

Ringkjøbing Landbobank A/S – Remuneration policy

1. Introduction

1.1 Object and general principles

Pursuant to the Danish Financial Business Act, the executive order on remuneration policy and remuneration in banks etc., the CRR regulation and disclosure requirements for remuneration in financial businesses, the bank's board of directors has adopted the following remuneration policy for Ringkjøbing Landbobank A/S. The remuneration policy also covers the requirement for a remuneration policy pursuant to sections 139 and 139a of the Danish Companies Act.

The general object of the remuneration policy is to establish guidelines for remuneration which complies with and facilitates sound and effective risk management and does not encourage excessive risk taking.

A further object is that the remuneration policy complies with the bank's business strategy, objectives, values, long-term interests, and a tenable business model.

Remuneration is gender-neutral and the bank pays its employees equal salary for equal work, responsibility, and performance irrespective of gender.

Finally, the remuneration policy and the remuneration must comply with the current statutory requirements for the protection of customers and investors and with current legislation in general. The board of directors monitors remuneration, including compliance with the remuneration policy. This monitoring helps to avoid any conflicts of interest in the remuneration of the bank's employees.

The general policy is that a fixed amount of remuneration is paid to the bank's management, which comprises the board of directors and the general management. Remuneration paid to other major risk takers and employees in control functions is also primarily a fixed amount. Only a limited amount of variable remuneration is thus paid to other major risk takers and employees in control functions.

In this way the remuneration policy supports the bank's business strategy of organic growth and long-term interests, as it does not encourage excessive risk taking and remuneration is not linked to short-term goals and operating results. The remuneration policy thus also contributes to sustainability.

The remuneration policy should also be seen in the context of the bank's corporate social responsibility and sustainability policy, which is based on the bank's position in the local communities in which it operates and on the bank's core values: competent, responsive, and proper.

The corporate social responsibility and sustainability policy specifies that the bank wants to be a responsible and value-creating bank that shows social responsibility. The bank works to create good, long-term results for its shareholders and wishes to contribute to creating a sustainable society, focusing on: customers, employees and society.

The bank uses the following remuneration components:

- Board of directors: Fixed amount in the form of a cash fee
- General management: Fixed amount in the form of a fixed basic pay, pension contribution and employee benefits
- Other major risk takers and employees in control functions: Fixed amount in the form of a fixed basic pay, pension contribution and employee benefits plus variable remuneration in the form of a one-off payment for extra effort. The total variable remuneration of the above-mentioned employees must not exceed 10% of the total remuneration paid to them.

Since the bank pays fixed remuneration only to the board of directors and the general management as stated above, the remuneration has neither fully nor partly been made directly dependent on compliance with sustainability goals. The board of directors has instead instructed the general management to place strong emphasis on sustainability when operating the bank. The remuneration paid to other major risk takers and employees in control functions and other employees has neither fully nor partly been made directly dependent on compliance with sustainability goals and, for these employees, there is no connection between their variable remuneration and the integration of sustainability risks.

Payment of fixed remuneration to the board of directors and general management and the limited use of variable remuneration payments to other major risk-takers and employees in control functions are measures which contribute to preventing conflicts of interest.

The basis of the remuneration policy is that the employees' remuneration and employment conditions must be in line with the market, that their remuneration should reflect their competencies and performance for the bank, and that there is a fair relationship between the remuneration paid to the employees and that paid to the management.

2. The board of directors

The remuneration paid to the board of directors must be a fixed amount without any form of variable component or incentive pay.

The fixed remuneration must be in line with the market and reflect the board's performance for the bank.

Under the bank's articles of association, the remuneration paid to the board of directors must be approved by the bank's shareholders' committee.

The shareholders' committee fixes the remuneration for a minimum of one year at a time, and the proposed remuneration must be submitted to the shareholders' committee before commencement of the remuneration period.

The payment to the individual board members is published in the bank's remuneration report.

3. The general management

The remuneration paid to the general management must be a fixed amount and must not contain any form of variable component.

The fixed remuneration must be in line with the market and reflect the general management's performance for the bank.

Remuneration agreements with the bank's general management are negotiated between the remuneration committee, appointed by the board of directors, and the members of the bank's general management, for final approval by the board of directors. Remuneration agreements can be entered into for several years at a time. The payment to the individual members of general management is published in the bank's remuneration report.

The general management's employment conditions have been agreed at different times and differ in respect of terms and conditions for termination and severance pay.

Members of the general management are generally employed with a mutual right of termination, the period of notice being between 6 and 12 months for the general management members and between 12 and 24 months for the bank. The employment contracts also contain conditions for retirement without any right to compensation.

Members of general management are entitled to severance pay corresponding to 0 to 12 months' remuneration if their employment is terminated before they retire.

In addition, members of general management are entitled to severance pay corresponding to 0 to 24 months' remuneration in the event of changes in the controlling interest in the bank.

The employment contracts with members of the general management may be indefinite (i.e., without a fixed term) and are subject to a maximum period of notice of 24 months.

4. Other major risk takers

As needed, and at least once a year, the board of directors identifies those employees whose activities influence the bank's risk profile.

In addition to the board of directors and the general management, who are risk takers by definition, the following employees should be identified as other major risk takers: employees with managerial responsibility for the bank's control functions, including the person(s) responsible for the risk management function, compliance function and internal audit, or for significant departments.

Agreements on the remuneration paid to the bank's other major risk takers are generally entered into by the bank's general management and remuneration is paid in accordance with a current workplace agreement etc.

Other major risk takers may be paid variable salary components in the form of a cash payment within the financial framework for payment of personal allowances under a current workplace agreement, below the cap on variable cash components of salary and subject to current legislation, including the provisions in points 7.1 and 7.3 of the remuneration policy. Severance may also be paid unless deemed to be variable salary in the terms of applicable law.

5. Employees in control functions

Agreements on the remuneration paid to employees in the bank's control functions are generally entered into by the bank's general management and/or HR department and remuneration is paid in accordance with a current workplace agreement etc.

Employees in control functions may be paid variable salary components in the form of a cash payment within the financial framework for payment of personal allowances under a current workplace agreement, below the cap on variable cash components of salary and subject to current legislation, including the provisions in points 7.1 and 7.3 of the remuneration policy. Severance may also be paid unless deemed to be variable salary in the terms of applicable law.

6. Pension policy

The bank does not offer the above groups of persons any pension schemes comparable to variable salary.

7. Remuneration policy for the bank's other employees

7.1 The following applies to employees other than those mentioned in points 4 and 5 of the remuneration policy:

- The remuneration paid to employees in the bank who provide advice to consumers or grant mortgage credit etc. secured on real property is fixed in compliance with the bank's obligations under the good practice rules of the Financial Business Act. The remuneration paid to such employees may not encourage risk-taking which exceeds the bank's risk profile. The remuneration must also be independent of the number or share of applications granted for home loans or other forms of sales targets relating to home loans.
- The remuneration paid to employees in the bank who arrange insurance and pension products is fixed in compliance with the bank's obligations under the current legislation that has implemented the insurance distribution directive.
- The remuneration paid to employees in the bank engaged in providing services under the Danish Act on Investment Companies and Investment Services and Activities is determined so as not to result in a conflict of interest.

7.2 Subject to the above, other employees, i.e., groups of employees other than those listed in points 4 and 5 of the remuneration policy, may be paid variable salary components and severance, and granted pension schemes comparable to variable salary components.

7.3 Variable remuneration of the bank's employees must not depend on the individual employee meeting a sales target which acts as an incentive to disregard the principle of giving honest advice or other good practice rules.

8. Remuneration committee

The board of directors has appointed a remuneration committee to handle the tasks indicated in the current brief adopted by the board of directors.

9. Approval, annual review, and publication of the remuneration policy

The board of directors and its remuneration committee must regularly review the remuneration policy and adjust it to the bank's development etc.

The remuneration committee must carry out the preparatory work for the board's decisions regarding the remuneration policy.

On all significant changes and at least every four years, the remuneration policy must be submitted to the bank's general meeting for approval.

The remuneration policy must be published on the bank's website as quickly as possible after approval by the general meeting together with the date of approval and the result of the vote at the general meeting.

The general meeting must separately approve the remuneration paid to the board of directors for the current financial year.

10. Compliance with the remuneration policy and monitoring of compliance

The bank's board of directors is responsible for implementation of the remuneration policy.

Upon recommendation by the remuneration committee, the bank's board of directors establishes guidelines for monitoring of compliance with the remuneration policy to ensure inter alia that the committee checks compliance with the policy at least once a year. The result of the committee's check must be reported to the board of directors.

The board of directors' remuneration committee must also check the remuneration of the general management, risk manager, compliance manager, internal auditing manager and managers of significant departments. The result of the committee's check must be reported to the board of directors.

Adopted by the board of directors of Ringkjøbing Landbobank A/S on 22 November 2023.

Adopted at the annual general meeting of Ringkjøbing Landbobank held on 28 February 2024

- by 91.59% of the votes represented and by 91.77% of the votes cast*
- by 96.10% of the capital represented and by 97.66% of the capital that casted votes*