

Copenhagen Stock Exchange
Nikolaj Plads 6
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4 August 2004

Half-yearly report 2004

Main figures

Accounts in million DKK	1 st half year 2004	1 st half year 2003	Full year 2003
Net income from interest and fees	215	191	373
Value adjustments	+ 18	+ 29	+ 118
Total costs and write-offs	87	81	163
Losses and allocations on debtors	12	20	35
Result before tax	137	122	301
Result after tax	98	85	230
Actual banking operations	127	100	195
Capital and reserves	1,251	1,054	1,152
Deposits	4,815	4,102	4,391
Loans	6,116	4,677	5,207
Balance sheet total	8,341	6,718	7,532
Guarantees	3,670	2,991	2,896
Key figures for the bank (per cent)			
Pre-tax return on capital and reserves, start of period	23.8	23.6	29.1
Return on capital and reserves after tax, start of period	17.0	16.4	22.3
Rate of costs	39.4	41.2	42.3
Tier 1 capital	13.4	15.4	15.1
Solvency (Tier 2)	13.0	14.8	14.4
Key figures per 20 DKK share (DKK)			
Actual banking operations	96.2	73.8	143.9
Result before tax	103.8	90.1	222.2
Result after tax	74.2	62.7	169.8
Net asset value	947.4	798.0	873.0
Price, end of period	1,810.0	1,184.0	1,448.2

First half year 2004 – highlights

- **12% increase in profit to DKK 137 million before tax**
- **27% increase in actual banking operations to DKK 127 million**
- **5% improvement in burden rate to 39.4%**
- **40% decrease in losses and provisions to DKK 12 million**
- **Strong increase in business – loans up by 31% and deposits up by 17%**
- **Extensions to Herning branch and establishment of investment centre**
- **Upward adjustment of actual banking operations by DKK 25 million to DKK 225-235 million**

Upward adjustment of expectations because of strongly increasing business

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 31%, while deposits increased by 17%. Given the bank's growth in business and consequent increase in income, expectations for actual banking operations have been adjusted upwards by DKK 25 million to DKK 225-235 million.

Earnings from the bank's targeted initiatives within securities trading and asset management are also developing very well, and the outlook for further developments in 2004 is promising.

Notwithstanding the bank's high core capital of 13%, the pre-tax return on the bank's capital and reserves was 24% 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 were DKK 215 million against DKK 191 million in the same six months of last year, an increase of 12%.

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 increase in earnings on net income from interest, as the interest margin was lower in the first six months of 2004 relative to last year, which is attributable partly to increasing competition but especially to an altered product mix.

	2nd qtr 04	1st qtr 04	4th qtr 03	3rd qtr 03	2nd qtr 03	1st qtr 03
Net interest income	79.8	77.9	70.7	68.7	71.3	71.8

Growth in the local area derives from both the ongoing increase in number of customers and the credit association-like bank loans and financing of holiday cottages. The strong growth in the fourth quarter of 2003 in the banks' niche concepts in the Distance Banking Department continued into 2004. Total growth in loans is now reflected in net interest income.

	2nd qtr 04	1st qtr 04	4th qtr 03	3rd qtr 03	2nd qtr 03	1st qtr 03
Net fees and commissions	28.4	23.5	22.7	19.2	23.6	18.7

Fees and commissions amounted to net DKK 51.9 million in the first six months of 2004 against DKK 42.3 million in 2003. The increase is attributable to the bank's activities within securities trading and asset management and to the increasing number of guarantees, especially for DLR Kredit and customers' foreign loans.

Net fees and commissions were derived as follows:

37%	Stock exchange business and asset management	19 million
16%	Guarantees to mortgage credit institutions	9 million
15%	Foreign loans	8 million
10%	Transaction of payments	5 million
8%	Handling fees mortgage credit institutions	4 million
5%	Document handling	3 million
4%	Guarantee commissions, work and payment guarantees	2 million
5%	Miscellaneous	2 million

Dividends of DKK 5.1 million from the shareholding were received in the first six months of 2004 against DKK 6.0 million last year. The total net income from interest and fees was as follows:

	2nd qtr 04	1st qtr 04	4th qtr 03	3rd qtr 03	2nd qtr 03	1st qtr 03
Net interest and fees	110.6	104.1	93.5	88.0	100.2	91.2

Securities and foreign exchange income

Value adjustments of securities and exchange rate adjustments etc. showed a gain of DKK 18.3 million against last year's gain of DKK 29.0 million. The gains were DKK 12.8 million on listed shares, a loss of DKK 2.3 million on interest-bearing debts, and a positive exchange rate adjustment of DKK 2.8 million. A positive value adjustment of DKK 5.0 million was also made to sector shares.

The bank sold 63% of its 2.04% holding in Totalkredit in the fourth quarter of 2003. In the fourth quarter of 2004, the bank expects to sell 19% of its original shareholding in Totalkredit at an expected profit of DKK 18 million, and the last 18% is expected to be sold in 2006 at an expected profit of DKK 18 million.

The bank's holding of shares etc. at the end of the six month period amounted to DKK 207 million, DKK 88 million of which was in listed shares while DKK 119 million was in sector shares etc. The bondholding amounts to DKK 605 million with a corrected interest risk of 1.4% of capital and reserves.

Costs

Total costs including depreciation on tangible assets amounted to DKK 87 million against last year's DKK 81 million, an increase of 7%. Additional employees were appointed during the second quarter of 2004, and with the planned activities in the second six month period, the increase in costs is still expected to be approx. 10% for the full year, as already budgeted.

The rate of costs was computed at 39.4%, which is a 5% improvement relative to last year's 41.2%. The rate of costs was computed without including the positive value adjustment of sector shares.

In the first six months of 2004 the bank had an average of 237 full-time employees against 225 in the first six months of 2003.

Losses and provisions

Losses and provisions amounted to DKK 12 million, equivalent to 0.23% of total loans and guarantees – a drop from 0.49% in 2003. The level of losses and provisions 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 account for provisions stood at DKK 403 million at the end of the six month period, equivalent to 4.0% of total loans, provisions and guarantees. Only DKK 22 million of the bank's total debts has zeroed interest.

Actual banking operations

	1 st 6 mths 04	2003	2002	2001	2000	1999	1998	1997
Total net income	225	393	357	304	270	226	217	190
Total net costs	-87	-163	-155	-133	-109	-99	-97	-87
Losses and provisions	-12	-35	-23	-23	-28	-27	-30	-35
Result of actual banking operations	127	195	179	148	133	100	90	68

Actual banking operations increased from DKK 100 million in the first six months of 2003 to DKK 127 million in the first six months of 2004, an increase of 27% and an expression of the underlying positive development in the bank's business volume, and the decreasing need for provisions.

Result after tax

The result after tax was DKK 98 million after tax of DKK 39 million. The result is equivalent to a 17.0% return on equity at the beginning of the period.

The balance sheet

The bank's balance sheet stood at DKK 8,341 million at the end of the six month period against last year's DKK 6,718 million, an increase of 24%. Deposits increased by 17% and amount to DKK 4,815 million. Loans increased by 31% and amount to DKK 6,116 million. The guarantee portfolio was DKK 3,670 million at the end of the half-year against last year's DKK 2,991 million. DKK 1,114 million of the guarantee portfolio covers foreign loans.

Liquidity

Long-term confirmed drawing rights primarily with foreign banks to the equivalent of DKK 800 million have been entered into to cover the bank's excess of loans. These drawing rights are not used in ordinary operations.

A part of the bank's financing with credit institutions has also been taken out as long-term loans. Additional five-year loans for the equivalent of EUR 40 million were also taken out in the second quarter of 2004.

Capital in 2004

Capital and reserves at the beginning of the year stood at DKK 1,152 million after allocation for dividend. After adding the result after tax for the first six months, capital and reserves amount to DKK 1,251 million.

The bank was authorised by the general meeting in February 2004 to buy up to 60,000 shares (at market price, but maximum DKK 1,650 per share) in order to reserve them for subsequent cancellation. No shares had yet been allocated for subsequent cancellation as of 04.08.04.

The solvency ratio (Tier 2) is computed at 13.0% including the result for the period and 11.7% without the result for the period. The core capital ratio (Tier 1) is computed at 13.4% including the result for the period and 12.3% without the result for the period.

The bank's shares were listed on the Copenhagen Stock Exchange at 1,448 at the beginning of the year. The price at the end of the six month period was 1,810, a 25% increase, without inclusion of the DKK 35 per share dividend. The bank's market value on 30 June 2004 was DKK 2.4 billion.

Accounting policies

Accounting policies are unchanged from last year.

The Danish Financial Supervisory Authority's key figures are appended as an annex.

Upward adjustment of expectations and plans

Expectations for the result of actual banking operations were DKK 200-210 million in February 2004. Given the strong growth in business and consequent increase in income, the bank's expectations for actual banking operations have been adjusted upwards by DKK 25 million to DKK 225-235 million for the full year.

Ringkjøbing Landbobank has specialised for many years in providing professional advice to the bank's investment clients. The bank has also specialised in the mortgaging of securities. These areas of business were gathered in an actual Private Banking Department during the first quarter. The bank's Herning branch will be extended in the third quarter of 2004, and an investment centre will be established which, in cooperation with the securities/foreign department in Ringkøbing, will strengthen the bank's activities with respect to investment clients in the mid-Jutland market.

Financial calendar

The financial calendar is as follows:

20 October 2004	3rd quarter report for 2004
02 February 2005	Announcement of the annual accounts for 2004
23 February 2005	General meeting

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

Yours sincerely,

Ringkjøbing Landbobank

Bent Naur

John Fisker

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Profit and loss account

Note		1.1 – 30.06.2004 DKK 1,000	1.1 – 30.06.2003 DKK 1,000
1	Interest receivable	210,454	198,346
2	Interest payable	52,740	55,268
	Net interest receivable	157,714	143,078
3	Dividend on capital shares	5,107	6,010
	Income from fees and commissions	63,386	49,386
	Fees and commissions paid	11,533	7,079
	Net income from interest and fees	214,674	191,395
4	Value adjustments	+ 18,337	+ 28,952
	Other ordinary income	2,566	2,467
5	Staff and administration costs	84,788	79,093
	Amortisation, depreciation and write-downs on intangible and tangible assets	1,819	1,800
	Other ordinary costs	0	0
	Provisions for bad and doubtful debts	11,922	19,816
	Ordinary profit/loss before tax	137,048	122,105
6	Tax	38,969	37,297
	Result after tax	98,079	84,808

Actual banking operations

		1.1 – 30.06.2004 DKK 1,000	1.1 – 30.06.2003 DKK 1,000
	Net interest income	157,714	143,078
	Dividend on capital shares	5,107	6,010
	Net income from fees and commissions	51,853	42,307
	Adjustment of sector shares *)	+ 5,039	+ 4,443
	Foreign exchange earnings	+ 2,764	+ 2,323
	Other ordinary income	2,566	2,467
	Total net income	225,043	200,628
	Staff and administration costs	84,788	79,093
	Amortisation, depreciation and write-downs on intangible and tangible assets	1,819	1,800
	Total net costs	86,607	80,893
	Provisions for bad and doubtful debts	11,922	19,816
	Actual banking operations	126,514	99,919

*) excl. capital gain on Totalkredit shares in both periods.

The balance sheet

Note		End June 2004 DKK 1,000	End June 2003 DKK 1,000
	Assets		
	Cash and cash equivalents and demand deposits with central banks	255,659	521,958
7	Due from credit institutions and deposits with central banks	597,260	126,839
	Loans	6,116,362	4,676,868
	Bonds	605,082	830,746
	Shares etc.	207,422	197,258
	Capital shares in affiliated companies etc.	350	350
	Tangible assets	51,207	53,296
8	Own capital shares	65,564	10,755
	Other assets	441,851	299,584
	Total assets	8,340,757	6,717,654
	Liabilities		
	Debt to credit institutions and central banks	1,975,844	1,308,329
	Deposits	4,815,268	4,101,673
	Other liabilities	282,015	239,746
	Accruals and deferred expenses	3,162	1,640
	Provisions for obligations	13,927	12,619
	Capital and reserves:		
9	Share capital	26,400	26,400
8	Reserve for own shares	65,564	10,755
	Carried forward from previous years	1,060,498	931,684
	Carried forward from this years result	98,079	84,808
	Total shareholders' equity	1,250,541	1,053,647
	Total liabilities	8,340,757	6,717,654
	Off-balance sheet items:		
10	Guarantees etc.	3,669,917	2,990,728
10	Other commitments	52,710	52,639
	Total off-balance sheet items	3,722,627	3,043,367

Noter

Note	1.1 – 30.06.2004 DKK 1,000	1.1 – 30.06.2003 DKK 1,000
1 Interest receivable/arbitrage premium of:		
Due from credit institutions and deposits with central banks	9,461	7,238
Loans	184,646	176,450
Bonds	11,027	14,302
Derivatives, total	-3,619	719
of which		
Currency contracts	-227	-27
Interest contracts	-3,392	746
Other	8,939	-363
Total interest receivable	210,454	198,346
2 Interest payable to:		
Credit institutions and central banks	15,848	11,173
Deposits	36,892	44,095
Other	0	0
Total interest payable	52,740	55,268
3 Dividend on:		
Shares	5,107	6,010
Total dividend on capital shares	5,107	6,010
4 Securities and foreign exchange income:		
Bonds	-753	6,787
Shares	27,671	40,358
Fixed-interest loans	-1,191	-222
Foreign currency	2,764	2,323
Derivatives, total	-10,154	-20,294
of which		
Currency contracts	38	22
Interest contracts	-308	-7,396
Share contracts	-9,884	-12,920
Total value adjustments	18,337	28,952
5 Staff and administration costs		
Salaries and payments to board of directors, management and council		
Management	1,981	1,841
Board of directors	379	429
Council	0	0
Total	2,360	2,270
Staff costs		
Salaries	38,553	36,531
Pensions	3,626	3,238
Social security expenses	4,235	3,918
Total	46,414	43,687
Other administration costs	36,014	33,136
Total staff and administration costs	84,788	79,093

Noter

Note	1.1 – 30.06.2004 DKK 1,000	1.1 – 30.06.2003 DKK 1,000
6 Effective tax rate:		
The current tax rate	30.0	30.0
Adjustment for tax on non-liable income and non-deductible costs	-3.3	-1.4
Tax on provisions	1.7	1.9
Total effective tax rate	28.4	30.5
7 Due from credit institutions and deposits with central banks		
Deposits on demand with central banks	369,828	67,955
Due from credit institutions	227,432	58,884
Total due from credit institutions and central banks	597,260	126,839
8 Own capital shares		
Own capital shares entered at market value		
Booked value	65,564	10,755
Number of own shares	36,223	9,082
Nominal value thereof	724	182
Own shares' percentage of share capital	2.7	0.7
9 Share capital		
Number of shares @ DKK 20	1,320,000	1,320,000
Share capital	26,400	26,400
10 Off-balance sheet items		
Guarantees etc.		
Finance guarantees	2,290,559	1,846,208
Other guarantees	1,379,358	1,144,520
Total guarantees etc.	3,669,917	2,990,728
Other commitments		
Irrevocable advance commitments	50,000	50,000
Other commitments	2,710	2,639
Total other commitments	52,710	52,639
11 Solvency calculation		
Computed under Danish Financial Supervisory Authority executive order		
Risk-adjusted assets	8,779,670	6,749,133
Tier 1 capital after deduction in percent of risk-adjusted assets	12.3%	14.1%
Solvency ratio	11.7%	13.4%
Includes earnings for the period		
Tier 1 capital after deduction in percent of risk-adjusted assets	13.4%	15.4%
Solvency ratio	13.0%	14.8%

Danish Financial Supervisory Authority key figures for Danish banks

First six months		2004	2003	2002	2001	2000	
1	Solvency ratio	%	11.7	13.4	13.3	13.3	14.1
2	Core capital ratio	%	12.3	14.1	13.7	14.2	14.9
3	Pre-tax return of equity	%	11.4	11.7	11.8	12.1	9.2
4	Return of equity after tax	%	8.2	8.1	8.0	9.1	6.2
5	Income/cost ratio	DKK	2.39	2.21	2.23	2.24	2.00
6	Interest risk	%	2.1	2.8	4.9	4.6	2.7
7	Foreign exchange position	%	2.4	0.7	1.0	1.2	1.3
8	Loans + provisions thereon relative to deposits	%	135.4	123.7	134.7	132.8	135.7
9	Excess cover relative to statutory liquidity requirements	%	86.1	132.6	156.5	147.4	129.2
10	Total, large exposures	%	143.9	68.1	78.4	82.9	107.0
11	Provisioning ratio	%	4.0	4.9	5.4	5.7	5.3
12	Write-off and provisioning ratio for the 1 st 6 months	%	0.1	0.2	0.2	0.2	0.2
13	Growth in loans for the 1 st 6 months	%	17.5	2.4	7.9	6.9	11.2
14	Loans relative to shareholders' equity		4.9	4.4	4.6	4.4	4.3
15*	Result for the 1 st 6 months before tax, per share	DKK	519.1	450.7	389.5	347.5	223.9
16*	Result for the 1 st 6 months after tax, per share	DKK	371.5	313.0	263.5	260.6	152.2
17*	Book value per share	DKK	4,737	3,991	3,436	3,017	2,519
18	Price/book value per share		1.91	1.48	0.99	0.89	0.71

* calculated on the basis of a denomination of DKK 100.