



Arion Bank

Factbook
(Unaudited)
31 March 2021

KFI - 5 years

ISK million

Q1 2021 Q1 2020 Q1 2019 Q1 2018 Q1 2017

Profitability

Return on equity	12.5%	(4.6%)	2.1%	3.6%	6.3%
Return on assets	2.1%	(0.8%)	0.3%	0.7%	1.2%
Return on risk-weighted-assets	3.2%	(1.2%)	0.5%	1.0%	1.8%
Earnings per share	3.61	(1.25)	0.56	1.01	1.68
Earnings per share from continuing operations	3.55	(0.74)	1.23	1.15	1.60

Net interest margin

Net interest margin on interest bearing assets	2.7%	2.8%	2.7%	2.7%	2.8%
Net interest margin on total assets	2.5%	2.6%	2.5%	2.4%	2.6%
Net interest income on credit risk	4.6%	4.8%	4.3%	4.1%	4.4%

Efficiency

Cost-to-income ratio	46.2%	69.2%	58.6%	62.5%	56.6%
Cost-to-total assets ratio	2.1%	2.2%	2.3%	2.4%	2.4%
Number of FTE´s at year end	772	814	917	956	939

Asset quality

Share of stage 3 loans, gross*	2.9%	2.9%	2.5%	-	-
Risk weighted assets / Total assets	63.9%	60.0%	64.4%	68.8%	66.4%

Financial strength

Equity as % of total assets	16.0%	15.5%	15.8%	18.0%	19.2%
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Liquidity

Liquidity coverage ratio (LCR)	191.6%	224.2%	213.0%	209.9%	163.5%
Loans-to-deposits ratio	141.3%	144.4%	169.1%	172.7%	151.4%
Loans-to-deposits ratio (without covered bonds)	115.1%	116.7%	125.1%	134.4%	116.5%
Deposits from customers as % of total funding	66.1%	62.0%	51.9%	52.6%	56.2%
Covered bonds as % of total funding	17.3%	17.2%	22.8%	20.1%	19.6%

Capital

CET 1 ratio	22.0%	22.5%	21.3%	23.6%	27.3%
Tier 1 ratio	23.7%	24.6%	21.3%	23.6%	27.3%
Tier 2 ratio	3.1%	3.0%	0.9%	0.0%	0.7%
Capital adequacy ratio	26.9%	27.5%	22.2%	23.6%	28.0%
Leverage ratio	14.7%	14.5%	13.5%	15.4%	17.0%

* (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

¹ Not available following implementation of IFRS 9 in January 2018

Income statement - 5 year summary

ISK million	Q1 2021	Q1 2020	Q1 2019	Q1 2018	Q1 2017
Interest income	11,779	12,044	14,684	14,044	13,422
Interest expense	(4,437)	(4,791)	(7,250)	(7,217)	(6,518)
Net interest income	7,342	7,253	7,434	6,827	6,904
Fee and commission income	3,726	3,481	2,630	2,575	2,508
Fee and commission expense	(449)	(405)	(412)	(370)	(310)
Net fee and commission income	3,277	3,076	2,218	2,205	2,198
Net insurance income	671	501	766	1,387	1,433
Net financial (loss) income	1,500	(2,000)	253	143	447
Share of (loss) profit of associates	1	(24)	727	(18)	(34)
Other operating income	306	170	310	268	456
Other net operating income / loss	2,478	(1,353)	2,056	1,780	2,302
Operating income	13,097	8,976	11,708	10,812	11,404
Salaries and related expense	(3,271)	(3,130)	(3,630)	(3,616)	(3,437)
Other operating expenses	(2,777)	(3,077)	(3,232)	(3,143)	(3,041)
Operating expenses	(6,048)	(6,207)	(6,862)	(6,759)	(6,478)
Bank Levy	(330)	(331)	(906)	(804)	(797)
Net impairment	1,080	(2,860)	(1,081)	(135)	907
Earnings / loss before tax	7,799	(422)	2,859	3,114	5,036
Income tax expense	(1,866)	(860)	(622)	(890)	(1,405)
Net earnings / loss from continuing operations	5,933	(1,282)	2,237	2,224	3,631
Discontinued operations held for sale, net of income tax	106	(889)	(1,219)	(273)	(278)
Net earnings / loss	6,039	(2,171)	1,018	1,951	3,353
Attributable to					
Shareholders of Arion Bank	6,038	(2,167)	1,018	1,951	3,352
Non-controlling interest	1	(4)	-	-	1
Total comprehensive income	6,039	(2,171)	1,018	1,951	3,353
Earnings per share					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	3.61	(1.25)	0.56	1.01	1.60

Balance sheet - 5 year summary

ISK million

31.03.2021 31.12.2020 31.12.2019 31.12.2018 31.12.2017

Assets

Cash and balances with Central Bank	60,479	42,136	95,717	83,139	139,819
Loans to credit institutions	29,251	28,235	17,947	56,322	86,609
Loans to customers	837,162	822,941	773,955	833,826	765,101
Financial instruments	197,216	227,251	117,406	114,557	109,450
Investment property	6,110	6,132	7,119	7,092	6,613
Investments in associates	892	891	852	818	760
Intangible assets	9,892	9,689	8,367	6,397	13,848
Tax assets	2	2	2	90	450
Asset and disposal groups held for sale	16,271	16,811	43,626	48,584	8,138
Other assets	23,818	18,618	16,864	13,502	16,966
Total assets	1,181,093	1,172,706	1,081,855	1,164,327	1,147,754

Liabilities

Due to credit institutions and Central Bank	9,525	13,031	5,984	9,204	7,370
Deposits	592,540	568,424	492,916	466,067	462,161
Financial liabilities at fair value	6,297	5,240	2,570	2,320	3,601
Tax liabilities	5,443	4,262	4,404	5,119	6,828
Liabilities associated with disposal groups held for sale	8,407	16,183	28,631	26,337	-
Other liabilities	41,083	32,714	32,697	30,107	57,062
Borrowings	293,747	298,947	304,745	417,782	384,998
Subordinated liabilities	34,632	36,060	20,083	6,532	-
Total liabilities	991,674	974,861	892,030	963,468	922,020

Equity

Share capital and share premium	39,387	51,331	55,715	59,010	75,861
Other reserves	12,757	11,320	9,493	14,822	16,774
Retained earnings	137,101	135,021	124,436	126,897	132,971
Total shareholders equity	189,245	197,672	189,644	200,729	225,606
Non-controlling interest	174	173	181	130	128
Total equity	189,419	197,845	189,825	200,859	225,734
Total liabilities and equity	1,181,093	1,172,706	1,081,855	1,164,327	1,147,754

Net interest income - 5 year summary

ISK million	Q1 2021	Q1 2020	Q1 2019	Q1 2018	Q1 2017
Interest income					
Cash and balances with Central bank	88	774	969	1,246	1,347
Loans	10,708	10,690	13,428	12,513	11,333
Securities	939	550	237	233	682
Other	44	30	50	52	60
Interest income	11,779	12,044	14,684	14,044	13,422
Interest expense					
Deposits	(1,181)	(2,011)	(3,252)	(3,199)	(3,106)
Borrowings	(2,774)	(2,443)	(3,927)	(3,987)	(3,413)
Subordinated liabilities	(453)	(313)	(47)	-	-
Other	(29)	(24)	(24)	(31)	-
Interest expense	(4,437)	(4,791)	(7,250)	(7,217)	(6,519)
Net interest income	7,342	7,253	7,434	6,827	6,903
Interest bearing assets					
Cash and balances with Central Bank	60,479	118,174	94,124	97,934	178,593
Loans	866,413	812,620	914,224	877,216	788,347
Securities	154,346	163,127	97,343	71,498	78,863
Interest bearing assets	1,081,238	1,093,921	1,105,691	1,046,648	1,045,803
Interest bearing liabilities					
Due to credit institutions and Central Bank	9,525	8,323	9,183	7,880	9,689
Deposits	592,540	539,312	490,474	453,059	475,641
Financial liabilities at fair value	6,297	4,687	2,286	3,130	3,922
Borrowings	293,747	322,470	445,077	400,855	355,633
Subordinated liabilities	34,632	35,837	7,283	-	-
Interest bearing liabilities	936,741	910,629	954,303	864,923	844,885
Interest Gap	144,497	183,292	151,388	181,725	200,918
Net interest margin on interest bearing assets	2.7%	2.8%	2.7%	2.7%	2.8%

Loans to customers - 5 year summary

ISK million

31.03.2021 31.12.2020 31.12.2019 31.12.2018 31.12.2017

Loans to customers

Individuals	446,996	433,336	368,569	400,483	365,287
Corporates	390,166	389,605	405,386	433,343	399,814
Total loans to customers	837,162	822,941	773,955	833,826	765,101

Ratios:

Share of stage 3 loans, gross*	2.9%	2.6%	2.7%	2.6%	3.5%
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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	12,567	12,875	14,421	14,536	14,469
Credit cards	11,474	12,260	13,028	12,958	11,133
Mortgage loans	392,422	378,554	310,562	343,119	311,507
Other loans	32,901	32,122	33,105	33,560	33,629
Provision on loans	(2,368)	(2,475)	(2,547)	(3,690)	(5,451)
Total loans to individuals	446,996	433,336	368,569	400,483	365,287

Loans to customers - 5 year summary

ISK million

31.03.2021 31.12.2020 31.12.2019 31.12.2018 31.12.2017

Loans to corporates

Overdrafts	14,034	15,471	18,709	19,200	18,778
Credit cards	1,595	1,086	1,373	1,348	1,123
Mortgage loans	32,448	32,175	23,475	23,417	19,632
Other loans	351,201	350,455	368,453	395,579	368,312
Provision on loans	(9,112)	(9,582)	(6,624)	(6,201)	(8,031)
Total loans to corporates	390,166	389,605	405,386	433,343	399,814

Loans to corporates specified by sector:

Agriculture and forestry	2.2%	2.1%	1.9%	1.7%	1.6%
Services	3.3%	3.4%	4.3%	3.8%	4.5%
Financial and insurance activities	9.1%	9.2%	8.3%	8.7%	8.5%
Industry, energy and manufacturing	7.5%	8.0%	9.8%	8.2%	7.4%
Information and communication technology	5.9%	5.3%	4.7%	4.8%	5.5%
Public administration, human health and social activities	1.7%	1.7%	2.1%	1.6%	2.0%
Real estate activities and construction	32.9%	32.8%	32.0%	33.9%	32.1%
Fishing industry	20.8%	20.9%	20.5%	19.4%	19.7%
Transportation	3.1%	3.3%	2.7%	2.8%	4.3%
Wholesale and retail trade	13.6%	13.2%	13.6%	15.2%	14.4%
	100.0%	100.0%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million

31.03.2021 31.12.2020 31.12.2019 31.12.2018 31.12.2017

Capital base:

Total equity	189,419	197,845	189,825	200,859	225,733
Deductions related to the consolidated situation ¹	-	-	(10,159)	(8,986)	(8,635)
Unaudited interim net earnings	6,038	-	-	-	-
Non-controlling interest not eligible for inclusion in CET 1 capital	(174)	(173)	(181)	(130)	(128)

Common Equity Tier 1 capital before regulatory adjustments

Intangible assets	(13,915)	(13,092)	(10,604)	(12,152)	(11,125)
Tax assets	-	-	(296)	(191)	(357)
Foreseeable dividend	(3,056)	(17,990)	(14,153)	(9,069)	(25,000)
Adjustment under IFRS 9 transitional arrangements	1,238	1,890	-	-	-
Other statutory deductions	(1,561)	(2,520)	(1,741)	(1,537)	147

Common equity Tier 1 capital

Non-controlling interest not eligible for inclusion in CET1 capital	174	173	181	130	128
Additional Tier 1 capital	12,891	13,498	-	-	-

Tier 1 capital

Tier 2 instruments	21,741	22,562	20,083	6,532	-
Tier 2 instruments of financial sector entities (signif. invest.)	(1,026)	(1,007)	-	-	-
General credit risk adjustments	-	-	-	-	3,195

Tier 2 Capital

Total own funds	211,769	201,186	172,955	175,456	183,958
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Risk weighted exposure amount (REA)

Credit Risk, loans	577,130	570,554	561,602	639,788	605,058
Credit Risk, securities and other ²	61,812	60,813	49,163	50,112	56,979
Counterparty credit risk ²	4,831	3,462	3,347	4,405	5,844
Market Risk due to currency imbalance	6,297	8,569	10,070	4,280	4,895
Market Risk Other	15,255	13,063	10,609	8,928	5,473
Credit valuation adjustment ²	589	842	1,477	2,228	2,506
Operational Risk	88,462	88,462	83,487	86,957	86,013
Total risk weighted exposure amount	754,376	745,765	719,755	796,698	766,768

Capital ratios

CET 1 ratio	22.0%	22.3%	21.2%	21.2%	23.6%
Tier 1 ratio	23.7%	24.1%	21.2%	21.2%	23.6%
Capital adequacy ratio	26.9%	27.0%	24.0%	22.0%	24.0%

Leverage ratio

On-balance sheet exposures	1,139,032	1,114,450	1,022,521	1,106,368	1,074,207
Derivative exposures	6,409	9,124	10,217	8,239	10,957
Securities financing transaction exposures	514	512	577	8,194	8,925
Off-balance sheet exposures	74,587	65,425	52,299	68,316	83,058

Total exposure

Total exposure	1,220,542	1,189,511	1,085,614	1,191,117	1,177,147
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Tier 1 capital

Tier 1 capital	191,054	179,631	152,872	168,924	180,763
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Leverage ratio

Leverage ratio	15.7%	15.1%	14.1%	14.2%	15.4%
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Related ratios

Return on REA	3.2%	1.7%	0.1%	1.0%	1.9%
REA/Total assets	63.9%	63.6%	66.5%	68.4%	66.8%

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

Arion Bank Factbook

Quarter summaries



KFI - 9 Quarters

ISK million

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Profitability									
Return on equity	12.5%	11.8%	8.3%	10.5%	(4.6%)	(5.8%)	1.6%	4.3%	2.1%
Return on assets	2.1%	1.9%	1.3%	1.7%	(0.8%)	(1.0%)	0.2%	0.7%	0.3%
Return on risk-weighted-assets	3.2%	3.1%	2.2%	2.7%	(1.2%)	(1.5%)	0.4%	1.1%	0.5%
Earnings per share	3.61	7.26	2.31	2.86	(3.33)	(1.53)	0.42	1.16	0.56
Earnings per share from continuing operations	2.39	8.62	2.89	2.89	(5.58)	2.87	2.10	1.55	1.23
Net interest margin									
Net interest margin on interest bearing assets	2.7%	2.9%	2.9%	2.9%	2.8%	3.0%	2.6%	2.8%	2.7%
Net interest margin on total assets	2.5%	2.7%	2.6%	2.7%	2.6%	2.7%	2.4%	2.5%	2.5%
Net interest income on credit risk	4.6%	5.1%	5.2%	5.2%	4.8%	4.9%	4.5%	4.6%	4.3%
Efficiency									
Cost-to-income ratio	46.2%	44.9%	40.2%	45.5%	69.2%	54.9%	56.2%	54.2%	58.6%
Cost-to-total assets ratio	2.1%	2.2%	1.7%	2.2%	2.2%	2.2%	2.3%	2.2%	2.3%
Number of FTE´s at year end	772	776	783	783	814	801	802	880	917
Asset quality									
Share of stage 3 loans, gross*	2.9%	2.6%	3.2%	3.4%	2.9%	2.7%	2.5%	2.4%	2.5%
Risk weighted assets / Total assets	63.9%	63.6%	58.9%	60.6%	60.0%	66.5%	62.2%	63.1%	64.4%

* (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

Q1 2021 Q4 2020 Q3 2020 Q2 2020 Q1 2020 Q4 2019 Q3 2019 Q2 2019 Q1 2019

Financial strength

Equity as % of total assets	16.0%	16.9%	15.6%	16.0%	15.5%	17.5%	16.2%	15.8%	15.8%
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Liquidity

Liquidity coverage ratio (LCR)	191.6%	188.5%	212.6%	206.3%	224.2%	188.3%	246.4%	198.0%	213.0%
Loans-to-deposits ratio	141.3%	144.8%	134.0%	140.3%	144.4%	157.0%	159.9%	162.8%	169.1%
Loans-to-deposits ratio (without covered bonds)	115.1%	117.7%	108.6%	113.0%	116.7%	127.5%	118.8%	119.3%	125.1%
Deposits from customers as % of total funding	66.1%	64.6%	65.3%	63.3%	62.0%	61.3%	54.9%	53.1%	51.9%
Covered bonds as % of total funding	17.3%	17.5%	16.6%	17.3%	17.2%	18.1%	22.5%	23.1%	22.8%

Capital

CET 1 ratio	22.0%	22.3%	22.5%	22.9%	22.5%	21.2%	21.6%	21.4%	21.3%
Tier 1 ratio	23.7%	24.1%	24.5%	25.0%	24.6%	21.2%	21.5%	21.4%	21.3%
Tier 2 ratio	3.1%	2.9%	3.1%	3.0%	3.0%	2.8%	2.0%	1.4%	0.9%
Capital adequacy ratio	26.5%	27.0%	27.6%	0.0%	27.5%	24.0%	23.5%	22.8%	22.2%
Leverage ratio	14.7%	15.1%	14.3%	14.9%	14.5%	14.1%	12.8%	13.3%	13.5%

Income statement - 9 quarter summary

ISK million

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Interest income	11,779	12,706	13,145	13,835	12,044	13,306	13,854	16,463	14,684
Interest expense	(4,437)	(4,647)	(5,156)	(5,978)	(4,791)	(5,613)	(6,472)	(8,655)	(7,250)
Net interest income	7,342	8,059	7,989	7,857	7,253	7,693	7,382	7,808	7,434
Fee and commission income	3,726	3,530	3,117	3,097	3,481	3,074	2,965	2,830	2,630
Fee and commission expense	(449)	(414)	(355)	(409)	(405)	(459)	(326)	(352)	(412)
Net fee and commission income	3,277	3,116	2,762	2,688	3,076	2,615	2,639	2,478	2,218
Net insurance income	671	766	1,043	761	501	723	1,087	823	253
Net financial (loss) income	1,500	1,362	692	2,691	(2,000)	489	934	1,023	766
Share of (loss) profit of associates	1	(22)	51	(5)	(24)	7	30	(8)	727
Other operating income	306	1,432	475	71	170	201	272	94	310
Other net operating income / loss	2,478	3,538	2,261	3,518	(1,353)	1,420	2,323	1,932	2,056
Operating income	13,097	14,713	13,012	14,063	8,976	11,728	12,344	12,218	11,708
Salaries and related expense	(3,271)	(3,121)	(2,504)	(3,577)	(3,130)	(3,076)	(4,130)	(3,805)	(3,630)
Other operating expenses	(2,777)	(3,486)	(2,728)	(2,818)	(3,077)	(3,366)	(2,810)	(2,814)	(3,232)
Operating expenses	(6,048)	(6,607)	(5,232)	(6,395)	(6,207)	(6,442)	(6,940)	(6,619)	(6,862)
Bank Levy	(330)	(263)	(383)	(324)	(331)	(357)	(809)	(912)	(906)
Net impairment	1,080	74	(1,340)	(918)	(2,860)	1,203	484	(988)	(1,081)
Earnings / loss before tax	7,799	7,917	6,057	6,426	(422)	6,132	5,079	3,699	2,859
Income tax expense	(1,866)	193	(1,096)	(1,468)	(860)	(923)	(1,278)	(891)	(622)
Net earnings / loss from continuing operations	5,933	8,110	4,961	4,958	(1,282)	5,209	3,801	2,808	2,237
Discontinued operations held for sale, net of income tax	106	(2,349)	(995)	(45)	(889)	(7,981)	(3,040)	(715)	(1,219)
Net earnings / loss	6,039	5,761	3,966	4,913	(2,171)	(2,772)	761	2,093	1,018
Attributable to									
Shareholders of Arion Bank	6,038	5,760	3,965	4,918	(2,167)	(2,776)	761	2,093	1,018
Non-controlling interest	1	1	1	(5)	(4)	4	-	-	-
Total comprehensive income for the period	6,039	5,761	3,966	4,913	(2,171)	(2,772)	761	2,093	1,018
Earnings per share	6,048	6,607	5,232	6,395	6,207	6,442	6,940	6,619	6,862
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	3.61	7.26	2.31	2.86	(3.33)	(1.53)	0.42	1.16	0.56

Balance sheet - 9 quarter summary

ISK million

31.03.2021 31.12.2020 30.09.2020 30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019

Assets

Cash and balances with Central Bank	60,479	42,136	87,517	103,432	118,174	95,717	121,554	107,649	94,124
Loans to credit institutions	29,251	28,235	39,484	33,597	33,797	17,947	31,766	69,064	84,978
Loans to customers	837,162	822,941	807,866	779,902	778,823	773,955	812,481	821,731	829,246
Financial instruments	197,216	227,251	234,937	197,141	192,056	117,406	161,781	144,161	128,103
Investment property	6,110	6,132	6,721	7,051	7,129	7,119	7,121	7,120	7,101
Investments in associates	892	891	913	861	828	852	848	818	807
Intangible assets	9,892	9,689	9,398	9,077	8,826	8,367	8,088	7,580	7,081
Tax assets	2	2	2	2	2	2	1	26	15
Asset and disposal groups held for sale	16,271	16,811	30,821	30,732	28,038	43,626	52,164	55,109	51,321
Other assets	23,818	18,618	18,557	20,454	20,147	16,864	17,351	20,161	19,919
Total assets	1,181,093	1,172,706	1,236,217	1,182,250	1,187,820	1,081,855	1,213,155	1,233,419	1,222,695

Liabilities

Due to credit institutions and Central Bank	9,525	13,031	10,802	7,661	8,323	5,984	8,292	8,703	9,183
Deposits	592,540	568,424	602,842	555,855	539,312	492,916	508,254	504,897	490,474
Financial liabilities at fair value	6,297	5,240	3,983	3,118	4,687	2,570	2,295	2,065	2,286
Tax liabilities	5,443	4,262	3,053	3,882	4,195	4,404	3,766	4,441	4,822
Liabilities associated with disposal groups held for sale	8,407	16,183	26,193	26,982	22,857	28,631	29,677	32,242	29,498
Other liabilities	41,083	32,715	51,068	44,479	66,260	32,697	40,210	38,122	41,018
Borrowings	293,747	298,947	308,913	314,952	322,470	304,745	409,563	436,897	445,077
Subordinated liabilities	34,632	36,060	36,867	36,494	35,837	20,083	15,042	10,763	7,283
Total liabilities	991,674	974,862	1,043,721	993,423	1,003,941	892,030	1,017,099	1,038,130	1,029,641

Equity

Share capital and share premium	39,386	51,331	51,331	51,330	51,334	55,715	59,000	59,007	59,008
Other reserves	12,757	11,320	12,114	11,375	10,409	9,493	10,919	14,098	15,439
Retained earnings	137,101	135,021	128,879	125,951	121,959	124,436	126,007	122,054	118,477
Total shareholders equity	189,244	197,672	192,324	188,656	183,702	189,644	195,926	195,159	192,924
Non-controlling interest	174	173	172	171	177	181	130	130	130
Total equity	189,418	197,845	192,496	188,827	183,879	189,825	196,056	195,289	193,054
Total liabilities and equity	1,181,092	1,172,707	1,236,217	1,182,250	1,187,820	1,081,855	1,213,155	1,233,419	1,222,695

Net interest income - 9 quarter summary

ISK million	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Interest income									
Cash and balances with Central bank	88	131	227	303	774	916	1,062	1,061	969
Loans	10,708	11,483	11,893	12,926	10,690	11,911	12,389	15,075	13,428
Securities	939	1,073	977	538	550	443	384	271	237
Other	44	19	48	68	30	35	19	57	50
Interest income	11,779	12,706	13,145	13,835	12,044	13,305	13,854	16,464	14,684
Interest expense									
Deposits	(1,181)	(1,209)	(1,455)	(1,969)	(2,011)	(2,447)	(2,642)	(3,608)	(3,252)
Borrowings	(2,774)	(2,938)	(3,181)	(3,468)	(2,443)	(2,956)	(3,645)	(4,945)	(3,927)
Subordinated loans	(453)	(475)	(491)	(501)	(313)	(182)	(161)	(59)	(47)
Other	(29)	(25)	(29)	(40)	(24)	(27)	(24)	(44)	(24)
Interest expense	(4,437)	(4,647)	(5,156)	(5,978)	(4,791)	(5,612)	(6,472)	(8,656)	(7,250)
Net interest income	7,342	8,059	7,989	7,857	7,253	7,693	7,382	7,808	7,434
Interest bearing assets									
Cash and balances with Central Bank	60,479	42,136	87,517	103,432	118,174	95,717	121,554	107,649	94,124
Loans	866,413	851,176	847,350	813,499	812,620	791,902	844,247	890,795	914,224
Securities	154,346	192,244	202,783	167,517	163,127	83,343	132,708	114,583	97,343
Interest bearing assets	1,081,238	1,085,556	1,137,650	1,084,448	1,093,921	970,962	1,098,509	1,113,027	1,105,691
Interest bearing liabilities									
Due to credit institutions and Central Bank	9,525	13,031	10,802	7,661	8,323	5,984	8,292	8,703	9,183
Deposits	592,540	568,424	602,842	555,855	539,312	492,916	508,254	504,897	490,474
Financial liabilities at fair value	6,297	5,240	3,983	3,118	4,687	2,570	2,295	2,065	2,286
Borrowings	293,747	298,947	308,913	314,952	322,470	304,745	409,563	436,897	445,077
Subordinated liabilities	34,632	36,060	36,867	36,494	35,837	20,083	15,042	10,763	7,283
Interest bearing liabilities	936,741	921,702	963,407	918,080	910,629	826,298	943,446	963,325	954,303
Interest Gap	144,497	163,854	174,243	166,368	183,292	144,664	155,063	149,702	151,388
Net interest margin on interest bearing assets	2.7%	2.9%	2.9%	2.9%	2.8%	3.0%	2.6%	2.8%	2.7%

Loans to customers - 9 quarter summary

ISK million

31.03.2021 31.12.2020 30.09.2020 30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019

Loans to customers

Individuals	446,996	433,336	414,320	388,747	374,005	368,569	408,925	403,539	399,574
Corporates	390,166	389,605	393,546	391,155	404,818	405,386	403,556	418,192	429,672
Total loans to customers	837,162	822,941	807,866	779,902	778,823	773,955	812,481	821,731	829,246

Share of stage 3 loans, gross*	2.9%	2.6%	3.2%	3.4%	2.9%	2.7%	2.5%	2.4%	2.5%
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Loans to individuals

Overdrafts	12,567	12,875	14,513	13,917	15,465	14,421	16,081	15,075	15,639
Credit cards	11,474	12,260	11,222	11,809	10,805	13,028	12,650	12,325	11,606
Mortgage loans	392,422	378,554	359,145	333,249	317,882	310,562	349,673	345,833	342,346
Other loans	32,901	32,122	32,669	33,207	33,412	33,105	33,604	33,631	33,579
Provision on loans	(2,368)	(2,475)	(3,229)	(3,435)	(3,559)	(2,547)	(3,083)	(3,325)	(3,596)
Total loans to individuals	446,996	433,336	414,320	388,747	374,005	368,569	408,925	403,539	399,574

Loans to corporates

Overdrafts	14,034	15,471	15,819	15,915	17,611	18,709	17,714	18,880	19,082
Credit cards	1,595	1,086	1,097	1,102	1,065	1,373	1,367	1,356	1,294
Mortgage loans	32,448	32,175	29,066	23,941	23,178	23,475	23,765	24,334	24,643
Other loans	351,201	350,455	358,058	359,459	371,639	368,453	367,221	380,705	390,957
Provision on loans	(9,112)	(9,582)	(10,494)	(9,262)	(8,675)	(6,624)	(6,511)	(7,083)	(6,304)
Total loans to corporates	390,166	389,605	393,546	391,155	404,818	405,386	403,556	418,192	429,672

Loans to corporates specified by sector:

Agriculture and forestry	2.2%	2.1%	2.1%	2.0%	1.9%	1.9%	1.8%	1.8%	1.8%
Services	3.3%	3.4%	3.2%	4.3%	4.2%	4.3%	4.3%	4.2%	3.8%
Financial and insurance activities	9.1%	9.2%	8.1%	9.1%	9.2%	8.3%	7.6%	8.2%	7.8%
Industry, energy and manufacturing	7.5%	8.0%	7.7%	7.8%	7.8%	9.8%	10.2%	9.4%	8.4%
Information and communication technology	5.9%	5.3%	5.0%	4.9%	4.6%	4.7%	4.7%	4.7%	4.6%
Public administration, human health and social activities	1.7%	1.7%	2.0%	1.7%	1.6%	2.1%	1.7%	1.6%	1.6%
Real estate activities and construction	32.9%	32.8%	33.1%	33.0%	31.6%	32.0%	32.8%	32.8%	34.9%
Fishing industry	20.8%	20.9%	22.1%	19.5%	21.3%	20.5%	20.1%	20.0%	18.7%
Transportation	3.1%	3.3%	3.4%	3.2%	3.0%	2.7%	2.8%	2.9%	2.8%
Wholesale and retail trade	13.6%	13.2%	13.3%	14.6%	14.8%	13.6%	13.9%	14.6%	15.5%
	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

31.03.2021 31.12.2020 30.09.2020 30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019

Capital base:

Total equity	189,419	197,845	192,496	188,827	183,879	189,825	196,057	195,289	193,054
Deductions related to the consolidated situation ¹	-	-	(11,410)	(10,823)	(10,088)	(10,159)	(9,927)	(9,452)	(8,746)
Unaudited interim net earnings	(6,038)	-	(3,966)	-	2,171	-	(761)	-	(1,018)
Non-controlling interest not eligible for inclusion in CET1 capital	(174)	(173)	(172)	(171)	(177)	(181)	(130)	(130)	(130)

Common Equity Tier 1 capital before regulatory adjustments

Intangible assets	(13,915)	(13,092)	(11,671)	(11,371)	(11,160)	(10,604)	(14,117)	(13,783)	(13,236)
Tax assets	-	-	(310)	(310)	(332)	(296)	(151)	(568)	(490)
Foreseeable dividend	(3,056)	(17,990)	(3,358)	-	-	(14,153)	(6,057)	(1,557)	(509)
Adjustment under IFRS 9 transitional arrangements	1,238	1,890	1,977	1,550	-	-	-	-	-
Other statutory deductions	(1,561)	(2,520)	(3,709)	(3,314)	(1,995)	(1,741)	(3,255)	(3,075)	(2,022)

Common equity Tier 1 capital

Non-controlling interest not eligible for inclusion in CET1 capital	174	173	172	171	177	181	130	130	130
Additional Tier 1 capital	12,891	13,498	14,480	14,705	14,783	-	-	-	-

Tier 1 capital

Tier 2 instruments	21,741	22,562	22,387	21,789	21,054	20,083	15,042	10,763	7,283
Tier 2 instruments of financial sector entities (signif. invest.)	(1,026)	(1,007)	-	-	-	-	-	-	-

Tier 2 Capital

Total own funds	199,693	201,186	200,882	201,053	196,141	172,955	177,592	177,617	175,334
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Risk weighted exposure amount (REA)

Credit Risk, loans	577,130	570,554	568,345	557,208	557,415	561,602	590,880	606,843	626,603
Credit Risk, securities and other	61,812	60,813	52,564	51,286	48,412	49,163	54,705	58,183	52,167
Counterparty credit risk	4,831	3,462	4,791	4,169	5,242	3,347	3,457	3,969	4,126
Market Risk due to currency imbalance	6,297	8,569	2,552	3,119	2,676	10,070	5,127	6,125	2,385
Market Risk Other	15,255	13,063	14,777	15,207	13,898	10,609	11,168	14,261	13,744
Credit valuation adjustment ²	589	842	1,618	1,874	1,934	1,477	2,863	1,840	1,893
Operational Risk	88,462	88,462	83,487	83,487	83,487	83,487	86,957	86,957	86,957
Total risk weighted exposure amount	754,376	745,765	728,134	716,350	713,064	719,755	755,157	778,178	787,875

Capital and Risk Weighted Assets

ISK million

31.03.2021 31.12.2020 30.09.2020 30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019

Capital ratios*	26.5%	27.0%	27.6%	28.1%	27.5%	24.0%	23.5%	22.8%	22.3%
CET 1 ratio	22.0%	22.3%	22.5%	22.9%	22.5%	21.2%	21.6%	21.4%	21.3%
Tier 1 ratio	23.7%	24.1%	24.5%	25.0%	24.6%	21.2%	21.5%	21.4%	21.3%
Capital adequacy ratio	26.9%	27.0%	27.6%	28.1%	27.5%	24.0%	23.6%	22.8%	22.3%
Leverage ratio									
On-balance sheet exposures	1,139,032	1,114,450	1,176,825	1,130,553	1,136,168	1,022,521	1,152,208	1,175,769	1,169,764
Derivative exposures	6,409	9,124	13,083	12,153	13,176	10,217	8,858	7,251	7,282
Securities financing transaction exposures	514	512	2,871	525	1,557	577	8,436	8,547	8,494
Off-balance sheet exposures	74,587	65,425	66,612	62,666	56,222	52,299	103,916	63,260	61,185
Total exposure	1,220,542	1,189,511	1,259,391	1,205,897	1,207,123	1,085,614	1,273,418	1,254,827	1,246,725
Tier 1 capital	178,978	179,631	202,329	204,125	197,990	194,966	193,988	198,956	192,378
Leverage ratio	14.7%	15.1%	16.6%	17.2%	16.9%	17.8%	17.4%	18.1%	17.3%
Related ratios									
Return on REA	3.2%	1.7%	1.2%	0.8%	(1.2%)	0.1%	0.7%	0.8%	0.5%
REA/Total assets	63.9%	63.6%	58.9%	60.6%	60.0%	66.5%	62.2%	63.1%	64.4%

*Capital ratios include interim profit in 30.09.2020, 31.03.2020, 30.09.2019 and 31.03.2019

Operating segments - Quarters summary

ISK million

Q1 2021 Q4 2020 Q3 2020 Q2 2020 Q1 2020 Q4 2019 Q3 2019 Q2 2019 Q1 2019

Markets and Stefir:

Net interest income	139	398	169	212	197	182	282	297	256
Net fee and commission income	1,191	1,125	857	945	1,035	944	1,164	1,156	1,054
Net insurance income	-	-	-	-	-	-	-	-	-
Net financial income (loss)	65	99	46	133	(136)	87	(68)	61	139
Share of profit of associates	-	-	-	-	1	-	-	-	-
Other operating income	-	5	4	1	3	11	3	9	2
Total operating income	1,395	1,627	1,076	1,291	1,100	1,224	1,381	1,523	1,451
Operating expenses	(439)	(497)	(326)	(531)	(474)	(477)	(421)	(504)	(518)
Allocated expenses	(467)	(407)	(408)	(497)	(468)	(179)	(380)	(481)	(430)
Bank levy	(13)	(7)	(10)	(10)	(8)	(9)	(42)	(45)	(46)
Net impairment	-	-	4	(4)	-	-	8	(3)	(5)
Earnings before income tax	476	716	336	249	150	559	546	490	452
Total assets	77,927	79,193	75,528	75,592	77,452	69,692	70,735	78,441	80,573
Total liabilities	69,810	71,355	67,762	68,211	69,303	62,540	63,825	71,767	73,122
Allocated equity	8,117	7,838	7,766	7,381	8,149	7,152	6,910	6,674	7,451

Corporate & Investment Banking:

Net interest income	2,585	2,717	2,731	2,548	2,522	2,395	2,240	2,338	2,156
Net fee and commission income	1,107	938	614	721	837	611	318	509	498
Net insurance income	-	-	-	-	-	-	-	-	-
Net financial income (loss)	216	(144)	-	-	-	6	(34)	28	(222)
Share of profit of associates	-	-	1	(49)	-	-	-	-	-
Other operating income (loss)	1	109	3	(8)	(2)	(3)	(4)	(6)	(4)
Total operating income	3,909	3,620	3,349	3,212	3,357	3,009	2,520	2,869	2,428
Operating expenses	(325)	(332)	(219)	(365)	(385)	(291)	(318)	(414)	(448)
Allocated expenses	(642)	(722)	(563)	(731)	(618)	(764)	(702)	(979)	(956)
Bank levy	(94)	(75)	(110)	(95)	(107)	(101)	(200)	(224)	(201)
Net impairment	841	(685)	(2,651)	(1,062)	(1,645)	(3,761)	(2,870)	(1,216)	(1,032)
Earnings (loss) before income tax	3,689	1,806	(194)	959	602	(1,908)	(1,570)	36	(209)
Total assets	317,023	315,731	329,038	316,633	329,384	320,545	315,052	327,950	335,209
Total liabilities	257,703	256,411	256,013	249,021	253,964	251,581	237,575	254,184	264,102
Allocated equity	59,320	59,320	73,025	67,612	75,420	68,964	77,477	73,766	71,107

Operating segments - Quarters summary

ISK million

Q1 2021 Q4 2020 Q3 2020 Q2 2020 Q1 2020 Q4 2019 Q3 2019 Q2 2019 Q1 2019

Retail Banking:

Net interest income	3,932	3,580	4,004	3,999	3,831	4,045	4,253	4,443	4,562
Net fee and commission income	940	1,047	1,291	990	1,247	1,186	1,326	1,199	1,092
Net insurance income	-	-	-	-	-	-	-	-	-
Net financial income (loss)	-	-	-	-	-	91	(91)	-	(26)
Share of profit of associates	-	-	-	-	-	-	-	-	-
Other operating income	211	40	73	5	119	102	174	32	124
Total operating income	5,083	4,667	5,368	4,994	5,197	5,424	5,662	5,674	5,752
Operating expenses	(1,311)	(1,372)	(1,152)	(1,406)	(1,493)	(1,670)	(1,569)	(1,752)	(1,811)
Allocated expenses	(1,629)	(1,640)	(1,141)	(1,626)	(1,473)	(1,842)	(1,227)	(1,602)	(1,536)
Bank levy	(155)	(115)	(168)	(138)	(158)	(149)	(275)	(301)	(339)
Net impairment	414	714	151	(76)	(1,903)	1,922	133	275	(43)
Earnings before income tax	2,402	2,254	3,058	1,748	170	3,685	2,724	2,294	2,023
Total assets	534,332	518,312	501,186	485,327	474,471	475,199	536,349	554,871	551,713
Total liabilities	490,527	474,508	445,274	436,718	416,769	416,197	472,222	495,724	489,711
Allocated equity	43,805	43,805	55,912	48,609	57,702	59,002	64,127	59,147	62,002

Treasury and Market making:

Net interest income	709	1,437	1,166	1,180	848	1,201	783	871	583
Net fee and commission income	165	160	153	141	96	55	(50)	(76)	(125)
Net insurance income	-	-	-	-	-	-	-	-	-
Net financial income (loss)	1,019	555	467	1,353	(1,411)	(2)	718	258	(34)
Share of profit of associates	-	-	-	-	-	-	-	-	-
Other operating income	(2)	-	-	-	-	5	-	6	-
Total operating income (loss)	1,891	2,152	1,786	2,674	(467)	1,259	1,451	1,059	424
Other operating income (loss)	(143)	(161)	(114)	(148)	(185)	(140)	(91)	(86)	(68)
Allocated expenses	(236)	(469)	(222)	(225)	(211)	(260)	(213)	(283)	(284)
Bank levy	(68)	(67)	(94)	(81)	(58)	(98)	(292)	(342)	(320)
Net impairment	2	(11)	(10)	13	4	(11)	-	15	(1)
Earnings (loss) before income tax	1,446	1,444	1,346	2,233	(917)	750	855	363	(249)
Total assets	445,873	467,489	502,387	471,858	480,872	457,579	558,263	573,660	580,470
Total liabilities	401,046	413,894	481,934	441,285	470,028	436,229	548,213	555,797	569,151
Allocated equity	44,827	53,594	20,453	30,573	10,844	21,350	10,050	17,863	11,319

Operating segments - Quarters summary

ISK million

Q1 2021 Q4 2020 Q3 2020 Q2 2020 Q1 2020 Q4 2019 Q3 2019 Q2 2019 Q1 2019

Vördur:

Net interest income	26	80	-	45	47	68	57	59	44
Net fee and commission income (expen:	(72)	(80)	-	(50)	(41)	(31)	(18)	(6)	(25)
Net insurance income	717	1,827	-	795	523	730	1,093	830	276
Net financial income	316	851	-	754	130	222	35	513	551
Share of profit of associates	-	-	-	-	-	-	-	-	-
Other operating income	8	(15)	-	1	2	7	2	2	9
Total operating income	995	2,663	-	1,545	661	996	1,169	1,398	855
Operating expenses	(630)	(1,246)	78	(645)	(636)	(579)	(528)	(554)	(579)
Allocated expenses	(8)	(21)	9	3	(12)	(7)	(1)	(2)	(6)
Bank levy	-	-	-	-	-	-	-	-	-
Net impairment	-	-	-	-	-	-	-	-	-
Earnings before income tax	357	1,396	87	903	13	410	640	842	270
Total assets	32,001	30,233	30,390	29,418	26,993	27,028	26,758	26,222	25,655
Total liabilities	21,205	19,694	18,981	18,595	16,869	16,869	16,869	16,869	16,869
Allocated equity	10,796	10,539	11,409	10,823	10,124	10,159	9,889	9,353	8,786

Other subsidiaries:

Net interest income (expense)	(41)	8	(55)	(88)	(174)	(172)	(195)	(264)	3
Net fee and commission income (expen:	(140)	(178)	(194)	(145)	(211)	(189)	(236)	(280)	(235)
Net insurance income	-	773	1,053	-	-	-	-	-	-
Net financial income (loss)	(116)	853	180	450	(594)	88	423	(367)	494
Share of profit of associates	-	(1)	-	-	-	-	-	-	-
Other operating income	(15)	1,196	93	290	8	91	24	116	321
Total operating income (loss)	(312)	2,651	1,077	507	(971)	(182)	16	(795)	583
Operating expenses	(85)	(1,820)	(610)	(29)	(75)	(13)	(19)	(14)	(17)
Allocated expenses	(1)	(2)	(22)	(2)	(1)	(3)	(1)	(1)	(1)
Bank levy	-	-	-	-	-	-	-	-	-
Net impairment	(85)	2,486	1,165	212	683	3,053	3,215	(60)	-
Earnings (loss) before income tax	(483)	3,315	1,610	688	(364)	2,855	3,211	(870)	565
Total assets	34,443	42,485	54,723	56,527	51,792	58,515	62,367	67,056	61,984
Total liabilities	11,889	19,736	30,792	32,698	31,867	37,530	36,249	40,738	34,619
Allocated equity	22,554	22,749	23,931	23,829	19,925	20,985	26,118	26,318	27,365

Operating segments - Quarters summary

ISK million

Q1 2021 Q4 2020 Q3 2020 Q2 2020 Q1 2020 Q4 2019 Q3 2019 Q2 2019 Q1 2019

Supporting units and eliminations:

Net interest income (loss)	(8)	(81)	(26)	(39)	(18)	(26)	(38)	64	(170)
Net fee and commission income (expen:	86	24	41	86	113	39	135	(24)	(41)
Net insurance income (expense)	(46)	(7)	(10)	(34)	(22)	(7)	(6)	(7)	(23)
Net financial income (loss)	-	(1)	(1)	1	11	(3)	(49)	530	(136)
Share of profit (loss) of associates	1	(21)	50	44	(25)	7	30	(8)	727
Other operating income (loss)	103	85	302	(218)	40	(12)	73	(65)	(142)
Total operating income (loss)	136	(1)	356	(160)	99	(2)	145	490	215
Operating expenses	(3,115)	(3,534)	(2,889)	(3,271)	(2,959)	(3,272)	(3,994)	(3,295)	(3,421)
Allocated expenses	2,983	3,240	2,347	3,078	2,783	3,055	2,524	3,348	3,213
Bank levy	-	1	(1)	-	-	-	-	-	-
Net impairment	(92)	(2,430)	1	(1)	1	-	(2)	1	-
Earnings (loss) before income tax	(88)	(2,724)	(186)	(354)	(76)	(219)	(1,327)	544	7
Total assets	(260,506)	(280,737)	(257,036)	(253,106)	(253,144)	(326,703)	(356,369)	(394,781)	(412,909)
Total liabilities	(260,506)	(280,737)	(257,036)	(253,106)	(254,859)	(328,916)	(357,854)	(396,949)	(417,933)
Allocated equity	-	-	-	-	1,715	2,213	1,485	2,168	5,024

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