

A dandelion seed head is shown in silhouette against a warm, orange sunset background. The seed head is the central focus, with its intricate structure of seeds and stems clearly visible. The background is a soft, glowing gradient of orange and yellow, suggesting a low sun. The overall mood is serene and contemplative.

3RD QUARTERLY REPORT 2023

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Strong results and satisfactory development

 30/9 2023	Profit before tax of DKK 257.1 million, compared to DKK 121.8 million as of 30/9/2022
 RETURN IN EQUITY	Profit after tax yielded a return of 18.3 % p.a. on the equity
 CORE EARNINGS	Core earnings increased by 47.1 % to DKK 248.7 million
 VALUE ADJUSTMENTS	Exchange rate adjustments of DKK 24.2 million compared with DKK -43.4 million as of 30/9/2022
 NET INTEREST AND FEE INCOME	Net interest and fee income increased by 29.1 % to DKK 432.5 million
 IMPAIRMENT	Impairment of DKK 7.5 million compared with positive impairment of DKK 2.8 million as of 30/9/2022. Management's estimate remains unchanged at DKK 70 million
 LENDING	Lending growth of 12.1 % to DKK 6,092 million and deposit growth of 6.6 % to DKK 7,783 million since 30/9/2022
 CAPITAL	Capital ratio of 23.5 and core capital ratio of 21.9. Solvency requirement is 9.9 %
 EXPECTATIONS	Expectations for earnings for the half year were adjusted upwards on 5 October 2023 to within the range of DKK 310 – 340 million
 CORE EARNING EXPECTATIONS	The adjusted expectations for core earnings for the half year are within the range of DKK 320 – 340 million

5 YEARS IN SUMMARY

1,000 DKK						YEAR
	2023	2022	2021	2020	2019	2022
PROFIT AND LOSS ACCOUNT						
Net income from interest	290.689	177.213	153.147	142.900	138.574	254.324
Div. on shares and other holdings	5.572	1.326	2.479	2.038	5.787	4.485
Charges and commissions (net)	136.221	156.581	127.271	114.725	105.889	204.914
Net inc. from int. & charges	432.482	335.120	282.897	259.663	250.250	463.723
Value adjustments	24.245	-43.462	12.547	16.511	36.793	-30.830
Other ordinary income	1.990	1.475	2.841	1.538	1.352	2.078
Staff costs and administrative expenses	185.293	169.528	154.737	141.956	140.705	234.038
Depreciation of intangible and tangible assets	8.197	4.071	4.009	3.544	2.295	6.620
Other operating expenses	624	477	480	194	112	477
Write-downs on loans etc. (net)	7.505	-2.765	-10.041	31.923	11.202	2.703
Operating profit	257.098	121.822	149.100	100.095	134.081	191.133
Taxes	67.203	25.836	32.802	15.460	24.878	40.894
Profit for the period	189.895	95.986	116.298	84.635	109.203	150.239
Of which are holders of shares of hybrid core capital instruments etc.	3.867	3.867	3.867	4.707	4.707	5.287
BALANCE SHEET						
summary						
Total assets	11.266.794	10.570.376	9.492.051	8.819.796	7.332.658	11.228.493
Loans and other debtors	6.092.170	5.436.343	4.563.293	4.258.988	4.289.001	5.464.400
Guarantees etc.	1.814.488	2.373.091	2.712.516	2.553.613	2.262.047	2.024.207
Bonds	818.799	802.179	977.274	882.716	1.043.597	861.733
Shares etc.	273.992	228.642	203.078	194.652	209.928	231.757
Deposits	7.783.746	7.302.950	6.499.271	6.271.667	5.772.673	7.840.474
Subordinated cap. investments	99.210	98.710	98.209	97.709	99.209	98.835
Capital funds	1.517.864	1.309.110	1.200.067	1.077.215	1.002.122	1.363.361
Dividends						28.920
Capital Base	1.436.336	1.268.181	1.179.826	1.067.258	975.788	1.342.842
Total weighted items	6.115.533	5.896.540	5.495.891	5.267.200	5.484.325	5.802.754
CORE EARNINGS						
Core income	442.819	343.161	290.344	264.468	255.107	474.689
Total costs etc.	-194.114	-174.076	-159.226	-145.694	-143.112	-241.135
Core earnings	248.705	169.085	131.118	118.774	111.995	233.554

FINANCIAL RATIOS - 30TH SEPTEMBER

Figures in pct.

	2023	2022	2021	2020	2019
Solvency ratio	23,5	21,5	21,5	20,3	17,8
Core capital ratio	21,9	19,8	19,7	18,4	16,0
Return on own funds before tax*	18,4	9,7	13,3	9,6	14,3
Return on own funds after tax*	13,5	7,6	10,3	8,1	11,6
Earning/expense ratio in DKK	2,28	1,71	2,00	1,56	1,87
Interest rate risk	0,6	0,9	1,2	1,1	1,8
Foreign currency position	0,1	0,1	0,4	0,2	0,3
Foreign currency risk	0,0	0,0	0,0	0,0	0,0
Advances against deposits	68,5	64,2	62,5	63,5	80,2
NSFR	1,27	1,25	-	-	-
LCR	359,0	322,0	279	307	282
Total large commitments	111,3	116,3	126,1	130	137
Accumulated impairment ratio	3,6	3,5	4,0	4,9	5,2
Impairment ratio for the period	0,1	-0,1	-0,1	0,4	0,2
Increase in loans etc. for the period	11,5	15,2	8,0	-1,5	-1,6
Ratio between loans etc. and capital funds	4,0	4,2	3,8	4,0	4,3
(value pr share 100 DKK)					
Earnings per share (result period)*	96,5	47,8	58,3	41,5	54,2
Book value pr share*	757	648	592	528	490
Market value/earning per share	7,5	9,7	0,0	7,4	5,5
Market value/book value*	0,95	0,79	0,78	0,58	0,61
(value pr share 20 DKK)					
Earnings per share (result period)*	19,3	9,6	11,7	8,3	10,8
Book value pr share*	151	130	118	106	98
Market value	144,0	103,0	92,6	61,0	59,8

*) 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	3Q 2023	2Q 2023	1Q 2023	4Q 2022	3Q 2022
PROFIT AND LOSS ACCOUNT					
Net income from interest	105.164	97.292	88.233	77.111	62.631
Div. on shares and other holdings	54	5.284	234	3.159	50
Charges and commissions (net)	42.150	41.513	52.558	48.333	48.865
Net inc. from int. & charges	147.368	144.089	141.025	128.603	111.546
Value adjustments	8.119	5.966	10.160	12.632	-9.808
Other ordinary income	681	520	789	603	510
Staff costs and administrative expenses	64.343	59.437	61.513	64.510	58.459
Depreciation of intangible and tangible assets	3.399	3.453	1.345	2.549	1.357
Other operating expenses	-1	625	0	0	0
Write-downs on loans etc. (net)	1.110	1.478	4.917	5.468	758
Operating profit	87.317	85.582	84.199	69.311	41.674
Taxes	22.004	23.981	21.218	15.058	9.168
Profit for the period	65.313	61.601	62.981	54.253	32.506
Of which are holders of shares of hybrid core capital instruments etc.	1.289	1.289	1.289	1.420	1.289
BALANCE					
Loans and other debts	6.092.170	5.713.982	5.585.720	5.464.400	5.436.343
Totalkredit	13.672.911	13.604.732	13.512.269	13.424.544	13.455.410
DLR	4.885.650	4.842.550	4.770.316	4.749.436	4.695.323
Indlån	7.783.746	7.781.919	7.648.220	7.840.474	7.302.950
Deposits in pooled schemes	1.523.201	1.468.145	1.452.983	1.614.083	1.583.501
Subordinated cap. investments	99.210	99.085	98.960	98.835	98.710
Customer depots	5.132.845	4.906.116	4.426.058	3.976.917	3.832.656
Equity	1.517.864	1.455.062	1.397.506	1.363.360	1.309.110
Total assets	11.266.794	11.172.055	10.921.820	11.228.493	10.570.376
Guarantees etc.	1.814.488	1.899.282	1.942.466	2.024.207	2.373.091
CORE EARNINGS					
Core income	150.791	147.470	144.558	131.528	114.430
Total costs	-67.741	-63.515	-62.858	-67.059	-59.816
Core earnings	83.050	83.955	81.700	64.469	54.614

MANAGEMENT'S REPORT

The first three quarters of 2023 have been extremely satisfactory in every way, and the best result in the Bank's history has been achieved.

Profit before tax amounts to DKK 257.1 million compared to DKK 121.8 million in 2022, an increase of DKK 135.3 million or 111 %, based on solid growth in net interest earnings and positive exchange rate adjustments. Expectations for profit before tax for the full year have been increased on 5 October 2023 from the range of DKK 280 – 320 million to the range of DKK 310 – 340 million.

Core earnings have also strongly improved and amount to DKK 248.7 million compared with DKK 169.8 million in 2022, a growth of DKK 79.6 million or 47.1 %. Expectations for core earnings for the year as a whole were adjusted upwards on 05 October 2023 from the range DKK 290 – 320 million to a range of DKK 320 – 340 million.

The growth in core earnings is due to solid development in all business areas following a high level of activity, major customer growth and increased volume with all product types. However, the weaker housing market has led to a decrease in fee income from mortgage lending. Lending increased by DKK 656 million compared to 30 September 2022, corresponding to 12.1 %, and the multiple interest rate increases by Danmarks Nationalbank also boosted interest rate earnings satisfactorily.

Interest rate increases and general unrest in the securities markets led to negative exchange rate adjustments of DKK 43.5 million as of 30 September 2022, while the development of the markets in 2023 has led to positive exchange rate adjustments of DKK 24.2 million.

Increasing interest rates and high customer activity have resulted in net interest and fee income of DKK 432.5 million, an increase of DKK 97.4 million or 29.1 % compared to the same period in 2022.

The costs for staff and administration have increased by DKK 15.8 million or 9.3%, primarily as a result of an increased number of customer advisors, the opening of new branches and increasing costs for IT. The increase in the number of employees follows the Bank's strategic objective of growing organically.

Impairment

Impairment was realised with an expense of DKK 7.5 million compared with an income of DKK 2.8 million as of 30 September 2022.

The credit quality in the lending and guarantee portfolio in each segment is solid and is strengthening continuously. 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, high inflation, significantly increased interest rates, and higher energy prices are still giving 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, especially by energy prices and high inflation, 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

Demand for loans has been increasing in 2022 and in the first three quarters of 2023, and lending has increased by DKK 656 million or 12.1 % in the last year. Lending has increased by DKK 628 million or 11.5 % in the first three quarters of the year. A satisfactory influx of new customers has been observed, but the increase in lending is also due to increased demand for loans and use of credit facilities granted to existing customers.

For the year as a whole, an increase in lending is expected at the level of 10-12%, which is considered satisfactory.

The proportion of lending and guarantees to private customers has grown in recent years, and now accounts for 52.5 % 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 an individual business segment must at maximum constitute 15 %. Exposure to the 2 largest business segments, agriculture and real estate, were respectively 9.6 % and 8.5 % as of 30 September.

The Bank's guarantees remain at a satisfactory level, but were reduced to DKK 1,814 million as of 30 September 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

	30.09.2023	31.12.2022	30.09.2022
Public authorities	0,0%	0,0%	0,0%
Agriculture, hunting, forestry & fishing	9,6%	8,5%	10,1%
Plant production	1,9%	1,3%	1,6%
Cattle farming	5,8%	4,9%	5,7%
Pig farming	0,8%	1,1%	1,2%
Mink production	0,3%	0,4%	0,5%
Other agriculture	0,8%	0,8%	1,2%
Industry and mining	4,5%	4,4%	4,0%
Energy	1,2%	1,2%	1,2%
Building and constructions	6,1%	6,6%	7,7%
Wholesale	6,8%	7,6%	7,6%
Transport, hotels and restaurants	0,7%	1,4%	1,2%
Information and communication	0,1%	0,1%	0,2%
Financial and insurance business	7,9%	6,2%	6,1%
Real-estate	8,5%	9,5%	10,1%
Other business	2,1%	2,7%	4,4%
Private	52,5%	51,8%	47,4%

The Bank offers financial leasing to business customers via Skjern Bank Leasing. The activity is increasing and there are 516 active leases as of 30 September 2023, with a residual lease debt of DKK 205 million.

The Bank's overall credit provision has increased satisfactorily by DKK 1,063.7 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 359 %, 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 175 % is DKK 1,486 million.

CAPITAL CONDITIONS AND DIVIDEND POLICY

The capital base comprises DKK 1,436.4 million and the capital ratio 23.5 % compared to 23.1% at the end of 2022. It is satisfactory that the capital ratio is increasing despite increasing risk-weighted assets as a result of high lending growth. The core capital ratio increased to 21.9 % compared to 21.5 % as of 31 December 2022.

The individual solvency requirement is calculated at 9.9%, and the solvency coverage relative to the solvency requirements comprises 13.6 percentage points. Compared with the capital base of DKK 1,436.4 million,

there was a surplus of DKK 832.8 million at the end of Q3 2023.

Relative to the necessary capital ratio of 19.6%, 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 3.9 percentage points, corresponding to a solvency coverage of DKK 238.5 million.

The actual core capital increased during the course of the year with the incorporation of realised profit, 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 goal is for the capital base to be primarily based on actual core capital, but raising foreign capital could also be included in the capital structure where conditions are deemed favourable and where 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 meet strategic goals and 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

With regard to its capital goal, 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.

The Bank's 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.

In an independent survey conducted by Finanssektorens Uddannelsescenter, the Bank has measured customer satisfaction with Skjern Bank. It clearly shows that the Bank's customers are very satisfied with the Bank on all parameters, which we are very proud of and humbled by.

Employees

As of 30 September 2023, the Bank employed 209 employees, which is an increase of 16 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. The most recent survey showed that 97.7 % of the Bank's employees assess that Skjern Bank is a really good place to work and that they are proud to work at the Bank. It is a strategic goal to have employees who find the Bank to be a good workplace, which is considered crucial to the low staff 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 counselling 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.

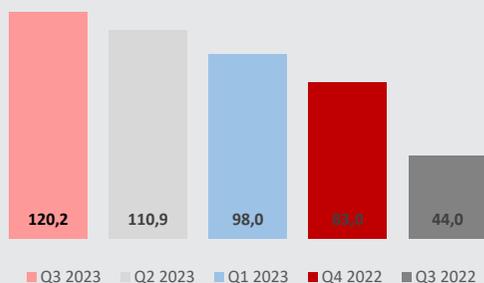
In its ESG report for 2022, the Bank's status on compliance with the points is presented, and the goals for the future work are described. In Skjern Bank, the focus on sustainability can generally be divided into two main tracks: Our influence on our stakeholders, especially our customers and the Bank 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 relevant opportunities, such as energy-efficiency improvements for their properties, replacement of oil and gas heating, attractive financing for electric vehicles and sustainable investment products, so that the customer can define and fulfil their preferences to the greatest possible extent.

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, most recently through installing solar power facilities in the Bank's main office in Skjern, which is expected to reduce power consumption by 33 %, and the Bank 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>

Interest income
Million DKK



NET INTEREST INCOME

Interest income increased by DKK 137.7 million, corresponding to 71.9 %. Interest expenses for deposits amount to DKK 33.4 million and have increased by DKK 59.9 million, as they amounted to an income of DKK 26.5 million in 2022.

Net interest income during the period increased by DKK 113.5 million to DKK 290.7 million, corresponding to 64.0 %.

In the upcoming quarters, there is expected to be an increased pressure on the interest margin, primarily with increasing interest expenses on deposits, but there is also expected to be increasing pressure on lending rates. The Bank expects that the current interest rate level in Danmarks Nationalbank will remain at the same level into the second half of 2024.

NET FEE AND COMMISSION INCOME

Net income from fees and commissions amounted to DKK 136.2 million, compared to DKK 156.6 million in 2022, and was thus reduced by DKK 20.3 million. The Bank again notes that there is increasing activity in the housing area, but the lower activity level primarily in the first half of 2023 has reduced the scope of mortgage lending and bond trading related to mortgage loans. Lending fees fell by DKK 12.1 million, whilst earnings from securities trading and deposits fell by DKK 7.5 million. Guarantee provisions were reduced by DKK 1.3 million compared to last year, while payment services, other fees and issued fees have been maintained at the same level as in 2022.

NET INTEREST AND FEE INCOME

Net interest and fee income increased by DKK 97.4 million, corresponding to 29.1 %, and amounts to DKK 432.5 million.

EXCHANGE RATE ADJUSTMENTS

The total exchange rate adjustments were positive by DKK 24.2 million, compared with negative exchange rate adjustments of DKK 43.5 million as of 30 September 2022. The exchange rate adjustments were divided into DKK 3.1 million in the bond portfolio and DKK 12.7 million in the shareholdings, of which sectoral shares comprise capital gains of DKK 11.1 million and shares in the trading portfolio amount to DKK 1.6 million. In addition, satisfactory income of DKK 8.4 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. have increased DKK 15.7 million and amount to DKK 185.3 million. The Bank is in organic growth and incurring continuously increasing costs for ensuring future earnings generation, primarily in the form of opening new branches, but also within the financial sector and in the business department in Copenhagen, which is being expanded and improved. The increase in costs is in line with budget. Personnel costs rose by DKK 8.5 million compared to 30 September 2022 and administrative costs rose by DKK 7.2 million, broken down between IT costs, marketing and other administration costs.

PROFIT FOR THE PERIOD

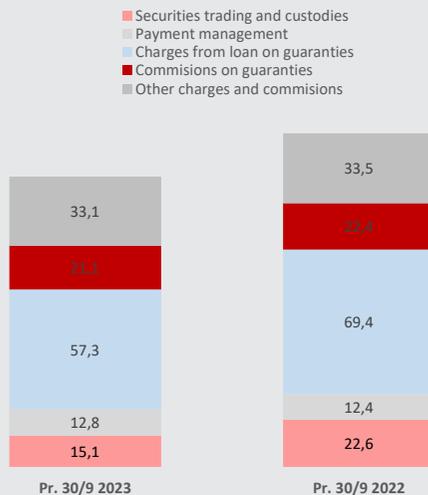
Profit before tax amounted to DKK 257.1 million compared with DKK 121.8 million as of 30 September 2022.

After taxes, profit for the period amounted to DKK 189.9 million, an increase of DKK 93.9 million, which is partly due to increasing net interest earnings and partly to positive exchange rate adjustments.

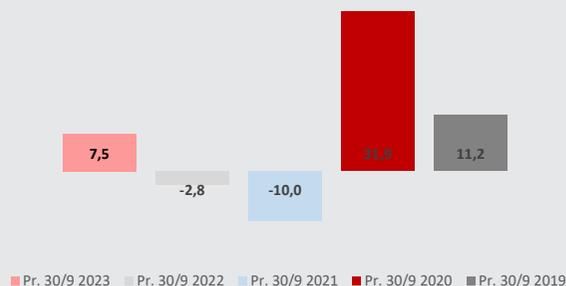
The result is considered to be extremely satisfactory, and is the best result as of 30 September in the Bank's history. It is highly satisfactory that progress has been realised in the interest rate margin, but also in the number of customers and lending volume, and thereby net interest and fee income along with significantly increased distribution of third-party products, such as mortgage credit, insurance, investment and pension products.

Core earnings of DKK 248.7 million were realised, which is DKK 79.6 million higher than 30 September 2022:

Charges and commissions receivable
Million DKK



Write-downs on loans etc.
Million DKK



CORE EARNINGS 1 JANUARY - 30 SEPTEMBER

Beløb i 1.000 kr.	2023	2022	1.1-31.12 2022
Net income from interest	290.689	177.213	254.324
Net charges and commission	136.221	156.581	204.914
Dividend on shares and other holdings	5.572	1.326	4.485
Foreign currency value adjustments*	8.347	6.566	8.888
Other ordinary income	1.990	1.475	2.078
Core income	442.819	343.161	474.689
Staff costs and administrative expenses	185.293	169.528	234.038
Depreciation and write-downs on intangible and tangible assets	8.197	4.071	6.620
Other operating expenses	624	477	477
Costs	194.114	174.076	241.135
Core earnings	248.705	169.085	233.554
Write-downs	-7.505	2.765	-2.703
Value adjustments*	15.898	-50.028	-39.718
Result before tax	257.098	121.822	191.133
Tax	67.203	25.836	40.894
Net-result for the financial year	189.895	95.986	150.239

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

MAJOR SHAREHOLDERS

As of 30 September 2023, the Bank has four major shareholders, all of whom have 5% of the voting rights:

The investment company Investeringsselskabet af 15. maj (AP Pension Livsforsikringsaktieselskab, København Ø.), which as of the most recent ownership announcement holds 20.75 % of the share capital, EURO STEEL 1988 APS, which as of the most recent ownership announcement holds 5.15 % of the share capital, Kim Pedersen, who personally and via the 100%-owned company Immoinvest.dk ApS holds 5.0 % of the share capital as of the most recent ownership announcement, and Heine Delbing, who personally and via the 100%-owned companies Olalde Holding ApS, Evostate Invest ApS and Storegade ApS holds 5.0 % of the share capital as of the most recent ownership announcement.

LIQUIDITY

Pure customer deposits amounted to DKK 7,783.7 million, including pool schemes accounting for DKK 9,306.9 million, of which DKK 7,109.8 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 175 %.

The Bank meets the requirement as well as its own objective of a liquidity coverage ratio of 359 % as of 30 September 2023, which is considered a solid and appropriate level.

SKJERN BANK SHARES

The bank is owned by 14,300 shareholders. The share price was 144.0 on 30 September 2023, compared with 122.0 at the beginning of the year. Market value amounts to DKK 1,388.1 million, corresponding to a rate/intrinsic value of 0.95.

EXPECTATIONS

The expectations for the full year were adjusted upwards on 5 October 2023 to a core earnings in the range of DKK 320 – 340 million and a profit before tax in the range of DKK 310 – 340 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 30 September 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 359 % as of 30 September 2023 compared to 352% as of 31 December 2022.

Property exposure (maximum 25 per cent):

Property exposure is 8.8 %, compared with 12.0 % at the end of 2022.

Large exposures (maximum of 175 per cent):

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 111.3 % compared with 106.9% at the end of 2022.

Property exposure (maximum 20%):

The Bank has realised a growth in lending of 12.1 % as of 30 September 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 interim 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 30 SEPTEMBER 2023

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

MANAGEMENT'S STATEMENT

We have on today's date discussed and approved the interim report for the period of 1 January – 30 September 2023 for Skjern Bank A/S.

The interim 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 requirement 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.

No audit or review of the interim report has been conducted, but an external audit has verified that the conditions for recognition of the period's earnings in core capital are met.

Skjern, 29 October 2023

Skjern Bank A/S
Per Munck
Managing Director

Thomas Baun
Bank 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 - SEPTEMBER 30TH

1,000 DKK	2023	2022	1.1-31.12 2022
Interest receivable	329.177	164.955	247.922
Interest receivable deposits	0	26.528	25.507
Interest receivable	38.488	5.881	10.684
Interest payable central banks	0	8.389	8.421
Net income from interest	290.689	177.213	254.324
Dividend on shares and other holdings	5.572	1.326	4.485
Charges and commission receivable	139.363	160.330	209.801
Charges and commission payable	3.142	3.749	4.887
Net income from interest and charges	432.482	335.120	463.723
Value adjustments	24.245	-43.462	-30.830
Other ordinary income	1.990	1.475	2.078
Staff costs and administrative expenses	185.293	169.528	234.038
Depreciation and write-downs on intangible and tangible assets	8.197	4.071	6.620
Other operating expenses	624	477	477
Write-downs	7.505	-2.765	2.703
Result before tax	257.098	121.822	191.133
Tax	67.203	25.836	40.894
Net-result for the financial year	189.895	95.986	150.239
Of which are holders of shares of hybrid core capital instruments etc.	3.867	3.867	5.287
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the financial year	189.895	95.986	150.239
Other comprehensive income after tax	0	0	0
Total comprehensive income	189.895	95.986	150.239

BALANCE BY SEPTEMBER 30

1,000 DKK	2023	2022	1.1-31.12 2022
ASSETS			
Cash in hand and demand deposits with central banks	2.285.748	2.264.916	2.830.343
Receivables at credit institutions and central banks	79.237	76.045	54.939
Loans and other receivables at amortised cost	6.092.170	5.436.343	5.464.400
Bonds at fair value	818.799	802.179	861.733
Shares etc.	273.992	228.642	231.757
Shares associated with pool schemes	1.523.201	1.583.501	1.614.083
Land and buildings (total)	81.525	67.227	67.204
Investment properties	3.019	3.019	3.019
Owner-occupied properties	58.349	47.299	47.868
Owner-occupied properties, leasing	20.157	16.909	16.317
Other tangible assets	7.210	5.618	5.375
Current tax assets	3.466	15.644	6.175
Other assets	100.748	89.522	92.424
Prepayments	698	739	60
Total assets	11.266.794	10.570.376	11.228.493

1,000 DKK	2023	2022	1.1-31.12 2022
LIABILITIES			
DEBT			
Debt to credit institutions and central banks	4.620	20.416	2.974
Deposits and other debts	7.783.746	7.302.950	7.840.474
Deposits in pooled schemes	1.523.201	1.583.501	1.614.083
Other liabilities	321.134	238.015	292.451
Prepayments	910	862	850
Total debt	9.633.611	9.145.744	9.750.832
PROVISIONS			
Provisions for deferred tax	3.749	2.298	3.749
Provisions for loss on guarantees	12.360	14.514	11.716
Total provisions	16.109	16.812	15.465
SUBORDINATED DEBT			
Subordinated loan capital	99.210	98.710	98.835
Total subordinated debt	99.210	98.710	98.835
EQUITY			
Share capital	192.800	192.800	192.800
Retained earnings	1.265.239	1.056.618	1.080.626
Dividend	0	0	28.920
Capital owners share of equity	1.458.039	1.249.418	1.302.346
Holdings of hybrid capital	59.825	59.692	61.015
Total equity	1.517.864	1.309.110	1.363.361
Total liabilities	11.266.794	10.570.376	11.228.493

OFF-BALANCE-SHEET ITEMS BY SEPTEMBER 30

1,000 DKK	2023	2022	1.1-31.12 2022
CONTINGENT LIABILITIES			
Contingent liabilities			
Finance guarantees	514.694	441.367	397.280
Guarantees against losses on mortgage credit loans	746.522	863.945	811.308
Registration and conversion guarantees	394.739	944.134	684.593
Other contingent liabilities	158.533	123.645	131.026
Total	1.814.488	2.373.091	2.024.207
Other binding engagements			
Irrevocable credit-undertakings	752.983	600.023	370.096
Total	752.983	600.023	370.096

INFORMATION ON CHANGES IN EQUITY

	Share capital	Proposed dividends	Hybrid capital	Retained earnings	Total
Equity 31.12.2021	192.800	28.920	60.881	964.475	1.247.077
Purchase of own funds					
Dividend own shares				22	22
Amortization hybrid capital				1	1
Paid interest hybrid capital		-28.920			-28.920
Dividends proposed 2021			-5.056		-5.056
Profit or loss			3.867	92.119	95.986
Equity 30.09.2022	192.800	0	59.692	1.056.617	1.309.110
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				-1.434	-1.434
Dividend own shares				18	18
Dividends paid 2022		-28.920			-28.920
Amortization hybrid capital					0
Paid interest hybrid capital			-5.056		-5.056
Profit or loss			3.867	186.028	189.895
Equity 30.09.2023	192.800	0	59.825	1.265.239	1.517.864

NOTES PER SEPTEMBER 30

1,000 DKK	2023	2022	1.1-31.12 2022
INTEREST INCOME			
Centralbanks	50.051	0	7.723
Loans and other receivables	260.070	150.413	219.816
Bonds	14.921	3.962	6.642
Other derivative financial instruments, total	4.135	-249	13.471
of which			
Currency contracts	-205	-249	-373
Interest-rate contracts	4.340	0	13.844
Other interest income	0	10.829	270
Total	329.177	164.955	247.922
INTEREST EXPENSES			
Centralbanks	-891	0	0
Deposits	33.447	321	3.081
Subordinated debt	4.810	4.814	6.615
Other interest expenses	1.122	746	988
Total	38.488	5.881	10.684
FEES AND COMMISSION INCOME			
Securities trading and custody accounts	15.092	22.581	28.344
Payment services	12.799	12.436	16.322
Loan fees	57.284	69.424	93.162
Guarantee commission	21.098	22.436	29.806
Other fees and commission	33.090	33.453	42.167
Total	139.363	160.330	209.801
VALUE ADJUSTMENTS			
Bonds	3.100	-42.127	-38.467
Total shares	12.768	-8.351	-1.518
Shares in sectorcompanies etc.	11.131	5.883	9.236
Other shares	1.637	-14.234	-10.754
Foreign currency	8.347	6.566	8.888
Other financial instruments	30	450	267
Assets linked to pooled schemes	-85.984	125.827	104.331
Deposits in pooled schemes	85.984	-125.827	-104.331
Total	24.245	-43.462	-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, incl. pensions	2.935	-	-
Of which fixed remuneration, incl. pensions	2.935	-	-
Management board	1.107	1.063	1.425
Audit Committee	0	0	92
Committee of representatives	0	0	181
Total salaries and remuneration of board etc.	4.042	1.063	1.698
STAFF COSTS			
Wages and salaries	82.857	79.011	108.224
Pensions	9.832	9.023	12.154
Social security costs	1.470	1.349	1.706
Payroll tax	13.545	12.742	17.749
Total staff costs	107.704	102.125	139.833
OTHER ADMINISTRATIVE EXPENSES	73.547	66.340	92.507
Total staff costs and administrative expenses	185.293	169.528	234.038
EMPLOYEES			
Average number of employees converted into full-time employees	187	179	181
WRITE-DOWNS ON LOANS AND RECEIVABLES			
Write-downs and provisions during the year	90.891	95.804	140.742
Reversal of write-downs made in previous years	-81.569	-93.156	-130.784
Finally lost, not previously written down	4.422	336	764
Interest on the written-down portion of loans	-5.873	-4.936	-7.154
Recoveries of previously written off debt	-366	-813	-865
Total	7.505	-2.765	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	11.672	6.212	12.437
Stage 1 impairment reversed during the period	-10.941	-7.501	-7.005
Cumulative stage 1 impairment total	18.761	11.309	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	26.963	29.182	87.041
Stage 2 impairment reversed during the period	-50.138	-40.457	-37.866
Cumulative stage 2 impairment total	126.028	88.753	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	50.444	57.210	39.287
Reversal of stage 3 impairment charges during the period	-19.324	-42.089	-81.161
Recognised as a loss, covered by stage 3 impairment charges	-4.987	-2.684	-3.169
Cumulative stage 3 impairment total	149.655	181.002	123.522
Total cumulative impairment charges IFRS9	294.444	281.064	290.755
GUARANTEES			
Provisions beginning of the year	11.716	14.423	14.423
Loss on guarantees	1.812	3.200	2.045
Reversal of provisions	-1.167	-3.109	-4.752
Provisions for losses	0	0	0
Guarantees end of year	12.361	14.514	11.716
Total cumulative impairment charges IFRS9 and guarantees	306.805	295.578	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	18.030	149.202	123.523
- in % of total impairment	6%	51%	42%
Maximum credit risk	11.356.470	1.266.093	309.258
- in % of maximum credit risk	88%	10%	2%
Rating, weighted average	2,5	6,9	10,0
End			
Impairment	18.761	126.028	149.655
- in % of total impairment	6%	43%	51%
Maximum credit risk	9.532.132	1.485.961	272.332
- in % of maximum credit risk	84%	13%	2%
Rating, weighted average	3,1	6,5	10,0

In light of high inflation, increasing interest rate levels, developing global geopolitical conditions etc., an extra amount is reserved as a management estimate of DKK 70.0 million.

Of this, DKK 7.0 million is in Stage 1, DKK 49.0 million is in Stage 2, and DKK 14.0 million is in Stage 3.

The management estimate of DKK 70.0 million is unchanged compared to 31 December 2022.

1,000 DKK	2023	2022	1.1-31.12 2022
LOANS ETC. WITH SUSPENDED CALCULATION OF INTEREST	88.326	47.516	48.534
SHARE CAPITAL			
Number of shares at 20 DKK each	9.640.800	9.640.000	9.640.000
Share capital	192.800	192.800	192.800
OWN CAPITAL SHARES			
Number of shares (pcs)	7.334	4.302	4.713
Nominal value hereof	147	86	94
Market value hereof	1.056	443	575
Own shares proportion of share capital (pct.)	0,08%	0,05%	0,05%

CAPITAL REQUIREMENT 30 SEPTEMBER

Beløb i 1.000 kr.	2023	2022	1.1-31.12 2022
Equity	1.513.996	1.272.320	1.357.788
Proposed dividend	-59.675	-21.690	-28.920
Holders of hybrid capital	-59.825	-59.692	-61.015
Deduction for the sum of equity investments etc. above 10 %	-106.407	-75.881	-74.426
NPE	-7.985	-3.801	-4.159
CVA deduction	-1.096	-1.034	-1.097
Deduction of trading framework for own sharers	-1.056	-443	-575
Core tier 1 capital	1.277.952	1.109.779	1.187.596
Holders of hybrid capital	59.825	59.692	61.015
Tier 1 capital	1.337.777	1.169.471	1.248.611
Subordinated loan capital	99.210	98.710	98.835
Deduction for the sum of equity investments etc. above 10 %	-651	0	-4.604
Capital base	1.436.336	1.268.181	1.342.842
Credit risk	5.134.389	4.947.011	4.788.415
Market risk	222.071	226.948	255.266
Operational risk	759.073	722.581	759.073
Weighed items total	6.115.533	5.896.540	5.802.754
Core tier 1 capital ratio (excl. hybrid core capital)	20,9	18,8	20,5
Tier 1 capital ratio	21,9	19,8	21,5
Solvency ratio - Tier 2	23,5	21,5	23,1

SKJERN
Banktorvet 3
6900 Skjern
Tlf. 9682 1333

ESBJERG
Kongensgade 58
6700 Esbjerg
Tlf. 9682 1500

RIBE
J. Lauritzens Plads 1
6760 Ribe
Tlf. 9682 1600

VIRUM
Frederiksdalsvej 65
2830 Virum
Tlf. 9682 1480

ØLGOD
Storegade 16-18
6870 Ølgod
Tlf. 9682 1540

VARDE
Bøgevej 2
6800 Varde
Tlf. 9682 1640

BRAMMING
Storegade 20
6740 Bramming
Tlf. 9682 1580

HELLERUP
Strandvejen 143
2900 Hellerup
Tlf. 9682 1450

HØRSHOLM
Lyngsø Allé 3
2970 Hørsholm
Tlf. 9682 1420

CARLSBERG BYEN
Ny Carlsberg Vej 140
1799 København V
Tlf. 9682 1680