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LB Kiel H1 results: Operating profit + 25.9%

In the first half of 2000, Landesbank Schleswig-Holstein Girozentrale (LB Kiel) continued the positive business and earnings performance of the previous years. At € 158.4 million, the Group operating profit after risk provisions and evaluations was up 25.9% on the previous year (6/12 of 1999: € 125.8 million).



On the occasion of the presentation of the first-half figures, Dr. Dietrich Rümker, chairman of LB Kiel's Managing Board, expressed his satisfaction with the development of the Group. He said: "By placing our strategic focus on fast-growing and highly profitable business segments, we have laid the foundation for continued earnings growth. This is reflected in a further rise in operating earnings and above all in the strong increase in net commission income. We expect to be able to repeat the excellent result of the previous year."

Operating earnings continue to grow

At a combined € 417.4 million, first-half operating earnings were up 3.2% or € 13.0 million on the first half of the previous year (6/12 of 1999: € 404.4 million).

The greatest contribution to earnings was made by net interest income, which, at € 348.9 million, almost reached the high level of 6/12 of 1999 (€ 352.1 million). New business with clients developed favourably. The downside is the yield curve, which has been flattening since the beginning of the year, thus greatly reducing the possibility of generating transformation income.

Net commission income was boosted significantly. At € 67.4 million, it was up 34.3% on H1 1999, primarily as a result of the continued lively securities business and the consistent expansion of our commission-earning international lending operations (ships, projects, real estate, special finance).

Net trading income reached € 14 million in what was a volatile market environment especially for money and foreign exchange trading. This represents an increase of 14.8 %.

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Expenses develop according to plan

At € 208.7 million, administrative expenses were up 10.1% on the same period of the previous year (€ 189.5 million), which means that personnel and operating expenses developed according to plan. LB Kiel continues to invest in the expansion of its workforce by approx. 30 jobs in its strategic business units.

Operating expenses mainly include investments in information technology such as the introduction of SAP modules for corporate controlling, which represent an important infrastructure investment for the future.

Risk provisions and evaluations declined to € 50.3 million (6/12 of 1999: € 89.1 million). Evaluation requirements in the lending business were lower than in the previous year. Moreover, in view of the stable long-term interest rates, depreciation requirements for the securities portfolios were also much lower than last year.

Total assets up 5.1% to €121 billion

Since year-end 1999, total assets of the LB Kiel Group have risen by € 5.9 billion or 5.1% to € 121 billion. During the same time, the business volume grew by € 7.6 billion or 5.9% to € 135.6 billion. Securities accounted for a major portion of this growth, increasing by 11.6% to € 33.6 billion (year-end 1999: € 30.1 billion). Claims on customers were up 3.1% or approx. € 1.7 billion to € 54.3 billion, while interbank claims remained virtually unchanged.

On the liabilities side, liabilities to customers increased by 12% to € 25.4 billion, whereas liabilities to banks declined by 4.2% to € 46.8 billion. Certificated liabilities were up 10.6% to € 37.6 billion.

The Group's liable capital rose by 9.6% to € 5.7 billion (year-end 1999: € 5.2 billion) as a result of profit allocations and the issue of subordinated liabilities and profit participation capital. The capital adequacy ratio, i.e. liable capital funds in relation to risk assets, stood at 10.4%, compared to 10.2% at year-end 1999.



Group figures* of LB Kiel June 30, 2000

Statement of Income	30.6.2000 mill of €	6/12 of 1999 mill of €	changes in	
			mill of €	%
Operating earnings	417.4	404.4	13.0	3.2
Net interest income	348.9	352.1	-3.2	-0.9
Net commission income	67.4	50.2	17.2	34.3
Net income from trading activities	14.0	12.2	1.8	14.8
Other operating income/expenses	-12.9	-10.1	-2.8	27.7
Administrative expenses	-208.7	-189.5	-19.2	10.1
Operating profit before risk provisions and evaluations	208.7	214.9	-6.2	-2.9
risk provisions/result of evaluations	-50.3	-89.1	38.8	-43.5
Operating profit after risk provisions and evaluations	158.4	125.8	32.6	25.9

Group positions	30.6.2000 bill of €	31.12.1999 bill of €	changes in	
			bill of €	%
Business volume	135.6	128.0	7.6	5.9
Balance sheet total	121.0	115.1	5.9	5.1
Securities	33.6	30.1	3.5	11.6
Certificated liabilities	37.6	34.0	3.6	10.6
Liabe capital funds	5.7	5.2	0.5	9.6

* LB Kiel's Group accounts include the Bank with its Investitionsbank Schleswig-Holstein and Landes-Bausparkasse as well as Landesbank Schleswig-Holstein International S.A., Luxembourg, Gudme Raaschou Bankaktieselskab, Copenhagen, and the 49.5 investment in Hamburgische Landesbank.