

Copenhagen Stock Exchange
Nikolaj Plads 6
DK 1067 Copenhagen K

20 April 2005

Quarterly report – 1st quarter 2005

Accounts in million DKK	1 st qtr 2005	1 st qtr 2004	2004 full year
Net income from interest and fees	121	103	426
Value adjustments	13	12	65
Total costs and depreciation	46	42	188
Write-downs on loans etc.	5	6	20
Result before tax	83	67	288
Result after tax	60	47	214
Actual banking operations	77	59	237
Equity end of period	1,298	1,174	1,355
Deposits	5,692	4,574	5,144
Loans	7,676	5,812	7,187
Balance sheet total	10,305	8,345	9,440
Guarantees	4,139	3,165	3,938
Key figures for the bank in per cent			
Pre-tax return on equity, start of period	27.0	23.6	25.3
After tax return on equity, start of period	19.4	16.6	18.7
Rate of costs	37.3	40.2	42.9
Core capital excl. hybrid capital	11.9	13.7	11.5
Core capital (Tier 1)	13.6	13.7	11.5
Solvency (Tier 2)	13.4	12.8	11.1
Key figures per share (DKK)			
Actual banking operations	58.6	44.5	179.8
Result before tax	63.2	50.8	218.3
Result after tax	45.5	35.8	161.8
Net asset value	983.5	889.7	926.6
Price, end of period	2,332.0	1,563.5	2,163.1

Highlights of 1st quarter 2005

- **7% improvement in rate of costs to 37.3% - best in Denmark**
- **Return on equity, start of period is 27%**
- **24% increase in pre-tax profit to DKK 83 million**
- **32% increase in actual banking operations to DKK 77 million**
- **High level of activity within asset management and conversions of mortgage credit loans**
- **Strong increase in business – loans up by 32% and deposits up by 24%**
- **Expectations for actual banking operations for 2005 maintained so far**

Strongly increasing business responsible for continued increase in profitability

The bank's business is growing very satisfactorily and is driven by a continuing substantial increase in both customer numbers and activities throughout the bank. The bank's loans increased by 32%, while deposits increased by 24%. Earnings from the bank's targeted initiatives within securities trading and asset management have developed very satisfactorily, and the level of activity has been extraordinarily high because of the substantial wave of conversions of mortgage credit loans in the first quarter of 2005.

Notwithstanding the bank's high core capital of 13.6%, the pre-tax return on the bank's capital and reserves was 27% p.a., which is considered highly satisfactory by the bank's management.

Net income from interest and fees

The earnings on net income from interest and fees was DKK 121 million against DKK 103 million in the same quarter of last year, an increase of 17%.

The increasing business, particularly the highly positive growth in the number of customers and the continuing increase in deposits and loans, was responsible for the 10% increase in earnings on net income from interest, as the interest margin was much lower in the first quarter of 2005 relative to last year, which is attributable partly to increasing competition but especially to an altered product mix.

Fees and commissions amounted to net DKK 33 million in 2005 against DKK 23 million in 2004. The positive increase is partly attributable to the bank's activities within securities trading and asset management and partly to the very large number of conversions of mortgage credit loans in the first quarter on 2005.

Securities and foreign exchange income

Value adjustments of securities and exchange rate adjustments etc. showed a gain of DKK 13.4 million against last year's DKK 12.0 million. The gains were DKK 3.5 million on listed shares, a gain of DKK 3.2 million on interest-bearing debts, and a positive exchange rate adjustment of DKK 1.5 million. A positive value adjustment of DKK 5.2 million was also made to fixed-asset shares.

The portfolio of shares etc. amounted to DKK 228 million at the end of the quarter, DKK 102 million of which was in listed shares with DKK 126 million in fixed-asset shares etc. The bond portfolio amounted to DKK 506 million with a corrected interest risk of 1.2% of capital and reserves.

Costs

Total costs including depreciation on tangible assets amounted to DKK 46 million against last year's DKK 42 million, an increase of 8.8 %.

The rate of costs was computed at 37.3%, which is a 7.2% improvement relative to the first quarter of 2004, when the figure was 40.2%. The rate of costs was computed without including the positive value adjustment of fixed-asset shares.

In the first quarter of 2005 the bank had an average of 241 full-time employees against 228 in the first quarter of 2004.

Write-downs on loans etc.

Write-downs on loans etc. amounted to DKK 5 million, equivalent to 0.18% of total loans and guarantees – a drop from 0.25% in 2004. The level of write-downs on loans is judged to be highly satisfactory, and it is not expected to change significantly during the rest of the year.

The quality of the bank's portfolio of loans and guarantees is good. The bank's total provisions stood at DKK 369 million at the end of the quarter after reverse entry of DKK 40.5 million in provisions on 1 January 2005 in connection with the introduction of the new accounting rules. The percentage of provisions is 3.0% of total loans, provisions and guarantees, and the loan portfolio with zeroed interest is DKK 20 million.

Actual banking operations

	1st qtr 2005	2004	2003	2002	2001	2000	1999	1998	1997
Total net income	128	445	393	357	304	270	226	217	190
Total net costs	-46	-188	-163	-155	-133	-109	-99	-97	-87
Write-downs on loans	-5	-20	-35	-23	-23	-28	-27	-30	-35
Result of actual banking operations	77	237	195	179	148	133	100	90	68

Actual banking operations increased from DKK 59 million in the first quarter of 2004 to DKK 77 million in the first quarter of 2005, an increase of 32% and a natural expression of the underlying positive development in the bank's business volume.

Result after tax

The result after tax was DKK 60 million after tax of DKK 23 million. The result is equivalent to a 19% return on capital and reserves at the beginning of the period after deduction of dividend etc.

The balance sheet

The bank's balance sheet stood at DKK 10,305 million at the end of the quarter against last year's DKK 8,345 million, an increase of 23%. Deposits increased by 24% and amount to DKK 5,692 million. Loans increased by 32% and amount to DKK 7,676 million. The guarantee portfolio was DKK 4,139 million at the end of the quarter against last year's DKK 3,165 million. DKK 1,257 million of the guarantee portfolio covers foreign loans.

Capital in 2005

Capital and reserves at the end of 2004 stood at DKK 1,237 million after deduction of dividend etc. The total effect of the altered accounting rules has not influenced the capital and reserves, which amounted to DKK 1,298 million after addition of the result for the quarter after tax.

The bank was authorised by the general meeting in February 2005 to buy up to 60,000 shares (at market price, but maximum DKK 2,050 per share) in order to reserve them for subsequent cancellation. No shares had been allocated for subsequent cancellation as of 19 April 2005.

The bank took up hybrid Tier 1 capital at the beginning of March 2005 to the value of DKK 200 million with an indefinite term. The amount is included in the bank's capital as Tier 1 capital on an equal footing with the capital and reserves.

The solvency ratio (Tier 2) is computed at 13.4% including the result for the period and 12.9% without the result for the period. The core capital ratio (Tier 1) is computed at 13.6% including the result for the period and 13.0% without the result for the period. The Tier 1 capital ratio including the result for the period but excluding hybrid capital is 11.9%.

The bank's shares were listed on the Copenhagen Stock Exchange at 2,163 at the beginning of the year. The price at the end of the quarter was 2,332, an increase of 8% excluding the dividend of DKK 100 per share which was paid.

Accounting policies

Following a new accounting regulation from the Danish Financial Supervisory Authority containing accounting rules adapted to the international IAS and IFRS rules, the bank adopted new rules on 1 January 2005. In accordance with the new rules, accounting policies were changed accordingly relative to previous years.

Under the new accounting regulation, the layout of the profit and loss account and the balance sheet has changed to some extent, including changes in the designation of certain items, and certain items in the balance sheet relative to previous usage have been split, added or deleted.

Reference is made to the bank's announcement of the annual accounts of 2 February 2005 and the annual report for 2004 with respect to the changes in accounting policies and the effect on capital and reserves as of 1 January 2005 (the herein mentioned monetary effects have not subsequently changed). The most important changes in policies etc. are described below. Finally, the amended accounting policies will appear in the bank's annual report for 2005.

With respect to loans and other debts, the new accounting regulation also requires that establishment fees etc. which are comparable to ongoing interest payments must be accrued over the life of the loan so that the item "Loans and other debtors" is estimated in future at amortized cost price.

The accounting regulation also requires that in future, there must be an objective indication of impairment for a provision to be made – designated under the new rules as write-downs on loans and other debtors. Systems of provisions have been established in the area of private customers which are based on ratings of the bank's customers, while individual assessments of all clients are made in the business area.

In future, buildings and land will be split into the items "Investment properties" and "Domiciles". Investment properties are to be valued at market value computed on the basis of a yield-based model, while domiciles are to be estimated at reassessed values computed as market value on the date of reassessment on the basis of a yield-based model less subsequent cumulative depreciation. It should be noted that as of 1 January 2005, there has been a change in the bank's estimating of scrap values for accounting purposes with respect to the bank's domiciles. With respect to other tangible fixed assets (operating equipment etc.), there has also been a change in the estimation of the life of operating equipment etc. so that in future, the items will be depreciated over an expected life of five years. These changes in estimates have meant an improvement of approx. DKK 0.5 million before tax in the result for the first quarter of 2005.

The value of own shares etc. will no longer be included at any value in the balance sheet, and the proposed allocation of dividend etc. will only be deducted from the capital and reserves after approval by the general meeting.

Finally, in contrast to previous practice, an internal rent (previously placed as income under the item "Other income" and a cost under the item "Staff and administration costs") will no longer be calculated.

The comparative figures for 2004 have been adjusted to the changed accounting policies except for the estimation of loans and other debtors at amortized cost price and write-downs of loans and other debtors, where the bank has used the transitional provisions in the accounting regulation.

Expectations

Expectations in February 2005 for the result of actual bank operations were DKK 240-250 million. The bank is maintaining its expectations for the result for the year, although the realised result for the first quarter of 2005 is approx. 10% better than budgeted. An upward adjustment may be made later if this improvement in earnings continues.

Financial calendar

The financial calendar for the coming year is as follows:

10 August 2005	Half-year report for 2005
12 October 2005	Third quarter report for 2005

Please do not hesitate to contact the bank's management if you have any further questions.

Yours sincerely,

Ringkjøbing Landbobank

Bent Naur

John Fisker

Profit and loss account

Note		1.1 – 31.3.2005 DKK 1,000	1.1 – 31.3.2004 DKK 1,000
			Adjusted to changed accounting policies
1	Interest receivable	119,858	103,152
2	Interest payable	34,221	25,242
	Net income from interest	85,637	77,910
	Dividend on capital shares	2,056	1,446
	Income from fees and commissions	41,894	29,441
	Fees and commissions paid	8,892	5,956
	Net income from interest and fees	120,695	102,841
3	Value adjustments	13,355	12,017
	Other ordinary income	423	270
4	Staff and administration costs	45,511	41,223
	Amortization, depreciation and write-downs on intangible and tangible assets	253	848
	Write-downs on loans etc.	5,343	5,943
	Profit before tax	83,366	67,114
5	Tax	23,300	19,800
	Profit after tax	60,066	47,314

Actual banking operations

		1.1 – 31.3.2005 DKK 1,000	1.1 – 31.3.2004 DKK 1,000
			Adjusted to changed accounting policies
	Net income from interest	85,637	77,910
	Dividend on capital shares	2,056	1,446
	Net income from fees and commissions	33,002	23,485
	Value adjustments of fixed-asset shares *)	5,876	2,124
	Foreign exchange income	1,524	1,484
	Other ordinary income	423	270
	Total net income	128,518	106,719
	Staff and administration costs	45,511	41,223
	Amortization, depreciation and write-downs on intangible and tangible assets	253	848
	Total net costs	45,764	42,071
	Write-downs on loans etc.	5,343	5,943
	Result of actual banking operations	77,411	58,705

*) excl. gain of shares in Totalkredit in both periods.

The balance sheet

Note		End march 2005 DKK 1,000	End march 2004 DKK 1,000
			Adjusted to changed accounting policies
	Assets		
	Cash and cash equivalents and demand deposits with central banks	52,799	272,264
	Due from credit institutions and deposits with central banks	1,701,423	880,362
6	Loans and other debtors at amortized cost price	7,675,769	5,811,793
	Bonds at current value	505,605	632,333
	Shares etc.	228,318	230,133
	Capital shares in affiliated companies etc.	134	350
	Buildings and land total	59,386	51,958
	Investment properties	10,665	11,437
	Domiciles	48,721	40,521
	Other tangible assets	292	1
	Actual tax assets	0	409,299
	Deferred tax assets	14,745	11,292
	Other assets	66,197	45,305
	Total assets	10,304,668	8,345,090
	Liabilities and equity		
	Debt to credit institutions and central banks	2,842,689	2,377,922
	Deposits and other depts	5,691,860	4,573,584
	Actual tax liabilities	1,063	0
	Other liabilities	259,042	201,430
	Accruals and deferred income	2,060	3,764
	Total debt	8,796,714	7,156,700
	Provision for pensions and similar liabilities	14,044	13,927
	Total allocated liabilities	14,044	13,927
	Subordinated debt	195,686	0
	Total subordinated debt	195,686	0
	Equity		
8	Share capital	26,400	26,400
9	Profit carried forward	1,271,824	1,148,063
	Total equity	1,298,224	1,174,463
	Total liabilities and equity	10,304,668	8,345,090

Notes

Note		1.1 – 31.3.2005 DKK 1,000	1.1 – 31.3.2004 DKK 1,000
			Adjusted to changed accounting policies
1	Interest receivable		
	Due from credit institutions and deposits with central banks	7,632	4,295
	Loans and other debtors	108,833	89,767
	Bonds	4,538	6,757
	Derivatives financial instruments, total	- 1,145	-2,225
	of which		
	Currency contracts	398	-112
	Interest contracts	- 1,543	-2,113
	Other	0	4,558
	Total interest receivable	119,858	103,152
2	Interest payable		
	Credit institutions and central banks	11,989	7,326
	Deposits and other depts	21,470	17,916
	Subordinated capital deposits	762	0
	Total interest payable	34,221	25,242
3	Value adjustments		
	Other loans and debtors at current value	- 423	2,939
	Bonds	3,283	4,598
	Shares etc.	8,670	7,396
	Foreign currency	1,524	1,484
	Derivative financial instruments	- 2,097	- 4,400
	Other liabilities	2,398	0
	Total value adjustments	13,355	12,017
4	Staff and administration costs		
	Salaries and payments to board of directors, management and council		
	Management	898	849
	Board of directors	0	0
	Council	0	0
	Total	898	849
	Staff costs		
	Salaries	20,106	18,475
	Pensions	1,955	1,816
	Social security expenses	2,031	2,055
	Total	24,092	22,346
	Other administration costs	20,521	18,028
	Total staff and administration costs	45,511	41,223
5	Effective tax rate		
	The current tax rate	30.0	30.0
	Adj. of tax on profits free of tax and non-deductible costs	- 2.0	-0.5
	Total effective tax rate	28.0	29.5

Notes

Note		End march 2005 DKK 1,000	End march 2004 DKK 1,000
			Adjusted to changed accounting policies
6	Bonds		
	Bonds at current value	505,605	632,333
	Total bonds at current value	505,605	632,333
7	Own capital shares		
	Own capital shares entered at (DKK 1,000) market value	0	0
	Market value (DKK 1,000)	74,468	61,836
	Number of own shares	31,933	39,549
	Nominal value thereof (DKK 1,000)	639	791
	Own shares' percentage of share capital (percent)	2.4	3.0
8	Share capital		
	Number of shares @ DKK 20	1,320,000	1,320,000
	Total share capital (DKK 1,000)	26,400	26,400
9	Profit brought forward		
	Profit brought forward beginning of period	1,342,501	1,172,563
	Total adj. in consequence of changed accounting policies	- 230	- 13,270
	Distribution of dividend	- 132,300	- 46,500
		1,209,971	1,112,793
	Dividend received from own shares	3,099	1,221
	Trade with own shares in the period	- 1,312	- 13,265
	Result of period	60,066	47,314
	Profit carried forward end of period	1,271,824	1,148,063
10	Off-balance sheet items		
	Guarantees etc.		
	Finance guarantees	1,259,050	920,282
	Guarantees against losses on mortgage loans	1,005,159	1,104,181
	Registration and conversion guarantees	168,029	104,126
	Other guarantees	1,707,047	1,035,933
	Total guarantees etc.	4,139,285	3,164,522
	Other commitments		
	Irrevocable advance commitments	50,000	50,000
	Other commitments	2,760	2,639
	Total other commitments	52,760	52,639
11	Solvency computation		
	Computed under Danish Financial Supervisory Authority regulation:		
	Risk-adjusted assets	10,830,827	8,215,045
	Core capital after deduction in % of risk-adjusted assets	13.0%	13.1%
	Solvency ratio	12.9%	12.2%
12	Notes on key figures for the bank and key figures per DKK 20 share – page 1:		
	<ul style="list-style-type: none"> The returns on capital and reserves, beginning of period, before and after tax were calculated for the 1st qtr. 2005, the 1st qtr. 2004 and all of 2004 after deduction of dividend etc. The Tier 1 capital per cent excluding hybrid capital, Tier 1 capital per cent and capital adequacy ratio were not adjusted for the change in accounting policies for the 1st qtr. of 2004 and all of 2004. The net asset value for all of 2004 is after deduction of dividend etc. 		