

13th March 2013

LBI hf.

Financial information as of 31.12.2012

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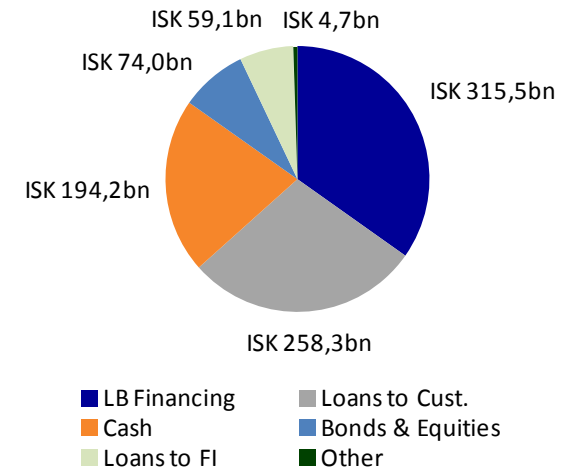


1. Estimated Recovery / Liabilities – Summary
2. Statement of Assets
3. Operational Cost
4. Driver of change
5. Appendix

Estimated Recovery at year end 2012

ISKbn	Estimated recovery		Changes in Quarter		
	30.9.2012	31.12.2012	FX change	Actual	% change
Cash	227,3	194,2	9,1	(42,2)	(19%)
Loans to Financial Inst.	34,9	59,1	1,3	22,9	65%
Loans to Customers	268,5	258,3	10,6	(20,8)	(8%)
Bonds	54,0	54,3	2,9	(2,6)	(5%)
Equities	27,7	19,6	0,5	(8,6)	(31%)
LB Financing	305,8	315,5	9,9	(0,3)	(0%)
Derivatives	1,6	1,6	0,0	(0,0)	(1%)
Investment in Subsidiaries	0,0	0,0	0,0	0,0	0%
Non current assets	3,6	3,1	0,1	(0,6)	(17%)
Total assets	923,6	905,9	34,5	(52,3)	(6%)

Estimated recovery as of 31.12.2012



Highlights in Q4 2012

- Actual estimated recovery **increased by ISK 32,3bn** in Q4 2012.
 - Partial payment in the period reduced the estimated recovery by ISK 84,5bn (using FX as of year end).
 - FX changes increased the estimated recovery by ISK 34,5bn.
 - Due to the above total estimated recovery decreases by ISK 17,7bn, from ISK 923,6bn to ISK 905,9bn.
- Estimated recovery increased by ISK 24bn following the settlement agreement with Glitnir on claims/counterclaims.
- Sale of large part of LBI's stake in Eimskip in an IPO in October 2012.
- Valuation process for the LB Contingent Bond is in its final stages. LB will issue the Contingent Bond before 15th of April 2013.

Est. recovery 30.9.2012	923,6bn
Partial payment	(84,5)bn
FX changes	34,5bn
Valuation changes	32,3bn
Est. recovery 31.12.2012	905,9bn

Estimated Global Recovery -

Estimated recovery and Partial payments using FX as of 22.4.2009

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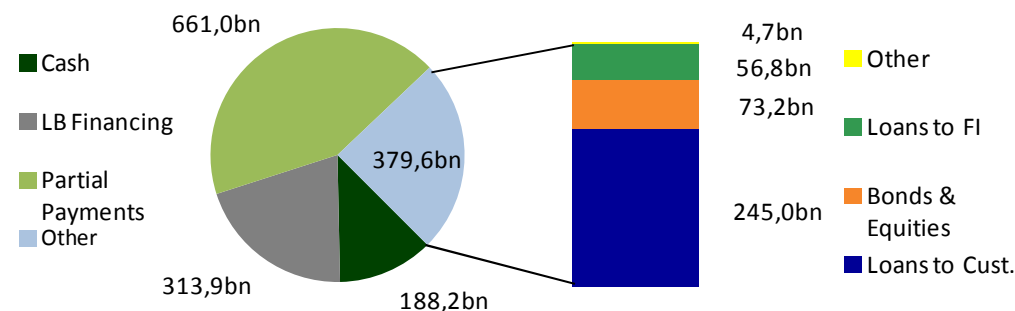
Estimated recovery

FX as of 22.4.2009

ISKbn	30.9.2011	31.12.2011	31.3.2012	30.6.2012	30.9.2012	31.12.2012
Cash	510,4	109,1	279,0	194,6	230,3	188,2
Loans to Financial Inst.	81,1	86,2	79,3	34,6	35,7	56,8
Loans to Customers	207,2	180,8	216,8	271,5	264,7	245,0
Bonds	30,6	29,9	27,9	57,1	57,0	54,6
Equities	149,2	147,4	22,8	40,2	27,5	18,6
LB Financing	366,6	377,7	376,7	312,6	317,3	312,9
Derivatives	2,7	2,4	1,9	1,8	1,6	1,6
Investment in Subsidiaries	1,3	1,0	1,0	1,0	0,0	0,0
Non current assets	3,7	3,7	3,9	3,9	3,7	3,0
Total assets	1.352,7	938,2	1.009,2	917,3	937,9	880,7
Partial payments including escrow repayments		432,0	432,0	578,7	578,7	661,0
Total assets including partial payments	1.352,7	1.370,2	1.441,3	1.496,0	1.516,6	1.541,7

- Three Partial payments of total ISK 661bn have been made into finally accepted priority claims, the first one in December 2011, the second in May 2012 and the third one in October 2012.
- Including Partial payments estimated recovery increased by ISK 190bn from end of Q3 2011 to end of Q4 2012, from ISK 1.352,7bn to ISK 1.542,7bn.
- Partial payments, Cash and LB's financing estimated recovery is jointly ISK 1.162bn or 75% of LBI's total estimate recovery (including partial payments).
- Excluding Cash and LB's Financing, LB's assets still to be collected/realized in cash (Other) is ISK 379,6bn. Thereof Loans to customers is ISK 245bn, or 65% of Other.

Estimated recovery 31.12.2012



Statement of Liabilities

Using FX rates as of 22.4.2009

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Claim Priority - Liability type	Accepted Amounts	Final*	Settled by other means	Paid from recoveries	Escrow allocations	Liabilities 31.12.2012
109 - Proprietary Interest	4,9	100%	4,9	-		-
110 - Administrative Expense	7,1	100%	5,1	2,0		-
111 - Guarantee Claims						-
Deposit - Retail	6,3	100%	6,3	-		-
Loans from Financial Institutions	48,9	100%	48,9	-		-
Other borrowings	2,7	100%	2,7	-		-
Total Guarantee Claims	57,9	100%	57,9	-		-
112 - Priority Claims						
Deposit - Retail	1.166,9	99,97%	-	580,7	1,3	584,9
Deposit - Wholesale	145,4	97,0%	-	70,1	2,1	73,2
Loans from Financial Institutions	4,3	0%	-	-	2,3	2,0
Other liabilities	0,9	95%	-	0,4	4,1	4,1
(Claims settled by lump sum payment)	0,7	100%		0,7	0,0	0,4
Total Priority Claims	1.318,2		-	651,9	9,8	656,5
113 - General Claims						
Deposit - Retail	0,2	0%	-	-		0,2
Deposit - Wholesale	10,4	0%	-	-		10,4
Derivatives	172,7	24,7%	-	-		172,7
Loans from Financial Institutions	46,9	19,5%	-	-		46,9
Other borrowings	179,5	0%	-	-		179,5
Other liabilities	9,4	5,7%	-	-		9,4
Securities Issued	1.229,5	26,9%	-	-		1.229,5
Total General Claims	1.648,8	23,3%	-	-		1.648,8
Grand Total	3.036,9	59,0%	67,9	653,9	-	2.305,2

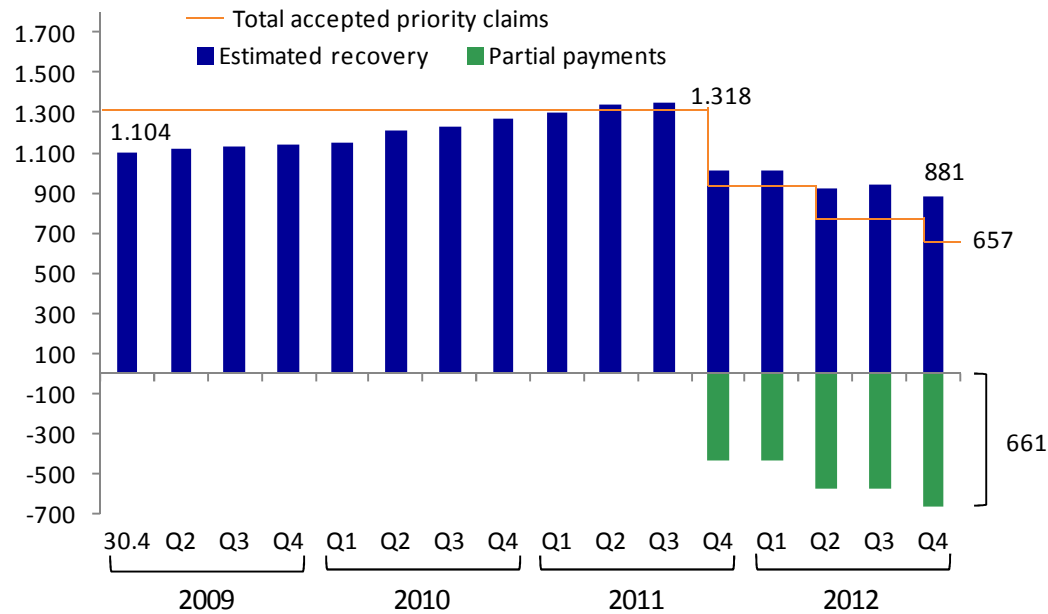
In accordance with the Legislation for Financial Institutions number 161/2002, liabilities in foreign currencies are converted to ISK based on the published selling rate from the Central Bank of Iceland at 22nd of April 2009.

* Percentage of accepted amounts that has been finally accepted

Historical development

Estimated recovery, Partial payments and Priority claims using FX as of 22.4.2009

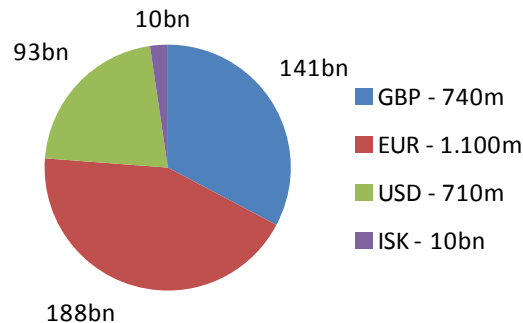
Development of the Estimated recovery - using FX rates as of 22.4.2009 (ISKbn)



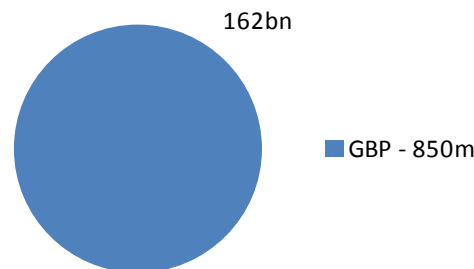
Historical changes (FX rates as of 22.4.2009)

- **Estimated recovery** has increased by **ISK 439bn** from 30.4.2009.
 - On 30.4.2009 priority claims were ISK 214bn lower than the estimated recovery.
 - On 31.12.2012 the estimated recovery was ISK 224bn higher than the priority claims.
- **Finally accepted priority claims** of total ISK 1.318bn have been reduced by partial payments down to ISK 657bn.
- **Three partial payments** of net **ISK 661bn** have been made:
 - 1st made in December 2011 of ISK 432bn
 - 2nd made in May 2012 of ISK 162bn
 - 3rd made in October 2012 of ISK 82bn
 - Escrow repayments to LBI of ISK 16bn

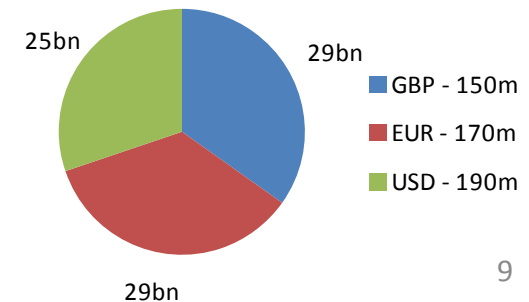
First Partial payment - ISK 432bn



Second Partial payment - ISK 162bn



Third Partial payment - ISK 82bn



Estimated recovery by currency

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ISKbn	ISK		USD		EUR		GBP		Other		Total		Total with Fx	
	30.9.12	31.12.12	30.9.12	31.12.12	30.9.12	31.12.12	30.9.12	31.12.12	30.9.12	31.12.12	30.9.12	31.12.12	30.9.12	31.12.12
Cash	18	27	52	35	71	68	66	47	21	18	227	194	230	188
Loans to FI				1	23	27	12	32			35	59	36	57
Loans to Customers	12	13	31	29	81	71	103	105	42	39	269	258	265	245
Bonds			8	9	46	46					54	54	57	55
Equities	13	6	5				10	14			28	20	28	19
Derivatives	2	2									2	2	2	2
Other assets	1	1	2	2							3	3	4	3
Total excl. LB Fin.	46	49	98	76	221	211	190	197	62	57	618	590	621	568
LB A Bond			68	71	104	110	41	43			214	223	222	222
LB Contin. Bond			28	28	46	46	18	18			92	92	95	91
LB Equity	28	28									28	28	28	28
LB Equity Claw Back	(28)	(28)									(28)	(28)	(28)	(28)
Total assets	46	49	194	174	372	367	249	259	62	57	924	906	938	881

- **Main changes in estimated recovery by currency:**

- The Contingent Bond is expected to be issued 50% in EUR, 30% in USD and 20% in GBP (the terms of the A Bond) as reported before.
- ISK increased by ISK 3bn, still 5% of total estimated recovery.
- USD decreased by ISK 20bn mainly due to Partial payments of USD.
- EUR decreases by ISK 5bn mainly due to Partial payment of EUR 170m partly offset by increased estimated recovery in EUR (mainly in Financial institutions).
- GBP increased by ISK 10bn mainly due to increased recovery in Financial institutions and Equities, partly offset by Partial payments of USD 150m.

Estimated recovery

Cash flow by currency and asset categories

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Estimated cash flow by currency

Estimated Recovery (ISKbn)	Cash 31.12.2012	2013	2014	2015	2016	2017	2018	Later	Total	Total 31.12.2012 *
ISK	27	12	2	2	0	1	0	5	49	49
USD	35	15	13	25	27	25	32	1	174	177
EUR	68	23	33	64	58	52	42	28	367	368
GBP	47	48	19	21	20	16	22	66	259	238
CAD and other	18	7	5	9	1	2	3	12	57	48
Total assets	194	105	72	120	107	95	100	112	906	881

Estimated cash flow by asset category

Estimated Recovery (ISKbn)	Cash 31.12.2012	2013	2014	2015	2016	2017	2018	Later	Total	Total 31.12.2012 *
Cash	194								194	188
Loans to Financial Inst.		33	11	15	0	0	0	0	59	57
Loans to Customers		43	39	38	25	14	11	87	258	245
Bonds		4	4	4	4	4	12	25	54	55
Equities		19	0	0	0	0	0	0	20	19
LB Financing		1	18	63	78	78	78	0	315	313
Derivatives		2	0	0	0	0	0	0	2	2
Investment in Subsidiaries		0	0	0	0	0	0	0	0	0
Non current assets		3	0	0	0	0	0	0	3	3
Total assets	194	105	72	120	107	95	100	112	906	881

* FX as of 22.4.2009

- Based on the estimated cash flow, accepted priority claims (Art. 112), now ISK 657bn, is expected to be fully covered by cash collections into LBI's estate in 2017.
- Cash flow after 2018 is from Loans to customers (mainly 3 customers) and Bonds (then only Avens replacement bond).
- Equities will reduce in Q1 2013 by ISK 13bn. Then remaining position is mainly LBI's stake in Eimskip expected to be sold in 2013.
- LB's principal payments of Bond A start in April 2015. Estimated cash flow is based on the terms of the bonds.



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Statement of Assets - Cash

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ISKbn	Recorded balance		Estimated recovery		Est. recovery
	30.9.2012	31.12.12	30.9.2012	31.12.12	31.12.2012*
Cash	227	194	227	194	188
Loans to Financial Institutions	162	250	35	59	57
Loans to customers	873	776	269	258	245
Bonds and Equities	98	90	82	74	73
LB Financing	306	315	306	315	313
Other assets	144	131	5	5	5
Total	1.811	1.757	924	906	881

* using FX as of 22.4.2009

Cash Balances - Using Currency Exchange Rates 31.12.2012

Currency	In currency m			ISKbn			Type	Rating by S&P	Balance
	30.9.2012	31.12.2012	Change	30.9.2012	31.12.2012	Change			
AUD	19,1	7,7	(11,4)	2,5	1,0	(1,5)	Foreign Bank 1	S&P:A+	93,9
CAD	89,8	83,5	(6,3)	11,6	10,7	(0,8)	Domestic Bank 1	-	39,8
DKK	110,7	102,2	(8,5)	2,5	2,3	(0,2)	Foreign Bank 2	S&P:AA-	24,9
EUR	448,5	400,4	(48,1)	75,3	67,6	(7,7)	Foreign Bank 3	S&P:A+	9,8
GBP	334,0	227,3	(106,7)	67,6	47,1	(20,5)	Foreign Bank 4	S&P:A	9,0
ISK	18.148,6	26.890,5	8.741,9	18,1	26,9	8,7	Other		16,8
USD	419,4	271,8	(147,6)	53,8	34,8	(18,9)			
Other				4,7	3,6	(1,0)			
Total ISKbn				236,1	194,2	(41,9)	Total ISK bn		194,2

Main changes in Q4 2012

- Third Partial payment made in October of ISK 84,5bn (ISK 82bn using FX as of 22.4.2009).
- Payments of ISK 43,5bn, mainly from Loans to Customers (ISK 31,7bn) and Equities (ISK 8,1bn).
- Increase in cash balances by ISK 9,1bn due to FX changes.
- Income was ISK 1,0bn and paid expenses ISK 2,2bn

Statement of Assets - Loans to FI

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ISKbn	Recorded balance		Estimated recovery		Est. recovery
	30.9.2012	31.12.12	30.9.2012	31.12.12	31.12.2012*
Cash	227	194	227	194	188
Loans to Financial Institutions	162	250	35	59	57
Loans to customers	873	776	269	258	245
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Other assets	144	131	5	5	5
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* using FX as of 22.4.2009

All amounts in ISKbn	Recorded Balance		Estimated Recovery		Recovery Rate %	
	30.9.2012	31.12.2012	30.9.2012	31.12.2012	30.9.2012	31.12.2012
Heritable bank	17,2	17,8	10,3	10,7	60%	60%
LI Lux	63,5	67,2	12,3	13,0	19%	19%
Project Global Exposure	21,9	21,3	3,6	2,4	17%	11%
Other	59,7	143,6	8,7	33,0	15%	23%
Total ISKbn	162,3	250,0	34,9	59,1	22%	24%

Main changes in Q4 2012

- Increase in value in Other of ISK 24,2bn due to higher valuation of claims against Glitnir following an agreement of settlement of claims between LBI and Glitnir.
- Heritable bank and Glitnir bank (Other), see separate slides.
- Payment of ISK 1,8bn from Project Global Exposure.
 - In Project Global Exposure there are 10 main counterparties with reported positive net exposure and potential recoveries. All cases have been disputed and will need to be resolved through court proceedings.
- Increase in value of ISK 1,3bn due to FX changes.

Loans to FI - Heritable bank

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The Supreme Court confirmed the Scottish appeal court's earlier judgment and thus allows Heritable the Scottish jurisdictional venue to use their liability claim against LBI as a set-off basis against LBI's claim in the Heritable estate.

LBI wishes to emphasize that this judgment is not related to the merits of the liability case, but only the formalities (i.e. venue and jurisdiction of where the dispute over whether or not Heritable has a counterclaim against LBI shall be determined).

LBI is disappointed with the decision and does not agree with it. With this ruling, LBI does not intend to put more effort into the jurisdictional issues. LBI maintains that it has a strong case on merits and will focus its attention on dealing with Heritable's counterclaims in the Scottish proceedings. Furthermore, LBI reiterates that this judgment does not affect the validity of LBI's claim against the Heritable estate.

Loans to FI - Sale of Glitnir claims

Sale of Glitnir claims

As discussed at the last Creditors meeting, LBI has reached an agreement with the Winding-up Board (“WuB”) of Glitnir on the settlement of claims LBI held against Glitnir and claims held by Glitnir against LBI.

Claims filed:

LBI filed ISK 144bn in claims against Glitnir

Glitnir filed ISK 94bn in claims against LBI

LBI’s finally accepted claims against Glitnir

As part of the settlement, Glitnir’s WuB accepted ISK 113bn of LBI’s claims and the WuB of LBI has likely (then subject to set-off) ISK 4,5bn of claims filed by Glitnir.

LBI’s claims of ISK 113bn are likely subject to set-off of Glitnir’s ISK 4,5bn claim, thus LBI will have a net finally accepted claims of approx. ISK 109bn.

Claims still disputed

LBI has an additional claim lodged of ISK 22,5bn against Glitnir that is subject to dispute and will be settled in court.

Glitnir has an additional claim lodged of ISK 2,4bn against LBI that is subject to dispute and will be settled in court.

Loans to FI - Sale of Glitnir claims, cont.

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Recorded balance and estimated recovery

At Q3 2012, LBI had reported a Recorded Balance Sheet amount of its claims against Glitnir of ~ISK 25bn with an estimated recovery of ISK 6,4bn (26%).

Exposure of ISK 119bn was reported under “Assets at Risk” (in “Driver of Changes for Recorded Balance Sheet”)

Glitnir sale

LBI has sold its net claim against Glitnir of ~ISK 109bn in a direct placement.

- Proceeds from the sale are approximately GBP 100m and EUR 58m (equivalent to ISK 30bn) and represent a price of 27,6%.
- Head of terms was agreed 19th of February, closing was 7th of March 2013 and settlement is expected to be finalized 15th of March 2013.
- The sale represents a realization above reported estimated recovery of approximately ISK 24,2bn.
- By entering into a direct sale, LBI has not incurred any fees on the transaction.
- Due to the nature and size of the claim, a single block sale was preferred by the bank.

Statement of Assets - Loans to customers

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ISKbn	Recorded balance		Estimated recovery		Est. recovery
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Loans to customers	873	776	269	258	245
Bonds and Equities	98	90	82	74	73
LB Financing	306	315	306	315	313
Other assets	144	131	5	5	5
Total	1.811	1.757	924	906	881

* using FX as of 22.4.2009

Portfolio	Sub portfolio	# of customers	Estimated recovery
Leverage lending	Participation	42	87,2
Vendor loan	Vendor loan	1	46,7
Leverage lending	Origination	12	27,3
Senior secured	Collateral based	49	27,2
Asset backed lending	Collateral based	5	21,5
Real estate lending	Collateral based	23	16,3
Commercial Finance	Collateral based	6	15,4
Senior unsecured	Cash flow	16	9,6
KS loans	KS loans	41	7,0

LBI's loan portfolio **195** **258,3**

- Loans to customers can be split into 9 main loan portfolios.
- Leverage lending and Commercial Finance is originated from London Branch and Amsterdam Branch.
- Senior secured/unsecured, Vendor loan and Real estate lending is originated from Reykjavik/LI LUX. K/S loans are originated from LI Lux.
- Asset Backed lending is originated from Labki (Canada).
- Slides showing exposures in Reykjavik, London, Amsterdam and Canada are in the Appendix for reconciling Loans to customers against LBI's operations.

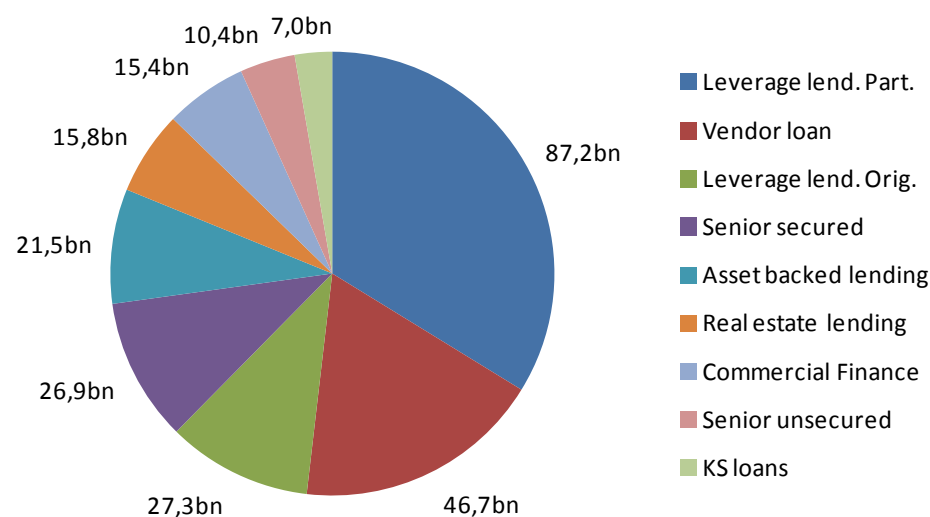
Main changes in Q4 2012

- Payments of ISK 31,7bn were received in Q4 2012.
- Increase of ISK 10,6bn due to FX changes.
- Reclassification of ISK 4,7bn from Equities to Loans to customers.
- Estimated recovery increased by ISK 3,5bn due to higher valuation.
- Income was ISK 2,7bn.
- Final write offs in the quarter lowered the recorded balance by ISK 83,6bn. This had no effect on the estimated recovery.
- If Cash, LB's Financing, Governmental Bonds and assets sold/paid in Q1 2013 are excluded LB's assets still to be collected/realized in cash are ISK 293bn. Thereof Loans to customers is ISK 246bn or 82%.

Loans to customers

Estimated recovery rates by loan portfolios

Portfolio	Sub portfolio	# of customers	0% - 39%	40%-59%	60%-79%	80%-89%	90%-99%	100%	Total
Leverage lending	Participation	42	0,9	7,7	19,1	2,7	22,3	34,6	87,2
Vendor loan	Vendor loan	1						46,7	46,7
Leverage lending	Origination	12	0,6	3,1				23,6	27,3
Senior secured	Collateral based	49	16,3	3,6	3,5	0,0	1,0	2,8	27,2
Asset backed lending	Collateral based	5			18,8			2,7	21,5
Real estate lending	Collateral based	23	7,6	0,3	6,6		0,9	0,9	16,3
Commercial Finance	Collateral based	6	0,1	0,1		1,0		14,2	15,4
Senior unsecured	Cash flow	16	0,2	1,6	0,0	0,2		7,6	9,6
K/S loans	K/S loans	41	1,9	0,3	1,6	1,9		1,4	7,0
		195	27,6	16,6	49,6	5,8	24,3	134,5	258,3



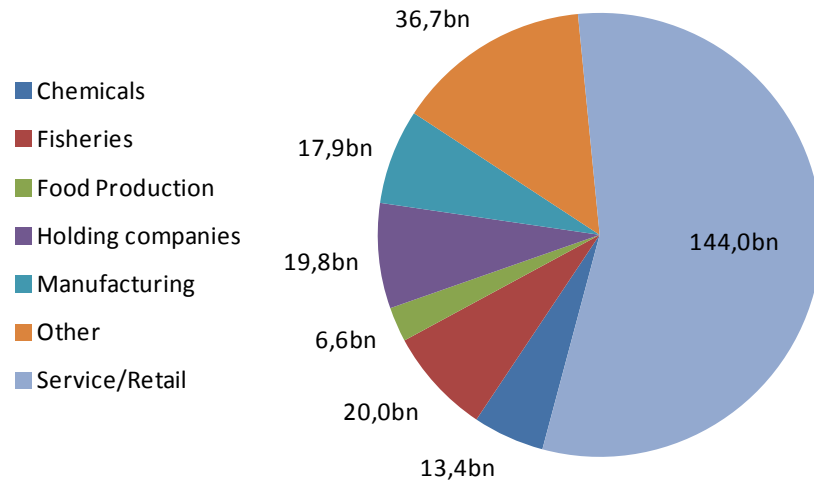
- Leverage lending of ISK 114,5bn to 54 customers is 44% of the loan book. Thereof ISK 58,2bn with 100% recovery rate.
- Estimated recovery from Senior secured lending mainly derives from underlying pledged assets.
- Asset backed lending is mainly loans to fisheries in Canada.
- Real estate lending is mainly secured by real estates in Iceland.
- ISK 12bn has already been collected from Commercial Finance in Q1 2013.
- K/S loans are Danish tax-structure lending transferred from LI Lux in June 2012.

Loans to Customers by Sectors

Sector	Loan Exposure		Estimated Recovery		Recovery Rate %	
	30.9.2012	31.12.2012	30.9.2012	31.12.2012	30.9.2012	31.12.2012
Chemicals	17,7	13,7	16,9	13,4	95%	98%
Fisheries	27,4	25,6	21,9	20,0	80%	78%
Food Production	24,4	26,2	6,2	6,6	25%	25%
Holding companies	250,4	217,0	17,2	19,8	7%	9%
Manufacturing	25,8	20,9	19,0	17,9	73%	85%
Other	168,2	123,2	46,6	36,7	28%	30%
Service/Retail	348,1	349,3	140,7	144,0	40%	41%
	862,0	775,8	268,5	258,3	31%	33%

- Estimated recovery from Service/retail is ISK 144bn or 56% of Loans to customers.
- Estimated recovery of Other is ISK 36,7bn or 14% of Loans to customers . Other is mainly Senior secured/unsecured lending and Real estate lending.
- Estimated recovery of Fisheries is ISK 20bn or 8% of Loans to customers .
- Slide on Loans to customers by sectors showing LB’s operations can be found in the Appendix.

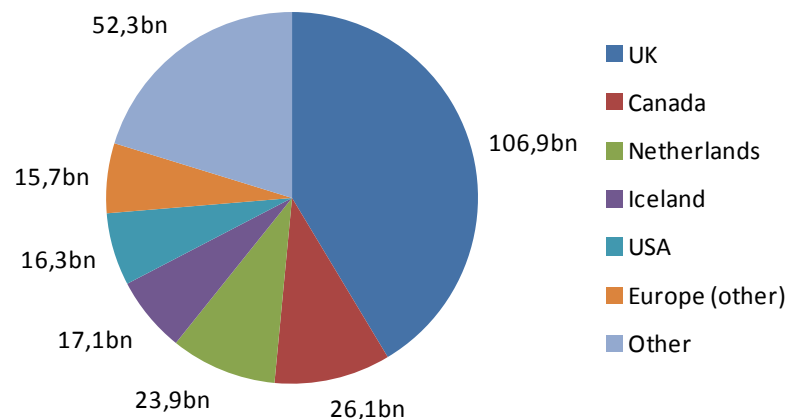
Breakdown of Service / Retail



Loans to customers

Geographical origin of estimated recovery

Origin of recovery	# of customers	ISK	USD	EUR	GBP	CAD	Other	Total
UK	27		0,3	4,5	102,1		0,0	106,9
Canada	6		3,5	0,1		22,2	0,4	26,1
Netherlands	12		2,2	21,7			0,0	23,9
Iceland	60	13,4	0,3	2,3	0,9		0,1	17,1
USA	5		15,6	0,7			0,0	16,3
Europe (other)	11		1,4	9,8	0,3		4,3	15,7
Scandinavia	51		0,0	1,8	1,3		7,8	10,9
France	7		1,2	6,9	0,4		0,0	8,5
Germany	5		1,7	6,6	0,2		0,0	8,5
Polland	1			6,8			0,0	6,8
Spain	3		2,1	4,1			0,0	6,3
Other	4		1,0				4,7	5,7
Latvia	3			5,6			0,0	5,6
Total	195	13,4	29,3	70,9	105,2	22,2	17,3	258,3



Origin of recovery

- For performing customers origin of recovery is the location of their main operation.
- For non-performing customers origin of recovery is based on the location of the main underlying collateral.

Currencies

- For performing customers currency is the contractual currency/currencies.
- For non-performing customers currency is based on expected collateral realization.

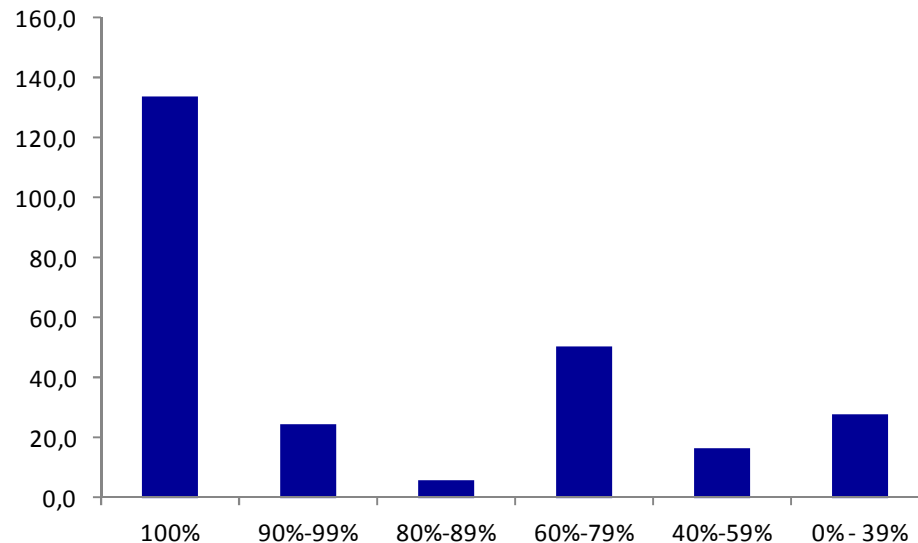
Loans to customers

Cash flow by estimated recovery rates

Recovery rates	2013	2014	2015	2016	2017	2018	Later	Total
100%	26,3	18,7	21,4	10,3	1,3	7,1	48,7	133,9
90%-99%	2,5	0,7	1,7	1,2	0,5	0,5	17,3	24,3
80%-89%	0,3	0,9	0,6	0,7	2,0	1,4	0,0	5,8
60%-79%	6,9	3,2	6,8	9,4	9,7	1,3	13,0	50,2
40%-59%	1,8	3,7	5,2	2,5	0,0	0,1	3,4	16,6
0% - 39%	5,7	11,9	2,6	1,3	0,6	0,4	5,1	27,6
Total	43,4	39,1	38,2	25,3	14,2	10,6	87,5	258,3

- Cash flow from Loans to customers is expected to decrease gradually from 2013.
- Of the ISK 43,4bn expected to be collected in 2013 ISK 12bn was paid in February 2013 in USD.

Estimated recovery by recovery rates



- Loans with 90%-100% estimated recovery rates are ISK 158,8bn or 61% of the loan book total estimated recovery.
- Loans with 0%-59% estimated recovery rates are ISK 44,2bn or 17% of the loan book total estimated recovery.

Statement of Assets – Bonds and Equities

LBI

LITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery		Est. recovery
	30.9.2012	31.12.12	30.9.2012	31.12.12	31.12.2012*
Cash	227	194	227	194	188
Loans to Financial Institutions	162	250	35	59	57
Loans to customers	873	776	269	258	245
Bonds and Equities	98	90	82	74	73
LB Financing	306	315	306	315	313
Other assets	144	131	5	5	5
Total	1.811	1.757	924	906	881

* using FX as of 22.4.2009

All amounts in ISKbn	Recorded Balance		Estimated Recovery		Recovery Rate %	
	30.9.2012	31.12.2012	30.9.2012	31.12.2012	30.9.2012	31.12.2012
Reykjavík						
Bonds	69,5	69,8	53,4	53,6	77%	77%
Equities	18,0	6,3	18,0	6,1	100%	96%
London Branch						
Bonds	0,6	0,7	0,6	0,7	100%	100%
Equities	9,7	13,6	9,7	13,6	100%	100%
Total ISKbn	97,8	90,4	81,7	74,0	84%	82%

Highlights in Q4 2012

- Sale of Eimskip shares for ISK 8,2bn.
- Sale of Aurum – EC competition clearance and FSA approval have been granted. Closing in process.
- Reclassification of ISK 4,7bn from Equities to Loans to customers.
- Increase of ISK 3,4bn due to of FX changes.
- Increase in valuation of ISK 1,6bn.

Statement of Assets – LB Financing

LBI

SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery		Est. recovery
	30.9.2012	31.12.12	30.9.2012	31.12.12	31.12.2012*
Cash	227	194	227	194	188
Loans to Financial Institutions	162	250	35	59	57
Loans to customers	873	776	269	258	245
Bonds and Equities	98	90	82	74	73
LB Financing	306	315	306	315	313
Other assets	144	131	5	5	5
Total	1.811	1.757	924	906	881

* using FX as of 22.4.2009

Exposure to LB	30.9.2012	FX	ISK	31.12.2012	FX	ISK	Change	FX	ISK
Bond A	214	214		223	223		9	9	0
Contingent bond	92	92		92	92		0	0	0
Shares in LB	28		28	28		28	0	0	0
- Clawback	(28)		(28)	(28)		(28)	0	0	0
LBI financing total	306	306	0	315	315	0	9	9	0
Deposits in LB	31	15	16	40	15	25	9	0	9
Total ISKbn	337	320	16	355	330	25	18	10	9

LB Financing totalled ISK 315bn 31.12.2012, up by ISK 9bn.

- Outstanding balance of Bond A increased by ISK 9bn in 4Q12 due to depreciation of the ISK.
- Book value of Contingent bond unchanged at the maximum value of ISK 92bn, based on LBI Observer's estimate.
- Final result from Deloitte expected on Friday 15 March 2013.
- As the Contingent Bond is booked at ISK 92bn, LB's "Claw-back right" is ISK 28bn, hence the shares in LB are booked at zero.
- LBI has reserved its right to keep the 100 million shares which should be allocated into LB's incentive scheme which has not yet been put in place.

Statement of Assets – Other Assets

LBI

Í SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery		Est. recovery
	30.9.2012	31.12.12	30.9.2012	31.12.12	31.12.2012*
Cash	227	194	227	194	188
Loans to Financial Institutions	162	250	35	59	57
Loans to customers	873	776	269	258	245
Bonds and Equities	98	90	82	74	73
LB Financing	306	315	306	315	313
Other assets	144	131	5	5	5
Total	1.811	1.757	924	906	881

* using FX as of 22.4.2009

All amounts in ISKbn	Recorded Balance sheet		Estimated Recovery		Recovery Rate %	
	30.9.2012	31.12.2012	30.9.2012	31.12.2012	30.9.2012	31.12.2012
Derivatives	48,2	40,8	1,6	1,6	3%	4%
Investment in Subs.	85,7	85,7	0,0	0,0	0%	0%
Non-current assets	4,8	4,4	3,6	3,1	77%	71%
Other assets	5,5	0,0	0,0	0,0	0%	-
Total ISKbn	144,1	130,8	5,3	4,7	4%	4%

Highlights in Q4 2012

- Payments of ISK 0,6bn.
- The Supreme Court of Iceland has confirmed the ruling of the District Court of Reykjavík in the Vingþór-case. LBI had already prepared for this result, so the ruling will not affect the estimated recovery.



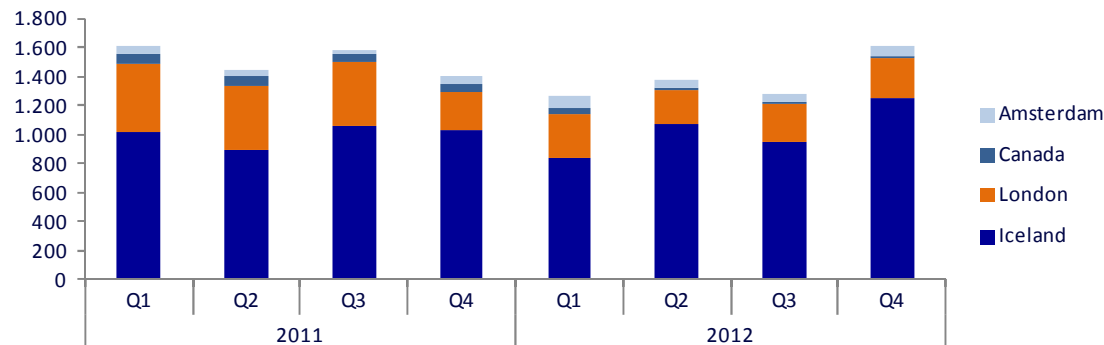
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Total Operational Cost

ISKm	2011				2012				Change YTD
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Housing and logistics	50	58	60	42	60	33	78	42	2%
Payroll and benefits	524	554	522	466	493	426	417	442	(14%)
Icelandic legal cost	199	199	160	267	300	205	158	215	6%
Icelandic expert cost	121	56	121	46	102	61	84	95	(1%)
Non-Icelandic legal cost	200	84	382	249	71	175	165	422	(9%)
Non-Icelandic expert cost	269	263	162	134	107	362	219	251	13%
Other Operational costs	167	147	85	112	74	51	95	78	(42%)
SLA cost	88	88	88	88	68	68	68	62	(25%)
Total ISKm	1.618	1.449	1.581	1.404	1.275	1.382	1.284	1.608	(8%)

- Housing and logistics decreases from 2011 due to relocation of the London Branch office.
- Payroll and benefits decreases by 14% from 2011.
- Icelandic legal cost increases by 6% from 2011.
- Non Icelandic legal cost decreases by 9% from 2011.
- Non Icelandic expert cost increases by 13% from 2011 due to work related to LB.
- Other operational costs decreases by 42% from 2011.
- According to extended SLA the cost has decreased and will be around ISK 14m pr. month.

Cost by Location per Quarter in ISKm





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Driver of change for recorded balance sheet

LBI

SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKm GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Derivatives	Other Assets	Total
Recorded 30.9.2012	232,8	281,4	873,0	70,1	28,1	305,8	48,2	98,5	1.937,9
Assets at risk 30.9.2012	(5,5)	(119,3)						(2,6)	(127,3)
Recorded after set-off 30.9.2012	227,3	162,1	873,0	70,1	28,1	305,8	48,2	95,9	1.810,6
Recorded 31.12.2012	198,0	279,5	775,8	70,5	19,9	315,5	40,8	90,1	1.790,0
Assets at risk 31.12.2012	(3,8)	(29,5)							(33,2)
Recorded after set-off 31.12.2012	194,2	250,0	775,8	70,5	19,9	315,5	40,8	90,1	1.756,8
Total Change	(33,1)	87,8	(97,1)	0,4	(8,2)	9,6	(7,4)	(5,9)	(53,8)
Payments	43,5	(1,8)	(31,7)		(8,1)	(1,3)	(0,0)	(0,6)	0,0
Partial payments	(84,5)								(84,5)
FX changes	9,1	5,2	28,9	3,0	0,5	9,9		0,3	57,0
Reclassification			4,7		(4,7)		(0,0)		0,0
Change in Exposure value		0,4	(0,6)	(2,6)	4,0		(2,9)	(0,1)	(1,8)
Income	1,0		(14,8)	0,0		1,1			(12,8)
Paid Expenses	(2,2)								(2,2)
Set-off		84,0							84,0
Write-off			(83,6)				(4,5)	(5,5)	(93,6)
Total Change	(33,1)	87,8	(97,1)	0,4	(8,2)	9,6	(7,4)	(5,9)	(53,8)

Definitions (we note that the numbers are shown in FX on the relevant dates, not the FX on 22 April 2009):

Assets at risk: Exposure where validity is uncertain.

Payments: Net payments from loans, derivatives and dividend payments as well as collected cash due to sale of assets (cash basis; not accrual).

Partial payments: Partial payments to creditors.

Transaction costs: Paid costs directly linked to assets disposals.

FX changes: Change in Recorded balance Sheet numbers due to changes in currency exchange rate.

Reclassification: Change in Recorded balances numbers due to revision between asset classes due to enforcement of security or restructuring.

Change in Exposure value: Change in Exposure value for financial assets with variable exposures, e.g. Bonds, Equities, Loans to FI, Derivatives and NBI Financing.

Income: Accrued interests on loans, cash/fees and dividend payments (RVK only).

Operational Expenses: Paid operational expenses.

Set-off: Assets subject to netting, set off or claw-back.

Driver of change for estimated recovery

LBI

† SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Deriva- tives	Other Assets	Total
Estimated recovery 30.9.2012	227,3	34,9	268,5	54,0	27,7	305,8	1,6	3,6	923,6
Estimated recovery 31.12.2012	194,2	59,1	258,3	54,3	19,6	315,5	1,6	3,1	905,8
Total Change	(33,1)	24,2	(10,2)	0,3	(8,1)	9,6	(0,0)	(0,6)	(17,8)
Payments	43,5	(1,8)	(31,7)		(8,1)	(1,3)	(0,0)	(0,6)	0,0
Partial payments	(84,5)								(84,5)
FX changes	9,1	1,3	10,6	2,9	0,5	9,9		0,1	34,5
Reclassification			4,7		(4,7)				(0,0)
Valuation		24,6	3,5	(2,6)	4,2		0,0	(0,1)	29,7
Income	1,0		2,7	0,0		1,1			4,7
Operational Expenses	(2,2)								(2,2)
Set-off									
Total Change	(33,1)	24,2	(10,2)	0,3	(8,1)	9,6	(0,0)	(0,6)	(17,8)

Main changes

- Estimated recovery decreased by ISK 17,8bn, thereof
 - Partial payment decreases cash by ISK 84,5bn.
 - Valuation increased by ISK 29,8bn.
 - FX changes increase estimated recovery by ISK 30,6bn.
- Payments increase cash by ISK 43,7bn.

Definitions (we note that the numbers are shown in FX on the relevant dates, not the FX on 22 April 2009):

Payments: Net payments from loans, derivatives and dividend payments as well as collected cash due to sale of assets (cash basis; not accrual).

Partial payments: Partial payments to creditors.

Transaction costs: Paid costs directly linked to assets disposals.

FX changes: Change in Recorded balance Sheet numbers due to changes in currency exchange rate.

Reclassification: Change in Recorded balances numbers due to revision between asset classes due to enforcement of security or restructuring.

Valuation: Changes in valuation between periods.

Income: Accrued interests on loans, cash/fees and dividend payments.

Operational Expenses: Paid operational expenses.

Set-off: Assets subject to netting, set off or claw-back.



1. Estimated Recovery / Liabilities – Summary
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Statement of Assets - Loans to customers

Breakdown of the loan book by LBI's operations

LBI

Í SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery		Est. recovery
	30.9.2012	31.12.12	30.9.2012	31.12.12	31.12.2012*
Cash	227	194	227	194	188
Loans to Financial Institutions	162	250	35	59	57
Loans to customers	873	776	269	258	245
Bonds and Equities	98	90	82	74	73
LB Financing	306	315	306	315	313
Other assets	144	131	5	5	5
Total	1.811	1.757	924	906	881

* using FX as of 22.4.2009

All amounts in ISKbn	Recorded Balance		Estimated Recovery		Recovery Rate %	
	30.9.2012	31.12.2012	30.9.2012	31.12.2012	30.9.2012	31.12.2012
Reykjavík	619,7	544,7	105,8	106,1	17%	19%
London Branch	178,4	162,8	119,2	109,1	67%	67%
Amsterdam	34,4	34,9	20,2	21,6	59%	62%
Labki	29,5	27,1	23,4	21,5	79%	79%
Total ISKbn	862,0	769,6	268,5	258,3	31%	34%

Main changes in Q4 2012

- Excluding Cash and LB's financing, LB's assets still to be collected/realized in cash (Other) is ISK 397bn. Thereof Loans to customers is ISK 258,3bn or 65%.
- Payments of ISK 31,7bn were received in Q4 2012.
- Increase of ISK 10,6bn because of FX changes.
- Reclassification of ISK 4,7bn from Equities to loans to customers in Reykjavík.
- Estimated recovery increased by ISK 3,5bn due to higher valuation.
- Income was ISK 2,7bn.
- Final write offs in the quarter lowered the recorded balance by ISK 83,3bn. This had no effect on the estimated recovery.

Loans to Customers by Sectors

Breakdown of the loan book by LBI's operations

LBI

Í SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

Sector	Loan Exposure		Estimated Recovery		Recovery Rate %	
	30.9.2012	31.12.2012	30.9.2012	31.12.2012	30.9.2012	31.12.2012
Reykjavík						
Holding companies	250,4	217,0	17,2	19,8	7%	9%
Service/Retail	211,9	215,1	55,8	60,3	26%	28%
Food Production	24,4	26,2	6,2	6,6	25%	25%
Financial Institutions	7,3	5,2	1,8	1,8	25%	35%
Other	125,8	87,5	24,7	17,6	20%	20%
Total ISKbn	619,7	551,0	105,8	106,1	17%	19%
London						
Chemicals	10,6	7,0	10,4	6,7	98%	96%
Manufacturing & Printing	18,6	13,5	11,8	10,5	63%	77%
Retail	64,6	64,5	43,3	42,0	67%	65%
Services	56,1	53,2	38,0	37,4	68%	70%
Other	28,5	24,6	15,7	12,6	55%	51%
Total ISKbn	178,4	162,8	119,2	109,1	67%	67%
Amsterdam						
Chemicals	6,5	6,7	6,5	6,7	100%	100%
Manufacturing & Machinery	7,2	7,4	7,2	7,4	100%	100%
Printing & Publishing	5,2	4,3	2,9	3,1	56%	72%
Retail	1,5	1,7	0,6	0,8	38%	44%
Services	14,0	14,8	3,0	3,6	21%	24%
Total ISKbn	34,4	34,9	20,2	21,6	59%	62%
Canada						
Chemicals	0,6	0,0	0,0	0,0	0%	0%
Fisheries	27,4	25,6	21,9	20,0	80%	78%
Construction	1,5	1,6	1,5	1,6	100%	100%
Total ISKbn	29,5	27,1	23,4	21,5	79%	79%

Driver of change for recorded balance sheet

Historical overview

LBI

SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Derivatives	Other Assets	Total
Opening Balance Sheet 8.10.08	4,6	631,4	1.258,6	443,8	77,6	283,8	228,4	160,1	3.088,4
Correction of OBS	26,0		(227,2)	(82,2)	8,2		(73,2)	(43,6)	(391,9)
Recorded value 8.10.08	30,6	631,4	1.031,5	361,6	85,9	283,8	155,2	116,5	2.696,4
Recorded 31.12.2012	198,0	279,5	775,8	70,5	19,9	315,5	40,8	90,1	1.790,0
Assets at risk 31.12.2012	(3,8)	(29,5)							(33,2)
Recorded after set-off 31.12.2012	194,2	250,0	775,8	70,5	19,9	315,5	40,8	90,1	1.756,8
Total Change	163,6	(381,4)	(255,6)	(291,1)	(66,0)	31,7	(114,4)	(26,4)	(939,7)
Payments	815,5	(71,3)	(341,7)	(4,9)	(227,1)	(102,1)	(60,4)	(7,9)	0,0
Partial payments	(657,3)								(657,3)
Transaction cost	(3,4)								(3,4)
FX changes	17,9	59,9	129,7	(2,4)	(3,9)	35,8	(3,2)	0,3	234,2
Reclassification	(0,1)	(250,7)	120,0	89,8	38,8		(8,7)	10,9	0,0
Change in Exposure value		75,9	0,1	2,1	127,1	64,9	(5,3)	0,5	265,5
Income	31,7	0,0	263,1	0,0	0,1	33,1		0,2	328,2
Paid Expenses	(41,5)								(41,5)
Set-off	0,8	(168,0)		(375,7)				(16,1)	(559,0)
Write-off		(27,3)	(426,8)		(1,1)		(36,9)	(14,3)	(506,4)
Total Change	163,6	(381,4)	(255,6)	(291,1)	(66,0)	31,7	(114,4)	(26,4)	(939,7)

Definitions:

Assets at risk: Exposure where validity is uncertain.

Payments: Net payments from loans, derivatives and dividend payments as well as collected cash due to sale of assets (cash basis; not accrual).

Partial payments: Partial payments to creditors.

Transaction costs: Paid costs directly linked to assets disposals.

FX changes: Change in Recorded balance Sheet numbers due to changes in currency exchange rate.

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Change in Exposure value: Change in Exposure value for financial assets with variable exposures, e.g. Bonds, Equities, Loans to FI, Derivatives and NBI Financing.

Income: Accrued interests on loans, cash/fees and dividend payments (RVK only).

Operational Expenses: Paid operational expenses.

Set-off: Assets subject to netting, set off or claw-back.

FX rates

	30.9.2012	31.12.2012	Change
EUR	158,20	168,95	6,8%
GBP	196,03	207,22	5,7%
USD	125,07	128,16	2,5%
CAD	122,69	128,73	4,9%
GVT	219,11	230,98	5,4%