

## **Financial results of New Kaupthing Bank (now Arion Bank) for the period 22 October 2008 to 31 December 2008**

Net earnings of ISK 4.8 billion

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- Net interest income amounted to ISK 4.2 billion and net commission income totalled ISK 1.3 billion. Operating income totalled ISK 31.4 billion, of which ISK 31.1 billion was financial income which is attributable to the 6.8% depreciation of the Icelandic króna against the Central Bank of Iceland's exchange rate index and the bank's negative foreign exchange balance. Impairment on loans in foreign currencies increased since it is now more difficult for borrowers whose income is solely in ISK to service debt.
- Impairment on debt and receivables amounted to ISK 19.7 billion.
- The bank expensed ISK 2.97 billion to meet its obligations to the Depositors' and Investors' Guarantee Fund.
- Income tax totalled ISK 766 million, of which approximately ISK 600 million is payable in 2010.
- The bank's CAD ratio was 9.5% at the end of 2008, or 10.8% taking into account natural currency hedges. The minimum mandatory ratio is 8%.
- Annualized return on equity was 39,4%.
- Earnings per share were ISK 0.38.
- The cost-to-income ratio was 19.5%. The cost-to-income ratio taking into account financial income and irregular cost items was 49.5%.
- Total assets amounted to ISK 641.2 billion at the end of the period.
- Shareholders' equity totalled ISK 76.9 billion at the end of 2008.

### **Finnur Sveinbjörnsson, CEO:**

“We welcome the fact that New Kaupthing Bank's (now Arion Bank) audited financial statement for 2008 has been completed. The financial statement confirms that the bank has firmly established itself as a leading financial company which is well placed to provide services to Icelandic households and companies. In September the Icelandic government and the bank's resolution committee reached an agreement securing capitalization and liquidity for the bank, placing the new bank on a very strong footing.”