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# EUROMONEY MAGAZINE

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## EUROMONEY AWARDS FOR EXCELLENCE 2013

### Iceland

#### Best bank – Islandsbanki

The rehabilitation of Iceland's banking sector continued in 2012, with the country's three main lenders all seeing further substantial improvements in profitability, capital adequacy and asset quality. In terms of outright pre-tax profits, market leader Landsbankinn narrowly edged it ahead of **Islandsbanki** in 2012, but by return on equity the latter was well ahead with 17.2% to Landsbankinn's 12%. That represented an impressive recovery by Islandsbanki – formerly Glitnir – from a weak 2011 result that was impacted by a hefty goodwill charge consequent on the lender's absorption of troubled savings bank Byr, a merger that was successfully completed in February 2012. Last year also saw Islandsbanki post balance sheet growth of 3.5% year on year – compared with just 1% at Arion Bank and a contraction of 4.4% at Landsbankinn – while at the same time improving its tier one ratio to 22% and overall capital adequacy to a sector-best 25.5%. The lender was also unique in increasing its deposit base in 2012, making for a healthy deposit-to-loan ratio of 84.5% at year-end, and was proactive in seeking funding diversification via the newly opened domestic covered bond market.