MOODY'S INVESTORS SERVICE

CREDIT OPINION
30 March 2021

Update

Rate this Research

RATINGS

Ringkjobing Landbobank A/S

Domicile	Ringkobing, Denmark
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	Aa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Ringkjobing Landbobank A/S

Update to credit analysis

Summary

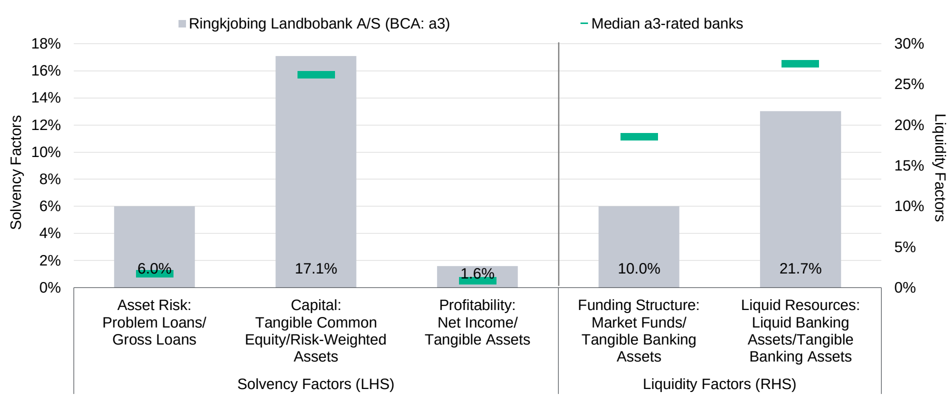
Ringkjøbing's Aa3 deposit rating incorporates three notches of rating uplift, and the A1 issuer rating two notches of uplift, from the bank's a3 Baseline Credit Assessment (BCA) based on our Advanced Loss Given Failure (LGF) analysis. LGF takes into account the risks faced by different debt and deposit classes should the bank enter into resolution.

Ringkjøbing's a3 standalone BCA reflects its (1) strong capitalisation, with a 17.1% tangible common equity (TCE)/risk-weighted assets (RWAs) ratio and a 13.0% TCE/total assets ratio as of December 2020; (2) relatively high profitability, that held up relatively well despite the coronavirus-induced economic disruption, and improving efficiency; and (3) solid funding profile, reflecting ample deposits and low reliance on market funding. However, the bank's BCA is constrained by elevated asset risks from a loan book which is somewhat concentrated by geography, industry and single borrowers.

We expect Ringkjøbing's asset quality to deteriorate modestly in the coming quarters as government support measures are gradually lifted. However, the bank's stock of existing provisions and relatively robust revenue generating capacity provide a substantial buffer against these pressures.

Exhibit 1

Rating Scorecard - Key financial ratios



These are our Banks Methodology scorecard ratios. Asset risk and profitability reflect the weaker of the three-year average and the latest figure. Capital is the latest reported figure. Funding structure and liquid resources reflect the latest fiscal year-end figures.
Source: Moody's Investors Service

Credit strengths

» Strong capitalisation, including a strong leverage ratio

» Strong profitability which will be restored to pre-crisis levels, supported by lower loan loss provisions and stable margins, while cost efficiency will continue to improve

» Stable funding profile and adequate liquidity

Credit challenges

» Problem loans will rise modestly as government support measures are gradually lifted, mitigated by existing provisions

» Elevated asset risks from credit concentrations by geography, industry and single names

Outlook

Ringkjøbing's long-term deposit and issuer ratings carry a stable outlook, reflecting our expectation that the bank's strong capital, existing management provisions and relatively robust revenue generating capacity will provide a substantial buffer against our expectation of some modest asset quality deterioration in the coming quarters.

The stable outlook also reflects our expectation of a broadly stable liability structure, resulting in unchanged rating uplift over the next 12-18 months from the bank's Advanced LGF analysis.

Factors that could lead to an upgrade

» Ringkjøbing's ratings could be upgraded following a material improvement in its fundamental profile, as indicated by the bank's BCA, as a result of: (1) a significant reduction in concentrations, particularly to volatile sectors and to single borrowers, leading to lower susceptibility to adverse events, as well as, a long period with lower than historic losses; (2) increased geographic diversification, a constraint at the bank's current level, without an increase in risk taken; and (3) a substantial improvement in the bank's liquidity.

» The bank's issuer rating could also be upgraded following changes in the bank's liability structure, such as, issuances of substantial additional amounts of junior senior unsecured debt, beyond what we currently expect.

Factors that could lead to a downgrade

» Downward pressure on Ringkjøbing's ratings could emerge from a deterioration in the bank's fundamental credit profile, for instance if we observe: (1) a material weakening in capital metrics; (2) a substantial increase in problem loans and higher through-the-cycle losses, compared to the low levels experienced in the past for Ringkjøbing, or, an increase in credit concentrations to single borrowers or higher risk sectors; (3) a persistent weakening of the bank's recurring earnings power and operating efficiency; or (4) an increase in the bank's reliance on market funding from the currently expected low level.

» Ringkjøbing's deposit and issuer ratings could also be downgraded if there is a material shift in the bank's funding mix, or, the bank's assets grow more rapidly without a corresponding increase in junior senior debt or Tier 2 issuances and that results in lower rating uplift, than currently assumed, under our Advanced LGF framework.

Key indicators

Exhibit 2
Ringkjobing Landbobank A/S (Consolidated Financials) [1]

	12-20[2]	12-19[2]	12-18[2]	12-17[2]	12-16[2]	CAGR/Avg.[3]
Total Assets (DKK Million)	54,862.1	52,940.9	49,650.5	25,796.5	24,258.1	22.6[4]
Total Assets (USD Million)	9,018.2	7,952.7	7,605.8	4,160.5	3,441.1	27.2[4]
Tangible Common Equity (DKK Million)	7,110.6	6,559.6	6,123.6	3,816.8	3,554.5	18.9[4]
Tangible Common Equity (USD Million)	1,168.8	985.4	938.1	615.6	504.2	23.4[4]
Problem Loans / Gross Loans (%)	4.6	6.7	6.8	4.1	5.0	5.4[5]
Tangible Common Equity / Risk Weighted Assets (%)	17.1	15.9	16.8	19.4	19.4	17.7[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	19.4	29.4	29.6	17.7	20.4	23.3[5]
Net Interest Margin (%)	2.3	2.2	2.4	2.5	2.9	2.5[5]
PPI / Average RWA (%)	3.4	3.4	3.1	4.0	4.0	3.6[6]
Net Income / Tangible Assets (%)	1.7	1.8	1.4	2.3	2.2	1.9[5]
Cost / Income Ratio (%)	36.8	37.8	44.5	31.0	31.0	36.2[5]
Market Funds / Tangible Banking Assets (%)	10.0	9.5	7.7	9.2	8.0	8.9[5]
Liquid Banking Assets / Tangible Banking Assets (%)	21.7	21.3	20.6	21.2	26.1	22.2[5]
Gross Loans / Due to Customers (%)	109.7	110.5	106.4	106.1	100.5	106.6[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Investors Service and company filings

Profile

Ringkjøbing is a Danish regional and niche bank, established in 1886, with operations primarily in central, western and northern Jutland. The bank provides retail and commercial banking products and services; financing for private medical practices and dentists; funding of wind turbines, solar plants and bio mass; and private banking.

On 8 June 2018, Ringkjøbing merged with Nordjyske Bank A/S. Ringkjøbing was the surviving legal entity.

The bank reported a consolidated asset base of DKK54.9 billion (around €7.4 billion) as of the end of December 2020. As of end-December 2020, Ringkjøbing operated through a network of 24 branches and had 612 full-time employees.

Ringkjøbing shares are listed on the NASDAQ Copenhagen Stock Exchange (Ticker: RILBA). As of 31 December 2020, the bank's largest shareholder with more than a 5% stake was pension provider Arbejdsmarkedets Tillægspension (ATP).

Recent developments

As COVID-19 and its variants continue to cast a shadow over the world's health systems and economies, the level of uncertainty and strength of the economic recovery will vary across countries. We expect real GDP in all advanced economies to grow compared with last year, but some countries will take longer than others to return to full capacity. Fiscal and monetary policy response, as well as pandemic management, will play a key role.

Following a contraction of 3.7% in GDP in 2020 in Denmark, we expect the economy to gradually recover in 2021, with a 2.5% growth in GDP, supported by base effects and continued expansionary fiscal policy. Problem loans will increase modestly for Danish banks once government support measures are gradually lifted. However, Danish banks have conservatively taken IFRS 9 provisions in 2020 to cover potential credit losses ahead of the expected deterioration. Any re-imposition of restrictions would delay economic recovery and have a more adverse impact on loan quality. Generally, however, low interest rates, combined with macroprudential measures, a preceding period of modest credit growth and a decline in overall indebtedness have made Danish businesses and households potentially more resilient to the current downturn compared to previous macroeconomic shocks.

Detailed credit considerations

Problem loans will rise modestly as supported measures are phased out, mitigated by existing provisions; we continue to see elevated asset risks from credit concentrations

We expect Ringkjøbing's asset quality to deteriorate modestly over the coming quarters as a result of the economic contraction in 2020 and once government support measures to businesses and households are gradually lifted. The full extent of the asset quality deterioration will, however, depend on any potential prolongation of restrictions that would delay economic recovery and exacerbate stress on borrowers. Impairments in 2021 will however normalize, following the built up in management provisions amounting to DKK566 million (1.5% of gross loans) as of December 2020. Our assigned ba1 Asset Risk score reflects these expectations. It also indicates that elevated risks from credit concentrations, particularly geographical, sector and borrower concentrations, remain a relative weakness for the bank's rating level. Our assessment, however, also takes into account the bank's low average realised credit losses and strong coverage of these losses from pre-provision income through a number of economic cycles.

Ringkjøbing's problem loan ratio (defined as IFRS 9 stage 3 and credit-impaired on initial recognition loans over gross loans) improved to 4.6% as of December 2020, from 6.7% as of the end of 2019, returning back to pre-merger levels (end-2017: 4.1%). The reduction followed a review of the bank's significant individually impaired exposures in the second quarter of 2020, which resulted in a migration of some exposures to stage 2 from stage 3. Stage 2 exposures increased to 8.7% as of December 2020 from 8.1% as of the end of 2019.[1] Despite the resultant decrease in the cumulative impairment charges in stage 3, coverage of problem loans by provisions has remained relatively strong at 55% as of December 2020 (end-2019: 60%).

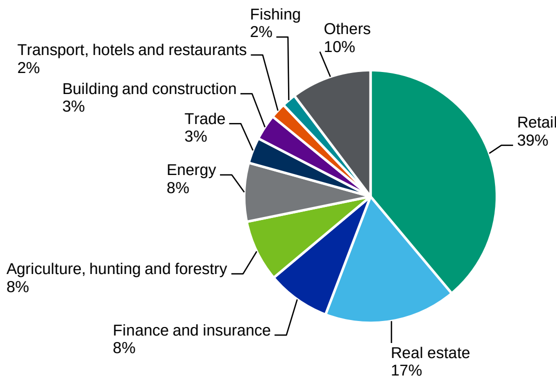
The bank conservatively booked additional management provisions in 2020, equivalent to 1.1% of gross loans, to cover for potential future impairment charges. However, the bank's net loan loss provisions were equivalent to 0.6% of average gross loans in the same period following impairment reversals.

Ringkjøbing's loan book continues to exhibit relatively high concentration to the volatile real estate sector, with the exposure accounting for 17% of total loans and guarantees as of December 2020 (see Exhibit 3). In light of the economic contraction and the ongoing uncertainty, commercial real estate borrowers who rely on rental income especially from the most vulnerable sectors pose increased credit risk. However, 75% of these loans benefited from a first-lien mortgage, a relatively unique feature in Denmark for loans not provided through a mortgage credit institution. Ringkjøbing's exposure to sectors most exposed to the coronavirus-induced disruption, such as, transport, hotels and restaurants, was contained at 2% of the total, while overall exposure to trade, of which part may be negatively affected by sharp shifts in supply and demand, made up an additional 3%. The agricultural sector made up a further 8% as of the same date. The outlook for the historically challenged sector turned negative in the second half of 2020, following favorable developments in the first half of the year. Pressures are even more pronounced for the mink industry, which was banned by the authorities. Even though reversals of impairment charges from exposures to agriculture, which the bank has reported in recent quarters, may be less likely going forward, the authorities' compensation to mink producers mitigates the risk of higher impairment charges due to exposures to the mink industry.

Exhibit 3

Ringkjøbing has some concentration to real estate and agriculture, exposure to the most vulnerable industries is relatively low

Loans portfolio and guarantees breakdown by sector as of December 2020



Sources: Moody's Investors Service, bank's reports

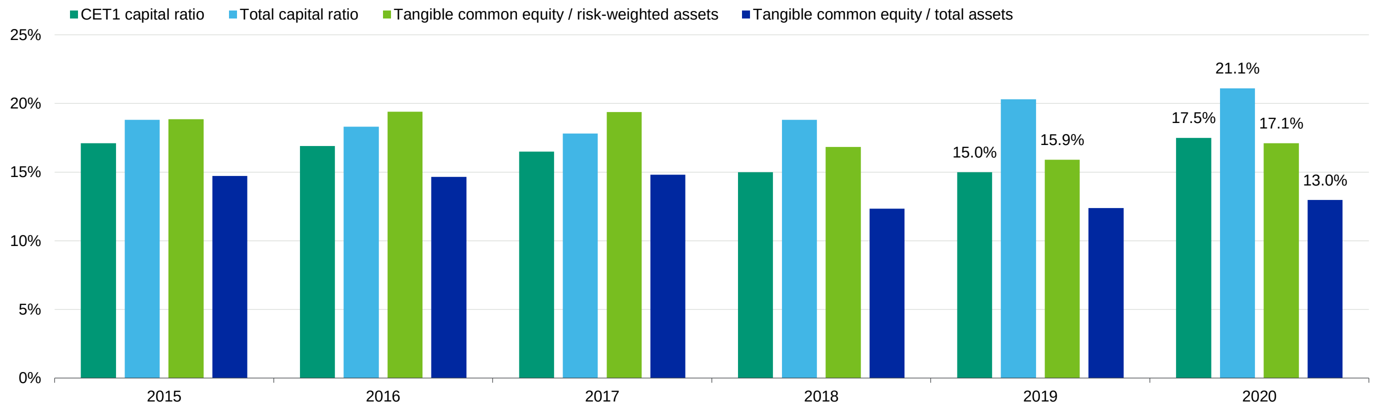
Ringkjøbing's loan book also continues to exhibit some geographic and single borrower concentrations. Around 59% of lending was to customers in the bank's key markets in North, West and Central Jutland as of the end of 2020. Lending remains heavily concentrated in Denmark and only 5% of loan book was to customers located outside Denmark. Further, the bank's top 20 large exposures were equivalent to 100% of the bank's Common Equity Tier 1 (CET1) capital as of December 2020 (end-2019: 121%). These concentrations are, however, well below the regulatory limit of 175% of CET1 capital.

Solid capitalisation, including a strong leverage ratio

Our assigned aa3 Capital score, which supports Ringkjøbing's standalone credit profile, reflects the bank's solid risk-weighted capital ratios, including regulatory metrics that are well in excess of requirements, and strong leverage metrics. It also reflects the bank's historically strong capacity to generate capital internally that has also supported stable capital levels. For 2021, we expect the bank's capital metrics to decline but to remain solid as the bank refocuses on its organic growth strategy and resumes profit distribution to shareholders, subject to compliance with guidelines set by the Danish authorities.

Ringkjøbing's TCE/RWAs ratio, our preferred capital metric, was a strong 17.1% as of end-December 2020 (end-2019: 15.9%, see Exhibit 4). Also its TCE/total assets ratio was 13.0%, one of the highest such ratios among those of Nordic and international banks (which are typically within 4%-10% range), further underpinning our favourable capital assessment. The bank reported regulatory CET1 and total capital ratios of 17.5% and 21.1% respectively as of December 2020. Both metrics were substantially above the bank's requirements for that period. These were 7.7% for the CET1 ratio and 11.8% for the total capital ratio and included the Danish Financial Supervisory Authority's (FSA) pillar 1 and pillar 2 components (the latter is 1.3% on total capital for Ringkjøbing), a 2.5% capital conservation buffer, and a 0% countercyclical buffer.[2]

Exhibit 4
Ringkjøbing's capitalisation remains solid



Source: Moody's Investors Service

Earnings retention and lower growth contributed to an improvement to the bank's CET1 ratio in 2020. Following authorities' recommendation that financial institutions suspend dividend payouts and share buybacks in 2020, Ringkjøbing suspended its share buyback. During this period, the bank's regulatory capital metrics also benefited from the application of the European Union's revised Capital Requirement Regulation (known as the CRR2 "quick fix"). These include the lower risk-weighting for small and medium enterprises exposures (the permanent change in the SME discount factor) and the flexibility to initially neutralise and spread over years the effect of stage 1 and stage 2 provisions on CET1 capital that were booked since 1 January 2020 and were driven by the coronavirus crisis. The latter change added 1.5 percentage points to the bank's CET1 ratio, but does not affect our own TCE/RWAs ratio.

Following dialogue with the Danish FSA, the bank resumed its dividend distribution and share buyback program, equivalent to 50% of 2020 profits, which is still below the distribution policy of recent years (which exceeded 60%). The share buyback will deduct 0.7 percentage points from the bank's capital ratios. In combination with a resumption of loan growth closer to pre-crisis levels and potential additional distributions, in line with the bank's dividend policy and subject to compliance with authorities' guidelines, we expect the banks' capital ratios to decline in 2021, but to remain solid.

Finally, we note that Ringkjøbing applies the standardised approach to calculate credit-related risk-weighted assets (RWAs). Therefore, the bank's risk density, measured as the ratio of RWAs to total assets, was relatively high at 76% as of December 2020, rendering the bank's capital metrics less sensitive to potential amendments in regulatory methods to calculating RWAs, including floor requirements, or to macroeconomic shocks that could increase RWAs of more risk-sensitive models.

Strong profitability which will be restored to pre-crisis levels, supported by lower loan loss provisions and stable margins; cost efficiency will continue to improve

Our assigned Profitability score of a1 is informed by our forward-looking view of Ringkjøbing's profitability and the bank's track record of consistent earnings and operating cost containment. The pandemic hit on profitability in 2020 was manageable for Ringkjøbing, and even at slightly lower levels, we consider the bank's profitability to be relatively strong, providing ample capacity to generate capital internally and absorb losses. For 2021, we expect the bank's core profitability to be restored to pre-crisis levels, supported by lower loan loss provisions, stable margins, while cost efficiency will continue to improve.

The bank's net income to tangible assets declined to 1.7% in 2020 from 1.8% in 2019, weighed down by higher provisioning charges (as mentioned above) and losses on the bank's securities' portfolio because of financial markets' volatility. These pressures were somewhat offset by reduced costs, which declined 2% in 2020 year-on-year, aided by the closing of branches and lower employee numbers. At the same time, net interest income grew by 7% year-over-year, supported by an increase in loan volumes (of 2% in 2020) and the introduction of negative rates on private depositors. As a result, Ringkjøbing's efficiency continued to improve, with its cost-to-income declining to 36.2% in 2020 (2019: 38%), gradually converging towards the pre-merger level with a cost-to-income ratio of 33% in 2017 (44.1% pro-forma for merger), having realized the planned synergies from the merger in just over two years. The bank remains one of Denmark's most efficient banks, driven by a lean business model.

We expect the bank's core profitability (excluding securities portfolio returns) to be restored to pre-crisis levels in 2021, supported by lower loan loss provisions and stable margins, while cost efficiency will continue to improve. A combination of resumed loan growth and the bank's decision to widen the private depositor pool subject to negative rates will help maintain broadly stable margins. In recent years, margin compression has arisen from the prolonged low interest rate environment and recent issuances of more costly junior senior debt. The bank has expanded the scope of negative rates for private customer deposits above DKK100,000 (around €13,400) effective from 1 January 2021.[3] The bank expects only a marginal increase in costs during 2021, which combined with higher revenues, will result in a further improvement in the bank's efficiency, albeit coming at a lower pace now that the merger synergies have been fully realised.

Over the medium term, the bank's ability to further grow its lending activities raises Ringkjøbing's capacity to cope with the challenges arising from low interest rates, supported by the bank's ability to attract new customers amid high customer satisfaction.

Stable funding profile and adequate liquidity

Ringkjøbing's stable funding profile supports the bank's BCA. As of December 2020, customer deposits (excluding pooled schemes) accounted for 64% of assets. Furthermore, the bank's reliance on more confidence-sensitive market funding remained low at 10.0% of tangible banking assets. We expect the bank's market funding reliance to remain broadly stable going forward following junior senior debt issuances to meet its minimum requirement for own funds and eligible liabilities (MREL) totaling DKK1.3 billion as of December 2020 and a reduced need for MREL-eligible issuances going forward. The bank has, so far, issued small tickets of junior senior debt with relatively long maturities reducing its refinancing risk. These strengths and expectations are reflected in our assigned a2 Funding Structure score.

As with other medium-sized Danish banks, Ringkjøbing can secure mortgage financing through specialised mortgage lenders, for example, Totalkredit A/S or DLR Kredit A/S. Loans funded by these specialised lenders are transferred to these institutions and do not appear on Ringkjøbing's balance sheet.

We consider Ringkjøbing's liquidity to be adequate compared with its lending-driven business model, as well as its large and stable deposit base. This view is reflected in our assigned baa2 score for Liquid Resources, which also takes into account that some of the bank's financial securities are pledged for clearing and other purposes. As of December 2020, liquid banking assets accounted for around 21.7% of assets, and the bank reported a liquidity coverage ratio of 206% (2019: 204%) over the same period. Ringkjøbing's liquidity coverage ratio is comfortably above the 100% minimum requirement, set by the Danish FSA.

Source of facts and figures cited in this report

Unless noted otherwise, we have sourced data relating to systemwide trends and market shares from the central bank. Bank-specific figures originate from banks' reports and Moody's Banking Financial Metrics. All figures are based on our own chart of accounts and may be adjusted for analytical purposes. Please refer to the document Financial Statement Adjustments in the Analysis of Financial Institutions, published on 9 August 2018.

ESG considerations

In line with our general view for the banking sector, Ringkjøbing has a low exposure to Environmental risks, see our Environmental risks heatmap for further information.

The most relevant Social risks for banks arise from the way they interact with their customers, see our Social risks heatmap for further information. Social risks are particularly high in the area of data security and customer privacy which is partly mitigated by sizeable technology investments and banks' long track record of handling sensitive client data. Fines and reputational damage due to product misselling or other types of misconduct is a further social risk. Societal trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services, increasing information technology cost, aging population concerns in several countries, including Denmark, impacting demand for financial services or socially driven policy agendas that may translate into regulation that affects banks' revenue base. We also regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. Overall, we consider banks, including Ringkjøbing, to face moderate social risks.

Governance is highly relevant for Ringkjøbing, as it is to all players in the banking industry. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven, and for Ringkjøbing we do not have material governance concerns. Nonetheless corporate governance remains a key credit consideration and requires ongoing monitoring.

Support and structural considerations

Loss Given Failure analysis

We apply our Advanced LGF analysis to Ringkjøbing's liabilities because the bank is subject to the European Union Bank Recovery and Resolution Directive (BRRD), which we consider an operational resolution regime.

For this analysis, which considers the risks faced by different debt and deposit classes across the liability structure should the bank enter resolution, we use our standard assumptions and assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets. We also assume a 25% runoff in "junior" wholesale deposits, a 5% run-off in preferred deposits, and a proportion of 26% of deposits as junior. We assign a 25% probability to deposits being preferred to senior unsecured debt.

Under these assumptions, for Ringkjøbing's Aa3 rated deposits, our forward-looking LGF analysis indicates an extremely low loss-given-failure, leading to a three-notch uplift from the bank's a3 Adjusted BCA from which these ratings are notched.

For Ringkjøbing's A1 issuer rating, our LGF analysis indicates very low loss-given-failure, leading to two notches of rating uplift from the bank's a3 Adjusted BCA. Issuer ratings are opinions of the bank's ability to honour senior unsecured debt and debt-like obligations.

Both of these senior classes benefit from the subordination afforded by substantial buffers of loss-absorbing liabilities, predominantly junior senior debt (also known as senior non-preferred) and Tier 2 instruments. Ringkjøbing meets its bank-specific MREL of 17.9% as of December 2020 through a combination of grandfathered senior unsecured debt, junior senior debt, hybrid instruments and common equity driving a reported MREL ratio of 26.7% as of that date.[4] We expect that Ringkjøbing will maintain these higher volumes of loss-absorbing debt in line with the bank's current capital and MREL minimum targets.

Government support considerations

We do not incorporate any government support uplift on Ringkjøbing's ratings because we consider the probability of government support, in case of need, to be low. Our government support assumptions are driven by the implementation of the EU's BRRD in Denmark.

Counterparty Risk Ratings (CRRs)

Counterparty Risk Ratings (CRRs) are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

Ringkjøbing's CRR is positioned at Aa3/Prime-1

The CRR is positioned three notches above the adjusted BCA of a3, reflecting the extremely low loss-given-failure from the high volume of instruments that are subordinated to CRR liabilities.

Counterparty Risk (CR) Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails, and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

Ringkjøbing's CR Assessment is positioned at Aa3(cr)/Prime-1(cr)

For Ringkjøbing, our LGF analysis indicates an extremely low loss-given-failure for the CR Assessment, leading to three notches of uplift from the bank's a3 Adjusted BCA.

Methodology and scorecard

About Moody's bank scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 5

Ringkjobing Landbobank A/S

Macro Factors							
Weighted Macro Profile	**Strong +**	**100%**					
Factor		**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency							
Asset Risk							
Problem Loans / Gross Loans		6.0%	ba1	↔	ba1	Expected trend	Sector concentration
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		17.1%	aa2	↓	aa3	Nominal leverage	Stress capital resilience
Profitability							
Net Income / Tangible Assets		1.6%	a1	↔	a1	Return on assets	
Combined Solvency Score			a3		a3		
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets		10.0%	a2	↔	a2	Extent of market funding reliance	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets		21.7%	baa1	↔	baa2	Asset encumbrance	
Combined Liquidity Score			a3		a3		
Financial Profile					a3		
Qualitative Adjustments					Adjustment		
Business Diversification					0		
Opacity and Complexity					0		
Corporate Behavior					0		
Total Qualitative Adjustments					0		
Sovereign or Affiliate constraint					Aaa		
BCA Scorecard-indicated Outcome - Range					a2 - baa1		
Assigned BCA					a3		
Affiliate Support notching					0		
Adjusted BCA					a3		

Balance Sheet	**in-scope (DKK Million)**	**% in-scope**	**at-failure (DKK Million)**	**% at-failure**
Other liabilities	8,753	17.8%	12,316	25.1%
Deposits	34,939	71.1%	31,375	63.9%
Preferred deposits	25,855	52.6%	24,562	50.0%
Junior deposits	9,084	18.5%	6,813	13.9%
Senior unsecured bank debt	1,088	2.2%	1,088	2.2%
Junior senior unsecured bank debt	1,329	2.7%	1,329	2.7%
Dated subordinated bank debt	1,544	3.1%	1,544	3.1%
Equity	1,474	3.0%	1,474	3.0%
Total Tangible Banking Assets	49,127	100.0%	49,127	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	24.9%	24.9%	24.9%	24.9%	3	3	3	3	0	aa3
Counterparty Risk Assessment	24.9%	24.9%	24.9%	24.9%	3	3	3	3	0	aa3 (cr)
Deposits	24.9%	8.8%	24.9%	11.1%	3	3	3	3	0	aa3
Senior unsecured bank debt	24.9%	8.8%	11.1%	8.8%	3	1	2	2	0	a1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	aa3	0	Aa3	Aa3
Counterparty Risk Assessment	3	0	aa3 (cr)	0	Aa3(cr)	
Deposits	3	0	aa3	0	Aa3	Aa3
Senior unsecured bank debt	2	0	a1	0	A1	A1

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 6

Category	Moody's Rating
RINGKJOBING LANDBOBANK A/S	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	Aa3/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
ST Issuer Rating	P-1

Source: Moody's Investors Service

Endnotes

1 Exposures include loans, guarantees and unutilised credit facilities and loan undertakings.

2 In March 2020, against the prospect of a significant weakening in economic activity the Danish government decided to release the countercyclical capital buffer and cancel the planned future increases in order to support the provision of credit to the real economy.

3 Following the introduction of negative rates on private customer deposits exceeding DKK2 million effective 1 January, DKK500,000 effective 1 May and DKK250,000 effective 1 August.

4 The bank's MREL declined during 2020 following the release of Denmark's countercyclical capital buffer requirement. Also, the updated MREL for 2021 was further reduced, as capital buffer requirements will not be included in MREL going forward.

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