



Arion Bank Factbook

30 September 2022

Unaudited

KFI - 5 years

ISK million

9M 2022 9M 2021 9M 2020 9M 2019 9M 2018

Profitability

Return on equity	14.8%	15.2%	4.7%	2.6%	3.9%
Return on assets	2.0%	2.4%	0.8%	0.4%	0.7%
Return on risk exposure amount	3.2%	3.9%	1.2%	0.7%	1.0%
Operating income / Risk exposure amount	6.5%	7.6%	6.7%	6.2%	6.0%
Earnings per share	13.60	13.68	3.90	2.14	3.00
Earnings per share from continuing operations	8.99	13.14	5.01	4.88	2.94

Net interest margin

Net interest margin on interest bearing assets	3.2%	2.7%	2.9%	2.7%	2.7%
Net interest margin on total assets	2.9%	2.5%	2.6%	2.5%	2.4%
Net interest income on credit risk	5.4%	4.8%	5.0%	4.5%	4.2%

Efficiency

Cost-to-income ratio	44.8%	41.9%	49.5%	56.3%	55.9%
Cost-to-total assets ratio	1.8%	2.0%	2.0%	2.3%	2.2%
Number of FTE´s at year end	777	763	783	802	933

Asset quality

Share of stage 3 loans, gross*	1.4%	2.6%	3.2%	2.5%	2.9%
Risk weighted assets / Total assets	60.8%	58.0%	58.9%	62.2%	66.2%

Financial strength

Equity as % of total assets	13.0%	14.5%	15.6%	16.2%	16.4%
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Liquidity

Liquidity coverage ratio (LCR)	189.3%	221.0%	212.6%	246.4%	169.1%
Loans-to-deposits ratio	141.2%	139.9%	134.0%	159.9%	169.2%
Loans-to-deposits ratio (without covered bonds)	113.1%	106.6%	108.6%	118.8%	130.2%
Deposits from customers as % of total funding	66.0%	61.3%	65.3%	54.9%	52.4%
Covered bonds as % of total funding	18.6%	20.3%	16.6%	22.5%	20.4%

Capital**

CET 1 ratio	19.3%	20.3%	22.5%	21.6%	21.6%
Tier 1 ratio	20.5%	22.1%	24.5%	21.5%	21.7%
Tier 2 ratio	2.5%	3.2%	3.1%	2.0%	0.0%
Capital adequacy ratio	23.1%	25.4%	27.6%	23.5%	21.7%
Leverage ratio	12.0%	12.4%	14.3%	12.8%	13.6%

* (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

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

Income statement - 5 year summary

ISK million

	9M 2022	9M 2021	9M 2020	9M 2019	9M 2018
Interest income	61,890	38,734	39,024	45,001	42,967
Interest expense	(32,137)	(15,439)	(15,925)	(22,377)	(21,617)
Net interest income	29,753	23,295	23,099	22,624	21,350
Fee and commission income	13,881	12,044	9,695	8,425	8,593
Fee and commission expense	(1,788)	(1,450)	(1,169)	(1,090)	(990)
Net fee and commission income	12,093	10,594	8,526	7,335	7,603
Net insurance income	1,781	2,577	2,305	2,163	1,885
Net financial (loss) income	(3,252)	5,069	1,383	2,723	3,076
Share of (loss) profit of associates	267	33	22	750	16
Other operating income	1,016	1,423	716	677	1,290
Other net operating income / loss	(188)	9,102	4,426	6,313	6,267
Operating income	41,658	42,991	36,051	36,272	35,220
Salaries and related expense	(10,483)	(9,745)	(9,211)	(11,565)	(10,694)
Other operating expenses	(8,177)	(8,263)	(8,623)	(8,855)	(8,985)
Operating expenses	(18,660)	(18,008)	(17,834)	(20,420)	(19,679)
Bank Levy	(1,253)	(1,171)	(1,038)	(2,627)	(2,620)
Net impairment	(267)	2,610	(5,118)	(1,585)	(2,951)
Earnings before income tax	21,478	26,422	12,061	11,640	9,970
Income tax expense	(7,994)	(5,194)	(3,424)	(2,791)	(3,165)
Net earnings from continuing operations	13,484	21,228	8,637	8,849	6,805
Discontinued operations held for sale, net of income tax	6,909	865	(1,929)	(4,974)	(645)
Net earnings	20,393	22,093	6,708	3,875	6,160
Attributable to					
Shareholders of Arion Bank	20,386	22,076	6,707	3,875	5,549
Non-controlling interest	7	17	1	-	611
Net earnings	20,393	22,093	6,708	3,875	6,160
Earnings per share					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	13.60	13.68	3.90	2.14	3.33

Balance sheet - 5 year summary

ISK million

30.09.2022 31.12.2021 31.12.2020 31.12.2019 31.12.2018

Assets

Cash and balances with Central Bank	68,149	69,057	42,136	95,717	83,139
Loans to credit institutions	52,643	30,272	28,235	17,947	56,322
Loans to customers	1,045,152	936,237	822,941	773,955	833,826
Financial instruments	223,142	225,657	227,251	117,406	114,557
Investment property	6,617	6,560	6,132	7,119	7,092
Investments in associates	785	668	891	852	818
Intangible assets	8,816	9,463	9,689	8,367	6,397
Tax assets	2,886	2	2	2	90
Asset and disposal groups held for sale	2,152	16,047	16,811	43,626	48,584
Other assets	17,544	19,901	18,618	16,864	13,502
Total assets	1,427,886	1,313,864	1,172,706	1,081,855	1,164,327

Liabilities

Due to credit institutions and Central Bank	5,099	5,000	13,031	5,984	9,204
Deposits	739,969	655,476	568,424	492,916	466,067
Financial liabilities at fair value	21,800	5,877	5,240	2,570	2,320
Tax liabilities	15,596	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	48,506	37,151	32,714	32,697	30,107
Borrowings	376,540	356,637	298,947	304,745	417,782
Subordinated liabilities	34,089	35,088	36,060	20,083	6,532
Total liabilities	1,241,599	1,119,266	974,861	892,030	963,468

Equity

Share capital and share premium	16,764	22,684	51,331	55,715	59,010
Other reserves	9,675	12,838	11,320	9,493	14,822
Retained earnings	159,168	158,403	135,021	124,436	126,897
Total shareholders equity	185,607	193,925	197,672	189,644	200,729
Non-controlling interest	680	673	173	181	130
Total equity	186,287	194,598	197,845	189,825	200,859
Total liabilities and equity	1,427,886	1,313,864	1,172,706	1,081,855	1,164,327

Net interest income - 5 year summary

ISK million	9M 2022	9M 2021	9M 2020	9M 2019	9M 2018
Interest income					
Cash and balances with Central bank	2,106	385	1,304	3,092	3,636
Loans	56,952	35,236	35,509	40,892	38,639
Securities	2,652	2,971	2,065	892	480
Other	180	142	146	125	212
Interest income	61,890	38,734	39,024	45,001	42,967
Interest expense					
Deposits	(15,886)	(4,497)	(5,435)	(9,502)	(9,725)
Borrowings	(14,398)	(9,461)	(9,092)	(12,517)	(11,784)
Subordinated liabilities	(1,724)	(1,393)	(1,305)	(267)	-
Other	(129)	(88)	(93)	(91)	(108)
Interest expense	(32,137)	(15,439)	(15,925)	(22,377)	(21,617)
Net interest income	29,753	23,295	23,099	22,624	21,350
Interest bearing assets					
Cash and balances with Central Bank	68,149	70,136	87,517	121,554	99,525
Loans	1,097,795	927,316	847,350	844,247	943,411
Securities	173,117	195,017	202,783	132,708	79,856
Interest bearing assets	1,339,061	1,192,469	1,137,650	1,098,509	1,122,792
Interest bearing liabilities					
Due to credit institutions and Central Bank	5,099	8,484	10,802	8,292	15,370
Deposits	739,969	641,306	602,842	508,254	484,569
Financial liabilities at fair value	21,800	5,675	3,983	2,295	3,381
Borrowings	376,540	397,031	308,913	409,563	425,601
Subordinated liabilities	34,089	35,477	36,867	15,042	-
Interest bearing liabilities	1,177,497	1,087,973	963,407	943,446	928,921
Interest Gap	161,564	104,496	174,243	155,063	193,871
Net interest margin on interest bearing assets	3.2%	2.7%	2.9%	2.7%	2.7%

Loans to customers - 5 year summary

ISK million

30.09.2022 31.12.2021 31.12.2020 31.12.2019 31.12.2018

Loans to customers

Individuals	571,487	526,498	433,336	368,569	400,483
Corporates	473,665	409,739	389,605	405,386	433,343
Total loans to customers	1,045,152	936,237	822,941	773,955	833,826

Ratios:

Share of stage 3 loans, gross*	1.4%	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	15,008	14,255	12,875	14,421	14,536
Credit cards	14,605	13,192	12,260	13,028	12,958
Mortgage loans	502,537	463,895	378,554	310,562	343,119
Other loans	41,200	37,044	32,122	33,105	33,560
Provision on loans	(1,863)	(1,888)	(2,475)	(2,547)	(3,690)
Total loans to individuals	571,487	526,498	433,336	368,569	400,483

Loans to customers - 5 year summary

ISK million

30.09.2022 31.12.2021 31.12.2020 31.12.2019 31.12.2018

Loans to corporates

Overdrafts	28,933	18,301	15,471	18,709	19,200
Credit cards	1,835	1,449	1,086	1,373	1,348
Mortgage loans	60,573	41,588	32,175	23,475	23,417
Other loans	388,476	354,113	350,455	368,453	395,579
Provision on loans	(6,152)	(5,712)	(9,582)	(6,624)	(6,201)
Total loans to corporates	473,665	409,739	389,605	405,386	433,343

Loans to corporates specified by sector:

Agriculture and forestry	2.5%	2.5%	2.1%	1.9%	1.7%
Services	4.1%	4.2%	3.4%	4.3%	3.8%
Financial and insurance activities	9.4%	11.2%	9.2%	8.3%	8.7%
Industry, energy and manufacturing	8.6%	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	1.8%	1.7%	1.7%	2.1%	1.6%
Real estate activities and construction	32.0%	31.1%	32.8%	32.0%	33.9%
Fishing industry	17.9%	19.1%	20.9%	20.5%	19.4%
Transportation	3.2%	3.5%	3.3%	2.7%	2.8%
Wholesale and retail trade	15.5%	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

30.09.2022 31.12.2021 31.12.2020 31.12.2019 31.12.2018

Capital base:

Total equity	186,287	194,598	197,845	189,825	200,859
Deductions related to the consolidated situation	-	-	-	(10,159)	(8,986)
Unaudited interim net earnings	(4,869)	-	-	-	-
Non-controlling interest not eligible for inclusion in CET 1 capital	(680)	(673)	(173)	(181)	(130)

Common Equity Tier 1 capital before regulatory adjustments

Intangible assets	(6,055)	(8,435)	(13,092)	(10,604)	(12,152)
Tax assets	-	-	-	(296)	(191)
Foreseeable dividend	(10,570)	(26,773)	(17,990)	(14,153)	(9,069)
Adjustment under IFRS 9 transitional arrangements	1,018	920	1,890	-	-
Other statutory deductions	(254)	(437)	(2,520)	(1,741)	(1,536)

Common equity Tier 1 capital

Non-controlling interest eligible for inclusion in CET1 capital	87	133	173	181	130
Additional Tier 1 capital	13,297	13,225	13,498	-	-

Tier 1 capital

Tier 2 instruments	20,792	21,863	22,562	20,083	6,532
Tier 2 instruments of financial sector entities (signif. invest.)	(1,154)	(1,056)	(1,007)	-	-
General credit risk adjustments	-	-	-	-	-

Tier 2 Capital

Total own funds	197,899	193,365	201,186	172,955	175,457
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Risk weighted exposure amount (REA)

Credit Risk, loans*	693,037	623,395	570,554	561,602	639,788
Credit Risk, securities and other	64,164	69,553	60,813	49,163	50,112
Counterparty credit risk	11,946	7,761	3,462	3,347	4,405
Market Risk due to currency imbalance	1,778	4,691	8,569	10,070	4,280
Market Risk Other	10,315	8,958	13,063	10,609	8,928
Credit valuation adjustment	2,830	2,379	842	1,477	2,228
Operational Risk	84,670	96,085	88,462	83,487	86,957
Total risk weighted exposure amount	868,740	812,822	745,765	719,755	796,698

Capital ratios*

CET 1 ratio	19.3%	19.6%	22.3%	21.2%	21.2%
Tier 1 ratio	20.5%	21.2%	24.1%	21.2%	21.2%
Capital adequacy ratio	23.1%	23.8%	27.0%	24.0%	22.0%

Leverage ratio

On-balance sheet exposures	1,380,093	1,256,916	1,114,450	1,022,521	1,106,368
Derivative exposures	25,837	4,796	9,124	10,217	8,239
Securities financing transaction exposures	10,943	720	512	577	8,194
Off-balance sheet exposures	63,019	102,016	65,425	52,299	68,316

Total exposure

Tier 1 capital	178,261	172,558	179,631	152,872	168,925
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Leverage ratio

	12.0%	12.6%	15.1%	14.1%	14.2%
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Related ratios

Return on REA	3.2%	3.7%	1.7%	0.1%	1.0%
REA/Total assets	60.8%	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

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Profitability									
Return on equity	10.5%	21.8%	12.7%	13.4%	17.0%	16.3%	12.5%	11.8%	8.3%
Return on assets	1.4%	2.9%	1.8%	2.0%	2.6%	2.6%	2.1%	1.9%	1.3%
Return on risk exposure amount	2.3%	4.5%	2.8%	3.3%	4.3%	4.2%	3.2%	3.1%	2.2%
Operating income / Risk exposure amount	6.4%	6.1%	6.9%	7.6%	7.8%	8.0%	7.0%	8.0%	7.2%
Earnings per share	3.26	6.47	3.67	4.26	5.23	4.89	3.61	7.26	2.31
Earnings per share from continuing operations	3.26	1.93	3.61	3.92	4.83	4.81	2.39	8.62	2.89
Net interest margin									
Net interest margin on interest bearing assets	3.2%	3.1%	3.1%	2.8%	2.7%	2.9%	2.7%	2.9%	2.9%
Net interest margin on total assets	3.0%	2.9%	2.9%	2.6%	2.5%	2.7%	2.5%	2.7%	2.6%
Net interest income on credit risk	5.5%	5.3%	5.3%	5.1%	4.9%	5.0%	4.6%	5.1%	5.2%
Efficiency									
Cost-to-income ratio	41.8%	50.1%	42.7%	51.6%	37.5%	42.5%	46.2%	44.9%	40.2%
Cost-to-total assets ratio	1.7%	2.0%	1.9%	2.4%	1.7%	2.1%	2.1%	2.2%	1.7%
Number of FTE 's at period end	777	746	753	751	763	741	772	776	783
Asset quality									
Share of stage 3 loans, gross*	1.4%	1.4%	1.6%	1.9%	2.6%	2.8%	2.9%	2.6%	3.2%
Risk weighted assets / Total assets	60.8%	62.1%	64.9%	61.9%	58.0%	61.3%	63.9%	63.6%	58.9%

* (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 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Financial strength									
Equity as % of total assets	13.0%	13.3%	12.9%	14.8%	14.5%	15.9%	16.0%	16.9%	15.6%
Liquidity									
Liquidity coverage ratio (LCR)	189.3%	163.2%	195.4%	202.8%	221.0%	215.1%	191.6%	188.5%	212.6%
Loans-to-deposits ratio	141.2%	139.0%	143.6%	142.8%	139.9%	139.6%	141.3%	144.8%	134.0%
Loans-to-deposits ratio (without covered bonds)	113.1%	107.8%	110.1%	111.8%	106.6%	112.0%	115.1%	117.7%	108.6%
Deposits from customers as % of total funding	66.0%	66.4%	64.5%	64.4%	61.3%	66.2%	66.1%	64.6%	65.3%
Covered bonds as % of total funding	18.6%	20.8%	21.6%	20.0%	20.3%	18.3%	17.3%	17.5%	16.6%
Capital**									
CET 1 ratio	19.3%	19.7%	18.6%	19.6%	20.3%	22.7%	22.0%	22.3%	22.5%
Tier 1 ratio	20.5%	20.9%	19.7%	21.2%	22.1%	24.4%	23.7%	24.1%	24.5%
Tier 2 ratio	2.5%	2.6%	2.7%	2.6%	3.2%	2.8%	3.1%	2.9%	3.1%
Capital adequacy ratio	23.3%	23.2%	22.4%	23.5%	25.4%	26.5%	26.8%	26.5%	27.6%
Leverage ratio	12.0%	12.7%	12.5%	12.6%	12.4%	14.6%	14.7%	15.1%	14.3%

Income statement - 9 quarter summary

ISK million

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Interest income	23,510	20,854	17,526	15,224	12,810	14,145	11,779	12,706	13,145
Interest expense	(13,089)	(11,050)	(7,998)	(6,456)	(4,873)	(6,129)	(4,437)	(4,647)	(5,156)
Net interest income	10,421	9,804	9,528	8,768	7,937	8,016	7,342	8,059	7,989
Fee and commission income	4,766	5,047	4,068	4,662	4,219	4,099	3,726	3,530	3,117
Fee and commission expense	(764)	(508)	(516)	(583)	(464)	(537)	(449)	(414)	(355)
Net fee and commission income	4,002	4,539	3,552	4,079	3,755	3,562	3,277	3,116	2,762
Net insurance income	690	1,086	5	865	992	914	671	766	1,043
Net financial (loss) income	(1,332)	(2,911)	991	1,151	1,366	2,203	1,500	1,362	692
Share of (loss) profit of associates	41	23	203	(11)	7	25	1	(22)	51
Other operating income	62	719	235	382	833	284	306	1,432	475
Other net operating income / loss	(539)	(1,083)	1,434	2,387	3,198	3,426	2,478	3,538	2,261
Operating income	13,884	13,260	14,514	15,234	14,890	15,004	13,097	14,713	13,012
Salaries and related expense	(3,100)	(3,843)	(3,540)	(4,893)	(2,899)	(3,575)	(3,271)	(3,121)	(2,504)
Other operating expenses	(2,710)	(2,806)	(2,661)	(2,974)	(2,689)	(2,797)	(2,777)	(3,486)	(2,728)
Operating expenses	(5,810)	(6,649)	(6,201)	(7,867)	(5,588)	(6,372)	(6,048)	(6,607)	(5,232)
Bank Levy	(444)	(416)	(393)	(345)	(486)	(355)	(330)	(263)	(383)
Net impairment	42	186	(495)	559	718	812	1,080	74	(1,340)
Earnings before income tax	7,672	6,381	7,425	7,581	9,534	9,089	7,799	7,917	6,057
Income tax expense	(2,803)	(3,488)	(1,703)	(1,588)	(1,920)	(1,408)	(1,866)	193	(1,096)
Net earnings from continuing operations	4,869	2,893	5,722	5,993	7,614	7,681	5,933	8,110	4,961
Discontinued operations held for sale, net of income tax	(6)	6,819	96	529	624	135	106	(2,349)	(995)
Net earnings	4,863	9,712	5,818	6,522	8,238	7,816	6,039	5,761	3,966
Attributable to									
Shareholders of Arion Bank	4,869	9,706	5,812	6,521	8,238	7,810	6,038	5,760	3,965
Non-controlling interest	(6)	6	6	1	-	6	1	1	1
Net earnings	4,863	9,712	5,818	6,522	8,238	7,816	6,039	5,761	3,966
Earnings per share									
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	3.26	6.47	3.67	4.26	5.23	4.89	3.61	7.26	2.31

Balance sheet - 9 quarter summary

ISK million

30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021 30.06.2021 31.03.2021 31.12.2020 30.09.2020

Assets

Cash and balances with Central Bank	68,149	78,011	64,395	69,057	70,136	69,609	60,479	42,136	87,517
Loans to credit institutions	52,643	40,195	35,868	30,272	30,376	35,701	29,251	28,235	39,484
Loans to customers	1,045,152	1,010,666	976,383	936,237	896,940	843,988	837,162	822,941	807,866
Financial instruments	223,142	203,740	185,680	225,657	249,979	213,963	197,216	227,251	234,937
Investment property	6,617	6,615	6,586	6,560	6,548	6,003	6,110	6,132	6,721
Investments in associates	785	724	700	668	704	697	892	891	913
Intangible assets	8,816	9,038	9,239	9,463	9,732	9,996	9,892	9,689	9,398
Tax assets	2,886	1,247	754	2	2	2	2	2	2
Asset and disposal groups held for sale	2,152	2,126	14,706	16,047	16,775	19,236	16,271	16,811	30,821
Other assets	17,544	30,999	46,704	19,901	64,900	18,725	23,818	18,618	18,557
Total assets	1,427,886	1,383,361	1,341,015	1,313,864	1,346,092	1,217,920	1,181,093	1,172,706	1,236,216

Liabilities

Due to credit institutions and Central Bank	5,099	4,604	4,270	5,000	8,484	7,754	9,525	13,031	10,802
Deposits	739,969	726,948	679,925	655,476	641,306	604,382	592,540	568,424	602,842
Financial liabilities at fair value	21,800	14,353	12,323	5,877	5,675	5,447	6,297	5,240	3,983
Tax liabilities	15,596	11,733	8,080	7,102	6,989	5,905	5,443	4,262	3,053
Liabilities associated with disposal groups held for sale	-	-	15,122	16,935	16,852	18,841	8,407	16,183	26,193
Other liabilities	48,506	45,645	44,582	37,151	39,698	46,055	41,083	32,714	51,067
Borrowings	376,540	363,375	370,026	356,637	397,031	301,388	293,747	298,947	308,913
Subordinated liabilities	34,089	33,392	33,674	35,088	35,477	34,543	34,632	36,060	36,867
Total liabilities	1,241,599	1,200,050	1,168,002	1,119,266	1,151,512	1,024,315	991,674	974,861	1,043,720

Equity

Share capital and share premium	16,765	18,954	18,955	22,684	28,663	36,345	39,387	51,331	51,331
Other reserves	9,675	9,523	11,631	12,838	12,023	12,270	12,757	11,320	12,114
Retained earnings	159,168	154,149	141,747	158,403	153,214	144,810	137,101	135,021	128,879
Total shareholders equity	185,608	182,626	172,333	193,925	193,900	193,425	189,245	197,672	192,324
Non-controlling interest	680	686	680	673	680	180	174	173	172
Total equity	186,288	183,312	173,013	194,598	194,580	193,605	189,419	197,845	192,496
Total liabilities and equity	1,427,887	1,383,361	1,341,015	1,313,864	1,346,092	1,217,920	1,181,093	1,172,706	1,236,216

Net interest income - 9 quarter summary

ISK million	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Interest income									
Cash and balances with Central bank	993	721	392	188	176	121	88	131	227
Loans	21,488	19,444	16,020	13,930	11,504	13,024	10,708	11,483	11,893
Securities	967	631	1,054	1,058	1,078	954	939	1,073	977
Other	62	58	60	48	52	45	44	20	48
Interest income	23,510	20,854	17,526	15,224	12,810	14,144	11,779	12,707	13,145
Interest expense									
Deposits	(7,158)	(5,250)	(3,478)	(2,323)	(1,386)	(1,930)	(1,181)	(1,209)	(1,455)
Borrowings	(5,269)	(5,172)	(3,957)	(3,604)	(3,003)	(3,684)	(2,774)	(2,938)	(3,181)
Subordinated loans	(624)	(580)	(520)	(498)	(455)	(485)	(453)	(475)	(491)
Other	(38)	(48)	(43)	(31)	(29)	(29)	(29)	(26)	(29)
Interest expense	(13,089)	(11,050)	(7,998)	(6,456)	(4,873)	(6,128)	(4,437)	(4,648)	(5,156)
Net interest income	10,421	9,804	9,528	8,768	7,937	8,016	7,342	8,059	7,989
Interest bearing assets									
Cash and balances with Central Bank	68,149	78,011	64,395	69,057	70,136	69,609	60,479	42,136	87,517
Loans	1,097,795	1,050,861	1,012,251	966,509	927,316	879,689	866,413	851,176	847,350
Securities	173,117	148,657	121,722	168,801	195,017	167,644	154,346	192,244	202,783
Interest bearing assets	1,339,061	1,277,529	1,198,368	1,204,367	1,192,469	1,116,942	1,081,238	1,085,556	1,137,650
Interest bearing liabilities									
Due to credit institutions and Central Bank	5,099	4,604	4,270	5,000	8,484	7,754	9,525	13,031	10,802
Deposits	739,969	726,948	679,925	655,476	641,306	604,382	592,540	568,424	602,842
Financial liabilities at fair value	21,800	14,353	12,323	5,877	5,675	5,447	6,297	5,240	3,983
Borrowings	376,540	363,375	370,026	356,637	397,031	301,388	293,747	298,947	308,913
Subordinated liabilities	34,089	33,392	33,674	35,088	35,477	34,543	34,632	36,060	36,867
Interest bearing liabilities	1,177,497	1,142,672	1,100,218	1,058,078	1,087,973	953,514	936,741	921,702	963,407
Interest Gap	161,564	134,857	98,150	146,289	104,496	163,428	144,497	163,854	174,243
Net interest margin on interest bearing assets	3.2%	3.1%	3.1%	2.8%	2.7%	2.9%	2.7%	2.9%	2.9%

Loans to customers - 9 quarter summary

ISK million

30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021 30.06.2021 31.03.2021 31.12.2020 30.09.2020

Loans to customers

Individuals	571,487	549,524	534,395	526,498	501,578	472,550	446,996	433,336	414,320
Corporates	473,665	461,142	441,988	409,739	395,362	371,438	390,166	389,605	393,546
Total loans to customers	1,045,152	1,010,666	976,383	936,237	896,940	843,988	837,162	822,941	807,866

Share of stage 3 loans, gross*	1.4%	1.4%	1.6%	1.9%	2.6%	2.8%	2.9%	2.6%	3.2%
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Loans to individuals

Overdrafts	15,008	14,803	15,262	14,255	14,439	13,310	12,567	12,875	14,513
Credit cards	14,605	14,582	13,270	13,192	12,709	12,473	11,474	12,260	11,222
Mortgage loans	502,537	482,196	469,877	463,895	440,315	414,541	392,422	378,554	359,145
Other loans	41,200	39,745	37,856	37,044	36,113	34,256	32,901	32,122	32,669
Provision on loans	(1,863)	(1,802)	(1,870)	(1,888)	(1,998)	(2,030)	(2,368)	(2,475)	(3,229)
Total loans to individuals	571,487	549,524	534,395	526,498	501,578	472,550	446,996	433,336	414,320

Loans to corporates

Overdrafts	28,933	26,675	20,371	18,301	15,146	13,478	14,034	15,471	15,819
Credit cards	1,835	1,750	1,526	1,449	1,214	1,323	1,595	1,086	1,097
Mortgage loans	60,573	54,991	46,508	41,588	43,902	39,462	32,448	32,175	29,066
Other loans	388,476	383,678	379,685	354,113	342,066	324,573	351,201	350,455	358,058
Provision on loans	(6,152)	(5,952)	(6,102)	(5,712)	(6,966)	(7,398)	(9,112)	(9,582)	(10,494)
Total loans to corporates	473,665	461,142	441,988	409,739	395,362	371,438	390,166	389,605	393,546

Loans to corporates specified by sector:

Agriculture and forestry	2.5%	2.5%	2.5%	2.5%	2.4%	2.4%	2.2%	2.1%	2.1%
Services	4.1%	4.4%	4.3%	4.2%	3.5%	3.8%	3.3%	3.4%	3.2%
Financial and insurance activities	9.4%	9.8%	10.6%	11.2%	11.6%	9.6%	9.1%	9.2%	8.1%
Industry, energy and manufacturing	8.6%	8.1%	7.9%	6.8%	7.2%	7.6%	7.5%	8.0%	7.7%
Information and communication technology	4.9%	3.9%	5.3%	4.1%	2.3%	3.5%	5.9%	5.3%	5.0%
Public administration, human health and social activities	1.8%	1.6%	1.6%	1.7%	1.4%	1.5%	1.7%	1.7%	2.0%
Real estate activities and construction	32.0%	33.1%	31.0%	31.1%	34.3%	33.8%	32.9%	32.8%	33.1%
Fishing industry	17.9%	18.0%	17.6%	19.1%	20.8%	20.0%	20.8%	20.9%	22.1%
Transportation	3.2%	3.2%	3.0%	3.5%	3.6%	3.2%	3.1%	3.3%	3.4%
Wholesale and retail trade	15.5%	15.4%	16.0%	15.9%	12.9%	14.5%	13.6%	13.2%	13.3%
	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

30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021 30.06.2021 31.03.2021 31.12.2020 30.09.2020

Capital base:

Total equity	186,287	183,311	173,013	194,598	194,580	193,605	189,419	197,845	192,496
Deductions related to the consolidated situation	-	-	-	-	-	-	-	-	(11,410)
Unaudited interim net earnings	(4,869)	-	(5,812)	-	(8,238)	-	(6,038)	-	(3,965)
Non-controlling interest not eligible for inclusion in CET1 capital	(680)	(686)	(680)	(673)	(680)	(180)	(174)	(173)	(172)
Common Equity Tier 1 capital before regulatory adjustments	180,738	182,625	166,521	193,925	185,662	193,425	183,207	197,672	176,949
Intangible assets	(6,055)	(6,011)	(8,490)	(8,435)	(9,654)	(9,532)	(13,915)	(13,092)	(11,671)
Tax assets	-	-	-	-	-	-	-	-	(310)
Foreseeable dividend	(10,570)	(7,759)	-	(26,773)	(17,176)	(14,924)	(3,056)	(17,990)	(3,358)
Adjustment under IFRS 9 transitional arrangements	1,018	890	1,199	920	1,379	1,936	1,238	1,890	1,977
Other statutory deductions	(254)	(227)	(207)	(240)	(1,601)	(1,702)	(1,561)	(2,520)	(3,709)
Common equity Tier 1 capital	164,877	169,518	159,023	159,397	158,610	169,203	165,913	165,960	159,878
Non-controlling interest eligible for inclusion in CET1 capital	87	91	89	133	680	180	174	173	172
Additional Tier 1 capital	13,297	12,714	12,315	13,225	13,302	12,847	12,891	13,498	14,480
Tier 1 capital	178,261	182,323	171,427	172,755	172,592	182,230	178,978	179,631	174,530
Tier 2 instruments	20,791	20,677	21,359	21,863	22,175	21,696	21,741	22,562	22,387
Tier 2 instruments of financial sector entities (signif. invest.)	(1,154)	(1,111)	(1,089)	(1,056)	(1,051)	(1,032)	(1,026)	(1,007)	-
Tier 2 Capital	19,637	19,566	20,270	20,807	21,124	20,664	20,715	21,555	22,387
Total own funds	197,898	201,889	191,697	193,562	193,716	202,894	199,693	201,186	196,917

Risk weighted exposure amount (REA)

Credit Risk, loans	693,037	664,294	664,568	623,395	593,552	567,958	577,130	570,554	568,345
Credit Risk, securities and other	64,164	78,607	72,948	69,553	71,200	62,566	61,812	60,813	52,564
Counterparty credit risk	11,946	9,371	7,505	7,761	7,832	7,879	4,831	3,462	4,791
Market Risk due to currency imbalance	1,778	4,262	8,476	4,691	5,748	1,056	6,297	8,569	2,552
Market Risk Other	10,315	15,678	18,925	8,958	10,862	15,944	15,255	13,063	14,777
Credit valuation adjustment	2,830	1,708	2,171	2,379	2,661	2,543	589	842	1,618
Operational Risk	84,670	84,670	96,085	96,085	88,462	88,462	88,462	88,462	83,487
Total risk weighted exposure amount	868,740	858,590	870,678	812,822	780,317	746,408	754,376	745,765	728,134

Capital and Risk Weighted Assets

ISK million

30.09.2022 30.06.2022 31.03.2022 31.12.2021 30.09.2021 30.06.2021 31.03.2021 31.12.2020 30.09.2020

Capital ratios**

CET 1 ratio	19.3%	19.7%	18.6%	19.6%	20.3%	22.7%	22.0%	22.3%	22.5%
Tier 1 ratio	20.5%	20.9%	19.7%	21.2%	22.1%	24.4%	23.7%	24.1%	24.5%
Capital adequacy ratio	23.1%	23.5%	22.4%	23.8%	25.4%	27.2%	26.9%	27.0%	27.6%

Leverage ratio

On-balance sheet exposures	1,380,093	1,340,969	1,313,520	1,256,916	1,294,546	1,165,903	1,139,032	1,114,450	1,176,825
Derivative exposures	25,837	18,745	13,737	4,796	7,076	6,574	6,409	9,124	13,083
Securities financing transaction exposures	10,943	10,549	354	720	689	74	514	512	2,871
Off-balance sheet exposures	63,019	68,435	76,115	102,016	89,800	73,017	74,587	65,425	66,612
Total exposure	1,479,892	1,438,698	1,403,726	1,364,448	1,392,111	1,245,568	1,220,542	1,189,511	1,259,391
Tier 1 capital	178,261	177,705	176,242	172,558	172,592	182,230	178,978	179,631	174,530
Leverage ratio	12.0%	12.4%	12.6%	12.6%	12.4%	14.6%	14.7%	15.1%	13.9%

Related ratios

Return on REA	3.2%	3.7%	2.8%	3.7%	3.9%	3.7%	3.2%	1.7%	1.2%
REA/Total assets	60.8%	62.1%	64.9%	61.9%	58.0%	61.3%	63.9%	63.6%	58.9%

*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

Markets and Stefmir:

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net interest income	1,103	715	477	371	248	207	139	398	169	212	197
Net fee and commission income	1,434	1,488	1,521	1,513	1,699	1,239	1,191	1,125	857	945	1,035
Net insurance income	-	-	-	-	-	-	-	-	-	-	-
Net financial income (loss)	(8)	(67)	(35)	54	104	103	65	99	46	133	(136)
Share of profit of associates	-	-	-	-	-	-	-	-	-	-	1
Other operating income	-	-	-	1	1	2	-	5	4	1	3
Total operating income	2,529	2,136	1,963	1,939	2,052	1,551	1,395	1,627	1,076	1,291	1,100
Operating expenses	(433)	(544)	(513)	(664)	(404)	(459)	(439)	(497)	(326)	(531)	(474)
Allocated expenses	(442)	(492)	(483)	(558)	(435)	(522)	(467)	(407)	(408)	(497)	(468)
Bank levy	(16)	(18)	(16)	(16)	(23)	(16)	(13)	(7)	(10)	(10)	(8)
Net impairment	(1)	1	(1)	-	1	(1)	-	-	4	(4)	-
Earnings before income tax	1,637	1,083	950	701	1,191	553	476	716	336	249	150
Total assets	87,985	91,257	88,234	80,834	80,834	77,722	77,927	79,193	75,528	74,317	77,452
Total liabilities	79,038	83,002	80,791	73,121	73,121	71,114	69,810	71,355	67,762	67,980	69,303
Allocated equity	8,947	8,255	7,443	7,713	7,713	6,608	8,117	7,838	7,766	6,337	8,149

Corporate & Investment Bank including insurance*:

Net interest income	5,560	4,460	4,419	4,101	3,410	2,758	2,585	2,717	2,731	2,548	2,522
Net fee and commission income	823	2,188	1,133	1,530	1,027	1,363	1,107	938	614	721	837
Net insurance income	36	(70)	(61)	-	-	-	-	-	-	-	-
Net financial income (loss)	(144)	(110)	95	171	399	460	216	(144)	-	-	-
Share of profit of associates	-	-	-	-	-	(8)	-	-	1	(49)	-
Other operating income (loss)	4	110	-	(2)	(6)	21	1	109	3	(8)	(2)
Total operating income	6,279	6,578	5,586	5,800	4,830	4,594	3,909	3,620	3,349	3,212	3,357
Operating expenses	(589)	(564)	(632)	(720)	(419)	(328)	(325)	(332)	(219)	(365)	(385)
Allocated expenses	(824)	(981)	(846)	(791)	(601)	(709)	(642)	(722)	(563)	(731)	(618)
Bank levy	(143)	(133)	(120)	(98)	(141)	(103)	(94)	(75)	(110)	(95)	(107)
Net impairment	(221)	810	(418)	138	737	551	841	(685)	(2,651)	(1,062)	(1,645)
Earnings (loss) before income tax	4,502	5,710	3,570	4,329	4,406	4,005	3,689	1,806	(194)	959	602
Total assets	439,461	427,885	410,271	372,152	372,152	299,412	317,023	315,731	329,038	316,726	329,384
Total liabilities	364,637	354,447	342,611	310,867	310,867	242,107	257,703	256,411	256,013	259,936	253,964
Allocated equity	74,824	73,437	67,660	61,285	61,285	57,305	59,320	59,320	73,025	56,790	75,420

*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

Retail Bank including insurance*:

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net interest income	5,132	4,549	4,560	4,234	3,413	4,079	3,932	3,580	4,004	3,999	3,831
Net fee and commission income	1,456	1,131	923	1,070	1,126	925	940	1,047	1,291	990	1,247
Net insurance income	656	1,160	127	-	-	-	-	-	-	-	-
Net financial income (loss)	(385)	(680)	332	-	-	-	-	-	-	-	-
Share of profit of associates	-	-	-	-	-	-	-	-	-	-	-
Other operating income	28	27	34	73	19	204	211	40	73	5	119
Total operating income	6,887	6,187	5,976	5,377	4,558	5,208	5,083	4,667	5,368	4,994	5,197
Operating expenses	(1,139)	(1,281)	(1,297)	(1,455)	(1,066)	(1,315)	(1,311)	(1,372)	(1,152)	(1,406)	(1,493)
Allocated expenses	(1,763)	(1,833)	(1,750)	(1,878)	(1,455)	(1,911)	(1,629)	(1,640)	(1,141)	(1,626)	(1,473)
Bank levy	(205)	(194)	(185)	(150)	(232)	(172)	(155)	(115)	(168)	(138)	(158)
Net impairment	104	265	(78)	449	644	367	414	714	151	(76)	(1,903)
Earnings before income tax	3,884	3,144	2,666	2,343	2,449	2,177	2,402	2,254	3,058	1,748	170
Total assets	647,788	625,240	608,236	574,849	574,849	555,128	534,332	518,312	501,186	485,324	474,471
Total liabilities	589,226	567,556	551,047	527,652	527,652	507,218	490,527	474,508	445,274	442,123	416,769
Allocated equity	58,562	57,685	57,189	47,197	47,197	47,910	43,805	43,805	55,912	43,201	57,702

Treasury and Market making:

Net interest income	(1,312)	65	96	84	863	997	709	1,437	1,166	1,180	848
Net fee and commission income	185	214	150	164	128	157	165	160	153	141	96
Net insurance income	-	-	-	-	-	-	-	-	-	-	-
Net financial income (loss)	(861)	(2,411)	611	596	115	1,218	1,019	555	467	1,353	(1,411)
Share of profit of associates	-	-	-	-	-	-	-	-	-	-	-
Other operating income	-	2	(1)	13	15	17	(2)	-	-	-	-
Total operating income (loss)	(1,988)	(2,130)	856	857	1,121	2,389	1,891	2,152	1,786	2,674	(467)
Operating expenses	(196)	(146)	(152)	(211)	(142)	(109)	(143)	(161)	(114)	(148)	(185)
Allocated expenses	(270)	(330)	(284)	(293)	(236)	(271)	(236)	(469)	(222)	(225)	(211)
Bank levy	(80)	(71)	(72)	(81)	(90)	(64)	(68)	(67)	(94)	(81)	(58)
Net impairment	1	1	(2)	1	4	(5)	2	(11)	(10)	13	4
Earnings (loss) before income tax	(2,533)	(2,676)	346	273	657	1,940	1,446	1,444	1,346	2,233	(917)
Total assets	534,231	487,621	498,298	499,348	499,348	447,808	445,873	467,489	502,387	491,031	480,872
Total liabilities	500,807	453,937	476,122	451,638	451,638	399,232	401,046	413,894	481,934	441,285	470,028
Allocated equity	33,424	33,684	22,176	47,710	47,710	48,576	44,827	53,594	20,453	49,746	10,844

*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

Vördur*:

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net interest income	-	-	-	17	29	12	26	36	44	45	47
Net fee and commission income (expense)	-	-	-	(36)	(22)	(49)	(72)	(43)	(37)	(50)	(41)
Net insurance income	-	-	-	870	998	919	717	774	1,053	795	523
Net financial income	-	-	-	556	623	630	316	607	244	754	130
Share of profit of associates	-	-	-	-	-	-	-	-	-	-	-
Other operating income	-	-	-	9	8	8	8	(17)	2	1	2
Total operating income	-	-	-	1,416	1,636	1,520	995	1,357	1,306	1,545	661
Operating expenses	-	-	-	(803)	(521)	(637)	(630)	(665)	(503)	(645)	(636)
Allocated expenses	-	-	-	(2)	(2)	(3)	(8)	-	(12)	3	(12)
Bank levy	-	-	-	-	-	-	-	-	-	-	-
Net impairment	-	-	-	-	-	-	-	-	-	-	-
Earnings before income tax	-	-	-	611	1,113	880	357	692	791	903	13
Total assets	-	-	-	34,279	34,279	32,564	32,001	30,233	30,390	29,418	26,993
Total liabilities	-	-	-	22,198	22,198	21,848	21,205	19,694	18,981	18,595	16,869
Allocated equity	-	-	-	12,081	12,081	10,716	10,796	10,539	11,409	10,823	10,124

Subsidiaries excluding Stefnir and Vördur:

Net interest income (expense)	(14)	4	3	(30)	(19)	(30)	(41)	(28)	(99)	(88)	(174)
Net fee and commission income (expense)	(608)	37	24	(261)	(203)	(187)	(140)	(134)	(157)	(145)	(211)
Net insurance income	(2)	-	-	-	-	-	-	-	-	-	-
Net financial income (loss)	(66)	525	19	(237)	126	(209)	(116)	246	(64)	450	(594)
Share of profit of associates	-	-	-	-	-	-	-	(1)	-	-	-
Other operating income	10	28	5	(158)	526	44	(15)	1,210	91	290	8
Total operating income (loss)	(680)	594	51	(686)	430	(382)	(312)	1,293	(229)	507	(971)
Operating expenses	(90)	(75)	(33)	(55)	(43)	(39)	(85)	(46)	(29)	(29)	(75)
Allocated expenses	(29)	(1)	(1)	(2)	(1)	(1)	(1)	(2)	(1)	(2)	(1)
Bank levy	-	-	-	-	-	-	-	-	-	-	-
Net impairment	(39)	-	-	158	(583)	67	(85)	2,486	1,165	212	683
Earnings (loss) before income tax	(838)	518	17	(585)	(197)	(355)	(483)	3,731	906	688	(364)
Total assets	32,423	31,630	37,015	38,792	38,792	44,821	34,443	42,485	54,723	48,891	51,792
Total liabilities	21,893	21,380	18,470	20,180	20,180	22,331	11,889	19,736	30,792	26,961	31,867
Allocated equity	10,530	10,250	18,545	18,612	18,612	22,490	22,554	22,749	23,931	21,930	19,925

*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 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Supporting units and eliminations:											
Net interest income (loss)	(48)	11	(27)	(9)	(7)	(7)	(8)	(81)	(26)	(39)	(18)
Net fee and commission income (expense)	712	(519)	(199)	99	-	114	86	24	41	86	113
Net insurance income (expense)	-	(4)	(61)	(5)	(6)	(5)	(46)	(7)	(10)	(34)	(22)
Net financial income (loss)	132	(168)	(31)	11	(1)	1	-	(1)	(1)	1	11
Share of profit (loss) of associates	41	23	203	(11)	7	33	1	(21)	50	44	(25)
Other operating income (loss)	20	552	197	446	270	(12)	103	85	302	(218)	40
Total operating income (loss)	857	(105)	82	531	263	124	136	(1)	356	(160)	99
Operating expenses	(3,363)	(4,039)	(3,574)	(3,959)	(2,993)	(3,485)	(3,115)	(3,534)	(2,889)	(3,271)	(2,959)
Allocated expenses	3,328	3,637	3,364	3,524	2,730	3,417	2,983	3,240	2,347	3,078	2,783
Bank levy	-	-	-	-	-	-	-	1	(1)	-	-
Net impairment	198	(891)	4	(187)	(85)	(167)	(92)	(2,430)	1	(1)	1
Earnings (loss) before income tax	1,020	(1,398)	(124)	(91)	(85)	(111)	(88)	(2,724)	(186)	(354)	(76)
Total assets	(314,002)	(280,272)	(301,039)	(286,390)	(286,390)	(239,535)	(260,506)	(280,737)	(257,036)	263,458	(253,144)
Total liabilities	(314,002)	(280,272)	(301,039)	(286,390)	(286,390)	(239,535)	(260,506)	(280,737)	(257,036)	(263,458)	(254,859)
Allocated equity	-	-	-	-	-	-	-	-	-	-	1,715

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