

Copenhagen Stock Exchange
Nikolaj Plads 6
DK-1067 Copenhagen K

12 October 2005

Quarterly report – 1st-3rd quarters 2005

Accounts in million DKK	1 st -3 rd qtrs. 2005	1 st -3 rd qtrs. 2004	Full year 2004
Net income from interest and fees	375	314	426
Value adjustments	53	34	65
Total costs and depreciation	137	127	184
Write-downs on loans etc.	15	16	20
Result before tax	278	206	288
Result after tax	203	148	214
Actual banking operations	243	183	237
Equity	1,434	1,289	1,369
Deposits	6,137	4,956	5,144
Loans	8,993	6,461	7,200
Balance sheet total	11,869	9,015	9,455
Guarantees	4,909	3,592	3,938
Key figures for the bank in per cent			
Pre-tax return on equity, start of period	30.0	24.1	25.3
After tax return on equity, start of period	21.8	17.3	18.7
Rate of costs	35.9	39.9	42.5
Core capital excl. hybrid capital	11.6	13.3	11.5
Core capital (Tier 1)	13.3	13.3	11.5
Solvency (Tier 2)	12.9	12.9	11.1
Key figures per share (DKK)			
Actual banking operations	183.9	138.4	179.8
Result before tax	210.5	155.8	218.3
Result after tax	153.5	111.9	161.8
Net asset value	1,086.2	976.2	936.6
Price, end of period	2,735.0	1,984.3	2,163.1

1st – 3rd quarters - highlights

- **Rate of costs improved by 10% to 35.9% – the best in Denmark**
- **Pre-tax return on capital and reserves, beginning of period, 30%**
- **35% increase in profit to DKK 278 million before tax**
- **33% increase in actual banking operations to DKK 243 million**
- **High level of activity within asset management and conversions of mortgage credit loans**
- **Strong increase in business – loans up by 39% and deposits up by 24%**
- **Continuing strong capital base – core capital ratio (Tier 1) of 13.3%**

Continued strong increase in business improves result

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 39%, while deposits increased by 24%. The increasing figures mean that the result has improved by 35% relative to last year to a pre-tax profit of DKK 278 million – a 30% return on capital and reserves at the beginning of the period.

Net income from interest and fees

The earnings on net income from interest and fees were DKK 375 million against DKK 314 million for the same period last year, an increase of 20%.

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 13% increase in earnings on net income from interest, as the interest margin has been significantly lower in 2005 relative to last year, which is attributable partly to strong competition, but also to an altered product mix.

Fees and commissions amounted to net DKK 106 million in 2005 against DKK 74 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 2005.

Value adjustments

Value adjustments of securities and exchange rate adjustments etc. showed a gain of DKK 53 million against last year's DKK 34 million. The gains were DKK 25 million on listed shares, a gain of DKK 10 million on interest-bearing debts, and a positive exchange rate adjustment of DKK 5 million. A positive value adjustment of DKK 13 million was also made to fixed-asset shares.

The portfolio of shares etc. amounted to DKK 253 million, DKK 99 million of which was in listed shares with DKK 154 million in fixed-asset shares etc. The bond portfolio amounted to DKK 665 million with a corrected interest risk of 0.8% of capital and reserves.

Costs

Total costs including depreciation on tangible assets amounted to DKK 137 million against last year's DKK 127 million, an increase of 7%.

The rate of costs was computed at 35.9%, which is a 10% improvement relative to 2004, when the figure was 39.9. The rate of costs was computed without including the positive value adjustment of fixed asset shares. The relationship between costs and income will thus continue to rank the bank as the most efficient in Denmark as measured on the basis of this key figure.

The average number of full-time employees in 2005 was 248 against 243 in the same period in 2004.

Write-downs on loans etc.

Write-downs on loans etc. amounted to DKK 15 million, equivalent to 0.14% of total loans, write-downs and guarantees – a drop from 0.21% 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 write-downs stood at DKK 375 million at the end of the quarter after reverse entry of DKK 40.5 million in write-downs on 1 January 2005 in connection with the introduction of the new accounting rules. The cumulative write-down percentage is 2.6% of total loans, write-downs and guarantees. The portfolio of loans with zeroed interest amounts to DKK 20 million.

Actual banking operations

	3 quarters 2005	Year 2004	Year 2003	Year 2002	Year 2001	Year 2000	Year 1999	Year 1998	Year 1997
Total net income	394	441	393	357	304	270	226	217	190
Total net costs	-136	-184	-163	-155	-133	-109	-99	-97	-87
Write-downs on loans	-15	-20	-35	-23	-23	-28	-27	-30	-35
Result of actual banking operations	243	237	195	179	148	133	100	90	68

Actual banking operations increased from DKK 183 million in the first three quarters of 2004 to DKK 243 million in 2005, an increase of 33% and naturally an expression of the underlying positive development in the bank's business volume.

Result after tax

The result after allocation of tax was DKK 203 million after tax of DKK 75 million. After the reduction in corporation tax for 2005, tax is calculated at 28% against the previous 30%. The result represents a 22% 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 11,869 million at the end of the quarter against last year's DKK 9,015 million, an increase of 32%. Deposits increased by 24% and amount to DKK 6,137 million. Loans increased by 39% and amount to DKK 8,993 million. The guarantee portfolio was DKK 4,909 million at the end of the quarter against last year's DKK 3,592 million. DKK 1,285 million of the guarantee portfolio covers foreign loans.

Capital in 2005

Capital and reserves at the end of 2004 amounted to DKK 1,236 million after deduction of dividend etc. In total, the amended accounting rules have not affected the capital and reserves at the beginning of the period, after which the capital and reserves, following addition of the result after tax for the period, amount to DKK 1,434 million.

The bank was authorized 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 11 October 2005.

The bank took up hybrid Tier 1 capital at the beginning of March 2005 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 12.9% including the result for the period and 11.3% excluding the result for the period. The core capital ratio (Tier 1) is computed at 13.3% including the result

for the period and 11.6% excluding the result for the period. The Tier 1 capital ratio including the result for the period but excluding hybrid capital is 11.6%.

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 2,735, an increase of 31% including the dividend of DKK 100 per share which was paid.

The bank's market value on Copenhagen Stock Exchange is DKK 3.6 billion.

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 the 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.

For the most important changes in accounting policies and the effects thereof on capital and reserves as of 1 January 2005, the reader is referred to

- The announcement of 2 February 2005 of the annual accounts 2004
- The annual report 2004, and
- The announcement of 20 April 2005 of the quarterly report for the first quarter of 2005.

Retention of the upwardly adjusted expectations for actual banking operations

Expectations regarding the result for actual banking operations were adjusted upwards in August 2005 by DKK 50 million to the range DKK 290-300 million. This figure remains valid for the time being. The positive value adjustments to the trading portfolio must also be added.

Financial calendar

The financial calendar for the current financial year is as follows:

01 February 2006	Announcement of the annual accounts for 2005
22 February 2006	General meeting

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 – 30.9.2005 DKK 1,000	1.1 – 30.9.2004 DKK 1,000
			Adjusted to changed accounting policies
1	Interest receivable	382,100	320,562
2	Interest payable	116,661	85,192
	Net income from interest	265,439	235,370
	Dividend on capital shares	3,979	4,024
	Income from fees and commissions	131,131	90,510
	Fees and commissions paid	25,515	16,300
	Net income from interest and fees	375,034	313,604
3	Value adjustments	52,788	34,341
	Other ordinary income	1,334	1,440
4	Staff and administration costs	135,483	123,108
	Amortization, depreciation and write-downs on intangible and tangible assets	1,196	4,376
	Write-downs on loans etc.	14,612	16,305
	Profit before tax	277,865	205,596
5	Tax	75,278	57,868
	Profit after tax	202,587	147,728

Actual banking operations

		1.1 – 30.9.2005 DKK 1,000	1.1 – 30.9.2004 DKK 1,000
			Adjusted to changed accounting policies
	Net income from interest	265,439	235,370
	Dividend on capital shares	3,979	4,024
	Net income from fees and commissions	105,616	74,210
	Value adjustments of fixed-asset shares *)	12,963	7,377
	Foreign exchange income	4,685	4,087
	Other ordinary income	1,334	1,440
	Total net income	394,016	326,508
	Staff and administration costs	135,483	123,108
	Amortization, depreciation and write-downs on intangible and tangible assets	1,196	4,376
	Total net costs	136,679	127,484
	Write-downs on loans etc.	14,612	16,305
	Result of actual banking operations	242,725	182,719

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

The balance sheet

Note	End Sept. 2005 1.000 kr.	End Sept 2004 1.000 kr.	End Dec. 2004 1.000 kr.
		Adjusted to changed accounting policies	Adjusted to changed accounting policies
Assets			
Cash and cash equivalents and demand deposits with central banks	38,753	286,014	61,518
Due from credit institutions and deposits with central banks	1,749,241	836,963	1,227,470
6 Loans and other debtors at amortized cost price	8,993,342	6,461,264	7,200,403
7 Bonds at current value	664,830	702,138	618,021
Shares etc.	253,221	220,913	209,024
Capital shares in affiliated companies etc.	134	350	134
Buildings and land total	59,545	51,649	55,873
Investment properties	10,212	10,540	10,665
Domiciles	49,333	41,109	45,208
Other tangible assets	1,018	1	1
Actual tax assets	0	376,849	0
Deferred tax assets	13,762	11,292	14,745
Other assets	94,959	67,559	65,968
Total assets	11,868,805	9,014,992	9,453,157
Liabilities and equity			
Debt to credit institutions and central banks	3,755,507	2,544,219	2,635,780
Deposits and other debts	6,137,100	4,955,708	5,144,209
Actual tax liabilities	49,800	0	7,242
Other liabilities	270,527	209,958	280,515
Accruals and deferred income	1,423	2,638	2,473
Total debt	10,214,357	7,712,523	8,070,219
Provision for pensions and similar liabilities	13,703	13,927	14,267
Total allocated liabilities	13,703	13,927	14,267
Subordinated debt	207,017	0	0
Total subordinated debt	207,017	0	0
Equity			
9 Share capital	26,400	26,400	26,400
10 Profit carried forward	1,407,328	1,262,142	1,342,271
Total equity	1,433,728	1,288,542	1,368,671
Of this proposed dividend etc.	0	0	132,300
Total liabilities and equity	11,868,805	9,014,992	9,453,157

Notes

Note		1.1 – 30.9.2005 DKK 1,000	1.1 – 30.9.2004 DKK 1,000
			Adjusted to changed accounting policies
1	Interest receivable		
	Due from credit institutions and deposits with central banks	25,993	14,315
	Loans and other debtors	344,617	281,741
	Bonds	16,907	17,561
	Derivatives financial instruments, total	-5,417	-6,540
	of which		
	Currency contracts	3,251	-541
	Interest contracts	-8,668	-5,999
	Other	0	13,485
	Total interest receivable	382,100	320,562
2	Interest payable		
	Credit institutions and central banks	39,805	26,675
	Deposits and other debts	71,344	56,330
	Subordinated capital deposits	5,512	0
	Other interest payable	0	2,187
	Total interest payable	116,661	85,192
3	Value adjustments		
	Other loans and debtors at current value	2,076	2,754
	Bonds	8,536	5,339
	Shares etc.	38,285	25,492
	Foreign currency	4,685	4,087
	Derivative financial instruments	10,338	-3,331
	Other liabilities	-11,132	0
	Total value adjustments	52,788	34,341
4	Staff and administration costs		
	Salaries and payments to board of directors, management and council		
	Management	3,280	3,000
	Board of directors	365	379
	Council	0	0
	Total	3,645	3,379
	Staff costs		
	Salaries	62,131	58,210
	Pensions	6,020	5,564
	Social security expenses	6,693	6,405
	Total	74,844	70,179
	Other administration costs	56,994	49,550
	Total staff and administration costs	135,483	123,108
5	Effective tax rate		
	The current tax rate	28.0	30.0
	Adj. of tax on profits free of tax and non-deductible costs	-2.0	-2.0
	Adjustment concerning postponed tax	0.4	0.0
	Adjustment concerning earlier years	0.0	-1.1
	Tax on write-downs account	0.7	1.2
	Total effective tax rate	27.1	28.1

Notes

Note		End Sept. 2005 DKK 1,000	End Sept. 2004 DKK 1,000	End Dec. 2004 DKK 1,000
			Adjusted to changed accounting policies	Adjusted to changed accounting policies
6	Accumulated write-downs on loans			
	Accumulated write-downs, beginning of period	364,355	394,850	394,850
	Write-downs in the period	14,991	16,513	28,485
	Loss already covered by write-downs	-4,696	-6,963	-18,480
	Accumulated write-downs end of period before change in practice	374,650	404,400	404,855
	Change in practice	0	0	-40,500
	Accumulated write-downs, end of period	374,650	404,400	364,355
	Individual write-downs	334,450	N/A	319,000
	Write-downs in groups	40,200	N/A	45,355
	Accumulated write-downs end of period	374,650	404,400	364,355
7	Bonds			
	Bonds at current value	664,830	702,138	618,021
	Total bonds at current value	664,830	702,138	618,021
	The bank has towards Danmarks Nationalbank as security for clearing etc. pawned bonds with a total value of	81,182	83,178	82,651
8	Own capital shares			
	Own capital shares entered at market value	0	0	0
	Market value	94,100	63,697	68,266
	Number of own shares	34,406	32,101	31,560
	Nominal value thereof	688	642	631
	Own shares' percentage of share capital (per- cent)	2.6	2.4	2.4
9	Share capital			
	Number of shares @ DKK 20	1,320,000	1,320,000	1,320,000
	Total share capital	26,400	26,400	26,400
10	Profit brought forward			
	Profit brought forward beginning of period	1,342,271	1,172,563	1,172,563
	Total adj. in consequence of changed account- ing policies 1 January 2004	0	-13,270	-13,270
	Distribution of dividend	-132,300	-46,500	-46,500
	Profit brought forward for return	1,209,971	1,112,793	1,112,793
	Total adj. in consequence of changed account- ing policies 1 January 2005	0	0	13,196
	Dividend received from own shares	3,099	1,221	1,221
	Trade with own shares in the period	-8,329	400	1,550
	Result of period	202,587	147,728	213,511
	Profit carried forward end of period	1,407,328	1,262,142	1,342,271

Notes

Note	End Sept. 2005 DKK 1,000	End Sept. 2004 DKK 1,000	End Dec. 2004 DKK 1,000
		Adjusted to changed accounting policies	Adjusted to changed accounting policies
11			
Off-balance sheet items			
Guarantees etc.			
Finance guarantees	1,306,997	1,263,643	1,268,532
Guarantees against losses on mortgage loans	950,831	1,080,346	1,102,332
Registration and conversion guarantees	189,246	92,386	127,313
Other guarantees	2,462,234	1,155,311	1,439,975
Total guarantees etc.	4,909,308	3,591,686	3,938,152
Other commitments			
Irrevocable advance commitments	50,000	50,000	50,000
Other commitments	3,140	2,710	2,760
Total other commitments	53,140	52,710	52,760
12			
Solvency computation			
Computed under Danish Financial Supervisory Authority reg.:			
Risk-adjusted assets	12,202,183	9,256,130	10,015,807
Core capital excl. hybrid capital	10.0%	11.6%	11.5%
Core capital - Tier 1	11.6%	11.6%	11.5%
Solvency - Tier 2	11.3%	11.1%	11.1%
Computed incl. profit of the period:			
Core capital excl. hybrid capital	11.6%	13.3%	11.5%
Core capital - Tier 1	13.3%	13.3%	11.5%
Solvency - Tier 2	12.9%	12.9%	11.1%
13	<p>Comments on main figures on page 1 and balance sheet figures on page 6:</p> <ul style="list-style-type: none"> The stated balance sheet and guarantees figures for the year 2004 on page 1 and the balance sheet figures end of 2004 on page 6 are identical with the figures in the banks opening balance sheet, beginning of 2005. <p>Comments on the bank's key figures in percent and key figures per DKK 20 share in DKK on page 1:</p> <ul style="list-style-type: none"> The return p.a. on capital and reserves at the beginning of the period before and after tax were calculated after deduction of dividend etc. for 1st-3rd quarter 2005, 1st-3rd quarter 2004 and the full year 2004. The Tier 1 capital ratio excluding hybrid capital and the Tier 1 capital and solvency ratios were not adjusted for the change in accounting policies for 1st-3rd quarter 2004 and the full year 2004. The net asset value for the full year 2004 is after deduction of dividend etc. The price at the end of 3rd quarter 2005 (30 September 2005) is the closing price, while the price at the end of 3rd quarter 2004 (30 September 2004) and for 2004 (30 December 2004) is the official price. <p>Comments on note 4 – page 7:</p> <ul style="list-style-type: none"> Please refer to the 2004 annual report for information on managerial remuneration. 		