



2 October 2013

LBI hf.

Financial information as of 30.6.2013

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IN WINDING-UP PROCEEDINGS

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- The estimated value of assets is subjected to great uncertainty i.a. due to the development of the economic environment in Iceland and abroad which could influence the future value of the underlying assets.
- In accordance with the Legislation for Financial Institutions number 161/2002, as amended by the Legislation number 44/2009 from April 22nd 2009, the later amendment defines a reference date for interest and cost. According to this, interest and cost from claims that fall due after April 22nd will be secondary claims. Claims in foreign currency should be converted to ISK in the Registry of claims based on the published selling rate from the Central Bank of Iceland on April 22nd.

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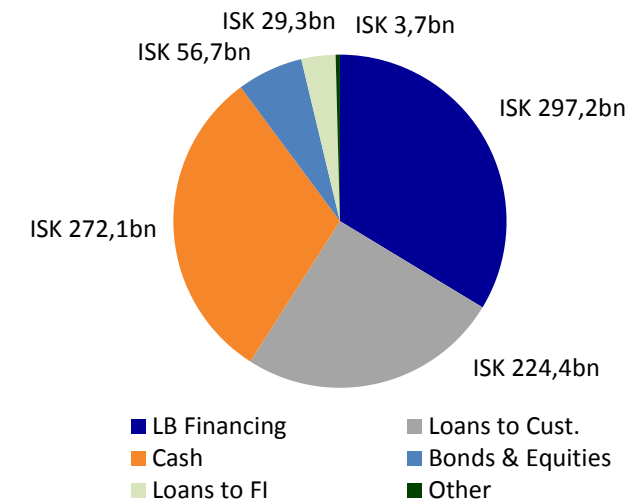
1. Estimated Recovery / Liabilities – Summary
2. Asset Management strategy
3. Statement of Assets
4. Operational Cost
5. Driver of change
6. Appendix

Estimated Remaining Recovery - end of Q2 2013

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ISKbn	Estimated recovery		Changes in Quarter		
	31.3.2013	30.6.2013	FX change	Actual	% change
Cash	255,5	272,1	1,1	15,5	6%
Loans to Financial Inst.	31,5	29,3	0,3	(2,5)	(8%)
Loans to Customers	219,1	224,4	1,1	4,2	2%
Bonds	48,5	49,5	0,7	0,3	1%
Equities	7,4	7,2	0,0	(0,2)	(3%)
LB Financing	293,6	297,2	2,7	1,0	0%
Derivatives	1,2	1,1	0,0	(0,1)	(5%)
Non current assets	2,7	2,6	0,0	(0,1)	(5%)
Total assets	859,4	883,4	5,9	18,1	2%



Highlights in Q2 2013

- **Actual estimated recovery increased by ISK 18,1bn in Q2 2013.**
 - Loans to Customers increased by ISK 4,2bn, thereof valuation change of ISK 11,8bn partly off-set by payments of ISK (8,9)bn.
 - Loans to Financial institutions decreased by ISK 2,5bn. Thereof valuation change of ISK 1,6bn fully off-set by payments of ISK (4,0)bn.
 - Equities decreased by ISK 0,2bn, thereof valuation change ISK 1,6bn, Reclassification ISK 1,1bn fully off-set by payments (sale) of ISK (3,0)bn.
- **FX changes increase total estimated recovery by ISK 5,9bn**, thereof LB Financing by ISK 2,7bn.
- **Actual increase of Cash was ISK 15,5bn.**
 - Repayments decreased Loans to Customers by total ISK 8,9bn and increased Cash by the same number.
 - Dividend payment from LI Lux of ISK 4,0bn decreased the estimated recovery of Loans to Financial institutions and increased Cash by the same number.
 - Sale of Equities (mainly Eimskip) decreased Equities by ISK 3bn and increased Cash by the same number.
- **Estimated remaining recovery is concentrated.**
 - Loans to financial institutions are mainly explained by two positions .
 - Of ISK 224,4bn total under Loans to Customers, 15 loan exposures reflect 67% (ISK 150bn).
 - Bonds are mainly explained by two positions.
 - Equities are mainly explained by three positions.
 - LB's Financing is 49% of LBI's estimated recovery if cash is excluded.
 - Non current assets are mainly explained by one position.

Estimated Remaining Global Recovery - Estimated recovery and Partial payments

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Estimated recovery

FX at each reporting date

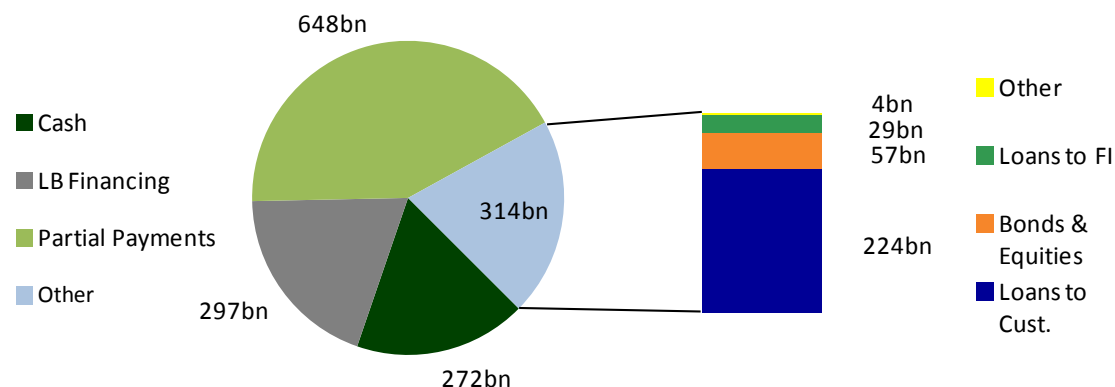
ISKbn	30.9.2011	31.12.2011	31.3.2012	30.6.2012	30.9.2012	31.12.2012	31.3.2013	30.6.2013
Cash	484,3	108,8	294,4	192,7	227,3	194,2	255,5	272,1
Loans to Financial Inst.	76,5	82,1	79,7	33,4	34,9	59,1	31,5	29,3
Loans to Customers	200,6	178,4	220,6	272,4	268,5	258,3	219,1	224,4
Bonds	28,4	28,0	27,0	53,7	54,0	54,3	48,5	49,5
Equities	144,8	147,6	22,7	40,3	27,7	19,6	7,4	7,2
LB Financing	342,8	358,8	376,8	303,7	305,8	315,5	293,6	297,2
Derivatives	2,7	2,4	1,9	1,8	1,6	1,6	1,2	1,1
Investment in Subsidiaries	1,3	1,0	1,0	0,9	0,0	0,0	0,0	0,0
Non current assets	3,5	3,6	3,8	3,8	3,6	3,1	2,7	2,6
Total remaining assets	1.284,8	910,7	1.027,9	902,8	923,6	905,9	859,4	883,4
Partial payments including escrow repayments *		409,9	409,9	568,5	568,5	648,0	648,0	648,0
Total assets including partial payments	1.284,8	1.320,6	1.437,8	1.471,2	1.492,1	1.553,9	1.507,4	1.531,4

Partial payments to priority creditors

- At the end of Q2 2013 three Partial payments (ISK 648bn) have been made towards priority claims (Art.112). The fourth Partial payments, equivalent of ISK 67,2bn, were made in Q3 2013.

* According to the Supreme court ruling no. 553/2013 the FX rates for Partial payments are the selling rates of the Central Bank of Iceland on each payment date.

Estimated recovery 30.6.2013



Statement of Liabilities

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Claim Priority - Liability type	Accepted Amounts	Final*	Settled by other means	Paid from recoveries	Escrow allocations	Liabilities 30.6.2013
109 - Proprietary Interest	4,9	100%	4,9	-	-	-
110 - Administrative Claims	8,5	100%	6,1	2,4	-	-
111 - Guarantee Claims						
Deposit - Retail	6,3	100%	6,3	-	-	-
Loans from Financial Institutions	48,9	100%	48,9	-	-	-
Other borrowings	2,8	100%	2,8	-	-	-
Total Guarantee Claims	58,0	100%	58,0	-	-	-
112 - Priority Claims						
Deposit - Retail	1.167,0	100%	-	569,2	0,8	597,0
Deposit - Wholesale	145,4	100%	-	70,5	0,2	74,7
Loans from Financial Institutions	11,4	0%	-	-	5,7	5,7
Loans from Financial.Inst.- Rejected	-		-	-	1,1	- 1,1
Other liabilities	0,9	100%	-	0,4	0,0	0,5
(Claims settled by lump sum payment)	0,7	100%	-	0,7	-	-
Total Priority Claims	1.325,4	99,11%	-	640,9	7,8	676,8
113 - General Claims						
Deposit - Retail	0,2	0%	-	-	-	0,2
Deposit - Wholesale	10,4	58%	-	-	-	10,4
Derivatives	199,1	48,23%	-	-	-	199,1
Loans from Financial Institutions	46,7	99,50%	-	-	-	46,7
Other borrowings	179,5	13,04%	-	-	-	179,5
Other liabilities	9,5	83,25%	-	-	-	9,5
Securities Issued	1.231,9	69,13%	-	-	-	1.231,9
Total General Claims	1.677,4	61,49%	-	-	-	1.677,4
Grand Total	3.074,2	78,60%	69,0	643,3	7,8	2.354,2

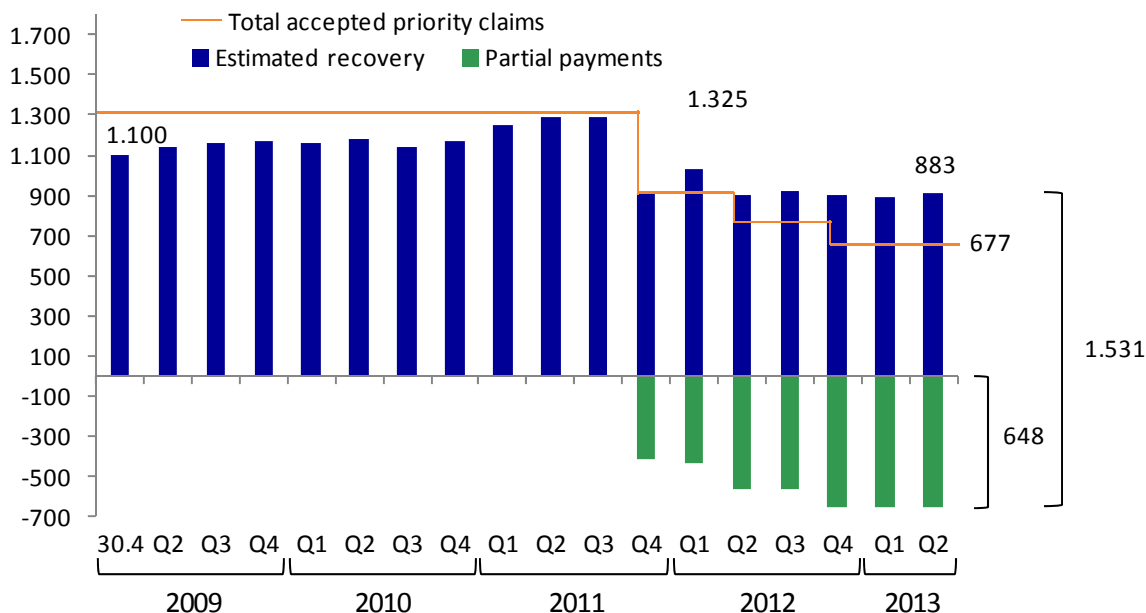
In accordance with the Act on Financial Undertakings No. 161/2002, liabilities in foreign currencies are converted to ISK based on the published selling rate from the Central Bank of Iceland at 22nd of April 2009.

- Total of 61,5% of the accepted general claims (Art. 113) are now finally accepted.
- Total of 78,6% of the accepted claims are now finally accepted.
- Percentage of accepted amounts that have been finally accepted.
- According to the Supreme court ruling no. 553/2013 the FX rates for Partial payments and escrow payments are the selling rates of the Central Bank of Iceland on each payment date.

Historical development

Estimated recovery, Partial payments and Priority claims

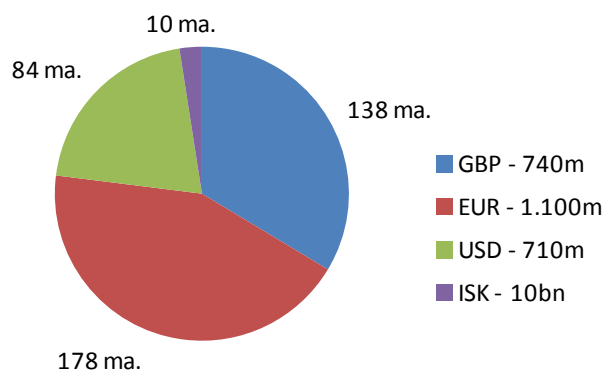
Development of the Estimated recovery - using FX rates at each reporting date (ISKbn)



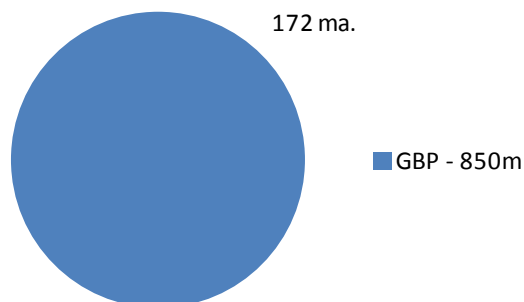
Historical changes

- **Estimated recovery has increased since 30.4.2009 by ISK 431bn** (from ISK 1.100bn to ISK 1.531bn).
 - On 30.6.2013 the estimated recovery was ISK 206bn higher than the estimated amount of priority claims (Art. 112).
- **Priority claims of ISK 1.325bn** have reduced by three partial payments **down to ISK 677bn**.
- **Three partial payments of net ISK 648bn** have been made:
 - 1st made in December 2011 of ISK 410bn
 - 2nd made in May 2012 of ISK 172bn
 - 3rd made in October 2012 of ISK 80bn
 - Escrow repayments to LBI of ISK 14bn
- **Fourth partial payments of ISK 67bn**, made in September 2013, will be reported in Q3 2013.

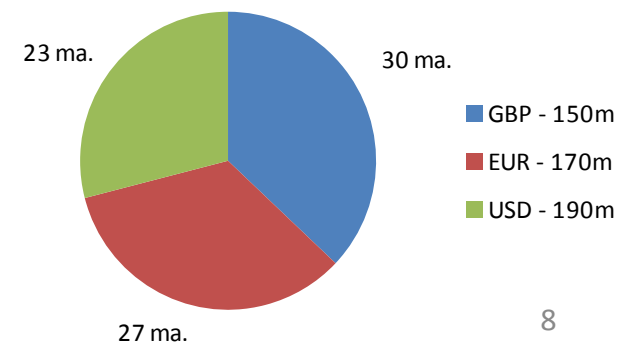
First Partial payment - ISK 410bn



Second Partial payment - ISK 172bn



Third Partial payment - ISK 80bn



Estimated remaining recovery by currency

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ISKbn	ISK		USD		EUR		GBP		Other		Total	
	31.3.13	30.6.13	31.3.13	30.6.13	31.3.13	30.6.13	31.3.13	30.6.13	31.3.13	30.6.13	31.3.13	30.6.13
Cash	30	32	46	46	78	88	82	84	20	22	255	272
Loans to FI	0	0	1	2	21	17	10	10	0	0	31	29
Loans to Customers	10	10	17	17	69	73	86	88	37	35	219	224
Bonds	0	0	8	8	40	41	0	0	0	0	49	50
Equities	7	5	0	0	0	2	0	0	0	0	7	7
Derivatives	1	1	0	0	0	0	0	0	0	0	1	1
Other assets	1	1	2	2	0	0	0	0	0	0	3	3
Total excl. LB Fin.	49	49	74	76	209	222	178	182	56	58	566	586
LB A Bond	0	0	67	68	102	104	38	38	0	0	208	210
LB Contin. Bond	0	0	27	27	43	44	17	17	0	0	86	87
LB Equity	28	0	0	0	0	0	0	0	0	0	28	0
LB Equity Claw Back	(28)	0	0	0	0	0	0	0	0	0	(28)	0
Total assets	49	49	168	170	354	370	233	237	56	58	859	883

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

- ISK is unchanged, now 6% of total estimated recovery.
- USD increases by ISK 2bn (mainly Loans to Financial institutions), now 19% of total estimated recovery.
- EUR increases by ISK 16bn (mainly Loans to customers), now 42% of total estimated recovery.
- GBP increased by ISK 4bn (mainly FX changes), now 27% of total estimated recovery.

Estimated remaining recovery

Expected cash flow by currency and asset categories

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Estimated cash flow by currency

Estimated Recovery (ISKbn)	Cash 30.6.2013	H2 2013	2014	2015	2016	2017	2018	Later	Total
ISK	32	6	2	2	0	0	0	6	49
USD	46	6	12	23	28	24	31	0	170
EUR	88	17	38	51	62	53	40	21	370
GBP	84	8	15	19	18	14	18	61	237
CAD and other	22	3	4	10	15	1	2	0	58
Total assets	272	41	70	105	123	92	92	88	883

Estimated cash flow by asset category

Estimated Recovery (ISKbn)	Cash 30.6.2013	H2 2013	2014	2015	2016	2017	2018	Later	Total
Cash	272								272
Loans to Financial Inst.		2	15	5	3	3	0	0	29
Loans to Customers		27	29	37	44	13	8	67	224
Bonds		2	5	3	3	3	11	21	50
Equities		7	0	0	0	0	0	0	7
LB Financing		2	17	59	73	73	73	0	297
Derivatives		0	1	0	0	0	0	0	1
Investment in Subsidiaries		0	0	0	0	0	0	0	0
Non current assets		1	2	0	0	0	0	0	3
Total assets	272	41	70	105	123	92	92	88	883

- Based on current estimated cash flow the remainder of priority claims (Art. 112) is expected to be fully covered by cash collected in 2017.
- Cash flow into after 2018 is broadly from Loans to customers (mainly 3 customers) and Bonds (including the Avens replacement bonds).
- The remaining position in equities is mainly LBI's stake in Eimskip, partly (5%) sold in Q2 2013 the remainder is expected to be sold in 2013.



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- The asset management strategy of the Winding-up Board of LBI is based on the statutory provisions which govern the proceedings; the Act on Financial Undertakings No. 161/2002 (the “AFU”) and the Act on Bankruptcies etc. No. 21/1991 (the “BA”).
- In accordance with Article 103, paragraph one of the AFU the Winding-up Board shall in principle observe the same rules as apply to a trustee in bankruptcy proceedings (i.e. the provisions of the BA) including to ensure the most economical disposition of interests as possible. In certain areas specific rules of the AFU may pre-empt the general rules of the BA.
- Article 103, paragraph two, of the AFU provides a specific pre-emptive rule in this respect. Accordingly the Winding-up Board *“shall endeavour to obtain as high a value as possible for the [assets], for instance by waiting if necessary for outstanding claims to mature rather than realising them at an earlier date...”*
- To enable conclusion of the winding-up proceedings, for instance when a composition with creditors may be considered to be achievable, the Winding-up Board has the discretion to dispose of certain assets at an earlier stage than contemplated in the paragraph, provided that such a conclusion is deemed to be in the best interests of the estate and the creditors as a whole.
- The Winding-up Board applies the strategy to individual assets on a case-to-case basis and determines when the highest value is and can be obtained for each asset. This classification for each asset is reviewed on a quarterly basis at minimum, whilst viable options to exit or dispose of individual assets are constantly considered.



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Statement of Assets - Cash

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ISKbn	Recorded balance		Estimated recovery	
	31.3.2013	30.6.2013	31.3.2013	30.6.2013
Cash	255	272	255	272
Loans to Financial Institutions	161	139	31	29
Loans to customers	725	610	219	224
Bonds and Equities	72	74	56	57
LB Financing	294	297	294	297
Other assets	130	114	4	4
Total	1.638	1.506	859	883

Cash Balances

Currency	In currency m			ISKbn		
	31.3.2013	30.6.2013	Change	31.3.2013	30.6.2013	Change
AUD	8,2	9,9	1,8	1,1	1,1	0,1
CAD	100,6	96,8	(3,7)	12,3	11,4	(0,8)
DKK	126,9	278,8	151,9	2,7	6,0	3,3
EUR	494,1	544,3	50,2	78,3	87,8	9,4
GBP	437,0	443,9	6,9	81,9	83,6	1,7
ISK	29.544,7	32.348,0	2.803,3	29,5	32,3	2,8
USD	371,6	372,6	1,0	46,1	46,2	0,1
Other				3,6	3,6	(0,0)
Total ISKbn				255,5	272,1	16,6

Balances in ISKbn Equivalent - 30.6.2013

Type	Rating by S&P	Balance
Foreign Bank 1	S&P:A+	109,0
Domestic Bank 1	-	48,1
Foreign Bank 2	S&P:AA-	37,5
Foreign Bank 3	S&P:A+	23,9
Foreign Bank 4	S&P:A	21,7
Other		31,9
Total ISK bn		272,1

Main changes in Q2 2013

- Payments of ISK 17,1bn, mainly from Loans to Customers (ISK 8,9bn) Loans to Financial Institutions (ISK 4,0bn) and Equities (ISK 3,0bn).
- Increase in cash balances by ISK 1,1bn due to FX changes.
- Income on cash (interests) was ISK 0,3bn and paid expenses ISK 1,4bn.

Statement of Assets - Loans to FI

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Other assets	130	114	4	4
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All amounts in ISKbn	Recorded Balance		Estimated Recovery		Recovery Rate %	
	31.3.2013	30.6.2013	31.3.2013	30.6.2013	31.3.2013	30.6.2013
Heritable bank	16,1	16,2	9,7	9,7	60%	60%
LI Lux	63,0	60,1	17,0	13,2	27%	22%
Project Global Exposure	20,2	18,8	2,3	3,5	11%	19%
Other	62,0	44,0	2,6	2,9	4%	7%
Total ISKbn	161,3	139,1	31,5	29,3	20%	21%

Main changes in Q2 2013

- **Heritable Bank.** Estimated recovery is kept at same level (see slide 8 for more details). FX change of 0,5% (GBP) does not affect the reported estimated recovery numbers.
- **LI Lux.** Dividend payment of ISK 4,0bn (EUR 25m) and increase of ISK 0,3bn due to FX changes explain decreased exposure of ISK 3,0bn and estimated recovery of net ISK 3,8bn.
- **Project Global exposure.** Increased valuation in Q2 of net ISK 1,8bn, mainly due to disputed case settled with one counterparty.
- **Other.** Increased recovery of net ISK 0,3bn.

Statement of Assets - Loans to customers

All loans in the loan book

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Bonds and Equities	72	74	56	57
LB Financing	294	297	294	297
Other assets	130	114	4	4
Total	1.638	1.506	859	883

Portfolio	Sub portfolio	# of customers	Estimated recovery
Leverage lending	Participation	38	80,5
Vendor loan	Vendor loan	1	43,5
Senior secured	Collateral based	27	29,0
Asset backed lending	Collateral based	4	20,9
Leverage lending	Origination	7	20,2
Real estate lending	Collateral based	18	15,6
Senior unsecured	Cash flow	20	6,9
KS loans	KS loans	32	6,4
Commercial Finance	Collateral based	2	1,3

LBI's loan portfolio

149

224,4

- 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.

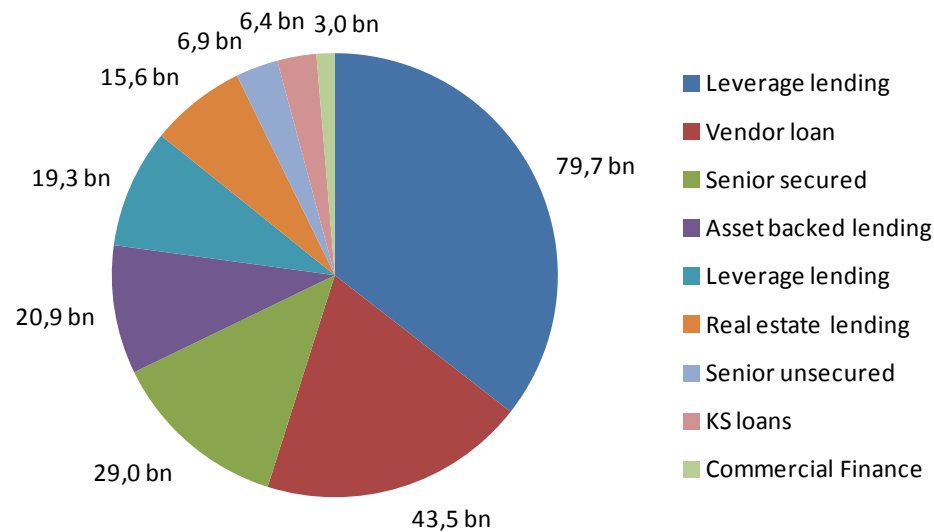
Main changes in Q2 2013

- Payments of ISK 8,9bn were received in Q2 2013.
- Increase of ISK 1,1bn due to FX changes.
- Reclassification of ISK 1,2bn from Loans to customers to Equities and Other assets.
- Estimated recovery increased by ISK 11,8bn due to higher valuation.
- Income was ISK 2,4bn.
- Final write offs in the quarter lowered the recorded balance by ISK 107,7bn. This had no effect on the estimated recovery.
- Total number of customers is 234 thereof 149 with estimated recovery value. The exposure for the 85 customers with no recovery is ISK 228bn.

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	38	1,5	4,9	15,2	2,6	25,6	29,9	79,7
Vendor loan	Vendor loan	1	0,0	0,0	0,0	0,0	0,0	43,5	43,5
Senior secured	Collateral based	27	1,8	20,3	0,8	0,0	0,0	6,1	29,0
Asset backed lending	Collateral based	4	0,0	0,0	0,0	18,8	0,0	2,1	20,9
Leverage lending	Origination	7	0,2	3,0	0,8	0,0	0,0	15,3	19,3
Real estate lending	Collateral based	18	1,3	7,1	5,5	0,3	0,0	1,4	15,6
Senior unsecured	Cash flow	20	0,3	1,6	0,0	0,0	0,0	5,1	6,9
KS loans	KS loans	32	0,5	0,5	1,6	0,7	0,0	3,1	6,4
Commercial Finance	Collateral based	2	0,0	0,0	0,0	0,9	0,0	2,1	3,0
		149	5,5	37,4	23,9	23,3	25,6	108,6	224,4



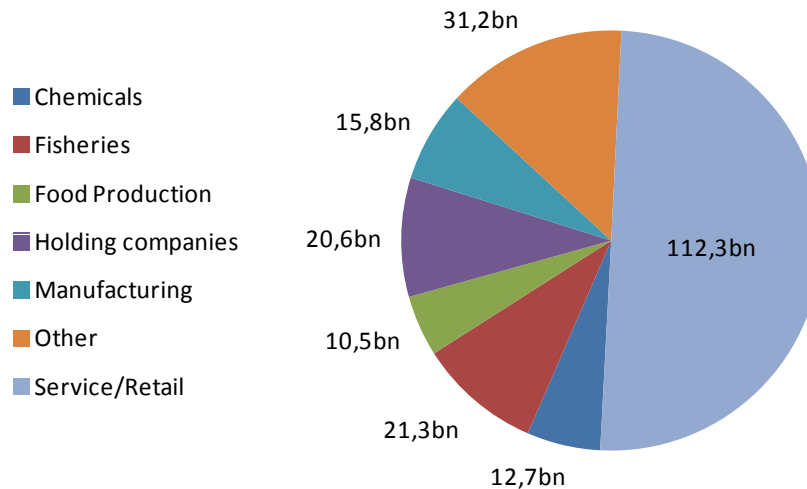
- Leverage lending of ISK 99bn to 45 customers is 46% of the loan book. Thereof ISK 45,2bn with 100% recovery rate.
- Estimated recovery from Senior secured lending mainly derives from underlying pledged assets.
- Asset backed lending is mainly loans to fisheries in Canada.
- Real estate lending is mainly secured by real estates in Iceland.
- 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 %	
	31.3.2013	30.6.2013	31.3.2013	30.6.2013	31.3.2013	30.6.2013
Chemicals	12,9	12,7	12,6	12,7	98%	100%
Fisheries	24,1	28,9	18,8	21,3	78%	74%
Food Production	25,0	14,2	6,2	10,5	25%	74%
Holding companies	211,7	150,7	19,7	20,6	9%	14%
Manufacturing	19,2	18,0	15,8	15,8	82%	88%
Other	113,4	86,2	33,5	31,2	30%	36%
Service/Retail	318,1	299,1	112,6	112,3	35%	38%
	724,4	609,8	219,1	224,4	30%	37%

- Estimated recovery from Service/retail is ISK 112,3bn or 50% of Loans to customers.
- Estimated recovery of Other is ISK 31,2bn or 14% of Loans to customers . Other is mainly Senior secured/unsecured lending and Real estate lending.
- Estimated recovery of Fisheries is ISK 21,3bn or 9% of Loans to customers .

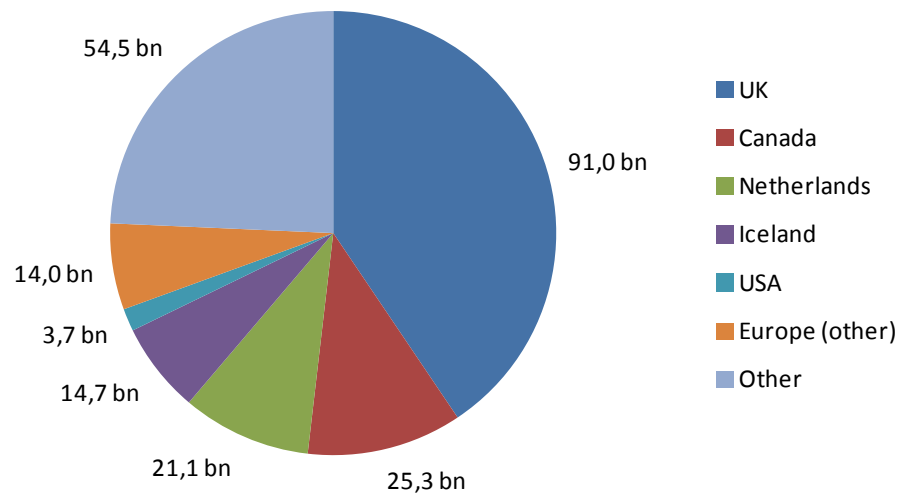
Breakdown of Service / Retail



Loans to customers

Geographical origin of estimated recovery

Origin of recovery	# of customers	ISK	USD	EUR	GBP	CAD	Other	Total
UK	21	0,1	0,2	3,4	87,3	0,0	0,0	91,0
Canada	5	0,0	4,8	0,1	0,0	20,1	0,4	25,3
Netherlands	9		1,9	19,2				21,1
Iceland	43	10,0	0,2	4,1	0,1	0,0	0,2	14,7
Europe (other)	8	0,0	1,3	8,4	0,2	0,0	4,1	14,0
Poland	1			13,7				13,7
Scandinavia	36			0,5			6,6	7,1
Germany	6		1,7	6,4	0,1			8,2
France	9		1,2	6,4	0,4			8,1
Spain	2		2,1	3,9				6,0
Other	4		0,9				4,0	4,9
Latvia	3			6,6				6,6
USA	2		3,1	0,6				3,7
Total	149	10,1	17,5	73,3	88,2	20,1	15,2	224,4



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.

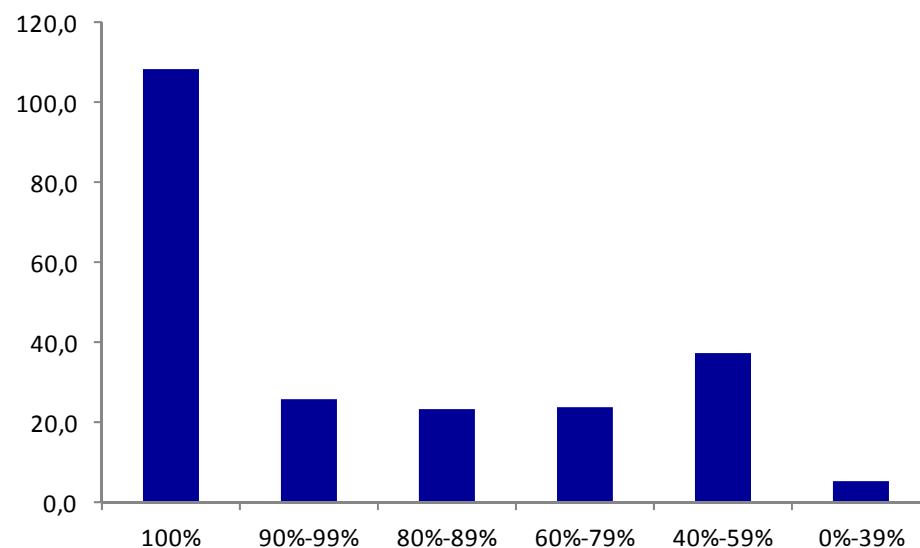
Loans to customers

Cash flow by estimated recovery rates

Recovery rates	H2 2013	2014	2015	2016	2017	2018	Later	Total
100%	12,2	11,1	21,9	7,9	5,8	4,4	45,4	108,6
90%-99%	6,5	0,5	0,6	0,6	0,4	1,3	15,7	25,6
80%-89%	1,1	1,6	2,0	15,6	2,0	1,0	0,0	23,3
60%-79%	1,2	1,1	5,2	10,7	5,0	0,5	0,0	23,9
40%-59%	0,9	17,4	5,1	8,3	0,3	0,3	5,0	37,4
0%-39%	0,6	0,8	1,9	0,6	0,6	0,2	0,9	5,5
Total	22,6	32,5	36,7	43,8	14,1	7,7	67,0	224,4

- Cash collected in Q2 2013 is ISK 8,9bn.
- Loans with 90%-100% estimated recovery rates are ISK 134,2bn or 60% of the loan book total estimated recovery.
- Loans with 0%-59% estimated recovery rates are ISK 42,9bn or 19% of the loan book total estimated recovery.

Estimated recovery by recovery rates



Statement of Assets – Bonds and Equities

LBI

† SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery	
	31.3.2013	30.6.2013	31.3.2013	30.6.2013
Cash	255	272	255	272
Loans to Financial Institutions	161	139	31	29
Loans to customers	725	610	219	224
Bonds and Equities	72	74	56	57
LB Financing	294	297	294	297
Other assets	130	114	4	4
Total	1.638	1.506	859	883

Bonds & Equities

All amounts in ISKbn	Recorded Balance		Estimated Recovery		Recovery Rate %	
	31.3.2013	30.6.2013	31.3.2013	30.6.2013	31.3.2013	30.6.2013
Bonds	64,6	65,6	48,5	49,5	75%	75%
Equities	7,7	8,1	7,4	7,2	96%	88%
Total ISKbn	72,3	73,7	55,9	56,7	77%	77%

Highlights in Q2 2013

Bonds

- Two exposures explain the estimated recovery.
- Income was ISK 0,3bn.

Equities

- Increased valuation of Equities by ISK 2,0bn.
- Two exposures explain ISK 5bn of the total estimated recovery of ISK 7,9bn, or 63%. Both those exposures are expected to be sold in 2013.

Statement of Assets – LB Financing

LBI

† SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery	
	31.3.2013	30.6.2013	31.3.2013	30.6.2013
Cash	255	272	255	272
Loans to Financial Institutions	161	139	31	29
Loans to customers	725	610	219	224
Bonds and Equities	72	74	56	57
LB Financing	294	297	294	297
Other assets	130	114	4	4
Total	1.638	1.506	859	883

Exposure to LB	31.3.2013	FX	ISK	30.6.2013	FX	ISK	Change	FX	ISK
I Bond A	208	208		210	210		2	2	0
II Contingent Bond	86	86		87	87		1	1	0
III Shares in LB	28		28	0		0	(28)	0	(28)
IV - Clawback	(28)		(28)	0		0	28	0	28
Total ISKbn	294	294	0	297	297	0	4	4	0

LB Financing totalled ISK 297bn at 30.6.2013, up by ISK 4bn.

- Outstanding balance of Bond A increased by around ISK 2bn in Q2 2013 due to Fx changes.
- Contingent bond, valued at ISK 92bn at year end 2012, increased in value by around ISK 1bn due to Fx changes.
- Income was ISK 2bn.
- Payment in the period of ISK 1bn.

Statement of Assets – Other Assets

ISKbn	Recorded balance		Estimated recovery	
	31.3.2013	30.6.2013	31.3.2013	30.6.2013
Cash	255	272	255	272
Loans to Financial Institutions	161	139	31	29
Loans to customers	725	610	219	224
Bonds and Equities	72	74	56	57
LB Financing	294	297	294	297
Other assets	130	114	4	4
Total	1.638	1.506	859	883

Other assets

All amounts in ISKbn	Recorded Balance sheet		Estimated Recovery		Recovery Rate %	
	31.3.2013	30.6.2013	31.3.2013	30.6.2013	31.3.2013	30.6.2013
Derivatives	40,7	24,1	1,2	1,1	3%	5%
Investment in Subs.	85,7	85,7	0,0	0,0	0%	0%
Non-current assets	3,8	3,8	2,6	2,6	69%	68%
Total ISKbn	130,3	113,6	3,8	3,7	3%	3%

Highlights in Q2 2013

- Payments of ISK 0,2bn.
- Final write-off of Derivatives ISK 16,6bn.

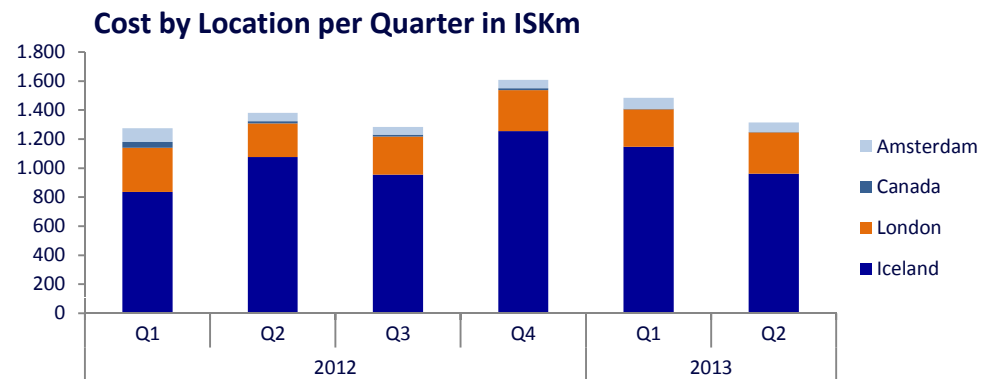


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Total Operational Cost

ISKm	2012				2013		Change Q2/Q1
	Q1	Q2	Q3	Q4	Q1	Q2	
Housing and logistics	60	33	78	42	37	57	51%
Payroll and benefits	493	426	417	442	440	473	8%
Icelandic legal cost	300	205	158	215	208	194	(7%)
Icelandic expert cost	67	61	84	67	60	70	15%
Non-Icelandic legal cost	71	175	165	422	290	241	(17%)
Non-Icelandic expert cost	107	362	219	251	247	149	(40%)
Other Operational costs	109	51	95	106	132	85	(36%)
SLA cost	68	68	68	62	71	61	(13%)
Breakdown by location							
Iceland	837	1.076	956	1.254	1.147	962	(16%)
London	304	231	263	282	259	299	16%
Canada	39	16	13	14	4	4	(11%)
Amsterdam	95	58	52	57	76	65	(14%)
Total ISKm	1.275	1.382	1.284	1.608	1.486	1.330	(10%)

- Total operational cost decreases by 12% between quarters.
- Icelandic expert cost decreases by 20% between quarters .
- Non Icelandic expert cost decreases by 40% between quarters.
- Other operational costs decreases by 19% between quarters.





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Driver of change for recorded balance sheet

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IN WINDING-UP PROCEEDINGS

ISKm GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Derivatives	Other Assets	Total
Recorded 31.3.2013	259,1	190,8	724,6	64,6	7,7	293,6	40,7	89,5	1.670,7
Assets at risk 31.3.2013	(3,6)	(29,5)							(33,1)
Recorded after set-off 31.3.2013	255,5	161,3	724,6	64,6	7,7	293,6	40,7	89,5	1.637,6
Recorded 30.6.2013	275,6	169,3	609,8	65,6	8,1	297,2	24,1	89,5	1.539,3
Assets at risk 30.6.2013	(3,5)	(30,2)							(33,7)
Recorded after set-off 30.6.2013	272,1	139,1	609,8	65,6	8,1	297,2	24,1	89,5	1.505,5
Total Change	16,6	(22,2)	(114,8)	1,0	0,4	3,7	(16,7)	(0,0)	(132,1)
Payments	17,1	(4,0)	(8,9)		(3,0)	(1,0)	(0,0)	(0,1)	(0,0)
Partial payments	(0,5)								(0,5)
FX changes	1,1	1,4	3,0	0,7	0,0	2,7		0,0	8,8
Reclassification		9,4	(10,6)		1,1		(0,0)	0,1	0,0
Change in Exposure value		(28,2)	(0,0)		2,3		(0,0)	(0,0)	(26,0)
Income	0,3		9,4	0,3		2,0			12,0
Paid Expenses	(1,4)								(1,4)
Set-off		(0,7)							(0,7)
Write-off			(107,7)				(16,6)		(124,3)
Total Change	16,6	(22,2)	(114,8)	1,0	0,4	3,7	(16,7)	(0,0)	(132,1)

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.

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

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SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Derivatives	Other Assets	Total
Estimated recovery 31.3.2013	255,5	31,5	219,1	48,5	7,4	293,6	1,2	2,6	859,4
Estimated recovery 30.6.2013	272,1	29,3	224,4	49,5	7,2	297,2	1,1	2,6	883,4
Total Change	16,6	(2,2)	5,3	1,0	(0,2)	3,7	(0,1)	(0,1)	24,0
Payments	17,1	(4,0)	(8,9)		(3,0)	(1,0)	(0,0)	(0,1)	(0,0)
Partial payments	(0,5)								(0,5)
FX changes	1,1	0,3	1,1	0,7	0,0	2,7		0,0	5,9
Reclassification			(1,2)		1,1		(0,0)	0,1	(0,0)
Valuation		1,6	11,8	0,0	1,6		(0,0)	(0,0)	15,0
Income	0,3		2,4	0,3		2,0			5,0
Operational Expenses	(1,4)								(1,4)
Set-off									
Total Change	16,6	(2,2)	5,3	1,0	(0,2)	3,7	(0,1)	(0,1)	24,0

Main changes

- Estimated recovery increases by ISK 24,0bn, thereof
 - FX changes increases estimated recovery by ISK 5,9bn.
 - Valuation increased by ISK 15,0bn.
- Payments increased cash by ISK 17,1bn.

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

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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.



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Loans to customers by sectors

Breakdown of the loan book by LBI's operations

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IN WINDING-UP PROCEEDINGS

Sector	Loan Exposure		Estimated Recovery		Recovery Rate %	
	31.3.2013	30.6.2013	31.3.2013	30.6.2013	31.3.2013	30.6.2013
Reykjavík						
Holding companies	211,7	150,7	19,7	20,6	9%	14%
Service/Retail	211,0	196,5	53,9	53,2	26%	27%
Food Production	25,0	14,2	6,2	10,5	25%	74%
Financial Institutions	4,8	4,8	1,5	1,5	32%	31%
Other	81,0	59,4	14,9	14,9	18%	25%
Total ISKbn	533,5	425,7	96,1	100,6	18%	24%
London						
Chemicals	6,5	6,5	6,3	6,5	96%	100%
Manufacturing & Printing	12,7	11,1	9,2	8,8	73%	80%
Retail	42,7	39,6	21,0	21,4	49%	54%
Services	48,9	48,4	34,2	34,2	70%	71%
Other	23,0	21,5	13,5	13,0	59%	60%
Total ISKbn	133,9	127,1	84,2	83,9	63%	66%
Amsterdam						
Chemicals	6,3	6,2	6,3	6,2	100%	100%
Manufacturing & Machinery	7,0	6,9	7,0	6,9	100%	100%
Printing & Publishing	4,0	4,0	2,9	2,2	72%	56%
Retail	1,5	1,7	0,6	0,6	40%	38%
Services	14,0	12,8	2,9	2,9	21%	23%
Total ISKbn	32,8	31,7	19,7	18,9	60%	60%
Canada						
Chemicals	0,0		0,0		0%	0%
Fisheries	24,1	25,3	18,8	20,9	78%	82%
Construction	0,2	0,0	0,2	0,0	100%	100%
Total ISKbn	24,3	25,4	19,0	20,9	78%	82%

Driver of change for recorded balance sheet

Historical overview

LBI

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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 30.6.2013	275,6	169,3	609,8	65,6	8,1	297,2	24,1	89,5	1.539,3
Assets at risk 30.6.2013	(3,5)	(30,2)							(33,7)
Recorded after set-off 30.6.2013	272,1	139,1	609,8	65,6	8,1	297,2	24,1	89,5	1.505,5
Total Change	241,5	(492,3)	(421,7)	(296,0)	(77,7)	13,4	(131,1)	(27,0)	(1.190,9)
Payments	905,9	(104,8)	(375,4)	(8,0)	(242,1)	(107,0)	(60,4)	(8,3)	0,0
Partial payments	(657,8)								(657,8)
Transaction cost	(3,4)								(3,4)
FX changes	8,3	54,3	85,8	(5,1)	(5,2)	19,5	(3,2)	0,1	154,7
Reclassification	(0,1)	(241,3)	109,3	89,8	40,0		(8,7)	11,0	0,0
Change in Exposure value		(4,5)	0,1	2,2	130,5	64,9	(5,3)	0,3	188,2
Income	32,2	0,0	286,1	0,8	0,1	36,0		0,2	355,5
Paid Expenses	(44,5)								(44,5)
Set-off	0,8	(168,7)		(375,7)				(16,1)	(559,8)
Write-off		(27,3)	(527,7)		(1,1)		(53,5)	(14,3)	(623,8)
Total Change	241,5	(492,3)	(421,7)	(296,0)	(77,7)	13,4	(131,1)	(27,0)	(1.190,9)

Definitions:

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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

	31.3.2013	30.6.2013	Change
EUR	158,55	161,25	1,7%
GBP	187,43	188,35	0,5%
USD	124,00	123,95	(0,0%)
CAD	121,95	117,88	(3,3%)