

Copenhagen Stock Exchange  
Nikolaj Plads 6  
1067 Copenhagen K

10 August 2005

## Half-yearly report for the first six months of 2005

Accounts in million DKK	1 <sup>st</sup> half year 2005	1 <sup>st</sup> half year 2004	Full year 2004
Net income from interest and fees	250	213	426
Value adjustments	37	17	65
Total costs and depreciation	92	85	184
Write-downs on loans etc.	10	12	20
<b>Result before tax</b>	<b>186</b>	<b>135</b>	<b>288</b>
<b>Result after tax</b>	<b>134</b>	<b>96</b>	<b>214</b>
<b>Actual banking operations</b>	<b>160</b>	<b>125</b>	<b>237</b>
Equity	1,375	1,228	1,355
Deposits	6,129	4,815	5,144
Loans	8,283	6,122	7,187
Balance sheet total	11,510	8,281	9,440
Guarantees	4,509	3,670	3,938
<b>Key figures for the bank in per cent</b>			
Pre-tax return on equity, start of period	30.1	23.6	25.3
After tax return on equity, start of period	21.6	16.8	18.7
Rate of costs	36.3	39.1	42.5
Core capital excl. hybrid capital	11.7	13.4	11.5
Core capital (Tier 1)	13.2	13.4	11.5
Solvency (Tier 2)	13.1	13.0	11.1
<b>Key figures per share (DKK)</b>			
Actual banking operations	121.0	94.9	179.8
Result before tax	141.0	101.9	218.3
Result after tax	101.4	72.4	161.8
Net asset value	1,041.9	930.5	926.6
Price, end of period	2,850.0	1,810.0	2,163.1

## First half year 2005 – highlights

- **Rate of costs improved by 7% to 36.3% – the best in Denmark**
- **Pre-tax return on capital and reserves, beginning of period, 30%**
- **38% increase in profit to DKK 186 million before tax**
- **27% increase in actual banking operations to DKK 160 million**
- **High level of activity within asset management and conversions of mortgage credit loans**
- **Strong increase in business – loans up by 35% and deposits up by 27%**
- **Upward adjustment of expectations for actual banking operations by DKK 50 million to DKK 290-300 million**

## Upward adjustment of actual banking operations after continued substantial advance in business volume

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 35%, while deposits increased by 27%. Against this background, expectations for actual banking operations have been adjusted upward by DKK 50 million to the range DKK 290-300 million for the full year.

The result for the first six months was DKK 186 million before tax, a return of 30% p.a. on capital and reserves at the beginning of the period. Compared with the bank's high Tier 1 capital of 13.2%, the bank's management considers this result highly satisfactory.

### Net income from interest and fees

The earnings on net income from interest and fees were DKK 250 million against DKK 213 million for the same period 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 11% increase in earnings on net income from interest, as the interest margin was significantly lower in the first half 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 72 million in 2005 against net DKK 52 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 half of 2005.

Net fees and commissions were derived as follows:

	<b>1<sup>st</sup> half year 2005</b>	<b>1<sup>st</sup> half year 2004</b>
Stock exchange business and asset management	31 million	19 million
Guarantees to mortgage credit institutions	11 million	9 million
Foreign loans	11 million	8 million
Handling fees, mortgage credit institutions	7 million	4 million
Transaction of payments	6 million	5 million
Handling of documents and miscellaneous fees	3 million	5 million
Guarantee commissions, work and payment guarantees	3 million	2 million

### Securities and foreign exchange income

Value adjustments of securities and exchange rate adjustments etc. showed a gain of DKK 37.1 million against last year's DKK 17.1 million. The gains were DKK 17.7 million on listed shares, a gain of DKK 8.7 million on interest-bearing debts, and a positive exchange rate adjustment of DKK 3.0 million. A positive value adjustment of DKK 7.7 million was also made to fixed-asset shares.

The portfolio of shares etc. amounted to DKK 237 million at the end of the half-year, DKK 108 million of which was in listed shares with DKK 129 million in fixed-asset shares etc. The bond portfolio amounted to DKK 757 million with a corrected interest risk of 1.3% of capital and reserves.

### Costs

Total costs including depreciation on tangible assets amounted to DKK 92 million against last year's DKK 85 million, an increase of 8.7 %.

The rate of costs was computed at 36.3%, which is a 7% improvement relative to the first half of 2004, when the figure was 39.1%. 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.

In the first six months of 2005 the bank had an average of 246 full-time employees against 237 in the first six months of 2004.

### Write-downs on loans etc.

Write-downs on loans etc. amounted to DKK 10 million, equivalent to 0.15% of total loans and guarantees – a drop from 0.23% in first six month of 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 373 million at the end of the half-year after reverse entry of DKK 40.5 million in write-downs on 1 January 2005 in connection with the introduction of new accounting rules. The cumulative percentage write-downs is 2.8% of total loans, write-downs and guarantees, and the loan portfolio with zeroed interest is DKK 19 million.

### Actual banking operations

	1 <sup>st</sup> half	Year	Year	Year	Year	Year	Year	Year	Year
	2005	2004	2003	2002	2001	2000	1999	1998	1997
Total net income	262	441	393	357	304	270	226	217	190
Total net costs	-92	-184	-163	-155	-133	-109	-99	-97	-87
Write-downs on loans	-10	-20	-35	-23	-23	-28	-27	-30	-35
<b>Result of actual banking operations</b>	<b>160</b>	<b>237</b>	<b>195</b>	<b>179</b>	<b>148</b>	<b>133</b>	<b>100</b>	<b>90</b>	<b>68</b>

Actual banking operations increased from DKK 125 million in the first half of 2004 to DKK 160 million in the first half of 2005, an increase of 27% and a natural expression of the underlying positive development in the bank's business volume.

### Result after tax

The result after allocation of tax was DKK 134 million after tax of DKK 52 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 11,510 million at the end of the six month period against last year's DKK 8,281 million, an increase of 39%. Deposits increased by 27% and amount to DKK 6,129 million. Loans increased by 35% and amount to DKK 8,283 million. The guarantee portfolio was DKK 4,509 million at the end of the half-year against last year's DKK 3,670 million. DKK 1,297 million of the guarantee portfolio covers foreign loans.

### **Capital in 2005**

Capital and reserves at the end of 2004 amounted to DKK 1,237 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 half-year amount to DKK 1,375 million.

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 9 August 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 13.1% including the result for the period and 11.9% excluding the result for the period. The core capital ratio (Tier 1) is computed at 13.2% including the result for the period and 12.1% excluding the result for the period. The Tier 1 capital ratio including the result for the period but excluding hybrid capital is 11.7%.

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 half-year was 2,850, an increase of 36% including the dividend of DKK 100 per share which was paid.

The bank's market value on Copenhagen Stock Exchange is DKK 3.8 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 2004 annual report
- The 2004 annual report, and
- The announcement of 20 April 2005 of the quarterly report for the first quarter of 2005.

### **Upward adjustment of expectations for the whole of 2005**

Expectations in February 2005 for the result of actual banking operations were in the range DKK 240-250 million, but given the continued substantial numbers of new customers and the high level of activity, expectations for actual banking operations for the full year have been adjusted upwards by DKK 50 million to the range DKK 290-300 million. To this must also be added value adjustments of the commercial portfolio.

### **Financial calendar**

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

12 October 2005	Third quarter report for 2005
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 – 30.6.2005 DKK 1,000	1.1 – 30.6.2004 DKK 1,000
			Adjusted to changed accounting policies
1	Interest receivable	248,472	210,454
2	Interest payable	73,693	52,740
	<b>Net income from interest</b>	<b>174,779</b>	<b>157,714</b>
	Dividend on capital shares	3,838	3,886
	Income from fees and commissions	89,542	63,386
	Fees and commissions paid	17,797	11,533
	<b>Net income from interest and fees</b>	<b>250,362</b>	<b>213,453</b>
3	Value adjustments	37,146	17,059
	Other ordinary income	853	930
4	Staff and administration costs	91,671	83,152
	Amortization, depreciation and write-downs on intangible and tangible assets	700	1,819
	Write-downs on loans etc.	9,876	11,922
	<b>Profit before tax</b>	<b>186,114</b>	<b>134,549</b>
5	Tax	52,278	38,969
	<b>Profit after tax</b>	<b>133,836</b>	<b>95,580</b>

## Actual banking operations

		1.1 – 30.6.2005 DKK 1,000	1.1 – 30.6.2004 DKK 1,000
			Adjusted to changed accounting policies
	Net income from interest	174,779	157,714
	Dividend on capital shares	3,838	3,886
	Net income from fees and commissions	71,745	51,853
	Value adjustments of fixed-asset shares *)	7,702	5,039
	Foreign exchange income	2,989	2,764
	Other ordinary income	853	930
	<b>Total net income</b>	<b>261,906</b>	<b>222,186</b>
	Staff and administration costs	91,671	83,152
	Amortization, depreciation and write-downs on intangible and tangible assets	700	1,819
	<b>Total net costs</b>	<b>92,371</b>	<b>84,971</b>
	<b>Write-downs on loans etc.</b>	<b>9,876</b>	<b>11,922</b>
	<b>Result of actual banking operations</b>	<b>159,659</b>	<b>125,293</b>

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

## The balance sheet

Note		End June 2005 DKK 1,000	End June 2004 DKK 1,000
			Adjusted to changed accounting policies
<b>Assets</b>			
	Cash and cash equivalents and demand deposits with central banks	44,516	255,659
	Due from credit institutions and deposits with central banks	2,046,131	597,260
<b>6</b>	Loans and other debtors at amortized cost price	8,282,929	6,122,259
<b>7</b>	Bonds at current value	756,787	605,082
	Shares etc.	236,503	207,422
	Capital shares in affiliated companies etc.	134	350
	Buildings and land total	60,044	51,206
	Investment properties	10,743	10,635
	Domiciles	49,301	40,571
	Other tangible assets	638	1
	Actual tax assets	743	372,699
	Deferred tax assets	13,762	11,292
	Other assets	67,743	57,860
	<b>Total assets</b>	<b>11,509,930</b>	<b>8,281,090</b>
<b>Liabilities and equity</b>			
	Debt to credit institutions and central banks	3,477,982	1,975,844
	Deposits and other depts	6,128,606	4,815,268
	Actual tax liabilities	0	0
	Other liabilities	307,950	244,590
	Accruals and deferred income	1,965	3,162
	<b>Total debt</b>	<b>9,916,503</b>	<b>7,038,864</b>
	Provision for pensions and similar liabilities	13,875	13,927
	<b>Total allocated liabilities</b>	<b>13,875</b>	<b>13,927</b>
	Subordinated debt	204,249	0
	<b>Total subordinated debt</b>	<b>204,249</b>	<b>0</b>
	Equity		
<b>9</b>	Share capital	26,400	26,400
<b>10</b>	Profit carried forward	1,348,903	1,201,899
	<b>Total equity</b>	<b>1,375,303</b>	<b>1,228,299</b>
	<b>Total liabilities and equity</b>	<b>11,509,930</b>	<b>8,281,090</b>



## Notes

Note		1.1 – 30.6.2005 DKK 1,000	1.1 – 30.6.2004 DKK 1,000
			Adjusted to changed accounting policies
<b>1</b>	<b>Interest receivable</b>		
	Due from credit institutions and deposits with central banks	16,822	9,461
	Loans and other debtors	225,523	184,646
	Bonds	9,992	11,027
	Derivatives financial instruments, total	-3,865	-3,619
	of which		
	Currency contracts	1,001	-227
	Interest contracts	-4,866	-3,392
	Other	0	8,939
	<b>Total interest receivable</b>	<b>248,472</b>	<b>210,454</b>
<b>2</b>	<b>Interest payable</b>		
	Credit institutions and central banks	25,368	15,848
	Deposits and other depts	45,200	36,892
	Subordinated capital deposits	3,125	0
	<b>Total interest payable</b>	<b>73,693</b>	<b>52,740</b>
<b>3</b>	<b>Value adjustments</b>		
	Other loans and debtors at current value	1,107	-1,191
	Bonds	11,076	-753
	Shares etc.	25,466	15,621
	Foreign currency	2,989	2,764
	Derivative financial instruments	4,864	618
	Other liabilities	-8,356	0
	<b>Total value adjustments</b>	<b>37,146</b>	<b>17,059</b>
<b>4</b>	<b>Staff and administration costs</b>		
	Salaries and payments to board of directors, management and council		
	Management	2,212	1,981
	Board of directors	365	379
	Council	0	0
	Total	2,577	2,360
	Staff costs		
	Salaries	41,306	38,553
	Pensions	3,895	3,626
	Social security expenses	4,370	4,235
	Total	49,571	46,414
	Other administration costs	39,523	34,378
	<b>Total staff and administration costs</b>	<b>91,671</b>	<b>83,152</b>
<b>5</b>	<b>Effective tax rate</b>		
	The current tax rate	28.0	30.0
	Adj. of tax on profits free of tax and non-deductible costs	-1.4	-2.8
	Adjustment concerning postponed tax	0.5	0.0
	Tax on write-downs account	1.0	1.8
	<b>Total effective tax rate</b>	<b>28.1</b>	<b>29.0</b>



## Notes

Note	End June 2005 DKK 1,000	End June 2004 DKK 1,000
		Adjusted to changed accounting policies
<b>6</b>	<b>Accumulated write-downs on loans</b>	
	Accumulated write-downs per 31 December	394,850
	Change in practice, start of period	0
	<b>Accumulated write-downs per 1 January</b>	<b>394,850</b>
	Write-downs in the half year	12,273
	Loss already covered by write-downs	-4,073
	<b>Accumulated write-downs per 30 June</b>	<b>403,050</b>
	Individual write-downs	N/A
	Write-downs in groups	N/A
	<b>Accumulated write-downs per 30 June</b>	<b>403,050</b>
<b>7</b>	<b>Bonds</b>	
	Bonds at current value	605,082
	<b>Total bonds at current value</b>	<b>605,082</b>
	The bank has towards Danmarks Nationalbank as security for clearing etc. pawned bonds with a total value of	123,426
<b>8</b>	<b>Own capital shares</b>	
	Own capital shares entered at market value	0
	Market value	65,564
	Number of own shares	36,223
	Nominal value thereof	724
	Own shares' percentage of share capital (percent)	2.7
<b>9</b>	<b>Share capital</b>	
	Number of shares @ DKK 20	1,320,000
	<b>Total share capital</b>	<b>26,400</b>
<b>10</b>	<b>Profit brought forward</b>	
	<b>Profit brought forward beginning of period</b>	<b>1,172,563</b>
	Total adj. in consequence of changed accounting policies	-13,270
	Distribution of dividend	-46,500
	<b>1,209,971</b>	<b>1,112,793</b>
	Dividend received from own shares	1,221
	Trade with own shares in the period	-7,695
	Result of period	95,580
	<b>Profit carried forward end of period</b>	<b>1,201,899</b>
<b>11</b>	<b>Off-balance sheet items</b>	
	<b>Guarantees etc.</b>	
	Finance guarantees	1,117,941
	Guarantees against losses on mortgage loans	1,077,689
	Registration and conversion guarantees	94,929
	Other guarantees	1,379,358
	<b>Total guarantees etc.</b>	<b>3,669,917</b>
	<b>Other commitments</b>	
	Irrevocable advance commitments	50,000
	Other commitments	2,710
	<b>Total other commitments</b>	<b>52,710</b>
<b>12</b>	<b>Solvency computation</b>	
	Computed under Danish Financial Supervisory Authority reg.:	
	Risk-adjusted assets	8,779,670
	Core capital after deduction in % of risk-adjusted assets	12.3%
	Solvency ratio	11.7%

**Notes**

<b>13</b>	<p><b>Comments on the bank's key figures in percent and key figures per DKK 20 share in kroner – page 1:</b></p> <ul style="list-style-type: none"><li>• 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 the first half-year 2005, the first half-year 2004 and all of 2004.</li><li>• 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 the first half-year 2004 and the full year 2004.</li><li>• The net asset value for the full year 2004 is after deduction of dividend etc.</li><li>• The price at the end of the first half-year 2005 (30 June 2005) is the closing price, while the price at the end of the first half-year 2004 (30 June 2004) and for 2004 (30 December 2004) is the official price.</li></ul> <p><b>Comments on note 4 – page 8:</b></p> <ul style="list-style-type: none"><li>• Please refer to the 2004 annual report for information on managerial remuneration.</li></ul>
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## Five year key figures summary

	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2004	1 <sup>st</sup> half 2003	1 <sup>st</sup> half 2002	1 <sup>st</sup> half 2001
<b>Profit and loss account summary (million DKK)</b>					
Net income from interest	175	158	143	138	115
Dividend on capital shares	4	4	6	5	11
Net income from fees and commissions	71	52	42	31	27
<b>Net income from interest and fees</b>	<b>250</b>	<b>213</b>	<b>191</b>	<b>174</b>	<b>153</b>
Value adjustments	37	17	29	21	8
Other ordinary income	1	1	3	2	1
Operating costs and operating depreciations	92	85	81	74	60
Write-downs on loans etc.	10	12	20	16	12
<b>Profit before tax</b>	<b>186</b>	<b>135</b>	<b>122</b>	<b>107</b>	<b>90</b>
Tax	52	39	37	34	22
<b>Profit after tax</b>	<b>134</b>	<b>96</b>	<b>85</b>	<b>73</b>	<b>68</b>
<b>Key figures from the balance sheet (million DKK)</b>					
Loans and other debtors	8,283	6,122	4,677	4,156	3,299
Deposits and other debts	6,129	4,815	4,102	3,544	2,731
Subordinated debt	204	0	0	0	0
Equity	1,375	1,228	1,054	948	754
Balance sheet total	11,510	8,281	6,718	5,760	4,429
Comparison figures for 2001 – 2003 are not adjusted to changed accounting policies.					

## Five year key figures summary

	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2004	1 <sup>st</sup> half 2003	1 <sup>st</sup> half 2002	1 <sup>st</sup> half 2001
<b>Key figures</b>					
<b>Ringkjøbing Landbobank share (DKK per share @ DKK 20)</b>					
Actual banking operations	121.0	94.9	75.6	61.9	64.3
Half year result before tax	141.0	101.9	90.1	75.8	69.5
Half year result after tax	101.4	72.4	62.6	51.4	52.1
Price, end of period	2,850.0	1,810.0	1,184.2	681.8	540.0
Net asset value	1,041.9	930.5	798.2	687.2	603.4
Share price/net asset value	2.74	1.94	1.48	0.99	0.89
Comparison figures for 2001 – 2003 are not adjusted to changed accounting policies.					
<b>Key figures for the bank</b>					
Solvency ratio	11.9	11.7	13.4	13.3	13.3
Core capital ratio	12.1	12.3	14.1	13.7	14.2
Pre-tax return on equity for the half year	14.3	11.4	11.7	11.8	12.1
After tax return on equity for the half year	10.2	8.2	8.1	8.0	9.1
Income/cost ratio	2.82	2.39	2.21	2.23	2.24
Interest risk	2.5	2.1	2.8	4.9	4.6
Foreign exchange position	1.0	2.4	0.7	1.0	1.2
Excess cover relative to statutory liquidity requirements	91.4	86.1	132.6	156.5	147.4
Total large exposures	105.1	143.9	68.1	78.4	82.9
Acc. write-down ratio	2.8	4.0	4.9	5.4	5.7
Write-down ratio for the half year	0.1	0.1	0.2	0.2	0.2
Loan growth for the half year	15.0	17.5	2.4	7.9	6.9
Loans relative to capital and reserves	6.0	4.9	4.4	4.6	4.4
Loans + write-downs on this relative to deposits	141.2	135.4	123.7	134.7	132.8
Comparison figures for 2001 – 2004 are not adjusted to changed accounting policies.					