

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



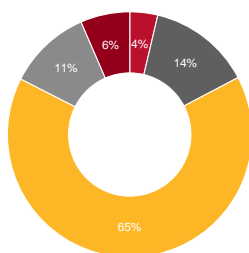
Financial services

- 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 715bn

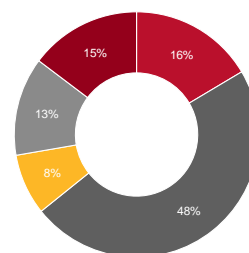
30 September 2010

-assets



- Cash and balances with CB
- Loans to credit institutions
- Loans to customers
- Bonds and debt instruments
- Other

-liabilities



- Deposits from credit institutions
- Deposits from customers
- Borrowings
- Other liabilities
- Equity

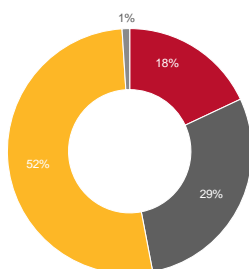
Key figures (ISK) 9M 2010 (unaudited)

Net interest income	30.3bn
Net fees and commissions	5.2bn
Other income	696m
Net operating income	30.7bn
Salaries	6.7bn
Other operating expenses	7.3bn
Pre-tax profit	13.1bn
Cost / income ratio	39.2%
ROE	17.1%
Total equity	105.2bn
Loan / deposit ratio	81.5%
Total capital ratio	22.6%
Employees (consolidated, average)	1,065

Loan portfolio – ISK 564bn

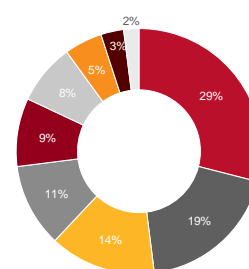
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-type of borrower



- Banks
- Individuals
- Companies
- Sovereign

-sector split



- Individuals
- Financial institutions
- Real estate
- Seafood
- Investment companies
- Industry
- Commerce
- Services
- Other

Funding & liquidity

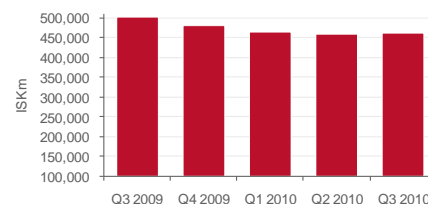
Deposits represent largest source of funding

- High deposit rates and state guarantee attractive to investors
- Considerable rate cuts starting to influence investors seeking higher returns

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