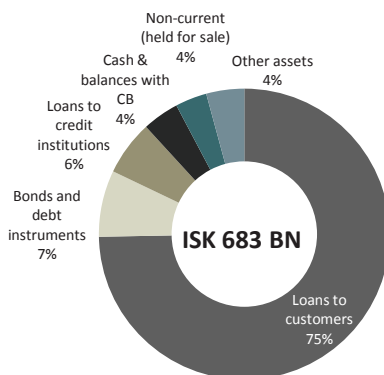


- Íslandsbanki offers comprehensive financial services to individuals, households, corporations and professional investors in Iceland. The Bank has a strong market share across the client and product spectrum.
- Building on a heritage of lending to industry in Iceland, the Bank has developed specific 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.

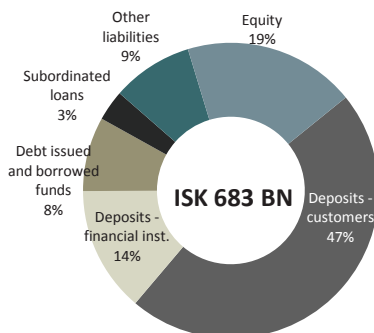
FINANCIAL SERVICES

- 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

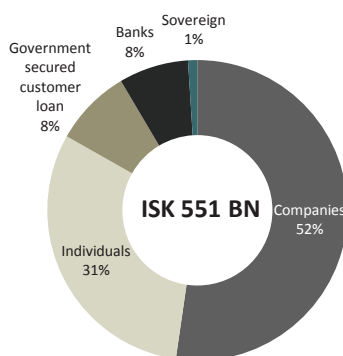


KEY FIGURES

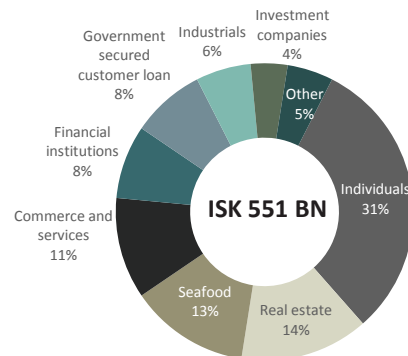
ISK	1H 2011
Net interest income	16.3bn
Net fees and commissions	3bn
Other income	524m
Net operating income	19.4bn
Salaries	5bn
Other operating expenses	4.6bn
Pre-tax profit	8.1bn
Cost / income ratio	50.8%
ROE	12.9%
Total equity	128.8bn
Loan / deposit ratio	75.2%
Total capital ratio	28.0%
Employees (parent, average)	980

CONSOLIDATED LOAN PORTFOLIO

Split by type of borrower



Split by sector



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

FUNDING & LIQUIDITY

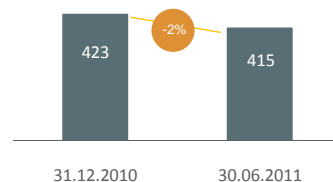
Deposits stable source of funding

- Deposits still effectively guaranteed
- Deposit declining in line with expectations as rates drop

Prudent internal liquidity measures

- Conservative classification of liquid assets
- 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
 - Íslandsbanki's ratios are well in excess of these limits

DEPOSIT DEVELOPMENT



LIQUIDITY	ÍSLANDSBANKI	LIMIT
	38%	> 20%
	21%	> 5%