

direct/ Landsbanki Islands (UK) - Landsbanki issues EUR 500 million floating rate notes

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Landsbanki has today issued EUR 500 million floating rate notes due in 2012 priced at EURIBOR plus 26 basis points. This is the first senior public issue from Landsbanki denominated in euros since October 2005. The issue was managed by Credit Suisse, RBS and SG CIB. Co-lead managers were DZ Bank and Bayern LB.

The transaction, which was twice oversubscribed, marks an important step in the Bank's funding plans for 2007. Landsbanki has not entered the public markets with a bond issue since 2006 due to its very strong liquidity position, in part resulting from the bank's successful deposit taking activities. "We thought that the time was right to come to the market and we are very pleased by the positive market reaction this important issue has received," says Brynjólfur Helgason, MD, International Banking at Landsbanki. "This new Euro FRN transaction is an important step in re-establishing Landsbanki's credit in the Euro market after an 18 month absence as well as extending the maturity profile of the bank."

This successful transaction follows the awarded Landsbanki issues of a EUR 600 million syndicated loan in July and USD 2.25 billion issue in August of 2006. The Landsbanki EUR 600 million 3 year syndicated credit facility in July 2006 was awarded 'Icelandic deal of the year 2006' by the Banker. The deal was the largest syndicated loan for an Icelandic financial institution ever raised. It was launched and successfully executed during a period of increased volatility and turbulence in the Icelandic capital markets. In addition, the USD 2.25 billion 3 year and 5 year fixed and floating rate notes in August 2006 was awarded 'Runner-up dollar investment grade deal of the year 2006' by Credit Magazine.

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About Landsbanki - www.landsbanki.com/ir

Landsbanki is a growing European bank with total assets of ISK 2,317 billion (EUR 26.4 bn) at 31 March 2007 and a market capitalisation of ISK 383 billion (EUR 4.4 bn) at 3 May 2007. Headquartered in Reykjavik, Iceland, Landsbanki Islands hf. is traded on the OMX Nordic Exchange Iceland under the symbol . Landsbanki is rated by Moody's (Aa3 / P-1 / C / Stable) and Fitch (A / F1 / B/C / Stable).

Since its establishment in 1886, Landsbanki has been instrumental in the economic development of business and industry in Iceland. Landsbanki has positioned itself as Iceland's primary provider of general and specialised financial services to individuals, corporate entities and institutions. The bank holds a market share of over 30% in all major business segments and has the country's most extensive branch network.

Building on its strong foundation in Iceland, Landsbanki has successfully extended its financial operations into new markets, focusing on serving mid-cap corporates in Europe. The bank's unique product line includes access to both debt and equity markets; its research department. is among the most comprehensive in Europe, including some 90 analysts covering more than 800 European stocks locally. Landsbanki and its subsidiaries now operate in all major financial centres of Europe, and have North American representation in New York, Winnipeg and Halifax. Through its extensive distribution network, Landsbanki has a strong platform to deliver targeted financial services based on local expertise.

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