

Íslandsbanki – General Overview

2011



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



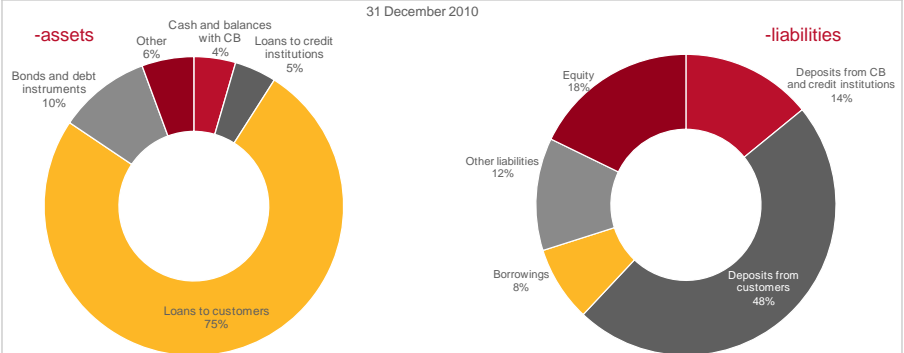
Geothermal Energy



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

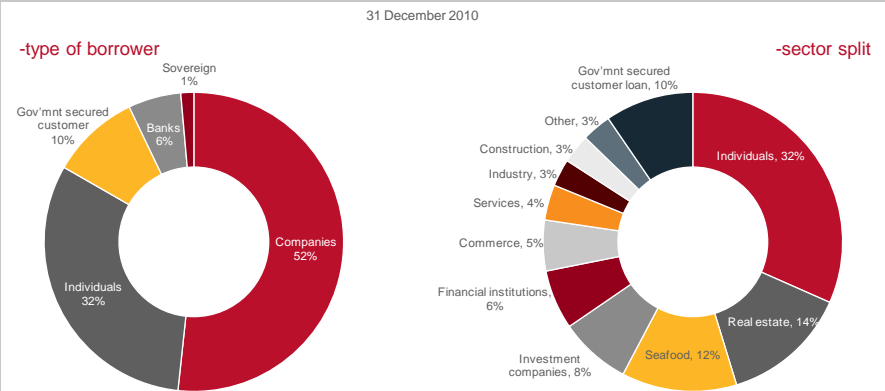
Assets & Liabilities – ISK 683bn



Key figures (ISK) FY 2010

Net interest income	34.9bn
Net fees and commissions	7.4bn
Other income	13.6bn
Net operating income	55.6bn
Salaries	9.2bn
Other operating expenses	9.3.3bn
Pre-tax profit	36.8.1bn
Cost / income ratio	43.7.2%
ROE	28.5%
Total equity	121.5bn
Loan / deposit ratio	77.5%
Total capital ratio	26.6%
Employees (consolidated, average)	1,080

Loan portfolio – ISK 546bn



Funding & liquidity

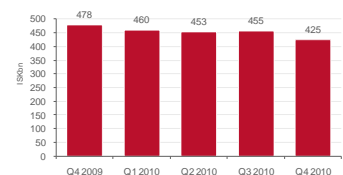
Deposits still represent largest source of funding

- Deposits still guaranteed in full by government
- Deposit levels in line with what was expected with declining rates

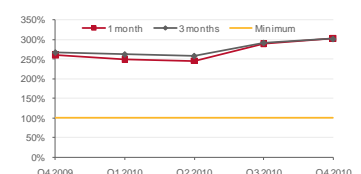
Prudent internal liquidity measures

- 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



ÍSB liquidity ratios as reported to Central Bank



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