



## Quarterly Report

1 January to 31 March 2022

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# Summary

## Highlights for Q1 2022

For Q1 2022, Vestjysk Bank reported an acceptable profit before tax of DKK 99m. Net interest and fee income is reported at DKK 369, which is satisfactorily and DKK 39m better than the same period last year, where the net interest and fee income was DKK 330m.

The financial performance was affected by the increasing interest rate level in the market. The increasing interest rates had a negative impact on the market value of the Bank's own portfolio of bonds, and price adjustments affected profit adversely by DKK 58m.

The Bank's write-downs for the period were not significantly affected by the aftermath of the Corona pandemic, Brexit or the risk of further spread of African swine fever. The same applies in relation to the current situation of the war in Ukraine.

The Bank continues to assess that there are significant risks in relation to the economic development, and in Q1 2022 the Bank increased its management add-ons in relation to impairment by DKK 15m, now amounting to DKK 340m. The management add-ons cover the economic uncertainties associated with rising commodity and energy prices, settlement prices and rising feed and energy prices for the Bank's pig producers, the risk of further spread of African swine fever, and the consequences of phasing out the aid schemes relating to the Corona pandemic and the current situation of war in Ukraine.

The Bank's highlights for Q1 2022 (the figures in brackets are comparative figures for Q1 2021 adjusted for non-recurring items resulting from the merger with Den Jyske Sparekasse):

- Profit before tax amounts to DKK 99m (DKK 105m in Q1 2021)
- Return on equity amounts to 7.4% p.a. before tax (9.3 % p.a. in Q1 2021)
- Core income amounts to DKK 326m (DKK 364m in Q1 2021)
- Price adjustments amount to a negative DKK 58m (a positive DKK 32m in Q1 2021)
- Cost ratio amounts to DKK 75.3m (DKK 65.4m in Q1 2021)
- Core earnings before impairment allowances amount to DKK 80m (DKK 126m in Q1 2021)
- Net reversals of impairment of loans and receivables, etc. amount to DKK 19m (in Q1 2021 impairment amounted to DKK 22m)
- The Bank's capital ratio amounts to 20.9 (21.1 in Q1 2021). The excess is 8.2 percentage points, equivalent to DKK 1,927m.

## Outlook for 2022

In connection with the annual report for 2021, the Bank announced expectations for a profit before tax in the range of DKK 600-650m.

The situation with war in Ukraine and the generally rising level of interest rates and inflation leads to increased uncertainty about profit for the year before tax, but the Bank maintains the announced expectations.

# Management's review

## Financial highlights

<b>Key figures</b>	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Year 2021
<b>Statement of income (DKKm)</b>						
Net interest income	191	211	201	207	188	807
Net fee income	166	158	149	152	142	601
Dividends on shares, etc.	12	0	0	13	0	13
Value adjustments	-58	32	32	12	32	108
Other operating income	15	0	2	5	479	486
<b>Core income</b>	<b>326</b>	<b>401</b>	<b>384</b>	<b>389</b>	<b>841</b>	<b>2,015</b>
Staff costs and administrative expenses	237	267	224	259	294	1,044
Other operating expenses and depreciation, amortisation and impairment of property, plant and equipment and intangible assets	9	22	9	13	13	57
Operating expenses and operating depreciation and amortisation expenses	246	289	233	272	307	1,101
<b>Core earnings before impairment</b>	<b>80</b>	<b>112</b>	<b>151</b>	<b>117</b>	<b>534</b>	<b>914</b>
Impairment of loans and receivables, etc.	-19	32	-18	-56	22	-20
Income from investments in associates	0	2	4	13	1	20
Profit/loss from operations in the process of being wound up	0	0	0	0	0	0
<b>Profit before tax</b>	<b>99</b>	<b>82</b>	<b>173</b>	<b>186</b>	<b>513</b>	<b>954</b>
Tax	20	-114	13	10	-35	-126
<b>Profit after tax</b>	<b>79</b>	<b>196</b>	<b>160</b>	<b>176</b>	<b>548</b>	<b>1,080</b>
<b>Statement of financial position (DKKm)</b>						
Total assets	40,840	43,310	40,796	41,061	39,484	43,310
Loans	16,730	16,778	16,655	16,429	16,849	16,778
Deposits	23,696	26,024	24,008	24,513	24,088	26,024
Deposits in pooled schemes	8,854	9,223	8,745	8,696	8,435	9,223
Contingent liabilities	10,603	10,052	9,753	9,940	9,328	10,052
Custody services	18,601	19,809	18,575	18,387	17,371	19,809
Arranged mortgage loans	58,160	58,192	57,095	56,585	56,093	58,192
Business volume	59,883	62,077	59,161	59,578	58,700	62,077
Business volume including custody services and arranged mortgage loans	136,644	140,078	134,831	134,550	132,164	140,078
Equity	5,472	5,396	5,205	5,049	4,876	5,396

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Year 2021
<b>Financial ratios</b>						
<b>Solvency</b>						
Total capital ratio	17.1%	18.4%	17.8%	17.9%	17.2%	18.4%
Tier 1 capital ratio	18.3%	19.7%	19.1%	19.3%	18.5%	19.7%
Capital ratio	20.9%	22.2%	21.7%	21.9%	21.1%	22.2%
MREL capital ratio	23.7%	25.1%	23.9%	23.5%	21.9%	25.1%
<b>Earnings</b>						
Return on equity before tax, p.a. <sup>1</sup>	7.4%	6.1%	13.4%	15.1%	43.0%	18.7%
Return on equity after tax, p.a. <sup>1</sup>	5.9%	14.6%	12.4%	14.2%	45.9%	21.2%
Income-cost ratio	1.43	1.25	1.81	1.86	2.56	1.88
Cost ratio <sup>2</sup>	75.3%	71.7%	60.0%	67.2%	36.5%	54.1%
Return on assets	0.2%	0.5%	0.4%	0.4%	1.8%	3.3%
Average number of employees (FTE)	638.9	639.7	639.9	656.3	698.2	657.4
<b>Market risk</b>						
Interest rate risk	2.1%	1.5%	1.6%	1.2%	1.1%	1.5%
Foreign exchange position	0.2%	0.1%	0.4%	0.5%	0.4%	0.1%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LCR	267.0%	257.3%	280.6%	291.9%	261.6%	257.3%
NSFR <sup>3</sup>	132.9%	139.3%	137.5%	135.6%	118.8%	139.3%
<b>Credit risk</b>						
Loans plus impairment on loans relative to deposits	57.4%	53.2%	57.6%	56.2%	61.1%	53.2%
Loans relative to equity	3.1	3.1	3.2	3.3	3.5	3.1
Lending growth for the period	-0.3%	0.7%	1.4%	-2.5%	80.6%	79.8%
Sum of 20 largest exposures	122.2%	106.0%	100.5%	87.1%	85.7%	106.0%
Accumulated impairment ratio	6.8%	6.9%	7.9%	7.9%	7.9%	6.9%
Impairment ratio	-0.1%	0.1%	-0.1%	0.0%	0.1%	-0.1%
<b>Vestjysk Bank share</b>						
Earnings per share for the period	0.1	0.2	0.1	0.1	0.5	1.0
Book value per share <sup>4</sup>	4.2	4.1	4.0	3.8	3.7	4.1
Share price at 31 March	3.6	3.4	3.3	3.5	3.4	3.4
Share price/book value per share	0.9	0.8	0.8	0.9	0.9	0.8

<sup>1</sup> 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 on 15 January 2021

<sup>2</sup> Operating expenses and operating depreciation and amortisation expenses/core income

<sup>3</sup> As the method for calculating NSFR was revised effective from 30 June 2021, the comparative figures are not directly comparable.

<sup>4</sup> The ratio "Book value per share" is adjusted for the portion of equity (additional tier 1 capital), that is not part of the shareholders' share of equity

# Management's review

## Financial review

### Statement of income

#### Profit

For Q1 2022, Vestjysk Bank reported a profit before tax of DKK 99m.

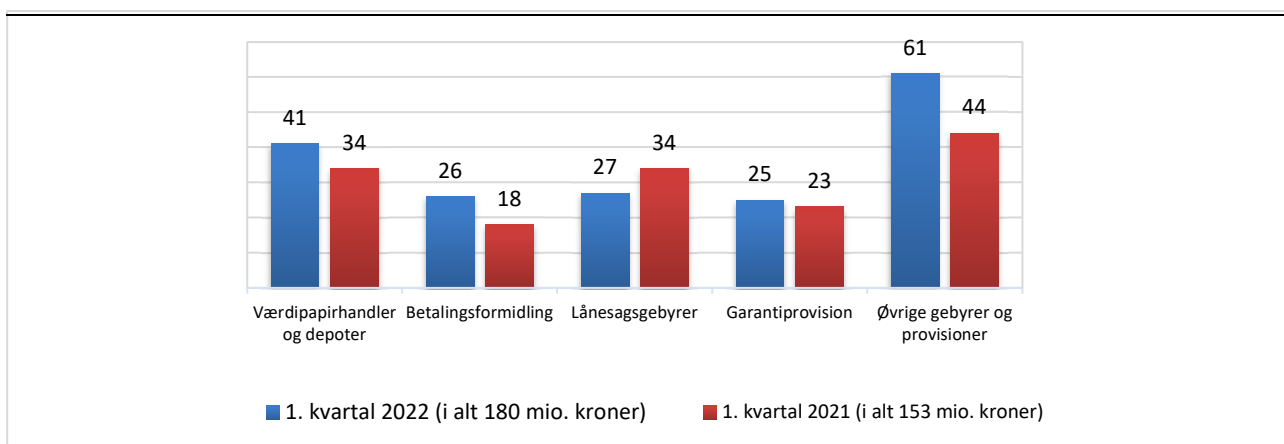
The financial performance was affected by the increasing interest rate level in the market. The increasing interest rates had a negative impact on the market value of the Bank's own portfolio of bonds, and price adjustments affected profit adversely by DKK 58m.

#### Core income

In Q1 2022, Vestjysk Bank realised core income of DKK 326m against DKK 841m in Q1 2021. The core income in Q1 2021 was affected by non-recurring income of DKK 477m (negative goodwill) in connection with the merger with Den Jyske Sparekasse.

Net interest income amounted to DKK 191m in Q1 2022 against DKK 188m in Q1 2021.

Fee and commission income for Q1 2022 amounted to DKK 180m against DKK 153m in Q1 2021. A breakdown of the Bank's fee income is shown in the figure below (DKKm).



It is satisfactory that the Bank's income from fees and commissions continues to increase. The reduction in income from loan application fees compared to Q1 2021 is attributable to Q1 2021 being characterised by somewhat higher activity in the housing area than was the case in Q1 2022.

The price adjustments affected profit negatively by DKK 58m in Q1 2022 against income of DKK 32m in Q1 2021. The increasing interest rates had a negative impact on the market value of the Bank's own portfolio of bonds, which had resulted in a negative price adjustment of the Bank's portfolio of bonds by DKK 83m.

### Other operating income

Other operating income amounted to DKK 15m against DKK 479m in Q1 2021. In 2021, the item was affected by non-recurring income of DKK 477m (negative goodwill) in connection with the merger with Den Jyske Sparekasse.

### Operating expenses and operating depreciation and amortisation expenses

Total operating expenses and operating depreciation and amortisation expenses amounted to DKK 246m in Q1 2022 against DKK 307m in Q1 2021.

The reason for the lower cost level in Q1 2022 compared to Q1 2021 is that the synergies from the merger with Den Jyske Sparekasse are now fully feeding through and that costs in Q1 2021 were affected by non-recurring costs from the merger.

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

DKKm	Q1 2022	Q2 2021	Year 2021
Staff costs	133	172	553
IT costs	69	70	312
-Of this amount BEC	63	69	309
Other administrative expenses	35	51	179
Operating depreciation and amortisation expenses and impairment losses	7	13	52
Other operating expenses	2	1	5
<b>Total</b>	<b>246</b>	<b>307</b>	<b>1,101</b>

### Core earnings before impairment

In Q1 2022, the Bank's core earnings before impairment amounted to DKK 80m compared to DKK 534m in Q1 2021. Profit for Q1 2021 was significantly affected by the non-recurring items in connection with the merger with Den Jyske Sparekasse.

### Impairment of loans and guarantees, etc.

The Bank continues to assess that there are significant risks in relation to the economic development, and in Q1 2022 the Bank increased its management add-on in relation to impairment by DKK 15m, now amounting to DKK 340m. The management add-ons cover the economic uncertainties associated with rising commodity and energy prices, settlement prices and rising feed and energy prices for the Bank's pig producers, the risk of further spread of African swine fever, and the consequences of phasing out the aid schemes relating to the Corona pandemic and the current situation of war in Ukraine.

# Management's review

## Financial review

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.

Breakdown of loans and guarantees at 31 March 2022 (DKKm)	Loans and guarantees before impairment	Accumulated impairment	Loans and guarantees after impairment	Impairment for the period
Dairy farmers	1,820	417	1,403	-26
Pig breeders	1,193	242	951	24
Other agriculture	793	152	641	-9
<b>Agriculture, total</b>	<b>3,806</b>	<b>811</b>	<b>2,995</b>	<b>-11</b>
Real estate	2,722	170	2,552	-4
Other business	8,142	648	7,494	-6
<b>Business, total</b>	<b>14,670</b>	<b>1,629</b>	<b>13,041</b>	<b>-21</b>
Retail	14,646	354	14,292	2
<b>Total</b>	<b>29,316</b>	<b>1,983</b>	<b>27,333</b>	<b>-19</b>

The Bank's accumulated impairment ratio at 31 March 2022 stood at 6.8% against 7.9% at 31 March 2021. At 31 March 2022, the Bank had impairment losses taken over amounting to DKK 348m, which were not recognised in accumulated impairment.

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

Accumulated impairment and provisions by sector	31.03.2022		31.12.2021	
	DKKm	%	DKKm	%
Public authorities	-	0%	-	0%
Agriculture, hunting and forestry	810	41%	817	41%
Fishing	85	4%	62	3%
Manufacturing industry, raw material extraction	57	3%	58	3%
Energy supply	42	2%	65	3%
Construction and civil engineering	46	2%	52	3%
Trade	104	5%	88	5%
Transport, restaurant and hotel business	89	5%	82	4%
Information and communication	2	0%	-	0%
Financing and insurance	156	8%	147	7%
Real estate	170	9%	167	8%
Other industries	68	3%	67	4%
Retail	354	18%	384	19%
<b>Total accumulated impairment and provisions</b>	<b>1,983</b>	<b>100%</b>	<b>1,989</b>	<b>100%</b>



## Statement of financial position

Vestjysk Bank's balance sheet total amounted to DKK 40.8bn at 31 March 2022 against DKK 43.3bn at 31 December 2021.

### Loans

At 31 March 2022, Vestjysk Bank's net loans amounted to DKK 16.7bn against DKK 16.8bn at 31 December 2021, and loans to retail customers accounted for 52% of total 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 11% of total net loans and guarantees, while real estate accounted for 9%. The Bank's exposure in these sectors accounted for 20% of total net loans and guarantees. The Bank complies with the internal objective that no single sector should exceed 15% of total net loans and guarantees.

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

Loans and guarantees by sector	31.03.2022	31.03.2022	31.12.2021	31.12.2021
	DKKm	%	DKKm	%
Public authorities	-	0%	-	0%
Agriculture, hunting and forestry	2,995	11%	3,110	12%
Fishing	688	3%	708	3%
Manufacturing industry, raw material extraction	852	3%	789	3%
Energy supply	720	3%	834	3%
Construction and civil engineering	947	4%	929	3%
Trade	1,305	5%	1,109	4%
Transport, restaurant and hotel business	627	2%	615	2%
Information and communication	51	0%	57	0%
Financing and insurance	1,200	4%	1,282	5%
Real estate	2,552	9%	2,612	10%
Other industries	1,104	4%	1,035	4%
Retail	14,292	52%	13,750	51%
<b>Total net loans and guarantees</b>	<b>27,333</b>	<b>100%</b>	<b>26,830</b>	<b>100%</b>

The credit quality of the Bank's total loans and guarantees is shown below.

Loans, undrawn loan commitments and financial guarantees by credit quality before impairment and provisions	31.03.2022		31.12.2021	
	DKKm	%	DKKm	%
Normal credit quality	22,450	55%	21,931	54%
Some signs of weakness	12,449	30%	13,052	32%
Significant signs of weakness	2,291	6%	1,996	5%
Impaired loans	3,515	9%	3,587	9%
<b>Total loans and guarantees</b>	<b>40,705</b>	<b>100%</b>	<b>40,566</b>	<b>100%</b>

# Management's review

## Financial review

### Large exposures

The Bank's 20 largest exposures represented 122.2% of the Bank's common equity tier 1 capital, which is within the FSA's Supervisory Diamond threshold of 175%.

### Business volume including custody services

Vestjysk Bank's business volume including custody services and arranged mortgage loans amounted to DKK 137bn at 31 March 2022.

Business volume	31.03.2022	31.12.2021
	DKKm	DKKm
Net loans	16,730	16,778
Deposits	23,696	26,024
Pools	8,854	9,223
Guarantees	10,603	10,052
Custody services	18,601	19,809
Arranged mortgage loans	58,160	58,192
<b>Business volume, including custody services and arranged mortgaged loans</b>	<b>136,944</b>	<b>140,078</b>

### Capital and liquidity

#### Equity

Vestjysk Bank's equity stood at DKK 5,472m at 31 March 2022 against DKK 5,396m at 31 December 2021.

#### Common equity tier 1 capital

At 31 March 2022, the Bank's common equity tier 1 capital was DKK 4,029m. Relative to the total risk exposure of DKK 23,627m, this equalled a common equity tier 1 capital ratio of 17.1%.

#### Additional tier 1 capital

The Bank's additional tier 1 capital amounted to DKK 301m at 31 March 2022 and was eligible for full inclusion in total capital.

#### Tier 2 capital

The Bank's tier 2 capital amounted to DKK 598m at 31 March 2022 was eligible for full inclusion in total capital.

#### Total capital

Overall, total capital amounted to DKK 4,928m at 31 March 2022. Relative to the total risk exposure of DKK 23,627m, this equalled a total capital ratio of 20.9%.

Total capital is specified in note 21 to the financial statements.

#### Capital requirements

Adequate total capital amounted to DKK 2,411m at 31 March 2022. Relative to the total risk exposure of DKK 23,627m, this equalled an individual solvency need ratio of 10.2%. At 31 March 2022, the capital conservation buffer stood at 2.5 percentage points and the countercyclical buffer at 0 percentage point.

Total capital requirements amounted to 12.7%, corresponding to DKK 3,001m.

Accordingly, Vestjysk Bank's excess cover on total capital was 8.2 percentage points or DKK 1,927m.

Vestjysk Bank is a part of the Arbejdernes Landsbank Group, which is a systemically important financial institution (SIFI). As a result of the SIFI designation, 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 March 2022, the Bank's common equity tier 1 capital ratio was 17.1%.

#### **Minimum requirement for eligible liabilities (MREL)**

The Danish FSA and Finansiell Stabilitet have prepared plans for the resolution of failing banks pursuant to the Danish Financial Business Act. As part of 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 March 2022, 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 March 2022 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 March 2022, the Bank's MREL capital ratio was 23.7%.

Due to the above-referenced SIFI designation, Vestjysk Bank has received a decision by the Danish FSA 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 countercyclical buffer.

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

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 plus a comfortable buffer.

#### **Liquidity**

At 31 March 2022, the Bank's Liquidity Coverage Ratio (LCR) stood at 267.0% relative to the LCR requirement of 100%. The Bank's Net Stable Funding Ratio (NSFR) was 132.9% at 31 March 2022 relative to the NSFR requirement of 100%.

#### **Share capital**

Vestjysk Bank's share capital totals DKK 1,234m. 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 City 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.

# Management's review

## Financial review

### The Financial Supervisory Authority's Supervisory Diamond

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

Supervisory Diamond Benchmarks	Danish FSA's requirements	Vestjysk Bank
Sum of large exposures	< 175%	122.2%
Lending growth	< 20%	-0.7%
Real estate exposure	< 25%	10.3%
Liquidity benchmark	>100%	276.9%

### Outlook for 2022

In connection with the annual report for 2021, the Bank announced expectations for a profit before tax in the range of DKK 600-650m.

The situation with war in Ukraine and the generally rising level of interest rates and inflation leads to increased uncertainty about profit for the year before tax, but the Bank maintains the announced expectations

### Financial calendar for 2022

- 9 May Quarterly report, Q1 2022
- 17 August Half-year report
- 11 November Quarterly report, Q3 2022

### 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 expenses	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, Custody services and arranged mortgage loans.

# Management's statement

The Bank's Board of Directors and Executive Board have today considered and approved the Quarterly Report of Vestjysk Bank A/S for the reporting period 1 January to 31 March 2022.

The Quarterly Report is presented in accordance with the Danish Financial Business Act.

In our opinion, the accounting policies applied are appropriate and the Quarterly Report presents a true and fair view of the Bank's assets and liabilities and financial position at 31 March 2022, and of the results of the Bank's activities for the reporting period 1 January to 31 March 2022.

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.

The Quarterly Report has not been audited or reviewed, but the Bank's external auditors have verified the profit by carrying out procedures similar to those required for a review, and thus ensured that the requirements for continuous recognition of profit for the period in common equity tier 1 capital are satisfied.

Herning, 9 May 2022

## Executive Board

.....  
Jan Ulsø Madsen  
*Chief Executive Officer*

.....  
Michael Nelander Petersen  
*Managing Director*

# Management's statement

## Board of Directors

.....  
Kim Duus  
*Chairman*

.....  
Gert Rinaldo Jonassen  
*Deputy Chairman*

.....  
Lars Langhoff

.....  
Jan Nordstrøm

.....  
Lars Holst

.....  
Bent Simonsen

.....  
Niels Fessel

.....  
Bolette van Ingen Bro

.....  
Hanne Træholt Odegaard

.....  
Jacob Møllgaard

.....  
Mette Holmegaard Nielsen

.....  
Karsten Westergård Hansen

.....  
Steen Louie

# Quarterly accounts

## Statements of Income and Comprehensive Income

<b>Statements of Income and Comprehensive Income</b>				
Note	1/1 - 31/3 2022 DK'000	1/1 - 31/3 2021 DK'000	1/1 - 31/12 2021 DK'000	
<b>Statement of Income</b>				
2	Interest income	184,768	183,278	793,499
2a	Negative interest income	7,434	4,447	24,352
3	Interest expenses	16,311	13,177	61,776
3a	Negative interest expenses	29,757	21,929	99,519
	Net interest income	190,780	187,583	806,890
	Dividends on shares etc.	11,855	481	13,434
4	Income from fees and commissions	179,845	152,997	653,318
	Fees and commissions paid	13,506	11,132	52,015
	Net interest and fee income	368,974	329,929	1,421,627
5	Value adjustments	-57,585	31,830	107,631
	Other operating income	15,037	478,889	486,276
6	Staff costs and administrative expenses	237,098	293,915	1,044,250
	Depreciation, amortisation and impairment of tangible assets	7,003	12,565	51,678
	Other operating expenses	1,654	658	5,414
7	Impairment of loans and receivables, etc.	-18,600	21,929	-20,007
	Income from investments in associates	-497	1,283	19,887
	Profit/loss from operations in the process of being wound up	0	-20	-18
	Profit before tax	98,774	512,844	954,068
10	Tax	19,444	-35,482	-125,718
	Profit after tax	79,330	548,326	1,079,786
<b>Statement of Comprehensive Income</b>				
	Profit after tax	79,330	548,326	1,079,786
	Other comprehensive income:			
	Changes in the value of owner-occupied properties	574	1,176	676
	Changes in the value of pension obligations	0	0	-474
	Other comprehensive income after tax	574	1,176	202
	Total Comprehensive income	79,904	549,502	1,079,988

# Quarterly accounts

## Statements of Financial Position

Note	31/3 2022 DK'000	31/3 2021 DK'000	31/12 2021 DK'000
<b>Assets</b>			
	2,821,105	2,970,557	5,174,339
	149,199	289,670	186,898
	16,729,921	16,848,588	16,778,363
	9,504,325	8,618,652	9,346,206
	1,207,087	829,720	859,384
	127,350	109,231	127,847
	8,853,698	8,434,582	9,223,381
11 Intangible assets	101,104	116,908	103,979
Land and buildings, total	379,604	449,579	382,240
12 Investment property	32,129	32,129	32,129
13 Owner-occupied property	274,771	389,636	274,770
13 Owner-occupied property, leased	72,704	27,814	75,341
Other property, plant and equipment	8,571	5,261	10,315
Current tax assets	3,635	0	0
14 Deferred tax assets	279,125	180,000	292,718
Assets held for sale	41,200	3,170	48,577
15 Other assets	592,903	598,589	685,238
Prepayments	41,219	29,504	90,498
<b>Assets total</b>	<b>40,840,046</b>	<b>39,484,011</b>	<b>43,309,983</b>



# Quarterly accounts

## Statements of Financial Position

Note	31/3 2022	31/3 2021	31/12 2021	
	DK'000	DK'000	DK'000	
<b>Equity and liabilities</b>				
<b>Debts</b>				
16	Debits to credit institutions and central banks	324,363	265,377	307,854
	Deposits and other debt	23,696,092	24,088,305	26,023,854
	Deposits with pooled schemes	8,853,698	8,434,582	9,223,381
17	Bonds issued at amortized cost	378,434	199,222	378,279
	Current tax liabilities	0	42,554	64,747
18	Other liabilities	1,308,590	807,685	1,102,669
	Prepayments	9,310	35,136	14,890
	<b>Debts, total</b>	<b>34,570,487</b>	<b>33,872,861</b>	<b>37,115,674</b>
<b>Provisions</b>				
	Provisions for pensions and similar liabilities	24,341	26,866	25,670
8	Provisions for losses on guarantees	17,118	41,678	21,288
8	Other provisions	158,368	70,300	153,173
	<b>Provisions, total</b>	<b>199,827</b>	<b>138,844</b>	<b>200,131</b>
19	<b>Subordinated debt</b>	<b>598,177</b>	<b>596,452</b>	<b>597,746</b>
<b>Equity</b>				
20	Share capital	1,233,574	1,233,574	1,233,574
	Share premium	599,492	599,492	599,492
	Reserves provided for the Bank's Articles of Association	46,972	49,908	46,398
	Revaluation reserves	1,266,674	1,247,284	1,267,171
	Retained earnings	2,012,530	1,440,303	1,938,060
	<b>Shareholder equity, total</b>	<b>5,159,242</b>	<b>4,570,561</b>	<b>5,084,695</b>
	Additional tier 1 capital holders	312,313	305,293	311,737
	<b>Equity, total</b>	<b>5,471,555</b>	<b>4,875,854</b>	<b>5,396,432</b>
	<b>Equity and liabilities, total</b>	<b>40,840,046</b>	<b>39,484,011</b>	<b>43,309,983</b>

# Quarterly accounts

## Statements of Changes in Equity

### Statements of Changes in Equity

	Share Capital DK'000	Share premium DK'000	Reserves provided for the Bank's Articles of Association DK'000	Revaluation reserves DK'000	Retained earnings DK'000	Shareholder equity, total DK'000	Additional tier 1 capital holders *) DK'000	Equity total DK'000
<b>Equity at 1 January 2022</b>	1,233,574	599,492	46,398	1,267,171	1,938,060	5,084,695	311,737	5,396,432
Profit after tax for the period					74,470	74,470	5,357	79,827
Revaluation reserve, associates				-497	0	-497		-497
Other comprehensive income after tax			574		0	574		574
<b>Total comprehensive income</b>	0	0	574	-497	74,470	74,547	5,357	79,904
Interest on additional tier 1 capital						0	-4,781	-4,781
Additions relating to sale of own shares					21,675	21,675		21,675
Disposals relating to purchase of own shares					-21,675	-21,675		-21,675
Profits brought forward					0	0		0
<b>Equity at 31 March 2022</b>	1,233,574	599,492	46,972	1,266,674	2,012,530	5,159,242	312,313	5,471,555
<b>Equity at 1 January 2021</b>	895,982	0	47,449	551,600	1,594,865	3,089,896	155,000	3,244,896
Profit after tax for the period					542,780	542,780	5,546	548,326
Revaluation reserve, associates			1,283		-1,283	0		0
Other comprehensive income after tax			1,176			1,176		1,176
<b>Total comprehensive income</b>	0	0	2,459	0	541,497	543,956	5,546	549,502
Issue of shares on merger	337,592	599,492				937,084		937,084
Additions on merge						0	100,000	100,000
Reclassification of reserves on merger				695,684	-695,684	0		0
Issue of additional tier 1 capital					-375	-375	95,700	95,325
Redemption of additional tier 1 capital						0	-50,000	-50,000
Interest on additional tier 1 capital						0	-953	-953
Additions relating to sale of own shares					19,896	19,896		19,896
Disposals relating to purchase of own shares					-19,896	-19,896		-19,896
<b>Equity at 31 March 2021</b>	1,233,574	599,492	49,908	1,247,284	1,440,303	4,570,561	305,293	4,875,854

# Quarterly accounts

## Statements of Changes in Equity

<b>Statements of Changes in Equity</b>								
	Share Capital	Share premium	Reserves provided for the Bank's Articles of Association	Revaluation reserves	Retained earnings	Shareholder equity, total	Additional tier 1 capital holders *)	Equity total
	DK'000	DK'000	DK'000	DK'000	DK'000	DK'000	DK'000	DK'000
<b>Equity at 1 January 2021</b>	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
<b>Total comprehensive income</b>	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
<b>Equity at 31 December 2021</b>	<b>1,233,574</b>	<b>599,492</b>	<b>46,398</b>	<b>1,267,171</b>	<b>1,938,060</b>	<b>5,084,695</b>	<b>311,737</b>	<b>5,396,432</b>

The reserves provided for in the Bank's Articles of Association, amounting to DKK 551.6 million on 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 always has full discretion 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.

# Quarterly accounts

## Statements of Changes in Equity

### **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 5,25% until 25 January 2026, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. If Vestjysk Bank's common equity tier 1 capital ratio falls below 5.125%, the loan will be written down.

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Note

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# Quarterly accounts

## Notes

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Note

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1 **Accounting policies**

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.

Measuring certain assets and liabilities requires managerial estimates of how future events will affect the value of those assets and liabilities. Estimates that are significant for the financial reporting are made, among other things, by calculating write-downs according to an expectation-based model, fair values of unlisted financial instruments and provisions cf. a more detailed account in Annual Report 2021. The estimates used are based on assumptions assessed by management as justifiable, but which by their nature are uncertain.

The bank's most significant risks and the external factors that may affect the bank are described in more detail in the Annual Report 2021.

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Note	1/1 - 31/3 2022 DKK'000	1/1 - 31/3 2021 DKK'000	1/1 - 31/12 2021 DKK'000
<b>2 Interest income</b>			
Receivables from credit institutions and central banks	6	3	41
Loans and other receivables	175,092	178,061	769,747
Bonds	8,293	4,115	18,341
Derivative financial instruments	1,377	1,099	5,225
Other interest income	0	0	145
<b>Total</b>	<b>184,768</b>	<b>183,278</b>	<b>793,499</b>
<b>2a Negative interest income</b>			
Receivables from credit institutions and central banks	4,591	2,036	15,363
Bonds	2,843	2,411	8,989
<b>Total</b>	<b>7,434</b>	<b>4,447</b>	<b>24,352</b>
<b>3 Interest expenses</b>			
Credit institution and central banks	1,392	0	928
Deposits and other debt	4,027	4,403	19,724
Issued bonds	2,077	547	6,028
Subordinated debt	8,517	8,038	34,151
Other interest expenses	298	189	945
<b>Total</b>	<b>16,311</b>	<b>13,177</b>	<b>61,776</b>
<b>3a Negative interest expenses</b>			
Credit institutions and central banks	0	0	0
Deposits and other debt	29,757	21,929	99,519
<b>Total</b>	<b>29,757</b>	<b>21,929</b>	<b>99,519</b>
<b>4 Income from fees and commissions</b>			
Securities trading and custody services	41,097	34,279	151,599
Payment services	25,501	17,766	89,960
Loan processing fees	26,897	20,059	125,300
Guarantee commission	25,016	22,711	100,966
Other fees and commissions	61,334	58,182	185,493
<b>Total</b>	<b>179,845</b>	<b>152,997</b>	<b>653,318</b>
<b>5 Value adjustments</b>			
Other loans and receivables at fair value	0	-2,413	0
Bonds	-83,426	-9,278	-14,248
Shares, etc.	14,246	29,684	76,128
Investment property	0	-7	1,177
Foreign currency	8,017	8,154	29,326
Foreign exchange, interest rate, equity, commodity, and other contracts as well as derivative financial instruments	7,613	5,863	14,759
Assets related to pooled schemes	-385,894	382,578	994,739
Deposits with pooled schemes	385,894	-382,578	-994,739
Other assets	-4,035	-273	-9,958
Other liabilities	0	100	10,447
<b>Total</b>	<b>-57,585</b>	<b>31,830</b>	<b>107,631</b>

# Quarterly accounts

## Notes

Note	1/1 - 31/3 2022 DKK'000	1/1 - 31/3 2021 DKK'000	1/1 - 31/12 2021 DKK'000
<b>6 Staff costs and administrative expenses</b>			
<b>Staff costs:</b>			
Wages and salaries	102,767	134,516	427,481
Pensions	11,820	17,571	54,273
Payroll tax	17,314	17,034	62,669
Expenses relating to social security contributions etc.	895	3,364	8,205
<b>Total</b>	<b>132,796</b>	<b>172,485</b>	<b>552,628</b>
Average number of employee (FTE)	638,9	698,2	657,4
<b>Other administrative expenses:</b>			
IT expenses	68,765	70,476	312,080
Rent, electricity and heat	7,439	6,028	24,326
Other administrative expenses	28,098	44,926	155,216
<b>Total</b>	<b>104,302</b>	<b>121,430</b>	<b>491,622</b>
<b>Total</b>	<b>237,098</b>	<b>293,915</b>	<b>1,044,250</b>
<b>Salaries and remuneration of the Board of Directors and Executive Board are included in staff costs in the following amounts:</b>			
<b>Board of directors</b>			
Fixed remuneration	877	909	3,539
Number of members of the Board of Directors	13		13
<b>Executive Board</b>			
Fixed remuneration	2,741	3,118	12,774
Pension	87	83	335
<b>Total</b>	<b>2,828</b>	<b>3,201</b>	<b>13,109</b>
Value of benefits	94	126	458
Number of members of the Executive Board	3		2

### Annual pension for the Executive Board and other with significant influence on the Bank's risk profile

Executive Board:

No bonus programs, incentive programs or similar remuneration programs 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.





# Quarterly accounts

## Notes

Note	1/1 - 31/3 2022 DKK'000	1/1 - 31/3 2021 DKK'000	1/1 - 31/12 2021 DKK'000
8			
<b>Impairments of loans and receivables and provisions on guarantees and unutilized credit lines</b>			
<b>Impairment of loans and receivables.</b>			
<b>Stage 1 (absence of significant increase in risk assessment)</b>			
Impairment, beginning of the reporting period	52,736	25,381	25,381
New impairments, new exposures	5,445	11,962	30,843
Reversed impairments repaid accounts	-25,867	-50,415	-88,141
Change in impairments, beginning of period to/from stage 1	-3,974	-5,489	-3,020
Change in impairments, beginning of period to/from stage 2	7,473	17,214	34,825
Change in impairments, beginning of period to/from stage 3	3,355	15,276	43,792
Impairments due to change in credit risk	19,130	27,033	9,056
Impairment, end of the reporting period	58,298	40,962	52,736
<b>Stage 2 (significant increase in risk assessment)</b>			
Impairment, beginning of the reporting period	313,213	63,689	63,689
Impairment, addition from merger	0	51,943	51,943
New impairments, new exposures	787	1,078	42,460
Reversed impairments repaid accounts	-45,871	-56,275	-80,856
Change in impairments, beginning of period to/from stage 1	3,184	5,234	2,437
Change in impairments, beginning of period to/from stage 2	-11,523	-25,721	-47,981
Change in impairments, beginning of period to/from stage 3	6,384	34,906	46,286
Impairments due to change in credit risk	40,169	225,912	235,235
Impairment, end of the reporting period	306,343	300,766	313,213
<b>Stage 3 (credit-impaired)</b>			
Impairment, beginning of the reporting period	1,602,170	2,001,640	2,001,640
New impairments, new exposures	9,568	16,116	158,210
Reversed impairments repaid accounts	-191,588	-289,543	-550,030
Change in impairments, beginning of period to/from stage 1	790	255	583
Change in impairments, beginning of period to/from stage 2	4,050	8,508	13,155
Change in impairments, beginning of period to/from stage 3	-9,738	-50,182	-90,077
Impairments due to change in credit risk	209,780	299,287	417,589
Impairments lost	-36,044	-33,387	-381,567
Other movements	12,976	12,208	32,667
Impairment, end of the reporting period	1,601,964	1,964,902	1,602,170
<b>Loans, credit-impaired at initial recognition</b>			
Impairment, beginning of the reporting period (acquired impairment)	393,574	35,877	35,877
Impairment, addition from merger	0	867,165	867,165
Reversed impairments	-34,112	-136,590	-257,749
Impairments lost	-11,251	-42,100	-251,719
Impairment, end of the reporting period	348,211	724,352	393,574

Note	1/1 - 31/3 2022 DKK'000	1/1 - 31/3 2021 DKK'000	1/1 - 31/12 2021 DKK'000
<b>8 Provisions for losses on guarantees</b>			
Provisions, beginning of the reporting period	21,288	22,176	22,176
Addition from merger	0	13,705	13,705
New provisions, new exposures	280	5,816	2,938
Reversed provisions for losses at repaid accounts	-5,638	-2,271	-20,317
Provision during the period due to change in credit risk	1,188	2,252	2,786
Provisions, end of the reporting period	17,118	41,678	21,288
Overall accumulated impairment of loans and receivables and provisions for losses on guarantees	1,983,723	2,348,308	1,989,407
Accumulated impairment ratio	6.8%	8.2%	6.9%
<b>Provisions for losses on unused credit commitments</b>			
Provisions beginning of the reporting period	153,173	66,133	66,133
Addition from merger	0	31,399	31,399
New provisions, new exposures	1,541	1,369	28,676
Reversed provisions for losses at repaid accounts	-82,629	-55,203	-74,634
Provision during the period due to change in credit risk	85,322	25,977	101,599
Provisions, end of the reporting period	157,407	69,675	153,173
<b>9 Receivables for which accrual of interest has been discontinued</b>			
Receivables for which accrual of interest has been discontinued, end of the reporting period	1,019,938	1,584,624	1,072,551
Total impairment charge thereon	830,699	1,147,243	770,809
Receivables for which accrual of interest has been discontinued, as a percentage of loans before impairment	5.4%	8.3%	5.6%
<b>10 Tax</b>			
Current tax	6,130	46,518	71,750
Deferred tax	13,592	-82,000	-194,718
Adjustment of current tax for prior years	-278	0	-2,850
Total	19,444	-35,482	-125,718
Applicable tax rate	22.0%	22.0%	22.0%
Use of losses from previous years	-9.8%	-13.7 %	-11.5%
Tax-free value adjustments	-2.1%	-0.4%	-1.0%
Deferred tax asset	13.8 %	-16.0%	-20.4%
Other adjustments	-3.9%	1.2%	-2.0%
Adjustment of current tax for prior years	-0.3%	0.0%	-0.3%
Effective tax rate	19.7%	-6.9%	-13.2%

# Quarterly accounts

## Notes

Note	31/3 2022 DKK'000	31/3 2021 DKK'000	31/12 2021 DKK'000
<b>11 Intangible assets</b>			
<b>Customer relationships</b>			
Total acquisition cost, beginning of the reporting period	115,000	14,964	14,964
Additions from merger	0	119,613	119,613
Disposals	0	0	19,577
<b>Total acquisition cost, end of the reporting period</b>	<b>115,000</b>	<b>134,577</b>	<b>115,000</b>
Depreciation and impairment, beginning of the reporting period	11,021	14,964	14,964
Depreciation and impairment for the period	2,875	2,705	15,634
Reversed depreciation, disposals	0	0	19,577
<b>Depreciation and impairment, end of the reporting period</b>	<b>13,896</b>	<b>17,669</b>	<b>11,021</b>
Recognized holding, end of the reporting period	101,104	116,908	103,979
<b>Other Intangible assets</b>			
Total acquisition cost, beginning of the reporting period	810	1,416	1,416
Disposals	0	0	606
<b>Total acquisition cost, end of the reporting period</b>	<b>810</b>	<b>1,416</b>	<b>810</b>
Depreciation and impairment, beginning of the reporting period	810	1,416	1,416
Reversed depreciation, disposals	0	0	606
<b>Depreciation and impairment for the period</b>	<b>810</b>	<b>1,416</b>	<b>810</b>
<b>Depreciation and impairment, end of the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>101,104</b>	<b>116,908</b>	<b>103,979</b>
<b>12 Investment property</b>			
Fair value, beginning of the period	32,129	0	0
Additions on merger	0	33,014	33,014
Additions	0	0	48,405
Disposals	0	885	50,467
Changes, Fair value	0	0	1,177
<b>Fair value, end of the period</b>	<b>32,129</b>	<b>32,129</b>	<b>32,129</b>
<b>13 Owner-occupied property</b>			
Revalued amount, beginning of the period	274,770	235,986	235,986
Additions from merger	0	153,650	153,650
Disposals	0	0	100,680
Depreciations	903	1,478	5,256
Changes in value recognized in other comprehensive income	574	1,176	3,852
Changes in value recognized in the statement of income	330	302	-12,782
<b>Revalued amount, end of the period</b>	<b>274,771</b>	<b>389,636</b>	<b>274,770</b>
The Bank's uses a return-based model to value its owner-occupied properties, based on estimated prices per square meters and return requirements. A return requirement of between 4.75% and 10% has been applied to properties.			
<b>Leased owner-occupied property</b>			
Value of leases, beginning of the period	75,341	28,967	28,967
Additions from merge	0	6,718	6,718
Additions	0	0	53,685
Depreciations	2,637	1,426	6,372
Changes in value recognized in the statement of income	0	-6,445	-7,657
<b>Value of leases, end of the period</b>	<b>72,704</b>	<b>27,814</b>	<b>75,341</b>
<b>Total</b>	<b>379,604</b>	<b>417,450</b>	<b>382,240</b>

Note	31/3 2022 DKK'000	31/3 2021 DKK'000	31/12 2021 DKK'000
<b>14 Deferred tax asset</b>			
<p>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 recognized at DKK 279 million as of 31.03.2022. Of this, DKK 278 million relates to the unutilized tax losses, which will be set off in the total capital (31.12.2021: 290 million).The unrecognized tax asset amounted to DKK 114 million on 31 March 2021.</p>			
<b>15 Other assets</b>			
Positive market value of derivative financial instruments	82,529	89,526	80,617
Interest and commission receivable	192,189	96,768	202,816
Investments in BEC	292,196	274,170	292,196
Other assets	25,989	138,125	109,609
<b>Total</b>	<b>592,903</b>	<b>598,589</b>	<b>685,238</b>
<b>16 Debts to credit institutions and central banks</b>			
<p>Off this:  DKK 140 million. Floating rate at 1.673%, maturing in September 2025.  DKK 150 million. Floating rate at 1.878%, maturing in December 2025  The debt is classified as non-preferred debt, which may be included as MREL capital.</p>			

# Quarterly accounts

## Notes

Note		31/3 2022 DKK'000	31/3 2021 DKK'000	31/12 2021 DKK'000
17	<b>Issued bonds</b>			
	DKK 60 million fixed rate 3.00%, September 2024	60,000	60,000	60,000
	DKK 60 million accrued establishment costs	-139	-233	-163
	DKK 140 million floating rate 1.607%, March 2025	140,000	140,000	140,000
	DKK 140 million accrued establishment costs	-358	-545	-405
	DKK 180 million fixed rate 2.035%, June 2025	180,000	0	180,000
	DKK 180 million accrued establishment costs	-1,069	0	-1,153
	<b>Total</b>	<b>378,434</b>	<b>199,222</b>	<b>378,279</b>
	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	378,434	199,222	378,279
	<b>Total</b>	<b>378,434</b>	<b>199,222</b>	<b>378,279</b>
18	<b>Other liabilities</b>			
	Negative market value of derivative financial instruments	75,892	110,477	84,092
	Various creditors	1,076,477	454,517	844,627
	Interest and commission payable	25,421	27,805	16,020
	Lease liabilities	82,542	36,929	85,653
	Other liabilities	48,258	177,957	72,277
	<b>Total</b>	<b>1,308,590</b>	<b>807,685</b>	<b>1,102,669</b>
19	<b>Subordinated debt</b>			
	<b>Tier 2 capital</b>	<b>598,177</b>	<b>596,452</b>	<b>597,746</b>
	<b>Total</b>	<b>598,177</b>	<b>596,452</b>	<b>597,746</b>
	Charged as an expense under interest expenses/subordinated debt:			
	Interest expenses	8,086	7,607	32,426
	Costs related to incurrence and repayment	431	431	1,725
	<b>Total</b>	<b>8,517</b>	<b>8,038</b>	<b>34,151</b>
	<b>Subordinated debt that can be included in the total capital</b>	<b>598,177</b>	<b>596,452</b>	<b>597,746</b>

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 5.32%. The capital meets the requirements under CRR/CDR IV.

Note	31/3 2022 DKK'000	31/3 2021 DKK'000	31/12 2021 DKK'000
20			
<b>Share capital</b>			
Share capital	1,233,574	1,233,574	1,233,574
Number of shares (units of DKK 1)	1,233,573,501	1,233,573,501	1,233,573,501
<b>Number of own shares, beginning of the period</b>			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.0%	0.0%	0.0%
<b>Additions</b>			
Purchase of own shares (thousands)	5,856	6,740	12,303
Nominal value DKK'000	5,856	6,740	12,303
Percentage of the share capital	0.5%	0.5%	1.0%
Total purchase price DKK'000	21,675	19,896	41,671
<b>Disposals</b>			
Sold own shares (thousands)	5,856	6,740	12,303
Nominal value DKK'000	5,856	6,740	12,303
Percentage of the share capital	0.5%	0.5%	1.0%
Total selling price DKK'000	21,675	19,896	41,671
<b>Number of own shares, end of reporting period</b>			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.0%	0.0%	0.0%
Own shares are intermediated, purchased and sold through the securities exchange as part of Vestjysk Bank's normal customer banking transactions. The Bank is not a direct counterparty in such transactions.			
Vestjysk Bank has a constant holding of own shares.			

# Quarterly accounts

## Notes

Note	31/3 2022 DKK'000	31/3 2021 DKK'000	31/12 2021 DKK'000
<b>21 Capital</b>			
Shareholders' Equity	5,471,555	4,875,854	5,396,432
Tier 1 Capital recognized in Equity	-312,313	-305,293	-311,737
Expected dividend	-39,665	0	0
Prudent valuation	-11,377	-10,098	-10,880
Intangible assets	-101,104	-116,908	-103,979
Deferred tax assets	-278,165	-166,853	-289,626
Investments in the sector	-623,978	-303,267	-284,956
Non-Performing Exposures (NPE-deduction)	-75,484	0	-82,505
Common equity tier 1 capital	4,029,469	3,973,435	4,312,749
Additional tier 1 capital	300,700	300,700	300,700
Tier 1 capital	4,330,169	4,274,135	4,613,449
Tier 2 capital	598,177	596,452	597,746
Total capital	4,928,346	4,870,587	5,211,195
- Credit risk	19,486,684	20,079,886	19,682,489
- Market risk	2,070,171	1,392,104	1,697,106
- Operational risk	2,070,490	1,662,041	2,070,490
Total risk exposure	23,627,345	23,134,031	23,450,085
Common equity tier 1 capital ratio	17.1%	17.2%	18.4%
Tier 1 capital ratio	18.3%	18.5%	19.7%
Total capital ratio	20.9%	21.1%	22.2%
<b>MREL- capital</b>			
Total capital	4,928,346	4,870,587	5,211,195
MREL-capital	668,434	199,222	668,280
MREL- total capital	5,596,780	5,069,809	5,879,475
MREL-capital ratio	23.7%	21.9%	25.1%
<b>22 Contingent assets</b>			
Deferred tax asset at a tax rate of 22%	114,201	291,774	113,225
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 the deferred tax asset presently. Therefore, the deferred tax is partly recognized at DKK 279 million in the financial statement.			
The remaining deferred tax asset is treated as a contingent asset which is not recognized in the Statement of Financial Position.			



Note	1/1 - 31/3 2022 DKK'000	1/1 - 31/3 2021 DKK'000	1/1 - 31/12 2021 DKK'000
<b>23 Contingent liabilities and security pledge</b>			
<b>Guarantees</b>			
Financial guarantees	2,938,608	2,861,690	2,843,247
Loss guarantees on mortgage loans	3,785,401	3,789,476	3,955,149
Registration and remortgaging guarantees	1,517,317	1,026,900	1,061,802
Other contingent liabilities	2,361,226	1,650,114	2,191,726
<b>Total</b>	<b>10,602,552</b>	<b>9,328,180</b>	<b>10,051,924</b>
Other contingent liabilities include, among other things, performance bonds, delivery guarantees as well as provisions of indemnity in relation to the Guarantee Fund.			
<b>Other commitments</b>			
Irreversible credit commitments	87,873	85,264	34,571
Other obligations	0	1,122,975	0
<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
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 1,595 million.			
<b>Security pledged</b>			
Credit institutions:			
Margin accounts pledged as security in relation to financial derivatives	62,303	105,216	97,841
Deposited in the Danish Growth Fund	661	404	403
Bonds:			
Pledged as security for credit facility with Danmarks Nationalbank			
Total nominal value	989,148	1,096,497	994,557
Total market value	993,919	1,098,242	1,001,032
<b>24 Pending litigation</b>			
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.			

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## Notes

Note

25	<b>Loans and guarantees, by sector(net)</b>		31/3		31/12	
	31/3 2022	31/3 2022	31/3 2021	2021	31/12 2021	2021
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Public authorities	0	0%	374	0%	0	0%
Business:						
Agriculture, hunting, forestry and fishery	3,683,644	14%	4,199,102	16%	3,818,034	14%
Manufacturing industry and raw material extraction	851,898	3%	813,780	3%	788,808	3%
Energy supply	719,500	3%	824,161	3%	834,351	3%
Construction and civil engineering contractors	947,176	4%	1,066,018	4%	929,348	4%
Trade	1,304,978	5%	1,348,204	5%	1,108,418	4%
Transportation, hotels and restaurant businesses	626,615	2%	730,392	3%	614,433	2%
Information and communication	50,753	0%	130,676	1%	57,364	0%
Credit and financing institutes and insurance businesses	1,200,316	4%	1,093,595	4%	1,282,313	5%
Real estate	2,551,262	9%	3,064,253	12%	2,611,642	10%
Other businesses	1,103,955	4%	1,447,075	5%	1,035,228	4%
<b>Business, total</b>	<b>13,040,097</b>	<b>48%</b>	<b>14,717,256</b>	<b>56%</b>	<b>13,079,939</b>	<b>49%</b>
Retail	14,292,376	52%	11,459,138	44%	13,750,347	51%
<b>Total</b>	<b>27,332,473</b>	<b>100%</b>	<b>26,176,768</b>	<b>100%</b>	<b>26,830,286</b>	<b>100%</b>

Note

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

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

	31/3 2022 DKK'000				
	Stage 1	Stage 2	Stage 3	Credit-impaired at initial recognition	Total
Normal credit quality	21,920,335	529,951		0	22,450,286
Some signs of weakness	9,808,690	2,612,258		27,738	12,448,686
Significant signs of weakness	1,067,412	1,131,699		91,593	2,290,704
Impaired loans	0	0	2,783,644	731,652	3,515,296
<b>Total</b>	<b>32,796,437</b>	<b>4,273,908</b>	<b>2,783,644</b>	<b>850,983</b>	<b>40,704,972</b>

	31/3 2021 DKK'000				
	Stage 1	Stage 2	Stage 3	Credit-impaired at initial recognition	Total
Normal credit quality	21,593,820	703,992		0	22,297,812
Some signs of weakness	8,726,196	2,915,193		560	11,641,949
Significant signs of weakness	853,599	1,038,473		25,851	1,917,923
Impaired loans	0	0	3,511,676	916,834	4,428,510
<b>Total</b>	<b>31,173,615</b>	<b>4,657,658</b>	<b>3,511,676</b>	<b>943,245</b>	<b>40,286,194</b>

	31/12 2021 DKK'000				
	Stage 1	Stage 2	Stage 3	Credit-impaired at initial recognition	Total
Normal credit quality	21,305,535	625,408		0	21,930,943
Some signs of weakness	9,939,012	3,087,976		25,001	13,051,989
Significant signs of weakness	934,179	967,212		94,577	1,995,968
Impaired loans	0	0	2,843,623	743,904	3,587,527
<b>Total</b>	<b>32,178,726</b>	<b>4,680,596</b>	<b>2,843,623</b>	<b>863,482</b>	<b>40,566,427</b>

# Quarterly accounts

## Notes

Note

26 **Loans by rating, sectors and IFRS9- stages**  
**Loans at amortized cost, unused credit commitments and financial guarantees, by rating and IFRS 9 stages (continued)**

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

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

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

**Loans at amortized cost, unused credit commitments and financial guarantees, by sector and IFRS 9 stage**  
**31/3 2022 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	3,438,416	1,054,031	1,222,656	483,118	6,198,221
Manufacturing industry and raw material extraction	1,033,827	101,905	99,078	49,147	1,283,957
Energy supply	870,655	165,185	46,416	24,801	1,107,057
Construction and civil engineering contractors	1,405,139	322,388	55,207	9,081	1,791,815
Trade	1,755,139	260,021	184,226	68,450	2,267,836
Transportation, hotels and restaurant businesses	636,149	144,651	149,250	56,203	986,253
Information and communication	101,166	12,277	1,504	0	114,947
Credit and financing institutes and insurance businesses	1,373,063	106,295	152,761	57,476	1,689,595
Real estate	4,209,763	638,519	207,709	53,033	5,109,024
Other businesses	1,385,035	343,907	98,778	3,075	1,830,795
Business, total	16,208,352	3,149,179	2,217,585	804,384	22,379,500
Retail	16,588,085	1,124,729	566,059	46,599	18,325,472
Total	32,796,437	4,273,908	2,783,644	850,983	40,704,972

Note

26 **Loans at amortized cost, unused credit commitments and financial guarantees, by sector and IFRS 9 stage (continued)**  
**31/3 2021 DKK'000**

	Stage 1	Stage 2	Stage 3	Credit-impaired at initial recognition	Total
Public authorities	1,174	0	0	0	1,174
Business:					
Agriculture, hunting, forestry and fishery	3,655,967	1,109,174	1,533,826	522,991	6,821,958
Manufacturing industry and raw material extraction	1,211,052	190,835	64,201	42,079	1,508,167
Energy supply	680,252	360,834	85,716	47,494	1,174,296
Construction and civil engineering contractors	1,460,932	356,640	110,406	8,814	1,936,792
Trade	1,922,398	349,946	214,396	67,416	2,554,156
Transportation, hotels and restaurant businesses	769,311	156,820	168,529	59,366	1,154,026
Information and communication	192,691	20,516	8,673	1,058	222,938
Credit and financing institutes and insurance businesses	1,195,411	118,309	214,195	60,293	1,588,208
Real estate	3,289,158	471,647	504,746	83,039	4,348,590
Other businesses	1,879,661	463,022	165,577	11,393	2,519,653
Business, total	16,256,833	3,597,743	3,070,265	903,943	23,828,784
Retail	14,915,608	1,059,915	441,411	39,302	16,456,236
Total	31,173,615	4,657,658	3,511,676	943,245	40,286,194

**Loans at amortized cost, unused credit commitments and financial guarantees, by sector and IFRS 9 stage (continued)**  
**31/12 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

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## Notes

Note	31/3 2022 DKK'000	31/3 2021 DKK'000	31/12 2021 DKK'000
<b>27 Maximum credit exposure before impairment and provisions</b>			
Loans measured at amortized cost	18,696,528	19,155,217	18,746,482
Unused credit commitments	15,268,834	14,441,626	15,001,791
Guarantees	10,619,670	9,369,858	10,073,212
Loans, guarantees etc,	44,585,032	42,966,701	43,821,485
Receivables from credit institutions and central banks	2,952,563	3,235,996	5,342,935
Bonds at fair value	9,504,325	8,618,652	9,346,206
Positive market value of derivative financial instruments	82,529	89,526	80,617
<b>Total</b>	<b>57,124,449</b>	<b>54,910,875</b>	<b>58,591,243</b>
<b>Maximum credit exposure after impairment and provisions</b>			
Loans measured at amortized cost	16,729,923	16,848,587	16,778,363
Unused credit commitments	15,111,427	14,371,951	14,848,618
Guarantees	10,602,552	9,328,180	10,051,924
Loans, guarantees etc.	42,443,902	40,548,718	41,678,905
Receivables from credit institutions and central banks	2,952,563	3,235,996	5,342,935
Bonds at fair value	9,504,325	8,618,652	9,346,206
Positive market value of derivative financial instruments	82,529	89,526	80,617
<b>Total</b>	<b>54,983,319</b>	<b>52,492,892</b>	<b>56,448,663</b>
<b>Collateral for loans, credit commitments and guarantees</b>			
Bank accounts	209,997	252,963	198,918
Securities	2,011,341	1,737,654	2,149,310
Mortgages on properties and wind turbines	15,748,837	14,515,991	15,358,032
Right of subrogation for mortgages secured in real property	4,818,653	4,486,786	4,592,095
Charges held in movable property, motor vehicles, operating equipment, ships etc.	4,473,202	4,215,826	4,460,282
Other	472,196	581,236	474,711
<b>Total</b>	<b>27,734,226</b>	<b>25,790,456</b>	<b>27,233,348</b>
<b>Of this amount collateral for loans, credit commitments and guarantees (stage 3 including credit impairment on initial recognition)</b>	<b>1,846,284</b>	<b>1,998,564</b>	<b>1,878,150</b>

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 most 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 realization, selling period costs as well as rebates.

Several exposures are secured by collateral more than the amount of the exposure. The excess collateral is not included in the calculation for loans, credit commitments and guarantees.

Note	1/1 - 31/3 2022	1/1 - 31/3 2021	1/1 - 31/12 2021
28	<b>Financial highlights</b>		
	<b>Key figures</b>		
	<b>Statement of income (DKKm)</b>		
	191	188	807
	166	142	601
	12	0	13
	-58	32	108
	15	479	486
	<b>326</b>	<b>841</b>	<b>2,015</b>
	237	294	1,044
	9	13	57
	246	307	1,101
	<b>80</b>	<b>534</b>	<b>914</b>
	-19	22	-20
	0	1	20
	0	0	0
	<b>99</b>	<b>513</b>	<b>954</b>
	20	-35	-126
	<b>79</b>	<b>548</b>	<b>1,080</b>
	31/3 2022	31/3 2021	31/12 2021
	<b>Statement of financial position (DKKm)</b>		
	40,840	39,484	43,310
	16,730	16,849	16,778
	23,696	24,088	26,024
	8,854	8,435	9,223
	10,603	9,328	10,052
	18,601	17,371	19,809
	58,160	56,093	58,192
	59,883	58,700	62,077
	136,644	132,164	140,078
	5,472	4,876	5,396

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## Notes

Note	1/1 - 31/3 2022	1/1 - 31/3 2021	1/1 - 31/12 2021
<b>Financial highlights (continued)</b>			
<b>Financial ratios</b>			
<b>Capital</b>			
Common equity tier 1 capital ratio	17.1%	21.2%	22.2%
Tier 1 capital ratio	18.3%	18.5%	19.7%
Total capital ratio	20.9%	17.2%	18.4%
MREL-capital	23.7%	21.9%	25.1%
<b>Earnings</b>			
Return on equity before tax, p.a. <sup>1</sup>	7.4%	43.0%	18.7%
Return on equity after tax, p.a. <sup>1</sup>	5.9%	45.9%	21.2%
Income-cost ratio	1.43	2.56	1.88
Cost ratio <sup>2</sup>	75.3%	36.5%	54.1%
Return on assets	0.2%	1.8%	3.3%
Average number of employees (FTE)	638.90	698.19	657.4
<b>Market risk</b>			
Interest rate risk	2.1%	1.1%	1.5%
Foreign exchange position	0.2%	0.4%	0.1%
Foreign exchange risk	0.0%	0.0%	0.0%
LCR	267.0%	261.6%	257.3%
NSFR <sup>3</sup>	132.9%	118.8%	139.3%
<b>Credit risk</b>			
Loans plus impairment on loans relative to deposits	57.4%	61.1%	53.2%
Loans relative to equity	3.1	3.5	3.1
Lending growth for the period	-0.3%	80.6%	79.8%
Sum of 20 largest exposures	122.2%	85.7%	106.0%
Accumulated impairment ratio	6.8%	7.9%	6.9%
Impairment ratio	-0.1%	0.1%	-0.1%
<b>Vestjysk Bank share</b>			
Earnings per share	0.1	0.5	1.0
Book value per share <sup>4</sup>	4.2	3.7	4.1
Share price/earnings per share	3.6	3.4	3.4
Share price/book value per share	0.9	0.9	0.8

<sup>1</sup> Profit/loss / average equity, which is calculated based on opening equity plus capital increase and recognized negative goodwill in connection with the merger with Den Jyske Sparekasse 15. January 2021.

<sup>2</sup> Operating expenses and operating depreciation and amortization/core income.

<sup>3</sup> As the method of calculating NSFR was revised on 30 June 2021, the comparative figures are not directly comparable.

<sup>4</sup> 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.



