

Íslandsbanki – General Overview

2010



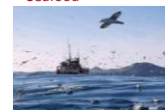
About Íslandsbanki

Íslandsbanki offers comprehensive financial services to individuals, households, corporations 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



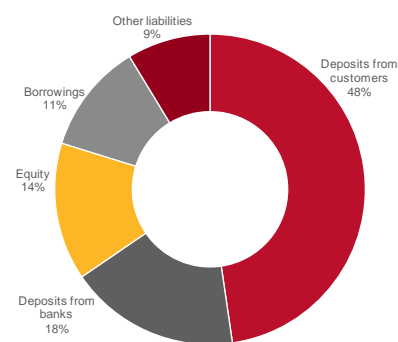
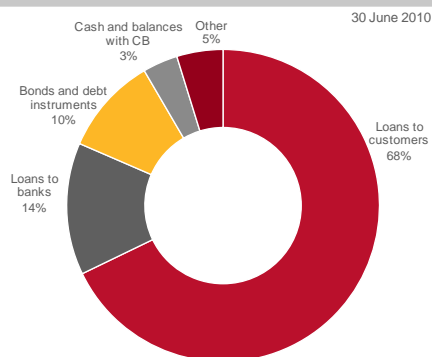
Geothermal Energy



Financial services

- **Retail Banking**
Personal finance, SME's & asset-based financing
- **Corporate Banking**
Lending & special industry knowledge in seafood and geothermal energy
- **Markets**
Securities sales, FX-sales, advisory and research
- **Wealth Management**
Fund management, private banking & advisory

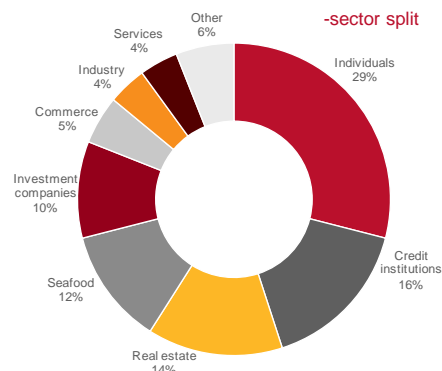
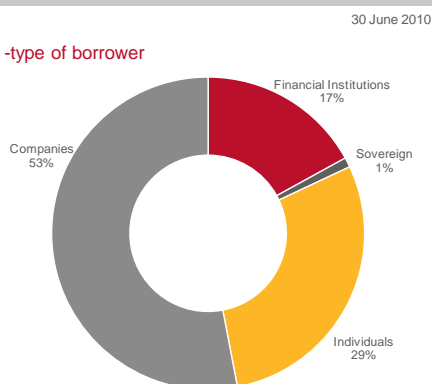
Assets & Liabilities – ISK 700bn



Key figures (ISK) Q2 2010 (unaudited)

Net interest income	20.3bn
Net fees and commissions	3.3bn
Other income	45m
Net operating income	19.8bn
Salaries	4.6bn
Other operating expenses	4.7bn
Pre-tax profit	10.6bn
Cost / income ratio	39.4%
ROE	17.1%
Total equity	100.4bn
Loan / deposit ratio	80%
Total capital ratio	21.5%
Employees (consolidated, average)	1,152

Loan portfolio – ISK 570bn



Funding & liquidity

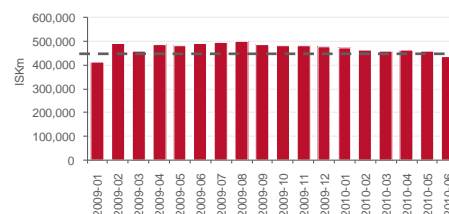
Deposits represent largest source of funding

- 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