

1Q2022



Íslandsbanki Factbook

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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 6 May 2022

The Bank will host an investor meeting and webcast in English for investors and market participants on Friday 6 May at 8.30 Reykjavík/GMT, 9.30 London/BST, 10.30 CET.

Birna Einarsdóttir, CEO, and Jón Guðni Ómarsson, CFO, will give an overview of the first 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: 11682344#

Financial calendar

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

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>

Key performance indicators - 5 years

	1Q22	2021	2020	2019	2018
Profitability					
Return on equity ¹	10,2%	12,3%	3,7%	4,8%	6,1%
Return on assets ¹	1,5%	1,7%	0,5%	0,7%	1,0%
Earnings per share	2,60	11,26	3,58	4,59	5,06
Core income / total operating income ²	97,3%	93,5%	101,7%	96,8%	98,2%
Net interest margin					
Net interest margin on total assets ¹	2,6%	2,4%	2,6%	2,7%	2,9%
Efficiency					
Cost-to-income ratio ³	47,6%	46,2%	54,3%	58,8%	66,3%
Cost-to-total assets ratio ¹	1,68%	1,65%	1,82%	2,11%	2,57%
Cost of risk ¹	-0,17%	-0,28%	0,91%	0,39%	-0,20%
Number of FTEs at period end - Consolidated ⁴	741	735	779	984	1.075
Number of FTEs at period end - Parent ⁴	706	702	745	749	834
Number of branches at period end	12	12	12	14	14
Assets					
Loans to customers (ISKm)	1.107.893	1.086.327	1.006.717	899.632	846.599
LTV on mortgages to individuals ⁵	65,0%	66,0%	64,0%	62,0%	61,0%
Risk exposure amount / total assets	65,4%	63,1%	69,4%	73,7%	74,8%
Non-performing loans (NPL) ratio ⁶	1,8%	2,0%	2,9%	3,0%	2,0%
Asset encumbrance ratio	19,2%	19,6%	18,7%	18,1%	18,0%
Financial strength					
Equity as % of total assets	13,6%	14,3%	13,9%	15,0%	15,6%
Liquidity					
Net stable funding ratio (NSFR) - All currencies	123%	122%	123%	119%	114%
Net stable funding ratio (NSFR) - Foreign currencies	192%	157%	179%	156%	149%
Liquidity coverage ratio (LCR) - All currencies	195%	156%	196%	155%	172%
Liquidity coverage ratio (LCR) - Domestic currency	129%	141%	95%	110%	n.a.
Liquidity coverage ratio (LCR) - Foreign currencies	235%	235%	463%	325%	544%
Term deposits % of total deposits	18,9%	18,3%	24,6%	28,0%	27,1%
Customer loans to customer deposits ratio	145%	146%	148%	145%	146%
Capital					
CET 1 ratio ⁷	18,8%	21,3%	20,1%	19,9%	20,3%
Tier 1 ratio ⁷	19,9%	22,5%	20,1%	19,9%	20,3%
Total capital ratio ⁷	22,5%	25,3%	23,0%	22,4%	22,2%
Leverage ratio ⁷	12,4%	13,6%	13,6%	14,2%	14,6%
Risk exposure amount (ISKm)	945.321	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. Including first quarter profit for 1Q22.

Income statement - 5 year summary

ISK million	1Q22	2021	2020	2019	2018
Interest income calculated using the effective interest rate method	17.592	56.220	53.378	59.289	59.741
Other interest income	1.205	2.405	2.317	2.676	1.934
Interest expense	(9.588)	(24.582)	(22.324)	(29.143)	(29.738)
Net interest income	9.209	34.043	33.371	32.822	31.937
Fee and commission income	3.823	15.167	12.651	12.052	19.853
Fee and commission expense	(759)	(2.318)	(2.126)	(1.153)	(7.626)
Net fee and commission income	3.064	12.849	10.525	10.899	12.227
Net financial income (expense)	(95)	2.499	(1.391)	(820)	(962)
Net foreign exchange gain	166	479	451	139	1
Other operating income	265	302	197	2.125	1.784
Other net operating income	336	3.280	(743)	1.444	823
Total operating income	12.609	50.172	43.153	45.165	44.987
Salaries and related expenses	(3.422)	(13.397)	(12.917)	(14.019)	(15.500)
Other operating expenses	(2.412)	(9.799)	(9.829)	(10.469)	(12.150)
Contribution to the Depositors' and Investors' Guarantee Fund	(165)	(688)	(679)	(936)	(1.173)
Bank tax	(430)	(1.683)	(1.588)	(3.528)	(3.281)
Total operating expenses	(6.429)	(25.567)	(25.013)	(28.952)	(32.104)
Profit before net impairment on financial assets	6.180	24.605	18.140	16.213	12.883
Net impairment on financial assets	483	3.018	(8.816)	(3.480)	1.584
Profit before tax	6.663	27.623	9.324	12.733	14.467
Income tax expense	(1.463)	(5.119)	(2.472)	(3.909)	(4.734)
Profit for the period from continuing operations	5.200	22.504	6.852	8.824	9.733
Discontinued operations held for sale, net of income tax	(13)	1.221	(97)	(370)	912
Profit for the period	5.187	23.725	6.755	8.454	10.645
Basic earnings per share from profit for the period	2,60	11,26	3,58	4,59	5,06

Balance sheet - 5 year summary

ISK million	31.3.22	31.12.21	31.12.20	31.12.19	31.12.18
Cash and balances with Central Bank	77.799	113.667	78.948	146.638	135.056
Loans to credit institutions	73.220	43.988	89.920	54.376	41.577
Bonds and debt instruments	130.700	132.289	128.216	52.870	69.415
Derivatives	4.245	2.445	6.647	5.621	4.550
Loans to customers	1.107.893	1.086.327	1.006.717	899.632	846.599
Shares and equity instruments	28.655	31.677	14.851	18.426	13.074
Investments in associates	767	939	775	746	682
Property and equipment	6.911	7.010	7.341	9.168	5.271
Intangible assets	3.327	3.351	3.478	4.330	5.002
Other assets	11.170	5.784	4.125	6.608	9.177
Non-current assets and disposal groups held for sale	1.668	1.344	3.173	1.075	-
Total Assets	1.446.355	1.428.821	1.344.191	1.199.490	1.130.403
Deposits from Central Bank and credit institutions	10.949	13.384	39.758	30.925	15.619
Deposits from customers	761.471	744.036	679.455	618.313	578.959
Derivative instruments and short positions	11.013	9.467	6.936	6.219	5.521
Debt issued and other borrowed funds	406.845	402.226	387.274	306.381	300.976
Subordinated loans	34.139	35.762	27.194	22.674	16.216
Tax liabilities	6.980	6.432	5.450	7.853	7.150
Other liabilities	16.802	12.848	11.893	27.063	29.643
Non-current liabilities and disposal groups held for sale	955	956	27	-	6
Total Liabilities	1.249.154	1.225.111	1.157.987	1.019.428	954.090
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	6.605	6.086	6.181	7.065	6.499
Retained earnings	125.596	132.624	113.529	105.569	102.496
Total Shareholder's Equity	197.201	203.710	184.710	177.634	173.995
Non-controlling interests	-	-	1.494	2.428	2.318
Total Equity	197.201	203.710	186.204	180.062	176.313
Total Liabilities and Equity	1.446.355	1.428.821	1.344.191	1.199.490	1.130.403

Net interest income - 5 year summary

ISK million	1Q22	2021	2020	2019	2018
Cash and balances with Central Bank	398	948	1.750	4.452	7.279
Loans to credit institutions	18	128	215	812	543
Loans to customers	17.176	55.144	51.413	54.025	51.919
Financial assets mandatorily at fair value through profit or loss	1.203	2.388	2.314	2.630	1.825
Other assets	2	17	3	46	109
Total interest income	18.797	58.625	55.695	61.965	61.675
Deposits from Central Bank and credit institutions	(40)	(306)	(736)	(625)	(409)
Deposits from customers	(3.472)	(6.815)	(7.700)	(15.242)	(16.539)
Debt issued and other borrowed funds at fair value through profit and loss	(170)	(729)	(608)	(734)	(963)
Debt issued and other borrowed funds at amortised cost	(4.937)	(14.104)	(11.179)	(9.818)	(9.035)
Subordinated loans	(279)	(829)	(763)	(501)	(198)
Other liabilities	(690)	(1.799)	(1.338)	(2.223)	(2.594)
Total interest expense	(9.588)	(24.582)	(22.324)	(29.143)	(29.738)
Net interest income	9.209	34.043	33.371	32.822	31.937
Net interest income on loans¹					
Personal Banking	1.702	7.464	5.835	3.868	3.838
Business Banking	1.921	7.842	7.702	6.010	5.276
Corporate & Investment Banking	1.782	7.773	6.986	5.292	4.578
Total net interest income on loans	5.405	23.079	20.523	15.170	13.692
Net interest income on deposits¹					
Personal Banking	1.446	4.535	4.761	5.832	5.239
Business Banking	1.082	2.999	2.628	3.629	3.321
Corporate & Investment Banking	280	948	930	1.045	1.160
Total net interest income on deposits	2.808	8.482	8.319	10.506	9.720

Net fee & commission income - 5 year summary

ISK million	1Q22	2021	2020	2019	2018
Asset management	787	3.100	2.382	2.225	2.116
Investment banking and brokerage	892	3.544	2.805	2.430	2.303
Payment processing	1.233	4.979	4.378	3.810	12.065
Loans and guarantees	556	2.212	2.186	1.510	1.467
Other fee and commission income	355	1.332	900	2.077	1.902
Total fees and commission income	3.823	15.167	12.651	12.052	19.853
Brokerage	(107)	(471)	(360)	(337)	(300)
Clearing and settlement	(561)	(1.834)	(1.766)	(806)	(7.302)
Other fee and commission expense	(91)	(13)	-	(10)	(24)
Total fee and commission expense	(759)	(2.318)	(2.126)	(1.153)	(7.626)
Net fee and commission income	3.064	12.849	10.525	10.899	12.227

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

Loans to customers - 5 year summary

ISK million	31.3.22	31.12.21	31.12.20	31.12.19	31.12.18
Individuals	536.247	520.733	437.377	349.181	319.390
thereof mortgages	475.366	457.800	377.155	281.499	249.296
Commerce and services	173.085	165.222	124.260	126.488	124.242
Construction	43.115	36.773	42.352	44.420	29.095
Energy	9.450	9.493	8.673	7.887	6.858
Financial services	1.860	1.978	1.539	2.315	1.704
Industrial and transportation	88.171	89.627	78.561	82.288	79.824
Investment companies	25.124	23.677	23.440	23.590	23.799
Public sector and non-profit organisations	9.784	9.987	10.911	12.312	12.087
Real estate	113.031	109.314	157.502	145.559	142.885
Seafood	108.026	119.523	122.102	105.592	106.715
Loans to customers	1.107.893	1.086.327	1.006.717	899.632	846.599

Capital and risk exposure amount - 5 year summary

ISK million	31.3.22	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	6.605	6.086	6.181	7.065	6.499
Retained earnings	125.596	132.624	113.529	105.569	102.496
First quarter profit	(5.187)	-	-	-	-
Non-controlling interests	-	-	1.494	2.428	2.318
IFRS 9 reversal due to transitional rules	1.321	2.768	5.164	-	-
Fair value changes due to own credit standing	641	1.054	238	392	376
Target dividend payment	(15.000)	(11.863)	-	-	-
Tax assets	(93)	(94)	(259)	(476)	(215)
Intangible assets	(3.327)	(3.351)	(3.478)	(4.330)	(5.002)
Total CET1 capital	175.556	192.224	187.869	175.648	171.472
Additional Tier 1 capital	10.145	10.626	-	-	-
Tier 1 capital	185.701	202.850	187.869	175.648	171.472
Qualifying subordinated loans	23.994	25.136	27.194	22.674	16.216
Tier 2 capital	23.994	25.136	27.194	22.674	16.216
Total capital base	209.695	227.986	215.063	198.322	187.688
Risk exposure amount					
- due to credit risk	844.745	802.147	830.141	789.180	750.801
- due to market risk:	16.628	17.100	16.626	7.919	7.622
Market risk, trading book	15.805	16.223	11.306	6.488	6.649
Currency risk	823	877	5.320	1.431	973
- due to credit valuation adjustment	3.378	1.829	1.728	2.027	2.385
- due to operational risk	80.570	80.570	85.026	85.424	85.141
Total risk exposure amount	945.321	901.646	933.521	884.550	845.949
Capital ratios¹					
CET 1 ratio	18,8%	21,3%	20,1%	19,9%	20,3%
Tier 1 ratio	19,9%	22,5%	20,1%	19,9%	20,3%
Total capital ratio	22,5%	25,3%	23,0%	22,4%	22,2%
Leverage ratio	12,4%	13,6%	13,6%	14,2%	14,6%

1. Including first quarter profit for 31.3.22

Average balances - 5 year summary

ISK million	1Q22	2021	2020	2019	2018
Average assets					
Personal Banking	513.016	475.357	355.295	317.383	299.603
Business Banking	242.150	237.071	237.632	233.470	225.408
Corporate & Investment Banking	348.785	363.910	360.690	340.161	323.807
Íslandsbanki	1.425.054	1.411.067	1.285.310	1.206.090	1.120.084
Average equity					
Personal Banking	38.007	35.830	30.995	28.222	24.632
Business Banking	34.017	36.243	38.549	38.503	37.255
Corporate & Investment Banking	59.778	61.985	61.792	58.972	57.200
Íslandsbanki	203.176	192.245	181.587	176.967	174.183
Average loans to customers					
Personal Banking	509.223	471.924	351.584	315.128	299.429
Business Banking	240.110	234.937	234.955	230.040	219.608
Corporate & Investment Banking	345.538	358.473	355.760	336.244	322.974
Íslandsbanki ¹	1.094.871	1.065.334	942.299	881.412	842.011
Average deposits from customers					
Personal Banking	341.658	332.267	306.871	279.627	275.265
Business Banking	234.200	213.602	183.604	172.247	167.463
Corporate & Investment Banking	143.407	144.806	130.655	107.431	101.417
Íslandsbanki ¹	719.265	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

Operating segments - Personal Banking

ISK million	1Q22	2021	2020	2019	2018
Net interest income	3.291	12.027	10.749	10.578	9.946
Net fee and commission income	847	3.850	3.049	4.504	4.564
Other net operating income	8	189	305	77	1
Total operating income	4.146	16.066	14.103	15.159	14.511
Salaries and related expenses	(600)	(2.388)	(2.416)	(2.791)	(2.585)
Other operating expenses	(598)	(2.354)	(2.584)	(2.131)	(2.466)
Contribution to the Depositors' and Investors' Guarantee Fund	(129)	(538)	(482)	(530)	(669)
Bank tax	(189)	(723)	(613)	(483)	(434)
Net impairment on financial assets	(67)	318	(517)	(547)	579
Cost allocation	(1.171)	(4.539)	(4.690)	(5.606)	(5.134)
Profit (loss) before tax	1.392	5.842	2.801	3.071	3.802
Income tax expense	(411)	(1.707)	(887)	(924)	(989)
Profit (loss) for the year from continuing operations	981	4.135	1.914	2.147	2.813
Net segment revenue from external customers	7.530	26.175	20.911	18.137	14.958
Net segment revenue from other segments	(3.384)	(10.109)	(6.808)	(2.978)	(447)
Fee and commission income	1.395	5.669	4.797	6.224	5.990
Depreciation, amortisation, and write-offs	(43)	(166)	(300)	(215)	(275)
At 31 December					
Loans to customers	517.415	502.354	419.882	329.265	299.429
Other assets	4.782	3.609	3.212	3.553	1.332
Total segment assets	522.197	505.963	423.094	332.818	300.761
Deposits from customers	342.666	344.776	324.815	290.894	275.265
Other liabilities	3.422	1.603	1.327	1.497	1.453
Total segment liabilities	346.088	346.379	326.142	292.391	276.718
Allocated equity	38.165	37.549	34.850	29.981	24.582
Risk exposure amount	255.279	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	1Q22	2021	2020	2019	2018
Net interest income	3.133	10.867	10.536	10.812	9.788
Net fee and commission income	518	2.111	1.917	1.716	1.477
Other net operating income	9	61	50	25	41
Total operating income	3.660	13.039	12.503	12.553	11.306
Salaries and related expenses	(483)	(1.815)	(1.940)	(1.993)	(2.069)
Other operating expenses	(271)	(1.037)	(1.164)	(1.184)	(1.062)
Contribution to the Depositors' and Investors' Guarantee Fund	(32)	(135)	(161)	(314)	(395)
Bank tax	(89)	(344)	(340)	(339)	(327)
Net impairment on financial assets	413	2.401	(5.485)	(1.098)	955
Cost allocation	(847)	(3.113)	(2.967)	(3.381)	(2.813)
Profit (loss) before tax	2.351	8.996	446	4.244	5.595
Income tax expense	(634)	(2.428)	(204)	(1.192)	(1.455)
Profit (loss) for the year from continuing operations	1.717	6.568	242	3.052	4.140
Net segment revenue from external customers	4.075	14.806	14.750	14.492	14.996
Net segment revenue from other segments	(515)	(1.767)	(2.247)	(1.939)	(3.690)
Fee and commission income	531	2.136	1.948	1.724	1.612
Depreciation, amortisation, and write-offs	(14)	(58)	(163)	(112)	(142)
At 31 December					
Loans to customers	244.079	237.388	232.580	230.842	219.608
Other assets	2.044	2.004	2.199	3.085	3.151
Total segment assets	246.123	239.392	234.779	233.927	222.759
Deposits from customers	236.011	239.871	189.847	167.623	164.738
Other liabilities	1.498	1.630	1.481	1.822	2.811
Total segment liabilities	237.509	241.501	191.328	169.445	167.549
Allocated equity	33.954	33.738	37.804	38.924	37.304
Risk exposure amount	223.878	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	1Q22	2021	2020	2019	2018
Net interest income	2.416	9.282	8.530	8.397	7.676
Net fee and commission income	1.072	4.384	4.075	3.530	3.321
Other net operating income	222	759	922	564	353
Total operating income	3.710	14.425	13.527	12.491	11.350
Salaries and related expenses	(447)	(1.689)	(1.583)	(1.720)	(1.641)
Other operating expenses	(245)	(797)	(870)	(660)	(680)
Contribution to the Depositors' and Investors' Guarantee Fund	(4)	(15)	(35)	(89)	(109)
Bank tax	(127)	(516)	(514)	(486)	(470)
Net impairment on financial assets	203	121	(2.805)	(1.043)	164
Cost allocation	(814)	(3.170)	(3.020)	(3.421)	(2.660)
Profit (loss) before tax	2.276	8.359	4.700	5.072	5.954
Income tax expense	(625)	(2.308)	(1.356)	(1.445)	(1.548)
Profit (loss) for the year from continuing operations	1.651	6.051	3.344	3.627	4.406
Net segment revenue from external customers	5.052	19.843	19.922	19.191	17.337
Net segment revenue from other segments	(1.342)	(5.418)	(6.395)	(6.700)	(5.987)
Fee and commission income	1.121	4.486	4.152	3.574	3.420
Depreciation, amortisation, and write-offs	(1)	(15)	(18)	(21)	(26)
At 31 December					
Loans to customers	346.710	346.835	353.953	334.788	322.974
Other assets	3.651	1.335	795	347	316
Total segment assets	350.361	348.170	354.748	335.135	323.290
Deposits from customers	137.387	141.204	137.791	113.455	101.417
Other liabilities	5.155	4.728	4.908	2.553	3.199
Total segment liabilities	142.542	145.932	142.699	116.008	104.616
Allocated equity	59.078	59.055	63.432	58.953	57.200
Risk exposure amount	395.273	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	1Q22	2021	2020	2019	2018
Net interest income	403	2.034	3.734	3.169	3.649
Net fee and commission income	(67)	(72)	(317)	(236)	(109)
Other net operating income	70	2.694	(1.420)	(848)	1.070
Total operating income	406	4.656	1.997	2.085	4.610
Salaries and related expenses	(71)	(256)	(280)	(253)	(258)
Other operating expenses	(124)	(235)	(263)	(257)	(494)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	(1)	(3)	-
Bank tax	(22)	(86)	(105)	(2.205)	(2.041)
Net impairment on financial assets	(10)	94	(8)	(791)	(37)
Cost allocation	148	320	323	278	423
Profit (loss) before tax	327	4.493	1.663	(1.146)	2.203
Income tax expense	281	1.421	112	318	(1.280)
Profit (loss) for the year from continuing operations	608	5.914	1.775	(828)	923
Net segment revenue from external customers	(4.765)	(12.748)	(13.597)	(9.708)	(5.733)
Net segment revenue from other segments	5.171	17.404	15.594	11.793	10.343
Fee and commission income	79	231	(9)	124	133
Depreciation, amortisation, and write-offs	-	-	-	-	(38)
At 31 December					
Loans to customers	69	59	302	2	904
Other assets	317.384	325.158	320.578	267.384	252.085
Total segment assets	317.453	325.217	320.880	267.386	252.989
Deposits from customers	49.301	21.477	31.674	49.517	42.566
Other liabilities	469.797	465.397	463.943	374.459	345.375
Total segment liabilities	519.098	486.874	495.617	423.976	387.941
Allocated equity	62.620	70.217	45.708	42.882	48.982
Risk exposure amount	64.555	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	1Q22	2021	2020	2019	2018
Net interest income	(47)	(178)	(215)	(251)	(218)
Net fee and commission income	-	(62)	7	7	12
Other net operating income	49	203	287	2.197	282
Total operating income	2	(37)	79	1.953	76
Salaries and related expenses	(1.605)	(6.465)	(5.926)	(6.516)	(6.185)
Other operating expenses	(1.074)	(4.854)	(4.488)	(5.725)	(5.646)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	(3)	(14)	(16)	(15)	(9)
Net impairment on financial assets	-	4	-	-	-
Cost allocation	2.684	10.502	10.354	12.130	10.184
Profit (loss) before tax	4	(864)	3	1.827	(1.580)
Income tax expense	(2)	221	(5)	(478)	411
Profit (loss) for the year from continuing operations	2	(643)	(2)	1.349	(1.169)
Net segment revenue from external customers	32	73	223	2.129	295
Net segment revenue from other segments	(30)	(110)	(144)	(176)	(219)
Fee and commission income	-	2	7	8	12
Depreciation, amortisation, and write-offs	(277)	(1.145)	(1.178)	(1.367)	(688)
At 31 December					
Loans to customers	-	-	-	-	-
Other assets	9.569	9.108	10.893	10.648	8.056
Total segment assets	9.569	9.108	10.893	10.648	8.056
Deposits from customers	-	-	-	-	-
Other liabilities	5.757	5.711	5.915	6.209	2.317
Total segment liabilities	5.757	5.711	5.915	6.209	2.317
Allocated equity	892	894	899	1.145	646
Risk exposure amount	6.248	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	1Q22	2021	2020	2019	2018
Net interest income	13	11	37	117	1.096
Net fee and commission income	694	2.638	1.794	1.378	2.962
Other net operating income	(22)	(626)	(887)	(571)	(924)
Total operating income	685	2.023	944	924	3.134
Salaries and related expenses	(216)	(784)	(772)	(746)	(2.762)
Other operating expenses	(100)	(522)	(460)	(512)	(1.802)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	-	-	-	-	-
Net impairment on financial assets	(56)	80	(1)	(1)	(77)
Cost allocation	-	-	-	-	-
Profit (loss) before tax	313	797	(289)	(335)	(1.507)
Income tax expense	(72)	(318)	(132)	(188)	127
Profit (loss) for the year from continuing operations	241	479	(421)	(523)	(1.380)
Net segment revenue from external customers	685	2.023	944	924	3.134
Net segment revenue from other segments	-	-	-	-	-
Fee and commission income	697	2.643	1.756	398	8.686
Depreciation, amortisation, and write-offs	(4)	(11)	(7)	(10)	(143)
At 31 December					
Loans to customers	(380)	(309)	-	4.735	3.684
Other assets	1.032	1.280	(203)	14.841	18.864
Total segment assets	652	971	(203)	19.576	22.548
Deposits from customers	(3.894)	(3.292)	(4.672)	(3.176)	(5.027)
Other liabilities	2.054	2.006	958	14.575	19.976
Total segment liabilities	(1.840)	(1.286)	(3.714)	11.399	14.949
Allocated equity	2.492	2.257	3.511	8.177	7.599
Risk exposure amount	88	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

	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Profitability									
Return on equity ¹	10,2%	14,2%	15,7%	11,6%	7,7%	7,6%	7,4%	2,8%	-3,0%
Return on assets ¹	1,5%	2,0%	2,1%	1,6%	1,1%	1,1%	1,0%	0,4%	-0,4%
Earnings per share	2,60	3,01	3,75	2,70	1,80	1,68	1,54	0,87	(0,50)
Core income / total operating income ²	97,3%	93,7%	91,6%	93,4%	95,3%	92,3%	101,0%	99,1%	117,7%
Net interest margin									
Net interest margin on total assets ¹	2,6%	2,4%	2,4%	2,4%	2,4%	2,5%	2,5%	2,6%	2,8%
Efficiency									
Cost-to-income ratio ^{3,7}	47,6%	45,3%	39,4%	49,9%	51,3%	51,7%	46,7%	57,5%	62,9%
Cost-to-total assets ratio ^{1,7}	1,68%	1,64%	1,45%	1,74%	1,75%	1,88%	1,57%	1,90%	1,93%
Cost of risk ¹	-0,17%	-0,23%	-0,64%	-0,42%	0,20%	0,73%	0,44%	1,03%	1,51%
Number of FTEs at period end - Consolidated ⁴	741	735	763	768	774	779	778	770	780
Number of FTEs at period end - Parent ⁴	706	702	730	733	739	745	744	735	746
Asset quality									
Loans to customers (ISKm)	1.107.893	1.086.327	1.081.418	1.089.723	1.029.415	1.006.717	970.309	933.320	923.850
LTV on mortgages to individuals ⁵	65,0%	66,0%	66,0%	66,0%	65,0%	64,0%	64,0%	63,0%	62,0%
Risk exposure amount / total assets	65,4%	63,1%	63,0%	63,9%	68,9%	69,4%	70,9%	70,8%	72,6%
Non-performing loans (NPL) ratio ⁶	1,8%	2,0%	2,0%	2,1%	2,4%	2,9%	3,3%	3,6%	2,8%
Asset encumbrance ratio	19,2%	19,6%	18,9%	18,9%	18,3%	18,7%	17,3%	17,9%	18,2%
Financial strength									
Equity as % of total assets	13,6%	14,3%	13,6%	13,2%	13,4%	13,9%	13,7%	13,8%	14,3%
Liquidity									
Net stable funding ratio (NSFR) - All currencies	123%	122%	121%	122%	119%	123%	113%	117%	120%
Net stable funding ratio (NSFR) - Foreign currencies	192%	157%	166%	154%	182%	179%	149%	147%	151%
Liquidity coverage ratio (LCR)	195%	156%	225%	187%	172%	196%	136%	179%	177%
Liquidity coverage ratio (LCR) - Domestic currency	129%	141%	124%	133%	93%	95%	96%	119%	n.a.
Liquidity coverage ratio (LCR) - Foreign currencies	235%	235%	384%	287%	235%	463%	405%	325%	324%
Term deposits % of total deposits	18,9%	18,3%	20,3%	20,3%	24,4%	24,6%	25,0%	25,7%	27,4%
Customer loans to customer deposits ratio	145%	146%	143%	142%	147%	148%	139%	137%	143%
Capital									
CET 1 ratio ⁸	18,8%	21,3%	20,6%	20,1%	19,2%	20,1%	19,4%	19,4%	19,2%
Tier 1 ratio ⁸	19,9%	22,5%	21,8%	20,1%	19,2%	20,1%	19,4%	19,4%	19,2%
Total capital ratio ⁸	22,5%	25,3%	24,7%	22,9%	21,9%	23,0%	22,2%	22,2%	21,9%
Leverage ratio ⁸	12,4%	13,6%	13,2%	12,4%	12,6%	13,6%	13,4%	13,4%	13,5%
Risk exposure amount (ISKm)	945.321	901.646	917.764	924.375	954.712	933.521	942.339	923.133	911.375

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.

Income statement - 9 quarter summary

ISK million	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Net interest income	9.209	8.644	8.792	8.417	8.190	8.258	8.305	8.228	8.580
Net fee and commission income	3.064	3.653	3.427	2.907	2.862	2.865	2.862	2.307	2.491
Net financial income (expense)	(95)	646	941	619	293	783	(255)	(181)	(1.738)
Net foreign exchange gain (loss)	166	159	95	95	130	87	101	208	55
Other operating income	265	15	82	82	123	63	44	71	19
Other net operating income	336	820	1.118	796	546	933	(110)	98	(1.664)
Total operating income	12.609	13.117	13.337	12.120	11.598	12.056	11.057	10.633	9.407
Administrative expenses	(5.834)	(5.768)	(5.088)	(6.488)	(5.852)	(6.073)	(5.110)	(5.871)	(5.692)
Contribution to the Depositors' and Investors' Guarantee Fund	(165)	(170)	(173)	(162)	(183)	(154)	(50)	(247)	(228)
Bank tax	(430)	(389)	(433)	(451)	(410)	(414)	(416)	(399)	(359)
Total operating expenses	(6.429)	(6.327)	(5.694)	(7.101)	(6.445)	(6.641)	(5.576)	(6.517)	(6.279)
Profit before net impairment on financial assets	6.180	6.790	7.643	5.019	5.153	5.415	5.481	4.116	3.128
Net impairment on financial assets	483	639	1.757	1.140	(518)	(1.829)	(1.058)	(2.439)	(3.490)
Profit (loss) before tax	6.663	7.429	9.400	6.159	4.635	3.586	4.423	1.677	(362)
Income tax expense	(1.463)	(1.416)	(1.898)	(769)	(1.036)	(234)	(1.350)	(119)	(769)
Profit (loss) for the period from continuing operations	5.200	6.013	7.502	5.390	3.599	3.352	3.073	1.558	(1.131)
Discontinued operations held for sale, net of income tax	(13)	1.079	85	41	16	173	288	(313)	(245)
Profit (loss) for the period	5.187	7.092	7.587	5.431	3.615	3.525	3.361	1.245	(1.376)

Balance sheet - 9 quarter summary

ISK million	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20	31.3.20
Cash and balances with Central Bank	77.799	113.667	110.233	130.968	88.748	78.948	95.022	103.569	123.062
Loans to credit institutions	73.220	43.988	81.117	57.793	103.333	89.920	61.898	70.307	84.263
Bonds and debt instruments	130.700	132.289	123.599	110.499	103.627	128.216	149.426	140.422	69.368
Derivatives	4.245	2.445	2.374	2.649	2.536	6.647	3.731	6.366	4.772
Loans to customers	1.107.893	1.086.327	1.081.418	1.089.723	1.029.415	1.006.717	970.309	933.320	923.850
Shares and equity instruments	28.655	31.677	31.456	31.751	25.763	14.851	14.657	10.943	12.496
Investments in associates	767	939	952	911	841	775	750	750	712
Property and equipment	6.911	7.010	7.082	7.246	7.191	7.341	7.409	7.549	8.015
Intangible assets	3.327	3.351	3.249	3.307	3.357	3.478	3.554	3.667	3.736
Other assets	11.170	5.784	13.954	10.474	17.566	4.125	17.159	6.370	5.154
Non-current assets and disposal groups held for sale	1.668	1.344	938	1.539	2.858	3.173	4.809	19.993	20.263
Total Assets	1.446.355	1.428.821	1.456.372	1.446.860	1.385.235	1.344.191	1.328.724	1.303.256	1.255.691
Deposits from Central Bank and credit institutions	10.949	13.384	20.409	32.240	31.565	39.758	36.438	35.461	33.773
Deposits from customers	761.471	744.036	754.442	765.614	698.575	679.455	698.610	681.223	647.795
Derivative instruments and short positions	11.013	9.467	10.869	10.079	9.533	6.936	8.406	7.519	12.045
Debt issued and other borrowed funds	406.845	402.226	397.672	398.786	398.225	387.274	324.752	321.803	322.280
Subordinated loans	34.139	35.762	36.923	25.297	25.259	27.194	26.798	25.834	24.456
Tax liabilities	6.980	6.432	6.256	6.025	5.947	5.450	7.137	6.438	8.155
Other liabilities	16.802	12.848	32.391	18.436	30.631	11.893	44.073	29.935	14.392
Non-current liabilities and disposal groups held for sale	955	956	29	28	29	27	1	15.321	13.253
Total Liabilities	1.249.154	1.225.111	1.258.991	1.256.505	1.199.764	1.157.987	1.146.215	1.123.534	1.076.149
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	6.605	6.086	5.738	5.401	6.353	6.181	7.258	7.262	8.016
Retained earnings	125.596	132.624	126.653	119.535	113.335	113.529	108.383	105.681	104.349
Total Shareholder's Equity	197.201	203.710	197.391	189.936	184.688	184.710	180.641	177.943	177.365
Non-controlling interests	-	-	(10)	419	783	1.494	1.868	1.779	2.177
Total Equity	197.201	203.710	197.381	190.355	185.471	186.204	182.509	179.722	179.542
Total Liabilities and Equity	1.446.355	1.428.821	1.456.372	1.446.860	1.385.235	1.344.191	1.328.724	1.303.256	1.255.691

Net interest income - 9 quarter summary

ISK million	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Cash and balances with Central Bank	398	392	298	153	105	105	235	408	1.002
Loans to credit institutions	18	25	61	21	21	14	16	33	152
Loans to customers	17.176	14.898	13.272	14.754	12.220	12.497	12.985	13.993	11.938
Financial assets mandatorily at fair value through profit or loss	1.203	844	684	424	436	661	583	519	551
Other assets	2	11	3	1	2	-	1	-	2
Total interest income	18.797	16.170	14.318	15.353	12.784	13.277	13.820	14.953	13.645
Deposits from Central Bank and credit institutions	(40)	(52)	(63)	(98)	(93)	(124)	(192)	(199)	(221)
Deposits from customers	(3.472)	(2.295)	(1.400)	(1.925)	(1.195)	(1.376)	(1.625)	(2.236)	(2.463)
Debt issued and other borrowed funds at fair value through profit and loss	(170)	(182)	(183)	(179)	(185)	(162)	(150)	(154)	(142)
Debt issued and other borrowed funds at amortised cost	(4.937)	(4.138)	(3.219)	(4.096)	(2.651)	(2.826)	(2.979)	(3.327)	(2.047)
Subordinated loans	(279)	(311)	(179)	(176)	(163)	(193)	(211)	(193)	(166)
Other liabilities	(690)	(548)	(482)	(462)	(307)	(338)	(358)	(616)	(26)
Total interest expense	(9.588)	(7.526)	(5.526)	(6.936)	(4.594)	(5.019)	(5.515)	(6.725)	(5.065)
Net interest income	9.209	8.644	8.792	8.417	8.190	8.258	8.305	8.228	8.580
Net interest income on loans									
Personal Banking	1.702	1.799	1.887	1.892	1.885	1.764	1.562	1.354	1.155
Business Banking	1.921	1.917	1.986	1.967	1.973	2.042	2.038	1.932	1.690
Corporate & Investment Banking	1.782	1.874	2.045	1.975	1.881	1.848	1.829	1.726	1.587
Total net interest income on loans	5.405	5.590	5.918	5.739	5.739	5.684	5.429	5.012	4.432
Net interest income on deposits									
Personal Banking	1.446	1.317	1.152	1.062	1.003	987	1.041	1.283	1.450
Business Banking	1.082	997	784	634	584	599	586	658	784
Corporate & Investment Banking	280	283	258	210	201	168	220	253	288
Total net interest income on deposits	2.808	2.597	2.194	1.788	1.788	1.754	1.847	2.194	2.522

Net fee and commission income - 9 quarter summary

ISK million	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Asset management	787	971	705	769	655	636	576	605	565
Investment banking and brokerage	892	856	1.119	799	770	732	749	654	670
Payment processing	1.233	1.640	1.240	1.154	945	1.081	1.697	786	814
Loans and guarantees	556	475	585	558	594	753	563	463	407
Other fee and commission income	355	449	291	249	343	271	208	114	307
Total fee and commission income	3.823	4.391	3.940	3.529	3.307	3.473	3.793	2.622	2.763
Brokerage	(107)	(154)	(91)	(136)	(90)	(127)	(67)	(113)	(53)
Clearing and settlement	(561)	(579)	(420)	(486)	(349)	(481)	(864)	(202)	(219)
Other fee and commission expense	(91)	(5)	(2)	-	(6)	-	-	-	-
Total fee and commission expense	(759)	(738)	(513)	(622)	(445)	(608)	(931)	(315)	(272)
Net fee and commission income	3.064	3.653	3.427	2.907	2.862	2.865	2.862	2.307	2.491

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

Loans to customers - 9 quarter summary

ISK million	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20	31.3.20
Individuals	536.247	520.733	513.555	501.025	468.256	437.377	379.966	355.524	347.539
thereof mortgages	475.366	457.800	450.760	439.797	410.781	377.155	316.896	293.838	285.670
Commerce and services	173.085	165.222	164.167	175.647	119.916	124.260	121.951	122.581	127.887
Construction	43.115	36.773	36.193	38.987	41.186	42.352	44.550	46.463	45.621
Energy	9.450	9.493	9.508	9.239	8.543	8.673	8.316	8.344	8.024
Financial services	1.860	1.978	2.025	1.440	1.418	1.539	1.776	2.239	1.436
Industrial and transportation	88.171	89.627	89.750	91.670	76.262	78.561	82.458	83.731	84.709
Investment companies	25.124	23.677	22.567	23.805	22.337	23.440	24.747	24.578	25.184
Public sector and non-profit organisations	9.784	9.987	9.919	10.113	10.497	10.911	11.622	11.641	11.339
Real estate	113.031	109.314	114.519	120.276	157.451	157.502	165.370	150.090	149.138
Seafood	108.026	119.523	119.215	117.521	123.549	122.102	129.553	128.129	122.973
Loans to customers	1.107.893	1.086.327	1.081.418	1.089.723	1.029.415	1.006.717	970.309	933.320	923.850

Capital and risk exposure amount - 9 quarter summary

ISK million	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20	31.3.20
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	6.605	6.086	5.738	5.401	6.353	6.181	7.258	7.262	8.016
Retained earnings	125.596	132.624	126.653	119.535	113.335	113.529	108.383	105.681	104.349
Unaudited interim net earnings	(5.187)	-	(7.587)	-	-	-	-	-	-
Non-controlling interests	-	-	(10)	419	783	1.494	1.868	1.779	2.177
IFRS 9 reversal due to transitional rules	1.321	2.768	3.239	3.699	3.853	5.164	4.088	3.810	-
Fair value changes due to own credit standing	641	1.054	1.096	958	434	238	(239)	(427)	(773)
Expected or proposed dividend payment	(15.000)	(11.863)	(4.523)	(4.271)	(1.725)	-	-	-	-
Tax assets	(93)	(94)	(826)	(1.200)	(1.087)	(259)	(173)	(88)	(30)
Intangible assets	(3.327)	(3.351)	(3.249)	(3.307)	(3.357)	(3.478)	(3.554)	(3.667)	(3.736)
Total CET1 capital	175.556	192.224	185.531	186.234	183.589	187.869	182.631	179.350	175.003
Additional Tier 1 capital	10.145	10.626	11.000	-	-	-	-	-	-
Tier 1 capital	185.701	202.850	196.531	186.234	183.589	187.869	182.631	179.350	175.003
Qualifying subordinated loans	23.994	25.136	25.923	25.297	25.259	27.194	26.798	25.834	24.456
Tier 2 capital	23.994	25.136	25.923	25.297	25.259	27.194	26.798	25.834	24.456
Total regulatory capital	209.695	227.986	222.454	211.531	208.848	215.063	209.429	205.184	199.458
Risk exposure amount									
- due to credit risk	844.745	802.147	818.932	819.122	851.309	830.141	836.662	821.457	811.936
- due to market risk:	16.628	17.100	12.659	18.566	17.447	16.626	18.748	14.435	12.350
Market risk, trading book	15.805	16.223	11.408	16.274	14.062	11.306	15.281	12.024	9.095
Currency risk	823	877	1.251	2.292	3.385	5.320	3.467	2.411	3.255
- due to credit valuation adjustment	3.378	1.829	1.147	1.661	930	1.728	1.505	1.817	1.665
- due to operational risk	80.570	80.570	85.026	85.026	85.026	85.026	85.424	85.424	85.424
Total risk exposure amount	945.321	901.646	917.764	924.375	954.712	933.521	942.339	923.133	911.375
Capital ratios									
CET 1 ratio ¹	18,8%	21,3%	20,6%	20,1%	19,2%	20,1%	19,4%	19,4%	19,2%
Tier 1 ratio ¹	19,9%	22,5%	21,8%	20,1%	19,2%	20,1%	19,4%	19,4%	19,2%
Total capital ratio ¹	22,5%	25,3%	24,7%	22,9%	21,9%	23,0%	22,2%	22,2%	21,9%
Leverage ratio ¹	12,4%	13,6%	13,2%	12,4%	12,6%	13,6%	13,4%	13,4%	13,5%

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

Average balances - 9 quarter summary

ISK million	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Average assets									
Personal Banking	513.016	502.872	492.230	469.726	439.696	395.822	352.537	335.158	332.523
Business Banking	242.150	236.861	238.867	237.992	235.390	238.179	238.376	238.687	235.938
Corporate & Investment Banking	348.785	356.563	370.586	368.735	357.527	369.606	370.135	361.538	345.602
Íslandsbanki	1.425.054	1.448.087	1.452.094	1.397.070	1.360.832	1.326.162	1.310.526	1.285.319	1.227.167
Average equity									
Personal Banking	38.007	37.097	36.077	35.051	35.157	32.695	29.837	30.192	30.637
Business Banking	34.017	34.218	35.849	37.803	37.486	38.305	38.032	38.536	39.479
Corporate & Investment Banking	59.778	60.715	62.548	63.251	62.325	63.989	62.166	61.944	59.102
Íslandsbanki	203.176	200.422	193.348	187.638	186.690	184.489	180.698	179.761	180.651
Average loans to customers									
Personal Banking	509.223	499.175	488.801	466.541	436.336	391.334	347.944	331.929	329.133
Business Banking	240.110	234.711	236.675	235.871	233.281	235.927	235.921	235.820	232.786
Corporate & Investment Banking	345.538	350.183	364.769	362.002	351.879	365.229	366.410	357.988	338.908
Íslandsbanki ¹	1.094.871	1.084.069	1.090.245	1.064.414	1.021.496	992.490	950.275	925.737	900.826
Average deposits from customers									
Personal Banking	341.658	337.168	334.248	334.044	324.613	317.155	310.144	305.232	293.117
Business Banking	234.200	239.609	223.235	200.692	192.024	195.641	191.660	180.183	169.702
Corporate & Investment Banking	143.407	149.822	142.432	136.005	137.747	136.071	146.686	131.423	115.840
Íslandsbanki ¹	719.265	726.599	699.915	670.741	654.384	648.867	648.490	616.838	578.660

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

	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19
YoY change, %									
GDP growth	4,4	6,8	6,6	-0,5	-5,5	-10,0	-11,0	-1,2	4,8
Total investment	13,8	15,9	24,1	-0,3	-3,8	-12,9	-13,3	-6,3	-0,6
Business investment	23,3	32,1	37,8	-1,1	-13,7	-24,9	-13,7	-7,1	6
Residential investment	-6	-7,2	1,3	-5,0	14,6	3,2	-9,3	-2,0	13,7
Personal consumption	12,9	6,5	9,2	1,5	-2,6	-1,2	-8,8	1,1	1,1
Unemployment rate, % of workforce	4,9	5,5	9	11,3	7,6	5,8	7,9	4,4	3,3
Current account, % of GDP	-5,1	1,5	-4,7	-3,3	2,8	0,1	-0,9	1,7	6,6
International investment position, % of GDP	40,1	41,1	36,7	35,2	34,6	33,6	27,4	21,1	19,6
Gross general govt. debt, % of GDP	75				77,4				66,3
Household debt, gross, % of GDP	83,7	84,7	85,1	84,8	83,6	81,1	77,5	74,9	74,0
Corporate debt, gross, % of GDP	82,9	85,8	86	87,7	89,6	91,8	89,5	88,0	83,0
YoY change, %									
Inflation	4,8	4,3	4,4	4,2	3,6	3,2	2,5	2,1	2,5
Residential real estate price index	10,3	9	7,2	4,2	3,5	4,1	3,6	2,6	1,9
Wages	7,5	7,8	7,5	10,5	7,2	6,5	6,7	4,9	4,3
Real wages	2,5	3,4	3	6,0	3,5	3,1	4,1	2,8	1,7
ISK index, average	196,3	194,3	193,8	200,0	206,3	207,8	203,2	186,4	180,6
Central bank policy rate (1W)	1,8	1,2	0,88	0,8	0,9	1,0	1,0	1,8	3,1
Long-term nominal yield	4,1	3,7	3,7	3,5	3,1	2,6	2,5	3,1	3,6
Long-term real yield	0,5	0,5	0,6	0,6	0,5	-0,4	0,0	0,5	0,8

Currencies

	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20	31.3.20
Currencies									
USD	127,9	130,4	130,3	123,2	126,3	127,2	138,5	138,6	141,7
GBP	167,9	175,7	175,4	170,7	173,8	173,6	177,7	170,2	175,2
EUR	142,0	147,6	150,9	146,5	148,1	156,1	162,2	155,4	155,3
DKK	19,1	19,9	20,3	19,7	19,9	21,0	21,8	20,9	20,8
SEK	13,7	14,4	14,8	14,5	14,5	15,6	15,4	14,8	14,0
CHF	138,3	142,8	139,3	133,4	133,8	144,4	150,1	145,8	146,8

Financial targets on track

Clear path to ROE expansion, attractive capital return and optimisation

Targets	Revised	2022 Guidance	1Q22	4Q21	2021
Return on equity	>10%	8-10% by 2023	10.2% ✓	14.2% ✓	12.3% ✓
Cost-to-income ratio¹	<45%	45-50%	47.6% ✗	45.3% ✓	46.2% ✓
CET1 capital ratio²	~16.5%	Normalise before YE2023	18.8% ✓	21.3% ✓	21.3% ✓
Dividend-payout-ratio	50%	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 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	Stable	Stable
Affirmed (date)	January 22	Affirmed (date)	November 20	April 22	August 21

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