



# Íslandsbanki Factbook

# Contents

---

<u>Investor relations information</u>	<u>Page</u> 3
<b>Overview</b>	
<u>Key performance indicators</u>	4
<u>Income statement</u>	5
<u>Balance sheet</u>	6
<u>Net interest income</u>	7
<u>Net fee &amp; commissions income</u>	8
<u>Loans to customers</u>	9
<u>Capital and risk exposure amount</u>	10
<u>Average balances</u>	11
<u>Personal Banking</u>	12
<u>Business Banking</u>	13
<u>Corporate &amp; Investment Banking</u>	14
<u>Treasury &amp; Proprietary Trading</u>	15
<u>Cost centers</u>	16
<u>Subsidiaries, eliminations and adjustments</u>	17
<b>9 Quarters review</b>	
<u>Key performance indicators</u>	18
<u>Income statement</u>	19
<u>Balance sheet</u>	20
<u>Net interest income</u>	21
<u>Net fee &amp; commissions</u>	22
<u>Loans to customers</u>	23
<u>Capital and risk exposure amount</u>	24
<u>Average balances</u>	25
<u>Macroeconomics</u>	26
<u>Currencies</u>	27
<b>Other</b>	
<u>Allocation reporting</u>	28
<u>Impact reporting</u>	29
<u>Financial targets</u>	30
<u>Ratings</u>	31
<u>Disclaimer</u>	32

## Investor relations

---

### IR contact

---

Email: [ir@islandsbanki.is](mailto:ir@islandsbanki.is)

Investor relations web-site

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

---

### An earnings conference call and webcast will take place on Friday 10 February 2023

Íslandsbanki will host a webcast in English market participants on Friday 10 February at 8.30 Reykjavík/GMT/London, 9.30 CET. Birna Einarsdóttir, CEO, and Jón Guðni Ómarsson, CFO, will give an overview of the fourth quarter 2022 financial results and operational highlights.

Participation is accessible [via this link](#). A recording will be available after the meeting on the Investor Relations website.

To participate in the webcast via telephone and to be able to ask questions verbally, please register [via this link](#). There will be a list of dial-in numbers and a personal PIN. If there is no local dial-in number for your country, or if you would prefer to receive a call instead of dialling in, the Call Me option is available. Then select your country, enter your telephone number and click on the blue Call Me button to be connected.

### Financial calendar

Íslandsbanki plans to publish its financial statements according to the financial calendar below:

Annual General Meeting — 16 March 2023

1Q23 results — 4 May 2023

2Q23 results — 27 July 2023

3Q23 results — 26 October 2023

Please note that the dates are subject to change.

### 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:

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

## Key performance indicators - 5 years

	2022	2021	2020	2019	2018
<b>Profitability</b>					
Return on equity <sup>1</sup>	11.8%	12.3%	3.7%	4.8%	6.1%
Return on assets <sup>1</sup>	1.7%	1.7%	0.5%	0.7%	1.0%
Earnings per share	12.19	11.26	3.58	4.59	5.06
Core income / total operating income <sup>2</sup>	99.9%	93.5%	101.7%	96.8%	98.2%
<b>Net interest margin</b>					
Net interest margin on total assets <sup>1</sup>	2.9%	2.4%	2.6%	2.7%	2.9%
<b>Efficiency</b>					
Cost-to-income ratio <sup>3</sup>	42.1%	46.2%	54.3%	58.8%	66.3%
Cost-to-total assets ratio <sup>1</sup>	1.63%	1.65%	1.82%	2.11%	2.57%
Cost of risk <sup>1,7</sup>	(0.14%)	(0.28%)	0.91%	0.39%	(0.20%)
Number of FTEs at period end - Consolidated <sup>4</sup>	739	735	779	984	1,075
Number of FTEs at period end - Parent <sup>4</sup>	700	702	745	749	834
Number of branches at period end	12	12	12	14	14
<b>Assets</b>					
Loans to customers (ISKm)	1,186,639	1,086,327	1,006,717	899,632	846,599
LTV on mortgages to individuals <sup>5</sup>	60.0%	66.0%	64.0%	62.0%	61.0%
Risk exposure amount / total assets	63.8%	63.1%	69.4%	73.7%	74.8%
Non-performing loans (NPL) ratio <sup>6</sup>	1.8%	2.0%	2.9%	3.0%	2.0%
Asset encumbrance ratio	26.5%	19.6%	18.7%	18.1%	18.0%
<b>Financial strength</b>					
Equity as % of total assets	14.0%	14.3%	13.9%	15.0%	15.6%
<b>Liquidity</b>					
Net stable funding ratio (NSFR) - All currencies	118%	122%	123%	119%	114%
Net stable funding ratio (NSFR) - Foreign currencies	198%	157%	179%	156%	149%
Liquidity coverage ratio (LCR) - All currencies	205%	156%	196%	155%	172%
Liquidity coverage ratio (LCR) - Domestic currency	109%	141%	95%	110%	n.a.
Liquidity coverage ratio (LCR) - Foreign currencies	492%	235%	463%	325%	544%
Term deposits % of total deposits	18.4%	18.3%	24.6%	28.0%	27.1%
Customer loans to customer deposits ratio	150%	146%	148%	145%	146%
<b>Capital</b>					
CET 1 ratio	18.8%	21.3%	20.1%	19.9%	20.3%
Tier 1 ratio	19.8%	22.5%	20.1%	19.9%	20.3%
Total capital ratio	22.2%	25.3%	23.0%	22.4%	22.2%
Leverage ratio	12.1%	13.6%	13.6%	14.2%	14.6%
Risk exposure amount (ISKm)	999,491	901,646	933,521	884,550	845,949

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. Numbers exclude seasonal employees.

5. 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.

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

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

## Income statement - 5 year summary

ISK million	2022	2021	2020	2019	2018
Interest income calculated using the effective interest rate method	87,671	56,220	53,378	59,289	59,741
Other interest income	6,342	2,405	2,317	2,676	1,934
Interest expense	(50,887)	(24,582)	(22,324)	(29,143)	(29,738)
Net interest income	43,126	34,043	33,371	32,822	31,937
Fee and commission income	17,630	15,167	12,651	12,052	19,853
Fee and commission expense	(3,577)	(2,318)	(2,126)	(1,153)	(7,626)
Net fee and commission income	14,053	12,849	10,525	10,899	12,227
Net financial income (expense)	(1,257)	2,499	(1,391)	(820)	(962)
Net foreign exchange gain	881	479	451	139	1
Other operating income	433	302	197	2,125	1,784
Other net operating income	57	3,280	(743)	1,444	823
<b>Total operating income</b>	<b>57,236</b>	<b>50,172</b>	<b>43,153</b>	<b>45,165</b>	<b>44,987</b>
Salaries and related expenses	(13,452)	(13,397)	(12,917)	(14,019)	(15,500)
Other operating expenses	(10,466)	(9,799)	(9,829)	(10,469)	(12,150)
Contribution to the Depositors' and Investors' Guarantee Fund	(165)	(688)	(679)	(936)	(1,173)
Bank tax	(1,858)	(1,683)	(1,588)	(3,528)	(3,281)
<b>Total operating expenses</b>	<b>(25,941)</b>	<b>(25,567)</b>	<b>(25,013)</b>	<b>(28,952)</b>	<b>(32,104)</b>
<b>Profit before net impairment on financial assets</b>	<b>31,295</b>	<b>24,605</b>	<b>18,140</b>	<b>16,213</b>	<b>12,883</b>
Net impairment on financial assets	1,576	3,018	(8,816)	(3,480)	1,584
<b>Profit before tax</b>	<b>32,871</b>	<b>27,623</b>	<b>9,324</b>	<b>12,733</b>	<b>14,467</b>
Income tax expense	(8,485)	(5,119)	(2,472)	(3,909)	(4,734)
<b>Profit for the period from continuing operations</b>	<b>24,386</b>	<b>22,504</b>	<b>6,852</b>	<b>8,824</b>	<b>9,733</b>
Discontinued operations held for sale, net of income tax	149	1,221	(97)	(370)	912
<b>Profit for the period</b>	<b>24,535</b>	<b>23,725</b>	<b>6,755</b>	<b>8,454</b>	<b>10,645</b>
Basic earnings per share from profit for the period	12.19	11.26	3.58	4.59	5.06

## Balance sheet - 5 year summary

ISK million	31.12.22	31.12.21	31.12.20	31.12.19	31.12.18
Cash and balances with Central Bank	94,424	113,667	78,948	146,638	135,056
Loans to credit institutions	110,364	43,988	89,920	54,376	41,577
Bonds and debt instruments	130,804	132,289	128,216	52,870	69,415
Derivatives	7,461	2,445	6,647	5,621	4,550
Loans to customers	1,186,639	1,086,327	1,006,717	899,632	846,599
Shares and equity instruments	15,868	31,677	14,851	18,426	13,074
Investments in associates	3,844	939	775	746	682
Property and equipment	6,752	7,010	7,341	9,168	5,271
Intangible assets	3,279	3,351	3,478	4,330	5,002
Other assets	6,072	5,784	4,125	6,608	9,177
Non-current assets and disposal groups held for sale	728	1,344	3,173	1,075	-
<b>Total Assets</b>	<b>1,566,235</b>	<b>1,428,821</b>	<b>1,344,191</b>	<b>1,199,490</b>	<b>1,130,403</b>
Deposits from Central Bank and credit institutions	15,269	13,384	39,758	30,925	15,619
Deposits from customers	789,897	744,036	679,455	618,313	578,959
Derivative instruments and short positions	10,804	9,467	6,936	6,219	5,521
Debt issued and other borrowed funds	468,270	402,226	387,274	306,381	300,976
Subordinated loans	34,392	35,762	27,194	22,674	16,216
Tax liabilities	12,128	6,432	5,450	7,853	7,150
Other liabilities	16,601	12,848	11,893	27,063	29,643
Non-current liabilities and disposal groups held for sale	-	956	27	-	6
<b>Total Liabilities</b>	<b>1,347,361</b>	<b>1,225,111</b>	<b>1,157,987</b>	<b>1,019,428</b>	<b>954,090</b>
Share capital	10,000	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000
Reserves	9,158	6,086	6,181	7,065	6,499
Retained earnings	144,716	132,624	113,529	105,569	102,496
Total Shareholder's Equity	218,874	203,710	184,710	177,634	173,995
Non-controlling interests	-	-	1,494	2,428	2,318
<b>Total Equity</b>	<b>218,874</b>	<b>203,710</b>	<b>186,204</b>	<b>180,062</b>	<b>176,313</b>
<b>Total Liabilities and Equity</b>	<b>1,566,235</b>	<b>1,428,821</b>	<b>1,344,191</b>	<b>1,199,490</b>	<b>1,130,403</b>

## Net interest income - 5 year summary

ISK million	2022	2021	2020	2019	2018
Cash and balances with Central Bank	2,791	948	1,750	4,452	7,279
Loans to credit institutions	757	128	215	812	543
Loans to customers	84,123	55,144	51,413	54,025	51,919
Financial assets mandatorily at fair value through profit or loss	6,335	2,388	2,314	2,630	1,825
Other assets	7	17	3	46	109
<b>Total interest income</b>	<b>94,013</b>	<b>58,625</b>	<b>55,695</b>	<b>61,965</b>	<b>61,675</b>
Deposits from Central Bank and credit institutions	(364)	(306)	(736)	(625)	(409)
Deposits from customers	(23,049)	(6,815)	(7,700)	(15,242)	(16,539)
Debt issued and other borrowed funds at fair value through profit and loss	(578)	(729)	(608)	(734)	(963)
Debt issued and other borrowed funds at amortised cost	(21,709)	(14,104)	(11,179)	(9,818)	(9,035)
Subordinated loans	(1,538)	(829)	(763)	(501)	(198)
Lease liabilities	(82)	(84)	(87)	(92)	-
Other liabilities	(3,567)	(1,715)	(1,251)	(2,131)	(2,594)
<b>Total interest expense</b>	<b>(50,887)</b>	<b>(24,582)</b>	<b>(22,324)</b>	<b>(29,143)</b>	<b>(29,738)</b>
<b>Net interest income</b>	<b>43,126</b>	<b>34,043</b>	<b>33,371</b>	<b>32,822</b>	<b>31,937</b>
<b>Net interest income on loans</b>					
Personal Banking	6,580	7,464	5,835	3,868	3,838
Business Banking	7,749	7,842	7,702	6,010	5,276
Corporate & Investment Banking	7,317	7,773	6,986	5,292	4,578
<b>Total net interest income on loans</b>	<b>21,646</b>	<b>23,079</b>	<b>20,523</b>	<b>15,170</b>	<b>13,692</b>
<b>Net interest income on deposits</b>					
Personal Banking	7,186	4,535	4,761	5,832	5,239
Business Banking	5,486	2,999	2,628	3,629	3,321
Corporate & Investment Banking	1,300	948	930	1,045	1,160
<b>Total net interest income on deposits</b>	<b>13,972</b>	<b>8,482</b>	<b>8,319</b>	<b>10,506</b>	<b>9,720</b>

## Net fee & commission income - 5 year summary

ISK million	2022	2021	2020	2019	2018
Asset management	3,154	3,100	2,382	2,225	2,116
Investment banking and brokerage	3,627	3,544	2,805	2,430	2,303
Payment processing	6,774	4,979	4,378	3,810	12,065
Loans and guarantees	2,350	2,212	2,186	1,510	1,467
Other fee and commission income	1,725	1,332	900	2,077	1,902
<b>Total fees and commission income</b>	<b>17,630</b>	<b>15,167</b>	<b>12,651</b>	<b>12,052</b>	<b>19,853</b>
Brokerage	(484)	(471)	(360)	(337)	(300)
Clearing and settlement	(2,999)	(1,834)	(1,766)	(806)	(7,302)
Other fee and commission expense	(94)	(13)	-	(10)	(24)
<b>Total fee and commission expense</b>	<b>(3,577)</b>	<b>(2,318)</b>	<b>(2,126)</b>	<b>(1,153)</b>	<b>(7,626)</b>
<b>Net fee and commission income</b>	<b>14,053</b>	<b>12,849</b>	<b>10,525</b>	<b>10,899</b>	<b>12,227</b>

Net fee and commission income note has been restated for 2020 and 2021



## Loans to customers - 5 year summary

ISK million	31.12.22	31.12.21	31.12.20	31.12.19	31.12.18
Individuals	570,522	520,733	437,377	349,181	319,390
- thereof mortgages	507,969	457,800	377,155	281,499	249,296
Commerce and services	172,222	165,222	124,260	126,488	124,242
Construction	59,815	36,773	42,352	44,420	29,095
Energy	10,411	9,493	8,673	7,887	6,858
Financial services	2,622	1,978	1,539	2,315	1,704
Industrial and transportation	91,078	89,627	78,561	82,288	79,824
Investment companies	40,336	23,677	23,440	23,590	23,799
Public sector and non-profit organisations	11,046	9,987	10,911	12,312	12,087
Real estate	126,297	109,314	157,502	145,559	142,885
Seafood	102,290	119,523	122,102	105,592	106,715
<b>Loans to customers</b>	<b>1,186,639</b>	<b>1,086,327</b>	<b>1,006,717</b>	<b>899,632</b>	<b>846,599</b>

## Capital and risk exposure amount - 5 year summary

ISK million	31.12.22	31.12.21	31.12.20	31.12.19	31.12.18
Ordinary share capital	10,000	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000
Reserves	9,158	6,086	6,181	7,065	6,499
Retained earnings	144,716	132,624	113,529	105,569	102,496
Non-controlling interests	-	-	1,494	2,428	2,318
IFRS 9 reversal due to transitional rules	1,301	2,768	5,164	-	-
Fair value changes due to own credit standing	(1,786)	1,054	238	392	376
Forseeable dividend payment and approved buyback	(27,267)	(11,863)	-	-	-
Tax assets	(116)	(94)	(259)	(476)	(215)
Intangible assets	(3,279)	(3,351)	(3,478)	(4,330)	(5,002)
<b>Total CET1 capital</b>	<b>187,727</b>	<b>192,224</b>	<b>187,869</b>	<b>175,648</b>	<b>171,472</b>
Additional Tier 1 capital	10,062	10,626	-	-	-
<b>Tier 1 capital</b>	<b>197,789</b>	<b>202,850</b>	<b>187,869</b>	<b>175,648</b>	<b>171,472</b>
Tier 2 capital	24,330	25,136	27,194	22,674	16,216
<b>Total capital base</b>	<b>222,119</b>	<b>227,986</b>	<b>215,063</b>	<b>198,322</b>	<b>187,688</b>
Risk exposure amount					
- due to credit risk	893,110	802,147	830,141	789,180	750,801
- due to market risk:	15,417	17,100	16,626	7,919	7,622
- due to credit valuation adjustment	2,756	1,829	1,728	2,027	2,385
- due to operational risk	88,208	80,570	85,026	85,424	85,141
<b>Total risk exposure amount</b>	<b>999,491</b>	<b>901,646</b>	<b>933,521</b>	<b>884,550</b>	<b>845,949</b>
<b>Capital ratios</b>					
CET 1 ratio	18.8%	21.3%	20.1%	19.9%	20.3%
Tier 1 ratio	19.8%	22.5%	20.1%	19.9%	20.3%
Total capital ratio	22.2%	25.3%	23.0%	22.4%	22.2%
Leverage ratio	12.1%	13.6%	13.6%	14.2%	14.6%

## Average balances - 5 year summary

ISK million	2022	2021	2020	2019	2018
<b>Average assets</b>					
Personal Banking	537,526	475,357	355,295	317,383	299,603
Business Banking	260,415	237,071	237,632	233,470	225,408
Corporate & Investment Banking	352,221	363,910	360,690	340,161	323,807
Íslandsbanki	1,478,825	1,411,067	1,285,310	1,206,090	1,120,084
<b>Average equity</b>					
Personal Banking	39,823	35,830	30,995	28,222	24,632
Business Banking	37,317	36,243	38,549	38,503	37,255
Corporate & Investment Banking	62,569	61,985	61,792	58,972	57,200
Íslandsbanki	207,189	192,245	181,587	176,967	174,183
<b>Average loans to customers</b>					
Personal Banking	533,459	471,924	351,584	315,128	299,429
Business Banking	258,306	234,937	234,955	230,040	219,608
Corporate & Investment Banking	346,869	358,473	355,760	336,244	322,974
Íslandsbanki <sup>1</sup>	1,138,634	1,065,334	942,299	881,412	842,011
<b>Average deposits from customers</b>					
Personal Banking	348,639	332,267	306,871	279,627	275,265
Business Banking	244,669	213,602	183,604	172,247	167,463
Corporate & Investment Banking <sup>2</sup>	146,730	144,806	130,655	107,431	101,417
Íslandsbanki <sup>1</sup>	740,038	690,675	621,130	559,305	544,145

2018 is year-end number for segments due to structural changes.

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	2022	2021	2020	2019	2018
Net interest income	15,065	12,027	10,749	10,578	9,946
Net fee and commission income	4,334	3,850	3,049	4,504	4,564
Other net operating income	342	189	305	77	1
<b>Total operating income</b>	<b>19,741</b>	<b>16,066</b>	<b>14,103</b>	<b>15,159</b>	<b>14,511</b>
Salaries and related expenses	(2,355)	(2,388)	(2,416)	(2,791)	(2,585)
Other operating expenses	(2,446)	(2,354)	(2,584)	(2,131)	(2,466)
Contribution to the Depositors' and Investors' Guarantee Fund	(129)	(538)	(482)	(530)	(669)
Bank tax	(801)	(723)	(613)	(483)	(434)
Net impairment on financial assets	(300)	318	(517)	(547)	579
Cost allocation	(4,792)	(4,539)	(4,690)	(5,606)	(5,134)
<b>Profit before tax</b>	<b>8,918</b>	<b>5,842</b>	<b>2,801</b>	<b>3,071</b>	<b>3,802</b>
Income tax expense	(2,528)	(1,707)	(887)	(924)	(989)
<b>Profit for the year from continuing operations</b>	<b>6,390</b>	<b>4,135</b>	<b>1,914</b>	<b>2,147</b>	<b>2,813</b>
Net segment revenue from external customers	33,261	26,175	20,911	18,137	14,958
Net segment revenue from other segments	(13,520)	(10,109)	(6,808)	(2,978)	(447)
Fee and commission income	7,282	5,669	4,797	6,224	5,990
Depreciation, amortisation, and write-offs	(172)	(166)	(300)	(215)	(275)
<b>At 31 December 2022</b>					
Loans to customers	552,181	502,354	419,882	329,265	299,429
Other assets	3,158	3,609	3,212	3,553	1,332
<b>Total segment assets</b>	<b>555,339</b>	<b>505,963</b>	<b>423,094</b>	<b>332,818</b>	<b>300,761</b>
Deposits from customers	361,994	344,776	324,815	290,894	275,265
Other liabilities	2,597	1,603	1,327	1,497	1,453
<b>Total segment liabilities</b>	<b>364,591</b>	<b>346,379</b>	<b>326,142</b>	<b>292,391</b>	<b>276,718</b>
Allocated equity	39,228	37,549	34,850	29,981	24,582
Risk exposure amount	255,938	247,970	229,610	194,601	164,795

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	2022	2021	2020	2019	2018
Net interest income	14,493	10,867	10,536	10,812	9,788
Net fee and commission income	2,174	2,111	1,917	1,716	1,477
Other net operating income	90	61	50	25	41
<b>Total operating income</b>	<b>16,757</b>	<b>13,039</b>	<b>12,503</b>	<b>12,553</b>	<b>11,306</b>
Salaries and related expenses	(1,900)	(1,815)	(1,940)	(1,993)	(2,069)
Other operating expenses	(1,072)	(1,037)	(1,164)	(1,184)	(1,062)
Contribution to the Depositors' and Investors' Guarantee Fund	(33)	(135)	(161)	(314)	(395)
Bank tax	(407)	(344)	(340)	(339)	(327)
Net impairment on financial assets	796	2,401	(5,485)	(1,098)	955
Cost allocation	(3,431)	(3,113)	(2,967)	(3,381)	(2,813)
<b>Profit before tax</b>	<b>10,710</b>	<b>8,996</b>	<b>446</b>	<b>4,244</b>	<b>5,595</b>
Income tax expense	(2,891)	(2,428)	(204)	(1,192)	(1,455)
<b>Profit for the year from continuing operations</b>	<b>7,819</b>	<b>6,568</b>	<b>242</b>	<b>3,052</b>	<b>4,140</b>
Net segment revenue from external customers	18,158	14,806	14,750	14,492	14,996
Net segment revenue from other segments	(1,401)	(1,767)	(2,247)	(1,939)	(3,690)
Fee and commission income	2,223	2,136	1,948	1,724	1,612
Depreciation, amortisation, and write-offs	(57)	(58)	(163)	(112)	(142)
<b>At 31 December 2022</b>					
Loans to customers	278,823	237,388	232,580	230,842	219,608
Other assets	2,100	2,004	2,199	3,085	3,151
<b>Total segment assets</b>	<b>280,923</b>	<b>239,392</b>	<b>234,779</b>	<b>233,927</b>	<b>222,759</b>
Deposits from customers	244,645	239,871	189,847	167,623	164,738
Other liabilities	2,054	1,630	1,481	1,822	2,811
<b>Total segment liabilities</b>	<b>246,699</b>	<b>241,501</b>	<b>191,328</b>	<b>169,445</b>	<b>167,549</b>
Allocated equity	40,433	33,738	37,804	38,924	37,304
Risk exposure amount	263,011	211,814	235,371	247,565	239,073

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	2022	2021	2020	2019	2018
Net interest income	11,108	9,282	8,530	8,397	7,676
Net fee and commission income	4,557	4,384	4,075	3,530	3,321
Other net operating income	1,301	759	922	564	353
<b>Total operating income</b>	<b>16,966</b>	<b>14,425</b>	<b>13,527</b>	<b>12,491</b>	<b>11,350</b>
Salaries and related expenses	(1,819)	(1,689)	(1,583)	(1,720)	(1,641)
Other operating expenses	(971)	(797)	(870)	(660)	(680)
Contribution to the Depositors' and Investors' Guarantee Fund	(3)	(15)	(35)	(89)	(109)
Bank tax	(520)	(516)	(514)	(486)	(470)
Net impairment on financial assets	395	121	(2,805)	(1,043)	164
Cost allocation	(3,237)	(3,170)	(3,020)	(3,421)	(2,660)
<b>Profit before tax</b>	<b>10,811</b>	<b>8,359</b>	<b>4,700</b>	<b>5,072</b>	<b>5,954</b>
Income tax expense	(2,946)	(2,308)	(1,356)	(1,445)	(1,548)
<b>Profit for the year from continuing operations</b>	<b>7,865</b>	<b>6,051</b>	<b>3,344</b>	<b>3,627</b>	<b>4,406</b>
Net segment revenue from external customers	23,790	19,843	19,922	19,191	17,337
Net segment revenue from other segments	(6,824)	(5,418)	(6,395)	(6,700)	(5,987)
Fee and commission income	4,709	4,486	4,152	3,574	3,420
Depreciation, amortisation, and write-offs	(1)	(15)	(18)	(21)	(26)
<b>At 31 December 2022</b>					
Loans to customers	354,787	346,835	353,953	334,788	322,974
Other assets	3,859	1,335	795	347	316
<b>Total segment assets</b>	<b>358,646</b>	<b>348,170</b>	<b>354,748</b>	<b>335,135</b>	<b>323,290</b>
Deposits from customers	164,390	141,204	137,791	113,455	101,417
Other liabilities	5,565	4,728	4,908	2,553	3,199
<b>Total segment liabilities</b>	<b>169,955</b>	<b>145,932</b>	<b>142,699</b>	<b>116,008</b>	<b>104,616</b>
Allocated equity	62,400	59,055	63,432	58,953	57,200
Risk exposure amount	404,917	376,896	392,804	367,456	360,923

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	2022	2021	2020	2019	2018
Net interest income	2,673	2,034	3,734	3,169	3,649
Net fee and commission income	(55)	(72)	(317)	(236)	(109)
Other net operating income	398	2,694	(1,420)	(848)	1,070
<b>Total operating income</b>	<b>3,016</b>	<b>4,656</b>	<b>1,997</b>	<b>2,085</b>	<b>4,610</b>
Salaries and related expenses	(289)	(256)	(280)	(253)	(258)
Other operating expenses	(467)	(235)	(263)	(257)	(494)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	(1)	(3)	-
Bank tax	(116)	(86)	(105)	(2,205)	(2,041)
Net impairment on financial assets	683	94	(8)	(791)	(37)
Cost allocation	551	320	323	278	423
<b>Profit (loss) before tax</b>	<b>3,378</b>	<b>4,493</b>	<b>1,663</b>	<b>(1,146)</b>	<b>2,203</b>
Income tax expense	108	1,421	112	318	(1,280)
<b>Profit (loss) for the year from continuing operations</b>	<b>3,486</b>	<b>5,914</b>	<b>1,775</b>	<b>(828)</b>	<b>923</b>
Net segment revenue from external customers	(18,922)	(12,748)	(13,597)	(9,708)	(5,733)
Net segment revenue from other segments	21,938	17,404	15,594	11,793	10,343
Fee and commission income	367	231	(9)	124	133
Depreciation, amortisation, and write-offs	-	-	-	-	(38)
<b>At 31 December 2022</b>					
Loans to customers	848	59	302	2	904
Other assets	360,594	325,158	320,578	267,384	252,085
<b>Total segment assets</b>	<b>361,442</b>	<b>325,217</b>	<b>320,880</b>	<b>267,386</b>	<b>252,989</b>
Deposits from customers	21,529	21,477	31,674	49,517	42,566
Other liabilities	540,189	465,397	463,943	374,459	345,375
<b>Total segment liabilities</b>	<b>561,718</b>	<b>486,874</b>	<b>495,617</b>	<b>423,976</b>	<b>387,941</b>
Allocated equity	73,966	70,217	45,708	42,882	48,982
Risk exposure amount	67,970	56,983	60,037	48,063	61,986

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	2022	2021	2020	2019	2018
Net interest income (expense)	(260)	(178)	(215)	(251)	(218)
Net fee and commission income	(1)	(62)	7	7	12
Other net operating income	149	203	287	2,197	282
<b>Total operating income</b>	<b>(112)</b>	<b>(37)</b>	<b>79</b>	<b>1,953</b>	<b>76</b>
Salaries and related expenses	(6,253)	(6,465)	(5,926)	(6,516)	(6,185)
Other operating expenses	(4,898)	(4,854)	(4,488)	(5,725)	(5,646)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	(14)	(14)	(16)	(15)	(9)
Net impairment on financial assets	-	4	-	-	-
Cost allocation	10,909	10,502	10,354	12,130	10,184
<b>Profit (loss) before tax</b>	<b>(368)</b>	<b>(864)</b>	<b>3</b>	<b>1,827</b>	<b>(1,580)</b>
Income tax expense	92	221	(5)	(478)	411
<b>Profit (loss) for the year from continuing operations</b>	<b>(276)</b>	<b>(643)</b>	<b>(2)</b>	<b>1,349</b>	<b>(1,169)</b>
Net segment revenue from external customers	81	73	223	2,129	295
Net segment revenue from other segments	(193)	(110)	(144)	(176)	(219)
Fee and commission income	-	2	7	8	12
Depreciation, amortisation, and write-offs	(1,155)	(1,145)	(1,178)	(1,367)	(688)
<b>At 31 December 2022</b>					
Loans to customers	-	-	-	-	-
Other assets	9,387	9,108	10,893	10,648	8,056
<b>Total segment assets</b>	<b>9,387</b>	<b>9,108</b>	<b>10,893</b>	<b>10,648</b>	<b>8,056</b>
Deposits from customers	-	-	-	-	-
Other liabilities	5,785	5,711	5,915	6,209	2,317
<b>Total segment liabilities</b>	<b>5,785</b>	<b>5,711</b>	<b>5,915</b>	<b>6,209</b>	<b>2,317</b>
Allocated equity	962	894	899	1,145	646
Risk exposure amount	6,107	5,903	5,960	6,968	3,316

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 - Subsidiaries, eliminations & adjustments

ISK million	2022	2021	2020	2019	2018
Net interest income	47	11	37	117	1,096
Net fee and commission income	3,044	2,638	1,794	1,378	2,962
Other net operating income	(2,223)	(626)	( 887)	(571)	(924)
<b>Total operating income</b>	<b>868</b>	<b>2,023</b>	<b>944</b>	<b>924</b>	<b>3,134</b>
Salaries and related expenses	(836)	(784)	( 772)	(746)	(2,762)
Other operating expenses	(612)	(522)	( 460)	(512)	(1,802)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	-	-	-	-	-
Net impairment on financial assets	2	80	( 1)	(1)	(77)
Cost allocation	-	-	-	-	-
<b>Profit (loss) before tax</b>	<b>(578)</b>	<b>797</b>	<b>( 289)</b>	<b>(335)</b>	<b>(1,507)</b>
Income tax expense	(320)	(318)	( 132)	(188)	127
<b>Profit (loss) for the year from continuing operations</b>	<b>(898)</b>	<b>479</b>	<b>( 421)</b>	<b>(523)</b>	<b>(1,380)</b>
Net segment revenue from external customers	868	2,023	944	924	3,134
Net segment revenue from other segments	-	-	-	-	-
Fee and commission income	3,049	2,643	1,756	398	8,686
Depreciation, amortisation, and write-offs	(15)	(11)	( 7)	(10)	(143)
<b>At 31 December 2022</b>					
Loans to customers	-	(309)	-	4,735	3,684
Other assets	498	1,280	( 203)	14,841	18,864
<b>Total segment assets</b>	<b>498</b>	<b>971</b>	<b>( 203)</b>	<b>19,576</b>	<b>22,548</b>
Deposits from customers	(2,661)	(3,292)	( 4,672)	(3,176)	(5,027)
Other liabilities	1,274	2,006	958	14,575	19,976
<b>Total segment liabilities</b>	<b>(1,387)</b>	<b>(1,286)</b>	<b>( 3,714)</b>	<b>11,399</b>	<b>14,949</b>
Allocated equity	1,885	2,257	3,511	8,177	7,599
Risk exposure amount	1,548	2,080	9,739	19,897	15,856

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

	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20
<b>Profitability</b>									
Return on equity <sup>1</sup>	11.1%	14.4%	11.7%	10.2%	14.2%	15.7%	11.6%	7.7%	7.6%
Return on assets <sup>1</sup>	1.5%	2.0%	1.7%	1.5%	2.0%	2.1%	1.6%	1.1%	1.1%
Earnings per share	2.98	3.68	2.93	2.60	3.01	3.75	2.70	1.80	1.68
Core income / total operating income <sup>2</sup>	102.0%	102.0%	97.6%	97.3%	93.7%	91.6%	93.4%	95.3%	92.3%
<b>Net interest margin</b>									
Net interest margin on total assets <sup>1</sup>	3.1%	3.0%	2.9%	2.6%	2.4%	2.4%	2.4%	2.4%	2.5%
<b>Efficiency</b>									
Cost-to-income ratio <sup>3,7</sup>	42.5%	36.3%	42.7%	47.6%	45.3%	39.4%	49.9%	51.3%	51.7%
Cost-to-total assets ratio <sup>1,7</sup>	1.74%	1.41%	1.68%	1.68%	1.64%	1.45%	1.74%	1.75%	1.88%
Cost of risk <sup>1,9</sup>	0.22%	(0.40%)	(0.20%)	(0.17%)	(0.23%)	(0.64%)	(0.42%)	0.20%	0.73%
Number of FTEs at period end - Consolidated <sup>4</sup>	739	742	740	741	735	763	768	774	779
Number of FTEs at period end - Parent <sup>4</sup>	700	704	702	706	702	730	733	739	745
<b>Asset quality</b>									
Loans to customers (ISKm)	1,186,639	1,153,047	1,153,677	1,107,893	1,086,327	1,081,418	1,089,723	1,029,415	1,006,717
LTV on mortgages to individuals <sup>5</sup>	60.0%	60.0%	65.0%	65.0%	66.0%	66.0%	66.0%	65.0%	64.0%
Risk exposure amount / total assets	63.8%	65.4%	69.1%	65.4%	63.1%	63.0%	63.9%	68.9%	69.4%
Non-performing loans (NPL) ratio <sup>6</sup>	1.8%	1.7%	1.8%	1.8%	2.0%	2.0%	2.1%	2.4%	2.9%
Asset encumbrance ratio	26.5%	25.7%	20.7%	19.2%	19.6%	18.9%	18.9%	18.3%	18.7%
<b>Financial strength</b>									
Equity as % of total assets	14.0%	13.7%	14.2%	13.6%	14.3%	13.6%	13.2%	13.4%	13.9%
<b>Liquidity</b>									
Net stable funding ratio (NSFR) - All currencies	118%	127%	118%	123%	122%	121%	122%	119%	123%
Net stable funding ratio (NSFR) - Foreign currencies	198%	257%	182%	192%	157%	166%	154%	182%	179%
Liquidity coverage ratio (LCR)	205%	371%	147%	195%	156%	225%	187%	172%	196%
Liquidity coverage ratio (LCR) - Domestic currency	109%	119%	125%	129%	141%	124%	133%	93%	95%
Liquidity coverage ratio (LCR) - Foreign currencies	492%	421%	240%	235%	235%	384%	287%	235%	463%
Term deposits % of total deposits	18.4%	18.8%	18.4%	18.9%	18.3%	20.3%	20.3%	24.4%	24.6%
Customer loans to customer deposits ratio	150%	148%	152%	145%	146%	143%	142%	147%	148%
<b>Capital</b>									
CET 1 ratio <sup>8</sup>	18.8%	18.2%	18.2%	18.8%	21.3%	20.6%	20.1%	19.2%	20.1%
Tier 1 ratio <sup>8</sup>	19.8%	19.2%	19.2%	19.9%	22.5%	21.8%	20.1%	19.2%	20.1%
Total capital ratio <sup>8</sup>	22.2%	21.4%	21.5%	22.5%	25.3%	24.7%	22.9%	21.9%	23.0%
Leverage ratio <sup>8</sup>	12.1%	11.9%	12.5%	12.4%	13.6%	13.2%	12.4%	12.6%	13.6%
Risk exposure amount (ISKm)	999,491	1,012,986	992,883	945,321	901,646	917,764	924,375	954,712	933,521

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. Numbers exclude seasonal employees.

5. 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.

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

7. IPO costs in 1Q21 were not adjusted for when 1Q21 results were published.

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

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

## Income statement - 9 quarter summary

ISK million	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20
Net interest income	12,348	11,315	10,254	9,209	8,644	8,792	8,417	8,190	8,258
Net fee and commission income	4,038	3,517	3,434	3,064	3,653	3,427	2,907	2,862	2,865
Net financial income (expense)	(899)	(471)	208	(95)	646	941	619	293	783
Net foreign exchange gain (loss)	576	64	75	166	159	95	95	130	87
Other operating income	(2)	111	59	265	15	82	82	123	63
Other net operating income	(325)	(296)	342	336	820	1,118	796	546	933
<b>Total operating income</b>	<b>16,061</b>	<b>14,536</b>	<b>14,030</b>	<b>12,609</b>	<b>13,117</b>	<b>13,337</b>	<b>12,120</b>	<b>11,598</b>	<b>12,056</b>
Administrative expenses	(6,818)	(5,273)	(5,993)	(5,834)	(5,768)	(5,088)	(6,488)	(5,852)	(6,073)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	(165)	(170)	(173)	(162)	(183)	(154)
Bank tax	(481)	(535)	(412)	(430)	(389)	(433)	(451)	(410)	(414)
<b>Total operating expenses</b>	<b>(7,299)</b>	<b>(5,808)</b>	<b>(6,405)</b>	<b>(6,429)</b>	<b>(6,327)</b>	<b>(5,694)</b>	<b>(7,101)</b>	<b>(6,445)</b>	<b>(6,641)</b>
<b>Profit before net impairment on financial assets</b>	<b>8,762</b>	<b>8,728</b>	<b>7,625</b>	<b>6,180</b>	<b>6,790</b>	<b>7,643</b>	<b>5,019</b>	<b>5,153</b>	<b>5,415</b>
Net impairment on financial assets	(647)	1,165	575	483	639	1,757	1,140	(518)	(1,829)
<b>Profit loss before tax</b>	<b>8,115</b>	<b>9,893</b>	<b>8,200</b>	<b>6,663</b>	<b>7,429</b>	<b>9,400</b>	<b>6,159</b>	<b>4,635</b>	<b>3,586</b>
Income tax expense	(2,166)	(2,525)	(2,331)	(1,463)	(1,416)	(1,898)	(769)	(1,036)	(234)
<b>Profit loss for the period from continuing operations</b>	<b>5,949</b>	<b>7,368</b>	<b>5,869</b>	<b>5,200</b>	<b>6,013</b>	<b>7,502</b>	<b>5,390</b>	<b>3,599</b>	<b>3,352</b>
Discontinued operations held for sale, net of income tax	33	118	11	(13)	1,079	85	41	16	173
<b>Profit loss for the period</b>	<b>5,982</b>	<b>7,486</b>	<b>5,880</b>	<b>5,187</b>	<b>7,092</b>	<b>7,587</b>	<b>5,431</b>	<b>3,615</b>	<b>3,525</b>

## Balance sheet - 9 quarter summary

ISK million	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
Cash and balances with Central Bank	94,424	73,566	77,884	77,799	113,667	110,233	130,968	88,748	78,948
Loans to credit institutions	110,364	137,169	37,226	73,220	43,988	81,117	57,793	103,333	89,920
Bonds and debt instruments	130,804	127,454	108,477	130,700	132,289	123,599	110,499	103,627	128,216
Derivatives	7,461	6,895	6,193	4,245	2,445	2,374	2,649	2,536	6,647
Loans to customers	1,186,639	1,153,047	1,153,677	1,107,893	1,086,327	1,081,418	1,089,723	1,029,415	1,006,717
Shares and equity instruments	15,868	24,472	25,789	28,655	31,677	31,456	31,751	25,763	14,851
Investments in associates	3,844	3,925	3,836	767	939	952	911	841	775
Property and equipment	6,752	6,760	6,846	6,911	7,010	7,082	7,246	7,191	7,341
Intangible assets	3,279	3,282	3,304	3,327	3,351	3,249	3,307	3,357	3,478
Other assets	6,072	11,303	12,126	11,170	5,784	13,954	10,474	17,566	4,125
Non-current assets and disposal groups held for sale	728	799	1,895	1,668	1,344	938	1,539	2,858	3,173
<b>Total Assets</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>	<b>1,456,372</b>	<b>1,446,860</b>	<b>1,385,235</b>	<b>1,344,191</b>
Deposits from Central Bank and credit institutions	15,269	19,912	11,437	10,949	13,384	20,409	32,240	31,565	39,758
Deposits from customers	789,897	781,614	756,862	761,471	744,036	754,442	765,614	698,575	679,455
Derivative instruments and short positions	10,804	13,996	11,410	11,013	9,467	10,869	10,079	9,533	6,936
Debt issued and other borrowed funds	468,270	458,969	393,754	406,845	402,226	397,672	398,786	398,225	387,274
Subordinated loans	34,392	32,156	32,181	34,139	35,762	36,923	25,297	25,259	27,194
Tax liabilities	12,128	10,827	8,498	6,980	6,432	6,256	6,025	5,947	5,450
Other liabilities	16,601	19,585	18,498	16,802	12,848	32,391	18,436	30,631	11,893
Non-current liabilities and disposal groups held for sale	-	-	951	955	956	29	28	29	27
<b>Total Liabilities</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>	<b>1,258,991</b>	<b>1,256,505</b>	<b>1,199,764</b>	<b>1,157,987</b>
Share capital	10,000	10,000	10,000	10,000	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	9,158	7,919	7,478	6,605	6,086	5,738	5,401	6,353	6,181
Retained earnings	144,716	138,694	131,184	125,596	132,624	126,653	119,535	113,335	113,529
Total Shareholder's Equity	218,874	211,613	203,662	197,201	203,710	197,391	189,936	184,688	184,710
Non-controlling interests	-	-	-	-	-	(10)	419	783	1,494
<b>Total Equity</b>	<b>218,874</b>	<b>211,613</b>	<b>203,662</b>	<b>197,201</b>	<b>203,710</b>	<b>197,381</b>	<b>190,355</b>	<b>185,471</b>	<b>186,204</b>
<b>Total Liabilities and Equity</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>	<b>1,456,372</b>	<b>1,446,860</b>	<b>1,385,235</b>	<b>1,344,191</b>

## Net interest income - 9 quarter summary

ISK million	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20
Cash and balances with Central Bank	1,081	921	391	398	392	298	153	105	105
Loans to credit institutions	536	151	52	18	25	61	20	21	14
Loans to customers	21,305	24,308	21,334	17,176	14,898	13,272	14,755	12,220	12,497
Financial assets mandatorily at fair value through profit or loss	2,016	1,665	1,451	1,203	844	684	424	436	661
Other assets	3	1	1	2	11	3	1	2	-
<b>Total interest income</b>	<b>24,941</b>	<b>27,046</b>	<b>23,229</b>	<b>18,797</b>	<b>16,170</b>	<b>14,318</b>	<b>15,353</b>	<b>12,784</b>	<b>13,277</b>
Deposits from Central Bank and credit institutions	(136)	(136)	(52)	(40)	(52)	(63)	(98)	(93)	(124)
Deposits from customers	(7,079)	(7,374)	(5,124)	(3,472)	(2,295)	(1,400)	(1,925)	(1,195)	(1,376)
Debt issued and other borrowed funds at fair value through profit and loss	(140)	(134)	(134)	(170)	(182)	(183)	(179)	(185)	(162)
Debt issued and other borrowed funds at amortised cost	(3,539)	(6,697)	(6,536)	(4,937)	(4,138)	(3,219)	(4,096)	(2,651)	(2,826)
Subordinated loans	(624)	(343)	(292)	(279)	(311)	(179)	(176)	(163)	(193)
Lease liabilities	(20)	(21)	(20)	(21)	(21)	(20)	(23)	(20)	(22)
Other liabilities	(1,055)	(1,026)	(817)	(669)	(527)	(462)	(439)	(287)	(316)
<b>Total interest expense</b>	<b>(12,593)</b>	<b>(15,731)</b>	<b>(12,975)</b>	<b>(9,588)</b>	<b>(7,526)</b>	<b>(5,526)</b>	<b>(6,936)</b>	<b>(4,594)</b>	<b>(5,019)</b>
<b>Net interest income</b>	<b>12,348</b>	<b>11,315</b>	<b>10,254</b>	<b>9,209</b>	<b>8,644</b>	<b>8,792</b>	<b>8,417</b>	<b>8,190</b>	<b>8,258</b>
<b>Net interest income on loans</b>									
Personal Banking	1,566	1,666	1,646	1,702	1,799	1,887	1,892	1,885	1,764
Business Banking	2,002	1,898	1,928	1,921	1,917	1,986	1,967	1,973	2,042
Corporate & Investment Banking	1,745	1,852	1,938	1,782	1,874	2,045	1,975	1,881	1,848
<b>Total net interest income on loans</b>	<b>5,313</b>	<b>5,416</b>	<b>5,512</b>	<b>5,405</b>	<b>5,590</b>	<b>5,918</b>	<b>5,739</b>	<b>5,739</b>	<b>5,684</b>
<b>Net interest income on deposits</b>									
Personal Banking	2,099	1,974	1,667	1,446	1,317	1,152	1,062	1,003	987
Business Banking	1,582	1,536	1,286	1,082	997	784	634	584	599
Corporate & Investment Banking	398	354	268	280	283	258	210	201	168
<b>Total net interest income on deposits</b>	<b>4,079</b>	<b>3,864</b>	<b>3,221</b>	<b>2,808</b>	<b>2,597</b>	<b>2,194</b>	<b>1,788</b>	<b>1,788</b>	<b>1,754</b>

## Net fee and commission income - 9 quarter summary

ISK million	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20
Asset management	895	709	763	787	971	705	769	655	636
Investment banking and brokerage	773	1,061	901	892	856	1,119	799	770	732
Payment processing	2,268	1,650	1,623	1,233	1,640	1,240	1,154	945	1,081
Loans and guarantees	584	563	647	556	475	585	558	594	753
Other fee and commission income	686	339	345	355	449	291	249	343	271
<b>Total fee and commission income</b>	<b>5,206</b>	<b>4,322</b>	<b>4,279</b>	<b>3,823</b>	<b>4,391</b>	<b>3,940</b>	<b>3,529</b>	<b>3,307</b>	<b>3,473</b>
Brokerage	(127)	(106)	(144)	(107)	(154)	(91)	(136)	(90)	(127)
Clearing and settlement	(1,039)	(698)	(701)	(561)	(579)	(420)	(486)	(349)	(481)
Other fee and commission expense	(2)	(1)	-	(91)	(5)	(2)	-	(6)	-
<b>Total fee and commission expense</b>	<b>(1,168)</b>	<b>(805)</b>	<b>(845)</b>	<b>(759)</b>	<b>(738)</b>	<b>(513)</b>	<b>(622)</b>	<b>(445)</b>	<b>(608)</b>
<b>Net fee and commission income</b>	<b>4,038</b>	<b>3,517</b>	<b>3,434</b>	<b>3,064</b>	<b>3,653</b>	<b>3,427</b>	<b>2,907</b>	<b>2,862</b>	<b>2,865</b>

Net fee and commission income note has been restated for 2020 and 2021

## Loans to customers - 9 quarter summary

ISK million	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
Individuals	570,522	565,283	558,499	536,247	520,733	513,555	501,025	468,256	437,377
- thereof mortgages	507,969	503,416	496,394	475,366	457,800	450,760	439,797	410,781	377,155
Commerce and services	172,222	178,627	183,846	173,085	165,222	164,167	175,647	119,916	124,260
Construction	59,815	54,152	46,650	43,115	36,773	36,193	38,987	41,186	42,352
Energy	10,411	10,279	9,832	9,450	9,493	9,508	9,239	8,543	8,673
Financial services	2,622	2,070	1,815	1,860	1,978	2,025	1,440	1,418	1,539
Industrial and transportation	91,078	87,808	88,088	88,171	89,627	89,750	91,670	76,262	78,561
Investment companies	40,336	27,089	25,042	25,124	23,677	22,567	23,805	22,337	23,440
Public sector and non-profit organisations	11,046	10,338	9,680	9,784	9,987	9,919	10,113	10,497	10,911
Real estate	126,297	121,835	122,648	113,031	109,314	114,519	120,276	157,451	157,502
Seafood	102,290	95,566	107,577	108,026	119,523	119,215	117,521	123,549	122,102
<b>Loans to customers</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>	<b>1,081,418</b>	<b>1,089,723</b>	<b>1,029,415</b>	<b>1,006,717</b>

## Capital and risk exposure amount - 9 quarter summary

ISK million	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
Ordinary share capital	10,000	10,000	10,000	10,000	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	9,158	7,919	7,478	6,605	6,086	5,738	5,401	6,353	6,181
Retained earnings	144,716	138,694	131,184	125,596	132,624	126,653	119,535	113,335	113,529
Unaudited interim net earnings	-	(7,486)	-	(5,187)	-	(7,587)	-	-	-
Non-controlling interests	-	-	-	-	-	(10)	419	783	1,494
IFRS 9 reversal due to transitional rules	1,301	1,220	1,302	1,321	2,768	3,239	3,699	3,853	5,164
Fair value changes due to own credit standing	(1,786)	(512)	(46)	641	1,054	1,096	958	434	238
Forseeable dividend payment and approved buyback	(27,267)	(20,533)	(20,533)	(15,000)	(11,863)	(4,523)	(4,271)	(1,725)	-
Tax assets	(116)	(97)	(95)	(93)	(94)	(826)	(1,200)	(1,087)	(259)
Intangible assets	(3,279)	(3,282)	(3,304)	(3,327)	(3,351)	(3,249)	(3,307)	(3,357)	(3,478)
<b>Total CET1 capital</b>	<b>187,727</b>	<b>180,923</b>	<b>180,986</b>	<b>175,556</b>	<b>192,224</b>	<b>185,531</b>	<b>186,234</b>	<b>183,589</b>	<b>187,869</b>
Additional Tier 1 capital	10,062	9,547	9,559	10,145	10,626	11,000	-	-	-
<b>Tier 1 capital</b>	<b>197,789</b>	<b>190,470</b>	<b>190,545</b>	<b>185,701</b>	<b>202,850</b>	<b>196,531</b>	<b>186,234</b>	<b>183,589</b>	<b>187,869</b>
Tier 2 capital	24,330	22,609	22,622	23,994	25,136	25,923	25,297	25,259	27,194
<b>Total capital base</b>	<b>222,119</b>	<b>213,079</b>	<b>213,167</b>	<b>209,695</b>	<b>227,986</b>	<b>222,454</b>	<b>211,531</b>	<b>208,848</b>	<b>215,063</b>
Risk exposure amount									
- due to credit risk	893,110	906,891	892,395	844,745	802,147	818,932	819,122	851,309	830,141
- due to market risk:	15,417	21,343	17,092	16,628	17,100	12,659	18,566	17,447	16,626
- due to credit valuation adjustment	2,756	4,182	2,826	3,378	1,829	1,147	1,661	930	1,728
- due to operational risk	88,208	80,570	80,570	80,570	80,570	85,026	85,026	85,026	85,026
<b>Total risk exposure amount</b>	<b>999,491</b>	<b>1,012,986</b>	<b>992,883</b>	<b>945,321</b>	<b>901,646</b>	<b>917,764</b>	<b>924,375</b>	<b>954,712</b>	<b>933,521</b>
<b>Capital ratios</b>									
CET 1 ratio <sup>1</sup>	18.8%	18.2%	18.2%	18.8%	21.3%	20.6%	20.1%	19.2%	20.1%
Tier 1 ratio <sup>1</sup>	19.8%	19.2%	19.2%	19.9%	22.5%	21.8%	20.1%	19.2%	20.1%
Total capital ratio <sup>1</sup>	22.2%	21.4%	21.5%	22.5%	25.3%	24.7%	22.9%	21.9%	23.0%
Leverage ratio <sup>1</sup>	12.1%	11.9%	12.5%	12.4%	13.6%	13.2%	12.4%	12.6%	13.6%

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



## Average balances - 9 quarter summary

ISK million	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20
<b>Average assets</b>									
Personal Banking	553,572	548,743	534,594	513,016	502,872	492,230	469,726	439,696	395,822
Business Banking	276,285	268,280	254,632	242,150	236,861	238,867	237,992	235,390	238,179
Corporate & Investment Banking	349,957	355,481	354,164	348,785	356,563	370,586	368,735	357,527	369,606
Íslandsbanki	1,570,812	1,494,361	1,424,022	1,425,054	1,448,087	1,452,094	1,397,070	1,360,832	1,326,162
<b>Average equity</b>									
Personal Banking	40,755	41,352	39,592	38,007	37,097	36,077	35,051	35,157	32,695
Business Banking	40,132	38,891	36,106	34,017	34,218	35,849	37,803	37,486	38,305
Corporate & Investment Banking	63,642	64,767	61,973	59,778	60,715	62,548	63,251	62,325	63,989
Íslandsbanki	215,614	207,519	200,176	203,176	200,422	193,348	187,638	186,690	184,489
<b>Average loans to customers</b>									
Personal Banking	550,048	545,322	530,171	509,223	499,175	488,801	466,541	436,336	391,334
Business Banking	274,148	266,154	252,526	240,110	234,711	236,675	235,871	233,281	235,927
Corporate & Investment Banking	344,044	348,863	348,242	345,538	350,183	364,769	362,002	351,879	365,229
Íslandsbanki <sup>1</sup>	1,168,240	1,160,339	1,130,939	1,094,871	1,084,069	1,090,245	1,064,414	1,021,496	992,490
<b>Average deposits from customers</b>									
Personal Banking	355,071	351,200	346,529	341,658	337,168	334,248	334,044	324,613	317,155
Business Banking	253,696	254,544	238,873	234,200	239,609	223,235	200,692	192,024	195,641
Corporate & Investment Banking <sup>2</sup>	159,852	145,002	136,306	143,407	149,822	142,432	140,467	137,747	136,071
Íslandsbanki <sup>1</sup>	768,619	750,746	721,708	719,265	726,599	699,915	675,203	654,384	648,867

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

	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20
<b>YoY change, %</b>									
GDP growth	7.3	6.6	8.5	4.9	6.9	6.5	-0.9	-5.2	-9.5
Total investment	2.2	-4.4	22.2	14.0	13.2	23.1	-2.3	-4.2	-13.1
Business investment	0.7	-7.2	38.8	12.9	28.7	36.8	-2.2	-13.9	-24.9
Residential investment	-3.4	-5.0	-8.0	-6.9	-8.3	1.7	-6.8	13.2	2.2
Personal consumption	7.2	15.0	10.4	13.2	6.7	9.3	1.5	-2.6	-1.2
Unemployment rate, % of workforce		3.9	5.1	4.9	5.5	9.0	11.3	7.6	5.8
Current account, % of GDP	2.3	-4.6	-5.3	-4.0	3.4	-4.2	-3.2	3.0	0.1
International investment position, % of GDP	23.6	22.9	31.3	40.0	39.4	35.3	34.0	34.0	33.8
Gross general govt. debt, % of GDP				75.0				77.4	
Household debt, gross, % of GDP	79.9	81.5	82.1	83.7	84.7	85.1	84.8	83.6	81.1
Corporate debt, gross, % of GDP	79.6	81.0	81.4	83.1	85.8	86.0	87.7	89.6	91.8
<b>YoY change, %</b>									
Inflation	9.7	7.9	6.2	4.8	4.3	4.4	4.2	3.6	3.2
Residential real estate price index	13.2	11.9	11.1	10.3	9.0	7.2	4.2	3.5	4.1
Wages	8.1	8.4	7.2	7.5	7.8	7.5	10.5	7.2	6.5
Real wages	-1.4	0.5	1.0	2.5	3.4	3.0	6.0	3.5	3.1
ISK index, average	188.4	186.0	191.2	196.3	194.3	193.8	200.0	206.3	207.8
Central bank policy rate (1W)	5.1	3.5	2.4	1.8	1.2	0.9	0.8	0.9	1.0
Long-term nominal yield	5.7	5.4	4.7	4.1	3.7	3.7	3.5	3.1	2.6
Long-term real yield	1.3	0.6	0.4	0.5	0.5	0.6	0.6	0.5	-0.4

## Currencies

	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
<b>Currencies</b>									
USD	142.0	144.6	133.7	127.9	130.4	130.3	123.2	126.3	127.2
GBP	170.8	159.4	161.9	167.9	175.7	175.4	170.7	173.8	173.6
EUR	151.5	140.9	138.9	142.0	147.6	150.9	146.5	148.1	156.1
DKK	20.4	19.0	18.7	19.1	19.9	20.3	19.7	19.9	21.0
SEK	13.6	12.9	13.0	13.7	14.4	14.8	14.5	14.5	15.6
CHF	153.9	147.4	139.5	138.3	142.8	139.3	133.4	133.8	144.4

## Allocation reporting for Íslandsbanki's Sustainable Financing Framework (2020-2022)

### Allocation to Eligible Projects (outstanding amount)

ISK million	31.12.22	31.12.21	31.12.20
Clean Transportation	12,444	6,259	3,392
Eco-efficient and circular economy adapted products, production technologies and processes	828	-	-
Renewable energy	6,257	6,332	6,307
Green buildings	16,100	9,688	1,502
Certified organic farm	776	719	-
Sustainable waste management	772	836	902
Information and communication technology	5,283	5,055	-
Sustainable seafood products	25,759	19,468	-
Government defined company support	2,757	3,636	3,271
Affordable housing	356	366	2,242
Education and vocational training	96	431	7,061
Equality, diversity and empowerment	7,141	4,988	-
<b>Total sustainable assets</b>	<b>78,570</b>	<b>57,778</b>	<b>24,677</b>

ISK million	31.12.22	31.12.21	31.12.20
Green bonds (ISK) <sup>1</sup>	10,320	6,603	2,709
Sustainable bonds (EUR)	87,420	44,657	46,944
Loan from the Nordic Investment Bank (USD)	12,337	-	-
Sustainable deposits (ISK)	10	-	-
<b>Total sustainable debt</b>	<b>110,087</b>	<b>51,260</b>	<b>49,653</b>

Thereoff older than 18 months at year end <sup>2</sup>	44,950	-	-
Allocation ratio of debt issued more than 18 months old <sup>2</sup>	100%	100%	100%
Allocation ratio of debt issued less than 18 months old <sup>3</sup>	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 (2020 and 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 31.12.2021	Share of funding	Share of capex <sup>3</sup>	Avoided greenhouse gas emissions <sup>4</sup>	Clean vehicles <sup>5</sup>	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	GWh	number of	tonnes	km	tonnes	number of	number of	number of	number of			
Clean Transportation	6,259	100%	100%	2,763	2,186											0.4	65.0
Renewable energy	6,332	100%	100%	867		97										0.1	20.0
Green buildings <sup>1</sup>	9,688	85%	100%				16										
Certified organic farm	719	100%	100%														
Sustainable waste management	836	34%	100%	13,202				4,900								15.8	2331.0
Information and communication technology <sup>2</sup>	5,055	28%	100%						2,000								
Sustainable seafood products	19,468	94%	94%							44,000							
Government defined company support	3,636	n.a.	0%								440						
Affordable housing	366	100%	100%									60					
Education and vocational training	431	100%	100%										366				
Equality, diversity and empowerment	4,988	n.a.	82%											30			
	<b>57,778</b>		<b>90%</b>	<b>16,832</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 2020 is estimated to be 10,5 gCO2 e/kWh.

5. In addition 13 charging stations and 99 electric bikes were funded.

6. Average loan size ISK 8.3m.

7. EUR/ISK=147,6 on 31.12.2021.

	Allocation to Eligible Projects			Selected impact indicators											Avoided greenhouse gas emissions per million ISK	Avoided greenhouse gas emissions per million EUR <sup>3</sup>	
	Amount outstanding 31.12.2020	Share of funding	Share of capex	Avoided greenhouse gas emissions	Clean vehicles <sup>1</sup>	Clean energy produced	Green building	Additional waste recycled	Fiber optic cables laid <sup>4</sup>	MSC certified products sold <sup>4</sup>	Companies supported <sup>2</sup>	Dwellings	Students reached	Loans to gender balanced companies <sup>4</sup>			
	ISK million	%	%	tCO2e	number of	GWh	number of	tonnes	km	tonnes	number of	number of	number of	number of			
Clean Transportation	3,392	100%	100%	1,734	1,190											0.5	79.7
Renewable energy	6,307	100%	100%	3,500		87										0.6	86.6
Green buildings	1,502	11%	100%				1										
Sustainable waste management	902	30%	100%	530				800								0.6	91.7
Government defined company support	3,271	n.a.	0%								342						
Affordable housing	2,242	100%	100%									140					
Education and vocational training	7,061	60%	100%										3,000				
	<b>24,677</b>			<b>5,764</b>	<b>1,190</b>	<b>87</b>	<b>1</b>	<b>800</b>			<b>342</b>	<b>140</b>	<b>3,000</b>				

1. in addition 11 charging stations and 24 electric bikes were funded.

2. Average loan size ISK 9.6m.

3. EUR/ISK=156 on 31.12.2020.

4. Measure not included in 2020 report.

## Financial targets reached in 2022

Resulting from strong revenue generation and strict cost control

	Targets	4Q22	2022
<b>Return on equity</b>	>10%	11.1% ✓	11.8% ✓
<b>Cost-to-income ratio<sup>1</sup></b>	<45%	42.5% ✓	42.1% ✓
<b>CET1 capital ratio<sup>2</sup></b>	~16.5%	18.8% ✓	18.8% ✓
<b>Dividend-payout-ratio</b>	50%		50% ✓

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

2. Long term CET1 capital target is subject to regulatory requirements and includes a management buffer of 50-200bp.

# Íslandsbanki S&P credit ratings

## BBB/A-2 Stable Outlook

Rating Report 13 July 2022

S&P Global Ratings (S&P) affirmed Íslandsbanki's rating at BBB/A-2 with a stable outlook on 13 July 2022.

In its report, S&P views economic risks facing Icelandic financial institutions as elevated as property prices have risen higher than fundamental determinants, which could occasion a risk of a disorderly correction with a heavy impact on the Icelandic banks. However, S&P notes that the tourism sector recovery continues which will improve corporate sector performance.

S&P states that they could lower the ratings of Icelandic banks if they see a rapid and severe correction in the housing market. They could also lower the rating if they expect capitalisation to fall below the level they consider to be very strong. S&P could raise their ratings if they see housing market correction risk ease markedly, paired with stable and robust sector earnings. Likewise, the agency will look favourably on plans to build significant additional buffers of loss absorbing capital.

<b>Íslandsbanki</b>	<b>S&amp;P</b>	<b>Icelandic sovereign</b>	<b>S&amp;P</b>	<b>FITCH</b>	<b>MOODY'S</b>
Long-term	BBB	Long-term	A	A	A-2
Short-term	A-2	Short-term	A-1		
Outlook	Stable	Outlook	Stable	Stable	Stable
Affirmed (date)	July 2022	Affirmed (date)	November 2022	October 2022	November 2022

## Disclaimer

---

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.

Íslandsbanki cannot guarantee that the information contained herein is without fault or entirely accurate. The information in this material is based on sources that Íslandsbanki believes to be reliable. Íslandsbanki can however not guarantee that all information is correct. Furthermore, information and opinions may change without notice. Íslandsbanki is under no obligation to make amendments or changes to this publication if errors are found or opinions or information change. Íslandsbanki accepts no responsibility for the accuracy of its sources.

Íslandsbanki and its management may make certain statements that constitute "forward-looking statements". These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipates," "targets," "expects," "estimates," "intends," "plans," "goals," "believes" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could."

The forward-looking statements represent Íslandsbanki's current expectations, plans or forecasts of its future results and revenues and beliefs held by the company at the time of publication. These statements are not guarantees of future results or performance and involve certain risks, uncertainties and assumptions that are difficult to predict and are often beyond Íslandsbanki's control. Actual outcomes and results may differ materially from those expressed in, or implied by, any of these forward-looking statements.

Forward-looking statements speak only as of the date they are made, and Íslandsbanki undertakes no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made.

Íslandsbanki does not assume any responsibility or liability for any reliance on any of the information contained herein. Íslandsbanki is the owner of all works of authorship including, but not limited to, all design, text, sound recordings, images and trademarks in this material unless otherwise explicitly stated. The use of Íslandsbanki's material, works or trademarks is forbidden without written consent except where otherwise expressly stated. Furthermore, it is prohibited to publish material made or gathered by Íslandsbanki without written consent.