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30<sup>th</sup> May 2013

LBI hf.

Financial information as of 31.3.2013

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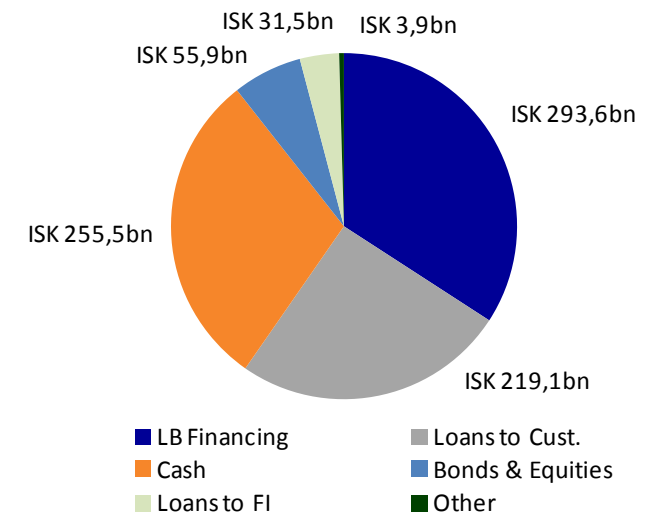
1. Estimated Recovery / Liabilities – Summary
2. Statement of Assets
3. Operational Cost
4. Driver of change
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# Estimated Recovery at end of Q1 2013

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ISKbn	Estimated recovery		Changes in Quarter		
	31.12.2012	31.3.2013	FX change	Actual	% change
Cash	194,2	255,5	(10,7)	72,0	37%
Loans to Financial Inst.	59,1	31,5	(4,7)	(23,0)	(39%)
Loans to Customers	258,3	219,1	(16,8)	(22,5)	(9%)
Bonds	54,3	48,5	(3,3)	(2,5)	(5%)
Equities	19,6	7,4	(1,3)	(10,9)	(56%)
LB Financing	315,5	293,6	(19,0)	(3,0)	(1%)
Derivatives	1,6	1,2	0,0	(0,5)	(28%)
Investment in Subsidiaries	0,0	0,0	0,0	0,0	0%
Non current assets	3,1	2,7	(0,1)	(0,3)	(10%)
<b>Total assets</b>	<b>905,9</b>	<b>859,4</b>	<b>(55,8)</b>	<b>9,4</b>	<b>1%</b>



## Highlights in Q1 2013

- Actual estimated recovery **increased by ISK 9,4bn** in Q1 2013.
  - Estimated recovery of Loans to Financial Institutions increased by EUR 30m
- FX changes decreased the estimated recovery by ISK 55,8bn.
  - Due to the above total estimated recovery decreases by ISK 46,5bn, from ISK 905,9bn to ISK 859,4bn.
- Actual increase of Cash was ISK 72bn**
  - The sale of LBI's claims against Glitnir decreased Loans to Financial Institutions by ISK 28,1bn and increased Cash by the same number.
  - Repayment decreased Loans to Customers by ISK 11,6bn and increased Cash by the same number.
  - Sale of Aurum decreased Loans to customers and Equities by total ISK 17,1bn and increased Cash by the same number.
- LBI's asset portfolio is concentrated**
  - Loans to financial institutions are mainly explained by three positions
  - Of ISK 219,1bn, loan exposures to 43 customers explain ISK 198,3bn or 90%.
  - Bonds are mainly explained by two positions
  - Equities are mainly explained by one position
  - LB's Financing is 49% of LBI's estimated recovery if cash is excluded
  - Non current assets are mainly explained by one position

# Estimated Global Recovery -

Estimated recovery and Partial payments using FX as of 22.4.2009

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## Estimated recovery

FX as of 22.4.2009

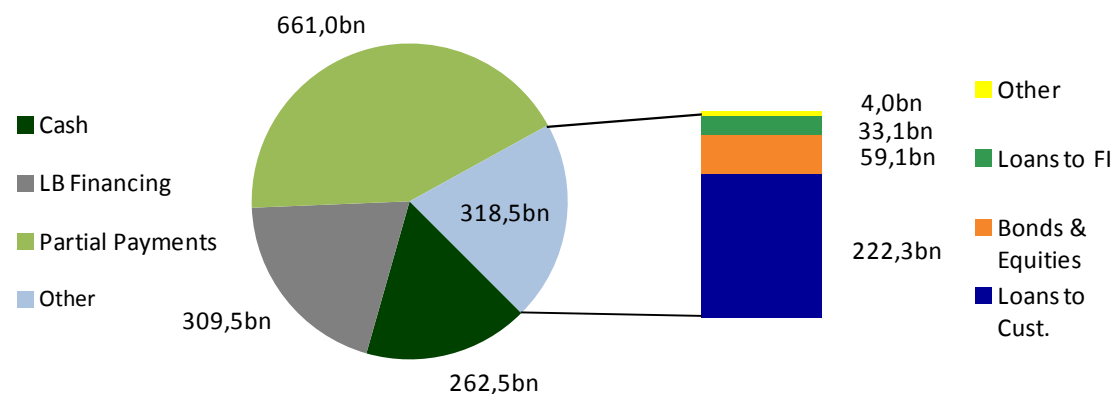
ISKbn	30.9.2011	31.12.2011	31.3.2012	30.6.2012	30.9.2012	31.12.2012	31.3.2013
Cash	510,4	109,1	279,0	194,6	230,3	188,2	262,5
Loans to Financial Inst.	81,1	86,2	79,3	34,6	35,7	56,8	33,1
Loans to Customers	207,2	180,8	216,8	271,5	264,7	245,0	222,3
Bonds	30,6	29,9	27,9	57,1	57,0	54,6	51,7
Equities	149,2	147,4	22,8	40,2	27,5	18,6	7,4
LB Financing	366,6	377,7	376,7	312,6	317,3	312,9	309,5
Derivatives	2,7	2,4	1,9	1,8	1,6	1,6	1,2
Investment in Subsidiaries	1,3	1,0	1,0	1,0	0,0	0,0	0,0
Non current assets	3,7	3,7	3,9	3,9	3,7	3,0	2,8
<b>Total assets</b>	<b>1.352,7</b>	<b>938,2</b>	<b>1.009,2</b>	<b>917,3</b>	<b>937,9</b>	<b>880,7</b>	<b>890,4</b>
Partial payments including escrow repayments		<b>432,0</b>	<b>432,0</b>	<b>578,7</b>	<b>578,7</b>	<b>661,0</b>	<b>661,0</b>
<b>Total assets including partial payments</b>	<b>1.352,7</b>	<b>1.370,2</b>	<b>1.441,3</b>	<b>1.496,0</b>	<b>1.516,6</b>	<b>1.541,7</b>	<b>1.551,4</b>

- Three Partial payments of total ISK 661bn have been made into finally accepted priority claims, the last one in Q4 2012. Partial payment four is in process.

## Estimated recovery using FX as of 22.4.2009

- Using FX rate as of 22 April 2009 the Estimated recovery increased by ISK 9,7bn.
- Loans to customers is ISK 222,3bn or 35% of estimated recovery if Cash is excluded.
- LB Financing is ISK 309,5bn or 49% of estimated recovery if Cash is excluded.

## Estimated recovery 31.3.2013



# Statement of Liabilities

Using FX rates as of 22.4.2009

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Claim Priority - Liability type	Accepted Amounts	Final*	Settled by other means	Paid from recoveries	Escrow allocations	Liabilities 31/03/2013**
<b>109 - Proprietary Interest</b>	<b>4,9</b>	<b>100%</b>	<b>4,9</b>	-	-	-
<b>110 - Administrative Claims</b>	<b>8,1</b>	<b>100%</b>	<b>6,1</b>	<b>2,0</b>	-	-
<b>111 - Guarantee Claims</b>						
Deposit - Retail	6,3	100%	6,3	-	-	-
Loans from Financial Institutions	48,9	100%	48,9	-	-	-
Other borrowings	2,7	100%	2,7	-	-	-
<b>Total Guarantee Claims</b>	<b>57,9</b>	<b>100%</b>	<b>57,9</b>	-	-	-
<b>112 - Priority Claims</b>						
Deposit - Retail	1.166,9	99,97%	-	580,7	0,8	585,4
Deposit - Wholesale	145,4	97,03%	-	70,1	2,1	73,2
Loans from Financial Institutions	11,4	0,00%	-	-	5,8	5,5
Loans from Financial.Inst.- Rejected	-	-	-	-	0,6	0,6
Other liabilities	0,9	99,39%	-	0,4	0,0	0,4
(Claims settled by lump sum payment)	0,7	100,00%	-	0,7	-	-
<b>Total Priority Claims</b>	<b>1.325,3</b>	<b>99,31%</b>	-	<b>651,9</b>	<b>9,4</b>	<b>664,0</b>
<b>113 - General Claims</b>						
Deposit - Retail	0,2	0,06%	-	-	-	0,2
Deposit - Wholesale	10,4	0,00%	-	-	-	10,4
Derivatives	198,8	48,02%	-	-	-	198,8
Loans from Financial Institutions	46,7	99,50%	-	-	-	46,7
Other borrowings	179,5	0,00%	-	-	-	179,5
Other liabilities	9,3	6,07%	-	-	-	9,3
Securities Issued	1.229,3	26,93%	-	-	-	1.229,3
<b>Total General Claims</b>	<b>1.674,3</b>	<b>23,32%</b>	-	-	-	<b>1.674,3</b>
<b>Grand Total</b>	<b>3.070,4</b>	<b>58,98%</b>	<b>68,9</b>	<b>653,9</b>	-	<b>2.338,3</b>

In accordance with the Legislation for Financial Institutions number 161/2002, liabilities in foreign currencies are converted to ISK based on the published selling rate from the Central Bank of Iceland at 22<sup>nd</sup> of April 2009.

**Art. 110.** Increased to ISK 8,1bn.

**Art. 112.** Increased from ISK 1.318bn to ISK 1.325,3bn.

**Art. 113.** Increased by ISK 32bn.

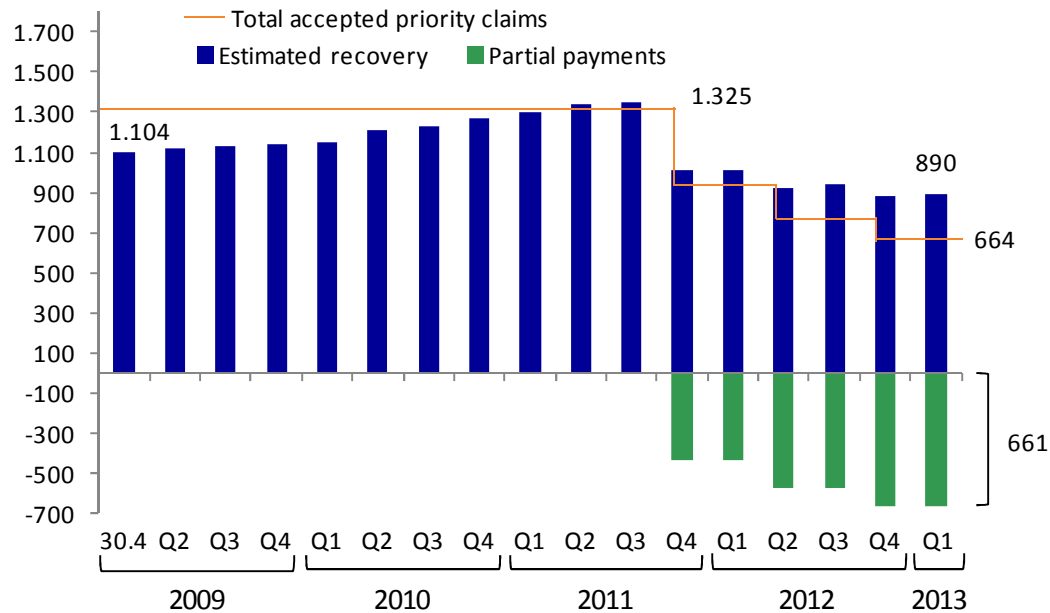
\* Percentage of accepted amounts that has been finally accepted.

\*\* All numbers are using FX as of the 22nd of April 2009.

# Historical development

Estimated recovery, Partial payments and Priority claims using FX as of 22.4.2009

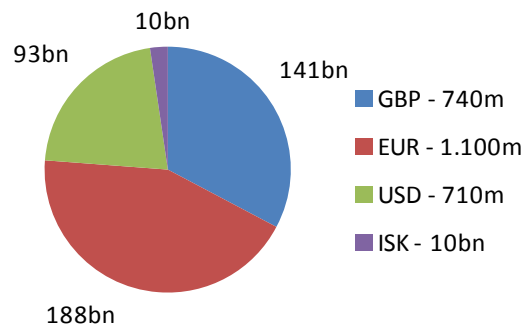
Development of the Estimated recovery - using FX rates as of 22.4.2009 (ISKbn)



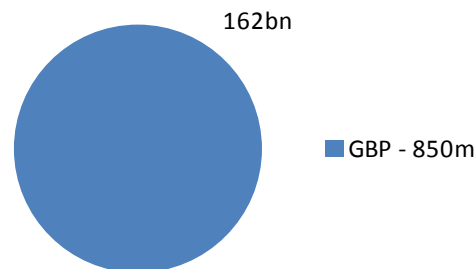
Historical changes ( FX rates as of 22.4.2009)

- **Estimated recovery** has increased by **ISK 447bn** from 30.4.2009.
  - On 30.4.2009 priority claims were ISK 221bn higher than the estimated recovery.
  - On 31.3.2013 the estimated recovery was ISK 226bn higher than the priority claims.
- **Finally accepted priority claims** of now total ISK 1.325bn have been reduced by partial payments down to ISK 664bn.
- **Three partial payments** of net **ISK 661bn** have been made:
  - 1<sup>st</sup> made in December 2011 of ISK 432bn
  - 2<sup>nd</sup> made in May 2012 of ISK 162bn
  - 3<sup>rd</sup> made in October 2012 of ISK 82bn
  - Escrow repayments to LBI of ISK 16bn

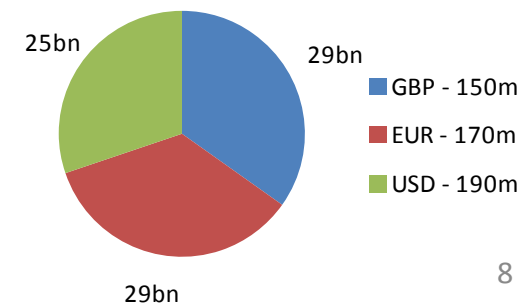
First Partial payment - ISK 432bn



Second Partial payment - ISK 162bn



Third Partial payment - ISK 82bn





# Estimated recovery by currency

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ISKbn	ISK		USD		EUR		GBP		Other		Total		Total with Fx as of 22.4.2009	
	31.12.12	31.3.13	31.12.12	31.3.13	31.12.12	31.3.13	31.12.12	31.3.13	31.12.12	31.3.13	31.12.12	31.3.13	31.12.12	31.3.13
Cash	27	30	35	46	68	78	47	82	18	20	194	255	188	263
Loans to FI	0	0	1	1	27	21	32	10	0	0	59	31	57	33
Loans to Customers	13	10	29	17	71	69	105	86	39	37	258	219	245	222
Bonds	0	0	9	8	46	40	0	0	0	0	54	49	55	52
Equities	6	7	0	0	0	0	14	0	0	0	20	7	19	7
Derivatives	2	1	0	0	0	0	0	0	0	0	2	1	2	1
Other assets	1	1	2	2	0	0	0	0	0	0	3	3	3	3
<b>Total excl. LB Fin.</b>	<b>49</b>	<b>49</b>	<b>76</b>	<b>74</b>	<b>211</b>	<b>209</b>	<b>197</b>	<b>178</b>	<b>57</b>	<b>56</b>	<b>590</b>	<b>566</b>	<b>568</b>	<b>581</b>
LB A Bond	0	0	71	67	110	102	43	38	0	0	223	208	222	219
LB Contin. Bond	0	0	28	27	46	43	18	17	0	0	92	86	91	91
LB Equity	28	28	0	0	0	0	0	0	0	0	28	28	28	28
LB Equity Claw Back	(28)	(28)	0	0	0	0	0	0	0	0	(28)	(28)	(28)	(28)
<b>Total assets</b>	<b>49</b>	<b>49</b>	<b>174</b>	<b>168</b>	<b>367</b>	<b>354</b>	<b>259</b>	<b>233</b>	<b>57</b>	<b>56</b>	<b>906</b>	<b>859</b>	<b>881</b>	<b>890</b>

- **Main changes in estimated recovery by currency:**

- The Contingent Bond has already been issued 50% in EUR, 30% in USD and 20% in GBP (same as the terms of the A Bond).
- ISK unchanged, now 6% of total estimated recovery.
- USD decreased by ISK 6bn mainly due to FX changes, now 20% of total estimated recovery.
- EUR decreases by ISK 13bn mainly due to FX changes, now 41% of total estimated recovery.
- GBP decreased by ISK 26bn mainly due FX changes, now 27% of total estimated recovery.

# Estimated recovery

## Expected cash flow by currency and asset categories

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### Estimated cash flow by currency

Estimated Recovery (ISKbn)	Cash 31.3.2013	Q2-Q4 2013	2014	2015	2016	2017	2018	Later	Total	Total 31.3.2013 *
ISK	30	9	2	2	0	1	0	5	49	49
USD	46	3	13	24	26	24	31	1	168	177
EUR	78	16	36	58	54	48	39	25	354	377
GBP	82	7	16	19	18	14	18	60	233	238
CAD and other	20	6	4	10	1	2	3	11	56	50
<b>Total assets</b>	<b>255</b>	<b>41</b>	<b>71</b>	<b>111</b>	<b>99</b>	<b>89</b>	<b>91</b>	<b>102</b>	<b>859</b>	<b>890</b>

### Estimated cash flow by asset category

Estimated Recovery (ISKbn)	Cash 31.3.2013	Q2-Q4 2013	2014	2015	2016	2017	2018	Later	Total	Total 31.3.2013 *
Cash	255								255	263
Loans to Financial Inst.		4	14	14	0	0	0	0	31	33
Loans to Customers		23	35	35	24	13	8	81	219	222
Bonds		3	3	3	3	3	11	22	49	52
Equities		7	0	0	0	0	0	0	7	7
LB Financing		1	17	58	72	72	72		294	309
Derivatives		0	1	0	0	0	0	0	1	1
Investment in Subsidiaries		0	0	0	0	0	0		0	0
Non current assets		3	0	0	0	0	0	0	3	3
<b>Total assets</b>	<b>255</b>	<b>41</b>	<b>71</b>	<b>111</b>	<b>99</b>	<b>89</b>	<b>91</b>	<b>102</b>	<b>859</b>	<b>890</b>

\* FX as of 22.4.2009

- Based on the estimated cash flow, remaining accepted priority claims (Art. 112), now ISK 664bn, is expected to be fully covered by cash collections into LBI's estate by year end 2017.
- Cash flow after 2018 is from Loans to customers (mainly 3 customers) and Bonds (then only Avens replacement bond).
- Equities reduced in Q1 2013 by ISK 12bn (sale of Aurum). Then remaining position is mainly LBI's stake in Eimskip, partly sold in Q2 2013 (5%), the remainder is expected to be sold in 2013.



1. Estimated Recovery / Liabilities – Summary
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# Statement of Assets - Cash

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ISKbn	Recorded balance		Estimated recovery		Est. recovery
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.3.2013 *
Cash	194	255	194	255	263
Loans to Financial Institutions	250	161	59	31	33
Loans to customers	776	725	258	219	222
Bonds and Equities	90	73	74	56	59
LB Financing	315	294	315	294	309
Other assets	131	130	5	4	4
<b>Total</b>	<b>1.757</b>	<b>1.638</b>	<b>906</b>	<b>859</b>	<b>890</b>

\* using FX as of 22.4.2009

## Cash Balances

Currency	In currency m			ISKbn			Type	Rating by S&P	Balance
	31.12.2012	31.3.2013	Change	31.12.2012	31.3.2013	Change			
AUD	7,7	8,2	0,4	1,0	1,1	0,0	Foreign Bank 1	S&P:A+	118,3
CAD	83,5	100,6	17,1	10,7	12,3	1,5	Domestic Bank 1	-	42,7
DKK	102,2	126,9	24,7	2,3	2,7	0,4	Foreign Bank 2	S&P:AA-	41,7
EUR	400,4	494,1	93,8	67,6	78,3	10,7	Foreign Bank 3	S&P:A+	15,4
GBP	227,3	437,0	209,7	47,1	81,9	34,8	Foreign Bank 4	S&P:A	12,1
ISK	26.890,5	29.544,7	2.654,2	26,9	29,5	2,7	Other		25,4
USD	271,8	371,6	99,8	34,8	46,1	11,2			
Other				3,6	3,6	(0,0)			
<b>Total ISKbn</b>				<b>194,2</b>	<b>255,5</b>	<b>61,3</b>	<b>Total ISK bn</b>		<b>255,5</b>

### Main changes in Q1 2013

- Payments of ISK 73,4bn, mainly from Loans to Financial Institutions (ISK 29,4bn), Loans to Customers (ISK 24,8bn) and Equities (ISK 12,0bn).
- Decrease in cash balances by ISK 10,7bn due to FX changes.
- Income was ISK 0,2bn and paid expenses ISK 1,7bn.

# Statement of Assets - Loans to FI

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ISKbn	Recorded balance		Estimated recovery		Est. recovery
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.3.2013 *
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\* using FX as of 22.4.2009

All amounts in ISKbn	Recorded Balance		Estimated Recovery		Recovery Rate %	
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.12.2012	31.3.2013
Heritable bank	17,8	16,1	10,7	9,7	60%	60%
LI Lux	67,2	63,0	13,0	17,0	19%	27%
Project Global Exposure	21,3	20,2	2,4	2,3	11%	11%
Other	143,6	62,0	33,0	2,6	23%	4%
<b>Total ISKbn</b>	<b>250,0</b>	<b>161,3</b>	<b>59,1</b>	<b>31,5</b>	<b>24%</b>	<b>20%</b>

## Main changes in Q1 2013

- Sale of LBI's claim against Glitnir for GBP 100m and EUR 58m or ISK 28bn, using FX as of 31.3.2013.
- Increased value of LBI's claim against LI Lux of ISK 4,0bn.
- Increased recovery in Project Global exposure by 1,3bn, paid in Q1 and reported under Cash
- Decreased value of ISK 4,7bn due to FX changes.

# Statement of Assets - Loans to customers

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ISKbn	Recorded balance		Estimated recovery		Est. recovery
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.3.2013 *
Cash	194	255	194	255	263
Loans to Financial Institutions	250	161	59	31	33
<b>Loans to customers</b>	<b>776</b>	<b>725</b>	<b>258</b>	<b>219</b>	<b>222</b>
Bonds and Equities	90	73	74	56	59
LB Financing	315	294	315	294	309
Other assets	131	130	5	4	4
<b>Total</b>	<b>1.757</b>	<b>1.638</b>	<b>906</b>	<b>859</b>	<b>890</b>

\* using FX as of 22.4.2009

Portfolio	Sub portfolio	# of customers	Estimated recovery
Leverage lending	Participation	40	80,2
Vendor loan	Vendor loan	1	42,7
Leverage lending	Origination	8	19,8
Senior secured	Collateral based	35	25,5
Asset backed lending	Collateral based	5	19,0
Real estate lending	Collateral based	22	15,4
Senior unsecured	Cash flow	20	6,9
KS loans	KS loans	36	6,3
Commercial Finance	Collateral based	4	3,1
		<b>171</b>	<b>219,1</b>

## LBI's loan portfolio

- Loans to customers can be split into 9 main loan portfolios.
- Leverage lending and Commercial Finance is originated from London Branch and Amsterdam Branch.
- Senior secured/unsecured, Vendor loan and Real estate lending is originated from Reykjavik/LI LUX. K/S loans are originated from LI Lux.
- Asset Backed lending is originated from Labki (Canada).
- Slides showing exposures in Reykjavik, London, Amsterdam and Canada are in the Appendix for reconciling Loans to customers against LBI's operations.

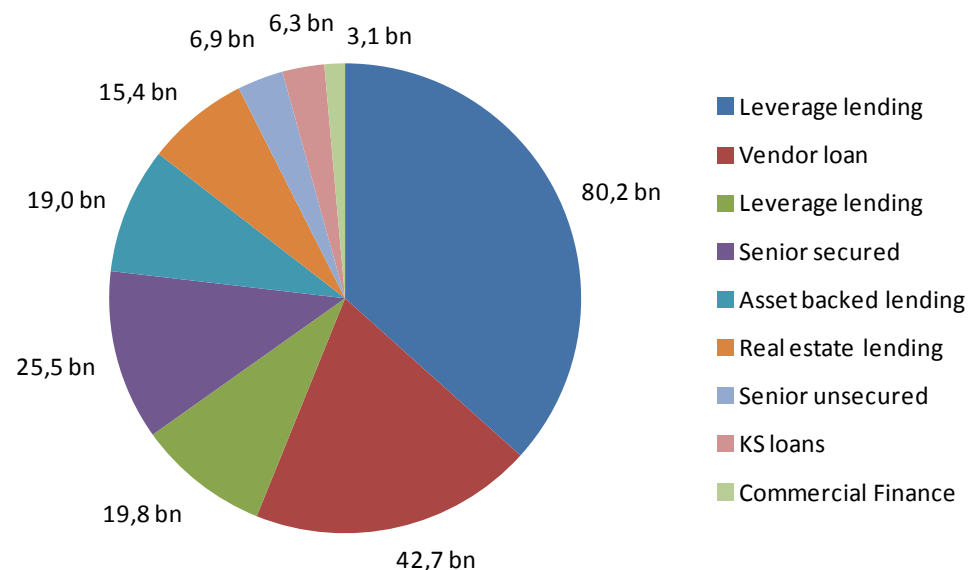
## Main changes in Q1 2013

- Payments of ISK 24,8bn were received in Q1 2013.
- Decrease of ISK 16,8bn due to FX changes.
- Reclassification of ISK 0,1bn from Loans to customers to Equities.
- Estimated recovery increased by ISK 1,1bn due to higher valuation.
- Income was ISK 1,3bn.
- Final write offs in the quarter lowered the recorded balance by ISK 6,9bn. This had no effect on the estimated recovery.
- If Cash, LB's Financing and Governmental Bonds are excluded LBI's assets still to be collected/realized in cash are ISK 263bn. Thereof Loans to customers is ISK 219bn or 83%.

# Loans to customers

## Estimated recovery rates by loan portfolios

Portfolio	Sub portfolio	# of customers	0% - 39%	40%-59%	60%-79%	80%-89%	90%-99%	100%	Total
Leverage lending	Participation	40	1,3	6,1	17,8	2,5	20,8	31,7	<b>80,2</b>
Vendor loan	Vendor loan	1						42,7	<b>42,7</b>
Leverage lending	Origination	8	0,2	2,9				16,7	<b>19,8</b>
Senior secured	Collateral based	35	14,8	3,3	3,1		1,0	3,3	<b>25,5</b>
Asset backed lending	Collateral based	5			18,3			0,6	<b>19,0</b>
Real estate lending	Collateral based	22	7,4	0,4	2,2	4,4		1,1	<b>15,4</b>
Senior unsecured	Cash flow	20	0,3	1,6	0,2			4,9	<b>6,9</b>
KS loans	KS loans	36	1,7	0,5	1,2	1,1	0,1	1,7	<b>6,3</b>
Commercial Finance	Collateral based	4		0,0		1,0		2,1	<b>3,1</b>
		<b>171</b>	<b>25,6</b>	<b>14,8</b>	<b>42,9</b>	<b>9,1</b>	<b>21,8</b>	<b>104,9</b>	<b>219,1</b>



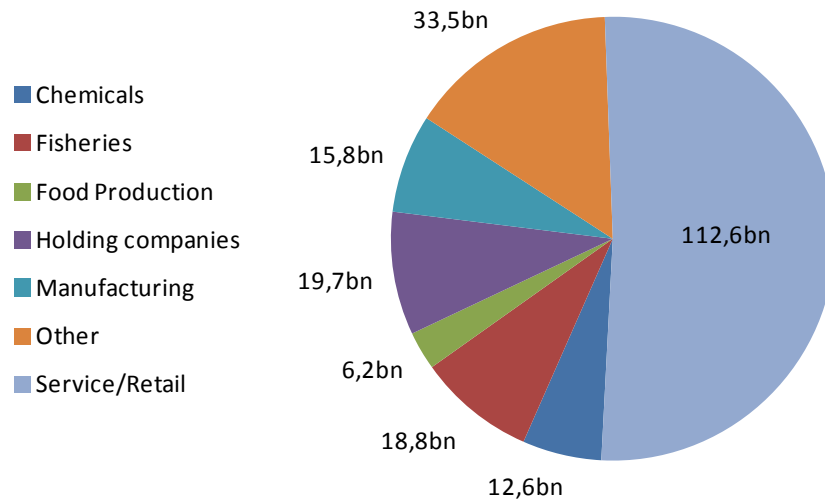
- Leverage lending of ISK 100bn to 48 customers is 46% of the loan book. Thereof ISK 48,4bn with 100% recovery rate.
- Estimated recovery from Senior secured lending mainly derives from underlying pledged assets.
- Asset backed lending is mainly loans to fisheries in Canada.
- Real estate lending is mainly secured by real estates in Iceland.
- K/S loans are Danish tax-structure lending transferred from LI Lux in June 2012.

# Loans to Customers by Sectors

Sector	Loan Exposure		Estimated Recovery		Recovery Rate %	
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.12.2012	31.3.2013
Chemicals	13,7	12,9	13,4	12,6	98%	98%
Fisheries	25,6	24,1	20,0	18,8	78%	78%
Food Production	26,2	25,0	6,6	6,2	25%	25%
Holding companies	217,0	211,7	19,8	19,7	9%	9%
Manufacturing	20,9	19,2	17,9	15,8	85%	82%
Other	123,2	113,4	36,7	33,5	30%	30%
Service/Retail	349,3	318,1	144,0	112,6	41%	35%
	<b>775,8</b>	<b>724,4</b>	<b>258,3</b>	<b>219,1</b>	<b>33%</b>	<b>30%</b>

- Estimated recovery from Service/retail is ISK 112,6bn or 51% of Loans to customers .
- Estimated recovery of Other is ISK 33,5bn or 15% of Loans to customers . Other is mainly Senior secured/unsecured lending and Real estate lending.
- Estimated recovery of Fisheries is ISK 18,8bn or 9% of Loans to customers .

**Breakdown of Service / Retail**

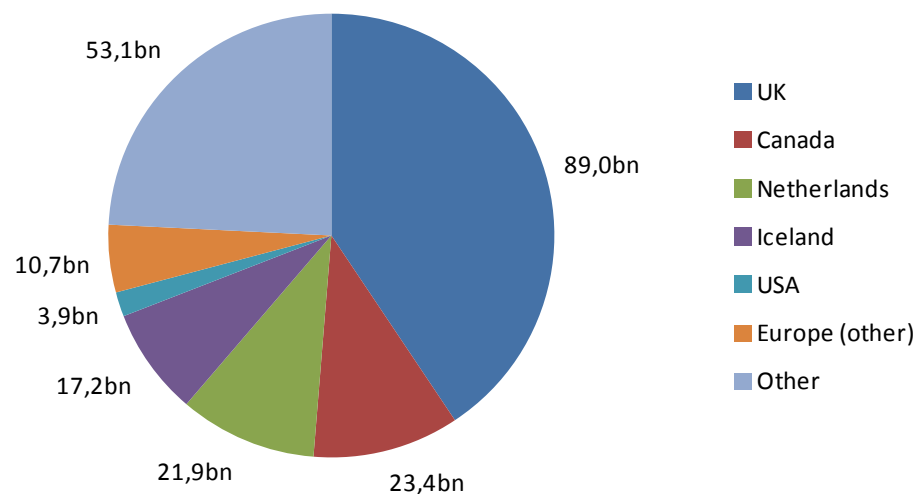




# Loans to customers

## Geographical origin of estimated recovery

Origin of recovery	# of customers	ISK	USD	EUR	GBP	CAD	Other	Total
UK	26	0,1	0,2	3,3	85,4	0,0	0,0	<b>89,0</b>
Canada	6	0,0	3,9	0,1	0,0	19,1	0,4	<b>23,4</b>
Netherlands	8	0,0	2,0	19,9				<b>21,9</b>
Iceland	46	10,2	0,2	6,4	0,2	0,0	0,1	<b>17,2</b>
Europe (other)	9	0,1	1,4	5,0	0,3		4,0	<b>10,7</b>
Poland	1			10,3				<b>10,3</b>
Scandinavia	46			1,5			8,4	<b>9,9</b>
Germany	6		1,7	6,3	0,1			<b>8,1</b>
France	8	0,0	1,1	6,4	0,4			<b>7,9</b>
Spain	4		2,1	3,9				<b>6,0</b>
Other	4		1,0				4,6	<b>5,6</b>
Latvia	3			5,2				<b>5,2</b>
USA	4		3,2	0,6				<b>3,9</b>
<b>Total</b>	<b>171</b>	<b>10,5</b>	<b>16,8</b>	<b>68,9</b>	<b>86,3</b>	<b>19,1</b>	<b>17,5</b>	<b>219,1</b>



### Origin of recovery

- For performing customers origin of recovery is the location of their main operation.
- For non-performing customers origin of recovery is based on the location of the main underlying collateral.

### Currencies

- For performing customers currency is the contractual currency/currencies.
- For non-performing customers currency is based on expected collateral realization.

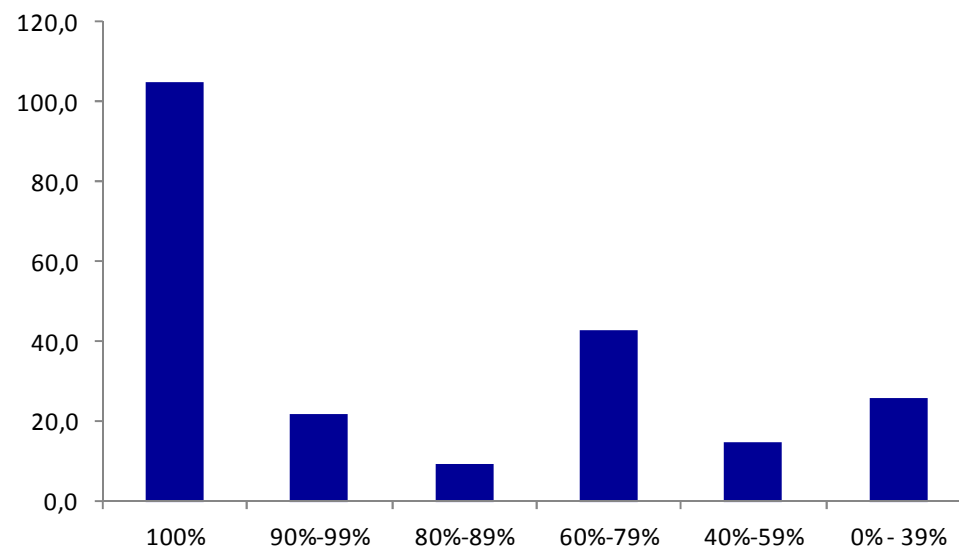
# Loans to customers

## Cash flow by estimated recovery rates

Recovery rates	Q2-Q4 2013	2014	2015	2016	2017	2018	Later	Total
100%	8,6	17,6	19,6	9,7	1,2	3,6	44,6	104,9
90%-99%	1,3	0,5	1,6	1,1	0,4	1,2	15,7	21,8
80%-89%	1,2	0,2	0,5	3,5	2,3	1,3	0,0	9,1
60%-79%	6,3	1,2	6,8	6,7	8,8	1,2	12,0	42,9
40%-59%	1,1	3,5	4,7	2,1	0,1	0,1	3,2	14,8
0% - 39%	4,5	11,8	2,2	1,0	0,6	0,4	5,1	25,6
<b>Total</b>	<b>22,9</b>	<b>34,9</b>	<b>35,4</b>	<b>24,1</b>	<b>13,3</b>	<b>7,8</b>	<b>80,6</b>	<b>219,1</b>

- Cash collected in Q1 2013 is ISK 24,8bn.
- Of ISK 80,6bn expected to be collected after 2018 (Later), ISK 79,6bn.
- Loans with 90%-100% estimated recovery rates are ISK 126,7bn or 58% of the loan book total estimated recovery.
- Loans with 0%-59% estimated recovery rates are ISK 40,4bn or 18% of the loan book total estimated recovery.

Estimated recovery by recovery rates



# Statement of Assets – Bonds and Equities

# LBI

† SLITAMEDFERD  
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery		Est. recovery
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.3.2013 *
Cash	194	255	194	255	263
Loans to Financial Institutions	250	161	59	31	33
Loans to customers	776	725	258	219	222
<b>Bonds and Equities</b>	<b>90</b>	<b>73</b>	<b>74</b>	<b>56</b>	<b>59</b>
LB Financing	315	294	315	294	309
Other assets	131	130	5	4	4
<b>Total</b>	<b>1.757</b>	<b>1.638</b>	<b>906</b>	<b>859</b>	<b>890</b>

\* using FX as of 22.4.2009

All amounts in ISKbn	Recorded Balance		Estimated Recovery		Recovery Rate %	
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.12.2012	31.3.2013
Bonds	70,5	64,6	54,3	48,5	77%	75%
Equities	19,9	7,9	19,6	7,4	99%	93%
<b>Total ISKbn</b>	<b>90,4</b>	<b>72,5</b>	<b>74,0</b>	<b>55,9</b>	<b>82%</b>	<b>77%</b>

## Highlights in Q1 2013

- Sale of equity stake in Aurum for ISK 12bn.

# Statement of Assets – LB Financing

# LBI

Í SLITAMEDFERD  
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery		Est. recovery
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.3.2013 *
Cash	194	255	194	255	263
Loans to Financial Institutions	250	161	59	31	33
Loans to customers	776	725	258	219	222
Bonds and Equities	90	73	74	56	59
<b>LB Financing</b>	<b>315</b>	<b>294</b>	<b>315</b>	<b>294</b>	<b>309</b>
Other assets	131	130	5	4	4
<b>Total</b>	<b>1.757</b>	<b>1.638</b>	<b>906</b>	<b>859</b>	<b>890</b>

\* using FX as of 22.4.2009

Exposure to LB	31.12.2012	FX	ISK	31.3.2013	FX	ISK	Change	FX	ISK
Bond A	223	223		208	208		(16)	(16)	0
Contingent Bond	92	92		86	86		(6)	(6)	0
Shares in LB	28		28	28		28	0	0	0
- Clawback	(28)		(28)	(28)		(28)	0	0	0
<b>LBI financing total</b>	<b>315</b>	<b>315</b>	<b>0</b>	<b>294</b>	<b>294</b>	<b>0</b>	<b>(22)</b>	<b>(22)</b>	<b>0</b>
Deposits in LB	40	15	25	42	15	27	2	0	2
<b>Total ISKbn</b>	<b>355</b>	<b>330</b>	<b>25</b>	<b>336</b>	<b>309</b>	<b>27</b>	<b>(20)</b>	<b>(22)</b>	<b>2</b>

**LB Financing totalled ISK 294bn 31.03.2013, down by ISK 22bn.**

- Outstanding balance of Bond A decreased by ISK 13bn in Q1 2013 mainly due to appreciation of the ISK.
- In addition LB made a prepayment of ISK 3,8bn of which ISK 2,2bn were on principal and ISK 1,6bn accrued interest.
- Contingent bond valued at ISK 92bn at year end 2012 decreased in ISK by ISK 6,0bn due to the appreciation of the ISK in Q1 2013.
- LBI has transferred all shares in LB to the Government of Iceland and LB and thus no equity exposure exists on LB.

# Statement of Assets – Other Assets

# LBI

SLITAMEDFERD  
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery		Est. recovery
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.3.2013 *
Cash	194	255	194	255	263
Loans to Financial Institutions	250	161	59	31	33
Loans to customers	776	725	258	219	222
Bonds and Equities	90	73	74	56	59
LB Financing	315	294	315	294	309
<b>Other assets</b>	<b>131</b>	<b>130</b>	<b>5</b>	<b>4</b>	<b>4</b>
<b>Total</b>	<b>1.757</b>	<b>1.638</b>	<b>906</b>	<b>859</b>	<b>890</b>

\* using FX as of 22.4.2009

All amounts in ISKbn	Recorded Balance sheet		Estimated Recovery		Recovery Rate %	
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.12.2012	31.3.2013
Derivatives	40,8	40,7	1,6	1,2	4%	3%
Investment in Subs.	85,7	85,7	0,0	0,0	0%	0%
Non-current assets	4,4	3,8	3,1	2,6	71%	69%
<b>Total ISKbn</b>	<b>130,8</b>	<b>130,3</b>	<b>4,7</b>	<b>3,8</b>	<b>4%</b>	<b>3%</b>

## Highlights in Q1 2013

- Payments of ISK 0,3bn.
- Decrease in valuation of Derivatives of ISK 0,4bn.



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# Total Operational Cost

ISKm	2011				2012				2013 Q1	Change QoQ
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Housing and logistics	50	58	60	42	60	33	78	42	37	(11%)
Payroll and benefits	524	554	522	466	493	426	417	442	440	(0%)
Icelandic legal cost	96	95	61	144	300	118	101	125	134	7%
Administration cost	103	104	98	122	99	87	57	90	74	(18%)
Icelandic expert cost	121	56	121	46	4	61	84	95	87	(8%)
Non-Icelandic legal cost	200	84	382	249	71	175	165	422	290	(31%)
Non-Icelandic expert cost	269	263	162	134	107	362	219	251	247	(2%)
Other Operational costs	167	147	85	112	74	51	95	78	106	35%
SLA cost	88	88	88	88	68	68	68	62	71	13%
<b>Breakdown by location</b>										
Iceland	1.016	902	1.061	1.038	837	1.076	956	1.254	1.147	(9%)
London	469	434	439	261	304	231	263	282	259	(8%)
Canada	67	65	59	52	39	16	13	14	4	(71%)
Amsterdam	66	48	22	53	95	58	52	57	76	33%
<b>Total ISKm</b>	<b>1.618</b>	<b>1.449</b>	<b>1.581</b>	<b>1.404</b>	<b>1.275</b>	<b>1.382</b>	<b>1.284</b>	<b>1.608</b>	<b>1.486</b>	<b>(8%)</b>

- Total operational cost decreases by 8% between quarters.
- Housing and logistics decreases by 11% between quarters.
- Icelandic legal cost increases by 7% between quarters.
- Administration cost decreases by 18% between quarters.
- Icelandic expert cost decreases by 8% between quarters .
- Non Icelandic legal cost decreases by 31% between quarters.
- Non Icelandic expert cost decreases by 2% between quarters.
- Other operational costs increases by 35% between quarters due to seasonal payments of operational cost.
- SLA cost increases by 13% due to unpaid invoice for 2012 witch was paid in Q1 2013.





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# Driver of change for recorded balance sheet

# LBI

† SLITAMEDFERD  
IN WINDING-UP PROCEEDINGS

ISKm GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Derivatives	Other Assets	Total
Recorded 31.12.2012	198,0	279,5	775,8	70,5	19,9	315,5	40,8	90,1	1.790,0
Assets at risk 31.12.2012	(3,8)	(29,5)							(33,2)
<b>Recorded after set-off 31.12.2012</b>	<b>194,2</b>	<b>250,0</b>	<b>775,8</b>	<b>70,5</b>	<b>19,9</b>	<b>315,5</b>	<b>40,8</b>	<b>90,1</b>	<b>1.756,8</b>
Recorded 31.3.2013	259,1	190,8	724,6	64,6	7,7	293,6	40,7	89,5	1.670,7
Assets at risk 31.3.2013	(3,6)	(29,5)							(33,1)
<b>Recorded after set-off 31.3.2013</b>	<b>255,5</b>	<b>161,3</b>	<b>724,6</b>	<b>64,6</b>	<b>7,7</b>	<b>293,6</b>	<b>40,7</b>	<b>89,5</b>	<b>1.637,6</b>
<b>Total Change</b>	<b>61,3</b>	<b>(88,6)</b>	<b>(51,2)</b>	<b>(5,9)</b>	<b>(12,2)</b>	<b>(21,9)</b>	<b>(0,0)</b>	<b>(0,5)</b>	<b>(119,1)</b>
Payments	73,4	(29,4)	(24,8)	(3,1)	(12,0)	(3,9)	(0,0)	(0,2)	0,0
Partial payments									
FX changes	(10,7)	(7,0)	(46,2)	(3,4)	(1,3)	(19,0)		(0,2)	(87,7)
Reclassification			(0,1)		0,1				
Change in Exposure value		(52,2)	0,0	0,0	1,1			(0,2)	(51,3)
Income	0,2		13,0	0,5		0,9			14,6
Paid Expenses	(1,5)								(1,5)
Set-off									
Write-off			6,9						6,9
<b>Total Change</b>	<b>61,3</b>	<b>(88,6)</b>	<b>(51,2)</b>	<b>(5,9)</b>	<b>(12,2)</b>	<b>(21,9)</b>	<b>(0,0)</b>	<b>(0,5)</b>	<b>(119,1)</b>

## Definitions (we note that the numbers are shown in FX on the relevant dates, not the FX on 22 April 2009):

**Assets at risk:** Exposure where validity is uncertain.

**Payments:** Net payments from loans, derivatives and dividend payments as well as collected cash due to sale of assets (cash basis; not accrual).

**Partial payments:** Partial payments to creditors.

**Transaction costs:** Paid costs directly linked to assets disposals.

**FX changes:** Change in Recorded balance Sheet numbers due to changes in currency exchange rate.

**Reclassification:** Change in Recorded balances numbers due to revision between asset classes due to enforcement of security or restructuring.

**Change in Exposure value:** Change in Exposure value for financial assets with variable exposures, e.g. Bonds, Equities, Loans to FI, Derivatives and NBI Financing.

**Income:** Accrued interests on loans, cash/fees and dividend payments (RVK only).

**Operational Expenses:** Paid operational expenses.

**Set-off:** Assets subject to netting, set off or claw-back.

# Driver of change for estimated recovery

# LBI

† SLITAMEDFERD  
IN WINDING-UP PROCEEDINGS

ISKbn GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Derivatives	Other Assets	Total
Estimated recovery 31.12.2012	194,2	59,1	258,3	54,3	19,6	315,5	1,6	3,1	<b>905,8</b>
Estimated recovery 31.3.2013	255,5	31,5	219,1	48,5	7,4	293,6	1,2	2,6	<b>859,4</b>
<b>Total Change</b>	<b>61,3</b>	<b>(27,7)</b>	<b>(39,2)</b>	<b>(5,8)</b>	<b>(12,2)</b>	<b>(21,9)</b>	<b>(0,5)</b>	<b>(0,5)</b>	<b>(46,5)</b>
Payments	73,4	(29,4)	(24,8)	(3,1)	(12,0)	(3,9)	(0,0)	(0,2)	0,0
Partial payments									
FX changes	(10,7)	(4,7)	(16,8)	(3,3)	(1,3)	(19,0)		(0,1)	(55,8)
Reclassification			(0,1)		0,1				0,0
Valuation		6,4	1,1	0,0	1,0		(0,4)	(0,2)	8,0
Income	0,2		1,3	0,5		0,9			2,9
Operational Expenses	(1,5)								(1,5)
Set-off									
<b>Total Change</b>	<b>61,3</b>	<b>(27,7)</b>	<b>(39,2)</b>	<b>(5,8)</b>	<b>(12,2)</b>	<b>(21,9)</b>	<b>(0,5)</b>	<b>(0,5)</b>	<b>(46,5)</b>

## Main changes

- Estimated recovery decreased by ISK 46,5bn, thereof
  - FX changes decreased estimated recovery by ISK 55,8bn.
  - Valuation increased by ISK 8,0bn.
- Payments increased cash by ISK 73,4bn.

## Definitions (we note that the numbers are shown in FX on the relevant dates, not the FX on 22 April 2009):

**Payments:** Net payments from loans, derivatives and dividend payments as well as collected cash due to sale of assets (cash basis; not accrual).

**Partial payments:** Partial payments to creditors.

**Transaction costs:** Paid costs directly linked to assets disposals.

**FX changes:** Change in Recorded balance Sheet numbers due to changes in currency exchange rate.

**Reclassification:** Change in Recorded balances numbers due to revision between asset classes due to enforcement of security or restructuring.

**Valuation:** Changes in valuation between periods.

**Income:** Accrued interests on loans, cash/fees and dividend payments.

**Operational Expenses:** Paid operational expenses.

**Set-off:** Assets subject to netting, set off or claw-back.



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# Loans to customers by sectors

## Breakdown of the loan book by LBI's operations

# LBI

Í SLITAMÉÐFERÐ  
IN WINDING-UP PROCEEDINGS

Sector	Loan Exposure		Estimated Recovery		Recovery Rate %	
	31.12.2012	31.3.2013	31.12.2012	31.3.2013	31.12.2012	31.3.2013
<b>Reykjavík</b>						
Holding companies	217,0	211,7	19,8	19,7	9%	9%
Service/Retail	215,1	211,0	60,3	53,9	28%	26%
Food Production	26,2	25,0	6,6	6,2	25%	25%
Financial Institutions	5,2	4,8	1,8	1,5	35%	32%
Other	87,5	81,0	17,6	14,9	20%	18%
<b>Total ISKbn</b>	<b>551,0</b>	<b>533,5</b>	<b>106,1</b>	<b>96,1</b>	<b>19%</b>	<b>18%</b>
<b>London</b>						
Chemicals	7,0	6,5	6,7	6,3	96%	96%
Manufacturing & Printing	13,5	12,7	10,5	9,2	77%	73%
Retail	64,5	42,7	42,0	21,0	65%	49%
Services	53,2	48,9	37,4	34,2	70%	70%
Other	24,6	23,0	12,6	13,5	51%	59%
<b>Total ISKbn</b>	<b>162,8</b>	<b>133,9</b>	<b>109,1</b>	<b>84,2</b>	<b>67%</b>	<b>63%</b>
<b>Amsterdam</b>						
Chemicals	6,7	6,3	6,7	6,3	100%	100%
Manufacturing & Machinery	7,4	7,0	7,4	7,0	100%	100%
Printing & Publishing	4,3	4,0	3,1	2,9	72%	72%
Retail	1,7	1,5	0,8	0,6	44%	40%
Services	14,8	14,0	3,6	2,9	24%	21%
<b>Total ISKbn</b>	<b>34,9</b>	<b>32,8</b>	<b>21,6</b>	<b>19,7</b>	<b>62%</b>	<b>60%</b>
<b>Canada</b>						
Chemicals	0,0	0,0	0,0	0,0	0%	0%
Fisheries	25,6	24,1	20,0	18,8	78%	78%
Construction	1,6	0,2	1,6	0,2	100%	100%
<b>Total ISKbn</b>	<b>27,1</b>	<b>24,3</b>	<b>21,5</b>	<b>19,0</b>	<b>79%</b>	<b>78%</b>

# Driver of change for recorded balance sheet

## Historical overview

# LBI

SLITAMEDFERD  
IN WINDING-UP PROCEEDINGS

ISKbn GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Derivatives	Other Assets	Total
Opening Balance Sheet 8.10.08	4,6	631,4	1.258,6	443,8	77,6	283,8	228,4	160,1	3.088,4
Correction of OBS	26,0		(227,2)	(82,2)	8,2		(73,2)	(43,6)	(391,9)
<b>Recorded value 8.10.08</b>	<b>30,6</b>	<b>631,4</b>	<b>1.031,5</b>	<b>361,6</b>	<b>85,9</b>	<b>283,8</b>	<b>155,2</b>	<b>116,5</b>	<b>2.696,4</b>
Recorded 31.3.2013	259,1	190,8	724,6	64,6	7,7	293,6	40,7	89,5	1.670,7
Assets at risk 31.3.2013	(3,6)	(29,5)							(33,1)
<b>Recorded after set-off 31.3.2013</b>	<b>255,5</b>	<b>161,3</b>	<b>724,6</b>	<b>64,6</b>	<b>7,7</b>	<b>293,6</b>	<b>40,7</b>	<b>89,5</b>	<b>1.637,6</b>
<b>Total Change</b>	<b>224,9</b>	<b>(470,1)</b>	<b>(306,9)</b>	<b>(297,0)</b>	<b>(78,1)</b>	<b>9,7</b>	<b>(114,4)</b>	<b>(27,0)</b>	<b>(1.058,8)</b>
Payments	888,9	(100,8)	(366,5)	(8,0)	(239,1)	(106,0)	(60,4)	(8,1)	0,0
Partial payments	(657,3)								(657,3)
Transaction cost	(3,4)								(3,4)
FX changes	7,2	53,0	83,5	(5,8)	(5,2)	16,8	(3,2)	0,1	146,5
Reclassification	(0,1)	(250,7)	119,9	89,8	38,9		(8,7)	10,9	0,0
Change in Exposure value		23,7	0,1	2,2	128,2	64,9	(5,3)	0,3	214,1
Income	31,9	0,0	276,1	0,5	0,1	34,0		0,2	342,9
Paid Expenses	(43,0)								(43,0)
Set-off	0,8	(168,0)		(375,7)				(16,1)	(559,0)
Write-off		(27,3)	(420,0)		(1,1)		(36,9)	(14,3)	(499,5)
<b>Total Change</b>	<b>224,9</b>	<b>(470,1)</b>	<b>(306,8)</b>	<b>(297,0)</b>	<b>(78,1)</b>	<b>9,7</b>	<b>(114,4)</b>	<b>(26,9)</b>	<b>(1.058,8)</b>

### Definitions:

**Assets at risk:** Exposure where validity is uncertain.

**Payments:** Net payments from loans, derivatives and dividend payments as well as collected cash due to sale of assets (cash basis; not accrual).

**Partial payments:** Partial payments to creditors.

**Transaction costs:** Paid costs directly linked to assets disposals.

**FX changes:** Change in Recorded balance Sheet numbers due to changes in currency exchange rate.

**Reclassification:** Change in Recorded balances numbers due to revision between asset classes due to enforcement of security or restructuring.

**Change in Exposure value:** Change in Exposure value for financial assets with variable exposures, e.g. Bonds, Equities, Loans to FI, Derivatives and NBI Financing.

**Income:** Accrued interests on loans, cash/fees and dividend payments (RVK only).

**Operational Expenses:** Paid operational expenses.

**Set-off:** Assets subject to netting, set off or claw-back.

# FX rates

	31.12.2012	31.3.2013	Change
EUR	168,95	158,55	-6,2%
GBP	207,22	187,43	-9,6%
USD	128,16	124,00	-3,2%
CAD	128,73	121,95	-5,3%