



Q1 2005 Performance Presentation of Landsbanki Íslands hf

Reykjavik, 12 May 2005

Sigurjón Þ. Árnason
Halldór J. Kristjánsson
GMD's & CEO's

Main results from Q1 2005

- The presentation compares the consolidated financial statements of Landsbanki in the 1st quarters of 2005 and 2004
- Landsbanki has adopted International Financial Reporting Standards (IFRS) as of 2005
- The impact of IFRS on equity is minimal, or lowers it by ISK 311 million
- The profit before taxes and minority interests for the 1st quarter of 2005 was ISK 7,396 million and ISK 6,011 after taxes
- Return on equity before taxes and minority interest was 106% in Q1 2005 and return on equity after taxes was 82%
- Total assets rose by ISK 114 bn in the 1st quarter and amounted to ISK 851 bn on 31 March 2005
- The cost-income ratio was 32% in Q1 2005, as compared to 43% in 2004
- Teather & Greenwood is included on the balance sheet on 31 March 2005, but the profit and loss impact will come into the statements in Q2

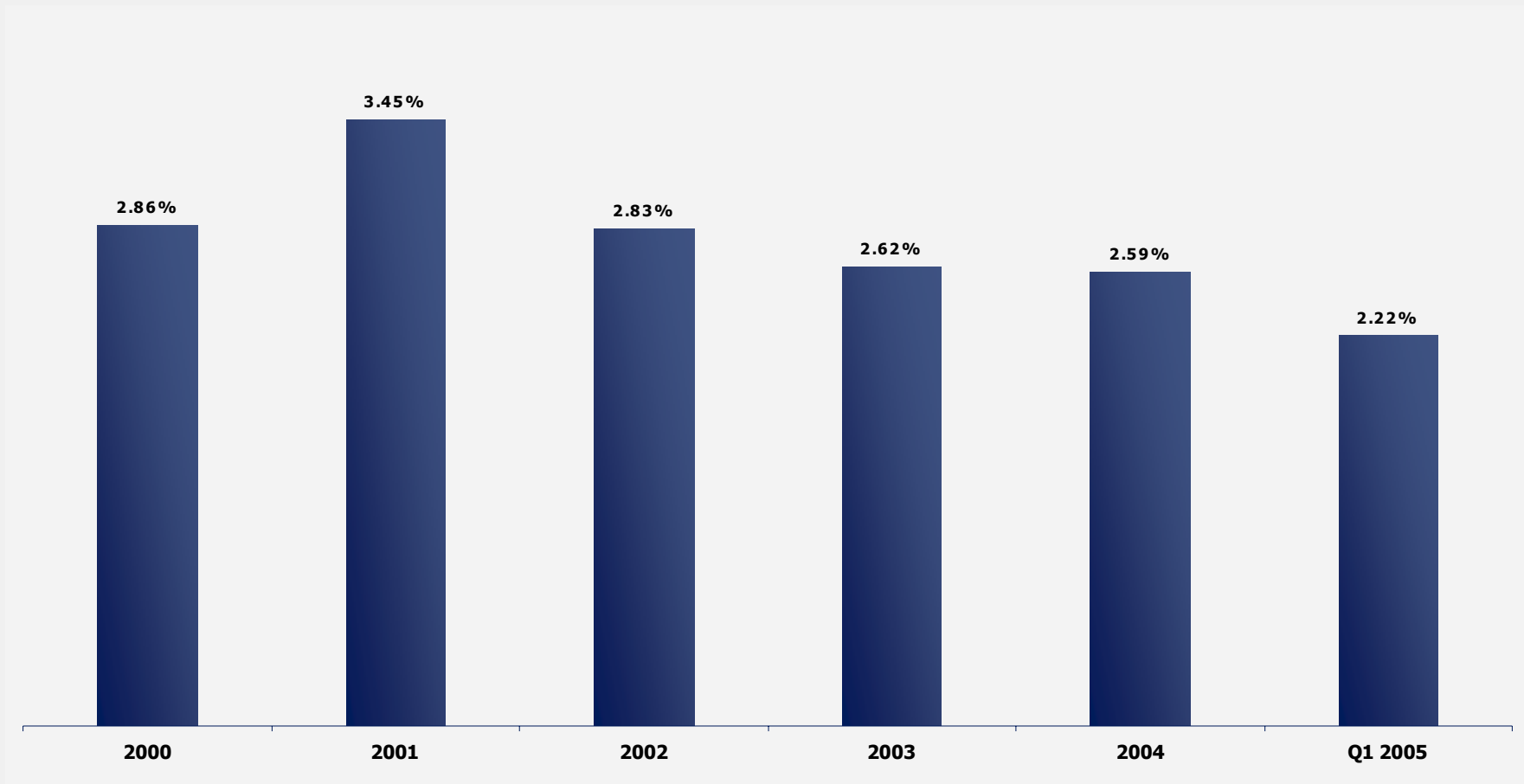


Income Statement

	Q1 2005	Q1 2004	Diff	%	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Interest revenues	12,461	6,668	5,793	87%	10,879	8,172	8,534	6,668
Interest expenses	8,172	3,712	4,460	120%	6,268	4,273	5,264	3,712
Net interest revenues	4,289	2,956	1,333	45%	4,611	3,898	3,269	2,956
Fee and commission income	3,481	2,455	1,026	42%	3,191	2,509	2,080	2,455
Fee and commission expense	-361	-296	-65	22%	-382	-365	-301	-296
Net fee and commission income	3,120	2,159	962	45%	2,809	2,144	1,779	2,159
Dividend income	105	343	-238	-69%	11	1	98	343
Net gain on financial assets and financial liabilities held for trading	2,662	1,557	1,105	71%	-41	1,794	806	1,557
Net gain on financial assets designated at fair value through profit and loss	1,806	2,245	-439	-20%	-2,220	4,693	200	2,245
Fair value adjustments in hedge accounting	216	0	216	0%	0	0	0	0
Foreign exchange difference	97	72	24	34%	122	111	59	72
Share of profit of associates	484	13	471	3559%	-79	41	17	13
Other operating revenues	5,370	4,231	1,139	27%	-2,207	6,639	1,179	4,231
Net operating revenues	12,779	9,346	3,433	37%	5,213	12,682	6,227	9,346



Interest Spread as a Ratio of Average Capital Position



Fee and Commission Income

	Q1 2005	Q1 2004	Diff	%	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Securities	1,690	1,064	626	59%	1,436	708	613	1,064
Asset Management	309	223	86	38%	290	261	258	223
Foreign trade	76	68	8	12%	76	110	89	68
Lending	332	209	123	59%	387	254	202	209
Cards	273	213	61	29%	217	218	210	213
Interbank revenues	239	251	-11	-5%	234	339	256	251
Collection and payment services	136	90	46	51%	103	188	113	90
Other commissions and fees	75	55	20	36%	147	79	60	55
Subsidiaries	350	282	68	24%	301	352	278	282
	3,481	2,455	1,026	42%	3,191	2,509	2,080	2,455
Fee and commission expense	-361	-296	-65	22%	-382	-365	-301	-296
Net fee and commission income	3,120	2,159	962	45%	2,809	2,144	1,779	2,159

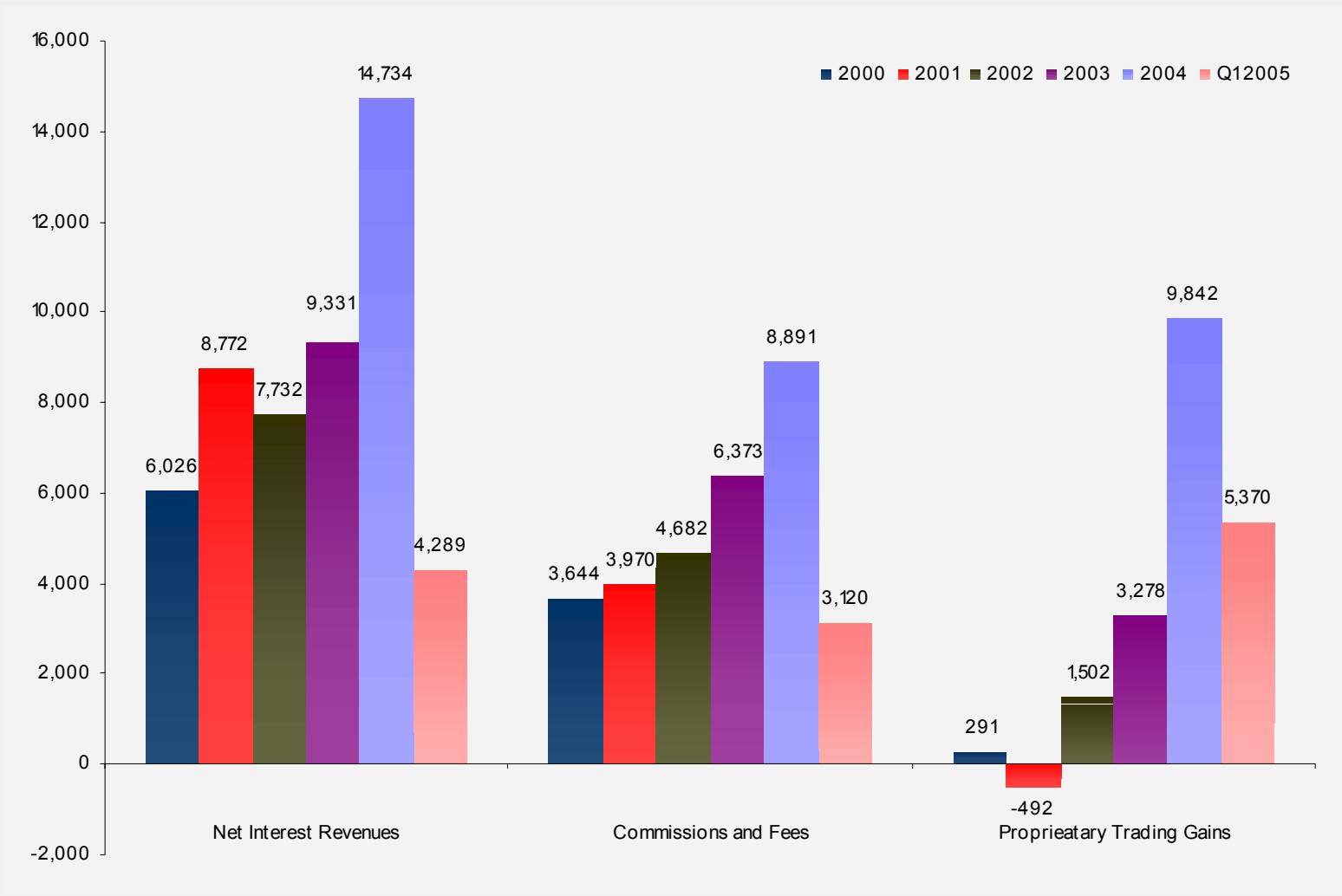


Trading Gains

IFRS		Previous GAAP	
Dividend income	105	Stock trading	4,430
Net gain on financial assets and financial liabilities held for trading	2,662	Bond trading	627
Net gain on financial assets designated at fair value through profit and loss	1,806	Foreign exchange	97
Fair value adjustments in hedge accounting	216	Other	216
Foreign exchange difference	97		
Share of profit of associates	484		
	5,370		5,370



Net Operating Revenues

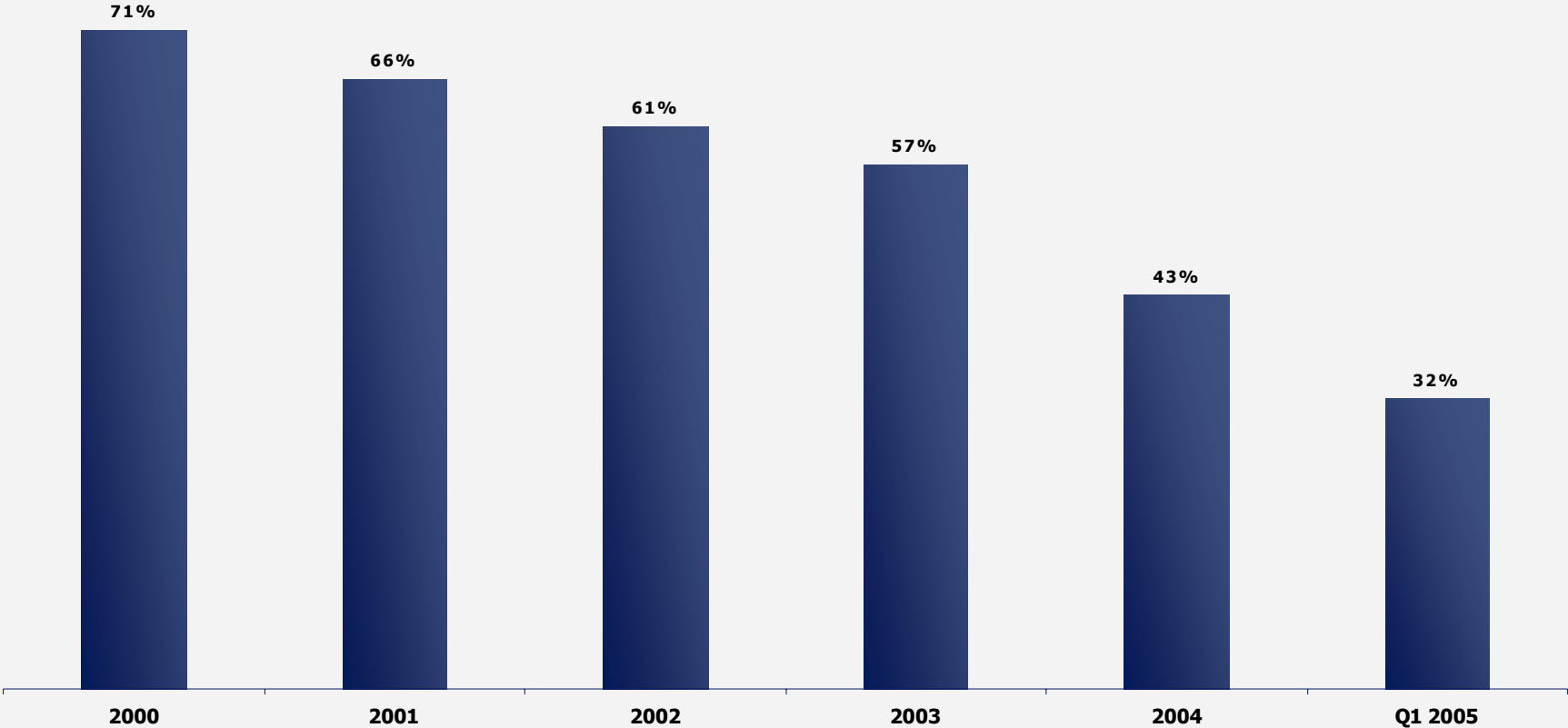


Income Statement

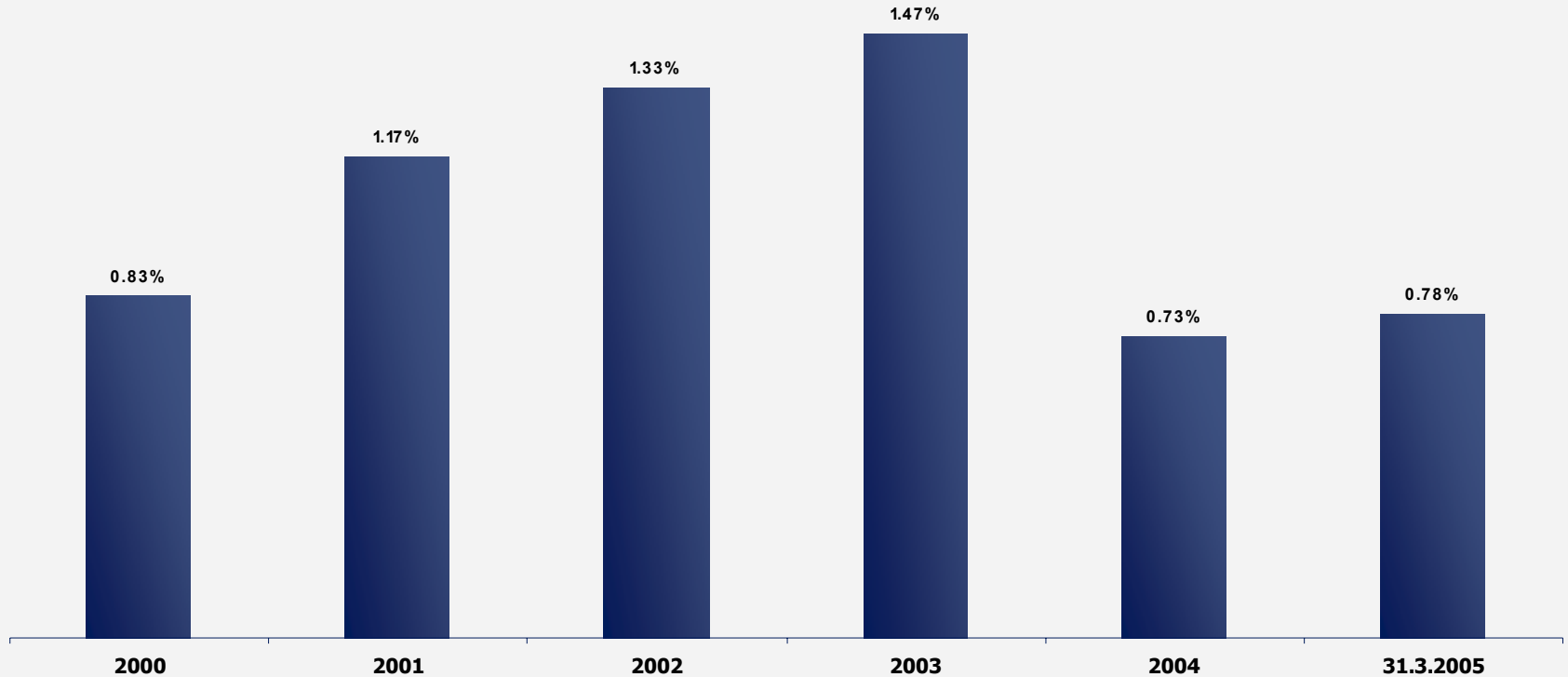
	Q1 2005	Q1 2004	Diff	%	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Net operating revenues	12,779	9,346	3,433	37%	5,213	12,682	6,227	9,346
Salaries and related expenses	2,355	1,643	712	43%	2,112	2,304	1,735	1,643
Administrative expenses	1,529	1,168	360	31%	1,332	1,316	1,144	1,168
Depreciation and amortisation	154	443	-289	-65%	418	647	198	443
Operating expenses	4,037	3,255	783	24%	3,862	4,267	3,076	3,255
Impairment on loans and advances and assets held for sale	1,345	991	355	36%	1,223	1,293	978	991
Profit before income tax	7,396	5,100	2,296	45%	128	7,121	2,172	5,100
Income tax	1,351	934	418	45%	-829	1,333	361	934
Profit before minority interests	6,045	4,167	1,879	45%	957	5,788	1,812	4,167
Minority interests	34	27	7	24%	53	42	27	27
Net profit	6,011	4,139	1,872	45%	905	5,746	1,785	4,139



Cost-Income Ratio



Impairment of Loans and Advances



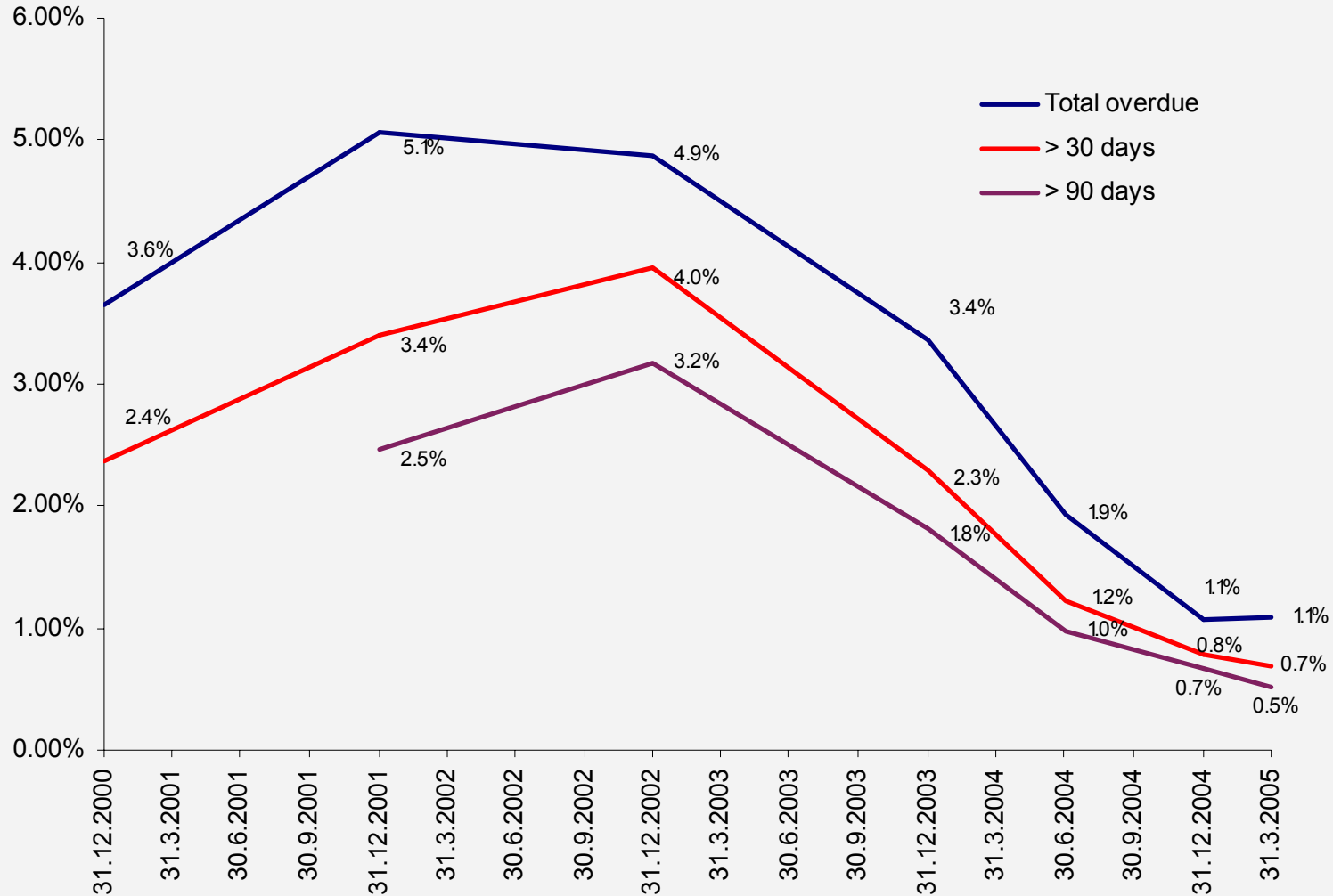
Overdue Loans

Allowance for losses on loans and advances at 31 March 2005

8,912

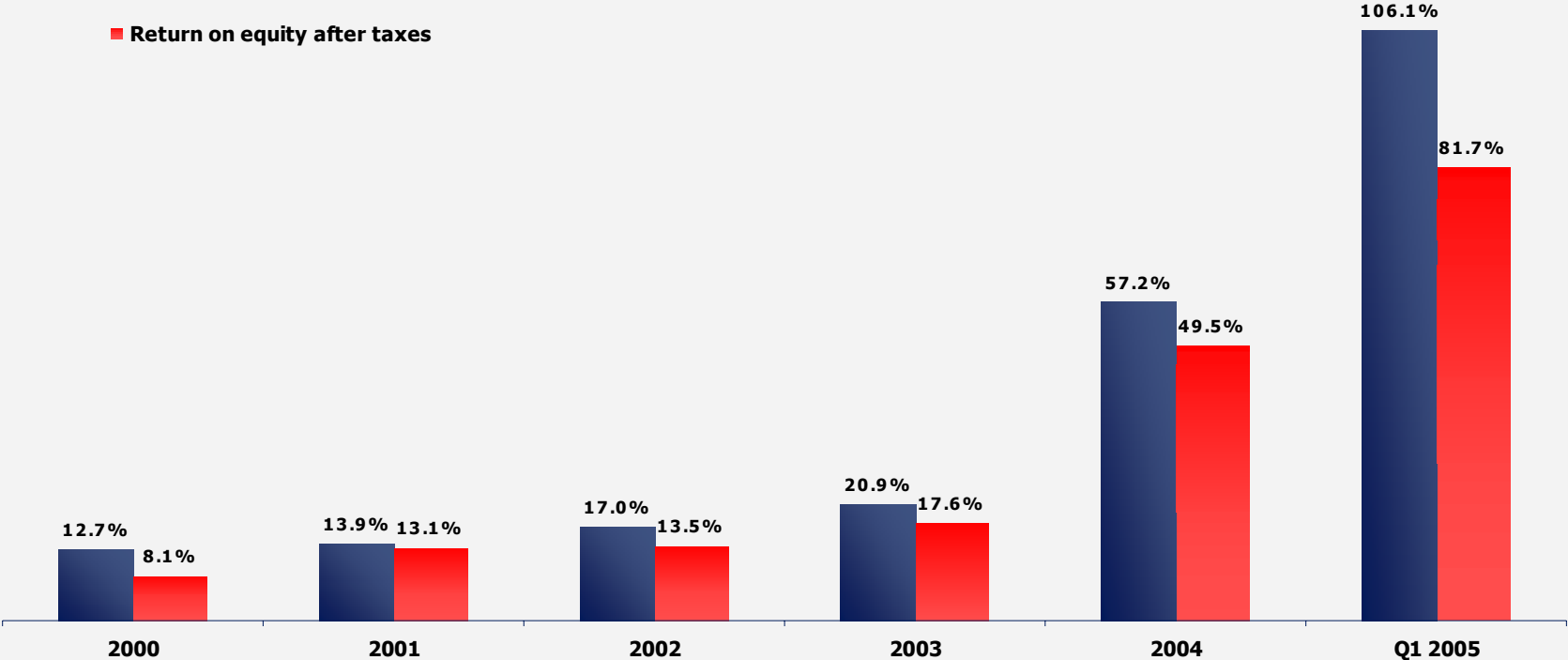
Allowance for losses on loans and advances / Loans and advances

1.30%



Return on Equity

- Return on equity before taxes and minority interests
- Return on equity after taxes



Revenue Breakdown by Countries

Q1 2005	Iceland	UK	Luxembourg	Total
Net interest revenues	2,956	982	352	4,289
Net fee and commission income	2,543	512	65	3,120
Other revenues	5,355	0	15	5,370
Net operating revenues	10,853	1,494	433	12,779

Q1 2004	Iceland	UK	Luxembourg	Total
Net interest revenues	2,591	141	224	2,956
Net fee and commission income	1,985	132	42	2,159
Other revenues	4,215	0	16	4,231
Net operating revenues	8,791	273	282	9,346



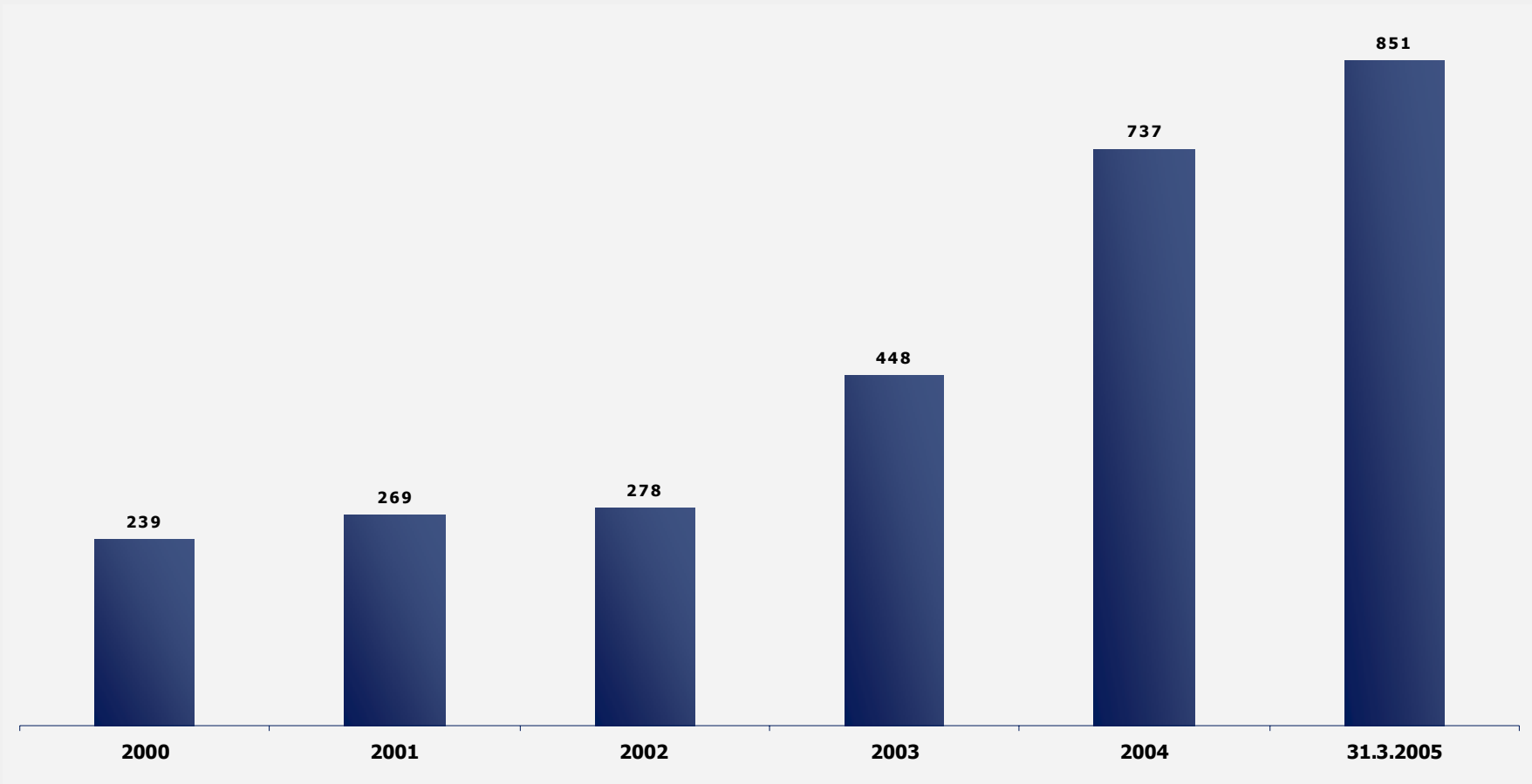
Business Segments

Q1 2005	Commercial Banking	Securities	AM & PB	Other	Total
Net interest revenue	4,420	-480	349	0	4,289
Net commission and fees	1,131	1,686	303	0	3,120
Other revenues	251	5,092	27	0	5,370
Net operating revenue	5,802	6,298	679	0	12,779
Operating expenses	2,491	816	357	374	4,037
Impairment	1,304	0	41	0	1,345
Profit before taxes	2,007	5,482	282	-374	7,396

Q1 2004	Commercial Banking	Securities	AM & PB	Other	Total
Net interest revenue	2,849	-73	179	0	2,956
Net commission and fees	823	1,034	303	0	2,159
Other revenues	-25	4,233	24	0	4,231
Net operating revenue	3,647	5,194	506	0	9,346
Operating expenses	1,898	432	307	618	3,255
Impairment	964	0	26	0	991
Profit before taxes	785	4,761	173	-618	5,100



Total Assets



Balance Sheet

	31 March 2005	1 Jan 2005	Change	%
Cash and cash balances with Central Bank	14,136	18,237	-4,100	-22%
Loans and advances	687,883	614,274	73,609	12%
Trading assets	82,630	64,730	17,900	28%
Financial assets designated at fair value through profit and loss	15,100	12,817	2,283	18%
Derivatives held for hedging	4,623	4,930	-307	-6%
Investment in Associates	4,210	3,792	418	11%
Property and equipment	4,273	4,146	127	3%
Intangible assets	5,716	1,585	4,130	261%
Non-current assets and disposal groups classified as held for sale	9,682	9,962	-281	-3%
Other assets	22,389	2,668	19,721	739%
Total assets	850,642	737,141	113,501	15%
Deposits from credit institutions	79,582	61,236	18,346	30%
Deposits from customers	218,481	217,970	511	0%
Borrowing	417,947	375,084	42,863	11%
Subordinated loans	49,327	22,570	26,758	119%
Trading liabilities	9,452	8,077	1,375	17%
Derivatives held for hedging	1,782	1,582	200	13%
Tax liabilities	2,812	1,674	1,138	68%
Liabilities included in disposal groups classified as held for sale	3,390	4,204	-814	-19%
Other liabilities	12,805	6,035	6,770	112%
Total liabilities	795,578	698,432	97,146	14%
Share capital	8,798	7,954	845	11%
Retained earnings	45,190	29,751	15,438	52%
Total equity	53,988	37,705	16,283	43%
Minority interests	1,076	1,004	72	7%
Total liabilities and equity	850,642	737,141	113,501	15%

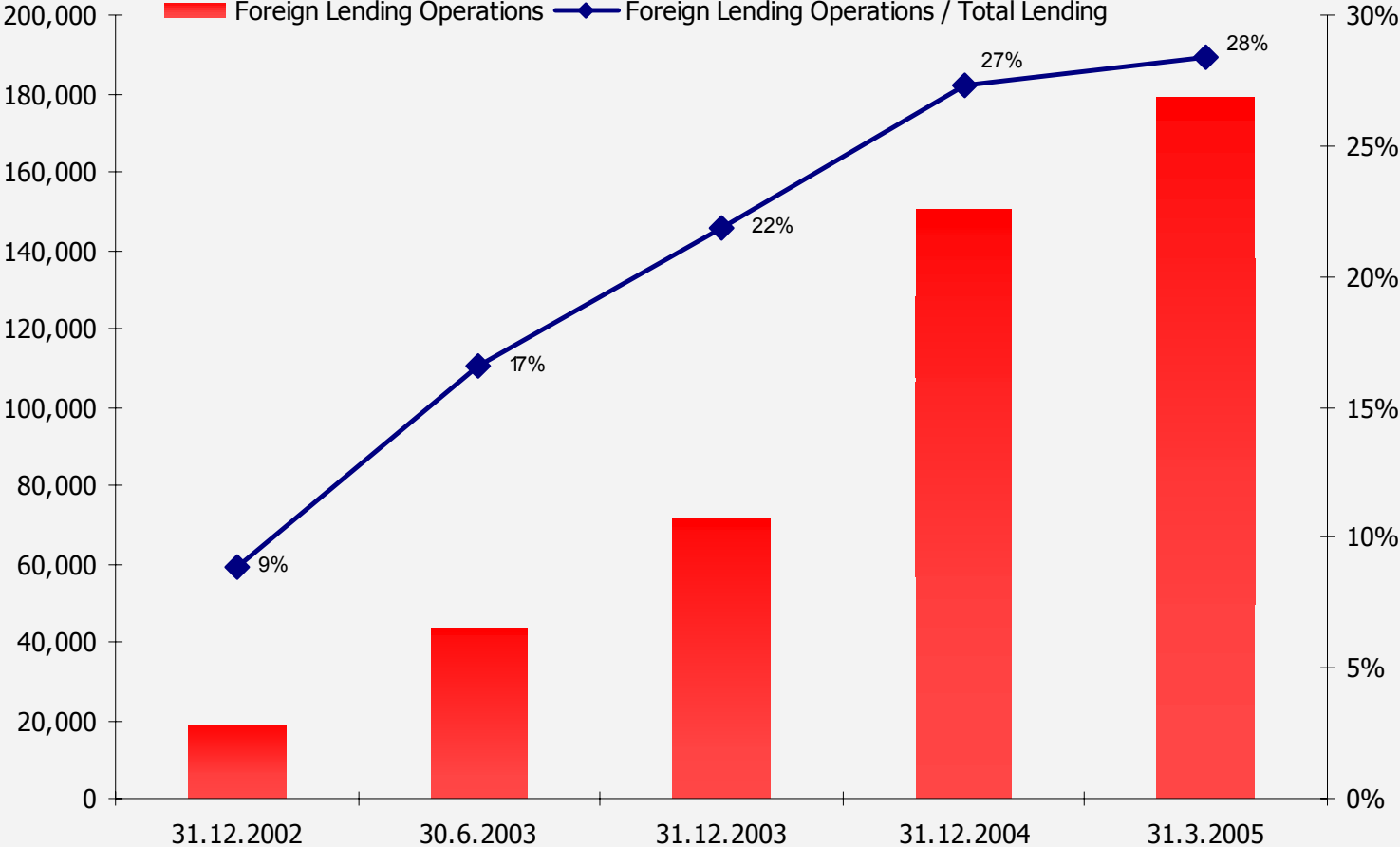


Securities and Shareholdings

	31 March 2005	1 Jan 2005	Change	%
Trading assets	82,630	64,730	17,900	28%
Financial assets designated at fair value through profit and loss	15,100	12,817	2,283	18%
Investment in Associates	4,210	3,792	418	11%
	101,940	81,339	20,601	25%
Bonds and other fixed-income securities	33,744	18,529	15,215	82%
Equity and other variable-income securities	57,489	50,316	7,173	14%
Shares in subsidiaries and partially owned companies	4,210	3,792	418	11%
Derivatives in the money	6,498	8,702	-2,205	-25%
Total securities and shareholdings	101,940	81,339	20,601	25%
Bonds and other fixed-income securities	123	1,785	-1,662	-93%
Equity and other variable-income securities	28,387	23,596	4,791	20%
Forward and option contracts	28,510	25,381	3,129	0%
Bonds and other fixed-income securities	33,621	16,744	16,877	101%
Equity and other variable-income securities	29,102	26,720	2,382	9%
Shares in subsidiaries and partially owned companies	4,210	3,792	418	11%
Derivatives in the money	6,498	8,702	-2,205	-25%
Net securities and shareholdings	73,430	55,958	17,472	31%

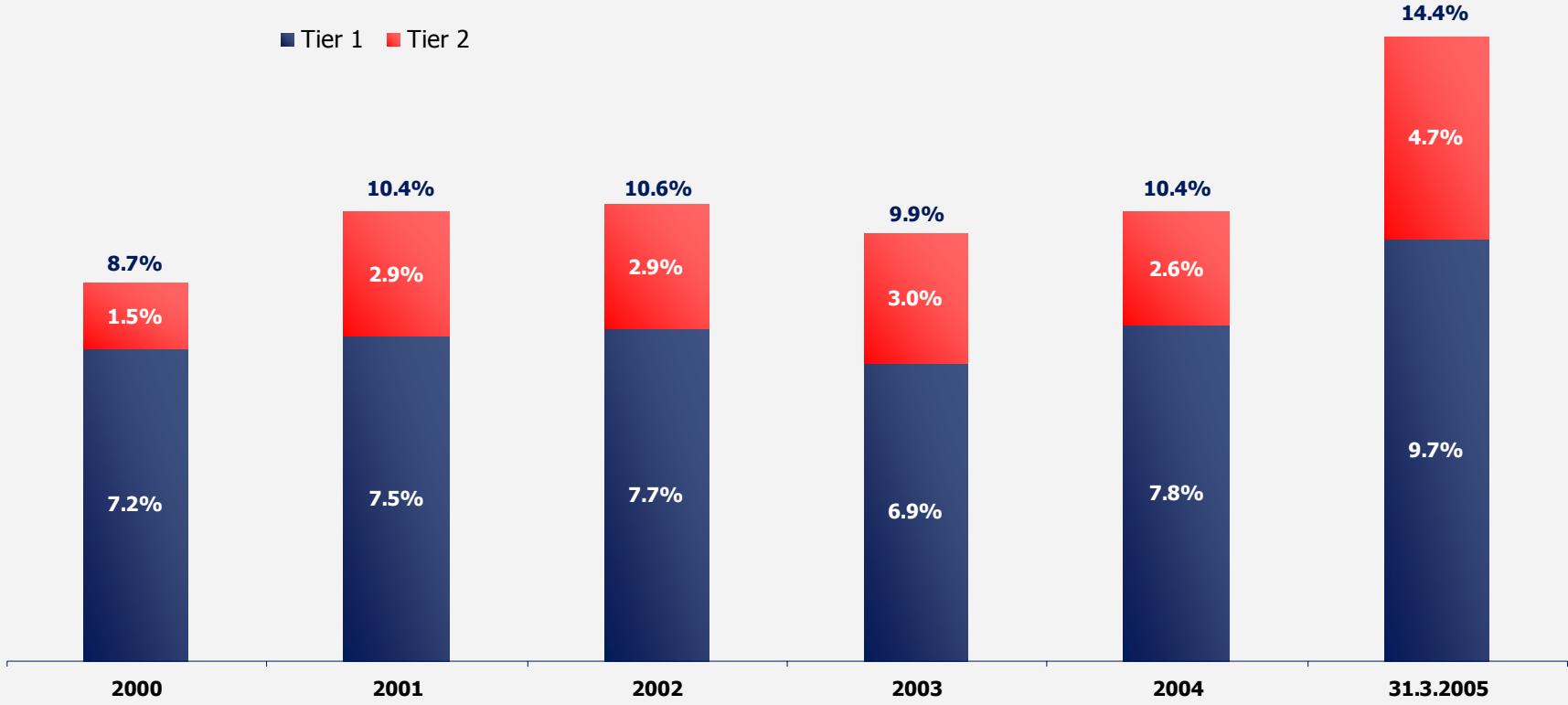


Foreign Lending Operations



Equity Ratio - CAD

■ Tier 1 ■ Tier 2



Prognosis

- Landsbanki's position in the domestic market is strong and the Bank has the leading market share in the Icelandic financial market
- Landsbanki's operations have been strengthened by opening a branch in London and through the acquisition of the London securities brokerage Teather & Greenwood
- Net interest and commission income has grown substantially in the past two years, while the net interest margin has declined
- Investment banking operations of Landsbanki continue to grow and its revenues have increased substantially
- Moody's upgraded Landsbanki's deposit and senior debt ratings from A3 to A2 in March, thus improving the Banks access to international funding
- Market conditions for financial enterprises are favourable and the Bank expects to achieve its goals of 15-17% ROE after tax in 2005



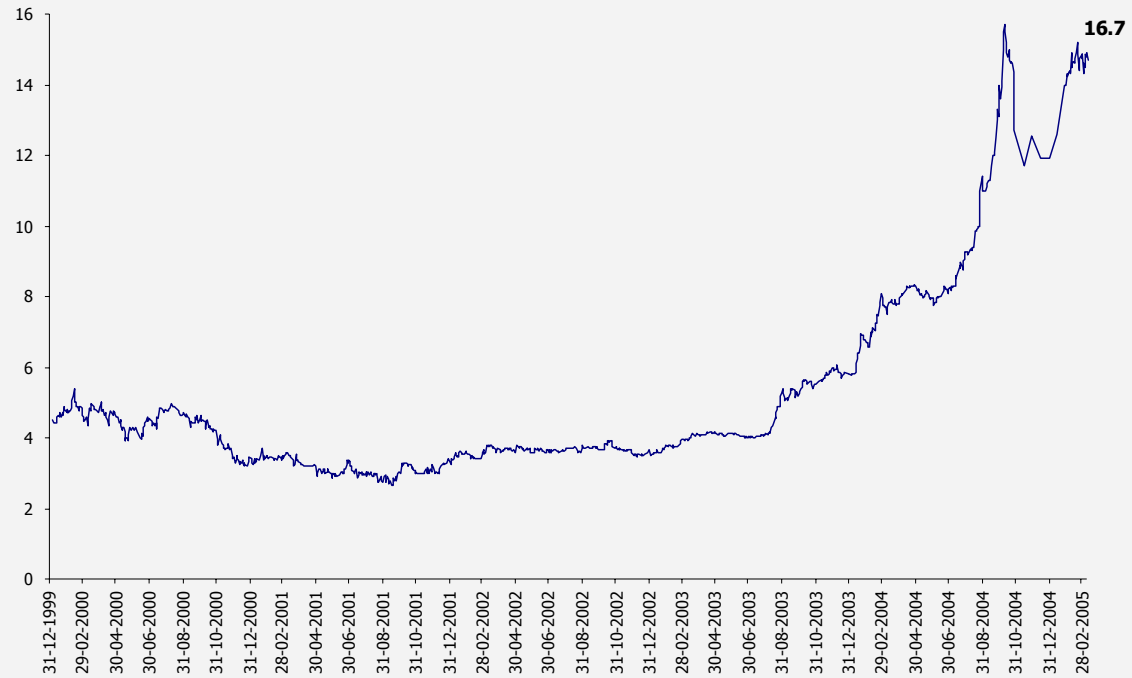
Targets

	Q1 2005	2004	Targets
Return on equity before taxes	106.1	57.2	18-20
Return on equity after taxes	81.7	49.5	15-17
Cost-income ratio	32	43	< 55
Tier 1 ratio	9.7	7.8	7.5 - 8 - 8.5
Equity ratio	14.4	10.4	10+
Interest spread as a ratio of average capital position	2.2	2.6	-
Ratio of provision to lending position at period-end	0.78	0.73	< 1.0



Current State of the Bank

- Total issued nominal capital ISK 8,900 million
- Stock price today 16.7
- Landsbanki market value ISK 148.6 billion
- Total equity ISK 54.0 billion – Q ratio 2.75
- Equity less goodwill ISK 48.7 billion – Q ratio 3.05





Q1 2005 The Icelandic commercial bank's performance

Sigurjón Þ. Árnason
GMD & CEO

Total Assets 31.03.2005

ISK million	LÍ	ÍSB	KB
Cash and cash balances with central banks	14.136	6.197	44.502
Loans and receivables	687.883	594.173	1.212.571
Financial assets held for trading	82.630	115.791	237.928
Financial assets designated as at fair value thr	15.100	4.097	79.248
Financial assets available-for-sale		10.945	1.386
Derivatives used for hedging	4.623	1.963	2.104
Investments in associates	4.210	1.951	3.428
Investment property		2.796	19.025
Property and equipment	4.273	3.085	6.219
Intangible assets	5.716	12.668	33.830
Tax assets		404	1.752
Non-current assets and disposal groups classi	9.682	582	3.735
Reinsurers' share in insurance liabilities		1.147	137
Other assets	22.389	11.561	29.780
Total assets	850.642	767.360	1.675.645



Total Liabilities and Equity 31.03.2005

ISK million	LÍ	ÍSB	KB
Deposits from credit institutions and central banks	79.582	17.504	41.195
Other deposits	218.481	164.385	226.096
Borrowings	417.947	435.792	1.068.922
Subordinated loans	49.327	23.383	72.395
Insurance liabilities	0	20.901	946
Trading financial liabilities	9.452	12.058	18.771
Derivatives used for hedging	1.782	3.133	15.440
Post-employment obligations	0	2.579	0
Tax liabilities	2.812	4.072	5.644
Other liabilities	16.196	15.229	58.747
Total liabilities	795.579	699.036	1.508.156
Equity			
Share capital	8.798	13.081	6.536
Share premium	18.575	32.071	111.164
Other reserves	-34	234	-1.172
Retained earnings	26.648	22.938	40.753
Total equity	53.987	68.324	157.281
Minority interest	1.076	0	10.208
Total liabilities and equity	850.642	767.360	1.675.645



Operations 2005

ISK million	LÍ	ÍSB	KB
Net interest income	4.289	4.465	7.046
Insurance premium/Insurance claims	0	229	152
Net fee and commission income	3.120	1.660	4.433
*"Net trading gains"	5.370	1.490	6.670
**Other net operating income	0	484	3.611
Net Operating income	12.779	8.328	21.912
Salaries and related expenses	-2.355	-2.294	-3.982
Other administrative expenses	-1.529	-1.763	-2.421
Depreciation and amortisation	-154	-162	-287
Administration expenses	-4.038	-4.219	-6.690
Impairment losses on loans and receiveables	-1.345	-501	-894
Profit before tax	7.396	3.608	14.328
Income tax	-1.351	-570	-2.888
Net profit	6.045	3.038	11.440

****"Net trading gains" =**

Dividend income
 Net gain on financial assets / liabilities not at fair value
 Net gain on trading portfolio
 Net gain on assets designated at fair value through profit and loss
 FV adjustments in hedge accounting
 Foreign exchange difference

**** Other net operating income =**
 Gain (losses) on disposals of assets other than held for sale
 Other operating net income



Net Operating Income in Iceland 2005

	LÍ	*ÍSB	KB
Net interest income	2.956	4.465	1.959
Insurance premium/Insurance claims	0	229	67
Net fee and commission income	2.543	1.660	1.659
"Net trading gains"	5.355	1.440	1.518
Other net operating income	0	484	3.124
Net Operating Income	10.854	8.278	8.327

* Information regarding the origin of income is not presented in the Consolidated Interim Financial Statement of Íslandsbanki, the numbers are total numbers for the group.



Key Ratios/Figures

	LÍ	ÍSB	KB
Interest spread	2,20%	2,50%	1,8%
Cost-income ratio	31,60%	52,50%	30,30%
Ratio of prov. to lending pos. at per. end	0,78%	0,30%	0,10%
Equity ratio	14,40%	15,50%	14,40%
Tier I ratio	9,70%	12%	10,90%
Return on Equity after taxes	81,70%	21,70%	33,20%
Number of positions at period end	1248	1375*	**

* average positions

** information not available





Q1 2005 Performance Presentation of Landsbanki Íslands hf

Reykjavik, 12 May 2005

Sigurjón Þ. Árnason
Halldór J. Kristjánsson
GMD's & CEO's