MOODY'S
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CREDIT OPINION
22 September 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

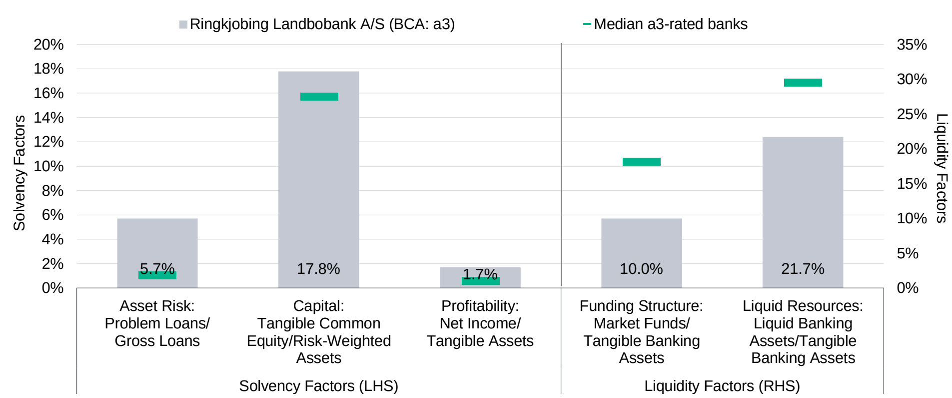
Ringkjøbing's Aa3 deposit rating incorporates three notches of rating uplift, and the A1 issuer rating two notches of uplift, from the bank's a3 Baseline Credit Assessment (BCA) based on our Advanced Loss Given Failure (LGF) analysis. LGF takes into account the risks faced by different debt and deposit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

Ringkjøbing's a3 standalone BCA reflects its (1) strong capitalisation, with a 17.8% tangible common equity (TCE)/risk-weighted assets (RWAs) ratio and a 12.8% TCE/total assets ratio as of June 2021; (2) relatively high profitability, that will exceed pre-corona levels, 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, restored to pre-crisis levels, supported by strong growth, 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]

	06-21[2]	12-20[2]	12-19[2]	12-18[2]	12-17[2]	CAGR/Avg.[3]
Total Assets (DKK Million)	57,122.9	54,862.1	52,940.9	49,650.5	25,796.5	25.5[4]
Total Assets (USD Million)	9,109.7	9,018.2	7,952.7	7,605.8	4,160.5	25.1[4]
Tangible Common Equity (DKK Million)	7,305.1	7,110.6	6,559.6	6,123.6	3,816.8	20.4[4]
Tangible Common Equity (USD Million)	1,165.0	1,168.8	985.4	938.1	615.6	20.0[4]
Problem Loans / Gross Loans (%)	4.7	4.6	6.7	6.8	4.1	5.4[5]
Tangible Common Equity / Risk Weighted Assets (%)	17.8	17.1	15.9	16.8	19.4	17.4[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	19.6	19.4	29.4	29.6	17.7	23.1[5]
Net Interest Margin (%)	2.3	2.3	2.2	2.4	2.5	2.4[5]
PPI / Average RWA (%)	3.7	3.4	3.4	3.1	4.0	3.5[6]
Net Income / Tangible Assets (%)	2.0	1.7	1.8	1.4	2.3	1.8[5]
Cost / Income Ratio (%)	34.8	36.8	37.8	44.5	31.0	37.0[5]
Market Funds / Tangible Banking Assets (%)	10.3	10.0	9.5	7.7	9.2	9.3[5]
Liquid Banking Assets / Tangible Banking Assets (%)	21.2	21.7	21.3	20.6	21.2	21.2[5]
Gross Loans / Due to Customers (%)	108.8	109.7	110.5	106.4	106.1	108.3[5]

[-] Further to the publication of our revised methodology in July 2021, for issuers that have "high trigger" additional Tier 1 instruments outstanding, not all ratios included in this report reflect the change in treatment of these instruments. [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 DKK57.1 billion (around €7.7 billion) as of June 2021. As of June 2021, 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 shareholders with more than a 5% stake was pension provider Arbejdsmarkedets Tillægspension (ATP) and Liontrust Asset Management Plc (London, Great Britain).

Recent developments

On July 1, Ringkjøbing acquired the client portfolio of BIL Danmark, the Danish branch of Banque Internationale á Luxembourg, including eight employees, that the bank expects will strengthen its private banking segment. The clients will be transferred to Ringkjøbing in the third quarter of 2021. The transaction will not have a material impact on Ringkjøbing's financial profile, given the small size (DKK1.2 billion of loans, DKK0.9 billion of deposits, assets under management and custody of DKK6 billion). The payment for the client portfolio will be in the form of an earn-out agreement, based on earnings over a two-year period.

Detailed credit considerations

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

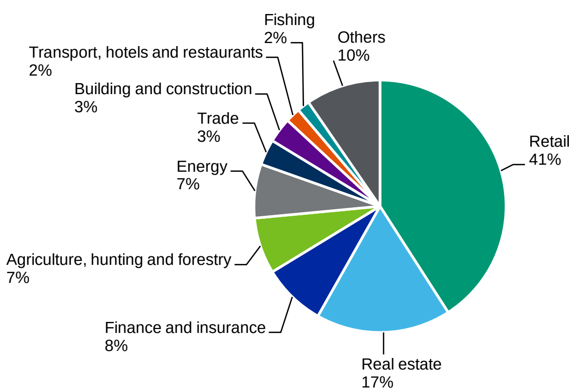
We expect Ringkjøbing's asset quality to deteriorate modestly over the coming quarters following the lifting of government support measures to businesses and households. The rise in problem loans will, however, be mitigated by the conservative built-up in management provisions, which continued in 2021. 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 4.7% as of June 2021, 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 declined to 7.9% as of June 2021, from 8.7% as of December 2020 and 8.1% as of the end of 2019.[1] Coverage of problem loans by provisions has remained relatively strong at 60% as of June 2021 (end-2020: 55%).

Asset quality deterioration has been muted so far, with a lower need for individual impairment charges in the first half of 2021 translating to a more normalised level of loan loss provisions, equivalent to 0.3% of average gross loans. These declined from 0.6% in 2020, when the bank conservatively built its stock of management provisions to cover for potential future impairment charges. The bank continued to strengthen management provisions in 2021 in view of higher risk in specific sectors arising from political developments, such as agriculture and fisheries, and these now account for 1.5% of gross loans.

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 June 2021 (see Exhibit 3). Commercial real estate borrowers who rely on rental income, especially from the sectors most impacted by the outbreak as well as those affected negatively by structural changes, for example due to changed consumer behaviour, 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. The agricultural sector made up a further 7% as of the same date. The outlook for the historically challenged sector is more uncertain, as mentioned above, due to developments at the European Union level, a consequence of which is a decrease in direct support paid to farmers.

Exhibit 3
Ringkjøbing has some concentration to real estate and agriculture
Loan portfolio and guarantees breakdown by sector as of June 2021



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 108% of the bank's Common Equity Tier 1 (CET1) capital as of June 2021 (end-2020: 100%). These concentrations are, however, well below the regulatory limit of 175% of CET1 capital.

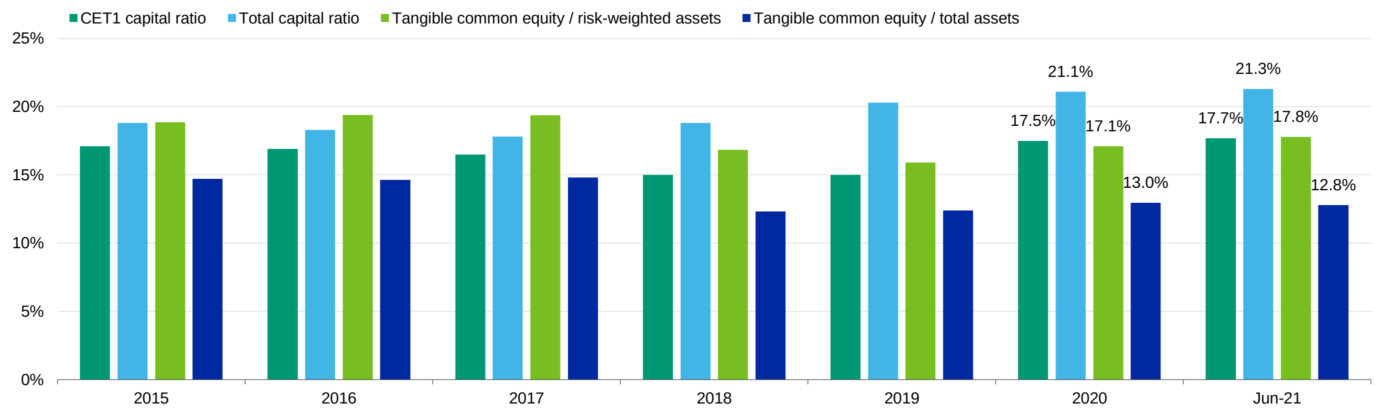
Solid capitalisation, including a strong leverage ratio

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 approval from the Danish Financial Supervisory Authority (FSA).

Ringkjøbing's TCE/RWAs ratio, our preferred capital metric, was a strong 17.8% as of June 2021 (end-2020: 17.1%, see Exhibit 4). Also its TCE/total assets ratio was 12.8%, 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 17.7% and 21.3% respectively as of June 2021. 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 FSA's 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. In June 2021, the Danish government decided to restore the countercyclical capital buffer to 1.0% effective from end-September 2022.[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. Excluding the IFRS 9 transitional arrangements, the bank's CET1 ratio would be lower by 1.3 percentage points as of June 2021, however our TCE ratio is not affected.

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%). In combination with the resumption of loan growth closer to pre-crisis levels (6% year-over-year in June 2021) and additional distributions (the bank obtain approval for a new share buy-back program amounting to DKK242.5 million which would deduct 0.6 percentage points from the bank's capital ratios), 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 72% as of June 2021, 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. Despite credit growth during the first six months of 2021, RWAs slightly declined during the period due to the implementation of a new system.

Strong profitability, which will exceed pre-crisis levels, supported by strong loan growth; 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 we consider the bank's profitability to be strong, providing ample capacity to generate capital internally and absorb losses. For 2021, we expect the bank's core profitability to exceed-pre-crisis levels, supported by lower loan loss provisions and strong loan growth, while cost efficiency will continue to improve.

The bank's net income to tangible assets improved to 2.0% in the first six months of 2021 (2020: 1.7%), supported by strong income growth and lower provisioning charges (as mentioned above). Net interest income grew by 6% year-over-year in the first half of 2021, in line with loan growth which was broadly based (retail and in the bank's niche segments), also benefiting from the bank's decision to widen the private depositor pool subject to negative rate to above DKK100,000 (around €13,400) effective from 1 January 2021.[3]. Net fees and commission income also rose strongly, reflecting the very high level of activity. Costs also grew by 3%, but at a lower rate than income. As a result, the bank's cost-to-income ratio improved to 34.2% in the first half of 2021, from 36.2% in 2020, converging towards the pre-merger level with a cost-to-income ratio of 33% in 2017 (44.1% pro-forma for merger). Ringkjøbing realized the planned synergies from the merger in just over two years and remains one of Denmark's most efficient banks, driven by a lean business model.

Although the pace of income growth will moderate slightly, we expect the bank's core profitability (excluding securities portfolio returns) to exceed pre-crisis levels in 2021, supported by lower loan loss provisions and continued strong business activity, while cost efficiency will continue to improve. A combination of resumed loan growth and the bank's decision to increase the margin charged on business customers' deposits will support 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 expects some increase in costs during 2021. However this will remain below revenue growth, resulting 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 June 2021, customer deposits (excluding pooled schemes) accounted for 63% of assets. Furthermore, the bank's reliance on more confidence-sensitive market funding remained low at 10.3% 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 DKK1.9 billion as of June 2021 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 June 2021, liquid banking assets accounted for around 21.2% of assets, and the bank reported a liquidity coverage ratio of 185% (2020: 206%) as of the same date. 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 28.2% as of June 2021.[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)

Ringkjøbing's CRR is Aa3/Prime-1

The CRR is 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

Ringkjøbing's CR Assessment is 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 above 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	5.7%	baa2	↔	ba1	Expected trend	Sector concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	17.8%	aa2	↓	aa3	Nominal leverage	Stress capital resilience
Profitability						
Net Income / Tangible Assets	1.7%	a1	↔	a1	Return on assets	
Combined Solvency Score		a2		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	8,679	17.0%	12,373	24.3%
Deposits	36,216	71.1%	32,522	63.8%
Preferred deposits	26,800	52.6%	25,460	50.0%
Junior deposits	9,416	18.5%	7,062	13.9%
Senior unsecured bank debt	1,024	2.0%	1,024	2.0%
Junior senior unsecured bank debt	1,945	3.8%	1,945	3.8%
Dated subordinated bank debt	1,544	3.0%	1,544	3.0%
Equity	1,528	3.0%	1,528	3.0%
Total Tangible Banking Assets	50,936	100.0%	50,936	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	25.7%	25.7%	25.7%	25.7%	3	3	3	3	0	aa3
Counterparty Risk Assessment	25.7%	25.7%	25.7%	25.7%	3	3	3	3	0	aa3 (cr)
Deposits	25.7%	9.8%	25.7%	11.9%	3	3	3	3	0	aa3
Senior unsecured bank debt	25.7%	9.8%	11.9%	9.8%	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.

REPORT NUMBER 1301978

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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