



LBI hf.

Financial information – status as at end Q2 2015

Expected status at end of Q4 2015

Business plan (Base case)

- This report is confidential and exclusively for the use of those parties who have lodged claims against LBI hf (fka. Landsbanki Íslands hf.). 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 information contained within this presentation is set forth to the best of LBI's ability. Furthermore, certain information is taken from third parties, in which case LBI uses sources which LBI regards as dependable. LBI cannot, however, guarantee the accuracy of the information contained within this presentation. Furthermore, the information and views presented herein, regardless if these are provided by LBI or a third party, may change without notice.
- LBI accepts no responsibility for the accuracy of the information provided herein. LBI is under no obligation to make amendments or changes to this presentation if errors are found or opinions or information change.
- LBI does not warrant the accuracy, suitability or sufficiency of the information or any methodology used to produce the information contained within this presentation.
- The use of LBI's material, works or trademarks is forbidden without written consent except were otherwise expressly stated. Furthermore, it is prohibited to publish material made or gathered by LBI without written consent.



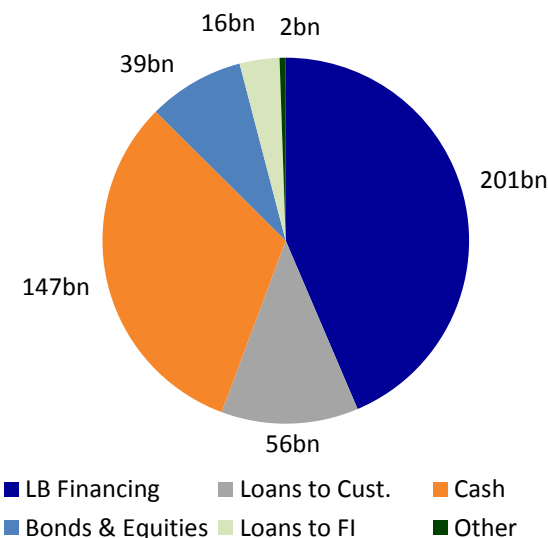
1. Estimated Recovery / Liabilities – Summary
2. 60 Largest estimated recoveries
3. Statement of Assets
4. Operational Cost
5. Expected status at end of Q4 2015 - LBI's Business plan (Base case)
6. Stability contribution vs. Stability tax
7. Driver of change
8. Appendix

Estimated Remaining Recovery - end of Q2 2015

ISKbn	Estimated recovery		Changes in Quarter						
	31.3.2015	30.6.2015	Payments	FX change	Valuation	Income	From escrow	Op. exp.	Total change
Cash	121,9	146,7	25,6	(0,3)		0,2	1,0	(1,7)	24,8
Loans to Financial Inst.	38,6	16,2	(23,3)	0,2	0,7				(22,4)
Loans to Customers	55,2	55,8	(0,6)	(0,1)	0,5	0,8			0,6
Bonds	37,2	37,1		(0,4)		0,3			(0,1)
Equities	2,0	2,1	(0,0)	0,0	0,0				0,0
LB Financing	203,9	201,2	(1,6)	(2,7)		1,5			(2,7)
Derivatives	0,9	0,9	(0,1)		0,0				(0,1)
Non current assets	1,8	1,6	(0,1)	(0,1)	(0,0)				(0,1)
Total assets	461,5	461,6	(0,0)	(3,2)	1,2	2,8	1,0	(1,7)	0,1

Highlights in Q2 2015

- **Estimated recovery increases by ISK 0,1bn, thereof:**
 - Valuation changes increases estimated recovery by ISK 1,2bn
 - Income increases estimated recovery by ISK 2,8bn
 - FX changes decreases estimated recovery by net ISK 3,2bn
 - Operational expenses was ISK 1,7bn
- **Valuation changes increases estimated recovery by ISK 1,2bn, thereof:**
 - Loans to financial institutions increases by ISK 0,7bn
 - Loans to customers increases by ISK 0,5bn
- **Cash increased by net ISK 24,8bn:**
 - Payments from assets was of total ISK 25,6bn,
 - thereof from Loans to Financial Inst. ISK 23,3bn
 - FX changes was ISK 0,3bn
 - Income on Cash was ISK 0,2
 - Reclaimed from escrow accounts allocation explains ISK 1,0bn
 - Operational expenses was ISK 1,7bn



Estimated Remaining Recovery at end Q2 2015 - Estimated recovery and Partial payments towards Art. 112 claims.

Estimated recovery

FX at each reporting date

ISKbn	30.6.2013	30.9.2013	31.12.2013	31.3.2014	30.6.2014	30.9.2014	31.12.2014	31.3.2015	30.6.2015
Cash	272,1	230,9	317,6	332,6	362,9	468,0	111,8	121,9	146,7
Loans to Financial Inst.	29,3	27,9	27,7	26,0	29,6	28,6	32,6	38,6	16,2
Loans to Customers	224,4	226,7	183,3	171,3	159,9	71,9	61,3	55,2	55,8
Bonds	49,5	46,9	45,9	42,1	42,1	39,7	40,6	37,2	37,1
Equities	7,2	6,6	2,4	2,0	3,5	2,0	1,6	2,0	2,1
LB Financing	297,2	297,9	237,7	231,9	228,7	230,2	200,4	203,9	201,2
Derivatives	1,1	1,1	0,5	0,5	0,5	0,5	1,3	0,9	0,9
Non current assets	2,6	2,4	2,9	2,8	2,6	2,4	1,7	1,8	1,6
Total remaining assets	883,4	840,4	818,1	809,0	829,7	843,2	451,5	461,5	461,6
Part. payments incl. escrow repayments	648,0	715,3	715,9	715,9	715,9	715,9	1.118,6	1.118,6	1.117,6
Total assets including partial payments	1.531,4	1.555,7	1.534,0	1.534,0	1.545,6	1.559,1	1.570,0	1.580,1	1.579,2

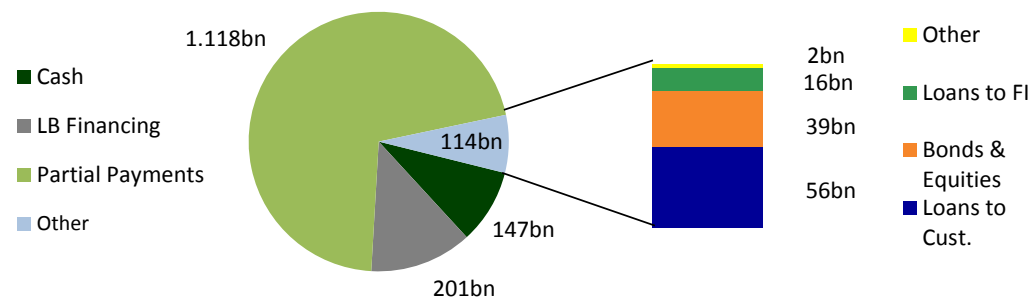
Partial payments to priority creditors (Art. 112) and remaining estimated recovery

- At the end of Q2 2015 five Partial payments of net total ISK 1.117,6bn have been made towards priority claims (Art.112).
 - In Q2 2015 ISK 1,0bn was recovered from escrow accounts allocations for rejected disputed Art. 112 claims now accounted for in Cash.
- At the end of Q2 2015 partial payments and remaining assets are of total ISK 1.579,2bn.

Remaining estimated recovery

- At the end of Q2 2015 Cash was ISK 146,7bn and estimated recovery of non-cash assets was of total ISK 314,9bn.

Estimated recovery 30.6.2015

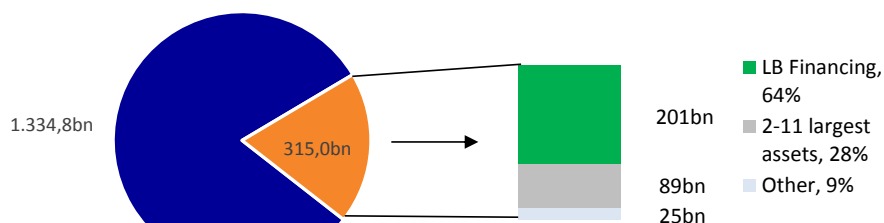


Estimated Remaining Recovery including cash payments towards Art. 109-112 claims.

Estimated recovery including cash payments to Art. 109-112 creditors

ISKbn	30.6.2015
Cash	146,7
Loans to Financial inst.	16,2
Loans to customers	55,8
Bonds	37,1
Equities	2,1
LB Financing	201,2
Derivatives	0,9
Non current assets	1,6
Total remaining assets	461,6
Payments to Art. 109-112 creditors	
Art. 109 - Proprietary claims	4,8
Art. 110 - Admin. Claims	58,1
Art. 110 - Admin. claims/Bank tax	7,7
Art. 112 - Partial Payments incl. escrow repayments	1.117,6
Total payments to Art. 109-112 creditors	1.188,2
Total remaining assets and payments to Art. 109-112 creditors	1.649,8

- Estimated recovery at the end of Q2 2015 was ISK 461,6bn and total payments to Art. 109-112 creditors was ISK 1.188,2bn. Based on this LBI's total expected recovery is ISK 1.649,8bn.
- Total cash payments of ISK 1.188,2bn and Cash position at 30.6.2015 of ISK 146,7bn is of total ISK 1.334,8bn. This means that LBI has already realized into cash approx. 81% of the total ISK 1.649,8bn estimated recovery.



■ Cash already collected ■ Estimated recovery of assets still to be collected

Statement of Liabilities at end of Q2 2015

LBI

Í SLITAMEDFERÐ
IN WINDING-UP PROCEEDINGS

Claim Priority - Liability type (Amounts in bn ISK)	Accepted Amounts	Final*	Settled by other means	Paid from recoveries	Escrow allocations	Liabilities 30/06/2015
109 - Proprietary Claims	9,6	100%	4,8	4,8	-	-
110 - Administrative Claims (Third paragr.)	14,3	100%	0,9	13,3	-	-
111 - Secured Claims						
Deposit - Retail	6,3	100%	6,3	-	-	-
Loans from Financial Institutions	48,9	100%	48,9	-	-	-
Other borrowings	2,8	100%	2,8	-	-	-
Total Guarantee Claims	58,0	100%	58,0	-	-	-
112 - Priority Claims						
Deposit - Retail	1.167,0	100,00%	-	981,9	0,0	185,0
Deposit - Wholesale	145,4	100,00%	-	122,3	-	23,1
Loans from Financial Institutions	14,2	100,00%	-	11,9	0,1	2,3
Loans from Financial.Inst.- Rejected	-	-	-	-	-	-
Other liabilities	0,9	100,00%	-	0,7	0,0	0,1
(Claims settled by lump sum payment)	0,7	100,00%	-	0,7	-	-
Total Priority Claims	1.328,2	100,00%	-	1.117,5	0,1	210,6
113 - General Claims						
Deposit - Retail	0,2	100,00%	-	-	-	0,2
Deposit - Wholesale	10,4	100,00%	-	-	-	10,4
Derivatives	153,2	99,99%	6,5	-	-	146,8
Loans from Financial Institutions	49,3	100,00%	-	-	-	49,3
Other borrowings	186,2	98,07%	-	-	-	186,2
Other liabilities	10,8	99,30%	-	-	-	10,8
Securities Issued	1.230,6	99,50%	22,3	-	-	1.208,3
Total General Claims	1.640,8	99,40%	28,7	-	-	1.612,0
Grand Total	3.050,8	99,68%	92,5	1.135,6	0,1	1.822,6

* Percentage of accepted amounts that has been finally accepted

Liabilities in foreign currencies are converted to ISK based on the published selling rate from the Central Bank of Iceland at 22nd of April 2009.

- 99,40% of accepted general unsecured claims under Art. 113 are finally accepted bringing the total of all accepted claims to **99,68%**.
- Escrow account balance is reduced due to finally rejected claim in Q2 by around ISK 1bn. The remaining amount of ISK 0,1bn on escrow account is due to missing settlement instructions from priority creditors.
- The escrow reduction has increased cash balance and as a result the liabilities are increased by the same amount or ISK 1bn. The estimated recovery for unsecured creditors remains the same.
- Accepted amounts under derivatives is reduced by net ISK 52,3bn mainly due to a claim held by Landsbanki Luxemburg that was distributed to LBI and subsequently removed from the claim register.
- ISK 6.5bn of derivative claims from Kaupthing were accepted and recognised as settled by other means through set-off. The total of general claims on the claim register settled through set-off is now ISK 28,7bn.

Statement of Liabilities at end of Q2 2015

– Breakdown of rejected claims

LBI

Ī SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

Claim Priority - Liability type (Amounts in bn ISK)	Lodged claims	Changed priority	Accepted Final	Accepted Disputed	Decision Postponed	Rejected Final	Rejected Disputed
109 - Proprietary Claims	129,0	- 23,6	9,6	-	-	6,5	89,3
110 - Administrative Claims	61,9	6,3	14,3	-	-	42,7	11,1
111 - Secured Claims							
Deposit - Retail	346,1	6,3	6,3	-	-	346,1	0,0
Loans from Financial Institutions	115,1	- 39,8	48,9	-	-	26,4	-
Other borrowings	41,9	- 0,9	2,8	-	-	5,9	32,3
Total Secured Claims	503,0	- 34,4	58,0	-	-	378,3	32,3
112 - Priority Claims							
Deposit - Retail	2.216,9	0,7	1.167,0	-	-	1.050,7	-
Deposit - Wholesale	326,9	4,8	145,4	-	-	186,2	-
Loans from Financial Institutions	108,7	- 4,6	14,2	-	-	89,9	-
Other liabilities	31,9	- 8,2	0,9	-	-	22,8	-
(Claims settled by lump sum payment)	1,1	0,0	0,7	-	-	0,4	-
Total Priority Claims	2.685,4	- 7,3	1.328,2	-	-	1.350,0	-
113 - General Claims							
Deposit - Retail	0,4	0,0	0,2	-	-	0,1	0,0
Deposit - Wholesale	10,5	-	10,4	-	-	0,1	-
Derivatives	239,6	1,4	153,2	0,0	-	74,9	12,9
Loans from Financial Institutions	2,2	47,1	49,3	-	-	-	-
Other borrowings	192,8	-	182,6	3,6	-	6,5	0,0
Other liabilities	301,8	8,0	10,7	0,1	5,7	62,8	230,5
Securities Issued	1.754,6	2,5	1.224,5	6,1	-	525,4	1,1
Subordinated securities issued	123,3	-	-	-	-	119,1	4,3
Total General Claims	2.625,2	59,0	1.631,0	9,8	5,7	788,9	248,8
114 - Subordinated Claims	43,2	-				43,2	
Grand Total	6.047,7	-	3.041,0	9,8	5,7	2.609,7	381,5

Art. 112 – Priority claims, Rejected Disputed

- All disputes on priority claims have been settled.
- Claim of ISK 1,2bn was finally rejected in Q2 2015.
- Claims of ISK 138,5bn previously reported under priority claims relating to Heritable Bank has been moved into general claims as dispute relating to the priority has been settled.

Art. 113 – General claims, Rejected Disputed

- Disputed derivatives claims are reduced by ISK 19,1bn of which ISK 8,8bn were accepted and ISK 10,3bn finally rejected. Thereof ISK 6,5bn was paid by setting off against LBI claim against the counterparty that was not reported in estimated recovery.
- In “Other liabilities” claims of ISK 197,5bn are based on LBI guarantee of claims against Heritable Bank. Only a small part of these claims will be accepted as Art. 113 claim. The final amounts are still to be decided. It is worth noting that 98% of claims that were accepted in the Heritable estate have been paid out.

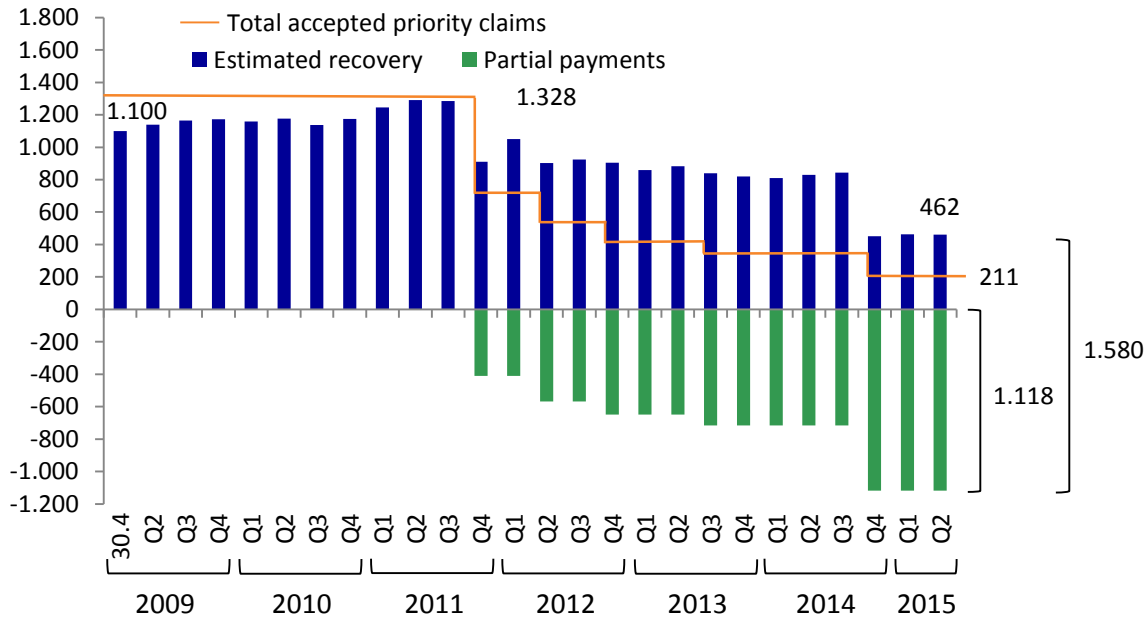
Historical development

Estimated recovery, Partial Payments and Priority claims

LBI

Í SLITAMÉÐFERÐ
IN WINDING-UP PROCEEDINGS

Development of the Estimated recovery - using FX rates at each reporting date (ISKbn)



Historical changes

- **Estimated recovery has increased since 30.4.2009 by ISK 480bn** (from ISK 1.100bn to ISK 1.580bn).
- **On 30.6.2015 the estimated recovery was ISK 251bn higher than remaining finally accepted priority claims (Art. 112).**
- **Priority claims of ISK 1.328bn** have reduced by five partial payments **down to ISK 211bn.**
- **Five Partial Payments of net ISK 1.117,6bn** have been made:
 - 1st made in December 2011 of ISK 410bn
 - 2nd made in May 2012 of ISK 172,3bn
 - 3rd made in October 2012 of ISK 80bn
 - 4th made in September 2013 of ISK 67,2bn
 - 5th made in December 2014 of ISK 402,7bn
 - Escrow repayments to LBI of ISK 14,5bn

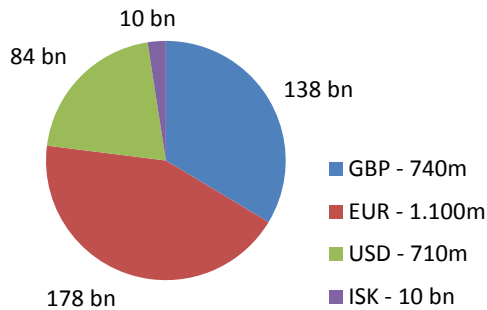
Historical development, status as at end Q2 2015

- Partial payments to priority creditors (Art. 112) is of total 1.118bn (green pillars).
- Remaining finally accepted Art. 112 claims are ISK 211bn (red line).
- Estimated recovery of remaining assets is ISK 462bn (blue pillars), thereof Cash is ISK 146,7bn and non-cash assets ISK 314,9bn.
- Partial payments to priority creditors (Art. 112) and remaining assets still (green pillars + blue pillars) are of total ISK 1.580bn.
- **Estimated recovery and remaining claims against LBI**
- Not considering the bank tax according to law No. 155/2010, disputed proprietary claims (Art. 109), administrative claims (Art. 110) and disputed set-off claims against recoverable assets (Art. 111) the estimated recovery was ISK 251bn higher than remaining finally accepted Priority claims (Art. 112).

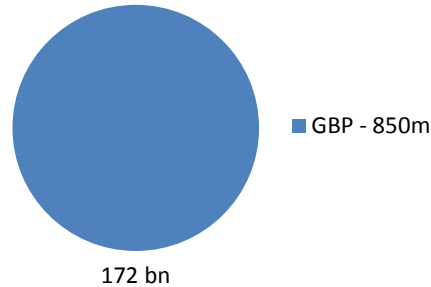
Partial payments to priority creditors

- (Art. 112)

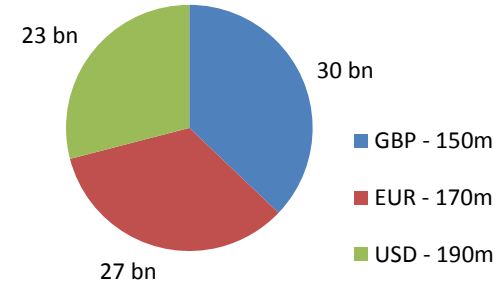
First Partial payments - ISK 409,9bn



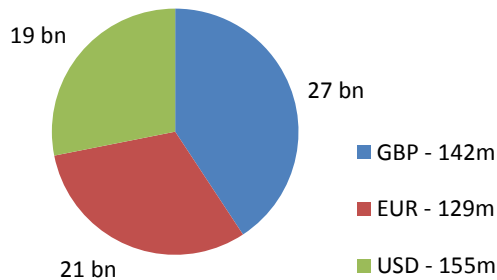
Second Partial payments - ISK 172,3bn



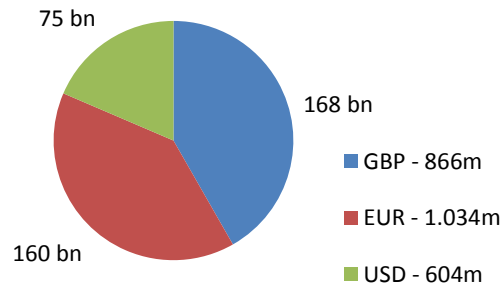
Third Partial payments - ISK 80,0bn



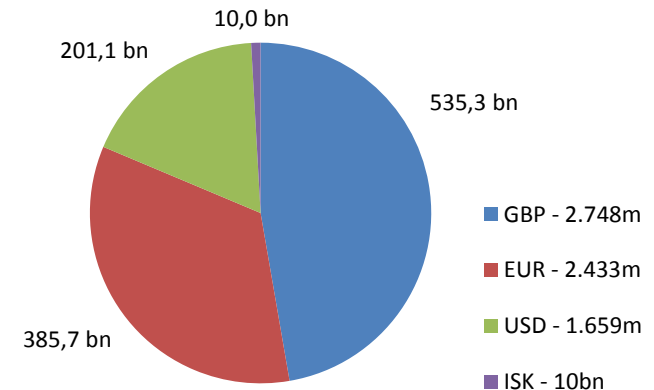
Fourth Partial payments - ISK 67,2bn



Fifth Partial payments - ISK 402,7bn



Total Partial payments - ISK 1.132,2bn.



Partial payments to priority creditors (Art. 112)

- Total partial payments of ISK 1.132.2bn have been made to priority creditors, thereof ISK 0,1bn is still on escrow accounts.
- Repayments to LBI from escrow accounts amount to ISK 14,5bn. Net partial payments is therefore ISK 1.117,6bn.
- According to the Supreme court ruling no. 553/2013 the FX rates for Partial payments and escrow payments are the selling rates of the Central Bank of Iceland on each payment date.

Estimated remaining recovery by currency

LBI

Í SLITAMÉFERÐ
IN WINDING-UP PROCEEDINGS

ISKbn	ISK		USD		EUR		GBP		Other		Total	
	31.3.15	30.6.15	31.3.15	30.6.15	31.3.15	30.6.15	31.3.15	30.6.15	31.3.15	30.6.15	31.3.15	30.6.15
Cash	24	24	16	14	34	45	34	49	13	15	122	147
Loans to FI	1	1	1	1	23	14	14	1			39	16
Loans to Customers	8	8	1	1	16	16	10	11	20	21	55	56
Bonds			9	9	28	29					37	37
Equities	1	1			0	0	0	0			2	2
LB Financing			81	78	91	91	32	32			204	201
Derivatives	1	1			0	0					1	1
Other assets	0	0	2	1	0	0			0		2	2
Total assets	34	34	109	104	194	195	90	93	33	36	462	462

• Changes in estimated recovery by currencies:

- ISK is 34bn and 7,5% of total estimated recovery.
 - Remaining estimated recovery in ISK is mainly from Cash and Loans to customers.
- USD decreases by ISK 5bn to ISK 104bn and is now 22,5% of total estimated recovery.
 - Remaining estimated recovery in USD is mainly from Cash, LB Financing and Bonds (Landsvirkjun Bond).
- EUR increases by ISK 1bn to ISK 195bn and is now 42% of total estimated recovery.
 - Remaining estimated recovery is mainly from Cash, LB financing and Bonds (Avens replacements Bonds is already prepaid in Q3).
- GBP increases by ISK 3bn to ISK 93bn and is now ISK 90bn or 20% of total estimated recovery.
 - Remaining estimated recovery is mainly from Cash, LB financing and Loans to customers.
- Other currencies increases by ISK 3bn to ISK 36bn and is now 7,8% of total estimated recovery.
 - Remaining estimated recovery is mainly from Cash and Loans to customers.

Estimated remaining recovery

Expected cash flow by currency and asset categories

Expected future income/opex is not included in below estimated cash flow numbers.

Estimated cash flow by currency

Estimated Recovery (ISKbn)	Cash	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Total
ISK	24	1	2	1	3	0	0	0	0	0	0	0	0	2	34
USD	14	1	4	0	13	0	36	0	0	0	36	0	0		104
EUR	45	34	25	4	23	1	1	1	29	1	1	1	29	2	195
GBP	49	2	18	0	18	5	0	0	0	0	0	0	0		93
CAD and other	15	3	16	1	1	0	0	0	0	0	0	0	0	0	36
Total assets	147	41	64	6	58	6	37	1	29	1	37	1	29	4	462

Estimated cash flow by asset category

Estimated Recovery (ISKbn)	Cash	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Total
Cash	147														147
Loans to Financial Inst.		3	1	1	3	1	1	1	1	1	1	1	1	2	16
Loans to Customers		8	30	4	5	5	0	0	0	0	0	0	0	2	56
Bonds		29			8										37
Equities		0	0	1	1										2
LB Financing		1	31	0	41	0	36	0	28	0	36	0	28		201
Derivatives		0	1												1
Investment in Subsidiaries															0
Non current assets		0	2												2
Total assets	147	41	64	6	58	6	37	1	29	1	37	1	29	4	462

- Loans to financial institutions: Cash flow of ISK 3bn is expected in H2 2015.
- Loans to customers: Cash flow of ISK 8bn is expected in H2 2015.
- Bonds: Cash flow of ISK 29bn is expected in H2 2015. Avens replacements Bonds are already paid in Q3 2015 (ISK 28,6bn, paid in EUR).
- Equity: No significant cash flow expected in H2 2015.
- LB Financing: Expected cash flow is reported according to terms agreed in December 2014 (proposed prepayment of 2016 maturity in H2 2015 is not included in estimated cash flow).
- Derivatives: No significant cash flow expected in H2 2015.
- Non current assets: No significant cash flow expected in H2 2015.



1. Estimated Recovery / Liabilities – Summary
2. 60 Largest estimated recoveries
3. Statement of Assets
4. Operational Cost
5. Expected status at end of Q4 2015 - LBI's Business plan (Base case)
6. Stability contribution vs. Stability tax
7. Driver of change
8. Appendix

60 Largest estimated remaining recoveries: 1-20

#	Exposure	Est. Recovery	%	Portfolio*	P/NP	Sector	Currency	Income Q2
1	201,2	201,2	100%	LBF	P	Financial Inst.	EUR/GBP/USD	1,545
2	28,6	28,6	100%	Bonds	P	Gov. Bonds	EUR	0,200
3	19,0	17,4	92%	ABL	P	Fishing	CAD/USD	0,457
4	58,5	9,7	17%	LTFI	NP	Financial Inst.	EUR	
5	8,5	8,5	100%	Bonds	P	Gov. Bonds	USD	0,053
6	11,5	5,9	51%	SS-CB	NP	Food production	EUR	
7	5,6	5,1	91%	LL-P	P	Healthcare	GBP	0,033
8	4,6	3,9	83%	REL-CB	NP	Other	GBP	
9	3,2	3,2	100%	SS-CB	P	Holding Companies	ISK	0,078
10	2,4	2,4	100%	SU	P	Holding Companies	ISK	0,078
11	11,9	2,4	20%	LTFI	NP	Financial Inst.	EUR	
12	1,6	1,6	100%	LL-O	P	Services	EUR	0,019
13	2,0	1,5	75%	KS	NP	Holding Companies	DKK	
14	36,6	1,5	4%	SU/Deriv	NP	Holding Companies	EUR/ISK	
15	1,5	1,5	100%	NCA	P	Non-current assets	USD	
16	2,2	1,4	66%	LL-P	NP	Manufacturing & Machinery	EUR/USD	0,016
17	1,3	1,3	100%	LL-P	P	Services	EUR/GBP	0,029
18	1,1	1,1	100%	EQT	P	Holding Companies	ISK	
19	3,6	1,1	30%	LTFI	NP	Financial Inst.	EUR	
20	1,0	1,0	100%	CF	P	Other	GBP	0,018

*Definitions for portfolio abbreviations can be found in Appendix on page 73.

- Reported estimated recovery of exposure #2 and #12 has been fully repaid in Q3 2015.
- Exposure and estimated recovery of exposure #4 (LI Lux) decreases by EUR 6m due to dividend payment.
- Sale of exposure #5 (Landsvirkjun Bond) is being explored as part of LBI's Business plan (see further on slides 36-39).
- Exposure #18 is LBI's equity take in unlisted domestic HoldCo which main asset is listed domestic equity.
- Estimated recovery of exposure #9, #10 and #14 (Baugur estate. 50% of its estimated recovery is expected in ISK, 50% is expected in FX and carved out/excluded as stability contribution) are against domestic counterparties which is expected to be transferred to CBI as part of LBI's stability contribution.

60 Largest estimated remaining recoveries: 21-40

#	Exposure	Est. Recovery	%	Portfolio*	P/NP	Sector	Currency	Income Q2
21	7,0	0,9	13%	LTFI	NP	Financial Inst.	ISK	
22	0,9	0,9	100%	LL-O	P	Telco	EUR	
23	2,8	0,9	30%	LTFI	NP	Financial Inst.	USD	
24	1,5	0,8	53%	REL-CB	NP	Service/Retail	ISK	
25	0,8	0,8	100%	LL-P	NP	Services	GBP	0,006
26	0,8	0,8	100%	LL-P	P	Retail	EUR	0,023
27	1,2	0,6	50%	SU	P	Other	EUR	
28	1,6	0,6	36%	LL-P	NP	Printing & Publishing	EUR	
29	2,3	0,6	25%	LTFI	NP	Financial Inst.	GBP	
30	0,5	0,5	100%	LTFI	P	Financial Institutions	EUR	
31	0,8	0,4	53%	LL-O	NP	Services	EUR	
32	0,7	0,4	61%	SS-CB	NP	Other	ISK	
33	10,1	0,4	4%	SS-CB	NP	Other	EUR/GBP	
34	1,1	0,4	34%	REL-CB	NP	Holding Companies	EUR	
35	0,3	0,3	100%	SU	P	Holding Companies	EUR	
36	1,0	0,3	30%	LTFI	NP	Financial Institutions	EUR	
37	0,3	0,3	100%	EQT	P	Manufacturing & Machinery	EUR/GBP/USD	
38	0,8	0,3	34%	SU	NP	Holding Companies	EUR	
39	0,3	0,2	69%	LL-P	NP	Manufacturing & Machinery	EUR/USD	0,003
40	0,7	0,2	30%	LTFI	NP	Financial Institutions	EUR	

- Reported estimated recovery of exposure #29 (Heritable Bank) has already been paid in Q3 2015. Post this payment remaining exposure, currently with no estimated recovery, is from: (i) 2% of originally GBP 70m general unsecured claim and (ii) GBP 7m subordinated claim.
- Estimated recovery of #35 increased in Q2 from 86% to 100% (already paid in Q3 2015).
- Exposures #21 (VBS estate, 80% of its expected recovery is in ISK, 20% is expected in FX which is and carved out/excluded from stability contribution), #24, #30 and #32 are against domestic counterparties which is expected to be transferred to CBI as part of LBI's stability contribution.

60 Largest estimated remaining recoveries: 41-60

#	Exposure	Est. Recovery	%	Portfolio*	P/NP	Sector	Currency	Income Q2
41	0,2	0,2	100%	EQT	P	Manufacturing	GBP	
42	1,0	0,2	20%	Deriv	NP	Fishing	ISK	
43	0,4	0,2	52%	KS	NP	Holding Companies	EUR	
44	0,2	0,2	80%	KS	NP	Holding Companies	DKK	0,003
45	0,3	0,2	69%	KS	NP	Holding Companies	DKK	
46	0,3	0,2	70%	KS	NP	Holding Companies	DKK	
47	0,2	0,2	100%	SU	P	Fishing	ISK	0,000
48	0,4	0,2	42%	KS	NP	Holding Companies	EUR	0,001
49	0,2	0,2	73%	KS	NP	Holding Companies	DKK	0,002
50	0,1	0,1	100%	EQT	P	Telco	EUR	
51	0,2	0,1	59%	KS	NP	Holding Companies	DKK	
52	0,1	0,1	100%	NCA	P	Non-current assets	EUR	
53	0,1	0,1	90%	KS	NP	Holding Companies	DKK	
54	0,1	0,1	100%	KS	P	Holding Companies	DKK	
55	0,1	0,1	100%	KS	P	Holding Companies	DKK	0,001
56	0,4	0,1	25%	REL-CB	NP	Fisheries	ISK	
57	0,3	0,1	30%	LTFI	NP	Financial Institutions	EUR	
58	0,1	0,1	91%	KS	NP	Holding Companies	DKK	0,002
59	4,1	0,1	2%	LTFI	NP	Financial Institutions	GBP	
60	0,2	0,1	43%	KS	NP	Holding Companies	DKK	
Sum	450,6	313,7	70%					2,567
Cash	146,7	146,7						0,167
Total	597,3	460,3						2,734
% of est. recovery		99,7%						99%

- Exposures #47 and #56 are against domestic counterparties which is expected to be transferred to CBI as part of LBI's stability contribution.
- Including Cash total estimated recovery of 60-largest assets is 99,7% of LBI's total estimated recovery.

60 Largest estimated remaining recoveries: 1-20

#	Exposure	Est. Recovery	%	Estimated cash flow													Total
				2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	
1	201,2	201,2	100%	1,4	30,7	0,0	40,9	0,0	35,7	0,0	28,4	0,0	35,7	0,0	28,4		201,2
2	28,6	28,6	100%	28,6													28,6
3	19,0	17,4	92%	2,0	15,4												17,4
4	58,5	9,7	17%	0,0	0,0	0,0	1,5	1,5	0,7	0,7	0,7	0,7	0,7	0,7	0,7	1,6	9,7
5	8,5	8,5	100%	0,2			8,3										8,5
6	11,5	5,9	51%		5,9												5,9
7	5,6	5,1	91%	0,5				4,6									5,1
8	4,6	3,9	83%		3,9												3,9
9	3,2	3,2	100%	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	1,7	3,2
10	2,4	2,4	100%	0,0			2,3										2,4
11	11,9	2,4	20%	2,4													2,4
12	1,6	1,6	100%	1,6													1,6
13	2,0	1,5	75%	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1			1,5
14	36,6	1,5	4%		1,5												1,5
15	1,5	1,5	100%		1,5												1,5
16	2,2	1,4	66%	0,0			1,4										1,4
17	1,3	1,3	100%	0,0		1,3											1,3
18	1,1	1,1	100%			1,1											1,1
19	3,6	1,1	30%			1,1											1,1
20	1,0	1,0	100%		1,0												1,0

- Exposure #2 (contractual final maturity of Avens replacement Bond was in 2025) and #12 are fully repaid in Q3 2015.
- Estimated cash flow from #1 LB financing is presented according to the new terms agreed on 4 December 2014. Creditors proposal is that 2016 maturity (approx. ISK 30,7bn) is prepaid before end year 2015.
- Estimated recovery and expected cash flow from exposure #4 (LI Lux) is subject to a great uncertainty.
- Expected cash flow from exposure #13 is from K/S loan. Expected cash flow might reach beyond 2025 then increasing the estimated recovery.

60 Largest estimated remaining recoveries: 21-40

Estimated cash flow

#	Exposure	Est. Recovery	%	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Total
21	7,0	0,9	13%		0,9												0,9
22	0,9	0,9	100%	0,0		0,9											0,9
23	2,8	0,9	30%				0,9										0,9
24	1,5	0,8	53%	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4	0,8
25	0,8	0,8	100%	0,8													0,8
26	0,8	0,8	100%			0,3	0,4										0,8
27	1,2	0,6	50%		0,6												0,6
28	1,6	0,6	36%	0,6													0,6
29	2,3	0,6	25%	0,6													0,6
30	0,5	0,5	100%	0,1	0,1	0,1	0,1										0,5
31	0,8	0,4	53%		0,4												0,4
32	0,7	0,4	61%	0,4													0,4
33	10,1	0,4	4%		0,4												0,4
34	1,1	0,4	34%	0,1	0,3												0,4
35	0,3	0,3	100%	0,3													0,3
36	1,0	0,3	30%				0,3										0,3
37	0,3	0,3	100%				0,3										0,3
38	0,8	0,3	34%	0,0	0,2												0,3
39	0,3	0,2	69%	0,1	0,1												0,2
40	0,7	0,2	30%			0,2											0,2

- Estimated recovery of exposure #21 (80%, see further on slide 15), #24 and #32 is expected in ISK.
- Estimated recovery of #27 is from disputed claim (Court proceedings in France). Expected cash flow might be delayed.
- Estimated recovery of exposure #35 has been fully repaid in Q3 2015.
- Plans of early refinance of exposure #26 has been delayed/cancelled, expected cash flow therefore reported according to agreed terms.

60 Largest estimated remaining recoveries: 41-60

Estimated cash flow

#	Exposure	Est. Recovery	%	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Total
41	0,2	0,2	100%			0,2											0,2
42	1,0	0,2	20%	0,2													0,2
43	0,4	0,2	52%	0,1	0,0	0,0	0,0										0,2
44	0,2	0,2	80%	0,0	0,0	0,0	0,2										0,2
45	0,3	0,2	69%	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,2
46	0,3	0,2	70%	0,0	0,0	0,0	0,1										0,2
47	0,2	0,2	100%	0,0	0,0	0,0	0,0	0,0	0,0								0,2
48	0,4	0,2	42%	0,0	0,1	0,0	0,0										0,2
49	0,2	0,2	73%	0,0	0,0	0,0	0,0	0,0									0,2
50	0,1	0,1	100%				0,1										0,1
51	0,2	0,1	59%	0,0	0,0	0,0	0,1										0,1
52	0,1	0,1	100%		0,1												0,1
53	0,1	0,1	90%	0,1	0,0	0,0	0,0	0,0	0,0								0,1
54	0,1	0,1	100%	0,0	0,0	0,1											0,1
55	0,1	0,1	100%	0,0	0,0	0,1											0,1
56	0,4	0,1	25%	0,1													0,1
57	0,3	0,1	30%			0,1											0,1
58	0,1	0,1	91%	0,0	0,0	0,0	0,1										0,1
59	4,1	0,1	2%	0,1													0,1
60	0,2	0,1	43%	0,0	0,0	0,0	0,1										0,1
Sum	450,6	313,7	70%	40,9	63,6	6,1	57,5	6,4	36,8	1,0	29,4	1,0	36,8	1,0	29,3	3,8	313,7
Cash	146,7	146,7															
Total	597,3	460,3															
% of est. recover		99,7%															

- Exposures #43-#46, #48-#49, #51, #53-55, #58 and #60 are Danish tax K/S-loans structures.

60 Largest estimated remaining recoveries

Some statistics for the 60 largest recoveries at end Q2 2015

- Aggregate estimated recovery of 60 largest customers is ISK 313,7bn, or 99,6% of remaining assets still to be collected.
- Remaining assets with 80%-100% estimated recovery are ISK 281,7bn or 89,7% of total estimated recovery of 60 largest assets.
- Remaining assets with 100% estimated recovery are ISK 254,4bn or 81% of total estimated recovery of 60 largest assets.
- Estimated recovery of exposures #1 - #10 is ISK 285,9bn, or 91% of total estimated recovery of 60 largest assets.

Estimated cash flow by portfolio for the 60 largest

Row Labels	# of cust.	Exposure	Est. Recovery	Income Q3	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Sum
Asset backed lending	1	19,0	17,4	0,5	2,0	15,4												17,4
Bonds	2	37,1	37,1	0,3	28,8			8,3										37,1
Commercial Finance	1	1,0	1,0	0,0		1,0												1,0
Derivatives	1	1,0	0,2	0,0	0,2													0,2
Equities	4	1,7	1,7	0,0			1,3	0,4										1,7
KS loans	13	4,7	3,3	0,0	0,5	0,4	0,5	0,7	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,0	0,0	3,3
LB financing	1	201,2	201,2	1,5	1,4	30,7	0,0	40,9	0,0	35,7	0,0	28,4	0,0	35,7	0,0	28,4	0,0	201,2
Leverage lending - Origination	3	3,4	3,0	0,0	1,7	0,4	0,9											3,0
Leverage lending - Participation	7	12,6	10,3	0,1	2,1	0,1	1,7	1,8	4,6									10,3
Loans to FI	11	92,7	16,7	0,0	3,1	1,0	1,5	2,8	1,5	0,7	0,7	0,7	0,7	0,7	0,7	0,7	1,6	16,7
Non-current assets	2	1,6	1,6	0,0		1,6												1,6
Real estate lending - collateral based	4	7,7	5,1	0,0	0,2	4,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4	5,1
Senior secured - collateral based	4	25,6	10,0	0,1	0,5	6,4	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	1,7	10,0
Senior unsecured	6	41,3	5,2	0,1	0,4	2,3	0,0	2,4	0,0	0,0								5,2
Grand Total	60	450,6	313,7	2,6	40,9	63,6	6,1	57,5	6,4	36,8	1,0	29,4	1,0	36,8	1,0	29,3	3,8	313,7

Estimated cash flow by recovery buckets

Recovery	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Sum
100%	32,9	33,5	4,3	52,7	0,2	35,9	0,1	28,5	0,1	35,9	0,1	28,5	1,7	254,5
90%-99%	2,6	15,5	0,0	0,1	4,6	0,0								22,8
80%-89%	0,3	3,9	0,0	0,2										4,4
60%-79%	0,8	0,3	0,2	1,7	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,0	0,0	4,1
40%-59%	0,1	7,1	0,1	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4	8,3
0%-39%	4,1	3,3	1,4	2,6	1,5	0,7	0,7	0,7	0,7	0,7	0,7	0,7	1,6	19,7
Grand Total	40,9	63,6	6,1	57,5	6,4	36,8	1,0	29,4	1,0	36,8	1,0	29,3	3,8	313,7



1. Estimated Recovery / Liabilities – Summary
2. 60 Largest estimated recoveries
3. Statement of Assets
4. Operational Cost
5. Expected status at end of Q4 2015 - LBI's Business plan (Base case)
6. Stability contribution vs. Stability tax
7. Driver of change
8. Appendix

Statement of Assets - Cash

LBI

Í SLITAMÉÐFERÐ
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Cash	122	147	122	147
Loans to Financial Institutions	121	106	39	16
Loans to customers	353	322	55	56
Bonds and Equities	40	40	39	39
LB Financing	204	201	204	201
Other assets	56	55	3	2
Total	896	870	462	462

Cash Balances

Currency	In currency m			ISKbn		
	31.3.2015	30.6.2015	Change	31.3.2015	30.6.2015	Change
AUD	14,2	14,1	(0,0)	1,5	1,4	(0,0)
CAD	98,7	109,5	10,8	10,6	11,7	1,0
DKK	11,3	16,5	5,2	0,2	0,3	0,1
EUR	230,8	303,5	72,7	34,1	44,8	10,7
GBP	167,0	236,2	69,1	33,5	49,0	15,5
ISK	24.172,8	23.655,9	(516,9)	24,2	23,7	(0,5)
USD	118,5	106,9	(11,6)	16,3	14,1	(2,2)
Other				1,5	1,7	0,2
Total ISKbn				121,9	146,7	24,8

Balances in ISKbn Equivalent - 30.6.2015

Type	Rating by S&P	Balance
Domestic Bank 1	BB+	75,6
Foreign Bank 1	A+	50,0
Domestic Bank 2	BB+	8,2
Foreign Bank 2	AA-	6,5
Foreign Bank 3	A+	1,4
Other foreign banks		4,9
Other domestic banks		0,0
Total ISK bn		146,7

Main changes in Q2 2015

- Cash increases by ISK 24,8bn mainly due to payments of ISK 25,6bn. Thereof ISK 23,3bn comes from Loans to Financial Institutions.
- Cash in ISK is ISK 23,7bn.
- Income explains increase of ISK 0,2bn.
- Reclaimed from escrow accounts allocations explains ISK 1,0bn
- FX changes explains decrease of ISK 0,3bn.
- Operational expenses explains decrease of ISK 1,7bn.

Statement of Assets - Loans to FI

ISKbn	Recorded balance		Estimated recovery	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Cash	122	147	122	147
Loans to Financial Institutions	121	106	39	16
Loans to customers	353	322	55	56
Bonds and Equities	40	40	39	39
LB Financing	204	201	204	201
Other assets	56	55	3	2
Total	896	870	462	462

All amounts in ISKbn	Recorded Balance		Estimated Recovery		Recovery Rate %	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Heritable bank	17,5	2,3	13,4	0,6	77%	25%
LI Lux	59,4	58,5	10,6	9,7	18%	17%
Project Global Exposure	32,0	23,9	12,9	4,9	40%	21%
Other	11,8	20,7	1,6	1,0	14%	5%
Total ISKbn	120,8	105,5	38,6	16,2	32%	15%

Main changes in Q2 2015

- **Heritable Bank.** Payment of ISK 13,4bn (GBP 65,8m) was received in Q2 2015. Reported remaining outstanding exposures is from: (i) remaining general unsecured claim of GBP 4,2m and (ii) subordinated claim of GBP 7m. The estimated recovery increases by ISK 0,6bn (GBP 2,8m) which has already been paid in Q3 2015.
- **LI Lux.** Exposure and estimated recovery decreases by ISK 0,9bn due to dividend payment of EUR 6m from LI Lux estate. LI Lux's estate main assets is Equity release loans with real estates in France and Spain as underlying assets. The administrator of LI Lux estate is managing these assets. LBI's presented estimated recovery and expected cash flow from LI Lux's estate is very uncertain due to ongoing criminal proceedings in France, where the collection process has halted (expected until 2017), and very slow collection/recovery process against customers with real estates in Spain.
- **Project Global exposure.** Estimated recovery, which is from disputed closeout of ISDA derivative contract, decreases in Q2 2015 due to payment of ISK 8bn (paid in EUR). Of remaining claims one exposure with estimated recovery of ISK 2,4bn has already be settled and will be paid before end of Q4 2015. Remaining estimated recovery of ISK 2,5bn is from 7 disputed claims already before courts.
- **Other.** Estimated recovery decreases by ISK 0,6bn due to payments. Remaining estimated recovery is mainly from domestic financial institution in winding-up proceedings (estimated recovery of #21 on 60-largest list, claim against VBS estate, is ISK 0,9bn).

Statement of Assets - Loans to customers

ISKbn	Recorded balance		Estimated recovery	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Cash	122	147	122	147
Loans to Financial Institutions	121	106	39	16
Loans to customers	353	322	55	56
Bonds and Equities	40	40	39	39
LB Financing	204	201	204	201
Other assets	56	55	3	2
Total	896	870	462	462

Portfolio	Sub portfolio	# of customers	Estimated recovery
Asset backed lending	Collateral based	1	17,4
Senior secured	Collateral based	10	12,8
Leverage lending	Participation	9	10,3
Real estate lending	Collateral based	9	4,9
KS loans	KS loans	28	3,7
Leverage lending	Origination	3	3,0
Senior unsecured	Cash flow	13	2,3
Commercial Finance	Collateral based	1	1,0
Loans to FI	Cash flow	1	0,5
		75	55,8

Highlights in Q2 2015

- Total remaining recorded balance is ISK 322bn. Remaining estimated recovery is ISK 55,8bn.
- Total number of customers is 126. Loans to 75 customers have estimated recovery value and loans to 51 customers not.
- Estimated recovery for 10 largest loans is total ISK 41,9bn, or 75% of remaining estimated recovery of Loans to customers (see slide 28 for further information).

Changes in estimated recovery

- Estimated recovery increases by ISK 0,6bn, mainly due to valuation changes of ISK 0,5bn and Income of ISK 0,8bn. This increase is partly offset by payments of ISK (0,6)bn and FX changes of ISK (0,1)bn and a reclassification to equities of ISK (0,4)bn.

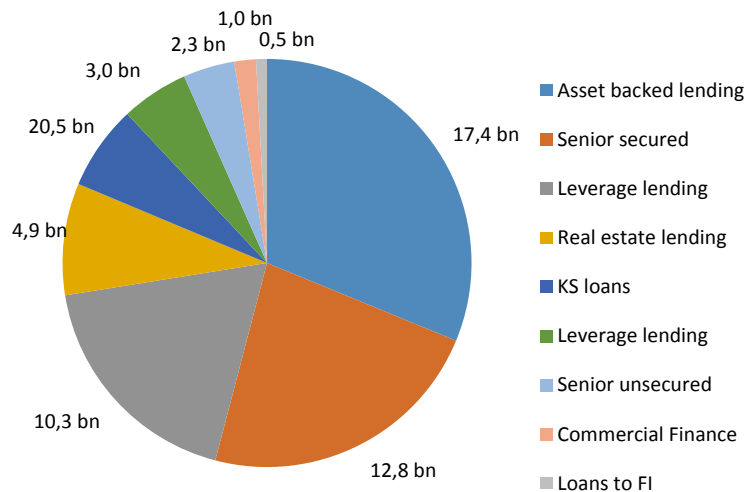
LBI's loan portfolio

- 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 and Real estate lending is originated from Reykjavik/LI LUX. K/S loans are originated from LI Lux.
- Asset Backed lending is originated from Canada.
- Slides showing split of exposures originated by LBI's operations in Reykjavik, London, Amsterdam and Canada are in Appendix.

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
Asset backed lending	Collateral based	1					17,4		17,4
Senior secured	Collateral based	10	0,8	5,9	0,4			5,6	12,8
Leverage lending	Participation	9	0,6		1,6		5,1	2,9	10,3
Real estate lending	Collateral based	9	0,1	0,9		3,9		0,1	4,9
KS loans	KS loans	28	0,1	0,7	2,0	0,2	0,2	0,5	3,7
Leverage lending	Origination	3		0,4				2,5	3,0
Senior unsecured	Cash flow	13	1,2	0,6				0,5	2,3
Commercial Finance	Collateral based	1						1,0	1,0
Loans to FI	Cash flow	1						0,5	0,5
		75	2,8	8,5	4,1	4,1	22,8	13,6	55,8



- Asset backed lending is mainly loans to fisheries in Canada (Estimated recovery of #3 on 60-largest list is ISK 17,4bn).
- Leverage lending of total ISK 13,3bn to 12 customers is approx. 24% of the loan book. Thereof ISK 5,4bn with 100% recovery rate.
- Estimated recovery from Senior secured lending mainly derives from underlying pledged assets.
- Real estate lending is mainly secured by real estate in Iceland.
- K/S loans are Danish tax-structure lending transferred from LI Lux estate in June 2012.

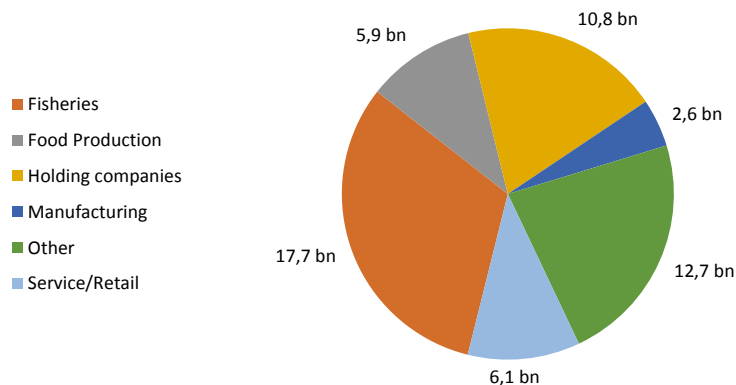
Loans to Customers by Sectors

Sector	Loan Exposure		Estimated Recovery		Recovery Rate %	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Fisheries	18,3	19,6	16,3	17,7	89%	90%
Food Production	11,4	11,5	5,9	5,9	52%	51%
Holding companies	154,3	139,1	11,0	10,8	7%	8%
Manufacturing	3,7	3,5	1,7	1,7	47%	48%
Other	62,1	54,4	13,8	13,6	22%	25%
Service/Retail	103,4	94,8	6,5	6,1	6%	6%
	353,2	323,0	55,2	55,8	16%	17%

Estimated recovery of Loans to customers increase in Q2 2015 by ISK 0,6bn.

- Estimated recovery of Fisheries, increases by ISK 1,4bn due to seasonal drawings. Largest remaining exposure is #3 on 60 largest list.
- Estimated recovery of Other, ISK 13,6bn, reduces by ISK 0,2bn due to Fx changes.
- Estimated recovery from Service/retail reduces by ISK 0,4bn mainly due to payments.

Estimated recovery by sectors



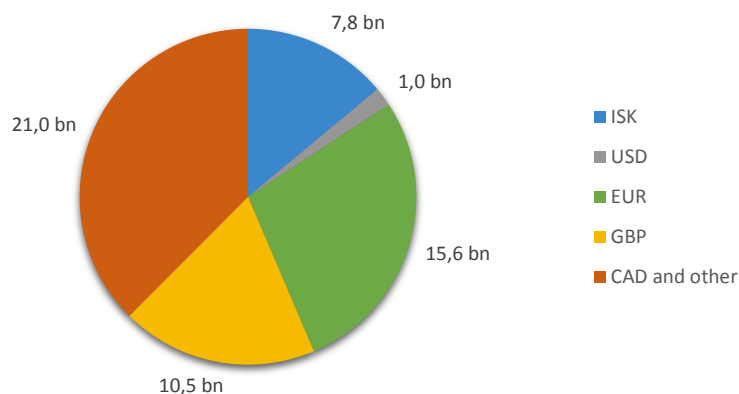
Loans to customers

Cash flow by currencies

Estimated cash flow by currency

Estimated Recovery (ISKbn)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Total
ISK	0,9	0,7	0,2	2,5	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	2,2	7,8
USD	0,1	0,0		0,9										1,0
EUR	2,7	9,1	2,6	1,1										15,6
GBP	1,5	4,3	0,1		4,6									10,5
CAD and other	2,6	15,9	0,6	0,7	0,2	0,2	0,2	0,2	0,2	0,2	0,1	0,0	0,0	21,0
Total assets	7,8	30,1	3,5	5,3	4,9	0,3	0,3	0,3	0,3	0,3	0,3	0,2	2,2	55,8

Loans to customers by currencies



- Of total ISK 55,8bn cash flow of ISK 37,9bn is expected in H2 2015 and 2016.
- Remaining loans with expected cash flow in ISK are expected to be transferred to CBI as part of LBI's stability contribution.
- Of total ISK 15,6bn in EUR loans to two customers are of total ISK 7,5bn.
- Of total ISK 21,0bn in CAD and other currencies loan to the largest customer is of total ISK 17,4bn.
- Of total ISK 10,5bn in GBP loans to two customers are of total ISK 9bn.

Loans to customers

10 largest customers

LBI

Í SLITAMÉFERÐ
IN WINDING-UP PROCEEDINGS

#	Exposure	Est. Recovery	%	Sector	Currency	Estimated cash flow												Total		
						2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026		Later	
1	19,0	17,4	92%	Fishing	CAD/USD	2,0	15,4													17,4
2	11,5	5,9	51%	Food prod.	EUR		5,9													5,9
3	5,6	5,1	91%	Healthcare	GBP	0,5				4,6										5,1
4	4,6	3,9	83%	Individual	GBP		3,9													3,9
5	3,2	3,2	100%	Holding Comp.	ISK	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	1,7	3,2
6	2,4	2,4	100%	Holding Comp.	ISK	0,0			2,3											2,4
7	1,6	1,6	100%	Services	EUR	1,6														1,6
8	2,0	1,5	75%	Holding Comp.	DKK	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1				1,5
9	22,1	0,9	4%	Holding Comp.	EUR/ISK		0,9													0,9
10	2,2	1,4	66%	Manufacturing	EUR/USD	0,0			1,4											1,4
	72,1	41,9				4,4	26,4	0,3	2,6	4,8	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,1	1,7	41,9
Other	250,9	13,9	5%			3,4	3,7	3,3	2,7	0,1	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4	13,9
Sum	323,0	55,8				7,8	30,1	3,5	5,3	4,9	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,2	2,2	55,8

10 largest Loans to customers

- Estimated recovery of 10 largest Loans to customers is of total ISK 41,9bn or 75% of remaining estimated recovery of Loans to customers.
- Exposure #1 against Canadian fishing company with estimated recovery of ISK 17,4bn is scheduled to be fully paid in 2016.
- Exposure #2 is against European Food production company. Final maturity is in 2016.
- Exposure #3 is against UK Healthcare company which was recently restructured. Final maturity is in 2019.
- Exposure #4 is against foreign resident. Underlying assets are real estates in Europe. This exposure is disputed and before Courts.
- Exposures #5 and #6 are against domestic HoldCo's. It is expected that these exposures will be transferred to CBI as part of LBI's stability contribution.
- Exposure #7 has already been fully paid in Q3 2015.
- Exposure #8 is against Danish K/S tax structure company. Long maturity profile can reach beyond 2025 then increasing estimated recovery.
- Exposure #9 is against domestic former HoldCo which is now in bankruptcy (Baugur estate). Approx. 50% of the estimated recovery is expected to be paid in ISK which will be transferred to CBI as part of LBI's stability contribution.
- Exposure #10 is against international manufacturing company. Final maturity is in 2018.

Statement of Assets – Bonds and Equities

ISKbn	Recorded balance		Estimated recovery	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Cash	122	147	122	147
Loans to Financial Institutions	121	106	39	16
Loans to customers	353	322	55	56
Bonds and Equities	40	40	39	39
LB Financing	204	201	204	201
Other assets	56	55	3	2
Total	896	870	462	462

All amounts in ISKbn	Recorded Balance sheet		Estimated Recovery		Recovery Rate %	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Bonds	37,8	37,7	37,2	37,1	99%	99%
Equities	2,5	2,5	2,0	2,1	83%	84%
Total ISKbn	40,2	40,2	39,2	39,2	98%	98%

Highlights in Q2 2015

Bonds

- Estimated recovery of Bonds is explained by the Avens replacements Bonds (ISK 28,6bn) and the Landsvirkjun Bond (ISK 8,5bn).
 - The Avens replacement Bonds has already been fully repaid in Q3 2015.
 - According to LBI's Business plan (Base case) it is assumed that Landsvirkjun Bond will be accelerated/sold before end year 2015.

Equities

- Remaining estimated recovery is mainly explained by domestic unlisted position, with underlying listed domestic equity position (#18 on the 60-largest list with estimated recovery of ISK 1,1bn), and small foreign unlisted positions.
- No major changes in the quarter.

Statement of Assets – LB Financing

LBI

Í SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKbn	Recorded balance		Estimated recovery	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Cash	122	147	122	147
Loans to Financial Institutions	121	106	39	16
Loans to customers	353	322	55	56
Bonds and Equities	40	40	39	39
LB Financing	204	201	204	201
Other assets	56	55	3	2
Total	896	870	462	462

Main changes in Q2 2015

- Income was ISK 1,5n.
- Total payments in Q2 2015 was ISK 1,6bn
- Fx changes decreases the estimated recovery by ISK 2,7bn.
- Creditors proposal includes prepayment of the 2016 maturity.

LB Bonds 30.6.2015

Estimated cash flow

Bonds	Maturity	Currency	Initial- / Step-up Margin	Exposure in ISK	2015 (accr. intr.)	2016	2018	2020	2022	2024	2026
B1	2016	EUR	L+290 bps	14,7		14,6					
B2	2016	USD	L+290 bps	2,4		2,4					
B3	2016	GBP	L+290 bps	13,8		13,7					
C1	2018*	EUR	L+290 bps	19,6			19,5				
C2	2018**	USD	L+290 bps	3,2			3,2				
C3	2018	GBP	L+290 bps	18,4			18,2				
D	2020***	USD	L+290 / 350 bps	36,0				35,7			
E	2022	EUR	L+290 / 365 bps	28,5					28,4		
F	2024	USD	L+290 / 395 bps	36,0						35,7	
G	2026	EUR	L+290 / 405 bps	28,5							28,4
				201,2	1,4	30,7	40,9	35,7	28,4	35,7	28,4

- Creditors proposal includes prepayment of the 2016 maturity (tranches B1, B2 and B3).

- LBI's Business plan (Base case) also assumes prepayment of the C3/2018 tranche.

* LB's option to extend the maturity date of the first EUR 66m of the amount of Bond C1 from 9 October 2018 to 9 October 2022 with the relevant step-up margin adjusted to 365 bps.

** LB's option to extend the maturity date of the remaining EUR 66m of the amount of Bond C1 from 9 October 2018 to 9 October 2026 with the relevant step-up margin adjusted to 405 bps.

*** LB's option to extend the maturity date of the entire USD 24m amount of Bond C2 from 9 October 2018 to 9 October 2024 with the relevant step-up margin adjusted to 395 bps.

*** LB's option to extend the maturity date of a total of USD 121m of the amount of Bond D from 9 October 2020 to 9 October 2024 with the relevant step-up margin adjusted to 395 bps.

Statement of Assets – Other Assets

ISKbn	Recorded balance		Estimated recovery	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Cash	122	147	122	147
Loans to Financial Institutions	121	106	39	16
Loans to customers	353	322	55	56
Bonds and Equities	40	40	39	39
LB Financing	204	201	204	201
Other assets	56	55	3	2
Total	896	870	462	462

All amounts in ISKbn	Recorded Balance sheet		Estimated Recovery		Recovery Rate %	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Derivatives	19,5	19,4	0,9	0,9	5%	4%
Investment in Subs.	33,6	33,6	0,0	0,0	0%	0%
Non-current assets	3,1	1,8	1,8	1,6	58%	90%
Total ISKbn	56,1	54,8	2,7	2,5	5%	5%

Highlights in Q2 2015

- Estimated recovery of Non-current assets decreases by ISK 0,2bn due to FX changes of ISK 0,1bn and Payments of ISK 0,1bn.
- Estimated recovery of Non-current assets are mainly from two foreign real estates.
- Derivatives exposures against domestic counterparties with estimated recovery of ISK 0,6bn is expected to be transferred to CBI as part of LBI's stability contribution. Remaining estimated recovery of ISK 0,3bn, from #14 on 60-largest list (claim against Baugur estate), is expected to be paid in FX and carved out/excluded from the stability contribution.
- Non-current assets with estimated recovery of ISK 0,05bn is expected to be transferred to CBI as part of LBI's stability contribution.

Zero recovery assets

end of Q2 2015

LBI

Í SLITAMEDFERÐ
IN WINDING-UP PROCEEDINGS

ISKbn	# of customers	Exposure	Largest	1-2 Largest	1-5 Largest	1-10 Largest
Loans to Financial Inst.	3	3,5	2,8	3,3	3,5	
Loans to Customers	51	219,6	65,4	111,3	171,8	196,4
Bonds	1	0,6	0,6			
Equities	13	1,4	1,1	1,3	1,4	
Derivatives	8	3,4	1,2	2,1	3,3	3,4
Investment in subsid.	9	33,6	23,4	28,9	33,6	33,6
	85	262,1	94,4	146,9	213,7	233,4

		Domestic		Foreign	
# of customers	Portfolio	# of customers	Exposure	# of customers	Exposure
3	Loans to FI	0	0,0	3	3,5
51	Loans to customers	21	151,3	30	68,3
1	Bonds	0	0,0	1	0,6
13	Equities	4	0,0	9	1,4
8	Derivatives	7	3,1	1	0,2
9	Investment in subsid.	5	0,2	4	33,4
85		37	154,7	48	107,4

Main changes between periods on the 0-recovery list

- 37 exposures of total ISK 154,7bn are against domestic counterparties and 48 exposures of total ISK 107,4bn are against foreign counterparties.
- Final write-offs/clean-outs reduces exposures in Investments in subsidiaries and Equities.
- Following 0-recovery exposures against domestic counterparties are part of LBI's suggested initial stability contribution to CBI
 - Loans to customer – Exposure of ISK 109,4bn
 - Derivatives - Exposures of ISK 0,6bn
 - Equities – ISK 0,005bn
- Beside the disputed claim against Glitnir estate (guarantee against loan exposure capped at ISK 22,5bn) remaining 0-recovery exposures have very low probability of recovery and will mostly be subjects of final write-offs.



1. Estimated Recovery / Liabilities – Summary
2. 60 Largest estimated recoveries
3. Statement of Assets
4. Operational Cost
5. Expected status at end of Q4 2015 - LBI's Business plan (Base case)
6. Stability contribution vs. Stability tax
7. Driver of change
8. Appendix

Total Operational expenses

ISKm	2012				2013				2014				2015		Change QoQ
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Housing and logistics	60	33	78	42	37	41	32	41	36	36	36	43	22	22	(2%)
Payroll and benefits	493	426	417	442	440	474	362	356	498	316	289	288	820	278	(66%)
Icelandic legal cost	300	205	158	215	208	194	157	223	181	210	157	246	239	195	(18%)
Icelandic expert cost	102	61	84	95	87	70	41	25	45	49	50	54	77	71	(8%)
Non-Icelandic legal cost	71	175	165	422	290	241	136	160	258	482	358	350	475	561	18%
Non-Icelandic expert cost	107	362	219	251	247	149	49	154	197	37	24	210	154	66	(57%)
Other Operational costs	74	51	95	78	106	85	60	80	100	121	107	64	151	83	(45%)
SLA cost	68	68	68	62	71	61	58	57	57	0	0	0	0	0	
Breakdown by location															
Iceland	837	1.076	956	1.254	1.147	962	675	875	1.020	1.011	838	1.079	1.494	1.205	(19%)
London	304	231	263	282	259	284	157	163	301	187	139	135	444	72	(84%)
Canada	39	16	13	14	4	4	3	3							
Amsterdam	95	58	52	57	76	65	59	54	51	52	45	41			
Total ISKm	1.275	1.382	1.284	1.608	1.486	1.315	894	1.095	1.372	1.251	1.021	1.255	1.939	1.277	(34%)

- Total operational expenses decreases between quarters by (34%), thereof;
 - Payroll and benefits by (66%),
 - Non-Icelandic expert cost by (57%)
 - Other Operational costs by (45%)
 - And Icelandic legal cost by (18%)
- Operational expenses in ISK and FX is expected to increase in H2 2015 due to work related to the composition plan.



1. Estimated Recovery / Liabilities – Summary
2. 60 Largest estimated recoveries
3. Statement of Assets
4. Operational Cost
5. Expected status at end of Q4 2015 - LBI's Business plan (Base case)
6. Stability contribution vs. Stability tax
7. Driver of change
8. Appendix

LBI's Business plan (Base case). Key factors.

Budget for opex is for years 2016 to end 2018 as provided for in creditors Proposed Resolution of LBI estate.

LBI

Í SLITAMÉÐFERÐ
IN WINDING-UP PROCEEDINGS

- LBI's Business Plan (Base Case) is provided to creditors of LBI as part of the work/process preparing for composition on the basis that LBI is able to manage realisation of its assets with the aim of maximizing their value for the benefits of all its creditors.
- The Business plan (Base case) is based on presented estimated recovery as at 30 June 2015 and expected status as on 31 December 2015.
- Expected recovery and expected cash flow are dependent on LBI's current asset management strategy which has been reported to creditors on a regular basis since late 2008. LBI's assets management strategy for each assets class has the main aim to realise the maximum recovery for creditors.
- No account has been made of potential recoveries from 0-recovery assets and contingent assets such as any legal proceedings resulting from the work being carried out by the Winding-Up Board and its advisers relating to LBI's pre-collapse operations.
- In line with creditors proposal LBI's Business plan (Base case) assumption is that (i) that Avens replacement Bond will be fully prepaid in 2015 (the Bonds were fully paid last July) and (ii) that LB Bond 2016 maturity (tranches B1, B2 and B3) will be prepaid before end of Q4 2015.
- LBI's Business plan (Base case) assumption is also that full payments of Art 112 priority claims before end of Q4 2015 will be funded by accelerated payments and/or sale of: (i) Landsvirkjun Bond and (ii) LB Bond tranche C3/2018. Potential market terms hair cut in case of potential sale is not accounted for.
- Business Plan (Base case) assumption is that LBI will post composition maintain current "Hold to maturity" assets management strategy for the remaining asset portfolios. Presented expected recovery and expected cash flow is therefore not intended to represent potential prices at which an orderly transaction could take place between market participants. None of the expected cash flow numbers have been discounted.

LBI's Business plan (Base case). Key factors, cont.

Budget for opex is for years 2016 to end 2018 as provided for in creditors Proposed Resolution of LBI estate.

LBI

LÍSLITAMÉÐFERÐ
IN WINDING-UP PROCEEDINGS

- Business plan (Base case) assumption is that ruling in the BG Holding case will be favorable for LBI and that amount of the ISK Special reserve fund (ISK 6bn) remains unchanged.
- Expected Income on remaining FX assets is included in expected cash flow.
- Income generated on cash balance post composition is not included in the Business plan (Base case).
- Most of the Loans to customers and the LB Bond attract floating receipts. Future Income is calculated based on applying relevant interest rate for the relevant asset to the estimated/expected recovery. In case of Loans to customers floating interests rates are based upon the rate at the last fixing date for the loans. In case of LB Bond calculating floating rates applicable rates as at 9 July 2015 was applied.
- Large part of remaining assets are domestic (including LB Bonds). As a result macro economic events in Iceland may materially impact the expected recovery and the timing and quantum of expected future cash flows.
- It is expected that ISK 6bn Special reserve fund for potential priority claims/cash sweep will gradually step down to nil at end 2018 (by this not deciding if potential cash sweep to CBI as additional stability contribution will happen or not).
- Budget for Opex in ISK and FX is based on H1 2015 actual numbers considering gradual decrease of work post 2015 in line with (i) reduced size of the asset portfolios and (ii) other work needed, including on disputed cases which some of is already before courts.
- It is expected that ISK 3bn cash buffer in ISK for Opex post composition will be fully exhausted before mid year 2017. From then until end of year 2018 Opex payable in ISK needs to be covered by cash in FX.
- When a composition of LBI takes place LBI will return to being a solvent entity under the control of a new board of directors.

LBI's Business plan (Base case). Key factors, cont.

Budget for opex is for years 2016 to end 2018 as provided for in creditors Proposed Resolution of LBI estate.

LBI

Í SLITAMÉDFERD
IN WINDING-UP PROCEEDINGS

- It is expected that new board of directors, elected by creditors post composition, will make agreements to secure continuity regarding management of LBI's assets/liabilities with the aim of maximizing value for the benefits of creditors.
- Following this it is expected that the board of directors will agree updated business plan for the company including on LBI's assets management strategy, expected cash flow and budget for Opex in ISK and FX and present this to creditors.
- The new board of directors might adopt different assets management strategy from the current one.
- Future possible tax payments (post 2015) are not included in the Business Plan (Base case).
-
- In the Business Plan (Base case) it is assumed that FX rates will remain as the published selling rates from the CBI as at 30th June 2015.
- If payments of remaining Art 112 priority claims will not be fully funded before year end 2015 as assumed in Base case then LBI has two other options to bridge the unfunded "gap" of approx. ISK 20bn,
 - (i) accept secured finance in line with creditors proposal or
 - (ii) defer payment of remainder of Art. 112 priority claims (assumed to be approx. ISK 20bn) until sufficient funds have been recovered, as the legislation provides.
- FX payments/distributions to Art. 113 creditors are dependent on LBI's exemption request on such payments is accepted by CBI/authorities.

Expected FX assets at end of Q4 2015 based on LBI's Business plan (Base case)

LBI

Í SLITAMEDFERÐ
IN WINDING-UP PROCEEDINGS

ISKbn	Estimated recovery	Expected recovery	Expected changes in Quarters Q3 and Q4 2015						
	30.6.2015	31.12.2015	Payments	Income	Op. exp.	Bank levy/Tax	Partial payment to Art. 112	Stability contribution	Total change
Cash	146,7	19,5	101,4	0,5	(4,0)	(7,7)	(210,6)	(6,8)	(127,2)
<i>In FX</i>	123,0	10,5	100,1	0,1	(2,2)		(210,6)		(112,5)
<i>In ISK</i>	23,7	9,0	1,3	0,4	(1,8)	(7,7)		(6,8)	(14,7)
Loans to Financial Inst.	16,2	12,5	(3,0)					(0,7)	(3,8)
<i>In FX</i>	15,5	12,5	(3,0)						(3,0)
<i>In ISK</i>	0,7	0,0						(0,7)	(0,7)
Loans to Customers	55,8	40,8	(8,4)	0,8				(7,5)	(15,0)
<i>In FX</i>	47,6	40,8	(7,4)	0,6					(6,8)
<i>In ISK</i>	8,3	0,0	(1,0)	0,2				(7,5)	(8,3)
Bonds (in FX)	37,1	0,0	(37,2)	0,1					(37,1)
Equities	2,1	1,9	(0,0)					(0,2)	(0,2)
<i>In FX</i>	1,9	1,9	(0,0)						(0,0)
<i>In ISK</i>	0,2	0,0						(0,2)	(0,2)
LB Financing (in FX)	201,2	151,9	(52,4)	3,1					(49,3)
Derivatives	0,9	0,3	(0,2)					(0,3)	(0,6)
<i>In FX</i>	0,3	0,3							0,0
<i>In ISK</i>	0,6	0,0	(0,2)					(0,3)	(0,6)
Non current assets	1,6	1,6	(0,1)					0,0	(0,1)
<i>In FX</i>	1,6	1,6							0,0
<i>In ISK</i>	0,1	0,0	(0,1)					0,0	(0,1)
Total assets	461,6	228,4	0,0	4,6	(4,0)	(7,7)	(210,6)	(15,5)	(233,2)
<i>In FX</i>	428,2	219,4	0,0	4,0	(2,2)		(210,6)		(208,7)
<i>In ISK</i>	33,4	9,0	0,0	0,5	(1,8)	(7,7)		(15,5)	(24,4)

- In LBI's Business plan (Base case) accelerated payments/sale of Avens replacements Bonds (already paid in Q3 2015), LB Bond 2016 maturity (tranches B1, B2 and B3), LB Bond tranche C3 with maturity in 2018 and Landsvirkjun Bond is assumed before year end 2015.
- Following expected payments of (i) the bank levy/tax (total ISK 7,7bn), (ii) Opex (total ISK 4bn), (iii) the Stability contribution (expected of total ISK 15,5bn, thereof Cash ISK 6,8bn and non-cash assets ISK 7,5bn) and (iv) remaining Art. 112 claims (ISK 210,6bn) recovery of remaining assets at end year 2015 is expected to be of total ISK 228,4bn. Thereof Cash is expected to be ISK 19,5bn and non-cash assets total ISK 208,9bn.
- Of remaining assets at end year 2015 ISK assets is expected to be ISK 9bn (two cash reserve funds) and FX assets ISK 219,4bn (cash ISK 10,5bn).

LBI's Business plan (Base case) – Expected cash flow

LBI

Budget for opex is for years 2016 to end 2018 as provided for in creditors Proposed Resolution of LBI estate.

Í SLITAMÉBFERÐ
IN WINDING-UP PROCEEDINGS

Expected cash flow (ISKbn) - FX 30.6.2015	31.12.2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Total
Opening cash position	19,5	19,5	7,7	4,0	2,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
<i>In FX</i>	10,5	10,5	3,0	2,0	2,0									
<i>In ISK</i>	9,0	9,0	4,7	2,0	0,0									
Loans to Financial Inst.		0,7	1,4	2,6	1,5	0,7	0,7	0,7	0,7	0,7	0,7	0,7	1,7	13,0
Loans to Customers		29,7	3,6	2,7	4,8	0,2	0,2	0,2	0,2	0,2	0,1	0,0	0,0	41,7
<i>Thereof expected income</i>		0,5	0,2	0,1	0,0	0,0								0,8
Equities		0,1	1,3	0,5										1,9
LB Financing		4,7	4,6	27,3	5,1	40,9	3,8	32,1	2,7	38,4	1,2	29,5		190,2
<i>Thereof expected income</i>		4,7	4,6	4,6	5,1	5,1	3,8	3,7	2,7	2,7	1,2	1,2		39,3
Derivatives		0,3												0,3
Non current assets		1,6												1,6
Total FX cashflow from assets		37,1	10,9	33,1	11,3	41,8	4,6	33,0	3,6	39,3	2,0	30,2	1,7	248,6
Total FX cashflow from assets and cash	10,5	47,5	13,9	35,1	13,3	41,8	4,6	33,0	3,6	39,3	2,0	30,2	1,7	
Opex (budget for 2016-2018)		(4,8)	(3,9)	(2,5)										(11,2)
<i>In FX</i>		(2,5)	(3,2)	(2,5)										(8,2)
<i>In ISK (from ISK 3bn reserve fund)</i>		(2,3)	(0,7)											(3,0)
Expected cash flow to 113-creditors	0,0	(42,0)	(8,7)	(30,6)	(13,3)	(41,8)	(4,6)	(33,0)	(3,6)	(39,3)	(2,0)	(30,2)	(1,7)	(250,9)
Expected outflow from ISK 6bn reserve fund		(2,0)	(2,0)	(2,0)										(6,0)
Closing cash position	19,5	7,7	4,0	2,0										
<i>In FX</i>	10,5	3,0	2,0	2,0										
<i>In ISK</i>	9,0	4,7	2,0	0,0										

- Cash position at end of Q4 2015 is expected to be of total ISK 19,5bn, thereof in FX ISK 10,5bn and in ISK 9bn.
- Two ISK cash reserves of total ISK of ISK 9bn ((i) ISK 3bn for opex post composition and (ii) ISK 6bn for potential finally accepted Art. 109-110 priority claims) is expected to decrease gradually to nil at end of Q4 2018. For prudence reasons cash reserve in FX is expected to be maintained, starting with ISK 3bn in 2016 gradually stepping down to nil at end of Q4 2018.
- It is expected that ISK 3bn cash reserve covering ISK opex post composition will be fully exhausted by mid year 2017. From then FX will cover all opex.
- It is expected that ISK 6bn special reserve for potential priority claims will be exhausted before end of year 2018, either as potential (i) payments to Art. 109-110 creditors or (ii) additional stability contribution.



1. Estimated Recovery / Liabilities – Summary
2. 60 Largest estimated recoveries
3. Statement of Assets
4. Operational Cost
5. Expected status at end of Q4 2015 - LBI's Business plan (Base case)
6. Stability contribution vs. Stability tax
7. Driver of change
8. Appendix

Stability contribution vs. Stability tax

ISKbn	Stability contribution			Stability tax					
	Expected at 31.12.2015			Assuming max tax mitigations			Assuming no tax mitigations		
	in ISK	in FX	Total	Expected at 31.12.2015			Expected at 31.12.2015		
	in ISK	in FX	Total	in ISK	in FX	Total	in ISK	in FX	Total
Status pre payments of Stability contr./tax and Art. 112 claims									
Cash	15,8	221,1	236,9	15,8	221,1	236,9	15,8	221,1	236,9
Remaining non-cash assets	8,7	209,0	217,6	8,7	209,0	217,6	8,7	209,0	217,6
Total assets pre stability / tax	24,5	430,0	454,5	24,5	430,0	454,5	24,5	430,0	454,5
Cash Stability contribution / Stability tax	-6,8	-	-6,8	-15,8	-141,9	-157,8	-15,8	-161,4	-177,3
Non-cash asset Stability contribution	-8,7	-	-8,7	-	-	-	-	-	-
Total Stability contribution / Stability tax	-15,5	-	-15,5	-15,8	-141,9	-157,8	-15,8	-161,4	-177,3
Stability contribution/tax % of assets			3,41%			34,71%			39,00%
Partial payment to Art. 112 claims	-	-210,6	-210,6	-	-	-	-	-	-
Status post payments of Stability contr./tax and Art. 112 claims									
Cash	9,0	10,5	19,5	0,0	79,1	79,1	0,0	59,6	59,6
Remaining non-cash assets	-	209,0	209,0	8,7	209,0	217,6	8,7	209,0	217,6
Total assets post payments	9,0	219,4	228,4	8,7	288,1	296,7	8,7	268,6	277,2
Opex and potential ISK Art. 109-111 claims	-9,0		-9,0	-8,7		-8,7	-8,7		-8,7
Remaining Art. 112 claims		0,0	0,0		-210,6	-210,6		-210,6	-210,6
Expected recovery for Art. 113		-219,4	-219,4		-77,5	-77,5		-58,0	-58,0
Remaining Art. 113 claims			1.626,0			1.626,0			1.626,0
Expected recovery %			13,50%			4,77%			3,57%

- Pre payments of (i) the Stability contribution (ISK 15,5bn) and (ii) remaining Art. 112 claims (ISK 210,6bn) recovery of remaining assets at end of Q4 2015 is expected to be of total ISK 454,5bn. Thereof Cash is of total ISK 236,9bn and non-cash assets of total ISK 217,6bn.
- Post payments of (i) the Stability contribution (ISK 15,5bn) and (ii) remaining Art. 112 claims (ISK 210,6bn) recovery of remaining assets at end year 2015 is expected to be of total ISK 228,4bn. Thereof in ISK total ISK 9bn (Cash) and in FX total ISK 219,4bn (recovery for Art. 113 creditors).
- Recovery for Art. 113 creditors is highly dependent on if (i) Stability contribution is paid or (ii) if Stability tax is paid. In case of if Stability contribution expected recovery for Art. 113 creditors is ISK 219,4bn or 13,5% recovery rate. In case if max Stability tax is paid expected recovery is ISK 58,0bn or 3,57% recovery rate. Above reported Art. 113 total claims amount of ISK 1.626bn is the status as at 8 September 2015.



1. Estimated Recovery / Liabilities – Summary
2. 60 Largest estimated recoveries
3. Statement of Assets
4. Operational Cost
5. Expected status at end of Q4 2015 - LBI's Business plan (Base case)
6. Stability contribution vs. Stability tax
7. Driver of change
8. Appendix

Driver of change for recorded balance sheet

LBI

Í SLITAMEDFERD
IN WINDING-UP PROCEEDINGS

ISKm GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Derivatives	Other Assets	Total
Recorded 31.03.2015	121,9	120,8	353,1	37,8	2,5	203,9	19,5	36,7	896,0
Assets at risk 31.03.2015									
Recorded after set-off 31.03.2015	121,86	120,8	353,1	37,8	2,5	203,9	19,5	36,7	896,0
Recorded 30.06.2015	146,65	105,5	321,7	37,7	2,5	201,2	19,4	35,4	870,1
Assets at risk 30.06.2015									
Recorded after set-off 30.06.2015	146,65	105,51	321,75	37,66	2,50	201,21	19,41	35,41	870,1
Total Change	24,80	(15,3)	(31,4)	(0,1)	0,0	(2,7)	(0,1)	(1,2)	(25,9)
Payments	25,60	(23,27)	(0,62)		(0,01)	(1,55)	(0,08)	(0,06)	(0,0)
Claims paid from recovery	0,99								1,0
FX changes	(0,31)	0,21	(2,43)	(0,36)	0,02	(2,67)		(0,06)	(5,6)
Reclassification									
Change in Exposure value		7,81	0,00		0,03		0,00	(0,02)	7,8
Income	0,20		(17,93)	0,25		1,55			(15,9)
Paid Expenses	(1,67)								(1,7)
Bank Tax									
Set-off									
Write-off			(10,41)					(1,11)	(11,5)
Total Change	24,80	(15,3)	(31,4)	(0,1)	0,0	(2,7)	(0,1)	(1,2)	(25,9)

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.

Driver of change for estimated recovery

ISKbn GLOBAL	Cash	Loans to FI	Loans to Cust.	Bonds	Equities	LB Financing	Derivatives	Other Assets	Total
Estimated recovery 31.03.2015	121,9	38,6	55,2	37,2	2,0	203,9	0,9	1,8	461,5
Estimated recovery 30.06.2015	146,7	16,2	55,8	37,1	2,1	201,2	0,9	1,6	461,6
Total Change	24,8	(22,4)	0,6	(0,1)	0,0	(2,7)	(0,1)	(0,1)	0,1
Payments	25,6	(23,3)	(0,6)		(0,0)	(1,6)	(0,1)	(0,1)	(0,0)
Claims paid from recovery	1,0								1,0
FX changes	(0,3)	0,2	(0,1)	(0,4)	0,0	(2,7)		(0,1)	(3,2)
Reclassification									
Valuation		0,7	0,5		0,0		0,0	(0,0)	1,2
Income	0,2		0,8	0,3		1,5			2,8
Operational Expenses	(1,7)								(1,7)
Bank tax									
Set-off									
Total Change	24,8	(22,4)	0,6	(0,1)	0,0	(2,7)	(0,1)	(0,1)	0,1

Main changes

- Estimated recovery increases by ISK 0,1bn, thereof
 - Payments increased cash by ISK 25,6bn.
 - Valuation increased by ISK 1,2bn.
 - FX changes decreases estimated recovery by ISK (3,2bn).

Definitions :

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.



1. Estimated Recovery / Liabilities – Summary
2. 60 Largest estimated recoveries
3. Statement of Assets
4. Operational Cost
5. Expected status at end of Q4 2015 - LBI's Business plan (Base case)
6. Stability contribution vs. Stability tax
7. Driver of change
8. Appendix

Driver of change for recorded balance sheet

Historical overview

LBI

Í SLITAMEDFERÐ
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)
Recorded value 8.10.08	30,6	631,4	1.031,5	361,6	85,9	283,8	155,2	116,5	2.696,4
Recorded 30.6.2015	146,7	105,5	321,7	37,7	2,5	201,2	19,4	35,4	870,1
Assets at risk 30.6.2015									
Recorded after set-off 30.6.2015	146,7	105,5	321,7	37,7	2,5	201,2	19,4	35,4	870,1
Total Change	116,0	(525,9)	(709,7)	(323,9)	(83,4)	(82,6)	(135,8)	(81,1)	(1.826,3)

Payments	1.278,5	(138,5)	(583,9)	(20,6)	(249,2)	(214,7)	(62,2)	(9,4)	0,0
Claims paid from recovery	(1.142,5)								(1.142,5)
Transaction cost	(3,4)								(3,4)
FX changes	9,3	49,0	67,9	(7,6)	(5,3)	17,3	(3,2)	0,1	127,5
Reclassification	(0,1)	(268,4)	134,8	89,8	41,4		(8,8)	11,3	(0,0)
Change in Exposure value		28,1	(11,6)	0,7	130,7	64,9	(5,1)	(51,7)	156,0
Income	36,8	0,0	279,8	3,5	0,1	49,9		0,2	370,2
Paid Expenses	(55,6)								(55,6)
Bank Tax	(7,7)								(7,7)
Set-off	0,8	(168,7)		(389,6)				(16,1)	(573,7)
Write-off		(27,3)	(596,8)		(1,1)		(56,5)	(15,4)	(697,1)
Total Change	116,0	(525,9)	(709,7)	(323,9)	(83,4)	(82,6)	(135,8)	(81,0)	(1.826,3)

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.

Loans to customers by sectors

Breakdown of the loan book by LBI's operations

LBI

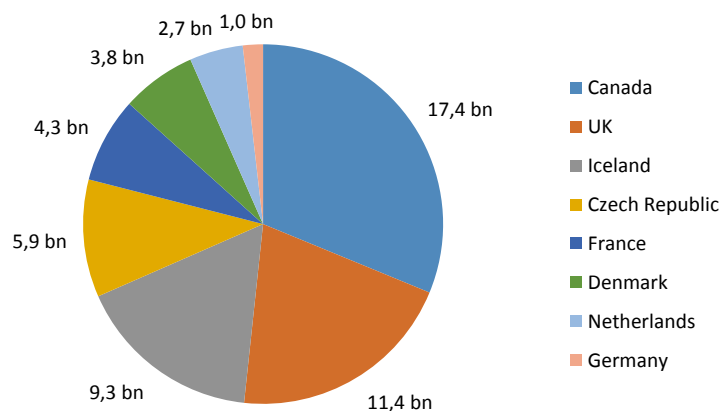
Í SLITAMÉÐFERÐ
IN WINDING-UP PROCEEDINGS

Sector	Loan Exposure		Estimated Recovery		Recovery Rate %	
	31.3.2015	30.6.2015	31.3.2015	30.6.2015	31.3.2015	30.6.2015
Reykjavík						
Holding companies	154,3	139,1	11,0	10,8	7%	8%
Service/Retail	74,4	71,2	1,0	1,1	1%	2%
Food Production	11,4	11,5	5,9	5,9	52%	51%
Financial Institutions	3,9	3,8	0,5	0,5	14%	13%
Other	48,4	41,1	6,3	5,9	13%	14%
Total ISKbn	292,4	266,8	24,8	24,2	8%	9%
London						
Manufacturing & Printing	3,6	3,4	1,7	1,6	46%	48%
Retail	8,0	8,1	0,8	0,8	10%	10%
Services	7,6	2,3	2,5	2,1	33%	92%
Other	7,8	7,4	7,0	7,0	91%	94%
Total ISKbn	27,1	21,3	12,0	11,5	44%	54%
Amsterdam						
Printing & Publishing	2,7	2,7	0,2	0,6	9%	22%
Retail	0,9	0,9	0,0	0,0	0%	0%
Services	12,5	12,3	2,2	2,1	17%	17%
Total ISKbn	16,1	15,8	2,4	2,7	15%	17%
Canada						
Fisheries	17,7	19,0	16,0	17,4	91%	92%
Total ISKbn	17,7	19,0	16,0	17,4	91%	92%

Loans to customers

Geographical origin of estimated recovery

Origin of recovery	# of customers	ISK	USD	EUR	GBP	CAD	Other	Total
Canada	1					17,4		17,4
UK	6		0,0	1,1	10,4		0,0	11,4
Iceland	25	7,8		1,6			0,0	9,3
Czech Republic	1			5,9				5,9
France	5	0,0	0,9	3,2	0,1			4,3
Denmark	30			0,2			3,6	3,8
Netherlands	5			2,7				2,7
Germany	2		0,1	0,9				1,0
	75	7,8	1,0	15,6	10,5	17,4	3,5	55,8



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

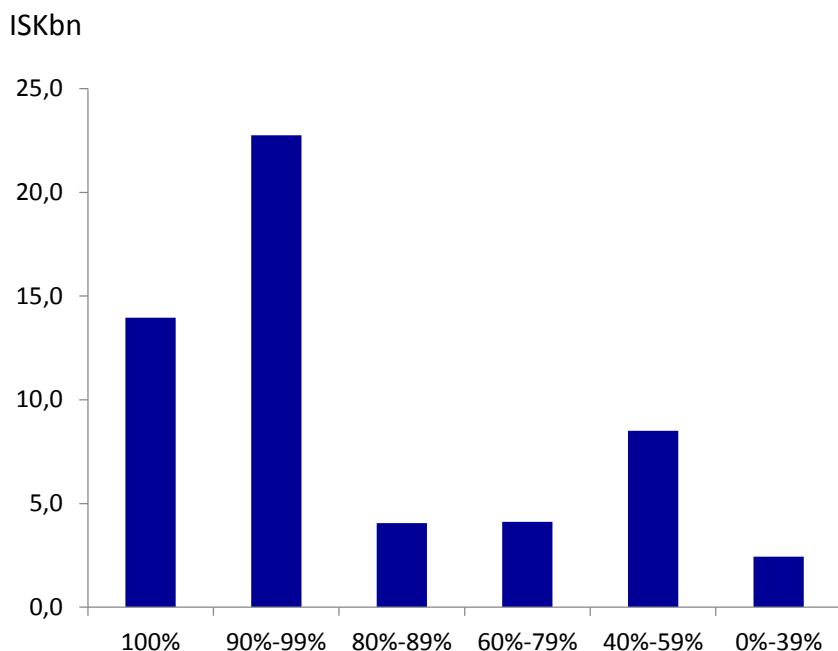
- For performing customers currency is the contractual currency/currencies.
- For non-performing customers currency is based on expected collateral realization.

Loans to customers

Cash flow by estimated recovery rates

Recovery rates	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Total
100%	3,3	1,7	3,1	3,1	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,1	1,7	14,0
90%-99%	2,6	15,5	0,0	0,1	4,6	0,0								22,8
80%-89%	0,0	3,9	0,0	0,2										4,1
60%-79%	0,8	0,3	0,2	1,7	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,0	0,0	4,1
40%-59%	0,2	7,1	0,2	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4	8,5
0%-39%	0,8	1,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0				2,4
Total	7,8	30,1	3,5	5,3	4,9	0,3	0,3	0,3	0,3	0,3	0,3	0,2	2,2	55,8

Estimated recovery by recovery rates



- Loans with 90%-100% estimated recovery rates are ISK 26,8bn or 48% of the loan book total estimated recovery.
- Loans with 0%-59% estimated recovery rates are ISK 10,9bn or 19,5% of the loan book total estimated recovery.

FX rates

	31.3.2015	30.6.2015	Change
EUR	147,66	147,66	0,0%
GBP	203,34	207,37	2,0%
USD	137,54	131,91	(4,1%)
CAD	107,88	106,57	(1,2%)

A list of the portfolio abbreviations used on slides 15-17

Portfolio	Abbreviation
Asset backed lending	ABL
Bonds	Bonds
Commercial Finance	CF
Equities	EQT
Derivatives	Deriv
KS loans	KS
LB financing	LBF
Leverage lending - Origination	LL-O
Leverage lending - Participation	LL-P
Loans to FI	LTFI
Non-current assets	NCA
Commercial finance - Origination	CF-O
Real estate lending - collateral based	REL-CB
Senior secured - collateral based	SS-CB
Senior unsecured	SU
Senior unsecured / derivatives	SU/Deriv