



Reykjavik, 7 March 2013

2012 Results



Main results

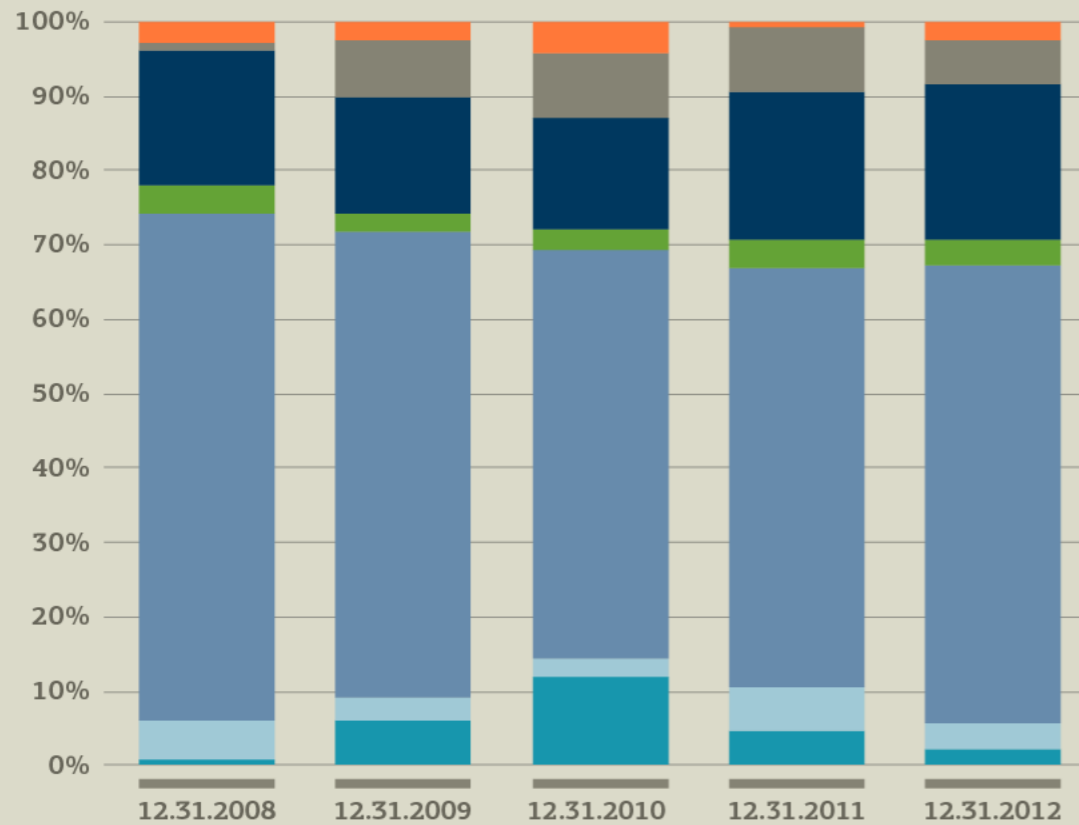
Key figures	2012	2011	2010	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest income	35.584	32.649	24.685	9.229	7.782	10.020	8.553
Profit after taxes	25.494	16.957	27.231	11.953	1.664	4.148	7.729
Return on equity before taxes	14,0%	8,1%	20,8%	26,0%	1,2%	9,1%	19,5%
Return on equity after taxes	12,0%	8,4%	16,0%	21,8%	3,1%	7,9%	15,2%
Capital ratio (CAR)	25,1%	21,4%	19,5%	25,1%	24,1%	23,6%	22,1%
Interest spread as a ratio of average total assets	3,2%	2,9%	2,3%	3,4%	3,0%	3,6%	3,0%
Interest spread+net adj of loans as a ratio of avg. total assets	2,8%	0,8%	2,4%	4,5%	1,6%	2,2%	3,1%
Cost-income ratio *	45,0%	40,6%	36,8%	38,4%	57,4%	52,2%	38,7%
Liquidity ratio	48,4%	42,9%	45,6%	48,4%	45,0%	39,2%	47,6%
Operating expenses as a ratio of average total assets	2,2%	2,0%	1,7%	2,4%	2,2%	2,2%	2,1%
Total assets	1.084.787	1.135.482	1.081.133	1.084.787	1.056.825	1.048.573	1.174.262
Loans / deposits ratio	158,2%	144,1%	159,6%	158,2%	149,4%	151,4%	143,6%
Positions at year-end	1.233	1.311	1.146	1.233	1.252	1.269	1.308

* Cost-income ratio = Total operating expenses / (Net operating income - net adjustments in valuation of loans)



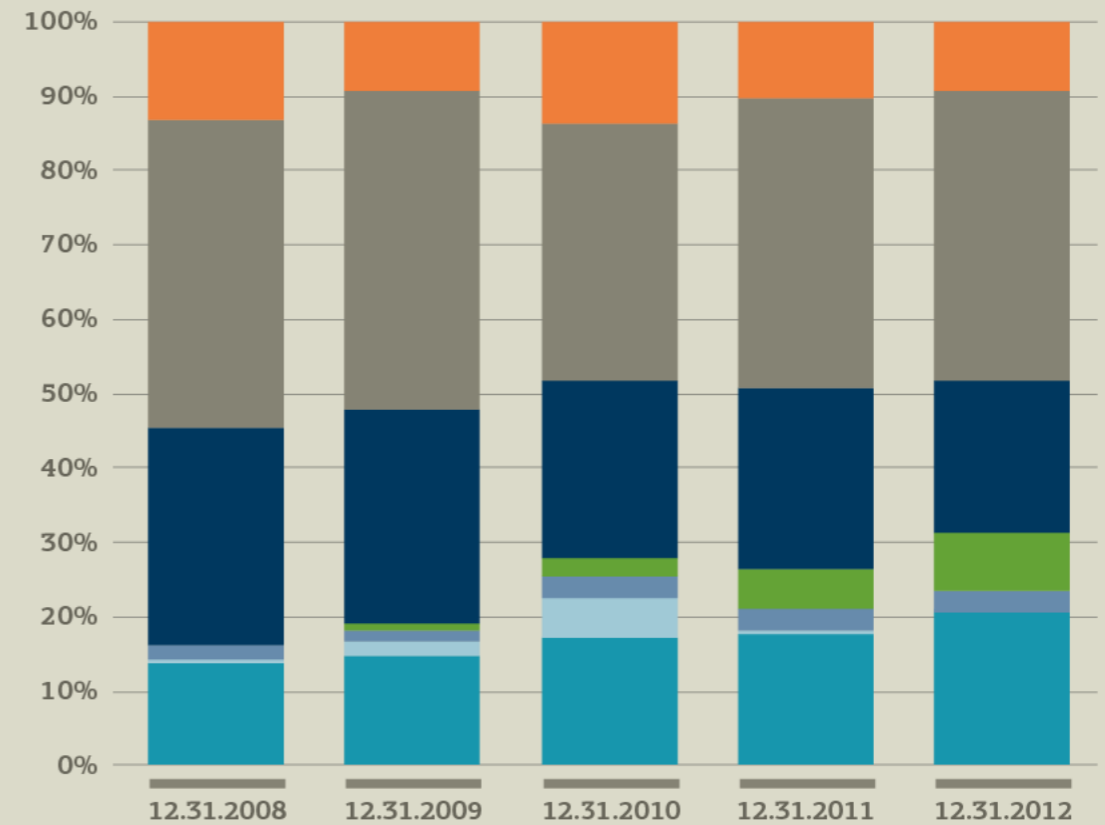
Balance Sheet

Assets



- Cash and balances with CB
- Loans and advances to financial 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



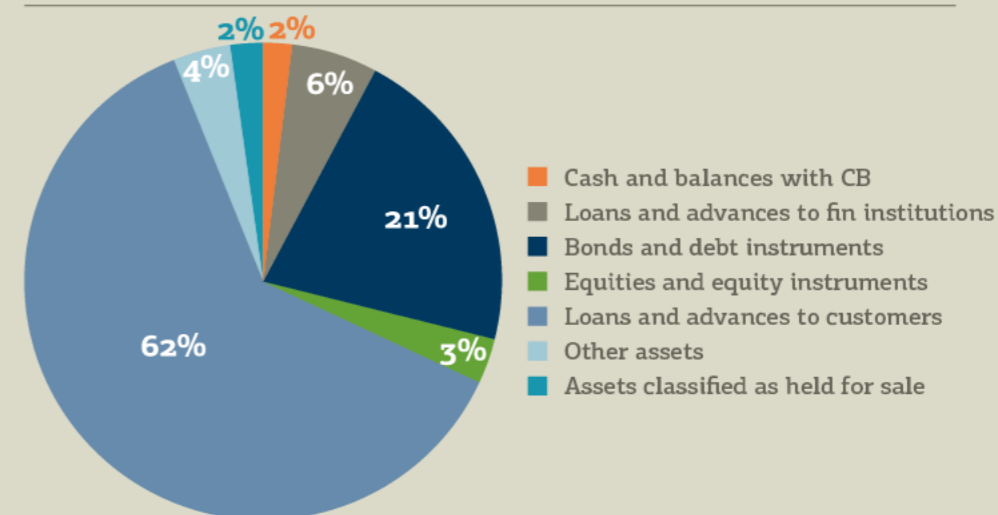
- Due to financial institutions and CB
- Deposits from customers
- Secured bonds
- Contingent bond
- Other liabilities
- Liabilities associated with AHFS
- Equity



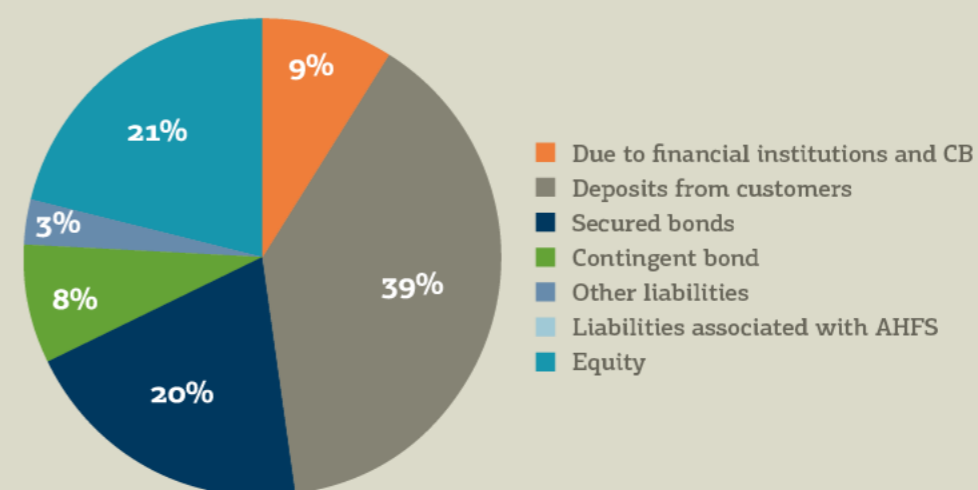
Balance Sheet

	31.12.2012	31.12.2011	31.12.2010	change 2012
Cash and balances with CB	25,898	8,823	47,777	194%
Bonds and debt instruments	228,208	221,848	161,559	3%
Equities and equity instruments	36,881	46,037	29,429	-20%
Loans and advances to fin institutions	64,349	100,133	91,882	-36%
Loans and advances to customers	666,087	639,130	592,954	4%
Other assets	38,044	65,959	28,743	-42%
Assets classified as held for sale	25,320	53,552	128,789	-53%
Total assets	1,084,787	1,135,482	1,081,133	-4%
Due to financial institutions and CB	98,718	112,876	147,478	-13%
Deposits from customers	421,058	443,590	371,558	-5%
Secured bonds	221,791	277,076	261,313	-20%
Contingent bond	87,474	60,826	26,510	44%
Other liabilities	29,687	31,485	27,800	-6%
Liabilities associated with AHFS	893	9,385	61,609	-90%
Equity	225,166	200,244	184,866	12%
Total liabilities and equity	1,084,787	1,135,482	1,081,133	-4%

Assets

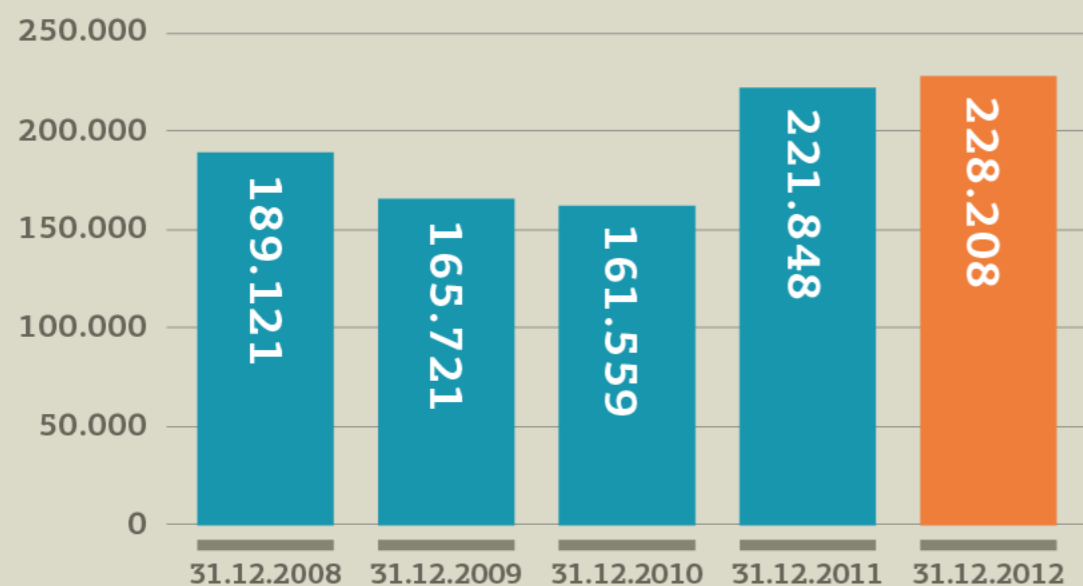


Liabilities and equity

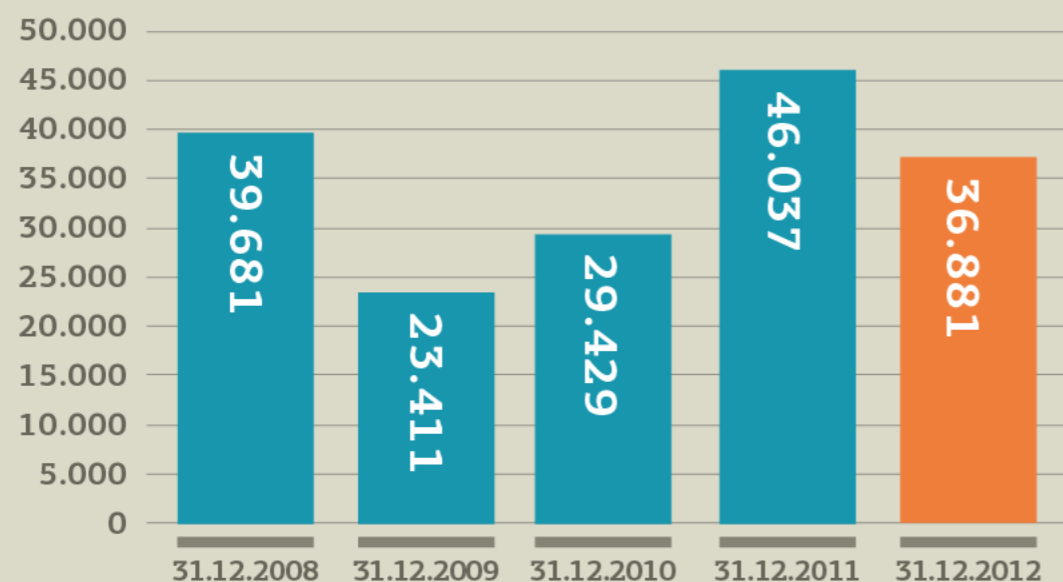


Balance Sheet

Bonds and debt instruments



Equities and equity instruments

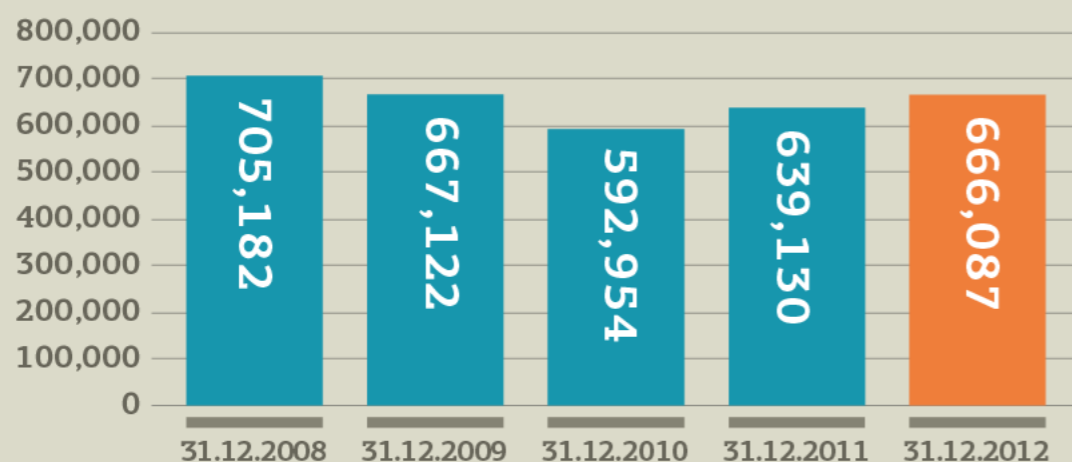


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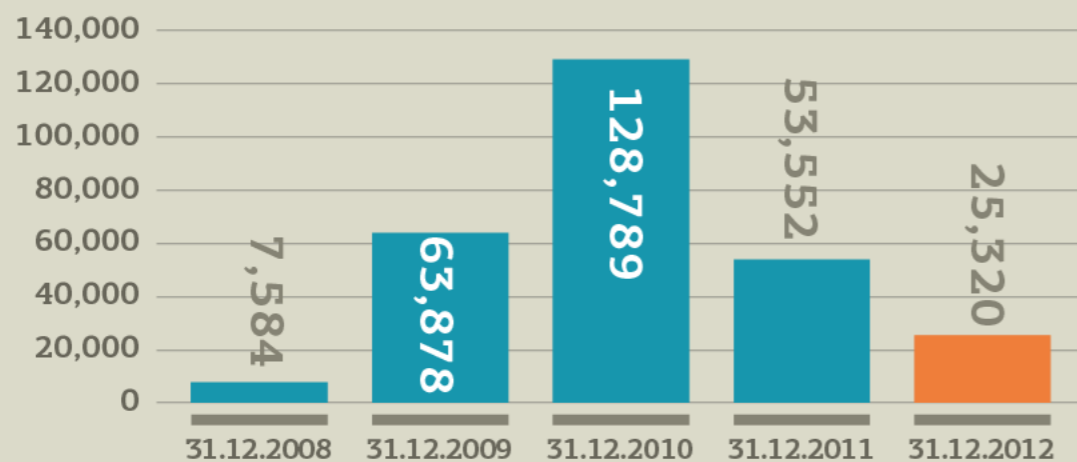


Balance Sheet

Loans and advances to customers

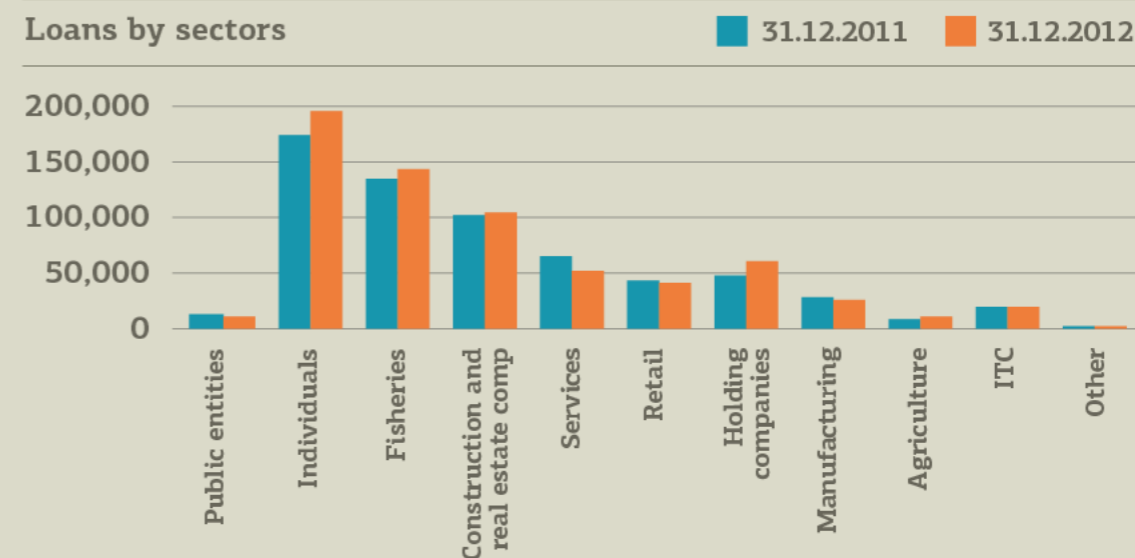


Assets classified as held for sale



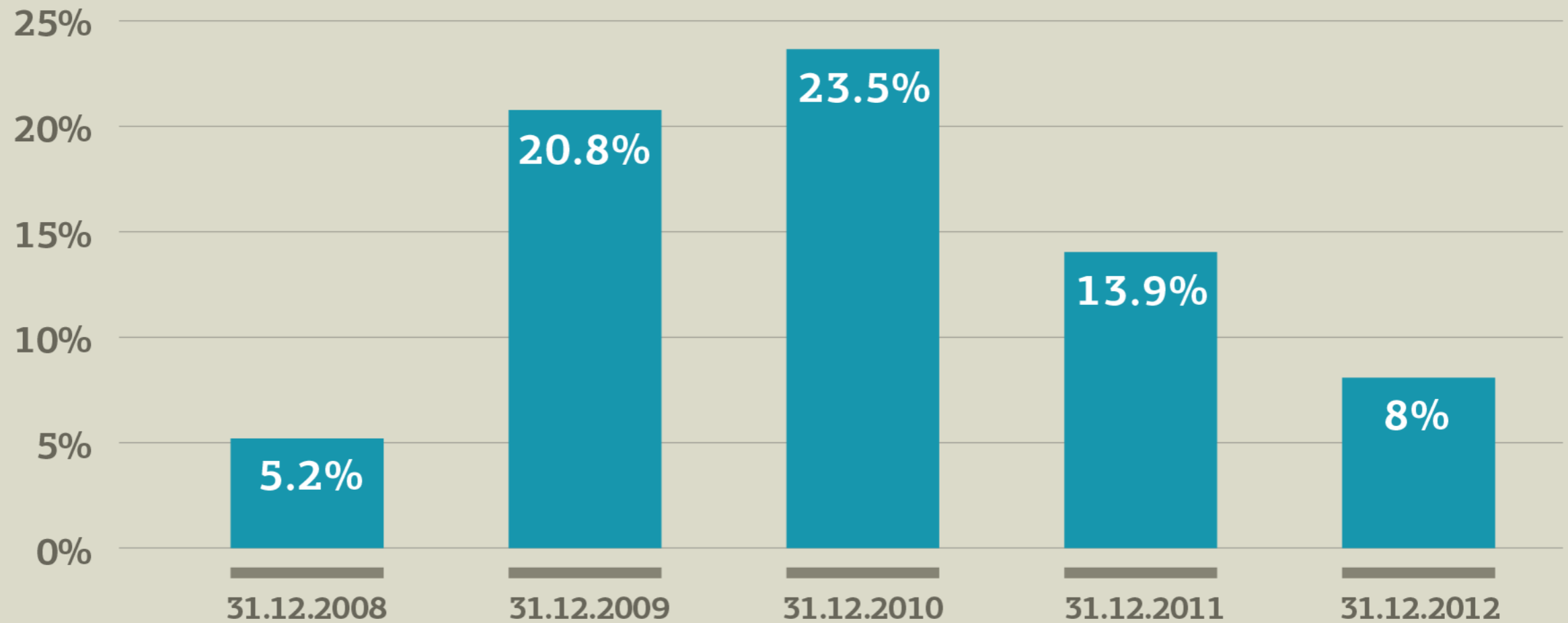
	31.12.2012	31.12.2011	Change	%
Public entities	11,576	12,139	-563	-5%
Individuals	195,047	173,223	21,824	13%
Fisheries	142,952	135,397	7,555	6%
Construction and real estate comp	104,928	101,958	2,970	3%
Services	52,700	66,121	-13,421	-20%
Retail	42,019	42,401	-382	-1%
Holding companies	60,009	48,622	11,387	23%
Manufacturing	25,665	28,008	-2,343	-8%
Agriculture	10,199	8,505	1,694	20%
ITC	19,413	20,168	-755	-4%
Other	1,581	2,588	-1,007	-39%
	666,087	639,130	26,957	4%

Loans by sectors



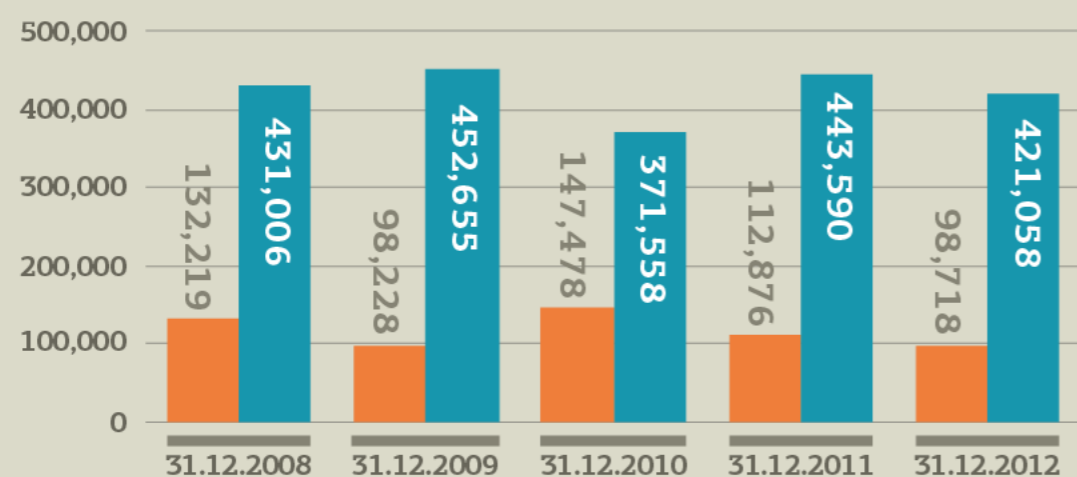
Arrears

Arrears (> 90 days)

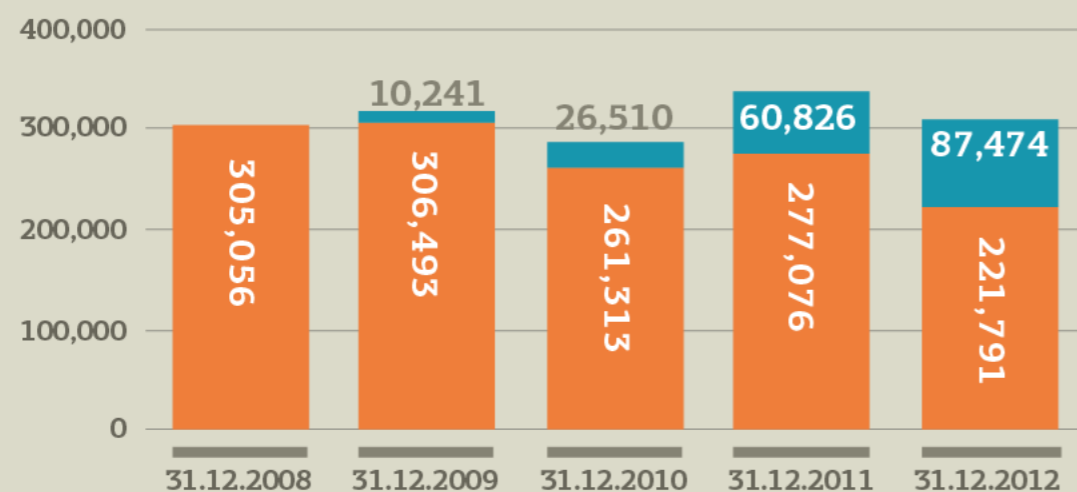


Balance Sheet

Deposits ■ Due to financial institutions and CB ■ Deposits from customers



Secured bonds / Contingent bond ■ Secured bonds ■ Contingent bond



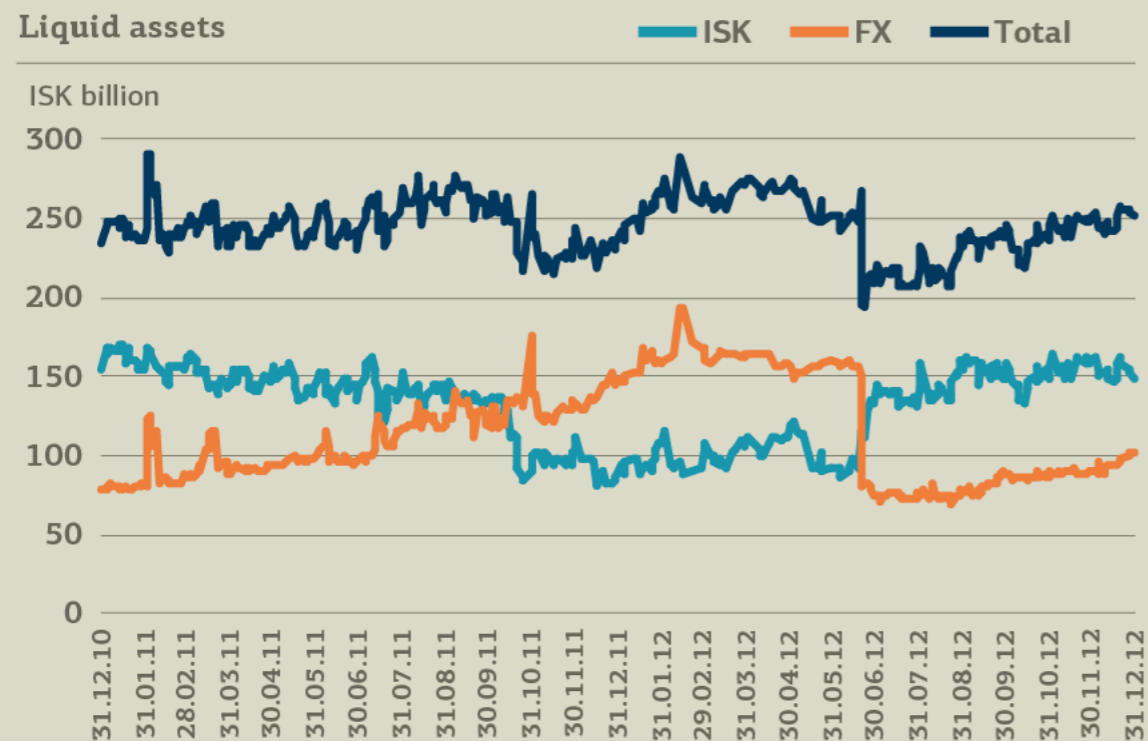
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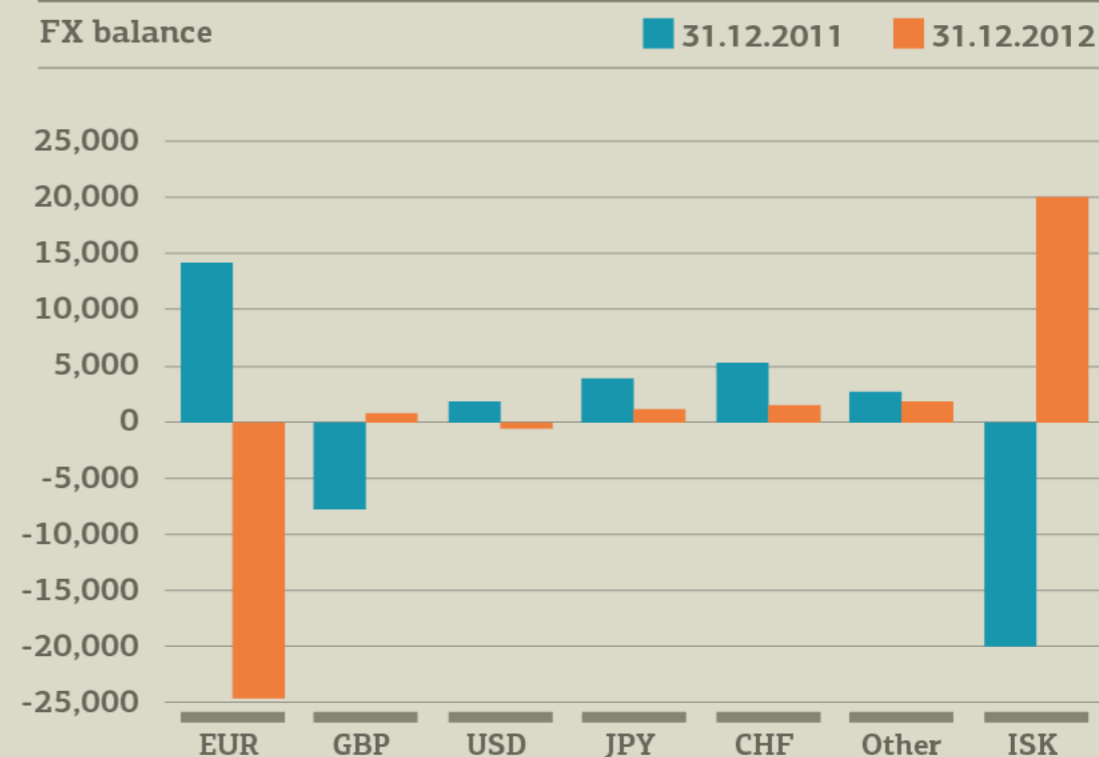
Balance Sheet

	Liquid assets 31.12.2012	Liquid assets 31.12.2011	Change	%
Cash balance with central banks	4,682	2,458	2,224	90%
Loans to fin. institutions (less than 7 days)	45,968	85,943	-39,975	-47%
Repo eligible bonds	201,074	150,486	50,588	34%
Core liquid assets	251,724	238,887	12,837	5%
Core repayment ability of all deposits	48.4%	42.9%		

Liquid assets



FX balance



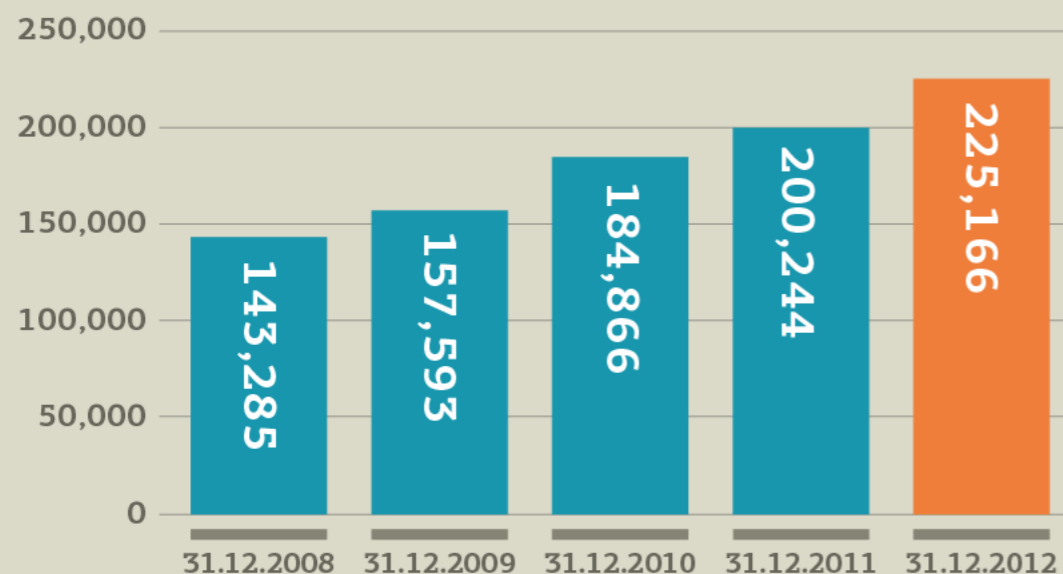
FX balance 31.12.2012

	EUR	GBP	USD	JPY	CHF	Other	Alls
Assets	145,047	56,253	104,007	15,515	15,778	14,985	351,585
Liabilities	-218,863	-52,541	-99,066	-526	-579	-7,815	-379,390
On balance	-73,816	3,712	4,941	14,989	15,199	7,170	-27,805
Off balance	49,234	-2,948	-5,532	-13,882	-13,768	-5,337	7,767
Net FX balance	-24,582	764	-591	1,107	1,431	1,833	-20,038

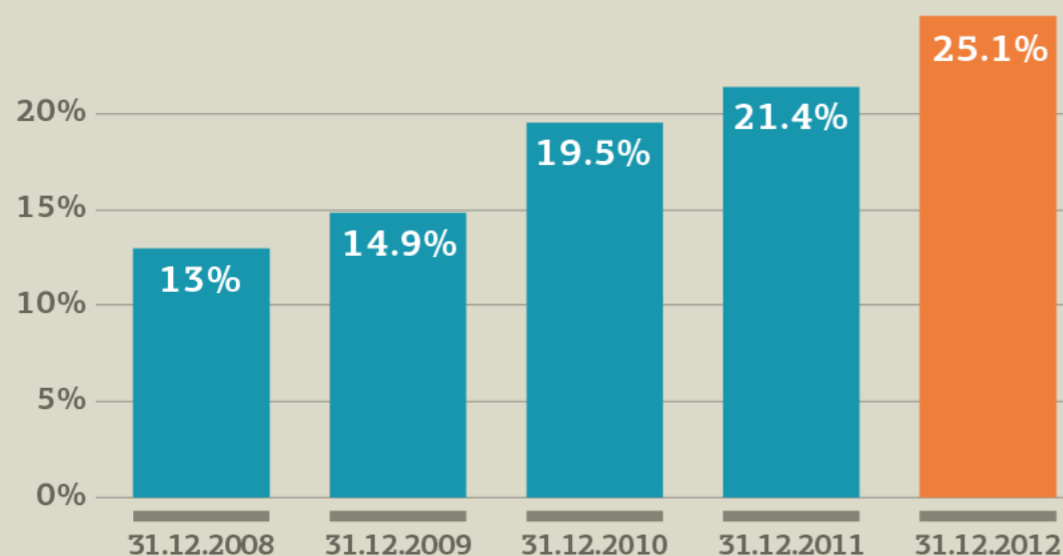


Balance Sheet

Equity



Capital ratio (CAR)



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Liabilities associated with AHFS	893	9,385
Equity	225,166	200,244
Total liabilities and equity	1,084,787	1,135,482



Income Statement

	2012	2011	Change	%	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest income	35,584	32,649	2,935	9%	9,229	7,782	10,020	8,553
Net adjustments in valuation	-4,391	-23,587	19,196	-81%	2,696	-3,622	-3,792	327
Net interest income after adjustments in valuation	31,193	9,062	22,131	244%	11,925	4,160	6,228	8,880
Net fee and commission income	4,448	4,424	24	1%	1,326	1,030	1,090	1,002
Net foreign exchange gain (loss)	4,566	-759	5,325	701%	2,831	899	-1,280	2,116
Other net operating income	8,934	18,017	-9,083	-50%	3,118	292	1,810	3,714
Total operating income	49,141	30,743	18,398	60%	19,200	6,381	7,848	15,712
Salaries and related expenses	13,176	11,990	1,186	10%	3,477	3,103	3,364	3,232
Other operating expenses ^a	8,878	8,466	412	5%	2,112	2,250	2,331	2,185
Depreciation and amortisation	719	771	-52	-7%	181	177	181	180
Contribution to the Depositors' and Investors' Guarantee Fund	1,042	583	459	79%	275	213	204	350
Acquisition-related costs	290	245	45	18%	290	0	0	0
Total operating expenses	24,105	22,055	2,050	9%	6,335	5,743	6,080	5,947
Share of profit of associates, net of income tax	2,449	1,418	1,031	73%	1,762	14	673	0
Profit before tax	27,485	10,105	17,380	172%	14,627	652	2,441	9,765
Income tax expense	4,125	-597	4,722	-791%	2,324	-1,012	605	2,208
Profit for the year from continuing operations	23,360	10,703	12,657	118%	12,303	1,664	1,836	7,557
Profit for the year from disc operations, net of income tax	2,134	6,255	-4,121	-66%	-350	0	2,312	172
Profit for the year	25,494	16,957	8,537	50%	11,953	1,664	4,148	7,729



Net Interest Income

	2012	2011	Change	%	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Interest income	64,661	60,831	3,830	6%	16,624	12,962	18,306	16,769
Interest expense	-29,077	-28,182	-895	3%	-7,395	-5,180	-8,286	-8,216
Net interest income	35,584	32,649	2,935	9%	9,229	7,782	10,020	8,553
Net adjustments to loans and advances acquired at deep discount	37,320	58,489	-21,169	-36%	17,935	8,213	3,610	7,562
Net adjustments to loans to financial institutions	3,700	0	3,480		220	0	0	3,480
Loss from foreign currency linkage of loans and advances to customers	-2,120	-40,726	38,606	-95%	0	-2,120	0	0
Net impairment loss on loans and advances	-15,960	-7,034	-8,706	124%	-1,527	-4,514	-5,151	-4,768
Fair value change of contingent bond	-27,331	-34,316	6,985	-20%	-13,932	-5,201	-2,251	-5,947
Net adjustments in valuation	-4,391	-23,587	19,196	-81%	2,696	-3,622	-3,792	327
Net interest income after net adjustments in valuation	31,193	9,062	22,131	244%	11,925	4,160	6,228	8,880



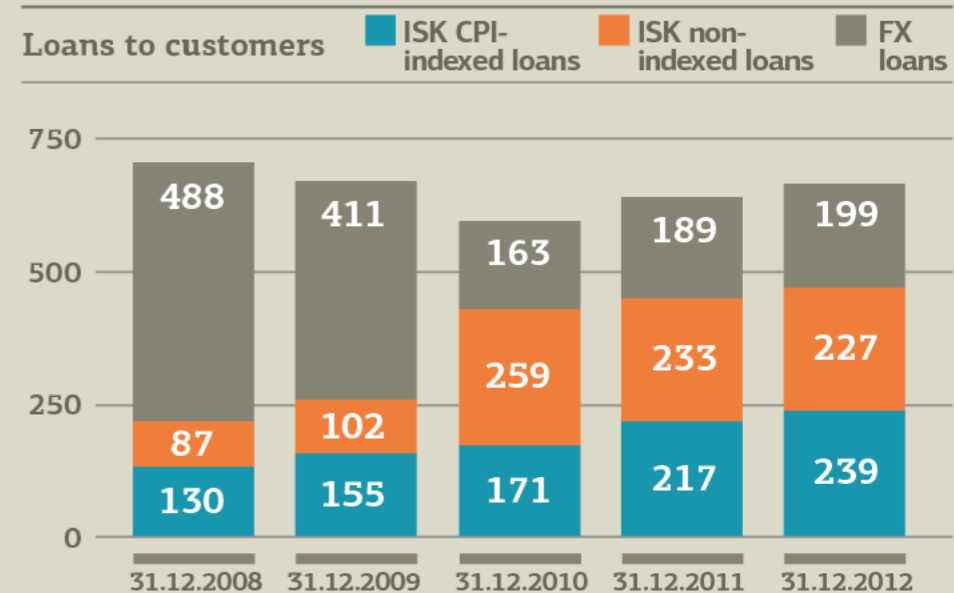
CPI indexation balance

Book value	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Assets					
Bonds and debt instruments	7,586	10,812	8,119	5,438	10,117
Loans and advances to customers	239,432	217,131	171,017	154,823	130,048
Total	247,018	227,943	179,136	160,261	140,165
Liabilities					
Due to financial institutions and CB	-23	-123	-421	-441	-9
Deposits from customers	-100,768	-97,127	-82,215	-84,725	-85,127
Short positions	0	-924	-595	-1,917	0
Total	-100,791	-98,174	-83,231	-87,083	-85,136
Total on-balance sheet position	146,227	129,769	95,905	73,178	55,029
Total off-balance sheet position	-443	-811	-1,264	-1,366	-1,217
Total CPI indexation balance	145,784	128,958	94,641	71,812	53,812

Loan	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
FX loans	199,288	188,790	163,084	410,675	488,264
ISK non-indexed loans	227,367	233,209	258,853	101,624	86,870
ISK CPI-indexed loans	239,432	217,131	171,017	154,823	130,048
Total	666,087	639,130	592,954	667,122	705,182

Loans - individuals and corporations	2012	2011	2010	2009	2008
Individuals					
FX loans	1,628	3,641	4,309	61,240	73,228
ISK non-indexed loans	87,941	77,698	77,559	27,232	24,409
ISK CPI-indexed loans	104,451	92,638	90,486	83,062	76,715
Total	194,020	173,977	172,354	171,534	174,352

Corporations					
FX loans	197,660	185,149	158,775	349,435	415,036
ISK non-indexed loans	139,426	155,511	181,294	74,392	62,461
ISK CPI-indexed loans	134,981	124,493	80,531	71,761	53,333
Total	472,067	465,153	420,600	495,588	530,830



Net Adjustments in Valuation

Net adjustments in valuation	2012	2011	2010	2009	Total 2009-2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Corporates	23,173	25,649	23,394	11,364	83,580	17,404	137	-1,898	7,530
Individuals	-233	-14,920	-6,485	5,831	-15,807	-776	1,442	357	-1,256
	22,940	10,729	16,909	17,195	67,773	16,628	1,579	-1,541	6,274
LBI share	-27,331	-34,316	-16,269	-10,241	-88,157	-13,932	-5,201	-2,251	-5,947
Net effect on Landsbanki	-4,391	-23,587	641	6,954	-20,384	2,696	-3,622	-3,792	327



Taxes

	2012	2011	Change	%
Income tax	2,925	-1,411	4,336	307%
Special income tax on financial institutions ¹	0	0	0	
Tax on liabilities of financial institutions ²	1,200	814	386	47%
	4,125	-597	4,722	-791%
Special financial activities tax on salaries ³	620	0	620	
Total	4,745	-597	5,342	-895%

¹ A 6% additional tax on pre-tax profit over ISK 1,000 million

² Tax based on book value of end of year liabilities

³ 5,45% tax on salaries and is expensed in the line item "Salaries and related expenses" in the income statement



Segments

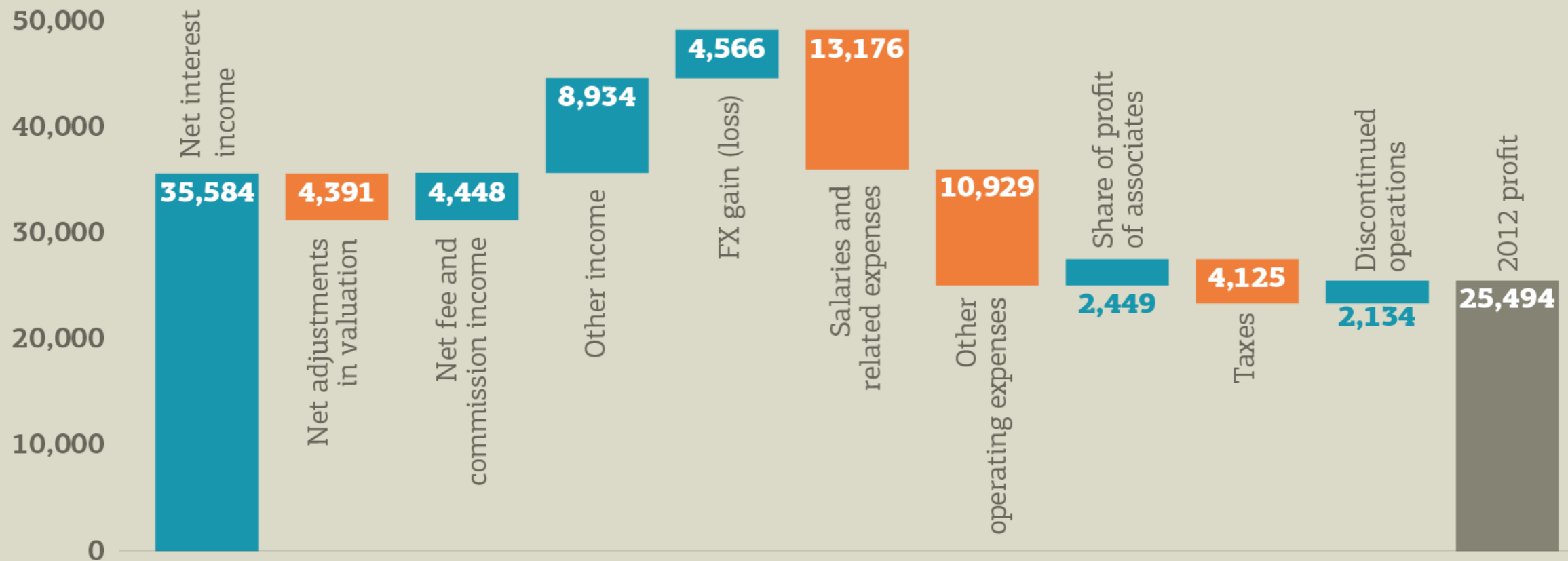
1 January - 31 December 2012

	Personal banking	Corporate banking	Markets	Treasury	All Other Segments	Total Segments	Eliminations	Total
Net interest income (expense)	17,396	17,739	194	1,728	-835	36,222	-637	35,585
Net adjustments in valuation	-10,082	1,743	0	269	3,679	-4,391	0	-4,391
Net fee and commission income	2,382	403	2,035	247	-237	4,830	-381	4,449
Net gain on financial assets designated as at fair value through profit or loss	0	-2	3,450	2,254	0	5,702	0	5,702
Net gain (loss) on financial assets and liabilities held for trading	0	0	330	1,839	0	2,169	0	2,169
Net foreign exchange gain (loss)	0	0	881	3,685	0	4,566	0	4,566
Other income and (expenses)	-149	-22	62	472	408	771	291	1,062
Total operating income (expense)	9,547	19,861	6,952	10,494	3,015	49,869	-727	49,142
Total operating expenses	-13,437	-3,703	-2,394	-2,677	-2,228	-24,439	334	-24,105
Share of profit of associates, net of income tax	618	0	0	1,793	38	2,449	0	2,449
Profit (loss) before tax	-3,272	16,158	4,558	9,610	825	27,879	-393	27,486
Total assets	486,318	403,379	33,051	539,568	37,385	1,499,701	-414,916	1,084,785
Total liabilities	449,839	330,373	28,833	428,179	37,313	1,274,537	-414,916	859,621
Allocated capital	36,480	73,006	4,218	111,389	72	225,165	0	225,165
ROE before taxes	-9%	20%	70%	8%				
ROE without net adjustments in valuation	20%	18%	70%	8%				
Interest spread as a ratio of average total assets	3.6%	4.4%	0.6%	0.3%				
Cost-income ratio	68%	20%	34%	26%				



Income Statement

2012 profit



Main results

Key figures	2012	2011	2010	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest income	35.584	32.649	24.685	9.229	7.782	10.020	8.553
Profit after taxes	25.494	16.957	27.231	11.953	1.664	4.148	7.729
Return on equity before taxes	14,0%	8,1%	20,8%	26,0%	1,2%	9,1%	19,5%
Return on equity after taxes	12,0%	8,4%	16,0%	21,8%	3,1%	7,9%	15,2%
Capital ratio (CAR)	25,1%	21,4%	19,5%	25,1%	24,1%	23,6%	22,1%
Interest spread as a ratio of average total assets	3,2%	2,9%	2,3%	3,4%	3,0%	3,6%	3,0%
Interest spread+net adj of loans as a ratio of avg. total assets	2,8%	0,8%	2,4%	4,5%	1,6%	2,2%	3,1%
Cost-income ratio *	45,0%	40,6%	36,8%	38,4%	57,4%	52,2%	38,7%
Liquidity ratio	48,4%	42,9%	45,6%	48,4%	45,0%	39,2%	47,6%
Operating expenses as a ratio of average total assets	2,2%	2,0%	1,7%	2,4%	2,2%	2,2%	2,1%
Total assets	1.084.787	1.135.482	1.081.133	1.084.787	1.056.825	1.048.573	1.174.262
Loans / deposits ratio	158,2%	144,1%	159,6%	158,2%	149,4%	151,4%	143,6%
Positions at year-end	1.233	1.311	1.146	1.233	1.252	1.269	1.308

* Cost-income ratio = Total operating expenses / (Net operating income - net adjustments in valuation of loans)



Thank you

