

March 2<sup>nd</sup> 2011

**Landsbanki Íslands hf.**

Financial Information for Q4 2010

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# Estimated Global Recovery

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| Estimated Recovery ISKbn   | 30.9.2010    | 31.12.2010   | FX change  | Actual Change in Quarter* |           |
|----------------------------|--------------|--------------|------------|---------------------------|-----------|
| Cash                       | 293          | 361          | 1,3        | 67,3                      | 23%       |
| Loans to Financial Inst.   | 72           | 61           | (0,2)      | (10,8)                    | (15%)     |
| Loans to Customers         | 346          | 277          | 2,2        | (70,5)                    | (20%)     |
| Bonds                      | 22           | 21           | (0,1)      | (0,4)                     | (2%)      |
| Equities                   | 59           | 117          | 0,5        | 57,5                      | 98%       |
| NBI Financing              | 322          | 318          | 0,7        | (5,1)                     | (2%)      |
| Derivatives                | 20           | 15           | 0,0        | (4,7)                     | (24%)     |
| Investment in Subsidiaries | 2            | 1            | 0,0        | (0,8)                     | (37%)     |
| Non current assets         | 3            | 3            | 0,0        | 0,4                       | 13%       |
| <b>Total</b>               | <b>1.138</b> | <b>1.175</b> | <b>4,4</b> | <b>32,8</b>               | <b>3%</b> |

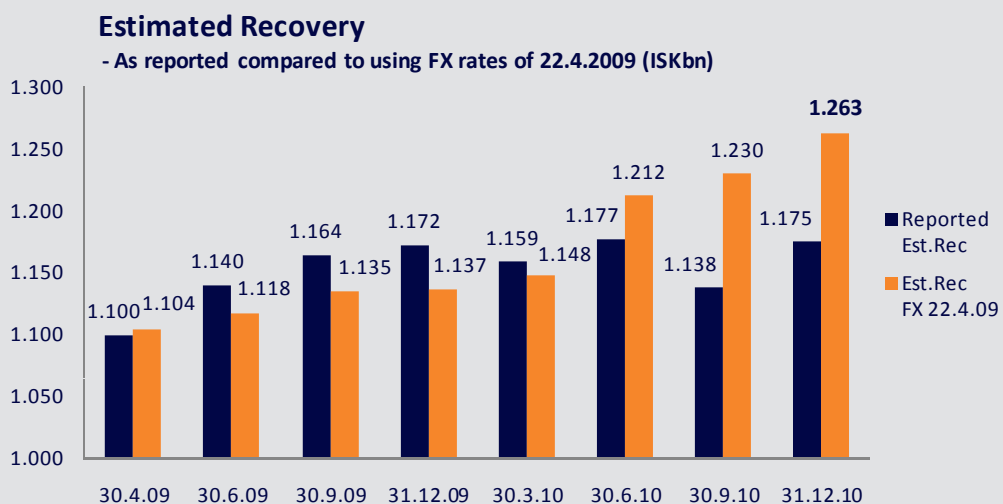
\*Actual Change excluding FX variations.

## Estimated Global Recovery

- Actual estimated recovery increased in the quarter by ISK 33bn or 3%.
- Main changes in estimated recovery are reflected in higher Cash position than expected and reclassification from loans to customers to equities.
- Deloitte Iceland has reviewed LBI's valuation process and estimated recovery as of 31.12.2010.

## Actual change in Estimated Recovery

- According to our estimated recovery by currency only 8% of LBI's assets will be collected in ISK thus currency fluctuations have a considerable effect on estimated recovery.
- If FX volatility is controlled for by fixing FX rates as of a certain date the estimated value of recoverable assets has increased by ISK 159bn since 30 April 2009 (see graph).
- Not controlling for FX rates, since 30 April 2009 reported estimated recovery has increased by ISK 75bn. Thus FX changes decrease the reported estimation of recovery by ISK 88bn.



# Statement of Assets and Liabilities

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| ISKbn                           | Recorded balance sheet as of 30.9.2010 | Estimated value of assets 30.9.2010 | Recorded balance sheet as of 31.12.2010 | Estimated value of assets 31.12.2010 |
|---------------------------------|--|-------------------------------------|---|--------------------------------------|
| Loans to Financial Institutions |  |                                     |   |                                      |
| Cash                            | 293                                    | 293                                 | 361                                     | 361                                  |
| Loans to Financial Institutions | 231                                    | 72                                  | 213                                     | 61                                   |
| Loans to customers              | 1.056                                  | 346                                 | 982                                     | 277                                  |
| Bonds                           | 77                                     | 22                                  | 77                                      | 21                                   |
| Equities                        | 76                                     | 59                                  | 118                                     | 117                                  |
| Derivatives                     | 94                                     | 20                                  | 94                                      | 15                                   |
| Investments in subsidiaries     | 89                                     | 2                                   | 89                                      | 1                                    |
| Non-current assets              | 3                                      | 3                                   | 3                                       | 3                                    |
| Other assets                    | 6                                      | 0                                   | 6                                       | 0                                    |
| <b>Total assets without NBI</b> | <b>1.925</b>                           | <b>816</b>                          | <b>1.944</b>                            | <b>857</b>                           |
| Financial instrument from NBI   |  |                                     |   |                                      |
| A Bond                          | 282                                    | 282                                 | 269                                     | 269                                  |
| Contingent Bond                 | 17                                     | 17                                  | 30                                      | 30                                   |
| Equity in NBI                   | 28                                     | 28                                  | 28                                      | 28                                   |
| NBI Equity Claw Back            | (5)                                    | (5)                                 | (9)                                     | (9)                                  |
| <b>Total assets</b>             | <b>2.247</b>                           | <b>1.138</b>                        | <b>2.262</b>                            | <b>1.175</b>                         |

### Assets

- Recorded balance sheet is presented after set-off. Estimated and realized set-off amounts are subject to uncertainty.
- Recorded balance sheet amounts for Loans and derivatives are presented at nominal value outstanding plus accrued interest.
- For listed Equities & Bonds the amount is market value. For unlisted equity and bonds the amount is cost based or based on fundamental valuation.
- Final write-offs in Q4 reduced loans to customers exposure by ISK 11bn.
- Loan Exposures are expected to decrease in 2011 due to final write-offs.
- Development of changes in Balance Sheet from 8 October 2008 to Q1 2011 will be explained in details on the 19<sup>th</sup> of May meeting.

| ISKbn                             | Book value as of 22.4.2009 |
|-----------------------------------|----------------------------|
| Loans from Financial Institutions | 264                        |
| Deposits from customers           |                            |
| Wholesale                         | 158                        |
| Retail                            | 1.161                      |
| Securities issued                 | 1.178                      |
| Other borrowings                  | 187                        |
| Subordinated bonds                | 217                        |
| Derivatives                       | 173                        |
| Other liabilities                 | 89                         |
| <b>Total liabilities</b>          | <b>3.427</b>               |

|      | FX rates  |           |            |         |
|------|-----------|-----------|------------|---------|
|      | 22.4.2009 | 30.9.2010 | 31.12.2010 | %change |
| CAD: | 105,5     | 110,4     | 115,3      | 4,5%    |
| EUR: | 169,2     | 154,4     | 153,8      | (0,4%)  |
| GBP: | 191,1     | 178,3     | 179,1      | 0,4%    |
| USD: | 130,7     | 113,4     | 114,7      | 1,1%    |

### Liabilities

- The number for liabilities shown as of 22 April 2009 are not acquired from the WuB Register of claims.

# Estimated Recovery by Location

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| ISKbn   | Reykjavik  |            | London     |            | Amsterdam |           | Labki/Halifax |           | Total        |              | % Change  |
|---|------------|------------|------------|------------|-----------|-----------|---------------|-----------|--------------|--------------|-----------|
|   | 30.9.10    | 31.12.10   | 30.9.10    | 31.12.10   | 30.9.10   | 31.12.10  | 30.9.10       | 31.12.10  | 30.9.10      | 31.12.10     |           |
| Loans to Financial Institutions                 |            |            |            |            |           |           |               |           |              |              |           |
| Cash  | 117        | 152        | 134        | 153        | 30        | 43        | 11            | 14        | 293          | 361          | 23%       |
| Loans to Financial Institutions                 | 68         | 61         | 4          | 0          | 0         | 0         | 0             | 0         | 72           | 61           | (15%)     |
| Loans to Customers                              | 128        | 90         | 132        | 117        | 61        | 48        | 24            | 23        | 346          | 277          | (20%)     |
| Bonds   | 0          | 0          | 22         | 21         | 0         | 0         | 0             | 0         | 22           | 21           | (2%)      |
| Equities  | 55         | 108        | 4          | 8          | 0         | 0         | 0             | 0         | 59           | 117          | 99%       |
| Derivatives                                     | 20         | 15         | 0          | 0          | 0         | 0         | 0             | 0         | 20           | 15           | (24%)     |
| Investments in Subsidiaries                     | 2          | 1          | 0          | 0          | 0         | 0         | 0             | 0         | 2            | 1            | (41%)     |
| Non-current Assets                              | 3          | 3          | 0          | 0          | 0         | 0         | 0             | 0         | 3            | 3            | 14%       |
| <b>Total assets without Instrument from NBI</b> | <b>393</b> | <b>430</b> | <b>296</b> | <b>299</b> | <b>92</b> | <b>91</b> | <b>35</b>     | <b>36</b> | <b>816</b>   | <b>857</b>   | <b>5%</b> |
| NBI A Bond                                      | 282        | 269        |            |            |           |           |               |           | 282          | 269          | (5%)      |
| NBI Contingent Bond                             | 17         | 30         |            |            |           |           |               |           | 17           | 30           | 76%       |
| NBI Equity                                      | 28         | 28         |            |            |           |           |               |           | 28           | 28           | 0%        |
| NBI Equity Claw Back                            | (5)        | (9)        |            |            |           |           |               |           | (5)          | (9)          | 76%       |
| <b>Total Assets</b>                             | <b>715</b> | <b>748</b> | <b>296</b> | <b>299</b> | <b>92</b> | <b>91</b> | <b>35</b>     | <b>36</b> | <b>1.138</b> | <b>1.175</b> | <b>3%</b> |

- **Reykjavík:** Estimated recovery in Reykjavík increases by ISK 33bn. This increase can mostly be attributed to a revaluation of an asset that in the quarter was reclassified from Loans to Customers to Equities, also there is an increase in valuation of the Contingent Bond as well as Loans to Financial Institutions.
- **London Branch:** The estimated recovery increases by ISK 3bn due to increased valuation of Equities which is partly off-set by decreased valuation of Loans to Customers.
- **Amsterdam:** No material changes.
- **Labki/Halifax:** No material changes.

# UK Retail Assets

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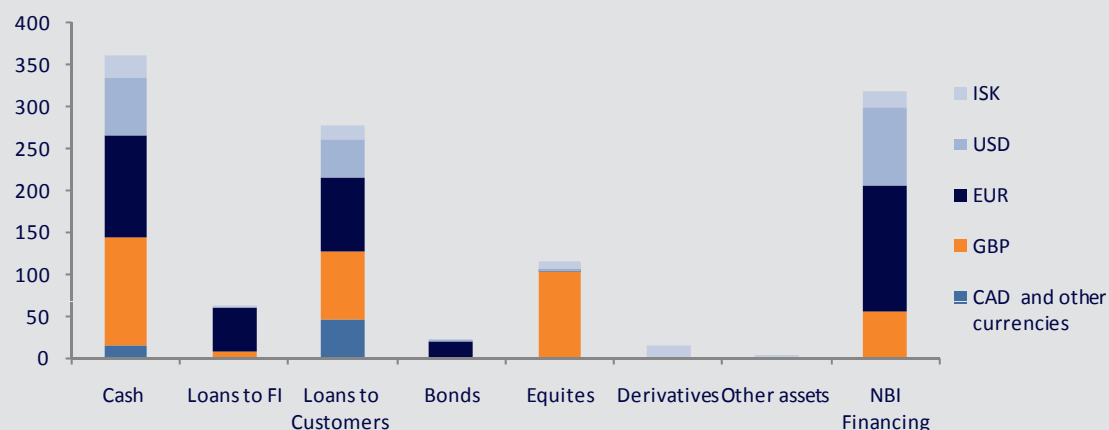
- Status update on LBI's largest UK retail assets.
  - Iceland Foods 66,6%
    - Styttta's pledged equity position in Iceland Foods (27,6%) was transferred to LBI in Q4 2010. Valuation was increased.
    - LBI's equity position in Iceland Foods is now (52,9%).
    - BG Holding's pledged equity position in Iceland Foods (13,7%) will be transferred to LBI in Q1 - PWC is BG Holding's administrator appointed by LBI.
  - Highland Grp Holdings Ltd (HOF) 34,9%
    - Pledged equity position still held by BG Holding's administrator appointed by LBI. PWC is BG Holding's administrator appointed by LBI.
  - Aurum Group 66,4%
    - Equity position held by LBI since restructuring in early 2010.
  - Corporal Ltd (Hamleys) 63,7%
    - BG Holding's pledged equity position in Corporal transferred to LBI in Q4 2010.
- Possible exit strategies are now being discussed and planned taking into account various routes to markets and buyers as well as general health of the companies. See slide on "Asset Management and Disposal Strategy-Equities" for further discussion.
- LBI is always open to review offers but as of now not actively marketing any companies.

# LBI Estimated Recovery by Currency

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| ISKbn                                      | ISK       | USD        | EUR        | GBP        | CAD       | Other currencies | Total        |
|--|-----------|------------|------------|------------|-----------|------------------|--------------|
| Cash                                       | 26        | 68         | 122        | 130        | 10        | 5                | 361          |
| Loans to Financial Institutions            | 0         | 0          | 52         | 9          | 0         | 0                | 61           |
| Loans to Customers                         | 16        | 46         | 88         | 81         | 23        | 24               | 277          |
| Bonds                                      | 0         | 0          | 21         | 0          | 0         | 0                | 21           |
| Equities                                   | 10        | 3          | 0          | 101        | 2         | 1                | 117          |
| Derivatives                                | 15        | 0          | 0          | 0          | 0         | 0                | 15           |
| Other assets                               | 3         | 1          | 0          | 0          | 0         | 0                | 4            |
| <b>Total assets without NBI Instrument</b> | <b>70</b> | <b>118</b> | <b>283</b> | <b>321</b> | <b>35</b> | <b>30</b>        | <b>857</b>   |
| NBI A Bond                                 | 0         | 85         | 135        | 50         | 0         | 0                | 269          |
| NBI Contingent Bond                        | 0         | 9          | 15         | 6          | 0         | 0                | 30           |
| NBI Equity                                 | 28        | 0          | 0          | 0          | 0         | 0                | 28           |
| NBI Equity Claw Back                       | (9)       | 0          | 0          | 0          | 0         | 0                | (9)          |
| <b>Total assets</b>                        | <b>89</b> | <b>212</b> | <b>433</b> | <b>377</b> | <b>35</b> | <b>30</b>        | <b>1.175</b> |

Estimated Recovery by Currency in ISKbn



- Increase in GBP is due to higher expected recovery from an asset booked in Reykjavík.
- Bonds issued by NBI are expected to be collected in FX according to the terms of the A Bond.
- 37% of the expected recovery is in EUR, 32% in GBP, 18% in USD and 8% in ISK.

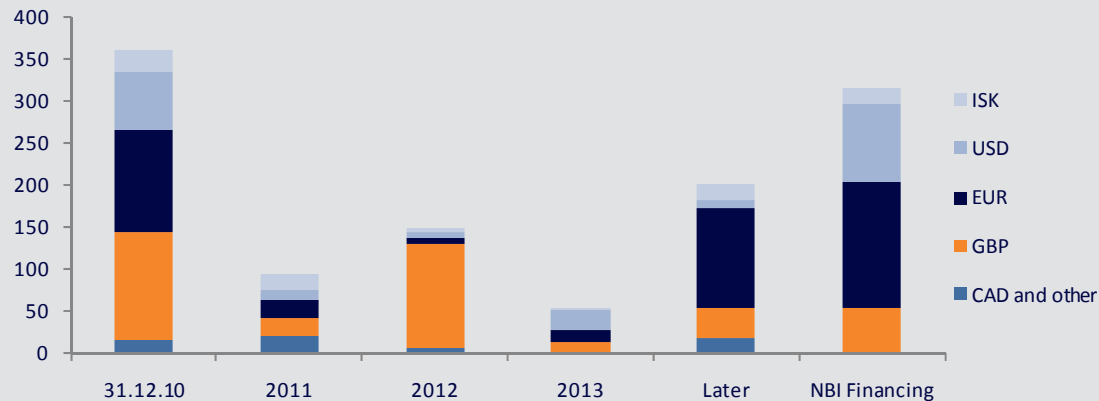


# Estimated cash-flow by currency

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| ISKbn               | Cash<br>31.12.2010 | 2011      | 2012       | 2013      | Later      | NBI<br>A -Bond | Contingent<br>Bond | NBI<br>Equity | Total        |
|---------------------|--------------------|-----------|------------|-----------|------------|----------------|--------------------|---------------|--------------|
| ISK                 | 26                 | 19        | 3          | 2         | 19         | 0              | 0                  | 19            | 89           |
| USD                 | 68                 | 11        | 7          | 24        | 9          | 84             | 9                  | 0             | 212          |
| EUR                 | 122                | 22        | 8          | 14        | 118        | 134            | 15                 | 0             | 433          |
| GBP                 | 130                | 22        | 123        | 11        | 36         | 49             | 6                  | 0             | 377          |
| CAD and other       | 16                 | 20        | 7          | 3         | 19         | 0              | 0                  | 0             | 65           |
| <b>Total assets</b> | <b>361</b>         | <b>94</b> | <b>149</b> | <b>54</b> | <b>202</b> | <b>267</b>     | <b>30</b>          | <b>19</b>     | <b>1.175</b> |

Estimated Cash-Flow by Currency in ISKbn



- LBI has pointed out FX imbalance that NBI needs to address (covered in LBI Observer slides).
- ISK 361bn have already been collected in cash. Cash collection has been faster than expected. Cash-flow in Q4 2010 was ISK 68bn, 28% above last estimation.
- Estimated cash-flow has not changed significantly since Q3 2010.

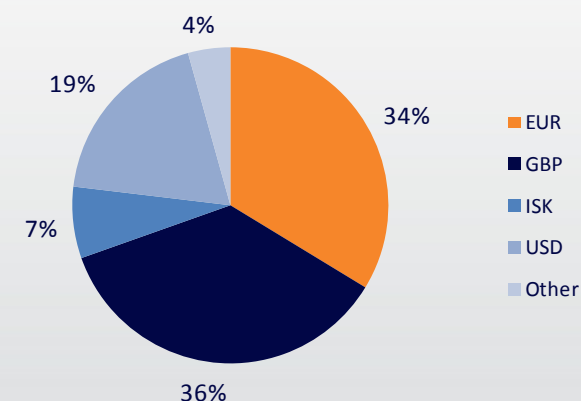
# Loans to Financial Institutions - Cash

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## Cash Balances - Using Currency Exchange Rates 31.12.2010

| Currency           | In currency m |            |                   | ISKbn        |              |                   |
|--------------------|---------------|------------|-------------------|--------------|--------------|-------------------|
|                    | 30.9.2010     | 31.12.2010 | Change in Quarter | 30.9.2010    | 31.12.2010   | Change in Quarter |
| AUD                | 11            | 12         | 1                 | 1,3          | 1,4          | 0,1               |
| CAD                | 65            | 88         | 24                | 7,4          | 10,2         | 2,8               |
| DKK                | 85            | 91         | 5                 | 1,8          | 1,9          | 0,1               |
| EUR                | 587           | 791        | 205               | 90,2         | 121,7        | 31,5              |
| GBP                | 702           | 724        | 22                | 125,7        | 129,6        | 3,9               |
| ISK                | 25.379        | 26.433     | 1.054             | 25,4         | 26,4         | 1,1               |
| USD                | 348           | 592        | 244               | 39,9         | 67,9         | 28,0              |
| Other              |               |            |                   | 1,9          | 2,1          | 0,2               |
| <b>Total ISKbn</b> |               |            |                   | <b>293,8</b> | <b>361,3</b> | <b>67,5</b>       |

## Currency Composition of Cash Balances 31.12.2010



## Cash Recovery by Location

| Location           | 30.9.2010*   | 31.12.2010   | Change in Quarter |
|--------------------|--------------|--------------|-------------------|
| Reykjavik          | 117,3        | 151,5        | 34,2              |
| London             | 135,0        | 152,7        | 17,7              |
| Amsterdam          | 30,4         | 43,4         | 13,1              |
| Labki/Halifax      | 11,1         | 13,6         | 2,5               |
| <b>Total ISKbn</b> | <b>293,8</b> | <b>361,3</b> | <b>67,5</b>       |

\*Using exchange rates 31.12.2010, using exchange rate 30.9.2010 the total amount would be 292,7bn

- Cash balances have increased by 23% after excluding FX changes in the period and now amounts to 31% of total expected recovery.

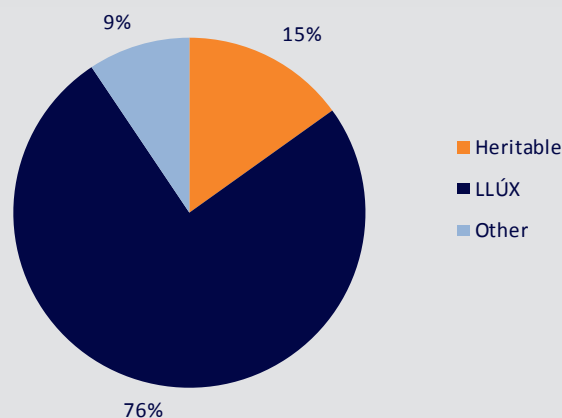
# Loans to Financial Institutions - Other

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| All amounts in ISKbn | Recorded Balance |              | Estimated Recovery |             | Recovery Rate % |            |
|----------------------|------------------|--------------|--------------------|-------------|-----------------|------------|
|                      | 30.9.2010        | 31.12.2010   | 30.9.2010          | 31.12.2010  | 30.9.2010       | 31.12.2010 |
| Heritable bank       | 15,3             | 15,4         | 9,2                | 9,2         | 60%             | 60%        |
| LI Lux               | 139,0            | 138,4        | 46,3               | 46,1        | 33%             | 33%        |
| Other                | 76,4             | 59,7         | 16,6               | 5,8         | 22%             | 10%        |
| <b>Total ISKbn</b>   | <b>230,7</b>     | <b>213,5</b> | <b>72,1</b>        | <b>61,1</b> | <b>31%</b>      | <b>29%</b> |

- No significant development in matter of the LBI claim against Heritable Bank. Because of claims disputes estimated recovery remains unchanged.
- If cash is excluded LBI's claim against LI Lux represents 76% of Loans to Financial Institutions. Expected recovery is unchanged.
- The decrease in estimated recovery of Other can be explained by payments from financial institutions which claims were a part of the Global Exposures project.

Estimated Recovery as of 31.12.2010

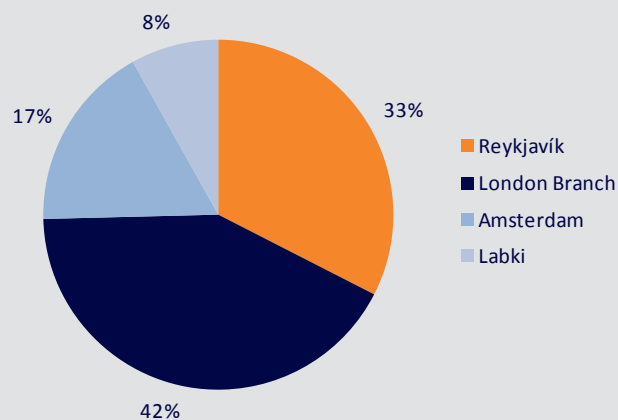


# Loans to Customers

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| All amounts in ISKbn | Recorded Balance |              | Estimated Recovery |              | Recovery Rate % |            |
|----------------------|------------------|--------------|--------------------|--------------|-----------------|------------|
|                      | 30.9.2010        | 31.12.2010   | 30.9.2010          | 31.12.2010   | 30.9.2010       | 31.12.2010 |
| Reykjavík            | 732,2            | 684,6        | 128,4              | 90,2         | 18%             | 13%        |
| London Branch        | 218,7            | 207,0        | 131,7              | 116,7        | 60%             | 56%        |
| Amsterdam            | 74,9             | 62,0         | 61,3               | 47,9         | 82%             | 77%        |
| Labki                | 29,8             | 28,8         | 24,1               | 22,5         | 81%             | 78%        |
| <b>Total ISKbn</b>   | <b>1.055,6</b>   | <b>982,4</b> | <b>345,6</b>       | <b>277,3</b> | <b>33%</b>      | <b>28%</b> |

Estimated Recovery as of 31.12.2010



## Reykjavík

- Main changes are due to reclassification of Loans to customers to Equities through enforcement of security.

## London Branch

- Decreases mainly due to payments and lower estimated recovery.

## Amsterdam

- Lower exposure and estimated recovery is mainly due to significant payments.

## Labki

- Estimated recovery is slightly down due to lower estimated recovery.

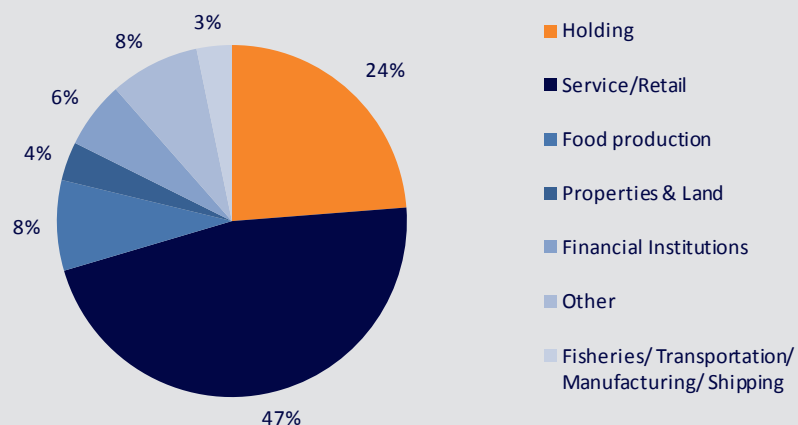
# Loans to Customers by Sector

## Reykjavik

| ISKbn<br>Sector        | Loan Exposure |              | Estimated Recovery |             | Recovery Rate % |            |
|------------------------|---------------|--------------|--------------------|-------------|-----------------|------------|
|                        | 30.9.2010     | 31.12.2010   | 30.9.2010          | 31.12.2010  | 30.9.2010       | 31.12.2010 |
| Holding                | 452,6         | 390,7        | 56,0               | 21,4        | 12%             | 5%         |
| Service/Retail         | 163,0         | 171,9        | 42,1               | 42,1        | 26%             | 24%        |
| Fisheries              | 13,5          | 14,1         | 0,9                | 0,9         | 7%              | 6%         |
| Transportation         | 10,9          | 11,8         | 0,3                | 0,0         | 2%              | 0%         |
| Food Production        | 35,6          | 36,5         | 7,7                | 7,5         | 22%             | 21%        |
| Properties & Land      | 16,5          | 16,7         | 3,2                | 3,2         | 20%             | 19%        |
| Manufacturing          | 2,6           | 2,2          | 0,2                | 0,0         | 9%              | 0%         |
| Shipping               | 2,1           | 2,0          | 2,1                | 2,0         | 100%            | 100%       |
| Financial Institutions | 11,5          | 11,5         | 8,6                | 5,6         | 75%             | 48%        |
| Other                  | 24,0          | 23,7         | 7,3                | 7,5         | 30%             | 31%        |
| <b>Total ISKbn</b>     | <b>732,2</b>  | <b>681,0</b> | <b>128,4</b>       | <b>90,2</b> | <b>18%</b>      | <b>13%</b> |

- Main changes are due to reclassification of Loans to customers to Equities through enforcement of security. This is reflected in lower exposure and estimated recovery in Holding and Service/Retail.
- In Financial Institutions recovery decreases due to lower valuation.

Estimated Recovery as of 31.12.2010



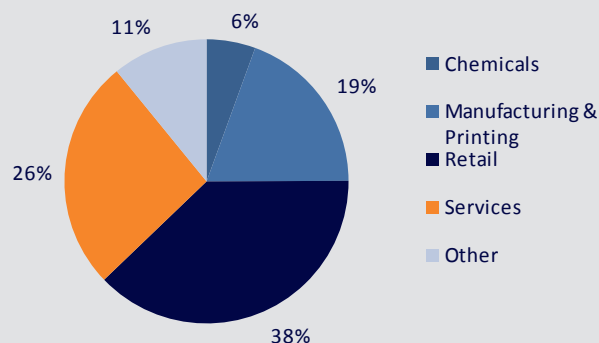
# Loans to Customers by Sector, cont.

## London

| All amounts in ISKbn       | Loan Exposure |              | Estimated Recovery |              | Recovery Rate% |            |
|----------------------------|---------------|--------------|--------------------|--------------|----------------|------------|
|                            | 30.9.2010     | 31.12.2010   | 30.9.2010          | 31.12.2010   | 30.9.2010      | 31.12.2010 |
| Leveraged Finance          | 148,8         | 141,3        | 65,5               | 58,5         | 44%            | 41%        |
| Trade Finance              | 1,8           | 0,8          | 1,7                | 0,8          | 97%            | 98%        |
| Commercial Finance         | 44,8          | 45,3         | 41,8               | 38,3         | 93%            | 85%        |
| Commercial Finance US      | 23,3          | 19,6         | 22,7               | 19,0         | 97%            | 97%        |
| <b>Balance Sheet total</b> | <b>218,7</b>  | <b>207,0</b> | <b>131,7</b>       | <b>116,7</b> | <b>60%</b>     | <b>56%</b> |

| Sector                   | Loan Exposure |              | Estimated Recovery |              | Recovery Rate% |            |
|--------------------------|---------------|--------------|--------------------|--------------|----------------|------------|
|                          | 30.9.2010     | 31.12.2010   | 30.9.2010          | 31.12.2010   | 30.9.2010      | 31.12.2010 |
| Chemicals                | 70,0          | 71,6         | 8,4                | 6,5          | 12%            | 9%         |
| Manufacturing & Printing | 36,4          | 29,6         | 28,5               | 22,6         | 78%            | 76%        |
| Retail                   | 54,4          | 54,5         | 46,0               | 44,2         | 85%            | 81%        |
| Services                 | 40,3          | 36,0         | 35,1               | 30,7         | 87%            | 85%        |
| Other                    | 17,5          | 15,3         | 13,8               | 12,7         | 79%            | 83%        |
| <b>Total ISKbn</b>       | <b>218,7</b>  | <b>207,0</b> | <b>131,7</b>       | <b>116,7</b> | <b>60%</b>     | <b>56%</b> |

Estimated Recovery as of 31.12.2010



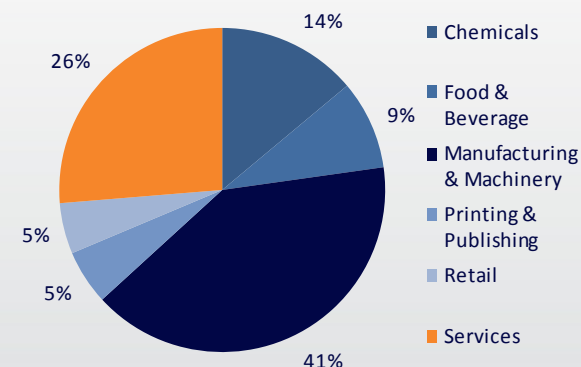
- **Chemicals:** Loan exposure increases due the large PIK facility in this category.
- **Manufacturing & Printing:** Decrease in exposure due to payments. Estimated recovery decreases due to lower valuation.
- **Retail:** A lower recovery in the retail sector is due to lower valuation in Commercial Finance.
- **Services:** Exposure decreased in connection with enforcement of security now booked as equity in Reykjavík.
- **Other:** Repayments explain lower loan exposure, higher recovery rate is explained by increase in valuation.

# Loans to Customers by Sector, cont.

## Amsterdam, Labki/Halifax

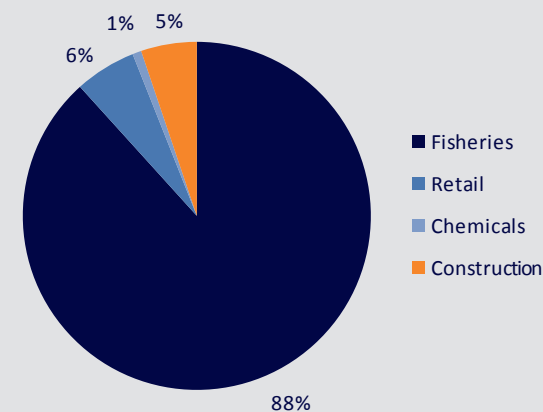
| Amsterdam<br>Sector       | Loan Exposure |             | Estimated Recovery |             | Recovery Rate% |            |
|---------------------------|---------------|-------------|--------------------|-------------|----------------|------------|
|                           | 30.9.2010     | 31.12.2010  | 30.9.2010          | 31.12.2010  | 30.9.2010      | 31.12.2010 |
| Chemicals                 | 7,0           | 6,8         | 6,8                | 6,7         | 98%            | 98%        |
| Food & Beverage           | 4,4           | 4,3         | 4,3                | 4,2         | 98%            | 98%        |
| Manufacturing & Machinery | 28,9          | 21,1        | 27,7               | 19,4        | 96%            | 92%        |
| Printing & Publishing     | 5,0           | 3,2         | 3,5                | 2,6         | 70%            | 81%        |
| Retail                    | 5,1           | 4,9         | 2,5                | 2,4         | 50%            | 49%        |
| Services                  | 24,5          | 21,6        | 16,5               | 12,6        | 67%            | 58%        |
| <b>Total ISKbn</b>        | <b>74,9</b>   | <b>62,0</b> | <b>61,3</b>        | <b>47,9</b> | <b>82%</b>     | <b>77%</b> |

Estimated Recovery as of 31.12.2010



| Labki/Halifax<br>Sector | Loan Exposure |             | Estimated Recovery |             | Recovery Rate% |            |
|-------------------------|---------------|-------------|--------------------|-------------|----------------|------------|
|                         | 30.9.2010     | 31.12.2010  | 30.9.2010          | 31.12.2010  | 30.9.2010      | 31.12.2010 |
| Chemicals               | 0,5           | 0,5         | 0,2                | 0,2         | 35%            | 35%        |
| Fisheries               | 27,0          | 25,8        | 21,7               | 19,9        | 80%            | 77%        |
| Retail                  | 1,1           | 1,3         | 1,1                | 1,3         | 98%            | 98%        |
| Construction            | 1,2           | 1,2         | 1,2                | 1,2         | 98%            | 98%        |
| <b>Total ISKbn</b>      | <b>29,8</b>   | <b>28,8</b> | <b>24,1</b>        | <b>22,5</b> | <b>81%</b>     | <b>78%</b> |

Estimated Recovery as of 31.12.2010



# Bonds & Equities

## Landsbanki Íslands hf.

| All amounts in ISKbn | Recorded Balance |              | Estimated Recovery |              | Recovery Rate % |            |
|----------------------|------------------|--------------|--------------------|--------------|-----------------|------------|
|                      | 30.9.2010        | 31.12.2010   | 30.9.2010          | 31.12.2010   | 30.9.2010       | 31.12.2010 |
| <b>Reykjavík</b>     |                  |              |                    |              |                 |            |
| Bonds                | 15,8             | 15,8         | 0,0                | 0,0          | 0%              | 0%         |
| Equities             | 72,4             | 109,8        | 54,8               | 108,5        | 76%             | 99%        |
| <b>London Branch</b> |                  |              |                    |              |                 |            |
| Bonds                | 61,6             | 61,4         | 21,9               | 21,5         | 36%             | 35%        |
| Equities             | 3,9              | 8,2          | 3,9                | 8,2          | 100%            | 100%       |
| <b>Total ISKbn</b>   | <b>153,7</b>     | <b>195,1</b> | <b>80,6</b>        | <b>138,1</b> | <b>52%</b>      | <b>71%</b> |

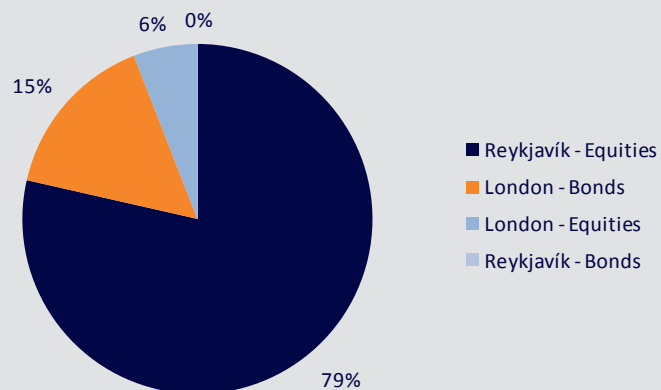
### Reykjavík

- All Bonds with estimated recovery in Reykjavík have matured.
- The Equity position in Reykjavík increased due to reclassification of pledged assets (resulting from enforcement of security) from Loans to Customers to Equities.

### London Branch

- Estimated recovery of Bonds decreases due to maturity.
- The estimated recovery of Equities increases due to higher valuation and as one Reykjavík position was transferred to the London equities book.

Estimated Recovery as of 31.12.2010





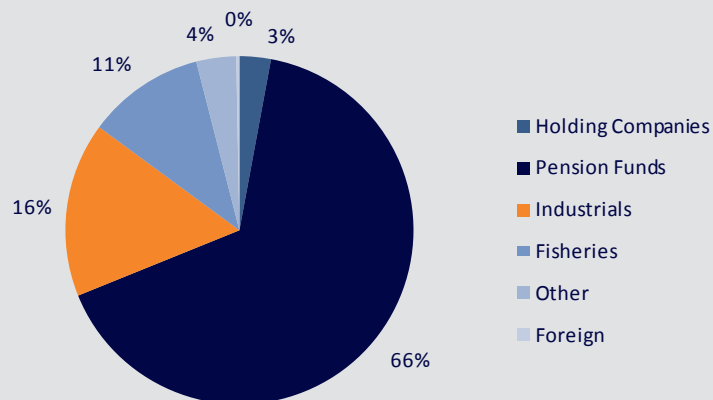
# Derivatives

## Landsbanki Íslands hf.

| ISKbn<br>Sector       | Exposure    |             | Estimated Recovery |             | Recovery Rate % |            |
|-----------------------|-------------|-------------|--------------------|-------------|-----------------|------------|
|                       | 30.9.2010   | 31.12.2010  | 30.9.2010          | 31.12.2010  | 30.9.2010       | 31.12.2010 |
| Holding Companies     | 21,1        | 21,2        | 0,4                | 0,4         | 2%              | 2%         |
| Pension Funds         | 31,9        | 31,9        | 14,1               | 10,0        | 44%             | 31%        |
| Industrials           | 22,9        | 22,9        | 2,8                | 2,5         | 12%             | 11%        |
| Fisheries             | 11,9        | 11,9        | 1,7                | 1,7         | 14%             | 14%        |
| Other                 | 4,4         | 3,9         | 0,8                | 0,6         | 18%             | 14%        |
| <b>Total Domestic</b> | <b>92,2</b> | <b>91,6</b> | <b>19,8</b>        | <b>15,1</b> | <b>21%</b>      | <b>16%</b> |
| Foreign               | 2,0         | 2,0         | 0,0                | 0,0         | 2%              | 2%         |
| <b>Total</b>          | <b>94,2</b> | <b>93,6</b> | <b>19,8</b>        | <b>15,1</b> | <b>21%</b>      | <b>16%</b> |

- Nearly all derivatives are under dispute and heading to court.
- Total estimated recovery decreased mainly due to lower valuation, from 21% to 16%.
- Estimated recovery in Pension Funds decreases due to lower valuation.

Estimated Recovery as of 31.12.2010



# Investments in Subsidiaries, Non-Current Assets and other assets

Landsbanki Íslands hf.

| All amounts in ISKbn | Recorded Balance |             | Estimated Recovery |            | Recovery Rate % |            |
|----------------------|------------------|-------------|--------------------|------------|-----------------|------------|
|                      | 30.9.2010        | 31.12.2010  | 30.9.2010          | 31.12.2010 | 30.9.2010       | 31.12.2010 |
| Investment in Subs.  | 89,0             | 89,0        | 2,2                | 1,3        | 2%              | 1%         |
| Non-current assets   | 2,7              | 3,1         | 2,7                | 3,1        | 100%            | 100%       |
| Other assets         | 6,0              | 6,0         | 0,0                | 0,0        | 0%              | 0%         |
| <b>Total ISKbn</b>   | <b>97,7</b>      | <b>98,1</b> | <b>4,9</b>         | <b>4,4</b> | <b>5%</b>       | <b>4%</b>  |

- The estimated recovery of Investment in Subsidiaries decreased slightly.
- Non-current assets increased during the period and now amount to ISK 3,1bn due to an increased number of repossessed assets.
- As before there is no estimated recovery on Other assets.

# Total Cost

## Landsbanki Íslands hf.

| Total Cost<br>All values in ISKm    | 2010         |              |              |              | Change       |             |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|
|                                     | Q1           | Q2           | Q3           | Q4           | H1-H2        | Q3-Q4       |
| Payroll and benefits                | 942          | 652          | 536          | 524          | (33%)        | (2%)        |
| Administration cost                 | 87           | 104          | 92           | 103          | 3%           | 12%         |
| Legal and other expert costs        | 1.603        | 1.335        | 949          | 807          | (40%)        | (15%)       |
| Dutch Administration cost & support | 82           | 124          | 0            | 0            | (100%)       | -           |
| Other Operational costs             | 296          | 171          | 171          | 219          | (16%)        | 28%         |
| SLA cost                            | 146          | 146          | 139          | 139          | (5%)         | 0%          |
| <b>Distribution by location</b>     |              |              |              |              |              |             |
| Iceland                             | 1.707        | 1.454        | 1.184        | 1.117        | (27%)        | (6%)        |
| London                              | 1.127        | 713          | 531          | 525          | (43%)        | (1%)        |
| Canada                              | 76           | 80           | 73           | 74           | (5%)         | 1%          |
| Amsterdam                           | 247          | 285          | 100          | 77           | (67%)        | (23%)       |
| <b>Total ISKm</b>                   | <b>3.157</b> | <b>2.531</b> | <b>1.888</b> | <b>1.793</b> | <b>(35%)</b> | <b>(5%)</b> |

- Note that the numbers are in ISKm.
- Costs continued to decrease in Q4. The decrease from Q3-Q4 2010 was 5% and 35% from H1-H2 2010.
- Other operational costs increased as unpaid costs in UK were accrued in December 2010.
- SLA costs were previously estimated but have now been revised from Q1 to Q4 to reflect actual costs, resulting in a decrease of ISK 479m.

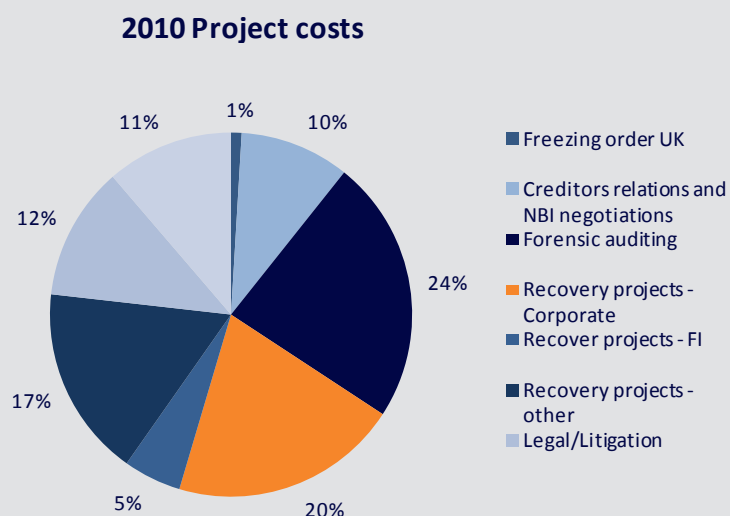
Cost by Location per Quarter in ISKm



# Total Cost – additional information

## Landsbanki Íslands hf.

| Legal and other expert cost - Break down<br>All values in ISKm | H1<br>2010   | H2<br>2010   |
|--|--------------|--------------|
| Freezing order UK  | 44           | 0            |
| Creditors relations and NBI negotiations                       | 405          | 52           |
| Forensic auditing  | 701          | 400          |
| Recovery projects (breakdown below)                            |              |              |
| Corporate  | 556          | 396          |
| Financial Institution  | 142          | 99           |
| Other  | 508          | 290          |
| Legal/Litigation   | 316          | 242          |
| Other  | 281          | 247          |
| <b>Total ISKm</b>  | <b>2.953</b> | <b>1.727</b> |



- The forensic audit has been broadly finalised. It forms the foundation for further work on individual recovery projects identified. Furthermore it has created valuable data which can be useful in all recovery operations of the bank going forward.
- Deloitte and the specialists involved will continue to assist when necessary on individual asset recovery projects derived from the forensic audit or other parts of the operation.
- The “Other” cost listed under Recovery projects shows the estimated cost of work undertaken by the forensic team in relation to individual recovery projects, some of which are derived from the forensic audit.
- Please note that there is a time lag in service being rendered and the receipt of invoices, therefore the H1 2010 numbers include invoices for service rendered in 2009. Likewise the numbers for the first months of 2011 will include costs for service rendered in 2010.
- There is now a new category, Legal/Litigation, which includes various legal cost that does not fall under any other category.