

# AGENDA AND FULL PROPOSALS



Ringkjøbing  
**Landbobank**

## Agenda for the Annual General Meeting at 5:00 p.m. Wednesday 4 March 2020:

### 1. Election of chairperson

### 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.

### 3.a. Approval of the bank's remuneration policy

The board of directors proposes that the remuneration policy 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. Election of members of the shareholders' committee

The following members will be retiring: Claus Dalgaard, Poul Johnsen Høj, Carl Erik Kristensen, Bjarne Bjørnkjær Nielsen, Jens Otto Størup, Peer Buch Sørensen and John Christian Aasted. Jens Otto Størup has advised that he is not standing for re-election.

In addition, Poul Søe Jeppesen must retire from the shareholders' committee due to the provision on age in the articles of association.

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

- Claus Dalgaard, Ringkøbing, vice president, born 1962
- Poul Johnsen Høj, Hvide Sande, fishing boat skipper, born 1964
- Carl Erik Kristensen, Hvide Sande, manager, born 1978
- Bjarne Bjørnkjær Nielsen, Skjern, manager, born 1973
- Peer Buch Sørensen, Frederikshavn, draper, born 1967
- John Christian Aasted, Aalborg, manager, born 1961

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

- Karsten Madsen, Sæby, attorney-at-law, born 1961
- Dorte Zacho Martinsen, Tvis, manager, born 1972
- Marianne Oksbjerg, Brande, manager, born 1966
- Yvonne Skagen, Aalborg, manager, born 1957

In recruiting and proposing candidates for the shareholders' committee, the committee and board of directors have focused on ensuring diversity among the committee members in terms of business experience, professional qualifications and expertise, age etc.

### 6. Election of one or more auditors

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

### 7. Authorisation of 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%)

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

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

### **8a. Proposed amendments to the articles of association**

The shareholders' committee and the board of directors propose the following amendments to the articles of association:

#### **Articles 2a and 2b**

It is proposed to extend the authorisations under articles 2a and 2b by one year, until 3 March 2025. The authorisations will be on unchanged terms.

#### **Article 3**

The keeper of the share register is changed to "VP Securities A/S, CVR no. 21599336".

### **8b. Proposal to reduce the bank's share capital by nom. DKK 433,475 by cancellation of its own shares**

The board of directors proposes a reduction in the bank's share capital from nom. DKK 29,661,796 to nom. DKK 29,228,321 by cancellation of 433,475 nom. DKK 1 shares, from the bank's holding of its own shares of a nominal value of DKK 433,475.

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 433,475 and the bank's holding of its own shares will be reduced by 433,475 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 189,994,683. This means that, apart from the reduction in nominal capital, DKK 189,561,208 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 an amendment to Articles 2, 2a and 2b of the bank's articles of association, changing the amount of "29,661,796" in Article 2 to "29,228,321" and the amount of "43,872,776" in Articles 2a and 2b to "43,439,301".

### **8c. 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.

## **Concerning point 6 of the agenda:**

In connection with point 6 of the agenda the following information is given: The shareholders' committee and the board of directors proposes re-election of PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab, in accordance with the audit committee's recommendation. The audit committee is free from third-party influence and no contract clause has been imposed upon it by a third party restricting the general meeting's choice to particular auditors or audit firms.

## **Concerning point 7 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 proposed amendments to the articles of association

### Concerning point 8a of the agenda:

#### Current wording of the articles of association:

##### **Art. 2a**

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 43,872,776 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 19 March 2024. The capital increase shall take place with right of pre-emption for existing shareholders.

##### **Art. 2b**

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 43,872,776 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 take-over 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 19 March 2024. The capital increase shall take place without right of pre-emption for existing shareholders.

##### **Art. 3, last line**

The bank's share register is VP Investor Services A/S, CVR no. 30201183, Weidekampsgade 14, 2300 København S, Denmark.

#### Proposed new wording of the articles of association:

##### **Art. 2a**

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 43,872,776 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.

##### **Art. 2b**

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 43,872,776 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 take-over 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.

##### **Art. 3, last line**

The bank's share register is VP Securities A/S, CVR no. 21599336.

## Concerning point 3a of the agenda:

### Ringkjøbing Landbobank A/S - remuneration policy

#### 1. Introduction

##### 1.1. Object

Pursuant to the 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 and long-term interests.

The policy must also 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.

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.

The remuneration committee, appointed by the board of directors and the general management, negotiates remuneration agreements with 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 3 and 24 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 salary components 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 salary components 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.

*Adopted by the board of directors of Ringkjøbing Landbobank on 22 January 2020*



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