

direct/ Landsbanki Islands (UK) - Icesave Deposits Total Over GBP 3 billion

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Landsbanki's UK online savings programme Icesave has now attracted over 80,000 account holders, whose deposits exceed GBP 3 billion. The savings account programme, which was launched in October last year, is both simple to use and offers very competitive terms. Unlike traditional UK deposit accounts, Icesave has no restrictions on withdrawals.

Landsbanki took action to boost its deposits when the terms available to Icelandic banks on international financing markets deteriorated early in 2006. Attracting deposits, in particular from retail customers, on the international market was a key step in this response. In only a brief period, Icesave has become one of the main pillars of the bank's funding, making Landsbanki less vulnerable to fluctuations which can occur on international financial markets. At the end of Q1 2007, deposits comprised 62% of total loans outstanding, compared to 34% at the beginning of 2006. This has been a factor in strengthening Landsbanki's international funding position, as reflected in the bank's recent EUR 500 million notes issue in Europe, and the subsequent substantial drop in premiums on its debt on secondary markets.

CEO Sigurjón Þ. Arnason comments: "Icesave's popularity on a highly competitive market is very gratifying. Continuing to improve the balance in the bank's funding is an important task, because it also improves our access to financial markets, reducing the cost of financing."

Mark Sismey-Durrant, Managing Director of Icesave, comments: "Achieving this new milestone of £3 billion in total deposits shows that the British savings customer is seeking long-term good returns on their funds and appreciates the twin combination of an attractive interest rate both now and in the foreseeable future, on funds that can be accessed promptly and easily online."

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 408 billion (EUR 4.8 bn) at 22 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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