

Information on remuneration etc. for the 2019 financial year

The information is provided pursuant to the Executive Order on remuneration policy and remuneration in banks, mortgage credit institutions, investment companies, investment management companies, financial holding companies and investment funds, Article 450 of the CRR and Section 80c of the Financial Business Act.

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Ringkjøbing Landbobank is publishing the following information for the 2019 financial year in accordance with the Executive Order on remuneration policy and remuneration in banks, mortgage credit institutions, investment companies, investment management companies, financial holding companies and investment funds, Article 450 of the CRR and Section 80c of the Financial Business Act.

Some information under Section 80c of the Financial Business Act is provided in the statement below, while other information is provided separately in the statutory statement on central management requirements 2019 (“*Lovpligtig redegørelse vedrørende centrale ledelseskrav 2018*”, only available in Danish).

Information pursuant to Section 80c of the Financial Business Act and Article 450 of the CRR.

Quantitative information on remuneration for the board of directors, general management, other major risk-takers and employees in control functions					
	Number at end of year	Fixed salaries incl. pension (DKK million)	Variable salaries (DKK million)		
			Total	Of which cash payment	Of which shares or share-linked instruments or other types
Board of directors	12	3.075			
General management	4	15.840			
Other major risk-takers	9	11.004	0.325	0.325	
Employees in control functions	7	5.507			
Total	32	35.426	0.325	0.325	0.0

- The figures above are computed when vested.
- The bank judges that it does not have different business areas and it therefore discloses aggregate amounts.
- The bank does not pay any performance related remuneration to the above persons and has thus not determined or agreed any performance criteria for them. The bank's remuneration system is primarily structured as fixed remuneration, and in the 2018 financial year, only modest variable remuneration was paid in cash within the framework of the remuneration policy. Variable remuneration was only paid to employees in the groups "Other major risk-takers" and "Employees in control functions". The variable remuneration to employees in the groups "Other major risk-takers" and "Employees in control functions" was paid as recognition of effort.
- The bank did not have any outstanding deferred remuneration for the above persons (as defined in the table above) in the 2019 financial year.
- The bank did not award any deferred remuneration in relation to the above persons (as defined in the table above) in the 2019 financial year.
- The bank did not pay any sign-on bonus or severance pay or enter into any new agreements thereon in relation to the above persons (as defined in the table above) in the 2018 financial year.
- The bank only paid variable remuneration in cash in the 2019 financial year and thus did not make any payments in the form of shares, share-linked instruments or other types.

We provide the following additional information:

- The bank's remuneration policy is adopted and approved by the bank's remuneration committee and board of directors. If there are changes to the remuneration policy, the policy must be submitted to the bank's general meeting for approval.
- The bank has appointed a remuneration committee which held a total of two meetings with physical attendance in 2019. On the reporting day, the remuneration committee has four members, viz. the chairman Martin Krogh Pedersen, the deputy chairmen of the board of directors, Mads Hvolby and Jens Møller Nielsen, and the board member elected by the employees, Gitte E.S.H. Vigsø (the bank's employees are represented on the bank's board of directors pursuant to the Danish Companies Act). The remuneration committee's mandate is specified in applicable law and the brief for the remuneration committee as adopted by the board of directors. For further information on the remuneration committee's tasks, please see the bank's website at www.landbobanken.dk/en/ir_english/thebank. The remuneration committee has not consulted any external experts.

- Remuneration policy
 - The current policy specifies that the bank's management (the board of directors and general management) will be paid remuneration which is both in line with the market and reflects the management's effort for the bank. It has also been decided that the remuneration paid to the board of directors and general management should be a fixed amount without any form of incentive component.
 - Within the financial framework for payment of personal allowances under a current workplace agreement, within the minimum threshold for variable salary components and subject to the provisions in point 3 of the remuneration policy, variable salary components may be paid in cash to other major risk-takers and employees in control functions. Severance pay may also be paid unless deemed to be variable salary in applicable law.
 - Subject to point 3 of the remuneration policy, variable salary components and severance pay may be paid, and pension schemes comparable to variable salary components granted, to other employees (i.e. groups of employees other than those listed in point 2 of the remuneration policy).
 - For further information on the bank's remuneration policy, please see the bank's website at www.landbobanken.dk/politikker.
- The bank did not have any employees with remuneration of more than 1 million euros in the 2019 financial year.
- The bank has not received any government subsidies, and consequently no information is provided pursuant to Section 77b(1) and (3) of the Financial Business Act.

We give an account below of how the bank complies with the requirements as stated in Section 20 of Executive Order number 1582 of 13 December 2016 on remuneration policy and remuneration in banks, mortgage credit institutions, investment companies, investment management companies, financial holding companies and investment funds, i.e. Section 5(1), first sentence, Section 6, Section 7(1), first sentence, and (2), Section 8, Section 9(1), Section 11, Section 12, Section 14(3), Section 15 and Section 16, to the extent to which the requirements apply to the bank.

Section 5(1), first sentence. Taking into consideration the undertaking's size and organisation and the scope and complexity of its activities, the board of directors must prepare the undertaking's remuneration policy pursuant to Section 77d(1) of the Financial Business Act and Section 48c(1) of the Act on investments funds etc., for members of the board of directors and employees, including preparing the undertaking's pension policy and guidelines for the award of variable salary components, severance pay and identification of other employees whose activities significantly influence the undertaking's risk profile.

The bank's board of directors adopted a remuneration policy for the first time in May 2012 and the bank's annual general meeting in February 2013 approved it.

The board of directors and the remuneration committee have subsequently reviewed the remuneration policy each year to assess whether updating was required. This was not the case in the review of the policy in 2013, 2014 and 2015.

However, both in 2016 and in January 2017 the board of directors and the remuneration committee found that updating was required and the policy was thus updated, among other things due to the introduction of the Mortgage Credit Directive. The updated policy was subsequently submitted to, and approved by, the bank's annual general meeting in February 2017.

In connection with the annual review of the remuneration policy in November 2018, the board of directors and the remuneration committee saw no reason to amend the current remuneration policy.

In January 2020 the board of directors and the remuneration committee found cause for updating the remuneration policy, due to new legislation in the Danish companies act.

The current policy specifies that the bank's management will be paid remuneration which is both in line with the market and reflects the management's effort for the bank. It has also been decided that the remuneration paid to the board of directors and general management should be a fixed amount without any form of incentive component.

Within the financial framework for payment of personal allowances under a current workplace agreement, within the minimum threshold for variable salary components and subject to the provisions in point 3 of the remuneration policy, variable salary components may be paid in cash to other major risk-takers and employees in control functions. Severance pay may also be paid unless deemed to be variable salary in applicable law.

Subject to point 3 of the remuneration policy, variable salary components and severance pay may be paid, and pension schemes comparable to variable salary components granted, to other employees (i.e. groups of employees other than those listed in point 2 of the remuneration policy).

The complete remuneration policy is available at the bank's website at <http://www.landbobanken.dk/policies>

The board of directors follows up on compliance with the policy once a year.

Section 6(1). The board of directors must review the undertaking's remuneration policy at regular intervals and at least once a year with a view to adjusting it to the undertaking's development.

Since the first version of the remuneration policy was adopted in May 2012, the board of directors has reassessed the need for changes at least once a year.

Section 7(1), first sentence. The board of directors must ensure that compliance with the remuneration policy is verified at least once a year.

Since the first version of the remuneration policy was adopted in May 2012, the board of directors has ensured that compliance with the policy is verified once a year.

Section 7(2). The board of directors supervises remuneration of the general management and the management of the part of the organisation that is in charge of verifying compliance with the limits of risk-taking, and the management of the part of the organisation that is otherwise in charge of verifying and auditing, including the persons in charge of the risk management function and the compliance function, and the chief internal auditor. If the undertaking has appointed a remuneration committee under Section 77c(1) of the Financial Business Act or under Section 48b(1) of the Act on investment funds etc., the committee must carry out this supervision.

The bank has appointed a remuneration committee which is in charge of these annual checks.

Section 8. The undertaking must ensure that employees involved in the preparation of the remuneration policy and the verification of compliance with it possess the required expertise. Taking into consideration the undertaking's size, internal organisation, the scope and complexity of its activities, the undertaking must ensure that employees involved in verifying compliance with the remuneration policy are independent of the departments they are verifying in the undertaking.

The bank's control measures are prepared by the bank's HR-department but performed by the bank's general management since the HR-department is involved in preparing the remuneration policy.

Section 9(1). The undertaking's remuneration policy must

1) be aligned with and facilitate sound and effective risk management pursuant to Section 77d(1) of the Financial Business Act and Section 48c(1) of the Act on investment funds etc., and it may not encourage excessive risk-taking;

2) be aligned with the undertaking's business strategy, values and long-term goals, including a tenable business concept;

3) be in line with the principles on protection of customers and investors in connection with the business conducted and contain measures which can prevent conflicts of interest;

4) ensure that the total variable remuneration which the undertaking undertakes to pay will not erode its possibility of strengthening its total capital; and

5) if relevant, distinguish between criteria for determining fixed salary components which should primarily reflect relevant work experience and organisational responsibility and criteria for determining variable salary components which should reflect continual and risk-adjusted relevant performance and performance in excess of what can be expected relative to the employee's work experience and organisational responsibility.

The bank's board of directors has taken the above into consideration when it prepared and approved the remuneration policy.

Section 11(1). A variable salary component which is performance-related must be determined on the basis of an assessment of the relevant recipient's performance, the performance of the recipient's department and the undertaking's performance.

(2). The performance measurement on which the variable component of the remuneration is based must reflect the existing and future risks associated with the relevant performance and any cost of capital and liquidity required to obtain the performance.

(3). In the assessment of the individual recipient's performance, both financial and non-financial criteria must be considered. Non-financial criteria mean inter alia compliance with internal rules and procedures and adherence to the undertaking's guidelines and routines applicable to the relationship with customers and investors.

The bank only pays limited amounts of performance-related variable remuneration, and if it does, it takes the above factors into consideration.

Section 12(1). If the undertaking's remuneration for an employee who carries out work in connection with its control functions contains a variable salary component, the variable component may not depend on the performance in the department which the employee controls.

If a variable salary component is paid to an employee who is involved in the bank's control functions, the variable component does not depend on the performance in the department which the employee controls.

Section 14(3). Severance pay which is not covered by subsections 1 and 2 must reflect the results obtained in performing the duties of the position over a period and may not reward lack of results or wrongdoing.

The bank does not use severance pay which does not reflect the results obtained in performing the duties of the position over a period and the bank does not reward lack of results or wrongdoing.

15. Section 77a(1-6) of the Financial Business Act and Section 48a(1-6) of the Act on investment funds etc. does not apply to agreements on sign-on bonuses if they meet the following conditions:

1) The agreement on sign-on bonus is entered into in connection with appointment of the employee.

2) The agreed sign-on bonus is limited to the first year of employment.

3) The undertaking's total capital is healthy and solid on the date of awarding the sign-on bonus.

The bank does not use sign-on bonuses.

Section 16(1). Remuneration packages linked to compensation or release from other contracts in connection with previous employments must be aligned with the undertaking's long-term interests, including the requirements for payment of variable remuneration, cf. Section 77a(1-6) of the Financial Business Act and Section 48a(1-6) of the Act on investment funds etc.

The bank does not use any remuneration packages with these contents.

The board of directors of Ringkjøbing Landbobank A/S, 5 February 2020