

3Q23



Íslandsbanki Factbook

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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 27 October 2023

Íslandsbanki will host a webcast in English for investors and market participants on Friday 27 October at 8.30 Reykjavík/GMT, 9.30 London/BST, 10.30 CET. Jón Guðni Ómarsson, CEO, and Bjarney Anna Bjarnadóttir, Investor Relations, will give an overview of the third quarter 2023 financial results and operational highlights.

The webcast will be accessible live through a link on the Bank's **Investor Relations** website where a recording will also be available after the meeting.

Participation and the ability to ask written question is accessible **via this link**.

If you wish to participate in the webcast via teleconference and be able to ask questions verbally, please register **via this link**.

After registration you will be provided phone numbers and a conference ID to access the conference. Full details on the webcast are available **here**.

Further information is available through Íslandsbanki Investor Relations, ir@islandsbanki.is

Financial calendar

Íslandsbanki's financial calendar is available on the Bank's website.

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

	9M23	2022	2021	2020	2019
Profitability					
Return on equity ¹	11.3%	11.8%	12.3%	3.7%	4.8%
Return on assets ¹	1.5%	1.7%	1.7%	0.5%	0.7%
Earnings per share	9.19	12.19	11.26	3.58	4.59
Core income / total operating income ²	98.8%	99.9%	93.5%	101.7%	96.8%
Net interest margin					
Net interest margin on total assets ¹	3.1%	2.9%	2.4%	2.6%	2.7%
Efficiency					
Cost-to-income ratio ^{3,4}	41.3%	41.6%	46.2%	54.3%	58.8%
Cost-to-total assets ratio ^{1,4}	1.66%	1.63%	1.65%	1.82%	2.11%
Cost of risk ^{1,5}	0.00%	(0.14%)	(0.28%)	0.91%	0.39%
Number of FTEs at period end - Consolidated ⁶	756	739	735	779	984
Number of FTEs at period end - Parent ⁶	716	700	702	745	749
Number of branches at period end	12	12	12	12	14
Assets					
Loans to customers (ISKm)	1,210,499	1,186,639	1,086,327	1,006,717	899,632
LTV on mortgages to individuals ⁷	58.0%	60.0%	66.0%	64.0%	62.0%
Risk exposure amount / total assets	60.0%	63.8%	63.1%	69.4%	73.7%
Non-performing loans (NPL) ratio ⁸	1.8%	1.8%	2.0%	2.9%	3.0%
Asset encumbrance ratio	23.5%	26.5%	19.6%	18.7%	18.1%
Financial strength					
Equity as % of total assets	13.4%	14.0%	14.3%	13.9%	15.0%
Liquidity					
Net stable funding ratio (NSFR) - All currencies	120%	118%	122%	123%	119%
Net stable funding ratio (NSFR) - Foreign currencies	290%	198%	157%	179%	156%
Liquidity coverage ratio (LCR) - All currencies	247%	205%	156%	196%	155%
Liquidity coverage ratio (LCR) - Domestic currency	122%	109%	141%	95%	110%
Liquidity coverage ratio (LCR) - EUR	777%	-	-	-	-
Liquidity coverage ratio (LCR) - Foreign currencies	-	492%	235%	463%	325%
Term deposits % of total deposits	21.2%	18.4%	18.3%	24.6%	28.0%
Customer loans to customer deposits ratio	140%	150%	146%	148%	145%
Capital					
CET1 ratio ⁹	20.9%	18.8%	21.3%	20.1%	19.9%
Tier 1 ratio ⁹	21.9%	19.8%	22.5%	20.1%	19.9%
Total capital ratio ⁹	24.6%	22.2%	25.3%	23.0%	22.4%
Leverage ratio ⁹	12.7%	12.1%	13.6%	13.6%	14.2%
MREL ratio ¹⁰	39.2%	34.5%	-	-	-
Risk exposure amount (ISKm)	986,355	999,491	901,646	933,521	884,550

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. C/I ratio for 9M23 excludes a charge of ISK 860m due to an administrative fine. C/I ratio for 2022 included a provision of ISK 300m made in connection with the administrative fine, the C/I ratio has been restated so it excludes the provision.

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

6. Numbers exclude seasonal employees.

7. 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.

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

9. Including third quarter profit for 9M23.

10. MREL ratio includes the CET1 capital held to meet the combined buffer requirement.

Income statement - 5 year summary

ISK million	9M23	2022	2021	2020	2019
Interest income calculated using the effective interest rate method	93,821	87,671	56,220	53,378	59,289
Other interest income	7,601	6,342	2,405	2,317	2,676
Interest expense	(64,541)	(50,887)	(24,582)	(22,324)	(29,143)
Net interest income	36,881	43,126	34,043	33,371	32,822
Fee and commission income	13,457	17,630	15,167	12,651	12,052
Fee and commission expense	(2,996)	(3,577)	(2,318)	(2,126)	(1,153)
Net fee and commission income	10,461	14,053	12,849	10,525	10,899
Net financial income (expense)	(214)	(1,257)	2,499	(1,391)	(820)
Net foreign exchange gain	468	881	479	451	139
Other operating income	312	433	302	197	2,125
Other net operating income	566	57	3,280	(743)	1,444
Total operating income	47,908	57,236	50,172	43,153	45,165
Salaries and related expenses	(11,142)	(13,452)	(13,397)	(12,917)	(14,019)
Other operating expenses	(8,631)	(10,166)	(9,799)	(9,829)	(10,469)
Administrative fine	(860)	(300)	-	-	-
Contribution to the Depositors' and Investors' Guarantee Fund	-	(165)	(688)	(679)	(936)
Bank tax	(1,469)	(1,858)	(1,683)	(1,588)	(3,528)
Total operating expenses¹	(22,102)	(25,941)	(25,567)	(25,013)	(28,952)
Profit before net impairment on financial assets	25,806	31,295	24,605	18,140	16,213
Net impairment on financial assets	(13)	1,576	3,018	(8,816)	(3,480)
Profit before tax	25,793	32,871	27,623	9,324	12,733
Income tax expense	(7,461)	(8,485)	(5,119)	(2,472)	(3,909)
Profit for the period from continuing operations	18,332	24,386	22,504	6,852	8,824
Discontinued operations held for sale, net of income tax	25	149	1,221	(97)	(370)
Profit for the period	18,357	24,535	23,725	6,755	8,454
Basic earnings per share from profit for the period	9.19	12.19	11.26	3.58	4.59

1. The presentation of other operating expenses and administrative fine have been changed and comparative figures for 2022 have therefore been restated.

Balance sheet - 5 year summary

ISK million	30.9.23	31.12.22	31.12.21	31.12.20	31.12.19
Cash and balances with Central Bank	84,332	94,424	113,667	78,948	146,638
Loans to credit institutions	117,699	110,364	43,988	89,920	54,376
Bonds and debt instruments	178,830	130,804	132,289	128,216	52,870
Derivatives	5,581	7,461	2,445	6,647	5,621
Loans to customers	1,210,499	1,186,639	1,086,327	1,006,717	899,632
Shares and equity instruments	13,270	15,868	31,677	14,851	18,426
Investments in associates	3,841	3,844	939	775	746
Property and equipment	6,528	6,752	7,010	7,341	9,168
Intangible assets	3,120	3,279	3,351	3,478	4,330
Other assets	19,156	6,072	5,784	4,125	6,608
Non-current assets and disposal groups held for sale	744	728	1,344	3,173	1,075
Total Assets	1,643,600	1,566,235	1,428,821	1,344,191	1,199,490
Deposits from Central Bank and credit institutions	15,159	15,269	13,384	39,758	30,925
Deposits from customers	864,189	789,897	744,036	679,455	618,313
Derivative instruments and short positions	10,797	10,804	9,467	6,936	6,219
Debt issued and other borrowed funds	451,701	468,270	402,226	387,274	306,381
Subordinated loans	36,517	34,392	35,762	27,194	22,674
Tax liabilities	16,323	12,128	6,432	5,450	7,853
Other liabilities	29,220	16,601	12,848	11,893	27,063
Non-current liabilities and disposal groups held for sale	-	-	956	27	-
Total Liabilities	1,423,906	1,347,361	1,225,111	1,157,987	1,019,428
Share capital	9,963	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000
Reserves	4,598	9,158	6,086	6,181	7,065
Retained earnings	150,133	144,716	132,624	113,529	105,569
Total Shareholder's Equity	219,694	218,874	203,710	184,710	177,634
Non-controlling interests	-	-	-	1,494	2,428
Total Equity	219,694	218,874	203,710	186,204	180,062
Total Liabilities and Equity	1,643,600	1,566,235	1,428,821	1,344,191	1,199,490

Net interest income - 5 year summary

ISK million	9M23	2022	2021	2020	2019
Cash and balances with Central Bank	4,040	2,791	948	1,750	4,452
Loans to credit institutions	2,248	757	128	215	812
Loans to customers	87,533	84,123	55,144	51,413	54,025
Financial assets mandatorily at fair value through profit or loss	7,597	6,335	2,388	2,314	2,630
Other assets	4	7	17	3	46
Total interest income	101,422	94,013	58,625	55,695	61,965
Deposits from Central Bank and credit institutions	(156)	(364)	(306)	(736)	(625)
Deposits from customers	(35,579)	(23,049)	(6,815)	(7,700)	(15,242)
Debt issued and other borrowed funds at fair value through profit and loss	(1,547)	(578)	(729)	(608)	(734)
Debt issued and other borrowed funds at amortised cost	(20,000)	(21,709)	(14,104)	(11,179)	(9,818)
Subordinated loans	(2,308)	(1,538)	(829)	(763)	(501)
Lease liabilities	(59)	(82)	(84)	(87)	(92)
Other liabilities	(4,892)	(3,567)	(1,715)	(1,251)	(2,131)
Total interest expense	(64,541)	(50,887)	(24,582)	(22,324)	(29,143)
Net interest income	36,881	43,126	34,043	33,371	32,822
Net interest income on loans					
Personal Banking	4,449	6,580	7,464	5,835	3,868
Business Banking	6,197	7,749	7,842	7,702	6,010
Corporate & Investment Banking	5,554	7,317	7,773	6,986	5,292
Total net interest income on loans	16,200	21,646	23,079	20,523	15,170
Net interest income on deposits					
Personal Banking	6,641	7,186	4,535	4,761	5,832
Business Banking	4,867	5,486	2,999	2,628	3,629
Corporate & Investment Banking	1,311	1,300	948	930	1,045
Total net interest income on deposits	12,819	13,972	8,482	8,319	10,506

Net fee & commission income - 5 year summary

ISK million	9M23	2022	2021	2020	2019
Asset management	2,142	3,154	3,100	2,382	2,225
Investment banking and brokerage	2,424	3,627	3,544	2,805	2,430
Payment processing	5,818	6,774	4,979	4,378	3,810
Loans and guarantees	1,685	2,350	2,212	2,186	1,510
Other fee and commission income	1,388	1,725	1,332	900	2,077
Fee and commission income	13,457	17,630	15,167	12,651	12,052
Brokerage	(349)	(484)	(471)	(360)	(337)
Clearing and settlement	(2,638)	(2,999)	(1,834)	(1,766)	(806)
Other fee and commission expense	(9)	(94)	(13)	-	(10)
Fee and commission expense	(2,996)	(3,577)	(2,318)	(2,126)	(1,153)
Net fee and commission income	10,461	14,053	12,849	10,525	10,899

Net fee and commission income was restated for 2020 and 2021 in 4Q21.

Loans to customers - 5 year summary

ISK million	30.9.23	31.12.22	31.12.21	31.12.20	31.12.19
Individuals	590,988	570,522	520,733	437,377	349,181
- thereof mortgages	527,055	507,969	457,800	377,155	281,499
Commerce and services	181,096	172,222	165,222	124,260	126,488
Construction	78,407	59,815	36,773	42,352	44,420
Energy	8,554	10,411	9,493	8,673	7,887
Financial services	626	2,622	1,978	1,539	2,315
Industrial and transportation	77,645	91,078	89,627	78,561	82,288
Investment companies	45,275	40,336	23,677	23,440	23,590
Public sector and non-profit organisations	17,482	11,046	9,987	10,911	12,312
Real estate	135,360	126,297	109,314	157,502	145,559
Seafood	75,066	102,290	119,523	122,102	105,592
Loans to customers	1,210,499	1,186,639	1,086,327	1,006,717	899,632

Capital and risk exposure amount - 5 year summary

ISK million	30.9.23	31.12.22	31.12.21	31.12.20	31.12.19
Ordinary share capital	9,963	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000
Reserves	4,598	9,158	6,086	6,181	7,065
Retained earnings	150,133	144,716	132,624	113,529	105,569
Third quarter profit	(6,007)	-	-	-	-
Non-controlling interests	-	-	-	1,494	2,428
IFRS 9 reversal due to transitional rules	-	1,301	2,768	5,164	-
Fair value changes due to own credit standing	2,135	(1,786)	1,054	238	392
Forseeable dividend payment and approved buyback	(10,242)	(27,267)	(11,863)	-	-
Tax assets	(114)	(116)	(94)	(259)	(476)
Intangible assets	(2,020)	(3,279)	(3,351)	(3,478)	(4,330)
Insufficient coverage for non-performing exposure	(1)	-	-	-	-
Total CET1 capital	203,445	187,727	192,224	187,869	175,648
Additional Tier 1 capital	9,279	10,062	10,626	-	-
Tier 1 capital	212,724	197,789	202,850	187,869	175,648
Tier 2 capital	27,238	24,330	25,136	27,194	22,674
Total capital base	239,962	222,119	227,986	215,063	198,322
Risk exposure amount					
- due to credit risk	879,889	893,110	802,147	830,141	789,180
- due to market risk:	15,776	15,417	17,100	16,626	7,919
- due to credit valuation adjustment	2,482	2,756	1,829	1,728	2,027
- due to operational risk	88,208	88,208	80,570	85,026	85,424
Total risk exposure amount	986,355	999,491	901,646	933,521	884,550
Capital ratios					
CET1 ratio ¹	20.9%	18.8%	21.3%	20.1%	19.9%
Tier 1 ratio ¹	21.9%	19.8%	22.5%	20.1%	19.9%
Total capital ratio ¹	24.6%	22.2%	25.3%	23.0%	22.4%
Leverage ratio ¹	12.7%	12.1%	13.6%	13.6%	14.2%
MREL ratio ²	39.2%	34.5%	-	-	-

1. Including third quarter profit for 30.9.23.

2. MREL ratio includes the CET1 capital held to meet the combined buffer requirement.

Average balances - 5 year summary

ISK million	9M23	2022	2021	2020	2019
Average assets					
Personal Banking	568,286	537,526	475,357	355,295	317,383
Business Banking	298,492	260,415	237,071	237,632	233,470
Corporate & Investment Banking	368,359	352,221	363,910	360,690	340,161
Íslandsbanki	1,643,600	1,478,825	1,411,067	1,285,310	1,206,090
Average equity					
Personal Banking	40,346	39,823	35,830	30,995	28,222
Business Banking	43,937	37,317	36,243	38,549	38,503
Corporate & Investment Banking	64,060	62,569	61,985	61,792	58,972
Íslandsbanki	219,430	207,189	192,245	181,587	176,967
Average loans to customers					
Personal Banking	563,529	533,459	471,924	351,584	315,128
Business Banking	296,335	258,306	234,937	234,955	230,040
Corporate & Investment Banking	360,683	346,869	358,473	355,760	336,244
Íslandsbanki ¹	1,220,547	1,138,634	1,065,334	942,299	881,412
Average deposits from customers					
Personal Banking	378,617	348,639	332,267	306,871	279,627
Business Banking	247,131	244,669	213,602	183,604	172,247
Corporate & Investment Banking ²	174,831	146,730	144,806	130,655	107,431
Íslandsbanki ¹	800,579	740,038	690,675	621,130	559,305

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	9M23	2022	2021	2020	2019
Net interest income	13,157	15,065	12,027	10,749	10,578
Net fee and commission income	3,308	4,334	3,850	3,049	4,504
Other net operating income	131	342	189	305	77
Total operating income	16,596	19,741	16,066	14,103	15,159
Salaries and related expenses	(1,823)	(2,355)	(2,388)	(2,416)	(2,791)
Other operating expenses	(1,941)	(2,446)	(2,354)	(2,584)	(2,131)
Contribution to the Depositors' and Investors' Guarantee Fund	-	(129)	(538)	(482)	(530)
Bank tax	(625)	(801)	(723)	(613)	(483)
Net impairment on financial assets	(158)	(300)	318	(517)	(547)
Cost allocation	(3,836)	(4,792)	(4,539)	(4,690)	(5,606)
Profit before tax	8,213	8,918	5,842	2,801	3,071
Income tax expense	(2,298)	(2,528)	(1,707)	(887)	(924)
Profit for the period from continuing operations	5,915	6,390	4,135	1,914	2,147
Net segment revenue from external customers	23,446	33,261	26,175	20,911	18,137
Net segment revenue from other segments	(6,850)	(13,520)	(10,109)	(6,808)	(2,978)
Fee and commission income	5,896	7,282	5,669	4,797	6,224
Depreciation, amortisation, and write-offs	(131)	(172)	(166)	(300)	(215)
At period end					
Loans to customers	571,481	552,181	502,354	419,882	329,265
Other assets	3,534	3,158	3,609	3,212	3,553
Total segment assets	575,015	555,339	505,963	423,094	332,818
Deposits from customers	397,460	361,994	344,776	324,815	290,894
Other liabilities	1,848	2,597	1,603	1,327	1,497
Total segment liabilities	399,308	364,591	346,379	326,142	292,391
Allocated equity	41,502	39,228	37,549	34,850	29,981
Risk exposure amount	261,522	255,938	247,970	229,610	194,601

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	9M23	2022	2021	2020	2019
Net interest income	13,356	14,493	10,867	10,536	10,812
Net fee and commission income	1,654	2,174	2,111	1,917	1,716
Other net operating income	77	90	61	50	25
Total operating income	15,087	16,757	13,039	12,503	12,553
Salaries and related expenses	(1,593)	(1,900)	(1,815)	(1,940)	(1,993)
Other operating expenses	(885)	(1,072)	(1,037)	(1,164)	(1,184)
Contribution to the Depositors' and Investors' Guarantee Fund	-	(33)	(135)	(161)	(314)
Bank tax	(331)	(407)	(344)	(340)	(339)
Net impairment on financial assets	(433)	796	2,401	(5,485)	(1,098)
Cost allocation	(2,986)	(3,431)	(3,113)	(2,967)	(3,381)
Profit before tax	8,859	10,710	8,996	446	4,244
Income tax expense	(2,390)	(2,891)	(2,428)	(204)	(1,192)
Profit for the period from continuing operations	6,469	7,819	6,568	242	3,052
Net segment revenue from external customers	17,077	18,158	14,806	14,750	14,492
Net segment revenue from other segments	(1,990)	(1,401)	(1,767)	(2,247)	(1,939)
Fee and commission income	1,695	2,223	2,136	1,948	1,724
Depreciation, amortisation, and write-offs	(42)	(57)	(58)	(163)	(112)
At period end					
Loans to customers	302,269	278,823	237,388	232,580	230,842
Other assets	2,088	2,100	2,004	2,199	3,085
Total segment assets	304,357	280,923	239,392	234,779	233,927
Deposits from customers	268,246	244,645	239,871	189,847	167,623
Other liabilities	1,685	2,054	1,630	1,481	1,822
Total segment liabilities	269,931	246,699	241,501	191,328	169,445
Allocated equity	45,994	40,433	33,738	37,804	38,924
Risk exposure amount	283,465	263,011	211,814	235,371	247,565

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	9M23	2022	2021	2020	2019
Net interest income	10,293	11,108	9,282	8,530	8,397
Net fee and commission income	3,235	4,557	4,384	4,075	3,530
Other net operating income	1,066	1,301	759	922	564
Total operating income	14,594	16,966	14,425	13,527	12,491
Salaries and related expenses	(1,603)	(1,819)	(1,689)	(1,583)	(1,720)
Other operating expenses	(795)	(971)	(797)	(870)	(660)
Contribution to the Depositors' and Investors' Guarantee Fund	-	(3)	(15)	(35)	(89)
Bank tax	(378)	(520)	(516)	(514)	(486)
Net impairment on financial assets	548	395	121	(2,805)	(1,043)
Cost allocation	(2,646)	(3,237)	(3,170)	(3,020)	(3,421)
Profit before tax	9,720	10,811	8,359	4,700	5,072
Income tax expense	(2,620)	(2,946)	(2,308)	(1,356)	(1,445)
Profit for the period from continuing operations	7,100	7,865	6,051	3,344	3,627
Net segment revenue from external customers	22,172	23,790	19,843	19,922	19,191
Net segment revenue from other segments	(7,578)	(6,824)	(5,418)	(6,395)	(6,700)
Fee and commission income	3,289	4,709	4,486	4,152	3,574
Depreciation, amortisation, and write-offs	(1)	(1)	(15)	(18)	(21)
At period end					
Loans to customers	336,581	354,787	346,835	353,953	334,788
Other assets	10,708	3,859	1,335	795	347
Total segment assets	347,289	358,646	348,170	354,748	335,135
Deposits from customers	176,544	164,390	141,204	137,791	113,455
Other liabilities	15,391	5,565	4,728	4,908	2,553
Total segment liabilities	191,935	169,955	145,932	142,699	116,008
Allocated equity	62,107	62,400	59,055	63,432	58,953
Risk exposure amount	370,650	404,917	376,896	392,804	367,456

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	9M23	2022	2021	2020	2019
Net interest income	204	2,673	2,034	3,734	3,169
Net fee and commission income	22	(55)	(72)	(317)	(236)
Other net operating income	58	398	2,694	(1,420)	(848)
Total operating income	284	3,016	4,656	1,997	2,085
Salaries and related expenses	(203)	(289)	(256)	(280)	(253)
Other operating expenses	(443)	(467)	(235)	(263)	(257)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	(1)	(3)
Bank tax	(125)	(116)	(86)	(105)	(2,205)
Net impairment on financial assets	31	683	94	(8)	(791)
Cost allocation	495	551	320	323	278
Profit (loss) before tax	39	3,378	4,493	1,663	(1,146)
Income tax expense	(246)	108	1,421	112	318
Profit (loss) for the period from continuing operations	(207)	3,486	5,914	1,775	(828)
Net segment revenue from external customers	(16,369)	(18,922)	(12,748)	(13,597)	(9,708)
Net segment revenue from other segments	16,653	21,938	17,404	15,594	11,793
Fee and commission income	310	367	231	(9)	124
Depreciation, amortisation, and write-offs	-	-	-	-	-
At period end					
Loans to customers	163	848	59	302	2
Other assets	407,422	360,594	325,158	320,578	267,384
Total segment assets	407,585	361,442	325,217	320,880	267,386
Deposits from customers	24,769	21,529	21,477	31,674	49,517
Other liabilities	533,936	540,189	465,397	463,943	374,459
Total segment liabilities	558,705	561,718	486,874	495,617	423,976
Allocated equity	67,273	73,966	70,217	45,708	42,882
Risk exposure amount	61,889	67,970	56,983	60,037	48,063

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	9M23	2022	2021	2020	2019
Net interest income (expense)	(263)	(260)	(178)	(215)	(251)
Net fee and commission income	(21)	(1)	(62)	7	7
Other net operating income	320	149	203	287	2,197
Total operating income	36	(112)	(37)	79	1,953
Salaries and related expenses	(5,166)	(6,253)	(6,465)	(5,926)	(6,516)
Other operating expenses	(4,004)	(4,598)	(4,854)	(4,488)	(5,725)
Administrative fine ¹	(860)	(300)	-	-	-
Bank tax	(10)	(14)	(14)	(16)	(15)
Net impairment on financial assets	-	-	4	-	-
Cost allocation	8,973	10,909	10,502	10,354	12,130
Profit (loss) before tax	(1,031)	(368)	(864)	3	1,827
Income tax expense	260	92	221	(5)	(478)
Profit (loss) for the period from continuing operations	(771)	(276)	(643)	(2)	1,349
Net segment revenue from external customers	271	81	73	223	2,129
Net segment revenue from other segments	(235)	(193)	(110)	(144)	(176)
Fee and commission income	-	-	2	7	8
Depreciation, amortisation, and write-offs	(946)	(1,155)	(1,145)	(1,178)	(1,367)
At period end					
Loans to customers	5	-	-	-	-
Other assets	9,264	9,387	9,108	10,893	10,648
Total segment assets	9,269	9,387	9,108	10,893	10,648
Deposits from customers	-	-	-	-	-
Other liabilities	5,651	5,785	5,711	5,915	6,209
Total segment liabilities	5,651	5,785	5,711	5,915	6,209
Allocated equity	1,109	962	894	899	1,145
Risk exposure amount	7,395	6,107	5,903	5,960	6,968

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.

1. The presentation of other operating expenses and administrative fine have been changed and comparative figures for 2022 have therefore been restated.

Operating segments - Subsidiaries, eliminations & adjustments

ISK million	9M23	2022	2021	2020	2019
Net interest income	134	47	11	37	117
Net fee and commission income	2,263	3,044	2,638	1,794	1,378
Other net operating income	(1,086)	(2,223)	(626)	(887)	(571)
Total operating income	1,311	868	2,023	944	924
Salaries and related expenses	(754)	(836)	(784)	(772)	(746)
Other operating expenses	(563)	(612)	(522)	(460)	(512)
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-
Bank tax	-	-	-	-	-
Net impairment on financial assets	(1)	2	80	(1)	(1)
Cost allocation	-	-	-	-	-
Profit (loss) before tax	(7)	(578)	797	(289)	(335)
Income tax expense	(167)	(320)	(318)	(132)	(188)
Profit (loss) for the period from continuing operations	(174)	(898)	479	(421)	(523)
Net segment revenue from external customers	1,311	868	2,023	944	924
Net segment revenue from other segments	-	-	-	-	-
Fee and commission income	2,267	3,049	2,643	1,756	398
Depreciation, amortisation, and write-offs	(10)	(15)	(11)	(7)	(10)
At period end					
Loans to customers	-	-	(309)	-	4,735
Other assets	85	498	1,280	(203)	14,841
Total segment assets	85	498	971	(203)	19,576
Deposits from customers	(2,830)	(2,661)	(3,292)	(4,672)	(3,176)
Other liabilities	1,206	1,274	2,006	958	14,575
Total segment liabilities	(1,624)	(1,387)	(1,286)	(3,714)	11,399
Allocated equity	1,709	1,885	2,257	3,511	8,177
Risk exposure amount	1,434	1,548	2,080	9,739	19,897

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

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21
Profitability									
Return on equity ¹	11.0%	11.5%	11.4%	11.1%	14.4%	11.7%	10.2%	14.2%	15.7%
Return on assets ¹	1.5%	1.6%	1.6%	1.5%	2.0%	1.7%	1.5%	2.0%	2.1%
Earnings per share	3.01	3.08	3.11	2.98	3.68	2.93	2.60	3.01	3.75
Core income / total operating income ²	98.5%	103.1%	95.1%	102.0%	102.0%	97.6%	97.3%	93.7%	91.6%
Net interest margin									
Net interest margin on total assets ¹	2.9%	3.2%	3.2%	3.1%	3.0%	2.9%	2.6%	2.4%	2.4%
Efficiency									
Cost-to-income ratio ^{3,4}	39.0%	42.6%	42.1%	40.6%	36.3%	42.7%	47.6%	45.3%	39.4%
Cost-to-total assets ratio ^{1,4}	1.49%	1.70%	1.80%	1.74%	1.41%	1.68%	1.68%	1.64%	1.45%
Cost of risk ^{1,5}	0.19%	(0.40%)	0.22%	0.22%	(0.40%)	(0.20%)	(0.17%)	(0.23%)	(0.64%)
Number of FTEs at period end - Consolidated ⁶	756	732	740	739	742	740	741	735	763
Number of FTEs at period end - Parent ⁶	716	691	701	700	704	702	706	702	730
Asset quality									
Loans to customers (ISKm)	1,210,499	1,237,758	1,218,999	1,186,639	1,153,047	1,153,677	1,107,893	1,086,327	1,081,418
LTV on mortgages to individuals ⁷	58.0%	58.0%	61.0%	60.0%	60.0%	65.0%	65.0%	66.0%	66.0%
Risk exposure amount / total assets	60.0%	63.7%	64.8%	63.8%	65.4%	69.1%	65.4%	63.1%	63.0%
Non-performing loans (NPL) ratio ⁸	1.8%	1.7%	1.7%	1.8%	1.7%	1.8%	1.8%	2.0%	2.0%
Asset encumbrance ratio	23.5%	25.3%	25.1%	26.5%	25.7%	20.7%	19.2%	19.6%	18.9%
Financial strength									
Equity as % of total assets	13.4%	13.5%	13.6%	14.0%	13.7%	14.2%	13.6%	14.3%	13.6%
Liquidity									
Net stable funding ratio (NSFR) - All currencies	120%	119%	115%	118%	127%	118%	123%	122%	121%
Net stable funding ratio (NSFR) - Foreign currencies	290%	248%	219%	198%	257%	182%	192%	157%	166%
Liquidity coverage ratio (LCR)	247%	259%	171%	205%	371%	147%	195%	156%	225%
Liquidity coverage ratio (LCR) - Domestic currency	122%	145%	121%	109%	119%	125%	129%	141%	124%
Liquidity coverage ratio (LCR) - EUR	777%	333%	-	-	-	-	-	-	-
Liquidity coverage ratio (LCR) - Foreign currencies	-	-	289%	492%	421%	240%	235%	235%	384%
Term deposits % of total deposits	21.2%	21.2%	19.9%	18.4%	18.8%	18.4%	18.9%	18.3%	20.3%
Customer loans to customer deposits ratio	140%	152%	152%	150%	148%	152%	145%	146%	143%
Capital									
CET1 ratio ⁹	20.9%	20.0%	19.9%	18.8%	18.2%	18.2%	18.8%	21.3%	20.6%
Tier 1 ratio ⁹	21.9%	20.9%	20.8%	19.8%	19.2%	19.2%	19.9%	22.5%	21.8%
Total capital ratio ⁹	24.6%	23.2%	23.2%	22.2%	21.4%	21.5%	22.5%	25.3%	24.7%
Leverage ratio ⁹	12.7%	12.8%	12.9%	12.1%	11.9%	12.5%	12.4%	13.6%	13.2%
MREL ratio ¹⁰	39.2%	38.4%	33.2%	34.5%	-	-	-	-	-
Risk exposure amount (ISKm)	986,355	1,015,197	1,004,978	999,491	1,012,986	992,883	945,321	901,646	917,764

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. C/I ratio for 2Q23 excludes a charge of ISK 860m due to an administrative fine. C/I ratio for 4Q22 included a provision of ISK 300m made in connection with the administrative fine, the C/I ratio has been restated so it excludes the provision.

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

6. Numbers exclude seasonal employees.

7. 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.

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

9. Including first quarter profit for 1Q23 and 1Q22 and third quarter profit for 3Q22 and 3Q21.

10. MREL ratio includes the CET1 capital held to meet the combined buffer requirement.

Income statement - 9 quarter summary

ISK million	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21
Interest income calculated using the effective interest rate method ¹	31,290	32,461	30,070	22,922	25,380	21,777	17,592	16,170	14,318
Other interest income	3,006	2,502	2,093	2,019	1,666	1,452	1,205	-	-
Interest expense	(22,450)	(22,351)	(19,740)	(12,593)	(15,731)	(12,975)	(9,588)	(7,526)	(5,526)
Net interest income	11,846	12,612	12,423	12,348	11,315	10,254	9,209	8,644	8,792
Fee and commission income	4,388	4,676	4,393	5,206	4,322	4,279	3,823	4,391	3,940
Fee and commission expense	(988)	(1,084)	(924)	(1,168)	(805)	(845)	(759)	(738)	(513)
Net fee and commission income	3,400	3,592	3,469	4,038	3,517	3,434	3,064	3,653	3,427
Net financial income (expense)	(193)	(559)	538	(899)	(471)	208	(95)	646	941
Net foreign exchange gain	176	48	244	576	64	75	166	159	95
Other operating income	248	21	43	(2)	111	59	265	15	82
Other net operating income	231	(490)	825	(325)	(296)	342	336	820	1,118
Total operating income	15,477	15,714	16,717	16,061	14,536	14,030	12,609	13,117	13,337
Salaries and related expenses	(3,353)	(3,829)	(3,960)	(3,718)	(2,916)	(3,396)	(3,422)	(3,276)	(2,953)
Other operating expenses	(2,687)	(2,862)	(3,082)	(2,800)	(2,357)	(2,597)	(2,412)	(2,492)	(2,135)
Administrative fine	-	(860)	-	(300)	-	-	-	-	-
Contribution to the Depositors' and Investors' Guarantee Fund	-	-	-	-	-	-	(165)	(170)	(173)
Bank tax	(522)	(485)	(462)	(481)	(535)	(412)	(430)	(389)	(433)
Total operating expenses¹	(6,562)	(8,036)	(7,504)	(7,299)	(5,808)	(6,405)	(6,429)	(6,327)	(5,694)
Profit before net impairment on financial assets	8,915	7,678	9,213	8,762	8,728	7,625	6,180	6,790	7,643
Net impairment on financial assets	(583)	1,245	(675)	(647)	1,165	575	483	639	1,757
Profit before tax	8,332	8,923	8,538	8,115	9,893	8,200	6,663	7,429	9,400
Income tax expense	(2,334)	(2,792)	(2,335)	(2,166)	(2,525)	(2,331)	(1,463)	(1,416)	(1,898)
Profit for the period from continuing operations	5,998	6,131	6,203	5,949	7,368	5,869	5,200	6,013	7,502
Discontinued operations held for sale, net of income tax	9	8	8	33	118	11	(13)	1,079	85
Profit for the period	6,007	6,139	6,211	5,982	7,486	5,880	5,187	7,092	7,587

Balance sheet - 9 quarter summary

ISK million	30.9.23	30.6.23	31.3.23	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21
Cash and balances with Central Bank	84,332	78,275	67,764	94,424	73,566	77,884	77,799	113,667	110,233
Loans to credit institutions	117,699	97,749	81,331	110,364	137,169	37,226	73,220	43,988	81,117
Bonds and debt instruments	178,830	131,471	127,254	130,804	127,454	108,477	130,700	132,289	123,599
Derivatives	5,581	5,374	5,605	7,461	6,895	6,193	4,245	2,445	2,374
Loans to customers	1,210,499	1,237,758	1,218,999	1,186,639	1,153,047	1,153,677	1,107,893	1,086,327	1,081,418
Shares and equity instruments	13,270	12,120	13,839	15,868	24,472	25,789	28,655	31,677	31,456
Investments in associates	3,841	3,828	3,853	3,844	3,925	3,836	767	939	952
Property and equipment	6,528	6,748	6,734	6,752	6,760	6,846	6,911	7,010	7,082
Intangible assets	3,120	3,241	3,252	3,279	3,282	3,304	3,327	3,351	3,249
Other assets	19,156	15,945	22,191	6,072	11,303	12,126	11,170	5,784	13,954
Non-current assets and disposal groups held for sale	744	730	708	728	799	1,895	1,668	1,344	938
Total Assets	1,643,600	1,593,239	1,551,530	1,566,235	1,548,672	1,437,253	1,446,355	1,428,821	1,456,372
Deposits from Central Bank and credit institutions	15,159	14,306	13,694	15,269	19,912	11,437	10,949	13,384	20,409
Deposits from customers	864,189	816,641	800,071	789,897	781,614	756,862	761,471	744,036	754,442
Derivative instruments and short positions	10,797	12,064	12,745	10,804	13,996	11,410	11,013	9,467	10,869
Debt issued and other borrowed funds	451,701	460,913	438,605	468,270	458,969	393,754	406,845	402,226	397,672
Subordinated loans	36,517	33,104	33,839	34,392	32,156	32,181	34,139	35,762	36,923
Tax liabilities	16,323	14,832	13,206	12,128	10,827	8,498	6,980	6,432	6,256
Other liabilities	29,220	25,855	28,985	16,601	19,585	18,498	16,802	12,848	32,391
Non-current liabilities and disposal groups held for sale	-	-	-	-	-	951	955	956	29
Total Liabilities	1,423,906	1,377,715	1,341,145	1,347,361	1,337,059	1,233,591	1,249,154	1,225,111	1,258,991
Share capital	9,963	9,963	9,963	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	4,598	6,642	7,676	9,158	7,919	7,478	6,605	6,086	5,738
Retained earnings	150,133	143,919	137,746	144,716	138,694	131,184	125,596	132,624	126,653
Total Shareholder's Equity	219,694	215,524	210,385	218,874	211,613	203,662	197,201	203,710	197,391
Non-controlling interests	-	-	-	-	-	-	-	-	(10)
Total Equity	219,694	215,524	210,385	218,874	211,613	203,662	197,201	203,710	197,381
Total Liabilities and Equity	1,643,600	1,593,239	1,551,530	1,566,235	1,548,672	1,437,253	1,446,355	1,428,821	1,456,372

Net interest income - 9 quarter summary

ISK million	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21
Cash and balances with Central Bank	1,438	1,376	1,226	1,081	921	391	398	392	298
Loans to credit institutions	1,051	693	504	536	151	52	18	25	61
Loans to customers	28,801	30,392	28,340	21,305	24,308	21,334	17,176	14,898	13,272
Financial assets mandatorily at fair value through profit or loss	3,004	2,501	2,092	2,016	1,665	1,451	1,203	844	684
Other assets	2	1	1	3	1	1	2	11	3
Total interest income	34,296	34,963	32,163	24,941	27,046	23,229	18,797	16,170	14,318
Deposits from Central Bank and credit institutions	(52)	(71)	(33)	(136)	(136)	(52)	(40)	(52)	(63)
Deposits from customers	(13,180)	(12,197)	(10,202)	(7,079)	(7,374)	(5,124)	(3,472)	(2,295)	(1,400)
Debt issued and other borrowed funds at fair value through profit and loss	(892)	(515)	(140)	(140)	(134)	(134)	(170)	(182)	(183)
Debt issued and other borrowed funds at amortised cost	(5,662)	(7,080)	(7,258)	(3,539)	(6,697)	(6,536)	(4,937)	(4,138)	(3,219)
Subordinated loans	(723)	(786)	(799)	(624)	(343)	(292)	(279)	(311)	(179)
Lease liabilities	(19)	(20)	(20)	(20)	(21)	(20)	(21)	(21)	(20)
Other liabilities	(1,922)	(1,682)	(1,288)	(1,055)	(1,026)	(817)	(669)	(527)	(462)
Total interest expense	(22,450)	(22,351)	(19,740)	(12,593)	(15,731)	(12,975)	(9,588)	(7,526)	(5,526)
Net interest income	11,846	12,612	12,423	12,348	11,315	10,254	9,209	8,644	8,792
Net interest income on loans									
Personal Banking	1,440	1,444	1,565	1,566	1,666	1,646	1,702	1,799	1,887
Business Banking	2,160	2,011	2,026	2,002	1,898	1,928	1,921	1,917	1,986
Corporate & Investment Banking	1,813	1,983	1,758	1,745	1,852	1,938	1,782	1,874	2,045
Total net interest income on loans	5,413	5,438	5,349	5,313	5,416	5,512	5,405	5,590	5,918
Net interest income on deposits									
Personal Banking	2,122	2,376	2,143	2,099	1,974	1,667	1,446	1,317	1,152
Business Banking	1,686	1,611	1,570	1,582	1,536	1,286	1,082	997	784
Corporate & Investment Banking	405	462	444	398	354	268	280	283	258
Total net interest income on deposits	4,213	4,449	4,157	4,079	3,864	3,221	2,808	2,597	2,194

Net fee and commission income - 9 quarter summary

ISK million	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21
Asset management	691	712	739	895	709	763	787	971	705
Investment banking and brokerage	760	838	826	773	1,061	901	892	856	1,119
Payment processing	2,007	2,062	1,749	2,268	1,650	1,623	1,233	1,640	1,240
Loans and guarantees	554	577	554	584	563	647	556	475	585
Other fee and commission income	376	487	525	686	339	345	355	449	291
Fee and commission income	4,388	4,676	4,393	5,206	4,322	4,279	3,823	4,391	3,940
Brokerage	(91)	(151)	(107)	(127)	(106)	(144)	(107)	(154)	(91)
Clearing and settlement	(895)	(928)	(815)	(1,039)	(698)	(701)	(561)	(579)	(420)
Other fee and commission expense	(2)	(5)	(2)	(2)	(1)	-	(91)	(5)	(2)
Fee and commission expense	(988)	(1,084)	(924)	(1,168)	(805)	(845)	(759)	(738)	(513)
Net fee and commission income	3,400	3,592	3,469	4,038	3,517	3,434	3,064	3,653	3,427

Net fee and commission income was restated for 2021 in 4Q21.

Loans to customers - 9 quarter summary

ISK million	30.9.23	30.6.23	31.3.23	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21
Individuals	590,988	585,662	579,157	570,522	565,283	558,499	536,247	520,733	513,555
- thereof mortgages	527,055	522,544	517,625	507,969	503,416	496,394	475,366	457,800	450,760
Commerce and services	181,096	189,240	180,482	172,222	178,627	183,846	173,085	165,222	164,167
Construction	78,407	73,945	68,101	59,815	54,152	46,650	43,115	36,773	36,193
Energy	8,554	10,451	10,403	10,411	10,279	9,832	9,450	9,493	9,508
Financial services	626	1,909	2,093	2,622	2,070	1,815	1,860	1,978	2,025
Industrial and transportation	77,645	93,122	91,687	91,078	87,808	88,088	88,171	89,627	89,750
Investment companies	45,275	45,669	41,548	40,336	27,089	25,042	25,124	23,677	22,567
Public sector and non-profit organisations	17,482	15,759	13,707	11,046	10,338	9,680	9,784	9,987	9,919
Real estate	135,360	134,132	130,622	126,297	121,835	122,648	113,031	109,314	114,519
Seafood	75,066	87,869	101,199	102,290	95,566	107,577	108,026	119,523	119,215
Loans to customers	1,210,499	1,237,758	1,218,999	1,186,639	1,153,047	1,153,677	1,107,893	1,086,327	1,081,418

Capital and risk exposure amount - 9 quarter summary

ISK million	30.9.23	30.6.23	31.3.23	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21
Ordinary share capital	9,963	9,963	9,963	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	4,598	6,642	7,676	9,158	7,919	7,478	6,605	6,086	5,738
Retained earnings	150,133	143,919	137,747	144,716	138,694	131,184	125,596	132,624	126,653
Unaudited interim net earnings	(6,007)	-	(6,211)	-	(7,486)	-	(5,187)	-	(7,587)
Non-controlling interests	-	-	-	-	-	-	-	-	(10)
IFRS 9 reversal due to transitional rules	-	-	-	1,301	1,220	1,302	1,321	2,768	3,239
Fair value changes due to own credit standing	2,135	300	(273)	(1,786)	(512)	(46)	641	1,054	1,096
Forseeable dividend payment and approved buyback	(10,242)	(10,242)	(4,067)	(27,267)	(20,533)	(20,533)	(15,000)	(11,863)	(4,523)
Tax assets	(114)	(114)	(120)	(116)	(97)	(95)	(93)	(94)	(826)
Intangible assets	(2,020)	(2,751)	(3,252)	(3,279)	(3,282)	(3,304)	(3,327)	(3,351)	(3,249)
Insufficient coverage for non-performing exposure	(1)	(1)	(19)	-	-	-	-	-	-
Total CET1 capital	203,445	202,716	196,444	187,727	180,923	180,986	175,556	192,224	185,531
Additional Tier 1 capital	9,279	9,302	9,711	10,062	9,547	9,559	10,145	10,626	11,000
Tier 1 capital	212,724	212,018	206,155	197,789	190,470	190,545	185,701	202,850	196,531
Tier 2 capital	27,238	23,802	24,128	24,330	22,609	22,622	23,994	25,136	25,923
Total capital base	239,962	235,820	230,283	222,119	213,079	213,167	209,695	227,986	222,454
Risk exposure amount									
- due to credit risk	879,889	911,210	900,897	893,110	906,891	892,395	844,745	802,147	818,932
- due to market risk:	15,776	12,553	12,718	15,417	21,343	17,092	16,628	17,100	12,659
- due to credit valuation adjustment	2,482	3,226	3,155	2,756	4,182	2,826	3,378	1,829	1,147
- due to operational risk	88,208	88,208	88,208	88,208	80,570	80,570	80,570	80,570	85,026
Total risk exposure amount	986,355	1,015,197	1,004,978	999,491	1,012,986	992,883	945,321	901,646	917,764
Capital ratios									
CET1 ratio ¹	20.9%	20.0%	19.9%	18.8%	18.2%	18.2%	18.8%	21.3%	20.6%
Tier 1 ratio ¹	21.9%	20.9%	20.8%	19.8%	19.2%	19.2%	19.9%	22.5%	21.8%
Total capital ratio ¹	24.6%	23.2%	23.2%	22.2%	21.4%	21.5%	22.5%	25.3%	24.7%
Leverage ratio ¹	12.7%	12.8%	12.9%	12.1%	11.9%	12.5%	12.4%	13.6%	13.2%
MREL ratio ²	39.2%	38.4%	33.2%	34.5%	-	-	-	-	-

1. Including third quarter profit for 30.9.23, 30.9.22 and 30.9.21 and first quarter profit for 31.3.23 and 31.3.22.

2. MREL ratio includes the CET1 capital held to meet the combined buffer requirement.

Average balances - 9 quarter summary

ISK million	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21
Average assets									
Personal Banking	573,861	571,034	560,252	553,572	548,743	534,594	513,016	502,872	492,230
Business Banking	306,658	302,264	288,031	276,285	268,280	254,632	242,150	236,861	238,867
Corporate & Investment Banking	360,486	379,973	368,310	349,957	355,481	354,164	348,785	356,563	370,586
Íslandsbanki	1,623,727	1,576,654	1,568,165	1,570,812	1,494,361	1,424,022	1,425,054	1,448,087	1,452,094
Average equity									
Personal Banking	41,196	40,419	39,479	40,755	41,352	39,592	38,007	37,097	36,077
Business Banking	46,109	44,235	41,624	40,132	38,891	36,106	34,017	34,218	35,849
Corporate & Investment Banking	64,371	65,102	63,599	63,642	64,767	61,973	59,778	60,715	62,548
Íslandsbanki	217,836	213,172	217,330	215,614	207,519	200,176	203,176	200,422	193,348
Average loans to customers									
Personal Banking	569,899	564,171	556,565	550,048	545,322	530,171	509,223	499,175	488,801
Business Banking	304,516	300,100	285,844	274,148	266,154	252,526	240,110	234,711	236,675
Corporate & Investment Banking	353,839	370,286	360,283	344,044	348,863	348,242	345,538	350,183	364,769
Íslandsbanki ¹	1,228,254	1,234,557	1,202,692	1,168,240	1,160,339	1,130,939	1,094,871	1,084,069	1,090,245
Average deposits from customers									
Personal Banking	388,674	381,403	367,520	355,071	351,200	346,529	341,658	337,168	334,248
Business Banking	260,517	236,201	239,821	253,696	254,544	238,873	234,200	239,609	223,235
Corporate & Investment Banking ²	186,509	171,869	165,004	159,852	145,002	136,306	143,407	149,822	142,432
Íslandsbanki ¹	835,700	789,473	772,345	768,619	750,746	721,708	719,265	726,599	699,915

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

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

2. Both deposits from customers and deposits from credit institutions.

Macroeconomics - summary

	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21
YoY change, %									
GDP growth	4.5	7.1	4.5	6.9	8.9	8.9	6.5	7.2	5.6
Total investment	1.6	-0.8	5.2	6.4	4.7	15.8	15.8	15.1	12.0
Business investment	7.5	4	23.8	6.6	6.1	25.9	14.6	30.6	15.6
Residential investment	-5.4	-11	-8.4	-3.6	-5.1	-7.7	-5.7	-6.9	3.9
Personal consumption	0.5	4.6	5.6	5.4	13.7	9.7	12.5	5.8	9.5
Unemployment rate, % of workforce	3.1	3.6	3.3	3.3	4.0	5.1	4.9	5.5	9.0
Current account, % of GDP	0.7	-1.2	-2.5	2.2	-4.0	-5.2	-4.0	3.4	-4.2
International investment position, % of GDP	28.8	25.2	24.8	21.2	22.5	30.0	38.9	38.4	35.0
Gross general govt. debt, % of GDP			68.7				75.3		
Household debt, gross, % of GDP	75.7	76.5	77.7	78.7	80.3	81.6	83.5	84.9	85.9
Corporate debt, gross, % of GDP	77.6	77	78.3	78.4	79.8	81.1	82.8	85.8	87.7
YoY change, %									
Inflation	9.4	10	9.4	9.7	7.9	6.2	4.8	4.3	4.4
Residential real estate price index	0.7	5.3	10.6	13.2	11.9	11.1	10.3	9.0	7.2
Wages	10	8.9	9.4	8.1	8.4	7.2	7.5	7.8	7.5
Real wages	0.5	-1.0	0	-1.4	0.4	1.0	2.5	3.4	3.0
ISK index, average	195.6	200.2	194.6	188.4	186.0	191.2	196.3	194.3	193.8
Central bank policy rate (1W)	7.9	6.4	5.8	5.1	3.5	2.4	1.8	1.2	0.9
Long-term nominal yield	6.6	6.8	6.2	5.7	5.4	4.7	4.1	3.7	3.7
Long-term real yield	2.1	2.0	1.9	1.3	0.6	0.4	0.5	0.5	0.6

Currencies

	30.9.23	30.6.23	31.3.23	31.12.22	30.9.22	30.6.22	31.3.22	31.12.21	30.9.21
Currencies									
USD	136.8	136.9	136.4	142.0	144.6	133.7	127.9	130.4	130.3
GBP	167.6	173.3	168.7	170.8	159.4	161.9	167.9	175.7	175.4
EUR	144.9	148.7	148.3	151.5	140.9	138.9	142.0	147.6	150.9
DKK	19.4	20.0	19.9	20.4	19.0	18.7	19.1	19.9	20.3
SEK	12.6	12.6	13.2	13.6	12.9	13.0	13.7	14.4	14.8
CHF	149.9	151.9	148.8	153.9	147.4	139.5	138.3	142.8	139.3

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

Allocation to Eligible Projects (outstanding amount)

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

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

Thereoff older than 18 months at year end ²	44,950	-	-
Allocation ratio of debt issued more than 18 months old ²	100%	100%	100%
Allocation ratio of debt issued less than 18 months old ³	52%	113%	50%

1. ISK green bonds proceeds can be allocated to green or blue categories as both are based on the ICMA green bond principles.

2. Íslandsbanki is committed to allocating all sustainable funding within 18 months of disbursement.

3. While any proceeds or Sustainability Instruments remain unallocated to Sustainability Loans, Íslandsbanki will temporarily hold or invest any unallocated net proceeds at its own discretion in its liquidity portfolios.

Íslandsbanki strives, over time, to maintain a level of allocation for Eligible Assets which matches or exceeds the balance of net proceeds from its outstanding Sustainability Instruments.

Impact of Eligible Projects for Íslandsbanki's Sustainable Financing Framework 2022

Allocation to Eligible Projects				Selected impact indicators												Avoided greenhouse gas emissions per million ISK	Avoided greenhouse gas emissions per million EUR ⁷
Amount outstanding 31.12.2022	Share of funding	Share of capex ³	Avoided greenhouse gas emissions ⁴	Clean vehicles ⁵	Certified products sold	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	tCO2e	tCO2e	
ISK million	%	%	tCO2e	number of	number of	GWh	number of	tonnes	km	tonnes	number of	number of	number of	number of			
Clean transportation	12,444	100%	100%	4,300	2,112										0.3	51	
Eco-certified products	828	n.a.	100%			58,600											
Renewable energy	6,257	100%	100%	848			97								0.1	20	
Green buildings ¹	16,100	48%	99%				12										
Certified organic farms	776	97%	100%														
Sustainable waste management	772	27%	100%	12,000				7,200							15.5	2,294	
Information and communication technology ²	5,283	35%	100%						6,000								
Sustainable seafood products	25,759	87%	86%							50,500							
Government defined company support	2,757	n.a.	n.a.								391						
Affordable housing	356	100%	100%									60					
Education and vocational training	96	100%	100%										104				
Equality, diversity and empowerment	7,141	n.a.	86%											30			
78,570			90%	17,148													

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 2021 is estimated to be 10.3 gCO2 e/kWh.
5. In addition 131 charging stations and electric bikes were funded.
6. Average loan size ISK 7.1m.
7. EUR/ISK=151.5 on 31.12.2022.

Impact of Eligible Projects for Íslandsbanki's Sustainable Financing Framework 2021

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	Certified products sold	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	tCO2e	tCO2e	
ISK million	%	%	tCO2e	number of	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 farms	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.

Delivering on financial targets in the third quarter

CET1 ratio buffer increased during the quarter

	Target	3Q23
Return on equity	>10%	11.0% ✓
Cost-to-income ratio	<45%	39.0% ✓
CET1 capital buffer	100-300bp	580bp ✓
Dividend-payout-ratio	50%	

Highlights

- Updated ROE guidance for 2023 is towards a range of 10.7-11.7%
- 2023 guidance for C/I ratio remains in the range of 40-45%
- Pillar 2-R requirement lowered from 2.6% to 2.4%
- Current CET1 target range of 16.2-18.2% and optimal operational CET1 capital at 17.2%, based on a 200bp capital buffer
- CET1 requirement will increase by 50bp in 1Q 2024 with an increase in the CCyB

Íslandsbanki credit ratings

Moody's - A3 Stable Outlook

New rating 30 August 2023

Moody's Investor Services (Moody's) also assigned A2 long-term and P-1 short-term foreign and local currency deposit ratings.

Moody's commented on the low and falling level of problem loans, reflective of Iceland's supportive economic environment and adequate liquidity. Moody's also noted that the limited investment banking operations at Íslandsbanki have resulted in better earnings stability compared to peers.

S&P - 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	Moody's
Long-term	BBB	A3
Short-term	A-2	
Outlook	Stable	Stable
Affirmed (date)	July 2022	August 2023

Icelandic sovereign	S&P	Moody's
Long-term	A	A2
Short-term	A-1	
Outlook	Positive	Positive
Affirmed (date)	May 2023	July 2023

Disclaimer

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

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