

# AGENDA AND FULL PROPOSALS



Ringkjøbing  
**Landbobank**

## Agenda for the annual general meeting at 3:00 p.m. on Wednesday, 3 March 2021:

### 1. Election of chairperson

The board of directors proposes Allan Sørensen, attorney-at-law, to chair the meeting.

### 2. The board's report on the bank's activities in the previous year

The board of directors proposes that the report be adopted.

### 3. Presentation of the annual report for approval

The board of directors proposes that the annual report be approved.

### 4. Decision on allocation of profit or covering of loss under the approved annual report

The board of directors proposes that the distribution of profit be approved.

### 5. Consultative vote on the remuneration report

The board of directors proposes that the remuneration report be approved.

### 6. Approval of the bank's remuneration policy

Please see pages 12-15 of the full proposals. The board of directors proposes that the remuneration policy be approved.

### 7. Election of members to the shareholders' committee

The following members are retiring: Anette Ørbæk Andersen, Erik Jensen, Anne Kaptain, Henrik Lintner, Ole Nygaard, Jacob Møller, Jens Møller Nielsen, Bente Skjørbæk Olesen, Karsten Sandal, Lone Rejkjær Söllmann, Egon Sørensen and Lise Kvist Thomsen. Ole Nygaard has advised that he is not standing for re-election.

The shareholders' committee and the board of directors propose the following for re-election:

- Anette Ørbæk Andersen, manager, Skjern, born 1963
- Erik Jensen, manager, Skjern, born 1965
- Anne Kaptain, vice president, attorney-at-law (High Court), Sæby, born 1980
- Henrik Lintner, pharmacist, Hjørring, born 1955
- Jacob Møller, general manager, Ringkøbing, born 1969
- Jens Møller Nielsen, former manager, Ringkøbing, born 1956
- Bente Skjørbæk Olesen, shop owner, Vemb, born 1971
- Karsten Sandal, manager, Ølstrup, born 1969
- Lone Rejkjær Söllmann, finance manager, Tarm, born 1968
- Egon Sørensen, insurance broker, Spjald, born 1965
- Lise Kvist Thomsen, manager, Virum, born 1984

The shareholders' committee and the board of directors propose the following for election:

- Dennis Christian Conradsen, general manager, Frederikshavn, born 1984

In recruiting and proposing candidates for the shareholders' committee (election and re-election), the committee and board of directors have focused on ensuring a diverse committee membership in terms of business experience, professional qualifications and expertise, age etc.

### 8. Election of one or more auditors

In accordance with the audit committee's recommendation, the shareholders' committee and the board of directors propose the re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab.

### 9. Authorisation of the board of directors to permit the bank to acquire its own shares, in accordance with current legislation, until the next annual general meeting, to a total nominal value of ten per cent (10%) of the share capital, such that the shares can be acquired at current market price plus or minus ten per cent (+/- 10%)

The board of directors proposes that it be authorised to permit the bank to acquire its own shares, in accordance with current legislation, until the next annual general meeting, to a total nominal value of ten per cent (10%) of the share capital, such that the shares can be acquired at current market price plus or minus ten per cent (+/- 10%) at the time of acquisition.

## **10. Any proposals from the board of directors, the shareholders' committee or shareholders**

### **10.a Proposed amendments to the articles of association**

Please see pages 5-11 of the full proposals. The board of directors proposes that the amendments to the articles of association be approved.

### **10b Proposal to reduce the bank's share capital by nom. DKK 160,600 by cancellation of its own shares**

The board of directors proposes a reduction in the bank's share capital from nom. DKK 29,228,321 to nom. DKK 29,067,721 by cancellation of 160,600 nom. DKK 1 shares from the bank's holding of its own shares of a nominal value of DKK 160,600.

Please note that, in accordance with Section 188(1) of the Danish Companies Act, the purpose of the reduction in the bank's share capital is payment to shareholders. The amount of the reduction has been used as payment to shareholders for shares acquired by the bank under the authorisation previously granted to the board of directors by the general meeting.

The share capital will consequently be reduced by nom. DKK 160,600 and the bank's holding of its own shares will be reduced by 160,600 nom. DKK 1 shares. Please note that, in accordance with Section 188(2) of the Danish Companies Act, the shares in question were acquired for a total sum of DKK 57,503,898. This means that, apart from the reduction in nominal capital, DKK 57,343,298 has been paid to shareholders.

The purpose of the board of directors' proposed reduction of the share capital is to maintain flexibility in the bank's capital structure.

If the proposal is adopted, it will entail amendments to Articles 2, 2a and 2b of the bank's articles of association, changing the amount of "29,228,321" in Article 2 to "29,067,721" and the amount of "43,439,301" in Articles 2a and 2b to "43,278,701".

If the proposal is adopted and the amendments to the articles of association under item 10a of the agenda are also adopted, the following changes will instead be made to Articles 2, 2a, 2b and 2c of the articles of association:

In Article 2, the amount of "29,228,321" will be changed to "29,067,721", in Article 2a, the amount of "5,845,664" will be changed to "5,813,544", in Article 2b, the amount of "2,922,832" will be changed to "2,906,772" and in Article 2c, the amount of "5,845,664" will be changed to "5,813,544".

### **10c Proposed authorisation for the board of directors or its designated appointee**

The board of directors proposes that the board of directors, or its appointee, be authorised to report the decisions which have been adopted at the general meeting for registration and to make such changes to the documents submitted to the Danish Business Authority as the Authority may require or find appropriate in connection with registration of the decisions of the general meeting.

## **Comments on item 8 of the agenda:**

We advise as follows concerning item 8 of the agenda: The shareholders' committee and the board of directors propose the re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab in accordance with the audit committee's recommendation. The audit committee is free from influence by any third parties and has not been subject to any agreement with a third party restricting the general meeting's choice to specific auditors or audit firms.

Following a decision by the Danish Business Authority, we advise that after the merger of Ringkjøbing Landbobank A/S and Nordjyske Bank A/S in June 2018, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab is deemed to have been elected auditor of Ringkjøbing Landbobank A/S for the first time on 8 June 2018.

## **Comments on item 9 of the agenda:**

The proposal is made under the provisions of the Danish Companies Act since the bank wants to be able to trade in its own shares, including acquiring its own shares and implementing share buy-back programmes.

## Full proposals for amendments to the articles of association

### Regarding item 10a of the agenda:

#### Article 2:

An editorial change is proposed in the Danish version of the articles: to replace the word "aktiekapital" (= share capital) by the word "selskabskapital" (= share capital).

If the proposal is approved, the wording of Article 2 of the bank's articles of association will be changed to the following (Danish version):

*"Bankens selskabskapital er nom. 29.228.321 kr. fordelt i aktier på nom. 1 kr."*

In English the wording is unchanged:

*"The bank's share capital shall be nom. DKK 29,228,321 in shares of nom. DKK 1."*

#### Articles 2a, 2b and 2c:

It is proposed that:

- The board of directors' authorisation to make capital increases with right of pre-emption for existing shareholders be reduced from DKK 14,210,980 to DKK 5,845,664, the equivalent of 20% of the share capital, such that the authorisation is more in line with the market going forward. The authorisation will also apply to future capital increases by cash payment. The authorisation will be extended to 2 March 2026.
- The board of directors' authorisation to make capital increases without right of pre-emption for existing shareholders be reduced from DKK 14,210,980 to DKK 2,922,832, the equivalent of 10% of the share capital, such that the authorisation is more in line with the market going forward. The authorisation will apply to future capital increases which may either be by cash payment or contribution of an existing company or specific asset values corresponding to the value of the shares issued. The authorisation will be extended to 2 March 2026.
- The total authorisation to make capital increases with or without right of pre-emption be reduced from DKK 14,210,980 to DKK 5,845,664, the equivalent of 20% of the share capital.

#### Article 2a:

##### Existing wording of the article:

*"The general meeting has decided to authorise the board of directors to increase the share capital by cash payment in one or more rounds by up to nom. DKK 14,210,980 to nom. DKK 43,439,301 by subscription for new shares for which the board shall determine the price. The capital increase shall be fully paid. This authorisation shall apply until 3 March 2025. The capital increase shall take place with right of pre-emption for existing shareholders."*

##### Proposed new wording of the article:

*"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 5,845,664 with right of pre-emption for the bank's existing shareholders. The capital increase shall be fully paid up in cash. The capital increase may be below the market price. This authorisation shall apply until 2 March 2026."*

#### Article 2b:

##### Existing wording of the article:

*"The general meeting has decided to authorise the board of directors to increase the share capital by payment in values other than cash in one or more rounds by up to nom. DKK 14,210,980 to nom. DKK 43,439,301 by subscription for new shares for which the board shall determine the price, which must be at least the market price, as payment for the bank's takeover of an existing company or specific asset values corresponding to the value of the shares issued. The capital increase shall be fully paid. This authorisation shall apply until 3 March 2025. The capital increase shall take place without right of pre-emption for existing shareholders."*

**Proposed new wording of the article:**

*"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 2,922,832 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 shall be fully paid up at the market price ascertained by the board of directors. This authorisation shall apply until 2 March 2026."*

**Article 2c:****Existing wording of the article:**

*"Use of the authorisations in the Articles 2a and 2b may not exceed a total of nom. DKK 14,210,980, and each use of the authorisations in Articles 2a and 2b shall trigger simultaneous reductions in the amounts authorised in both Article 2a and Article 2b by the subscribed nominal capital concerned in the use of the authorisation."*

**Proposed new wording of the article:**

*"If the share capital is increased in accordance with Articles 2a and 2b, the board of directors shall determine the terms and conditions for subscription, including the time, matters relating to subscription, subscription price and the time from when the new shares carry a right to dividend. The board of directors may use the authorisations under Articles 2a and 2b to increase the share capital by a maximum of nom. DKK 5,845,664 in total."*

**Article 2d:**

It is proposed to specify that it is up to the board of directors to determine to what extent the shares subscribed under the stated Articles 2a-2c carry the right to dividend from the year of subscription.

**Existing wording of the article:**

*"Shares for which subscription is made under the Articles 2a and 2b shall be negotiable securities and shall be registered in the holder's name. The shares for which subscription is made under the specified articles shall carry the right to dividend from the year of subscription, and the shares shall also be subject to the same rules applying to the other shares with respect to rights, redeemability and negotiability. Finally, there shall be no limitations under the Article 2a and under the Article 2b to the subscribed shares' right of pre-emption under Article 2a on future increases."*

**Proposed new wording of the article:**

*"Shares for which subscription is made under the Articles 2a and 2b shall be negotiable securities and shall be registered in the holder's name. The board of directors shall determine the extent to which the shares for which subscription is made under the specified articles carry the right to dividend from the year of subscription, and the shares shall also be subject to the same rules applying to the other shares with respect to rights, redeemability and negotiability. Finally, there shall be no limitations under the Article 2a and under the Article 2b to the subscribed shares' right of pre-emption under Article 2a on future increases."*

**Article 5:**

An editorial change is proposed in the Danish version of the articles: to replace the word "aktiekapitalen" (= the share capital) by the word "selskabskapitalen" (= the share capital).

If the proposal is approved, the wording of Article 5 of the bank's articles of association will be changed to the following (Danish version):

*"Den ordinære generalforsamling afholdes hvert år inden udgangen af marts måned i Ringkøbing.*

*Ekstraordinær generalforsamling afholdes efter beslutning af generalforsamlingen, repræsentantskabet, bestyrelsen, revisor eller på begæring af aktionærer, der ejer en tyvendedel af selskabskapitalen."*

In English the wording is unchanged:

*"The ordinary general meeting shall be held in Ringkøbing each year before the end of March.*

*Extraordinary general meetings shall be held as decided by the general meeting, the shareholders' committee, the board of directors, auditor, or at the request of shareholders who own one-twentieth (1/20) of the share capital."*

**Article 6:**

Various editorial changes are proposed as a result of digitalisation. It is thus proposed that the agenda and all proposals for consideration by the general meeting be made available on the bank's website instead of for inspection at the bank's office.

**Existing wording of the article:**

*"Notice of the general meeting shall be given by the board of directors by announcement on the bank's website. Notice in writing shall also be given to all shareholders listed in the share register who have so requested.*

*The notice of meeting, which shall include the agenda for the general meeting, shall be given at the earliest five (5) weeks and at the latest three (3) weeks before the meeting.*

*Proposals from shareholders for consideration at an annual general meeting shall be received by the chair of the shareholders' committee at the latest six (6) weeks before the date of the general meeting.*

*The agenda and all proposals for consideration by the general meeting shall be made available at the bank's offices for inspection by shareholders at the latest three (3) weeks before the meeting. In the case of the annual general meeting, the annual report including auditor's report and management's report and any consolidated accounts shall also be made available. The annual report shall be sent to each listed shareholder who has so requested.*

*The press shall be entitled to attend the general meeting."*

**Proposed new wording of the article:**

*"Notice of the general meeting shall be given by the board of directors by announcement on the bank's website. Notice in writing shall also be given to all shareholders listed in the share register who have so requested.*

*The notice of meeting, which shall include the agenda for the general meeting, shall be given at the earliest five (5) weeks and at the latest three (3) weeks before the meeting.*

*Proposals from shareholders for consideration at an annual general meeting shall be received by the chair of the shareholders' committee at the latest six (6) weeks before the date of the general meeting.*

*The agenda and all proposals for consideration by the general meeting shall be made available to the shareholders on the bank's website at the latest three (3) weeks before the meeting. In the case of the annual general meeting, the annual report including auditor's report and management's report and any consolidated accounts shall also be made available to the shareholders on the bank's website. The annual report shall be sent to each listed shareholder who has so requested.*

*The press shall be entitled to attend the general meeting."*

# FULL PROPOSALS

## **Article 7:**

As a result of the requirement in company law for consultative votes on remuneration reports at annual general meetings, it is proposed to add a fixed item 5 on consultative voting on the remuneration report to the standard agenda in future. In addition, a simplification of the standard agenda's existing item 7 (new item 8) regarding the board of directors' authorisation to acquire its own shares is proposed.

### **Existing wording of the article:**

*"The agenda for the ordinary general meeting shall include:*

1. *Election of chairperson*
2. *The board's report on the bank's activities in the previous year*
3. *Presentation of the annual report for approval*
4. *Decision on allocation of profit or covering of loss under the approved annual report*
5. *Election of members to the shareholders' committee*
6. *Election of one or more auditors*
7. *Authorisation for the board of directors to permit the bank to acquire own shares within current legislation until the next annual general meeting to a total nominal value of ten percent (10%) of the bank's share capital, such that the shares can be acquired at current market price +/- ten percent (10%)*
8. *Any proposals from the board of directors, the shareholders' committee or shareholders"*

### **Proposed new wording of the article:**

*"The agenda for the ordinary general meeting shall include:*

1. *Election of chairperson.*
2. *The board's report on the bank's activities in the previous year.*
3. *Presentation of the annual report for approval.*
4. *Decision on allocation of profit or covering of loss under the approved annual report.*
5. *Consultative vote on the remuneration report.*
6. *Election of members to the shareholders' committee.*
7. *Election of one or more auditors.*
8. *Authorisation for the board of directors to permit the bank to acquire its own shares.*
9. *Any proposals from the board of directors, the shareholders' committee or shareholders."*

## **Article 9a:**

An editorial amendment is proposed to clarify that the shareholders can get access to attending the general meeting by notifying the bank of their attendance instead of ordering admission cards.

### **Existing wording of the article:**

*"Each shareholder shall have the right to attend the general meeting if he or she has obtained an admission card not later than three (3) days before the meeting.*

*Each share of nom. DKK 1 shall carry one (1) vote when the share is recorded in the bank's share register, or when the shareholder has reported and documented his or her right. However, a shareholder may cast no more than 3,000 votes."*

### **Proposed new wording of the article:**

*"Each shareholder eligible and intending to be present at a general meeting in accordance with Article 9b shall notify the bank accordingly no later than three (3) days before the meeting.*

*Each share of nom. DKK 1 shall carry one (1) vote when the share is recorded in the bank's share register, or when the shareholder has reported and documented his or her right. However, a shareholder may cast no more than 3,000 votes."*



**Article 11:**

A new Article 11 is proposed according to which the board of directors is authorised to decide to distribute extraordinary dividends in one or more rounds.

**Proposed new Article 11 with the following wording:**

*"The board of directors is authorised to decide to distribute extraordinary dividends in one or more rounds."*

**Article 11 (existing) / Article 12 (new):**

The existing Articles 11-19 will be changed to Articles 12-20 in consequence of the other proposed amendments.

**The existing Article 11 with the following wording:**

*"The bank's shareholders' committee shall be elected at the general meeting by and from among the shareholders. The size of the shareholders' committee shall be determined jointly by the committee and the board of directors, however with a minimum of thirty-seven (37) and a maximum of forty-two (42) members.*

*The members of the shareholders' committee shall be elected for four (4)-year terms. Re-election shall be permitted.*

*The shareholders' committee shall elect its chairperson and deputy chairperson each year.*

*Shareholders who have reached the age of sixty-seven (67) may not be elected, and members of the shareholders' committee shall retire from their positions at the first ordinary general meeting following their sixty-seventh birthday.*

*If a member of the shareholders' committee resigns or retires before the end of the term for which he or she was elected, a new member may be elected at the next ordinary general meeting for the remainder of the departed member's term of office."*

**will be a new Article 12 with unchanged wording.**

**Article 12 (existing) / Article 13 (new):**

The existing Articles 11-19 will be changed to Articles 12-20 in consequence of the other proposed amendments.

**The existing Article 12 with the following wording:**

*"The shareholders' committee shall normally meet at least twice a year and otherwise as often as the chairperson considers necessary or half of the members or the board of directors so request. Meetings of the shareholders' committee shall be convened by the chairperson on at least eight (8) days' notice.*

*A quorum shall not exist unless over half of the members are present. Decisions shall then be taken by simple majority vote.*

*Meetings of the shareholders' committee shall be presided by the chairperson or, in the chairperson's absence, by the deputy chairperson. Members of the bank's board of directors who are not also members of the shareholders' committee shall be entitled to participate in meetings of the committee but shall not be entitled to vote.*

**will be a new Article 13 with unchanged wording.**

# FULL PROPOSALS

## **Article 13 (existing) / Article 14 (new):**

The existing Articles 11-19 will be changed to Articles 12-20 in consequence of the other proposed amendments.

### **The existing Article 13 with the following wording:**

*"A report on the bank's activities in the preceding period shall be presented at meetings of the shareholders' committee, and the latest quarterly report sheet shall be reviewed.*

*The shareholders' committee shall work to ensure the bank's prosperity and shall assist the board of directors and the general management to the best of its ability by procuring any information which the board of directors and the general management may require. The shareholders' committee shall fix the board's payment and shall decide on the establishment of branches as recommended by the board of directors.*

*The shareholders' committee shall not check the accuracy of the annual report."*

### **will be a new Article 14 with unchanged wording.**

## **Article 14 (existing) / Article 15 (new):**

A change to the fourth paragraph of the existing Article 14 (new Article 15) is proposed to make it possible for the bank to adjust the number of deputy chairpersons of the board of directors. A reference to a specific act in paragraph seven is also proposed.

### **The existing Article 14 with the following wording:**

*"The board of directors shall consist of at least six (6) and at most eight (8) members who shall be elected by the shareholders' committee.*

*The board of directors shall also include the members who may be prescribed by law.*

*Board members shall be elected for four (4)-year terms. Re-election shall be permitted.*

*The board of directors shall elect its chairperson and two deputy chairpersons each year.*

*A board member's membership of the board shall cease if he or she resigns or retires from the shareholders' committee. A new board member may be elected for the remainder of the departed member's term of office as decided by the shareholders' committee in the event of a resignation or retirement.*

*Board members elected by the shareholders' committee shall retire from the board at the first ordinary general meeting following the date on which the member reaches the age of sixty-seven (67).*

*The bank has established a voluntary arrangement regarding employee representation on the board of directors. The voluntary arrangement shall remain in force unless it ceases under the rules of the executive order on employee representation in force at any time; currently Executive Order no. 344 of 30 March 2012. This provision on employee representation in this Article shall automatically lapse if the voluntary arrangement regarding employee representation lapses."*

### **will be a new Article 15 with the following wording:**

*"The board of directors shall consist of at least six (6) and at most eight (8) members who shall be elected by the shareholders' committee.*

*The board of directors shall also include the members who may be prescribed by law.*

*Board members shall be elected for four (4)-year terms. Re-election shall be permitted.*

*The board of directors shall elect its chairperson and up to two deputy chairpersons each year.*

*A board member's membership of the board shall cease if he or she resigns or retires from the shareholders' committee. A new board member may be elected for the remainder of the departed member's term of office as decided by the shareholders' committee in the event of a resignation or retirement.*

*Board members elected by the shareholders' committee shall retire from the board at the first ordinary general meeting following the date on which the member reaches the age of sixty-seven (67).*

*The bank has established a voluntary arrangement regarding employee representation on the board of directors. The voluntary arrangement shall remain in force unless it ceases under the rules of the executive order on employee representation in force at any time. This provision on employee representation in this Article shall automatically lapse if the voluntary arrangement regarding employee representation lapses."*

**Article 15 (existing) / Article 16 (new):**

The existing Articles 11-19 will be changed to Articles 12-20 in consequence of the other proposed amendments.

**The existing Article 15 with the following wording:**

*"The board of directors shall specify procedures containing rules for the carrying out of its activities. A quorum shall not exist unless more than half the board members are present.*

*Minutes of the board's proceedings shall be kept and signed by all members present.*

*The board of directors shall specify the extent to which management may make loans without the board's prior participation.*

*The board of directors may grant collective power to bind the company."*

**will be a new Article 16 with unchanged wording.**

**Article 16 (existing) / Article 17 (new):**

The existing Articles 11-19 will be changed to Articles 12-20 in consequence of the other proposed amendments.

**The existing Article 16 with the following wording:**

*"The general management, which is appointed by the board of directors, shall consist of one or more general managers, one of whom shall be chief executive officer.*

*The general management shall participate - but without the right to vote - in meetings of the board of directors and the shareholders' committee."*

**will be a new Article 17 with unchanged wording.**

**Article 17 (existing) / Article 18 (new):**

The existing Articles 11-19 will be changed to Articles 12-20 in consequence of the other proposed amendments.

**The existing Article 17 with the following wording:**

*"The bank shall be bound by the signatures of*

- 1. Two (2) members of the board of directors in conjunction.*
- 2. One (1) member of the board of directors in conjunction with one (1) general manager.*
- 3. Two (2) general managers in conjunction."*

**will be a new Article 18 with unchanged wording.**

**Article 18 (existing) / Article 19 (new):**

The existing Articles 11-19 will be changed to Articles 12-20 in consequence of the other proposed amendments.

**The existing Article 18 with the following wording:**

*"The audit shall be carried out by one or more auditors elected by the general meeting, however, at least such number as is required under the Danish Financial Business Act, and the auditors shall comply with the requirements specified in the Act. The election applies for one (1) year at a time.*

*The auditors' remuneration shall be set by the board of directors."*

**will be a new Article 19 with unchanged wording.**

**Article 19 (existing) / Article 20 (new):**

The existing Articles 11-19 will be changed to Articles 12-20 in consequence of the other proposed amendments.

**The existing Article 19 with the following wording:**

*"The bank's financial year shall be the calendar year.*

*After any loss from previous years has been covered, the net profit shall be allocated as follows:*

*The remaining sum plus amounts carried forward shall be used as decided by the general meeting. The meeting may not, however, decide upon a higher dividend than that proposed or approved by the board of directors."*

**will be a new Article 20 with unchanged wording.**

## Appendix to item 6 of the agenda:

### Ringkjøbing Landbobank A/S – Remuneration policy

#### 1. Introduction

##### 1.1 Object

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

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

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

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

Finally, the remuneration policy and the remuneration must comply with the current statutory requirements for the protection of customers and investors and with current legislation in general.

##### 1.2 Scope of the remuneration policy

**1.2.1** The remuneration policy applies to the board of directors, general management, other major risk takers and employees in control functions in the bank.

**1.2.2** Point 7 of the policy applies to other employees in the bank.

##### 1.3 General principles

The general policy is that a fixed amount of remuneration is paid to the bank's management, which comprises the board of directors and the general management. Remuneration paid to the other employees covered by the policy is also primarily a fixed amount. These other employees thus receive only limited variable remuneration.

In this way the remuneration policy supports the bank's business strategy of organic growth and long-term interests, as it does not encourage excessive risk taking and remuneration is not linked to short-term goals and operating results. The remuneration policy thus also contributes to sustainability. The remuneration policy should also be seen in the context of the bank's corporate social responsibility policy, which is based on the bank's position in the local communities in which it operates and on the bank's core values: competent, responsive and proper. The corporate social responsibility policy specifies that the bank wants to be a responsible and value-creating bank that shows social responsibility. The bank works to create good, long-term results for its shareholders and wishes to contribute to creating a sustainable society, focusing on: customers, employees and society.

The bank uses the following remuneration components:

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

Since the bank pays fixed remuneration only to the board of directors and the general management as stated above, the remuneration has neither fully nor partly been made directly dependent on compliance with sustainability goals. The board of directors has instead instructed the general management to place strong emphasis on sustainability when operating the bank.

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

## **2. Board of directors**

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

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

Under the bank's articles of association, the remuneration paid to the board of directors must be approved by the bank's shareholders' committee. The shareholders' committee fixes the remuneration for one year at a time, and it must be submitted to the bank's shareholders' committee before commencement of the remuneration period. The payment to the individual board members is published in the bank's annual report.

## **3. General management**

The remuneration paid to the general management must be a fixed amount without any form of variable component.

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

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

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

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

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

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

## **4. Other major risk takers**

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

In addition to the board of directors and the general management, who are risk takers by definition, the following employees should be identified as other major risk takers: Managerial employees in charge of significant business units, managerial employees in staff functions reporting directly to the general management, the bank's risk manager, compliance manager and chief internal auditor, and other employees whose activities, based on a specific assessment, may be of significance to the bank's risk profile.

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

Other major risk takers may be paid variable salary components in the form of a cash payment within the financial framework for payment of personal allowances under a current workplace agreement, below the cap on variable cash components of salary and subject to current legislation,

including the provisions in point 7. Severance may also be paid unless deemed to be variable salary in the terms of applicable law.

## **5. Employees in control functions**

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

Employees in control functions may be paid variable salary components in the form of a cash payment within the financial framework for payment of personal allowances under a current workplace agreement, below the cap on variable cash components of salary and subject to current legislation, including the provisions in point 7. Severance may also be paid unless deemed to be variable salary in the terms of applicable law.

## **6. Pension policy**

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

## **7. Remuneration policy for the bank's other employees**

The following applies to employees other than those mentioned in point 1.2.1:

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

Subject to the above, other employees, i.e. groups of employees other than those listed in point 1.2.1 of the remuneration policy, may be paid variable salary components and severance, and granted pension schemes comparable to variable salary components.

## **8. Remuneration committee**

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

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

The board of directors and its remuneration committee must review the remuneration policy at least once a year with a view to adjusting it as needed to the bank's development etc.

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

Changes to the remuneration policy adopted by the board of directors must be submitted to the general meeting for approval. The remuneration policy must be put to the vote at the bank's annual general meeting at least every four years and on all significant changes to the policy.

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

## **10. Compliance with the remuneration policy and monitoring of compliance**

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

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

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

*Adopted by the board of directors of Ringkjøbing Landbobank A/S on 20 January 2021.*

Disclaimer:

This document is a translation of an original document in Danish. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

