

direct/ Landsbanki Islands - Landsbanki Well Positioned to Pursue Strategic Objectives

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As Landsbanki has previously stated, the diversification of its international operations is a clear strategic priority. The ultimate aim of this strategy is to achieve a broad sectoral and geographical diversification of assets, funding and income through the addition of value enhancing complementary businesses.

Landsbanki and Cenkos today announced the commencement of discussions with the management of Close Brothers Group plc for the possible submission of a recommended takeover bid for the Company, whereby Landsbanki would acquire its banking operations.

Landsbanki would like to highlight the following points:

- The proposed transaction would positively contribute to the diversification of Landsbanki's balance sheet and revenue. Revenue originating outside of Iceland would increase to around 60% from the current level of 47%. Landsbanki's retail banking income would strengthen and represent 33% of core income as defined by the bank, up from 17%.*
- Landsbanki has already strengthened its capital base by issuing USD 400 million Tier 1 capital in October of 2007 and has the support of its largest shareholder Samson Holding to increase the bank's equity.
- The banking operations of Close Brothers plc are very well funded with a deposit-to-loan ratio of 117%, giving the company an exceptionally strong liquidity position. This would positively affect Landsbanki's already strong deposit-to-loan ratio of 76%, should the proposed transaction be concluded.*
- As of 10 January 2008, Landsbanki has liquid assets of EUR 8.9 billion. The bank has a comfortable maturity profile going forward, with long-term debt falling due in 2008 amounting to only EUR 0.8 billion.
- Landsbanki's overseas deposits programs continue to strengthen and several new initiatives are in the pipeline to further diversify the bank's funding base.

In addition to the above-mentioned, it is important to reiterate that Landsbanki has no exposure to the US sub-prime mortgage market, asset backed securities (ABS), collateralised debt obligations (CDOs), collateralised loan obligations (CLOs), structured investment vehicles (SIVs), or any such structured vehicles. This places Landsbanki in an especially strong position to meet the current, unusually adverse, conditions on global financial markets and continue to pursue the bank's strategic objectives.

* Based on publically disclosed financial accounts for Close Brothers Limited plc as of 31 July 2007 and Landsbanki Íslands hf as of 30 September 2007. Estimates are based on historical performance.

Any earnings enhancements and merger benefit statements which may be contained herein are not, and should not be interpreted or construed to be profit forecasts. Such statements should therefore not be taken to mean that earnings per share will necessarily be greater than those for the relevant preceding financial period.

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About Landsbanki

Landsbanki is a growing European bank with total assets of ISK 2,847 billion (EUR 32.4 bn) at 30 September 2007 and a market capitalisation of ISK 355 billion (EUR 3.8 bn) at 11 January 2008. Through its extensive distribution network of 2,499 employees in 17 countries, Landsbanki is set to deliver targeted financial services based on local expertise for mid-cap corporates in Europe. Landsbanki provides retail and corporate banking, investment banking, capital markets services, asset

management and wealth management for private banking clients. Landsbanki's unique product line includes access to both debt and equity markets and its research department is among the most comprehensive in Europe, including some 90 analysts covering close to 900 European stocks.

The market leader of the Icelandic financial service sector, Landsbanki's growth in recent years has been primarily organic, based upon small strategically acquired platforms in the UK, Ireland and Continental Europe. Most recently, the bank acquired the securities broker and investment bank Bridgewell in the UK.

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).

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