

Alþingi
Fjárlaganefnd
Oddný G. Harðardóttir formaður
150 Reykjavík

Efni: Umfjöllun um málefni er tengjast tilteknum innstæðukröfum á hendur Landsbanka Íslands hf. („Icesave reikningar“) og meðferð þeirra.

Vísað er til bréfs yðar dags. 20. desember sl. þar sem óskað var eftir skýrslu Landsbanka Íslands hf. – í slitameðferð (hér eftir „LBI“) um framangreint málefni. Í bréfi yðar er tilgreint í fimm staflðum hvert umfjöllunarefni skýrslunnar skuli meðal annars vera en að því slepptu er beiðnin túlkuð á þann hátt að óskað sé almennra upplýsinga um stöðu mála er varða téðar innstæðukröfur. Bréfi þessu er ætlað að svara beiðni yðar og veita þær upplýsingar sem ætla má að óskað sé eftir.

Sérstök athygli er vakin á því að um réttindi og skyldur slitastjórnar og skilanefndar fer í meginatriðum eftir þeim ákvæðum sem gilda um skiptastjóra í þrotabúum samkvæmt ákvæðum laga nr. 21/1991 um gjaldprotaskipti o.fl. (hér eftir „GPL“). Um aðgang að gögnum bús gildir meðal annars 2. mgr. 80. gr. laganna en hér ber einnig að hafa í huga ákvæði 58. – 60. gr. laga um fjármálafyrirtæki nr. 161/2002 með síðari breytingum (hér eftir „FFL“) um hina svokölluðu bankaleynd.

Almennt

Slitameðferð LBI er umfangsmikið og tímafrekt verkefni þar sem reyna mun á ýmis flókin úrlausnarefni, ekki síst um gildi og rétthæð tiltekinna krafna á hendur bankanum. Um það bil 12 þúsund kröfum var lýst innan kröfulýsingarfrests sem lauk þann 30. október 2009. Heildarfjárhæð krafna, miðað við nýjustu uppfærslu á kröfuskrá, er tæplega 6.125 milljarðar króna miðað við gengi íslenskrar krónu þann 22. apríl 2009. Sá dagur hefur gildi úrskurðardags í skilningi 3. mgr. 99. gr. GPL, sbr. 2. tölulíður ákvæðis V. til bráðabirgða í FFL.

Þegar hefur verið tekin afstaða til langflestra þeirra krafna sem lýst var með forgangi skv. 109. – 112. gr. GPL. Þar af hafa verið samþykktar sem forgangskröfur skv. 112. gr. laganna innstæður er nema um það bil 1.287 milljörðum króna. Meginhluti þeirra fjárhæðar er vegna Icesave innlánsreikninga eða um það bil 1.106 milljarðar króna. Svokölluð heildsöluinnlán stofnana, fyrirtækja og sveitarfélaga í Hollandi og Bretlandi nema um það bil 144 milljörðum króna. Ógetið

er skuldbindinga í formi svokallaðra peningamarkaðssinnlána fjármálafyrirtækja hjá LBI sem nema um það bil 3,6 milljörðum króna og launakröfur sem eru um það bil 900 milljónir.

Að lokum ber að benda á að ennþá eru til skoðunar forgangskröfur vegna þeirra bundnu lcesave innlána í Bretlandi sem ekki höfðu verið greidd út af breska innstæðutryggingarsjóðnum þegar kröfulýsingarfrestur rann út. Áætlað er að fjárhæð þessara bundnu innlána sé um það bil 32 milljarðar króna og ef þau verða samþykkt sem forgangskröfur er líklegt að heildar fjárhæð samþykkttra forgangskrafna verði um 1.320 milljarðar króna þegar upp er staðið, að því gefnu að dómstólar viðurkenni forganginn og staðfesti afstöðu slitastjórnar LBI. Tekið skal fram að sú fjárhæð miðast við að fallist verði á niðurstöðu slitastjórnar um að reikna skuli samningsvexti til 22. apríl 2009 en ekki vanskilavexti eins og krafist er.

Hafa þarf í huga að allar innstæðukröfur, og raunar allar forgangskröfur sem afstaða hefur verið tekin til, eru umdeildar. Í því felst að kröfuhafar eða hópar kröfuhafa hafa mótmælt afstöðu slitastjórnar LBI til viðurkenningar krafna með þeim hætti sem greinir í 120. gr. GPL. Þar er að líkindum mest um vert að þeim forgangsrétti sem innstæðum var veittur með lögum nr. 125/2008 er mótmælt. Framundan er rekstur fjölda dómsmála fyrir íslenskum dómstólum í samræmi við 171. gr. sömu laga. Það mun ráðast af niðurstöðu dómstóla hver endanleg fjárhæð forgangskrafna verður og eins hvort innlánskröfur njóta forgangs almennt eða hvort einhverjar af þeim tegundum innlána sem að framan greinir teljast ekki njóta forgangs.

Af hálfu LBI hefur verið reynt að haga vinnu við rekstur ágreiningsmála með þeim hætti að fá niðurstöðu dómstóla um helstu grundvallaratriði sem reynir á um forgangskröfur við slítameðferðina sem fyrst. Þar eru efst á baugi framangreind ágreiningsefni um forgangsrétt innlána enda leiðir af þeim fjárhæðum sem um er að tefla í þeim flokki að niðurstaðan um þau mun hafa veruleg áhrif á stöðu kröfuhafa bankans almennt. Rekstur dómsmála um þetta atriði er vel á veg kominn fyrir Héraðsdómi Reykjavíkur og eru áætlanir um að málflutningur hefjist um miðjan febrúar næstkomandi.

Fyrst í röðinni eru sjö ágreiningsmál sem valin voru þar sem reynir á öll helstu sjónarmið varðandi forgangsrétt heildsöluinnlána frá bæði Bretlandi og Hollandi. Vænta má að tvö ágreiningsmál um lcesave reikningana þar sem reynir á forgangsrétt bresku og hollensku innstæðutryggingasjóðanna verði flutt í mars en ákvarðanir um tímasetningar liggja ekki fyrir. Tvö síðastgreindu málin eru þau veigamestu í þessum hópi enda er þar saman kominn bróðurpartur allra þeirra fjárhæða sem tengjast umræddum lcesave reikningum.

Það er ekki á hendi LBI að ákveða með hvaða hraða dómsmál eru rekin en gangi framangreindar áætlanir eftir er ekki útilokað að niðurstaða Hæstaréttar um veigamestu ágreiningsefnin liggi fyrir í júní á þessu ári¹. Vitaskuld er ekkert hægt að fullyrða um þetta og áréttað að ýmsir óvissuþættir eru enn til staðar sem geta breytt þessum áætlunum og tafið úrlausn dómstóla um lengri eða skemmri tíma.

¹ Ekki er gert ráð fyrir öðru en að þessum málum verði skotið til Hæstaréttar sama hver niðurstaða Héraðsdóms Reykjavíkur verður.

Fyrirætlanir um útgreiðslur

Um greiðslur úr slítabúi LBI gildir einkum ákvæði 6. mgr. 102. gr. FFL sem er að mörgu leyti byggt á sambærilegum sjónarmiðum og gilda um úthlutun úr þrotabúi eftir ákvæðum GPL, m.a. um áhrif réttindaraðar krafna á úthlutun og þá grundvallarreglu að jafnræðis sé gætt milli kröfuhafa í hvívetna að öðru leyti.

Slitastjórn er samkvæmt þessu heimilt, að uppfylltum ákveðnum skilyrðum, að úthluta upp í viðurkenndar kröfur meðan á slitameðferðinni stendur. Til úthlutunar stendur þá mestur hluti þeirrar peningaeignar sem fallið hefur til við slitameðferðina og er til reiðu fyrir kröfuhafa. Rétt er að taka fram að krafa er *viðurkennd* í þessum skilningi að því marki sem hún hefur verið samþykkt af slitastjórn og að því gefnu að það samþykki sæti ekki andmælum af hálfu einhvers eða einhverra kröfuhafa. Eins og að framan greinir eru allar forgangskröfur á hendur LBI umþrættar. Þegar svo háttar til teljast kröfur fyrst *viðurkenndar* eftir að endanlegar dómur hefur gengið um þær í dómsmáli sem rekið er skv. 171. gr. GPL, þ.e. niðurstaða héraðsdóms sem ekki er kærð til Hæstaréttar en ella niðurstaða Hæstaréttar.

Framangreint skilyrði um að krafa sé *viðurkennd* með þessum hætti er óhjákvæmilegt enda ekki hægt að úthluta fjármunum til aðila sem kveðst vera kröfuhafi fyrr en endanleg niðurstaða liggur fyrir um það hvort svo sé og hver sé þá réttur kröfuhafans í raun. Þangað til í ljós kemur hver afdrif innlánskrafna verða fyrir dómstólum hér er unnið að undirbúningi úthlutunar svo hægt verði að bregðast við með tiltölulega skömmum fyrirvara eftir að niðurstöður dómstóla liggja fyrir.

Það er ekki endanlega ljóst hversu miklir fjármunir verða til reiðu til úthlutunar en gangi framangreindar fyrirætlanir eftir má ætla að sú fjárhæð muni nema jafnvirði um það bil 350 til 400 milljarða króna um miðbik þessa árs. Laust fé hefur skilað sér hraðar en áætlanir gerðu ráð fyrir og haldi sú þróun áfram kann þessi fjárhæð að hækka þó ekki sé hægt að fullyrða um það á þessu stigi. Á meðan slitameðferð LBI stendur er gert ráð að úthlutað verði upp í kröfur reglulega eftir því sem fjármunir falla til og verða til reiðu.

Þess má geta að ekki er ráðgert að úthluta öðrum íslenskum krónum en þeim sem fyrir hendi eru og sem búið mun innheimta af eignum bankans. Þá munu þær erlendu myntir sem fyrir hendi eru og sem innheimtast munu af eignum bankans jafnframt standa til úthlutunar hjá LBI og koma í hlut þeirra kröfuhafa sem úthlutað mun til lögum samkvæmt.

Gengismat

Af hálfu LBI eru gefnar út fjárhagsupplýsingar fjórum sinnum á ári sem miðast við stöðu bankans við lok hvers ársfjórðungs. Nýjustu upplýsingar af þessum toga eru vegna þriðja ársfjórðungs 2010 sem voru kynntar á kröfuhafafundi þann 1. desember síðastliðinn (sjá hjálagt fylgiskjal). Reikningar bankans eru í íslenskum krónum og sama gildir um ársfjórðungslegar fjárhagsupplýsingar. Þær eru þá gefnar út í íslenskum krónum miðað við gengi lokadags viðkomandi ársfjórðungs. Sem dæmi eru fjárhagsupplýsingar þriðja ársfjórðungs 2010 miðaðar við gengi íslenskrar krónu þann 30. september 2010. Á hinn bóginn eru eignir bankans að miklu leyti í erlendum myntum. Það þýðir

að verðmæti eigna bankans, eins og það birtist í ársfjórðungslegum fjárhagsupplýsingum sem settar eru fram í íslenskum krónum, kann að breytast frá einum tíma til annars eftir gengisþróun.

Til að sýna raunbreytingu á mati á verðmæti eigna án tillits til gengisáhrifa íslensku krónunnar er jafnframt að finna í fjárhagsupplýsingum bankans mat á verðmæti eigna hans miðað við gengi krónu þann 22. apríl 2009². Sú dagsetning er hin sama og fjárhæð skuldbindinga bankans í íslenskum krónum er miðuð við og með þessu er sýnt áætlað verðmæti eigna eftir sömu gengisviðmiðun og skuldbindingar bankans.

Við blasir að margvísleg álitaefni um áhrif gengisþróunar á úthlutun við slitameðferð fjármálafyrirtækis samkvæmt 6. mgr. 102. gr. FFL eru ný af nálinni í íslenskri réttarsögu og engum fordæmum til að dreifa. Hér er því nauðsynlegt að túlka gildandi lagaheimildir og beita þeim í samræmi við þær grundvallarreglur sem gilda þurfa um alþjóðlega viðurkennda slitameðferð fjármálafyrirtækis.

Það viðhorf hefur komið fram á fyrri stigum að við úthlutun hverju sinni muni miðað við gengi íslenskrar krónu eins og það er þá gagnvart þeim gjaldmiðlum sem úthlutað er í það skipti. Hefur þetta verið kynnt fyrir kröfuhöfum bankans sem líkleg aðferðafræði en rétt er að undirstrika að önnur sjónarmið hafa komið fram á síðari stigum sem munu koma til skoðunar³. Einnig er rétt að undirstrika að endanleg ákvörðun um aðferðafræði að þessu leyti liggur ekki fyrir og mun ekki liggja fyrir fyrr en við fyrstu úthlutun.

Til þess getur komið, óháð því hver ákvörðunin verður í raun, að einhverjir kröfuhafar LBI láti reyna á réttmæti úthlutunarinnar fyrir dómstólum eftir reglum GPL. Þangað til endanleg niðurstaða dómstóla liggur fyrir verður því að telja ákveðna óvissu fyrir hendi um þetta atriði.

Innheimtur og sala eigna

Áætlað virði eignasafns bankans samanstendur í stórum dráttum af reiðufé, útlánasöfnum, kröfum á hendur NBI hf., erlendum óskráðum verðbréfum og kröfum á hendur fjármálafyrirtækjum.

Virði eigna bankans vegna uppgjörssamnings hans við fjármálaráðuneytið og NBI samanstendur af hlutabréfum í NBI, skuldabréfi útgefnu af NBI og skilyrtu skuldabréfi útgefnu, ef til kemur, af NBI. Hvað innheimtu skuldabréfsins varðar þá er það í hefðbundnu innheimtuferli í samræmi við skilmála þess. NBI greiddi fyrst vexti af skuldabréfinu þann 12. október sl. er uppgjörssamningurinn kláraðist endanlega. Fyrstu 5 ár líftíma bréfsins ber NBI að greiða bankanum vexti en höfuðstól og vexti næstu 5 árin þar á eftir.

Hvað útlánasöfnin varðar hefur bankinn fylgt þeirri meginstefnu að útlán eru ekki seld nema gegn fullu endurgjaldi („par value“), að öðrum kosti eru þau innheimt út líftíma þeirra („hold to maturity“). Þar sem margir viðskiptamenn bankans hafa átt við greiðsluerfiðleika að stríða og í

² Sjá nánar bls. 4 í hjálögðum fjárhagsupplýsingum.

³ Í þessu sambandi má benda á að það sjónarmið sem fram hefur komið að nota beri sama gengi og notað var við umreikning krafna á hendur bankanum, þ.e. gengi íslenskrar krónu þann 22. apríl 2009.

samræmi við þá grundvallarreglu að leitast ætíð við að ná fram hámarksendurheimtum hefur bankinn lagt mikla vinnu í að stýra og taka þátt í endurskipulagningarferli vegna skuldbindinga viðkomandi viðskiptamanna. Slík vinna við endurskipulagningu, ásamt hefðbundnu innheimtuferli vegna útlána, er grunnurinn að þeirri starfsemi sem fram fer innan bankans vegna þessara eigna.

Erlend óskráð verðbréfaeign bankans eru aðallega hlutabréf bankans í þekktum breskum verslunarkerðjum og skuldabréf. Þar er langverðmætasta eignin nú tæplega 67% eignarhlutur bankans í matvöruheðjunni Iceland Foods, en þessi eignarhlutur jókst rétt fyrir áramót er bankinn yfirtók hlutabréf í félaginu sem veðsett voru fyrir útlánum. Að auki á bankinn tæplega 64% hlut í eignarhaldsfélagi leikfangaverslunarkerðjunnar Hamley's, rúmlega 66% eignarhlut í eignarhaldsfélagi skartgripaverslanakerðjanna Goldsmiths og Mappin&Webb (Aurum) og tæplega 35% hlut í verslunarkerðjunni House of Fraiser. Við sölu þessara eigna mun bankinn sem fyrr leitast við að hámarka söluverðmæti þeirra kröfuhöfum bankans til hagsbóta.

Kröfur bankans á hendur fjármála fyrirtækjum samanstanda fyrst og fremst af kröfum á hendur fyrrum dótturfélögum bankans sem nú eru í slitameðferð. Þar er langstærst krafa bankans á hendur þrotabúi Landsbankans í Luxemburg („LI Lux“). Í náninni og góðri samvinnu með Seðlabanka Íslands og Seðlabankanum í Luxemburg („BCL“) náðist samkomulag við skiptastjóra LI Lux um meðferð eigna búans sem bankinn hefur nú beina aðkomu að. Samkomulagið, sem náðist í júlí síðastliðnum, hækkaði verulega áætlað verðmæti kröfu bankans á hendur LI Lux og verðmæti óskráðra skuldabréfa sem áður eru nefnd.

Í meðfylgjandi fjárhagsupplýsingum, sem sýna sundurliðað áætlaðar endurheimtur miðað við lok september 2010, kemur fram að tölur um áætlaðar endurheimtur eru að hækka og einnig hefur sú jákvæða þróun orðið að greiðslur berast fyrr en áætlanir gerðu ráð fyrir.

Þess má geta að LBI hefur nýverið, og í samræmi við stefnu bankans, óskað öðru sinni eftir úttekt utanaðkomandi sérfræðinga á matsaðferðum við verðmat á eignum bankans og raunverulegum endurheimtum m.t.t. mats bankans. Sambærileg úttekt var gerð í byrjun árs 2009 og staðfesti hún að matsaðferðir innan bankans gæfu góða mynd af eignasafninu. Vonir standa til að hin nýja úttekt liggi fyrir síðar í þessum ársfjórðungi. Rétt er að geta þess einnig að fulltrúar kröfuhafa bankans hafa, eðli máls samkvæmt, vakandi auga fyrir eignasafninu og sterkar skoðanir á því hvaða aðferðum er beitt við matið.

Hjálgð er kynning þar sem nánari grein er gerð fyrir stefnu bankans hvað varðar sölu og ráðstöfun eigna.

Eign í nýja bankanum – NBI hf.

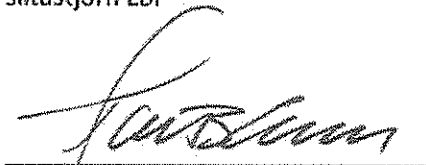
Eins og áður segir samanstendur virði eigna bankans sem til komu vegna uppgjörssamnings við fjármálaráðuneytið og NBI af hlutabréfum í NBI, skuldabréfi útgefnu af NBI og skilyrtu skuldabréfi útgefnu, ef til kemur, af NBI. Skuldabréfið, sem er gengistryggt, var upphaflega að fjárhæð 260 milljarðar króna, hlutabréfin upphaflega 28 milljarðar króna og skilyrta skuldabréfið 0 kr. Fjárhæð skilyrta skuldabréfsins ræðst af hækkun verðmætis tiltekins eignasafns í eigu NBI til 31. desember

2012. Hækkun skilyrta skuldabréfsins leiðir til samhliða línulegrar lækkunar hlutabréfaeignar bankans í NBI þannig að ef markmiðum um fjárhæð skilyrta bréfsins verður náð fyrir framangreint tímamark þá yrði niðurstaðan sú að íslenska ríkið ætti NBI að fullu.

Þann 30 september sl. var fjárhæð skuldabréfsins 282 milljarðar króna og skilyrta skuldabréfsins 17 milljarðar króna. Af hækkun skilyrta skuldabréfsins leiddi línuleg lækkun hlutafjáreignar bankans í NBI úr 28 milljörðum króna í 23 milljarða króna. Áætlað verðmæti framangreindra eigna bankans er samkvæmt framansögðu samtals 322 milljarðar króna miðað við 30. september sl. eða rúm 28% af áætluðu verðmæti heildareigna hans.

Reykjavík 10. janúar 2011.
Virðingarfyllt,

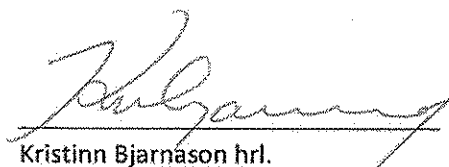
slitastjórn LBI



Halldór H. Backman hrl.

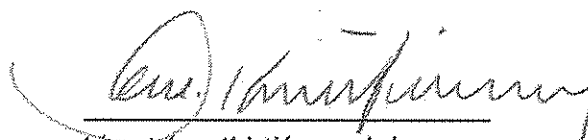


Herdís Hallmarsdóttir hrl.



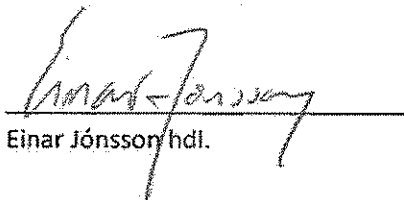
Kristinn Bjarnason hrl.

skilanefnd LBI



Lárentsínus Kristjánsson hrl.

formaður



Einar Jónsson hdl.

Fylgiskjöl:

- Fjárhagsupplýsingar LBI sem lagðar voru fram á kröfuhafafundi þann 1. desember 2010.
- Kynning um stefnu LBI varðandi sölu og ráðstöfun eigna.

Landsbanki Íslands hf.

Asset Management and Disposal Strategy

December 2010

Asset Management and Disposal Strategy

- Asset Management policy and strategy was presented to ICC at meeting 3 June 2009 meeting.
- Further detailed in Creditors' Report updated 23 August 2010.
- Investment Cash Management Policy was presented to ICC at last ICC Meeting (23 August).
- There have been no changes to Asset Management Policy.
- Policy has been maintained. Sole deviation has been exiting small positions in shorter duration bonds (2-3 year maturities) due to stronger than anticipated credit markets.
- Disposal strategies and procedures within Asset Management Policy have been further developed and are presented here.

Asset Management and Disposal Strategy- Bonds

Asset Class	BONDS
Strategy and Policy	• General hold to maturity strategy with exits considered at or close to par. • Bonds maturing over the next 2-3 years will be held to maturity and the bank will receive installments on them. • Efforts will be directed at disposing of long-term bonds without regular installments, with high lending risk and a long duration as long as the selling price remains acceptable.
Status	• Strong credit markets throughout 2010 due to expansive monetary policy (quantitative easing) and significant allocation to asset class among investors. • Have significantly reduced listed bond portfolio position, including shorter duration positions, given strong secondary markets with exits close to or at par. • Current ISK 3,3bn in senior bonds and 15,5bn in subordinated bonds recovery attributable to direct position in Betula CDO. Remaining positions to be exited at par or redeemed at maturity.
Disposition Process and Strategy	• Sales executions at close to or at nominal value. • Nature of sales process determined by relative size of position and market liquidity for security. • Speed of sale is of secondary importance; larger positions are sold down over time according to market conditions. • Sales to be executed through brokers.

Asset Management and Disposal Strategy- Loans

Asset Class	LOANS
Strategy and Policy	- General objective is to recover payments on loans through to maturity. Sale considered at full or close to full value and during restructuring for non viable companies. - Debtors' loans are restructured if it appears evident that this will increase the amounts recovered. Opportunities to renegotiate loan terms to increase interest or shorten the repayment period are generally seized. Early repayment aggressively pursued, without risking underlying business. Fee and Interest income can be increased during negotiation to ensure more cash recovery. Repayment schedule only extended to avoid loss. Thorough analysis in each case. - Write-off avoided and subordination/equity stake negotiated instead of realizing loss. Leading in negotiation where we are a leading lender. - Reducing undrawn commitments where possible and always part of negotiation on funding. - Strong follow-up on agent banks and borrowers to ensure payment is made. - If a debtor is in default and it does not appear worth the while to restructure its debt, collection actions are undertaken. Assistance from foreign experts is sought where the debtor's asset position internationally needs to be evaluated. LBI will seek assets anywhere, of whatever sort, to enforce its claims where such actions are deemed to be cost effective for LBI.
Status	- Most significant restructuring has occurred. Collateral enforcement ongoing. - Exits has been through refinancing and there have been very limited sales to date, maintaining general objective to hold to maturity or early repayment.
Disposition Process and Strategy	- Sales are negotiated, via brokers or reverse enquiries, and have been limited. - Early repayment aggressively pursued, without risking underlying business.

Asset Management and Disposal Strategy- Equities

Asset Class	EQUITIES
Strategy and Policy	- Assets will be sold when a maximum price can be obtained, with aim of LBI to dispose of smaller holdings in listed equities to a large extent before mid year 2010. Larger exposures expected exit is 2012 or 2013. - Corporate action monitored to ensure favorable redemption and increased cash receipt. - Exit by sale when opportunity arises for publicly traded assets. Private equity positions are held and will be put in sales process in due course.
Status	- Strong equity markets through 2010 due to expansive monetary policies, increased risk willingness among investors and stabilised economic environment. - Sold liquid listed equities. Remaining position composed of unlisted and illiquid listed (ICEX) securities. - Process of securing large unlisted positions through restructuring and collateral enforcement. Soon to be in position to consider exit.
Disposition Process and Strategy	<u>Listed equities:</u> - Exit decision is based on fundamental valuation vs. secondary market pricing. - Nature of sales process determined by relative size of position, market liquidity for security, presence of strategic investors/significant shareholders. Speed of sale is of secondary importance. Key consideration is minimisation of market impact vs. certainty of sale. - Sales process: Brokered market or limit orders or negotiated sale dependent on size of position and presence of strategic investors. - Brokers: Number of firms engaged dependent on size of exposure <u>Unlisted equities:</u> - Potential exit decision is based on fundamental valuation vs. expected price achievable through sale. Decision made with advice from external advisor when needed - Close cooperation with management and/or other shareholders where feasible. - Nature of sales depends on size of exposure, corporate entity (industry, location) and existence of strategic buyers and financial sponsors. - Types of sales: Outright and structured sales. For large positions consider exit of either minority or controlling positions. Exits considered through MBO, IPO, financial sponsor, strategic investors or partial exit including corporate recapitalisations. - Sales processes considered: Broad auctions, targeted auctions, negotiated sales. - Advisors: With strong M&A and equity/debt capital market experience to manage sales process, more complex than sales of listed securities. Beauty parade to mandate advisors.

Asset Management and Disposal Strategy- NBI Financing

Asset Class	NBI FINANCING
Strategy and Policy	- Actively monitored to ensure our positions (A-bond, Contingent bond, equity) through creditor and shareholder rights as provided in transaction agreements, namely through LBI's appointed Director to NBI's Board of Directors and the LBI Observer, as well as through other provisions of the agreements. - NBI must further demonstrate satisfactory performance in regard to threshold issues, including capable and properly incentivised management, a robust business plan and compliance with transaction agreements in consideration of any modification of terms.
Status	- Barclays Capital and LBI Observer assessing operational and financial items in relation to several current NBI requests (i.e., lowering debt coverage ratio, use of name Landsbanki). - Provisions for review provided in debt covenants and Shareholder Agreement.
Disposition Process and Strategy	Intend to hold to maturity. Exit only at par value. Conversion option to Eurobonds to facilitate (highly unlikely) sale.

Asset Management and Disposal Strategy- Cash

Asset Class	CASH
Strategy and Policy	• The main objective of cash management for LBI is to ensure the security of funds and protection of principal at the same time of securing interest on the funds. • Emphasis is on security rather than yield. • A great attention is paid to set-off risks. • The legislation governing the moratorium, the winding-up and other affairs of Landsbanki assumes that cash is placed on bank accounts; cf. article 122 of Act 21, 1991. • Funds are either placed on deposit accounts or as bank term deposits (minimum counterparty rating is single A, stable outlook). • The timing of distribution to creditors has been very uncertain from the outset. • The cash portfolio is therefore managed more like a liquidity portfolio than an investment portfolio. • By definition, yield comes second to liquidity when managing a liquidity portfolio and therefore we have not placed cash for longer than 6 months at each time.
Status	• Currently 17 banking counterparties. • Rate of increase in cash position faster than previously forecasted. • Cash balances in Iceland have been reduced.
Disposition Process and Strategy	• Hold to maturity. Held for distribution to creditors.

Asset Management and Disposal Strategy- Loans to financial institutions (ex-Cash)

Asset Class	LOANS TO FINANCIAL INSTITUTIONS (ex-Cash)
Strategy and Policy	<u>LI Lux- in liquidation</u> • See separate slide. <u>Heritable- in liquidation</u> • In liquidation. Awaiting payout dependent on current claim dispute resolution between LBI and Heritable. <u>Other</u> • Primarily relates to domestic financial institutions in liquidation. Hold until distribution or exit depending on pricing in secondary market.
Status	<u>LI Lux</u> • See separate slide. <u>Heritable</u> • Most recent administrator's report. <u>Other</u> • Claims were lodged and a decision by the relevant winding up board is pending. Secondary market for finally accepted claims against other Icelandic institutions in winding-up proceedings monitored for possible exit.
Disposition Process and Strategy	<u>Other</u> • Sale of Straumur claim executed through broad auction managed by JP Morgan. Sales price achieved above estimated recovery. • Sale of other claims dependent on market pricing versus expected recovery. • To be executed by brokered sale, either at market, negotiated or through broad auction.

Asset Management and Disposal Strategy- Landsbanki Luxembourg

Asset Class	LANDSBANKI LUXEMBOURG (Loans to financial institutions)
Strategy and Policy	- For the loan book managed by Reviva, a collection strategy comprising collections, restructuring and enforcement for each loan type has been developed. The Credit Committee decides the strategy that Reviva works according to. - The collection strategy is based on the same principles as the asset management and disposal strategy for loans.
Status	- Reviva Capital S.A. signed a Service Agreement on 8 June 2010 to manage part of the Landsbanki Luxembourg loan portfolio (Lombard Private Banking Loans, Private Banking Mortgage Loans, Corporate Mortgage Loans, K/S Loans, others). - Reviva reports to a Credit Committee, where LBI holds all voting rights. - Landsbanki Luxembourg Administrator manages remaining portfolio directly.
Disposition Process and Strategy	Hold to maturity.

December 1st 2010

Financial Information

Disclaimer

- This report is confidential and exclusively for the use of those parties who have lodged claims against Landsbanki Islands hf. (LBI). This report is not intended to provide the basis of any credit or other evaluation and should not be relied upon for the purpose of making investment decisions or determination regarding trading claims of LBI.
- The estimated value of assets is subjected to great uncertainty i.a. due to the development of the economic environment in Iceland and abroad which could influence the future value of the underlying assets.
- In accordance with the Legislation for Financial Institutions number 161/2002, as amended by the Legislation number 44/2009 from April 22nd 2009, the later amendment defines a reference date for interest and cost. According to this, interest and cost from claims that fall due after April 22nd will be secondary claims. Claims in foreign currency should be converted to ISK in the Registry of claims based on the published selling rate from the Central Bank of Iceland on April 22nd.
- The numbers for liabilities shown as of 22nd of April 2009 are not acquired from the WuB Register of claims.

Disclaimer cont.

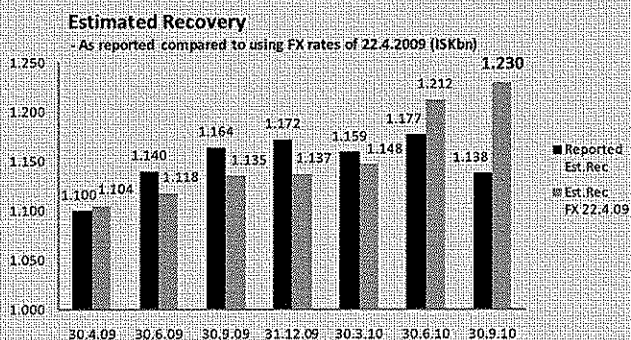
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Estimated Global Recovery

Landsbanki Íslands hf.

Estimated Recovery ISKbn	30.6.2010	30.9.2010	FX change	Actual Change in Quarter*	
Cash	269	293	(16)	40	15%
Loans to Financial Inst.	78	72	(2)	(5)	(7%)
Loans to Customers	382	346	(18)	(18)	(5%)
Bonds & Equities	87	81	(4)	(2)	(2%)
NBI Financing	335	322	(16)	4	1%
Derivatives	22	20	(0)	(2)	(10%)
Investment in Subsidiaries	2	2	0	0	2%
Non current assets	2	3	0	1	35%
Total	1.177	1.138	(56)	18	2%

*Actual Change excluding FX variations.



Estimated Global Recovery

- Actual estimated recovery increased in the quarter by ISK 18bn or 2%.
- Reported estimated recovery however decreased in the quarter due to FX changes by ISK 56bn as the ISK appreciated on average by 3%.

Actual change in Estimated Recovery

- As less than 9% of LBI's assets will be collected in ISK, while the reporting currency is ISK, currency fluctuation have considerable effect on estimated recovery.
- If FX volatility is controlled for by fixing FX rates as of a certain date the estimated value of recoverable assets has increased by ISK **126bn** since 30 April 2009 (see graph) or on average by ISK **21bn** each quarter.
- Not controlling for FX rates, since 30 April 2009 reported estimated recovery has increased by ISK 38bn. Thus FX changes decrease the reported estimation of recovery by ISK 92bn.

Statement of Assets and Liabilities

Landsbanki Íslands hf.

ISKbn	Recorded balance sheet as of 30.6.2010	Estimated value of assets 30.6.2010	Recorded balance sheet as of 30.9.2010	Estimated value of assets 30.9.2010
Loans to Financial Institutions				
Cash	269	269	293	293
Loans to Financial Institutions	245	79	231	72
Loans to customers	1,097	382	1,056	346
Bonds & Equities	131	87	126	81
Derivatives	100	22	94	20
Investments in subsidiaries	89	2	89	2
Non-current assets	2	2	3	3
Other assets	7	0	6	0
Total assets without NBI	1,940	842	1,897	816
Financial instrument from NBI				
A Bond	297	297	282	282
Contingent Bond	10	10	17	17
Equity in NBI	28	28	28	28
NBI Equity Claw Back	0	0	(5)	(5)
Total assets	2,275	1,177	2,219	1,138

ISKbn	Book value as of 22.4.2009
Loans from Financial Institutions	264
Deposits from customers	
Wholesale	158
Retail	1,161
Securities issued	1,178
Other borrowings	187
Subordinated bonds	217
Derivatives	173
Other liabilities	89
Total liabilities	3,427

Assets

- Recorded balance sheet is presented after set-off. Estimated and realized set-off amounts are subject to uncertainty.
- Recorded balance sheet amounts for Loans and derivatives are presented at nominal value outstanding plus accrued interest.
- From Q4 2010 Loan Exposures are expected to decrease due to final write-offs.
- For listed Equities & Bonds the amount is market value. For unlisted equity and bonds the amount is cost based or based on fundamental valuation.

Liabilities

- The number for liabilities shown as of 22 April 2009 are not acquired from the WuB Register of claims.

FX rates

	22.4.2009	30.6.2010	30.9.2010	%change
CAD:	105,5	120,3	110,4	(8,2%)
EUR:	169,2	156,7	154,4	(1,5%)
GBP:	191,1	190,8	178,3	(6,5%)
USD:	130,7	127,6	113,4	(11,1%)

Overview of LBI's Liabilities

Landsbanki Íslands hf.

Liabilities according to the balance sheet and ISK FX rate 22 April 2009 in ISKbn	
Loans from Financial Institutions	264
Deposits from Customers	1.319
Securities issued and other borrowings	1.365
Subordinated Bonds	217
Derivatives	173
Other Liabilities	89
Total liabilities	3.427

The amount of liabilities shown above is not based on the list of claims lodged.

Balance sheet

- The number for liabilities shown as of 22 April 2009 are not acquired from the WuB Register of claims.

Claims lodged

- Only claims lodged against the bank in accordance with the provisions of Chapter XVIII of the Bankruptcy Act which are finally accepted by the Winding-up Board (or the Icelandic Courts as the case may be) are considered legally binding. Claims which are not lodged or are finally rejected are cancelled with respect to LBI's estate (unless the specific exemptions in points 1 – 6 of Article 118 in the Bankruptcy Act apply).
- The balance sheet of LBI will eventually reflect the outcome of the claims process. As claims become finally accepted the Balance Sheet will gradually be amended accordingly.
- The Winding-up Board intends to conclude its review of claims not yet considered and present its decisions in that respect at the creditors' meeting on 19 May 2011.

Overview of claims lodged and the status of the claims process as of 1 December 2010, ISKbn	Total amount of claims lodged	Total amount of claims accepted	Total amount of claims rejected	Total amount of claims not yet reviewed	Total amount of finally accepted claims	Total amount of finally rejected claims
Claims pursuant to Article 109 of the BA	41	0	36	5	0	0
Claims pursuant to Article 110 of the BA	29	0	29	0	0	0
Claims pursuant to Article 111 of the BA	474	3	129	343	0	0
Claims pursuant to Article 112 of the BA	2.852	1.289	176	1.387	0	0
Claims pursuant to Article 113 of the BA	2.689	535	644	1.509	0	0
Claims pursuant to Article 114 of the BA*	40	0	29	40	0	0
Total amount	6.125	1.827	1.043	3.285	0	0

* The WuB does not review claims that are subordinated according to Article 114 of the BA (cf. Article 119). Claims that have been lodged based on Articles 109 – 113 and are, upon review by the WuB, found to be subordinated are presented above as rejected although that rejection only refers to the ranking without further review.

Estimated Recovery by Locations as of 30.9.2010

Landsbanki Íslands hf.

ISKbn	Reykjavik	London	Amsterdam	Labki/Halifax	Total
Loans to Financial Institutions					
Cash	117	134	30	11	293
Loans to Financial Institutions	68	4	0	0	72
Loans to Customers	128	132	61	24	346
Bonds & Equities	55	26	0	0	81
Derivatives	20	0	0	0	20
Investments in Subsidiaries	2	0	0	0	2
Non-current Assets	3	0	0	0	3
Total assets without Instrument from NBI	393	296	92	35	816
NBI A Bond	282				282
NBI Contingent Bond	17				17
NBI Equity	28				28
NBI Equity Claw Back	(5)				(5)
Total Assets	715	296	92	35	1.138
					Total Liabilities as of 22.4.2009
Loans from Financial Institutions	259	0	5	0	264
Deposits from Customers	8	979	332	0	1.319
Securities issued and other borrowings	1.365	0	0	0	1.365
Subordinated Bonds	217	0	0	0	217
Derivatives	173	0	0	0	173
Other Liabilities	72	16	1	0	89
Total Liabilities	2.094	995	338	0	3.427

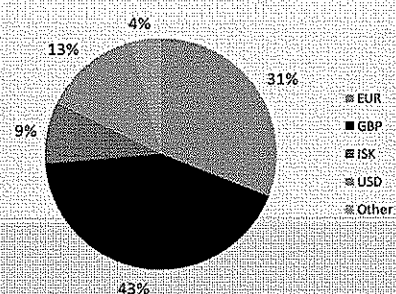
Treasury

Landsbanki Íslands hf.

Cash Balances - Using Currency Exchange Rates 30.9.2010

Currency	In currency m			ISKbn		
	30.6.2010	30.9.2010	Change in Quarter	30.6.2010	30.9.2010	Change in Quarter
AUD	12	11	0	1,3	1,2	0,0
CAD	49	65	16	5,4	7,1	1,7
DKK	82	85	4	1,7	1,8	0,1
EUR	456	587	130	70,5	90,6	20,1
GBP	675	702	27	120,4	125,2	4,8
ISK	24.046	25.379	1.333	24,0	25,4	1,3
USD	265	348	83	30,1	39,5	9,4
Other				1,5	1,9	0,4
Total ISKbn				254,8	292,7	37,9

Currency Composition of Cash Balances 30.9.2010



Cash Positions by Location

Location	30.6.2010*	30.9.2010	Change in Quarter
Reykjavik	95,3	117,2	21,9
London	123,7	134,3	10,6
Amsterdam	27,0	30,4	3,4
Labki/Halifax	8,7	10,7	2,0
Total ISKbn	254,8	292,7	37,9

*Using exchange rates 30.9.2010, using exchange rate 30.6.2010 the total amount would be 269 bn

- Cash balances have increased by 15% after excluding FX changes in the period and now amounts to 26% of total expected recovery.
- End of year cash forecast was ISK 286bn**. Cash balances were ISK 292,7bn at the end of Q3 2010, hence already exceeding the forecast for the year.

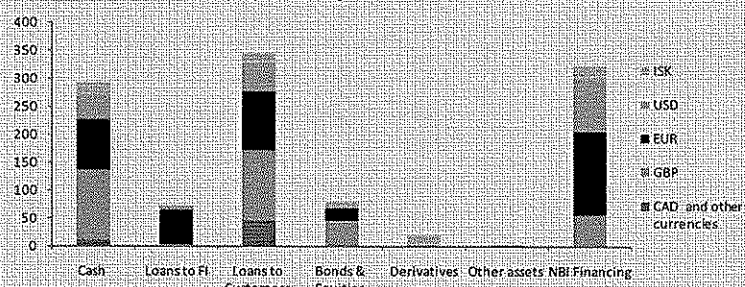
**As forecasted in the beginning of 2010 and using exchange rates 30.9.2010.

LBÍ Estimated Recovery by Currency

Landsbanki Íslands hf.

ISKbn	ISK	USD	EUR	GBP	CAD	Other currencies	Total
Cash	25	39	91	125	7	5	293
Loans to Financial Institutions	0	6	62	4	0	0	72
Loans to Customers	17	51	106	124	24	24	346
Bonds & Equities	8	3	22	47	0	0	81
Derivatives	20	0	0	0	0	0	20
Other assets	3	1	0	1	0	0	5
Total assets without NBI instrument	73	100	281	301	31	28	816
NBI A Bond	0	87	143	52	0	0	282
NBI Contingent Bond	0	5	9	3	0	0	17
NBI Equity	28	0	0	0	0	0	28
NBI Equity Claw Back	(5)	0	0	0	0	0	(5)
Total assets	96	193	432	357	31	28	1.138

Estimated Recovery by Currency in ISKbn



- No significant changes in estimated recovery by currency.
- 38% of the expected recovery is in EUR, 31% in GBP, 17% in USD and 8% in ISK.

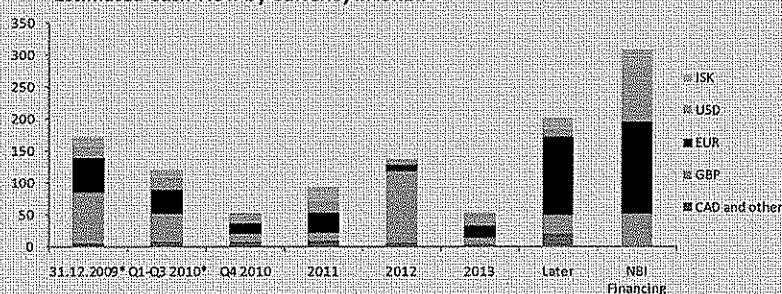
Estimated cash-flow by currency

Landsbanki Íslands hf.

ISKbn	Cash 31.12.2009*	Cash Q1- Q3 2010*	Q4 2010	2011	2012	2013	Later	NBI A-Bond	NBI Cont. Bond	NBI Equity	Total
ISK	14	11	2	22	4	2	18	0	0	23	96
USD	20	19	15	17	6	17	10	83	5	0	193
EUR	53	38	16	31	10	19	123	134	9	0	432
GBP	81	45	13	14	112	11	30	49	3	0	357
CAD and other	5	7	7	10	6	4	21	0	0	0	60
Total assets	173	120	53	93	138	53	201	267	17	23	1.138

*Using exchange rate 30.9.2010

Estimated Cash-Flow by Currency in ISKbn



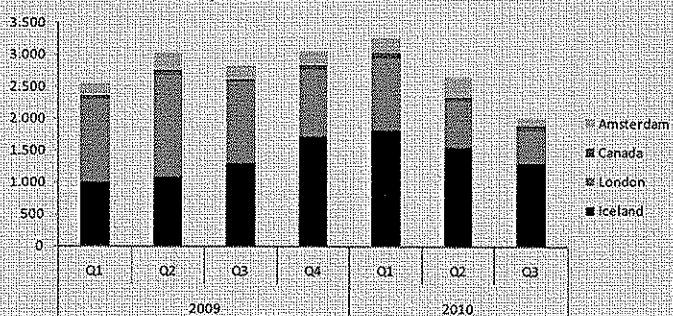
- Expected cash flow in 2010 has increased by 9% since our last estimation.
- ISK 293bn have already been collected in cash and by year end it is estimated that cash collected will reach ISK 346bn.
- Since debt completion was not finalised on 30.9.2010 no interest payments on the A bond had been received from NBI at that time. In October the debt completion was finalised and interest payments were received from NBI.

Total Cost

Landsbanki Íslands hf.

Total Cost	2010			Change QoQ	
All values in ISKm	Q1	Q2	Q3	Q1-Q2	Q2-Q3
Payroll and benefits	942	652	536	(31%)	(18%)
Administration cost	87	104	92	20%	(11%)
Legal and other expert costs	1.603	1.335	949	(17%)	(29%)
Dutch Administration cost & support	82	124	0	50%	(100%)
Other Operational costs	296	171	171	(42%)	(0%)
SLA cost	262	262	262	0%	0%
Distribution by location					
Iceland	1.823	1.570	1.307	(14%)	(17%)
London	1.127	713	531	(37%)	(26%)
Canada	76	80	73	5%	(8%)
Amsterdam	247	285	100	15%	(65%)
Total ISKm	3.273	2.648	2.011	(19%)	(24%)

Cost by Location per Quarter in ISKm



- Cost has decreased significantly in 2010. The decrease from Q1-Q2 2010 was 19% and 24% from Q2-Q3.
- The decrease in the period is mainly explained by:
 - Debt completion finalised in October 2010.
 - Reduced work in some large restructuring cases.
- Cost can be expected to decrease further in the coming months for various reasons:
 - Forensic investigation is expected to be mostly finished in 2010.
 - Some large restructuring cases are expected to be finalised in 2010.
 - SLA cost is expected to decrease in 2011, as the contract is being revised.
- An increase of cost may, however, be expected in the coming quarters due to litigation related to the claims process as the number of cases, their volume and complexity is significant.
 - Many cases rely on advice or input from foreign experts, including legal advice in cases where foreign law applies.
 - Cost may also increase due to other types of litigation but as a principle such litigation is based on a cost/benefit analysis.

Landsbanki Luxembourg – Agreement of all key creditors signed

Landsbanki Íslands hf.

- Agreement between the Central Bank of Iceland, the Central Bank of Luxembourg (BCL) and the Liquidator of Landsbanki Luxembourg S.A. on the sale of the Avens CDO (where underlying assets are ISK denominated government bonds) was signed on May 19th 2010.
 - The Avens CDO was exchanged for EUR denominated bonds issued by the Republic of Iceland.
 - The EUR denominated replacement bonds continues to be held as collateral with BCL.
- Agreement between the Liquidator, BCL and Landsbanki Íslands hf. (LBI) was signed on June 8th 2010.
 - Subordination of the claims of LBI and BCL towards all other creditors.
 - Subordination is limited to a certain amount and subject to certain discount of claims of other identified key creditors.
 - Subordination of LBI claim towards BCL.
 - BCL agreed to extend it's financing of the Betula CDO and the EUR denominated replacement bonds until 2015 on favourable terms.
- Service Agreement with Reviva Capital S.A. In Luxembourg was signed on June 8th 2010.
 - Reviva will provide Landsbanki Luxembourg with collection and administrative service for part of the loan book.
 - Condition of the Liquidator and BCL that the loan book continues to be collected in Luxembourg.
 - Reviva reports to a Credit Committee, where LBI holds all voting rights.
 - Part of the loan book continues to be collected by the Liquidator.
- Written agreements was reached with each of the other identified key creditors agreeing on a certain discount in June/July 2010.
 - These key creditors, including LBI and BCL, hold in total approximately 90% of acknowledged claims.
- Confirmation on fulfilment of Conditions Precedent was signed on July 28th 2010 and the agreement took effect.

Claim of Landsbanki Íslands – Estimated Recovery

Landsbanki Íslands hf.

Landsbanki Lux. - Balance Sheet	Estimated Value	
	EUR '000	Recovery %
Avens Replacement Bond (and related assets) ¹	394.752	
Betula A notes	588.790	
Central Bank of Luxembourg – outstanding debt	-928.870	
Cash, Loan Book and other assets (net of other claims)	245.328	
Net value of LBI's subordinated claim ²	300.000	33%
Other related assets:		
Betula B notes (junior notes)	100.000	

- The estimated net results from the Loan Book of Landsbanki Luxembourg S.A. of EUR 245m is based on conservative estimated recovery from the current knowledge of the loan book of Landsbanki Luxembourg and estimated maximum amount of other claims.
 - Final amount of other claims is expected to be available before end of January 2011.
 - An update on the net amount expected to be recovered is expected to be available in February 2011.

(1) Avens Replacement Bond is issued by the Republic of Iceland.

(2) Nominal value of acknowledge claim of LBI is EUR 899.993 thousand. This includes both senior and subordinated claims of LBI.

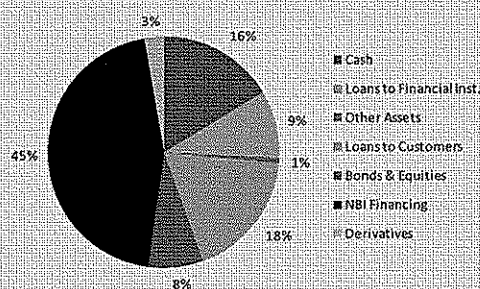
Estimated Recovery

Reykjavik

Estimated Recovery ISKbn	30.6.2010	30.9.2010	FX change	Actual Change in Quarter*	
Cash	99,1	117,2	(4,6)	22,7	23%
Loans to Financial Inst.	74,4	67,7	(2,1)	(4,7)	(6%)
Loans to Customers	140,8	128,4	(5,8)	(6,6)	(5%)
Bonds & Equities	58,8	54,8	(3,2)	(0,8)	(1%)
NBI Financing	334,6	322,0	(16,2)	3,6	1%
Derivatives	21,7	19,8	0,0	(1,9)	(9%)
Investment in Subsidiaries	2,0	2,0	0,0	0,0	0%
Non current assets	2,0	2,7	0,0	0,7	35%
Total	733,4	714,7	(31,8)	13,1	2%

*Actual Change excluding FX variations

Estimated Recovery as of 30.9.2010



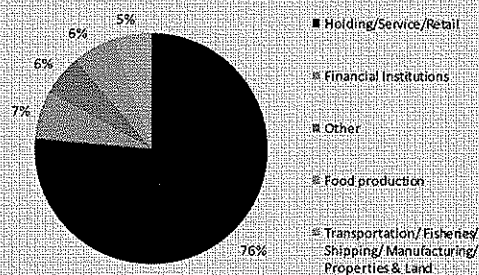
- Actual estimated recovery has increased by ISK 13bn or 2%. FX change decreases the reported recovery by ISK 32bn, down to ISK 715bn.
- Increased actual estimated recovery is mainly explained by higher valuation.
- Cash balance has increased by 23% excluding FX changes in the period and 16% of the estimated recovery has been collected in cash.
- Loans to Financial institutions decreased mainly due to sale of claim.
- Loans to Customers decreases due to payment and reclassification.
- NBI Financing decreases due to FX changes and linear pro rata equity decrease (NBI Claw Back right), this is partly offset by increased valuation of the contingent bond. Actual increase in the quarter 1%.
- Derivatives decrease due to revaluations, reclassifications and payments.
- Exposure and estimated recovery of Non current assets is slightly higher due to enforcements.

Loans to Customers by Sector

Reykjavik

ISKbn Sector	Loan Exposure		Estimated Recovery		Recovery Rate %	
	30.6.2010	30.9.2010	30.6.2010	30.9.2010	30.6.2010	30.9.2010
Holding/Service/Retail	627,5	615,6	105,7	98,1	17%	16%
Fisheries	14,3	13,5	1,4	0,9	10%	7%
Transportation	16,5	10,9	4,4	0,3	27%	2%
Food Production	34,8	35,6	4,6	7,7	13%	22%
Properties & Land	10,9	16,5	0,0	3,2	0%	20%
Manufacturing	2,8	2,6	0,6	0,2	21%	9%
Shipping	2,2	2,1	2,2	2,1	100%	100%
Financial Institutions	15,1	11,5	10,4	8,6	69%	75%
Other	27,9	24,0	11,5	7,3	41%	30%
Total ISKbn	752,0	732,2	158,8	128,4	21%	18%

Estimated Recovery as of 30.9.2010



- The main changes in the loan book are sector reclassification, which results from a large restructuring.
- Exposure and estimated recovery in Holding/Service/Retail decreases as assets are now classified in Food Production and Properties & Land, where both exposure and estimated recovery increases.
- In Transportation reclassification decreases reported exposure and recovery.
- Slight decrease in exposure and recovery in Manufacturing.
- In Financial Institutions payments decrease exposure and estimated recovery. Recovery rate increases due to higher valuation.
- In Other, exposure and estimated recovery decreases due to payments.

Bonds & Equities

Reykjavik

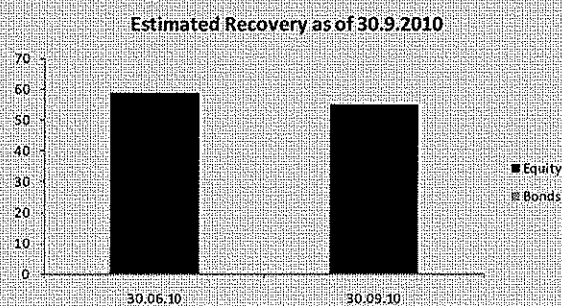
Estimated Recovery ISKbn	30.6.2010	30.9.2010	Change in Quarter
Bonds	0,2	0,0	(100%)
Equity	58,6	54,8	(6%)
Total	58,8	54,8	(7%)

Bonds

- All bonds with estimated recovery matured during the period.
- Note that Bonds issued by domestic financial institutions (all in liquidation) are classified as Loans to Financial Institutions.

Equities

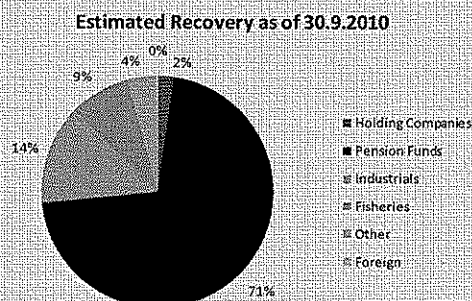
- Decrease in estimated recovery is due to FX changes.
- Note that the estimated recovery in Equities will increase significantly in Q4 through reclassification of loans to customers when transfer of pledged equity positions to LBI is finalised.



Derivatives Book by Industry

Reykjavík

ISKbn Sector	Exposure		Estimated Recovery		Recovery Rate %	
	30.6.2010	30.9.2010	30.6.2010	30.9.2010	30.6.2010	30.9.2010
Holding Companies	23,6	21,1	0,5	0,4	2%	2%
Pension Funds	31,9	31,9	14,1	14,1	44%	44%
Industrials	24,4	22,9	2,8	2,8	11%	12%
Fisheries	11,8	11,9	1,6	1,7	14%	14%
Other	6,4	4,4	2,6	0,8	41%	18%
Total Domestic	98,1	92,2	21,6	19,8	22%	21%
Foreign	2,0	2,0	0,1	0,0	5%	2%
Total	100,1	94,2	21,7	19,8	22%	21%



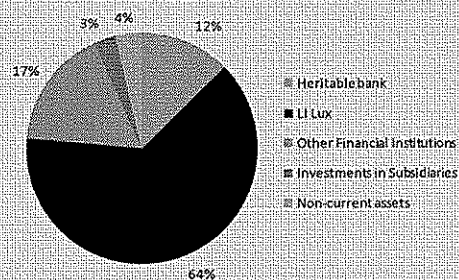
- Total estimated recovery decreases due to lower valuation, reclassification and payments.
- Estimated recovery in Holding Companies decreases due to payments.
- Estimated recovery in Pension Funds remains unchanged between periods.
- Exposure in Industrials decreases due to payments, however estimated recovery remains the same due to higher valuation.
- No material changes in Fisheries.
- Lower exposure and estimated recovery in Other is due to payments.
- No material changes in Foreign derivatives.

Other assets

Reykjavík

All amounts in ISKbn	Recorded Balance sheet		Estimated Recovery		Recovery Rate %	
	30.6.2010	30.9.2010	30.6.2010	30.9.2010	30.6.2010	30.9.2010
Loans to Financial Institutions	240	231	75	68	31%	29%
Heritable bank	13	15	8	9	62%	60%
LI Lux	141	139	39	46	28%	33%
Other	86	76	27	12	32%	16%
Investments in Subsidiaries	89	89	2	2	2%	2%
Non-current assets	2	3	2	3	100%	100%
Other assets	7	6	0	0	0%	0%
Total ISKbn	338	328	79	73	23%	22%

Estimated Recovery as of 30.9.2010



- **Loans to Financial Institutions:** Decrease due to sale of claims on domestic Financial Institution and FX changes. Increase in valuation of the claim on LI Lux.
- **Subsidiaries:** No changes.
- **Non-current assets:** Net increase due to enforcement.
- **Other assets:** No material changes.

Estimated Recovery

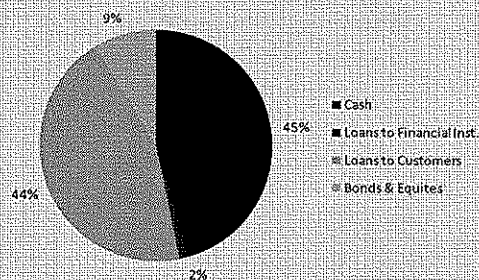
London

Estimated Recovery ISKbn	30.6.2010	30.9.2010	FX change	Actual Change in Quarter*	
Cash	132,3	134,3	(9,6)	11,6	9%
Loans to Financial Inst.	4,4	4,4	0,0	0,0	0%
Loans to Customers	148,9	131,7	(9,4)	(7,8)	(5%)
Bonds & Equities	28,6	25,8	(0,8)	(2,0)	(7%)
Total	314,2	296,2	(19,8)	1,8	1%

*Actual Change excluding FX variations.

- 45% of assets have now been recovered and are held on cash accounts.
- The reduction in total assets is wholly due to FX impact. With constant FX rates assets would have increased by ISK 1,8bn.
- The loan book has been impacted by FX change (ISK -9,4bn).
- Bonds & Equities holdings decrease due to sales/maturities as well as FX change.

Estimated Recovery as of 30.9.2010

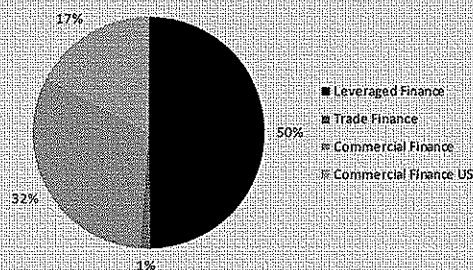


Loans to Customers

London

All amounts in ISKbn	Loan Exposure		Estimated Recovery		Recovery Rate%	
	30.6.2010	30.9.2010	30.6.2010	30.9.2010	30.6.2010	30.9.2010
Leveraged Finance	150,3	148,8	69,6	65,5	46%	44%
Trade Finance	4,0	1,8	3,9	1,7	98%	97%
Commercial Finance	51,1	44,8	47,8	41,8	94%	93%
Commercial Finance US	28,4	23,3	27,6	22,7	97%	97%
Balance Sheet total	233,8	218,7	148,9	131,7	64%	60%

Estimated Recovery as of 30.9.2010



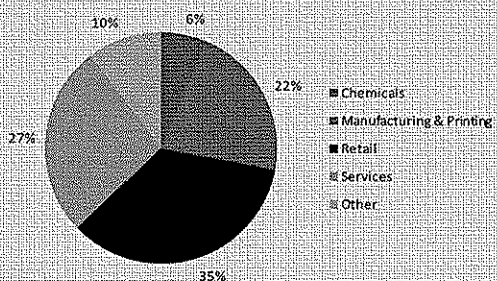
- **Leverage Finance:** The portfolio is stable, no major changes.
- **Trade Finance:** The portfolio now consists of few exposures.
- **Commercial Finance:** Cash collection has been faster than expected, portfolio is stable.

Loans to Customers by Sector

London

Sector	Loan Exposure		Estimated Recovery		Recovery Rate%	
	30.6.2010	30.9.2010	30.6.2010	30.9.2010	30.6.2010	30.9.2010
Chemicals	70,4	70,0	12,6	8,4	18%	12%
Manufacturing & Printing	40,6	36,4	32,1	28,5	79%	78%
Retail	59,1	54,4	50,1	46,0	85%	85%
Services	44,2	40,3	38,6	35,1	87%	87%
Other	19,5	17,5	15,5	13,8	79%	79%
Total ISKbn	233,8	218,7	148,9	131,7	64%	60%

Estimated Recovery as of 30.9.2010



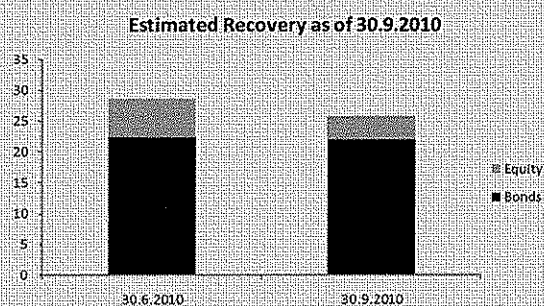
- **Chemicals:** Decrease in recovery due to repayment.
- **For all other sectors:** Decrease in exposure and recovery due to FX changes and repayments.

Bonds & Equities

London

Estimated Recovery ISKbn	30.6.2010	30.9.2010	Change in Quarter
Bonds	22,3	21,9	(2%)
Equity	6,3	3,9	(38%)
Total	28,6	25,8	(10%)

- Bonds mainly consist of the subordinated B tranche in Betula. Repayment on the B tranche does not occur until the senior tranche is paid. The senior tranche, mainly held by BCL, is amortising faster than forecasted.
- Equity position sold in Q3.



Estimated Recovery

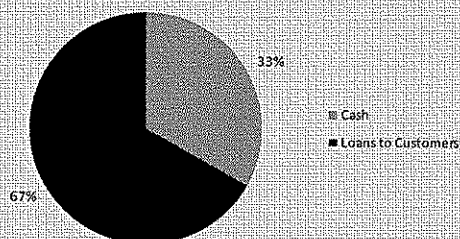
Amsterdam

Estimated Recovery ISKbn	30.6.2010	30.9.2010	FX change	Actual Change in Quarter*	
Cash	27,5	30,4	(0,5)	3,4	12%
Loans to Customers	63,6	61,3	(0,9)	(1,4)	(2%)
Total	91,1	91,7	(1,4)	2,0	2%

*Actual Change excluding FX variations.

- 33% of assets have now been recovered in cash.
- No material changes, assets and operations are stable.

Estimated Recovery as of 30.9.2010



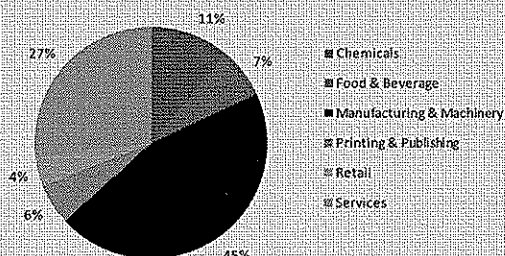
Loans to Customers by Sector

Amsterdam

Sector	Loan Exposure		Estimated Recovery		Recovery Rate%	
	30.6.2010	30.9.2010	30.6.2010	30.9.2010	30.6.2010	30.9.2010
Chemicals	7,4	7,0	7,2	6,8	98%	98%
Food & Beverage	4,5	4,4	4,4	4,3	98%	98%
Manufacturing & Machinery	30,2	28,9	28,9	27,7	96%	96%
Printing & Publishing	5,0	5,0	3,5	3,5	98%	70%
Retail	5,4	5,1	2,8	2,5	65%	50%
Services	24,9	24,5	16,8	16,5	61%	67%
Total ISKbn	77,4	74,9	63,6	61,3	83%	82%

• Loan portfolios are stable.

Estimated Recovery as of 30.9.2010



Estimated Recovery

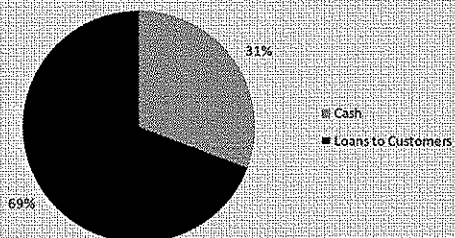
Labki/Halifax

Estimated Recovery ISKbn	30.6.2010	30.9.2010	FX change	Actual Change in Quarter*	
Cash	9,6	10,7	(1,1)	2,2	23%
Loans to Customers	28,2	24,1	(2,3)	(1,7)	(6%)
Total	37,8	34,9	(3,4)	0,5	1%

*Actual Change excluding FX variations.

- 31% of assets have now been recovered in cash.
- Reduction in estimated recovery mainly due to FX changes. With constant FX rates assets would have increased by ISK 0,5bn or 1%.
- Due to FX changes loans to customers decreased by ISK 2,3bn.

Estimated Recovery as of 30.9.2010

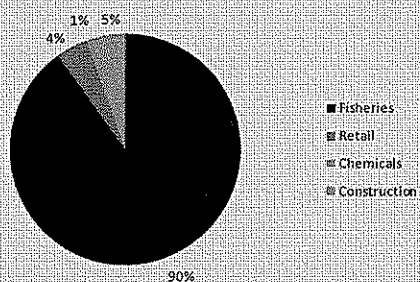


Loans to Customers by Sector

Labki/Halifax

Sector	Loan Exposure		Estimated Recovery		Recovery Rate%	
	30.6.2010	30.9.2010	30.6.2010	30.9.2010	30.6.2010	30.9.2010
Chemicals	0,6	0,5	0,2	0,2	39%	35%
Fisheries	30,1	27,0	24,4	21,7	81%	80%
Retail	1,2	1,1	1,2	1,1	98%	98%
Services	1,2	0,0	1,1	0,0	98%	0%
Construction	1,3	1,2	1,3	1,2	98%	98%
Total ISKbn	34,4	29,8	28,2	24,1	82%	81%

Estimated Recovery as of 30.9.2010



- In fisheries restructuring work regarding a large exposure is expected to be finalised in Q4.
- Loan portfolios are stable.

