ANNUAL REPORT 2023

Ringkjøbing Landbobank

Contents

Letter to shareholders

War, interest rate increases, and a slowdown of the economy were issues that marked 2023. By contrast, Ringkjøbing Landbobank achieved exceptional results with a 44% increase to DKK 2,155 million in net profit for the year and 22% return on equity.

Our image and a high level of customer satisfaction in 2023 again formed the basis for growth of 5% in the bank's loans and 8% in deposits. Despite cost increases and zero growth in Denmark, the bank's customers have excelled at adapting, so the credit quality of the bank's loan portfolio remains high.

All of this resulted in increases of 34% in the bank's income and 8% in its expenses. We were therefore able to reduce the bank's cost/income ratio from 31% to 25%, which is very clear confirmation that our business model is strong. The improvement also shows that the return to normal after the zero-interest period benefits the financial sector.

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 5% in 2023. Distribution of 84% of the net profit for the year is recommended to the general meeting. This will be effected through a dividend of DKK 10 per share and doubling of the share buyback programme to DKK 1,525 million.

For a number of years, we have worked to visualise sustainability as a foundation stone of the bank and in 2023 we determined goals and targets for reduction of carbon emissions from the bank's loan and investment portfolios. The bank's goals and targets are set so that we support the intentions of the Paris Agreement. We will work according to these goals and targets by helping our customers with the transition of their finances and by participating actively in financing a more sustainable economy. We will continue to support and work with all the associations, clubs and events which are a very important part of the communities in which the bank is rooted. MSCI, one of the world's largest and most used ESG rating agencies, recognised this development in 2023 and upgraded the bank's ESG rating from A to AA.

We have just applied the finishing touches to an update of the bank's strategy. It is still based on elements central to the bank's success such as: "The customer is the king", a high level of expertise, and personal customer advisers who are available and able to make fast decisions for the benefit of our customers. We want to continue pursuing our organic growth strategy and will develop our bank by offering all the functions that matter in the relationship with our customers. We supplement this strategy by having the best partnerships in areas that others do better than us, so that Ringkjøbing Landbobank can offer the best to our customers.

We would like to thank our highly skilled employees who have made an extraordinary effort again this year. We are pleased that employee wellbeing has never been higher in our surveys. This is the foundation for our continued growth.

We are looking ahead into 2024 with anticipation. On the one hand we are concerned about the economic decline we have seen in Denmark and our neighbouring countries. On the other, the inflation is falling heavily and a soft landing for the economy is realistic. Standing on a firm foundation that has never been stronger, the bank expects to continue to increase its market share. Our principal tasks will be to serve our existing customers and continue the increase in new customer relationships by winning additional market share.

We expect net profit for 2024 to be in the range DKK 1,800-2,200 million.

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

John Bull Fisker
CEO

Annual report - highlights

- Net profit for the year is DKK 2,155 million, equivalent to a 22% return on equity
- Earnings per share (EPS) - measured on core earnings and net profit for the year - increase by 50% and 48% respectively
- Core income increases by 34% to DKK 3,828 million
- Costs increase by 8%, and the cost/income ratio decreases to 25.2%
- Strong credit quality results in impairment charges of only DKK 1 million and coincides with an increase in management estimates to DKK 950 million
- Highly satisfactory increase in new customers and growth of 5% in loans, 8% in deposits, and 11% in custody account holdings
- The pay-out ratio increases from 65 to 84, achieved through a dividend of DKK 10 and a doubling of the share buyback programme to DKK 1,525 million
- Positive expectations for 2024 with expected net profit for the year in the range DKK 1.8-2.2 billion

Main and key figures

Main figures for the bank (DKK million)	**2023**	**2022**	**2021**	**2020**	**2019**
Total core income	3,828	2,862	2,433	2,179	2,116
Total expenses and depreciation	963	891	817	788	805
Core earnings before impairment charges for loans	**2,865**	**1,971**	**1,616**	**1,391**	**1,311**
Impairment charges for loans etc.	-1	-2	-68	-223	-100
Core earnings	**2,864**	**1,969**	**1,548**	**1,168**	**1,211**
Result for the portfolio etc.	-7	-69	+7	-9	+49
Special costs	20	20	17	15	15
Profit before tax	**2,837**	**1,880**	**1,538**	**1,144**	**1,245**
Net profit for the year	**2,155**	**1,495**	**1,229**	**920**	**978**
Equity	10,451	9,295	8,723	8,146	7,610
Deposits including pooled schemes	52,626	48,700	43,740	39,639	38,128
Loans	50,881	48,342	41,179	36,241	35,465
Balance sheet total	73,520	68,980	60,357	54,862	52,941
Guarantees	6,465	7,570	10,270	9,812	9,665
Key figures for the bank (percent)					
Profit before tax / average equity	28.7	20.9	18.2	14.5	16.8
Net profit for the year / average equity	21.8	16.6	14.6	11.7	13.2
Cost/income ratio	25.2	31.1	33.6	36.2	38.0
Common equity tier 1 capital ratio	18.9	17.4	17.6	17.5	14.7
Total capital ratio	23.0	21.6	22.3	21.1	20.0
MREL capital ratio	28.9	28.9	27.8	26.7	27.3
Key figures per DKK 1 share (DKK)					
Core earnings	107	72	54	40	41
Profit before tax	106	68	54	39	43
Net profit for the year	81	54	43	32	34
Book value	391	337	307	280	260
Price, end of year	992	948	878	554	514
Dividend	10	7	7	7	11

MANAGEMENT'S REVIEW

Core earnings

Core income

Interest

Net interest income was DKK 2,616 million in 2023 compared to DKK 1,677 million in 2022, an increase of 56%. The bank is highly satisfied with this development, which has various causes.

Danmarks Nationalbank, the central bank of Denmark, has increased interest rates 10 times by a total of 4.20 percentage points since July 2022. This means higher income for Ringkjøbing Landbobank, because an amount equivalent to its equity is placed in Danmarks Nationalbank and short-term securities.

In addition, compared to 2022 there is no longer an exemption limit of DKK 100,000 for negative interest on personal customers' deposits, and the rising interest rate level has restored Ringkjøbing Landbobank's deposit earnings to normal.

Furthermore, deposits increased by 8% and lending by 5% compared to the end of 2022.

After two years of growth in loans of 14% in 2021 and 17% in 2022, growth in 2023 was lower due to the impact of the general slowdown of society. Certain industries were cautious and reduced their inventories during the year. The inflation relief package implemented in 2023 enabled businesses to postpone their payments of A-tax and labour market contributions in July and August 2023 by either 3.5 months or 6 months. This also reduced business customers' drawings on credit lines. In addition, the bank sold off home loans corresponding to approximately 1% of the loan portfolio in 2023.

Against this background, the bank is pleased with the 5% growth in loans for the year, which was broadly based and related both to niches and to retail. It also supports the bank's growth strategy and aim of increasing its market share.

Combined with the growth for the year, the interest income for the year, which increased gradually during all four quarters, leads the bank to expect higher net interest income in 2024 compared to 2023, despite expected interest rate falls.

Fee, commission, and foreign exchange income

Fee, commission, and foreign exchange income amounted to DKK 1,013 million in 2023, unchanged compared to 2022, when the figure was DKK 1,014 million.

Net fee, commission, and foreign exchange income

(DKK million)	**2023**	**2022**	**2021**	**2020**	**2019**
Securities trading	159	164	171	138	128
Asset management and custody accounts	218	207	182	150	148
Payment handling	126	104	84	63	79
Loan fees	79	115	81	82	103
Guarantee and mortgage credit commission etc.	248	257	245	225	217
Other fees and commission	106	101	85	71	80
Foreign exchange income	77	66	58	41	30
Total	**1,013**	**1,014**	**906**	**770**	**785**

Income from "Securities trading", "Asset management and custody accounts", and "Foreign exchange income" is assessed as one item as it relates primarily to the bank's focus on private banking and other asset management.

Total income from these three items increased from DKK 437 million in 2022 to DKK 454 million in 2023, an increase of 4%. The development reflects lower income from securities trading, as the year was characterised by a lower level of trading activity due to market uncertainty. It also reflects an increase in the income from both asset management and foreign exchange due to an increase in new customers during 2023 and in assets under management, including an 11% increase in funds in custody accounts etc.

Funds in custody accounts etc.

(DKK million)	**End of 2023**	**End of 2022**	**End of 2021**	**End of 2020**	**End of 2019**
Custody account holdings	87,165	79,740	74,589	54,811	48,186
Deposits in pooled schemes	5,845	4,973	5,538	4,700	4,276
Letpension/PFA Pension	4,666	3,669	3,408	2,576	2,050
Total	**97,676**	**88,382**	**83,535**	**62,087**	**54,512**

Based on the above, the development in income for the three items is considered satisfactory.

Income from "Guarantee and mortgage credit commission etc." amounted to DKK 248 million in 2023 compared to DKK 257 million in 2022. The bank sold off home loans for a total of approximately DKK 2.8 billion during 2022 and 2023. The interest on sold-off home loans is posted under the item "Guarantee and mortgage credit commission etc." The explanation of the development in income level is that there was a period from mid-2022, continuing throughout 2023, when interest rates increased continuously. Thus, the figure also reflected that the period of notice to borrowers of interest rate changes for home loans is six months toward borrowers, whereas the funding rates are adjusted on an ongoing basis.

There was a small increase in income in 2023 deriving from the implementation of the interest rate increases and this increase is expected to continue in the coming quarters of 2024 as the interest rate increases already announced enter into force.

As was expected, the level of refinancing and trading activities for real property was lower in 2023 than in 2022, which resulted in a DKK 36 million decrease in income from "Loan fees" in the year.

The increase in income from "Payment handling" was 21%, rising from DKK 104 million in 2022 to DKK 126 million in 2023 driven, among other things, by a continued return to normality for income during 2023.

With an increase of DKK 5 million, the income from "Other fees and commission" also developed positively compared to 2022. This is attributable to the bank's continued focus on pension and insurance activities.

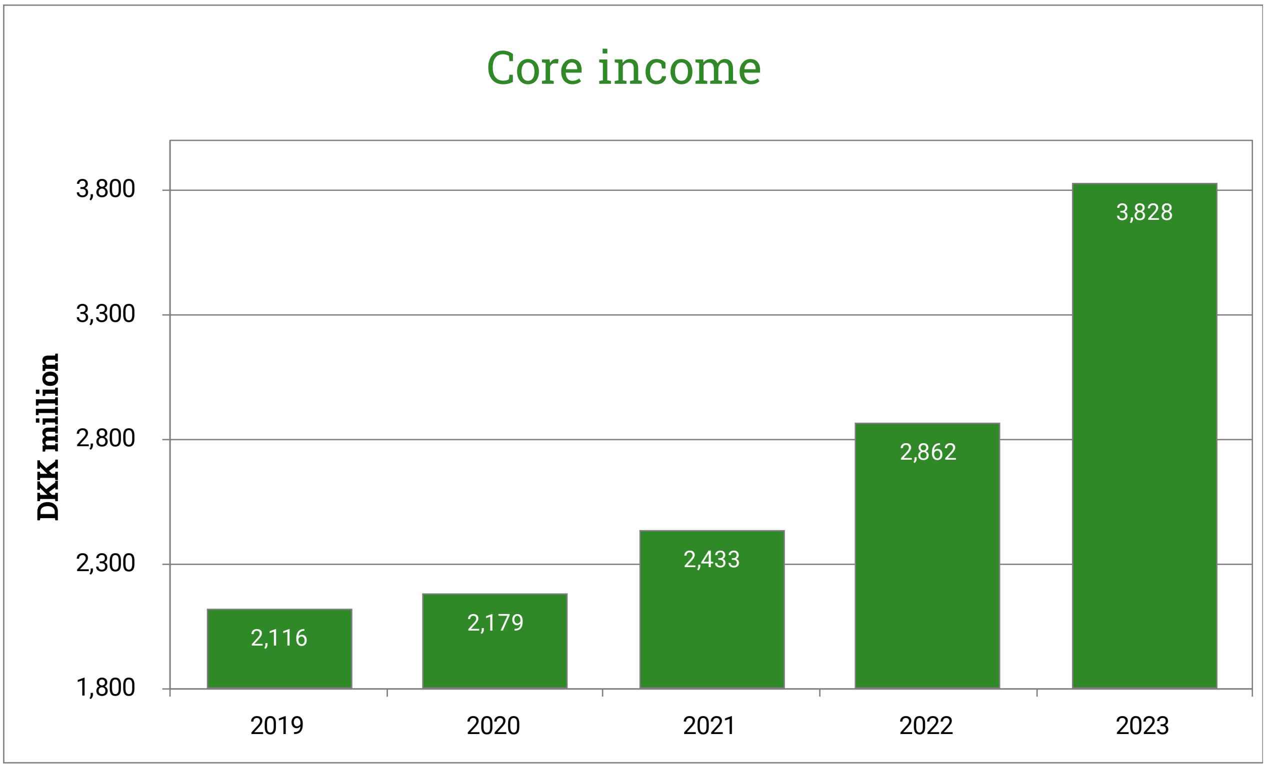
Sector shares and other operating income

Total earnings from banking sector shares amounted to DKK 193 million in 2023 compared to DKK 169 million in 2022. The earnings derive primarily from returns on the bank's ownership interests in BankInvest (BI Holding), DLR Kredit, and PRAS. The earnings increase in 2023 is attributable to increased operating results in all three companies.

Other operating income amounted to DKK 6 million in 2023, an increase compared to 2022, where the figure was DKK 2 million. The income for the year was of a non-recurring nature as it related primarily to the proceeds from the sale of a property.

Core income

Total core income increased by 34%, from DKK 2,862 million in 2022 to DKK 3,828 million in 2023. The bank considers the increase highly satisfactory.



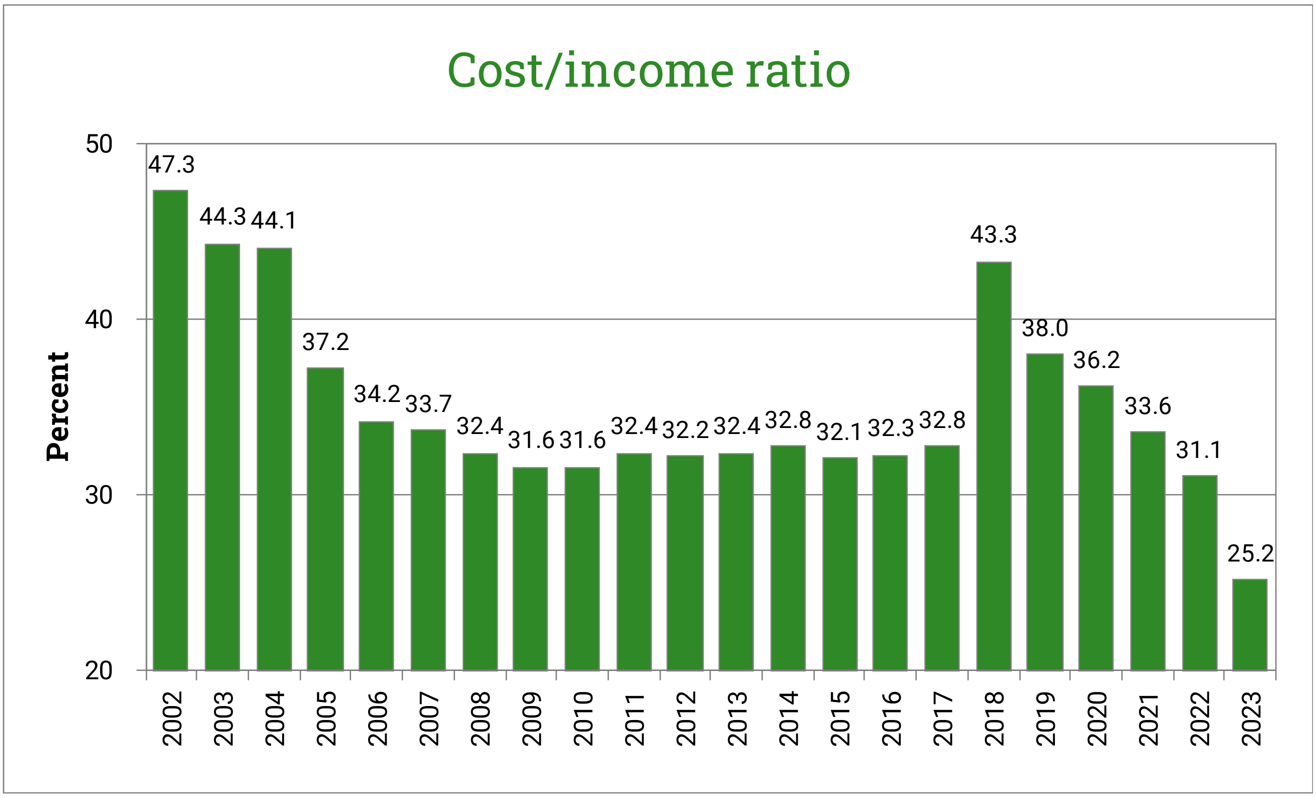
Expenses, depreciation, and write-downs

Total expenses including depreciation and write-downs on tangible assets amounted to DKK 963 million in 2023, compared to DKK 891 million in 2022, an increase of 8%.

The cost increase primarily reflects higher staff costs and higher IT expenses resulting from the bank's growth. In addition, the bank has expanded its organisation over the last two years to gear itself for the future and conform to a regulatory setup which subjects the bank to more supervisory inspections.

The cost/income ratio was 25.2% in 2023, compared to 31.1% in 2022, which is considered highly satisfactory. The marked improvement in the cost/income ratio is attributable to an increase in the bank's business volume and the fact that the bank is again generating earnings from deposits.

A low cost/income ratio 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.



Impairment charges for loans etc.

Impairment charges for loans etc. represented an expense of DKK 1 million in 2023, compared to an expense of DKK 2 million in 2022.

During 2023, the bank's total account for impairment charges increased by DKK 33 million to DKK 2,335 million and amounted to 4.1% of the bank's total loans and guarantees at the end of 2023. DKK 873 million of the total account for impairment charges is attributable to stage 3 exposures. The remainder is attributable to stage 1 and 2 exposures.

The bank's expenditure for losses and impairment charges in 2023 was lower than expected at the beginning of the year. It is thus positive to note that the bank's customers are generally robust and have so far handled the period of considerable interest rate increases without any significant new impairment charges and losses for the bank. Total individual impairment charges were thus falling in 2023.

Despite market expectations of declining interest rates in 2024, we judge that there is still a risk of delayed negative effects on the economy resulting from the rate increases in 2022 and 2023. The bank thus chose to further increase the management estimates for losses and impairment charges during 2023. The management estimates were DKK 950 million at the end of 2023, compared to DKK 794 million at the end of 2022. The majority of the management estimate is attributable to a general risk of economic decline.

We continue to be of the opinion that the credit quality of the bank's loans is at a satisfactory high level.

At a more sector-specific level, the bank's portfolio of personal customers is naturally hit by increasing interest rates. However, highly-geared customers generally have fixed-rate financing consistent with both the bank's credit policy and the Danish FSA's guidelines. Combined with a continued strong labour market, this resulted in the bank's personal customers coping well in 2023 and they are also judged to be robust for the future. The cumulative impairment ratio for personal customers was 2.3% on 31 December 2023.

After a 2022 with unfavourable conditions for the bank's pig farmers, the situation improved significantly in 2023, when their earnings were generally very satisfactory. For dairy farmers, milk prices fell from the record high in 2022 but are still at a level judged to be satisfactory. The bank's loans and guarantees to pig and dairy farmers were 1.0% and 1.1% respectively at the end of 2023 and the impairment ratios 24% and 22% respectively at the end of the year.

The bank has a considerable exposure to financing of real property of 18.5% of loans and guarantees. Here it is important to note that 77% of the bank's exposure to financing of real property is granted without prior debt. The increasing interest rates naturally depress prices and put the turnover of investment properties under pressure. The bank continually assesses the value of the security under the mortgages provided and we continue to believe that the bank's loans are generally well covered.

The bank has made management estimates in relation to the above circumstances for personal customers, pig and dairy farmers, and financing of real property.

Actual losses (less amounts received on receivables previously written off) were DKK 37 million in 2023, which is judged to be extremely satisfactory. The bank's loans with suspended interest amounted to DKK 120 million at the end of 2023 compared to DKK 81 million in 2022.

Core earnings

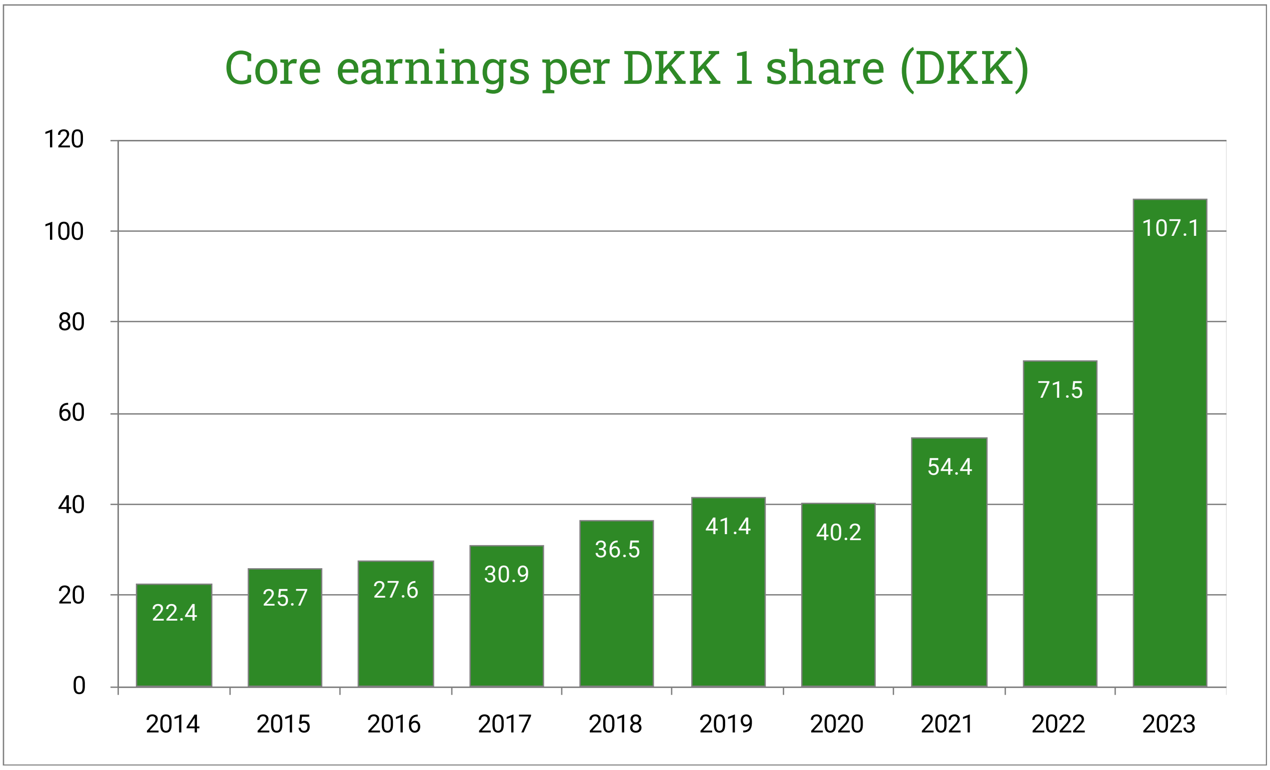
Core earnings in 2023 totalled DKK 2,864 million compared to the previous year's DKK 1,969 million, an increase of 45%.

Core earnings

(DKK million)	**2023**	**2022**	**2021**	**2020**	**2019**
Total core income	3,828	2,862	2,433	2,179	2,116
Total expenses and depreciation	963	891	817	788	805
Core earnings before impairments	2,865	1,971	1,616	1,391	1,311
Impairment charges for loans etc.	-1	-2	-68	-223	-100
Core earnings	**2,864**	**1,969**	**1,548**	**1,168**	**1,211**

The bank places emphasis on the key figure "Core earnings per share" and how it develops. Apart from 2020, the bank has been able to increase core earnings per share each year in the period 2014-2023.

In 2023, "Core earnings per share" increased by 50% from DKK 71.5 in 2022 to DKK 107.1 in 2023. The development in the bank's earnings and the share buyback programmes completed thus had a positive effect on "Core earnings per share".



Result for the portfolio etc.

The result for the portfolio etc. including portfolio funding costs was negative by DKK 7 million net for 2023. In 2022, the result for the portfolio etc. was negative by DKK 69 million net.

The result for the portfolio for the year reflects a loss for the bank on its portfolio of short-term bonds in 2023 because the short-term interest rates rose continually during the year. On the other hand, the bank made a profit on its portfolio of long-term bonds, since long-term interest rates fell toward the end of the year.

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 20 million net in 2023, unchanged relative to 2022.

Profit before and after tax and follow-up on financial expectations for 2023

The profit before tax was DKK 2,837 million, equivalent to a 28.7% p.a. return on average equity.

The net profit for the year was DKK 2,155 million, equivalent to a 21.8% p.a. return on average equity.

Core earnings per share measured on the net profit for the year, increased from DKK 54.4 per share in 2022 to DKK 80.6 in 2023, an increase of 48%.

The bank finds the above very satisfactory.

On 18 January 2023, the bank announced its expectations for 2023, which were core earnings in the range DKK 1,700-2,100 million and net profit for the year in the range DKK 1,200-1,600 million.

On 11 April 2023, the bank upwardly adjusted its expectations for 2023 to core earnings in the range DKK 2,000-2,400 million and net profit for the year in the range DKK 1,400-1,800 million. The background to the upward adjustment was primarily a more satisfactory income flow than expected, and a very satisfactory loss level was also noted in the first quarter of 2023.

On 12 June 2023, the bank again upwardly adjusted its expectations for 2023, this time taking core earnings into the range DKK 2,300-2,650 million and net profit for the year into the range DKK 1,700-2,000 million. The background to the upward adjustment was a continued satisfactory increase in customers and a more positive development in the need for impairment charges than expected.

Finally, on 9 October 2023, the bank again upwardly adjusted its expectations for 2023 to core earnings in the range DKK 2,600-2,900 million and net profit for the year in the range DKK 1,900-2,200 million. The background to the upward adjustment was primarily a strong credit quality and thus a more positive development in the need for impairment charges than expected.

Core earnings stood at DKK 2,864 million and net profit for the year at DKK 2,155 million, both realised within the expected ranges announced on 9 October 2023.

Balance sheet items and contingent liabilities

The bank's balance sheet total stood at DKK 73,520 million at the end of 2023, compared to DKK 68,980 million the year before.

Loans increased by 5% from DKK 48,342 million at the end of 2022 to DKK 50,881 million at the end of 2023.

Further comments on the development in the loan portfolio are provided in the section "Interest" on page 5.

Deposits including pooled schemes increased by 8% in 2023 from DKK 48,700 million at the end of 2022 to DKK 52,626 million at the end of 2023.

Equity increased from DKK 9,295 million at the end of 2022 to DKK 10,451 million at the end of 2023.

The bank's contingent liabilities, including guarantees, at the end of the year amounted to DKK 6,465 million, compared to DKK 7,570 million at the end of 2022. The continued reduced level of the bank's contingent liabilities is attributable, among other things, to a lower level of activity on the housing market.

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 3% compared to the end of 2022, the development in the bank's total credit intermediation was positive in 2023.

The development in the credit intermediation is shown in the following summary:

Total credit intermediation

(DKK million)	**31 Dec. 2023**	**31 Dec. 2022**	**31 Dec. 2021**	**31 Dec. 2020**	**31 Dec. 2019**
Loans etc.	50,881	48,342	41,179	36,241	35,465
Mortgage credit - Totalkredit	46,766	45,248	43,849	39,454	36,374
Mortgage credit - DLR Kredit and others	9,551	10,256	10,172	9,511	9,029
Total	**107,198**	**103,846**	**95,200**	**85,206**	**80,868**

Securities and market risk

The item "Shares, etc." amounted to DKK 1,471 million at the end of 2023, with DKK 54 million in listed shares and investment fund certificates and DKK 1,417 million in sector shares etc., mainly in the companies DLR Kredit, BI Holding (BankInvest), and PRAS.

The bond portfolio amounted to DKK 8,127 million, of which the majority consisted of AAA-rated Danish mortgage credit bonds.

The total interest rate risk - impact on profit of one percentage point change in the interest level - was computed as 0.5% of the bank's tier 1 capital on 31 December 2023, the equivalent of DKK 49 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 2023:

Value at Risk	Risk in DKK million	Risk relative to equity end of year in %
Highest risk of loss	65.2	0.58
Lowest risk of loss	9.0	0.08
Average risk of loss	30.9	0.28
End-of-year risk of loss	14.4	0.13

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. Please see note 50 on pages 97-98 for further information.

Liquidity

In terms of liquidity, the bank's short-term funding liabilities total DKK 2.5 billion, comprising debt to credit institutions and issued bonds with term to maturity of less than 12 months. This is balanced by short-term liquidity management deposits in Danmarks Nationalbank, receivables from credit institutions with term to maturity of less than 12 months and securities at fair value totalling DKK 13.3 billion, which means the total excess cover is DKK 10.8 billion.

The bank's deposits (excluding pooled schemes) and equity exceeded its loans by DKK 6.3 billion on 31 December 2023 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 0.8 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 liquidity ratios, LCR and NSFR. On 31 December 2023 the bank's LCR was 254% and its NSFR 123%. The bank thus met the statutory requirement for both ratios by a good margin.

The Supervisory Diamond

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

The Supervisory Diamond benchmarks and limit values and the bank's key figures are given in the following table, which shows that the bank meets all four current limit values by a good margin.

Benchmark	Limit value	2023	2022	2021	2020	2019
Liquidity benchmark	>100%	224.9%	143.4%	161.1%	177.6%	193.2%
Large exposures	<175%	116.9%	118.0%	109.8%	99.8%	121.0%
Growth in loans	<20%	5.0%	17.5%	13.5%	2.2%	6.3%
Real property exposure	<25%	21.1%	20.0%	18.4%	17.9%	17.5%

Financial rating and ESG rating

The bank is rated by the international credit rating agency, Moody's Investors Service. The bank's ratings were last affirmed by Moody's on 24 February 2023 with stable outlook.

The most important ratings at the end of 2023 were:

Rating	Assigned rating
Long-term Bank Deposits	Aa3
Long-term Issuer Rating	Aa3
Short-term Bank Deposits	P-1
Short-term Issuer Rating	P-1
Outlook	Stable

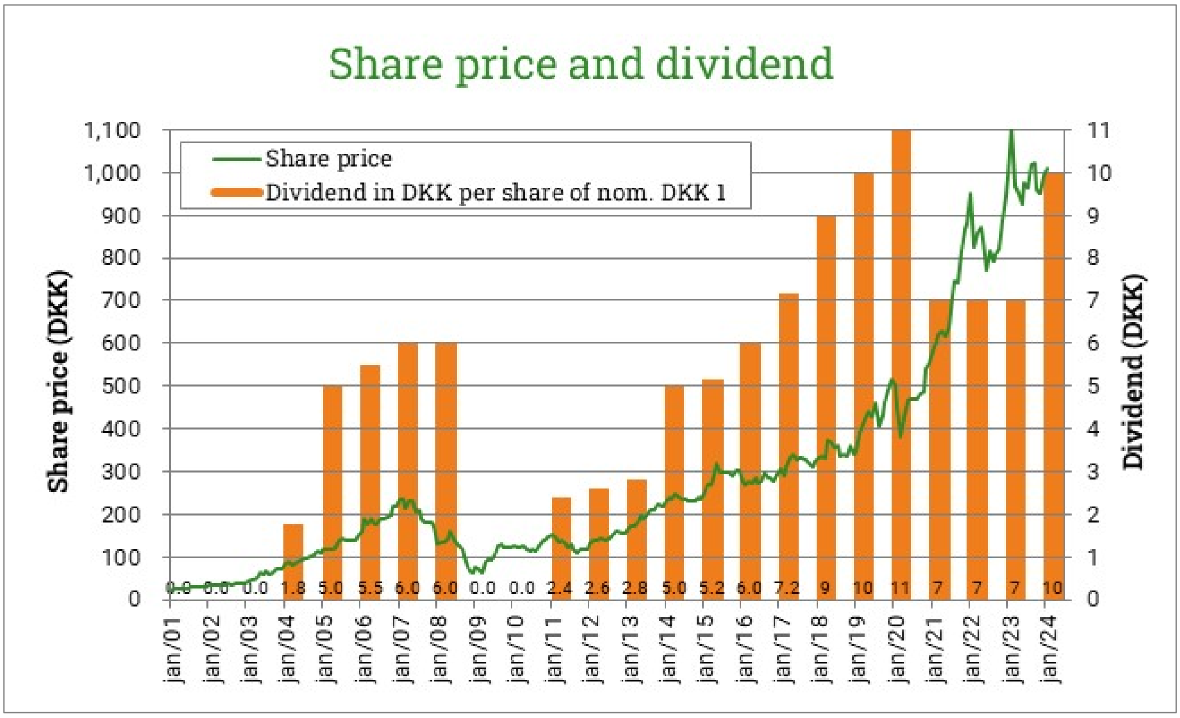
In the economic, social, and governance (ESG) area, the bank is rated, for example, by MSCI, one of the world's largest, most used ESG rating agencies. In July 2023, MSCI upgraded the bank's ESG rating from A to AA, the second-highest rating on MSCI's rating scale.

The bank's share

The bank's share is listed on the Nasdaq Copenhagen and the volume in circulation is 100%. The Ringkjøbing Landbobank share is part of both the Danish Large Cap index on OMX Copenhagen and the Stoxx Europe 600 index.

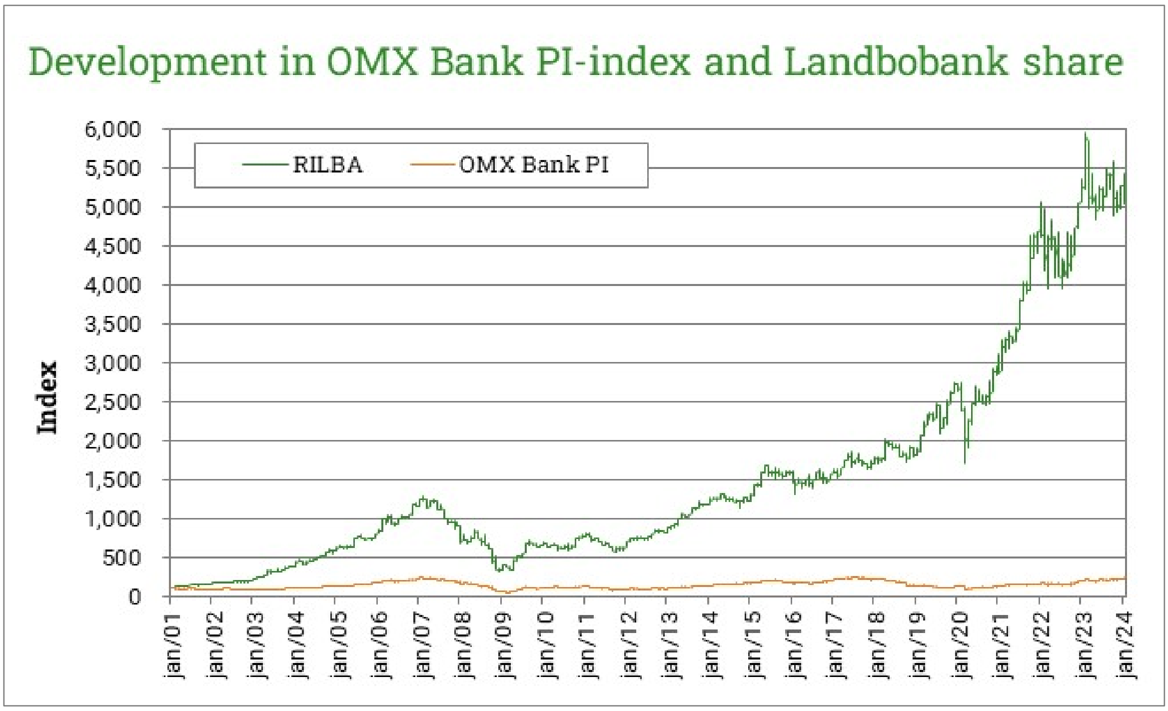
At the beginning of 2023 the share price was 948.0. At the end of 2023, the price was 991.5. The market capitalisation totalled DKK 27.3 billion at the end of the year.

The return on the share in 2023 was 5% including the dividend of DKK 7.0 distributed in 2023.



Including dividends up to and including the 2023 financial year and given the share price on 31 December 2023, the average annual return on an investment in the bank's shares at the beginning of 2001 is 19%.

As indicated in the chart below, the bank's share has outperformed the OMX Copenhagen Banks Performance Index in the same period.



ESG

As in previous years, the bank has focused on ESG in 2023. This is natural to a financial institution wanting to play an important role in society.

In addition to this annual report, the bank also publishes its ESG report today. The ESG report contains the bank's statutory statement on corporate social responsibility.

In December 2023, the bank's goals and targets for carbon reductions in the bank's loan portfolio and investment portfolio were published in the bank's social responsibility and sustainability policy. The goals and targets are described in further detail in the section "Social responsibility, sustainability and ESG report" on page 31.

Reputation/image, Bank of the Year, and employee wellbeing

In September 2023, 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. 5

In May 2023, Ringkjøbing Landbobank was awarded the accolade of Bank of the Year among major banks for the eighth time in a row. As in previous years, the selection was made by FinansWatch in collaboration with the audit and consultancy firm EY.

The Bank of the Year award supplements the satisfactory rankings regarding image and reputation.

The basis for operating a good bank with happy customers is happy, highly skilled employees. We are thus also very pleased that employee satisfaction with the bank is high. In an employee satisfaction survey completed in the second quarter of 2023, employee satisfaction/wellbeing is at its highest level since these surveys began.

The high employee satisfaction/wellbeing is a good foundation for the continued focus on the bank's organic growth strategy, under which all employees work every single day to create value for both existing and new customers in their relations with the bank.

Expected results and plans for 2024

The net profit for 2023 was DKK 2,155 million.

In late 2023, the bank's board of directors adopted a strategy update for the years 2024-2026. Overall, the new strategy is a continuation of the organic growth strategy - focusing on serving the bank's existing customers and on an additional increase in customer numbers - which the bank has pursued and executed for many years.

We are looking into a 2024 with continued macroeconomic uncertainty, as in 2023.

Based on the above, the bank's expectations for 2024 are as follows:

- Core income: The bank forecasts continued growth in loans in 2024. The bank also starts 2024 with a higher level of net interest income compared to the beginning of 2023. On the other hand, the bank expects interest rate decreases during the coming year. In summary, based on the above the bank expects total core income to develop positively in 2024 compared to 2023
- Expenses: An increase of approximately 7% in total expenses is expected in 2024 compared to 2023
- Impairment charges: The bank forecasts a small increase in impairment charges in 2024

On the basis of the above, the bank maintains the previously announced expectations for 2024 for net profit for the year in the range DKK 1.8-2.2 billion.

Events after the reporting period

No events after 31 December 2023 are judged to have an impact on the annual report for 2023.

Comments on the fourth quarter of 2023

Core income

Core income of DKK 1,043 million in the fourth quarter of 2023 is the highest ever realised by the bank in a single quarter.

The development reflects a continued positive trend in the net interest income compared to the first three quarters of the year, including that the bank's loans increased by 2.6% and its deposits by 0.8% in the fourth quarter of 2023 compared to the end of the third quarter of 2023.

There was also a small increase in net fee and commission income compared to the preceding quarters. This includes an increase in income from "Asset management and custody accounts" and the level of activity in the housing area was also higher in the fourth quarter compared to the first three quarters of 2023 with consequent higher earnings from "Loan fees".

Expenses

Expenses in the quarter totalled DKK 255 million compared to DKK 236 million in the fourth quarter of 2022, an increase of 8%. The cost increase primarily reflects higher staff costs and higher IT expenses.

Impairment charges for loans

With the good credit quality, impairment charges in the quarter followed the pattern from the first three quarters of the year and were thus zero in the fourth quarter of 2023.

The management estimate in the quarter increased during the quarter from DKK 877 million at the beginning to DKK 950 million at the end of the quarter.

Result for the portfolio

The result for the portfolio for the quarter was positive at DKK 29 million. This reflects, among other things, that the bank made a profit on its portfolio of long-term bonds since the long-term interest rates fell toward the end of the year. The bank thus recovered some of the negative result for the portfolio in the three preceding quarters.

Quarterly overviews

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

Core earnings

(DKK million)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net interest income	717	686	652	561	511	410	390	366	355	336	327	325	321	319	311	305	292	294	296	291
Net fee and commission income excluding securities trading	207	193	193	185	190	199	196	199	182	170	166	159	156	147	136	152	154	163	159	150
Income from sector shares etc.	60	47	45	41	46	38	41	44	47	49	43	40	43	38	35	35	36	36	36	37
Foreign exchange income	20	18	19	20	17	18	16	15	15	14	13	16	13	9	9	10	8	9	8	6
Other operating income	1	5	0	0	1	0	0	1	0	0	1	4	1	0	1	0	5	7	0	1
Core income excluding securities	**1,005**	**949**	**909**	**807**	**765**	**665**	**643**	**625**	**599**	**569**	**550**	**544**	**534**	**513**	**492**	**502**	**495**	**509**	**499**	**485**
Securities trading	38	40	38	42	34	40	41	49	52	34	29	56	32	39	28	39	35	29	23	41
Total core income	**1,043**	**989**	**947**	**849**	**799**	**705**	**684**	**674**	**651**	**603**	**579**	**600**	**566**	**552**	**520**	**541**	**530**	**538**	**522**	**526**
Staff and administration expenses	248	231	238	222	229	214	221	207	206	191	195	198	206	179	190	191	202	180	198	198
Depreciation and write-downs, tangible assets	5	3	3	3	5	3	4	1	9	3	4	3	4	5	2	3	9	8	4	2
Other operating expenses	2	3	3	2	2	2	1	2	2	2	2	2	2	2	0	4	1	0	2	1
Total expenses etc.	255	237	244	227	236	219	226	210	217	196	201	203	212	186	192	198	212	188	204	201
Core earnings before impairment charges	**788**	**752**	**703**	**622**	**563**	**486**	**458**	**464**	**434**	**407**	**378**	**397**	**354**	**366**	**328**	**343**	**318**	**350**	**318**	**325**
Impairment charges for loans and other receivables etc.	0	0	0	-1	0	0	-1	-1	-7	-13	-19	-29	-38	-44	-66	-75	-25	-26	-24	-25
Core earnings	**788**	**752**	**703**	**621**	**563**	**486**	**457**	**463**	**427**	**394**	**359**	**368**	**316**	**322**	**262**	**268**	**293**	**324**	**294**	**300**
Result for the portfolio etc.	+29	-8	-7	-21	+11	-61	-10	-9	+11	-1	+7	-10	+15	+17	+29	-70	-4	+20	+7	+26
Amortisation and write-downs, intangible assets	5	5	5	5	5	5	5	5	5	4	4	4	4	3	4	4	4	3	4	4
Profit before tax	**812**	**739**	**691**	**595**	**569**	**420**	**442**	**449**	**433**	**389**	**362**	**354**	**327**	**336**	**287**	**194**	**285**	**341**	**297**	**322**
Tax	198	178	166	140	110	91	94	90	79	87	71	72	64	64	60	36	62	66	76	63
Net profit for the year	**614**	**561**	**525**	**455**	**459**	**329**	**348**	**359**	**354**	**302**	**291**	**282**	**263**	**272**	**227**	**158**	**223**	**275**	**221**	**259**

Quarterly overviews - continued

Balance sheet items and contingent liabilities

(DKK million)	End of Q4 2023	End of Q3 2023	End of Q2 2023	End of Q1 2023	End of Q4 2022	End of Q3 2022	End of Q2 2022	End of Q1 2022	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	End of Q4 2019	End of Q3 2019	End of Q2 2019	End of Q1 2019
Loans	50,881	49,590	49,996	48,842	48,342	48,052	46,681	43,352	41,179	38,849	37,268	37,210	36,241	35,479	35,260	36,130	35,465	34,757	34,528	34,195
Deposits including pooled schemes	52,626	52,216	50,799	48,700	48,700	47,637	46,144	42,599	43,740	41,475	41,376	41,766	39,639	39,204	39,670	37,051	38,128	38,554	39,070	37,439
Equity	10,451	10,042	9,647	9,295	9,295	9,009	8,864	8,671	8,723	8,563	8,333	8,132	8,146	7,884	7,612	7,380	7,610	7,426	7,231	7,071
Balance sheet total	73,520	73,254	71,012	68,980	68,980	67,463	65,226	60,157	60,357	57,562	57,123	56,845	54,862	53,956	53,984	51,531	52,941	53,601	52,426	50,266
Contingent liabilities	6,465	6,780	7,216	7,570	7,570	8,998	11,244	12,432	10,270	10,886	11,811	10,370	9,812	9,590	9,379	9,992	9,665	10,836	10,466	7,976

Statement of capital

Common equity tier 1	9,225	8,391	8,408	7,951	8,154	7,532	7,720	7,471	7,632	7,255	7,274	7,122	7,277	7,049	6,973	6,109	6,072	5,624	5,441	5,284
Tier 1 capital	9,225	8,391	8,408	7,951	8,154	7,532	7,720	7,471	7,632	7,255	7,274	7,122	7,277	7,049	6,973	6,109	6,072	5,624	5,441	5,284
Total capital	11,188	10,314	9,847	9,894	10,107	9,499	9,730	9,476	9,635	8,743	8,763	8,614	8,774	8,553	8,507	8,009	8,242	7,786	6,854	6,667
MREL capital	14,097	13,202	13,113	13,113	13,533	12,937	13,183	12,445	12,033	11,167	11,596	10,837	11,112	11,587	11,580	10,985	11,248	10,790	9,551	9,033
Total risk exposure	48,733	47,706	47,627	47,627	46,855	47,326	46,940	44,880	43,285	41,729	41,063	42,271	41,561	39,682	38,900	41,444	41,223	39,547	40,106	38,308
(Percent)																				
Common equity tier 1 capital ratio	18.9	17.6	17.7	16.9	17.4	15.9	16.4	16.6	17.6	17.4	17.7	16.8	17.5	17.8	17.9	14.7	14.7	14.2	13.6	13.8
Tier 1 capital ratio	18.9	17.6	17.7	16.9	17.4	15.9	16.4	16.6	17.6	17.4	17.7	16.8	17.5	17.8	17.9	14.7	14.7	14.2	13.6	13.8
Total capital ratio	23.0	21.6	20.7	21.0	21.6	20.1	20.7	21.1	22.3	21.0	21.3	20.4	21.1	21.6	21.9	19.3	20.0	19.7	17.1	17.4
MREL capital ratio	28.9	27.7	27.5	28.5	28.9	27.3	28.1	27.7	27.8	26.8	28.2	25.6	26.7	29.2	29.8	26.5	27.3	27.3	23.8	23.6

Share buyback programmes, capital reduction and profit distribution

The bank's board of directors initiated share buyback programmes in both February and August 2023, for DKK 385 million each and both relating to the profit distribution for 2022.

Both share buyback programmes were completed under the Safe Harbour rules for the purpose of cancelling the bought shares at a future general meeting.

The annual general meeting in March 2023 also decided to cancel the 888,327 shares in Ringkjøbing Landbobank bought in 2022/23. The capital reduction was finalised in May 2023.

It is proposed to the annual general meeting in February 2024 that the 784,600 shares bought back in the period from 2 February 2023 and up to and including 22 January 2024 be finally cancelled in connection with a capital reduction, thus reducing the number of shares in the bank from 27,491,339 to 26,706,739.

The bank's actual share capital at the end of the year was thus DKK 26,727,729 in nom. DKK 1 shares, see below.

	Share capital/Number of shares
Beginning of 2023	28,379,666
Capital reduction, cancellation of shares, May 2023	-888,327
Share capital at end of 2023	27,491,339
Share buyback programmes - purchased in 2023	763,610
Actual share capital at end of 2023	26,727,729
Share buyback programmes - purchased in 2024	20,990
Actual share capital following a capital reduction in 2024	26,706,739

The bank has completed an application process at the Danish FSA regarding distribution of the profit for 2023. Based on this process, the bank's board of directors intends to increase the pay-out ratio from 65 for the profit for 2022 to 84 for the profit for 2023.

The board of directors proposes that a dividend of DKK 10 per share be paid for the 2023 financial year, equivalent to a total of DKK 275 million. A dividend of DKK 7 per share was paid for the 2022 financial year.

In addition, the board of directors has decided to initiate a share buyback programme totalling DKK 1,525 million divided into two parts. Part I of the programme, for DKK 750 million and a maximum of 1,500,000 shares, is for execution in the period 1 February 2024-28 June 2024 and part II of the programme, for DKK 775 million and a maximum of 1,550,000 shares, is for execution in the period 1 July 2024-27 January 2025. If part I of the share buyback programme is completed before 28 June 2024, part II will be initiated immediately after completion of part I.

Implementation of the share buyback programme is subject to the annual general meeting in February 2024, as in previous years, again authorising the board of directors to acquire the bank's own shares.

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 10% of the share capital, such that the shares can be acquired at current market price +/- 10% at the time of acquisition.

Seen in isolation, the implementation of the share buyback programme will mean a reduction of the bank's common equity tier 1 capital ratio by a total of 3.3 percentage points calculated on the basis of the capital structure on 31 December 2023.

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 2023, the countercyclical capital buffer was implemented at 2.0%. During 2023, this capital buffer was increased once by 0.5 percentage point, which means it totalled 2.5% at the end of 2023. The capital conservation buffer was also 2.5% at the end of the year.

On 3 October 2023, the Systemic Risk Council recommended activating a sector-specific systemic risk buffer for exposures to real estate companies at a rate of 7% of the risk-weighted assets of the exposures, applicable from 30 June 2024. The Council recommended that the measure should apply solely to exposures to real estate companies, i.e. firms engaged in activities under the economic activity codes "Development of building projects" and "Real estate", while exposures to "Social housing companies" and "Cooperative housing societies" under the activity code "Real estate" are exempt from the measure.

The government announced on 3 October 2023 that it intends to follow the recommendation.

The result for the bank will be a sector-specific systemic buffer of around 1% in addition to the other regulatory capital requirements that the bank must meet as described above.

Before the financial reporting process, the board of directors re-assessed the bank's internal capital targets. The conclusion of this assessment was that the internal capital targets below will be maintained for the time being and revisited before the sector-specific systemic risk buffer for the real estate sector takes effect at the end of the first half of 2024 and the specific rules are known. However, the new sectoral systemic buffer is expected to be of only marginal significance to the bank's internal capital targets.

The internal capital targets will therefore be maintained for the time being, meaning that the common equity tier 1 capital ratio must be at least 13.5%, the total capital ratio must be at least 17.0% and the MREL capital ratio for covering the MREL requirement must be at least 25.0% including the capital buffers. All capital targets must be met at the end of the year. While capital ratios may fluctuate during the year, the MREL requirement must always be met.

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

The bank's earnings were increasing significantly in 2023, and on this basis the board of directors proposes increasing the pay-out ratio to 84 for the distribution of profit for 2023, as stated above.

Current capital structure

The bank's equity at the beginning of 2023 was DKK 9,295 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 2023 was DKK 10,451 million.

With effect from 1 September 2023, the bank issued tier 2 capital for a total amount of DKK 500 million. The capital issue has a maturity of 10 years with a first call (redemption) option after 5 years. The interest for the entire term to maturity is agreed at a 6-month Cibor rate plus a margin of 200 basis points and with fixing of interest every six months. The issue, which is unlisted, was made as a private placement with an institutional investor. The issue was part of the bank's ongoing capital planning.

At the end of 2023, the bank's tier 1 capital ratio was 18.9%, and the total capital ratio 23.0%.

The bank's capital ratios as at the end of December 2019-2023 were as follows:

Capital ratios	2023	2022	2021	2020	2019
Common equity tier 1 capital ratio	18.9	17.4	17.6	17.5	14.7
Tier 1 capital ratio	18.9	17.4	17.6	17.5	14.7
Total capital ratio	23.0	21.6	22.3	21.1	20.0
MREL capital ratio	28.9	28.9	27.8	26.7	27.3

Calculated without IFRS 9 transition programmes, the bank's tier 1 capital ratio was 18.3% and the total capital ratio 22.3% on 31 December 2023.

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 2023 was calculated at 9.0%, which is marginally lower than at the end of 2022, when the individual solvency requirement was calculated at 9.3%. The capital conservation buffer of 2.5% and a countercyclical buffer of 2.5% at the end of 2023 should be added to this.

The total requirement for the bank's total capital was thus 14.0% at the end of 2023. Compared with the actual total capital of DKK 11.2 billion, the capital buffer at the end of 2023 was thus DKK 4.4 billion, equivalent to 9.0 percentage points.

For further information, see the summary below.

Individual solvency requirement and excess cover

(%)	2023	2022	2021	2020	2019
Individual solvency requirement	9.0	9.3	9.3	9.3	9.3
Capital conservation buffer	2.5	2.5	2.5	2.5	2.5
Countercyclical buffer	2.5	2.0	0.0	0.0	1.0
Total requirement for the bank's total capital	14.0	13.8	11.8	11.8	12.8
Excess cover in percentage points relative to individual solvency requirement	14.0	12.3	13.0	11.8	10.7
Excess cover in percentage points relative to total requirement for total capital	9.0	7.8	10.5	9.3	7.2

The computed adequate total capital is regularly assessed and reported 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 2023 on the bank's website: www.landbobanken.dk/solvency

MREL requirement

The MREL requirement for 2023 was 17.9%. In December 2023, the bank received an updated MREL requirement of 18.9% from the Danish FSA, applicable from the beginning of 2024. The Danish FSA at the same time notified the bank of a subordination requirement of 22.8%.

The subordination requirement must be met, at a minimum, with non-preferred senior capital, while the difference between the MREL requirement plus the combined capital buffer requirements and the subordination requirement can be met with preferred senior capital.

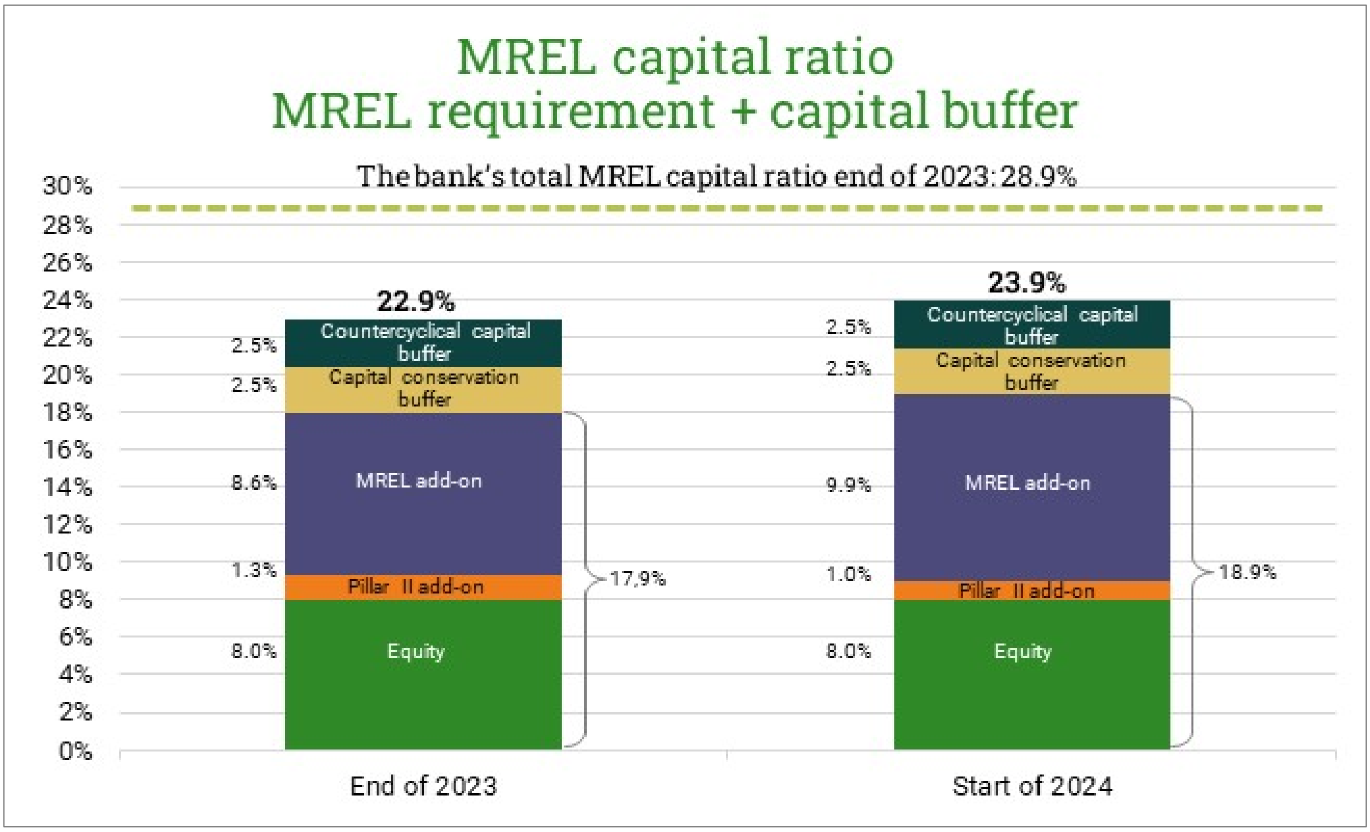
Both the MREL requirement and the subordination requirement must always be met.

To meet the MREL requirement, the bank has issued non-preferred senior capital over time. At the end of 2023, non-preferred senior capital equivalent to DKK 2.9 billion had been issued.

In addition, the bank had issued preferred senior capital equivalent to a total of DKK 500 million at the beginning of 2024, which complies with the eligibility provisions and can be used to cover the difference between the MREL requirement plus the combined capital buffer requirements and the subordination requirement.

The bank expects not to need refinancing of non-preferred senior capital and tier 2 capital in 2024, but expects to issue non-preferred senior capital/preferred senior capital equivalent to DKK 400-800 million in 2024.

The bank's MREL capital ratio was 28.9% at the end of 2023, which met the target fixed for the MREL capital ratio. At the end of 2023, the excess cover relative to the MREL requirement was 11.0 percentage points.



Capital adequacy rules

The bank used the methods below for the calculation of its total risk exposure amount at the end of 2023 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 is 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 50% for 2023, 25% for 2024, and 0% for 2025. The last year in which the arrangement can be used is thus 2024.

The bank uses both the static and the dynamic components of the IFRS 9 transitional rules, including the simplified approach to recalculation of capital requirements.

The bank is also subject to the provisions on a backstop for non-performing exposures (NPEs). The rules mean that NPEs must be fully deducted from common equity tier 1 capital 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. However, the deduction from common equity tier 1 capital at the end of 2023 was only DKK 6 million.

Risk-taking

Risk-taking is a natural part of banking.

Ringkjøbing Landbobank's business activities result in exposure to credit, market, and liquidity risks and to operational risks including IT, compliance, and reputational risks.

Risks associated with climate change are an integral part of the individual risk types. The notes to the annual report contain details on the individual risk areas. The bank's general approach to risk-taking has been unchanged for years. The absolutely biggest risk area for the bank is credit risk, for which the bank's credit policy sets the framework.

The bank wants to assume moderate credit risks based on a balanced relationship between risk and return. Over a multi-year period, the bank wants to operate with losses which are lower relative to losses in the Danish financial sector. The result of this historically is credit losses at a low level as shown in the table on the next page.

Further information on the bank's risks

The various types of risk are described in more detail in notes 44-53 on pages 82-102 of this annual report. In addition, Danish banks are required by law to disclose information on risk. Some of the required risk information is given in this annual report, but for a full overview of the bank's duty to provide information, the reader is referred to the bank's website: www.landbobanken.dk/risk-information

Actual net losses

(DKK 1,000)

Year	Actual net losses	Actual net losses after interest	Loans and other receivables with suspended interest	Impairment charges for loans etc.	Total loans and guarantees etc.	Percentage loss before interest*	Percentage loss after 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%
2022	-42,658	6,401	81,176	2,302,171	58,213,791	-0.07%	0.01%
2023	-36,968	26,626	119,789	2,334,589	59,534,652	-0.06%	0.04%
37-year average (1987-2023)						**-0.46%**	**-0.06%**
10-year average (2014-2023)						**-0.28%**	**-0.14%**

** 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 37-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.

Statement on corporate governance

Goal

Ringkjøbing Landbobank has set a goal for corporate governance which focuses on the bank's primary stakeholders, namely its customers, shareholders, employees, and the local areas where the bank operates. As a responsible financial institution, the bank also focuses on climate and environment and on sustainability.

The bank's goals are to realise good results and thus achieve 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 section of its customer portfolio which is situated in these areas.

It also seeks to serve selected customer groups throughout Denmark via its niche concepts and 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 employer. In line with this goal and the chosen strategy, the bank wishes to create an interesting and challenging workplace which can both retain and develop competent employees and continually attract new employees.

In the context of corporate governance, the bank also focuses on ESG aspects and sustainability and in 2023 set targets for carbon emissions from its loan and investment portfolio: see the section "Corporate social responsibility, sustainability and ESG report" on page 31 and the bank's ESG report for 2023.

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 of practice.

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/the bank's management and its primary stakeholders: customers, shareholders, and employees, and relations with the local areas in which it has branches.

The bank's management pursues an active approach to the Recommendations on Corporate Governance issued and gives an account of them in its annual reports.

The bank's management has thus addressed the 40 different recommendations for the 2023 financial year in the 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 the 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 2023 annual report, the bank's board of directors and general management have assessed the bank's positions and actions on the recommendations under the "comply or explain" principle.

The bank's management supports the efforts in the area of corporate governance, and the general management and board of directors have chosen to comply with almost all of the recommendations in this area. Where the bank does not comply, the bank's management has explained why not, and which approach the bank has chosen instead. This is also considered to constitute compliance with the recommendations.

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 2023 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 opted to follow all 12 recommendations.

Active ownership

Section 101a of the Danish Financial Business Act contains a provision on active ownership policy. Under that provision, an active ownership policy must 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 policy is not necessary since the bank only has a very modest holding of listed shares. In the role of asset manager, the bank has not explicitly agreed with its customers that it must exercise active ownership, 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 ensure 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 management and 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 Ringkjøbing 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 November 2023 and found no need for changes.

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

The policy further lays down that recruitment of candidates to serve as board members must focus on ensuring that the candidates possess competences, backgrounds, knowledge, and resources that are different from the current board members and collectively match the competences required by the bank's business model etc.

Lene Weldum joined the board in 2023. She brings IT skills to the position. This has contributed to achieving the diversity policy during 2023, including ensuring diverse competences and backgrounds among board members in terms of work experience, gender etc.

Compliance with the adopted policy on diversity on the board of directors was thus assessed by the board of directors and its nomination committee during the annual evaluation process and the conclusion was that the policy is complied with. As stated above, compliance is achieved through focus on the policy criteria when candidates are recruited to serve as members of the board of directors and of the shareholders' committee, and otherwise.

The reason for focusing on these diversity criteria also when recruiting candidates to serve as members of the shareholders' committee is that the shareholders' committee elects the members of the bank's board of directors primarily from among the members of the shareholders' committee.

On the date of closing the accounts, seven of the nine board members elected by the shareholders' committee came from the membership of the shareholders' committee, while two board members (one with managerial experience from another financial undertaking and one with IT skills) was not elected from the membership of the shareholders' committee.

The under-represented gender

The following sections are the statutory complete statement on the under-represented gender in accordance with Section 135a of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

The bank has both a target figure and a policy aimed at increasing the percentage of the under-represented gender at the bank's other management levels. Since the beginning of 2023, it has also had a target figure for the under-represented gender to sit on the board of directors.

Board of directors

In 2022, the board of directors and its nomination committee set a target figure of at least 30% for the under-represented gender on the board of directors to be met in 2023.

On 1 February 2023, the bank's shareholders' committee elected an additional board member, subject to a proposal, submitted to the bank's annual general meeting, to amend the articles of association regarding the number of board members. The annual general meeting held on 1 March 2023 adopted the proposed amendment to the articles, which permitted an enlargement of the board of directors.

The result was that the target of 30% set for the under-represented gender was met and with the under-represented gender representing 33.3% of the board members elected by the shareholders' committee, equal gender distribution as defined by the Danish Business Authority (three out of nine board members are of the under-represented gender) was achieved. On this basis and in accordance with section 79a (1)(1) of the Financial Business Act, a target figure is no longer set for the under-represented gender on the board of directors following the update in November 2023.

Other management levels

Under the statutory definition of "other management levels", the bank's other management levels are members of the general management (reported to the Danish Business Authority), employees placed at the same management level, in organisational terms, as the general management, and employees with staff responsibilities reporting directly to the general management or to employees placed at the same level, in organisational terms, as the general management.

It is a goal of the policy that the bank's employees should feel that equal career and management opportunities are open to them, irrespective of gender. The policy adopted to increase the percentage of the under-represented gender at the bank's other management levels also 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's management 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.

In 2022, the board of directors and its nomination committee set a target figure of at least 25% for the under-represented gender at the bank's other management levels to be met by 2025.

When updating the policy and target figure for other management levels in 2023, the board of directors and its nomination committee assessed that there was no need for changes in relation to other management levels.

At the end of 2023, the gender distribution at the bank's other management levels was as follows:

- 22.9% women
- 77.1% men

During 2023, the bank implemented various initiatives aimed at meeting the target figure by 2025. They comprise recruitment initiatives and initiatives aimed at motivating employees of the under-represented gender to pursue different managerial roles, thus becoming eligible candidates for the bank's other management levels. The implemented initiatives contributed to an improvement from 20.7% at year-end 2022 to 22.9% at year-end 2023. The bank does not yet meet the target of 25% as the initiatives need time to work.

	31 December 2023	31 December 2022
Board of directors (supreme management body)		
Total number of board members elected by the shareholders' committee	9	8
Under-represented gender in %	33.3	25.0
Target in %	not relevant*	30.0
Year target must be met	not relevant*	2023
Other management levels		
Number of members (FTE)	55.8	56.8
Under-represented gender in %	22.9	20.7
Target in %	25.0	25.0
Year target must be met	2025	2025

** No target set as equal gender distribution has been achieved*

Sound corporate culture

The bank's board of directors has adopted a policy for a sound corporate culture containing a set of principles for the bank's and the employees' actions, which supplements the framework of the bank's code of conduct.

The policy was most recently updated in November 2023 and is available on the bank's website: www.landbobanken.dk/policies

The bank's general management must report annually to the board of directors on the bank's compliance with the policy and the code of conduct. Through this report and otherwise, the board of directors gains insight into matters relating to the policy and code of conduct.

The report of the chair of the bank's board of directors to the annual general meeting on behalf of the board must cover the implementation of the corporate culture policy and compliance with it. The bank's ESG report for 2023 also reports on these matters.

Anti-money laundering, anti-terrorist financing, and sanctions

The bank's board of directors has endorsed the 25 recommendations made in the report issued in November 2019 by the Anti-Money Laundering Task Force, which was appointed by Finance Denmark. The 25 recommendations for anti-money laundering and counter-terrorist financing measures are aimed at various stakeholders including authorities, the banking sector in general and the individual banks.

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 has complied with this recommendation by creating the web page: https://www.landbobanken.dk/en/ir-english/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 terrorist financing is basically a task for all employees in Ringkjøbing Landbobank, one reason being that the bank has a statutory obligation to know all its customers, including to collect proper documentation of identity and details of ownership structures of legal persons.

The bank must also have details of the individual customer's purpose of being a customer in the bank, the scope of the customer relationship and the origin of their funds. This task is carried out by collecting data, including by the individual customer advisers and/or via customers' self-serve solutions.

However, the bank's central anti-money laundering department carries out the general work of combating money-laundering and financing of terrorism and continuously checks that the necessary information on the individual customers' identity and ownership are registered. It also checks that the purpose and intended scope of the customers' relations with the bank are registered and updated.

In addition, the bank must monitor customer transactions on an ongoing basis. All of the bank's employees are both entitled and required to report unusual/suspicious transactions or activities to the anti-money laundering department. The anti-money laundering department thus supports the efforts of customer advisers and other employees and is also responsible for digital/automated monitoring of unusual/suspicious transactions or activities and for manual follow-up on them.

The department works continuously to set up and adjust the criteria for identifying transactions that are picked out for further investigation by the department.

The anti-money laundering department also reports to the Money Laundering Secretariat at the National Special Crime Unit.

The bank's monitoring of customers includes a risk assessment in which the bank has divided the customers into different risk categories. The risk assessment is based, among other things, on the EU's supranational risk assessment.

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

In addition, the bank's employees regularly receive training and are tested in combating money laundering and financing of terrorism. Training is provided in the following ways:

- Basic modules must be completed by all employees every two years. Training based on case studies and bank-specific learning - targeted at the employee's job functions - is also provided on a regular basis.
- New employees are trained on an ad-hoc basis in basic modules and case studies depending on whether they completed any training at previous workplaces and if so which.

On 19 April 2023, the bank received the Danish FSA's report on the inspection of the anti-money laundering area carried out in Ringkjøbing Landbobank in November 2022. The bank received a total of five orders from the Danish FSA, all of which were complied with by the end of 2023. The bank is pleased to note that the examination of its risk assessment, policies, records, and notifications to the Money Laundering Secretariat did not occasion any supervisory reactions and no cases of failure to notify the Secretariat were found.

On 11 January 2024, the bank received the Danish FSA's report on Ringkjøbing Landbobank's handling of EU sanctions including against Russia and Belarus. The examination commenced in May 2023, and the Danish FSA judged that the bank - like the other financial institutions examined - bears an inherent risk that the bank's transactions, carried out for its own purposes or on behalf of its customers, could violate current regulations regarding financial sanctions against countries, persons etc. The bank is pleased to note that the examination, on the described basis, did not occasion any supervisory reactions from the Danish FSA.

Data ethics

The bank's board of directors has adopted a data ethics policy which provides the framework for the bank's ethical principles and conduct in relation to data. The board of directors made minor editorial changes to the policy in November 2023.

Section 135d of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc. 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 has prepared a statement, which is available on the bank's website at: www.landbobanken.dk/dataethics

Product approval and product management

The bank has a policy for product approval and product management to ensure that customers are offered suitable investment products and investment services etc. If new investment products and services are introduced which may result in significant risks, the bank's board of directors has overall responsibility for approving them.

In addition to this, the product approval and management of investment products and services are structured so that the bank's middle office function handles these matters on an ongoing basis.

The middle office function, in a cycle, recommends investment products and services for review by the bank's compliance function. New investment products and services are subject to approval by the bank's compliance function, risk management function, and general management. The compliance and risk management functions can always request that risks be submitted to the board of directors for consideration.

At least annually, the compliance function reports to the board of directors on the bank's investment products and services, including target group compliance, based on reporting from the middle office function and the compliance function's own examinations during the year.

Complaints handling

In the event of disagreements between a customer and the bank, the bank's fundamental view is that they are always best resolved through dialogue between the customer and the adviser, possibly with the involvement of the adviser's line manager.

If agreement is not reached, the customer always has the possibility of complaining to the bank's complaints function. The complaints function is independent of the departments serving customers and handles complaints received and sends answers to the customer.

The complaints function reports annually to both the bank's board of directors and general management, which gives them full insight into the scope and type of complaints.

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

In addition, 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 includes statements that the bank must strive for openness and constructive 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 2023 and found that various adjustments were needed.

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

Code of conduct

The bank has a code of conduct which establishes guidelines for its employees (including the board of directors and general management) concerning the conduct expected of them toward stakeholders such as customers, suppliers, and authorities on a range of different subjects. The code of conduct also specifies the bank’s expectations of its business partners and their actions.

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

The code is general and not exhaustive but provides examples of unacceptable behaviour.

The code of conduct was reviewed in 2023 and the board of directors adopted an update to the code in November 2023. The code of conduct is available on the bank's website at: www.landbobanken.dk/policies

Remuneration

Remuneration policy

The current policy is from December 2022 and was approved by the bank’s annual general meeting on 1 March 2023.

In November 2023, the bank’s board of directors and its remuneration committee assessed the need for changes to the policy. The committee assessed that various minor changes were needed.

The policy adopted and updated by the board of directors will be recommended for approval at the bank’s annual general meeting in February 2024.

The updated policy continues to specify 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 other provisions of the remuneration policy. Severance may also be paid unless it is deemed to be variable salary in the terms of the applicable law.

In addition, the remuneration policy contains provisions on the remuneration paid to the bank’s other employees, including variable salary paid to them.

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 also been prepared on the remuneration paid to the board of directors and the general management for the 2023 financial year.

The remuneration report will be submitted for a consultative vote at the bank’s annual general meeting in February 2024.

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 at 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 2023 was DKK 27,491,339 in 27,491,339 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 shareholder has notified voting rights for and management of more than 5% of the bank's share capital on 31 December 2023:

- Nordflint Capital Partners Fondsmæglerselskab A/S, Copenhagen, Denmark held voting rights for, and managed, 8.29% of the bank's share capital on 31 December 2023.

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 5,498,267 with right of pre-emption for the bank's existing shareholders. The capital increase must be fully paid up in cash and may be below the market price. This authorisation applies until 28 February 2028 (Article 2a of the articles of association).

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 2,749,131 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 28 February 2028 (Article 2b of the articles of association).

The board of directors may use the authorisations under Articles 2a and 2b to increase the share capital by a maximum of nom. DKK 5,498,267 in total (Article 2c of the articles of association).

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, and the shares can be acquired at the current market price plus or minus 10%.

The authorisation was most recently renewed at the bank's annual general meeting on 1 March 2023.

This authority was used in several rounds during 2023 to initiate share buyback programmes: on 1 February 2023 for a DKK 385 million share buyback programme (for execution in the period 2 February 2023 to 27 July 2023; this share buyback programme was completed on 4 July 2023), and on 2 August 2023 for another DKK 385 million share buyback programme (for execution in the period 3 August 2023 to 22 January 2024; this share buyback programme was completed on 22 January 2024).

A total of 784,600 shares have been bought under the share buyback programmes. Cancellation of the shares will be recommended at the bank's annual general meeting in February 2024.

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, sustainability and ESG report

Ringkjøbing Landbobank wants to be a responsible and value-creating bank that shows social responsibility.

The bank wants to serve its customers based on its core values, competent, responsive, and proper, and works to generate good, long-term results for its shareholders. The bank also intends to contribute to creating a sustainable society, focusing on customers, employees, climate, and the environment.

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 social responsibility and sustainability policy.

The bank's social responsibility and sustainability 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 and sustainability is given on its website at: www.landbobanken.dk/csr

The social responsibility and sustainability policy is supplemented by other policies adopted by the board of directors, including the policy on responsible purchasing and the tax policy, and the board has also adopted a code of conduct.

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

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 sections 135 and 135b of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc. In addition, the ESG report, supplemented by information on the bank's website, contains the reporting under article 8 of the taxonomy regulation.

The ESG report is available on the bank's website at: www.landbobanken.dk/esg-en

As a supplement to the annual ESG report, the bank prepares and publishes an ESG Fact Book in English at: www.landbobanken.dk/factbook

The ESG Fact Book is a compact and clear presentation of various ESG information and data which supplement the bank's ESG report. The Fact Book is updated continually.

In addition, the bank has committed to the Ten Principles of the UN Global Compact, which includes principles regarding human rights. As an additional supplement to the ESG report, the bank has prepared a separate Communication on Progress (CoP) report for 2023, including reports on the work of implementing and complying with the Ten Principles in the bank's operations, etc. The CoP report for 2023 is published at www.landbobanken.dk/csr

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. This is clear from the bank's code of conduct and the following.

In 2023, the bank set targets for reduction of the carbon emission intensity of its loan portfolio and investment portfolio. The target for the loan portfolio is 45% by 2030 and the target for the investment portfolio is 50% by 2030. The targets for both portfolios are set with 2020 as the base year and the ultimate target is carbon neutrality by 2050. Further comments on the targets are provided in the bank's social responsibility and sustainability policy.

The bank's social responsibility and sustainability policy also sets the goal that the bank's operations must be carbon-neutral in terms of CO_2 scope 1 and 2 emissions. The bank owns a forest, which captures carbon almost equal to the bank's CO_2 scope 1 and 2 emissions.

In 2023, the bank has also worked on the implementation of the Corporate Sustainability Reporting Directive (CSRD), and this work will continue in 2024.

Shareholders' committee

Name	Position	Hometown	Born
Kristian Skannerup, chair of the shareholders' committee	Manufacturer	Tim	14.06.1959
Allan Østergaard Sørensen, deputy chair of the shareholders' committee	Attorney-at-law (High Court)	Ringkøbing	26.06.1982
Anette Ørbæk Andersen	Manager	Skjern	04.03.1963
Mette Bundgaard	Police superintendent	No	03.11.1966
Per Lykkegaard Christensen	Farmer	Hjallerup	12.12.1959
Dennis Conradsen	CEO	Frederikshavn	26.06.1984
Claus Dalgaard	Vice president	Ringkøbing	28.04.1962
Ole Kirkegård Erlandsen	Butcher	Snejbjerg	19.12.1962
Thomas Sindberg Hansen	Grocer	Kloster	12.12.1978
Tonny Hansen	Former college principal	Ringkøbing	27.05.1958
Mads Hvolby*	Chartered surveyor	Nørresundby	09.12.1956
Poul Johnsen Høj	Fishing boat skipper	Hvide Sande	10.11.1964
Kim Jacobsen	Manager	Aalborg	25.09.1969
Erik Jensen	Manager	Skjern	07.09.1965
Morten Jensen*	Attorney-at-law (Supreme Court)	Dronninglund	31.10.1961
Anne Kaptain*	Chief legal and HR officer	Sæby	14.03.1980
Kasper Lykke Kjeldsen	Timber merchant	Højbjerg	27.02.1981
Lotte Littau Kjærgaaard	Manager	Holstebro	10.10.1969
Carl Erik Kristensen	Manager	Hvide Sande	28.01.1978
Karsten Madsen	Attorney-at-law (Supreme Court)	Sæby	26.07.1961
Niels Erik Burgdorf Madsen	Manager	Ølgod	25.10.1959
Jacob Møller*	CEO	Ringkøbing	02.08.1969
Lars Møller	Municipal chief executive	Holstebro	30.11.1957
Bjarne Bjørnkjær Nielsen	Manager	Skjern	11.03.1973
Jens Møller Nielsen*	Former manager	Ringkøbing	25.08.1956
Marianne Oksbjerre	Manager	Brande	26.11.1966
Bente Skjørbæk Olesen	Shop owner	Vemb	16.02.1971
Martin Krogh Pedersen*	CEO	Ringkøbing	07.06.1967
Poul Kjær Poulsgaard	Farmer	Madum	21.02.1974
Karsten Sandal	Manager	Ølstrup	25.06.1969
Yvonne Skagen	Manager	Aalborg	22.08.1957
Lone Rejkjær Söllmann*	Finance manager	Tarm	26.01.1968
Egon Sørensen	Insurance broker	Spjald	16.06.1965
Jørgen Kolle Sørensen	Car dealer	Hvide Sande	17.09.1970
Peer Buch Sørensen	Draper	Frederikshavn	20.05.1967
Lise Kvist Thomsen	Manager	Virum	24.05.1984
Sten Uggerhøj	Car dealer	Frederikshavn	06.07.1959
Lasse Svoldgaard Vesterby	CEO	Ringkøbing	25.04.1978
Dorte Zacho	Self-employed business consultant	Holstebro	02.05.1978
Christina Ørskov	Manager	Gærum	10.09.1969
John Christian Aasted	Manager	Aalborg	12.02.1961

** Member of the board of directors*

Board of directors

Martin Krogh Pedersen
CEO
Ringkøbing
Born on 7 June 1967
Chair of the board of directors

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

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

End of current term of office:
2027

Independence assessment:
Not 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 risks of money laundering, financing of terrorism, other financial crime, good practice, and compliance, within budgets, accounting and auditing, capital structure including capital adequacy and solvency requirements, and within insurance risks, and has general managerial experience.

Other managerial activities - member of the management of:
- KP Group Holding ApS and two wholly owned Danish subsidiaries
- MHKP Holding ApS and two wholly owned Danish subsidiaries
- PcP Corporation A/S and one wholly owned Danish subsidiary
- The supplementary pension fund for employees of Ringkjøbing Landbobank
- Techo A/S

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

Board committees:
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:
2026

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 including capital adequacy and solvency requirement, and within insurance risks, risk management including interdisciplinary risk management, and has general managerial experience, managerial experience from other financial undertakings and legal insight including in relation to financial legislation.

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 chair of the board of directors

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

Seniority:
Member of the board of directors since 22 April 2015

End of current term of office:
2027

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 risks of money laundering, financing of terrorism, other financial crime, good practice and compliance, within budgets, accounting and auditing, capital structure including capital adequacy and solvency requirement, and within insurance risks, risk management including interdisciplinary risk management, and has general managerial experience and legal insight including in relation to financial legislation. Jens Møller Nielsen is chair of the bank's audit committee and has competences within accounting/auditing.

Other managerial activities - member of the management of:
- The independent institution Generator
- Ringkøbing railway station

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

Board committees:
Remuneration committee, committee member
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:
2026

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 risks of money laundering, financing of terrorism, other financial crime, good practice and compliance, within budgets, accounting and auditing, risk management including interdisciplinary risk management, general managerial experience and legal insight including in relation to financial legislation, 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
- Dansk Facility Service Holding A/S and two wholly owned Danish subsidiaries
- DCH A/S and one wholly owned Danish subsidiary
- Ejendomsselskabet Svinkløv Badehotel A/S
- Ergonomic Solutions International Ltd. and two wholly owned Danish subsidiaries
- Fonden for Dronninglund Kunstcenter
- Havnens Fiskebod A/S
- Kjærgaard Nord A/S
- Lundagergaard Holding ApS and one wholly owned Danish subsidiary
- Mesterbyg Klokkerholm A/S
- Micodan Holding A/S and three wholly owned Danish subsidiaries and one wholly owned foreign subsidiary
- P. J. Skovværktøj, Nørresundby ApS
- PL Holding Aalborg A/S
- PM Energi A/S
- RengøringsCompagniets Fond
- Saga Shipping A/S
- Sølund Ejendomsinvest Holding A/S
- Toma Facility Danmark A/S
- Vibeke Emborg Holding ApS and one wholly owned Danish subsidiary

Jon Steingrim Johnsen
CEO
Humlebæk
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/IT security, risks of outsourcing, other risks including risks of money laundering, financing of terrorism, other financial crime, good practice and compliance, within budgets, accounting and auditing, capital structure including capital adequacy and solvency requirement, and within insurance risks, risk management including interdisciplinary risk management, has general managerial experience, managerial experience from other financial undertakings, legal insight including in relation to financial legislation, and has experience with ESG aspects and reporting, and within sections of the credit risk area.

Other managerial activities - member of the management of:
- Pensionskassen for Farmakonomer
- Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale
- Pensionskassen for Sundhedsfaglige
- Pensionskassen for Sygeplejersker og Lægesekretærer
- PKA+ Pension Forsikringsselskab A/S
- The following operational Danish group undertakings which are wholly or partly owned by the above four pension funds - either individually or co-owned by several of them:
    - AIP Management P/S
    - Forca A/S
    - IIP Denmark GP ApS
    - IIP Denmark P/S
    - Institutional Holding P/S
    - Komplementarselskabet PKA Ejendomme ApS
    - Pensionskassernes Administration A/S
    - PKA Ejendomme P/S

In addition, a member of the governing bodies of the following interest organisations:
- Axcelfuture
- Dansk Sygeplejehistorisk Fond
- Forsikring & Pension
- Institutional Investors Group on Climate Change (IIGCC)

Anne Kaptain
Chief HR and Legal Officer
Sæby
Born on 14 March 1980

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

Seniority:
Member of the board of directors since 2 March 2022

End of current term of office:
2026

Independence assessment:
Independent

Professional competences:
Has special competences, knowledge, and experience within the areas of operational risks, insurance risks, general managerial experience and legal insight including in relation to financial legislation, and within sections of the business model and credit risk areas.

Other managerial activities - member of the management of:
- Kaptain Invest ApS
- Scandinavian Medical Solutions A/S

Board of directors

Jacob Møller
CEO
Ringkøbing
Born on 2 August 1969

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 26 April 2017

End of current term of office:
2027

Independence assessment:
Independent

Professional competences:
Has special competences, knowledge, and experience within the areas of budgets, accounting and auditing, capital structure including capital adequacy and solvency requirement, insurance risks, general managerial experience, legal insight including in relation to financial legislation, within ESG aspects and reporting, and within sections of the business model, credit risk and market risk areas.

Other managerial activities - member of the management of:
- Goenergi A/S
- Green Power Denmark
- Iron Fonden and three wholly owned Danish subsidiaries
- N H Vind 16 ApS
- RAH A.M.B.A and two wholly owned Danish subsidiaries
- RAH Fiberbredbånd A/S
- RAH Net A/S
- Scanenergi Holding A/S and three wholly owned Danish subsidiaries
- Vestjyske Net 60 KV A/S and one wholly owned Danish subsidiary

Lone Rejkjær Söllmann
Finance manager
Tarm
Born on 26 January 1968

Board committees:
Remuneration committee, committee member
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:
2026

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

Lene Weldum
Former manager
Fredericia
Born on 31 May 1960

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

Seniority:
Member of the board of directors since 1 March 2023

End of current term of office:
2027

Independence assessment:
Independent

Professional competences:
Has special competences, knowledge, and experience within the areas of operational risks, IT risks/IT security, risks of outsourcing, insurance risks, and has general managerial experience and managerial experience from other financial undertakings.

Other managerial activities - member of the management of:
- Scalepoint Technologies Holding A/S and one wholly owned Danish subsidiary

Board of directors

Lisa Munkholm
Personal customer adviser
Karup
Born on 27 November 1980
Elected by the employees

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

Seniority:
Member of the board of directors since 1 March 2023

End of current term of office:
2027

Independence assessment:
Not independent

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

Other managerial activities - member of the management of:
- The supplementary pension fund for employees of Ringkjøbing Landbobank

In addition, a member of the governing body of the following interest organisation:
- Financial Services Union Denmark, District West (deputy chair)

Nanna G. Snogdal
Team leader
Tim
Born on 13 August 1988
Elected by the employees

Board committees:
Risk committee, committee member

Seniority:
Member of the board of directors since 1 March 2023

End of current term of office:
2027

Independence assessment:
Not independent

Professional competences:
Has special competences, knowledge, and experience within sections of the credit risk area.

No other managerial activities

Martin Wilche
Personal customer adviser
Frederikshavn
Born on 3 April 1988
Elected by the employees

Board committees:
Risk committee, committee member

Seniority:
Member of the board of directors since 1 March 2023

End of current term of office:
2027

Independence assessment:
Not independent

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

No other managerial activities

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

Board committees:
Risk committee, committee member

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

End of current term of office:
2027

Independence assessment:
Not independent

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

No other managerial activities

Board committees

The board of directors has organised itself by appointing four different board committees comprising a remuneration committee, a nomination committee, an audit committee, and a risk committee. Information on the individual board committees is provided below. The bank thus complies with sections 77c, 80a and 80b of the Financial Business Act and with section 31 of the Act on Approved Auditors and Audit Firms.

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 its monitoring of compliance with it, assessing whether the remuneration policy needs to be updated and, if necessary, proposing changes to the policy including:
        - Drafting the remuneration policy for approval by the board of directors before recommendation for approval by the general meeting.
        - 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 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.
- Assist with preparing the annual remuneration report for approval by the board of directors before recommendation for a consultative vote by the general meeting.

Pursuant to section 77c, (5) of the Financial Business Act, at least one member of the committee must be elected by the employees. The bank complies with this provision since Lisa Munkholm, who was elected to the board of directors by the employees, is a member of the committee, see below.

The following are members of the remuneration committee:

- Martin Krogh Pedersen, committee chair
- Morten Jensen
- Jacob Møller
- Lone Rejkjær Söllmann
- Lisa Munkholm

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:

- Proposing candidates for election to the board of directors, including preparing a description of the functions and qualifications required for the specific position on the board and stating the time the board member must expect to allocate to the work.
- Setting a target percentage of the under-represented gender for board members elected by the shareholders' committee unless there is an equal distribution of women and men among the board members elected by the shareholders' committee.
- Setting a target percentage of the under-represented gender at other management levels unless there is an equal distribution of women and men at the other management levels.
- Preparing a policy for increasing the percentage of the under-represented gender at other management levels unless there is an equal distribution of women and men at the other management levels.
- Preparing a policy for diversity on the board of directors motivating sufficient diversity in qualifications and competences among the board members.
- 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 to the full board of directors for any changes.
- 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 the individual member meets the requirements of sections 64 and 64a of the Danish Financial Business Act and reporting and making recommendations to the full board of directors for any changes.
- Regularly ensure that the board of directors' decision-making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of the bank as a whole.

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

- Annually ensuring that the board members update and supplement their knowledge of relevant matters, and that the members' special knowledge and competences are applied in the best possible manner.
- Annually discussing which competences the board of directors should possess, collectively and individually, to perform its duties in the best possible manner and discussing the composition of and diversity on the board of directors and presenting the conclusions to the discussions to the board of directors.
- Describing the required qualifications for a given position on the board of directors and the general management, the estimated time required for the position and the competences, knowledge and experience that is or should be represented in the two management bodies. The description of the qualifications for a given position on the general management may be made on an ad hoc basis.
- Annually evaluating the board of directors and the general management's structure, size, composition, and results and preparing recommendations to the board of directors for any changes.

- In cooperation with the chair of the board and the chair of the committee handling the annual evaluation of the board of directors and assessing the individual board members' competences, knowledge, experience, and succession and reporting on it to the board of directors.
- Handling the recruitment of new members to the board of directors and the general management and proposing candidates for the board of directors' approval.
- Ensuring that a succession plan for the general management is in place.
- Supervising preparation of a diversity policy for the board of directors' approval.
- Supervising general management's policy for the engagement of managerial employees.

Finally, Finance Denmark's Corporate Governance Code requires the nomination committee to undertake at least the following preparatory tasks:

- Ensuring that the bank uses a well-described, structured process when recruiting candidates for the board of directors and possibly brings in external expertise.

The following are members of the nomination committee:

- Martin Krogh Pedersen, committee chair
- Mads Hvolby
- Morten Jensen
- Jon Steingrim Johnsen
- Anne Kaptain
- Jacob Møller
- Jens Møller Nielsen
- Lone Rejkjær Söllmann
- Lene Weldum

Audit committee

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 statutory 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 statutory audit of public-interest entities.

Applicable rules require one specially qualified member of the audit committee. The bank's board of directors considers that Jens Møller Nielsen is specially qualified. This is based on 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 board of directors also 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 following are members of the audit committee:

- Jens Møller Nielsen, committee chair
- Mads Hvolby
- Jacob Møller
- Martin Krogh Pedersen

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, its meetings, authority, and resources, reporting and minutes of meetings, publication, evaluation, and self-assessment, as well as changes to its 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).
- Discussing and considering the risk manager's reporting to the board of directors either before the discussion and consideration at the actual board meeting or simultaneously if discussed and considered at a combined committee and board meeting.
- Conducting a review of the quarterly credit reports.

The following are members of the risk committee:

- Martin Krogh Pedersen, committee chair
- Mads Hvolby
- Morten Jensen
- Jon Steingrim Johnsen
- Anne Kaptain
- Jacob Møller
- Jens Møller Nielsen
- Lone Rejkjær Söllmann
- Lene Weldum
- Lisa Munkholm
- Nanna G. Snogdal
- Martin Wilche
- Finn Aaen

Regarding all four 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/IT security and relevant related matters
- Risks of outsourcing
- Other risks including risks of 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
- ESG aspects and reporting

See also pages 33-37 for the special competences of the individual board members.

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

Reference is made to note 41 on pages 77-78 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.
- Chair of BI Holding A/S, Copenhagen
- Chair of BI Asset Management Fondsmæglerselskab A/S, Copenhagen
- Chair of BI Management A/S, Copenhagen
- Chair of Letpension Forsikringsformidling A/S, Copenhagen
- Deputy chair of Foreningen Bankdata, Fredericia
- Board member of PRAS A/S, Copenhagen
- Board member of the supplementary pension fund for employees of Ringkjøbing Landbobank, Ringkøbing

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.
- Chair of Sæbygård Skov A/S, Ringkøbing
- Board member of Bokis A/S, Copenhagen
- 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

General management

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 Vækst-Invest Nordjylland A/S, Aalborg

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

Holdings of Ringkjøbing Landbobank shares by the general management

Reference is made to note 41 on pages 77-78 for information on holdings of Ringkjøbing Landbobank shares by members of the general management.

Company information

Ringkjøbing Landbobank Aktieselskab

Torvet 1
6950 Ringkøbing, Denmark

Founded: 1886

Phone: +45 9732 1166
Telefax: +45 7624 4913
Email: post@landbobanken.dk
Website: www.landbobanken.com

CVR no.: 37536814
Sort code: 7670
SWIFT/BIC: RINGDK22
LEI code: 2138002M5U5K4OUMVV62
ISIN: DK0060854669

Share capital

Ringkjøbing Landbobank's share capital is DKK 27,491,339, divided into 27,491,339 nom. DKK 1 shares.

Shareholders

Ownership

On 31 December 2023, Ringkjøbing Landbobank had registered shares of DKK 27,139,135 of the total share capital of DKK 27,491,339, equivalent to 98.7% of the total share capital.

The number of registered shareholders on 31 December 2023 totalled 49,809.

Major shareholder

One shareholder has notified voting rights for and management of between 5% and 9.99% of Ringkjøbing Landbobank's share capital at 31 December 2023:

- Nordflint Capital Partners Fondsmæglerselskab A/S, Copenhagen, Denmark held voting rights for and managed 8.29% of the bank's share capital at 31 December 2023.

Distribution of shareholders

	End of 2023	End of 2022	End of 2021	End of 2020	End of 2019
Danish institutional shareholders	17%	17%	16%	25%	27%
Other Danish shareholders	36%	37%	38%	37%	40%
Foreign institutional shareholders	42%	41%	42%	33%	29%
Other foreign shareholders	5%	5%	4%	5%	4%
	100%	**100%**	**100%**	**100%**	**100%**

Company announcements

Summary of Ringkjøbing Landbobank’s company announcements to Nasdaq Copenhagen and others in 2023:

02.01.2023	Share buyback programme - week 52
06.01.2023	Election of employee representatives to the bank’s board of directors
09.01.2023	Share buyback programme - week 01
16.01.2023	Share buyback programme - week 02
18.01.2023	Expectations for 2023
23.01.2023	Share buyback programme - week 03
26.01.2023	Conclusion of share buyback programme
30.01.2023	Announcement concerning large shareholders under the Danish Capital Markets Act
01.02.2023	Ringkjøbing Landbobank’s annual report for 2022
01.02.2023	Initiation of share buyback programme
01.02.2023	The board of directors of Ringkjøbing Landbobank
01.02.2023	Annual general meeting of Ringkjøbing Landbobank
06.02.2023	Share buyback programme - week 05
13.02.2023	Share buyback programme - week 06
20.02.2023	Share buyback programme - week 07
27.02.2023	Share buyback programme - week 08
01.03.2023	Minutes of the annual general meeting held on 1 March 2023
01.03.2023	The bank’s board of directors
03.03.2023	Articles of association of Ringkjøbing Landbobank
06.03.2023	Share buyback programme - week 09
13.03.2023	Share buyback programme - week 10
20.03.2023	Share buyback programme - week 11
27.03.2023	Share buyback programme - week 12
03.04.2023	Share buyback programme - week 13
11.04.2023	Upward adjustment of expectations for 2023
11.04.2023	Share buyback programme - week 14
14.04.2023	Announcement concerning large shareholders under the Danish Capital Markets Act
17.04.2023	Share buyback programme - week 15
24.04.2023	Share buyback programme - week 16
26.04.2023	Ringkjøbing Landbobank’s report for the first quarter of 2023
26.04.2023	Early redemption of tier 2 capital
27.04.2023	Announcement concerning large shareholders under the Danish Capital Markets Act
01.05.2023	Share buyback programme - week 17
01.05.2023	Implementation of capital reduction
01.05.2023	Articles of association of Ringkjøbing Landbobank
02.05.2023	Announcement concerning large shareholders under the Danish Capital Markets Act
08.05.2023	Share buyback programme - week 18
15.05.2023	Share buyback programme - week 19
22.05.2023	Share buyback programme - week 20
25.05.2023	Announcement concerning large shareholders under the Danish Capital Markets Act
30.05.2023	Share buyback programme - week 21
06.06.2023	Share buyback programme - week 22
12.06.2023	Upward adjustment of expectations for 2023
12.06.2023	Share buyback programme - week 23
19.06.2023	Share buyback programme - week 24

Company announcements

26.06.2023	Share buyback programme - week 25
03.07.2023	Share buyback programme - week 26
05.07.2023	Conclusion of share buyback programme
02.08.2023	Ringkjøbing Landbobank's interim report for the first half of 2023
02.08.2023	Initiation of share buyback programme
07.08.2023	Share buyback programme - week 31
14.08.2023	Share buyback programme - week 32
21.08.2023	Share buyback programme - week 33
22.08.2023	Ringkjøbing Landbobank issues tier 2 capital
28.08.2023	Share buyback programme - week 34
04.09.2023	Share buyback programme - week 35
06.09.2023	Financial calendar for 2024
11.09.2023	Share buyback programme - week 36
18.09.2023	Share buyback programme - week 37
25.09.2023	Share buyback programme - week 38
02.10.2023	Share buyback programme - week 39
09.10.2023	Upward adjustment of expectations for 2023
09.10.2023	Share buyback programme - week 40
16.10.2023	Share buyback programme - week 41
23.10.2023	Share buyback programme - week 42
25.10.2023	Ringkjøbing Landbobank's report for the first three quarters of 2023
30.10.2023	Share buyback programme - week 43
06.11.2023	Share buyback programme - week 44
13.11.2023	Share buyback programme - week 45
20.11.2023	Share buyback programme - week 46
27.11.2023	Share buyback programme - week 47
04.12.2023	Share buyback programme - week 48
11.12.2023	Share buyback programme - week 49
18.12.2023	Share buyback programme - week 50
27.12.2023	Share buyback programme - week 51

Notices regarding reportable transactions in Ringkjøbing Landbobank shares are not included in the summary above.

All announcements from the bank to Nasdaq Copenhagen and others can be seen on the bank´s website:
www.landbobanken.dk/en/ir-english/reportsaccounts/companyannouncements

Financial calendar

The financial calendar for the upcoming publications etc. in 2024 is as follows:

28.02.2024	Annual general meeting
24.04.2024	Quarterly report 1st quarter 2023
07.08.2024	Interim report 2023
23.10.2024	Quarterly report 1st-3rd quarters 2023

Statement and reports

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 2023.

The annual report was prepared in accordance with statutory requirements, including the provisions of the Danish Financial Business Act and the disclosure requirements of Article 8 of Regulation (EU) 2020/852 (the taxonomy regulation).

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 2023 and of the result of the bank's activities for the financial year 1 January to 31 December 2023. 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 2023, identified as "RILBA-2023-12-31-en.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, 31 January 2024

General management

John Fisker CEO	Claus Andersen General Manager	Jørn Nielsen General Manager	Carl Pedersen General Manager

Board of directors

Martin Krogh Pedersen Chair	Mads Hvolby Deputy chair	Jens Møller Nielsen Deputy chair
Morten Jensen	Jon Steingrim Johnsen	Anne Kaptain
Jacob Møller	Lone Rejkjær Söllmann	Lene Weldum

Lisa Munkholm Employee representative	Nanna G. Snogdal Employee representative	Martin Wilche 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 2023, and of the results of the bank operations for the financial year 1 January to 31 December 2023 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 2023, 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 and by Article 8 of Regulation (EU) 2020/852 (the taxonomy regulation).

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 and the disclosure requirements of Article 8 of Regulation (EU) 2020/852 (the taxonomy regulation). I did not identify any material misstatement in the management review.

Ringkøbing, 31 January 2024

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 2023, and of the results of the Bank operations for the financial year 1 January to 31 December 2023 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 2023 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 re-appointed annually by shareholder resolution for a total period of uninterrupted engagement of six years up to and including the 2023 financial year.

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 2023. 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.

Key audit matter	*How our audit addressed the key audit matter*
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. We refer to note	We reviewed and assessed the impairment charges recognised in the income statement for 2023 and in the balance sheet at 31 December 2023. 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.

The independent auditor's report - continued

Key audit matter	*How our audit addressed the key audit matter*
56 to the Financial Statements for a detailed description of the accounting policies applied. As a result of the macroeconomic development as reflected in, for example, the increased interest rate levels and the risk of a slowdown of the economy, Management has recognised a significant increase in loan impairment charges by way of an accounting estimate ("management estimate"). The impact of the macroeconomic development on the Bank's customers is largely undetermined, which implies that the estimation uncertainty related to the calculation of the indication of impairment is increased. 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. • 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 (management estimate), including in particular the impact of the macroeconomic development on the Bank's customers. We refer to note 55 'Accounting estimates and judgements', note 44 'Risk factors and risk management' and note 45 'Credit risk' to the Financial Statements which show factors that may affect the impairment of loans and advances.	We assessed whether the controls have been designed and implemented 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 (underperforming loans in stage 2). 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 macroeconomic development. 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 focused specifically on the Bank's calculation of management estimates for hedging of expected credit losses as a result of the macroeconomic development. 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 and Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation).

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 and the disclosure requirements in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation). 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.

The independent auditor's report - continued

- 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 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 for 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.

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 2023, with the file name RILBA-2023-12-31-da.xhtml, has been prepared in accordance with the Commission Delegated Regulation (EU) 2019/815 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 of Ringkjøbing Landbobank A/S for the financial year 1 January to 31 December 2023, with the file name RILBA-2023-12-31-da.xhtml, has, in all material respects, been prepared in accordance with the ESEF Regulation.

Herning, 31 January 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Per Rolf Larssen
State Authorised Public Accountant
mne24822

Carsten Jensen
State Authorised Public Accountant
mne10954

Financial statements

Statements of income and comprehensive income

Note no.		2023 DKK 1,000	2022 DKK 1,000
1	Interest income	3,325,508	1,865,848
2	Interest expenses	785,976	185,174
	Net interest income	**2,539,532**	**1,680,674**
3	Dividends from shares etc.	90,214	99,637
4	Fee and commission income	1,029,411	1,038,855
4	Fee and commission expenses	93,419	91,602
	Net interest and fee income	**3,565,738**	**2,727,564**
5	Value adjustments	+253,354	+73,493
	Other operating income	5,829	2,055
6,7,8,9	Staff and administration expenses	939,121	870,847
10	Amortisation, depreciation, and write-downs on intangible and tangible assets	33,377	33,035
	Other operating expenses	10,044	6,607
11	Impairment charges for loans and other receivables etc.	-5,792	-12,450
	Results from investments in associated companies and subsidiaries	+84	-37
	Profit before tax	**2,836,671**	**1,880,136**
12	Tax	681,449	385,239
	Net profit for the year	**2,155,222**	**1,494,897**
	Other comprehensive income:		
	Value changes in pension liabilities	0	+2,111
	Total comprehensive income for the year	**2,155,222**	**1,497,008**

Proposed distribution of profit

	2023 DKK 1,000	2022 DKK 1,000
Total comprehensive income for the year	2,155,222	1,497,008
Total amount available for distribution	**2,155,222**	**1,497,008**
Appropriated for ordinary dividend	274,913	198,658
Appropriated for charitable purposes	2,000	2,000
Transfer to net revaluation reserve under the equity method	+84	-37
Transfer to retained earnings	1,878,225	1,296,387
Total distribution of the amount available	**2,155,222**	**1,497,008**

Core earnings

Note no.		2023 DKK 1,000	2022 DKK 1,000
13	Net interest income	2,615,661	1,677,409
14	Net fee and commission income excluding securities trading	777,611	783,728
15	Income from sector shares etc.	192,974	168,922
5	Foreign exchange income	77,192	66,262
	Other operating income	5,829	2,055
	Total core income excluding securities trading	**3,669,267**	**2,698,376**
14	Securities trading	158,381	163,525
	Total core income	**3,827,648**	**2,861,901**
16	Staff and administration expenses	939,121	870,847
16	Depreciation and write-downs on tangible assets	13,868	13,526
16	Other operating expenses	10,044	6,607
16	Total expenses etc.	963,033	890,980
	Core earnings before impairment charges for loans	**2,864,615**	**1,970,921**
17	Impairment charges for loans and other receivables etc.	-1,286	-2,154
18	**Core earnings**	**2,863,329**	**1,968,767**
18	Result for the portfolio etc.	-7,149	-69,122
16,18	Amortisation and write-downs on intangible assets	19,509	19,509
18	**Profit before tax**	**2,836,671**	**1,880,136**
12	Tax	681,449	385,239
	Net profit for the year	**2,155,222**	**1,494,897**

Balance sheet

Note no.		31 December 2023 DKK 1,000	31 December 2022 DKK 1,000
	Assets		
	Cash in hand and demand deposits with central banks	4,913,795	4,750,398
19	Receivables from credit institutions and central banks	243,490	776,039
20,21	Total loans and other receivables at amortised cost	50,880,954	48,341,941
	Loans and other receivables at amortised cost	50,071,202	47,300,816
	Loans for renewable energy projects with direct funding	809,752	1,041,125
22	Bonds at fair value	8,126,555	6,775,872
23	Shares etc.	1,470,945	1,331,791
	Investments in associated companies	485	481
	Investments in subsidiaries	12,063	11,982
24	Assets linked to pooled schemes	5,845,400	4,972,840
25	Intangible assets	1,012,161	1,043,163
26	Total land and buildings	214,031	220,579
	Investment properties	3,667	3,667
	Domicile properties	194,684	196,048
	Domicile properties (leasing)	15,680	20,864
27	Other tangible assets	16,140	14,731
	Current tax assets	42,753	20,056
28	Deferred tax assets	20,006	23,033
	Temporary assets	350	2,000
29	Other assets	702,186	677,490
	Prepayments	18,326	17,185
	Total assets	**73,519,640**	**68,979,581**

Note no.		31 December 2023 DKK 1,000	31 December 2022 DKK 1,000
	Liabilities and equity		
30	Debt to credit institutions and central banks	2,209,887	3,567,758
	Total deposits and other debt	52,626,495	48,699,778
31	Deposits and other debt	46,781,095	43,726,938
24	Deposits in pooled schemes	5,845,400	4,972,840
32	Issued bonds at amortised cost	5,063,778	4,255,498
	Preferred senior capital	2,251,655	966,492
	Non-preferred senior capital	2,812,123	3,289,006
33	Other liabilities	1,042,253	1,033,971
	Deferred income	240	579
	Total debt	**60,942,653**	**57,557,584**
21	Provisions for losses on guarantees	60,025	66,596
21	Other provisions for liabilities	26,648	24,113
	Total provisions for liabilities	**86,673**	**90,709**
	Tier 2 capital	2,039,110	2,036,526
34	**Total subordinated debt**	**2,039,110**	**2,036,526**
35	Share capital	27,491	28,380
	Net revaluation reserve under the equity method	475	391
	Retained earnings	10,146,325	9,065,333
	Proposed dividend etc.	276,913	200,658
	Total shareholders' equity	**10,451,204**	**9,294,762**
	Total liabilities and equity	**73,519,640**	**68,979,581**

Statement of changes in equity

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total share-holders' equity
2022					
Shareholders' equity at the end of the previous financial year	**29,068**	**428**	**8,487,703**	**205,474**	**8,722,673**
Comprehensive income					
Net profit for the year		-37	1,294,276	200,658	1,494,897
Other comprehensive income			2,111		2,111
Total comprehensive income	**0**	**-37**	**1,296,387**	**200,658**	**1,497,008**
Transactions with shareholders					
Reduction of share capital	-688		688		0
Dividend etc. paid				-205,474	-205,474
Dividend received on own shares			5,638		5,638
Purchase of own shares			-1,507,045		-1,507,045
Sale of own shares			760,509		760,509
Other equity transactions (employee shares)			21,453		21,453
Total transactions with shareholders	**-688**	**0**	**-718,757**	**-205,474**	**-924,919**
Shareholders' equity on the balance sheet date	**28,380**	**391**	**9,065,333**	**200,658**	**9,294,762**

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total share-holders' equity
2023					
Shareholders' equity at the end of the previous financial year	**28,380**	**391**	**9,065,333**	**200,658**	**9,294,762**
Comprehensive income					
Net profit for the year		84	1,878,225	276,913	2,155,222
Total comprehensive income	**0**	**84**	**1,878,225**	**276,913**	**2,155,222**
Transactions with shareholders					
Reduction of share capital	-889		889		0
Dividend etc. paid				-200,658	-200,658
Dividend received on own shares			6,714		6,714
Purchase of own shares			-1,801,436		-1,801,436
Sale of own shares			973,032		973,032
Other equity transactions (employee shares)			23,568		23,568
Total transactions with shareholders	**-889**	**0**	**-797,233**	**-200,658**	**-998,780**
Shareholders' equity on the balance sheet date	**27,491**	**475**	**10,146,325**	**276,913**	**10,451,204**

Statement of capital

	31 December 2023 DKK 1,000	31 December 2022 DKK 1,000
Credit risk	41,658,951	40,843,152
Market risk	1,532,667	1,483,592
Operational risk	5,541,119	4,528,649
Total risk exposure	**48,732,737**	**46,855,393**
Shareholders' equity	10,451,204	9,294,762
Proposed dividend etc.	-276,913	-200,658
Addition for transition programme concerning IFRS 9	359,171	469,846
Deduction for insufficient coverage of non-performing exposures	-5,680	-25,341
Deduction for the sum of equity investments etc. above 10%	-188,016	-194,192
Deduction for prudent valuation	-16,095	-13,924
Deduction for intangible assets	-1,012,162	-1,043,163
Deferred tax on intangible assets	15,629	18,855
Deferred tax assets	-35,634	-41,888
Deduction of amount of share buyback programme	-770,000	-738,000
Actual utilisation of amount of share buyback programme	749,299	682,262
Deduction for trading limit for own shares	-15,000	-55,000
Deduction for indirect ownership of own shares	-30,623	0
Common equity tier 1	**9,225,180**	**8,153,559**
Tier 1 capital	**9,225,180**	**8,153,559**
Tier 2 capital	2,040,628	2,043,645
Deduction for the sum of equity investments etc. above 10%	-78,297	-90,606
Total capital	**11,187,511**	**10,106,598**
Non-preferred senior capital	2,909,546	3,426,434
MREL capital	**14,097,057**	**13,533,032**
Common equity tier 1 capital ratio	**18.9**	**17.4**
Tier 1 capital ratio	**18.9**	**17.4**
Total capital ratio	**23.0**	**21.6**
MREL capital ratio	**28.9**	**28.9**
Pillar I capital requirements	3,898,619	3,748,431
MREL requirement (%) fixed by the Danish FSA	17.9	17.8
Excess cover in percentage points relative to MREL requirement	11.0	11.1

Overview of notes

Note no.		2023 DKK 1,000	2022 DKK 1,000
1	**Interest income**		
	Receivables from credit institutions and central banks - net	121,484	-1,136
	Loans and other receivables	3,008,420	1,581,790
	Discounts - amortisation concerning loans taken over etc.	4,506	10,296
	Loans - interest on the impaired part of loans	-63,594	-49,059
	Bonds - net	235,514	59,503
	Total derivative financial instruments - net	18,614	82,373
	of which currency contracts - net	8,251	27,665
	of which interest-rate contracts - net	10,363	54,708
	Other interest income	564	1,285
	Total interest income after offsetting of negative interest	**3,325,508**	**1,685,052**
	of which interest income from collateralised repurchase agreements/reverse repo transactions booked under the item “Loans and other receivables” is	3,731	808
	Negative interest income transferred to interest expenses		
	Receivables from credit institutions and central banks	0	13,452
	Bonds	0	2,497
	Total derivative financial instruments	0	1,344
	of which currency contracts	0	554
	of which interest-rate contracts	0	790
	Total negative interest income transferred to interest expenses	**0**	**17,293**
	Total negative interest income transferred from interest expenses		
	Debt to credit institutions and central banks	0	57
	Deposits and other debt	0	163,446
	Total negative interest expenses transferred from interest expenses	**0**	**163,503**
	Total interest income	**3,325,508**	**1,865,848**
2	**Interest expenses**		
	Credit institutions and central banks - net	36,453	18,736
	Deposits and other debt - net	476,184	-100,778
	Issued bonds	177,930	49,980
	Subordinated debt	94,645	35,542
	Other interest expenses	764	898
	Total interest expenses after offsetting of negative interest	**785,976**	**4,378**
	Negative interest expenses transferred to interest income		
	Debt to credit institutions and central banks	0	57
	Deposits and other debt	0	163,446
	Total negative interest expenses transferred to interest income	**0**	**163,503**
	Negative interest income transferred from interest income		
	Receivables from credit institutions and central banks	0	13,452
	Bonds	0	2,497
	Total derivative financial instruments	0	1,344
	of which currency contracts	0	554
	of which interest-rate contracts	0	790
	Total negative interest income transferred from interest income	**0**	**17,293**
	Total interest expenses	**785,976**	**185,174**

Note no.		2023 DKK 1,000	2022 DKK 1,000
3	**Dividends from shares etc.**		
	Shares	90,214	99,637
	Total dividends from shares etc.	**90,214**	**99,637**
4	**Fees and commission**		
	Gross fee and commission income		
	Securities trading	171,585	175,681
	Asset management and custody accounts	233,776	221,355
	Payment handling	176,097	151,053
	Loan fees	86,870	126,221
	Guarantee commission and mortgage credit commission etc.	248,293	256,622
	Other fees and commission	112,790	107,923
	Total gross fee and commission income	**1,029,411**	**1,038,855**
	Fee and commission expenses		
	Securities trading	13,204	12,156
	Asset management and custody accounts	15,442	13,919
	Payment handling	50,303	47,484
	Loan fees	7,792	11,694
	Other fees and commission	6,678	6,349
	Total fee and commission expenses	**93,419**	**91,602**
	Net fee and commission income		
	Securities trading	158,381	163,525
	Asset management and custody accounts	218,334	207,436
	Payment handling	125,794	103,569
	Loan fees	79,078	114,527
	Guarantee commission and mortgage credit commission etc.	248,293	256,622
	Other fees and commission	106,112	101,574
	Total net fee and commission income	**935,992**	**947,253**
	Foreign exchange income	77,192	66,262
	Total net fee, commission, and foreign exchange income	**1,013,184**	**1,013,515**
5	**Value adjustments**		
	Other loans and receivables, fair value adjustment*	8,835	-28,775
	Bonds	107,217	-166,484
	Shares etc.	110,006	65,409
	Foreign exchange	77,192	66,262
	Total derivative financial instruments	18,468	-79,598
	of which currency contracts	24,727	-130,997
	of which interest-rate contracts	-6,261	51,399
	of which share contracts	2	0
	Assets linked to pooled schemes	507,479	-739,503
	Deposits in pooled schemes	-507,479	739,503
	Issued bonds etc.*	-58,354	198,702
	Debt to credit institutions	-10,010	17,977
	Total value adjustments	**253,354**	**73,493**

** See also note 43.*

Note no.		2023 DKK 1,000	2022 DKK 1,000
6	**Staff and administration expenses**		
	Payments to general management, board of directors and shareholders' committee:		
	General management (4/4 persons):		
	Salary	18,948	16,851
	Pension	2,820	2,321
	Total payments	21,768	19,172
	The total taxable values of company cars amounting to tDKK 630 in 2023 and tDKK 613 in 2022 are not included in the salary amounts stated.		
	Board of directors (13/12 persons):		
	Total payments	5,665	4,367
	Shareholders' committee (41/41 persons):		
	Total payments	978	898
	Total	28,411	24,437
	Staff expenses:		
	Salaries	406,093	389,689
	Pensions	46,464	43,876
	Social security expenses	6,053	5,727
	Costs depending on number of staff	69,970	62,268
	Total	528,580	501,560
	Other administration expenses	382,130	344,850
	Total staff and administration expenses	**939,121**	**870,847**

Information on the remuneration paid to the individual members of the board of directors and general management is shown in the remuneration report for 2023, available on the bank's website: www.landbobanken.dk/policies

Note no.		2023	2022
7	**Number of full-time employees**		
	Average number of employees during the financial year converted into full-time equivalent (FTE)	653	641
	Number of full-time employees at the end of the period	661	646

Note no.		2023	2022
8	**Salaries paid to other major risk-takers and employees in control functions**		
	Fixed salary	18,826	18,053
	Variable salary	385	500
	Pension	2,141	2,052
	Total	**21,352**	**20,605**
	Number of full-time employees at end of year	21	21

Note no.		2023 DKK 1,000	2022 DKK 1,000
9	**Fee to the auditor elected by the general meeting**		
	Statutory audit	956	789
	Other assurance engagements	115	140
	Advice on tax	89	0
	Other services	449	227
	Total fee to the auditor elected by the general meeting	1,609	1,156

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

Fees for advice on tax primarily concern the bank's employee share ownership scheme and various aspects of VAT.

Fees for other services primarily concern issue of the comfort letter regarding the bank's EMTN programme and verification of regular recognition of profit in common equity tier 1 and assistance regarding customers' refunds of dividend tax.

The bank also has an internal auditor.

Note no.		2023 DKK 1,000	2022 DKK 1,000
10	**Amortisation, depreciation, and write-downs on intangible and tangible assets**		
	Intangible assets		
	Customer relationships, amortisation	19,509	19,509
	Tangible assets		
	Domicile properties, depreciation	1,212	1,839
	Domicile properties, write-down to reassessed value (net)	-1,000	-2,000
	Domicile properties (leasing), depreciation	5,184	5,736
	Other tangible assets, depreciation	8,368	7,848
	Other tangible assets (leasing), depreciation	104	103
	Total amortisation, depreciation, and write-downs on intangible and tangible assets	**33,377**	**33,035**
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	32,418	18,851
	Actual realised net losses	36,968	42,658
	Interest on the impaired part of loans	-63,594	-49,059
	Total impairment charges for loans and other receivables etc.	**5,792**	**12,450**
12	**Tax**		
	Tax calculated on income for the year including factor increase	675,491	374,752
	Adjustment of deferred tax for the year	3,643	11,928
	Adjustment of deferred tax due to change in tax rate (factor increase)	-616	-2,925
	Adjustment of tax calculated for previous years	2,931	1,484
	Total tax	**681,449**	**385,239**
	Effective tax rate (%):		
	Tax rate currently paid by the bank	22.0	22.0
	Factor increase (extra tax imposed on financial undertakings)	3.2	0.0
	Non-taxable income and non-deductible costs*	-1.3	-1.4
	Change in tax rate (factor increase)	0.0	-0.2
	Adjustment of tax calculated for previous years	0.1	0.1
	Total effective tax rate	**24.0**	**20.5**

** Primarily value adjustment of and dividends from sector shares.*

Note no.		2023 DKK 1,000	2022 DKK 1,000
	Explanation of the correlation between profit before tax and core earnings		
13	**Net interest income**		
	Net interest income - income statement	2,539,532	1,680,674
	Discounts - amortisation concerning loans taken over etc.	-4,506	-10,296
	Funding income - own portfolio	316,149	66,534
	Bond yields etc.	-235,514	-59,503
	Net interest income - core earnings	**2,615,661**	**1,677,409**
14	**Net fee and commission income excluding securities trading**		
	Fee and commission income - income statement	1,029,411	1,038,855
	Fee and commission expenses - income statement	-93,419	-91,602
	Securities trading - core earnings	-158,381	-163,525
	Net fee and commission income excluding securities trading - core earnings	**777,611**	**783,728**
15	**Income from sector shares etc.**		
	Value adjustment of sector shares etc.	+103,486	+70,470
	Dividends from sector shares etc.	89,488	98,452
	Income from sector shares etc. - core earnings	**192,974**	**168,922**
16	**Total expenses etc.**		
	Staff and administration expenses - income statement	939,121	870,847
	Amortisation, depreciation and write-downs on intangible and tangible assets, net - income statement	33,377	33,035
	Other operating expenses - income statement	10,044	6,607
	Amortisation and write-downs on intangible assets, net - core earnings	-19,509	-19,509
	Total expenses etc. - core earnings	**963,033**	**890,980**
17	**Impairment charges for loans and other receivables etc.**		
	Impairment charges for loans and other receivables etc. - income statement	-5,792	-12,450
	Discounts - amortisation concerning loans taken over etc.	4,506	10,296
	Impairment charges for loans and other receivables etc. - core earnings	**-1,286**	**-2,154**
18	**Profit before tax and core earnings**		
	Profit before tax	**2,836,671**	**1,880,136**
	Value adjustments - income statement	+253,354	+73,493
	Results from investments in associated companies and subsidiaries	+84	-37
	Value adjustment of sector shares etc.	-103,486	-70,470
	Foreign exchange income - core earnings	-77,192	-66,262
	Funding expenses - own portfolio	-316,149	-66,534
	Bond yields etc.	235,514	59,503
	Dividends - not sector shares	726	1,185
	Result for the portfolio - core earnings (minus)	**-7,149**	**-69,122**
	Special costs - core earnings (plus)	19,509	19,509
	Core earnings	**2,863,329**	**1,968,767**

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
19	**Receivables from credit institutions and central banks**		
	On demand	243,490	776,039
	Total receivables from credit institutions and central banks	**243,490**	**776,039**
	Distributed as follows:		
	Receivables from credit institutions	243,490	776,039
20	**Loans and other receivables at amortised cost***		
	On demand	7,978,024	7,353,370
	Up to and including 3 months	2,968,599	2,475,978
	More than 3 months and up to and including 1 year	10,578,051	9,815,126
	More than 1 year and up to and including 5 years	12,396,714	11,945,344
	More than 5 years	16,959,566	16,752,123
	Total loans and other receivables at amortised cost	**50,880,954**	**48,341,941**
	of which collateralised repurchase agreements/reverse repo transactions	145,682	0

** See also 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
2023				
Loans and other receivables at amortised cost	381,396	1,034,615	831,905	2,247,916
Guarantees	5,336	13,548	41,141	60,025
Unutilised credit facilities and credit undertakings	12,519	14,129	0	26,648
Total impairment charges and provisions by stages	**399,251**	**1,062,292**	**873,046**	**2,334,589**
of which management estimates**	257,186	493,756	199,026	949,968
2022				
Loans and other receivables at amortised cost	213,651	1,009,429	988,382	2,211,462
Guarantees	4,955	15,194	46,447	66,596
Unutilised credit facilities and credit undertakings	8,154	15,959	0	24,113
Total impairment charges and provisions by stages	**226,760**	**1,040,582**	**1,034,829**	**2,302,171**
of which management estimates**	107,591	409,336	277,283	794,210

** Including credit-impaired on initial recognition*
*** See the description of distribution by stages on pages 89-90.*

	31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
In addition, a discount on loans and guarantees taken over from Nordjyske Bank amounted to	0	4,506
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	155,343	190,619
Changes during the year	-54,491	-35,276
Total stage 3 impairment charges and provisions taken over	**100,852**	**155,343**

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 by stages

	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Impairment charges etc. taken to income statement**
	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000
2023					
Impairment charges and provisions at the end of the previous financial year	226,760	1,040,582	1,034,829	2,302,171	-
Impairment charges and provisions for new exposures during the year, including new accounts for existing customers	115,671	75,989	86,003	277,663	277,663
Reversed impairment charges and provisions for repaid accounts	-51,074	-169,305	-72,303	-292,682	-292,682
Migration of impairment charges and provisions at beginning of year to stage 1	236,583	-233,187	-3,396	0	-
Migration of impairment charges and provisions at beginning of year to stage 2	-14,914	68,415	-53,501	0	-
Migration of impairment charges and provisions at beginning of year to stage 3	-361	-51,408	51,769	0	-
Impairment charges and provisions during the year resulting from credit risk change	-113,414	331,206	-106,475	111,317	111,317
Previously written down, now definitively lost	-	-	-63,880	-63,880	-
Lost, not previously written down	-	-	-	-	9,305
Received on receivables previously written off	-	-	-	-	-36,217
Interest on the impaired part of loans	-	-	-	-	-63,594
Total impairment charges and provisions	**399,251**	**1,062,292**	**873,046**	**2,334,589**	**5,792**
of which regarding credit institutions etc.	593	0	0	593	202
2022					
Impairment charges and provisions at the end of the previous financial year	251,041	858,497	1,173,782	2,283,320	-
Impairment charges and provisions for new exposures during the year, including new accounts for existing customers	80,296	148,705	60,126	289,127	289,127
Reversed impairment charges and provisions for repaid accounts	-66,346	-144,630	-124,811	-335,787	-335,787
Migration of impairment charges and provisions at beginning of year to stage 1	178,445	-154,905	-23,540	0	-
Migration of impairment charges and provisions at beginning of year to stage 2	-18,592	108,600	-90,008	0	-
Migration of impairment charges and provisions at beginning of year to stage 3	-429	-20,717	21,146	0	-
Impairment charges and provisions during the year resulting from credit risk change	-197,655	245,032	69,725	117,102	117,102
Previously written down, now definitively lost	-	-	-51,591	-51,591	-
Lost, not previously written down	-	-	-	-	16,300
Received on receivables previously written off	-	-	-	-	-25,233
Interest on the impaired part of loans	-	-	-	-	-49,059
Total impairment charges and provisions	**226,760**	**1,040,582**	**1,034,829**	**2,302,171**	**12,450**
of which regarding credit institutions etc.	391	0	0	391	-2,911

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
22	**Bonds at fair value**		
	Government bonds	367,089	0
	Mortgage credit bonds	6,246,164	5,578,166
	Corporate bonds etc.	1,513,302	1,197,706
	Total bonds at fair value	**8,126,555**	**6,775,872**
	Bonds at fair value by rating classes	Percent	Percent
	Aaa/AAA	82	82
	A1/A+	1	0
	A2/A	1	0
	A3/A-	3	4
	Baa1/BBB+	1	1
	Baa2/BBB	2	2
	Not rated	10	11
	Total	**100**	**100**

Ratings from the credit rating agencies Moody's Investors Service, Standard & Poor's and Fitch were used in the specification. If an issue has more than one rating, the lowest is used.

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
23	**Shares etc.**		
	Listed on Nasdaq Copenhagen	45,377	26,449
	Investment fund certificates	8,911	10,012
	Unlisted shares at fair value	11,339	8,798
	Sector shares at fair value	1,405,318	1,286,532
	Total shares etc.	**1,470,945**	**1,331,791**
24	**Assets linked to pooled schemes**		
	Cash deposits	136,038	103,301
	Bonds:		
	Other bonds	1,532,816	1,394,342
	Total bonds	1,532,816	1,394,342
	Shares:		
	Other shares	541,782	815,830
	Investment fund certificates	3,634,764	2,659,367
	Total shares	4,176,546	3,475,197
	Total assets linked to pooled schemes	**5,845,400**	**4,972,840**

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
25	**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	195,088	195,088
	Total cost on the balance sheet date	195,088	195,088
	Amortisation at the end of the previous financial year	75,180	55,671
	Amortisation for the year	19,509	19,509
	Write-downs for the year [1]	11,493	0
	Total amortisation on the balance sheet date	106,182	75,180
	Total customer relationships on the balance sheet date	**88,906**	**119,908**
	Total intangible assets on the balance sheet date	**1,012,161**	**1,043,163**

Goodwill was impairment-tested at the end of 2023. 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 2024. “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 9.5% 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 2023, the market value was approximately two and a half times the equity value.

[1] In the income statement and the statement of core earnings, write-downs for the year are presented together with an equivalent amount of income from the previously recognised liability under the earn-out agreement which was entered into in connection with the takeover of the BIL Danmark customer portfolio. The two items thus have zero effect on the profit.

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
26	**Land and buildings**		
	Investment properties		
	Fair value at the end of the previous financial year	3,667	8,667
	Value adjustments to fair value for the year	0	-5,000
	Fair value on the balance sheet date	**3,667**	**3,667**
	Domicile properties		
	Revalued amount at the end of the previous financial year	196,048	168,387
	Additions during the year, including improvements	0	29,500
	Additions on reclassification due to changed use	0	3,868
	Disposals during the year	-1,387	-5,868
	Depreciation for the year	-1,212	-1,839
	Write-downs after revaluation for the year	0	-2,500
	Reversal of previous years' write-downs for the year and reversal of total depreciation and write-downs on assets which were disposed of or decommissioned during the year	1,235	4,500
	Total revalued amount on the balance sheet date	**194,684**	**196,048**
	Domicile properties (leasing)		
	Recognised amount at the end of the previous financial year	20,864	22,578
	Additions during the year	0	4,041
	Depreciation for the year	-5,184	-5,736
	Reversal of previous years' write-downs for the year and reversal of total depreciation and write-downs on assets which were disposed of or decommissioned during the year	0	-19
	Total recognised amount on the balance sheet date	**15,680**	**20,864**

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.

27	**Other tangible assets**		
	Cost at the end of the previous financial year without depreciation and write-downs	92,387	85,621
	Additions during the year, including improvements	10,359	7,683
	Disposals during the year	-2,170	-917
	Total cost on the balance sheet date	100,576	92,387
	Depreciation and write-downs at the end of the previous financial year	77,656	70,622
	Depreciation for the year	8,472	7,951
	Reversal of previous years' write-downs for the year and reversal of total depreciation and write-downs on assets which were disposed of or decommissioned during the year	-1,692	-917
	Total depreciation and write-downs on the balance sheet date	84,436	77,656
	Total other tangible assets on the balance sheet date	**16,140**	**14,731**
	The bank is a lessee under leases for other tangible assets, which are recognised at	103	104

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
28	**Deferred tax assets**		
	The calculated provisions for deferred tax relate to the following balance sheet items:		
	Loans and other receivables	6,871	77,220
	Securities and financial instruments	10,312	-52,423
	Intangible assets	-15,629	-18,855
	Tangible assets	8,330	8,649
	Other balance sheet items	10,122	8,442
	Total deferred tax assets	**20,006**	**23,033**
	Deferred tax assets, beginning of year	23,033	11,263
	Adjustment of amount at beginning of year (transferred to current tax)	484	20,773
	Deferred tax for the year	-4,127	-11,928
	Adjustment of deferred tax due to change in tax rate (factor increase)	616	2,925
	Total deferred tax assets	**20,006**	**23,033**
	Deferred tax is calculated at a tax rate of (%)	26.0	25.2
29	**Other assets**		
	Interest and commission receivable	220,273	132,024
	Positive market value of derivative financial instruments	102,316	150,673
	Collateral under CSA agreements	157,872	226,293
	Miscellaneous debtors and other assets	171,844	117,925
	Other deposits	49,881	50,575
	Total other assets	**702,186**	**677,490**
30	**Debt to credit institutions and central banks***		
	On demand	849,133	758,592
	Up to and including 3 months	12,980	331,075
	More than 3 months and up to and including 1 year	556,329	1,128,099
	More than 1 year and up to and including 5 years	395,902	758,383
	More than 5 years	395,543	591,609
	Total debt to credit institutions and central banks	**2,209,887**	**3,567,758**
	** See also note 43.*		
	Distributed as follows:		
	Debt to credit institutions	2,209,887	3,567,758

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
31	**Deposits and other debt**		
	On demand*	33,012,187	35,665,320
	Deposits and other debt with notice:		
	Up to and including 3 months	4,572,111	2,190,631
	More than 3 months and up to and including 1 year	3,049,221	2,577,901
	More than 1 year and up to and including 5 years	2,895,405	621,464
	More than 5 years	3,252,171	2,671,622
	Total deposits and other debt	**46,781,095**	**43,726,938**
	of which deposits covered by the Guarantee Fund	56.0%	55.6%
	Distributed as follows:		
	On demand	34,115,670	34,739,640
	With notice	4,630,822	2,185,866
	Time deposits	3,168,922	3,106,657
	Long-term deposit agreements	1,663,875	758,090
	Special types of deposits*	3,201,806	2,936,685
		46,781,095	**43,726,938**

** Special types of deposits are entered under the item “On demand” pending payment whereas, in the specification of the different types of deposits, the sum is included under “Special types of deposit”.*

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
32	**Issued bonds at amortised cost***		
	Up to and including 3 months	372,647	259,405
	More than 3 months and up to and including 1 year	728,180	368,799
	More than 1 year and up to and including 5 years	3,562,256	2,450,260
	More than 5 years	400,695	1,177,034
	Total issued bonds at amortised cost	**5,063,778**	**4,255,498**
	Distributed as follows:		
	Preferred senior capital	2,289,649	1,003,921
	Adjustment to amortised cost and fair value adjustment	-37,994	-37,429
	Total preferred senior capital	**2,251,655**	**966,492**
	Non-preferred senior capital	2,911,643	3,426,434
	Adjustment to amortised cost and fair value adjustment	-99,520	-137,428
	Total non-preferred senior capital	**2,812,123**	**3,289,006**
	Total issued bonds at amortised cost	**5,063,778**	**4,255,498**

** See also note 43.*

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
33	**Other liabilities**		
	Interest and commission payable	159,835	62,372
	Negative market value of derivative financial instruments	270,799	366,884
	Collateral under CSA agreements	10,270	23,309
	Miscellaneous creditors and other liabilities	601,349	581,406
	Total other liabilities	**1,042,253**	**1,033,971**

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000

34 **Subordinated debt**

Type	Interest rate	Currency	Million	Due date	Possible early repayment date	31 Dec. 2023	31 Dec. 2022
Tier 2 capital [1]							
Bond loan [2]	Fixed	DKK	500	13 June 2028	13 June 2023	-	500,000
Bond loan [3]	Floating	DKK	300	13 June 2030	13 June 2025	300,000	300,000
Bond loan [4]	Floating	EUR	100	22 Aug. 2029	22 Aug. 2024	745,295	743,645
Bond loan [5]	Floating	DKK	500	11 Jan. 2032	11 Jan. 2027	500,000	500,000
Bond loan [6]	Floating	DKK	500	1 Sep. 2033	1 Sep. 2028	500,000	-
Total tier 2 capital						**2,045,295**	**2,043,645**
Adjustment to amortised cost and fair value adjustment						-6,185	-7,119
Total subordinated debt						**2,039,110**	**2,036,526**

[1] See also note 43.

[2] 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 Cibor 6M plus 1.65% p.a. Interest expenses etc. - 2023: tDKK 4,977 / 2022: tDKK 11,283. Costs of raising loan: tDKK 2,500

[3] Issued on 13 June 2018. The interest rate is a floating rate corresponding to the Cibor 6M plus 1.85% p.a. Interest expenses etc. - 2023: tDKK 16,255 / 2022: tDKK 6,269. Costs of raising loan: tDKK 1,500

[4] Issued on 22 August 2019. The interest rate is a floating rate corresponding to the Euribor 3M plus 1.75% p.a. Interest expenses etc. - 2023: tDKK 38,635 / 2022: tDKK 12,503. Costs of raising loan: tDKK 2,462

[5] Issued on 11 October 2021. The interest rate is a floating rate corresponding to the Euribor 3M plus 1.10% p.a. Interest expenses etc. - 2023: tDKK 24,232, 2022: tDKK 5,487. Costs of raising loan: tDKK 1,750

[6] Issued on 1 September 2023. The interest rate is a floating rate corresponding to the Cibor 6M plus 2.00% p.a. Interest expenses etc. - 2023: tDKK 10,546. Costs of raising loan etc.: tDKK 5,000

35 **Share capital**

	31 Dec. 2023	31 Dec. 2022
Number of DKK 1 shares:		
Beginning of year	28,379,666	29,067,721
Cancellation during the year	-888,327	-688,055
End of year	**27,491,339**	**28,379,666**
of which reserved for subsequent cancellation	758,610	826,527
Total share capital	**27,491**	**28,380**

The whole share capital has been admitted for listing on Nasdaq Copenhagen.

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
36	**Own shares**		
	Own shares included in the balance sheet at	0	0
	Market value	752,162	783,548
	Number of own shares:		
	Beginning of year	826,527	635,988
	Purchase during the year	1,824,656	1,781,303
	Sale during the year	-1,004,246	-902,709
	Cancellation during the year	-888,327	-688,055
	End of year	758,610	826,527
	of which reserved for subsequent cancellation	758,610	826,527
	Nominal value of holding of own shares, end of year	759	827
	Own shares' proportion of share capital, end of year (%):		
	Beginning of year	2.9	2.2
	Purchase during the year	6.7	6.3
	Sale during the year	-3.6	-3.2
	Cancellation during the year	-3.2	-2.4
	End of year	2.8	2.9

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 buyback programmes.

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
37	**Contingent liabilities etc.**		
	Contingent liabilities		
	Financial guarantees	2,038,132	2,345,714
	Guarantees against losses on mortgage credit loans	1,821,326	2,199,287
	Registration and refinancing guarantees	1,863,058	2,163,492
	Sector guarantees	105,830	104,485
	Other contingent liabilities	636,445	756,701
	Total contingent liabilities	**6,464,791**	**7,569,679**
	Other contractual obligations		
	Irrevocable credit undertakings	328,148	84,055
	Total other contractual obligations	**328,148**	**84,055**
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	809,752	1,041,125
	Pledged to Danmarks Nationalbank as collateral for clearing etc.:		
	Balance in current account with Danmarks Nationalbank	17,674	35,531
	Collateral under CSA agreements etc.	157,872	226,293

Note no.

39 Contractual obligations

The following information is provided on material contractual obligations:

- 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.

40 Legal proceedings etc.

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

41 Related parties

Persons comprised and definition

Related parties comprise both physical and legal persons who or which have a controlling interest in or control the bank.

The bank has no owners, including legal persons which have a controlling or significant interest in, or control over, the bank.

The bank's related parties are thus the members of the bank's board of directors and general management and their related parties.

Board members are elected in part by the bank's shareholders' committee and in part by the bank's employees, and the members of general management are employed by the board of directors on recommendation by the board's nomination committee.

The bank also has a subsidiary, the forestry company Sæbygård Skov A/S, and an associated company Tarm Plantage ApS.

Transactions with related parties

There were no transactions with the subsidiary, the associated company, members of the board of directors and general management or their related parties in 2023 except

- payment of salaries and remuneration etc. to the members of the bank's board of directors and general management,
- securities trading,
- deposit activities,
- loans and provision of collateral security, and
- other day-to-day banking business.

All transactions during the year with related parties were on market terms or on an at-cost basis.

Information on the remuneration paid to the board of directors and general management is given in note 6 and the remuneration report for 2023.

Information on the size of loans, mortgages, sureties and guarantees provided to members of the bank's board of directors and general management, the collateral 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.

Note no.		31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
41	**Related parties - continued**		
	Amounts of loans, mortgages, sureties or guarantees provided to the members of the bank's organs:		
	Board of directors, including members elected by the employees	20,456	30,986
	Interest rate	4.74%-10,15%	2.22%-21,35%
	General management	1,330	1,330
	Interest rate	6.74%-9,94%	4.22%-7,42%
	New exposures during the year have been granted for a net	1,840	10,502
	All exposures are on market terms, including both interest and guarantee commission rates.		
	Security provided by members of the bank's organs:		
	Board of directors, including members elected by the employees	8,106	12,916
	General management	0	0
	Shareholdings of the board of directors and general management in Ringkjøbing Landbobank at the end of the year*	No. of shares	No. of shares
	Board of directors:		
	Martin Krogh Pedersen, chair	40,315	36,015
	Mads Hvolby, deputy chair	3,236	3,204
	Jens Møller Nielsen, deputy chair	143	270
	Morten Jensen	1,100	1,100
	Jon Steingrim Johnsen	0	0
	Anne Kaptain	16	16
	Jacob Møller	795	795
	Lone Rejkjær Söllmann	1,449	999
	Lene Weldum (joined on 1 March 2023)	1,467	-
	Dan Junker Astrup (resigned on 1 March 2023)	-	298
	Lisa Munkholm (joined on 1 March 2023)	42	-
	Nanna G. Snogdal (joined on 1 March 2023)	110	-
	Arne Ugilt (resigned on 1 March 2023)	-	839
	Gitte E.S.H. Vigsø (resigned on 1 March 2023)	-	132
	Martin Wilche (joined on 1 March 2023)	49	-
	Finn Aaen	650	608
	General management:		
	John Bull Fisker	75,915	75,915
	Claus Andersen	2,070	1,947
	Jørn Nielsen	8,937	8,939
	Carl Pedersen	1,456	1,378

** 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.

Note no.

42 Fair value of financial instruments - continued

	31 December 2023		31 December 2022	
	Book value	**Fair value**	**Book value**	**Fair value**
	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000
Financial assets				
Cash in hand and demand deposits with central banks	4,913,795	4,913,795	4,750,398	4,750,398
Receivables from credit institutions and central banks*	243,490	243,490	776,039	776,039
Loans and other receivables at amortised cost*	51,022,607	51,365,753	48,437,342	48,611,400
Bonds at fair value*	8,202,913	8,202,913	6,811,728	6,811,728
Shares etc.	1,470,945	1,470,945	1,331,791	1,331,791
Investments in associated companies	485	485	481	481
Investments in subsidiaries	12,063	12,063	11,982	11,982
Assets linked to pooled schemes	5,845,400	5,845,400	4,972,840	4,972,840
Derivative financial instruments	102,316	102,316	150,673	150,673
Total financial assets	**71,814,014**	**72,157,160**	**67,243,274**	**67,417,332**
Financial liabilities				
Debt to credit institutions and central banks*	2,223,613	2,223,613	3,577,849	3,535,296
Deposits and other debt*	46,865,658	46,222,716	43,747,721	43,740,175
Deposits in pooled schemes	5,845,400	5,845,400	4,972,840	4,972,840
Issued bonds at amortised cost*	5,102,031	5,102,031	4,277,336	4,277,336
Derivative financial instruments	270,799	270,799	366,884	366,884
Subordinated debt*	2,060,512	2,060,512	2,045,954	2,045,954
Total financial liabilities	**62,368,013**	**61,725,071**	**58,988,584**	**58,938,485**

** 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. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
43	**Hedging***		
	Fixed-rate loans at book value	**324,619**	**328,788**
	Hedged by currency swap (EUR/DKK), maturity 2025:		
	Synthetic principal	149,432	149,101
	Fair value	4,617	8,925
	Hedged by interest rate swaps, maturity 2026-2035:		
	Synthetic principal	175,315	179,887
	Fair value	1,501	7,174
	Fixed-rate debt to credit institutions at book value	**558,971**	**557,734**
	Hedged by interest rate swap, maturity 2024:		
	Synthetic principal	558,971	557,734
	Fair value	-11,302	-18,255
	Issued bonds at book value	**1,884,761**	**3,105,355**
	Hedged by currency swaps (EUR/DKK), maturity 2023-2039:		
	Synthetic principal	931,148	1,154,662
	Fair value	-92,771	-125,929
	Hedged by currency swaps (SEK/DKK), maturity 2026:		
	Synthetic principal	638,272	684,182
	Fair value	-52,671	-55,369
	Hedged by currency swaps (NOK/DKK), maturity 2027:		
	Synthetic principal	165,811	189,375
	Fair value	-24,675	-13,300
	Hedged by interest rate swaps, maturity 2023-2029:		
	Synthetic principal	149,059	1,140,552
	Fair value	-10,703	-34,119
	Tier 2 capital at book value	**0**	**500,000**
	Hedged by interest rate swap, maturity 2023:		
	Synthetic principal	0	500,000
	Fair value	0	-46
	Hedging is thus:		
	Currency swaps - total synthetic principal	1,884,663	2,177,320
	Interest rate swaps - total synthetic principal	883,345	2,378,173
	Fair value - currency swaps	-165,500	-185,673
	Fair value - interest rate swaps	-20,504	-45,246

	2023 DKK 1,000	2022 DKK 1,000
Value adjustment* for the year is distributed as follows:		
Currency swaps	27,868	-140,792
Interest rate swaps	30,050	-54,196
Fixed-rate loans	10,445	-21,692
Fixed-rate debt to credit institutions	-10,010	17,978
Issued bonds	-53,917	189,168
Tier 2 capital	-4,436	9,534
Total effect on profit	**0**	**0**

** Fair value hedging only.*

Note no.

44 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 money laundering and financing of terrorism, IT risks and other operational risks.

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. 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.

See the following notes for a detailed description of risks and policies and objectives for the management of these risks:

- Credit risks - note 45 - page 83
- Market risks - note 46 - page 93
- Interest rate risks - note 47 - page 94
- Foreign exchange risks - note 48 - page 95
- Share price risks - note 49 - page 96
- Value at Risk - note 50 - page 97
- Property risks - note 51 - page 98
- Liquidity risks - note 52 - page 99
- Non-financial risks - note 53 - page 101

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

Note no.

45 Credit risks

Credit risk is defined as the risk that payments owing to the bank are non-recoverable because the debtor is either unable or unwilling to pay at the agreed time. Credit risk is the most significant risk area in the bank.

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.

No material changes were made to the assumptions, objectives, exposures, or calculation methods etc. in 2023 relative to the previous year.

General information on the portfolio, its management and risk profile

Over the years, Ringkjøbing Landbobank has developed to its present status as a full-service bank to both personal and business customers in West, Central and North Jutland. In addition, personal customers are served by the branch in Copenhagen and business and personal customers are served by the branch in Aarhus within the two branches' natural market areas. Outside these geographical areas, business customers with high credit quality are served.

The bank is also active within various niches. The most important areas within the 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 seeks to grant loans without prior creditors to ensure satisfactory security in the mortgaged assets, which is an important part of its business philosophy.

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.

Credit exposure

The bank's credit exposure has increased in recent years in step with the growth in its loan portfolio.

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

	31 Dec. 2023 DKK 1,000	**31 Dec. 2022** DKK 1,000
Loans and other receivables at amortised cost	50,880,954	48,341,941
Guarantees	6,404,766	7,503,083
Unutilised credit facilities and credit undertakings*	22,784,839	20,583,956
Other exposures, including derivative financial instruments	841,241	1,072,417
Total maximum credit exposure	**80,911,800**	**77,501,397**

** On 31 December 2023 the bank had provided unutilised credit facilities and credit undertakings to a total of DKK 22.8 billion (2022: DKK 20.6 billion). Committed credit facilities and credit undertakings were DKK 328 million (2022: DKK 84 million).*

Note no.

45 Credit risks

Security received

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 fair values calculated on the basis of profitability analyses less a deduction.
- Movables and production facilities are in principle valued at book value less a deduction.
- Agricultural properties are valued on the same principles as used by the Danish FSA. The bank applies lower prices for farmland than the price statistics prepared by the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark and DLR.
- Securities are valued at fair value less a safety margin.
- Wind turbines and solar energy plants are valued at the present value of the calculated cash flow over the assets' expected/remaining lives. The calculation is based on the expected output in a normal year.

The deductions are made to cover the risk in connection with realisation, costs etc.

			Security received				
	Maximum credit exposure DKK 1,000	**Loans and guarantees** DKK 1,000	**Real property** DKK 1,000	**Movables** DKK 1,000	**Securities and cash** DKK 1,000	**Other security*** DKK 1,000	**Total** DKK 1,000
31 December 2023							
Public authorities	**23,178**	**1,726**	**471**	**1,169**	**730**	**120**	**2,490**
Business customers:							
Agriculture, forestry, and fisheries	6,521,346	5,077,112	1,938,088	637,400	176,806	1,257,540	4,009,834
Industry and raw materials extraction	3,691,892	2,263,213	285,505	722,134	47,200	180,276	1,235,115
Energy supply	5,014,462	3,155,567	531,404	8,500	44,683	2,029,182	2,613,769
Building and construction	4,018,386	2,677,580	823,572	237,473	142,731	107,620	1,311,396
Trade	3,503,072	2,264,835	626,367	704,641	110,056	91,002	1,532,066
Transport, hotels, and restaurants	1,059,394	799,608	366,621	107,461	42,387	194,475	710,944
Information and communication	271,540	136,887	47,448	35,164	28,085	16,595	127,292
Finance and insurance	11,251,877	7,272,042	422,987	1,075,076	2,290,852	424,604	4,213,519
Real property	12,810,253	10,591,641	6,770,509	21,098	452,912	535,784	7,780,303
Other business customers	6,980,911	3,727,284	1,304,109	271,475	1,246,388	338,025	3,159,997
Total business customers	**55,123,133**	**37,965,769**	**13,116,610**	**3,820,422**	**4,582,100**	**5,175,103**	**26,694,235**
Private individuals	**25,765,489**	**19,318,225**	**9,593,238**	**2,491,780**	**1,860,108**	**2,168,735**	**16,113,861**
Total	**80,911,800**	**57,285,720**	**22,710,319**	**6,313,371**	**6,442,938**	**7,343,958**	**42,810,586**

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

Note no.

45 Credit risks - continued

Security received - continued

31 December 2022	Maximum credit exposure DKK 1,000	Loans and guarantees DKK 1,000	Security received: Real property DKK 1,000	Movables DKK 1,000	Securities and cash DKK 1,000	Other security* DKK 1,000	Total DKK 1,000
Public authorities	**23,745**	**2,388**	**702**	**1,348**	**843**	**120**	**3,013**
Business customers:							
Agriculture, forestry, and fisheries	5,687,342	4,367,757	1,613,811	698,809	159,823	1,323,888	3,796,331
Industry and raw materials extraction	2,957,433	2,001,414	282,104	662,525	54,057	212,776	1,211,462
Energy supply	5,539,631	4,301,792	247,940	500	36,073	1,977,800	2,262,313
Building and construction	3,234,559	2,065,485	705,761	201,131	165,546	153,922	1,226,360
Trade	3,382,669	2,311,666	582,236	676,697	86,983	94,864	1,440,780
Transport, hotels, and restaurants	1,034,260	808,522	362,295	74,447	63,927	213,671	714,340
Information and communication	292,301	173,738	67,180	43,595	23,196	10,757	144,728
Finance and insurance	9,317,870	6,005,502	513,705	832,112	1,911,538	386,785	3,644,140
Real property	13,619,395	10,480,129	6,173,461	17,217	546,817	455,358	7,192,853
Other business customers	6,800,451	3,796,549	1,342,454	250,348	1,129,790	269,118	2,991,710
Total business customers	**51,865,911**	**36,312,554**	**11,890,947**	**3,457,381**	**4,177,750**	**5,098,939**	**24,625,017**
Private individuals	**25,611,741**	**19,530,082**	**9,520,495**	**2,412,294**	**1,816,245**	**2,236,228**	**15,985,262**
Total	**77,501,397**	**55,845,024**	**21,412,144**	**5,871,023**	**5,994,838**	**7,335,287**	**40,613,292**

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

Note no.

45 **Credit risks - continued**

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 or any material signs of weakness.

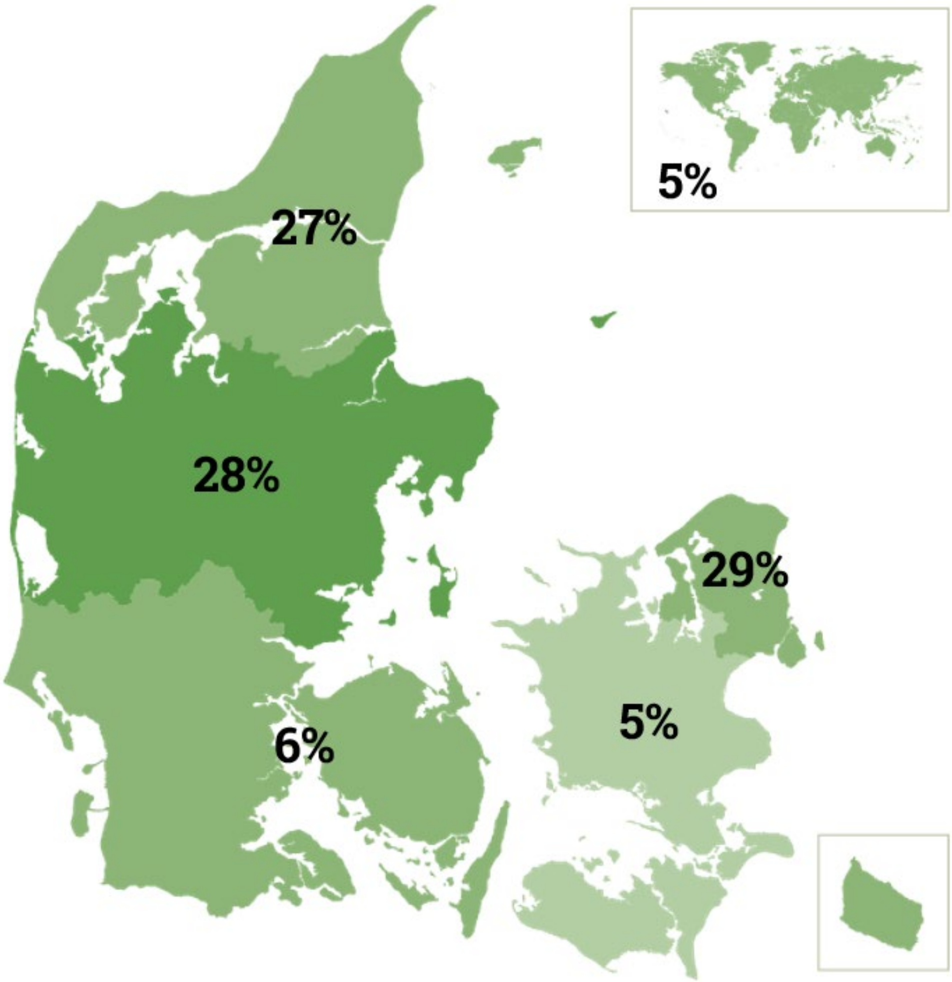
Credit concentration

	End of 2023	End of 2022	End of 2021	End of 2020	End of 2019
Total large exposures	116.9%	118.0%	109.8%	99.8%	121.0%

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

Geographical diversification

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.



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

Note no.

45 Credit risks - continued

Diversification across industries

The loans via the bank's niche have 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.

A more detailed distribution by sector and industry of the items "Loans and other receivables at amortised cost" and "Guarantees" (less provisions for losses on guarantees) is given below.

Loans and guarantees, end of year, by sector and industry (net)*

	31 Dec. 2023 DKK 1,000	31 Dec. 2023 Percent	31 Dec. 2022 DKK 1,000	31 Dec. 2022 Percent
Public authorities	**1,726**	**0.0**	**2,388**	**0.0**
Business customers:				
Agriculture, hunting, and forestry				
Cattle farming etc.	650,334	1.1	587,975	1.1
Pig farming etc.	596,514	1.0	501,863	0.9
Other agriculture, hunting, and forestry	3,157,151	5.5	2,518,250	4.5
Fisheries	673,113	1.2	759,669	1.4
Industry and raw materials extraction	2,263,213	4.0	2,001,414	3.6
Energy supply				
Renewable energy	3,033,113	5.3	4,213,630	7.5
Other energy supply	122,454	0.2	88,162	0.2
Building and construction	2,677,580	4.7	2,065,485	3.7
Trade	2,264,835	4.0	2,311,666	4.1
Transport, hotels, and restaurants	799,608	1.4	808,522	1.4
Information and communication	136,887	0.2	173,738	0.3
Finance and insurance	7,272,042	12.7	6,005,502	10.8
Real property				
Real property financing without prior creditors	8,156,244	14.2	8,061,051	14.4
Other real property financing	2,435,397	4.3	2,419,078	4.3
Other business customers	3,727,284	6.5	3,796,549	6.8
Total business customers	**37,965,769**	**66.3**	**36,312,554**	**65.0**
SMEs' share of this (in percentage points)	33,347,333	58.2	31,515,956	55.9
Private individuals	**19,318,225**	**33.7**	**19,530,082**	**35.0**
Total	**57,285,720**	**100.0**	**55,845,024**	**100.0**

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

Note no.

45 **Credit risks - continued**

Diversification across industries - continued

Comments on certain industries

There were small changes to the bank's distribution by industry in 2023.

Loans and guarantees for agriculture grew in 2023 with the category other agriculture growing from 4.5% to 5.5%. The category includes financing of land in Denmark and abroad and security consists primarily of farmland.

Loans and guarantees for finance and insurance grew from 10.8% to 12.7%. This industry includes exposure to well-consolidated financial counterparties, loans granted on mortgage deed portfolios, leasing companies and the bank's concept for securities lending. Security consists, among other things, of listed securities, mortgage deeds and lease assets.

Loans and guarantees for renewable energy decreased from 7.5% to 5.3%. The industry comprises financing of wind turbines, solar energy plants and biogas plants. The decrease is primarily attributable to repayments of loans for biogas plants and a generally strong repayment ability within wind, solar and biogas energy. Security consists of mortgages on the plants and assignment in electricity accounts etc.

Loans and guarantees for building and construction increased from 3.7% to 4.7%. The industry comprises both financing of craft industry enterprises' operating activities and construction of major building projects intended for resale. Security consists, among other things, of security in real property and business charges.

The share of loans and guarantees for real property is more or less unchanged. These loans include 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.

The share of loans and guarantees to personal customers decreased in the period. The reasons include a decrease in guarantees for home loans, transfer of home loans for funding by Totalkredit and the fact that the share decreases automatically when the loans to other industries grow. Loans to the industry were mainly used to finance homes and the security received from personal customers consists primarily of mortgages on real property (private homes).

Note no.

45 Credit risks - continued

Credit quality

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.

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 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** Percent
31 December 2023						
Credit quality						
High	61,641,599	48,040	0	0	61,689,639	74.9
Medium	11,359,422	2,748,161	0	0	14,107,583	17.1
Low	1,205,698	3,943,486	0	0	5,149,184	6.2
Credit-impaired	-	-	1,297,358	161,384	1,458,742	1.8
Total	**74,206,719**	**6,739,687**	**1,297,358**	**161,384**	**82,405,148**	**100.0**
Impairment charges etc.	**399,251**	**1,062,292**	**772,194**	**100,852**	**2,334,589**	
31 December 2022						
Credit quality						
High	58,193,355	51,430	0	0	58,244,785	74.0
Medium	11,063,228	2,409,161	0	0	13,472,389	17.1
Low	1,165,646	4,404,266	0	0	5,569,912	7.1
Credit-impaired	-	-	1,214,455	229,610	1,444,065	1.8
Total	**70,422,229**	**6,864,857**	**1,214,455**	**229,610**	**78,731,151**	**100.0**
Impairment charges etc.	**226,760**	**1,040,582**	**879,486**	**155,343**	**2,302,171**	

The table shows exposures by high, medium, and low credit quality as well as credit-impaired on initial recognition and indicates that the credit quality is high for 74.9% of the bank's exposures, which is marginally higher than the 74.0% last year.

The categories high, medium and low credit quality do not translate directly into the Danish FSA's rating classes but, as a 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. Exposures which are in stage 3 or credit-impaired on initial recognition are those where losses are expected in the most probable scenario.

The credit quality is determined mainly on the basis of the customer's accounting figures and financial circumstances. Accounts reflect the economic situation with a natural delay, and falling house prices are only gradually incorporated into statements of assets and liabilities etc. Changes in the economic situation are consequently not reflected as an immediate decrease in credit quality. The present economic downturn is therefore only reflected to some degree in the credit quality stated. The bank is aware of this and has downward adjusted the credit quality of the largest customers. If the economic downturn continues, the stated credit quality is also expected to fall.

Note no.

45 Credit risks - continued

Credit quality - 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 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 impairment charges etc. DKK 1,000
31 December 2023						
Public authorities	**22,347**	**0**	**1,995**	**0**	**24,342**	**1,164**
Business customers:						
Agriculture, forestry, and fisheries	5,428,443	1,265,911	526,710	66,889	7,287,953	803,513
Industry and raw materials extraction	3,368,117	237,095	45,986	164	3,651,362	73,040
Energy supply	4,946,430	84,259	444	7,690	5,038,823	42,107
Building and construction	3,641,495	364,426	123,386	2,052	4,131,359	113,106
Trade	3,068,417	405,270	28,654	2,825	3,505,166	87,081
Transport, hotels, and restaurants	960,246	105,892	13,507	1,411	1,081,056	28,561
Information and communication	239,869	30,316	18,255	0	288,440	18,960
Finance and insurance	10,476,737	553,469	17,286	0	11,047,492	123,164
Real property	11,421,211	1,369,946	273,749	35,140	13,100,046	436,128
Other business customers	6,345,094	666,459	60,973	1,884	7,074,410	155,059
Total business customers	**49,896,059**	**5,083,043**	**1,108,950**	**118,055**	**56,206,107**	**1,880,719**
Private individuals	**24,288,312**	**1,656,645**	**186,413**	**43,329**	**26,174,699**	**452,706**
Total	**74,206,718**	**6,739,688**	**1,297,358**	**161,384**	**82,405,148**	**2,334,589**
Total (percent)	**90.0**	**8.2**	**1.6**	**0.2**	**100.0**	
31 December 2022						
Public authorities	**23,442**	**374**	**660**	**0**	**24,476**	**731**
Business customers:						
Agriculture, forestry, and fisheries	4,474,520	1,382,805	618,976	119,354	6,595,655	974,753
Industry and raw materials extraction	2,552,250	320,438	42,847	225	2,915,760	59,694
Energy supply	5,425,297	126,750	458	7,290	5,559,795	37,758
Building and construction	2,872,240	356,916	107,760	2,396	3,339,312	104,887
Trade	2,999,472	345,575	40,352	2,998	3,388,397	82,139
Transport, hotels, and restaurants	877,953	166,483	12,764	1,587	1,058,787	34,026
Information and communication	255,802	30,660	25,681	0	312,143	21,892
Finance and insurance	8,678,227	484,874	38,501	0	9,201,602	98,842
Real property	12,457,659	1,126,304	70,608	31,571	13,686,142	219,831
Other business customers	5,983,638	534,520	55,741	2,405	6,576,304	143,513
Total business customers	**46,577,058**	**4,875,327**	**1,013,688**	**167,824**	**52,633,897**	**1,777,335**
Private individuals	**23,821,729**	**1,989,158**	**200,107**	**61,784**	**26,072,778**	**524,105**
Total	**70,422,229**	**6,864,857**	**1,214,455**	**229,610**	**78,731,151**	**2,302,171**
Total (percent)	**89.4**	**8.7**	**1.6**	**0.3**	**100.0**	

As shown in the table at 31 December 2023 on page 89, 90.0 percent of the bank’s exposures are in stage 1, while 8.2% are in stage 2. The bank's exposures in stage 3 account for 1.8%. 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 56 “Accounting policies etc.” in the section “Model for impairment of expected credit losses on loans and other receivables etc.”

Note no.

45 Credit risks - continued

Credit quality - continued

Loans in stage 3

31 December 2023	Loans (gross) with impairment charges DKK 1,000	Impairment charges DKK 1,000	Security for impaired loans DKK 1,000
Public authorities	**1,837**	**1,155**	**485**
Business customers:			
Agriculture, forestry, and fisheries	536,380	246,428	229,957
Industry and raw materials extraction	9,300	6,644	2,391
Energy supply	7,622	8,130	0
Building and construction	83,322	30,365	52,574
Trade	27,247	17,099	8,266
Transport, hotels, and restaurants	13,794	9,193	4,510
Information and communication	16,949	13,377	3,751
Finance and insurance	12,311	7,752	4,549
Real property	302,371	103,554	161,741
Other business customers	56,881	37,318	13,955
Total business customers	**1,066,177**	**479,860**	**481,694**
Private individuals	**198,019**	**151,864**	**31,125**
Total	**1,266,033**	**632,879**	**513,304**
31 December 2022			
Public authorities	**660**	**621**	**45**
Business customers:			
Agriculture, forestry, and fisheries	674,155	335,451	311,977
Industry and raw materials extraction	6,804	3,733	1,673
Energy supply	7,477	7,497	1
Building and construction	86,074	43,232	43,725
Trade	36,553	25,328	11,145
Transport, hotels, and restaurants	12,862	8,676	4,232
Information and communication	24,182	16,303	7,335
Finance and insurance	35,399	12,816	23,024
Real property	100,874	40,276	54,506
Other business customers	52,730	34,694	16,554
Total business customers	**1,037,110**	**528,006**	**474,172**
Private individuals	**226,499**	**182,472**	**51,159**
Total	**1,264,269**	**711,099**	**525,376**

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.

Note no.

45 **Credit risks - continued**

Suspended interest

The credit quality is also documented by the size of exposures with suspended interest.

	31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
Loans and other receivables with suspended interest on the balance sheet date	119,789	81,176

Other credit risks

Exposure to financial counterparties, and consequently a credit risk, including a settlement risk, arises from the bank's loans to other banks, its possession of bonds, its trading in securities, foreign currency and derivative financial instruments, and its 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 hedging covers the bank or the financial counterparty with whom the individual derivatives contract was signed 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 on demand.

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 10% non-rated securities include non-preferred senior issues.

Please also see note 22.

Note no.

45 Credit risks - continued

Derivative financial instruments

The positive market value of derivative financial instruments decreased during the year.

	31 Dec. 2023 DKK 1,000	**31 Dec. 2022** DKK 1,000
Positive market value (by counterparty risk) after netting		
Counterparty risk weighting 20%	31,165	42,315
Counterparty risk weighting 50%	33,847	50,102
Counterparty risk weighting 75%	14,227	12,727
Counterparty risk weighting 100%	8,765	13,416
Counterparty risk weighting 150%	194	78
Total risk weighting	**88,198**	**118,638**

46 Market risks

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. 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.

To supplement the more traditional measures of market risk, the bank uses a mathematical/statistical model to compute market risks. The model is used to compute Value at Risk (VaR), which is regularly reported to the bank’s management. The model is thus used as one of a number of tools in the bank’s management of market risks. Please see note 50 on page 97 for more information.

Note no.

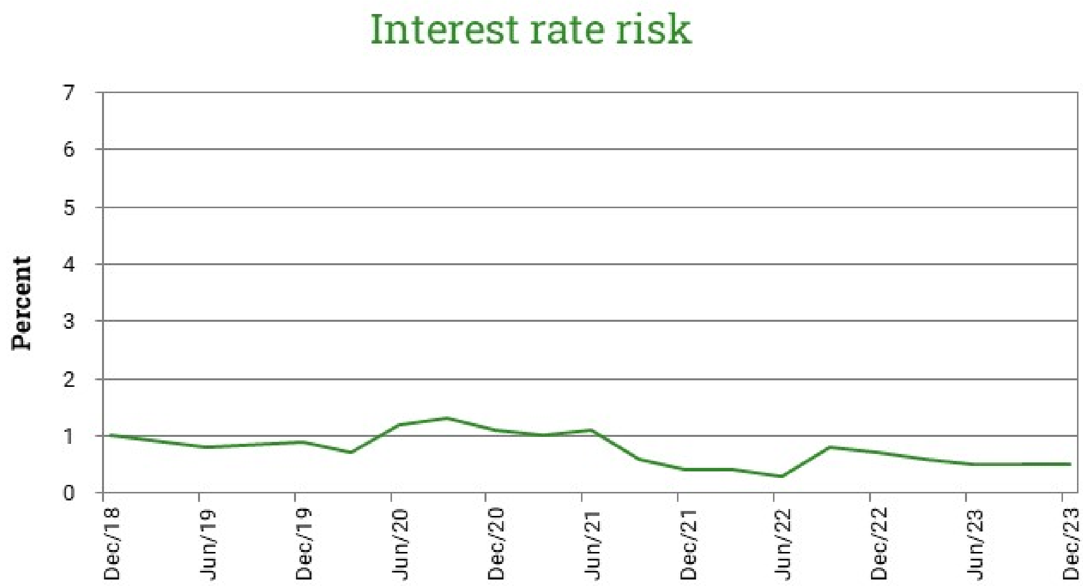
47 **Interest rate risks**

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.



Explanation: The interest rate risk shows the profit impact as a percentage of core capital for a 1 percentage point change in the interest rate level.

	31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
Total interest rate risk, including by foreign currency		
Total interest rate risk	**48,786**	**60,813**
Interest rate risk (%)	**0.5**	**0.7**
Interest rate risk by foreign currency:		
DKK	44,108	59,858
CHF	-102	-133
EUR	4,397	1,096
GBP	-164	-630
NOK	144	121
SEK	93	304
USD	280	198
Other currencies	30	-1
Total	**48,786**	**60,813**

Note no.

48 Foreign exchange risks

The bank's principal currency is the Danish krone (DKK), 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 exposure to foreign exchange risk, and the bank thus reduces ongoing positions in foreign currencies via hedging. The primary foreign currency is the euro (EUR).

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 2023 was at an insignificant level.

	31 Dec. 2023 DKK 1,000	**31 Dec. 2022** DKK 1,000
Assets and liabilities in foreign currency and foreign exchange indicators		
Total assets in foreign currency	7,282,170	5,710,341
Total liabilities in foreign currency	9,989,133	9,741,588
Foreign exchange indicator 1	55,154	87,595
Foreign exchange indicator 1 as a percentage of tier 1 capital (%)	**0.6**	**1.1**
Foreign exchange indicator 2	984	1,052
Foreign exchange indicator 2 as a percentage of tier 1 capital (%)	**0.0**	**0.0**

Note no.

49 **Share price risks**

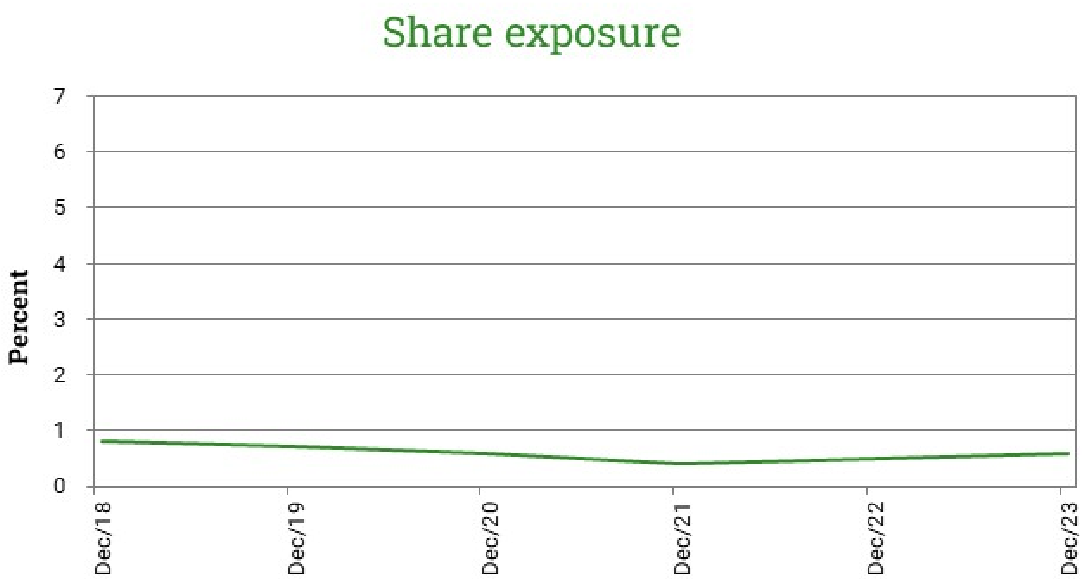
The bank is a co-owner of various sector companies such as BI Holding A/S (BankInvest), Bokis A/S, DLR Kredit A/S, Letpension Holding A/S, PRAS A/S and others.

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 1,471 million at the end of the year, with DKK 54 million in listed shares and investment fund certificates and DKK 1,417 million in sector shares etc. Please see note 23 on page 70 for a specification.

The bank's policy is to maintain a moderate exposure to 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 its 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.



Explanation: The share exposure is calculated as the bank's share holdings (excluding sector shares and bond-based investment funds, etc.) as a percentage of the bank's equity.

	31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
Sensitivity analysis of sector shares		
Sector shares cf. note 23	1,405,318	1,286,532
Impact on the profit of a 10% price change	140,532	128,653

The prices of sector shares depend on the companies' earnings. The above shows the effect of a 10% decrease in earnings.

Note no.

50 Value at Risk

As stated in the management review and note 46, Ringkjøbing Landbobank uses a Value at Risk (VaR) model as a sensitivity analysis to compute market risks as a supplement to the more traditional measures of market risk. The model is thus used as one of a number of tools in the bank's management of market risks. VaR is a measure of risk which describes the bank's risk under normal market conditions.

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.

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.

A separate VaR is thus calculated for interest rate, foreign exchange and listed share positions etc., and a total VaR is also calculated for all of these. The calculated VaR indicates the bank's sensitivity to losses on the basis of its positions.

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 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. Back-tests of the model were performed throughout the year with satisfactory results.

Note no.

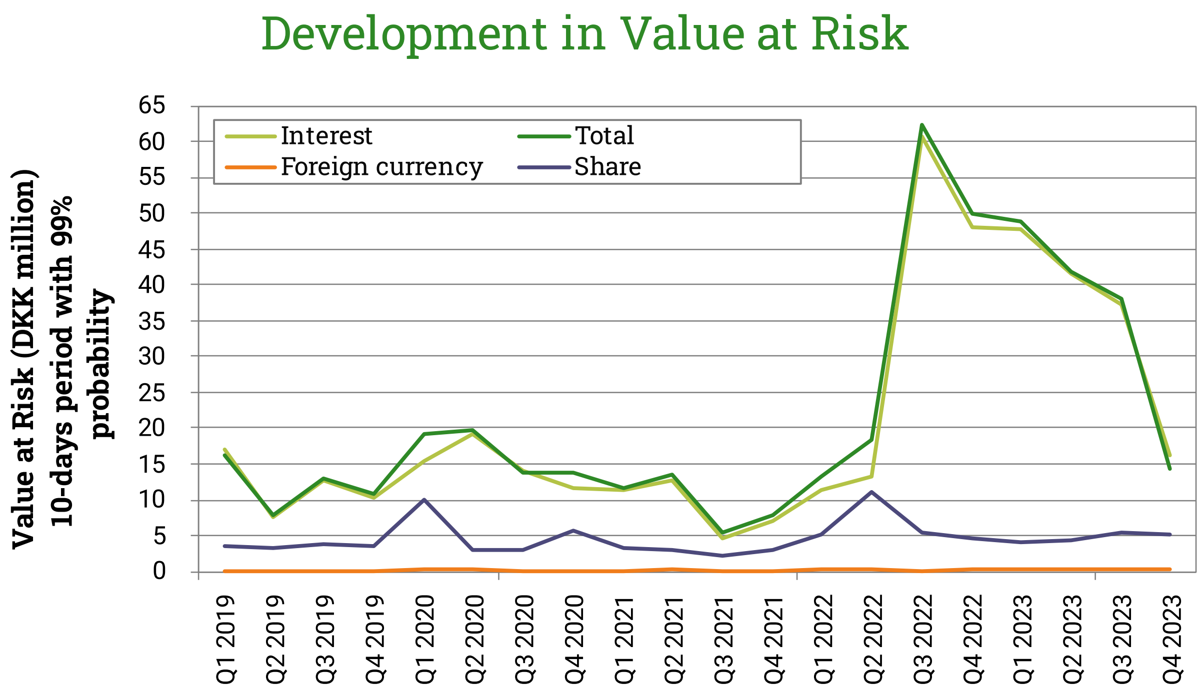
50 Value at Risk - continued

Value at Risk summary

The bank's total VaR was DKK 14.4 million at the end of 2023. 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.

As indicated in the table, the bank's total VaR in 2023 varied from DKK 9.0 million to DKK 65.2 million. The average VaR figure was DKK 30.9 million.

Risk type (DKK million)	**Average VaR figure**	**Min. VaR figure**	**Max. VaR-figure**	**End of year VaR figure**
Interest	30.4	8.6	63.8	16.3
Foreign exchange	0.2	0.2	1.1	0.3
Share price	5.6	2.8	8.9	5.2
Diversification	-5.3	-7.9	-2.0	-7.4
Total VaR figure	**30.9**	**9.0**	**65.2**	**14.4**



51 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 therefore mainly consists of domicile properties, plus investment properties which represent an extremely modest proportion of both the bank's balance sheet total and its equity.

Note no.

52 Liquidity risks

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

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 the 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 2023 the bank's LCR was 254%, which thus met the statutory requirement.

In addition to the LCR figure, a liquidity benchmark also applies to the bank as mentioned in the section "The Supervisory Diamond" in the financial review. 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 225% on 31 December 2023, compared to a limit value of 100%. The bank thus also met this statutory requirement.

Finally, the bank must meet the Net Stable Funding Ratio (NSFR). Like the LCR requirement, 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 123% on 31 December 2023, which exceeded the statutory requirement.

The bank's assets and thus its loan 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 etc., 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.

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 2023.

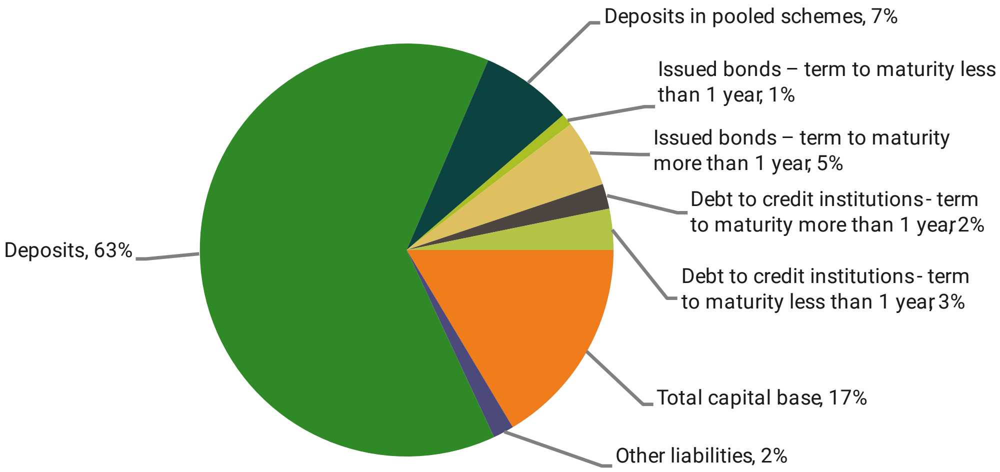
Finally, the bank has a joint funding agreement with Totalkredit/Nykredit. The agreement means that the bank can procure liquidity by letting Totalkredit/Nykredit issue SDO bonds against security in the loans which the bank has provided to customers with security in real property.

Note no.

52 Liquidity risks - continued

As evident from the following, 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 2023 was DKK 10.8 billion, while the corresponding figure at the end of 2022 was DKK 9.5 billion.

Distribution of funding end of 2023



	31 Dec. 2023 DKK 1,000	31 Dec. 2022 DKK 1,000
The short-term funding (term to maturity less than 1 year)		
Debt to credit institutions and central banks	1,418,442	2,217,766
Issued bonds	1,100,827	628,204
Total	**2,519,269**	**2,845,970**
Covered as follows		
Cash in hand and demand deposits with Danmarks Nationalbank	4,913,795	4,750,398
Receivables from credit institutions, term to maturity less than 1 year	243,490	776,039
Bonds, shares and investment fund certificates at fair value	8,180,843	6,812,333
Total	**13,338,128**	**12,338,770**
Excess cover	**10,818,859**	**9,492,800**

Note no.

53 **Non-financial risks**

Non-financial risks comprise various risks such as the risk of money laundering and financing of terrorism etc., IT risks and other operational risks.

The 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. Examples are cyber security, compliance with data ethics, the integration and adequacy of the bank's IT systems, dependence on external factors, including outsourcing, and IT risks linked to 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.

The bank regularly registers the losses and events which are attributed to operational risks. These registrations are used as the basis for an assessment of whether procedures etc. should 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 compliance and risk functions and by internal 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 combat any form of money laundering and financing of terrorism etc. As a bank in a globalised world, the bank is required to maintain high standards for combating money laundering and financing of terrorism and to monitor and comply with financial sanctions.

The bank has implemented internal procedures, controls, monitoring etc. to help comply with applicable rules in the area. The employees complete in-service training in combating money laundering and financing of terrorism. For further information, please see pages 25-26.

Note no.

53 Non-financial risks - continued

IT risks

IT supports a large part of the systems and processes used by both the bank’s customers and its employees. IT security is therefore an important element in the assessment of the bank’s non-financial 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. The policy is the foundation of the bank’s work with IT risks and its IT security policy. The IT security policy states how the bank manages IT security and ensures that the risk level complies with the risk profile requested by the board of directors.

Part of the work with IT risks and their management is an annual risk analysis performed by the bank’s IT security department to assess the bank’s IT risks. The analysis is based on the IT and outsourcing risks identified and registered by the bank. The register contains an assessment of risks based on the probability and consequences of different risks - before and after mitigating measures. The risk analysis made is presented in a heatmap, which documents the bank’s risk profile in terms of IT and outsourcing risks.

As part of this work, the IT security department reorganised the IT security management to the ISO 27001 framework in 2023. By selecting a framework like ISO 27001, the bank makes use of a well-developed, best practice framework which is acknowledged internationally and deals with all aspects of IT security. The bank thereby obtains a “connecting thread” through all its primary IT security documents. In connection with the reorganisation, the bank also prepared for the implementation of the forthcoming DORA regulation.

The bank’s suppliers of IT systems are assessed annually to check whether they comply with the requirements of the outsourcing agreement entered into. The outsourcing suppliers’ compliance with the outsourcing agreement is monitored regularly, including the receipt of reports on the stability of operations and handling of IT security.

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

The bank’s IT organisation and management 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

It is a high priority for the bank that customer data are processed and kept confidential in conformity with the applicable rules on data processing (GDPR). The bank’s board of directors has therefore adopted a data ethics policy. 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.

Please see page 61 for further details on the amount recognised.

Note no.

54 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	
31 December 2023	**Nominal value**	**Net market value**	**Nominal value**	**Net market value**
Currency contracts				
Spot, purchase	113,594	-65	0	0
Spot, sale	13,718	23	0	0
Forward transactions/futures, purchase	5,135,285	8,145	1,255,369	7,455
Forward transactions/futures, sale	11,238	15	0	0
Swaps	0	0	1,027,936	8,623
Options, acquired	2,236	-64	0	0
Options, issued	2,288	64	0	0
Interest-rate contracts				
Spot, purchase	454,833	1,619	0	0
Spot, sale	668,813	-5,709	0	0
Forward transactions/futures, purchase	283,304	3,095	13,233	125
Forward transactions/futures, sale	465,573	-8,023	45,312	-722
Swaps	0	0	580,831	-11,476
Options, acquired	0	0	10,000	78
Options, issued	0	0	10,000	-53
Share contracts				
Spot, purchase	3,213	-269	0	0
Spot, sale	3,206	202	0	0
Options, acquired	8,662	1,430	5,559	1,000
Options, issued	8,663	-1,430	5,572	-1,000

	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	336	3	0	0
Swaps	1,945,420	-75,583	610,935	-58,531
Interest-rate contracts				
Swaps	658,790	-25,939	164,592	-11,957
Options, acquired	19,688	661	25,065	909
Options, issued	19,688	-646	15,321	-463
Share contracts				
Options, acquired	307	78	0	0
Options, issued	308	-78	0	0

Note no.

54 Derivative financial instruments - continued

DKK 1,000	Total nominal value		Total net market value	
31 December	**2023**	**2022**	**2023**	**2022**
Currency contracts				
Spot, purchase	113,594	74,343	-65	-138
Spot, sale	13,718	13,507	23	39
Forward transactions/futures, purchase	6,390,990	4,892,100	15,603	-49,963
Forward transactions/futures, sale	11,238	93,678	15	1,012
Swaps	3,584,291	3,550,961	-125,491	-96,880
Options, acquired	2,236	930	-64	-5
Options, issued	2,288	956	64	5
Interest-rate contracts				
Spot, purchase	454,833	708,804	1,619	584
Spot, sale	668,813	175,689	-5,709	1,138
Forward transactions/futures, purchase	296,537	273,206	3,220	-4,872
Forward transactions/futures, sale	510,885	562,858	-8,745	6,640
Swaps	1,404,213	2,681,505	-49,372	-74,071
Options, acquired	54,753	66,488	1,648	1,439
Options, issued	45,009	62,741	-1,162	-1,216
Share contracts				
Spot, purchase	3,213	1,621	-269	214
Spot, sale	3,206	1,638	202	-172
Forward transactions/futures, purchase	0	147	0	144
Forward transactions/futures, sale	0	147	0	-109
Options, acquired	14,528	42,726	2,508	943
Options, issued	14,543	42,666	-2,508	-943
Total net market value			**-168,483**	**-216,211**

Note no.

54 Derivative financial instruments - continued

DKK 1,000	Market value				Average market value			
	Positive		Negative		Positive		Negative	
31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Currency contracts								
Spot, purchase	254	88	319	226	303	488	512	480
Spot, sale	28	39	5	0	70	86	9	168
Forward transactions/ futures, purchase	41,139	21,109	25,536	71,072	35,746	49,042	17,866	24,671
Forward transactions/ futures, sale	15	2,613	0	1,601	541	8,621	0	14,750
Swaps	48,488	99,556	173,979	196,436	57,746	77,056	221,091	134,555
Options, acquired	0	0	64	5	0	9	16	3
Options, issued	64	5	0	0	16	3	0	9
Interest-rate contracts								
Spot, purchase	1,675	1,121	56	537	1,833	4,073	814	2,418
Spot, sale	414	1,624	6,123	486	2,610	6,635	2,956	2,920
Forward transactions/ futures, purchase	3,388	1,917	168	6,789	1,727	5,474	1,039	12,830
Forward transactions/ futures, sale	465	9,728	9,210	3,088	3,858	24,617	3,010	5,690
Swaps	613	8,753	49,985	82,824	922	10,268	63,220	62,932
Options, acquired	1,719	1,497	71	58	1,811	969	48	441
Options, issued	0	157	1,162	1,373	62	678	1,378	915
Share contracts								
Spot, purchase	754	754	1,023	540	4,323	5,117	1,073	1,402
Spot, sale	792	571	590	743	1,072	1,491	14,203	4,901
Forward transactions/ futures, purchase	0	166	0	22	10	382	32	10
Forward transactions/ futures, sale	0	32	0	141	38	13	3	372
Options, acquired	2,508	943	0	0	1,796	396	0	0
Options, issued	0	0	2,508	943	0	0	1,796	396
Total market value	**102,316**	**150,673**	**270,799**	**366,884**	**114,484**	**195,417**	**329,065**	**269,863**

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

Note no.

55 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 customer relations

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 are 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 2023, concerns about the housing market, land prices, the increasing interest rates, a possible climate tax on agriculture and uncertainty relating to property development 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 56 “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 risks”.

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 56.

Note no.

55 **Accounting estimates and judgments - continued**

Valuation of goodwill and customer relationships

Customer relationships and goodwill are 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 25 "Intangible assets" for further details on the impairment test of goodwill.

56 **Accounting policies etc.**

General

The annual report was prepared in accordance with statutory requirements, including the provisions of the Danish Financial Business Act and the disclosure requirements of Article 8 of Regulation (EU) 2020/852 (the taxonomy regulation).

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

The accounting policies are unchanged since the last financial year. However, the presentation of the items "Assets linked to pooled schemes" and "Deposits in pooled schemes" under "Value adjustments" in note 5 has changed. Both "value adjustment" entries for the 2023 financial year have been reduced by DKK 218 million. The comparative figures have been adjusted accordingly and the reduction was DKK 125 million. The change relates to dividends received in the pools and do not affect the profit, balance sheet total or equity.

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.

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

Note no.

56 **Accounting policies etc. - continued**

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 1-3% 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 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.

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.

Note no.

56 Accounting policies etc. - continued

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 and the factor increase (extra tax on financial undertakings) 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.

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 67.

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 pertaining 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.

Note no.

56 Accounting policies etc. - continued

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 be 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".

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. Please also see the section on credit quality in note 45, "Credit risks", which shows the classification of assets with low credit risks and the distribution by industry. It is judged only to be relevant to give an account of assets with credit risk for the item "Loans and other receivables at amortised cost".

Note no.

56 Accounting policies etc. - continued

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 their obligations as agreed;
- The borrower is in breach of contract, for example by failing to meet their 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 losses 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, the financial asset remains in stage 2 if no losses are expected in the most probable scenario (weak stage 2).

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 adjusted to the definition of default in the capital requirements regulation (CRR).

The definitions of default and credit-impaired are also in line with the definition of non-performing as the bank has aligned the entry criteria for the three concepts. Only the exit and quarantine periods associated with the different risk classification concepts differ.

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 probabilities that they will occur.

In addition, a management estimate reflecting macroeconomic expectations and uncertainties in models is allocated: see also note 55.

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 Councils, Danmarks Nationalbank and others. The forecasts generally cover two years and include variables such as increase in public spending, increase in GDP, trends in house prices 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.

Note no.

56 **Accounting policies etc. - continued**

As a 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.

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 and illiquid bonds 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).

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 and illiquid 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 group undertakings and associated companies

Investments in group undertakings 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 group undertakings 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.

Group undertakings 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.

56 **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 up to 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. Temporary assets are included at cost on transfer and will subsequently be written down to a possibly lower realisation value.

Loss due to impairment arising on initial classification as temporary assets, and gains and losses in subsequent measurements, are recognised in the income statement under the items to which they relate.

Other assets

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

Tax assets and tax liabilities

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.

56 Accounting policies etc. - continued

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)

"Key figure per DKK 1 share" is calculated on the basis of:

- 2023: 26,732,729 shares
- 2022: 27,553,139 shares
- 2021: 28,431,916 shares
- 2020: 29,067,721 shares
- 2019: 29,228,321 shares

Statements in the financial review

Core earnings and the associated graphs for 2018 on pages 7 and 8 are proforma figures (i.e., as if the merger had taken effect on 1 January 2018). The figures were calculated by adding up figures from Ringkjøbing Landbobank's statement of the alternative measure of performance "Core earnings" and proforma figures from Nordjyske Bank, converted and adjusted to Ringkjøbing Landbobank's statement of the alternative performance measure "Core earnings".

Note no.

56 **Accounting policies etc. - continued**

Core earnings per DKK 1 share (page 8)

The bank's alternative performance measure "Core earnings" is used as the value of earnings. For the years 2014-2017, core earnings figures from the "old" Ringkjøbing Landbobank were used, for 2018, the proforma core earnings for the merged bank were used and finally, for 2019-2023 the actual core earnings for 2019-2023 for the merged bank were used.

The following numbers of shares were used in the calculation:

- End of 2023: 26,732,729 shares
- End of 2022: 27,553,139 shares
- End of 2021: 28,431,916 shares
- End of 2020: 29,067,721 shares
- End of 2019: 29,228,321 shares
- End of 2018: 29,906,383 shares
- End of 2017: 21,812,000 shares
- End of 2016: 22,350,000 shares
- End of 2015: 22,850,000 shares
- End of 2014: 23,350,000 shares

The number of shares is calculated based on transactions made.

Five-year main figures

Summary (DKK 1,000)	**2023**	**2022**	**2021**	**2020**	**2019**
Income statement					
Interest income	3,325,508	1,865,848	1,459,846	1,373,215	1,299,449
Interest expenses	785,976	185,174	103,080	120,910	131,144
Net interest income	**2,539,532**	**1,680,674**	**1,356,766**	**1,252,305**	**1,168,305**
Dividends from shares etc.	90,214	99,637	77,109	71,241	70,409
Fee and commission income	1,029,411	1,038,855	939,219	814,821	833,082
Fee and commission expenses	93,419	91,602	91,183	85,545	78,541
Net interest and fee income	**3,565,738**	**2,727,564**	**2,281,911**	**2,052,822**	**1,993,255**
Value adjustments	+253,354	+73,493	+163,127	+126,079	+168,906
Other operating income	5,829	2,055	5,490	2,054	13,582
Staff and administration expenses	939,121	870,847	790,374	765,933	778,458
Amortisation, depreciation, and write-downs on intangible and tangible assets	33,377	33,035	35,793	29,241	37,959
Other operating expenses	10,044	6,607	7,643	8,110	3,934
Impairment charges for loans and receivables etc.	-5,792	-12,450	-78,629	-233,348	-110,172
Results from investments in associated companies and subsidiaries	+84	-37	+22	-13	+201
Profit before tax	**2,836,671**	**1,880,136**	**1,538,111**	**1,144,310**	**1,245,421**
Tax	681,449	385,239	308,846	224,596	267,156
Net profit for the year	**2,155,222**	**1,494,897**	**1,229,265**	**919,714**	**978,265**

Five-year main figures

Summary (DKK 1,000)	**End of 2023**	**End of 2022**	**End of 2021**	**End of 2020**	**End of 2019**
Balance sheet					
Assets					
Cash in hand and deposits with credit institutions and central banks	5,157,285	5,526,437	3,675,561	4,035,237	3,354,295
Loans and other receivables at amortised cost	50,880,954	48,341,941	41,179,255	36,241,166	35,465,416
Securities	9,610,048	8,120,126	8,223,754	8,035,251	8,076,548
Assets linked to pooled schemes	5,845,400	4,972,840	5,537,863	4,700,080	4,276,344
Intangible assets	1,012,161	1,043,163	1,062,672	1,034,838	1,049,838
Tangible assets	230,171	235,310	214,631	233,536	228,936
Other assets	783,621	739,764	463,652	582,021	489,517
Total assets	**73,519,640**	**68,979,581**	**60,357,388**	**54,862,129**	**52,940,894**
Liabilities and equity					
Debt to credit institutions and central banks	2,209,887	3,567,758	2,030,175	2,448,918	2,172,765
Deposits and other debt	46,781,095	43,726,938	38,202,186	34,938,565	33,851,493
Deposits in pooled schemes	5,845,400	4,972,840	5,537,863	4,700,080	4,276,344
Issued bonds	5,063,778	4,255,498	2,961,422	2,361,796	2,212,709
Other liabilities	1,042,493	1,034,550	730,121	592,837	533,417
Provisions for liabilities	86,673	90,709	128,443	124,908	83,433
Subordinated debt	2,039,110	2,036,526	2,044,505	1,549,150	2,200,857
Share capital	27,491	28,380	29,068	29,228	29,662
Reserves	10,423,713	9,266,382	8,693,605	8,116,647	7,580,214
Total shareholders' equity	10,451,204	9,294,762	8,722,673	8,145,875	7,609,876
Total liabilities and equity	**73,519,640**	**68,979,581**	**60,357,388**	**54,862,129**	**52,940,894**
Contingent liabilities etc.					
Contingent liabilities	6,464,791	7,569,679	10,270,428	9,811,830	9,664,674
Irrevocable credit undertakings	328,148	84,055	781,832	0	281,000
Total contingent liabilities etc.	**6,792,939**	**7,653,734**	**11,052,260**	**9,811,830**	**9,945,674**

Five-year key figures

		2023	2022	2021	2020	2019
Capital ratios:						
Total capital ratio	%	23.0	21.6	22.3	21.1	20.0
Tier 1 capital ratio	%	18.9	17.4	17.6	17.5	14.7
MREL capital ratio	%	28.9	28.9	27.8	26.7	27.3
Earnings:						
Return on equity before tax	%	28.7	20.9	18.2	14.5	16.8
Return on equity after tax	%	21.8	16.6	14.6	11.7	13.2
Income/cost ratio	DKK	3.87	3.04	2.69	2.10	2.34
Cost/income ratio	%	25.2	31.1	33.6	36.2	38.0
Return on assets	%	2.9	2.2	2.0	1.7	1.8
Market risk:						
Interest rate risk	%	0.5	0.7	0.4	1.1	0.9
Foreign exchange position	%	0.6	1.1	1.5	0.1	1.4
Foreign exchange risk	%	0.0	0.0	0.0	0.0	0.0
Liquidity risk:						
Liquidity Coverage Ratio (LCR)	%	254.0	187.9	175.8	207.3	203.5
Net Stable Funding Ratio (NSFR) [1]	%	122.7	118.9	116.2	-	-
Loans and impairments thereon relative to deposits	%	100.9	103.8	99.1	96.7	98.1
Credit risk:						
Loans relative to shareholders' equity		4.9	5.2	4.7	4.4	4.7
Growth in loans for the year	%	5.0	17.5	13.5	2.2	6.3
Total large exposures	%	116.9	118.0	109.8	99.8	121.0
Cumulative impairment ratio	%	3.9	4.0	4.2	4.6	4.3
Impairment ratio for the year	%	0.01	0.02	0.15	0.48	0.21
Proportion of receivables at reduced interest	%	0.2	0.1	0.2	0.5	0.4
Share return:						
Earnings per share [2/4]	DKK	7,814	5,340	4,276	3,156	3,311
Book value per share [2/3]	DKK	39,095	33,734	30,679	28,029	26,036
Dividend per share [2]	DKK	1,000	700	700	700	1,100
Market price relative to earnings per share [2/4]		12.7	17.8	20.5	17.6	15.5
Market price relative to book value per share [2/3]		2.5	2.8	2.9	2.0	2.0

1 *Comparative figures are only stated for the years when the key figure has applied.*
2 *Calculated on the basis of a denomination of DKK 100 per share.*
3 *Calculated on the basis of number of shares in circulation at the end of the year.*
4 *Calculated on the basis of the average number of shares, which is calculated as a simple average of the shares at the beginning of the year and at the end of the year.*

Five-year main and key figures

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.
Cost/income ratio
Total expenses etc. in percent of total core income.
Return on assets
Net profit for the year as a percentage of total assets.
Interest rate risk
Interest rate risk as a percentage of tier 1 capital.
Foreign exchange position
Foreign exchange indicator 1 as a percentage of tier 1 capital.
Foreign exchange risk
Foreign exchange indicator 2 as a percentage of tier 1 capital.
Liquidity Coverage Ratio (LCR)
Holding of liquid assets as a percentage of net outflows over 30 days.
Net Stable Funding Ratio (NSFR) [1]
The ratio of available stable funding, which includes deposits and shareholders' equity, to the required stable funding.
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 as a percentage of common equity tier 1.
Cumulative impairment ratio
Impairment charges for loans and provisions for losses on guarantees etc. as a percentage 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 as a percentage 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 as a percentage of loans plus impairment charges for loans plus guarantees plus provisions for losses on guarantees etc.
Earnings per share [2/4]
Net profit for the year/average number of shares.
Book value per share [2/3]
Shareholders' equity/share capital excluding own shares.
Dividend per share [2]
Proposed dividend/share capital.
Market price relative to earnings per share [2/4]
Market price/earnings per share.
Market price relative to book value per share [2/3]
Market price/book value per share

[1/2/3/4] *See page 118.*

The bank's branches

Branch	Address	Phone
Ringkøbing, head office	Torvet 1, 6950 Ringkøbing	+45 9732 1166
Brønderslev	Algade 39-41, 9700 Brønderslev	+45 9870 4500
Frederikshavn	Jernbanegade 4-8, 9900 Frederikshavn	+45 9870 6000
Herning	Torvet 18, 7400 Herning	+45 9721 4800
Hjørring	Østergade 4, 9800 Hjørring	+45 9633 5520
Holstebro	Den Røde Plads 2, 7500 Holstebro	+45 9610 9500
Holte	Kongevejen 272A, 2830 Virum	+45 7624 9550
Copenhagen	Bernstorffsgade 50, 8. sal, 1577 Copenhagen V	+45 7624 9640
Copenhagen	Frederiksborggade 1, 1. th., 1360 Copenhagen K	+45 9633 5240
Læsø	Byrum Hovedgade 79, 9940 Læsø	+45 9633 5480
Nørresundby	Torvet 4, 9400 Nørresundby	+45 9870 5000
Skagen	Sct. Laurentiivej 39 B, 9990 Skagen	+45 9633 5210
Sæby	Vestergade 21, 9300 Sæby	+45 9633 5320
Tarm	Storegade 6-10, 6880 Tarm	+45 9737 1411
Vejle	Lysholt Allé 10, 7100 Vejle	+45 7624 9780
Viborg	Gravene 18, 8800 Viborg	+45 8662 5501
Vildbjerg	Søndergade 6, 7480 Vildbjerg	+45 9713 3166
Aabybro	Østergade 12, 9440 Aabybro	+45 9870 5400
Aalborg		
Hasseris	Thulebakken 34, 9000 Aalborg	+45 9870 5900
Vejgaard	Vejgaard Bymidte 2, 9000 Aalborg	+45 9870 4400
Aarhus	Marselis Boulevard 9, 8000 Aarhus C	+45 7624 9760

The bank's branches

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