

Earnings Press Release, 9 February 2022

Arion Bank's financial results for Q4 2021 and for the year 2021

- Arion Bank reports net earnings of ISK 6,522m in Q4 2021
- Return on equity in Q4 was 13.4%, compared with 11.8% in Q4 2020
- Net interest margin of 2.8%, compared with 2.9% in Q4 2020
- Increase in net fee and commission income for sixth quarter in a row
- Core income increased by 14.8%, compared with Q4 2020
- Cost-to-income ratio in Q4 was 51.6%, compared with 44.9% in Q4 2020
- ISK 1.5bn accrued in the quarter due to employee incentive scheme based on performance metrics at year-end. This includes the overarching KPI of achieving higher ROE than domestic competitors on average
- The Bank's total assets increased by 12.0% from year-end 2020
- Dividend payment and share buy-backs amounted to ISK 31.5bn in 2021
- The Bank's total capital ratio was 23.8% and the CET1 ratio was 19.6% on 31 December 2021, taking into account the Board's dividend proposal of ISK 15 per share, equaling ISK 22.5bn dividend payment, and ISK 4.3bn outstanding buyback of own shares. The dividend payout ratio is 79%
- The Bank is very well positioned to distribute capital and meet the funding requirements of its customers
- On 1 July 2021 Arion Bank entered into a definitive agreement on the sale of Valitor hf., subject to the approval of the ICA

Arion Bank reported net earnings of ISK 6,522m in the fourth quarter and ISK 28,615m during the year. Return on equity was 13.4% for the quarter and 14.7% for the year.

Total assets amounted to ISK 1,314bn at the end of the year, compared with ISK 1,173bn at the end of 2020. Loans to customers increased by 13.8% from year-end 2020, with mortgage lending increasing by 22.6% and corporate lending by 5.2%, especially in the fourth quarter. Liquid assets increased by 9.9% despite share buy-backs and dividend payments of ISK 31.5bn in 2021. On the liability side, deposits from customers increased by 15.3% from year-end 2020 and borrowings increased by 19.3%, mainly with new issues of green bonds and covered bonds in euros. Total equity amounted to ISK 195bn at the end of the year. Total equity increased due to net earnings but decreased due to dividend paid and share buybacks.

The Bank's total capital adequacy ratio was 23.8% and the CET1 ratio was 19.6% at the end of the year. These ratios assume a dividend payment of ISK 22.5bn and the remainder of the current buyback program amounting to ISK 4.3bn based on permission from the Financial Supervisory Authority of the Central Bank of Iceland (FSA) from October 2021. The Bank's capital ratios comfortably exceed the requirements set by law and the FSA.

Benedikt Gíslason, CEO of Arion Bank

"Arion Bank performed well in 2021 despite the fact that the global pandemic and resulting restrictions left their mark on the year. The Bank reached all of its operating targets, and we teamed up with our customers on a wide range of stimulating projects and endeavours. The balance sheet remains strong and the capital ratio is 23.8%. The CET 1 ratio was 19.6% at year-end, despite share buybacks and dividends during the year. The Bank's target CET 1 ratio is 17% and the board of directors' proposal on dividends in 2022 is a step in that direction and in line with the Bank's dividend policy. At year-end Icelandic pension funds held close to 47% of shares in Arion Bank and more than 90% of the Bank's shareholders were Icelandic. The number of shareholders were around 11,300 at year end and increased more than 50% during the year.

We strive to be a committed partner delivering shared progress. During the year we worked with numerous companies on exciting engagements such as the IPOs of Arctic Fish, Play, Íslandsbanki and Solid Clouds. The Bank also participated in various loan and advisory transactions with major companies in the pharma, retail, telecom and construction sectors. It was a record year in terms of mortgage lending, with a total of ISK 211bn in mortgages, and the Bank's mortgage portfolio grew by ISK 85bn over the year. Assets under management increased by almost 20% to ISK 1,352bn at year-end. Arion Bank had the highest market share in equities trading on Nasdaq Iceland for the sixth year in a row.

Banks perform a key role in all societies by financing those projects which companies, investors and homes want to undertake. In keeping with the Bank's environment and climate policy, we place a special emphasis on green financing, and during the year we released our first Green Financing Framework which applies to both lending and funding at Arion Bank. The Bank subsequently issued green bonds in Icelandic krónur and euros for a total of ISK



48bn. The first new green loan granted under the framework was a loan of ISK 16bn for Norðurál's investment in a new production line, which will substantially reduce energy consumption when manufacturing aluminium rods and which has a far lower carbon footprint than if the product was manufactured overseas.

We have long been a market leader in Iceland in digital financial services. During the year investing in shares and funds became possible using the Arion app, and the number of equities trades via Arion online banking and the app more than trebled from the previous year. Using the app to manage one's pensions continues to be a highly popular feature of the app, and sales of pension agreements have increased massively. The response to these innovations underlines how our customers appreciate it when we are able to simplify a service which initially appears complex and daunting to many people.

In 2021 Arion Bank ramped up the partnership with our subsidiary Vördur, with Vördur moving into Arion Bank's headquarters at Borgartún 19. Our outstanding digital sales and service channels and shared infrastructure are integral to this partnership. Implementing the bancassurance model enhances and diversifies the range of financial services customers can obtain from Arion Bank, making us the leading one-stop shop on the Icelandic financial services market."

Income Statement

<i>In ISK millions</i>	Q4 2021	Q4 2020	Δ	Δ %	2021	2020	Δ	Δ %
Net interest income	8,768	8,059	709	9%	32,063	31,158	905	3%
Net commission income	4,079	3,116	963	31%	14,673	11,642	3,031	26%
Net insurance income	865	766	99	13%	3,442	3,071	371	12%
Net financial income	1,151	1,362	(211)	(15%)	6,220	2,745	3,475	127%
Other operating income	371	1,410	(1,039)	(74%)	1,827	2,148	(321)	(15%)
Operating income	15,234	14,713	521	4%	58,225	50,764	7,461	15%
Salaries and related expenses	(4,893)	(3,121)	(1,772)	57%	(14,638)	(12,332)	(2,306)	19%
Other operating expenses	(2,974)	(3,486)	512	(15%)	(11,237)	(12,109)	872	(7%)
Operating expenses	(7,867)	(6,607)	(1,260)	19%	(25,875)	(24,441)	(1,434)	6%
Bank levy	(345)	(263)	(82)	31%	(1,516)	(1,301)	(215)	17%
Net impairment	559	74	485	-	3,169	(5,044)	8,213	-
Net earnings before income tax	7,581	7,917	(336)	(4%)	34,003	19,978	14,025	70%
Income tax expense	(1,588)	193	(1,781)	-	(6,782)	(3,231)	(3,551)	110%
Net earnings from cont. operations	5,993	8,110	(2,117)	(26%)	27,221	16,747	10,474	63%
Discontinued operations, net of tax	529	(2,349)	2,878	-	1,394	(4,278)	5,672	-
Net earnings	6,522	5,761	761	13%	28,615	12,469	16,146	129%
KFI's								
Return on equity (ROE)	13.4%	11.8%			14.7%	6.5%		
Return on total assets (ROA)	2.0%	1.9%			2.3%	1.1%		
Earnings per share (in ISK)	4.26	7.26			17.96	7.24		
Cost to income ratio (C/I)	51.6%	44.9%			44.4%	48.1%		
Net interest margin (NIM)	2.8%	2.9%			2.8%	2.9%		
Operating income / REA	7.6%	8.0%			7.6%	7.0%		

Net interest income increased by 8.8% between the fourth quarter of 2021 and 2020. The net interest margin (NIM) as a percentage of average interest-bearing assets was 2.8% during the quarter, compared with 2.9% for the fourth quarter of 2020. The Bank aims to maintain NIM in the range of 2.7% - 2.9%. Interest-bearing assets increased by ISK 120bn or 10% compared with year-end 2020. The Central Bank started to hike the base rate in May 2021 from its lowest rate ever of 0.75% and the base rate ended the year at 2%. This change and the continued focus on returns in lending and funding cost is expected to materialize in higher NIM going forward.

Net commission income increased by 31%, compared with the fourth quarter of 2020. Net commission income was very strong across the Bank with corporate activities and asset management performing well. Income from lending and guarantees continues to be strong, buoyed by an increased focus on capital velocity. Income from asset management increased by 33% from the fourth quarter 2020 through higher AuM and increasing flows into equity funds.

Insurance premiums earned at the insurance company Vördur have been increasing, but volatility in *net insurance income* is mainly due to seasonal fluctuations in the claim rate. The combined ratio for the fourth quarter of 2021 was 97.7%, compared with 96.8% for the same period in 2020. The combined ratio for 2021 was 93.2%, compared with 94.4% in 2020 and is well competitive in the domestic market.

Net financial income was strong with a profit of ISK 1,151m, of which 48% was from Vördur. Equity holdings performed rather well during the quarter due to favorable market conditions and effective management.

Operating expenses increase between years. Additional salary expense is mainly due to ISK 1.5bn accrued in the quarter due to the employee incentive scheme for all employees, with the exception of employees of internal control units. At the end of the year the number of full-time equivalent positions (FTEs) was 751 at the Group and 619 at the Bank, a 3% decrease at Group level compared with year-end 2020. Other operating expenses decreased



between years, mainly IT and housing cost. When excluding the accrued expense due to the incentive scheme the total operating expense decreased by 3.9% from fourth quarter of 2020.

Net impairment is positive by ISK 559m in the fourth quarter of 2021 as the Bank is reversing a part of its impairments. This is partly due to changes in the loan book, with a higher proportion in mortgages instead of corporate loans. IFRS models remain more or less unchanged as the expectation is that the worst is behind us in terms of the economy.

Income tax, as reported in the financial statements, comprises 20% income tax on earnings and a special 6% financial tax on the earnings of financial undertakings of more than ISK 1bn. The effective income tax rate was 20.9% for the quarter. In general, the combination of income is the main driver behind the fluctuation in the effective tax rate.

Discontinued operations held for sale comprise the operating results of the subsidiary Valitor hf. and valuation changes of the underlying assets of the subsidiaries Stakksberg ehf. and Sólbjarg ehf. The impact of HFS assets is positive in the quarter, mainly due to the positive effect from operations at Valitor and to a profit from the sale of assets at Sólbjarg. Valitor reported net earnings of ISK 320m in 2021 whereas Valitor's positive contribution to the Group, after taking into account the Group's eliminations, was ISK 903m.

Balance sheet

The balance sheet increased by 12% from year-end 2020. The liquidity position remains very strong despite ISK 31.5bn capital distribution through dividends and buybacks of own shares.

<i>In ISK millions</i>	31.12.2021	31.12.2020	Δ	Δ %	30.09.2021	Δ	Δ %
Cash & balances with CB	69,057	42,136	26,921	64%	70,136	(1,079)	(2%)
Loans to credit institutions	30,272	28,235	2,037	7%	30,376	(104)	(0%)
Loans to customers	936,237	822,941	113,296	14%	896,940	39,297	4%
Financial instruments	225,657	227,251	(1,594)	(1%)	249,979	(24,322)	(10%)
Intangible assets	9,463	9,689	(226)	(2%)	9,732	(269)	(3%)
Assets and disposal groups HFS	16,047	16,811	(764)	(5%)	16,775	(728)	(4%)
Other assets	27,131	25,643	1,488	6%	72,154	(45,023)	(62%)
Total assets	1,313,864	1,172,706	141,158	12%	1,346,092	(32,228)	(2%)

KFI's

REA / Total assets	61.9%	63.6%	58.0%
Share of stage 3 loans, gross	1.9%	2.8%	2.6%

Assets

Loans to customers increased by 13.8% from the end of 2020. Loans to retail customers increased by 21.5% during the year, with mortgages being the main factor. At year-end approximately 50% of the loan portfolio are mortgages to individuals, up from 46% at the end of 2020. Loans to corporate customers increased by 5.2% during 2021, especially in the last quarter and demand for new corporate lending is significant. As in 2020, there was significant turnover in the loan book in 2021, both in the form of refinancing and new loans. Proportionally, the largest change remained in the mortgage portfolio to individuals, as the majority of mortgage loans are new or were refinanced in the last two years. The same can be said for corporate loans, where both refinancing and new loans were substantial. The health of the loan book improved significantly during the year. The proportion of problem loans, defined as loans with special write-downs, was 1.9% at the end of 2021 and decreased from 2.6% at the end of 2020.

The Bank's liquidity position is very strong with the total LCR ratio at 203% and the ISK LCR ratio at 136%. This is reflected in the strong position in *Cash and balances with Central Bank*, *Loans to credit institutions* and *Financial assets*, including bonds and debt instruments.

Assets and disposal groups held for sale comprise the subsidiaries Valitor ehf., Stakksberg ehf. and Sólbjarg ehf. The impact of HFS assets is positive in 2021, mainly due to positive effect from operation at Valitor and profit from sale of assets at Sólbjarg. On 1 July 2021 Arion Bank entered into a definitive agreement regarding the sale of Valitor hf. for a purchase price of USD 100m. The transaction is subject to regulatory approval and the parties have agreed on a deadline for obtaining this approval of 1 May 2022. Should the sale not be finalized due to the failure to obtain regulatory approval, the risk shall be borne by the buyer, valid for two years. Arion Bank expects to recognize a net profit of approximately ISK 3.5bn from the sale when all conditions precedent have been met. The sale agreement for Valitor hf. does not affect the financial statements for 2021, in accordance with IFRS.



Liabilities and equity

In ISK millions	31.12.2021	31.12.2020	Δ	Δ %	30.09.2021	Δ	Δ %
Due to credit institutions & CB	5,000	13,031	(8,031)	(62%)	8,484	(3,484)	(41%)
Deposits from customers	655,476	568,424	87,052	15%	641,306	14,170	2%
Other liabilities	50,130	42,217	7,913	19%	52,362	(2,232)	(4%)
Borrowings	356,637	298,947	57,690	19%	397,031	(40,394)	(10%)
Subordinated liabilities	35,088	36,060	(972)	(3%)	35,477	(389)	(1%)
Liabilities associated w/disposal groups HFS	16,935	16,182	753	5%	16,852	83	0%
Total liabilities	1,119,266	974,861	144,405	15%	1,151,512	(32,246)	(3%)
Shareholders equity	193,925	197,672	(3,747)	(2%)	193,900	25	0%
Non-controlling interest	673	173	500	289%	680	(7)	(1%)
Total equity	194,598	197,845	(3,247)	(2%)	194,580	18	0%
Total liabilities and equity	1,313,864	1,172,706	141,158	12%	1,346,092	(32,228)	(2%)

KFI's

Loans to Deposits ratio	142.8%	144.8%	139.9%
CET1 ratio	19.6%	22.3%	20.9%
Capital adequacy ratio	23.8%	27.0%	25.4%

Deposits from customers remain the most important source of funding for Arion Bank and a greater focus on deposit funding has resulted in a significant increase. The increase is in all the main classes i.e. from individuals, SME's and corporates, which increased by 15.3% in 2021.

The increase in *borrowings* from the end of 2020 is due the Bank's inaugural green bond issue, with a EUR 300m 4-year transaction in July, and a EUR 300m 5-year covered bond at the end of September, an issuance which marks the first international covered bond from an Icelandic bank. The covered bond was sold at a 0.27% spread over interbank rates, which is the best funding spread that any Icelandic entity, including the Treasury of Iceland, has achieved in the international markets since the Bank was established 13 years ago.

Shareholders' equity decreased due to dividend payment and purchase of own shares, in total ISK 31.5 bn, which is partly offset by the net earnings for the year of ISK 28.6 bn. The leverage ratio was 12.6% at the end of December, compared with 15.1% at the end of 2020, which is very high in international comparison. At year-end the Group had ISK 21.0bn in excess of the Group's target CET1 ratio of 17%, in addition to the foreseeable equity release of ISK 26.8bn.

For further information on the accounts please visit Arion Bank's [website](#).

Financial targets

In December Arion Bank announced new financial targets following the updating of its 5-year business plan. The main changes were that the ROE target has been increased from 10% to 13% and the ratio of operating income to risk-weighted assets was increased from 6.7% to 7.3%. A new target was added which is that insurance premiums earned will outgrow the growth rate on the Icelandic insurance market by 3 percentage points. The other targets remain largely unchanged.

	Previous target	New target
<i>Return on equity</i>	Exceed 10%	Exceed 13%
<i>Operating income / REA</i>	Exceed 6.7%	Exceed 7.3%
<i>Insurance premium growth</i>	-	Premium growth (net of reinsurance) to exceed the growth of the domestic market by more than 3 percentage points
<i>Loan growth</i>	The loan book will grow in line with economic growth, with growth in mortgage lending expected to outpace corporate lending	In line with nominal economic growth
<i>Cost-to-income ratio</i>	Below 45%	Below 45%
<i>CET1 ratio</i>	~17%	~17%
<i>Dividend payout ratio</i>	50%	50%



Investor meeting / webcast on 10 February at 9:30 CET (8:30 GMT)

Arion Bank will be hosting a meeting / webcast at the Bank's headquarters in Borgartún 19, Reykjavík, on Thursday 10 February at 9:30 CET (8:30 GMT) where CEO Benedikt Gíslason and CFO Ólafur Hrafn Höskuldsson will present the results and Chief Economist Erna Björg Sverrisdóttir will give an update on the economic environment. The webcast will take place in English and will be streamed live.

The webcast will be accessible live on financialhearings.com and a link is also available on the Bank's website under [Investor Relations](#).

Participants will be able to ask questions during the meeting through a message board, located below the video feed. Answers will be provided by presenters at the end of the webcast.

For any further information please contact Theodór Fridbertsson, [Head of IR](#), tel.+354 856 6760, or Haraldur Gudni Eidsson, [Head of Corporate Communications](#), tel. +354 856 7108.

Financial calendar

The Bank's Financial Statements are scheduled for publication as stated below. The calendar may be subject to change.

Annual and sustainability report 2021 published	16 February 2022
AGM 2022	16 March 2022
Q1 2022 Financial results	4 May 2022
Q2 2022 Financial results	27 July 2022
Q3 2022 Financial results	26 October 2022

This is information that Arion Bank hf. is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out above.

Forward-looking statements

This release contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. The information in the release is based on company data available at the time of the release. Although Arion Bank believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors. The most important factors that may cause such a difference for Arion Bank include, but are not limited to: a) the macroeconomic development, b) change in inflation, interest rate and foreign exchange rate levels, c) change in the competitive environment and d) change in the regulatory environment and other government actions. This release does not imply that Arion Bank has undertaken to revise any forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes after the date when this release was made. Arion Bank assumes no responsibility or liability for any reliance on any of the information contained herein. It is prohibited to distribute or publish any information in this release without Arion Bank's prior written consent.



Consolidated Income Statement Q4 2021 overview



Consolidated Income Statement - Q4 2021 overview

	Notes	Q4 2021	Q4 2020
Interest income		15,223	12,707
Interest expense		(6,456)	(4,647)
Net interest income	A	8,767	8,060
Fee and commission income		4,662	3,529
Fee and commission expense		(583)	(414)
Net fee and commission income	B	4,079	3,115
Net insurance income	C	865	766
Net financial income	D	1,151	1,362
Share of loss of associates		(11)	(22)
Other operating income	E	382	1,431
Other net operating income		2,387	3,537
Operating income		15,233	14,712
Salaries and related expenses	F	(4,893)	(3,121)
Other operating expenses	G	(2,972)	(3,486)
Operating expenses		(7,865)	(6,607)
Bank levy		(345)	(263)
Net impairment	H	559	74
Earnings before income tax		7,582	7,916
Income tax expense	I	(1,588)	194
Net earnings from continuing operations		5,994	8,110
Discontinued operations held for sale, net of income tax	J	528	(2,349)
Net earnings		6,522	5,761
Attributable to			
Shareholders of Arion Bank hf.		6,528	5,760
Non-controlling interest		(6)	1
Net earnings		6,522	5,761



Notes to the Consolidated Income Statement - Q4 overview

A. Net interest income

Q4 2021	Amortized cost	Fair value thr. P/L	Fair value thr. OCI	Total
<i>Interest income</i>				
Cash and balances with Central Bank	188	-	-	188
Loans to credit institutions	8	14	-	22
Loans to customers	13,908	-	-	13,908
Securities	-	406	652	1,058
Other	47	-	-	47
Interest income	14,151	420	652	15,223
<i>Interest expense</i>				
Deposits	(2,323)	-	-	(2,323)
Borrowings	(3,604)	-	-	(3,604)
Subordinated liabilities	(498)	-	-	(498)
Other	(31)	-	-	(31)
Interest expense	(6,456)	-	-	(6,456)
Net interest income	7,695	420	652	8,767

Q4 2020				
<i>Interest income</i>				
Cash and balances with Central Bank	132	-	-	132
Loans to credit institutions	41	-	-	41
Loans to customers	11,442	-	-	11,442
Securities	-	353	720	1,073
Other	19	-	-	19
Interest income	11,634	353	720	12,707
<i>Interest expense</i>				
Deposits	(1,209)	-	-	(1,209)
Borrowings	(2,938)	-	-	(2,938)
Subordinated liabilities	(475)	-	-	(475)
Other	(25)	-	-	(25)
Interest expense	(4,647)	-	-	(4,647)
Net interest income	6,987	353	720	8,060

<i>Interest spread</i>	Q4 2021	Q4 2020
Interest spread (the ratio of net interest income to the average carrying amount of interest bearing assets)	2.8%	2.9%

B. Net fee and commission income

	Q4 2021			Q4 2020		
	Income	Expense	Net income	Income	Expense	Net income
Asset management	1,481	(179)	1,302	1,095	(115)	980
Capital markets and corporate finance	677	(16)	661	473	(9)	464
Lending and financial guarantees	1,338	-	1,338	1,072	-	1,072
Collection and payment services	416	(24)	392	330	(25)	305
Cards and payment solution	494	(148)	346	374	(63)	311
Other	256	(216)	40	185	(202)	(17)
Net fee and commission income	4,662	(583)	4,079	3,529	(414)	3,115

C. Net insurance income

	Q4 2021	Q4 2020
<i>Earned premiums, net of reinsurers' share</i>		
Premiums written	2,976	2,589
Premiums written, reinsurers' shares	(118)	(149)
Change in provision for unearned premiums	502	534
Earned premiums, net of reinsurers' share	3,360	2,974
<i>Claims incurred, net of reinsurers' share</i>		
Claims paid	(2,179)	(2,022)
Claims paid, reinsurers' share	28	149
Change in provision for claims	(296)	(209)
Changes in provision for claims, reinsurers' share	(48)	(126)
Claims incurred, net of reinsurers' share	(2,495)	(2,208)
Net insurance income	865	766

D. Net financial income

Net gain on financial assets and financial liabilities mandatorily measured at fair value through profit or loss	1,336	2,799
Net loss on buy back of issued bonds	-	(779)
Net loss on fair value hedge of interest rate swap	(187)	(67)
Realized gain on financial assets carried at fair value through OCI	(114)	(87)
Net foreign exchange (loss) gain	116	(504)
Net financial income	1,151	1,362
<i>Net gain on financial assets and financial liabilities mandatorily measured at fair value through profit or loss</i>		
Equity instruments	1,144	3,055
Debt instruments	62	(308)
Derivatives	130	52
Net gain on financial assets and financial liabilities mandatorily measured at fair value through profit or loss	1,336	2,799
<i>Net loss on fair value hedge of interest rate swap</i>		
Fair value change of interest rate swaps designated as hedging instruments	(1,217)	(161)
Fair value change on bonds issued by the Group attributable to interest rate risk	1,030	94
Net loss on fair value hedge of interest rate swap	(187)	(67)

E. Other operating income

Fair value changes on investment property	-	580
Realised gain on investment property	-	327
Net gain on disposal of assets	262	322
Net gain on assets held for sale	39	148
Other income	81	54
Other operating income	382	1,431
<i>Net gain on assets held for sale</i>		
Income from real estates and other assets	43	176
Expense related to real estates and other assets	(4)	(28)
Net gain on assets held for sale	39	148

F. Salaries and related expenses

	Q4 2021	Q4 2020
<i>Salaries and related expenses</i>		
Salaries	2,602	2,647
Incentive scheme	1,215	-
Share-based payment expense	27	-
Defined contribution pension plans	565	392
Salary-related expenses	484	230
Capitalization of salaries due to implementation of core systems	-	(148)
Salaries and related expenses	4,893	3,121

G. Other operating expenses

IT expenses	1,131	1,482
Professional services	281	277
Housing expenses	177	411
Other administration expenses	622	671
Depositors' and Investors' Guarantee Fund	147	128
Depreciation of property and equipment	150	222
Depreciation of right of use asset	34	35
Amortization of intangible assets	430	260
Other operating expenses	2,972	3,486

H. Net impairment

Net impairment on financial instruments and value changes on loans

Net impairment on loans to customers and financial institutions	479	(91)
Net impairment on other financial instruments at FVOCI	(1)	2
Other value changes of loans - corporates	8	8
Other value changes of loans - individuals	73	155
Net impairment	559	74

Net impairment by customer type

Financial institutions	37	(1)
Individuals	222	1,107
Corporates	300	(1,032)
Net impairment	559	74

Increase in book value of loans to individuals and corporates is mainly due to release of discount from loans acquired with discount during the years 2008 to 2013, both due to impairments and other discount rate than reflected in the interest rates of the loans. The discount release was primarily related to loans that were paid up or sold during the period.

I. Income tax expense

	Q4 2021	Q4 2020
Current tax expense	1,644	104
Deferred tax expense	(56)	(298)
Income tax expense	1,588	(194)

J. Discontinued operations held for sale, net of income tax

	Q4 2021	Q4 2020
Net loss from discontinued operations held for sale	554	(2,307)
Income tax expense	(26)	(42)
Discontinued operations held for sale, net of income tax	528	(2,349)
Valitor hf.	433	(446)
Stakksberg ehf.	(156)	(1,819)
Sólbjarg ehf.	251	(84)
Discontinued operations held for sale, net of income tax	528	(2,349)