

2Q2022



# Íslandsbanki Factbook

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Supplementary information for market participants (Unaudited)

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# Investor relations

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## IR contact

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

Investor relations web-site

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

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### **An earnings conference call and webcast will take place on Friday 29 July 2022**

The Bank will host an investor meeting and webcast in English for investors and market participants on Friday 29 July at 8.30 Reykjavík/GMT, 9.30 London/BST, 10.30 CET.

CEO Birna Einarsdóttir and CFO Jón Guðni Ómarsson will give an overview of the second quarter 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 please use the following dial-in details and ask to join Íslandsbanki 2Q22 call (no pin code necessary):

Iceland: +44 1 212 818 004

Denmark: +45 327 275 25

Sweden: +46 8 505 100 30

Norway: +47 210 358 72, participants have to press \*0 to join the call

United Kingdom: +44 1 212 818 004

United States: +1 718 705 8796

### **Financial calendar**

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

3Q22 results — 27 October 2022

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

### **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

	1H22	2021	2020	2019	2018
<b>Profitability</b>					
Return on equity <sup>1</sup>	10.9%	12.3%	3.7%	4.8%	6.1%
Return on assets <sup>1</sup>	1.6%	1.7%	0.5%	0.7%	1.0%
Earnings per share	5.53	11.26	3.58	4.59	5.06
Core income / total operating income <sup>2</sup>	97.5%	93.5%	101.7%	96.8%	98.2%
<b>Net interest margin</b>					
Net interest margin on total assets <sup>1</sup>	2.7%	2.4%	2.6%	2.7%	2.9%
<b>Efficiency</b>					
Cost-to-income ratio <sup>3</sup>	45.0%	46.2%	54.3%	58.8%	66.3%
Cost-to-total assets ratio <sup>1</sup>	1.69%	1.65%	1.82%	2.11%	2.57%
Cost of risk <sup>1,7</sup>	(0.19%)	(0.28%)	0.91%	0.39%	(0.20%)
Number of FTEs at period end - Consolidated <sup>4</sup>	740	735	779	984	1,075
Number of FTEs at period end - Parent <sup>4</sup>	702	702	745	749	834
Number of branches at period end	12	12	12	14	14
<b>Assets</b>					
Loans to customers (ISKm)	1,153,677	1,086,327	1,006,717	899,632	846,599
LTV on mortgages to individuals <sup>5</sup>	65.0%	66.0%	64.0%	62.0%	61.0%
Risk exposure amount / total assets	69.1%	63.1%	69.4%	73.7%	74.8%
Non-performing loans (NPL) ratio <sup>6</sup>	1.8%	2.0%	2.9%	3.0%	2.0%
Asset encumbrance ratio	20.7%	19.6%	18.7%	18.1%	18.0%
<b>Financial strength</b>					
Equity as % of total assets	14.2%	14.3%	13.9%	15.0%	15.6%
<b>Liquidity</b>					
Net stable funding ratio (NSFR) - All currencies	118%	122%	123%	119%	114%
Net stable funding ratio (NSFR) - Foreign currencies	182%	157%	179%	156%	149%
Liquidity coverage ratio (LCR) - All currencies	147%	156%	196%	155%	172%
Liquidity coverage ratio (LCR) - Domestic currency	125%	141%	95%	110%	n.a.
Liquidity coverage ratio (LCR) - Foreign currencies	240%	235%	463%	325%	544%
Term deposits % of total deposits	18.4%	18.3%	24.6%	28.0%	27.1%
Customer loans to customer deposits ratio	152%	146%	148%	145%	146%
<b>Capital</b>					
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	21.5%	25.3%	23.0%	22.4%	22.2%
Leverage ratio	12.5%	13.6%	13.6%	14.2%	14.6%
Risk exposure amount (ISKm)	992,883	901,646	933,521	884,550	845,949

1. Calculated on average balances.

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

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

4. Numbers exclude seasonal employees.

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

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

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

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

## Income statement - 5 year summary

ISK million	1H22	2021	2020	2019	2018
Interest income calculated using the effective interest rate method	39,369	56,220	53,378	59,289	59,741
Other interest income	2,657	2,405	2,317	2,676	1,934
Interest expense	(22,563)	(24,582)	(22,324)	(29,143)	(29,738)
Net interest income	19,463	34,043	33,371	32,822	31,937
Fee and commission income	8,102	15,167	12,651	12,052	19,853
Fee and commission expense	(1,604)	(2,318)	(2,126)	(1,153)	(7,626)
Net fee and commission income	6,498	12,849	10,525	10,899	12,227
Net financial income (expense)	113	2,499	(1,391)	(820)	(962)
Net foreign exchange gain	241	479	451	139	1
Other operating income	324	302	197	2,125	1,784
Other net operating income	678	3,280	(743)	1,444	823
<b>Total operating income</b>	<b>26,639</b>	<b>50,172</b>	<b>43,153</b>	<b>45,165</b>	<b>44,987</b>
Salaries and related expenses	(6,818)	(13,397)	(12,917)	(14,019)	(15,500)
Other operating expenses	(5,009)	(9,799)	(9,829)	(10,469)	(12,150)
Contribution to the Depositors' and Investors' Guarantee Fund	(165)	(688)	(679)	(936)	(1,173)
Bank tax	(842)	(1,683)	(1,588)	(3,528)	(3,281)
<b>Total operating expenses</b>	<b>(12,834)</b>	<b>(25,567)</b>	<b>(25,013)</b>	<b>(28,952)</b>	<b>(32,104)</b>
<b>Profit before net impairment on financial assets</b>	<b>13,805</b>	<b>24,605</b>	<b>18,140</b>	<b>16,213</b>	<b>12,883</b>
Net impairment on financial assets	1,058	3,018	(8,816)	(3,480)	1,584
<b>Profit before tax</b>	<b>14,863</b>	<b>27,623</b>	<b>9,324</b>	<b>12,733</b>	<b>14,467</b>
Income tax expense	(3,794)	(5,119)	(2,472)	(3,909)	(4,734)
<b>Profit for the period from continuing operations</b>	<b>11,069</b>	<b>22,504</b>	<b>6,852</b>	<b>8,824</b>	<b>9,733</b>
Discontinued operations held for sale, net of income tax	(2)	1,221	(97)	(370)	912
<b>Profit for the period</b>	<b>11,067</b>	<b>23,725</b>	<b>6,755</b>	<b>8,454</b>	<b>10,645</b>
Basic earnings per share from profit for the period	5.53	11.26	3.58	4.59	5.06

## Balance sheet - 5 year summary

ISK million	30.6.22	31.12.21	31.12.20	31.12.19	31.12.18
Cash and balances with Central Bank	77,884	113,667	78,948	146,638	135,056
Loans to credit institutions	37,226	43,988	89,920	54,376	41,577
Bonds and debt instruments	108,477	132,289	128,216	52,870	69,415
Derivatives	6,193	2,445	6,647	5,621	4,550
Loans to customers	1,153,677	1,086,327	1,006,717	899,632	846,599
Shares and equity instruments	25,789	31,677	14,851	18,426	13,074
Investments in associates	3,836	939	775	746	682
Property and equipment	6,846	7,010	7,341	9,168	5,271
Intangible assets	3,304	3,351	3,478	4,330	5,002
Other assets	12,126	5,784	4,125	6,608	9,177
Non-current assets and disposal groups held for sale	1,895	1,344	3,173	1,075	-
<b>Total Assets</b>	<b>1,437,253</b>	<b>1,428,821</b>	<b>1,344,191</b>	<b>1,199,490</b>	<b>1,130,403</b>
Deposits from Central Bank and credit institutions	11,437	13,384	39,758	30,925	15,619
Deposits from customers	756,862	744,036	679,455	618,313	578,959
Derivative instruments and short positions	11,410	9,467	6,936	6,219	5,521
Debt issued and other borrowed funds	393,754	402,226	387,274	306,381	300,976
Subordinated loans	32,181	35,762	27,194	22,674	16,216
Tax liabilities	8,498	6,432	5,450	7,853	7,150
Other liabilities	18,498	12,848	11,893	27,063	29,643
Non-current liabilities and disposal groups held for sale	951	956	27	-	6
<b>Total Liabilities</b>	<b>1,233,591</b>	<b>1,225,111</b>	<b>1,157,987</b>	<b>1,019,428</b>	<b>954,090</b>
Share capital	10,000	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000
Reserves	7,478	6,086	6,181	7,065	6,499
Retained earnings	131,184	132,624	113,529	105,569	102,496
Total Shareholder's Equity	203,662	203,710	184,710	177,634	173,995
Non-controlling interests	-	-	1,494	2,428	2,318
<b>Total Equity</b>	<b>203,662</b>	<b>203,710</b>	<b>186,204</b>	<b>180,062</b>	<b>176,313</b>
<b>Total Liabilities and Equity</b>	<b>1,437,253</b>	<b>1,428,821</b>	<b>1,344,191</b>	<b>1,199,490</b>	<b>1,130,403</b>

## Net interest income - 5 year summary

ISK million	1H22	2021	2020	2019	2018
Cash and balances with Central Bank	789	948	1,750	4,452	7,279
Loans to credit institutions	70	128	215	812	543
Loans to customers	38,510	55,144	51,413	54,025	51,919
Financial assets mandatorily at fair value through profit or loss	2,654	2,388	2,314	2,630	1,825
Other assets	3	17	3	46	109
<b>Total interest income</b>	<b>42,026</b>	<b>58,625</b>	<b>55,695</b>	<b>61,965</b>	<b>61,675</b>
Deposits from Central Bank and credit institutions	(92)	(306)	(736)	(625)	(409)
Deposits from customers	(8,596)	(6,815)	(7,700)	(15,242)	(16,539)
Debt issued and other borrowed funds at fair value through profit and loss	(304)	(729)	(608)	(734)	(963)
Debt issued and other borrowed funds at amortised cost	(11,473)	(14,104)	(11,179)	(9,818)	(9,035)
Subordinated loans	(571)	(829)	(763)	(501)	(198)
Lease liabilities	(41)	(84)	(87)	(92)	-
Other liabilities	(1,486)	(1,799)	(1,338)	(2,223)	(2,594)
<b>Total interest expense</b>	<b>(22,563)</b>	<b>(24,582)</b>	<b>(22,324)</b>	<b>(29,143)</b>	<b>(29,738)</b>
<b>Net interest income</b>	<b>19,463</b>	<b>34,043</b>	<b>33,371</b>	<b>32,822</b>	<b>31,937</b>
<b>Net interest income on loans<sup>1</sup></b>					
Personal Banking	3,348	7,464	5,835	3,868	3,838
Business Banking	3,849	7,842	7,702	6,010	5,276
Corporate & Investment Banking	3,721	7,773	6,986	5,292	4,578
<b>Total net interest income on loans</b>	<b>10,918</b>	<b>23,079</b>	<b>20,523</b>	<b>15,170</b>	<b>13,692</b>
<b>Net interest income on deposits<sup>1</sup></b>					
Personal Banking	3,113	4,535	4,761	5,832	5,239
Business Banking	2,369	2,999	2,628	3,629	3,321
Corporate & Investment Banking	548	948	930	1,045	1,160
<b>Total net interest income on deposits</b>	<b>6,030</b>	<b>8,482</b>	<b>8,319</b>	<b>10,506</b>	<b>9,720</b>

## Net fee & commission income - 5 year summary

ISK million	1H22	2021	2020	2019	2018
Asset management	1,550	3,100	2,382	2,225	2,116
Investment banking and brokerage	1,793	3,544	2,805	2,430	2,303
Payment processing	2,856	4,979	4,378	3,810	12,065
Loans and guarantees	1,203	2,212	2,186	1,510	1,467
Other fee and commission income	700	1,332	900	2,077	1,902
<b>Total fees and commission income</b>	<b>8,102</b>	<b>15,167</b>	<b>12,651</b>	<b>12,052</b>	<b>19,853</b>
Brokerage	(251)	(471)	(360)	(337)	(300)
Clearing and settlement	(1,262)	(1,834)	(1,766)	(806)	(7,302)
Other fee and commission expense	(91)	(13)	-	(10)	(24)
<b>Total fee and commission expense</b>	<b>(1,604)</b>	<b>(2,318)</b>	<b>(2,126)</b>	<b>(1,153)</b>	<b>(7,626)</b>
<b>Net fee and commission income</b>	<b>6,498</b>	<b>12,849</b>	<b>10,525</b>	<b>10,899</b>	<b>12,227</b>

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



## Loans to customers - 5 year summary

ISK million	30.6.22	31.12.21	31.12.20	31.12.19	31.12.18
Individuals	558,499	520,733	437,377	349,181	319,390
thereof mortgages	496,394	457,800	377,155	281,499	249,296
Commerce and services	183,846	165,222	124,260	126,488	124,242
Construction	46,650	36,773	42,352	44,420	29,095
Energy	9,832	9,493	8,673	7,887	6,858
Financial services	1,815	1,978	1,539	2,315	1,704
Industrial and transportation	88,088	89,627	78,561	82,288	79,824
Investment companies	25,042	23,677	23,440	23,590	23,799
Public sector and non-profit organisations	9,680	9,987	10,911	12,312	12,087
Real estate	122,648	109,314	157,502	145,559	142,885
Seafood	107,577	119,523	122,102	105,592	106,715
<b>Loans to customers</b>	<b>1,153,677</b>	<b>1,086,327</b>	<b>1,006,717</b>	<b>899,632</b>	<b>846,599</b>

## Capital and risk exposure amount - 5 year summary

ISK million	30.6.22	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	7,478	6,086	6,181	7,065	6,499
Retained earnings	131,184	132,624	113,529	105,569	102,496
Non-controlling interests	-	-	1,494	2,428	2,318
IFRS 9 reversal due to transitional rules	1,302	2,768	5,164	-	-
Fair value changes due to own credit standing	(46)	1,054	238	392	376
Forseeable dividend payment and approved buyback	(20,533)	(11,863)	-	-	-
Tax assets	(95)	(94)	(259)	(476)	(215)
Intangible assets	(3,304)	(3,351)	(3,478)	(4,330)	(5,002)
<b>Total CET1 capital</b>	<b>180,986</b>	<b>192,224</b>	<b>187,869</b>	<b>175,648</b>	<b>171,472</b>
Additional Tier 1 capital	9,559	10,626	-	-	-
<b>Tier 1 capital</b>	<b>190,545</b>	<b>202,850</b>	<b>187,869</b>	<b>175,648</b>	<b>171,472</b>
Tier 2 capital	22,622	25,136	27,194	22,674	16,216
<b>Total capital base</b>	<b>213,167</b>	<b>227,986</b>	<b>215,063</b>	<b>198,322</b>	<b>187,688</b>
Risk exposure amount					
- due to credit risk	892,395	802,147	830,141	789,180	750,801
- due to market risk:	17,092	17,100	16,626	7,919	7,622
Market risk, trading book	15,114	16,223	11,306	6,488	6,649
Currency risk	1,978	877	5,320	1,431	973
- due to credit valuation adjustment	2,826	1,829	1,728	2,027	2,385
- due to operational risk	80,570	80,570	85,026	85,424	85,141
<b>Total risk exposure amount</b>	<b>992,883</b>	<b>901,646</b>	<b>933,521</b>	<b>884,550</b>	<b>845,949</b>
<b>Capital ratios</b>					
CET 1 ratio	18.2%	21.3%	20.1%	19.9%	20.3%
Tier 1 ratio	19.2%	22.5%	20.1%	19.9%	20.3%
Total capital ratio	21.5%	25.3%	23.0%	22.4%	22.2%
Leverage ratio	12.5%	13.6%	13.6%	14.2%	14.6%

## Average balances - 5 year summary

ISK million	1H22	2021	2020	2019	2018
<b>Average assets</b>					
Personal Banking	524,036	475,357	355,295	317,383	299,603
Business Banking	248,715	237,071	237,632	233,470	225,408
Corporate & Investment Banking	351,633	363,910	360,690	340,161	323,807
Íslandsbanki	1,421,422	1,411,067	1,285,310	1,206,090	1,120,084
<b>Average equity</b>					
Personal Banking	38,890	35,830	30,995	28,222	24,632
Business Banking	35,219	36,243	38,549	38,503	37,255
Corporate & Investment Banking	61,132	61,985	61,792	58,972	57,200
Íslandsbanki	202,315	192,245	181,587	176,967	174,183
<b>Average loans to customers</b>					
Personal Banking	520,024	471,924	351,584	315,128	299,429
Business Banking	246,637	234,937	234,955	230,040	219,608
Corporate & Investment Banking	346,916	358,473	355,760	336,244	322,974
Íslandsbanki <sup>1</sup>	1,113,577	1,065,334	942,299	881,412	842,011
<b>Average deposits from customers</b>					
Personal Banking	344,298	332,267	306,871	279,627	275,265
Business Banking	236,611	213,602	183,604	172,247	167,463
Corporate & Investment Banking	140,073	144,806	130,655	107,431	101,417
Íslandsbanki <sup>1</sup>	720,982	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	1H22	2021	2020	2019	2018
Net interest income	6,863	12,027	10,749	10,578	9,946
Net fee and commission income	1,915	3,850	3,049	4,504	4,564
Other net operating income	333	189	305	77	1
<b>Total operating income</b>	<b>9,111</b>	<b>16,066</b>	<b>14,103</b>	<b>15,159</b>	<b>14,511</b>
Salaries and related expenses	(1,201)	(2,388)	(2,416)	(2,791)	(2,585)
Other operating expenses	(1,224)	(2,354)	(2,584)	(2,131)	(2,466)
Contribution to the Depositors' and Investors' Guarantee Fund	(129)	(538)	(482)	(530)	(669)
Bank tax	(391)	(723)	(613)	(483)	(434)
Net impairment on financial assets	(160)	318	(517)	(547)	579
Cost allocation	(2,388)	(4,539)	(4,690)	(5,606)	(5,134)
<b>Profit loss before tax</b>	<b>3,618</b>	<b>5,842</b>	<b>2,801</b>	<b>3,071</b>	<b>3,802</b>
Income tax expense	(1,043)	(1,707)	(887)	(924)	(989)
<b>Profit loss for the year from continuing operations</b>	<b>2,575</b>	<b>4,135</b>	<b>1,914</b>	<b>2,147</b>	<b>2,813</b>
Net segment revenue from external customers	16,924	26,175	20,911	18,137	14,958
Net segment revenue from other segments	(7,813)	(10,109)	(6,808)	(2,978)	(447)
Fee and commission income	3,156	5,669	4,797	6,224	5,990
Depreciation, amortisation, and write-offs	(85)	(166)	(300)	(215)	(275)
<b>At 30 June</b>					
Loans to customers	539,929	502,354	419,882	329,265	299,429
Other assets	3,188	3,609	3,212	3,553	1,332
<b>Total segment assets</b>	<b>543,117</b>	<b>505,963</b>	<b>423,094</b>	<b>332,818</b>	<b>300,761</b>
Deposits from customers	347,966	344,776	324,815	290,894	275,265
Other liabilities	1,219	1,603	1,327	1,497	1,453
<b>Total segment liabilities</b>	<b>349,185</b>	<b>346,379</b>	<b>326,142</b>	<b>292,391</b>	<b>276,718</b>
Allocated equity	41,140	37,549	34,850	29,981	24,582
Risk exposure amount	266,806	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	1H22	2021	2020	2019	2018
Net interest income	6,582	10,867	10,536	10,812	9,788
Net fee and commission income	1,080	2,111	1,917	1,716	1,477
Other net operating income	70	61	50	25	41
<b>Total operating income</b>	<b>7,732</b>	<b>13,039</b>	<b>12,503</b>	<b>12,553</b>	<b>11,306</b>
Salaries and related expenses	(965)	(1,815)	(1,940)	(1,993)	(2,069)
Other operating expenses	(527)	(1,037)	(1,164)	(1,184)	(1,062)
Contribution to the Depositors' and Investors' Guarantee Fund	(33)	(135)	(161)	(314)	(395)
Bank tax	(189)	(344)	(340)	(339)	(327)
Net impairment on financial assets	359	2,401	(5,485)	(1,098)	955
Cost allocation	(1,697)	(3,113)	(2,967)	(3,381)	(2,813)
<b>Profit loss before tax</b>	<b>4,680</b>	<b>8,996</b>	<b>446</b>	<b>4,244</b>	<b>5,595</b>
Income tax expense	(1,266)	(2,428)	(204)	(1,192)	(1,455)
<b>Profit loss for the year from continuing operations</b>	<b>3,414</b>	<b>6,568</b>	<b>242</b>	<b>3,052</b>	<b>4,140</b>
Net segment revenue from external customers	8,679	14,806	14,750	14,492	14,996
Net segment revenue from other segments	(947)	(1,767)	(2,247)	(1,939)	(3,690)
Fee and commission income	1,105	2,136	1,948	1,724	1,612
Depreciation, amortisation, and write-offs	(28)	(58)	(163)	(112)	(142)
<b>At 30 June</b>					
Loans to customers	259,971	237,388	232,580	230,842	219,608
Other assets	2,129	2,004	2,199	3,085	3,151
<b>Total segment assets</b>	<b>262,100</b>	<b>239,392</b>	<b>234,779</b>	<b>233,927</b>	<b>222,759</b>
Deposits from customers	248,325	239,871	189,847	167,623	164,738
Other liabilities	1,596	1,630	1,481	1,822	2,811
<b>Total segment liabilities</b>	<b>249,921</b>	<b>241,501</b>	<b>191,328</b>	<b>169,445</b>	<b>167,549</b>
Allocated equity	37,811	33,738	37,804	38,924	37,304
Risk exposure amount	243,588	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	1H22	2021	2020	2019	2018
Net interest income	5,131	9,282	8,530	8,397	7,676
Net fee and commission income	2,166	4,384	4,075	3,530	3,321
Other net operating income	910	759	922	564	353
<b>Total operating income</b>	<b>8,207</b>	<b>14,425</b>	<b>13,527</b>	<b>12,491</b>	<b>11,350</b>
Salaries and related expenses	(881)	(1,689)	(1,583)	(1,720)	(1,641)
Other operating expenses	(496)	(797)	(870)	(660)	(680)
Contribution to the Depositors' and Investors' Guarantee Fund	(3)	(15)	(35)	(89)	(109)
Bank tax	(262)	(516)	(514)	(486)	(470)
Net impairment on financial assets	125	121	(2,805)	(1,043)	164
Cost allocation	(1,643)	(3,170)	(3,020)	(3,421)	(2,660)
<b>Profit loss before tax</b>	<b>5,047</b>	<b>8,359</b>	<b>4,700</b>	<b>5,072</b>	<b>5,954</b>
Income tax expense	(1,380)	(2,308)	(1,356)	(1,445)	(1,548)
<b>Profit loss for the year from continuing operations</b>	<b>3,667</b>	<b>6,051</b>	<b>3,344</b>	<b>3,627</b>	<b>4,406</b>
Net segment revenue from external customers	11,351	19,843	19,922	19,191	17,337
Net segment revenue from other segments	(3,144)	(5,418)	(6,395)	(6,700)	(5,987)
Fee and commission income	2,268	4,486	4,152	3,574	3,420
Depreciation, amortisation, and write-offs	(1)	(15)	(18)	(21)	(26)
<b>At 30 June</b>					
Loans to customers	354,166	346,835	353,953	334,788	322,974
Other assets	6,579	1,335	795	347	316
<b>Total segment assets</b>	<b>360,745</b>	<b>348,170</b>	<b>354,748</b>	<b>335,135</b>	<b>323,290</b>
Deposits from customers	143,503	141,204	137,791	113,455	101,417
Other liabilities	8,162	4,728	4,908	2,553	3,199
<b>Total segment liabilities</b>	<b>151,665</b>	<b>145,932</b>	<b>142,699</b>	<b>116,008</b>	<b>104,616</b>
Allocated equity	63,863	59,055	63,432	58,953	57,200
Risk exposure amount	415,979	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	1H22	2021	2020	2019	2018
Net interest income	961	2,034	3,734	3,169	3,649
Net fee and commission income	(70)	(72)	( 317)	(236)	(109)
Other net operating income	658	2,694	( 1,420)	(848)	1,070
<b>Total operating income</b>	<b>1,549</b>	<b>4,656</b>	<b>1,997</b>	<b>2,085</b>	<b>4,610</b>
Salaries and related expenses	(143)	(256)	( 280)	(253)	(258)
Other operating expenses	(261)	(235)	( 263)	(257)	(494)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	( 1)	(3)	-
Bank tax	7	(86)	( 105)	(2,205)	(2,041)
Net impairment on financial assets	791	94	( 8)	(791)	(37)
Cost allocation	298	320	323	278	423
<b>Profit (loss) before tax</b>	<b>2,241</b>	<b>4,493</b>	<b>1,663</b>	<b>(1,146)</b>	<b>2,203</b>
Income tax expense	10	1,421	112	318	(1,280)
<b>Profit (loss) for the year from continuing operations</b>	<b>2,251</b>	<b>5,914</b>	<b>1,775</b>	<b>(828)</b>	<b>923</b>
Net segment revenue from external customers	(10,425)	(12,748)	( 13,597)	(9,708)	(5,733)
Net segment revenue from other segments	11,974	17,404	15,594	11,793	10,343
Fee and commission income	166	231	( 9)	124	133
Depreciation, amortisation, and write-offs	-	-	-	-	(38)
<b>At 30 June</b>					
Loans to customers	6	59	302	2	904
Other assets	261,475	325,158	320,578	267,384	252,085
<b>Total segment assets</b>	<b>261,481</b>	<b>325,217</b>	<b>320,880</b>	<b>267,386</b>	<b>252,989</b>
Deposits from customers	20,435	21,477	31,674	49,517	42,566
Other liabilities	458,073	465,397	463,943	374,459	345,375
<b>Total segment liabilities</b>	<b>478,508</b>	<b>486,874</b>	<b>495,617</b>	<b>423,976</b>	<b>387,941</b>
Allocated equity	58,484	70,217	45,708	42,882	48,982
Risk exposure amount	58,815	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	1H22	2021	2020	2019	2018
Net interest income (expense)	(104)	(178)	( 215)	(251)	(218)
Net fee and commission income	(1)	(62)	7	7	12
Other net operating income	98	203	287	2,197	282
<b>Total operating income</b>	<b>(7)</b>	<b>(37)</b>	<b>79</b>	<b>1,953</b>	<b>76</b>
Salaries and related expenses	(3,202)	(6,465)	( 5,926)	(6,516)	(6,185)
Other operating expenses	(2,249)	(4,854)	( 4,488)	(5,725)	(5,646)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	(7)	(14)	( 16)	(15)	(9)
Net impairment on financial assets	-	4	-	-	-
Cost allocation	5,430	10,502	10,354	12,130	10,184
<b>Profit (loss) before tax</b>	<b>(35)</b>	<b>(864)</b>	<b>3</b>	<b>1,827</b>	<b>(1,580)</b>
Income tax expense	7	221	( 5)	(478)	411
<b>Profit (loss) for the year from continuing operations</b>	<b>(28)</b>	<b>(643)</b>	<b>( 2)</b>	<b>1,349</b>	<b>(1,169)</b>
Net segment revenue from external customers	63	73	223	2,129	295
Net segment revenue from other segments	(70)	(110)	( 144)	(176)	(219)
Fee and commission income	-	2	7	8	12
Depreciation, amortisation, and write-offs	(565)	(1,145)	( 1,178)	(1,367)	(688)
<b>At 30 June</b>					
Loans to customers	-	-	-	-	-
Other assets	9,656	9,108	10,893	10,648	8,056
<b>Total segment assets</b>	<b>9,656</b>	<b>9,108</b>	<b>10,893</b>	<b>10,648</b>	<b>8,056</b>
Deposits from customers	-	-	-	-	-
Other liabilities	5,584	5,711	5,915	6,209	2,317
<b>Total segment liabilities</b>	<b>5,584</b>	<b>5,711</b>	<b>5,915</b>	<b>6,209</b>	<b>2,317</b>
Allocated equity	939	894	899	1,145	646
Risk exposure amount	6,353	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	1H22	2021	2020	2019	2018
Net interest income	30	11	37	117	1,096
Net fee and commission income	1,408	2,638	1,794	1,378	2,962
Other net operating income	(1,391)	(626)	( 887)	(571)	(924)
<b>Total operating income</b>	<b>47</b>	<b>2,023</b>	<b>944</b>	<b>924</b>	<b>3,134</b>
Salaries and related expenses	(426)	(784)	( 772)	(746)	(2,762)
Other operating expenses	(252)	(522)	( 460)	(512)	(1,802)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	-	-	-	-	-
Net impairment on financial assets	(57)	80	( 1)	(1)	(77)
Cost allocation	-	-	-	-	-
<b>Profit (loss) before tax</b>	<b>(688)</b>	<b>797</b>	<b>( 289)</b>	<b>(335)</b>	<b>(1,507)</b>
Income tax expense	(122)	(318)	( 132)	(188)	127
<b>Profit (loss) for the year from continuing operations</b>	<b>(810)</b>	<b>479</b>	<b>( 421)</b>	<b>(523)</b>	<b>(1,380)</b>
Net segment revenue from external customers	47	2,023	944	924	3,134
Net segment revenue from other segments	-	-	-	-	-
Fee and commission income	1,407	2,643	1,756	398	8,686
Depreciation, amortisation, and write-offs	(9)	(11)	( 7)	(10)	(143)
<b>At 30 June</b>					
Loans to customers	(395)	(309)	-	4,735	3,684
Other assets	549	1,280	( 203)	14,841	18,864
<b>Total segment assets</b>	<b>154</b>	<b>971</b>	<b>( 203)</b>	<b>19,576</b>	<b>22,548</b>
Deposits from customers	(3,367)	(3,292)	( 4,672)	(3,176)	(5,027)
Other liabilities	2,095	2,006	958	14,575	19,976
<b>Total segment liabilities</b>	<b>(1,272)</b>	<b>(1,286)</b>	<b>( 3,714)</b>	<b>11,399</b>	<b>14,949</b>
Allocated equity	1,425	2,257	3,511	8,177	7,599
Risk exposure amount	1,342	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

	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Profitability</b>									
Return on equity <sup>1</sup>	11.7%	10.2%	14.2%	15.7%	11.6%	7.7%	7.6%	7.4%	2.8%
Return on assets <sup>1</sup>	1.7%	1.5%	2.0%	2.1%	1.6%	1.1%	1.1%	1.0%	0.4%
Earnings per share	2.93	2.60	3.01	3.75	2.70	1.80	1.68	1.54	0.87
Core income / total operating income <sup>2</sup>	97.6%	97.3%	93.7%	91.6%	93.4%	95.3%	92.3%	101.0%	99.1%
<b>Net interest margin</b>									
Net interest margin on total assets <sup>1</sup>	2.9%	2.6%	2.4%	2.4%	2.4%	2.4%	2.5%	2.5%	2.6%
<b>Efficiency</b>									
Cost-to-income ratio <sup>3,7</sup>	42.7%	47.6%	45.3%	39.4%	49.9%	51.3%	51.7%	46.7%	57.5%
Cost-to-total assets ratio <sup>1,7</sup>	1.68%	1.68%	1.64%	1.45%	1.74%	1.75%	1.88%	1.57%	1.90%
Cost of risk <sup>1,9</sup>	(0.20%)	(0.17%)	(0.23%)	(0.64%)	(0.42%)	0.20%	0.73%	0.44%	1.03%
Number of FTEs at period end - Consolidated <sup>4</sup>	740	741	735	763	768	774	779	778	770
Number of FTEs at period end - Parent <sup>4</sup>	702	706	702	730	733	739	745	744	735
<b>Asset quality</b>									
Loans to customers (ISKm)	1,153,677	1,107,893	1,086,327	1,081,418	1,089,723	1,029,415	1,006,717	970,309	933,320
LTV on mortgages to individuals <sup>5</sup>	65.0%	65.0%	66.0%	66.0%	66.0%	65.0%	64.0%	64.0%	63.0%
Risk exposure amount / total assets	69.1%	65.4%	63.1%	63.0%	63.9%	68.9%	69.4%	70.9%	70.8%
Non-performing loans (NPL) ratio <sup>6</sup>	1.8%	1.8%	2.0%	2.0%	2.1%	2.4%	2.9%	3.3%	3.6%
Asset encumbrance ratio	20.7%	19.2%	19.6%	18.9%	18.9%	18.3%	18.7%	17.3%	17.9%
<b>Financial strength</b>									
Equity as % of total assets	14.2%	13.6%	14.3%	13.6%	13.2%	13.4%	13.9%	13.7%	13.8%
<b>Liquidity</b>									
Net stable funding ratio (NSFR) - All currencies	118%	123%	122%	121%	122%	119%	123%	113%	117%
Net stable funding ratio (NSFR) - Foreign currencies	182%	192%	157%	166%	154%	182%	179%	149%	147%
Liquidity coverage ratio (LCR)	147%	195%	156%	225%	187%	172%	196%	136%	179%
Liquidity coverage ratio (LCR) - Domestic currency	125%	129%	141%	124%	133%	93%	95%	96%	119%
Liquidity coverage ratio (LCR) - Foreign currencies	240%	235%	235%	384%	287%	235%	463%	405%	325%
Term deposits % of total deposits	18.4%	18.9%	18.3%	20.3%	20.3%	24.4%	24.6%	25.0%	25.7%
Customer loans to customer deposits ratio	152%	145%	146%	143%	142%	147%	148%	139%	137%
<b>Capital</b>									
CET 1 ratio <sup>8</sup>	18.2%	18.8%	21.3%	20.6%	20.1%	19.2%	20.1%	19.4%	19.4%
Tier 1 ratio <sup>8</sup>	19.2%	19.9%	22.5%	21.8%	20.1%	19.2%	20.1%	19.4%	19.4%
Total capital ratio <sup>8</sup>	21.5%	22.5%	25.3%	24.7%	22.9%	21.9%	23.0%	22.2%	22.2%
Leverage ratio <sup>8</sup>	12.5%	12.4%	13.6%	13.2%	12.4%	12.6%	13.6%	13.4%	13.4%
Risk exposure amount (ISKm)	992,883	945,321	901,646	917,764	924,375	954,712	933,521	942,339	923,133

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.

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

## Income statement - 9 quarter summary

ISK million	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20
Net interest income	10,254	9,209	8,644	8,792	8,417	8,190	8,258	8,305	8,228
Net fee and commission income	3,434	3,064	3,653	3,427	2,907	2,862	2,865	2,862	2,307
Net financial income (expense)	208	(95)	646	941	619	293	783	(255)	(181)
Net foreign exchange gain (loss)	75	166	159	95	95	130	87	101	208
Other operating income	59	265	15	82	82	123	63	44	71
Other net operating income	342	336	820	1,118	796	546	933	(110)	98
<b>Total operating income</b>	<b>14,030</b>	<b>12,609</b>	<b>13,117</b>	<b>13,337</b>	<b>12,120</b>	<b>11,598</b>	<b>12,056</b>	<b>11,057</b>	<b>10,633</b>
Administrative expenses	(5,993)	(5,834)	(5,768)	(5,088)	(6,488)	(5,852)	(6,073)	(5,110)	(5,871)
Contribution to the Depositors' and Investors' Guarantee Fund	-	(165)	(170)	(173)	(162)	(183)	(154)	(50)	(247)
Bank tax	(412)	(430)	(389)	(433)	(451)	(410)	(414)	(416)	(399)
<b>Total operating expenses</b>	<b>(6,405)</b>	<b>(6,429)</b>	<b>(6,327)</b>	<b>(5,694)</b>	<b>(7,101)</b>	<b>(6,445)</b>	<b>(6,641)</b>	<b>(5,576)</b>	<b>(6,517)</b>
<b>Profit before net impairment on financial assets</b>	<b>7,625</b>	<b>6,180</b>	<b>6,790</b>	<b>7,643</b>	<b>5,019</b>	<b>5,153</b>	<b>5,415</b>	<b>5,481</b>	<b>4,116</b>
Net impairment on financial assets	575	483	639	1,757	1,140	(518)	(1,829)	(1,058)	(2,439)
<b>Profit loss before tax</b>	<b>8,200</b>	<b>6,663</b>	<b>7,429</b>	<b>9,400</b>	<b>6,159</b>	<b>4,635</b>	<b>3,586</b>	<b>4,423</b>	<b>1,677</b>
Income tax expense	(2,331)	(1,463)	(1,416)	(1,898)	(769)	(1,036)	(234)	(1,350)	(119)
<b>Profit loss for the period from continuing operations</b>	<b>5,869</b>	<b>5,200</b>	<b>6,013</b>	<b>7,502</b>	<b>5,390</b>	<b>3,599</b>	<b>3,352</b>	<b>3,073</b>	<b>1,558</b>
Discontinued operations held for sale, net of income tax	11	(13)	1,079	85	41	16	173	288	(313)
<b>Profit (loss) for the period</b>	<b>5,880</b>	<b>5,187</b>	<b>7,092</b>	<b>7,587</b>	<b>5,431</b>	<b>3,615</b>	<b>3,525</b>	<b>3,361</b>	<b>1,245</b>

## Balance sheet - 9 quarter summary

ISK million	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20
Cash and balances with Central Bank	77,884	77,799	113,667	110,233	130,968	88,748	78,948	95,022	103,569
Loans to credit institutions	37,226	73,220	43,988	81,117	57,793	103,333	89,920	61,898	70,307
Bonds and debt instruments	108,477	130,700	132,289	123,599	110,499	103,627	128,216	149,426	140,422
Derivatives	6,193	4,245	2,445	2,374	2,649	2,536	6,647	3,731	6,366
Loans to customers	1,153,677	1,107,893	1,086,327	1,081,418	1,089,723	1,029,415	1,006,717	970,309	933,320
Shares and equity instruments	25,789	28,655	31,677	31,456	31,751	25,763	14,851	14,657	10,943
Investments in associates	3,836	767	939	952	911	841	775	750	750
Property and equipment	6,846	6,911	7,010	7,082	7,246	7,191	7,341	7,409	7,549
Intangible assets	3,304	3,327	3,351	3,249	3,307	3,357	3,478	3,554	3,667
Other assets	12,126	11,170	5,784	13,954	10,474	17,566	4,125	17,159	6,370
Non-current assets and disposal groups held for sale	1,895	1,668	1,344	938	1,539	2,858	3,173	4,809	19,993
<b>Total Assets</b>	<b>1,437,253</b>	<b>1,446,355</b>	<b>1,428,821</b>	<b>1,456,372</b>	<b>1,446,860</b>	<b>1,385,235</b>	<b>1,344,191</b>	<b>1,328,724</b>	<b>1,303,256</b>
Deposits from Central Bank and credit institutions	11,437	10,949	13,384	20,409	32,240	31,565	39,758	36,438	35,461
Deposits from customers	756,862	761,471	744,036	754,442	765,614	698,575	679,455	698,610	681,223
Derivative instruments and short positions	11,410	11,013	9,467	10,869	10,079	9,533	6,936	8,406	7,519
Debt issued and other borrowed funds	393,754	406,845	402,226	397,672	398,786	398,225	387,274	324,752	321,803
Subordinated loans	32,181	34,139	35,762	36,923	25,297	25,259	27,194	26,798	25,834
Tax liabilities	8,498	6,980	6,432	6,256	6,025	5,947	5,450	7,137	6,438
Other liabilities	18,498	16,802	12,848	32,391	18,436	30,631	11,893	44,073	29,935
Non-current liabilities and disposal groups held for sale	951	955	956	29	28	29	27	1	15,321
<b>Total Liabilities</b>	<b>1,233,591</b>	<b>1,249,154</b>	<b>1,225,111</b>	<b>1,258,991</b>	<b>1,256,505</b>	<b>1,199,764</b>	<b>1,157,987</b>	<b>1,146,215</b>	<b>1,123,534</b>
Share capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Reserves	7,478	6,605	6,086	5,738	5,401	6,353	6,181	7,258	7,262
Retained earnings	131,184	125,596	132,624	126,653	119,535	113,335	113,529	108,383	105,681
Total Shareholder's Equity	203,662	197,201	203,710	197,391	189,936	184,688	184,710	180,641	177,943
Non-controlling interests	-	-	-	(10)	419	783	1,494	1,868	1,779
<b>Total Equity</b>	<b>203,662</b>	<b>197,201</b>	<b>203,710</b>	<b>197,381</b>	<b>190,355</b>	<b>185,471</b>	<b>186,204</b>	<b>182,509</b>	<b>179,722</b>
<b>Total Liabilities and Equity</b>	<b>1,437,253</b>	<b>1,446,355</b>	<b>1,428,821</b>	<b>1,456,372</b>	<b>1,446,860</b>	<b>1,385,235</b>	<b>1,344,191</b>	<b>1,328,724</b>	<b>1,303,256</b>

## Net interest income - 9 quarter summary

ISK million	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20
Cash and balances with Central Bank	391	398	392	298	153	105	105	235	408
Loans to credit institutions	52	18	25	61	20	21	14	16	33
Loans to customers	21,334	17,176	14,898	13,272	14,755	12,220	12,497	12,985	13,993
Financial assets mandatorily at fair value through profit or loss	1,451	1,203	844	684	424	436	661	583	519
Other assets	1	2	11	3	1	2	-	1	-
<b>Total interest income</b>	<b>23,229</b>	<b>18,797</b>	<b>16,170</b>	<b>14,318</b>	<b>15,353</b>	<b>12,784</b>	<b>13,277</b>	<b>13,820</b>	<b>14,953</b>
Deposits from Central Bank and credit institutions	(52)	(40)	(52)	(63)	(98)	(93)	(124)	(192)	(199)
Deposits from customers	(5,124)	(3,472)	(2,295)	(1,400)	(1,925)	(1,195)	(1,376)	(1,625)	(2,236)
Debt issued and other borrowed funds at fair value through profit and loss	(134)	(170)	(182)	(183)	(179)	(185)	(162)	(150)	(154)
Debt issued and other borrowed funds at amortised cost	(6,536)	(4,937)	(4,138)	(3,219)	(4,096)	(2,651)	(2,826)	(2,979)	(3,327)
Subordinated loans	(292)	(279)	(311)	(179)	(176)	(163)	(193)	(211)	(193)
Lease liabilities	(20)	(21)	(21)	(20)	(23)	(20)	(22)	(21)	(22)
Other liabilities	(817)	(669)	(527)	(462)	(439)	(287)	(316)	(337)	(594)
<b>Total interest expense</b>	<b>(12,975)</b>	<b>(9,588)</b>	<b>(7,526)</b>	<b>(5,526)</b>	<b>(6,936)</b>	<b>(4,594)</b>	<b>(5,019)</b>	<b>(5,515)</b>	<b>(6,725)</b>
<b>Net interest income</b>	<b>10,254</b>	<b>9,209</b>	<b>8,644</b>	<b>8,792</b>	<b>8,417</b>	<b>8,190</b>	<b>8,258</b>	<b>8,305</b>	<b>8,228</b>
			84	63	43	20			
<b>Net interest income on loans</b>									
Personal Banking	1,646	1,702	1,799	1,887	1,892	1,885	1,764	1,562	1,354
Business Banking	1,928	1,921	1,917	1,986	1,967	1,973	2,042	2,038	1,932
Corporate & Investment Banking	1,938	1,782	1,874	2,045	1,975	1,881	1,848	1,829	1,726
<b>Total net interest income on loans</b>	<b>5,512</b>	<b>5,405</b>	<b>5,590</b>	<b>5,918</b>	<b>5,739</b>	<b>5,739</b>	<b>5,684</b>	<b>5,429</b>	<b>5,012</b>
<b>Net interest income on deposits</b>									
Personal Banking	1,667	1,446	1,317	1,152	1,062	1,003	987	1,041	1,283
Business Banking	1,286	1,082	997	784	634	584	599	586	658
Corporate & Investment Banking	289	280	283	258	210	201	168	220	253
<b>Total net interest income on deposits</b>	<b>3,242</b>	<b>2,808</b>	<b>2,597</b>	<b>2,194</b>	<b>1,788</b>	<b>1,788</b>	<b>1,754</b>	<b>1,847</b>	<b>2,194</b>

## Net fee and commission income - 9 quarter summary

ISK million	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20
Asset management	763	787	971	705	769	655	636	576	605
Investment banking and brokerage	901	892	856	1,119	799	770	732	749	654
Payment processing	1,623	1,233	1,640	1,240	1,154	945	1,081	1,697	786
Loans and guarantees	647	556	475	585	558	594	753	563	463
Other fee and commission income	345	355	449	291	249	343	271	208	114
<b>Total fee and commission income</b>	<b>4,279</b>	<b>3,823</b>	<b>4,391</b>	<b>3,940</b>	<b>3,529</b>	<b>3,307</b>	<b>3,473</b>	<b>3,793</b>	<b>2,622</b>
Brokerage	(144)	(107)	(154)	(91)	(136)	(90)	(127)	(67)	(113)
Clearing and settlement	(701)	(561)	(579)	(420)	(486)	(349)	(481)	(864)	(202)
Other fee and commission expense	-	(91)	(5)	(2)	-	(6)	-	-	-
<b>Total fee and commission expense</b>	<b>(845)</b>	<b>(759)</b>	<b>(738)</b>	<b>(513)</b>	<b>(622)</b>	<b>(445)</b>	<b>(608)</b>	<b>(931)</b>	<b>(315)</b>
<b>Net fee and commission income</b>	<b>3,434</b>	<b>3,064</b>	<b>3,653</b>	<b>3,427</b>	<b>2,907</b>	<b>2,862</b>	<b>2,865</b>	<b>2,862</b>	<b>2,307</b>

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

## Loans to customers - 9 quarter summary

ISK million	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20
Individuals	558,499	536,247	520,733	513,555	501,025	468,256	437,377	379,966	355,524
thereof mortgages	496,394	475,366	457,800	450,760	439,797	410,781	377,155	316,896	293,838
Commerce and services	183,846	173,085	165,222	164,167	175,647	119,916	124,260	121,951	122,581
Construction	46,650	43,115	36,773	36,193	38,987	41,186	42,352	44,550	46,463
Energy	9,832	9,450	9,493	9,508	9,239	8,543	8,673	8,316	8,344
Financial services	1,815	1,860	1,978	2,025	1,440	1,418	1,539	1,776	2,239
Industrial and transportation	88,088	88,171	89,627	89,750	91,670	76,262	78,561	82,458	83,731
Investment companies	25,042	25,124	23,677	22,567	23,805	22,337	23,440	24,747	24,578
Public sector and non-profit organisations	9,680	9,784	9,987	9,919	10,113	10,497	10,911	11,622	11,641
Real estate	122,648	113,031	109,314	114,519	120,276	157,451	157,502	165,370	150,090
Seafood	107,577	108,026	119,523	119,215	117,521	123,549	122,102	129,553	128,129
<b>Loans to customers</b>	<b>1,153,677</b>	<b>1,107,893</b>	<b>1,086,327</b>	<b>1,081,418</b>	<b>1,089,723</b>	<b>1,029,415</b>	<b>1,006,717</b>	<b>970,309</b>	<b>933,320</b>

## Capital and risk exposure amount - 9 quarter summary

ISK million	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20
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	7,478	6,605	6,086	5,738	5,401	6,353	6,181	7,258	7,262
Retained earnings	131,184	125,596	132,624	126,653	119,535	113,335	113,529	108,383	105,681
Unaudited interim net earnings	-	(5,187)	-	(7,587)	-	-	-	-	-
Non-controlling interests	-	-	-	(10)	419	783	1,494	1,868	1,779
IFRS 9 reversal due to transitional rules	1,302	1,321	2,768	3,239	3,699	3,853	5,164	4,088	3,810
Fair value changes due to own credit standing	(46)	641	1,054	1,096	958	434	238	(239)	(427)
Forseeable dividend payment and approved buyback	(20,533)	(15,000)	(11,863)	(4,523)	(4,271)	(1,725)	-	-	-
Tax assets	(95)	(93)	(94)	(826)	(1,200)	(1,087)	(259)	(173)	(88)
Intangible assets	(3,304)	(3,327)	(3,351)	(3,249)	(3,307)	(3,357)	(3,478)	(3,554)	(3,667)
<b>Total CET1 capital</b>	<b>180,986</b>	<b>175,556</b>	<b>192,224</b>	<b>185,531</b>	<b>186,234</b>	<b>183,589</b>	<b>187,869</b>	<b>182,631</b>	<b>179,350</b>
Additional Tier 1 capital	9,559	10,145	10,626	11,000	-	-	-	-	-
<b>Tier 1 capital</b>	<b>190,545</b>	<b>185,701</b>	<b>202,850</b>	<b>196,531</b>	<b>186,234</b>	<b>183,589</b>	<b>187,869</b>	<b>182,631</b>	<b>179,350</b>
Tier 2 capital	22,622	23,994	25,136	25,923	25,297	25,259	27,194	26,798	25,834
<b>Total capital base</b>	<b>213,167</b>	<b>209,695</b>	<b>227,986</b>	<b>222,454</b>	<b>211,531</b>	<b>208,848</b>	<b>215,063</b>	<b>209,429</b>	<b>205,184</b>
Risk exposure amount									
- due to credit risk	892,395	844,745	802,147	818,932	819,122	851,309	830,141	836,662	821,457
- due to market risk:	17,092	16,628	17,100	12,659	18,566	17,447	16,626	18,748	14,435
Market risk, trading book	15,114	15,805	16,223	11,408	16,274	14,062	11,306	15,281	12,024
Currency risk	1,978	823	877	1,251	2,292	3,385	5,320	3,467	2,411
- due to credit valuation adjustment	2,826	3,378	1,829	1,147	1,661	930	1,728	1,505	1,817
- due to operational risk	80,570	80,570	80,570	85,026	85,026	85,026	85,026	85,424	85,424
<b>Total risk exposure amount</b>	<b>992,883</b>	<b>945,321</b>	<b>901,646</b>	<b>917,764</b>	<b>924,375</b>	<b>954,712</b>	<b>933,521</b>	<b>942,339</b>	<b>923,133</b>
<b>Capital ratios</b>									
CET 1 ratio <sup>1</sup>	18.2%	18.8%	21.3%	20.6%	20.1%	19.2%	20.1%	19.4%	19.4%
Tier 1 ratio <sup>1</sup>	19.2%	19.9%	22.5%	21.8%	20.1%	19.2%	20.1%	19.4%	19.4%
Total capital ratio <sup>1</sup>	21.5%	22.5%	25.3%	24.7%	22.9%	21.9%	23.0%	22.2%	22.2%
Leverage ratio <sup>1</sup>	12.5%	12.4%	13.6%	13.2%	12.4%	12.6%	13.6%	13.4%	13.4%

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



## Average balances - 9 quarter summary

ISK million	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Average assets</b>									
Personal Banking	534,594	513,016	502,872	492,230	469,726	439,696	395,822	352,537	335,158
Business Banking	254,632	242,150	236,861	238,867	237,992	235,390	238,179	238,376	238,687
Corporate & Investment Banking	354,164	348,785	356,563	370,586	368,735	357,527	369,606	370,135	361,538
Íslandsbanki	1,424,022	1,425,054	1,448,087	1,452,094	1,397,070	1,360,832	1,326,162	1,310,526	1,285,319
<b>Average equity</b>									
Personal Banking	39,592	38,007	37,097	36,077	35,051	35,157	32,695	29,837	30,192
Business Banking	36,106	34,017	34,218	35,849	37,803	37,486	38,305	38,032	38,536
Corporate & Investment Banking	61,973	59,778	60,715	62,548	63,251	62,325	63,989	62,166	61,944
Íslandsbanki	200,176	203,176	200,422	193,348	187,638	186,690	184,489	180,698	179,761
<b>Average loans to customers</b>									
Personal Banking	530,171	509,223	499,175	488,801	466,541	436,336	391,334	347,944	331,929
Business Banking	252,526	240,110	234,711	236,675	235,871	233,281	235,927	235,921	235,820
Corporate & Investment Banking	348,242	345,538	350,183	364,769	362,002	351,879	365,229	366,410	357,988
Íslandsbanki <sup>1</sup>	1,130,939	1,094,871	1,084,069	1,090,245	1,064,414	1,021,496	992,490	950,275	925,737
<b>Average deposits from customers</b>									
Personal Banking	346,529	341,658	337,168	334,248	334,044	324,613	317,155	310,144	305,232
Business Banking	238,873	234,200	239,609	223,235	200,692	192,024	195,641	191,660	180,183
Corporate & Investment Banking	136,306	143,407	149,822	142,432	140,467	137,747	136,071	146,686	131,423
Íslandsbanki <sup>1</sup>	721,708	719,265	726,599	699,915	675,203	654,384	648,867	648,490	616,838

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

1. A benchmark for building emissions in Iceland is currently being developed. Once available, Islandsbanki 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 Islandsbanki's share of funding finances capital expenditures.

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

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

6. Average loan size ISK 8.3m.

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

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

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

2. Average loan size ISK 9.6m.

3. EUR/ISK=156 on 31.12.2020.

4. Measure not included in 2020 report.

## Macroeconomics - summary

	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
<b>YoY change, %</b>									
GDP growth	8.6	4.4	6.8	6.6	-0.5	-5.5	-10.0	-11.0	-1.2
Total investment	20.3	13.8	15.9	24.1	-0.3	-3.8	-12.9	-13.3	-6.3
Business investment	38.3	23.3	32.1	37.8	-1.1	-13.7	-24.9	-13.7	-7.1
Residential investment	-6.8	-6.0	-7.2	1.3	-5.0	14.6	3.2	-9.3	-2.0
Personal consumption	8.8	12.9	6.5	9.2	1.5	-2.6	-1.2	-8.8	1.1
Unemployment rate, % of workforce	5.1	4.9	5.5	9.0	11.3	7.6	5.8	7.9	4.4
Current account, % of GDP	-5.9	-5.1	2.0	-5.0	-3.3	2.8	0.1	-0.9	1.7
International investment position, % of GDP	32.0	39.9	39.3	34.7	33.5	33.6	33.0	26.7	20.7
Gross general govt. debt, % of GDP		75.0				77.4			
Household debt, gross, % of GDP	82.4	83.7	84.7	85.1	84.8	83.6	81.1	77.5	74.9
Corporate debt, gross, % of GDP	81.6	83.1	85.8	86.0	87.7	89.6	91.8	89.5	88.0
<b>YoY change, %</b>									
Inflation	6.2	4.8	4.3	4.4	4.2	3.6	3.2	2.5	2.1
Residential real estate price index	11.3	10.3	9.0	7.2	4.2	3.5	4.1	3.6	2.6
Wages	7.2	7.5	7.8	7.5	10.5	7.2	6.5	6.7	4.9
Real wages	1.0	2.5	3.4	3.0	6.0	3.5	3.1	4.1	2.8
ISK index, average	191.2	196.3	194.3	193.8	200.0	206.3	207.8	203.2	186.4
Central bank policy rate (1W)	2.4	1.8	1.2	0.9	0.8	0.9	1.0	1.0	1.8
Long-term nominal yield	4.7	4.1	3.7	3.7	3.5	3.1	2.6	2.5	3.1
Long-term real yield	0.4	0.5	0.5	0.6	0.6	0.5	-0.4	0.0	0.5

## Currencies

	30.6.22	31.3.22	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20
<b>Currencies</b>									
USD	133.7	127.9	130.4	130.3	123.2	126.3	127.2	138.5	138.6
GBP	161.9	167.9	175.7	175.4	170.7	173.8	173.6	177.7	170.2
EUR	138.9	142.0	147.6	150.9	146.5	148.1	156.1	162.2	155.4
DKK	18.7	19.1	19.9	20.3	19.7	19.9	21.0	21.8	20.9
SEK	13.0	13.7	14.4	14.8	14.5	14.5	15.6	15.4	14.8
CHF	139.5	138.3	142.8	139.3	133.4	133.8	144.4	150.1	145.8

## Financial targets on track

Clear path to ROE expansion

Targets	Revised	2022 Guidance	2Q22	1Q22	2021
<b>Return on equity</b>	>10%	8-10% by 2023	11.7% ✓	10.2% ✓	12.3% ✓
<b>Cost-to-income ratio<sup>1</sup></b>	<45%	45-50%	42.7% ✓	47.6% ✓	46.2% ✓
<b>CET1 capital ratio<sup>2</sup></b>	~16.5%	Normalise before YE2023	18.2% ✓	18.8% ✓	21.3% ✓
<b>Dividend-payout-ratio</b>	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 13 July 2022

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

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

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

<b>Íslandsbanki</b>	<b>S&amp;P</b>	<b>Icelandic sovereign</b>	<b>S&amp;P</b>	<b>FITCH</b>	<b>MOODY'S</b>
Long-term	BBB	Long-term	A	A	A-2
Short-term	A-2	Short-term	A-1		
Outlook	Stable	Outlook	Stable	Stable	Stable
Affirmed (date)	July 13	Affirmed (date)	May 2022	April 2022	August 2021

## Disclaimer

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

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