314	488	802
	3 months to 1 year	290	-609	0	609
	1 year to 5 years		0	0	0
	More than 5 years		0	0	0
	Average market value		-1,663	690	2,353

Note	
33	**Fair value of financial assets and liabilities**

Financial assets and liabilities are measured in the statement of financial position at their fair value or at amortised cost.
Fair value is the price that will be received on sale of an asset or that must be paid to transfer an obligation in a normal transaction between participants in the market at the time of measurement. In absence is the most advantageous market value at the time used.

For financial instruments measured at fair value, the basis for determining fair value is:
Level 1: Listed prices in an active market for identical assets or liabilities
Level 2: Valuation model based primarily on observable market data.
Level 3: Valuation model that, to a significant degree, is based on non-observable market data.

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

For listed shares and bonds, the fair value is determined as the officially listed price at the reporting date. For unlisted shares in the form of shares in sector-held enterprises where the shares are redistributed, the fair value is determined as the redistribution price and the shares are included in level 2 (observable). For other unlisted shares in sector-held enter-prises, with no observable market data, the valuation is involving estimates, based on financial reports from the enterprise, previous trading of shares in the enterprise and input from qualified external party. The banks most essentials investments in level 3 are: shares in PRAS A/S. The fair value in PRAS is based on net asset value. This share represents shareholdings in Nykredit and DLR kredit. The shares in Nykredit is not valued at net asset value, but at valuation per share the investors bought the shares for in 2017. The bank assesses the net asset value corresponds to the fair value. A change of 10 percent in the market value of sector-held enterprises in level 3 will result in an income and equity impact before tax of DKK 20.4 million.

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

For of loans and impairments in stage 2 and 3 are assessed to correspond to changes in credit quality. The difference relative to fair values is assessed to be impairments in stage 1, received fees and commissions, interest receivable, not falling due until after the end of the financial reporting period, and, for fixed-rate loans, interest rate-dependent value adjustments.

The fair value of receivables from credit institutions and central banks is determined by applying the same method as for loans, although the bank has not made impairments of receivables from credit institutions and central banks. Issued bonds and Subordinated debt are measured at amortised cost. The difference between the carrying amount and the fair value is assessed to be interest payable not falling due until after the end of the financial reporting period as well as costs amortised over the term of the loan and for fixed-rate debt securities in issue, also interest rate-dependent value adjustments for fixed-rate subordinated debt.rest rate-dependent value adjustments for fixed-rate subordinated debt.

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

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

Note						
33	**Fair value of financial assets and liabilities(contunued)**					
	2021 (DKK'000)	Carrying amount	Fair Value	Listed Prices level 1	Observable prices level 2	Non-observable prices level 3
	Finansielle aktiver					
	Cash on hand and demand deposits with central banks	5,174,339	5,174,339	18,302	5,156,037	0
	Receivables from credit institutions and centralbanks	186,898	186,898	0	186,898	0
	Loans at amortised cost	16,778,363	16,888,544	0		16,888,544
	Bonds at fair value	9,346,206	9,346,206	9,298,811	47,395	0
	Shares, etc.	859,384	859,384	46,462	591,917	221,005
	Assets related to pooled schemes	9,223,381	9,223,381	9,223,381	0	0
	Derivative financial instruments	80,617	80,617	0	80,617	0
	Total	41,649,188	41,759,369	18,586,956	6,062,864	17,109,549
	Financial liabilities					
	Debts to credit institutions and centralbanks	307,854	307,854	0	307,854	0
	Deposits	26,023,854	26,023,144	0	0	26,023,144
	Deposits in pooled schemes	9,223,381	9,223,381	0	0	9,223,381
	Issued bonds	378,279	383,146	0	0	383,146
	Subordinated debt	597,746	607,279	0	0	607,279
	Derivative financial instruments	84,092	84,092	0	84,092	0
	Total	36,615,206	36,628,896	0	391,946	36,236,950
	Shares measured at fair value based on non-observable inputs (level 3)					
	Carrying amount, beginning of the period					123,047
	Additions					83,496
	Disposals					654
	Value adjustment					15,116
	Value, end of the period					221,005
	Period's value adjustments relating to financial assets in the portfolio, total					15,248

Note						
33	**Fair value of financial assets and liabilities(contunued)**					
	2020 (DKK'000)	Carrying amount	Fair Value	Listed Prices level 1	Observable prices level 2	Non-observable prices level 3
	Financial assets					
	Cash on hand and demand deposits with central banks	364,364	364,364	54,604	309,760	0
	Receivables from credit institutions and centralbanks	569,359	569,359	0	569,359	0
	Loans at amortised cost	9,331,543	9,389,785	0	0	9,389,785
	Bonds at fair value	6,159,587	6,159,587	6,111,764	47,823	0
	Shares, etc.	546,932	546,932	50,224	373,661	123,047
	Assets related to pooled schemes	5,426,277	5,426,277	5,426,277	0	0
	Derivative financial instruments	19,804	19,804	0	19,804	0
	Total	22,417,866	22,476,108	11,642,869	1,320,407	9,512,832
	Financial liabilities					
	Debts to credit institutions and centralbanks	22,445	22,445	0	22,445	0
	Deposits	13,409,203	13,409,934	0	0	13,409,934
	Deposits in pooled schemes	5,426,277	5,426,277	0	0	5,426,277
	Subordinated debt	347,961	362,007	0	0	362,007
	Derivative financial instruments	20,126	20,126	0	20,126	0
	Total	19,226,012	19,240,789	0	42,571	19,198,218
	Shares measured at fair value based on non-observable inputs (level 3)					
	Carrying amount, beginning of the period					111,319
	Additions					8,936
	Disposals					6,387
	Value adjustment					9,179
	Value, end of the period					123,047
	Period's value adjustments relating to financial assets in the portfolio, total					5,494

Note					
34	**Risk and risk management**				
	Vestjysk Bank is exposed to various types of risk. These risks as well as the Bank's policies and goals for managing such risks are described in the Management Review's sections on risk:				
	Credit Risk page	19			
	Market Risk page	21			
	Interest Rate Risk page	22			
	Exchange Rate Risk page	23			
	Share Risk page	23			
	Operational Risk page	23			
	Liquidity Risk page	24			

35 Loans and guarantees, by sector(net)

	2021 DKK'000	2021 pct.	2020 DKK'000	2020 pct.
Public authorities	0	0%	0	0%
Business:				
Agriculture, hunting, forestry and fishery	3,818,034	14%	2,558,808	18%
Manufacturing industry and raw material extraction	788,808	3%	479,457	3%
Energy supply	834,351	3%	301,180	2%
Construction and civil engineering contractors	929,348	4%	487,888	3%
Trade	1,108,418	4%	638,933	5%
Transportation, hotels and restaurant businesses	614,433	2%	477,962	3%
Information and communication	57,364	0%	78,858	1%
Credit and financing institutes and insurance businesses	1,282,313	5%	510,094	4%
Real estate	2,611,642	10%	1,776,461	12%
Other businesses	1,035,228	4%	778,643	5%
Business, total	13,079,939	49%	8,088,284	56%
Retail	13,750,347	51%	6,445,317	44%
Total	26,830,286	100%	14,533,601	100%

36 Loans by rating, sectors and IFRS9- stages

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

	2021 DKK'000				
	Stage 1	Stage 2	Stage 3	Credit-impaired at initial recognition	Total
Normal credit quality	21,305,535	625,408	0	0	21,930,943
Some signs of weakness	9,939,012	3,087,976	0	25,001	13,051,989
Significant signs of weakness	934,179	967,212	0	94,577	1,995,968
Impaired loans	0	0	2,843,623	743,904	3,587,527
Total	32,178,726	4,680,596	2,843,623	863,482	40,566,427

Note						
36						
		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

The Bank’s credit risk in relation to business customers is managed by rating customers from 1-11 using a rating system developed by BEC together with member banks The Bank’s credit risk I 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

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

	2021 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	3,386,531	1,099,280	1,188,467	493,334	6,167,612
Manufacturing industry and raw material extraction	1,116,065	119,840	101,448	52,687	1,390,040
Energy supply	784,947	392,813	65,992	25,343	1,269,095
Construction and civil engineering contractors	1,448,770	254,405	73,124	7,118	1,783,417
Trade	1,659,060	283,512	179,889	61,278	2,183,739
Transportation, hotels and restaurant businesses	655,610	118,851	146,383	52,713	973,557
Information and communication	107,627	8,081	1,853	0	117,561
Credit and financing institutes and insurance businesses	1,325,551	121,385	152,459	53,067	1,652,462
Real estate	4,242,143	626,493	250,653	47,538	5,166,827
Other businesses	1,233,020	383,653	98,033	0	1,714,706
Business, total	15,959,324	3,408,313	2,258,301	793,078	22,419,016
Retail	16,219,402	1,272,283	585,322	70,404	18,147,411
Total	32,178,726	4,680,596	2,843,623	863,482	40,566,427

Note						
36	**Loans at amortised cost, unused credit commitments and financial guarantees, by sector and IFRS 9 stage**					
				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		2021 DKK'000	2020 DKK'000
37	**Maximum credit exposure before impairment and provisions**		
	Loans measured at amortised cost	18,746,482	11,458,130
	Unused credit commitments	15,001,791	8,657,605
	Guarantees	10,073,212	5,224,234
	Loans, guarantees etc..	43,821,485	25,339,969
	Receivables from credit institutions and central banks	5,342,935	879,119
	Bonds at fair value	9,346,206	6,159,587
	Positive market value of derivative financial instruments	80,617	19,804
	Total	58,591,243	32,398,479
	Maximum credit exposure after impairment and provisions		
	Loans measured at amortised cost	16,778,363	9,331,543
	Unused credit commitments	14,848,618	8,591,472
	Guarantees	10,051,924	5,202,058
	Loans, guarantees etc..	41,678,905	23,125,073
	Receivables from credit institutions and central banks	5,342,935	879,119
	Bonds at fair value	9,346,206	6,159,587
	Positive market value of derivative financial instruments	80,617	19,804
	Total	56,448,663	30,183,583
	Collateral for loans, credit commitments and guarantees		
	Bank accounts	198,918	83,637
	Securities	2,149,310	1,093,870
	Mortgages on properties and wind turbines	15,358,032	8,759,773
	Right of subrogation for mortgages secured in real property	4,592,095	2,221,921
	Charges held in movable property, motor vehicles, operating equipment, ships etc.	4,460,282	2,760,342
	Other	474,711	284,841
	Total	27,233,348	15,204,384
	Of this amount collateral for loans, credit commitments and guarantees (stage 3 including credit impairment on inital recognition)	1,878,150	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 for loans, credit commitments and guarantees.

Note			
38	**Interest rate risk** Interest rate risk is the risk of losses incurred in the event of change in the general interest rate level. Vestjysk Banks interest rate risk is related to activities involving normal banking business such as deposits, loans, trading and position-taking in interest-related products. The interest rate risk is divided into risks inside and outside the Bank's trading book, see below. All else being equal, the direct impact on the income statement from a change in the general interest level will only be related to the interest rate risk inside the trading book. An increase in the interest rate of 1 percentage point would result in an loss after tax of DKK 74.6 million in 2021. Outside the trading book a change in the general interest rate level will have an impact on the future earnings and equity, as a change in interest rates will impact the alternative funding and investment options. Interest rate risk is calculated applying the Financial Supervisory Authority's guidelines.		
		2021 DKK'000	2020 DKK'000
	Interest rate risk outside the Bank's trading book:		
	Securities	83,396	56,549
	Futures/forward contracts/forward rate agreements	-2,697	-1,657
	Swaps	-23	12
	Total	80,676	54,904
	Interest rate risk outside the Bank's trading book:		
	Loans	5,122	2,812
	Deposits	0	0
	Issued Bonds	-7,445	0
	Subordinated debt	-4,582	-8,034
	Equity	-6,662	-2,445
	Total	-13,567	-7,667
	Total interest rate risk	67,109	47,237
	Measured in relation to the tier 1 capital, the interest rate risk corresponds to	1.5%	1.6%
	Interest rate risk, by modified duration		
	Up to 1 year	-163	1,810
	1 year to 2 years	4,911	-1,612
	2 year to 3.6 years	28,653	17,618
	More than 3.6 years	33,708	29,421
	Total	67,109	47,237
39	**Foreign exchange risk** Foreign exchange risk is the risk of losses on foreign exchange positions because of changes in foreign exchange rates. Foreign exchange Indicator 1 expresses a simplified measure of the scope of the institution's positions in foreign currency and is calculated - according to the guidelines of the Danish Financial Supervisory Authority - as the greater of the sum of the foreign currency positions in which the Bank has net payables (short foreign exchange positions) and the sum of all the currencies in which the Bank has a net receivable (long foreign exchange positions).		

Note		2021 DKK'000	2020 DKK'000
39	**Foreign exchange risk**		
	Assets in foreign currency, total	594,748	342,463
	Liabilities in foreign currency, total	220,776	190,151
	Foreign exchange indicator 1	5,060	6,431
	Foreign exchange indicator 1 in percent of tier 1 capital	0.1%	0.2%
	The foreign exchange position consists primarily of positions in EUR, CAD, CNY, THB and USD.		
	A change unfavourable to the Bank of 2% in EUR and of 10% in other foreign currencies will result in a profit/loss and equity impact before tax of	-293	-594
40	**Share risk**		
	The Bank's share risk is derived from shares and derivatives in the Bank's investment and trading books		
	Shares, etc.		
	Shares/unit trust certificates listed on NASDAQ Copenhagen A/S	46,462	33,208
	Shares/unit trust certificates listed on other exchanges	0	17,017
	Unlisted shares recognised at fair value	812,922	496,707
	Total	859,384	546,932
	Of which, sector shares	810,088	493,546
	Sensitivity		
	An increase in share prices of 10 percentage points will result in a profit/loss and equity impact before tax of	79,473	50,483
	of which sector shares	74,914	45,555
	of which other shares	4,559	4,928
	An increase in share prices of 10 percentage points will result in a profit/loss and equity impact before tax of	-79,473	-50,483
	of which sector shares	-74,914	-45,555
	of which other shares	-4,559	-4,928
41	**Liquidity risk**		
	The liquidity buffer is determined on the basis of the Bank's objective of maintaining an LCR of 100% and that the bank has a comfortable coverage in the requirement of 100%. An LCR value of 100% must be able to be maintained month by month under a chosen 3-month stress scenario. The stress scenario is based on LOPI's liquidity model for assets.		
	The liquidity buffer consists of liquid government and mortgage bonds categorised as level 1a, level 1b or level 2a assets and deposits held with the Danish central bank.		
	Liquidity buffer		
	LCR values	13,306,287	6,207,822
	LCR values after adjustment on level 1a assets	13,306,287	3,961,917
	Net outflow	5,172,298	2,197,146
	Liquidity Coverage Ratio - LCR	257.3%	180.3%
	Net Stable Funding (NSFR)		
	As part of the planning of Vestjysk Bank's funding, it is ensured that the Bank complies with the Net Stable Funding Ratio and that it maintains a comfortable excess cover relative to the 100% requirement. An NSFR value of 100% must be able to be maintained month by month under a chosen 3-month stress scenario. The stress scenario is based on LOPI's liquidity model for assets.		
	NSFR	139.3%	120.6%
	As the method of calculating NSFR was revised on 30 June 2021, the comparative figures are not directly comparable		

		2021 DKK'000	2020 DKK'000
42	**Other risks**		
	Operational risks		
	The general responsibility for operational risk resides with the Bank's Middle Office. Vestjysk Bank is focused on mitigating operational risks by maintaining clear organisational responsibilities with the necessary and adequate segregation of duties, control and business procedures in all significant activity areas. Vestjysk Bank continually enhances policies and contingency plans regarding physical disasters and IT breakdowns. The Bank is a member of BEC Financial Technologies(BEC)which handles day-to-day IT system operations. The Bank com-plies with the directions and recommendations it receives from BEC and does not develop proprietary IT systems. The Bank’s IT contingency plans address breakdowns at the head office and parts of the branch network. In case of a breakdown at one or more branches, operations can be maintained from the remaining branches, and in case of a long-lasting breakdown at the head office, vital functions can be maintained from a branch. The Bank’s contingency plan is re-viewed by the Board of Directors at least annually.		
	Total capital risk		
	Total capital is monitored on an ongoing basis and monthly reporting to the Board of Directors takes place according to established guidelines.		
	Compliance		
	Vestjysk Bank has an independent compliance function, whose area of responsibility is to monitor the bank is compliant with existing legislation, market standards and internal rules. There is an instruction and annual plan for the compliance function approved by the Executive Board.		
43	**Related parties**		
	Vestjysk Bank’s related parties comprise the members of the Board of Directors and Executive Board as well as these persons’ relatives.		
	Size of loans, pledges, sureties or guarantees made for members of the institution's		
	Executive Board	520	300
	Board of Directors	2,421	8,611
	In 2021 credit lines to the executive board is extended of total 4.746 DKK'000		
	All commitments are provided on arm's-length terms		
	Interest rate:		
	Executive Board	5,75% *	0% *
	Board of Directors	1,25% - 3,0%	1,25% - 3,0%
	* MasterCard interest rate 0%		
	Security pledges made for commitments issued to members of the institute’s:		
	Executive Board	0	0
	Board of Directors	570	1,185
	Apart from what is considered normal management remuneration, no transactions have been carried out with related parties during the period.		
	Arbejdernes Landsbank is a related part, due to Arbejdernes Landsbank is a associate company		
	There is no exposures or security pledges for Arbejdernes Landsbank.		
44	**Pending litigation**		
	Vestjysk Bank is a part in 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.		
45	**Events after the balance sheet date**		
	No significant events have occured after the reporting date, 31 December 2021.		

Note		14. January 2021 DKK'000
46	**Merger** 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. The breakdown of the purchase price by net assets is final with no changes from the date of the merger.	
	Breakdown of purchase price by net assets at 14 January 2021	
	Assets	
	Cash in hand and demand deposits with central banks	231,473
	Receivables from credit institutions and central banks	1,086,890
	Loans and other receivables at amortised cost	6,919,578
	Bonds at fair value	3,786,337
	Shares, etc.	263,201
	Investments in associates	107,960
	Assets related to pooled schemes	2,732,073
	Intangible assets (including customer relations)	119,613
	Land and buildings, total	195,895
	Investment property	33,014
	Owner-occupied property	153,650
	Owner-occupied property, leased	9,231
	Other property, plant and equipment	1,807
	Current tax assets	474
	Assets held for sale	4,276
	Other assets	260,314
	Prepayments	5,592
	Assets total	15,715,483

Note		14. January 2021 DKK'000
46	**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
	Debts, total	13,918,915
	Acquired net assets	1,796,568
	Purchase price	
	Acquired net assets	1,796,568
	Tier 1 capital	-102,324
	Negative goodwill	-477,455
	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 37 million has been recognised in tax in this respect. The tax of negative goodwill is calculated and recognised under *“Tax”* in the statement of financial position.

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.

In connection with the acquisition, Vestjysk Bank has determined the value of identifiable intangible assets in the form of customer relationships recognised in the takeover balance sheet at fair value. The fair value of customer relationships represents the value of the customer base acquired from Den Jyske Sparekasse. The fair value is calculated as the present value of expected future cash flows generated by sales to the customers after deduction of a reasonable return on all assets contributing to the generation of the cash flows in question. The value of customer relationships is amortised over ten years in Vestjysk Bank’s statement of income.

Note		2021	2020	2019	2018	2017
47	**Financial highlights**					
	Key figures					
	Statement of income (DKKm)					
	Net interest income	807	486	510	548	573
	Net fee income	601	326	329	297	338
	Dividends on shares, etc.	13	9	29	12	4
	Value adjustments	108	65	185	35	23
	Other operating income	486	1	2	17	7
	Core income	2,015	887	1,055	909	945
	Staff costs and administrative expenses	1044	510	477	470	482
	Other operating expenses and depreciation, amortisation and impairment of property, plant and equipment and intangible assets	57	20	31	11	22
	Operating expenses and operating depreciation and amortisation	1,101	530	508	481	504
	Core earnings before impairment	914	357	547	428	441
	Impairment of loans and receivables, etc.	-20	29	64	186	270
	Income from investments in associates	20	0	0	0	0
	Profit/loss from operations in the process of being wound up	0	0	0	0	0
	Profit before tax	954	328	483	242	171
	Tax	-126	25	5	-54	8
	Profit after tax	1,080	303	478	296	163
	Statement of financial position (DKKm)					
	Total assets	43,310	23,105	22,192	21,198	21,902
	Loans	16,778	9,332	10,221	10,797	11,629
	Deposits	26,024	13,409	13,043	12,902	13,506
	Deposits, pooled schemes	9,223	5,426	5,233	4,681	4,890
	Contingent liabilities	10,052	5,202	3,966	3,487	3,608
	Custody services	19,809	10,040	8,708	7,585	8,713
	Arranged mortgage loans	58,192	33,447	30,749	29,122	28,381
	Business volume	62,077	33,369	32,463	31,867	33,633
	Business volume including custody services and arranged mortgage loans	140,078	76,856	71,920	68,574	70,727
	Equity	5,396	3,245	2,956	2,589	2,515

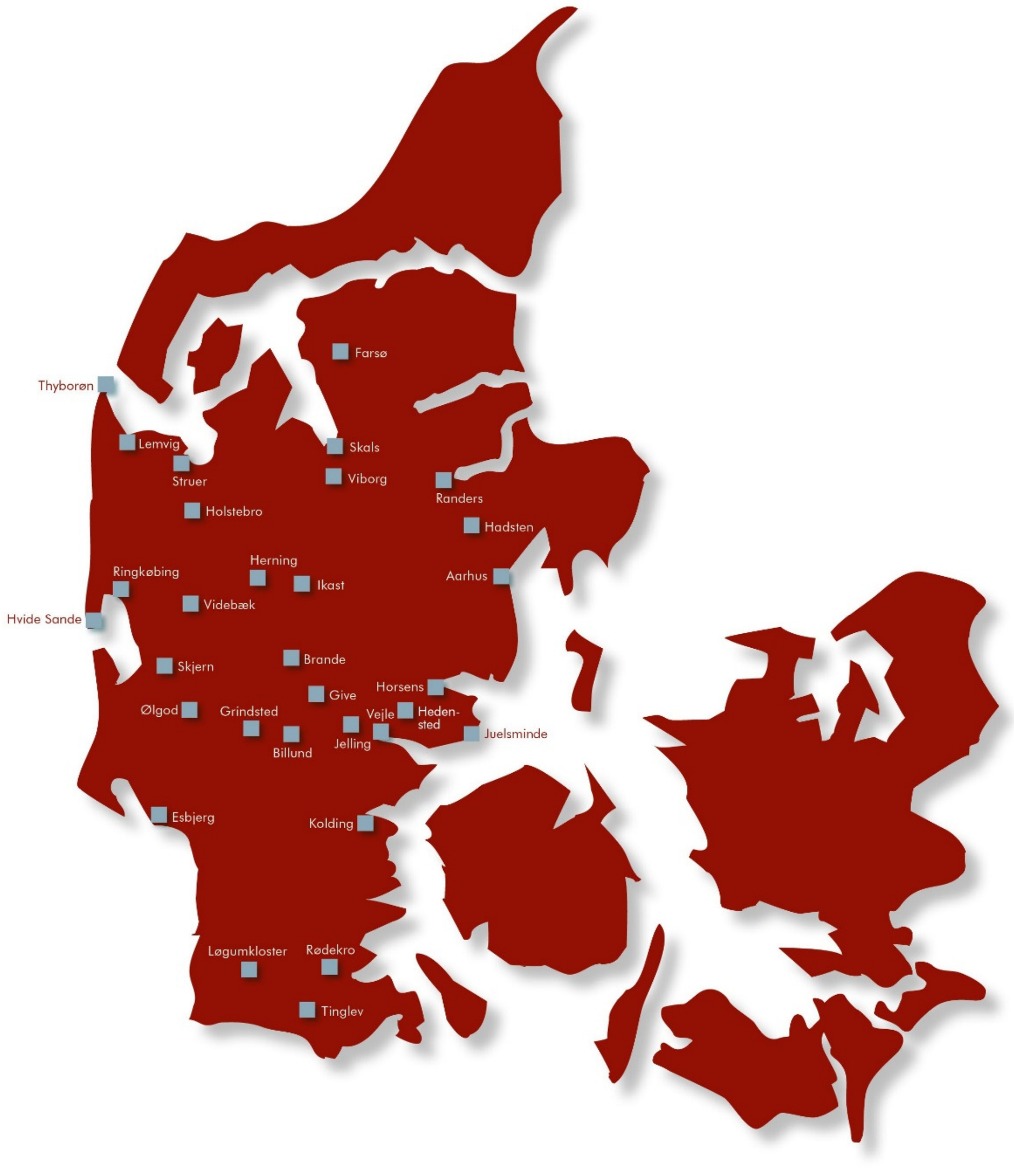
Financial Statements

Notes

Note		2021	2020	2019	2018	2017
47	**Financial highlights (continued)**					
	Financial ratios					
	Solvency					
	Total capital ratio	18.4%	20.9%	17.6%	15.7%	15.2%
	Tier 1 capital ratio	19.7%	22.1%	18.6%	17.4%	16.8%
	Common equity tier 1 capital ratio	22.2%	24.7%	21.1%	19.7%	19.2%
	MREL-capital	25.1%	24.7%			
	Earnings					
	Return on equity before tax, p.a. [1]	18.7%	10.6%	17.4%	9.9%	8.5%
	Return on equity after tax, p.a. [1]	21.2%	9.8%	17.2%	12.1%	8.2%
	Income-cost ratio	1.88	1.59	1.84	1.36	1.22
	Cost ratio [2]	54.1%	59.8%	48.2%	52.9%	53.3%
	Return on assets	3.3%	1.3%	2.2%	1.4%	0.8%
	Average number of employees (FTE)	657.4	394.7	377.9	385.8	421.9
	Market risk					
	Interest rate risk	1.5%	1.6%	0.7%	-0.5%	-1.2%
	Foreign exchange position	0.1%	0.2%	0.4%	0.3%	0.2%
	Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%
	LCR	257.3%	180.3%	259.2%	195.3%	255.4%
	NSFR [3]	139.3%	120.6%			
	Credit risk					
	Loans plus impairment on loans relative to deposits	47.7%	60.8%	68.9%	76.3%	79.4%
	Loans relative to equity	3.1	2.9	3.5	4.2	4.6
	Lending growth for the period	79.8%	-8.7%	-5.3%	-5.6%	-7.2%
	Sum of 20 largest exposures [4]	106.0%	109.3%	102.7%	116.4%	-
	Accumulated impairment ratio	6.9%	12.9%	14.5%	15.6%	16.5%
	Impairment ratio	-0.1%	0.1%	0.3%	1.0%	1.5%
	Vestjysk Bank share					
	Earnings per share	1.0	0.3	0.5	0.3	0.3
	Book value per share [5]	4.1	3.4	3.1	2.6	2.6
	Share price at 31 December	3.4	2.8	3.1	2.0	2.7
	Share price/earnings per share	3.4	8.2	5.8	5.9	8.7
	Share price/book value per share	0.8	0.8	1.0	0.7	1.1

In accordance with the accounting policies, the comparative figures 2016-2017 have not been restated in connection with the implementation of IFRS 9 at 1 January 2018.

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 15. January 2021.
2 Operating expenses and operating depreciation and amortisation/core income.
3 As the method of calculating NSFR was revised on 30 June 2021, the comparative figures are not directly comparable.
4 As from 2018, this financial ratio is calculated according to new rules
5 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.



vestjyskbank.dk

Vestjysk Bank A/S, Industrivej Syd 13c, DK-7400 Herning, CVR 34631328