

ANNUAL REPORT 2021



Ringkjøbing
Landbobank

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DEAR SHAREHOLDER

2021 was a unique year for Ringkjøbing Landbobank with a record increase in new customers resulting in a 34% increase in profit before tax to DKK 1,538 million and an 18% return on equity.

Our image and a high level of customer satisfaction formed the basis in 2021 for growth of 14% in the bank's loans, 10% in deposits and 35% in customers' funds in custody accounts. This is a highly satisfactory expansion of the bank's foundation. It leads us to hope that 2022 will also be a good year for the bank.

All of this resulted in an increase of 12% in the bank's income and an increase of 4% in expenses. We were therefore able to reduce the bank's rate of costs from 36% to 34%, which is concrete confirmation that our business model is functioning as planned.

In 2021, we purchased the Danish activities of the Luxembourg-based Banque Internationale à Luxembourg S.A. This has strengthened the bank's private banking activities in Aarhus and Holte.

The stock market responded positively to the bank's development. The increase in the bank's share price and the dividend paid resulted in a positive return of 60%. In December 2021, the bank's share was included in the European Stoxx Europe 600 index.

Distribution of 77% of the net profit for the year is recommended to the general meeting. This will be effected through a dividend of DKK 7 per share and share buy-back programmes of DKK 738 million.

In recent years we have worked to make our bank more sustainable and this year we publish the bank's third ESG report. In the report we provide a status of the work of modifying our products to make them more sustainable and complying with the reporting requirements for both investments and loans. We also describe our support of and work with more than 1,400 associations, clubs and events, which is very important to us.

We would like to thank our highly skilled employees who have made an extraordinary effort in a year when we have again all had to be very flexible in various ways as a result of the coronavirus pandemic. The expertise, loyalty and indomitable spirit of our employees are an unsurpassed combination.

We believe that we will learn to live with the coronavirus in 2022 and that society will come closer to normalisation. Serving our existing customers and continuing the increase in new customer relationships by winning additional market share will be our principal tasks. We expect profit before tax to be in the range DKK 1,300-1,650 million.

Finally we would like to thank our customers and you, our shareholders, for the strong support which the bank enjoys.



John Bull Fisker
CEO

ANNUAL REPORT – HIGHLIGHTS

- The profit before tax is DKK 1,538 million, equivalent to an 18% p.a. return on equity
- Income increases by 12% and expenses increase by 4%, reducing the rate of costs to 33.6%
- Impairment charges decrease to DKK 68 million and the management estimates increase to DKK 631 million
- Continued increase in new customers results in growth of 14% in loans, 10% in deposits and 35% in funds in custody accounts
- Customer satisfaction and image high or highest in several surveys
- The pay-out ratio is 77% of net profit for 2021 and will be effected through a dividend of DKK 7 per share and share buy-back programmes totalling DKK 738 million
- In late 2021, the bank's share was included in the Stoxx Europe 600 index
- The expectations for profit before tax in 2022 of between DKK 1,300 million and DKK 1,650 million.

MAIN AND KEY FIGURES

(2017-2018 pro forma)

	2021	2020	2019	2018	2017
Main figures for the bank (DKK million)					
Total core income	2,433	2,179	2,116	2,001	1,917
Total expenses and depreciation	817	788	805	866	845
Core earnings before impairments	1,616	1,391	1,311	1,135	1,072
Impairment charges for loans etc.	-68	-223	-100	-43	-70
Core earnings	1,548	1,168	1,211	1,092	1,002
Result for the portfolio etc.	+7	-9	+49	+77	+84
Special costs	17	15	15	217	22
Profit before tax	1,538	1,144	1,245	952	1,064
Net profit for the year	1,229	920	978	778	848
Equity	8,723	8,146	7,610	7,189	6,769
Deposits including pooled schemes	43,740	39,639	38,128	36,993	35,854
Loans	41,179	36,241	35,465	33,350	31,173
Balance sheet total	60,357	54,862	52,941	49,651	46,324
Key figures for the bank (percent)					
Profit before tax / average equity	18.2	14.5	16.8	13.8	16.3
Net profit for the year / average equity	14.6	11.7	13.2	11.3	13.0
Rate of costs	33.6	36.2	38.0	43.3	44.1
Common equity tier 1 capital ratio	17.6	17.5	14.7	14.6	15.8
Total capital ratio	22.3	21.1	20.0	18.4	17.3
MREL capital ratio	27.8	26.7	27.3	24.9	-
Key figures per DKK 1 share (DKK)					
Core earnings	54	40	41	37	31
Profit before tax	54	39	43	32	34
Net profit for the year	43	32	34	26	27
Book value	307	280	260	240	175
Price, end of year	878	554	514	340	322
Dividend	7	7	11	10	9

MANAGEMENT'S REVIEW

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Core earnings

Core income

Interest

Net interest income was DKK 1,343 million in 2021 compared to DKK 1,256 million in 2020, an increase of 7%. The bank is satisfied with this development.

The development is attributable to a 14% increase in lending compared to the end of December 2020. The increase in lending is broadly based and relates to both niches and retail, including increased drawings on credit lines by the bank's business customers in the fourth quarter of 2021. In addition, the bank took over the client portfolio from BIL Danmark in the third quarter of 2021.

The total interest margin at the end of the year was at the same level as at the end of 2020, although the bank lowered the threshold for negative interest on personal customers' deposits to DKK 100,000 with effect from the beginning of January 2021. With effect from 1 July 2021, the bank lowered the interest rate on deposits from business customers. The deposit rate was lowered by 0.10 percentage point from the beginning of November 2021 for business customers and from the beginning of December 2021 for personal customers in consequence of Danmarks Nationalbank's (the central bank of Denmark) reduction of the interest rate on 1 October 2021. The interest margin on the bank's loans was thus under pressure in 2021.

Fee, commission and foreign exchange income

Fee, commission and foreign exchange income amounted to DKK 906 million in 2021, compared to DKK 770 million in 2020, an increase of 18%. The bank is highly satisfied with this development, and the increase reflects a very high level of activity – especially in the first and last quarters of the year. However, the general levels of activity in both the second and third quarters of 2021 were also higher than before.

The sources of net fee, commission and foreign exchange income were as follows:

(DKK million)	2021	2020	2019	2018	2017
Securities trading	171	138	128	88	86
Asset management and custody accounts	182	150	148	160	183
Payment handling	84	63	79	91	83
Loan fees	81	82	103	40	31
Guarantee commission and mortgage credit commission etc.	245	225	217	214	200
Other fees and commission	85	71	80	63	53
Foreign exchange income	58	41	30	31	31
Total	906	770	785	687	667

The bank's focus on the private banking segment has had a positive effect on the "Securities trading", "Asset management and custody accounts" and "Foreign exchange income" items in particular.

Due to the high level of activity and the continued big increase in new customers, "Guarantee commission and mortgage credit commission etc." also developed positively with a 10% increase in arranged mortgage loans compared to 2020.

The item "Loan fees" remained unchanged in 2021 relative to 2020. The activity level was stagnant to slightly down in 2021.

Initiatives aimed at normalising the income from payment handling activities were implemented with effect from 1 April 2021. These initiatives are reflected in the income from "Payment handling", which has improved compared to 2020.

Finally, the income from "Other fees and commission" developed positively compared to 2020. This is partly attributable to the bank's focus on the pension and insurance activities.

There was a large increase in customers' funds in custody accounts etc. in 2021. There are several reasons for this including the increase in customer numbers, the bank's focus on private banking and the increases in the value of securities. In the second half of 2021, funds in custody accounts were also positively affected by the bank's takeover of BIL Danmark's client portfolio.

Funds in custody accounts etc. (DKK million)	End of 2021	End of 2020	End of 2019	End of 2018
Custody account holdings	74,589	54,811	48,186	39,668
Deposits in pooled schemes	5,538	4,700	4,276	3,786
Letspension / PFA Pension	3,408	2,576	2,050	1,472
Total	83,535	62,087	54,512	44,926

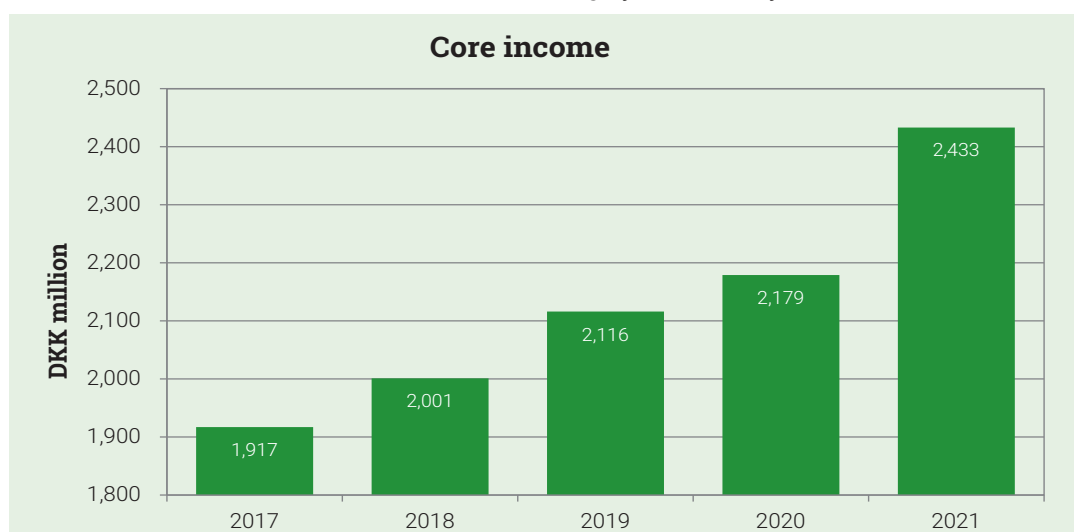
Sector shares and other operating income

Total earnings from banking sector shares amounted to DKK 179 million in 2021 compared to DKK 151 million in 2020. The earnings derive primarily from return on the bank's ownership interests in BankInvest (BI Holding), DLR Kredit and PRAS.

Other operating income stood at DKK 5 million in 2021, in contrast to 2020, when this item was DKK 2 million. The other operating income for the year relates primarily to the sale of a property.

Core income

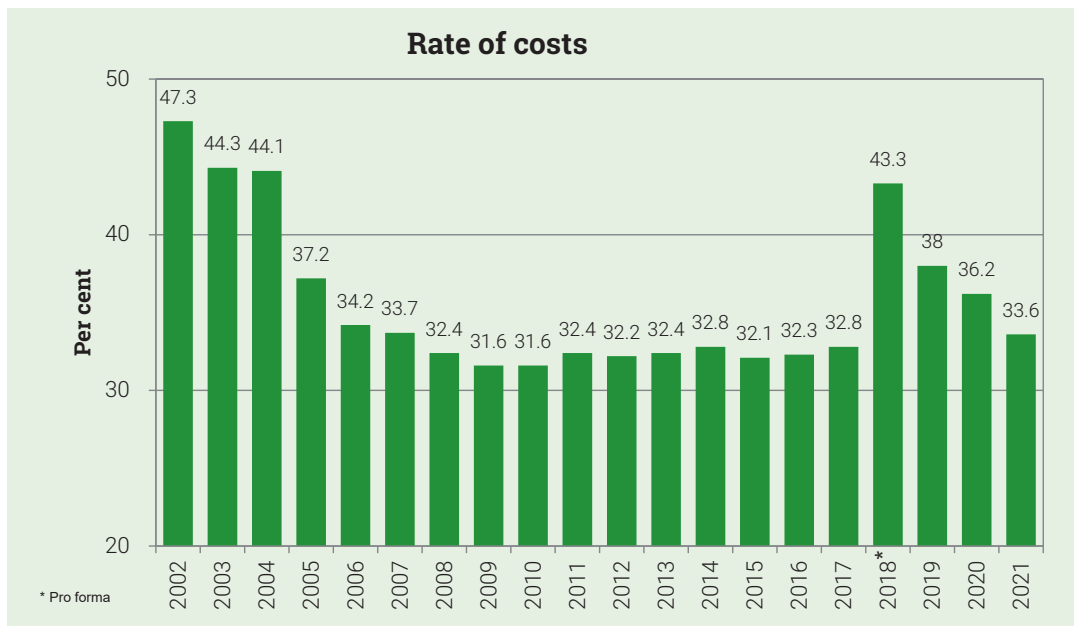
Total core income increased by 12%, from DKK 2,179 million in 2020 to DKK 2,433 million in 2021. The bank considers the increase highly satisfactory.



Expenses, depreciation and write-downs

Total expenses including depreciation and write-downs on tangible assets amounted to DKK 817 million in 2021, compared to DKK 788 million in 2020, an increase of 4%. The increase reflects the high levels of activity and the purchase of BIL Danmark.

The rate of costs was 33.6% in 2021, compared to 36.2% in 2020. It is considered highly satisfactory that the rate of costs is now back down to the level that applied before the merger of Ringkjøbing Landbobank and Nordjyske Bank in 2018.



A low cost rate combined with good credit quality are the foundation for the bank’s business model. This combination provides a high free cash flow and a strong revenue shield.

The bank’s business model is functioning as planned and a cost rate below 33% is not in itself a goal. In the years to come we therefore expect the bank’s costs to increase as income grows.

Impairment charges for loans etc.

Impairment charges for loans etc. represented an expense of DKK 68 million in 2021, compared to an expense of DKK 223 million in 2020. The expense thus amounted to 0.15% of the total loans and guarantees at the end of 2021, compared to 0.48% the year before.

Seen in isolation, the total expenses for losses and impairment charges were DKK 7 million in the fourth quarter of 2021, compared to DKK 38 million in the same quarter of 2020. The trend in the bank's expenditure for losses and impairment charges has been decreasing each quarter since the first quarter of 2020.

During 2021, the bank's total account for impairment charges increased by DKK 79 million to DKK 2,283 million and amounted to 4.2% of the bank's total loans and guarantees at the end of 2021. DKK 1,174 million of the total account for impairment charges is attributable to stage 3 exposures. The remainder is attributable to stage 1 and 2 exposures.

Actual losses were at an acceptable level in 2021. The development has generally been positive with lower losses and impairment charges than expected at the beginning of the year.

In the bank's judgment, however, several events have occurred that result in credit uncertainty which cannot yet be detected in the individual exposures. We also see some uncertainty in the use of the statistical models the bank uses to calculate impairment charges for stage 1 and 2 customers. To counter these risks, the bank increased the management estimates from DKK 566 million to DKK 631 million during 2021.

These estimates include the risks which, in the bank's assessment, may still be connected with the coronavirus situation, e.g. the impact on global supply chains with the resulting shortage of components and increases in prices, including the recent marked increases in global energy prices.

The bank has also increased the management estimate for exposure to the agricultural sector, partly based on the uncertainty of how the reform of the subsidies per hectare will affect the price of farm land and partly based on the currently very low pork and piglet prices paid to farmers. The bank's total exposure to pig farming amounts to 1.1% of the total loans and guarantees, compared to 1.2% the year before. The bank has currently written down the exposure to pig farming by 20.5%.

The bank also assesses that we do not yet fully know the long-term effect on Danish fisheries of the political agreements made in the wake of Brexit. This risk is also included in the bank's management estimates. The bank's exposure to fisheries amounts to 1.4% of the total loans and guarantees, compared to 1.8% the year before.

The quality of the bank's personal customer portfolio developed positively in 2021, despite the coronavirus. Unemployment is historically low and the housing market has also developed positively with large price increases. Despite this a management estimate has also been added for write-downs on the personal customer portfolio based on the judgment that the different stimulus measures have resulted in an abnormally positive picture of the credit quality.

The bank's loans with suspended calculation of interest decreased from DKK 265 million at the end of 2020 to DKK 98 million at the end of 2021.

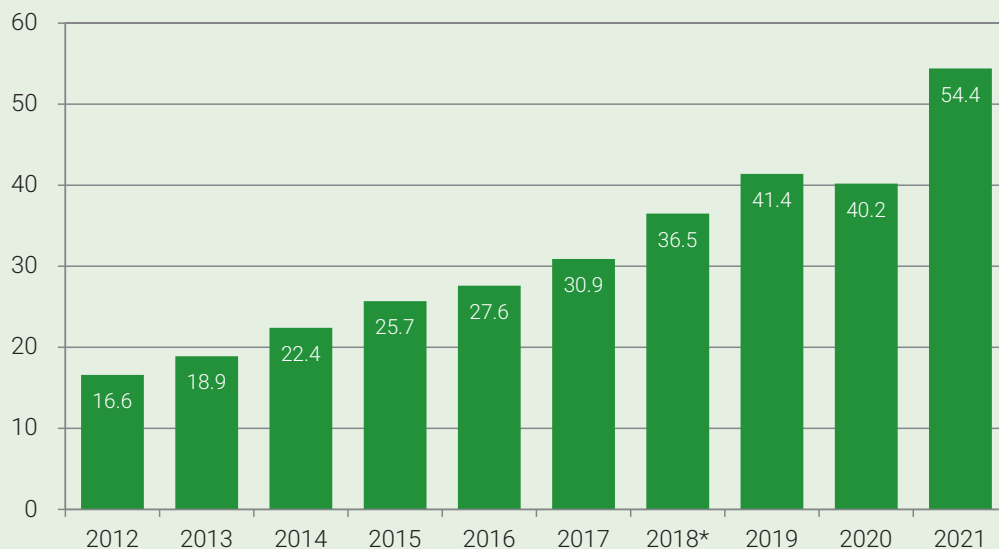
Core earnings

Core earnings in 2021 totalled DKK 1,548 million compared to the previous year's DKK 1,168 million, an increase of 33%.

(DKK million)	2021	2020	2019	2018	2017
Total core income	2,433	2,179	2,116	2,001	1,917
Total expenses and depreciation	817	788	805	866	845
Core earnings before impairments	1,616	1,391	1,311	1,135	1,072
Impairment charges for loans etc.	-68	-223	-100	-43	-70
Core earnings	1,548	1,168	1,211	1,092	1,002

The bank places emphasis on the key figure "Core earnings per share" and how it develops. Over the period 2012 to 2019, the bank has been able to increase core earnings per share each year. In 2020, "Core earnings per share" were negatively affected by the increase in impairment charges resulting from the coronavirus situation. In 2021, the bank again delivered an increase in "Core earnings per share", by 35% from DKK 40.2 in 2020 to DKK 54.4 in 2021. The development in earnings and the share buy-back programmes completed in 2021 positively affected "Core earnings per share".

Core earnings per DKK 1 share (DKK)



* Pro forma figures

Result for the portfolio etc.

The result for the portfolio etc. including portfolio funding costs was positive by DKK 7 million net for 2021. In 2020, the result for the portfolio etc. was negative by DKK 8 million net.

Amortisation and write-downs on intangible assets

The bank treats amortisation and write-downs on intangible assets as a special item, since expensing them enhances the quality of equity and helps to reduce the deduction when computing total capital.

Amortisation and write-downs on intangible assets amounted to DKK 17 million in 2021, which is marginally higher than the DKK 15 million in 2020. The increase is attributable to amortisation of the purchase of the BIL Danmark client portfolio.

Profit before and after tax and follow-up on financial expectations for 2021

The profit before tax was DKK 1,538 million, equivalent to an 18.2% p.a. return on average equity, which is considered satisfactory.

The net profit for the year was DKK 1,229 million, equivalent to a 14.6% p.a. return on average equity.

On publication of the 2020 annual report, the bank announced its expectations for core earnings for 2021 in the range DKK 1,100-1,300 million and profit before tax in the range DKK 1,000-1,300 million.

On 8 June 2021, the bank upwardly adjusted its expectations for 2021 to core earnings in the range DKK 1,300-1,500 million and profit before tax in the range DKK 1,200-1,500 million. The background to the upward adjustment was primarily a better income flow than previously expected, including from a continued large increase in customers and a high level of activity.

On 27 October 2021, the bank announced that it maintained the upwardly adjusted expectations and specified that it expected results at the upper end of the ranges.

On 6 January 2022, the bank upwardly adjusted its expectations for core earnings from the DKK 1,300-1,500 million range to approximately DKK 1,545 million and the expectations for profit before tax from the DKK 1,200-1,500 million range to approximately DKK 1,535 million. The background to the upward adjustment was again a continued satisfactory income flow including continued growth in loans, a continued large increase in customers and continued satisfactory credit quality.

Core earnings stood at DKK 1,548 million and profit before tax at DKK 1,538 million, both realised as announced on 6 January 2022.

Balance sheet items and contingent liabilities

The bank's balance sheet total stood at DKK 60,357 million at the end of 2021, compared to DKK 54,862 million the year before.

Deposits including pooled schemes increased by 10% in 2021: from DKK 39,639 million at the end of 2020 to DKK 43,740 million at the end of 2021. The bank's loans increased by 14%: from DKK 36,241 million at the end of 2020 to DKK 41,179 million at the end of 2021.

Equity increased from DKK 8,146 million at the end of 2020 to DKK 8,723 million at the end of 2021.

The bank's contingent liabilities, including guarantees, at the end of the year amounted to DKK 10,270 million, compared to DKK 9,812 million at the end of 2020.

Credit intermediation

In addition to the traditional bank loans shown on its balance sheet, the bank also arranges mortgage loans on behalf of both Totalkredit and DLR Kredit.

With an increase of 12% compared to the end of 2020, the development in the bank's total credit intermediation was very positive in 2021. The development is shown in the following summary:

Total credit intermediation (DKK million)	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
Loans and other receivables at amortised cost	41,179	36,241	35,465	33,350
Arranged through Totalkredit	43,849	39,454	36,374	32,905
Arranged through DLR Kredit	9,778	9,511	9,029	8,693
Arranged through others	394	-	-	-
Total	95,200	85,206	80,868	74,948

Securities and market risk

The item "Shares, etc." amounted to DKK 1,467 million at the end of 2021, with DKK 29 million in listed shares and investment fund certificates and DKK 1,438 million in sector shares etc., mainly in the companies DLR Kredit, BI Holding and PRAS.

The bond portfolio amounted to DKK 6,744 million, of which the majority consisted of AAA-rated Danish mortgage credit bonds.

The total interest rate risk – impact on profit of a 1 percentage point change in the interest level – was computed as 0.4% of the bank's tier 1 capital on 31 December 2021, the equivalent of DKK 31 million.

The bank's risk of losses calculated on the basis of a Value at Risk model (computed with a 10-day horizon and 99% probability) was as follows in 2021:

Value at Risk	Risk in DKK million	Risk relative to equity end of year in %
Highest risk of loss:	15.0	0.17%
Lowest risk of loss:	4.4	0.05%
Average risk of loss:	9.8	0.11%
End of year risk of loss:	7.8	0.09%

The bank's total market risk within exposures to interest rate risk, listed shares etc. and foreign currency remains at a moderate level, and this policy will continue.

Liquidity

The bank's liquidity situation is good. The bank's short-term funding with term to maturity of less than 12 months amounts to DKK 1.3 billion, balanced by DKK 10.4 billion in short-term deposits in Danmarks Nationalbank and in liquid tradable securities.

The bank's deposits (excluding pooled schemes) and equity exceeded its loans by DKK 5.7 billion and these two items therefore more than fully finance the loan portfolio. In addition, part of the loan portfolio for renewable energy projects is financed back-to-back with KfW Bankengruppe, which means that DKK 1.2 billion can be disregarded in terms of liquidity.

In terms of liquidity, the bank must comply with the statutory requirement of at least 100% for both of the two liquidity ratios LCR and NSFR.

On 31 December 2021 the bank's LCR was 176% and its NSFR 116%. The bank thus met the statutory requirement for both ratios by a good margin.

The Supervisory Diamond

The bank carefully complies with the Danish FSA's Supervisory Diamond. The Supervisory Diamond now contains four different benchmarks and associated limit values which Danish banks are expected to observe.

With effect from 1 July 2021 and following the implementation of the NSFR, the "Funding ratio" benchmark was removed from the Supervisory Diamond.

The Supervisory Diamond benchmarks and limit values and the bank's key figures are given in the following table.

Benchmark	Limit value	2021	2020	2019	2018	2017
Liquidity benchmark	>100%	161.1%	177.6%	193.2%	179.5%	-
Total large exposures	<175%	109.8%	99.8%	121.0%	106.0%	136.1%
Growth in loans	<20%	13.5%	2.2%	6.3%	72.3%*	10.7%
Real property exposure	<25%	18.4%	17.9%	17.5%	15.8%	18.0%

* The increase was mainly caused by the merger. The pro forma growth in loans relative to December 2017 was 7.0%.

As shown above, Ringkjøbing Landbobank meets all four current limit values by a good margin.

Rating

The bank is rated by the international credit rating agency Moody's Investors Service.

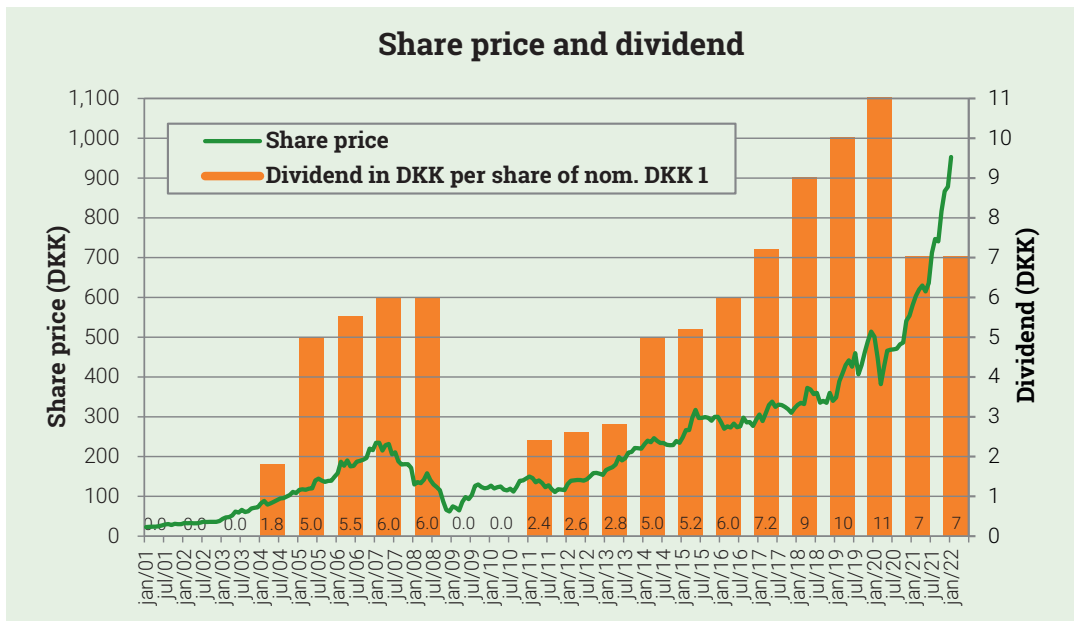
The most important ratings, confirmed most recently on 22 September 2021, are as follows:

Rating	Assigned rating
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Long Term Bank Deposits	Aa3
Short Term Bank Deposits	P-1
Long Term Issuer Rating	A1
Short Term Issuer Rating	P-1
Outlook	Stable

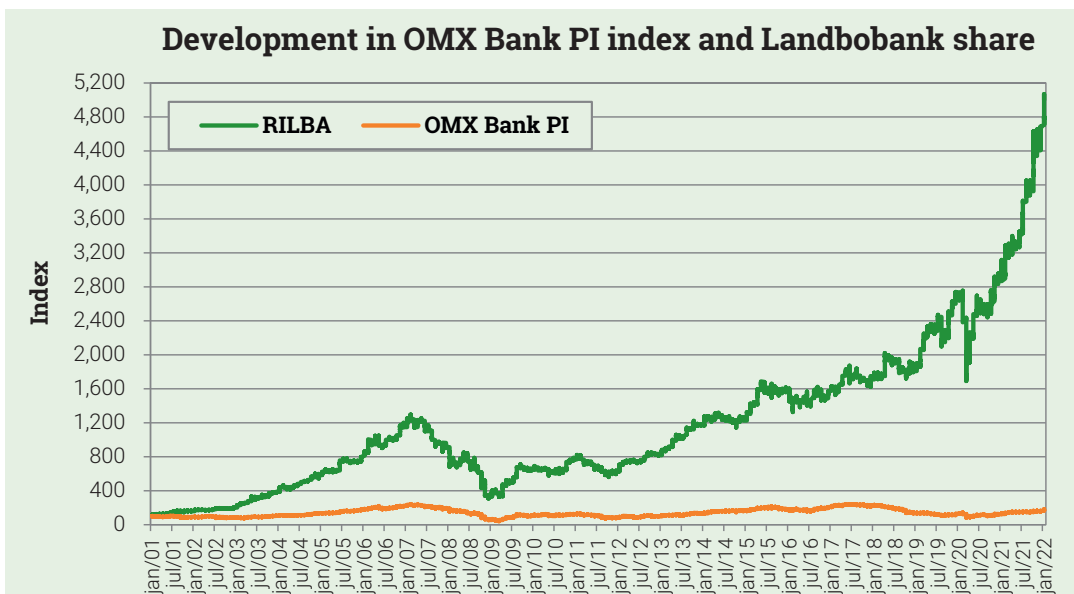
The bank's share

The bank's share is listed on the Nasdaq Copenhagen and the volume in circulation is 100%. The share is part of the Large Cap index and was included in the Stoxx Europe 600 index in late 2021.

At the beginning of 2021 the share price was 554.0. At the end of 2021, the price had increased to 878.0. The market capitalisation thus totalled DKK 25.5 billion.



The return on the share in 2021 was 60% including the dividend of DKK 7.0 distributed in 2021.



Including dividends up to and including the 2021 financial year and given the share price on 31 December 2021, the average annual return on an investment in the bank's shares at the beginning of 2001 is 21%.

As indicated in the chart above, the bank's share has outperformed the index for banks (OMX Copenhagen Banks PI) in the same period.

BIL Danmark

In June 2021, the bank entered into an agreement with Banque Internationale à Luxembourg S.A., of Luxembourg, regarding takeover of all BIL Danmark's clients.

Payment for the client portfolio will take the form of an earn-out, based on earnings over a two-year period. In this connection, intangible assets in the form of client relationships equivalent to DKK 45 million have been capitalised on the bank's balance sheet.

The client transfer process for deposits and loans of around DKK 1 billion each was completed satisfactorily in the third quarter of 2021. The takeover of the BIL Danmark client portfolio has strengthened the bank's position in private banking.

Organisational changes etc.

In 2021, various adjustments to the bank's organisational structure and administrative set-up were decided. The aim of all the adjustments is to strengthen the bank's specialist environments to ensure the continued best possible advisory services and experience for its customers. All adjustments have been implemented successfully and will result in some specific savings.

The employees in the bank's branch in Hvide Sande are now permanently attached to the head office in Ringkøbing, but the Hvide Sande branch will continue to be the venue for customer meetings etc.

The bank's branch on Kastetvej in Aalborg has been combined with the branch in Hasseris, Aalborg. This has made Hasseris one of the bank's biggest retail customer branches.

Finally, Central Production in North Jutland, which has so far had two locations in Nørresundby and Frederikshavn respectively, has been consolidated in one location in Frederikshavn.

During 2021, staffing has increased in the most successful branches with the biggest increases in customers. This has resulted in a cost increase.

It was also decided in 2021 to establish a middle office in the securities area and to increase the staffing in IT security and compliance-related matters for implementation in 2022. This will also increase the costs.

Finally, in 2021 the bank decided and started an enlargement of the head office in Ringkøbing by just over 1,300 m². The plan is to complete the enlargement in late 2022.

The enlargement of the head office will ensure that the bank can continue to pursue an organic growth strategy.

IT development

New mobile banking service

The bank's IT supplier, Bankdata, supplied a new mobile banking app for the bank's personal customers in 2021. The app was rolled out successfully to the bank's customers in the third quarter of 2021. The new mobile banking app establishes a new future-proofed communication platform with the customers. It contains details on housing, pension and assets and also offers good possibilities for customer self-compliance and better security and integration with third parties. New functions for the mobile banking app are expected to be developed and implemented on an ongoing basis.

Securities trading

As part of the implementation of the new mobile banking app, the investment platform in the bank's online and mobile banking services was also upgraded. The bank further decided to lower the minimum brokerage on trading in Danish and international shares for transactions made online or via the mobile banking app.

Darwin and "A world of difference"

Through BankInvest, the bank launched an investment robot in 2018: Darwin. The investment robot will now be relaunched with a changed investment mix where all funds are now also ESG screened.

At the same time and also in partnership with BankInvest, a new website will be introduced: "A world of difference". The website enables the bank's customers to test their attitudes to various ESG-related issues and, based on their preferences, suggests an investment portfolio.

MitID

2021 was also the year when the replacement of NemID by MitID started. The aim is to strengthen security and the replacement will continue, and is scheduled to be completed, in 2022.

Foreign exchange trading

In the second half of 2021, the bank introduced a new trading platform enabling the bank to offer large business customers online foreign exchange trading.

Customer satisfaction, image and reputation, bank of the year and customer inflow

We are pleased, proud and humbled to note that the bank has obtained highly satisfactory scores in different surveys and analyses.

Reputation/image and customer satisfaction

In September 2021, the market research company Voxmeter published a reputation/image survey of Danish financial institutions. The analysis is based on 39,000 respondents and the bank's two brands obtained the following places:

- The Ringkjøbing Landbobank brand is no. 1
- The Nordjyske Bank brand is no. 4

In October 2021, Berlingske published an image analysis of more than 100 of the biggest companies in Denmark produced in partnership with IFO - Institutet for Opinionanalyse. The image analysis is based on answers from 2,217 executives and Ringkjøbing Landbobank was the financial institution with the highest placing.

In November 2021, the online news portal FinansWatch published an analysis of the image of Danish financial companies in partnership with the market research company Wilke. The analysis is based on answers from a representative sample of just over 5,000 Danes. This analysis placed Ringkjøbing Landbobank highest among banks.

In January 2022, the market research company Voxmeter published a customer satisfaction survey of Danish financial institutions. The Voxmeter survey is by far the biggest in Denmark and based on more than 60,000 respondents. The bank's two brands obtained the following places:

- The Ringkjøbing Landbobank brand is no. 2
- The Nordjyske Bank brand is no. 8

Bank of the year

In addition to the satisfactory placings in terms of customer satisfaction, image and reputation, the bank was awarded the accolade of Bank of the Year among major banks for the sixth time in a row in June 2021.

Happy customers and skilled staff are fundamental to a good bank. As in previous years, the award was made by FinansWatch in collaboration with the audit and consultancy firm EY.

Customer inflow

The high level of customer satisfaction and the bank's good image and reputation have contributed to the continued highly satisfactory growth in new customers and good retention of customers in 2021, as in previous years.

The coronavirus situation

We see support of our customers and business partners during the coronavirus pandemic as an important part of our task. From the start of the pandemic we have, of course, also placed great emphasis on protecting our employees to lessen the risk of transmission of the virus.

The bank has thus prepared for operating in an ever-changing environment due to the coronavirus situation and for potential reintroduction of varying restrictions.

The bank supports the Government's and Finance Denmark's declaration of intent of 9 September 2021 regarding termination of the governmental loan schemes.

ESG report

In addition to this annual report, the bank also publishes its third ESG report today. The ESG report contains the bank's annual statutory statement on corporate social responsibility and its Communication On Progress (COP report) in connection with the bank's endorsement of the Ten Principles of the UN Global Compact.

Like the rest of the sector, the bank is facing the big task of mapping and publishing the carbon emissions from its loans and the securities it either owns or has under management. This means that the bank must comply with the recommendations of the Forum for Sustainable Finance, and the information will form a basis for the work on carbon reduction in Denmark and for the future Danish financial sector.

The 2021 ESG report for the first time contains information on portfolio level carbon emissions from the bank's own securities portfolio and from securities in the bank's management or pooled schemes. Portfolio-level information on carbon emissions from the bank's loan portfolio is planned to be part of the ESG report for 2022.

Expected results and plans for 2022

In 2021, core earnings were DKK 1,548 million and profit before tax was DKK 1,538 million.

2021 was a year when the bank continued its organic growth strategy and purchased the BIL Danmark client portfolio.

Both helped strengthen and increase the bank's customer base. The bank also took various organisational initiatives in 2021 to further strengthen its set-up.

It is judged therefore, that the bank has a stronger basis for continuing to pursue its organic growth strategy by focusing on serving its existing customers and attracting more new ones.

Based on the above, the bank's expectations for 2022 are as follows:

- Total core income is expected to develop positively in 2022 as a result of an expected continued inflow of customers and increase in the business volume.
- An increase of approximately 5% in total expenses is expected in 2022 compared to 2021.
- Impairment charges are expected to remain low in 2022.

On the basis of the above, the bank maintains the previously announced expectations for 2022 for core earnings in the range DKK 1,350-1,650 million and profit before tax in the range DKK 1,300-1,650 million.

Accounting policies

The accounting policies for the 2021 financial year are unchanged compared to the 2020 financial year.

See "Accounting policies etc." in note 51 on page 102 for a detailed description.

Events after the reporting period

No events after 31 December 2021 are judged to have an impact on the annual report for 2021.

Quarterly overviews

The following pages contain quarterly overviews comprising core earnings, balance sheet items and contingent liabilities, and statement of capital.

See note 51 on page 110 for further details on the different items.

Comments on the fourth quarter of 2021

Core income

Core income of DKK 651 million in the fourth quarter of 2021 is the highest ever realised by the bank in a single quarter.

Both net interest income and net fee and commission income thus increased compared to previous quarters and reflect a high level of activity. The quarter was also the first full quarter in which income from the client portfolio taken over from BIL Danmark was included. In addition, the increase in new customers continued in the quarter and the development in the bank's loans was positive although part of the increase in lending was realised towards the end of the quarter.

Expenses

Expenses in the quarter totalled DKK 217 million compared to DKK 212 million in the fourth quarter of 2020.

Impairment charges for loans

As a result of continued satisfactory credit quality, impairment charges in the quarter decreased compared to the previous quarters. Impairment charges in the quarter amounted to DKK 7 million.

The management estimate in the quarter increased during the quarter: from DKK 614 million at the beginning to DKK 631 million at the end of the quarter.

Result for the portfolio

The result for the portfolio in the quarter was positive by DKK 11 million.

Quarterly overviews

Core earnings

(DKK million)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net interest income	355	336	327	325	321	319	311	305
Net fee and commission income excluding securities trading	182	170	166	159	156	147	136	152
Income from sector shares etc.	47	49	43	40	43	38	35	35
Foreign exchange income	15	14	13	16	13	9	9	10
Other operating income	0	0	1	4	1	0	1	0
Total core income excluding securities trading	599	569	550	544	534	513	492	502
Securities trading	52	34	29	56	32	39	28	39
Total core income	651	603	579	600	566	552	520	541
Staff and administration expenses	206	191	195	198	206	179	190	191
Depreciation and write-downs on tangible assets	9	3	4	3	4	5	2	3
Other operating expenses	2	2	2	2	2	2	0	4
Total expenses etc.	217	196	201	203	212	186	192	198
Core earnings before impairment charges for loans	434	407	378	397	354	366	328	343
Impairment charges for loans and other receivables etc.	-7	-13	-19	-29	-38	-44	-66	-75
Core earnings	427	394	359	368	316	322	262	268
Result for the portfolio etc.	+11	-1	+7	-10	+15	+17	+29	-70
Amortisation and write-downs on intangible assets	5	4	4	4	4	3	4	4
Merger and restructuring costs	0	0	0	0	0	0	0	0
Non-recurring costs	0	0	0	0	0	0	0	0
Profit before tax	433	389	362	354	327	336	287	194
Tax	79	87	71	72	64	64	60	36
Net profit for the year	354	302	291	282	263	272	227	158

Quarterly overviews – continued

Core earnings – continued

Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
292	294	296	291	289	287	284	287	288	277	280	279
154	163	159	150	146	136	141	146	130	128	154	138
36	36	36	37	39	34	49	38	31	30	30	29
8	9	8	6	8	8	9	6	7	8	8	8
5	7	0	1	2	1	2	1	1	2	2	1
495	509	499	485	484	466	485	478	457	445	474	455
35	29	23	41	17	23	20	28	18	24	20	24
530	538	522	526	501	489	505	506	475	469	494	479
202	180	198	198	221	203	217	206	225	202	201	201
9	8	4	2	3	3	2	8	3	3	2	3
1	0	2	1	1	0	1	1	2	1	1	1
212	188	204	201	225	206	220	215	230	206	204	205
318	350	318	325	276	283	285	291	245	263	290	274
-25	-26	-24	-25	-25	-20	-11	+13	+3	-17	-23	-33
293	324	294	300	251	263	274	304	248	246	267	241
-4	+20	+7	+26	-20	+4	+3	+90	-2	+22	+26	+38
4	3	4	4	4	3	12	6	5	6	5	6
0	0	0	0	26	46	46	4	-	-	-	-
0	0	0	0	1	0	69	0	-	-	-	-
285	341	297	322	200	218	150	384	241	262	288	273
62	66	76	63	46	37	33	58	47	52	62	55
223	275	221	259	154	181	117	326	194	210	226	218

Quarterly overviews – continued

Balance sheet items and contingent liabilities

(DKK million)	End of Q4 2021	End of Q3 2021	End of Q2 2021	End of Q1 2021	End of Q4 2020	End of Q3 2020	End of Q2 2020	End of Q1 2020
Loans	41,179	38,849	37,268	37,210	36,241	35,479	35,260	36,130
Deposits including pooled schemes	43,740	41,475	41,376	41,766	39,639	39,204	39,670	37,051
Equity	8,723	8,563	8,333	8,132	8,146	7,884	7,612	7,380
Balance sheet total	60,357	57,562	57,123	56,845	54,862	53,956	53,984	51,531
Contingent liabilities	10,270	10,886	11,811	10,370	9,812	9,590	9,379	9,992

Statement of capital

(DKK million)	End of Q4 2021	End of Q3 2021	End of Q2 2021	End of Q1 2021	End of Q4 2020	End of Q3 2020	End of Q2 2020	End of Q1 2020
Common equity tier 1	7,632	7,255	7,274	7,122	7,277	7,049	6,973	6,109
Tier 1 capital	7,632	7,255	7,274	7,122	7,277	7,049	6,973	6,109
Total capital	9,635	8,743	8,763	8,614	8,774	8,553	8,507	8,009
MREL capital	12,033	11,167	11,596	10,837	11,112	11,587	11,580	10,985
Total risk exposure	43,285	41,729	41,063	42,271	41,561	39,682	38,900	41,444
(Percent)								
Common equity tier 1 capital ratio	17.6	17.4	17.7	16.8	17.5	17.8	17.9	14.7
Tier 1 capital ratio	17.6	17.4	17.7	16.8	17.5	17.8	17.9	14.7
Total capital ratio	22.3	21.0	21.3	20.4	21.1	21.6	21.9	19.3
MREL capital ratio	27.8	26.8	28.2	25.6	26.7	29.2	29.8	26.5

Quarterly overviews – continued

Balance sheet items and contingent liabilities – continued

End of Q4 2019	End of Q3 2019	End of Q2 2019	End of Q1 2019	End of Q4 2018	End of Q3 2018	End of Q2 2018	End of Q1 2018	End of Q4 2017	End of Q3 2017	End of Q2 2017	End of Q1 2017
35,465	34,757	34,528	34,195	33,350	32,192	31,970	31,647	31,173	30,368	30,371	29,093
38,128	38,554	39,070	37,439	36,993	36,866	37,313	36,307	35,854	36,065	35,593	34,161
7,610	7,426	7,231	7,071	7,189	7,171	7,066	6,644	6,769	6,609	6,438	6,246
52,941	53,601	52,426	50,266	49,651	49,287	49,859	47,349	46,324	46,500	45,577	43,665
9,665	10,836	10,466	7,976	7,829	8,078	7,809	7,821	7,858	7,382	7,235	6,595

Statement of capital – continued

End of Q4 2019	End of Q3 2019	End of Q2 2019	End of Q1 2019	End of Q4 2018	End of Q3 2018	End of Q2 2018	End of Q1 2018	End of Q4 2017	End of Q3 2017	End of Q2 2017	End of Q1 2017
6,072	5,624	5,441	5,284	5,326	5,099	4,978	5,185	5,381	5,263	5,175	4,909
6,072	5,624	5,441	5,284	5,326	5,099	4,978	5,185	5,381	5,263	5,175	4,909
8,242	7,786	6,854	6,667	6,711	6,470	6,348	5,757	5,921	5,811	5,722	5,442
11,248	10,790	9,551	9,033	9,057	-	-	-	-	-	-	-
41,223	39,547	40,106	38,308	36,385	34,123	33,784	34,314	34,162	32,618	32,197	31,517
14.7	14.2	13.6	13.8	14.6	15.0	14.7	15.1	15.8	16.1	16.1	15.6
14.7	14.2	13.6	13.8	14.6	15.0	14.7	15.1	15.8	16.1	16.1	15.6
20.0	19.7	17.1	17.4	18.4	19.0	18.8	16.8	17.3	17.8	17.8	17.3
27.3	27.3	23.8	23.6	24.9	-	-	-	-	-	-	-

Share buy-back programmes, capital reduction and profit distribution

The bank's board of directors initiated a DKK 255 million share buy-back programme in February 2021 in connection with the distribution of the 2020 profit. In September 2021, the board of directors further decided a DKK 242.5 million share buy-back programme corresponding to the portion of the buy-back that was planned for 2020 but not executed due to the coronavirus situation.

Both share buy-back programmes were completed under the Safe Harbour regulation with the purpose of cancelling the shares bought at a future general meeting.

The annual general meeting also decided to cancel the 160,600 of the bank's own shares bought in 2020. The capital reduction was finalised in May 2021.

It is proposed to the general meeting in March 2022 that the 688,055 shares bought in 2021 and up to and including 25 January 2022 be finally cancelled in connection with a capital reduction, thus reducing the number of shares in the bank from 29,067,721 to 28,379,666.

The bank's actual share capital is thus DKK 28,431,916 in nom. DKK 1 shares, see below.

	Number of shares
Beginning of 2021	29,228,321
May 2021	
Capital reduction by cancellation of own shares	-160,600
End of 2021	29,067,721
Share buy-back programmes	
Purchased in 2021	-635,805
	28,431,916
Purchased in 2022	-52,250
Number of shares following capital reduction	28,379,666

The bank has completed an application process with the Danish FSA regarding distribution of the profit for 2021. Based on this process, the bank's board of directors intends to distribute 77% of the net profit for the year.

The board of directors proposes that a dividend of DKK 7 per share be paid for the 2021 financial year, equivalent to a total of DKK 203 million. A dividend of DKK 7 per share was also paid for the 2020 financial year.

The board of directors further intends to initiate share buy-back programmes totalling DKK 738 million, of which DKK 138 million relates to the profit distribution for 2020.

The first part of the share buy-back programme is for DKK 369 million and expected to begin on 3 February 2022 and end on 28 July 2022. Implementation of the programme is subject to the annual general meeting, as in previous years, authorising the board of directors to acquire the bank's own shares in March 2022.

It is therefore proposed to the general meeting that the bank's board of directors be authorised, as in previous years, to permit the bank to acquire its own shares, in accordance with current legislation, until the next annual general meeting, to a total nominal

value of ten percent (10%) of the share capital, such that the shares can be acquired at current market price plus or minus ten percent (+/- 10%) at the time of acquisition.

The share buy-back programmes will be initiated in several rounds. This means that the amount of the share buy-back programmes must be deducted from the bank's total capital on the dates in 2022 when the bank obtains the Danish FSA's approval and the board of directors decides to initiate the programmes.

Seen in isolation, this will mean a reduction of the bank's common equity tier 1 capital ratio by a total of 1.8 percentage points calculated on the basis of the capital structure on 31 December 2021; 0.9 percentage point of this relates to the first share buy-back programme of DKK 369 million.

Capital objectives and pay-out ratios

Management wants the bank's general capitalisation to be such as will ensure sufficient capital for future growth and for hedging against any fluctuations in the risks assumed by the bank.

At the beginning of 2021, the countercyclical capital buffer was 0%. During 2021, several notices of increases in this capital buffer were issued. On 23 June 2021, the Ministry for Industry, Business and Financial Affairs announced that the countercyclical capital buffer will increase to 1% with effect from 30 September 2022, and on 15 December 2021 it was stated that the buffer will increase by an additional 1 percentage point with effect from 31 December 2022, which means it will total 2% at the end of 2022. The Systemic Risk Council stated on 14 December 2021 that the Council expects to propose a further increase in the buffer to 2.5% at its meeting in March 2022 unless the Council sees signs that the build-up of risk is curbed.

Following the above statements in December 2021 but before presenting this annual report, the board of directors reassessed the capital targets. It has been decided that the common equity tier 1 capital ratio will remain at at least 13.5%, that the total capital ratio will remain at at least 17% and that the target for the MREL capital ratio for covering the MREL requirement and capital buffers will be at least 25% instead of the earlier target of 23.5%. All capital targets are minimum figures that must be met at the end of the year, but there may be fluctuations in the capital ratios over the year.

The bank intends to continue the policy for distributions practised in recent years. The policy has been characterised by stable dividends combined with share buy-back to adjust the capital structure regularly to the development in the bank's total risk exposure amount and its future growth opportunities as envisaged by management.

For quite a few years, the bank's pay-out ratios have been between 60% and 65%. In 2020, DKK 242.5 million of share buy-back programmes totalling DKK 300 million was suspended on the basis of the coronavirus situation. The pay-out ratio for 2019 was therefore 39%. The Danish FSA limited the pay-out ratio for the 2020 profit distribution to a maximum of 50%.

The pay-out ratio for 2021 is calculated at 77%, equivalent to 65% for the 2021 financial year plus a distribution of DKK 138 million (the difference between a 65% and a 50% pay-out ratio for 2020) for the 2020 profit distribution.

Current capital structure

The bank's equity at the beginning of 2021 was DKK 8,146 million. The profit for the year must be added to this, while the dividend paid and the value of the bank's own shares bought must be subtracted. After this, equity at the end of 2021 was DKK 8,723 million.

In October 2021, the bank issued tier 2 capital of DKK 500 million. The issue has a maturity of 10.25 years with a first call (redemption) option after 5.25 years. The interest for the entire term to maturity is agreed at a three-month Cibor rate + a margin of 110 basis points. The interest will be fixed every three months.

At the end of 2021, the bank's tier 1 capital ratio was 17.6%, and the total capital ratio 22.3%.

The bank's capital ratios as at the end of December 2017-2021 were as follows:

Capital ratios	2021	2020	2019	2018	2017
Common equity tier 1 capital ratio	17.6	17.5	14.7	14.6	16.5
Tier 1 capital ratio	17.6	17.5	14.7	14.6	16.5
Total capital ratio	22.3	21.1	20.0	18.4	17.8
MREL capital ratio	27.8	26.7	27.3	24.9	-

Calculated without IFRS 9 transition programmes, the bank's tier 1 capital ratio was 16.3% and the total capital ratio 20.9% on 31 December 2021.

Individual solvency requirement and capital buffers

Ringkjøbing Landbobank focuses on its internally calculated individual solvency requirement, defined as adequate total capital as a percentage of the bank's total risk exposure amount.

Adequate total capital is assessed and calculated, on the basis of an internal calculation model, as the amount which is appropriate to hedge against the bank's current and future risks.

The bank calculates the individual solvency requirement using the 8+ model. The model is based on 8 percentage points, plus any supplements calculated for customers with financial problems, and others. The 8+ model thus takes no account of the bank's earnings and cost base and its robust business model.

Despite this, the bank's individual solvency requirement at the end of 2021 was calculated at 9.3%, which is unchanged relative to the end of 2020. The capital conservation buffer of 2.5% should be added to this, while the countercyclical buffer is currently 0%.

The total requirement for the bank's total capital was thus 11.8% at the end of 2021. Compared with the actual total capital of DKK 9.6 billion, the capital buffer at the end of 2021 was thus DKK 4.5 billion, equivalent to 10.5 percentage points.

For further information, see the summary below.

Individual solvency requirement and excess cover	2021	2020	2019	2018	2017
Individual solvency requirement (%)	9.3	9.3	9.3	9.3	9.0
Capital conservation buffer (%)	2.5	2.5	2.5	1.9	1.3
Countercyclical buffer (%)	0.0	0.0	1.0	0.0	0.0
Total requirement for the bank's total capital (%)	11.8	11.8	12.8	11.2	10.3
Excess cover in percentage points relative to individual solvency requirement	13.0	11.8	10.7	9.1	8.8
Excess cover in percentage points relative to total requirement for total capital	10.5	9.3	7.2	7.2	7.5

The computed adequate total capital is assessed on a regular basis, and regular reports are also made to the Danish FSA.

For further information on the calculation of Ringkjøbing Landbobank's individual solvency requirement, please see the bank's solvency requirement report for the fourth quarter of 2021 on the bank's website at: www.landbobanken.dk/solvency.

MREL requirement

In January 2022, the bank received an updated MREL requirement of 17.8% for 2022 from the Danish FSA. The MREL requirement must always be met.

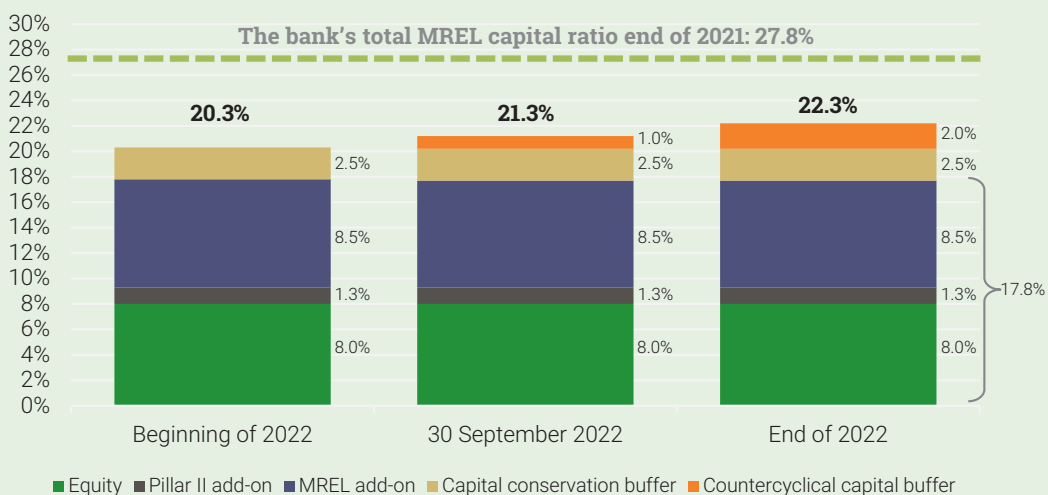
To meet the MREL requirement, the bank issued non-preferred senior capital totalling the equivalent of DKK 1.9 billion from December 2018 to December 2021. In addition, grandfathered contractual senior capital of DKK 0.5 billion was included at the end of 2021. However, this was phased out with effect from 1 January 2022.

The bank's MREL capital ratio was therefore 27.8% at the end of 2021, which met the target fixed for the MREL capital ratio. At the end of 2021, the excess cover relative to the MREL requirement was thus 9.9 percentage points, or 8.8 percentage points if the phased out grandfathered contractual senior capital is excluded.

In January 2022, the bank raised non-preferred senior capital to the equivalent value of DKK 1.1 billion with an average term of 4.1 years. The bank has thus already covered the funding requirement for non-preferred senior capital for 2022. For 2023, the bank assesses that it will have a funding requirement for non-preferred senior capital of approximately DKK 1.5 billion.

The bank can issue non-preferred senior capital under its EMTN programme, which gives the bank a high degree of flexibility.

MREL requirement and MREL capital ratio



Capital adequacy rules

The bank uses the methods below for the calculation of its total risk exposure amount as provided by the CRD IV rules:

Calculation of capital adequacy – methods used

• Credit risk outside the trading portfolio	Standardised Approach
• Counterparty risk	Mark-to-Market Method
• Credit risk reducing method – financial collateral	Comprehensive Method
• Market risk	Standardised Approach
• Operational risk	Basic Indicator Method

As evident from the above, the bank uses the standardised method for calculation of its credit risk and thereby the total risk exposure amount. This approach uses fixed risk weightings.

The method means that the bank does not apply the same down-weighting of risks as those banks which apply one of the advanced methods.

On the other hand, the bank does not experience increasing risk weightings in periods of recession. Relative to the advanced methods, use of the standardised method means significantly greater robustness in the calculated capital ratios and less volatility in the total risk exposure amount.

In 2020, a new five-year phasing-in period for the dynamic component of the IFRS 9 transitional rules was introduced. This meant that the bank was able to add back to its capital the difference between its current stage 1 and 2 impairment charges and the stage 1 and 2 impairment charges on 1 January 2020.

Provided the stage 1 and 2 impairment charges have increased since 1 January 2020, the bank can add back the increase in impairment charges less the effect on tax. The add-back is 100% for 2021, 75% for 2022, 50% for 2023, 25% for 2024, and 0% for 2025. The arrangement's positive effect on the bank's capital ratios is therefore only temporary. The bank thus uses both the static and the dynamic components of the IFRS 9 transitional rules, including the simplified approach to recalculation of capital requirements.

In 2021, the provisions on a backstop for NPEs (non-performing exposures) entered into force. The rules mean that non-performing exposures must be fully deducted from common equity tier 1 within a period of at most ten years. Deduction must be in the form of either write-downs of the exposure or deduction from tier 1 capital. The deduction from common equity tier 1 at the end of 2021 was limited.

In 2021, the bank's portfolio of securities was divided into a trading book and a banking book. This means that risk-weighted assets amounting to approximately DKK 1.3 billion were moved from market risk to credit risk during 2021.

In 2021, the bank started using a new system for calculating the risk-weighted items. The system was delivered by Moody's and implemented at the bank's IT supplier Bankdata. The system ensures continuous updating in line with future legislative amendments.

Risks and risk management

The bank is exposed to various financial risks in its operations, including credit risks, market risks and liquidity risks. There are also a number of non-financial risks, including the risks of money laundering and financing of terrorism, IT risks and other operational risks.

Credit risk is defined as the risk that payment obligations to the bank are non-recoverable because the debtor is either unable or unwilling to pay at the agreed time.

Market risk is defined as the risk that the market value of the bank's assets and liabilities will change as a result of fluctuations in market conditions. The bank's total market risk comprises interest rate risks, foreign currency risks, share price risks and property risks.

Liquidity risk is defined as the risk that the bank's cash resources prevent it from honouring its obligations.

The non-financial risk of money laundering and financing of terrorism is defined as the inherent risk that the bank may be abused for money laundering and financing of terrorism. Another non-financial risk is the risk of non-compliance with financial sanctions.

IT risk is defined as risks associated with the bank's systems and data, including cyber security, compliance with data ethics, the integration and adequacy of the bank's IT systems, dependence on external factors, including subsuppliers, and with the bank's organisation, including ineffective separation of functions.

Other operational risks are those entailing other direct or indirect financial losses as a result of flaws in internal processes and systems, human error or external events.

Policies on risk-taking and management

The framework for the bank's risk-taking is established by the board of directors, which has adopted a policy for each individual risk area which includes a definition of the bank's risk profile in that area. The board reviews and reassesses each policy at least once a year in connection with its position on the bank's general business model and risk profile, or more often if needed.

The bank's general principle for risk-taking is only to take risks within a moderate risk profile which it has the expertise to manage.

The board of directors' review of the bank's business model and associated policies for each individual risk area is based on various risk reports which are supplied to the board.

The reports describe the various risks to which the bank is exposed and give the board a complete picture of the bank's general risk profile. In line with the market possibilities, the board then assesses whether to adjust the bank's business model and risk profile. The reports also act as a basis for a possible decision on adaptation of the policies in the various risk areas.

Apart from the strategic risk management, there is ongoing central operational management and monitoring of the bank's risks in each area. This monitoring is reported to the bank's general management and board of directors. The management function and the control and reporting functions are separate, and the work is performed by different central staff functions in the bank.

The bank's risk manager ensures full reporting of risks which provides an adequate picture of the bank's actual risk taking. In this context, the risk manager prepares a risk management report to the board of directors' risk committee.

The various types of risk are described in more detail below.

Credit risks

Credit risks on loans

Over the years, Ringkjøbing Landbobank has developed to its present status as a local bank in West, Central and North Jutland while also operating within selected niches.

This development has been a part of the bank's strategy, and the management notes with satisfaction that the bank has achieved a significant loan portfolio diversified across industries, geographical areas and otherwise.

In general, the bank assumes moderate credit risks on the basis of policy objectives of striking the right balance between assumed risks and return gained by the bank and keeping the bank's losses below the level of losses in the Danish financial sector.

Historically, Ringkjøbing Landbobank has always operated a sound credit policy, and its focus will remain on ensuring efficient management and monitoring of its total portfolio of loans via its central credit function.

The central credit function regularly reviews and follows up all large exposures. Apart from this routine credit monitoring and management, the bank has developed a set of credit evaluation models which are used to assess the quality of the credit exposure. The models take various factors into account.

The personal customer models (for personal and small business customers) are based on information on the customer's assets, debt gearing and disposable amount as well as a range of behavioural data.

The models for major business customers are based on information on the customer's financial standing and earning capacity.

Using these models, the bank's judgment is that the credit quality for those of the bank's loans and guarantees which have not been impaired has improved relative to last year.

This generally reflects a sound Danish economy with low unemployment and favourable conditions for the bank's niches. So, even though the coronavirus remains a challenge to some industries (to which the bank is not severely exposed), the overall result is an improvement in the bank's credit quality. We refer the reader to note 45 on page 87.

RISKS AND RISK MANAGEMENT

Actual net losses

The table below documents the bank's track record of sound credit policy.

(DKK 1,000)		Loans and other receivables with suspended		Impairments for loans etc.	Total loans and guarantees etc.	Percentage loss before interest*	Percentage loss after interest*
Year	Actual net losses	Actual net losses after interest	calculation of interest				
1987	-6,696	304	10,544	75,000	1,358,464	-0.49%	0.02%
1988	-14,205	-5,205	4,522	93,900	1,408,830	-1.01%	-0.37%
1989	-18,302	-5,302	13,107	117,270	1,468,206	-1.25%	-0.36%
1990	-15,867	-1,867	47,182	147,800	1,555,647	-1.02%	-0.12%
1991	-11,429	3,571	47,626	170,000	1,805,506	-0.63%	0.20%
1992	-32,928	-14,928	43,325	177,900	1,933,081	-1.70%	-0.77%
1993	-27,875	-6,875	30,964	208,700	1,893,098	-1.47%	-0.36%
1994	-14,554	4,446	33,889	223,500	1,938,572	-0.75%	0.23%
1995	-10,806	10,194	27,292	238,800	2,058,561	-0.52%	0.50%
1996	-19,802	-1,802	18,404	233,400	2,588,028	-0.77%	-0.07%
1997	-31,412	-12,412	39,846	236,600	3,261,429	-0.96%	-0.38%
1998	-2,914	18,086	4,905	263,600	3,752,602	-0.08%	0.48%
1999	-442	21,558	18,595	290,450	5,148,190	-0.01%	0.42%
2000	-405	27,595	12,843	316,750	5,377,749	-0.01%	0.51%
2001	-8,038	20,962	14,222	331,950	6,113,523	-0.13%	0.34%
2002	-8,470	20,530	26,290	382,850	7,655,112	-0.11%	0.27%
2003	-22,741	2,259	23,412	394,850	8,497,124	-0.27%	0.03%
2004	-14,554	9,446	18,875	404,855	11,523,143	-0.13%	0.08%
2005	-22,908	192	35,796	357,000	15,522,264	-0.15%	0.00%
2006	-13,531	7,028	20,578	295,000	17,858,787	-0.08%	0.04%
2007	-15,264	4,888	13,190	289,097	19,227,573	-0.08%	0.03%
2008	-34,789	-10,237	22,110	356,083	16,475,975	-0.21%	-0.06%
2009	-73,767	-47,658	62,649	467,025	14,890,027	-0.50%	-0.32%
2010	-69,428	-40,207	66,237	565,035	14,758,234	-0.47%	-0.27%
2011	-78,813	-43,073	61,419	649,856	14,448,638	-0.55%	-0.30%
2012	-90,022	-48,337	113,312	758,363	14,849,602	-0.61%	-0.33%
2013	-69,030	-25,117	85,258	853,421	16,604,640	-0.42%	-0.15%
2014	-53,427	-9,206	58,244	931,398	18,073,200	-0.30%	-0.05%
2015	-87,250	-48,815	74,220	942,950	20,194,063	-0.43%	-0.24%
2016	-86,666	-54,200	59,904	937,128	20,878,475	-0.42%	-0.26%
2017	-45,769	-16,414	24,995	931,035	23,465,775	-0.20%	-0.07%
2018	-251,451	-200,376	209,642	2,040,407	43,220,158	-0.58%	-0.46%
2019	-187,787	-118,934	212,195	2,031,645	47,161,735	-0.40%	-0.25%
2020	-120,051	-60,373	264,721	2,204,620	48,257,615	-0.25%	-0.13%
2021	-49,541	71	97,757	2,283,320	53,680,913	-0.09%	0.00%
35-year average (1987-2021)						-0.49%	-0.06%
10-year average (2012-2021)						-0.37%	-0.19%

* Actual net losses relative to total loans excluding reverse repo transactions, guarantees, impairment charges for loans, provisions for losses on guarantees, and unutilised credit facilities and credit undertakings.

Explanation: The percentage losses are computed as the actual net losses for the year before and after interest on the impaired part of loans as a percentage of total loans, guarantees, impairments for loans and provisions for guarantees. A minus in front of a percentage loss indicates a loss, while a positive percentage loss means that the interest on the impaired part of loans was greater than the actual net losses for the year. All the above figures are computed exclusive of amounts concerning reverse repo transactions and the national Bank Package I etc.

The 10-year average and the 35-year average are calculated as simple averages.

Supplementary comments on actual net losses in 2018, 2019 and 2020: In connection with the merger in 2018, the two banks' impairment policies for losses were harmonised. In 2018 this resulted in full and partial impairment losses on exposures taken over from Nordjyske Bank. This harmonisation continued to a lesser extent in 2019 and partly in 2020.

The local section of the bank is run via branches in the bank's core areas in West, Central and North Jutland. The most important areas within the bank's niche are a Private Banking concept covering asset management for affluent personal clients, medical practitioners' and dentists' purchases of private practices, loans for the financing of

renewable energy including wind turbines, biogas and solar cell systems, and selected wholesale loans, including real property financing.

An important common factor in the niche loans is that the bank attempts to obtain a first mortgage and thereby satisfactory security in the mortgaged assets, which is an important part of its business philosophy.

Credit concentration

The key figure for large exposures is defined as the sum of the bank's 20 largest exposures relative to its common equity tier 1 capital.

The credit quality of the bank's 20 largest exposures is generally high. None of the exposures shows objective evidence of credit impairment, and none of them shows any material signs of weakness.

Credit concentration

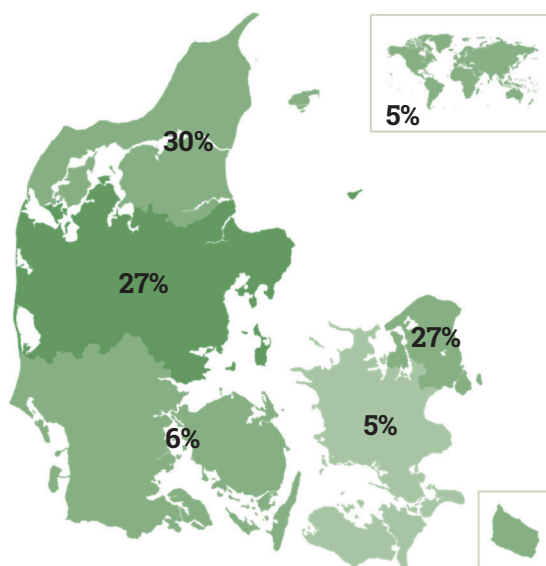
	End of 2021	End of 2020	End of 2019	End of 2018
Total large exposures	109.8%	99.8%	121.0%	106.0%

Explanation: The Danish FSA key figure "Total large exposures".

Geographic spread of the bank's loans and guarantee portfolio

As the figure below shows, considerable geographical diversification of the bank's portfolio of loans and guarantees has been achieved via both the local and niche sections.

The loans via the bank's niche have also helped to ensure major diversification in the bank's loan portfolio, so that this portfolio is less exposed to cyclical economic fluctuations than it would be if the bank were run exclusively as a local bank.



Explanation: Distribution of the bank's portfolio of loans and guarantees before impairments and provisions, based on the customers' addresses.

Credit risks on financial counterparties

Exposure to financial counterparties, and consequently a credit risk, including a settlement risk, arises from the bank's trading in securities, foreign currency and derivative financial instruments, its loans to other banks, and its possession of bonds and payment handling.

The settlement risk is the risk that the bank will not receive payment or securities corresponding to the securities and/or payments which it had made and delivered in the context of trades in securities and/or currency.

The bank's board of directors grants lines for credit risks and settlement risks on financial counterparties. When granting lines, account is taken of the individual counterparty's risk profile, any rating, size, and financial circumstances, and there is continuous follow-up of the lines which are granted. The bank also mitigates its settlement risk concerning clearing of foreign exchange via its membership of a clearing partnership (referred to as the CLS partnership).

The bank has also entered into a number of CSA (Credit Support Annex) agreements in connection with ISDA (International Swaps and Derivatives Association) agreements which had been signed. The CSA agreements contribute to reducing the credit risk for either the bank or the financial counterparties in derivatives contracts. Whether it is the bank or the financial counterparty (with whom the individual derivatives contract was signed) which is hedged depends on the market value of the derivatives in question.

The bank's policy is to keep the credit risk exposure to financial counterparties at a balanced level relative to the bank's size, and limit it to credit institutions of good credit quality.

Receivables from central banks and credit institutions

One of the major items of credit risk exposure to financial counterparties is receivables from central banks and credit institutions. The bank has assumed only a moderate risk on this item and all of the total receivables from central banks and credit institutions are thus due within three months.

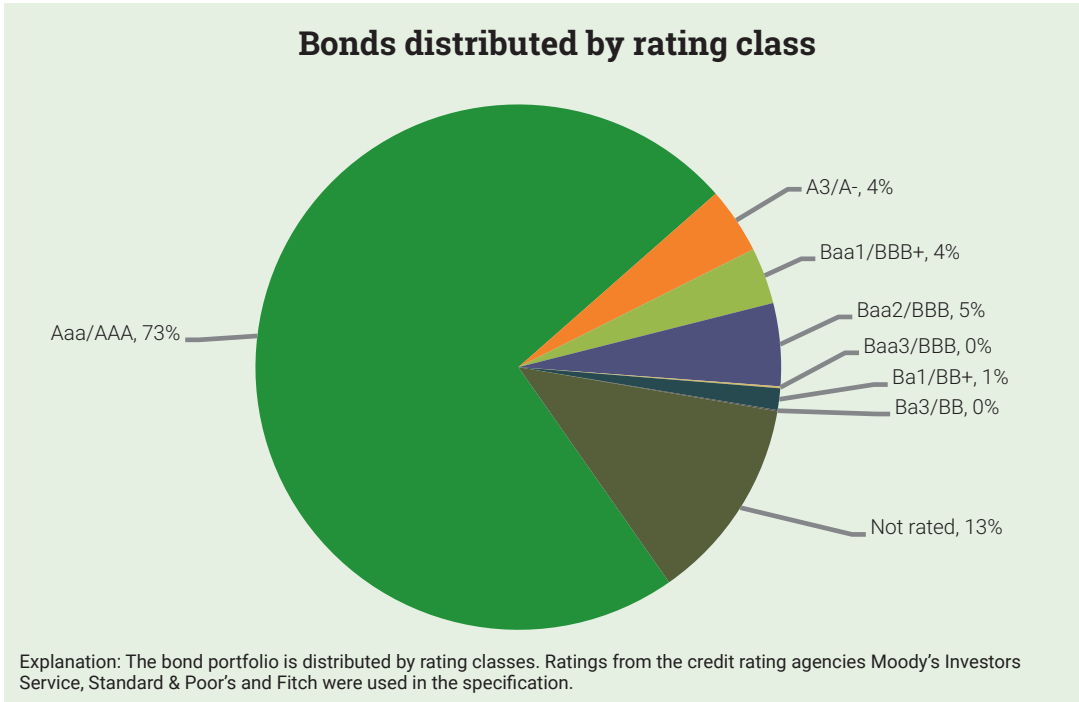
The bond portfolio

The bank's bond portfolio is another major item involving credit risk exposure to financial counterparties.

The majority of the bond portfolio is AAA-rated Danish mortgage credit bonds.

The bank also has a portfolio of corporate bonds etc. The credit quality of these bonds is good, but their market value can vary over time in connection with general changes in credit spreads in the market, and company-specific circumstances can also affect the value of these bonds.

The 13% non-rated securities includes non-preferred senior issues.



Market risks

The bank's basic policy is to keep total market risks at a moderate level.

The bank has determined a concrete framework for each type of market risk, and the risk assessment includes the objective of a sensible and balanced relationship between risk and return.

The bank uses derivatives to hedge and manage the various market risk types if it wishes to reduce or eliminate the market risks which it has assumed.

The bank has a mathematical/statistical model to compute market risks, in addition to more traditional methods. The model is used to compute Value at Risk (VaR), which is regularly reported to the bank's management.

VaR is a measure of risk which describes the bank's risk under normal market conditions.

RISKS AND RISK MANAGEMENT

A separate VaR is calculated for interest rate, foreign exchange and listed share positions etc., and a total VaR is also calculated for all of these. This possibility of calculating a VaR for the bank's market risks is one of the major advantages of the VaR model over more traditional measures of risk. The reader is referred to the section "Value at Risk" below for the specific results etc. under the VaR model.

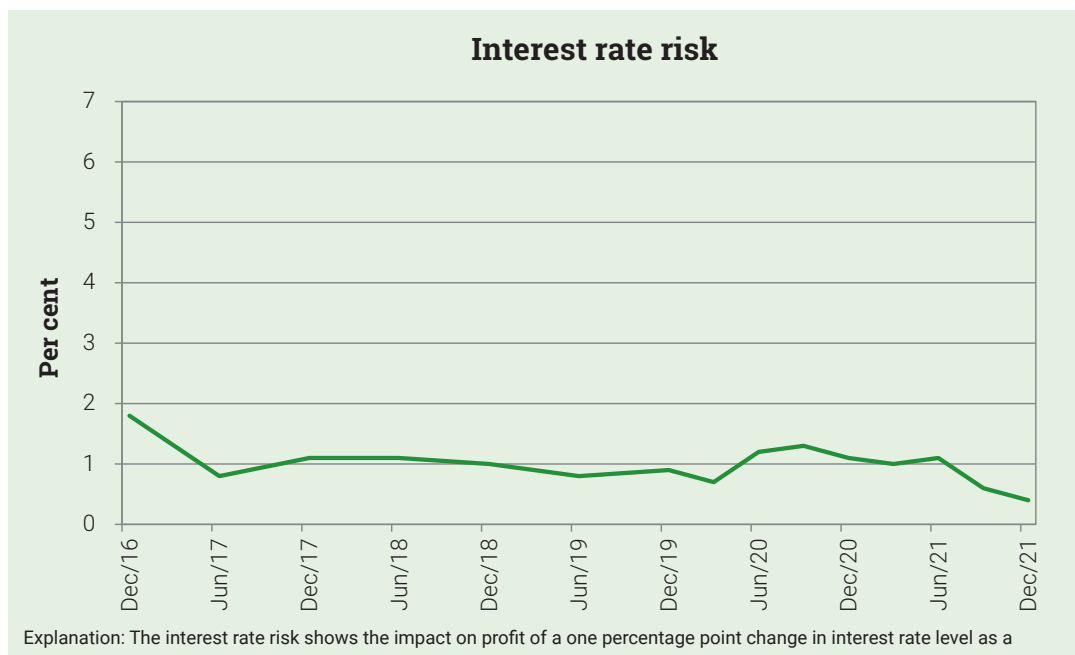
Interest rate risks

The bank's lending and deposit activities and accounts with credit institutions are mostly based on a floating rate. However, the bank also has certain fixed-rate financial assets and liabilities which are monitored continuously, and hedging transactions are entered into as needed, with a consequent reduction of the interest rate risk.

Ringkjøbing Landbobank's policy is to maintain a moderate interest rate risk, so it does not assume high levels of exposure to movements in interest rates.

The bank's securities department monitors and manages its interest rate risk daily. The bank's accounts department checks that the limits for assumption of interest rate risk are observed, and reports to the bank's board of directors and general management.

As the figure shows, the bank has had a moderate interest rate risk over the last five years, in accordance with its policy for this type of risk.



Foreign exchange risks

The bank's principal currency is the Danish krone, but it has also entered into lending and deposit activities, owns securities, and has issued bonds and raised loans in other currencies.

The bank's policy is to maintain a low foreign exchange risk, and the bank thus reduces ongoing positions in foreign currencies via hedging.

The bank's foreign department manages its positions in foreign exchange daily, while the accounts department monitors compliance with limits and reports to the board of directors and general management.

As in previous years, the bank's foreign exchange risk in 2021 was at an insignificant level.

Share price risks

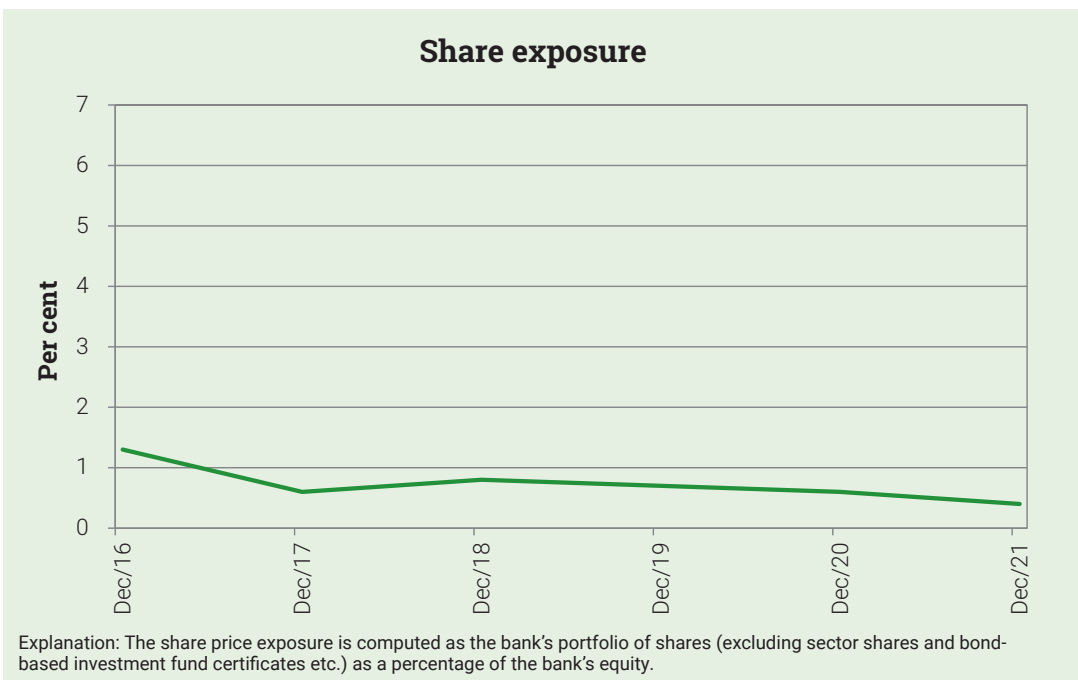
The bank is co-owner of various sector companies such as BankInvest Holding A/S, Bokis A/S, DLR Kredit A/S, Letpension Holding A/S, PRAS A/S and others.

These holdings are comparable with the wholly-owned subsidiaries of major banks, and the equity interests are thus not deemed to be a part of the bank's share price risk. The bank also holds a small portfolio of listed shares etc.

The holding of shares etc. amounted to DKK 1,467 million at the end of the year, with DKK 29 million in listed shares and investment fund certificates and DKK 1,438 million in sector shares etc.

The bank's policy is to maintain a moderate share price risk. The securities department undertakes the daily management of the bank's share portfolio, while the accounts department monitors limits and reports to general management and the board of directors.

As is evident from the figure below, the bank's exposure to shares, excluding sector and bond-based investment fund certificates etc., as a percentage of the bank's equity has been in accordance with the bank's policy for this type of risk over the last five years. This documents the bank's efforts to achieve its goal of maintaining a moderate risk on share prices.



RISKS AND RISK MANAGEMENT

Property risks

The bank primarily intends to possess only properties for use in banking operations, and also to maintain low property risks.

The bank's portfolio mainly consists of domicile properties to which investment properties should be added that are relatively modest relative to both the bank's balance sheet total and equity.

Value at Risk

The bank's total VaR was DKK 7.8 million at the end of 2021. This sum is an expression of the maximum loss in a statistical perspective which the bank could risk losing with 99% probability if all market positions were retained unchanged for a period of ten days.

Value at Risk summary

(DKK million) Risk	Average VaR figure	Min. VaR figure*	Max. VaR figure*	End of year VaR figure
Interest	9.1	3.5	14.7	7.1
Foreign currency	0.1	0.1	0.3	0.0
Share	2.9	2.1	3.6	2.9
Diversification	-2.3	-1.3	-3.6	-2.2
Total VaR figure	9.8	4.4	15.0	7.8

* Determined by the total VaR figure.

As indicated in the table, the bank's total VaR in 2021 varied from DKK 4.4 million to DKK 15.0 million. The average VaR figure was DKK 9.8 million, a lower level than 2020.

See note 48 on page 97 for the development in VaR figures for the years 2017-2021.

The model in brief

The model is a parametric VaR model based on a historical analysis of the covariance (correlations) between the prices of various financial assets etc., including different share indices, various official interest rates and interest swap rates, and different exchange rate indices.

By combining historical knowledge of the covariance on the financial markets with the bank's current positions, the model can calculate a risk of losses for a forthcoming ten-day period.

All of the bank's interest rate, foreign currency and listed share positions etc. are included in the calculation, while positions in sector shares are not included. The model does not take account of credit spread risks on the bank's bond portfolio.

The model's underlying data are calibrated every month to reflect current market conditions, but the model's method is unchanged compared to last year.

Back tests and stress tests

“Back tests” are carried out to demonstrate that the VaR model provides a sensible picture of the bank’s risk. The test compares the loss calculated by the model with the losses which the bank would actually have suffered if the positions in question had been retained for a ten-day period. A number of stress tests are also carried out to indicate the bank’s risk of loss in abnormal market situations. Back-tests of the model were performed throughout the year with satisfactory results.

Liquidity risks

It is the bank’s objective that the budgeted liquidity should meet the current LCR (liquidity coverage ratio) requirement for a period of at least 12 months. The bank seeks to maintain sufficient liquidity for a stress scenario by means of recovery plans for a period of at least 12 months.

In terms of LCR, the bank must comply with the statutory requirement of at least 100%.

This key ratio expresses the ability of banks to honour their payment obligations for a 30-day period without access to market funds. The LCR figure is computed as the ratio of the bank’s cash and cash equivalents/liquid assets to its payment obligations for the next 30 days as computed in accordance with specific rules.

On 31 December 2021 the bank’s LCR was 176%, which thus met the statutory requirement by a good margin.

In addition to the LCR figure, a liquidity benchmark also applies to the bank as mentioned in the section “The Supervisory Diamond”. The liquidity benchmark is based on a projected version of the LCR requirement. The projection is made on a stressed three-month basis instead of the 30 days used for the LCR figure, but the basis of calculation is more relaxed for some of the components involved. The bank’s key figure for the liquidity benchmark was 161% on 31 December 2021, compared to a limit value of 100%. The bank thus also met this statutory requirement by a good margin.

At the end of June 2021 a new liquidity requirement, NSFR (Net Stable Funding Ratio), entered into force. The NSFR requirement is part of EU regulations and aims to ensure that financial institutions have sufficient long-term funding for their activities. The NSFR is calculated in percent as the ratio of total available stable funding to total required stable funding. The statutory requirement is that the ratio must exceed 100%. The bank’s NSFR was 116% on 31 December 2021, which thus exceeded the statutory requirement by a good margin.

The bank’s assets and thus its loans portfolio are funded from a range of sources, primarily the bank’s deposits, but also by joint funding (bond issuance) of the bank’s home loans, by taking out longer-term loans with other credit institutions, issuing both preferred and non-preferred senior capital and finally via the tier 2 capital issued by the bank and its equity.

The bank’s deposit base consists of core deposits and deposits from customers with a long-term relationship with the bank. Ringkjøbing Landbobank has also entered into longer-term bilateral loan agreements with various European business partners.

The composition of the bank’s funding situation does not leave the bank dependent on individual business partners.

RISKS AND RISK MANAGEMENT

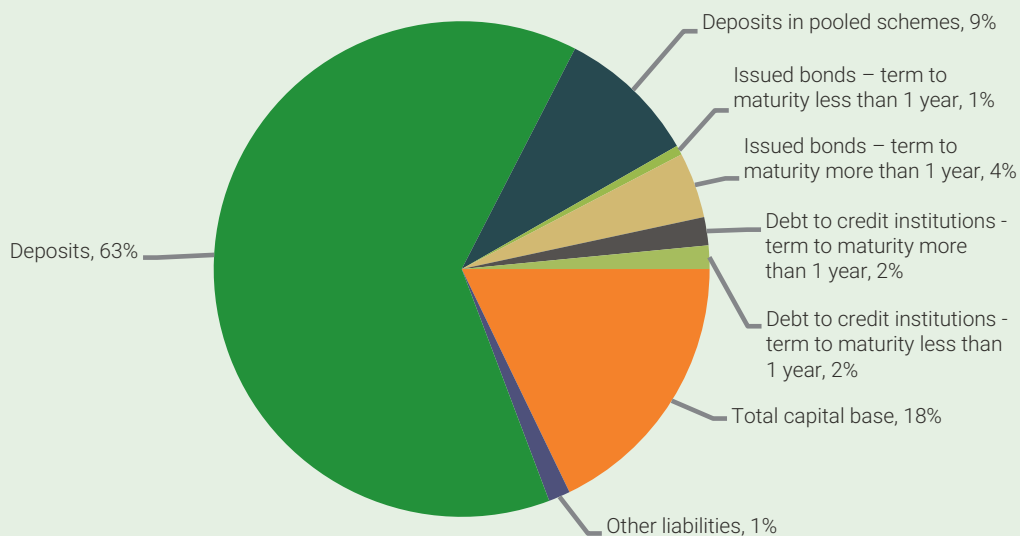
To ensure diversification in funding, the bank also has an EMTN bond programme of EUR 2 billion. The programme helps to ensure alternative funding sources for the bank. Historically, the bank has used the EMTN bond programme to issue ordinary senior capital, non-preferred senior capital and tier 2 capital, and funds were also raised under the programme in 2021.

In 2021, the bank issued tier 2 capital totalling DKK 500 million and non-preferred senior capital equivalent to DKK 636 million.

In the period December 2018 to December 2021, the bank issued non-preferred senior capital equivalent to DKK 1.9 billion.

The bank also has a joint funding agreement with Totalkredit/Nykredit. The agreement means that the bank can procure liquidity by letting Totalkredit/Nykredit issue SDO bonds against security in the loans which the bank has provided to customers with security in real property.

Distribution of funding



(DKK 1,000)

The short-term funding (term to maturity less than 1 year):

Debt to credit institutions and central banks – term to maturity less than 1 year	920,176
Issued bonds – term to maturity less than 1 year	372,191
Total	1,292,367

Covered as follows:

Cash in hand and demand deposits with Danmarks Nationalbank	3,459,464
Receivables from credit institutions – term to maturity less than 1 year	216,097
Listed bonds, shares and investment fund certificates at fair value	6,773,060
Total	10,448,621

Excess cover

9,156,254

As evident from the above, the short-term funding (time to maturity less than one year) is supported via the bank's cash in hand and receivables from Danmarks Nationalbank, short-term deposits with other credit institutions, and the bank's own portfolio of liquid securities. Surplus liquidity at the end of 2021 was DKK 9.2 billion, while the corresponding figure at the end of 2020 was DKK 9.3 billion.

Operational risks (non-financial risks)

Operational risks

Operational risks are those entailing other direct or indirect financial losses as a result of flaws in internal processes and systems, human error or external events.

The bank regularly produces reports on the losses and events which are attributed to operational risks.

From these reports, an assessment is made of whether procedures etc. can be adjusted and improved in order to avoid or minimise any operational risks. The bank's procedures are regularly reviewed and assessed by the bank's internal and external auditors.

In addition, the bank conducts internal thematic reviews of selected business areas, identifying and assessing the potential risk scenarios for each area and subsequently adjusting and improving the bank's procedures etc. accordingly.

Combating money laundering etc.

An important area under non-financial risks is the risk that the bank could be abused for money laundering or financing of terrorism.

The bank wants to contribute to combating any form of money laundering and financing of terrorism etc.

The bank is required to maintain high standards for combating money laundering and financing of terrorism and to monitor and comply with financial sanctions. This role is an important part of banking in a globalised world.

The bank has implemented internal procedures, controls, monitoring etc. to help comply with applicable rules in the area. The bank also regularly provides in-service training in combating money laundering and financing of terrorism for its employees. For further information, please see page 47.

IT risks

IT supports a large part of the systems and tools used by both the bank's customers and its employees. IT security is therefore an important element in the assessment of the bank's operational risks.

The bank's board of directors sets and formulates the requirements regarding the level of the bank's IT risks in the IT risk management policy and the IT security policy. The two policies form the basis for the bank's work with IT risks.

Part of the work with IT risks and their management is an annual risk analysis. The analysis assesses different IT risk scenarios for the bank's different systems and the probability and consequences of the different scenarios – before and after mitigating measures.

The risk analysis is expressed as a risk score for each individual system. Requirements for the confidentiality, availability and integrity of the bank's systems are also assessed annually.

Based on the above, the board of directors annually updates and approves the two policies.

In addition to addressing IT risk management risks and IT security risks, the bank's IT organisation and management also regularly decide on the IT preparedness plans made.

Preparedness exercises are carried out regularly to ensure that the bank is able to handle events that may arise.

The bank's IT risk management policy, IT security policy and IT preparedness plans apply to all aspects of its use of IT, including IT that is fully or partly outsourced.

These requirements apply to the bank's internal IT organisation as well as its primary external IT supplier Bankdata, which the bank owns together with a number of other banks, and JN DATA which is a supplier to Bankdata and responsible for the daily operation.

Data processing

The processing and confidentiality of customer data under applicable rules on data processing are a high priority for the bank. As an innovation, the bank's board of directors adopted a data ethics policy in 2021. The policy supplements the bank's systems and procedures. The policy, systems and procedures are all designed with the aim of ensuring correct and confidential processing of customer data.

Quantification of operational risks in the statement of capital

The capital adequacy rules require the banks to quantify and recognise an amount for operational risks when computing their capital adequacy.

The bank uses the basic indicator method which bases the calculation on an average of the most recent three financial years' net incomes. A sum is then quantified and added to the total risk exposure to cover the bank's operational risks.

Further information on the bank's risks

Danish banks are required by law to disclose information on risk. This annual report gives some of the required risk information but, for a more detailed overview of the bank's disclosure requirement, the reader is referred to the bank's website at: www.lanbobanken.dk/risk-information.

Statement on corporate governance

Goal

Ringkjøbing Landbobank has set a goal for corporate governance which focuses on the bank's primary stakeholders, namely its shareholders, customers, employees, and the local areas where the bank operates.

The bank's goals are to realise good long-term results and thus the best possible long-term returns for its owners, the shareholders, and to achieve an annual return on equity among the top one-third of the Danish financial sector, via rational operation of the bank and sound credit policy.

For its customers, the bank's goal is to play a central role in West, Central and North Jutland, of which it is an integral part. The bank's goal is thus to retain and further develop that segment of its customer portfolio which is located in West, Central and North Jutland.

It also seeks to serve selected customer groups throughout Denmark via the bank's niche concepts and its private banking branches, offering a high level of expertise and competitive products.

In general, the bank will thus meet the expectations of a full-service bank for personal and business customers via its strengths in both capital and consultancy.

It is also a goal for Ringkjøbing Landbobank to be a good and attractive place to work for its employees. On the basis of its chosen strategy, the bank wishes to create an interesting and challenging workplace which can attract and retain competent employees.

Finally, the bank's goal is to support development in those areas where it is rooted historically.

Codes of management etc.

As a listed financial institution and member of Finance Denmark, the bank is covered by a number of codes.

Being listed on the Nasdaq Copenhagen, the bank is covered by the Recommendations on Corporate Governance issued by the Committee on Corporate Governance, and as a member of Finance Denmark, by the Corporate Governance Code of the Danish Bankers Association.

The Recommendations on Corporate Governance

Corporate governance in Ringkjøbing Landbobank concerns the objectives, general principles and structures governing the bank and the interplay between the bank, its management and its primary stakeholders: shareholders, customers and employees, and the local areas in which it has branches.

Since 2002, the management has pursued an active approach to the recommendations issued on corporate governance. The bank's position on corporate governance has been recorded in the annual reports since that year.

On 2 December 2020, the Committee on Corporate Governance adopted and published updated Recommendations on Corporate Governance applicable to financial years commencing on or after 1 January 2021.

The bank's management has thus addressed the updated 40 recommendations for the 2021 financial year. The recommendations fall into five main areas: 1) Interaction with the company's shareholders, investors and other stakeholders, 2) The duties and responsibilities of the board of directors, 3) The composition, organisation and evaluation of the board of directors, 4) Remuneration of management, and 5) Risk management.

The recommendations supplement Danish law, particularly the Danish Companies Act, the Danish Financial Statements Act, EU corporate law rules and the OECD Principles of Corporate Governance.

When preparing the 2021 annual report, under the "comply or explain" principle, the bank's board of directors and general management have assessed the bank's positions and actions on the recommendations.

The bank's management supports the efforts in the area of corporate governance, and the general management and board of directors have elected to comply with almost all of the recommendations in this area. Where the bank does not comply, the bank's management has explained why and which approach the company has chosen instead. By doing so, the bank thus complies with all 40 recommendations.

Finance Denmark's Corporate Governance Code

In 2013, the then Danish Bankers Association (now Finance Denmark) published a corporate governance code.

The recommendations in the Corporate Governance Code aim both to ensure that Finance Denmark's member companies actively consider a number of managerial matters and to achieve greater openness concerning the frameworks for management of the individual member companies.

On the "comply or explain" principle, the member companies of Finance Denmark must specify how they view the Corporate Governance Code in connection with the presentation of the annual report.

When preparing the 2021 annual report, the bank's board of directors and general management also specified how they viewed Finance Denmark's Corporate Governance Code.

The bank's management also supports Finance Denmark's Corporate Governance Code, and the board of directors and general management have thus elected to follow all 12 recommendations.

Stewardship

Section 101a of the Danish Financial Business Act contains a provision on stewardship policy. Under that provision, a stewardship policy must either be prepared or an explanation given for why a policy has not been prepared.

The bank's board of directors and general management assess that a stewardship policy is not necessary since the bank only has a very modest holding of listed shares and, in the role of asset manager, has not explicitly agreed with its customers that it must exercise stewardship, for example by exercising the voting rights pertaining to investments in listed shares.

The bank's financial reporting process, management organs and their functions

The board of directors, the board's audit committee and the general management regularly satisfy themselves that the bank's controls and risk management in connection with the financial reporting process are functioning satisfactorily.

The process is designed to ensure that the annual report is presented in accordance with statutory requirements and is free of material misstatement attributable to fraud or error.

The financial reporting process is further organised so that the bank's accounts department prepares its annual report in cooperation with the general management and other relevant departments.

A general rule for the financial reporting process is that the bank's general management and accounts department continuously monitor compliance with relevant legislation and other regulations and provisions in connection with the financial reporting process and report regularly to the bank's board of directors and the board's audit committee.

The complete statement on corporate governance describes in detail matters including processes, internal systems, recognition and measurement, the control environment, risk assessment, control activities, monitoring and reporting.

The statement also describes the bank's management organs and their functions in detail.

Complete statement on management and corporate governance

The statutory complete statement on management and corporate governance in Ringkøbing Landbobank is available on the bank's website at: www.landbobanken.dk/cg.

Diversity in the board of directors

The bank has a policy for diversity on the board of directors. The board of directors and its nomination committee assessed the policy in December 2021 and found that very few adjustments were needed.

The intention of this policy is that the board's composition should embrace diverse competences and backgrounds, including differences in professional identity, work experience, gender, age etc.

The policy further lays down that recruitment of candidates for the board of directors must focus on ensuring that the candidates possess different competences, backgrounds, knowledge and resources which match the bank's business model etc.

Compliance with the adopted policy on diversity on the board of directors was assessed by the board of directors and its nomination committee during the annual evaluation process.

The board of directors' assessment on this basis confirms compliance, through focus on the policy criteria in the recruitment process for candidates both for the board of directors and the shareholders' committee, and otherwise. The reason for focusing on these criteria when recruiting candidates for the shareholders' committee is that the shareholders' committee elects the bank's board of directors primarily from among the members of the shareholders' committee.

Seven of the current eight board members, elected by the shareholders' committee, came from the membership of the shareholders' committee, while only one board member (who has managerial experience from another financial company) was not elected from the membership of the shareholders' committee.

The under-represented gender

The bank has a target figure for the percentage of the under-represented gender to sit on the board of directors and a policy aimed at increasing the percentage of the under-represented gender at the bank's other management levels.

The board of directors and its nomination committee assessed the need for changing the target figure and/or the policy in November 2021 and found that the only adjustments needed were references to acts.

The policy specifies that the target figure for the proportion of board members of the under-represented gender should be at least 16.7% (provided that the number of board members is twelve).

Figures on the date of closing the accounts were:

- 16.7% women
- 83.3% men

The bank thus meets the target.

The policy adopted to increase the percentage of the under-represented gender at the bank's other management levels aims at creating a basis for a more equal gender distribution at these management levels.

It is the bank's overall and long-term aim to create a more equal gender distribution at the bank's other management levels. The bank wants to follow up on developments with respect to gender distribution at other management levels and to adjust the effort continually in relation to the target.

Based on these wishes, the bank has set the following specific targets for the under-represented gender at the bank's other management levels:

- The employees must feel that they have equal career and management opportunities, irrespective of gender.
- The percentage of managers from the under-represented gender must be at least 20%.

At the end of 2021, the gender distribution at the bank's other management levels was as follows:

- 27.1% women
- 72.9% men

The distribution thus meets the target.

In future recruitment processes for management positions, the bank will take its policy and the above targets etc. into consideration but will always appoint the best qualified, irrespective of gender.

In accordance with Section 135a of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., the statutory complete statement on the under-represented gender is available on the bank's website at: www.landbobanken.dk/gender.

Combating money laundering and financing of terrorism

In 2018, Finance Denmark appointed an Anti-Money Laundering Task Force. In November 2019, the Anti-Money Laundering Task Force published a report containing 25 recommendations for anti-money laundering and counter-terrorist financing measures aimed at various stakeholders including authorities, the banking sector in general and the individual banks.

The bank's board of directors has endorsed the 25 recommendations.

One of the 25 recommendations is that the banks dedicate a page on their websites to targeted and publicly available information about their anti-money laundering and counter-terrorist financing efforts.

The bank complies with this recommendation by creating the web page: https://www.landbobanken.dk/en/ir_english/thebank/policies/antimoneylaundering.

Another of the 25 recommendations is that the individual banks undertake to outline their commitment to action against money laundering and terrorist financing, including their anti-money laundering policy, in the management's review section of their annual reports.

The bank naturally also wants to comply with this recommendation and details of how Ringkjøbing Landbobank combats money laundering and financing of terrorism are given below in this management's review.

Combating money laundering and financing of terrorism in Ringkjøbing Landbobank is generally a task for all employees, not least because the bank has a statutory obligation to know all its customers and the nature of their transactions. This task is carried out by collecting data, including by the individual customer advisers.

In addition, all employees have both a right and the duty to report unusual and/or suspicious activities or transactions to the bank's central anti-money laundering department.

The applicable procedures for combating money laundering and financing of terrorism are available to the employees on the bank's intranet.

The bank's employees regularly receive training and are tested in combating money laundering and financing of terrorism. Training follows a two-year cycle to keep the current employees up to date on new rules and on new methods and tools implemented by the bank. Training is also provided on an ad hoc basis to familiarise new employees with the subject upon employment.

The bank's central anti-money laundering department is in charge of the overall anti-money-laundering and counter-terrorist financing commitment and supports the effort of customer advisers and other employees.

The anti-money laundering department continuously monitors suspicious transactions and reports any such transactions to the Anti-Money Laundering Secretariat at the office of the State Prosecutor for Serious Crime. The department works continuously to set up and adjust the criteria for identifying transactions that are picked out for further investigation by the department.

In addition, the department continuously checks that the necessary information on the individual customers' identity and ownership are registered. It also checks that the purpose and intended nature of the customers' relationship with the bank are registered and updated.

In December 2019, the Danish FSA conducted a functional inspection of Ringkjøbing Landbobank's anti-money laundering area. The outcome of the inspection was three orders in September 2020 regarding improvement of the bank's policy in the area and certain routines and procedures. In 2021, the bank received confirmation that the Danish FSA notes the material submitted by the bank and considers the three orders to be fulfilled.

Data ethics

In 2021, a new provision was inserted in section 135d of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc. The provision requires undertakings which have a data ethics policy to supplement the management's review with a statement on data ethics. The statement must contain information on the undertaking's work and policy on matters of data ethics.

The bank's board of directors adopted a data ethics policy in 2021. The policy provides the framework for the bank's ethical principles and conduct in relation to data. The bank's board of directors has prepared a statement, which is available on the bank's website at: www.landbobanken.dk/dataethics.

Communication with stakeholders

The bank places great emphasis on communication with its stakeholders. It has always been a priority for the bank that its advisers and other employees must be available to both customers and other stakeholders.

This will remain a top priority going forward. The bank also gives high priority to having a website and a web and mobile banking platform which are accessible, easy to understand and can be used in the bank's communication with its customers and other stakeholders.

The bank has prepared an investor relations policy dealing with the bank's information to, and communication with, investors and other stakeholders. A code of conduct has also been prepared which includes general guidelines for the bank's interaction with its stakeholders.

Investor relations policy

The bank's investor relations policy states among other things that the bank must strive for openness and for good dialogue with its shareholders, investors and other stakeholders.

The bank's goal is thus to give

- the stock exchanges on which the bank has listed issues
- existing and potential shareholders and investors
- share analysts and securities brokers and
- other stakeholders

quick information which gives a true and fair view of both price-related and other significant matters.

The bank's board of directors assessed the policy in November 2021 and found that a only a few adjustments were needed.

The investor relations policy is available on the bank's website at: www.landbobanken.dk/policies.

Code of conduct

In 2014, the bank's board of directors for the first time adopted a code of conduct which establishes guidelines for the bank's employees (including the bank's board of directors and general management) concerning the conduct expected of them towards stakeholders such as customers, suppliers and authorities in relation to a range of different subjects.

In 2021, the code of conduct was expanded to include the bank's expectations of its business partners and their actions.

In the second half of 2021, the board of directors thus updated the code of conduct, including in connection with the implementation of the responsible purchasing policy adopted by the board and the bank's endorsement of the Ten Principles of the UN Global Compact.

The object of the current code of conduct is to assist employees in their daily decisions and conduct.

The code is general and in no way exhaustive, but provides examples of unacceptable behaviour.

The complete code of conduct is available on the bank's website at: www.landbobanken.dk/policies.

Remuneration

Remuneration policy

In 2012, the bank's board of directors for the first time adopted a remuneration policy, which was subsequently approved by the annual general meeting in 2013.

The board of directors and the board's remuneration committee have subsequently reviewed the remuneration policy each year to assess any need for updating. If changes have been adopted, the updated remuneration policy has been submitted to the bank's annual general meeting for approval.

The current policy is from 2021 and was approved by the bank's annual general meeting on 3 March 2021. In November 2021, the board of directors and its remuneration committee assessed that no changes to the policy were needed.

The policy specifies that the bank's management is paid remuneration which is both in line with the market and reflects the management's performance for the bank.

It also specifies that the remuneration paid to the board of directors and the general management should be a fixed amount without any form of incentive component.

Other major risk-takers and employees in control functions may be paid variable salary components in cash within the financial framework for payment of personal allowances

under a current workplace agreement, below the cap on variable salary components and subject to the provisions in points 4 and 5 of the remuneration policy. Severance may also be paid unless deemed to be variable salary in the terms of the applicable law.

The remuneration policy also complies with the remuneration policy requirements of the Danish Companies Act applicable to public limited companies with shares admitted to trading on a regulated market.

The current remuneration policy is available on the bank's website at: www.landbobanken.dk/policies.

Remuneration report and remuneration details

Pursuant to the Danish Companies Act, a remuneration report has been prepared on the remuneration paid to the board of directors and the general management for the 2021 financial year.

The remuneration report must be submitted for a consultative vote at the bank's annual general meeting in March 2022. The remuneration report contains a statement by the bank's external auditor.

In addition, a document with various remuneration details etc. is prepared pursuant to the executive order on wage policies and remuneration in financial institutions etc., Article 450 of the CRR and section 80c of the Danish Financial Business Act.

The remuneration policy and the remuneration details document are available on the bank's website at: www.landbobanken.dk/policies.

Information on listed companies

In accordance with Section 133a of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., the bank advises as follows:

The bank's share capital on 31 December 2021 was DKK 29,067,721 in 29,067,721 nom. DKK 1 shares.

The bank has only one share class, and the entire share capital, and thus all shares, are listed on the Nasdaq Copenhagen. There are no restrictions on the shares' negotiability.

The following shareholders have advised that they owned more than 5% of the bank's share capital on 31 December 2021:

- Liontrust Investment Partners LLP, London, Great Britain owned 6.12% of the bank's share capital on 31 December 2021, corresponding to 3,000 votes.
- ATP, of Hillerød, Denmark owned 5.08% of the bank's share capital on 31 December 2021, corresponding to 3,000 votes.

With respect to the exercising of voting rights, each nom. DKK 1 share carries one vote when the share is recorded in the company's register of shareholders, or when the shareholder has reported and documented his or her right. However, a shareholder may cast no more than 3,000 votes.

Under the bank's articles of association, the members of the bank's board of directors are elected by the members of the bank's shareholders' committee for four-year periods, and the bank's employees also elect members to the bank's board of directors in accordance with rules in force.

A decision to amend the bank's articles of association is only valid if the resolution is adopted by at least two-thirds of votes cast and two-thirds of the voting capital represented at the general meeting.

On the date of closing the accounts, the board of directors is authorised as follows, pursuant to the articles of association, to issue shares:

The general meeting has decided to authorise the board of directors to increase the share capital in one or more rounds by up to nom. DKK 5,813,544 with right of pre-emption for the bank's existing shareholders. The capital increase must be fully paid up in cash. The capital increase may be below the market price. This authorisation applies until 2 March 2026 (Article 2a).

The general meeting has decided to authorise the board of directors to increase the share capital in one or more rounds by up to nom. DKK 2,906,772 without right of pre-emption for the bank's existing shareholders. The capital increase may be by cash payment or contribution of an existing company or specific asset values corresponding to the value of the shares issued. The capital increase must be fully paid up at the market price ascertained by the board of directors. This authorisation applies until 2 March 2026 (Article 2b).

The board of directors may use the authorisations under Articles 2a and 2b to increase the share capital by a maximum of nom. DKK 5,813,544 in total.

The board of directors has the following powers with respect to the possibility of acquiring the bank's own shares:

The bank's annual general meeting has continually authorised the board of directors, before the next annual general meeting and in accordance with applicable law, to permit the bank to acquire its own shares to a total nominal value of 10% of the bank's share capital, so that the shares can be acquired at the current listed price plus or minus 10%. The authorisation was most recently renewed at the bank's annual general meeting on 3 March 2021.

This authority was used in several rounds during 2021 to initiate share buy-back programmes: on 3 February 2021 for a DKK 255 million share buy-back programme, on 30 July 2021 for a DKK 30 million share buy-back programme corresponding to the unused portion of the DKK 255 million share buy-back programme, and finally on 15 September 2021 for a DKK 242.5 million share buy-back programme.

A total of 688,055 shares have been bought under the share buy-back programmes. Cancellation of the shares will be recommended at the bank's annual general meeting in March 2022.

In conclusion, the bank has accepted "change of control" clauses in certain funding agreements. For reasons of competition, no further details are given.

Corporate social responsibility and ESG report

Ringkjøbing Landbobank 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 intends to contribute to creating a sustainable society, focusing on customers, employees, climate and the environment, and society.

It is also the bank's overall goal to be seen as a reliable and attentive partner by all its stakeholders.

In response to this goal and the bank's anchoring in Denmark and the local communities where we have roots, the board of directors has prepared and adopted a corporate social responsibility (CSR) policy.

The bank's CSR policy focuses specifically on the five stakeholder groups: customers, employees, climate and the environment, the local community and Danish society.

The bank's policy in the area of social responsibility is available on its website at: www.landbobanken.dk/csr.

As in previous financial years, the bank has prepared an ESG report for 2021.

The ESG report is comprehensive and contains a number of details on the Environment, Social aspects and Governance.

The ESG report also covers the requirement for a statutory statement on corporate social responsibility pursuant to section 135 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

The ESG report is available on the bank's website: www.landbobanken.dk/en/ir_english/thebank/esgen.

As a supplement to the annual ESG report, the bank prepared and published a new ESG Fact Book in 2021 at landbobanken.dk/en/ir_english/thebank/esgen. The ESG Fact Book presents data in a compact and clear form and beyond the data of the ESG report. The Fact Book is updated continually.

Further to the above, please note that the bank has not prepared specific policies on human rights or climate. The bank supports the efforts to put human rights and climate high on the agenda, however.

In 2021, the bank thus endorsed the Ten Principles of the UN Global Compact, which includes principles regarding human rights. The ESG report therefore also contains the bank's COP (Communication on Progress) report for 2021, including reports on the work of implementing the Ten Principles and the support of the UN Sustainable Development Goals in the bank's operations.

In addition, the bank's CSR policy contains a goal of being and remaining carbon neutral in respect of its CO₂ scope 1 and scope 2 emissions.

The bank's management also finds that the bank has clearly shown its attitude to and support of both areas via its CSR policy and code of conduct.

STATEMENT AND REPORTS

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Management statement

The board of directors and the general management have today discussed and approved the annual report of Ringkjøbing Landbobank A/S for the financial year 1 January to 31 December 2021.

The annual report was prepared in accordance with the provisions of the Danish Financial Business Act. We consider the chosen accounting policies to be appropriate and the estimates made responsible, so that the financial statements provide a true and fair view of the bank's assets, liabilities and financial position at 31 December 2021 and of the result of the bank's activities for the financial year 1 January to 31 December 2021. We also believe that the management's review contains a true and fair account of the development in the bank's activities and financial circumstances as well as a description of the most important risks and uncertainties which can affect the bank.

In our opinion, the annual report of Ringkjøbing Landbobank A/S for the financial year 1 January to 31 December 2021, identified as "RILBA-2021-12-31.xhtml", is prepared, in all material respects, in compliance with the ESEF regulation.

The annual report is recommended for approval by the general meeting.

Ringkøbing, 2 February 2022

General management:

John Fisker
CEO

Claus Andersen
General Manager

Jørn Nielsen
General Manager

Carl Pedersen
General Manager

Ringkøbing, 2 February 2022

Board of directors:

Martin Krogh Pedersen
Chairman

Mads Hvolby
Deputy chairman

Jens Møller Nielsen
Deputy chairman

Morten Jensen

Jon Steingrim Johnsen

Jacob Møller

Lone Rejkjær Söllumann

Sten Uggerhøj

Dan Junker Astrup
Employee representative

Gitte E.S.H. Vigsø
Employee representative

Arne Ugilt
Employee representative

Finn Aaen
Employee representative

Internal auditor's report

To the shareholders of Ringkjøbing Landbobank A/S

Auditor's report on the financial statements

Opinion

In my opinion, the financial statements for Ringkjøbing Landbobank A/S give a true and fair view of the bank's assets, liabilities and financial position at 31 December 2021, and of the results of the bank operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Business Act.

My opinion is consistent with my long-form audit report to the audit committee and the board of directors.

The audit

I have audited the financial statements for Ringkjøbing Landbobank A/S for the financial year 1 January to 31 December 2021, which comprise income statement and statement of comprehensive income, core earnings, balance sheet, statement of changes in equity, statement of capital and notes, including accounting policies, and five-year main and key figures. The financial statements were prepared in accordance with the Danish Financial Business Act.

The audit was performed on the basis of the Danish FSA's Executive Order on Auditing Financial Undertakings etc. and Financial Groups, and in accordance with international auditing standards regarding planning and performing the audit.

I have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatement. I participated in the audit of all material and high-risk areas.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Statement on management review

Management is responsible for the management review.

My opinion on the financial statements does not cover the management review, and I express no form of assurance conclusion on that review.

In connection with my audit of the financial statements, my responsibility is to read the management review and, in doing so, consider whether it is materially inconsistent with the financial statements or with my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I also considered whether the management review includes the disclosures required by the Danish Financial Business Act.

Based on the work I have performed, in my view, the management review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. I did not identify any material misstatement in the management review.

Ringkjøbing, 2 February 2022

Henrik Haugaard
Chief internal auditor

The independent auditor's report

To the Shareholders of Ringkjøbing Landbobank A/S

Auditor's Report on the Financial Statements

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Bank at 31 December 2021, and of the results of the Bank operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

Ringkjøbing Landbobank A/S's Financial Statements for the financial year 1 January to 31 December 2021 comprise the income statement and statement of comprehensive income, the core income, the balance sheet, the statement of changes in equity, the statement of capital and notes, including summary of significant accounting policies, and five-year financial highlights ('the Financial Statements').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, no prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014 have been provided.

Appointment

We were first appointed auditors of Ringkjøbing Landbobank A/S on 8 June 2018 for the financial year 2018. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of four years including the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
Loan impairment charges Loans and advances are measured at amortised cost less impairment charges. Impairment of loans and advances constitutes Management's best estimate of expected losses on loans and advances at the balance sheet date in accordance with the provisions of IFRS 9 as incorporated in the Danish Executive Order on the	We reviewed and assessed the impairment charges recognised in the income statement for 2021 and in the balance sheet at 31 December 2021. We carried out risk assessment procedures to gain an understanding of IT systems, business practices and relevant controls relating to the calculation of loan impairment charges. We assessed whether the controls have been designed and implemented

Key audit matter

Presentation of Financial Statements of Credit Institutions and Stockbroker Companies, etc. We refer to note 51 for a detailed description of the accounting policies applied.

As a result of COVID-19 and its consequences, Management has maintained its significant increase in loan impairment charges by way of an accounting estimate ('management estimate'). The impact of the coronavirus pandemic on the Bank's customers is largely undetermined, which implies that the estimation uncertainty related to the calculation of the indication of impairment remains increased.

In addition, the Bank has increased its management estimates in segments subject to particular credit uncertainty, including the agricultural segment.

Since accounting estimates are inherently complex and subjective, and thus subject to considerable estimation uncertainty, loan impairment charges constitute a central focus area.

The following areas are central to the calculation of loan impairment charges:

- Determination of credit classification on initial and subsequent recognition.
- Model-based impairment charges in stages 1 and 2, including Management's determination of model variables adapted to the Bank's loan portfolio.
- The Bank's procedures to ensure completeness of the registration of credit-impaired loans (stage 3) or loans with significant increase in credit risk (stage 2).
- Most significant assumptions and estimates applied by Management in the calculations of impairment charges, including principles for the assessment of various outcomes of the customer's financial position (scenarios) and for the assessment of collateral value of, for example, properties included in the calculations of impairment.
- Management's assessment of expected credit losses at the balance sheet date as a result of possible changes in conditions and which are not included in the model-based calculations or individually assessed impairment charges, including in particular the impact of the coronavirus pandemic or other uncertain market conditions on the Bank's customers

We refer to note 50 'Accounting estimates and judgements', note 44 'Risk factors and risk management' and note 47 'Credit risk' to the Financial Statements which show factors that may affect the impairment of loans and advances.

How our audit addressed the key audit matter

to effectively address the risk of material misstatement. Selected controls, which we planned to rely on, were tested to check whether they had been carried out on a consistent basis.

We assessed the impairment model applied, prepared by the data centre Bankdata, and its use, including the division of responsibilities between Bankdata and the Bank.

We assessed and tested the Bank's calculation of model-based impairment charges in stages 1 and 2, including assessment of Management's determination and adaptation of model variables to own issues.

We reviewed and assessed the Bank's validation of the methods applied for the calculation of expected credit losses as well as the procedures designed to ensure that credit-impaired loans in stage 3 and underperforming loans in stage 2 are identified and recorded on a timely basis.

We assessed and tested the principles applied by the Bank for the determination of impairment scenarios and for the measurement of collateral value of, for example, properties included in the calculations of impairment of credit-impaired loans and advances, and loans and advances that are significantly underperforming.

We tested a sample of credit-impaired loans in stage 3 and underperforming loans in stage 2 by testing the calculations of impairment charges and applied data to underlying documentation.

We tested a sample of other loans by making an assessment of stage and credit classification. This included samples of large loans as well as loans relating to segments with generally increased exposure, including segments which are particularly affected by the coronavirus pandemic or other uncertain market conditions.

We reviewed and challenged the material assumptions underlying Management's estimates of expected credit losses not included in the model-based calculations or individually assessed impairment charges based on our knowledge of the portfolio, the sectors and current market conditions. We focussed specifically on the Bank's calculation of management estimates for hedging of expected credit losses as a result of the coronavirus pandemic or other uncertain market conditions.

We assessed whether the factors which may affect loan impairment charges had been disclosed appropriately.

The independent auditor's report – continued

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

The independent auditor's report – continued

draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, safeguards in place or measures taken to eliminate threats.

Based on the matters communicated with those charged with governance, we determine those matters that were of the most significance in our audit of the financial statements of the current period, and which thus constitute key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements of Ringkjøbing Landbobank A/S, we have performed procedures for the purpose of expressing an opinion as to whether the Annual Report for the financial year 1 January to 31 December 2021, with the file name "RILBA-2021-12-31.xhtml", has been prepared in accordance with the Commission Delegated Regulation (EU) 2018/815 on the single electronic reporting format (the ESEF Regulation), which requires the preparation of an annual report in XHTML format.

Management is responsible for preparing an annual report in compliance with the ESEF Regulation, including the preparation of an annual report in XHTML format.

Based on the evidence obtained, our responsibility is to obtain reasonable assurance whether the Annual Report, in all material respects, has been prepared in accordance with the ESEF Regulation, and to express an opinion. Our procedures include verifying whether the Annual Report has been prepared in XHTML format.

In our opinion, the Annual Report for the financial year 1 January to 31 December 2021, with the file name "RILBA-2021-12-31.xhtml", has, in all material respects, been prepared in accordance with the ESEF Regulation.

Herning, 2 February 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Per Rolf Larssen
State Authorised Public Accountant
mne24822

FINANCIAL STATEMENTS

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STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Note no.		2021 DKK 1,000	2020 DKK 1,000
1	Interest income	1,459,846	1,373,215
2	Interest expenses	103,080	120,910
	Net interest income	1,356,766	1,252,305
3	Dividends from shares etc.	77,109	71,241
4	Fee and commission income	939,219	814,821
4	Fee and commission expenses	91,183	85,545
	Net interest and fee income	2,281,911	2,052,822
5	Value adjustments	+163,127	+126,079
	Other operating income	5,490	2,054
6,7,8,9	Staff and administration expenses	790,374	765,933
10	Amortisation, depreciation and write-downs on intangible and tangible assets	35,793	29,241
	Other operating expenses	7,643	8,110
11	Impairment charges for loans and other receivables etc.	-78,629	-233,348
	Results from investments in associated companies and group undertakings	+22	-13
	Profit before tax	1,538,111	1,144,310
12	Tax	308,846	224,596
	Net profit for the year	1,229,265	919,714
	Other comprehensive income:		
	Value changes in pension liabilities	-404	-561
	Total comprehensive income for the year	1,228,861	919,153

PROPOSED DISTRIBUTION OF PROFIT

	2021 DKK 1,000	2020 DKK 1,000
Total comprehensive income for the year	1,228,861	919,153
Total amount available for distribution	1,228,861	919,153
Appropriated for ordinary dividend	203,474	204,598
Appropriated for charitable purposes	2,000	2,000
Transfer to net revaluation reserve under the equity method	22	-13
Transfer to retained earnings	1,023,365	712,568
Total distribution of the amount available	1,228,861	919,153

CORE EARNINGS

Note no.		2021 DKK 1,000	2020 DKK 1,000
13	Net interest income	1,342,559	1,255,816
14	Net fee and commission income excluding securities trading	676,831	591,147
15	Income from sector shares etc.	179,190	150,935
	Foreign exchange income	57,670	40,759
	Other operating income	5,490	2,054
	Total core income excluding securities trading	2,261,740	2,040,711
14	Securities trading	171,205	138,129
	Total core income	2,432,945	2,178,840
16	Staff and administration expenses	790,374	765,933
16	Depreciation and write-downs on tangible assets	18,539	14,241
	Other operating expenses	7,643	8,110
16	Total expenses etc.	816,556	788,284
	Core earnings before impairment charges for loans	1,616,389	1,390,556
17	Impairment charges for loans and other receivables etc.	-68,333	-223,052
18	Core earnings	1,548,056	1,167,504
18	Result for the portfolio etc.	7,309	-8,194
16	Amortisation and write-downs on intangible assets	17,254	15,000
18	Profit before tax	1,538,111	1,144,310
12	Tax	308,846	224,596
	Net profit for the year	1,229,265	919,714

BALANCE SHEET

Note no.		31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
	Assets		
	Cash in hand and demand deposits with central banks	3,459,464	659,004
19	Receivables from credit institutions and central banks	216,097	3,376,233
20.21	Total loans and other receivables at amortised cost	41,179,255	36,241,166
	Loans and other receivables at amortised cost	40,008,162	35,088,380
	Loans for renewable energy projects with direct funding	1,171,093	1,152,786
	Bonds at fair value	6,743,836	6,636,965
22	Shares etc.	1,467,417	1,385,807
	Investments in associated companies	481	482
	Investments in subsidiaries	12,020	11,997
23	Assets linked to pooled schemes	5,537,863	4,700,080
24	Intangible assets	1,062,672	1,034,838
25	Total land and buildings	199,632	215,910
	Investment properties	8,667	7,667
	Domicile properties	168,387	186,971
	Domicile properties (leasing)	22,578	21,272
26	Other tangible assets	14,999	17,626
	Current tax assets	23,501	24,249
27	Deferred tax assets	11,263	17,868
	Temporary assets	5,868	6,368
28	Other assets	407,166	510,327
	Prepayments	15,854	23,209
	Total assets	60,357,388	54,862,129

Note no.		31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
	Liabilities and equity		
29	Debt to credit institutions and central banks	2,030,175	2,448,918
	Total deposits and other debt	43,740,049	39,638,645
30	Deposits and other debt	38,202,186	34,938,565
	Deposits in pooled schemes	5,537,863	4,700,080
31	Issued bonds at amortised cost	2,961,422	2,361,796
	Preferred senior capital	1,019,790	1,032,489
	Non-preferred senior capital	1,941,632	1,329,307
32	Other liabilities	728,954	591,109
	Deferred income	1,167	1,728
	Total debt	49,461,767	45,042,196
33	Provisions for pensions and similar liabilities	2,473	2,560
21	Provisions for losses on guarantees	97,207	85,814
21	Other provisions for liabilities	28,763	36,534
	Total provisions for liabilities	128,443	124,908
	Tier 2 capital	2,044,505	1,549,150
34	Total subordinated debt	2,044,505	1,549,150
35	Share capital	29,068	29,228
	Net revaluation reserve under the equity method	428	406
	Retained earnings	8,487,703	7,909,643
	Proposed dividend etc.	205,474	206,598
	Total shareholders' equity	8,722,673	8,145,875
	Total liabilities and equity	60,357,388	54,862,129

STATEMENT OF CHANGES IN EQUITY

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total shareholders' equity
2020					
Shareholders' equity at the end of the previous financial year	29,662	419	7,252,515	327,280	7,609,876
Comprehensive income					
Net profit for the year		-13	713,129	206,598	919,714
Other comprehensive income			-561		-561
Total comprehensive income	0	-13	712,568	206,598	919,153
Transactions with shareholders					
Reduction of share capital	-434		434		0
Dividend etc. paid				-327,280	-327,280
Dividend received on own shares			4,966		4,966
Purchase of own shares			-680,099		-680,099
Sale of own shares			611,241		611,241
Other equity transactions (employee shares)			8,018		8,018
Total transactions with shareholders	-434	0	-55,440	-327,280	-383,154
Shareholders' equity on the balance sheet date	29,228	406	7,909,643	206,598	8,145,875
2021					
Shareholders' equity at the end of the previous financial year	29,228	406	7,909,643	206,598	8,145,875
Comprehensive income					
Net profit for the year		22	1,023,769	205,474	1,229,265
Other comprehensive income			-404		-404
Total comprehensive income	0	22	1,023,365	205,474	1,228,861
Transactions with shareholders					
Reduction of share capital	-160		160		0
Dividend etc. paid				-206,598	-206,598
Dividend received on own shares			1,645		1,645
Purchase of own shares			-1,238,871		-1,238,871
Sale of own shares			776,227		776,227
Other equity transactions (employee shares)			15,534		15,534
Total transactions with shareholders	-160	0	-445,305	-206,598	-652,063
Shareholders' equity on the balance sheet date	29,068	428	8,487,703	205,474	8,722,673

STATEMENT OF CAPITAL

	31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
Credit risk	37,454,457	35,080,095
Market risk	1,719,608	2,912,209
Operational risk	4,111,013	3,568,376
Total risk exposure	43,285,078	41,560,680
Shareholders' equity	8,722,673	8,145,875
Proposed dividend etc.	-205,474	-206,598
Addition for transition programme concerning IFRS 9	533,172	661,258
Deduction for insufficient coverage of non-performing exposures	-3,215	-
Deduction for the sum of equity investments etc. above 10%	-258,432	-244,297
Deduction for prudent valuation	-14,044	-16,284
Deduction for intangible assets	-1,062,672	-1,034,838
Deferred tax on intangible assets	22,169	24,548
Deduction of amount of share buy-back programme	-497,500	0
Actual utilisation of amount of share buy-back programme	449,894	0
Deduction for trading limit for own shares	-55,000	-55,000
Actual utilisation of the trading limit for own shares	161	2,794
Common equity tier 1	7,631,732	7,277,458
Tier 1 capital	7,631,732	7,277,458
Tier 2 capital	2,043,630	1,543,925
Deduction for the sum of equity investments etc. above 10%	-40,258	-46,950
Total capital	9,635,104	8,774,433
Contractual senior funding (grandfathered)	456,272	1,031,852
Non-preferred senior capital	1,941,178	1,305,374
MREL capital	12,032,554	11,111,659
Common equity tier 1 capital ratio	17.6	17.5
Tier 1 capital ratio	17.6	17.5
Total capital ratio	22.3	21.1
MREL capital ratio	27.8	26.7
Pillar I capital requirements	3,462,806	3,324,854
MREL requirement (%) fixed by the Danish FSA	17.9	17.9
Excess cover in percentage points relative to MREL requirement	9.9	8.8

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NOTES

Note no.		2021 DKK 1,000	2020 DKK 1,000
1	Interest income		
	Receivables from credit institutions and central banks – net	-14,893	-15,917
	Loans and other receivables	1,253,811	1,251,394
	Discounts – amortisation concerning loans taken over etc.	10,296	10,296
	Loans – interest on the impaired part of loans	-49,612	-59,678
	Bonds – net	28,211	13,188
	Total derivative financial instruments – net	21,620	20,424
	of which currency contracts – net	5,079	9,740
	of which interest-rate contracts – net	16,541	10,684
	Other interest income	2,464	2,862
	Total interest income after offsetting of negative interest	1,251,897	1,222,569
	Negative interest income transferred to interest expenses		
	Receivables from credit institutions and central banks	16,685	17,969
	Bonds	5,134	10,883
	Total derivative financial instruments	2,979	4,064
	of which currency contracts	771	1,102
	of which interest-rate contracts	2,208	2,962
	Total negative interest income transferred to interest expenses	24,798	32,916
	Negative interest expenses transferred from interest expenses		
	Debt to credit institutions and central banks	1	161
	Deposits and other debt	183,150	117,569
	Total negative interest expenses transferred from interest expenses	183,151	117,730
	Total interest income	1,459,846	1,373,215
2	Interest expenses		
	Credit institutions and central banks – net	9,996	11,885
	Deposits and other debt – net	-165,948	-97,803
	Issued bonds	22,959	21,538
	Subordinated debt	27,311	32,003
	Other interest expenses	813	2,641
	Total interest expenses after offsetting of negative interest	-104,869	-29,736
	Negative interest expenses transferred to interest income		
	Debt to credit institutions and central banks	1	161
	Deposits and other debt	183,150	117,569
	Total negative interest expenses transferred to interest income	183,151	117,730
	Negative interest income transferred from interest income		
	Receivables from credit institutions and central banks	16,685	17,969
	Bonds	5,134	10,883
	Total derivative financial instruments	2,979	4,064
	of which currency contracts	771	1,102
	of which interest-rate contracts	2,208	2,962
	Total negative interest income transferred from interest income	24,798	32,916
	Total interest expenses	103,080	120,910
3	Dividends from shares etc.		
	Shares	77,109	71,241
	Total dividends from shares etc.	77,109	71,241

Note
no.

	2021 DKK 1,000	2020 DKK 1,000
4 Fees and commission		
Gross fee and commission income		
Securities trading	188,682	154,196
Asset management and custody accounts	197,448	165,388
Payment handling	125,136	100,790
Loan fees	93,246	91,361
Guarantee commission and mortgage credit commission etc.	244,423	224,817
Other fees and commission	90,284	78,269
Total gross fee and commission income	939,219	814,821
Fee and commission expenses		
Securities trading	17,477	16,067
Asset management and custody accounts	15,508	15,376
Payment handling	41,224	37,718
Loan fees	11,865	9,322
Other fees and commission	5,109	7,062
Total fee and commission expenses	91,183	85,545
Net fee and commission income		
Securities trading	171,205	138,129
Asset management and custody accounts	181,940	150,012
Payment handling	83,912	63,072
Loan fees	81,381	82,039
Guarantee commission and mortgage credit commission etc.	244,423	224,817
Other fees and commission	85,175	71,207
Total net fee and commission income	848,036	729,276
Foreign exchange income	57,670	40,759
Total net fee, commission and foreign exchange income	905,706	770,035
5 Value adjustments		
Other loans and receivables, fair value adjustment*	-4,492	1,292
Bonds	-15,820	10,658
Shares etc.	106,003	76,441
Foreign exchange	57,670	40,759
Total derivative financial instruments	-18,337	24,106
of which currency contracts	-23,489	22,235
of which interest-rate contracts	5,095	1,870
of which share contracts	57	1
Assets linked to pooled schemes	490,318	124,574
Deposits in pooled schemes	-490,318	-124,574
Issued bonds etc.*	38,103	-27,177
Total value adjustments	163,127	126,079

* See note 43.

Note no.		2021 DKK 1,000	2020 DKK 1,000
6	Staff and administration expenses		
	Payments to general management, board of directors and shareholders' committee:		
	General management:		
	Salary	14,601	14,879
	Pension	2,365	2,295
	Total payments	16,966	17,174
	Total taxable value of company car: 2021: tDKK 526, 2020: tDKK 481. The amounts are not included in the salary amounts stated.		
	Board of directors:		
	Total payments	4,225	3,170
	Shareholders' committee		
	Total payments	890	857
	Total	22,081	21,201
	Staff expenses:		
	Salaries	345,780	344,570
	Pensions	39,665	41,958
	Social security expenses	5,353	5,244
	Costs depending on number of staff	60,293	60,840
	Total	451,091	452,612
	Other administration expenses	317,202	292,120
	Total staff and administration expenses	790,374	765,933
	Information on the remuneration paid to the individual members of the board of directors and general management is shown in the remuneration report for 2021, available on the bank's website: www.landbobanken.dk/policies		
7	Number of full-time employees		
	Average number of employees during the financial year converted into full-time employees	619	632
	Number of full-time employees at the end of the period	626	612
8	Salaries paid to other major risk-takers and employees in control functions		
	Fixed salary	17,631	15,399
	Variable salary	630	340
	Pension	1,926	1,570
	Total	20,187	17,309
	Number of full-time employees at end of year	21	18
9	Fee to the auditor elected by the general meeting		
	Statutory audit	712	743
	Other assurance engagements	101	60
	Advice on tax	145	0
	Other services	270	263
	Total fee to the auditor elected by the general meeting	1,228	1,066

Fees for other assurance engagements primarily concern reports to public authorities.

Fees for advice on tax primarily concern advice on VAT.

Fees for other services include issue of the comfort letter regarding the bank's EMTN programme and verification of regular recognition of profit in common equity tier 1.

The bank also has an internal auditor.

Note no.		2021 DKK 1,000	2020 DKK 1,000
10	Amortisation, depreciation and write-downs on intangible and tangible assets		
	Intangible assets		
	Customer relationships, amortisation	17,254	15,000
	Tangible assets		
	Domicile properties, depreciation	1,838	1,964
	Domicile properties, write-down to reassessed value	5,500	1,500
	Domicile properties (leasing), depreciation	5,438	3,852
	Other tangible assets, depreciation	5,660	6,925
	Other tangible assets (leasing), depreciation	103	0
	Total amortisation, depreciation and write-downs on intangible and tangible assets	35,793	29,241
11	Impairment charges for loans and other receivables etc.		
	Net changes in impairment charges for loans and other receivables etc. and provisions for losses on guarantees	78,700	172,975
	Actual realised net losses	49,541	120,051
	Interest on the impaired part of loans	-49,612	-59,678
	Total impairment charges for loans and other receivables etc.	78,629	233,348
12	Tax		
	Tax calculated on income for the year	293,912	223,794
	Adjustment of deferred tax	6,604	-3,689
	Adjustment of tax calculated for previous years	8,330	4,491
	Total tax	308,846	224,596
	Effective tax rate (%):		
	Tax rate currently paid by the bank	22.0	22.0
	Non-taxable income and non-deductible costs*	-2.4	-2.8
	Adjustment of tax calculated for previous years	0.5	0.4
	Total effective tax rate	20.1	19.6

* Primarily value adjustment of and dividends from sector shares.

NOTES

Note no.	Explanation of the correlation between profit before tax and core earnings	2021 DKK 1,000	2020 DKK 1,000
13	Net interest income		
	Net interest income – income statement	1,356,766	1,252,305
	Discounts – amortisation concerning loans taken over etc.	-10,296	-10,296
	Funding income – own portfolio	26,088	29,028
	Bond yields etc.	-29,999	-15,221
	Net interest income – core earnings	1,342,559	1,255,816
14	Net fee and commission income excluding securities trading		
	Fee and commission income – income statement	939,219	814,821
	Fee and commission expenses – income statement	-91,183	-85,545
	Securities trading – core earnings	-171,205	-138,129
	Net fee and commission income excluding securities trading – core earnings	676,831	591,147
15	Income from sector shares etc.		
	Value adjustment of sector shares etc.	102,933	81,525
	Dividends from sector shares etc.	76,257	69,410
	Income from sector shares etc. – core earnings	179,190	150,935
16	Total expenses etc.		
	Staff and administration expenses – income statement	790,374	765,933
	Amortisation, depreciation and write-downs on intangible and tangible assets – income statement	35,793	29,241
	Other operating expenses – income statement	7,643	8,110
	Amortisation and write-downs on intangible assets – core earnings	-17,254	-15,000
	Total expenses etc. – core earnings	816,556	788,284
17	Impairment charges for loans and other receivables etc.		
	Impairment charges for loans and other receivables etc. – income statement	-78,629	-233,348
	Discounts – amortisation concerning loans taken over etc.	10,296	10,296
	Impairment charges for loans and other receivables etc. – core earnings	-68,333	-223,052
18	Profit before tax and core earnings		
	Profit before tax	1,538,111	1,144,310
	Value adjustments – income statement	163,127	126,079
	Results from investments in associated companies and group undertakings – income statement	22	-13
	Value adjustment of sector shares etc.	-102,933	-81,525
	Foreign exchange income – core earnings	-57,670	-40,759
	Funding expenses – own portfolio	-26,088	-29,028
	Bond yields etc.	29,999	15,221
	Dividends – not sector shares	852	1,831
	Result for the portfolio – core earnings (minus)	7,309	-8,194
	Special costs – core earnings (plus)	17,254	15,000
	Core earnings	1,548,056	1,167,504

Note
no.

19 Receivables from credit institutions and central banks

	31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
Demand	216,097	114,751
Up to and including 3 months	0	3,211,482
More than 1 year and up to and including 5 years	0	5,000
More than 5 years	0	45,000
Total receivables from credit institutions and central banks	216,097	3,376,233
Distributed as follows:		
Receivables from central banks	0	3,211,482
Receivables from credit institutions	216,097	164,751
	216,097	3,376,233

20 Loans and other receivables at amortised cost*

Demand	4,889,428	3,859,843
Up to and including 3 months	1,396,536	1,252,486
More than 3 months and up to and including 1 year	9,266,165	7,954,602
More than 1 year and up to and including 5 years	11,311,679	10,053,336
More than 5 years	14,315,447	13,120,899
Total loans and other receivables at amortised cost	41,179,255	36,241,166
Of which collateralised repurchase agreements/ reverse repo transactions	52,090	0

* See note 43.

21 Impairment charges for loans and other receivables and provisions for losses on guarantees, unutilised credit facilities and credit undertakings

Impairment charges and provisions by stages

	Stage 1 DKK 1,000	Stage 2 DKK 1,000	Stage 3 DKK 1,000	Total DKK 1,000
2021				
Loans and other receivables at amortised cost	232,549	825,278	1,099,523	2,157,350
Guarantees	7,961	14,987	74,259	97,207
Unutilised credit facilities and credit undertakings	10,531	18,232	0	28,763
Total impairment charges and provisions by stages	251,041	858,497	1,173,782	2,283,320
Of which management estimates*	123,178	283,159	224,906	631,243
2020				
Loans and other receivables at amortised cost	304,520	839,303	938,449	2,082,272
Guarantees	23,665	23,886	38,263	85,814
Unutilised credit facilities and credit undertakings	18,659	17,875	0	36,534
Total impairment charges and provisions by stages	346,844	881,064	976,712	2,204,620
Of which management estimates*	205,137	255,284	105,765	566,186

* See the description of distribution by stages on page 95.

In addition, a discount on loans and guarantees taken over from Nordjyske Bank amounted to

	31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
	14,803	25,099
The above includes the following stage 3 impairment charges and provisions taken over from Nordjyske Bank:		
Cumulative stage 3 impairment charges and provisions at the end of the previous financial year	247,609	507,433
Changes during the year	-56,990	-259,824
Total stage 3 impairment charges and provisions taken over	190,619	247,609

NOTES

Note
no.

21 Impairment charges for loans and other receivables and provisions for losses on guarantees, unutilised credit facilities and credit undertakings – continued

Impairment charges and provisions

	Stage 1 DKK 1,000	Stage 2 DKK 1,000	Stage 3 DKK 1,000	Total DKK 1,000	Impairment charges etc. taken to income statement DKK 1,000
2021					
Impairment charges and provisions at the end of the previous financial year	346,844	881,064	976,712	2,204,620	-
Impairment charges and provisions for new exposures during the year, including new accounts for existing customers	91,455	118,960	98,793	309,208	309,208
Reversed impairment charges and provisions for repaid accounts	-83,784	-134,825	-95,421	-314,030	-314,030
Transfer of impairment charges and provisions at beginning of year to stage 1	158,998	-152,580	-6,418	0	0
Transfer of impairment charges and provisions at beginning of year to stage 2	-15,390	66,408	-51,018	0	0
Transfer of impairment charges and provisions at beginning of year to stage 3	-1,731	-107,727	109,458	0	0
Impairment charges and provisions during the year resulting from credit risk change	-245,351	187,197	203,740	145,586	145,586
Previously written down, now definitively lost	-	-	-62,064	-62,064	-
Lost, not previously written down	-	-	-	-	10,088
Received on receivables previously written off	-	-	-	-	-72,223
Total impairment charges and provisions	251,041	858,497	1,173,782	2,283,320	78,629
of which regarding credit institutions etc.	3,302	0	0	3,302	1,297
2020					
Impairment charges and provisions at the end of the previous financial year	136,729	404,006	1,490,910	2,031,645	-
Impairment charges and provisions for new exposures during the year, including new accounts for existing customers	110,102	86,720	122,077	318,899	318,899
Reversed impairment charges and provisions for repaid accounts	-35,138	-70,486	-180,189	-285,813	-285,813
Transfer of impairment charges and provisions at beginning of year to stage 1	147,307	-58,732	-88,575	0	0
Transfer of impairment charges and provisions at beginning of year to stage 2	-10,189	453,417	-443,228	0	0
Transfer of impairment charges and provisions at beginning of year to stage 3	-1,573	-17,205	18,778	0	0
Impairment charges and provisions during the year resulting from credit risk change	-394	83,344	153,320	236,270	236,270
Previously written down, now definitively lost	-	-	-96,381	-96,381	0
Lost, not previously written down	-	-	-	-	66,781
Received on receivables previously written off	-	-	-	-	-102,789
Total impairment charges and provisions	346,844	881,064	976,712	2,204,620	233,348
of which regarding credit institutions etc.	2,005	0	0	2,005	1,094

Note no.		31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
22	Shares etc.		
	Listed on Nasdaq Copenhagen	8,879	10,850
	Investment fund certificates	20,345	29,577
	Unlisted shares at fair value	6,838	14,186
	Sector shares at fair value	1,431,355	1,331,194
	Total shares etc.	1,467,417	1,385,807
23	Assets linked to pooled schemes		
	Cash deposits	267,180	101,854
	Bonds:		
	Other bonds	1,431,770	1,513,905
	Total bonds	1,431,770	1,513,905
	Shares:		
	Other shares	777,747	672,557
	Investment fund certificates	3,061,166	2,411,764
	Total shares	3,838,913	3,084,321
	Total assets linked to pooled schemes	5,537,863	4,700,080
24	Intangible assets		
	Goodwill		
	Cost at the end of the previous financial year	923,255	923,255
	Total cost on the balance sheet date	923,255	923,255
	Total goodwill on the balance sheet date	923,255	923,255
	Customer relationships		
	Cost at the end of the previous financial year	150,000	150,000
	Additions during the year	45,088	0
	Total cost on the balance sheet date	195,088	150,000
	Amortisation at the end of the previous financial year	38,417	23,417
	Amortisation for the year	17,254	15,000
	Total amortisation on the balance sheet date	55,671	38,417
	Total customer relationships on the balance sheet date	139,417	111,583
	Total intangible assets on the balance sheet date	1,062,672	1,034,838

Goodwill was impairment-tested at the end of 2021. The merged bank was tested as a single unit, since the "old" Nordjyske Bank is financially fully integrated in Ringkjøbing Landbobank. Therefore a true and fair view could not be obtained from a test only of the part that had been taken over. The impairment test did not result in any write-downs.

The model used in the impairment test is based on the bank's budget for 2022. "Net profit for the year" is used as the opening value for calculating the sensitivity. The tax rate is expected to be unchanged throughout the period. Using "Net profit for the year" as the opening value in the model makes the test harder than if free cash flows were used. A weighted average cost of capital of 8.5% and an expected annual increase in "Net profit for the year" of 2% were used.

The robustness of the model is tested in sensitivity analyses where the required rate of return, changes in growth rate and negative effects of "Result for the portfolio etc." are tested. The management believes that the model is robust in respect of the relevant scenarios chosen.

In addition, the bank's market value is an indicator that there is no need for impairment. On 31 December 2021, the market value was approximately three times the equity value.

NOTES

Note no.		31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
25	Land and buildings		
	Investment properties		
	Fair value at the end of the previous financial year	7,667	11,567
	Disposals during the year	-2,340	-1,500
	Disposals on reclassification due to changed use	0	-2,400
	Value adjustments to fair value for the year	2,500	0
	Reversal of previous years' write-downs for the year and reversal of total depreciation and write-downs on assets which were disposed of or taken out of operation during the year	840	0
	Fair value on the balance sheet date	8,667	7,667
	Domicile properties		
	Revalued amount at the end of the previous financial year	186,971	197,314
	Additions during the year, including improvements	5,000	0
	Additions on reclassification due to changed use	0	2,400
	Disposals during the year	-17,882	-4,529
	Disposals on reclassification due to changed use	0	-6,784
	Depreciation for the year	-1,838	-1,964
	Write-downs after revaluation for the year	-5,500	-1,500
	Reversal of previous years' write-downs for the year and reversal of total depreciation and write-downs on assets which were disposed of or taken out of operation during the year	1,636	2,034
	Total revalued amount on the balance sheet date	168,387	186,971
	Domicile properties (leasing)		
	Recognised amount at the end of the previous financial year	21,272	0
	Effect of transition to new accounting rules, beginning of year	0	21,777
	Additions during the year	8,655	3,347
	Disposals during the year	-2,164	0
	Depreciation for the year	-5,438	-3,852
	Reversal of previous years' write-downs for the year and reversal of total depreciation and write-downs on assets which were disposed of or taken out of operation during the year	253	0
	Total recognised amount on the balance sheet date	22,578	21,272
	When valuing investment and domicile properties, a required rate of return between 6% and 10% is applied. No external experts were involved in the valuations of investment and domicile properties.		
26	Other tangible assets		
	Cost		
	Cost at the end of the previous financial year without depreciation and write-downs	82,701	78,807
	Additions during the year, including improvements	3,136	4,767
	Disposals during the year	-216	-873
	Total cost on the balance sheet date	85,621	82,701
	Depreciation and write-downs		
	Depreciation and write-downs at the end of the previous financial year	65,075	58,752
	Depreciation for the year	5,763	6,925
	Reversal of previous years' write-downs for the year and reversal of total depreciation and write-downs on assets which were disposed of or taken out of operation during the year	-216	-602
	Total depreciation and write-downs on the balance sheet date	70,622	65,075
	Total other tangible assets on the balance sheet date	14,999	17,626
	The bank is lessee under leases for other tangible assets, which are recognised at:	207	311

Note no.		31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
27	Deferred tax assets		
	The calculated provisions for deferred tax relate to the following balance sheet items:		
	Loans and other receivables	31,325	24,790
	Securities and financial instruments	-10,326	-1,475
	Intangible assets	-22,169	-24,548
	Tangible assets	4,597	5,597
	Other balance sheet items	7,836	13,504
	Total deferred tax assets	11,263	17,868
28	Other assets		
	Interest and commission receivable	78,373	68,888
	Positive market value of derivative financial instruments	117,478	185,190
	Collateral under CSA agreements	20,720	35,193
	Miscellaneous debtors and other assets	142,895	173,758
	Other deposits	47,700	47,298
	Total other assets	407,166	510,327
29	Debt to credit institutions and central banks		
	Demand	803,571	711,366
	Up to and including 3 months	62,901	292,643
	More than 3 months and up to and including 1 year	53,704	385,258
	More than 1 year and up to and including 5 years	405,266	562,413
	More than 5 years	704,733	497,238
	Total debt to credit institutions and central banks	2,030,175	2,448,918
	Distributed as follows:		
	Debt to credit institutions	2,030,175	2,448,918
		2,030,175	2,448,918
30	Deposits and other debt		
	Demand*	32,744,980	29,973,193
	Deposits and other debt with notice:		
	Up to and including 3 months	853,645	418,740
	More than 3 months and up to and including 1 year	1,620,263	1,395,528
	More than 1 year and up to and including 5 years	532,593	668,580
	More than 5 years	2,450,705	2,482,524
	Total deposits and other debt	38,202,186	34,938,565
	of which deposits covered by the Guarantee Fund	59.2%	64.1%
	Distributed as follows:		
	Demand	32,632,512	29,849,983
	With notice	1,246,496	1,328,132
	Time deposits	968,119	277,918
	Long-term deposit agreements	902,960	1,050,783
	Special types of deposits*	2,452,099	2,431,749
		38,202,186	34,938,565
	<i>* Special types of deposits are entered under the item "Demand" pending payment whereas, in the specification of the different types of deposits, the sum is included under "Special types of deposit".</i>		
31	Issued bonds at amortised cost*		
	More than 3 months and up to and including 1 year	372,191	0
	More than 1 year and up to and including 5 years	1,982,321	1,675,470
	More than 5 years	606,910	686,326
	Total issued bonds at amortised cost	2,961,422	2,361,796
	<i>* See note 43.</i>		

NOTES

Note no.		31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000						
32	Other liabilities								
	Interest and commission payable	24,750	22,309						
	Negative market value of derivative financial instruments	70,605	103,115						
	Collateral under CSA agreements	15,752	41,802						
	Miscellaneous creditors and other liabilities	617,847	423,883						
	Total other liabilities	728,954	591,109						
33	Provisions for pensions and similar liabilities								
	Pension obligations taken over on the merger	2,473	2,560						
	Total provisions for pensions and similar liabilities	2,473	2,560						
34	Subordinated debt*								
			Possible early repayment date						
	Type	Interest	Cur-rency	Mil-lion	Due date				
	Tier 2 capital								
	Bond loan**	Fixed-rate	DKK	500	13 June 2028	13 June 2023	500,000	500,000	
	Bond loan***	Floating-rate	DKK	300	13 June 2030	13 June 2025	300,000	300,000	
	Bond loan****	Floating-rate	EUR	100	22 Aug. 2029	22 Aug. 2024	743,630	743,925	
	Bond loan*****	Floating-rate	DKK	500	11 Jan. 2032	11 Jan. 2027	500,000	-	
	Total tier 2 capital (included in total capital)						2,043,630	1,543,925	
	Adjustment to amortised cost and fair value adjustment						875	5,225	
	Total subordinated debt						2,044,505	1,549,150	
	* See note 43.								
	** Issued on 13 June 2018. The interest rate is a fixed rate corresponding to a 5-year mid-swap plus 1.65% p.a., after which the interest rate will be a floating rate corresponding to Cibur 6M plus 1.65% p.a. Interest expenses – 2021: tDKK 11,283, 2020: tDKK 11,246. Costs of raising loan: tDKK 2,500								
	*** Issued on 13 June 2018. The interest rate is a floating rate corresponding to the Cibur 6M plus 1.85% p.a. Interest expenses – 2021: tDKK 5,460, 2020: tDKK 5,528. Costs of raising loan: tDKK 1,500								
	**** Issued on 22 August 2019. The interest rate is a floating rate corresponding to the Euribor 6M plus 1.75% p.a. Interest expenses – 2021: tDKK 9,557, 2020: tDKK 10,686. Costs of raising loan: tDKK 2,462								
	***** Issued on 11 October 2021. The interest rate is a floating rate corresponding to the Euribor 3M plus 1.10% p.a. Interest expenses – 2021: tDKK 1,011. Costs of raising loan: tDKK 1,750								
35	Share capital								
	Number of DKK 1 shares:								
	Beginning of year							29,228,321	29,661,796
	Cancellation during the year							-160,600	-433,475
	End of year							29,067,721	29,228,321
	of which reserved for subsequent cancellation							635,805	160,600
	Total share capital							29,068	29,228
	The whole share capital has been admitted for listing on Nasdaq Copenhagen.								

Note no.		31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
36	Own shares		
	Own shares included in the balance sheet at	0	0
	Market value	558,397	91,767
	Number of own shares:		
	Beginning of year	165,644	433,721
	Purchase during the year	1,792,600	1,525,629
	Sale during the year	-1,161,656	-1,360,231
	Cancellation during the year	-160,600	-433,475
	End of year	635,988	165,644
	of which reserved for subsequent cancellation	635,805	160,600
	Nominal value of holding of own shares, end of year	636	166
	Own shares' proportion of share capital, end of year (%):		
	Beginning of year	0.6	1.5
	Purchase during the year	6.2	5.2
	Sale during the year	-4.0	-4.6
	Cancellation during the year	-0.6	-1.5
	End of year	2.2	0.6
	The purchases and sales of own shares during the year were effected on the basis of the bank's ordinary trading in shares and share buy-back programmes.		
37	Contingent liabilities etc.		
	Contingent liabilities		
	Financial guarantees	3,673,137	3,536,326
	Guarantees against losses on mortgage credit loans	3,065,101	2,813,424
	Registration and refinancing guarantees	2,713,942	2,684,855
	Sector guarantees	105,626	104,802
	Other contingent liabilities	712,622	672,423
	Total contingent liabilities	10,270,428	9,811,830
	Other contractual obligations		
	Irrevocable credit undertakings etc.	781,832	0
	Total other contractual obligations	781,832	0
38	Assets provided as security		
	First-mortgage loans are provided for renewable energy projects. The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each reduction of the first-mortgage loans is deducted directly from the funding at KfW Bankengruppe. The balance sheet item is	1,171,093	1,152,786
	As security for clearing etc., the bank has pledged securities from its holding to Danmarks Nationalbank to a total market price of	114,020	168,512
	Collateral under CSA agreements etc.	20,720	35,193
39	Contractual obligations		
	The following information is provided on material contractual obligations:		
	<ul style="list-style-type: none"> • The bank is a member of the association Bankdata. If the bank terminates its membership, it is liable to pay an exit charge. • Like the rest of the Danish banking sector, the bank has an obligation to make payments to the Guarantee Fund and the Resolution Fund. 		

Note no.

40 Legal proceedings etc.

The bank is not party to legal proceedings expected to result in major losses and therefore to substantial alteration of the accounts.

41 Related parties

Related parties are the bank's board of directors and general management and their related parties. Ringkjøbing Landbobank advises that it has no related parties with a controlling interest. The bank's subsidiary Sæbygård Skov A/S and associated company Tarm Plantage ApS are also related parties.

There were no transactions during the year with the board of directors and the general management, apart from payments of salaries and fees etc., securities trading, loans and the provision of collateral security. All transactions performed in 2021 and 2020 with related parties were on market terms or on an at-cost basis.

Information on the remuneration paid to the board of directors and the general management is given in note 6 and the remuneration report for 2021.

Information on the size of loans, mortgages, sureties and guarantees provided to members of the bank's board of directors and general management, the security received and shareholdings is given in this note. The information in this note covers these parties' personal exposures and those of their related parties.

	31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
Amounts of loans issued to and mortgages, sureties or guarantees issued for the members of the bank's organs:		
General management	1,330	1,330
Interest rate	2.75% - 5.95%	2.75% - 5.95%
Board of directors, including members elected by the employees	48,814	18,903
Interest rate	0.75% - 19.50%	0.75% - 19.50%
New exposures during the year have been granted for a net	27,995	3,250
All exposures are on market terms, including both interest and guarantee commission rates.		
Security provided by members of the bank's organs:		
General management	0	0
Board of directors, including members elected by the employees	6,702	4,091
Shareholdings* of the board of directors and general management in Ringkjøbing Landbobank at the end of the year	No. of shares	No. of shares
General management:		
John Bull Fisker	76,015	76,015
Claus Andersen	1,947	1,774
Jørn Nielsen	9,089	9,519
Carl Pedersen	1,289	1,198
Board of directors:		
Martin Krogh Pedersen	30,015	30,015
Mads Hvolby	3,204	2,961
Jens Møller Nielsen	270	270
Morten Jensen	1,100	1,100
Jon Steingrim Johnsen	0	0
Jacob Møller	785	785
Lone Rejkjær Söllmann	978	930
Sten Uggerhøj	30,122	30,122
Dan Junker Astrup	163	130
Gitte E.S.H. Vigsø	293	124
Arne Ugilt	839	839
Finn Aaen	555	533

* Shares owned by members of management and their personal related parties.

Note
no.

42 Fair value of financial instruments

Financial instruments are measured in the balance sheet at either fair value or amortised cost (with consideration to risk cover that fulfils the conditions applying to hedge accounting).

Fair value is the amount at which a financial asset can be traded or at which a financial liability can be repaid between agreed independent parties. The fair values of financial assets and liabilities priced on active markets are calculated on the basis of observed market prices on the balance sheet date. The fair values of financial instruments which are not priced on active markets are calculated on the basis of generally recognised pricing methods.

Shares etc., investments in associated and group undertakings, assets linked to pooled schemes and derivative financial instruments are measured in the accounts at fair value. Recognised amounts equal fair values.

Loans are measured in the balance sheet at amortised cost plus any fair value hedging.

The difference from fair values is calculated as fees and commission received, costs paid in the lending activities, and for fixed-interest loans, the value adjustment which is dependent on the interest level. This, in turn, is calculated by comparing the actual market interest rate with the nominal rate applying to the loans. The stage 1 impairment charges stated on the balance sheet date are also added.

The fair value of receivables from credit institutions and central banks is determined by the same method as for loans.

For floating-rate financial liabilities in the form of deposits and debt to credit institutions measured at amortised cost, it is estimated that the carrying value corresponds to the fair value. For fixed-rate financial liabilities in the form of deposits and debt to credit institutions measured at amortised cost, the difference from fair values is estimated to be the value adjustment which is dependent on interest level.

Deposits in pooled schemes are measured in the accounts at fair value. Recognised amounts equal fair values.

Issued bonds and subordinated debt are measured at amortised cost plus any fair value hedging, which is estimated to correspond to the fair value.

	31 Dec. 2021		31 Dec. 2020	
	Book value DKK 1,000	Fair value DKK 1,000	Book value DKK 1,000	Fair value DKK 1,000
Financial assets				
Cash in hand and demand deposits with central banks	3,459,464	3,459,464	659,004	659,004
Receivables from credit institutions and central banks*	216,097	216,097	3,376,233	3,376,233
Loans and other receivables at amortised cost*	41,237,540	41,511,548	36,295,300	36,661,341
Bonds at fair value*	6,756,373	6,756,373	6,646,627	6,646,627
Shares etc.	1,467,417	1,467,417	1,385,807	1,385,807
Investments in associated companies	481	481	482	482
Investments in group undertakings	12,020	12,020	11,997	11,997
Assets linked to pooled schemes	5,537,863	5,537,863	4,700,080	4,700,080
Derivative financial instruments	117,478	117,478	185,190	185,190
Total financial assets	58,804,733	59,078,741	53,260,720	53,626,761
Financial liabilities				
Debt to credit institutions and central banks*	2,030,582	2,030,700	2,449,288	2,450,219
Deposits and other debt*	38,195,382	38,195,161	34,935,357	34,935,497
Deposits in pooled schemes	5,537,863	5,537,863	4,700,080	4,700,080
Issued bonds at amortised cost*	2,975,764	2,975,764	2,375,239	2,375,239
Derivative financial instruments	70,605	70,605	103,115	103,115
Subordinated debt*	2,052,632	2,052,632	1,556,389	1,556,389
Total financial liabilities	50,862,828	50,862,725	46,119,468	46,120,539

* The item includes calculated interest on the balance sheet date. The calculated interest in the balance sheet is included under the items "Other assets" and "Other liabilities".

Note no.		31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
43	Hedging*		
	Loans at book value	194,821	211,801
	Hedged by currency swap (SEK/DKK), maturity 2022 (early redemption):		
	Synthetic principal	0	12,020
	Fair value	0	572
	Hedged by currency swap (EUR/DKK), maturity 2025:		
	Synthetic principal	149,098	149,157
	Fair value	-4,393	-7,372
	Hedged by interest rate swaps, maturity 2021-2035:		
	Synthetic principal	46,219	51,168
	Fair value	-1,113	-2,358
	Issued bonds at book value	1,698,264	1,624,299
	Hedged by currency swaps (EUR/DKK), maturity 2023-2039:		
	Synthetic principal	1,005,846	931,487
	Fair value	20,965	51,911
	Hedged by interest rate swaps, maturity 2023-2029:		
	Synthetic principal	694,363	694,393
	Fair value	4,211	8,259
	Tier 2 capital at book value	500,000	500,000
	Hedged by interest rate swap, maturity 2023:		
	Synthetic principal	500,000	500,000
	Fair value	10,201	14,111
	<i>Hedging is thus:</i>		
	Currency swaps – total synthetic principal	1,154,944	1,092,664
	Interest rate swaps – total synthetic principal	1,240,582	1,245,561
	Fair value – currency swaps	16,572	45,111
	Fair value – interest rate swaps	13,299	20,012

* Fair value hedging only.

44 Risks and risk management

As described in the section on risk "Risks and risk management" in the management review, Ringkjøbing Landbobank is exposed to various types of risk. See the section on risks on pages 30-42 of the management review for a description of financial risks and policies and objectives for the management of these risks:

- Credit risks – page 31
- Market risks – page 35
- Interest rate risks – page 36
- Foreign exchange risks – page 36
- Share price risks – page 37
- Value at Risk – page 38
- Liquidity risks – page 39

The following notes to the financial statements contain detailed information and descriptions of the bank's credit and market risks.

Note
no.

31 Dec. 2021
DKK 1,000

31 Dec. 2020
DKK 1,000

45 Credit risk

Maximum credit exposure classified by balance sheet and off-balance sheet items (after impairment charges and provisions)

Loans and other receivables at amortised cost	41,179,255	36,241,166
Guarantees (contingent liabilities)	10,173,221	9,726,014
Unutilised credit facilities and credit undertakings*	21,208,177	17,505,748
Other exposures, including derivative financial instruments	1,006,348	665,819
Total maximum credit exposure	73,567,001	64,138,747

* On 31 December 2021 the bank had provided unutilised credit facilities and credit undertakings to a total of DKK 21.2 billion. Committed credit facilities and credit undertakings were DKK 782 million.

Security received

Security received for maximum credit exposure	Maximum credit exposure DKK 1,000	Loans and guarantees DKK 1,000	Security received				Total DKK 1,000
			Real property DKK 1,000	Movables DKK 1,000	Securities and cash DKK 1,000	Other Security* DKK 1,000	
2021							
Public authorities	22,470	2,020	117	963	912	120	2,112
Business customers:							
Agriculture, forestry and fisheries	5,742,096	4,147,045	1,502,751	777,203	190,273	1,483,151	3,953,378
Industry and raw materials extraction	2,576,960	1,621,696	226,662	534,402	17,298	171,128	949,490
Energy supply	4,702,091	3,510,502	92,425	700	21,721	2,183,499	2,298,345
Building and construction	3,235,952	1,929,500	734,221	186,528	173,580	139,831	1,234,160
Trade	3,122,538	1,746,443	499,554	508,192	112,322	106,063	1,226,131
Transport, hotels and restaurants	1,164,156	933,470	287,185	74,301	108,899	374,852	845,237
Information and communication	405,912	277,166	94,823	60,206	19,218	68,223	242,470
Finance and insurance	8,027,396	4,956,447	296,928	386,246	1,632,097	502,247	2,817,518
Real property	12,893,856	8,940,036	5,527,036	19,498	486,740	625,880	6,659,154
Other business customers	6,203,776	3,381,539	1,192,305	265,603	686,408	320,325	2,464,641
Total business customers	48,074,733	31,443,844	10,453,890	2,812,879	3,448,556	5,975,199	22,690,524
Private individuals	25,469,798	19,906,612	8,954,470	2,060,668	1,319,083	2,721,142	15,055,363
Total	73,567,001	51,352,476	19,408,477	4,874,510	4,768,551	8,696,461	37,747,999

* Includes security in the form of wind turbines, farms, mortgaged share capital, surety etc.

Note no.

45 Credit risk – continued

Security received for maximum credit exposure	Maximum credit exposure DKK 1,000	Loans and guarantees DKK 1,000	Security received				Total DKK 1,000
			Real property DKK 1,000	Movables DKK 1,000	Securities and cash DKK 1,000	Other Security* DKK 1,000	
2020							
Public authorities	26,255	2,119	593	1,351	909	0	2,853
Business customers:							
Agriculture, forestry and fisheries	5,750,572	4,409,601	1,424,637	827,043	164,700	1,401,940	3,818,320
Industry and raw materials extraction	2,211,843	1,235,569	230,438	455,705	31,987	149,058	867,188
Energy supply	4,478,033	3,456,696	106,093	700	21,369	2,412,019	2,540,181
Building and construction	2,753,669	1,530,035	658,671	178,161	165,516	186,372	1,188,720
Trade	2,820,751	1,537,366	448,420	543,354	45,126	120,297	1,157,197
Transport, hotels and restaurants	1,158,292	935,411	230,349	62,028	73,353	447,881	813,611
Information and communication	314,970	206,653	73,693	52,023	15,910	28,511	170,137
Finance and insurance	5,556,574	3,716,805	183,272	311,664	1,026,669	455,051	1,976,656
Real property	10,355,014	7,755,735	4,749,301	16,053	237,073	490,102	5,492,529
Other business customers	5,555,306	3,273,992	1,090,986	182,733	510,970	363,141	2,147,830
Total business customers	40,955,024	28,057,863	9,195,860	2,629,464	2,292,673	6,054,372	20,172,369
Private individuals	23,157,468	17,907,198	8,108,849	1,746,329	950,384	2,409,083	13,214,645
Total	64,138,747	45,967,180	17,305,302	4,377,144	3,243,966	8,463,455	33,389,867

* Includes security in the form of wind turbines, farms, mortgaged share capital, surety etc.

Description of security

When entering into transactions with its customers, Ringkjøbing Landbobank wants to reduce the risk as much as possible by obtaining collateral in the form of physical assets, securities, bank deposits etc. as well as guarantees, including by surety.

The bank regularly monitors the value of collateral security obtained, and the related loan values are calculated in accordance with the bank's internal procedures as follows:

- Detached houses, owner-occupied flats and holiday homes are valued at fair value less a deduction.
- Rental properties are valued at calculated fair values on the basis of profitability analyses less a deduction.
- Movables are in principle valued at book value less a deduction.
- Agricultural properties are valued on the same principles as used by the Danish FSA, except that the bank applies lower prices for farm land.
- Securities are valued at fair value less a safety margin.
- Wind turbines are valued at the present value of the calculated cash flow over their expected / remaining lives. The calculation is based on the wind turbine's expected output in a normal wind year.

Note
no.

45 Credit risk – continued

When computing loan values, a deduction is made to cover the risk in connection with realisation, costs etc.

The tables above only show loan values corresponding to the maximum credit exposure for the individual exposure. If the loan value for the individual exposure exceeds the maximum credit exposure allowed, the surplus loan value is not included in the tables.

As a result of general cautiousness when computing loan values, the possible realisation values are often higher than the loan values shown. In a number of instances, customers' drawdown of their maximum credit facilities is also conditional upon their ability to deposit additional security. The real collateral values for the maximum credit risk are therefore actually higher than indicated in the tables.

In addition, a portion of the undrawn credit lines which are part of the maximum credit exposure is in closed circuits, where the bank has financed assets without enabling the customers to claim any undrawn credit facilities. The maximum credit exposure is consequently lower in practice than indicated in the tables.

Distribution by sector and industry

A more detailed distribution by sector and industry of the items "Loans and other receivables at amortised cost", "Guarantees" and "Unutilised credit facilities" is given below. There is also a distribution by sector and industry covering only the items "Loans and other receivables at amortised cost" and "Guarantees".

	31 Dec. 2021 Percent	31 Dec. 2020 Percent
Loans and guarantees in percent, end of year, by sector and industry (net)*		
Public authorities	0.0	0.0
Business customers:		
Agriculture, hunting and forestry		
Cattle farming etc.	1.1	1.3
Pig farming etc.	1.1	1.2
Other agriculture, hunting and forestry	4.4	5.4
Fisheries	1.4	1.8
Industry and raw materials extraction	3.2	2.7
Energy supply		
Renewable energy	6.5	7.2
Other energy supply	0.3	0.3
Building and construction	3.8	3.3
Trade	3.4	3.3
Transport, hotels and restaurants	1.8	2.0
Information and communication	0.5	0.5
Finance and insurance	9.7	8.1
Real property		
First mortgage without prior creditors	13.1	12.7
Other real property financing	4.3	4.2
Other business customers	6.6	7.1
Total business customers**	61.2	61.1
Private individuals	38.8	38.9
Total	100.0	100.0

* The distribution by sector and industry is made on the basis of Statistics Denmark's sector codes etc.

** SME's share of this was 52.4 percentage points in 2021.

Note
no.

45 Credit risk – continued

Comments on the distribution by sector and industry

The bank's assessment is that the credit quality of its loans is generally high. The ability of the bank's customers to pay is generally good and, combined with the bank's solid cover of many exposures through collateral, the result is low credit risks.

The bank has a well-diversified portfolio related to agriculture, with cattle farms accounting for 1.1% of the total volume of loans and guarantees, pig farms accounting for 1.1%, and others for 4.4%. 2021 was a very mixed year for agriculture. In the first half-year prices paid to pig producers were acceptable whereas the year closed with very unsatisfactory price levels. Prices paid to cattle farmers were sensible and increased gradually. In all branches of farming the increasing raw material prices are resulting in higher production costs. Security consists primarily of mortgages on agricultural property (land, buildings and other production facilities on the farms). To this must be added assignment to the bank of subsidies per hectare and other accounts etc.

The bank has financed wind turbines for many years and in recent years also granted loans for the establishment of solar cell and biogas plants. The "Renewable energy" portfolio accounts for a total of 6.5% of the bank's total loans and guarantees. Security consists of mortgages on renewable energy plants and assignment in electricity accounts etc.

Real property accounts for a total of 17.4% of the bank's total loans and guarantees, of which 13.1% is first mortgages without prior creditors. These loans are first mortgages on real property and construction financing without prior creditors. The risk profile is judged to be lower than for traditional real property financing, which is typically junior to mortgage credit financing.

Finance and insurance comprise a total of 9.7% of the bank's total loans and guarantees and include exposure to well-consolidated financial counterparties, loans granted on mortgage deed portfolios and leasing companies and the bank's concept for securities lending. Security consists, among other things, of listed securities and mortgage deeds.

Personal customers account for a total of 38.8% of Ringkjøbing Landbobank's total loans and guarantees. The quality of the loans is good and customers' finances generally strong and positively affected by low unemployment and increasing house prices. Collateral received from personal customers consists primarily of mortgages on real property (private homes).

Note
no.

45 Credit risk – continued

Loans, guarantees and unutilised credit facilities and credit undertakings by credit quality, sector and industry and IFRS 9 stages (before impairment and provisions)

Distribution by credit quality and stages

	Stage 1	Stage 2	Stage 3	Credit- impaired on initial recognition	Total	Total
	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000	Percent
2021						
Credit quality						
High	56,013,173	244,013	0	0	56,257,186	75.2%
Medium	10,262,509	1,751,905	0	0	12,014,414	16.0%
Low	1,215,687	3,570,338	0	0	4,786,025	6.4%
Credit-impaired	0	0	1,499,175	287,173	1,786,348	2.4%
Total	67,491,369	5,566,256	1,499,175	287,173	74,843,973	100%
Impairment charges etc.	251,041	858,497	983,163	190,619	2,283,320	
2020						
Credit quality						
High	47,043,274	123,728	0	0	47,167,002	71.8%
Medium	9,525,618	1,630,433	0	0	11,156,051	17.0%
Low	1,640,245	3,932,329	0	0	5,572,574	8.5%
Credit-impaired	0	0	1,415,013	366,909	1,781,922	2.7%
Total	58,209,137	5,686,490	1,415,013	366,909	65,677,549	100%
Impairment charges etc.	346,844	881,064	729,103	247,609	2,204,620	

NOTES

Note
no.

45 Credit risk – continued

Loans, guarantees and unutilised credit facilities and credit undertakings by credit quality, sector and industry and IFRS 9 stages (before impairment and provisions) – continued

Distribution by sector and industry and stage

	Stage 1	Stage 2	Stage 3	Credit- impaired on initial recognition	Total	Total im- pairment charges etc.
	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000
2021						
Public authorities	21,929	375	479	0	22,783	614
Business customers:						
Agriculture, forestry and fisheries	4,317,397	1,409,516	779,352	153,226	6,659,491	993,851
Industry and raw materials extraction	2,277,955	190,311	43,872	227	2,512,365	54,352
Energy supply	4,608,886	96,405	0	6,990	4,712,281	28,590
Building and construction	3,038,868	226,606	91,585	5,466	3,362,525	128,206
Trade	2,800,461	316,009	29,721	3,200	3,149,391	89,312
Transport, hotels and restaurants	950,632	209,282	37,771	1,861	1,199,546	44,890
Information and communication	363,571	35,872	24,157	0	423,600	19,739
Finance and insurance	7,254,369	680,927	54,078	0	7,989,374	89,648
Real property	12,172,671	600,708	94,271	30,399	12,898,049	160,333
Other business customers	5,407,604	480,891	90,747	3,554	5,982,796	182,680
Total business customers	43,192,414	4,246,527	1,245,554	204,923	48,889,418	1,791,601
Private individuals	24,277,026	1,319,354	253,142	82,250	25,931,772	491,105
Total	67,491,369	5,566,256	1,499,175	287,173	74,843,973	2,283,320
Total (percent)	90.2%	7.4%	2.0%	0.4%	100%	

Note
no.

45 Credit risk – continued

Loans, guarantees and unutilised credit facilities and credit undertakings by credit quality, sector and industry and IFRS 9 stages (before impairment and provisions) – continued

Distribution by sector and industry and stage – continued

	Stage 1 DKK 1,000	Stage 2 DKK 1,000	Stage 3 DKK 1,000	Credit- impaired on initial recognition DKK 1,000	Total DKK 1,000	Total im- pairment charges etc. DKK 1,000
2020						
Public authorities	22,660	379	478	0	23,517	412
Business customers:						
Agriculture, forestry and fisheries	4,043,908	1,725,844	543,557	148,878	6,462,187	773,401
Industry and raw materials extraction	1,906,668	203,054	79,568	706	2,189,996	83,722
Energy supply	4,400,017	103,941	0	8,983	4,512,941	52,308
Building and construction	2,565,982	174,984	60,564	6,566	2,808,096	54,560
Trade	2,521,675	272,243	79,488	6,866	2,880,272	118,546
Transport, hotels and restaurants	1,051,372	107,892	33,632	6,731	1,199,627	49,890
Information and communication	276,973	25,862	22,367	398	325,600	12,680
Finance and insurance	5,042,007	374,494	140,414	500	5,557,415	95,151
Real property	9,613,682	649,540	78,054	51,069	10,392,345	209,155
Other business customers	5,118,941	401,009	100,251	6,867	5,627,068	162,272
Total business customers	36,541,225	4,038,863	1,137,895	237,564	41,955,547	1,611,685
Private individuals	21,645,252	1,647,248	276,640	129,345	23,698,485	592,523
Total	58,209,137	5,686,490	1,415,013	366,909	65,677,549	2,204,620
Total (percent)	88.6%	8.7%	2.1%	0.6%	100%	

NOTES

Note
no.

45 Credit risk – continued

Loans in stage 3	Loans (gross) with impairment charges	Impairment charges	Security for impaired loans
	DKK 1,000	DKK 1,000	DKK 1,000
2021			
Public authorities	678	533	128
Business customers:			
Agriculture, forestry and fisheries	829,987	405,495	373,691
Industry and raw materials extraction	6,368	4,455	2,080
Energy supply	6,835	7,008	0
Building and construction	74,478	47,408	27,373
Trade	26,492	23,330	5,021
Transport, hotels and restaurants	34,510	18,408	10,081
Information and communication	21,067	12,389	9,550
Finance and insurance	51,952	15,752	33,378
Real property	123,447	46,244	54,269
Other business customers	86,818	68,963	19,871
Total business customers	1,261,954	649,452	535,314
Private individuals	298,600	224,632	81,158
Total	1,561,232	874,617	616,600
2020			
Public authorities	405	335	69
Business customers:			
Agriculture, forestry and fisheries	624,285	298,985	306,001
Industry and raw materials extraction	7,771	4,950	3,328
Energy supply	8,388	9,008	0
Building and construction	35,489	15,769	12,863
Trade	57,607	42,017	15,117
Transport, hotels and restaurants	35,699	23,978	10,116
Information and communication	21,185	7,937	11,339
Finance and insurance	116,441	44,147	72,648
Real property	126,830	47,664	64,235
Other business customers	89,909	72,141	13,971
Total business customers	1,123,604	566,596	509,618
Private individuals	353,917	265,753	93,058
Total	1,477,926	832,684	602,745

Note
no.

45 Credit risk – continued

Comments on the distribution by credit quality

The quality of the bank's exposures is generally strong. The table shows exposures by high, medium and low credit quality as well as credit-impaired and shows that the credit quality is high for 75.2% of the bank's exposures, an increase compared to the 71.8% last year. This generally reflects a strong Danish economy with low unemployment, low interest rates, increasing asset prices and continued favourable conditions for the bank's niches. The coronavirus situation has challenged some industries, but since the bank is not severely exposed to particularly vulnerable industries, this has a very modest effect on the credit quality of the exposures.

The categories high, medium and low credit quality do not translate directly into the Danish FSA's rating classes but, as a principal rule, high credit quality can be viewed as FSA rating classes 3 and 2a, medium credit quality as the best part of FSA rating class 2b, while low credit quality covers the rest of FSA rating classes 2b and 2c as well as the customers with objective evidence of impairment where losses are not expected in the most probable scenario. Credit-impaired exposures are those where losses are expected in the most probable scenario.

Comments on the distribution by stages

90.2 percent of the bank's exposures are in stage 1, while 7.4% are in stage 2. The bank's exposures in stage 3 account for 2.4%. The group "Credit-impaired on initial recognition" is included as a part of stage 3. The table shows that exposures in agriculture in particular are in stage 3. The principles for classification in stages are described in note 51 "Accounting policies etc." in the section "Model for impairment of expected credit losses on loans and other receivables etc."

Comments on loans in stage 3

The bank is particularly focused on covering the risk on exposures which have been impaired. Under the bank's credit policy, these exposures must be covered to the greatest possible extent by collateral. When determining the need for an impairment charge, the value of collateral is included at the expected net realisation value in different scenarios. When determining the need for an impairment charge, the bank makes only modest allowance for the ability to make payments over and above the value of collateral.

NOTES

Note no.		31 Dec. 2021 DKK 1,000	31 Dec. 2020 DKK 1,000
45	Credit risk – continued		
	Suspended calculation of interest		
	Loans and other receivables with suspended calculation of interest on the balance sheet date	97,757	264,721
	Credit risk on derivative financial instruments		
	Positive market value (by counterparty risk) after netting		
	Counterparty risk weighting 20%	19,998	17,635
	Counterparty risk weighting 50%	24,611	35,655
	Counterparty risk weighting 75%	19,452	32,089
	Counterparty risk weighting 100%	30,941	54,384
	Counterparty risk weighting 150%	4,467	1,428
	Total risk weighting	99,469	141,191
46	Foreign exchange risk		
	Total assets in foreign currency	5,753,404	5,090,577
	Total liabilities in foreign currency	5,653,534	5,054,501
	Foreign exchange indicator 1	112,524	9,627
	Foreign exchange indicator 1 in percent of tier 1 capital (%)	1.5	0.1
	Foreign exchange indicator 2	100	97
	Foreign exchange indicator 2 in percent of tier 1 capital (%)	0.0	0.0
47	Interest rate risk		
	Total interest rate risk	31,033	80,014
	Interest rate risk (%)	0.4	1.1
	Interest rate risk by foreign currency:		
	DKK	24,064	65,714
	CHF	-163	-182
	EUR	6,706	14,450
	GBP	-529	-185
	NOK	196	107
	SEK	307	-111
	USD	469	244
	Other currencies	-17	-23
	Total	31,033	80,014

Note
no.

48 Value at Risk/Market risk

Ringkjøbing Landbobank uses a Value at Risk (VaR) model as a sensitivity analysis for market risks. The model is a parametric VaR model based on a historic analysis of the covariance (the correlations) between the prices of various financial assets etc. The model combines historical knowledge of covariance on the financial markets with the bank's current positions, and on this basis calculates the risk of losses for a forthcoming ten-day period. The bank's interest rate positions, foreign currency positions and listed share positions etc. are included in the calculation, while positions in sector shares etc. are not included. The model does not include the credit spread risks on the bank's portfolio of bonds. The calculated VaR thus indicates the bank's sensitivity to losses on the basis of its positions. The model is used as one of a number of tools in the bank's management of market risks.

See pages 35 and 38 of this annual report for further description of the model etc.

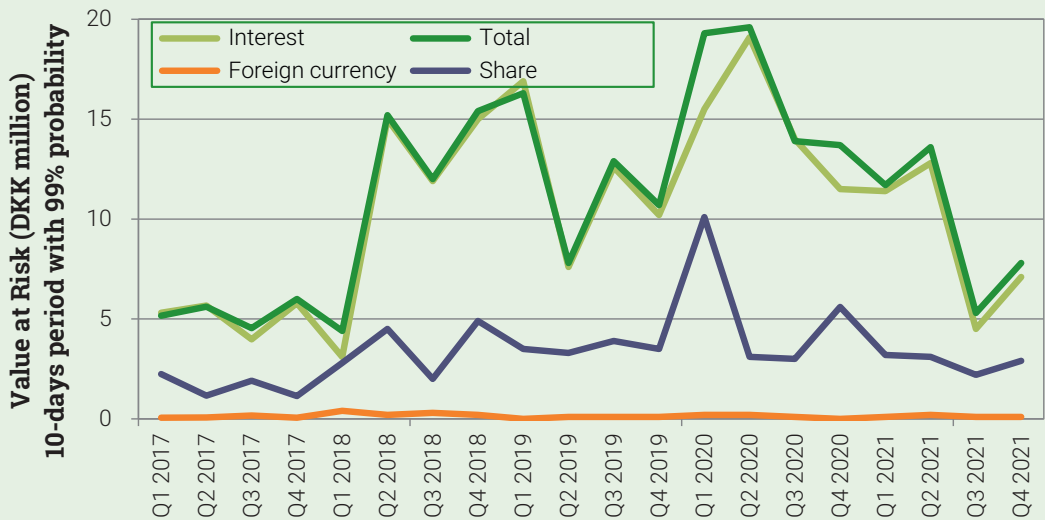
Risk type	Average VaR figure	Minimum VaR figure*	Maximum VaR figure*	End of year VaR figure
(DKK million)				
Interest	9.1	3.5	14.7	7.1
Foreign exchange	0.1	0.1	0.3	0.0
Share price	2.9	2.1	3.6	2.9
Diversification	-2.3	-1.3	-3.6	-2.2
Total VaR figure	9.8	4.4	15.0	7.8

* Determined by the total VaR figure.

Sensitivity analysis of sector shares (DKK 1,000)

Sector shares cf. note 22	1,431,355
Impact on the profit of a 10% price change	143,136

Development in Value at Risk



NOTES

Note
no.

49 Derivative financial instruments

Remaining time to maturity

DKK 1,000	Up to and including 3 months		More than 3 months and up to and including 1 year	
	Nominal value	Net market value	Nominal value	Net market value
Currency contracts				
Spot, purchase	24,519	-60	0	0
Spot, sale	56,428	22	0	0
Forward transactions/futures, purchase	1,175,652	10,787	92,239	2,858
Forward transactions/futures, sale	2,239,643	-487	108,874	-586
Swaps	22,655	877	102,746	1,239
Options, acquired	5,490	111	0	0
Options, issued	5,447	-111	0	0
Interest-rate contracts				
Spot, purchase	127,313	62	0	0
Spot, sale	163,331	116	0	0
Forward transactions/futures, purchase	282,106	1,431	26,991	54
Forward transactions/futures, sale	488,741	-869	73,653	141
Swaps	80,122	-214	181,618	-2,599
Options, acquired	0	0	51,514	-359
Options, issued	0	0	47,110	496
Share contracts				
Spot, purchase	3,339	1,138	0	0
Spot, sale	3,279	-1,024	0	0
Forward transactions/futures, sale	0	0	0	0
Options, acquired	13,510	0	0	0
Options, issued	13,516	0	0	0
	More than 1 year and up to and including 5 years		More than 5 years	
	Nominal value	Net market value	Nominal value	Net market value
Currency contracts				
Forward transactions/futures, purchase	28,698	736	0	0
Forward transactions/futures, sale	29,825	-506	0	0
Swaps	1,370,762	18,213	785,367	33,847
Interest-rate contracts				
Swaps	1,539,743	-5,859	321,530	-12,893
Options, acquired	70,301	-502	8,082	-160
Options, issued	70,301	755	4,145	219

Note
no.

49 Derivative financial instruments – continued

DKK 1,000	Total nominal value		Total net market value	
	2021	2020	2021	2020
Currency contracts				
Spot, purchase	24,519	86,981	-60	-63
Spot, sale	56,428	48,497	22	50
Forward transactions/futures, purchase	1,296,589	1,252,456	14,381	-1,312
Forward transactions/futures, sale	2,378,342	2,193,296	-1,579	24,060
Swaps	2,281,530	1,563,203	54,176	45,295
Options, acquired	5,490	4,336	111	55
Options, issued	5,447	4,336	-111	-59
Interest-rate contracts				
Spot, purchase	127,313	80,420	62	-1,262
Spot, sale	163,331	224,884	116	1,297
Forward transactions/futures, purchase	309,097	245,716	1,485	1,250
Forward transactions/futures, sale	562,394	299,375	-728	-528
Swaps	2,123,013	2,740,960	-21,565	13,155
Options, acquired	129,897	197,266	-1,021	3,440
Options, issued	121,556	197,266	1,470	-3,440
Share contracts				
Spot, purchase	3,339	9,006	1,138	-816
Spot, sale	3,279	9,100	-1,024	952
Forward transactions/futures, purchase	0	0	0	0
Forward transactions/futures, sale	0	0	0	1
Options, acquired	13,510	131	0	963
Options, issued	13,516	131	0	-963
Total net market value			46,873	82,075

NOTES

Note
no.

49 Derivative financial instruments – continued

DKK 1,000

	Market value				Average market value			
	Positive		Negative		Positive		Negative	
	2021	2020	2021	2020	2021	2020	2021	2020
Currency contracts								
Spot, purchase	70	119	130	182	190	218	307	300
Spot, sale	34	53	12	3	97	58	32	88
Forward transactions/ futures, purchase	19,757	4,506	5,376	5,818	16,152	13,862	3,024	11,319
Forward transactions/ futures, sale	8,580	33,549	10,159	9,489	9,403	27,949	8,351	4,455
Swaps	64,065	55,015	9,889	9,720	71,890	60,148	12,090	11,010
Options, acquired	111	55	0	0	70	32	0	0
Options, issued	0	0	111	59	0	0	70	35
Interest-rate contracts								
Spot, purchase	137	132	75	1,394	562	2,352	318	596
Spot, sale	388	1,522	272	225	762	721	355	1,769
Forward transactions/ futures, purchase	2,023	3,481	538	2,231	2,155	3,951	2,221	1,383
Forward transactions/ futures, sale	1,501	2,271	2,229	2,799	4,850	1,775	1,954	4,102
Swaps	17,579	77,118	39,144	63,963	16,553	100,635	44,362	94,126
Options, acquired	33	3,440	1,054	0	23	3,961	1,762	0
Options, issued	1,503	0	33	3,440	2,165	0	35	3,961
Share contracts								
Spot, purchase	1,397	1,009	259	1,825	8,862	3,748	1,179	1,482
Spot, sale	300	1,956	1,324	1,004	1,253	1,558	8,599	3,532
Forward transactions/ futures, purchase	0	0	0	0	0	0	0	1
Forward transactions/ futures, sale	0	1	0	0	2	6	0	0
Options, acquired	0	963	0	0	18	0	0	391
Options, issued	0	0	0	963	0	391	18	0
Total market value	117,478	185,190	70,605	103,115	135,007	221,365	84,677	138,550

All contracts of derivative financial instruments are non-guaranteed contracts.

Note
no.

50 Accounting estimates and judgments

General

In computing the book value of certain assets and liabilities, estimates have been made of how future events will affect the value of the assets and liabilities on the balance sheet date.

The estimates are based on assumptions which management judges to be responsible, but which are not certain or predictable. The final actual results may thus deviate from the estimates, as the bank is subject to risks and uncertainties which can affect the results.

The most important estimates concern the following areas:

- Calculation of expected losses on loans and other credit exposures
- Assessment of collateral security
- Fair value of unlisted financial instruments
- Valuation of intangible assets including goodwill

Calculation of expected losses on loans and other credit exposures

Expected impairment is computed as a combination of individual calculations for facilities with objective evidence of impairment and model-based calculations for facilities without objective evidence of impairment.

The calculations for facilities with objective evidence of impairment involve a number of estimates. The assessment involves estimates of various scenarios of future cash flows which the customer is expected to generate. In addition to the calculated impairment charges which are based on probability-weighted scenarios, a management estimate is also allocated for facilities with objective evidence of impairment.

Facilities that do not show objective evidence of impairment are included in a portfolio of exposures where automated impairment calculations are made on the basis of customer ratings and a number of parametric values. The parametric values are determined on the basis of historical data, including the risk of loss on different rating classes and the expected percentage loss if a loss arises. The historical data is translated into forward-looking expectations via a macroeconomic adjustment.

These estimates comprise considerations regarding the industry, i.e. not the individual exposure, and the macro-economic impact of the probability weightings used for calculating the individual facilities. In 2021, pig prices, price increases and the supply chain challenges resulting from the coronavirus and Brexit in particular have given rise to the management estimates for both customers with and customers without objective evidence of impairment.

The reader is referred to note 51 "Accounting policies etc." under "Model for impairment of expected credit losses on loans and other receivables etc." for details of the calculation of expected loss.

Assessment of collateral security

To reduce the risk of the individual exposures, the bank receives collateral security mainly in the form of physical assets (with real property as the main form), securities etc. Material estimates are involved in valuing the security.

A detailed description of security is provided in note 45 "Credit risk".

Note
no.

50 Accounting estimates and assessments – continued

Fair value of unlisted financial instruments

The bank measures a number of unlisted financial instruments at fair value, including all derivative financial instruments and unlisted shares.

As part of its operations, the bank has acquired strategic shares in different sector companies. Strategic shares in sector companies are measured at fair value on the basis of available information on transactions in the relevant company's shares or, alternatively, by a valuation model using recognised methods and various data. Valuation is also influenced by co-ownership, trading, shareholders' agreements etc.

Estimates are an influence where valuations of financial instruments are based less on observable market data. This is the case, for example, with unlisted shares and certain bonds where there is no active market. Please also see the sections "Derivative financial instruments" and "Bonds and shares" under "Accounting policies etc." in note 51.

Valuation of goodwill

Goodwill is impairment-tested at least annually. This involves a degree of estimation in quantifying the future income and determining the weighted average cost of capital (consisting of the return on shareholders' equity and the cost of loan capital) in line with presumed market expectations.

See note 24 "Intangible assets" for further details on the impairment test.

51 Accounting policies etc.

General

The annual report was prepared in accordance with the provisions of the Danish Financial Business Act.

The annual report is presented in Danish kroner (DKK).

The accounting policies are unchanged since the last financial year.

Recognition and measurement – general

Assets are recognised in the balance sheet when it is probable that future financial advantages will accrue to the bank and the value can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.

Income is recognised in the income statement as it is earned.

Expenses paid to earn the income for the year are recognised in the income statement, and value adjustments made to financial assets, financial liabilities and derivative financial instruments are also recognised in the income statement.

When measuring fair value etc. of bonds and shares, the three levels of the IFRS 13 hierarchy are used as valuation categories:

- Level 1: Quoted prices in active markets for identical instruments, i.e. without changes in form or composition, including listed shares and bonds.
 - Level 2: Quoted prices in active markets for similar assets or other valuation methods where all significant inputs are based on observable market data.
 - Level 3: Valuation methods where any significant inputs are based on unobservable inputs.
- Valuation is primarily based on generally recognised valuation techniques.

The following sections describe the criteria for recognition and the basis of measurement.

Note
no.

51 Accounting policies etc. – continued

Foreign currency

Assets and liabilities in foreign currency are converted to DKK at the exchange rate for the currency published by the central bank of Denmark on the balance sheet date. Income and expenses are converted continuously at the exchange rate on the transaction date.

Lease contracts (lessee)

Lease assets consist only of operating leases with the bank as lessee and concern primarily rental contracts for properties used by the branch network (domicile properties) and a few other assets.

When assessing the expected lease terms, the bank identified the fixed lease term in the agreements at 3-25 years. The lease assets are depreciated on a straight-line basis over the expected periods of use of 3-25 years and the lease liabilities are repaid according to the principle of annuities and measured at amortised cost.

The lease liabilities are discounted to present value using the bank's incremental borrowing rate, which is the cost of raising external finance for a similar asset with a financing term similar to the term of the lease. When measuring the lease liability, the bank uses borrowing rates of 1-2% for discounting future lease payments.

The bank has chosen not to recognise low-value asset leases and short-term leases in the balance sheet. Lease payments for these leases are instead recognised in the income statement.

Financial instruments – general

In general, the bank measures financial assets and liabilities at fair value on initial recognition. Measuring is subsequently carried out at fair value unless otherwise specifically stated in the following sections on the individual items. The bank uses the date of payment as the date of recognition for financial instruments.

Derivative financial instruments

Forward transactions, interest rate swaps and other derivative financial instruments are measured at fair value on the balance sheet date.

Hedging transactions which, under the terms of the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., are regarded as hedge accounting at fair value, are recognised at fair value on the balance sheet date with respect to both the hedging instrument and the hedged part of the financial instrument.

All value adjustments concerning derivative financial instruments and items subject to hedge accounting are entered under the item "Value adjustments" in the income statement.

Business combination

The acquisition method is used when new businesses are bought. Under this method, the acquired businesses' identifiable assets and liabilities, including any assets and liabilities that have not previously been booked in the acquired business, are measured at fair value on the takeover date.

Any positive difference between the cost price and fair value of the identifiable net assets is recognised as goodwill.

Any negative difference between the cost price and fair value of the identifiable net assets is recognised as badwill under other operating income in the income statement.

As a result of using the acquisition method, the comparative figures for previous years (2017) have not been adjusted and therefore only cover Ringkjøbing Landbobank before the merger with Nordjyske Bank in 2018.

Note
no.

51 Accounting policies etc. – continued

Group

The bank owns the entire share capital of Sæbygård Skov A/S, of Ringkøbing. Consolidated accounts have not been prepared, as the subsidiary's business is insignificant with respect to both balance sheet and activity compared to the bank.

The income statement

Interest income

Interest income is recognised by the effective interest method, under which interest income includes the allocated portion of loan establishment fees etc., which are considered to be part of the effective interest on the loan.

Negative interest income is recognised as interest expenses and negative interest expenses are recognised as interest income. Negative interest is presented separately in the notes to interest income and interest expenses.

On stage 3 loans which have been written down or off, the interest income relating to the written-down part is entered under the item "Impairment charges for loans and receivables etc."

Net fee and commission income

Fees and commission relating to loans and receivables are recognised as part of the book value of loans and receivables. They are recognised as interest income in the income statement over the term of the loans and receivables, as part of the effective interest rate on the loans. See "Interest income" section above. Guarantee-related commission is carried to income over the guarantee term. Income generated on performing a given transaction, including securities and custodianship fees plus payment handling fees, is recognised as income when the transaction has been completed.

Staff and administration expenses

Staff and administration expenses include salaries, pension costs, IT costs, etc.

Other operating expenses

Other operating expenses include contributions to the Guarantee Fund and the Resolution Fund. Other operating expenses also include items which, by nature, are secondary to the banking activities.

Impairment charges for loans and receivables etc.

This item includes losses and impairment charges for loans and losses and provisions on guarantees etc. Losses and impairment charges for receivables from credit institutions are also included.

Tax

Tax on the profit for the year is booked as an expense in the income statement.

Net deferred tax is calculated on the items which cover the temporary differences in accounting and booking of taxable income and expenses. Changes in the corporate tax rate will be taken into account.

The bank is jointly taxed with the subsidiary Sæbygård Skov A/S.

Corporation tax is paid in accordance with the Danish Tax Prepayment Scheme.

Core earnings

The bank uses the alternative performance measure "Core earnings". Core earnings are used as a measure of performance for both external and internal financial reporting because they are deemed to give a true and fair view of the actual banking operations. Overall, core earnings contain the same items as the traditional measure of performance "Profit before tax," but the calculation method and degree of specification are different.

Core earnings show the bank's income and expenses adjusted for temporary fluctuations following from the development in the bank's trading portfolio of securities (the securities portfolio less sector shares etc.), and the profit before tax is divided into two main elements: core earnings and result for the portfolio.

Note
no.

51 Accounting policies etc. – continued

The result for the trading portfolio is composed of value adjustments for the portfolio plus the actual return in the form of interest and dividends from the portfolio and less the calculated funding costs for the portfolio.

A numerical explanation of the correlation between “Profit before tax” and “Core earnings” is given in notes 13-18 on page 76.

The balance sheet

Receivables from credit institutions and central banks

Initial recognition takes place at fair value plus transaction costs, less establishment fees etc., and subsequent measurement is at amortised cost. Please see the section “Derivative financial instruments” with respect to hedge accounting.

Loans and other receivables

Initial recognition is at fair value plus transaction costs, less establishment fees etc., and subsequent measurement is at amortised cost. Establishment fees etc. which are comparable with ongoing interest payments, and thus deemed part of the effective interest on the loan, are accrued over the life of the individual loan.

Leasing

Lease contracts are classified as finance leases if they transfer substantially all risks and rewards of ownership to an asset to the lessee.

Finance lease assets where the bank is the lessor are recognised as loans at the net investment in the lease contracts less depreciation (repayments) calculated according to the annuity method over the lease term.

Income from the lease assets is recognised on the basis of the effective interest agreed in the lease contracts and included under interest income in the income statement.

All of the bank’s lease agreements are finance lease agreements.

Model for impairment of expected credit losses on loans and other receivables etc.

Under the IFRS 9-compatible impairment rules, all financial assets recognised at amortised cost are impaired by the expected credit losses. Under the same rules, provisions for expected credit losses are made for unutilised credit lines, loan undertakings and financial guarantees.

The impairment rules use a model based on expectations, which means earlier recognition of impairment charges compared to the previous impairment model under which objective evidence of impairment had to exist before impairment charges could and had to be recognised.

For financial assets recognised at amortised cost, impairment charges for expected credit losses are recognised in the income statement and reduce the value of the asset in the balance sheet.

Provisions for losses on unutilised credit facilities, loan undertakings and financial guarantees are recognised as liabilities.

Development stages for credit risk

The expected loss impairment rules mean that, on initial recognition, a financial asset etc. must be impaired by the expected credit loss for a twelve-month period (stage 1). If the credit risk for the asset subsequently increases significantly relative to initial recognition, the financial asset must be impaired by the expected credit loss over the asset’s expected remaining life (stage 2). If the instrument is found to be impaired (stage 3), the asset must be impaired by the expected credit loss over its remaining life, and interest income must be recognised in the income statement based on the effective interest method applied to the impaired amount. The same applies to the part of the impaired instruments that are classified as weak stage 2 for presentation purposes: see the section “Definition of credit-impaired and default”.

Note
no.

51 Accounting policies etc. – continued

The expected loss is calculated as a function of PD (the probability of default), EAD (exposure at default) and LGD (loss given default), into which forward-looking information representing the management's expectations for future development has been incorporated.

The EAD values for on-balance sheet items are determined as 100% of actual drawdowns, while off-balance sheet items are recognised on the basis of annex 1 of the CRR on classification of off-balance sheet items. The maturities of the facilities are determined based on their actual term to maturity up to a maximum of five years. For customers showing material signs of weakness, the actual term to maturity is used.

The classification in stages and computation of the expected loss are based on the bank's rating models, which were developed by the data centre Bankdata, and the bank's internal credit management.

Assessment of significant increase in credit risk etc.

A significant increase in the credit risk compared to initial recognition is presumed to have occurred on a downgrading in the bank's internal rating of the customer corresponding to one rating class in the Danish FSA's recommended rating classification.

Payments that are more than 30 days overdue are also considered a significant increase in credit risk.

A major downgrading within the Danish FSA's rating class 2b is also considered a significant increase in credit risk. The Danish FSA's rating class 2c in principle always characterises a significant increase in credit risk, regardless of the facility's initial rating.

In accordance with the rules, stage 1 and 2 facilities from Nordjyske Bank were considered initial recognitions in connection with the merger and thus classified in stage 1. Facilities in stage 3 are treated as credit-impaired on initial recognition.

If the credit risk on the financial asset is considered low on the balance sheet date, the asset remains in stage 1, which is characterised by no significant increase in credit risk.

The bank considers credit risk to be low when the bank's internal rating of the customer corresponds to the Danish FSA's rating class 3 and the best part of 2a. The rest of 2a is only considered low credit risk if payments are not overdue.

Definition of credit-impaired and default

An exposure is defined as credit-impaired (stage 3) and in default if it meets at least one of the following criteria:

- The borrower is in significant financial difficulties and the bank judges that the borrower will fail to honour its obligations as agreed;
- The borrower is in breach of contract, for example by failing to meet its obligation to pay interest and repayments or by repeated overdrafts;
- The bank has granted the borrower a relaxation of terms which would not have been considered were it not for the debtor's financial difficulties;
- The borrower is likely to go bankrupt or be subject to other types of financial restructuring;
- A financial asset is acquired at a considerable discount which reflects the fact that losses have been incurred;
- The exposure has been in arrears/overdue for more than 90 days by an amount judged to be not insignificant.

However, if the customer is in significant financial difficulties or the financial institution has granted a relaxation of terms because of the customer's financial difficulties, the financial asset remains in stage 2 if no losses are expected in the most probable scenario (weak stage 2).

Note
no.

51 Accounting policies etc. – continued

The definition of credit-impaired and default used by the bank when measuring the expected credit loss and for transfers to stage 3 corresponds to the definition used for internal risk management purposes and is also close to the definition of default in the capital requirements regulation (CCR).

The calculation of impairment for exposures in stages 1 and 2, except for exposures in weak stage 2, is on a portfolio-based model, while impairment for the rest of the exposures is based on a manual, individual assessment of relevant scenarios and associated probabilities that they will occur.

In addition, a management estimate reflecting macroeconomic expectations and uncertainties in models is allocated: see also note 50.

Calculation of expected losses

The portfolio-based calculation model is based on the bank's rating of its customers in different rating classes and an estimation of the risk for the individual classes. Calculations are made in a set-up developed and maintained by the bank's data centre Bankdata, supplemented by a forward-looking macroeconomic module developed and maintained by LOPI, the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark, and used as the starting point for incorporating management's expectations for the future.

The macroeconomic module is built around a number of regression models that determine the historical connection between impairment charges for the year in a number of sectors and industries and a number of explanatory macroeconomic variables. The regression models are then supplied with estimates for the macroeconomic variables based on forecasts from consistent sources such as the Danish Economic Council, Danmarks Nationalbank and others. The forecasts generally cover two years ahead and include variables such as increase in public spending, increase in GDP, interest etc. The expected impairment charges are thus calculated up to two years ahead for the individual sectors and industries. For terms of more than two years, a linear interpolation is applied between the impairment ratio for year 2 and the impairment ratio for year 10. The model assumes that long-term equilibrium will exist in the form of a normal impairment level. The calculated impairment ratios are then transformed into adjustment factors adjusting the data centre's estimates in the individual sectors and industries.

Practice for derecognising financial assets from the balance sheet

Financial assets are derecognised fully or partly from the balance sheet when the exposure or a significant part of it is deemed to be lost. Derecognition is based on a specific assessment of the individual exposures. For business customers, the bank bases its assessment on financial indicators such as the customer's cash flows, earnings and equity and on any collateral furnished as security for the exposure. For personal customers, the assessment is also based on the customer's financial situation, including the possibility of enforcing the security, if any. When a financial asset is derecognised fully or partly from the balance sheet, the associated impairment charges for the financial asset are also removed from the cumulative impairment charges: see note 21.

As a principal rule, the bank's efforts to collect the assets continue after derecognition from the balance sheet. The steps taken depend on the specific situation. The bank first attempts to reach a voluntary agreement with the customer, including renegotiation of terms or restructuring of an enterprise. Debt recovery and petition for bankruptcy are not applied until other steps have been tried.

Note
no.

51 Accounting policies etc. – continued

Bonds and shares

Bonds at fair value

Bonds listed on a stock exchange are measured at fair value determined on the basis of the closing price on the balance sheet day (level 1).

Unlisted bonds are measured at fair value, computed on the basis of price information from the issuer (levels 2 and 3).

Shares etc.

Shares listed on a stock exchange are measured at fair value determined on the basis of the closing price on the balance sheet day (level 1).

Unlisted shares are measured at fair value, computed on the basis of the price of a transaction between independent parties. Measurement is based on available information on transactions, published announcements of financial results or, alternatively, market capitalisation calculations (levels 2 and 3).

For unlisted shares in the form of shares in companies owned by the sector where the shares are distributed, the redistribution is considered to be the primary market for the shares. Fair value is determined at the redistribution price and the shares are included as level 2 assets.

Unlisted shares for which a reliable fair value cannot be determined are measured at cost less impairment charges (level 3).

The management actively considers the fair value computations.

All ongoing value adjustments to listed and unlisted securities are entered in the income statement under the item "Value adjustments".

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are recognised and measured by the equity method, which means that the investments are measured at the proportionate share of the entity's equity value.

The bank's share of the entity's profits after tax and any gain or loss on sale of the investment are recognised in the income statement.

Net revaluation of investments in subsidiaries is transferred to the net revaluation reserve by the equity method, subject to statutory reserves, to the extent that the equity value exceeds the cost price. Write-downs are recognised in and deducted from any positive statutory reserves as long as a reserve for offsetting exists.

Subsidiaries and associated companies with negative equity values are recognised at DKK 0. If the bank has an obligation in law or in fact to cover the entity's deficit, a provision will be recognised.

Assets linked to pooled schemes

All pooled assets and deposits are recognised as separate balance sheet items.

Returns on pooled assets and distributions to participants are posted under the item "Value adjustments" in the income statement.

Intangible assets

Goodwill

Goodwill acquired in connection with acquisitions is recognised at cost less cumulative impairment charges.

Goodwill is not amortised but the value is impairment tested at least once a year. Goodwill is written down to the recoverable amount through the income statement if the net asset's carrying amount exceeds the higher of net sales price and value in use, which corresponds to the net present value of expected future cash flows.

Note
no.

51 Accounting policies etc. – continued

Customer relationships

The value of customer relationships acquired in connection with acquisitions is recognised at cost and amortised on a straight-line basis over the estimated useful life which will not exceed ten years. The useful life depends on customer loyalty, and is reassessed annually. Changes in amortisation as a result of changes in useful life are recognised prospectively as a change in accounting estimates.

Customer relationships are impairment tested when there is evidence of impairment. Impairment charges for customer relationships are recognised in the income statement and not subsequently reversed.

Land and buildings

Land and buildings cover the three items “Investment properties”, “Domicile properties” and “Domicile properties (leasing)”. The properties which house the bank’s branches are included under domicile properties, while other properties are considered to be investment properties.

Investment properties are included in the balance sheet at fair value, computed by the return method. Ongoing changes in the value of investment properties are recognised in the income statement.

Domicile properties are included in the balance sheet at reassessed value, which is the fair value computed by the return method less cumulative depreciation and any impairment loss.

Depreciation is calculated on the basis of an expected useful life of 50 years, computing depreciation at cost plus or minus revaluation less scrap value. Depreciation and losses due to impairment are recognised in the income statement, while increases in reassessed value are recognised in total comprehensive income in shareholders’ equity under the item “Provisions for revaluation” unless the increase corresponds to a reduction in value which was previously recognised in the income statement.

Other tangible assets

Other tangible assets, including operating equipment and improvements to rented premises, are recognised in the balance sheet at cost less cumulative depreciation and write-downs for any loss due to impairment.

Depreciation is calculated on the basis of the assets’ expected lives, which are one to five years for operating equipment and thirty years for improvements to rented premises, on the basis of depreciation computed at cost less scrap value. Depreciation and losses due to impairment are recognised in the income statement.

Temporary assets

Temporary assets comprise assets taken over as a result of termination of customer exposures, the intention being to sell off the assets as soon as possible. The item also includes domicile properties for sale. Temporary assets are included at cost on transfer and will subsequently be written down to a possibly lower realisation value.

Other assets

Other assets include interest and commission receivables as well as the positive market value of derivative financial instruments.

Tax

Current tax assets and current tax liabilities are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account.

A deferred tax liability is allocated under the item “Provisions for deferred tax”.

A deferred tax asset is booked under the item “Deferred tax assets” following a prudent assessment of the asset’s value.

The effect of changes in the corporate tax rate is recognised in “Deferred tax assets”/“Provisions for deferred tax”.

Note
no.

51 Accounting policies etc. – continued

Debt to credit institutions and central banks/Deposits and other debt/Deposits in pooled schemes/Issued bonds at amortised cost/Subordinated debt

Measurement is at amortised cost, but see the section “Derivative financial instruments” with respect to hedge accounting.

Other liabilities

Other liabilities include interest and commission payable and the negative market value of derivative financial instruments.

Provisions for liabilities

“Provisions for pensions and similar liabilities”, “Provisions for losses on guarantees” and “Other provisions for liabilities” all come under the heading of Provisions for liabilities.

Unfunded pension liabilities for former management members are itemised in the balance sheet under the item “Provisions for pensions and similar liabilities”. The liability is calculated as the capitalised value of the expected future pension payments.

A provision is recognised in respect of financial guarantees and unutilised credit undertakings in accordance with the IFRS 9-compatible impairment rules: see the section “Model for impairment of expected credit losses on loans and other receivables etc.”

Provisions are also made for other guarantees if it is probable that the guarantee will be called and the amount of the liability can be reliably determined.

Contingent liabilities/guarantees

The bank’s outstanding guarantees are given in the notes under the item “Contingent liabilities”

Statement of capital

Phasing in IFRS 9 impairment rules concerning capital

The bank has decided to take advantage of the transition programme under the capital requirements regulation (CRR). Thus both the static and the dynamic components of the IFRS 9 transitional rules are now used, including the simplified approach to recalculation of capital requirements. The negative effect of the transition to the IFRS 9 impairment rules will thus not take full effect on total capital until the beginning of 2025.

Main and key figures (page 3)

“Main figures for the bank” for 2017 and 2018 are stated on a pro forma basis, whereas the figures for 2019, 2020 and 2021 are the actual figures.

“Key figures for the bank” for 2017 and 2018 are calculated on a pro forma basis, although the capital ratios at the end of 2018 are the actual figures. The figures for 2019, 2020 and 2021 are also the actual figures.

The rate of costs is calculated as “Total expenses etc.” in percent of “Total core income”.

Both “Total expenses etc.” and “Total core income” are shown under “Core earnings” on page 6.

“Key figures per DKK 1 share” for 2017 are calculated on the basis of the actual figures for the “old” Ringkjøbing Landbobank. “Key figures per DKK 1 share” for 2018 are calculated on a pro forma basis, whereas the figures for 2019, 2020 and 2021 are the actual figures. “Key figures per DKK 1 share” are calculated on the basis of 2021: 28,431,916 shares, and 2020: 29,067,721 shares, and 2019: 29,228,321 shares, and 2018: 29,906,383 shares and 2017: 21,812,000 shares.

Statements in the financial review (pages 6-23)

Core earnings and the associated specifications on pages 7, 8 and 10 for the years 2017 and 2018 and the income statement items for the first quarter of 2017 up to and including the second quarter of 2018 in the quarterly overview “Core earnings”, on page 21, are pro forma figures (i.e. as if the merger had taken effect on 1 January 2017). The figures were calculated by adding up figures from Ringkjøbing Landbobank’s statement of the alternative measure of performance “Core earnings” and pro forma figures from Nordjyske Bank, converted and

Note
no.

51 Accounting policies etc. – continued

adjusted to Ringkjøbing Landbobank's statement of the alternative performance measure "Core earnings".

The core earnings for 2021, 2020 and 2019, on pages 20-21, and the core earnings from the third quarter of 2018 onwards, on page 21, are the actual figures for the post-merger entity.

Balance sheet items and contingent liabilities, as well as capital ratios, in the quarterly overviews of "Balance sheet items and contingent liabilities" and "Statement of capital" from and including the first quarter of 2017, up to and including the first quarter of 2018, on page 23, are pro forma figures (i.e. as if the merger had taken effect on 1 January 2017), calculated by simple addition of figures from the respective accounts from Ringkjøbing Landbobank and Nordjyske Bank, without any adjustments, while the figures from and including the second quarter of 2018, on page 23, are for the post-merger entity.

Core earnings per DKK 1 share (page 10)

The bank's alternative performance measure "Core earnings" is used as the value of earnings. For the years 2009-2017, core earnings figures from the "old" Ringkjøbing Landbobank were used; for 2018, the pro forma core earnings for the merged bank were used; and finally, for 2019, 2020 and 2021, the actual core earnings for 2019, 2020 and 2021 for the merged bank were used.

The following numbers of shares were used in the calculation: End of 2010: 25,200,000 shares, end of 2011: 24,700,000 shares, end of 2012: 24,200,000 shares, end of 2013: 23,900,000 shares, end of 2014: 23,350,000 shares, end of 2015: 22,850,000 shares, end of 2016: 22,350,000 shares, end of 2017: 21,812,000 shares, end of 2018: 29,906,383 shares, end of 2019: 29,228,321 shares, end of 2020: 29,067,721 shares, and end of 2021: 28,431,916.

The number of shares is calculated based on transactions made.

FIVE-YEAR MAIN FIGURES

Summary (DKK 1,000)	2021	2020	2019	2018	2017
Income statement					
Interest income	1,459,846	1,373,215	1,299,449	1,031,664	694,136
Interest expenses	103,080	120,910	131,144	105,169	53,094
Net interest income	1,356,766	1,252,305	1,168,305	926,495	641,042
Dividends from shares etc.	77,109	71,241	70,409	27,619	10,258
Fee and commission income	939,219	814,821	833,082	538,862	322,717
Fee and commission expenses	91,183	85,545	78,541	48,293	42,486
Net interest and fee income	2,281,911	2,052,822	1,993,255	1,444,683	931,531
Value adjustments	+163,127	+126,079	+168,906	+179,833	+143,225
Other operating income	5,490	2,054	13,582	5,770	4,979
Staff and administration expenses	790,374	765,933	778,458	704,778	327,024
Amortisation, depreciation and write-downs on intangible and tangible assets	35,793	29,241	37,959	22,690	4,249
Other operating expenses	7,643	8,110	3,934	2,816	3,174
Impairment charges for loans and receivables etc.	-78,629	-233,348	-110,172	-86,955	-10,320
Results from investments in associated companies and group undertakings	+22	-13	+201	+80	-20
Profit before tax	1,538,111	1,144,310	1,245,421	813,127	734,948
Tax	308,846	224,596	267,156	149,935	146,308
Net profit for the year	1,229,265	919,714	978,265	663,192	588,640

Summary (DKK 1,000)	End of 2021	End of 2020	End of 2019	End of 2018	End of 2017
Balance sheet					
Assets					
Cash in hand and deposits with credit institutions and central banks	3,675,561	4,035,237	3,354,295	3,823,860	1,519,788
Loans and other receivables at amortised cost	41,179,255	36,241,166	35,465,416	33,350,334	19,350,866
Securities	8,223,754	8,035,251	8,076,548	6,906,742	4,574,388
Assets linked to pooled schemes	5,537,863	4,700,080	4,276,344	3,786,476	-
Intangible assets	1,062,672	1,034,838	1,049,838	1,064,838	-
Tangible assets	214,631	233,536	228,936	266,265	74,458
Other assets	463,652	582,021	489,517	452,013	276,983
Total assets	60,357,388	54,862,129	52,940,894	49,650,528	25,796,483
Liabilities and equity					
Debt to credit institutions and central banks	2,030,175	2,448,918	2,172,765	1,916,476	1,599,416
Deposits and other debt	38,202,186	34,938,565	33,851,493	33,206,095	19,110,127
Deposits in pooled schemes	5,537,863	4,700,080	4,276,344	3,786,476	-
Issued bonds	2,961,422	2,361,796	2,212,709	1,428,024	673,436
Other liabilities	730,121	592,837	533,417	599,966	214,570
Provisions for liabilities	128,443	124,908	83,433	76,327	10,263
Subordinated debt	2,044,505	1,549,150	2,200,857	1,448,474	371,753
Share capital	29,068	29,228	29,662	30,994	22,350
Reserves	8,693,605	8,116,647	7,580,214	7,157,696	3,794,568
Total shareholders' equity	8,722,673	8,145,875	7,609,876	7,188,690	3,816,918
Total liabilities and equity	60,357,388	54,862,129	52,940,894	49,650,528	25,796,483
Contingent liabilities etc.					
Contingent liabilities	10,270,428	9,811,830	9,664,674	7,829,417	3,183,874
Irrevocable credit undertakings	781,832	0	281,000	13,531	392,000
Total contingent liabilities etc.	11,052,260	9,811,830	9,945,674	7,842,948	3,575,874

FIVE-YEAR KEY FIGURES

		2021	2020	2019	2018	2017
Capital ratios:						
Total capital ratio	%	22.3	21.1	20.0	18.4	17.8
Tier 1 capital ratio	%	17.6	17.5	14.7	14.6	16.5
MREL capital ratio*	%	27.8	26.7	27.3	24.9	-
Earnings:						
Return on equity before tax	%	18.2	14.5	16.8	14.8	19.9
Return on equity after tax	%	14.6	11.7	13.2	12.1	16.0
Income / cost ratio	DKK	2.69	2.10	2.34	1.99	3.13
Return on assets	%	2.0	1.7	1.8	1.3	2.3
Market risk:						
Interest rate risk	%	0.4	1.1	0.9	1.0	1.1
Foreign exchange position	%	1.5	0.1	1.4	1.1	1.1
Foreign exchange risk	%	0.0	0.0	0.0	0.0	0.0
Liquidity risk:						
Liquidity Coverage Ratio (LCR)	%	176	206	204	183	193
Loans and impairments thereon relative to deposits	%	99.0	96.7	98.1	95.5	106.1
Credit risk:						
Loans relative to shareholders' equity		4.7	4.4	4.7	4.6	5.1
Growth in loans for the year (Pro forma growth in loans in 2018: 7.7%)	%	13.5	2.2	6.3	72.9	10.7
Total large exposures	%	109.8	99.8	121.0	106.0	136.1
Cumulative impairment ratio	%	4.2	4.6	4.3	4.7	4.0
Impairment ratio for the year	%	0.15	0.48	0.21	0.20	0.04
Proportion of receivables at reduced interest	%	0.2	0.5	0.4	0.5	0.1
Share return:						
Earnings per share**/****	DKK	4,276.1	3,155.6	3,310.7	2,486.5	2,604.6
Book value per share**/***	DKK	30,679	28,029	26,036	24,068	17,500
Dividend per share**	DKK	700	700	1,100	1,000	900
Market price relative to earnings per share**/****		20.5	17.6	15.5	13.7	12.3
Market price relative to book value per share**/***		2.86	1.98	1.97	1.41	1.84

* Comparative figures are only stated for the years when the key figure has applied.

** Calculated on the basis of a denomination of DKK 100 per share.

*** Calculated on the basis of number of shares in circulation at the end of the year.

**** Calculated on the basis of the average number of shares. The average number of shares is calculated as a simple average of the shares at the beginning of the year and at the end of the year.

Definitions of the official key figures/ratios etc. from the Danish FSA

Total capital ratio

Total capital in percent of total risk exposure.

Tier 1 capital ratio

Tier 1 capital in percent of total risk exposure.

MREL capital ratio*

MREL capital in percent of total risk exposure.

Return on equity before tax

Profit before tax in percent of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

Return on equity after tax

Net profit for the year in percent of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

Income/cost ratio

Income for the year divided by expenses for the year including impairment charges for loans and other receivables etc.

Return on assets

Net profit for the year in percent of total assets.

Interest rate risk

Interest rate risk in percent of tier 1 capital.

Foreign exchange position

Foreign exchange indicator 1 in percent of tier 1 capital.

Foreign exchange risk

Foreign exchange indicator 2 in percent of tier 1 capital.

Liquidity Coverage Ratio (LCR)

Holding of liquid assets in percent of net outflows over 30 days.

Loans and impairments thereon relative to deposits

Loans plus impairments thereon in percent of deposits.

Loans relative to shareholders' equity

Loans / shareholders' equity.

Growth in loans for the year

Growth in loans from the beginning of the year to the end of the year, in percent (excluding reverse repo transactions).

Total large exposures

The total sum of the 20 largest exposures in percent of common equity tier 1.

Cumulative impairment ratio

Impairment charges for loans and provisions for losses on guarantees etc. in percent of loans plus impairment charges for loans plus guarantees plus provisions for losses on guarantees etc.

Impairment ratio for the year

Impairment charges for the year in percent of loans plus impairment charges for loans plus guarantees plus provisions for losses on guarantees etc.

Proportion of receivables at reduced interest

Proportion of receivables at reduced interest before impairment charges in percent of loans plus impairment charges for loans plus guarantees plus provisions for losses on guarantees etc.

Earnings per share**/****

Net profit for the year / average number of shares.

Book value per share**/****

Shareholders' equity / share capital excluding own shares.

Dividend per share**

Proposed dividend / share capital.

Market price relative to earnings per share**/****

Market price / earnings per share.

Market price relative to book value per share**/****

Market price / book value per share

*/**/****/****: See page 114.

OTHER INFORMATION

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Shareholders' committee

Name	Position	Home town	Born
Kristian Skannerup chairman of the shareholders' committee	Manufacturer	Tim	14 June 1959
Allan Østergaard Sørensen deputy chairman of the shareholders' committee	Attorney-at-law (High Court)	Ringkøbing	26 June 1982
Anette Ørbæk Andersen	Manager	Skjern	4 March 1963
Hejne Fomsgaard Andersen	Manufacturer	Ringkøbing	30 August 1954
Per Lykkegaard Christensen	Farmer	Hjallerup	12 December 1959
Dennis Conradsen	General Manager	Frederikshavn	26 June 1984
Claus Dalgaard	Vice president	Ringkøbing	28 April 1962
Ole Kirkegård Erlandsen	Butcher	Snebjerg	19 December 1962
Thomas Sindberg Hansen	Grocer	Kloster	12 December 1978
Tonny Hansen	Former college principal	Ringkøbing	27 May 1958
Leif Haubjerg	Farmer	No	18 December 1959
Mads Hvolby*	Chartered surveyor	Nørresundby	9 December 1956
Poul Johnsen Høj	Fishing boat skipper	Hvide Sande	10 November 1964
Kim Jacobsen	Commercial estate agent	Aalborg	25 September 1969
Erik Jensen	Manager	Skjern	7 September 1965
Morten Jensen*	Attorney-at-law (Supreme Court)	Dronninglund	31 October 1961
Toke Kjær Juul	CEO	Herning	15 August 1978
Anne Kaptain	Cheif legal and HR officer	Sæby	14 March 1980
Kasper Lykke Kjeldsen	Manager	Aarhus C	27 February 1981
Carl Erik Kristensen	Manager	Hvide Sande	28 January 1978
Henrik Lintner	Pharmacist	Hjørring	7 May 1955
Karsten Madsen	Attorney-at-law (Supreme Court)	Sæby	26 July 1961
Niels Erik Burgdorf Madsen	Manager	Ølgod	25 October 1959
Dorte Zacho Martinsen	Self-employed business consultant	Tvis	2 May 1972
Jacob Møller*	CEO	Ringkøbing	2 August 1969
Lars Møller	Municipal chief executive	Holstebro	30 November 1957
Bjarne Bjørnkjær Nielsen	Manager	Skjern	11 March 1973
Jens Møller Nielsen*	Former manager	Ringkøbing	25 August 1956
Marianne Oksbjerg	Manager	Brande	26 November 1966
Bente Skjørnbæk Olesen	Shop owner	Vemb	16 February 1971

Name	Position	Home town	Born
Martin Krogh Pedersen*	CEO	Ringkøbing	7 June 1967
Poul Kjær Poulsgaard	Farmer	Madum	21 February 1974
Karsten Sandal	Manager	Ølstrup	25 June 1969
Yvonne Skagen	Manager	Aalborg	22 August 1957
Lone Rejkjær Söllmann*	Finance manager	Tarm	26 January 1968
Egon Sørensen	Insurance broker	Spjald	16 June 1965
Jørgen Kolle Sørensen	Car dealer	Hvide Sande	17 September 1970
Peer Buch Sørensen	Draper	Frederikshavn	20 May 1967
Lise Kvist Thomsen	Manager	Virum	24 May 1984
Sten Uggerhøj*	Car dealer	Frederikshavn	6 July 1959
Lasse Svoldgaard Vesterby	Manager	Ringkøbing	25 April 1978
John Christian Aasted	Manager	Aalborg	12 February 1961

* Member of the board of directors

Board of directors



Martin Krogh Pedersen
CEO
Ringkøbing
Born on 07 June 1967
Chairman of the board of directors

Board committees:
Remuneration committee,
committee chairman
Nomination committee,
committee chairman
Audit committee, committee member
Risk committee, committee chairman

Seniority:
Member of the board of directors
since 27 April 2011

End of current term of office: 2023

Independence assessment: Independent

Professional competences:
Has special competences, knowledge and experience within the areas of the business model, credit risks, market risks, liquidity risks, other risks, including in relation to money laundering, terror financing, other economic crime, good practice and compliance, budgets, accounting and auditing, capital structure, insurance risks and general managerial experience.

Other managerial activities – member of the management of:

- KP Components A/S
- KP Components Group A/S
- KP Group Holding ApS
- MHKP Holding ApS
- MHKPO ApS
- MHKPS ApS
- PcP Corporation A/S
- PcP Danmark A/S
- The supplementary pension fund for employees of Ringkøbing Landbobank
- Techo A/S



Mads Hvolby
Chartered surveyor
Nørresundby
Born on 9 December 1956
Deputy chairman of the board of directors

Board committees:
Remuneration committee,
committee member
Nomination committee, committee member
Audit committee, committee member
Risk committee, committee member

Seniority:
Member of the board of directors since 7
June 2018

End of current term of office:
2022

Independence assessment:
Independent

Professional competences:
Has special competences, knowledge and experience within the areas of the business model, credit risks, operational risks, budgets, accounting and auditing, capital structure, insurance risks, risk management, general managerial experience, managerial experience from other financial undertakings and legal insight.

Other managerial activities – member of the management of:

- Landinspektørernes Gensidige Erhvervsansvarsforsikring
- Landinspektørfirmaet LE34 A/S
- M. Hvolby Holding ApS
- NB Partnere I/S
- Ny NB Gruppen Landinspektøranpartsselskab



Jens Møller Nielsen

Former manager
Ringkøbing
Born on 25 August 1956

Deputy chairman of the board of directors

Board committees:

Remuneration committee, committee member
Nomination committee, committee member
Audit committee, committee chairman
Risk committee, committee member

Seniority:

Member of the board of directors
since 22 April 2015

End of current term of office:

2023

Independence assessment:

Independent

Professional competences:

Has special competences, knowledge and experience within the areas of the business model, credit risks, market risks, liquidity risks, operational risks, other risks, including in relation to money laundering, terror financing, other economic crime, good practice and compliance, budgets, accounting and auditing, capital structure, insurance risks, risk management, general managerial experience and legal insight. As the chairman of the bank's audit committee, Jens Møller Nielsen has competences within accounting or auditing.

Other managerial activities – member of the management of:

- The independent institution Generator
- Ringkøbing Station

**Morten Jensen**

Attorney-at-law (Supreme Court)
Dronninglund
Born on 31 October 1961

Board committees:

Nomination committee, committee member
Risk committee, committee member

Seniority:

Member of the board of directors since 7 June 2018

End of current term of office:

2022

Independence assessment:

Independent

Professional competences:

Has special competences, knowledge and experience within the areas of credit risks, operational risks, risks of outsourcing, other risks, including in relation to money laundering, terror financing, other economic crime, good practice and compliance, budgets, accounting and auditing, risk management, general managerial experience and legal insight and within sections of the business model and liquidity risk areas.

Other managerial activities – member of the management of:

- Advokatfirmaet Børge Nielsen
- AEC-Fonden
- Andersen & Aaquist A/S
- ANS-Fundacion Fonden
- Christine og Poul Goos Fond for Fri Forsikring
- Dan Østergård ApS
- Dansk Bilglas A/S
- Dansk Facility Service Holding A/S
- DCH A/S
- Desmi Contracting A/S
- Ejendomsselskabet Nordtyskland Kommanditaktieselskab
- Ejendomsselskabet Nordtyskland I A/S
- Ejendomsselskabet Nordtyskland II A/S
- Ejendomsselskabet Nordtyskland III A/S
- Ejendomsselskabet Nordtyskland IV A/S
- Ejendomsselskabet Nordtyskland V A/S
- Ejendomsselskabet Nordtyskland VI A/S
- Ejendomsselskabet Nordtyskland VII A/S
- Ejendomsselskabet Nordtyskland VIII A/S
- Ejendomsselskabet Nordtyskland IX A/S
- Ejendomsselskabet Nordtyskland Nr. 10 A/S
- Ejendomsselskabet Nordtyskland Nr. 11 A/S
- Ejendomsselskabet Nordtyskland Nr. 12 A/S
- Ejendomsselskabet Nordtyskland Nr. 13 A/S
- Ejendomsselskabet Nordtyskland Nr. 14 A/S
- Ejendomsselskabet Nordtyskland Nr. 15 A/S
- Ejendomsselskabet Nordtyskland Nr. 16 A/S
- Ejendomsselskabet Nordtyskland Nr. 17 A/S
- Ejendomsselskabet Nordtyskland Nr. 18 A/S
- Ejendomsselskabet Nordtyskland Nr. 19 A/S
- Ejendomsselskabet Nordtyskland Nr. 20 A/S
- Ejendomsselskabet Nordtyskland Nr. 21 A/S
- Ejendomsselskabet Nordtyskland Nr. 22 A/S
- Ejendomsselskabet Svinkløv Badehotel A/S
- Ejendomsselskabet Udsigten A/S
- Ergonomic Solutions International Ltd.
- Ergonomic Solutions Manufacturing A/S
- Ergonomic Solutions Nordic A/S
- Havnens Fiskebod A/S
- Hotel Sandvig Havn ApS
- JenSchu K/S
- Kjærgaard Nord A/S
- Lundagergaard Holding ApS
- Madera Holding ApS
- Mesterbyg Klokkeholm A/S
- Micodan A/S
- Micodan Ejendom A/S
- Micodan Holding A/S
- Micodan Norge AS
- Miljø-Art A/S
- P. J. Skovværktøj, Nørresundby ApS
- PM Energi A/S
- RengøringsCompagniets Fond
- Saga Shipping A/S
- Sølund Ejendomsinvest Holding A/S
- Teglbakken, Niverød P/S
- Toma Facility Danmark A/S
- Vibeke Emborg Holding ApS
- Vibeke Emborg Invest ApS

**Jon Steingrim Johnsen**

CEO

Humblebæk

Born on 17 April 1968

Board committees:

Nomination committee, committee member

Risk committee, committee member

Seniority:Member of the board of directors
since 22 February 2017**End of current term of office:**

2025

Independence assessment:

Independent

Professional competences:

Has special competences, knowledge and experience within the areas of the business model, market risks, liquidity risks, operational risks, IT risks, risks of outsourcing, other risks, including in relation to money laundering, terror financing, other economic crime, good practice and compliance, budgets, accounting and auditing, capital structure, insurance risks, risk management, general managerial experience, managerial experience from other financial undertakings and legal insight and within sections of the credit risk area.

Other managerial activities –**member of the management of:**

- AIP Management P/S
- Axcelfuture
- A/S Kjøbenhavns Ejendomsselskab
- Ejendomsaktieselskabet Dronningegården
- Farmakonomernes Ejendomsaktieselskab
- Farmapension A/S
- Forca A/S
- Forsikring & Pension
- Forsikringsorganisationernes Fællessekretariat F.M.B.A.
- Forstædernes Ejendomsaktieselskab
- IIP Denmark P/S
- IIP Denmark GP ApS
- Institutional Holding P/S
- Institutional Investors Group on Climate Change (IIGCC)
- Pensionskassen for Farmakonomer
- Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale
- Pensionskassen for Sundhedsfaglige
- Pensionskassen for Sygeplejersker og Lægeseekretærer
- Pensionskassernes Administration A/S
- PKA Ejendomme I I/S
- PKA Ejendomme af 2012 I/S
- PKA Ejendomme af 2013 I/S
- PKA Private Funds III GP ApS
- PKA Private Funds IV GP ApS
- PKA Projektselskab I/S
- PKA Skejby P/S
- PKA Skejby Komplementar ApS
- PKA Venture I GP ApS
- PKA+Pension Forsikringsselskab A/S
- Poppelstykket 12 A/S
- Rugårdsvej Odense A/S
- Socialrådgivernes, Socialpædagogernes og Kontorpersonalets Ejendomsaktieselskab
- Sundhedsfagliges Ejendomsaktieselskab
- Sygeplejerskernes og Lægeseekretærernes Ejendomsaktieselskab
- Tuborg Havnevej I/S

BOARD OF DIRECTORS



Jacob Møller

CEO
Ringkøbing
Born on 2 August 1969

Board committees:

Nomination committee, committee member
Audit committee, committee member
Risk committee, committee member

Seniority:

Member of the board of directors
since 26 April 2017

End of current term of office:

2023

Independence assessment:

Independent

Professional competences:

Has special competences, knowledge and experience within the areas of insurance risks, general managerial experience and legal insight and within sections of the business model, credit risk and market risk areas.

Other managerial activities – member of the management of:

- Dansk Energi
- Goenergi A/S
- Iron Fonden
- Iron Pump A/S
- Iron Pump Ejendomme A/S
- Iron Pump Holding A/S
- N H Vind 16 ApS
- RAH A.M.B.A.
- RAH Fiberbredbånd A/S
- RAH Holding A/S
- RAH Net A/S
- RAH Service A/S
- Scanenergi A/S
- Scanenergi Elsalg A/S
- Scanenergi Holding A/S
- Scanenergi Solutions A/S
- Vestjyske Net 60 KV A/S
- Vestjyske Net Service A/S



Lone Rejkjær Söllumann

Finance manager
Tarm
Born on 26 January 1968

Board committees:

Nomination committee, committee member
Risk committee, committee member

Seniority:

Member of the board of directors
since 26 April 2017

End of current term of office:

2022

Independence assessment:

Independent

Professional competences:

Has special competences, knowledge and experience within the areas of budgets, accounting and auditing and within sections of the business model and credit risk areas.

Other managerial activities – member of the management of:

- Tama ApS

**Sten Uggerhøj**

Car dealer
Frederikshavn
Born on 6 July 1959

Board committees:

Nomination committee, committee member
Risk committee, committee member

Seniority:

Member of the board of directors
since 7 June 2018

End of current term of office:

2022

Independence assessment:

Independent

Professional competences:

Has special competences, knowledge and experience within the areas of the business model, credit risks, market risks, liquidity risks, operational risks, other risks, including in relation to money laundering, terror financing, other economic crime, good practice and compliance, budgets, accounting and auditing, capital structure, risk management, general managerial experience and legal insight.

Other managerial activities – member of the management of:

- A/S Knud Uggerhøj
- Aktieselskabet Trigon
- Atletikvej 1 ApS
- Civilingeniør Bent Bøgh og Hustru Inge Bøgh's Fond
- Dalsgaard Biler A/S
- Ejendomsselskabet Møllehuset A/S
- Ejendomsselskabet Wedellsborgvej 1 A/S
- Fortin Madrejon A/S
- Hjørring Bilcenter A/S
- Knud Uggerhøj Kapital ApS
- MAN Nordjylland A/S
- Semler Retail Silkeborg A/S
- Solgt.com Invest ApS
- Techno Danmark F.M.B.A.
- Trigon Holding A/S
- Uggerhøj A/S
- Uggerhøj Ejendomme A/S
- Uggerhøj Erhverv ApS
- Uggerhøj Finans A/S
- Uggerhøj Herning A/S
- Uggerhøj Holding ApS
- Uggerhøj Horsens A/S
- Uggerhøj Aarhus A/S
- UGTHO ApS

**Dan Junker Astrup**

Credit manager
Videbæk
Born on 20 January 1989

Elected by the employees**Board committees:**

Nomination committee, committee member
Risk committee, committee member

Seniority:

Member of the board of directors
since 1 March 2015

End of current term of office:

2023

Independence assessment:

Not independent

Professional competences:

Has special competences, knowledge and experience within the areas of the business model, credit risks, market risks, budgets, accounting and auditing, capital structure, risk management, general managerial experience and legal insight.

No other managerial activities

BOARD OF DIRECTORS



Gitte E.S.H. Vigsø

MA (Laws)/compliance officer
Holstebro
Born on 24 April 1976

Elected by the employees

Board committees:

Remuneration committee, committee member
Nomination committee, committee member
Risk committee, committee member

Seniority:

Member of the board of directors
since 1 March 2011

End of current term of office:

2023

Independence assessment:

Not independent

Professional competences:

Has special competences, knowledge and experience within the areas of operational risks, risks of outsourcing, other risks, including in relation to money laundering, terror financing, other economic crime, good practice and compliance, and legal insight and within sections of the business model and credit risk areas.

Other managerial activities – member of the management of:

- Financial Services Union Denmark
- Financial Services Union Denmark, District West
- FTFa
- The supplementary pension fund for employees of Ringkjøbing Landbobank



Arne Ugilt

Credit consultant
Hjørring
Born on 6 August 1956

Elected by the employees

Board committees:

Nomination committee, committee member
Risk committee, committee member

Seniority:

Member of the board of directors
since 7 June 2018

End of current term of office:

2023

Independence assessment:

Not independent

Professional competences:

Has special competences, knowledge and experience within the areas of the business model, credit risks and market risks.

No other managerial activities

**Finn Aaen**

Business customer adviser
Aalborg
Born on 22 April 1970
Elected by the employees

No other managerial activities**Board committees:**

Nomination committee, committee member
Risk committee, committee member

Seniority:

Member of the board of directors
since 7 June 2018

End of current term of office:

2023

Independence assessment:

Not independent

Professional competences:

Has special competences, knowledge and
experience within sections of the business
model and credit risk areas.

The board members' other managerial activities are stated as at the date of closing the accounts.

Board committees

The board of directors has appointed a remuneration committee, a nomination committee, an audit committee and a risk committee.

Information on the individual board committees is provided below.

Remuneration committee

The bank's board of directors has agreed a brief for the remuneration committee which includes provisions on scope and objective, members and how it is constituted, tasks, meetings, authority and resources, reporting and minutes of meetings, publication, evaluation and self-assessment, as well as changes to its brief.

The remuneration committee is, as a minimum, responsible for the following tasks:

- Negotiation with the general management on remuneration of the general management
- Undertaking the preparatory work for the board of directors' decisions on remuneration, including the remuneration policy and any other associated decisions that may affect the bank's risk management and, in that connection, undertaking any tasks and obligations following from the legislation, including:
 - Advising the board of directors on the development of the remuneration policy, assisting the board with monitoring compliance with it, assessing whether the remuneration policy needs to be updated and, if necessary, proposing changes to the policy including
 - Drafting and recommending guidelines for the board of directors' monitoring of compliance with the remuneration policy etc. for approval by the board of directors, including ensuring that compliance with the policy is monitored
 - Monitoring remuneration of the management of the part of the organisation in charge of monitoring the limits of risk-taking, and the management of the part of the organisation otherwise in charge of monitoring and auditing, including the management of the compliance function and the chief internal auditor
 - Ensuring that the information on the bank's remuneration policy and practice presented to the general meeting is adequate
 - Assessing whether the bank's procedures and systems are adequate and allow for the bank's risks associated with the management of capital and liquidity in relation to the remuneration structure
 - Ensuring that the remuneration policy and practice are in accordance with and promote sound and effective risk management and that they comply with the bank's business strategy, objectives, values and long-term interests
 - Ensuring that independent control functions and other relevant functions are included to the extent necessary for the performance of such tasks and, if necessary, seeking external advice
- In its preparatory work, and with reference to the adopted remuneration policy, the committee must protect the bank's long-term interests, including those of shareholders, other investors and the public
- Other remuneration-related tasks, including supporting the board of directors in its task of identifying major risk takers
- Tasks in connection with the bank's compliance with the remuneration policy under the special requirements for housing.

In addition, the Recommendations on Corporate Governance require the remuneration committee to undertake at least the following preparatory tasks:

- Prior to approval by the shareholders' committee, the remuneration committee must submit proposals for remuneration of members of the bank's board of directors and shareholders' committee to the board and the shareholders' committee, ensure that the remuneration is in accordance with the bank's remuneration policy and recommend a remuneration policy applying to the bank in general.

Nomination committee

The bank's board of directors has agreed a brief for the nomination committee which includes provisions on scope and objective, members and how the committee is constituted, tasks, meetings, authority and resources, reporting and minutes of meeting, publication, evaluation and self-assessment, as well as changes to the brief.

The nomination committee is, as a minimum, responsible for the following tasks:

- Preparing proposals and recommendations for the election and re-election of members to the bank's shareholders' committee and board of directors and appointment of the bank's general management, including describing the qualifications required of the board of directors and the bank's general management etc. The process of recruitment of candidates for the board of directors is carried out on the basis of discussions in the committee
- Regularly and at least once a year assessing the board of directors' size, structure, composition and results in relation to its tasks and reporting and making recommendations for possible changes thereof to the full board of directors
- Regularly and at least once a year assessing whether the full board of directors has the required combination of knowledge, professional skills, diversity and experience, and whether individual members meet the requirements of section 64 of the Danish Financial Business Act, and reporting and making recommendations for possible changes thereof to the full board of directors, including a possible action plan for the future composition and proposals for specific changes. Individual members of the management (board of directors) must also regularly assess that they have allocated sufficient time to their duties: see section 64a of the Danish Financial Business Act. The nomination committee must assess at least once a year whether it agrees with the individual's assessment
- Regularly and at least once a year evaluating the bank's general management, making recommendations to the board of directors and ensuring that the board of directors discusses succession plans when judged to be necessary
- Regularly reviewing the board of directors' policy for selection and appointment of members to the general management if such a policy has been prepared, and making recommendations to the board of directors (currently there is no such policy)
- Setting a target percentage of the under-represented gender on the board of directors and preparing a policy on how to reach this figure
- Preparing a policy for diversity on the board of directors.

Audit committee

Jens Møller Nielsen is the specially qualified member of the audit committee. Given the bank's size and complexity and Mr Nielsen's education, professional experience and experience on the bank's board of directors and board committees, including the audit committee, the bank's board of directors considers that Mr Nielsen is independent and that he possesses the qualifications required pursuant to the Danish Act on Approved Auditors and Audit Firms.

The bank's board of directors has agreed a brief for the audit committee which includes provisions on how the committee is constituted and its objective, members, meetings, authority etc., tasks, reporting and self-assessment.

The audit committee is, as a minimum, responsible for the following tasks:

- Informing the board of directors of the result of the statutory audit, including the financial reporting process
- Monitoring the financial reporting process and making recommendations or proposals for the purpose of ensuring integrity
- Monitoring whether the bank's internal control system, internal audit and risk management systems are effective with respect to the financial reporting of the bank without violating its independence
- Monitoring the statutory auditing of the financial statements etc.
- Monitoring and verifying the auditor's independence, pursuant to sections 24-24c of the Act on Approved Auditors and Audit Firms and to Article 6 of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding audit of public-interest entities, and approving the auditor's provision of services other than audit, pursuant to Article 5 of the Regulation

- Being in charge of the procedure for selecting and recommending an auditor for election, pursuant to Article 16 of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding audit of public-interest entities.

Risk committee

The bank's board of directors has agreed a brief for the risk committee which includes provisions on scope and objective, members and how the committee is constituted, tasks, meetings, authority and resources, reporting and minutes of meetings, publication, evaluation and self-assessment, as well as changes to the brief.

The risk committee is, as a minimum, responsible for the following tasks:

- Advising the board of directors on the bank's general existing and future risk profile and risk strategy
- Assisting the board of directors with ensuring that the board's risk strategy is implemented correctly in the organisation
- Assessing whether the financial products and services traded by the bank are in accordance with the bank's business model and risk profile, including whether the earnings on such products and services reflect the associated risks, and preparing proposals for remedies if the products or services and the associated earnings are not in accordance with the bank's business model and risk profile
- Assessing whether the incentive components of the bank's remuneration structure take account of the bank's risks, capital, liquidity and the probability and time of payment of remuneration (under the bank's remuneration policy, no forms of incentive components are used for the bank's board of directors and general management)
- Conducting a review of the quarterly credit reports.

Regarding the committees in general, in cases where a committee consists of the bank's full board of directors or where the full board of directors participates in a committee meeting, both the committee and the board of directors' proceedings may take place simultaneously.

Board of directors – competences

The members of the bank's board of directors together possess all the competences required for the overall management of the bank on the basis of the business model for the bank's operations.

The members of the bank's full board of directors thus possess competences concerning:

- The business model and relevant related matters
- Credit risks and relevant related matters
- Market risks and relevant related matters
- Liquidity risks and relevant related matters
- Operational risks and relevant related matters
- IT risks and relevant related matters
- Risks of outsourcing
- Other risks, including in relation to money laundering, terror financing, other economic crime, good practice and compliance
- Budgets, accounting and auditing
- Capital structure including capital adequacy and solvency requirement
- Insurance risks
- Risk management including interdisciplinary risk management
- General managerial experience
- Managerial experience from other financial undertakings
- Legal insight, including in relation to financial legislation

See also pages 120-127 for the special competences of the individual board members.

Holdings of Ringkjøbing Landbobank shares by members of the board of directors

See note 41 on page 84 for information on holdings of Ringkjøbing Landbobank shares by members of the board of directors.

General management



John Bull Fisker

Born on 3 December 1964
CEO

Seniority:

Employed by the bank on 1 January 1995
Member of the general management since 1 May 1999
CEO since 1 May 2012

On the board of directors of the following companies etc.

- Chairman of Letpension A/S, Copenhagen
- Deputy chairman of Foreningen Bankdata, Fredericia
- Deputy chairman of BI Holding A/S, Copenhagen
- Deputy chairman of BI Asset Management Fondsmæglerselskab A/S, Copenhagen
- Board member of PRAS A/S, Copenhagen
- Board member of the supplementary pension fund for employees of Ringkjøbing Landbobank, Ringkøbing

Member of the customer board of:

- PFA Pension A/S, Copenhagen



Claus Andersen

Born on 19 April 1966
General manager

Seniority:

Employed by the bank on 7 June 2018
Member of the general management since 7 June 2018

On the board of directors of the following companies etc.

- Chairman of Sæbygård Skov A/S, Ringkøbing
- Board member of DLR Kredit A/S, Copenhagen
- Board member of the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark, Copenhagen
- Board member of the Education Fund of the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark, Copenhagen



Jørn Nielsen
Born on 9 November 1972
General manager

Seniority:
Employed by the bank on 1 August 1991
Member of the general management since 1 September 2015

No other managerial activities



Carl Pedersen
Born on 28 December 1962
General manager

Seniority:
Employed by the bank on 7 June 2018
Member of the general management since 7 June 2018

On the board of directors of the following companies etc.

- Board member of Byggesocietetet Aalborg, Aalborg
- Board member of Direktør Carl Nøhr Frandsens Familiefond, Nørresundby
- Board member of Vækst-Invest Nordjylland A/S, Aalborg

The board members' other managerial activities are stated as at the date of closing the accounts.

Holdings of Ringkøbing Landbobank shares by the general management

See note 41 on page 84 for information on holdings of Ringkøbing Landbobank shares by members of the general management.

Ringkøbing Landbobank Aktieselskab

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Founded: 1886

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Website: www.landbobanken.com

CVR no.: 37536814
Sort code: 7670
SWIFT / BIC: RINGDK22
LEI code: 2138002M5U5K4OUMVV62
ISIN: DK0060854669

Share capital

Ringkøbing Landbobank's share capital is DKK 29,067,721,
divided into 29,067,721 nom. DKK 1 shares.

SHAREHOLDER RELATIONS

Ownership

On 31 December 2021, Ringkjøbing Landbobank had registered shares of DKK 28,339,236 of the total share capital of DKK 29,067,721, equivalent to 97.49% of the total share capital.

The number of registered shareholders on 31 December 2021 totalled 51,258.

Major shareholders

On 31 December 2021, two shareholders had advised that they hold between 5% and 9.99% of Ringkjøbing Landbobank's share capital:

- Liontrust Investment Partners LLP, London, Great Britain owned 6.12% of the bank's share capital on 31 December 2021 and held 3,000 voting rights.
- ATP, of Hillerød, Denmark owned 5.08% of the bank's share capital on 31 December 2021 and held 3,000 voting rights.

Distribution of shareholders	End of 2021	End of 2020	End of 2019	End of 2018
Danish institutional shareholders	16%	25%	27%	36%
Other Danish shareholders	38%	37%	40%	43%
Foreign institutional shareholders	42%	33%	29%	17%
Other foreign shareholders	4%	5%	4%	4%
	100%	100%	100%	100%

Company announcements 2021

Summary of Ringkjøbing Landbobank's company announcements to Nasdaq Copenhagen and others in 2021:

03.02.2021	Ringkjøbing Landbobank's annual report for 2020
03.02.2021	Notice convening annual general meeting of Ringkjøbing Landbobank
03.02.2021	Initiation of share buy-back programme
08.02.2021	Share buy-back programme – week 5
15.02.2021	Share buy-back programme – week 6
22.02.2021	Share buy-back programme – week 7
01.03.2021	Share buy-back programme – week 8
03.03.2021	Minutes of the annual general meeting on 3 March 2021
08.03.2021	Share buy-back programme – week 9
08.03.2021	Articles of association of Ringkjøbing Landbobank
15.03.2021	Share buy-back programme – week 10
22.03.2021	Share buy-back programme – week 11
29.03.2021	Share buy-back programme – week 12
06.04.2021	Share buy-back programme – week 13
12.04.2021	Share buy-back programme – week 14
19.04.2021	Share buy-back programme – week 15
26.04.2021	Share buy-back programme – week 16
28.04.2021	Ringkjøbing Landbobank's report for the first quarter of 2021
03.05.2021	Share buy-back programme – week 17
10.05.2021	Share buy-back programme – week 18
10.05.2021	Implementation of capital reduction
10.05.2021	Articles of association of Ringkjøbing Landbobank
17.05.2021	Share buy-back programme – week 19
25.05.2021	Share buy-back programme – week 20
31.05.2021	Share buy-back programme – week 21
07.06.2021	Share buy-back programme – week 22
08.06.2021	Upward adjustment of expectations for 2021
11.06.2021	Announcement concerning large shareholders under the Danish Act on Capital Markets
14.06.2021	Share buy-back programme – week 23
21.06.2021	Share buy-back programme – week 24
23.06.2021	Takeover of client portfolio from BIL Danmark (branch of Banque Internationale à Luxembourg S.A., Luxembourg)
24.06.2021	Announcement concerning large shareholders under the Danish Act on Capital Markets
25.06.2021	The Danish FSA approves the takeover of client portfolio from BIL Danmark (branch of Banque Internationale à Luxembourg S.A., Luxembourg)

25.06.2021	Announcement concerning large shareholders under the Danish Act on Capital Markets
28.06.2021	Share buy-back programme – week 25
05.07.2021	Share buy-back programme – week 26
12.07.2021	Share buy-back programme – week 27
19.07.2021	Share buy-back programme – week 28
26.07.2021	Share buy-back programme – week 29
30.07.2021	Completion of share buy-back programme and initiation of share buy-back programme
04.08.2021	Ringkjøbing Landbobank's interim report for the first half of 2021
09.08.2021	Share buy-back programme – week 31
16.08.2021	Share buy-back programme – week 32
23.08.2021	Share buy-back programme – week 33
30.08.2021	Share buy-back programme – week 34
06.09.2021	Share buy-back programme – week 35
13.09.2021	Share buy-back programme – week 36
15.09.2021	Initiation of share buy-back programme
20.09.2021	Share buy-back programme – week 37
27.09.2021	Share buy-back programme – week 38
29.09.2021	Completion of share buy-back programme
04.10.2021	Share buy-back programme – week 39
04.10.2021	Ringkjøbing Landbobank issues tier 2 capital
11.10.2021	Share buy-back programme – week 40
18.10.2021	Share buy-back programme – week 41
25.10.2021	Share buy-back programme – week 42
27.10.2021	Ringkjøbing Landbobank's quarterly report for the first three quarters of 2021
27.10.2021	Financial calendar 2022 for Ringkjøbing Landbobank
01.11.2021	Share buy-back programme – week 43
08.11.2021	Share buy-back programme – week 44
15.11.2021	Share buy-back programme – week 45
22.11.2021	Share buy-back programme – week 46
29.11.2021	Share buy-back programme – week 47
06.12.2021	Share buy-back programme – week 48
13.12.2021	Share buy-back programme – week 49
20.12.2021	Share buy-back programme – week 50
27.12.2021	Share buy-back programme – week 51

Notices regarding reportable transactions in Ringkjøbing Landbobank shares are not included in the summary above.

All the company announcements from the bank to Nasdaq Copenhagen and others can be seen on the bank's website: www.landbobanken.com.

Financial calendar 2022

The financial calendar for the upcoming publications is as follows:

02.03.2022	Annual general meeting
27.04.2022	Quarterly report 1st quarter 2022
03.08.2022	Interim report 2022
26.10.2022	Quarterly report 1st-3rd quarters 2022

THE BANK'S BRANCHES

Branch	Address	Telephone
Ringkøbing, HQ	Torvet 1, DK-6950 Ringkøbing	+45 9732 1166
Brønderslev	Algade 39-41, DK-9700 Brønderslev	+45 9870 4500
Frederikshavn	Jernbanegade 4-8, DK-9900 Frederikshavn	+45 9870 6000
Hasseris	Thulebakken 34, DK-9000 Aalborg	+45 9870 5900
Herning	Torvet 18, DK-7400 Herning	+45 9721 4800
Hjallerup	Hjallerup Centret 5, DK-9320 Hjallerup	+45 9870 5100
Hjørring	Østergade 4, DK-9800 Hjørring	+45 9633 5520
Holstebro	Den Røde Plads 2, DK-7500 Holstebro	+45 9610 9500
Holte	Kongevejen 272A, DK-2830 Virum	+45 7624 9550
Copenhagen	Frederiksborggade 1, 1.th., DK-1360 Copenhagen K	+45 9633 5240
Læsø	Byrum Hovedgade 79, DK-9940 Læsø	+45 9633 5480
Nørresundby	Torvet 4, DK-9400 Nørresundby	+45 9870 5000
Skagen	Sct. Laurentii Vej 39 B, DK-9990 Skagen	+45 9633 5210
Sæby	Vestergade 21, DK-9300 Sæby	+45 9633 5320
Tarm	Storegade 6-10, DK-6880 Tarm	+45 9737 1411
Vejgaard	Vejgaard Bymidte 2, DK-9000 Aalborg	+45 9870 4400
Vejle	Lysholt Allé 10, DK-7100 Vejle	+45 7624 9780
Vestbjerg	Bakkelyvej 2A, DK-9380 Vestbjerg	+45 9870 4900
Viborg	Gravene 18, DK-8800 Viborg	+45 8662 5501
Vildbjerg	Søndergade 6, DK-7480 Vildbjerg	+45 9713 3166
Aabybro	Østergade 12, DK-9440 Aabybro	+45 9870 5400
Aarhus	Marselis Boulevard 9, DK-8000 Aarhus C	+45 7624 9760

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