

Q1 results 2026

Investor presentation
6 May 2026

Key results

Solid start to the year

13.9% ROE vs medium-term target of above 13%

- Good momentum in core earnings
- Continuing cost discipline
- Growth in insurance operations continues

Capital optimization ongoing

- Capital distribution of ISK 20.7bn in the quarter through dividends and buybacks
- Continue to manage with profitable balance sheet growth along with capital distributions

Key results	Medium-term targets		Q1 2026
Return on equity ¹	Exceed 13%	✓	13.9%
Core operating income ² / REA	Exceed 7.2%	✓	8.2%
Insurance revenue growth (YoY) ³	Exceed weighted average growth of competitors	✓	7.2%
Combined ratio Vördur	Below 95%	•	100.8%
Total cost-to-core income ⁴ ratio	Below 45%	✓	40.0%
CET1 ratio above regulatory capital requirements	150-250 bps management buffer ⁵	•	318 bps
Dividend payout ratio ⁶	50%	✓	50% of net profit deducted from CET1

Medium-term targets are reviewed annually, and the underlying horizon is up to 3 years

¹ Return on equity attributable to shareholders of Arion Bank

² Core operating income: Net interest income, net fee and commission income and insurance service results (excluding opex)

³ Weighted average growth of key competitors was 3.9% in Q1 2026

⁴ Total cost-to-core income ratio: Operating expenses including OPEX from insurance operations / Operating income excluding OPEX from insurance operations

⁵ Approx. 16.8 - 17.8%

⁶ Pay-out ratio of approximately 50% of net earnings attributable to shareholders through either dividends or buyback of the Bank's shares or a combination of both. Additional distributions will be considered when Arion Bank's capital levels are above the minimum requirements set by the regulators in addition to the Bank's management buffer

Operational highlights in Q1 2026



Arion Rewards gaining traction

- Over 53,000 customers are now enrolled in the Arion Rewards program
 - The Arion Rewards deposit accounts grew by 68% during the quarter
 - Arion Refund enabled more than 6,600 customers to receive partial refunds of insurance premiums in the past 12 months



First phase of Blikastaðir zoning plan finalized



Successful international funding activities in the quarter

- SEK 850m and NOK 850m Senior preferred notes (green) issued in January
- EUR 300m European Covered Bond issued in February

Automated SME credit decisions deliver strong early results

- Automated overdraft decisioning launched in Q1 2026 for sub-ISK 20m SME applications
 - ~50% approval rate since launch
 - Instant decisions, 24/7 incl. holidays

Continued focus on cyber risk and AI resilience

- Faster patching & enhanced monitoring
- Expanded third-party risk oversight
- AI-supported vulnerability scanning progressing

€100m European Investment Bank (EIB) financing signed to support Arctic marine industries



Successful product launches at Vördur

- Pregnancy and parental protection is now part of Vördur's critical sickness insurance
- Safe leave is a new employee protection
- New cyber insurance and support for SMEs



Merger discussions between Arion and Kvika discontinued



Merger discussions discontinued – strategy clear and unchanged

ICA negative feedback results in termination of discussions

Following extensive pre-notification discussions between Arion, Kvika and the Icelandic Competition Authority (ICA), the ICA communicated its preliminary view on 15 April 2026

- The ICA believed that the remedies and conditions put forth by the banks would not sufficiently address competition concerns
- As a result, the boards of the banks decided it was not viable to continue with the merger discussions
- Discussions with Kvika were professional and constructive throughout
- After constructive but ultimately unsuccessful discussions with the Competition Authority, Arion will continue to pursue its strategy independently with a strong focus on customer needs, efficiency and value creation



Arion's strategy unchanged

- Arion's strategy, targets and capital priorities remain unchanged
- Continued focus on disciplined growth, efficiency and shareholder returns
- The Bank is well positioned to evaluate future value-accretive opportunities

EUR 100m European Investment Bank (EIB) financing to support Arctic marine industries

- Agreement marks first EIB financing of its kind in the region and the first blue economy facility
- EIB lends Arion Bank EUR 100 million to promote sustainable fisheries, land-based aquaculture and other marine industries in the Arctic region
- Arion Bank will channel EIB credit to small and medium-sized companies in Iceland, Greenland and Faroe Islands
- Ocean-related businesses are a cornerstone of the Icelandic economy and have a significant presence across the Arctic region
- With growing demands for modernization and lower environmental impact, the financing supports the development of a sustainable blue economy
- Funding is available for projects carried out between 2026 and 2029



First phase of Blikastaðir zoning plan finalized

- Arion Bank has led the Blikastaðir development through its wholly owned subsidiary, Blikastaðaland ehf., in close partnership with Mosfellsbær municipality
- The zoning plan for Phase I has now been completed, representing a key milestone for the project. This phase is the first of three
- Phase I, comprising 1,260 units, unlocks a fully investment-ready residential project with a wide mix of housing types supporting broad market demand
- Our focus to date has been on disciplined value creation through planning and de-risking, rather than near-term monetization, ensuring long-term optionality
- The Bank is evaluating strategic options for future ownership, including partial divestment, full divestment or partnership structures, which may ideally include a listing format, providing shareholders with enhanced liquidity
- Decision will be guided by shareholder value considerations, market conditions, and optimal balance-sheet and capital allocation



Housing type	Units
Detached houses (single)	30
Semi-detached (pairs)	34
Terraced houses	53
Four-unit houses	88
Apartment buildings	1,055
Total	1,260



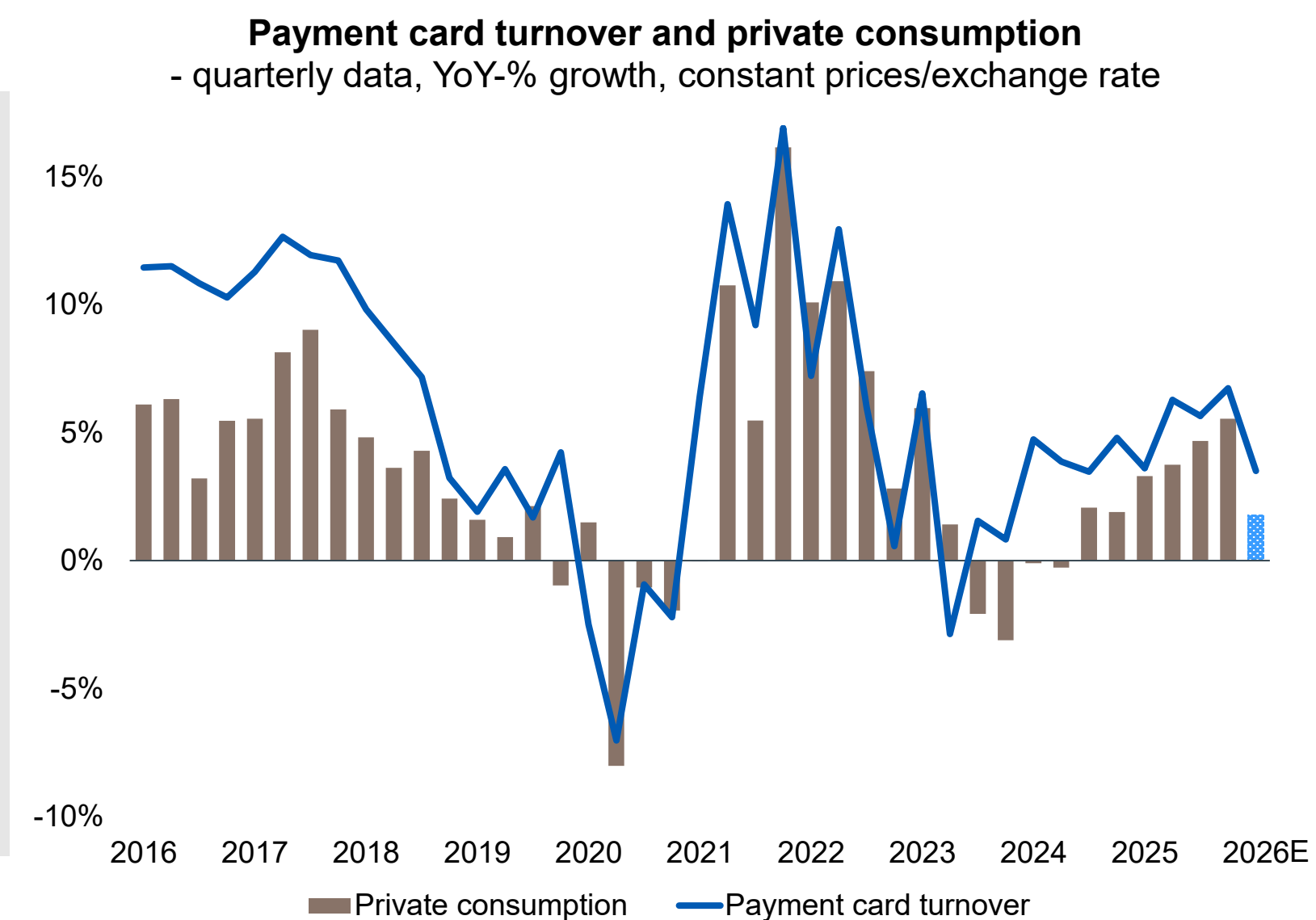
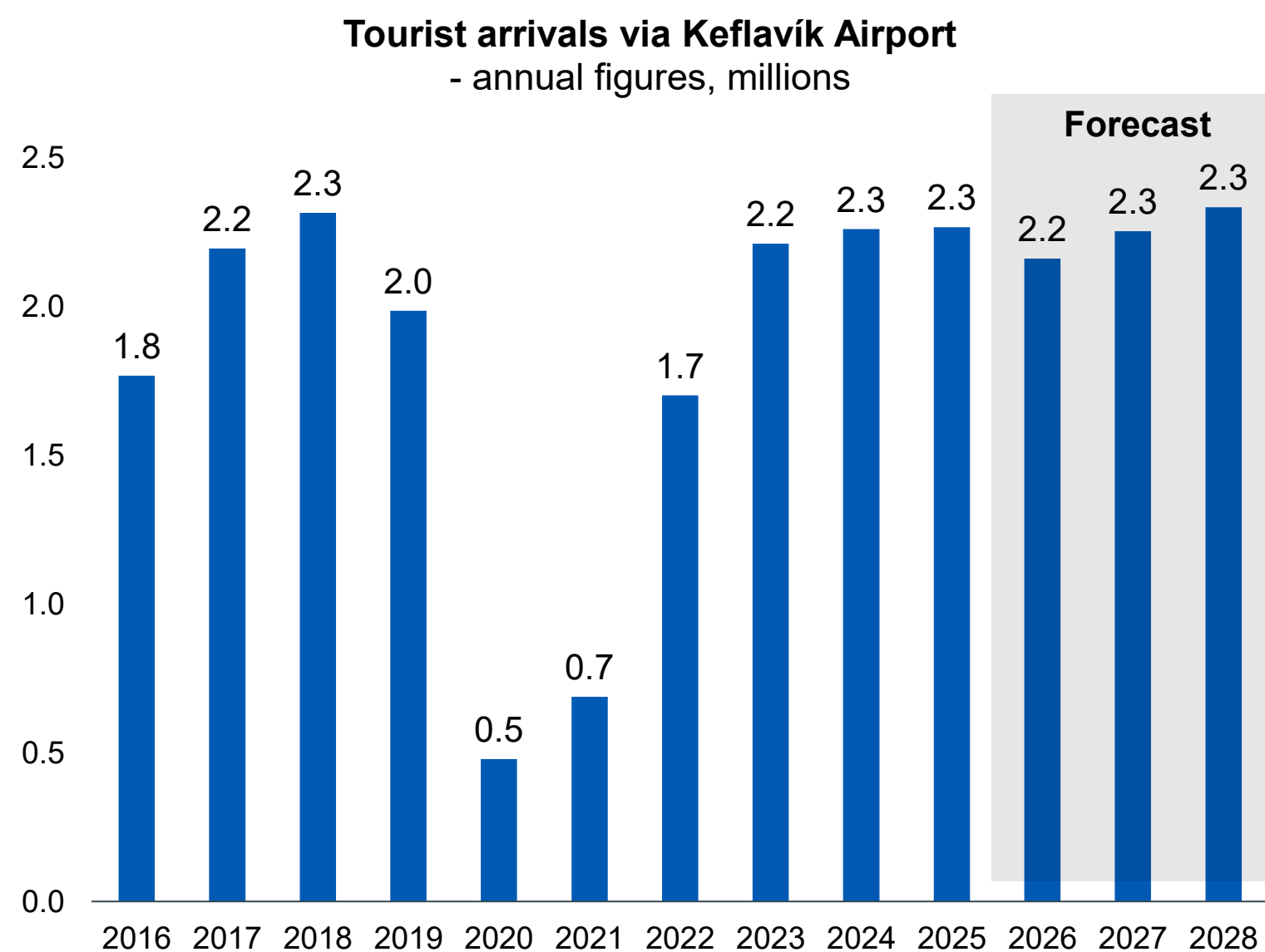
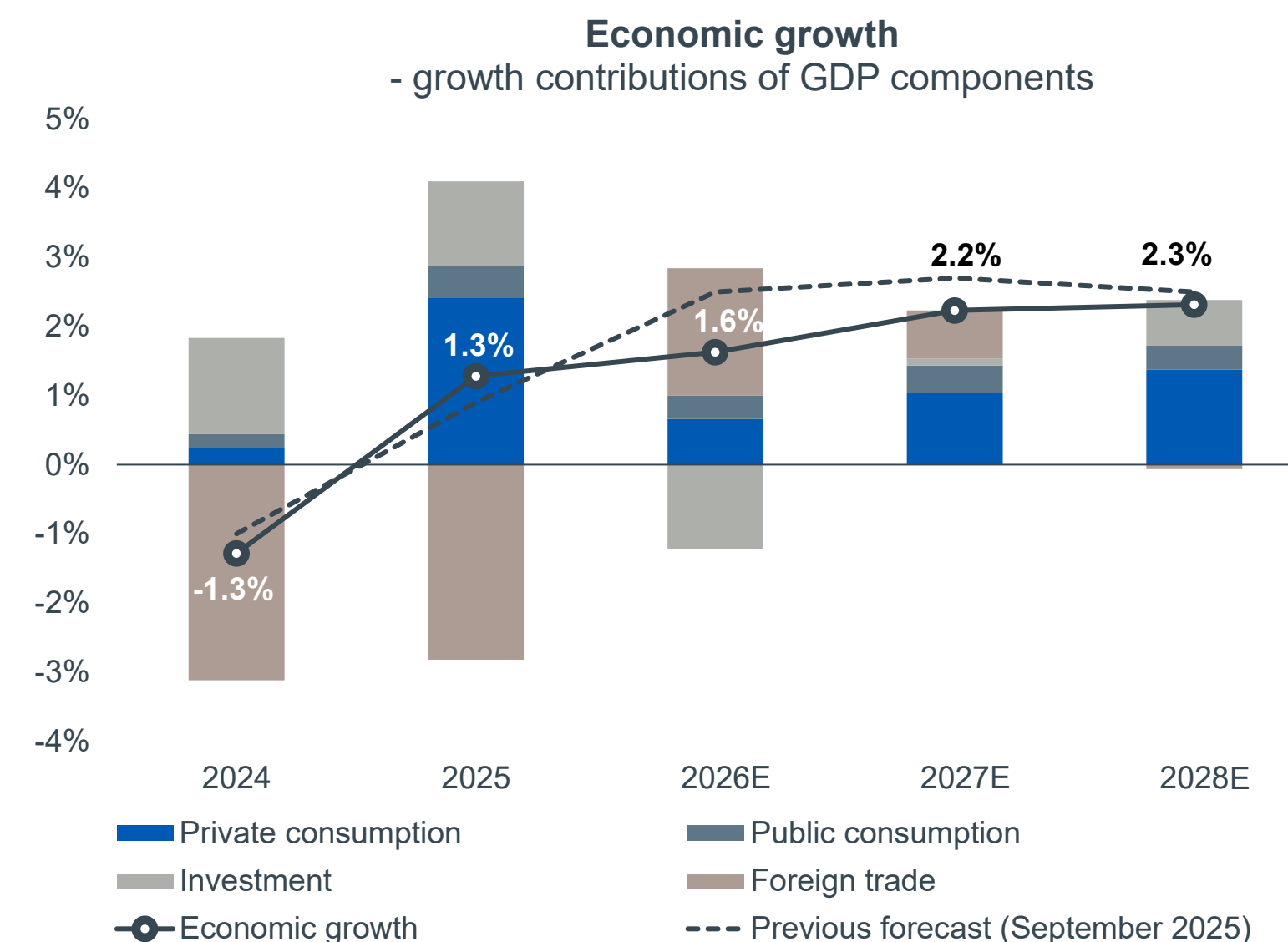
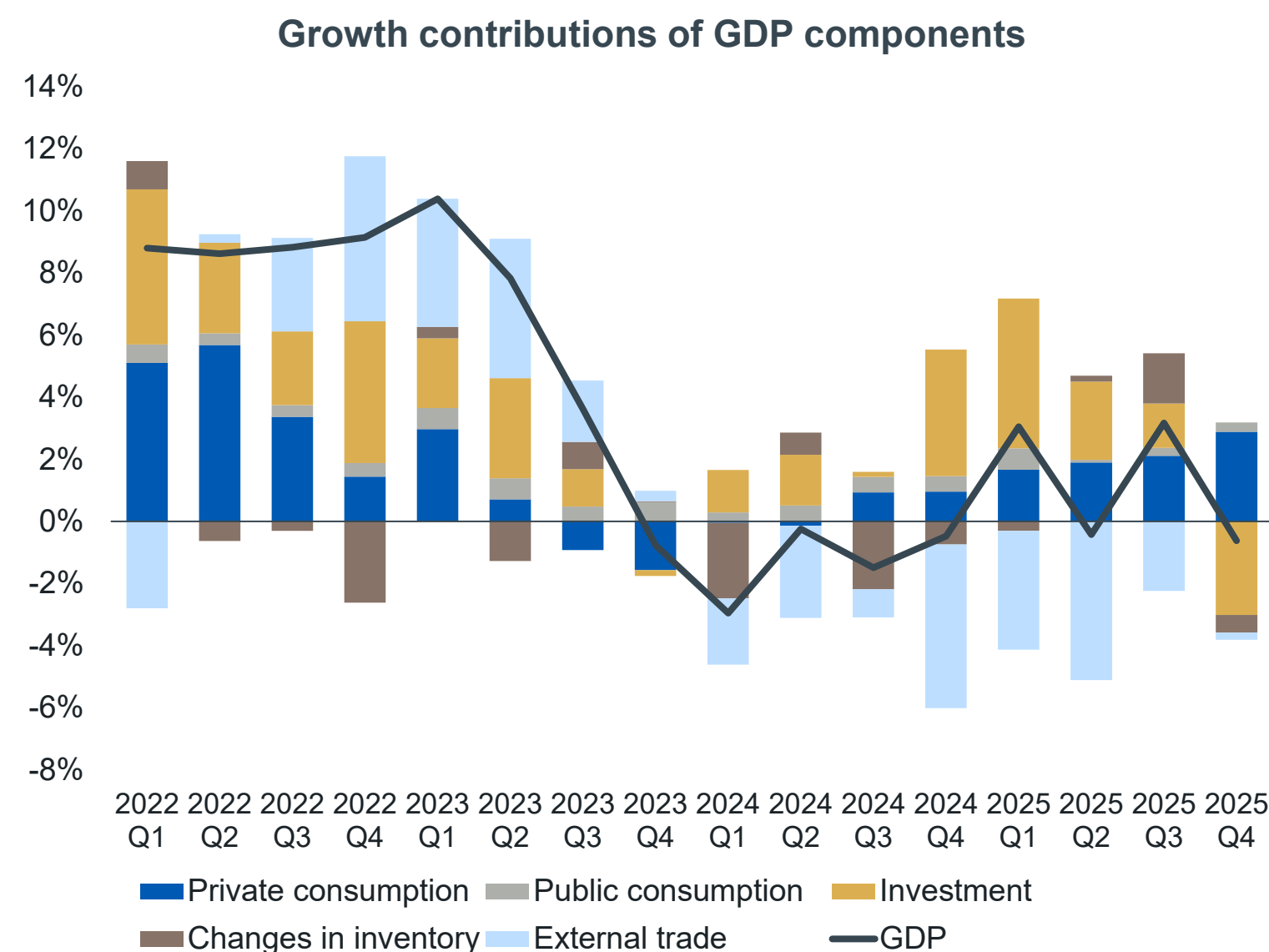
Economic outlook: Modest growth despite turmoil

GDP growth came in at a modest 1.3% growth last year. Growth was mainly driven by private consumption, which rose by 4.3% between years. Payment card turnover data for Q1 point to somewhat slower growth, amid rising unemployment, falling real house prices, persistent inflation and higher interest rates. Despite this, private consumption is expected to play an important role in this year's economic growth, which is projected at 1.6% according to Arion Research's recently published economic forecast

Net exports are expected to drive growth, as imports fall from last year's elevated levels, largely reflecting lower imports of investment good related to large-scale data center projects. Exports are performing better than feared, supported by improved conditions in aluminium, with the Norðurál smelter expected to return to full production capacity late July, and seafood, with the sector having just completed a very successful capelin season amid high prices

There is greater uncertainty around tourism, as airlines have already responded to sharp increases in jet fuel prices by cutting capacity and raising fares. Bookings remains strong for the summer months, however, particularly around the August solar eclipse.

Domestic demand is set to soften markedly, as investment is expected to decline alongside slower consumption growth

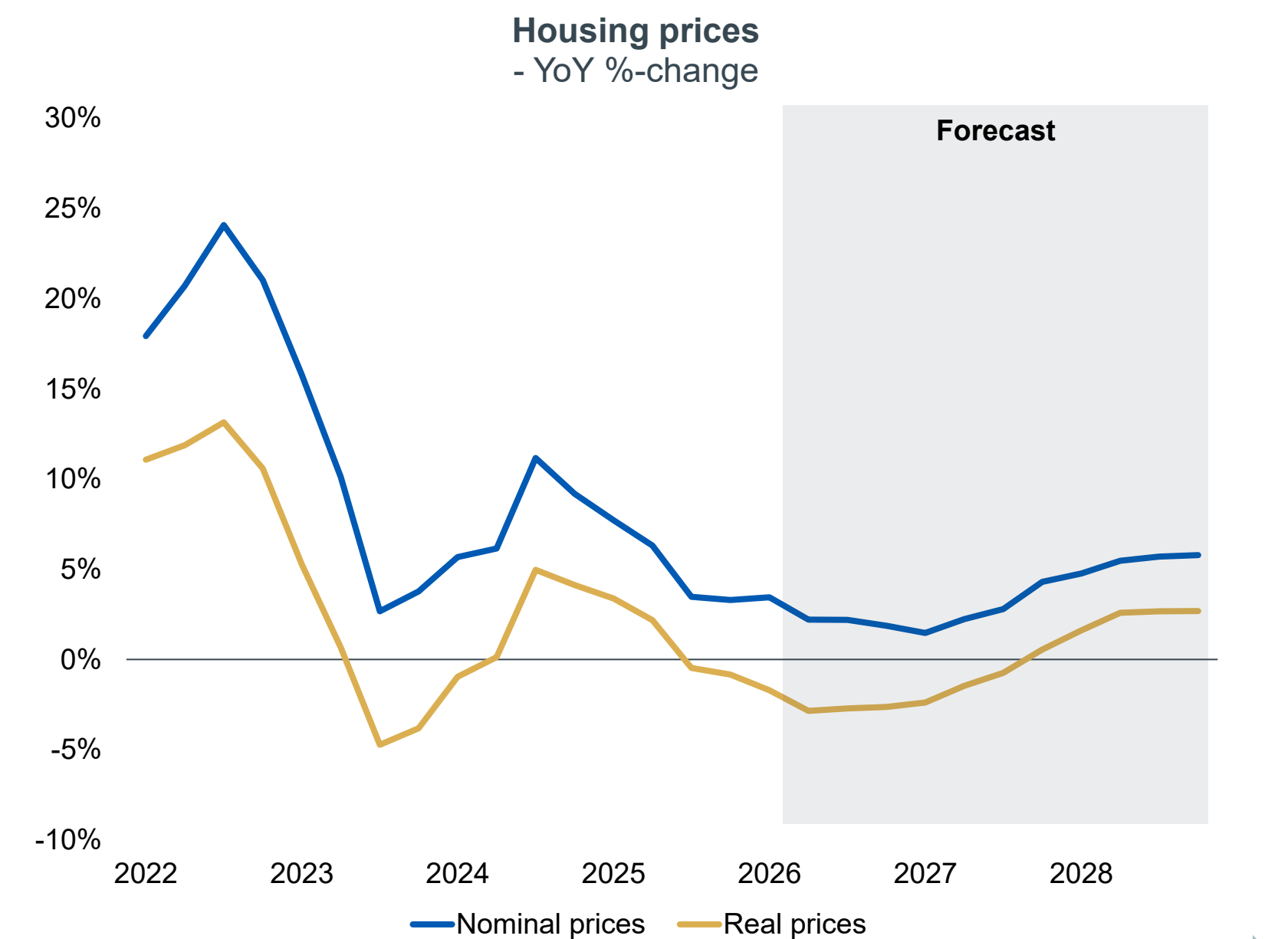
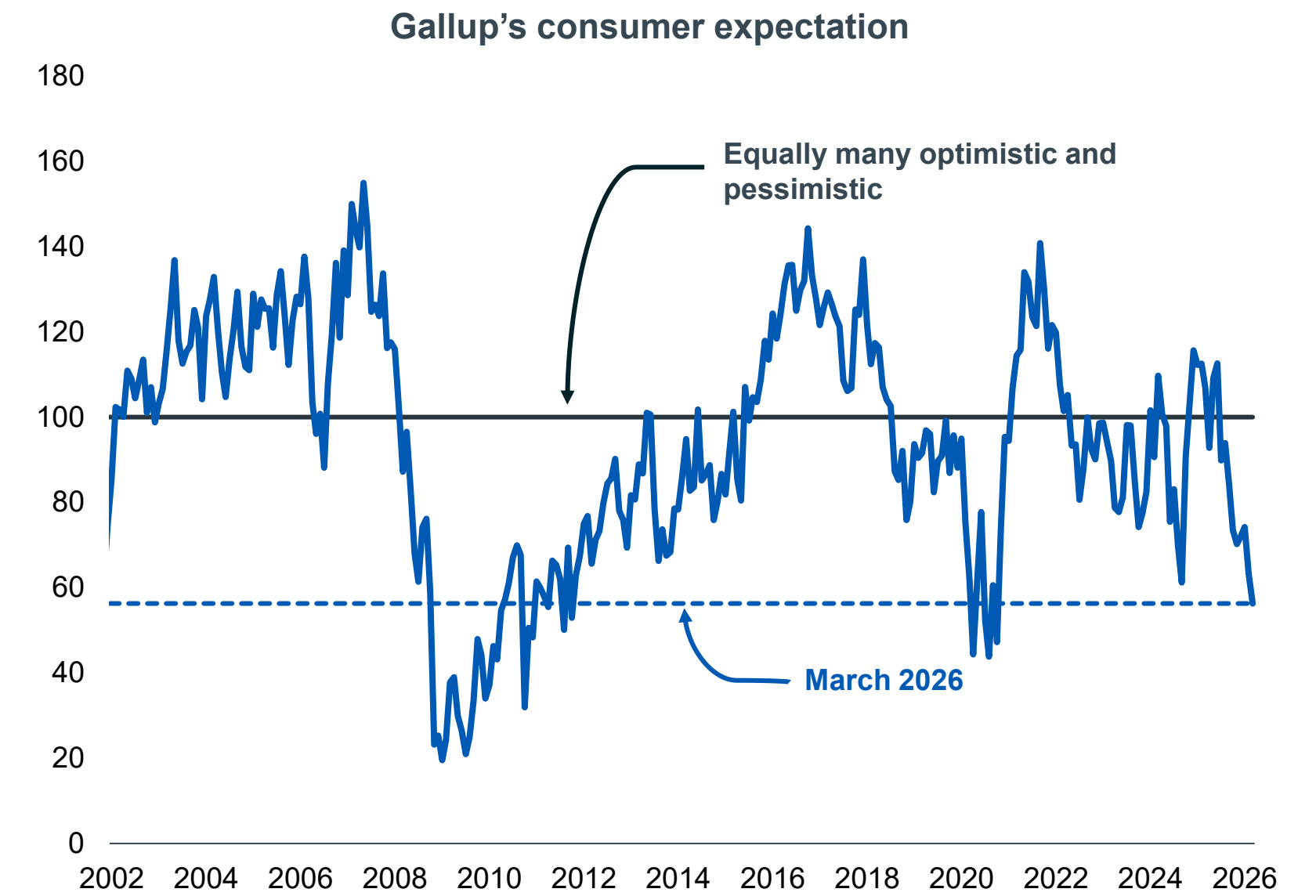
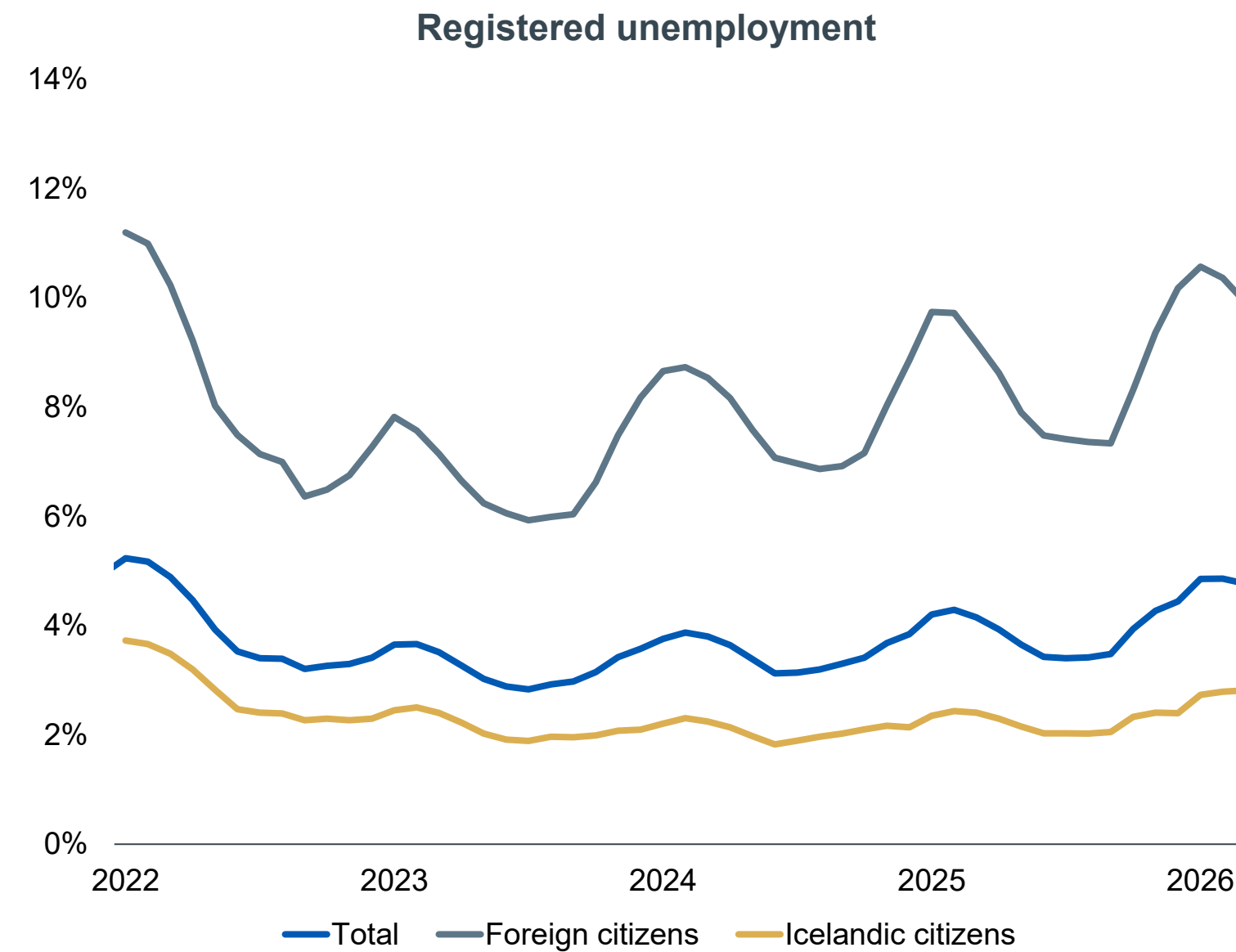


Pessimism builds as the housing market cools

The labour market is cooling, consumer sentiment remains weak and the housing market is still working through an imbalance, with average time to sale having increased while financing costs have been high. Job growth has slowed, private-sector employment has declined and unemployment has risen, although the increase has mostly been concentrated among foreign citizens. This may help explain why private consumption has so far held up better than the headline labour market figures would suggest.

Households are nevertheless becoming more cautious. High inflation, elevated interest rates, rising unemployment and weaker housing market momentum are weighing on spending, while recent card turnover data point to slower consumption growth after last year's strong increase. Arion Research forecasts modest growth in private consumption this year, with consumption per capita declining before recovering later in the forecast period.

On the housing side, high interest rates, long selling times and a stock of unsold new apartments continue to weigh on residential investment. According to Arion Research's forecast, housing investment will contract further this year before recovering as interest rates decline. House prices are forecast to rise only modestly in nominal terms, implying a continued decline in real prices.



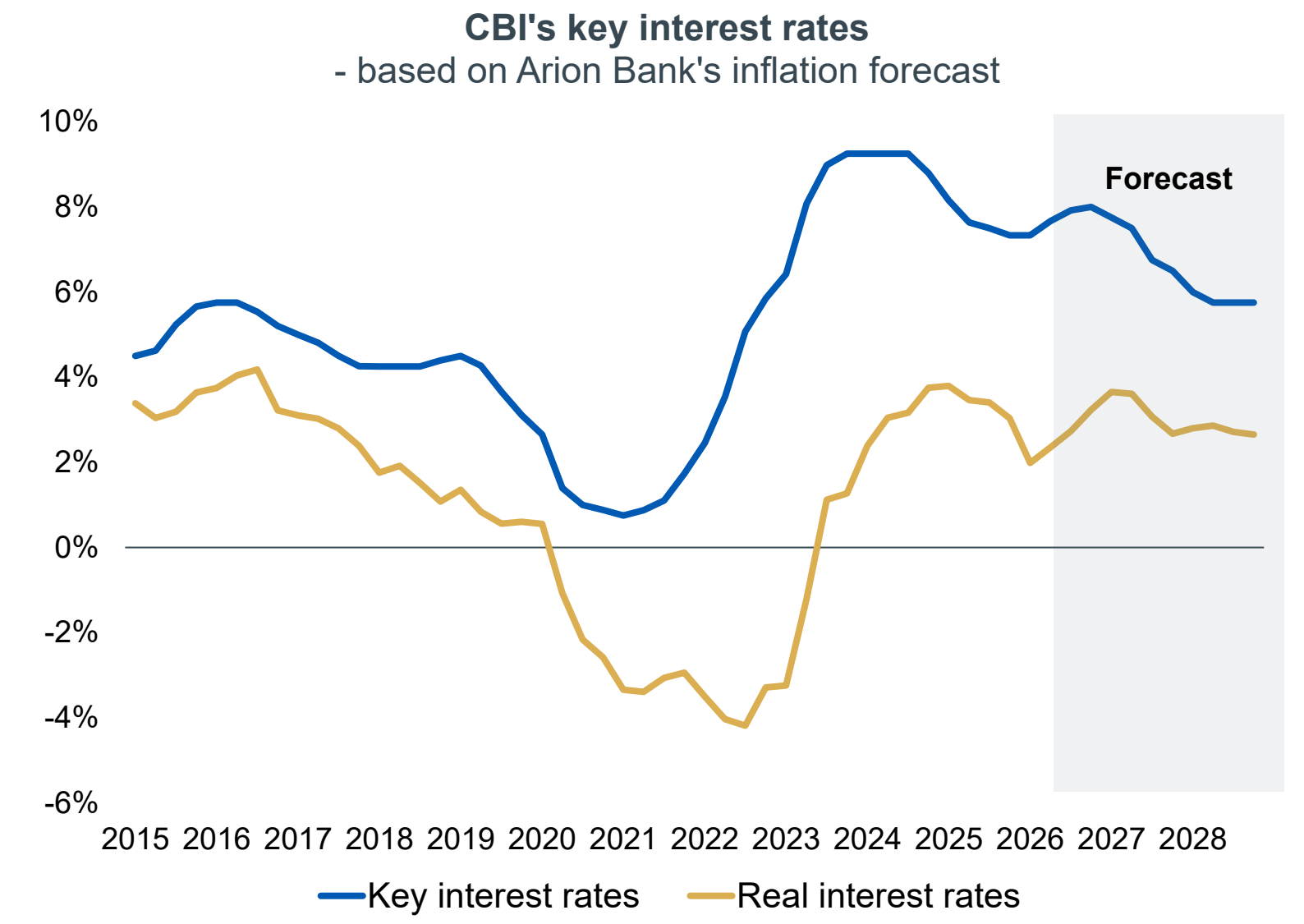
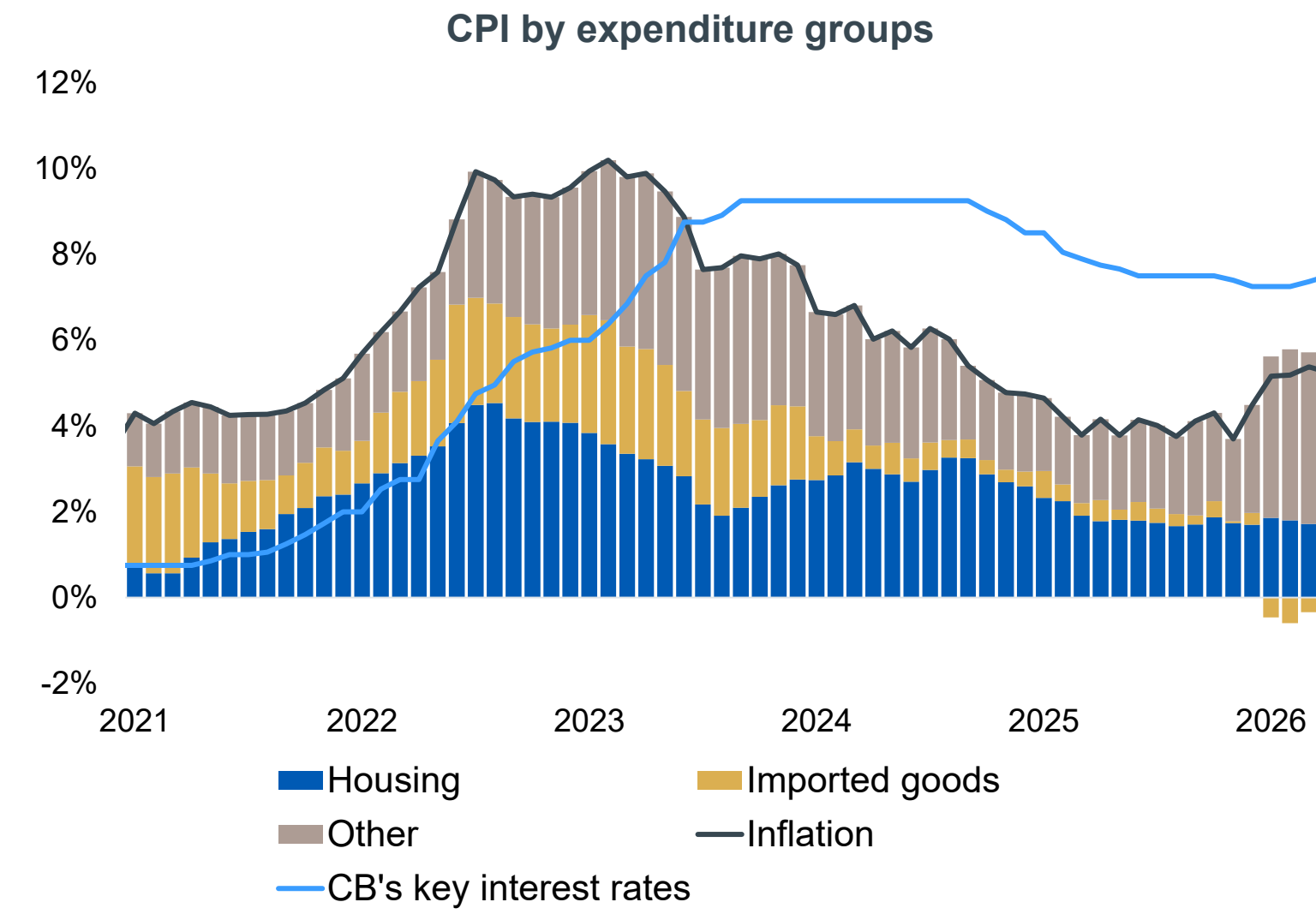
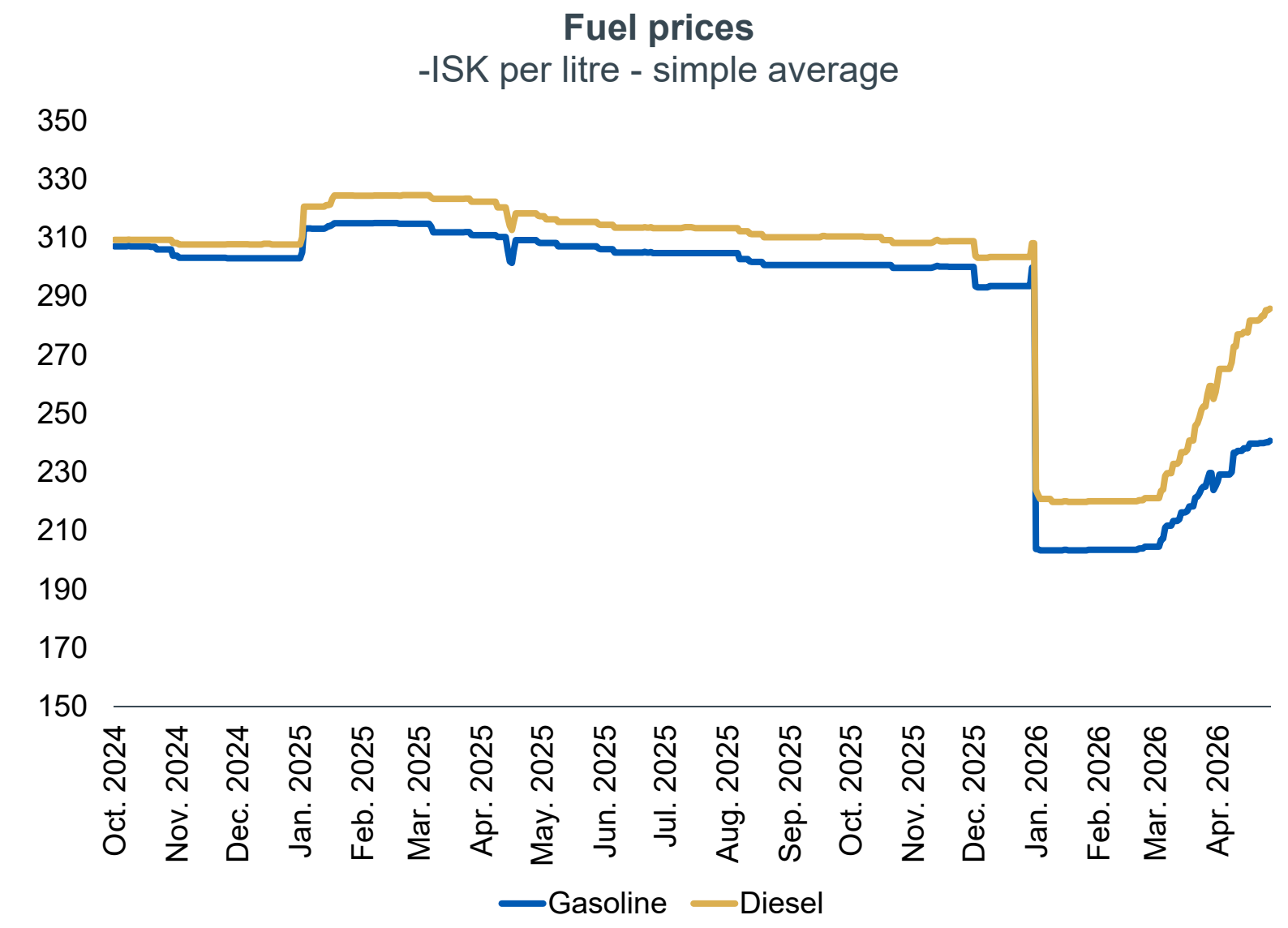
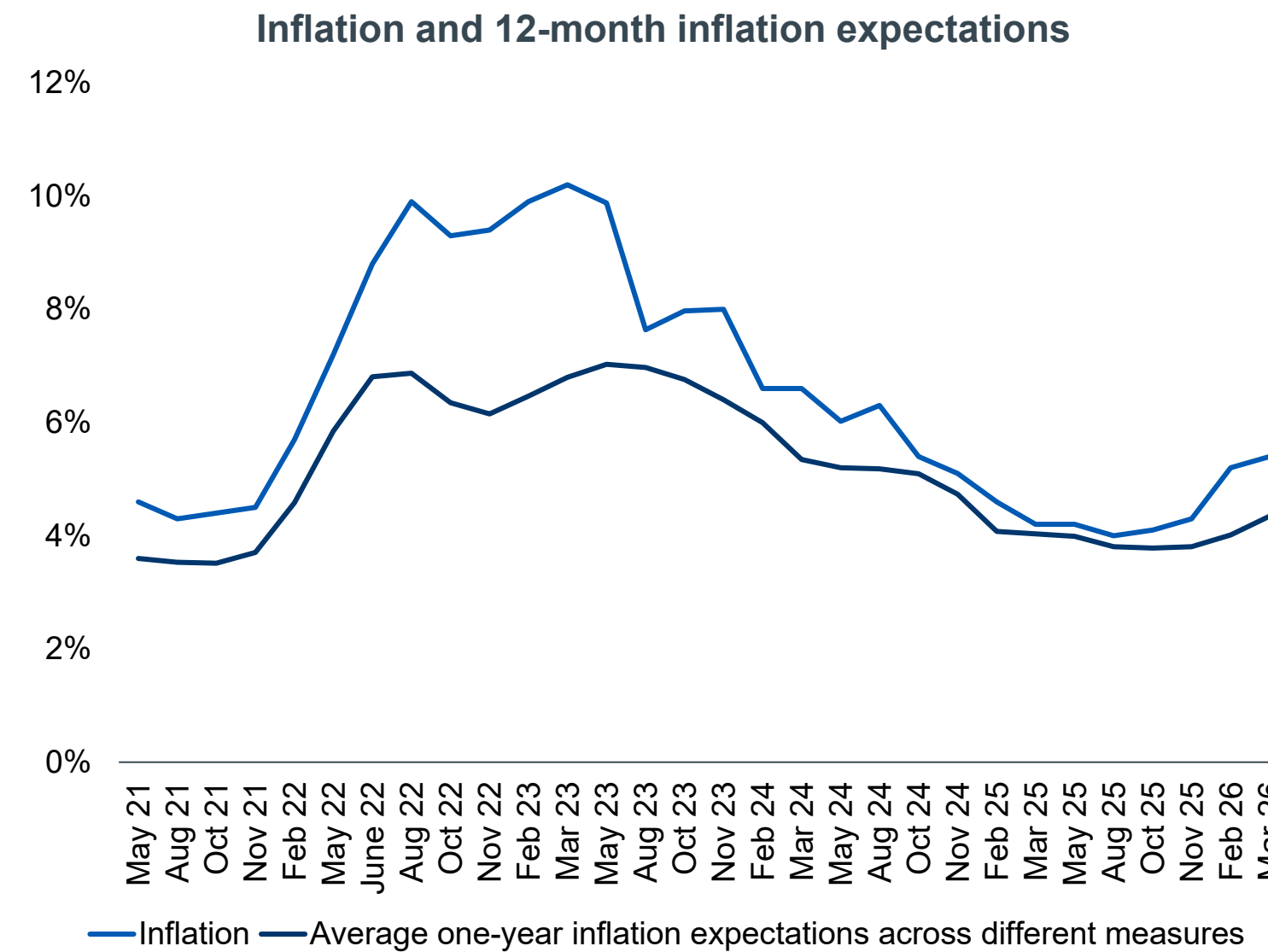
Central Bank between rock and a hard place

Inflation has continued to be more persistent than previously expected. Although domestic demand is already softening, the labour market is cooling and higher oil prices will weigh on activity, the Central Bank has little room to stay on hold when inflation has moved back above 5% and inflation expectations remain poorly anchored.

The inflation outlook is uncertain. Fuel prices have risen sharply, wage growth remains inconsistent with the inflation target, and following a change in methodology two years ago, imputed rent is not currently helping disinflation. At the same time, rising unemployment and softer demand should gradually ease domestic price pressures.

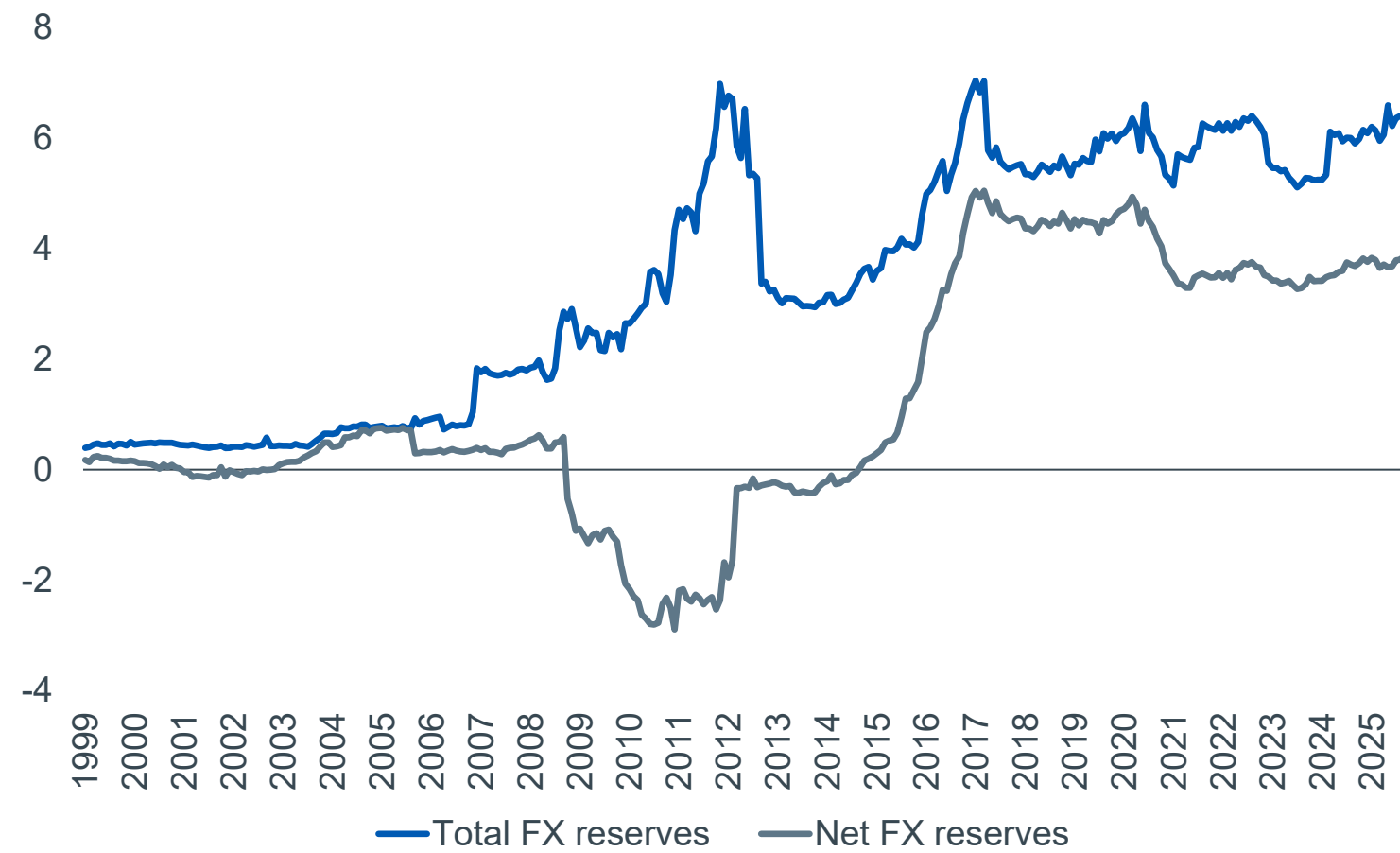
This puts the Central Bank between a rock and a hard place. Raising rates risks deepening the slowdown already visible in consumption, investment and the housing market. Not raising rates risks further damaging credibility and allowing inflation expectations to drift even higher.

With April inflation undershooting expectations, easing from 5.4% to 5.2%, the MPC is likely to opt for a smaller step in May, with a 25bp hike now widely expected. Looking ahead, easing inflation should allow for relatively rapid rate cuts next year, although risks remain skewed toward more persistent inflation.

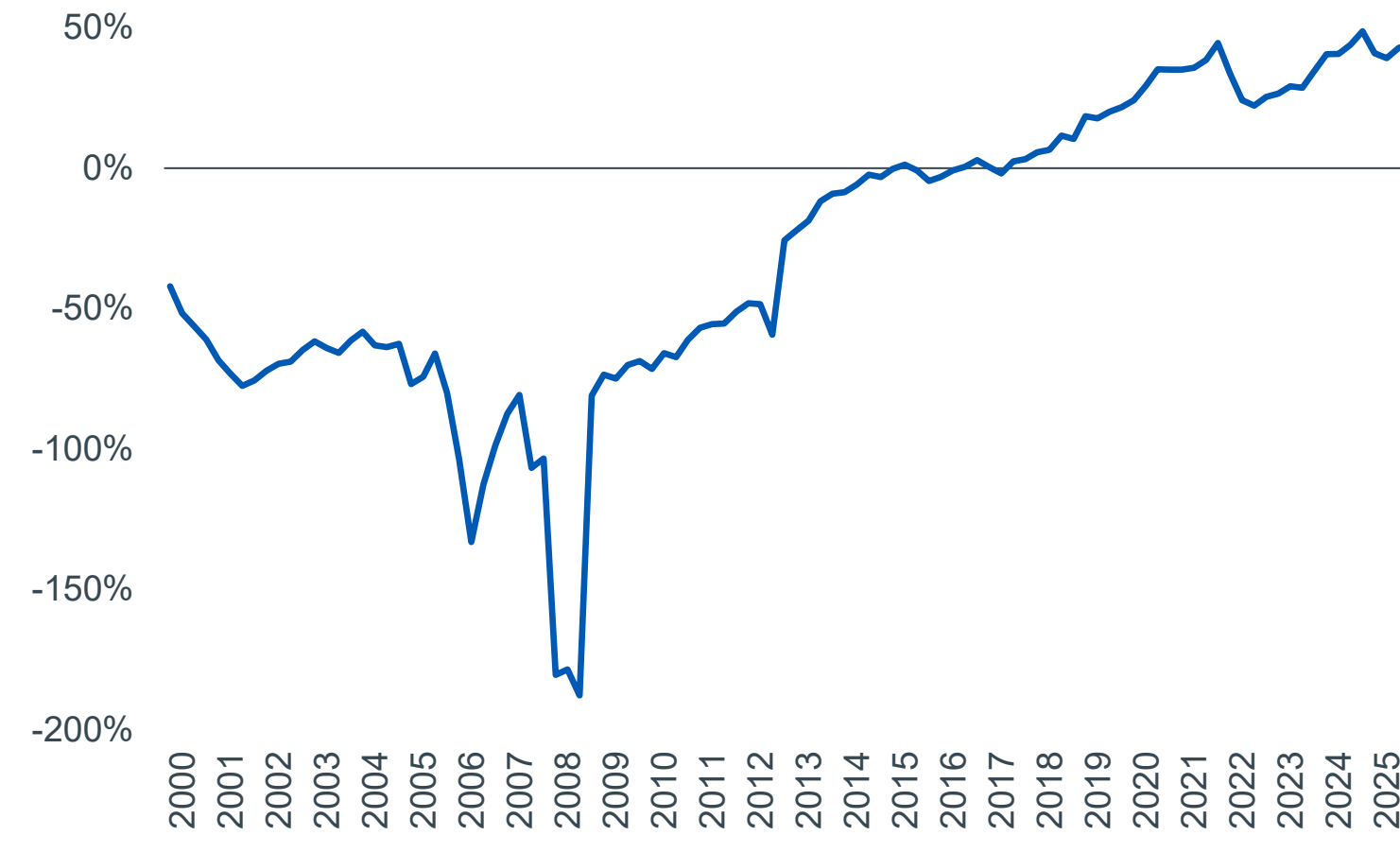


Small economy, strong foundations

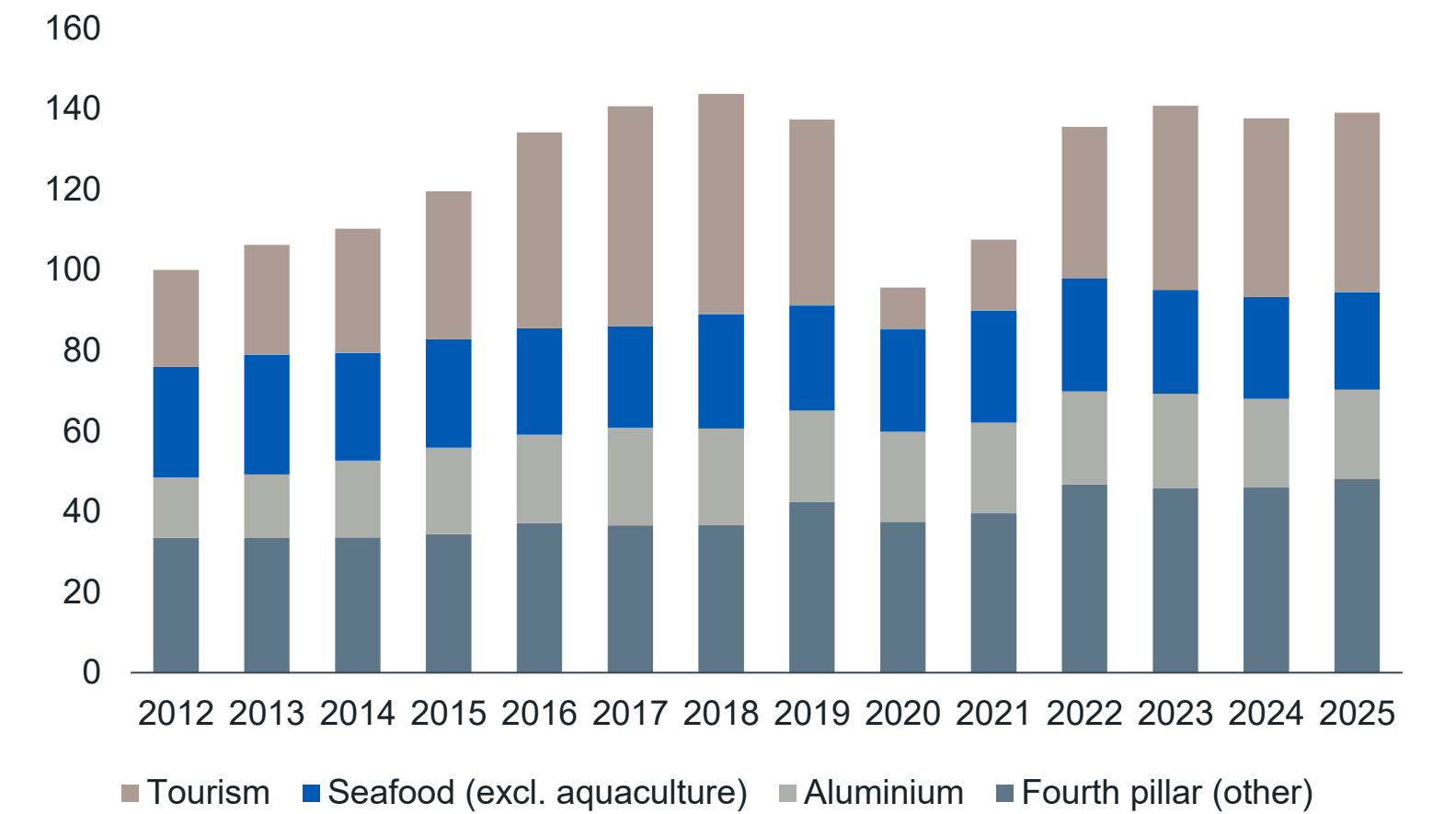
CBI's FX reserves
- bn. EUR



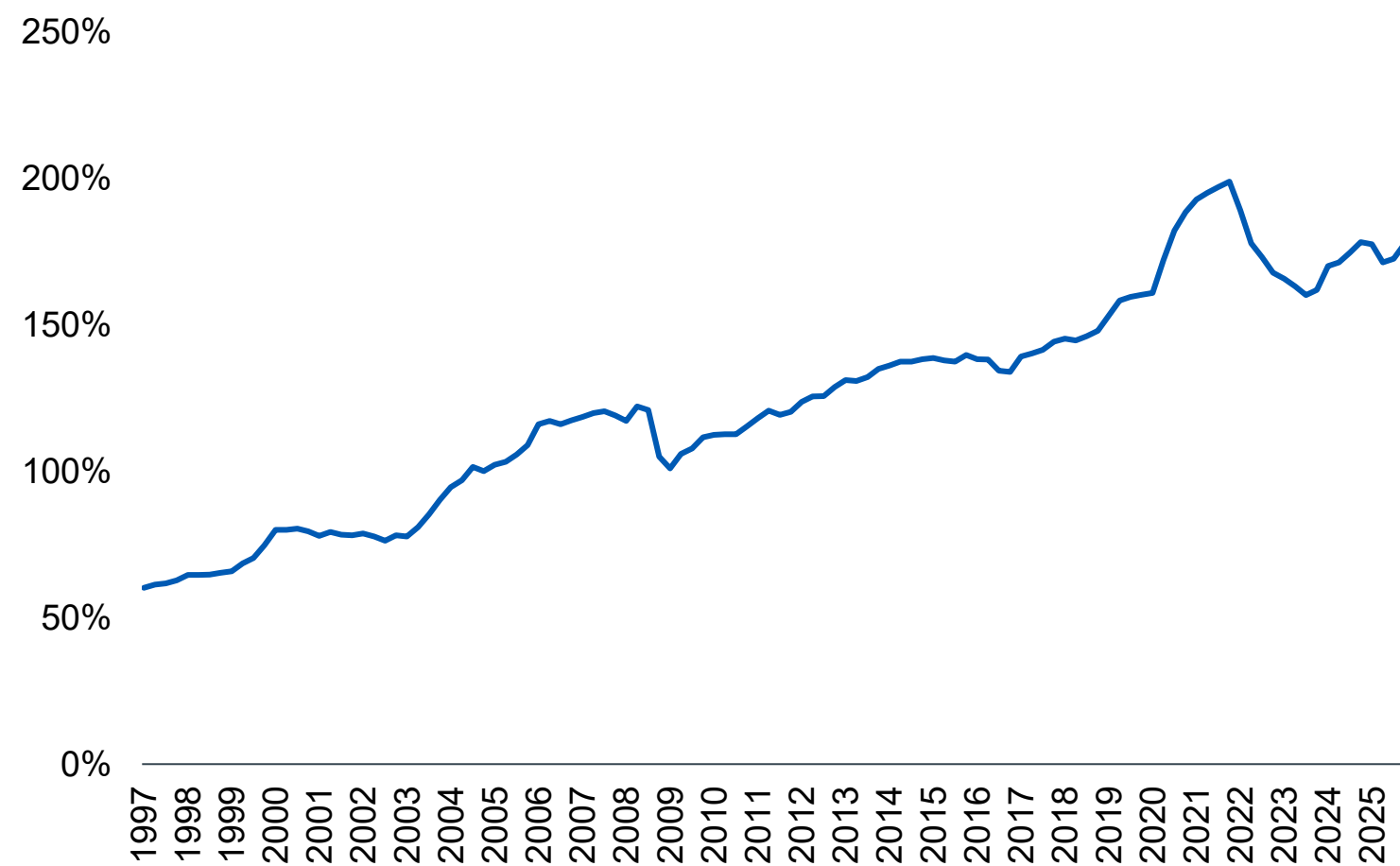
Net international investment position
- % of GDP



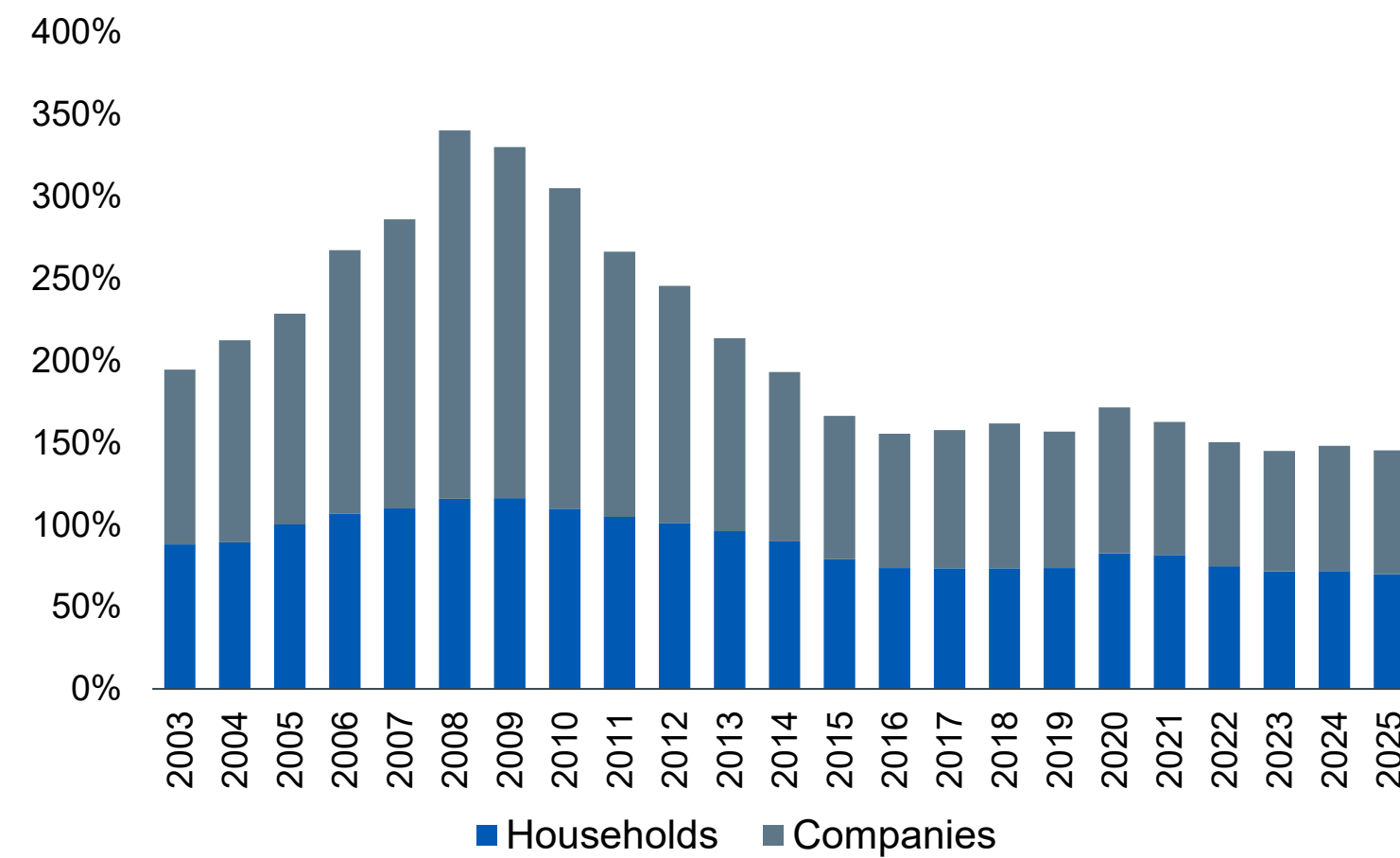
Total exports composition
- index, total in 2012=100



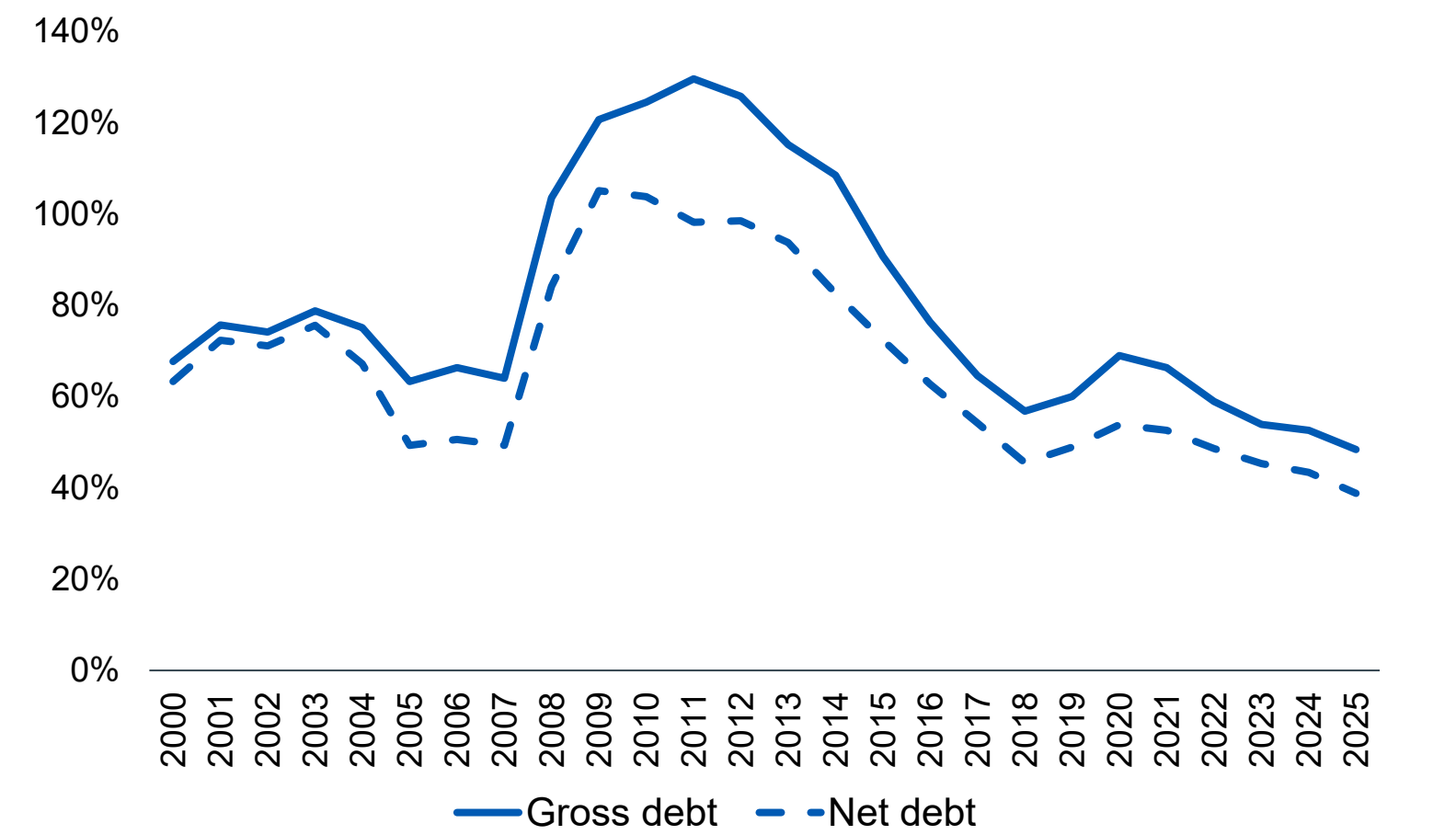
Pension funds assets
- % of GDP



Household and non-financial corporate debt
- % of GDP



Debt of central government
- % of GDP

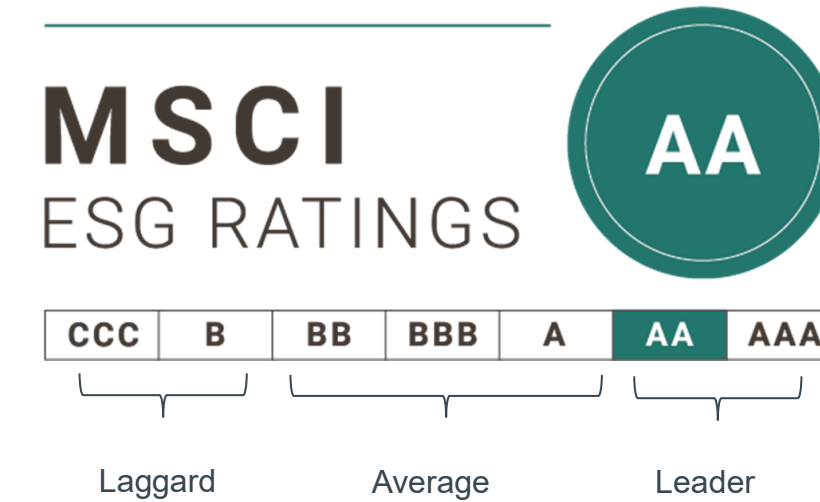


Strong ESG ratings

Arion Bank ranks in the

TOP 3%

of regional banks globally rated by Morningstar Sustainalytics



MSCI concludes that Arion Bank is now in **category AA** with a score of **8.4** (on a scale of 1–10).

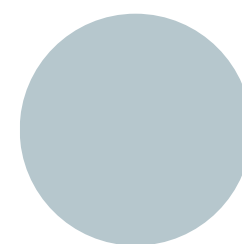
A score of 8.4 is in the upper range of AA and only 0.18 points away from reaching AAA.

The Bank is classified as a “**Leader**”.

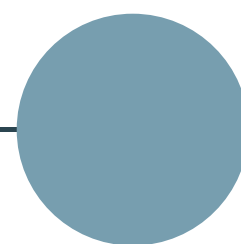
Outstanding rating from Reitun, six years in a row

90/100 | A3

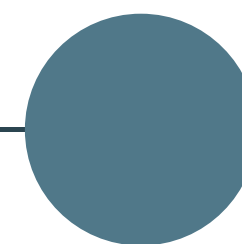
Arion Bank has achieved the score “**outstanding**” in Reitun’s ESG rating, placing it in category A3. The rating is based on the Bank’s performance in **environmental, social and governance (ESG) issues** in its operations. The Bank once again scored **90 out of a possible 100 points** and thus met the stricter requirements made in this year’s assessment. 90 points is the highest score given by Reitun, and the Bank is one of six issuers placed in category A3.



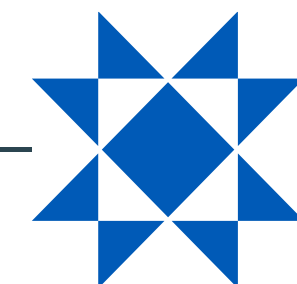
Poor



Medium



Good



Excellent



Key takeaways from Q1 2026

Operational performance

- Solid start to the year with ROE 13.9% in the first quarter
- Diversified pillars of the Group continue to support robust earnings momentum through the cycle

Net interest margin

- In line with guidance, ongoing fluctuation in the interest margin reflecting movements in monthly inflation
- Pricing of CPI linked products reflects longer term horizon and looks through short-term moves in real interest rates
- CPI imbalance plateauing with demand increasing in non-CPI linked mortgages

Loan growth

- Solid growth in corporate lending continues, while somewhat reduced from recent quarters
- Activity in mortgages increasing with loan book growing again in that area, while partially driven by inflation impact in the quarter
- Loan growth supported by continued growth in stable deposits

Capital, funding and liquidity

- Capital position strong with a CET1 ratio of 18.5% or 318bps above regulatory minimum
- Liquidity position very strong with ISK 168bn surplus above LCR requirements in high quality liquid assets (weighted HQLA), supported by successful funding activities and growth in stable deposits



Income statement

Q1 2026

- Net earnings attributable to shareholders of ISK 7.3bn, resulting in a return on equity (ROE) of 13.9%
- Core income* increased by 20.2% year-on-year, primarily net interest income
- Challenging market conditions for investment income
- Operating expenses increased by 13% year-on-year, equivalent to ISK 855m, largely related to one-off items
- Impairments calculated at 12bps on annualized basis, the same as in Q1 2025
- High effective tax rate of 33.8% mainly due to loss from equity holdings

	Q1 2026	Q1 2025	Diff	Q4 2025	Diff
Net interest income	16,303	12,166	34%	12,350	32%
Net fee and commission income	3,876	4,536	(15%)	4,055	(4%)
Insurance service results	(66)	(31)	-	446	-
Net financial income	(767)	(951)	(19%)	1,364	-
Other operating income	114	3,321	-	826	-
Operating income	19,460	19,041	2%	19,041	2%
Operating expenses	(7,456)	(6,601)	13%	(8,756)	(15%)
Bank levy	(541)	(508)	6%	(547)	(1%)
Net impairment	(391)	(378)	3%	(1,694)	(77%)
Net earnings before taxes	11,072	11,554	(4%)	8,044	38%
Income tax expense	(3,743)	(3,726)	0%	(1,820)	106%
Net earnings from continuing operations	7,329	7,828	(6%)	6,224	18%
Discontinued operations net of tax	0	(11)	-	0	-
Net earnings	7,329	7,817	(6%)	6,224	18%
Non-controlling interest	(11)	(1,396)	-	2	-
Net earnings attributable to shareholders	7,318	6,421	14%	6,226	18%

Return on equity attributable to shareholders	13.9%	12.8%		11.6%	
Earnings per share	5.33	4.59	16.2%	4.50	18.6%
Core income*	21,097	17,544	20.3%	17,952	17.5%
Net interest margin	3.8%	3.1%		2.9%	
Total cost-to-core income ratio	40.0%	42.6%		54.9%	
Cost-to-income ratio	38.3%	34.7%		46.0%	

*Core income: Net interest income, net fee and commission income and insurance service results (excluding opex)

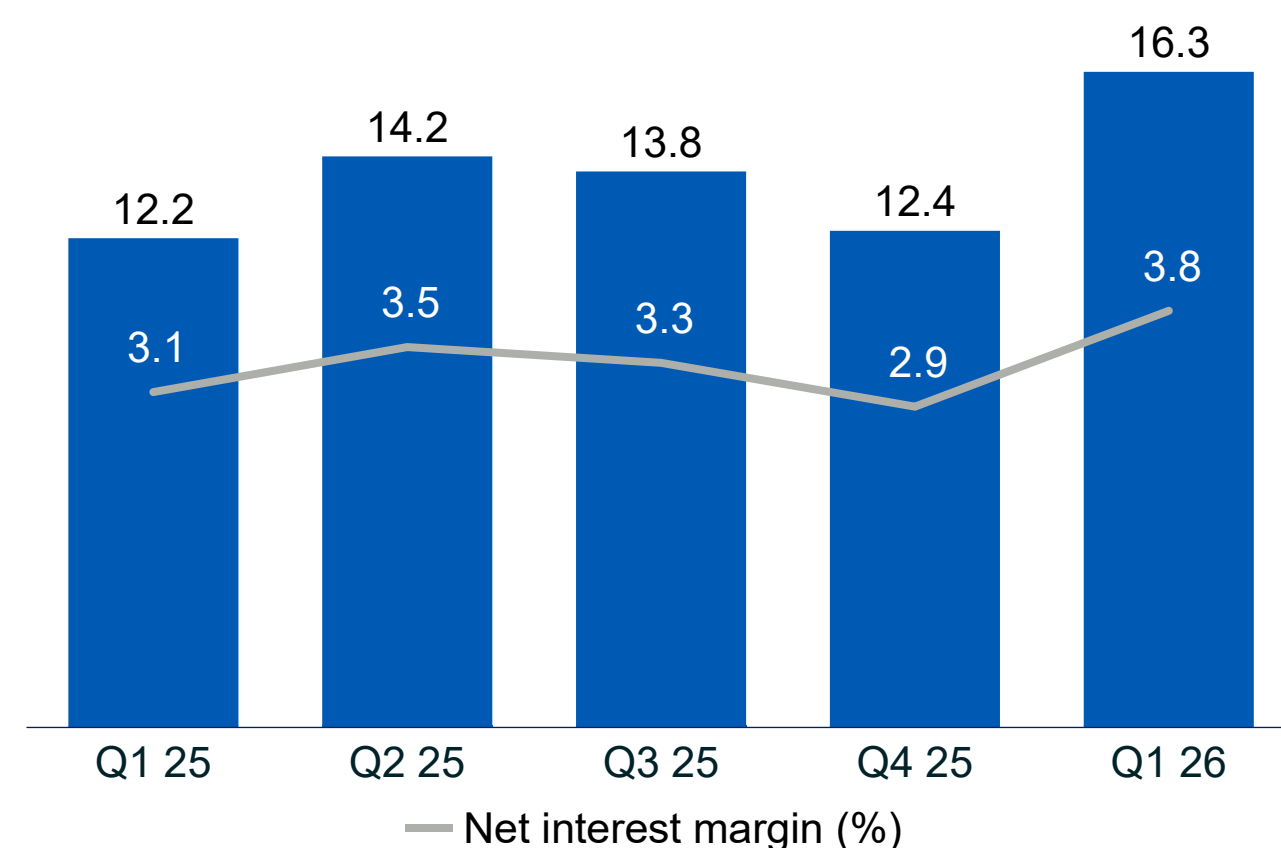


Net interest income

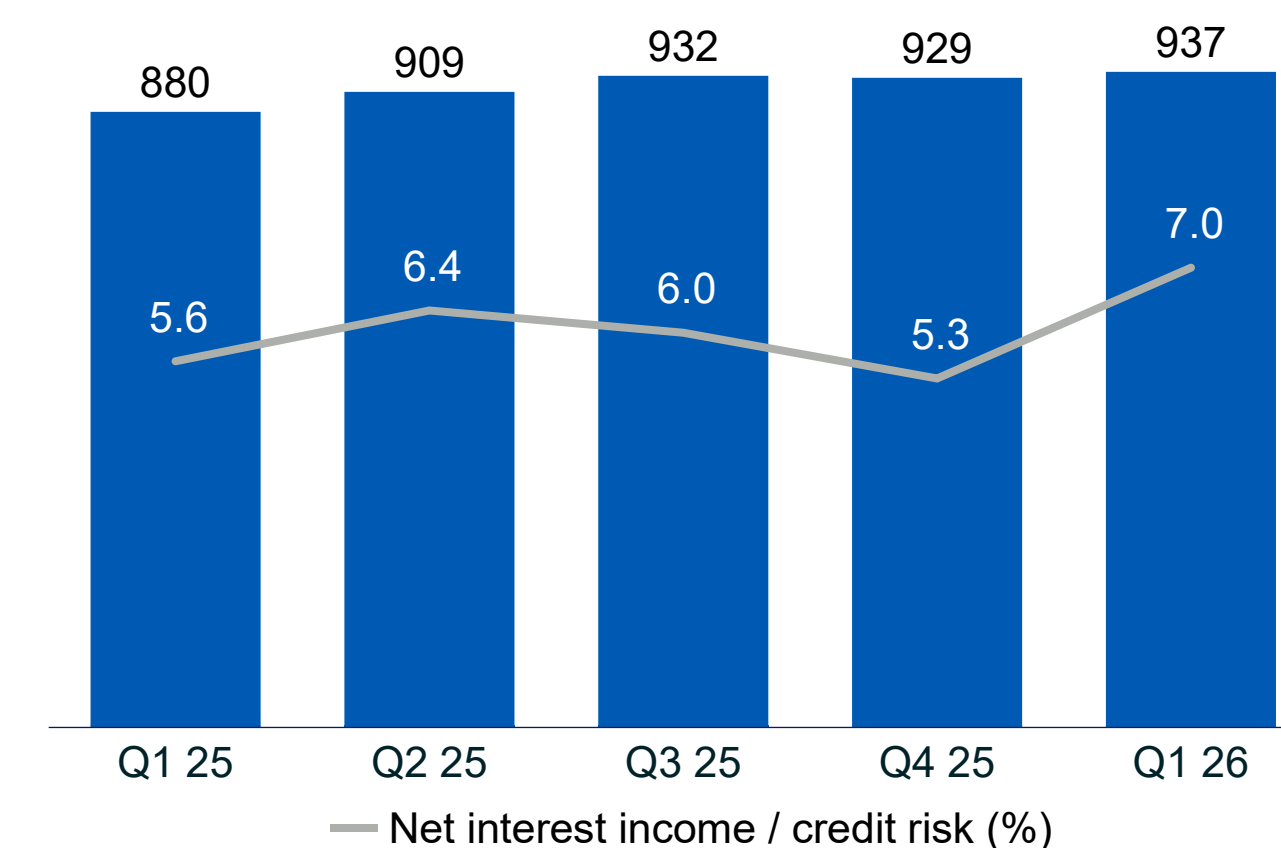
Fluctuations mainly due to short-term inflation impact

- In Q1, net interest income reached ISK 16.3bn, reflecting a 34.0% annual increase
- NIM was 3.8% in Q1, compared with 3.1% in the same quarter 2025
 - The effect from CPI changes is elevated due to high inflation in the quarter, calculated as 9.97% on annualized basis compared to 4.16% in Q1 2025 and 0.36% in Q4 2025
 - The CPI imbalance was ISK 204bn at quarter-end and is at the same level as at year-end 2025 but has increased by ISK 40bn from Q1 2025
- With increased corporate lending, the net interest margin is likely to trend above 3% annually. Fluctuations are expected to continue near term due to the CPI impact

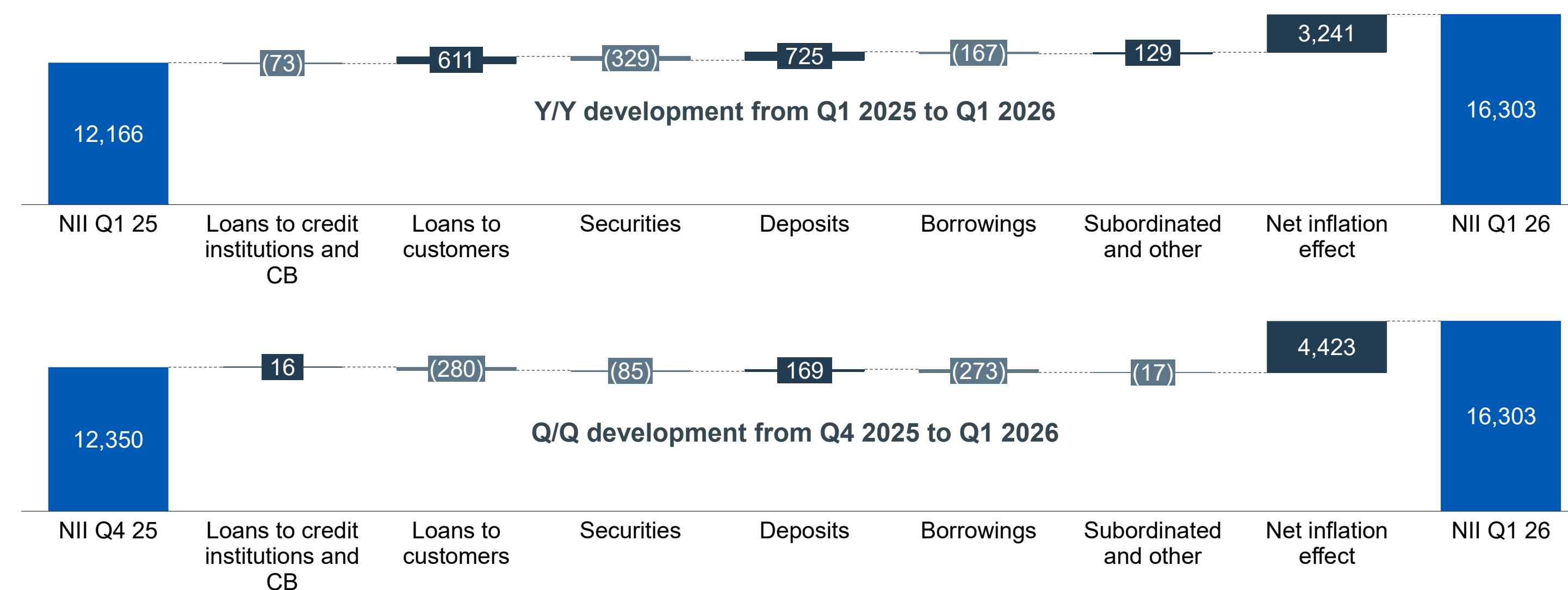
Net interest income (ISK bn)



Credit risk (ISK bn)



Net interest income development (ISK m)

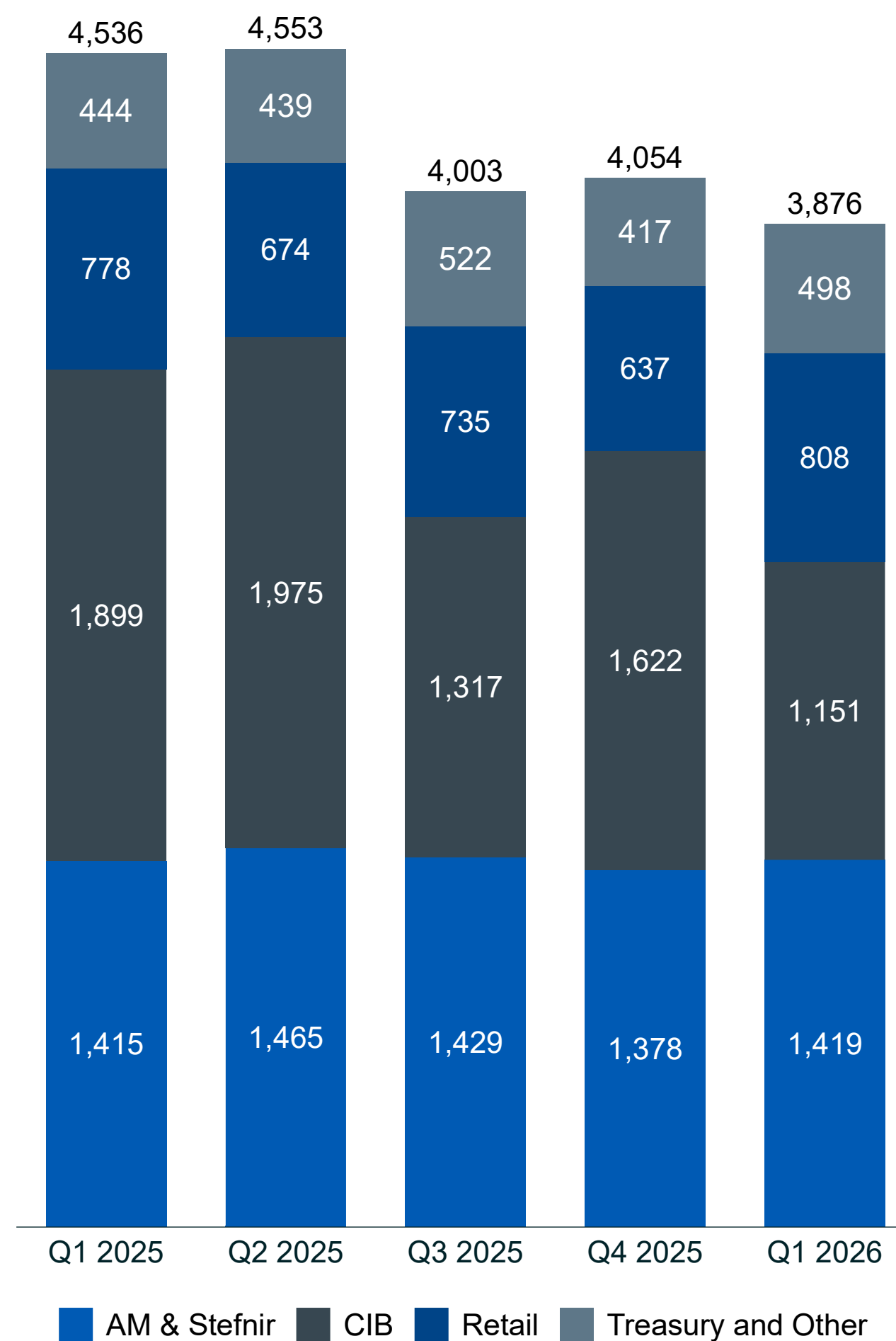


Net fee and commission income

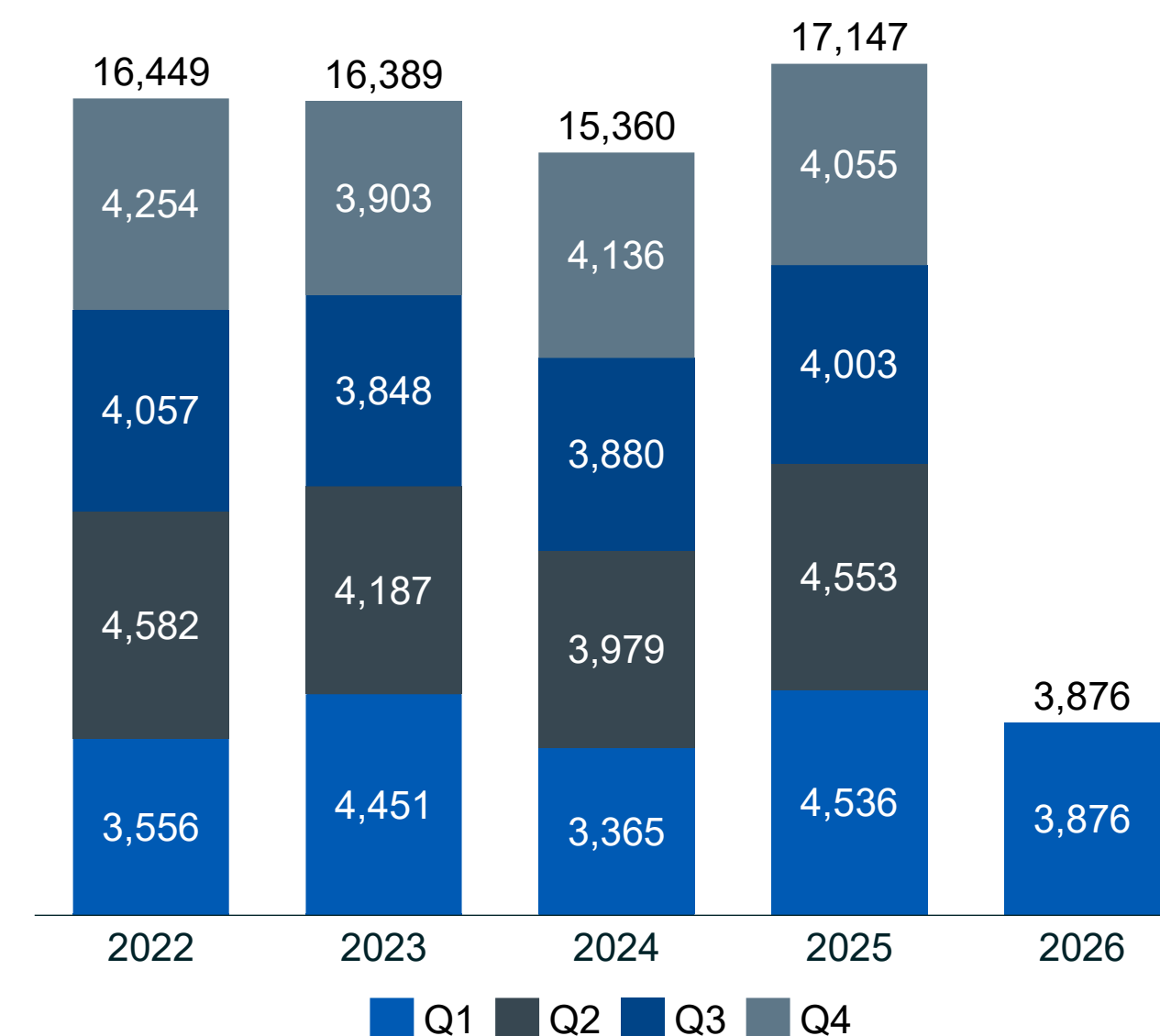
Diversified and robust

- Asset management fees remained stable and resilient. Following strong growth in Assets under Management and Supervision in 2025, fee income remained steady during the quarter despite challenging market conditions
- CIB fees lower than in recent quarters, reflecting more transactional nature of these fees
- Retail Banking activity remained broadly stable, with fee income primarily driven by card services as well as collection and payment services

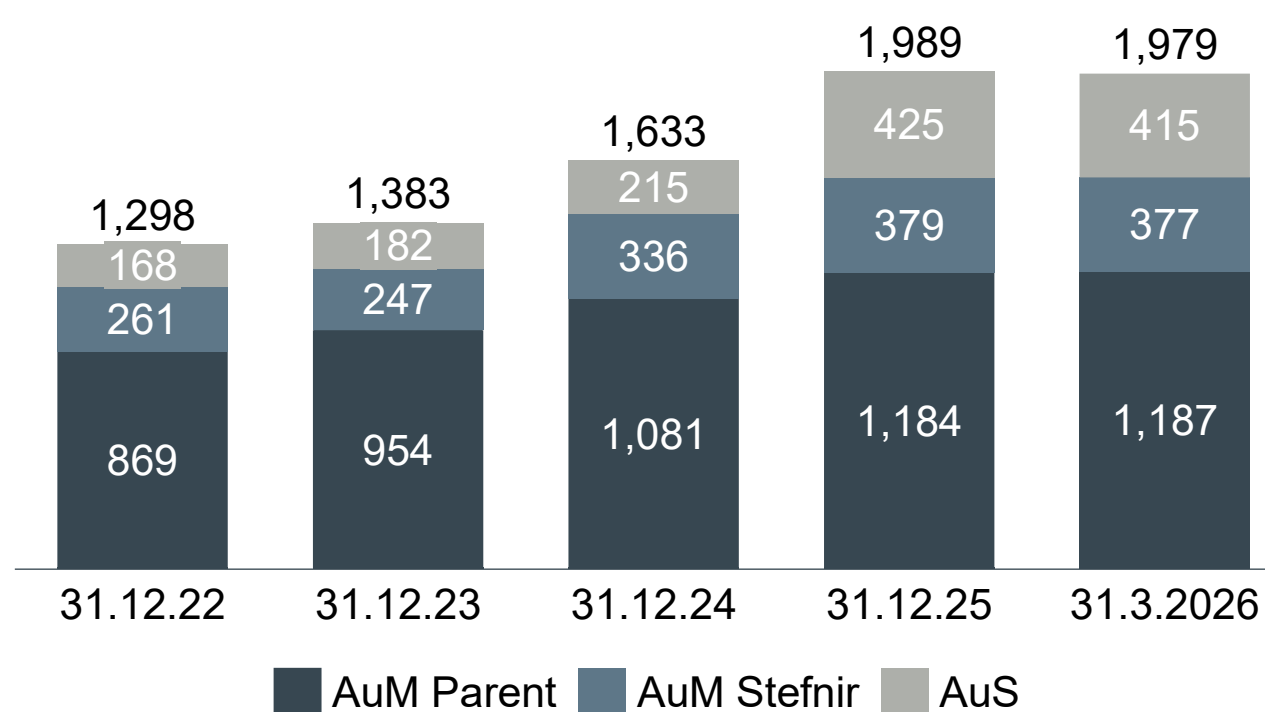
Net fee and commission income (ISK m)



Net fee and commission income (ISK m)



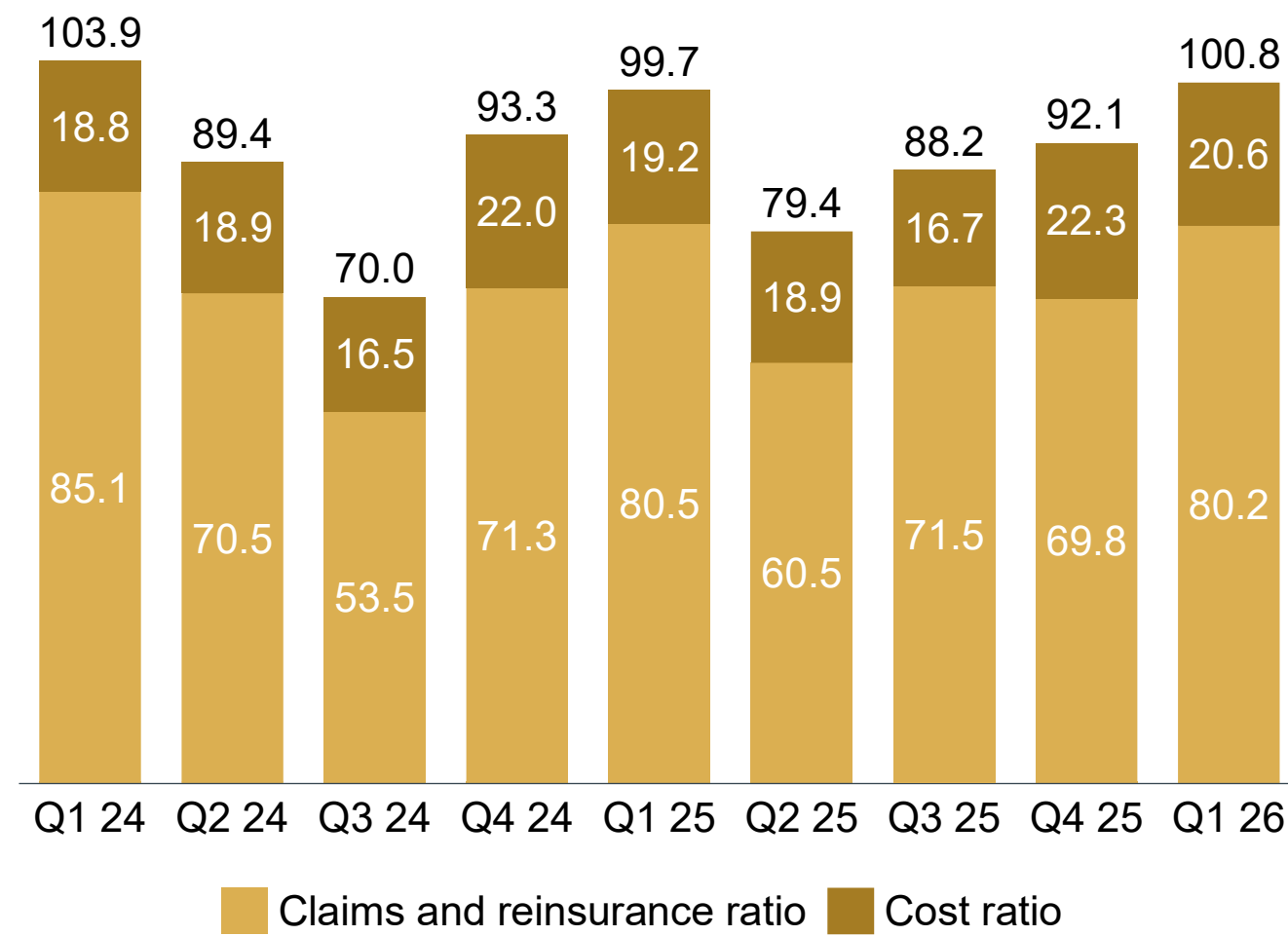
Assets under Management and Supervision (ISK bn)



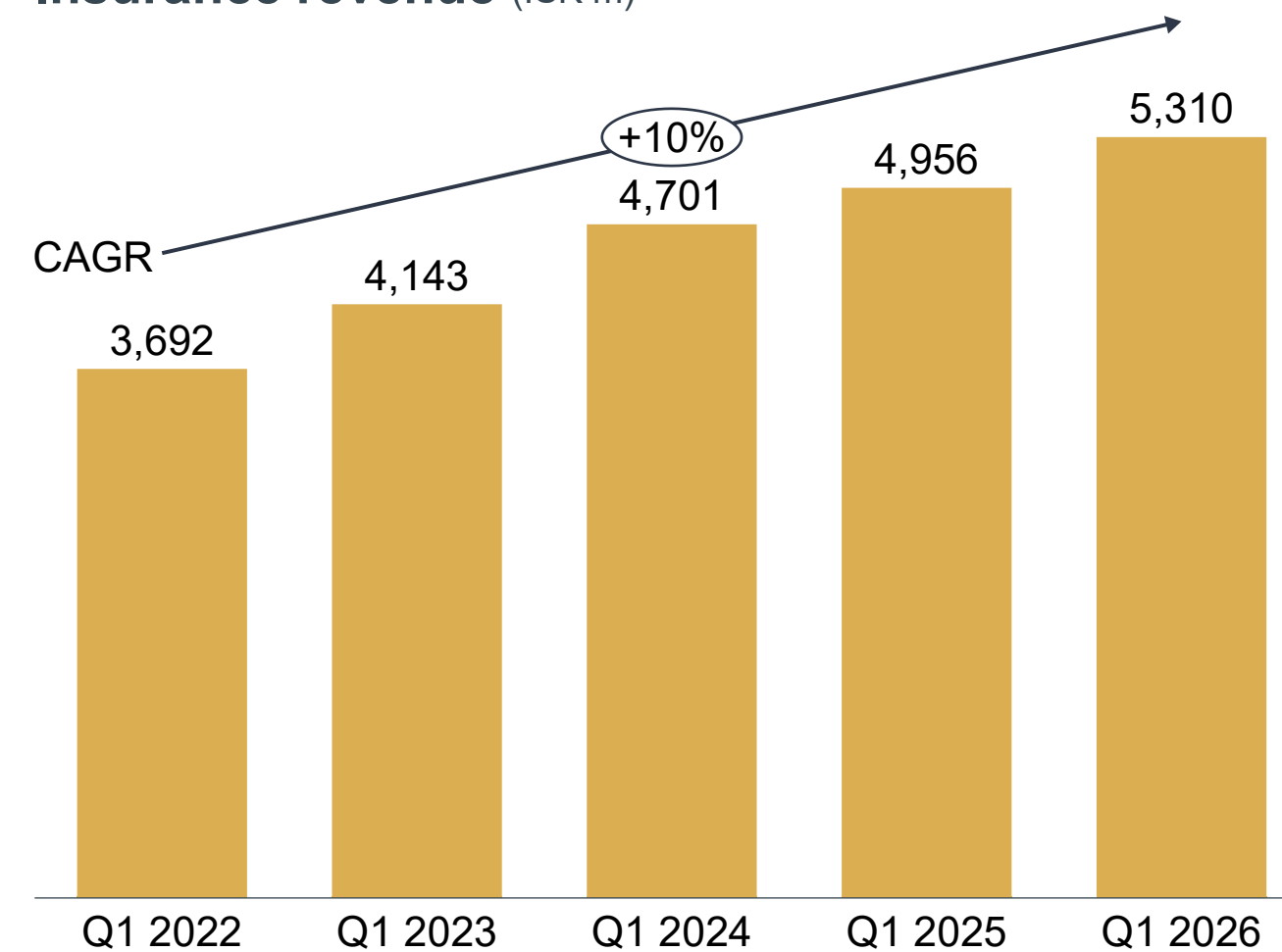
Solid start to the year in insurance

- Insurance revenue grew by 7.2% in the first quarter, exceeding inflation and outperforming competitors' weighted average revenue growth of 3.9%
- Claims also relatively low for this time of year with the claims ratio improved to 77.2%, down from 79.1% in Q1 2025
- However, somewhat higher reinsurance and cost ratios resulted in a combined ratio of 100.8%, compared with 99.7% in Q1 2025
- Net income for the quarter was a loss of ISK 60m, representing a substantial improvement compared with a loss of ISK 641m in the same quarter last year, primarily reflecting improved, although still subdued, equity market performance.

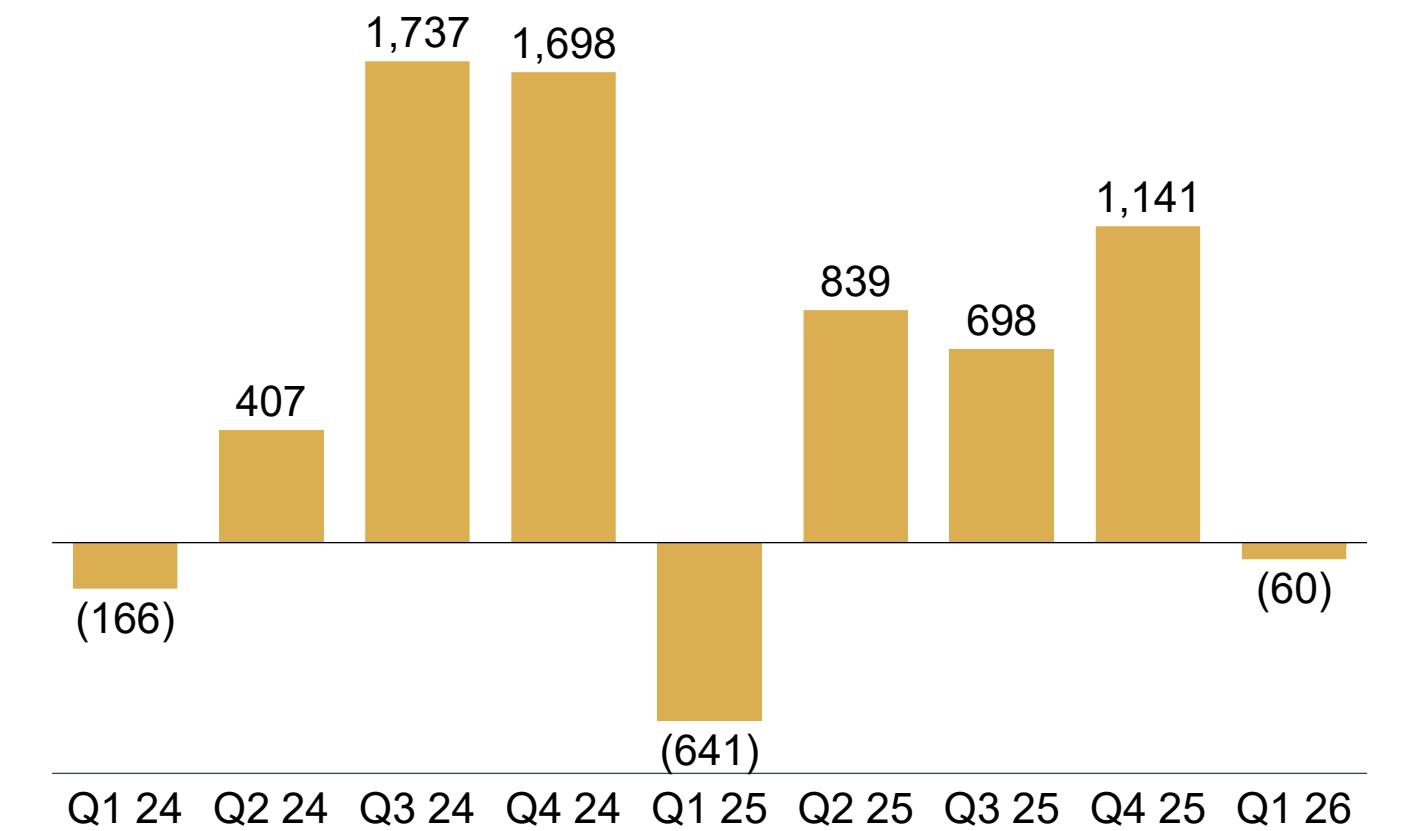
Combined ratio (%)



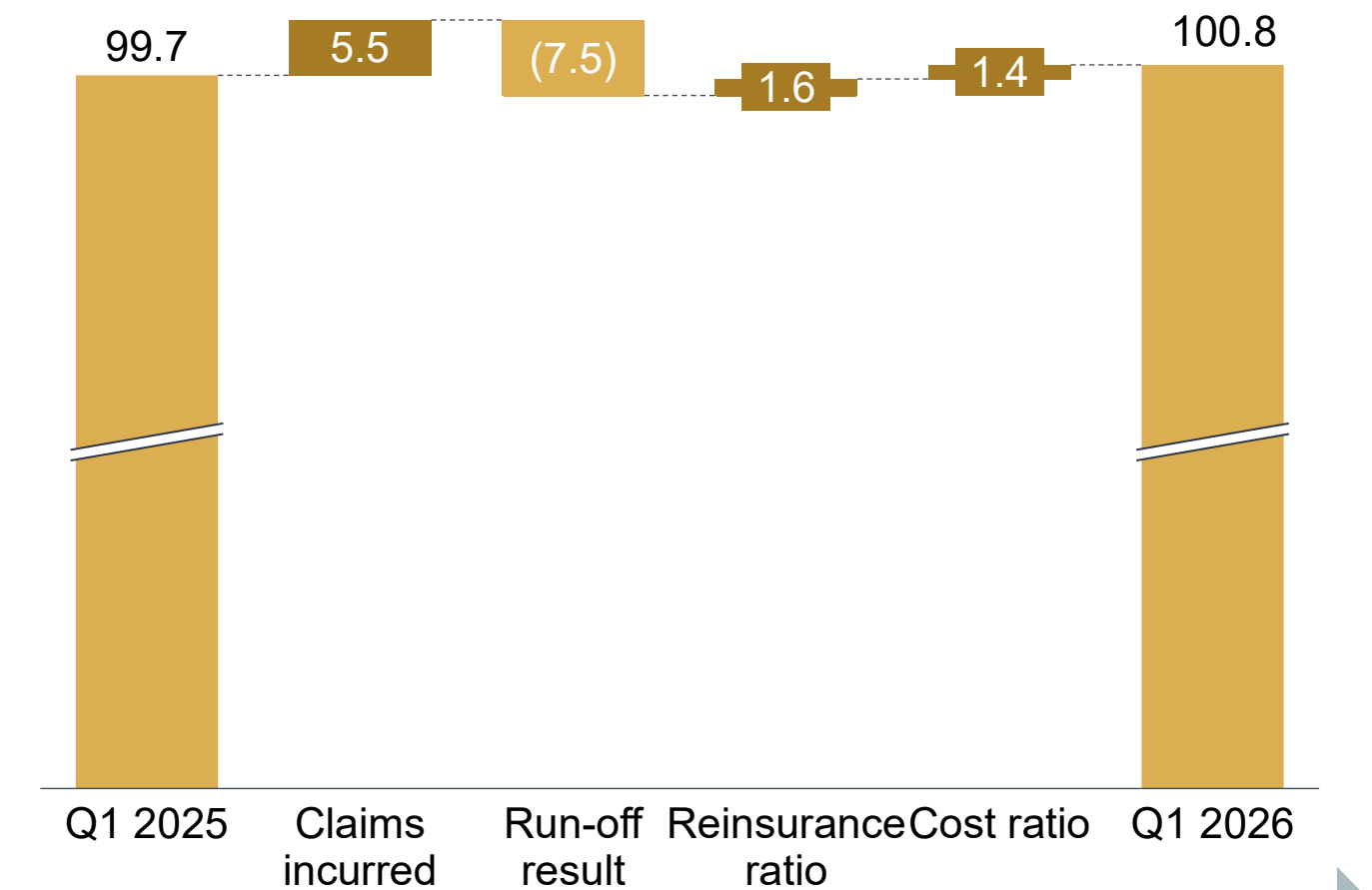
Insurance revenue (ISK m)



Vörður net earnings (ISK m)



Change in combined ratio from Q1 2025 (%)

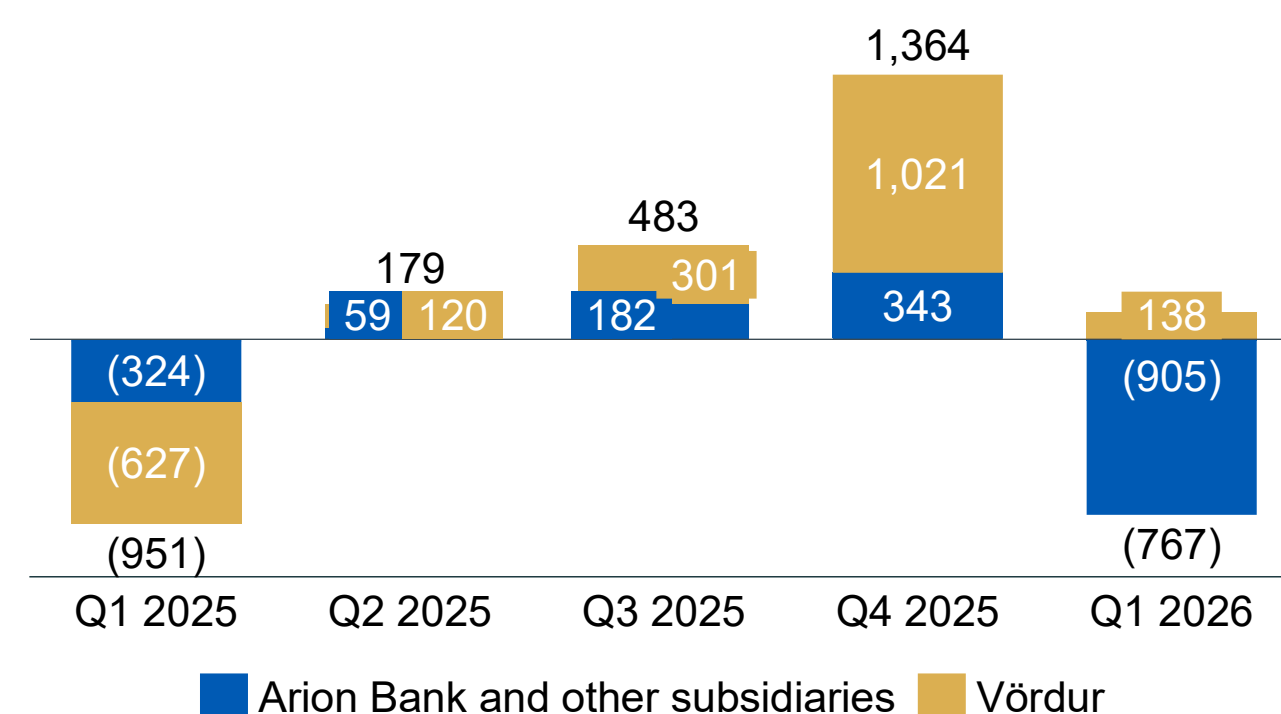


Net financial income

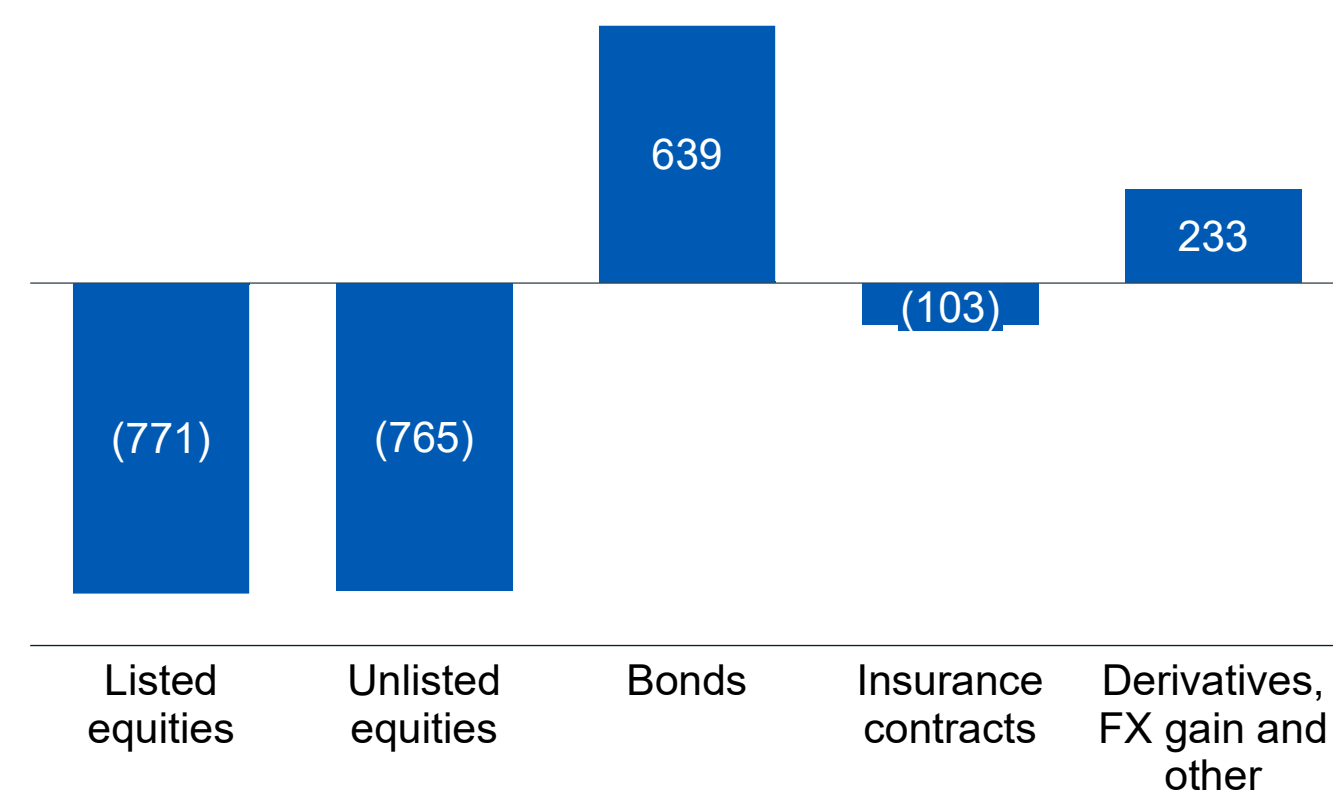
Challenging market conditions, especially in equities

- Vördur's total investment portfolio stands at ISK 35.7bn, generating a profit of ISK 138m for the quarter, which includes adverse net impacts from insurance contracts
- Loss from equity holdings partly from revaluation of unlisted holdings
- Bond holdings vary from quarter to quarter as part of liquidity management and funding strategies
 - The average duration of the liquidity portfolio is less than one year
 - The bond portfolio does not utilize held-to-maturity (HTM) accounting, and all changes in market value are reflected in the capital position

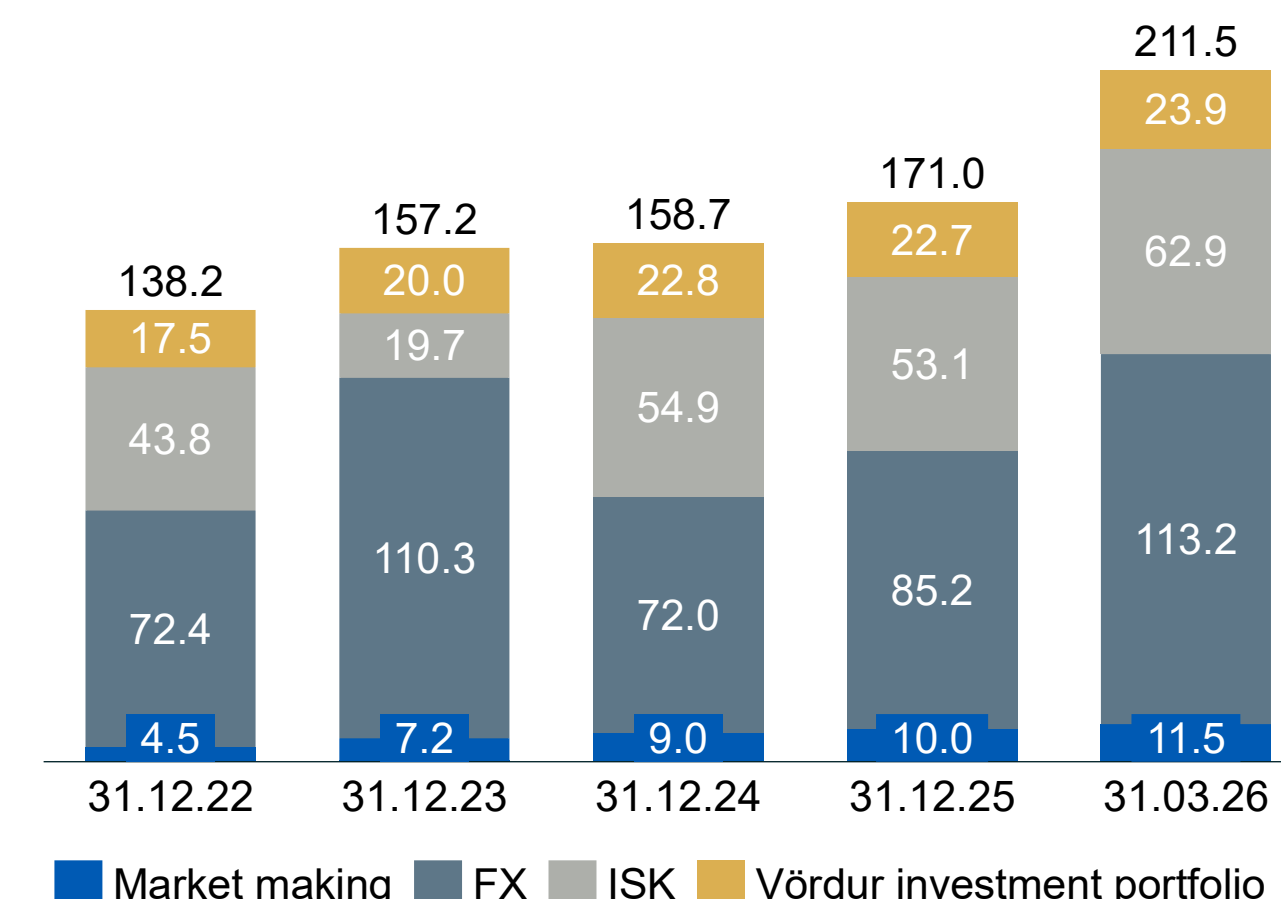
Net financial income (ISK m)



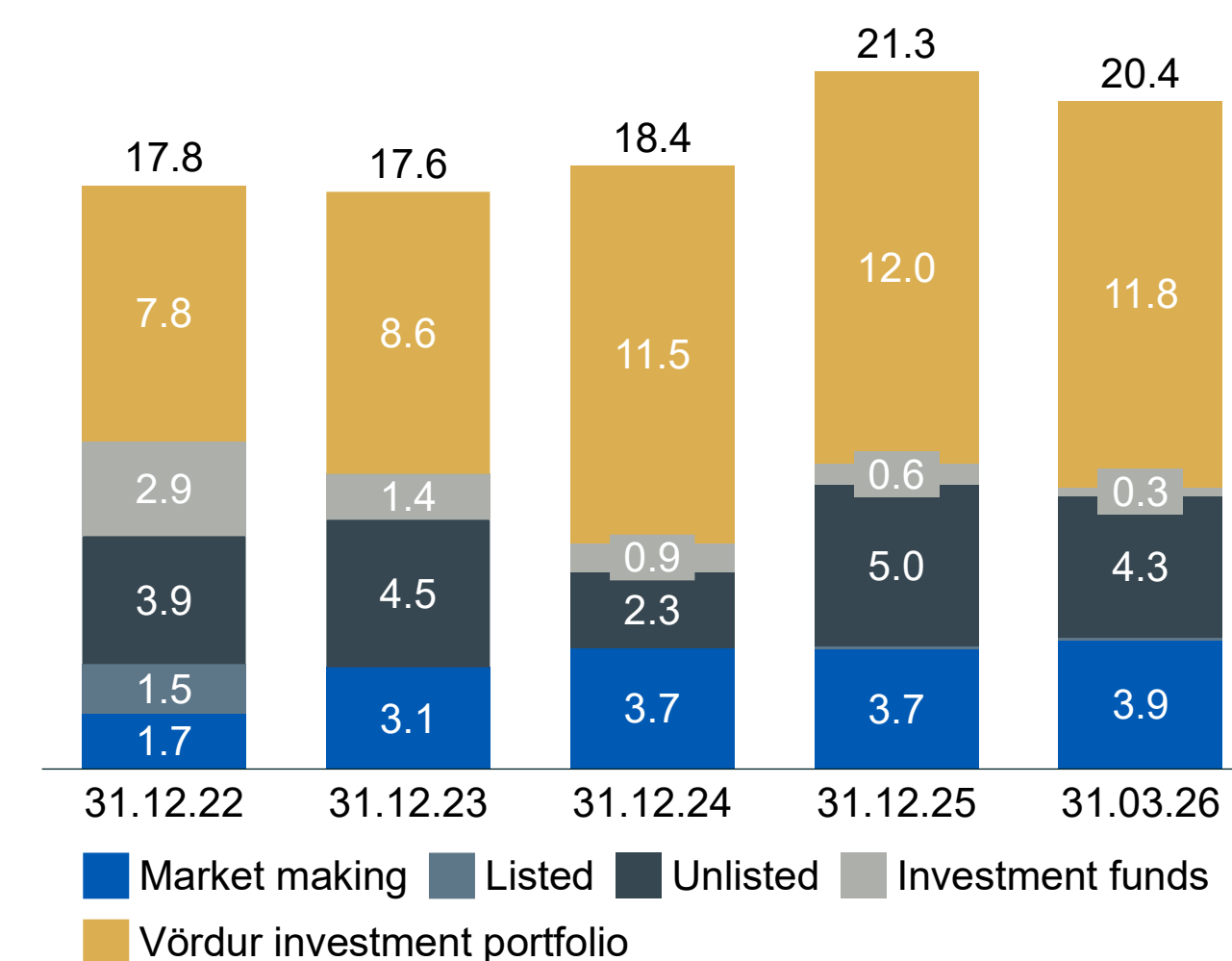
Net financial income by type Q1 2026 (ISK m)



Bond holdings (ISK bn)



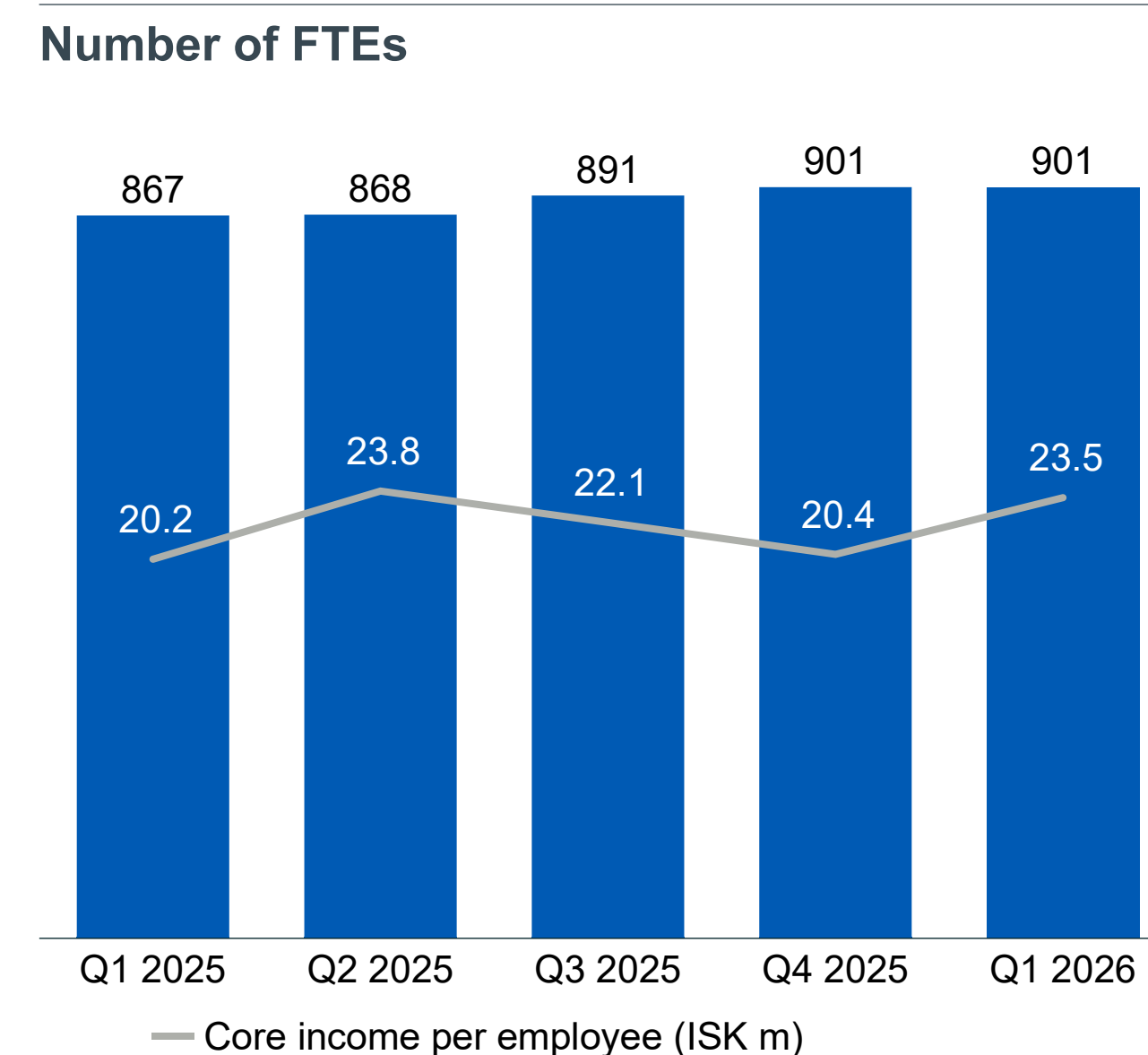
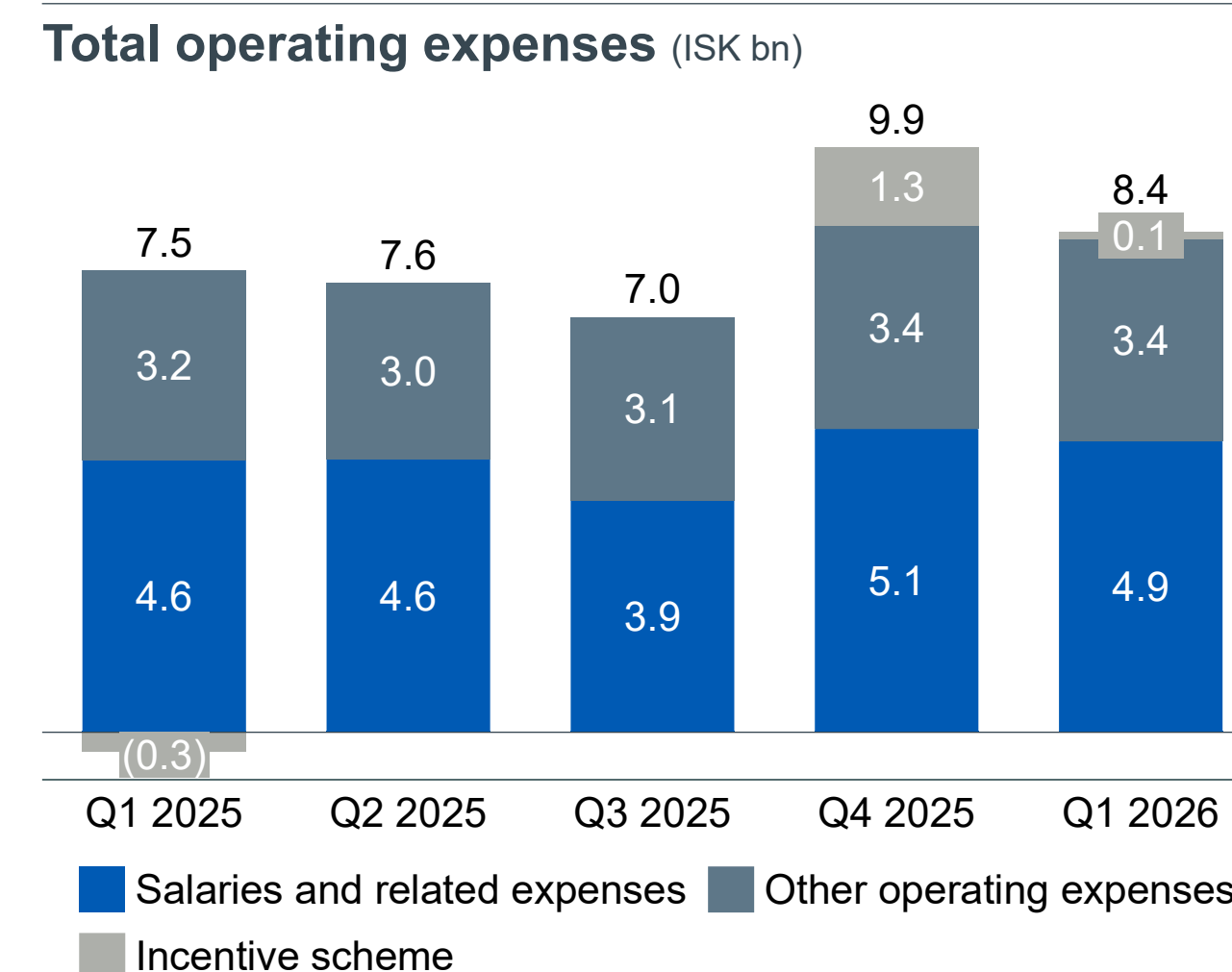
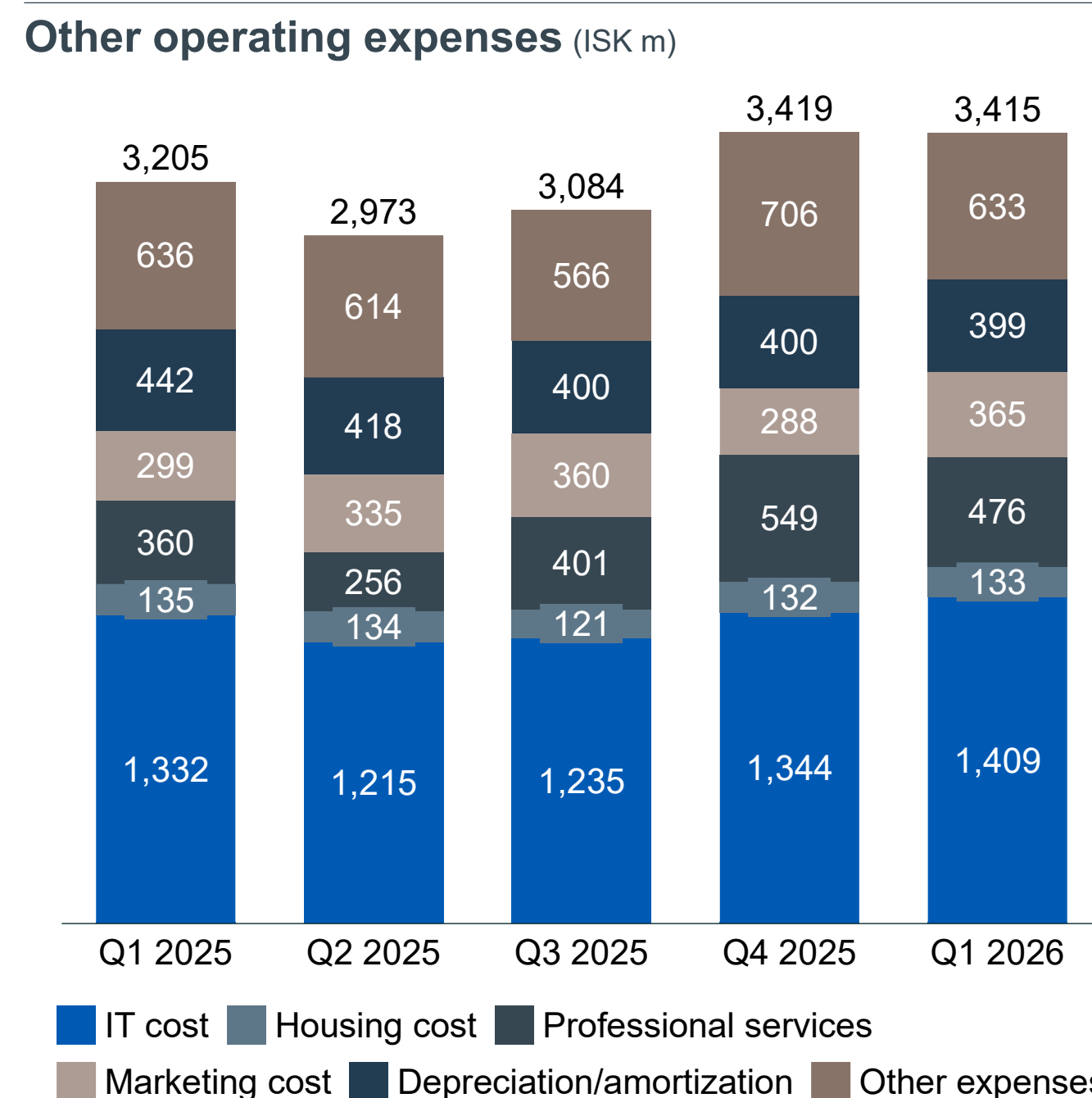
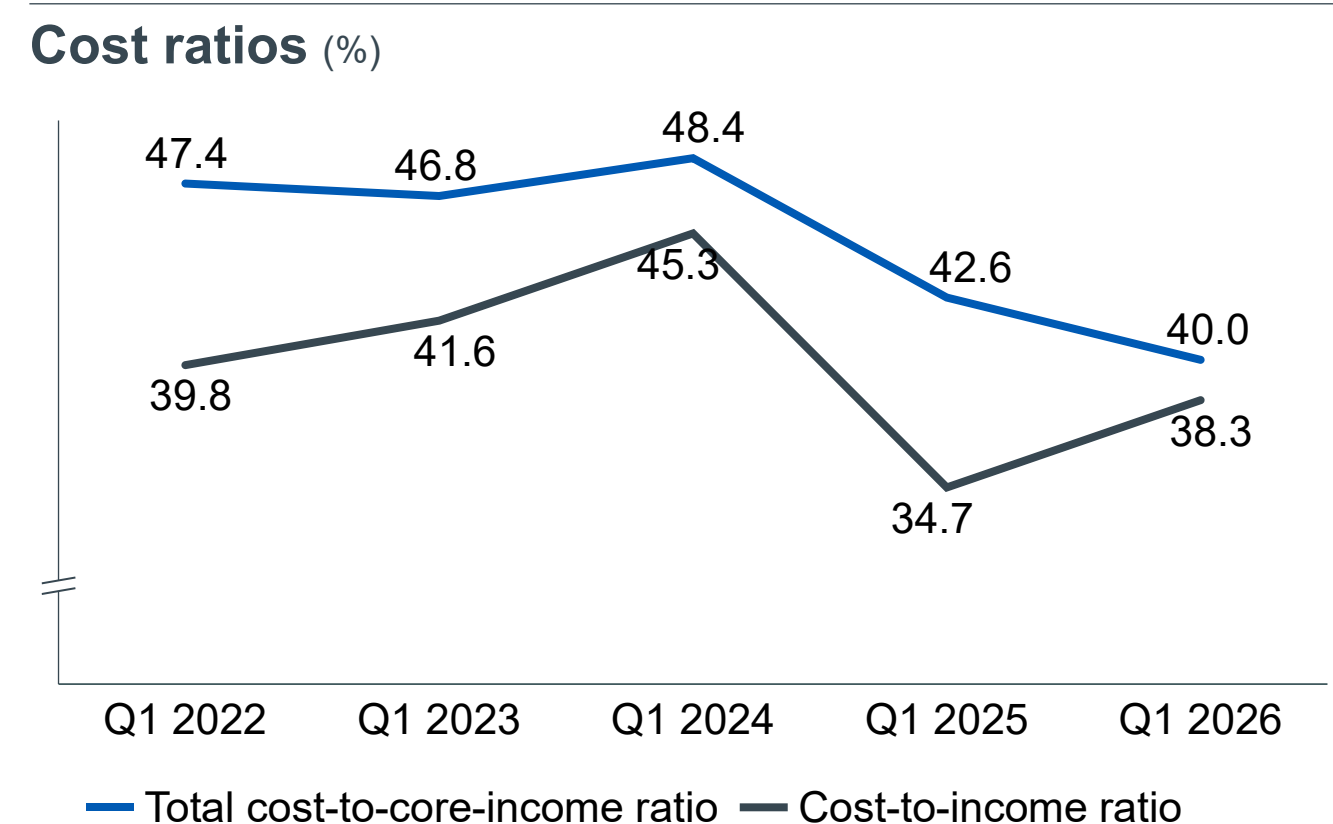
Equity holdings (ISK bn)



Operating expenses*

Stable cost base while headline increase impacted by one-off items

- Total operating expenses outlined here encompass costs associated with the insurance business which is reflected through insurance service results post IFRS 17
- Total operating expenses increased by ISK 964m, or 12.9%, compared with Q1 2025
 - Salaries and related expenses increased by ISK 754m or 17.7%, partly due to reversed expense for the incentive scheme in Q1 2025 of ISK 319m and additional expense relating to incentive scheme this quarter of ISK 119m due to change in approach to deferred payments
 - Collective union wage increase of 3.5% effective from January 2026
 - Other operating expenses increased by 6.6% from Q1 2025 or ISK 210m, partly related to expense of merger discussions between Arion and Kvika
 - Number of FTEs was stable from year-end 2025 but increase from Q1 2025 is mainly in IT, internal controls and growth in subsidiaries



*Operating expenses from insurance operations are included in all figures for comparative purposes
Total cost to core income: Operating expenses including opex from insurance operations / Core operating income excluding opex from insurance operations
Cost to income ratio: Operating income / Operating expenses



Balance sheet

Simple and robust

- Loans to customers increased by ISK 23bn or 1.7% in Q1
- Deposits increased by ISK 16bn or 1.7% in Q1
 - Loans to deposits ratio of 144.3% and 118.2% without loans financed by covered bonds
- Very strong liquidity position:
 - Liquidity coverage ratio (LCR) of 229% (172% in ISK)
 - Net stable funding ratio (NSFR) of 122%

Assets	31.03.2026	31.12.2025	Diff.	31.03.2025	31.12.2024	31.12.2023
Cash & balances with CB	110	150	(27%)	125	124	102
Loans to credit institutions	25	23	10%	27	26	29
Loans to customers	1,352	1,329	2%	1,234	1,230	1,153
Financial assets	261	216	21%	261	206	206
Investment property	7	7	2%	13	9	9
Other assets	29	31	(6%)	27	23	27
Total Assets	1,784	1,756	2%	1,687	1,618	1,526
Liabilities and Equity						
Due to credit institutions & CB	9	12	(22%)	6	7	3
Deposits from customers	937	921	2%	885	857	793
Other liabilities	74	67	10%	69	69	69
Borrowings	517	495	4%	497	433	420
Subordinated liabilities	43	44	(1%)	33	45	41
Total Liabilities	1,579	1,538	3%	1,490	1,411	1,326
Shareholders equity	204	217	(6%)	195	207	199
Non-controlling interest	0	0	-	2	1	1
Total equity	205	217	(6%)	197	207	199
Total Liabilities and Equity	1,784	1,756	2%	1,687	1,618	1,526

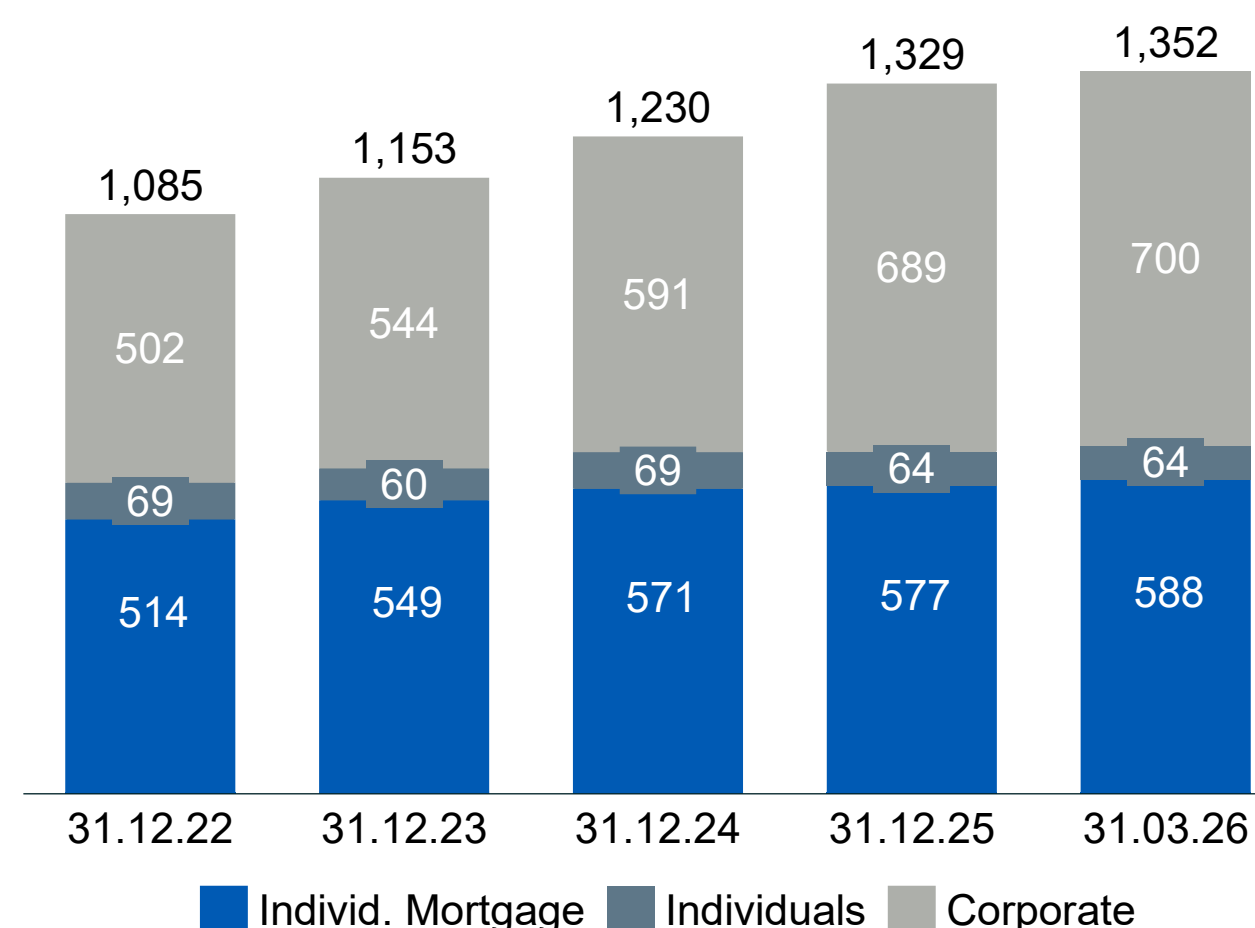


Loans to customers

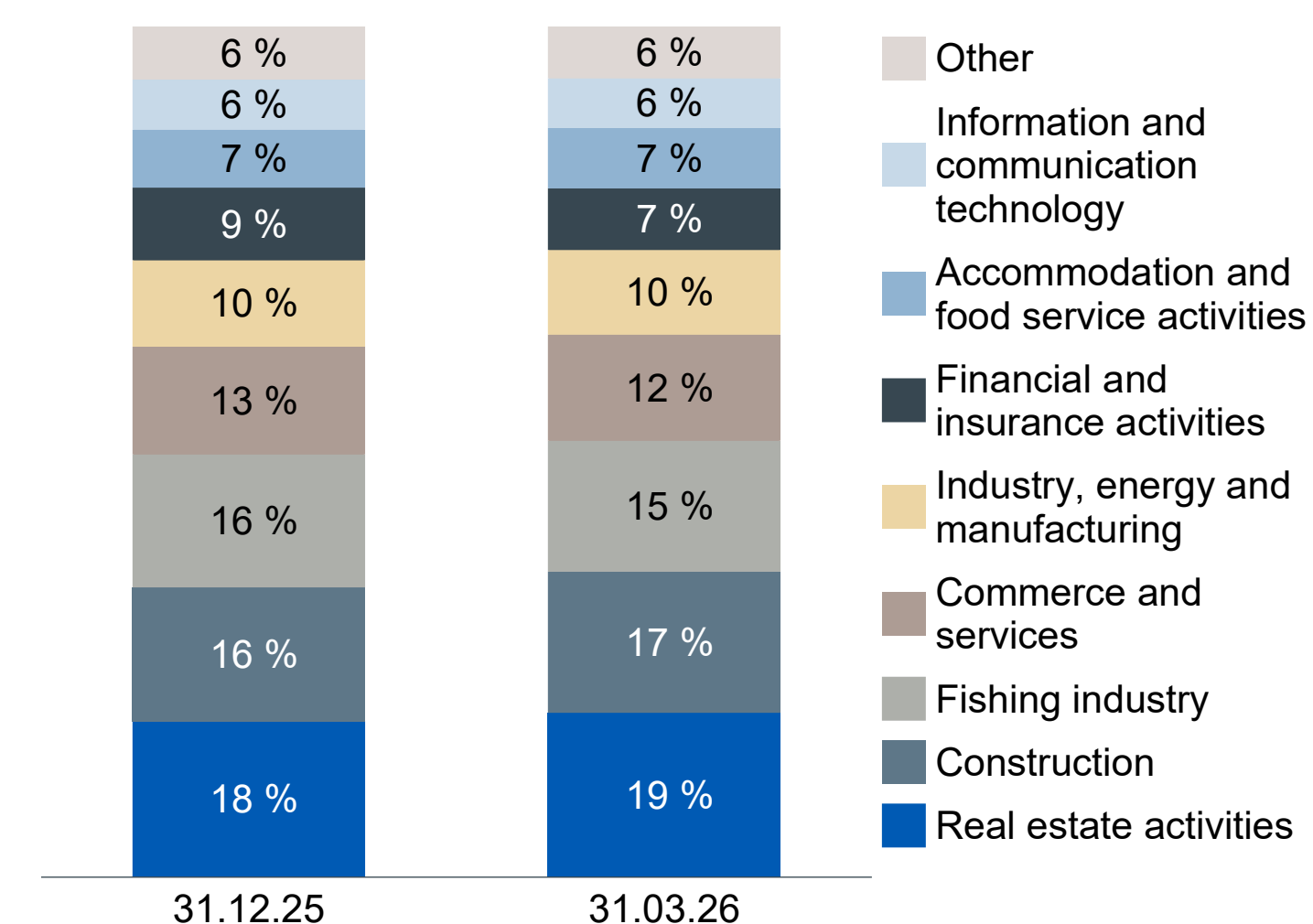
Balanced loan portfolio and continued growth

- Loans to customers total ISK 1,352bn at the end of the quarter, increasing by ISK 23bn or 1.7% during the quarter
- The loan portfolio increased by approximately ISK 9bn due to inflation impact in the quarter but effect from FX change was minimal
- Diversification in terms of sector and single name concentration of the corporate loan book continues to be good and in line with the Bank's credit strategy

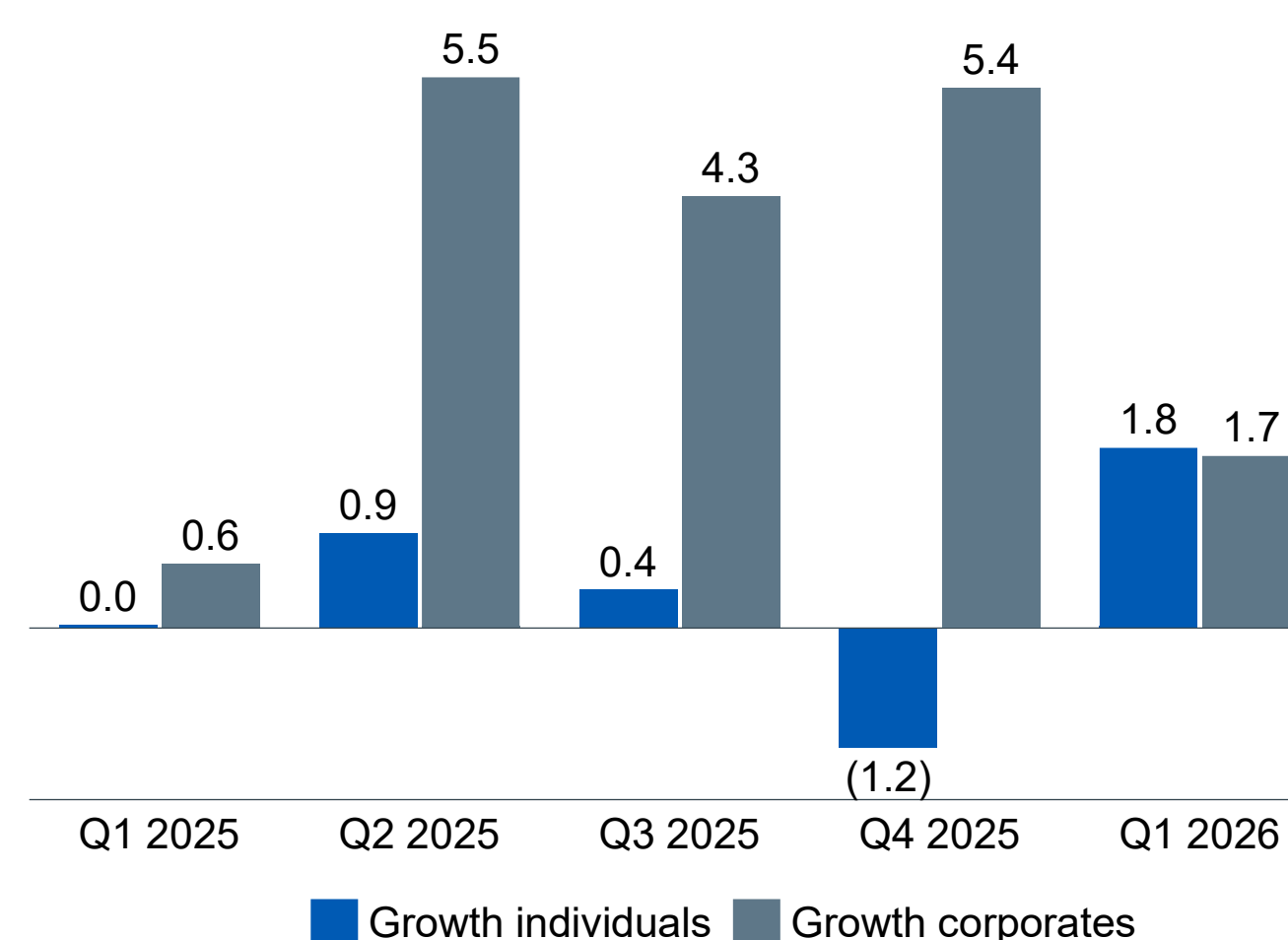
Loans to customers (ISK bn)



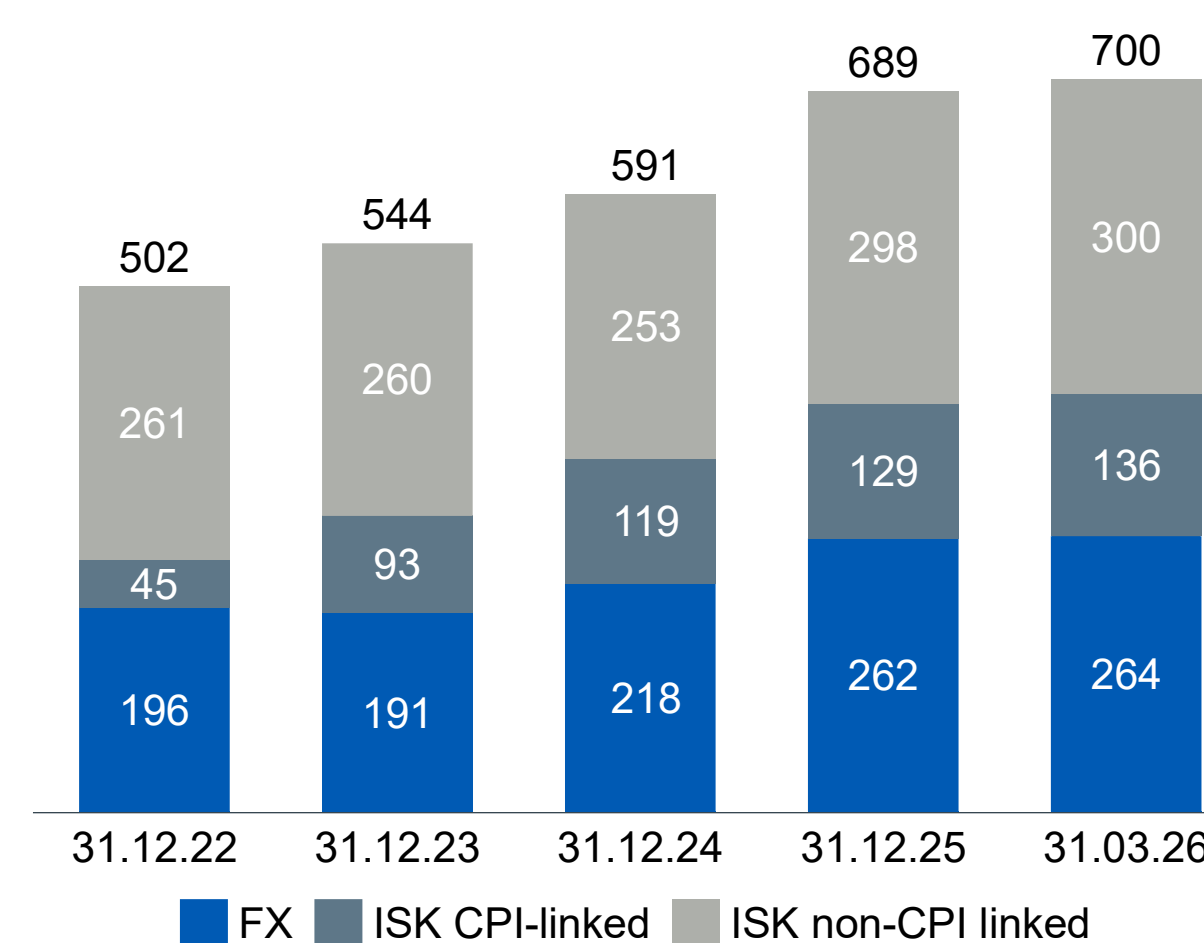
Loans to corporates by sector (%)



Loan growth (%)



Loans to corporates by type (ISK bn)

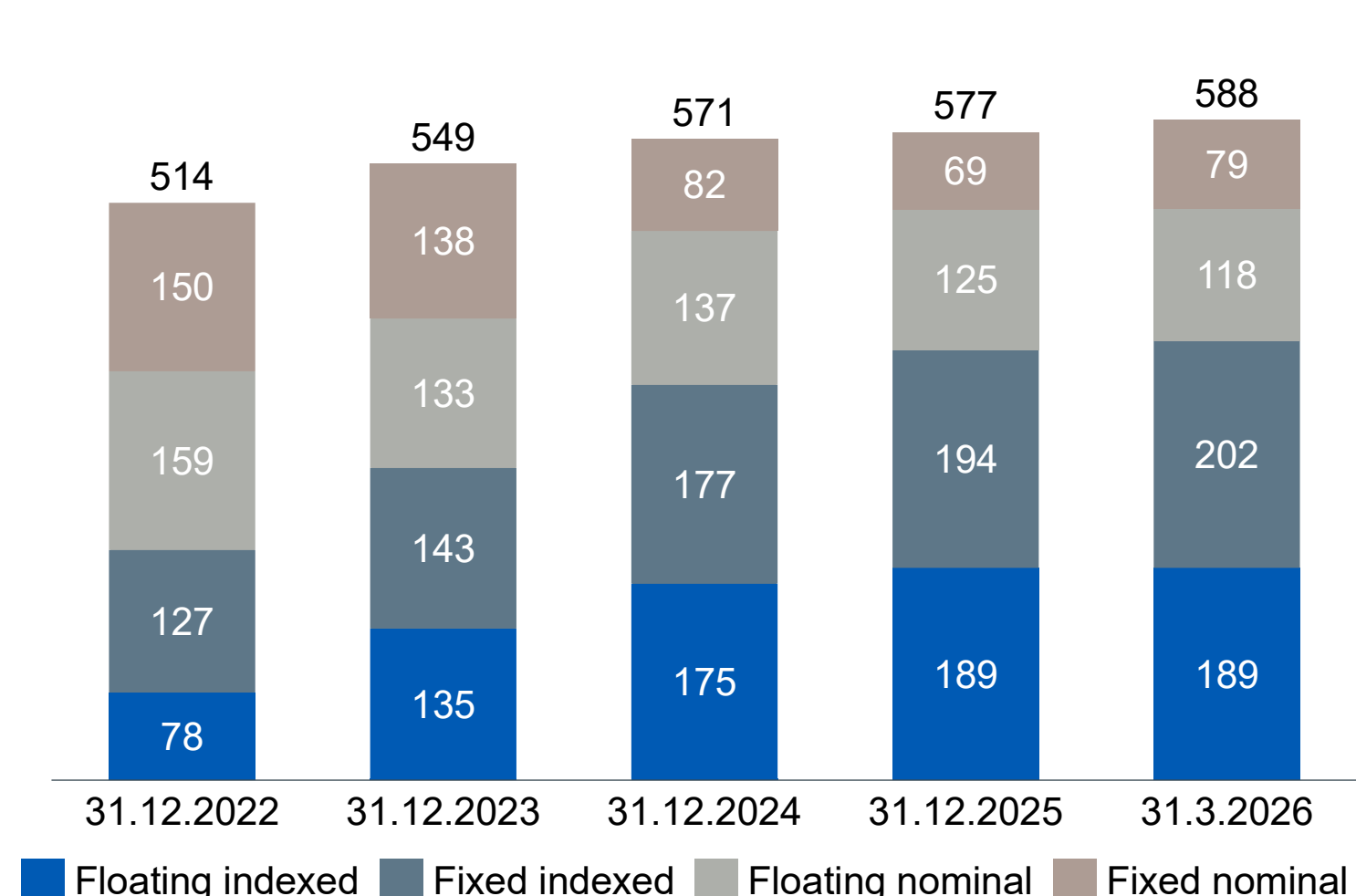


Residential mortgages

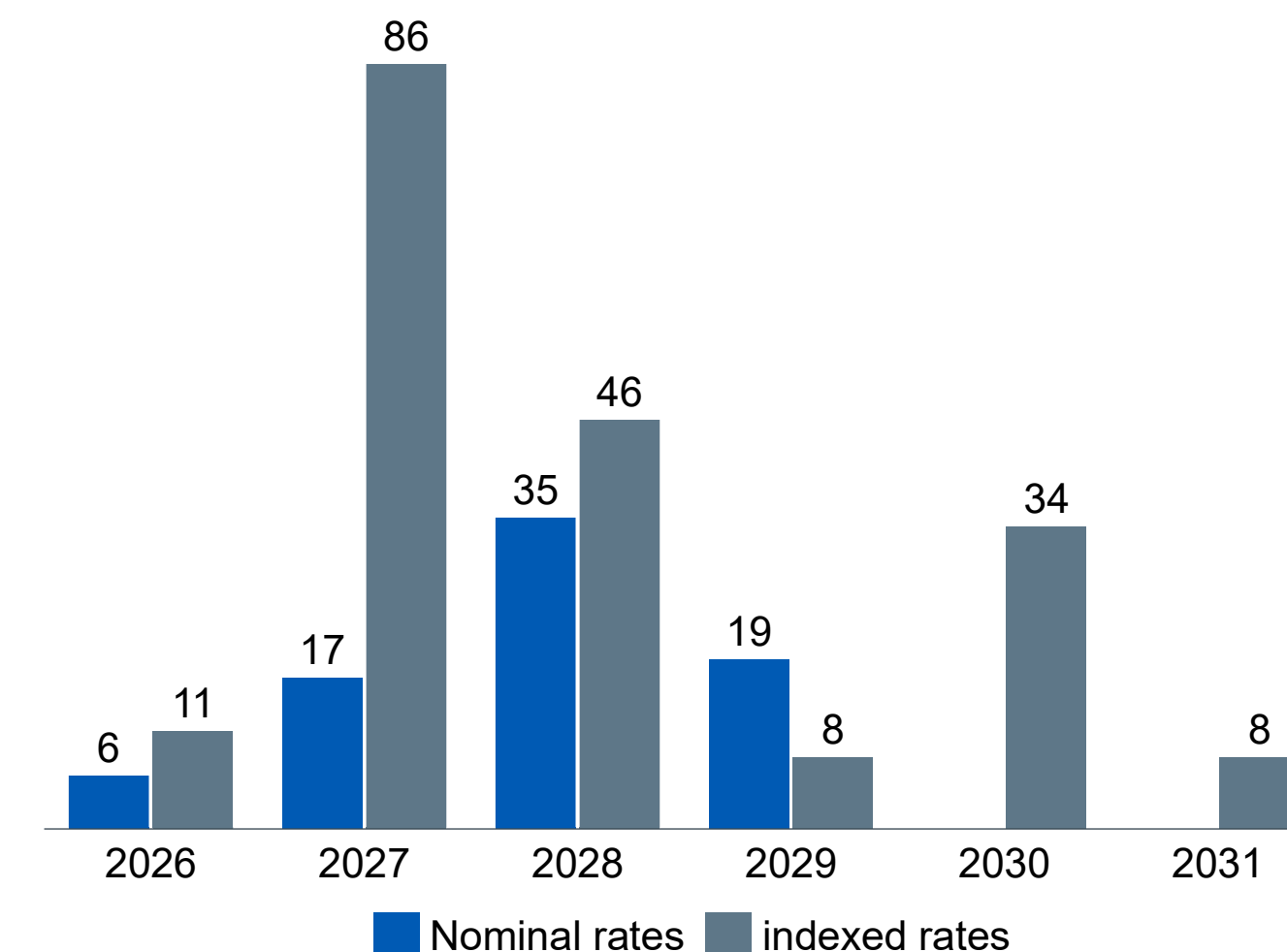
Low default rates and comfortable LTV levels

- Monetary tightening has resulted in a significant shift towards indexed mortgages since 2022. CPI-linked loans now constitute 66% of the mortgage portfolio, compared to 40% at year-end 2022
- The legal ambiguities that surfaced in Q4 2025 were largely resolved by a Supreme Court decision in December
- Household debt to GDP is relatively low in international comparison
- The non-performing loan ratio has stabilized, and past-due payment rates fell in Q1. This improvement stems partly from the Bank's proactive engagement with customers
- The average loan-to-value of the mortgage portfolio is 49.2%. The share of mortgages with LTV above 80% has increased slightly and was 11.4% at period end

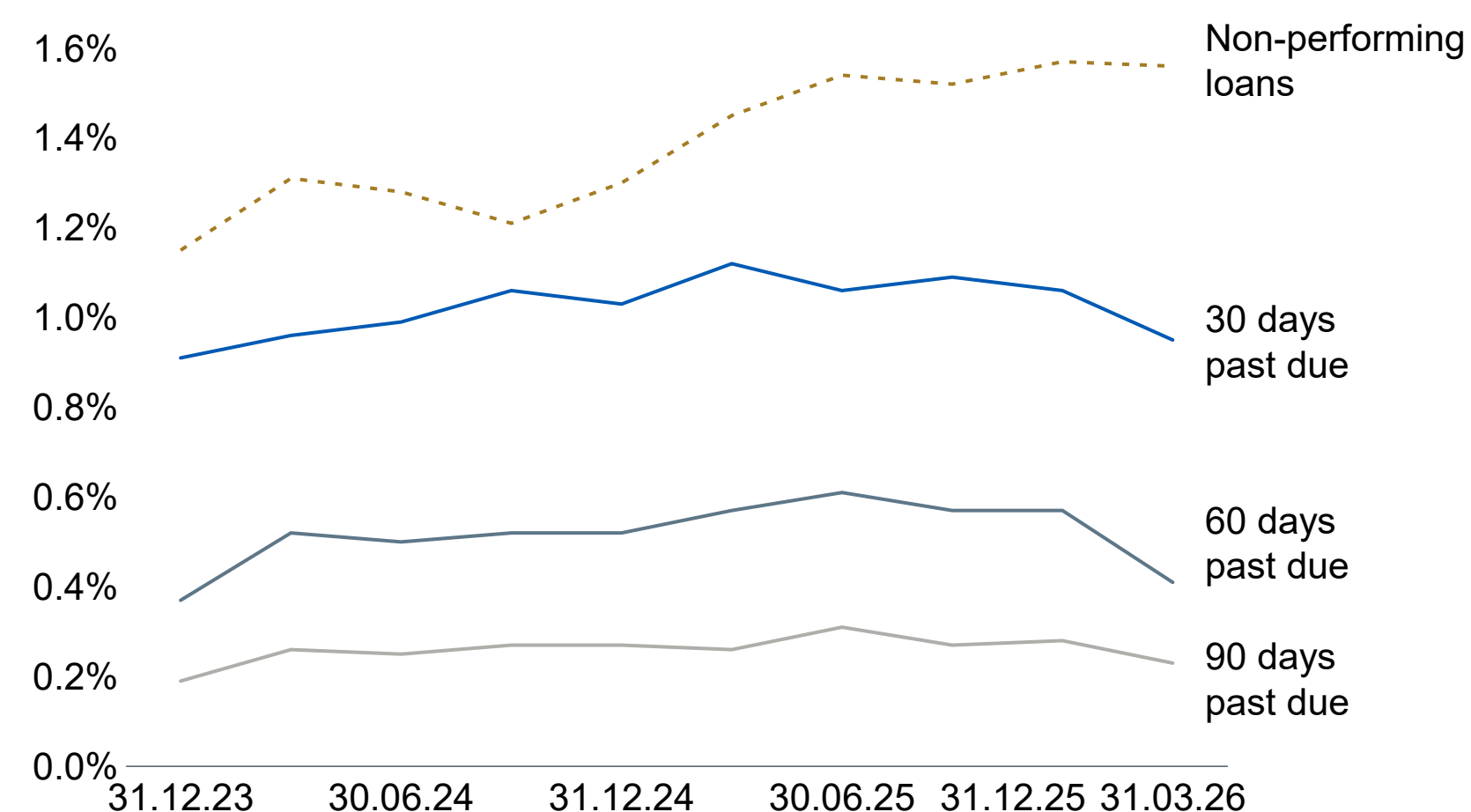
Residential mortgages by interest rate type (ISK bn)



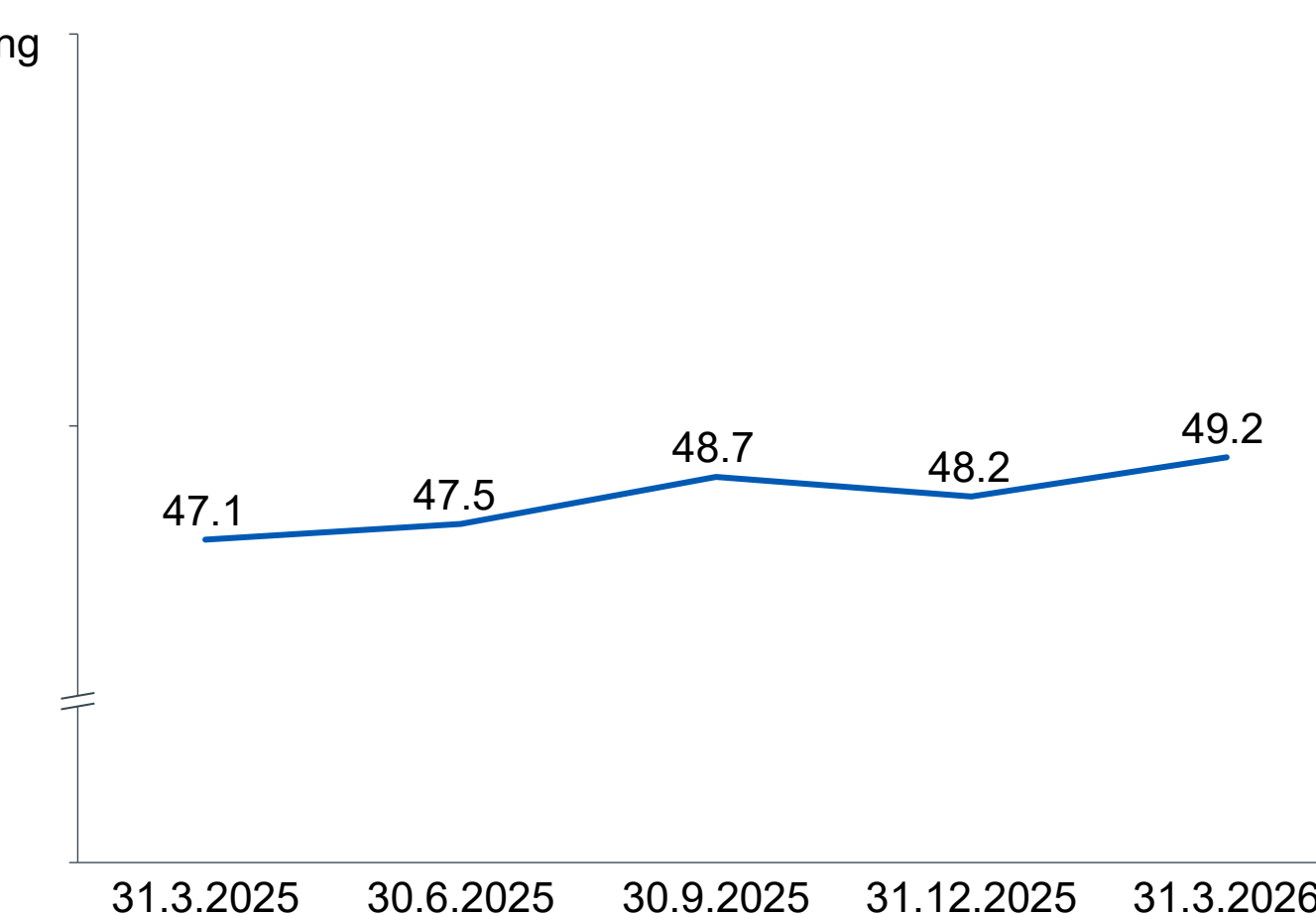
Interest rate profile for fixed mortgages (ISK bn)



Rate of defaults and payments past due



Average loan to value (%)



Non-performing loans: Loans in Stage 3 according to IFRS 9

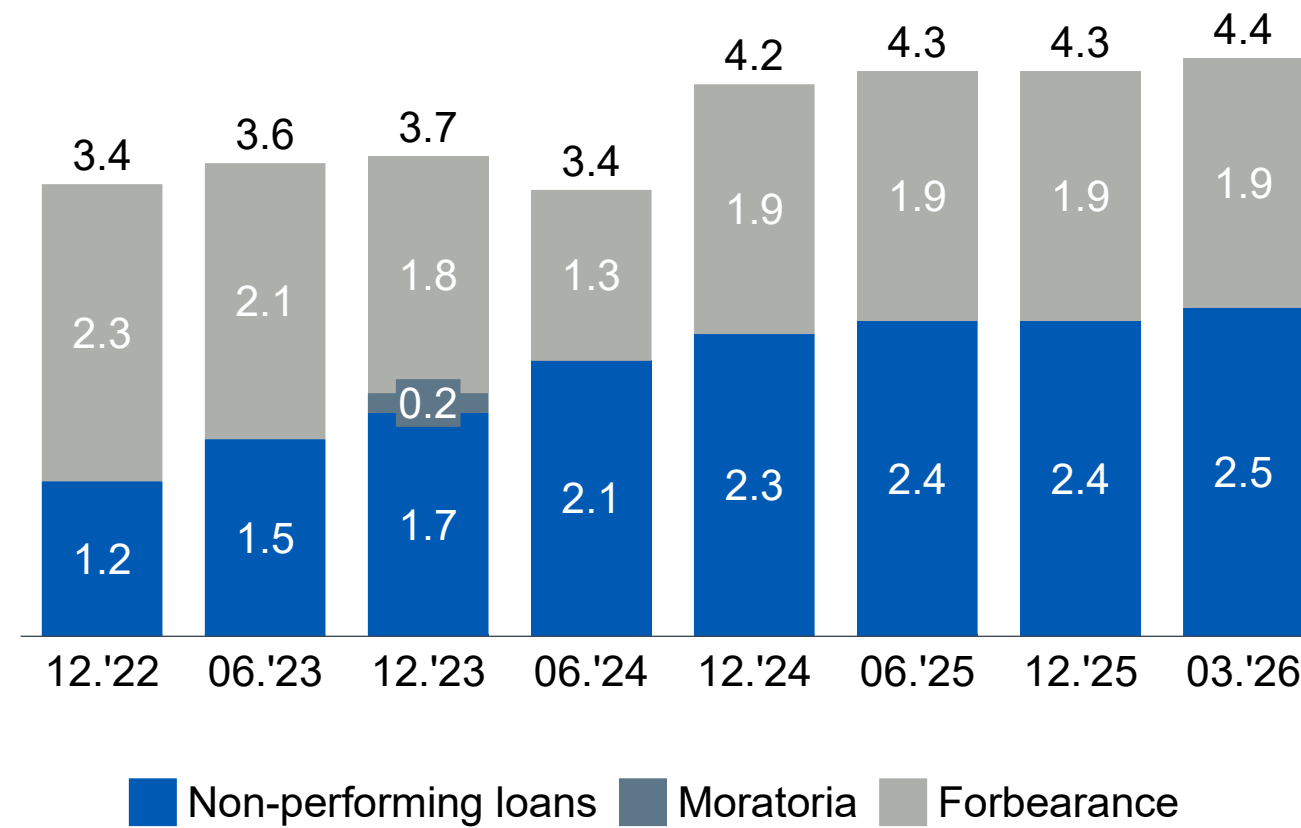


Risk profile

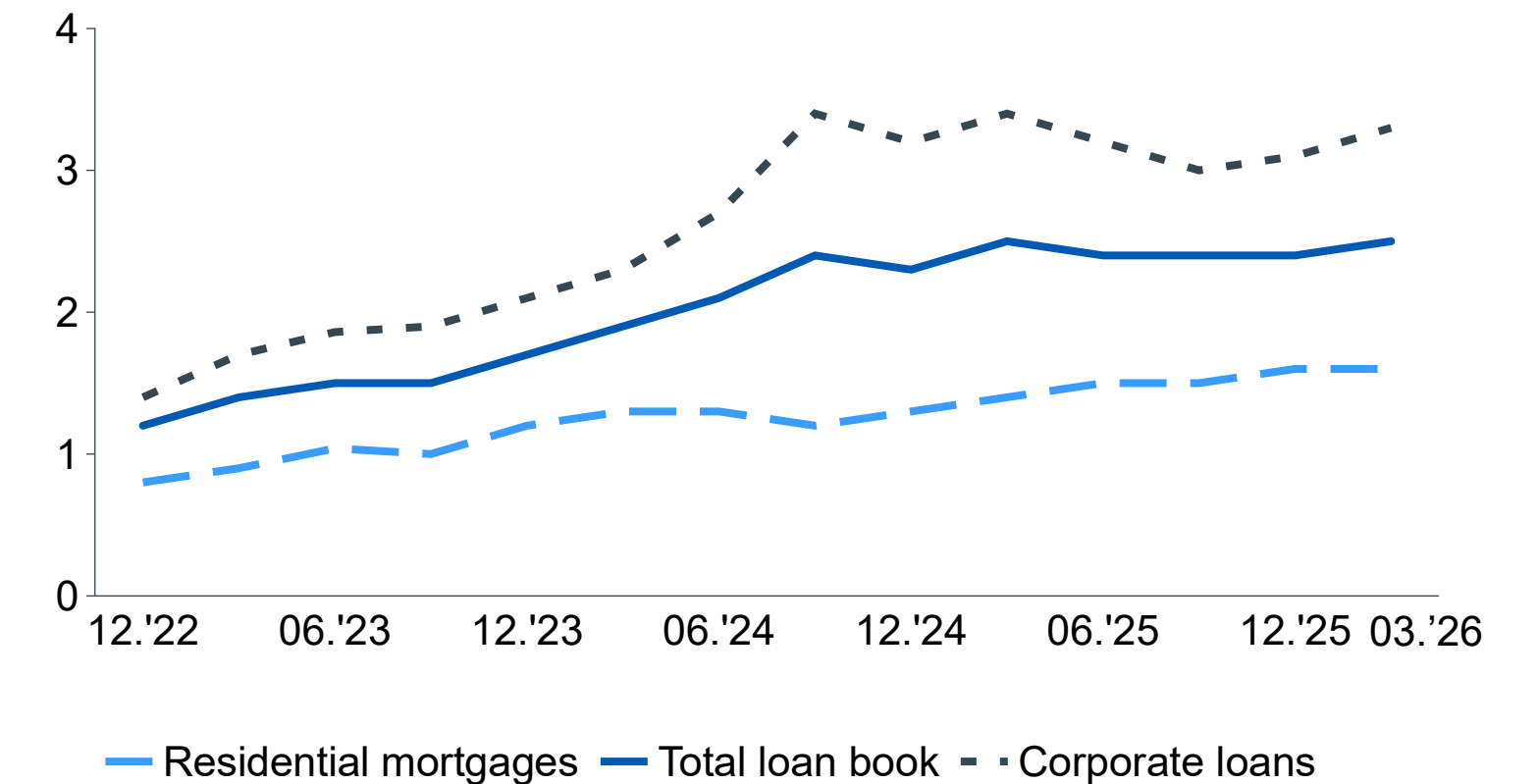
Strong credit quality indicators while the NPL ratio has recently trended upwards

- The non-performing loans ratio has increased in correlation with interest rate levels. Future development is likely to depend on the pace of monetary easing
- Since 2023, the increase to corporate NPLs has to a large degree been concentrated in the construction sector, which is impacted by elevated funding costs amid a slowing housing market
- NPLs generally have good collateral coverage, as reflected in a Stage 3 coverage ratio of 22.5%
- Forborne exposures that are not in Stage 3 represent 1.9% of loans to customers
- Total expected credit loss is estimated to be in the range 20-25bps in the long term based on current loan book composition. At the end of Q1 the 12-month expected credit loss ratio of 30bps reflects management's prudent view given current economic conditions

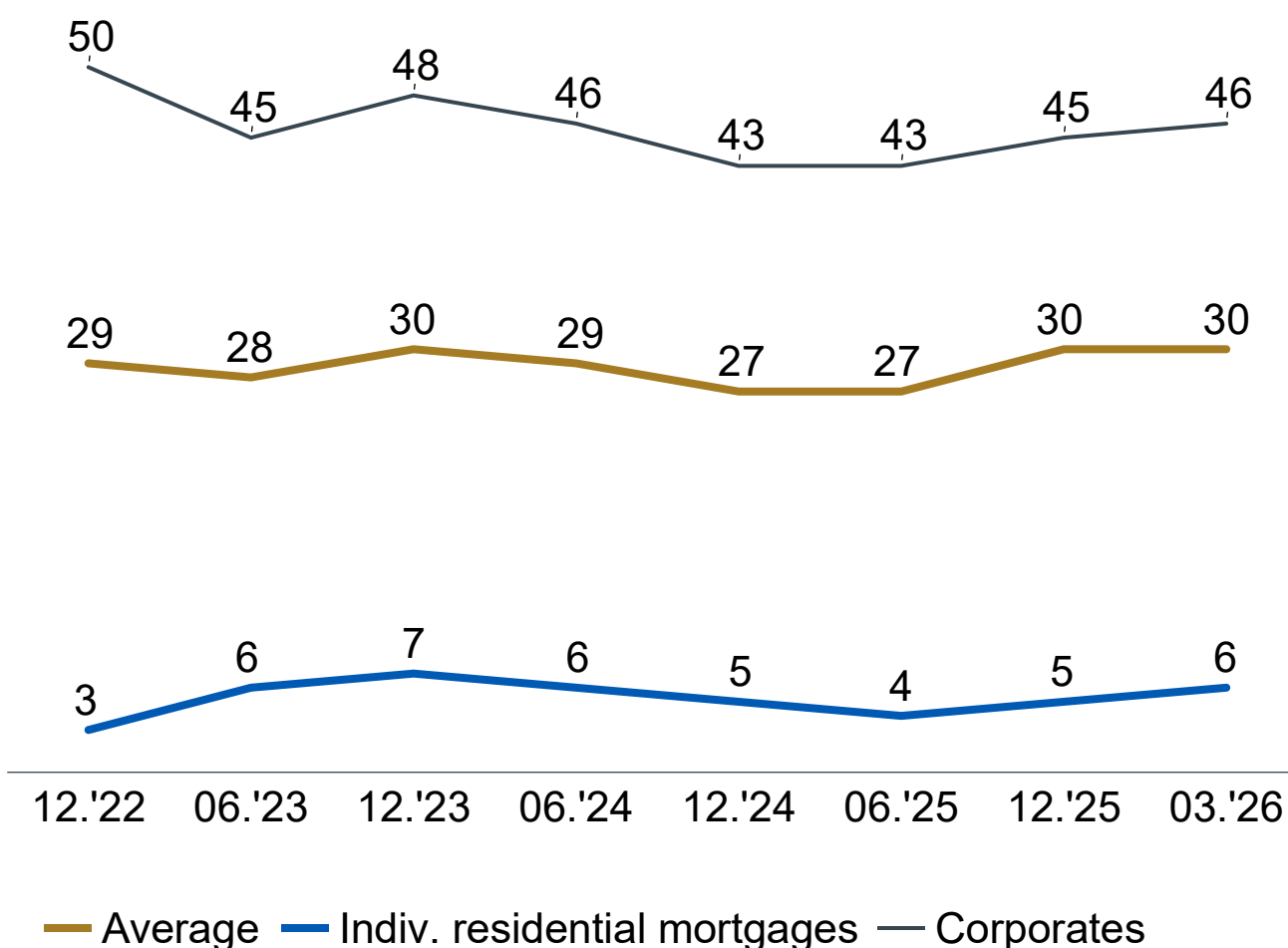
Development of non-performing loans, moratoria and forbearance (% of total loan book)



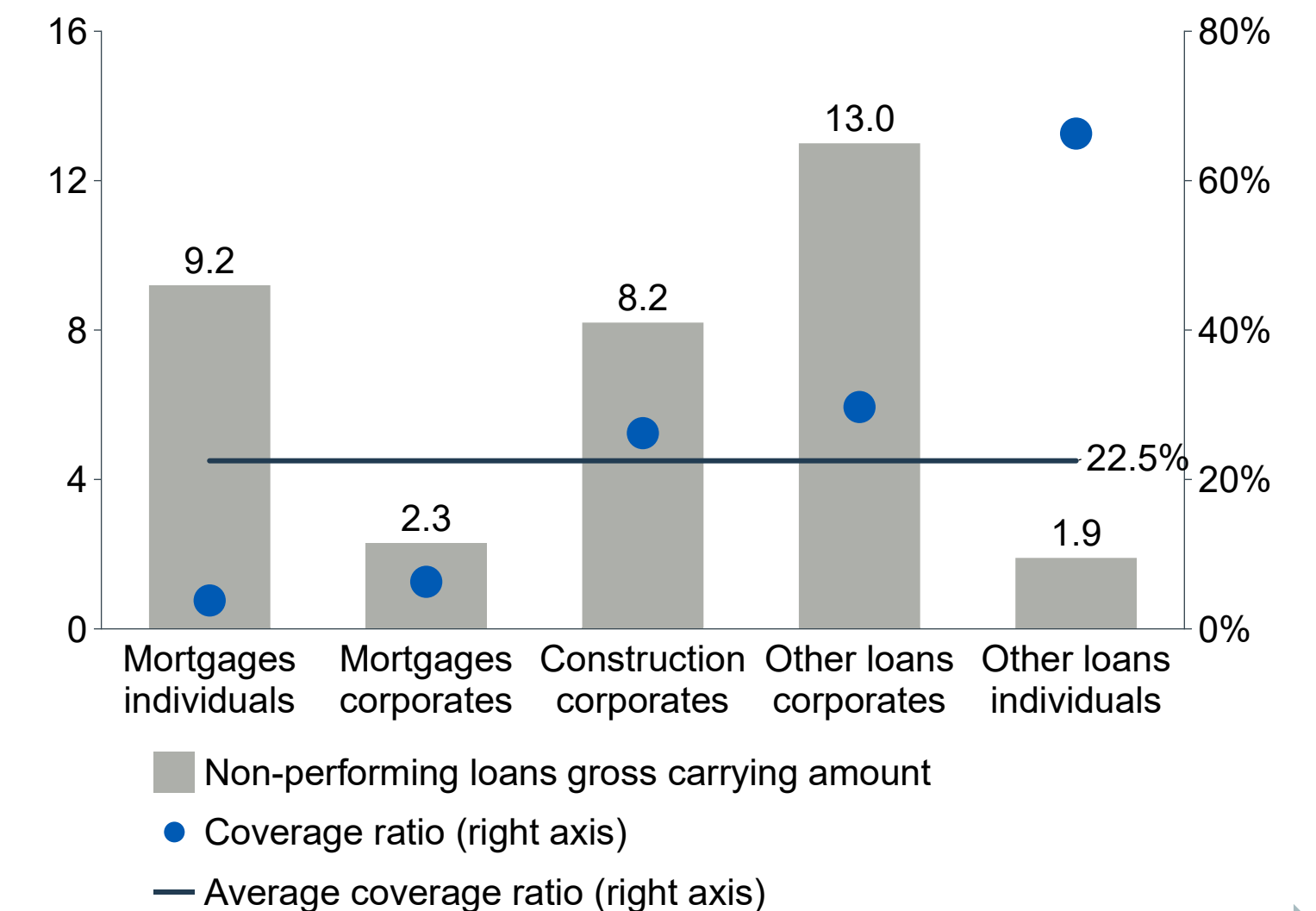
Development of NPL ratio between segments (% of relevant loan book)



12-month expected credit loss for performing loans to customers (on balance sheet) (bps)



NPL coverage breakdown* (ISK bn)



Non-performing loans: Loans in Stage 3 according to IFRS 9

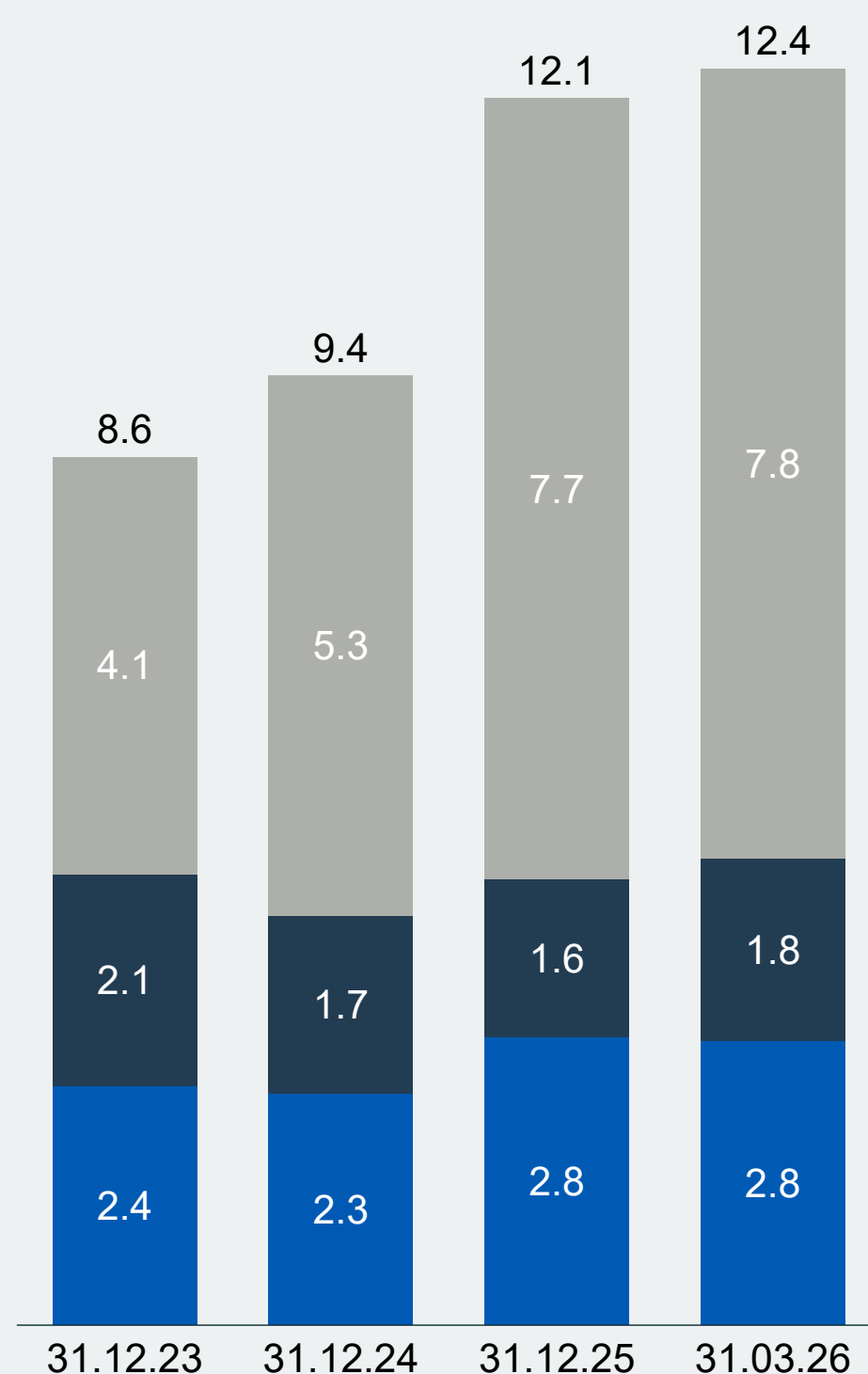
*Residential property development or secured by residential real estate or land



Loss allowance by IFRS 9 stages

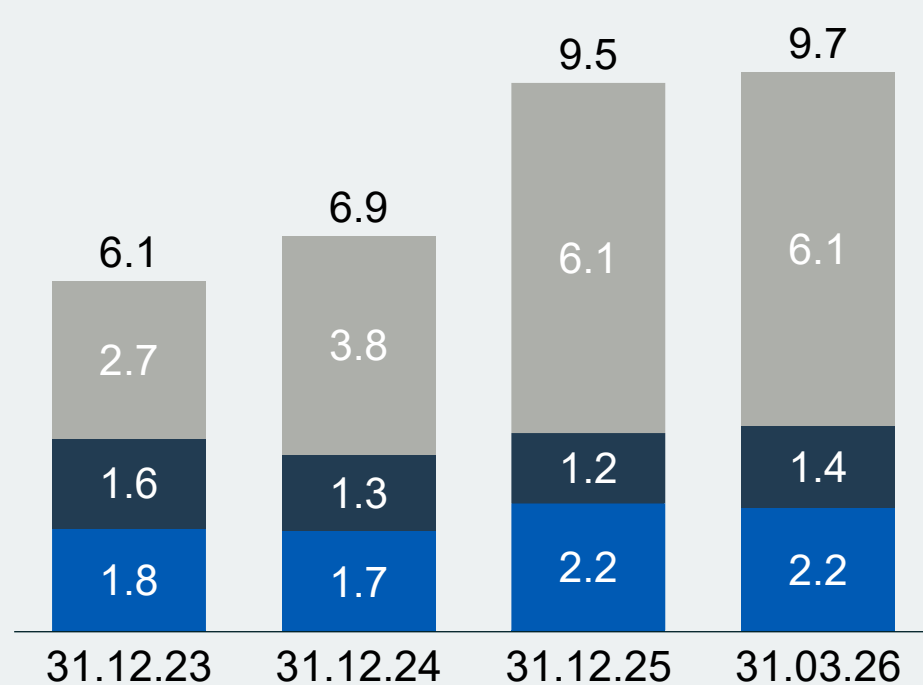
On loans to customers total (ISK bn)

The impairment ratio was 0.91%, compared to 0.94% at year end 2025



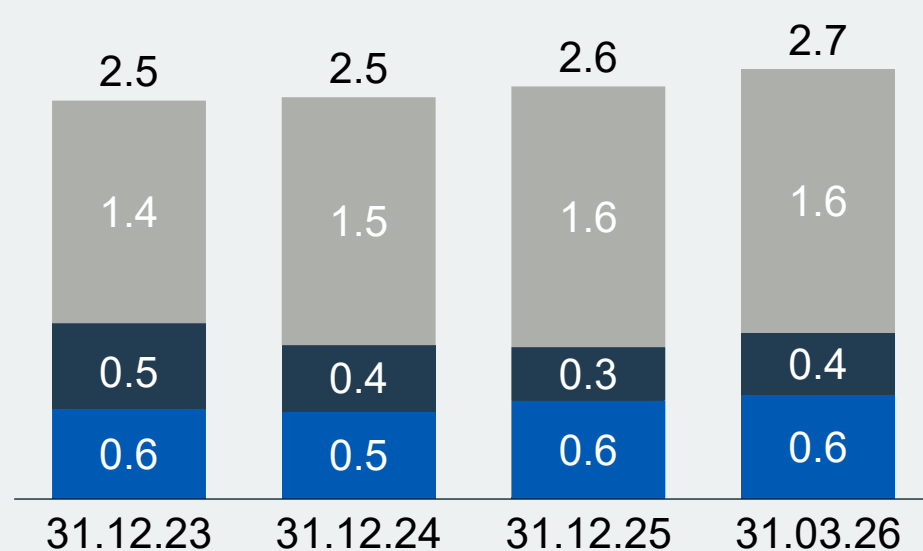
On loans to corporates (ISK bn)

Loans to corporates provisioned 1.37% at period end



On loans to individuals (ISK bn)

Loans to individuals provisioned 0.41% at period end



■ Stage 1 ■ Stage 2 ■ Stage 3

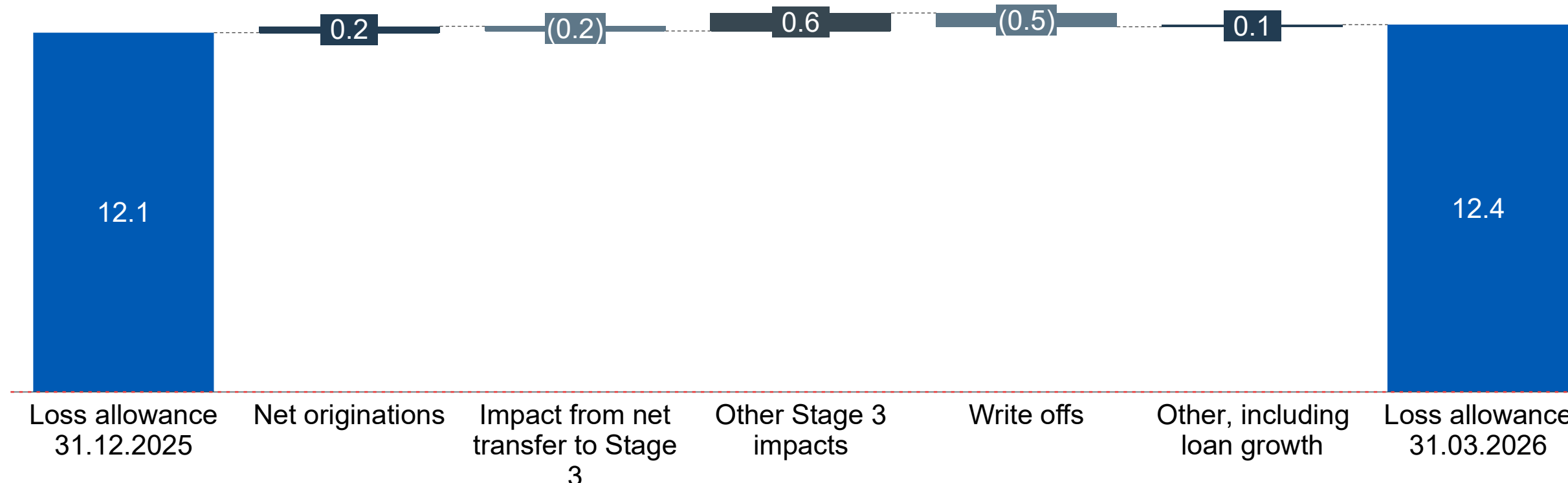
IFRS 9 economic scenarios and assumptions

Over the past few years, probability weights have been tilted toward the pessimistic scenario to reflect the anticipated pressure on credit quality from sustained high interest rates and broader economic slowdown

IFRS9 scenario likelihood	YE 2022	YE 2023	YE 2024	YE 2025	31.03.26
Optimistic	10%	10%	10%	15%	15%
Base case	65%	60%	60%	60%	60%
Pessimistic	25%	30%	30%	25%	25%

Changes to loss allowance on loans to customers YTD (ISK bn)

Included are FX changes and calculated interest on Stage 3 provision, which are not reflected in Net impairment line in the Income Statement. Off-balance impairments and effect of payments of loans previously written off are excluded from this analysis

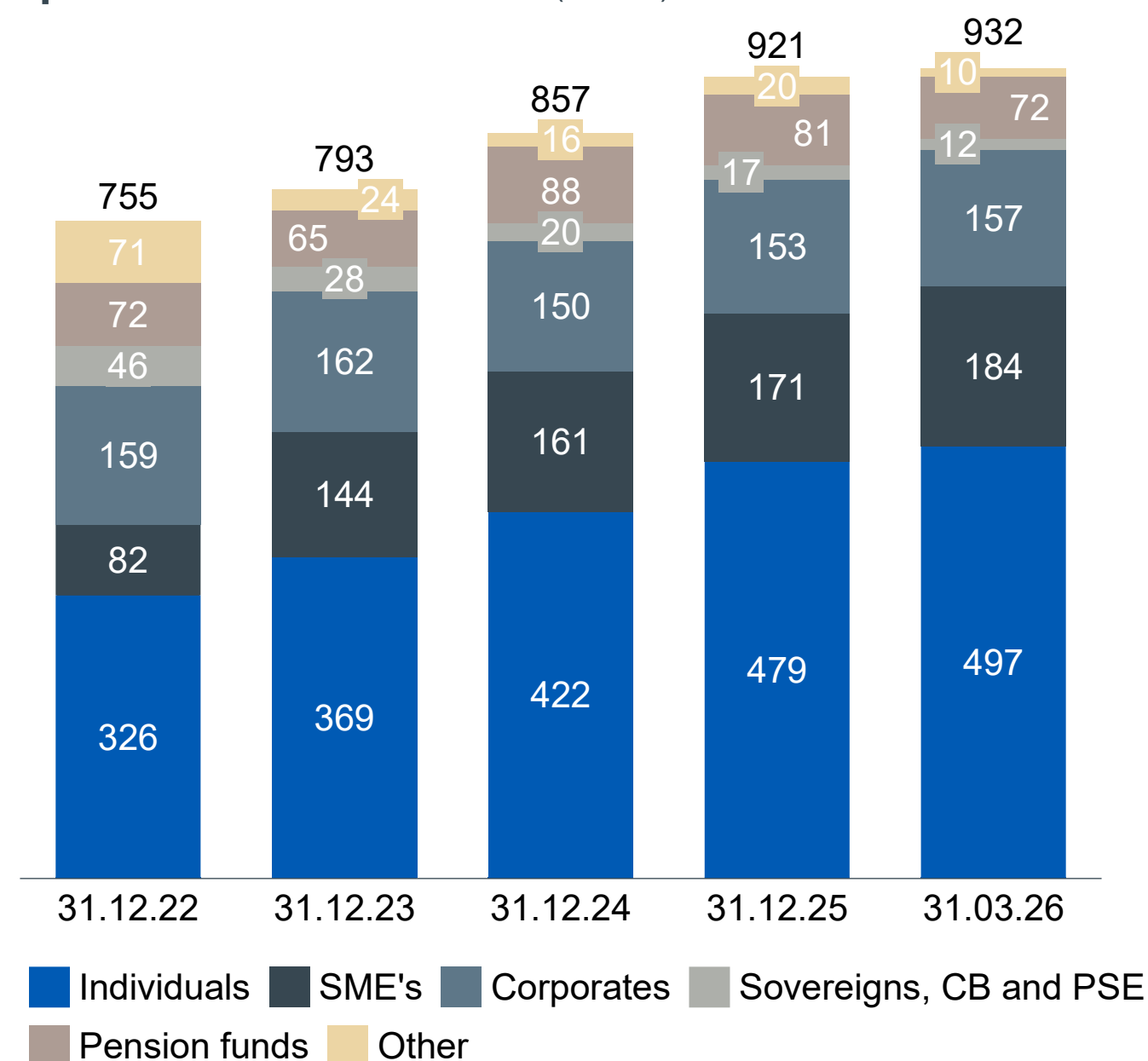


Deposits from customers

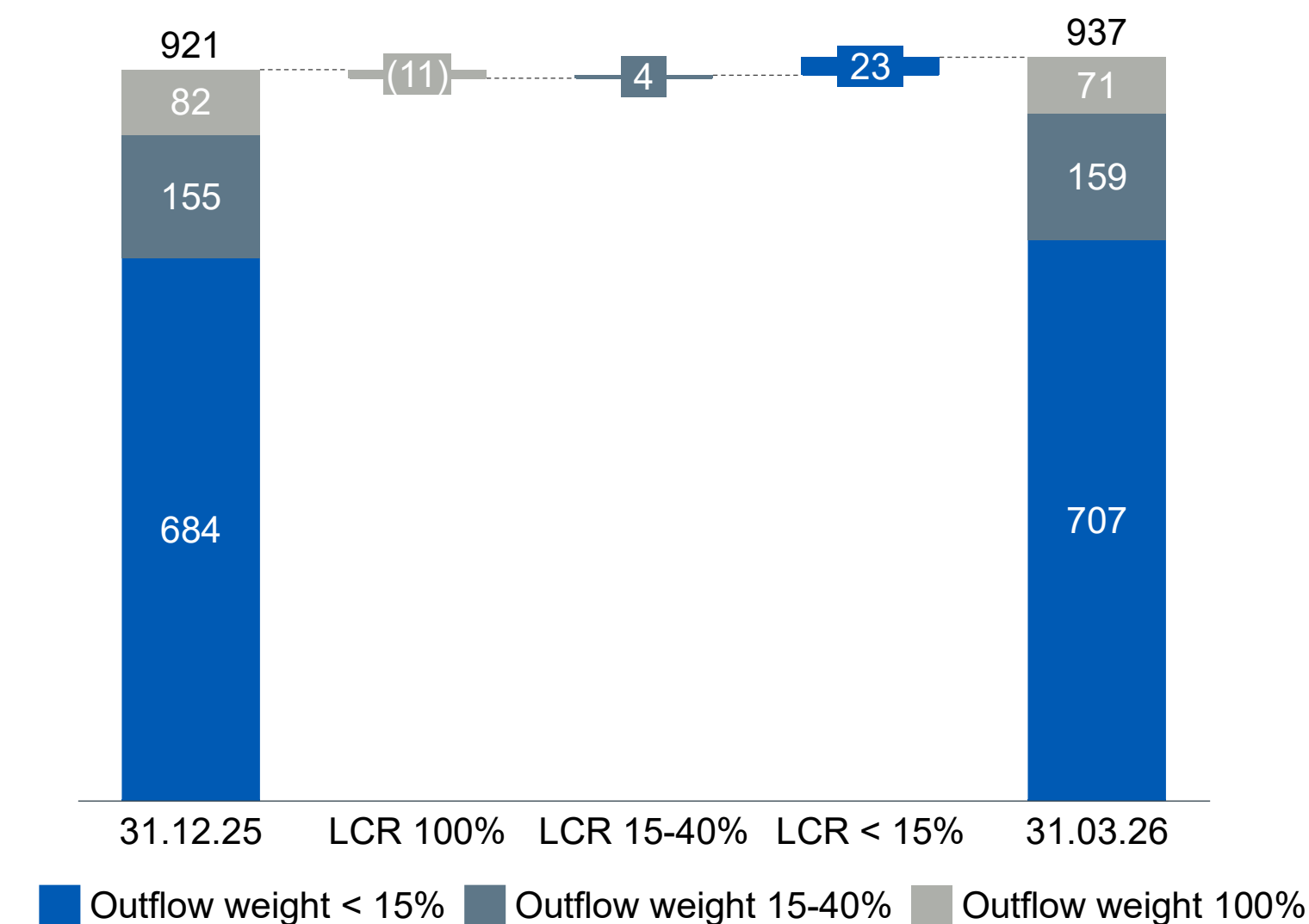
Continued momentum in stable deposits

- Deposits from customers of ISK 932bn represent 59% of the Bank's total liabilities
- Stable deposits consist of deposits from individuals, SMEs and corporates with low LCR outflow weight, stable deposits increased by 4.4% during the quarter
 - Deposits from individuals increased by 3.8% in Q1, largely related to the new retail savings account within Arion Rewards
 - SMEs and corporate deposits increased in Q1 by 5.2%
- Loans to deposits ratio of 144.3% at the end of the quarter and has been relatively stable over the last few years

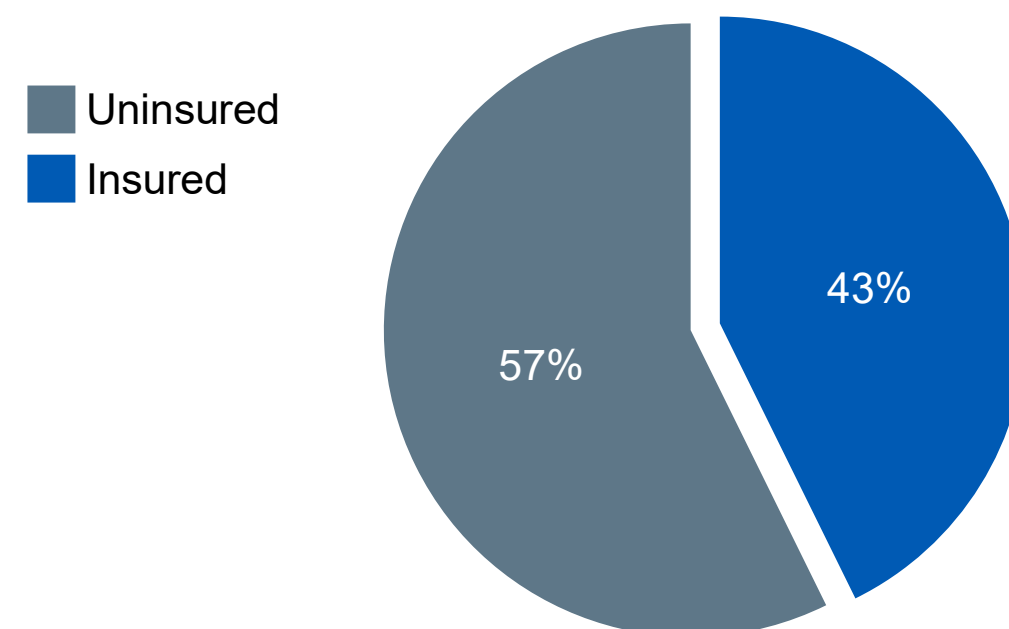
Deposits from customers (ISK bn)



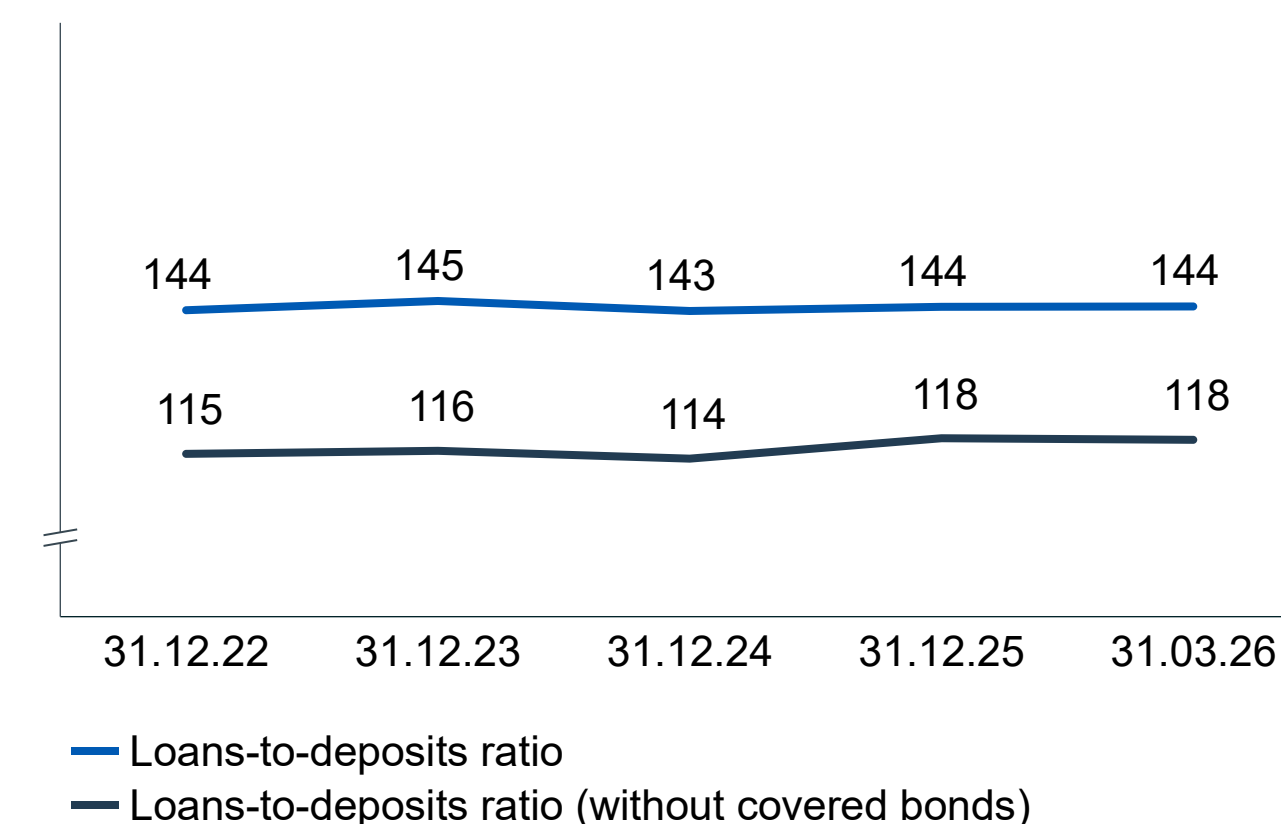
Deposit growth by LCR outflow category (ISK bn)



Deposits by insurance scheme



Loans to deposits ratio (%)

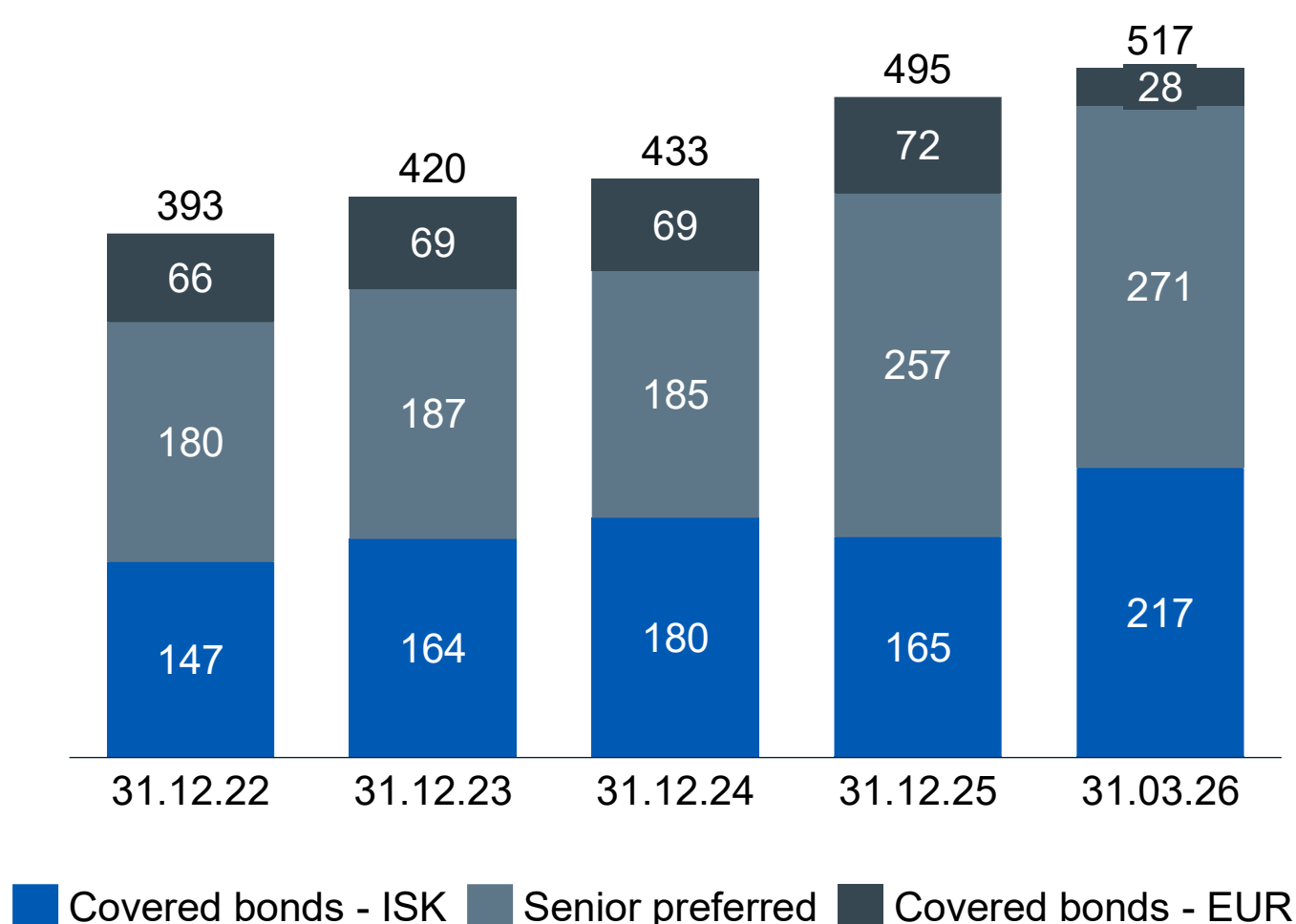


Funding and rating

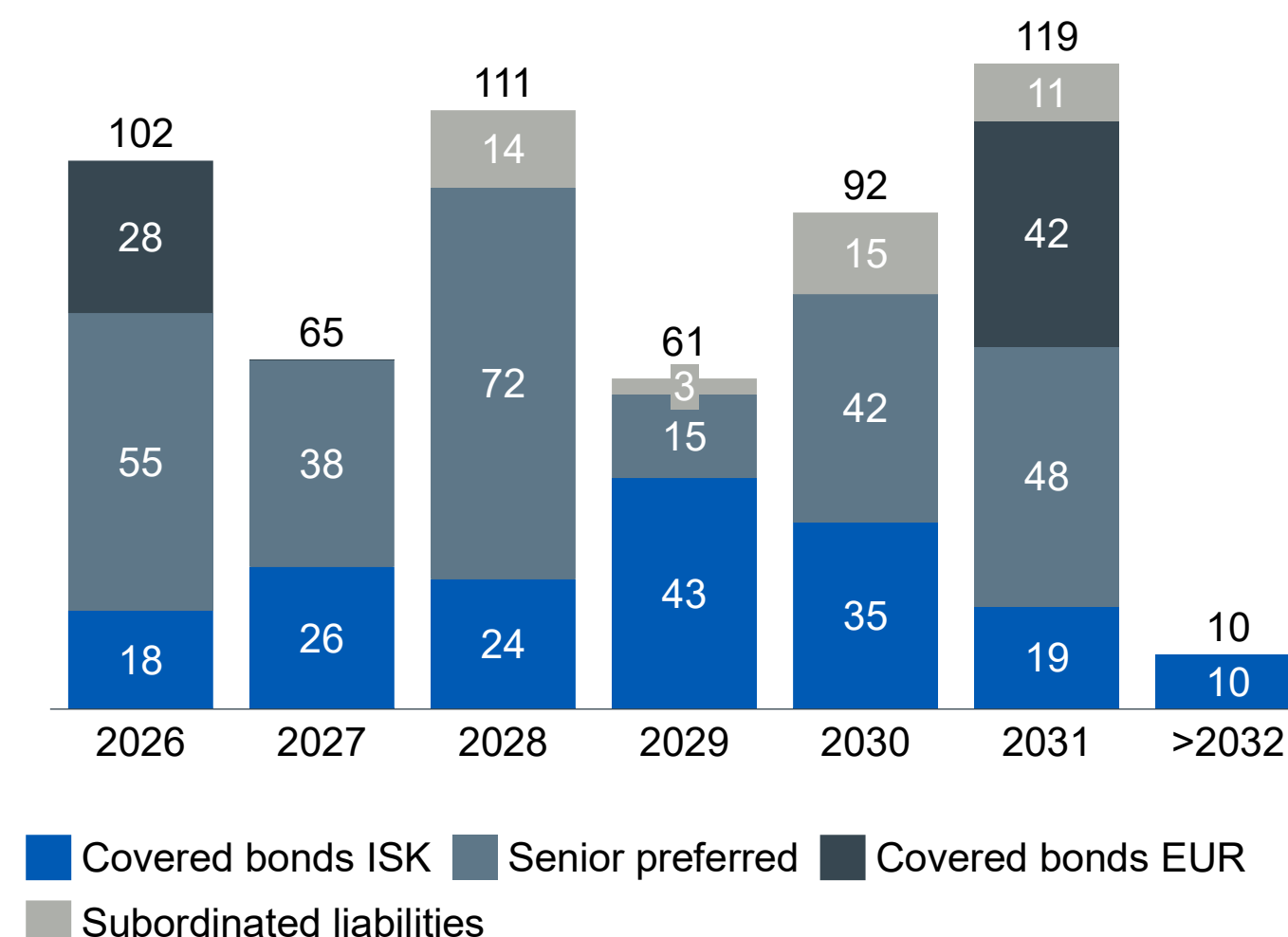
Robust funding profile and stable ratings

- EUR 300m 5-year European covered bond issued in February
 - Priced at 2.75% coupon (40 bps over mid-swaps)
 - EUR 300m tender completed of outstanding EUR 500m covered bonds maturing in Q4
- Issued Green Senior Preferred bonds in SEK and NOK (3 and 5 year) totaling SEK 850m and NOK 850m
 - Pricing ranged from 80–107 bps over 3-month NIBOR/STIBOR
- ISK 9.5bn of covered bonds issued domestically in Q1 2026
- Credit spreads remained stable despite market volatility
- In April Moody's affirmed Arion Bank's credit rating with a stable outlook
- Maturity of a high coupon senior bond in May reduces overall wholesale funding costs (issued at a 407-bps spread during peak market stress in 2023)

Borrowings by type (ISK bn)



Maturities of borrowings and call dates on subordinated liabilities (ISK bn)



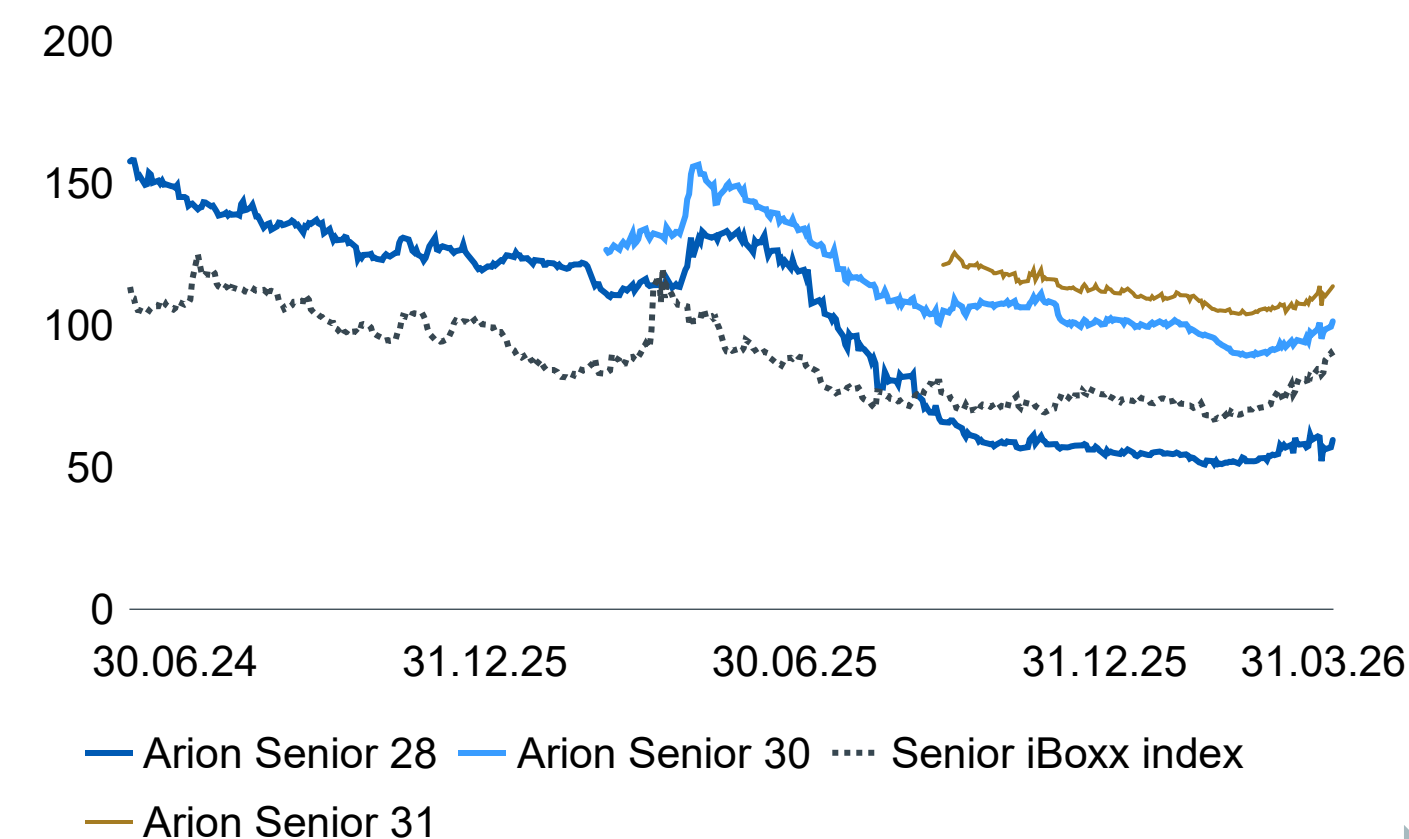
Ratings

MOODY'S



Issuer - long term	A3	A1
Covered bond	Aa1	N/A
Outlook	Stable	Stable

Development of EUR funding spreads (bps)

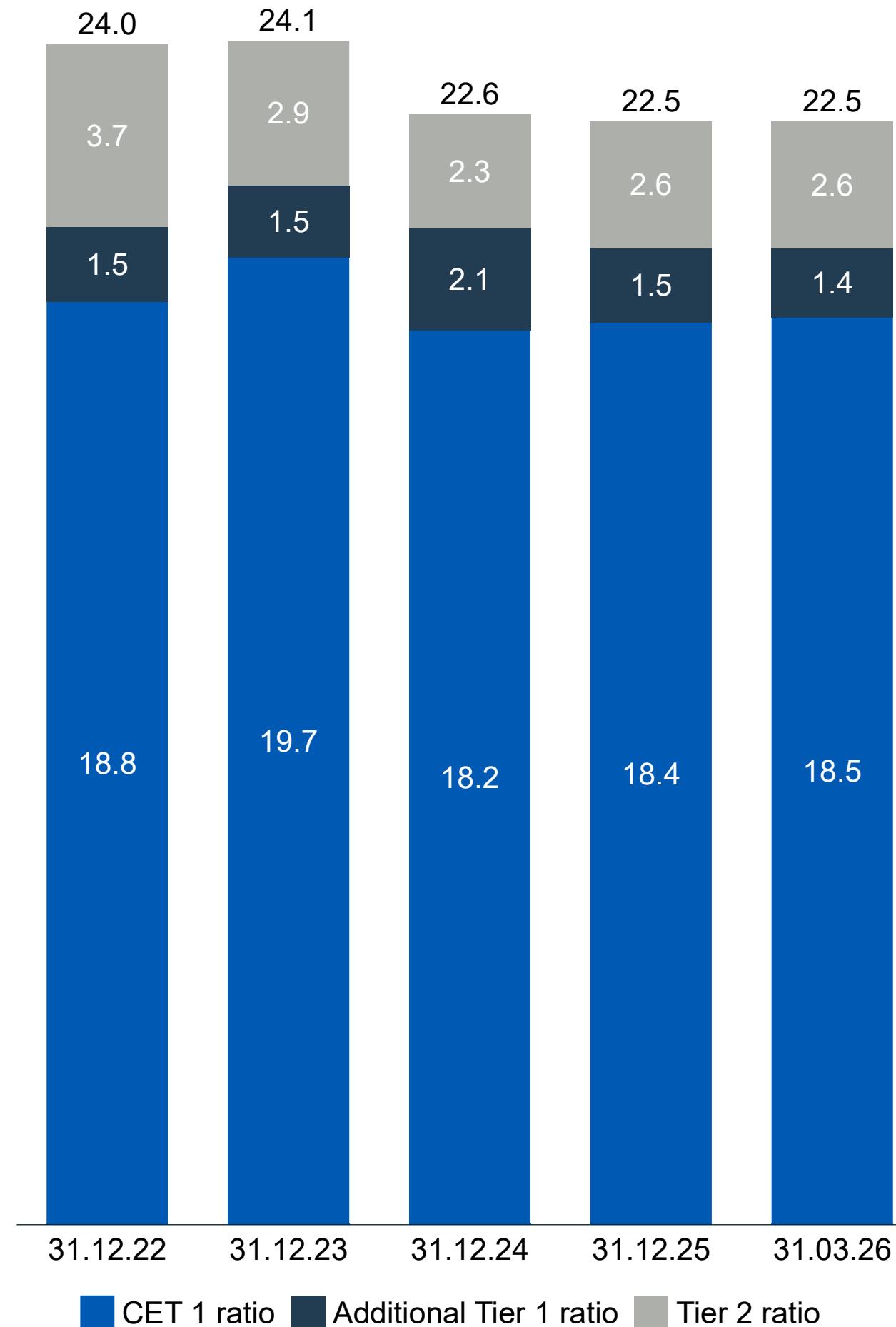


Own funds

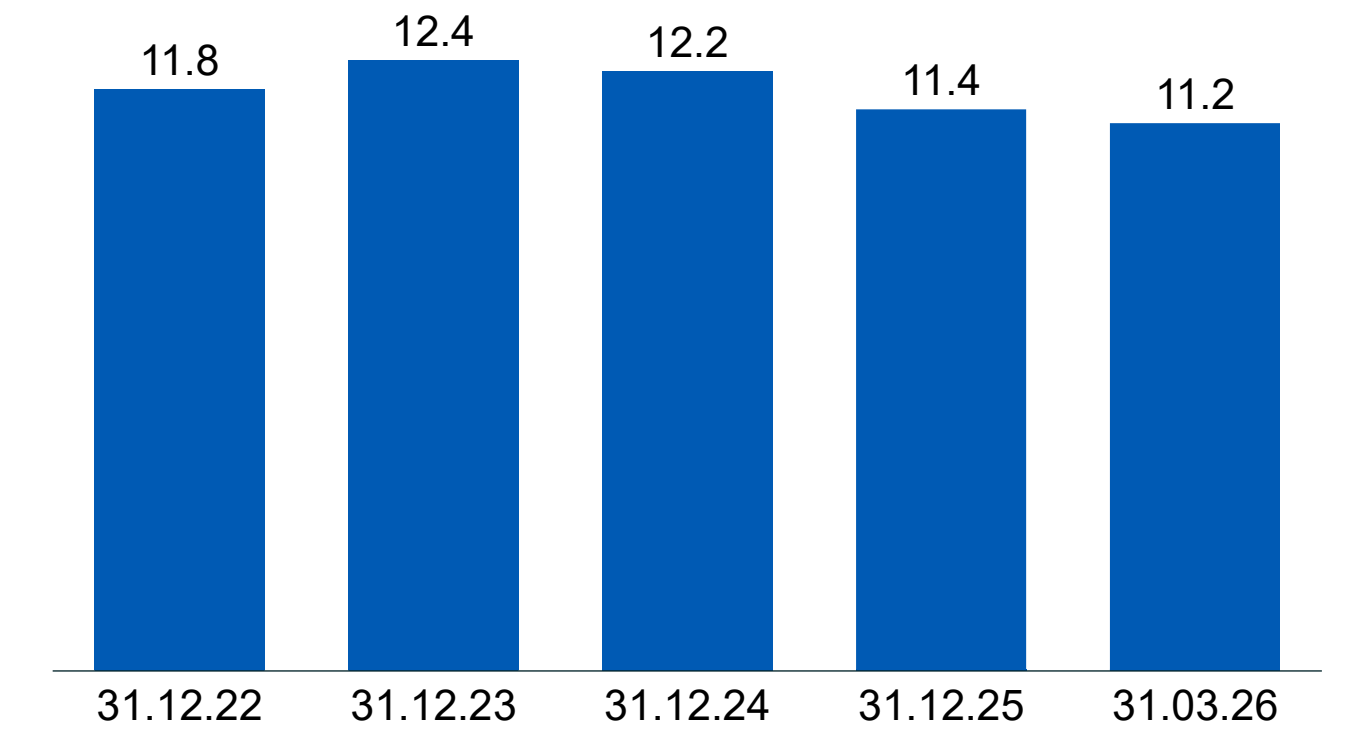
Strong capital position

- CET1 position is 318bps above regulatory requirement
- Net earnings in the quarter of ISK 7.3bn and foreseeable dividends of 50% thereof are included in the capital ratios presented
- Total risk-weighted exposure amount (REA) increased by ISK 12bn or 1.2% during the quarter
- Leverage ratio of 11.2%, significantly above most international peers and regulatory requirement
- The Resolution Authority of the Central Bank of Iceland presented the Bank with updated MREL requirements in October
 - The MREL requirements are 19.8% of REA
 - At the end of March, the ratio was 33.6%

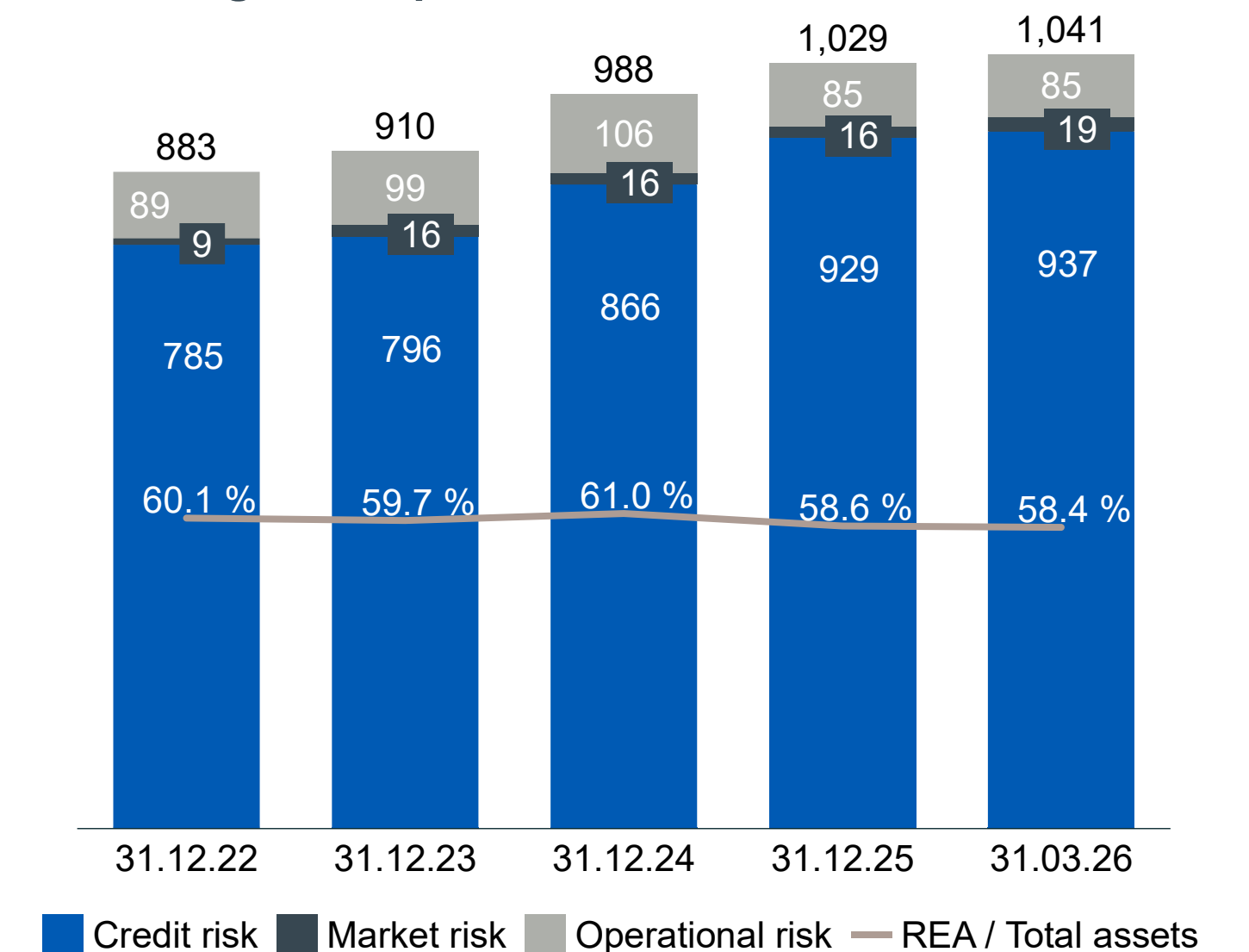
Capital ratio (%)



Leverage ratio (%)



Risk-weighted exposure amount (ISK bn)

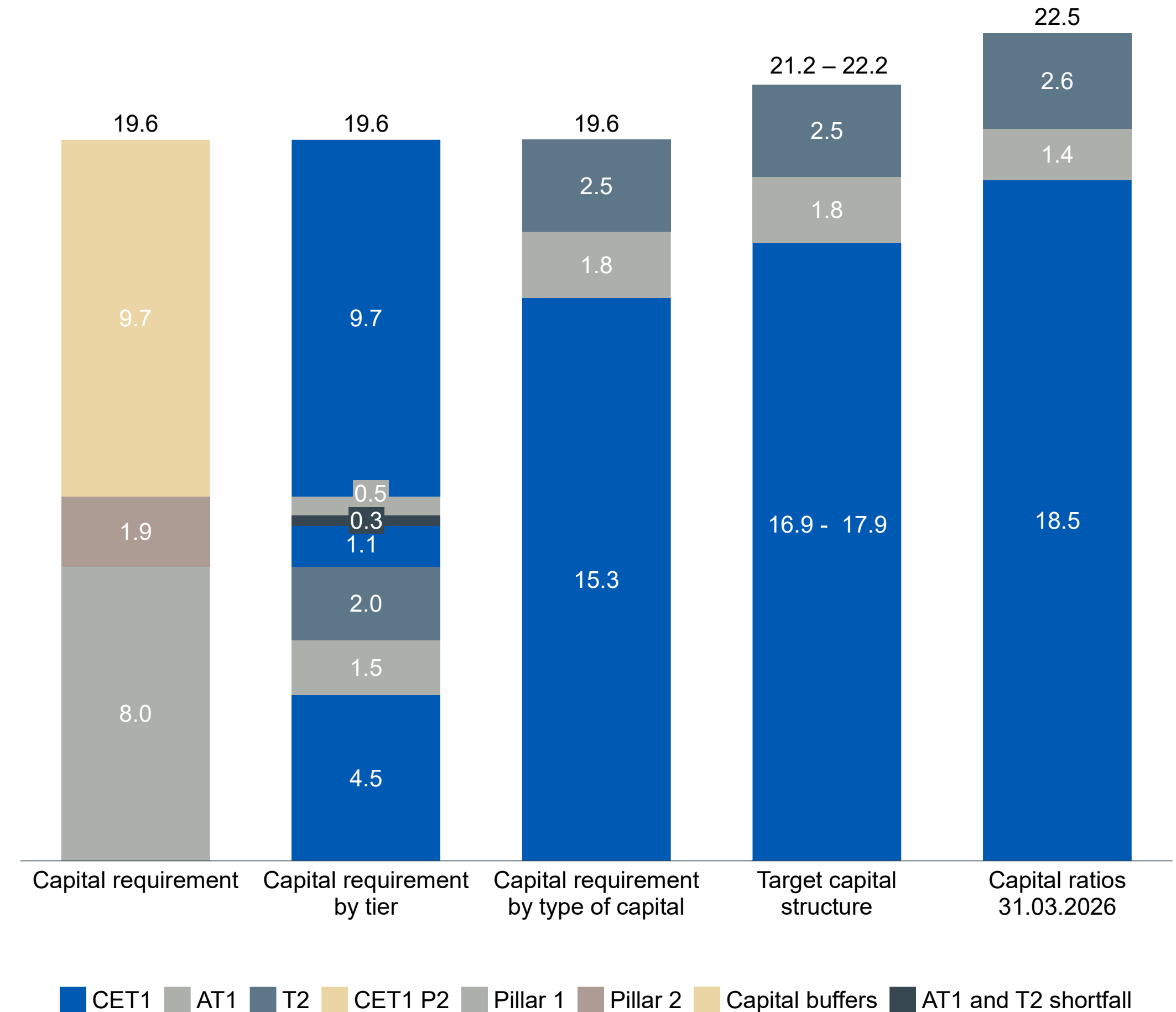


Own funds

Ongoing progress towards optimized capital position

- Q1 net earnings of ISK 7.3bn and foreseeable dividends of 50% thereof are included in the capital ratios presented.
- On 30 June 2025, the FSA presented the Bank with a Pillar 2 requirement of 1.9% as a result of the SREP process based on year-end 2024 financials
- The medium-term capital management buffer target is around 150-250bps over regulatory requirements which considers the capital benchmarks of credit rating agencies
- The solvency ratio of Vördur insurance is 159.9%

Own funds and capital requirements (%)



Going forward

Operational momentum

- Solid start to the year, momentum continues
- Diversified and seasoned businesses support earnings
- Robust capital ratios with ongoing balance sheet optimization, supporting growth and distributions

External environment

- Cautious stance amid macro and geopolitical uncertainty
- Persistent inflation keeps monetary policy restrictive
- Close monitoring of rate and inflation dynamics for flexibility in pricing and balance sheet strategy

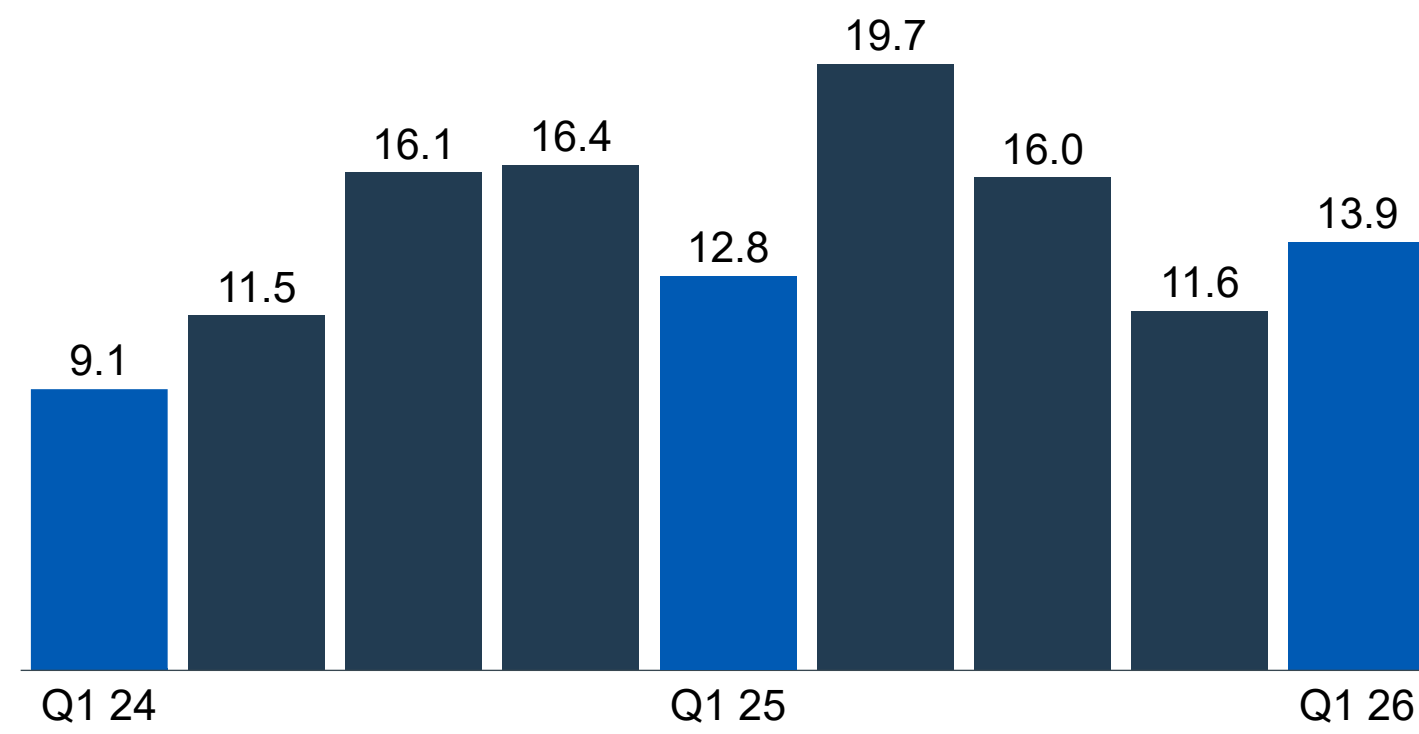
Strategic development

- Strategy, targets and capital priorities unchanged
- Continued focus on cost control and targeted technology investments
- Selective pursuit of value-accretive opportunities that can support our clients, shareholders and the Icelandic economy

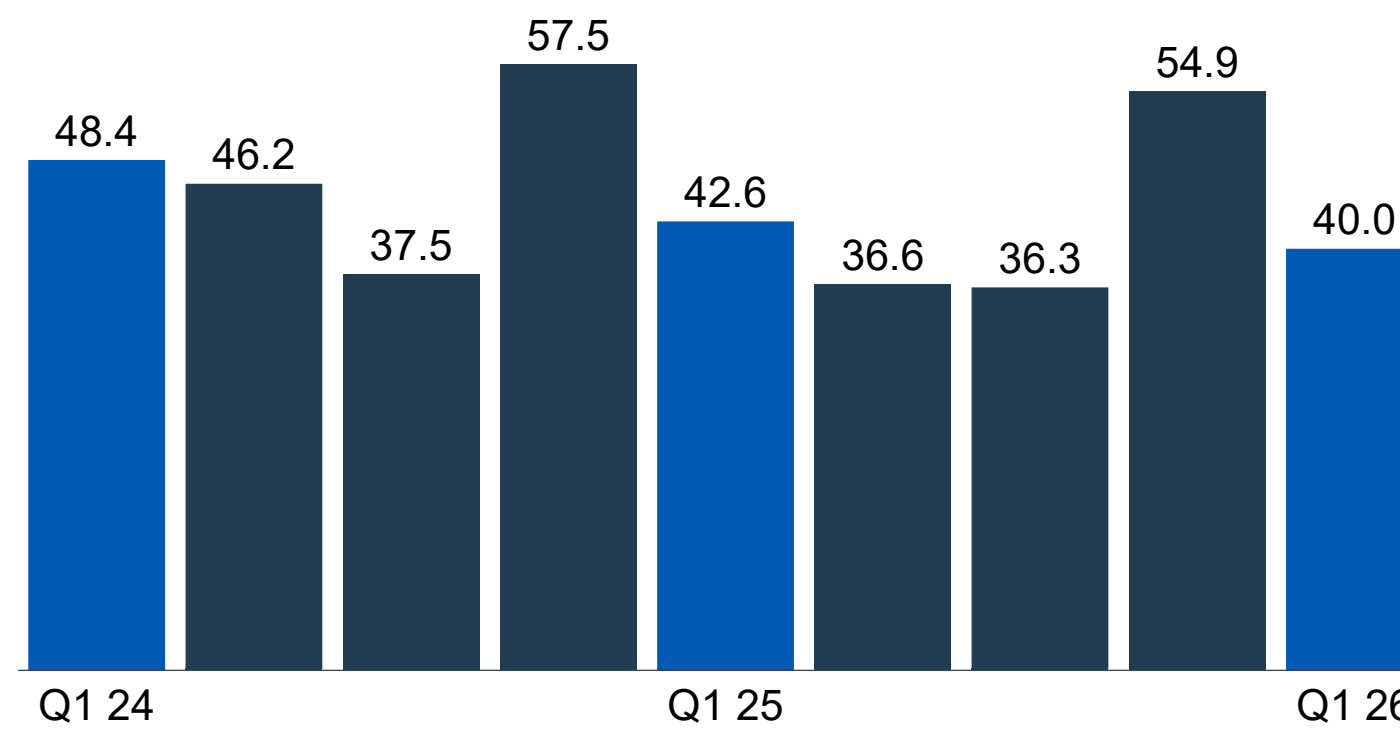


Key financial indicators - quarterly

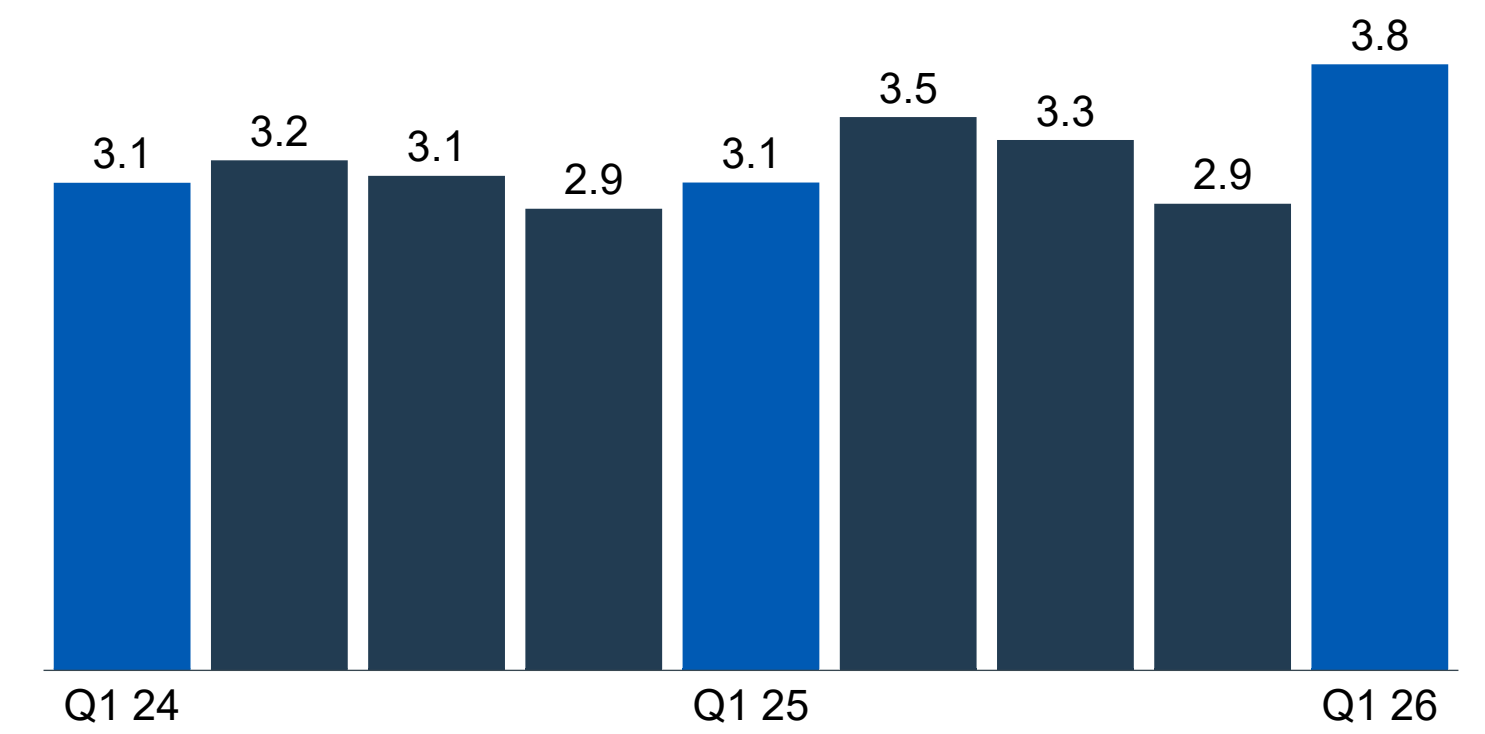
Return on equity (%)



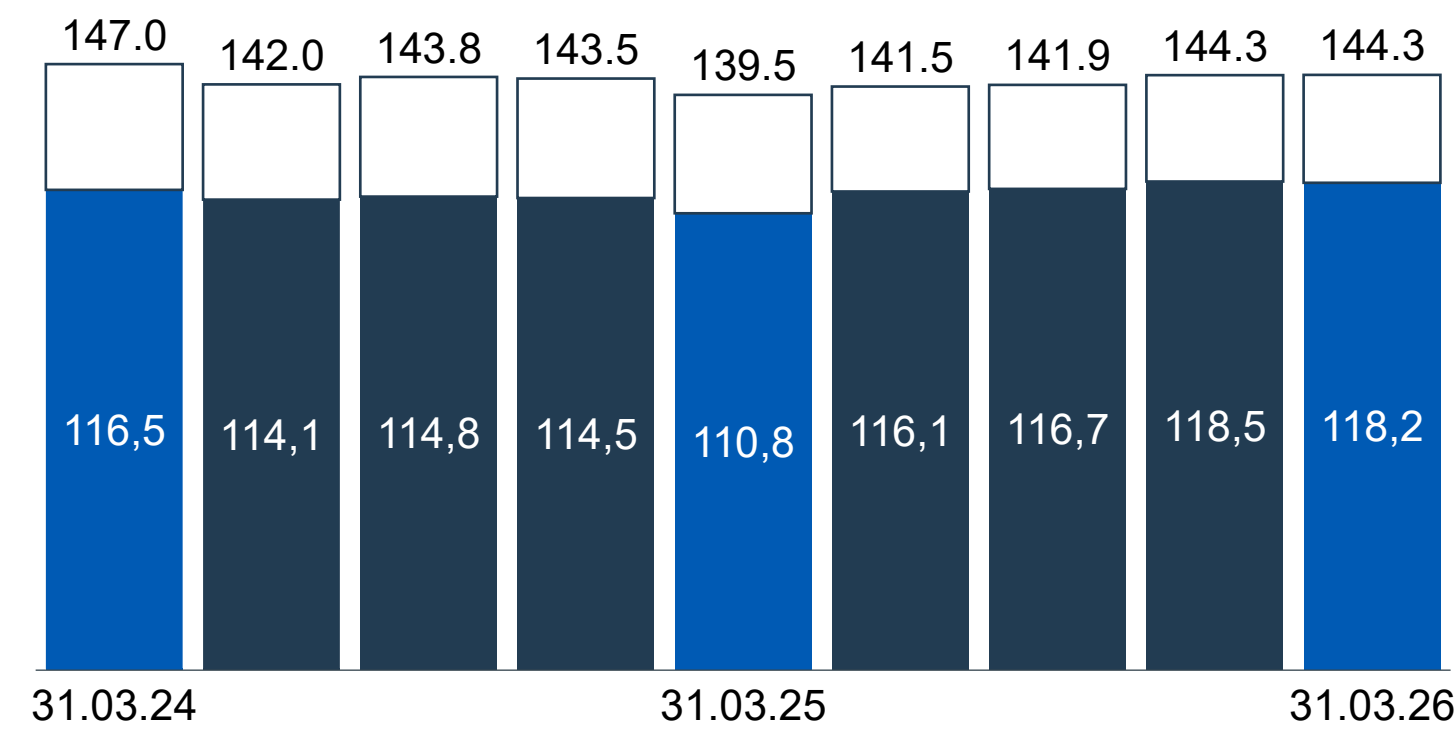
Total cost-to-Core income ratio (%)



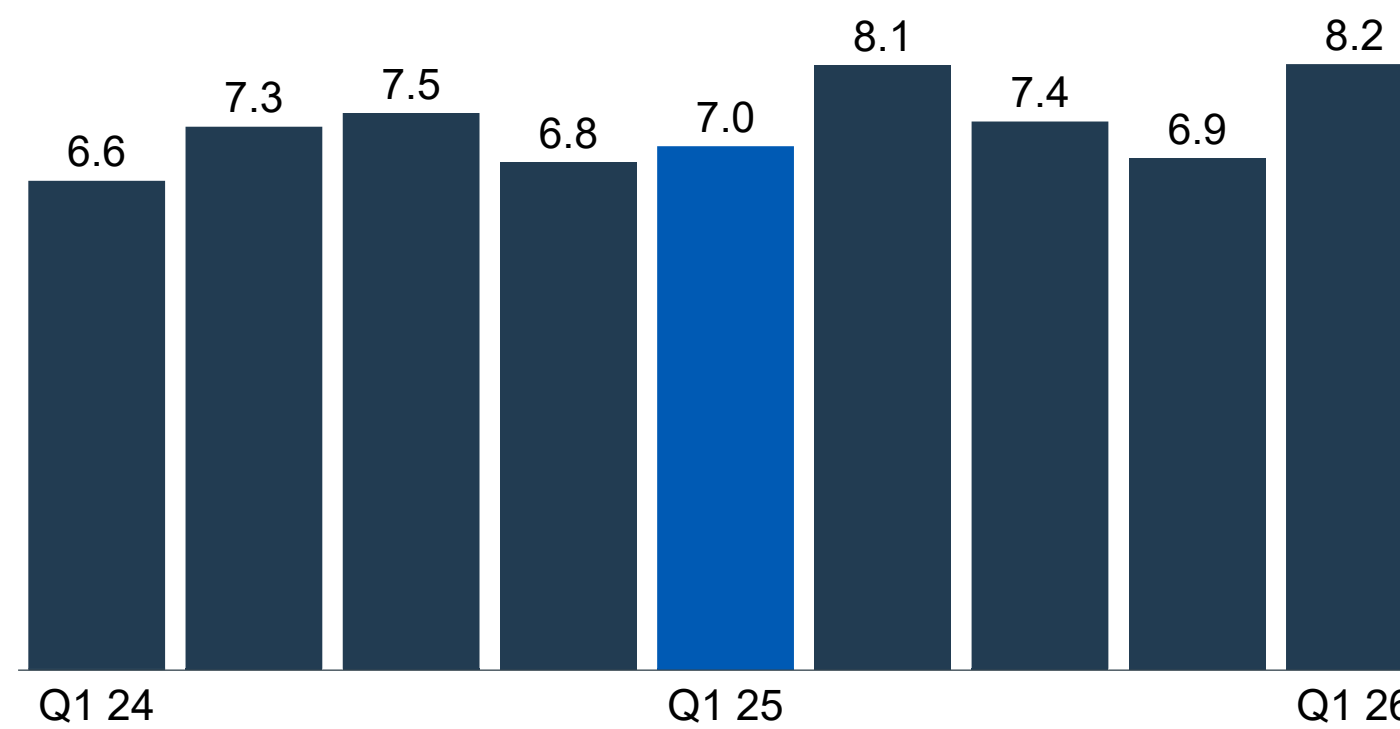
Net interest margin (%)



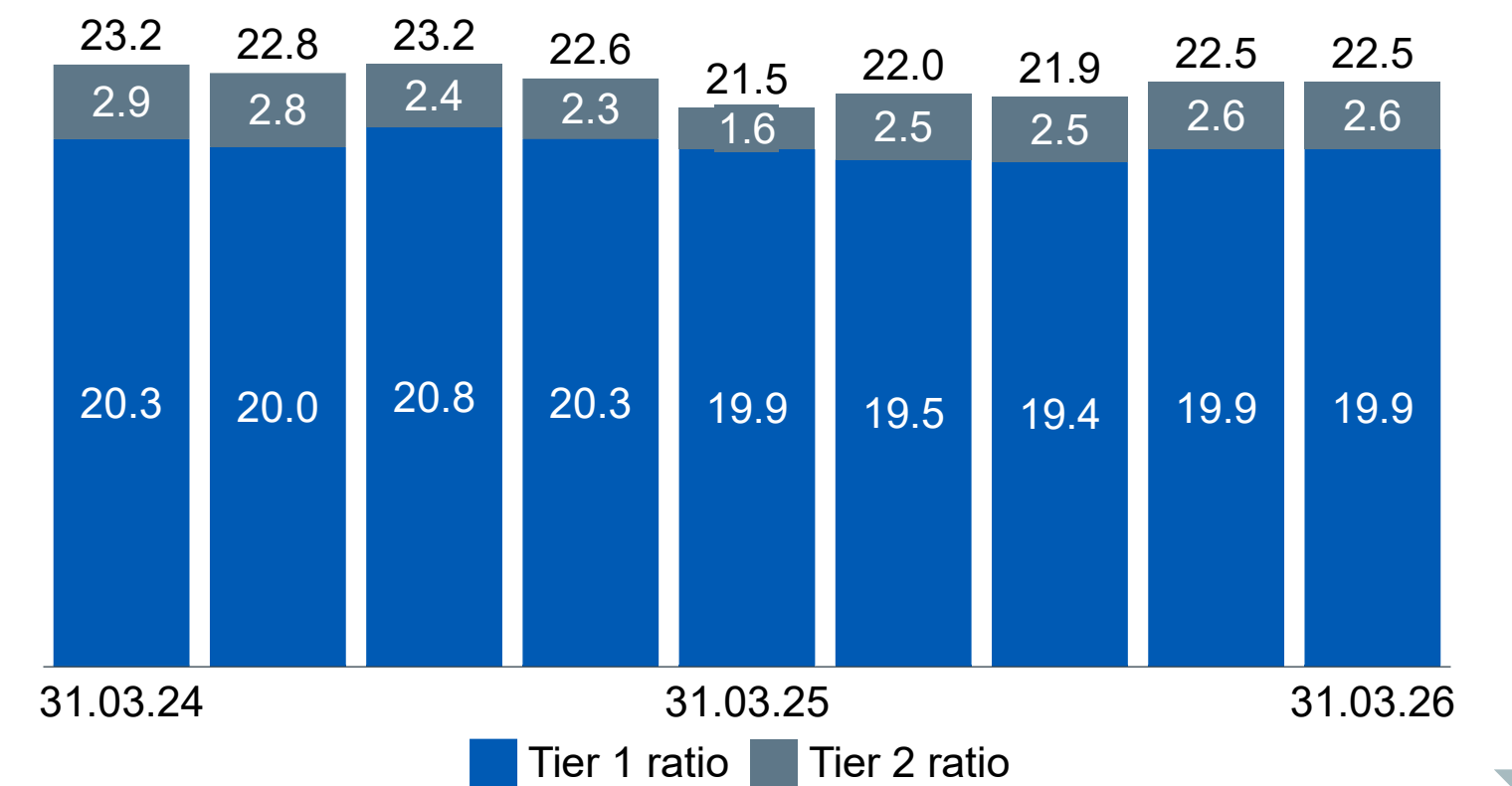
Loans to deposits ratio (%)
(without loans financed by covered bonds)



Core operating income / REA (%)

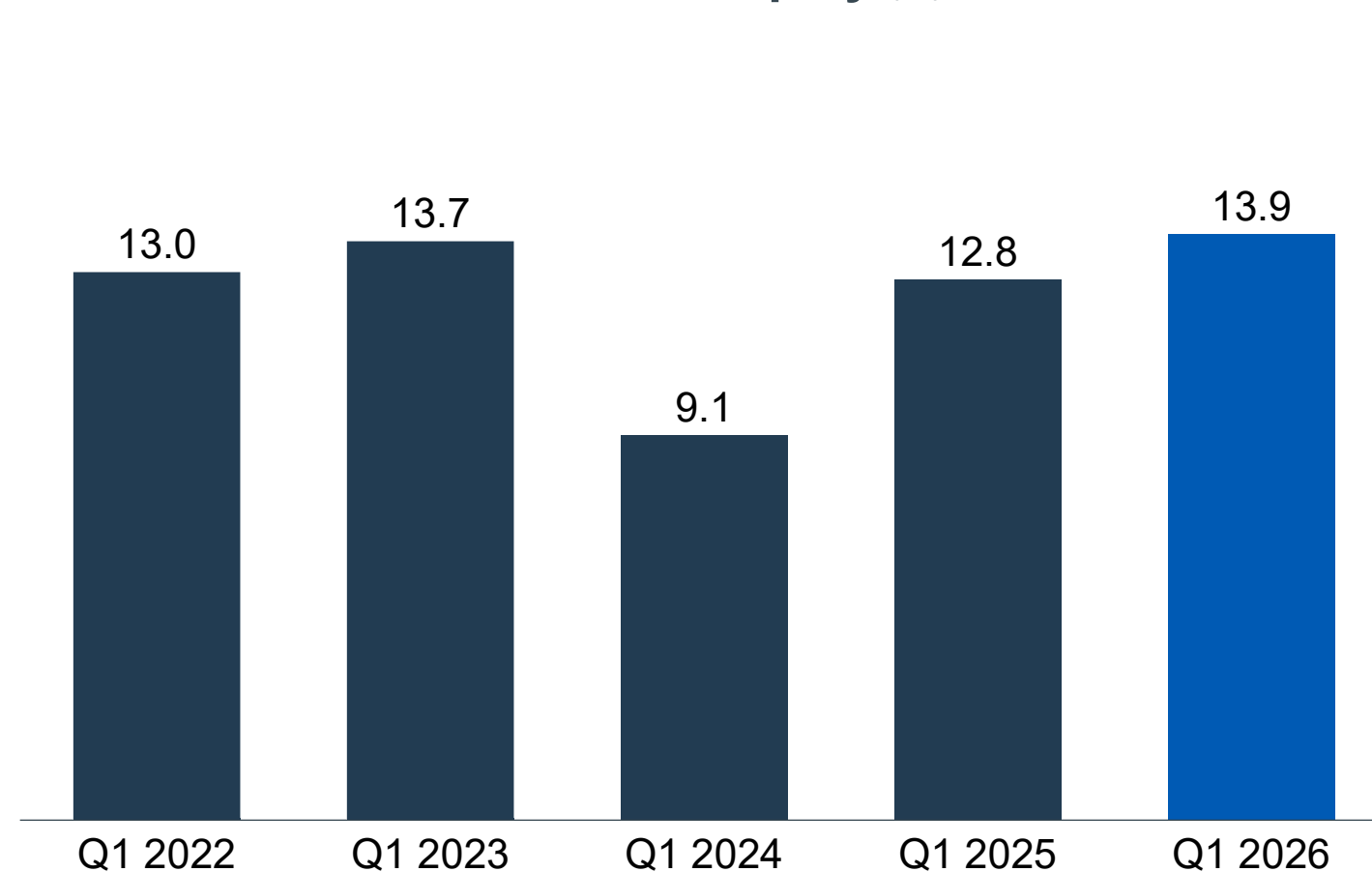


Capital ratio (%)

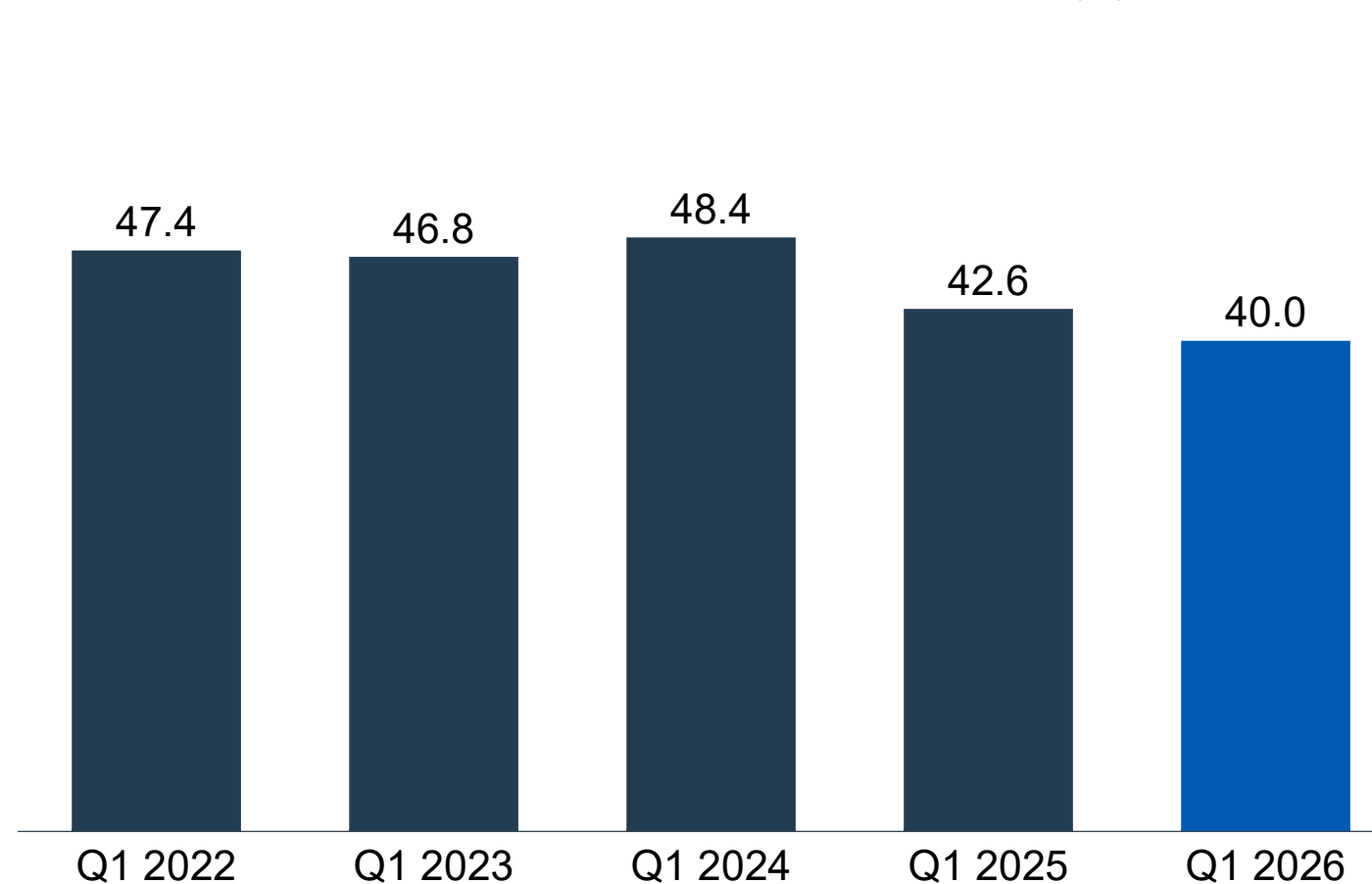


Key financial indicators - annual

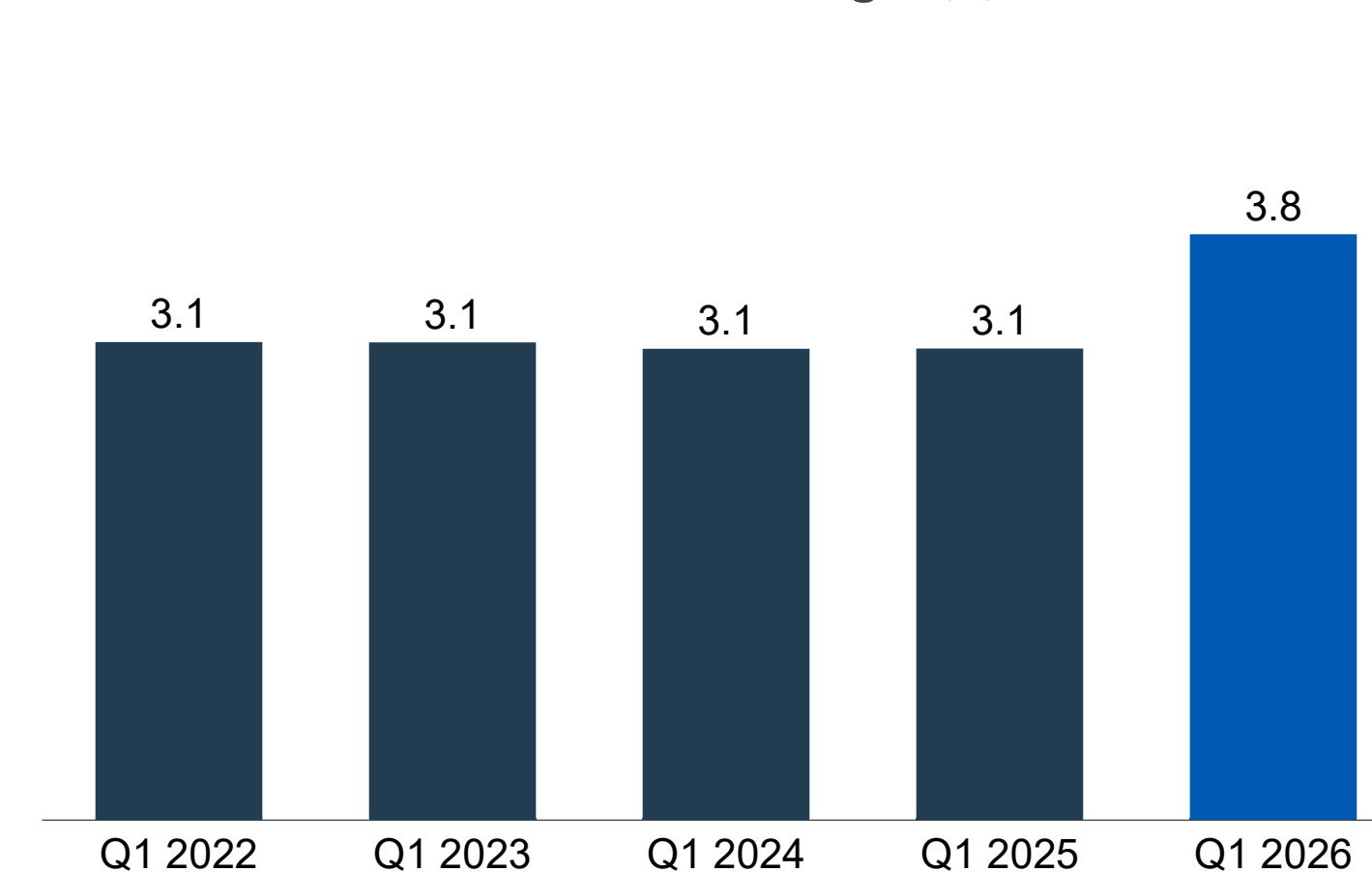
Return on equity (%)



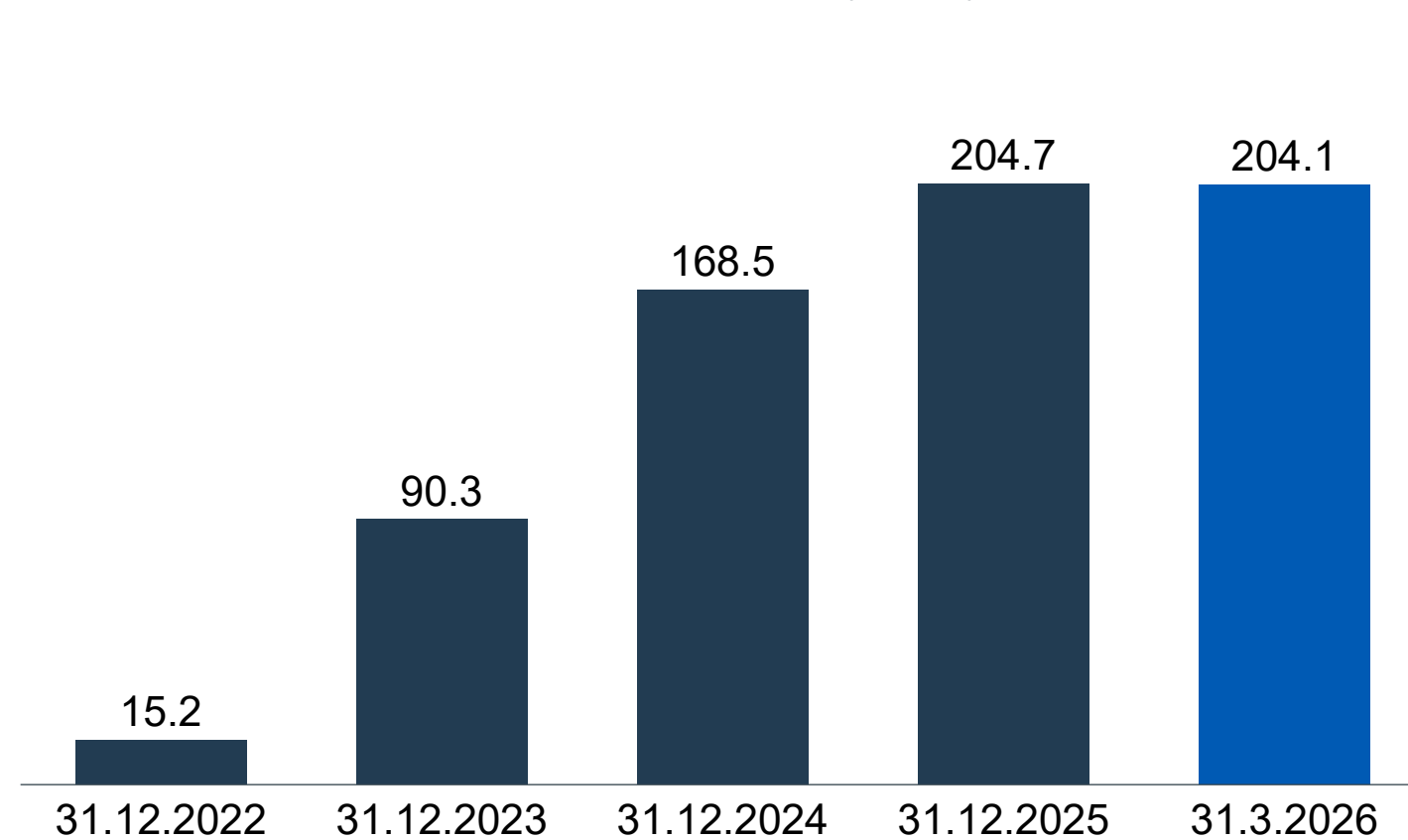
Total cost-to-core income ratio (%)



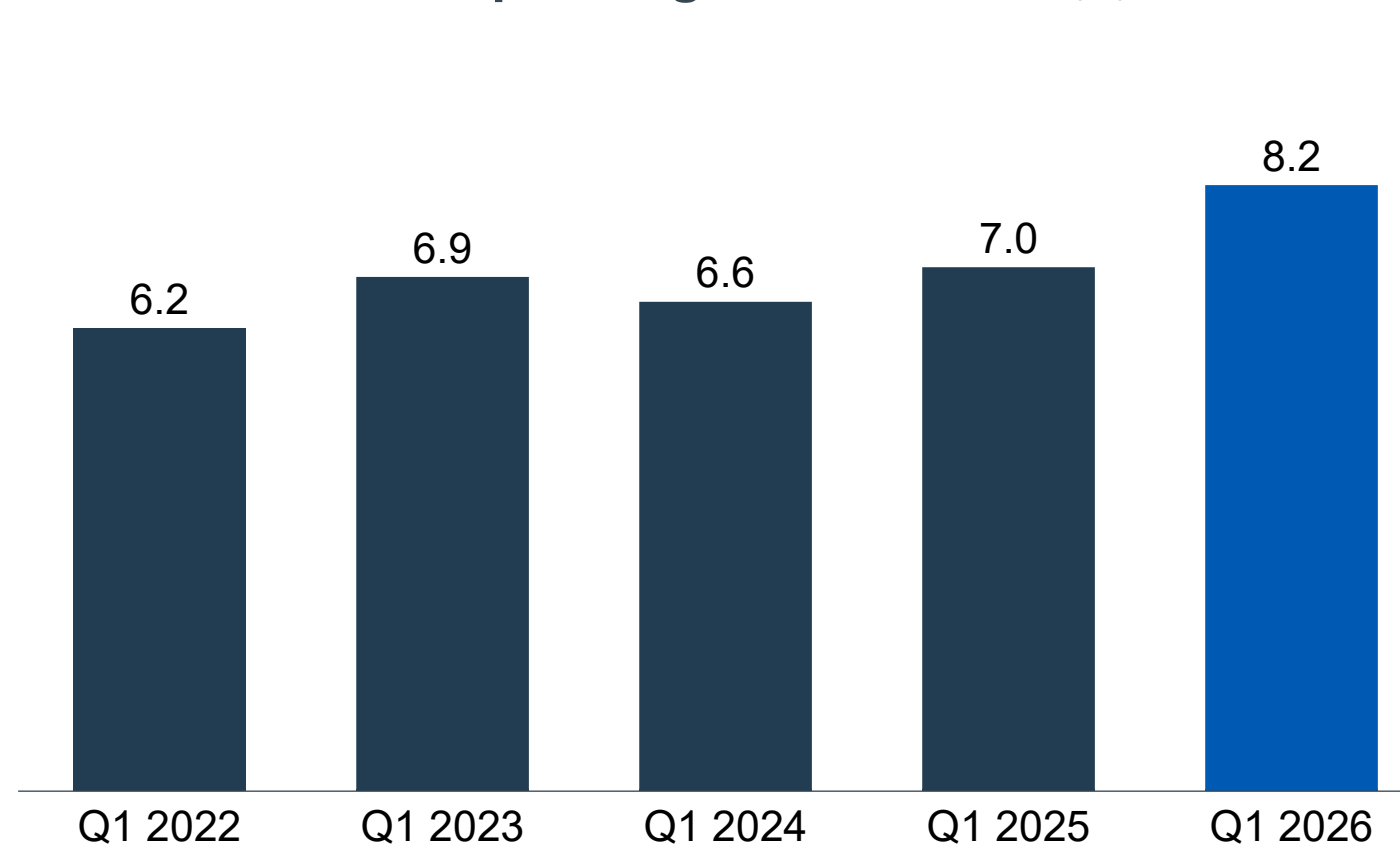
Net interest margin (%)



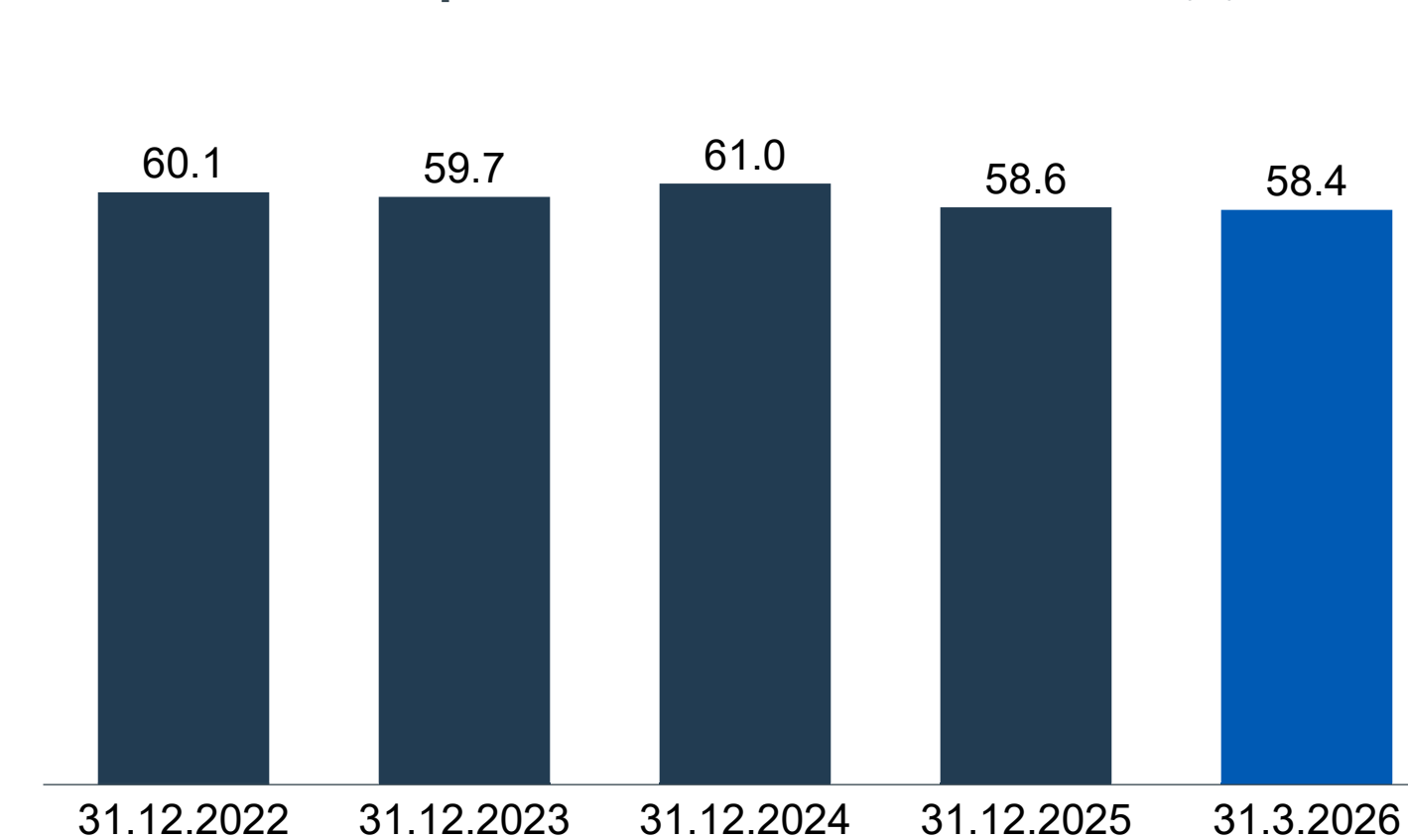
CPI imbalance (ISK bn)



Core operating income / REA (%)



Risk exposure amount / Total assets (%)



Key figures*

Operations	Q1 2026	Q1 2025	Q1 2024	Q1 2023	Q1 2022	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Net interest income	16,303	12,166	11,245	10,994	9,476	16,303	12,350	13,826	14,200	12,166
Net commission income	3,876	4,536	3,365	4,451	3,556	3,876	4,055	4,003	4,553	4,536
Operating income	19,460	19,041	14,474	15,539	14,020	19,460	19,041	18,987	21,322	19,041
Operating expenses	(7,456)	(6,601)	(6,554)	(6,470)	(5,577)	(7,456)	(8,756)	(6,194)	(6,697)	(6,601)
Net earnings attributable to shareholders	7,318	6,421	4,446	6,283	5,929	7,318	6,226	8,229	9,750	6,421
Return on equity**	13.9%	12.8%	9.1%	13.7%	13.0%	13.9%	11.6%	16.0%	19.7%	12.8%
Net interest margin	3.8%	3.1%	3.1%	3.1%	3.1%	3.8%	2.9%	3.3%	3.5%	3.1%
Return on assets	1.7%	1.9%	1.2%	1.7%	1.8%	1.7%	1.4%	1.9%	2.4%	1.9%
Total cost-to-core income ratio	40.0%	42.6%	48.4%	46.8%	47.4%	40.0%	54.9%	36.3%	36.6%	42.6%
Cost-to-income ratio	38.3%	34.7%	45.3%	41.6%	39.8%	38.3%	46.0%	32.6%	31.4%	34.7%
Cost-to-total assets	1.7%	1.6%	1.7%	1.7%	1.7%	1.7%	2.0%	1.4%	1.6%	1.6%

Balance Sheet	31.03.2026	31.12.2025	31.12.2024	31.12.2023	31.12.2022	31.03.2026	31.12.2025	30.09.2025	30.06.2025	31.03.2025
Total assets	1,783,833	1,755,765	1,618,267	1,525,672	1,465,609	1,783,833	1,755,765	1,736,535	1,713,145	1,686,655
Loans to customers	1,352,240	1,329,056	1,230,058	1,152,789	1,084,757	1,352,240	1,329,056	1,301,708	1,272,468	1,234,006
Mortgages	588,123	576,828	570,842	549,371	513,605	588,123	576,828	577,551	575,425	570,860
Share of stage 3 loans, gross	2.5%	2.4%	2.3%	1.7%	1.2%	2.5%	2.4%	2.3%	2.4%	2.5%
REA/ Total assets	58.4%	58.6%	61.0%	59.7%	60.1%	58.4%	58.6%	60.9%	60.1%	59.5%
CET 1 ratio	18.5%	18.4%	18.2%	19.7%	18.8%	18.5%	18.4%	18.0%	18.0%	18.3%
Leverage ratio	11.2%	11.4%	12.2%	12.4%	11.8%	11.2%	11.4%	11.4%	11.5%	11.4%
Liquidity coverage ratio	228.6%	199.2%	180.6%	191.8%	158.5%	228.6%	199.2%	205.5%	156.4%	186.4%
Loans to deposits ratio	144.3%	144.3%	143.5%	145.4%	143.6%	144.3%	144.3%	141.9%	141.5%	139.5%

*Figures for periods prior to 2022 have not been restated according to IFRS 17

**Attributable to shareholders of Arion Bank



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