











1ST QUARTERLY REPORT 2022

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Solid start to 2022

 31/3 2022	Profit before tax of DKK 44.5 million, compared to DKK 47.2 million as of 31 March 2021
 RETURN IN EQUITY	Opening equity yielded interest of 15 % before tax
 CORE EARNINGS	Core earnings increased by 25.8 % to DKK 60.4 million
 VALUE ADJUSTMENTS	Exchange rate adjustments of DKK -13.8 million compared with DKK +3.4 million as of 31 March 2021
 NET INTEREST AND FEE INCOME	Net interest and fee income increased by 16.0 % to DKK 111.3 million
 IMPAIRMENT	Positive impairment of DKK 0.2 million compared with an expense of DKK 2.6 million as of 31 March 2021
 LENDING	Lending growth increased by 4.9 % to DKK 4,952 million in 2022
 CAPITAL	Capital ratio of 20.6 % and core capital ratio of 18.9 % Solvency requirements are 9.8 %
 CORE EARNINGS EXPECTATIONS	Core earnings for the full year 2022 are expected in the range of DKK 170 - 190 million
 CORE EARNINGS EXPECTATIONS	Profit before tax for the full year of 2022 is expected to be in the range of DKK 175 – 205 million

5 YEARS IN SUMMARY

1,000 DKK						YEAR
	2022	2021	2020	2019	2018	2021
PROFIT AND LOSS ACCOUNT						
Net income from interest	55.743	50.002	48.543	46.953	44.866	205.575
Div. on shares and other holdings	103	243	288	335	328	2.657
Charges and commissions (net)	55.478	45.722	43.462	35.156	34.176	172.738
Net inc. from int. & charges	111.324	95.967	92.293	82.444	79.370	380.970
Value adjustments	-13.786	3.386	-9.822	11.591	66.453	20.181
Other ordinary income	469	542	289	264	188	3.487
Staff costs and administrative expenses	52.381	48.737	49.044	45.635	40.863	207.517
Depreciation of intangible and tangible assets	1.357	1.336	765	765	765	7.337
Other operating expenses	0	16	0	0	0	480
Write-downs on loans etc. (net)	-227	2.560	10.631	3.730	5.140	-15.227
Operating profit	44.496	47.246	22.320	44.169	99.243	204.531
Taxes	8.824	10.394	4.910	9.717	8.210	41.230
Profit for the period	35.672	36.852	17.410	34.452	91.033	163.301
Of which are holders of shares of hybrid core capital instruments etc.	1.289	1.289	1.569	1.569	1.569	5.289
BALANCE SHEET AS PER JUNI 30TH						
summary						
Total assets	10.007.737	9.034.004	7.581.001	6.761.185	6.110.511	9.978.498
Loans and other debtors	4.952.369	4.522.167	4.449.383	4.331.256	4.105.454	4.719.737
Guarantees etc.	3.036.753	2.751.291	2.519.235	1.669.526	1.095.207	2.690.680
Bonds	920.355	951.051	944.990	1.003.922	1.004.135	941.900
Shares etc.	232.835	199.880	205.209	230.223	269.157	208.217
Deposits	6.734.641	6.333.799	6.135.817	5.495.332	4.936.986	7.027.670
Subordinated cap. investments	98.460	97.959	97.459	100.000	99.837	98.334
Capital funds	1.255.290	1.125.700	1.017.460	935.940	880.061	1.247.077
Dividends						28.920
Capital Base	1.229.971	1.131.788	1.043.459	920.540	808.913	1.262.458
Total weighted items	5.973.009	5.539.970	5.694.301	5.175.884	5.009.123	5.683.653
CORE EARNINGS						
Core income	114.098	98.060	93.659	83.721	79.962	390.911
Total costs etc.	-53.738	-50.089	-49.809	-46.400	-41.628	-215.334
Core earnings	60.360	47.971	43.850	37.321	38.334	175.577

FINANCIAL RATIOS - 31ST MARCH

Figures in pct.	2022	2021	2020	2019	2018
Solvency ratio	20,6	20,4	18,3	17,8	16,2
Core capital ratio	18,9	18,7	16,6	15,9	14,2
Return on own funds before tax*	3,6	4,4	2,2	4,9	12,4
Return on own funds after tax*	2,9	3,4	1,7	3,8	11,4
Earning/expense ratio in DKK	1,83	1,90	1,37	1,88	3,12
Interest rate risk	1,1	1,1	1,2	1,4	2,3
Foreign currency position	0,4	0,2	0,2	0,8	9,6
Foreign currency risk	0,0	0,0	0,0	0,0	0,1
Advances against deposits	63,3	64,4	77,8	85,3	89,1
NSFR	1,29	-	-	-	-
LCR	316	301	312	245	199
Total large commitments	129,8	137,9	139,4	142,6	146,5
Accumulated impairment ratio	3,5	4,5	4,6	5,7	5,5
Impairment ratio for the period	-0,1	0,1	0,1	0,1	0,1
Increase in loans etc. for the period	4,9	7,0	2,9	-0,7	4,6
Ratio between loans etc. and capital funds	3,9	4,0	4,4	4,6	4,7
(value pr share 100 DKK)					
Earnings per share (result period)*	17,8	18,5	8,2	17,1	46,4
Book value pr share*	620	553	497	455	426
Market value/earning per share	6,1	4,5	6,6	3,7	1,4
Market value/book value*	0,83	0,74	0,54	0,69	0,76
(value pr share 20 DKK)					
Earnings per share (result period)*	3,6	3,7	1,6	3,4	9,3
Book value pr share*	124	111	99	91	85
Market value	109,5	82,4	54,0	63,0	64,8

*) 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	1Q 2022	4Q 2021	3Q 2021	2Q 2021	1Q 2021
PROFIT AND LOSS ACCOUNT					
Net income from interest	55.743	52.428	51.405	51.740	50.002
Div. on shares and other holdings	103	178	109	2.127	243
Charges and commissions (net)	55.478	45.467	39.873	41.676	45.722
Net inc. from int. & charges	111.324	98.073	91.387	95.543	95.967
Value adjustments	-13.786	7.634	3.594	5.567	3.386
Other ordinary income	469	646	1.845	454	542
Staff costs and administrative expenses	52.381	52.780	53.271	52.729	48.737
Depreciation of intangible and tangible assets	1.357	3.328	1.336	1.337	1.336
Other operating expenses	0	0	0	464	16
Write-downs on loans etc. (net)	-227	-5.186	-273	-12.328	2.560
Operating profit	44.496	55.431	42.492	59.362	47.246
Taxes	8.824	8.428	9.348	13.060	10.394
Profit for the period	35.672	47.003	33.144	46.302	36.852
Of which are holders of shares of hybrid core capital instruments etc.	1.289	1.422	1.289	1.289	1.289
BALANCE					
Loans and other debts	4.952.369	4.719.737	4.563.293	4.461.647	4.522.167
Totalkredit	13.080.694	12.649.320	12.214.000	11.821.166	11.361.186
DLR	4.518.443	4.334.961	4.159.187	3.951.004	3.673.420
Indlån	6.734.641	7.027.670	6.499.271	6.553.784	6.333.799
Deposits in pooled schemes	1.524.021	1.306.663	1.253.895	1.212.100	1.177.782
Subordinated cap. investments	98.460	98.334	98.209	98.084	97.959
Customer depots	4.216.307	4.331.092	4.142.806	3.964.457	3.850.123
Equity	1.255.290	1.247.077	1.200.067	1.169.454	1.125.700
Total assets	10.007.737	9.978.498	9.492.051	9.557.875	9.034.004
Guarantees etc.	3.036.753	2.690.680	2.712.516	3.149.016	2.751.291
CORE EARNINGS					
Core income	114.098	100.567	94.909	97.375	98.060
Total costs	-53.738	-56.108	-54.607	-54.530	-50.089
Core earnings	60.360	44.459	40.302	42.845	47.971

MANAGEMENT'S REPORT

The first quarter of the year has been extremely satisfactory with an increase in core earnings of 25.8 % to DKK 60.4 million and a profit before tax of DKK 44.5 million.

Despite negative exchange rate adjustments of DKK 13.8 million as a result of the difficult securities markets, compared with positive exchange rate adjustments of DKK 3.4 million in Q1 2021, it is extremely satisfactory that a profit before tax at the same level as the same period last year was achieved.

The solid growth is due to a positive development in all business areas after a satisfactory customer influx in all branches.

The Bank's unchanged objective is to be the local bank that, with the relationship-based business model, makes a difference for all the Bank's stakeholders. We have succeeded in maintaining a very high level of employee and customer satisfaction, and this is the basis for the solid organic growth.

The positive development has resulted in increasing net interest and fee income, which has increased by DKK 15.3 million or 16% compared to Q1 2021. Impairment was realised with a small income of DKK 0.2 million and at the end of Q1 2022, the Bank has an unchanged management estimate of a total of DKK 55 million. Lending growth was 4.9 % in the quarter and 9.5 % compared with the end of Q1 2021 due to the increasing demand for loans with current and new customers.

The exchange rate adjustments on the treasury portfolio of securities is negative by DKK 13.8 million, compared with an income of DKK 3.4 million during the same period last year. The Bank continues to pursue a very prudent investment policy, but increasing interest rates have resulted in significant price decreases in the Bank's bond portfolio.

Impairment

Impairment was realised with an income of DKK 0.2 million compared with an expense of DKK 2.6 million during the same period last year. There has not yet been a need to use or reverse the management estimate of DKK 50 million originally reserved by the Bank as a result of the uncertainty due to the COVID-19 pandemic. After the COVID-19 pandemic came under control in Denmark, the management estimate has been maintained due to continued uncertainty regarding delivery challenges, price and interest rate increases and inflation. Most recently, the war in Ukraine has created additional uncertainty factors, which in total means that the Bank has chosen to maintain the management estimate of DKK 50 million. The management estimate of DKK 5 million for the Bank's exposure within pig production has also been maintained.

The improvement in the credit quality in the Bank's lending portfolio in recent years is the direct cause of the positive development in the impairment need in all segments, including the agricultural sector.

The Bank is generally in close dialog with all business customers. The challenges of the COVID-19 pandemic in recent years and now most recently with the war in Ukraine have increased the potential risk, although the vast majority of the Bank's customers have not been directly affected by this. The basic principle that the Bank wants to contribute to solving the challenges where it makes sense for both the customer and the Bank is unchanged.

The Bank's private customers have generally fared well and the average private household is economically well equipped and the expectation at present is that the impairment need at the portfolio level will continue to be modest in the coming period.

Lending growth

The demand for loans has been increasing in 2022 and lending during Q1 has increased by DKK 232.6 million or 4.9 %. A fairly significant influx of new customers has been noted, but the increase in lending is primarily due to increased demand for loans from existing customers. A lending growth in the range of 10 % is expected for the full year.

The development in lending and the provision of mortgage financing is very satisfactory and is shown in the table below:

Another indicator of the high activity is the Bank's guarantees, which increased to DKK 3,037 million as of 31 March 2022 compared with DKK 2,691 million at the end of 2021. The increase is due to the high level of interest in restructuring mortgages and positive activity in purchasing and sales of permanent residences and holiday homes.

The share of lending and guarantees to private customers in Q1 2022 is maintained at the level of 51 %, which is well in line with the Bank's strategic goals for a private share at the level of 50 %. It has been strategically decided that the exposure to individual business segments must not exceed 15 %. Exposure to the 2 largest business segments, agriculture and real estate, were respectively 10.8 % and 9.8 %.

The Bank offers financial leasing to the Bank's business customers via Skjern Bank Leasing. The development is satisfactory and there are about 475 active leases as of 31 March 2022, with a residual lease debt of DKK 157 million.

The bank's loans and collaterals for guarantees divided by segments as of 31 March 2022 amounted to:

LOANS AND GUARANTEES DISTRIBUTED ON SECTORS

	31.03.2022	31.12.2021	31.03.2021
Public authorities	0,0%	0,0%	0,0%
Agriculture, hunting, forestry & fishing	10,8%	9,9%	10,3%
Plant production	1,5%	1,3%	1,3%
Cattle farming	6,6%	5,7%	5,8%
Pig farming	1,0%	1,0%	1,2%
Mink production	0,6%	0,7%	1,1%
Other agriculture	1,1%	1,2%	0,9%
Industry and mining	3,6%	3,8%	3,7%
Energy	1,3%	1,3%	2,0%
Building and constructions	6,8%	6,8%	5,6%
Wholesale	7,4%	6,7%	6,9%
Transport, hotels and restaurants	1,1%	1,8%	1,4%
Information and communication	0,2%	0,2%	0,5%
Financial and insurance business	4,2%	4,9%	4,7%
Real-estate	9,8%	9,5%	10,9%
Other business	3,8%	3,8%	4,0%
Private	51,0%	51,3%	50,0%

Liquidity

The liquidity coverage ratio amounted to 316 %, which is solid and satisfactory despite a reduction from 353 % as of 31 December 2021. The development follows the Bank's strategy of maintaining a solid liquidity coverage based on stable customer deposits. With the current outflow, the Bank now has a liquidity surplus totalling DKK 813 million relative to the internal goal of always having a minimum LCR of 225 %.

SOLID CAPITAL CONDITIONS AND DIVIDEND POLICY

The risk-weighted items increased in Q1 2022 by 5.1 % to DKK 5,973 million as a result of growth in lending and an increase in guarantees. This combined with the Bank not having recognised profit after tax for the period of DKK 35.7 million in the capital base means that the Bank's capital ratio was reduced from 22.2 % to 20.6 % and the Bank's core capital ratio was reduced from 20.5 % to 18.9 %.

The individual solvency requirement is calculated at 9.8 %, and the Bank thus has a solvency coverage relative to the solvency requirements of 10.8 %. Compared with the actual capital base of DKK 1,229.9 million, there was a surplus of DKK 644.1 million at the end of Q1 2022.

Relative to the necessary capital, expressed as the Bank's calculated solvency requirements plus the

phased-in capital conservation buffer of 2.5 % and the phased-in NEP supplement of 3.7 %, the coverage can be calculated at 4.6 % points, corresponding to a solvency coverage of 128.7 %, or DKK 274.8 million.

As the realised profit after tax of DKK 35.7 has not been added to the capital base, a capital coverage has been realised as of 31 March 2022 that is marginally below the Bank's long-term objective of 5 percentage points relative to the total phased-in capital requirements. If the profit for Q1 2022 were reviewed by the Bank's external auditor, and this did not give rise to changes to the estimated profit, the capital ratio could be calculated at 21.2 % and the core capital ratio at 19.6 %. The reserves relative to the necessary capital could thus be calculated at approximately 5.2 percentage points, corresponding to a solvency coverage of 132.5 % or approximately DKK 310.6 million.

The satisfactory capital coverage consists of an actual core capital of 18.6 % compared with the individual solvency requirements of 9.8 %, which, added to the capital conservation buffer and NEP requirement, amounts to total capital requirements of 16 % percentage points.

In terms of capital, the Bank has an unchanged focus on maintaining a solid base to ensure the continued development of the Bank's activities and implementation of current and future regulatory capital requirements.

The capital base will continue to largely be based on actual core capital, but raising foreign capital will also be included in the capital structure if conditions are deemed favourable and it is deemed appropriate.

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 the Bank's assessment that the adopted dividend policy satisfactorily accommodates the Bank's shareholders and simultaneously ensures the necessary strengthening of the capital base for the phasing in of future capital requirements.

THE BANK'S IMPORTANT STAKEHOLDERS

The Bank considers the cooperation with and involvement of the Bank's many stakeholders 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 on their investment. The shareholders' loyalty and continued backing, from small shareholders to major professional investors, is extremely important to the continued development of the Bank.

Customers

The Bank is pleased to note 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.

For all of the Bank's customers, it is our experience that it is the close personal familiarity between the customer and the advisor that is crucial to choosing 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

The Bank currently employs 187 employees, which is an increase of 14 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 there are annual measurements of the development in employee satisfaction. It is a strategic goal for the Bank to have employees who find the Bank to be a good workplace, which is considered crucial for the Bank to have significant interest from qualified applicants for vacant positions.

Local communities

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



mers - 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 Bank's commitment to and support for local communities is largely based on reciprocity, such that financial backing of any size is given in anticipation of and is subject to the Bank being 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 community. The Bank is aware that all stakeholders play an important role both now and in the future and the Bank 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.

ESG REPORTING

The Bank supports the green transition and the initiatives taken in various ways in Denmark, the EU and the rest of the world. Like other parts of the financial sector, the business community and society in general, the Bank is making good progress in the development of new initiatives and general reporting in the area and is transitioning to a more sustainable utilisation of resources.

The Bank's efforts are based on the Un Global Goals for sustainable development and the Bank's also works actively with the recommendations from Forum for Bæredygtig Finans (the Forum for Sustainable Finance). The Bank has published its ESG report in connection with the publication of the Annual Report for 2021, which describes the work on activities that promote sustainability, both for the Bank and its customers. The ESG report also constitutes the Bank's report on corporate social responsibility and can be found on the Bank's website.

For several years, the Bank has been working to reduce energy consumption through energy reduction measures, and its own consumption of electricity is Co2-neutral through the purchase of power from Danish wind turbines. The Bank also supports climate measures in third world countries.

The customers are offered investment products as well as pension investments that actively support sustainable development. Similarly, customers can obtain attractive financing for energy-improvement measures on properties or purchase of an electric or plug-in hybrid car.

NET INTEREST INCOME

Interest income increased by DKK 6.6 million, corresponding to 12.1 %.

Interest expense amounted to DKK 4.9 million and increased by DKK 0.8 million as a result of increasing interest expense to Danmarks Nationalbank, while the interest expense for customer deposits was increased by DKK 0.1 million.

Net interest income increased by DKK 5.7 million to DKK 55.7 million, corresponding to 11.5 %.

NET FEE AND COMMISSION INCOME

Net income from fees and commissions amounted to DKK 55.5 million, compared to DKK 45.7 million in 2021, and thus increased by a very satisfactory DKK 9.8 million. The high activity in the loan area has led to an income growth of DKK 1.4 million in loan fees. Guarantee provisions increased by DKK 1.6 million, and income from securities trading and custody accounts increased by DKK 0.2 million, while payment services, other fees and fees paid increased by a total of DKK 6.3 million.

Dividends of DKK 0.1 million were realised, which is DKK 0.1 million higher than last year.

Net interest and fee income increased by DKK 15.3 million, corresponding to 16.0%, and amounts to DKK 111.3 million.

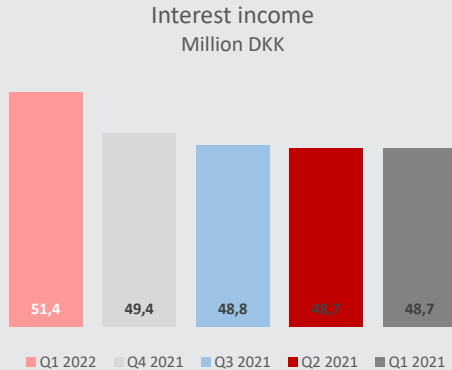
EXCHANGE RATE ADJUSTMENTS

The total exchange rate adjustments were negative by DKK 13.8 million, compared with positive exchange rate adjustments of DKK 3.4 million as of 31 March 2021.

The exchange rate adjustments were divided into DKK -16.1 million in the bond portfolio and DKK -0.7 million in the shareholdings, of which sectoral shares comprise capital gains of DKK 3.8 million and shares in the trading portfolio constitute a capital loss of DKK 4.5 million. In addition, currencies, derivative financial instruments and pooling arrangements achieved a satisfactory income of DKK 2.9 million during the same period.

EXPENSES

Costs for personnel and administration etc. were DKK 3.6 million higher than the same period last year and amount to DKK 52.4 million.



Personnel expenses have increased by DKK 0.7 million compared to 31 March 2021 as a result of more employees and general wage increases.

Administration costs increased by DKK 2.9 million, distributed between IT expenses, marketing and other administrative costs.

IMPAIRMENT

Net impairment for the period amounts to an income of DKK 0.2 million, compared with an expense of DKK 2.6 million in 2021.

At the end of the year, the Bank provisioned a management estimate of DKK 50 million for potential results of the COVID-19 pandemic and the effects thereof, such as uncertainty regarding global supply lines, increasing inflation and increasing interest rates etc. During Q1 2022, there has been further uncertainty regarding the ongoing war in Ukraine. The management estimate has been maintained unchanged, as there has not yet been a need for impairment on the Bank's customers as a result of this, but the management estimate is not considered to be able to be reversed due to the continued uncertainty.

The Bank has also allocated an unchanged management estimate of DKK 5 million in 2021 for the Bank's exposure within pig production as a result of the uncertainty regarding African Swine Fever and the pressure on terms of trade.

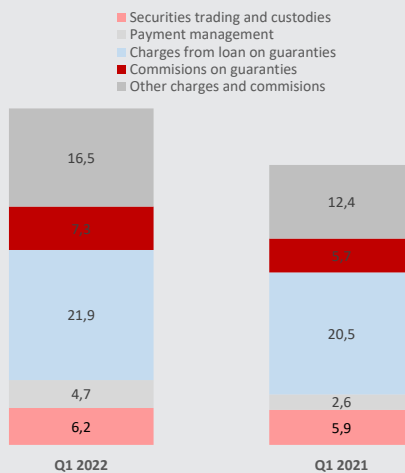
Devaluations on loans, etc. for the period correspond to -0.1 % of the total loans and guarantees.

PROFIT FOR THE PERIOD

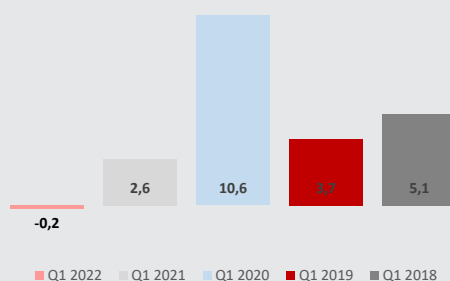
Profit before tax amounted to DKK 44.5 million compared with DKK 47.2 million as of 31 March 2021. After taxes, profit for the period amounted to DKK 35.7 million. Despite a satisfactory development, profit before tax was reduced by DKK 2.7 million, which is due to negative exchange rate adjustments of DKK 13.8 million compared with positive exchange rate adjustments of DKK 3.4 million during the same period in 2021. The result is considered to be satisfactory, as a growth in net interest and fee income, a reduced level of impairment and significantly increased distribution of third-party products, such as mortgage credit, insurance, investment and pension products, have been realised.

The development in the overall business volume, with an increasing number of customers, increased lending, guarantees and credit association mediation, as well as a maintained level of stable customer

Charges and commissions receivable
Million DKK



Write-downs on loans etc.
Million DKK



deposits, is also considered very satisfactory. Core earnings of DKK 60.4 million were realised, which is DKK 12.4 million higher than 31 March 2021:

CORE EARNINGS 1 JANUARY - 31 MARCH

Beløb i 1.000 kr.	2022	2021	1.1-31.12 2021
Net income from interest	55.743	50.002	205.575
Net charges and commission	55.478	45.722	172.738
Dividend on shares and other holdings	103	243	2.657
Foreign currency value adjustments*	2.305	1.551	6.454
Other ordinary income	469	542	3.487
Core income	114.098	98.060	390.911
Staff costs and administrative expenses	52.381	48.737	207.517
Depreciation and write-downs on intangible and tangible assets	1.357	1.336	7.337
Other operating expenses	0	16	480
Costs	53.738	50.089	215.334
Core earnings	60.360	47.971	175.577
Write-downs	227	-2.560	15.227
Value adjustments*	-16.091	1.835	13.727
Result before tax	44.496	47.246	204.531
Tax	8.824	10.394	41.230
Net-result for the financial year	35.672	36.852	163.301

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

MAJOR SHAREHOLDERS

The Bank has two major shareholders: The investment company Investeringselskabet af 15. maj (AP Pension Livsforsikringsaktieselskab, København Ø.), which as of the most recent ownership announcement holds 20.75 % of the shares in Skjern Bank and 5 % of the voting rights and EURO STEEL 1988 APS, which as of the most recent ownership announcement holds 5.15 % of the shares in Skjern Bank and 5 % of the voting rights.

LIQUIDITY

Customer deposits amount to DKK 6,735 million, of which DKK 6,418 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 an upcoming 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 316 % as of 31 March 2022, which is considered a solid and appropriate level.

SKJERN BANK SHARES

The Bank is owned by 15,108 shareholders. The share price was 109.5 on 31 March 2022, compared with 103.5 at the beginning of the year. The market price amounts to DKK 1,055.6 million, corresponding to a rate / intrinsic value of 0.83.

EXPECTATIONS

A core earnings for the entire year is expected in the range of DKK 170 – 190 million and a profit before tax in the range of DKK 175 – 205 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 2022 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 reduced, but still sufficient and amounts to 316 % as of 31 March 2022 compared to 353 % as of 31 December 2021.

Property exposure (maximum 25 percent):

Property exposure is 12.3 %, compared with 11.5 % at the end of 2021.

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 129.8 %, compared with 114.4 % at the end of 2021.

Property exposure (maximum 20 percent):

The Bank has realised an increase in lending of 9.5 % as of 31 March 2022 compared with an increase in lending of 11.7 % at the end of 2021.

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 0.4 million and was paid during Q2 2022.

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 practice used is unchanged compared to the annual report for 2021.

EVENTS AFTER 31 MARCH 2022

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 quarterly report for the period of 1 January – 31 March 2022 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, 5 May 2022

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	2022	2021	1.1-31.12 2021
Interest receivable	51.411	48.673	195.584
Interest receivable deposits	9.288	5.458	28.611
Interest receivable	1.570	1.423	8.024
Interest payable central banks	3.386	2.706	10.596
Net income from interest	55.743	50.002	205.575
Dividend on shares and other holdings	103	243	2.657
Charges and commission receivable	56.606	47.068	178.044
Charges and commission payable	1.128	1.346	5.306
Net income from interest and charges	111.324	95.967	380.970
Value adjustments	-13.786	3.386	20.181
Other ordinary income	469	542	3.487
Staff costs and administrative expenses	52.381	48.737	207.517
Depreciation and write-downs on intangible and tangible assets	1.357	1.336	7.337
Other operating expenses	0	16	480
Write-downs	-227	2.560	-15.227
Result before tax	44.496	47.246	204.531
Tax	8.824	10.394	41.230
Net-result for the financial year	35.672	36.852	163.301
Of which are holders of shares of hybrid core capital instruments etc.	1.289	1.289	5.289
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the financial year	35.672	36.852	163.301
Other comprehensive income after tax	0	0	0
Total comprehensive income	35.672	36.852	163.301

BALANCE BY MARCH 31

1,000 DKK	2022	2021	1.1-31.12 2021
ASSETS			
Cash in hand and demand deposits with central banks	2.137.043	354.488	2.566.381
Receivables at credit institutions and central banks	48.624	1.669.417	74.300
Loans and other receivables at amortised cost	4.952.369	4.522.167	4.719.737
Bonds at fair value	920.355	951.051	941.900
Shares etc.	232.835	199.880	208.217
Shares associated with pool schemes	1.524.021	1.177.782	1.306.663
Land and buildings (total)	66.700	65.829	67.599
Investment properties	3.019	3.019	3.019
Owner-occupied properties	45.588	42.809	45.895
Owner-occupied properties, leasing	18.093	20.001	18.685
Other tangible assets	5.597	3.979	5.626
Current tax assets	32.655	18.114	3.640
Other assets	87.282	70.652	84.106
Prepayments	256	645	329
Total assets	10.007.737	9.034.004	9.978.498

1,000 DKK	2022	2021	1.1-31.12 2021
LIABILITIES			
DEBT			
Debt to credit institutions and central banks	2.158	203.397	0
Deposits and other debts	6.734.641	6.333.799	7.027.670
Deposits in pooled schemes	1.524.021	1.177.782	1.306.663
Other liabilities	376.982	67.047	280.201
Prepayments	3.231	3.278	1.832
Total debt	8.641.033	7.785.303	8.616.366
PROVISIONS			
Provisions for deferred tax	2.298	1.423	2.298
Provisions for loss on guarantees	10.656	23.619	14.423
Total provisions	12.954	25.042	16.721
SUBORDINATED DEBT			
Subordinated loan capital	98.460	97.959	98.334
Total subordinated debt	98.460	97.959	98.334
EQUITY			
Share capital	192.800	192.800	192.800
Revaluation reserves	417	417	417
Retained earnings	1.002.447	872.990	964.059
Dividend	-	-	28.920
Capital owners share of equity	1.195.664	1.066.207	1.186.196
Holdings of hybrid capital	59.626	59.493	60.881
Total equity	1.255.290	1.125.700	1.247.077
Total liabilities	10.007.737	9.034.004	9.978.498

OFF-BALANCE-SHEET ITEMS BY MARCH 31

1,000 DKK	2022	2021	1.1-31.12 2021
CONTINGENT LIABILITIES			
Contingent liabilities			
Finance guarantees	655.997	766.147	602.385
Guarantees against losses on mortgage credit loans	952.770	827.049	955.781
Registration and conversion guarantees	1.297.816	1.027.577	998.185
Other contingent liabilities	130.170	130.518	134.329
Total	3.036.753	2.751.291	2.690.680
Other binding engagements			
Irrevocable credit-undertakings	722.824	405.550	799.908
Total	722.824	405.550	799.908

INFORMATION ON CHANGES IN EQUITY

MARCH 31

1,000 DKK	2022	2021	1.1-31.12 2021
Share capital beginning-of-year	192.800	192.800	192.800
Share capital end-of-year	192.800	192.800	192.800
Revaluation reserves beginning-of-year	417	417	417
Revaluation reserves end-of-year	417	417	417
Retained earnings beginning-of-year	964.059	834.814	834.815
Profit or loss for the financial year	34.383	35.563	129.092
Dividends own shares	11	1	30
Purchase of own funds	94	1	122
Retained earnings end-of-year	998.547	870.379	964.059
Dividends beginning-of-year	28.920	19.280	19.280
Proposed dividends	0	0	28.920
Paid dividends	-25.020	-16.669	-19.280
Dividends	3.900	2.611	28.920
Holders of hybrid capital beginning-of-year	60.881	60.748	60.748
Net profit or loss for the year (interest hybrid capital)	1.289	1.289	5.156
Paid interest	-2.544	-2.544	-5.023
Holders of hybrid capital end-of-year	59.626	59.493	60.881
Total equity	1.255.290	1.125.700	1.247.077

NOTES PER MARCH 31

1,000 DKK	2022	2021	1.1-31.12 2021
INTEREST INCOME			
Loans and other receivables	46.897	45.502	184.089
Bonds	934	1.230	4.252
Other derivative financial instruments, total	3.310	1.941	7.216
of which			
Currency contracts	-67	1.979	7.286
Interest-rate contracts	3.377	-38	-70
Other interest income	270	0	27
Total	51.411	48.673	195.584
INTEREST EXPENSES			
Deposits	-257	-407	330
Subordinated debt	1.570	1.556	6.632
Other interest expenses	257	274	1.062
Total	1.570	1.423	8.024
FEES AND COMMISSION INCOME			
Securities trading and custody accounts	6.161	5.907	23.762
Payment services	4.740	2.641	12.546
Loan fees	21.887	20.478	80.479
Guarantee commission	7.292	5.690	26.270
Other fees and commission	16.526	12.352	34.987
Total	56.606	47.068	178.044
VALUE ADJUSTMENTS			
Bonds	-16.103	-2.807	-3.165
Total shares	-661	4.309	17.513
Shares in sectorcompanies etc.	3.830	2.834	10.516
Other shares	-4.491	1.475	6.997
Foreign currency	2.305	1.551	6.454
Other financial instruments	671	140	-621
Assets linked to pooled schemes	69.267	38.307	-85.013
Deposits in pooled schemes	-69.265	-38.114	85.013
Total	-13.786	3.386	20.181

1,000 DKK	2022	2021	1.1-31.12 2021
STAFF COSTS AND ADMINISTRATIVE EXPENSES			
SALARIES AND REMUNERATION OF MANAGEMENT BOARD ETC.			
Management board	339	354	1.336
Audit Committee	0	0	90
Committee of representatives	0	0	181
Total salaries and remuneration of board etc.	339	354	1.607
STAFF COSTS			
Wages and salaries	26.001	26.028	97.412
Pensions	2.952	2.520	10.678
Social security costs	384	345	1.557
Payroll tax	4.055	3.767	15.753
Total staff costs	33.392	32.660	125.400
OTHER ADMINISTRATIVE EXPENSES	18.650	15.723	80.510
Total staff costs and administrative expenses	52.381	48.737	207.517
EMPLOYEES			
Average number of employees converted into full-time employees	179	161	166
WRITE-DOWNS ON LOANS AND RECEIVABLES			
Write-downs and provisions during the year	51.650	83.442	132.591
Reversal of write-downs made in previous years	-49.679	-79.439	-144.766
Finally lost, not previously written down	92	672	5.847
Interest on the written-down portion of loans	-1.740	-1.952	-7.551
Recoveries of previously written off debt	-550	-163	-1.348
Total	-227	2.560	-15.227

1,000 DKK	2022	2021	1.1-31.12 2021
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	12.598	21.271	21.271
Stage 1 impairment charges / value adjustment during the period	5.381	7.538	7.314
Stage 1 impairment reversed during the period	-3.074	-6.057	-15.987
Cummulative stage 1 impairment total	14.905	22.752	12.598
STAGE 2 IMPAIRMENT CHARGES			
Stage 2 impairment charges at the end of the previous financial year	100.028	109.773	109.773
Stage 2 impairment charges / value adjustment during the period	10.204	33.134	44.694
Stage 2 impairment reversed during the period	-25.922	-29.229	-54.439
Cummulative stage 2 impairment total	84.310	113.678	100.028
STAGE 3 IMPAIRMENT CHARGES			
Stage 3 impairment charges at the end of the previous financial year	168.565	217.886	217.886
Stage 3 and impairment charges / value adjustment during the period	35.459	27.019	72.139
Reversal of stage 3 impairment charges during the period	-16.310	-42.124	-70.850
Recognised as a loss, covered by stage 3 impairment charges	-1.021	-19.319	-50.610
Cummulative stage 3 impairment total	186.693	183.462	168.565
Total cumulative impairment charges IFRS9	285.908	319.892	281.191
GUARANTEES			
Provisions beginning of the year	14.423	10.472	10.472
Loss on guarantees	606	15.751	8.402
Reversal of provisions	-4.373	-2.029	-3.490
Provisions for losses	0	-575	-961
Guarantees end of year	10.656	23.619	14.423
Total cumulative impairment charges IFRS9 and guarantees	296.564	343.511	295.614

1,000 DKK

2022

2021

1.1-31.12

2021

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 the COVID-19 pandemic, the war in Ukraine, increasing inflation and interest levels as well as the effects thereof and the uncertainty around global supply lines etc., an extra amount of DKK 50,0 million has been reserved as a management estimate, of which DKK 32.5 million is in Stage 2 and DKK 17.5 million is in Stage 3. A management estimate for the agricultural industry of DKK 5.0 million has also been provisioned, which is placed in Stage 2, as a result of the uncertainty regarding African Swine Fever and the future terms of trade. In Q1 2022, the Bank made an estimate of the depreciation rates for the private, business and agriculture segments in the event of an economic downturn. The calculations have not given rise to any changes in management estimates. This is a total of DKK 55.0 million in management estimates, divided into DKK 37.5 million in Stage 2 and DKK 17.5 in Stage 3.

LOANS ETC. WITH SUSPENDED CALCULATION OF INTEREST	43.450	95.204	45.653
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)	3.720	5.631	4.725
Nominal value hereof	74	113	95
Market value hereof	407	474	489
Own shares proportion of share capital (pct.)	0,04%	0,06%	0,05%

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

skjernbank.dk