

4Q2021



Íslandsbanki Factbook

440 4000

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Supplementary information for market participants (Unaudited)

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Investor relations

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Investor relations web-site

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

An earnings conference call and webcast will take place on Friday 11 February 2022

The Bank will host an investor meeting and webcast in English for investors and market participants on Friday 11 February at 8.30am Reykjavík/GMT/London, 9.30am CET. Birna Einarsdóttir, CEO, and Jón Guðni Ómarsson, CFO, will give an overview of the fourth quarter financial results and operational highlights.

Participant registration 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 please use the following dial-in details:

Iceland: +354 800 74 37
Denmark: +45 354 45 577
Sweden: +46 8 566 42 651
Norway: +47 235 00 243
United Kingdom: +44 33 330 00 804
United States: +1 631 913 1422

Confirmation Code: 97538113#

Financial calendar

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

Annual General Meeting — 17 March 2022

1Q22 results — 5 May 2022

2Q22 results — 28 July 2022

3Q22 results — 27 October 2022

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 are also available:

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

Parallel to the publishing of the financial statements, the Bank publishes its Annual and Sustainability report and Pillar 3 report, along with an Impact and Allocation report for Íslandsbanki's Sustainable Financing Framework:

<https://www.islandsbanki.is/en/landing/about/annual-and-sustainability-report-2021>

Key performance indicators - 5 years

	2021	2020	2019	2018	2017
Profitability					
Return on equity ¹	12,3%	3,7%	4,8%	6,1%	7,5%
Return on assets ¹	1,7%	0,5%	0,7%	1,0%	1,3%
Earnings per share	11,26	3,58	4,59	5,06	5,50
Core income / total operating income ²	93,5%	101,7%	96,8%	98,2%	99,0%
Net interest margin					
Net interest margin on total assets ¹	2,4%	2,6%	2,7%	2,9%	2,9%
Efficiency					
Cost-to-income ratio ³	46,2%	54,3%	58,8%	66,3%	62,5%
Cost-to-total assets ratio ¹	1,65%	1,82%	2,11%	2,57%	2,67%
Cost of risk ¹	-0,28%	0,91%	0,39%	-0,20%	-0,21%
Number of FTEs at period end - Consolidated ⁴	735	779	984	1.075	1.042
Number of FTEs at period end - Parent ⁴	702	745	749	834	860
Number of branches at period end	12	12	14	14	14
Assets					
Loans to customers (ISKm)	1.086.327	1.006.717	899.632	846.599	755.175
LTV on mortgages to individuals ⁵	66,0%	64,0%	62,0%	61,0%	63,3%
Risk exposure amount / total assets	63,1%	69,4%	73,7%	74,8%	74,9%
Non-performing loans (NPL) ratio ⁶	2,0%	2,9%	3,0%	2,0%	1,0%
Asset encumbrance ratio	19,6%	18,7%	18,1%	18,0%	15,2%
Financial strength					
Equity as % of total assets	14,3%	13,9%	15,0%	15,6%	17,5%
Liquidity					
Net stable funding ratio (NSFR) - All currencies	122%	123%	119%	114%	117%
Net stable funding ratio (NSFR) - Foreign currencies	157%	179%	156%	149%	122%
Liquidity coverage ratio (LCR) - All currencies	156%	196%	155%	172%	142%
Liquidity coverage ratio (LCR) - Domestic currency	141%	95%	110%	n.a.	n.a.
Liquidity coverage ratio (LCR) - Foreign currencies	235%	463%	325%	544%	155%
Term deposits % of total deposits	18,3%	24,6%	28,0%	27,1%	29,4%
Customer loans to customer deposits ratio	146%	148%	145%	146%	133%
Capital					
CET 1 ratio	21,3%	20,1%	19,9%	20,3%	22,6%
Tier 1 ratio	22,5%	20,1%	19,9%	20,3%	22,6%
Total capital ratio	25,3%	23,0%	22,4%	22,2%	24,1%
Leverage ratio	13,6%	13,6%	14,2%	14,6%	16,2%
Risk exposure amount (ISKm)	901.646	933.521	884.550	845.949	775.492

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.

Income statement - 5 year summary

ISK million	2021	2020	2019	2018	2017
Interest income calculated using the effective interest rate method	56.220	53.378	59.289	59.741	55.703
Other interest income	2.405	2.317	2.676	1.934	1.064
Interest expense	(24.582)	(22.324)	(29.143)	(29.738)	(26.768)
Net interest income	34.043	33.371	32.822	31.937	29.999
Fee and commission income	15.167	12.651	12.052	19.853	20.855
Fee and commission expense	(2.318)	(2.126)	(1.153)	(7.626)	(7.105)
Net fee and commission income	12.849	10.525	10.899	12.227	13.750
Net financial income (expense)	2.499	(1.391)	(820)	(962)	(715)
Net foreign exchange gain	479	451	139	1	527
Other operating income	302	197	2.125	1.784	628
Other net operating income	3.280	(743)	1.444	823	440
Total operating income	50.172	43.153	45.165	44.987	44.189
Salaries and related expenses	(13.397)	(12.917)	(14.019)	(15.500)	(15.233)
Other operating expenses	(9.799)	(9.829)	(10.469)	(12.150)	(11.735)
Contribution to the Depositors' and Investors' Guarantee Fund	(688)	(679)	(936)	(1.173)	(1.083)
Bank tax	(1.683)	(1.588)	(3.528)	(3.281)	(2.892)
Total operating expenses	(25.567)	(25.013)	(28.952)	(32.104)	(30.943)
Profit before net impairment on financial assets	24.605	18.140	16.213	12.883	13.246
Net impairment on financial assets	3.018	(8.816)	(3.480)	1.584	1.556
Profit before tax	27.623	9.324	12.733	14.467	14.802
Income tax expense	(5.119)	(2.472)	(3.909)	(4.734)	(4.151)
Profit for the period from continuing operations	22.504	6.852	8.824	9.733	10.651
Discontinued operations held for sale, net of income tax	1.221	(97)	(370)	912	2.575
Profit for the period	23.725	6.755	8.454	10.645	13.226
Basic earnings per share from profit for the period	11,26	3,58	4,59	5,06	5,50

Balance sheet - 5 year summary

ISK million	2021	2020	2019	2018	2017
Cash and balances with Central Bank	113.667	78.948	146.638	135.056	189.045
Loans to credit institutions	43.988	89.920	54.376	41.577	26.617
Bonds and debt instruments	132.289	128.216	52.870	69.415	27.090
Derivatives	2.445	6.647	5.621	4.550	2.896
Loans to customers	1.086.327	1.006.717	899.632	846.599	755.175
Shares and equity instruments	31.677	14.851	18.426	13.074	10.177
Investments in associates	939	775	746	682	704
Property and equipment	7.010	7.341	9.168	5.271	7.128
Intangible assets	3.351	3.478	4.330	5.002	4.231
Other assets	5.784	4.125	6.608	9.177	12.759
Non-current assets and disposal groups held for sale	1.344	3.173	1.075	-	-
Total Assets	1.428.821	1.344.191	1.199.490	1.130.403	1.035.822
Deposits from Central Bank and credit institutions	13.384	39.758	30.925	15.619	11.189
Deposits from customers	744.036	679.455	618.313	578.959	567.029
Derivative instruments and short positions	9.467	6.936	6.219	5.521	5.492
Debt issued and other borrowed funds	402.226	387.274	306.381	300.976	217.748
Subordinated loans	35.762	27.194	22.674	16.216	9.505
Tax liabilities	6.432	5.450	7.853	7.150	7.787
Other liabilities	12.848	11.893	27.063	29.643	35.947
Non-current liabilities and disposal groups held for sale	956	27	-	6	80
Total Liabilities	1.225.111	1.157.987	1.019.428	954.090	854.777
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	6.086	6.181	7.065	6.499	6.179
Retained earnings	132.624	113.529	105.569	102.496	107.387
Total Shareholder's Equity	203.710	184.710	177.634	173.995	178.566
Non-controlling interests	-	1.494	2.428	2.318	2.479
Total Equity	203.710	186.204	180.062	176.313	181.045
Total Liabilities and Equity	1.428.821	1.344.191	1.199.490	1.130.403	1.035.822

Net interest income - 5 year summary

ISK million	2021	2020	2019	2018	2017
Cash and balances with Central Bank	948	1.750	4.452	7.279	10.541
Loans to credit institutions	128	215	812	543	224
Loans to customers	55.144	51.413	54.025	51.919	44.938
Financial assets mandatorily at fair value through profit or loss	2.388	2.314	2.630	1.825	-
Financial assets designated at fair value through profit or loss	-	-	-	-	50
Financial assets held for trading	-	-	-	-	879
Other assets	17	3	46	109	135
Total interest income	58.625	55.695	61.965	61.675	56.767
Deposits from Central Bank and credit institutions	(306)	(736)	(625)	(409)	(170)
Deposits from customers	(6.815)	(7.700)	(15.242)	(16.539)	(17.461)
Debt issued and other borrowed funds at fair value through profit and loss	(729)	(608)	(734)	(963)	-
Debt issued and other borrowed funds at amortised cost	(14.104)	(11.179)	(9.818)	(9.035)	(8.107)
Subordinated loans	(829)	(763)	(501)	(198)	(14)
Other liabilities	(1.799)	(1.338)	(2.223)	(2.594)	(1.016)
Total interest expense	(24.582)	(22.324)	(29.143)	(29.738)	(26.768)
Net interest income	34.043	33.371	32.822	31.937	29.999
Net interest income on loans¹					
Personal Banking	7.464	5.835	3.868	3.838	n.a.
Business Banking	7.842	7.702	6.010	5.276	n.a.
Corporate & Investment Banking	7.773	6.986	5.292	4.578	n.a.
Total net interest income on loans	23.079	20.523	15.170	13.692	-
Net interest income on deposits¹					
Personal Banking	4.535	4.761	5.832	5.239	n.a.
Business Banking	2.999	2.628	3.629	3.321	n.a.
Corporate & Investment Banking	948	930	1.045	1.160	n.a.
Total net interest income on deposits	8.482	8.319	10.506	9.720	-

1. 2017 numbers are not applicable due to structural changes.

Net fee & commission income - 5 year summary

ISK million	2021	2020	2019	2018	2017
Asset management	3.100	2.382	2.225	2.116	1.964
Investment banking and brokerage	3.544	2.805	2.430	2.303	2.280
Payment processing	4.979	4.378	3.810	12.065	13.094
Loans and guarantees	2.191	2.186	1.510	1.467	1.427
Other fee and commission income	1.353	900	2.077	1.902	2.090
Total fees and commission income	15.167	12.651	12.052	19.853	20.855
Brokerage	(471)	(360)	(337)	(300)	(128)
Clearing and settlement	(1.834)	(1.766)	(806)	(7.302)	(6.956)
Other fee and commission expense	(13)	-	(10)	(24)	(21)
Total fee and commission expense	(2.318)	(2.126)	(1.153)	(7.626)	(7.105)
Net fee and commission income	12.849	10.525	10.899	12.227	13.750

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

Loans to customers - 5 year summary

ISK million	2021	2020	2019	2018	2017
Individuals	520.733	437.377	349.181	319.390	299.350
thereof mortgages	457.800	377.155	281.499	249.296	225.765
Commerce and services	165.222	124.260	126.488	124.242	112.144
Construction	36.773	42.352	44.420	29.095	24.797
Energy	9.493	8.673	7.887	6.858	7.109
Financial services	1.978	1.539	2.315	1.704	26
Industrial and transportation	89.627	78.561	82.288	79.824	69.961
Investment companies	23.677	23.440	23.590	23.799	19.726
Public sector and non-profit organisations	9.987	10.911	12.312	12.087	11.871
Real estate	109.314	157.502	145.559	142.885	127.067
Seafood	119.523	122.102	105.592	106.715	84.853
Loans to customers before collective impairment allowance	1.086.327	1.006.717	899.632	846.599	756.904
Collective impairment allowance	-	-	-	-	(1.729)
Loans to customers	1.086.327	1.006.717	899.632	846.599	755.175

Capital and risk exposure amount - 5 year summary

ISK million	2021	2020	2019	2018	2017
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	6.086	6.181	7.065	6.499	6.179
Retained earnings	132.624	113.529	105.569	102.496	107.387
Non-controlling interests	-	1.494	2.428	2.318	2.479
IFRS 9 reversal due to transitional rules	2.768	5.164	-	-	-
Fair value changes due to own credit standing	1.054	238	392	376	-
Target dividend payment	(11.863)	-	-	-	-
Tax assets	(94)	(259)	(476)	(215)	(4)
Intangible assets	(3.351)	(3.478)	(4.330)	(5.002)	(4.231)
Other regulatory adjustments	-	-	-	-	(1.285)
Total CET1 capital	192.224	187.869	175.648	171.472	175.525
Additional Tier 1 capital	10.626	-	-	-	-
Tier 1 capital	202.850	187.869	175.648	171.472	175.525
Qualifying subordinated loans	25.136	27.194	22.674	16.216	9.505
Tier 2 capital	25.136	27.194	22.674	16.216	9.505
General credit risk adjustments	-	-	-	-	1.729
Total capital base	227.986	215.063	198.322	187.688	186.759
Risk exposure amount					
- due to credit risk	802.147	830.141	789.180	750.801	682.525
- due to market risk:	17.100	16.626	7.919	7.622	8.102
Market risk, trading book	16.223	11.306	6.488	6.649	6.709
Currency risk	877	5.320	1.431	973	1.393
- due to credit valuation adjustment	1.829	1.728	2.027	2.385	1.534
- due to operational risk	80.570	85.026	85.424	85.141	83.331
Total risk exposure amount	901.646	933.521	884.550	845.949	775.492
Capital ratios					
CET 1 ratio	21,3%	20,1%	19,9%	20,3%	22,6%
Tier 1 ratio	22,5%	20,1%	19,9%	20,3%	22,6%
Total capital ratio	25,3%	23,0%	22,4%	22,2%	24,1%
Leverage ratio	13,6%	13,6%	14,2%	14,6%	16,2%

Average balances - 5 year summary

ISK million	2021	2020	2019	2018	2017
Average assets					
Personal Banking	475.357	355.295	317.383	299.603	n.a.
Business Banking	237.071	237.632	233.470	225.408	n.a.
Corporate & Investment Banking	363.910	360.690	340.161	323.807	n.a.
Íslandsbanki	1.411.067	1.285.310	1.206.090	1.120.084	1.051.241
Average equity					
Personal Banking	35.830	30.995	28.222	24.632	n.a.
Business Banking	36.243	38.549	38.503	37.255	n.a.
Corporate & Investment Banking	61.985	61.792	58.972	57.200	n.a.
Íslandsbanki	192.245	181.587	176.967	174.183	176.891
Average loans to customers					
Personal Banking	471.924	351.584	315.128	299.429	n.a.
Business Banking	234.937	234.955	230.040	219.608	n.a.
Corporate & Investment Banking	358.473	355.760	336.244	322.974	n.a.
Íslandsbanki ¹	1.065.334	942.299	881.412	842.011	-
Average deposits from customers					
Personal Banking	332.267	306.871	279.627	275.265	n.a.
Business Banking	213.602	183.604	172.247	167.463	n.a.
Corporate & Investment Banking	144.806	130.655	107.431	101.417	n.a.
Íslandsbanki ¹	690.675	621.130	559.305	544.145	-

2018 is year-end number for segments and 2017 numbers are not applicable 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

Operating segments - Personal Banking

ISK million	2021	2020	2019	2018
Net interest income	12.027	10.749	10.578	9.946
Net fee and commission income	3.850	3.049	4.504	4.564
Other net operating income	189	305	77	1
Total operating income	16.066	14.103	15.159	14.511
Salaries and related expenses	(2.388)	(2.416)	(2.791)	(2.585)
Other operating expenses	(2.354)	(2.584)	(2.131)	(2.466)
Contribution to the Depositors' and Investors' Guarantee Fund	(538)	(482)	(530)	(669)
Bank tax	(723)	(613)	(483)	(434)
Net impairment on financial assets	318	(517)	(547)	579
Cost allocation	(4.539)	(4.690)	(5.606)	(5.134)
Profit (loss) before tax	5.842	2.801	3.071	3.802
Income tax expense	(1.707)	(887)	(924)	(989)
Profit (loss) for the year from continuing operations	4.135	1.914	2.147	2.813
Net segment revenue from external customers	26.175	20.911	18.137	14.958
Net segment revenue from other segments	(10.109)	(6.808)	(2.978)	(447)
Fee and commission income	5.669	4.797	6.224	5.990
Depreciation, amortisation, and write-offs	(166)	(300)	(215)	(275)
At 31 December				
Loans to customers	502.354	419.882	329.265	299.429
Other assets	3.609	3.212	3.553	1.332
Total segment assets	505.963	423.094	332.818	300.761
Deposits from customers	344.776	324.815	290.894	275.265
Other liabilities	1.603	1.327	1.497	1.453
Total segment liabilities	346.379	326.142	292.391	276.718
Allocated equity	37.549	34.850	29.981	24.582
Risk exposure amount	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.

2017 numbers are not applicable due to structural changes.

Operating segments - Business Banking

ISK million	2021	2020	2019	2018
Net interest income	10.867	10.536	10.812	9.788
Net fee and commission income	2.111	1.917	1.716	1.477
Other net operating income	61	50	25	41
Total operating income	13.039	12.503	12.553	11.306
Salaries and related expenses	(1.815)	(1.940)	(1.993)	(2.069)
Other operating expenses	(1.037)	(1.164)	(1.184)	(1.062)
Contribution to the Depositors' and Investors' Guarantee Fund	(135)	(161)	(314)	(395)
Bank tax	(344)	(340)	(339)	(327)
Net impairment on financial assets	2.401	(5.485)	(1.098)	955
Cost allocation	(3.113)	(2.967)	(3.381)	(2.813)
Profit (loss) before tax	8.996	446	4.244	5.595
Income tax expense	(2.428)	(204)	(1.192)	(1.455)
Profit (loss) for the year from continuing operations	6.568	242	3.052	4.140
Net segment revenue from external customers	14.806	14.750	14.492	14.996
Net segment revenue from other segments	(1.767)	(2.247)	(1.939)	(3.690)
Fee and commission income	2.136	1.948	1.724	1.612
Depreciation, amortisation, and write-offs	(58)	(163)	(112)	(142)
At 31 December				
Loans to customers	237.388	232.580	230.842	219.608
Other assets	2.004	2.199	3.085	3.151
Total segment assets	239.392	234.779	233.927	222.759
Deposits from customers	239.871	189.847	167.623	164.738
Other liabilities	1.630	1.481	1.822	2.811
Total segment liabilities	241.501	191.328	169.445	167.549
Allocated equity	33.738	37.804	38.924	37.304
Risk exposure amount	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.

2017 numbers are not applicable due to structural changes.

Operating segments - Corporate & Investment Banking

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

2017 numbers are not applicable due to structural changes.

Operating segments - Treasury & Proprietary Trading

ISK million	2021	2020	2019	2018
Net interest income	2.034	3.734	3.169	3.649
Net fee and commission income	(72)	(317)	(236)	(109)
Other net operating income	2.694	(1.420)	(848)	1.070
Total operating income	4.656	1.997	2.085	4.610
Salaries and related expenses	(256)	(280)	(253)	(258)
Other operating expenses	(235)	(263)	(257)	(494)
Contribution to the Depositors' and Investors' Guarantee Fund	-	(1)	(3)	-
Bank tax	(86)	(105)	(2.205)	(2.041)
Net impairment on financial assets	94	(8)	(791)	(37)
Cost allocation	320	323	278	423
Profit (loss) before tax	4.493	1.663	(1.146)	2.203
Income tax expense	1.421	112	318	(1.280)
Profit (loss) for the year from continuing operations	5.914	1.775	(828)	923
Net segment revenue from external customers	(12.748)	(13.597)	(9.708)	(5.733)
Net segment revenue from other segments	17.404	15.594	11.793	10.343
Fee and commission income	231	(9)	124	133
Depreciation, amortisation, and write-offs	-	-	-	(38)
At 31 December				
Loans to customers	59	302	2	904
Other assets	325.158	320.578	267.384	252.085
Total segment assets	325.217	320.880	267.386	252.989
Deposits from customers	21.477	31.674	49.517	42.566
Other liabilities	465.397	463.943	374.459	345.375
Total segment liabilities	486.874	495.617	423.976	387.941
Allocated equity	70.217	45.708	42.882	48.982
Risk exposure amount	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.

2017 numbers are not applicable due to structural changes.

Operating segments - Cost centers

ISK million	2021	2020	2019	2018
Net interest income	(178)	(215)	(251)	(218)
Net fee and commission income	(62)	7	7	12
Other net operating income	203	287	2.197	282
Total operating income	(37)	79	1.953	76
Salaries and related expenses	(6.465)	(5.926)	(6.516)	(6.185)
Other operating expenses	(4.854)	(4.488)	(5.725)	(5.646)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-
Bank tax	(14)	(16)	(15)	(9)
Net impairment on financial assets	4	-	-	-
Cost allocation	10.502	10.354	12.130	10.184
Profit (loss) before tax	(864)	3	1.827	(1.580)
Income tax expense	221	(5)	(478)	411
Profit (loss) for the year from continuing operations	(643)	(2)	1.349	(1.169)
Net segment revenue from external customers	73	223	2.129	295
Net segment revenue from other segments	(110)	(144)	(176)	(219)
Fee and commission income	2	7	8	12
Depreciation, amortisation, and write-offs	(1.145)	(1.178)	(1.367)	(688)
At 31 December				
Loans to customers	-	-	-	-
Other assets	9.108	10.893	10.648	8.056
Total segment assets	9.108	10.893	10.648	8.056
Deposits from customers	-	-	-	-
Other liabilities	5.711	5.915	6.209	2.317
Total segment liabilities	5.711	5.915	6.209	2.317
Allocated equity	894	899	1.145	646
Risk exposure amount	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.

2017 numbers are not applicable due to structural changes.

Operating segments - Subsidiaries, eliminations & adjustments

ISK million	2021	2020	2019	2018
Net interest income	11	37	117	1.096
Net fee and commission income	2.638	1.794	1.378	2.962
Other net operating income	(626)	(887)	(571)	(924)
Total operating income	2.023	944	924	3.134
Salaries and related expenses	(784)	(772)	(746)	(2.762)
Other operating expenses	(522)	(460)	(512)	(1.802)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-
Bank tax	-	-	-	-
Net impairment on financial assets	80	(1)	(1)	(77)
Cost allocation	-	-	-	-
Profit (loss) before tax	797	(289)	(335)	(1.507)
Income tax expense	(318)	(132)	(188)	127
Profit (loss) for the year from continuing operations	479	(421)	(523)	(1.380)
Net segment revenue from external customers	2.023	944	924	3.134
Net segment revenue from other segments	-	-	-	-
Fee and commission income	2.643	1.756	398	8.686
Depreciation, amortisation, and write-offs	(11)	(7)	(10)	(143)
At 31 December				
Loans to customers	(309)	-	4.735	3.684
Other assets	1.280	(203)	14.841	18.864
Total segment assets	971	(203)	19.576	22.548
Deposits from customers	(3.292)	(4.672)	(3.176)	(5.027)
Other liabilities	2.006	958	14.575	19.976
Total segment liabilities	(1.286)	(3.714)	11.399	14.949
Allocated equity	2.257	3.511	8.177	7.599
Risk exposure amount	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.

2017 numbers are not applicable due to structural changes.

Key performance indicators - 9 quarters

	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19
Profitability									
Return on equity ¹	14,2%	15,7%	11,6%	7,7%	7,6%	7,4%	2,8%	-3,0%	3,7%
Return on assets ¹	2,0%	2,1%	1,6%	1,1%	1,1%	1,0%	0,4%	-0,4%	0,5%
Earnings per share	3,01	3,75	2,70	1,80	1,68	1,54	0,87	(0,50)	0,96
Core income / total operating income ²	93,7%	91,6%	93,4%	95,3%	92,3%	101,0%	99,1%	117,7%	98,3%
Net interest margin									
Net interest margin on total assets ¹	2,4%	2,4%	2,4%	2,4%	2,5%	2,5%	2,6%	2,8%	2,7%
Efficiency									
Cost-to-income ratio ^{3,7}	45,3%	39,4%	49,9%	51,3%	51,7%	46,7%	57,5%	62,9%	62,9%
Cost-to-total assets ratio ^{1,7}	1,64%	1,45%	1,74%	1,75%	1,88%	1,57%	1,90%	1,93%	2,18%
Cost of risk ¹	-0,23%	-0,64%	-0,42%	0,20%	0,73%	0,44%	1,03%	1,51%	0,64%
Number of FTEs at period end - Consolidated ⁴	735	763	768	774	779	778	770	780	984
Number of FTEs at period end - Parent ⁴	702	730	733	739	745	744	735	746	749
Asset quality									
Loans to customers (ISKm)	1.086.327	1.081.418	1.089.723	1.029.415	1.006.717	970.309	933.320	923.850	899.632
LTV on mortgages to individuals ⁵	66,0%	66,0%	66,0%	65,0%	64,0%	64,0%	63,0%	62,0%	62,0%
Risk exposure amount / total assets	63,1%	63,0%	63,9%	68,9%	69,4%	70,9%	70,8%	72,6%	73,7%
Non-performing loans (NPL) ratio ⁶	2,0%	2,0%	2,1%	2,4%	2,9%	3,3%	3,6%	2,8%	3,0%
Asset encumbrance ratio	19,6%	18,9%	18,9%	18,3%	18,7%	17,3%	17,9%	18,2%	18,1%
Financial strength									
Equity as % of total assets	14,3%	13,6%	13,2%	13,4%	13,9%	13,7%	13,8%	14,3%	15,0%
Liquidity									
Net stable funding ratio (NSFR) - All currencies	122%	121%	122%	119%	123%	113%	117%	120%	119%
Net stable funding ratio (NSFR) - Foreign currencies	157%	166%	154%	182%	179%	149%	147%	151%	156%
Liquidity coverage ratio (LCR)	156%	225%	187%	172%	196%	136%	179%	177%	155%
Liquidity coverage ratio (LCR) - Domestic currency	141%	124%	133%	93%	95%	96%	119%	n.a.	110%
Liquidity coverage ratio (LCR) - Foreign currencies	235%	384%	287%	235%	463%	405%	325%	324%	325%
Term deposits % of total deposits	18,3%	20,3%	20,3%	24,4%	24,6%	25,0%	25,7%	27,4%	28,0%
Customer loans to customer deposits ratio	146%	143%	142%	147%	148%	139%	137%	143%	145%
Capital									
CET 1 ratio ⁸	21,3%	20,6%	20,1%	19,2%	20,1%	19,4%	19,4%	19,2%	19,9%
Tier 1 ratio ⁸	22,5%	21,8%	20,1%	19,2%	20,1%	19,4%	19,4%	19,2%	19,9%
Total capital ratio ⁸	25,3%	24,7%	22,9%	21,9%	23,0%	22,2%	22,2%	21,9%	22,4%
Leverage ratio ⁸	13,6%	13,2%	12,4%	12,6%	13,6%	13,4%	13,4%	13,5%	14,2%
Risk exposure amount (ISKm)	901.646	917.764	924.375	954.712	933.521	942.339	923.133	911.375	884.550

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. Ratios for 3Q21 including third quarter profit.

Income statement - 9 quarter summary

ISK million	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19
Net interest income	8.644	8.792	8.417	8.190	8.258	8.305	8.228	8.580	8.291
Net fee and commission income	3.653	3.427	2.907	2.862	2.865	2.862	2.307	2.491	2.945
Net financial income (expense)	646	941	619	293	783	(255)	(181)	(1.738)	(840)
Net foreign exchange gain (loss)	159	95	95	130	87	101	208	55	116
Other operating income	15	82	82	123	63	44	71	19	920
Other net operating income	820	1.118	796	546	933	(110)	98	(1.664)	196
Total operating income	13.117	13.337	12.120	11.598	12.056	11.057	10.633	9.407	11.432
Administrative expenses	(5.768)	(5.088)	(6.488)	(5.852)	(6.073)	(5.110)	(5.871)	(5.692)	(6.447)
Contribution to the Depositors' and Investors' Guarantee Fund	(170)	(173)	(162)	(183)	(154)	(50)	(247)	(228)	(216)
Bank tax	(389)	(433)	(451)	(410)	(414)	(416)	(399)	(359)	(814)
Total operating expenses	(6.327)	(5.694)	(7.101)	(6.445)	(6.641)	(5.576)	(6.517)	(6.279)	(7.477)
Profit before net impairment on financial assets	6.790	7.643	5.019	5.153	5.415	5.481	4.116	3.128	3.955
Net impairment on financial assets	639	1.757	1.140	(518)	(1.829)	(1.058)	(2.439)	(3.490)	(1.463)
Profit (loss) before tax	7.429	9.400	6.159	4.635	3.586	4.423	1.677	(362)	2.492
Income tax expense	(1.416)	(1.898)	(769)	(1.036)	(234)	(1.350)	(119)	(769)	(659)
Profit (loss) for the period from continuing operations	6.013	7.502	5.390	3.599	3.352	3.073	1.558	(1.131)	1.833
Discontinued operations held for sale, net of income tax	1.079	85	41	16	173	288	(313)	(245)	(174)
Profit (loss) for the period	7.092	7.587	5.431	3.615	3.525	3.361	1.245	(1.376)	1.659

Balance sheet - 9 quarter summary

ISK million	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20	31.3.20	31.12.19
Cash and balances with Central Bank	113.667	110.233	130.968	88.748	78.948	95.022	103.569	123.062	146.638
Loans to credit institutions	43.988	81.117	57.793	103.333	89.920	61.898	70.307	84.263	54.376
Bonds and debt instruments	132.289	123.599	110.499	103.627	128.216	149.426	140.422	69.368	52.870
Derivatives	2.445	2.374	2.649	2.536	6.647	3.731	6.366	4.772	5.621
Loans to customers	1.086.327	1.081.418	1.089.723	1.029.415	1.006.717	970.309	933.320	923.850	899.632
Shares and equity instruments	31.677	31.456	31.751	25.763	14.851	14.657	10.943	12.496	18.426
Investments in associates	939	952	911	841	775	750	750	712	746
Property and equipment	7.010	7.082	7.246	7.191	7.341	7.409	7.549	8.015	9.168
Intangible assets	3.351	3.249	3.307	3.357	3.478	3.554	3.667	3.736	4.330
Other assets	5.784	13.954	10.474	17.566	4.125	17.159	6.370	5.154	6.608
Non-current assets and disposal groups held for sale	1.344	938	1.539	2.858	3.173	4.809	19.993	20.263	1.075
Total Assets	1.428.821	1.456.372	1.446.860	1.385.235	1.344.191	1.328.724	1.303.256	1.255.691	1.199.490
Deposits from Central Bank and credit institutions	13.384	20.409	32.240	31.565	39.758	36.438	35.461	33.773	30.925
Deposits from customers	744.036	754.442	765.614	698.575	679.455	698.610	681.223	647.795	618.313
Derivative instruments and short positions	9.467	10.869	10.079	9.533	6.936	8.406	7.519	12.045	6.219
Debt issued and other borrowed funds	402.226	397.672	398.786	398.225	387.274	324.752	321.803	322.280	306.381
Subordinated loans	35.762	36.923	25.297	25.259	27.194	26.798	25.834	24.456	22.674
Tax liabilities	6.432	6.256	6.025	5.947	5.450	7.137	6.438	8.155	7.853
Other liabilities	12.848	32.391	18.436	30.631	11.893	44.073	29.935	14.392	27.063
Non-current liabilities and disposal groups held for sale	956	29	28	29	27	1	15.321	13.253	-
Total Liabilities	1.225.111	1.258.991	1.256.505	1.199.764	1.157.987	1.146.215	1.123.534	1.076.149	1.019.428
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	6.086	5.738	5.401	6.353	6.181	7.258	7.262	8.016	7.065
Retained earnings	132.624	126.653	119.535	113.335	113.529	108.383	105.681	104.349	105.569
Total Shareholder's Equity	203.710	197.391	189.936	184.688	184.710	180.641	177.943	177.365	177.634
Non-controlling interests	-	(10)	419	783	1.494	1.868	1.779	2.177	2.428
Total Equity	203.710	197.381	190.355	185.471	186.204	182.509	179.722	179.542	180.062
Total Liabilities and Equity	1.428.821	1.456.372	1.446.860	1.385.235	1.344.191	1.328.724	1.303.256	1.255.691	1.199.490

Net interest income - 9 quarter summary

ISK million	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19
Cash and balances with Central Bank	392	298	153	105	105	235	408	1.002	1.009
Loans to credit institutions	25	61	21	21	14	16	33	152	162
Loans to customers	14.898	13.272	14.754	12.220	12.497	12.985	13.993	11.938	13.111
Financial assets mandatorily at fair value through profit or loss	844	684	424	436	661	583	519	551	606
Other assets	11	3	1	2	-	1	-	2	14
Total interest income	16.170	14.318	15.353	12.784	13.277	13.820	14.953	13.645	14.902
Deposits from Central Bank and credit institutions	(52)	(63)	(98)	(93)	(124)	(192)	(199)	(221)	(237)
Deposits from customers	(2.295)	(1.400)	(1.925)	(1.195)	(1.376)	(1.625)	(2.236)	(2.463)	(3.064)
Debt issued and other borrowed funds at fair value through profit and loss	(182)	(183)	(179)	(185)	(162)	(150)	(154)	(142)	(176)
Debt issued and other borrowed funds at amortised cost	(4.138)	(3.219)	(4.096)	(2.651)	(2.826)	(2.979)	(3.327)	(2.047)	(2.414)
Subordinated loans	(311)	(179)	(176)	(163)	(193)	(211)	(193)	(166)	(160)
Other liabilities	(548)	(482)	(462)	(307)	(338)	(358)	(616)	(26)	(560)
Total interest expense	(7.526)	(5.526)	(6.936)	(4.594)	(5.019)	(5.515)	(6.725)	(5.065)	(6.611)
Net interest income	8.644	8.792	8.417	8.190	8.258	8.305	8.228	8.580	8.291
Net interest income on loans									
Personal Banking	1.799	1.887	1.892	1.885	1.764	1.562	1.354	1.155	1.062
Business Banking	1.917	1.986	1.967	1.973	2.042	2.038	1.932	1.690	1.605
Corporate & Investment Banking	1.874	2.045	1.975	1.881	1.848	1.829	1.726	1.587	1.447
Total net interest income on loans	5.590	5.918	5.739	5.739	5.684	5.429	5.012	4.432	4.114
Net interest income on deposits									
Personal Banking	1.317	1.152	1.062	1.003	987	1.041	1.283	1.450	1.462
Business Banking	997	784	634	584	599	586	658	784	858
Corporate & Investment Banking	283	258	210	201	168	220	253	288	272
Total net interest income on deposits	2.597	2.194	1.788	1.788	1.754	1.847	2.194	2.522	2.592

Net fee and commission income - 9 quarter summary

ISK million	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19
Asset management	971	705	769	655	636	576	605	565	590
Investment banking and brokerage	856	1.119	799	770	732	749	654	670	688
Payment processing	1.640	1.240	1.154	945	1.081	1.697	786	814	987
Loans and guarantees	469	580	552	590	753	563	463	407	389
Other fee and commission income	455	296	255	347	271	208	114	307	734
Total fee and commission income	4.391	3.940	3.529	3.307	3.473	3.793	2.622	2.763	3.388
Brokerage	(154)	(91)	(136)	(90)	(127)	(67)	(113)	(53)	(128)
Clearing and settlement	(579)	(420)	(486)	(349)	(481)	(864)	(202)	(219)	(324)
Other fee and commission expense	(5)	(2)	-	(6)	-	-	-	-	9
Total fee and commission expense	(738)	(513)	(622)	(445)	(608)	(931)	(315)	(272)	(443)
Net fee and commission income	3.653	3.427	2.907	2.862	2.865	2.862	2.307	2.491	2.945

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

Loans to customers - 9 quarter summary

ISK million	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20	31.3.20	31.12.19
Individuals	520.733	513.555	501.025	468.256	437.377	379.966	355.524	347.539	349.181
thereof mortgages	457.800	450.760	439.797	410.781	377.155	316.896	293.838	285.670	281.499
Commerce and services	165.222	164.167	175.647	119.916	124.260	121.951	122.581	127.887	126.488
Construction	36.773	36.193	38.987	41.186	42.352	44.550	46.463	45.621	44.420
Energy	9.493	9.508	9.239	8.543	8.673	8.316	8.344	8.024	7.887
Financial services	1.978	2.025	1.440	1.418	1.539	1.776	2.239	1.436	2.315
Industrial and transportation	89.627	89.750	91.670	76.262	78.561	82.458	83.731	84.709	82.288
Investment companies	23.677	22.567	23.805	22.337	23.440	24.747	24.578	25.184	23.590
Public sector and non-profit organisations	9.987	9.919	10.113	10.497	10.911	11.622	11.641	11.339	12.312
Real estate	109.314	114.519	120.276	157.451	157.502	165.370	150.090	149.138	145.559
Seafood	119.523	119.215	117.521	123.549	122.102	129.553	128.129	122.973	105.592
Loans to customers	1.086.327	1.081.418	1.089.723	1.029.415	1.006.717	970.309	933.320	923.850	899.632

Capital and risk exposure amount - 9 quarter summary

ISK million	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20	31.3.20	31.12.19
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	6.086	5.738	5.401	6.353	6.181	7.258	7.262	8.016	7.065
Retained earnings	132.624	126.653	119.535	113.335	113.529	108.383	105.681	104.349	105.569
Unaudited interim net earnings	-	(7.587)	-	-	-	-	-	-	-
Non-controlling interests	-	(10)	419	783	1.494	1.868	1.779	2.177	2.428
IFRS 9 reversal due to transitional rules	2.768	3.239	3.699	3.853	5.164	4.088	3.810	-	-
Fair value changes due to own credit standing	1.054	1.096	958	434	238	(239)	(427)	(773)	392
Expected or proposed dividend payment	(11.863)	(4.523)	(4.271)	(1.725)	-	-	-	-	-
Tax assets	(94)	(826)	(1.200)	(1.087)	(259)	(173)	(88)	(30)	(476)
Intangible assets	(3.351)	(3.249)	(3.307)	(3.357)	(3.478)	(3.554)	(3.667)	(3.736)	(4.330)
Total CET1 capital	192.224	185.531	186.234	183.589	187.869	182.631	179.350	175.003	175.648
Additional Tier 1 capital	10.626	11.000	-	-	-	-	-	-	-
Tier 1 capital	202.850	196.531	186.234	183.589	187.869	182.631	179.350	175.003	175.648
Qualifying subordinated loans	25.136	25.923	25.297	25.259	27.194	26.798	25.834	24.456	22.674
Tier 2 capital	25.136	25.923	25.297	25.259	27.194	26.798	25.834	24.456	22.674
Total regulatory capital	227.986	222.454	211.531	208.848	215.063	209.429	205.184	199.458	198.322
Risk exposure amount									
- due to credit risk	802.147	818.932	819.122	851.309	830.141	836.662	821.457	811.936	789.180
- due to market risk:	17.100	12.659	18.566	17.447	16.626	18.748	14.435	12.350	7.919
Market risk, trading book	16.223	11.408	16.274	14.062	11.306	15.281	12.024	9.095	6.488
Currency risk	877	1.251	2.292	3.385	5.320	3.467	2.411	3.255	1.431
- due to credit valuation adjustment	1.829	1.147	1.661	930	1.728	1.505	1.817	1.665	2.027
- due to operational risk	80.570	85.026	85.026	85.026	85.026	85.424	85.424	85.424	85.424
Total risk exposure amount	901.646	917.764	924.375	954.712	933.521	942.339	923.133	911.375	884.550
Capital ratios									
CET 1 ratio ¹	21,3%	20,6%	20,1%	19,2%	20,1%	19,4%	19,4%	19,2%	19,9%
Tier 1 ratio ¹	22,5%	21,8%	20,1%	19,2%	20,1%	19,4%	19,4%	19,2%	19,9%
Total capital ratio ¹	25,3%	24,7%	22,9%	21,9%	23,0%	22,2%	22,2%	21,9%	22,4%
Leverage ratio ¹	13,6%	13,2%	12,4%	12,6%	13,6%	13,4%	13,4%	13,5%	14,2%

1. Ratios for 30.9.20 including third quarter profit.

Average balances - 9 quarter summary

ISK million	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19
Average assets									
Personal Banking	502.872	492.230	469.726	439.696	395.822	352.537	335.158	332.523	330.340
Business Banking	236.861	238.867	237.992	235.390	238.179	238.376	238.687	235.938	235.601
Corporate & Investment Banking	356.563	370.586	368.735	357.527	369.606	370.135	361.538	345.602	341.460
Íslandsbanki	1.448.087	1.452.094	1.397.070	1.360.832	1.326.162	1.310.526	1.285.319	1.227.167	1.221.755
Average equity									
Personal Banking	37.097	36.077	35.051	35.157	32.695	29.837	30.192	30.637	29.765
Business Banking	34.218	35.849	37.803	37.486	38.305	38.032	38.536	39.479	39.246
Corporate & Investment Banking	60.715	62.548	63.251	62.325	63.989	62.166	61.944	59.102	59.630
Íslandsbanki	200.422	193.348	187.638	186.690	184.489	180.698	179.761	180.651	178.999
Average loans to customers									
Personal Banking	499.175	488.801	466.541	436.336	391.334	347.944	331.929	329.133	327.458
Business Banking	234.711	236.675	235.871	233.281	235.927	235.921	235.820	232.786	232.459
Corporate & Investment Banking	350.183	364.769	362.002	351.879	365.229	366.410	357.988	338.908	340.941
Íslandsbanki ¹	1.084.069	1.090.245	1.064.414	1.021.496	992.490	950.275	925.737	900.826	900.858
Average deposits from customers									
Personal Banking	337.168	334.248	334.044	324.613	317.155	310.144	305.232	293.117	285.445
Business Banking	239.609	223.235	200.692	192.024	195.641	191.660	180.183	169.702	172.685
Corporate & Investment Banking	149.822	142.432	136.005	137.747	136.071	146.686	131.423	115.840	106.500
Íslandsbanki ¹	726.599	699.915	670.741	654.384	648.867	648.490	616.838	578.660	564.631

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

Allocation and Impact of Eligible Projects for Íslandsbanki's Sustainable Financing Framework

Sustainable assets, ISKm

Eligible Project Categories		31.12.21	31.12.20
G1	Clean Transportation	6.259	3.392
G5	Renewable energy	6.332	6.307
G6	Green buildings	9.688	1.502
G7	Environmentally sustainable management of living natural resources and land use, and terrestrial biodiversity conservation	719	-
G8	Sustainable waste management	836	902
G9	Information & communications technology	5.055	-
B1	Eco-efficient and circular economy adapted products, production technologies and processes	19.468	-
S1	Government defined company support	3.636	3.271
S2	Affordable housing	366	2.242
S3	Education and vocational training	431	7.061
S5	Equality and empowerment	4.988	-
		57.778	24.677

Due to reliance on data from corporate customers, the impact calculations for 2021 will be published later in the year 2022.

Macroeconomics - summary

	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19
YoY change, %									
GDP growth	6	6,7	-0,3	-4,9	-9,2	-10,5	-0,9	4,8	1,8
Total investment	15,7	24,8	-1,6	-2,1	-12,5	-13,3	-6,3	-0,6	6,3
Business investment	32,7	40,6	-0,4	-9,7	-23,2	-13,7	-8,9	6	-0,7
Residential investment	-9,8	-2,5	-10	14,2	3,4	-9,3	-2,0	13,7	52,9
Personal consumption	6,1	8,8	1,3	-2,7	-1,2	-8,8	1,1	1,1	2,7
Unemployment rate, % of workforce	5,5	9	11,3	7,6	5,8	7,9	4,4	3,3	3,5
Current account, % of GDP	1,5	-4,7	-3,3	2,8	0,1	-0,9	1,7	6,6	8,7
International investment position, % of GDP	41,1	36,7	35,2	34,6	33,6	27,4	21,1	19,6	18,3
Gross general govt. debt, % of GDP				79,9				68,3	
Household debt, gross, % of GDP	84,6	85,1	84,8	83,6	81,1	77,5	74,9	74,0	74,5
Corporate debt, gross, % of GDP	85	86	87,7	89,6	91,8	89,5	88,0	83,0	85,2
YoY change, %									
Inflation	4,3	4,4	4,2	3,6	3,2	2,5	2,1	2,5	3,1
Residential real estate price index	9	7,2	4,2	3,5	4,1	3,6	2,6	1,9	0,2
Wages	7,8	7,5	10,5	7,2	6,5	6,7	4,9	4,3	4,3
Real wages	3,4	3	6	3,5	3,1	4,1	2,8	1,7	1,2
ISK index, average	194,3	193,8	200	206,3	207,8	203,2	186,4	180,6	182,1
Central bank policy rate (1W)	1,2	0,88	0,75	0,9	1,0	1,0	1,8	3,1	3,6
Long-term nominal yield	3,7	3,7	3,5	3,1	2,6	2,5	3,1	3,6	3,8
Long-term real yield	0,5	0,6	0,6	0,5	-0,4	0,0	0,5	0,8	0,8

Currencies

	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20	31.3.20	31.12.19
Currencies									
USD	130,4	130,3	123,2	126,3	127,2	138,5	138,6	141,7	121,1
GBP	175,7	175,4	170,7	173,8	173,6	177,7	170,2	175,2	159,4
EUR	147,6	150,9	146,5	148,1	156,1	162,2	155,4	155,3	135,8
DKK	19,9	20,3	19,7	19,9	21,0	21,8	20,9	20,8	18,2
SEK	14,4	14,8	14,5	14,5	15,6	15,4	14,8	14,0	13,0
CHF	142,8	139,3	133,4	133,8	144,4	150,1	145,8	146,8	125,1

ROE above 10% as financial targets are revised

Strong performance calls for revised targets

Targets	Revised	Previous	4Q21	2021
Return on equity¹	>10%	8-10% by 2023 >10% longterm	14.2% ✓	12.3% ✓
Cost-to-income ratio²	<45%	<45% by 2023	45.3% ✓	46.2% ✓
CET1 capital ratio³	~16.5%	>16% Total capital ratio: 18.3-19.8%	20.6% ✓	20.6% ✓
Dividend-payout-ratio	unchanged	~50%		50% ✓

1. ROE excluding one-off cost is 12.9% for 2021, one-off cost for 2021 is ISB 663m. 2. Calculated as (Administrative expenses + Contribution to the Depositors' and Investors' Guarantee Fund – One-off items) / (Total operating income – One-off items).

3. 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 25 January 2022

In S&P's latest report, the agency views economic risks facing Icelandic financial institutions as elevated, as the tourism and some commercial real estate segments continue to recover from the pandemic hit. S&P believes these risks are showing early signs of receding, though there remain hurdles in the first half of 2022.

S&P states that the stable outlook reflects the still elevated economic risks emanating from sector-wide loan underperformance in tourism and its dependent sectors following the large pandemic shock, offset by the Icelandic banks' very strong capitalisation and its expectation for earnings resilience.

The agency notes that the agency could raise ratings of the Icelandic banks if they believe that the strength and resilience of the bank's earning capacity has improved significantly and sustainably. In S&P's opinion this is likely to be consistent with the ongoing decline in non-bank participation in the Icelandic mortgage market. In addition, S&P would look for stable asset quality prospects, with loan underperformance continuing to abate.

S&P further notes that the Icelandic authorities are in the process of establishing the resolution regime and setting MREL requirements. In time, the agency could raise the Icelandic bank's ratings if they see the resolution framework as effective and believe the banks will build and maintain meaningful loss-absorbing buffers that lower the risk to senior preferred creditors.

S&P states that they could lower the ratings on the Icelandic banks if there is a large and disorderly adjustment in the economy, likely due to a slower or weaker than anticipated tourism recovery. According to S&P, this scenario would likely be consistent with a broader and significant economic slowdown in Iceland, large credit impairments, and deteriorating profitability of the Icelandic banks.

Íslandsbanki	S&P	Icelandic sovereign	S&P	FITCH	MOODY'S
Long-term	BBB	Long-term	A	A	A-2
Short-term	A-2	Short-term	A-1		
Outlook	Stable	Outlook	Stable	Negative	Stable
Affirmed (date)	January 22	Affirmed (date)	November 20	September 21	August 21

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