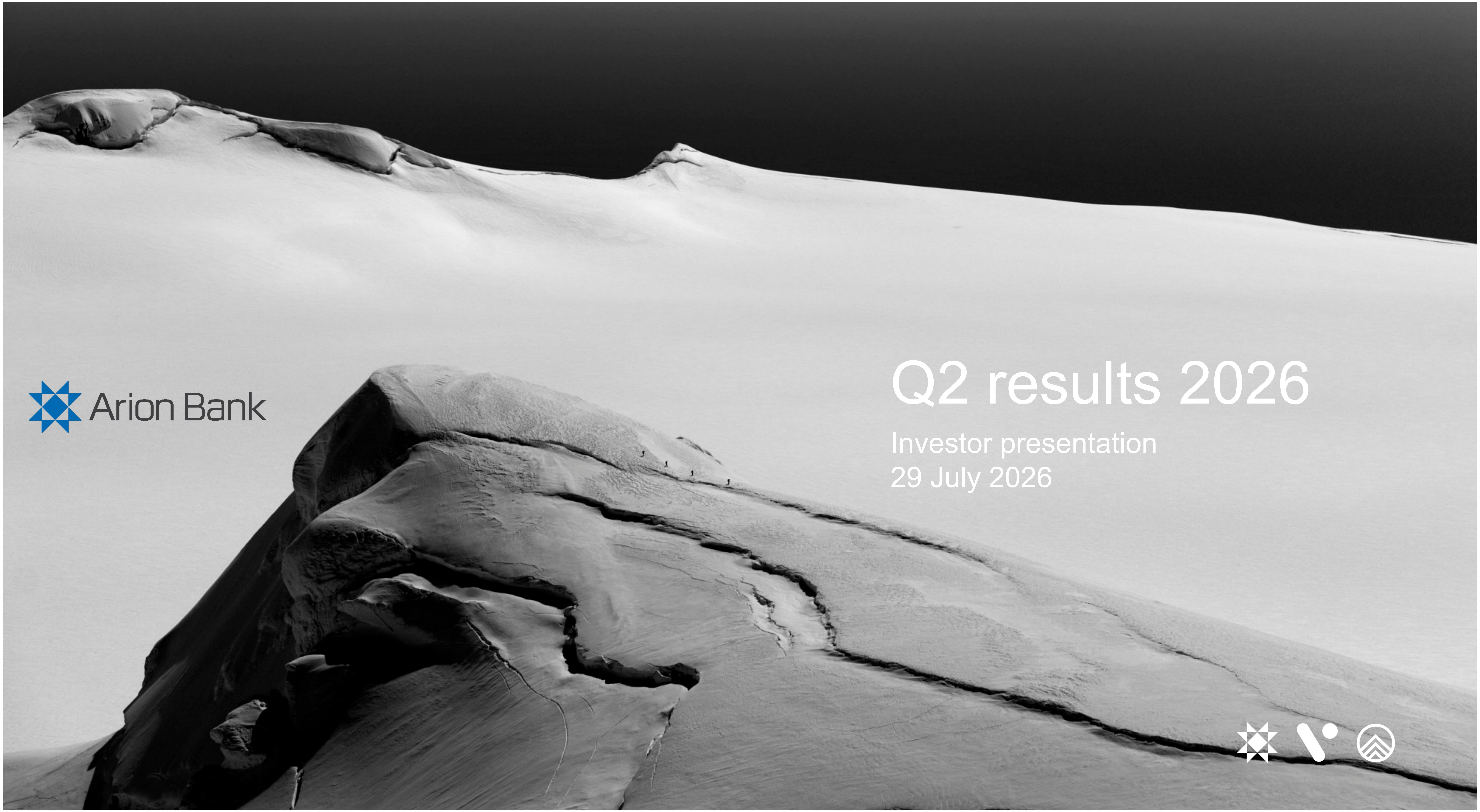


Arion Bank

Q2 results 2026

Investor presentation

29 July 2026

Key results

Solid first half of the year with all medium-term targets achieved

14.6% ROE vs medium-term target of above 13%

- Strong development in core earnings
- Continued cost discipline
- Growth in insurance operations continues

Strong progress in capital optimization

- Capital distribution of ISK 23bn in the first half of the year through dividends and buybacks
- Continue to manage with profitable balance sheet growth along with capital distributions

Key results	Medium-term targets	Q2 2026		H1 2026	
Return on equity[1]	Exceed 13%	✓	15.5%	✓	14.6%
Core operating income[2] / REA	Exceed 7.2%	✓	7.9%	✓	8.0%
Insurance revenue growth (YoY)[3]	Exceed weighted average growth of competitors	✓	5.8%	✓	6.5%
Combined ratio Vördur	Below 95%	✓	87.9%	✓	94.3%
Total cost-to-core income[4] ratio	Below 45%	✓	40.4%	✓	40.2%
CET1 ratio above regulatory capital requirements	150-250 bps management buffer[5]	✓	242 bps	✓	242 bps
Dividend payout ratio[6]	50%	✓	50% of net profit deducted from CET1	✓	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 3.7% in H1 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

Key operational highlights in Q2 2026

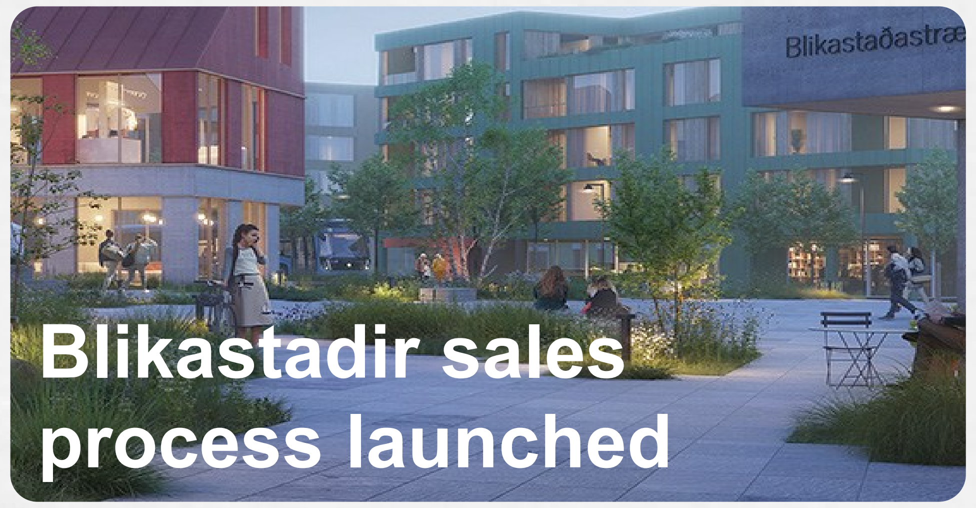
BEST BANKING APP!

10 YEARS IN A ROW

Survey by Maskína 2026

Capital optimization continued

ISK 5bn share buyback launched in May



Successful EUR 300m senior preferred financing in May

The issuance was 8x oversubscribed with orders received from 124 investors spanning more than 26 countries across EMEA and APAC.

Enterprise-wide AI adoption progressing in line with plans

- Access enabled to multiple enterprise AI platforms to support best-fit use cases
- Continued investments made in AI infrastructure to strengthen strategic flexibility and future readiness
- Record technology delivery quarter, highest project output to date

Stefnir funds expanded international distribution

STEFNIR
Part of Arion

- Launched Katla Fund – Government Bonds Icelandic, a Luxembourg-based UCITS fund
- Established with EUR 50m seed capital, creating immediate scale
- Expanding the proven Katla platform into Icelandic fixed income. Distribution in Luxemburg, Scandinavia and Iceland

Strong activity in CIB

Corporate loan book expanded by 7.8% (ISK 55bn), with continued momentum in advisory activity

KÓÐI
Garri
FENRIS CREATIONS
Set

Insurance growth and customer satisfaction

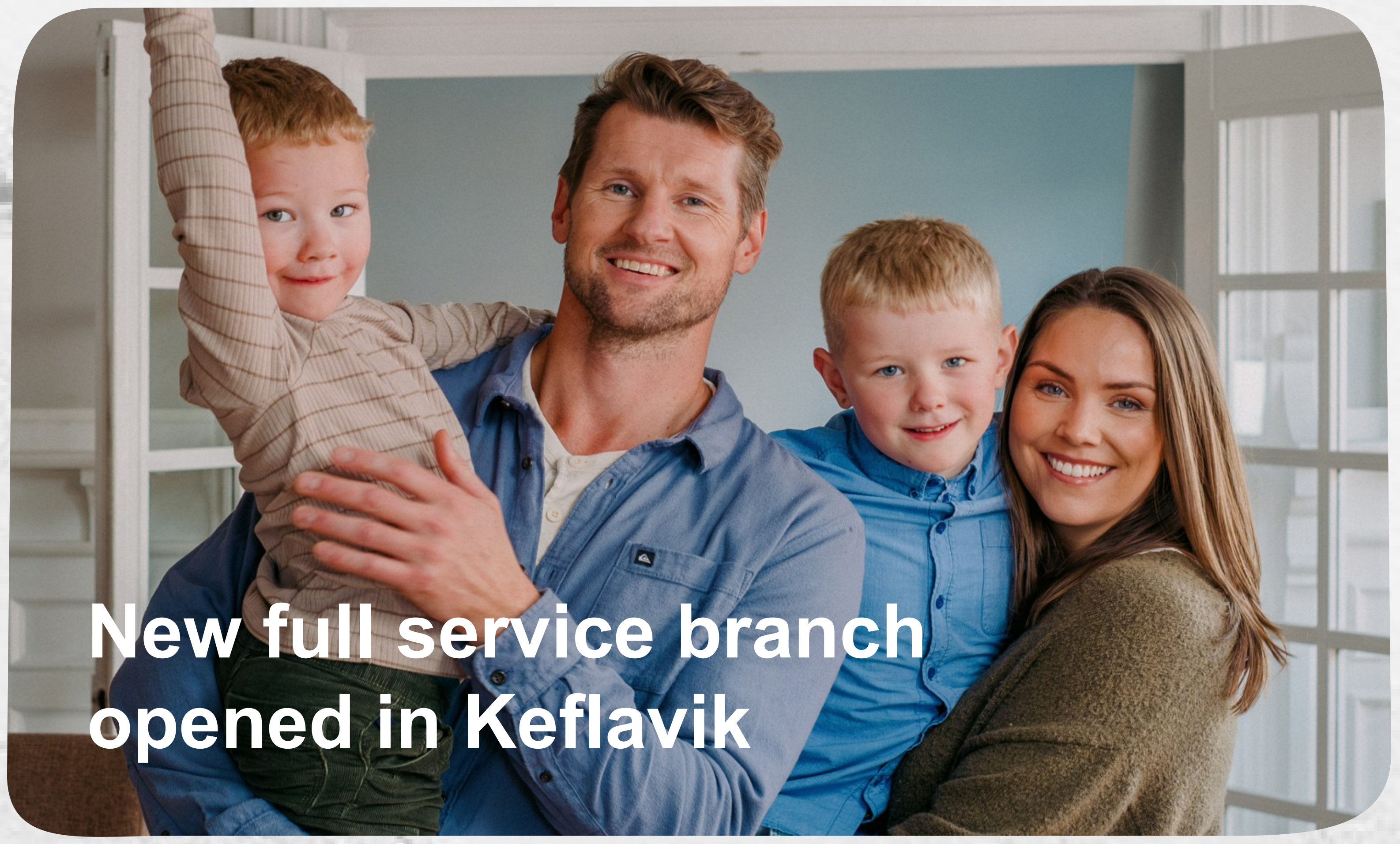
- Accelerating premium growth and expanding customer base
- High customer satisfaction supported by continued digitalization and claims automation
- Higher bancassurance penetration (43.5% individuals, 30.6% corporates) and new corporate products launched

Enhancing customer service through loyalty program

Arion Rewards

Delivering greater customer value through Group-wide collaboration

- Over 60,000 customers now enrolled in Arion Rewards
- Reward deposit accounts number grew 27% during the quarter
- Arion Refund gave 4,600+ customers partial premium refunds YTD



Best banking app, 10 years in a row

2017 2018 2019 2020 2021 2022 2023 2024 2025 2026

Newest feature: Personalized activity feed based on client segment needs.

- Single hub for Arion Rewards registration and overview

Arion Future: investing in tomorrow's customers

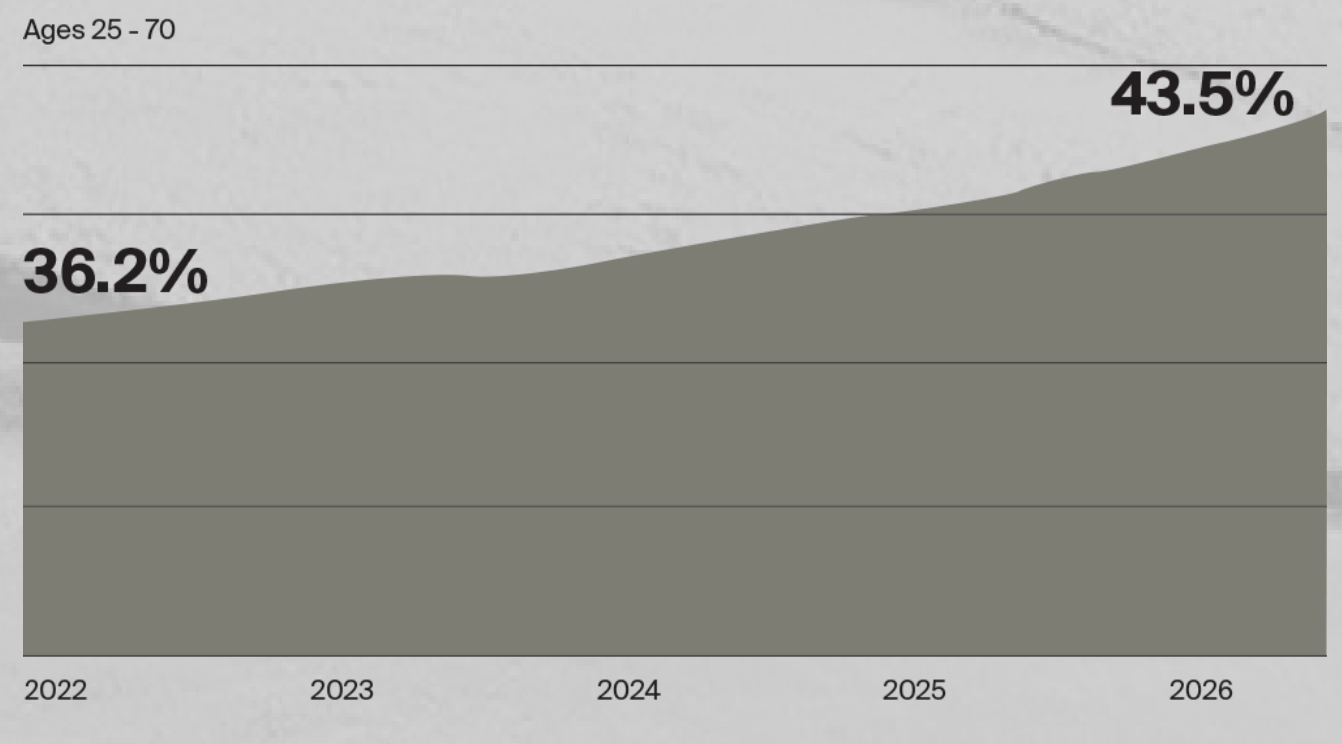
A long-term initiative to enhance our service to young customers through tailored benefits, education and innovative products across the Group

Top tier of Arion Rewards

- Arion Premia is designed for high-net-worth individuals and has three sub-levels based on asset size
- Expert access and better terms
- Lifestyle linked offers and invitations
- Very high bancassurance ratio (48.2%)

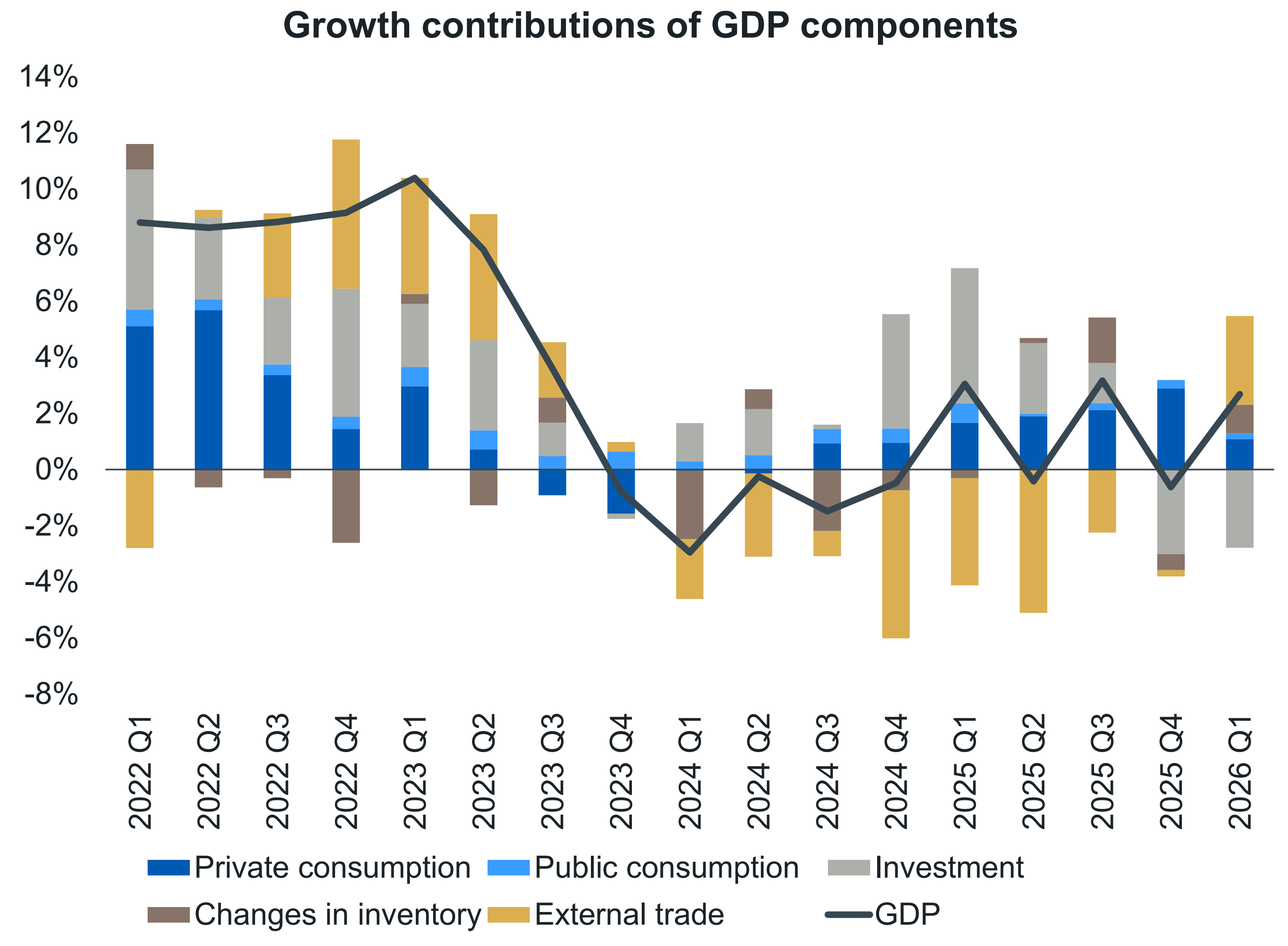
Arion Premía

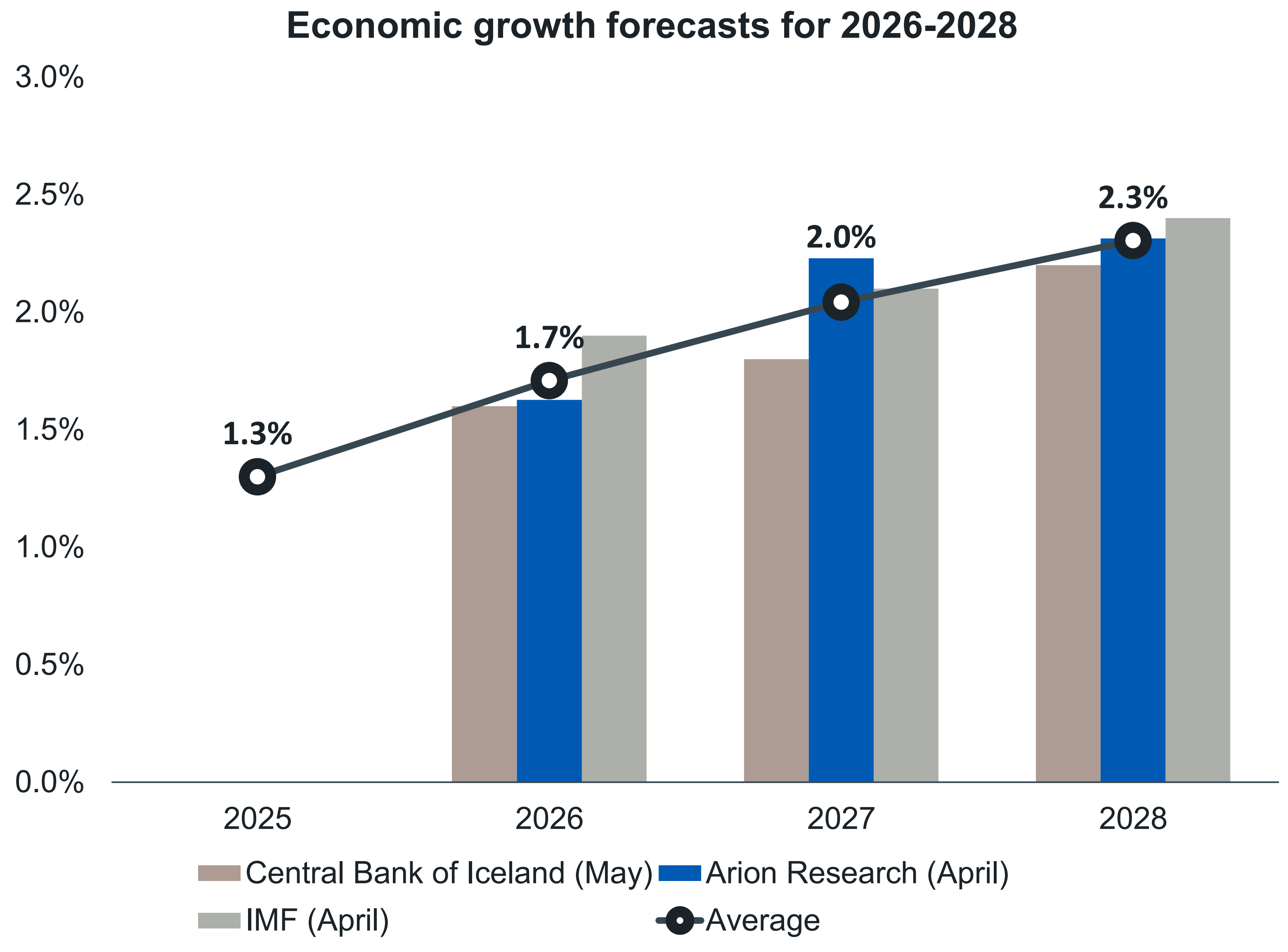
Bancassurance momentum

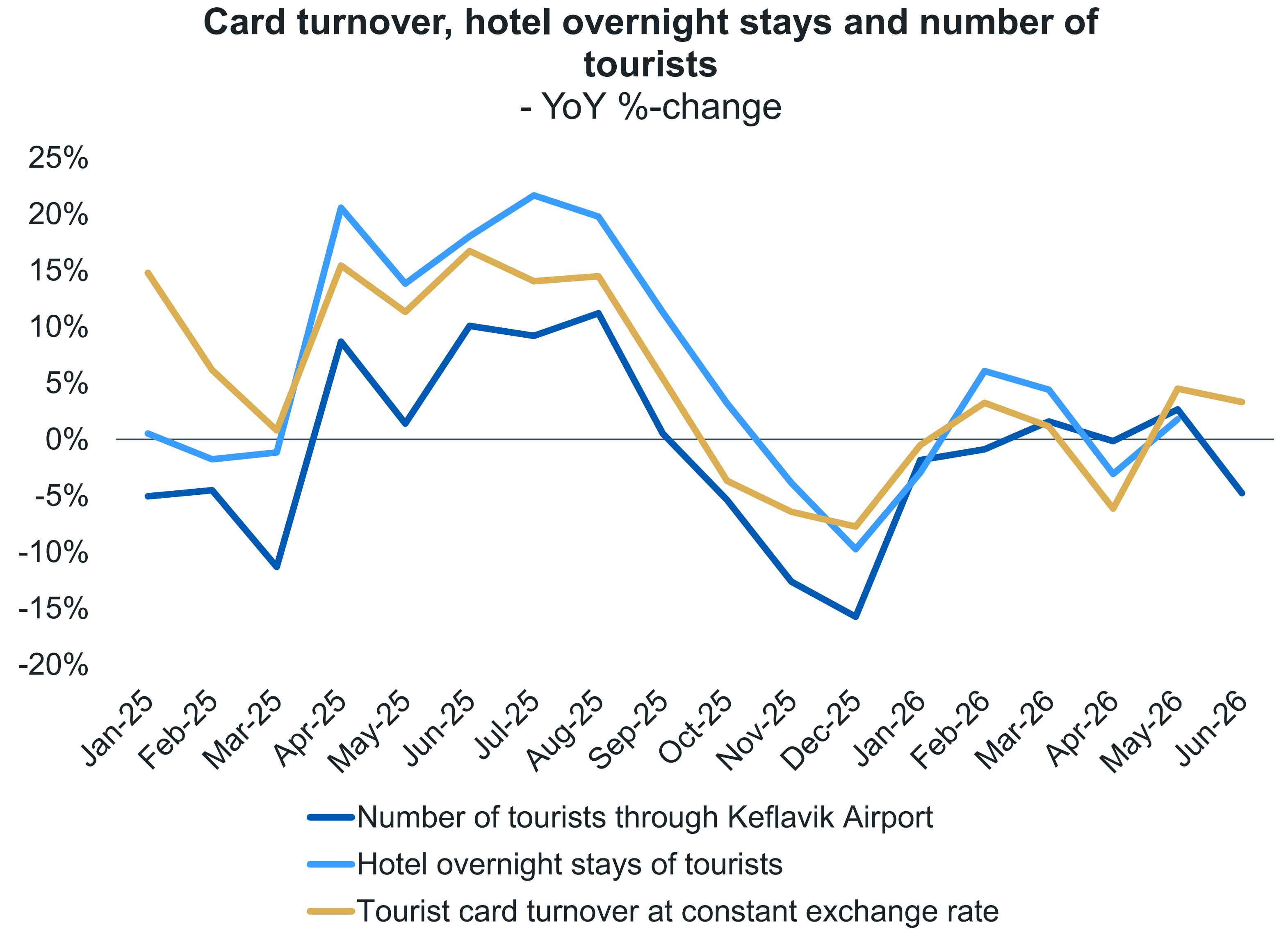


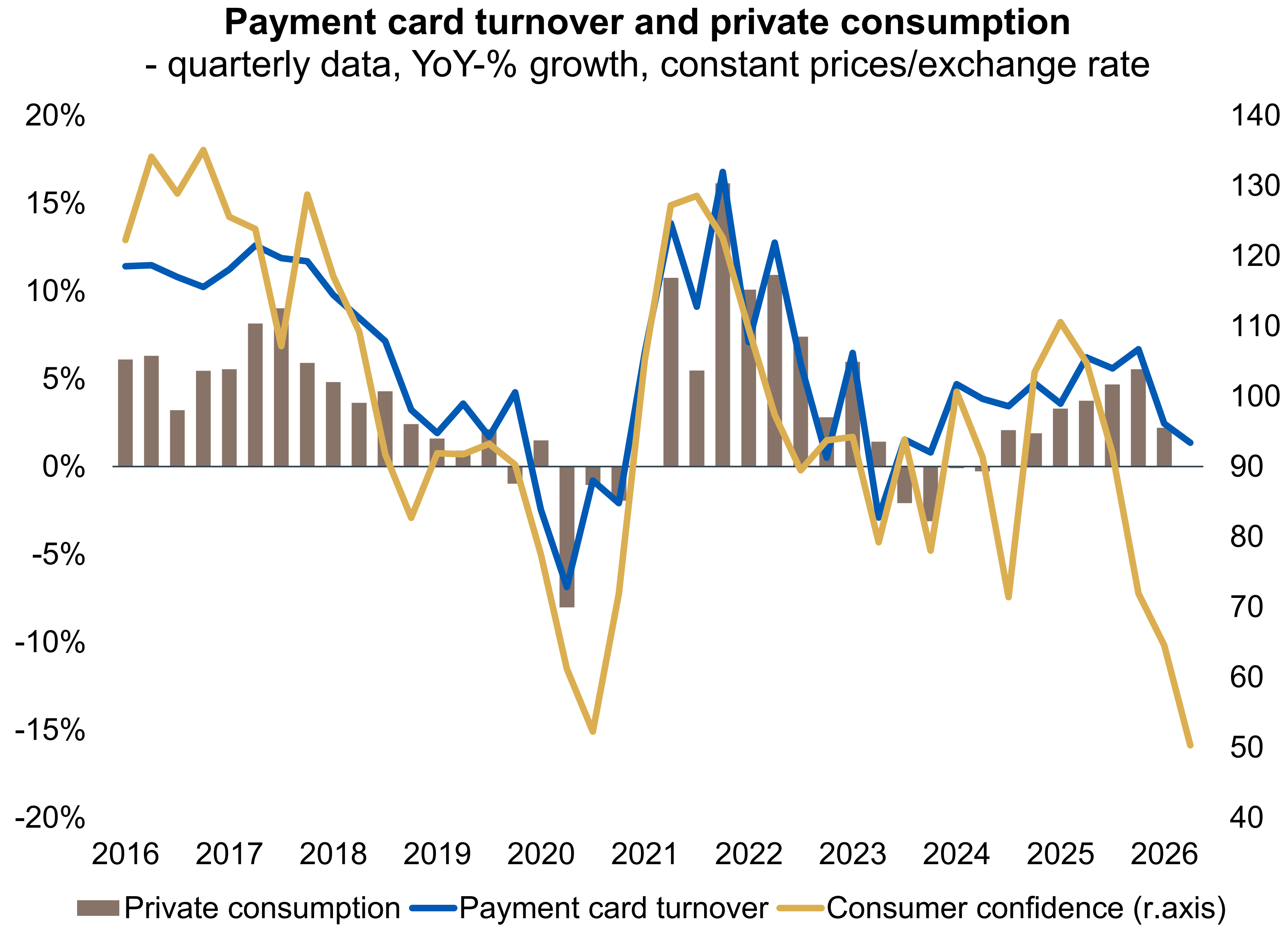
Modest economic growth in a challenging environment

- According to Statistics Iceland's first estimate, GDP grew by 2.7% year-on-year in the first quarter, supported mainly by net exports. Imports fell by 8% while exports rose by 1%, reflecting in part the growing contribution of data centers. Although data center-related imports remain substantial, they are lower than a year ago, while exports of data center services have increased markedly
- Private consumption rose 2.2% year-on-year, but indicators suggest a slowdown ahead amid rising unemployment, falling real house prices, persistent inflation, and high interest rates. Card turnover growth has weakened, increasing by 1.3% in the second quarter. Nevertheless, household balance sheets remain strong, and private consumption is expected to continue supporting growth this year
- The export outlook has improved somewhat, as aluminum production has recovered faster than previously anticipated. However, uncertainty surrounding tourism beyond the summer season remains, despite strong bookings around the August solar eclipse.







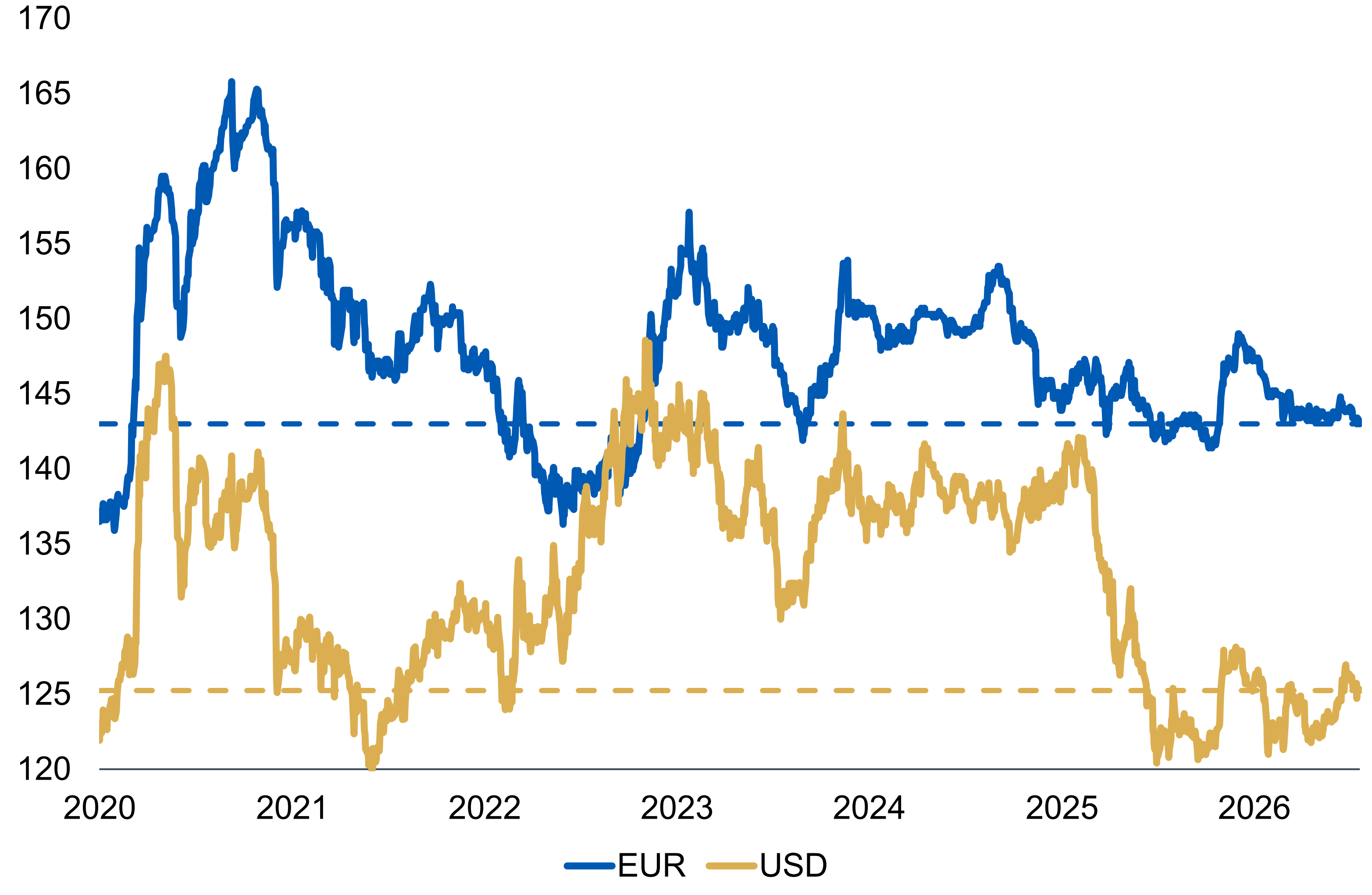


Sources: Statistics Iceland, Central Bank of Iceland, Icelandic Tourist Board, IMF, Arion Research.

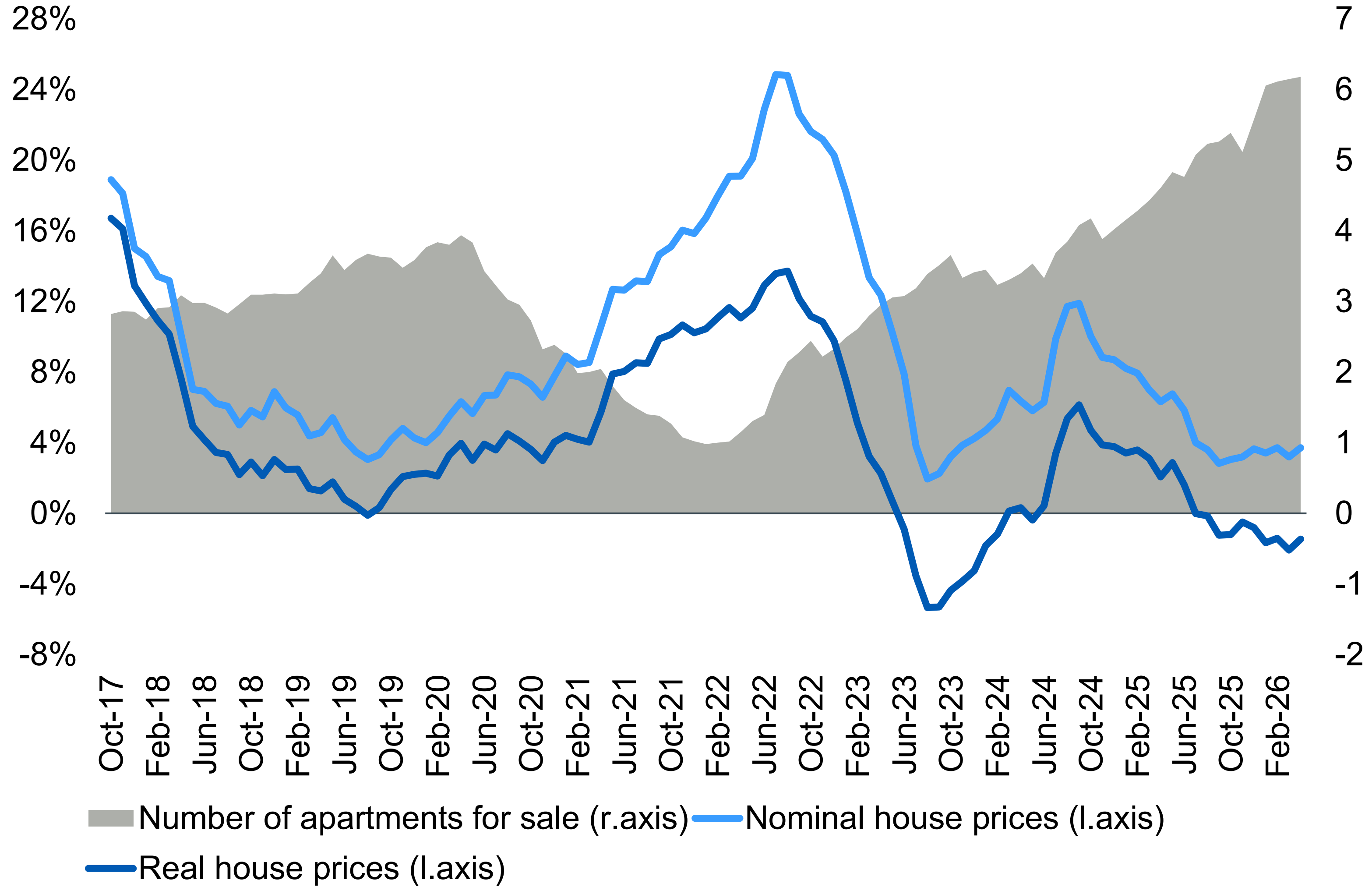
Caught between inflation and slowdown

- Economic activity has weakened in recent quarters. Job growth has slowed sharply, private-sector employment has declined, and unemployment has risen between years. Unemployment is expected to inch higher, as business sentiment has deteriorated and firms scale down their hiring plans, with the Central Bank forecasting 5.7% unemployment this year*
- Despite clear signs of economic cooling, inflation has remained more persistent than expected, staying above 5% throughout the year to date. While the strength and stability of the króna has supported the CBI’s inflation target, helping to suppress imported inflation, substantial wage increases have fueled domestic inflationary pressures, as evident by high service price inflation
- The inflation outlook remains uncertain. Oil prices have continued to fluctuate, inflation expectations remain poorly anchored, having risen on some measures, and it appears increasingly likely that the review clause in wage agreements will be triggered later this year. As a result, despite a 25bp rate hike in May, another increase in August remains more likely than not, despite growing signs of economic cooling
- Tight monetary policy is nevertheless having a visible impact, particularly in the housing market, where a growing stock of unsold homes, longer selling times and falling real prices signal weakening demand amid high financing costs

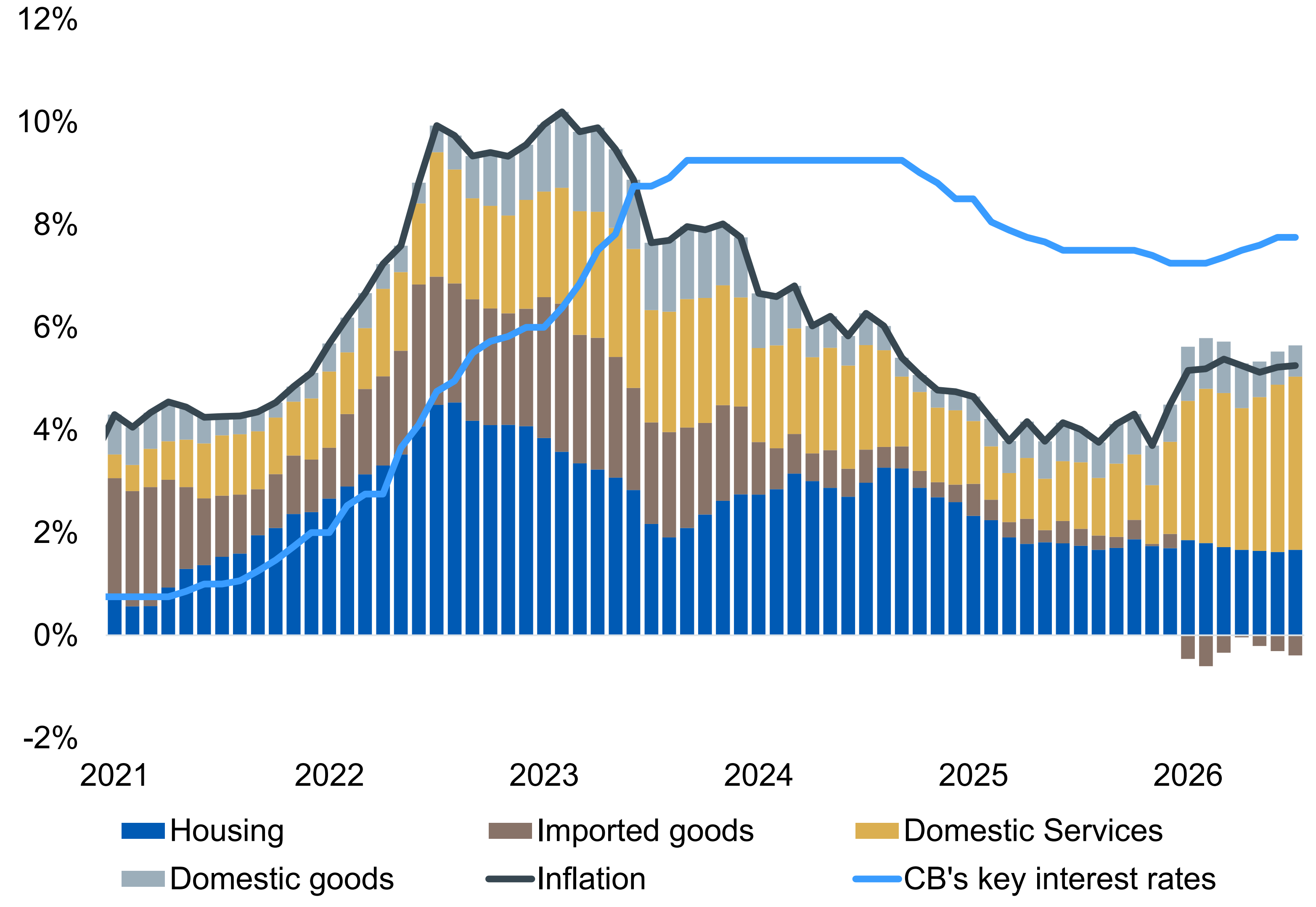
Exchange rate
- daily average



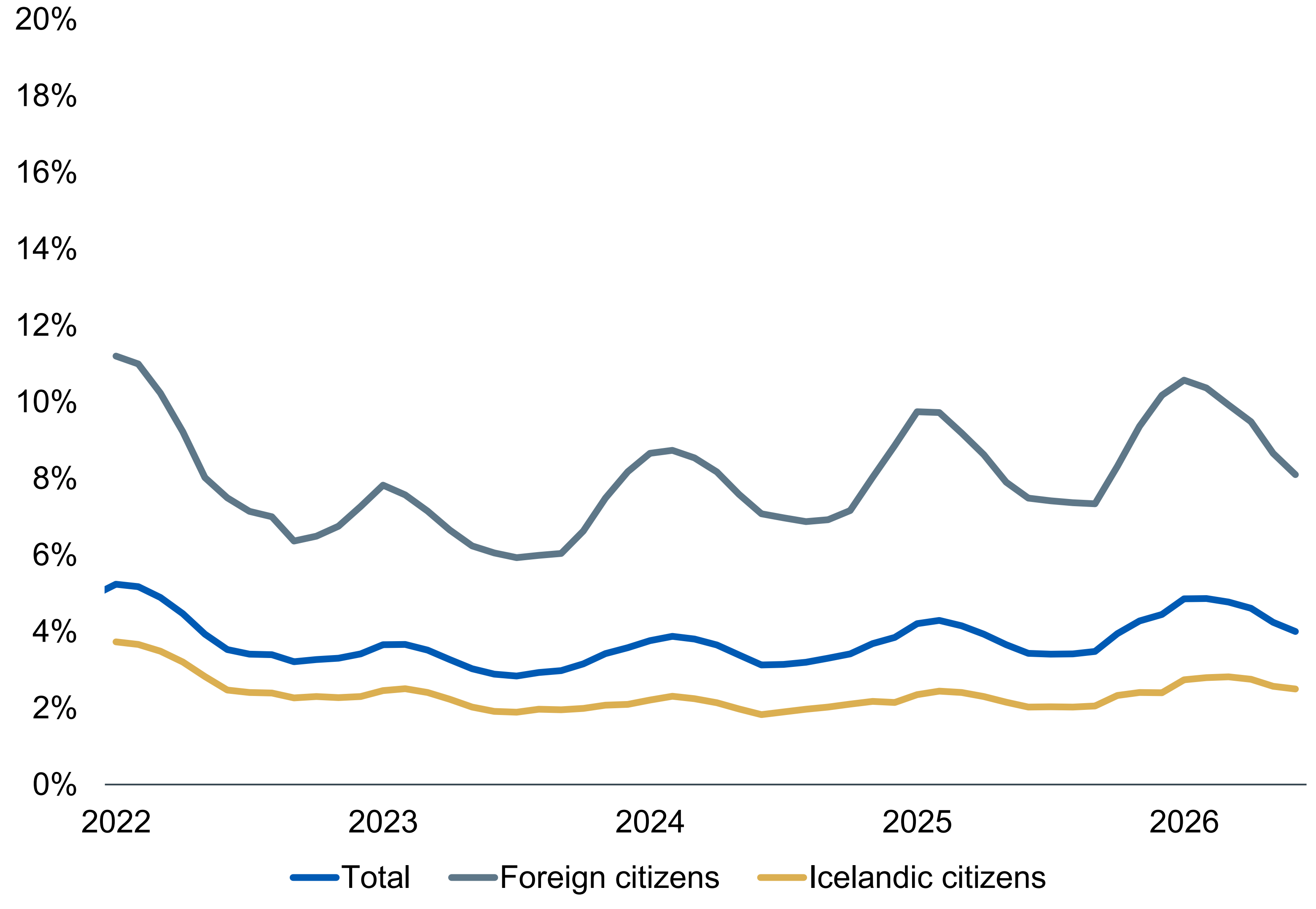
Number of apartments for sale and house prices
- thous. and YoY %-change



CPI by expenditure groups

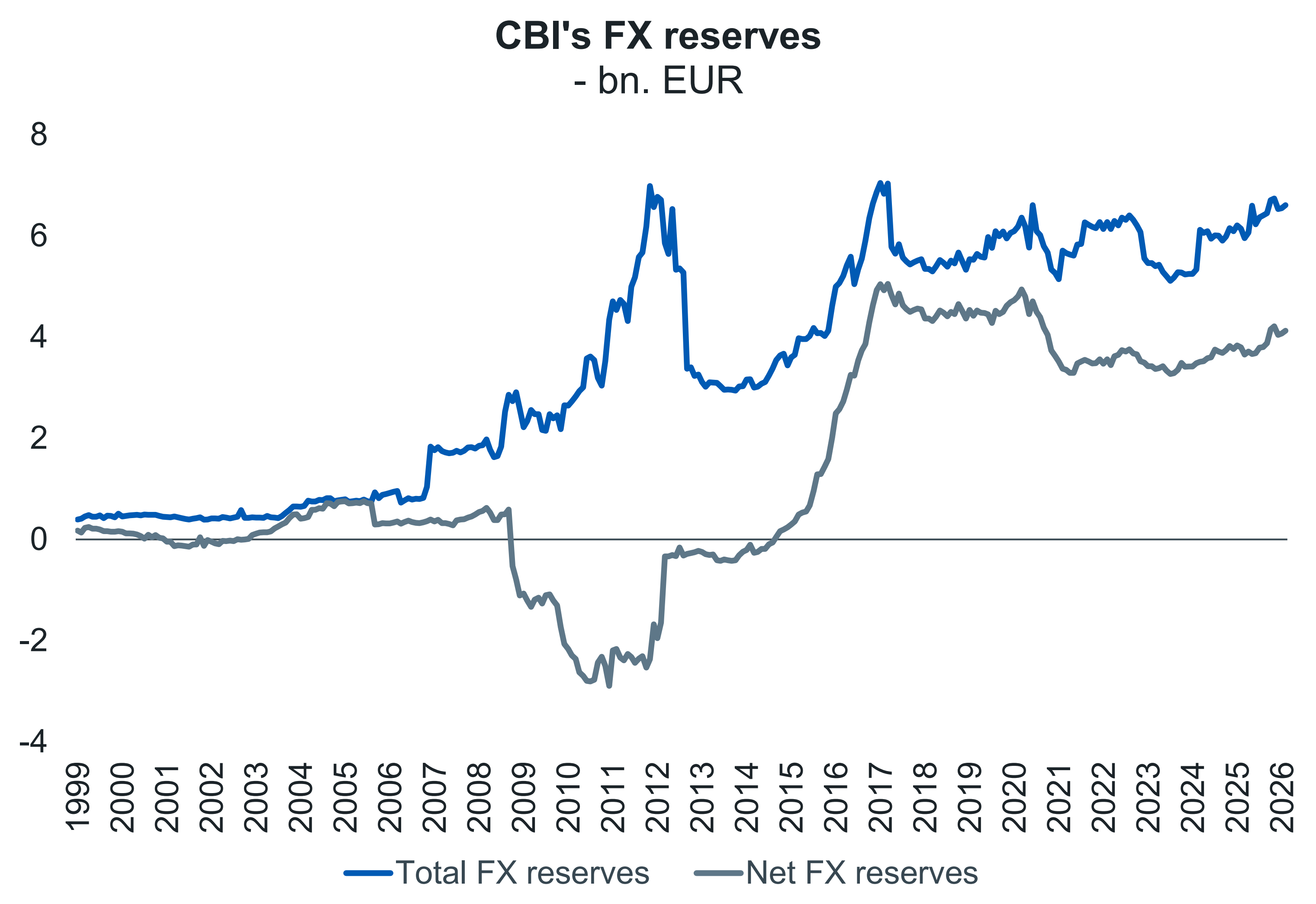


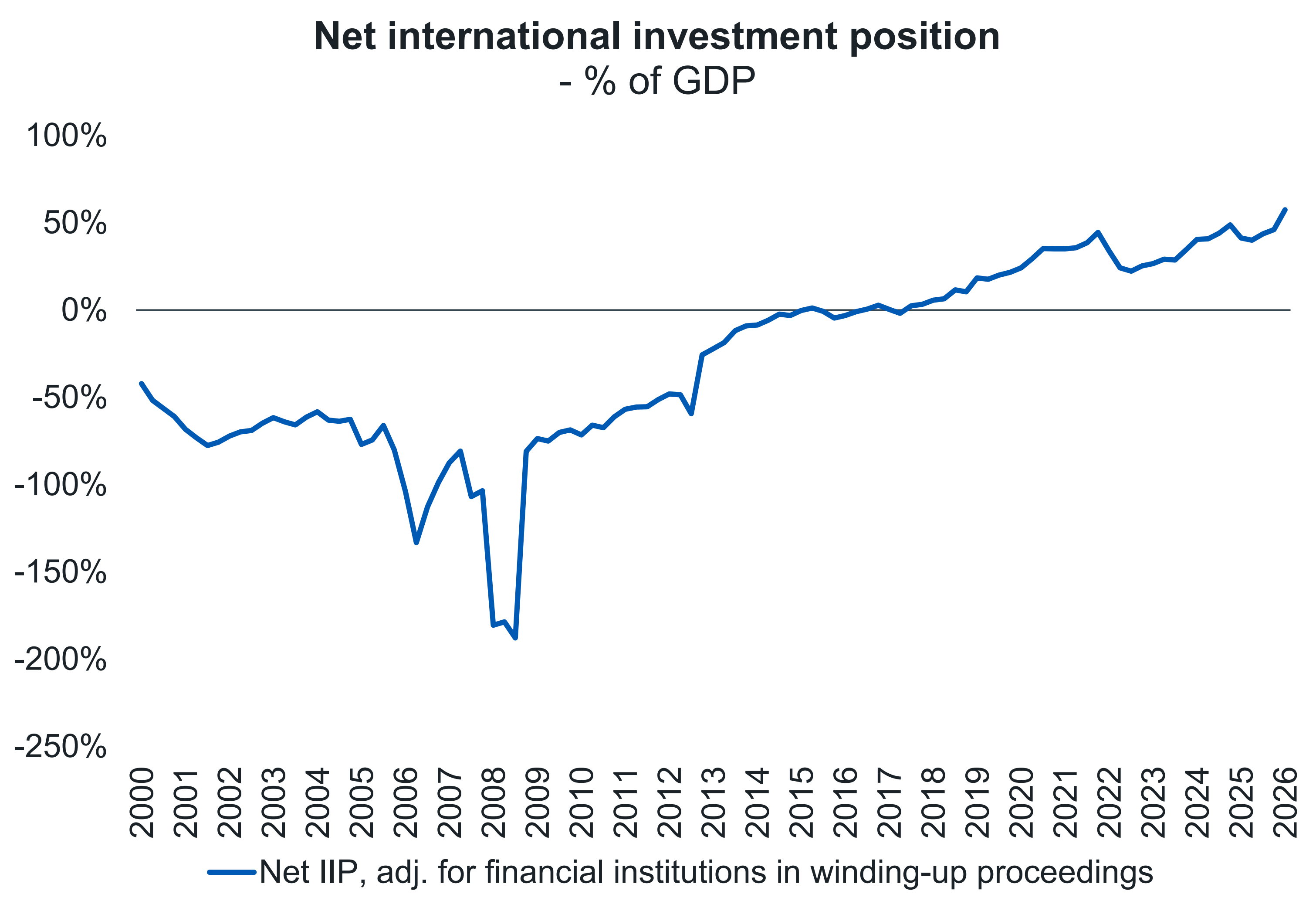
Registered unemployment

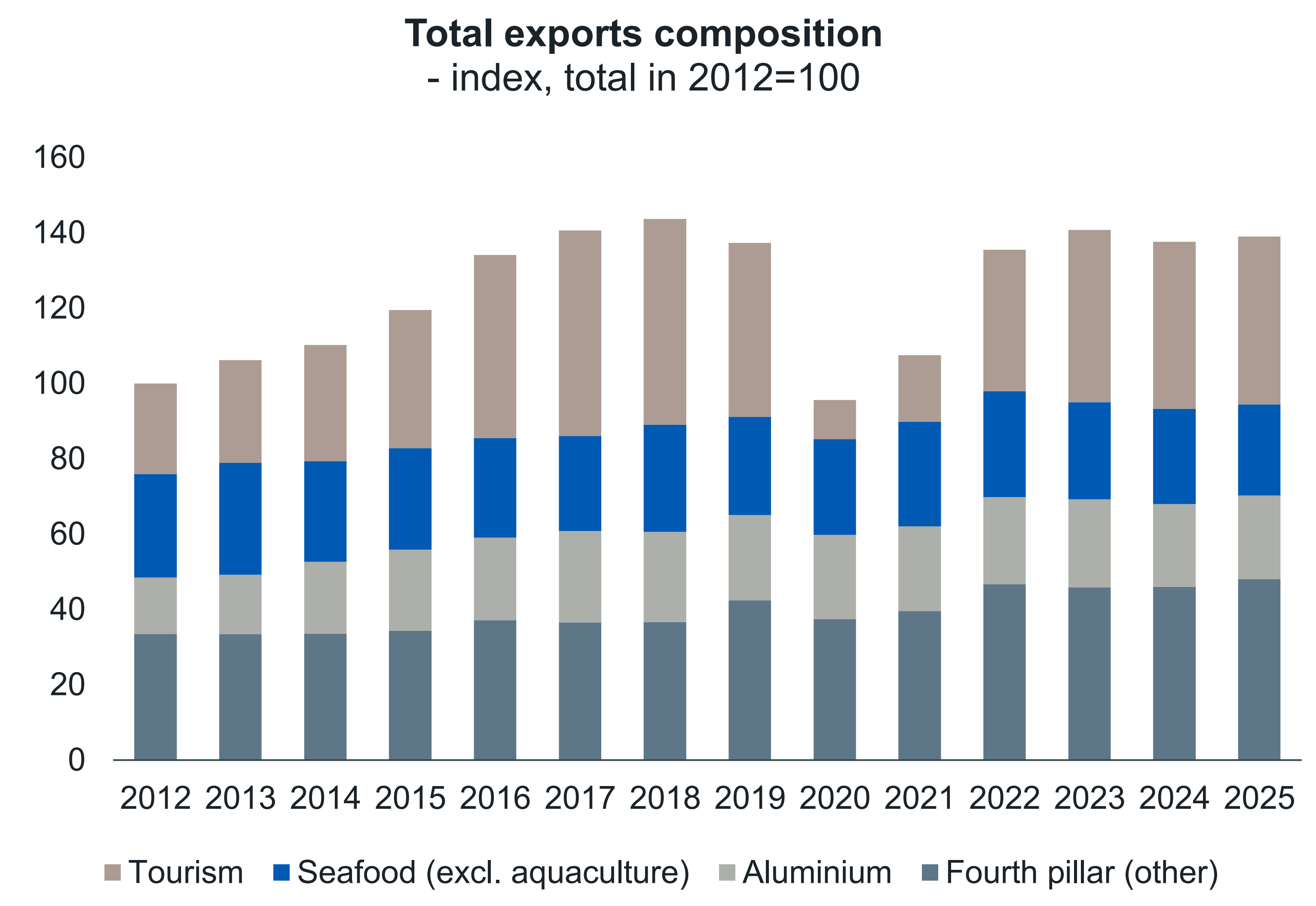


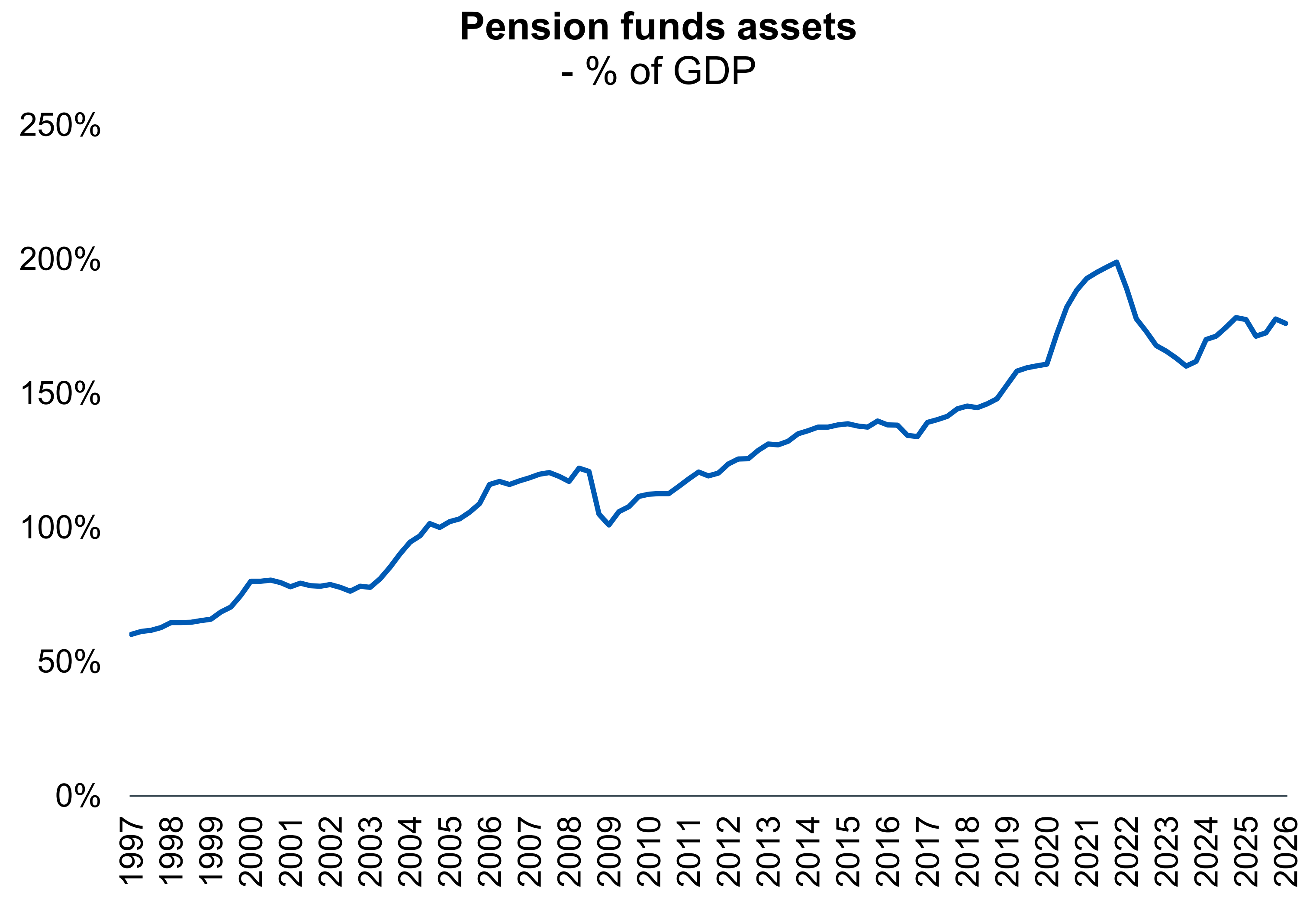
Sources: Central Bank of Iceland, Statistics Iceland, HMS, Directorate of Labor, Arion Research.*According to Statistics Iceland LFS.

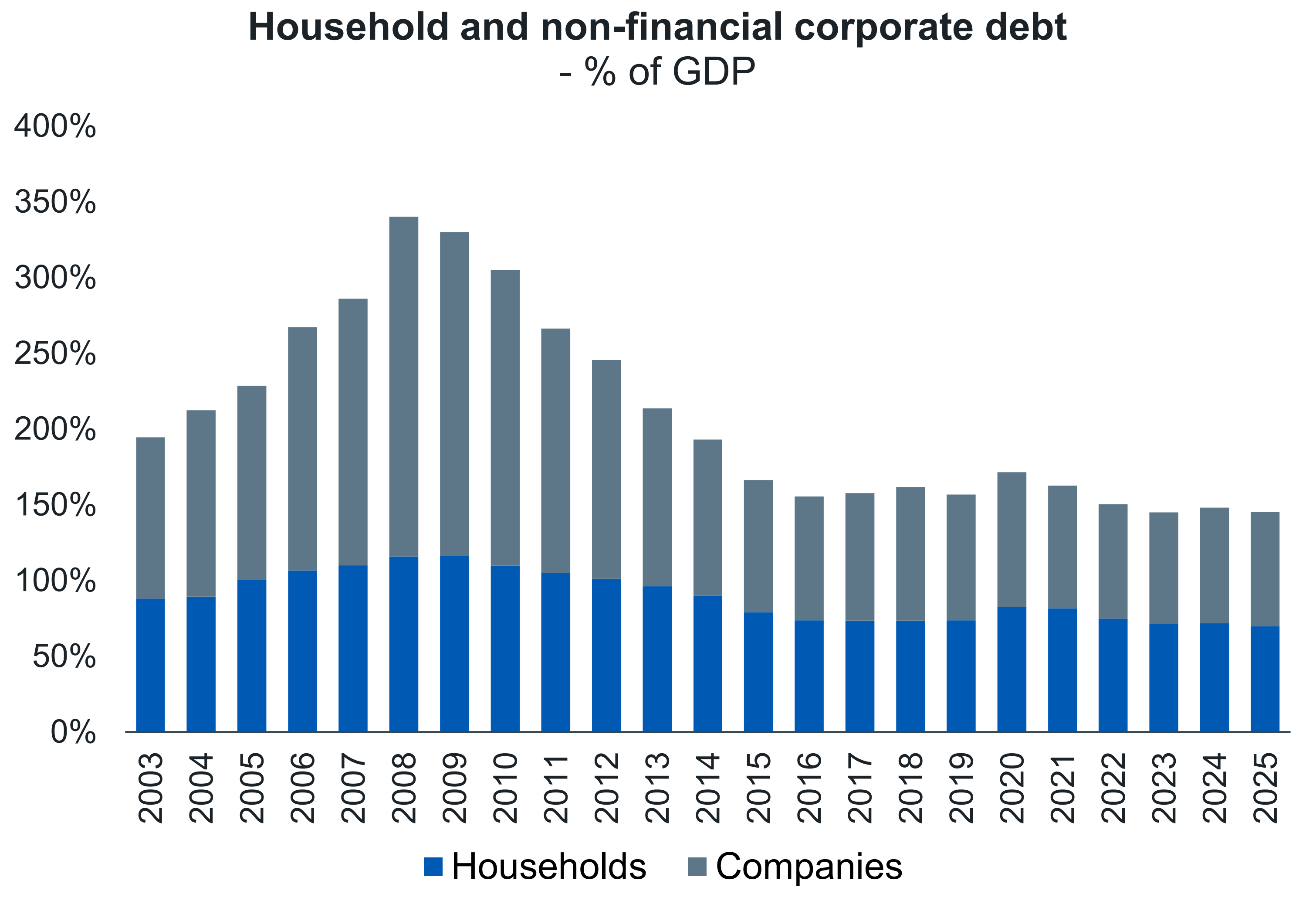
Small economy, strong foundations

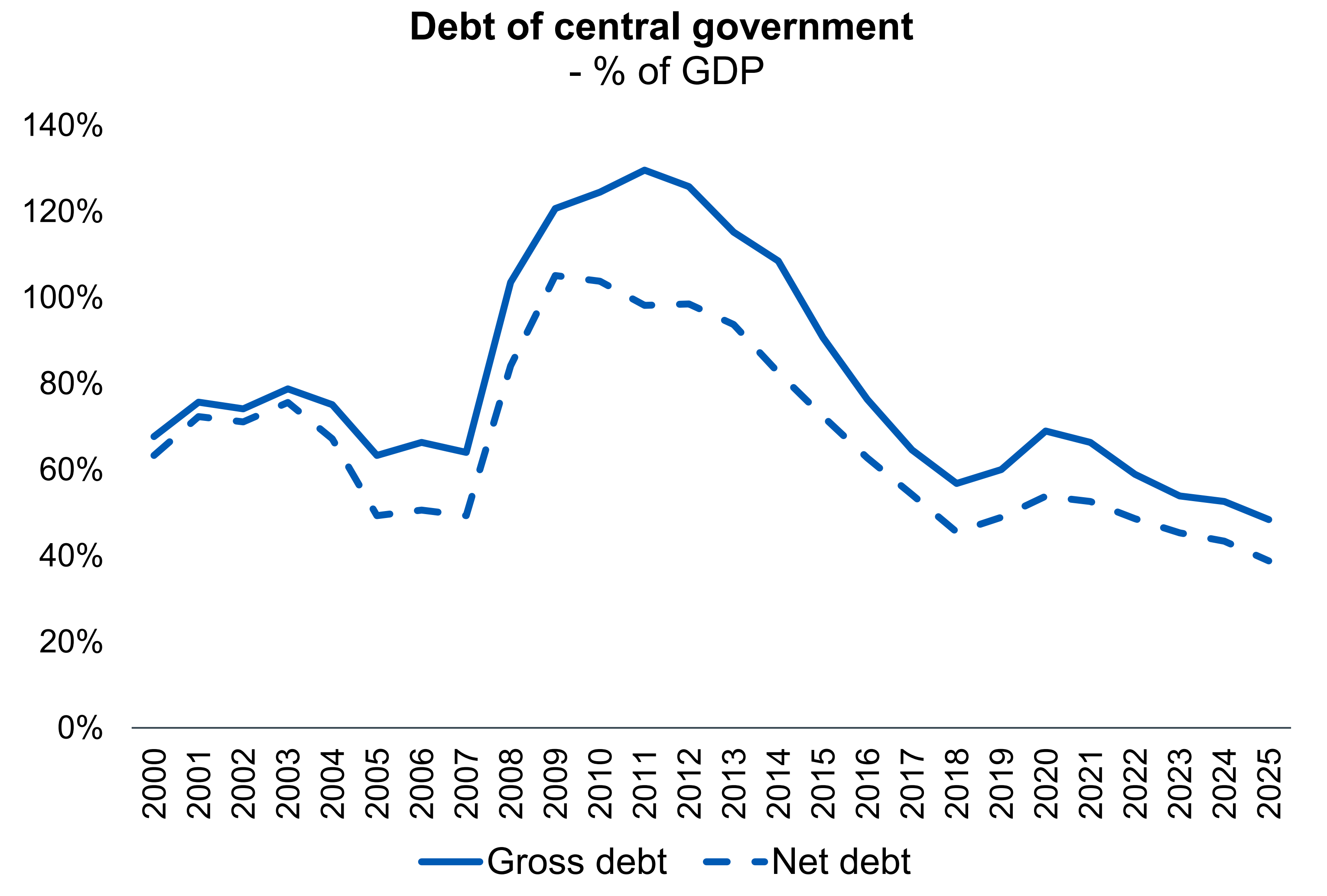












Sources: Statistics Iceland, Central Bank of Iceland, Arion Research.

Key takeaways from Q2 and H1 2026

Solid and resilient profitability

- ROE of 15.5% in Q2 and 14.6% in H1 2026
- All medium-term financial targets achieved
- Strong earnings generation and continued cost discipline

Diversified operating pillars

- Diversified pillars of the Group continue to support robust earnings momentum through the cycle
- Strong core income counters challenging conditions for investment income

Positive growth trajectory

- 6.7% loan growth YTD
- Solid loan growth despite softer economic conditions and high policy rates
- Loan growth supported by continued increase in stable deposits

Robust balance sheet position

- Capital position strong with a CET1 ratio of 17.7% or 242bps above regulatory requirements
- Liquidity position very strong with ISK 176bn surplus above LCR requirements in high-quality liquid assets (*weighted HQLA*)

Income statement Q2 2026

- Net earnings attributable to shareholders of ISK 8.1bn, resulting in a return on equity (ROE) of 15.5%
- Core income* increased by 0.8% year-on-year, mainly through net interest income
- Challenging market conditions for equity holdings
- Operating expenses increased by 10.9% year-on-year, equivalent to ISK 732m
- Impairments calculated at 19bps on annualized basis
- Effective tax rate of 28.5%, affected by loss from equity holdings

	Q2 2026	Q2 2025	Diff	Q1 2026	Diff
Net interest income	15,219	14,200	7%	16,303	(7%)
Net fee and commission income	3,987	4,553	(12%)	3,876	3%
Insurance service results	655	1,066	(39%)	(66)	-
Net financial income	(68)	179	-	(767)	-
Other operating income	151	1,324	-	114	32%
Operating income	**19,944**	**21,322**	**(6%)**	**19,460**	**2%**
Operating expenses	(7,429)	(6,697)	11%	(7,456)	(0%)
Bank levy	(582)	(521)	12%	(541)	8%
Net impairment	(679)	147	-	(391)	74%
Net earnings before taxes	**11,254**	**14,251**	**(21%)**	**11,072**	**2%**
Income tax expense	(3,204)	(3,984)	(20%)	(3,743)	(14%)
Net earnings from continuing operations	**8,050**	**10,267**	**(22%)**	**7,329**	**10%**
Discontinued operations net of tax	-	(11)	-	-	-
Net earnings	**8,050**	**10,256**	**(22%)**	**7,329**	**10%**
Non-controlling interest	4	(506)	-	(11)	-
Net earnings attributable to shareholders	**8,054**	**9,750**	**(17%)**	**7,318**	**10%**

Return on equity attributable to shareholders	15.5%	19.7%		13.9%	
Earnings per share	5.92	6.59	(10.2%)	5.33	10.9%
Core income*	20,864	20,697	0.8%	21,097	(1.1%)
Net interest margin	3.5%	3.5%		3.8%	
Total cost-to-core income ratio	40.4%	36.6%		40.0%	
Cost-to-income ratio	37.2%	31.4%		38.3%	

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

9 All amounts in ISK million

Income statement H1 2026

- Net earnings attributable to shareholders of ISK 15.4bn, resulting in a return on equity (ROE) of 14.6% compared to 16.1% in H1 2025, which was impacted by valuation change of development assets
- Core income* increased by 9.7% year-on-year, primarily net interest income
- Challenging market conditions for investment income
- Operating expenses increased by 11.9% year-on-year, equivalent to ISK 1,587m, mainly salaries, and IT
- Impairments calculated at 16bps on annualized basis compared with 4bps in previous year
- High effective tax rate of 31.1% affected by loss from equity holdings

	H1 2026	H1 2025	Diff
Net interest income	31,522	26,366	20%
Net fee and commission income	7,863	9,089	(13%)
Insurance service results	589	1,035	(43%)
Net financial income	(835)	(772)	8%
Other operating income	265	4,645	-
Operating income	**39,404**	**40,363**	**(2%)**
Operating expenses	(14,885)	(13,298)	12%
Bank levy	(1,123)	(1,029)	9%
Net impairment	(1,070)	(231)	363%
Net earnings before taxes	**22,326**	**25,805**	**(13%)**
Income tax expense	(6,947)	(7,710)	(10%)
Net earnings from continuing operations	**15,379**	**18,095**	**(15%)**
Discontinued operations net of tax	-	(22)	-
Net earnings	**15,379**	**18,073**	**(15%)**
Non-controlling interest	(7)	(1,902)	-
Net earnings attributable to shareholders	**15,372**	**16,171**	**(5%)**
Return on equity attributable to shareholders	14.6%	16.1%	
Earnings per share	11.25	11.22	0.3%
Core income*	41,961	38,241	9.7%
Net interest margin	3.6%	3.3%	
Total cost-to-core income ratio	40.2%	39.4%	
Cost-to-income ratio	37.8%	32.9%	

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

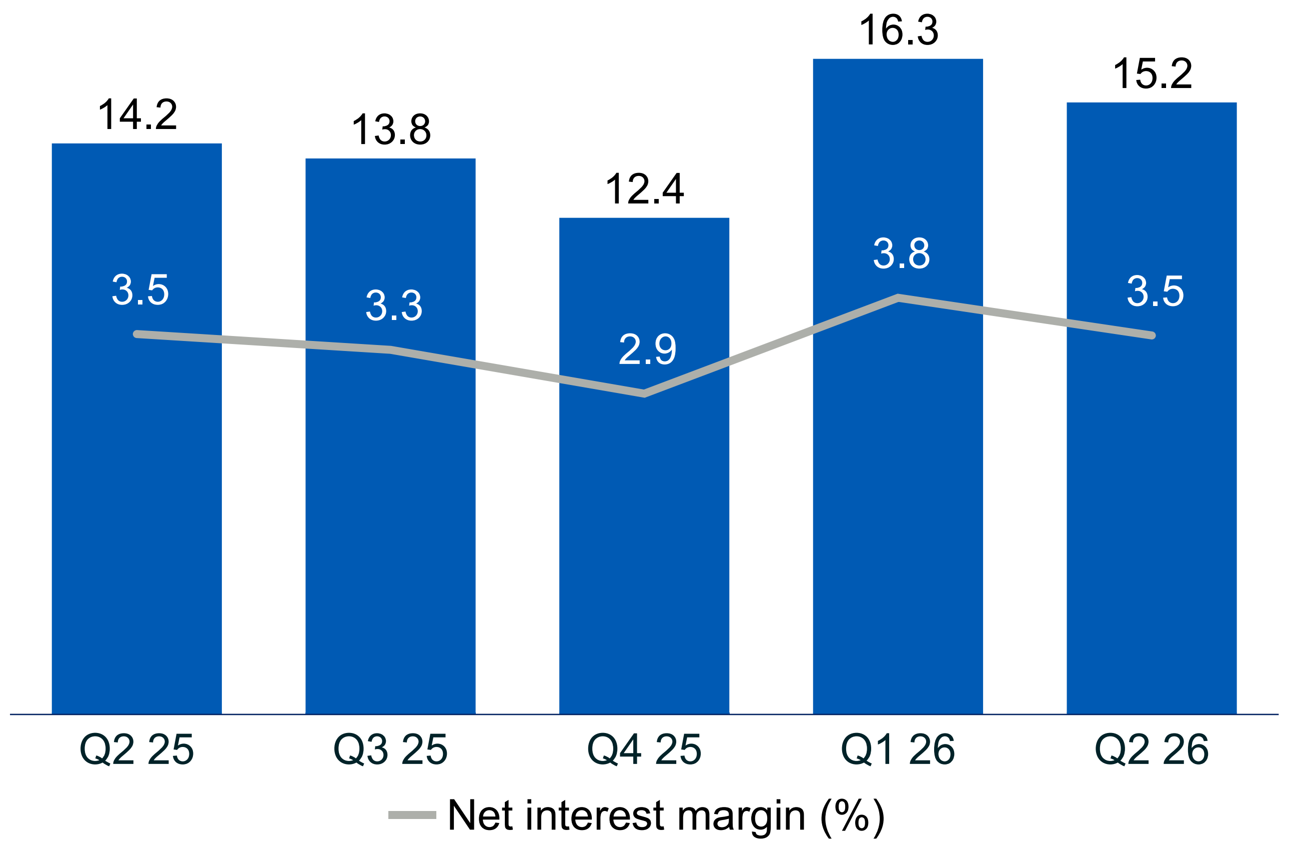
10 All amounts in ISK million

Net interest income

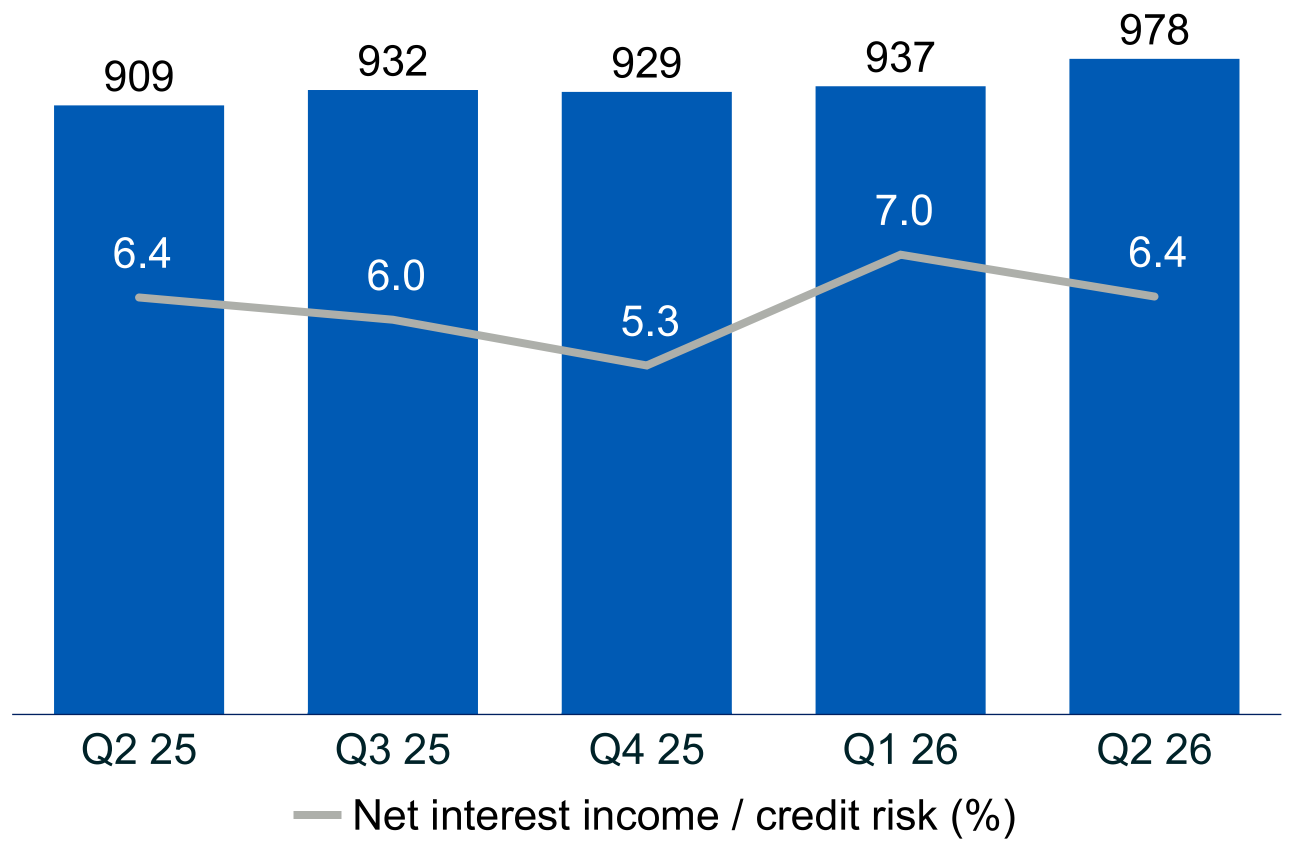
Robust margin while inflation continues to impact short-term fluctuations

- Net interest income was ISK 15.2bn in the quarter, representing a 7.2% year-on-year increase
  - The growth was primarily driven by an 11.4% increase in customer lending, led mainly by higher corporate loan volumes
- NIM was 3.5% in Q2, unchanged from the same quarter last year
  - The impact of CPI movements in the quarter was broadly in line with Q2 2025, with annualized inflation measured at 5.75% compared with 6.05% in Q2 2025. However, it was significantly lower than the 9.97% recorded in Q1 2026
  - The CPI imbalance amounted to ISK 236bn at quarter-end, compared with ISK 204bn at year-end 2025 and has increased by approximately ISK 40bn from Q2 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 monthly inflation impact on the CPI-linked loan book

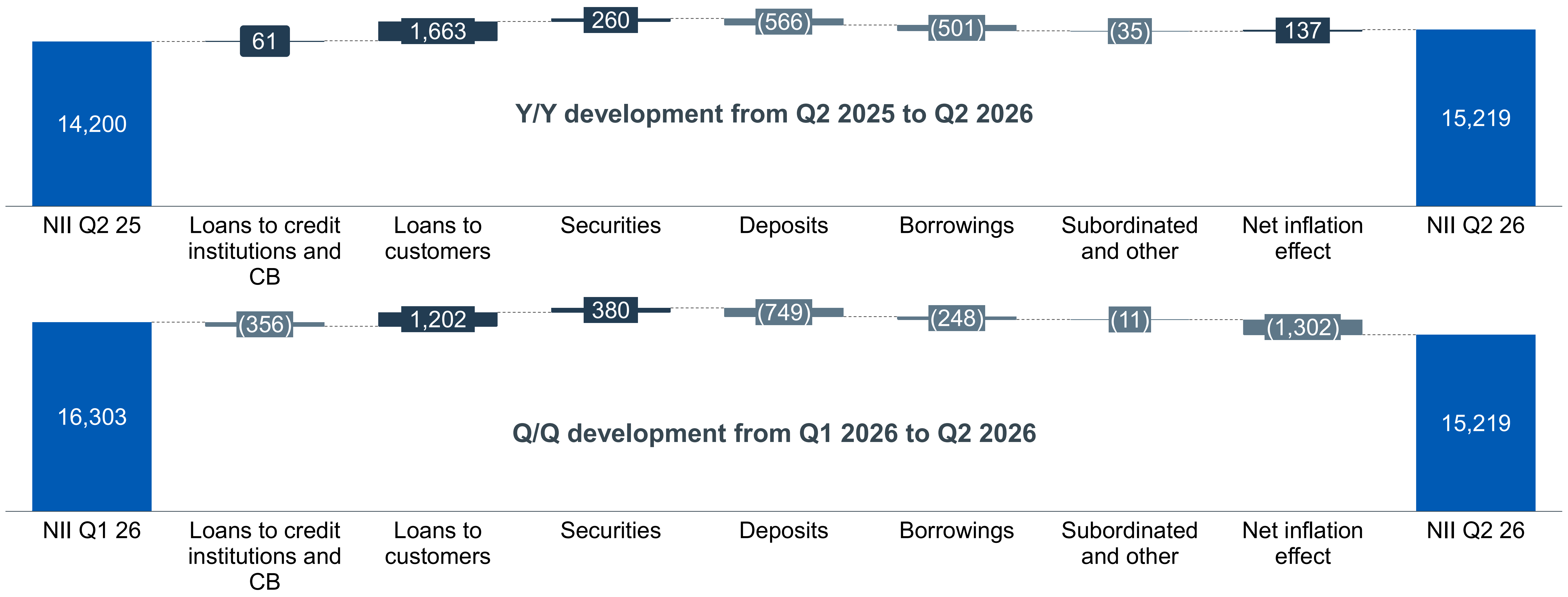
Net interest income (ISK bn)



Credit risk (ISK bn)



Net interest income development (ISK m)

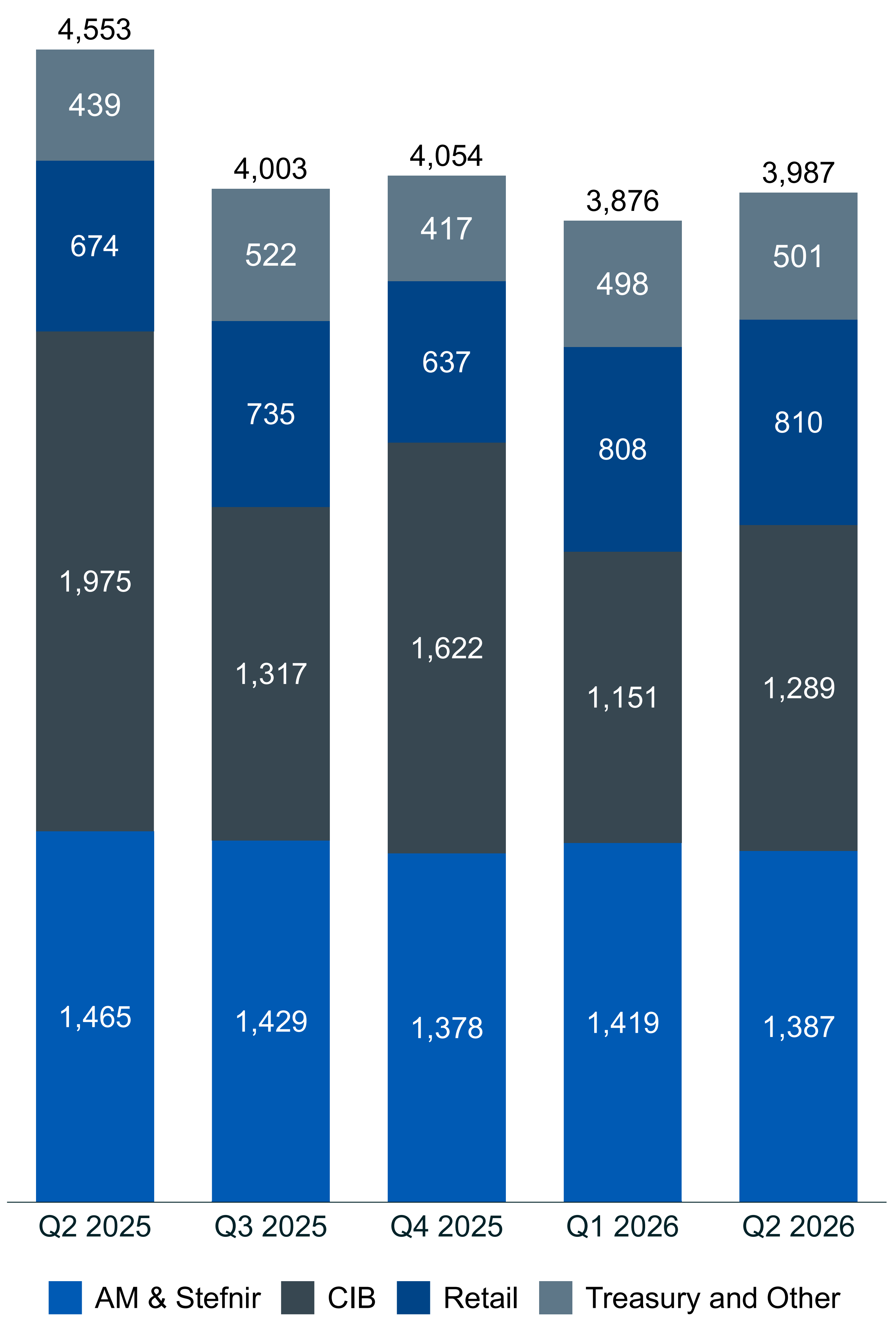


Net fee and commission income

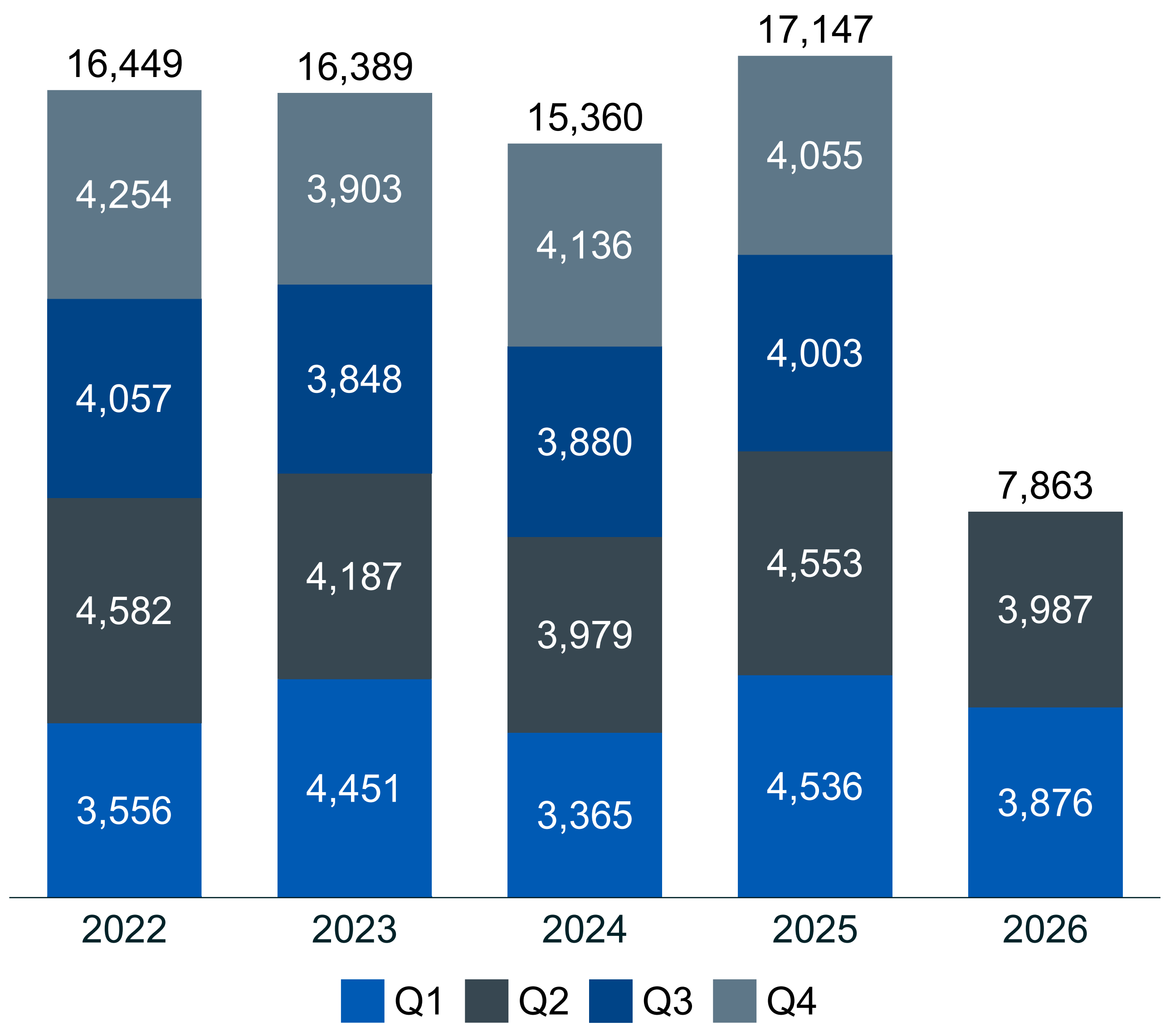
Diversified and resilient

- 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 robust despite slower economic activity
- Retail Banking activity remained broadly stable, with fee income primarily driven by card services as well as collection and payment services

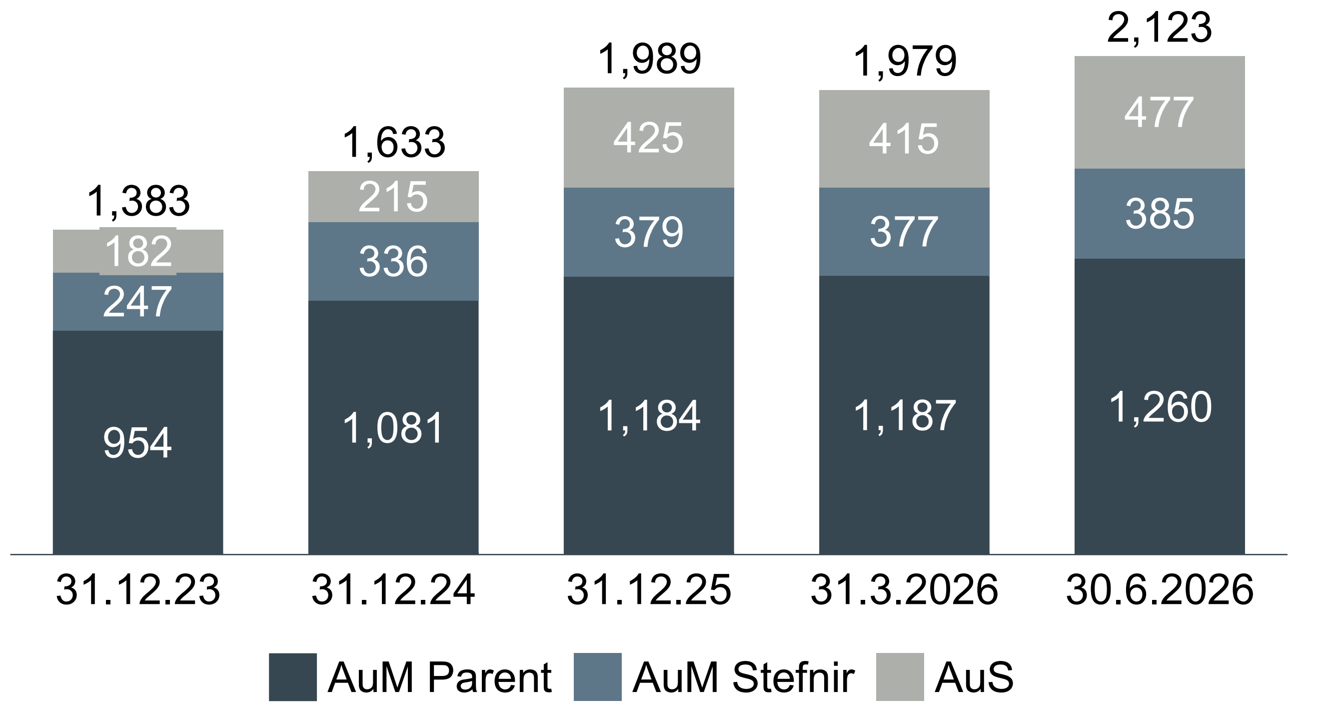
Net fee and commission income (ISK m)



Net fee and commission income (ISK m)



Assets under Management and Supervision (ISK bn)

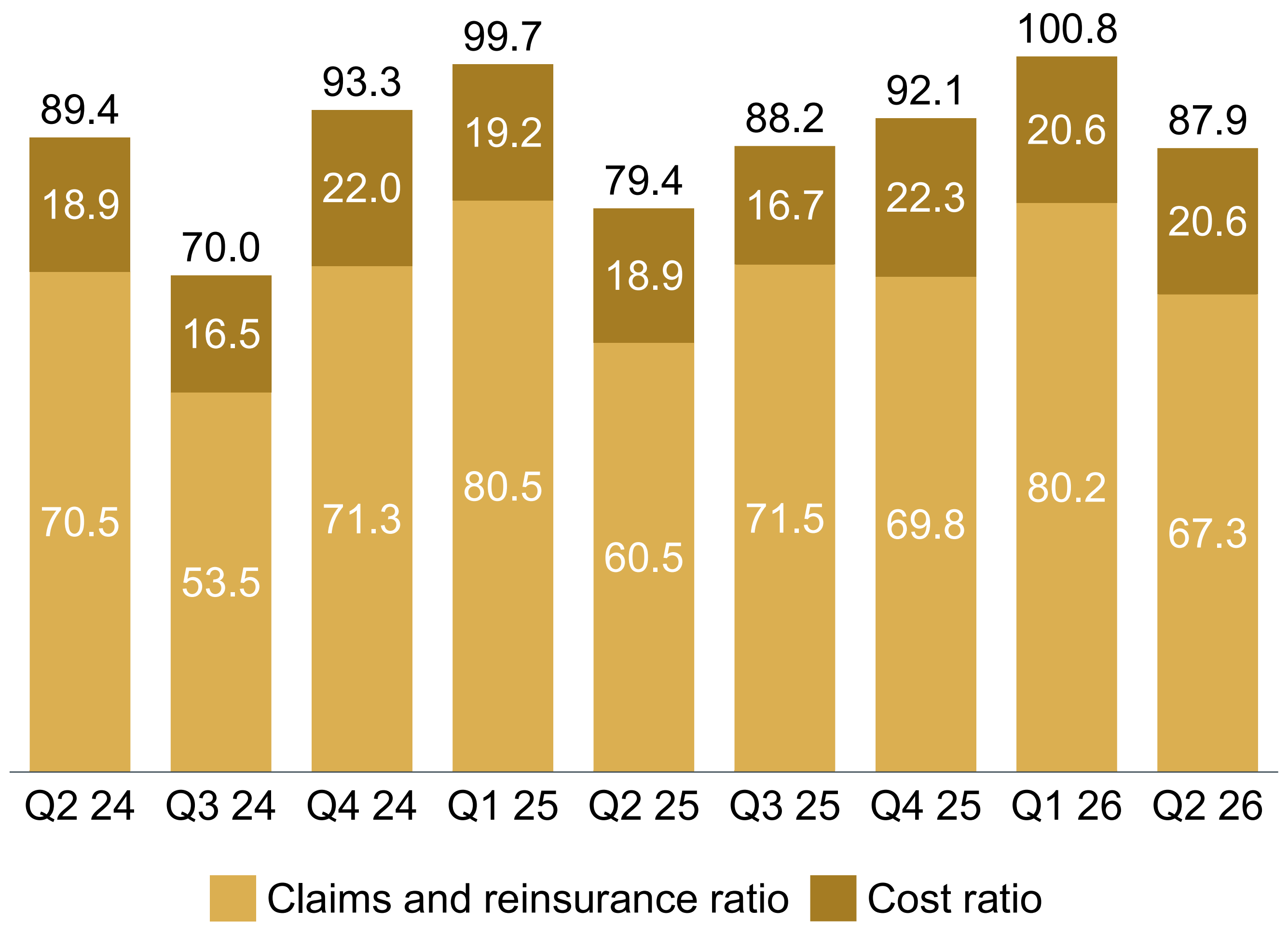


Vörður*
Part of Arion

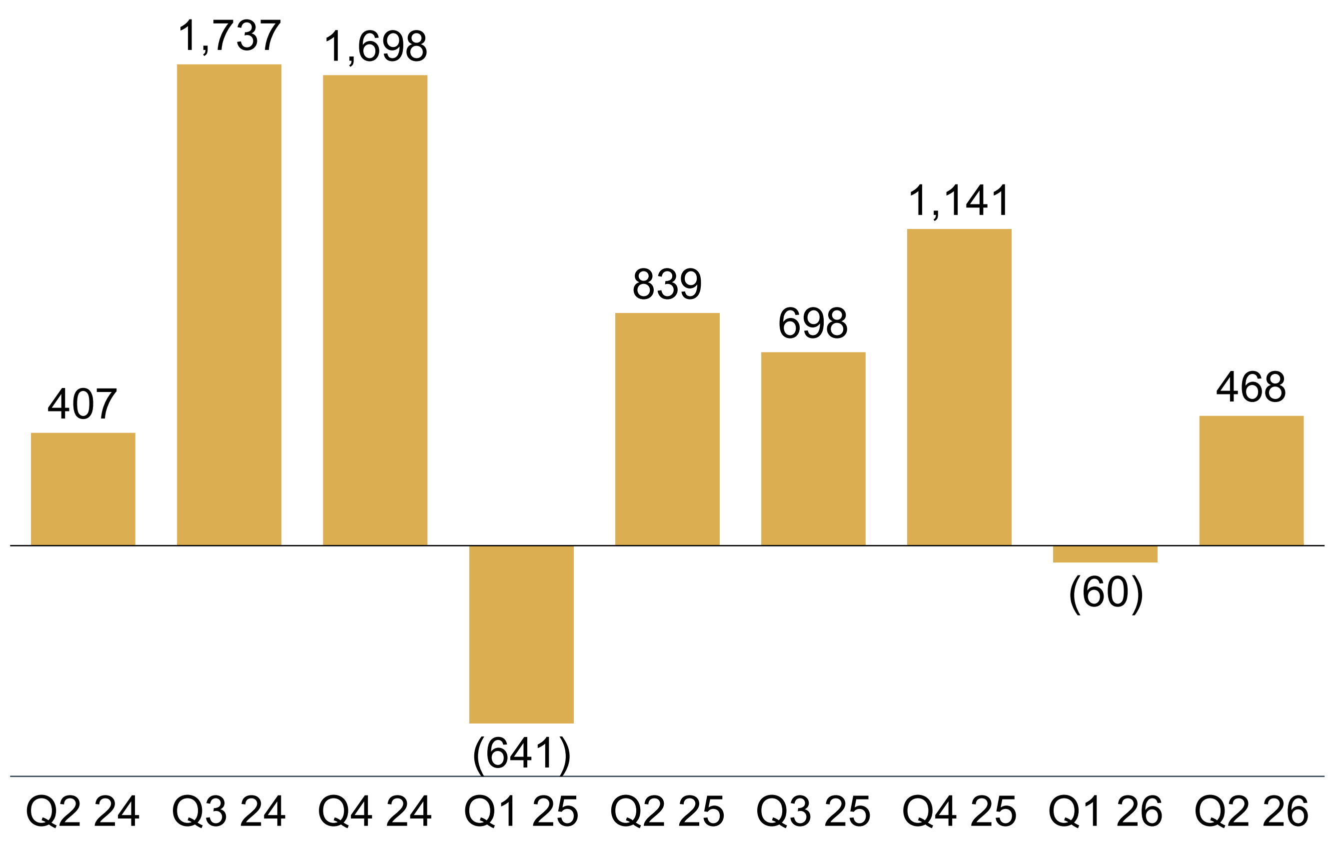
Solid growth momentum continues

- Insurance revenue grew by 6.5% in the first half of the year, exceeding inflation and outperforming competitors' weighted average revenue growth of 3.7%
- Claims ratio increased to 65.4% from a very good Q2 2025 with 61.9%. The increase is driven by motor but other smaller lines of business show improvement
- Net cost of reinsurance increases with lower participation in claims in a period of no large claim incidents. The reinsurance ratio was negative by 1.9% in the quarter compared with positive 1.5% in Q2 2025
- This results in a combined ratio of 87.9% for the quarter compared with 79.4% in Q2 2025. For H1 2026 the ratio was 94.3% compared with 89.4% in H1 2025
- Net earnings for the quarter was ISK 468m, compared with ISK 839m in the same quarter last year

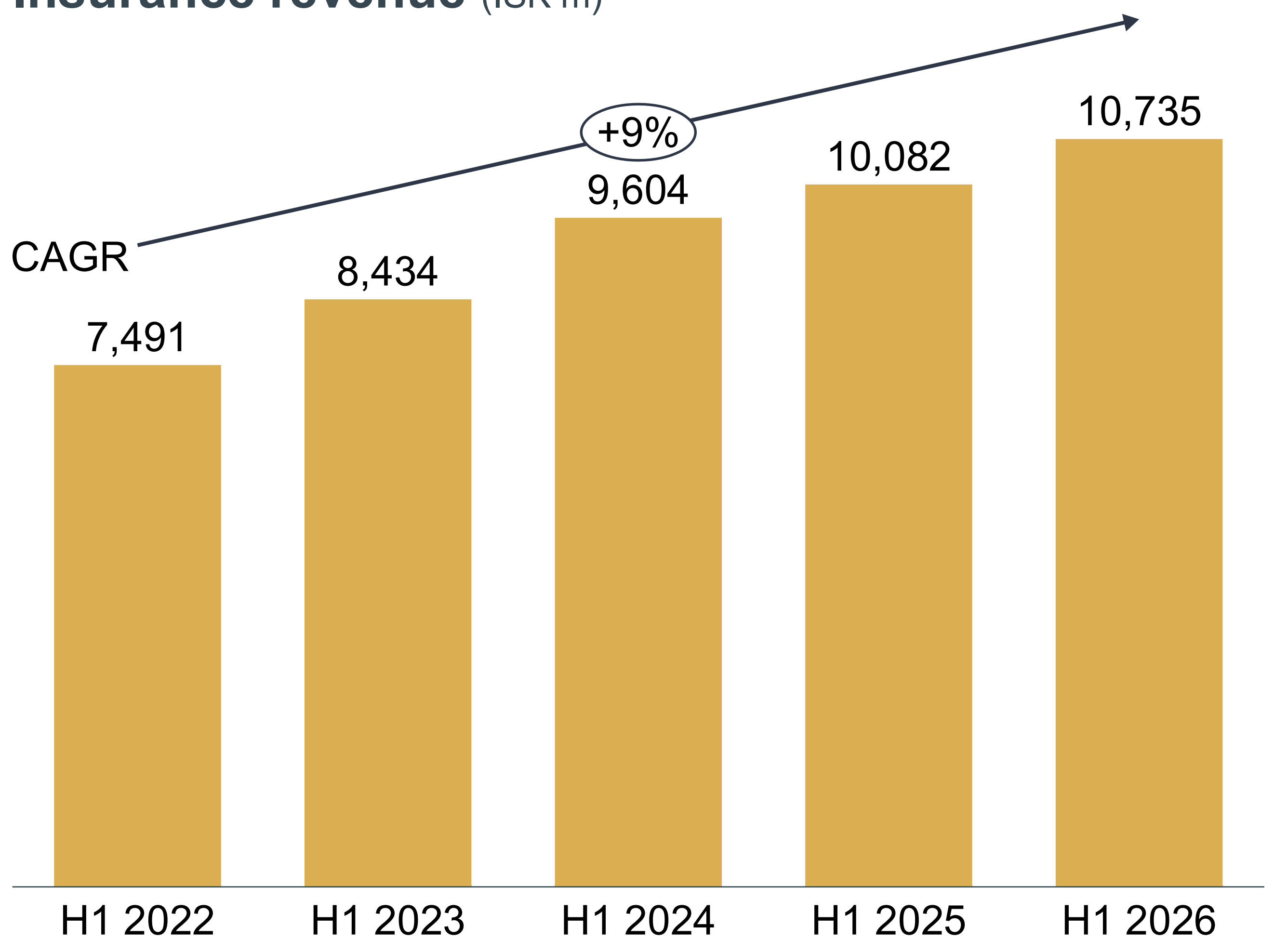
Combined ratio (%)



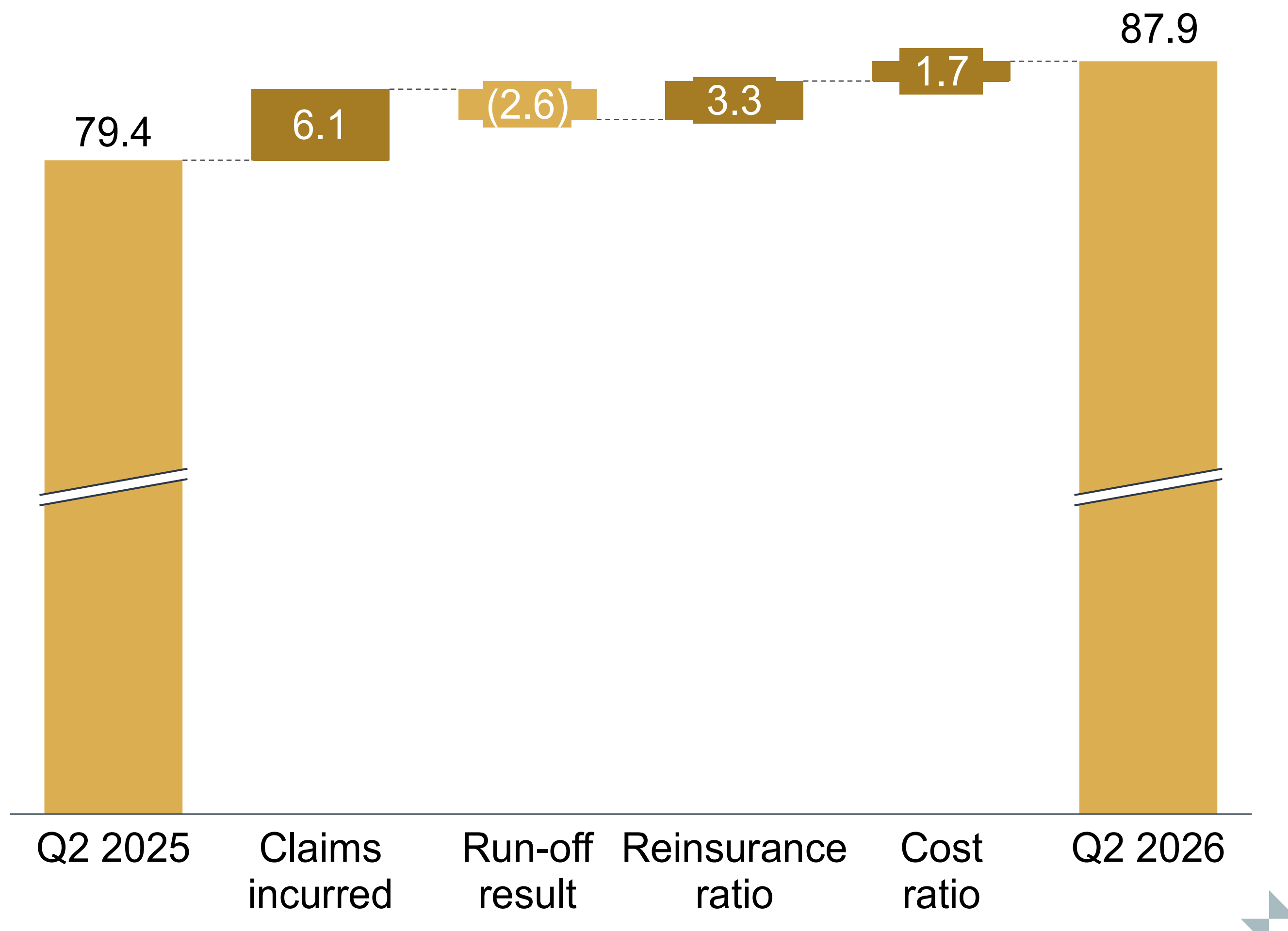
Vördur net earnings (ISK m)



Insurance revenue (ISK m)



Change in combined ratio from Q2 2025 (%)



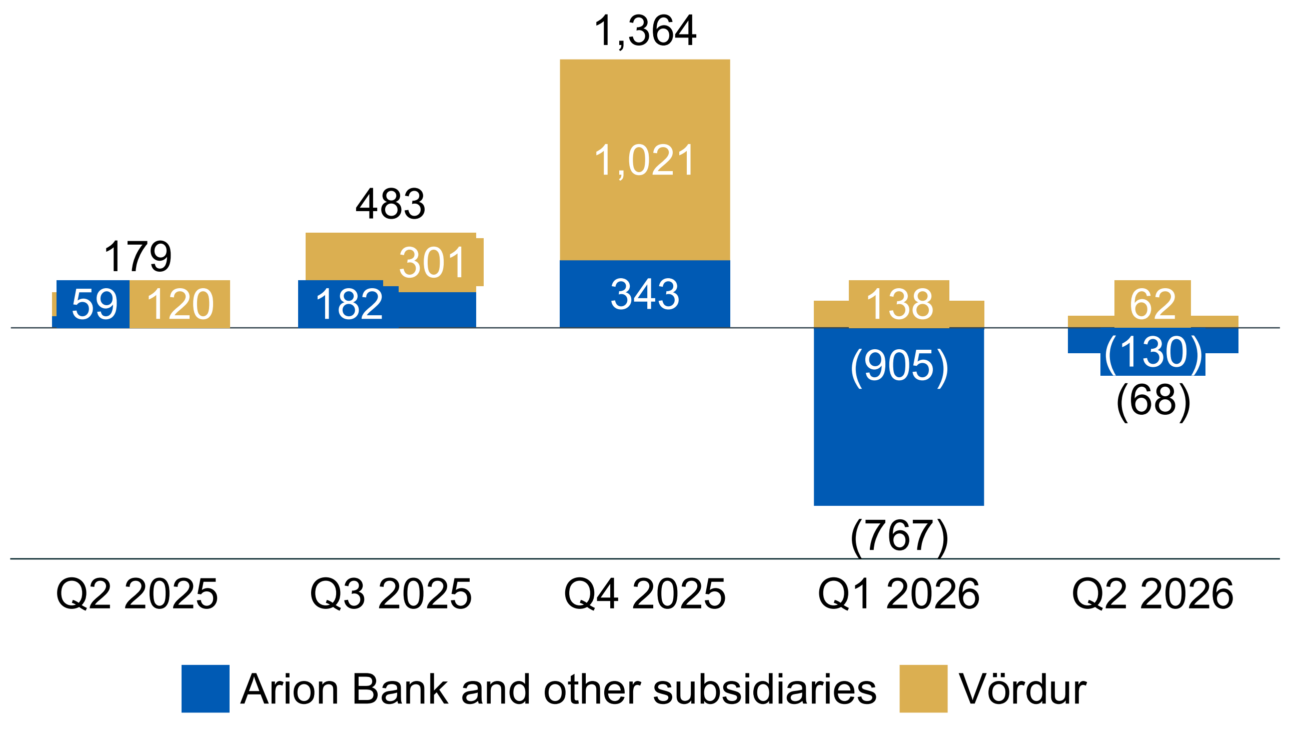
* Figures based on Vördur standalone financial results, before elimination within the Group.

Net financial income

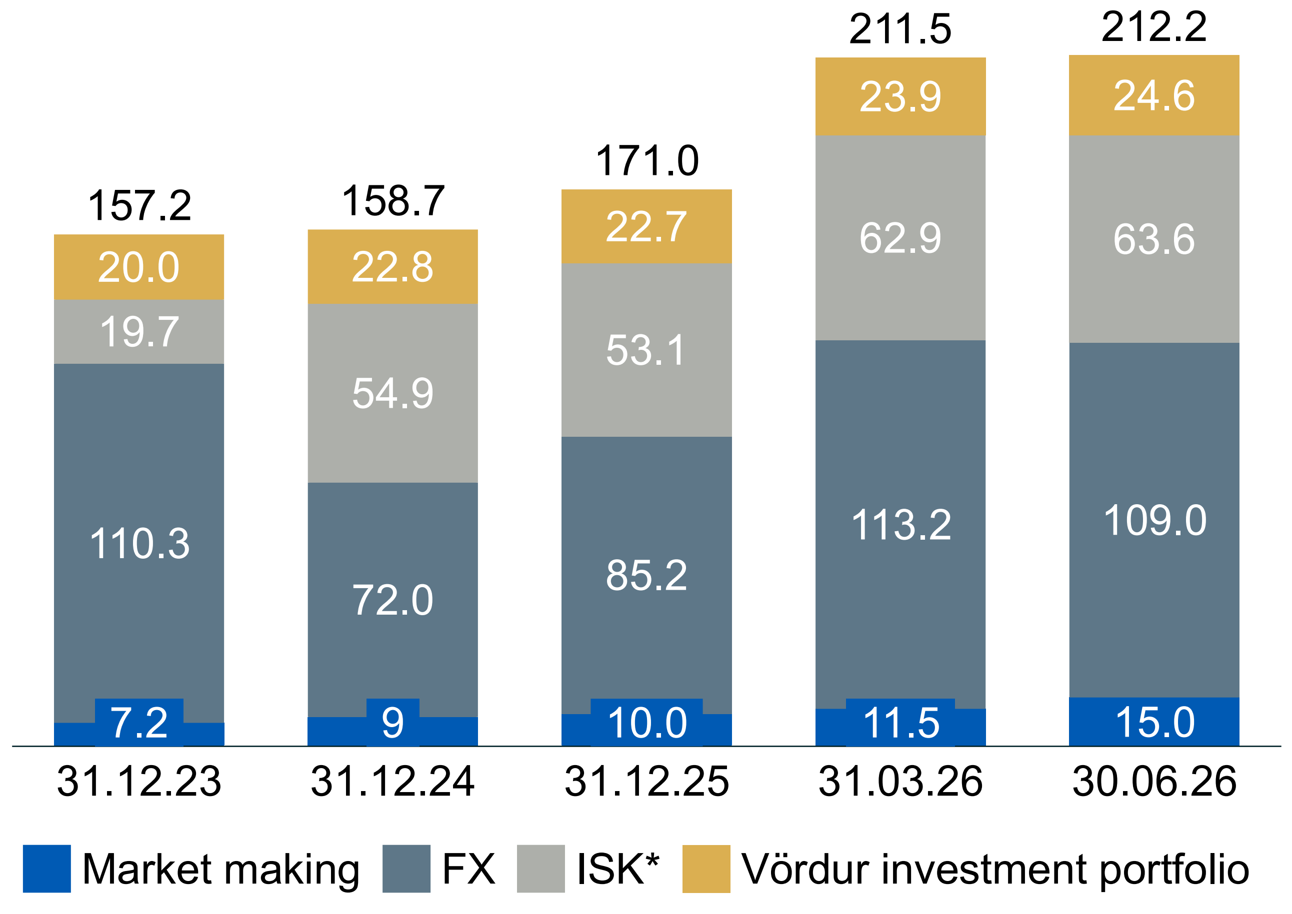
Challenging market conditions, especially in equities

- Vördur's total investment portfolio stands at ISK 35bn, generating a profit of ISK 62m for the quarter, which includes adverse net impacts from insurance contracts
- Loss from equity holdings mainly 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

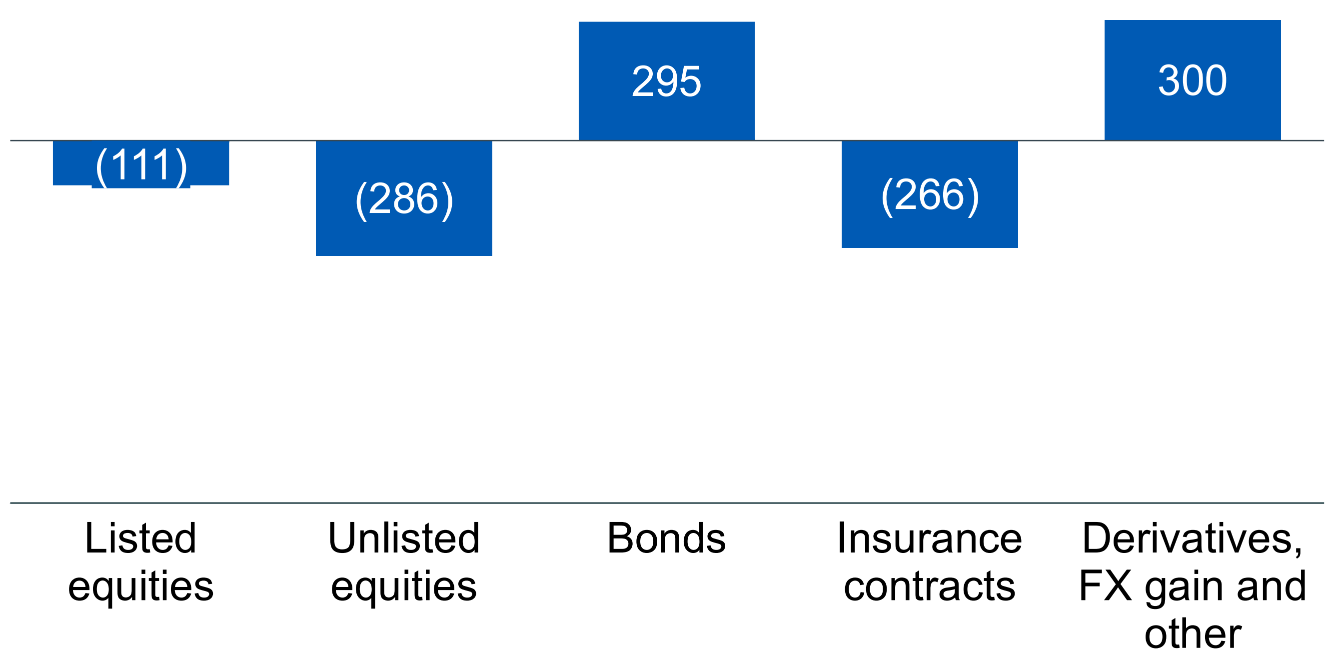
Net financial income (ISK m)



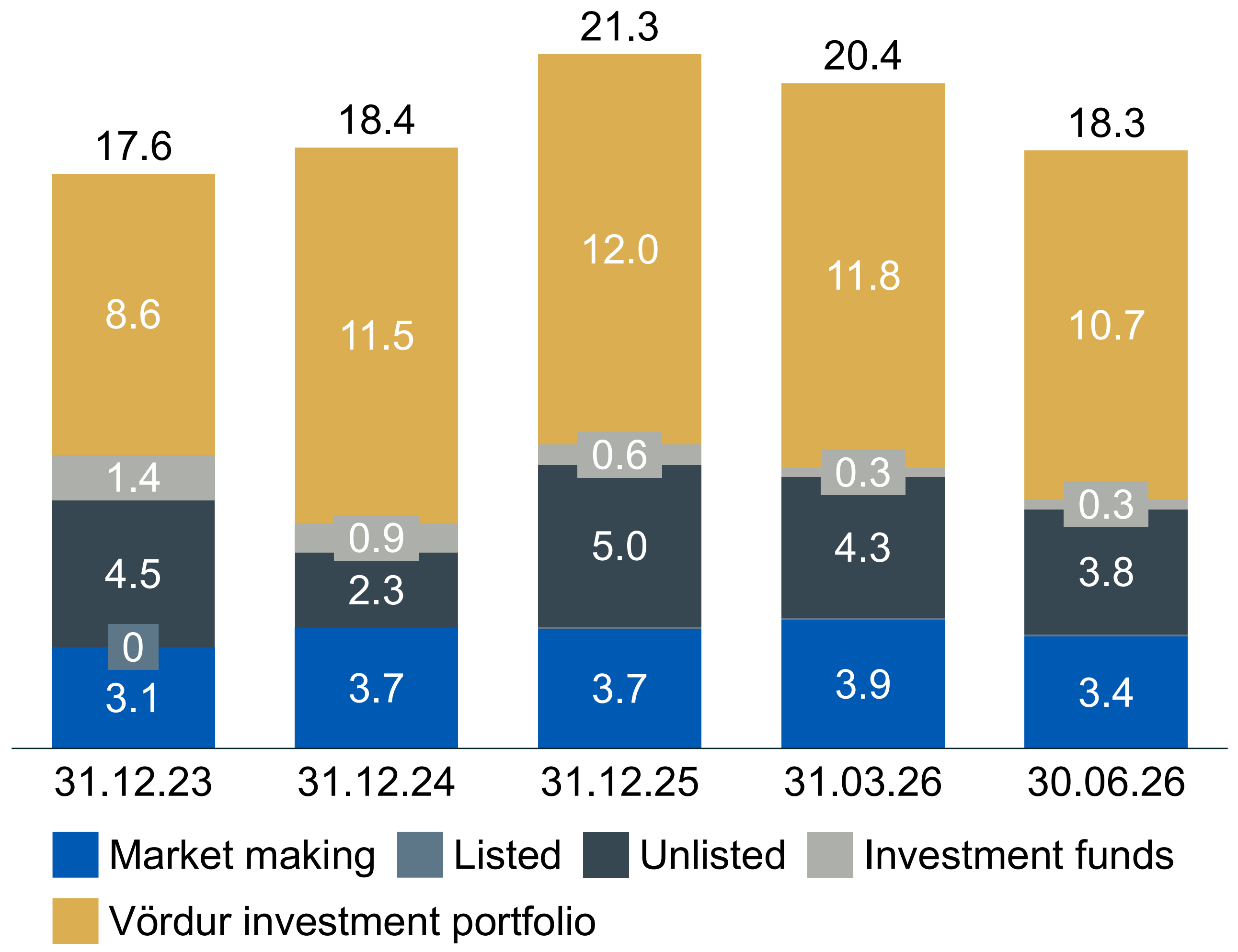
Bond holdings (ISK bn)



Net financial income by type (ISK m)



Equity holdings (ISK bn)



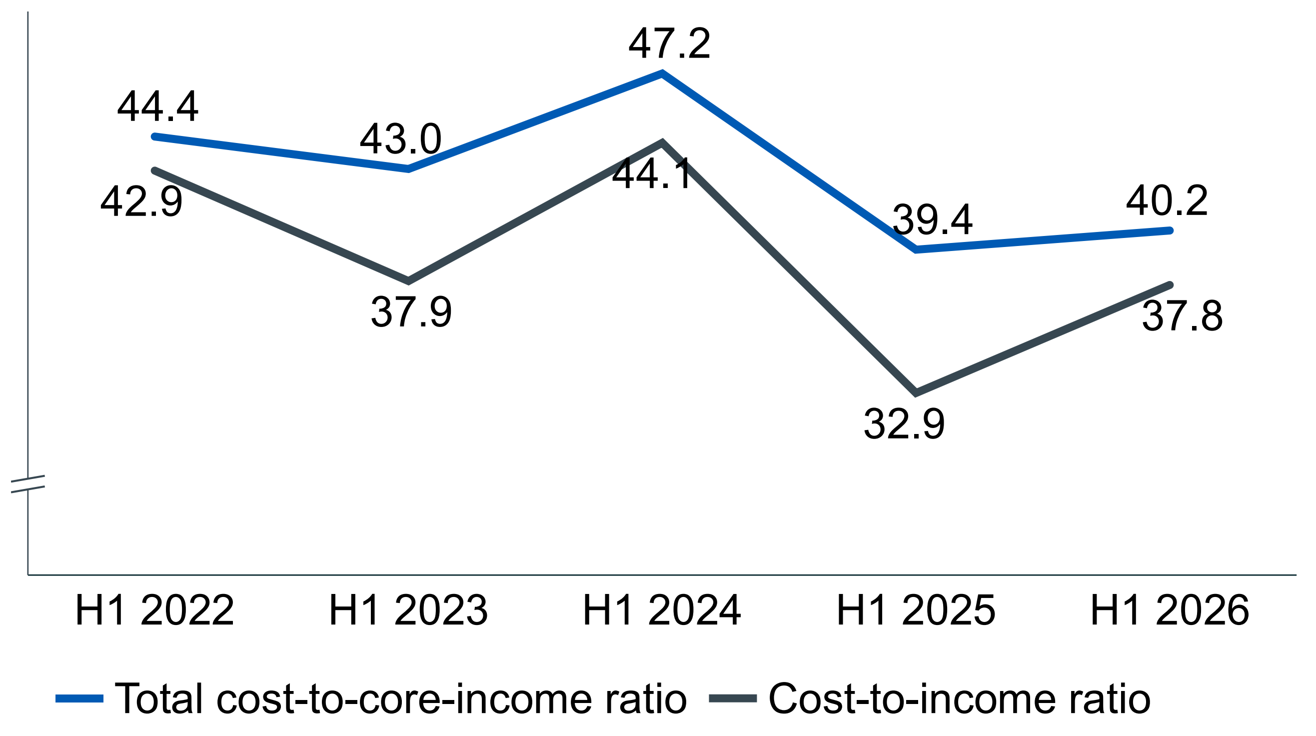
*Includes bond holdings through fund structure

Operating expenses*

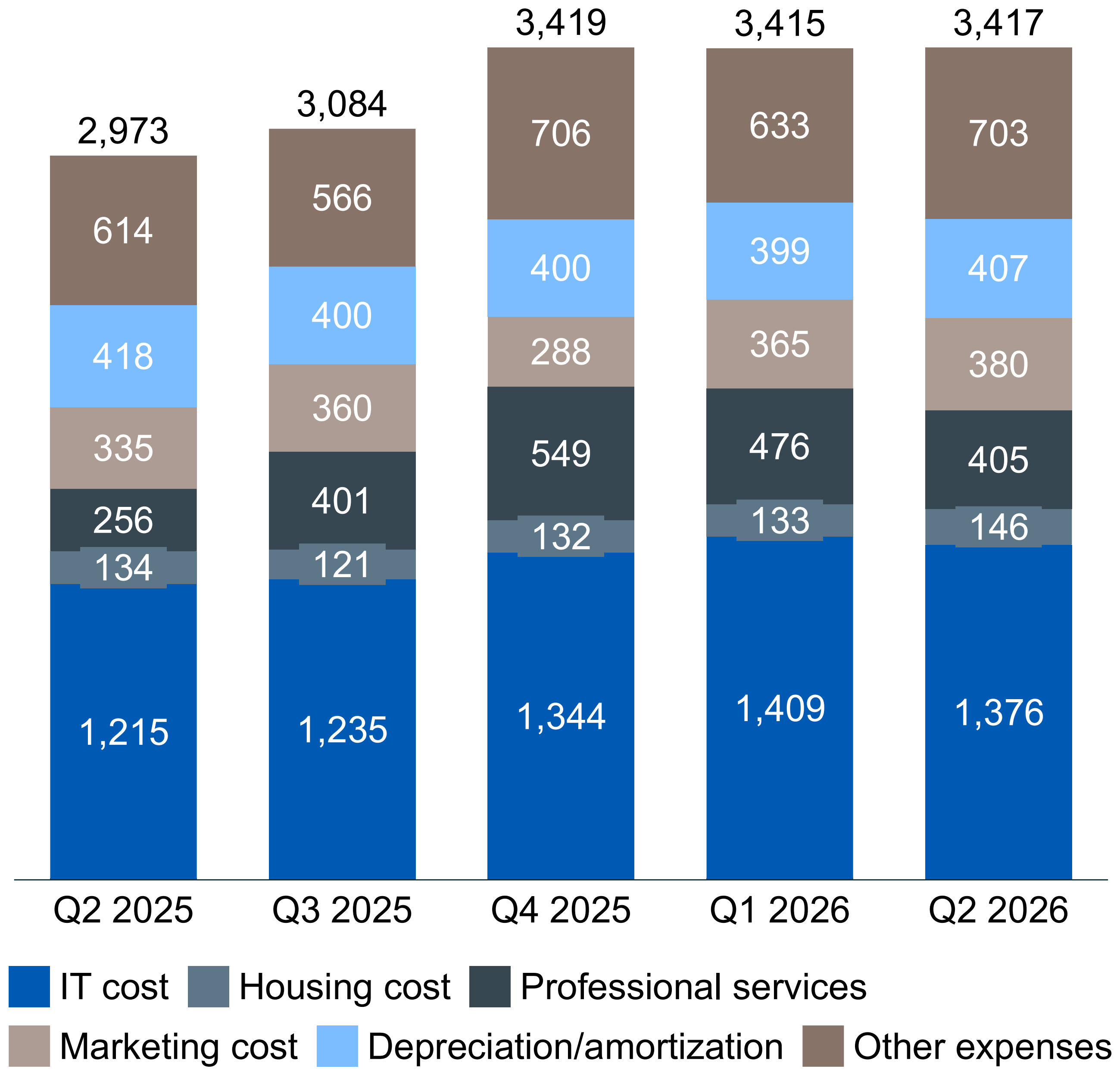
Stable underlying cost base with one-off impacts in annual comparison

- 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 857m, or 11.3%, compared with Q2 2025
  - Salaries and related expenses increased by ISK 414m or 9.0%, mainly due to increased number of FTE's, effect of collective union wage increase of 3.5% effective from January 2026 and increased cost of incentive scheme (ISK 173m)
  - Other operating expenses increased by 14.9% from Q2 2025 or ISK 444m, largely IT expense and professional services
  - Number of FTEs was stable from year-end 2025 but increase from Q2 2025 is mainly in IT

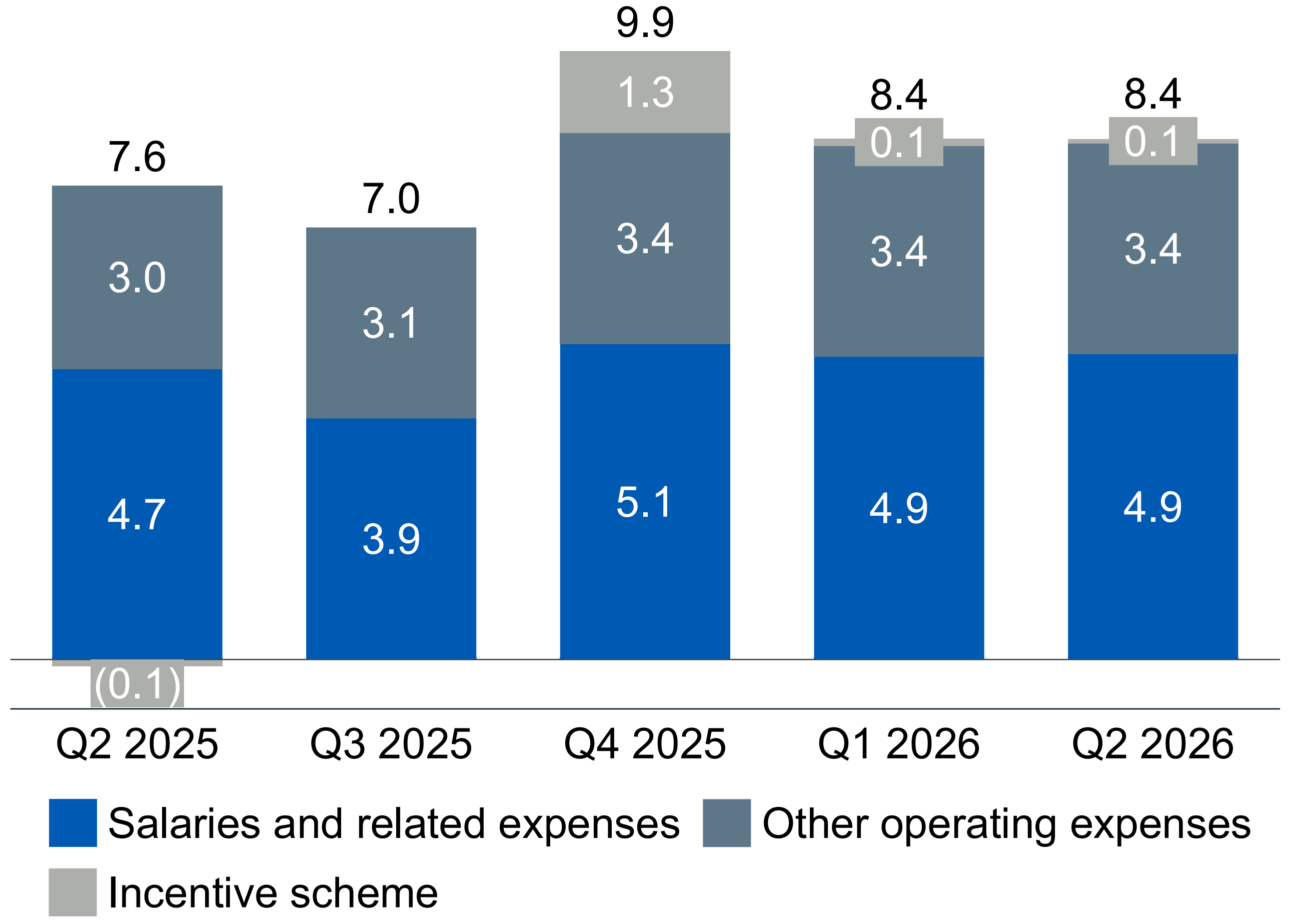
Cost ratios (%)



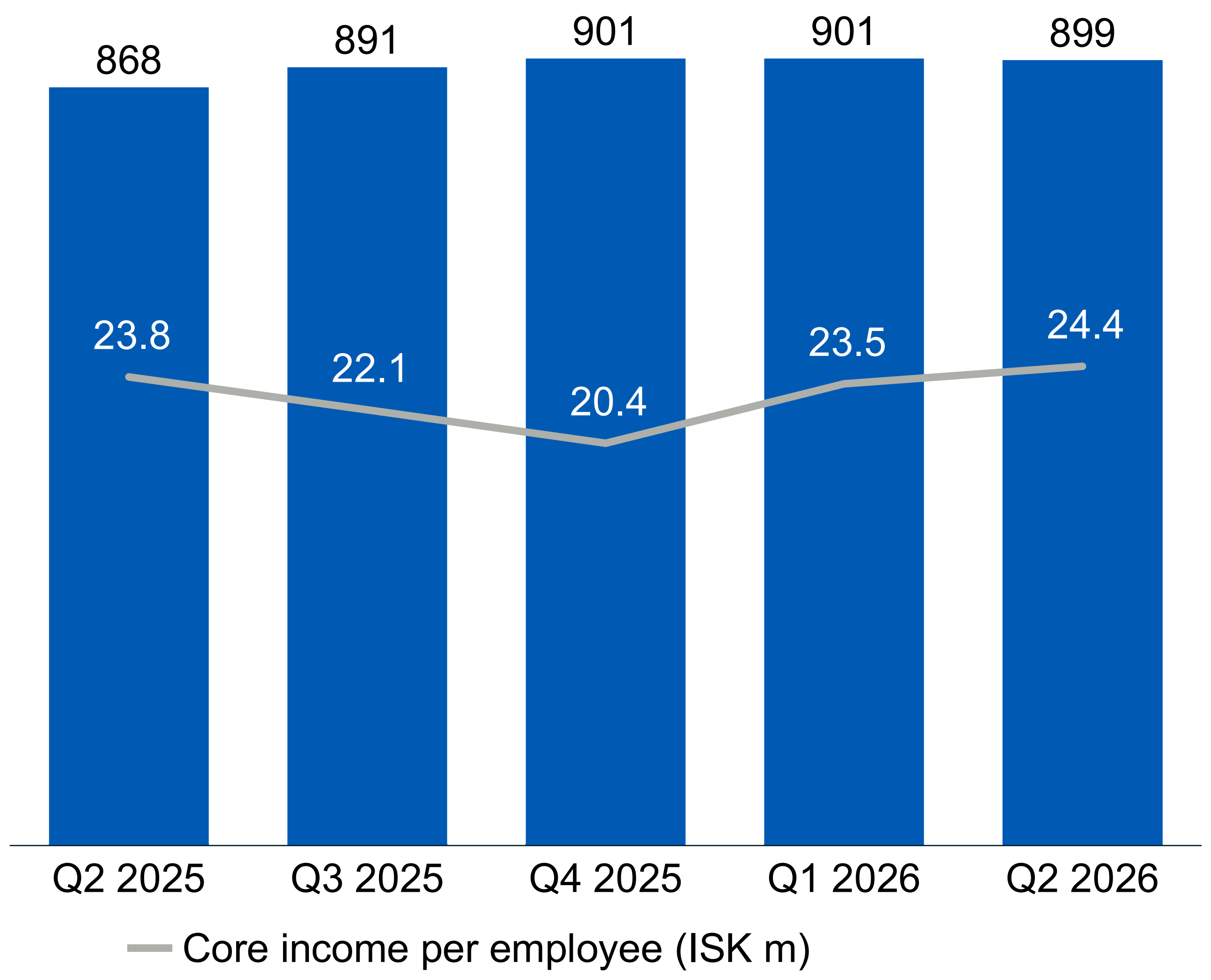
Other operating expenses (ISK m)



Total operating expenses (ISK bn)



Number of FTEs



*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 65bn or 4.8% in Q2
- Deposits increased by ISK 44bn or 4.8% in Q2
  - Loans to deposits ratio of 144.5% and 118.6% without loans financed by covered bonds
- Very strong liquidity and funding position
  - Liquidity coverage ratio (LCR) of 237% (166% in ISK)
  - Net stable funding ratio (NSFR) of 122%

Assets	**30.06.2026**	**31.03.2026**	**Diff.**	**31.12.2025**	**31.12.2024**	**31.12.2023**
Cash & balances with CB	114	110	4%	150	124	102
Loans to credit institutions	25	25	-	23	26	29
Loans to customers	1,418	1,352	5%	1,329	1,230	1,153
Financial assets	254	261	(2%)	216	206	206
Investment property	8	7	1%	7	9	9
Other assets	30	29	2%	31	23	27
Total Assets	**1,849**	**1,784**	4%	**1,756**	**1,618**	**1,526**

Liabilities and Equity						
Due to credit institutions & CB	9	9	-	12	7	3
Deposits from customers	981	937	5%	921	857	793
Other liabilities	81	74	10%	67	69	69
Borrowings	523	517	1%	495	433	420
Subordinated liabilities	43	43	1%	44	45	41
Total Liabilities	**1,638**	**1,579**	4%	**1,538**	**1,411**	**1,326**
Shareholders equity	210	204	3%	217	207	199
Non-controlling interest	0	0	-	0	1	1
Total equity	**210**	**205**	**3%**	**217**	**207**	**199**
Total Liabilities and Equity	**1,849**	**1,784**	4%	**1,756**	**1,618**	**1,526**

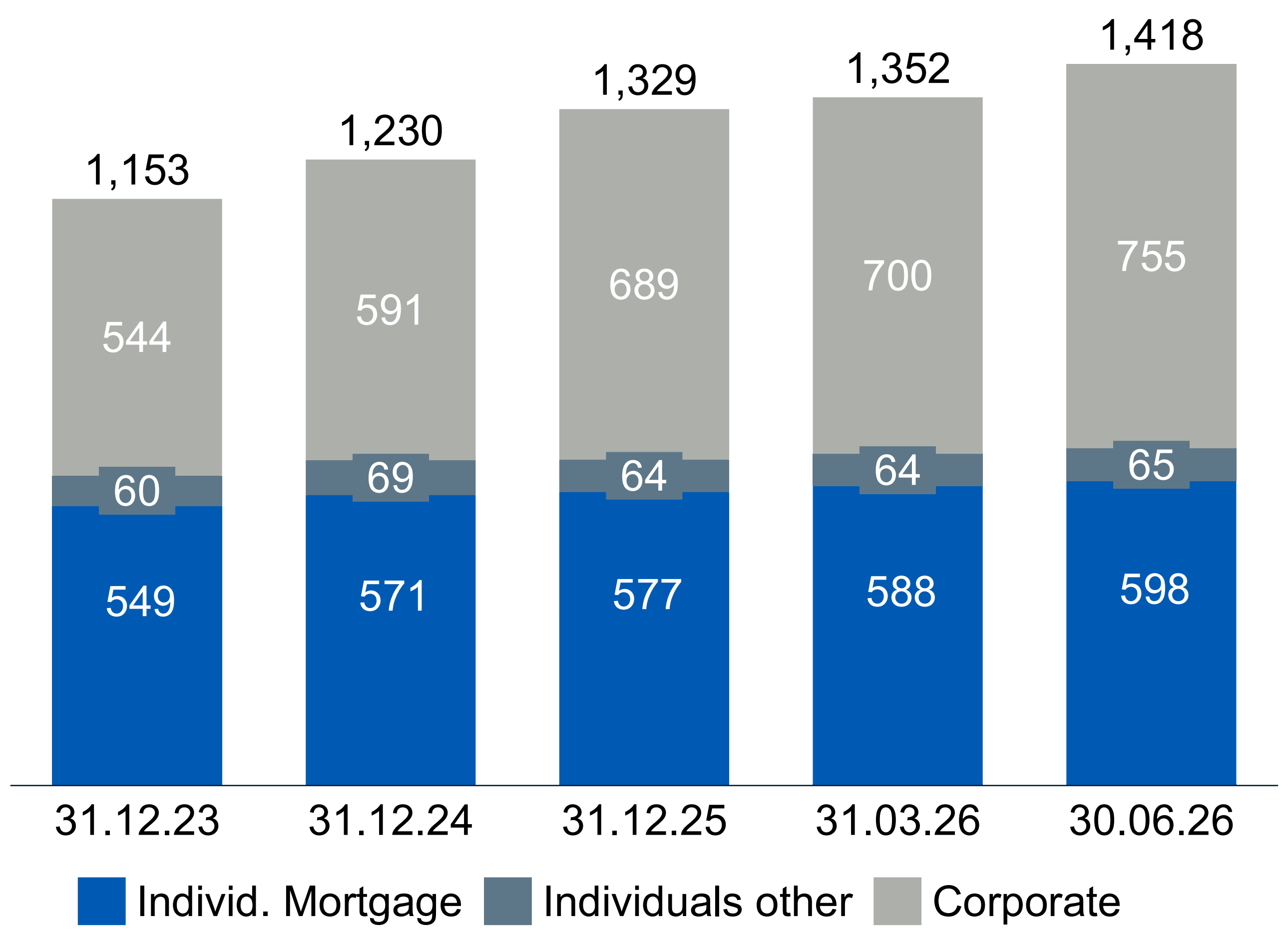
All amounts in ISK billion

Loans to customers

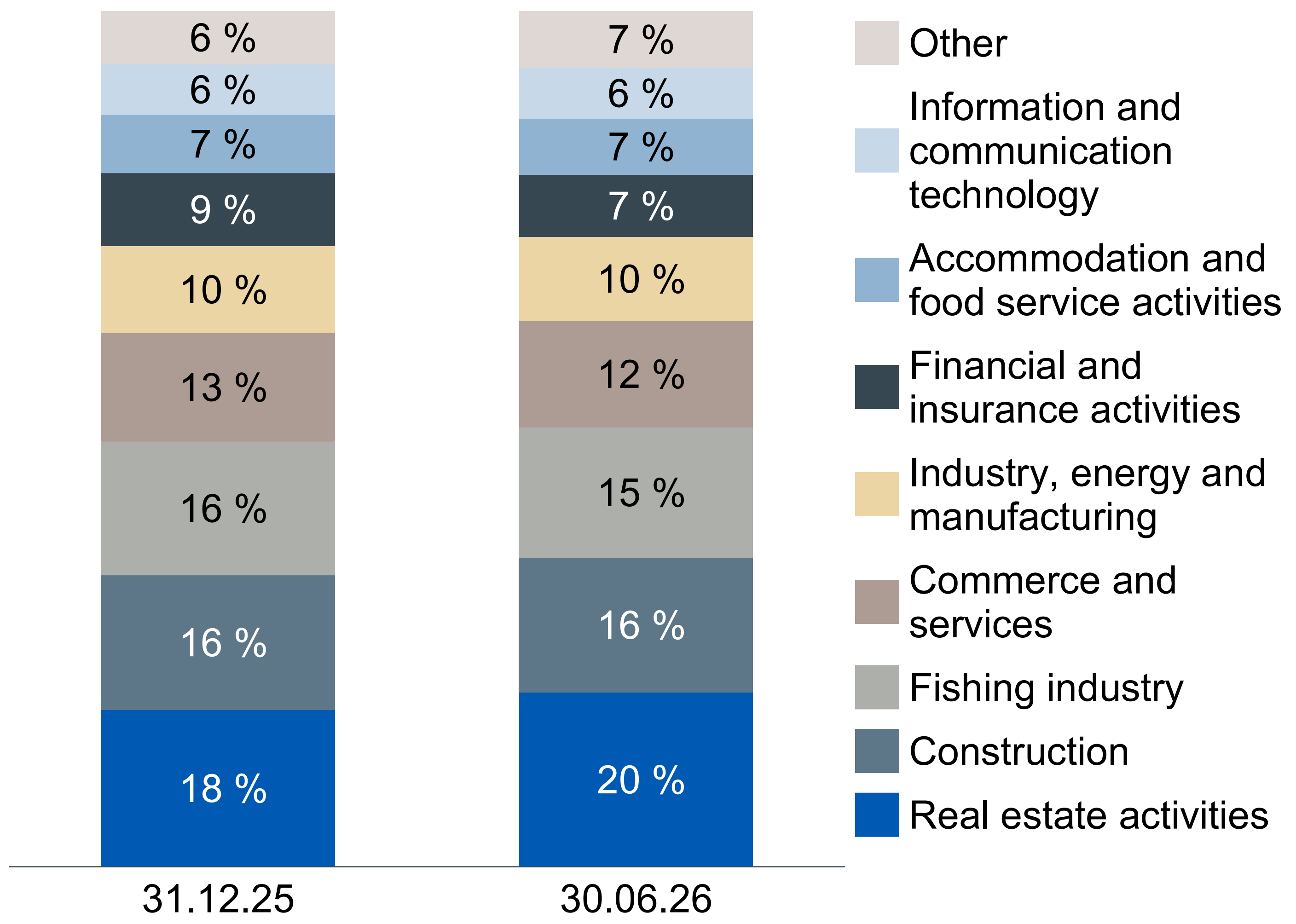
Balanced loan portfolio and solid growth

- Loans to customers total ISK 1,418bn at the end of the quarter, increasing by ISK 65bn or 4.8% during the quarter
- The loan portfolio increased by approximately ISK 5bn 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

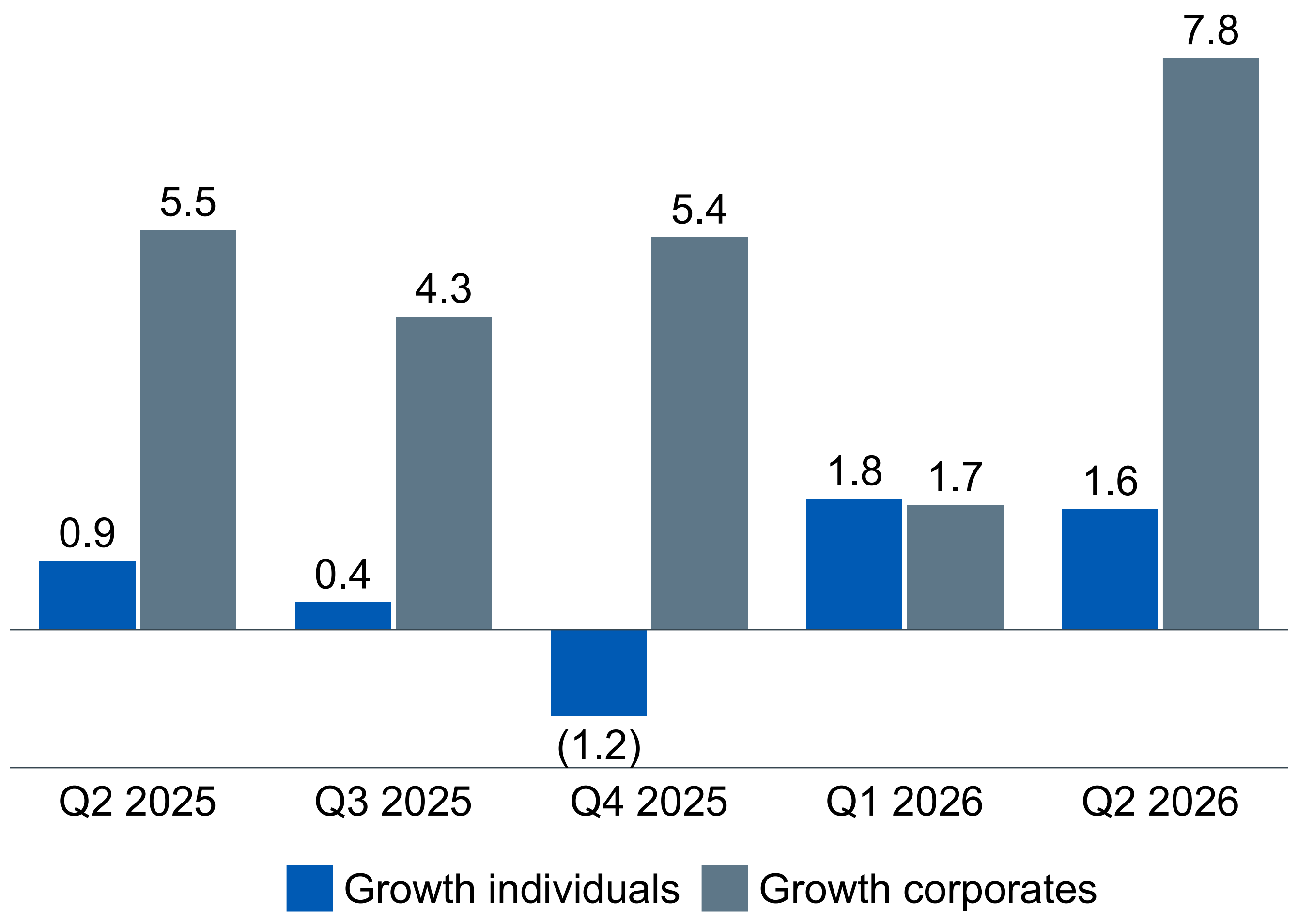
Loans to customers (ISK bn)



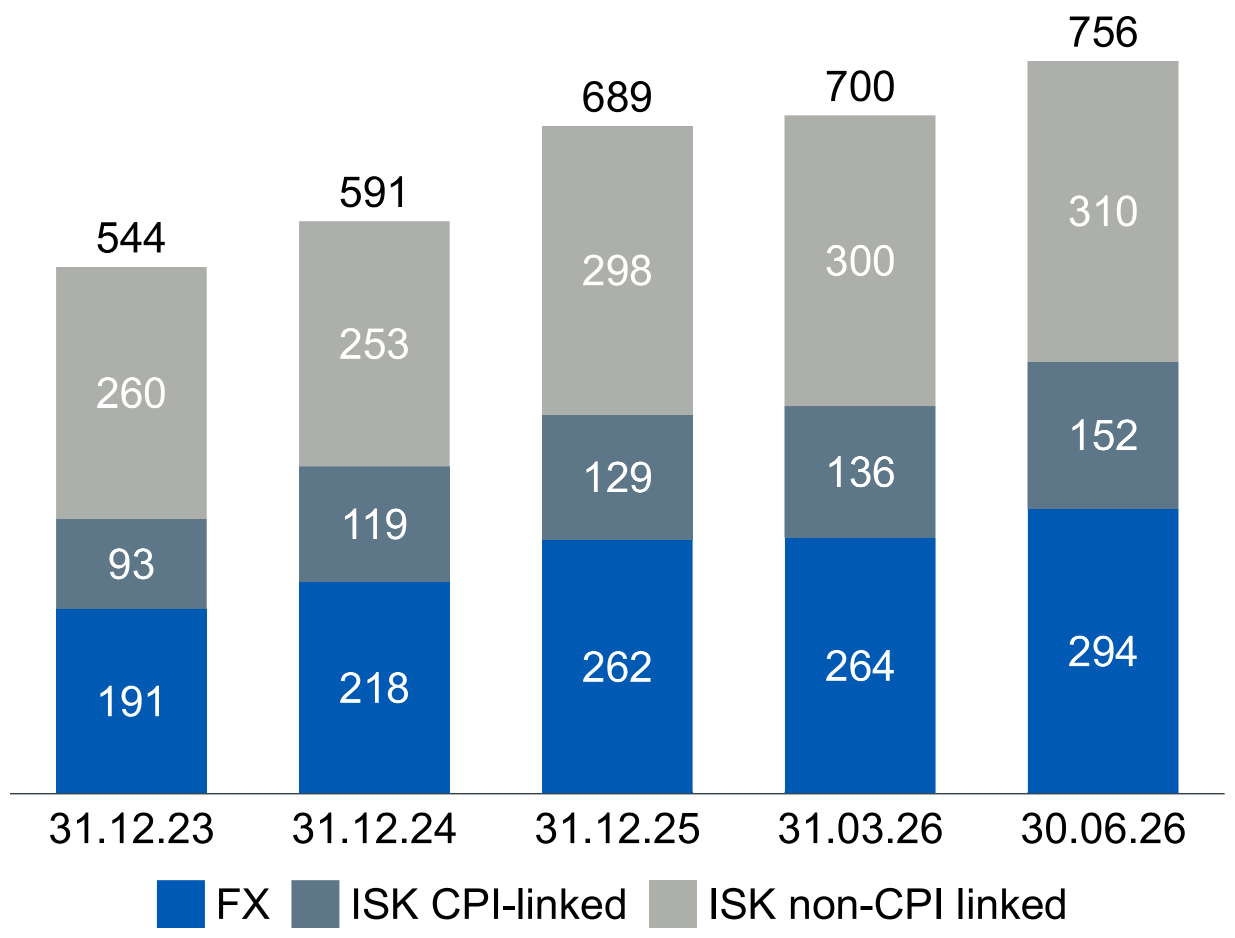
Loans to corporates by sector (%)



Loan growth (%)



Loans to corporates by type (ISK bn)

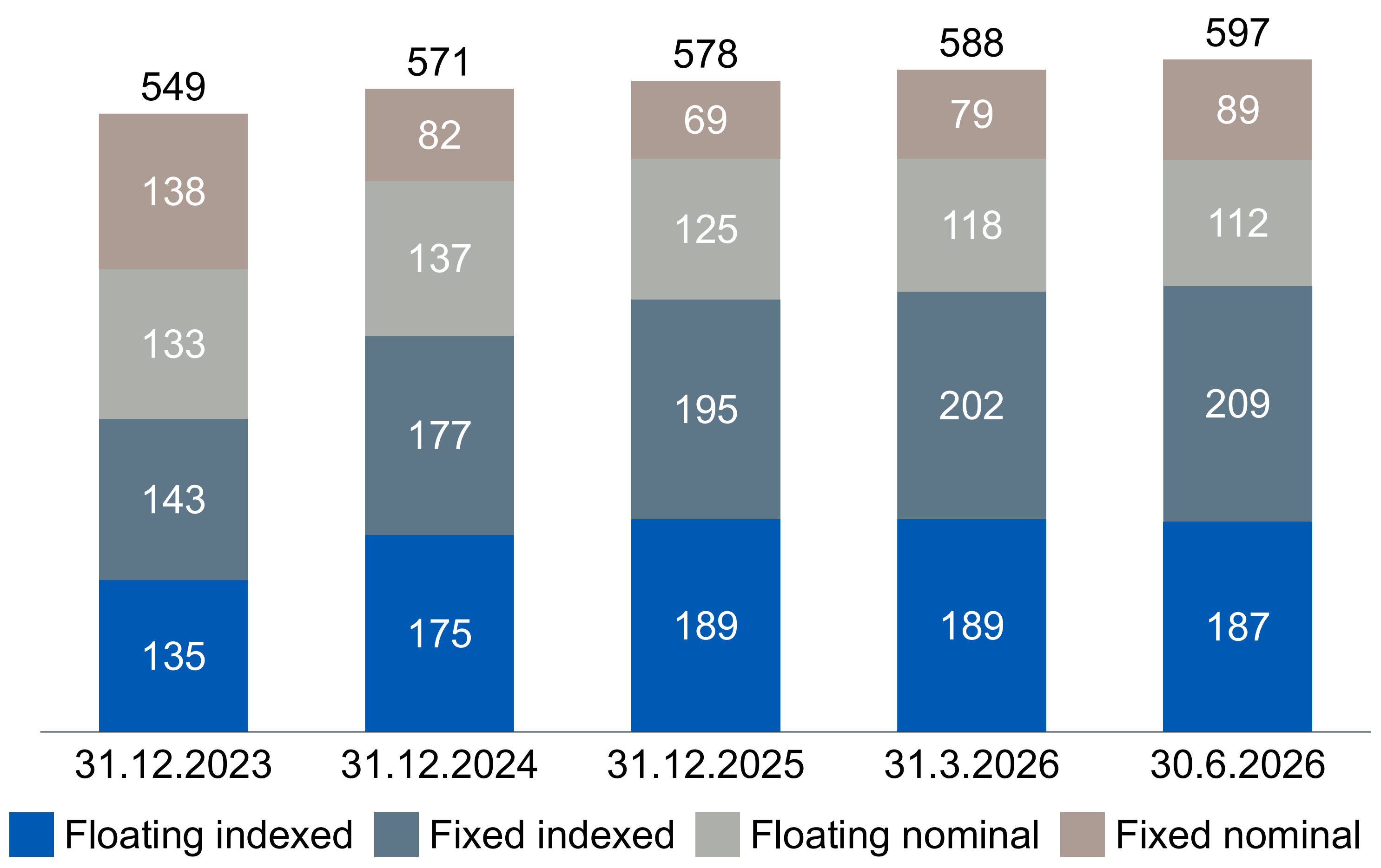


Residential mortgages

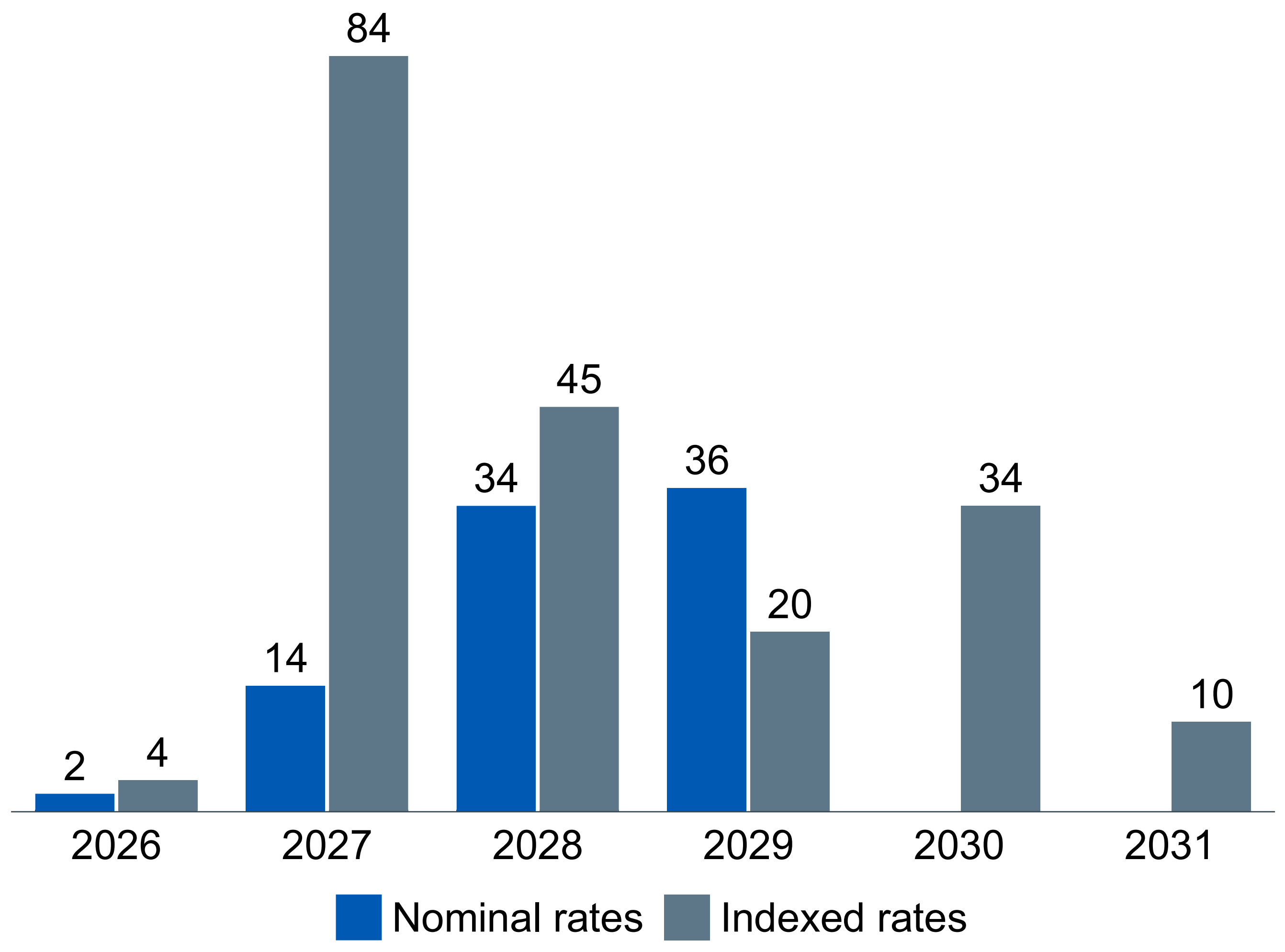
Low default rates and comfortable LTV levels

- 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
- Household debt to GDP is relatively low in international comparison
- The non-performing loan ratio decreased in Q2 following a steady increase over the past years. 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% was 11.1% at period end

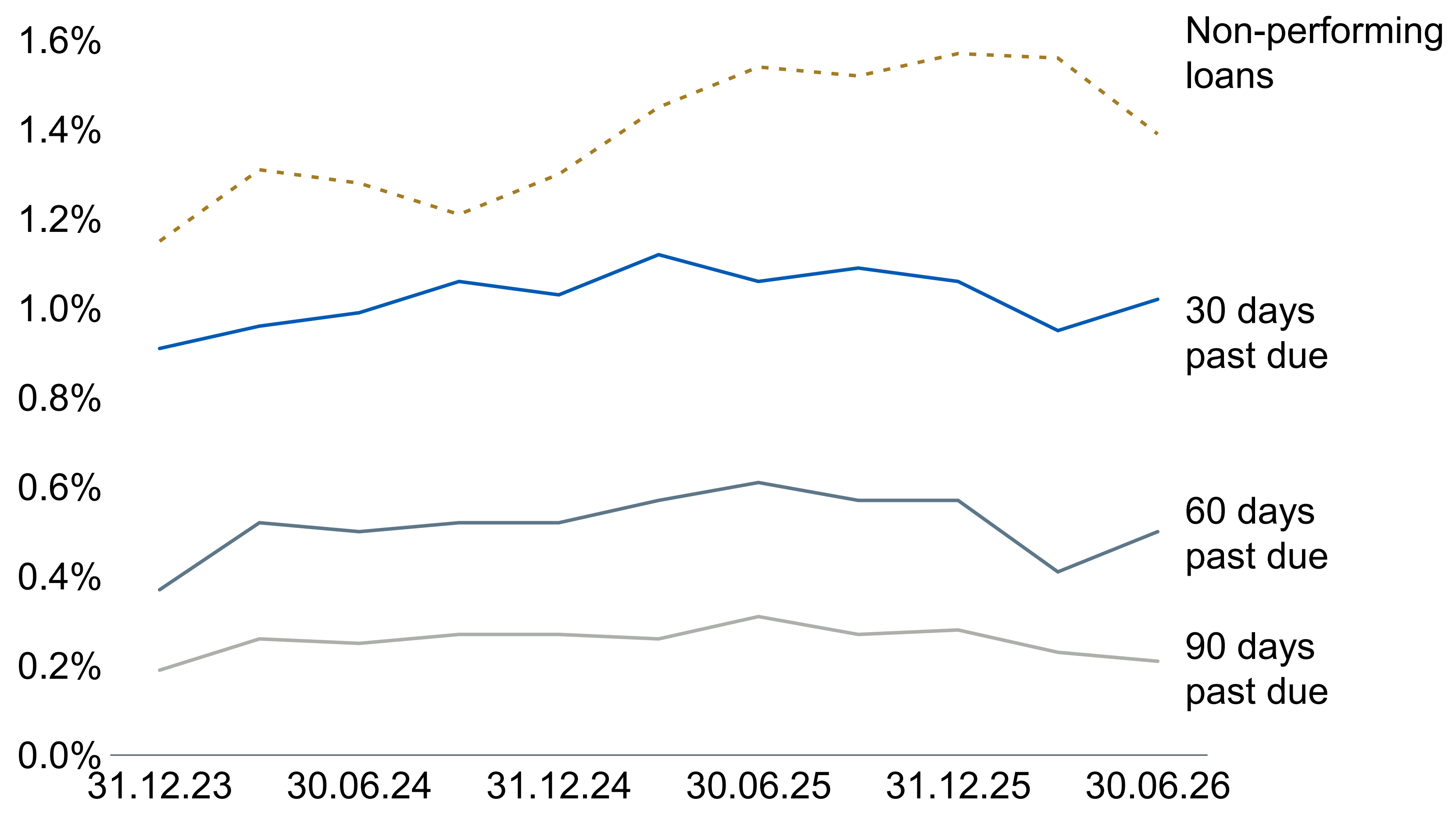
Residential mortgages by interest rate type (ISK bn)



Interest rate profile for fixed mortgages (ISK bn)

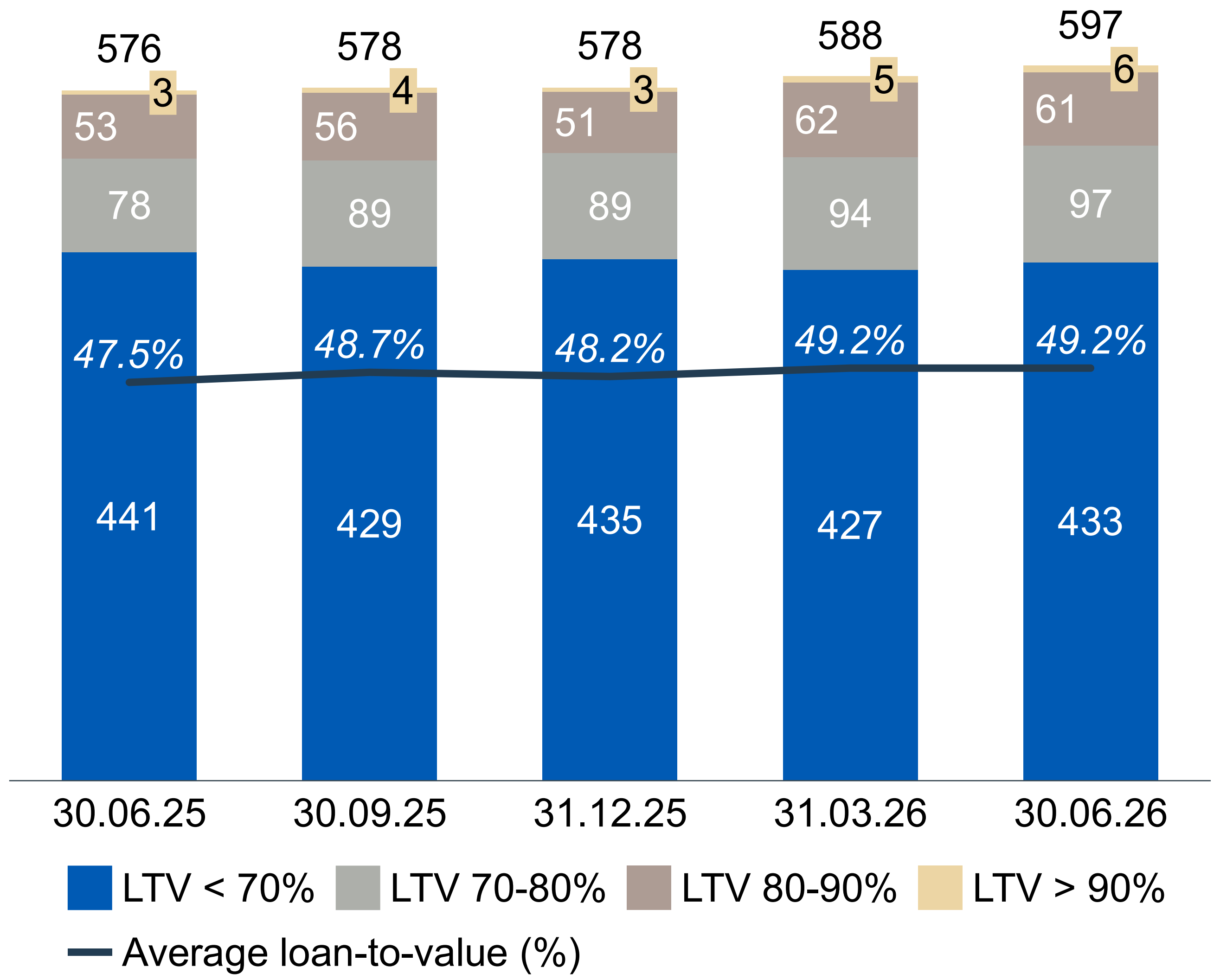


Ratio of non-performing loans and payments past due



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

Loan to value (ISK bn)

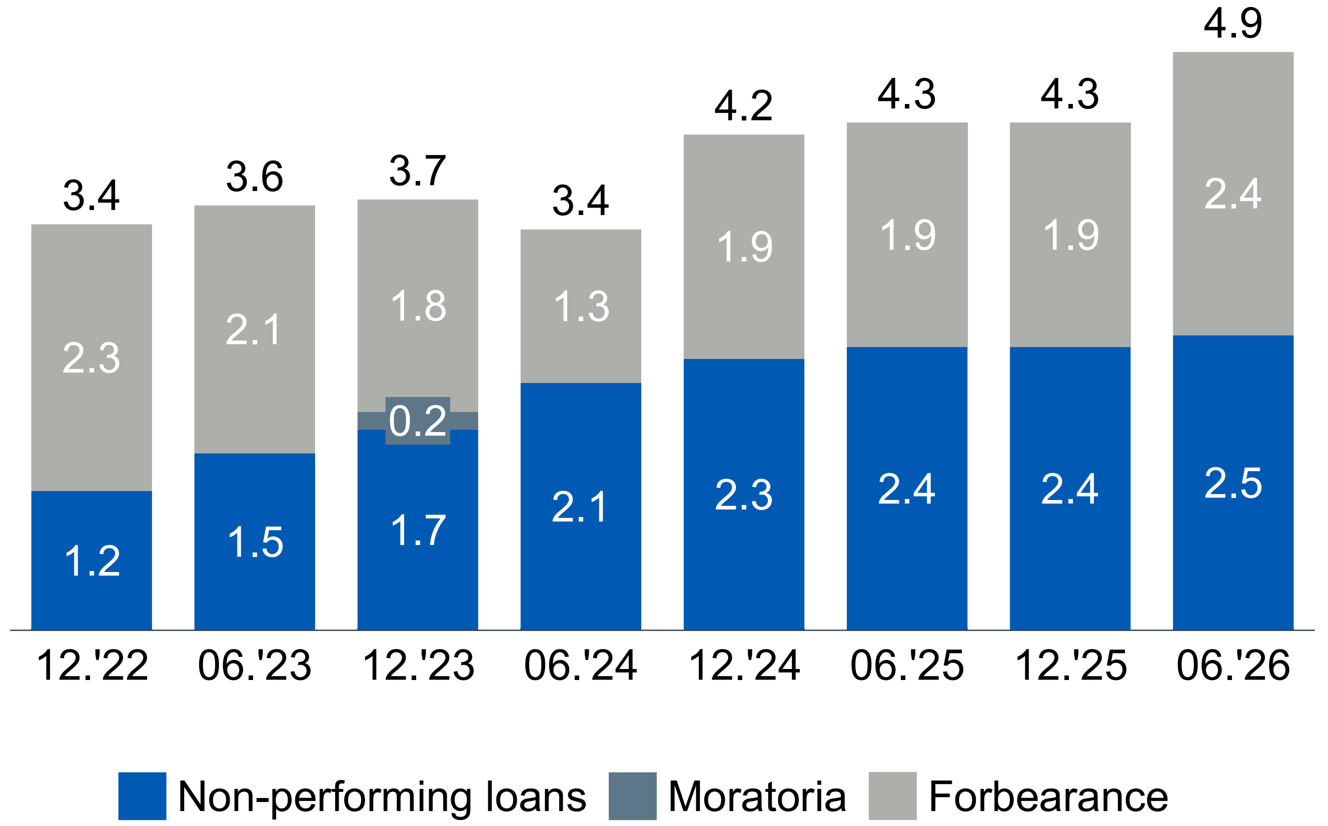


Risk profile

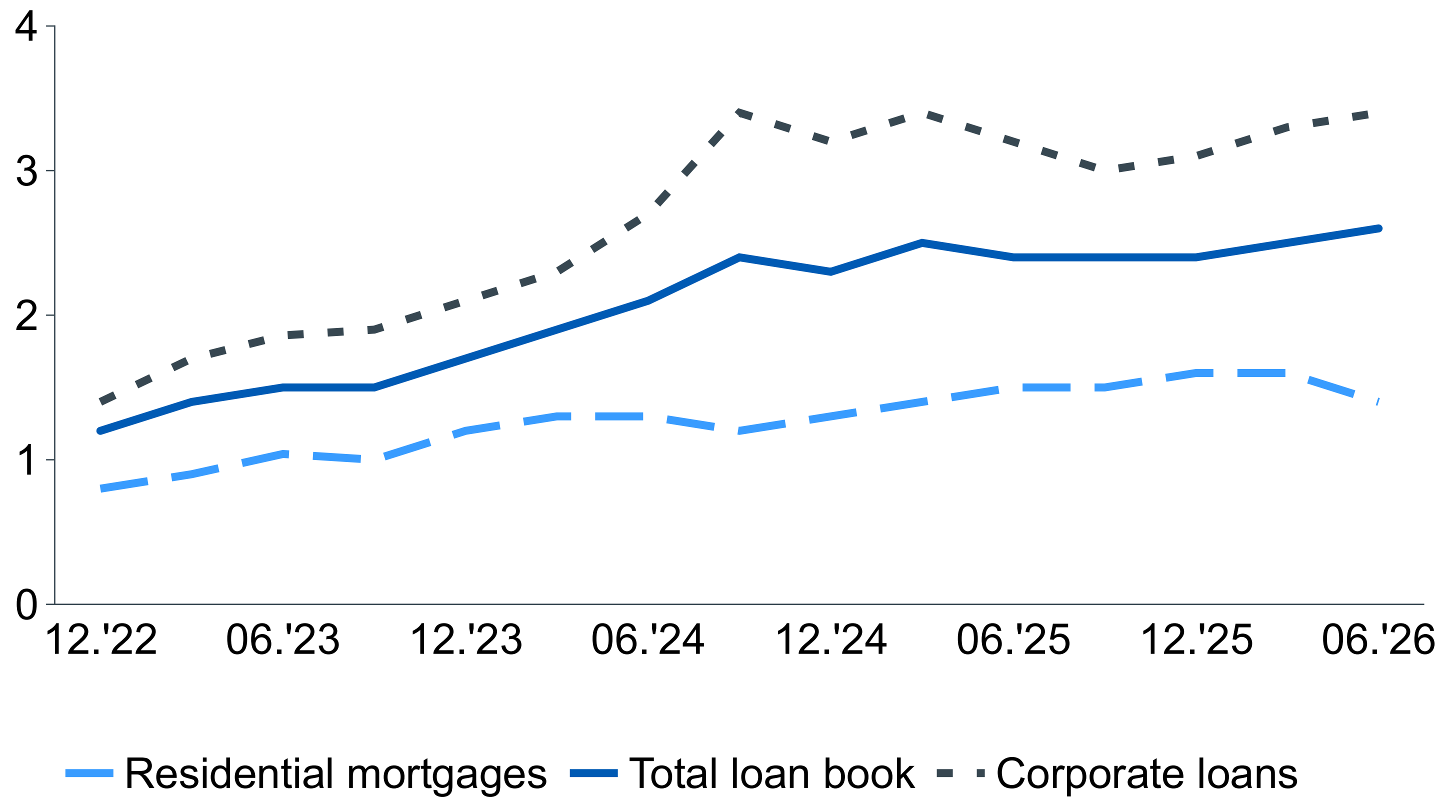
Strong credit quality indicators while the NPL ratio has recently trended upwards

- 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 19.8%
- 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 Q2 the 12-month expected credit loss ratio of 33bps reflects management's prudent view given current economic conditions. The Bank's macro-economic forecasts worsened in Q2, resulting in elevated ECL between quarters

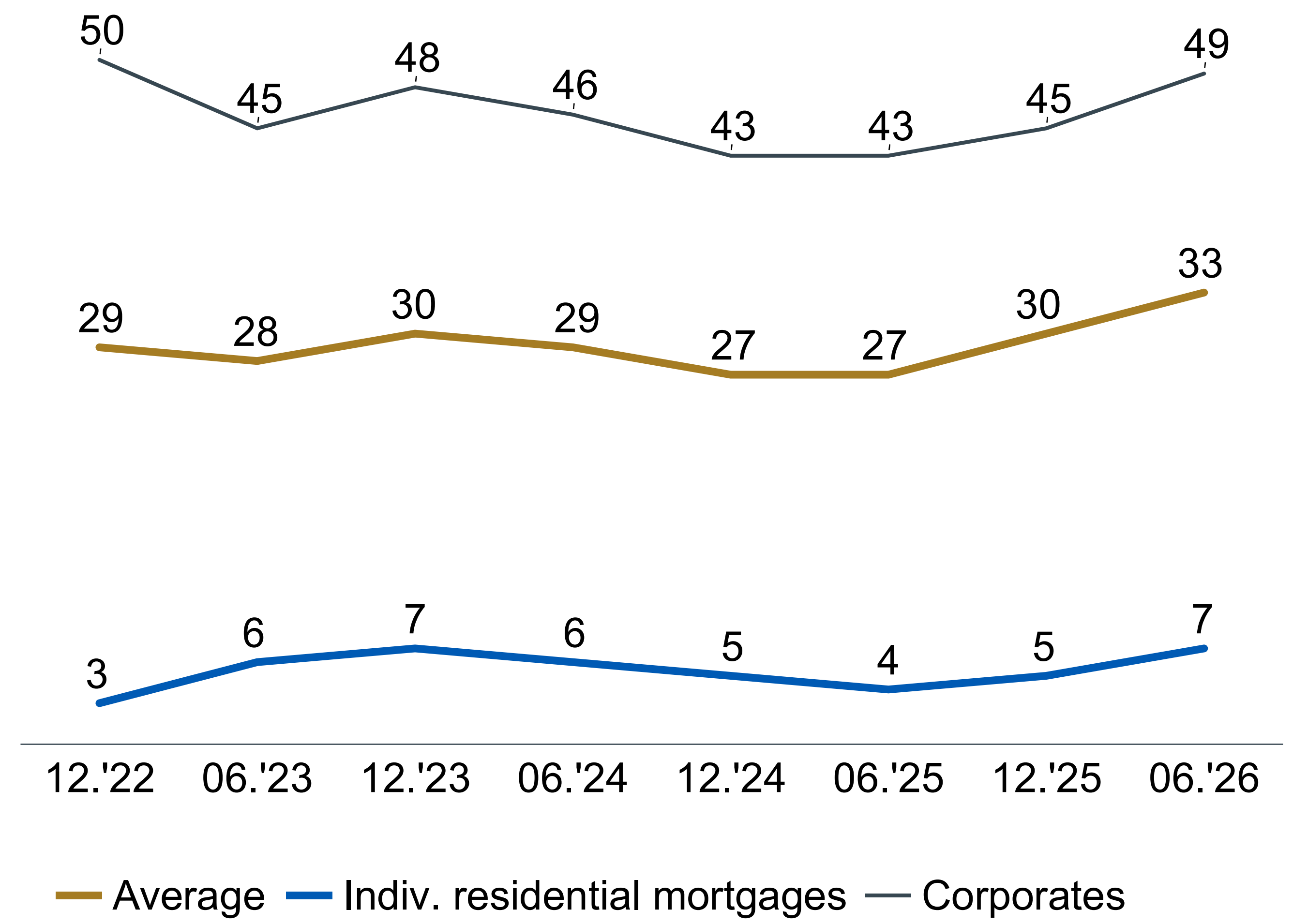
Development of non-performing loans, moratoria and forbearance (% of total loan book)



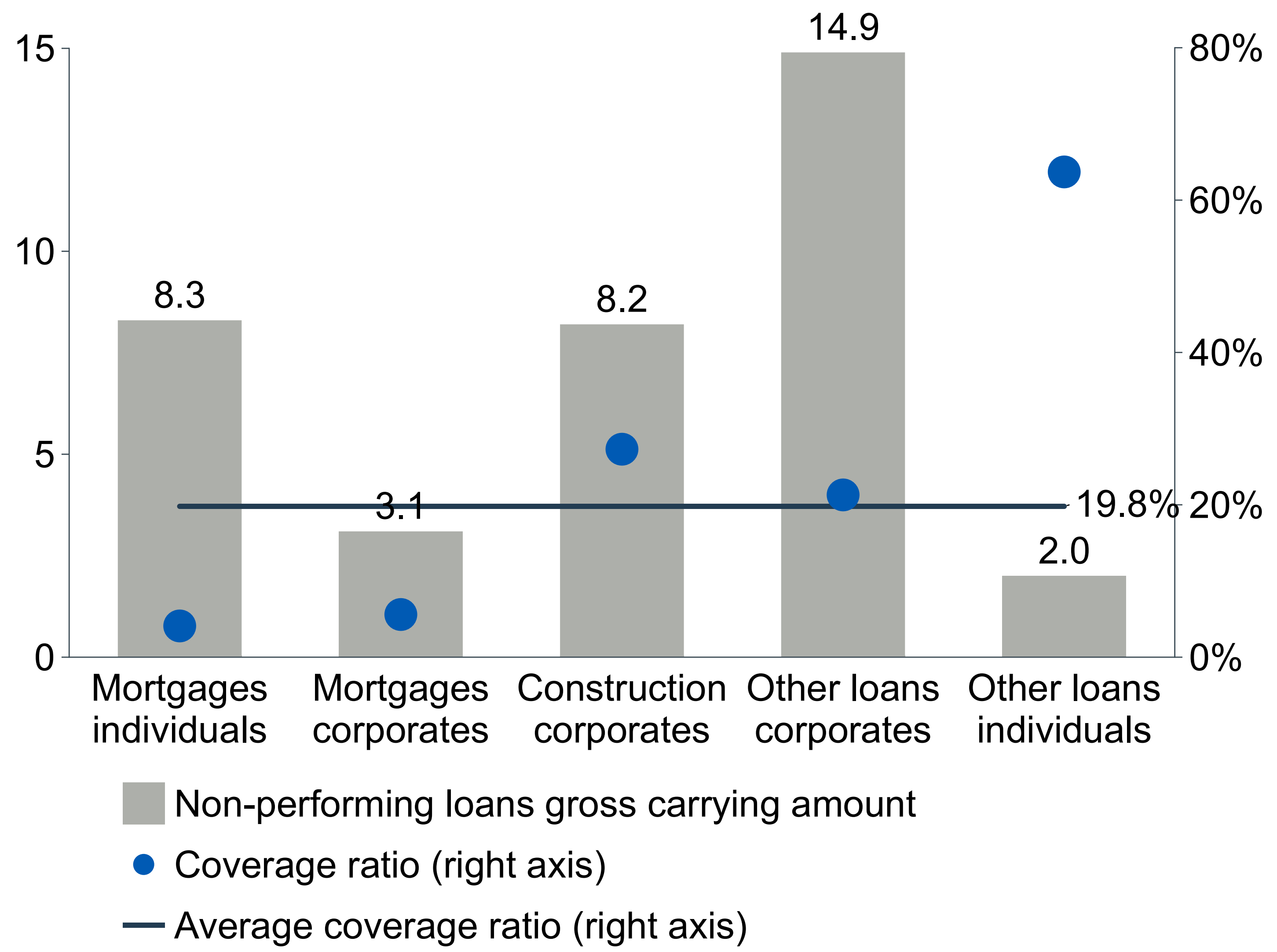
Development of NPL ratio between segments
(% of relevant loan book)



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



NPL coverage breakdown* (ISK bn)



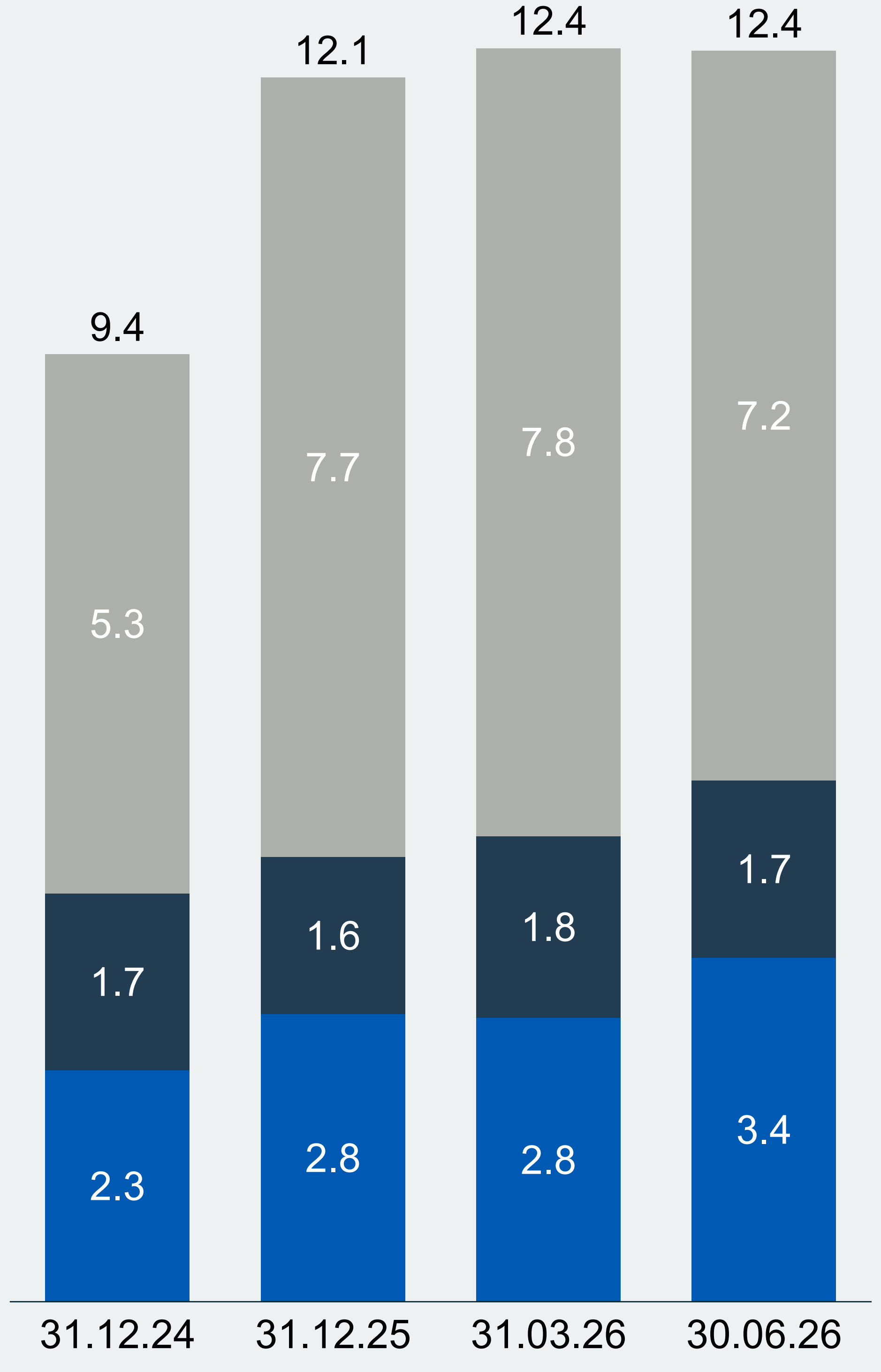
Non-performing loans: Loans in Stage 3 according to IFRS 9

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

Loss allowance by IFRS 9 stages

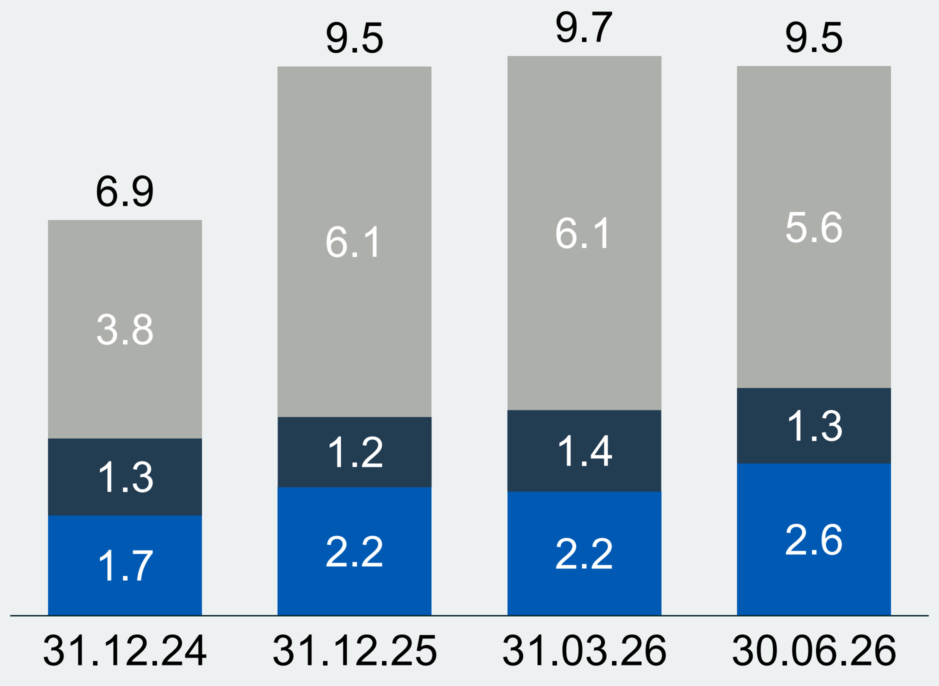
On loans to customers total (ISK bn)

The impairment ratio was 0.90%, compared to 0.94% at year-end 2025



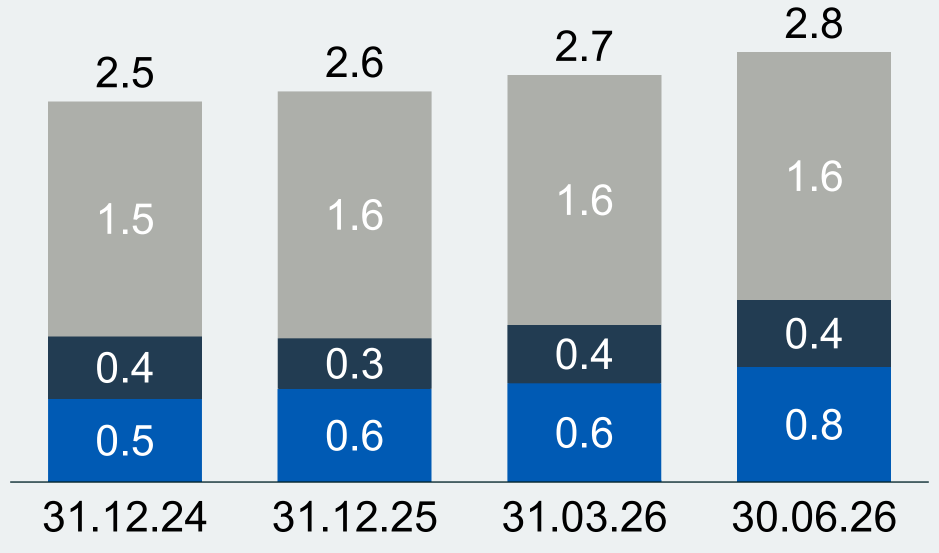
On loans to corporates (ISK bn)

Loans to corporates provisioned 1.25% at period end



On loans to individuals (ISK bn)

Loans to individuals provisioned 0.42% at period end



Stage 1 Stage 2 Stage 3

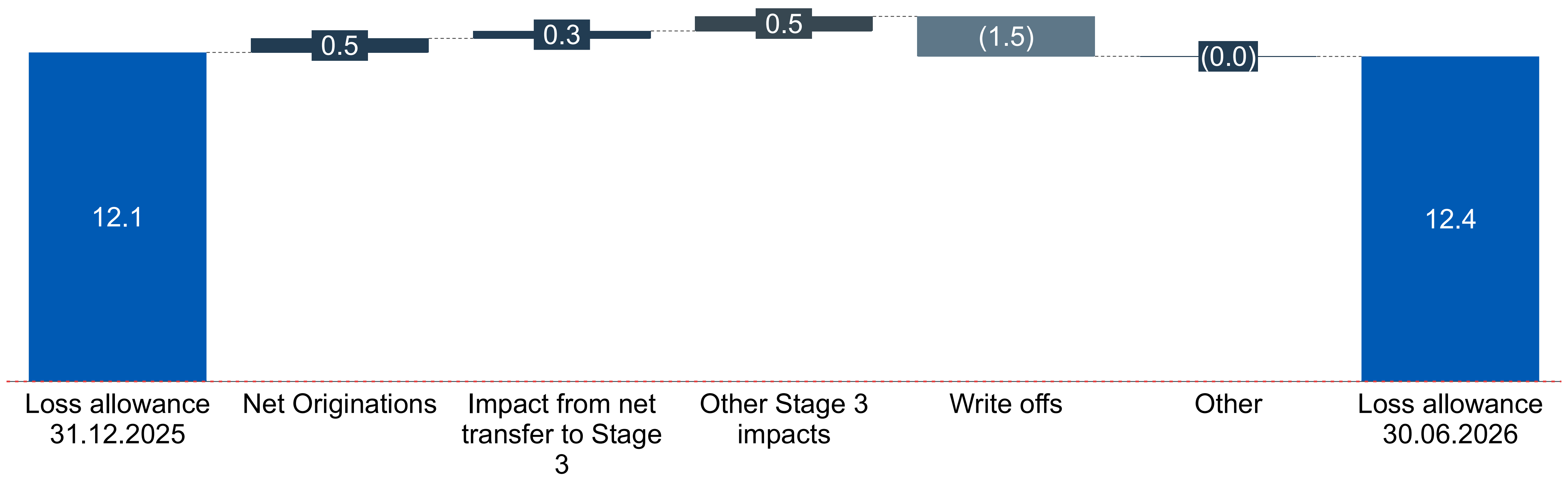
IFRS 9 economic scenarios and assumptions

Expected normalization of economic conditions on the back of high real rates are reflected in the shift of scenario weights from pessimistic to optimistic. However, the weight assigned to the pessimistic scenario remains relatively high based on historical values, highlighting the continued uncertainty in the economic outlook

IFRS9 scenario likelihood	YE 2022	YE 2023	YE 2024	YE 2025	30.06.26
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

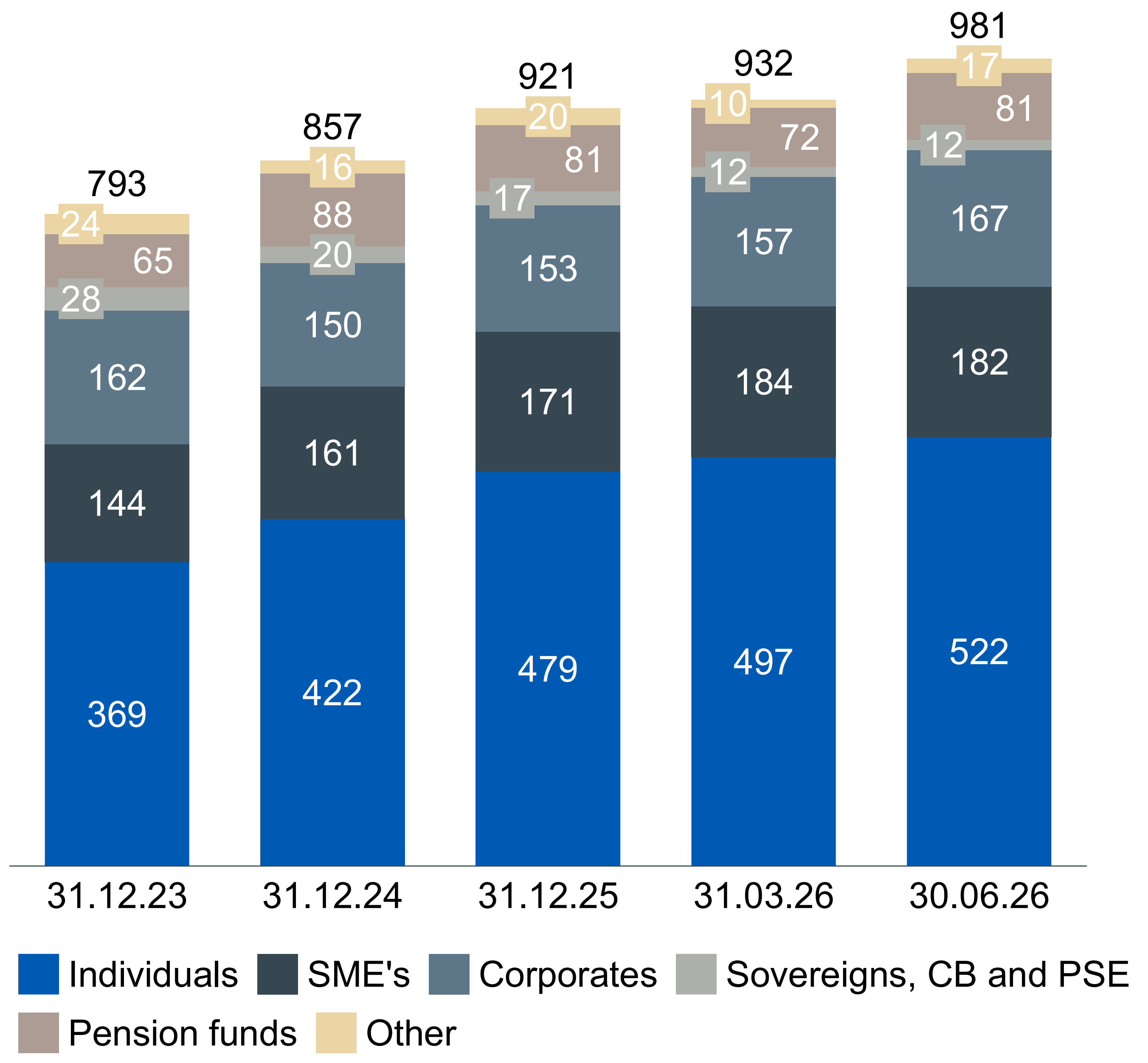


Deposits from customers

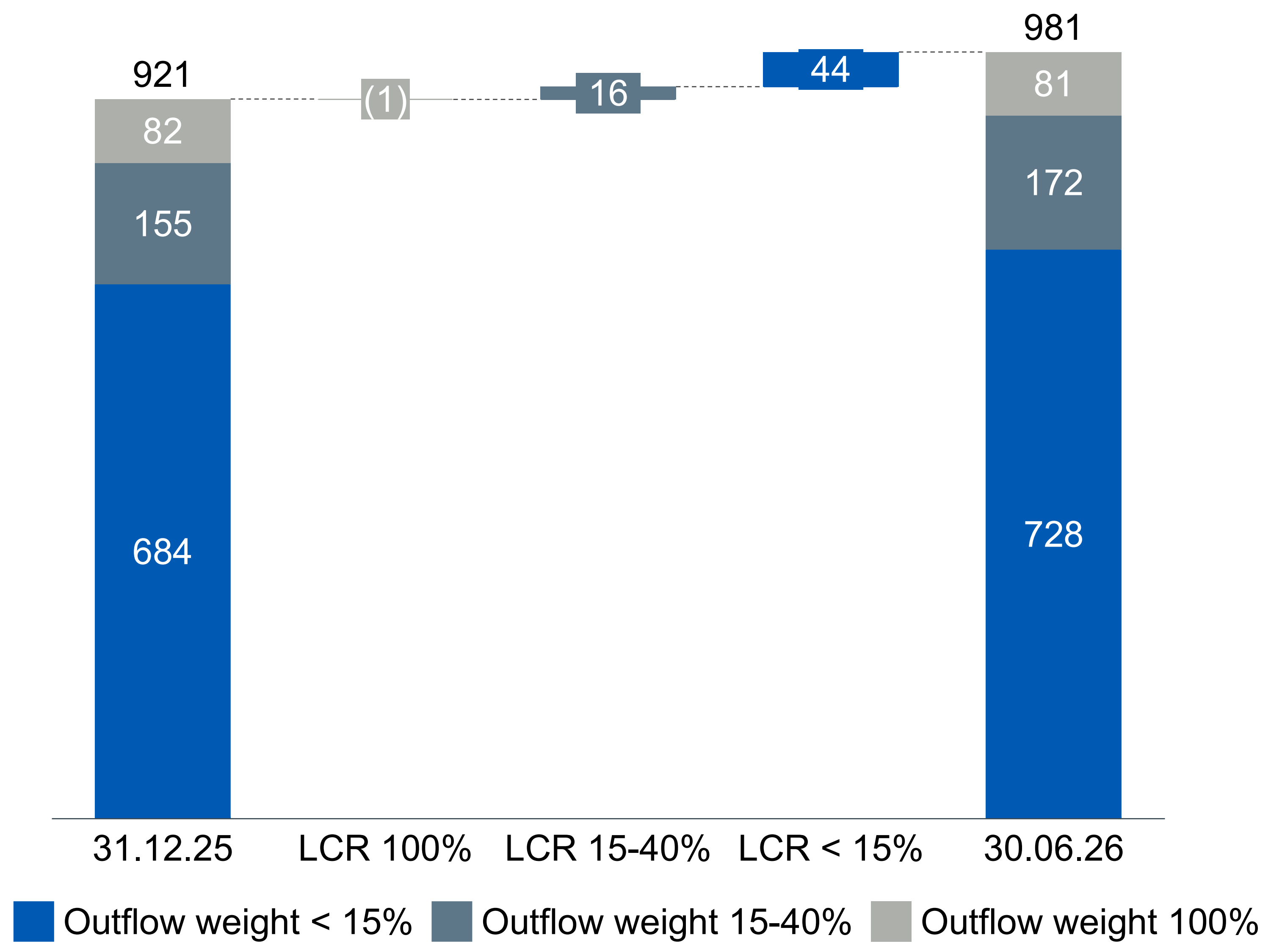
Continued momentum in stable deposits

- Deposits from customers of ISK 981bn represent 60% 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 3.9% during the quarter
  - Deposits from individuals increased by 5.0% in Q2 and 8.8% from year-end 2025, largely related to the new retail savings account within Arion Rewards
  - SMEs and corporate deposits increased in Q2 by 2.3% and 7.7% from year-end 2025
- Loans to deposits ratio of 144.5% at the end of the quarter and has been relatively stable over the last few years

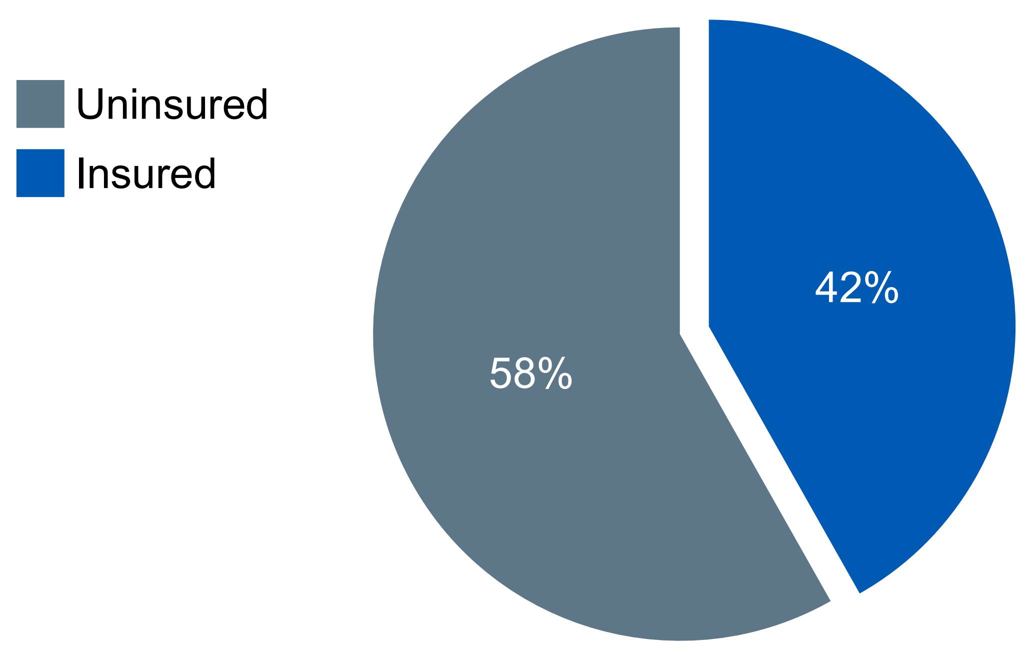
Deposits from customers (ISK bn)



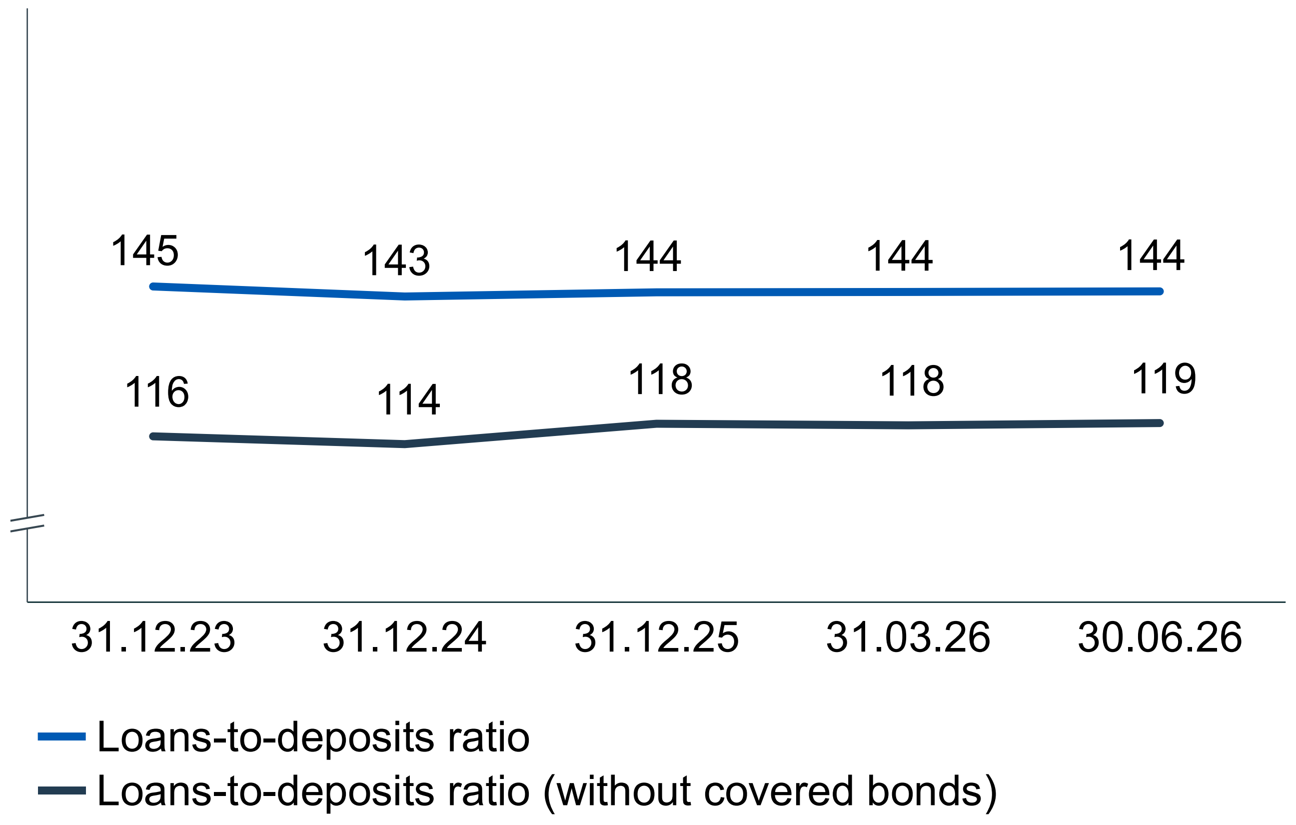
Deposit growth by LCR outflow category (ISK bn)



Deposits by insurance scheme



Loans to deposits ratio (%)

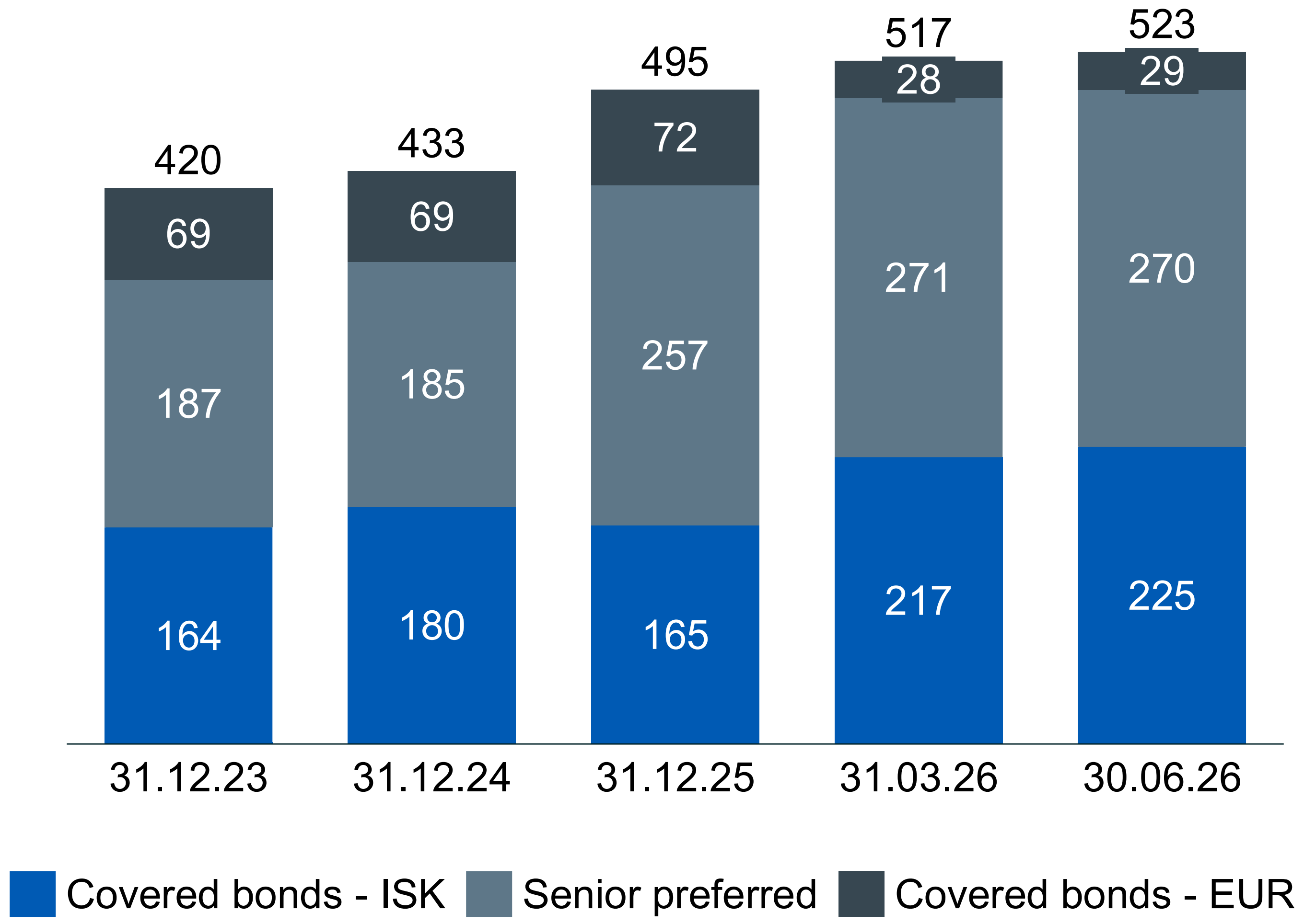


Funding and rating

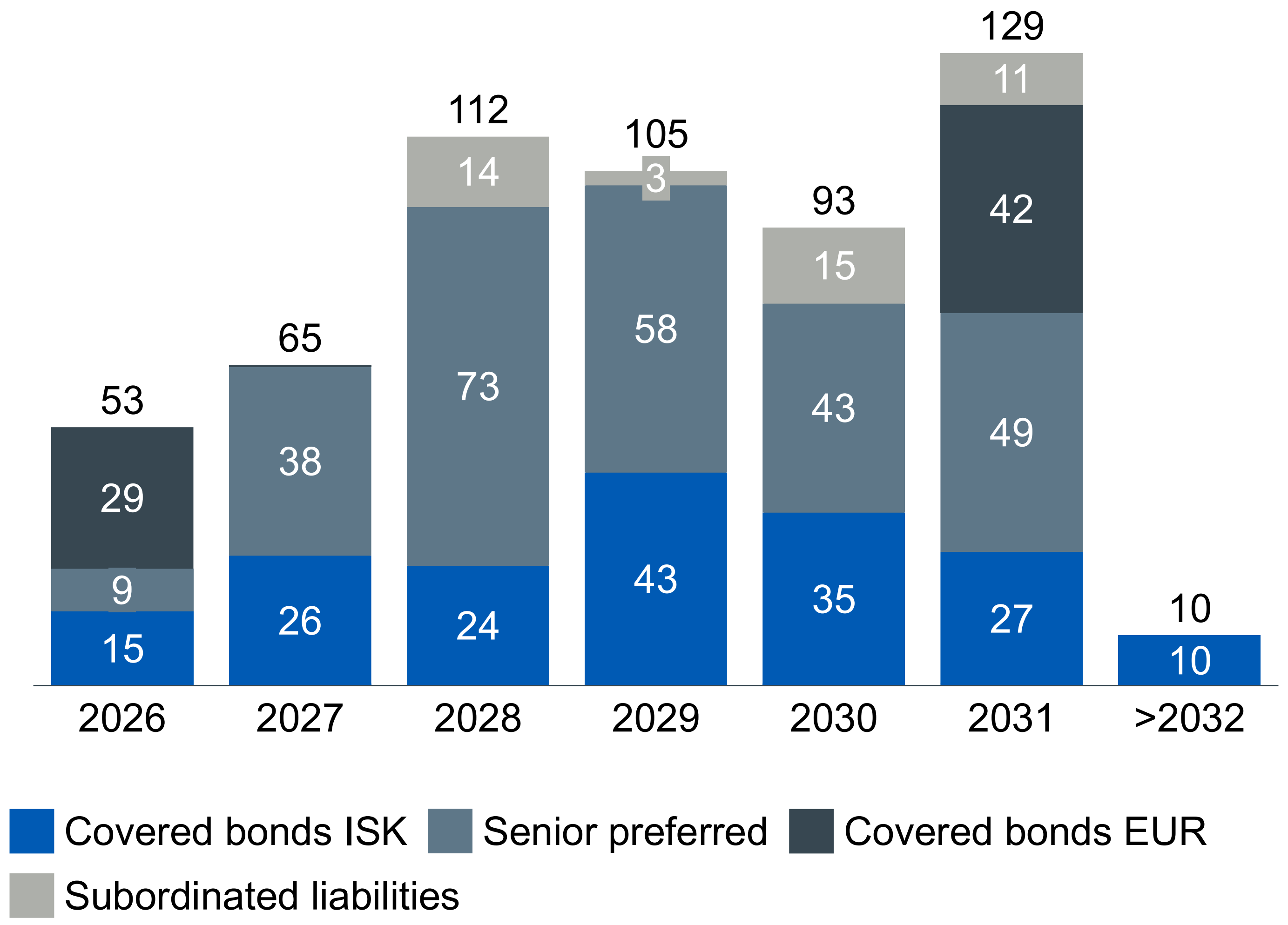
Robust funding profile and stable ratings

- Successfully issued EUR 300m green senior preferred bond in May
  - Issued with a 3.5-year maturity and a 3.625% coupon (88bps over mid-swaps)
- ISK 7.7bn of covered bonds issued domestically in Q2 2026
- In April Moody’s affirmed Arion Bank’s credit rating with a stable outlook
- Maturities for 2026 fully funded and funding profile remains well diversified

Borrowings by type (ISK bn)



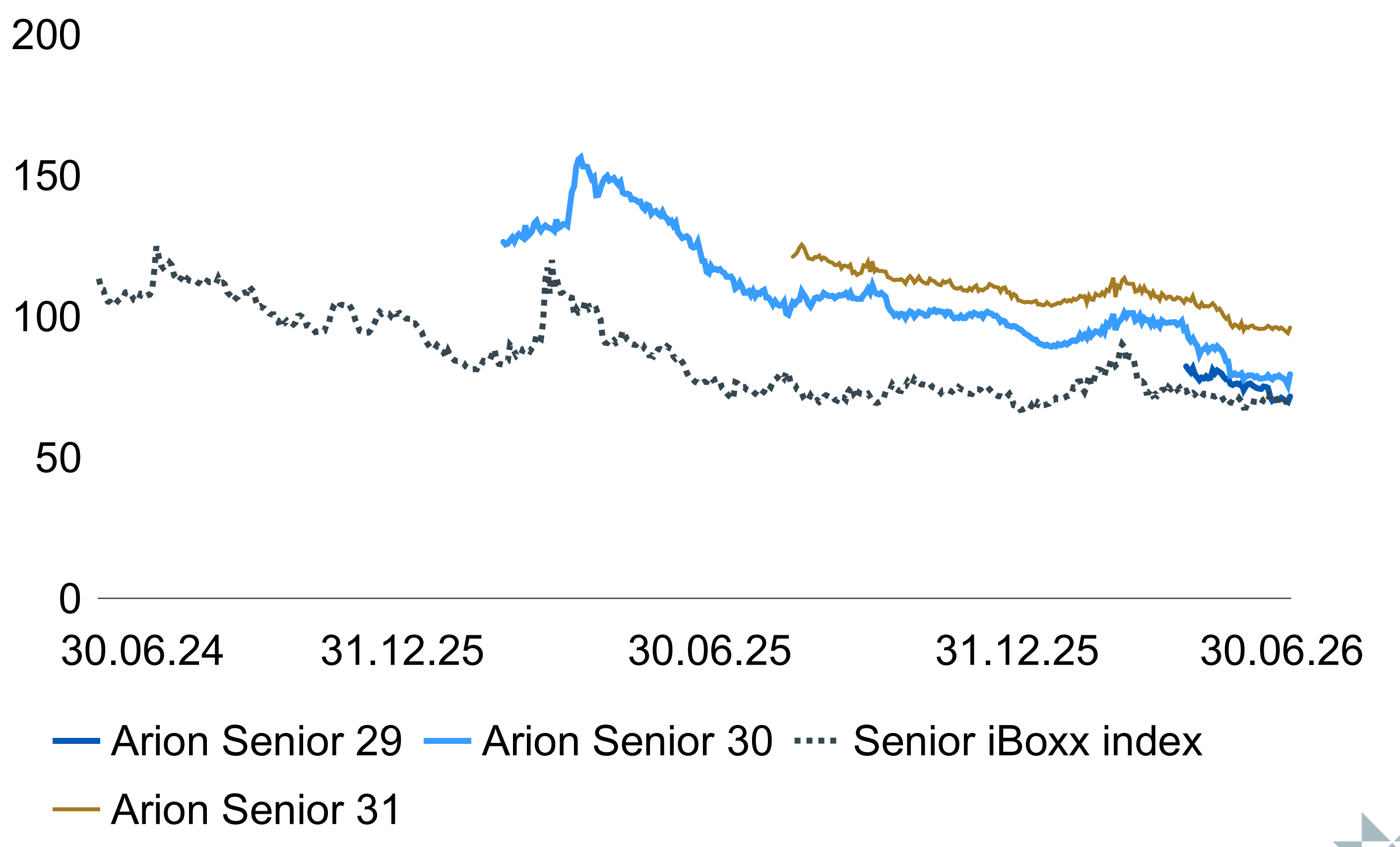
Maturities of borrowings and call dates on subordinated liabilities (ISK bn)



Ratings

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

Development of EUR funding spreads (bps)

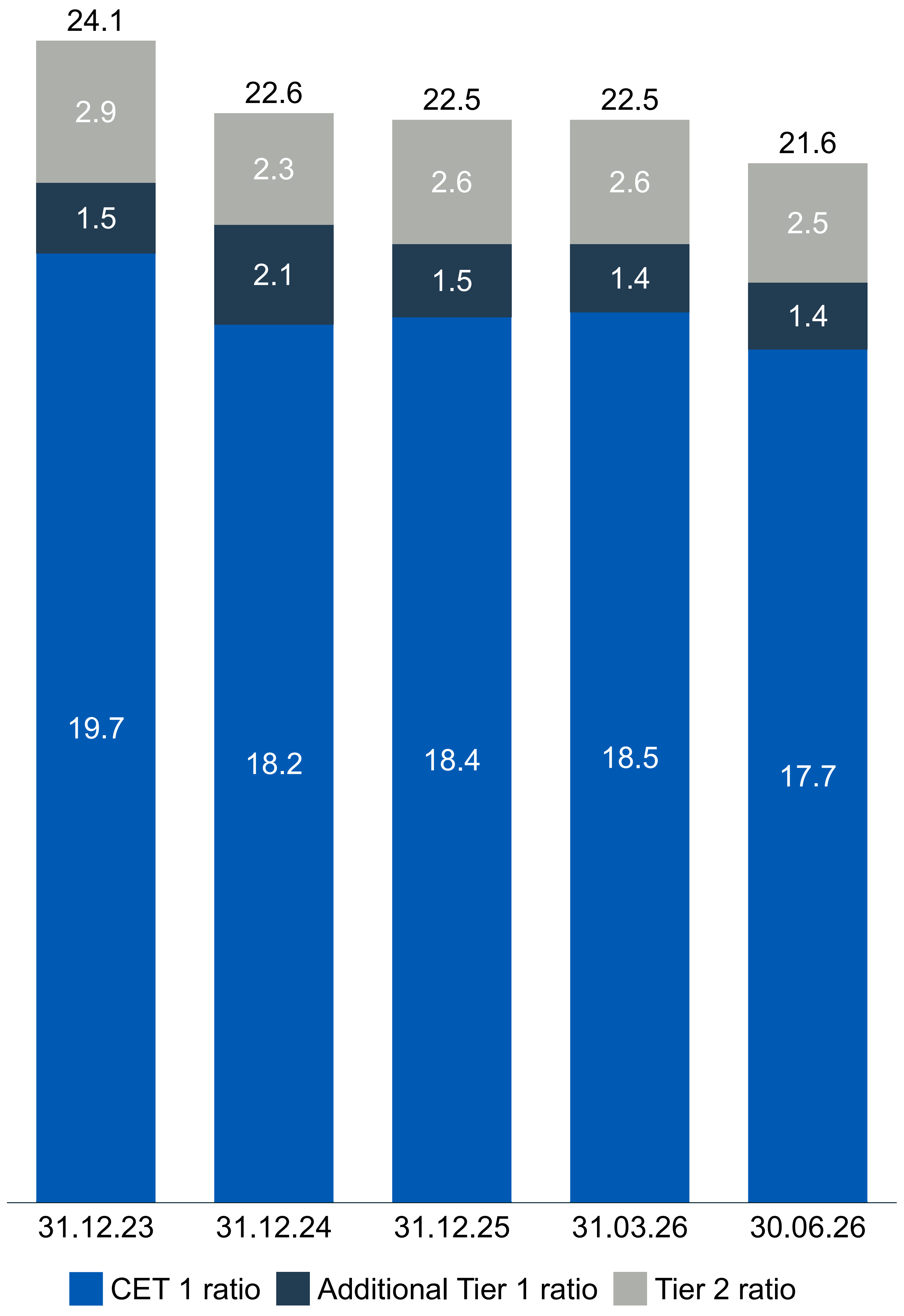


Own funds

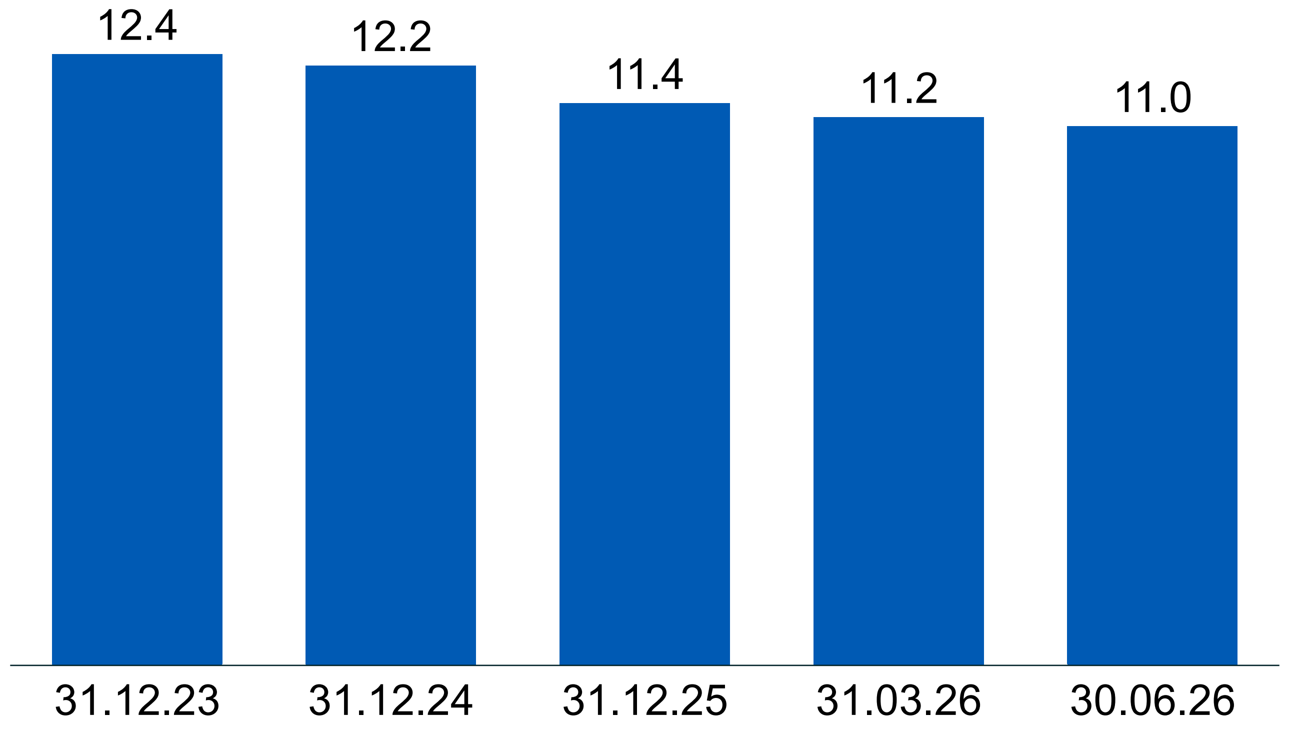
Strong capital position

- CET1 position is 242bps above regulatory requirement
- H1 net earnings of ISK 15.4bn are included in CET1 but foreseeable dividends of 50% of net earnings and ISK 2.7bn remaining of an ongoing buyback program are subtracted from CET1
- Total risk-weighted exposure amount (REA) increased by ISK 44bn or 4.2% during the quarter
- Leverage ratio of 11.0%, 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 2025
  - The MREL requirements are 19.8% of REA
  - At the end of the quarter, the ratio was 35.9%
- The solvency ratio of Vördur insurance is 156%

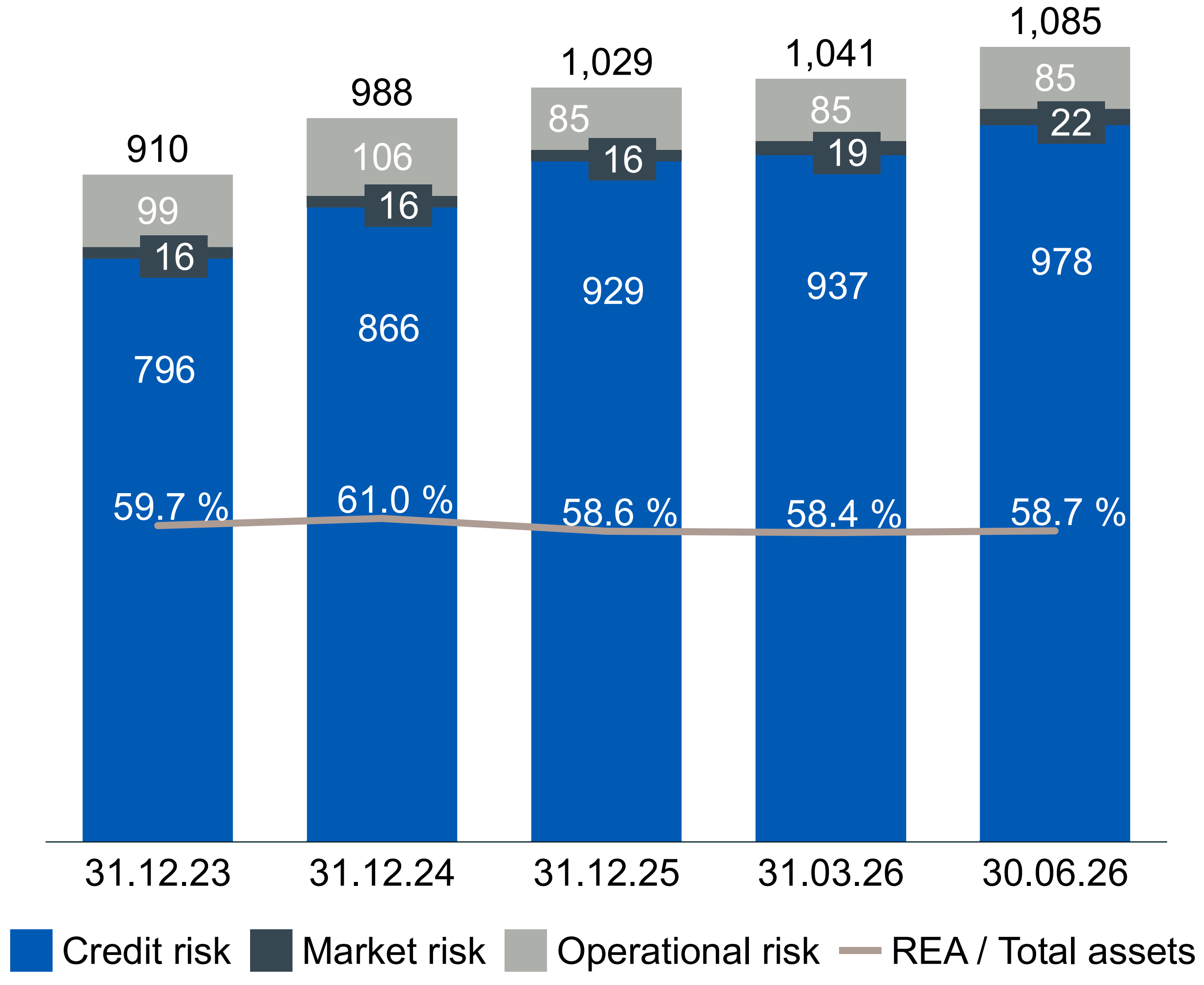
Capital ratio (%)



Leverage ratio (%)



Risk-weighted exposure amount (ISK bn)

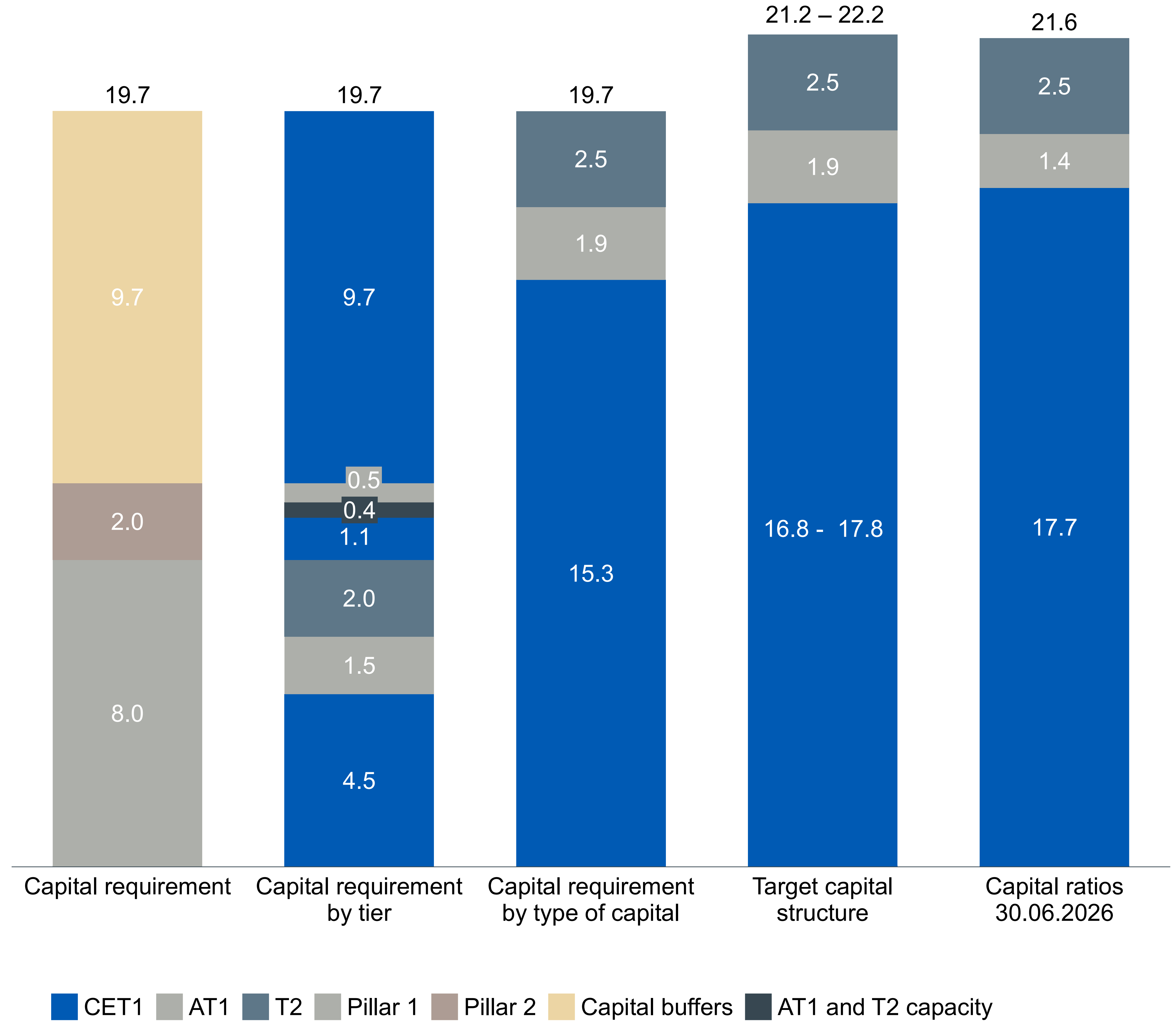


Own funds

CET1 position within optimal range

- On 10 July 2026, the FSA disclosed the Bank's revised Pillar 2 requirement following the SREP process based on year-end 2025 financials. The additional requirement was set at 2.0% of risk-weighted exposure amount, an increase of 0.1 percentage points from the previous year
- The medium-term capital management buffer target is around 150-250bps over regulatory requirements which considers the capital benchmarks of credit rating agencies. At the end of the quarter the CET1 capital ratio was 242bps over the regulatory requirement – the first time within the management buffer range

Own funds and capital requirements (%)



Going forward

Operational momentum

- Solid first half of the year as momentum continues
- Diversified and seasoned businesses support earnings through the cycle
- Continued flexibility in pricing and balance sheet management
- More engagement and better service across customer segments with loyalty program

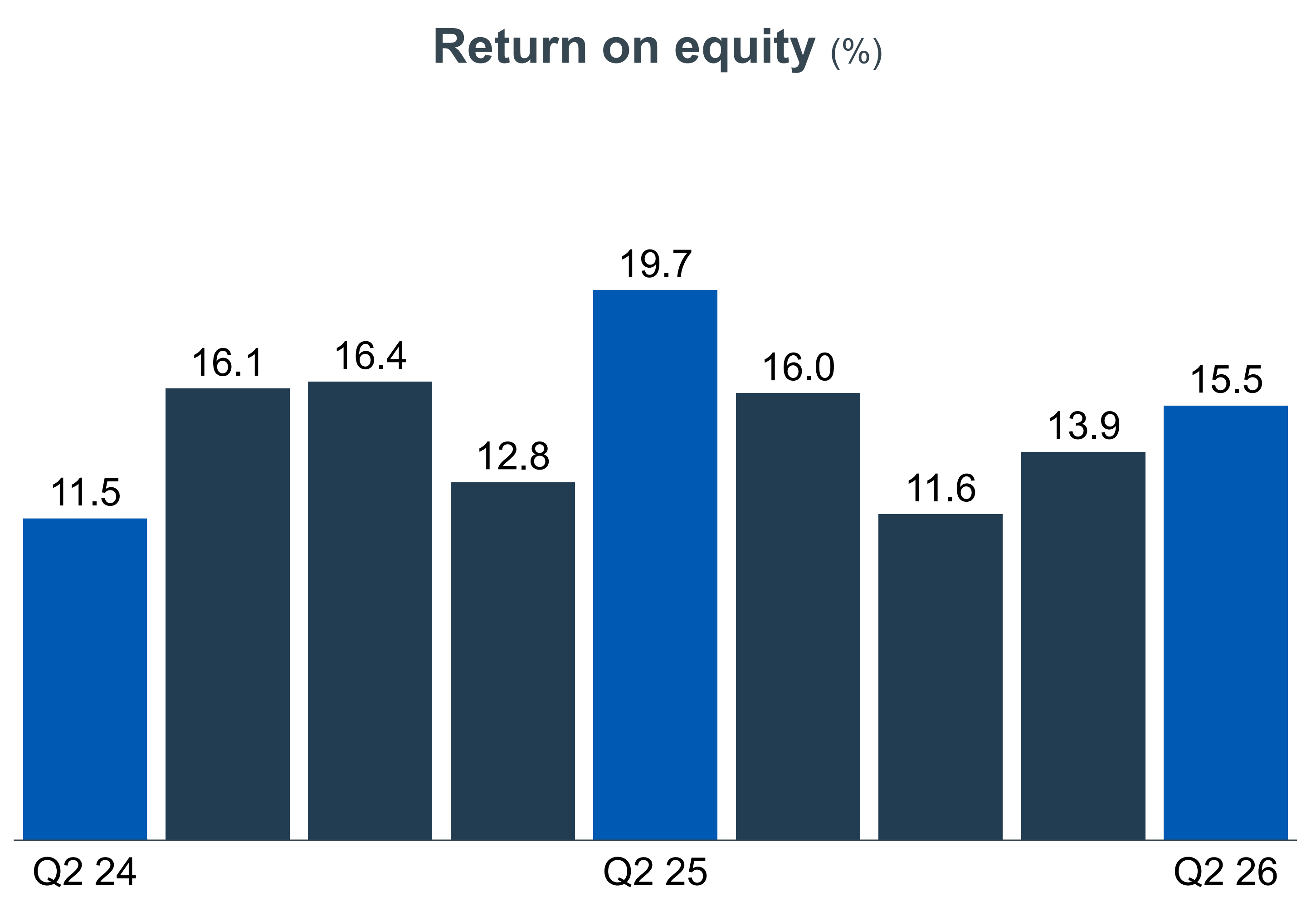
Strategic development

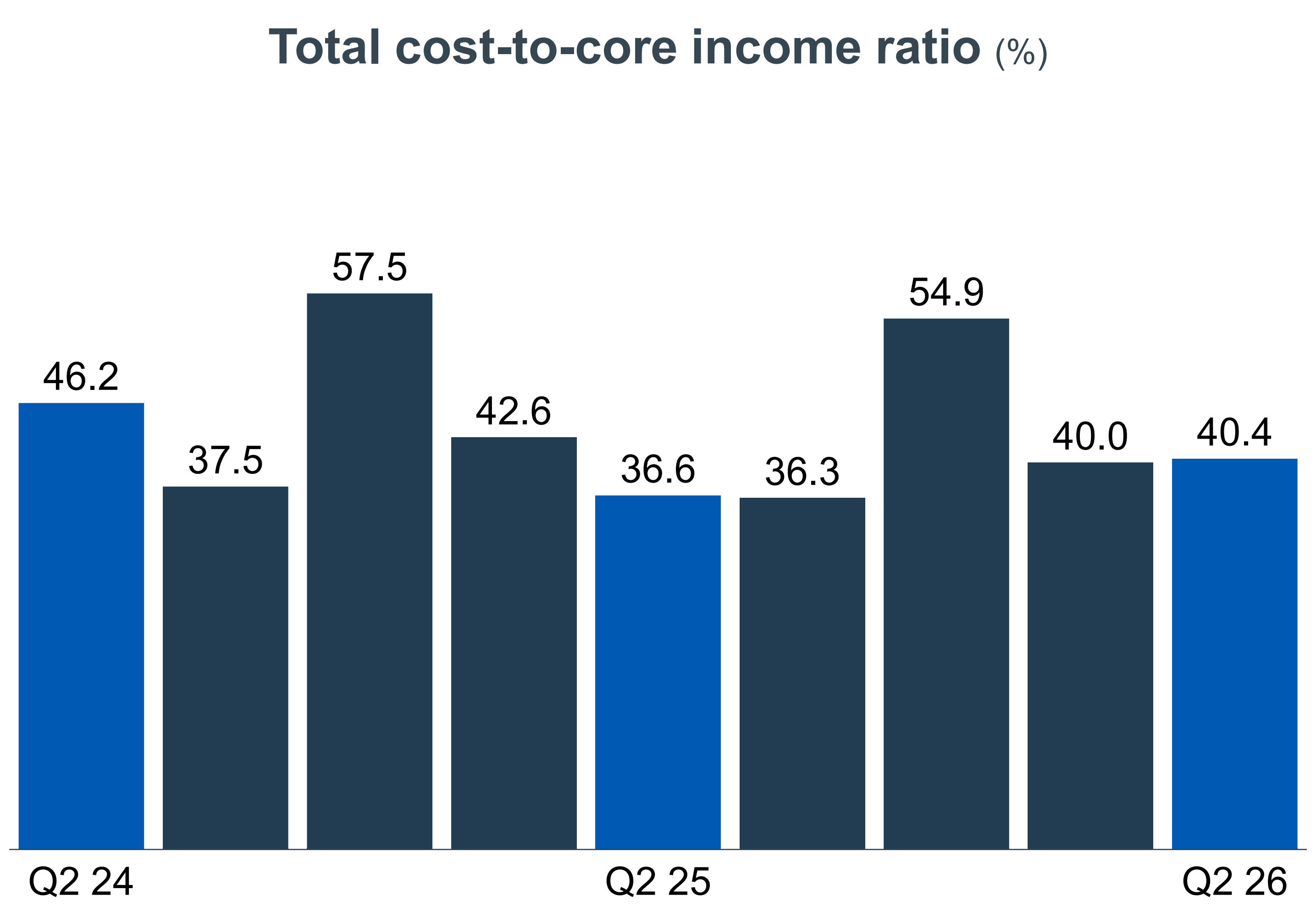
- Strategy, targets and capital priorities unchanged
- Continued focus on targeted technology investments on AI and cyber security
- Clear AI implementation strategy and view of measurable opportunities developing
- Selective pursuit of value-accretive opportunities that can support our customers, shareholders and the Icelandic economy

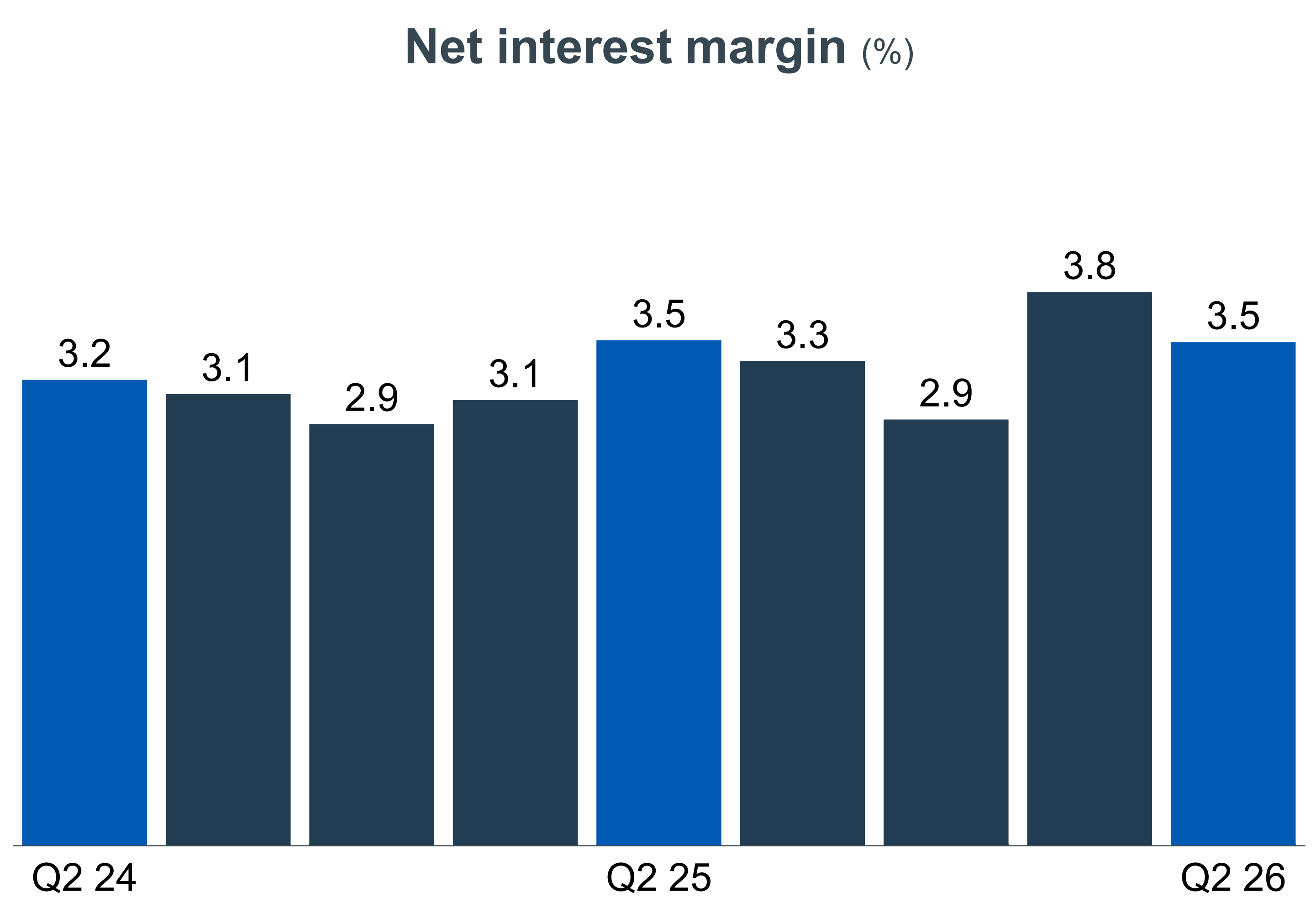
External environment

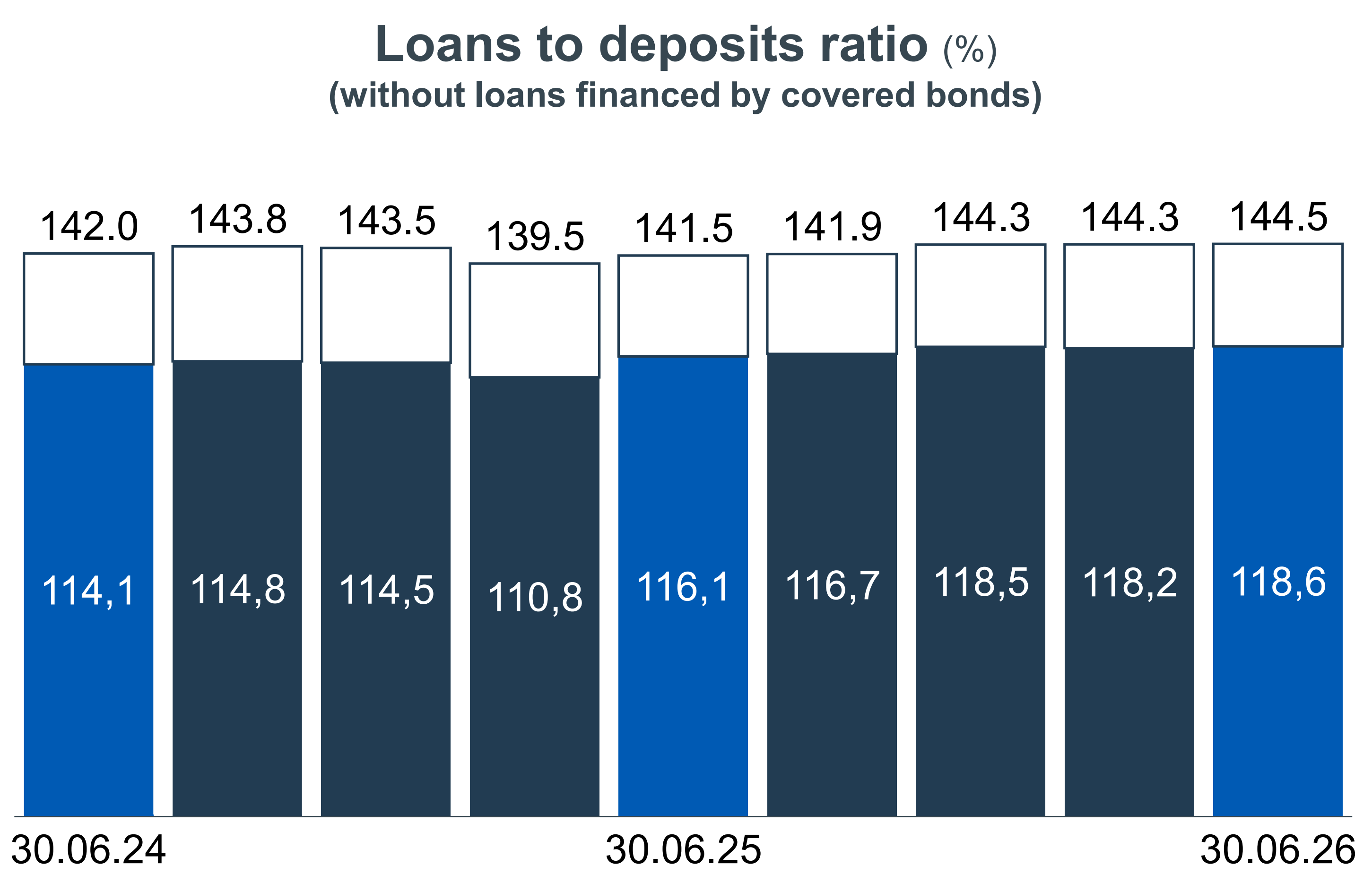
- Cautious stance amid macro and geopolitical uncertainty
- Referendum on reopening EU Accession Negotiations
- Persistent inflation keeps monetary policy restrictive
- Very strong balance sheet position in terms of capital, funding and liquidity and proactive conservative provisioning

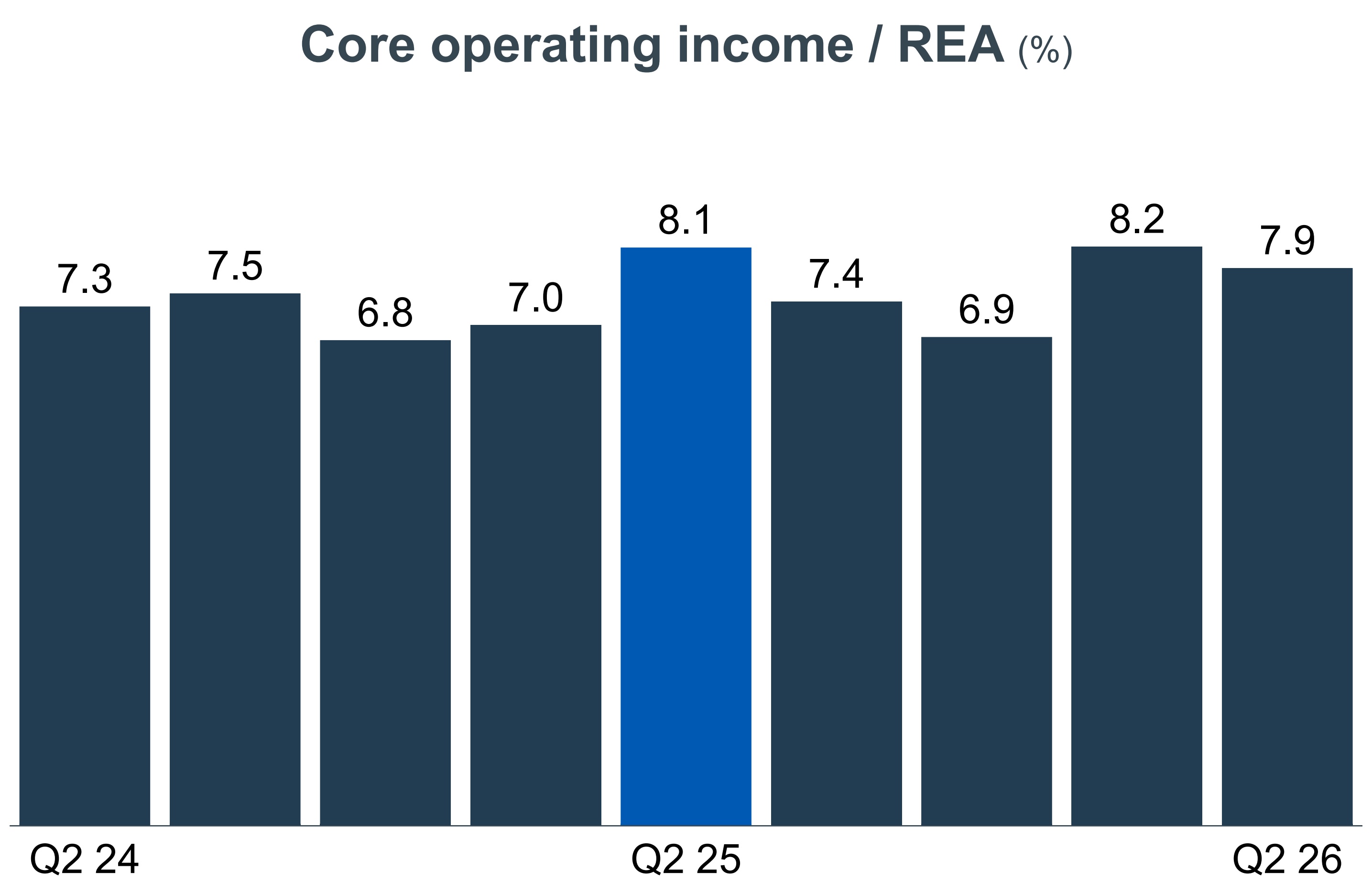
Key financial indicators - quarterly

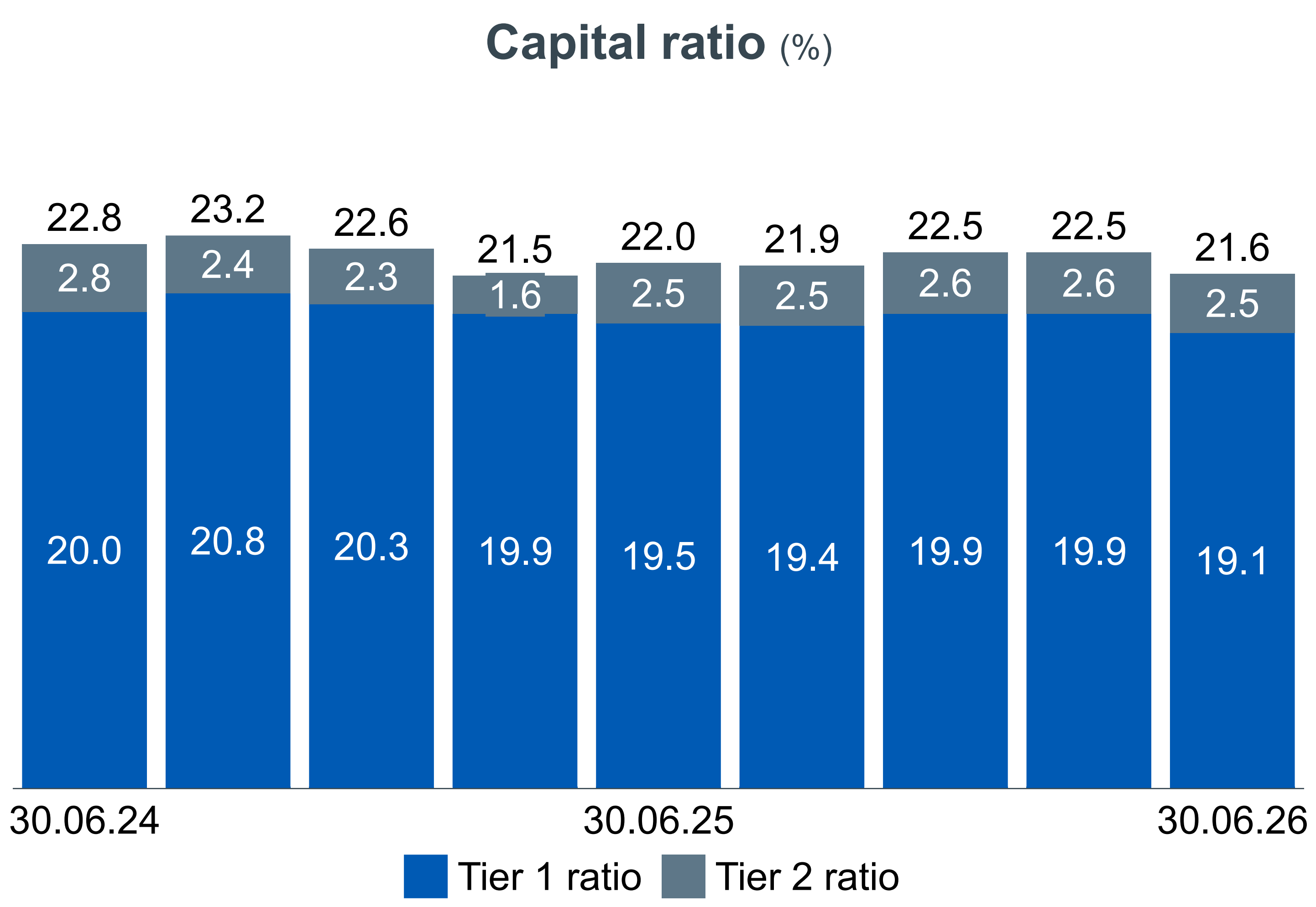






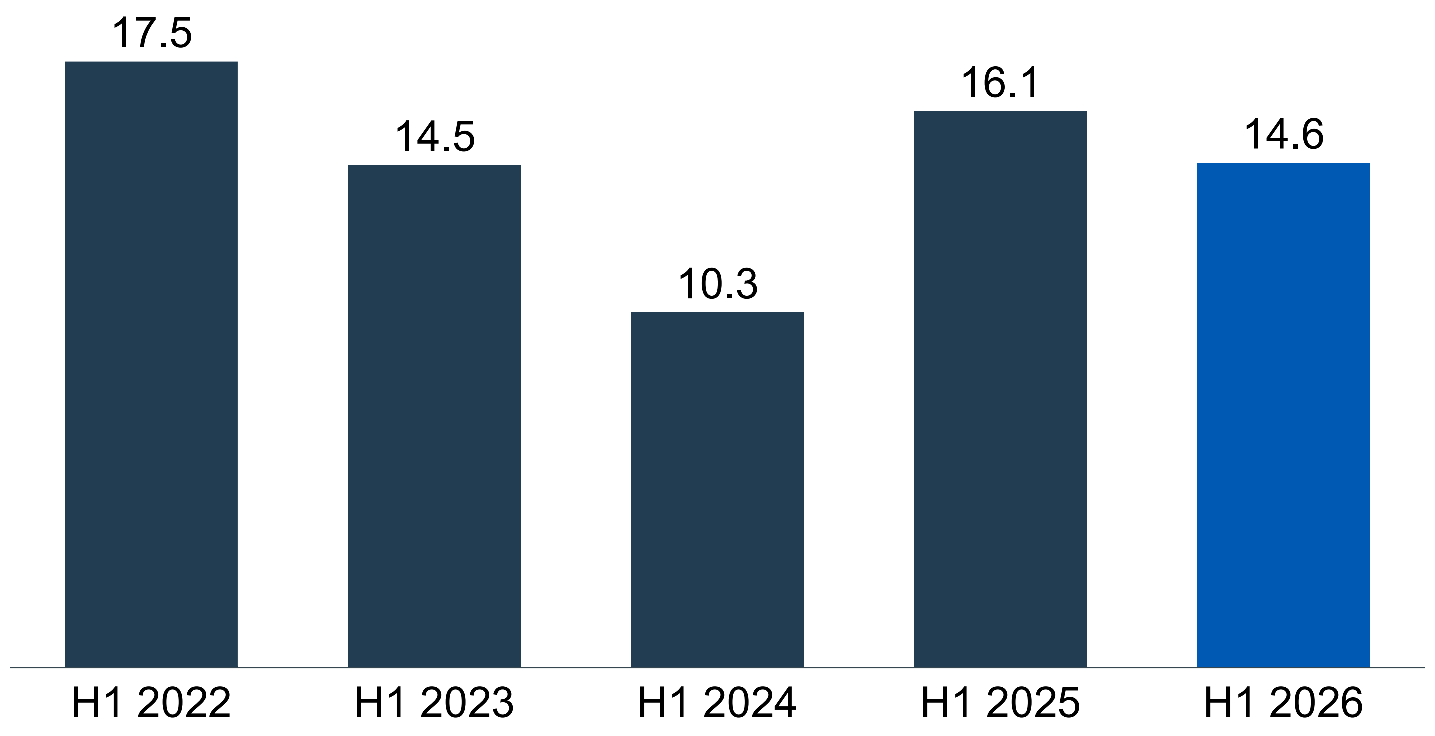




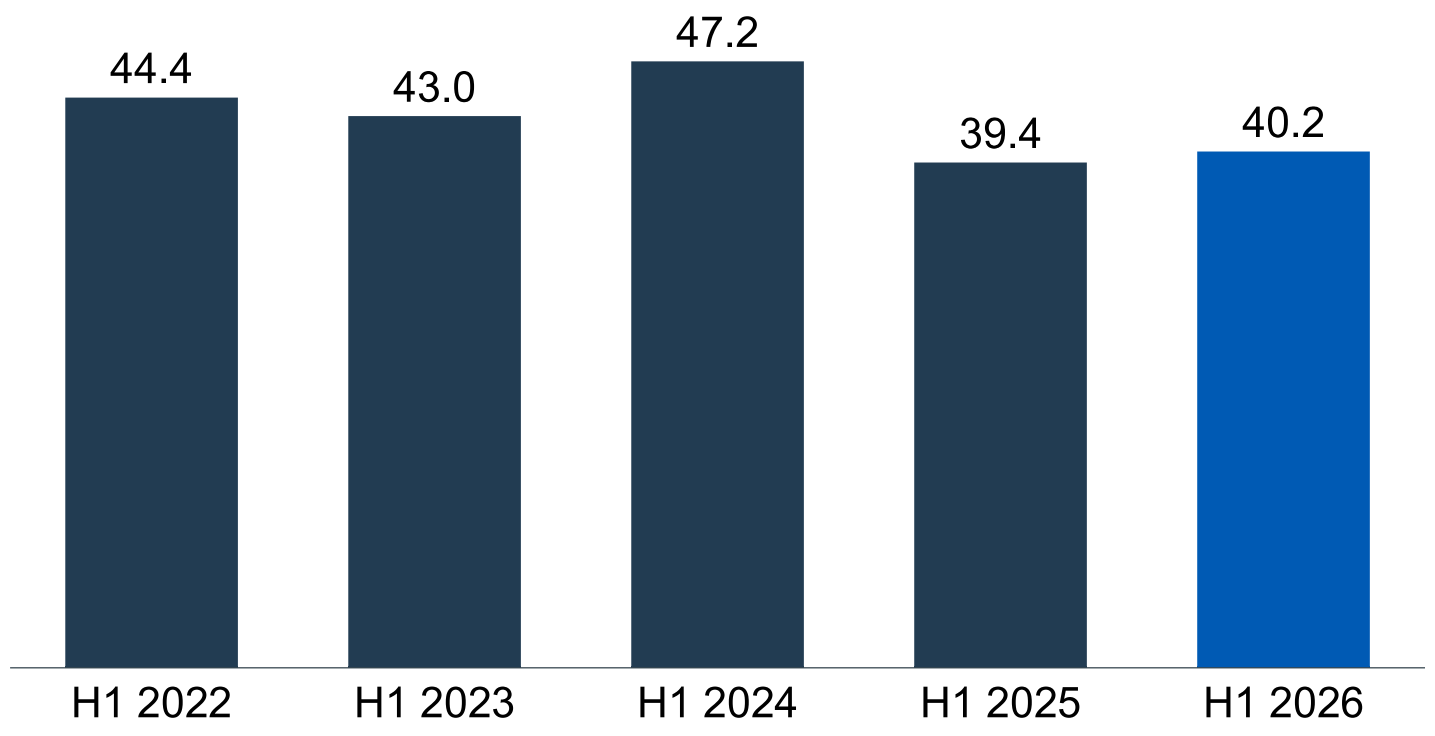


Key financial indicators - annual

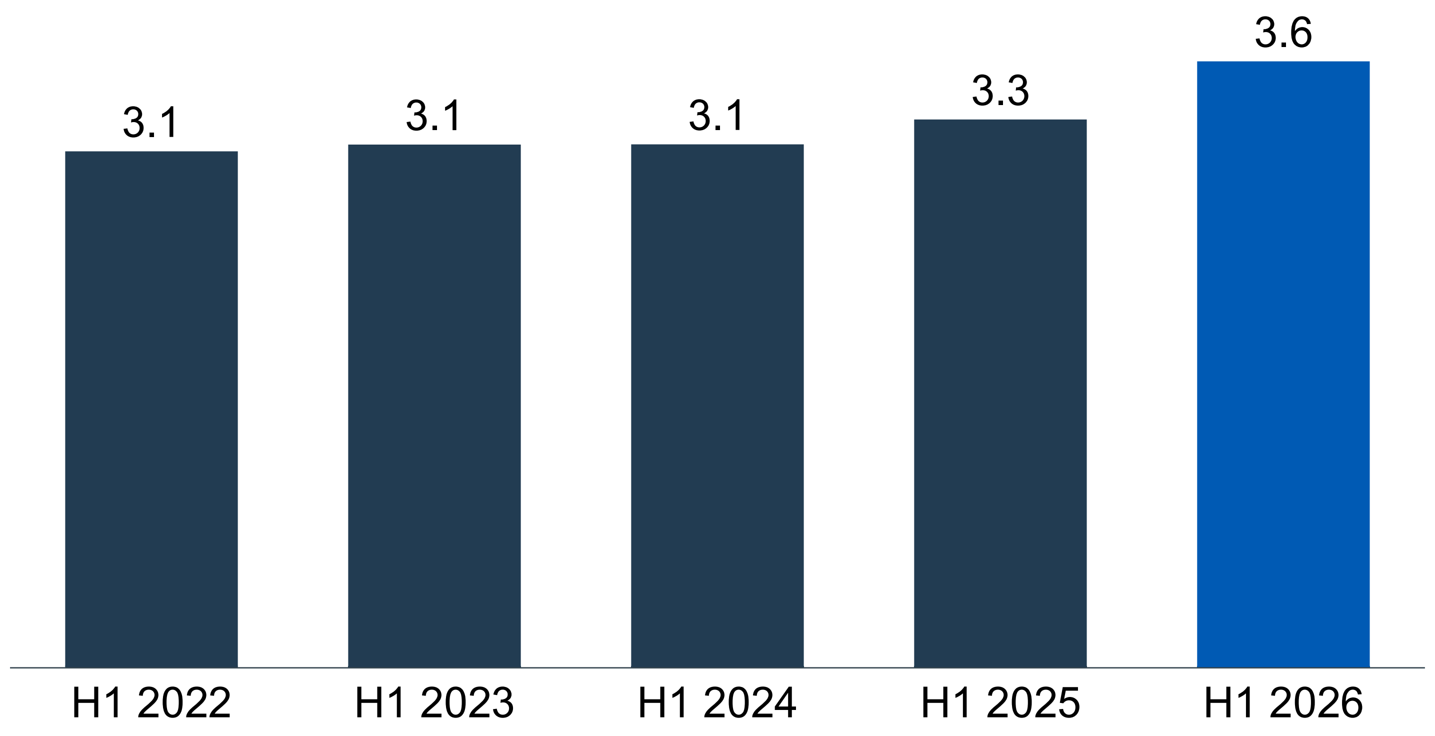
Return on equity (%)



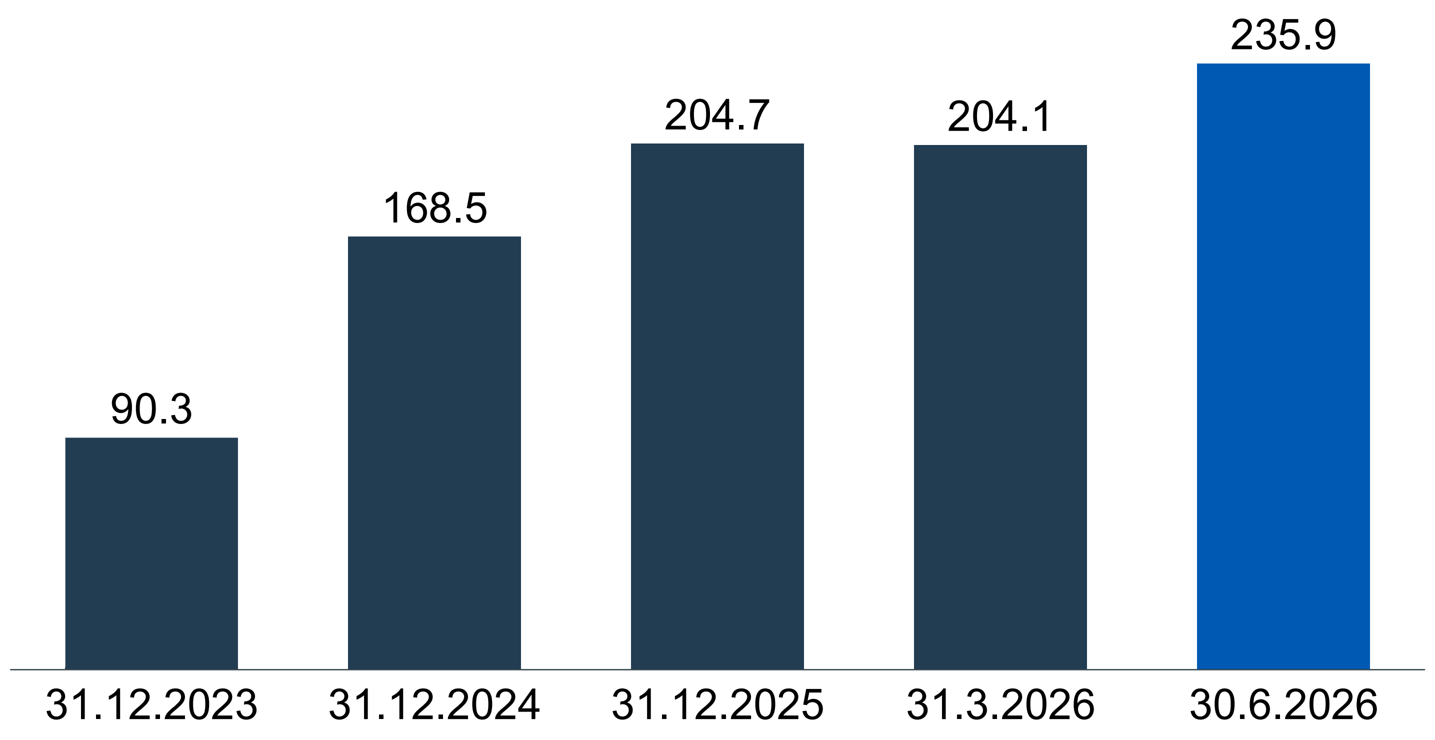
Total cost-to-core income ratio (%)



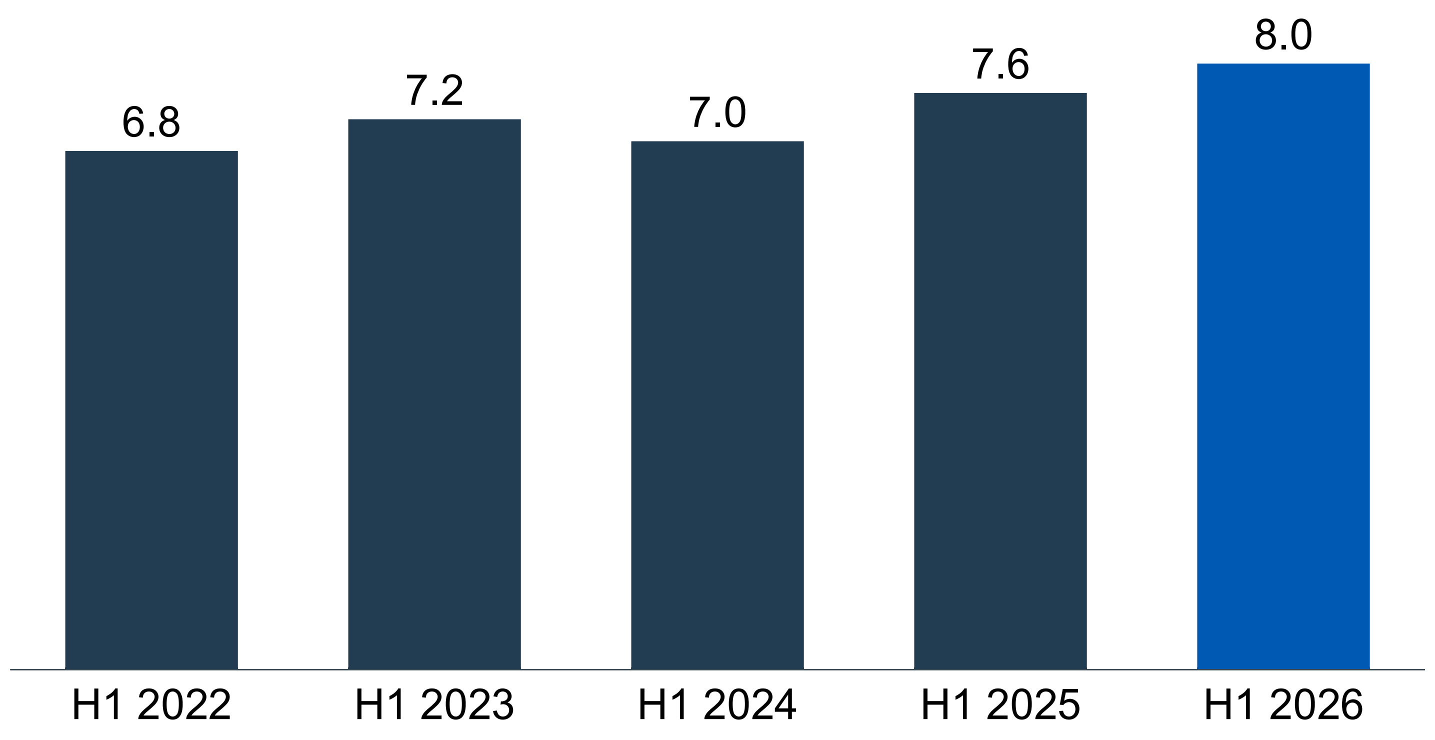
Net interest margin (%)



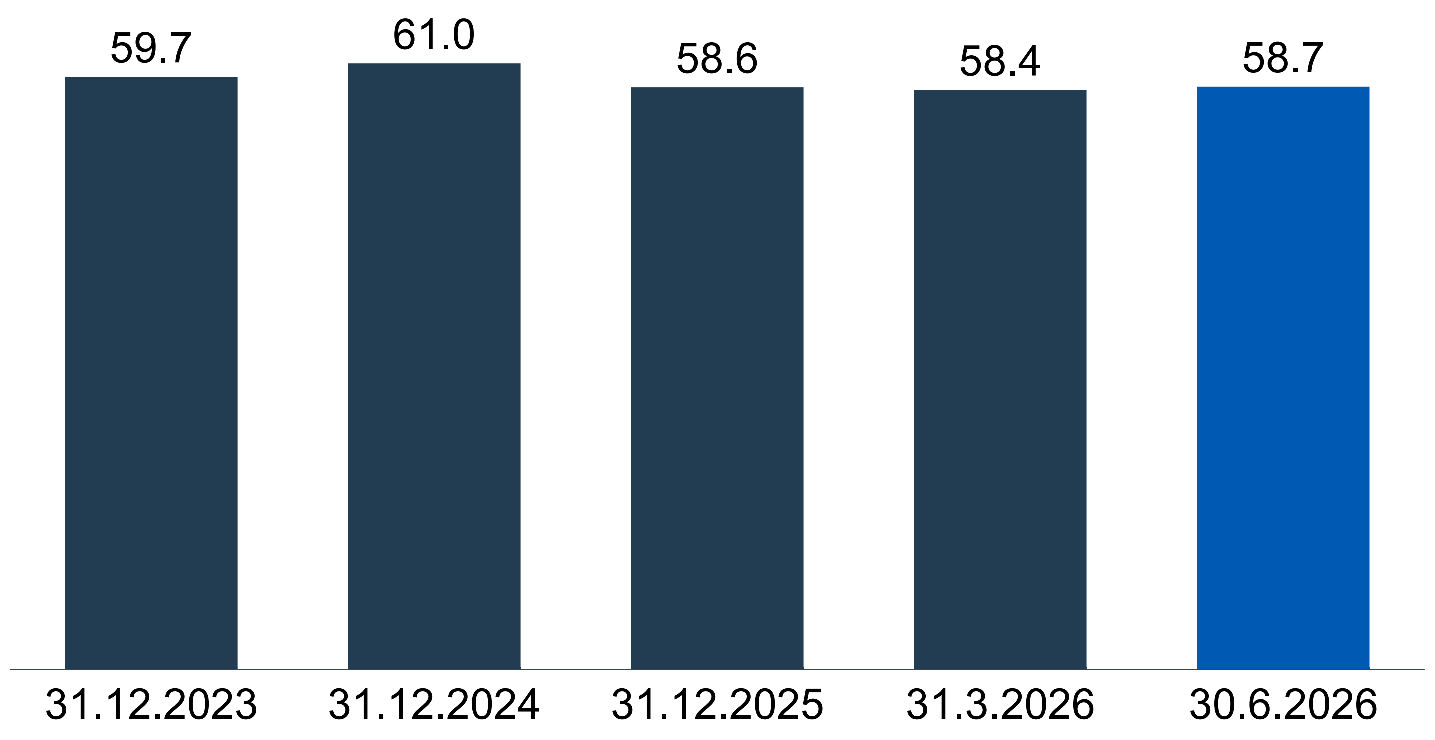
CPI imbalance (ISK bn)



Core operating income / REA (%)



Risk exposure amount / Total assets (%)



Key figures*

Operations	H1 2026	H1 2025	H1 2024	H1 2023	H1 2022	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025
Net interest income	31,522	26,366	23,193	22,420	19,221	15,219	16,303	12,350	13,826	14,200
Net commission income	7,863	9,089	7,344	8,638	8,138	3,987	3,876	4,055	4,003	4,553
Operating income	39,404	40,363	31,059	32,883	27,125	19,944	19,460	19,041	18,987	21,322
Operating expenses	(14,885)	(13,298)	(13,706)	(12,479)	(11,633)	(7,429)	(7,456)	(8,756)	(6,194)	(6,697)
Net earnings attributable to shareholders	15,372	16,171	9,951	13,365	15,972	8,054	7,318	6,226	8,229	9,750
Return on equity**	14.6%	16.1%	10.3%	14.5%	17.5%	15.5%	13.9%	11.6%	16.0%	19.7%
Net interest margin	3.6%	3.3%	3.1%	3.1%	3.1%	3.5%	3.8%	2.9%	3.3%	3.5%
Return on assets	1.8%	2.2%	1.3%	1.8%	2.4%	1.8%	1.7%	1.4%	1.9%	2.4%
Total cost-to-core income ratio	40.2%	39.4%	47.2%	43.0%	44.4%	40.4%	40.0%	54.9%	36.3%	36.6%
Cost-to-income ratio	37.8%	32.9%	44.1%	37.9%	42.9%	37.2%	38.3%	46.0%	32.6%	31.4%
Cost-to-total assets	1.7%	1.6%	1.8%	1.7%	1.7%	1.6%	1.7%	2.0%	1.4%	1.6%

Balance Sheet	30.06.2026	31.12.2025	31.12.2024	31.12.2023	31.12.2022	30.06.2026	31.03.2026	31.12.2025	30.09.2025	30.06.2025
Total assets	1,848,575	1,755,765	1,618,267	1,525,672	1,465,609	1,848,575	1,783,833	1,755,765	1,736,535	1,713,145
Loans to customers	1,417,655	1,329,056	1,230,058	1,152,789	1,084,757	1,417,655	1,352,240	1,329,056	1,301,708	1,272,468
Mortgages	597,969	576,828	570,842	549,371	513,605	597,969	588,123	576,828	577,551	575,425
Share of stage 3 loans, gross	2.5%	2.4%	2.3%	1.7%	1.2%	2.5%	2.5%	2.4%	2.3%	2.4%
REA/ Total assets	58.7%	58.6%	61.0%	59.7%	60.1%	58.7%	58.4%	58.6%	60.9%	60.1%
CET 1 ratio	17.7%	18.4%	18.2%	19.7%	18.8%	17.7%	18.5%	18.4%	18.0%	18.0%
Leverage ratio	11.0%	11.4%	12.2%	12.4%	11.8%	11.0%	11.2%	11.4%	11.4%	11.5%
Liquidity coverage ratio	237.0%	199.2%	180.6%	191.8%	158.5%	237.0%	228.6%	199.2%	205.5%	156.4%
Loans to deposits ratio	144.5%	144.3%	143.5%	145.4%	143.6%	144.5%	144.3%	144.3%	141.9%	141.5%

*Figures for periods prior to 2022 have not been restated according to IFRS 17
**Attributable to shareholders of Arion Bank

 All amounts in ISK million

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