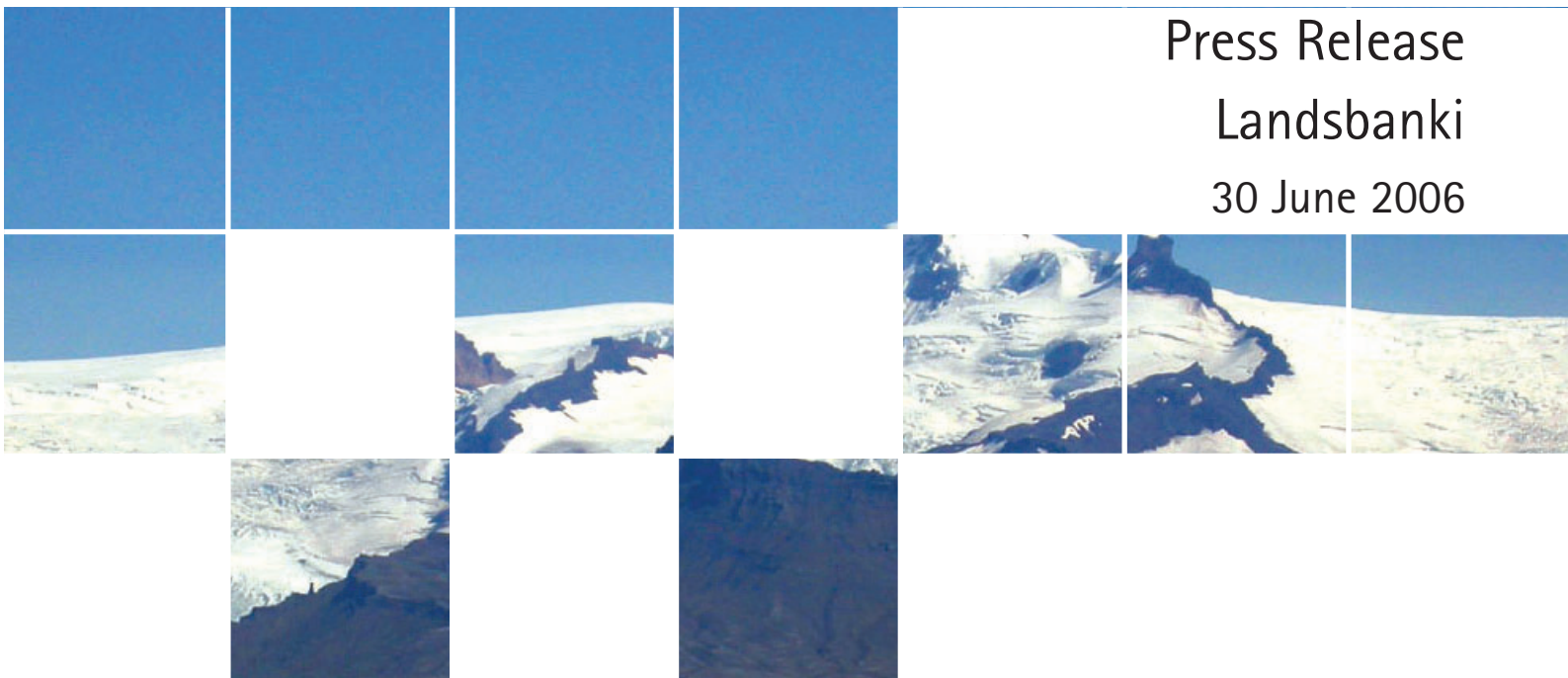


Consolidated Interim Financial Statements

Press Release
Landsbanki
30 June 2006





Consolidated Key Figures

Operations	2006 Q1-Q2	2005 Q1-Q2	%	2006 Q2	2006 Q1
Interest revenues	65,061	26,770	143%	37,527	27,535
Interest expenses	42,466	17,351	145%	23,865	18,601
Net interest revenues	22,596	9,419	140%	13,662	8,934
Fee and commission income	15,589	8,345	87%	7,791	7,797
Fee and commission expenses	1,789	764	134%	849	940
Net fee and commission income	13,800	7,581	82%	6,943	6,857
Dividend income	2,103	721	191%	269	1,834
Net (loss) gain on financial assets and liabilities held for trading	(261)	1,815	-114%	(1,011)	750
Net (loss) gain on financial assets designated at FV through P/L	7,192	3,493	106%	(489)	7,680
Fair value adjustments in hedge accounting	(121)	135	-190%	(25)	(96)
Foreign exchange difference	(60)	(64)	-6%	(12)	(49)
Share of (loss) profit of associates	581	759	-23%	(262)	843
Net gain of disposal groups held for sale	239	817	-71%	51	188
Other operating revenues	9,672	7,677	26%	(1,478)	11,150
Net operating revenues	46,068	24,677	87%	19,127	26,942
Salaries and related expenses	11,505	5,469	110%	6,256	5,249
Administrative expenses	6,335	3,447	84%	3,496	2,839
Operating expenses	17,840	8,916	100%	9,752	8,088
Impairment on loans and advances and assets held for sale	3,215	2,704	19%	1,660	1,555
Profit before impairment on goodwill and income tax	25,013	13,056	92%	7,714	17,299
Income tax	4,595	1,953	135%	1,572	3,023
Net profit	20,418	11,103	84%	6,143	14,276
Attributable to:					
Shareholders of Landsbanki Íslands hf.	19,961	11,011		5,966	13,995
Minority interests	457	92		177	280

Five-year summary

Operations	Q1-Q2 2006	2005	2004	2003	2002
Net interest revenues	22,596	22,996	14,734	9,331	7,732
Net fee and commission income	13,800	16,726	8,891	6,116	4,076
Other operating revenues	9,672	21,257	9,842	3,535	2,109
Operating revenues	46,068	60,978	33,467	18,982	13,916
Operating expenses	17,840	20,967	14,460	10,815	8,505
Impairment on loans and advances and assets held for sale	3,215	6,197	4,485	4,656	2,863
Profit before impairment on goodwill and income tax	25,013	33,815	14,521	3,512	2,549
Impairment on goodwill	0	3,033	0	0	0
Income tax	4,595	5,764	1,798	457	475
Net profit	20,418	25,017	12,723	3,055	2,074
Attributable to:					
Shareholders of Landsbanki Íslands hf.	19,961	24,740	12,574	2,956	2,028
Minority interests	457	277	149	99	45

Balance Sheet	30.6.2006	31.12.2005	Change	%	31.12.2004	31.12.2003	31.12.2002
Cash and cash balances with Central Bank	22,806	16,611	6,195	37%	18,237	48,772	18,893
Loans and advances	1,363,254	1,071,513	291,742	27%	614,274	326,400	214,787
Trading assets	275,113	218,894	56,219	26%	64,730	63,744	36,337
Other assets	150,295	98,443	51,852	53%	39,900	9,323	7,808
Total assets	1,811,468	1,405,460	406,008	29%	737,141	448,239	277,824
Deposits	610,767	478,759	132,008	28%	279,206	196,160	138,971
Borrowing	853,367	689,989	163,378	24%	375,084	209,357	108,479
Subordinated loans	91,141	49,074	42,067	86%	22,570	13,090	8,216
Other items	128,714	74,022	54,692	74%	21,572	6,389	5,057
Equity	123,088	110,059	13,029	12%	37,705	22,382	16,309
Minority interests	4,392	3,557	835	23%	1,004	862	792
Total liabilities and equity	1,811,468	1,405,460	406,008	29%	737,141	448,239	277,824

Consolidated Key Figures

Operations	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2	2005 Q1
Interest revenues	37,527	27,535	21,073	18,594	14,309	12,461
Interest expenses	23,865	18,601	13,818	12,272	9,180	8,172
Net interest revenues	13,662	8,934	7,255	6,322	5,129	4,289
Fee and commission income	7,791	7,797	5,359	4,775	4,864	3,481
Fee and commission expenses	849	940	598	392	403	361
Net fee and commission income	6,943	6,857	4,761	4,383	4,461	3,120
Dividend income	269	1,834	191	161	616	105
Net (loss) gain on financial assets and liabilities held for trading	(1,011)	750	5,503	3,550	(163)	1,978
Net (loss) gain on financial assets designated at FV through P/L	(489)	7,680	1,205	1,167	1,003	2,490
Fair value adjustments in hedge accounting	(25)	(96)	(361)	232	(81)	216
Foreign exchange difference	(12)	(49)	92	359	(161)	97
Share of (loss) profit of associates	(262)	843	643	505	275	484
Net gain of disposal groups held for sale	51	188	63	270	817	0
Other operating revenues	(1,478)	11,150	7,337	6,243	2,307	5,370
Net operating revenues	19,127	26,942	19,352	16,949	11,898	12,779
Salaries and related expenses	6,256	5,249	4,136	3,077	3,114	2,355
Administrative expenses	3,496	2,839	2,933	1,905	1,764	1,683
Operating expenses	9,752	8,088	7,069	4,982	4,879	4,037
Impairment on loans and advances and assets held for sale	1,660	1,555	1,805	1,687	1,359	1,345
Profit before impairment on goodwill and income tax	7,714	17,299	10,479	10,280	5,660	7,396
Impairment on goodwill	0	0	(259)	3,293	0	0
Income tax	1,572	3,023	1,929	1,882	602	1,351
Net profit	6,143	14,276	8,809	5,105	5,058	6,045
Attributable to:						
Shareholders of Landsbanki Íslands hf.	5,966	13,995	8,734	4,995	5,000	6,011
Minority interests	177	280	75	110	58	34
Balance Sheet	30.6.2006	31.3.2006	31.12.2005	30.9.2005	30.6.2005	31.3.2005
Cash and cash balances with Central Bank	22,806	19,403	16,611	8,134	8,211	14,136
Loans and advances	1,363,254	1,284,107	1,071,513	891,668	828,342	687,883
Trading assets	275,113	300,780	218,894	156,243	119,208	82,630
Other assets	150,295	165,613	98,443	86,212	66,311	65,993
Total assets	1,811,468	1,769,902	1,405,460	1,142,258	1,022,072	850,642
Deposits	610,767	607,426	478,759	413,988	355,410	298,063
Borrowing	853,367	806,627	689,989	531,417	521,870	417,947
Subordinated loans	91,141	83,514	49,074	47,224	49,394	49,327
Other items	128,714	151,130	74,022	48,804	34,378	30,241
Equity	123,088	117,187	110,059	98,749	58,954	53,988
Minority interests	4,392	4,019	3,557	2,076	2,066	1,076
Total liabilities and equity	1,811,468	1,769,902	1,405,460	1,142,258	1,022,072	850,642
Key ratios		2006 Q1 - Q2	2005	2004	2003	2002
Return on equity before impairment on goodwill and taxes		49.9%	61.8%	57.2%	20.9%	17.0%
Return on equity after taxes		40.0%	45.8%	49.5%	17.6%	13.5%
Tier 1 ratio		12.9%	11.9%	7.8%	6.9%	7.7%
Equity ratio (CAD)		15.1%	13.1%	10.4%	9.9%	10.6%
Cost-income ratio		38.7%	34.4%	43.2%	57.0%	61.1%
Operating expenses as a ratio of average capital position		2.2%	2.0%	2.5%	3.0%	3.1%
Interest spread as a ratio of average capital position		2.7%	2.2%	2.6%	2.6%	2.8%
Deposits / loans to customers		36.7%	33.9%	39.6%	48.0%	50.4%
Ratio of provision to lending position at period-end		0.47%	0.58%	0.73%	1.47%	1.33%
Share price at period-end		20.20	25.30	12.10	5.80	3.65
Change in share price adjusted for dividend payments		-19.0%	110.7%	110.3%	61.6%	10.6%
Number of positions at period-end		1,925	1,725	1,121	1,025	986
Exchange rates						
Exchange rate ISK / EUR for P/L average Q1-Q2		85.38	76.59	86.97	87.39	85.92
Exchange rate ISK / EUR for Balance sheet 30.6.2006		97.15	74.7	83.51	89.76	84.71

Profit ISK 20.4 billion

Pre-tax profit of Landsbanki Íslands hf. for the first half of 2006 was ISK 25.0 billion, compared to ISK 13.1 billion for the same period of 2005, an increase of 92%.

The Bank's after-tax profit was ISK 20.4 billion, as compared with ISK 11.1 billion for H1 of 2005.

After-tax ROE for the period was 40%.

The operations of Teather & Greenwood have been included in the consolidation as of Q2 2005, Kepler Equities as of the beginning of December 2005 and Merrion Capital at year-end 2005. This should be borne in mind when making comparisons with quarterly figures in 2005.

The ISK weakening affects figures in both the balance sheet and the income statement. Foreign-denominated balance sheet assets and liabilities are recognised at the closing exchange rate as of 30 June 2006, whereas amounts in the income statement are recognised at the average H1 exchange rate. The following table shows exchange rate developments of foreign reporting currencies used by the Group and the ISK trade-weighted index.

	31/12/2005	Average	%	31/12/2005	30/06/2006	%
EUR	74.7	85.38	14%	74.7	97.15	30%
GBP	108.85	124.03	14%	108.85	140.45	29%
GVT	104.9	118.62	13%	104.90	133.75	28%

Highlights of the Income Statement and Balance Sheet

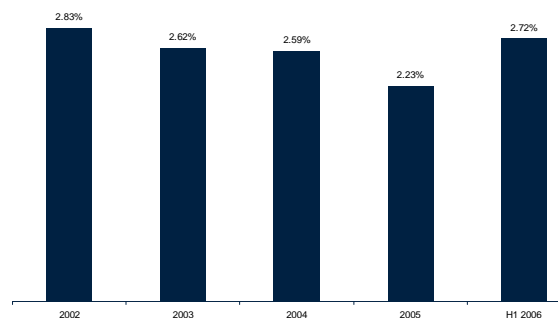
Income Statement

Comparison between H1 2005 and H1 2006

Landsbanki's **net operating revenues** amounted to ISK 46.1 billion in H1 of 2006 as compared to ISK 24.7 billion the previous year. This is a YoY increase of 87%.

The Bank's **net interest income** was ISK 22.6 billion, as compared with ISK 9.4 billion in H1 2005. Net interest spread as a ratio of average capital position was 2.7%, or 2.3% if adjusted for the impact of higher inflation on the Bank's indexation balance.

Interest spread

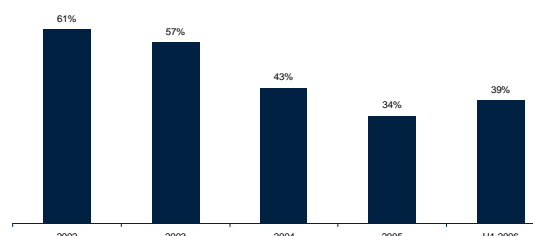


Landsbanki's **net fees and commissions** have increased by 82%, amounting to ISK 13.8 billion in H1 as compared to ISK 7.6 billion in H1 the previous year.

The Bank's **net financial income** in H1 2006 amounted to ISK 9.7 billion as compared to ISK 7.7 billion during the same period in 2005, an increase of 26%.

The Group's **operating expenses** in H1 2006 totalled ISK 17.8 billion, making its cost ratio for the period 38.7%. Of this, salary and related expenses were ISK 11.5 billion and administrative expenses ISK 6.3 billion. Landsbanki expensed as an obligation ISK 700 million due to discussions and a possible settlement of a dispute with the Bank Employees' Pension Fund. This amount is recognised under salary and related expense.

Cost Income Ratio



The breakdown of the Group's income and expenses has changed substantially with the addition of its overseas subsidiaries. These are securities firms, who generally have a higher cost income ratio than banks.

Full-time equivalent positions in the Landsbanki group numbered 1,925 at the end of June 2006. Of these, approximately 1200 were positions in Iceland and 700 in establishments overseas.

Impairment on loans and available-for-sale financial assets in H1 of 2006 amounted to ISK 3.2 billion, as compared to ISK 2.7 billion during the same period of the previous year. Impairment as a ratio of loans

and receivables at the end of the period was 0.47% on an annualised basis.

Q2 2006 compared to Q1 2006

The Bank's pre-tax profit amounted to ISK 7.7 billion in Q2 of this year, as compared to ISK 17.3 billion in Q1 2006. The Bank's profit after tax was ISK 6.1 billion, as compared with ISK 14.3 billion for Q1 of 2006. The lower profit is the result of unusually high trading gains in Q1 2006.

Net interest revenues amounted to ISK 13.7 billion as compared to ISK 8.9 billion in Q1 of 2006, or an increase of 53%. Much of this increase is due to the impact of inflation on the Bank's positive indexation balance.

Net fees and commissions amounted to ISK 6.9 billion, or an amount equivalent to that of Q1 2006. These are the first two quarters where all the Group companies are fully included in its consolidated accounts. Fees and commissions from operations abroad now comprise 55% of the Group's total commission income, as compared with 9% in 2004 and 23% in 2005.

The Bank's **net financial income** was negative by ISK 1.5 billion in Q2 of this year, as compared with income amounting to ISK 11.2 billion in Q1 2006. The major reversal is primarily the result of sliding share prices, as the ICEX-15 index dropped by 7.1% in Q2 of 2006 after rising by 6.5% in Q1. Most foreign equity markets also declined in Q2. Landsbanki's holding in Carnegie AB rose considerably in Q1 and the Bank subsequently realised a good profit on sale of the shares in Q2.

The Group's **cost income ratio** in Q2 was 51% as compared to 30% in Q1 2006. The increase is explained by fluctuations in the Group's net financial income. If only its core earnings are considered the change from Q1 is slight.

Impairment on loans and available-for-sale financial assets in Q2 was ISK 1.7 or practically the same amount and ratio of total loans outstanding as it was in Q1 2006.

Overseas operations comprised 45% of net operating revenues

Net income from operations outside of Iceland amounted to ISK 20.6 billion, or 45% of the total, during the first half of this year, as compared to ISK 4.0 billion (16% of total net

operating revenues) for the same period of the previous year. The YoY increase is ISK 16.6 billion.

Balance Sheet

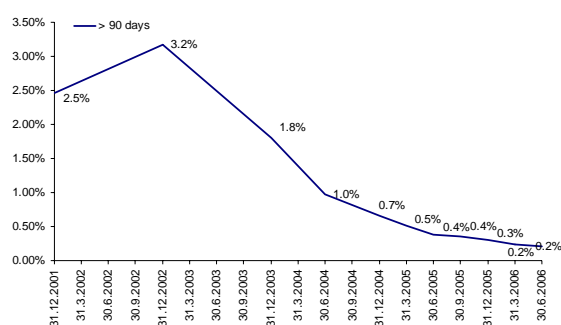
The Group's **total assets** amounted to ISK 1,811 billion at the end of June 2006, increasing by ISK 406 billion during the YtD. A good portion of this increase is the result of ISK depreciation and the accordant inflationary impact. Converted to EUR, the Bank's total assets amounted to EUR 18.6 billion at the end of June as compared to EUR 18.8 billion at the beginning of this year.

Loans to financial institutions amounted to ISK 69 billion, as compared to ISK 87 billion at the beginning of this year.

Loans to customers totalled ISK 1,294 billion at the end of June 2006, up 31% from ISK 985 at the beginning of the year. Allowing for the impact of the ISK weakening and inflation, the real increase in customer lending is 10%.

Total **provisions for credit losses** were ISK 16.0 billion or 1.17% of total loans to customers at the end of June 2006. Provisions for credit losses do not reflect actual write-offs, but amounts set aside to cover calculated future credit losses. If and when loans are not recovered, the provisions for credit losses account is reduced by the unrecoverable amount.

Loans in arrears



Loans in arrears have been decreasing steadily in recent quarters and at the end of June 2006 loans over 90 days in arrears were 0.2% of total customer loans. This is the lowest ratio ever.

Market bonds and other fixed-income securities held by the Bank totalled ISK 56 billion at the end of June 2006, as compared with ISK 52 billion at the beginning of this year.

Equities and other variable income securities held by the Bank totalled ISK 51 billion at the end of June 2006, as compared with ISK 58 billion at the beginning of this

year. Of the ISK 51 billion exposure, ISK 44 billion were listed equities and ISK 7 billion unlisted equities. Domestic equities amounted to ISK 27 billion and foreign equities to ISK 23 billion as of the end of June 2006.

Total assets under management amounted to ISK 338 billion at the end of June 2006, rising from ISK 281 billion at the beginning of this year, an increase of 20% during the year. At the same time, total assets in the Group's custody amounted to ISK 1,559 billion as compared to ISK 1,321 billion at the beginning of this year, an increase of 18%.

Liabilities and equity

The Group's **total deposits** amounted to ISK 611 billion as of the end of June 2006. Of this customer deposits were ISK 475 billion as compared to ISK 334 billion at the beginning of 2006, an increase of 42% during the first 6M of this year.

Customers' deposits as a ratio of customer loans were 37% at the end of June 2006, compared to 34% at year-end 2005. The Bank's objective is to further increase deposits as a ratio of lending in coming quarters.

Total borrowing at the end of June 2006 amounted to ISK 853 billion, as compared to ISK 690 billion at the beginning of 2006.

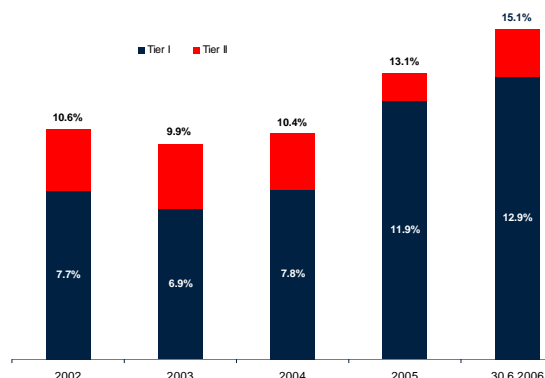
The Group's **subordinated debt** was ISK 91 billion at the end of June as compared to ISK 49 billion at the beginning of the year. Landsbanki issued subordinated bonds classified as Tier I capital in the amount of EUR 375 million during the 6M period.

Capital adequacy ratio 15.1%

The Group's **equity** was ISK 123 billion at the end of June 2006 as compared to ISK 110 billion at the beginning of the year. The change in equity is the result of profit during the period, transactions in own shares and dividends.

The group's **capital adequacy ratio** according to CAD rules was 15.1% at the end of June 2006, compared with 13.1% at the beginning of this year. The Tier 1 capital ratio was 12.9% as compared with 11.9% at the beginning of this year.

Capital ratio (CAD)



Performance of Business Segments

Landsbanki Group's performance is comprised of the results of four business segments:

- Commercial Banking,
- Corporate Banking,
- Securities Trading, and
- Asset Management and Private Banking.

The following tables give a summary of divisional performance and total assets (all figures mISK).

Summary of Business Segments

H1 2006	Retail Banking	Corporate Banking	Securities & Management & Trading	Asset Management & Private Banking	Other	Group
Net interest revenue	6,859	11,283	3,007	1,447	0	22,596
Net commission and fees	1,511	818	10,019	1,451	0	13,800
Net financial income	14	0	9,461	197	0	9,672
Net operating revenue	8,384	12,102	22,487	3,095	0	46,068
Operating expenses	3,873	2,805	8,745	1,421	996	17,840
Impairment on loans and advances	718	1,313	1,088	96	0	3,215
Profit before income tax	3,794	7,984	12,654	1,578	-996	25,013
Total assets 30 June 2006	310,680	869,410	351,634	271,738	8,007	1,811,468

H1 2005	Retail Banking	Corporate Banking	Securities & Management & Trading	Asset Management & Private Banking	Other	Group
Net interest revenue	4,440	5,311	-953	622	0	9,419
Net commission and fees	1,397	1,070	4,194	921	0	7,581
Net financial income	13	270	7,309	85	0	7,677
Net operating revenue	5,850	6,650	10,550	1,628	0	24,677
Operating expenses	3,790	1,787	2,240	849	251	8,916
Impairment on loans and advances	1,386	1,250	0	68	0	2,704
Profit before income tax	673	3,613	8,310	711	-251	13,056

Commercial Banking includes the parent company's branch network, Heritable Bank's mortgage operations and SP Fjármögnun. The profit before tax of this segment amounted to ISK 3.8 billion in the first 6M of this year, as compared to ISK 0.7 billion for the same period of the previous year. The segment's total assets amounted to ISK 310 billion at the end of June 2006 as compared to ISK 262 billion at the beginning of the year.

Corporate Banking includes the parent company's Corporate Banking division, including its London Branch, and Heritable Bank's real estate financing. Corporate Banking's pre-tax profit amounted to ISK 8.0 billion in the first half of this year, as compared to ISK 3.6 billion for the same period of the previous year. The division's total assets were ISK 869 billion at the end of June as compared to ISK 636 billion at the beginning of the year

Securities Trading is comprised of the parent company's Securities and Treasury division plus the subsidiaries Teather & Greenwood, Kepler Equities and Merrion Capital. This division includes securities brokerage, corporate advisory, FX and derivative trading, the Bank's treasury and debt management and proprietary bond and equity trading. The division's pre-tax profit amounted to ISK 12.7 billion in the first 6M of this year, as compared to ISK 8.3 billion for the same period of the previous year. The segment's total assets amounted to ISK 352 billion at the end of June 2006 as compared to ISK 286 billion at the beginning of the year. All three subsidiaries in this division were acquired in 2005. Teather & Greenwood is included in the division from the beginning of Q2, Kepler Equities from the beginning of December and Merrion Capital from year-end 2005 (no impact on 2005 operations).

Asset Management and Private Banking includes the parent company's Asset Management division, Landsvaki hf. and Landsbanki Luxembourg SA. Pre-tax profit in Asset Management and Private Banking during the first six months of 2006 amounted to ISK 1.6 billion, as compared to a profit of ISK 0.7 billion in H1 2005. The division's total assets were ISK 272 billion at the end of June 2006 as compared to ISK 215 billion at the beginning of the year

Funding

During the latter part of Q2 2006, the turbulence which has characterised financial markets where Landsbanki has primarily sought its funding began to subside, and investors' attitude towards the Bank's notes has become considerably more positive. Nonetheless, Landsbanki has steered clear of the bond markets and focused on projects intended to deliver funding during the latter part of this year.

In line with its strategy of increasing funding diversification, efforts were directed at establishing a USD 7.5 billion medium-term note program in the US, opening a new

avenue for funding from US investors. The program was finalised on 21 July and Landsbanki intends to issue its first notes in the US in the latter half of this year.

On 26 July, the Bank concluded a EUR 600 million 3-year syndicated credit facility. Mandated lead arrangers were Banc of America Securities Ltd., BayernLB, Deutsche Bank Luxembourg SA, Lloyds TSB Bank plc and the Royal Bank of Scotland plc. A total of 28 financial institutions joined the facility, the largest syndicated loan raised by an Icelandic bank, demonstrating high investor confidence in Landsbanki. This facility is the first step in the Bank's refinancing for 2007.

In upcoming months, Landsbanki will continue its funding preparations on new markets, as well as proceeding with securitisation of the Bank's foreign syndicated and asset-backed loan portfolios. Work is also underway on various innovations in the deposit field, supplementing deposit-taking currently operated by Heritable Bank and Landsbanki London Branch.

Core Income Pre-tax ROE of 34%

The Bank's core earnings before tax amounted to ISK 17.6 billion in the first 6M of this year, as compared to ISK 6.8 billion for the same period of the previous year. ROE on H1 core earnings was 34% compared with 33% for the first six months of 2005. A summary of performance and core earnings for H1 2006 as compared to H1 2005 is shown in the following table (amounts in mISK):

	2006 H1	2005 H1	%
Profit before income tax	25,040	13,056	92%
Adjusted net gain on equity, securities and	(9,700)	(7,677)	26%
Adjusted net interest revenues	2,282	1,415	61%
Core income before income tax	17,623	6,794	159%
Adjusted Core Cost Income Ratio	46%	48%	-5%
Adjusted ROE before income tax	34%	33%	4%

The Bank's core earnings before tax amounted to ISK 10.3 billion in Q2 of this year, up from ISK 7.4 billion in Q1 2006. ROE on core earnings in Q2 2006 was 37% compared to 30% in Q1. A summary of performance and core earnings for Q2 2006 as compared to Q1 2006 is shown in the following table (amounts in mISK):

	2006 Q2	2006 Q1	%
Profit before income tax	7,741	17,299	-55%
Adjusted net gain on equity, securities and FX	1,450	(11,150)	-113%
Adjusted net interest revenues	1,071	1,211	-12%
Core income before income tax	10,263	7,360	39%
Adjusted Core Cost Income Ratio	45%	48%	-5%
Adjusted ROE before income tax	37%	30%	25%

In calculating the Bank's core earnings, trading gains on equities of all types, as well as

trading gains on bonds and FX, are deducted. The interest rate margin is increased accordingly to reflect the cost to the Group of financing tied up in bond and equity positions. Nonetheless, maintaining a certain level of equity and bond exposures remains part of the Bank's strategy and active risk management.

Integration of Overseas Operations

Landsbanki a Leader in European Equity Research

Landsbanki's acquisition of European brokers Kepler Equities, Teather & Greenwood and Merrion Capital in 2005 was an integral part of the Bank's long-term strategy of creating vital pan-European corporate and investment banking operations. The three subsidiaries provide local expertise and corporate access, to which Landsbanki adds financial resources and broader product offerings. The result is greatly increased potential on the markets where all the parties operate. Together, Landsbanki and its subsidiaries form a unique pan-European platform upon which to build the Bank's corporate and investment banking services.

The Landsbanki Group currently has some 90 analysts with research coverage of around 800 European equities, representing 87% of European market capitalisation. This gives the Group one of the largest equity research footprints in Europe and places it in a unique position to expand services provided to investors.

Landsbanki's European securities operations have over 100 equity salespeople serving institutional investors in the leading European financial centres, in addition to a New York office. Combining these research entities under one banner gives greater access and wider distribution to institutional investors in Europe, especially small- and mid-cap companies - an offering typically only available from larger companies

The quality of the Group's research departments is evident. All the European Kepler offices have been awarded a top-ten ranking for their respective country by Thomson Extel in its annual survey of best equities research firms. In the latest Sunday Times/Starmine award for the quality of UK mid-cap recommendations, Teather & Greenwood was ranked third and Merrion has won awards in the categories of Best Analyst and Most Objective Research.

Landsbanki's European subsidiaries have begun to adopt the Landsbanki colours and brand identity, although they will continue to trade under their respective trade names on their home markets. This strong, unified brand identifier will mean increased visibility for Landsbanki, while at the same time preserving the value of the individual brands. Local presence, relationships and contacts comprise some of the Group's most important advantages.

Outlook

The outlook for Landsbanki's operations is generally positive. The Bank's core earnings have been increasing steadily; in the past three years the underlying ROE before taxes has ranged from 25 to 35%.

The Group's income streams are well diversified, with 45% of the Group's net operating income now originating from its establishments abroad.

Landsbanki's credit risk is based on an asset portfolio which is well-diversified both in terms of sector and geography. Lending connected with activities abroad comprised 40% of total customer lending at the end of June 2006.

While conditions on foreign markets were less than favourable in the early months of this year, the outlook on these markets is improving. Volatility has characterised domestic FX and markets for much of H1. Both the Bank and its domestic clients have weathered market fluctuations without suffering negative long-term impact as a result, since Landsbanki's clients generally have foreign currency revenue offsetting their foreign-denominated liabilities.

As part of its pro-active risk management, the relative weight of the Bank's equity portfolio in its total assets has been reduced and amounted to 2.8% at the end of June 2006.

Landsbanki's capital adequacy has never been stronger and is currently well above the average of banks in the Nordic countries, the US and the UK. Furthermore, the results of stress tests carried out by the Icelandic Financial Supervisory Authority (FME) attest to its strong capital adequacy position.

In view of the above, Landsbanki's management are convinced of the Bank's strong position and that it is well positioned to continue to deliver a high ROE. Landsbanki's target for after-tax ROE is 15-17%.

It should be borne in mind, in assessing the outlook for financial enterprises, that their

operations are highly dependent upon various external factors, such as economic developments in Iceland and abroad, price level and currency fluctuations, and developments on domestic and foreign financial markets.

Presentations for Investors and Market Traders: In London, on 27 July

Landsbanki's CEOs, Sigurjón Th. Árnason and Halldór J. Kristjánsson, will present the highlights of the Bank's performance and respond to questions. A webcast of the presentation will be available on Landsbanki's website, www.landsbanki.com where all meeting documentation will also be published concurrently.

Time: 11:00 am UK summer time (10:00 Icelandic time).

Location: Chartered Accountants' Hall, One Moorgate Place, London, EC2R 6EA.

The presentation will be broadcast in real time on the Landsbanki website: www.landsbanki.com Persons wishing to listen to the meeting via telephone should dial +44 (0) 1452 560,304 about 10 minutes prior to the start.

In Reykjavík, on 28 July

Landsbanki's CEOs, Sigurjón Th. Árnason and Halldór J. Kristjánsson, will present the highlights of the Bank's results for investors and analysts and respond to questions. The presentation will be held at Landsbanki's headquarters beginning at 08.30. Meeting material and documentation will be published concurrently on the Landsbanki website.

2006 Financial Calendar

Scheduled publication of the Bank's interim and annual financial statements for 2006 is as follows:

3 rd quarter:	26.10.2006
Q4 and annual financial statements 2006:	26.01.2007

Landsbanki's Consolidated Interim Financial Statements as of 30 June 2006 are available on the Bank's website: www.landsbanki.is

The financial statements have been examined by the Bank's auditors.

For further information, contact Landsbanki's CEOs: Sigurjón Þ. Árnason +354 410 4009 / +354 898 0177 and Halldór J. Kristjánsson +354 410 4015 / +354 820 6399.