



9-month 2005 Performance Presentation of Landsbanki Íslands hf

Reykjavik, 28 October 2005

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Main results from Q3 2005

- The presentation compares the consolidated financial statements of Landsbanki in the first nine months of 2005 and 2004.
- Landsbanki reported gross profit (before allowing for taxes and impairment of goodwill) for the first nine months of 2005 of ISK 23.3 billion (bn)
- In Q3 of 2005, the Bank fully wrote down goodwill amounting to ISK 3.3 bn resulting from the merger of the assets of Burdarás hf. with Landsbanki.
- Pre-tax and pre-impairment of goodwill ROE for the period was 72%, and after-tax ROE was 48%.
- The Group's equity was ISK 99 bn at the end of September, as compared to ISK 38 bn at the beginning of the year, which represents an increase of 162% during the period.
- The Group's total assets amounted to ISK 1,142 billion at the end of September 2005, increasing by 55%.
- The operations of Teather & Greenwood are included in the consolidation as of 1 April 2005, with the result that figures from the previous year are not fully comparable.
- Kepler Equities SA will be included in the consolidation in the 4th quarter of 2005

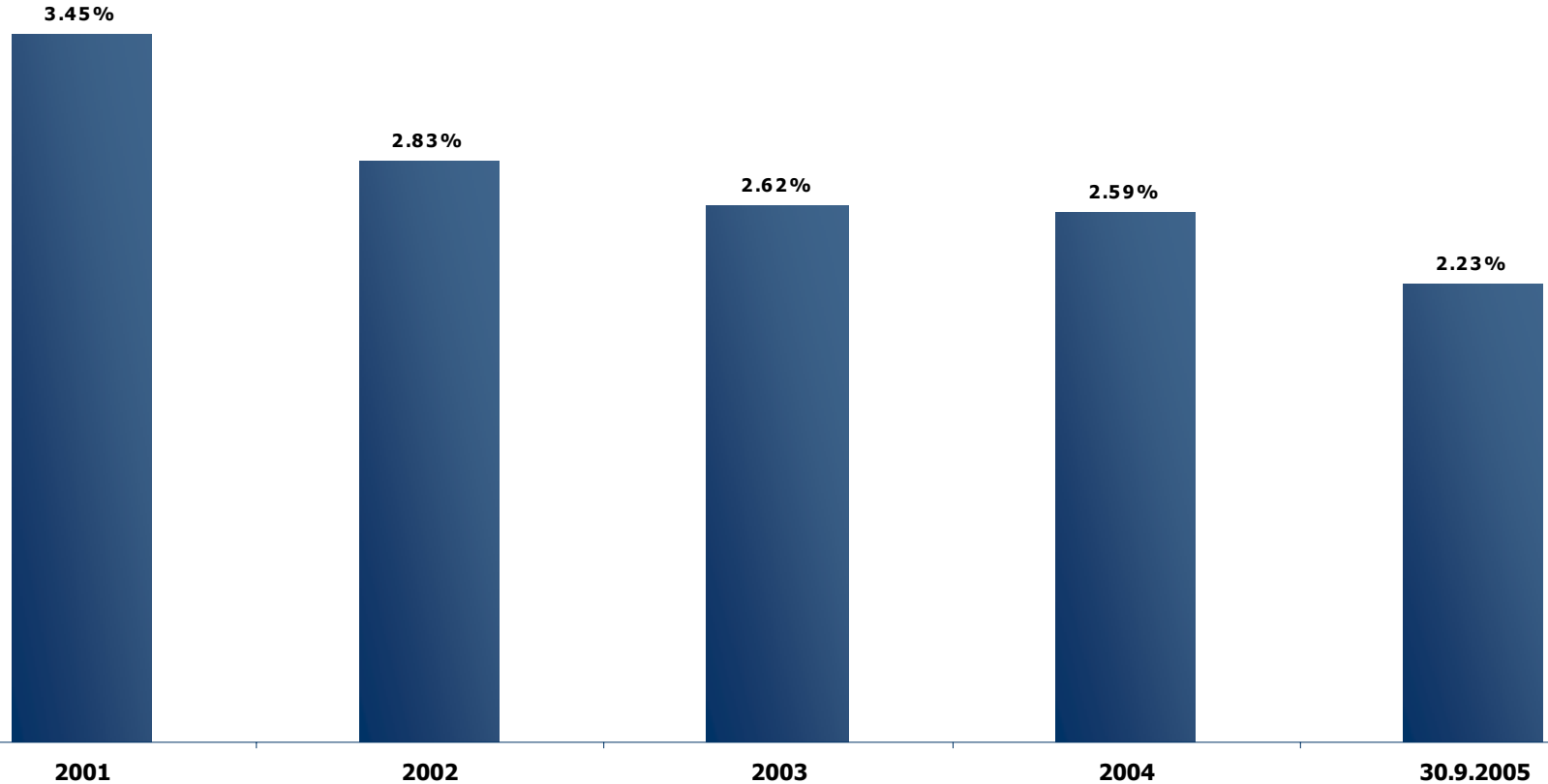


Income Statement

	9m 2005	9m 2004	Diff	%	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Interest revenues	45,364	23,373	21,991	94%	18,594	14,309	12,461	10,879
Interest expenses	29,623	13,249	16,374	124%	12,272	9,180	8,172	6,268
Net interest revenues	15,741	10,124	5,617	55%	6,322	5,129	4,289	4,611
Fee and commission income	13,120	7,044	6,076	86%	4,775	4,864	3,481	3,191
Fee and commission expense	-1,155	-962	-193	20%	-392	-403	-361	-382
Net fee and commission income	11,965	6,081	5,883	97%	4,383	4,461	3,120	2,809
Dividend income	882	442	440	100%	161	616	105	11
Net gain on financial assets and financial liabilities held for trading	5,365	4,156	1,209	29%	3,550	-163	1,978	-41
Net gain on financial assets designated at fair value through profit and loss	4,660	7,138	-2,477	-35%	1,167	1,003	2,490	-2,220
Fair value adjustments in hedge accounting	367	0	367	0%	232	-81	216	0
Foreign exchange difference	295	242	53	22%	359	-161	97	122
Share of profit of associates	1,264	71	1,192	1668%	505	275	484	-79
Net gain on sale of disposal groups held for sale	1,087	0	1,087	0%	270	817	0	0
Other operating revenues	13,920	12,049	1,871	16%	6,243	2,307	5,370	-2,207
Net operating revenues	41,626	28,254	13,372	47%	16,949	11,898	12,779	5,213



Interest Spread as a Ratio of Average Capital Position



Fee and Commission Income

	9m 2005	9m 2004	Diff	%	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Securities *	5,377	2,384	2,993	126%	1,765	1,923	1,690	1,436
Asset Management	1,049	742	308	41%	401	340	309	290
Foreign trade	285	267	17	7%	117	92	76	76
Lending	1,455	665	790	119%	589	534	332	387
Cards	850	641	209	33%	282	295	273	217
Interbank revenues	752	846	-95	-11%	263	249	239	234
Collection and payment services	363	391	-28	-7%	112	115	136	103
Other commissions and fees	315	195	120	61%	105	134	75	147
Subsidiaries	2,674	912	1,762	193%	1,141	1,183	350	301
	13,120	7,044	6,076	86%	4,775	4,864	3,481	3,191
Fee and commission expense	-1,155	-962	-193	20%	-392	-403	-361	-382
Net fee and commission income	11,965	6,081	5,883	97%	4,383	4,461	3,120	2,809

* Securities includes Corporate Advisory, FX and Derivatives, Treasury, Derivatives Trading and Securities Trading



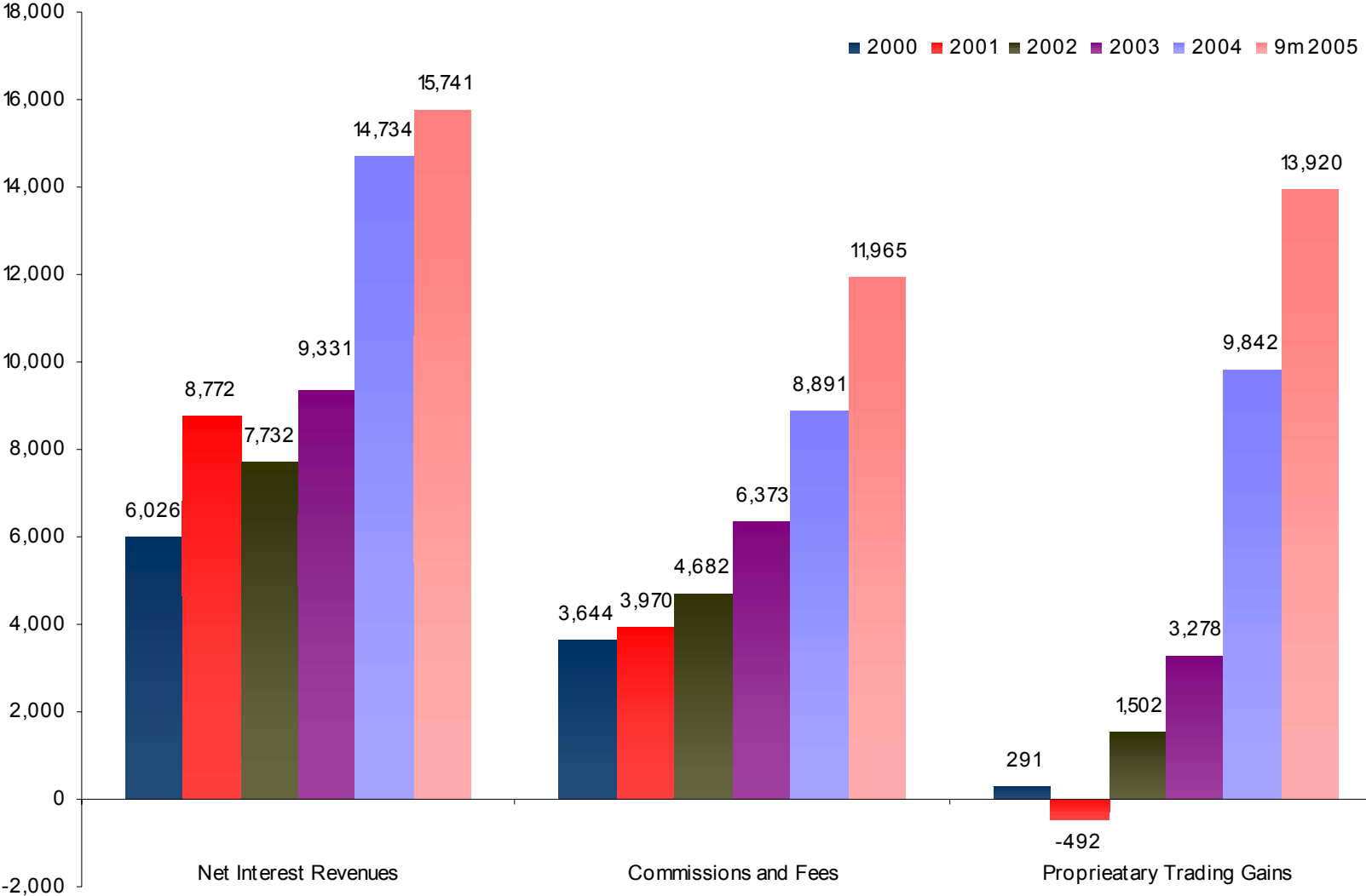
Trading Gains

IFRS		Previous GAAP	
Dividend income	882	Stock trading	12,804
Net gain on financial assets and financial liabilities held for trading	5,365	Bond trading	710
Net gain on financial assets designated at fair value through profit and loss	4,660	Foreign exchange	121
Fair value adjustments in hedge accounting	367	Share of profit of associates	204
Foreign exchange difference	295	Other	81
Share of profit of associates	1,264		
Net gain on sale of disposal groups held for sale	1,087		
	13,920		13,920

Previous GAAP by Quarters	Q1	Q2	Q3	9m 2005
Stock trading	4,222	2,577	6,004	12,804
Bond trading	624	192	-106	710
Foreign exchange	79	-22	64	121
Share of profit of associates	15	77	112	204



Net Operating Revenues



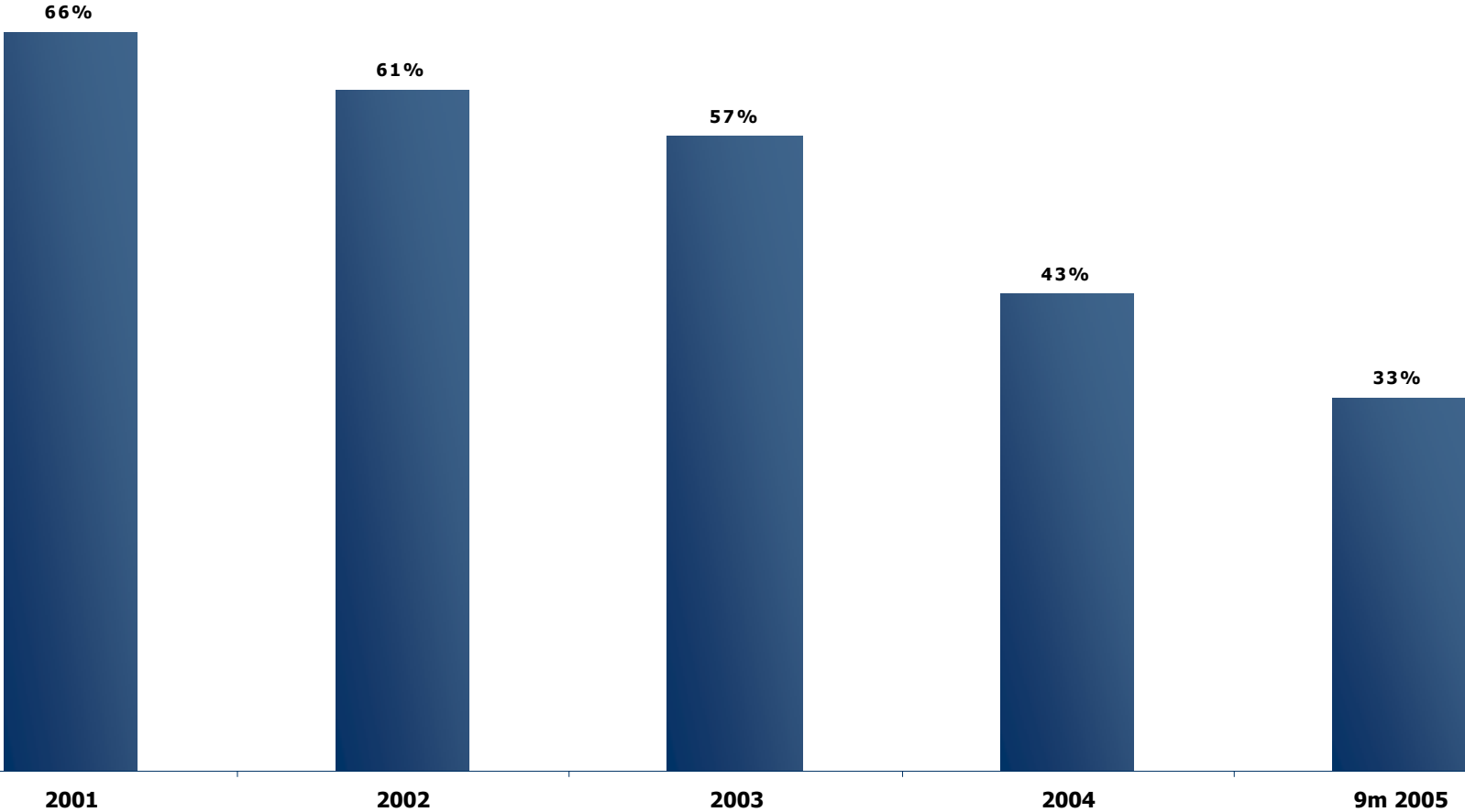
Income Statement

	9m 2005	9m 2004	Diff	%	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Net operating revenues	41,626	28,254	13,372	47%	16,949	11,898	12,779	5,213
Salaries and related expenses	8,546	5,681	2,865	50%	3,077	3,114	2,355	2,112
Administrative expenses	5,352	4,917	435	9%	1,905	1,764	1,683	1,749
Operating expenses	13,898	10,598	3,300	31%	4,982	4,879	4,037	3,862
Impairment on loans and advances and assets held for sale	4,392	3,262	1,129	35%	1,687	1,359	1,345	1,223
Profit before impairment on goodwill and income tax	23,336	14,393	8,943	62%	10,280	5,660	7,396	128
Impairment on goodwill	3,293	0	3,293	0%	3,293	0	0	0
Income tax	3,836	2,627	1,208	46%	1,882	602	1,351	-829
Profit before minority interests	16,208	11,766	4,442	38%	5,105	5,058	6,045	957
Minority interests	202	96	106	110%	110	58	34	53
Net profit	16,006	11,670	4,336	37%	4,995	5,000	6,011	905

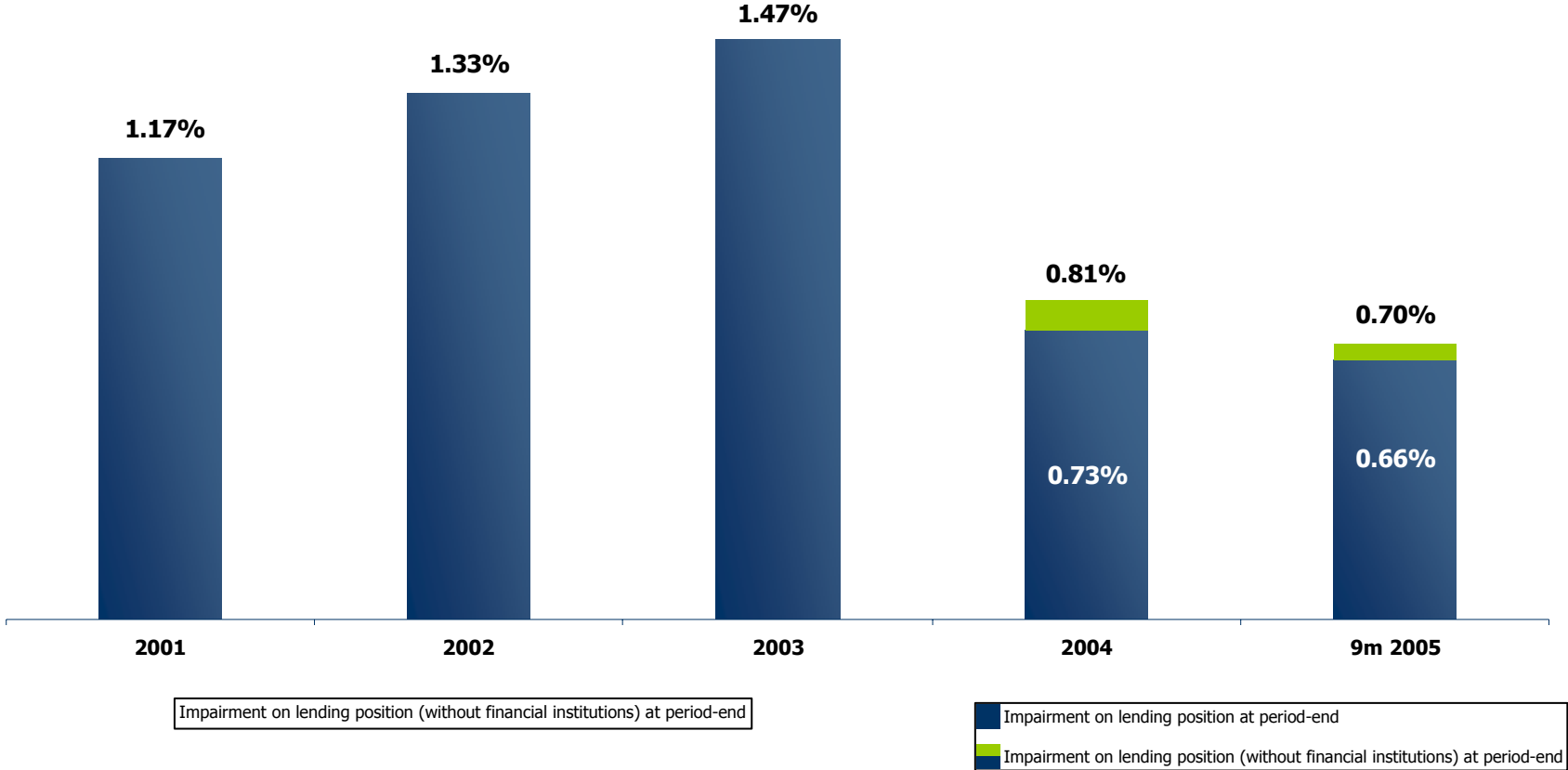
- As a result of the Landsbanki-Burdarás merger, Landsbanki acquired assets valued at ISK 37 bn. This was paid for by issuing share capital of ISK 40.3 bn. This equals 8% discount or exchange rate of 17,5.
- The merger increased the number of Landsbanki's shareholders by 17,000 and is presently at 29,668



Cost-Income Ratio



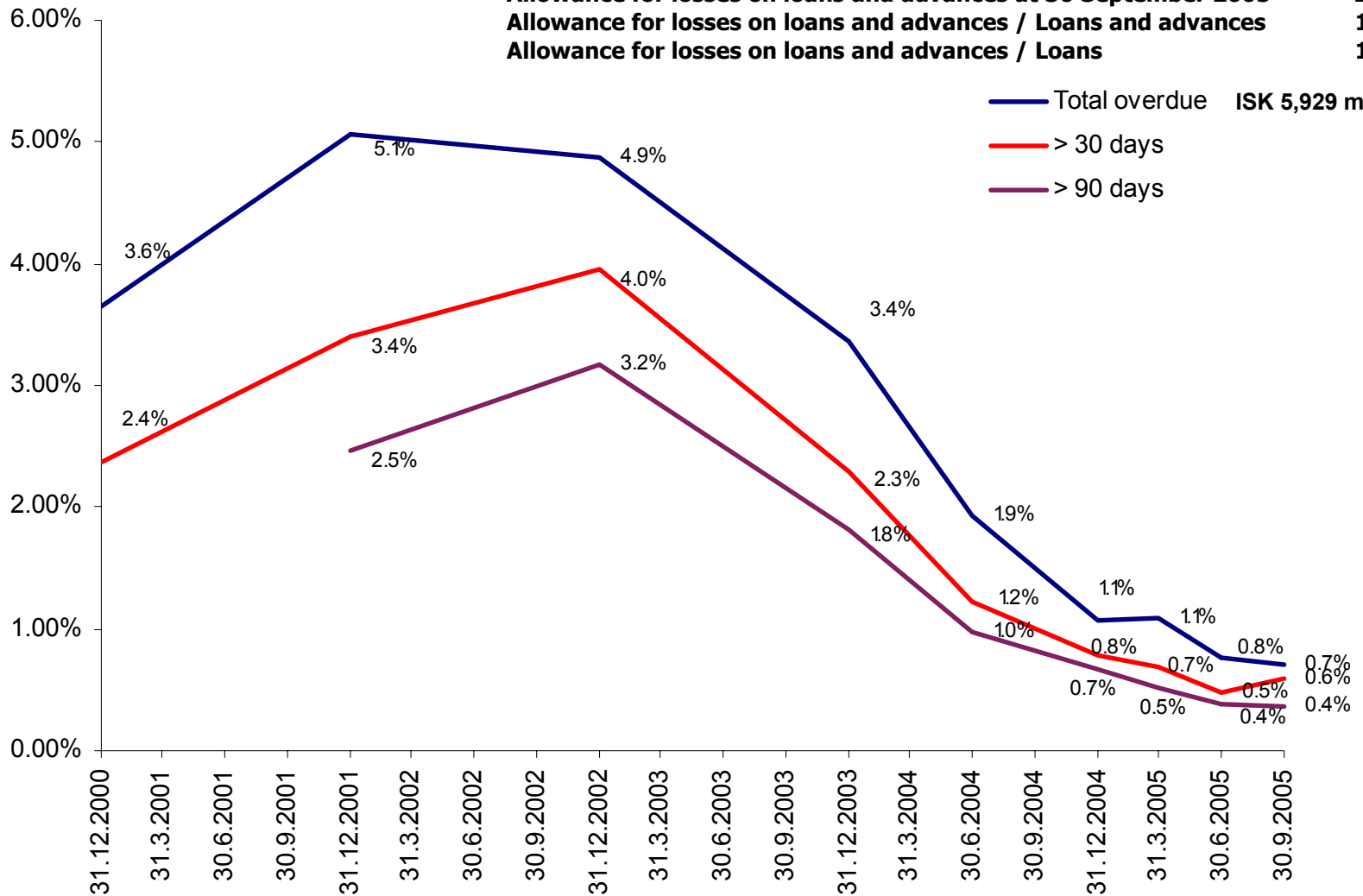
Impairment on Loans and Advances



Loans in Arrear

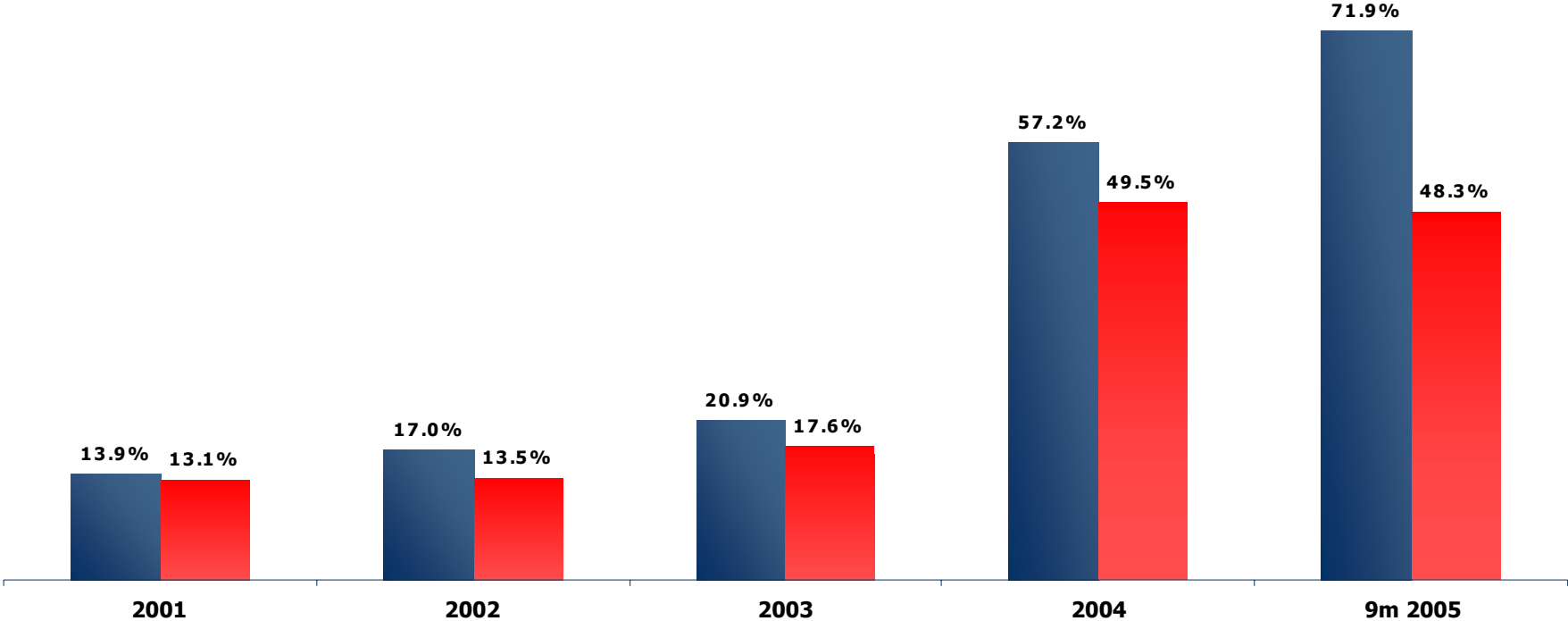
Allowance for losses on loans and advances at 30 September 2005 **11,189**
Allowance for losses on loans and advances / Loans and advances **1.34%**
Allowance for losses on loans and advances / Loans **1.25%**

— Total overdue ISK 5,929 million
 — > 30 days
 — > 90 days



Return on Equity

- Return on equity before taxes and impairment on goodwill
- Return on equity after taxes



Revenue Breakdown by Countries

9m 2005	Iceland	UK	Luxembourg	Total
Net interest revenues	12,361	2,247	1,132	15,741
Net fee and commission income	8,995	2,342	627	11,965
Other revenues	13,563	278	79	13,920
Net operating revenues	34,920	4,868	1,839	41,626
Share in net operating revenues	83.9%	11.7%	4.4%	
Share in revenues without other revenues	77.1%	16.6%	6.4%	

9m 2004	Iceland	UK	Luxembourg	Total
Net interest revenues	8,846	516	762	10,124
Net fee and commission income	5,537	381	163	6,081
Other revenues	11,966	22	61	12,049
Net operating revenues	26,349	919	986	28,254
Share in net operating revenues	93.3%	3.3%	3.5%	
Share in revenues without other revenues	88.8%	5.5%	5.7%	



Business Segments

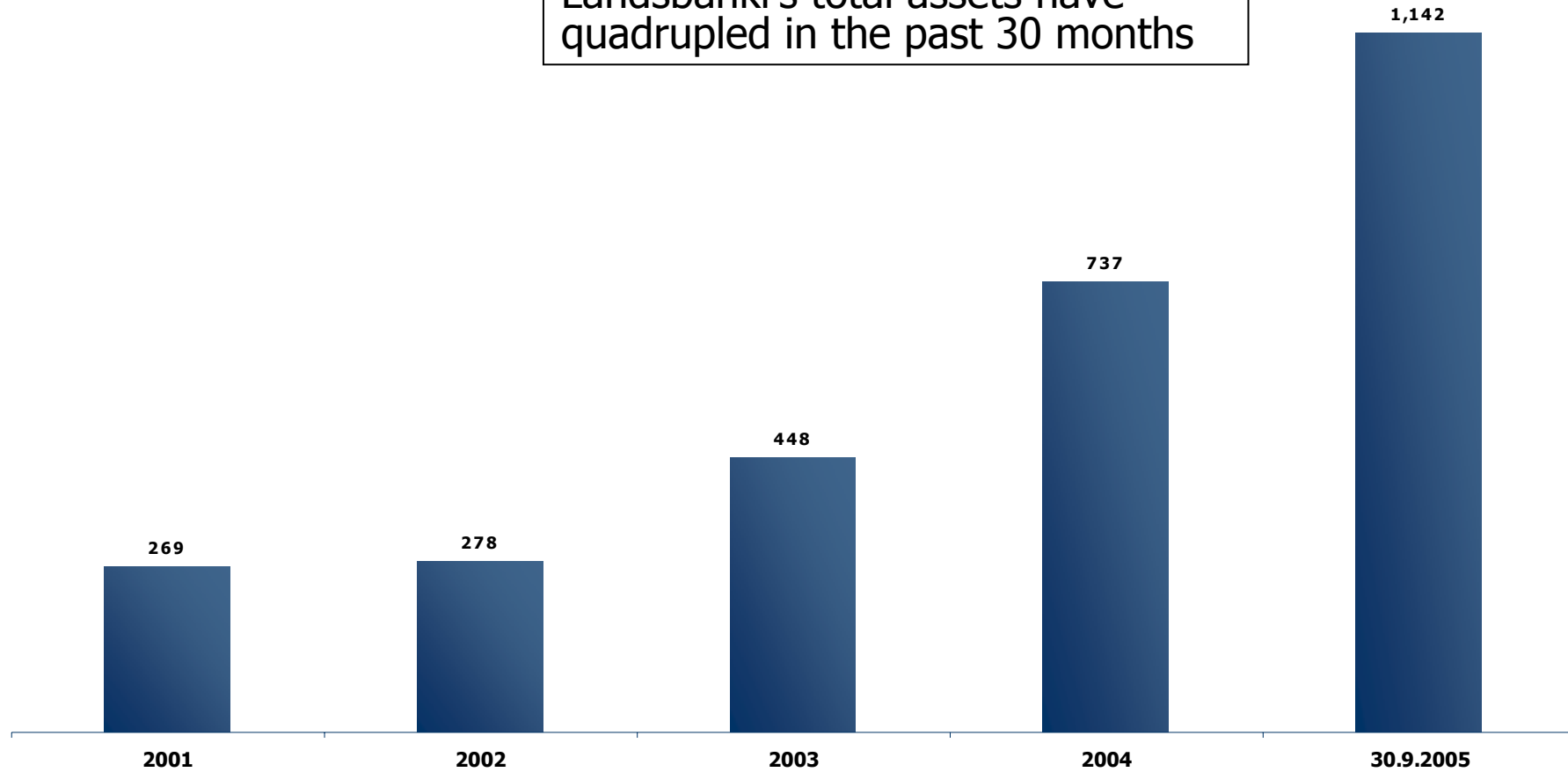
9m 2005	Retail Banking	Corporate Banking	Securities and Trading	Asset Management & Private Banking	Other operations	Group
Net interest revenue	7,109	7,900	-408	1,140	0	15,741
Net commission and fees	2,488	1,477	6,477	1,524	0	11,965
Other revenues	21	150	13,599	149	0	13,920
Net operating revenue	9,617	9,528	19,668	2,813	0	41,626
Operating expenses	6,002	2,481	3,712	1,387	316	13,898
Impairment on loans and advances held for sale	1,846	2,220	0	326	0	4,392
Impairment on goodwill	0	0	3,293	0	0	3,293
Profit before income tax	1,769	4,827	12,663	1,100	-316	20,044

9m 2004	Retail Banking	Corporate Banking	Securities and Trading	Asset Management & Private Banking	Other operations	Group
Net interest revenue	4,771	4,683	-97	767	0	10,124
Net commission and fees	2,246	662	2,265	909	0	6,081
Other revenues	0	-36	12,024	61	0	12,049
Net operating revenue	7,016	5,309	14,192	1,737	0	28,254
Operating expenses	4,659	1,584	1,473	1,091	1,791	10,598
Impairment on loans and advances held for sale	2,362	709	7	184	0	3,262
Profit before income tax	-5	3,016	12,712	462	-1,791	14,393



Total Assets

Landsbanki's total assets have quadrupled in the past 30 months



Balance Sheet

	30 Sep 2005	1 Jan 2005	Change	%
Cash and cash balances with Central Bank	8,134	18,237	-10,103	-55%
Loans and advances	891,668	614,274	277,394	45%
Trading assets	156,243	64,730	91,514	141%
Financial assets designated at fair value through profit and loss	33,976	12,817	21,159	165%
Derivatives held for hedging	5,478	4,930	548	11%
Investment in Associates	4,282	3,792	490	13%
Property and equipment	3,425	4,146	-720	-17%
Intangible assets	6,668	1,585	5,083	321%
Non-current assets and disposal groups classified as held for sale	14,557	9,962	4,594	46%
Other assets	17,826	2,668	15,158	568%
Total assets	1,142,258	737,141	405,117	55%
Deposits from credit institutions	138,693	61,236	77,456	126%
Deposits from customers	275,295	217,970	57,326	26%
Borrowing	531,417	375,084	156,333	42%
Subordinated loans	47,224	22,570	24,654	109%
Trading liabilities	16,463	8,077	8,385	104%
Derivatives held for hedging	1,941	1,582	359	23%
Tax liabilities	6,417	1,674	4,743	283%
Liabilities included in disposal groups classified as held for sale	4,154	4,204	-51	-1%
Other liabilities	19,830	6,035	13,795	229%
Total liabilities	1,041,432	698,432	343,000	49%
Share capital	10,500	7,954	2,547	32%
Retained earnings	88,249	29,751	58,497	197%
Total Landsbanki equity	98,749	37,705	61,044	162%
Minority interests	2,076	1,004	1,073	107%
Total equity	100,825	38,709	62,117	160%
Total liabilities and equity	1,142,258	737,141	405,117	55%

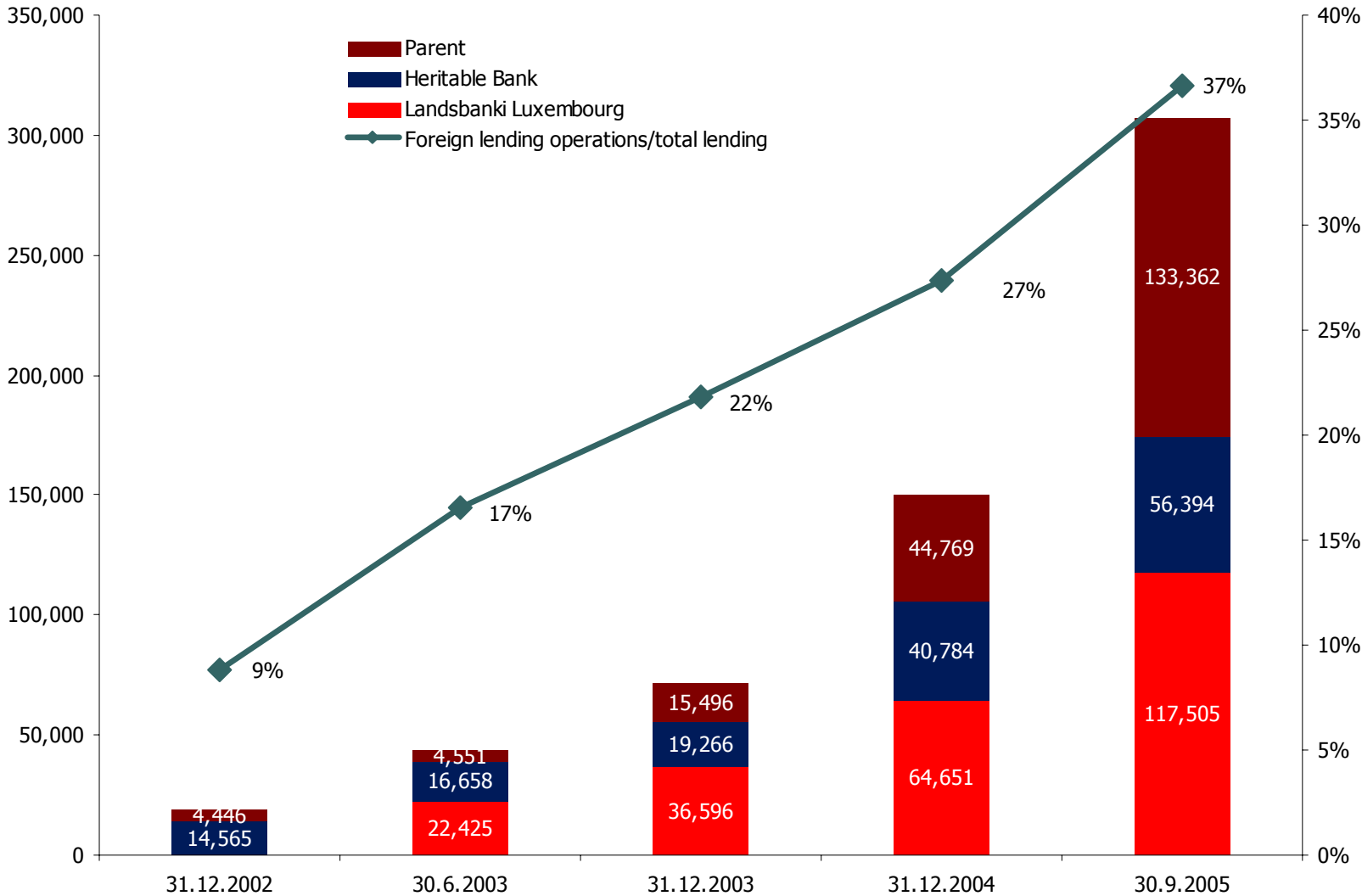


Securities and Shareholdings

	30 Sep 2005	1 Jan 2005	Change	%
Trading assets	156,243	64,730	91,514	141%
Financial assets designated at fair value through profit and loss	33,976	12,817	21,159	165%
Investment in Associates	4,282	3,792	490	13%
	194,501	81,339	113,162	139%
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Bonds and other fixed-income securities	60,791	18,529	42,262	228%
Equity and other variable-income securities	117,160	50,316	66,844	133%
Shares in subsidiaries and partially owned companies	4,282	3,792	490	13%
Derivatives in the money	12,269	8,702	3,566	41%
Total securities and shareholdings	194,501	81,339	113,162	139%
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Bonds and other fixed-income securities	28,147	1,785	26,362	1477%
Equity and other variable-income securities	62,850	23,596	39,254	166%
Forward and option contracts	90,997	25,381	65,616	259%
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Bonds and other fixed-income securities	32,644	16,744	15,900	95%
Equity and other variable-income securities	54,310	26,720	27,590	103%
Shares in subsidiaries and partially owned companies	4,282	3,792	490	13%
Derivatives in the money	12,269	8,702	3,566	41%
Net securities and shareholdings	103,504	55,958	47,546	85%

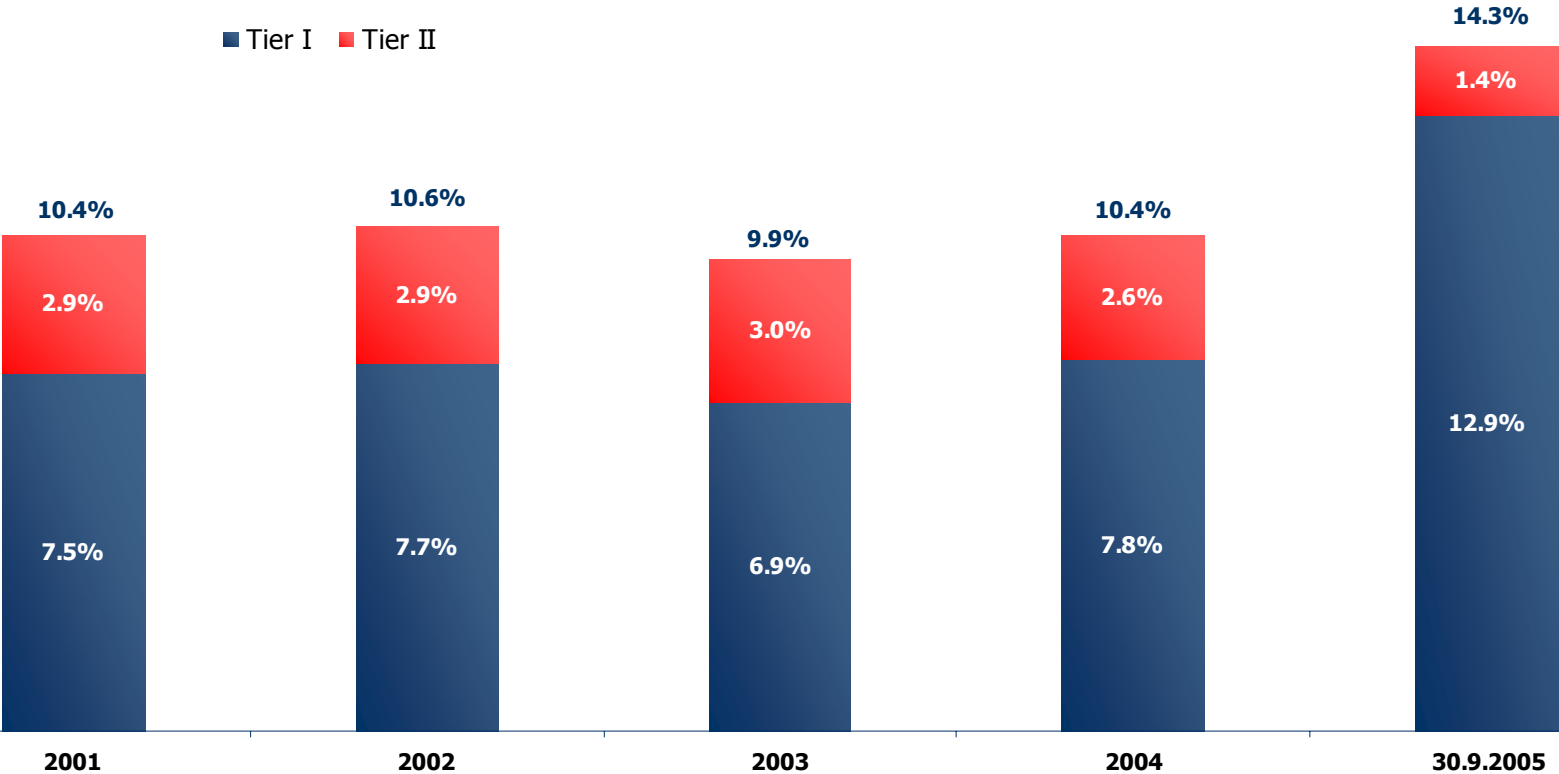


Foreign Lending Operations



Equity Ratio - CAD

■ Tier I ■ Tier II



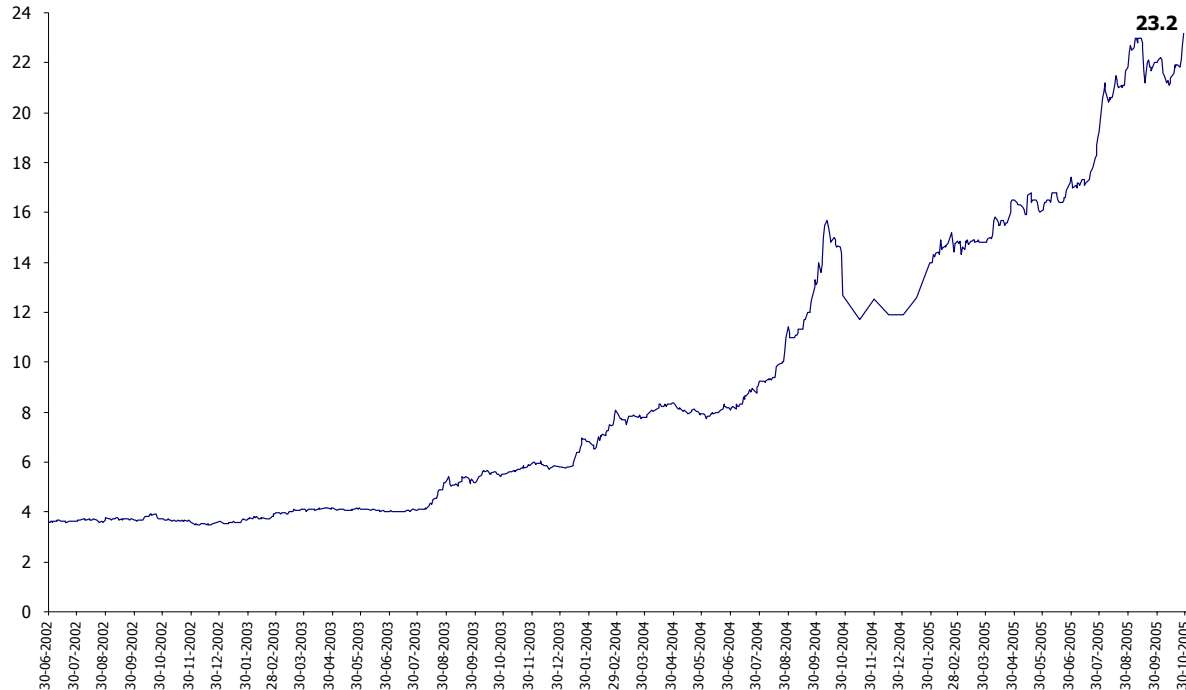
Prognosis


- Market conditions for financial enterprises have been favourable and the Bank has strengthened its domestic position in this favourable environment
- Having issued new share capital in the merger with Burdarás, the Bank will have more strength for further investments and loan growth
- Core income of the Group have continued to increase and income pillars have diversified further
- Retail banking in Iceland has seen improvement in profitability
- Investment banking activities of the Group have been successful and its revenues have continued to increase
- The Bank has laid the foundation of further growth in corporate and investment banking in Northern Europe by acquiring Teather & Greenwood and Kepler Equities SA
- The Bank expects to easily reach its goals of 15-17% ROE after-tax in the year 2005



Current State of the Bank

- Total issued nominal capital ISK 11,021 million
- Stock price today 23.20
- Landsbanki market value ISK 255.7 billion
- Total equity ISK 98.7 billion – Price-to-book ratio 2.59
- Equity less goodwill and sale of own stock received in Burdaras merger ISK 98.1 billion – Price-to-book ratio 2.61





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