



Arion Bank Factbook 30 September 2023

Unaudited

KFI - 5 years

ISK million

9M 2023 9M 2022 9M 2021 9M 2020 9M 2019

Profitability

Return on equity	13.9%	15.2%	15.2%	4.7%	2.6%
Return on assets	1.7%	2.0%	2.4%	0.8%	0.4%
Return on risk exposure amount	2.9%	3.2%	3.9%	1.2%	0.7%
Operating income / Risk exposure amount	7.1%	6.5%	7.6%	6.7%	6.2%
Earnings per share	13.40	10.65	13.68	3.90	2.14

Net interest margin

Net interest margin on interest bearing assets	3.1%	3.1%	2.7%	2.9%	2.7%
Net interest margin on total assets	3.0%	2.9%	2.5%	2.6%	2.5%
Net interest income on credit risk	5.6%	5.4%	4.8%	5.0%	4.5%

Efficiency

Cost-to-core income ratio*	41.4%	42.0%	49.4%	52.6%	63.6%
Cost-to-income ratio*	41.9%	45.9%	41.9%	49.5%	56.3%
Cost-to-total assets ratio	1.8%	1.8%	2.0%	2.0%	2.3%
Number of FTE´s at year end	800	777	763	783	802

Asset quality

Share of stage 3 loans, gross**	1.6%	1.4%	2.6%	3.2%	2.5%
Risk weighted assets / Total assets	58.9%	61.0%	58.0%	58.9%	62.2%

Financial strength

Equity as % of total assets	12.5%	13.1%	14.5%	15.6%	16.2%
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Liquidity

Liquidity coverage ratio (LCR)	179.1%	189.3%	221.0%	212.6%	246.4%
Loans-to-deposits ratio	141.8%	141.2%	139.9%	134.0%	159.9%
Loans-to-deposits ratio (without covered bonds)	112.5%	113.1%	106.6%	108.6%	118.8%
Deposits from customers as % of total funding	65.7%	66.0%	61.3%	65.3%	54.9%
Covered bonds as % of total funding	19.2%	18.6%	20.3%	16.6%	22.5%

Capital

CET 1 ratio	19.4%	19.3%	20.3%	22.5%	21.6%
Tier 1 ratio	20.5%	20.5%	22.1%	24.5%	21.5%
Tier 2 ratio	3.9%	2.5%	3.2%	3.1%	2.0%
Capital adequacy ratio	24.4%	23.1%	25.4%	27.6%	23.5%
Leverage ratio	11.8%	12.0%	12.4%	14.3%	12.8%

*Including expenses from insurance operations

** (Gross carrying value of stage 3 loans + gross carrying value of POCI loans in Risk class 4 or lower) / Gross carrying value of loans to customers

Income statement - 5 year summary

ISK million

	9M 2023	9M 2022	9M 2021	9M 2020	9M 2019
Interest income	90,655	61,482	38,734	39,024	45,001
Interest expense	(57,317)	(31,904)	(15,439)	(15,925)	(22,377)
Net interest income	33,338	29,578	23,295	23,099	22,624
Fee and commission income	15,238	13,731	12,044	9,695	8,425
Fee and commission expense	(2,752)	(1,536)	(1,450)	(1,169)	(1,090)
Net fee and commission income	12,486	12,195	10,594	8,526	7,335
Insurance revenue	12,655	11,167	-	-	-
Insurance service expenses	(12,219)	(10,320)	-	-	-
Insurance service results	436	847	-	-	-
Net insurance income	-	-	2,577	2,305	2,163
Net financial (loss) income	(4)	(3,234)	5,069	1,383	2,723
Other operating income	1,613	1,262	1,456	716	1,397
Other net operating income / loss	1,609	(1,972)	9,102	4,404	6,283
Operating income	47,869	40,648	42,991	36,029	36,242
Operating expenses	(17,871)	(16,855)	-	-	-
Salaries and related expense	-	-	(9,745)	(9,211)	(11,565)
Other operating expenses	-	-	(8,263)	(8,623)	(8,855)
Operating expenses	(17,871)	(16,855)	(18,008)	(17,834)	(20,420)
Bank Levy	(1,374)	(1,253)	(1,171)	(1,038)	(2,627)
Net impairment	(1,361)	(267)	2,610	(5,118)	(1,585)
Earnings before income tax	27,263	22,273	26,422	12,039	11,610
Income tax expense	(7,787)	(8,189)	(5,194)	(3,424)	(2,791)
Net earnings from continuing operations	19,476	14,084	21,228	8,615	8,819
Discontinued operations held for sale, net of income tax	37	6,909	865	(1,929)	(4,974)
Net earnings	19,513	20,993	22,093	6,686	3,845
Attributable to					
Shareholders of Arion Bank	19,511	20,986	22,086	6,716	3,875
Non-controlling interest	2	7	7	20	-
Net earnings	19,513	20,993	22,093	6,736	3,875

Balance sheet - 5 year summary

ISK million

30.09.2023 31.12.2022 31.12.2021 31.12.2020 31.12.2019

Assets

Cash and balances with Central Bank	80,288	114,118	69,057	42,136	95,717
Loans to credit institutions	51,302	45,501	30,272	28,235	17,947
Loans to customers	1,143,473	1,084,757	936,237	822,941	773,955
Financial instruments	221,012	193,329	225,657	227,251	117,406
Investment property	9,461	7,862	6,560	6,132	7,119
Investments in associates	844	787	668	891	852
Intangible assets	8,289	8,783	9,463	9,689	8,367
Tax assets	427	135	2	2	2
Asset and disposal groups held for sale	61	61	16,047	16,811	43,626
Other assets	25,512	10,277	16,747	18,618	16,865
Total assets	1,540,669	1,465,610	1,310,710	1,172,706	1,081,856

Liabilities

Due to credit institutions and Central Bank	13,144	11,697	5,000	13,031	5,984
Deposits	806,331	755,361	655,476	568,424	492,916
Financial liabilities at fair value	16,908	20,997	5,877	5,240	2,570
Tax liabilities	13,499	10,303	7,102	4,262	4,404
Liabilities associated with disposal groups held for sale	-	-	16,935	16,183	28,631
Other liabilities	43,479	39,401	34,914	32,714	32,698
Borrowings	407,895	392,563	356,637	298,947	304,745
Subordinated liabilities	46,853	47,331	35,088	36,060	20,083
Total liabilities	1,348,109	1,277,653	1,117,029	974,861	892,031

Equity

Share capital and share premium	10,604	13,372	22,684	51,331	55,715
Other reserves	11,785	10,672	12,838	11,320	9,493
Retained earnings	169,510	163,264	157,486	135,021	124,436
Total shareholders equity	191,899	187,308	193,008	197,672	189,644
Non-controlling interest	661	649	673	173	181
Total equity	192,560	187,957	193,681	197,845	189,825
Total liabilities and equity	1,540,669	1,465,610	1,310,710	1,172,706	1,081,856

Net interest income - 5 year summary

ISK million	9M 2023	9M 2022	9M 2021	9M 2020	9M 2019
Interest income					
Cash and balances with Central bank	4,063	2,106	385	1,304	3,092
Loans	81,993	56,952	35,236	35,509	40,892
Securities	4,585	2,652	2,971	2,065	892
Other	14	5	141	146	125
Interest income	90,655	61,715	38,733	39,024	45,001
Interest expense					
Deposits	(33,342)	(15,886)	(4,497)	(5,435)	(9,502)
Borrowings	(20,296)	(14,398)	(9,461)	(9,092)	(12,517)
Subordinated liabilities	(3,557)	(1,724)	(1,393)	(1,305)	(267)
Other	(122)	(129)	(87)	(93)	(91)
Interest expense	(57,317)	(32,137)	(15,438)	(15,925)	(22,377)
Net interest income	33,338	29,578	23,295	23,099	22,624
Interest bearing assets					
Cash and balances with Central Bank	80,288	68,149	70,136	87,517	121,554
Loans	1,194,775	1,097,795	927,316	847,350	844,247
Securities	179,737	164,915	195,017	202,783	132,708
Interest bearing assets	1,454,800	1,330,859	1,192,469	1,137,650	1,098,509
Interest bearing liabilities					
Due to credit institutions and Central Bank	13,144	5,099	8,484	10,802	8,292
Deposits	806,331	739,969	641,306	602,842	508,254
Financial liabilities at fair value	16,908	21,800	5,675	3,983	2,295
Borrowings	407,895	376,540	397,031	308,913	409,563
Subordinated liabilities	46,853	34,089	35,477	36,867	15,042
Interest bearing liabilities	1,291,131	1,177,497	1,087,973	963,407	943,446
Interest Gap	163,669	153,362	104,496	174,243	155,063
Net interest margin on interest bearing assets	3.1%	3.1%	2.7%	2.9%	2.7%

Loans to customers - 5 year summary

ISK million

30.09.2023 31.12.2022 31.12.2021 31.12.2020 31.12.2019

Loans to customers

Individuals	601,463	582,371	526,498	433,336	368,569
Corporates	542,010	502,386	409,739	389,605	405,386
Total loans to customers	1,143,473	1,084,757	936,237	822,941	773,955

Ratios:

Share of stage 3 loans, gross*	1.6%	1.2%	1.9%	2.6%	2.7%
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* (Gross carrying value of stage 3 loans + gross carrying value of POCI loans in Risk class 4 or lower) / Gross carrying value of loans to customers

Loans to individuals

Overdrafts	14,059	14,893	14,255	12,875	14,421
Credit cards	14,179	14,304	13,192	12,260	13,028
Mortgage loans	541,219	514,007	463,895	378,554	310,562
Other loans	34,393	40,942	37,044	32,122	33,105
Provision on loans	(2,387)	(1,775)	(1,888)	(2,475)	(2,547)
Total loans to individuals	601,463	582,371	526,498	433,336	368,569

Loans to customers - 5 year summary

ISK million

30.09.2023 31.12.2022 31.12.2021 31.12.2020 31.12.2019

Loans to corporates

Overdrafts	39,813	33,369	18,301	15,471	18,709
Credit cards	2,054	1,838	1,449	1,086	1,373
Mortgage loans	65,583	60,528	41,588	32,175	23,475
Other loans	440,811	411,792	354,113	350,455	368,453
Provision on loans	(6,251)	(5,141)	(5,712)	(9,582)	(6,624)
Total loans to corporates	542,010	502,386	409,739	389,605	405,386

Loans to corporates specified by sector:

Agriculture and forestry	2.2%	2.3%	2.5%	2.1%	1.9%
Services	3.9%	3.8%	4.2%	3.4%	4.3%
Financial and insurance activities	7.7%	8.2%	11.2%	9.2%	8.3%
Industry, energy and manufacturing	9.7%	8.8%	6.8%	8.0%	9.8%
Information and communication technology	4.9%	4.9%	4.1%	5.3%	4.7%
Public administration, human health and social activities	2.4%	2.1%	1.7%	1.7%	2.1%
Real estate activities and construction	34.8%	31.9%	31.1%	32.8%	32.0%
Fishing industry	16.6%	18.2%	19.1%	20.9%	20.5%
Transportation	1.5%	2.8%	3.5%	3.3%	2.7%
Wholesale and retail trade	16.3%	16.9%	15.9%	13.2%	13.6%
	100.0%	100.0%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million

30.09.2023 31.12.2022 31.12.2021 31.12.2020 31.12.2019

Capital base:

Total equity	192,560	187,956	193,681	197,845	189,825
Deductions related to the consolidated situation	-	-	-	-	(10,159)
Unaudited interim net earnings	-	-	-	-	-
Non-controlling interest not eligible for inclusion in CET 1 capital	(661)	(649)	(673)	(173)	(181)

Common Equity Tier 1 capital before regulatory adjustments

Intangible assets	(7,073)	(6,425)	(8,435)	(13,092)	(10,604)
Tax assets	-	-	-	-	(296)
Foreseeable dividend	(6,683)	(15,980)	(26,773)	(17,990)	(14,153)
Adjustment under IFRS 9 transitional arrangements	1,041	1,142	920	1,890	-
Other statutory deductions	(247)	(224)	(437)	(2,520)	(1,740)

Common equity Tier 1 capital

Non-controlling interest eligible for inclusion in CET1 capital	115	105	133	173	181
Additional Tier 1 capital	12,932	13,396	13,225	13,498	-

Tier 1 capital

Tier 2 instruments	33,921	33,935	21,863	22,562	20,083
Tier 2 instruments of financial sector entities (signif. invest.)	(1,242)	(1,155)	(1,056)	(1,007)	-
General credit risk adjustments	-	-	-	-	-

Tier 2 Capital

Total own funds	224,663	212,101	192,448	201,186	172,956
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Risk weighted exposure amount (REA)

Credit Risk, loans*	737,824	707,479	623,395	570,554	561,602
Credit Risk, securities and other	55,066	57,651	69,553	60,813	49,163
Counterparty credit risk	12,567	14,645	7,761	3,462	3,347
Market Risk due to currency imbalance	1,907	1,387	4,691	8,569	10,070
Market Risk Other	7,165	7,493	8,958	13,063	10,609
Credit valuation adjustment	3,494	6,010	2,379	842	1,477
Operational Risk	89,166	89,166	96,085	88,462	83,487
Total risk weighted exposure amount	907,189	883,831	812,822	745,765	719,755

Capital ratios*

CET 1 ratio	19.4%	18.8%	19.6%	22.3%	21.2%
Tier 1 ratio	20.5%	20.3%	21.2%	24.1%	21.2%
Capital adequacy ratio	24.4%	24.0%	23.8%	27.0%	24.0%

Leverage ratio

On-balance sheet exposures	1,490,781	1,415,353	1,256,916	1,114,450	1,022,521
Derivative exposures	23,872	32,118	4,796	9,124	10,217
Securities financing transaction exposures	10,020	10,174	720	512	577
Off-balance sheet exposures	52,682	59,723	102,016	65,425	52,299

Total exposure

Total exposure	1,577,355	1,517,368	1,364,448	1,189,511	1,085,614
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Tier 1 capital

Tier 1 capital	191,984	179,321	171,641	179,631	152,873
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Leverage ratio

Leverage ratio	12.2%	11.8%	12.6%	15.1%	14.1%
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Related ratios

Return on REA	2.9%	3.0%	3.7%	1.7%	0.1%
REA/Total assets	58.9%	60.1%	61.9%	63.6%	66.5%

*Capital ratios include interim profit

Arion Bank Factbook

Quarter summaries



KFI - 9 Quarters

ISK million

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Profitability									
Return on equity	12.9%	15.5%	13.7%	10.6%	10.9%	22.6%	12.9%	13.4%	17.0%
Return on assets	1.6%	1.9%	1.7%	1.4%	1.4%	2.9%	1.8%	2.0%	2.6%
Return on risk exposure amount	2.7%	3.1%	2.8%	2.3%	2.3%	4.5%	2.8%	3.3%	4.3%
Operating income / Risk exposure amount	6.6%	7.6%	7.3%	7.1%	6.4%	6.1%	6.9%	7.6%	7.8%
Net interest margin									
Net interest margin on interest bearing assets	3.0%	3.2%	3.1%	3.1%	3.2%	3.1%	3.1%	2.8%	2.7%
Net interest margin on total assets	2.9%	3.0%	3.0%	3.0%	3.0%	2.9%	2.9%	2.6%	2.5%
Net interest income on credit risk	5.5%	5.8%	5.6%	5.6%	5.5%	5.3%	5.3%	5.1%	4.9%
Efficiency									
Cost-to-core income ratio*	38.2%	39.4%	46.8%	53.4%	37.5%	42.0%	47.4%	47.6%	57.4%
Cost-to-income ratio	40.3%	38.9%	46.8%	56.2%	43.0%	50.7%	44.2%	51.6%	37.5%
Cost-to-total assets ratio	1.6%	1.8%	2.0%	2.3%	1.7%	2.0%	1.9%	2.4%	1.7%
Number of FTE´s at period end	800	781	789	781	777	746	753	751	763
Asset quality									
Share of stage 3 loans, gross**	1.6%	1.6%	1.4%	1.2%	1.4%	1.4%	1.6%	1.9%	2.6%
Risk weighted assets / Total assets	58.9%	60.1%	60.4%	60.2%	61.0%	62.3%	64.9%	62.0%	58.0%

*Including expenses from insurance operations

** (Gross carrying value of stage 3 loans + gross carrying value of POCI loans in Risk class 4 or lower) / Gross carrying value of loans to customers

KFI - 9 Quarters

ISK million	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Financial strength									
Equity as % of total assets	12.5%	12.3%	12.0%	12.8%	13.1%	13.2%	12.9%	14.8%	14.5%
Liquidity									
Liquidity coverage ratio (LCR)	179.1%	162.9%	173.6%	158.5%	189.3%	163.2%	195.4%	202.8%	221.0%
Loans-to-deposits ratio	141.8%	145.2%	143.8%	143.6%	141.2%	139.0%	143.6%	142.8%	139.9%
Loans-to-deposits ratio (without covered bonds)	112.5%	115.4%	114.4%	115.4%	113.1%	107.8%	110.1%	111.8%	106.6%
Deposits from customers as % of total funding	65.7%	64.6%	65.1%	65.1%	66.0%	66.4%	64.5%	64.4%	61.3%
Covered bonds as % of total funding	19.2%	19.3%	19.1%	18.4%	18.6%	20.8%	21.6%	20.0%	20.3%
Capital**									
CET 1 ratio	19.4%	18.9%	18.6%	18.8%	19.3%	19.7%	18.6%	19.6%	20.3%
Tier 1 ratio	20.5%	20.4%	20.1%	20.3%	20.5%	20.9%	19.7%	21.2%	22.1%
Tier 2 ratio	3.9%	3.5%	3.6%	3.7%	2.5%	2.6%	2.7%	2.6%	-
Capital adequacy ratio	24.6%	23.8%	23.9%	24.0%	23.3%	23.2%	22.4%	23.5%	25.4%
Leverage ratio	11.8%	11.7%	11.3%	11.8%	12.0%	12.7%	12.5%	12.6%	12.4%

Income statement - 9 quarter summary

ISK million

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Interest income	30,426	31,060	29,169	21,904	23,446	20,610	17,426	15,224	12,810
Interest expense	(19,508)	(19,634)	(18,175)	(11,198)	(13,089)	(10,865)	(7,950)	(6,456)	(4,873)
Net interest income	10,918	11,426	10,994	10,706	10,357	9,745	9,476	8,768	7,937
Fee and commission income	4,765	5,187	5,286	4,849	4,773	4,972	3,986	4,662	4,219
Fee and commission expense	(917)	(1,000)	(835)	(776)	(716)	(390)	(430)	(583)	(464)
Net fee and commission income	3,848	4,187	4,451	4,073	4,057	4,582	3,556	4,079	3,755
Insurance revenue	4,450	4,207	3,998	4,096	3,739	3,736	3,692	-	-
Insurance service expenses	(4,055)	(3,445)	(4,719)	(4,200)	(3,252)	(2,812)	(4,256)	-	-
Insurance service results	395	762	(721)	(104)	487	924	(564)	-	-
Net insurance income	-	-	-	-	-	-	-	865	992
Net financial (loss) income	(183)	(617)	796	(58)	(1,476)	(2,878)	1,120	1,151	1,366
Other operating income	8	1,586	19	61	98	732	432	371	840
Other net operating income / loss	(175)	969	815	3	(1,378)	(2,146)	1,552	2,387	3,198
Operating income	14,986	17,344	15,539	14,678	13,523	13,105	14,020	15,234	14,890
Operating expenses	(5,392)	(6,009)	(6,470)	(7,474)	(5,222)	(6,056)	-	-	-
Salaries and related expense	-	-	-	-	-	-	(3,540)	(4,893)	(2,899)
Other operating expenses	-	-	-	-	-	-	(2,661)	(2,974)	(2,689)
Operating expenses	(5,392)	(6,009)	(6,470)	(7,474)	(5,222)	(6,056)	(6,201)	(7,867)	(5,588)
Bank Levy	(468)	(457)	(449)	(496)	(444)	(416)	(393)	(345)	(486)
Net impairment	(741)	(568)	(52)	411	42	186	(495)	559	718
Earnings before income tax	8,385	10,310	8,568	7,119	7,899	6,819	6,931	7,581	9,534
Income tax expense	(2,274)	(3,226)	(2,287)	(1,788)	(2,885)	(3,588)	(1,716)	(1,588)	(1,920)
Net earnings from continuing operations	6,111	7,084	6,281	5,331	5,014	3,231	5,215	5,993	7,614
Discontinued operations held for sale, net of income tax	20	7	10	(366)	(6)	6,819	96	529	624
Net earnings	6,131	7,091	6,291	4,965	5,008	10,050	5,311	6,522	8,238
Attributable to									
Shareholders of Arion Bank	6,136	7,091	6,043	5,345	4,863	10,160	5,812	6,521	8,238
Non-controlling interest	(5)	-	7	6	-	7	6	1	-
Net earnings	6,131	7,091	6,050	5,351	4,863	10,167	5,818	6,522	8,238

Balance sheet - 9 quarter summary

ISK million

30.09.2023 30.06.2023 31.03.2023 31.12.2022 30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021

Assets

Cash and balances with Central Bank	80,288	76,499	80,272	114,118	68,149	78,011	64,395	69,057	70,136
Loans to credit institutions	51,302	43,428	62,899	45,501	52,643	40,195	35,868	30,272	30,376
Loans to customers	1,143,473	1,134,621	1,114,128	1,084,757	1,045,152	1,010,666	976,383	936,237	896,940
Financial instruments	221,012	225,827	204,996	193,329	223,142	203,740	185,680	225,657	249,979
Investment property	9,461	9,444	7,875	7,862	6,617	6,615	6,586	6,560	6,548
Investments in associates	844	842	770	787	785	724	700	668	704
Intangible assets	8,289	8,486	8,575	8,783	8,816	9,038	9,239	9,463	9,732
Tax assets	427	383	332	135	2,886	1,247	754	2	2
Asset and disposal groups held for sale	61	61	61	61	2,152	2,126	14,706	16,047	16,775
Other assets	25,512	18,635	20,736	10,276	13,700	26,870	46,706	16,747	64,900
Total assets	1,540,669	1,518,226	1,500,644	1,465,609	1,424,042	1,379,232	1,341,017	1,310,710	1,346,092

Liabilities

Due to credit institutions and Central Bank	13,144	21,702	24,188	11,697	5,099	4,604	4,270	5,000	8,484
Deposits	806,331	781,202	775,023	755,361	739,969	726,948	679,925	655,476	641,306
Financial liabilities at fair value	16,908	18,242	20,692	20,997	21,800	14,353	12,323	5,877	5,675
Tax liabilities	13,499	12,335	10,840	10,303	15,596	11,733	8,080	7,102	6,989
Liabilities associated with disposal groups held for sale	-	-	-	-	-	-	15,122	16,935	16,852
Other liabilities	43,479	46,379	52,554	39,401	44,796	42,550	44,582	34,914	39,698
Borrowings	407,895	405,572	390,734	392,563	376,540	363,375	370,026	356,637	397,031
Subordinated liabilities	46,853	46,478	46,681	47,331	34,089	33,392	33,674	35,088	35,477
Total liabilities	1,348,109	1,331,910	1,320,713	1,277,654	1,237,889	1,196,955	1,168,002	1,117,028	1,151,512

Equity

Share capital and share premium	10,604	10,604	11,405	13,370	16,765	18,954	18,957	22,685	28,663
Other reserves	11,785	11,558	10,826	10,672	9,675	9,523	11,631	12,838	12,023
Retained earnings	169,510	163,489	157,044	163,264	159,033	153,114	141,747	157,486	153,214
Total shareholders equity	191,899	185,651	179,275	187,306	185,473	181,591	172,335	193,009	193,900
Non-controlling interest	661	665	656	649	680	686	680	673	680
Total equity	192,560	186,316	179,931	187,955	186,153	182,277	173,015	193,682	194,580
Total liabilities and equity	1,540,669	1,518,226	1,500,644	1,465,609	1,424,042	1,379,232	1,341,017	1,310,710	1,346,092

Net interest income - 9 quarter summary

ISK million	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Interest income									
Cash and balances with Central bank	1,363	1,306	1,394	1,228	989	721	392	188	176
Loans	27,042	28,294	26,657	20,107	21,488	19,442	16,022	13,930	11,504
Securities	2,009	1,460	1,116	707	967	446	1,006	1,058	1,078
Other	12	-	2	80	2	1	6	48	52
Interest income	30,426	31,060	29,169	22,122	23,446	20,610	17,426	15,224	12,810
Interest expense									
Deposits	(11,950)	(11,490)	(9,902)	(6,865)	(7,158)	(5,250)	(3,478)	(2,323)	(1,386)
Borrowings	(6,466)	(6,877)	(6,953)	(4,050)	(5,269)	(5,002)	(3,947)	(3,604)	(3,003)
Subordinated loans	(1,066)	(1,220)	(1,271)	(614)	(624)	(565)	(482)	(498)	(455)
Other	(26)	(47)	(49)	(128)	(38)	(48)	(43)	(31)	(29)
Interest expense	(19,508)	(19,634)	(18,175)	(11,657)	(13,089)	(10,865)	(7,950)	(6,456)	(4,873)
Net interest income	10,918	11,426	10,994	10,465	10,357	9,745	9,476	8,768	7,937
Interest bearing assets									
Cash and balances with Central Bank	80,288	76,499	80,272	114,118	68,149	78,011	64,395	69,057	70,136
Loans	1,194,775	1,178,049	1,177,027	1,130,258	1,097,795	1,050,861	1,012,251	966,509	927,316
Securities	179,737	183,351	152,487	142,064	164,915	143,174	121,722	168,801	195,017
Interest bearing assets	1,454,800	1,437,899	1,409,786	1,386,440	1,330,859	1,272,046	1,198,368	1,204,367	1,192,469
Interest bearing liabilities									
Due to credit institutions and Central Bank	13,144	21,702	24,188	11,697	5,099	4,604	4,270	5,000	8,484
Deposits	806,331	781,202	775,023	755,361	739,969	726,948	679,925	655,476	641,306
Financial liabilities at fair value	16,908	18,242	20,692	20,997	21,800	14,353	12,323	5,877	5,675
Borrowings	407,895	405,572	390,734	392,563	376,540	363,375	370,026	356,637	397,031
Subordinated liabilities	46,853	46,478	46,681	47,331	34,089	33,392	33,674	35,088	35,477
Interest bearing liabilities	1,291,131	1,273,196	1,257,318	1,227,949	1,177,497	1,142,672	1,100,218	1,058,078	1,087,973
Interest Gap	163,669	164,703	152,468	158,491	153,362	129,374	98,150	146,289	104,496
Net interest margin on interest bearing assets	3.0%	3.2%	3.1%	3.1%	3.2%	3.1%	3.1%	2.8%	2.7%

All amounts are in ISK millions

Loans to customers - 9 quarter summary

ISK million

30.09.2023 30.06.2023 31.03.2023 31.12.2022 30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021

Loans to customers

Individuals	601,463	592,571	588,989	582,371	571,487	549,524	534,395	526,498	501,578
Corporates	542,010	542,050	525,139	502,386	473,665	461,142	441,988	409,739	395,362
Total loans to customers	1,143,473	1,134,621	1,114,128	1,084,757	1,045,152	1,010,666	976,383	936,237	896,940

Share of stage 3 loans, gross*	1.6%	1.6%	1.4%	1.2%	1.4%	1.4%	1.6%	1.9%	2.6%
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Loans to individuals

Overdrafts	14,059	13,988	14,582	14,893	15,008	14,803	15,262	14,255	14,439
Credit cards	14,179	15,754	14,716	14,304	14,605	14,582	13,270	13,192	12,709
Mortgage loans	541,219	530,958	520,421	514,007	502,537	482,196	469,877	463,895	440,315
Other loans	34,393	34,103	41,194	40,942	41,200	39,745	37,856	37,044	36,113
Provision on loans	(2,387)	(2,232)	(1,924)	(1,775)	(1,863)	(1,802)	(1,870)	(1,888)	(1,998)
Total loans to individuals	601,463	592,571	588,989	582,371	571,487	549,524	534,395	526,498	501,578

Loans to corporates

Overdrafts	39,813	40,673	36,921	33,369	28,933	26,675	20,371	18,301	15,146
Credit cards	2,054	1,927	1,976	1,838	1,835	1,750	1,526	1,449	1,214
Mortgage loans	65,583	66,118	57,081	60,528	60,573	54,991	46,508	41,588	43,902
Other loans	440,811	438,718	434,348	411,792	388,476	383,678	379,685	354,113	342,066
Provision on loans	(6,251)	(5,386)	(5,187)	(5,141)	(6,152)	(5,952)	(6,102)	(5,712)	(6,966)
Total loans to corporates	542,010	542,050	525,139	502,386	473,665	461,142	441,988	409,739	395,362

Loans to corporates specified by sector:

Agriculture and forestry	2.2%	2.9%	2.2%	2.3%	2.5%	2.5%	2.5%	2.5%	2.4%
Services	3.9%	3.7%	3.6%	3.8%	4.1%	4.4%	4.3%	4.2%	3.5%
Financial and insurance activities	7.7%	8.0%	8.1%	8.2%	9.4%	9.8%	10.6%	11.2%	11.6%
Industry, energy and manufacturing	9.7%	9.6%	9.4%	8.8%	8.6%	8.1%	7.9%	6.8%	7.2%
Information and communication technology	4.9%	5.0%	5.3%	4.9%	4.9%	3.9%	5.3%	4.1%	2.3%
Public administration, human health and social activities	2.4%	2.3%	2.2%	2.1%	1.8%	1.6%	1.6%	1.7%	1.4%
Real estate activities and construction	34.8%	33.5%	31.6%	31.9%	32.0%	33.1%	31.0%	31.1%	34.3%
Fishing industry	16.6%	15.0%	17.0%	18.2%	17.9%	18.0%	17.6%	19.1%	20.8%
Transportation	1.5%	2.6%	2.7%	2.8%	3.2%	3.2%	3.0%	3.5%	3.6%
Wholesale and retail trade	16.3%	17.4%	17.9%	16.9%	15.5%	15.4%	16.0%	15.9%	12.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* (Gross carrying value of stage 3 loans + gross carrying value of POCI loans in Risk class 4 or lower) / Gross carrying value of loans to customers

Capital and Risk Weighted Assets

ISK million

30.09.2023 30.06.2023 31.03.2023 31.12.2022 30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021

Capital base:

Total equity	192,560	186,316	179,932	187,956	186,153	182,277	173,013	193,681	194,580
Deductions related to the consolidated situation	-	-	-	-	-	-	-	-	-
Unaudited interim net earnings	-	6	(6,291)	-	(4,863)	-	(5,818)	-	-
Non-controlling interest not eligible for inclusion in CET1 capital	(661)	(665)	(656)	(649)	(680)	(686)	(680)	(673)	(680)
Common Equity Tier 1 capital before regulatory adjustments	191,899	185,657	172,985	187,307	180,610	181,591	166,515	193,008	193,900
Intangible assets	(7,073)	(6,888)	(6,601)	(6,425)	(6,055)	(6,011)	(8,490)	(8,435)	(9,654)
Tax assets	-	-	-	-	-	-	-	-	-
Foreseeable dividend	(6,683)	(6,683)	(897)	(15,980)	(10,570)	(7,759)	-	(26,773)	(17,176)
Adjustment under IFRS 9 transitional arrangements	1,041	766	687	1,142	1,018	890	1,199	920	1,379
Other statutory deductions	(247)	(4,878)	(37)	(224)	(254)	(227)	4,417	(437)	(1,601)
Common equity Tier 1 capital	178,937	167,974	166,137	165,820	164,749	168,484	163,641	158,283	166,848
Non-controlling interest eligible for inclusion in CET1 capital	115	102	103	105	87	91	89	133	680
Additional Tier 1 capital	12,932	12,931	12,869	13,396	13,297	12,714	12,315	13,225	13,302
Tier 1 capital	191,984	181,007	179,109	179,321	178,133	181,289	176,045	171,641	180,830
Tier 2 instruments	33,920	33,547	33,812	33,935	20,792	20,678	21,359	21,863	22,175
Tier 2 instruments of financial sector entities (signif. invest.)	(1,242)	(1,216)	(1,200)	(1,155)	(1,154)	(1,111)	(1,089)	(1,056)	(1,051)
Tier 2 Capital	32,678	32,331	32,612	32,780	19,638	19,567	20,270	20,807	21,124
Total own funds	224,662	213,338	211,721	212,101	197,771	200,856	196,315	192,448	201,954

Risk weighted exposure amount (REA)

Credit Risk, loans	737,824	736,432	730,700	707,479	693,037	664,294	664,568	623,395	593,552
Credit Risk, securities and other	55,066	56,425	54,540	56,714	64,164	78,607	72,948	69,553	71,200
Counterparty credit risk	12,567	15,923	16,257	14,645	11,946	9,371	7,505	7,761	7,832
Market Risk due to currency imbalance	1,907	1,417	2,851	1,387	1,778	4,262	8,476	4,691	5,748
Market Risk Other	7,165	8,628	8,647	7,493	10,315	15,678	18,925	8,958	10,862
Credit valuation adjustment	3,494	3,709	4,931	6,010	2,830	1,708	2,171	2,379	2,661
Operational Risk	89,166	89,166	89,166	89,166	84,670	84,670	96,085	96,085	88,462
Total risk weighted exposure amount	907,189	911,700	907,092	882,894	868,740	858,590	870,678	812,822	780,317

Capital and Risk Weighted Assets

ISK million

30.09.2023 30.06.2023 31.03.2023 31.12.2022 30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021

Capital ratios**

CET 1 ratio	19.4%	18.9%	18.6%	18.8%	19.3%	19.7%	18.6%	19.6%	20.3%
Tier 1 ratio	20.5%	20.4%	20.1%	20.3%	20.5%	20.9%	19.7%	21.2%	22.1%
Capital adequacy ratio	24.4%	23.9%	23.7%	24.0%	23.1%	23.5%	22.4%	23.8%	25.4%

Leverage ratio

On-balance sheet exposures	1,490,781	1,475,365	1,457,202	1,415,353	1,380,093	1,340,969	1,313,520	1,256,916	1,294,546
Derivative exposures	23,872	28,229	30,411	32,118	25,837	18,745	13,737	4,796	7,076
Securities financing transaction exposures	10,020	28,903	39,705	10,174	10,943	10,549	354	720	689
Off-balance sheet exposures	52,682	56,058	57,645	59,723	63,019	68,435	76,115	102,016	89,800
Total exposure	1,577,355	1,588,555	1,584,963	1,517,368	1,479,892	1,438,698	1,403,726	1,364,448	1,392,111
Tier 1 capital	191,984	181,007	179,109	179,321	178,133	181,289	176,045	171,641	180,830
Leverage ratio	12.2%	11.4%	11.3%	11.8%	12.0%	12.6%	12.5%	12.6%	13.0%

Related ratios

Return on REA	2.9%	3.0%	2.8%	3.0%	3.2%	3.7%	2.8%	3.7%	3.9%
REA/Total assets	58.9%	60.1%	60.4%	60.2%	61.0%	62.1%	64.9%	61.9%	58.0%

*Capital ratios include interim profit in Q1 and Q3 figures

Operating segments - Quarters summary

ISK million

Q3 2023 Q2 2023 Q1 2023 Q4 2022 Q3 2022 Q2 2022 Q1 2022 Q4 2021 Q3 2021

Markets and Stefmir:

Net interest income	283	237	227	738	1,103	715	477	248	207
Net fee and commission income	1,259	1,460	1,562	1,325	1,434	1,488	1,521	1,699	1,239
Insurance service results	-	-	-	-	-	-	-	-	-
Net financial income (loss)	(11)	11	19	66	(8)	(67)	(35)	104	103
Other operating income	1	2	2	11	-	-	-	1	2
Total operating income	1,532	1,710	1,810	2,140	2,529	2,136	1,963	2,052	1,551
Operating expenses	(543)	(646)	(595)	(792)	(433)	(544)	(513)	(404)	(459)
Allocated expenses	(507)	(536)	(589)	(584)	(442)	(492)	(483)	(435)	(522)
Bank levy	(11)	(13)	(11)	(17)	(16)	(18)	(16)	(23)	(16)
Net impairment	-	(11)	(2)	1	(1)	1	(1)	1	(1)
Earnings before income tax	471	504	613	748	1,637	1,083	950	1,191	553
Total assets	100,054	99,343	102,264	87,985	91,257	88,234	80,834	80,834	77,722
Total liabilities	91,737	91,007	93,034	79,038	83,002	80,791	73,121	73,121	71,114
Allocated equity	8,317	8,336	9,230	8,947	8,255	7,443	7,713	7,713	6,608

Corporate & Investment Bank including insurance*:

Net interest income	5,271	5,075	4,961	5,694	5,543	4,443	4,406	2,758	2,585
Net fee and commission income	941	1,245	1,512	1,247	882	2,162	1,159	1,363	1,107
Insurance service results	46	(151)	(157)	(341)	(167)	94	(225)	-	-
Net insurance income	-	-	-	-	-	-	-	-	-
Net financial income (loss)	167	(88)	166	(25)	(162)	(115)	132	460	216
Other operating income (loss)	-	3	(9)	2	(2)	114	(4)	21	1
Total operating income	6,425	6,084	6,473	6,577	6,094	6,698	5,468	4,594	3,909
Operating expenses	(352)	(264)	(340)	(596)	(288)	(424)	(474)	(328)	(325)
Allocated expenses	(868)	(993)	(1,041)	(1,135)	(824)	(1,002)	(825)	(709)	(642)
Bank levy	(154)	(146)	(146)	(161)	(143)	(133)	(120)	(103)	(94)
Net impairment	(901)	(335)	111	375	(221)	810	(418)	551	841
Earnings (loss) before income tax	4,150	4,346	5,057	5,060	4,618	5,949	3,631	4,005	3,689
Total assets	484,780	486,710	472,235	439,461	427,885	410,271	372,152	372,152	299,412
Total liabilities	405,093	403,378	391,699	364,637	354,447	342,611	310,867	310,867	242,107
Allocated equity	79,687	83,332	80,536	74,824	73,437	67,660	61,285	61,285	57,305

*From Q1 2022 the operation of Vördur has been split into individuals and corporates and is presented as such as part of Corporate & Investment Banking and Retail banking, respectively

Operating segments - Quarters summary

ISK million

Q3 2023 Q2 2023 Q1 2023 Q4 2022 Q3 2022 Q2 2022 Q1 2022 Q4 2021 Q3 2021

Retail Bank including insurance*:

Net interest income	4,868	4,845	4,983	5,571	5,085	4,511	4,517	4,079	3,932
Net fee and commission income	1,266	1,123	1,012	1,280	1,452	1,095	1,006	925	940
Insurance service results	357	906	(513)	179	656	966	(410)		
Net insurance income								-	-
Net financial income (loss)	(94)	(266)	512	16	(511)	(647)	429	-	-
Other operating income	18	14	15	52	29	12	33	204	211
Total operating income	6,415	6,622	6,009	7,098	6,711	5,937	5,575	5,208	5,083
Operating expenses	(779)	(925)	(901)	(1,164)	(852)	(722)	(937)	(1,315)	(1,311)
Allocated expenses	(1,798)	(2,048)	(2,245)	(2,535)	(1,763)	(1,883)	(1,700)	(1,911)	(1,629)
Bank levy	(212)	(205)	(209)	(233)	(205)	(194)	(185)	(172)	(155)
Net impairment	129	(281)	(188)	(106)	104	265	(78)	367	414
Earnings before income tax	3,755	3,163	2,466	3,060	3,995	3,403	2,675	2,177	2,402
Total assets	692,160	680,835	674,966	647,788	625,240	608,236	574,849	574,849	555,128
Total liabilities	635,382	619,437	614,219	589,226	567,556	551,047	527,652	527,652	507,218
Allocated equity	56,778	61,398	60,747	58,562	57,685	57,189	47,197	47,197	47,910

Treasury and Market making:

Net interest income	549	1,334	887	(1,212)	(1,312)	65	96	863	997
Net fee and commission income	221	203	161	179	185	214	150	128	157
Net insurance income	-	-	-	-	-	-	-	-	-
Net financial income (loss)	(200)	(405)	223	(158)	(861)	(2,411)	611	115	1,218
Other operating income	(10)	11	2	1	-	2	(1)	15	17
Total operating income (loss)	560	1,143	1,273	(1,190)	(1,988)	(2,130)	856	1,121	2,389
Operating expenses	(150)	(159)	(221)	(152)	(196)	(146)	(152)	(142)	(109)
Allocated expenses	(270)	(294)	(346)	(373)	(270)	(330)	(284)	(236)	(271)
Bank levy	(91)	(93)	(83)	(96)	(80)	(71)	(72)	(90)	(64)
Net impairment	2	1	3	-	1	1	(2)	4	(5)
Earnings (loss) before income tax	51	598	626	(1,811)	(2,533)	(2,676)	346	657	1,940
Total assets	584,518	574,141	601,762	534,231	487,621	498,298	499,348	499,348	447,808
Total liabilities	546,407	551,071	581,182	500,807	453,937	476,122	451,638	451,638	399,232
Allocated equity	38,111	23,070	20,580	33,424	33,684	22,176	47,710	47,710	48,576

*From Q1 2022 the operation of Vördur has been split into individuals and corporates and is presented as such as part of Corporate & Investment Banking and Retail banking, respectively

Operating segments - Quarters summary

ISK million

Q3 2023 Q2 2023 Q1 2023 Q4 2022 Q3 2022 Q2 2022 Q1 2022 Q4 2021 Q3 2021

Vördur*:

Net interest income	-	-	-	-	-	-	-	29	12
Net fee and commission income (expense)	-	-	-	-	-	-	-	(22)	(49)
Net insurance income	-	-	-	-	-	-	-	998	919
Net financial income	-	-	-	-	-	-	-	623	630
Share of profit of associates	-	-	-	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-	-	8	8
Total operating income	-	-	-	-	-	-	-	1,636	1,520
Operating expenses	-	-	-	-	-	-	-	(521)	(637)
Allocated expenses	-	-	-	-	-	-	-	(2)	(3)
Bank levy	-	-	-	-	-	-	-	-	-
Net impairment	-	-	-	-	-	-	-	-	-
Earnings before income tax	-	-	-	-	-	-	-	1,113	880
Total assets	-	-	-	-	-	-	-	34,279	32,564
Total liabilities	-	-	-	-	-	-	-	22,198	21,848
Allocated equity	-	-	-	-	-	-	-	12,081	10,716

Subsidiaries excluding Stefnir and Vördur:

Net interest income (expense)	(74)	(68)	(65)	(58)	(14)	4	3	(19)	(30)
Net fee and commission income (expense)	49	46	98	(45)	(608)	37	24	(203)	(187)
Net insurance income	-	-	-	-	(2)	-	-	-	-
Net financial income (loss)	(38)	147	(124)	207	(66)	525	19	126	(209)
Other operating income	2	1,565	8	9	10	28	5	526	44
Total operating income (loss)	(61)	1,690	(83)	113	(680)	594	51	430	(382)
Operating expenses	(86)	(90)	(116)	(81)	(90)	(75)	(33)	(43)	(39)
Allocated expenses	(3)	6	(20)	-	(29)	(1)	(1)	(1)	(1)
Bank levy	-	-	-	-	-	-	-	-	-
Net impairment	27	60	21	412	(39)	-	-	(583)	67
Earnings (loss) before income tax	(123)	1,666	(198)	444	(838)	518	17	(197)	(355)
Total assets	18,486	18,901	17,039	32,423	31,630	37,015	38,792	38,792	44,821
Total liabilities	8,819	8,721	8,200	21,893	21,380	18,470	20,180	20,180	22,331
Allocated equity	9,667	10,180	8,839	10,530	10,250	18,545	18,612	18,612	22,490

*From Q1 2022 the operation of Vördur has been split into individuals and corporates and is presented as such as part of Corporate & Investment Banking and Retail banking, respectively

Operating segments - Quarters summary

ISK million

Q3 2023 Q2 2023 Q1 2023 Q4 2022 Q3 2022 Q2 2022 Q1 2022 Q4 2021 Q3 2021

Supporting units and eliminations:

Net interest income (loss)	21	4	-	(27)	(48)	11	(27)	(7)	(7)
Net fee and commission income (expense)	112	108	108	87	712	(519)	(199)	-	114
Net insurance income (expense)	(8)	7	(51)	(1)	-	(4)	(61)	(6)	(5)
Net financial income (loss)	(7)	(15)	(1)	(105)	132	(168)	(31)	(1)	1
Other operating income (loss)	(3)	(10)	2	(14)	61	575	400	277	21
Total operating income (loss)	115	94	58	(60)	857	(105)	82	263	124
Operating expenses	(3,482)	(3,930)	(4,292)	(4,689)	(3,363)	(4,039)	(3,574)	(2,993)	(3,485)
Allocated expenses	3,446	3,865	4,241	4,627	3,328	3,708	3,293	2,730	3,417
Bank levy	-	-	-	11	-	-	-	-	-
Net impairment	2	(2)	3	(271)	198	(891)	4	(85)	(167)
Earnings (loss) before income tax	81	27	10	(382)	1,020	(1,327)	(195)	(85)	(111)
Total assets	(339,329)	(341,704)	(367,622)	(314,002)	(280,272)	(301,039)	(286,390)	(286,390)	(239,535)
Total liabilities	(339,329)	(341,704)	(367,622)	(314,002)	(280,272)	(301,039)	(286,390)	(286,390)	(239,535)
Allocated equity	-								

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