

Wages of Failure: Compensation Schemes in the Failed Icelandic Banks 2004-2008

Tables and graphs.

Table 1
Number of employees in data set

	2004	2005	2006	2007	2008	Total
Glitnir	1179	1243	1250	1619	1530	6821
Landsbankinn	1272	1349	1549	1723	1750	7643
Kaupþing	1220	1270	1334	1502	1387	6713
Total	3671	3862	4133	4844	4667	21177

Table 2
Total number of full time employees of the banks on consolidated basis

	Glitnir	Landsbankinn	Kaupthing	Total
2004	1,126	1,121	1,501	3,748
2005	1,216	1,725	2,318	5,259
2006	1,392	2,117	2,553	6,062
2007	1,976	2,640	3,109	7,725
2008	1,976	2,640	3,256	7,872

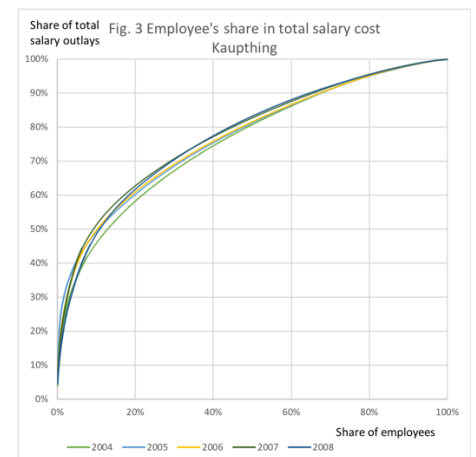
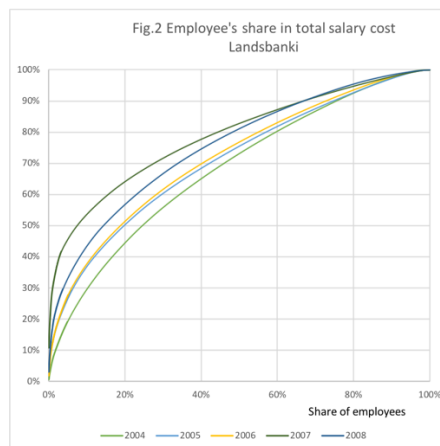
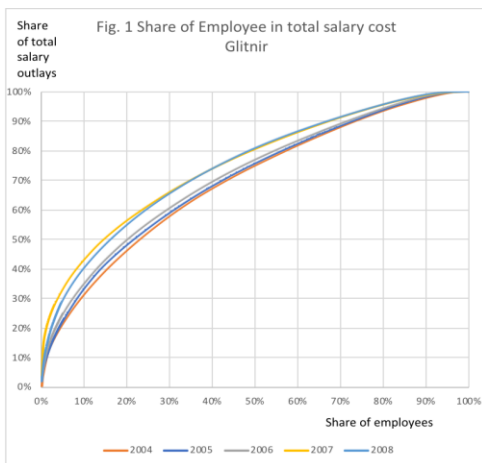
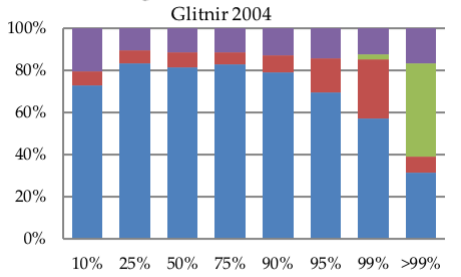


Table 3
Reported Return on Equity (%) for Icelandic and other Nordic Banks

	2003	2004	2005	2006	2007	2008- June ¹
Glitnir	19.83	22.75	22.54	26.16	16.27	6.73
Kaupthing	17.22	12.22	26.29	26.72	20.6	8.02
Landsbanki	13.74	34.33	22.73	27.87	22.19	14.87
Icelandic Mean	16.93	23.1	23.85	26.92	19.69	9.87
Nordea Bank AB	12.24	16.41	17.56	20.64	18.32	8.05
Danske Bank	15.36	13.97	17.22	14.24	14.25	5.54
Skandinaviska Enskilda Banken	11.77	14.28	14.86	18.8	17.83	6.23
Swedbank AB	15.13	22.52	22.8	18.43	17.84	9.29
Svenska Handelsbanken	14.28	16.07	17.31	19.82	20.82	6.86
DnB NOR Bank	12.77	14.36	17.67	18.39	20.49	6.25
Nordic Mean	13.59	16.27	17.90	18.39	18.26	7.04

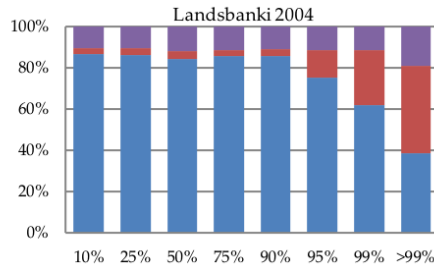
Source: Flannery, Mark. "Iceland's Failed Banks: A post mortem",
SIC Report, Volume 9, Appendix 3, pp. 94

Fig. 4 Compensation components by different wage distribution deciles



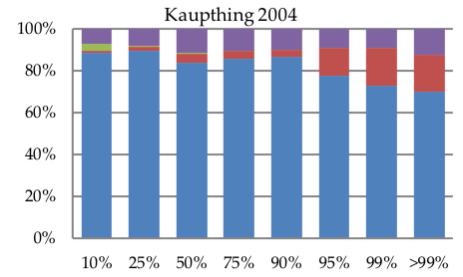
■ Base Salary ■ Bonus ■ Exercised options ■ Pension Copay

Fig. 5 Compensation components by wage distribution deciles



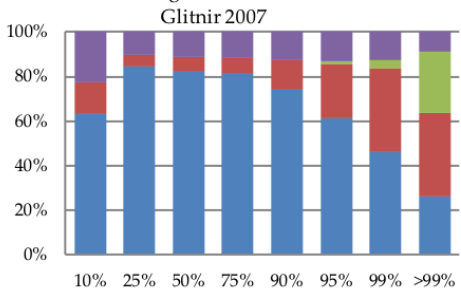
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Fig. 6 Compensation components by wage distribution deciles



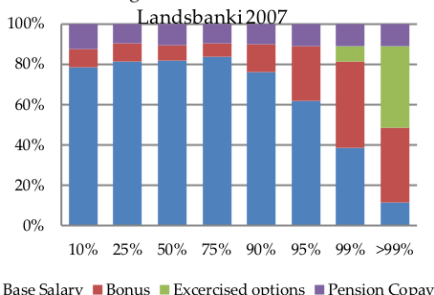
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Fig. 7 Compensation components by different wage distribution deciles



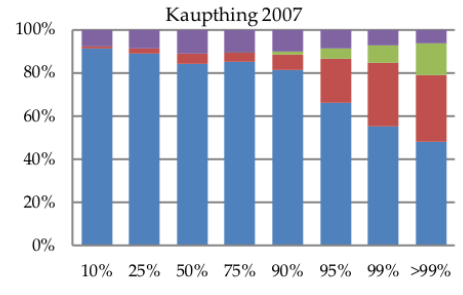
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Fig. 8 Compensation components by wage distribution deciles



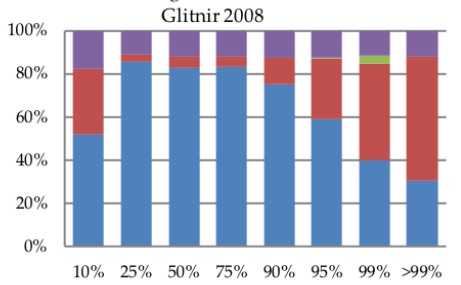
■ Base Salary ■ Bonus ■ Exercised options ■ Pension Copay

Fig. 9 Compensation components by wage distribution deciles



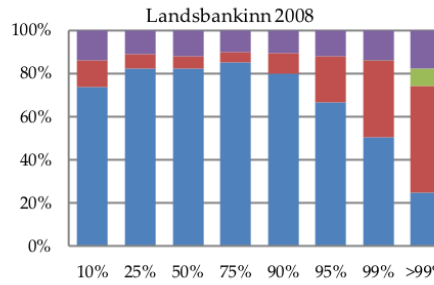
■ Base Salary ■ Bonus ■ Exercised options ■ Pension Copay

Fig. 10 Compensation components by different wage distribution deciles



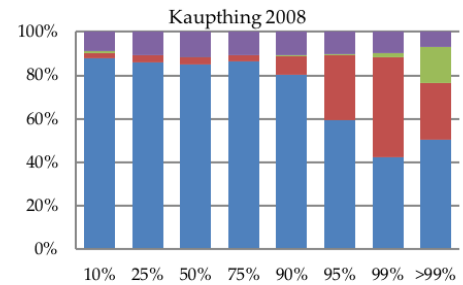
■ Base Salary ■ Bonus ■ Exercised options ■ Pension Copay

Fig. 11 Compensation components by wage distribution deciles



■ Base Salary ■ Bonus ■ Exercised options ■ Pension Copay

Fig. 12 Compensation components by wage distribution deciles



■ Base Salary ■ Bonus ■ Exercised options ■ Pension Copay

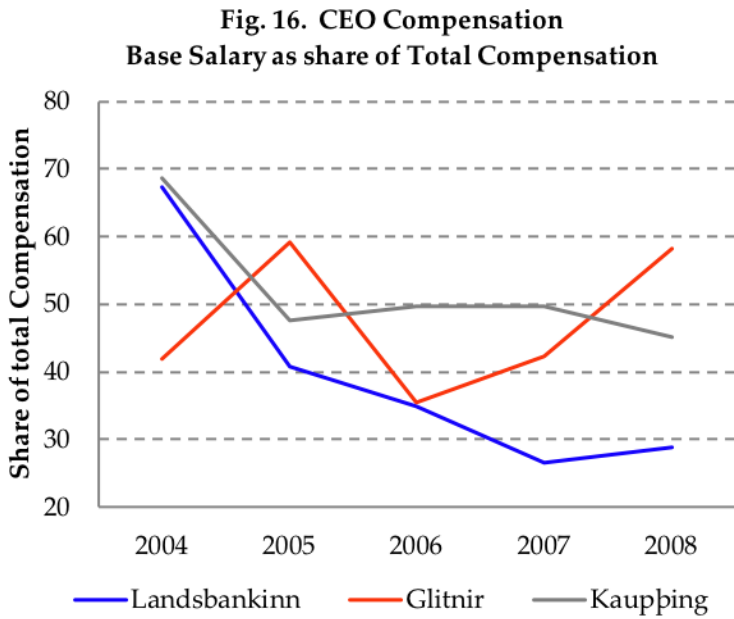
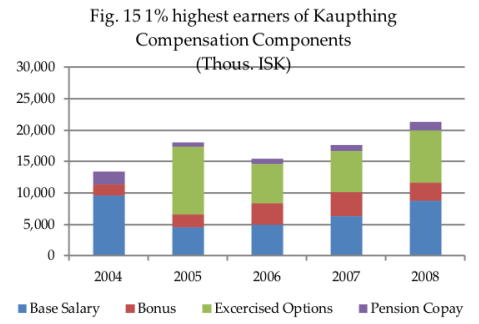
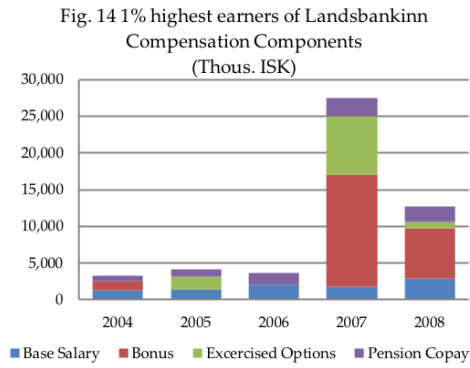
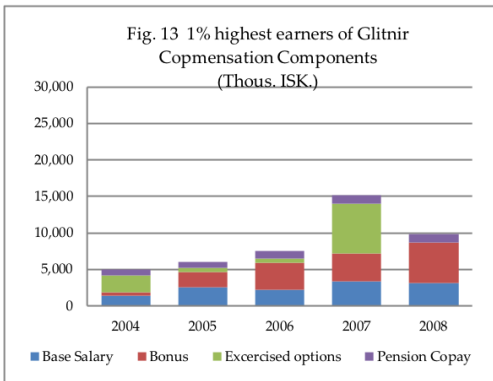


Table 4

CEO Pre-tax total Compensation per annum current prices Base Salary, Bonuses, Profits from Exercised Options, and Pension Co-pay			
Glitnir	Bjarni Ármannsson	Lárus Welding	
	2004	80,057,080	
	2005	137,467,312	
	2006	230,881,360	
	2007	570,844,544	387,661,792
	2008	11,149,876	35,823,212
Total		1,030,400,172	423,485,004
Landsbankinn	Halldór J. Kristjánsson	Sigurjón Þ. Árnason	
	2004	33,775,376	42,089,283
	2005	262,887,573	112,820,768
	2006	143,907,850	218,169,279
	2007	105,839,025	234,332,638
	2008	133,638,686	355,180,856
Total		680,048,510	962,592,824
Kaupthing	Hreiðar Már Sigurðsson	Sigurður Einarsson*	
	2004	141,786,672	not available
	2005	310,321,289	
	2006	822,697,408	
	2007	811,961,856	
	2008	458,917,504	
Total		2,545,684,729	

Source: SIC Report, Volume 8, Appendix 1, pp. 43

Sigurður Einarsson's salary was paid out of a Kaupthing Branch located in the UK the SIC did not receive detailed salary data from that branch in spite of several attempts. (SIC Report, Volume 3, Chapter 10, pp. 91)

Table 5

Stock Ownership of CEOs at year end*

Personal Assets as well as Assets through Holding Companies in 100% ownership of the CEOs

Glitnir	Bjarni Ármannsson			Lárus Welding		
	No. Shares	% of outstanding shares	Market Value	No. Shares	% of outstandi ng shares	Market Value
2004	176,584,354	1.6%	2,478,812,758	-	-	-
2005	315,641,330	2.4%	6,861,589,225	-	-	-
2006	234,050,732	1.7%	5,452,637,266	-	-	-
2007	573,256	0.004%	12,448,219	-	-	-
2008	21,560	0.0%	338,492	-	-	-
Landsbar Halldór J. Kristjánsson	Sigurjón Þ. Árnason			Market Value		
	No. Shares		Market Value	No. Shares		Market Value
2004	1,833,745	0.023%	22,188,315	-	-	-
2005	10,808,487	0.102%	273,454,721	-	-	-
2006	10,808,487	0.102%	286,424,906	-	-	-
2007	10,808,487	0.099%	383,701,289	-	-	-
2008	11,106,164	0.102%	255,997,080	-	-	-
Kaupthín Hreiðar Már Sigurðsson	Sigurður Einarsson			Market Value		
	No. Shares		Market Value	No. Shares		Market Value
2004	2,005,091	0.03%	886,250,222	2,511,979	0.04%	1,110,294,718
2005	2,799,239	0.04%	2,088,232,294	3,744,423	0.06%	2,793,339,558
2006	5,423,239	0.07%	4,560,943,999	6,368,423	0.09%	5,355,843,743
2007	6,235,239	0.09%	5,487,010,320	7,180,423	0.10%	6,318,772,240
2008	6,235,239	0.09%	4,676,429,250	7,180,423	0.10%	5,385,317,250

*Ownership in 2008 is marked by mid-year, 30th of June 2008

Source: Bank's Annual Reports, SIC Report, Icelandic Stock Market Registry and ICEX Stock Exchange

Table 6

Dividend Payments Earned in ISK
Due to stock ownership of the CEO

Glitnir	Bjarni Ármannsson	Lárus Welding	Dividend Payment pr. Share
2004	33,054,721		0.35
2005	31,214,072		0.38
2006	88,729,634		0.38
2007	204,128		0.37
2008	-		-
Total	153,202,554		
Landsbanki	Halldór J. Kristjánsson	Sigurjón Þ. Árnason	
2004	1,833,745		0.2
2005	10,808,487		0.3
2006	10,808,487		0.3
2007	10,808,487		0.4
2008	-		-
Total	34,259,207		
Kaupthing	Hreiðar Már Sigurðsson	Sigurður Einarsson	
2004	10,025,455	12,559,895	5
2005	27,992,390	37,444,230	10
2006	75,925,346	89,157,922	14
2007	124,704,780	143,608,460	20
2008	-		-
Total	238,647,971	282,770,507	

Source: Annual Reports of Glitnir (Islandsbanki prior to 2006), Landsbankinn & Kaupthing

Fig. 17 Stock ownership and level of leverage
Glitnir
Bjarni Armannsson*

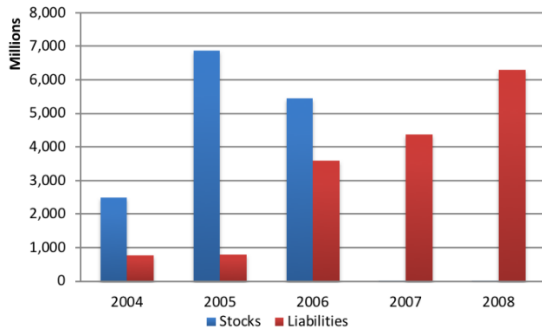


Fig. 19 Stock ownership and level of leverage
Kaupthing
Hreiðar Már Sigurðsson*

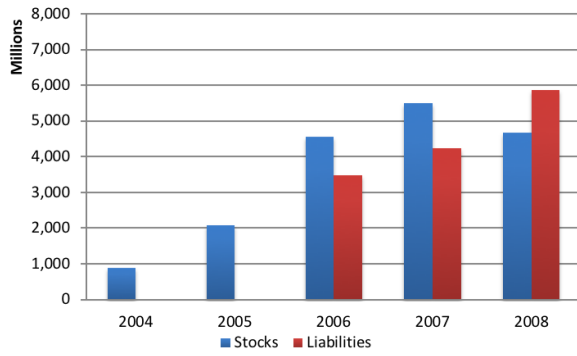


Fig. 18 Stock ownership and level of leverage
Landsbanki
Halldór J. Kristjánsson*

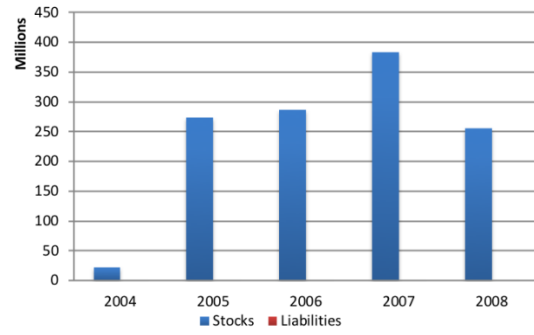


Fig. 20 Stock ownership and level of leverage
Kaupthing
Sigurður Einarsson*

