



Arion Bank Factbook 31 December 2022

Unaudited

KFI - 5 years

ISK million	2022	2021	2020	2019	2018
Profitability					
Return on equity	13.7%	14.7%	6.5%	0.6%	3.7%
Return on assets	1.8%	2.3%	1.1%	0.1%	0.7%
Return on risk exposure amount	3.0%	3.7%	1.7%	0.1%	1.0%
Operating income / Risk exposure amount	6.7%	7.6%	7.0%	6.3%	5.9%
Earnings per share	17.06	17.96	7.24	0.61	3.86
Earnings per share from continuing operations	12.67	17.08	7.77	7.77	4.49
Net interest margin					
Net interest margin on interest bearing assets	3.1%	2.8%	2.9%	2.8%	2.7%
Net interest margin on total assets	2.9%	2.6%	2.7%	2.6%	2.5%
Net interest income on credit risk	5.4%	4.9%	5.0%	4.6%	4.3%
Efficiency					
Cost-to-core income ratio	45.6%	51.6%	53.3%	62.3%	62.2%
Cost-to-income ratio	47.0%	44.4%	48.1%	56.0%	56.9%
Cost-to-total assets ratio	1.9%	2.1%	2.1%	2.3%	2.3%
Number of FTE 's at year end	781	751	776	801	904
Asset quality					
Share of stage 3 loans, gross*	1.2%	1.9%	2.6%	2.7%	2.6%
Risk weighted assets / Total assets	60.1%	61.9%	63.6%	66.5%	68.4%
Financial strength					
Equity as % of total assets	12.8%	14.8%	16.9%	17.5%	17.3%
Liquidity					
Liquidity coverage ratio (LCR)	158.5%	202.8%	188.5%	188.3%	164.4%
Loans-to-deposits ratio	143.6%	142.8%	144.8%	157.0%	178.9%
Loans-to-deposits ratio (without covered bonds)	115.4%	111.8%	117.7%	127.5%	135.7%
Deposits from customers as % of total funding	65.1%	64.4%	64.6%	61.3%	52.2%
Covered bonds as % of total funding	18.4%	20.0%	17.5%	18.1%	22.5%
Capital**					
CET 1 ratio	18.8%	19.6%	22.3%	21.2%	21.2%
Tier 1 ratio	20.3%	21.2%	24.1%	21.2%	21.2%
Tier 2 ratio	3.7%	2.6%	2.9%	2.8%	0.8%
Capital adequacy ratio	24.0%	23.8%	27.0%	24.0%	22.0%
Leverage ratio	11.8%	12.6%	15.1%	14.1%	14.2%

* (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

**Including full impact of Valitor salem in figures for 30.06.2022

Income statement - 5 year summary

ISK million	2022	2021	2020	2019	2018
Interest income	83,591	53,958	51,730	58,307	59,316
Interest expense	(43,314)	(21,895)	(20,572)	(27,990)	(29,997)
Net interest income	40,277	32,063	31,158	30,317	29,319
Fee and commission income	18,728	16,706	13,225	11,499	11,658
Fee and commission expense	(2,663)	(2,033)	(1,583)	(1,549)	(1,308)
Net fee and commission income	16,065	14,673	11,642	9,950	10,350
Net insurance income	2,614	3,442	3,071	2,886	2,589
Net financial (loss) income	(3,095)	6,220	2,745	3,212	2,302
Share of (loss) profit of associates	270	22	-	756	27
Other operating income	1,067	1,805	2,148	877	1,584
Other net operating income / loss	856	11,489	7,964	7,731	6,502
Operating income	57,198	58,225	50,764	47,998	46,171
Salaries and related expense	(15,856)	(14,638)	(12,332)	(14,641)	(14,278)
Other operating expenses	(11,055)	(11,237)	(12,109)	(12,222)	(12,000)
Operating expenses	(26,911)	(25,875)	(24,441)	(26,863)	(26,278)
Bank Levy	(1,749)	(1,516)	(1,301)	(2,984)	(3,386)
Net impairment	144	3,169	(5,044)	(382)	(3,525)
Earnings before income tax	28,682	34,003	19,978	17,769	12,982
Income tax expense	(9,809)	(6,782)	(3,231)	(3,714)	(4,046)
Net earnings from continuing operations	18,873	27,221	16,747	14,055	8,936
Discontinued operations held for sale, net of income tax	6,543	1,394	(4,278)	(12,955)	(1,159)
Net earnings	25,416	28,615	12,469	1,100	7,777
Attributable to					
Shareholders of Arion Bank	25,434	28,614	12,468	1,096	7,116
Non-controlling interest	(18)	1	1	4	661
Net earnings	25,416	28,615	12,469	1,100	7,777
Earnings per share					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	17.06	17.96	7.24	0.61	3.86

Balance sheet - 5 year summary

ISK million

31.12.2022 31.12.2021 31.12.2020 31.12.2019 31.12.2018

Assets

Cash and balances with Central Bank	114,118	69,057	42,136	95,717	83,139
Loans to credit institutions	45,501	30,272	28,235	17,947	56,322
Loans to customers	1,084,757	936,237	822,941	773,955	833,826
Financial instruments	193,329	225,657	227,251	117,406	114,557
Investment property	7,862	6,560	6,132	7,119	7,092
Investments in associates	787	668	891	852	818
Intangible assets	8,783	9,463	9,689	8,367	6,397
Tax assets	135	2	2	2	90
Asset and disposal groups held for sale	61	16,047	16,811	43,626	48,584
Other assets	14,223	19,901	18,618	16,864	13,502
Total assets	1,469,556	1,313,864	1,172,706	1,081,855	1,164,327

Liabilities

Due to credit institutions and Central Bank	11,697	5,000	13,031	5,984	9,204
Deposits	755,361	655,476	568,424	492,916	466,067
Financial liabilities at fair value	20,997	5,877	5,240	2,570	2,320
Tax liabilities	10,303	7,102	4,262	4,404	5,119
Liabilities associated with disposal groups held for sale	-	16,935	16,183	28,631	26,337
Other liabilities	42,973	37,151	32,714	32,697	30,107
Borrowings	392,563	356,637	298,947	304,745	417,782
Subordinated liabilities	47,331	35,088	36,060	20,083	6,532
Total liabilities	1,281,225	1,119,266	974,861	892,030	963,468

Equity

Share capital and share premium	13,372	22,684	51,331	55,715	59,010
Other reserves	10,672	12,838	11,320	9,493	14,822
Retained earnings	163,638	158,403	135,021	124,436	126,897
Total shareholders equity	187,682	193,925	197,672	189,644	200,729
Non-controlling interest	649	673	173	181	130
Total equity	188,331	194,598	197,845	189,825	200,859
Total liabilities and equity	1,469,556	1,313,864	1,172,706	1,081,855	1,164,327

Net interest income - 5 year summary

ISK million	2022	2021	2020	2019	2018
Interest income					
Cash and balances with Central bank	3,334	573	1,435	4,008	4,625
Loans	77,059	49,166	46,992	52,803	53,811
Securities	2,925	3,252	3,138	1,335	607
Effect from hedge accounting	13	777	-	-	-
Other	260	190	165	161	273
Interest income	83,591	53,958	51,730	58,307	59,316
Interest expense					
Deposits	(22,751)	(6,820)	(6,644)	(11,949)	(13,323)
Borrowings	(18,027)	(13,065)	(12,030)	(15,473)	(16,524)
Subordinated liabilities	(2,338)	(1,891)	(1,780)	(449)	(19)
Other	(198)	(119)	(118)	(119)	(131)
Interest expense	(43,314)	(21,895)	(20,572)	(27,990)	(29,997)
Net interest income	40,277	32,063	31,158	30,317	29,319
Interest bearing assets					
Cash and balances with Central Bank	114,118	69,057	42,136	95,717	83,139
Loans	1,130,258	966,509	851,176	791,902	890,148
Securities	142,064	168,801	192,244	83,343	87,701
Interest bearing assets	1,386,440	1,204,367	1,085,556	970,962	1,060,989
Interest bearing liabilities					
Due to credit institutions and Central Bank	11,697	5,000	13,031	5,984	9,204
Deposits	755,361	655,476	568,424	492,916	466,067
Financial liabilities at fair value	20,997	5,877	5,240	2,570	2,320
Borrowings	392,563	356,637	298,947	304,745	417,782
Subordinated liabilities	47,331	35,088	36,060	20,083	6,532
Interest bearing liabilities	1,227,949	1,058,078	921,702	826,298	901,905
Interest Gap	158,491	146,289	163,854	144,664	159,084
Net interest margin on interest bearing assets	3.1%	2.8%	2.9%	2.8%	2.7%

Loans to customers - 5 year summary

ISK million

31.12.2022 31.12.2021 31.12.2020 31.12.2019 31.12.2018

Loans to customers

Individuals	582,371	526,498	433,336	368,569	400,483
Corporates	502,386	409,739	389,605	405,386	433,343
Total loans to customers	1,084,757	936,237	822,941	773,955	833,826

Ratios:

Share of stage 3 loans, gross*	1.2%	1.9%	2.6%	2.7%	2.6%
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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	14,893	14,255	12,875	14,421	14,536
Credit cards	14,304	13,192	12,260	13,028	12,958
Mortgage loans	514,007	463,895	378,554	310,562	343,119
Other loans	40,942	37,044	32,122	33,105	33,560
Provision on loans	(1,775)	(1,888)	(2,475)	(2,547)	(3,690)
Total loans to individuals	582,371	526,498	433,336	368,569	400,483

Loans to customers - 5 year summary

ISK million

31.12.2022 31.12.2021 31.12.2020 31.12.2019 31.12.2018

Loans to corporates

Overdrafts	33,369	18,301	15,471	18,709	19,200
Credit cards	1,838	1,449	1,086	1,373	1,348
Mortgage loans	60,528	41,588	32,175	23,475	23,417
Other loans	411,792	354,113	350,455	368,453	395,579
Provision on loans	(5,141)	(5,712)	(9,582)	(6,624)	(6,201)
Total loans to corporates	502,386	409,739	389,605	405,386	433,343

Loans to corporates specified by sector:

Agriculture and forestry	2.3%	2.5%	2.1%	1.9%	1.7%
Services	3.8%	4.2%	3.4%	4.3%	3.8%
Financial and insurance activities	8.2%	11.2%	9.2%	8.3%	8.7%
Industry, energy and manufacturing	8.8%	6.8%	8.0%	9.8%	8.2%
Information and communication technology	4.9%	4.1%	5.3%	4.7%	4.8%
Public administration, human health and social activities	2.1%	1.7%	1.7%	2.1%	1.6%
Real estate activities and construction	31.9%	31.1%	32.8%	32.0%	33.9%
Fishing industry	18.2%	19.1%	20.9%	20.5%	19.4%
Transportation	2.8%	3.5%	3.3%	2.7%	2.8%
Wholesale and retail trade	16.9%	15.9%	13.2%	13.6%	15.2%
	100.0%	100.0%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million

31.12.2022 31.12.2021 31.12.2020 31.12.2019 31.12.2018

Capital base:

Total equity	188,331	194,598	197,845	189,825	200,859
Deductions related to the consolidated situation	-	-	-	(10,159)	(8,986)
Unaudited interim net earnings	-	-	-	-	-
Non-controlling interest not eligible for inclusion in CET 1 capital	(649)	(673)	(173)	(181)	(130)

Common Equity Tier 1 capital before regulatory adjustments

Intangible assets	(6,425)	(8,435)	(13,092)	(10,604)	(12,152)
Tax assets	-	-	-	(296)	(191)
Foreseeable dividend	(15,980)	(26,773)	(17,990)	(14,153)	(9,069)
Adjustment under IFRS 9 transitional arrangements	1,142	920	1,890	-	-
Other statutory deductions	(224)	(437)	(2,520)	(1,741)	(1,536)

Common equity Tier 1 capital

Non-controlling interest eligible for inclusion in CET1 capital	105	133	173	181	130
Additional Tier 1 capital	13,396	13,225	13,498	-	-

Tier 1 capital

Tier 2 instruments	33,935	21,863	22,562	20,083	6,532
Tier 2 instruments of financial sector entities (signif. invest.)	(1,155)	(1,056)	(1,007)	-	-
General credit risk adjustments	-	-	-	-	-

Tier 2 Capital

Total own funds	212,476	193,365	201,186	172,955	175,457
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Risk weighted exposure amount (REA)

Credit Risk, loans*	707,479	623,395	570,554	561,602	639,788
Credit Risk, securities and other	57,651	69,553	60,813	49,163	50,112
Counterparty credit risk	14,645	7,761	3,462	3,347	4,405
Market Risk due to currency imbalance	1,387	4,691	8,569	10,070	4,280
Market Risk Other	7,493	8,958	13,063	10,609	8,928
Credit valuation adjustment	6,010	2,379	842	1,477	2,228
Operational Risk	89,166	96,085	88,462	83,487	86,957
Total risk weighted exposure amount	883,831	812,822	745,765	719,755	796,698

Capital ratios*

CET 1 ratio	18.8%	19.6%	22.3%	21.2%	21.2%
Tier 1 ratio	20.3%	21.2%	24.1%	21.2%	21.2%
Capital adequacy ratio	24.0%	23.8%	27.0%	24.0%	22.0%

Leverage ratio

On-balance sheet exposures	1,415,353	1,256,916	1,114,450	1,022,521	1,106,368
Derivative exposures	32,118	4,796	9,124	10,217	8,239
Securities financing transaction exposures	10,174	720	512	577	8,194
Off-balance sheet exposures	59,723	102,016	65,425	52,299	68,316

Total exposure

Tier 1 capital	179,696	172,558	179,631	152,872	168,925
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Leverage ratio

	11.8%	12.6%	15.1%	14.1%	14.2%
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Related ratios

Return on REA	3.0%	3.7%	1.7%	0.1%	1.0%
REA/Total assets	60.1%	61.9%	63.6%	66.5%	68.4%

*Including full impact of Valitor salem in figures for 30.06.2022

Arion Bank Factbook

Quarter summaries



KFI - 9 Quarters

ISK million

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Profitability									
Return on equity	10.7%	10.5%	21.8%	12.7%	13.4%	17.0%	16.3%	12.5%	11.8%
Return on assets	1.4%	1.4%	2.9%	1.8%	2.0%	2.6%	2.6%	2.1%	1.9%
Return on risk exposure amount	2.3%	2.3%	4.5%	2.8%	3.3%	4.3%	4.2%	3.2%	3.1%
Operating income / Risk exposure amount	7.1%	6.4%	6.1%	6.9%	7.6%	7.8%	8.0%	7.0%	8.0%
Earnings per share	3.44	3.26	6.47	3.67	4.26	5.23	4.89	3.61	7.26
Earnings per share from continuing operations	3.69	3.26	1.93	3.61	3.92	4.83	4.81	2.39	8.62
Net interest margin									
Net interest margin on interest bearing assets	3.1%	3.2%	3.1%	3.1%	2.8%	2.7%	2.9%	2.7%	2.9%
Net interest margin on total assets	2.9%	3.0%	2.9%	2.9%	2.6%	2.5%	2.7%	2.5%	2.7%
Net interest income on credit risk	5.5%	5.5%	5.3%	5.3%	5.1%	4.9%	5.0%	4.6%	5.1%
Efficiency									
Cost-to-core income ratio	53.8%	38.4%	43.1%	47.4%	57.4%	44.1%	51.0%	53.6%	55.3%
Cost-to-income ratio	53.1%	41.8%	50.1%	42.7%	51.6%	37.5%	42.5%	46.2%	44.9%
Cost-to-total assets ratio	2.3%	1.7%	2.0%	1.9%	2.4%	1.7%	2.1%	2.1%	2.2%
Number of FTE´s at period end	781	777	746	753	751	763	741	772	776
Asset quality									
Share of stage 3 loans, gross*	1.2%	1.4%	1.4%	1.6%	1.9%	2.6%	2.8%	2.9%	2.6%
Risk weighted assets / Total assets	60.1%	60.8%	62.1%	64.9%	61.9%	58.0%	61.3%	63.9%	63.6%

* (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	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Financial strength									
Equity as % of total assets	12.8%	13.0%	13.3%	12.9%	14.8%	14.5%	15.9%	16.0%	16.9%
Liquidity									
Liquidity coverage ratio (LCR)	158.5%	189.3%	163.2%	195.4%	202.8%	221.0%	215.1%	191.6%	188.5%
Loans-to-deposits ratio	143.6%	141.2%	139.0%	143.6%	142.8%	139.9%	139.6%	141.3%	144.8%
Loans-to-deposits ratio (without covered bonds)	115.4%	113.1%	107.8%	110.1%	111.8%	106.6%	112.0%	115.1%	117.7%
Deposits from customers as % of total funding	65.1%	66.0%	66.4%	64.5%	64.4%	61.3%	66.2%	66.1%	64.6%
Covered bonds as % of total funding	18.4%	18.6%	20.8%	21.6%	20.0%	20.3%	18.3%	17.3%	17.5%
Capital**									
CET 1 ratio	18.8%	19.3%	19.7%	18.6%	19.6%	20.3%	22.7%	22.0%	22.3%
Tier 1 ratio	20.3%	20.5%	20.9%	19.7%	21.2%	22.1%	24.4%	23.7%	24.1%
Tier 2 ratio	3.7%	2.5%	2.6%	2.7%	2.6%	3.2%	2.8%	3.1%	2.9%
Capital adequacy ratio	23.8%	23.3%	23.2%	22.4%	23.5%	25.4%	26.5%	26.8%	26.5%
Leverage ratio	11.8%	12.0%	12.7%	12.5%	12.6%	12.4%	14.6%	14.7%	15.1%

Income statement - 9 quarter summary

ISK million

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Interest income	21,701	23,510	20,854	17,526	15,224	12,810	14,145	11,779	12,706
Interest expense	(11,177)	(13,089)	(11,050)	(7,998)	(6,456)	(4,873)	(6,129)	(4,437)	(4,647)
Net interest income	10,524	10,421	9,804	9,528	8,768	7,937	8,016	7,342	8,059
Fee and commission income	4,847	4,766	5,047	4,068	4,662	4,219	4,099	3,726	3,530
Fee and commission expense	(875)	(764)	(508)	(516)	(583)	(464)	(537)	(449)	(414)
Net fee and commission income	3,972	4,002	4,539	3,552	4,079	3,755	3,562	3,277	3,116
Net insurance income	833	690	1,086	5	865	992	914	671	766
Net financial (loss) income	157	(1,332)	(2,911)	991	1,151	1,366	2,203	1,500	1,362
Share of (loss) profit of associates	3	41	23	203	(11)	7	25	1	(22)
Other operating income	51	62	719	235	382	833	284	306	1,432
Other net operating income / loss	1,044	(539)	(1,083)	1,434	2,387	3,198	3,426	2,478	3,538
Operating income	15,540	13,884	13,260	14,514	15,234	14,890	15,004	13,097	14,713
Salaries and related expense	(5,373)	(3,100)	(3,843)	(3,540)	(4,893)	(2,899)	(3,575)	(3,271)	(3,121)
Other operating expenses	(2,878)	(2,710)	(2,806)	(2,661)	(2,974)	(2,689)	(2,797)	(2,777)	(3,486)
Operating expenses	(8,251)	(5,810)	(6,649)	(6,201)	(7,867)	(5,588)	(6,372)	(6,048)	(6,607)
Bank Levy	(496)	(444)	(416)	(393)	(345)	(486)	(355)	(330)	(263)
Net impairment	411	42	186	(495)	559	718	812	1,080	74
Earnings before income tax	7,204	7,672	6,381	7,425	7,581	9,534	9,089	7,799	7,917
Income tax expense	(1,815)	(2,803)	(3,488)	(1,703)	(1,588)	(1,920)	(1,408)	(1,866)	193
Net earnings from continuing operations	5,389	4,869	2,893	5,722	5,993	7,614	7,681	5,933	8,110
Discontinued operations held for sale, net of income tax	(366)	(6)	6,819	96	529	624	135	106	(2,349)
Net earnings	5,023	4,863	9,712	5,818	6,522	8,238	7,816	6,039	5,761
Attributable to									
Shareholders of Arion Bank	5,054	4,869	9,706	5,812	6,521	8,238	7,810	6,038	5,760
Non-controlling interest	(31)	(6)	6	6	1	-	6	1	1
Net earnings	5,023	4,863	9,712	5,818	6,522	8,238	7,816	6,039	5,761
Earnings per share									
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	3.44	3.26	6.47	3.67	4.26	5.23	4.89	3.61	7.26

Balance sheet - 9 quarter summary

ISK million

31.12.2022 30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021 30.06.2021 31.03.2021 31.12.2020

Assets

Cash and balances with Central Bank	114,118	68,149	78,011	64,395	69,057	70,136	69,609	60,479	42,136
Loans to credit institutions	45,501	52,643	40,195	35,868	30,272	30,376	35,701	29,251	28,235
Loans to customers	1,084,757	1,045,152	1,010,666	976,383	936,237	896,940	843,988	837,162	822,941
Financial instruments	193,329	223,142	203,740	185,680	225,657	249,979	213,963	197,216	227,251
Investment property	7,862	6,617	6,615	6,586	6,560	6,548	6,003	6,110	6,132
Investments in associates	787	785	724	700	668	704	697	892	891
Intangible assets	8,783	8,816	9,038	9,239	9,463	9,732	9,996	9,892	9,689
Tax assets	135	2,886	1,247	754	2	2	2	2	2
Asset and disposal groups held for sale	61	2,152	2,126	14,706	16,047	16,775	19,236	16,271	16,811
Other assets	14,223	17,544	30,999	46,704	19,901	64,900	18,725	23,818	18,618
Total assets	1,469,556	1,427,886	1,383,361	1,341,015	1,313,864	1,346,092	1,217,920	1,181,093	1,172,706

Liabilities

Due to credit institutions and Central Bank	11,697	5,099	4,604	4,270	5,000	8,484	7,754	9,525	13,031
Deposits	755,361	739,969	726,948	679,925	655,476	641,306	604,382	592,540	568,424
Financial liabilities at fair value	20,997	21,800	14,353	12,323	5,877	5,675	5,447	6,297	5,240
Tax liabilities	10,303	15,596	11,733	8,080	7,102	6,989	5,905	5,443	4,262
Liabilities associated with disposal groups held for sale	-	-	-	15,122	16,935	16,852	18,841	8,407	16,183
Other liabilities	42,973	48,506	45,645	44,582	37,151	39,698	46,055	41,083	32,714
Borrowings	392,563	376,540	363,375	370,026	356,637	397,031	301,388	293,747	298,947
Subordinated liabilities	47,331	34,089	33,392	33,674	35,088	35,477	34,543	34,632	36,060
Total liabilities	1,281,225	1,241,599	1,200,050	1,168,002	1,119,266	1,151,512	1,024,315	991,674	974,861

Equity

Share capital and share premium	13,372	16,765	18,954	18,955	22,684	28,663	36,345	39,387	51,331
Other reserves	10,672	9,675	9,523	11,631	12,838	12,023	12,270	12,757	11,320
Retained earnings	163,638	159,168	154,149	141,747	158,403	153,214	144,810	137,101	135,021
Total shareholders equity	187,682	185,608	182,626	172,333	193,925	193,900	193,425	189,245	197,672
Non-controlling interest	649	680	686	680	673	680	180	174	173
Total equity	188,331	186,288	183,312	173,013	194,598	194,580	193,605	189,419	197,845
Total liabilities and equity	1,469,556	1,427,887	1,383,361	1,341,015	1,313,864	1,346,092	1,217,920	1,181,093	1,172,706

Net interest income - 9 quarter summary

ISK million

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Interest income									
Cash and balances with Central bank	1,228	993	721	392	188	176	121	88	131
Loans	20,107	21,488	19,444	16,020	13,930	11,504	13,024	10,708	11,483
Securities	707	946	415	857	834	884	776	758	1,073
Effect from hedge accounting	(421)	21	216	197	224	194	178	181	-
Other	80	62	58	60	48	52	45	44	20
Interest income	21,701	23,510	20,854	17,526	15,224	12,810	14,144	11,779	12,707
Interest expense									
Deposits	(6,865)	(7,158)	(5,250)	(3,478)	(2,323)	(1,386)	(1,930)	(1,181)	(1,209)
Borrowings	(3,629)	(5,269)	(5,172)	(3,957)	(3,604)	(3,003)	(3,684)	(2,774)	(2,938)
Subordinated loans	(614)	(624)	(580)	(520)	(498)	(455)	(485)	(453)	(475)
Other	(69)	(38)	(48)	(43)	(31)	(29)	(29)	(29)	(26)
Interest expense	(11,177)	(13,089)	(11,050)	(7,998)	(6,456)	(4,873)	(6,128)	(4,437)	(4,648)
Net interest income	10,524	10,421	9,804	9,528	8,768	7,937	8,016	7,342	8,059
Interest bearing assets									
Cash and balances with Central Bank	114,118	68,149	78,011	64,395	69,057	70,136	69,609	60,479	42,136
Loans	1,130,258	1,097,795	1,050,861	1,012,251	966,509	927,316	879,689	866,413	851,176
Securities	142,064	173,117	148,657	121,722	168,801	195,017	167,644	154,346	192,244
Interest bearing assets	1,386,440	1,339,061	1,277,529	1,198,368	1,204,367	1,192,469	1,116,942	1,081,238	1,085,556
Interest bearing liabilities									
Due to credit institutions and Central Bank	11,697	5,099	4,604	4,270	5,000	8,484	7,754	9,525	13,031
Deposits	755,361	739,969	726,948	679,925	655,476	641,306	604,382	592,540	568,424
Financial liabilities at fair value	20,997	21,800	14,353	12,323	5,877	5,675	5,447	6,297	5,240
Borrowings	392,563	376,540	363,375	370,026	356,637	397,031	301,388	293,747	298,947
Subordinated liabilities	47,331	34,089	33,392	33,674	35,088	35,477	34,543	34,632	36,060
Interest bearing liabilities	1,227,949	1,177,497	1,142,672	1,100,218	1,058,078	1,087,973	953,514	936,741	921,702
Interest Gap	158,491	161,564	134,857	98,150	146,289	104,496	163,428	144,497	163,854
Net interest margin on interest bearing assets	3.1%	3.2%	3.1%	3.1%	2.8%	2.7%	2.9%	2.7%	2.9%

All amounts are in ISK millions

Loans to customers - 9 quarter summary

ISK million

31.12.2022 30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021 30.06.2021 31.03.2021 31.12.2020

Loans to customers

Individuals	582,371	571,487	549,524	534,395	526,498	501,578	472,550	446,996	433,336
Corporates	502,386	473,665	461,142	441,988	409,739	395,362	371,438	390,166	389,605
Total loans to customers	1,084,757	1,045,152	1,010,666	976,383	936,237	896,940	843,988	837,162	822,941

Share of stage 3 loans, gross*	1.2%	1.4%	1.4%	1.6%	1.9%	2.6%	2.8%	2.9%	2.6%
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Loans to individuals

Overdrafts	14,893	15,008	14,803	15,262	14,255	14,439	13,310	12,567	12,875
Credit cards	14,304	14,605	14,582	13,270	13,192	12,709	12,473	11,474	12,260
Mortgage loans	514,007	502,537	482,196	469,877	463,895	440,315	414,541	392,422	378,554
Other loans	40,942	41,200	39,745	37,856	37,044	36,113	34,256	32,901	32,122
Provision on loans	(1,775)	(1,863)	(1,802)	(1,870)	(1,888)	(1,998)	(2,030)	(2,368)	(2,475)
Total loans to individuals	582,371	571,487	549,524	534,395	526,498	501,578	472,550	446,996	433,336

Loans to corporates

Overdrafts	33,369	28,933	26,675	20,371	18,301	15,146	13,478	14,034	15,471
Credit cards	1,838	1,835	1,750	1,526	1,449	1,214	1,323	1,595	1,086
Mortgage loans	60,528	60,573	54,991	46,508	41,588	43,902	39,462	32,448	32,175
Other loans	411,792	388,476	383,678	379,685	354,113	342,066	324,573	351,201	350,455
Provision on loans	(5,141)	(6,152)	(5,952)	(6,102)	(5,712)	(6,966)	(7,398)	(9,112)	(9,582)
Total loans to corporates	502,386	473,665	461,142	441,988	409,739	395,362	371,438	390,166	389,605

Loans to corporates specified by sector:

Agriculture and forestry	2.3%	2.5%	2.5%	2.5%	2.5%	2.4%	2.4%	2.2%	2.1%
Services	3.8%	4.1%	4.4%	4.3%	4.2%	3.5%	3.8%	3.3%	3.4%
Financial and insurance activities	8.2%	9.4%	9.8%	10.6%	11.2%	11.6%	9.6%	9.1%	9.2%
Industry, energy and manufacturing	8.8%	8.6%	8.1%	7.9%	6.8%	7.2%	7.6%	7.5%	8.0%
Information and communication technology	4.9%	4.9%	3.9%	5.3%	4.1%	2.3%	3.5%	5.9%	5.3%
Public administration, human health and social activities	2.1%	1.8%	1.6%	1.6%	1.7%	1.4%	1.5%	1.7%	1.7%
Real estate activities and construction	31.9%	32.0%	33.1%	31.0%	31.1%	34.3%	33.8%	32.9%	32.8%
Fishing industry	18.2%	17.9%	18.0%	17.6%	19.1%	20.8%	20.0%	20.8%	20.9%
Transportation	2.8%	3.2%	3.2%	3.0%	3.5%	3.6%	3.2%	3.1%	3.3%
Wholesale and retail trade	16.9%	15.5%	15.4%	16.0%	15.9%	12.9%	14.5%	13.6%	13.2%
	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

31.12.2022 30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021 30.06.2021 31.03.2021 31.12.2020

Capital base:

Total equity	188,331	186,287	183,311	173,013	194,598	194,580	193,605	189,419	197,845
Deductions related to the consolidated situation	-	-	-	-	-	-	-	-	-
Unaudited interim net earnings	-	(4,869)	-	(5,812)	-	(8,238)	-	(6,038)	-
Non-controlling interest not eligible for inclusion in CET1 capital	(649)	(680)	(686)	(680)	(673)	(680)	(180)	(174)	(173)
Common Equity Tier 1 capital before regulatory adjustments	187,682	180,738	182,625	166,521	193,925	185,662	193,425	183,207	197,672
Intangible assets	(6,425)	(6,055)	(6,011)	(8,490)	(8,435)	(9,654)	(9,532)	(13,915)	(13,092)
Tax assets	-	-	-	-	-	-	-	-	-
Foreseeable dividend	(15,980)	(10,570)	(7,759)	-	(26,773)	(17,176)	(14,924)	(3,056)	(17,990)
Adjustment under IFRS 9 transitional arrangements	1,142	1,018	890	1,199	920	1,379	1,936	1,238	1,890
Other statutory deductions	(224)	(254)	(227)	(207)	(240)	(1,601)	(1,702)	(1,561)	(2,520)
Common equity Tier 1 capital	166,195	164,877	169,518	159,023	159,397	158,610	169,203	165,913	165,960
Non-controlling interest eligible for inclusion in CET1 capital	105	87	91	89	133	680	180	174	173
Additional Tier 1 capital	13,396	13,297	12,714	12,315	13,225	13,302	12,847	12,891	13,498
Tier 1 capital	179,696	178,261	182,323	171,427	172,755	172,592	182,230	178,978	179,631
Tier 2 instruments	33,934	20,791	20,677	21,359	21,863	22,175	21,696	21,741	22,562
Tier 2 instruments of financial sector entities (signif. invest.)	(1,155)	(1,154)	(1,111)	(1,089)	(1,056)	(1,051)	(1,032)	(1,026)	(1,007)
Tier 2 Capital	32,779	19,637	19,566	20,270	20,807	21,124	20,664	20,715	21,555
Total own funds	212,475	197,898	201,889	191,697	193,562	193,716	202,894	199,693	201,186

Risk weighted exposure amount (REA)

Credit Risk, loans	707,479	693,037	664,294	664,568	623,395	593,552	567,958	577,130	570,554
Credit Risk, securities and other	57,651	64,164	78,607	72,948	69,553	71,200	62,566	61,812	60,813
Counterparty credit risk	14,645	11,946	9,371	7,505	7,761	7,832	7,879	4,831	3,462
Market Risk due to currency imbalance	1,387	1,778	4,262	8,476	4,691	5,748	1,056	6,297	8,569
Market Risk Other	7,493	10,315	15,678	18,925	8,958	10,862	15,944	15,255	13,063
Credit valuation adjustment	6,010	2,830	1,708	2,171	2,379	2,661	2,543	589	842
Operational Risk	89,166	84,670	84,670	96,085	96,085	88,462	88,462	88,462	88,462
Total risk weighted exposure amount	883,831	868,740	858,590	870,678	812,822	780,317	746,408	754,376	745,765

Capital and Risk Weighted Assets

ISK million

31.12.2022 30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021 30.06.2021 31.03.2021 31.12.2020

Capital ratios**

CET 1 ratio	18.8%	19.3%	19.7%	18.6%	19.6%	20.3%	22.7%	22.0%	22.3%
Tier 1 ratio	20.3%	20.5%	20.9%	19.7%	21.2%	22.1%	24.4%	23.7%	24.1%
Capital adequacy ratio	24.0%	23.1%	23.5%	22.4%	23.8%	25.4%	27.2%	26.9%	27.0%

Leverage ratio

On-balance sheet exposures	1,415,353	1,380,093	1,340,969	1,313,520	1,256,916	1,294,546	1,165,903	1,139,032	1,114,450
Derivative exposures	32,118	25,837	18,745	13,737	4,796	7,076	6,574	6,409	9,124
Securities financing transaction exposures	10,174	10,943	10,549	354	720	689	74	514	512
Off-balance sheet exposures	59,723	63,019	68,435	76,115	102,016	89,800	73,017	74,587	65,425
Total exposure	1,517,368	1,479,892	1,438,698	1,403,726	1,364,448	1,392,111	1,245,568	1,220,542	1,189,511
Tier 1 capital	179,696	178,261	177,705	176,242	172,558	172,592	182,230	178,978	179,631
Leverage ratio	11.8%	12.0%	12.4%	12.6%	12.6%	12.4%	14.6%	14.7%	15.1%

Related ratios

Return on REA	3.0%	3.2%	3.7%	2.8%	3.7%	3.9%	3.7%	3.2%	1.7%
REA/Total assets	60.1%	60.8%	62.1%	64.9%	61.9%	58.0%	61.3%	63.9%	63.6%

*Capital ratios include interim profit in Q1 and Q3 figures

**Including full impact of Valitor salem in figures for 30.06.2022

Operating segments - Quarters summary

ISK million	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Markets and Stefir:									
Net interest income	738	1,103	715	477	371	248	207	139	398
Net fee and commission income	1,325	1,434	1,488	1,521	1,513	1,699	1,239	1,191	1,125
Net insurance income	-	-	-	-	-	-	-	-	-
Net financial income (loss)	66	(8)	(67)	(35)	54	104	103	65	99
Share of profit of associates	1,234	-	-	-	-	-	-	-	-
Other operating income	11	-	-	-	1	1	2	-	5
Total operating income	3,374	2,529	2,136	1,963	1,939	2,052	1,551	1,395	1,627
Operating expenses	(792)	(433)	(544)	(513)	(664)	(404)	(459)	(439)	(497)
Allocated expenses	(584)	(442)	(492)	(483)	(558)	(435)	(522)	(467)	(407)
Bank levy	(17)	(16)	(18)	(16)	(16)	(23)	(16)	(13)	(7)
Net impairment	1	(1)	1	(1)	-	1	(1)	-	-
Earnings before income tax	1,982	1,637	1,083	950	701	1,191	553	476	716
Total assets	96,108	87,985	91,257	88,234	80,834	80,834	77,722	77,927	79,193
Total liabilities	87,178	79,038	83,002	80,791	73,121	73,121	71,114	69,810	71,355
Allocated equity	8,930	8,947	8,255	7,443	7,713	7,713	6,608	8,117	7,838

Corporate & Investment Bank including insurance*:

Net interest income	5,647	5,560	4,460	4,419	4,101	3,410	2,758	2,585	2,717
Net fee and commission income	1,206	823	2,188	1,133	1,530	1,027	1,363	1,107	938
Net insurance income	135	36	(70)	(61)	-	-	-	-	-
Net financial income (loss)	56	(144)	(110)	95	171	399	460	216	(144)
Share of profit of associates	-	-	-	-	-	-	(8)	-	-
Other operating income (loss)	-	4	110	-	(2)	(6)	21	1	109
Total operating income	7,044	6,279	6,578	5,586	5,800	4,830	4,594	3,909	3,620
Operating expenses	(856)	(589)	(564)	(632)	(720)	(419)	(328)	(325)	(332)
Allocated expenses	(1,135)	(824)	(981)	(846)	(791)	(601)	(709)	(642)	(722)
Bank levy	(161)	(143)	(133)	(120)	(98)	(141)	(103)	(94)	(75)
Net impairment	375	(221)	810	(418)	138	737	551	841	(685)
Earnings (loss) before income tax	5,267	4,502	5,710	3,570	4,329	4,406	4,005	3,689	1,806
Total assets	458,090	439,461	427,885	410,271	372,152	372,152	299,412	317,023	315,731
Total liabilities	380,930	364,637	354,447	342,611	310,867	310,867	242,107	257,703	256,411
Allocated equity	77,161	74,824	73,437	67,660	61,285	61,285	57,305	59,320	59,320

*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

Q4 2022 Q3 2022 Q2 2022 Q1 2022 Q4 2021 Q3 2021 Q2 2021 Q1 2021 Q4 2020

Retail Bank including insurance*:

Net interest income	5,436	5,132	4,549	4,560	4,234	3,413	4,079	3,932	3,580
Net fee and commission income	1,220	1,456	1,131	923	1,070	1,126	925	940	1,047
Net insurance income	699	656	1,160	127	-	-	-	-	-
Net financial income (loss)	91	(385)	(680)	332	-	-	-	-	-
Share of profit of associates	-	-	-	-	-	-	-	-	-
Other operating income	47	28	27	34	73	19	204	211	40
Total operating income	7,493	6,887	6,187	5,976	5,377	4,558	5,208	5,083	4,667
Operating expenses	(1,681)	(1,139)	(1,281)	(1,297)	(1,455)	(1,066)	(1,315)	(1,311)	(1,372)
Allocated expenses	(2,535)	(1,763)	(1,833)	(1,750)	(1,878)	(1,455)	(1,911)	(1,629)	(1,640)
Bank levy	(233)	(205)	(194)	(185)	(150)	(232)	(172)	(155)	(115)
Net impairment	(106)	104	265	(78)	449	644	367	414	714
Earnings before income tax	2,938	3,884	3,144	2,666	2,343	2,449	2,177	2,402	2,254
Total assets	666,875	647,788	625,240	608,236	574,849	574,849	555,128	534,332	518,312
Total liabilities	607,097	589,226	567,556	551,047	527,652	527,652	507,218	490,527	474,508
Allocated equity	59,777	58,562	57,685	57,189	47,197	47,197	47,910	43,805	43,805

Treasury and Market making:

Net interest income	(1,212)	(1,312)	65	96	84	863	997	709	1,437
Net fee and commission income	179	185	214	150	164	128	157	165	160
Net insurance income	-	-	-	-	-	-	-	-	-
Net financial income (loss)	(158)	(861)	(2,411)	611	596	115	1,218	1,019	555
Share of profit of associates	-	-	-	-	-	-	-	-	-
Other operating income	1	-	2	(1)	13	15	17	(2)	-
Total operating income (loss)	(1,190)	(1,988)	(2,130)	856	857	1,121	2,389	1,891	2,152
Operating expenses	(152)	(196)	(146)	(152)	(211)	(142)	(109)	(143)	(161)
Allocated expenses	(373)	(270)	(330)	(284)	(293)	(236)	(271)	(236)	(469)
Bank levy	(96)	(80)	(71)	(72)	(81)	(90)	(64)	(68)	(67)
Net impairment	-	1	1	(2)	1	4	(5)	2	(11)
Earnings (loss) before income tax	(1,811)	(2,533)	(2,676)	346	273	657	1,940	1,446	1,444
Total assets	549,574	534,231	487,621	498,298	499,348	499,348	447,808	445,873	467,489
Total liabilities	524,439	500,807	453,937	476,122	451,638	451,638	399,232	401,046	413,894
Allocated equity	25,135	33,424	33,684	22,176	47,710	47,710	48,576	44,827	53,594

*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	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Vördur*:									
Net interest income	-	-	-	-	17	29	12	26	36
Net fee and commission income (expense)	-	-	-	-	(36)	(22)	(49)	(72)	(43)
Net insurance income	-	-	-	-	870	998	919	717	774
Net financial income	-	-	-	-	556	623	630	316	607
Share of profit of associates	-	-	-	-	-	-	-	-	-
Other operating income	-	-	-	-	9	8	8	8	(17)
Total operating income	-	-	-	-	1,416	1,636	1,520	995	1,357
Operating expenses	-	-	-	-	(803)	(521)	(637)	(630)	(665)
Allocated expenses	-	-	-	-	(2)	(2)	(3)	(8)	-
Bank levy	-	-	-	-	-	-	-	-	-
Net impairment	-	-	-	-	-	-	-	-	-
Earnings before income tax	-	-	-	-	611	1,113	880	357	692
Total assets	-	-	-	-	34,279	34,279	32,564	32,001	30,233
Total liabilities	-	-	-	-	22,198	22,198	21,848	21,205	19,694
Allocated equity	-	-	-	-	12,081	12,081	10,716	10,796	10,539

Subsidiaries excluding Stefnir and Vördur:

Net interest income (expense)	(58)	(14)	4	3	(30)	(19)	(30)	(41)	(28)
Net fee and commission income (expense)	(45)	(608)	37	24	(261)	(203)	(187)	(140)	(134)
Net insurance income	-	(2)	-	-	-	-	-	-	-
Net financial income (loss)	207	(66)	525	19	(237)	126	(209)	(116)	246
Share of profit of associates	(1)	-	-	-	-	-	-	-	(1)
Other operating income	10	10	28	5	(158)	526	44	(15)	1,210
Total operating income (loss)	113	(680)	594	51	(686)	430	(382)	(312)	1,293
Operating expenses	(81)	(90)	(75)	(33)	(55)	(43)	(39)	(85)	(46)
Allocated expenses	-	(29)	(1)	(1)	(2)	(1)	(1)	(1)	(2)
Bank levy	-	-	-	-	-	-	-	-	-
Net impairment	412	(39)	-	-	158	(583)	67	(85)	2,486
Earnings (loss) before income tax	444	(838)	518	17	(585)	(197)	(355)	(483)	3,731
Total assets	25,473	32,423	31,630	37,015	38,792	38,792	44,821	34,443	42,485
Total liabilities	8,145	21,893	21,380	18,470	20,180	20,180	22,331	11,889	19,736
Allocated equity	17,328	10,530	10,250	18,545	18,612	18,612	22,490	22,554	22,749

*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	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Supporting units and eliminations:									
Net interest income (loss)	(27)	(48)	11	(27)	(9)	(7)	(7)	(8)	(81)
Net fee and commission income (expense)	87	712	(519)	(199)	99	-	114	86	24
Net insurance income (expense)	(1)	-	(4)	(61)	(5)	(6)	(5)	(46)	(7)
Net financial income (loss)	(105)	132	(168)	(31)	11	(1)	1	-	(1)
Share of profit (loss) of associates	(1,230)	41	23	203	(11)	7	33	1	(21)
Other operating income (loss)	(18)	20	552	197	446	270	(12)	103	85
Total operating income (loss)	(1,294)	857	(105)	82	531	263	124	136	(1)
Operating expenses	(4,689)	(3,363)	(4,039)	(3,574)	(3,959)	(2,993)	(3,485)	(3,115)	(3,534)
Allocated expenses	4,627	3,328	3,637	3,364	3,524	2,730	3,417	2,983	3,240
Bank levy	11	-	-	-	-	-	-	-	1
Net impairment	(271)	198	(891)	4	(187)	(85)	(167)	(92)	(2,430)
Earnings (loss) before income tax	(1,616)	1,020	(1,398)	(124)	(91)	(85)	(111)	(88)	(2,724)
Total assets	(326,564)	(314,002)	(280,272)	(301,039)	(286,390)	(286,390)	(239,535)	(260,506)	(280,737)
Total liabilities	(326,564)	(314,002)	(280,272)	(301,039)	(286,390)	(286,390)	(239,535)	(260,506)	(280,737)
Allocated equity	-								

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Id.: 581008-0150