

Reykjavík, 26 May 2011

# Q1 Interim Accounts

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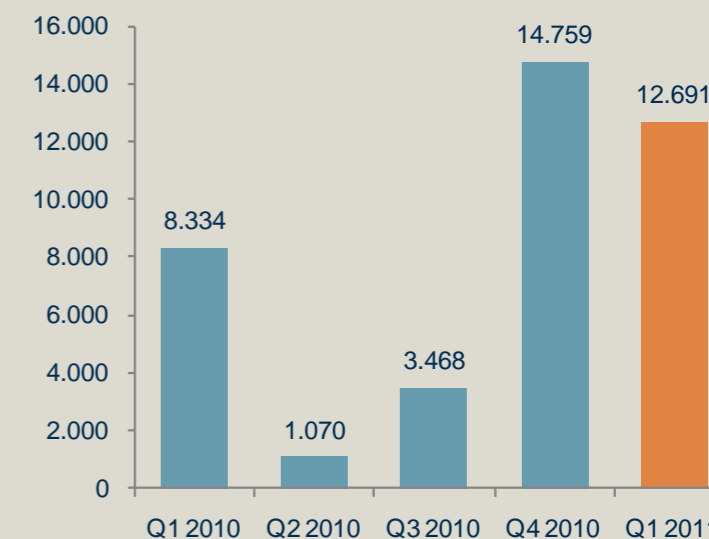


# Main results

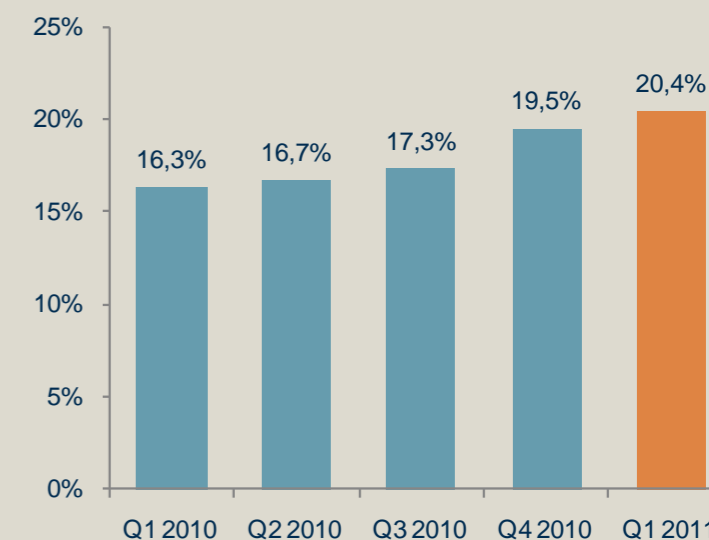
| Key figures  | Q1 2011   | Q1 2010   | 31.12.2010 |
|--|-----------|-----------|------------|
| Total operating income                                   | 13.296    | 14.670    | 50.849     |
| Profit after taxes                                       | 12.691    | 8.334     | 27.231     |
| ROE after taxes  | 26,7%     | 21,2%     | 17,3%      |
| ROE after taxes w/o fair value change of contingent bond | 32,4%     | 22,8%     | 25,7%      |
| Capital ratio  | 20,4%     | 16,3%     | 19,5%      |
| Interest spread as a ratio of average total assets       | 2,6%      | 2,4%      | 2,3%       |
| Cost-income ratio  | 35,3%     | 27,4%     | 36,4%      |
| Cost-income ratio w/o FX gain                            | 29,5%     | 46,5%     | 51,1%      |
| Total assets   | 1.105.590 | 1.113.437 | 1.081.133  |
| Loans to deposits from customers ratio *                 | 152,1%    | 149,7%    | 159,6%     |

\* Including assessment of loans from Spkef

### Profit after taxes



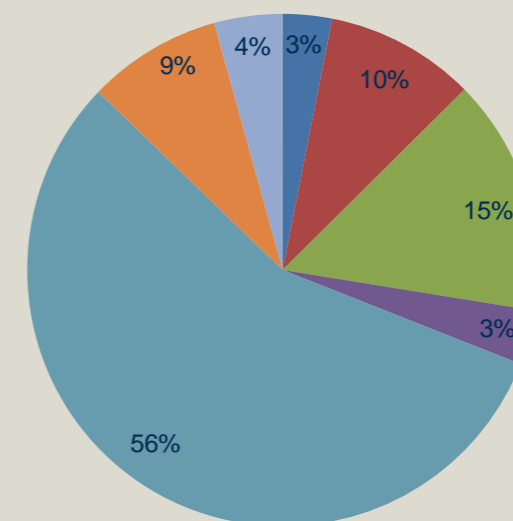
### Capital ratio



# Balance Sheet

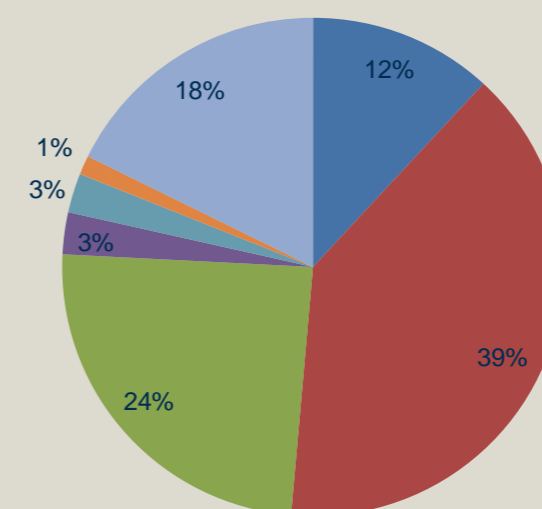
|  | 31.3.2011        | 31.12.2010       | Change        |           |
|--|------------------|------------------|---------------|-----------|
| Cash and balances with CB              | 34.256           | 47.777           | -13.520       | -28%      |
| Loans and advances to fin institutions | 104.422          | 91.882           | 12.540        | 14%       |
| Bonds and debt instruments             | 166.008          | 161.559          | 4.449         | 3%        |
| Equities and equity instruments        | 38.043           | 29.429           | 8.614         | 29%       |
| Loans and advances to customers        | 621.896          | 592.954          | 28.941        | 5%        |
| Other assets                           | 93.543           | 28.743           | 64.800        | 225%      |
| Assets classified as held for sale     | 47.422           | 128.789          | -81.368       | -63%      |
| <b>Total assets</b>                    | <b>1.105.590</b> | <b>1.081.133</b> | <b>24.456</b> | <b>2%</b> |
| Due to financial institutions and CB   | 131.648          | 147.478          | -15.830       | -11%      |
| Deposits from customers                | 436.688          | 371.558          | 65.131        | 18%       |
| Secured bonds                          | 269.781          | 261.313          | 8.468         | 3%        |
| Contingent bond                        | 29.864           | 26.510           | 3.354         | 13%       |
| Other liabilities                      | 28.142           | 27.800           | 342           | 1%        |
| Liabilities associated with AHFS       | 13.617           | 61.609           | -47.992       | -78%      |
| Equity                                 | 195.849          | 184.866          | 10.983        | 6%        |
| <b>Total liabilities and equity</b>    | <b>1.105.590</b> | <b>1.081.133</b> | <b>24.456</b> | <b>2%</b> |

## Assets



- Cash and balances with CB
- Loans and advances to fin institutions
- Bonds and debt instruments
- Equities and equity instruments
- Loans and advances to customers
- Other assets
- Assets classified as held for sale

## Liabilities and equity

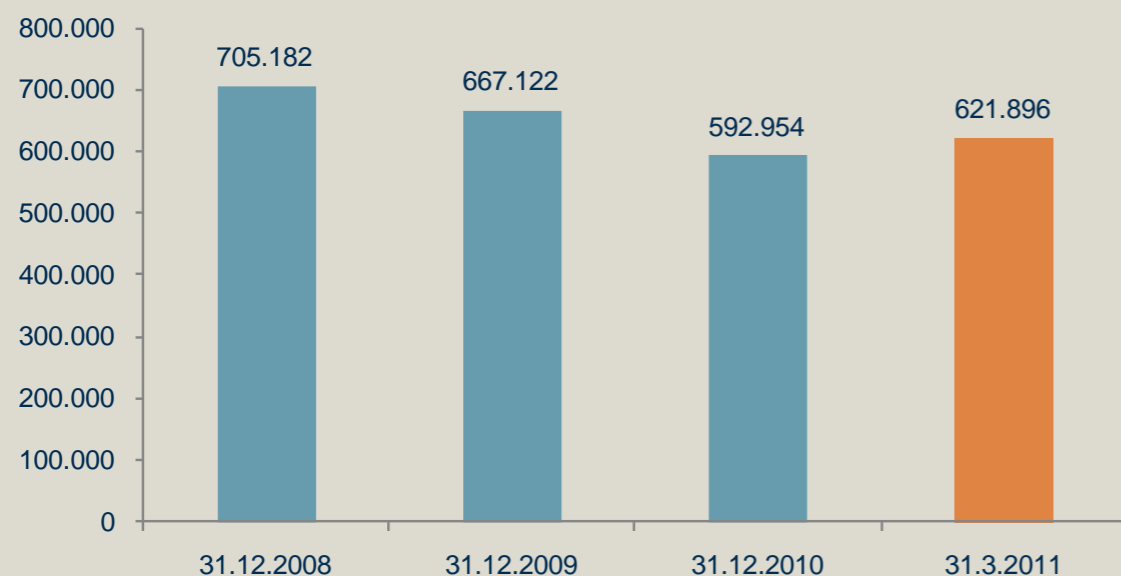


- Due to financial institutions and CB
- Deposits from customers
- Secured bonds
- Contingent bond
- Other liabilities
- Liabilities associated with AHFS
- Equity

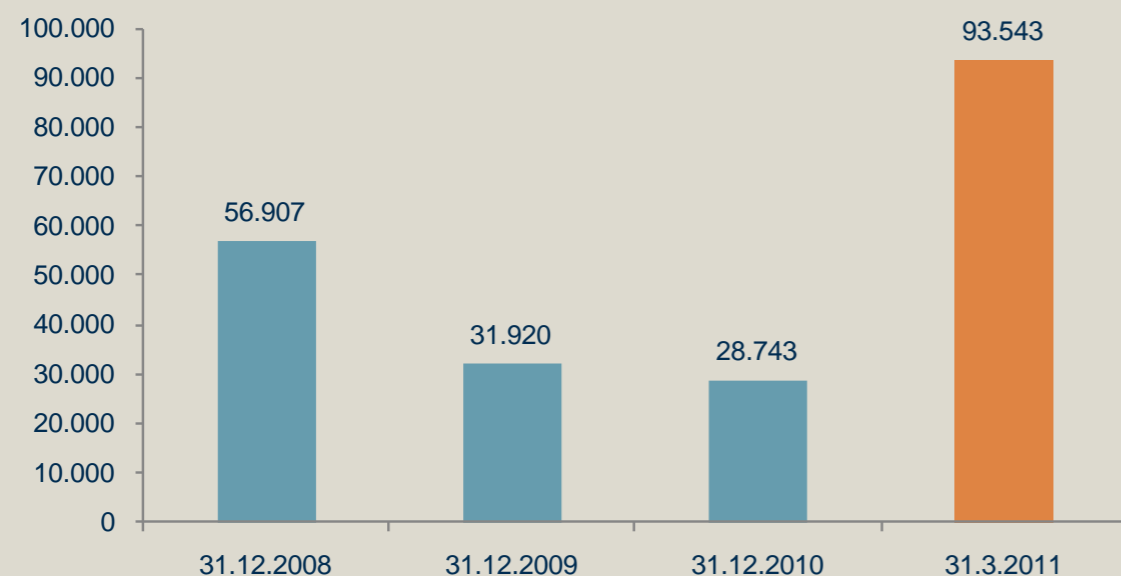


# Balance Sheet

## Loans and advances to customers



## Other assets



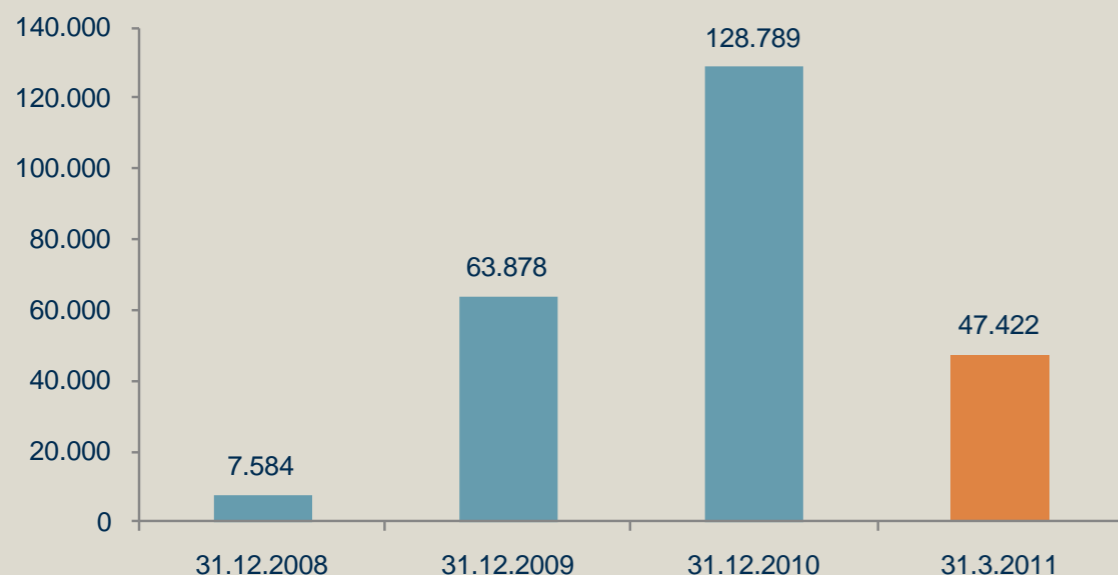
31.3.2011 31.12.2010

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| Other assets                           | 93.543           | 28.743           |
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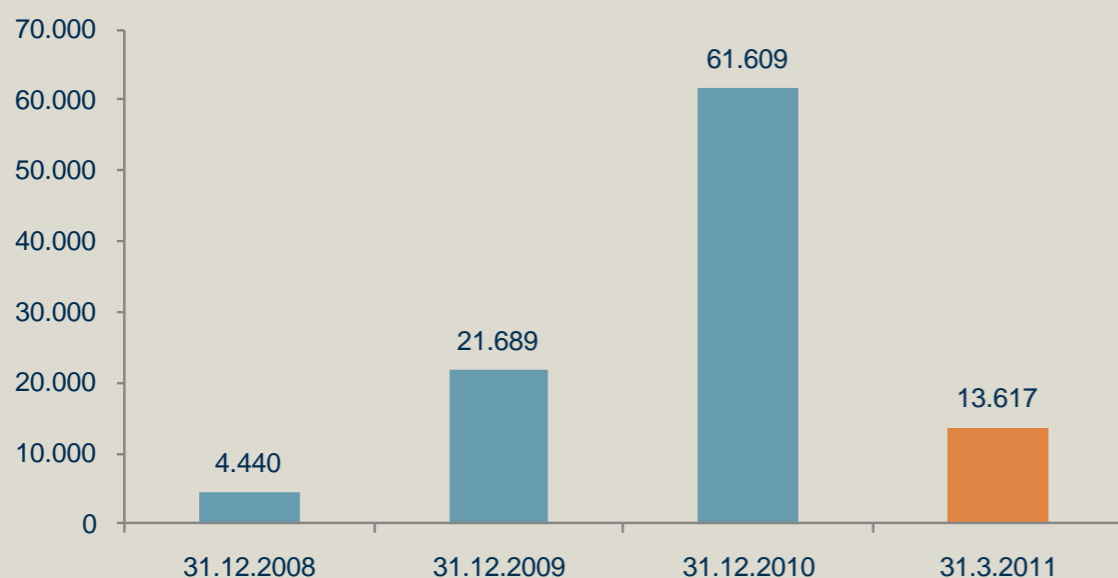


# Balance Sheet

## Assets classified as held for sale



## Liabilities associated with AHFS



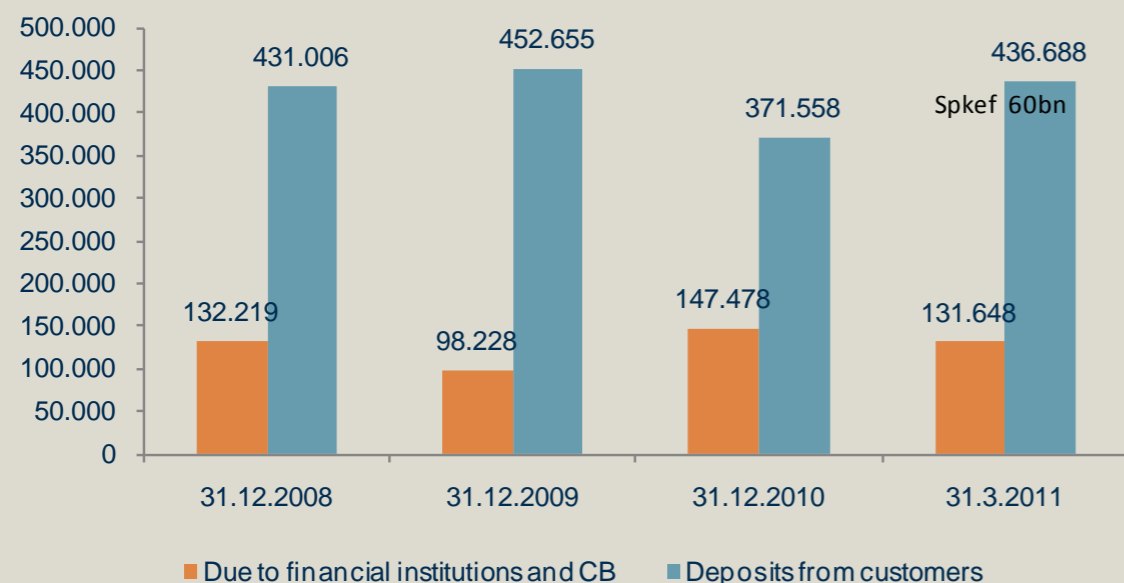
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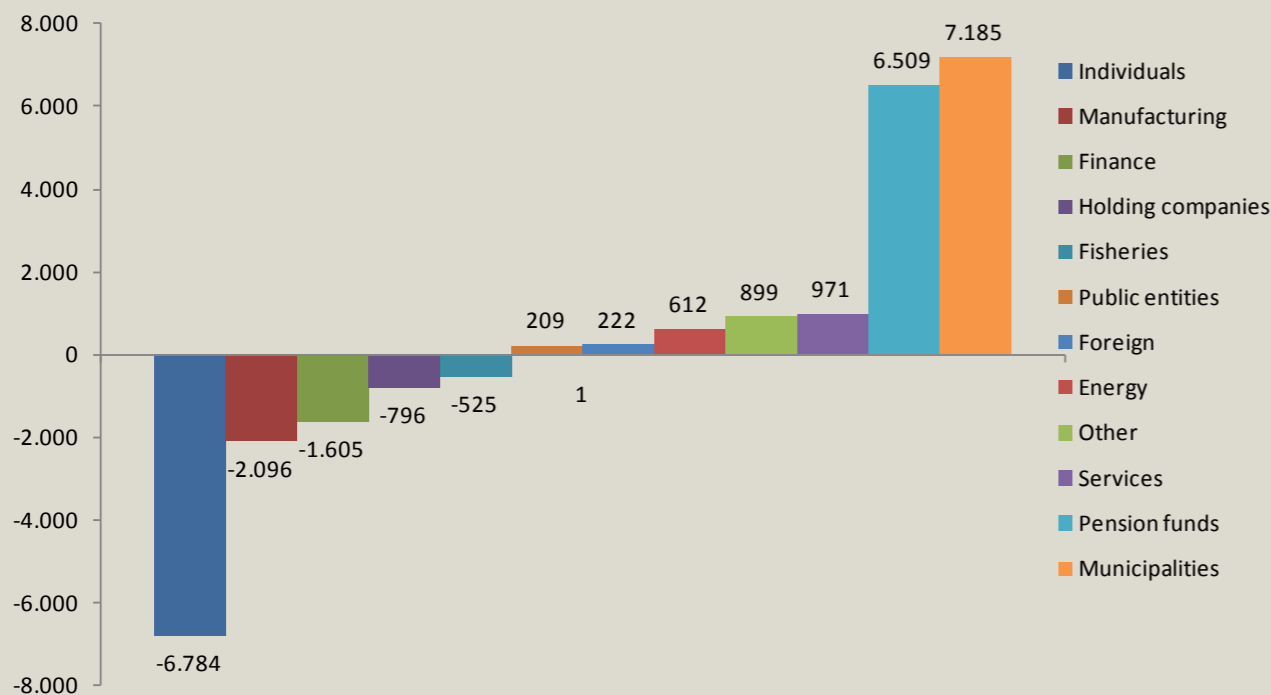


# Balance Sheet

## Deposits



## 2011 Deposit change (w/o Spkef)



31.3.2011 31.12.2010

|  |                  |                  |
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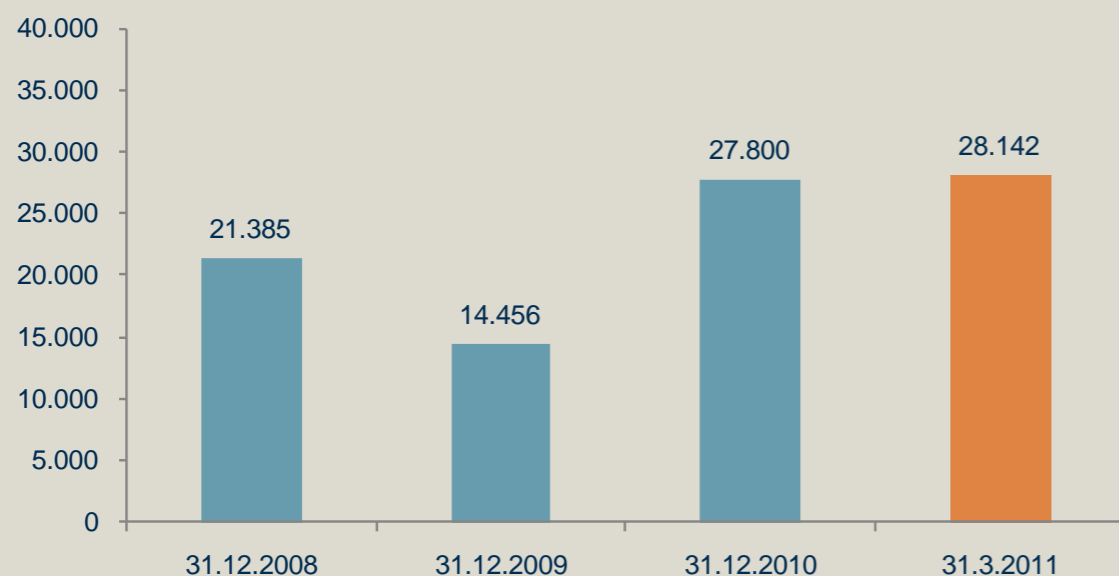


# Balance Sheet

## Secured bonds / contingent bond



## Other liabilities



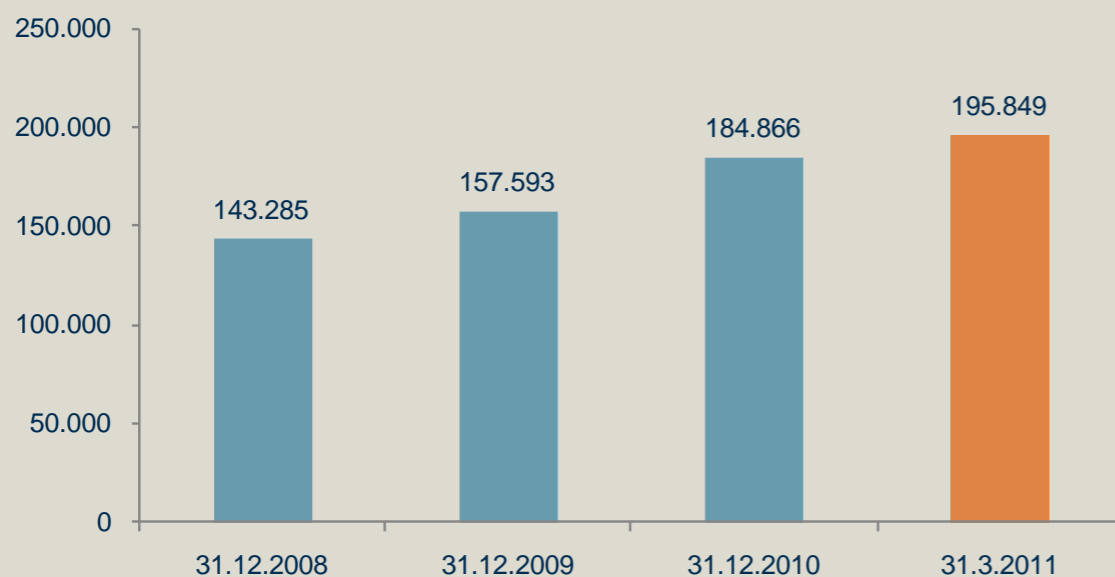
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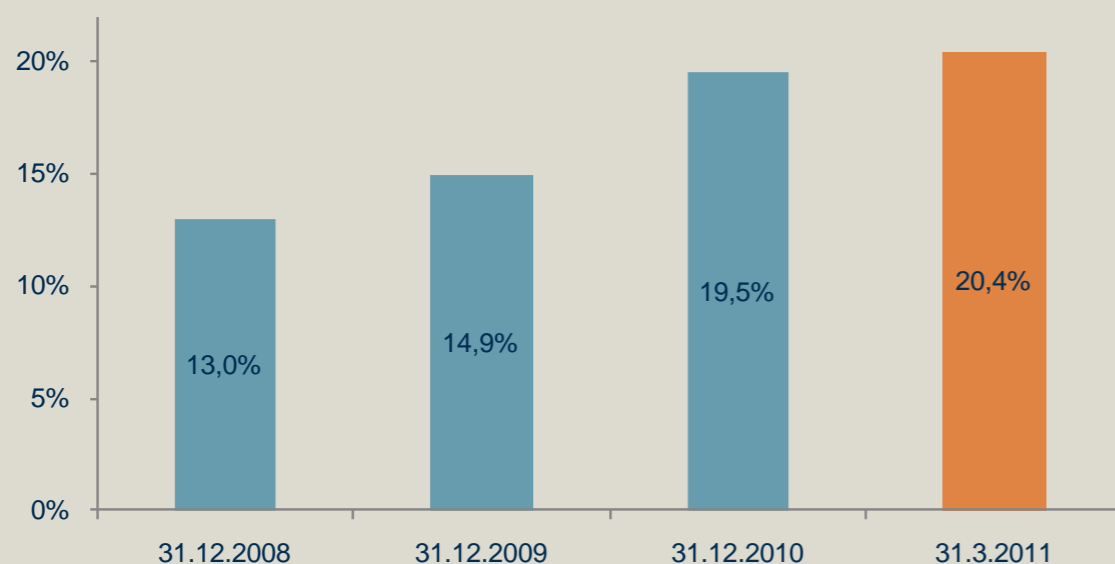


# Balance Sheet

## Equity



## Capital ratio



31.3.2011 31.12.2010

|  |                  |                  |
|--|------------------|------------------|
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| Equity                                 | 195.849          | 184.866          |
| <b>Total liabilities and equity</b>    | <b>1.105.590</b> | <b>1.081.133</b> |





# Income Statement

|   | Q1 2011 | Q1 2010 | Change |        |
|---|---------|---------|--------|--------|
| Net interest income   | 7.145   | 6.593   | 551    | 8%     |
| Net adjustments in valuation  | -1.771  | 145     | -1.915 | -1325% |
| Net interest income after adjustments in valuation                  | 5.374   | 6.738   | -1.364 | -20%   |
| Net fee and commission income                                       | 1.030   | 895     | 135    | 15%    |
| Net foreign exchange gain (loss)                                    | -2.579  | 6.035   | -8.614 | -143%  |
| Other net operating income  | 9.471   | 1.003   | 8.468  | 845%   |
| Total operating income  | 13.296  | 14.670  | -1.374 | -9%    |
| Salaries and related expenses                                       | 2.310   | 2.218   | 92     | 4%     |
| Other operating expenses  | 1.950   | 1.300   | 650    | 50%    |
| Depreciation and amortisation                                       | 177     | 327     | -149   | -46%   |
| Total operating expenses  | 4.437   | 3.844   | 593    | 15%    |
| Share of profit of associates, net of income tax                    | -10     | 2       | -12    | -581%  |
| Contribution to the Depositors' and Investors' Guarantee Fund       | 250     | 170     | 80     | 47%    |
| Profit before tax   | 8.598   | 10.658  | -2.060 | -19%   |
| Income tax expense  | 232     | 2.040   | -1.807 | -89%   |
| Profit for the year from continuing operations                      | 8.366   | 8.618   | -252   | -3%    |
| Profit for the year from discontinued operations, net of income tax | 4.326   | -284    | 4.610  | -1624% |
| Profit for the year   | 12.691  | 8.334   | 4.357  | 52%    |



# Net adjustments in valuation

|   | Net adjustments |
|---|-----------------|
| Individuals   | -10.545         |
| Corporates  | 14.537          |
| Net adjustments to loans and advances acquired at deep discount | 3.992           |
| <b>Total effect</b>   |                 |
| Net adjustments to loans and advances acquired at deep discount | 3.992           |
| Net impairment loss on loans and advances                       | -2.409          |
| Fair value change of contingent bond                            | -3.354          |
| Net adjustments in valuation                                    | -1.771          |



# Fee and commission income

Q1 2011 Q1 2010 2011 change

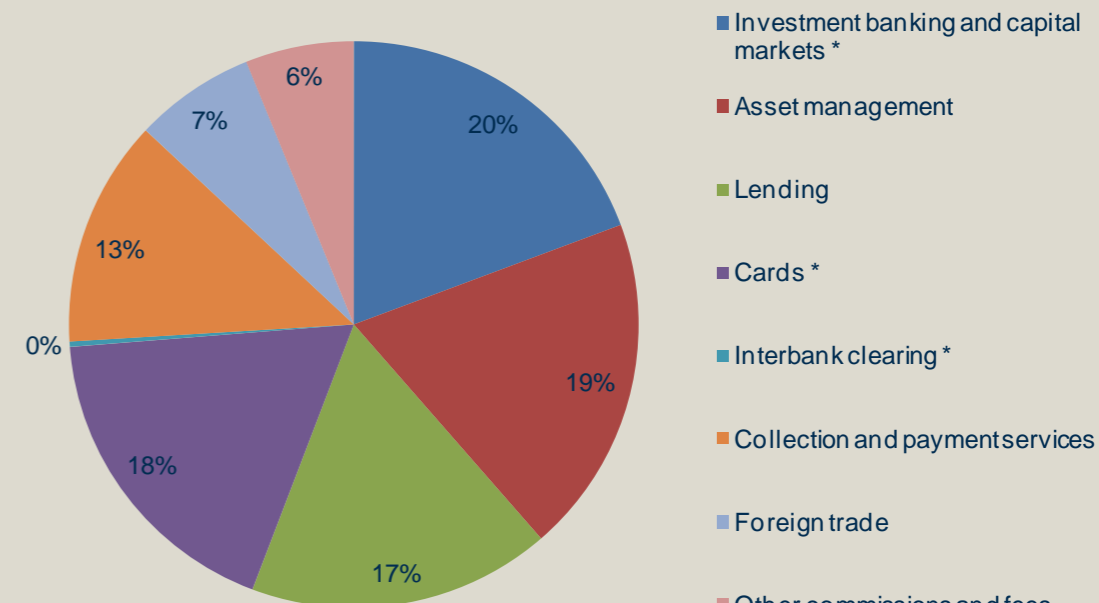
## Fee and commission income

|  |              |              |            |           |
|--|--------------|--------------|------------|-----------|
| Investment banking and capital markets | 315          | 188          | 127        | 67%       |
| Asset management                       | 249          | 205          | 44         | 21%       |
| Lending                                | 223          | 248          | -25        | -10%      |
| Cards                                  | 299          | 310          | -11        | -4%       |
| Interbank clearing                     | 222          | 213          | 9          | 4%        |
| Collection and payment services        | 167          | 187          | -20        | -11%      |
| Foreign trade                          | 89           | 87           | 2          | 2%        |
| Other commissions and fees             | 80           | 78           | 2          | 2%        |
| <b>Total</b>                           | <b>1.643</b> | <b>1.516</b> | <b>127</b> | <b>8%</b> |

## Fee and commission expense

|  |              |             |            |            |
|--|--------------|-------------|------------|------------|
| Investment banking and capital markets | -65          | -48         | -17        | 35%        |
| Interbank clearing                     | -218         | -212        | -6         | 3%         |
| Other fees                             | -330         | -361        | 31         | -9%        |
| <b>Total</b>                           | <b>-613</b>  | <b>-621</b> | <b>8</b>   | <b>-1%</b> |
| <b>Net fee and commission income</b>   | <b>1.030</b> | <b>895</b>  | <b>135</b> | <b>15%</b> |

## Fee and commission income



\* Income and expenses netted



# Comparison of Q1 2011 and Q1 2010 profit

## Q1 2011 profit

