



# Arion Bank Factbook

30 June 2021

Unaudited

# KFI - 5 years

ISK million	H1 2021	H1 2020	H1 2019	H1 2018	H1 2017
<b>Profitability</b>					
Return on equity	14.3%	2.9%	3.2%	4.7%	9.7%
Return on assets	2.3%	0.5%	0.5%	0.9%	1.9%
Return on risk-weighted-assets	3.7%	0.8%	0.8%	1.3%	2.8%
Earnings per share	8.47	1.59	1.72	2.35	5.23
Earnings per share from continuing operations	8.33	2.13	2.78	2.29	5.02
<b>Net interest margin</b>					
Net interest margin on interest bearing assets	2.8%	2.9%	2.8%	2.7%	3.0%
Net interest margin on total assets	2.6%	2.6%	2.5%	2.5%	2.7%
Net interest income on credit risk	4.8%	5.0%	4.5%	4.2%	4.7%
<b>Efficiency</b>					
Cost-to-income ratio	44.2%	54.7%	56.3%	58.7%	42.2%
Cost-to-total assets ratio	2.1%	2.2%	2.2%	2.4%	1.9%
Number of FTE´s at year end	741	783	880	966	924
<b>Asset quality</b>					
Share of stage 3 loans, gross*	2.8%	3.4%	2.4%	3.0%	-
Risk weighted assets / Total assets	61.3%	60.6%	63.1%	67.8%	67.0%
<b>Financial strength</b>					
Equity as % of total assets	15.9%	16.0%	15.8%	17.7%	19.7%
<b>Liquidity</b>					
Liquidity coverage ratio (LCR)	215.1%	206.3%	198.0%	231.7%	266.2%
Loans-to-deposits ratio	139.6%	140.3%	162.8%	168.8%	167.7%
Loans-to-deposits ratio (without covered bonds)	112.0%	113.0%	119.3%	130.3%	128.2%
Deposits from customers as % of total funding	66.2%	63.3%	53.1%	53.3%	53.0%
Covered bonds as % of total funding	18.3%	17.3%	23.1%	20.5%	20.9%
<b>Capital</b>					
CET 1 ratio	22.7%	22.9%	21.4%	21.8%	27.7%
Tier 1 ratio	24.4%	25.0%	21.5%	21.9%	27.8%
Tier 2 ratio	2.8%	3.0%	1.4%	0.0%	0.6%
Capital adequacy ratio	27.2%	28.1%	22.9%	21.9%	28.4%
Leverage ratio	14.6%	14.9%	13.3%	14.2%	17.4%

\* (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

## Income statement - 5 year summary

ISK million	H1 2021	H1 2020	H1 2019	H1 2018	H1 2017
Interest income	25,924	25,879	31,147	28,036	29,284
Interest expense	(10,566)	(10,769)	(15,905)	(13,895)	(14,462)
<b>Net interest income</b>	<b>15,358</b>	<b>15,110</b>	<b>15,242</b>	<b>14,141</b>	<b>14,822</b>
Fee and commission income	7,825	6,578	5,460	5,603	5,301
Fee and commission expense	(986)	(814)	(764)	(686)	(693)
<b>Net fee and commission income</b>	<b>6,839</b>	<b>5,764</b>	<b>4,696</b>	<b>4,917</b>	<b>4,608</b>
Net insurance income	1,585	1,262	1,076	901	1,053
Net financial (loss) income	3,703	691	1,789	2,506	3,177
Share of (loss) profit of associates	26	(29)	720	(18)	(934)
Other operating income	590	241	405	868	2,085
<b>Other net operating income / loss</b>	<b>5,904</b>	<b>2,165</b>	<b>3,990</b>	<b>4,257</b>	<b>5,381</b>
<b>Operating income</b>	<b>28,101</b>	<b>23,039</b>	<b>23,928</b>	<b>23,315</b>	<b>24,811</b>
Salaries and related expense	(6,846)	(6,707)	(7,435)	(7,565)	(7,087)
Other operating expenses	(5,574)	(5,895)	(6,045)	(6,121)	(3,432)
<b>Operating expenses</b>	<b>(12,420)</b>	<b>(12,602)</b>	<b>(13,480)</b>	<b>(13,686)</b>	<b>(10,519)</b>
Bank Levy	(685)	(655)	(1,818)	(1,683)	(1,574)
Net impairment	1,892	(3,778)	(2,069)	(301)	1,308
<b>Earnings / loss before tax</b>	<b>16,888</b>	<b>6,004</b>	<b>6,561</b>	<b>7,645</b>	<b>14,026</b>
Income tax expense	(3,274)	(2,328)	(1,513)	(2,192)	(3,296)
<b>Net earnings / loss from continuing operations</b>	<b>13,614</b>	<b>3,676</b>	<b>5,048</b>	<b>5,453</b>	<b>10,730</b>
Discontinued operations held for sale, net of income tax	241	(934)	(1,934)	(442)	(266)
<b>Net earnings / loss</b>	<b>13,855</b>	<b>2,742</b>	<b>3,114</b>	<b>5,011</b>	<b>10,464</b>
<b>Attributable to</b>					
Shareholders of Arion Bank	13,848	2,747	3,114	4,398	10,462
Non-controlling interest	7	(5)	-	613	2
<b>Total comprehensive income</b>	<b>13,855</b>	<b>2,742</b>	<b>3,114</b>	<b>5,011</b>	<b>10,464</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	8.47	1.59	1.72	2.35	5.23

## Balance sheet - 5 year summary

ISK million

30.06.2021 31.12.2020 31.12.2019 31.12.2018 31.12.2017

### Assets

Cash and balances with Central Bank	69,609	42,136	95,717	83,139	139,819
Loans to credit institutions	35,701	28,235	17,947	56,322	86,609
Loans to customers	843,988	822,941	773,955	833,826	765,101
Financial instruments	213,963	227,251	117,406	114,557	109,450
Investment property	6,003	6,132	7,119	7,092	6,613
Investments in associates	697	891	852	818	760
Intangible assets	9,996	9,689	8,367	6,397	13,848
Tax assets	2	2	2	90	450
Asset and disposal groups held for sale	19,236	16,811	43,626	48,584	8,138
Other assets	18,725	18,618	16,864	13,502	16,966
<b>Total assets</b>	<b>1,217,920</b>	<b>1,172,706</b>	<b>1,081,855</b>	<b>1,164,327</b>	<b>1,147,754</b>

### Liabilities

Due to credit institutions and Central Bank	7,754	13,031	5,984	9,204	7,370
Deposits	604,382	568,424	492,916	466,067	462,161
Financial liabilities at fair value	5,447	5,240	2,570	2,320	3,601
Tax liabilities	5,905	4,262	4,404	5,119	6,828
Liabilities associated with disposal groups held for sale	18,841	16,183	28,631	26,337	-
Other liabilities	46,055	32,714	32,697	30,107	57,062
Borrowings	301,388	298,947	304,745	417,782	384,998
Subordinated liabilities	34,543	36,060	20,083	6,532	-
<b>Total liabilities</b>	<b>1,024,315</b>	<b>974,861</b>	<b>892,030</b>	<b>963,468</b>	<b>922,020</b>

### Equity

Share capital and share premium	36,345	51,331	55,715	59,010	75,861
Other reserves	12,270	11,320	9,493	14,822	16,774
Retained earnings	144,810	135,021	124,436	126,897	132,971
<b>Total shareholders equity</b>	<b>193,425</b>	<b>197,672</b>	<b>189,644</b>	<b>200,729</b>	<b>225,606</b>
Non-controlling interest	180	173	181	130	128
<b>Total equity</b>	<b>193,605</b>	<b>197,845</b>	<b>189,825</b>	<b>200,859</b>	<b>225,734</b>
<b>Total liabilities and equity</b>	<b>1,217,920</b>	<b>1,172,706</b>	<b>1,081,855</b>	<b>1,164,327</b>	<b>1,147,754</b>

## Net interest income - 5 year summary

ISK million	H1 2021	H1 2020	H1 2019	H1 2018	H1 2017
<b>Interest income</b>					
Cash and balances with Central bank	209	1,077	2,030	2,366	3,337
Loans	23,732	23,616	28,503	25,085	24,646
Securities	1,893	1,088	508	432	1,197
Other	90	98	106	151	106
<b>Interest income</b>	<b>25,924</b>	<b>25,879</b>	<b>31,147</b>	<b>28,034</b>	<b>29,286</b>
<b>Interest expense</b>					
Deposits	(3,111)	(3,980)	(6,860)	(6,313)	(6,910)
Borrowings	(6,458)	(5,911)	(8,872)	(7,543)	(7,533)
Subordinated liabilities	(938)	(814)	(106)	-	-
Other	(59)	(64)	(67)	(38)	(18)
<b>Interest expense</b>	<b>(10,566)</b>	<b>(10,769)</b>	<b>(15,905)</b>	<b>(13,894)</b>	<b>(14,461)</b>
<b>Net interest income</b>	<b>15,358</b>	<b>15,110</b>	<b>15,242</b>	<b>14,140</b>	<b>14,825</b>
<b>Interest bearing assets</b>					
Cash and balances with Central Bank	69,609	103,432	107,649	112,996	151,354
Loans	879,689	813,499	890,795	917,240	811,899
Securities	167,644	167,517	114,583	64,249	73,077
<b>Interest bearing assets</b>	<b>1,116,942</b>	<b>1,084,448</b>	<b>1,113,027</b>	<b>1,094,485</b>	<b>1,036,330</b>
<b>Interest bearing liabilities</b>					
Due to credit institutions and Central Bank	7,754	7,661	8,703	6,336	7,644
Deposits	604,382	555,855	504,897	476,182	437,494
Financial liabilities at fair value	5,447	3,118	2,065	3,895	5,029
Borrowings	301,388	314,952	436,897	410,773	380,061
Subordinated liabilities	34,543	36,494	10,763	-	-
<b>Interest bearing liabilities</b>	<b>953,514</b>	<b>918,080</b>	<b>963,325</b>	<b>897,186</b>	<b>830,229</b>
<b>Interest Gap</b>	<b>163,428</b>	<b>166,368</b>	<b>149,702</b>	<b>197,298</b>	<b>206,101</b>
<b>Net interest margin on interest bearing assets</b>	<b>2.8%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>3.0%</b>

## Loans to customers - 5 year summary

ISK million

30.06.2021 31.12.2020 31.12.2019 31.12.2018 31.12.2017

### Loans to customers

Individuals	472,550	433,336	368,569	400,483	365,287
Corporates	371,438	389,605	405,386	433,343	399,814
<b>Total loans to customers</b>	<b>843,988</b>	<b>822,941</b>	<b>773,955</b>	<b>833,826</b>	<b>765,101</b>

### Ratios:

Share of stage 3 loans, gross*	2.8%	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	13,310	12,875	14,421	14,536	14,469
Credit cards	12,473	12,260	13,028	12,958	11,133
Mortgage loans	414,541	378,554	310,562	343,119	311,507
Other loans	34,256	32,122	33,105	33,560	33,629
Provision on loans	(2,030)	(2,475)	(2,547)	(3,690)	(5,451)
<b>Total loans to individuals</b>	<b>472,550</b>	<b>433,336</b>	<b>368,569</b>	<b>400,483</b>	<b>365,287</b>

## Loans to customers - 5 year summary

ISK million

30.06.2021 31.12.2020 31.12.2019 31.12.2018 31.12.2017

### Loans to corporates

Overdrafts	13,478	15,471	18,709	19,200	18,778
Credit cards	1,323	1,086	1,373	1,348	1,123
Mortgage loans	39,462	32,175	23,475	23,417	19,632
Other loans	324,573	350,455	368,453	395,579	368,312
Provision on loans	(7,398)	(9,582)	(6,624)	(6,201)	(8,031)
<b>Total loans to corporates</b>	<b>371,438</b>	<b>389,605</b>	<b>405,386</b>	<b>433,343</b>	<b>399,814</b>

### Loans to corporates specified by sector:

Agriculture and forestry	2.4%	2.1%	1.9%	1.7%	1.6%
Services	3.8%	3.4%	4.3%	3.8%	4.5%
Financial and insurance activities	9.6%	9.2%	8.3%	8.7%	8.5%
Industry, energy and manufacturing	7.6%	8.0%	9.8%	8.2%	7.4%
Information and communication technology	3.5%	5.3%	4.7%	4.8%	5.5%
Public administration, human health and social activities	1.5%	1.7%	2.1%	1.6%	2.0%
Real estate activities and construction	33.8%	32.8%	32.0%	33.9%	32.1%
Fishing industry	20.0%	20.9%	20.5%	19.4%	19.7%
Transportation	3.2%	3.3%	2.7%	2.8%	4.3%
Wholesale and retail trade	14.5%	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

30.06.2021 31.12.2020 31.12.2019 31.12.2018 31.12.2017

### Capital base:

Total equity	193,605	197,845	189,825	200,859	225,733
Deductions related to the consolidated situation	-	-	(10,159)	(8,986)	(8,635)
Unaudited interim net earnings	6,039	-	-	-	-
Non-controlling interest not eligible for inclusion in CET 1 capital	(180)	(173)	(181)	(130)	(128)

### Common Equity Tier 1 capital before regulatory adjustments

Intangible assets	(9,532)	(13,092)	(10,604)	(12,152)	(11,125)
Tax assets	-	-	(296)	(191)	(357)
Foreseeable dividend	(14,924)	(17,990)	(14,153)	(9,069)	(25,000)
Adjustment under IFRS 9 transitional arrangements	1,936	1,890	-	-	-
Other statutory deductions	(1,702)	(2,520)	(1,741)	(1,537)	147

### Common equity Tier 1 capital

Non-controlling interest not eligible for inclusion in CET1 capital	180	173	181	130	128
Additional Tier 1 capital	12,847	13,498	-	-	-

### Tier 1 capital

Tier 2 instruments	21,696	22,562	20,083	6,532	-
Tier 2 instruments of financial sector entities (signif. invest.)	(1,032)	(1,007)	-	-	-
General credit risk adjustments	-	-	-	-	3,195

### Tier 2 Capital

	20,664	21,555	20,083	6,532	3,195
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### Total own funds

	208,933	201,186	172,955	175,456	183,958
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### Risk weighted exposure amount (REA)

Credit Risk, loans	567,958	570,554	561,602	639,788	605,058
Credit Risk, securities and other	62,566	60,813	49,163	50,112	56,979
Counterparty credit risk	7,879	3,462	3,347	4,405	5,844
Market Risk due to currency imbalance	1,056	8,569	10,070	4,280	4,895
Market Risk Other	15,944	13,063	10,609	8,928	5,473
Credit valuation adjustment	2,543	842	1,477	2,228	2,506
Operational Risk	88,462	88,462	83,487	86,957	86,013
<b>Total risk weighted exposure amount</b>	<b>746,408</b>	<b>745,765</b>	<b>719,755</b>	<b>796,698</b>	<b>766,768</b>

### Capital ratios

CET 1 ratio	22.7%	22.3%	21.2%	21.2%	23.6%
Tier 1 ratio	24.4%	24.1%	21.2%	21.2%	23.6%
Capital adequacy ratio	27.2%	27.0%	24.0%	22.0%	24.0%

### Leverage ratio

On-balance sheet exposures	1,165,903	1,114,450	1,022,521	1,106,368	1,074,207
Derivative exposures	6,574	9,124	10,217	8,239	10,957
Securities financing transaction exposures	74	512	577	8,194	8,925
Off-balance sheet exposures	73,017	65,425	52,299	68,316	83,058

### Total exposure

	1,245,568	1,189,511	1,085,614	1,191,117	1,177,147
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### Tier 1 capital

	188,269	179,631	152,872	168,924	180,763
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### Leverage ratio

	15.1%	15.1%	14.1%	14.2%	15.4%
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### Related ratios

Return on REA	3.7%	1.7%	0.1%	1.0%	1.9%
REA/Total assets	61.3%	63.6%	66.5%	68.4%	66.8%

# Arion Bank Factbook

## Quarter summaries



## KFI - 9 Quarters

ISK million

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
<b>Profitability</b>									
Return on equity	16.3%	12.5%	11.8%	8.3%	10.5%	(4.6%)	(5.8%)	1.6%	4.3%
Return on assets	2.6%	2.1%	1.9%	1.3%	1.7%	(0.8%)	(1.0%)	0.2%	0.7%
Return on risk-weighted-assets	4.2%	3.2%	3.1%	2.2%	2.7%	(1.2%)	(1.5%)	0.4%	1.1%
Earnings per share	4.89	3.61	7.26	2.31	2.86	(3.33)	(1.53)	0.42	1.16
Earnings per share from continuing operations	4.81	2.39	8.62	2.89	2.89	(5.58)	2.87	2.10	1.55
<b>Net interest margin</b>									
Net interest margin on interest bearing assets	2.9%	2.7%	2.9%	2.9%	2.9%	2.8%	3.0%	2.6%	2.8%
Net interest margin on total assets	2.7%	2.5%	2.7%	2.6%	2.7%	2.6%	2.7%	2.4%	2.5%
Net interest income on credit risk	5.0%	4.6%	5.1%	5.2%	5.2%	4.8%	4.9%	4.5%	4.6%
<b>Efficiency</b>									
Cost-to-income ratio	42.5%	46.2%	44.9%	40.2%	45.5%	69.2%	54.9%	56.2%	54.2%
Cost-to-total assets ratio	2.1%	2.1%	2.2%	1.7%	2.2%	2.2%	2.2%	2.3%	2.2%
Number of FTE´s at year end	741	772	776	783	783	814	801	802	880
<b>Asset quality</b>									
Share of stage 3 loans, gross*	2.8%	2.9%	2.6%	3.2%	3.4%	2.9%	2.7%	2.5%	2.4%
Risk weighted assets / Total assets	61.3%	63.9%	63.6%	58.9%	60.6%	60.0%	66.5%	62.2%	63.1%

\* (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

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

### Financial strength

Equity as % of total assets	15.9%	16.0%	16.9%	15.6%	16.0%	15.5%	17.5%	16.2%	15.8%
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### Liquidity

Liquidity coverage ratio (LCR)	215.1%	191.6%	188.5%	212.6%	206.3%	224.2%	188.3%	246.4%	198.0%
Loans-to-deposits ratio	139.6%	141.3%	144.8%	134.0%	140.3%	144.4%	157.0%	159.9%	162.8%
Loans-to-deposits ratio (without covered bonds)	112.0%	115.1%	117.7%	108.6%	113.0%	116.7%	127.5%	118.8%	119.3%
Deposits from customers as % of total funding	66.2%	66.1%	64.6%	65.3%	63.3%	62.0%	61.3%	54.9%	53.1%
Covered bonds as % of total funding	18.3%	17.3%	17.5%	16.6%	17.3%	17.2%	18.1%	22.5%	23.1%

### Capital

CET 1 ratio	22.7%	22.0%	22.3%	22.5%	22.9%	22.5%	21.2%	21.6%	21.4%
Tier 1 ratio	24.4%	23.7%	24.1%	24.5%	25.0%	24.6%	21.2%	21.5%	21.4%
Tier 2 ratio	2.8%	3.1%	2.9%	3.1%	3.0%	3.0%	2.8%	2.0%	1.4%
Capital adequacy ratio	26.5%	26.5%	27.0%	27.6%	0.0%	27.5%	24.0%	23.5%	22.8%
Leverage ratio	14.6%	14.7%	15.1%	14.3%	14.9%	14.5%	14.1%	12.8%	13.3%

## Income statement - 9 quarter summary

ISK million

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Interest income	14,145	11,779	12,706	13,145	13,835	12,044	13,306	13,854	16,463
Interest expense	(6,129)	(4,437)	(4,647)	(5,156)	(5,978)	(4,791)	(5,613)	(6,472)	(8,655)
<b>Net interest income</b>	<b>8,016</b>	<b>7,342</b>	<b>8,059</b>	<b>7,989</b>	<b>7,857</b>	<b>7,253</b>	<b>7,693</b>	<b>7,382</b>	<b>7,808</b>
Fee and commission income	4,099	3,726	3,530	3,117	3,097	3,481	3,074	2,965	2,830
Fee and commission expense	(537)	(449)	(414)	(355)	(409)	(405)	(459)	(326)	(352)
<b>Net fee and commission income</b>	<b>3,562</b>	<b>3,277</b>	<b>3,116</b>	<b>2,762</b>	<b>2,688</b>	<b>3,076</b>	<b>2,615</b>	<b>2,639</b>	<b>2,478</b>
Net insurance income	914	671	766	1,043	761	501	723	1,087	823
Net financial (loss) income	2,203	1,500	1,362	692	2,691	(2,000)	489	934	1,023
Share of (loss) profit of associates	25	1	(22)	51	(5)	(24)	7	30	(8)
Other operating income	284	306	1,432	475	71	170	201	272	94
<b>Other net operating income / loss</b>	<b>3,426</b>	<b>2,478</b>	<b>3,538</b>	<b>2,261</b>	<b>3,518</b>	<b>(1,353)</b>	<b>1,420</b>	<b>2,323</b>	<b>1,932</b>
<b>Operating income</b>	<b>15,004</b>	<b>13,097</b>	<b>14,713</b>	<b>13,012</b>	<b>14,063</b>	<b>8,976</b>	<b>11,728</b>	<b>12,344</b>	<b>12,218</b>
Salaries and related expense	(3,575)	(3,271)	(3,121)	(2,504)	(3,577)	(3,130)	(3,076)	(4,130)	(3,805)
Other operating expenses	(2,797)	(2,777)	(3,486)	(2,728)	(2,818)	(3,077)	(3,366)	(2,810)	(2,814)
<b>Operating expenses</b>	<b>(6,372)</b>	<b>(6,048)</b>	<b>(6,607)</b>	<b>(5,232)</b>	<b>(6,395)</b>	<b>(6,207)</b>	<b>(6,442)</b>	<b>(6,940)</b>	<b>(6,619)</b>
Bank Levy	(355)	(330)	(263)	(383)	(324)	(331)	(357)	(809)	(912)
Net impairment	812	1,080	74	(1,340)	(918)	(2,860)	1,203	484	(988)
<b>Earnings / loss before tax</b>	<b>9,089</b>	<b>7,799</b>	<b>7,917</b>	<b>6,057</b>	<b>6,426</b>	<b>(422)</b>	<b>6,132</b>	<b>5,079</b>	<b>3,699</b>
Income tax expense	(1,408)	(1,866)	193	(1,096)	(1,468)	(860)	(923)	(1,278)	(891)
<b>Net earnings / loss from continuing operations</b>	<b>7,681</b>	<b>5,933</b>	<b>8,110</b>	<b>4,961</b>	<b>4,958</b>	<b>(1,282)</b>	<b>5,209</b>	<b>3,801</b>	<b>2,808</b>
Discontinued operations held for sale, net of income tax	135	106	(2,349)	(995)	(45)	(889)	(7,981)	(3,040)	(715)
<b>Net earnings / loss</b>	<b>7,816</b>	<b>6,039</b>	<b>5,761</b>	<b>3,966</b>	<b>4,913</b>	<b>(2,171)</b>	<b>(2,772)</b>	<b>761</b>	<b>2,093</b>
<b>Attributable to</b>									
Shareholders of Arion Bank	7,810	6,038	5,760	3,965	4,918	(2,167)	(2,776)	761	2,093
Non-controlling interest	6	1	1	1	(5)	(4)	4	-	-
<b>Total comprehensive income for the period</b>	<b>7,816</b>	<b>6,039</b>	<b>5,761</b>	<b>3,966</b>	<b>4,913</b>	<b>(2,171)</b>	<b>(2,772)</b>	<b>761</b>	<b>2,093</b>
<b>Earnings per share</b>	<b>6,372</b>	<b>6,048</b>	<b>6,607</b>	<b>5,232</b>	<b>6,395</b>	<b>6,207</b>	<b>6,442</b>	<b>6,940</b>	<b>6,619</b>
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	4.89	3.61	7.26	2.31	2.86	(3.33)	(1.53)	0.42	1.16

## Balance sheet - 9 quarter summary

ISK million

30.06.2021 31.03.2021 31.12.2020 30.09.2020 30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019

### Assets

Cash and balances with Central Bank	69,609	60,479	42,136	87,517	103,432	118,174	95,717	121,554	107,649
Loans to credit institutions	35,701	29,251	28,235	39,484	33,597	33,797	17,947	31,766	69,064
Loans to customers	843,988	837,162	822,941	807,866	779,902	778,823	773,955	812,481	821,731
Financial instruments	213,963	197,216	227,251	234,937	197,141	192,056	117,406	161,781	144,161
Investment property	6,003	6,110	6,132	6,721	7,051	7,129	7,119	7,121	7,120
Investments in associates	697	892	891	913	861	828	852	848	818
Intangible assets	9,996	9,892	9,689	9,398	9,077	8,826	8,367	8,088	7,580
Tax assets	2	2	2	2	2	2	2	1	26
Asset and disposal groups held for sale	19,236	16,271	16,811	30,821	30,732	28,038	43,626	52,164	55,109
Other assets	18,725	23,818	18,618	18,557	20,454	20,147	16,864	17,351	20,161
<b>Total assets</b>	<b>1,217,920</b>	<b>1,181,093</b>	<b>1,172,706</b>	<b>1,236,217</b>	<b>1,182,250</b>	<b>1,187,820</b>	<b>1,081,855</b>	<b>1,213,155</b>	<b>1,233,419</b>

### Liabilities

Due to credit institutions and Central Bank	7,754	9,525	13,031	10,802	7,661	8,323	5,984	8,292	8,703
Deposits	604,382	592,540	568,424	602,842	555,855	539,312	492,916	508,254	504,897
Financial liabilities at fair value	5,447	6,297	5,240	3,983	3,118	4,687	2,570	2,295	2,065
Tax liabilities	5,905	5,443	4,262	3,053	3,882	4,195	4,404	3,766	4,441
Liabilities associated with disposal groups held for sale	18,841	8,407	16,183	26,193	26,982	22,857	28,631	29,677	32,242
Other liabilities	46,055	41,083	32,715	51,068	44,479	66,260	32,697	40,210	38,122
Borrowings	301,388	293,747	298,947	308,913	314,952	322,470	304,745	409,563	436,897
Subordinated liabilities	34,543	34,633	36,059	36,867	36,494	35,837	20,083	15,042	10,763
<b>Total liabilities</b>	<b>1,024,315</b>	<b>991,675</b>	<b>974,861</b>	<b>1,043,721</b>	<b>993,423</b>	<b>1,003,941</b>	<b>892,030</b>	<b>1,017,099</b>	<b>1,038,130</b>

### Equity

Share capital and share premium	36,345	39,386	51,331	51,331	51,330	51,334	55,715	59,000	59,007
Other reserves	12,270	12,757	11,320	12,114	11,375	10,409	9,493	10,919	14,098
Retained earnings	144,810	137,101	135,021	128,879	125,951	121,959	124,436	126,007	122,054
<b>Total shareholders equity</b>	<b>193,425</b>	<b>189,244</b>	<b>197,672</b>	<b>192,324</b>	<b>188,656</b>	<b>183,702</b>	<b>189,644</b>	<b>195,926</b>	<b>195,159</b>
Non-controlling interest	180	174	173	172	171	177	181	130	130
<b>Total equity</b>	<b>193,605</b>	<b>189,418</b>	<b>197,845</b>	<b>192,496</b>	<b>188,827</b>	<b>183,879</b>	<b>189,825</b>	<b>196,056</b>	<b>195,289</b>
<b>Total liabilities and equity</b>	<b>1,217,920</b>	<b>1,181,093</b>	<b>1,172,707</b>	<b>1,236,217</b>	<b>1,182,250</b>	<b>1,187,820</b>	<b>1,081,855</b>	<b>1,213,155</b>	<b>1,233,419</b>

## Net interest income - 9 quarter summary

ISK million	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
<b>Interest income</b>									
Cash and balances with Central bank	121	88	131	227	303	774	916	1,062	1,061
Loans	13,024	10,708	11,483	11,893	12,926	10,690	11,911	12,389	15,075
Securities	954	939	1,073	977	538	550	443	384	271
Other	46	44	19	48	68	30	35	19	57
<b>Interest income</b>	<b>14,145</b>	<b>11,779</b>	<b>12,706</b>	<b>13,145</b>	<b>13,835</b>	<b>12,044</b>	<b>13,305</b>	<b>13,854</b>	<b>16,464</b>
<b>Interest expense</b>									
Deposits	(1,930)	(1,181)	(1,209)	(1,455)	(1,969)	(2,011)	(2,447)	(2,642)	(3,608)
Borrowings	(3,684)	(2,774)	(2,938)	(3,181)	(3,468)	(2,443)	(2,956)	(3,645)	(4,945)
Subordinated loans	(485)	(453)	(475)	(491)	(501)	(313)	(182)	(161)	(59)
Other	(30)	(29)	(25)	(29)	(40)	(24)	(27)	(24)	(44)
<b>Interest expense</b>	<b>(6,129)</b>	<b>(4,437)</b>	<b>(4,647)</b>	<b>(5,156)</b>	<b>(5,978)</b>	<b>(4,791)</b>	<b>(5,612)</b>	<b>(6,472)</b>	<b>(8,656)</b>
<b>Net interest income</b>	<b>8,016</b>	<b>7,342</b>	<b>8,059</b>	<b>7,989</b>	<b>7,857</b>	<b>7,253</b>	<b>7,693</b>	<b>7,382</b>	<b>7,808</b>
<b>Interest bearing assets</b>									
Cash and balances with Central Bank	69,609	60,479	42,136	87,517	103,432	118,174	95,717	121,554	107,649
Loans	879,689	866,413	851,176	847,350	813,499	812,620	791,902	844,247	890,795
Securities	167,644	154,346	192,244	202,783	167,517	163,127	83,343	132,708	114,583
<b>Interest bearing assets</b>	<b>1,116,942</b>	<b>1,081,238</b>	<b>1,085,556</b>	<b>1,137,650</b>	<b>1,084,448</b>	<b>1,093,921</b>	<b>970,962</b>	<b>1,098,509</b>	<b>1,113,027</b>
<b>Interest bearing liabilities</b>									
Due to credit institutions and Central Bank	7,754	9,525	13,031	10,802	7,661	8,323	5,984	8,292	8,703
Deposits	604,382	592,540	568,424	602,842	555,855	539,312	492,916	508,254	504,897
Financial liabilities at fair value	5,447	6,297	5,240	3,983	3,118	4,687	2,570	2,295	2,065
Borrowings	301,388	293,747	298,947	308,913	314,952	322,470	304,745	409,563	436,897
Subordinated liabilities	34,543	34,632	36,060	36,867	36,494	35,837	20,083	15,042	10,763
<b>Interest bearing liabilities</b>	<b>953,514</b>	<b>936,741</b>	<b>921,702</b>	<b>963,407</b>	<b>918,080</b>	<b>910,629</b>	<b>826,298</b>	<b>943,446</b>	<b>963,325</b>
<b>Interest Gap</b>	<b>163,428</b>	<b>144,497</b>	<b>163,854</b>	<b>174,243</b>	<b>166,368</b>	<b>183,292</b>	<b>144,664</b>	<b>155,063</b>	<b>149,702</b>
<b>Net interest margin on interest bearing assets</b>	<b>2.9%</b>	<b>2.7%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>2.6%</b>	<b>2.8%</b>

All amounts are in ISK millions

## Loans to customers - 9 quarter summary

ISK million

30.06.2021 31.03.2021 31.12.2020 30.09.2020 30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019

### Loans to customers

Individuals	472,550	446,996	433,336	414,320	388,747	374,005	368,569	408,925	403,539
Corporates	371,438	390,166	389,605	393,546	391,155	404,818	405,386	403,556	418,192
<b>Total loans to customers</b>	<b>843,988</b>	<b>837,162</b>	<b>822,941</b>	<b>807,866</b>	<b>779,902</b>	<b>778,823</b>	<b>773,955</b>	<b>812,481</b>	<b>821,731</b>

Share of stage 3 loans, gross*	2.8%	2.9%	2.6%	3.2%	3.4%	2.9%	2.7%	2.5%	2.4%
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### Loans to individuals

Overdrafts	13,310	12,567	12,875	14,513	13,917	15,465	14,421	16,081	15,075
Credit cards	12,473	11,474	12,260	11,222	11,809	10,805	13,028	12,650	12,325
Mortgage loans	414,541	392,422	378,554	359,145	333,249	317,882	310,562	349,673	345,833
Other loans	34,256	32,901	32,122	32,669	33,207	33,412	33,105	33,604	33,631
Provision on loans	(2,030)	(2,368)	(2,475)	(3,229)	(3,435)	(3,559)	(2,547)	(3,083)	(3,325)
<b>Total loans to individuals</b>	<b>472,550</b>	<b>446,996</b>	<b>433,336</b>	<b>414,320</b>	<b>388,747</b>	<b>374,005</b>	<b>368,569</b>	<b>408,925</b>	<b>403,539</b>

### Loans to corporates

Overdrafts	13,478	14,034	15,471	15,819	15,915	17,611	18,709	17,714	18,880
Credit cards	1,323	1,595	1,086	1,097	1,102	1,065	1,373	1,367	1,356
Mortgage loans	39,462	32,448	32,175	29,066	23,941	23,178	23,475	23,765	24,334
Other loans	324,573	351,201	350,455	358,058	359,459	371,639	368,453	367,221	380,705
Provision on loans	(7,398)	(9,112)	(9,582)	(10,494)	(9,262)	(8,675)	(6,624)	(6,511)	(7,083)
<b>Total loans to corporates</b>	<b>371,438</b>	<b>390,166</b>	<b>389,605</b>	<b>393,546</b>	<b>391,155</b>	<b>404,818</b>	<b>405,386</b>	<b>403,556</b>	<b>418,192</b>

### Loans to corporates specified by sector:

Agriculture and forestry	2.4%	2.2%	2.1%	2.1%	2.0%	1.9%	1.9%	1.8%	1.8%
Services	3.8%	3.3%	3.4%	3.2%	4.3%	4.2%	4.3%	4.3%	4.2%
Financial and insurance activities	9.6%	9.1%	9.2%	8.1%	9.1%	9.2%	8.3%	7.6%	8.2%
Industry, energy and manufacturing	7.6%	7.5%	8.0%	7.7%	7.8%	7.8%	9.8%	10.2%	9.4%
Information and communication technology	3.5%	5.9%	5.3%	5.0%	4.9%	4.6%	4.7%	4.7%	4.7%
Public administration, human health and social activities	1.5%	1.7%	1.7%	2.0%	1.7%	1.6%	2.1%	1.7%	1.6%
Real estate activities and construction	33.8%	32.9%	32.8%	33.1%	33.0%	31.6%	32.0%	32.8%	32.8%
Fishing industry	20.0%	20.8%	20.9%	22.1%	19.5%	21.3%	20.5%	20.1%	20.0%
Transportation	3.2%	3.1%	3.3%	3.4%	3.2%	3.0%	2.7%	2.8%	2.9%
Wholesale and retail trade	14.5%	13.6%	13.2%	13.3%	14.6%	14.8%	13.6%	13.9%	14.6%
	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

30.06.2021 31.03.2021 31.12.2020 30.09.2020 30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019

### Capital base:

Total equity	193,605	189,419	197,845	192,496	188,827	183,879	189,825	196,057	195,289
Deductions related to the consolidated situation <sup>1</sup>	-	-	-	(11,410)	(10,823)	(10,088)	(10,159)	(9,927)	(9,452)
Unaudited interim net earnings	(7,810)	(6,038)	-	(3,966)	-	2,171	-	(761)	-
Non-controlling interest not eligible for inclusion in CET1 capital	(180)	(174)	(173)	(172)	(171)	(177)	(181)	(130)	(130)
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>185,615</b>	<b>183,207</b>	<b>197,672</b>	<b>180,914</b>	<b>177,833</b>	<b>173,614</b>	<b>179,485</b>	<b>185,999</b>	<b>185,707</b>
Intangible assets	(9,532)	(13,915)	(13,092)	(11,671)	(11,371)	(11,160)	(10,604)	(14,117)	(13,783)
Tax assets	-	-	-	(310)	(310)	(332)	(296)	(151)	(568)
Foreseeable dividend	(14,924)	(3,056)	(17,990)	(3,358)	-	-	(14,153)	(6,057)	(1,557)
Adjustment under IFRS 9 transitional arrangements	1,936	1,238	1,890	1,977	1,550	-	-	-	-
Other statutory deductions	(1,702)	(1,561)	(2,520)	(3,709)	(3,314)	(1,995)	(1,741)	(3,255)	(3,075)
<b>Common equity Tier 1 capital</b>	<b>161,393</b>	<b>165,913</b>	<b>165,960</b>	<b>163,843</b>	<b>164,388</b>	<b>160,127</b>	<b>152,691</b>	<b>162,419</b>	<b>166,724</b>
Non-controlling interest not eligible for inclusion in CET1 capital	180	174	173	172	171	177	181	130	130
Additional Tier 1 capital	12,847	12,891	13,498	14,480	14,705	14,783	-	-	-
<b>Tier 1 capital</b>	<b>174,420</b>	<b>178,978</b>	<b>179,631</b>	<b>178,495</b>	<b>179,264</b>	<b>175,087</b>	<b>152,872</b>	<b>162,550</b>	<b>166,854</b>
Tier 2 instruments	21,696	21,741	22,562	22,387	21,789	21,054	20,083	15,042	10,763
Tier 2 instruments of financial sector entities (signif. invest.)	(1,032)	(1,026)	(1,007)	-	-	-	-	-	-
<b>Tier 2 Capital</b>	<b>20,664</b>	<b>20,715</b>	<b>21,555</b>	<b>22,387</b>	<b>21,789</b>	<b>21,054</b>	<b>20,083</b>	<b>15,042</b>	<b>10,763</b>
<b>Total own funds</b>	<b>195,084</b>	<b>199,693</b>	<b>201,186</b>	<b>200,882</b>	<b>201,053</b>	<b>196,141</b>	<b>172,955</b>	<b>177,592</b>	<b>177,617</b>

### Risk weighted exposure amount (REA)

Credit Risk, loans	567,958	577,130	570,554	568,345	557,208	557,415	561,602	590,880	606,843
Credit Risk, securities and other	62,566	61,812	60,813	52,564	51,286	48,412	49,163	54,705	58,183
Counterparty credit risk	7,879	4,831	3,462	4,791	4,169	5,242	3,347	3,457	3,969
Market Risk due to currency imbalance	1,056	6,297	8,569	2,552	3,119	2,676	10,070	5,127	6,125
Market Risk Other	15,944	15,255	13,063	14,777	15,207	13,898	10,609	11,168	14,261
Credit valuation adjustment <sup>2</sup>	2,543	589	842	1,618	1,874	1,934	1,477	2,863	1,840
Operational Risk	88,462	88,462	88,462	83,487	83,487	83,487	83,487	86,957	86,957
<b>Total risk weighted exposure amount</b>	<b>746,408</b>	<b>754,376</b>	<b>745,765</b>	<b>728,134</b>	<b>716,350</b>	<b>713,064</b>	<b>719,755</b>	<b>755,157</b>	<b>778,178</b>

## Capital and Risk Weighted Assets

ISK million

30.06.2021 31.03.2021 31.12.2020 30.09.2020 30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019

<b>Capital ratios*</b>	26.1%	26.5%	27.0%	27.6%	28.1%	27.5%	24.0%	23.5%	22.8%
CET 1 ratio	22.7%	22.0%	22.3%	22.5%	22.9%	22.5%	21.2%	21.6%	21.4%
Tier 1 ratio	24.4%	23.7%	24.1%	24.5%	25.0%	24.6%	21.2%	21.5%	21.4%
Capital adequacy ratio	27.2%	26.9%	27.0%	27.6%	28.1%	27.5%	24.0%	23.6%	22.8%
<b>Leverage ratio</b>									
On-balance sheet exposures	1,165,903	1,139,032	1,114,450	1,176,825	1,130,553	1,136,168	1,022,521	1,152,208	1,175,769
Derivative exposures	6,574	6,409	9,124	13,083	12,153	13,176	10,217	8,858	7,251
Securities financing transaction exposures	74	514	512	2,871	525	1,557	577	8,436	8,547
Off-balance sheet exposures	73,017	74,587	65,425	66,612	62,666	56,222	52,299	103,916	63,260
<b>Total exposure</b>	<b>1,245,568</b>	<b>1,220,542</b>	<b>1,189,511</b>	<b>1,259,391</b>	<b>1,205,897</b>	<b>1,207,123</b>	<b>1,085,614</b>	<b>1,273,418</b>	<b>1,254,827</b>
<b>Tier 1 capital</b>	<b>174,420</b>	<b>178,978</b>	<b>179,631</b>	<b>202,329</b>	<b>204,125</b>	<b>197,990</b>	<b>194,966</b>	<b>193,988</b>	<b>198,956</b>
<b>Leverage ratio</b>	<b>14.0%</b>	<b>14.7%</b>	<b>15.1%</b>	<b>16.6%</b>	<b>17.2%</b>	<b>16.9%</b>	<b>17.8%</b>	<b>17.4%</b>	<b>18.1%</b>
<b>Related ratios</b>									
Return on REA	3.7%	3.2%	1.7%	1.2%	0.8%	(1.2%)	0.1%	0.7%	0.8%
REA/Total assets	61.3%	63.9%	63.6%	58.9%	60.6%	60.0%	66.5%	62.2%	63.1%

\*Capital ratios include interim profit in 31.03.2021, 30.09.2020, 31.03.2020 and 30.09.2019

## Operating segments - Quarters summary

ISK million

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

### Markets and Stefir:

Net interest income	207	139	398	169	212	197	182	282	297	256
Net fee and commission income	1,239	1,191	1,125	857	945	1,035	944	1,164	1,156	1,054
Net insurance income	-	-	-	-	-	-	-	-	-	-
Net financial income (loss)	103	65	99	46	133	(136)	87	(68)	61	139
Share of profit of associates	-	-	-	-	-	1	-	-	-	-
Other operating income	2	-	5	4	1	3	11	3	9	2
<b>Total operating income</b>	<b>1,551</b>	<b>1,395</b>	<b>1,627</b>	<b>1,076</b>	<b>1,291</b>	<b>1,100</b>	<b>1,224</b>	<b>1,381</b>	<b>1,523</b>	<b>1,451</b>
Operating expenses	(459)	(439)	(497)	(326)	(531)	(474)	(477)	(421)	(504)	(518)
Allocated expenses	(522)	(467)	(407)	(408)	(497)	(468)	(179)	(380)	(481)	(430)
Bank levy	(16)	(13)	(7)	(10)	(10)	(8)	(9)	(42)	(45)	(46)
Net impairment	(1)	-	-	4	(4)	-	-	8	(3)	(5)
<b>Earnings before income tax</b>	<b>553</b>	<b>476</b>	<b>716</b>	<b>336</b>	<b>249</b>	<b>150</b>	<b>559</b>	<b>546</b>	<b>490</b>	<b>452</b>
<b>Total assets</b>	<b>77,722</b>	<b>77,927</b>	<b>79,193</b>	<b>75,528</b>	<b>74,317</b>	<b>77,452</b>	<b>69,692</b>	<b>70,735</b>	<b>78,441</b>	<b>80,573</b>
<b>Total liabilities</b>	<b>71,114</b>	<b>69,810</b>	<b>71,355</b>	<b>67,762</b>	<b>67,980</b>	<b>69,303</b>	<b>62,540</b>	<b>63,825</b>	<b>71,767</b>	<b>73,122</b>
<b>Allocated equity</b>	<b>6,608</b>	<b>8,117</b>	<b>7,838</b>	<b>7,766</b>	<b>6,337</b>	<b>8,149</b>	<b>7,152</b>	<b>6,910</b>	<b>6,674</b>	<b>7,451</b>

### Corporate & Investment Banking:

Net interest income	2,758	2,585	2,717	2,731	2,548	2,522	2,395	2,240	2,338	2,156
Net fee and commission income	1,363	1,107	938	614	721	837	611	318	509	498
Net insurance income	-	-	-	-	-	-	-	-	-	-
Net financial income (loss)	460	216	(144)	-	-	-	6	(34)	28	(222)
Share of profit of associates	(8)	-	-	1	(49)	-	-	-	-	-
Other operating income (loss)	21	1	109	3	(8)	(2)	(3)	(4)	(6)	(4)
<b>Total operating income</b>	<b>4,594</b>	<b>3,909</b>	<b>3,620</b>	<b>3,349</b>	<b>3,212</b>	<b>3,357</b>	<b>3,009</b>	<b>2,520</b>	<b>2,869</b>	<b>2,428</b>
Operating expenses	(328)	(325)	(332)	(219)	(365)	(385)	(291)	(318)	(414)	(448)
Allocated expenses	(709)	(642)	(722)	(563)	(731)	(618)	(764)	(702)	(979)	(956)
Bank levy	(103)	(94)	(75)	(110)	(95)	(107)	(101)	(200)	(224)	(201)
Net impairment	551	841	(685)	(2,651)	(1,062)	(1,645)	(3,761)	(2,870)	(1,216)	(1,032)
<b>Earnings (loss) before income tax</b>	<b>4,005</b>	<b>3,689</b>	<b>1,806</b>	<b>(194)</b>	<b>959</b>	<b>602</b>	<b>(1,908)</b>	<b>(1,570)</b>	<b>36</b>	<b>(209)</b>
<b>Total assets</b>	<b>299,412</b>	<b>317,023</b>	<b>315,731</b>	<b>329,038</b>	<b>316,726</b>	<b>329,384</b>	<b>320,545</b>	<b>315,052</b>	<b>327,950</b>	<b>335,209</b>
<b>Total liabilities</b>	<b>242,107</b>	<b>257,703</b>	<b>256,411</b>	<b>256,013</b>	<b>259,936</b>	<b>253,964</b>	<b>251,581</b>	<b>237,575</b>	<b>254,184</b>	<b>264,102</b>
<b>Allocated equity</b>	<b>57,305</b>	<b>59,320</b>	<b>59,320</b>	<b>73,025</b>	<b>56,790</b>	<b>75,420</b>	<b>68,964</b>	<b>77,477</b>	<b>73,766</b>	<b>71,107</b>

## Operating segments - Quarters summary

ISK million

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

### Retail Banking:

Net interest income	4,079	3,932	3,580	4,004	3,999	3,831	4,045	4,253	4,443	4,562
Net fee and commission income	925	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	204	211	40	73	5	119	102	174	32	124
<b>Total operating income</b>	<b>5,208</b>	<b>5,083</b>	<b>4,667</b>	<b>5,368</b>	<b>4,994</b>	<b>5,197</b>	<b>5,424</b>	<b>5,662</b>	<b>5,674</b>	<b>5,752</b>
Operating expenses	(1,315)	(1,311)	(1,372)	(1,152)	(1,406)	(1,493)	(1,670)	(1,569)	(1,752)	(1,811)
Allocated expenses	(1,911)	(1,629)	(1,640)	(1,141)	(1,626)	(1,473)	(1,842)	(1,227)	(1,602)	(1,536)
Bank levy	(172)	(155)	(115)	(168)	(138)	(158)	(149)	(275)	(301)	(339)
Net impairment	367	414	714	151	(76)	(1,903)	1,922	133	275	(43)
<b>Earnings before income tax</b>	<b>2,177</b>	<b>2,402</b>	<b>2,254</b>	<b>3,058</b>	<b>1,748</b>	<b>170</b>	<b>3,685</b>	<b>2,724</b>	<b>2,294</b>	<b>2,023</b>
<b>Total assets</b>	<b>555,128</b>	<b>534,332</b>	<b>518,312</b>	<b>501,186</b>	<b>485,324</b>	<b>474,471</b>	<b>475,199</b>	<b>536,349</b>	<b>554,871</b>	<b>551,713</b>
<b>Total liabilities</b>	<b>507,218</b>	<b>490,527</b>	<b>474,508</b>	<b>445,274</b>	<b>442,123</b>	<b>416,769</b>	<b>416,197</b>	<b>472,222</b>	<b>495,724</b>	<b>489,711</b>
<b>Allocated equity</b>	<b>47,910</b>	<b>43,805</b>	<b>43,805</b>	<b>55,912</b>	<b>43,201</b>	<b>57,702</b>	<b>59,002</b>	<b>64,127</b>	<b>59,147</b>	<b>62,002</b>

### Treasury and Market making:

Net interest income	997	709	1,437	1,166	1,180	848	1,201	783	871	583
Net fee and commission income	157	165	160	153	141	96	55	(50)	(76)	(125)
Net insurance income	-	-	-	-	-	-	-	-	-	-
Net financial income (loss)	1,218	1,019	555	467	1,353	(1,411)	(2)	718	258	(34)
Share of profit of associates	-	-	-	-	-	-	-	-	-	-
Other operating income	17	(2)	-	-	-	-	5	-	6	-
<b>Total operating income (loss)</b>	<b>2,389</b>	<b>1,891</b>	<b>2,152</b>	<b>1,786</b>	<b>2,674</b>	<b>(467)</b>	<b>1,259</b>	<b>1,451</b>	<b>1,059</b>	<b>424</b>
Other operating income (loss)	(109)	(143)	(161)	(114)	(148)	(185)	(140)	(91)	(86)	(68)
Allocated expenses	(271)	(236)	(469)	(222)	(225)	(211)	(260)	(213)	(283)	(284)
Bank levy	(64)	(68)	(67)	(94)	(81)	(58)	(98)	(292)	(342)	(320)
Net impairment	(5)	2	(11)	(10)	13	4	(11)	-	15	(1)
<b>Earnings (loss) before income tax</b>	<b>1,940</b>	<b>1,446</b>	<b>1,444</b>	<b>1,346</b>	<b>2,233</b>	<b>(917)</b>	<b>750</b>	<b>855</b>	<b>363</b>	<b>(249)</b>
<b>Total assets</b>	<b>447,808</b>	<b>445,873</b>	<b>467,489</b>	<b>502,387</b>	<b>491,031</b>	<b>480,872</b>	<b>457,579</b>	<b>558,263</b>	<b>573,660</b>	<b>580,470</b>
<b>Total liabilities</b>	<b>399,232</b>	<b>401,046</b>	<b>413,894</b>	<b>481,934</b>	<b>441,285</b>	<b>470,028</b>	<b>436,229</b>	<b>548,213</b>	<b>555,797</b>	<b>569,151</b>
<b>Allocated equity</b>	<b>48,576</b>	<b>44,827</b>	<b>53,594</b>	<b>20,453</b>	<b>49,746</b>	<b>10,844</b>	<b>21,350</b>	<b>10,050</b>	<b>17,863</b>	<b>11,319</b>

## Operating segments - Quarters summary

ISK million

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

### Vördur:

Net interest income	12	26	36	44	45	47	68	57	59	44
Net fee and commission income (expense)	(49)	(72)	(43)	(37)	(50)	(41)	(31)	(18)	(6)	(25)
Net insurance income	919	717	774	1,053	795	523	730	1,093	830	276
Net financial income	630	316	607	244	754	130	222	35	513	551
Share of profit of associates	-	-	-	-	-	-	-	-	-	-
Other operating income	8	8	(17)	2	1	2	7	2	2	9
<b>Total operating income</b>	<b>1,520</b>	<b>995</b>	<b>1,357</b>	<b>1,306</b>	<b>1,545</b>	<b>661</b>	<b>996</b>	<b>1,169</b>	<b>1,398</b>	<b>855</b>
Operating expenses	(637)	(630)	(665)	(503)	(645)	(636)	(579)	(528)	(554)	(579)
Allocated expenses	(3)	(8)	-	(12)	3	(12)	(7)	(1)	(2)	(6)
Bank levy	-	-	-	-	-	-	-	-	-	-
Net impairment	-	-	-	-	-	-	-	-	-	-
<b>Earnings before income tax</b>	<b>880</b>	<b>357</b>	<b>692</b>	<b>791</b>	<b>903</b>	<b>13</b>	<b>410</b>	<b>640</b>	<b>842</b>	<b>270</b>
<b>Total assets</b>	<b>32,564</b>	<b>32,001</b>	<b>30,233</b>	<b>30,390</b>	<b>29,418</b>	<b>26,993</b>	<b>27,028</b>	<b>26,758</b>	<b>26,222</b>	<b>25,655</b>
<b>Total liabilities</b>	<b>21,848</b>	<b>21,205</b>	<b>19,694</b>	<b>18,981</b>	<b>18,595</b>	<b>16,869</b>	<b>16,869</b>	<b>16,869</b>	<b>16,869</b>	<b>16,869</b>
<b>Allocated equity</b>	<b>10,716</b>	<b>10,796</b>	<b>10,539</b>	<b>11,409</b>	<b>10,823</b>	<b>10,124</b>	<b>10,159</b>	<b>9,889</b>	<b>9,353</b>	<b>8,786</b>

### Other subsidiaries:

Net interest income (expense)	(30)	(41)	(28)	(99)	(88)	(174)	(172)	(195)	(264)	3
Net fee and commission income (expense)	(187)	(140)	(134)	(157)	(145)	(211)	(189)	(236)	(280)	(235)
Net insurance income	-	-	-	-	-	-	-	-	-	-
Net financial income (loss)	(209)	(116)	246	(64)	450	(594)	88	423	(367)	494
Share of profit of associates	-	-	(1)	-	-	-	-	-	-	-
Other operating income	44	(15)	1,210	91	290	8	91	24	116	321
<b>Total operating income (loss)</b>	<b>(382)</b>	<b>(312)</b>	<b>1,293</b>	<b>(229)</b>	<b>507</b>	<b>(971)</b>	<b>(182)</b>	<b>16</b>	<b>(795)</b>	<b>583</b>
Operating expenses	(39)	(85)	(46)	(29)	(29)	(75)	(13)	(19)	(14)	(17)
Allocated expenses	(1)	(1)	(2)	(1)	(2)	(1)	(3)	(1)	(1)	(1)
Bank levy	-	-	-	-	-	-	-	-	-	-
Net impairment	67	(85)	2,486	1,165	212	683	3,053	3,215	(60)	-
<b>Earnings (loss) before income tax</b>	<b>(355)</b>	<b>(483)</b>	<b>3,731</b>	<b>906</b>	<b>688</b>	<b>(364)</b>	<b>2,855</b>	<b>3,211</b>	<b>(870)</b>	<b>565</b>
<b>Total assets</b>	<b>44,821</b>	<b>34,443</b>	<b>42,485</b>	<b>54,723</b>	<b>48,891</b>	<b>51,792</b>	<b>58,515</b>	<b>62,367</b>	<b>67,056</b>	<b>61,984</b>
<b>Total liabilities</b>	<b>22,331</b>	<b>11,889</b>	<b>19,736</b>	<b>30,792</b>	<b>26,961</b>	<b>31,867</b>	<b>37,530</b>	<b>36,249</b>	<b>40,738</b>	<b>34,619</b>
<b>Allocated equity</b>	<b>22,490</b>	<b>22,554</b>	<b>22,749</b>	<b>23,931</b>	<b>21,930</b>	<b>19,925</b>	<b>20,985</b>	<b>26,118</b>	<b>26,318</b>	<b>27,365</b>

## Operating segments - Quarters summary

ISK million	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Supporting units and eliminations:</b>										
Net interest income (loss)	(7)	(8)	(81)	(26)	(39)	(18)	(26)	(38)	64	(170)
Net fee and commission income (expense)	114	86	24	41	86	113	39	135	(24)	(41)
Net insurance income (expense)	(5)	(46)	(7)	(10)	(34)	(22)	(7)	(6)	(7)	(23)
Net financial income (loss)	1	-	(1)	(1)	1	11	(3)	(49)	530	(136)
Share of profit (loss) of associates	33	1	(21)	50	44	(25)	7	30	(8)	727
Other operating income (loss)	(12)	103	85	302	(218)	40	(12)	73	(65)	(142)
<b>Total operating income (loss)</b>	<b>124</b>	<b>136</b>	<b>(1)</b>	<b>356</b>	<b>(160)</b>	<b>99</b>	<b>(2)</b>	<b>145</b>	<b>490</b>	<b>215</b>
Operating expenses	(3,485)	(3,115)	(3,534)	(2,889)	(3,271)	(2,959)	(3,272)	(3,994)	(3,295)	(3,421)
Allocated expenses	3,417	2,983	3,240	2,347	3,078	2,783	3,055	2,524	3,348	3,213
Bank levy	-	-	1	(1)	-	-	-	-	-	-
Net impairment	(167)	(92)	(2,430)	1	(1)	1	-	(2)	1	-
<b>Earnings (loss) before income tax</b>	<b>(111)</b>	<b>(88)</b>	<b>(2,724)</b>	<b>(186)</b>	<b>(354)</b>	<b>(76)</b>	<b>(219)</b>	<b>(1,327)</b>	<b>544</b>	<b>7</b>
<b>Total assets</b>	<b>(239,535)</b>	<b>(260,506)</b>	<b>(280,737)</b>	<b>(257,036)</b>	<b>263,458</b>	<b>(253,144)</b>	<b>(326,703)</b>	<b>(356,369)</b>	<b>(394,781)</b>	<b>(412,909)</b>
<b>Total liabilities</b>	<b>(239,535)</b>	<b>(260,506)</b>	<b>(280,737)</b>	<b>(257,036)</b>	<b>(263,458)</b>	<b>(254,859)</b>	<b>(328,916)</b>	<b>(357,854)</b>	<b>(396,949)</b>	<b>(417,933)</b>
<b>Allocated equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,715</b>	<b>2,213</b>	<b>1,485</b>	<b>2,168</b>	<b>5,024</b>

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Arion Bank  
Borgartún 19, 105 Reykjavík  
Id.: 581008-0150