



Arion Bank Factbook

31 December 2019

Unaudited

KFI - 5 years

ISK million	2019	2018	2017	2016	2015
Profitability					
Return on equity	0,6%	3,7%	6,6%	10,5%	28,1%
Return on assets	0,1%	0,7%	1,3%	2,1%	5,0%
Return on risk-weighted-assets	0,1%	1,0%	1,9%	2,9%	6,7%
Earnings per share	0,61	3,86	7,20	10,70	20,98
Earnings per share from continuing operations	7,77	4,49	6,99	10,26	20,80
Net interest margin					
Net interest margin on interest bearing assets	2,8%	2,7%	2,9%	3,1%	3,0%
Net interest margin on total assets	2,6%	2,5%	2,6%	2,9%	2,7%
Net interest income on credit risk					
Efficiency					
Cost-to-income ratio	56,0%	56,9%	48,9%	56,0%	32,4%
Cost-to-total assets ratio	2,3%	2,3%	2,1%	3,0%	2,9%
Number of FTE 's at year end	801	904	941	1.239	1.147
Asset quality					
Share of stage 3 loans, gross*	2,7%	2,6%	-	-	-
Problem loans ¹	-	-	1,0%	1,6%	2,5%
Provision for losses/Gross impaired loans ¹	-	-	80,5%	77,4%	75,8%
Gross impaired loans/Gross loans ¹	-	-	1,6%	3,2%	4,7%
Past due loans but not impaired as % of gross loans ¹	-	-	4,2%	4,9%	6,2%
Risk weighted assets / Total assets	66,5%	68,4%	66,8%	72,7%	79,9%
Financial strength					
Equity as % of total assets	17,5%	17,3%	19,7%	20,4%	20,0%
Liquidity					
Liquidity coverage ratio (LCR)	188,3%	164,4%	221,0%	171,3%	134,5%
Loans-to-deposits ratio	157,0%	178,9%	165,5%	172,9%	145,0%
Loans-to-deposits ratio (without covered bonds)	127,5%	135,7%	129,0%	133,8%	116,0%
Deposits from customers as % of total funding	61,3%	52,2%	54,1%	53,9%	67,4%
Covered bonds as % of total funding	18,1%	22,5%	19,8%	21,1%	19,5%
Capital					
CET 1 ratio	21,2%	21,2%	23,6%	26,1%	22,3%
Tier 1 ratio	21,2%	21,2%	23,6%	26,1%	23,4%
Tier 2 ratio	2,8%	0,8%	0,4%	0,7%	0,8%
Capital adequacy ratio	24,0%	22,0%	24,0%	26,8%	24,2%
Leverage ratio	14,1%	14,2%	15,4%	17,8%	16,7%

* (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

¹ Not available following implementation of IFRS 9 in January 2018

Income statement - 5 year summary

ISK million	2019	2018	2017	2016	2015
Interest income	58.307	59.316	56.028	61.655	54.546
Interest expense	(27.990)	(29.997)	(27.108)	(31.755)	(27.554)
Net interest income	30.317	29.319	28.920	29.900	26.992
Fee and commission income	11.499	11.658	11.619	23.887	21.235
Fee and commission expense	(1.549)	(1.308)	(1.408)	(9.909)	(6.751)
Net fee and commission income	9.950	10.350	10.211	13.978	14.484
Net insurance income	2.886	2.589	2.093	1.395	760
Net financial income	3.212	2.302	4.045	5.162	12.844
Share of profit of associates	756	27	(927)	908	29.466
Other operating income	877	1.584	2.521	3.203	2.074
Other net operating income	7.731	6.502	7.732	10.668	45.144
Operating income	47.998	46.171	46.863	54.546	86.620
Salaries and related expense	(14.641)	(14.278)	(13.602)	(16.659)	(14.892)
Other operating expenses	(12.222)	(12.000)	(9.291)	(13.881)	(12.919)
Operating expenses	(26.863)	(26.278)	(22.893)	(30.540)	(27.811)
Bank Levy	(2.984)	(3.386)	(3.172)	(2.872)	(2.818)
Net impairment	(382)	(3.525)	312	7.236	(3.087)
Earnings before tax	17.769	12.982	21.110	28.370	52.904
Income tax expense	(3.714)	(4.046)	(5.966)	(6.631)	(3.225)
Net earnings from continuing operations	14.055	8.936	15.144	21.739	49.679
Net gain (loss) from discontinued operations, net of tax	(12.955)	(1.159)	(725)	-	-
Net earnings	1.100	7.777	14.419	21.739	49.679
Attributable to					
Shareholders of Arion Bank	1.096	7.116	14.400	21.147	41.968
Non-controlling interest	4	661	19	592	7.711
Total comprehensive income	1.100	7.777	14.419	21.739	49.679
Earnings per share					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	0,61	3,86	7,20	10,70	20,98

Balance sheet - 5 year summary

ISK million

31.12.2019 31.12.2018 31.12.2017 31.12.2016 31.12.2015

Assets

Cash and balances with Central Bank	95.717	83.139	139.819	87.634	48.102
Loans to credit institutions	17.947	56.322	86.609	80.116	87.491
Loans to customers	773.955	833.826	765.101	712.422	680.350
Financial instruments	117.406	114.557	109.450	117.456	133.191
Investment property	7.119	7.092	6.613	5.358	7.542
Investments in associates	852	818	760	839	27.299
Intangible assets	8.367	6.397	13.848	11.057	9.285
Tax assets	2	90	450	288	205
Asset and disposal groups held for sale	43.626	48.584	8.138	4.418	5.082
Other assets	16.864	13.502	16.966	16.436	12.496
Total assets	1.081.855	1.164.327	1.147.754	1.036.024	1.011.043

Liabilities

Due to credit institutions and Central Bank	5.984	9.204	7.370	7.987	11.387
Deposits	492.916	466.067	462.161	412.064	469.347
Financial liabilities at fair value	2.570	2.320	3.601	3.726	7.609
Tax liabilities	4.404	5.119	6.828	7.293	4.922
Liabilities associated with disposal groups held for sale	28.631	26.337	-	-	-
Other liabilities	32.697	30.107	57.062	54.094	49.461
Borrowings	304.745	417.782	384.998	339.476	256.058
Subordinated liabilities	20.083	6.532	-	-	10.365
Total liabilities	892.030	963.468	922.020	824.640	809.149

Equity

Share capital and share premium	55.715	59.010	75.861	75.861	75.861
Other reserves	9.493	14.822	16.774	19.761	4.547
Retained earnings	124.436	126.897	132.971	115.590	112.378
Total shareholders equity	189.644	200.729	225.606	211.212	192.786
Non-controlling interest	181	130	128	172	9.108
Total equity	189.825	200.859	225.734	211.384	201.894
Total liabilities and equity	1.081.855	1.164.327	1.147.754	1.036.024	1.011.043

Net interest income - 5 year summary

ISK million	2019	2018	2017	2016	2015
Interest income					
Cash and balances with Central bank	4.008	4.625	6.315	4.584	736
Loans	52.803	53.811	47.538	51.910	49.415
Securities	1.335	607	1.964	4.347	3.532
Other	161	273	211	814	863
Interest income	58.307	59.316	56.028	61.655	54.546
Interest expense					
Deposits	(11.949)	(13.323)	(12.606)	(16.284)	(15.452)
Borrowings	(15.473)	(16.524)	(14.449)	(14.851)	(11.344)
Subordinated liabilities	(449)	(19)	-	(529)	(701)
Other	(119)	(131)	(53)	(91)	(57)
Interest expense	(27.990)	(29.997)	(27.108)	(31.755)	(27.554)
Net interest income	30.317	29.319	28.920	29.900	26.992
Interest bearing assets					
Cash and balances with Central Bank	95.717	83.139	139.819	87.634	48.102
Loans	791.902	890.148	851.710	792.538	767.841
Securities	83.343	87.701	65.402	82.042	82.715
Interest bearing assets	970.962	1.060.989	1.056.931	962.214	898.657
Interest bearing liabilities					
Due to credit institutions and Central Bank	5.984	9.204	7.370	7.987	11.387
Deposits	492.916	466.067	462.161	412.064	469.347
Financial liabilities at fair value	2.570	2.320	3.601	3.727	7.609
Borrowings	304.745	417.782	384.998	339.476	256.058
Subordinated liabilities	20.083	6.532	-	-	10.365
Interest bearing liabilities	826.298	901.905	858.130	763.252	754.766
Interest Gap	144.664	159.084	198.801	198.962	143.891
Net interest margin on interest bearing assets	2,8%	2,7%	2,9%	3,1%	3,0%

Loans to customers - 5 year summary

ISK million

31.12.2019 31.12.2018 31.12.2017 31.12.2016 31.12.2015

Loans to customers

Individuals	368.569	400.483	365.287	337.416	324.619
Corporates	405.386	433.343	399.814	375.006	355.731
Total loans to customers	773.955	833.826	765.101	712.422	680.350

Loans to individuals

Overdrafts	14.421	14.536	14.469	14.805	16.840
Credit cards	13.028	12.958	11.133	11.363	10.842
Mortgage loans	310.562	343.119	311.507	285.784	271.895
Other loans	33.105	33.560	33.629	34.777	38.058
Provision on loans	(2.547)	(3.690)	(5.451)	(9.313)	(13.016)
Total loans to individuals	368.569	400.483	365.287	337.416	324.619

Neither past due nor impaired ¹	-	-	344.829	312.259	291.277
Past due but not impaired ¹	-	-	18.929	21.854	26.532
Individually impaired (gross) ¹	-	-	5.539	10.372	17.403
Impairment amount ¹	-	-	(4.010)	(7.069)	(10.593)
Total loans to individuals	-	-	365.287	337.416	324.619

Ratios:

Share of stage 3 loans, gross*	2,7%	2,6%	-	-	-
Provision for losses/Gross impaired loans ¹	-	-	98,4%	89,8%	74,8%
Past due loans but not impaired as % of gross loans ¹	-	-	5,1%	6,3%	7,9%
Gross impaired loans/Gross loans ¹	-	-	1,5%	3,0%	5,2%

* (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

¹ Not available following implementation of IFRS 9 in January 2018

Loans to customers - 5 year summary

ISK million

31.12.2019 31.12.2018 31.12.2017 31.12.2016 31.12.2015

Loans to corporates

Overdrafts	18.709	19.200	18.778	19.314	24.248
Credit cards	1.373	1.348	1.123	1.180	1.054
Mortgage loans	23.475	23.417	19.632	16.298	12.889
Other loans	368.453	395.579	368.312	351.739	334.849
Provision on loans	(6.624)	(6.201)	(8.031)	(13.525)	(17.309)
Total loans to corporates	405.386	433.343	399.814	375.006	355.731

Neither past due nor impaired ¹	-	-	385.197	358.709	337.153
Past due but not impaired ¹	-	-	13.655	14.251	17.302
Individually impaired (gross) ¹	-	-	7.239	13.258	16.024
Impairment amount ¹	-	-	(6.277)	(11.212)	(14.748)
Total loans to corporates	-	-	399.814	375.006	355.731

Ratios:

Provision for losses/Gross impaired loans ¹	-	-	110,9%	102,0%	108,0%
Past due loans but not impaired as % of gross loans ¹	-	-	3,4%	3,7%	4,7%
Gross impaired loans/Gross loans ¹	-	-	1,8%	3,4%	4,3%

Loans to corporates specified by sector:

Agriculture and forestry	1,9%	1,7%	1,6%	1,6%	1,6%
Services	4,3%	3,8%	4,5%	4,6%	5,6%
Financial and insurance activities	8,3%	8,7%	8,5%	9,3%	9,4%
Industry, energy and manufacturing	9,8%	8,2%	7,4%	7,6%	6,0%
Information and communication technology	4,7%	4,8%	5,5%	7,6%	8,7%
Public administration, human health and social activities	2,1%	1,6%	2,0%	2,3%	2,3%
Real estate activities and construction	32,0%	33,9%	32,1%	30,6%	28,8%
Fishing industry	20,5%	19,4%	19,7%	20,4%	21,3%
Transportation	2,7%	2,8%	4,3%	1,7%	1,7%
Wholesale and retail trade	13,6%	15,2%	14,4%	14,1%	14,6%
	100,0%	100,0%	100,0%	100,0%	100,0%

¹ Not available following implementation of IFRS 9 in January 2018

Capital and Risk Weighted Assets

ISK million

31.12.2019 31.12.2018 31.12.2017 31.12.2016 31.12.2015

Capital base:

Total equity	189.825	200.859	225.733	211.384	201.895
Deductions related to the consolidated situation ¹	(10.159)	(8.986)	(8.635)	-	-
Non-controlling interest not eligible for inclusion in CET 1 capital	(181)	(130)	(128)	(172)	(9.108)

Common Equity Tier 1 capital before regulatory adjustments

Intangible assets	(10.604)	(12.152)	(11.125)	(8.201)	(9.285)
Tax assets	(296)	(191)	(357)	(198)	(205)
Foreseeable dividend	(14.153)	(9.069)	(25.000)	-	-
Other statutory deductions	(1.741)	(1.537)	147	(8.275)	(3.151)

Common equity Tier 1 capital

Non-controlling interest not eligible for inclusion in CET1 capital	181	130	128	172	9.108
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Tier 1 capital

Subordinated liabilities	20.083	6.532	-	-	10.365
Regulatory adjustment to Tier 2 capital	-	-	-	-	(771)
Other statutory deductions	-	-	-	-	(3.118)
General credit risk adjustments	-	-	3.195	4.557	-

Tier 2 Capital

	20.083	6.532	3.195	4.557	6.476
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Total Capital base

	172.955	175.456	183.958	199.267	195.729
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Risk weighted assets

Credit Risk, loans	561.602	639.788	605.058	577.470	567.242
Credit Risk, securities and other ²	49.163	50.112	56.979	55.036	113.791
Counterparty credit risk ²	3.347	4.405	5.844	5.550	-
Market Risk due to currency imbalance	10.070	4.280	4.895	5.449	38.401
Market Risk Other	10.609	8.928	5.473	12.966	7.035
Credit valuation adjustment ²	1.477	2.228	2.506	2.678	-
Operational Risk	83.487	86.957	86.013	86.490	81.441

Total risk weighted assets

	719.755	796.698	766.768	745.639	807.910
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Capital ratios

CET 1 ratio	21,2%	21,2%	23,6%	26,1%	22,3%
Tier 1 ratio	21,2%	21,2%	23,6%	26,1%	23,4%
Capital adequacy ratio	24,0%	22,0%	24,0%	26,8%	24,2%

Leverage ratio

On-balance sheet exposures	1.022.521	1.106.368	1.074.207	995.063	982.348
Derivative exposures	10.217	8.239	10.957	8.226	3.789
Securities financing transaction exposures	577	8.194	8.925	9.330	16.287
Off-balance sheet exposures	52.299	68.316	83.058	83.156	127.675

Total exposure

	1.085.614	1.191.117	1.177.147	1.095.775	1.130.099
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Tier 1 capital

	152.872	168.924	180.763	194.710	189.254
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Leverage ratio

	14,1%	14,2%	15,4%	17,8%	16,7%
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Related ratios

RORWA	0,1%	1,0%	1,9%	2,9%	6,7%
RWA/Total assets	66,5%	68,4%	66,8%	72,7%	79,9%

1) Calculations restated for 2016 using the Group's consolidated situation which excludes insurance companies. The effective capital position of the Group is unaffected as the Pillar 2 capital requirement is adjusted accordingly. Their solvency requirements of insurance companies should be viewed separately.

2) Not disclosed separately in 2015, 2014 and 2013

KFI - 9 Quarters

ISK million

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Profitability									
Return on equity	(5,8%)	1,6%	4,3%	2,1%	3,2%	2,3%	5,9%	3,6%	7,3%
Return on assets	(1,0%)	0,2%	0,7%	0,3%	0,5%	0,4%	1,1%	0,7%	1,4%
Return on risk-weighted-assets	(1,5%)	0,4%	1,1%	0,5%	0,8%	0,6%	1,6%	1,0%	2,1%
Earnings per share	(1,53)	0,42	1,16	0,56	0,87	0,65	1,35	1,01	2,02
Earnings per share from continuing operations	2,87	2,10	1,55	1,23	1,56	0,64	1,34	1,15	2,13
Net interest margin									
Net interest margin on interest bearing assets	3,0%	2,6%	2,8%	2,7%	2,9%	2,7%	2,8%	2,7%	2,7%
Net interest margin on total assets	2,7%	2,4%	2,5%	2,5%	2,7%	2,4%	2,5%	2,4%	2,5%
Efficiency									
Cost-to-income ratio	54,9%	56,2%	54,2%	58,6%	60,3%	50,3%	55,4%	62,5%	53,1%
Cost-to-total assets ratio	2,2%	2,3%	2,2%	2,3%	2,2%	2,0%	2,4%	2,4%	2,2%
Number of FTE´s at year end	801	802	880	917	904	933	966	956	941
Asset quality									
Share of stage 3 loans, gross*	2,7%	2,5%	2,4%	-	-	-	-	-	-
Risk weighted assets / Total assets	66,5%	62,2%	63,1%	64,4%	68,4%	66,2%	67,8%	68,8%	66,8%

* (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 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Financial strength									
Equity as % of total assets	17,5%	16,2%	15,8%	15,8%	17,3%	16,4%	17,7%	18,0%	19,7%
Liquidity									
Liquidity coverage ratio (LCR)	188,3%	246,4%	198,0%	213,0%	164,4%	169,1%	231,7%	209,9%	221,0%
Loans-to-deposits ratio	157,0%	159,9%	162,8%	169,1%	178,9%	169,2%	168,8%	172,7%	165,5%
Loans-to-deposits ratio (without covered bonds)	127,5%	118,8%	119,3%	125,1%	135,7%	130,2%	130,3%	134,4%	129,0%
Deposits from customers as % of total funding	61,3%	54,9%	53,1%	51,9%	52,2%	52,4%	53,3%	52,6%	54,1%
Covered bonds as % of total funding	18,1%	22,5%	23,1%	22,8%	22,5%	20,4%	20,5%	20,1%	19,8%
Capital									
Official CET 1 ratio	21,2%	21,5%	21,4%	21,3%	21,2%	21,7%	21,8%	24,7%	28,0%
Tier 2 ratio	2,8%	2,0%	1,4%	0,9%	0,8%	0,0%	0,0%	0,0%	0,4%
Official capital adequacy ratio	24,0%	23,5%	22,8%	22,2%	22,0%	21,7%	21,8%	24,7%	28,4%
Leverage ratio	14,1%	12,8%	13,3%	13,5%	14,2%	13,6%	14,2%	15,4%	15,4%

Income statement - 9 quarter summary

ISK million

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Interest income	13.306	13.854	16.463	14.684	16.348	14.933	13.991	14.044	13.544
Interest expense	(5.613)	(6.472)	(8.655)	(7.250)	(8.379)	(7.724)	(6.677)	(7.217)	(6.481)
Net interest income	7.693	7.382	7.808	7.434	7.969	7.209	7.314	6.827	7.063
Fee and commission income	3.074	2.965	2.830	2.630	3.064	2.991	3.028	2.575	3.474
Fee and commission expense	(459)	(326)	(352)	(412)	(318)	(304)	(316)	(370)	(351)
Net fee and commission income	2.615	2.639	2.478	2.218	2.746	2.687	2.712	2.205	3.123
Net insurance income	723	1.087	823	253	704	984	758	143	324
Net financial income	489	934	1.023	766	(774)	570	1.119	1.387	1.555
Share of profit of associates	7	30	(8)	727	11	34	2	(20)	(10)
Other operating income	201	272	94	310	294	422	600	268	90
Other net operating income	1.420	2.323	1.932	2.056	235	2.010	2.479	1.778	1.959
Operating income	11.728	12.344	12.218	11.708	10.950	11.906	12.505	10.810	12.145
Salaries and related expense	(3.076)	(4.130)	(3.805)	(3.630)	(3.584)	(3.129)	(3.949)	(3.616)	(3.461)
Other operating expenses	(3.366)	(2.810)	(2.814)	(3.232)	(3.015)	(2.864)	(2.978)	(3.143)	(2.982)
Operating expenses	(6.442)	(6.940)	(6.619)	(6.862)	(6.599)	(5.993)	(6.927)	(6.759)	(6.443)
Bank Levy	(357)	(809)	(912)	(906)	(765)	(938)	(879)	(804)	(784)
Net impairment	1.203	484	(988)	(1.081)	(573)	(2.651)	(166)	(135)	1.504
Earnings before tax	6.132	5.079	3.699	2.859	3.013	2.324	4.533	3.112	6.422
Income tax expense	(923)	(1.278)	(891)	(622)	(881)	(973)	(1.302)	(890)	(1.957)
Net earnings from continuing operations	5.209	3.801	2.808	2.237	2.132	1.351	3.231	2.222	4.465
Net gain (loss) from discontinued operations, net of tax	(7.981)	(3.040)	(715)	(1.219)	(516)	(201)	(169)	(273)	(401)
Net earnings	(2.772)	761	2.093	1.018	1.616	1.150	3.062	1.949	4.064
Attributable to									
Shareholders of Arion Bank	(2.776)	761	2.093	1.018	1.566	1.152	2.449	1.949	4.047
Non-controlling interest	4	-	-	-	50	(2)	613	-	17
Total comprehensive income for the period	(2.772)	761	2.093	1.018	1.616	1.150	3.062	1.949	4.064
Earnings per share	6.442	6.940	6.619	6.862	6.599	5.993	6.927	6.759	6.443
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	(1,53)	0,42	1,16	0,56	0,87	0,65	1,35	1,01	2,02

Arion Bank Factbook

Quarter summaries



Balance sheet - 9 quarter summary

ISK million

31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018 31.03.2018 31.12.2017

Assets

Cash and balances with Central Bank	95.717	121.554	107.649	94.124	83.139	99.525	112.996	97.934	139.819
Loans to credit institutions	17.947	31.766	69.064	84.978	56.322	123.446	113.546	94.961	86.609
Loans to customers	773.955	812.481	821.731	829.246	833.826	819.965	803.694	782.255	765.101
Financial instruments	117.406	161.781	144.161	128.103	114.557	109.374	95.265	106.415	109.450
Investment property	7.119	7.121	7.120	7.101	7.092	7.044	7.027	6.749	6.613
Investments in associates	852	848	818	807	818	862	743	743	760
Intangible assets	8.367	8.088	7.580	7.081	6.397	14.039	13.858	13.498	13.848
Tax assets	2	1	26	15	90	623	603	611	450
Asset and disposal groups held for sale	43.626	52.164	55.109	51.321	48.584	8.351	8.295	8.496	8.138
Other assets	16.864	17.351	20.161	19.919	13.502	36.300	18.817	20.107	16.966
Total assets	1.081.855	1.213.155	1.233.419	1.222.695	1.164.327	1.219.529	1.174.844	1.131.769	1.147.754

Liabilities

Due to credit institutions and Central Bank	5.984	8.292	8.703	9.183	9.204	15.370	6.336	7.880	7.370
Deposits	492.916	508.254	504.897	490.474	466.067	484.569	476.182	453.059	462.161
Financial liabilities at fair value	2.570	2.295	2.065	2.286	2.320	3.381	3.895	3.130	3.601
Tax liabilities	4.404	3.766	4.441	4.822	5.119	6.376	6.503	6.885	6.828
Liabilities associated with disposal groups held for sale	28.631	29.677	32.242	29.498	26.337				
Other liabilities	32.697	40.210	38.122	41.018	30.107	84.176	63.524	55.715	57.062
Borrowings	304.745	409.563	436.897	445.077	417.782	425.601	410.773	400.855	384.998
Subordinated liabilities	20.083	15.042	10.763	7.283	6.532	-	-	-	-
Total liabilities	892.030	1.017.099	1.038.130	1.029.641	963.468	1.019.473	967.213	927.524	922.020

Equity

Share capital and share premium	55.715	59.000	59.007	59.008	59.010	59.014	59.017	58.722	75.861
Other reserves	9.493	10.919	14.098	15.439	14.822	15.648	14.436	14.880	16.774
Retained earnings	124.436	126.007	122.054	118.477	126.897	124.655	133.437	130.515	132.971
Total shareholders equity	189.644	195.926	195.159	192.924	200.729	199.317	206.890	204.117	225.606
Non-controlling interest	181	130	130	130	130	739	741	128	128
Total equity	189.825	196.056	195.289	193.054	200.859	200.056	207.631	204.245	225.734
Total liabilities and equity	1.081.855	1.213.155	1.233.419	1.222.695	1.164.327	1.219.529	1.174.844	1.131.769	1.147.754

Net interest income - 9 quarter summary

ISK million	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Interest income									
Cash and balances with Central bank	916	1.062	1.061	969	990	1.269	1.120	1.246	1.358
Loans	11.911	12.389	15.075	13.428	15.177	13.549	12.572	12.513	11.796
Securities	443	384	271	237	127	48	199	233	340
Other	36	19	56	50	54	67	100	52	50
Interest income	13.306	13.854	16.463	14.684	16.348	14.933	13.991	14.044	13.544
Interest expense									
Deposits	(2.447)	(2.642)	(3.608)	(3.252)	(3.585)	(3.426)	(3.113)	(3.199)	(2.924)
Borrowings	(2.956)	(3.645)	(4.945)	(3.927)	(4.740)	(4.240)	(3.557)	(3.987)	(3.537)
Subordinated loans	(182)	(161)	(59)	(47)	(19)	-	-	-	-
Other	(28)	(24)	(43)	(24)	(35)	(58)	(7)	(31)	(20)
Interest expense	(5.613)	(6.472)	(8.655)	(7.250)	(8.379)	(7.724)	(6.677)	(7.217)	(6.481)
Net interest income	7.693	7.382	7.808	7.434	7.969	7.209	7.314	6.827	7.063
Interest bearing assets									
Cash and balances with Central Bank	95.717	121.554	107.649	94.124	83.139	99.525	112.996	97.934	139.819
Loans	791.902	844.247	890.795	914.224	890.148	943.411	917.240	877.216	851.710
Securities	83.343	132.708	114.583	97.343	87.701	79.856	64.249	71.498	65.402
Interest bearing assets	970.962	1.098.509	1.113.027	1.105.691	1.060.989	1.122.792	1.094.485	1.046.648	1.056.931
Interest bearing liabilities									
Due to credit institutions and Central Bank	5.984	8.292	8.703	9.183	9.204	15.370	6.336	7.880	7.370
Deposits	492.916	508.254	504.897	490.474	466.067	484.569	476.182	453.059	462.161
Financial liabilities at fair value	2.570	2.295	2.065	2.286	2.320	3.381	3.895	3.130	3.601
Borrowings	304.745	409.563	436.897	445.077	417.782	425.601	410.773	400.855	384.998
Subordinated liabilities	20.083	15.042	10.763	7.283	6.532	-	-	-	-
Interest bearing liabilities	826.298	943.446	963.325	954.303	901.905	928.921	897.186	864.923	858.130
Interest Gap	144.664	155.063	149.702	151.388	159.084	193.871	197.298	181.725	198.801
Net interest margin on interest bearing assets	3,0%	2,6%	2,8%	2,7%	2,9%	2,7%	2,8%	2,7%	2,7%

Loans to customers - 9 quarter summary

ISK million

31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018 31.03.2018 31.12.2017

Loans to customers

Individuals	368.569	408.925	403.539	399.574	400.483	397.661	382.550	374.452	365.287
Corporates	405.386	403.556	418.192	429.672	433.343	422.304	421.144	407.803	399.814
Total loans to customers	773.955	812.481	821.731	829.246	833.826	819.965	803.694	782.255	765.101

Share of stage 3 loans, gross*	2,7%	2,5%	2,4%	2,5%	2,6%	2,9%	3,0%	-	-
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Loans to individuals

Overdrafts	14.421	16.081	15.075	15.639	14.536	15.783	14.231	14.821	14.469
Credit cards	13.028	12.650	12.325	11.606	12.958	11.585	11.190	10.164	11.133
Mortgage loans	310.562	349.673	345.833	342.346	343.119	338.059	327.612	320.681	311.507
Other loans	33.105	33.604	33.631	33.579	33.560	36.351	33.736	33.274	33.629
Provision on loans	(2.547)	(3.083)	(3.325)	(3.596)	(3.690)	(4.117)	(4.219)	(4.488)	(5.451)
Total loans to individuals	368.569	408.925	403.539	399.574	400.483	397.661	382.550	374.452	365.287

* (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 customers - 9 quarter summary

ISK million

31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018 31.03.2018 31.12.2017

Loans to corporates

Overdrafts	18.709	17.714	18.880	19.082	19.200	18.101	21.125	20.909	18.778
Credit cards	1.373	1.367	1.356	1.294	1.348	1.270	1.262	1.178	1.123
Mortgage loans	23.475	23.765	24.334	24.643	23.417	22.598	21.549	20.448	19.632
Other loans	368.453	367.221	380.705	390.957	395.579	388.299	384.178	373.256	368.312
Provision on loans	(6.624)	(6.511)	(7.083)	(6.304)	(6.201)	(7.964)	(6.970)	(7.988)	(8.031)
Total loans to corporates	405.386	403.556	418.192	429.672	433.343	422.304	421.144	407.803	399.814

Loans to corporates specified by sector:

Agriculture and forestry	1,9%	1,8%	1,8%	1,8%	1,7%	1,7%	1,7%	1,7%	1,6%
Services	4,3%	4,3%	4,2%	3,8%	3,8%	4,2%	4,5%	4,3%	4,5%
Financial and insurance activities	8,3%	7,6%	8,2%	7,8%	8,7%	8,6%	8,7%	9,2%	8,5%
Industry, energy and manufacturing	9,8%	10,2%	9,4%	8,4%	8,2%	7,8%	7,4%	7,3%	7,4%
Information and communication technology	4,7%	4,7%	4,7%	4,6%	4,8%	5,5%	5,6%	5,1%	5,5%
Public administration, human health and social activities	2,1%	1,7%	1,6%	1,6%	1,6%	1,3%	1,7%	2,2%	2,0%
Real estate activities and construction	32,0%	32,8%	32,8%	34,9%	33,9%	32,0%	32,2%	31,5%	32,1%
Fishing industry	20,5%	20,1%	20,0%	18,7%	19,4%	19,4%	18,3%	19,2%	19,7%
Transportation	2,7%	2,8%	2,9%	2,8%	2,8%	4,1%	4,6%	4,2%	4,3%
Wholesale and retail trade	13,6%	13,9%	14,6%	15,5%	15,2%	15,4%	15,3%	15,3%	14,4%
	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Capital and Risk Weighted Assets

ISK million

31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018 31.03.2018 31.12.2017

Capital base:

Total equity	189.825	196.056	195.289	193.054	200.859	200.056	207.631	204.245	225.733
Deductions related to the consolidated situation ¹	(10.159)	(9.927)	(9.452)	(8.746)	(8.986)	(8.573)	(8.067)	(7.870)	(8.635)
Non-controlling interest not eligible for inclusion in CET1 capital	(181)	(130)	(130)	(130)	(130)	(739)	(741)	(128)	(128)
Common Equity Tier 1 capital before regulatory adjustment:	179.485	185.999	185.707	184.178	191.743	190.744	198.823	196.247	216.970
Intangible assets	(10.604)	(14.117)	(13.783)	(13.236)	(12.152)	(11.445)	(11.230)	(10.834)	(11.125)
Tax assets	(296)	(151)	(568)	(490)	(191)	(564)	(509)	(425)	(357)
Other statutory deductions	(1.741)	(3.255)	(3.075)	(2.022)	(1.537)	(1.308)	(1.216)	(430)	146
Foreseeable dividend	(14.153)	(6.057)	(1.557)	(509)	(9.069)	(2.775)	(12.199)	(975)	(25.000)
Common equity Tier 1 capital	152.691	162.419	166.724	167.921	168.794	174.652	173.669	183.583	180.634
Non-controlling interest not eligible for inclusion in CET1 capital	181	130	130	130	130	739	741	128	128
Tier 1 capital	152.872	162.549	166.854	168.051	168.924	175.391	174.410	183.711	180.762
Subordinated liabilities	20.083	15.042	10.763	7.283	6.532	-	-	-	-
General credit risk adjustments	-	-	-	-	-	-	-	-	3.195
Tier 2 Capital	20.083	15.042	10.763	7.283	6.532	-	-	-	3.195
Total Capital base	172.955	177.591	177.617	175.334	175.456	175.391	174.410	183.711	183.957

Risk weighted assets

Credit Risk, loans	561.602	590.880	606.843	626.603	639.788	646.016	630.789	610.623	605.058
Credit Risk, securities and other	49.163	54.705	58.183	52.167	50.112	51.133	50.131	52.976	56.979
Counterparty credit risk	3.347	3.457	3.969	4.126	4.405	4.461	4.172	6.009	5.844
Market Risk due to currency imbalance	10.070	5.127	6.125	2.385	4.280	7.305	12.608	8.695	4.895
Market Risk Other	10.609	11.168	14.261	13.744	8.928	9.717	9.666	11.522	5.473
Credit valuation adjustment ²	1.477	2.863	1.840	1.893	2.228	2.235	2.699	3.148	2.506
Operational Risk	83.487	86.957	86.957	86.957	86.957	86.013	86.013	86.013	86.013
Total risk weighted assets	719.755	755.157	778.178	787.875	796.698	806.880	796.078	778.986	766.768

Capital and Risk Weighted Assets

ISK million

31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018 31.03.2018 31.12.2017

Capital ratios	24,0%	23,5%	22,8%	22,3%	22,0%	21,7%	21,9%	23,6%	24,0%
CET 1 ratio	21,2%	21,6%	21,4%	21,3%	21,2%	21,6%	21,8%	23,6%	23,6%
Tier 1 ratio	21,2%	21,5%	21,4%	21,3%	21,2%	21,7%	21,9%	23,6%	23,6%
Capital adequacy ratio	24,0%	23,6%	22,8%	22,3%	22,0%	21,7%	21,9%	23,6%	24,0%
Leverage ratio									
On-balance sheet exposures	1.022.521	1.152.208	1.175.769	1.169.764	1.106.368	1.167.238	1.116.222	1.081.484	1.074.207
Derivative exposures	10.217	8.858	7.251	7.282	8.239	8.279	8.544	10.931	10.957
Securities financing transaction exposures	577	8.436	8.547	8.494	8.194	9.382	7.974	8.542	8.925
Off-balance sheet exposures	52.299	103.916	63.260	61.185	68.316	82.415	86.975	88.456	83.058
Total exposure	1.085.614	1.273.418	1.254.827	1.246.725	1.191.117	1.267.314	1.219.715	1.189.413	1.177.147
Tier 1 capital	152.872	202.329	204.125	197.990	194.966	193.988	198.956	192.378	189.254
Leverage ratio	14,1%	16,6%	17,2%	16,9%	17,8%	17,4%	18,1%	17,3%	16,7%
Related ratios									
RORWA	0,1%	0,7%	0,8%	0,5%	1,0%	1,0%	1,3%	1,0%	1,9%
RWA/Total assets	66,5%	62,2%	63,1%	64,4%	68,4%	66,2%	67,8%	68,8%	66,8%

Operating segments - Quarters summary

ISK million

Q4 2019

Q3 2019

Q2 2019

Q1 2019

Markets and Stefnir:

Net interest income	182	282	297	256
Net fee and commission income	944	1.164	1.156	1.054
Net insurance income	-	-	-	-
Net financial income	87	(68)	61	139
Share of profit of associates	-	-	-	-
Other income	11	3	9	2
Total operating income	1.224	1.381	1.523	1.451
Operating expenses	(477)	(421)	(504)	(518)
Allocated expenses	(179)	(380)	(481)	(430)
Bank levy	(9)	(42)	(45)	(46)
Net impairment	-	8	(3)	(5)
Earnings before income tax	559	546	490	452
Total assets	69.692	70.735	78.441	80.573
Total liabilities	62.540	63.825	71.767	73.122
Allocated equity	7.152	6.910	6.674	7.451

Corporate & Investment Banking:

Net interest income	2.395	2.240	2.338	2.156
Net fee and commission income	611	318	509	498
Net insurance income	-	-	-	-
Net financial income	6	(34)	28	(222)
Share of profit of associates	-	-	-	-
Other income	(3)	(4)	(6)	(4)
Total operating income	3.009	2.520	2.869	2.428
Operating expenses	(291)	(318)	(414)	(448)
Allocated expenses	(764)	(702)	(979)	(956)
Bank levy	(101)	(200)	(224)	(201)
Net impairment	(3.761)	(2.870)	(1.216)	(1.032)
Earnings before income tax	(1.908)	(1.570)	36	(209)
Total assets	320.545	315.052	327.950	335.209
Total liabilities	251.581	237.575	254.184	264.102
Allocated equity	68.964	77.477	73.766	71.107

Operating segments - Quarters summary

ISK million

Q4 2019

Q3 2019

Q2 2019

Q1 2019

Retail Banking:

Net interest income	4.045	4.253	4.443	4.562
Net fee and commission income	1.186	1.326	1.199	1.092
Net insurance income	-	-	-	-
Net financial income	91	(91)	-	(26)
Share of profit of associates	-	-	-	-
Other income	102	174	32	124
Total operating income	5.424	5.662	5.674	5.752
Operating expenses	(1.670)	(1.569)	(1.752)	(1.811)
Allocated expenses	(1.842)	(1.227)	(1.602)	(1.536)
Bank levy	(149)	(275)	(301)	(339)
Net impairment	1.922	133	275	(43)
Earnings before income tax	3.685	2.724	2.294	2.023
Total assets	475.199	536.349	554.871	551.713
Total liabilities	416.197	472.222	495.724	489.711
Allocated equity	59.002	64.127	59.147	62.002

Treasury and Market making:

Net interest income	1.201	783	871	583
Net fee and commission income	55	(50)	(76)	(125)
Net insurance income	-	-	-	-
Net financial income	(2)	718	258	(34)
Share of profit of associates	-	-	-	-
Other income	5	-	6	-
Total operating income	1.259	1.451	1.059	424
Operating expenses	(140)	(91)	(86)	(68)
Allocated expenses	(260)	(213)	(283)	(284)
Bank levy	(98)	(292)	(342)	(320)
Net impairment	(11)	-	15	(1)
Earnings before income tax	750	855	363	(249)
Total assets	457.579	558.263	573.660	580.470
Total liabilities	436.229	548.213	555.797	569.151
Allocated equity	21.350	10.050	17.863	11.319

Operating segments - Quarters summary

ISK million

Q4 2019

Q3 2019

Q2 2019

Q1 2019

Vördur:

Net interest income	68	57	59	44
Net fee and commission income	(31)	(18)	(6)	(25)
Net insurance income	730	1.093	830	276
Net financial income	222	35	513	551
Share of profit of associates	-	-	-	-
Other income	7	2	2	9
Total operating income	996	1.169	1.398	855
Operating expenses	(579)	(528)	(554)	(579)
Allocated expenses	(7)	(1)	(2)	(6)
Bank levy	-	-	-	-
Net impairment	-	-	-	-
Earnings before income tax	410	640	842	270
Total assets	27.028	26.758	26.222	25.655
Total liabilities	16.869	16.869	16.869	16.869
Allocated equity	10.159	9.889	9.353	8.786

Other subsidiaries:

Net interest income	(172)	(195)	(264)	3
Net fee and commission income	(189)	(236)	(280)	(235)
Net insurance income	-	-	-	-
Net financial income	88	423	(367)	494
Share of profit of associates	-	-	-	-
Other income	91	24	116	321
Total operating income	(182)	16	(795)	583
Operating expenses	(13)	(19)	(14)	(17)
Allocated expenses	(3)	(1)	(1)	(1)
Bank levy	-	-	-	-
Net impairment	3.053	3.215	(60)	-
Earnings before income tax	2.855	3.211	(870)	565
Total assets	58.515	62.367	67.056	61.984
Total liabilities	37.530	36.249	40.738	34.619
Allocated equity	20.985	26.118	26.318	27.365

Operating segments - Quarters summary

ISK million

Q4 2019

Q3 2019

Q2 2019

Q1 2019

Supporting units and eliminations:

Net interest income	(26)	(38)	64	(170)
Net fee and commission income	39	135	(24)	(41)
Net insurance income	(7)	(6)	(7)	(23)
Net financial income	(3)	(49)	530	(136)
Share of profit of associates	7	30	(8)	727
Other income	(12)	73	(65)	(142)
Total operating income	(2)	145	490	215
Operating expenses	(3.272)	(3.994)	(3.295)	(3.421)
Allocated expenses	3.055	2.524	3.348	3.213
Bank levy	-	-	-	-
Net impairment	-	(2)	1	-
Earnings before income tax	(219)	(1.327)	544	7
Total assets	(326.703)	(356.369)	(394.781)	(412.909)
Total liabilities	(328.916)	(357.854)	(396.949)	(417.933)
Allocated equity	2.213	1.485	2.168	5.024

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