



**Arion Bank Factbook**  
30 June 2020

# KFI - 5 years

ISK million

H1 2020 H1 2019 H1 2018 H1 2017 H1 2016

## Profitability

Return on equity	2.9%	3.2%	4.7%	9.7%	9.5%
Return on assets	0.5%	0.5%	0.9%	1.9%	1.9%
Return on risk-weighted-assets	0.8%	0.8%	1.3%	2.8%	2.6%
Earnings per share	1.59	1.72	2.35	5.23	4.63
Earnings per share from continuing operations	2.13	2.78	2.29	5.02	4.45

## Net interest margin

Net interest margin on interest bearing assets	2.9%	2.8%	2.7%	3.0%	3.1%
Net interest margin on total assets	2.6%	2.5%	2.5%	2.7%	2.9%
Net interest income on credit risk	5.0%	4.5%	4.2%	4.7%	4.5%

## Efficiency

Cost-to-income ratio	54.7%	56.3%	58.7%	42.2%	54.8%
Cost-to-total assets ratio	2.2%	2.2%	2.4%	1.9%	3.0%
Number of FTE's at year end	783	880	966	924	1,199

## Asset quality

Share of stage 3 loans, gross*	3.4%	2.4%	3.0%	-	-
Risk weighted assets / Total assets	60.6%	63.1%	67.8%	67.0%	71.8%

## Financial strength

Equity as % of total assets	16.0%	15.8%	17.7%	19.7%	20.2%
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## Liquidity

Liquidity coverage ratio (LCR)	206.3%	198.0%	231.7%	266.2%	179.8%
Loans-to-deposits ratio	140.3%	162.8%	168.8%	167.7%	168.6%
Loans-to-deposits ratio (without covered bonds)	113.0%	119.3%	130.3%	128.2%	132.5%
Deposits from customers as % of total funding	63.3%	53.1%	53.3%	53.0%	69.5%
Covered bonds as % of total funding	17.3%	23.1%	20.5%	20.9%	25.1%

## Capital

CET 1 ratio	22.9%	21.4%	21.8%	27.7%	25.5%
Tier 1 ratio	25.0%	21.5%	21.9%	27.8%	26.8%
Tier 2 ratio	3.0%	1.4%	0.0%	0.6%	1.0%
Capital adequacy ratio	28.1%	22.9%	21.9%	28.4%	27.8%
Leverage ratio	14.9%	13.3%	14.2%	17.4%	18.1%

\* (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

<sup>1</sup> Not available following implementation of IFRS 9 in January 2018

## Income statement - 5 year summary

ISK million	H1 2020	H1 2019	H1 2018	H1 2017	H1 2016
Interest income	25,879	31,147	28,036	29,284	31,395
Interest expense	(10,769)	(15,905)	(13,895)	(14,462)	(16,769)
<b>Net interest income</b>	<b>15,110</b>	<b>15,242</b>	<b>14,141</b>	<b>14,822</b>	<b>14,626</b>
Fee and commission income	6,578	5,460	5,603	5,301	11,248
Fee and commission expense	(814)	(764)	(686)	(693)	(4,501)
<b>Net fee and commission income</b>	<b>5,764</b>	<b>4,696</b>	<b>4,917</b>	<b>4,608</b>	<b>6,747</b>
Net insurance income	1,262	1,076	901	1,053	392
Net financial (loss) income	691	1,789	2,506	3,177	3,495
Share of (loss) profit of associates	(29)	720	(18)	(934)	695
Other operating income	241	405	868	2,085	1,684
<b>Other net operating income / loss</b>	<b>2,165</b>	<b>3,990</b>	<b>4,257</b>	<b>5,381</b>	<b>6,266</b>
<b>Operating income</b>	<b>23,039</b>	<b>23,928</b>	<b>23,315</b>	<b>24,811</b>	<b>27,639</b>
Salaries and related expense	(6,707)	(7,435)	(7,565)	(7,087)	(8,426)
Other operating expenses	(5,895)	(6,045)	(6,121)	(3,432)	(6,729)
<b>Operating expenses</b>	<b>(12,602)</b>	<b>(13,480)</b>	<b>(13,686)</b>	<b>(10,519)</b>	<b>(15,155)</b>
Bank Levy	(655)	(1,818)	(1,683)	(1,574)	(1,485)
Net impairment	(3,778)	(2,069)	(301)	1,308	945
<b>Earnings / loss before tax</b>	<b>6,004</b>	<b>6,561</b>	<b>7,645</b>	<b>14,026</b>	<b>11,944</b>
Income tax expense	(2,328)	(1,513)	(2,192)	(3,296)	(2,182)
<b>Net earnings / loss from continuing operations</b>	<b>3,676</b>	<b>5,048</b>	<b>5,453</b>	<b>10,730</b>	<b>9,762</b>
Discontinued operations held for sale, net of income tax	(934)	(1,934)	(442)	(266)	-
<b>Net earnings / loss</b>	<b>2,742</b>	<b>3,114</b>	<b>5,011</b>	<b>10,464</b>	<b>9,762</b>
<b>Attributable to</b>					
Shareholders of Arion Bank	2,747	3,114	4,398	10,462	9,266
Non-controlling interest	(5)	-	613	2	496
<b>Total comprehensive income</b>	<b>2,742</b>	<b>3,114</b>	<b>5,011</b>	<b>10,464</b>	<b>9,762</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	1.59	1.72	2.35	5.23	4.63

## Balance sheet - 5 year summary

ISK million

30.06.2020 31.12.2019 31.12.2018 31.12.2017 31.12.2016

### Assets

Cash and balances with Central Bank	103,432	95,717	83,139	139,819	87,634
Loans to credit institutions	33,597	17,947	56,322	86,609	80,116
Loans to customers	779,902	773,955	833,826	765,101	712,422
Financial instruments	197,141	117,406	114,557	109,450	117,456
Investment property	7,051	7,119	7,092	6,613	5,358
Investments in associates	861	852	818	760	839
Intangible assets	9,077	8,367	6,397	13,848	11,057
Tax assets	2	2	90	450	288
Asset and disposal groups held for sale	30,732	43,626	48,584	8,138	4,418
Other assets	20,454	16,864	13,502	16,966	16,436

### Total assets

**1,182,249 1,081,855 1,164,327 1,147,754 1,036,024**

### Liabilities

Due to credit institutions and Central Bank	7,661	5,984	9,204	7,370	7,987
Deposits	555,855	492,916	466,067	462,161	412,064
Financial liabilities at fair value	3,118	2,570	2,320	3,601	3,726
Tax liabilities	3,882	4,404	5,119	6,828	7,293
Liabilities associated with disposal groups held for sale	26,982	28,631	26,337	-	-
Other liabilities	44,478	32,697	30,107	57,062	54,094
Borrowings	314,952	304,745	417,782	384,998	339,476
Subordinated liabilities	36,494	20,083	6,532	-	-

### Total liabilities

**993,422 892,030 963,468 922,020 824,640**

### Equity

Share capital and share premium	51,330	55,715	59,010	75,861	75,861
Other reserves	11,375	9,493	14,822	16,774	19,761
Retained earnings	125,951	124,436	126,897	132,971	115,590

### Total shareholders equity

**188,656 189,644 200,729 225,606 211,212**

Non-controlling interest

171 181 130 128 172

### Total equity

**188,827 189,825 200,859 225,734 211,384**

### Total liabilities and equity

**1,182,249 1,081,855 1,164,327 1,147,754 1,036,024**

## Net interest income - 5 year summary

ISK million	H1 2020	H1 2019	H1 2018	H1 2017	H1 2016
<b>Interest income</b>					
Cash and balances with Central bank	1,077	2,030	2,366	3,337	2,029
Loans	23,616	28,503	25,085	24,646	26,785
Securities	1,088	508	432	1,197	2,237
Other	98	106	151	106	344
<b>Interest income</b>	<b>25,879</b>	<b>31,147</b>	<b>28,034</b>	<b>29,286</b>	<b>31,395</b>
<b>Interest expense</b>					
Deposits	(3,980)	(6,860)	(6,313)	(6,910)	(8,744)
Borrowings	(5,911)	(8,872)	(7,543)	(7,533)	(7,810)
Subordinated liabilities	(814)	(106)	-	-	(186)
Other	(64)	(67)	(38)	(18)	(29)
<b>Interest expense</b>	<b>(10,769)</b>	<b>(15,905)</b>	<b>(13,894)</b>	<b>(14,461)</b>	<b>(16,769)</b>
<b>Net interest income</b>	<b>15,110</b>	<b>15,242</b>	<b>14,140</b>	<b>14,825</b>	<b>14,626</b>
<b>Interest bearing assets</b>					
Cash and balances with Central Bank	103,432	107,649	112,996	151,354	77,108
Loans	813,499	890,795	917,240	811,899	798,743
Securities	167,517	114,583	64,249	73,077	81,575
<b>Interest bearing assets</b>	<b>1,084,448</b>	<b>1,113,027</b>	<b>1,094,485</b>	<b>1,036,330</b>	<b>957,425</b>
<b>Interest bearing liabilities</b>					
Due to credit institutions and Central Bank	7,661	8,703	6,336	7,644	8,018
Deposits	555,855	504,897	476,182	437,494	423,089
Financial liabilities at fair value	3,118	2,065	3,895	5,029	4,722
Borrowings	314,952	436,897	410,773	380,061	329,885
Subordinated liabilities	36,494	10,763	-	-	9,553
<b>Interest bearing liabilities</b>	<b>918,080</b>	<b>963,325</b>	<b>897,186</b>	<b>830,229</b>	<b>775,268</b>
<b>Interest Gap</b>	<b>166,368</b>	<b>149,702</b>	<b>197,298</b>	<b>206,101</b>	<b>182,157</b>
<b>Net interest margin on interest bearing assets</b>	<b>2.9%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>3.0%</b>	<b>3.1%</b>

## Loans to customers - 5 year summary

ISK million

30.06.2020 31.12.2019 31.12.2018 31.12.2017 31.12.2016

### Loans to customers

Individuals	388,747	368,569	400,483	365,287	337,416
Corporates	391,155	405,386	433,343	399,814	375,006
<b>Total loans to customers</b>	<b>779,902</b>	<b>773,955</b>	<b>833,826</b>	<b>765,101</b>	<b>712,422</b>

### Ratios:

Share of stage 3 loans, gross*	3.4%	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	13,917	14,421	14,536	14,469	14,805
Credit cards	11,809	13,028	12,958	11,133	11,363
Mortgage loans	333,249	310,562	343,119	311,507	285,784
Other loans	33,207	33,105	33,560	33,629	34,777
Provision on loans	(3,435)	(2,547)	(3,690)	(5,451)	(9,313)
<b>Total loans to individuals</b>	<b>388,747</b>	<b>368,569</b>	<b>400,483</b>	<b>365,287</b>	<b>337,416</b>

### Loans to corporates

Overdrafts	15,915	18,709	19,200	18,778	19,314
Credit cards	1,102	1,373	1,348	1,123	1,180
Mortgage loans	23,941	23,475	23,417	19,632	16,298
Other loans	359,459	368,453	395,579	368,312	351,739
Provision on loans	(9,262)	(6,624)	(6,201)	(8,031)	(13,525)
<b>Total loans to corporates</b>	<b>391,155</b>	<b>405,386</b>	<b>433,343</b>	<b>399,814</b>	<b>375,006</b>

### Loans to corporates specified by sector:

Agriculture and forestry	2.0%	1.9%	1.7%	1.6%	1.6%
Services	4.3%	4.3%	3.8%	4.5%	4.6%
Financial and insurance activities	9.1%	8.3%	8.7%	8.5%	9.3%
Industry, energy and manufacturing	7.8%	9.8%	8.2%	7.4%	7.6%
Information and communication technology	4.9%	4.7%	4.8%	5.5%	7.6%
Public administration, human health and social activities	1.7%	2.1%	1.6%	2.0%	2.3%
Real estate activities and construction	33.0%	32.0%	33.9%	32.1%	30.6%
Fishing industry	19.5%	20.5%	19.4%	19.7%	20.4%
Transportation	3.2%	2.7%	2.8%	4.3%	1.7%
Wholesale and retail trade	14.6%	13.6%	15.2%	14.4%	14.1%
	100.0%	100.0%	100.0%	100.0%	100.0%

## Capital and Risk Weighted Assets

ISK million

30.06.2020 31.12.2019 31.12.2018 31.12.2017 31.12.2016

### Capital base:

Total equity	188,827	189,825	200,859	225,733	211,384
Deductions related to the consolidated situation <sup>1</sup>	(10,823)	(10,159)	(8,986)	(8,635)	(8,126)
Non-controlling interest not eligible for inclusion in CET 1 capital	(171)	(181)	(130)	(128)	(172)
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>177,833</b>	<b>179,485</b>	<b>191,743</b>	<b>216,970</b>	<b>203,086</b>
Intangible assets	(11,371)	(10,604)	(12,152)	(11,125)	(8,201)
Tax assets	(310)	(296)	(191)	(357)	(198)
Foreseeable dividend	-	(14,153)	(9,069)	(25,000)	-
Adjustment under IFRS 9 transitional arrangements	1,550	-	-	-	-
Other statutory deductions	(3,314)	(1,741)	(1,537)	147	(149)
<b>Common equity Tier 1 capital</b>	<b>164,388</b>	<b>152,691</b>	<b>168,794</b>	<b>180,635</b>	<b>194,538</b>
Non-controlling interest not eligible for inclusion in CET1 capital	171	181	130	128	172
Additional Tier 1 capital	14,705	-	-	-	-
<b>Tier 1 capital</b>	<b>179,264</b>	<b>152,872</b>	<b>168,924</b>	<b>180,763</b>	<b>194,710</b>
Subordinated liabilities	21,789	20,083	6,532	-	-
General credit risk adjustments	-	-	-	3,195	4,557
<b>Tier 2 Capital</b>	<b>21,789</b>	<b>20,083</b>	<b>6,532</b>	<b>3,195</b>	<b>4,557</b>
<b>Total Capital base</b>	<b>201,053</b>	<b>172,955</b>	<b>175,456</b>	<b>183,958</b>	<b>199,267</b>

### Risk weighted exposure amount (REA)

Credit Risk, loans	557,208	561,602	639,788	605,058	577,470
Credit Risk, securities and other <sup>2</sup>	51,286	49,163	50,112	56,979	55,036
Counterparty credit risk <sup>2</sup>	4,169	3,347	4,405	5,844	5,550
Market Risk due to currency imbalance	3,119	10,070	4,280	4,895	5,449
Market Risk Other	15,207	10,609	8,928	5,473	12,966
Credit valuation adjustment <sup>2</sup>	1,874	1,477	2,228	2,506	2,678
Operational Risk	83,487	83,487	86,957	86,013	86,490
<b>Total risk weighted exposure amount</b>	<b>716,350</b>	<b>719,755</b>	<b>796,698</b>	<b>766,768</b>	<b>745,639</b>

### Capital ratios

CET 1 ratio	22.9%	21.2%	21.2%	23.6%	26.1%
Tier 1 ratio	25.0%	21.2%	21.2%	23.6%	26.1%
Capital adequacy ratio	28.1%	24.0%	22.0%	24.0%	26.8%

### Leverage ratio

On-balance sheet exposures	1,130,553	1,022,521	1,106,368	1,074,207	995,063
Derivative exposures	12,153	10,217	8,239	10,957	8,226
Securities financing transaction exposures	525	577	8,194	8,925	9,330
Off-balance sheet exposures	62,666	52,299	68,316	83,058	83,156
<b>Total exposure</b>	<b>1,205,897</b>	<b>1,085,614</b>	<b>1,191,117</b>	<b>1,177,147</b>	<b>1,095,775</b>
<b>Tier 1 capital</b>	<b>179,264</b>	<b>152,872</b>	<b>168,924</b>	<b>180,763</b>	<b>194,710</b>
<b>Leverage ratio</b>	<b>14.9%</b>	<b>14.1%</b>	<b>14.2%</b>	<b>15.4%</b>	<b>17.8%</b>

### Related ratios

RORWA	0.8%	0.1%	1.0%	1.9%	2.9%
REA/Total assets	60.6%	66.5%	68.4%	66.8%	72.7%

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

	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
<b>Profitability</b>									
Return on equity	10.5%	(4.6%)	(5.8%)	1.6%	4.3%	2.1%	3.2%	2.3%	5.9%
Return on assets	1.7%	(0.8%)	(1.0%)	0.2%	0.7%	0.3%	0.5%	0.4%	1.1%
Return on risk-weighted-assets	2.7%	(1.2%)	(1.5%)	0.4%	1.1%	0.5%	0.8%	0.6%	1.6%
Earnings per share	2.86	(3.33)	(1.53)	0.42	1.16	0.56	0.87	0.65	1.35
Earnings per share from continuing operations	2.89	(5.58)	2.87	2.10	1.55	1.23	1.56	0.64	1.34
<b>Net interest margin</b>									
Net interest margin on interest bearing assets	2.9%	2.8%	3.0%	2.6%	2.8%	2.7%	2.9%	2.7%	2.8%
Net interest margin on total assets	2.7%	2.6%	2.7%	2.4%	2.5%	2.5%	2.7%	2.4%	2.5%
Net interest income on credit risk	5.2%	4.8%	4.9%	4.5%	4.6%	4.3%	4.6%	4.2%	4.3%
<b>Efficiency</b>									
Cost-to-income ratio	45.5%	69.2%	54.9%	56.2%	54.2%	58.6%	60.3%	50.3%	55.4%
Cost-to-total assets ratio	2.2%	2.2%	2.2%	2.3%	2.2%	2.3%	2.2%	2.0%	2.4%
Number of FTE´s at year end	783	814	801	802	880	917	904	933	966
<b>Asset quality</b>									
Share of stage 3 loans, gross*	3.4%	2.9%	2.7%	2.5%	2.4%	2.5%	2.6%	2.9%	3.0%
Risk weighted assets / Total assets	60.6%	60.0%	66.5%	62.2%	63.1%	64.4%	68.4%	66.2%	67.8%

\* (Gross carrying value of stage 3 loans + gross carrying value of POCI loans in Risk class 4 or lower) / Gross carrying value of loans to customers

## KFI - 9 Quarters

ISK million	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
<b>Financial strength</b>									
Equity as % of total assets	16.0%	15.5%	17.5%	16.2%	15.8%	15.8%	17.3%	16.4%	17.7%
<b>Liquidity</b>									
Liquidity coverage ratio (LCR)	206.3%	224.2%	188.3%	246.4%	198.0%	213.0%	164.4%	169.1%	231.7%
Loans-to-deposits ratio	140.3%	144.4%	157.0%	159.9%	162.8%	169.1%	178.9%	169.2%	168.8%
Loans-to-deposits ratio (without covered bonds)	113.0%	116.7%	127.5%	118.8%	119.3%	125.1%	135.7%	130.2%	130.3%
Deposits from customers as % of total funding	63.3%	62.0%	61.3%	54.9%	53.1%	51.9%	52.2%	52.4%	53.3%
Covered bonds as % of total funding	17.3%	17.2%	18.1%	22.5%	23.1%	22.8%	22.5%	20.4%	20.5%
<b>Capital</b>									
Official CET 1 ratio	25.0%	24.5%	21.2%	21.5%	21.4%	21.3%	21.2%	21.7%	21.8%
Tier 2 ratio	3.1%	3.0%	2.8%	2.0%	1.4%	0.9%	0.8%	0.0%	0.0%
Official capital adequacy ratio	28.1%	27.5%	24.0%	23.5%	22.8%	22.2%	22.0%	21.7%	21.8%
Leverage ratio	14.9%	14.5%	14.1%	12.8%	13.3%	13.5%	14.2%	13.6%	14.2%

## Income statement - 9 quarter summary

ISK million

	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Interest income	13,835	12,044	13,306	13,854	16,463	14,684	16,348	14,933	13,991
Interest expense	(5,978)	(4,791)	(5,613)	(6,472)	(8,655)	(7,250)	(8,379)	(7,724)	(6,677)
<b>Net interest income</b>	<b>7,857</b>	<b>7,253</b>	<b>7,693</b>	<b>7,382</b>	<b>7,808</b>	<b>7,434</b>	<b>7,969</b>	<b>7,209</b>	<b>7,314</b>
Fee and commission income	3,097	3,481	3,074	2,965	2,830	2,630	3,064	2,991	3,028
Fee and commission expense	(409)	(405)	(459)	(326)	(352)	(412)	(318)	(304)	(316)
<b>Net fee and commission income</b>	<b>2,688</b>	<b>3,076</b>	<b>2,615</b>	<b>2,639</b>	<b>2,478</b>	<b>2,218</b>	<b>2,746</b>	<b>2,687</b>	<b>2,712</b>
Net insurance income	761	501	723	1,087	823	253	704	984	758
Net financial (loss) income	2,691	(2,000)	489	934	1,023	766	(774)	570	1,119
Share of (loss) profit of associates	(5)	(24)	7	30	(8)	727	11	34	2
Other operating income	71	170	201	272	94	310	294	422	600
<b>Other net operating income / loss</b>	<b>3,518</b>	<b>(1,353)</b>	<b>1,420</b>	<b>2,323</b>	<b>1,932</b>	<b>2,056</b>	<b>235</b>	<b>2,010</b>	<b>2,479</b>
<b>Operating income</b>	<b>14,063</b>	<b>8,976</b>	<b>11,728</b>	<b>12,344</b>	<b>12,218</b>	<b>11,708</b>	<b>10,950</b>	<b>11,906</b>	<b>12,505</b>
Salaries and related expense	(3,577)	(3,130)	(3,076)	(4,130)	(3,805)	(3,630)	(3,584)	(3,129)	(3,949)
Other operating expenses	(2,818)	(3,077)	(3,366)	(2,810)	(2,814)	(3,232)	(3,015)	(2,864)	(2,978)
<b>Operating expenses</b>	<b>(6,395)</b>	<b>(6,207)</b>	<b>(6,442)</b>	<b>(6,940)</b>	<b>(6,619)</b>	<b>(6,862)</b>	<b>(6,599)</b>	<b>(5,993)</b>	<b>(6,927)</b>
Bank Levy	(324)	(331)	(357)	(809)	(912)	(906)	(765)	(938)	(879)
Net impairment	(918)	(2,860)	1,203	484	(988)	(1,081)	(573)	(2,651)	(166)
<b>Earnings / loss before tax</b>	<b>6,426</b>	<b>(422)</b>	<b>6,132</b>	<b>5,079</b>	<b>3,699</b>	<b>2,859</b>	<b>3,013</b>	<b>2,324</b>	<b>4,533</b>
Income tax expense	(1,468)	(860)	(923)	(1,278)	(891)	(622)	(881)	(973)	(1,302)
<b>Net earnings / loss from continuing operations</b>	<b>4,958</b>	<b>(1,282)</b>	<b>5,209</b>	<b>3,801</b>	<b>2,808</b>	<b>2,237</b>	<b>2,132</b>	<b>1,351</b>	<b>3,231</b>
Discontinued operations held for sale, net of income tax	(45)	(889)	(7,981)	(3,040)	(715)	(1,219)	(516)	(201)	(169)
<b>Net earnings / loss</b>	<b>4,913</b>	<b>(2,171)</b>	<b>(2,772)</b>	<b>761</b>	<b>2,093</b>	<b>1,018</b>	<b>1,616</b>	<b>1,150</b>	<b>3,062</b>
<b>Attributable to</b>									
Shareholders of Arion Bank	4,918	(2,167)	(2,776)	761	2,093	1,018	1,566	1,152	2,449
Non-controlling interest	(5)	(4)	4	-	-	-	50	(2)	613
<b>Total comprehensive income for the period</b>	<b>4,913</b>	<b>(2,171)</b>	<b>(2,772)</b>	<b>761</b>	<b>2,093</b>	<b>1,018</b>	<b>1,616</b>	<b>1,150</b>	<b>3,062</b>
<b>Earnings per share</b>	<b>6,395</b>	<b>6,207</b>	<b>6,442</b>	<b>6,940</b>	<b>6,619</b>	<b>6,862</b>	<b>6,599</b>	<b>5,993</b>	<b>6,927</b>
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	2.86	(3.33)	(1.53)	0.42	1.16	0.56	0.87	0.65	1.35

## Balance sheet - 9 quarter summary

ISK million

30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018

### Assets

Cash and balances with Central Bank	103,432	118,174	95,717	121,554	107,649	94,124	83,139	99,525	112,996
Loans to credit institutions	33,597	33,797	17,947	31,766	69,064	84,978	56,322	123,446	113,546
Loans to customers	779,902	778,823	773,955	812,481	821,731	829,246	833,826	819,965	803,694
Financial instruments	197,141	192,056	117,406	161,781	144,161	128,103	114,557	109,374	95,265
Investment property	7,051	7,129	7,119	7,121	7,120	7,101	7,092	7,044	7,027
Investments in associates	861	828	852	848	818	807	818	862	743
Intangible assets	9,077	8,826	8,367	8,088	7,580	7,081	6,397	14,039	13,858
Tax assets	2	2	2	1	26	15	90	623	603
Asset and disposal groups held for sale	30,732	28,038	43,626	52,164	55,109	51,321	48,584	8,351	8,295
Other assets	20,454	20,147	16,864	17,351	20,161	19,919	13,502	36,300	18,817
<b>Total assets</b>	<b>1,182,249</b>	<b>1,187,820</b>	<b>1,081,855</b>	<b>1,213,155</b>	<b>1,233,419</b>	<b>1,222,695</b>	<b>1,164,327</b>	<b>1,219,529</b>	<b>1,174,844</b>

### Liabilities

Due to credit institutions and Central Bank	7,661	8,323	5,984	8,292	8,703	9,183	9,204	15,370	6,336
Deposits	555,855	539,312	492,916	508,254	504,897	490,474	466,067	484,569	476,182
Financial liabilities at fair value	3,118	4,687	2,570	2,295	2,065	2,286	2,320	3,381	3,895
Tax liabilities	3,882	4,195	4,404	3,766	4,441	4,822	5,119	6,376	6,503
Liabilities associated with disposal groups held for sale	26,982	22,857	28,631	29,677	32,242	29,498	26,337		
Other liabilities	44,479	66,260	32,697	40,210	38,122	41,018	30,107	84,176	63,524
Borrowings	314,952	322,470	304,745	409,563	436,897	445,077	417,782	425,601	410,773
Subordinated liabilities	36,494	35,837	20,083	15,042	10,763	7,283	6,532	-	-
<b>Total liabilities</b>	<b>993,423</b>	<b>1,003,941</b>	<b>892,030</b>	<b>1,017,099</b>	<b>1,038,130</b>	<b>1,029,641</b>	<b>963,468</b>	<b>1,019,473</b>	<b>967,213</b>

### Equity

Share capital and share premium	51,330	51,334	55,715	59,000	59,007	59,008	59,010	59,014	59,017
Other reserves	11,375	10,409	9,493	10,919	14,098	15,439	14,822	15,648	14,436
Retained earnings	125,951	121,959	124,436	126,007	122,054	118,477	126,897	124,655	133,437
<b>Total shareholders equity</b>	<b>188,656</b>	<b>183,702</b>	<b>189,644</b>	<b>195,926</b>	<b>195,159</b>	<b>192,924</b>	<b>200,729</b>	<b>199,317</b>	<b>206,890</b>
Non-controlling interest	171	177	181	130	130	130	130	739	741
<b>Total equity</b>	<b>188,827</b>	<b>183,879</b>	<b>189,825</b>	<b>196,056</b>	<b>195,289</b>	<b>193,054</b>	<b>200,859</b>	<b>200,056</b>	<b>207,631</b>
<b>Total liabilities and equity</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>	<b>1,222,695</b>	<b>1,164,327</b>	<b>1,219,529</b>	<b>1,174,844</b>

## Net interest income - 9 quarter summary

ISK million	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
<b>Interest income</b>									
Cash and balances with Central bank	303	774	916	1,062	1,061	969	990	1,269	1,120
Loans	12,926	10,690	11,911	12,389	15,075	13,428	15,177	13,549	12,572
Securities	538	550	443	384	271	237	127	48	199
Other	68	30	36	19	56	50	54	67	100
<b>Interest income</b>	<b>13,835</b>	<b>12,044</b>	<b>13,306</b>	<b>13,854</b>	<b>16,463</b>	<b>14,684</b>	<b>16,348</b>	<b>14,933</b>	<b>13,991</b>
<b>Interest expense</b>									
Deposits	(1,969)	(2,011)	(2,447)	(2,642)	(3,608)	(3,252)	(3,585)	(3,426)	(3,113)
Borrowings	(3,468)	(2,443)	(2,956)	(3,645)	(4,945)	(3,927)	(4,740)	(4,240)	(3,557)
Subordinated loans	(501)	(313)	(182)	(161)	(59)	(47)	(19)	-	-
Other	(40)	(24)	(28)	(24)	(43)	(24)	(35)	(58)	(7)
<b>Interest expense</b>	<b>(5,978)</b>	<b>(4,791)</b>	<b>(5,613)</b>	<b>(6,472)</b>	<b>(8,655)</b>	<b>(7,250)</b>	<b>(8,379)</b>	<b>(7,724)</b>	<b>(6,677)</b>
<b>Net interest income</b>	<b>7,857</b>	<b>7,253</b>	<b>7,693</b>	<b>7,382</b>	<b>7,808</b>	<b>7,434</b>	<b>7,969</b>	<b>7,209</b>	<b>7,314</b>
<b>Interest bearing assets</b>									
Cash and balances with Central Bank	103,432	118,174	95,717	121,554	107,649	94,124	83,139	99,525	112,996
Loans	813,499	812,620	791,902	844,247	890,795	914,224	890,148	943,411	917,240
Securities	167,517	163,127	83,343	132,708	114,583	97,343	87,701	79,856	64,249
<b>Interest bearing assets</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>1,105,691</b>	<b>1,060,989</b>	<b>1,122,792</b>	<b>1,094,485</b>
<b>Interest bearing liabilities</b>									
Due to credit institutions and Central Bank	7,661	8,323	5,984	8,292	8,703	9,183	9,204	15,370	6,336
Deposits	555,855	539,312	492,916	508,254	504,897	490,474	466,067	484,569	476,182
Financial liabilities at fair value	3,118	4,687	2,570	2,295	2,065	2,286	2,320	3,381	3,895
Borrowings	314,952	322,470	304,745	409,563	436,897	445,077	417,782	425,601	410,773
Subordinated liabilities	36,494	35,837	20,083	15,042	10,763	7,283	6,532	-	-
<b>Interest bearing liabilities</b>	<b>918,080</b>	<b>910,629</b>	<b>826,298</b>	<b>943,446</b>	<b>963,325</b>	<b>954,303</b>	<b>901,905</b>	<b>928,921</b>	<b>897,186</b>
<b>Interest Gap</b>	<b>166,368</b>	<b>183,292</b>	<b>144,664</b>	<b>155,063</b>	<b>149,702</b>	<b>151,388</b>	<b>159,084</b>	<b>193,871</b>	<b>197,298</b>
<b>Net interest margin on interest bearing assets</b>	<b>2.9%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>2.6%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.9%</b>	<b>2.7%</b>	<b>2.8%</b>

All amounts are in ISK millions

## Loans to customers - 9 quarter summary

ISK million

30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018

### Loans to customers

Individuals	388,747	374,005	368,569	408,925	403,539	399,574	400,483	397,661	382,550
Corporates	391,155	404,818	405,386	403,556	418,192	429,672	433,343	422,304	421,144
<b>Total loans to customers</b>	<b>779,902</b>	<b>778,823</b>	<b>773,955</b>	<b>812,481</b>	<b>821,731</b>	<b>829,246</b>	<b>833,826</b>	<b>819,965</b>	<b>803,694</b>

Share of stage 3 loans, gross*	3.4%	2.9%	2.7%	2.5%	2.4%	2.5%	2.6%	2.9%	3.0%
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### Loans to individuals

Overdrafts	13,917	15,465	14,421	16,081	15,075	15,639	14,536	15,783	14,231
Credit cards	11,809	10,805	13,028	12,650	12,325	11,606	12,958	11,585	11,190
Mortgage loans	333,249	317,882	310,562	349,673	345,833	342,346	343,119	338,059	327,612
Other loans	33,207	33,412	33,105	33,604	33,631	33,579	33,560	36,351	33,736
Provision on loans	(3,435)	(3,559)	(2,547)	(3,083)	(3,325)	(3,596)	(3,690)	(4,117)	(4,219)
<b>Total loans to individuals</b>	<b>388,747</b>	<b>374,005</b>	<b>368,569</b>	<b>408,925</b>	<b>403,539</b>	<b>399,574</b>	<b>400,483</b>	<b>397,661</b>	<b>382,550</b>

### Loans to corporates

Overdrafts	15,915	17,611	18,709	17,714	18,880	19,082	19,200	18,101	21,125
Credit cards	1,102	1,065	1,373	1,367	1,356	1,294	1,348	1,270	1,262
Mortgage loans	23,941	23,178	23,475	23,765	24,334	24,643	23,417	22,598	21,549
Other loans	359,459	371,639	368,453	367,221	380,705	390,957	395,579	388,299	384,178
Provision on loans	(9,262)	(8,675)	(6,624)	(6,511)	(7,083)	(6,304)	(6,201)	(7,964)	(6,970)
<b>Total loans to corporates</b>	<b>391,155</b>	<b>404,818</b>	<b>405,386</b>	<b>403,556</b>	<b>418,192</b>	<b>429,672</b>	<b>433,343</b>	<b>422,304</b>	<b>421,144</b>

### Loans to corporates specified by sector:

Agriculture and forestry	2.0%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%
Services	4.3%	4.2%	4.3%	4.3%	4.2%	3.8%	3.8%	4.2%	4.5%
Financial and insurance activities	9.1%	9.2%	8.3%	7.6%	8.2%	7.8%	8.7%	8.6%	8.7%
Industry, energy and manufacturing	7.8%	7.8%	9.8%	10.2%	9.4%	8.4%	8.2%	7.8%	7.4%
Information and communication technology	4.9%	4.6%	4.7%	4.7%	4.7%	4.6%	4.8%	5.5%	5.6%
Public administration, human health and social activities	1.7%	1.6%	2.1%	1.7%	1.6%	1.6%	1.6%	1.3%	1.7%
Real estate activities and construction	33.0%	31.6%	32.0%	32.8%	32.8%	34.9%	33.9%	32.0%	32.2%
Fishing industry	19.5%	21.3%	20.5%	20.1%	20.0%	18.7%	19.4%	19.4%	18.3%
Transportation	3.2%	3.0%	2.7%	2.8%	2.9%	2.8%	2.8%	4.1%	4.6%
Wholesale and retail trade	14.6%	14.8%	13.6%	13.9%	14.6%	15.5%	15.2%	15.4%	15.3%
	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

30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018

### Capital base:

Total equity	188,827	183,879	189,825	196,056	195,289	193,054	200,859	200,056	207,631
Deductions related to the consolidated situation <sup>1</sup>	(10,823)	(10,088)	(10,159)	(9,927)	(9,452)	(8,746)	(8,986)	(8,573)	(8,067)
Non-controlling interest not eligible for inclusion in CET1 capital	(171)	(177)	(181)	(130)	(130)	(130)	(130)	(739)	(741)
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>177,833</b>	<b>173,614</b>	<b>179,485</b>	<b>185,999</b>	<b>185,707</b>	<b>184,178</b>	<b>191,743</b>	<b>190,744</b>	<b>198,823</b>
Intangible assets	(11,371)	(11,160)	(10,604)	(14,117)	(13,783)	(13,236)	(12,152)	(11,445)	(11,230)
Tax assets	(310)	(332)	(296)	(151)	(568)	(490)	(191)	(564)	(509)
Foreseeable dividend	-	-	(14,153)	(6,057)	(1,557)	(509)	(9,069)	(2,775)	(12,199)
Adjustment under IFRS 9 transitional arrangements	1,550	-	-	-	-	-	-	-	-
Other statutory deductions	(3,314)	(1,995)	(1,741)	(3,255)	(3,075)	(2,022)	(1,537)	(1,308)	(1,216)
<b>Common equity Tier 1 capital</b>	<b>164,388</b>	<b>160,127</b>	<b>152,691</b>	<b>162,419</b>	<b>166,724</b>	<b>167,921</b>	<b>168,794</b>	<b>174,652</b>	<b>173,669</b>
Non-controlling interest not eligible for inclusion in CET1 capital	171	177	181	130	130	130	130	739	741
Additional Tier 1 capital	14,705	14,783	-	-	-	-	-	-	-
<b>Tier 1 capital</b>	<b>179,264</b>	<b>175,087</b>	<b>152,872</b>	<b>162,550</b>	<b>166,854</b>	<b>168,051</b>	<b>168,924</b>	<b>175,391</b>	<b>174,410</b>
Subordinated liabilities	21,789	21,054	20,083	15,042	10,763	7,283	6,532	-	-
<b>Tier 2 Capital</b>	<b>21,789</b>	<b>21,054</b>	<b>20,083</b>	<b>15,042</b>	<b>10,763</b>	<b>7,283</b>	<b>6,532</b>	<b>-</b>	<b>-</b>
<b>Total Capital base</b>	<b>201,053</b>	<b>196,141</b>	<b>172,955</b>	<b>177,592</b>	<b>177,617</b>	<b>175,334</b>	<b>175,456</b>	<b>175,391</b>	<b>174,410</b>

### Risk weighted exposure amount (REA)

Credit Risk, loans	557,208	557,415	561,602	590,880	606,843	626,603	639,788	646,016	630,789
Credit Risk, securities and other	51,286	48,412	49,163	54,705	58,183	52,167	50,112	51,133	50,131
Counterparty credit risk	4,169	5,242	3,347	3,457	3,969	4,126	4,405	4,461	4,172
Market Risk due to currency imbalance	3,119	2,676	10,070	5,127	6,125	2,385	4,280	7,305	12,608
Market Risk Other	15,207	13,898	10,609	11,168	14,261	13,744	8,928	9,717	9,666
Credit valuation adjustment <sup>2</sup>	1,874	1,934	1,477	2,863	1,840	1,893	2,228	2,235	2,699
Operational Risk	83,487	83,487	83,487	86,957	86,957	86,957	86,957	86,013	86,013
<b>Total risk weighted exposure amount</b>	<b>716,350</b>	<b>713,064</b>	<b>719,755</b>	<b>755,157</b>	<b>778,178</b>	<b>787,875</b>	<b>796,698</b>	<b>806,880</b>	<b>796,078</b>

## Capital and Risk Weighted Assets

ISK million

30.06.2020 31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018

<b>Capital ratios</b>	28.1%	27.5%	24.0%	23.5%	22.8%	22.3%	22.0%	21.7%	21.9%
CET 1 ratio	22.9%	22.5%	21.2%	21.6%	21.4%	21.3%	21.2%	21.6%	21.8%
Tier 1 ratio	25.0%	24.6%	21.2%	21.5%	21.4%	21.3%	21.2%	21.7%	21.9%
Capital adequacy ratio	28.1%	27.5%	24.0%	23.6%	22.8%	22.3%	22.0%	21.7%	21.9%
<b>Leverage ratio</b>									
On-balance sheet exposures	1,130,553	1,136,168	1,022,521	1,152,208	1,175,769	1,169,764	1,106,368	1,167,238	1,116,222
Derivative exposures	12,153	13,176	10,217	8,858	7,251	7,282	8,239	8,279	8,544
Securities financing transaction exposures	525	1,557	577	8,436	8,547	8,494	8,194	9,382	7,974
Off-balance sheet exposures	62,666	56,222	52,299	103,916	63,260	61,185	68,316	82,415	86,975
<b>Total exposure</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>1,246,725</b>	<b>1,191,117</b>	<b>1,267,314</b>	<b>1,219,715</b>
<b>Tier 1 capital</b>	<b>179,264</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>192,378</b>	<b>189,254</b>
<b>Leverage ratio</b>	<b>14.9%</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>17.3%</b>	<b>16.7%</b>
<b>Related ratios</b>									
RORWA	0.8%	(1.2%)	0.1%	0.7%	0.8%	0.5%	1.0%	1.0%	1.3%
REA/Total assets	60.6%	60.0%	66.5%	62.2%	63.1%	64.4%	68.4%	66.2%	67.8%



## Operating segments - Quarters summary

ISK million

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

### Markets and Stefnir:

Net interest income	409	197	182	282	297	256
Net fee and commission income	1,980	1,035	944	1,164	1,156	1,054
Net insurance income	-	-	-	-	-	-
Net financial income (loss)	(3)	(136)	87	(68)	61	139
Share of profit of associates	1	1	-	-	-	-
Other operating income	4	3	11	3	9	2
<b>Total operating income</b>	<b>2,391</b>	<b>1,100</b>	<b>1,224</b>	<b>1,381</b>	<b>1,523</b>	<b>1,451</b>
Operating expenses	(1,005)	(474)	(477)	(421)	(504)	(518)
Allocated expenses	(965)	(468)	(179)	(380)	(481)	(430)
Bank levy	(18)	(8)	(9)	(42)	(45)	(46)
Net impairment	(4)	-	-	8	(3)	(5)
<b>Earnings before income tax</b>	<b>399</b>	<b>150</b>	<b>559</b>	<b>546</b>	<b>490</b>	<b>452</b>
<b>Total assets</b>	<b>75,592</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>68,211</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>7,381</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	5,070	2,522	2,395	2,240	2,338	2,156
Net fee and commission income	1,558	837	611	318	509	498
Net insurance income	-	-	-	-	-	-
Net financial income (loss)	-	-	6	(34)	28	(222)
Share of profit of associates	(49)	-	-	-	-	-
Other operating income (loss)	(10)	(2)	(3)	(4)	(6)	(4)
<b>Total operating income</b>	<b>6,569</b>	<b>3,357</b>	<b>3,009</b>	<b>2,520</b>	<b>2,869</b>	<b>2,428</b>
Operating expenses	(750)	(385)	(291)	(318)	(414)	(448)
Allocated expenses	(1,349)	(618)	(764)	(702)	(979)	(956)
Bank levy	(202)	(107)	(101)	(200)	(224)	(201)
Net impairment	(2,707)	(1,645)	(3,761)	(2,870)	(1,216)	(1,032)
<b>Earnings (loss) before income tax</b>	<b>1,561</b>	<b>602</b>	<b>(1,908)</b>	<b>(1,570)</b>	<b>36</b>	<b>(209)</b>
<b>Total assets</b>	<b>316,633</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>249,021</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>67,612</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 2020 Q1 2020 Q4 2019 Q3 2019 Q2 2019 Q1 2019

### Retail Banking:

Net interest income	7,830	3,831	4,045	4,253	4,443	4,562
Net fee and commission income	2,237	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	124	119	102	174	32	124
<b>Total operating income</b>	<b>10,191</b>	<b>5,197</b>	<b>5,424</b>	<b>5,662</b>	<b>5,674</b>	<b>5,752</b>
Operating expenses	(2,899)	(1,493)	(1,670)	(1,569)	(1,752)	(1,811)
Allocated expenses	(3,099)	(1,473)	(1,842)	(1,227)	(1,602)	(1,536)
Bank levy	(296)	(158)	(149)	(275)	(301)	(339)
Net impairment	(1,979)	(1,903)	1,922	133	275	(43)
<b>Earnings before income tax</b>	<b>1,918</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>485,327</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>436,718</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>48,609</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	2,028	848	1,201	783	871	583
Net fee and commission income	237	96	55	(50)	(76)	(125)
Net insurance income	-	-	-	-	-	-
Net financial income (loss)	(58)	(1,411)	(2)	718	258	(34)
Share of profit of associates	-	-	-	-	-	-
Other operating income	-	-	5	-	6	-
<b>Total operating income (loss)</b>	<b>2,207</b>	<b>(467)</b>	<b>1,259</b>	<b>1,451</b>	<b>1,059</b>	<b>424</b>
Other operating income (loss)	(333)	(185)	(140)	(91)	(86)	(68)
Allocated expenses	(436)	(211)	(260)	(213)	(283)	(284)
Bank levy	(139)	(58)	(98)	(292)	(342)	(320)
Net impairment	17	4	(11)	-	15	(1)
<b>Earnings (loss) before income tax</b>	<b>1,316</b>	<b>(917)</b>	<b>750</b>	<b>855</b>	<b>363</b>	<b>(249)</b>
<b>Total assets</b>	<b>471,858</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>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>30,573</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 2020 Q1 2020 Q4 2019 Q3 2019 Q2 2019 Q1 2019

### Vördur:

Net interest income	92	47	68	57	59	44
Net fee and commission income (expense)	(91)	(41)	(31)	(18)	(6)	(25)
Net insurance income	1,318	523	730	1,093	830	276
Net financial income	884	130	222	35	513	551
Share of profit of associates	-	-	-	-	-	-
Other operating income	3	2	7	2	2	9
<b>Total operating income</b>	<b>2,206</b>	<b>661</b>	<b>996</b>	<b>1,169</b>	<b>1,398</b>	<b>855</b>
Operating expenses	(1,281)	(636)	(579)	(528)	(554)	(579)
Allocated expenses	(9)	(12)	(7)	(1)	(2)	(6)
Bank levy	-	-	-	-	-	-
Net impairment	-	-	-	-	-	-
<b>Earnings before income tax</b>	<b>916</b>	<b>13</b>	<b>410</b>	<b>640</b>	<b>842</b>	<b>270</b>
<b>Total assets</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>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>10,823</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)	(262)	(174)	(172)	(195)	(264)	3
Net fee and commission income (expense)	(356)	(211)	(189)	(236)	(280)	(235)
Net insurance income	-	-	-	-	-	-
Net financial income (loss)	(144)	(594)	88	423	(367)	494
Share of profit of associates	-	-	-	-	-	-
Other operating income	298	8	91	24	116	321
<b>Total operating income (loss)</b>	<b>(464)</b>	<b>(971)</b>	<b>(182)</b>	<b>16</b>	<b>(795)</b>	<b>583</b>
Operating expenses	(104)	(75)	(13)	(19)	(14)	(17)
Allocated expenses	(3)	(1)	(3)	(1)	(1)	(1)
Bank levy	-	-	-	-	-	-
Net impairment	895	683	3,053	3,215	(60)	-
<b>Earnings (loss) before income tax</b>	<b>324</b>	<b>(364)</b>	<b>2,855</b>	<b>3,211</b>	<b>(870)</b>	<b>565</b>
<b>Total assets</b>	<b>56,527</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>32,698</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>23,829</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 2020

Q1 2020

Q4 2019

Q3 2019

Q2 2019

Q1 2019

### Supporting units and eliminations:

Net interest income (loss)	(57)	(18)	(26)	(38)	64	(170)
Net fee and commission income (expense)	199	113	39	135	(24)	(41)
Net insurance income (expense)	(56)	(22)	(7)	(6)	(7)	(23)
Net financial income (loss)	12	11	(3)	(49)	530	(136)
Share of profit (loss) of associates	19	(25)	7	30	(8)	727
Other operating income (loss)	(178)	40	(12)	73	(65)	(142)
<b>Total operating income (loss)</b>	<b>(61)</b>	<b>99</b>	<b>(2)</b>	<b>145</b>	<b>490</b>	<b>215</b>
Operating expenses	(6,230)	(2,959)	(3,272)	(3,994)	(3,295)	(3,421)
Allocated expenses	5,861	2,783	3,055	2,524	3,348	3,213
Bank levy	-	-	-	-	-	-
Net impairment	-	1	-	(2)	1	-
<b>Earnings (loss) before income tax</b>	<b>(430)</b>	<b>(76)</b>	<b>(219)</b>	<b>(1,327)</b>	<b>544</b>	<b>7</b>
<b>Total assets</b>	<b>(253,106)</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>(253,106)</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>1,715</b>	<b>2,213</b>	<b>1,485</b>	<b>2,168</b>	<b>5,024</b>

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