



9 Month 2004 Performance Presentation of Landsbanki Íslands hf.

Reykjavik, 28 October 2004

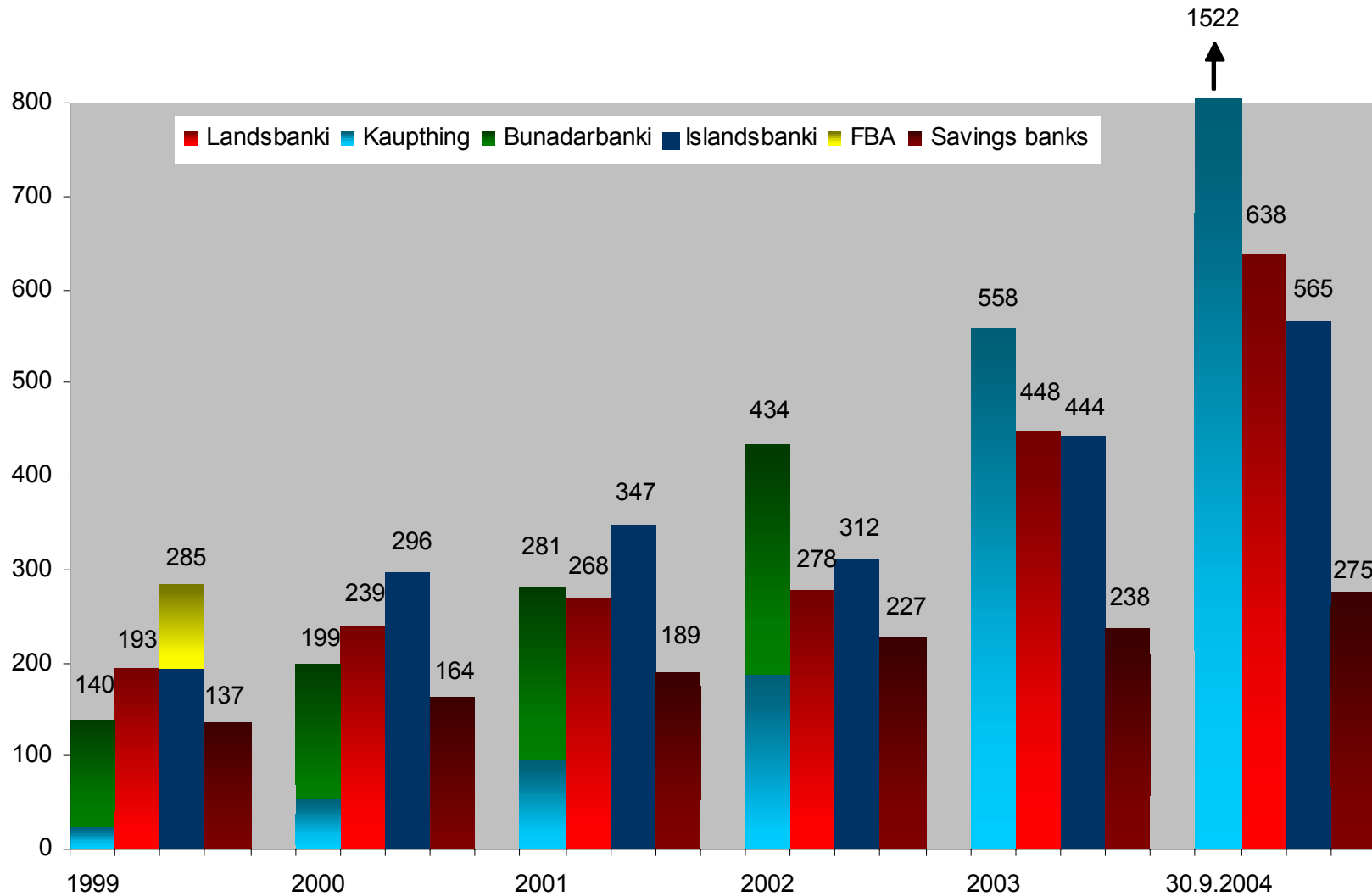
Sigurjón Þ. Arnason
GMD & CEO



Landsbanki 9 Month Interim Accounts

- The presentation compares 9 month results of the years 2004 and 2003 of Landsbanki Group.
- Landsbanki acquired a 100% stake in Landsbanki Luxembourg S.A. in Q2 2003 and therefore previous years results are not fully comparable.
- Earnings of Landsbanki Group amounted to ISK 14,458 million before taxes and minority interests and to ISK 11,696 mkr. after taxes
- Total assets grew to ISK 638 billion, which is an increase of 42% for the first nine months of 2004.
 - Total lending amounted to ISK 489 billion – an increase of ISK 161 billion in 2004
 - Total deposits amounted to ISK 225 billion – an increase of ISK 73 billion in 2004
- Return on equity before taxes and minority interests was 82% in the first nine months of 2004 and return on equity after taxes was 66% for the period.

Growth of Icelandic Banks



Market Share in Iceland

	30.9.2004	31.12.02	Change
Deposits*	31%	27%	+4%
Lending**	32%	26%	+6%
Equity Trading	35%	19%	+16%
Bond Trading	23%	19%	+4%

* Source: Central Bank of Iceland

** Source: Iceland Stock Exchange

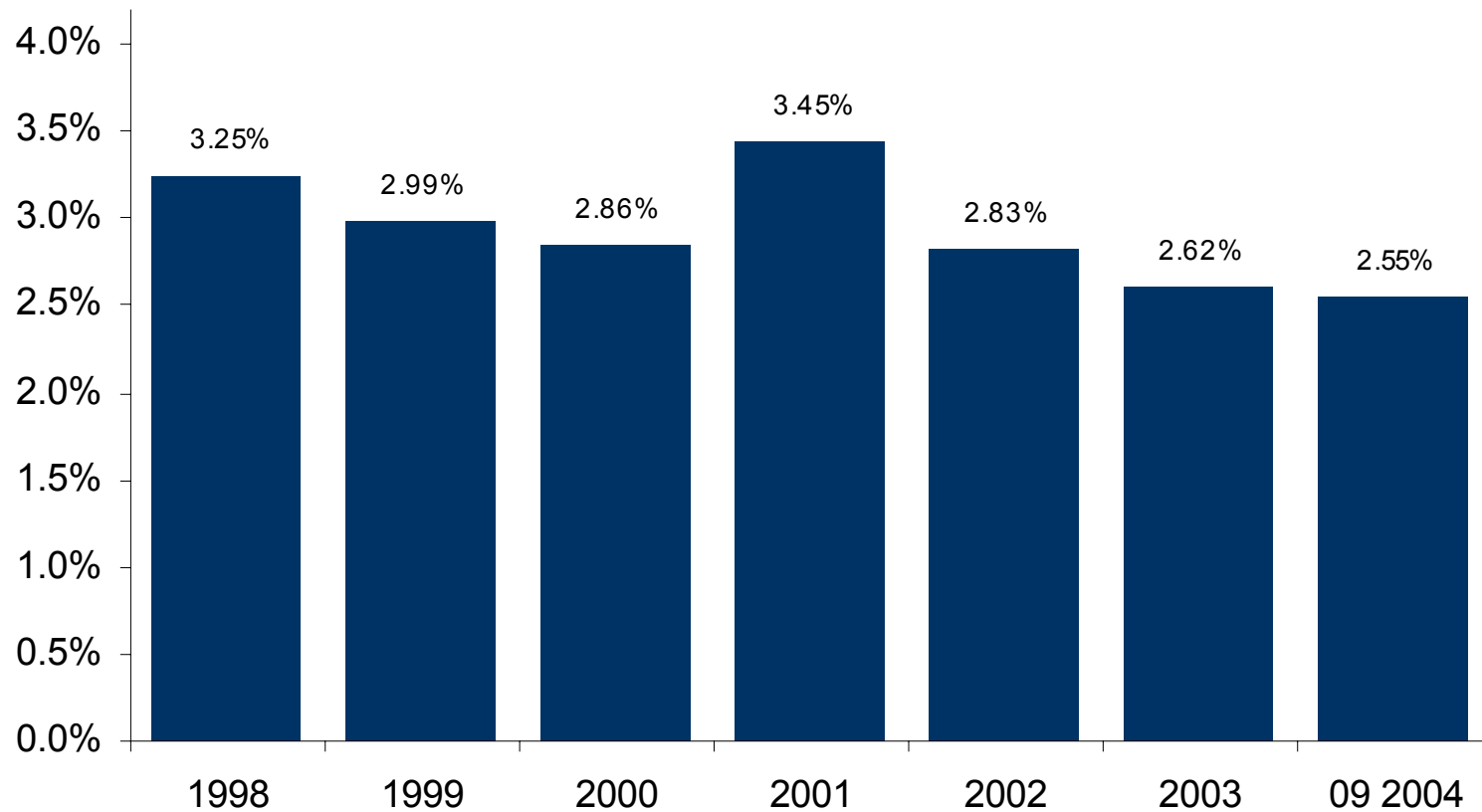
Foreign lending operations have grown from about 9% to 26% of the Bank's total lending from year-end 2002 to date.

Profit and Loss Account

	30 Sep	30 Sep	Diff	%	2004			2003
	2004	2003			Q3	Q2	Q1	Q4
Interest revenues	23,709	15,418	8,290	54%	8,186	8,772	6,751	6,453
Interest expenses	13,527	8,819	4,708	53%	4,385	5,306	3,836	3,721
Net interest revenues	10,182	6,600	3,582	54%	3,801	3,466	2,915	2,732
Net profit from shareholdings	100	138	-38	-28%	55	26	18	6
Commissions and fees	6,849	5,140	1,709	33%	2,389	2,054	2,406	1,818
Commission expenses	-962	-544	-418	77%	-365	-301	-296	-299
Trading gains	11,974	1,866	10,108	542%	6,592	1,161	4,221	807
Other revenues	194	608	-414	-68%	120	26	48	110
Operating revenues	18,155	7,208	10,946	152%	8,791	2,966	6,397	2,443
Net operating revenues	28,337	13,808	14,529	105%	12,592	6,432	9,313	5,175

ISK million

Interest Spread as a Ratio of Average Capital Position



Net Profit from Shareholdings

	Book value	Total profit	Ownership	Profit share
VISA - Iceland Ltd	535	196	38%	75
Eurocard - Iceland Ltd	210	196	20%	39
Intrum Justitia hf	94	102	25%	22
Other partially owned companies	83			<u>-36</u>
				100
The Bank's Data Center	<u>464</u>			
	<u>1,386</u>			

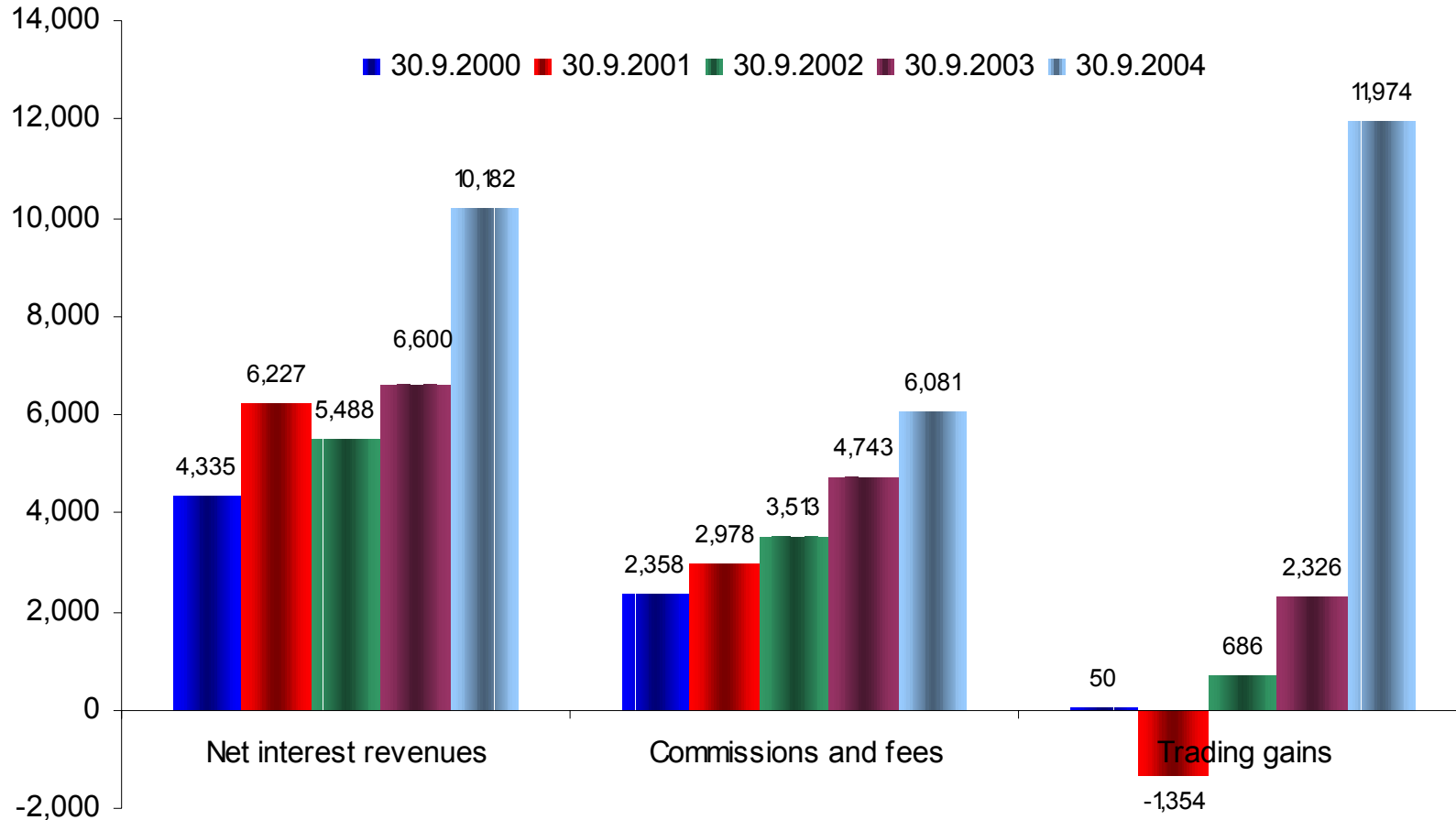
ISK million

Commissions and Fees

	30 Sep 2004	30 Sep 2003	Diff	%	2004 Q3	2004 Q2	2003 Q1	2003 Q4
Securities	2,384	1,886	498	26%	708	613	1,064	434
Asset management	742	404	338	84%	261	258	223	273
Foreign trade	267	230	37	16%	110	89	68	67
Lending	665	489	177	36%	254	202	209	206
Cards	641	595	46	8%	218	210	213	205
Interbank revenues	846	533	313	59%	339	256	251	227
Collection and payment services	391	363	28	8%	188	113	90	119
Other commissions and fees	115	113	2	1%	45	36	34	33
Subsidiaries	798	527	271	51%	265	277	256	255
	6,849	5,140	1,709	33%	2,389	2,054	2,406	1,818
Commission expenses	962	544	418	77%	365	301	296	299
Net commissions and fees	5,887	4,596	1,291	28%	2,024	1,753	2,110	1,520

ISK million

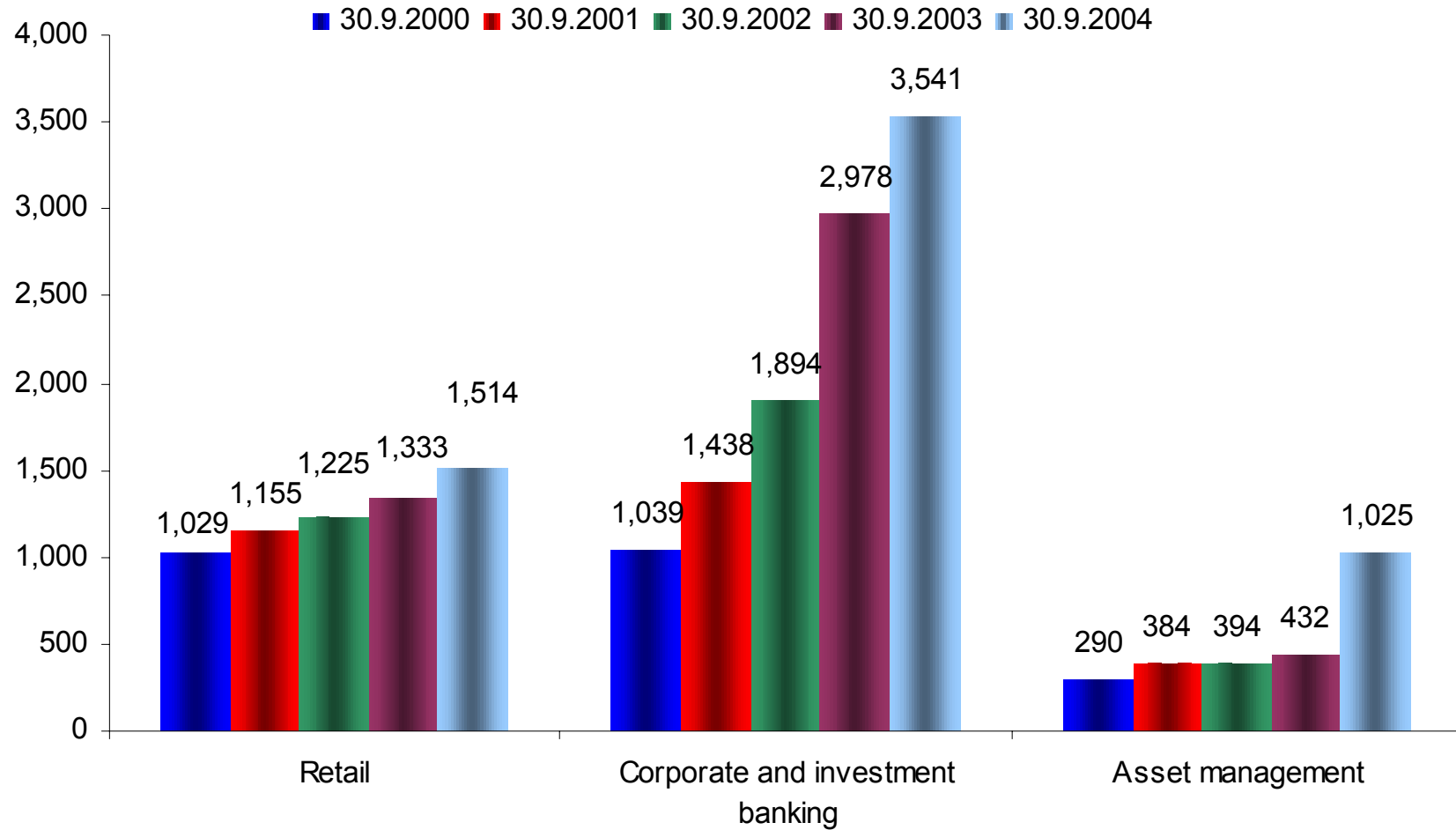
Net Operating Revenues *



ISK million

* not including profit from shareholdings

Commissions and Fees 2000-2004



ISK million

Trading Gains

	30 Sep	30 Sep			2004			2003
	2004	2003	Diff	%	Q3	Q2	Q1	Q4
Foreign exchange	246	60	186	308%	107	64	75	93
Bond trading	964	101	864	859%	295	66	604	-67
Stock trading	10,763	1,705	9,058	531%	6,191	1,031	3,542	781
	11,974	1,866	10,108	542%	6,592	1,161	4,221	807

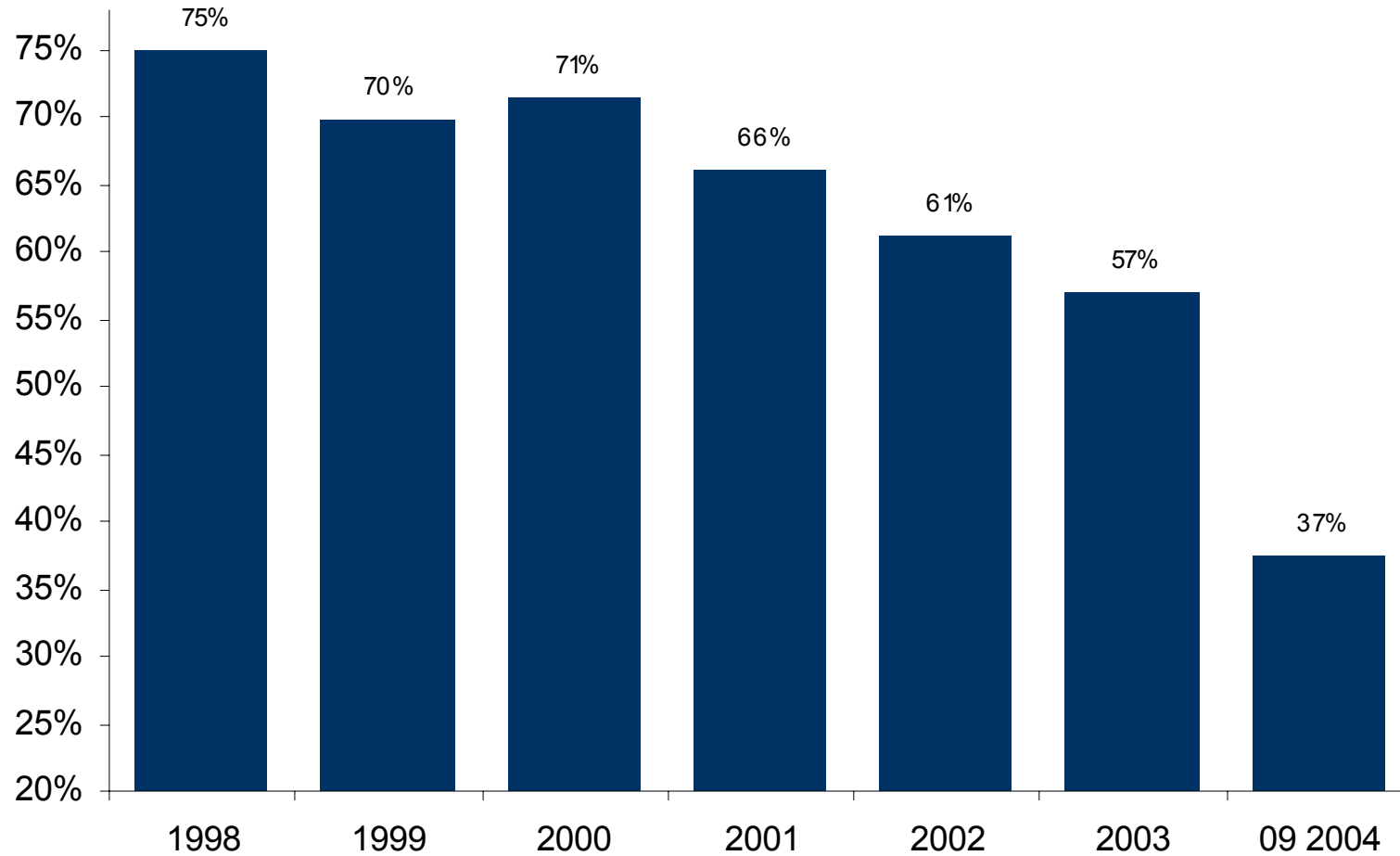
ISK million

Profit and Loss Account

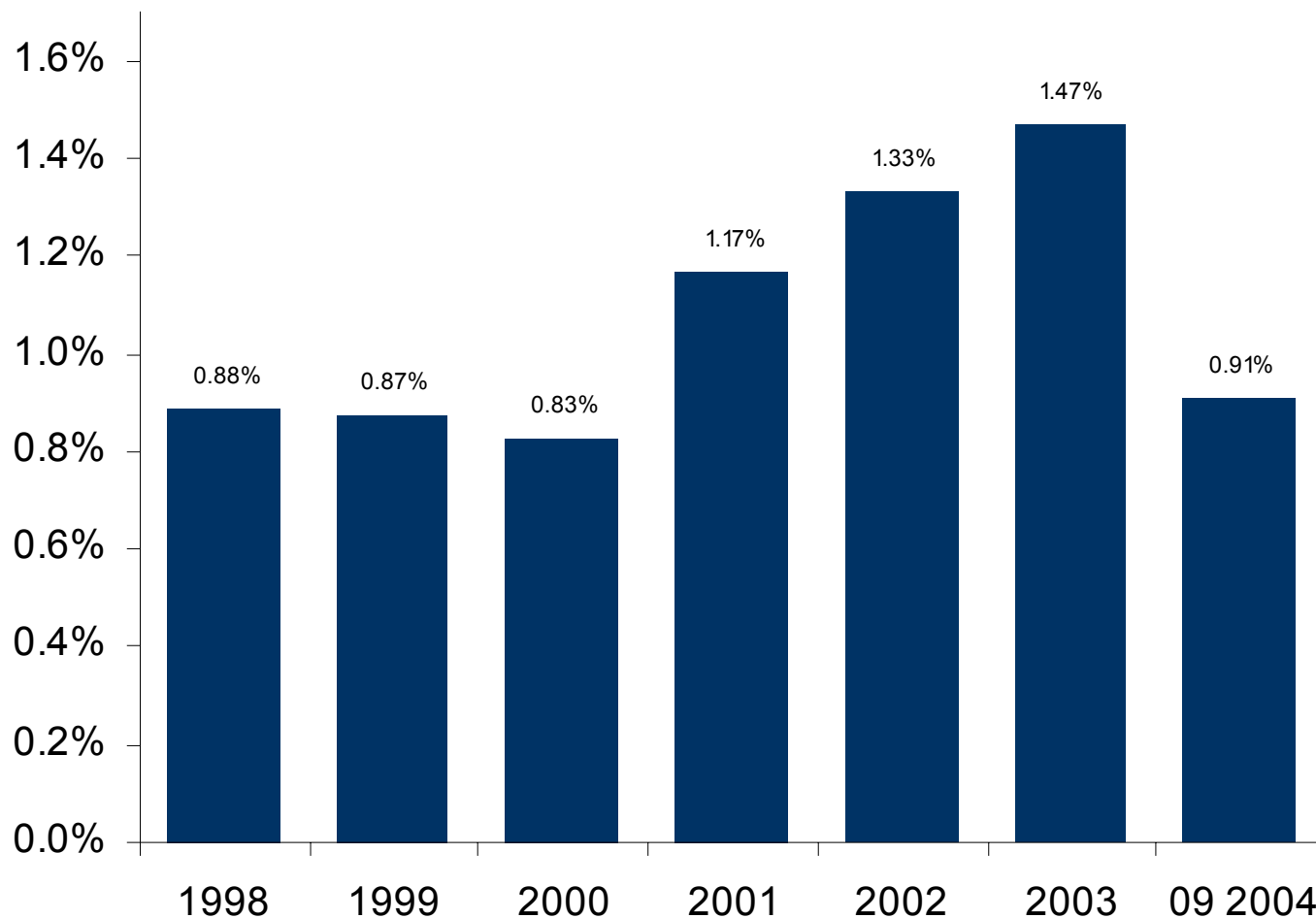
	30 Sep	30 Sep	Diff	%	2004			2003
	2004	2003			Q3	Q2	Q1	Q4
Net operating revenues	28,337	13,808	14,529	105%	12,592	6,432	9,313	5,175
Payroll expenses	5,587	3,915	1,672	43%	2,266	1,701	1,620	1,741
Administrative expenses	3,426	2,477	949	38%	1,286	1,124	1,015	1,079
Depreciation of fixed assets	1,400	919	480	52%	684	235	480	388
Other expenses	203	292	-89	-30%	30	20	153	4
Operating expenses	10,616	7,603	3,013	40%	4,267	3,080	3,269	3,212
Net provision for credit losses:	3,262	3,238	24	1%	1,293	978	991	1,418
Profit before taxes	14,458	2,967	11,492	387%	7,032	2,374	5,053	545
Taxes	2,666	381	2,285	599%	1,330	405	931	75
before minority interests	11,792	2,585	9,207	356%	5,702	1,968	4,121	470
Minority interests	96	72	25	35%	42	27	27	28
Net profit	11,696	2,514	9,182	365%	5,660	1,941	4,094	442

ISK million

Cost-Income Ratio



Ratio of Provision to Lending Position at Period-end

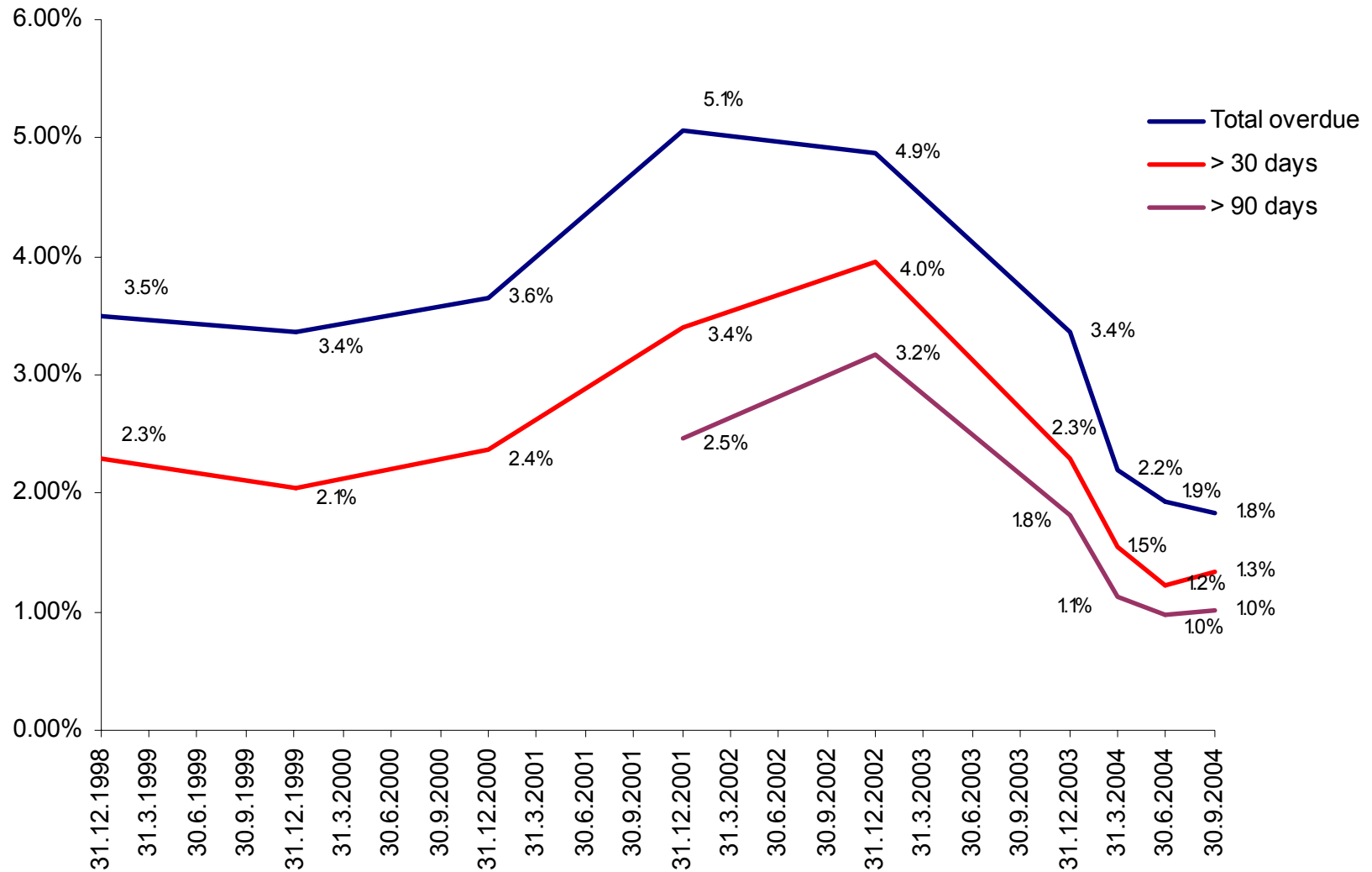


Allowance account for credit losses 30 Sept 2004

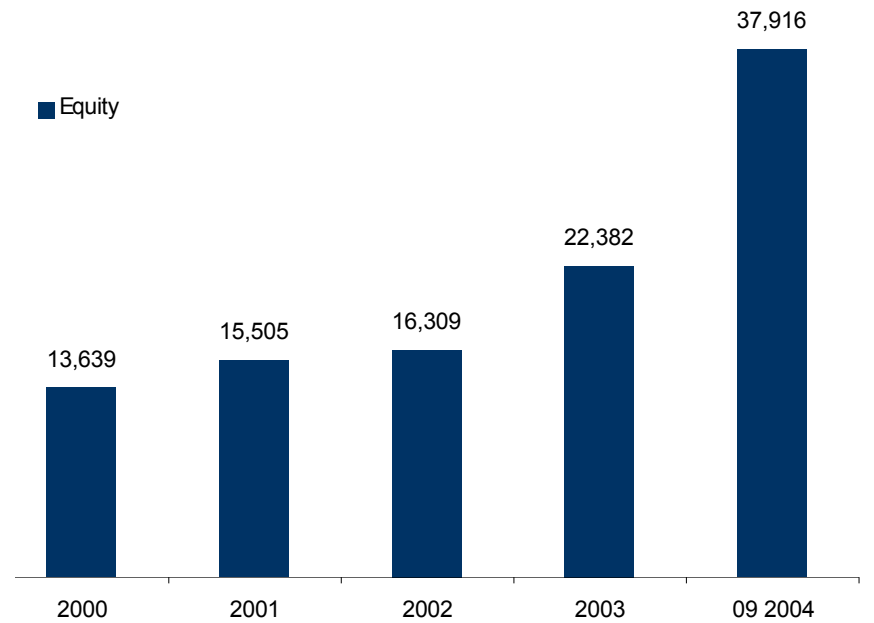
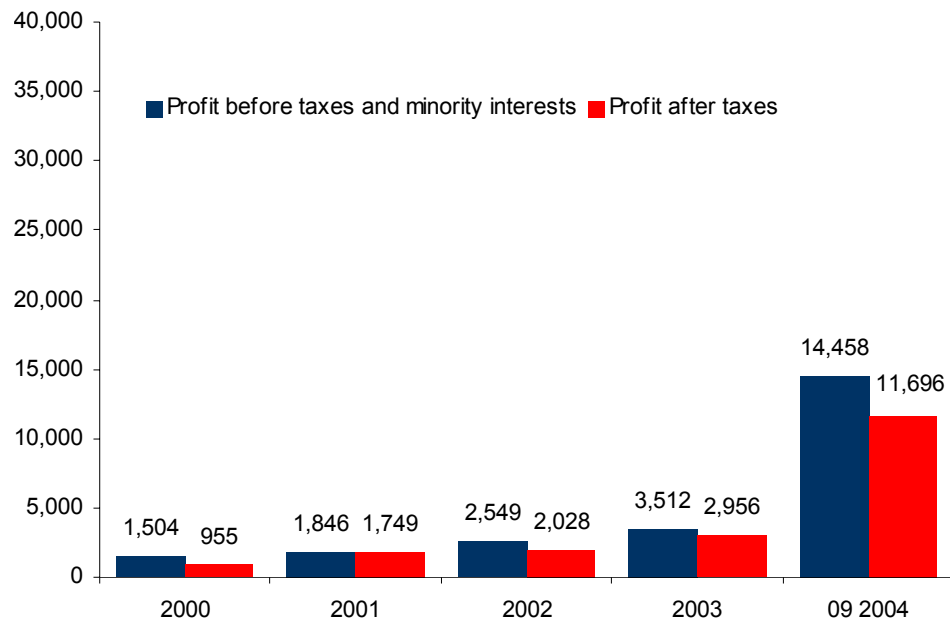
Special	6,018
General	2,548
Alls	8,567

The allowance account is 1.8% of total lending

Overdue Loans

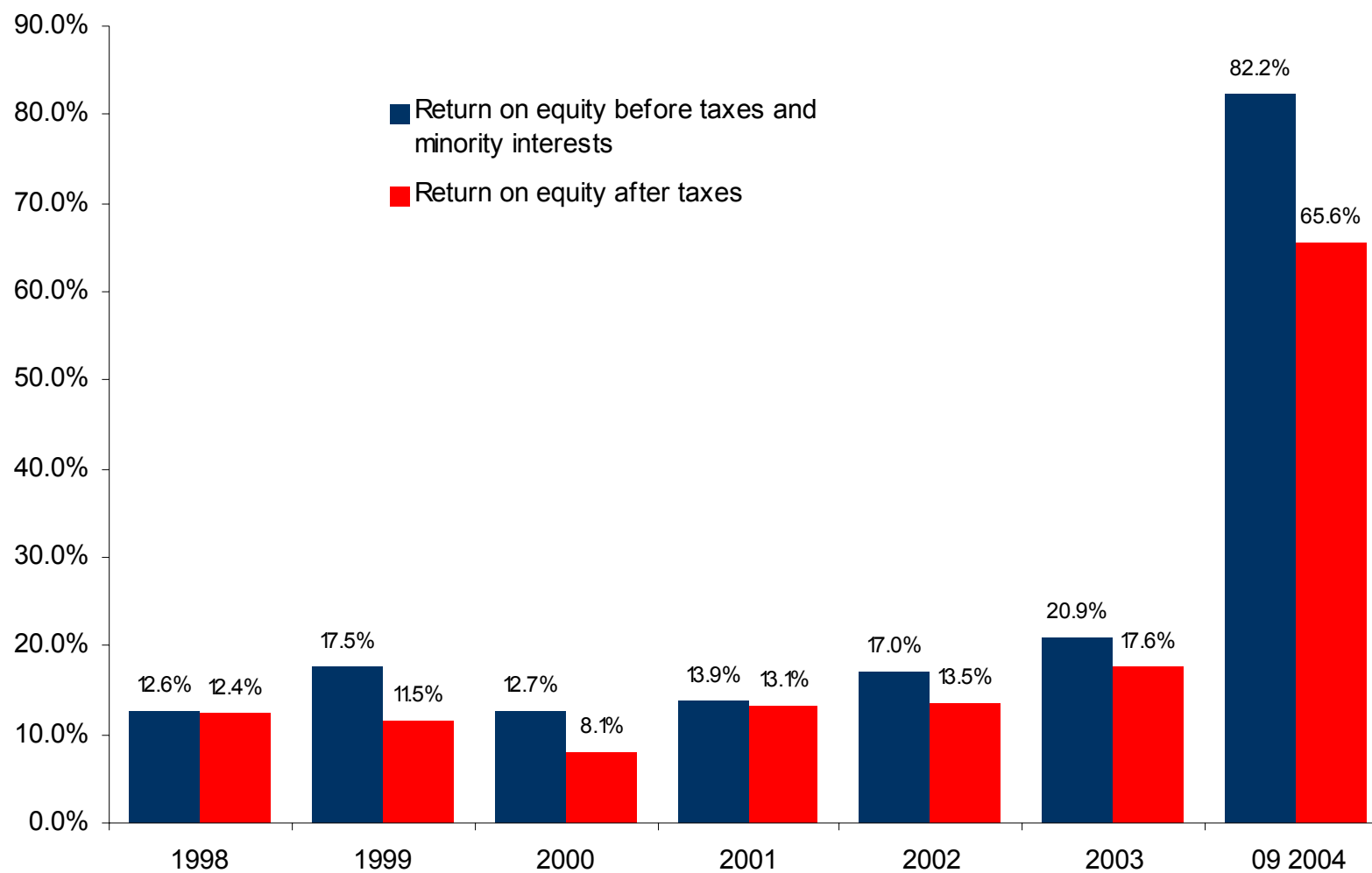


Profit and Equity



ISK million

Return on Equity



Profit by Business Segments – 9 month 2004

ISK Million	Commercial Banking	Securities Trading	Asset Management & Private Banking	Other	Total
Net interest revenues	9,512	-97	767	0	10,182
Operating revenues	2,908	2,365	909	0	6,181
Trading gains	-36	11,949	61	0	11,974
Net operating revenues	12,384	14,216	1,736	0	28,337
Operating expenses	6,318	1,379	1,128	1,791	10,616
Provisions for credit losses	3,072	7	183	0	3,262
Pre tax profit	2,994	12,830	425	-1,791	14,458

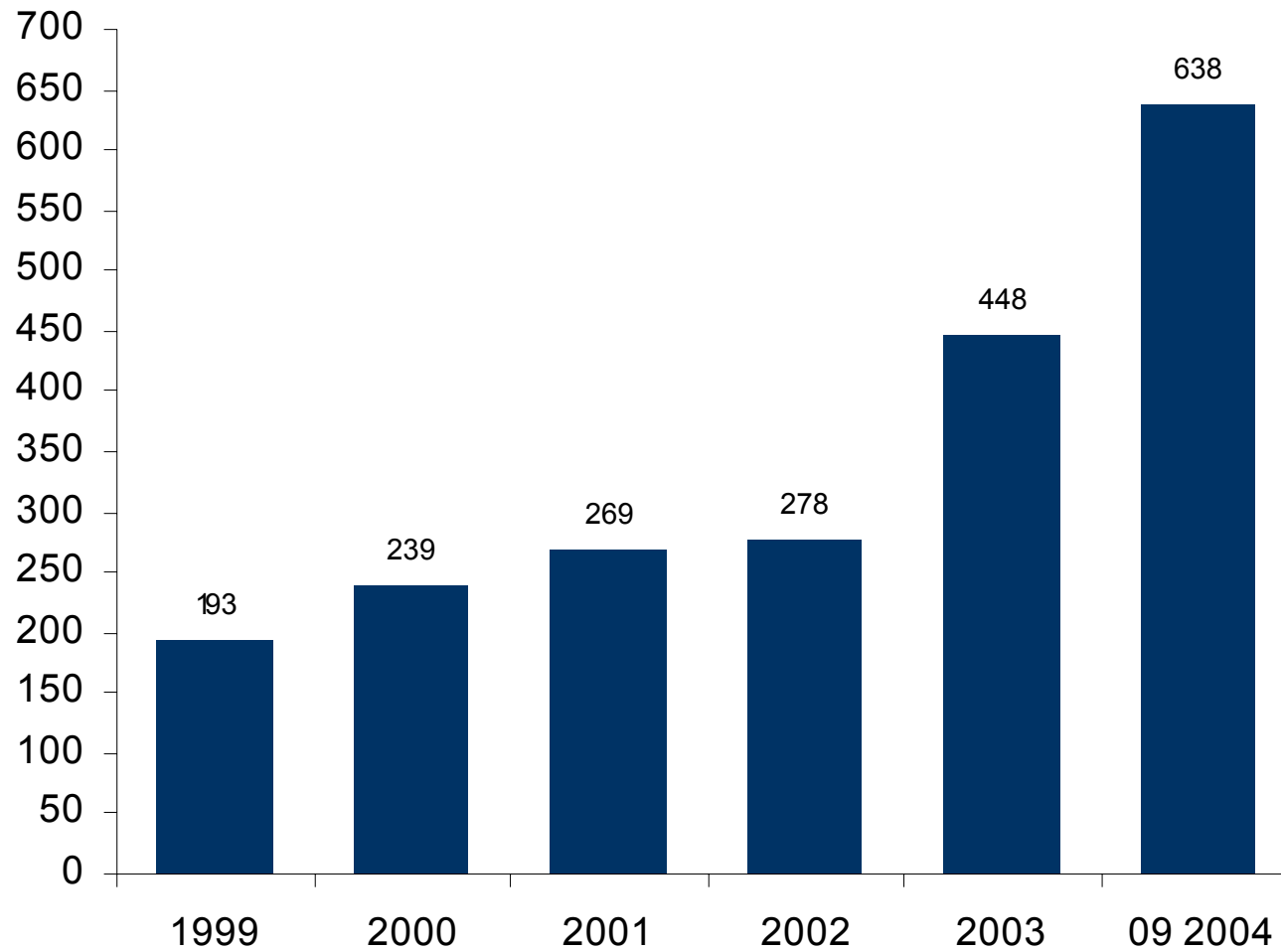
ISK million

Revenue Breakdown by Countries

	Iceland	Britain	Luxembourg	Total
Net interest revenues	7,994	662	1,527	10,182
Net profit from shareholdings	100	0	0	100
Net commissions	5,186	381	320	5,887
Trading gains	11,913	0	61	11,974
Other revenues	194	0	0	194
	25,387	1,042	1,908	28,337

ISK million

Total Assets

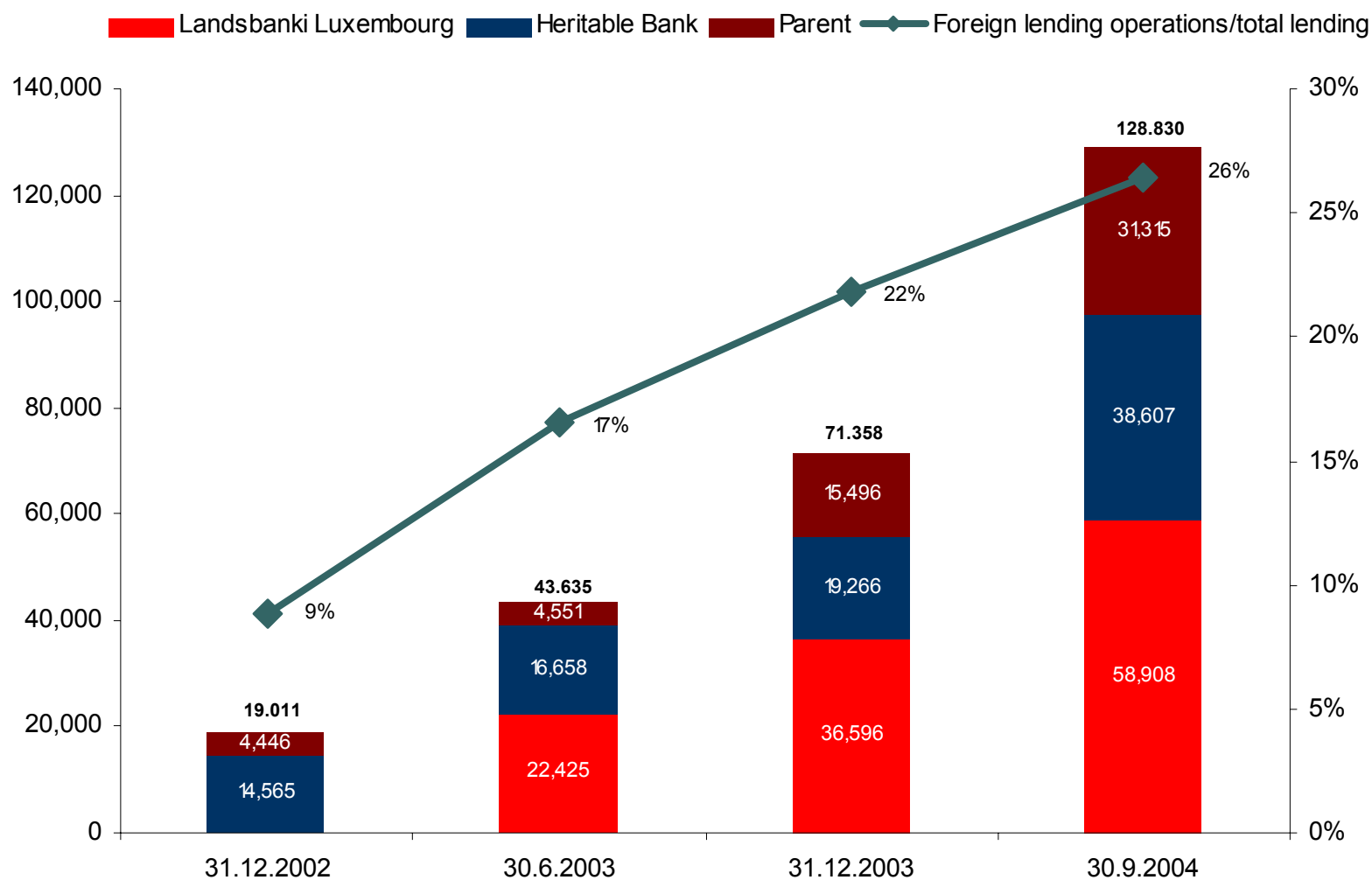


ISK billion

Balance Sheet

	30 Sep 2004	31 Dec 2003	Change	%
Cash and interbank operations	84,977	48,772	36,205	74%
Loans	487,076	326,400	160,677	49%
Securities and shareholding	56,311	63,744	-7,433	-12%
Fixed assets	4,398	4,707	-309	-7%
Other assets	5,651	4,616	1,035	22%
Total assets	638,413	448,239	190,175	42%
Financial institutions	52,323	43,840	8,484	19%
Customer accounts	224,848	152,320	72,528	48%
Funding	287,944	209,357	78,587	38%
Other items	11,027	6,389	4,638	73%
Subordinated loans	23,416	13,090	10,326	79%
Minority interests	939	862	77	9%
Equity	37,916	22,382	15,534	69%
Total liabilities and equity	638,413	448,239	190,175	42%

Foreign Lending Operations



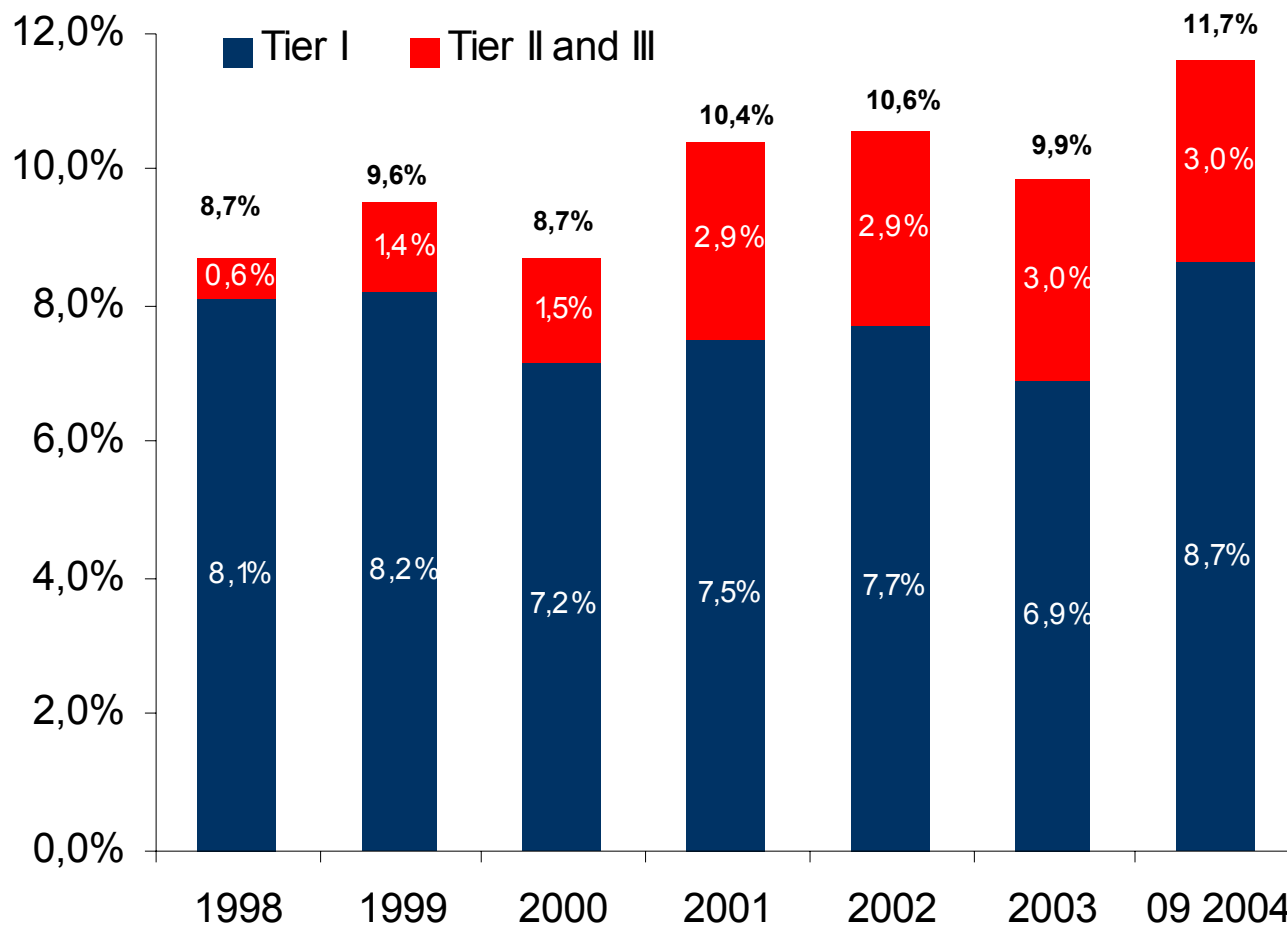
ISK million

Securities and Shareholdings

	30 Sep 2004	31 Dec 2003	Change	%
Bonds and other fixed-income securities	11,656	38,696	-27,040	-70%
Equity and other variable-income securities	43,269	23,708	19,560	83%
Shares in subsidiaries and partially owned companies	1,386	1,340	46	3%
Total securities and shareholdings	56,311	63,744	-7,433	-12%
Bonds and other fixed-income securities	6,996	15,674	-8,678	-55%
Equity and other variable-income securities	11,548	5,499	6,049	110%
Forward and option contracts	18,544	21,173	-2,629	-12%
Bonds and other fixed-income securities	4,660	23,022	-18,362	-80%
Equity and other variable-income securities	31,721	18,209	13,511	74%
Shares in subsidiaries and partially owned companies	1,386	1,340	46	3%
Net securities and shareholdings	37,767	42,571	-4,804	-11%

ISK million

Equity Ratio - CAD



Prognosis

- Market conditions for financial enterprises have been highly favourable so far this year. Landsbanki has strengthened its position on financial markets both in Iceland and abroad.
- In the past year or two Landsbanki has expanded very rapidly, with domestic growth the prime component in the Group's operations. Activities outside of Iceland have, however, been increasing rapidly.
- Total assets have more than doubled since Q1 2003 and commissions from investment banking activities increased greatly, resulting in a substantial increase in the Bank's net operating income, excluding trading gains.
- The development of equities and bonds was favourable in Q1-Q3 2003 and the Bank's capital gains from equities and bonds was substantially above budget.
- In recent days there has been a reversal of the upward trend on the domestic equity market and the ICEX-15 index has declined somewhat in the 4th quarter. Despite this decline, Landsbanki's profitability can be expected to significantly surpass its stated objective.

Targets

Key figures %	30 Sep 2004	Targets
Return on equity before taxes	82.2	18-20
Return on equity after taxes	65.6	15-17
Cost-income ratio	37	< 55
Tier I	8.7	6,5 - <u>7</u> - 8
CAD ratio	11.7	9 - <u>10</u> - 11
Provisions / average lending position	0.91	<1,0

Current State of the Bank

- Total issued nominal capital ISK 8,100 million
- Stock price today 12.7
- Landsbanki market value ISK 102.9 billion
- Total equity ISK 37.9 billion – Q ratio 2.71





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Reykjavik, 28 October 2004

Sigurjón Þ. Árnason
GMD & CEO

