

Íslandsbanki – General Overview

2010



About Íslandsbanki

Íslandsbanki offers comprehensive financial services to individuals, households, corporates and professional investors in Iceland. The Bank has a strong market share across the client and product spectrum.

Building on a heritage of lending to industry in Iceland, the Bank has developed specific expertise in two industry sectors – seafood and geothermal energy – that together form the basis for its overseas strategy.

With its focused approach in these fields, Íslandsbanki offers valuable services to industry players and investors.

Seafood



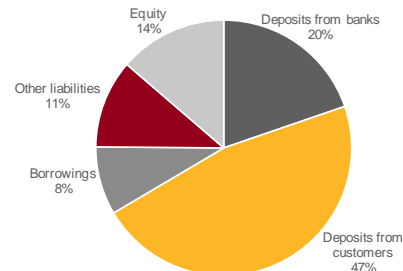
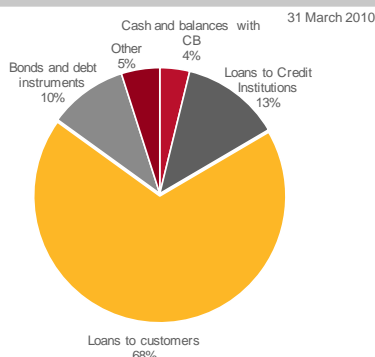
Geothermal Energy



Financial services

- **Retail Banking**
personal finance, SME's & asset-based financing
- **Corporate & Investment banking**
lending, advisory & special industry knowledge in seafood and geothermal energy
- **Capital Markets**
securities brokerage, FX-sales & research
- **Wealth Management**
fund management, private banking & advisory

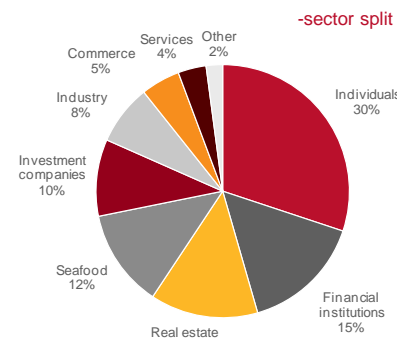
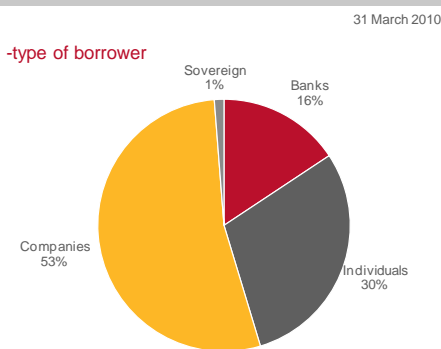
Assets & Liabilities – ISK 700bn



Key figures (ISK) Q1 2010 (unaudited)

Net interest income	10.5bn
Net fees and commissions	1.6bn
Other income	87m
Net operating income	8.6bn
Salaries	2.1bn
Other operating expenses	2bn
Pre-tax profit	4.4bn
Cost / income ratio	36%
ROE	15.3%
Total equity	95.6bn
Loan / deposit ratio	82%
Total capital ratio	20.8%
Employees (consolidated)	1,026

Loan portfolio – ISK 568bn



Funding & liquidity

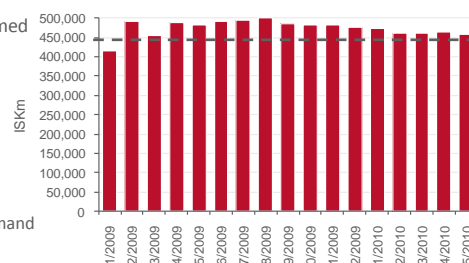
Deposits represent largest source of funding

- High deposit rates and state guarantee attractive to investors
- In the short-term the deposit base is assumed to remain fairly stable around ISK 450bn

Prudent internal liquidity measures

- Conservative classification of liquid assets
- Liquid assets cover 35% of retail deposits
- Well in excess of regulatory requirements
 - Cash or cash like assets amount to 5% of demand deposits
 - The Bank must be able to withstand 20% instantaneous outflow of deposits
 - Liquid assets to cover all debt maturing over the next three months according to CB definitions

Deposit development



Asset quality

Diversified loan portfolio to domestic corporations, SME's and individuals

- Conservative valuation of the acquired assets
- Acquired at discount and significant impairments already made

Restructuring

- Both standardised debt relief programmes and tailored solutions suited for individuals, SME's and corporations
- The aim is to maximise asset recovery and return quickly to a fully performing portfolio