

3Q2022



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 28 October 2022

Íslandsbanki will host a webcast in English for investors and market participants on Friday 28 October at 8.30 Reykjavík/GMT, 9.30 London/BST, 10.30 CET. Birna Einarsdóttir, CEO, and Jóhann Ottó Wathne, Head of Treasury, will give an overview of the third quarter 2022 financial results and operational highlights.

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

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

Financial calendar

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

4Q22 results — 9 February 2023

Annual General Meeting — 16 March 2023

1Q23 results — 4 May 2023

2Q23 results — 27 July 2023

3Q23 results — 26 October 2023

Please note that the dates are subject to change.

Additional investor material

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

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

Key performance indicators - 5 years

	9M22	2021	2020	2019	2018
Profitability					
Return on equity ¹	12.1%	12.3%	3.7%	4.8%	6.1%
Return on assets ¹	1.7%	1.7%	0.5%	0.7%	1.0%
Earnings per share	9.22	11.26	3.58	4.59	5.06
Core income / total operating income ²	99.1%	93.5%	101.7%	96.8%	98.2%
Net interest margin					
Net interest margin on total assets ¹	2.8%	2.4%	2.6%	2.7%	2.9%
Efficiency					
Cost-to-income ratio ³	41.9%	46.2%	54.3%	58.8%	66.3%
Cost-to-total assets ratio ¹	1.59%	1.65%	1.82%	2.11%	2.57%
Cost of risk ^{1,7}	(0.26%)	(0.28%)	0.91%	0.39%	(0.20%)
Number of FTEs at period end - Consolidated ⁴	742	735	779	984	1,075
Number of FTEs at period end - Parent ⁴	704	702	745	749	834
Number of branches at period end	12	12	12	14	14
Assets					
Loans to customers (ISKm)	1,153,047	1,086,327	1,006,717	899,632	846,599
LTV on mortgages to individuals ⁵	60.0%	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	1.7%	2.0%	2.9%	3.0%	2.0%
Asset encumbrance ratio	25.7%	19.6%	18.7%	18.1%	18.0%
Financial strength					
Equity as % of total assets	13.7%	14.3%	13.9%	15.0%	15.6%
Liquidity					
Net stable funding ratio (NSFR) - All currencies	127%	122%	123%	119%	114%
Net stable funding ratio (NSFR) - Foreign currencies	257%	157%	179%	156%	149%
Liquidity coverage ratio (LCR) - All currencies	371%	156%	196%	155%	172%
Liquidity coverage ratio (LCR) - Domestic currency	119%	141%	95%	110%	n.a.
Liquidity coverage ratio (LCR) - Foreign currencies	421%	235%	463%	325%	544%
Term deposits % of total deposits	18.8%	18.3%	24.6%	28.0%	27.1%
Customer loans to customer deposits ratio	148%	146%	148%	145%	146%
Capital					
CET 1 ratio ⁸	18.2%	21.3%	20.1%	19.9%	20.3%
Tier 1 ratio ⁸	19.2%	22.5%	20.1%	19.9%	20.3%
Total capital ratio ⁸	21.4%	25.3%	23.0%	22.4%	22.2%
Leverage ratio ⁸	11.9%	13.6%	13.6%	14.2%	14.6%
Risk exposure amount (ISKm)	1,012,986	901,646	933,521	884,550	845,949

1. Calculated on average balances.

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

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

4. Numbers exclude seasonal employees.

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

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

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

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

8. Including third quarter profit for 9M22.

Income statement - 5 year summary

ISK million	9M22	2021	2020	2019	2018
Interest income calculated using the effective interest rate method	64,749	56,220	53,378	59,289	59,741
Other interest income	4,323	2,405	2,317	2,676	1,934
Interest expense	(38,294)	(24,582)	(22,324)	(29,143)	(29,738)
Net interest income	30,778	34,043	33,371	32,822	31,937
Fee and commission income	12,424	15,167	12,651	12,052	19,853
Fee and commission expense	(2,409)	(2,318)	(2,126)	(1,153)	(7,626)
Net fee and commission income	10,015	12,849	10,525	10,899	12,227
Net financial income (expense)	(358)	2,499	(1,391)	(820)	(962)
Net foreign exchange gain	305	479	451	139	1
Other operating income	435	302	197	2,125	1,784
Other net operating income	382	3,280	(743)	1,444	823
Total operating income	41,175	50,172	43,153	45,165	44,987
Salaries and related expenses	(9,734)	(13,397)	(12,917)	(14,019)	(15,500)
Other operating expenses	(7,366)	(9,799)	(9,829)	(10,469)	(12,150)
Contribution to the Depositors' and Investors' Guarantee Fund	(165)	(688)	(679)	(936)	(1,173)
Bank tax	(1,377)	(1,683)	(1,588)	(3,528)	(3,281)
Total operating expenses	(18,642)	(25,567)	(25,013)	(28,952)	(32,104)
Profit before net impairment on financial assets	22,533	24,605	18,140	16,213	12,883
Net impairment on financial assets	2,223	3,018	(8,816)	(3,480)	1,584
Profit before tax	24,756	27,623	9,324	12,733	14,467
Income tax expense	(6,319)	(5,119)	(2,472)	(3,909)	(4,734)
Profit for the period from continuing operations	18,437	22,504	6,852	8,824	9,733
Discontinued operations held for sale, net of income tax	116	1,221	(97)	(370)	912
Profit for the period	18,553	23,725	6,755	8,454	10,645
Basic earnings per share from profit for the period	9.22	11.26	3.58	4.59	5.06

Balance sheet - 5 year summary

ISK million	30.9.22	31.12.21	31.12.20	31.12.19	31.12.18
Cash and balances with Central Bank	73,566	113,667	78,948	146,638	135,056
Loans to credit institutions	137,169	43,988	89,920	54,376	41,577
Bonds and debt instruments	127,454	132,289	128,216	52,870	69,415
Derivatives	6,895	2,445	6,647	5,621	4,550
Loans to customers	1,153,047	1,086,327	1,006,717	899,632	846,599
Shares and equity instruments	24,472	31,677	14,851	18,426	13,074
Investments in associates	3,925	939	775	746	682
Property and equipment	6,760	7,010	7,341	9,168	5,271
Intangible assets	3,282	3,351	3,478	4,330	5,002
Other assets	11,303	5,784	4,125	6,608	9,177
Non-current assets and disposal groups held for sale	799	1,344	3,173	1,075	-
Total Assets	1,548,672	1,428,821	1,344,191	1,199,490	1,130,403
Deposits from Central Bank and credit institutions	19,912	13,384	39,758	30,925	15,619
Deposits from customers	781,614	744,036	679,455	618,313	578,959
Derivative instruments and short positions	13,996	9,467	6,936	6,219	5,521
Debt issued and other borrowed funds	458,969	402,226	387,274	306,381	300,976
Subordinated loans	32,156	35,762	27,194	22,674	16,216
Tax liabilities	10,827	6,432	5,450	7,853	7,150
Other liabilities	19,585	12,848	11,893	27,063	29,643
Non-current liabilities and disposal groups held for sale	-	956	27	-	6
Total Liabilities	1,337,059	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	7,919	6,086	6,181	7,065	6,499
Retained earnings	138,694	132,624	113,529	105,569	102,496
Total Shareholder's Equity	211,613	203,710	184,710	177,634	173,995
Non-controlling interests	-	-	1,494	2,428	2,318
Total Equity	211,613	203,710	186,204	180,062	176,313
Total Liabilities and Equity	1,548,672	1,428,821	1,344,191	1,199,490	1,130,403

Net interest income - 5 year summary

ISK million	9M22	2021	2020	2019	2018
Cash and balances with Central Bank	1,710	948	1,750	4,452	7,279
Loans to credit institutions	221	128	215	812	543
Loans to customers	62,818	55,144	51,413	54,025	51,919
Financial assets mandatorily at fair value through profit or loss	4,319	2,388	2,314	2,630	1,825
Other assets	4	17	3	46	109
Total interest income	69,072	58,625	55,695	61,965	61,675
Deposits from Central Bank and credit institutions	(228)	(306)	(736)	(625)	(409)
Deposits from customers	(15,970)	(6,815)	(7,700)	(15,242)	(16,539)
Debt issued and other borrowed funds at fair value through profit and loss	(438)	(729)	(608)	(734)	(963)
Debt issued and other borrowed funds at amortised cost	(18,170)	(14,104)	(11,179)	(9,818)	(9,035)
Subordinated loans	(914)	(829)	(763)	(501)	(198)
Lease liabilities	(62)	(84)	(87)	(92)	-
Other liabilities	(2,512)	(1,715)	(1,251)	(2,131)	(2,594)
Total interest expense	(38,294)	(24,582)	(22,324)	(29,143)	(29,738)
Net interest income	30,778	34,043	33,371	32,822	31,937
Net interest income on loans¹					
Personal Banking	5,014	7,464	5,835	3,868	3,838
Business Banking	5,747	7,842	7,702	6,010	5,276
Corporate & Investment Banking	5,572	7,773	6,986	5,292	4,578
Total net interest income on loans	16,333	23,079	20,523	15,170	13,692
Net interest income on deposits¹					
Personal Banking	5,088	4,535	4,761	5,832	5,239
Business Banking	3,905	2,999	2,628	3,629	3,321
Corporate & Investment Banking	902	948	930	1,045	1,160
Total net interest income on deposits	9,895	8,482	8,319	10,506	9,720

Net fee & commission income - 5 year summary

ISK million	9M22	2021	2020	2019	2018
Asset management	2,259	3,100	2,382	2,225	2,116
Investment banking and brokerage	2,854	3,544	2,805	2,430	2,303
Payment processing	4,506	4,979	4,378	3,810	12,065
Loans and guarantees	1,766	2,212	2,186	1,510	1,467
Other fee and commission income	1,039	1,332	900	2,077	1,902
Total fees and commission income	12,424	15,167	12,651	12,052	19,853
Brokerage	(357)	(471)	(360)	(337)	(300)
Clearing and settlement	(1,960)	(1,834)	(1,766)	(806)	(7,302)
Other fee and commission expense	(92)	(13)	-	(10)	(24)
Total fee and commission expense	(2,409)	(2,318)	(2,126)	(1,153)	(7,626)
Net fee and commission income	10,015	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	30.9.22	31.12.21	31.12.20	31.12.19	31.12.18
Individuals	565,283	520,733	437,377	349,181	319,390
thereof mortgages	503,416	457,800	377,155	281,499	249,296
Commerce and services	178,627	165,222	124,260	126,488	124,242
Construction	54,152	36,773	42,352	44,420	29,095
Energy	10,279	9,493	8,673	7,887	6,858
Financial services	2,070	1,978	1,539	2,315	1,704
Industrial and transportation	87,808	89,627	78,561	82,288	79,824
Investment companies	27,089	23,677	23,440	23,590	23,799
Public sector and non-profit organisations	10,338	9,987	10,911	12,312	12,087
Real estate	121,835	109,314	157,502	145,559	142,885
Seafood	95,566	119,523	122,102	105,592	106,715
Loans to customers	1,153,047	1,086,327	1,006,717	899,632	846,599

Capital and risk exposure amount - 5 year summary

ISK million	30.9.22	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	7,919	6,086	6,181	7,065	6,499
Retained earnings	138,694	132,624	113,529	105,569	102,496
Unaudited interim net earnings	(7,486)	-	-	-	-
Non-controlling interests	-	-	1,494	2,428	2,318
IFRS 9 reversal due to transitional rules	1,220	2,768	5,164	-	-
Fair value changes due to own credit standing	(512)	1,054	238	392	376
Forseeable dividend payment and approved buyback	(20,533)	(11,863)	-	-	-
Tax assets	(97)	(94)	(259)	(476)	(215)
Intangible assets	(3,282)	(3,351)	(3,478)	(4,330)	(5,002)
Total CET1 capital	180,923	192,224	187,869	175,648	171,472
Additional Tier 1 capital	9,547	10,626	-	-	-
Tier 1 capital	190,470	202,850	187,869	175,648	171,472
Tier 2 capital	22,609	25,136	27,194	22,674	16,216
Total capital base	213,079	227,986	215,063	198,322	187,688
Risk exposure amount					
- due to credit risk	906,891	802,147	830,141	789,180	750,801
- due to market risk:	21,343	17,100	16,626	7,919	7,622
Market risk, trading book	19,171	16,223	11,306	6,488	6,649
Currency risk	2,172	877	5,320	1,431	973
- due to credit valuation adjustment	4,182	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	1,012,986	901,646	933,521	884,550	845,949
Capital ratios¹					
CET 1 ratio	18.2%	21.3%	20.1%	19.9%	20.3%
Tier 1 ratio	19.2%	22.5%	20.1%	19.9%	20.3%
Total capital ratio	21.4%	25.3%	23.0%	22.4%	22.2%
Leverage ratio	11.9%	13.6%	13.6%	14.2%	14.6%

1. Including third quarter profit for 30.9.22

Average balances - 5 year summary

ISK million	9M22	2021	2020	2019	2018
Average assets					
Personal Banking	532,011	475,357	355,295	317,383	299,603
Business Banking	255,202	237,071	237,632	233,470	225,408
Corporate & Investment Banking	352,261	363,910	360,690	340,161	323,807
Íslandsbanki	1,449,014	1,411,067	1,285,310	1,206,090	1,120,084
Average equity					
Personal Banking	39,650	35,830	30,995	28,222	24,632
Business Banking	36,429	36,243	38,549	38,503	37,255
Corporate & Investment Banking	62,313	61,985	61,792	58,972	57,200
Íslandsbanki	204,262	192,245	181,587	176,967	174,183
Average loans to customers					
Personal Banking	528,153	471,924	351,584	315,128	299,429
Business Banking	253,110	234,937	234,955	230,040	219,608
Corporate & Investment Banking	346,970	358,473	355,760	336,244	322,974
Íslandsbanki ¹	1,128,233	1,065,334	942,299	881,412	842,011
Average deposits from customers					
Personal Banking	346,692	332,267	306,871	279,627	275,265
Business Banking	242,613	213,602	183,604	172,247	167,463
Corporate & Investment Banking ²	141,592	144,806	130,655	107,431	101,417
Íslandsbanki ¹	730,897	690,675	621,130	559,305	544,145

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

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

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

2. Both deposits from customers and deposits from credit institutions

Operating segments - Personal Banking

ISK million	9M22	2021	2020	2019	2018
Net interest income	10,929	12,027	10,749	10,578	9,946
Net fee and commission income	3,016	3,850	3,049	4,504	4,564
Other net operating income	340	189	305	77	1
Total operating income	14,285	16,066	14,103	15,159	14,511
Salaries and related expenses	(1,733)	(2,388)	(2,416)	(2,791)	(2,585)
Other operating expenses	(1,826)	(2,354)	(2,584)	(2,131)	(2,466)
Contribution to the Depositors' and Investors' Guarantee Fund	(129)	(538)	(482)	(530)	(669)
Bank tax	(595)	(723)	(613)	(483)	(434)
Net impairment on financial assets	157	318	(517)	(547)	579
Cost allocation	(3,462)	(4,539)	(4,690)	(5,606)	(5,134)
Profit before tax	6,697	5,842	2,801	3,071	3,802
Income tax expense	(1,897)	(1,707)	(887)	(924)	(989)
Profit for the year from continuing operations	4,800	4,135	1,914	2,147	2,813
Net segment revenue from external customers	26,232	26,175	20,911	18,137	14,958
Net segment revenue from other segments	(11,947)	(10,109)	(6,808)	(2,978)	(447)
Fee and commission income	4,941	5,669	4,797	6,224	5,990
Depreciation, amortisation, and write-offs	(128)	(166)	(300)	(215)	(275)
At 30 September 2022					
Loans to customers	546,750	502,354	419,882	329,265	299,429
Other assets	3,320	3,609	3,212	3,553	1,332
Total segment assets	550,070	505,963	423,094	332,818	300,761
Deposits from customers	354,895	344,776	324,815	290,894	275,265
Other liabilities	1,343	1,603	1,327	1,497	1,453
Total segment liabilities	356,238	346,379	326,142	292,391	276,718
Allocated equity	41,828	37,549	34,850	29,981	24,582
Risk exposure amount	264,925	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	9M22	2021	2020	2019	2018
Net interest income	10,421	10,867	10,536	10,812	9,788
Net fee and commission income	1,617	2,111	1,917	1,716	1,477
Other net operating income	76	61	50	25	41
Total operating income	12,114	13,039	12,503	12,553	11,306
Salaries and related expenses	(1,354)	(1,815)	(1,940)	(1,993)	(2,069)
Other operating expenses	(771)	(1,037)	(1,164)	(1,184)	(1,062)
Contribution to the Depositors' and Investors' Guarantee Fund	(33)	(135)	(161)	(314)	(395)
Bank tax	(295)	(344)	(340)	(339)	(327)
Net impairment on financial assets	1,052	2,401	(5,485)	(1,098)	955
Cost allocation	(2,487)	(3,113)	(2,967)	(3,381)	(2,813)
Profit before tax	8,226	8,996	446	4,244	5,595
Income tax expense	(2,217)	(2,428)	(204)	(1,192)	(1,455)
Profit for the year from continuing operations	6,009	6,568	242	3,052	4,140
Net segment revenue from external customers	13,377	14,806	14,750	14,492	14,996
Net segment revenue from other segments	(1,263)	(1,767)	(2,247)	(1,939)	(3,690)
Fee and commission income	1,653	2,136	1,948	1,724	1,612
Depreciation, amortisation, and write-offs	(43)	(58)	(163)	(112)	(142)
At 30 September 2022					
Loans to customers	269,721	237,388	232,580	230,842	219,608
Other assets	2,044	2,004	2,199	3,085	3,151
Total segment assets	271,765	239,392	234,779	233,927	222,759
Deposits from customers	260,219	239,871	189,847	167,623	164,738
Other liabilities	1,501	1,630	1,481	1,822	2,811
Total segment liabilities	261,720	241,501	191,328	169,445	167,549
Allocated equity	39,699	33,738	37,804	38,924	37,304
Risk exposure amount	252,855	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	9M22	2021	2020	2019	2018
Net interest income	8,120	9,282	8,530	8,397	7,676
Net fee and commission income	3,387	4,384	4,075	3,530	3,321
Other net operating income	1,151	759	922	564	353
Total operating income	12,658	14,425	13,527	12,491	11,350
Salaries and related expenses	(1,268)	(1,689)	(1,583)	(1,720)	(1,641)
Other operating expenses	(727)	(797)	(870)	(660)	(680)
Contribution to the Depositors' and Investors' Guarantee Fund	(3)	(15)	(35)	(89)	(109)
Bank tax	(374)	(516)	(514)	(486)	(470)
Net impairment on financial assets	354	121	(2,805)	(1,043)	164
Cost allocation	(2,364)	(3,170)	(3,020)	(3,421)	(2,660)
Profit before tax	8,276	8,359	4,700	5,072	5,954
Income tax expense	(2,249)	(2,308)	(1,356)	(1,445)	(1,548)
Profit for the year from continuing operations	6,027	6,051	3,344	3,627	4,406
Net segment revenue from external customers	17,811	19,843	19,922	19,191	17,337
Net segment revenue from other segments	(5,153)	(5,418)	(6,395)	(6,700)	(5,987)
Fee and commission income	3,532	4,486	4,152	3,574	3,420
Depreciation, amortisation, and write-offs	(1)	(15)	(18)	(21)	(26)
At 30 September 2022					
Loans to customers	336,576	346,835	353,953	334,788	322,974
Other assets	6,986	1,335	795	347	316
Total segment assets	343,562	348,170	354,748	335,135	323,290
Deposits from customers	146,651	141,204	137,791	113,455	101,417
Other liabilities	8,799	4,728	4,908	2,553	3,199
Total segment liabilities	155,450	145,932	142,699	116,008	104,616
Allocated equity	64,303	59,055	63,432	58,953	57,200
Risk exposure amount	403,964	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	9M22	2021	2020	2019	2018
Net interest income	1,480	2,034	3,734	3,169	3,649
Net fee and commission income	(36)	(72)	(317)	(236)	(109)
Other net operating income	1,016	2,694	(1,420)	(848)	1,070
Total operating income	2,460	4,656	1,997	2,085	4,610
Salaries and related expenses	(204)	(256)	(280)	(253)	(258)
Other operating expenses	(378)	(235)	(263)	(257)	(494)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	(1)	(3)	-
Bank tax	(103)	(86)	(105)	(2,205)	(2,041)
Net impairment on financial assets	657	94	(8)	(791)	(37)
Cost allocation	424	320	323	278	423
Profit (loss) before tax	2,856	4,493	1,663	(1,146)	2,203
Income tax expense	202	1,421	112	318	(1,280)
Profit (loss) for the year from continuing operations	3,058	5,914	1,775	(828)	923
Net segment revenue from external customers	(16,031)	(12,748)	(13,597)	(9,708)	(5,733)
Net segment revenue from other segments	18,491	17,404	15,594	11,793	10,343
Fee and commission income	263	231	(9)	124	133
Depreciation, amortisation, and write-offs	-	-	-	-	(38)
At 30 September 2022					
Loans to customers	-	59	302	2	904
Other assets	373,774	325,158	320,578	267,384	252,085
Total segment assets	373,774	325,217	320,880	267,386	252,989
Deposits from customers	22,738	21,477	31,674	49,517	42,566
Other liabilities	537,004	465,397	463,943	374,459	345,375
Total segment liabilities	559,742	486,874	495,617	423,976	387,941
Allocated equity	63,422	70,217	45,708	42,882	48,982
Risk exposure amount	85,529	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	9M22	2021	2020	2019	2018
Net interest income (expense)	(179)	(178)	(215)	(251)	(218)
Net fee and commission income	(1)	(62)	7	7	12
Other net operating income	57	203	287	2,197	282
Total operating income	(123)	(37)	79	1,953	76
Salaries and related expenses	(4,561)	(6,465)	(5,926)	(6,516)	(6,185)
Other operating expenses	(3,307)	(4,854)	(4,488)	(5,725)	(5,646)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	(10)	(14)	(16)	(15)	(9)
Net impairment on financial assets	-	4	-	-	-
Cost allocation	7,889	10,502	10,354	12,130	10,184
Profit (loss) before tax	(112)	(864)	3	1,827	(1,580)
Income tax expense	27	221	(5)	(478)	411
Profit (loss) for the year from continuing operations	(85)	(643)	(2)	1,349	(1,169)
Net segment revenue from external customers	5	73	223	2,129	295
Net segment revenue from other segments	(128)	(110)	(144)	(176)	(219)
Fee and commission income	-	2	7	8	12
Depreciation, amortisation, and write-offs	(852)	(1,145)	(1,178)	(1,367)	(688)
At 30 September 2022					
Loans to customers	-	-	-	-	-
Other assets	9,619	9,108	10,893	10,648	8,056
Total segment assets	9,619	9,108	10,893	10,648	8,056
Deposits from customers	-	-	-	-	-
Other liabilities	5,438	5,711	5,915	6,209	2,317
Total segment liabilities	5,438	5,711	5,915	6,209	2,317
Allocated equity	950	894	899	1,145	646
Risk exposure amount	6,340	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	9M22	2021	2020	2019	2018
Net interest income	7	11	37	117	1,096
Net fee and commission income	2,032	2,638	1,794	1,378	2,962
Other net operating income	(2,258)	(626)	(887)	(571)	(924)
Total operating income	(219)	2,023	944	924	3,134
Salaries and related expenses	(614)	(784)	(772)	(746)	(2,762)
Other operating expenses	(357)	(522)	(460)	(512)	(1,802)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	-	-	-	-	-
Net impairment on financial assets	3	80	(1)	(1)	(77)
Cost allocation	-	-	-	-	-
Profit (loss) before tax	(1,187)	797	(289)	(335)	(1,507)
Income tax expense	(185)	(318)	(132)	(188)	127
Profit (loss) for the year from continuing operations	(1,372)	479	(421)	(523)	(1,380)
Net segment revenue from external customers	(219)	2,023	944	924	3,134
Net segment revenue from other segments	-	-	-	-	-
Fee and commission income	2,035	2,643	1,756	398	8,686
Depreciation, amortisation, and write-offs	(12)	(11)	(7)	(10)	(143)
At 30 September 2022					
Loans to customers	-	(309)	-	4,735	3,684
Other assets	(118)	1,280	(203)	14,841	18,864
Total segment assets	(118)	971	(203)	19,576	22,548
Deposits from customers	(2,889)	(3,292)	(4,672)	(3,176)	(5,027)
Other liabilities	1,360	2,006	958	14,575	19,976
Total segment liabilities	(1,529)	(1,286)	(3,714)	11,399	14,949
Allocated equity	1,411	2,257	3,511	8,177	7,599
Risk exposure amount	(627)	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

	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20
Profitability									
Return on equity ¹	14.4%	11.7%	10.2%	14.2%	15.7%	11.6%	7.7%	7.6%	7.4%
Return on assets ¹	2.0%	1.7%	1.5%	2.0%	2.1%	1.6%	1.1%	1.1%	1.0%
Earnings per share	3.68	2.93	2.60	3.01	3.75	2.70	1.80	1.68	1.54
Core income / total operating income ²	102.0%	97.6%	97.3%	93.7%	91.6%	93.4%	95.3%	92.3%	101.0%
Net interest margin									
Net interest margin on total assets ¹	3.0%	2.9%	2.6%	2.4%	2.4%	2.4%	2.4%	2.5%	2.5%
Efficiency									
Cost-to-income ratio ^{3,7}	36.3%	42.7%	47.6%	45.3%	39.4%	49.9%	51.3%	51.7%	46.7%
Cost-to-total assets ratio ^{1,7}	1.41%	1.68%	1.68%	1.64%	1.45%	1.74%	1.75%	1.88%	1.57%
Cost of risk ^{1,9}	(0.40%)	(0.20%)	(0.17%)	(0.23%)	(0.64%)	(0.42%)	0.20%	0.73%	0.44%
Number of FTEs at period end - Consolidated ⁴	742	740	741	735	763	768	774	779	778
Number of FTEs at period end - Parent ⁴	704	702	706	702	730	733	739	745	744
Asset quality									
Loans to customers (ISKm)	1,153,047	1,153,677	1,107,893	1,086,327	1,081,418	1,089,723	1,029,415	1,006,717	970,309
LTV on mortgages to individuals ⁵	60.0%	65.0%	65.0%	66.0%	66.0%	66.0%	65.0%	64.0%	64.0%
Risk exposure amount / total assets	65.4%	69.1%	65.4%	63.1%	63.0%	63.9%	68.9%	69.4%	70.9%
Non-performing loans (NPL) ratio ⁶	1.7%	1.8%	1.8%	2.0%	2.0%	2.1%	2.4%	2.9%	3.3%
Asset encumbrance ratio	25.7%	20.7%	19.2%	19.6%	18.9%	18.9%	18.3%	18.7%	17.3%
Financial strength									
Equity as % of total assets	13.7%	14.2%	13.6%	14.3%	13.6%	13.2%	13.4%	13.9%	13.7%
Liquidity									
Net stable funding ratio (NSFR) - All currencies	127%	118%	123%	122%	121%	122%	119%	123%	113%
Net stable funding ratio (NSFR) - Foreign currencies	257%	182%	192%	157%	166%	154%	182%	179%	149%
Liquidity coverage ratio (LCR)	371%	147%	195%	156%	225%	187%	172%	196%	136%
Liquidity coverage ratio (LCR) - Domestic currency	119%	125%	129%	141%	124%	133%	93%	95%	96%
Liquidity coverage ratio (LCR) - Foreign currencies	421%	240%	235%	235%	384%	287%	235%	463%	405%
Term deposits % of total deposits	18.8%	18.4%	18.9%	18.3%	20.3%	20.3%	24.4%	24.6%	25.0%
Customer loans to customer deposits ratio	148%	152%	145%	146%	143%	142%	147%	148%	139%
Capital									
CET 1 ratio ⁸	18.2%	18.2%	18.8%	21.3%	20.6%	20.1%	19.2%	20.1%	19.4%
Tier 1 ratio ⁸	19.2%	19.2%	19.9%	22.5%	21.8%	20.1%	19.2%	20.1%	19.4%
Total capital ratio ⁸	21.4%	21.5%	22.5%	25.3%	24.7%	22.9%	21.9%	23.0%	22.2%
Leverage ratio ⁸	11.9%	12.5%	12.4%	13.6%	13.2%	12.4%	12.6%	13.6%	13.4%
Risk exposure amount (ISKm)	1,012,986	992,883	945,321	901,646	917,764	924,375	954,712	933,521	942,339

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

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

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

4. Numbers exclude seasonal employees.

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

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

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

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

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

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

Income statement - 9 quarter summary

ISK million	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20
Net interest income	11,315	10,254	9,209	8,644	8,792	8,417	8,190	8,258	8,305
Net fee and commission income	3,517	3,434	3,064	3,653	3,427	2,907	2,862	2,865	2,862
Net financial income (expense)	(471)	208	(95)	646	941	619	293	783	(255)
Net foreign exchange gain (loss)	64	75	166	159	95	95	130	87	101
Other operating income	111	59	265	15	82	82	123	63	44
Other net operating income	(296)	342	336	820	1,118	796	546	933	(110)
Total operating income	14,536	14,030	12,609	13,117	13,337	12,120	11,598	12,056	11,057
Administrative expenses	(5,273)	(5,993)	(5,834)	(5,768)	(5,088)	(6,488)	(5,852)	(6,073)	(5,110)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	(165)	(170)	(173)	(162)	(183)	(154)	(50)
Bank tax	(535)	(412)	(430)	(389)	(433)	(451)	(410)	(414)	(416)
Total operating expenses	(5,808)	(6,405)	(6,429)	(6,327)	(5,694)	(7,101)	(6,445)	(6,641)	(5,576)
Profit before net impairment on financial assets	8,728	7,625	6,180	6,790	7,643	5,019	5,153	5,415	5,481
Net impairment on financial assets	1,165	575	483	639	1,757	1,140	(518)	(1,829)	(1,058)
Profit loss before tax	9,893	8,200	6,663	7,429	9,400	6,159	4,635	3,586	4,423
Income tax expense	(2,525)	(2,331)	(1,463)	(1,416)	(1,898)	(769)	(1,036)	(234)	(1,350)
Profit loss for the period from continuing operations	7,368	5,869	5,200	6,013	7,502	5,390	3,599	3,352	3,073
Discontinued operations held for sale, net of income tax	118	11	(13)	1,079	85	41	16	173	288
Profit loss for the period	7,486	5,880	5,187	7,092	7,587	5,431	3,615	3,525	3,361

Balance sheet - 9 quarter summary

ISK million	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20
Cash and balances with Central Bank	73,566	77,884	77,799	113,667	110,233	130,968	88,748	78,948	95,022
Loans to credit institutions	137,169	37,226	73,220	43,988	81,117	57,793	103,333	89,920	61,898
Bonds and debt instruments	127,454	108,477	130,700	132,289	123,599	110,499	103,627	128,216	149,426
Derivatives	6,895	6,193	4,245	2,445	2,374	2,649	2,536	6,647	3,731
Loans to customers	1,153,047	1,153,677	1,107,893	1,086,327	1,081,418	1,089,723	1,029,415	1,006,717	970,309
Shares and equity instruments	24,472	25,789	28,655	31,677	31,456	31,751	25,763	14,851	14,657
Investments in associates	3,925	3,836	767	939	952	911	841	775	750
Property and equipment	6,760	6,846	6,911	7,010	7,082	7,246	7,191	7,341	7,409
Intangible assets	3,282	3,304	3,327	3,351	3,249	3,307	3,357	3,478	3,554
Other assets	11,303	12,126	11,170	5,784	13,954	10,474	17,566	4,125	17,159
Non-current assets and disposal groups held for sale	799	1,895	1,668	1,344	938	1,539	2,858	3,173	4,809
Total Assets	1,548,672	1,437,253	1,446,355	1,428,821	1,456,372	1,446,860	1,385,235	1,344,191	1,328,724
Deposits from Central Bank and credit institutions	19,912	11,437	10,949	13,384	20,409	32,240	31,565	39,758	36,438
Deposits from customers	781,614	756,862	761,471	744,036	754,442	765,614	698,575	679,455	698,610
Derivative instruments and short positions	13,996	11,410	11,013	9,467	10,869	10,079	9,533	6,936	8,406
Debt issued and other borrowed funds	458,969	393,754	406,845	402,226	397,672	398,786	398,225	387,274	324,752
Subordinated loans	32,156	32,181	34,139	35,762	36,923	25,297	25,259	27,194	26,798
Tax liabilities	10,827	8,498	6,980	6,432	6,256	6,025	5,947	5,450	7,137
Other liabilities	19,585	18,498	16,802	12,848	32,391	18,436	30,631	11,893	44,073
Non-current liabilities and disposal groups held for sale	-	951	955	956	29	28	29	27	1
Total Liabilities	1,337,059	1,233,591	1,249,154	1,225,111	1,258,991	1,256,505	1,199,764	1,157,987	1,146,215
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	7,919	7,478	6,605	6,086	5,738	5,401	6,353	6,181	7,258
Retained earnings	138,694	131,184	125,596	132,624	126,653	119,535	113,335	113,529	108,383
Total Shareholder's Equity	211,613	203,662	197,201	203,710	197,391	189,936	184,688	184,710	180,641
Non-controlling interests	-	-	-	-	(10)	419	783	1,494	1,868
Total Equity	211,613	203,662	197,201	203,710	197,381	190,355	185,471	186,204	182,509
Total Liabilities and Equity	1,548,672	1,437,253	1,446,355	1,428,821	1,456,372	1,446,860	1,385,235	1,344,191	1,328,724

Net interest income - 9 quarter summary

ISK million	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20
Cash and balances with Central Bank	921	391	398	392	298	153	105	105	235
Loans to credit institutions	151	52	18	25	61	20	21	14	16
Loans to customers	24,308	21,334	17,176	14,898	13,272	14,755	12,220	12,497	12,985
Financial assets mandatorily at fair value through profit or loss	1,665	1,451	1,203	844	684	424	436	661	583
Other assets	1	1	2	11	3	1	2	-	1
Total interest income	27,046	23,229	18,797	16,170	14,318	15,353	12,784	13,277	13,820
Deposits from Central Bank and credit institutions	(136)	(52)	(40)	(52)	(63)	(98)	(93)	(124)	(192)
Deposits from customers	(7,374)	(5,124)	(3,472)	(2,295)	(1,400)	(1,925)	(1,195)	(1,376)	(1,625)
Debt issued and other borrowed funds at fair value through profit and loss	(134)	(134)	(170)	(182)	(183)	(179)	(185)	(162)	(150)
Debt issued and other borrowed funds at amortised cost	(6,697)	(6,536)	(4,937)	(4,138)	(3,219)	(4,096)	(2,651)	(2,826)	(2,979)
Subordinated loans	(343)	(292)	(279)	(311)	(179)	(176)	(163)	(193)	(211)
Lease liabilities	(21)	(20)	(21)	(21)	(20)	(23)	(20)	(22)	(21)
Other liabilities	(1,026)	(817)	(669)	(527)	(462)	(439)	(287)	(316)	(337)
Total interest expense	(15,731)	(12,975)	(9,588)	(7,526)	(5,526)	(6,936)	(4,594)	(5,019)	(5,515)
Net interest income	11,315	10,254	9,209	8,644	8,792	8,417	8,190	8,258	8,305
Net interest income on loans									
Personal Banking	1,666	1,646	1,702	1,799	1,887	1,892	1,885	1,764	1,562
Business Banking	1,898	1,928	1,921	1,917	1,986	1,967	1,973	2,042	2,038
Corporate & Investment Banking	1,852	1,938	1,782	1,874	2,045	1,975	1,881	1,848	1,829
Total net interest income on loans	5,416	5,512	5,405	5,590	5,918	5,739	5,739	5,684	5,429
Net interest income on deposits									
Personal Banking	1,974	1,667	1,446	1,317	1,152	1,062	1,003	987	1,041
Business Banking	1,536	1,286	1,082	997	784	634	584	599	586
Corporate & Investment Banking	354	289	280	283	258	210	201	168	220
Total net interest income on deposits	3,864	3,242	2,808	2,597	2,194	1,788	1,788	1,754	1,847

Net fee and commission income - 9 quarter summary

ISK million	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20
Asset management	709	763	787	971	705	769	655	636	576
Investment banking and brokerage	1,061	901	892	856	1,119	799	770	732	749
Payment processing	1,650	1,623	1,233	1,640	1,240	1,154	945	1,081	1,697
Loans and guarantees	563	647	556	475	585	558	594	753	563
Other fee and commission income	339	345	355	449	291	249	343	271	208
Total fee and commission income	4,322	4,279	3,823	4,391	3,940	3,529	3,307	3,473	3,793
Brokerage	(106)	(144)	(107)	(154)	(91)	(136)	(90)	(127)	(67)
Clearing and settlement	(698)	(701)	(561)	(579)	(420)	(486)	(349)	(481)	(864)
Other fee and commission expense	(1)	-	(91)	(5)	(2)	-	(6)	-	-
Total fee and commission expense	(805)	(845)	(759)	(738)	(513)	(622)	(445)	(608)	(931)
Net fee and commission income	3,517	3,434	3,064	3,653	3,427	2,907	2,862	2,865	2,862

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

Loans to customers - 9 quarter summary

ISK million	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20
Individuals	565,283	558,499	536,247	520,733	513,555	501,025	468,256	437,377	379,966
thereof mortgages	503,416	496,394	475,366	457,800	450,760	439,797	410,781	377,155	316,896
Commerce and services	178,627	183,846	173,085	165,222	164,167	175,647	119,916	124,260	121,951
Construction	54,152	46,650	43,115	36,773	36,193	38,987	41,186	42,352	44,550
Energy	10,279	9,832	9,450	9,493	9,508	9,239	8,543	8,673	8,316
Financial services	2,070	1,815	1,860	1,978	2,025	1,440	1,418	1,539	1,776
Industrial and transportation	87,808	88,088	88,171	89,627	89,750	91,670	76,262	78,561	82,458
Investment companies	27,089	25,042	25,124	23,677	22,567	23,805	22,337	23,440	24,747
Public sector and non-profit organisations	10,338	9,680	9,784	9,987	9,919	10,113	10,497	10,911	11,622
Real estate	121,835	122,648	113,031	109,314	114,519	120,276	157,451	157,502	165,370
Seafood	95,566	107,577	108,026	119,523	119,215	117,521	123,549	122,102	129,553
Loans to customers	1,153,047	1,153,677	1,107,893	1,086,327	1,081,418	1,089,723	1,029,415	1,006,717	970,309

Capital and risk exposure amount - 9 quarter summary

ISK million	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20
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	7,919	7,478	6,605	6,086	5,738	5,401	6,353	6,181	7,258
Retained earnings	138,694	131,184	125,596	132,624	126,653	119,535	113,335	113,529	108,383
Unaudited interim net earnings	(7,486)	-	(5,187)	-	(7,587)	-	-	-	-
Non-controlling interests	-	-	-	-	(10)	419	783	1,494	1,868
IFRS 9 reversal due to transitional rules	1,220	1,302	1,321	2,768	3,239	3,699	3,853	5,164	4,088
Fair value changes due to own credit standing	(512)	(46)	641	1,054	1,096	958	434	238	(239)
Forseeable dividend payment and approved buyback	(20,533)	(20,533)	(15,000)	(11,863)	(4,523)	(4,271)	(1,725)	-	-
Tax assets	(97)	(95)	(93)	(94)	(826)	(1,200)	(1,087)	(259)	(173)
Intangible assets	(3,282)	(3,304)	(3,327)	(3,351)	(3,249)	(3,307)	(3,357)	(3,478)	(3,554)
Total CET1 capital	180,923	180,986	175,556	192,224	185,531	186,234	183,589	187,869	182,631
Additional Tier 1 capital	9,547	9,559	10,145	10,626	11,000	-	-	-	-
Tier 1 capital	190,470	190,545	185,701	202,850	196,531	186,234	183,589	187,869	182,631
Tier 2 capital	22,609	22,622	23,994	25,136	25,923	25,297	25,259	27,194	26,798
Total capital base	213,079	213,167	209,695	227,986	222,454	211,531	208,848	215,063	209,429
Risk exposure amount									
- due to credit risk	906,891	892,395	844,745	802,147	818,932	819,122	851,309	830,141	836,662
- due to market risk:	21,343	17,092	16,628	17,100	12,659	18,566	17,447	16,626	18,748
Market risk, trading book	19,171	15,114	15,805	16,223	11,408	16,274	14,062	11,306	15,281
Currency risk	2,172	1,978	823	877	1,251	2,292	3,385	5,320	3,467
- due to credit valuation adjustment	4,182	2,826	3,378	1,829	1,147	1,661	930	1,728	1,505
- due to operational risk	80,570	80,570	80,570	80,570	85,026	85,026	85,026	85,026	85,424
Total risk exposure amount	1,012,986	992,883	945,321	901,646	917,764	924,375	954,712	933,521	942,339
Capital ratios									
CET 1 ratio ¹	18.2%	18.2%	18.8%	21.3%	20.6%	20.1%	19.2%	20.1%	19.4%
Tier 1 ratio ¹	19.2%	19.2%	19.9%	22.5%	21.8%	20.1%	19.2%	20.1%	19.4%
Total capital ratio ¹	21.4%	21.5%	22.5%	25.3%	24.7%	22.9%	21.9%	23.0%	22.2%
Leverage ratio ¹	11.9%	12.5%	12.4%	13.6%	13.2%	12.4%	12.6%	13.6%	13.4%

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

Average balances - 9 quarter summary

ISK million	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20
Average assets									
Personal Banking	548,743	534,594	513,016	502,872	492,230	469,726	439,696	395,822	352,537
Business Banking	268,280	254,632	242,150	236,861	238,867	237,992	235,390	238,179	238,376
Corporate & Investment Banking	355,481	354,164	348,785	356,563	370,586	368,735	357,527	369,606	370,135
Íslandsbanki	1,494,361	1,424,022	1,425,054	1,448,087	1,452,094	1,397,070	1,360,832	1,326,162	1,310,526
Average equity									
Personal Banking	41,352	39,592	38,007	37,097	36,077	35,051	35,157	32,695	29,837
Business Banking	38,891	36,106	34,017	34,218	35,849	37,803	37,486	38,305	38,032
Corporate & Investment Banking	64,767	61,973	59,778	60,715	62,548	63,251	62,325	63,989	62,166
Íslandsbanki	207,519	200,176	203,176	200,422	193,348	187,638	186,690	184,489	180,698
Average loans to customers									
Personal Banking	545,322	530,171	509,223	499,175	488,801	466,541	436,336	391,334	347,944
Business Banking	266,154	252,526	240,110	234,711	236,675	235,871	233,281	235,927	235,921
Corporate & Investment Banking	348,863	348,242	345,538	350,183	364,769	362,002	351,879	365,229	366,410
Íslandsbanki ¹	1,160,339	1,130,939	1,094,871	1,084,069	1,090,245	1,064,414	1,021,496	992,490	950,275
Average deposits from customers									
Personal Banking	351,200	346,529	341,658	337,168	334,248	334,044	324,613	317,155	310,144
Business Banking	254,544	238,873	234,200	239,609	223,235	200,692	192,024	195,641	191,660
Corporate & Investment Banking ²	145,002	136,306	143,407	149,822	142,432	140,467	137,747	136,071	146,686
Íslandsbanki ¹	750,746	721,708	719,265	726,599	699,915	675,203	654,384	648,867	648,490

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

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

2. Both deposits from customers and deposits from credit institutions

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

	Allocation to Eligible Projects			Selected impact indicators											Avoided greenhouse gas emissions per million ISK	Avoided greenhouse gas emissions per million EUR ⁷		
	Amount outstanding 31.12.2021	Share of funding	Share of capex ³	Avoided greenhouse gas emissions ⁴	Clean vehicles ⁵	Clean energy produced	Green building	Additional waste recycled	Fiber optic cables laid	MSC certified products sold	Companies supported ⁶	Dwellings	Students reached	Loans to gender balanced companies				
	ISK million	%	%	tCO2e	number of	GWh	number of	tonnes	km	tonnes	number of	number of	number of	number of				
Clean Transportation	6,259	100%	100%	2,763	2,186												0.4	65.0
Renewable energy	6,332	100%	100%	867		97											0.1	20.0
Green buildings ¹	9,688	85%	100%				16											
Certified organic farm	719	100%	100%															
Sustainable waste management	836	34%	100%	13,202				4,900									15.8	2331.0
Information and communication technology ²	5,055	28%	100%						2,000									
Sustainable seafood products	19,468	94%	94%							44,000								
Government defined company support	3,636	n.a.	0%								440							
Affordable housing	366	100%	100%									60						
Education and vocational training	431	100%	100%										366					
Equality, diversity and empowerment	4,988	n.a.	82%											30				
	57,778		90%	16,832														

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

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

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

4. Calculated using the average GHG emission intensity of electricity generation in Iceland. The Icelandic benchmark emission factor for 2020 is estimated to be 10,5 gCO2 e/kWh.

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

6. Average loan size ISK 8.3m.

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

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

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

2. Average loan size ISK 9.6m.

3. EUR/ISK=156 on 31.12.2020.

4. Measure not included in 2020 report.

Macroeconomics - summary

	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20
YoY change, %									
GDP growth	6.1	7.6	4.9	6.9	6.5	-0.9	-5.2	-9.5	-11.0
Total investment	-5.0	20.9	14.0	13.2	23.1	-2.3	-4.2	-13.1	-14.2
Business investment	-6.1	38.7	12.9	28.7	36.8	-2.2	-13.9	-24.9	-13.7
Residential investment	-6.5	-8.0	-6.9	-8.3	1.7	-6.8	13.2	2.2	-11.2
Personal consumption	13.5	9.2	13.2	6.7	9.3	1.5	-2.6	-1.2	-8.8
Unemployment rate, % of workforce	3.9	5.1	4.9	5.5	9.0	11.3	7.6	5.8	7.9
Current account, % of GDP	-4.3	-5.3	-3.9	3.5	-4.2	-3.2	3.0	0.1	-0.9
International investment position, % of GDP	23.5	31.5	40.2	39.5	34.7	33.5	33.6	33.0	26.7
Gross general govt. debt, % of GDP			75.0				77.4		
Household debt, gross, % of GDP	81.5	82.1	83.7	84.7	85.1	84.8	83.6	81.1	77.5
Corporate debt, gross, % of GDP	81.0	81.4	83.1	85.8	86.0	87.7	89.6	91.8	89.5
YoY change, %									
Inflation	7.9	6.2	4.8	4.3	4.4	4.2	3.6	3.2	2.5
Residential real estate price index	11.9	11.1	10.3	9.0	7.2	4.2	3.5	4.1	3.6
Wages	8.4	7.2	7.5	7.8	7.5	10.5	7.2	6.5	6.7
Real wages	0.5	1.0	2.5	3.4	3.0	6.0	3.5	3.1	4.1
ISK index, average	187.4	191.2	196.3	194.3	193.8	200.0	206.3	207.8	203.2
Central bank policy rate (1W)	3.5	2.4	1.8	1.2	0.9	0.8	0.9	1.0	1.0
Long-term nominal yield	5.4	4.7	4.1	3.7	3.7	3.5	3.1	2.6	2.5
Long-term real yield	0.6	0.4	0.5	0.5	0.6	0.6	0.5	-0.4	0.0

Currencies

	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20
Currencies									
USD	144.6	133.7	127.9	130.4	130.3	123.2	126.3	127.2	138.5
GBP	159.4	161.9	167.9	175.7	175.4	170.7	173.8	173.6	177.7
EUR	140.9	138.9	142.0	147.6	150.9	146.5	148.1	156.1	162.2
DKK	19.0	18.7	19.1	19.9	20.3	19.7	19.9	21.0	21.8
SEK	12.9	13.0	13.7	14.4	14.8	14.5	14.5	15.6	15.4
CHF	147.4	139.5	138.3	142.8	139.3	133.4	133.8	144.4	150.1

Revised 2022 guidance and financial targets on track

Guidance of 11-13% ROE and C/I ratio of 41-44% in 2022 following solid 3Q22 financial results

	Targets	Revised 2022 Guidance	Previous 2022 Guidance	3Q22	9M22	2021
Return on equity	>10%	11-13% ¹	>10%	14.4% ✓	12.1% ✓	12.3% ✓
Cost-to-income ratio ²	<45%	41-44%	44-47%	36.3% ✓	41.9% ✓	46.2% ✓
CET1 capital ratio ³	~16.5%	Unchanged	Normalise before YE2023	18.2% ✓	18.2% ✓	21.3% ✓
Dividend-payout-ratio	50%	Unchanged	50%			50% ✓

1. Cost of risk was negative by 26bp in 9M2022 and with CoR of zero, ROE for that period would have been approximately 11-13%.

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 13 July 2022

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

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

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

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)	July 13	Affirmed (date)	May 2022	April 2022	August 2021

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