

Copenhagen Stock Exchange
Nikolaj Plads 6
DK 1067 Copenhagen K

21 April 2004

Quarterly report – 1st quarter 2004

Main figures

Accounts in million DKK	1st qtr 2004	1st qtr 2003	2003 full year
Net income from interest and fees	104	91	373
Securities and foreign exchange income	+ 12	+ 13	+ 118
Total costs and depreciation	42	37	163
Losses and provisions on debtors	6	8	35
Result before tax	68	60	301
Result after tax	48	43	230
Actual banking operations	60	52	195
Capital and reserves	1,201	1,012	1,152
Deposits	4,574	3,902	4,391
Loans	5,806	4,676	5,207
Balance sheet total	8,401	6,383	7,532
Guarantees	3,165	3,056	2,896
Key figures for the bank (per cent)			
Pre-tax return on capital and reserves, start of period	23.6	23.3	29.1
Return on capital and reserves after tax, start of period	16.7	16.8	22.3
Rate of costs	39.8	39.8	42.3
Tier 1 capital	13.7	14.5	15.1
Solvency (Tier 2)	12.8	14.0	14.4
Key figures per 20 DKK share (DKK)			
Actual banking operations	45.4	37.1	143.9
Result before tax	51.5	43.3	222.2
Result after tax	36.5	31.3	169.8
Net asset value	909.5	767.0	873.0
Price, end of period	1,563.5	957.3	1,448.2

First quarter 2004 – highlights

- **13% increase in profit to DKK 68 million before tax**
- **16% increase in actual banking operations to DKK 60 million**
- **Rate of costs unchanged at 39.8%**
- **21% decrease in losses and provisions to DKK 6 million**
- **Strong increase in business – loans up by 24% and deposits up by 17%**
- **Focus on Private Banking Concept**
- **Expectations for actual banking operations for 2004 on target**

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 24%, while deposits increased by 17%. 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 14%, 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 was DKK 104 million against DKK 91 million in the same quarter of last year, an increase of 14%.

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 somewhat lower in the first quarter of 2004 relative to last year, which is attributable partly to increasing competition but especially to an altered product mix.

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

We are experiencing a significant increase in customer numbers and business in all parts of the bank. In particular, the bank's niche concepts in its distance banking department experienced strong growth in the fourth quarter of 2003, and this continued into the first quarter of 2004. The strong growth in loans is now being reflected in the net interest income.

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

Fees and provisions amounted to net DKK 23.5 million in 2004 against DKK 18.7 million in 2003. The increase is attributable primarily to the bank's initiatives within securities trading and asset management.

Dividends totalling DKK 2.7 million were received from the share portfolio for the first quarter of 2004 against DKK 0.7 million last year. The total net income from interest and fees was thus:

	1st qtr 04	4th qtr 03	3rd qtr 03	2nd qtr 03	1st qtr 03
Net interest and fees	104.1	93.4	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 11.6 million against last year's DKK 13.2 million. The gains were DKK 5.3 million on listed shares, a gain of DKK 2.7 million on interest-bearing debts, and a positive exchange rate adjustment of DKK 1.5 million. A positive value adjustment of DKK 2.1 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 quarter amounted to DKK 230 million, DKK 112 million of which was in listed shares while DKK 118 million was in sector shares. The bondholding amounted to DKK 632 million with a corrected interest risk of 1.9 % of capital and reserves.

Costs

Total costs including depreciation on tangible assets amounted to DKK 42 million against last year's DKK 37 million, an increase of 14%. Trends in costs are as budgeted.

The rate of costs was computed at 39.8%, which is unchanged from the first quarter of 2003. The rate of costs was computed without including the positive value adjustment of sector shares.

In the first quarter of 2004 the bank had an average of 228 full-time employees against 219 in the first quarter of 2003.

Losses and provisions

Losses and provisions amounted to DKK 6 million, equivalent to 0.25% of total loans and guarantees – a drop from 0.37% 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 399 million at the end of the quarter, equivalent to 4.3% of total loans, provisions and guarantees.

Actual banking operations

	1st qtr 04	2003	2002	2001	2000	1999	1998	1997
Total net income	108	393	357	304	270	226	217	190
Total net costs	-42	-163	-155	-133	-109	-99	-97	-87
Losses and provisions	-6	-35	-23	-23	-28	-27	-30	-35
Result of actual banking operations	60	195	179	148	133	100	90	68

Actual banking operations increased from DKK 51.5 million in the first quarter of 2003 to DKK 59.9 million in the first quarter of 2004, an increase of 16% and an expression of the underlying positive development in the bank's business volume.

Result after tax

The result after tax was DKK 48.1 million after tax of DKK 19.8 million. The result is equivalent to a 16.7% return on equity at the beginning of the period.

The balance sheet

The bank's balance sheet stood at DKK 8,401 million at the end of the quarter against last year's DKK 6,383 million, an increase of 32%. Deposits increased by 17% and amount to DKK 4,574 million. Loans increased by 24% and amount to DKK 5,806 million. The guarantee portfolio was DKK 3,165 million at the end of the year against last year's DKK 3,056 million. DKK 916 million of the guarantee portfolio covers foreign loans.

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 quarter, capital and reserves amount to DKK 1,201 million.

The bank was authorised by the general meeting in February 2004 to buy up to 60,000 shares (at market price, however 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 20 April 2004.

The solvency ratio (Tier 2) is computed at 12.8% including the result for the period and 12.2% without the result for the period. The core capital ratio (Tier 1) is computed at 13.7% including the result for the period and 13.1% 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 quarter was 1,564, a rise of 8%, without including paid dividend of DKK 35 per share.

Accounting policies

Accounting policies are unchanged from last year.

Expectations and plans

Expectations in February 2004 for the result of actual bank operations were DKK 200-210 million. Expectations for the result for the year are being maintained, although the realised result for the first quarter of 2004 was about 10% better than budgeted. The expectation may be adjusted upward later if this positive trend continues.

Ringkjøbing Landbobank introduced “Financial Management” in the first quarter of 2004 – an insurance against unemployment and sickness. This insurance can be taken out by the bank’s customers irrespective of the nature and scope of their relationship with the bank. The insurance has been received very positively, and several hundred policies have already been taken out.

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 also entered into a working relationship with the investment bank Gudme Raaschou on the provision of share analyses in both the bank’s NetBank and in actual share handbooks.

NetBank will be further extended in the second quarter to include news from Reuter’s and the possibility of real time prices from Copenhagen Stock Exchange.

Additional investment advisers will be appointed during the second and third quarters of 2004.

Financial calendar

The financial calendar for the coming year is as follows:

04 August 2004	Half-year report for 2004
20 October 2004	3rd quarter report for 2004
23 February 2005	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 – 31.3.2004 DKK 1,000	1.1 – 31.3.2003 DKK 1,000
1	Interest receivable	103,152	99,440
2	Interest payable	25,242	27,644
	Net interest receivable	77,910	71,796
3	Dividend on capital shares	2,667	729
	Income from fees and commissions	29,441	22,021
	Fees and commissions paid	5,956	3,352
	Net income from interest and fees	104,062	91,194
4	Securities and foreign exchange income	+ 11,619	+ 13,169
	Other ordinary income	270	167
5	Staff and administration costs	41,223	36,186
	Amortisation, depreciation and write-downs on intangible and tangible assets	848	612
	Other ordinary costs	0	0
	Provisions for bad and doubtful debts	5,943	7,550
	Ordinary profit/loss before tax	67,937	60,182
6	Tax	19,800	16,700
	Result after tax	48,137	43,482

Actual banking operations

		1.1 – 31.03.2004 DKK 1,000	1.1 – 31.03.2003 DKK 1,000
	Net interest income	77,910	71,796
	Dividend on capital shares	2,667	729
	Net income from fees and commissions	23,485	18,669
	Adjustment of sector shares *)	+ 2,124	+ 3,485
	Foreign exchange earnings	+ 1,484	+ 1,024
	Other ordinary income	270	167
	Total net income	107,940	95,870
	Staff and administration costs	41,223	36,186
	Amortisation, depreciation and write-downs on intangible and tangible assets	848	612
	Total net costs	42,071	36,798
	Provisions for bad and doubtful debts	5,943	7,550
	Actual banking operations	59,926	51,522

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

The balance sheet

Note		End march 2004 DKK 1,000	End march 2003 DKK 1,000
	Assets		
	Cash and cash equivalents and demand deposits with central banks	272,264	336,736
7	Due from credit institutions and deposits with central banks	880,362	187,422
	Loans	5,806,206	4,676,076
	Bonds	632,333	596,585
	Shares etc.	230,133	218,836
	Capital shares in affiliated companies etc.	350	350
8	Tangible assets	51,959	53,818
	Own capital shares	61,836	3,775
	Other assets	465,896	309,167
	Total assets	8,401,339	6,382,765
	Liabilities		
	Debt to credit institutions and central banks	2,377,922	1,176,581
	Deposits	4,573,584	3,902,166
	Other liabilities	231,543	277,236
	Accruals and deferred expenses	3,764	1,841
	Provisions for obligations	13,927	12,619
9	Capital and reserves:		
	Share capital	26,400	27,789
8	Reserve for own shares	61,836	3,775
	Carried forward from previous years	1,064,226	937,276
	Carried forward from this years result	48,137	43,482
	Total shareholders' equity	1,200,599	1,012,322
	Total liabilities	8,401,339	6,382,765
	Off-balance sheet items:		
10	Guarantees etc.	3,164,522	3,055,849
10	Other commitments	52,639	52,663
	Total off-balance sheet items	3,217,161	3,108,512

Notes

Note	1.1 – 31.03.2004 DKK 1,000	1.1 – 31.03.2003 DKK 1,000
1 Interest receivable/arbitrage premium of:		
Due from credit institutions and deposits with central banks	4,295	4,292
Loans	89,767	88,436
Bonds	6,757	6,587
Derivatives, total	-2,225	390
of which		
Currency contracts	-112	-50
Interest contracts	-2,113	440
Other	4,558	-265
Total interest receivable	103,152	99,440
2 Interest payable to:		
Credit institutions and central banks	7,326	5,387
Deposits	17,916	22,257
Other	0	0
Total interest payable	25,242	27,644
3 Dividend on:		
Shares	2,667	729
Total dividend on capital shares	2,667	729
4 Securities and foreign exchange income:		
Bonds	4,598	-883
Shares	10,148	21,508
Fixed-interest loans	1,976	-272
Foreign currency	1,484	1,024
Derivatives, total	-6,587	-8,208
of which		
Currency contracts	8	28
Interest contracts	-3,888	-2,275
Share contracts	-2,707	-5,961
Total value adjustments	11,619	13,169
5 Staff and administration costs		
Salaries and payments to board of directors, management and council		
Management	849	832
Board of directors	0	36
Council	0	0
Total	849	868
Staff costs		
Salaries	18,475	17,348
Pensions	1,816	1,587
Social security expenses	2,055	1,855
Total	22,346	20,790
Other administration costs	18,028	14,528
Total staff and administration costs	41,223	36,186

Notes

Note	1.1 – 31.12.2003 DKK 1,000	1.1 – 31.12.2002 DKK 1,000
6	Effective tax rate:	
	The current tax rate	30.0
	Non-liable income and non-deductible costs	-0.9
	Total effective tax rate	29.1
7	Due from credit institutions and deposits with central banks	
	Deposits on demand with central banks	299,875
	Due from credit institutions	580,487
	Total due from credit institutions and central banks	880,362
8	Own capital shares	
	Own capital shares entered at market value	
	Booked value	61,836
	Number of own shares	39,549
	Nominal value thereof	791
	Own shares' percentage of share capital	3.0
9	Share capital	
	Number of shares @ DKK 20	1,320,000
	Share capital	26,400
10	Off-balance sheet items	
	Guarantees etc.	
	Finance guarantees	2,128,589
	Other guarantees	1,035,933
	Total guarantees etc.	3,164,522
	Other commitments	
	Irrevocable advance commitments	50,000
	Other commitments	2,639
	Total other commitments	52,639