



Quarterly Report

1 January – 30 September 2021

Contents

Contents

Summary	3
Management's review	4
Financial highlights	4
Financial review	6
Management's statement	15
Financial statements	17
Statements of income and comprehensive Income	17
Statement of financial position	18
Statement of changes in equity	20
Notes to the financial statements	22

Vestjysk Bank A/S
Industrivej Syd 13c, DK-7400 Herning
Denmark
CVR 34631328
Registered Office: Herning, Denmark
Telephone (+45) 96 63 20 00
www.vestjyskbank.dk
post@vestjyskbank.dk

Read or download this report at vestjyskbank.dk.
The Vestjysk Bank Quarterly Report 2021 is a translation of the original report in Danish (Vestjysk Bank Kvartalsrapport 1. Januar – 30. september 2021).
In case of discrepancies, the Danish version prevails.

Summary

Q1-Q3 2021 Highlights

Continuing the positive trend, Vestjysk Bank reported a profit after tax of DKK 884 million for Q1-Q3 2021.

As described in the interim reports for Q1 and Q2 2021, 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 from that event, the profit after tax for Q1-Q3 amounted to DKK 492 million, which is highly satisfactory.

The profit from ordinary banking operations remains supported by the high level of activity among the bank's customers. It is satisfactory that the Bank's loans and advances and business volume rose from Q2 to Q3 2021.

In Q3, the synergies from the merger with Den Jyske Sparekasse really gathered momentum, resulting in a significantly reduced cost ratio in Q3 compared with Q2 2021. The expected synergies are still on track to be realised. Moreover, we expect non-recurring costs in connection with the merger to be lower than previously estimated. The positive outlook in relation to synergies and non-recurring costs is particularly attributable to the successful consolidation of the IT systems in early October.

The Bank continued to see net reversal of impairment. The reversals reflect the positive developments in the Danish economy despite the COVID-19 pandemic. The Bank's impairment allowances during the period were not affected to any significant extent by the pandemic. The Bank maintains the impairment provision for economic uncertainty at DKK 258 million, equalling some 1.5% of the Bank's net lending. The reason is increasing raw material and energy prices for the Bank's business customers, sharply declining pork prices affecting pig breeders and the risk of bottleneck problems affecting the labour market.

The highlights below were calculated after adjustment for non-recurring items resulting from the merger with Den Jyske Sparekasse, and the comparative figures are at 30 June 2021 as they represent post-merger figures.

- Profit after tax of DKK 492 million (30 June 2021: DKK 300 million).
- Return on equity of 13.7% p.a. after tax (30 June 2021: 12.8%).
- Core income of DKK 1,137 million (30 June 2021: DKK 753 million).
- Cost ratio of 60.0% (30 June 2021: 63.9%).
- Core earnings before impairment allowances of DKK 455 million (H1 2021: DKK 272 million).
- Net reversals of impairment of loans and receivables, etc. of DKK 52 million (30 June 2021: net reversals of DKK 34 million).
- Common equity tier 1 capital ratio of 16.0% (30 June 2021: 15.9%).

Outlook for 2021

In connection with its 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 guided for an overall profit including non-recurring items after tax of about DKK 800-900 million.

The Bank has subsequently twice upgraded the guidance – on 9 August 2021 and 12 October 2021. The forecast net of non-recurring items relating to the merger with Den Jyske Sparekasse is now a profit after tax of DKK 650-700 million. And the Bank's expectations for the overall profit including non-recurring items after tax is now DKK 950-1,050 million.

Management's review

Financial highlights

Key figures	Q1-Q3 2021	Q1-Q3 2020	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	FY 2020
Statement of income (DKKm)								
Net interest income	596	363	201	207	188	123	122	486
Net fee income	443	239	149	152	142	87	78	326
Dividends on shares, etc.	13	9	0	13	0	0	0	9
Value adjustments	76	42	32	12	32	23	28	65
Other operating income	486	0	2	5	479	1	0	1
Core income	1,614	653	384	389	841	234	228	887
Staff costs and administrative expenses	777	369	224	259	294	141	128	510
Other operating expenses and depreciation, amortisation and impairment of property, plant and equipment and intangible assets	35	10	9	13	13	10	3	20
Operating expenses and operating depreciation and amortisation	812	379	233	272	307	151	131	530
Core earnings before impairment	802	274	151	117	534	83	97	357
Impairment of loans and receivables, etc.	-52	4	-18	-56	22	25	-20	29
Income from investments in associates	18	0	4	13	1	0	0	0
Profit/loss from operations in the process of being wound up	0	0	0	0	0	0	0	0
Profit before tax	872	270	173	186	513	58	117	328
Tax	-12	20	13	10	-35	5	9	25
Profit after tax	884	250	160	176	548	53	108	303
Statement of financial position (DKKm)								
Total assets	40,796	22,308	40,796	41,061	39,484	23,105	22,308	23,105
Loans	16,655	9,684	16,655	16,429	16,849	9,332	9,684	9,332
Deposits	24,008	12,968	24,008	24,513	24,088	13,409	12,968	13,409
Deposits, pooled schemes	8,745	5,032	8,745	8,696	8,435	5,426	5,032	5,426
Contingent liabilities	9,753	4,118	9,753	9,940	9,328	5,202	4,118	5,202
Custody services	18,575	9,169	18,575	18,387	17,371	10,040	9,169	10,040
Arranged mortgage loans	57,095	32,663	57,095	56,585	56,093	33,447	32,663	33,447
Business volume	59,161	31,802	59,161	59,578	58,700	33,369	31,802	33,369
Business volume including custody services and arranged mortgage loans	134,831	73,634	134,831	134,550	132,164	76,856	73,634	76,856
Equity	5,205	3,196	5,205	5,049	4,876	3,245	3,196	3,245

	Q1-Q3 2021	Q1-Q3 2020	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	FY 2020
Financial ratios								
Solvency								
Total capital ratio	21.7%	23.8%	21.7%	21.9%	21.1%	24.7%	23.8%	24.7%
Tier 1 capital ratio	19.1%	21.1%	19.1%	19.3%	18.5%	22.1%	21.1%	22.1%
Common equity tier 1 capital ratio	17.8%	20.0%	17.8%	17.9%	17.2%	20.9%	20.0%	20.9%
MREL-capital	23.9%	23.8%	23.9%	23.5%	21.9%	24.7%	23.8%	24.7%
Earnings								
Return on equity before tax, p.a. ¹	23.3%	11.7%	13.4%	15.1%	43.0%	7.2%	14.7%	10.6%
Return on equity after tax, p.a. ¹	23.6%	10.9%	12.4%	14.2%	45.9%	6.5%	13.6%	9.8%
Income-cost ratio	2.15	1.70	1.81	1.86	2.56	1.33	2.03	1.59
Cost ratio ²	49.8%	58.1%	60.0%	67.2%	36.5%	64.5%	57.7%	59.8%
Return on assets	2.8%	1.1%	0.4%	0.4%	1.8%	0.2%	0.5%	1.3%
Average number of employees (FTE)	667.1	395.5	643.4	659.5	698.2	392.3	398.7	394.7
Market risk								
Interest rate risk	1.6%	1.4%	1.6%	1.2%	1.1%	1.6%	1.4%	1.6%
Foreign exchange position	0.4%	0.4%	0.4%	0.5%	0.4%	0.2%	0.4%	0.2%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LCR	280.6%	219.2%	280.6%	291.9%	261.6%	180.3%	219.2%	180.3%
NSFR ³	137.5%	117.2%	137.5%	135.6%	118.8%	120.6%	117.2%	120.6%
Credit risk								
Loans plus impairment on loans relative to deposits	57.6%	66.2%	57.6%	56.2%	61.1%	60.8%	66.2%	60.8%
Loans relative to equity	3.2	3.0	3.2	3.3	3.5	2.9	3.0	2.9
Lending growth for the period	78.5%	-5.3%	1.4%	-2.5%	80.6%	-3.6%	1.9%	-8.7%
Sum of 20 largest exposures	100.5%	110.2%	100.5%	87.1%	86.1%	109.3%	110.2%	109.3%
Accumulated impairment ratio	7.9%	14.0%	7.9%	7.9%	7.9%	12.9%	14.0%	12.9%
Impairment ratio	-0.2%	0.1%	-0.1%	0.0%	0.1%	0.0%	-0.1%	0.1%
Vestjysk Bank share								
Earnings per share for the period	0.8	0.3	0.1	0.1	0.5	0.1	0.1	0.3
Book value per share ⁴	4.0	3.4	4.0	3.8	3.7	3.4	3.4	3.4
Price of Vestjysk Bank shares, end of the period	3.3	2.8	3.3	3.5	3.4	2.8	2.8	2.8
Share price/book value per share	0.8	0.8	0.8	0.9	0.9	0.8	0.8	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 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.

Management's review

Financial review

Statement of income

Comparative figures

In the below commentary on developments, the comparative figures do not include the results of Den Jyske Sparekasse at 30 September 2020. Differences will therefore in large part be explained by the fact that the figures at 30 September 2020 are excluding Den Jyske Sparekasse.

Profit after tax

Vestjysk Bank reported a profit after tax of DKK 884 million in Q1-Q3 2021. As described in the Q1 2021 interim report, 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 connection, the profit after tax amounted to DKK 492 million, which is highly satisfactory.

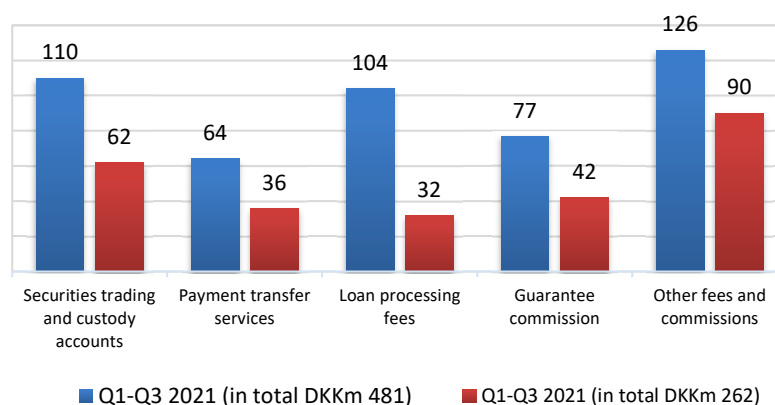
Non-recurring income was recognised during the period, tentatively calculated at DKK 477 million, representing a positive difference between the purchase price of the investment in Den Jyske Sparekasse and the value of the acquired net assets. The calculated negative goodwill is considered taxable income, on which DKK 37 million is payable in tax. The continuing bank's earnings capacity has increased, resulting in non-recurring tax income of DKK 82 million being recognised as a deferred tax asset. Non-recurring costs in relation to the merger amount to DKK 130 million. The profit for Q1-Q3 2021 thus included net non-recurring income of DKK 392 million.

Core income

In Q1-Q3 2021, Vestjysk Bank recorded core income of DKK 1,614 million, against DKK 653 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 596 million in Q1-Q3 2021, against DKK 363 million in Q1-Q3 2020.

Fee and commission income for Q1-Q3 2021 amounted to DKK 481 million, against DKK 262 million in Q1-Q3 2020. A breakdown of the Bank's fee income is shown in the figure below.



Market value adjustments amounted to DKK 76 million in Q1-Q3 2021, against DKK 42 million in Q1-Q3 2020. The market value adjustments for Q1-Q3 2021 were mainly related to positive market 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). The non-recurring item is included under other operating income.

Operating expenses and operating depreciation and amortisation

Total operating expenses, depreciation and amortisation amounted to DKK 812 million in Q1-Q3 2021, against DKK 379 million in Q1-Q3 2020.

Expenses in Q1-Q3 were particularly affected by non-recurring costs relating to the merger with Den Jyske Sparekasse.

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

The average number of employees in Q1-Q3 2021 was 667 FTEs, compared with 395 FTEs in 2020. The average number of employees in Q3 2021 was 643.

Other administrative expenses excluding IT costs amounted to DKK 111 million in Q1-Q3 2021, against DKK 41 million in Q1-Q3 2020.

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

DKKm	Q3 2021	Q3 2020	FY 2020
Staff costs	419	226	307
IT costs	247	102	140
- Of this amount BEC	226	96	130
Other administrative expenses	111	41	63
Operating depreciation and amortisation	31	8	17
Other operating expenses	4	2	3
Total	812	379	530

Core earnings before impairment

For Q1-Q3 2021, the Bank's core earnings before impairment stood at DKK 802 million, compared with DKK 274 million in Q1-Q3 2020. The performance was significantly affected by the non-recurring income in connection with the merger with Den Jyske Sparekasse. Non-recurring costs in connection with the merger amounted to DKK 130 million, bringing the net effect of the merger to DKK 392 million.

Impairment of loans and guarantees etc.

In Q1-Q3 2021, the Bank made net reversals of impairment losses of DKK 52 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 103 million relating to agricultural customers.

At 30 September 2021, the Bank's total impairment provision in response to economic uncertainty amounted to DKK 258 million, corresponding to 1.5% of total lending. The impairment provision is unchanged relative to 30 June 2021.

The Bank believes that the state of the economy remains subject to considerable risk, particularly in relation to the consequences of the phase-out and winding up of the government's coronavirus relief programmes. Uncertainty surrounding the supply chain disruption and rising raw materials prices contribute to the risk exposure.

In the agricultural sector, dairy farmers experienced satisfactory settlement prices in Q1-Q3 2021, while pig breeders experienced a significant fall in pork prices in Q3.

Management's review

Financial review

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. It remains to be seen whether the industry will receive compensation for the quota reductions or will be fully indemnified, but the Bank expects its exposure will be covered by the impairment provision for economic uncertainty.

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

Distribution of loans and guarantees at 30 September 2021 (DKKm)	Loans and guarantees before impairment	Acc. impairment	Loans and guarantees after impairment	Impairment for the period
Dairy farmers	2,112	579	1,533	93
Pig breeders	1,172	265	907	-7
Other agriculture	1,069	161	908	17
Agriculture, total	4,353	1,005	3,348	103
Real estate	2,957	182	2,775	-21
Other business	8,753	731	8,022	-119
Business, total	16,063	1,918	14,145	-37
Retail	12,595	332	12,263	-15
Total	28,658	2,250	26,408	-52

The Bank's accumulated impairment ratio at 30 September 2021 stood at 7.9%. At 30 September 2021, the Bank had impairment losses taken over totalling DKK 582 million, which is not recognised in the accumulated impairment. The impairment losses taken over concern stage 3 impairment relating to mergers – primarily the merger with Den Jyske Sparekasse. If the DKK 582 million in impairment taken over is included, this would result in accumulated impairment for the Bank of DKK 2,832 million, for an accumulated impairment ratio of 9.9%, against 14.0% at 30 September 2020.

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

Accumulated Impairments and provisions by sector	30 September 2021 DKKm	30 September 2020 %	31 December 2020 DKKm	31 December 2020 %
Public authorities	-	0%	-	0%
Agricult., hunt., forestry	1,005	45%	957	45%
Fishing	64	3%	114	5%
Manufac. indus., raw mat. Ext.	71	3%	46	2%
Energy supply	57	3%	56	3%
Constr., civil engin. contract.	57	2%	44	2%
Trade	112	5%	92	4%
Transp., restaur., hotel busin.	97	4%	99	5%
Information and comm.	5	0%	5	0%
Financing and insurance	166	7%	196	9%
Real estate	182	8%	195	9%
Other industries	102	5%	83	4%
Retail	332	15%	262	12%
Accumulated Impairments and provisions total	2,250	100%	2,149	100%

Statement of financial position

Vestjysk Bank's total assets stood at DKK 40.8 billion at 30 September 2021, against DKK 22.3 billion at 31 December 2020.

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

Loans

At 30 September 2021, Vestjysk Bank's net loans amounted to DKK 16.7 billion, against DKK 9.7 billion at 31 December 2020. The merger with Den Jyske Sparekasse increased the loan portfolio by DKK 6.9 billion.

At 30 September 2021, loans to retail customers accounted for 46% of the Bank's net loans and guarantees.

The Bank's business lending is mainly concentrated within the agricultural and real estate sectors. Loans, advances and guarantees to the agricultural sector accounted for 13% of net loans and guarantees, while real estate accounted for 11%. The Bank's overall exposure to these sectors thus amounted to 24% of total net loans and guarantees. The Bank complies with the internal goal that no individual sector should exceed 15% of total net loans and guarantees.

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

Loans and guarantees by sector	30 September 2021	30. September 2020	31 December 2020	31 December 2020
	DKKm	%	DKKm	%
Public authorities	-	0%	-	0%
Agricult., hunt., forestry	3,347	13%	1,891	13%
Fishing	717	3%	668	5%
Manufac. indus., raw mat. Ext.	812	3%	479	3%
Energy supply	866	3%	301	2%
Constr., civil engin. contract.	1,029	4%	488	3%
Trade	1,238	5%	639	5%
Transp., restaur., hotel busin.	689	3%	478	3%
Information and comm.	121	0%	79	1%
Financing and insurance	1,135	4%	510	4%
Real estate	2,774	11%	1,776	12%
Other industries	1,417	5%	779	5%
Retail	12,263	46%	6,445	44%
Loans and guarantees, Total	26,408	100%	14,534	100%

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

Loans, guarantees and unused credit commitments	30 September 2021		30 September 2020	
	DKKm	%	DKKm	%
Normal credit quality	23,162	57%	12,747	54%
Some signs of weakness	11,833	29%	6,513	28%
Significant signs of weakness without impairment	1,826	4%	762	3%
Impaired loans	3,849	10%	3,467	15%
Loans, guarantees and unused credit commitments, Total	40,670	100%	23,489	100%

Management's review

Financial review

Large exposures

The 20 largest exposures represented 100,5% of the Bank's common equity tier 1 capital, which is below the FSA's supervisory diamond benchmark of 175%.

At 30 September 2021, the Bank had one exposure representing more than 10% of the common equity tier 1 capital. The exposure represents 12% 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 134.8 billion at 30 September 2021.

The positive trend in arranged mortgage loans continued. Mortgage lending, both to business customers and retail customers, is growing. In Q1-Q3 2021 alone, lending grew by DKK 3.5 billion, or 7%, reflecting the level of activity in the housing market during the period.

	30 September 2021	Pro forma 31 December 2020	31 December 2020
	DKKm	DKKm	DKKm
Business volume			
Net loans	16,655	16,285	9,332
Deposits	24,008	24,377	13,409
Pools	8,745	8,170	5,426
Contingent liabilities	9,753	8,270	5,202
Custody services	18,575	16,574	10,040
Arranged mortgage loans	57,095	53,584	33,447
Business volume, including custody accounts and arranged mortgaged loans	134,831	127,260	76,856

Deferred tax asset

An additional portion of the Bank's unrecognised deferred tax asset was recognised in Q1-Q3 2021, which was driven by an increase in the Bank's expected future earnings capacity after the merger with Den Jyske Sparekasse. The Bank remains confident that part of the deferred tax asset can expectedly be utilised within the next three years based on cautious earnings expectations. A further deferred tax asset of DKK 82 million was recognised, bringing the total to DKK 180 million. Of this amount, DKK 167 million related to unutilised tax losses set off against total capital.

Capital and liquidity

Equity

Vestjysk Bank's equity stood at DKK 5,205 million at 30 September 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 Q1-Q3 2021. Developments in equity since 1 January 2020 are detailed in the statement of changes in equity.

Common equity tier 1 capital

At 30 September 2021, the Bank's common equity tier 1 capital stood at DKK 4,080 million. Combined with the total risk exposure of DKK 22,958 million, this equalled a common equity tier 1 capital ratio of 17.8%.

Additional tier 1 capital

The Bank's additional tier 1 capital amounted to DKK 301 million at 30 September 2021 and was eligible for full inclusion in total capital.

Tier 2 capital

The Bank's tier 2 capital amounted to DKK 597 million at 30 September 2021 and was eligible for full inclusion in total capital.

Total capital

Overall, total capital amounted to DKK 4,978 million at 30 September 2021. Combined with the total risk exposure of DKK 22,958 million, this equalled a total capital ratio of 21.7.

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

Capital requirements

Adequate total capital amounted to DKK 2,410 million at 30 September 2021. Combined with the total risk exposure of DKK 22,974 million, this equalled an individual solvency need ratio of 10.5. At 30 September 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 COVID-19 pandemic.

The capital requirements amounted to 13.0% in aggregate, corresponding to DKK 2,982 million.

Accordingly, Vestjysk Bank's excess total capital cover was 8.7 percentage points or DKK 1,998 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 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 must be raised to 15.5% from the current level of 14.5%. At 30 September 2021, the Bank's common equity tier 1 capital ratio was 17.8.

Minimum requirement for eligible liabilities (MREL requirement)

The Danish FSA and Finansielt Stabilitet have prepared plans for the resolution of failing banks pursuant to the Danish Financial Business Act. In relation to these plans, the authorities must for each bank lay down a minimum requirement for the amount of

Management's review

Financial review

eligible liabilities (MREL requirement) 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 MREL add-on is phased in successively over the period from 1 January 2019 to 1 January 2024, and full compliance is thus not required until 1 January 2024. At 30 September 2021, the Bank's MREL add-on was 3.1 percentage points. With the addition of the solvency need ratio, the Bank's total MREL requirement at 30 September 2021 was 13.6% of risk-weighted exposures plus the combined capital buffer requirement.

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 will be allocated an MREL requirement of the solvency need times two plus the combined buffer requirement less the contracyclical buffer. Given the current individual solvency need of 10.5%, this would mean an MREL requirement of 24.5 percentage points. As the MREL requirement and the combined buffer requirement must be met separately, the Bank faces a total requirement of 28%. At 30 September 2021, the Bank's MREL capital ratio was 23.9.

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 and DKK 140 million, respectively, took place in March, June and September 2021.

Liquidity

At 30 September 2021, the Bank's Liquidity Coverage Ratio (LCR) stood at 280.6%, relative to the LCR requirement of 100%.

The Bank's Net Stable Funding Ratio (NSFR) was 137.5% at 30 September 2021 relative to the NSFR requirement of 100%.

Share capital

Vestjysk Bank's share capital totalled DKK 1,234 million at 30 September 2021. The share capital consists of 1,233,573,501 shares with a nominal value of DKK 1 each, and the Bank has some 59,000 registered shareholders.

Arbejdernes Landsbank is Vestjysk Bank's majority shareholder, owning approximately 72.7% of the share capital. Arbejdernes Landsbank is Vestjysk Bank's only major shareholder.

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

The Financial Supervisory Authority's Supervisory Diamond

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

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

Supervisory Diamond Benchmarks	Danish FSA's requirements	Vestjysk Bank
Sum of large exposures	< 175%	100.5%
Lending growth	< 20%	72.0%
Real estate exposure	< 25%	11.0%
Liquidity benchmark	>100%	291.2%

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

Other matters

The strongest local bank in Denmark

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

Our goals are to:

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

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

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

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

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

With the financial statements for Q3 2021, the Bank is well on the way to achieving these goals.

Management's review

Financial review

Outlook for 2021

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 twice upgraded the guidance – on 9 August 2021 and 12 October 2021. The forecast net of non-recurring items relating to the merger with Den Jyske Sparekasse is now a profit after tax of DKK 650-700 million. And the Bank's expectations for the overall profit after tax including non-recurring items is now DKK 950-1,050 million.

Financial calendar 2022

■ 21 January	Deadline for receipt of shareholder's 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
■ 17 August	Half Year Report, H1
■ 11 November	Quarterly Report, Q1-Q3

Alternative performance measures

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

The applied performance measures are defined below.

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

Management's statement

The Bank's Board of Directors and Executive Board have today considered and approved the Quarterly report for the period 1 January – 30 September 2021 of Vestjysk Bank A/S.

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

In our opinion, the accounting policies applied are appropriate and the financial statements present a true and fair view of the Company's assets and liabilities and financial position as at 30 September 2021, and of the results of the Bank's activities for the reporting period 1 January – 30 September 2021.

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

The interim report has not been audited or reviewed.

Herning, 18 November 2021

.....
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

Financial statements

Statements of income and comprehensive income

Note	Q1-Q3 2021 DKK'000	Q1-Q3 2020 DKK'000	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
Statement of Income					
2 Interest income	586,365	367,486	198,551	121,543	490,237
2a Negative interest income	17,830	5,866	6,968	1,553	7,642
3 Interest expenses	44,009	22,750	16,034	7,491	30,247
3a Negative interest expenses	71,000	24,030	25,392	9,732	33,820
Net interest income	595,526	362,900	200,941	122,231	486,168
Dividends on shares etc.	12,983	8,715	20	24	8,840
4 Income from fees and commissions	481,239	262,470	161,878	86,418	359,496
Fees and commissions paid	37,895	23,192	13,346	7,924	33,256
Net interest and fee income	1,051,853	610,893	349,493	200,749	821,248
5 Value adjustments	75,933	42,044	31,959	27,706	64,659
Other operating income	485,649	249	1,501	14	686
6 Staff costs and administrative expenses	777,183	369,240	223,781	128,199	510,253
Depreciation, amortisation and impairment of tangible assets	30,535	8,379	7,534	3,014	17,489
Other operating expenses	4,288	2,005	1,107	722	2,534
7 Impairment of loans and receivables, etc.	-52,299	4,035	-17,819	-19,598	28,533
Income from investments in associates	18,490	0	4,663	0	0
Profit/loss from operations in the process of being wound up	-18	0	28	0	0
Profit before tax	872,200	269,527	173,041	116,132	327,784
Tax	-12,063	19,523	12,481	8,563	25,233
Profit after tax	884,263	250,004	160,560	107,569	302,551
Statement of comprehensive income					
Profit after tax	884,263	250,004	160,560	107,569	302,551
Other comprehensive income:					
Change in the value of owner-occupied properties	4,034	0	864	0	0
Changes in the value of pension obligations	0	0	0	0	-661
Other comprehensive income after tax	4,034	0	864	0	-661
Total comprehensive income	888,297	250,004	161,424	107,569	301,890

Financial statements

Statement of financial position

Note	30 September 2021 DKK'000	30 September 2020 DKK'000	31 December 2020 DKK'000
Assets			
Cash in hand and demand deposits with central banks	2,963,264	373,315	364,364
Receivables from credit institutions and central banks	429,697	635,242	569,359
Loans and other receivables at amortised cost	16,655,288	9,683,876	9,331,543
Bonds at fair value	9,611,400	5,375,519	6,159,587
Shares, etc.	849,594	527,424	546,932
Investments in associates	126,319	0	0
Assets related to pooled schemes	8,744,569	5,032,250	5,426,277
11 Intangible assets	106,854	0	0
Land and buildings, total	468,571	273,380	235,986
12 Investment property	80,534	0	0
13 Owner-occupied property	321,168	243,254	235,986
13 Owner-occupied property, leased	66,869	30,126	28,967
Other property, plant and equipment	10,133	3,029	2,545
Current tax assets	0	0	1,193
14 Deferred tax assets	180,000	98,000	98,000
Assets held for sale	0	963	0
15 Other assets	606,548	285,680	323,294
Prepayments	43,363	19,414	17,005
Assets total	40,795,600	22,308,092	23,105,052

Note	30 September 2021 DKK'000	30 September 2020 DKK'000	31 December 2020 DKK'000
Equity and liabilities			
Debts			
16 Debts to credit institutions and central banks	645,902	16,404	22,445
Deposits and other debt	24,007,889	12,968,008	13,409,203
Deposits with pooled schemes	8,744,569	5,032,250	5,426,277
17 Issued bonds	378,125	0	0
Current tax liabilities	68,017	17,406	0
18 Other liabilities	998,994	650,722	550,630
Prepayments	20,625	9	15
Debts, total	34,864,121	18,684,799	19,408,570
Provisions			
Provision for pensions and similar liabilities	27,011	15,006	15,316
8 Provisions for losses on guarantees	28,444	15,553	22,176
8 Other provisions	73,968	48,689	66,133
Provisions, total	129,423	79,248	103,625
19 Subordinated debt	597,315	347,724	347,961
Equity			
20 Share capital	1,233,574	895,982	895,982
Share premium	68,374	47,449	47,449
Reserves provided for in the Bank's Articles of Association	599,492	0	0
Revaluation reserves	1,247,284	551,600	551,600
Retained earnings	1,749,702	1,546,290	1,594,865
Shareholder equity, total	4,898,426	3,041,321	3,089,896
Additional tier 1 capital holders	306,315	155,000	155,000
Equity, total	5,204,741	3,196,321	3,244,896
Equity and liabilities, total	40,795,600	22,308,092	23,105,052

Financial statements

Statement of changes in equity

DKK'000	Share capital	Share premium	Revaluation reserves	Reserves provided for in the Bank's Articles of Association	Retained earnings	Shareholder equity, total	Additional tier 1 capital holders *)	Equity, total
Equity, 1 January 2021	895,982	0	47,449	551,600	1,594,865	3,089,896	155,000	3,244,896
Profit after tax for the period					867,787	867,787	16,476	884,263
Revaluation reserve, associates			18,490		-18,490	0		0
Other comprehensive income after tax			4,034		0	4,034		4,034
Total comprehensive income	0	0	22,524	0	849,297	871,821	16,476	888,297
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					56,986	56,986		56,986
Disposals relating to purchase of own shares					-56,986	-56,986		-56,986
Profits brought forward			-1,599		1,599	0		0
Equity, 30 September 2021	1,233,574	599,492	68,374	1,247,284	1,749,702	4,898,426	306,315	5,204,741
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					240,154	240,154	9,850	250,004
Total comprehensive income	0	0	0	0	240,154	240,154	9,850	250,004
Interest on additional tier 1 capital							-9,850	-9,850
Additions relating to sale of own shares					36,804	36,804		36,804
Disposals relating to purchase of own shares					-36,804	-36,804		-36,804
Equity, 30 September 2020	895,982	0	47,449	551,600	1,546,290	3,041,321	155,000	3,196,321
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
- 2 Interest income
- 2a Negative interest income
- 3 Interest expenses
- 3a Negative interest expenses
- 4 Income from fees and commissions
- 5 Value adjustments
- 6 Staff costs and administrative expenses
- 7 Impairment of loans and receivables, etc.
- 8 Impairment of loans and receivables and provisions for losses on guarantees and unused credit commitments
- 9 Receivables for which accrual of interest has been discontinued
- 10 Tax
- 11 Intangible assets
- 12 Investments property
- 13 Owner-occupied property
- 14 Deferred tax asset
- 15 Other assets
- 16 Debts to credit institutions and central banks
- 17 Issued bonds
- 18 Other liabilities
- 19 Subordinated debt
- 20 Share capital
- 21 Capital requirements
- 22 Contingent assets
- 23 Contingent liabilities and Security pledged
- 24 Pending litigation
- 25 Loans and guarantees, by sector (net)
- 26 Loans etc., by rating and IFRS 9 stages
- 27 Maximum credit exposure
- 28 Merger
- 29 Financial highlights

Financial statements

Notes

Note

1 **Accounting policies**

Vestjysk Bank's interim report for the period 1 January - 30 September 2021 is presented in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's executive order on financial reporting for credit institutions and investment companies, etc.

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

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

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

New accounting policies

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

Business combinations

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

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

Impairment losses 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.

Investments in associates

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

Financial statements

Notes

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
2 Interest income			
Receivables from credit institutions and central banks	8	46	53
Loans and other receivables	569,156	356,247	474,544
Bonds	12,736	10,480	14,335
Derivative financial instruments	4,321	713	1,304
Other interest income	144	0	1
Total	586,365	367,486	490,237
2a Negative interest income			
Receivables from credit institutions and central banks	10,973	2,083	2,730
Bonds	6,857	3,783	4,912
Total	17,830	5,866	7,642
3 Interest expenses			
Credit institution and central banks	157	0	0
Deposits and other debt	13,719	7,387	9,683
Issued bonds	3,927	0	0
Subordinated debt	25,504	15,135	20,226
Other interest expenses	702	228	338
Total	44,009	22,750	30,247
3a Negative interest expenses			
Credit institutions and central banks	0	163	163
Deposits and other debt	71,000	23,867	33,657
Total	71,000	24,030	33,820
4 Income from fees and commissions			
Securities trading and custody services	109,839	61,631	86,163
Payment services	63,867	36,512	49,366
Loan processing fees	104,529	32,434	46,082
Guarantee commission	76,807	41,889	56,808
Other fees and commissions	126,197	90,004	121,077
Total	481,239	262,470	359,496
5 Value adjustments			
Other loans and receivables at fair value	-3,810	0	0
Bonds	-14,836	11,562	16,053
Shares, etc.	58,335	20,644	33,872
Investment property	-7	0	0
Foreign currency	21,550	8,429	12,330
Foreign exchange, interest rate, equity, commodity, and other contracts as well as derivative financial instruments	10,071	2,147	3,324
Assets related to pooled schemes	678,141	-372,444	-11,989
Deposits with pooled schemes	-678,141	372,444	11,989
Other assets	-500	-738	-920
Other liabilities	5,130	0	0
Total	75,933	42,044	64,659

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
6 Staff costs and administrative expenses			
Staff costs:			
Wages and salaries	323,746	174,636	237,300
Pensions	42,153	21,069	28,329
Payroll tax	47,099	28,928	39,289
Expenses relating to social security contributions etc.	6,480	1,348	2,259
Total	419,478	225,981	307,177
Average number of employee (FTE)	667.1	395.5	394.7
Other administrative expenses:			
IT expenses	247,202	102,189	139,795
Rent, electricity and heat	20,573	6,921	9,208
Postage, telephone etc.	3,608	1,242	1,679
Other administrative expenses	86,322	32,907	52,394
Total	357,705	143,259	203,076
Total	777,183	369,240	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	2,663	2,044	2,755
Executive board			
Fixed remuneration	10,997	4,932	6,590
Pension	256	246	329
Total	11,253	5,178	6,919
Value of benefits executive board	358	209	279

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

Jan Ulsø Madsen, Chief Executive Officer

The Bank does not make contributions to any pension schemes.

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

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

Financial statements

Notes

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
6	Staff costs include remuneration of the Board of Directors and the Executive Board in the following amounts (continued)		
<u>Torben Sørensen, Managing Director</u>			
The Bank does not make contributions to any pension schemes.			
Torben Sørensen's employment expires without notice at the end of June 2022. His employment is non-terminable by the Bank, but Torben Sørensen may resign giving 6 months' notice.			
<u>Michael Nelander Petersen, Managing Director</u>			
The Bank contributes 12.25% of Michael Nelander Petersen's salary to a defined contribution plan.			
Michael Nelander Petersen may resign giving 6 months' notice, and the Bank may terminate his employment giving 12 months' notice.			
If the Bank terminates Michael Nelander Petersen's employment in connection with a merger, a transfer of shares or the voting majority, or the transfer of all assets and activities, Michael Nelander Petersen will be entitled to a special severance payment equal to 12 months' salary in addition to his salary during the notice period.			
7	Impairment of loans and receivables, etc.		
Impairment of loans and other receivables in the statement of income			
Impairment charges for the period			
	538,998	440,195	572,166
Reversal of impairment charges in prior financial years			
	-563,250	-384,816	-517,045
Loans with no prior individual impairment/provisions, written off			
	21,042	15,781	28,315
Recovered on previously written off debts			
	-18,019	-46,277	-58,242
Total			
	-21,229	24,883	25,194
Provisions for losses on guarantees and unused credit commitments in the financial statement			
Impairments for the period			
	46,127	32,542	61,277
Reversal of provisions in prior financial years			
	-77,197	-53,390	-57,938
Total			
	-31,070	-20,848	3,339
Impairment of loans and other receivables, end of the reporting period			
	-52,299	4,035	28,533
Interest income on impaired loans is offset against impairment in the amount of			
	37,071	35,237	40,739

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
8			
Impairments of loans and receivables and provisions on guarantees and unutilised credit lines			
Impairment of loans and receivables.			
Stage 1 (absence of significant increase in risk assessment)			
Impairment, beginning of the reporting period	25,381	45,111	45,111
New impairments, new exposures	23,174	12,402	10,388
Reversed impairments repaid accounts	-78,190	-94,404	-71,655
Change in impairments, beginning of period to/from stage 1	-3,245	-8,213	-14,215
Change in impairments, beginning of period to/from stage 2	30,848	32,986	21,584
Change in impairments, beginning of period to/from stage 3	39,756	41,100	28,144
Impairments due to change in credit risk	11,236	7,395	6,024
Impairment, end of the reporting period	48,960	36,377	25,381
Stage 2 (significant increase in risk assessment)			
Impairment, beginning of the reporting period	63,689	75,845	75,845
Impairment, addition from merger	51,943	-	-
New impairments, new exposures	28,475	10,411	15,572
Reversed impairments repaid accounts	-76,328	-36,502	-70,043
Change in impairments, beginning of period to/from stage 1	2,632	6,890	11,570
Change in impairments, beginning of period to/from stage 2	-42,875	-37,629	-28,043
Change in impairments, beginning of period to/from stage 3	39,581	20,596	37,161
Impairments due to change in credit risk	229,072	19,815	21,627
Impairment, end of the reporting period	296,189	59,426	63,689
Stage 3 (credit-impaired)			
Impairment, beginning of the reporting period	2,001,640	2,198,643	2,198,643
New impairments, new exposures	89,798	138,387	155,037
Reversed impairments repaid accounts	-397,099	-395,978	-472,599
Change in impairments, beginning of period to/from stage 1	613	1,323	2,645
Change in impairments, beginning of period to/from stage 2	12,026	4,643	6,459
Change in impairments, beginning of period to/from stage 3	-79,337	-61,696	-65,305
Impairments due to change in credit risk	379,416	393,390	459,715
Impairments lost	-167,549	-210,906	-323,695
Other movements	37,071	35,237	40,740
Impairment, end of the reporting period	1,876,579	2,103,043	2,001,640
Loans, credit-impaired at initial recognition			
Impairment, beginning of the reporting period (acquired impairment)	35,877	52,246	52,246
Impairment, addition from merger	867,165	-	-
New impairments	0	1,359	2,060
Reversed impairments	-233,805	-896	-1,006
Impairments lost	-87,160	-12,567	-17,423
Impairment, end of the reporting period	582,077	40,142	35,877

Financial statements

Notes

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
8 Provisions for losses on guarantees			
Provisions, beginning of the reporting period	22,176	25,762	25,762
Addition from merger	13,705	-	-
New provisions, new exposures	4,935	425	2,274
Reversed provisions for losses at repaid accounts	-16,186	-11,728	-14,571
Provision during the period due to change in credit risk	3,814	1,231	8,968
Provisions, lost	0	-137	-257
Provisions, end of the reporting period	28,444	15,553	22,176
Overall accumulated impairment of loans and receivables and provisions for losses on guarantees	2,250,172	2,254,541	2,148,763
Accumulated impairment ratio	7.9%	14.0%	12.9%
Provisions for losses on unused credit commitments			
Provisions beginning of the reporting period	66,133	59,466	59,466
Addition from merger	31,399	-	-
New provisions, new exposures	2,976	3,635	4,462
Reversed provisions for losses at repaid accounts	-62,415	-42,198	-45,949
Provision during the period due to change in credit risk	35,806	27,786	48,154
Provisions, end of the reporting period	73,899	48,689	66,133
9 Receivables for which accrual of interest has been discontinued			
Receivables for which accrual of interest has been discontinued, end of the reporting period	1,437,793	950,623	1,209,302
Total impairment charge thereon	1,102,504	770,377	758,278
Receivables for which accrual of interest has been discontinued, as a percentage of loans before impairment	7.6%	8.0%	10.6%
10 Tax			
Current tax	72,878	19,523	25,152
Deferred tax	-82,000	0	0
Adjustment of current tax for prior years	-2,941	0	81
Total	-12,063	19,523	25,233
Applicable tax rate reduced from 22% to -6.9% due to deferred tax asset			
Current tax rate	22.0%	22.0%	22.0%
Use of losses from previous years	-12.7%	-11.4%	-12.1%
Tax-free value adjustments	-0.7%	-1.6%	-1.7%
Deferred tax asset	-9.4%	0.0%	0.0%
Other adjustment	-0.3%	-1.8%	-0.5%
Adjustment taxes prior year	-0.3%	0.0%	0.0%
Effective tax rate	-1.4%	7.2%	7.7%

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
11 Intangible assets			
Customer relationships and goodwill			
Total acquisition price, beginning of the period	14,964	14,964	14,964
Additions on merger	119,613	0	0
Total acquisition price, end of the period	134,577	14,964	14,964
Amortisation and impairment, beginning of the period	14,964	14,964	14,964
Amortisation and impairment for the period	12,759	0	0
Amortisation and impairment, end of the period	27,723	14,964	14,964
Carrying amount, end of the period	106,854	0	0
Other intangible assets			
Total acquisition price, beginning of the period	1,416	1,416	1,416
Additions	0	0	0
Total acquisition price, end of the period	1,416	1,416	1,416
Amortisation and impairment, beginning of the period	1,416	1,399	1,399
Amortisation and impairment for the period	0	17	17
Amortisation and impairment, end of the period	1,416	1,416	1,416
Carrying amount, end of the period	0	0	0
Total	106,854	0	0
12 Investment property			
Fair value, beginning of the period	0	425	425
Additions on merger	33,014	0	0
Additions	48,405	0	0
Disposals	885	425	425
Fair value, end of the period	80,534	0	0
13 Owner-occupied property			
Revalued amount, beginning of the period	235,986	261,684	261,684
Additions from merger	153,650	0	0
Additions	0	1,496	1,496
Disposals	69,455	16,852	16,851
Depreciations	4,062	3,074	4,044
Changes in value recognised in other comprehensive income	4,034	0	0
Changes in value recognised in the statement of income	1,015	0	-6,299
Revalued amount, end of the period	321,168	243,254	235,986
The Bank's uses a return-based model to value its owner-occupied properties, based on estimated prices per square metre and return requirements. A return requirement of between 4.8% and 9% has been applied to properties in Jutland.			
Leased owner-occupied property			
Value of leases, beginning of the period	28,967	0	0
Value of leases recognised, change in accounting treatment	0	15,316	15,316
Recognised in statement of financial position, beginning period	28,967	15,316	15,316
Additions from merge	6,718	0	
Additions	43,175	17,418	17,418
Depreciations	5,167	2,608	3,767
Changes in value recognised in the statement of income	-6,824	0	0
Value of leases, end of the period	66,869	30,126	28,967
Total	388,037	273,380	264,953

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
14	Deferred tax asset In 2012, the Bank reassessed the likelihood of utilising its deferred tax asset, following which the tax asset was written off. Vestjysk Bank assesses that part of the deferred tax asset can expectedly be utilised within the next three years based on cautious earnings expectations. Accordingly, an additional amount of DKK 82 million was recognised at 1 January to 30 September 2021 for a total recognised amount of DKK 180 million. DKK 167 of the tax loss has been offset in the statement of changes in equity (31 December 2020: DKK 85 million). The unrecognised tax asset amounted to DKK 249 million at 30 September 2021.		
15	Other assets Positive market value of derivative financial instruments Interest and commission receivable Investments in BEC Other assets Total		
	81,917	17,549	19,804
	107,870	97,775	118,440
	292,196	143,595	143,595
	124,565	26,761	41,455
	606,548	285,680	323,294
16	Credit institutions and central banks The balance sheet item includes DKK 140 million at a floating interest rate of 1.673%, maturing in September 2025. The debt is classified as non-preferred debt, which may be included as MREL capital.		
17	Issued bonds DKK 60 million fixed rate 3.00%, September 2024 DKK 60 million accrued establishment costs DKK 140 million floating rate 1.647%, March 2025 DKK 140 million accrued establishment costs DKK 180 million fixed rate 2.035%, June 2025 DKK 180 million accrued establishment costs Total		
	60,000		
	-186		
	140,000		
	-451		
	180,000		
	-1,238		
	378,125	0	0
18	Other liabilities Negative market value of derivative financial instruments Various creditors Interest and commission payable Lease liabilities Other liabilities Total		
	97,958	16,599	20,126
	675,199	571,859	459,237
	12,102	6,792	15,295
	73,339	33,619	32,393
	140,396	21,853	23,579
	998,994	650,722	550,630

Financial statements

Notes

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
19 Subordinated debt			
Tier 2 capital	597,315	347,724	347,961
Total	597,315	347,724	347,961
Charged as an expense under interest expenses/subordinated debt:			
Interest expenses	24,210	14,426	19,280
Costs related to incurrence and repayment	1,294	709	946
Total	25,504	15,135	20,226
Subordinated debt that can be included in the total capital	597,315	347,724	347,961
A nominal DKK 225 million will fall due on 16 August 2027 with an option for early redemption on 16 August 2022 subject to the Financial Supervisory Authority's approval. The capital accrues interest at a fixed 6.50% until 16 August 2022, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. The capital meets the tier 2 capital requirements under CRR/CRD IV.			
A nominal DKK 125 million will fall due on 28 August 2029 with an option for early repayment on 28 August 2024 subject to the Financial Supervisory Authority's approval. The capital accrues interest at a fixed 3.75% until 28 August 2028, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread. The capital meets the requirements under CRR/CDR IV.			
A nominal DKK 250 million will fall due on 26 June 2028 with an option for early repayment on 26 June 2023 subject to the Financial Supervisory Authority's approval. The capital accrues interest at a fixed 3.75% until 28 August 2028, after which it accrues interest at a floating rate of CIBOR6 plus a credit spread at 5.5% currently 5.39%. The capital meets the requirements under CRR/CDR IV.			
20 Share capital			
Share capital	1,233,574	895,982	895,982
Number of shares (units of DKK 1)	1,233,573,501	895,981,517	895,981,517
Number of own shares, beginning of the period			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.0%	0.0%	0.0%
Additions			
Purchase of own shares (thousands)	17,540	11,996	16,541
Nominal value DKK'000	17,540	11,996	16,541
Percentage of the share capital	1.4%	1.3%	1.8%
Total purchase price DKK'000	56,986	36,804	49,924
Disposals			
Sold own shares (thousands)	17,540	11,996	16,541
Nominal value DKK'000	17,540	11,996	16,541
Percentage of the share capital	1.4%	1.3%	1.8%
Total selling price DKK'000	56,986	36,804	49,924
Number of own shares, end of reporting period			
Number of own shares (thousands)	173	173	173
Nominal value DKK'000	173	173	173
Percentage of the share capital	0.0%	0.0%	0.0%
Own shares are intermediated, purchased and sold through the securities exchange as part of Vestjysk Bank's normal customer banking transactions. The Bank is not a direct counterparty in such transactions.			
Vestjysk Bank has a constant holding of own shares.			

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
21 Capital			
Shareholders' Equity	5,204,741	3,196,321	3,244,896
Profit not recognised	-160,560	-104,271	
Tier 1 Capital recognised in Equity	-300,700	-155,000	-155,000
Interest Tier 1 Capital	-5,615	0	0
Prudent valuation	-11,109	-5,704	-6,489
Intangible assets	-106,854	0	0
Deferred tax assets	-166,853	-83,707	-85,434
Investments in the sector	-296,321	-211,468	-215,841
Non Performing Exposures (NPE-deduction)	-77,089		
Common equity tier 1 capital	4,079,640	2,636,171	2,782,132
Additional tier 1 capital	300,700	155,000	155,000
Tier 1 capital	4,380,340	2,791,171	2,937,132
Tier 2 capital	597,315	347,724	343,598
Total capital	4,977,655	3,138,895	3,280,730
- Credit risk	19,596,138	10,441,811	10,376,551
- Market risk	1,699,478	1,050,704	1,264,788
- Operational risk	1,662,041	1,717,740	1,662,041
Total risk exposure	22,957,657	13,210,255	13,303,380
Common equity tier 1 capital ratio	17.8%	20.0%	20.9%
Tier 1 capital ratio	19.1%	21.1%	22.1%
Total capital ratio	21.7%	23.8%	24.7%
MREL- capital			
Total capital	4,977,655	3,138,895	3,280,730
MREL-capital	518,125	0	4,363
MREL- total capital	5,495,780	3,138,895	3,285,093
MREL-capital ratio	23.9%	23.8%	24.7%
22 Contingent assets			
Deferred tax asset at a tax rate of 22%	248,850	446,042	436,091
<p>The deferred tax asset is primarily related to carry forward taxable deficits.</p> <p>It is the Banks assessment that there is no basis for recognition of all of the deferred tax asset presently.</p> <p>Therefore, the deferred tax is partly recognised at DKK 180 million in the financial statement at 30 September 2021.</p> <p>The remaining deferred tax asset is treated as a contingent asset which is not recognised in the Statement of Financial Position.</p>			

Financial statements

Notes

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
23 Contingent liabilities			
Guarantees			
Financial guarantees	2,871,243	370,336	1,143,146
Loss guarantees on mortgage loans	3,926,280	2,177,018	2,209,108
Registration and remortgaging guarantees	1,156,382	366,482	450,655
Other contingent liabilities	1,799,492	1,204,554	1,399,149
Total	9,753,397	4,118,390	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	52,746	139,609	116,262
Other liabilities	594	0	0
Total	53,340	139,609	116,262
The Bank's membership on the BEC data central 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	94,753	12,912	13,643
Deposited in the Danish Growth Fund	403	405	404
Bonds:			
Pledged as security for credit facility with Danmarks Nationalbank			
Total nominal value	1,000,000	1,220,633	1,098,139
Total market value	1,005,440	1,227,523	1,103,746
24 Pending litigation			
Vestjysk Bank is a party to various lawsuits. The proceedings are evaluated on an ongoing basis, and requisite provisions are made based on an assessment of the risk of losses.			
The pending proceedings are not expected to have material influence on the Bank's financial position.			

Note

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

	Q3 2021 DKK'000	Q3 2021 pct.	Q3 2020 DKK'000	Q3 2020 pct.	FY 2020 DKK'000	FY 2020 pct.
Public authorities	0	0%	0	0%	0	0%
Business:						
Agriculture, hunting, forestry and fishery	4,199,102	4,063,963	15%	2,731,497	20%	2,558,808
Manufacturing industry and raw material extraction	813,780	811,717	3%	449,058	3%	479,457
Energy supply	866,487	3%	351,757	3%	301,180	2%
Construction and civil engineering contractors	1,066,018	1,029,013	4%	509,225	4%	487,888
Trade	1,237,679	5%	697,020	5%	638,933	5%
Transportation, hotels and restaurant businesses	730,392	688,823	3%	444,217	3%	477,962
Information and communication	130,676	121,201	1%	51,066	0%	78,858
Credit and financing institutes and insurance businesses	1,093,595	1,135,268	4%	570,059	4%	510,094
Real estate	2,774,425	11%	1,666,228	12%	1,776,461	12%
Other businesses	1,416,899	5%	724,959	5%	778,643	5%
Business, total	14,145,475	54%	8,195,086	59%	8,088,284	56%
Retail	12,263,210	46%	5,607,180	41%	6,445,317	44%
Total	26,408,685	100%	13,802,266	100%	14,533,601	100%

Financial statements

Notes

Note

26 Loans by rating, sectors and IFRS9- stages

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

	Q3 2021 (DKK'000)				
	Stage 1	Stage 2	Stage 3	credit-impaired at initial recognition	Total
Normal credit quality	22,169,759	984,122	0	7,883	23,161,764
Some signs of weakness	8,679,751	3,135,456	0	18,246	11,833,453
Significant signs of weakness	893,739	848,524	0	83,377	1,825,640
Impaired loans	0	0	2,974,259	875,117	3,849,376
Total	31,743,249	4,968,102	2,974,259	984,623	40,670,233

Q3 2020 (DKK'000)					
	Stage 1	Stage 2	Stage 3	credit-impaired at initial recognition	Total
Normal credit quality	11,359,277	382,189	0	0	11,741,466
Some signs of weakness	4,986,514	1,570,067	0	0	6,556,581
Significant signs of weakness	386,935	589,197	435,149	424,463	0
Impaired loans	0	0	3,478,323	78,240	3,556,563
Total	16,780,940	2,376,719	3,478,323	78,240	22,714,222

FY 2020 (DKK'000)					
	Stage 1	Stage 2	Stage 3	credit-impaired at initial recognition	Total
Normal credit quality	12,380,243	366,899	0	0	12,747,142
Some signs of weakness	4,887,893	1,624,717	0	0	6,512,610
Significant signs of weakness	322,159	439,505	0	0	761,664
Impaired loans	0	0	3,392,279	75,008	3,467,287
Total	17,590,295	2,431,121	3,392,279	75,008	23,488,703

Note

- 26 The Bank's credit risk in relation to business customers is managed by rating customers from 1-11 using a rating system developed by the BEC data central 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

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

	Q3 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	3,655,967	3,610,338	1,247,886	1,348,588	533,450
Manufacturing industry and raw material extraction	1,211,556	1,150,484	181,341	108,094	73,558
Energy supply	1,002,688	309,767	81,088	49,283	1,442,826
Construction and civil engineering contractors	1,460,932	1,759,902	240,552	87,524	10,678
Trade	1,802,533	349,964	202,396	71,842	2,426,735
Transportation, hotels and restaurant businesses	769,311	744,428	166,798	151,654	61,377
Information and communication	195,097	16,959	4,351	1,495	217,902
Credit and financing institutes and insurance businesses	1,195,411	1,276,613	100,045	165,252	63,320
Real estate	3,588,604	787,250	251,080	78,766	4,705,700
Other businesses	1,783,232	455,121	119,398	12,963	2,370,714
Business, total	16,913,919	3,855,683	2,519,425	956,732	24,245,759
Retail	14,829,330	1,112,419	454,834	27,891	16,424,474
Total	31,743,249	4,968,102	2,974,259	984,623	40,670,233

Financial statements

Notes

Note					
26	Loans at amortised cost, unused credit commitments and financial guarantees, by sector and IFRS 9 stage, continued				
	Q3 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	2,273,335	683,293	1,460,365	64,396	4,481,389
Manufacturing industry and raw material extraction	659,863	95,044	100,342	0	855,249
Energy supply	435,703	29,399	110,688	0	575,790
Construction and civil engineering contractors	834,801	149,001	60,229	0	1,044,031
Trade	1,093,656	176,688	183,870	247	1,454,461
Transportation, hotels and restaurant businesses	450,335	128,021	194,359	0	772,715
Information and communication	110,791	19,816	7,082	0	137,689
Credit and financing institutes and insurance businesses	550,056	57,163	217,343	24	824,586
Real estate	1,916,403	469,567	735,640	10,217	3,131,827
Other businesses	1,018,750	187,379	120,618	264	1,327,011
Business, total	9,343,693	1,995,371	3,190,536	75,148	14,604,748
Retail	7,437,247	381,348	287,787	3,092	8,109,474
Total	16,780,940	2,376,719	3,478,323	78,240	22,714,222
	Loans at amortised cost, unused credit commitments and financial guarantees, by sector and IFRS 9 stage FY 2020 (DKK'000)				
	Stage 1	Stage 2	Stage 3	credit-impaired at initial recognition	Total
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting, forestry and fishery	2,133,633	775,524	1,457,694	65,419	4,432,270
Manufacturing industry and raw material extraction	809,545	96,705	96,659	0	1,002,909
Energy supply	296,035	138,435	97,879	0	532,349
Construction and civil engineering contractors	922,978	121,723	71,275	0	1,115,976
Trade	1,136,349	150,148	214,232	246	1,500,975
Transportation, hotels and restaurant businesses	478,328	141,159	151,300	0	770,787
Information and communication	123,456	23,815	6,084	0	153,355
Credit and financing institutes and insurance businesses	557,272	64,930	207,674	24	829,900
Real estate	1,977,716	352,996	688,548	5,286	3,024,546
Other businesses	1,080,385	174,984	108,022	242	1,363,633
Business, total	9,515,697	2,040,419	3,099,367	71,217	14,726,700
Retail	8,074,598	390,702	292,912	3,791	8,762,003
Total	17,590,295	2,431,121	3,392,279	75,008	23,488,703

Note	Q3 2021 DKK'000	Q3 2020 DKK'000	FY 2020 DKK'000
27 Maximum credit exposure before impairment and provisions			
Loans measured at amortised cost	18,877,016	11,922,864	11,458,130
Unused credit commitments	14,968,819	7,862,939	8,657,605
Guarantees	9,781,841	4,133,943	5,224,234
Loans, guarantees etc..	43,627,676	23,919,746	25,339,969
Receivables from credit institutions and central banks	3,235,996	1,079,981	3,372,961
Bonds at fair value	9,611,400	5,375,519	6,159,587
Positive market value of derivative financial instruments	89,526	35,904	19,804
Total	56,693,954	30,258,520	32,398,479
Maximum credit exposure after impairment and provisions			
Loans measured at amortised cost	16,655,288	9,683,876	9,331,543
Unused credit commitments	14,894,920	7,814,250	8,591,472
Guarantees	9,753,397	4,118,390	5,202,058
Loans, guarantees etc..	41,303,605	21,616,516	23,125,073
Receivables from credit institutions and central banks	3,372,961	945,706	879,119
Bonds at fair value	9,611,400	5,375,519	6,159,587
Positive market value of derivative financial instruments	81,917	17,549	19,804
Total	54,369,883	27,955,290	30,183,583
Collateral for loans, credit commitments and guarantees			
Bank accounts	213,815	92,539	83,637
Securities	2,110,113	1,001,508	1,093,870
Mortgages on properties and wind turbines	15,622,085	8,647,566	8,759,773
Right of subrogation for mortgages secured in real property	4,733,616	2,184,239	2,221,921
Charges held in movable property, motor vehicles, operating equipment, ships etc.	4,272,560	2,783,599	2,760,342
Other	570,751	273,206	284,841
Total	27,522,940	14,982,657	15,204,384
Of this amount collateral for loans, credit commitments and guarantees (stage 3)	1,643,896	1,675,046	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

Financial statements

Notes

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

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

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

The Bank has recognised negative goodwill in the amount of DKK 477 million in "Other operating income". The negative goodwill income is subject to taxation, and a non-recurring expense of DKK 37 million has been recognised in tax in this respect.

Financial statements

Notes

Note	Q3 2021	Q3 2020	FY 2020
28			
Financial highlights			
Key figures			
Statement of income (DKKm)			
Net interest income	596	363	486
Net fee income	443	239	326
Dividends on shares etc.	13	9	9
Value adjustments	76	42	65
Other operating income	486	0	1
Core income	1,614	653	887
Staff costs and administrative expenses	777	369	510
Other operating expenses as well as depreciation, amortisation and impairment charges on intangible and intangible assets	35	10	20
Operating expenses and operating depreciation and	812	379	530
Core earnings before impairment	802	274	357
Impairment of loans and receivables, etc.	-52	4	29
Income from investments I associates	18	0	0
Profit/loss from operations in the process of being wound up	0	0	0
Profit before tax	872	270	328
Tax	-12	20	25
Profit after tax	884	250	303
	Q3 2021	Q3 2020	FY 2020
Statement of financial position (DKKm)			
Assets, total	40,796	22,308	23,105
Loans	16,655	9,684	9,332
Deposits	24,008	12,968	13,409
Deposits in pooled schemes	8,745	5,032	5,426
Guarantees	9,753	4,118	5,202
Custody accounts	18,575	9,169	10,040
Arranged mortgages	57,095	32,663	33,447
Business volume	59,161	31,802	33,369
Business volume including custody services and arranged mortgages	134,831	73,634	76,856
Equity	5,205	3,196	3,245

Note	Q3 2021	Q3 2020	FY 2020
28	Financial highlights (continued)		
	Financial ratios		
	Solvency		
Total capital ratio	21.7%	23.8%	24.7%
Tier 1 capital ratio	19.1%	21.1%	22.1%
Common equity tier 1 capital ratio	17.8%	20.0%	20.9%
MREL-capital ratio	23.9%	23.8%	24.7%
	Earnings		
Return on equity before tax, annually ¹	23.3%	11.7%	10.6%
Return on equity after tax, annually ¹	23.6%	10.9%	9.8%
Income/cost ratio	2.15	1.70	1.59
Cost ratio ²	49.8%	58.1%	59.8%
Return on assets	2.8%	1.1%	1.3%
Employees converted to full-time (average)	667.05	395.50	394.7
	Market risk		
Interest rate risk	1.6%	1.4%	1.6%
Foreign exchange position	0.4%	0.4%	0.2%
Foreign exchange risk	0.0%	0.0%	0.0%
LCR	280.6%	219.2%	180.3%
NSFR ³	137.5%	117.2%	120.6%
	Credit risk		
Loans plus impairment of loans relative to deposits	57.6%	66.2%	60.8%
Loans relative to equity	3.2	3.0	2.9
Growth in loans for the period	78.5%	-5.3%	-8.7%
Sum of the 20 biggest exposures	100.5%	110.2%	109.3%
Accumulated impairment ratio	7.9%	14.0%	12.9%
Impairment ratio for the period	-0.2%	0.1%	0.1%
	Vestjysk Bank share		
Earnings per share for the period	0.8	0.3	0.3
Book value per share ³	4.0	3.4	3.4
Price of Vestjysk Bank shares, end of the period	3.3	2.8	2.8
Share price/book value per share	0.8	0.8	0.8

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

2 Operating expenses and operating depreciation and amortization/core income

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

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.

