













1ST QUARTERLY REPORT 2023

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Solid start to 2023

 31/3 2023	Profit before tax of DKK 84.2 million compared to DKK 44.5 million as at 31/3/2022
 RETURN IN EQUITY	Profit after tax yielded a return of 19% p.a. on the equity.
 CORE EARNINGS	Core earnings increased by 35.4% to DKK 81.7 million.
 VALUE ADJUSTMENTS	Exchange rate adjustments of DKK 10.1 million compared with DKK -13.8 million as of 31/3/2022
 NET INTEREST AND FEE INCOME	Net interest and fee income increased by 26.7% to DKK 141.0 million
 IMPAIRMENT	Impairment of DKK 4.9 million compared with positive impairment of DKK 0.2 million as of 31/3/2022. Management's estimate remains unchanged at DKK 70 million.
 LENDING	Lending growth this quarter of 2.2% to DKK 5,586 million and 12.8% since 31/3/2022.
 CAPITAL	Capital ratio of 22.5% and core capital ratio of 20.8% Solvency requirement is 9.8%
 CORE EARNINGS EXPECTATIONS	The forecast for core earnings for the entire year was updated on 14 April 2023 to within the range of DKK 250–300 million.
 CORE EARNINGS EXPECTATIONS	Adjusted expectations for profit before tax for the entire year are within the range of DKK 240 – 280 million.

5 YEARS IN SUMMARY

1,000 DKK						YEAR
	2023	2022	2021	2020	2019	2022
PROFIT AND LOSS ACCOUNT						
Net income from interest	88.233	55.743	50.002	48.543	46.953	254.324
Div. on shares and other holdings	234	103	243	288	335	4.485
Charges and commissions (net)	52.558	55.478	45.722	43.462	35.156	204.914
Net inc. from int. & charges	141.025	111.324	95.967	92.293	82.444	463.723
Value adjustments	10.160	-13.786	3.386	-9.822	11.591	-30.830
Other ordinary income	789	469	542	289	264	2.078
Staff costs and administrative expenses	61.513	52.381	48.737	49.044	45.635	234.038
Depreciation of intangible and tangible assets	1.345	1.357	1.336	765	765	6.620
Other operating expenses	0	0	16	0	0	477
Write-downs on loans etc. (net)	4.917	-227	2.560	10.631	3.730	2.703
Operating profit	84.199	44.496	47.246	22.320	44.169	191.133
Taxes	21.218	8.824	10.394	4.910	9.717	40.894
Profit for the period	62.981	35.672	36.852	17.410	34.452	150.239
Of which are holders of shares of hybrid core capital instruments etc.	1.289	1.289	1.289	1.569	1.569	5.287
BALANCE SHEET summary						
Total assets	10.921.820	10.007.737	9.034.004	7.581.001	6.761.185	11.228.493
Loans and other debtors	5.585.720	4.952.369	4.522.167	4.449.383	4.331.256	5.464.400
Guarantees etc.	1.942.466	3.036.753	2.751.291	2.519.235	1.669.526	2.024.207
Bonds	821.328	920.355	951.051	944.990	1.003.922	861.733
Shares etc.	267.852	232.835	199.880	205.209	230.223	231.757
Deposits	7.648.220	6.734.641	6.333.799	6.135.817	5.495.332	7.840.474
Subordinated cap. investments	98.960	98.460	97.959	97.459	100.000	98.835
Capital funds	1.397.506	1.255.290	1.125.700	1.017.460	935.940	1.363.361
Dividends						28.920
Capital Base	1.303.982	1.229.971	1.131.788	1.043.459	920.540	1.342.842
Total weighted items	5.790.778	5.973.009	5.539.970	5.694.301	5.175.884	5.802.754
CORE EARNINGS						
Core income	144.558	114.098	98.060	93.659	83.721	474.689
Total costs etc.	-62.858	-53.738	-50.089	-49.809	-46.400	-241.135
Core earnings	81.700	60.360	47.971	43.850	37.321	233.554

FINANCIAL RATIOS - 31ST MARCH

Figures in pct.

	2023	2022	2021	2020	2019
Solvency ratio	22,5	20,6	20,4	18,3	17,8
Core capital ratio	20,8	18,9	18,7	16,6	15,9
Return on own funds before tax*	6,3	3,6	4,4	2,2	4,9
Return on own funds after tax*	4,7	2,9	3,4	1,7	3,8
Earning/expense ratio in DKK	2,24	1,83	1,90	1,37	1,88
Interest rate risk	0,7	1,1	1,1	1,2	1,4
Foreign currency position	0,1	0,4	0,2	0,2	0,8
Foreign currency risk	0,0	0,0	0,0	0,0	0,0
Advances against deposits	64,5	63,3	64,4	77,8	85,3
NSFR	1,30	1,29	-	-	-
LCR	349	316	301	312	245
Total large commitments	108,9	129,8	137,9	139,4	142,6
Accumulated impairment ratio	3,8	3,5	4,5	4,6	5,7
Impairment ratio for the period	0,1	-0,1	0,1	0,1	0,1
Increase in loans etc. for the period	2,2	4,9	7,0	2,9	-0,7
Ratio between loans etc. and capital funds	4,0	3,9	4,0	4,4	4,6
(value pr share 100 DKK)					
Earnings per share (result period)*	32,0	17,8	18,5	8,2	17,1
Book value pr share*	694	620	553	497	455
Market value/earning per share	3,8	6,1	4,5	6,6	3,7
Market value/book value*	0,89	0,83	0,74	0,54	0,69
(value pr share 20 DKK)					
Earnings per share (result period)*	6,4	3,6	3,7	1,6	3,4
Book value pr share*	139	124	111	99	91
Market value	123,0	109,5	82,4	54,0	63,0

*) Financial ratios are calculated as if the hybrid core capital were treated as an obligation for accounting purposes, whereby the financial ratios are calculated based on the shareholders' share of profit and equity. The shareholders' share of profit and equity is shown in the Statement of Changes in Equity.

QUARTERLY OVERVIEWS

1,000 DKK	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
PROFIT AND LOSS ACCOUNT					
Net income from interest	88.233	77.111	62.631	58.839	55.743
Div. on shares and other holdings	234	3.159	50	1.173	103
Charges and commissions (net)	52.558	48.333	48.865	52.238	55.478
Net inc. from int. & charges	141.025	128.603	111.546	112.250	111.324
Value adjustments	10.160	12.632	-9.808	-19.868	-13.786
Other ordinary income	789	603	510	496	469
Staff costs and administrative expenses	61.513	64.510	58.459	58.688	52.381
Depreciation of intangible and tangible assets	1.345	2.549	1.357	1.357	1.357
Other operating expenses	0	0	0	477	0
Write-downs on loans etc. (net)	4.917	5.468	758	-3.296	-227
Operating profit	84.199	69.311	41.674	35.652	44.496
Taxes	21.218	15.058	9.168	7.844	8.824
Profit for the period	62.981	54.253	32.506	27.808	35.672
Of which are holders of shares of hybrid core capital instruments etc.	1.289	1.420	1.289	1.289	1.289
BALANCE					
Loans and other debts	5.585.720	5.464.400	5.436.343	5.252.989	4.952.369
Totalkredit	13.512.269	13.424.544	13.455.410	13.375.000	13.080.694
DLR	4.770.316	4.749.436	4.695.323	4.747.545	4.518.443
Indlån	7.648.220	7.840.474	7.302.950	7.260.609	6.734.641
Deposits in pooled schemes	1.452.983	1.614.083	1.583.501	1.575.626	1.524.021
Subordinated cap. investments	98.960	98.835	98.710	98.585	98.460
Customer depots	4.426.058	3.976.917	3.832.656	4.327.734	4.216.307
Equity	1.397.506	1.363.360	1.309.110	1.279.158	1.255.290
Total assets	10.921.820	11.228.493	10.570.376	10.653.001	10.007.737
Guarantees etc.	1.942.466	2.024.207	2.373.091	2.895.000	3.036.753
CORE EARNINGS					
Core income	144.558	131.528	114.430	114.633	114.098
Total costs	-62.858	-67.059	-59.816	-60.522	-53.738
Core earnings	81.700	64.469	54.614	54.111	60.360

MANAGEMENT'S REPORT

The first quarter of the year has been extremely satisfactory in every way, and the best result in the Bank's history has been achieved.

Profit before tax amounts to DKK 84.2 million compared to DKK 44.5 million in 2022, an increase of DKK 39.7 million or 89%, based on solid growth in net interest earnings and positive exchange rate adjustments. Expectations for the result before tax on 14 April 2023 for the full year have been adjusted upwards from DKK 210 - 250 million to DKK 240 – 280 million

Core earnings also improved considerably during the period with an increase of DKK 21.3 million, or 35.4%, to DKK 81.7 million compared with DKK 60.4 million as of 31 March 2022. Expectations for core earnings for the year as a whole were adjusted upwards on 14 April 2023 from the range DKK 225 – 275 million to a range of DKK 250 – 300 million.

The improvement in core earnings is down to solid development in all business areas following a very high level of activity, major customer growth, and increased volume with all product types. In relation to 31 March 2022, lending increased by DKK 633 million, and the repeated interest rate increases by Nationalbanken also boosted interest rate earnings satisfactorily.

Interest rate increases and general unrest on the securities markets led to negative exchange rate adjustments of DKK 13.8 million in Q1 2022, while the market's positive start to 2023 meant positive exchange rate adjustments of DKK 10.2 million.

High levels of activities by existing and new customers have resulted in increasing net interest and fee income, which has increased by DKK 29.7 million or 26.7% compared to Q1 2022.

The costs for staff and administration have increased by DKK 9.1 million or 17.4%, primarily as a result of an increased number of employees, the opening of new branches and rising costs for IT. The increase in the number of employees is in line with the Bank's strategic objective of growing organically, which has meant, among other things, the opening of two new branches at the end of 2021 and another branch in the autumn of 2022.

Impairment

Impairment was realised with an expense of DKK 4.9 million compared with an income of DKK 0.2 million in Q1 2022.

The creditworthiness in the lending and guarantee portfolio is solid, and the individual segments are continuously strengthening. As a result of the continued uncertainty in social development, management's

estimate remains at DKK 70 million.

Factors such as the war in Ukraine, historically high inflation, significantly increased interest rates, and higher energy prices give rise to greater uncertainty for both businesses and private households.

The Bank is in close dialogue with all business customers and it is positive that the aforementioned negative factors have so far not influenced the credit quality of the business portfolio. However, it is to be expected that the increased risk factors will lead to certain sectors being affected in the near future. Therefore, the Bank has been extraordinarily cautious in calculating the risks in the business segments.

Parts of the private customer segment are affected by high energy prices and high inflation in particular, which have led to greatly increased prices for general consumption.

The Bank wants and seeks dialogue with those private customers who are expected to have problems balancing their finances, so that their challenges can be identified and solutions found where possible.

The Bank's general policy has been to make every effort to find solutions to temporary problems experienced by business and private customers.

Lending growth

Lending demand in 2022 and early 2023 has been increasing, and rose by DKK 633.3 million, or 12.8%, and by a further DKK 121.3 million or 2.2% in the first three months of the year. A fairly significant influx of new customers has been noted, but the increase in lending is primarily due to increased demand for loans and use of credit facilities granted from existing customers.

For the year as a whole, an increase in lending is expected at the level of 6-8%, which is considered satisfactory.

The proportion of lending and guarantees to private customers has grown in recent years, and now accounts for 52.3% of all lending and guarantees. The increase is due to the large influx of private customers, ensuring a satisfactory rise in lending and guarantees. The Bank's goal is a private segment of around 50%, and it has been strategically decided that the exposure to individual business segments must not exceed 15%. Exposure to the two largest business segments, agriculture and real estate, is 10% for both.

The Bank's guarantees remain at a satisfactory level, but were reduced to DKK 1,942 million as of 31 March 2023 compared with DKK 2,024 million at the end of 2022.

The industry breakdown for lending and guarantees is shown in the table on the next page.

LOANS AND GUARANTEES DISTRIBUTED ON SECTORS

	31.03.2023	31.12.2022	31.03.2022
Public authorities	0,0%	0,0%	0,0%
Agriculture, hunting, forestry & fishing	9,3%	8,5%	10,8%
Plant production	1,3%	1,3%	1,5%
Cattle farming	4,8%	4,9%	6,6%
Pig farming	2,0%	1,1%	1,0%
Mink production	0,4%	0,4%	0,6%
Other agriculture	0,9%	0,8%	1,1%
Industry and mining	5,0%	4,4%	3,6%
Energy	1,2%	1,2%	1,3%
Building and constructions	4,8%	6,6%	6,8%
Wholesale	8,1%	7,6%	7,4%
Transport, hotels and restaurants	1,1%	1,4%	1,1%
Information and communication	0,1%	0,1%	0,2%
Financial and insurance business	6,1%	6,2%	4,2%
Real-estate	9,9%	9,5%	9,8%
Other business	2,3%	2,7%	3,8%
Private	52,3%	51,8%	51,0%

The Bank offers financial leasing to business customers via Skjern Bank Leasing. The development is satisfactory and there are about 520 active leases as of 31 March 2023, with a residual lease debt of DKK 192 million.

The Bank's overall credit provision has increased satisfactorily by DKK 1,316.8 million in the past year. There is an increase in activity in both the Bank's lending and the arrangement of mortgage credit via Totalkredit and DLR Kredit.

Liquidity

The LCR key ratio is 349%, which is in line with the Bank's strategy of maintaining a solid liquidity surplus based on stable customer deposits. The surplus in relation to the Bank's internal target of having a minimum LCR of 225% is a solid DKK 1,097 million.

CAPITAL CONDITIONS AND DIVIDEND POLICY

The capital base comprises DKK 1,304 million and the capital ratio 22.5% compared to 23.1% at the end of 2022. The capital ratio fell as a result of the ordinary acquisition of DLR shares during the annual distribution in Q1, and the interim result after tax for the quarter of DKK 62.9 million is not included in the capital base in line with previous years. The core capital ratio fell to 20.8% from 21.5% as at 31 December 2022.

The individual solvency requirement is calculated at 9.8%, and the solvency coverage relative to solvency requirement comprises 12.7 percentage points. Compared with the capital base of DKK 1,304 million, there was a surplus of DKK 734.7 million at the end of Q1 2023.

Relative to the necessary capital ratio of 19.5%, expressed as the Bank's calculated solvency requirements plus the phased-in capital conservation buffer of 2.5%, the phased-in cyclical buffer of 2.5% and the phased-in NEP supplement of 4.7%, the coverage can be calculated at 3.0 percentage points, corresponding to a solvency coverage of DKK 173.7 million.

The Bank only incorporates the results of half-year interim- and full-year annual reports.

If the profit for Q1 had been reviewed by the Bank's external auditor, and did not give rise to changes to the estimated profit, the capital ratio would comprise 23.7% and the core capital ratio 22%, while the actual core capital ratio would comprise 21%. The reserves relative to the necessary capital could thus be calculated at 4.2 percentage points, corresponding to a solvency coverage of DKK 243.2 million.

The actual core capital is 19.8%, thus covering the capital requirement calculated at 19.5 percentage points. The actual core capital grew in the course of the year with incorporation of realised results, but no further capital requirements will be phased-in in 2023.

The Bank wants to maintain a solid capital base to ensure the continued development of the Bank's activities and implementation of current and future regulatory capital requirements. The desire is that capital base will be primarily based on actual core capital, but raising foreign capital could also be included in the capital structure if conditions are deemed favourable and it is deemed appropriate. In Q4, the Bank's Board of Directors will make the initial assessment of dividends for the financial year 2023, cf. the dividend policy.

The bank's capital goals and dividend policy are unchanged:

Capital goals

It is the Bank's goal to be well capitalised to ensure the Bank's strategic goals and also to accommodate regulatory requirements in future recessions. The management will continuously assess the adequacy of the capital base, including the distribution between equity and foreign capital, to ensure the optimal distribution between returns to shareholders and sufficient increase of the Bank's actual core capital.

Dividend policies

In light of the Bank's capital goals, the Bank wants to be stable in payments of dividends. The goal is for distribution, either as share buy-backs or cash distributions, to amount to 30-50 % of the annual profit after tax, which exceeds a return on equity of 6 %.

It is believed that the capital goal and distribution policy meet the long-term interests of shareholders and the bank optimally. The shareholders achieve a reasonable dividend and the Bank's capital foundation is strengthened by consolidation.

THE BANK'S IMPORTANT STAKEHOLDERS

The relationship with and involvement of the Bank's many stakeholders is deemed to be crucial to the running of a well-functioning local bank. The Bank believes that stakeholders' interests closely coincide.

Shareholders

The management recognises the importance of a stable and loyal shareholder community and, taking into account the Bank's capital adequacy, aims to give them competitive returns. The shareholders' loyalty and continued backing, from small shareholders to major professional investors, is extremely important to the continued development of the Bank.

Customers

It is highly satisfactory that the private customer business is growing rapidly and that the Bank is being chosen by new customers from most of the country, primarily on the recommendation of existing customers. The corporate client business is also in solid development with a focus on small and medium-sized business customers in the Bank's local areas.

Customers unanimously declare that it is the close personal relationships they enjoy with their advisors that are key to their choice of Skjern Bank. This combined with solid advice, living up to the Bank's key values and the electronic options, such as online meetings and mobile banking, make daily life work smoothly and flexibly.

Employees

As of As at 31 March 2023, the Bank employed 192 employees, which is an increase of 3 employees in the last year. All employees are offered employment terms that conform to the market as well as relevant training and continuing education in order to always ensure a high level of professionalism.

Employee job satisfaction is important to the Bank, and annual job satisfaction surveys are conducted. It is a strategic goal to have employees who find the Bank to be a good workplace, which is considered crucial for the very low personnel turnover, and significant interest from qualified applicants for vacant positions.

Local communities

The goal is to play an important role in all of the Bank's local communities, both as a partner for the business



owners, but of course also for the local population in general. It is important for the Bank to back local initiatives and the Bank helps a great number of businesses – entrepreneurs and existing customers - with counseling and financing, so that ideas and investment goals have the best chance of being realised.

The Bank is also a partner for many local community associations and organisations and supports both sports and culture and associations in general. The commitment to and support for local communities is largely based on reciprocity and in expectation and under the assumption that the Bank will be rewarded with customer referrals and a generally positive attitude towards the Bank.

The foundation of Skjern Bank is the many shareholders, customers, employees and the local communities of the Bank's market areas. The Bank is aware that all stakeholders play an important role both now and in the future and views it as an important community role to encourage the many stakeholders to work together for the benefit of both the stakeholders and the Bank.

SUSTAINABLE DEVELOPMENT

The financial sector has a key role in ensuring that society develops in a more sustainable direction. The Bank is aware of this responsibility and fully supports the points from the Forum for Sustainable Finance (Forum for Bæredygtig Finans), which the Bank is actively working to comply with.

In its ESG report for 2022, the Bank's status on compliance with the points is presented, and the goals for the future work are described. In Skjern Bank, the focus on sustainability can generally be divided into two main tracks: Our influence on our stakeholders, especially our customers and the Bank as a business.

The influence on customers must take place via positive customer dialogue, which must also include a dialogue on opportunities and threats related to sustainability to a greater extent. Private customers must be presented with the relevant opportunities, such as energy-efficiency improvements for their properties, replacement of oil and gas heating, attractive financing for electrical vehicles and sustainable investment products, to be able to define and fulfil their preferences as much as possible. Business customers must be made aware of issues relating to the concept of sustainability (ESG), which concerns: Environmental conditions (E – Environment), Social conditions (S – Social) and Management conditions (G – Governance)..

For several years, the Bank has been working to reduce energy consumption through energy reduction measures, and also compensates for its own use of power through the purchase of certificates of origin for power from Danish wind turbines. The entire ESG report for 2022 can be read on the Bank's website at: <https://www.skjernbank.dk/banken/baeredygtighed>

NET INTEREST INCOME

Interest income increased by DKK 37.3 million, corresponding to 61.5%. Interest expenses amounted to DKK 9.8 million and increased by DKK 4.8 million as a result of increasing interest for customer deposits. Net interest income during the period increased by DKK 32.5 million to DKK 88.2 million, corresponding to 58.3%. Net interest income is expected to continue to increase in the coming quarters as a result of the expectation of further interest rate increases by Nationalbanken, which will mean higher interest income on lending and deposits at Nationalbanken, while interest income from lending will also rise.

NET FEE AND COMMISSION INCOME

Net income from fees and commissions amounted to DKK 52.6 million, compared to DKK 55.5 million in 2022, and thus fell by DKK 2.9 million. The Bank detected lower activity on the housing market in Q1, which has reduced the number of mortgage credit cases and bond trading related to mortgage crediting lending. Lending fees fell by DKK 2.1 million, whilst earnings from securities trading and deposits fell by DKK 1.0 million. Guarantee provision is at the same level as last year, whilst payment processing, other fees and fees paid rose by a total of DKK 0.2 million.

NET INTEREST AND FEE INCOME

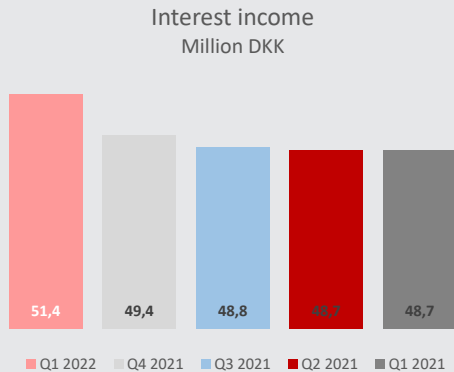
Net interest and fee income increased by DKK 29.7 million, corresponding to 26.7%, and amounts to DKK 141.0 million.

EXCHANGE RATE ADJUSTMENTS

The total exchange rate adjustments were positive by DKK 10.1 million, compared with negative exchange rate adjustments of DKK 13.8 million as of 31 March 2022. The exchange rate adjustments were divided into DKK 2.6 million in the bond portfolio and DKK 4.6 million in the shareholdings, of which sectoral shares comprise capital gains of DKK 2.0 million and shares in the trading portfolio constitute DKK 2.6 million. In addition, satisfactory income of DKK 2.7 million has been achieved on currency and derivative financial instruments. The Bank's strategy in the securities area is structurally cautious and the significant fluctuations on the markets did not lead to changes in the overall strategy.

EXPENSES

Costs for personnel and administration etc. were DKK 9.1 million higher than the same period last year and amount to DKK 61.5 million. The Bank is in organic growth and incurring continuously rising costs for en-



sureing future earnings generation, primarily in the form of opening new branches. The increase in costs is in line with budget. Personnel costs rose by DKK 2.1 million compared to 31 March 2022 and administration costs rose by DKK 7.0 million, broken down between IT costs, marketing and other administration costs.

PROFIT FOR THE PERIOD

Profit before tax amounted to DKK 84.2 million compared with DKK 44.5 million as of 31 March 2022. After taxes, profit for the period amounted to DKK 63.0 million, an increase of DKK 39.7 million, due to rising net interest earnings and positive exchange rate adjustments of DKK 10.1 million compared to negative exchange rate adjustments in the same period of 2022 of DKK 13.8 million.

The result is deemed to be highly satisfactory, and is the best Q1 result in the Bank's history. It is highly satisfactory that progress has been realised in the number of customers and lending volume, and with it net interest and fee income along with significantly increased distribution of 3rd party products, such as mortgage credit, insurance, investment and pension products.

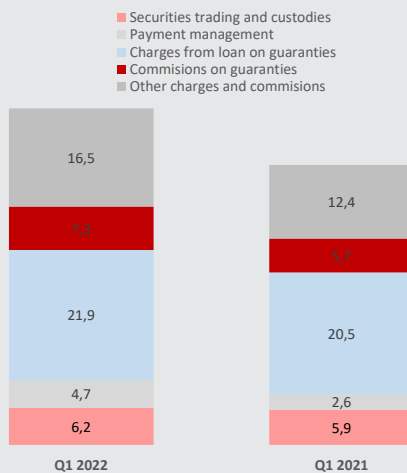
Core earnings of DKK 81.7 million were realised, which is DKK 21.3 million higher than 31 March 2022:

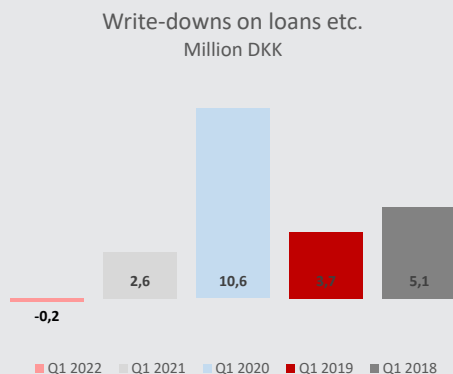
CORE EARNINGS 1 JANUARY - 31 MARCH

Beløb i 1.000 kr.	2023	2022	1.1-31.12 2022
Net income from interest	88.233	55.743	254.324
Net charges and commission	52.558	55.478	204.914
Dividend on shares and other holdings	234	103	4.485
Foreign currency value adjustments*	2.744	2.305	8.888
Other ordinary income	789	469	2.078
Core income	144.558	114.098	474.689
Staff costs and administrative expenses	61.513	52.381	234.038
Depreciation and write-downs on intangible and tangible assets	1.345	1.357	6.620
Other operating expenses	0	0	477
Costs	62.858	53.738	241.135
Core earnings	81.700	60.360	233.554
Write-downs	-4.917	227	-2.703
Value adjustments*	7.416	-16.091	-39.718
Result before tax	84.199	44.496	191.133
Tax	21.218	8.824	40.894
Net-result for the financial year	62.981	35.672	150.239

*) Foreign currency value adjustments and value adjustments specificeres i noten "Value adjustments" on page 25.

Charges and commissions receivable
Million DKK





MAJOR SHAREHOLDERS

The Bank has 3 major shareholders, all of whom have 5% of the voting rights:

Investeringsselskabet af 15. maj (AP Pension Livsforsikringsaktieselskab, Copenhagen Ø.), which as of the most recent ownership report held 20.75% of the share capital, EURO STEEL 1988 APS, which as of the most recent ownership report held 5.15% of the share capital, and Kim Pedersen, who both personally and via his wholly-owned company Immoinvest.dk ApS held 5.0% of the share capital as of the most recent ownership report.

LIQUIDITY

Pure customer deposits amounted to DKK 7,648.2 million, including pool schemes accounting for DKK 9,101 million, of which DKK 6,805 million is covered by the Danish Deposit Guarantee Scheme. The deposits are considered stable, since most of them come from core customer relationships.

The liquidity coverage ratio shows how the Bank is able to meet its payment obligations for a 30-day period without access to market funding. All financial institutions must have a coverage of at least 100% and the Bank has a goal of at least 225%.

The Bank meets the requirement as well as its own objective of a liquidity coverage ratio of 349% as of 31 March 2023, which is considered a solid and appropriate level.

SKJERN BANK SHARES

The bank is owned by 14,512 shareholders. The share price was 123.0 on 31 March 2023, compared with 122.0 at the beginning of the year. Market value amounts to DKK 1,185.7 million, corresponding to a rate/intrinsic value of 0.89.

EXPECTATIONS

For the year as a whole, expectations for core earnings are in the range of DKK 250– 300 million and the profit before tax is expected to be in the range of DKK 240 – 280 million.

“THE SUPERVISORY DIAMOND”

The Danish Financial Supervisory Authority’s mandatory Supervisory Diamond specifies four indicators for banking activities with increased risk.

The Bank’s status on the individual benchmarks as at 31 March 2023 is set out below.

Skjern Bank complies with all limit values and has not exceeded any of the limit values at any time during the Supervisory Diamond’s existence.

Liquidity reserve (minimum 100%):

The liquidity reserve is still sufficient and amounts to 349% as of 31 March 2023 compared to 352% as of 31 December 2022.

Property exposure (maximum 25 percent):

Property exposure is 9.9%, compared with 12.0% at the end of 2022.

Large exposures (maximum of 175%):

Large exposures are defined as the total of the Bank’s 20 largest exposures compared to the actual core capital, and the financial ratio was 108.9% compared with 106.9% at the end of 2022.

Property exposure (maximum 20%):

The Bank has realised a growth in lending of 12.8% as of 31 March 2023 compared with an increase in lending of 15.8% at the end of 2022.

TRANSACTIONS WITH RELATED PARTIES

There have not been major transactions between Skjern Bank and the Bank’s related parties during the quarter.

LITIGATION

The Bank is involved in disputes and litigation as part of its normal operations. The Bank’s risk in these cases is regularly assessed by the Bank’s lawyers and management. Provisions are made based on an assessment of risk of loss.

CONTRIBUTION TO THE SETTLEMENT FUND

The Bank's annual contribution to the Settlement Fund amounts to DKK 0.6 million and was paid during Q2 2023.

ACCOUNTING POLICIES USED

The quarterly report was 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. and additional Danish disclosure requirement for interim reports for listed companies. The accounting policies used are unchanged compared to the annual report for 2022.

EVENTS AFTER 31 MARCH 2023

No events have occurred after the balance date that are of significance for the assessment of the profit for the period.

Sincerely,
Skjern Bank A/S

Hans Ladekjær Jeppesen
Chair of the Board

Per Munck
Director

MANAGEMENT'S STATEMENT

We have on today's date discussed and approved the quarterly report for the period of 1 January – 31 March 2023 for Skjern Bank A/S.

The quarterly report was prepared in accordance with the Danish Financial Business Act, including the Executive Order on financial reports for credit institutions and investment companies etc. and additional Danish disclosure requirements for interim reports for listed financial institutions.

We consider the accounting policies chosen to be appropriate such that the accounts provide a true and fair view of the Bank's assets and liabilities, financial position and profit.

We consider the management's review to contain a true and fair view of the development in the Bank's activities and economic conditions and a description of the significant risks and uncertainty factors by which the bank may be affected.

The quarterly report has not been audited or reviewed, and there has been no recognition of the Q1 earnings in core capital.

Skjern, 11 May 2023

Skjern Bank A/S
Per Munck
Director

BOARD OF SKJERN BANK A/S

Hans Ladekjær Jeppesen
Board chairman

Bjørn Jepsen
Board vice-chairman

Finn Erik Kristiansen

Niels Erik Kjærgaard

Ole Strandbygaard

Lars Skov Hansen

Carsten Jensen

Michael Tang Nielsen

PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME JANUARY 1ST - MARCH 31ST

1,000 DKK	2023	2022	1.1-31.12 2022
Interest receivable	98.031	51.411	247.922
Interest receivable deposits	0	9.288	25.507
Interest receivable	9.798	1.570	10.684
Interest payable central banks	0	3.386	8.421
Net income from interest	88.233	55.743	254.324
Dividend on shares and other holdings	234	103	4.485
Charges and commission receivable	53.709	56.606	209.801
Charges and commission payable	1.151	1.128	4.887
Net income from interest and charges	141.025	111.324	463.723
Value adjustments	10.160	-13.786	-30.830
Other ordinary income	789	469	2.078
Staff costs and administrative expenses	61.513	52.381	234.038
Depreciation and write-downs on intangible and tangible assets	1.345	1.357	6.620
Other operating expenses	0	0	477
Write-downs	4.917	-227	2.703
Result before tax	84.199	44.496	191.133
Tax	21.218	8.824	40.894
Net-result for the financial year	62.981	35.672	150.239
Of which are holders of shares of hybrid core capital instruments etc.	1.289	1.289	5.287
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the financial year	62.981	35.672	150.239
Other comprehensive income after tax	0	0	0
Total comprehensive income	62.981	35.672	150.239

BALANCE BY MARCH 31

1,000 DKK	2023	2022	1.1-31.12 2022
ASSETS			
Cash in hand and demand deposits with central banks	2.497.069	2.137.043	2.830.343
Receivables at credit institutions and central banks	78.161	48.624	54.939
Loans and other receivables at amortised cost	5.585.720	4.952.369	5.464.400
Bonds at fair value	821.328	920.355	861.733
Shares etc.	267.852	232.835	231.757
Shares associated with pool schemes	1.452.983	1.524.021	1.614.083
Land and buildings (total)	66.710	66.700	67.204
Investment properties	3.019	3.019	3.019
Owner-occupied properties	47.913	45.588	47.868
Owner-occupied properties, leasing	15.778	18.093	16.317
Other tangible assets	5.835	5.597	5.375
Current tax assets	47.036	32.655	6.175
Other assets	98.265	87.282	92.424
Prepayments	861	256	60
Total assets	10.921.820	10.007.737	11.228.493

1,000 DKK	2023	2022	1.1-31.12 2022
LIABILITIES			
DEBT			
Debt to credit institutions and central banks	7	2.158	2.974
Deposits and other debts	7.648.220	6.734.641	7.840.474
Deposits in pooled schemes	1.452.983	1.524.021	1.614.083
Other liabilities	307.550	376.982	292.451
Prepayments	1.654	3.231	850
Total debt	9.410.414	8.641.033	9.750.832
PROVISIONS			
Provisions for deferred tax	3.749	2.298	3.749
Provisions for loss on guarantees	11.191	10.656	11.716
Total provisions	14.940	12.954	15.465
SUBORDINATED DEBT			
Subordinated loan capital	98.960	98.460	98.835
Total subordinated debt	98.960	98.460	98.835
EQUITY			
Share capital	192.800	192.800	192.800
Retained earnings	1.144.947	1.002.864	1.080.626
Dividend	-	-	28.920
Capital owners share of equity	1.337.747	1.195.664	1.302.346
Holdings of hybrid capital	59.759	59.626	61.015
Total equity	1.397.506	1.255.290	1.363.361
Total liabilities	10.921.820	10.007.737	11.228.493

OFF-BALANCE-SHEET ITEMS BY MARCH 31

1,000 DKK	2023	2022	1.1-31.12 2022
CONTINGENT LIABILITIES			
Contingent liabilities			
Finance guarantees	411.287	655.997	397.280
Guarantees against losses on mortgage credit loans	774.308	952.770	811.308
Registration and conversion guarantees	625.978	1.297.816	684.593
Other contingent liabilities	130.893	130.170	131.026
Total	1.942.466	3.036.753	2.024.207
Other binding engagements			
Irrevocable credit-undertakings	416.673	722.824	370.096
Total	416.673	722.824	370.096

INFORMATION ON CHANGES IN EQUITY

	Share capital	Proposed dividends	Hybrid capital	Retained earnings	Total
Equity 01.01.2021	192.800	28.920	60.881	964.475	1.247.077
Purchase of own funds				94	94
Dividend own shares				11	11
Amortization hybrid capital		-25.020			-25.020
Paid interest hybrid capital			-2.544		-2.544
Dividends proposed 2021			8.824	35.672	44.496
Profit or loss	192.800	3.900	67.161	1.000.252	1.264.114
Equity 31.12.2021	192.800	28.920	60.881	964.475	1.247.076
Purchase of own funds				90	90
Dividend own shares				30	30
Dividends paid 2021		-28.920			-28.920
Amortization hybrid capital			-131		-131
Paid interest hybrid capital			-5.023		-5.023
Profit or loss		28.920	5.287	116.032	150.239
Equity 31.12.2022	192.800	0	61.014	1.080.627	1.363.361
Purchase of own funds				2.610	2.610
Dividend own shares				18	18
Dividends paid 2022		-28.920			-28.920
Amortization hybrid capital					0
Paid interest hybrid capital			-2.544		-2.544
Profit or loss			1.289	61.692	62.981
Equity 31.03.2023	192.800	0	59.759	1.144.947	1.397.506

NOTES PER MARCH 31

1,000 DKK	2023	2022	1.1-31.12 2022
INTEREST INCOME			
Centralbanks	12.418	0	7.723
Loans and other receivables	79.292	46.897	219.816
Bonds	4.579	934	6.642
Other derivative financial instruments, total	1.742	3.310	13.471
of which			
Currency contracts	-105	-67	-373
Interest-rate contracts	1.847	3.377	13.844
Other interest income	0	270	270
Total	98.031	51.411	247.922
INTEREST EXPENSES			
Centralbanks	-186	0	0
Deposits	8.188	-257	3.081
Subordinated debt	1.564	1.570	6.615
Other interest expenses	232	257	988
Total	9.798	1.570	10.684
FEES AND COMMISSION INCOME			
Securities trading and custody accounts	5.138	6.161	28.344
Payment services	4.211	4.740	16.322
Loan fees	19.799	21.887	93.162
Guarantee commission	7.248	7.292	29.806
Other fees and commission	17.313	16.526	42.167
Total	53.709	56.606	209.801
VALUE ADJUSTMENTS			
Bonds	2.640	-16.103	-38.467
Total shares	4.657	-661	-1.518
Shares in sectorcompanies etc.	2.012	3.830	9.236
Other shares	2.645	-4.491	-10.754
Foreign currency	2.744	2.305	8.888
Other financial instruments	119	671	267
Assets linked to pooled schemes	-45.116	69.267	104.331
Deposits in pooled schemes	45.116	-69.265	-104.331
Total	10.160	-13.786	-30.830

1,000 DKK	2023	2022	1.1-31.12 2022
STAFF COSTS AND ADMINISTRATIVE EXPENSES			
SALARIES AND REMUNERATION OF MANAGEMENT BOARD ETC.			
Management board	369	339	1.425
Audit Committee	0	0	92
Committee of representatives	0	0	181
Total salaries and remuneration of board etc.	369	339	1.698
STAFF COSTS			
Wages and salaries	27.567	26.001	108.224
Pensions	3.134	2.952	12.154
Social security costs	426	384	1.706
Payroll tax	4.331	4.055	17.749
Total staff costs	35.458	33.392	139.833
OTHER ADMINISTRATIVE EXPENSES	25.686	18.650	92.507
Total staff costs and administrative expenses	61.513	52.381	234.038
EMPLOYEES			
Average number of employees converted into full-time employees	180	179	181
WRITE-DOWNS ON LOANS AND RECEIVABLES			
Write-downs and provisions during the year	45.116	51.650	140.742
Reversal of write-downs made in previous years	-39.912	-49.679	-130.784
Finally lost, not previously written down	1.890	92	764
Interest on the written-down portion of loans	-2.130	-1.740	-7.154
Recoveries of previously written off debt	-47	-550	-865
Total	4.917	-227	2.703

1,000 DKK	2023	2022	1.1-31.12 2022
DEVELOPMENT IN WRITE-DOWNS AND PROVISIONS RELATING TO FINANCIAL ASSETS AT AMORTIZED COST AND OTHER CREDIT RISKS, ASSETS INCLUDED IN IFRS9			
STAGE 1 IMPAIRMENT CHARGES			
Stage 1 impairment charges at the end of the previous financial year	18.030	12.598	12.598
Stage 1 impairment charges / value adjustment during the period	5.359	5.381	12.437
Stage 1 impairment reversed during the period	-5.936	-3.074	-7.005
Cumulative stage 1 impairment total	17.453	14.905	18.030
STAGE 2 IMPAIRMENT CHARGES			
Stage 2 impairment charges at the end of the previous financial year	149.203	100.028	100.028
Stage 2 impairment charges / value adjustment during the period	15.546	10.204	87.041
Stage 2 impairment reversed during the period	-12.562	-25.922	-37.866
Cumulative stage 2 impairment total	152.187	84.310	149.203
STAGE 3 IMPAIRMENT CHARGES			
Stage 3 impairment charges at the end of the previous financial year	123.522	168.565	168.565
Stage 3 and impairment charges / value adjustment during the period	23.691	35.459	39.287
Reversal of stage 3 impairment charges during the period	-20.370	-16.310	-81.161
Recognised as a loss, covered by stage 3 impairment charges	-748	-1.021	-3.169
Cumulative stage 3 impairment total	126.095	186.693	123.522
Total cumulative impairment charges IFRS9	295.735	285.908	290.755
GUARANTEES			
Provisions beginning of the year	11.716	14.423	14.423
Loss on guarantees	520	606	2.045
Reversal of provisions	-1.045	-4.373	-4.752
Provisions for losses	0	0	0
Guarantees end of year	11.191	10.656	11.716
Total cumulative impairment charges IFRS9 and guarantees	306.926	296.564	302.471

The development can be explained by the following development in the distribution in stages of the maximum credit risk and development in the weighted average of the rating:

	Stage 1	Stage 2	Stage 3
Beginning			
Impairment	3.924	100.028	119.245
- in % of total impairment	2%	45%	53%
Maximum credit risk	10.638.886	1.213.375	365.591
- in % of maximum credit risk	87%	10%	3%
Rating, weighted average	2,6	6,8	10,0
End			
Impairment	14.904	84.311	186.694
- in % of total impairment	5%	29%	65%
Maximum credit risk	10.421.784	1.278.115	414.270
- in % of maximum credit risk	86%	11%	3%
Rating, weighted average	2,7	6,5	10,0

In light of high inflation, rising interest rates, possible falling housing prices and their derivative effects and so on, an extra amount of DKK 70.0 million has been reserved as a management estimate, of which DKK 52.5 million in Stage 2 and DKK 17.5 million in Stage 3. The amount remains unchanged in relation to 31 December 2022.

1,000 DKK	2023	2022	1.1-31.12 2022
LOANS ETC. WITH SUSPENDED CALCULATION OF INTEREST	84.098	43.450	48.534
SHARE CAPITAL			
Number of shares at 20 DKK each	9.640.000	9.640.000	9.640.000
Share capital	192.800	192.800	192.800
OWN CAPITAL SHARES			
Number of shares (pcs)	6.892	3.720	4.713
Nominal value hereof	138	74	94
Market value hereof	848	407	575
Own shares proportion of share capital (pct.)	0,07%	0,04%	0,05%

CAPITAL REQUIREMENT 31 MARCH

Beløb i 1.000 kr.	2023	2022	1.1-31.12 2022
Equity	1.333.237	1.218.986	1.357.788
Proposed dividend	-7.230	-7.230	-28.920
Holders of hybrid capital	-59.759	-59.411	-61.015
Deduction for the sum of equity investments etc. above 10 %	-109.847	-76.907	-74.426
NPE	-8.499	-1.773	-4.159
CVA deduction	-1.092	-1.156	-1.097
Deduction of trading framework for own sharers	-848	-408	-575
Core tier 1 capital	1.145.962	1.072.101	1.187.596
Holders of hybrid capital	59.759	59.411	61.015
Tier 1 capital	1.205.721	1.131.512	1.248.611
Subordinated loan capital	98.960	98.459	98.835
Deduction for the sum of equity investments etc. above 10 %	-699	0	-4.604
Capital base	1.303.982	1.229.971	1.342.842
Credit risk	4.796.072	4.984.563	4.788.415
Market risk	235.634	265.865	255.266
Operational risk	759.073	722.581	759.073
Weighed items total	5.790.779	5.973.009	5.802.754
Core tier 1 capital ratio (excl. hybrid core capital)	19,8	17,9	20,5
Tier 1 capital ratio	20,8	18,9	21,5
Solvency ratio - Tier 2	22,5	20,6	23,1

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