



Financial Information at 30.6.2013

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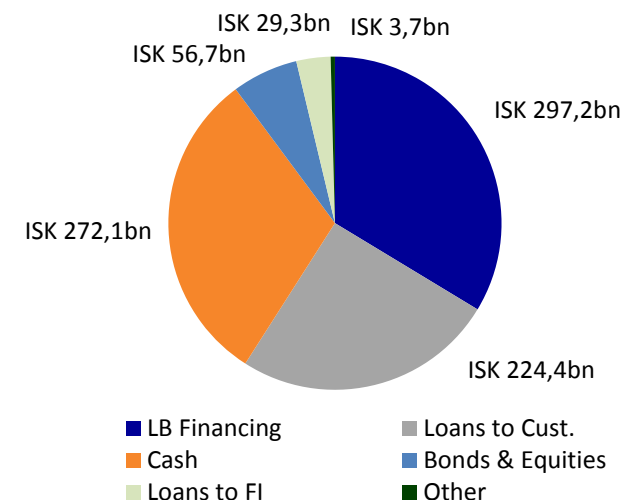
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Estimated Remaining Recovery - end of Q2 2013

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ISKbn	Estimated recovery		Changes in Quarter		
	31.3.2013	30.6.2013	FX change	Actual	% change
Cash	255,5	272,1	1,1	15,5	6%
Loans to Financial Inst.	31,5	29,3	0,3	(2,5)	(8%)
Loans to Customers	219,1	224,4	1,1	4,2	2%
Bonds	48,5	49,5	0,7	0,3	1%
Equities	7,4	7,2	0,0	(0,2)	(3%)
LB Financing	293,6	297,2	2,7	1,0	0%
Derivatives	1,2	1,1	0,0	(0,1)	(5%)
Non current assets	2,7	2,6	0,0	(0,1)	(5%)
Total assets	859,4	883,4	5,9	18,1	2%



Highlights in Q2 2013

- **Actual estimated recovery increased by ISK 18,1bn in Q2 2013.**
 - Loans to Customers increased by ISK 4,2bn, thereof valuation change of ISK 11,8bn partly off-set by payments of ISK (8,9)bn.
 - Loans to Financial institutions decreased by ISK 2,5bn. Thereof valuation change of ISK 1,6bn fully off-set by payments of ISK (4,0)bn.
 - Equities decreased by ISK 0,2bn, thereof valuation change ISK 1,6bn, Reclassification ISK 1,1bn fully off-set by payments (sale) of ISK (3,0)bn.
- **FX changes increase total estimated recovery by ISK 5,9bn**, thereof LB Financing by ISK 2,7bn.
- **Actual increase of Cash was ISK 15,5bn.**
 - Repayments decreased Loans to Customers by total ISK 8,9bn and increased Cash by the same number.
 - Dividend payment from LI Lux of ISK 4,0bn decreased the estimated recovery of Loans to Financial institutions and increased Cash by the same number.
 - Sale of Equities (mainly Eimskip) decreased Equities by ISK 3bn and increased Cash by the same number.
- **Estimated remaining recovery is concentrated.**
 - Loans to financial institutions are mainly explained by two positions.
 - Of ISK 224,4bn total under Loans to Customers, loan exposures to 15 customers reflect 67% (ISK 150bn).
 - Bonds are mainly explained by two positions.
 - Equities are mainly explained by three positions.
 - LB's Financing is 49% of LBI's estimated recovery if cash is excluded.
 - Non current assets are mainly explained by one position.

Estimated Remaining Global Recovery -

Estimated recovery and Partial payments

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Estimated recovery

FX at each reporting date

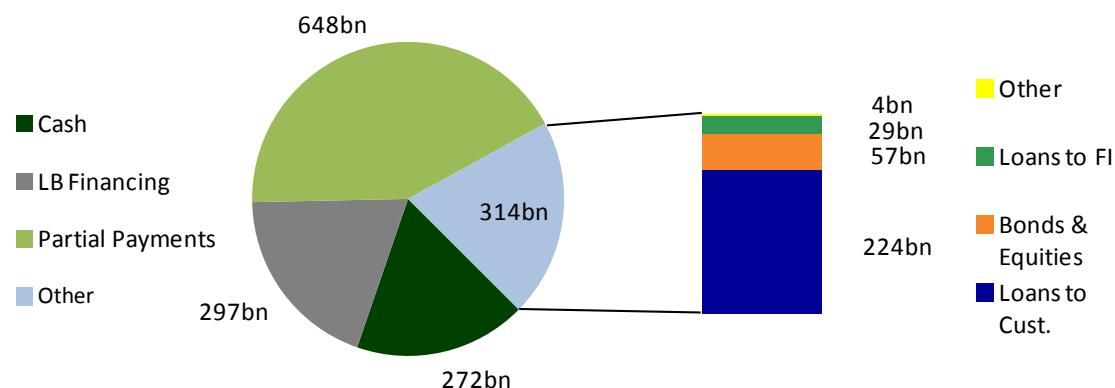
ISKbn	30.9.2011	31.12.2011	31.3.2012	30.6.2012	30.9.2012	31.12.2012	31.3.2013	30.6.2013
Cash	484,3	108,8	294,4	192,7	227,3	194,2	255,5	272,1
Loans to Financial Inst.	76,5	82,1	79,7	33,4	34,9	59,1	31,5	29,3
Loans to Customers	200,6	178,4	220,6	272,4	268,5	258,3	219,1	224,4
Bonds	28,4	28,0	27,0	53,7	54,0	54,3	48,5	49,5
Equities	144,8	147,6	22,7	40,3	27,7	19,6	7,4	7,2
LB Financing	342,8	358,8	376,8	303,7	305,8	315,5	293,6	297,2
Derivatives	2,7	2,4	1,9	1,8	1,6	1,6	1,2	1,1
Investment in Subsidiaries	1,3	1,0	1,0	0,9	0,0	0,0	0,0	0,0
Non current assets	3,5	3,6	3,8	3,8	3,6	3,1	2,7	2,6
Total remaining assets	1.284,8	910,7	1.027,9	902,8	923,6	905,9	859,4	883,4
Partial payments including escrow repayments *		409,9	409,9	568,5	568,5	648,0	648,0	648,0
Total assets including partial payments	1.284,8	1.320,6	1.437,8	1.471,2	1.492,1	1.553,9	1.507,4	1.531,4

Partial payments to priority creditors

- At the end of Q2 2013 three Partial payments (ISK 648bn) have been made towards priority claims (Art.112). The fourth Partial payments, equivalent of ISK 67,2bn, were made in Q3 2013.

* According to the Supreme court ruling no. 553/2013 the FX rates for Partial payments are the selling rates of the Central Bank of Iceland on each payment date.

Estimated recovery 30.6.2013



Statement of Liabilities

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Claim Priority - Liability type	Accepted Amounts	Final*	Settled by other means	Paid from recoveries	Escrow allocations	Liabilities 30.6.2013
109 - Proprietary Interest	4,9	100%	4,9	-	-	-
110 - Administrative Claims	8,5	100%	6,1	2,4	-	-
111 - Guarantee 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%	-	569,2	0,8	597,0
Deposit - Wholesale	145,4	100%	-	70,5	0,2	74,7
Loans from Financial Institutions	11,4	0%	-	-	5,7	5,7
Loans from Financial.Inst.- Rejected	-			-	1,1	- 1,1
Other liabilities	0,9	100%	-	0,4	0,0	0,5
(Claims settled by lump sum payment)	0,7	100%	-	0,7	-	-
Total Priority Claims	1.325,4	99,11%	-	640,9	7,8	676,8
113 - General Claims						
Deposit - Retail	0,2	0%	-	-	-	0,2
Deposit - Wholesale	10,4	58%	-	-	-	10,4
Derivatives	199,1	48,23%	-	-	-	199,1
Loans from Financial Institutions	46,7	99,50%	-	-	-	46,7
Other borrowings	179,5	13,04%	-	-	-	179,5
Other liabilities	9,5	83,25%	-	-	-	9,5
Securities Issued	1.231,9	69,13%	-	-	-	1.231,9
Total General Claims	1.677,4	61,49%	-	-	-	1.677,4
Grand Total	3.074,2	78,60%	69,0	643,3	7,8	2.354,2

In accordance with the Act on Financial Undertakings No. 161/2002, 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.

- Total of 61,5% of the accepted general claims (Art. 113) are now finally accepted.
- Total of 78,6% of the accepted claims are now finally accepted.
- Percentage of accepted amounts that have been finally accepted.
- 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.

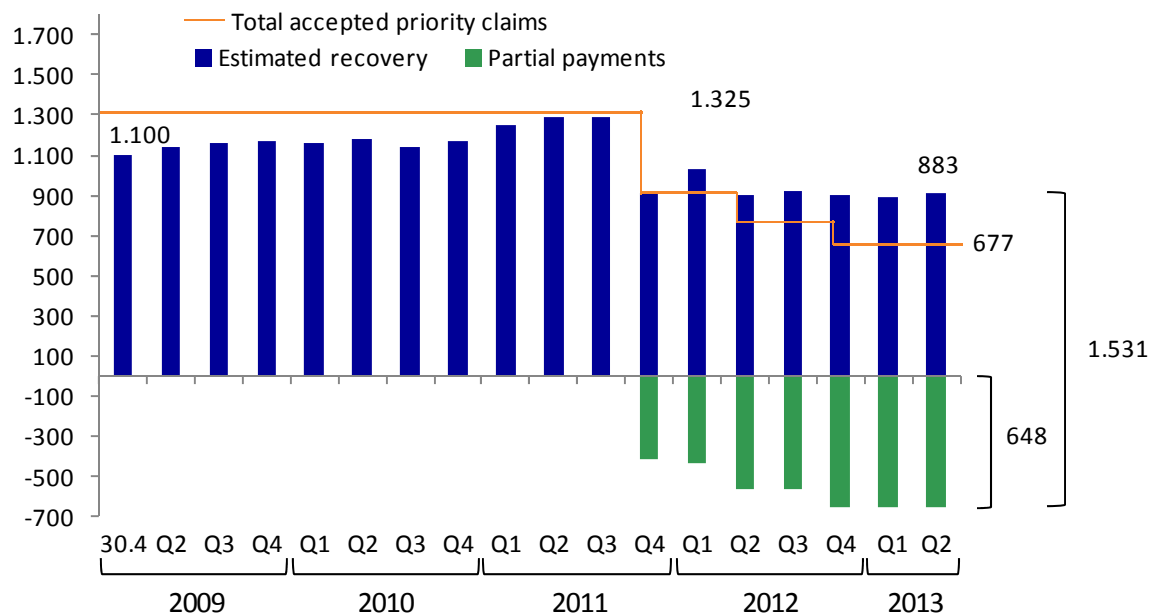
Historical development

Estimated recovery, Partial payments and Priority claims

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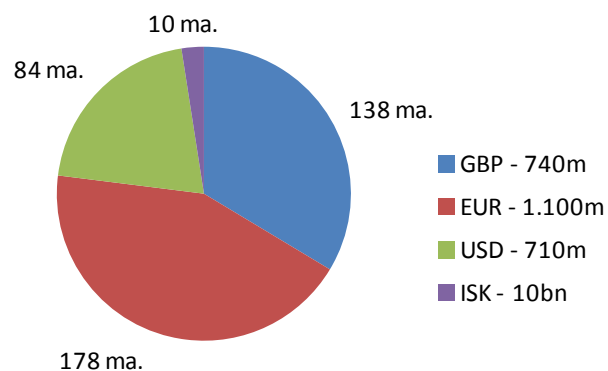
Development of the Estimated recovery - using FX rates at each reporting date (ISKbn)



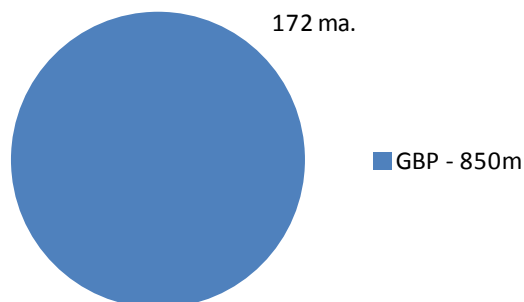
Historical changes

- **Estimated recovery has increased since 30.4.2009 by ISK 431bn** (from ISK 1.100bn to ISK 1.531bn).
 - On 30.6.2013 the estimated recovery was ISK 206bn higher than the estimated amount of priority claims (Art. 112).
- **Priority claims of ISK 1.325bn** have reduced by three partial payments **down to ISK 677bn**.
- **Three partial payments of net ISK 648bn** have been made:
 - 1st made in December 2011 of ISK 410bn
 - 2nd made in May 2012 of ISK 172bn
 - 3rd made in October 2012 of ISK 80bn
 - Escrow repayments to LBI of ISK 14bn
- **Fourth partial payments of ISK 67bn**, made in September 2013, will be reported in Q3 2013.

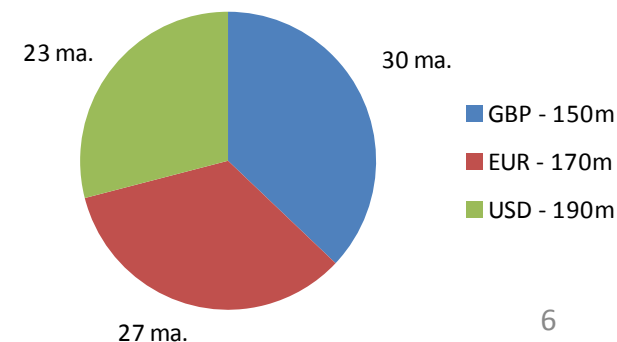
First Partial payment - ISK 410bn



Second Partial payment - ISK 172bn



Third Partial payment - ISK 80bn



Estimated remaining recovery by currency

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	ISK		USD		EUR		GBP		Other		Total	
ISKbn	31.3.13	30.6.13	31.3.13	30.6.13	31.3.13	30.6.13	31.3.13	30.6.13	31.3.13	30.6.13	31.3.13	30.6.13
Cash	30	32	46	46	78	88	82	84	20	22	255	272
Loans to FI	0	0	1	2	21	17	10	10	0	0	31	29
Loans to Customers	10	10	17	17	69	73	86	88	37	35	219	224
Bonds	0	0	8	8	40	41	0	0	0	0	49	50
Equities	7	5	0	0	0	2	0	0	0	0	7	7
Derivatives	1	1	0	0	0	0	0	0	0	0	1	1
Other assets	1	1	2	2	0	0	0	0	0	0	3	3
Total excl. LB Fin.	49	49	74	76	209	222	178	182	56	58	566	586
LB A Bond	0	0	67	68	102	104	38	38	0	0	208	210
LB Contin. Bond	0	0	27	27	43	44	17	17	0	0	86	87
LB Equity	28	0	0	0	0	0	0	0	0	0	28	0
LB Equity Claw Back	(28)	0	0	0	0	0	0	0	0	0	(28)	0
Total assets	49	49	168	170	354	370	233	237	56	58	859	883

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

- ISK is unchanged, now 6% of total estimated recovery.
- USD increases by ISK 2bn (mainly Loans to Financial institutions), now 19% of total estimated recovery.
- EUR increases by ISK 16bn (mainly Loans to customers), now 42% of total estimated recovery.
- GBP increased by ISK 4bn (mainly FX changes), now 27% of total estimated recovery.

Estimated remaining recovery

Expected cash flow by currency and asset categories

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Estimated cash flow by currency

Estimated Recovery (ISKbn)	Cash 30.6.2013	H2 2013	2014	2015	2016	2017	2018	Later	Total
ISK	32	6	2	2	0	0	0	6	49
USD	46	6	12	23	28	24	31	0	170
EUR	88	17	38	51	62	53	40	21	370
GBP	84	8	15	19	18	14	18	61	237
CAD and other	22	3	4	10	15	1	2	0	58
Total assets	272	41	70	105	123	92	92	88	883

Estimated cash flow by asset category

Estimated Recovery (ISKbn)	Cash 30.6.2013	H2 2013	2014	2015	2016	2017	2018	Later	Total
Cash	272								272
Loans to Financial Inst.		2	15	5	3	3	0	0	29
Loans to Customers		27	29	37	44	13	8	67	224
Bonds		2	5	3	3	3	11	21	50
Equities		7	0	0	0	0	0	0	7
LB Financing		2	17	59	73	73	73	0	297
Derivatives		0	1	0	0	0	0	0	1
Investment in Subsidiaries		0	0	0	0	0	0	0	0
Non current assets		1	2	0	0	0	0	0	3
Total assets	272	41	70	105	123	92	92	88	883

- Based on current estimated cash flow the remainder of priority claims (Art. 112) is expected to be fully covered by cash collected in 2017.
- Cash flow into after 2018 is broadly from Loans to customers (mainly 3 customers) and Bonds (including the Avens replacement bonds).
- The remaining position in equities is mainly LBI's stake in Eimskip, partly (5%) sold in Q2 2013 the remainder is expected to be sold in 2013.

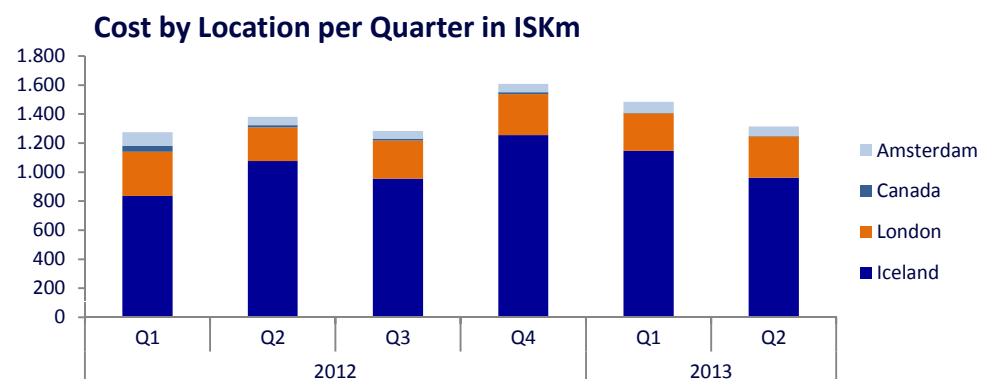
Total Operational Cost

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ISKm	2012				2013		Change Q2/Q1
	Q1	Q2	Q3	Q4	Q1	Q2	
Housing and logistics	60	33	78	42	37	57	51%
Payroll and benefits	493	426	417	442	440	473	8%
Icelandic legal cost	300	205	158	215	208	194	(7%)
Icelandic expert cost	67	61	84	67	60	70	15%
Non-Icelandic legal cost	71	175	165	422	290	241	(17%)
Non-Icelandic expert cost	107	362	219	251	247	149	(40%)
Other Operational costs	109	51	95	106	132	85	(36%)
SLA cost	68	68	68	62	71	61	(13%)
Breakdown by location							
Iceland	837	1.076	956	1.254	1.147	962	(16%)
London	304	231	263	282	259	299	16%
Canada	39	16	13	14	4	4	(11%)
Amsterdam	95	58	52	57	76	65	(14%)
Total ISKm	1.275	1.382	1.284	1.608	1.486	1.330	(10%)

- Total operational cost decreases by 10% between quarters.
- Icelandic expert cost increases by 15% between quarters .
- Non Icelandic expert cost decreases by 40% between quarters.
- Other operational costs decreases by 36% between quarters.



FX rates

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	31.3.2013	30.6.2013	Change
EUR	158,55	161,25	1,7%
GBP	187,43	188,35	0,5%
USD	124,00	123,95	(0,0%)
CAD	121,95	117,88	(3,3%)