



# Íslandsbanki Factbook

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# Investor relations

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## IR contact

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Investor relations web-site

<https://www.islandsbanki.is/en/landing/about/investor-relations>

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**An earnings conference call and webcast will take place on Friday 9 February 2024**

Íslandsbanki will host a webcast in English for investors and market participants on Friday 9 February at 8.30 Reykjavík/GMT/London/BST, 9.30 CET. Jón Guðni Ómarsson, CEO, and Ellert Hlöðversson, CFO, will give an overview of the fourth quarter 2023 and full year financial results and operational highlights.

The webcast will be accessible live through a link on the Bank's **Investor Relations** website where a recording will also be available after the meeting.

Participation and the ability to ask written question is accessible **via this link**.

If you wish to participate in the webcast via teleconference and be able to ask questions verbally, please register **via this link here**.

Information regarding the webcast is available **here**.

Further information is available through Íslandsbanki Investor Relations, [ir@islandsbanki.is](mailto:ir@islandsbanki.is)

## Financial calendar

Íslandsbanki plans to publish its financial statements and hold its annual general meeting on the below dates:

- 21 March 2024 – Annual General Meeting
- 2 May 2024 - Interim financial results 1Q24
- 25 July 2024 - Interim financial results 2Q24
- 23 October 2024 - Interim financial results 3Q24

Please note that the dates are subject to change.

Further information on Íslandsbanki's financial calendar is available on the **Bank's website**.

## Additional investor material

All investor material will subsequently be available and archived on the Bank's Investor Relations website, where other information on the Bank's financial calendar and silent periods can also be found:

## Key performance indicators - 5 years

	2023	2022	2021	2020	2019
<b>Profitability</b>					
Return on equity <sup>1</sup>	11,3%	11,8%	12,3%	3,7%	4,8%
Return on assets <sup>1</sup>	1,5%	1,7%	1,7%	0,5%	0,7%
Earnings per share	12,32	12,19	11,26	3,58	4,59
Core income / total operating income <sup>2</sup>	97,8%	99,9%	93,5%	101,7%	96,8%
<b>Net interest margin</b>					
Net interest margin on total assets <sup>1</sup>	3,0%	2,9%	2,4%	2,6%	2,7%
<b>Efficiency</b>					
Cost-to-income ratio <sup>3,4</sup>	41,6%	41,6%	46,2%	54,3%	58,8%
Cost-to-total assets ratio <sup>1,4</sup>	1,67%	1,63%	1,65%	1,82%	2,11%
Cost of risk <sup>1,5</sup>	0,08%	(0,14%)	(0,28%)	0,91%	0,39%
Number of FTEs at period end - Consolidated <sup>6</sup>	764	739	735	779	984
Number of FTEs at period end - Parent <sup>6</sup>	725	700	702	745	749
Number of branches at period end	12	12	12	12	14
<b>Assets</b>					
Loans to customers (ISKm)	1.223.426	1.186.639	1.086.327	1.006.717	899.632
LTV on mortgages to individuals <sup>7</sup>	57,0%	60,0%	66,0%	64,0%	62,0%
Risk exposure amount / total assets	61,7%	63,8%	63,1%	69,4%	73,7%
Non-performing loans (NPL) ratio <sup>8</sup>	1,8%	1,8%	2,0%	2,9%	3,0%
Asset encumbrance ratio	21,7%	26,5%	19,6%	18,7%	18,1%
<b>Financial strength</b>					
Equity as % of total assets	14,2%	14,0%	14,3%	13,9%	15,0%
<b>Liquidity</b>					
Net stable funding ratio (NSFR) - All currencies	124%	118%	122%	123%	119%
Net stable funding ratio (NSFR) - Foreign currencies	-	198%	157%	179%	156%
Liquidity coverage ratio (LCR) - All currencies	195%	205%	156%	196%	155%
Liquidity coverage ratio (LCR) - Domestic currency	115%	109%	141%	95%	110%
Liquidity coverage ratio (LCR) - EUR	663%	-	-	-	-
Liquidity coverage ratio (LCR) - Foreign currencies	-	492%	235%	463%	325%
Term deposits % of total deposits	18,8%	18,4%	18,3%	24,6%	28,0%
Customer loans to customer deposits ratio	144%	150%	146%	148%	145%
<b>Capital</b>					
CET1 ratio	21,4%	18,8%	21,3%	20,1%	19,9%
Tier 1 ratio	22,5%	19,8%	22,5%	20,1%	19,9%
Total capital ratio	25,3%	22,2%	25,3%	23,0%	22,4%
Leverage ratio	13,4%	12,1%	13,6%	13,6%	14,2%
MREL ratio <sup>9</sup>	41,3%	34,5%	-	-	-
Risk exposure amount (ISKm)	977.032	999.491	901.646	933.521	884.550

1. Calculated on average balances.

2. Core income is defined as net interest income plus net fee & commission income.

3. Calculated as (Administrative expenses + Contribution to the Depositors' and Investors' Guarantee Fund – One-off items) / (Total operating income – One-off items).

4. C/I ratio for 2023 excludes a charge of ISK 860m due to an administrative fine. C/I ratio for 2022 included a provision of ISK 300m made in connection with the administrative fine, the C/I ratio has been restated so it excludes the provision.

5. Negative cost of risk means that there is a net release of impairments.

6. Numbers exclude seasonal employees.

7. The average LTV can be calculated in many different ways and therefore the definition is important for comparison to other banks.

The weight is Íslandsbanki's total amount outstanding on the property and the LTV used is the maximum LTV of all Íslandsbanki's loans of the property.

8. Stage 3, loans to customers, gross carrying amount.

9. Term deposits with maturity of more than 3 months

## Income statement - 5 year summary

ISK million	2023	2022	2021	2020	2019
Interest income calculated using the effective interest rate method	126.095	87.671	56.220	53.378	59.289
Other interest income	11.047	6.342	2.405	2.317	2.676
Interest expense	(88.531)	(50.887)	(24.582)	(22.324)	(29.143)
Net interest income	48.611	43.126	34.043	33.371	32.822
Fee and commission income	18.591	17.630	15.167	12.651	12.052
Fee and commission expense	(4.357)	(3.577)	(2.318)	(2.126)	(1.153)
Net fee and commission income	14.234	14.053	12.849	10.525	10.899
Net financial income (expense)	241	(1.257)	2.499	(1.391)	(820)
Net foreign exchange gain	581	881	479	451	139
Other operating income	570	433	302	197	2.125
Other net operating income	1.392	57	3.280	(743)	1.444
<b>Total operating income</b>	<b>64.237</b>	<b>57.236</b>	<b>50.172</b>	<b>43.153</b>	<b>45.165</b>
Salaries and related expenses	(15.003)	(13.452)	(13.397)	(12.917)	(14.019)
Other operating expenses	(11.740)	(10.166)	(9.799)	(9.829)	(10.469)
Administrative fine	(860)	(300)	-	-	-
Contribution to the Depositors' and Investors' Guarantee Fund	-	(165)	(688)	(679)	(936)
Bank tax	(1.871)	(1.858)	(1.683)	(1.588)	(3.528)
<b>Total operating expenses<sup>1</sup></b>	<b>(29.474)</b>	<b>(25.941)</b>	<b>(25.567)</b>	<b>(25.013)</b>	<b>(28.952)</b>
<b>Profit before net impairment on financial assets</b>	<b>34.763</b>	<b>31.295</b>	<b>24.605</b>	<b>18.140</b>	<b>16.213</b>
Net impairment on financial assets	(1.015)	1.576	3.018	(8.816)	(3.480)
<b>Profit before tax</b>	<b>33.748</b>	<b>32.871</b>	<b>27.623</b>	<b>9.324</b>	<b>12.733</b>
Income tax expense	(9.198)	(8.485)	(5.119)	(2.472)	(3.909)
<b>Profit for the period from continuing operations</b>	<b>24.550</b>	<b>24.386</b>	<b>22.504</b>	<b>6.852</b>	<b>8.824</b>
Discontinued operations held for sale, net of income tax	35	149	1.221	(97)	(370)
<b>Profit for the period</b>	<b>24.585</b>	<b>24.535</b>	<b>23.725</b>	<b>6.755</b>	<b>8.454</b>
Basic earnings per share from profit for the period	12,32	12,19	11,26	3,58	4,59

1. Comparative figures have been changed with immaterial effects. A provision of ISK 300 million recognised as Other operating expenses in the 2022 Consolidated Financial Statements was restated as Administrative fine.

## Balance sheet - 5 year summary

ISK million	31.12.23	31.12.22	31.12.21	31.12.20	31.12.19
Cash and balances with Central Bank	87.504	94.424	113.667	78.948	146.638
Loans to credit institutions	73.475	110.364	43.988	89.920	54.376
Bonds and debt instruments	161.342	130.804	132.289	128.216	52.870
Derivatives	5.776	7.461	2.445	6.647	5.621
Loans to customers	1.223.426	1.186.639	1.086.327	1.006.717	899.632
Shares and equity instruments	13.241	15.868	31.677	14.851	18.426
Investments in associates	4.051	3.844	939	775	746
Property and equipment	6.562	6.752	7.010	7.341	9.168
Intangible assets	2.930	3.279	3.351	3.478	4.330
Other assets	3.638	6.072	5.784	4.125	6.608
Non-current assets and disposal groups held for sale	749	728	1.344	3.173	1.075
<b>Total Assets</b>	<b>1.582.694</b>	<b>1.566.235</b>	<b>1.428.821</b>	<b>1.344.191</b>	<b>1.199.490</b>
Deposits from Central Bank and credit institutions	16.149	15.269	13.384	39.758	30.925
Deposits from customers	850.709	789.897	744.036	679.455	618.313
Derivative instruments and short positions	5.090	10.804	9.467	6.936	6.219
Debt issued and other borrowed funds	417.573	468.270	402.226	387.274	306.381
Subordinated loans	38.155	34.392	35.762	27.194	22.674
Tax liabilities	13.107	12.128	6.432	5.450	7.853
Other liabilities	17.218	16.601	12.848	11.893	27.063
Non-current liabilities and disposal groups held for sale	-	-	956	27	-
<b>Total Liabilities</b>	<b>1.358.001</b>	<b>1.347.361</b>	<b>1.225.111</b>	<b>1.157.987</b>	<b>1.019.428</b>
Share capital	9.898	10.000	10.000	10.000	10.000
Share premium	55.000	55.000	55.000	55.000	55.000
Reserves	5.083	9.158	6.086	6.181	7.065
Retained earnings	154.712	144.716	132.624	113.529	105.569
Total Shareholder's Equity	224.693	218.874	203.710	184.710	177.634
Non-controlling interests	-	-	-	1.494	2.428
<b>Total Equity</b>	<b>224.693</b>	<b>218.874</b>	<b>203.710</b>	<b>186.204</b>	<b>180.062</b>
<b>Total Liabilities and Equity</b>	<b>1.582.694</b>	<b>1.566.235</b>	<b>1.428.821</b>	<b>1.344.191</b>	<b>1.199.490</b>

## Net interest income - 5 year summary

ISK million	2023	2022	2021	2020	2019
Cash and balances with Central Bank	5.389	2.791	948	1.750	4.452
Loans to credit institutions	3.236	757	128	215	812
Loans to customers	117.470	84.123	55.144	51.413	54.025
Financial assets mandatorily at fair value through profit or loss	11.035	6.335	2.388	2.314	2.630
Other assets	12	7	17	3	46
<b>Total interest income</b>	<b>137.142</b>	<b>94.013</b>	<b>58.625</b>	<b>55.695</b>	<b>61.965</b>
Deposits from Central Bank and credit institutions	(243)	(364)	(306)	(736)	(625)
Deposits from customers	(50.073)	(23.049)	(6.815)	(7.700)	(15.242)
Debt issued and other borrowed funds at fair value through profit and loss	(2.470)	(578)	(729)	(608)	(734)
Debt issued and other borrowed funds at amortised cost	(25.829)	(21.709)	(14.104)	(11.179)	(9.818)
Subordinated loans	(3.214)	(1.538)	(829)	(763)	(501)
Lease liabilities	(79)	(82)	(84)	(87)	(92)
Other liabilities	(6.623)	(3.567)	(1.715)	(1.251)	(2.131)
<b>Total interest expense</b>	<b>(88.531)</b>	<b>(50.887)</b>	<b>(24.582)</b>	<b>(22.324)</b>	<b>(29.143)</b>
<b>Net interest income</b>	<b>48.611</b>	<b>43.126</b>	<b>34.043</b>	<b>33.371</b>	<b>32.822</b>
<b>Net interest income on loans</b>					
Personal Banking	5.842	6.580	7.464	5.835	3.868
Business Banking	8.297	7.749	7.842	7.702	6.010
Corporate & Investment Banking	7.450	7.317	7.773	6.986	5.292
<b>Total net interest income on loans</b>	<b>21.589</b>	<b>21.646</b>	<b>23.079</b>	<b>20.523</b>	<b>15.170</b>
<b>Net interest income on deposits</b>					
Personal Banking	8.699	7.186	4.535	4.761	5.832
Business Banking	6.465	5.486	2.999	2.628	3.629
Corporate & Investment Banking	1.670	1.300	948	930	1.045
<b>Total net interest income on deposits</b>	<b>16.834</b>	<b>13.972</b>	<b>8.482</b>	<b>8.319</b>	<b>10.506</b>

## Net fee & commission income - 5 year summary

ISK million	2023	2022	2021	2020	2019
Asset management	2.908	3.154	3.100	2.382	2.225
Investment banking and brokerage	3.340	3.627	3.544	2.805	2.430
Payment processing	8.072	6.774	4.979	4.378	3.810
Loans and guarantees	2.251	2.350	2.212	2.186	1.510
Other fee and commission income	2.020	1.725	1.332	900	2.077
<b>Fee and commission income</b>	<b>18.591</b>	<b>17.630</b>	<b>15.167</b>	<b>12.651</b>	<b>12.052</b>
Brokerage	(496)	(484)	(471)	(360)	(337)
Clearing and settlement	(3.847)	(2.999)	(1.834)	(1.766)	(806)
Other fee and commission expense	(14)	(94)	(13)	-	(10)
<b>Fee and commission expense</b>	<b>(4.357)</b>	<b>(3.577)</b>	<b>(2.318)</b>	<b>(2.126)</b>	<b>(1.153)</b>
<b>Net fee and commission income</b>	<b>14.234</b>	<b>14.053</b>	<b>12.849</b>	<b>10.525</b>	<b>10.899</b>

Net fee and commission income was restated for 2020 and 2021 in 4Q21.



## Loans to customers - 5 year summary

ISK million	31.12.23	31.12.22	31.12.21	31.12.20	31.12.19
Individuals	594.631	570.522	520.733	437.377	349.181
- thereof mortgages	530.676	507.969	457.800	377.155	281.499
Commerce and services	182.808	172.222	165.222	124.260	126.488
Construction	80.099	59.815	36.773	42.352	44.420
Energy	7.938	10.411	9.493	8.673	7.887
Financial services	214	2.622	1.978	1.539	2.315
Industrial and transportation	75.802	91.078	89.627	78.561	82.288
Investment companies	45.931	40.336	23.677	23.440	23.590
Public sector and non-profit organisations	18.476	11.046	9.987	10.911	12.312
Real estate	144.173	126.297	109.314	157.502	145.559
Seafood	73.354	102.290	119.523	122.102	105.592
<b>Loans to customers</b>	<b>1.223.426</b>	<b>1.186.639</b>	<b>1.086.327</b>	<b>1.006.717</b>	<b>899.632</b>

## Capital and risk exposure amount - 5 year summary

ISK million	31.12.23	31.12.22	31.12.21	31.12.20	31.12.19
Ordinary share capital	9.898	10.000	10.000	10.000	10.000
Share premium	55.000	55.000	55.000	55.000	55.000
Reserves	5.083	9.158	6.086	6.181	7.065
Retained earnings	154.712	144.716	132.624	113.529	105.569
Non-controlling interests	-	-	-	1.494	2.428
IFRS 9 reversal due to transitional rules	-	1.301	2.768	5.164	-
Fair value changes due to own credit standing	1.827	(1.786)	1.054	238	392
Forseeable dividend payment and approved buyback	(14.990)	(27.267)	(11.863)	-	-
Tax assets	(122)	(116)	(94)	(259)	(476)
Intangible assets	(1.922)	(3.279)	(3.351)	(3.478)	(4.330)
Insufficient coverage for non-performing exposure	(3)	-	-	-	-
<b>Total CET1 capital</b>	<b>209.483</b>	<b>187.727</b>	<b>192.224</b>	<b>187.869</b>	<b>175.648</b>
Additional Tier 1 capital	10.019	10.062	10.626	-	-
<b>Tier 1 capital</b>	<b>219.502</b>	<b>197.789</b>	<b>202.850</b>	<b>187.869</b>	<b>175.648</b>
Tier 2 capital	28.135	24.330	25.136	27.194	22.674
<b>Total capital base</b>	<b>247.637</b>	<b>222.119</b>	<b>227.986</b>	<b>215.063</b>	<b>198.322</b>
Risk exposure amount					
- due to credit risk	865.758	893.110	802.147	830.141	789.180
- due to market risk:	10.360	15.417	17.100	16.626	7.919
- due to credit valuation adjustment	677	2.756	1.829	1.728	2.027
- due to operational risk	100.237	88.208	80.570	85.026	85.424
<b>Total risk exposure amount</b>	<b>977.032</b>	<b>999.491</b>	<b>901.646</b>	<b>933.521</b>	<b>884.550</b>
<b>Capital ratios</b>					
CET1 ratio	21,4%	18,8%	21,3%	20,1%	19,9%
Tier 1 ratio	22,5%	19,8%	22,5%	20,1%	19,9%
Total capital ratio	25,3%	22,2%	25,3%	23,0%	22,4%
Leverage ratio	13,4%	12,1%	13,6%	13,6%	14,2%
MREL ratio <sup>1</sup>	41,3%	34,5%	-	-	-

1. MREL ratio includes the CET1 capital held to meet the combined buffer requirement.

## Average balances - 5 year summary

ISK million	2023	2022	2021	2020	2019
<b>Average assets</b>					
Personal Banking	570.597	537.526	475.357	355.295	317.383
Business Banking	301.209	260.415	237.071	237.632	233.470
Corporate & Investment Banking	362.609	352.221	363.910	360.690	340.161
Íslandsbanki	1.597.505	1.478.825	1.411.067	1.285.310	1.206.090
<b>Average equity</b>					
Personal Banking	40.530	39.823	35.830	30.995	28.222
Business Banking	44.587	37.317	36.243	38.549	38.503
Corporate & Investment Banking	63.608	62.569	61.985	61.792	58.972
Íslandsbanki	218.272	207.189	192.245	181.587	176.967
<b>Average loans to customers</b>					
Personal Banking	566.234	533.459	471.924	351.584	315.128
Business Banking	299.038	258.306	234.937	234.955	230.040
Corporate & Investment Banking	355.357	346.869	358.473	355.760	336.244
Íslandsbanki <sup>1</sup>	1.220.705	1.138.634	1.065.334	942.299	881.412
<b>Average deposits from customers</b>					
Personal Banking	383.499	348.639	332.267	306.871	279.627
Business Banking	250.131	244.669	213.602	183.604	172.247
Corporate & Investment Banking <sup>2</sup>	175.815	146.730	144.806	130.655	107.431
Íslandsbanki <sup>1</sup>	809.445	740.038	690.675	621.130	559.305

Average balances are calculated using month-end figures, including previous period end figure.

1. Sum of average loans to customers and sum of average deposits for Personal Banking, Business Banking and Corporate & Investment Banking.

2. Both deposits from customers and deposits from credit institutions.

## Operating segments - Personal Banking

ISK million	2023	2022	2021	2020	2019
Net interest income	17.410	15.065	12.027	10.749	10.578
Net fee and commission income	4.336	4.334	3.850	3.049	4.504
Other net operating income	70	342	189	305	77
Total operating income	21.816	19.741	16.066	14.103	15.159
Salaries and related expenses	(2.473)	(2.355)	(2.388)	(2.416)	(2.791)
Other operating expenses	(2.592)	(2.446)	(2.354)	(2.584)	(2.131)
Contribution to the Depositors' and Investors' Guarantee Fund	-	(129)	(538)	(482)	(530)
Bank tax	(839)	(801)	(723)	(613)	(483)
Net impairment on financial assets	(1.589)	(300)	318	(517)	(547)
Cost allocation	(5.225)	(4.792)	(4.539)	(4.690)	(5.606)
Profit before tax	9.099	8.918	5.842	2.801	3.071
Income tax expense	(2.584)	(2.528)	(1.707)	(887)	(924)
<b>Profit for the period from continuing operations</b>	<b>6.515</b>	<b>6.390</b>	<b>4.135</b>	<b>1.914</b>	<b>2.147</b>
Net segment revenue from external customers	29.266	33.261	26.175	20.911	18.137
Net segment revenue from other segments	(7.450)	(13.520)	(10.109)	(6.808)	(2.978)
Fee and commission income	8.116	7.282	5.669	4.797	6.224
Depreciation, amortisation, and write-offs	(179)	(172)	(166)	(300)	(215)
<b>At period end</b>					
Loans to customers	574.653	552.181	502.354	419.882	329.265
Other assets	3.176	3.158	3.609	3.212	3.553
<b>Total segment assets</b>	<b>577.829</b>	<b>555.339</b>	<b>505.963</b>	<b>423.094</b>	<b>332.818</b>
Deposits from customers	406.821	361.994	344.776	324.815	290.894
Other liabilities	3.720	2.597	1.603	1.327	1.497
<b>Total segment liabilities</b>	<b>410.541</b>	<b>364.591</b>	<b>346.379</b>	<b>326.142</b>	<b>292.391</b>
Allocated equity	41.160	39.228	37.549	34.850	29.981
Risk exposure amount	260.760	255.938	247.970	229.610	194.601

The individual segment balance sheet positions are with external customers, and exclude internal transactions thus explaining the differences in total assets, and total liabilities and equity.

## Operating segments - Business Banking

ISK million	2023	2022	2021	2020	2019
Net interest income	17.980	14.493	10.867	10.536	10.812
Net fee and commission income	2.208	2.174	2.111	1.917	1.716
Other net operating income	90	90	61	50	25
Total operating income	20.278	16.757	13.039	12.503	12.553
Salaries and related expenses	(2.161)	(1.900)	(1.815)	(1.940)	(1.993)
Other operating expenses	(1.196)	(1.072)	(1.037)	(1.164)	(1.184)
Contribution to the Depositors' and Investors' Guarantee Fund	-	(33)	(135)	(161)	(314)
Bank tax	(454)	(407)	(344)	(340)	(339)
Net impairment on financial assets	(669)	796	2.401	(5.485)	(1.098)
Cost allocation	(4.058)	(3.431)	(3.113)	(2.967)	(3.381)
Profit before tax	11.740	10.710	8.996	446	4.244
Income tax expense	(3.170)	(2.891)	(2.428)	(204)	(1.192)
<b>Profit for the period from continuing operations</b>	<b>8.570</b>	<b>7.819</b>	<b>6.568</b>	<b>242</b>	<b>3.052</b>
Net segment revenue from external customers	22.829	18.158	14.806	14.750	14.492
Net segment revenue from other segments	(2.551)	(1.401)	(1.767)	(2.247)	(1.939)
Fee and commission income	2.262	2.223	2.136	1.948	1.724
Depreciation, amortisation, and write-offs	(57)	(57)	(58)	(163)	(112)
<b>At period end</b>					
Loans to customers	311.689	278.823	237.388	232.580	230.842
Other assets	2.210	2.100	2.004	2.199	3.085
<b>Total segment assets</b>	<b>313.899</b>	<b>280.923</b>	<b>239.392</b>	<b>234.779</b>	<b>233.927</b>
Deposits from customers	251.238	244.645	239.871	189.847	167.623
Other liabilities	3.828	2.054	1.630	1.481	1.822
<b>Total segment liabilities</b>	<b>255.066</b>	<b>246.699</b>	<b>241.501</b>	<b>191.328</b>	<b>169.445</b>
Allocated equity	47.210	40.433	33.738	37.804	38.924
Risk exposure amount	291.509	263.011	211.814	235.371	247.565

The individual segment balance sheet positions are with external customers, and exclude internal transactions thus explaining the differences in total assets, and total liabilities and equity.

## Operating segments - Corporate & Investment Banking

ISK million	2023	2022	2021	2020	2019
Net interest income	13.854	11.108	9.282	8.530	8.397
Net fee and commission income	4.575	4.557	4.384	4.075	3.530
Other net operating income	1.284	1.301	759	922	564
Total operating income	19.713	16.966	14.425	13.527	12.491
Salaries and related expenses	(2.132)	(1.819)	(1.689)	(1.583)	(1.720)
Other operating expenses	(1.061)	(971)	(797)	(870)	(660)
Contribution to the Depositors' and Investors' Guarantee Fund	-	(3)	(15)	(35)	(89)
Bank tax	(489)	(520)	(516)	(514)	(486)
Net impairment on financial assets	1.163	395	121	(2.805)	(1.043)
Cost allocation	(3.569)	(3.237)	(3.170)	(3.020)	(3.421)
Profit before tax	13.625	10.811	8.359	4.700	5.072
Income tax expense	(3.660)	(2.946)	(2.308)	(1.356)	(1.445)
<b>Profit for the period from continuing operations</b>	<b>9.965</b>	<b>7.865</b>	<b>6.051</b>	<b>3.344</b>	<b>3.627</b>
Net segment revenue from external customers	29.448	23.790	19.843	19.922	19.191
Net segment revenue from other segments	(9.735)	(6.824)	(5.418)	(6.395)	(6.700)
Fee and commission income	4.648	4.709	4.486	4.152	3.574
Depreciation, amortisation, and write-offs	(2)	(1)	(15)	(18)	(21)
<b>At period end</b>					
Loans to customers	336.161	354.787	346.835	353.953	334.788
Other assets	889	3.859	1.335	795	347
<b>Total segment assets</b>	<b>337.050</b>	<b>358.646</b>	<b>348.170</b>	<b>354.748</b>	<b>335.135</b>
Deposits from customers	172.658	164.390	141.204	137.791	113.455
Other liabilities	5.370	5.565	4.728	4.908	2.553
<b>Total segment liabilities</b>	<b>178.028</b>	<b>169.955</b>	<b>145.932</b>	<b>142.699</b>	<b>116.008</b>
Allocated equity	63.033	62.400	59.055	63.432	58.953
Risk exposure amount	366.761	404.917	376.896	392.804	367.456

The individual segment balance sheet positions are with external customers, and exclude internal transactions thus explaining the differences in total assets, and total liabilities and equity.

## Operating segments - Treasury & Proprietary Trading

ISK million	2023	2022	2021	2020	2019
Net interest income	(475)	2.673	2.034	3.734	3.169
Net fee and commission income	(8)	(55)	(72)	(317)	(236)
Other net operating income	565	398	2.694	(1.420)	(848)
Total operating income	82	3.016	4.656	1.997	2.085
Salaries and related expenses	(272)	(289)	(256)	(280)	(253)
Other operating expenses	(505)	(467)	(235)	(263)	(257)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	(1)	(3)
Bank tax	(77)	(116)	(86)	(105)	(2.205)
Net impairment on financial assets	80	683	94	(8)	(791)
Cost allocation	581	551	320	323	278
Profit (loss) before tax	(111)	3.378	4.493	1.663	(1.146)
Income tax expense	203	108	1.421	112	318
<b>Profit (loss) for the period from continuing operations</b>	<b>92</b>	<b>3.486</b>	<b>5.914</b>	<b>1.775</b>	<b>(828)</b>
Net segment revenue from external customers	(19.989)	(18.922)	(12.748)	(13.597)	(9.708)
Net segment revenue from other segments	20.071	21.938	17.404	15.594	11.793
Fee and commission income	401	367	231	(9)	124
Depreciation, amortisation, and write-offs	-	-	-	-	-
<b>At period end</b>					
Loans to customers	923	848	59	302	2
Other assets	343.823	360.594	325.158	320.578	267.384
<b>Total segment assets</b>	<b>344.746</b>	<b>361.442</b>	<b>325.217</b>	<b>320.880</b>	<b>267.386</b>
Deposits from customers	22.957	21.529	21.477	31.674	49.517
Other liabilities	487.357	540.189	465.397	463.943	374.459
<b>Total segment liabilities</b>	<b>510.314</b>	<b>561.718</b>	<b>486.874</b>	<b>495.617</b>	<b>423.976</b>
Allocated equity	69.975	73.966	70.217	45.708	42.882
Risk exposure amount	48.148	67.970	56.983	60.037	48.063

The individual segment balance sheet positions are with external customers, and exclude internal transactions thus explaining the differences in total assets, and total liabilities and equity.

## Operating segments - Cost centers

ISK million	2023	2022	2021	2020	2019
Net interest income (expense)	(365)	(260)	(178)	(215)	(251)
Net fee and commission income	(36)	(1)	(62)	7	7
Other net operating income	374	149	203	287	2.197
Total operating income	(27)	(112)	(37)	79	1.953
Salaries and related expenses	(6.959)	(6.253)	(6.465)	(5.926)	(6.516)
Other operating expenses	(5.579)	(4.598)	(4.854)	(4.488)	(5.725)
Administrative fine <sup>1</sup>	(860)	(300)	-	-	-
Bank tax	(13)	(14)	(14)	(16)	(15)
Net impairment on financial assets	-	-	4	-	-
Cost allocation	12.271	10.909	10.502	10.354	12.130
Profit (loss) before tax	(1.167)	(368)	(864)	3	1.827
Income tax expense	291	92	221	(5)	(478)
<b>Profit (loss) for the period from continuing operations</b>	<b>(876)</b>	<b>(276)</b>	<b>(643)</b>	<b>(2)</b>	<b>1.349</b>
Net segment revenue from external customers	308	81	73	223	2.129
Net segment revenue from other segments	(335)	(193)	(110)	(144)	(176)
Fee and commission income	-	-	2	7	8
Depreciation, amortisation, and write-offs	(1.368)	(1.155)	(1.145)	(1.178)	(1.367)
<b>At period end</b>					
Loans to customers	-	-	-	-	-
Other assets	8.716	9.387	9.108	10.893	10.648
<b>Total segment assets</b>	<b>8.716</b>	<b>9.387</b>	<b>9.108</b>	<b>10.893</b>	<b>10.648</b>
Deposits from customers	-	-	-	-	-
Other liabilities	5.768	5.785	5.711	5.915	6.209
<b>Total segment liabilities</b>	<b>5.768</b>	<b>5.785</b>	<b>5.711</b>	<b>5.915</b>	<b>6.209</b>
Allocated equity	1.145	962	894	899	1.145
Risk exposure amount	6.930	6.107	5.903	5.960	6.968

The individual segment balance sheet positions are with external customers, and exclude internal transactions thus explaining the differences in total assets, and total liabilities and equity.

1. The presentation of other operating expenses and administrative fine have been changed and comparative figures for 2022 have therefore been restated.



## Operating segments - Subsidiaries, eliminations & adjustments

ISK million	2023	2022	2021	2020	2019
Net interest income	207	47	11	37	117
Net fee and commission income	3.159	3.044	2.638	1.794	1.378
Other net operating income	(991)	(2.223)	(626)	( 887)	(571)
Total operating income	2.375	868	2.023	944	924
Salaries and related expenses	(1.006)	(836)	(784)	( 772)	(746)
Other operating expenses	(807)	(612)	(522)	( 460)	(512)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	-	-	-	-	-
Net impairment on financial assets	-	2	80	( 1)	(1)
Cost allocation	-	-	-	-	-
Profit (loss) before tax	562	(578)	797	( 289)	(335)
Income tax expense	(278)	(320)	(318)	( 132)	(188)
<b>Profit (loss) for the period from continuing operations</b>	<b>284</b>	<b>(898)</b>	<b>479</b>	<b>( 421)</b>	<b>(523)</b>
Net segment revenue from external customers	2.375	868	2.023	944	924
Net segment revenue from other segments	-	-	-	-	-
Fee and commission income	3.164	3.049	2.643	1.756	398
Depreciation, amortisation, and write-offs	(14)	(15)	(11)	( 7)	(10)
<b>At period end</b>					
Loans to customers	-	-	(309)	-	4.735
Other assets	454	498	1.280	( 203)	14.841
<b>Total segment assets</b>	<b>454</b>	<b>498</b>	<b>971</b>	<b>( 203)</b>	<b>19.576</b>
Deposits from customers	(2.965)	(2.661)	(3.292)	( 4.672)	(3.176)
Other liabilities	1.249	1.274	2.006	958	14.575
<b>Total segment liabilities</b>	<b>(1.716)</b>	<b>(1.387)</b>	<b>(1.286)</b>	<b>( 3.714)</b>	<b>11.399</b>
Allocated equity	2.170	1.885	2.257	3.511	8.177
Risk exposure amount	2.924	1.548	2.080	9.739	19.897

The individual segment balance sheet positions are with external customers, and exclude internal transactions thus explaining the differences in total assets, and total liabilities and equity.

## Key performance indicators - 9 quarters

	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21
<b>Profitability</b>									
Return on equity <sup>1</sup>	11,2%	11,0%	11,5%	11,4%	11,1%	14,4%	11,7%	10,2%	14,2%
Return on assets <sup>1</sup>	1,5%	1,5%	1,6%	1,6%	1,5%	2,0%	1,7%	1,5%	2,0%
Earnings per share	3,12	3,01	3,08	3,11	2,98	3,68	2,93	2,60	3,01
Core income / total operating income <sup>2</sup>	94,9%	98,5%	103,1%	95,1%	102,0%	102,0%	97,6%	97,3%	93,7%
<b>Net interest margin</b>									
Net interest margin on total assets <sup>1</sup>	2,9%	2,9%	3,2%	3,2%	3,1%	3,0%	2,9%	2,6%	2,4%
<b>Efficiency</b>									
Cost-to-income ratio <sup>3,4</sup>	42,7%	39,0%	42,6%	42,1%	40,6%	36,3%	42,7%	47,6%	45,3%
Cost-to-total assets ratio <sup>1,4</sup>	1,72%	1,49%	1,70%	1,80%	1,74%	1,41%	1,68%	1,68%	1,64%
Cost of risk <sup>1,5</sup>	0,33%	0,19%	(0,40%)	0,22%	0,22%	(0,40%)	(0,20%)	(0,17%)	(0,23%)
Number of FTEs at period end - Consolidated <sup>6</sup>	764	756	732	740	739	742	740	741	735
Number of FTEs at period end - Parent <sup>6</sup>	725	716	691	701	700	704	702	706	702
<b>Asset quality</b>									
Loans to customers (ISKm)	1.223.426	1.210.499	1.237.758	1.218.999	1.186.639	1.153.047	1.153.677	1.107.893	1.086.327
LTV on mortgages to individuals <sup>7</sup>	57,0%	58,0%	58,0%	61,0%	60,0%	60,0%	65,0%	65,0%	66,0%
Risk exposure amount / total assets	61,7%	60,0%	63,7%	64,8%	63,8%	65,4%	69,1%	65,4%	63,1%
Non-performing loans (NPL) ratio <sup>8</sup>	1,8%	1,8%	1,7%	1,7%	1,8%	1,7%	1,8%	1,8%	2,0%
Asset encumbrance ratio	21,7%	23,5%	25,3%	25,1%	26,5%	25,7%	20,7%	19,2%	19,6%
<b>Financial strength</b>									
Equity as % of total assets	14,2%	13,4%	13,5%	13,6%	14,0%	13,7%	14,2%	13,6%	14,3%
<b>Liquidity</b>									
Net stable funding ratio (NSFR) - All currencies	124%	120%	119%	115%	118%	127%	118%	123%	122%
Net stable funding ratio (NSFR) - Foreign currencies	-	290%	248%	219%	198%	257%	182%	192%	157%
Liquidity coverage ratio (LCR)	195%	247%	259%	171%	205%	371%	147%	195%	156%
Liquidity coverage ratio (LCR) - Domestic currency	115%	122%	145%	121%	109%	119%	125%	129%	141%
Liquidity coverage ratio (LCR) - EUR	663%	777%	333%	-	-	-	-	-	-
Liquidity coverage ratio (LCR) - Foreign currencies	-	-	-	289%	492%	421%	240%	235%	235%
Term deposits % of total deposits	18,8%	21,2%	21,2%	19,9%	18,4%	18,8%	18,4%	18,9%	18,3%
Customer loans to customer deposits ratio	144%	140%	152%	152%	150%	148%	152%	145%	146%
<b>Capital</b>									
CET1 ratio <sup>9</sup>	21,4%	20,9%	20,0%	19,9%	18,8%	18,2%	18,2%	18,8%	21,3%
Tier 1 ratio <sup>9</sup>	22,5%	21,9%	20,9%	20,8%	19,8%	19,2%	19,2%	19,9%	22,5%
Total capital ratio <sup>9</sup>	25,3%	24,6%	23,2%	23,2%	22,2%	21,4%	21,5%	22,5%	25,3%
Leverage ratio <sup>9</sup>	13,4%	12,7%	12,8%	12,9%	12,1%	11,9%	12,5%	12,4%	13,6%
MREL ratio <sup>10</sup>	41,3%	39,2%	38,4%	33,2%	34,5%	-	-	-	-
Risk exposure amount (ISKm)	977.032	986.355	1.015.197	1.004.978	999.491	1.012.986	992.883	945.321	901.646

1. Calculated based on annualised figures and on average balances.

2. Core income is defined as net interest income plus net fee & commission income.

3. Calculated as (Administrative expenses + Contribution to the Depositors' and Investors' Guarantee Fund – One-off items) / (Total operating income – One-off items).

4. C/I ratio for 2Q23 excludes a charge of ISK 860m due to an administrative fine. C/I ratio for 4Q22 included a provision of ISK 300m made in connection with the administrative fine, the C/I ratio has been restated so it excludes the provision.

5. Negative cost of risk means that there is a net release of impairments.

6. Numbers exclude seasonal employees.

7. The average LTV can be calculated in many different ways and therefore the definition is important for comparison to other banks.

The weight is Íslandsbanki's total amount outstanding on the property and the LTV used is the maximum LTV of all Íslandsbanki's loans of the property.

8. Stage 3, loans to customers, gross carrying amount.

9. Including first quarter profit for 1Q23 and 1Q22 and third quarter profit for 3Q22 and 3Q21.

10. MREL ratio includes the CET1 capital held to meet the combined buffer requirement.

## Income statement - 9 quarter summary

ISK million	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21
Interest income calculated using the effective interest rate method <sup>1</sup>	32.274	31.290	32.461	30.070	22.922	25.380	21.777	17.592	16.170
Other interest income	3.446	3.006	2.502	2.093	2.019	1.666	1.452	1.205	-
Interest expense	(23.990)	(22.450)	(22.351)	(19.740)	(12.593)	(15.731)	(12.975)	(9.588)	(7.526)
Net interest income	11.730	11.846	12.612	12.423	12.348	11.315	10.254	9.209	8.644
Fee and commission income	5.134	4.388	4.676	4.393	5.206	4.322	4.279	3.823	4.391
Fee and commission expense	(1.361)	(988)	(1.084)	(924)	(1.168)	(805)	(845)	(759)	(738)
Net fee and commission income	3.773	3.400	3.592	3.469	4.038	3.517	3.434	3.064	3.653
Net financial income (expense)	455	(193)	(559)	538	(899)	(471)	208	(95)	646
Net foreign exchange gain	113	176	48	244	576	64	75	166	159
Other operating income	258	248	21	43	(2)	111	59	265	15
Other net operating income	826	231	(490)	825	(325)	(296)	342	336	820
<b>Total operating income</b>	<b>16.329</b>	<b>15.477</b>	<b>15.714</b>	<b>16.717</b>	<b>16.061</b>	<b>14.536</b>	<b>14.030</b>	<b>12.609</b>	<b>13.117</b>
Salaries and related expenses	(3.861)	(3.353)	(3.829)	(3.960)	(3.718)	(2.916)	(3.396)	(3.422)	(3.276)
Other operating expenses	(3.109)	(2.687)	(2.862)	(3.082)	(2.800)	(2.357)	(2.597)	(2.412)	(2.492)
Administrative fine	-	-	(860)	-	(300)	-	-	-	-
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-	-	-	(165)	(170)
Bank tax	(402)	(522)	(485)	(462)	(481)	(535)	(412)	(430)	(389)
<b>Total operating expenses<sup>1</sup></b>	<b>(7.372)</b>	<b>(6.562)</b>	<b>(8.036)</b>	<b>(7.504)</b>	<b>(7.299)</b>	<b>(5.808)</b>	<b>(6.405)</b>	<b>(6.429)</b>	<b>(6.327)</b>
<b>Profit before net impairment on financial assets</b>	<b>8.957</b>	<b>8.915</b>	<b>7.678</b>	<b>9.213</b>	<b>8.762</b>	<b>8.728</b>	<b>7.625</b>	<b>6.180</b>	<b>6.790</b>
Net impairment on financial assets	(1.002)	(583)	1.245	(675)	(647)	1.165	575	483	639
<b>Profit before tax</b>	<b>7.955</b>	<b>8.332</b>	<b>8.923</b>	<b>8.538</b>	<b>8.115</b>	<b>9.893</b>	<b>8.200</b>	<b>6.663</b>	<b>7.429</b>
Income tax expense	(1.737)	(2.334)	(2.792)	(2.335)	(2.166)	(2.525)	(2.331)	(1.463)	(1.416)
<b>Profit for the period from continuing operations</b>	<b>6.218</b>	<b>5.998</b>	<b>6.131</b>	<b>6.203</b>	<b>5.949</b>	<b>7.368</b>	<b>5.869</b>	<b>5.200</b>	<b>6.013</b>
Discontinued operations held for sale, net of income tax	10	9	8	8	33	118	11	(13)	1.079
<b>Profit for the period</b>	<b>6.228</b>	<b>6.007</b>	<b>6.139</b>	<b>6.211</b>	<b>5.982</b>	<b>7.486</b>	<b>5.880</b>	<b>5.187</b>	<b>7.092</b>

1. Comparative figures have been changed with immaterial effects. A provision of ISK 300 million recognised as Other operating expenses in the 4Q22 Consolidated Financial Statements was restated as Administrative fine.

## Balance sheet - 9 quarter summary

ISK million	31.12.23	30.9.23	30.6.23	31.3.23	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21
Cash and balances with Central Bank	87.504	84.332	78.275	67.764	94.424	73.566	77.884	77.799	113.667
Loans to credit institutions	73.475	117.699	97.749	81.331	110.364	137.169	37.226	73.220	43.988
Bonds and debt instruments	161.342	178.830	131.471	127.254	130.804	127.454	108.477	130.700	132.289
Derivatives	5.776	5.581	5.374	5.605	7.461	6.895	6.193	4.245	2.445
Loans to customers	1.223.426	1.210.499	1.237.758	1.218.999	1.186.639	1.153.047	1.153.677	1.107.893	1.086.327
Shares and equity instruments	13.241	13.270	12.120	13.839	15.868	24.472	25.789	28.655	31.677
Investments in associates	4.051	3.841	3.828	3.853	3.844	3.925	3.836	767	939
Property and equipment	6.562	6.528	6.748	6.734	6.752	6.760	6.846	6.911	7.010
Intangible assets	2.930	3.120	3.241	3.252	3.279	3.282	3.304	3.327	3.351
Other assets	3.638	19.156	15.945	22.191	6.072	11.303	12.126	11.170	5.784
Non-current assets and disposal groups held for sale	749	744	730	708	728	799	1.895	1.668	1.344
<b>Total Assets</b>	<b>1.582.694</b>	<b>1.643.600</b>	<b>1.593.239</b>	<b>1.551.530</b>	<b>1.566.235</b>	<b>1.548.672</b>	<b>1.437.253</b>	<b>1.446.355</b>	<b>1.428.821</b>
Deposits from Central Bank and credit institutions	16.149	15.159	14.306	13.694	15.269	19.912	11.437	10.949	13.384
Deposits from customers	850.709	864.189	816.641	800.071	789.897	781.614	756.862	761.471	744.036
Derivative instruments and short positions	5.090	10.797	12.064	12.745	10.804	13.996	11.410	11.013	9.467
Debt issued and other borrowed funds	417.573	451.701	460.913	438.605	468.270	458.969	393.754	406.845	402.226
Subordinated loans	38.155	36.517	33.104	33.839	34.392	32.156	32.181	34.139	35.762
Tax liabilities	13.107	16.323	14.832	13.206	12.128	10.827	8.498	6.980	6.432
Other liabilities	17.218	29.220	25.855	28.985	16.601	19.585	18.498	16.802	12.848
Non-current liabilities and disposal groups held for sale	-	-	-	-	-	-	951	955	956
<b>Total Liabilities</b>	<b>1.358.001</b>	<b>1.423.906</b>	<b>1.377.715</b>	<b>1.341.145</b>	<b>1.347.361</b>	<b>1.337.059</b>	<b>1.233.591</b>	<b>1.249.154</b>	<b>1.225.111</b>
Share capital	9.898	9.963	9.963	9.963	10.000	10.000	10.000	10.000	10.000
Share premium	55.000	55.000	55.000	55.000	55.000	55.000	55.000	55.000	55.000
Reserves	5.083	4.598	6.642	7.676	9.158	7.919	7.478	6.605	6.086
Retained earnings	154.712	150.133	143.919	137.746	144.716	138.694	131.184	125.596	132.624
<b>Total Equity</b>	<b>224.693</b>	<b>219.694</b>	<b>215.524</b>	<b>210.385</b>	<b>218.874</b>	<b>211.613</b>	<b>203.662</b>	<b>197.201</b>	<b>203.710</b>
<b>Total Liabilities and Equity</b>	<b>1.582.694</b>	<b>1.643.600</b>	<b>1.593.239</b>	<b>1.551.530</b>	<b>1.566.235</b>	<b>1.548.672</b>	<b>1.437.253</b>	<b>1.446.355</b>	<b>1.428.821</b>

## Net interest income - 9 quarter summary

ISK million	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21
Cash and balances with Central Bank	1.349	1.438	1.376	1.226	1.081	921	391	398	392
Loans to credit institutions	988	1.051	693	504	536	151	52	18	25
Loans to customers	29.937	28.801	30.392	28.340	21.305	24.308	21.334	17.176	14.898
Financial assets mandatorily at fair value through profit or loss	3.438	3.004	2.501	2.092	2.016	1.665	1.451	1.203	844
Other assets	8	2	1	1	3	1	1	2	11
<b>Total interest income</b>	<b>35.720</b>	<b>34.296</b>	<b>34.963</b>	<b>32.163</b>	<b>24.941</b>	<b>27.046</b>	<b>23.229</b>	<b>18.797</b>	<b>16.170</b>
Deposits from Central Bank and credit institutions	(87)	(52)	(71)	(33)	(136)	(136)	(52)	(40)	(52)
Deposits from customers	(14.494)	(13.180)	(12.197)	(10.202)	(7.079)	(7.374)	(5.124)	(3.472)	(2.295)
Debt issued and other borrowed funds at fair value through profit and loss	(923)	(892)	(515)	(140)	(140)	(134)	(134)	(170)	(182)
Debt issued and other borrowed funds at amortised cost	(5.829)	(5.662)	(7.080)	(7.258)	(3.539)	(6.697)	(6.536)	(4.937)	(4.138)
Subordinated loans	(906)	(723)	(786)	(799)	(624)	(343)	(292)	(279)	(311)
Lease liabilities	(20)	(19)	(20)	(20)	(20)	(21)	(20)	(21)	(21)
Other liabilities	(1.731)	(1.922)	(1.682)	(1.288)	(1.055)	(1.026)	(817)	(669)	(527)
<b>Total interest expense</b>	<b>(23.990)</b>	<b>(22.450)</b>	<b>(22.351)</b>	<b>(19.740)</b>	<b>(12.593)</b>	<b>(15.731)</b>	<b>(12.975)</b>	<b>(9.588)</b>	<b>(7.526)</b>
<b>Net interest income</b>	<b>11.730</b>	<b>11.846</b>	<b>12.612</b>	<b>12.423</b>	<b>12.348</b>	<b>11.315</b>	<b>10.254</b>	<b>9.209</b>	<b>8.644</b>
<b>Net interest income on loans</b>									
Personal Banking	1.393	1.440	1.444	1.565	1.566	1.666	1.646	1.702	1.799
Business Banking	2.100	2.160	2.011	2.026	2.002	1.898	1.928	1.921	1.917
Corporate & Investment Banking	1.896	1.813	1.983	1.758	1.745	1.852	1.938	1.782	1.874
<b>Total net interest income on loans</b>	<b>5.389</b>	<b>5.413</b>	<b>5.438</b>	<b>5.349</b>	<b>5.313</b>	<b>5.416</b>	<b>5.512</b>	<b>5.405</b>	<b>5.590</b>
<b>Net interest income on deposits</b>									
Personal Banking	2.058	2.122	2.376	2.143	2.099	1.974	1.667	1.446	1.317
Business Banking	1.598	1.686	1.611	1.570	1.582	1.536	1.286	1.082	997
Corporate & Investment Banking	359	405	462	444	398	354	268	280	283
<b>Total net interest income on deposits</b>	<b>4.015</b>	<b>4.213</b>	<b>4.449</b>	<b>4.157</b>	<b>4.079</b>	<b>3.864</b>	<b>3.221</b>	<b>2.808</b>	<b>2.597</b>

## Net fee and commission income - 9 quarter summary

ISK million	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21
Asset management	766	691	712	739	895	709	763	787	971
Investment banking and brokerage	916	760	838	826	773	1.061	901	892	856
Payment processing	2.254	2.007	2.062	1.749	2.268	1.650	1.623	1.233	1.640
Loans and guarantees	566	554	577	554	584	563	647	556	475
Other fee and commission income	632	376	487	525	686	339	345	355	449
<b>Fee and commission income</b>	<b>5.134</b>	<b>4.388</b>	<b>4.676</b>	<b>4.393</b>	<b>5.206</b>	<b>4.322</b>	<b>4.279</b>	<b>3.823</b>	<b>4.391</b>
Brokerage	(147)	(91)	(151)	(107)	(127)	(106)	(144)	(107)	(154)
Clearing and settlement	(1.209)	(895)	(928)	(815)	(1.039)	(698)	(701)	(561)	(579)
Other fee and commission expense	(5)	(2)	(5)	(2)	(2)	(1)	-	(91)	(5)
<b>Fee and commission expense</b>	<b>(1.361)</b>	<b>(988)</b>	<b>(1.084)</b>	<b>(924)</b>	<b>(1.168)</b>	<b>(805)</b>	<b>(845)</b>	<b>(759)</b>	<b>(738)</b>
<b>Net fee and commission income</b>	<b>3.773</b>	<b>3.400</b>	<b>3.592</b>	<b>3.469</b>	<b>4.038</b>	<b>3.517</b>	<b>3.434</b>	<b>3.064</b>	<b>3.653</b>

Net fee and commission income was restated for 2021 in 4Q21.

## Loans to customers - 9 quarter summary

ISK million	31.12.23	30.9.23	30.6.23	31.3.23	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21
Individuals	594.631	590.988	585.662	579.157	570.522	565.283	558.499	536.247	520.733
- thereof mortgages	530.676	527.055	522.544	517.625	507.969	503.416	496.394	475.366	457.800
Commerce and services	182.808	181.096	189.240	180.482	172.222	178.627	183.846	173.085	165.222
Construction	80.099	78.407	73.945	68.101	59.815	54.152	46.650	43.115	36.773
Energy	7.938	8.554	10.451	10.403	10.411	10.279	9.832	9.450	9.493
Financial services	214	626	1.909	2.093	2.622	2.070	1.815	1.860	1.978
Industrial and transportation	75.802	77.645	93.122	91.687	91.078	87.808	88.088	88.171	89.627
Investment companies	45.931	45.275	45.669	41.548	40.336	27.089	25.042	25.124	23.677
Public sector and non-profit organisations	18.476	17.482	15.759	13.707	11.046	10.338	9.680	9.784	9.987
Real estate	144.173	135.360	134.132	130.622	126.297	121.835	122.648	113.031	109.314
Seafood	73.354	75.066	87.869	101.199	102.290	95.566	107.577	108.026	119.523
<b>Loans to customers</b>	<b>1.223.426</b>	<b>1.210.499</b>	<b>1.237.758</b>	<b>1.218.999</b>	<b>1.186.639</b>	<b>1.153.047</b>	<b>1.153.677</b>	<b>1.107.893</b>	<b>1.086.327</b>

## Capital and risk exposure amount - 9 quarter summary

ISK million	31.12.23	30.9.23	30.6.23	31.3.23	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21
Ordinary share capital	9.898	9.963	9.963	9.963	10.000	10.000	10.000	10.000	10.000
Share premium	55.000	55.000	55.000	55.000	55.000	55.000	55.000	55.000	55.000
Reserves	5.083	4.598	6.642	7.676	9.158	7.919	7.478	6.605	6.086
Retained earnings	154.712	150.133	143.919	137.747	144.716	138.694	131.184	125.596	132.624
Unaudited interim net earnings	-	(6.007)	-	(6.211)	-	(7.486)	-	(5.187)	-
IFRS 9 reversal due to transitional rules	-	-	-	-	1.301	1.220	1.302	1.321	2.768
Fair value changes due to own credit standing	1.827	2.135	300	(273)	(1.786)	(512)	(46)	641	1.054
Forseeable dividend payment and approved buyback	(14.990)	(10.242)	(10.242)	(4.067)	(27.267)	(20.533)	(20.533)	(15.000)	(11.863)
Tax assets	(122)	(114)	(114)	(120)	(116)	(97)	(95)	(93)	(94)
Intangible assets	(1.922)	(2.020)	(2.751)	(3.252)	(3.279)	(3.282)	(3.304)	(3.327)	(3.351)
Insufficient coverage for non-performing exposure	(3)	(1)	(1)	(19)	-	-	-	-	-
<b>Total CET1 capital</b>	<b>209.483</b>	<b>203.445</b>	<b>202.716</b>	<b>196.444</b>	<b>187.727</b>	<b>180.923</b>	<b>180.986</b>	<b>175.556</b>	<b>192.224</b>
Additional Tier 1 capital	10.019	9.279	9.302	9.711	10.062	9.547	9.559	10.145	10.626
<b>Tier 1 capital</b>	<b>219.502</b>	<b>212.724</b>	<b>212.018</b>	<b>206.155</b>	<b>197.789</b>	<b>190.470</b>	<b>190.545</b>	<b>185.701</b>	<b>202.850</b>
Tier 2 capital	28.135	27.238	23.802	24.128	24.330	22.609	22.622	23.994	25.136
<b>Total capital base</b>	<b>247.637</b>	<b>239.962</b>	<b>235.820</b>	<b>230.283</b>	<b>222.119</b>	<b>213.079</b>	<b>213.167</b>	<b>209.695</b>	<b>227.986</b>
Risk exposure amount									
- due to credit risk	865.758	879.889	911.210	900.897	893.110	906.891	892.395	844.745	802.147
- due to market risk:	10.360	15.776	12.553	12.718	15.417	21.343	17.092	16.628	17.100
- due to credit valuation adjustment	677	2.482	3.226	3.155	2.756	4.182	2.826	3.378	1.829
- due to operational risk	100.237	88.208	88.208	88.208	88.208	80.570	80.570	80.570	80.570
<b>Total risk exposure amount</b>	<b>977.032</b>	<b>986.355</b>	<b>1.015.197</b>	<b>1.004.978</b>	<b>999.491</b>	<b>1.012.986</b>	<b>992.883</b>	<b>945.321</b>	<b>901.646</b>
<b>Capital ratios</b>									
CET1 ratio <sup>1</sup>	21,4%	20,9%	20,0%	19,9%	18,8%	18,2%	18,2%	18,8%	21,3%
Tier 1 ratio <sup>1</sup>	22,5%	21,9%	20,9%	20,8%	19,8%	19,2%	19,2%	19,9%	22,5%
Total capital ratio <sup>1</sup>	25,3%	24,6%	23,2%	23,2%	22,2%	21,4%	21,5%	22,5%	25,3%
Leverage ratio <sup>1</sup>	13,4%	12,7%	12,8%	12,9%	12,1%	11,9%	12,5%	12,4%	13,6%
MREL ratio <sup>2</sup>	41,3%	39,2%	38,4%	33,2%	34,5%	-	-	-	-

1. Including third quarter profit for 30.9.23, 30.9.22 and 30.9.21 and first quarter profit for 31.3.23 and 31.3.22.

2. MREL ratio includes the CET1 capital held to meet the combined buffer requirement.



## Average balances - 9 quarter summary

ISK million	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21
<b>Average assets</b>									
Personal Banking	577.439	573.861	571.034	560.252	553.572	548.743	534.594	513.016	502.872
Business Banking	308.792	306.658	302.264	288.031	276.285	268.280	254.632	242.150	236.861
Corporate & Investment Banking	344.402	360.486	379.973	368.310	349.957	355.481	354.164	348.785	356.563
Íslandsbanki	1.620.439	1.623.727	1.576.654	1.568.165	1.570.812	1.494.361	1.424.022	1.425.054	1.448.087
<b>Average equity</b>									
Personal Banking	41.233	41.196	40.419	39.479	40.755	41.352	39.592	38.007	37.097
Business Banking	46.564	46.109	44.235	41.624	40.132	38.891	36.106	34.017	34.218
Corporate & Investment Banking	62.103	64.371	65.102	63.599	63.642	64.767	61.973	59.778	60.715
Íslandsbanki	222.410	217.836	213.172	217.330	215.614	207.519	200.176	203.176	200.422
<b>Average loans to customers</b>									
Personal Banking	574.309	569.899	564.171	556.565	550.048	545.322	530.171	509.223	499.175
Business Banking	306.603	304.516	300.100	285.844	274.148	266.154	252.526	240.110	234.711
Corporate & Investment Banking	337.348	353.839	370.286	360.283	344.044	348.863	348.242	345.538	350.183
Íslandsbanki <sup>1</sup>	1.218.260	1.228.254	1.234.557	1.202.692	1.168.240	1.160.339	1.130.939	1.094.871	1.084.069
<b>Average deposits from customers</b>									
Personal Banking	399.197	388.674	381.403	367.520	355.071	351.200	346.529	341.658	337.168
Business Banking	262.160	260.517	236.201	239.821	253.696	254.544	238.873	234.200	239.609
Corporate & Investment Banking <sup>2</sup>	179.071	186.509	171.869	165.004	159.852	145.002	136.306	143.407	149.822
Íslandsbanki <sup>1</sup>	840.428	835.700	789.473	772.345	768.619	750.746	721.708	719.265	726.599

Average balances are calculated using month-end figures, including previous period end figure.

1. Sum of average loans to customers and sum of average deposits for Personal Banking, Business Banking and Corporate & Investment Banking.

2. Both deposits from customers and deposits from credit institutions.

## Macroeconomics - summary

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21
<b>YoY change, %</b>									
GDP growth	1,1	4,7	7,0	4,5	6,9	8,9	8,9	6,5	7,2
Total investment	-4,3	1,6	-0,7	5,2	6,4	4,7	15,8	15,8	15,1
Business investment	3,1	7,1	3,9	23,8	6,6	6,1	25,9	14,6	30,6
Residential investment	-5,8	-5,4	-11	-8,4	-3,6	-5,1	-7,7	-5,7	-6,9
Personal consumption	-1,7	1	4,5	5,6	5,4	13,7	9,7	12,5	5,8
Unemployment rate, % of workforce	2,9	3,1	3,6	3,3	3,3	4,0	5,1	4,9	5,5
Current account, % of GDP	3,2	0,1	-2,1	-3,6	2,2	-4,0	-5,2	-4,0	3,4
International investment position, % of GDP	31,2	28	25,1	24,8	21,2	22,5	30,0	38,9	38,4
Gross general govt. debt, % of GDP				68,7				75,3	
Household debt, gross, % of GDP	75,5	75,6	76,8	78,0	78,7	80,3	81,6	83,5	84,9
Corporate debt, gross, % of GDP	76,1	78,1	77,2	78,1	78,4	79,8	81,1	82,8	85,8
<b>YoY change, %</b>									
Inflation	7,8	9,4	10	9,4	9,7	7,9	6,2	4,8	4,3
Residential real estate price index	-4,7	0,7	5,3	10,6	13,2	11,9	11,1	10,3	9,0
Wages	10,8	10	8,9	9,4	8,1	8,4	7,2	7,5	7,8
Real wages	2,8	0,5	-1,0	0	-1,4	0,4	1,0	2,5	3,4
ISK index, average	189,5	195,6	200,2	194,6	188,4	186,0	191,2	196,3	194,3
Central bank policy rate (1W)	9	7,9	6,4	5,8	5,1	3,5	2,4	1,8	1,2
Long-term nominal yield	7	6,6	6,8	6,2	5,7	5,4	4,7	4,1	3,7
Long-term real yield	2,4	2,1	2,0	1,9	1,3	0,6	0,4	0,5	0,5

## Currencies

	31.12.23	30.9.23	30.6.23	31.3.23	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21
<b>Currencies</b>									
USD	136,2	136,8	136,9	136,4	142,0	144,6	133,7	127,9	130,4
GBP	173,2	167,6	173,3	168,7	170,8	159,4	161,9	167,9	175,7
EUR	150,5	144,9	148,7	148,3	151,5	140,9	138,9	142,0	147,6
DKK	20,2	19,4	20,0	19,9	20,4	19,0	18,7	19,1	19,9
SEK	13,6	12,6	12,6	13,2	13,6	12,9	13,0	13,7	14,4
CHF	162,5	149,9	151,9	148,8	153,9	147,4	139,5	138,3	142,8
PLN	34,7	31,3	33,5	31,8	32,4	29,1	29,6	30,5	32,1

## Allocation reporting for Íslandsbanki's Sustainable Financing Framework (2020-2023)

### Allocation to Eligible Projects (outstanding amount)

ISK million	31.12.23	31.12.22	31.12.21	31.12.20
Clean Transportation	22.579	12.444	6.259	3.392
Eco-efficient and circular economy adapted products, production technologies and processes	796	828	-	-
Renewable energy	5.988	6.257	6.332	6.307
Green buildings	26.343	16.100	9.688	1.502
Certified organic farm	734	776	719	-
Sustainable waste management	1.025	772	836	902
Information and communication technology	880	5.283	5.055	-
Sustainable seafood products	25.224	25.759	19.468	-
Government defined company support	1.455	2.757	3.636	3.271
Affordable housing	3.521	356	366	2.242
Education and vocational training	253	96	431	7.061
Equality, diversity and empowerment	8.593	7.141	4.988	-
<b>Total sustainable assets</b>	<b>97.391</b>	<b>78.570</b>	<b>57.778</b>	<b>24.677</b>

ISK million	31.12.23	31.12.22	31.12.21	31.12.20
Green bonds (ISK) <sup>1</sup>	10.320	10.320	6.603	2.709
Sustainable bonds (EUR)	45.150	87.420	44.657	46.944
Loan from the Nordic Investment Bank (USD)	12.337	12.337	-	-
Sustainable deposits (ISK)	153	10	-	-
<b>Total sustainable debt</b>	<b>67.960</b>	<b>110.087</b>	<b>51.260</b>	<b>49.653</b>

Thereoff older than 18 months at year end <sup>2</sup>	46.543	44.950	-	-
Allocation ratio of debt issued more than 18 months old <sup>2</sup>	100%	100%	100%	100%
Allocation ratio of debt issued less than 18 months old <sup>3</sup>	100%	52%	113%	50%

1. ISK green bonds proceeds can be allocated to green or blue categories as both are based on the ICMA green bond principles.

2. Íslandsbanki is committed to allocating all sustainable funding within 18 months of disbursement.

3. While any proceeds or Sustainability Instruments remain unallocated to Sustainability Loans, Íslandsbanki will temporarily hold or invest any unallocated net proceeds at its own discretion in its liquidity portfolios.

Íslandsbanki strives, over time, to maintain a level of allocation for Eligible Assets which matches or exceeds the balance of net proceeds from its outstanding Sustainability Instruments.

## Impact of Eligible Projects for Íslandsbanki's Sustainable Financing Framework 2022

	Allocation to Eligible Projects			Selected impact indicators												Avoided greenhouse gas emissions per million ISK	Avoided greenhouse gas emissions per million EUR <sup>7</sup>
	Amount outstanding 31.12.2023	Share of funding	Share of capex <sup>3</sup>	Avoided greenhouse gas emissions <sup>4</sup>	Clean vehicles <sup>5</sup>	Certified products sold	Clean energy produced	Green building	Additional waste recycled	Fiber optic cables laid	MSC certified products sold	Companies supported <sup>6</sup>	Dwellings	Students reached	Loans to gender balanced companies		
	ISK million	%	%	tCO2e	number of	number of	GWh	number of	tonnes	km	tonnes	number of	number of	number of	number of	tCO2e	tCO2e
Clean transportation	22.637	n.a.*	84%	8.843	6.101											0,4	59
Eco-certified products	796	n.a.*	96%			n.a.*											
Renewable energy	5.988	n.a.*	100%	1.150			131									0,2	29
Green buildings <sup>1</sup>	26.343	n.a.*	100%					22									
Certified organic farms	734	n.a.*	100%														
Sustainable waste management	1.025	n.a.*	100%	5400**					8000**							5,3	793
Information and communication technology <sup>2</sup>	880	n.a.*	100%							4.500							
Sustainable seafood products	25.224	n.a.*	100%								n.a.*						
Government defined company support	1.517	n.a.	0%									212					
Affordable housing	3.521	n.a.*	100%										171				
Education and vocational training	253	n.a.*	96%											125			
Equality, diversity and empowerment	8.593	n.a.	87%												30		
	<b>97.511</b>		<b>93%</b>	<b>9.993</b>													

1. A benchmark for building emissions in Iceland is currently being developed. Once available, Íslandsbanki will report on the estimated reduced/avoided GHG emissions (tonnes CO2e) per year from the green buildings financed as per its Sustainable Financing Framework.

2. No benchmark is available for GHG emissions from using copper-based broadband technology in Iceland. Estimated avoided emissions in this category are therefore omitted from the report.

3. Share of capex = how much of Íslandsbanki's share of funding finances capital expenditures.

4. Calculated using the average GHG emission intensity of electricity generation in Iceland. The Icelandic benchmark emission factor for 2021 is estimated to be 10.3 gCO2 e/kWh, and has not been updated since.

5. In addition 93 charging stations and electric bikes were funded.

6. Average loan size ISK 7.1m.

7. EUR/ISK=150.5 on 31.12.2023.

\* Data not available at the time of this report, will be updated later in 2024

\*\* Estimated based on Share of funding from 2022, will be updated later in 2024 and flagged if significant changes.

## Impact of Eligible Projects for Íslandsbanki's Sustainable Financing Framework 2021

	Allocation to Eligible Projects			Selected impact indicators												Avoided greenhouse gas emissions per million ISK	Avoided greenhouse gas emissions per million EUR <sup>7</sup>
	Amount outstanding 31.12.2022	Share of funding	Share of capex <sup>3</sup>	Avoided greenhouse gas emissions <sup>4</sup>	Clean vehicles <sup>5</sup>	Certified products sold	Clean energy produced	Green building	Additional waste recycled	Fiber optic cables laid	MSC certified products sold	Companies supported <sup>6</sup>	Dwellings	Students reached	Loans to gender balanced companies		
	ISK million	%	%	tCO2e	number of	number of	GWh	number of	tonnes	km	tonnes	number of	number of	number of	number of	tCO2e	tCO2e
Clean transportation	12.444	100%	100%	4.300	2.112											0,3	51
Eco-certified products	828	n.a.	100%			58.600											
Renewable energy	6.257	100%	100%	848			97									0,1	20
Green buildings <sup>1</sup>	16.100	48%	99%					12									
Certified organic farms	776	97%	100%														
Sustainable waste management	772	27%	100%	12.000					7.200							15,5	2.294
Information and communication technology <sup>2</sup>	5.283	35%	100%							6.000							
Sustainable seafood products	25.759	87%	86%								50.500						
Government defined company support	2.757	n.a.	n.a.									391					
Affordable housing	356	100%	100%										60				
Education and vocational training	96	100%	100%											104			
Equality, diversity and empowerment	7.141	n.a.	86%												30		
	<b>78.570</b>		<b>90%</b>	<b>17.148</b>													

1. A benchmark for building emissions in Iceland is currently being developed. Once available, Íslandsbanki will report on the estimated reduced/avoided GHG emissions (tonnes CO2e) per year from the green buildings financed as per its Sustainable Financing Framework.

2. No benchmark is available for GHG emissions from using copper-based broadband technology in Iceland. Estimated avoided emissions in this category are therefore omitted from the report.

3. Share of capex = how much of Íslandsbanki's share of funding finances capital expenditures.

4. Calculated using the average GHG emission intensity of electricity generation in Iceland. The Icelandic benchmark emission factor for 2021 is estimated to be 10.3 gCO2 e/kWh.

5. In addition 131 charging stations and electric bikes were funded.

6. Average loan size ISK 7.1m.

7. EUR/ISK=151.5 on 31.12.2022.

## Financial targets reached in 2023

Dividend of 50% of earnings to be proposed to AGM and continued buybacks in 2024

	Target	4Q23	FY2023
<b>Return on equity</b>	>10%	11.2% ✓	11.3% ✓
<b>Cost-to-income ratio</b>	<45%	42.7% ✓	41.6% ✓
<b>CET1 excess</b>	100-300bp	620bp ✓	620bp ✓
<b>Dividend-payout-ratio</b>	50%		50% ✓

### 2024 Guidance



Loans to customers and revenues, in general **to grow** in line with nominal GDP through the business cycle



**ROE in 2024** expected to be ~10%, assuming normalised through-the-cycle-impairment levels at around 25bp



**C/I ratio** expected to be below 45%. Inflationary pressure on cost base partly offset by high rates environment



**Dividend of 50% of earnings** to be proposed to AGM in line with dividend policy



Distribution of excess CET1 capital in the amount of **ISK 10bn** throughout 2024 through share buybacks

# Íslandsbanki credit ratings

## Moody's - A3 Stable Outlook

New rating 30 August 2023

Moody's Investor Services (Moody's) also assigned A2 long-term and P-1 short-term foreign and local currency deposit ratings.

Moody's commented on the low and falling level of problem loans, reflective of Iceland's supportive economic environment and adequate liquidity. Moody's also noted that the limited investment banking operations at Íslandsbanki have resulted in better earnings stability compared to peers.

## S&P Global Ratings (S&P) - BBB/A-2 Positive Outlook

Rating affirmed on November 17th 2023, outlook revised from stable to positive

In S&P's view the economic risks facing Iceland's banks are receding in tandem with a stabilizing housing market and unwinding private sector leverage, leading S&P to see the economic risk trend as positive. Although S&P expects persistent inflation and higher interest rates to result in moderately deteriorating asset quality for the banking sector, they consider unlikely the risk of credit losses materially above S&P's base case from a sharper devaluation of property prices.

S&P states that they could raise the ratings on Íslandsbanki in the next 12-24 months if they see a sustained improvement of economic risk indicators from abating housing market imbalances and private sector leverage or if Íslandsbanki were to build significant additional buffers of loss-absorbing capital.

Íslandsbanki	S&P	Moody's
Long-term	BBB	A3
Short-term	A-2	
Outlook	Positive	Stable
Affirmed (date)	November 2023	August 2023

Icelandic sovereign	S&P	Moody's
Long-term	A+	A2
Short-term	A-1	
Outlook	Stable	Positive
Affirmed (date)	November 2023	July 2023

## Disclaimer

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All information contained in this document should be regarded as preliminary and based on company data available. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from their forecasts, and any variation may be materially positive or negative. Forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Íslandsbanki.

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