

Quarterly report 1 Q 2018



 **SKJERN BANK**

Wooden sculptures by Hjerting Beach

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Especially satisfactory results



1st QUARTER 2018

Profit before tax increased by 135 % to DKK 99.2 million



EQUITY

Interest yield of 22 % per year before tax



CORE EARNINGS

Increased by 8 % to DKK 38.3 million



NET INTEREST AND FEE INCOME

Net interest increased by 6 %, while net fee income increased by 21 %. The total net interest and fee income increased by 12 % from DKK 71.1 million to DKK 79.4 million



IMPAIRMENT

Unchanged level of impairment of DKK 5.1 million



LENDING

Lending growth increased by 11.2 % to DKK 4.1 billion



CAPITAL

Satisfactory capital ratio of 16.2 % without recognising the profit in the 1st quarter, with recognising 18.2 %. The solvency requirements is 9.7 %.



CORE EARNINGS EXPECTATIONS

The bank expects in 2018 core earnings in the range of DKK 135 - 145 million

5 years in summary

1,000 DKK	1. QUARTER 2018	1. QUARTER 2017	1. QUARTER 2016	1. QUARTER 2015	1. QUARTER 2014	YEAR 2017
PROFIT AND LOSS ACCOUNT						
Net income from interest	44,866	42,451	39,396	39,364	40,844	171,972
Div. on shares and other holdings	328	324	1,252	489	351	10,020
Charges and commissions (net)	34,176	28,310	20,587	16,502	17,616	114,620
Net inc. from int. & charges	79,370	71,085	61,235	56,355	58,811	296,612
Value adjustments	66,453	13,217	434	10,908	9,172	31,045
Other ordinary income	188	427	261	607	287	1,031
Staff costs and administrative expenses	40,863	36,418	36,486	34,081	33,276	161,052
Depreciation of intangible and tangible assets	765	765	966	858	2,258	3,071
Other operating expenses	0	0	0	2,218	2,586	52
Operating expenses	0	0	0	2,218	2,488	52
Guarantee commission first guarantee scheme	0	0	0	0	98	0
Write-downs on loans etc. (net)	5,140	5,392	17,730	9,898	10,534	19,886
Operating profit	99,243	42,154	6,748	20,815	19,616	144,627
Taxes	8,210	8,928	1,126	4,891	4,904	20,804
Profit for the period	91,033	33,226	5,622	15,924	14,712	123,823
Of which are holders of shares of hybrid core capital instruments etc.	1,569	1,569	1,630	0	0	5,168
BALANCE SHEET AS PER 31 MARCH						
summary						
Total assets	6,110,511	5,792,694	5,387,381	5,306,522	5,415,907	6,367,636
Loans and other debtors	4,105,454	3,692,345	3,614,852	3,651,080	3,669,217	3,924,509
Guarantees etc.	1,095,207	856,353	773,498	644,719	530,852	1,125,541
Bonds	1,004,135	1,002,900	710,160	816,600	834,792	1,072,833
Shares etc.	269,157	229,693	212,903	173,244	218,027	245,686
Deposits	4,936,986	4,764,373	4,423,826	4,385,376	4,050,746	5,240,913
Subordinated cap. investments	99,837	99,658	169,480	169,300	269,382	99,797
Capital funds	880,061	726,946	623,525	538,413	588,339	814,332
Dividends						0
Capital Base	808,913	705,971	646,679	584,618	587,560	819,582
Total weighted items	5,009,123	4,280,873	4,118,446	4,080,757	4,137,049	4,605,145
CORE EARNINGS						
Core income	79,962	72,710	62,440	64,718	59,707	301,505
Total costs etc.	-41,628	-37,183	-37,452	-42,439	-34,134	-164,175
Core earnings	38,334	35,527	24,988	22,279	25,573	137,330

Financial ratios - 31st March

Figures in pct.	2018	2017	2016	2015	2014
Solvency ratio	16.2	16.5	15.7	14.3	14.2
Core capital ratio	14.2	14.3	13.7	12.4	13.6
Return on own funds before tax*	12.4	6.2	0.9	3.9	3.4
Return on own funds after tax*	11.4	4.9	0.7	3.0	2.5
Earning/expense ratio in DKK	3.12	1.95	1.09	1.44	1.40
Interest rate risk	2.3	1.2	-0.6	-2.9	-2.3
Foreign currency position	9.6	0.3	0.8	2.1	0.2
Foreign currency risk	0.1	0.0	0.0	0.0	0.0
Advances against deposits	89.1	84.6	90.4	91.6	96.4
Statutory liquidity surplus	124.5	175.1	148.9	132.5	150.1
LCR	199	285	274	244	-
Total large commitments	51.7	25.3	25.0	52.7	21.8
Accumulated impairment ratio	5.5	6.9	8.0	7.9	5.3
Impairment ratio for the period	0.1	0.1	0.4	0.2	0.2
Increase in loans etc. for the period	4.6	0.1	2.9	0.2	0.6
Ratio between loans etc. and capital funds	4.7	5.5	6.4	6.8	6.2
(value pr share 100 DKK)					
Earnings per share (result period)*	46.4	16.4	2.1	8.3	7.6
Book value pr share*	426	347	293	280	305
Market value/earning per share	1.4	3.7	15.5	3.9	4.4
Market value/book value*	0.76	0.87	0.55	0.57	0.74
(value pr share 20 DKK)					
Earnings per share (result period)*	9.3	3.3	0.4	1.7	1.5
Book value pr share*	85.2	69.4	58.6	55.9	61.1
Market value	64.8	60.0	32.5	32.0	45.1

*) 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.

Management's report

The 1st quarter of the year has been extremely satisfactory, with strong growth in net interest and fee income, exchange rate gains in the sale of the Bank's ownership interest of Value Invest Asset Management S.A. of about DKK 60 million, and a maintained satisfactory level of impairment. Profit before tax increased by DKK 57.1 million to a very satisfactory profit of DKK 99.2 million.

Profit before tax without exchange rate gains of about DKK 60 million amounts to DKK 39.2 million, compared with DKK 42.1 million in the 1st quarter of 2017. The reduction is primarily due to decreasing exchange rate adjustments that lie outside the Bank's core earnings. Core earnings showed a satisfactory increase of 7.9% to DKK 38.3 million.

The unchanged level of impairment of DKK 5.1 million, corresponding to an impairment percentage during the quarter of 0.1% is considered satisfactory. The level of impairment is unchanged, despite the agricultural industry again experiencing decreasing settlement prices, with terms of trade thereby decreasing as a result. The Bank's other segments are progressing very satisfactorily, and we can point to continued significant reversals of previously impaired exposures.

Demand for loans in the Bank's market area is increasing and the Bank also has a very satisfactory and solid customer intake, which altogether increased lending by DKK 181 million in the first 3 months of the year. Compared to the lending on 31/3/2017, when a lending growth of DKK 413.1 million was realised, corresponding to about 11.2%.

The proportion of lending and guarantees to private customers increased to 37.1% and the Bank's unchanged goal is to increase this further.

The liquidity coverage ratio after LCR amounts to 199%, which is satisfactory. However, the coverage was reduced by 63% points last quarter, partially as a result of the strong growth in lending. The Bank's unchanged strategy is to maintain a solid excess liquidity based on stable customer deposits.

The Bank's capital ratio was reduced during the quarter from 17.8% to 16.2%, while the core capital ratio decreased from 15.8% to 14.2%. The reduction primarily due to a significant growth in the risk-weighted assets and incorporation of IFRS 9, which the Bank has chosen to fully phase in for the purposes of capital in 2018, which reduces the Bank's opening equity by DKK 23.8 million. The Bank chooses not to include the results in the capital base as a result of the satisfactory capital coverage. The semi-annual results for 2018 will be recognised in the capital base.

The individual solvency requirements are calculated at 9.7%, corresponding to a solvency coverage of 167.0%. Compared with the actual capital base of DKK 809 million, there was a surplus of DKK 323.2 million at the end of the first quarter of 2018. In relation to the necessary capital, which is expressed as the Bank's calculated solvency requirements plus the phased-in capital conservation buffer of 1.875%, the coverage can be calculated at 4.625% points, corresponding to a solvency coverage of 140%.

If the 1st quarter's profit of DKK 91.0 million after tax were reviewed by the Bank's external auditor, and no reasons for changes to the calculated results were discovered, the capital ratio would be calculated at 18.2% and the core capital ratio at 16.2%.

The strength of the Bank's capital resources could also be viewed in light of the fact that the actual core capital constitutes 13.0%, compared with the individual solvency requirement of 9.7%. Had the profit for the 1st quarter of 2018 been added, the actual core capital would have been calculated at 15.0%, which would thus increase the coverage by 2% points. The actual core capital constitutes 13.2%, compared with the individual solvency requirement of 10.5%.

LOANS AND GUARANTEES DISTRIBUTED ON SECTORS

	31.03.2018	31.12.2017	31.03.2017
Public authorities	0,0 %	0,0 %	0,0 %
Agriculture, hunting, forestry & fishing	11,9 %	13,9 %	13,9 %
Plant production	1,4 %	1,5 %	1,7 %
Cattle farming	6,2 %	7,9 %	7,9 %
Pig farming	1,6 %	1,6 %	1,9 %
Mink production	1,5 %	1,7 %	1,3 %
Other agriculture	1,2 %	1,2 %	1,1 %
Industry and mining	3,3 %	3,0 %	2,8 %
Energy	6,1 %	7,1 %	6,3 %
Building and constructions	7,1 %	6,6 %	6,2 %
Wholesale	7,1 %	6,9 %	8,4 %
Transport, hotels and restaurants	1,7 %	1,7 %	1,8 %
Information and communication	0,5 %	0,4 %	0,6 %
Financial and insurance business	6,0 %	5,8 %	5,4 %
Real-estate	13,8 %	12,6 %	13,1 %
Other business	5,4 %	5,6 %	5,4 %
Private	37,1 %	36,4 %	36,1 %

From the above sectoral distribution represents alternative energy 5.3 %

NET INTEREST INCOME

Net interest income amounts to DKK 44.9 million as of 31 March 2018. In the first quarter of 2017, net interest income amounted to DKK 42.4 million, and has thus increased by DKK 2.5 million, or 5.9%.

Interest income is largely unchanged, despite a satisfactory lending growth, which is still primarily due to pressure on the average lending rates as a result of the competitive market situation.

As expected, interest expenses were reduced by 22% to DKK 5.1 million, which is due to the interest expenses for customer deposits having decreased by DKK 2.3 million as a result of the extremely low interest level in the market and the interest expenses for issued bonds and the expiration of high interest accounts. In addition, the interest expense of the Bank's deposits in Nationalbanken from 31 December 2017 were expensed under interest expenses, while they were previously included in interest income. This leads to an increase of DKK 0.9 million.

The Bank's interest margin worsened marginally compared to the same period in 2017 due to the reduced average lending rate.

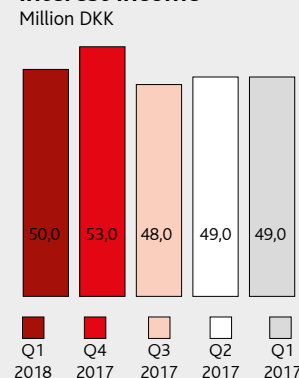
FEE AND COMMISSION INCOME

Net income from fees and commissions has increased by DKK 5.9 million compared to last year.

Net income from fees and commissions amounts to DKK 34.2 million, compared with DKK 28.3 million in 2017. The increase in the fee income is due to a strong intake of customers and generally high activity. The activities in the mortgage credit area are very high, which has meant that the loan transaction fees have increased by DKK 1.8 million. Payment services have increased by DKK 0.8 million, while guarantee provisions have also increased by DKK 0.8 million. The total fee and commission income increased by a total of DKK 4.1 million.

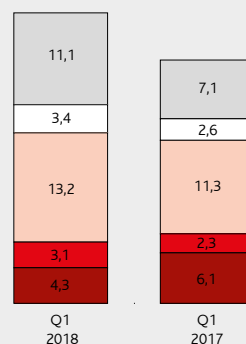
Fees, charges and commission expenses are at the same level as last year.

Interest income

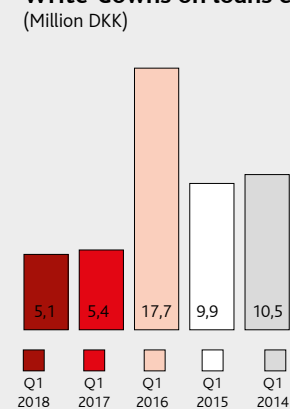


Charges and commissions receivable

- (Million DKK)
- Securities trading and custodies
 - Payment management
 - Charges from loan applications
 - Commissions on guarantees
 - Other charges and commissions



Write-downs on loans etc.



Net interest and fee income amounted to DKK 79.4 million, which is an increase of DKK 8.3 million, corresponding to 11.6 % compared to the same period last year.

EXCHANGE RATE ADJUSTMENTS

After a period of large fluctuations in the securities markets, the portfolio of stocks and bonds earned profits totalling DKK 66.5 million, compared with DKK 13.2 million on 31 March 2017.

The capital gains are distributed with DKK 2.1 million from the bond portfolio and DKK 68.2 million from the shareholdings. In addition, exchange rates and derivative financial instruments achieved an income of DKK 0.4 million in the same period.

Out of the total exchange rate gains on shares of DKK 68.2 million, the exchange rate gain on the sale of Value Invest Asset Management S.A. accounts for about DKK 60 million.

COSTS

Staff and administration expenses, etc. increased by 12.2% and amounts to DKK 40.9 million, compared with DKK 36.4 million in the same period in 2017.

In terms of organic growth, the number of employees increased in the customer-oriented departments, which has contributed to increased personnel costs of DKK 2.6 million compared to 31/03/2017. In addition to more employees, this also includes increased payroll tax of DKK 0.4 million, and a general collective agreement wage increase.

Administrative expenses increased by DKK 1.8 million. The increase is divided between increased costs for IT operations, marketing and other administrative expenses.

It is the management's expectation that expenses in 2018 will increase in the range of 7-8% for the full year of 2018, compared to expenses of DKK 161 million in 2017, as a result of strategically adopted business expansion.

IMPAIRMENT

There is increased impairment of DKK 25.3 million, and reversals of previous impairment of DKK 16.8 million. Recorded losses for the period amounted to DKK 35.8 million, of which only DKK 0.3 million had not been previously written down.

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

The impairment need in 2017 was DKK 19.9 million and the management expects the total impairment need in 2018 to be at the same level as in 2017.

With effect from 1 January 2018, the Bank switched to using impairment rules that are compatible with the accounting standard IFRS 9. The IFRS 9 rules have thus been incorporated into the Danish Executive Order on Accounting (den danske regnskabsbekendtgørelse), and with IFRS 9, the previously applicable impairment model, which was based on incurred loss (the "incurred loss model"), has been replaced with an impairment model based on expected loss (the "expected loss model").

In addition to the impact on operations of DKK 5.1 million, the Bank has, as a result of the implementation of IFRS 9, also written down DKK 23.8 million directly in the opening equity for 2018.

PROFIT FOR THE PERIOD

Profit before tax amounted to DKK 99.2 million compared with DKK 42.2 million as of 31 March 2017. After taxes, the period's net profit amounted to DKK 91.0 million.

The management is pleased to note that both core earnings and profit before tax are at the highest levels in the Bank's history and the Bank's management expects the business development and profit to be extremely satisfactory.

CAPITAL

Equity amounted to DKK 880.1 million compared to DKK 814.3 million at the end of the previous year. A hybrid core capital of DKK 59.4 million was recognised in the Bank's equity on 31 March 2018.

After addition of subordinated capital contributions of DKK 99.8 million and adjustments for reduction in weighting and other deductions, the Bank's capital base at the end of the quarter amounted to DKK 808.9 million.



The Bank's risk-weighted items have increased by DKK 404 million and at the end of the 1st quarter of 2018; this can be estimated at DKK 5.0 billion. The capital ratio was estimated at 16.2%, which is a reduction of 1.6% points since 31 December 2017. The reduction is partially due to the profit for the period not being included, the increase in risk-weighted assets, and the full phase-in of IFRS 9 having an impact of DKK 23.8 million as of 1 January 2018. The Bank will recognise the realised profit after the 1st half of the year 2018 in the capital base.

If the results were reviewed by the Bank's external auditor, and no reasons for changes to the calculated results were discovered, the capital ratio would be calculated at 18.2%.

Compared with 31 March 2017, the Bank's capital ratio decreased from 16.5% to 16.2%, while the core capital ratio decreased from 14.3% to 14.2%. In addition to the profit for the period, the core capital ratio would be calculated at 16.2%.

The necessary capital corresponding to the individual solvency requirements is calculated at 9.7%, which is an increase of 0.3% points compared with the end of 2017.

The Bank thus has foundation capital with a sufficient surplus of 140.0% compared to the necessary capital, which is expressed by the Bank's calculated solvency requirements, in addition to the phased-in capital conservation buffer of 1.875%. If the profit for the period after tax of DKK 91 million had been added to the capital base, the capital ratio would constitute 18.2% and the solvency coverage would be calculated at 157.2%, corresponding to DKK 423.2 million.

SHAREHOLDERS

The Bank has two major shareholders, Lind Value III A/S, Aarhus and Investeringselskabet of 15 May (AP Pension Livsforsikringsaktieselskab, København Ø.), who, as the last stock exchange announcement, owned 24.77% and 20.75% respectively. Both possess 5% of the voting rights.



LIQUIDITY

Customer deposits amount to DKK 4,937 million, of which DKK 3,992 million is covered by the Danish Deposit Guarantee Scheme. The deposits are considered stable, since most of them come from base customer relationships.

The liquidity coverage ratio shows how banks are able to meet their payment obligations for an upcoming 30-day period without access to market funding. As of 1 January 2018, non-SIFI banks, which includes Skjern Bank, must have a coverage of at least 100%. The Bank has chosen to follow the same rules that apply to the largest bank, SIFI banks, which is why the Bank's goal is to have the LCR ratio always be a minimum of 100%.

The Bank achieved the goal and as of 31 March 2018 has an LCR financial ratio of 199%.

SKJERN BANK SHARES

On 31 March 2018, the Bank owned 16,908 shares, which is about 50 fewer than on 31 December 2017.

The Bank's share price was 64.8 on 31 March 2018, compared with 73.5 at the beginning of the year.

The market price thus amounts to DKK 624.7 million as of 31 March 2018, corresponding to an intrinsic value of 0.76. Shares were traded actively in the market and there is a satisfactory liquidity in the shares.

EXPECTATIONS

For this reason, the Bank expects core earnings in 2018 in the range of DKK 135 - 145 million and a profit before tax in the range of DKK 185 - 195 million, assuming positive exchange rate adjustments in the range of DKK 10 million and impairment in the range of DKK 15 - 20 million.

"THE SUPERVISORY DIAMOND"

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

The Bank's status for each indicator as of 31 March 2018 is calculated in the figure below, where the indicators established by the Danish Financial Supervisory Authority are also shown.

Skjern Bank continues to comply with all limit values as of 31 March 2018 and has not exceeded any of the limit values at any time during the Supervisory Diamond's existence.

Liquidity Reserve (min 50 %):

Skjern Bank's liquidity reserve is reduced, but still sufficient and amounts to 124.5% as of 31 March 2018 compared to 191.6% as of 31 December 2017.

Funding-ratio (max 100 procent):

The current funding situation leaves room for significantly more loans, since the Bank's loans compared to deposits, equity and debt securities are only 69%, which is at the same level as 31 December 2017, when the funding ratio was estimated at 64%.

Property exposure (max 25 procent):

Skjern Bank has an attractive industry spread; compared to the real estate sector the exposure is 16.2%. As of 31 December 2017, the exposure was 13.5%.

Large commitments (max 175 procent):

Large exposures are defined as the total of the Bank's 20 large exposures compared to the actual core capital. Skjern Bank primarily targets small and medium businesses, as well as private customers, and as of 31 March 2018, it had two large exposures of a total of 146.5%, which is the same as on 31 December 2017.

Increase in loans (max 20 procent):

The Bank has realised a lending growth in 2017 of 4.6% as of 31 March 2018 compared to 6.4% throughout 2017.

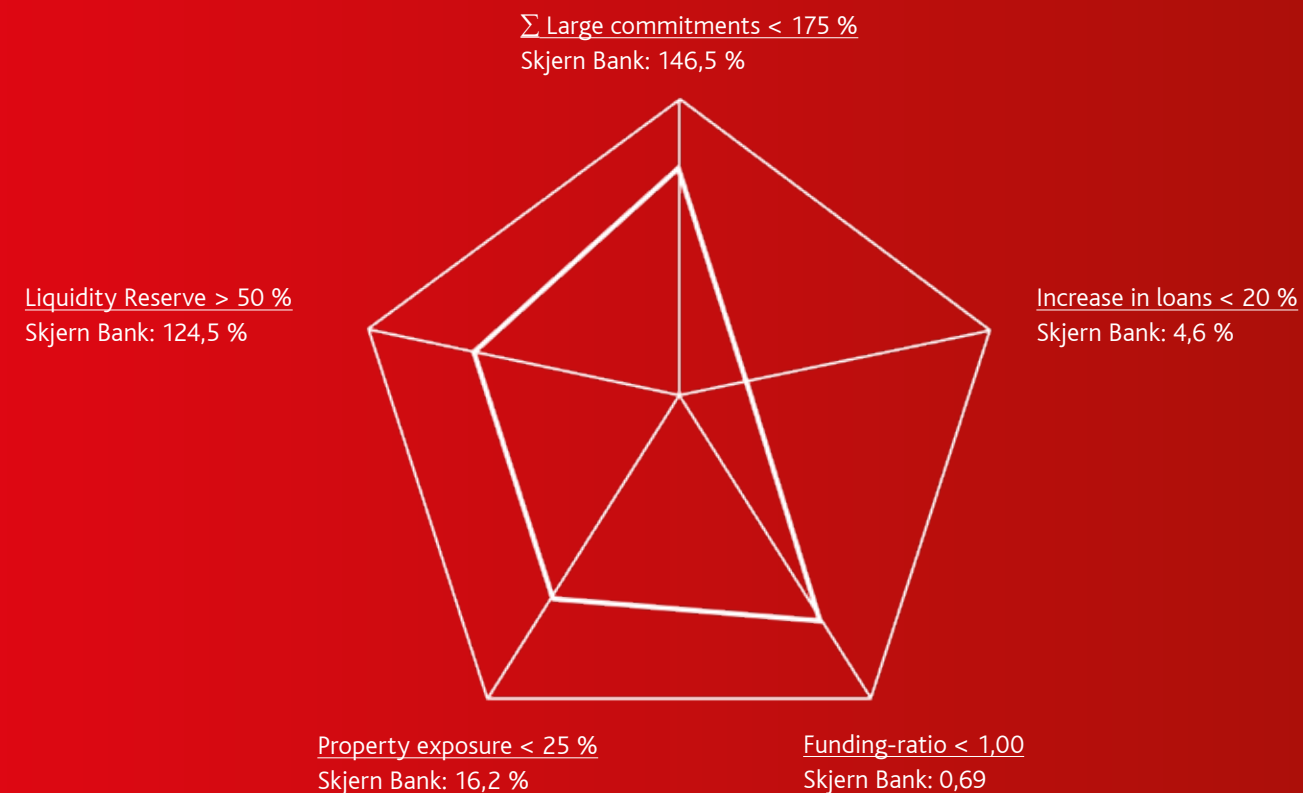
TRANSACTIONS WITH RELATED PARTIES

During the first quarter of the year, there have not been major transactions between Skjern Bank and the bank's related parties.

CONTRIBUTION TO THE SETTLEMENT FUND/DANISH DEPOSIT GUARANTEE SCHEME

As of 31 March 2018, there have been no payments of contributions to the Danish Deposit Guarantee Scheme. The Bank's annual contribution to the Settlement Fund of DKK 52 thousand is due in the 2nd quarter.

The Supervisory Diamond



ACCOUNTING PRACTICES 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.

As shown in the "Impairment" section on pages 11 - 12, the Bank's accounting policies for calculation of loan impairment changed with effect from 1 January 2018. Because it is not feasible to change the comparative figures for 2017 and earlier with regard to the changed part of the accounting policies, no changes have been made to these.

EVENTS AFTER 31 MARCH 2018

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

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.

Kind regards
Skjern Bank

Hans Ladekjær Jeppesen
Chairman of the board of directors

Per Munck
Director

Statement by the board of directors and executive board

We have on today's date discussed and approved the quarterly report for the period of 1 January - 31 March 2018 for Skjern Bank A/S.

The 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 statement to contain a fair review 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 period's earnings in core capital.

Skjern, 2 May 2018

Per Munck
Director

THE BOARD OF DIRECTORS

Hans Ladekjær Jeppesen
Chairman

Jens Okholm
Deputy Chairman

Bjørn Jepsen

Finn Erik Kristiansen

Søren Dalum Tinggaard

Troels Bülow-Olsen

Lars Lerke

Carsten Jensen

Lars Skov Hansen

Profit and loss account and Statement of comprehensive income 1st January - 31st March

1,000 DKK	2018	2017	1.1-31.12 2017
Interest receivable	50,005	49,041	198,977
Interest payable	5,139	6,590	27,005
Net income from interest	44,866	42,451	171,972
Dividend on shares and other holdings	328	324	10,020
Charges and commission receivable	35,129	29,395	118,547
Charges and commission payable	953	1,085	3,927
Net income from interest and charges	79,370	71,085	296,612
Value adjustments	66,453	13,217	31,045
Other ordinary income	188	427	1,031
Staff costs and administrative expenses	40,863	36,418	161,052
Depreciation and write-downs on intangible and tangible assets	765	765	3,071
Other operating expenses	0	0	52
Contribution to the Guarantee Fund for deposits	0	0	52
Guarantee commission first guarantee scheme	0	0	0
Write-downs	5,140	5,392	19,886
Result before tax	99,243	42,154	144,627
Tax	8,210	8,928	20,804
Net-result for the financial year	91,033	33,226	123,823
Of which are holders of shares of hybrid core capital instruments etc.	1,569	1,569	5,168
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the financial year	91,033	33,226	123,823
Other comprehensive income after tax	0	0	0
Total comprehensive income	91,033	33,226	123,823

Core earnings 1st January – 31st March

1,000 DKK	2018	2017	1.1-31.12 2017
Net income from interest	44,866	42,451	171,972
Net charges and commission	34,176	28,310	114,620
Dividend on shares and other holdings	328	324	10,020
Foreign currency value adjustments*	404	1,198	3,862
Other ordinary income	188	427	1,031
Core income	79,962	72,710	301,505
Staff costs and administrative expenses	40,863	36,418	161,052
Depreciation and write-downs on intangible and tangible assets	765	765	3,071
Other operating expenses	0	0	52
Costs	41,628	37,183	164,175
Core earnings	38,334	35,527	137,330
Write-downs	-5,140	-5,392	-19,886
Value adjustments*	66,049	12,019	27,183
Result before tax	99,243	42,154	144,627
Tax	8,210	8,928	20,804
Net-result for the financial year	91,033	33,226	123,823

*) Foreign currency value adjustments and value adjustments specificeres i noten "Value adjustments", der findes på side 26.

Off-balance-sheet items by 31st March

1,000 DKK	2018	2017	1.1-31.12 2017
CONTINGENT LIABILITIES			
Contingent liabilities			
Finance guarantees	0	15,087	31,905
Guarantees against losses on mortgage credit loans	505,929	376,333	480,478
Registration and conversion guarantees	159,581	120,004	183,440
Other contingent liabilities	429,697	344,929	429,718
Total	1,095,207	856,353	1,125,541
Other binding engagements			
Irrevocable credit-undertakings	265,060	336,207	285,731
Total	265,060	336,207	285,731

Information on changes in equity 31st March

1,000 DKK	2018	2017	1.1-31.12 2017
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
Additions related to reassessed value	0	0	0
Other movements	0	0	0
Revaluation reserves end-of-year	417	417	417
Retained earnings beginning-of-year	561,785	443,117	443,117
Changed accounting policy for impairment charges	-23,823	0	0
Profit or loss for the financial year	89,464	31,656	117,197
Tax of interest hybrid capital	0	0	1,458
Sale of own funds	9,681	8,599	32,730
Purchase of own funds	-9,680	-8,710	-32,717
Retained earnings end-of-year	627,427	474,662	561,785
Holdings of hybrid capital beginning-of-year	59,330	58,979	58,979
Net profit or loss for the year (interest hybrid capital)	1,569	1,569	6,626
Paid interest	-1,482	-1,481	-6,275
Holdings of hybrid capital end-of-year	59,417	59,067	59,330
Total equity	880,601	726,946	814,332



Notes per 31st March

1,000 DKK	2018	2017	1.1-31.12 2017
INTEREST INCOME			
Receivables at credit institutions and central banks	0	-968	0
Loans and other receivables	47,856	47,737	188,771
Bonds	1,930	2,089	9,484
Other derivative financial instruments, total	219	183	722
of which			
Currency contracts	17	54	448
Interest-rate contracts	202	129	274
Other interest income	0	0	0
Total	50,005	49,041	198,977
INTEREST EXPENSES			
Credit institutions and central banks	889	7	4,234
Deposits	2,592	4,927	16,098
Subordinated debt	1,648	1,649	6,613
Other interest expenses	10	7	60
Total	5,139	6,590	27,005
FEES AND COMMISSION INCOME			
Securities trading and custody accounts	4,228	6,096	21,888
Payment services	3,148	2,311	9,828
Loan fees	13,171	11,333	52,865
Guarantee commission	3,392	2,854	11,168
Other fees and commission	11,190	7,071	22,798
Total	35,129	29,395	118,547
VALUE ADJUSTMENTS			
Other loans	0	13	13
Bonds	-2,131	1,988	3,937
Total shares	68,184	10,025	23,114
Shares in sector companies etc.	68,016	2,706	9,178
Other shares	168	7,319	13,936
Foreign currency	404	1,199	3,862
Other financial instruments	-4	-8	119
Total	66,453	13,217	31,045

1,000 DKK	2018	2017	1.1-31.12 2017
STAFF COSTS AND ADMINISTRATIVE EXPENSES			
SALARIES AND REMUNERATION OF BOARD OF DIRECTORS, MANAGERS ETC.			
Board of managers	618	618	2,830
Fixed fees	608	608	2,790
Pension contributions	10	10	40
Management board	277	308	1,053
Audit Committee	0	0	50
Committee of representatives	0	0	177
Total salaries and remuneration of board etc.	895	926	4,110
STAFF COSTS			
Wages and salaries	19,277	17,201	71,633
Pensions	2,083	1,925	7,843
Social security costs	125	164	982
Payroll tax	3,152	2,729	11,644
Total staff costs	24,637	22,019	92,102
OTHER ADMINISTRATIVE EXPENSES	15,331	13,473	64,840
Total staff costs and administrative expenses	40,863	36,418	161,052
EMPLOYEES			
Average number of employees converted into full-time employees	141	134	135
WRITE-DOWNS ON LOANS AND RECEIVABLES			
Write-downs and provisions during the year	25,290	21,058	68,360
Reversal of write-downs made in previous years	-16,852	-12,393	-38,149
Finally lost, not previously written down	307	675	4,215
Interest on the written-down portion of loans	-2,520	-3,120	-12,480
Recoveries of previously written off debt	-1,085	-828	-2,060
Total	5,140	5,392	19,886

Notes per 31st March (continued)

1,000 DKK	2018	2017	1.1-31.12 2017
INDIVIDUAL WRITE-DOWNS AND PROVISIONS			
Write-downs - beginning of the year	313,345	316,473	316,040
Changed accounting policy for impairment charges	-313,345	0	0
Write-downs during the year	0	20,990	62,025
Reversal of write-downs made in previous years	0	-12,393	-33,933
Write-downs in previous years	0	-12,117	-30,787
Individual write-downs total	0	312,953	313,345
GROUP WRITE-DOWNS AND PROVISIONS			
Write-downs - beginning of the year	26,364	26,391	26,391
Changed accounting policy for impairment charges	-26,364	0	0
Write-downs during the year	0	68	0
Group write-downs - end of year	0	0	-27
Group write-downs total	0	26,459	26,364
Write-downs total	0	339,412	339,709
STAGE 1 IMPAIRMENT CHARGES			
Stage 1 impairment charges at the end of the previous financial year	0	-	-
Changed accounting policy for impairment charges	14,750	-	-
Stage 1 impairment charges / value adjustment during the period	2,071	-	-
Cummulative stage 1 impairment total	16,821	-	-
STAGE 2 IMPAIRMENT CHARGES			
Stage 2 impairment charges at the end of the previous financial year	0	-	-
Changed accounting policy for impairment charges	25,020	-	-
Stage 2 impairment charges / value adjustment during the period	-887	-	-
Cummulative stage 2 impairment total	24,133	-	-

1,000 DKK	2018	2017	1.1-31.12 2017
STAGE 3 IMPAIRMENT CHARGES			
Stage 3 impairment charges at the end of the previous financial year	306,943	-	-
Changed accounting policy for impairment charges	17,137	-	-
Stage 2 impairment charges / value adjustment during the period	20,575	-	-
Reversal of stage 3 impairment charges during the period	-14,417	-	-
Recognised as a loss, covered by stage 3 impairment charges	-35,548	-	-
Cummulative stage 3 impairment total	294,690	-	-
Total cumulative impairment charges for loans and other receivables on the balance sheet date	335,644	339,412	339,709
GUARANTEES			
Provisions beginning of the year	2,578	433	433
Changed accounting policy for provisions for losses on guarantees	6,556	0	0
Loss on guarantees	1,096	1,659	2,234
Transferred to liabilities	0	-41	-89
Guarantees end of year	10,230	2,051	2,578
Total cumulative impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities on the balance sheet date	335,644	341,463	342,287
LOANS ETC. WITH SUSPENDED CALCULATION OF INTEREST	83,019	109,953	117,440
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)	10,000	11,249	10,000
Nominal value hereof	200	231	200
Market value hereof	648	675	735
Own shares proportion of share capital (pct.)	0.10%	0.0%	0.10%

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