

Reykjavík, 6 May 2008

Confronting Challenge

Q1 2008 Results Presentation

Chief Executive Officer

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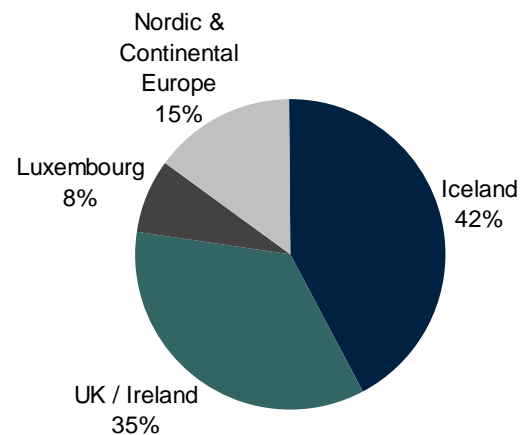
- Solid Q12008 results and continued high core income profitability
- Diversified funding profile and strong liquidity position
- Iceland a flexible and resilient economy

Q1 2008 Highlights

Strong results

- Pre-tax profit ISK 19.7bn (€193m)
- After-tax profit ISK 17.4bn (€171m)
- Pre-tax ROE 50%
- After-tax ROE 44%
- Cost-income ratio 42%

Diversified revenue streams



Net interest income and net fee and commission income

Strong balance sheet

- Total assets ISK 3,836bn (€32.1bn), down from €33.4bn at beginning of year
- Shareholder equity ISK 195bn (€1.6bn)
- Equity ratio 11.0%

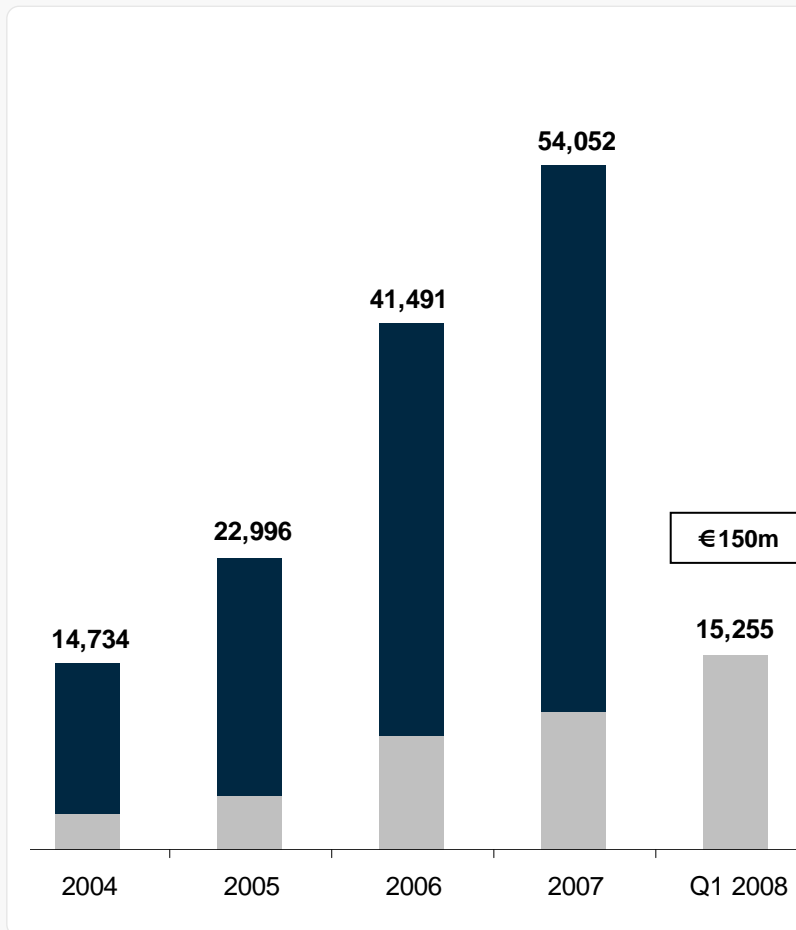
ISK / EUR

1 Jan 2008	91.65
31 Mar 2008	119.57
Average Q1 2008	101.98
6 May 2008	119.46

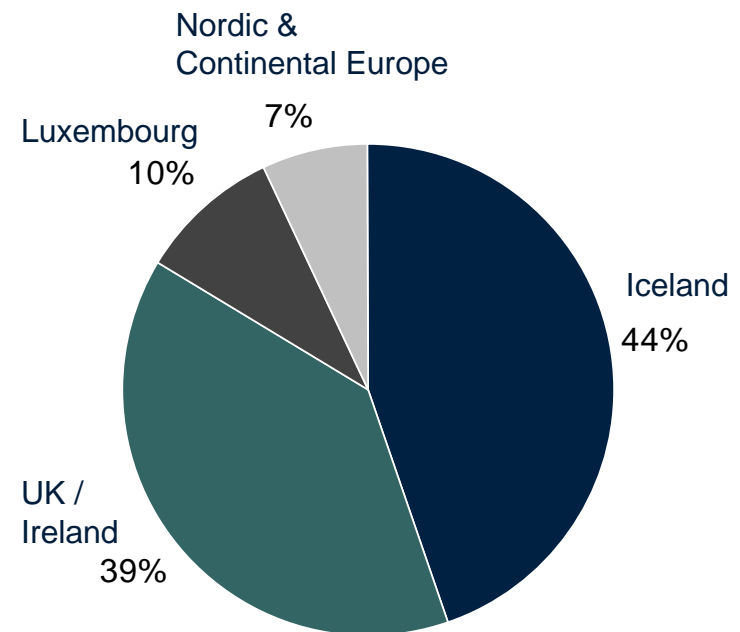
Income Statement

ISK million		Q1 2008	Q1 2007	Diff	%	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	€ 150m	15,255	10,879	4,376	40%	15,227	14,445	13,500	10,879
Net fee and commission income	€ 107m	10,904	9,762	1,142	12%	9,660	10,218	9,729	9,762
Other operating income	€ 144m	14,679	8,799	5,880	67%	-68	1,918	5,955	8,799
Net operating income	€ 400m	40,837	29,441	11,397	39%	24,819	26,582	29,184	29,441
Salaries and related expenses	€ 104m	10,633	7,972	2,661	33%	10,769	10,029	8,919	7,972
Administrative expenses	€ 65m	6,601	4,444	2,157	49%	5,846	4,806	4,731	4,444
Operating expenses	€ 169m	17,233	12,415	4,818	39%	16,615	14,835	13,650	12,415
Impairment on loans and advances	€ 38m	3,915	1,549	2,366	153%	2,286	1,620	1,501	1,549
Pre-tax profit	€ 193m	19,690	15,476	4,213	27%	5,919	10,127	14,033	15,476
Income tax	€ 22m	2,265	1,716	549	32%	997	1,402	1,490	1,716
Net profit	€ 171m	17,425	13,760	3,664	27%	4,922	8,725	12,542	13,760
Attributable to:									
Shareholders of Landsbanki	€ 170m	17,307	13,450	3,857	29%	4,584	8,518	12,248	13,450
Minority interests	€ 1m	118	311	-193	-62%	337	207	294	311

Net Interest Income



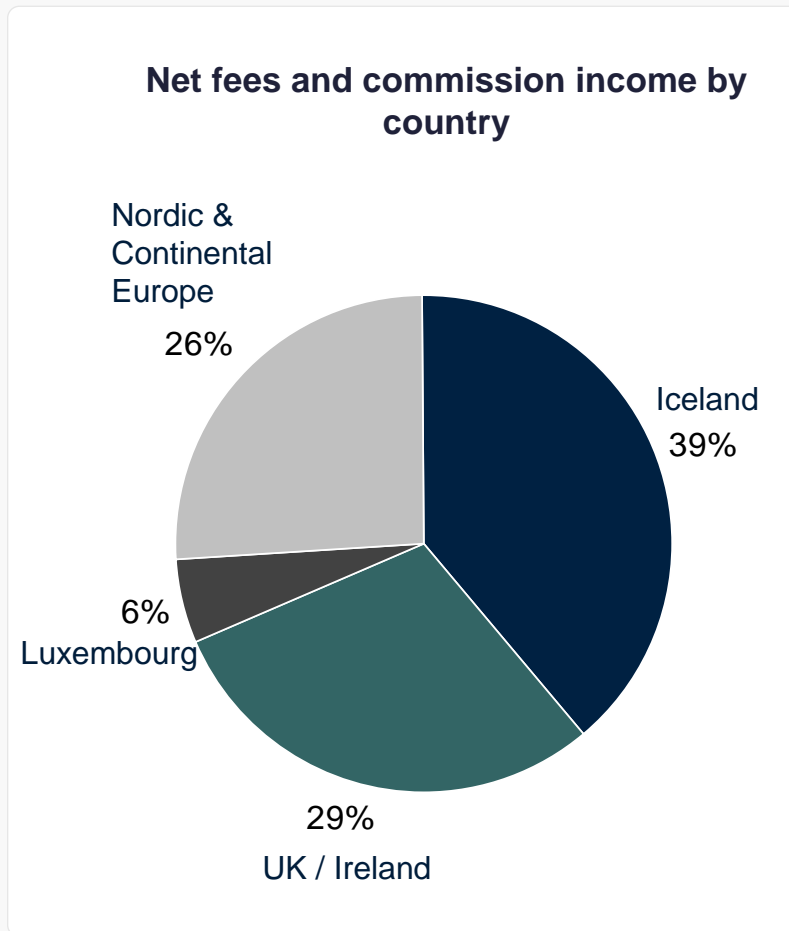
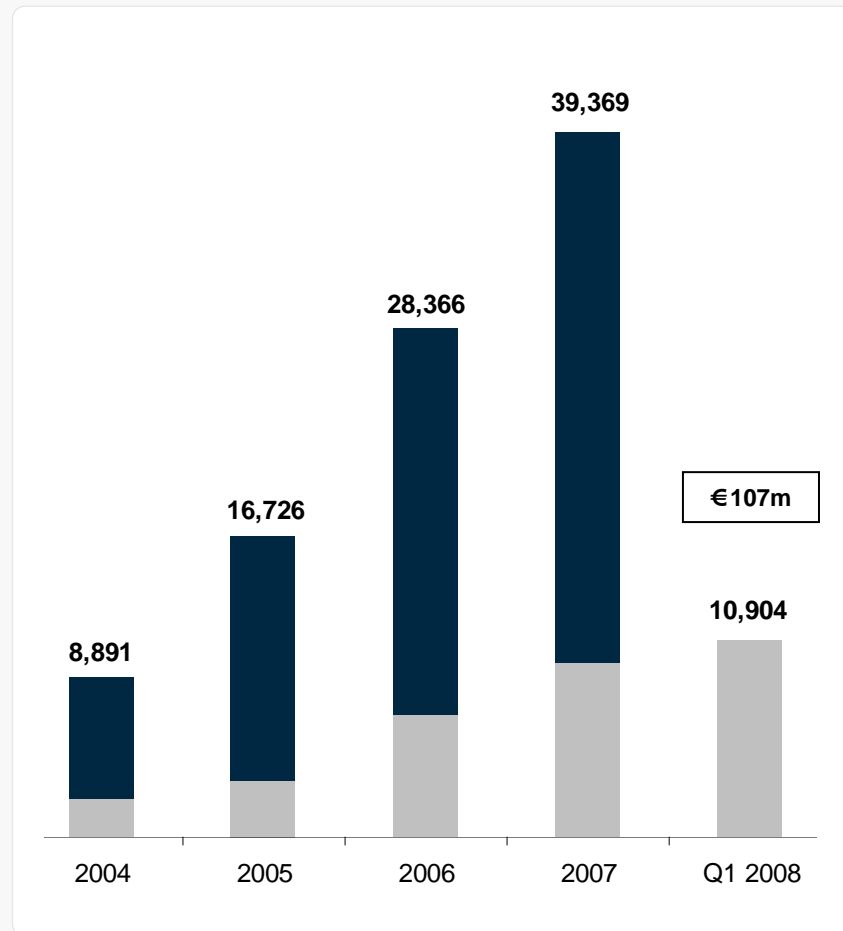
Net interest income by country



Income Statement

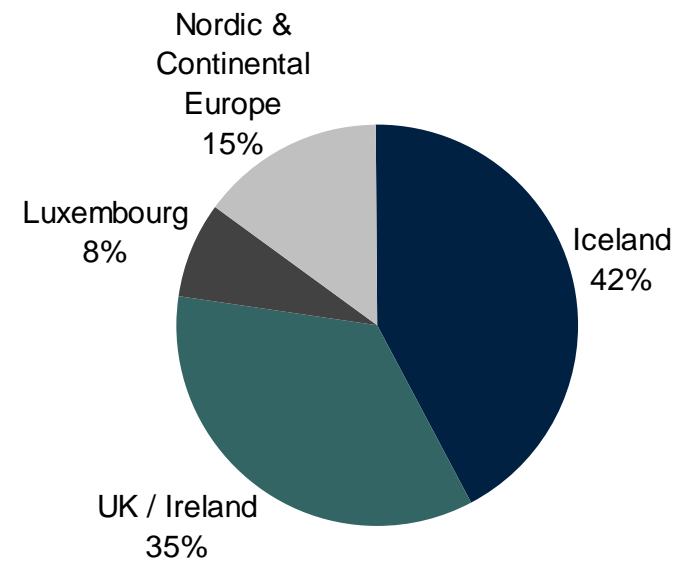
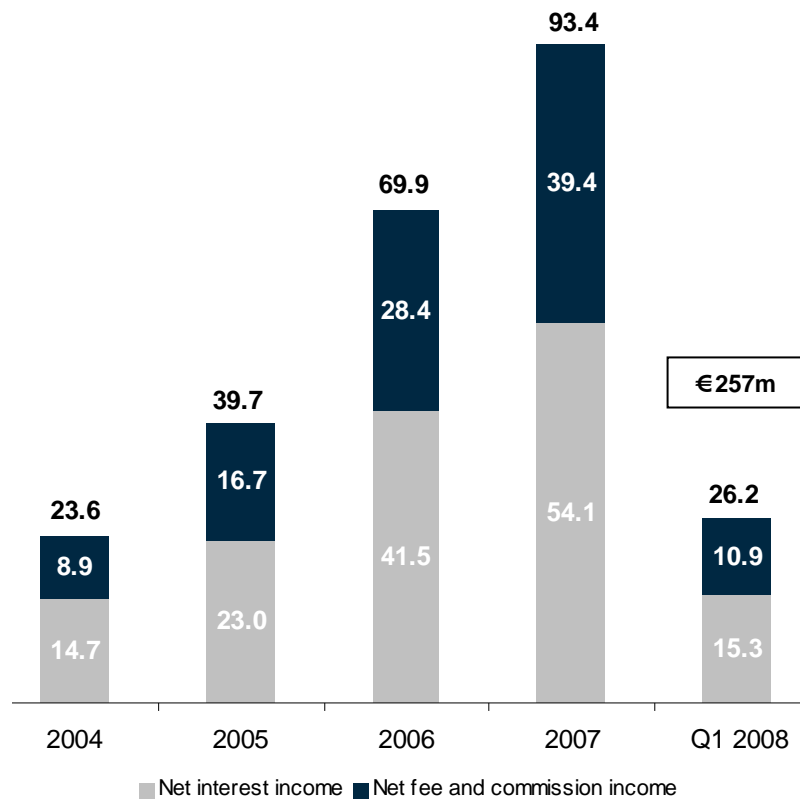
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Net Fees and Commission Income



Diversified Revenue Streams by Type and Country

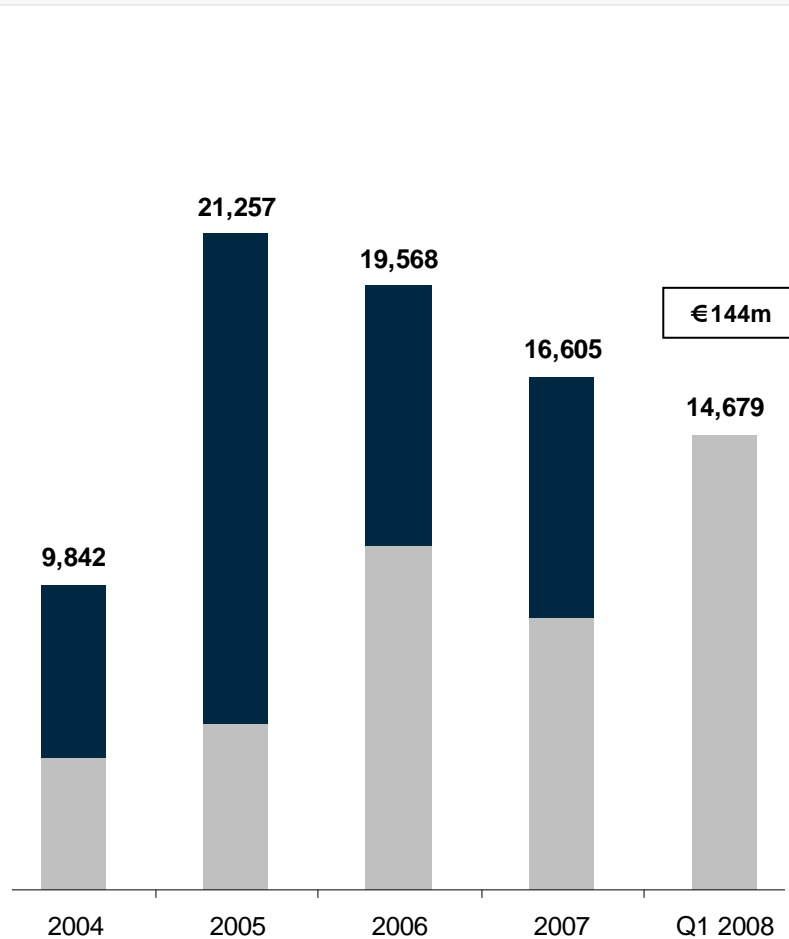
Net interest income & Net fee and commission income



Income Statement

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Other Operating Income



Other operating income

	Q1 2008	2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Equities	-1.9	18.0	0.7	2.7	6.4	8.2
Fixed income & credit	-8.1	-8.1	-4.7	-3.2	-0.2	0.1
Foreign exchange	24.8	6.9	4.2	2.4	-0.3	0.6
Other	0.0	-0.2	-0.3	0.1	0.0	0.0
	14.7	16.6	-0.1	1.9	6.0	8.8

FX Position

- Net FX exposure at the beginning of the year was ISK 114bn (€1.2bn)
- Net FX exposure as of 31 Mar 2008 was ISK 126bn (€1.1bn)

Fixed Income and Structured Credit Exposure

Listed bond portfolio

As part of its liquidity strategy/reserves, Landsbanki has invested about ISK 400bn in listed bonds (mainly Floating Rate Notes). The highly rated portfolio consists mainly of financial and government paper.

Financials	66%	AAA	29%
Government bonds	25%	AA	43%
Corporate bonds	9%	A	20%
		BBB	6%
		NR	2%

Corporate Synthetic CDO

No exposure

ABS

No exposure

SIVs, conduits & liquidity lines

No exposure

Monolines

No exposure

Total return swaps

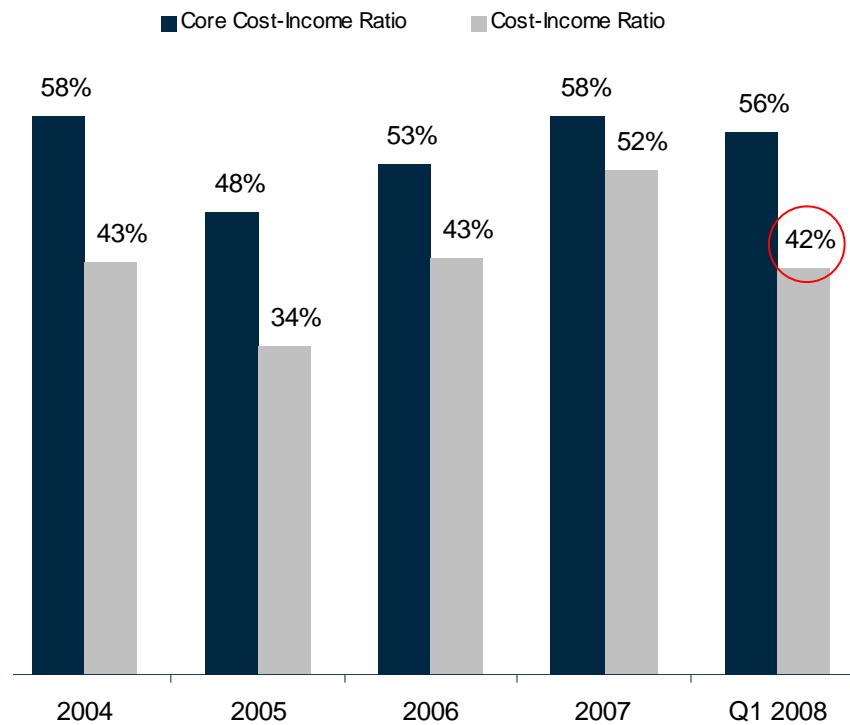
Landsbanki uses Total return swaps (TRS) which are marked to market to manage part of its portfolio of acquisition and leveraged finance participations

Income Statement

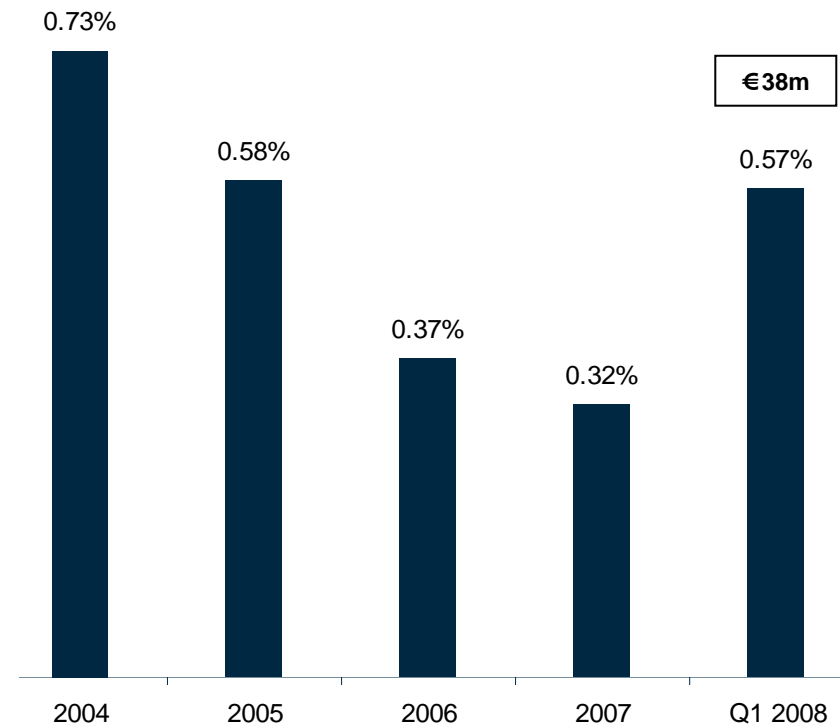
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Cost-income Ratio & Impairment on Loans and Advances

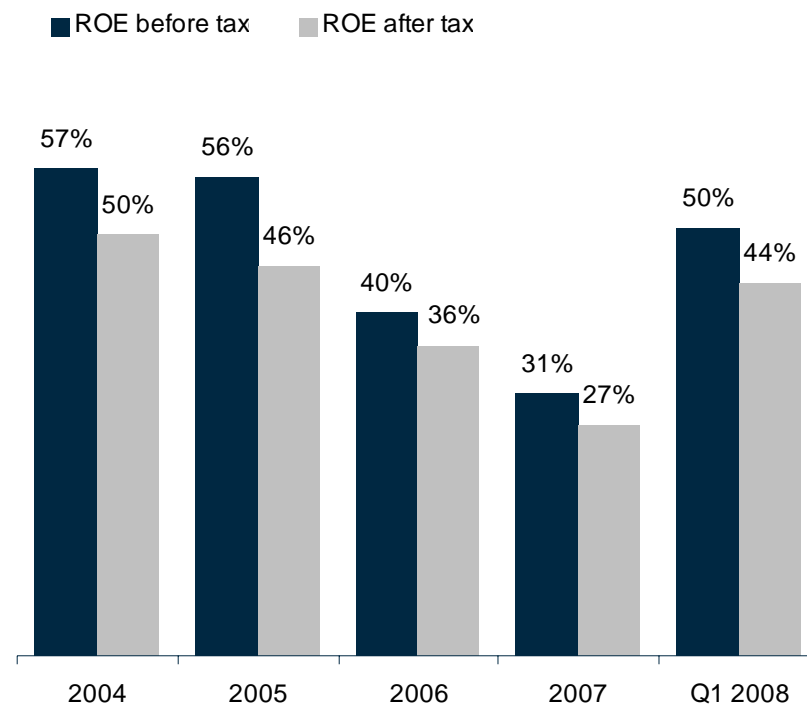
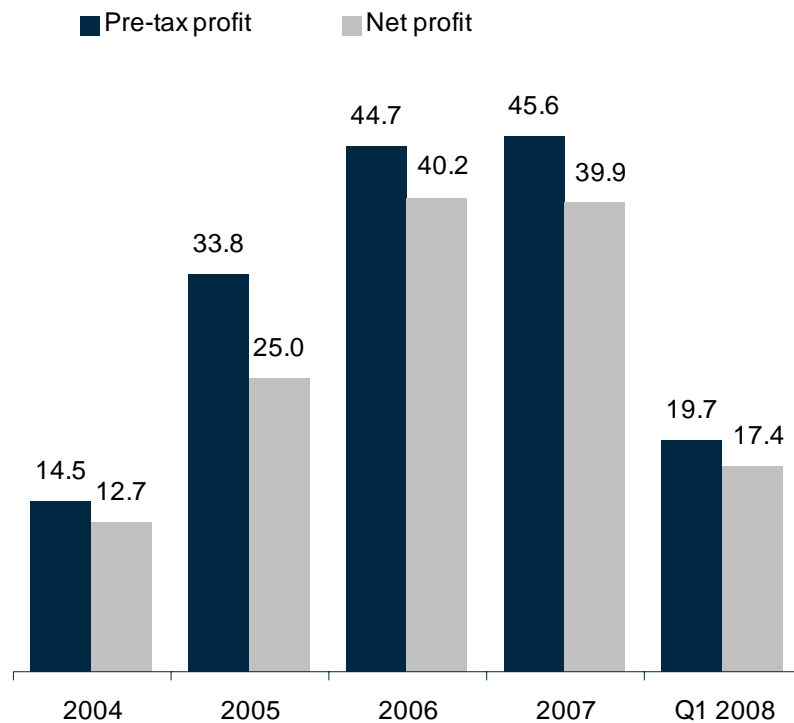
Cost-income ratio



Impairment on loans & advances



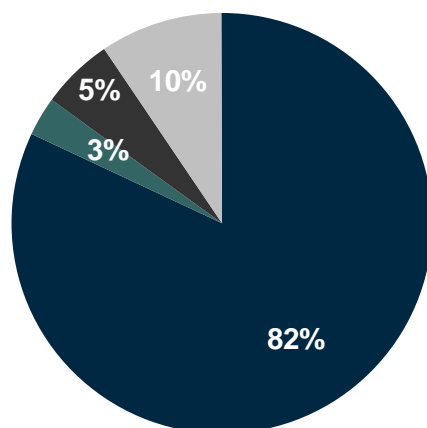
Profit and Return on Equity



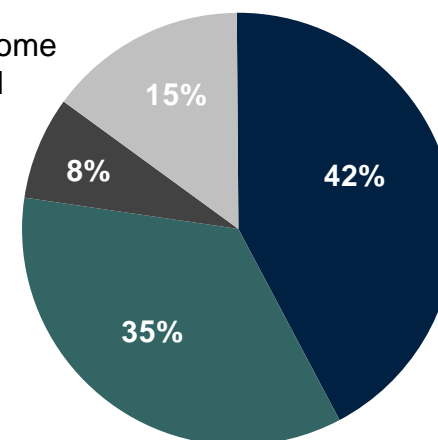
Revenue Breakdown by Country

Q1 2008	Iceland	UK / Ireland	Luxembourg	Nordic and Continental Europe	Total
Net interest income	6,825	5,916	1,450	1,064	15,255
Net fee and commission income	4,242	3,208	621	2,833	10,904
Other operating income	22,396	-7,862	166	-21	14,679
Net operating income	33,463	1,262	2,237	3,875	40,837
	€ 328m	€ 12m	€ 22m	€ 38m	€ 400m
Share in net operating income	82%	3%	5%	9%	100%
Net interest revenues and net fees	42%	35%	8%	15%	100%

Net operating income



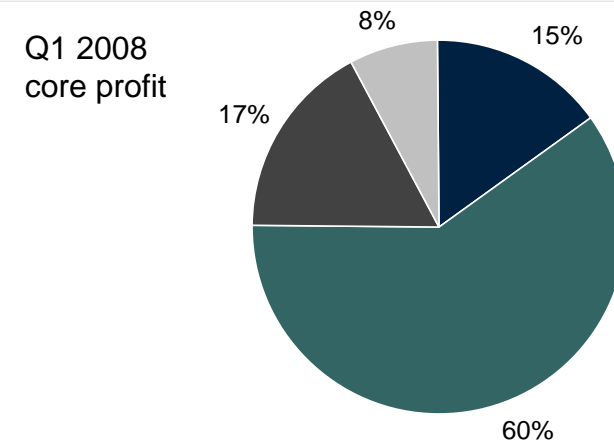
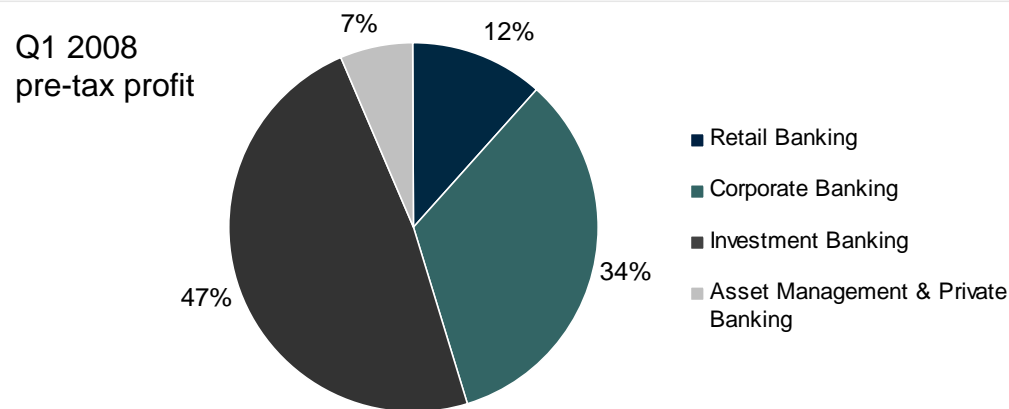
Net interest income and net fee and commission income



■ Iceland
■ UK/Ireland
■ Luxembourg
■ Nordic and Cont. Europe

Breakdown by Business Segment

Q1 2008	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Private Banking	Other	Group
Net interest income	5,040	12,604	-3,831	1,441	0	15,255
Net fee and commission income	759	1,874	6,876	1,396	0	10,904
Other operating income	-35	-2,529	17,119	123	0	14,679
Net operating income	5,764	11,949	20,164	2,960	0	40,837
Operating expenses	2,585	3,008	8,860	1,598	1,182	17,233
Impairment on loans and advances	765	1,879	1,271	0	0	3,915
Net segment result	2,414	7,062	10,034	1,362	-1,182	19,690
	€24m	€69m	€98m	€13m	€-12m	€193m



Core Earnings

Pre-tax
profit
€193m

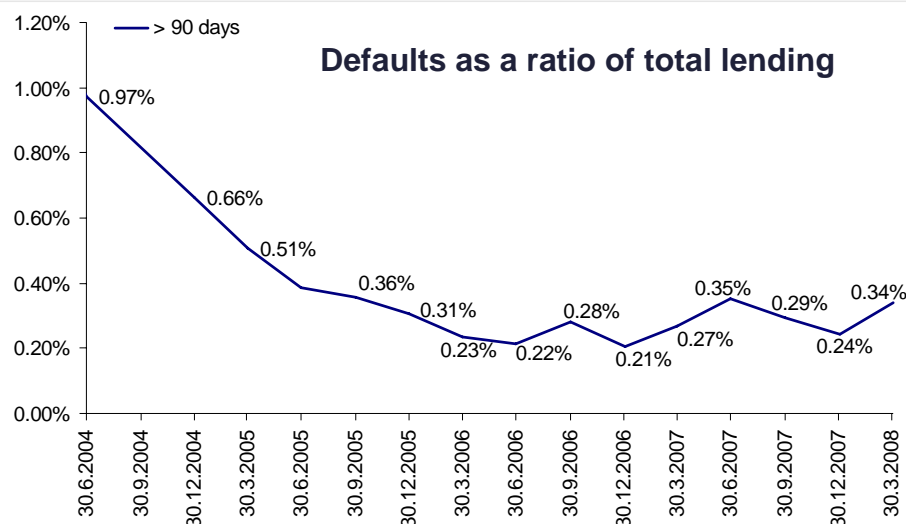
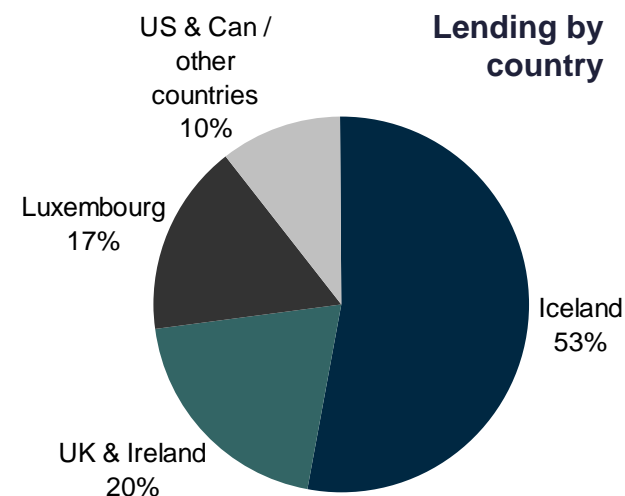
Core
pre-tax
profit
€92m

Core
pre-tax
ROE
22%

Actual results		Q1 2008	2007	2006	2005	2004
Net interest revenues	€ 150m	15,255	54,052	41,491	22,996	14,734
Net commissions and fees	€ 107m	10,904	39,369	28,366	16,726	8,891
Net gain on equity, securities and FX	€ 144m	14,679	16,605	19,568	21,257	9,842
Net operating revenues	€ 400m	40,837	110,025	89,426	60,978	33,467
Operating expenses	€ 169m	17,233	57,515	38,588	20,967	14,460
Impairment on loans and advances	€ 38m	3,915	6,956	6,144	6,197	4,485
Impairment on goodwill	€ 0m	0	0	0	3,033	0
Pre-tax profit	€ 193m	19,690	45,555	44,694	30,781	14,521
Cost-income Ratio	42%	42%	52%	43%	34%	43%
Pre-tax ROE	50%	50%	31%	40%	56%	57%
Adjustments						
Net interest revenues	€ 43m	4,401	5,753	3,640	3,652	1,200
Net gain on equity, securities and FX	€ -144m	-14,679	-16,605	-19,568	-21,257	-9,842
Impairment on goodwill	€ 0m	0	0	0	3,033	0
	€ -101m	-10,278	-10,852	-15,929	-14,572	-8,642
Core Earnings						
Pre-tax profit for core operations	€ 92m	9,412	34,703	28,765	16,210	5,879
Cost-income ratio for core operations	56%	56%	58%	53%	48%	58%
Pre-tax ROE for core operations	22%	22%	24%	26%	30%	23%

Balance Sheet – assets as of 31 Mar 2008

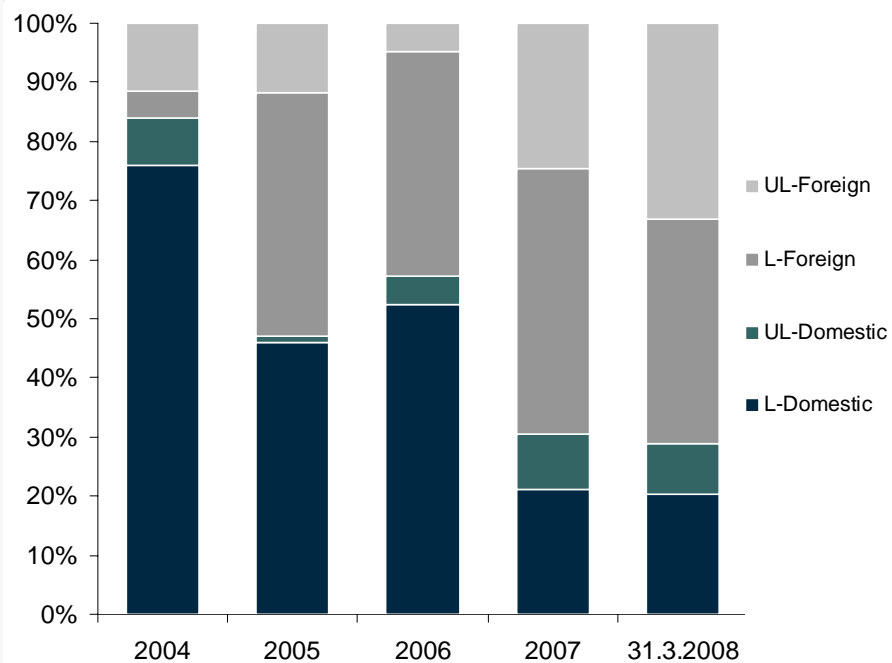
	31 Mar 2008	31 Dec 2007	Change	
Cash and cash balances with Central Bank	104	82	22	
Loans and advances to financial institutions	268	163	105	
Loans and advances to customers	2,488	2,023	465	
Bonds and debt instruments	351	363	-11	
Shares and equity instruments	91	64	27	
Hedged securities	160	176	-16	
Derivatives held for trading	166	50	115	
Derivatives held for hedging	16	9	7	
Intangible assets	38	28	11	
Other assets	154	101	53	
Total assets	3,836	3,058	779	25%
	€32.1bn	€33.4bn	€-1.3bn	-4%



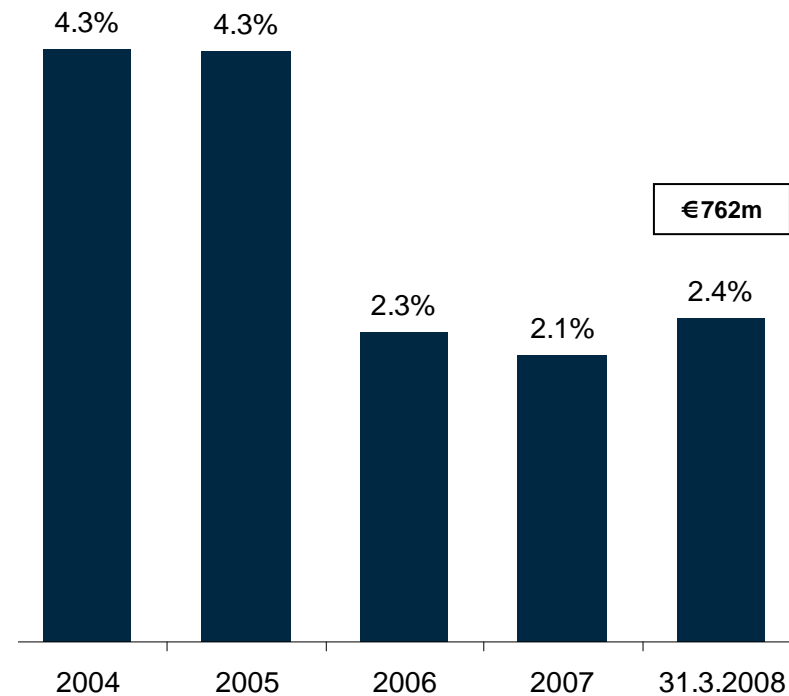
Provision account at 31 Mar 2008	27,510	€ 230m	1.04%
Total paym. overdue 0 days / Loans	26,437	€ 221m	1.06%
Total paym. overdue past 90 days / Loans	8,434	€ 71m	0.34%

Net Equity Position

Shares and equity instruments



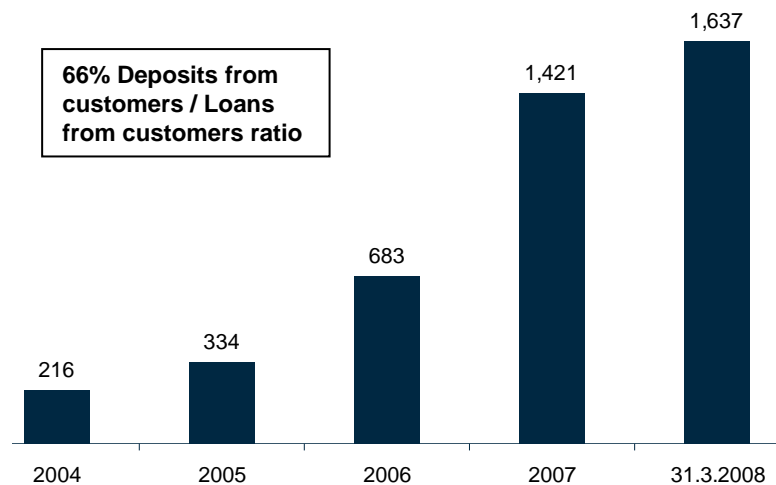
Equity exposure as % balance sheet



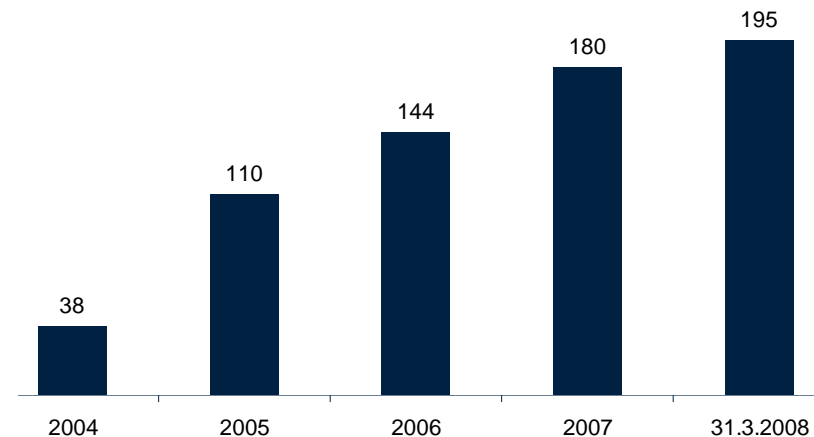
Balance Sheet – liabilities & equity as of 31 Mar 2008

	31 Mar 2008	31 Dec 2007	Change	
Deposits from credit institutions	445	338	107	
Deposits from customers	1,637	1,421	215	
Borrowing	1,142	836	306	
Subordinated loans	146	112	34	
Other liabilities	268	166	102	
Minority interest	3	4	-1	
Shareholder equity	195	180	15	
Total liabilities and equity	3,836	3,058	779	25%
	€32.1bn	€33.4bn	€-1.3bn	-4%

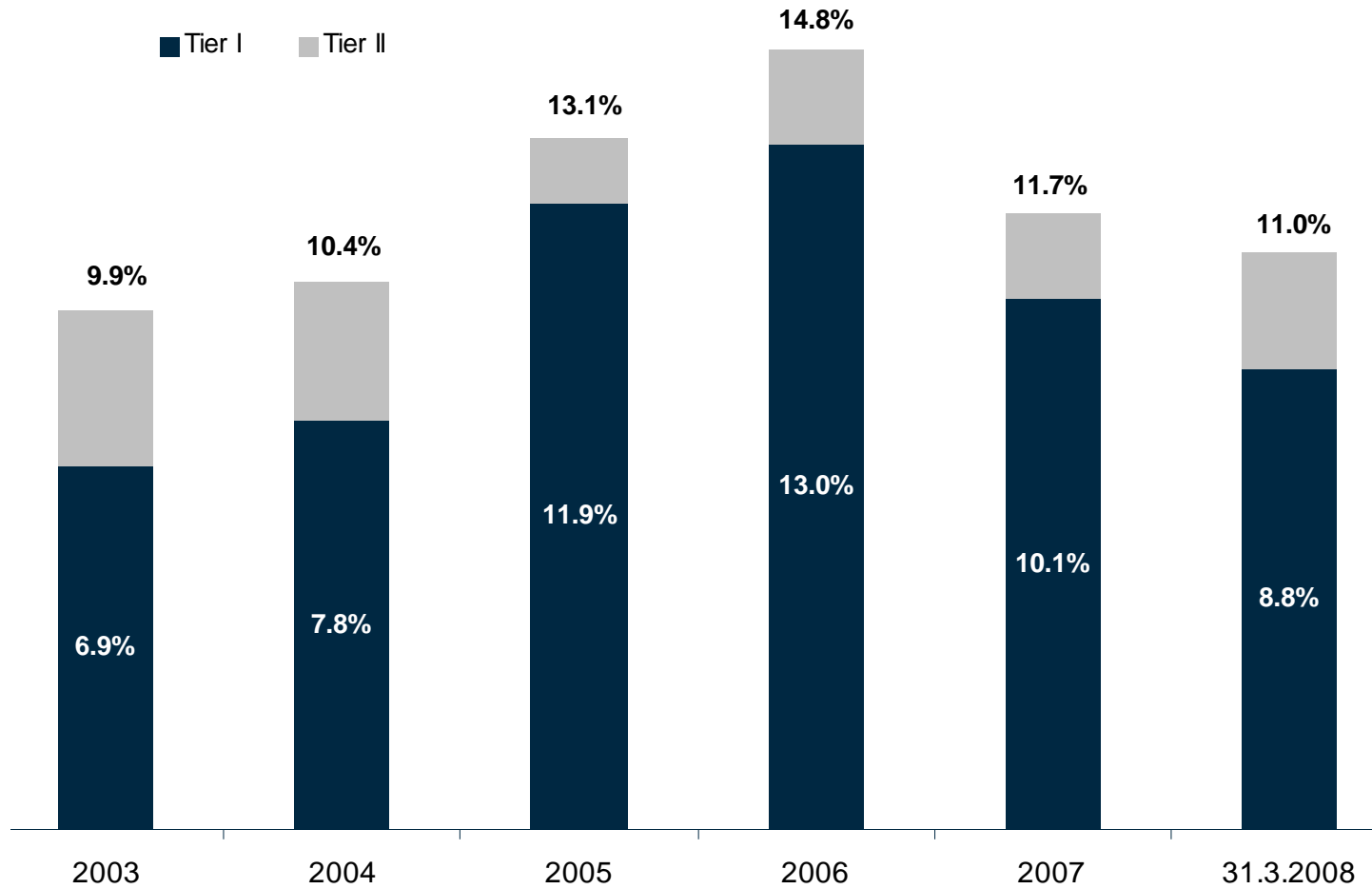
Deposits from customers



Shareholder equity



Equity Ratio (CAD)



Equity Overview



Share price ISK
27.7 (6 May 2008)

Market cap ISK
310bn (EUR 2.6bn)

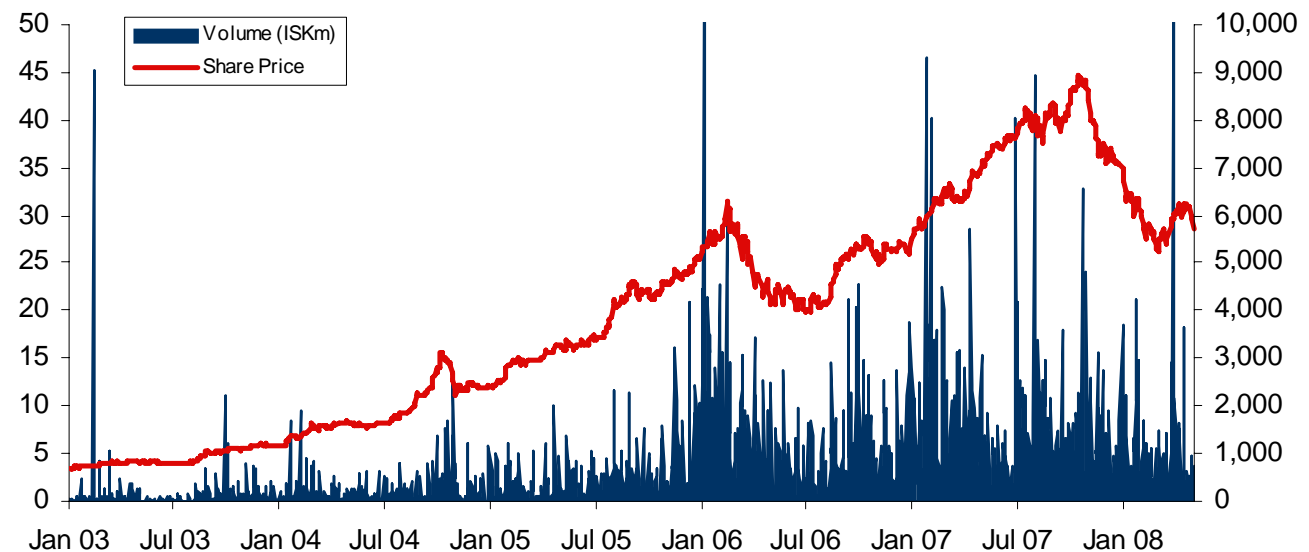
Equity ISK 195 bn
(EUR 1.6bn)

Q1 2008 after-tax
profit ISK 17.4bn
(EUR 171m)

Last 12 month P/E:
 $310/43.6 = 7.11$

P/B: $310/195 = 1.59$

Share price & trading volume



Trading volume 2007:
ISK 361bn (€3.6bn)
(17,070 transactions)

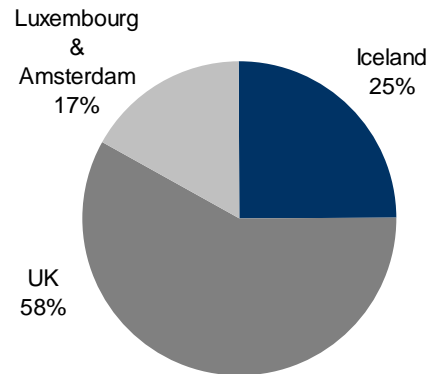
Shareholder structure	%
Samson eignarhaldsfélag	41.9%
Next 100 largest shareholders	48.9%
Approx. 27,200 shareholders	9.2%

Trading volume YtD 2008:
ISK 98.2bn (€0.8bn)
(5,301 transactions)

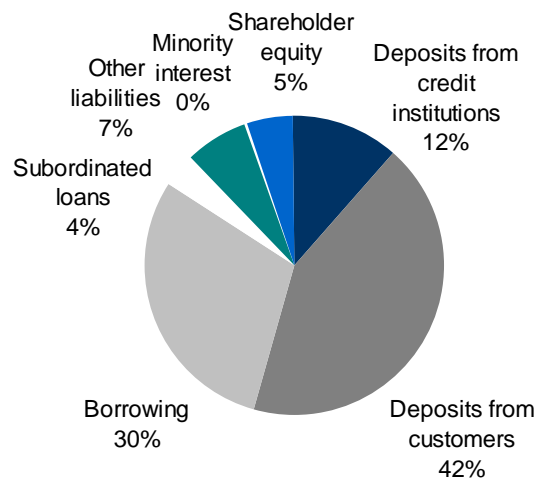
- Solid Q1 2008 results and continued good profitability of core income
- **Diversified funding profile and strong liquidity position**
- Iceland – a flexible and resilient economy

Deposit Growth Transforming the Balance Sheet

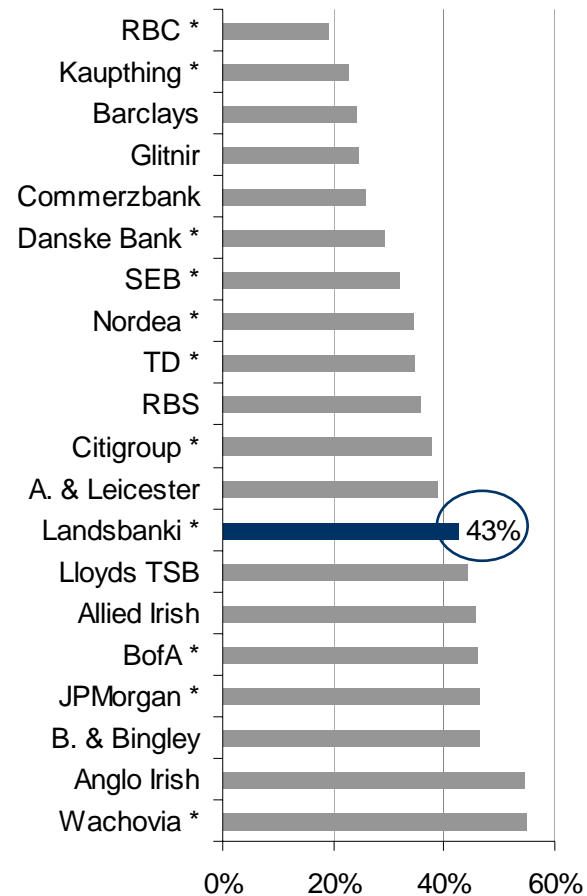
Deposits by country 31 Mar 2008



Liabilities 31 Mar 2008



Deposits / Total Assets



* Data for 1Q08 (otherwise 4Q07)

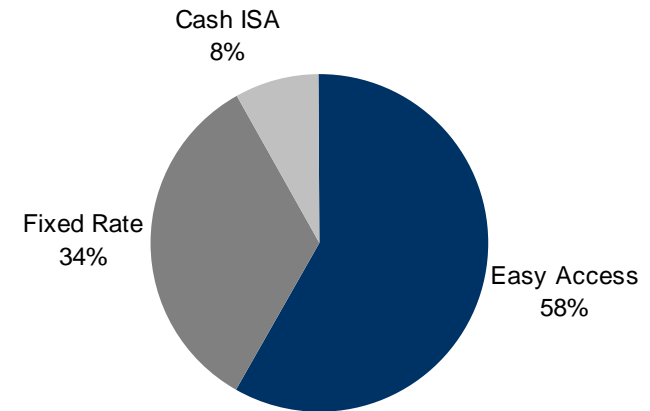
Source: company reports

Ongoing Growth and Diversification of Icesave



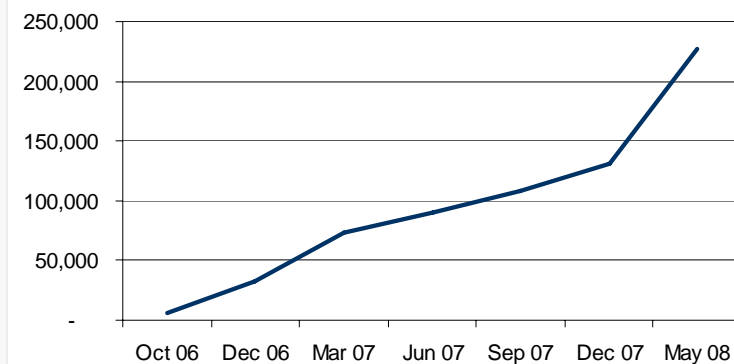
- Emphasis on term deposits with fixed terms of 6M – 3Y
 - Record number of account openings in 1Q2008 – over 220,000 accounts at end March, up from over 130,000 at year-end
 - 34% in term deposits and 8% in cash ISAs
 - New easy access guarantee issued to exceed BOE base rate by at least 0.35% until May 2011
- New behavioural trend in UK savings market with lower amounts spread over more accounts, i.e. reducing balances to within limits protected by FSCS
 - Avg. amount around GBP 20,000, down from around GBP 45,000 in Aug 2007

Development of ICESAVE Deposits



06.05.2008

Icesave account openings 31.03.2008



06.05.2008

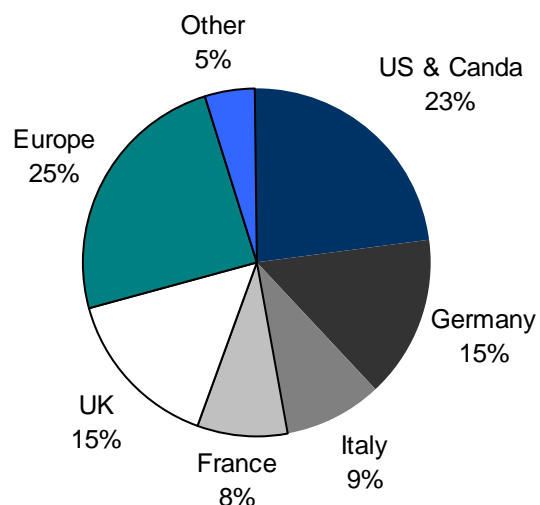
Market Potential for Expanding Icesave Platform

- Further expansion of Icesave in Europe with launch on the continent planned in Q2 2008
- 2-3 more countries to follow in H2 2008

	Population	GDP (PPP, 2007)		Retail deposits	
	million	EURbn	EUR per capita	EURbn	EUR per capita
UK	60.6	1,465	24,081	810	13,366
Germany	82.2	1,926	23,428	1580	19,221
France	64.5	1,403	22,747	980	15,194
Italy	59.5	1,224	20,869	910	15,294
Spain	45.2	926	20,644	640	14,159
Netherlands	16.4	438	26,378	280	17,073
Belgium	10.6	258	24,176	220	20,755
Switzerland	7.6	206	28,189	280	36,842
Austria	8.3	218	26,319	180	21,687
Sweden	9.2	229	25,013	90	9,783
Norway	4.8	170	36,352	90	18,750
Denmark	5.5	140	25,628	120	21,818
Finland	5.3	127	24,181	60	11,321

Strategic Measures to Navigate Current Credit Crunch

Geographic Diversification 31.03.2008

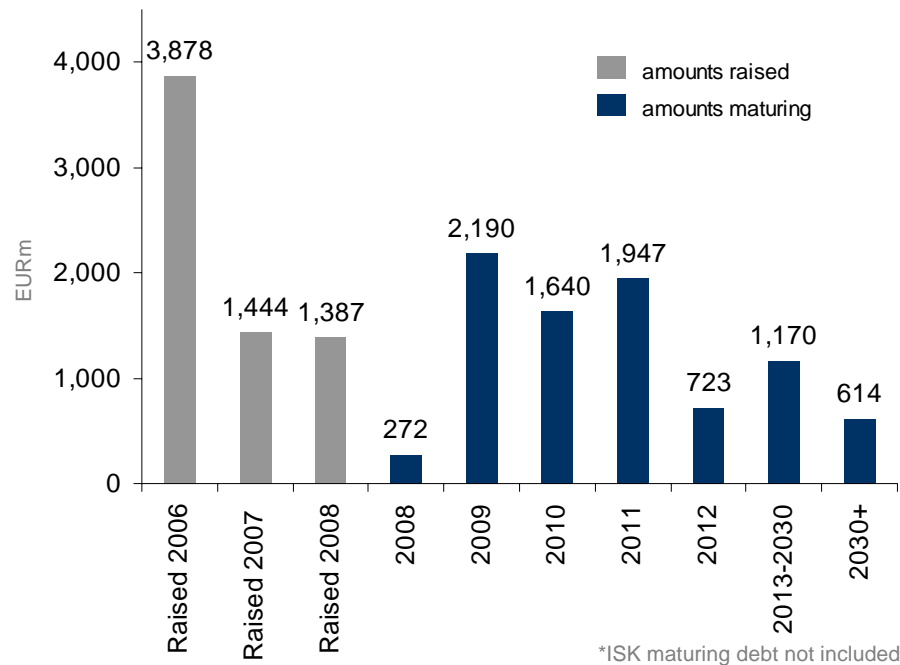


- Several bond private placements concluded year to date
- New issuance to date amounts to EUR 1.4bn
- Pricing at levels inside of 5Y CDS
- Currencies ISK, EUR and USD

- Funding focus in 2008
 - Further diversification of funding profile
 - Strengthening of liquidity position by developing new deposit initiatives
 - Covered bond issuance
 - Continued emphasis on a balanced maturity profile by lengthening the duration of outstanding issues
- Improve cost effectiveness and achieve synergies in operations, with moderate balance sheet activity

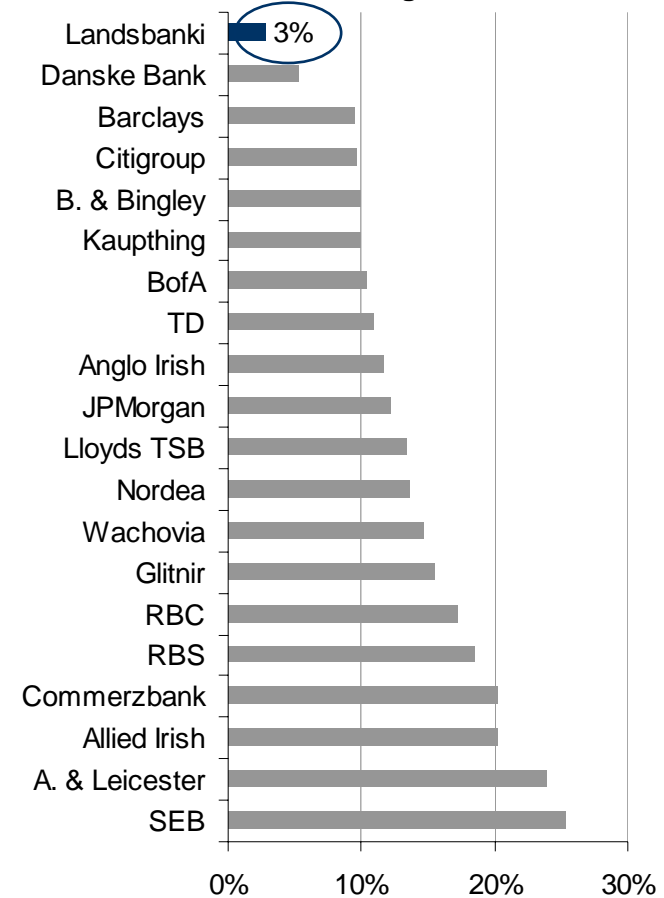
Strong Liquidity Position and Light Repayment Profile

Maturity profile of outstanding long-term debt as of 30 April 2008



- Light repayment schedule with only EUR 749m maturing in 2008
- Only EUR 272m maturing during the remainder of 2008
- Liquid assets EUR 8,277m as of 31 March 2008

Remaining maturing debt 08 / Total outstanding

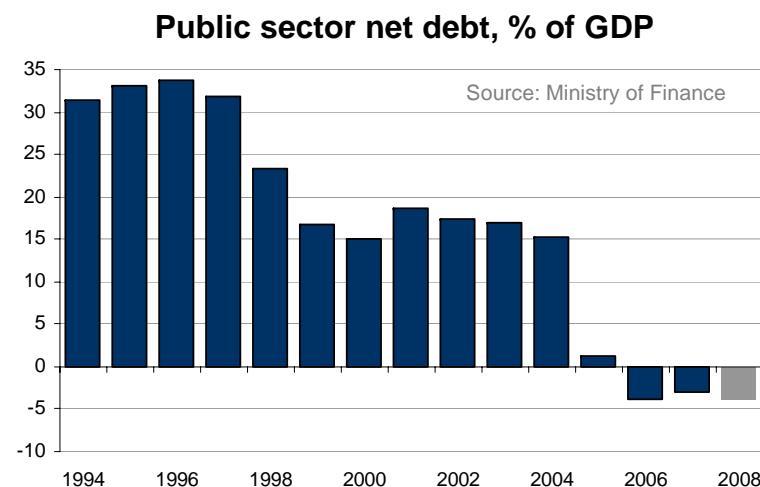
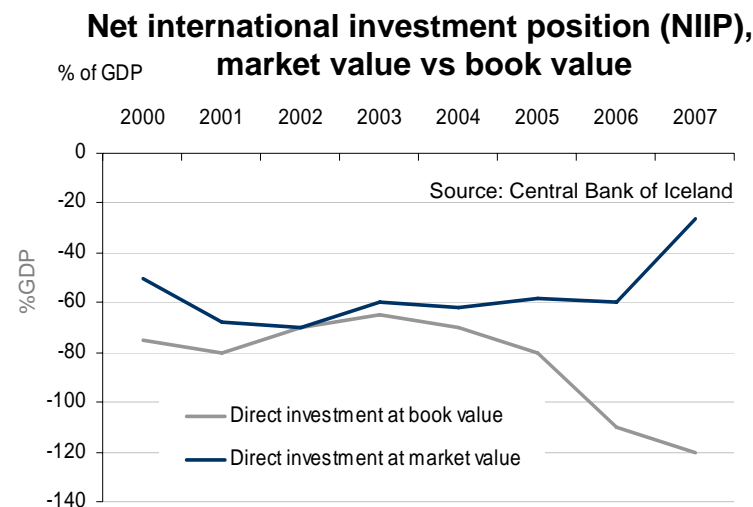


Source: Bloomberg DDIS Function. Syndicated Bank Loan & Debt Distribution

- Solid Q4 2007 results and continued profitability of core income
- Diversified funding profile and strong liquidity position
- Iceland a flexible and resilient economy

Economic Imbalance Less than Previously Indicated

- The Icelandic economy is strongly anchored in food production, energy and high tech
- A reassessment of foreign assets and liabilities, published in CB's most recent *Monetary Bulletin*, supports Landsbanki's contention that Iceland's net foreign debt was overestimated
- The correction, based on the estimated market value of assets, lowers the net international investment position
 - from 120% of GDP
 - to 27% of GDP as of Q3 2007
- The strong treasury position, with no net debt, and the solid pension system act as a brake on the downturn
- It is urgent to increase the Central Bank's financial strength and foreign currency reserves, to ensure the size and scope of the country's institutional structure corresponds to that of its financial sector



Economic Landing will be on the Soft Side

- The sharp ISK depreciation has already caused an inflationary spike which will be difficult to stifle
 - Inflation will subside quickly next year, helped by a moderate real-estate market adjustment
- Experience shows that the adjustment generally occurs rapidly. The ISK exchange rate plays a key role here
- Expanding exports prevent economic contraction, and GDP growth will strengthen once more the following year
- Strong economic fundamentals and resilience in business and industry provide the premises for a successful resolution of short-term difficulties
- It is important not to miss new opportunities for further development of export industries. New initiatives in this sector could mitigate the impact of the economic downturn next year and boost GDP growth in 2010

Inflation 2004-2010



Key Economic indicators 2007-2010

	2007	2008	2009	2010
GDP Growth, 1)	3.8	0.5	-0.7	0.8
Inflation 1)	5.8	8.4	3.1	3.3
Exchange Rate (TWI) 1)	-2.5	14.6	-2.6	3.0
Residential Prices 1)	13.3	-5.4	0.9	2.0
Policy Rate, (year-end)	13.75	14.75	9.00	8.75

1) Per cent change, annual rate

Source: Ministry of Finance and Landsbanki Research

Banks are Well Hedged Against Weaker ISK and Rising Inflation

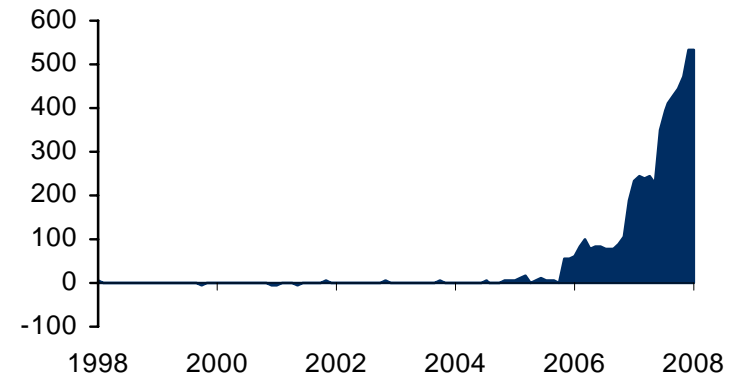
Banking sector

- The Icelandic banks have all taken measures to limit the negative impact of currency depreciation on their CAD ratio
- As the Icelandic banking sector has a large positive indexation balance, the impact of rising inflation has a positive balance sheet effect
- The banks' equity exposures consist predominantly of foreign equities

Effect on customers

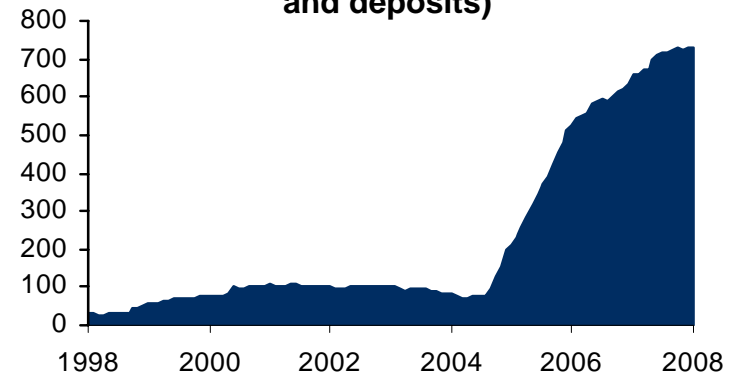
- The banks work actively with their corporate clients to hedge their FX exposures
- Households are partly sheltered against rising inflation as typical mortgages carry fixed real interest rates
- The lending growth of the largest Icelandic banks has mainly been abroad or to domestic corporates with international exposure, reducing the impact of currency depreciation

Banks' net FX position (EUR 5.6bn)



■ FX position, ISK billion Source: CB Iceland, Landsbanki Research

Banks "inflation balance" (EUR 7bn) (loans and deposits)

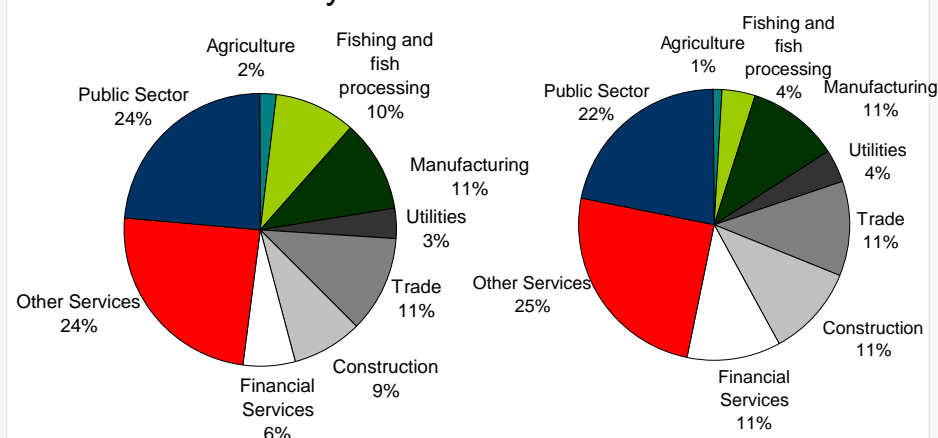


■ Index linked, ISK billion Source: CB Iceland, Landsbanki Research

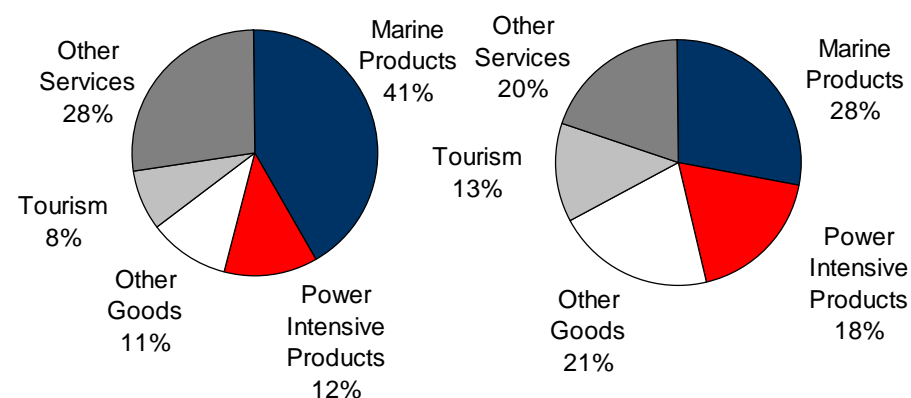
Iceland – a Flexible and Resilient Economy

- Changing composition of GDP and exports reflects increased diversification of the economy, i.e. increase in financial services and energy intensive industry
 - Solid and defensive export base in food and energy sectors, along with expanding tourism
- Abundant unharnessed energy resources, particularly in geothermal energy
 - Strong interest from aluminium sector and other power intensive industries to invest in Iceland with 2 aluminium projects under active preparation (Century in Helguvík, Alcoa in Húsavík)
 - Other energy intensive industries exploring possibilities (silicon, IT server hub)
- Economic downturn and increasing energy prices may increase willingness to exploit available power intensive projects

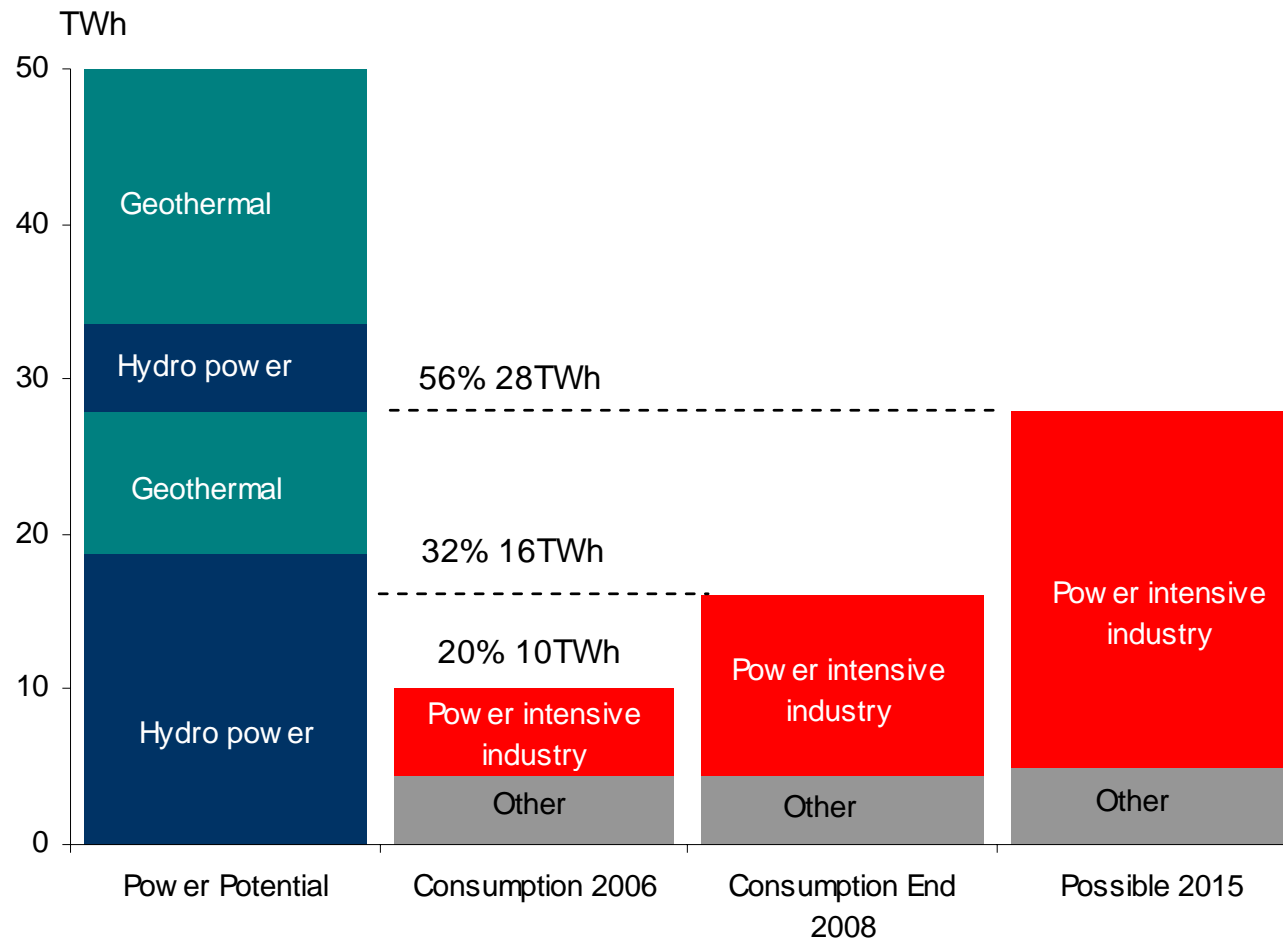
GDP by sector in 2000 and 2007



Export by sector in 2000 and 2007



Renewable Energy Available for Export-Led Growth

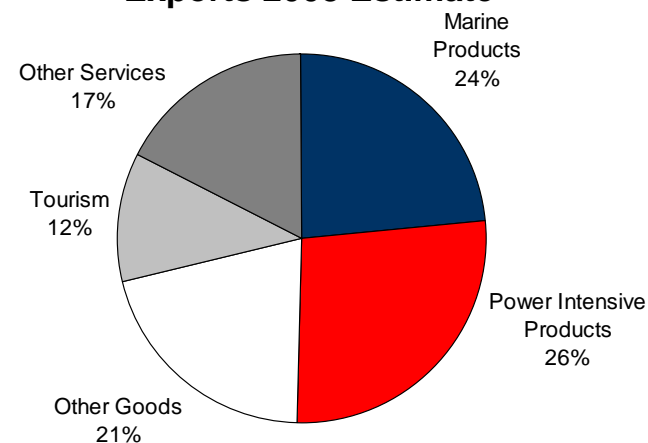


Source: Icelandic Energy Authority

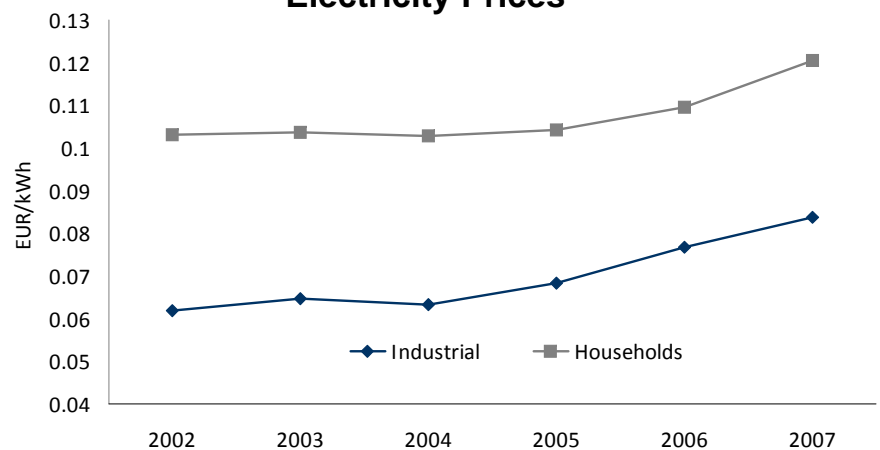
Renewable Energy - Potential Export Growth

- Increased capacity in energy intensive sectors could increase the level of GDP by around 4%, equivalent to around 0.8% additional GDP growth annually for a period of 5 years
- Export growth could increase 42.5% in 7 year period or about 6% per annum
 - assuming doubling of power intensive exports
 - 3.5% annual growth in marine exports
 - 2.5% annual growth in other exports

Exports 2008 Estimate

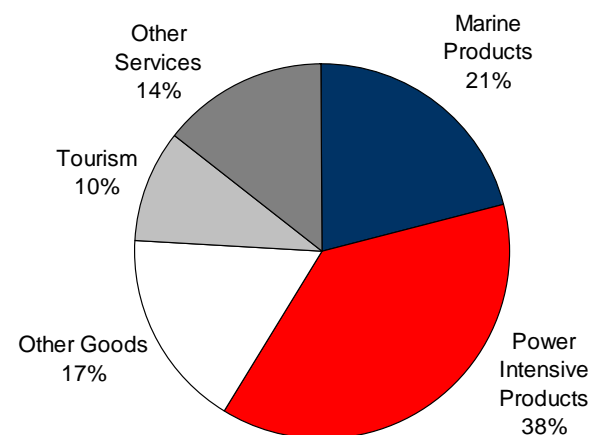


Electricity Prices



Source: Eurostat

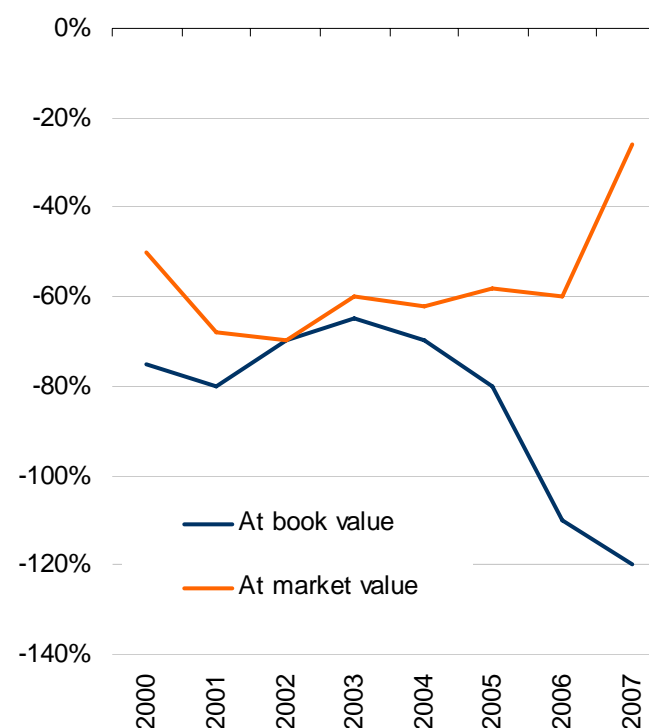
Exports 2015 Projection



Foreign Investment Position

- Rapid asset formation abroad
- Share of investment in assets is larger than in liabilities
- NIIP is accounted for in accordance with IMF and OECD standards at book value
 - These accounting conventions are up for revision
- NIIP investment calculated at market value cuts the net foreign investment position to -27% of GDP from -120% of GDP (end Q3 2007)
 - Central Bank's *Monetary Bulletin* April 2008
- In addition
 - the pension funds' foreign assets (portfolio investment) are recognised at purchase prices
 - large share of foreign ownership of domestic assets is held by holding companies, owned by Icelanders

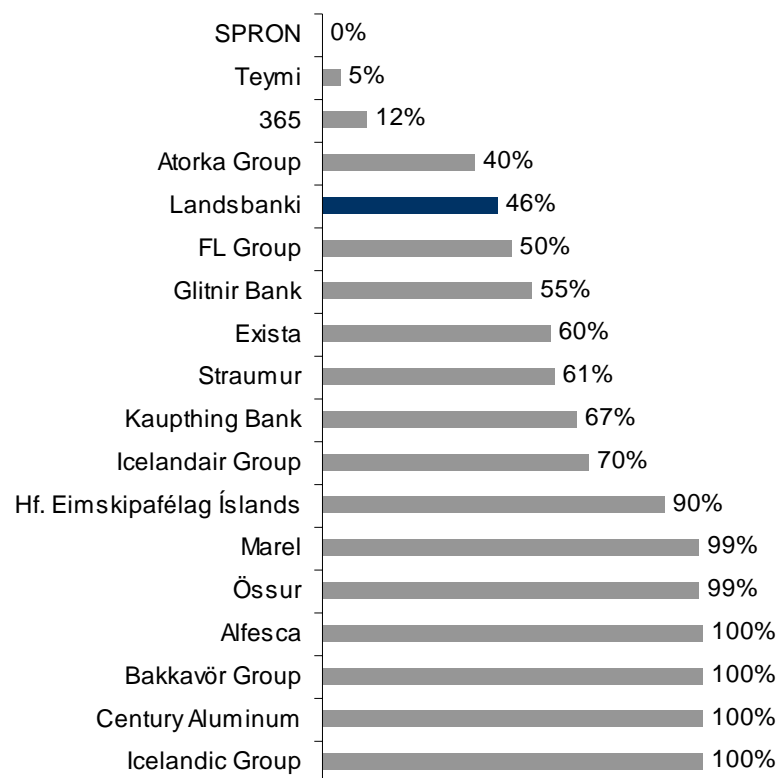
Net international investment position (NIIP)



Source: Central Bank of Iceland

Continued Internationalisation of Icelandic Economy

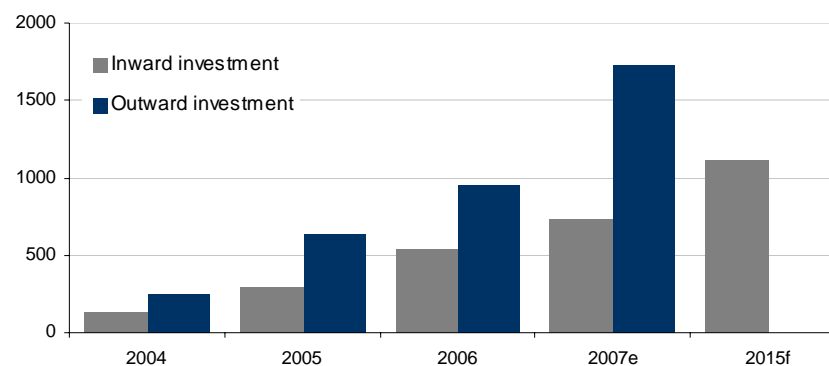
Estimated overseas earnings in 2008 as a ratio of total income of largest OMXI15 corporates



Source: Landsbanki Research

- About 75% of revenues of Nasdaq OMXI15 listed companies is denominated in foreign currencies, 85% excluding the banks
- Continued growth underpinned by strong inward and outward FDI flows
- Strong growth of outward FDI and portfolio equity investment, totalling 370% of GDP at market value at year end 2007

Foreign Direct Investment, ISK bn

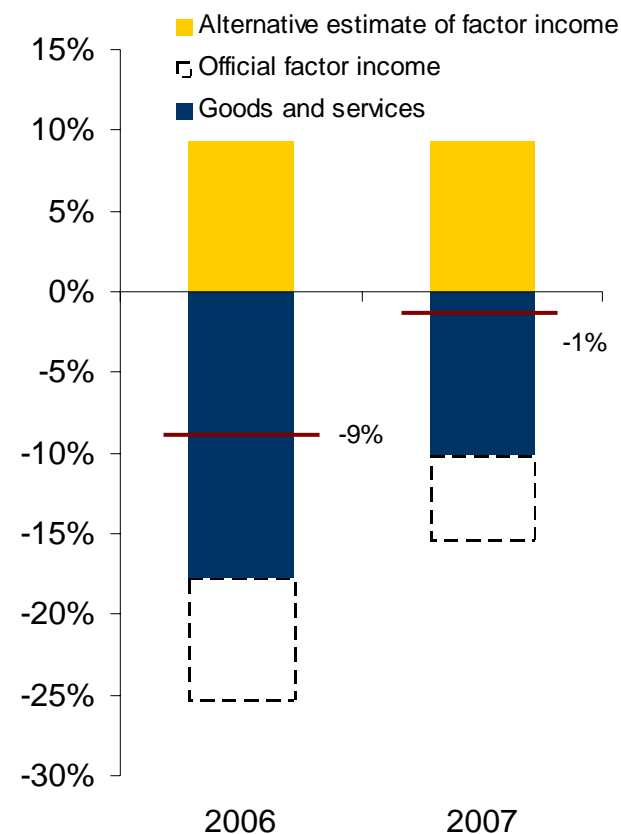


Source: CB Iceland, Landsbanki Research

Balance of Income

- Income from outward FDI lags behind expenditure
 - Interest paid on debt is recognised as it accrues while there can be a considerable lag until the full impact of the resulting income stream is felt
- Factor income is underestimated
 - Income on foreign securities assets is only reported when capital gains are realised. Pension funds, with 5% of GDP invested in foreign equities, are a special problem
- Factor expenditure is overestimated
 - Outflow is recognised for profits of Icelandic companies owned by “foreign” parties, despite the fact that these are often holding companies of Icelanders which are registered abroad
- Overall the alternative estimate of factor income implies a CA deficit of around 9% in 2006 and 1% in 2007, compared with the official figure of 25% deficit in 2006 and 15% in 2007

Balance of income 2006 and 2007
Alternative estimate, % of GDP



Source: Central Bank, Landsbanki Research

Well positioned for challenging times

1. Solid 1Q 2008 results in turbulent times
2. Strong liquidity and equity position and light repayment profile maturing in 2008
3. Sound asset quality with no exposure to US subprime, structured credit exposure or Monolines
4. Anchored in a flexible and resilient economy

Key goals in 2008 to demonstrate financial health and strengthen fundamentals

1. Producing solid results based on strong fundamentals, with diversified income streams and continued profitability of core revenue
 1. Long on inflation
 2. Long on foreign currency
2. Further diversification of funding profile
 1. Strengthening of liquidity position by developing new deposit initiatives
 2. Ongoing focus on Icesave retail deposits in selected European markets
 3. Covered bonds issuance
3. Seeking cost efficiency and taking advantage of potential synergies through continued consolidation and integration of operational platform
4. Pursuing moderate growth with reduced balance sheet activities



Landsbanki