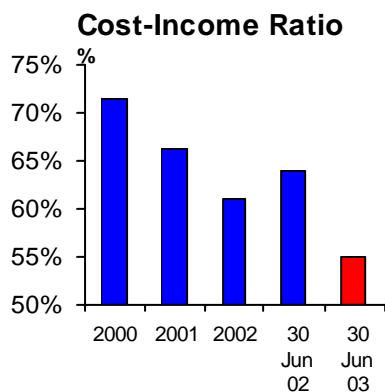
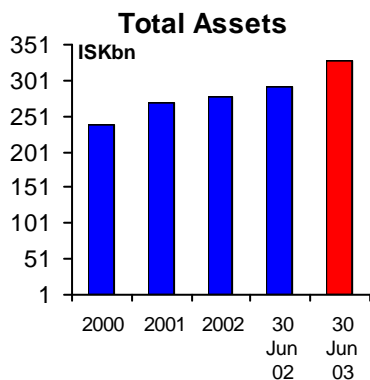
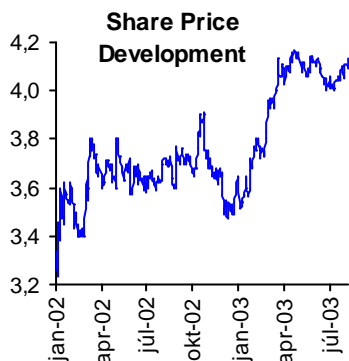


8 August 2003



Landsbanki Group's reported earnings before taxes and minority interests in the first half of 2003 amounted to ISK 1,439 million, as compared to ISK 1,107m in the corresponding period of 2002, an increase of 32%. Earnings after taxes amounted to ISK 1,221m as compared to ISK 927m in the preceding year. Return on equity before taxes was 18.9%, as compared to 14.3% a year earlier, which is in line with profitability targets.

Net interest revenues in H1 2003 amounted to ISK 4,177m and rose by 12% from the same period a year earlier. Other operating revenues in H1 amounted to ISK 4,420m, an increase of 64% compared to a year earlier, including capital gains from the sale of insurance companies. The increase in net operating revenues also stems from increased fee revenues in investment banking, securities and corporate advisory as well as increases in capital gains. The interest spread, as a ratio of average capital position, was 2.75% as compared to 2.83% for the entire year 2002.

Operating expenses amounted to ISK 4,728m and rose by 15% from the corresponding period in 2002, while net operating revenues rose by 34%. As a result the cost-income ratio of the Bank in H1 was 55% as compared to 64% a year earlier.

Provisions in H1 amounted to ISK 2,430m as compared to ISK 1,206m in the same period in 2002. Provisions as a ratio of lending position at period-end were 1.84% as compared to 1.13% at year-end 2002. The overall default among corporates is decreasing and overall asset quality is improving, and therefore the provision in Q2 does not in any way imply that further increases will be needed in the near future.

Total assets amounted to ISK 329 billion on 30 June and increased by 18% in the first half of 2003. Deposits amounted to ISK 129bn and increased by 19%. Lending increased 23% in the first half of 2003, half of which was due to the acquisition of Landsbanki Luxembourg S.A. Landsbanki's CAD ratio was 9.1% on 30 June as compared to 9.4% a year earlier, a decrease brought about by the Luxembourg acquisition and dividend payment.

In the few months from the end of Landsbanki's privatisation, the Bank has been through an array of changes. The Bank has completed the acquisition of Landsbanki Luxembourg S.A., thereby strengthening the Bank's private banking and asset management functions. Heritable Bank in London is entering into the mortgage sector and has increased its number of employees by 28%. The strategic emphasis will be to develop the Bank in a profitable manner, while maintaining a conservative risk profile. The Bank's Management is currently looking at new acquisition opportunities in the UK, which would fit in with and expand the current business platform at Heritable.

Landsbanki expects that earnings for the year 2003 will be within the Bank's performance targets, which require a return of 6-8% above the risk-free rate. This means that an after-tax ROE of 13-15% will be achieved.

For more information on the Bank's financial results, please visit our website: www.landsbanki.is

KEY FIGURES FROM THE LANDSBANKI GROUP ACCOUNTS

ISK Million	30.06.2003	30.06.2002	Change	%	31.12.2002	31.12.2001
Operations						
Net interest revenues.....	4,177	3,733	445	11.9%	7,732	8,772
Other operating revenues.....	4,420	2,692	1,728	64.2%	6,185	3,479
Net operating revenues.....	8,597	6,425	2,172	33.8%	13,916	12,251
Payroll expenses.....	2,431	2,166	265	12.2%	4,387	4,184
Operating costs.....	2,298	1,946	352	18.1%	4,118	3,923
Operating expenses.....	4,728	4,111	617	15.0%	8,505	8,108
Net provisions for credit losses.....	2,430	1,206	1,224	101.5%	2,863	2,298
Profit before taxes and minority interests.....	1,439	1,107	331	29.9%	2,549	1,846
Taxes.....	165	171	(6)	-3.7%	475	(9)
Minority interests.....	53	9	44	507.9%	45	107
Net profit.....	1,221	927	294	31.7%	2,028	1,749

	30.06.2003	31.12.2002	Change	%	31.12.2001	31.12.2000
Balance Sheet						
Cash and interbank operations.....	29,880	18,893	10,987	58.2%	22,023	22,447
Loans.....	264,071	214,787	49,284	22.9%	199,083	169,374
Securities and shareholdings.....	27,028	36,337	(9,309)	-25.6%	39,939	38,076
Other assets.....	7,847	7,808	40	0.5%	7,881	9,398
Total assets.....	328,826	277,824	51,002	18.4%	268,926	239,294
Financial institutions.....	44,103	30,665	13,438	43.8%	29,410	36,981
Deposits.....	128,625	108,306	20,319	18.8%	99,747	82,665
Funding.....	126,448	108,479	17,969	16.6%	111,639	97,152
Other items.....	3,008	5,057	(2,049)	-40.5%	3,131	2,706
Subordinated loans.....	8,687	8,216	471	5.7%	8,527	5,436
Minority interests.....	844	792	52	6.5%	967	716
Equity.....	17,111	16,309	801	4.9%	15,505	13,639
Total liabilities and equity.....	328,826	277,824	51,002	18.4%	268,926	239,294

	30.06.2003	30.06.2002	31.12.2002	31.12.2001	31.12.2000
Key ratios					
Return on equity before taxes.....	18.9%	14.3%	17.0%	13.9%	12.7%
Return on equity after taxes.....	16.0%	12.0%	13.5%	13.1%	8.1%
Equity ratio.....	9.1%	9.4%	10.6%	10.4%	8.7%
Cost-income ratio.....	55.0%	64.0%	61.1%	66.2%	71.5%
Interest spread as a ratio of average capital position	2.75%	2.67%	2.83%	3.45%	2.86%
Ratio of provision to lending position at period end..	1.84%	1.13%	1.33%	1.17%	0.83%
Share price at period-end.....	4.04	3.65	3.65	3.39	3.45

For further information, please contact: Brynjólfur Helgason, Managing Director, International Banking Division.