



Q3 results 2026

Investor presentation
28 October 2026



Key results

Solid first nine months of the year with most of medium-term targets achieved

15.1% ROE vs medium-term target of above 13%

- Strong development in core earnings
- Continuing cost discipline
- Slower loan growth compared to prior quarters
- Continued momentum in deposit growth

Renewed capital guidance and continued commitment to capital optimization

- CET1 target updated and guidance sharpened. Near term target at around mid-level of new range
- Capital distribution of ISK 25.6bn in the first nine months of the year through dividends and buybacks
- Continue to manage with profitable balance sheet growth and capital distribution

Key results	Medium-term targets		Q3 2026		9M 2026
Return on equity ¹	Exceed 13%	✓	16.3%	✓	15.1%
Core operating income ² / REA	Exceed 7.2%	✓	7.9%	✓	8.0%
Insurance revenue growth (YoY) ³	Exceed weighted average growth of competitors	✓	4.4%	✓	5.8%
Combined ratio Vördur	Below 95%	✓	85.7%	✓	91.4%
Total cost-to-core income ⁴ ratio	Below 45%	✓	37.1%	✓	39.2%
CET1 ratio above regulatory capital requirements	100-250 bps management buffer⁵	•	320 bps	•	320 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 6M 2026
⁴ Total cost-to-core income ratio: Operating expenses including OPEX from insurance operations / Core operating income excluding OPEX from insurance operations
⁵ Approx. 16.3 - 17.8%, based on updated target for management buffer
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

Arion Bank awarded for excellence in business

#1

...in Iceland for the fifth year in a row



Corporate advisory transactions completed



Second phase of Blikastaðir sales process initiated



Enhanced investment offering through digital channels with selected index funds



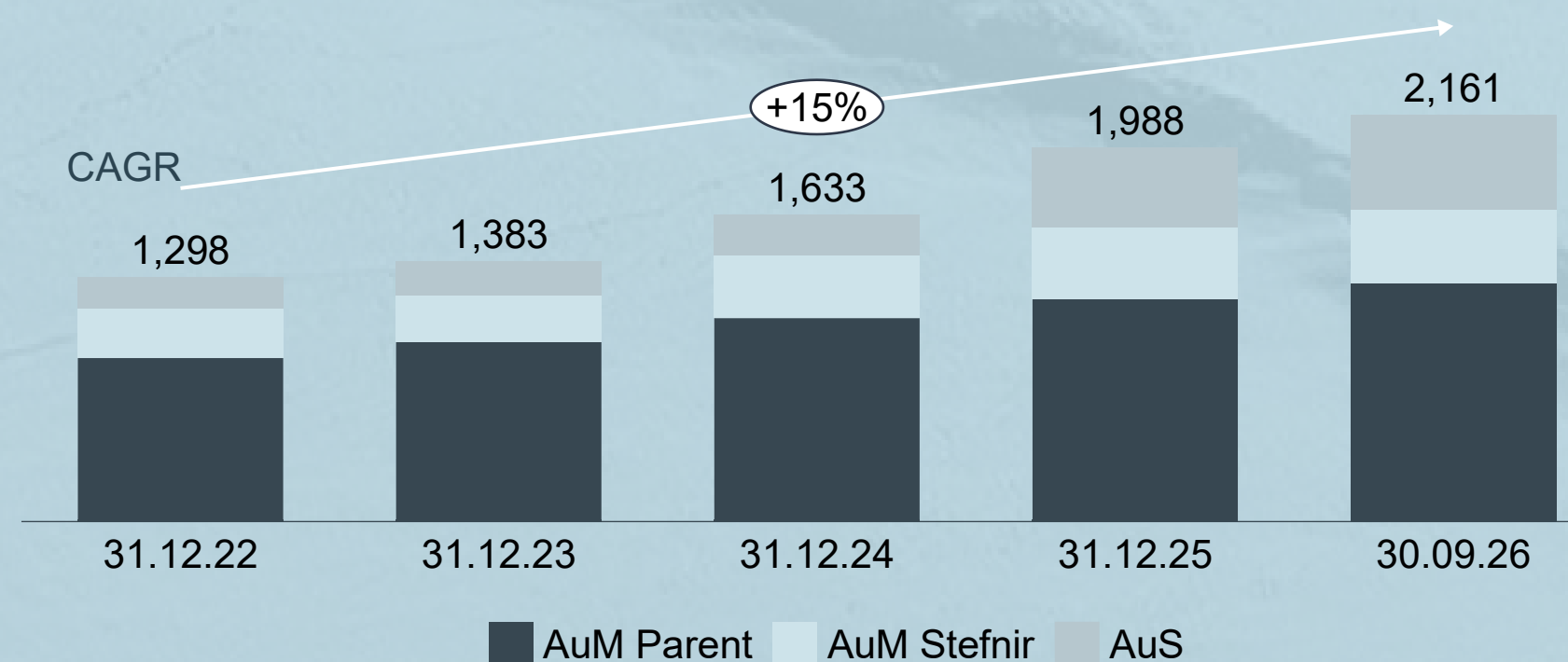
Key operational highlights in Q3 2026

Retail banking growth across key initiatives

- Arion Rewards members up 33% YTD.
- Bancassurance ratio reached 44.1% for individuals
- Arion Future enrolment up 20%+ since launch, reaching 37% of the target customer base
- Active customers in the Reykjanes region up 72% through targeted growth initiatives

Significant Asset Management Milestones

- Institutional AuM surpassed ISK 1,000bn
- Third-party fund AuS surpassed ISK 500bn
- Arion Group's AuM and AuS reached ISK 2,161bn



Vördur driving growth through service and innovation

- Investments in digital claims and proactive service helped secure the highest claims satisfaction in Iceland for three consecutive quarters*
- Expanded the product range with Cyber, Light Casco and Jewelry & Watch Insurance, supported by targeted customer events



*According to an external survey conducted by EMC, 14 October 2026



Deposits continued to increase and surpassed ISK 1,000 billion for the first time



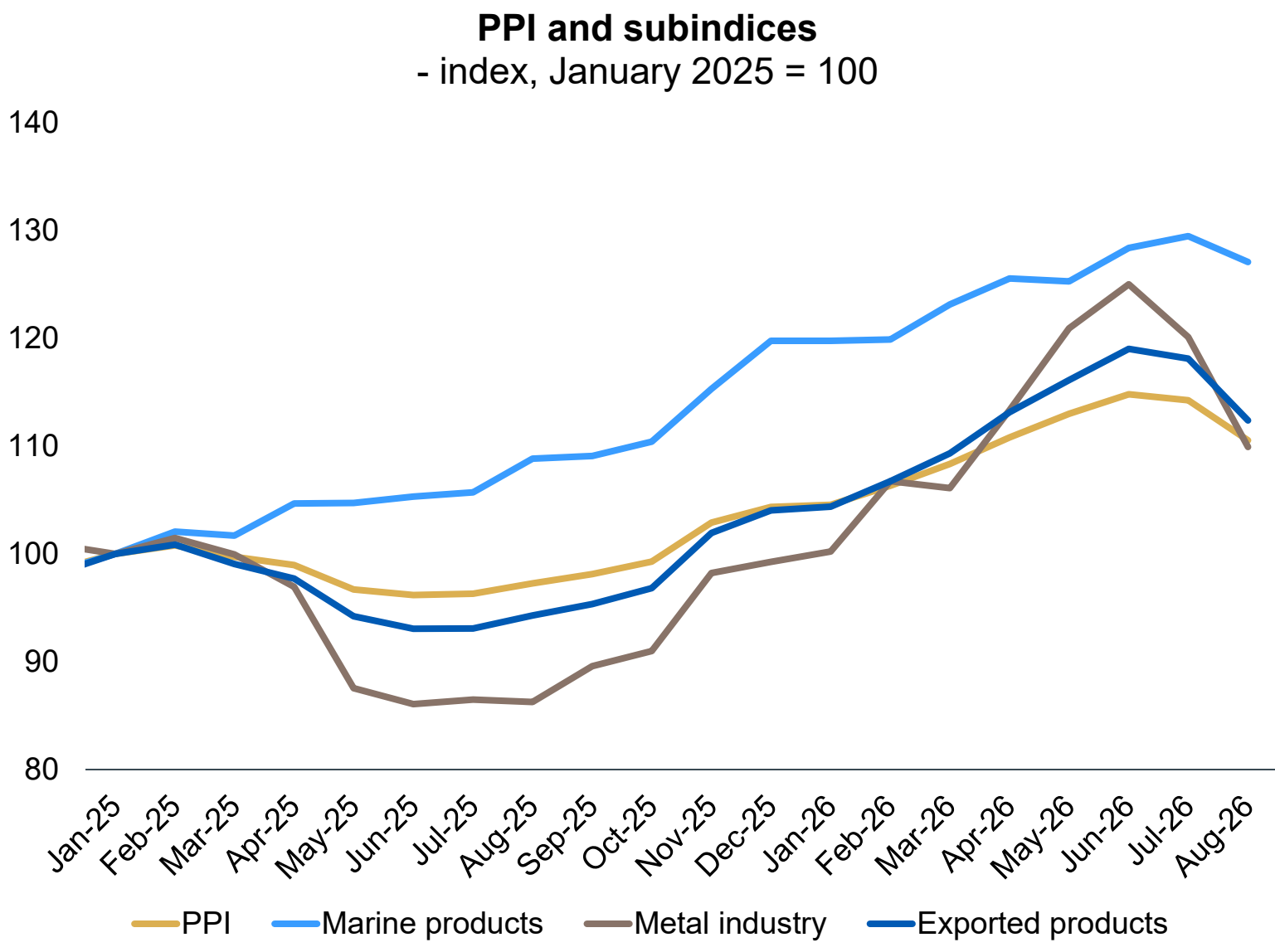
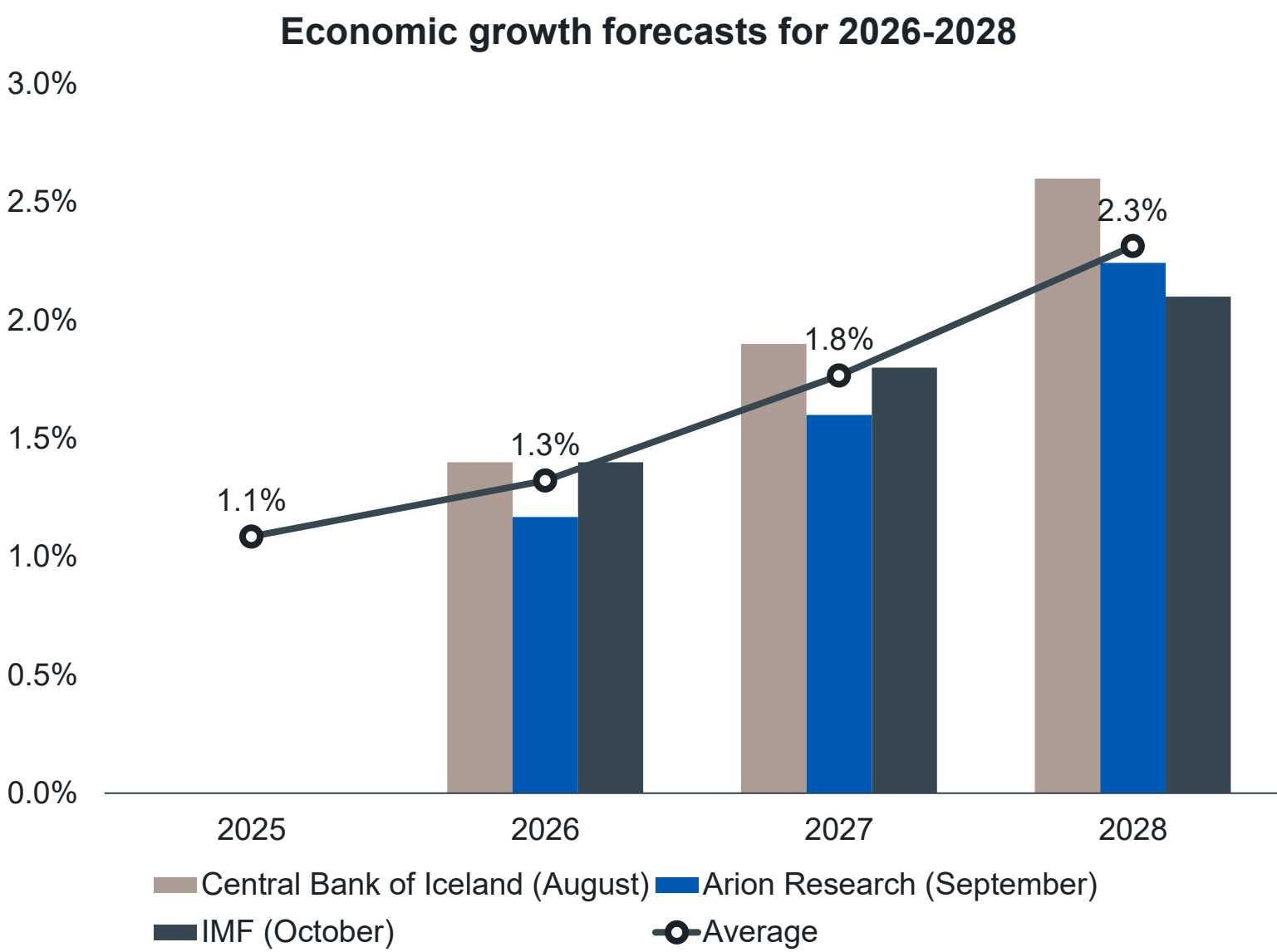
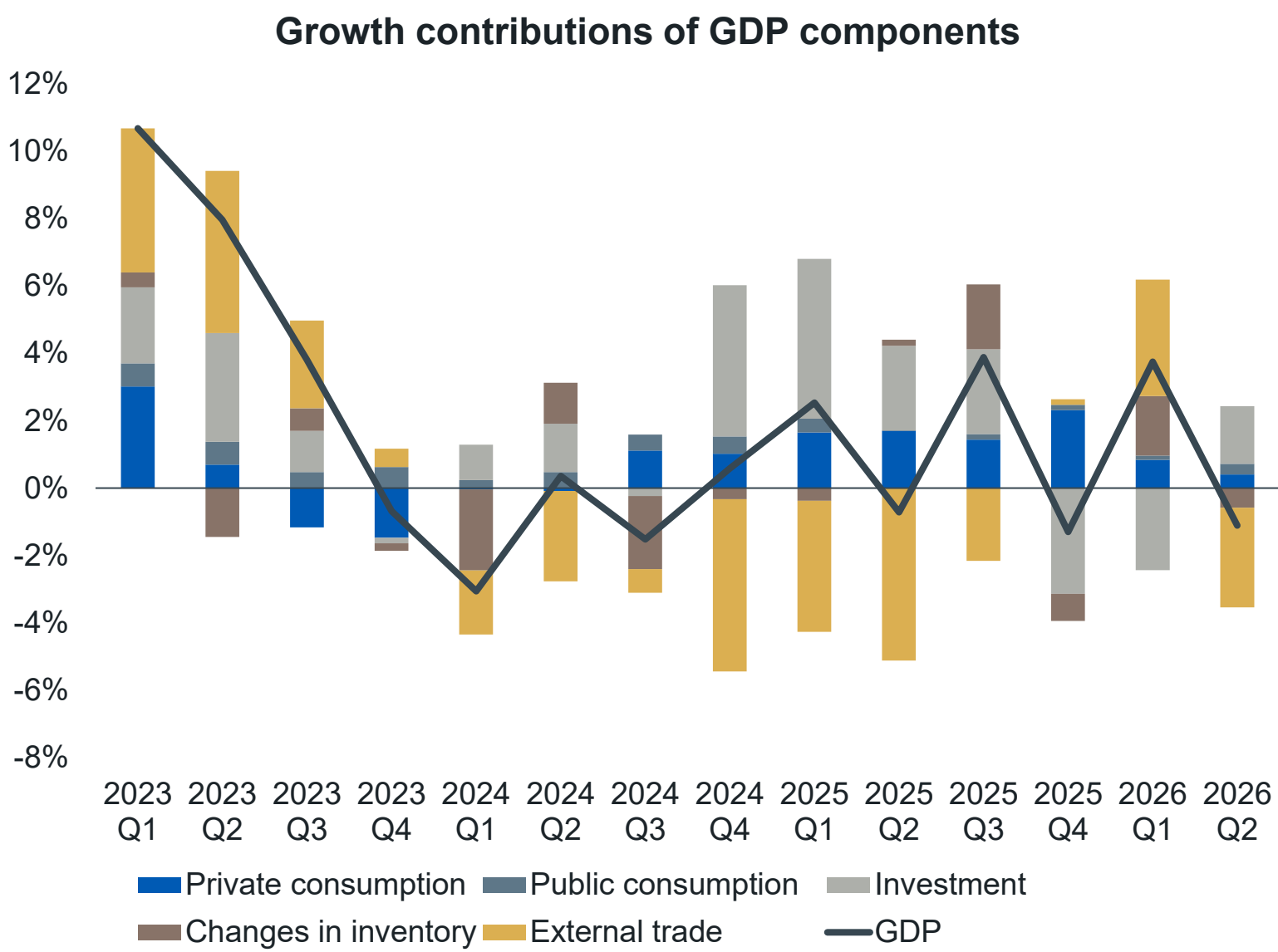
Save the date – 3 March 2027

Arion Bank's Capital Markets Day

- Update on key strategic initiatives and outlook
- Medium-term targets under review
- The event will take place at the Bank's headquarters and be streamed live

Slowing economic activity in a challenging environment

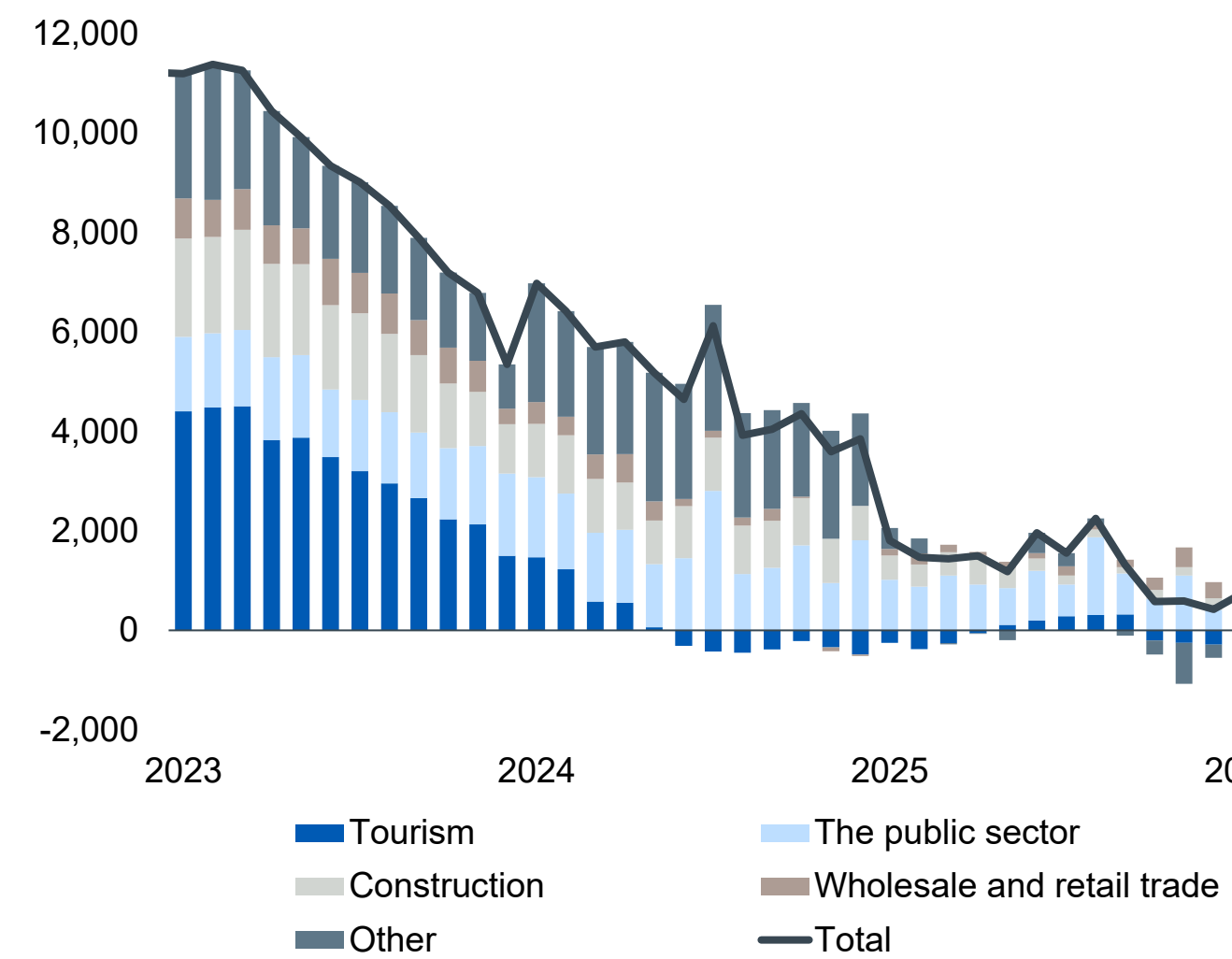
- According to Statistics Iceland's first estimate, GDP surprised to the downside in the second quarter, contracting by 1.1% year-on-year. Net trade was the main drag, with exports falling by 7.3% on the back of a 13.8% decline in goods exports. Imports rose 0.2% on a record level of investment in data centre-related industries
- The export outlook for next year has improved somewhat. Aluminium production is back at full capacity, recovering faster than expected, exports of data centre services have increased markedly, and aquaculture is heading for a record year. The outlook for tourism is broadly unchanged, with visitor numbers expected to be similar next year. However, uncertainty remains significant, as elevated oil prices weigh on airfares and air capacity
- Despite reduced catch quotas, high seafood prices have more than offset the decline in volumes, and elevated aluminium prices have done the same for aluminium production. Thus, terms of trade have improved, despite higher oil prices.
- Stronger export growth next year is expected to offset slower domestic demand growth, with the consensus forecast pointing to GDP growth of 1.8% in 2027



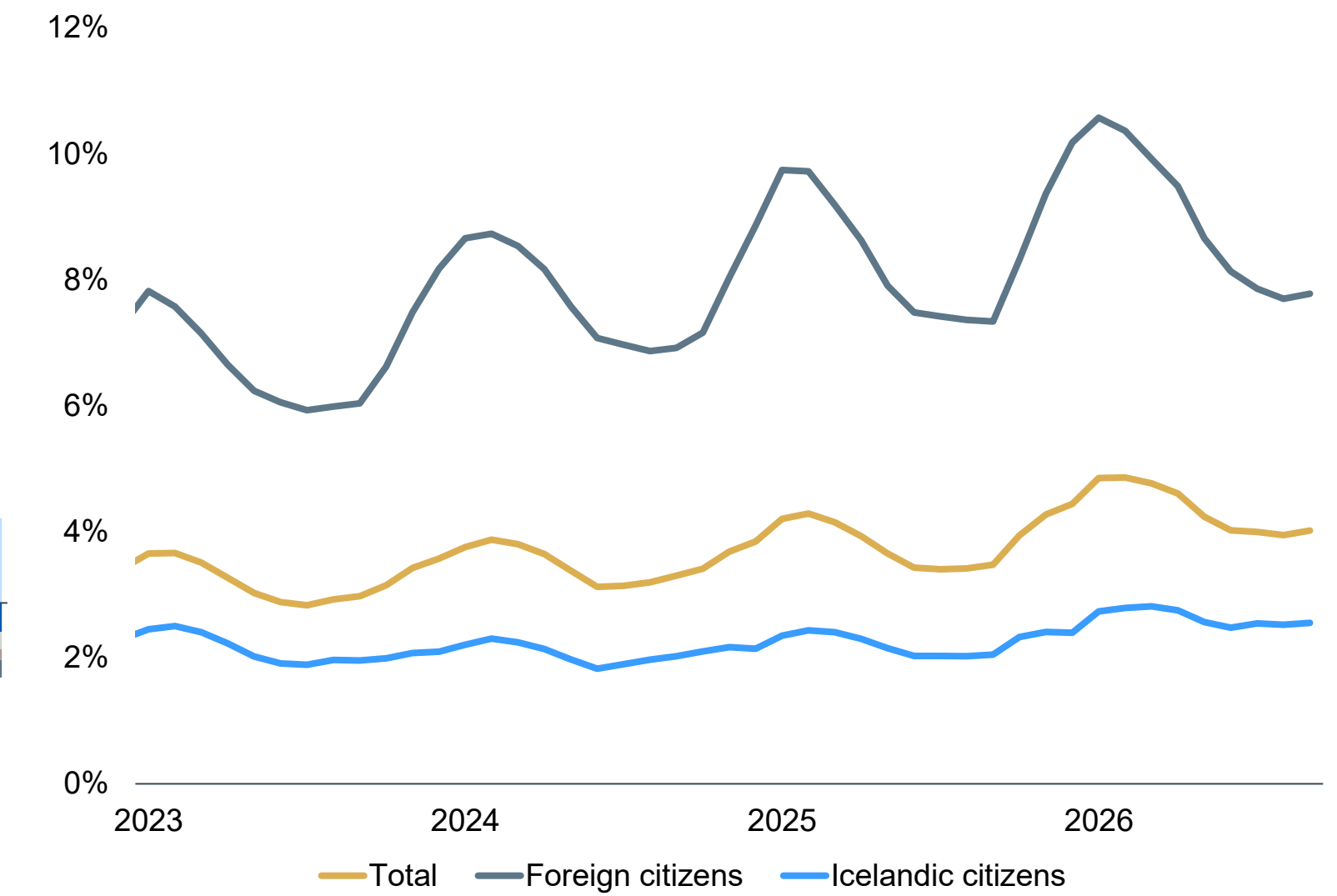
Domestic demand loses momentum

- Job growth has slowed significantly, private-sector employment has declined, and unemployment, currently at 4%, has risen from a year earlier. Unemployment is expected to keep inching higher into next year, as business sentiment has deteriorated and firms scale down their hiring plans
- Increased labour market slack has dampened wage growth and especially reduced wage drift, with annual wage index growth now at its lowest since the pandemic. Despite the review clause being triggered, the labour market parties reached an agreement in October to keep the collective wage agreements in force, thus removing a key source of uncertainty
- Rising unemployment, slower real wage growth and a tight monetary stance have weighed on the housing market, dampening demand. The stock of unsold new homes has continued to increase and selling time has grown longer, putting pressure on the construction sector. Real house prices have been falling, and are likely to fall further, with Arion Research expecting real house prices to keep declining until mid-2028

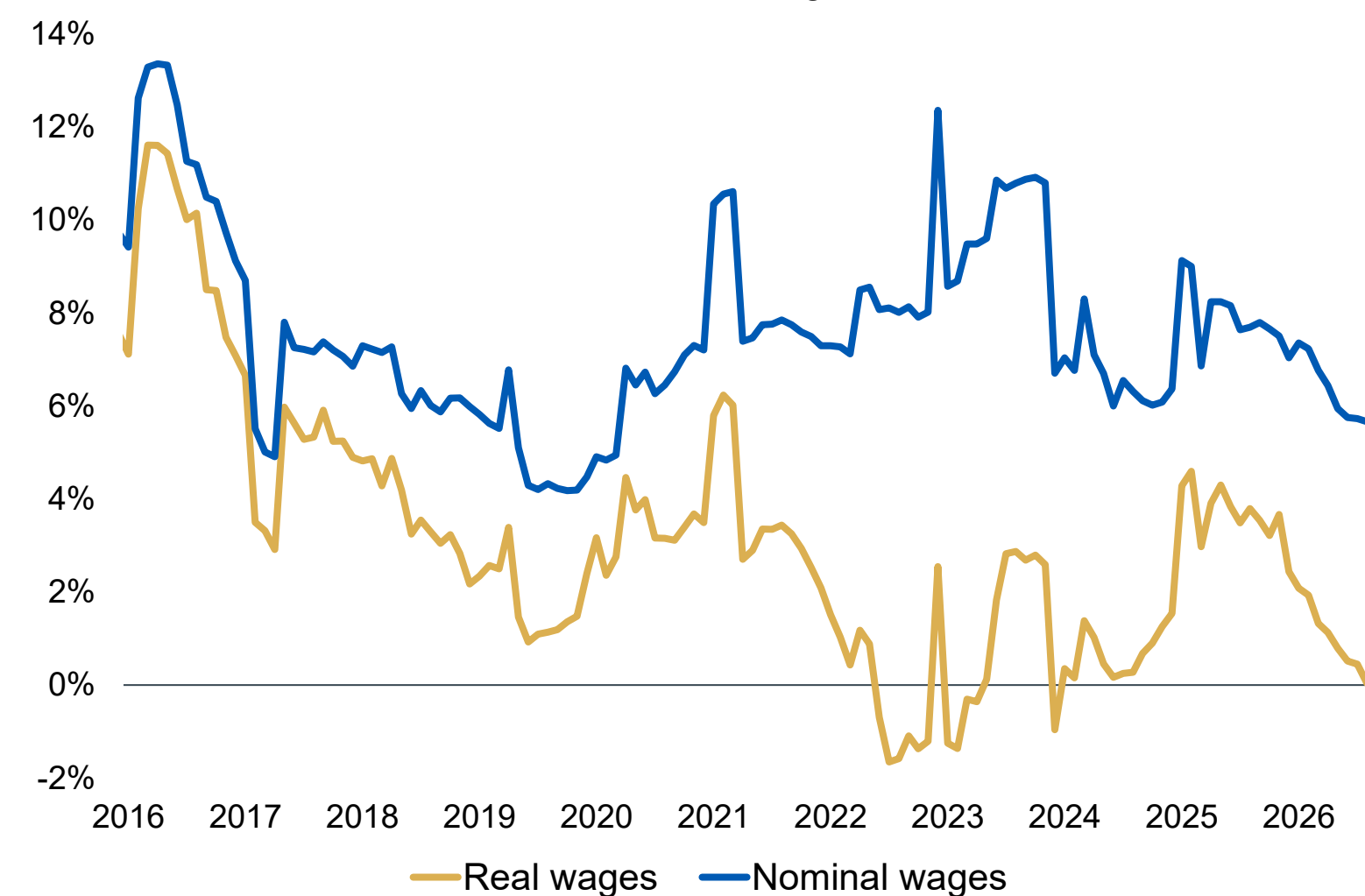
Number of employed by economic activity
- change between years



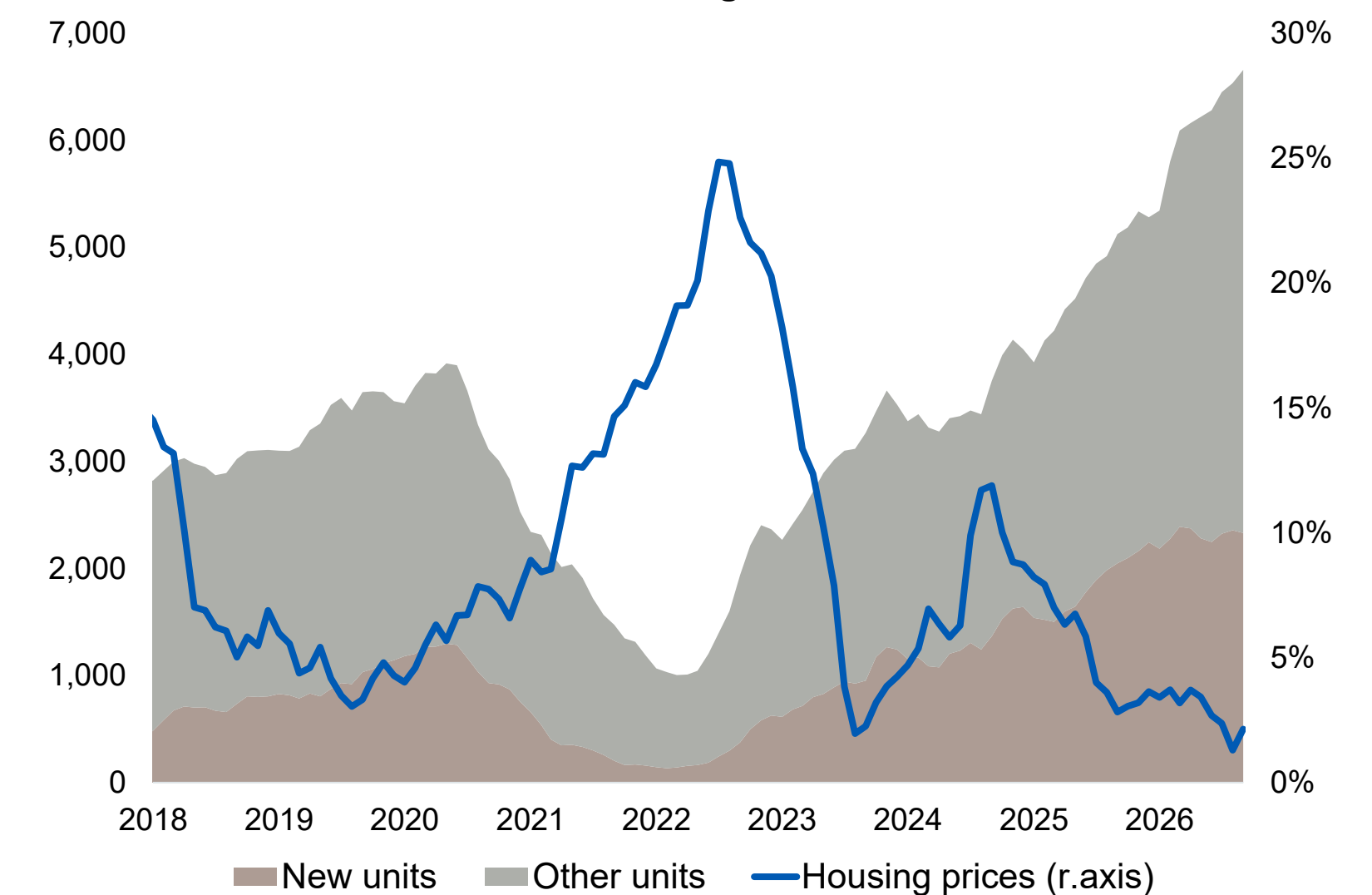
Registered unemployment



Wage index
- YoY %-change

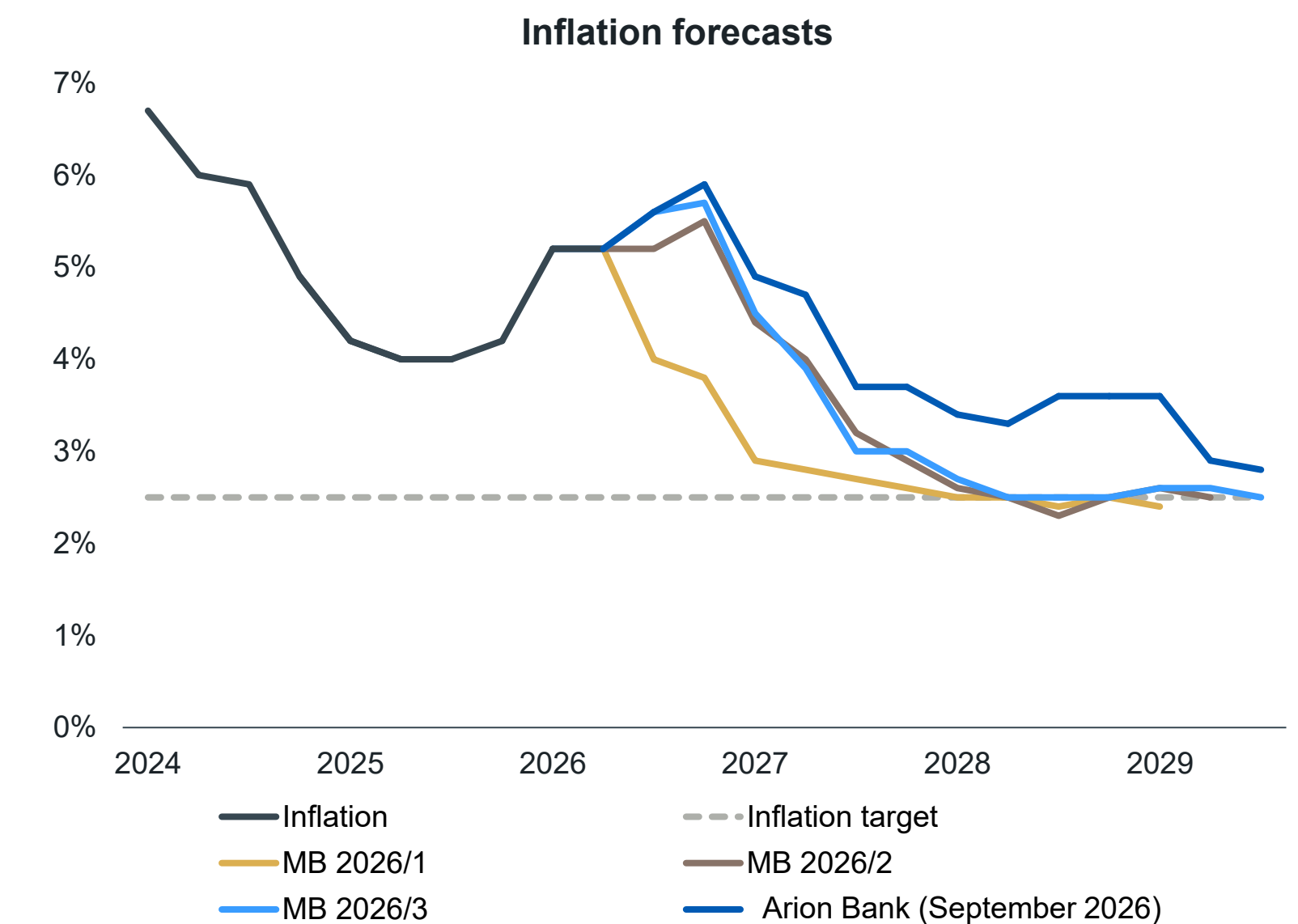
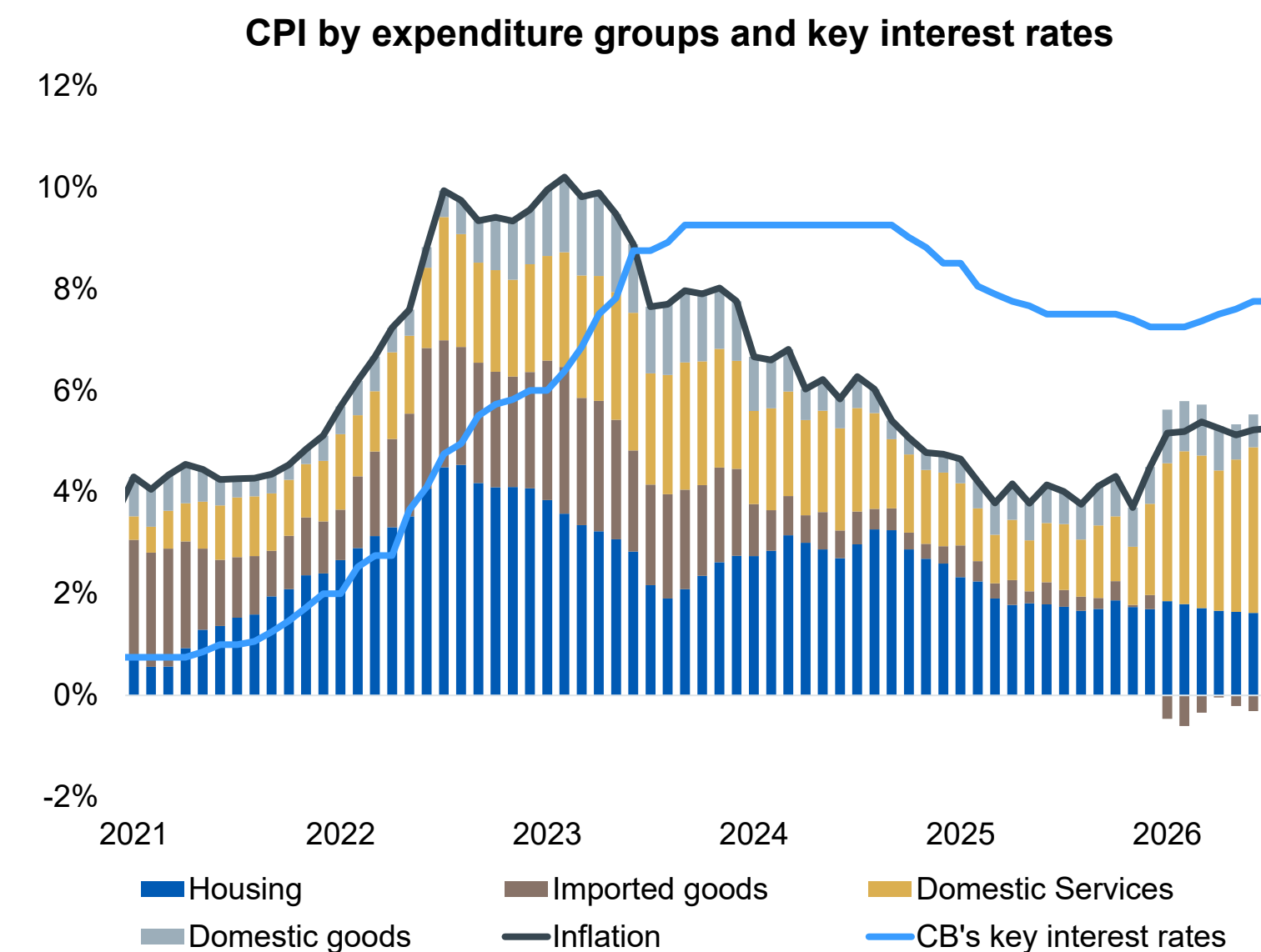
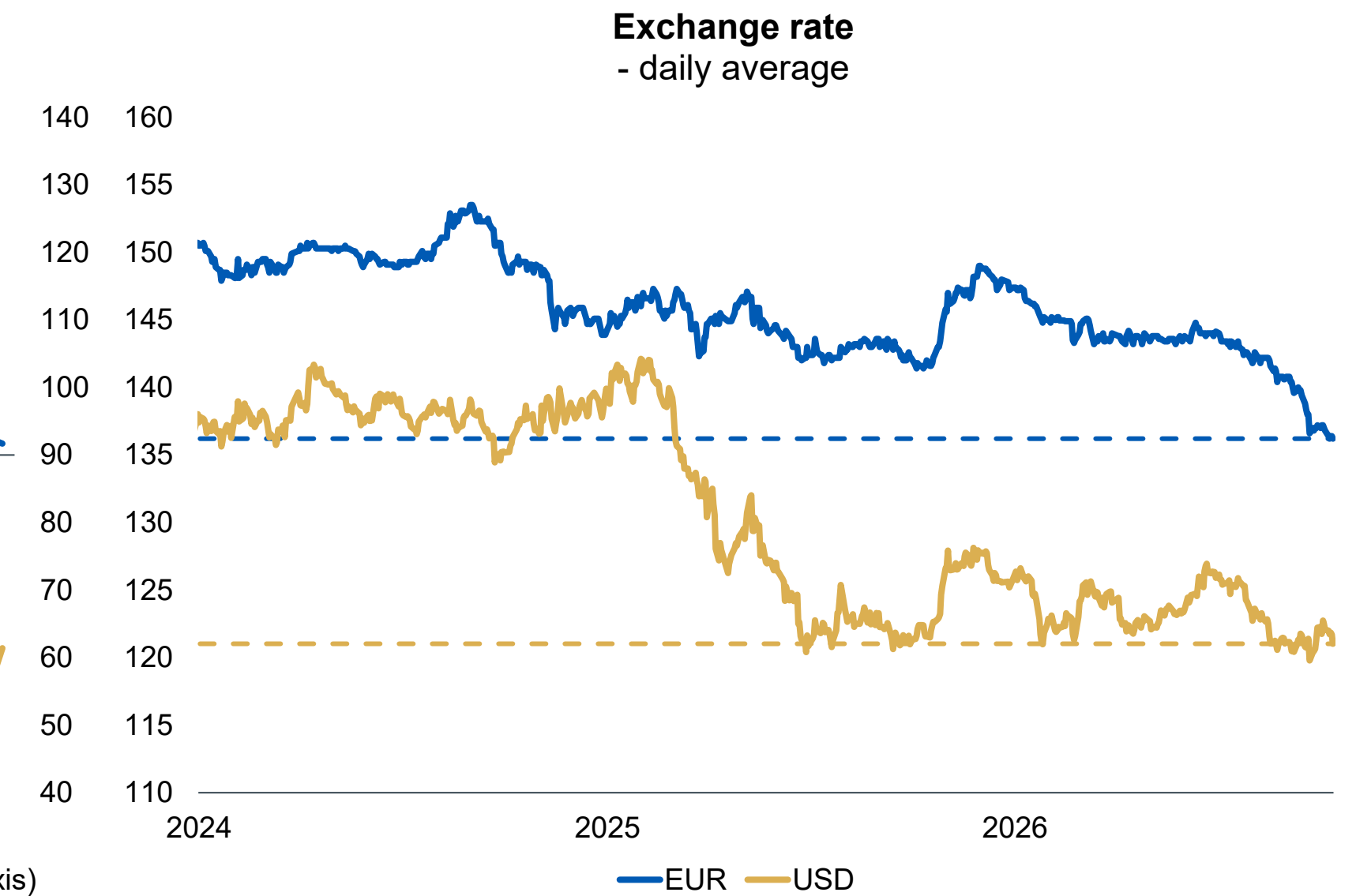
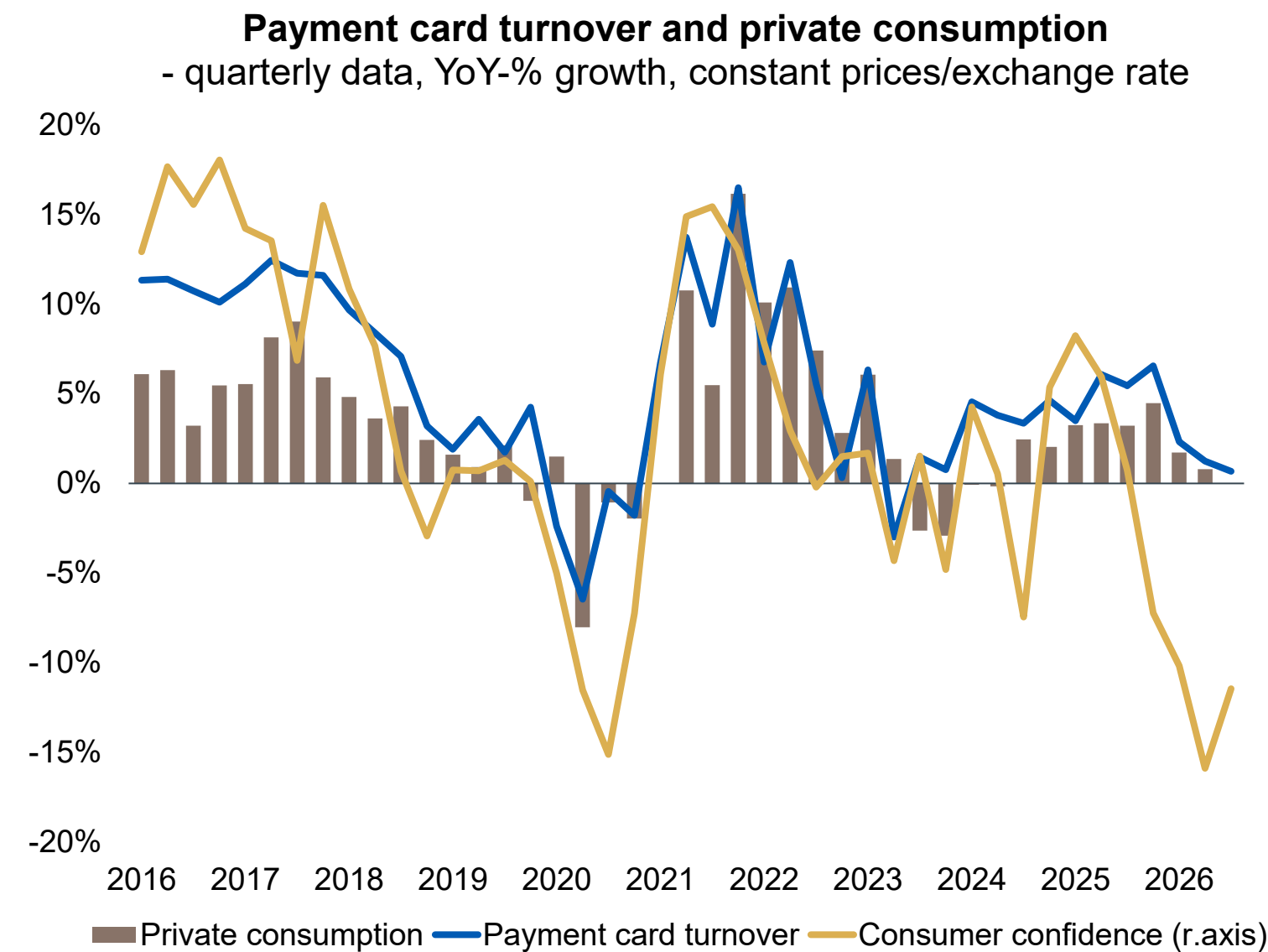


Number of housing units for sale

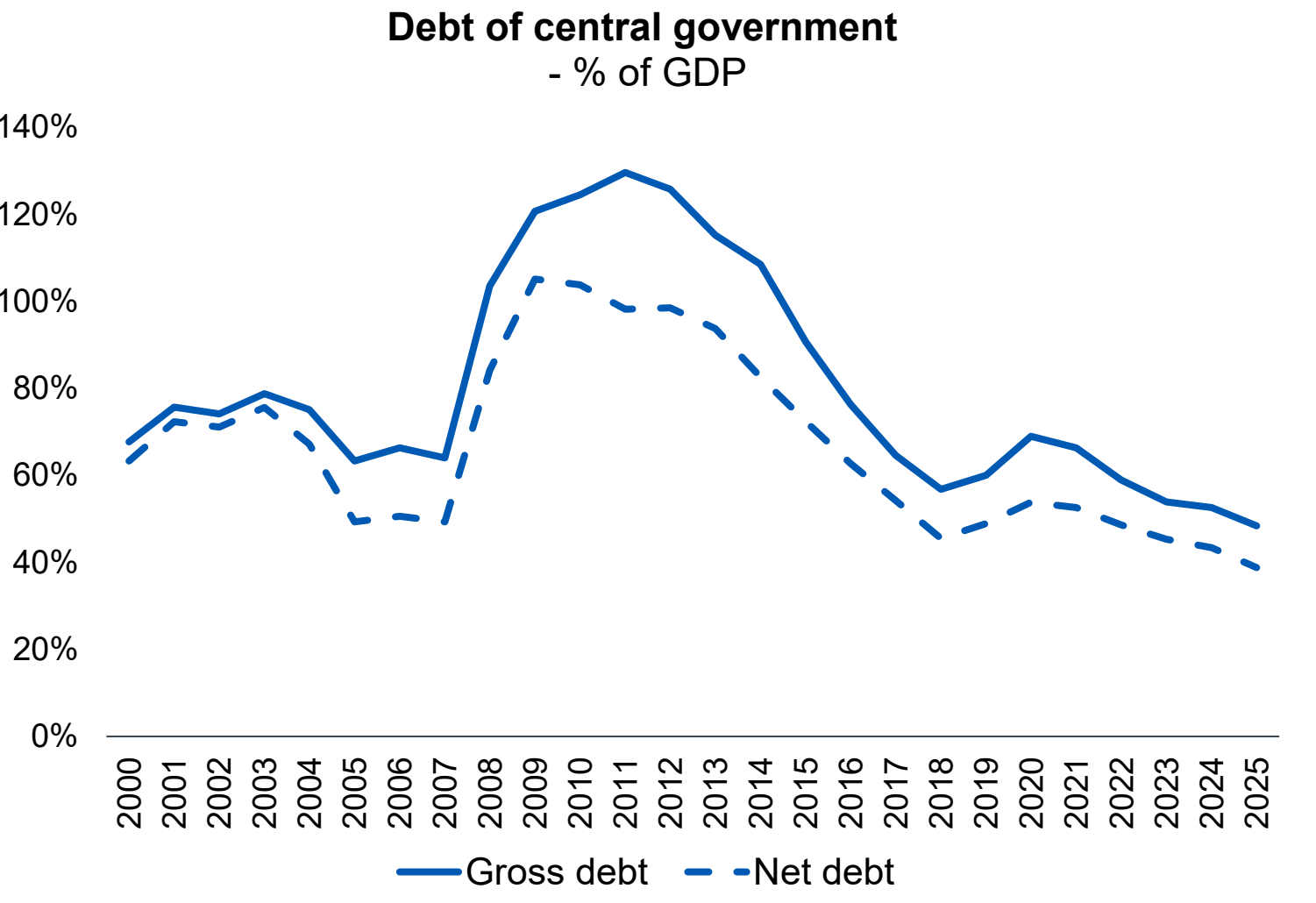
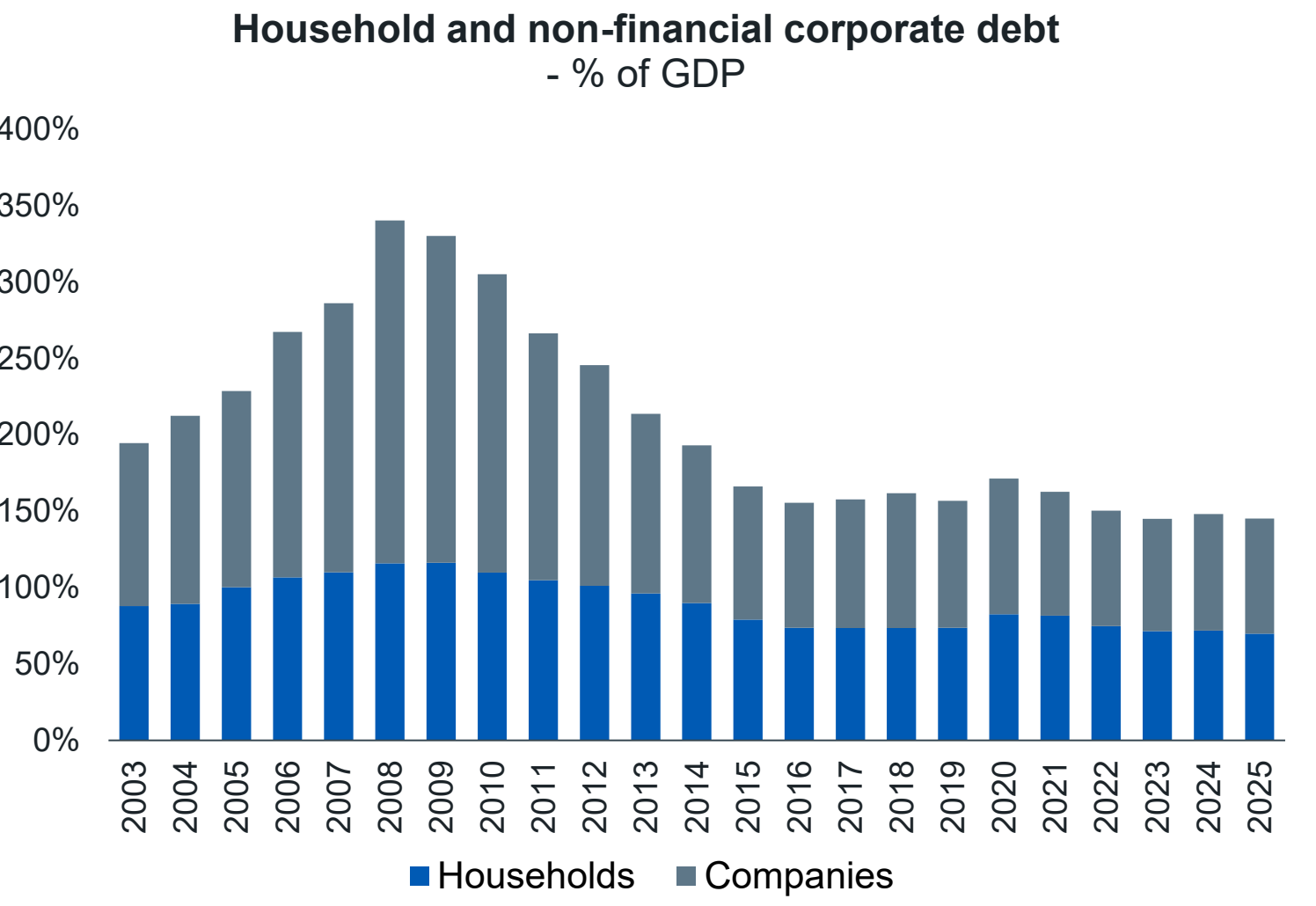
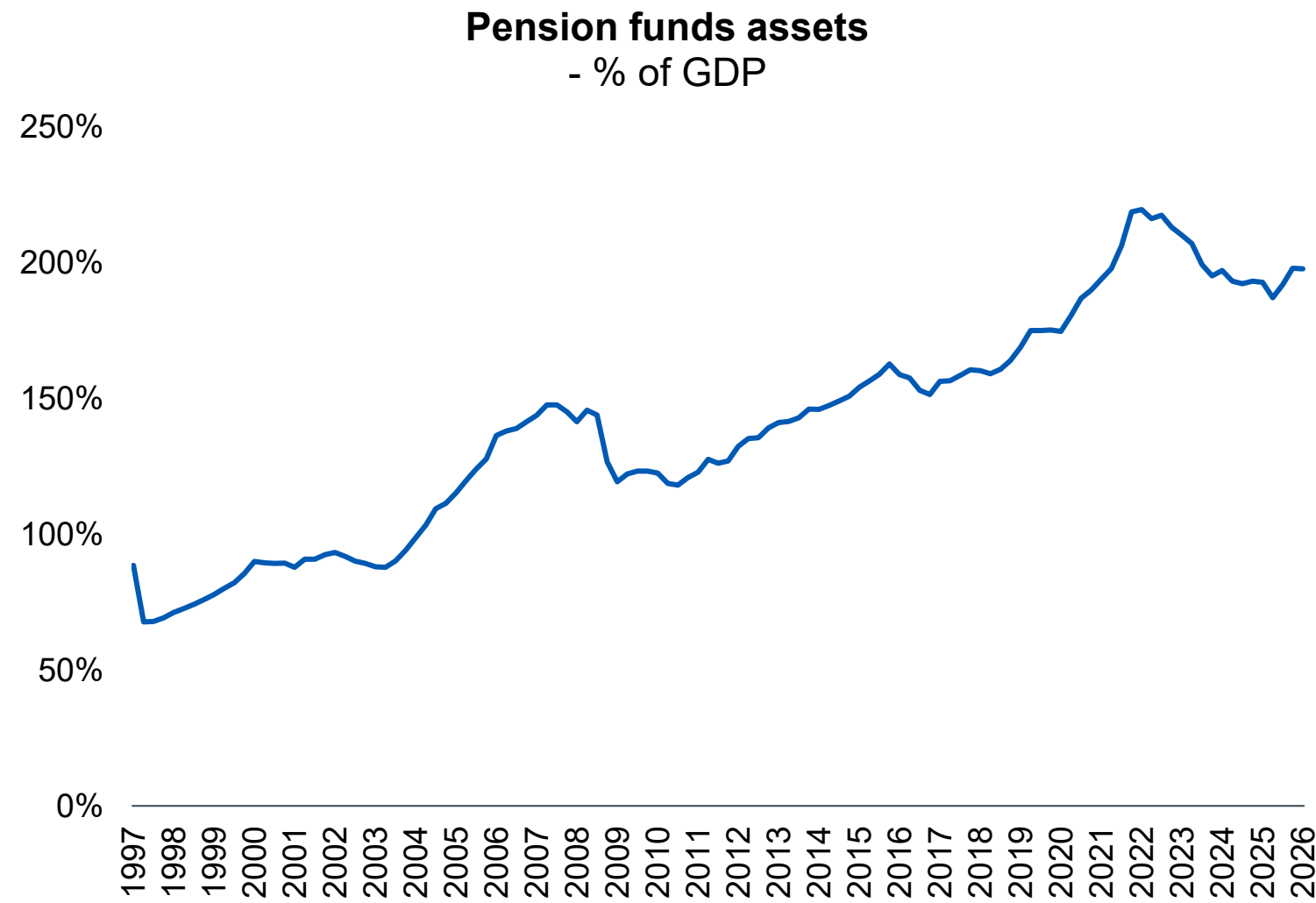
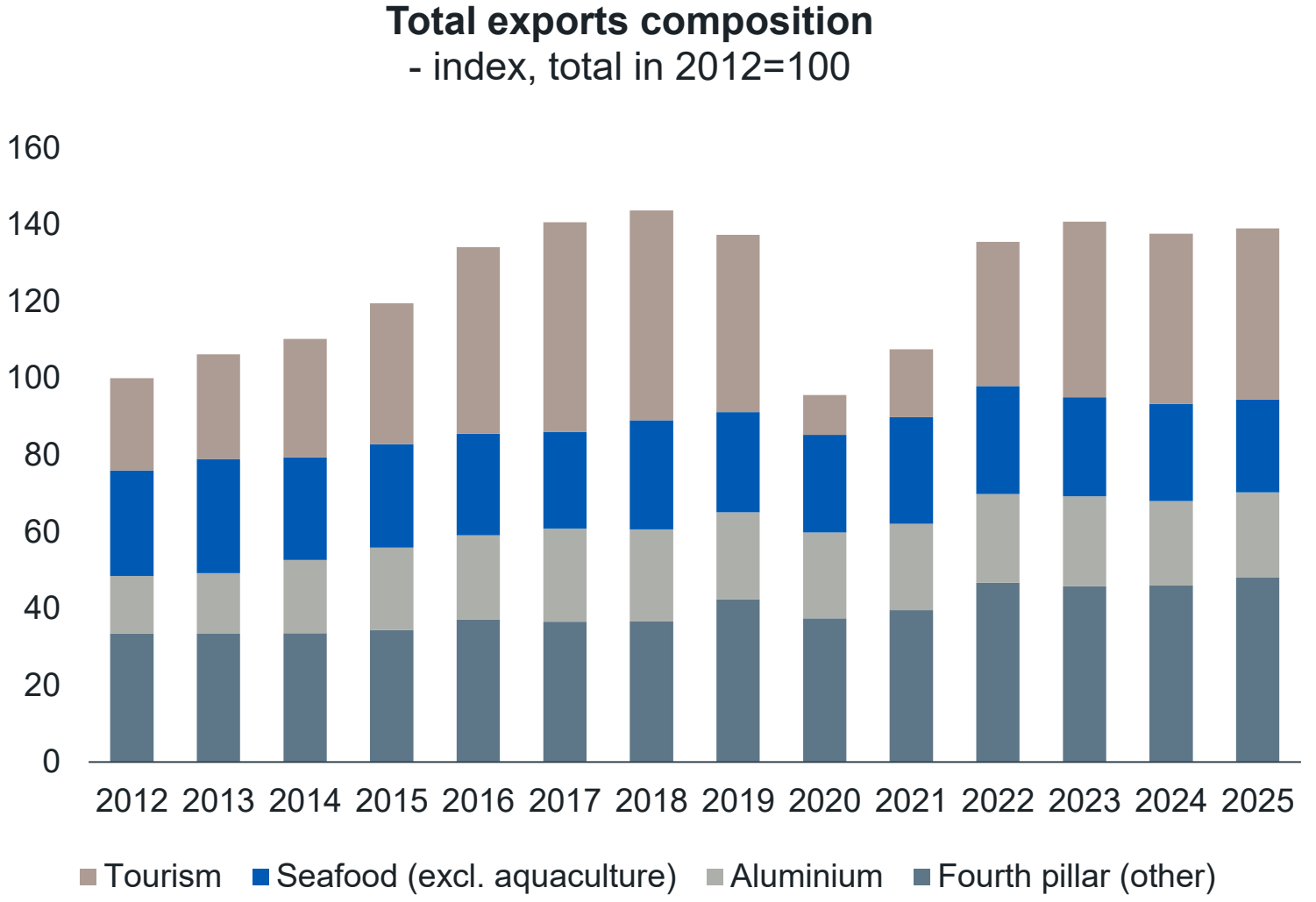
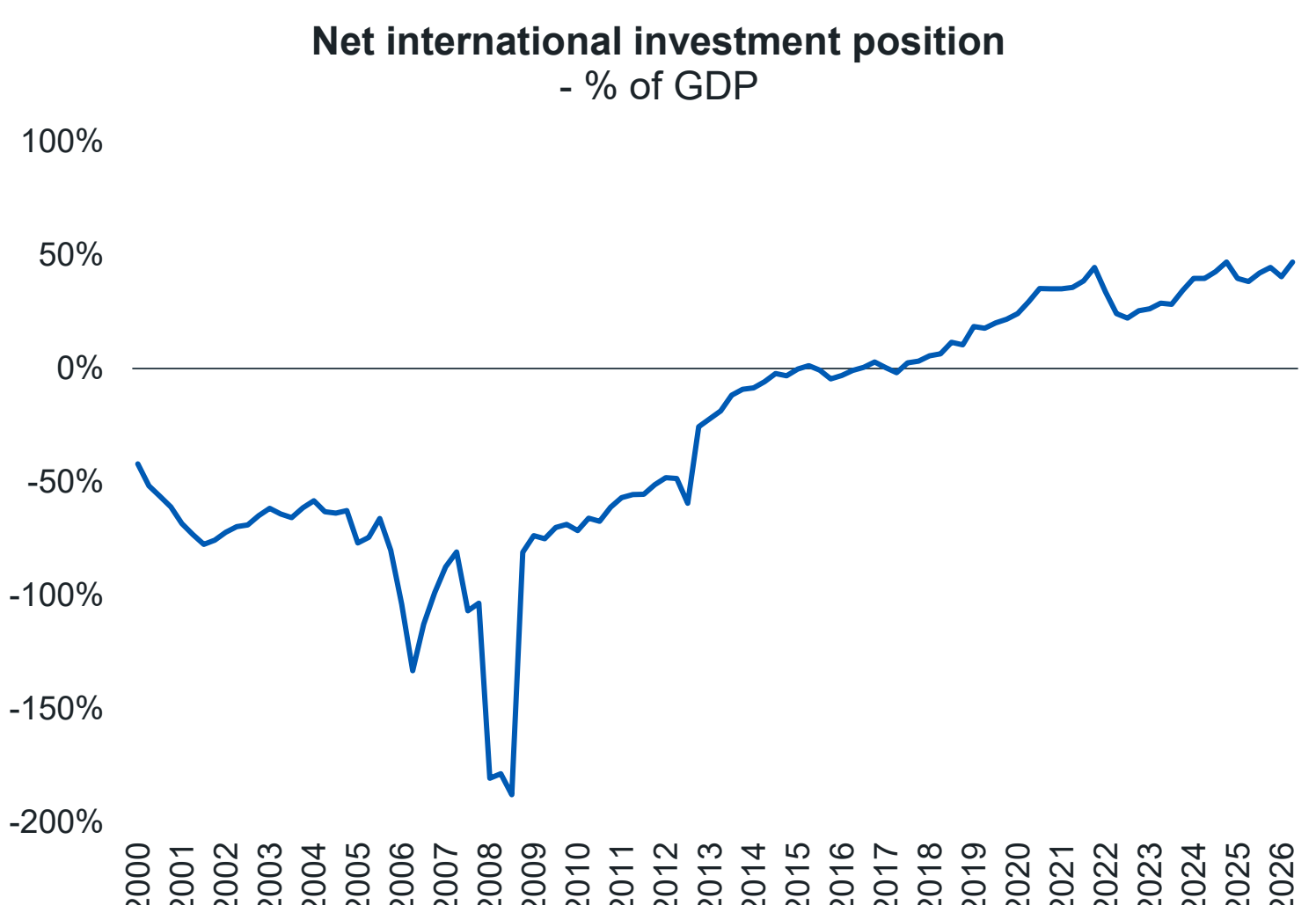
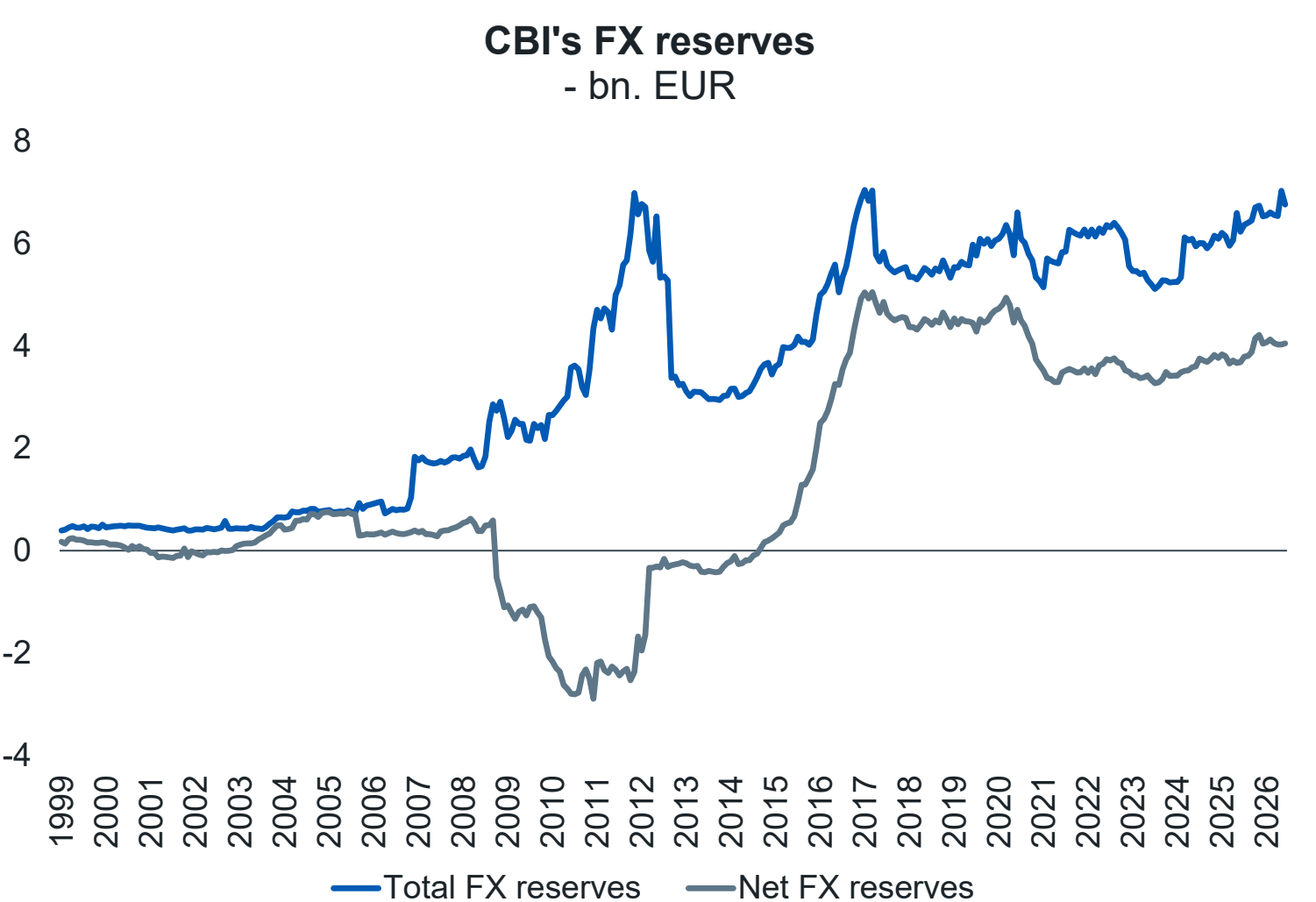


Inflation outlook: Worse near term, better long term

- Rising unemployment, falling real house prices, persistent inflation and high interest rates have weighed on consumer confidence, which is at its lowest since the pandemic. This was reflected in payment card turnover, which grew by just 0.7% year-on-year in the third quarter, pointing to rapidly cooling private consumption
- Despite these clear signs of cooling, inflation has remained above 5% throughout the year and has proved more persistent than expected. The increase in headline inflation has been driven by higher public levies and rising oil prices amid the conflict in the Middle East. At the same time, the strong króna has helped contain imported inflation, while wage growth continues to sustain domestic price pressures, particularly in services
- There have, however, been positive developments. The major collective wage agreements have held and been extended, and companies and institutions have frozen prices or limited increases to the CBI's inflation target
- Inflation expectations remain elevated and poorly anchored, necessitating a tighter monetary stance than would otherwise be required. Most analysts expect rates to be held steady until next year, when inflation is projected to ease fairly quickly, partly due to base effects, paving the way for rate cuts



Small economy, strong foundations



Key takeaways from Q3 and 9M 2026

Solid and resilient profitability

- Solid quarter with an ROE of 16.3%
- Contributes to an ROE of 15.1% for the first nine months of the year
- Consistent delivery above ROE target in recent years

Diversified operating pillars

- Diversified pillars of the Group continue to support robust earnings momentum through the cycle
- Core income increased by 10.6% year-on-year countering subdued investment income

Deposit growth milestone

- The growth in deposits has been a key theme over the past years and has continued into 2026
- For the first time deposits for the Group now exceed ISK 1,000bn
- Growth continues to be primarily in stable categories

Robust balance sheet position

- Capital position strong with a CET1 ratio of 18.5%
- Renewed CET1 target range. Capacity for further optimization targeting position around mid-point of range
- Liquidity and funding position remains robust

Income statement

Q3 2026

- Net earnings of ISK 8.7bn, resulting in a return on equity of 16.3%
- Earnings per share increased by 8.0% from the same quarter in 2025
- Core income* increased by 10.6% year-on-year, mainly through net interest income
- Net financial income was negative for the third quarter in a row, with continued subdued Icelandic equity markets
- Operating expenses increased by 13.0% year-on-year, equivalent to ISK 809m, but decreased by 6% from Q2. This includes redundancy expense of ISK 200m and fine from Central Bank of ISK 280m
- Impairments calculated at 27bps on annualized basis, compared with 19bps in Q2 and 35bps in Q3 2025
- Effective income tax rate of 26.6%, compared with 26.3% in Q3 2025
- Proposed increased rate in bank levy, expected in Q4, is not included as still not voted into law by parliament. Pro rata impact would have reduced Q3 ROE to 15.5%

	Q3 2026	Q3 2025	Diff	Q2 2026	Diff
Net interest income	15,811	13,826	14%	15,219	4%
Net fee and commission income	3,777	4,003	(6%)	3,987	(5%)
Insurance service results	804	630	28%	655	23%
Net financial income	(146)	483	-	(68)	-
Other operating income	181	45	302%	151	20%
Operating income	20,427	18,987	8%	19,944	2%
Operating expenses	(7,003)	(6,194)	13%	(7,429)	(6%)
Bank levy	(588)	(530)	11%	(582)	1%
Net impairment	(977)	(1,128)	(13%)	(679)	44%
Net earnings before taxes	11,859	11,135	7%	11,254	5%
Income tax expense	(3,153)	(2,928)	8%	(3,204)	(2%)
Net earnings from continuing operations	8,706	8,207	6%	8,050	8%
Discontinued operations net of tax	-	3	-	-	-
Net earnings	8,706	8,210	6%	8,050	8%
Non-controlling interest	0	19	-	4	-
Net earnings attributable to shareholders	8,706	8,229	6%	8,054	8%

Return on equity attributable to shareholders	16.3%	16.0%		15.5%	
Earnings per share	6.42	5.95	8.0%	5.92	8.5%
Core income*	21,300	19,266	10.6%	20,864	2.1%
Net interest margin	3.5%	3.3%		3.5%	
Total cost-to-core income ratio	37.1%	36.3%		40.4%	
Cost-to-income ratio	34.3%	32.6%		37.2%	



Income statement

9M 2026

- Net earnings attributable to shareholders of ISK 24.1bn, resulting in a return on equity of 15.1%
- Core income* increased by 10.0% year-on-year, primarily net interest income
- Net financial income was a loss of ISK 981m compared with a loss of ISK 289m in 9M 2025
- Operating expenses increased by 12.3% year-on-year, equivalent to ISK 2,396m, mainly salaries and IT expenses
- Impairments of ISK 2,047m, calculated at 20bps on annualized basis compared with 14bps for the same period in 2025
- Effective income tax rate of 29.5% compared with 28.8% in 9M 2025. This high rate is mainly due to loss from equity holdings
- Proposed increased rate in bank levy, expected in Q4, is not included as still not voted in to law by parliament. Pro rata impact would have reduced 9M ROE to 14.3%

	9M 2026	9M 2025	Diff
Net interest income	47,333	40,192	18%
Net fee and commission income	11,640	13,092	(11%)
Insurance service results	1,393	1,665	(16%)
Net financial income	(981)	(289)	-
Other operating income	446	4,690	-
Operating income	59,831	59,350	1%
Operating expenses	(21,888)	(19,492)	12%
Bank levy	(1,711)	(1,559)	10%
Net impairment	(2,047)	(1,359)	51%
Net earnings before taxes	34,185	36,940	(7%)
Income tax expense	(10,100)	(10,638)	(5%)
Net earnings from continuing operations	24,085	26,302	(8%)
Discontinued operations net of tax	-	(19)	-
Net earnings	24,085	26,283	(8%)
Non-controlling interest	(7)	(1,883)	-
Net earnings attributable to shareholders	24,078	24,400	(1%)
Return on equity attributable to shareholders	15.1%	16.0%	
Earnings per share	17.79	17.55	1.4%
Core income*	63,261	57,507	10.0%
Net interest margin	3.6%	3.3%	
Total cost-to-core income ratio	39.2%	38.3%	
Cost-to-income ratio	36.6%	32.8%	

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

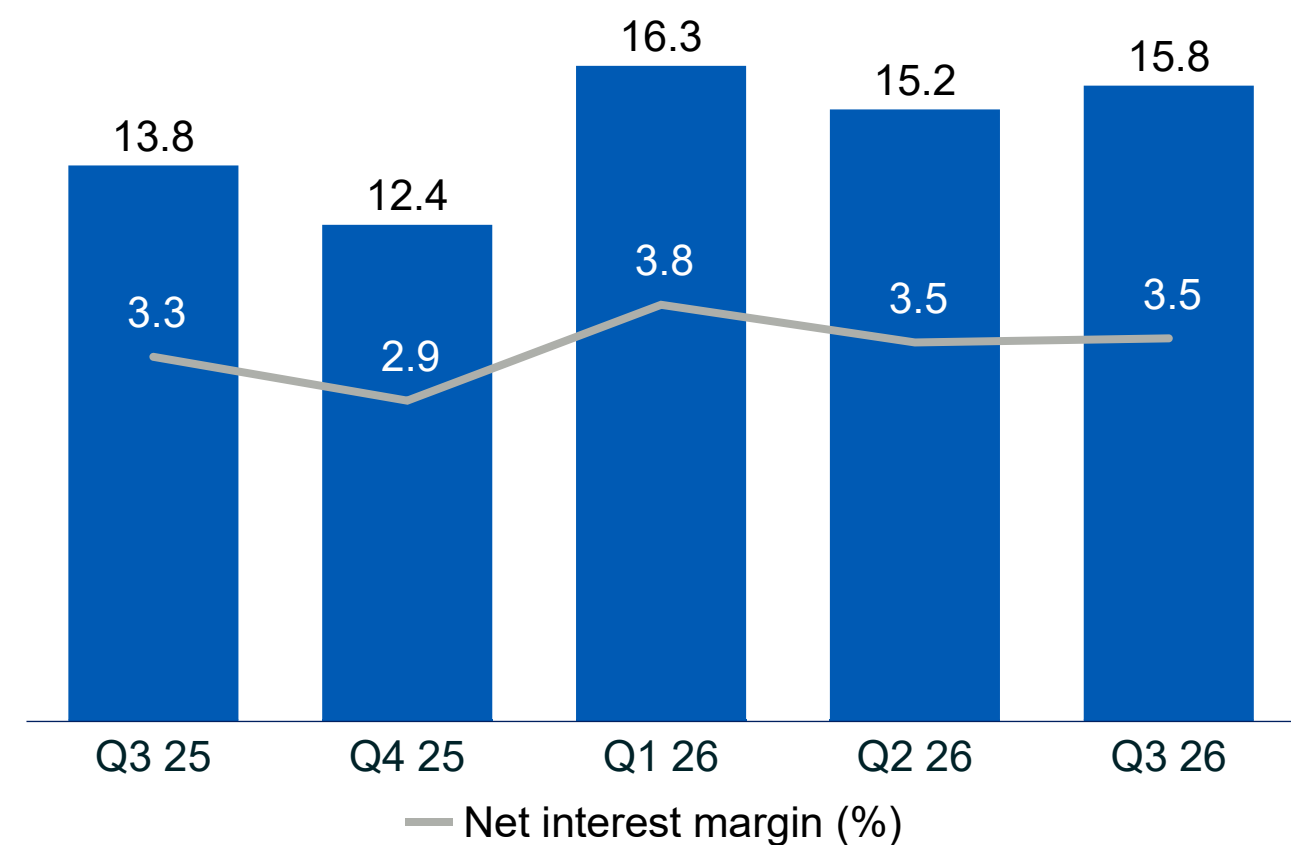


Net interest income

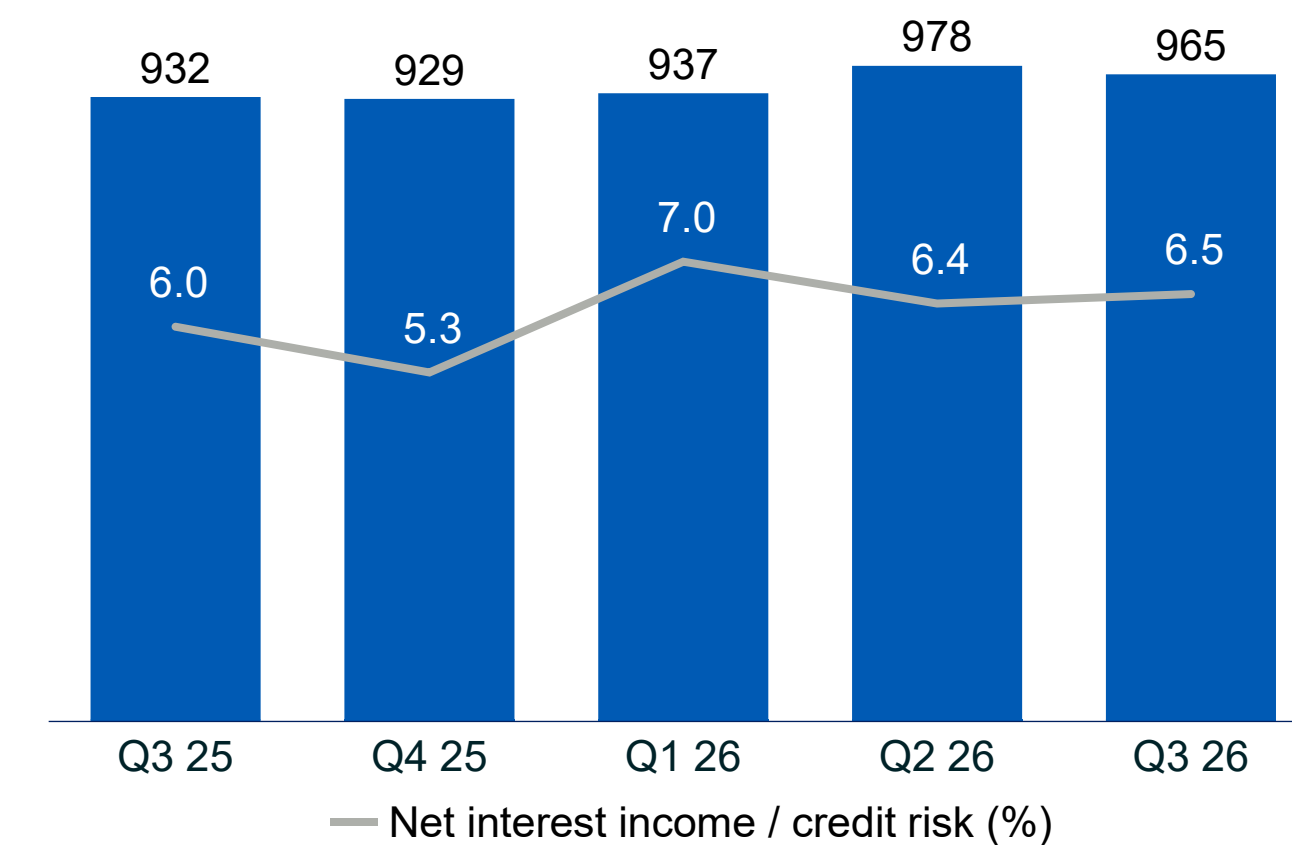
Robust margin

- Net interest income increased by 14.4% year-on-year and 3.9% quarter-on-quarter
 - The growth year-on-year was primarily driven by higher customer lending and a higher net inflation effect, partly offset by deposit costs
- NIM was 3.5% in Q3, up from 3.3% in the third quarter last year and unchanged from Q2
 - The net inflation effect was broadly in line with Q2 2026 with annualized inflation measured at 6.0% compared with 4.1% in Q3 2025
 - The CPI imbalance amounted to ISK 232bn at quarter-end, compared with ISK 236bn at end of Q2 and ISK 204bn at year-end 2025
- With NIM at 3.6% for 9M 2026, the net interest margin is likely to trend closer to 3% annually in the medium term. Fluctuations are expected to continue near term due to the monthly inflation impact on the CPI-linked loan book
- Analysts expect inflation to decline in Q4 compared to prior quarters

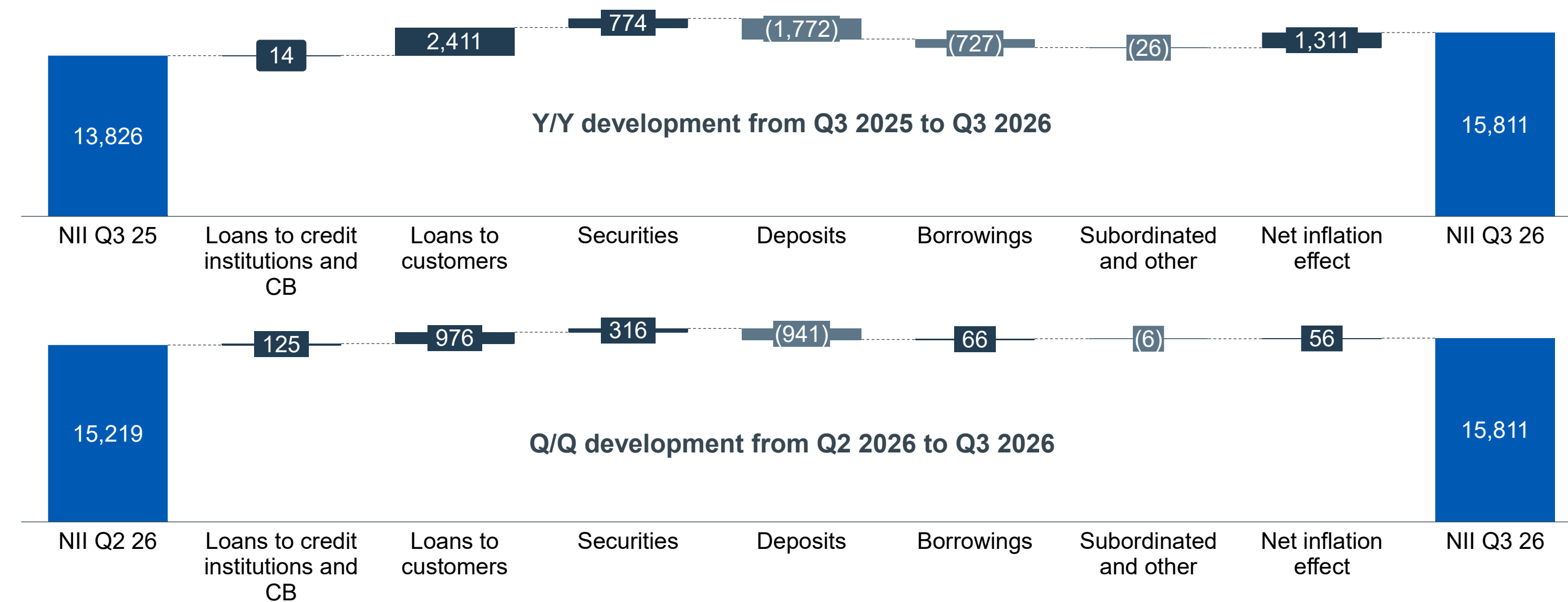
Net interest income (ISK bn)



Credit risk (ISK bn)



Net interest income development (ISK m)

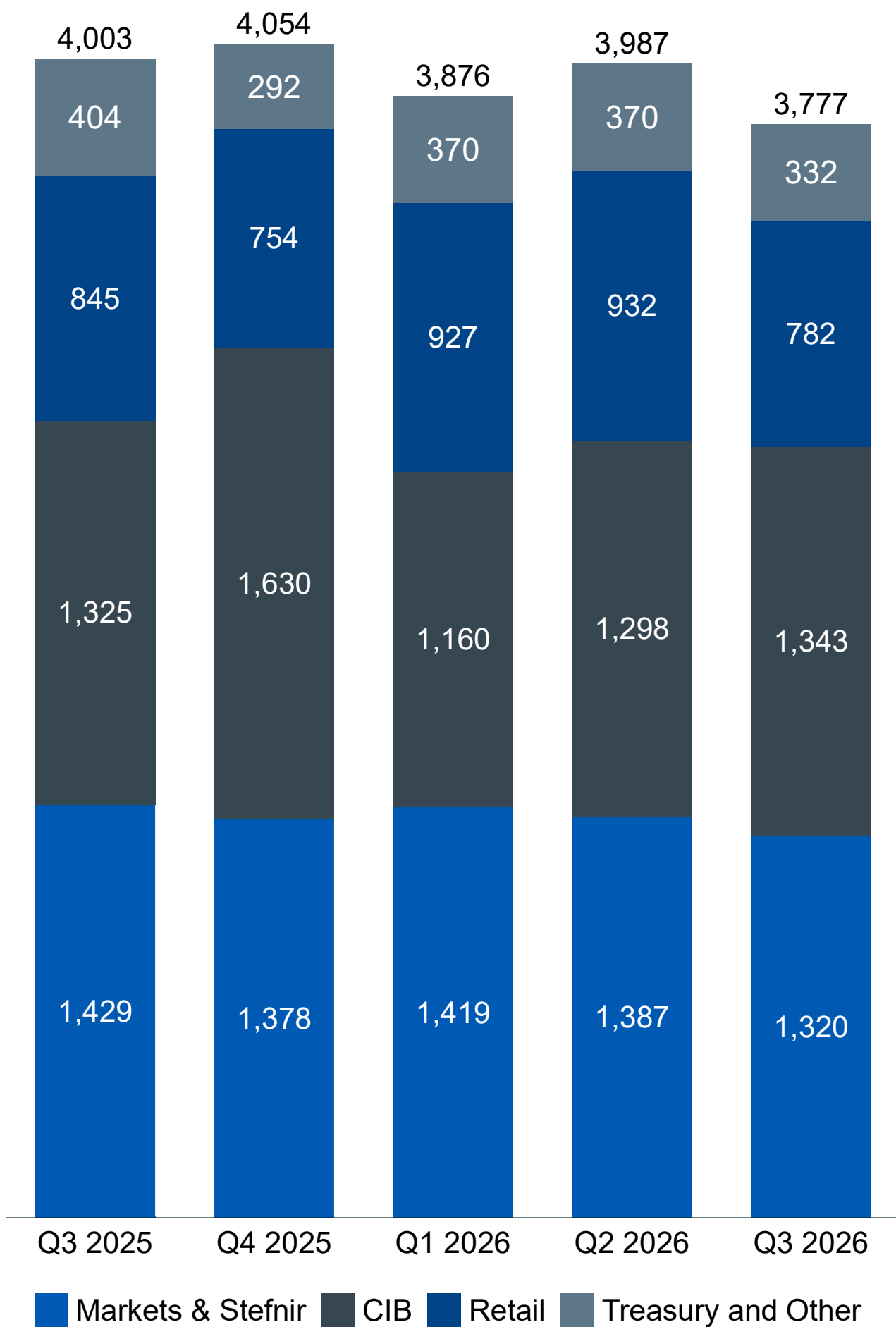


Net fee and commission income

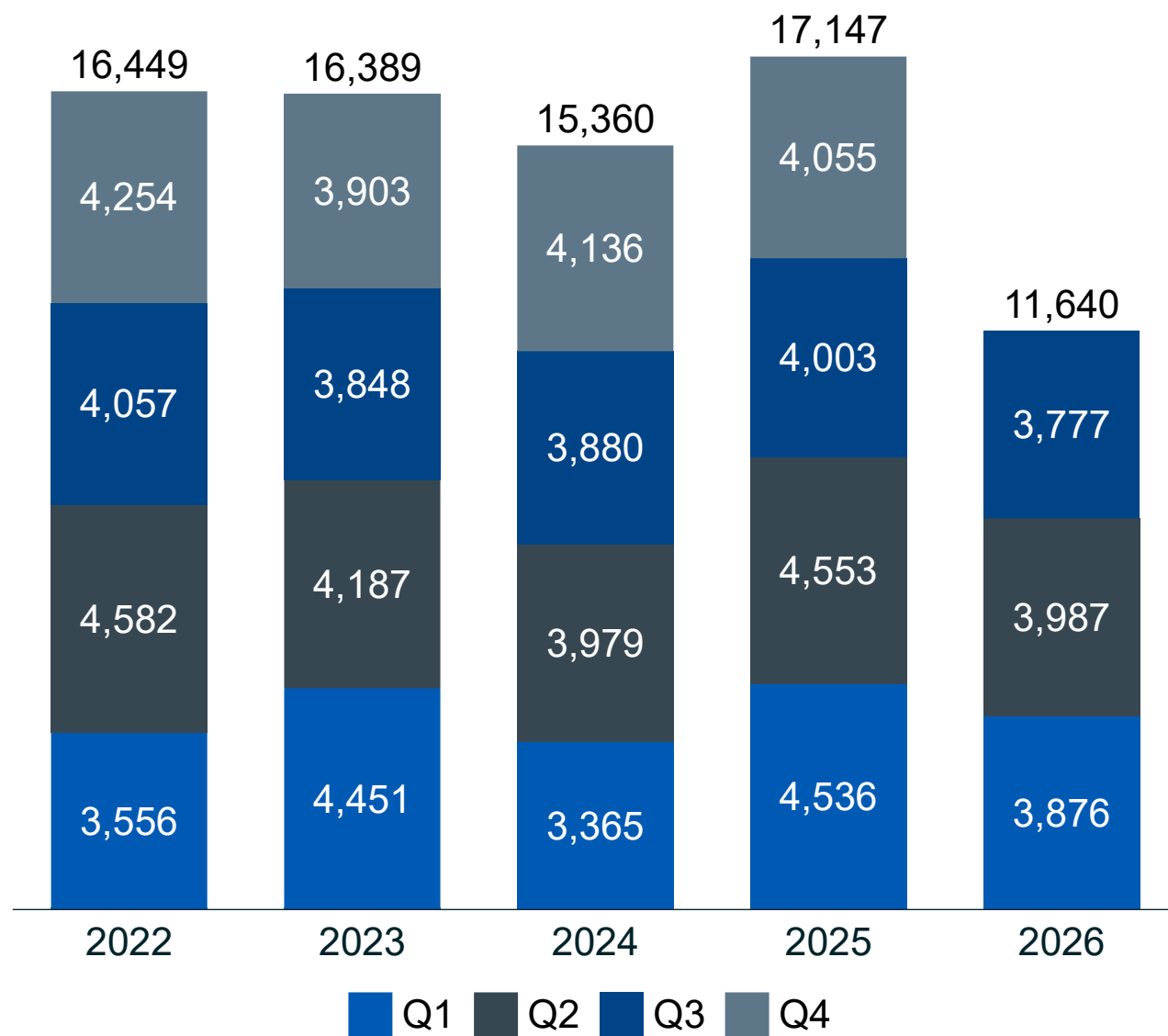
Diversified, but lower fees in the quarter

- Net fee and commission income was ISK 3.8bn, down 6% year-on-year and 5% from Q2
- Markets and Stefnir fees were ISK 1,320m, down 8% year-on-year, partly reflecting timing of income recognition, which varies between periods due to the nature of the underlying business
 - Assets under Management and Supervision grew to ISK 2,161bn, up 8.6% from year-end
- CIB fees robust at ISK 1,343m, up 1% year-on-year and 3% from Q2, despite slower economic activity
- Retail Banking fees decreased by 7% year-on-year and 16% from Q2, to ISK 782m, mainly income from card services and lending activities

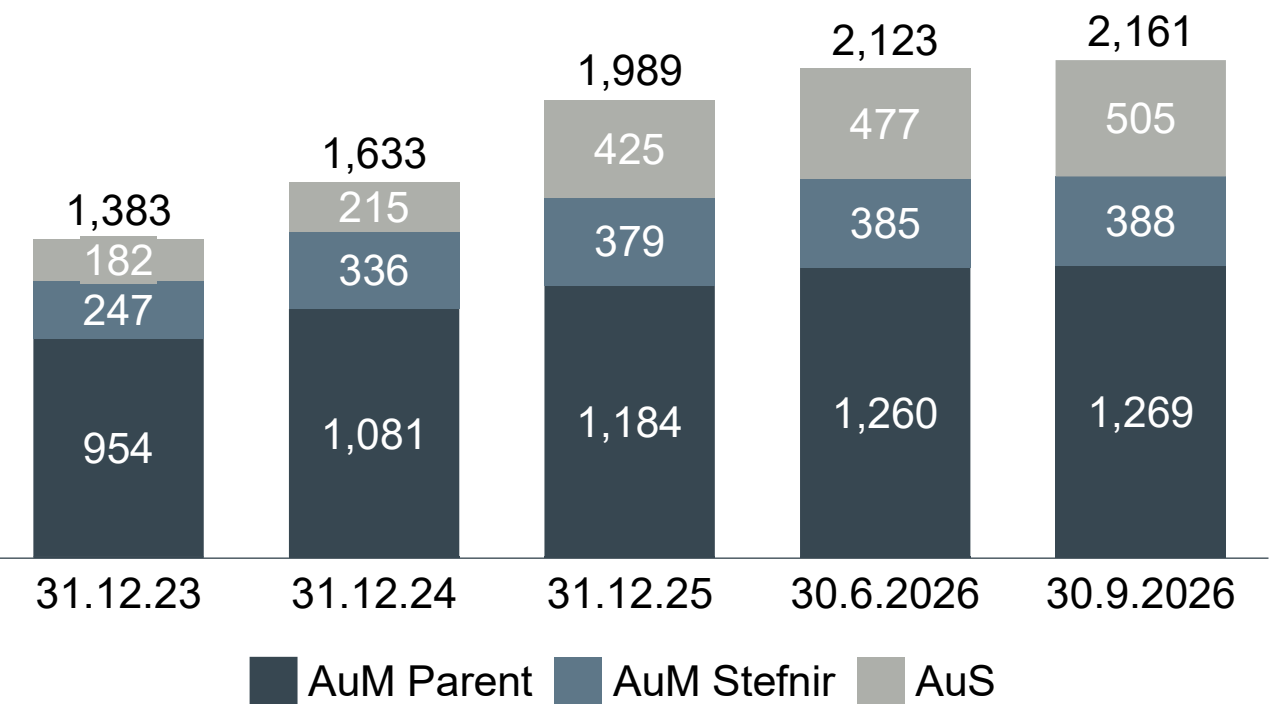
Net fee and commission income (ISK m)



Net fee and commission income (ISK m)

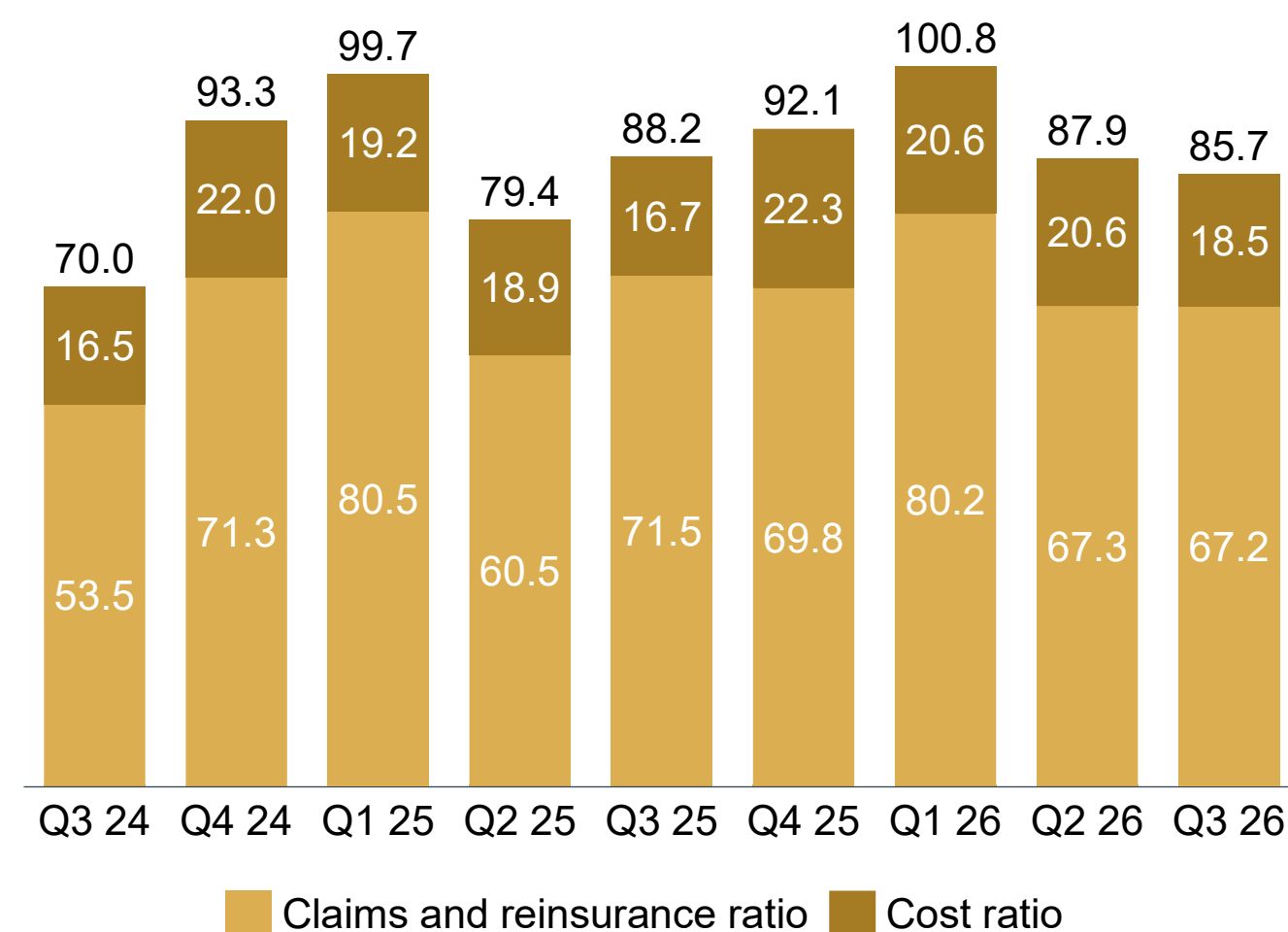
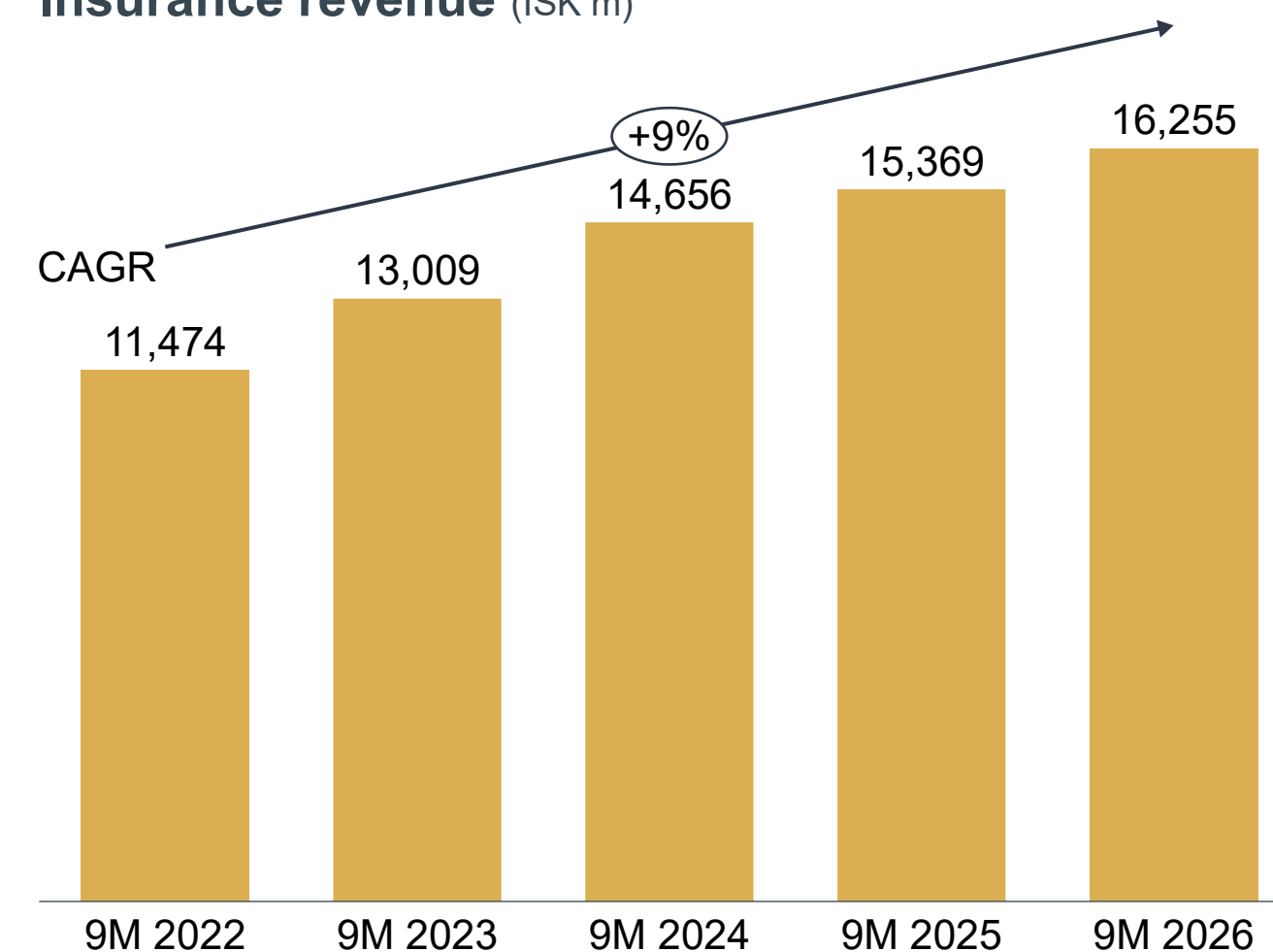
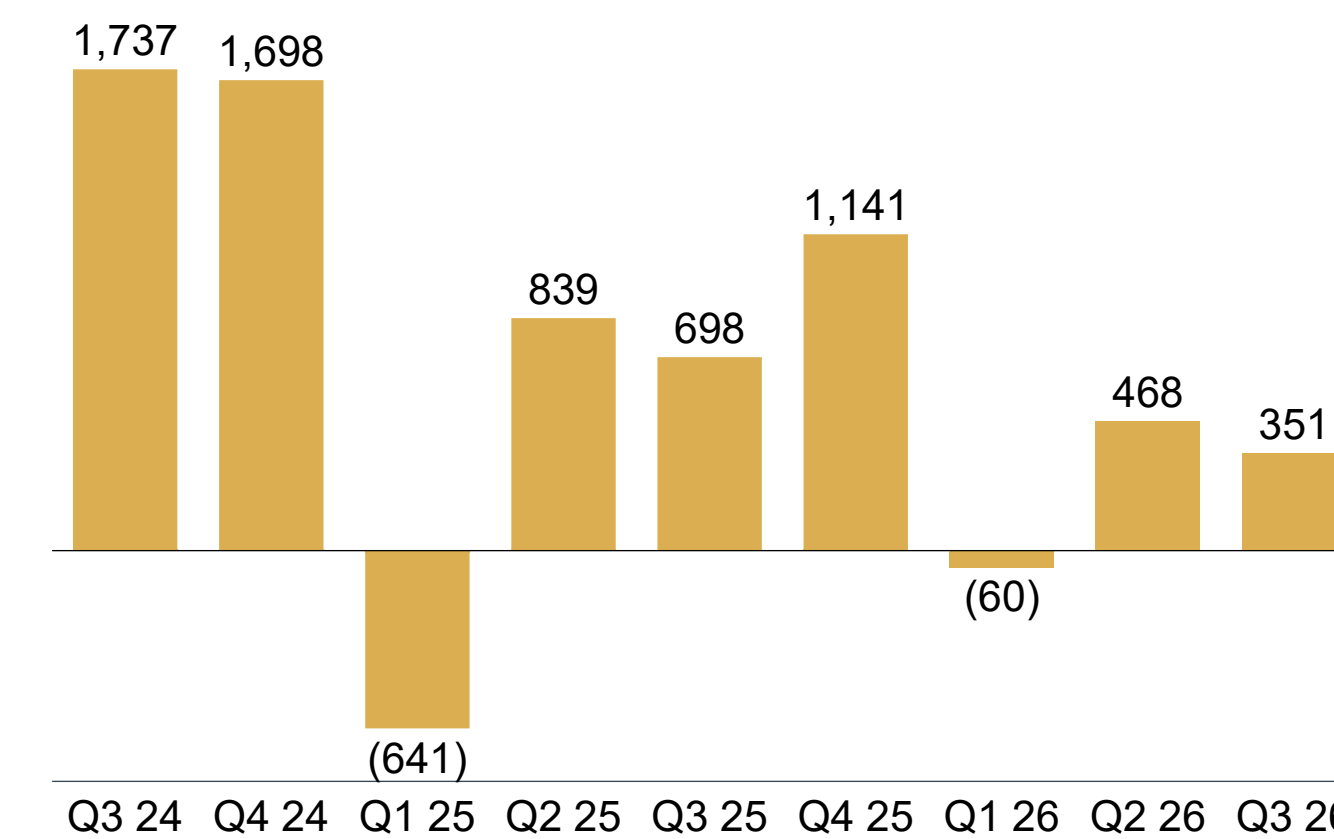
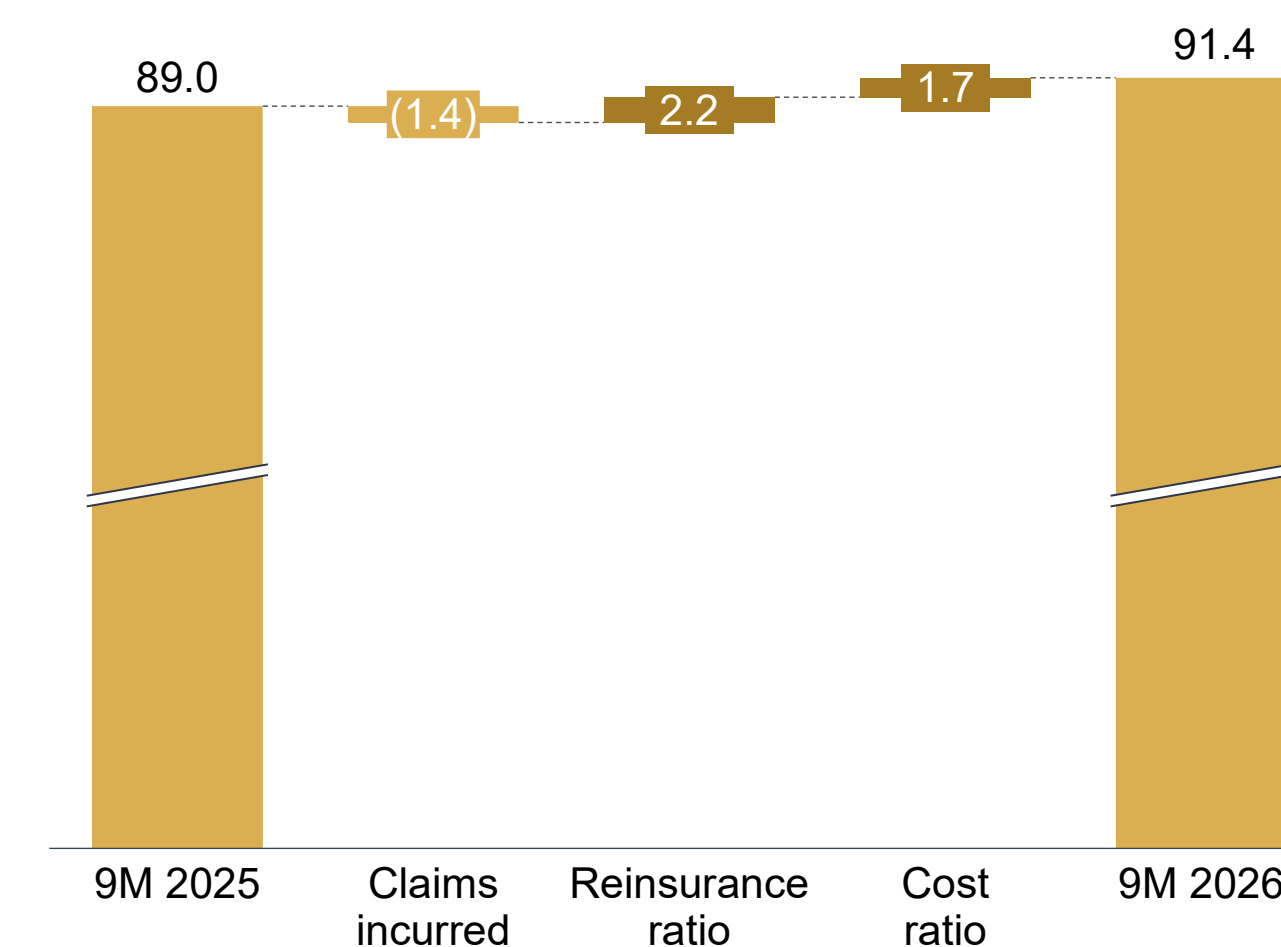


Assets under Management and Supervision (ISK bn)



Solid momentum in insurance while investment income subdued

- Insurance revenue grew by 5.8% in the first nine months of the year
- Claims ratio in Q3 was 62.1% compared with 67.9% in Q3 2025
- Net cost of reinsurance increases with lower participation in claims in a period of no large claim incidents. The reinsurance ratio goes from 3.7% in Q3 2025 to 5.1%
- The result is a combined ratio of 85.7%, compared with 88.2% in Q3 2025
- For the nine months the combined ratio goes from 89.0% to 91.4%
- Net earnings for the quarter were ISK 351m, compared with ISK 698m in the same quarter last year with difference mainly in investment income

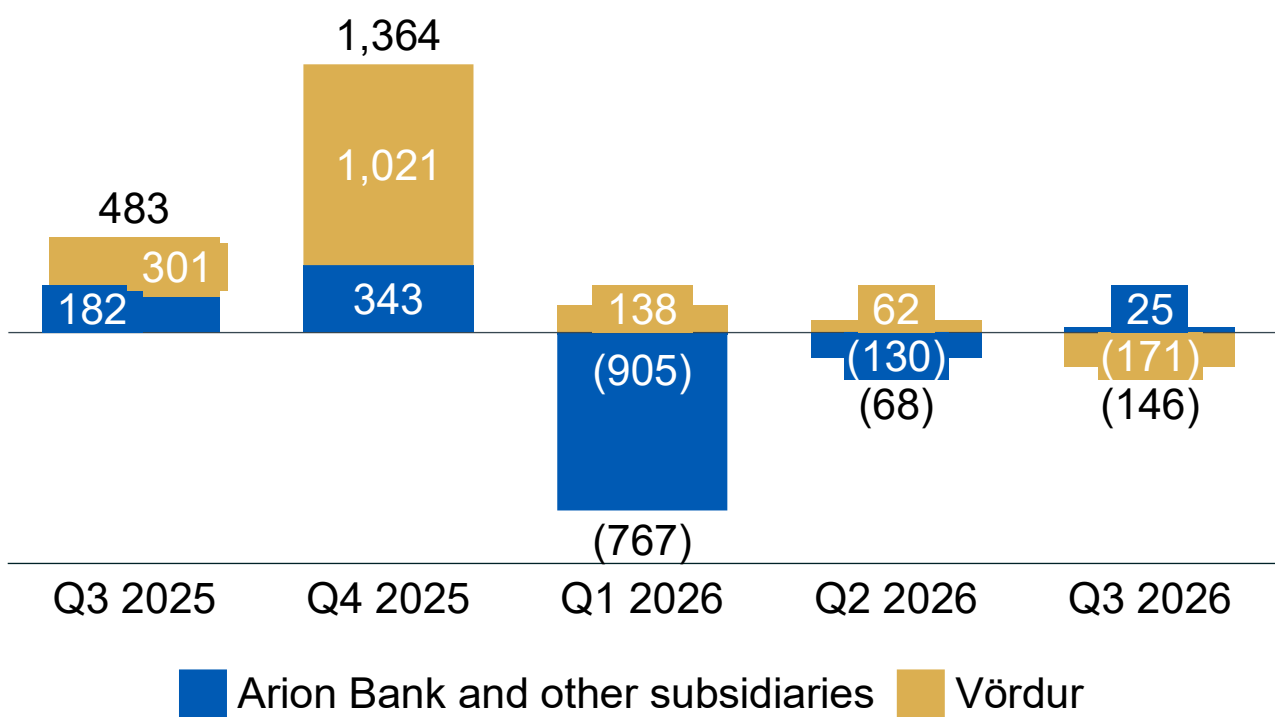
Combined ratio (%)

Insurance revenue (ISK m)

Vörður net earnings (ISK m)

Change in combined ratio from 9M 2025 (%)


Net financial income

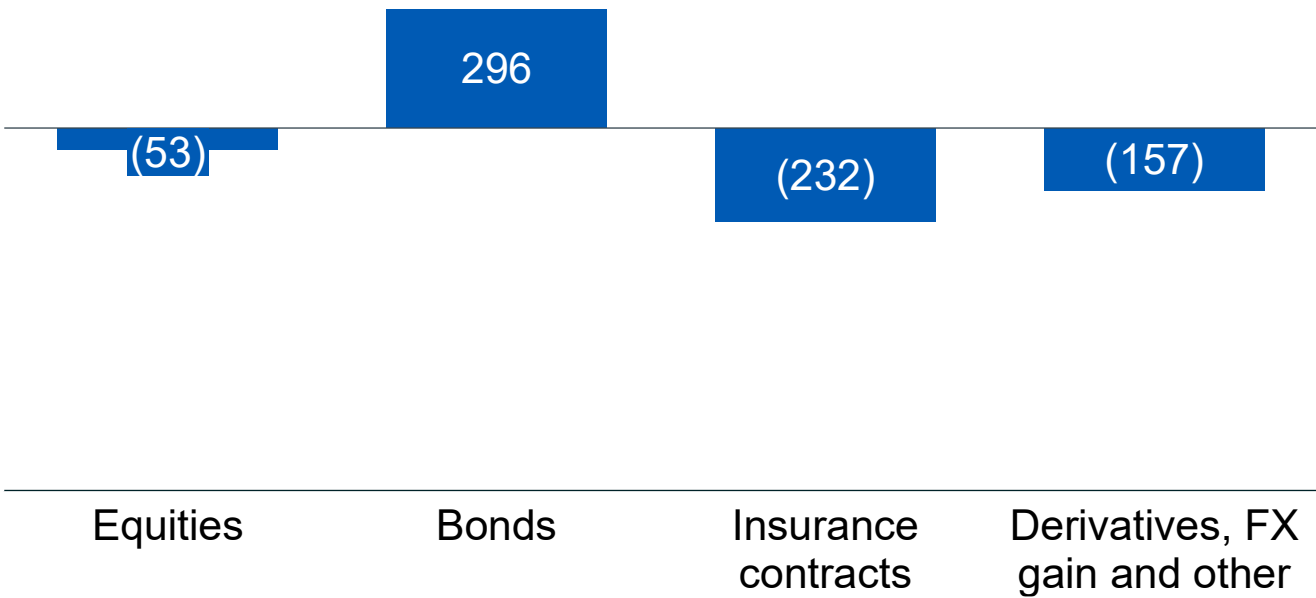
Equity market continues to be challenging

- Vördur's investment loss outweighed the modest positive contribution from the rest of the Group
- Liquidity management and funding plan explain the reduction in bond holdings. The liquidity portfolio's average duration remains below one year
- All changes in the bond portfolio's market value affect the capital position, as the Group does not use held-to-maturity accounting

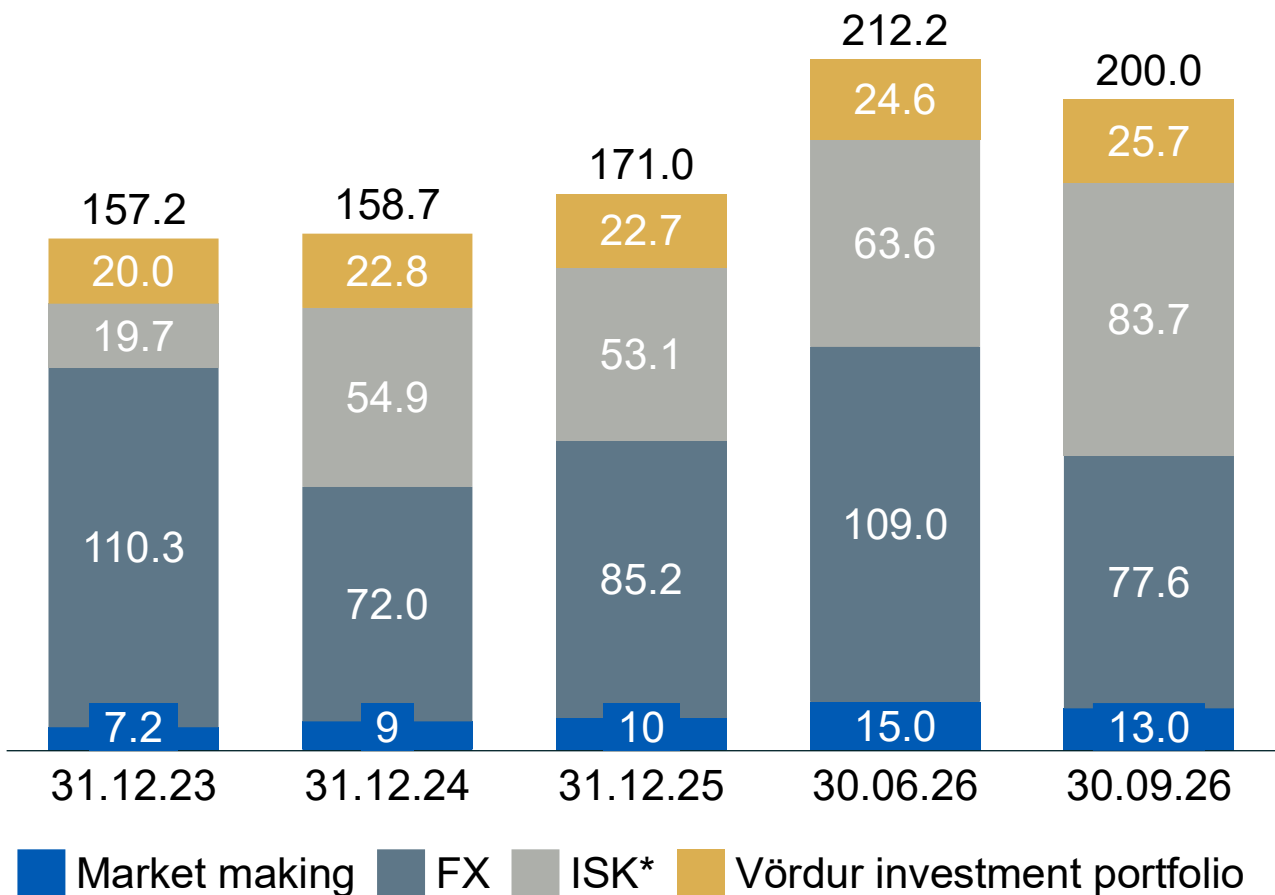
Net financial income (ISK m)



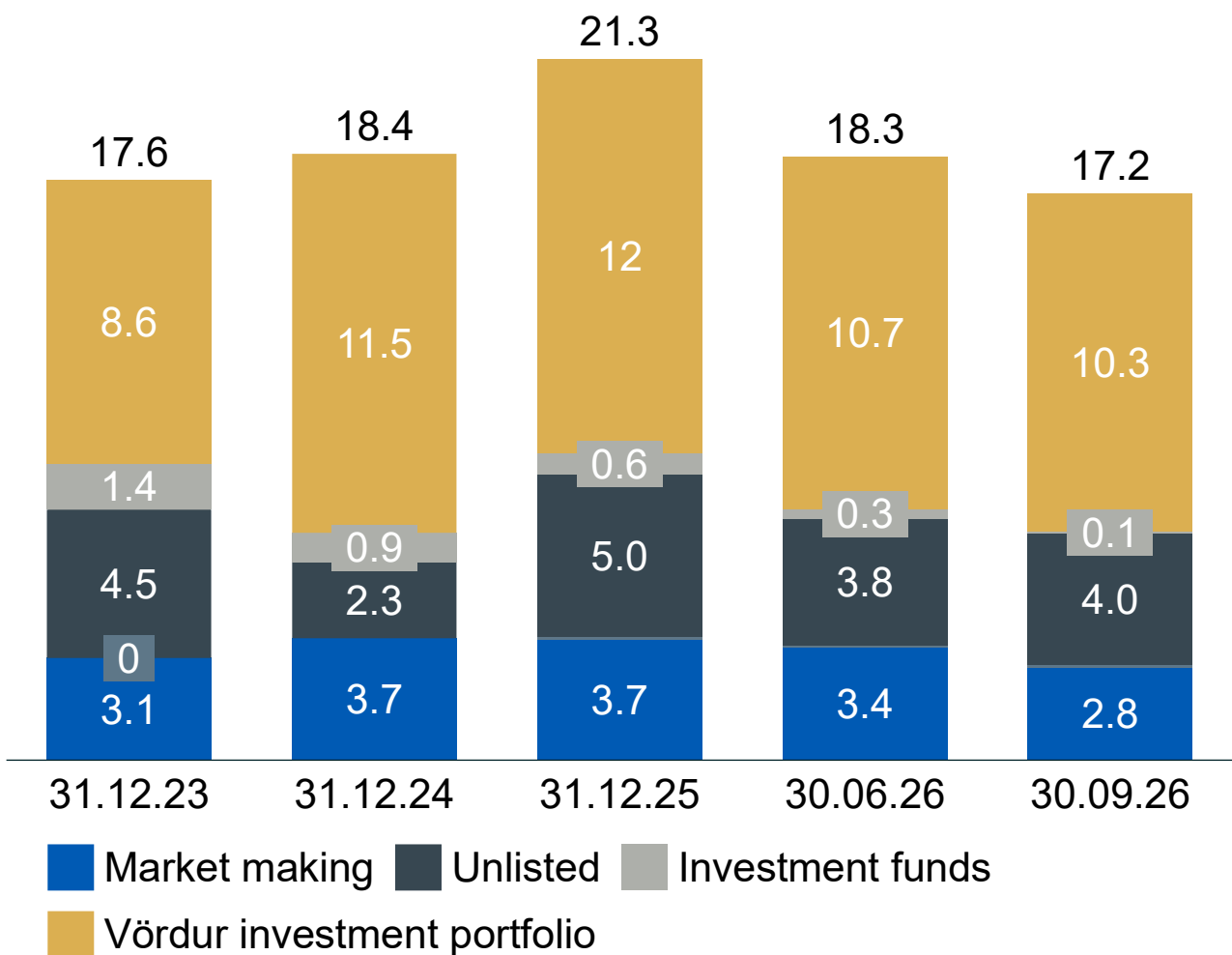
Q3 2026 - Net financial income by type (ISK m)



Bond holdings (ISK bn)



Equity holdings (ISK bn)



*Includes bond holdings through fund structure

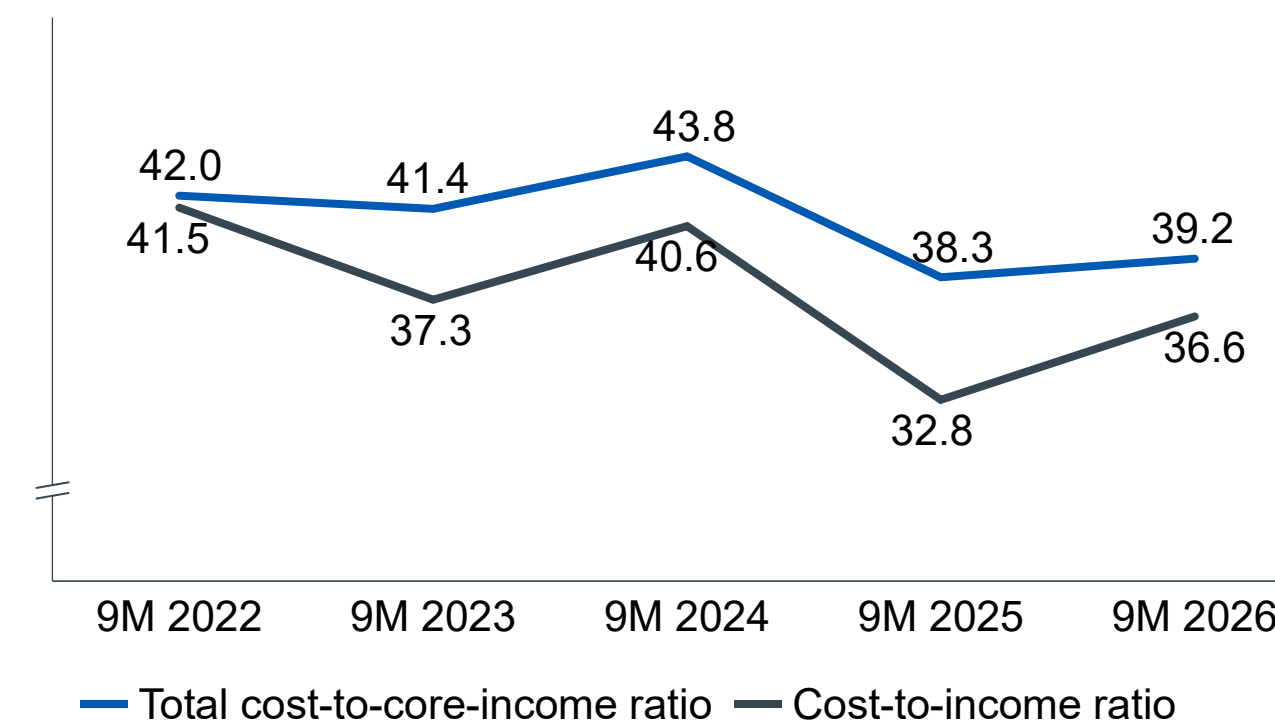


Operating expenses*

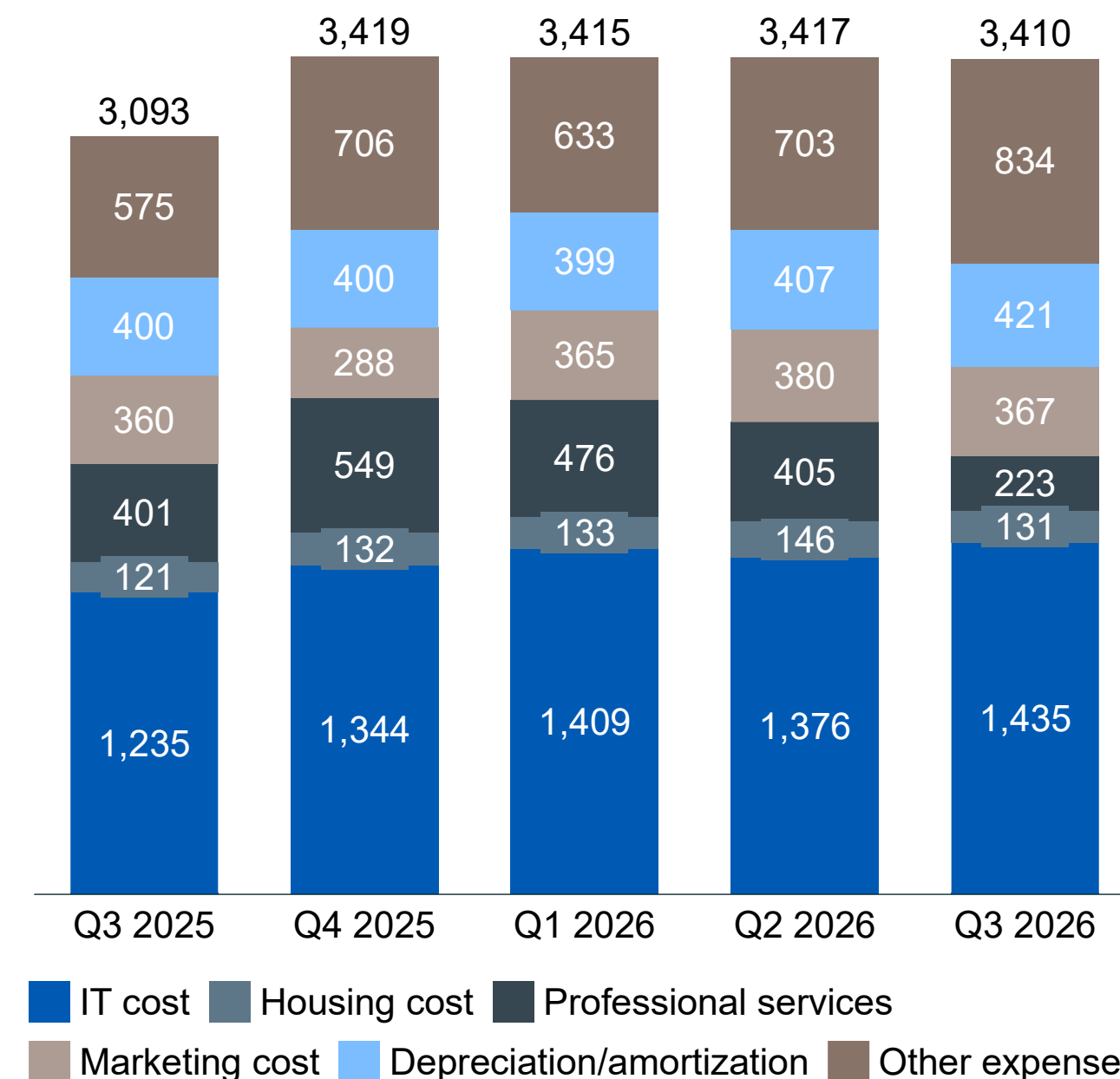
Continuing cost discipline, while one-off items impact Q3 headline opex

- 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 0.9bn compared with Q3 2025 and decreased by ISK 0.5bn from Q2 2026
- Salaries and related expenses increased by ISK 0.6bn YoY, mainly due to the 3.5% collective wage increase from January 2026 and ISK 0.2bn in lay-off costs. Expenses decreased by ISK 0.5bn from Q2, largely due to annual leave taken during the quarter
- Other operating expenses increased by 10.2% from Q3 2025 or ISK 317m, largely IT expense (ISK 200m) and other expenses (ISK 259m), largely settlement with Central Bank of ISK 280m, partly offset by lower professional services (ISK 178m)
- Number of FTEs was 890, in line with Q3 2025 (891) and down from 901 at year-end 2025

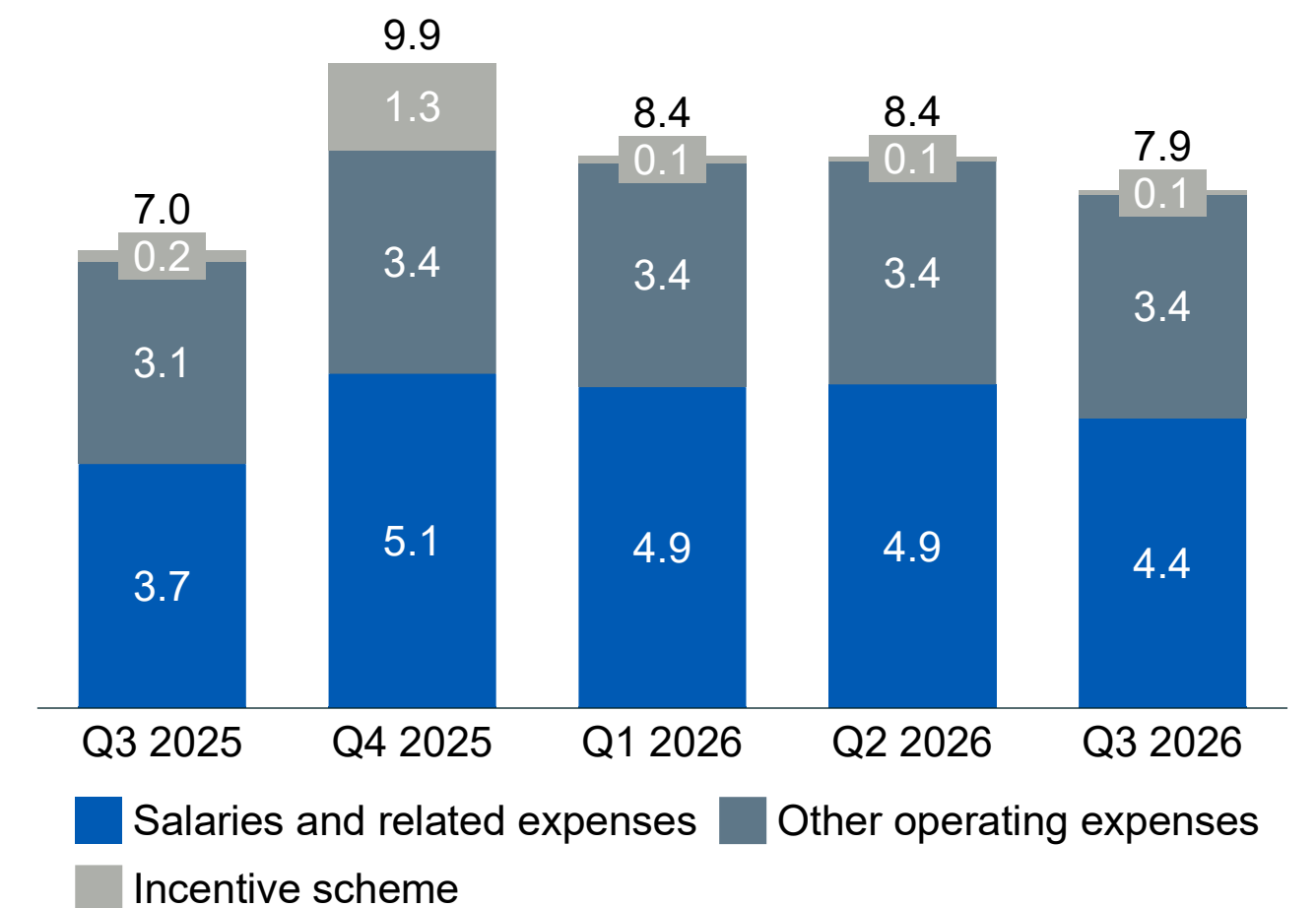
Cost ratios (%)



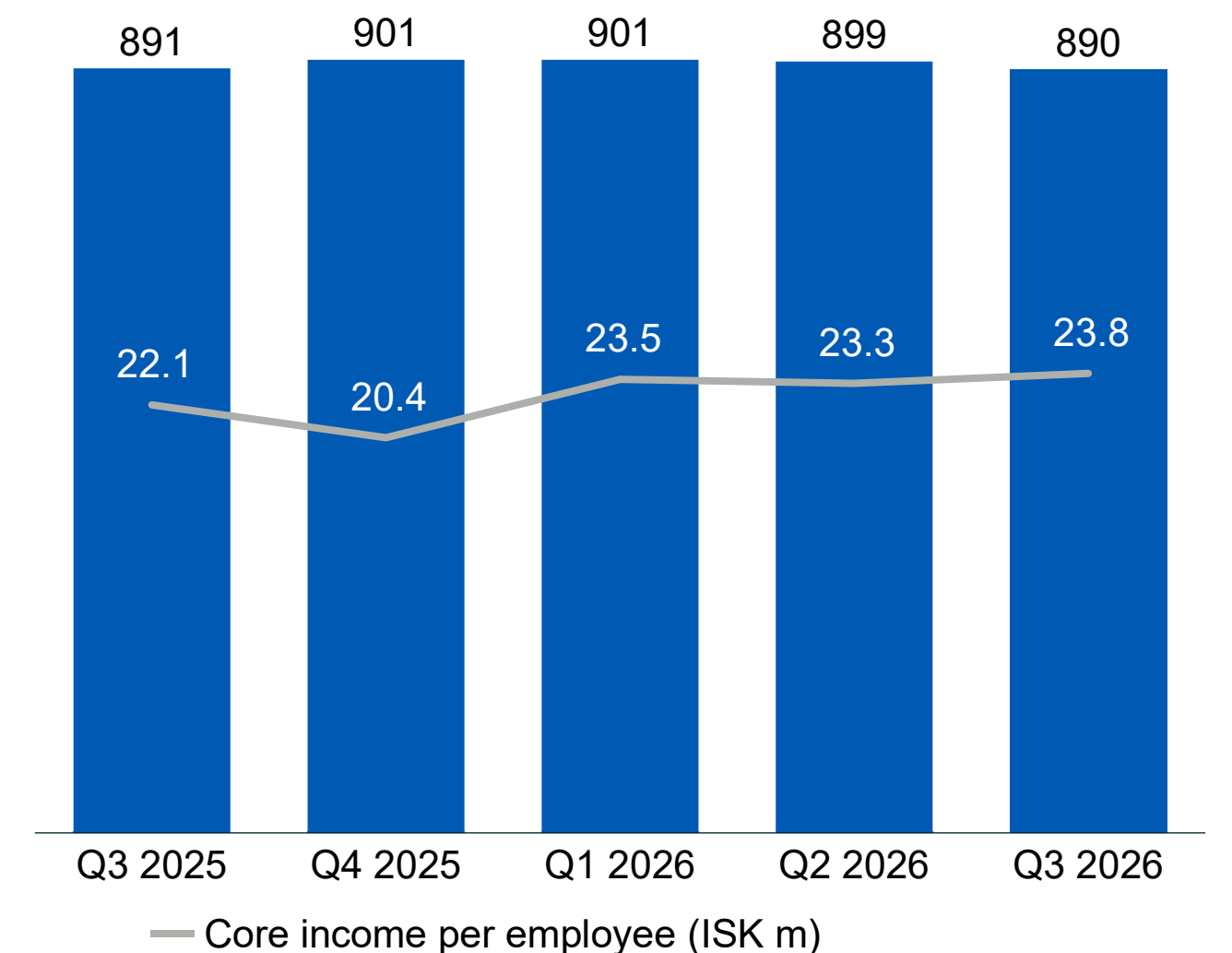
Other operating expenses (ISK m)



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 expenses / Operating income



Balance sheet

Simple and robust

- Loans to customers decreased by ISK 3bn or 0.2% in Q3
- Deposits increased by ISK 33bn or 3.3% in Q3
 - Loans to deposits ratio of 139.6% and 115% without loans financed by covered bonds
- Very strong liquidity position
 - Liquidity coverage ratio (LCR) of 195% (145% in ISK)
 - Net stable funding ratio (NSFR) of 117%

Assets	30.09.2026	30.06.2026	Diff.	31.12.2025	31.12.2024	31.12.2023
Cash & balances with CB	108	114	(6%)	150	124	102
Loans to credit institutions	78	25	217%	23	26	29
Loans to customers	1,415	1,418	(0%)	1,329	1,230	1,153
Financial assets	242	254	(5%)	216	206	206
Investment property	8	8	1%	7	9	9
Other assets	32	30	7%	31	23	27
Total Assets	1,882	1,849	2%	1,756	1,618	1,526

Liabilities and Equity						
Due to credit institutions & CB	16	9	75%	12	7	3
Deposits from customers	1,014	981	3%	921	857	793
Other liabilities	83	81	3%	67	69	69
Borrowings	510	523	(3%)	495	433	420
Subordinated liabilities	43	43	(2%)	44	45	41
Total Liabilities	1,666	1,638	2%	1,538	1,411	1,326
Shareholders equity	216	210	3%	217	207	199
Non-controlling interest	0	0	1%	0	1	1
Total equity	216	210	3%	217	207	199
Total Liabilities and Equity	1,882	1,849	2%	1,756	1,618	1,526

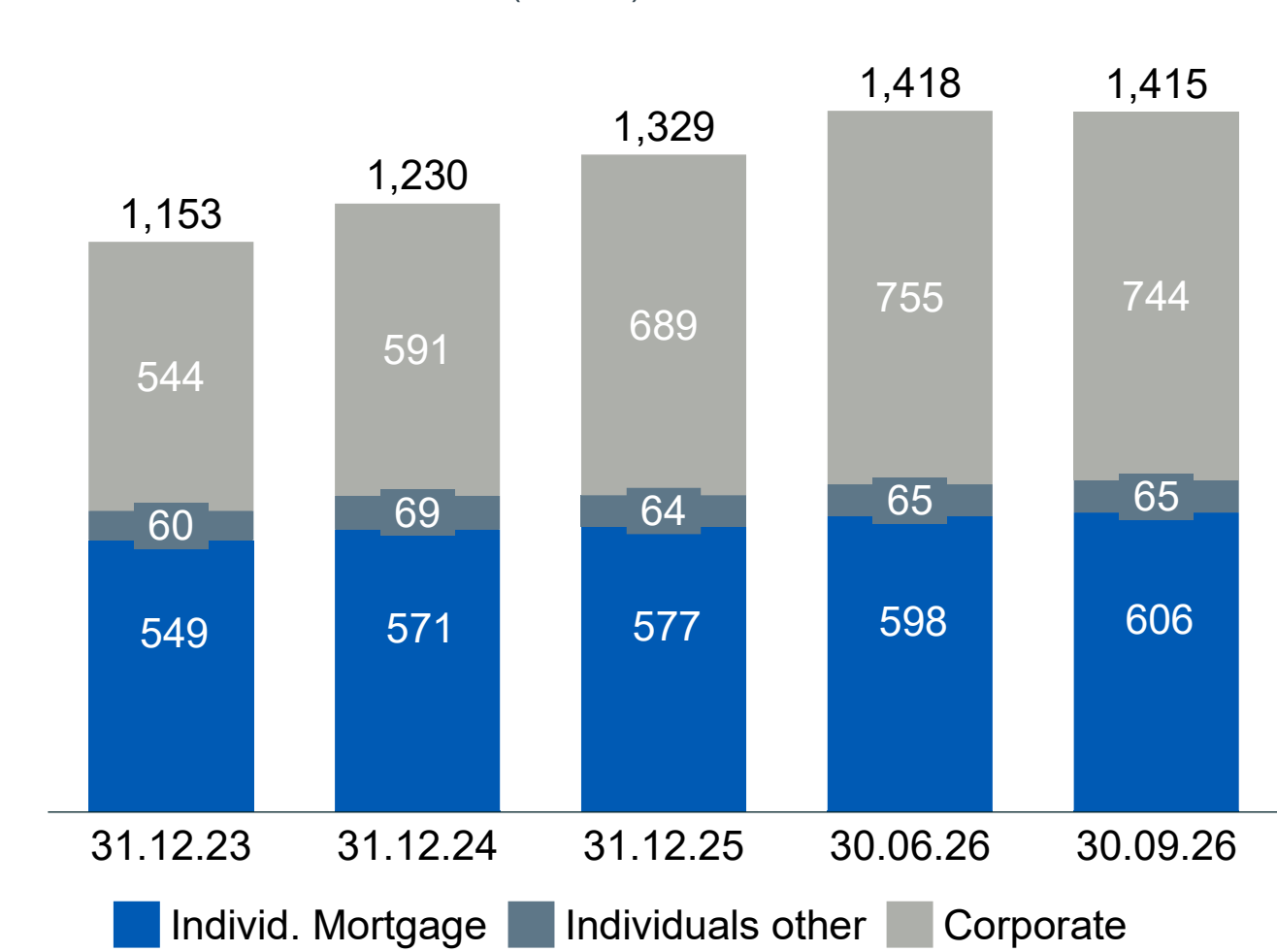


Loans to customers

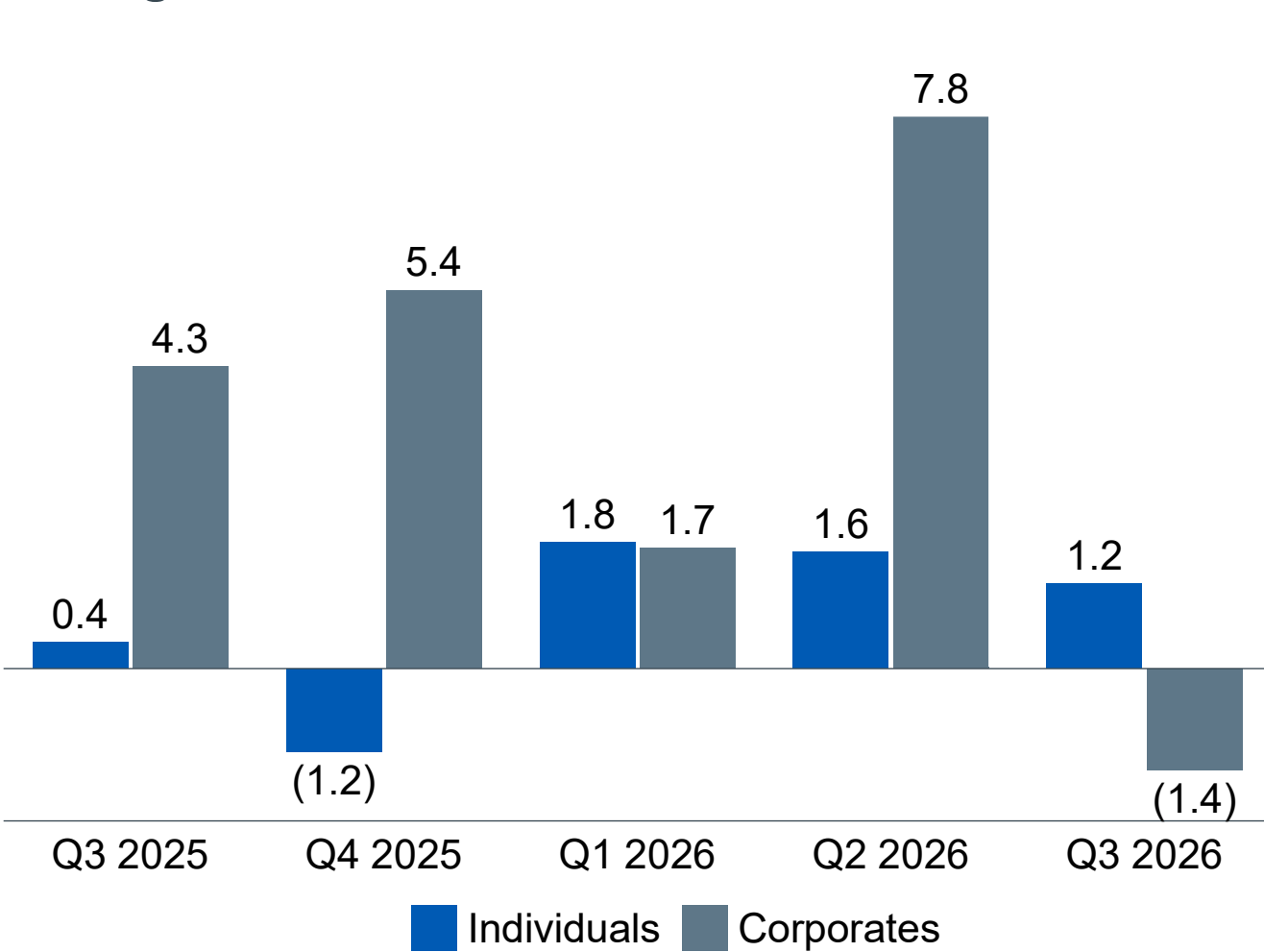
Balanced loan portfolio and solid growth year to date

- Loans to customers total ISK 1,415bn at the end of the quarter, decreasing by ISK 3bn or 0.2% during the quarter and increasing by ISK 86bn or 6.4% since year-end 2025
- Loans to individuals increased by ISK 8bn or 1.2% in the quarter, mainly mortgages, while loans to corporates decreased by ISK 11bn or 1.4%
- The loan portfolio increased by approximately ISK 4bn due to inflation impact in the quarter and FX changes decreased it by ISK 1.6bn
- 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

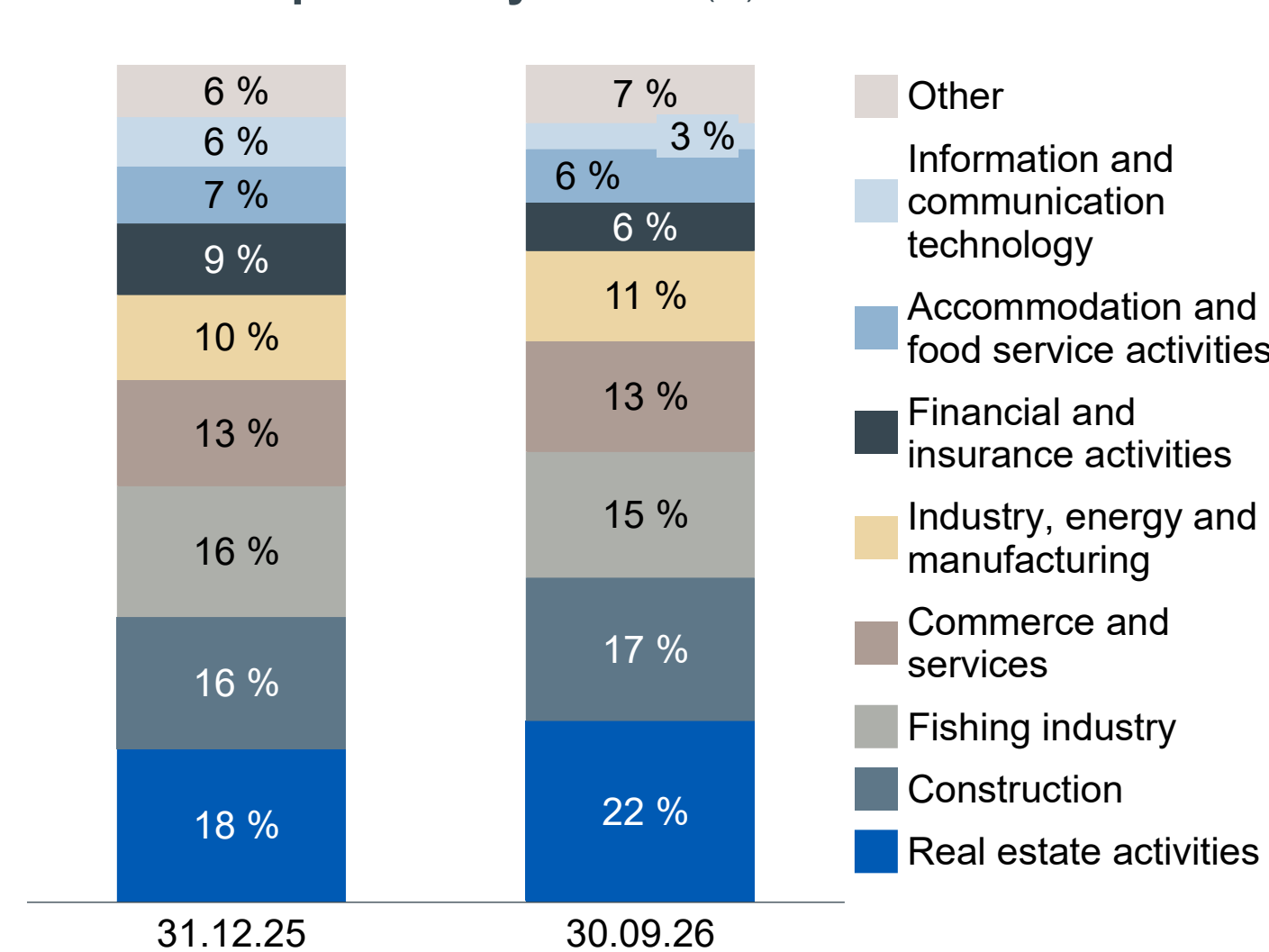
Loans to customers (ISK bn)



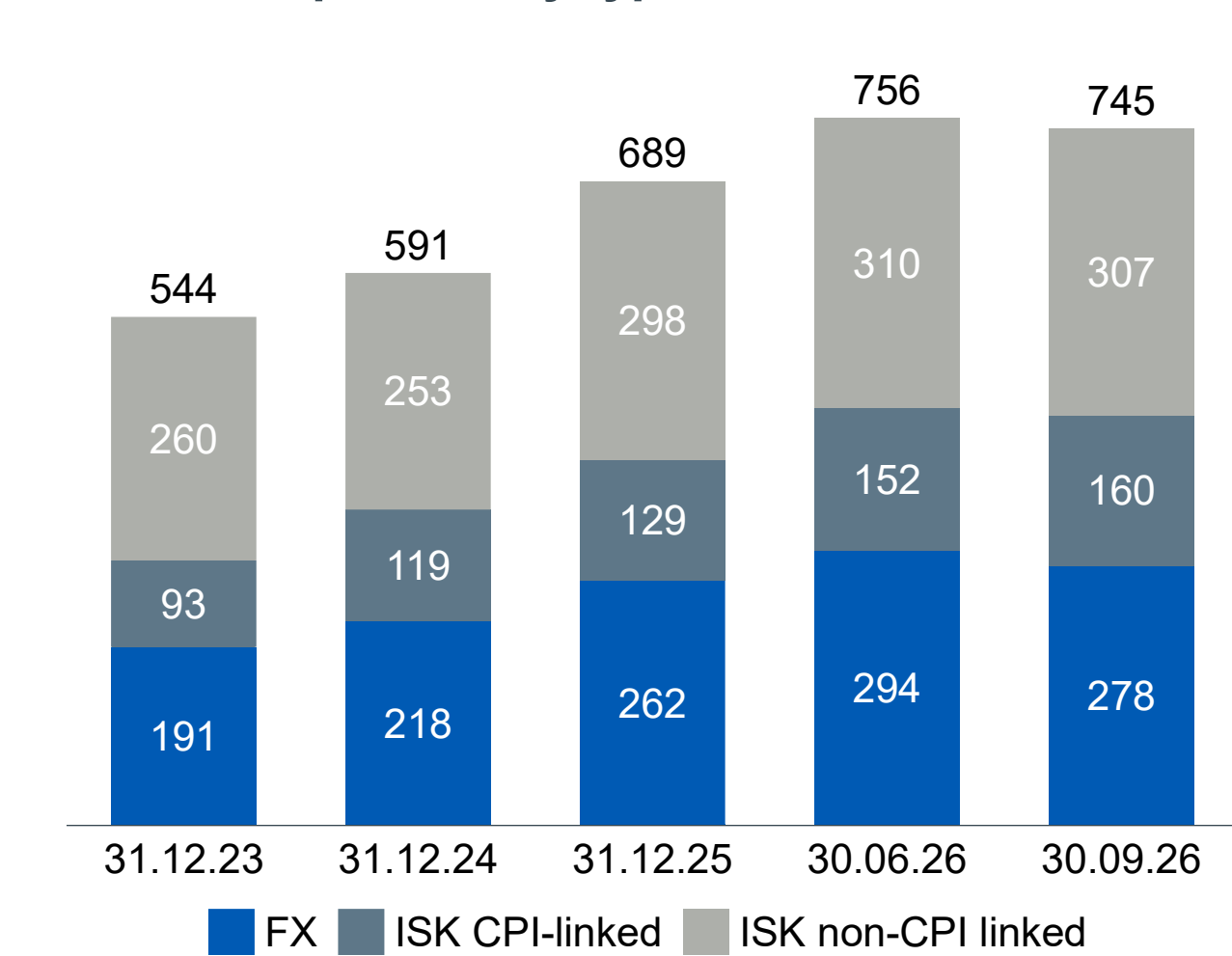
Loan growth (%)



Loans to corporates by sector (%)



Loans to corporates by type (ISK bn)

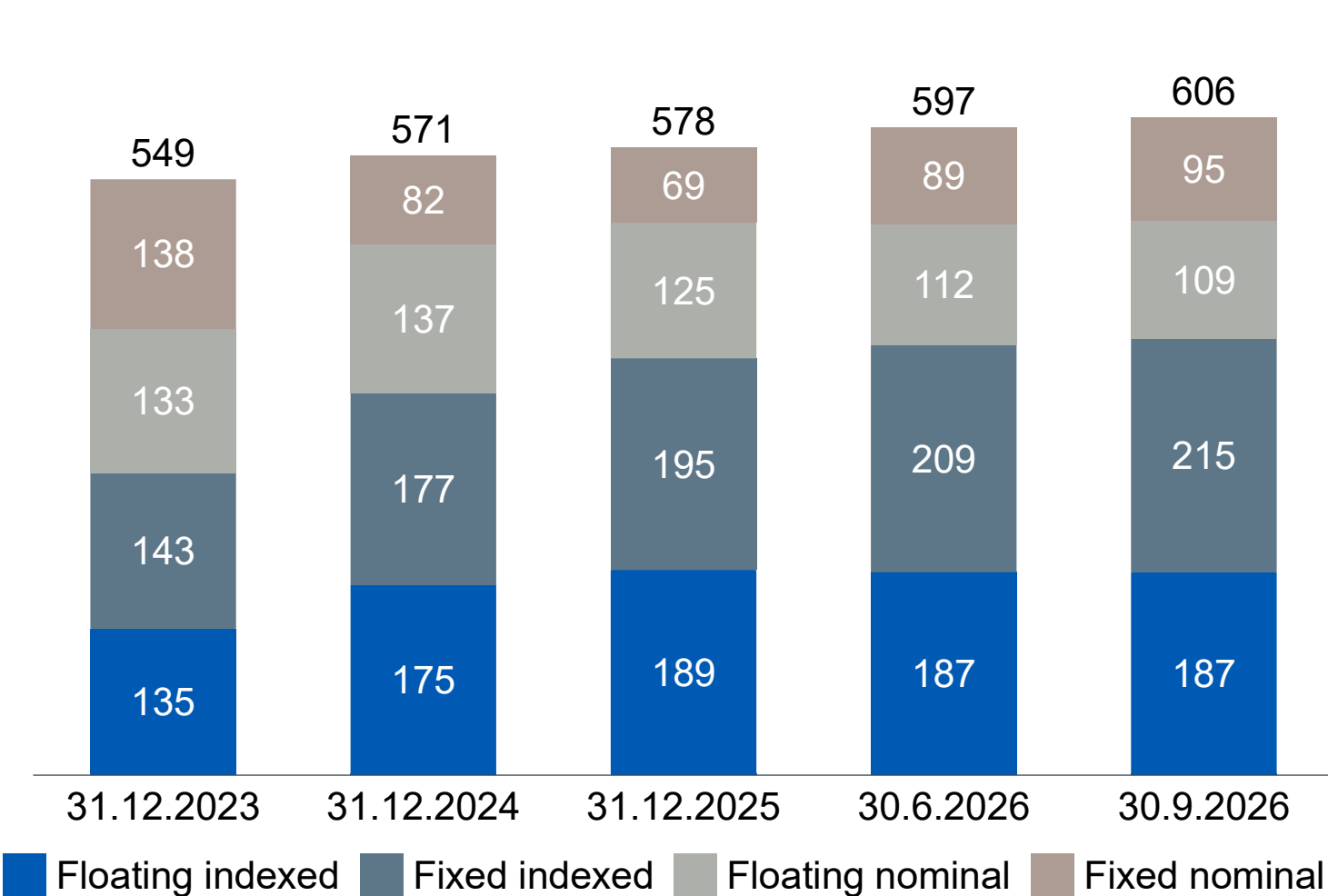


Residential mortgages

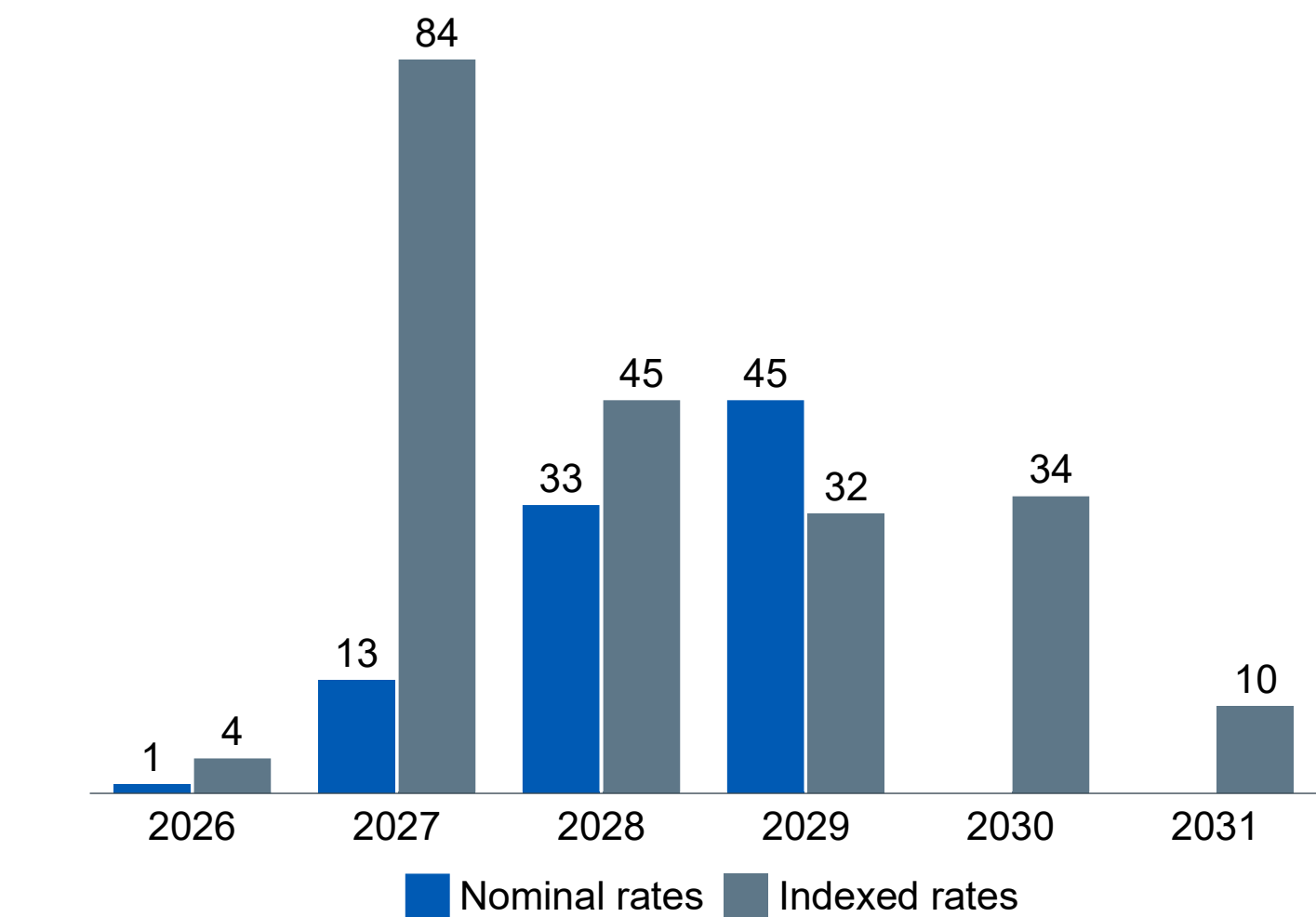
Low default rates and healthy LTV levels

- 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 has decreased since year-end 2025 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 49.8%. The share of mortgages with LTV above 80% was 11.8% at period end

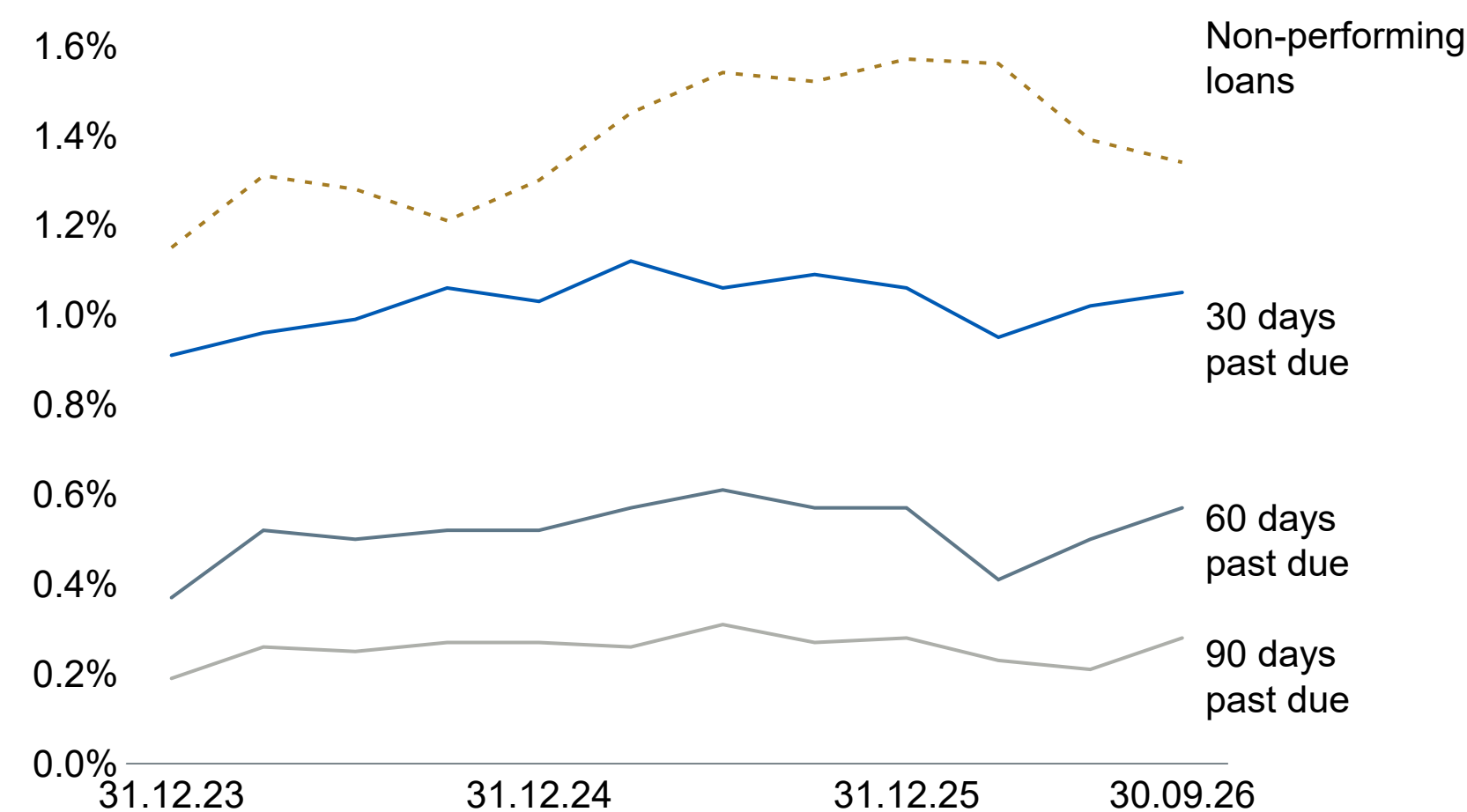
Residential mortgages by interest rate type (ISK bn)



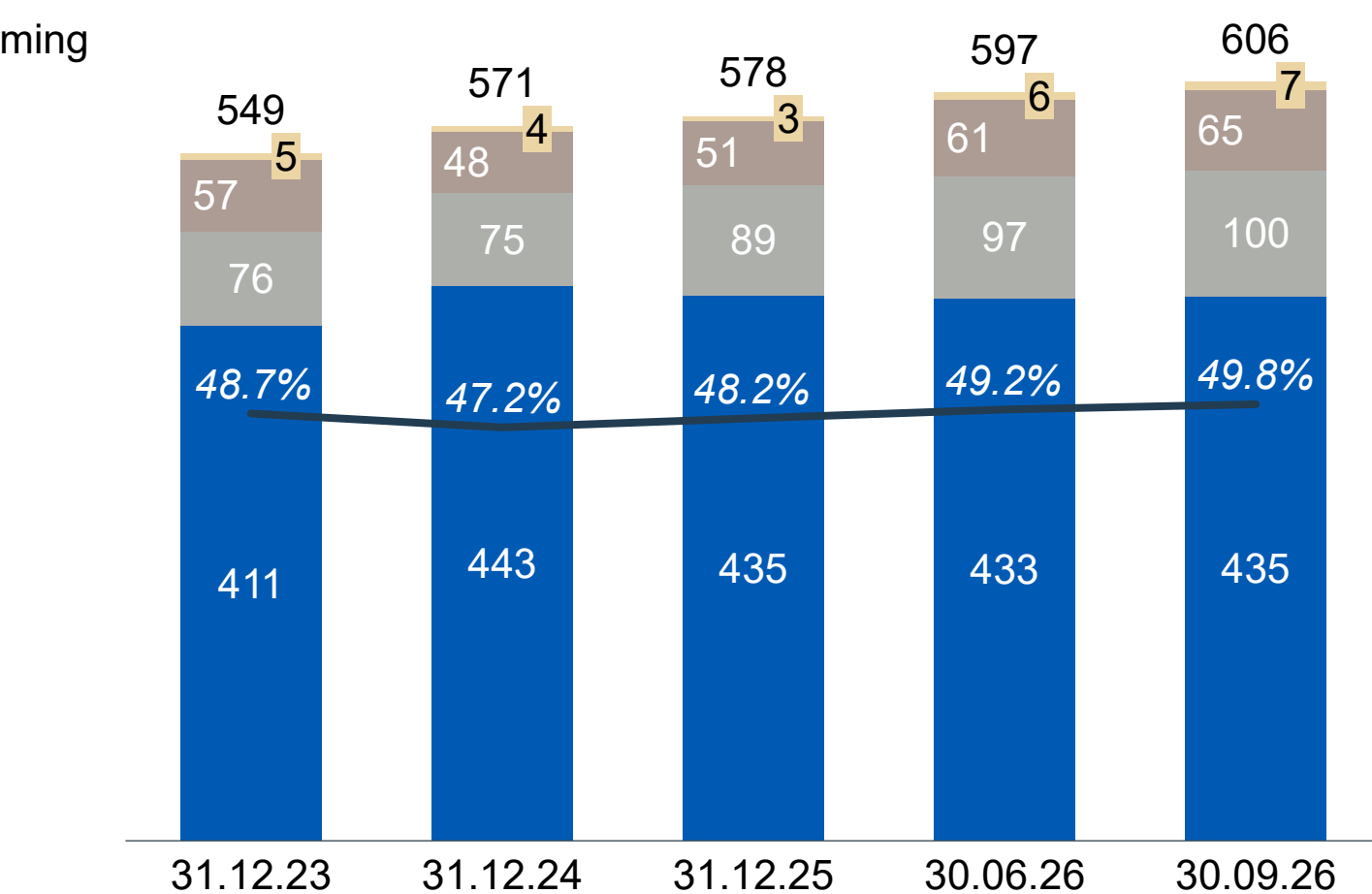
Interest rate reset dates for fixed mortgages (ISK bn)



Ratio of non-performing loans and payments past due



Loan to value (ISK bn, whole-loan approach)



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



Construction

The pronounced slowdown in new housing absorption remains a primary source of sector-specific risk

The construction loan book comprises a total of ISK 127bn in book value, with ISK 36bn in unused commitments

The construction book is evenly split between residential and commercial development projects. The latter is concentrated towards accommodation and tourism activities with pre-agreed operators post construction.

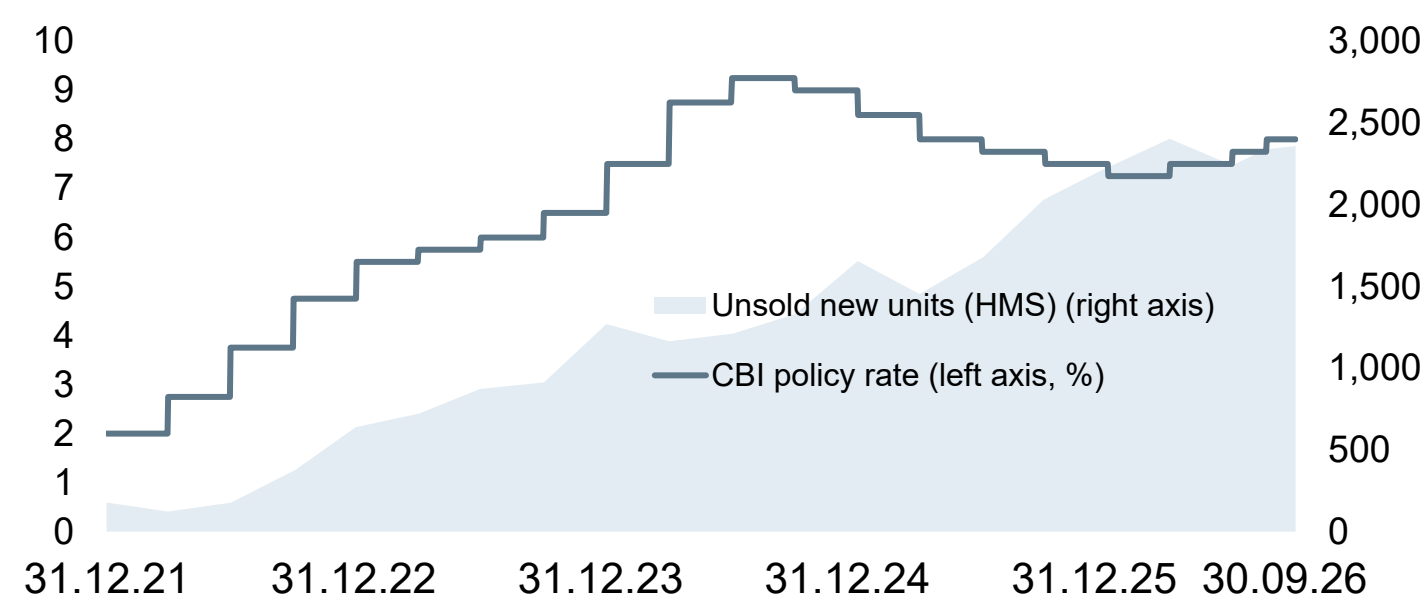
It is estimated that the Bank is financing 15-20% of new residential units for sale in the market. Market share of units under construction is below 15%. Predominantly located in the capital area.

The Bank has for several years performed rigorous stress tests on the residential development portfolio, which generally show considerable equity buffers to meet sales delay and price depreciation.

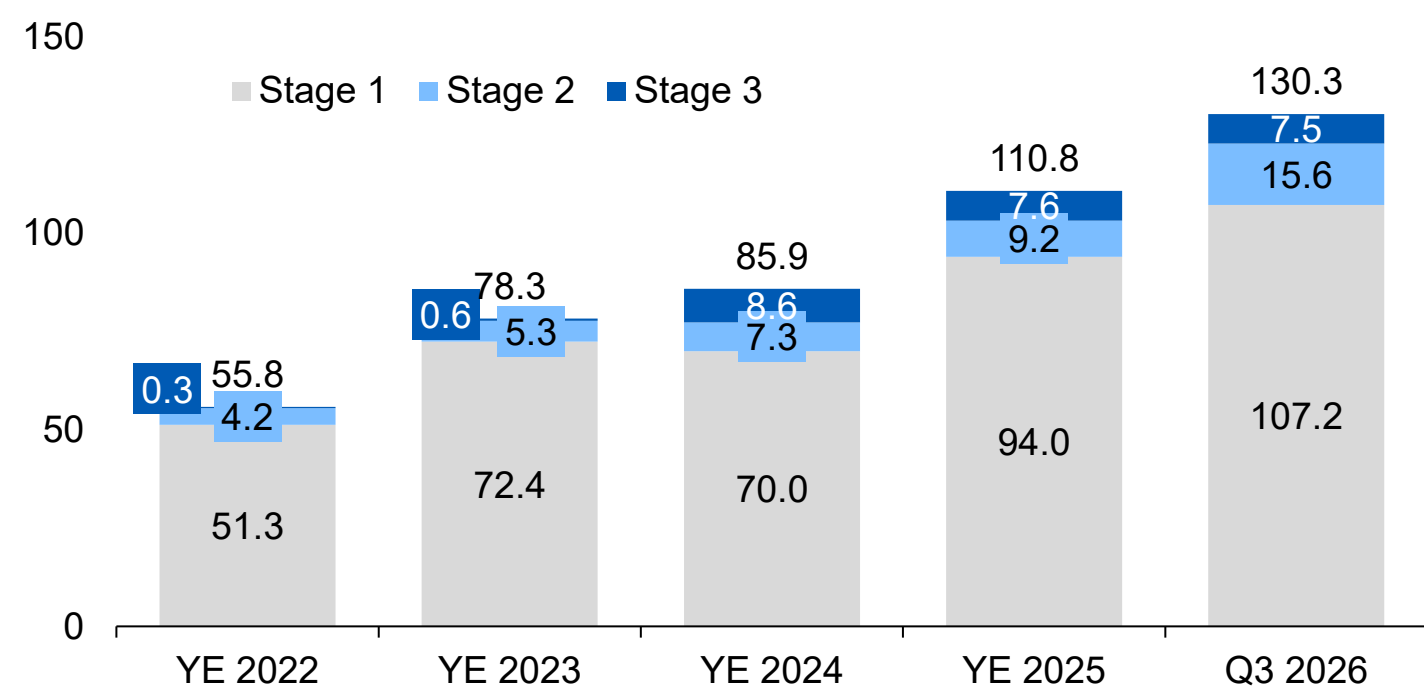
Mitigating factors for residential construction risk:

- 33.5% of financed units pre-sold
- Sale of smaller units reduces exposure and thus alleviates sales pressure for larger units
- Direct rental options and retained equity arrangements with contractors

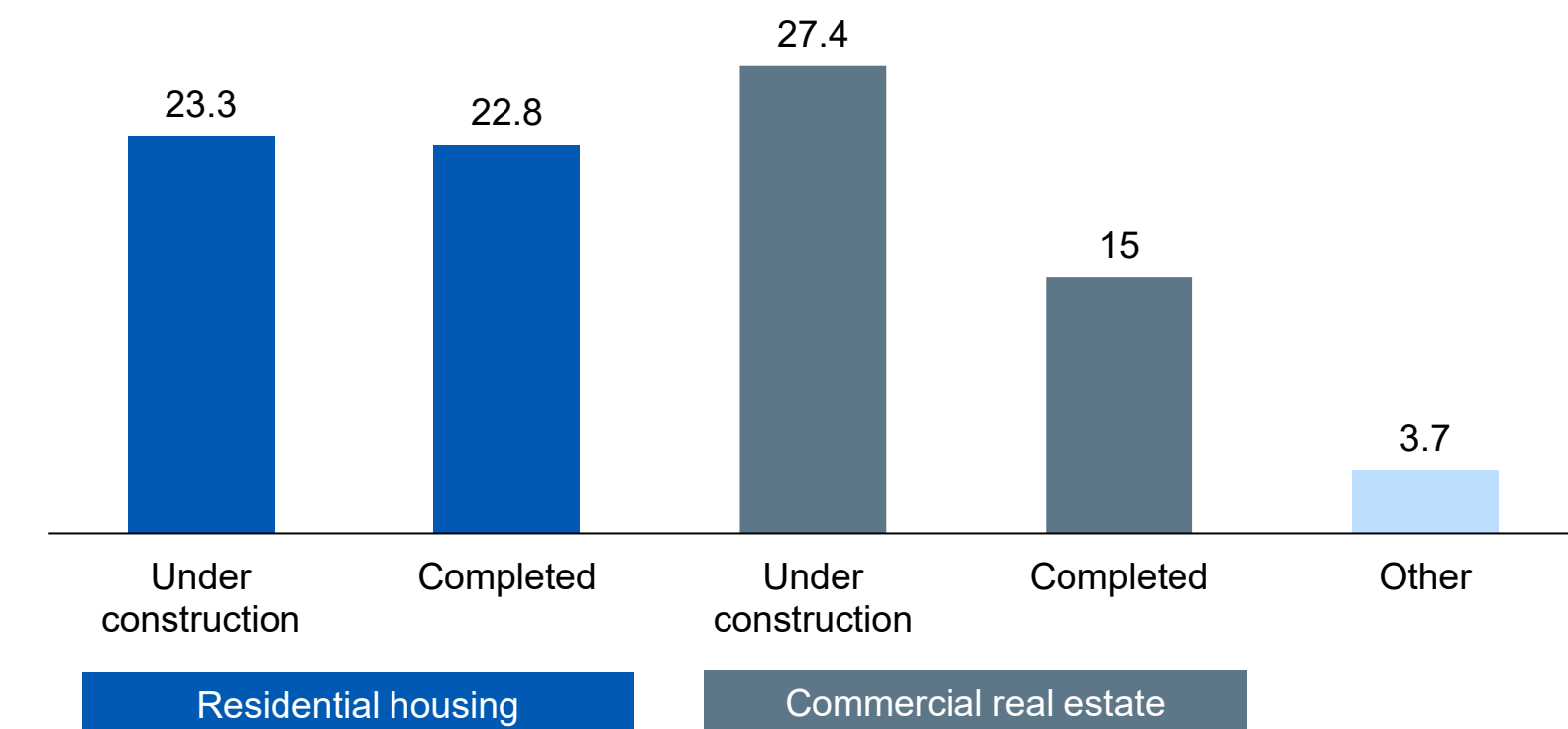
Interest rates and housing market



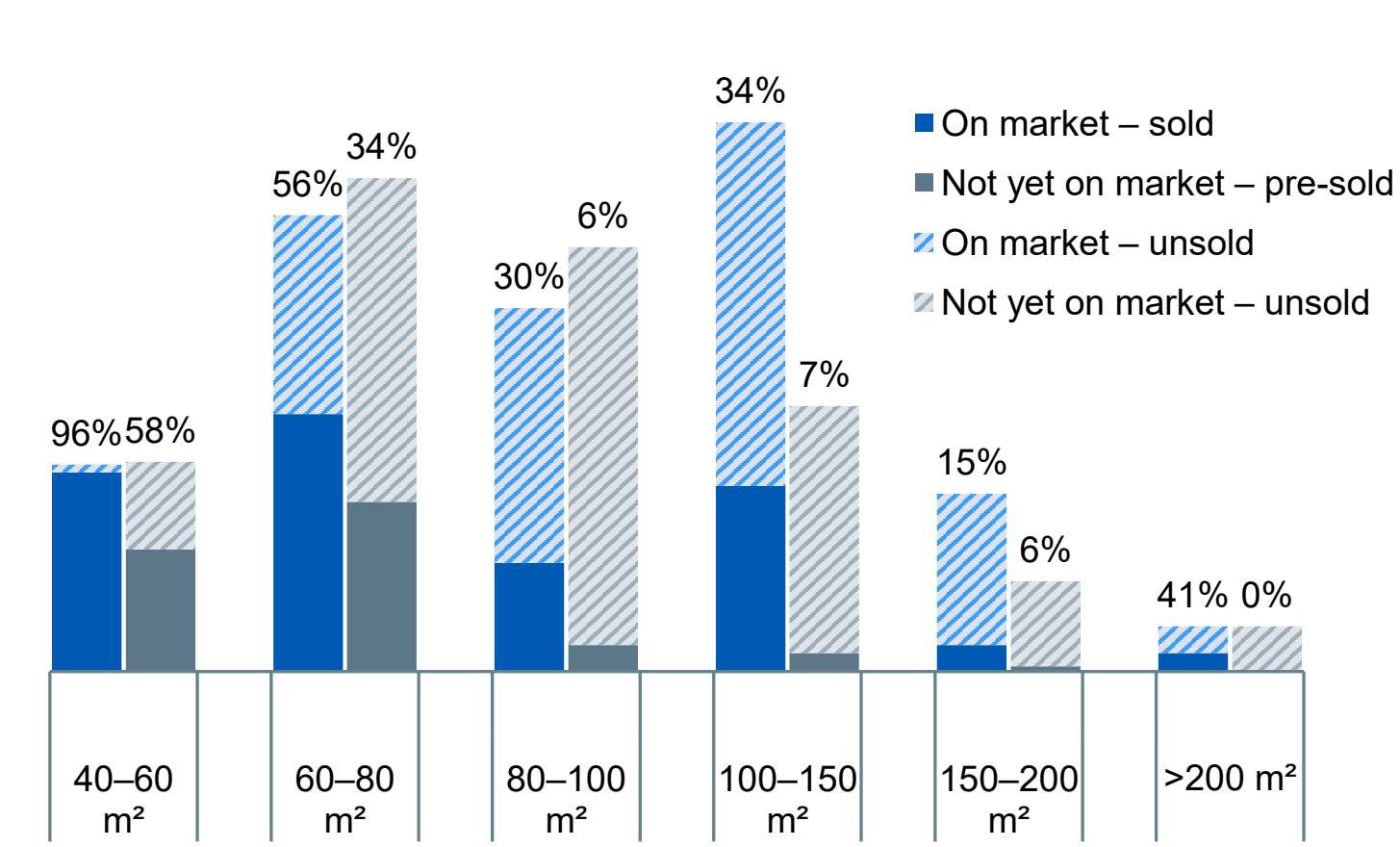
Development of on-balance exposure by staging (ISKbn)



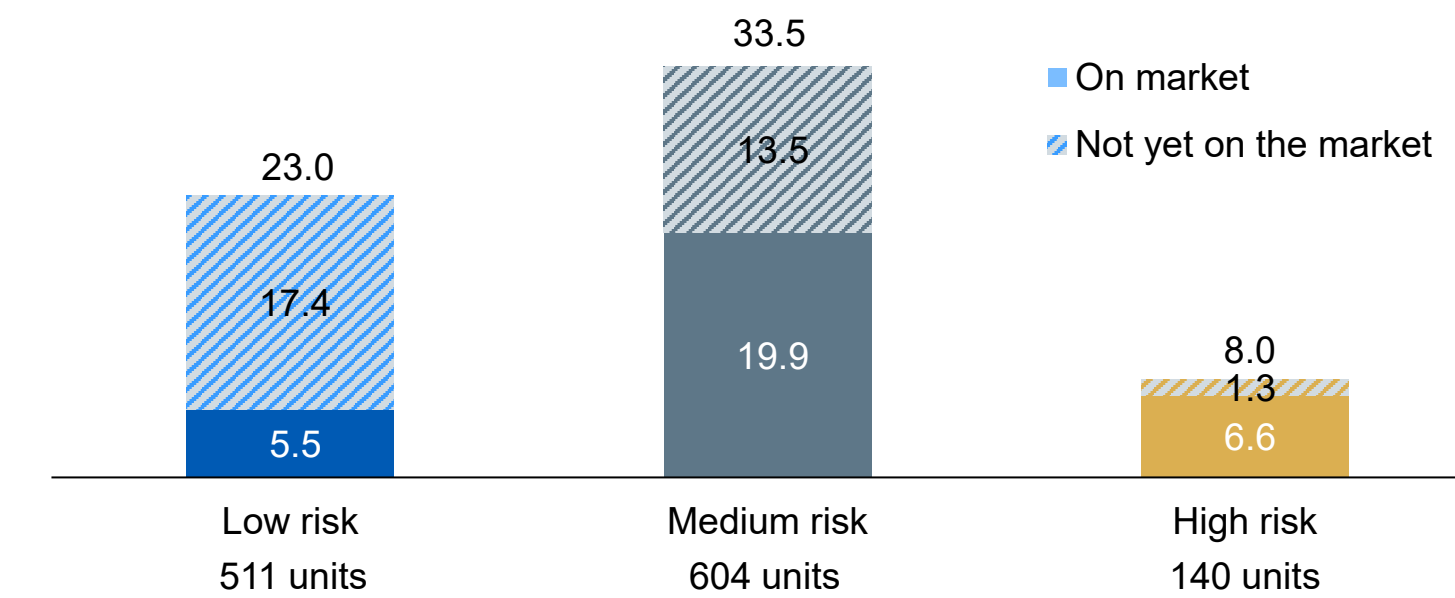
Status of projects by type (% on-balance exposure)



Residential units by size and sale status



Risk classification as per stress test for largest residential development projects (ISKbn, exposure)



Low risk: Significant equity buffer (>20% based on expected sale price). Can sustain substantial price drop and/or sales delay.

Medium risk: 10-20% equity buffer based on expected sale price. Can sustain considerable price drop and/or sales delay.

High risk: Equity buffer below 10% or other adverse conditions. One project in Stage 3



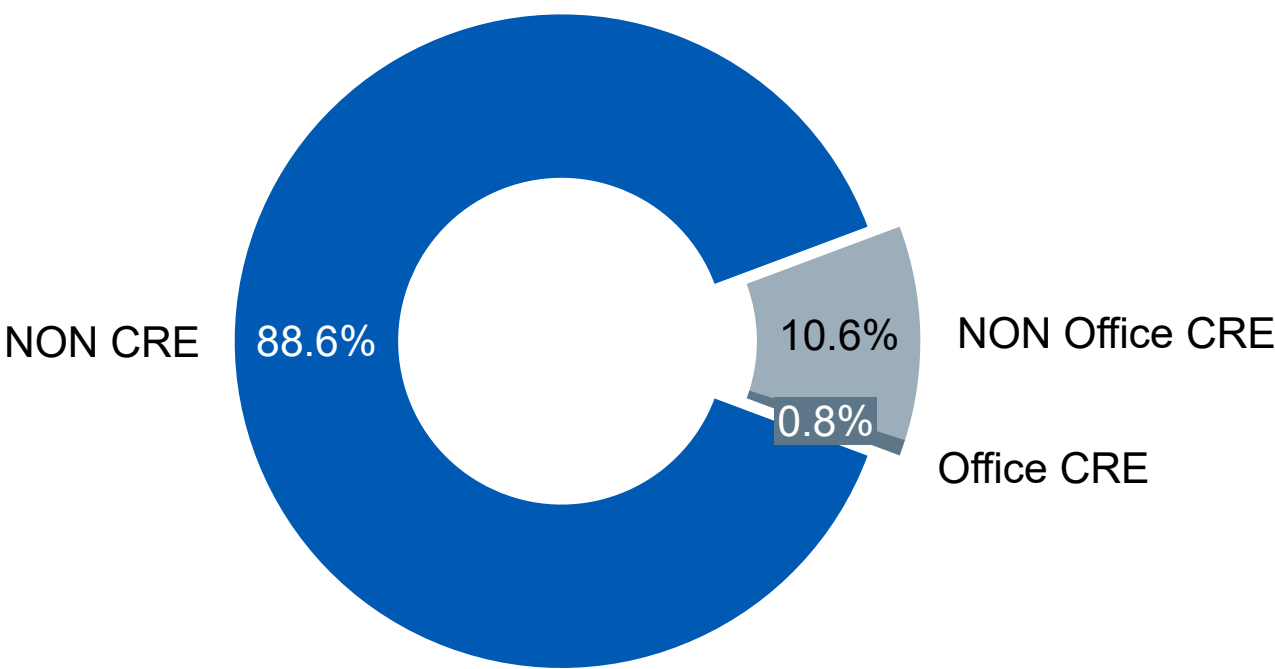
Real estate sector

Diversified portfolio

- Overall real estate related lending in the corporate loan book comprises a total of ISK 161bn or 11.4% of the loan book with an average LTV of 65.6%
- The portfolio is highly diversified
 - The portfolio is split between companies that lease properties to operating companies within the same group (parent, subsidiaries or sister companies) and property management companies, both residential and commercial
 - Exposure to office real estate is small or around ISK 11.3bn or 0.8% of the loan book
- The share of CPI linked loans has increased significantly since year-end 2022 following hikes in interest rates

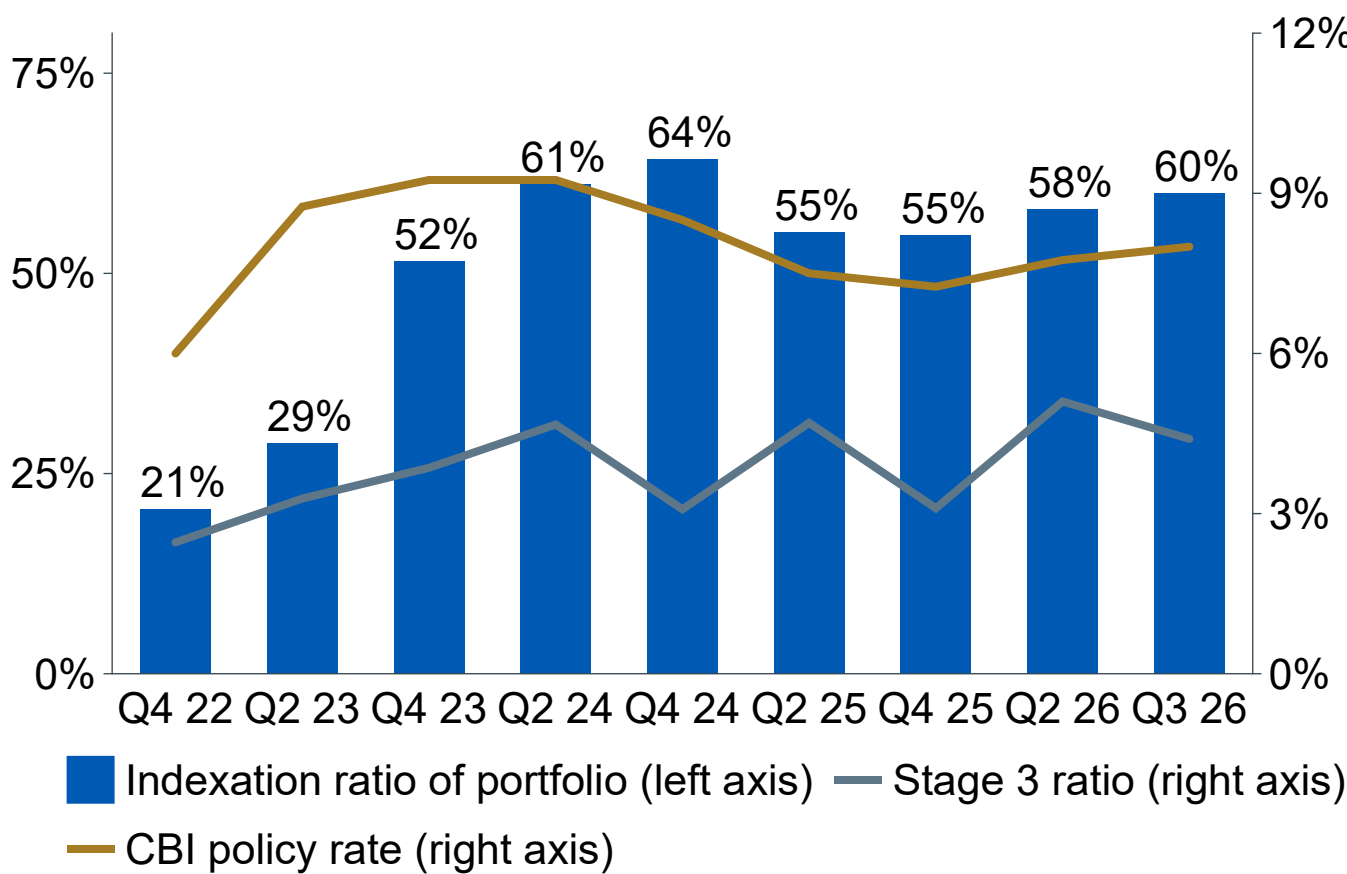
Loans to customers

Loans to real estate companies are approx. 11.4% of total loans to customers and 0.8% relate to office buildings



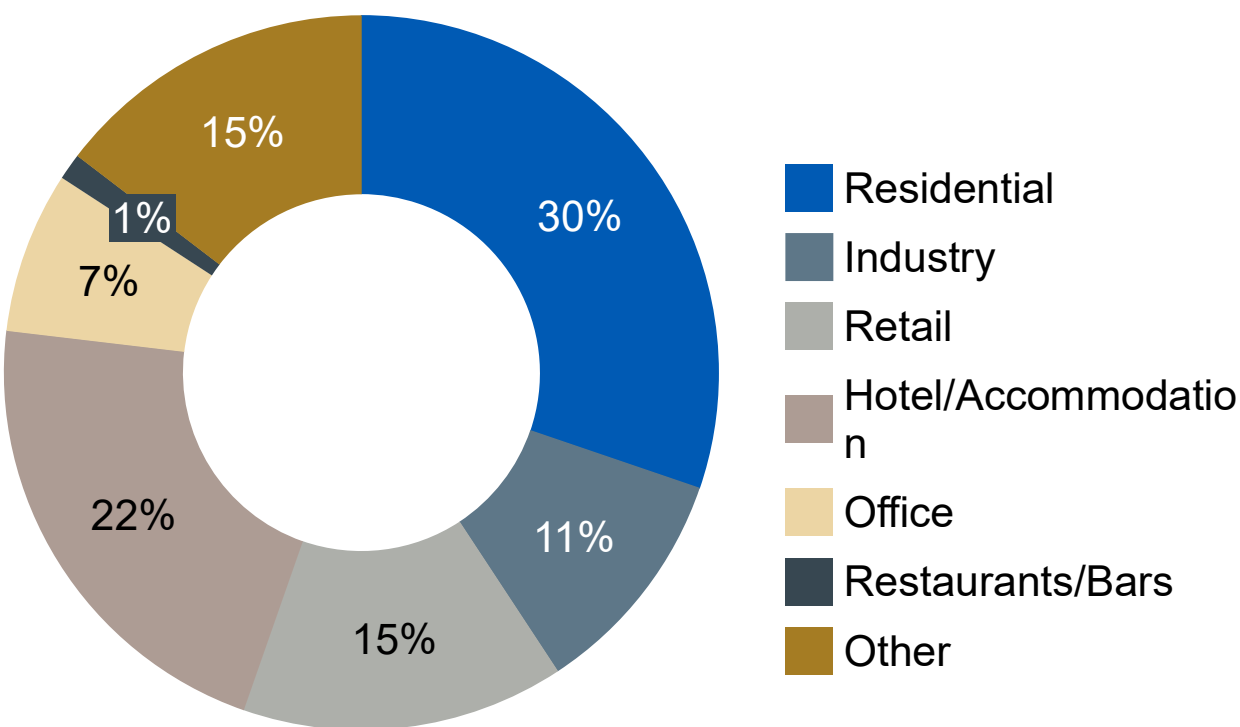
Development of indexed loans and 90 days past due

Customers have reverted to indexed loans due to high interest rates. The delinquency rate remains low



Real estate collateral by type *

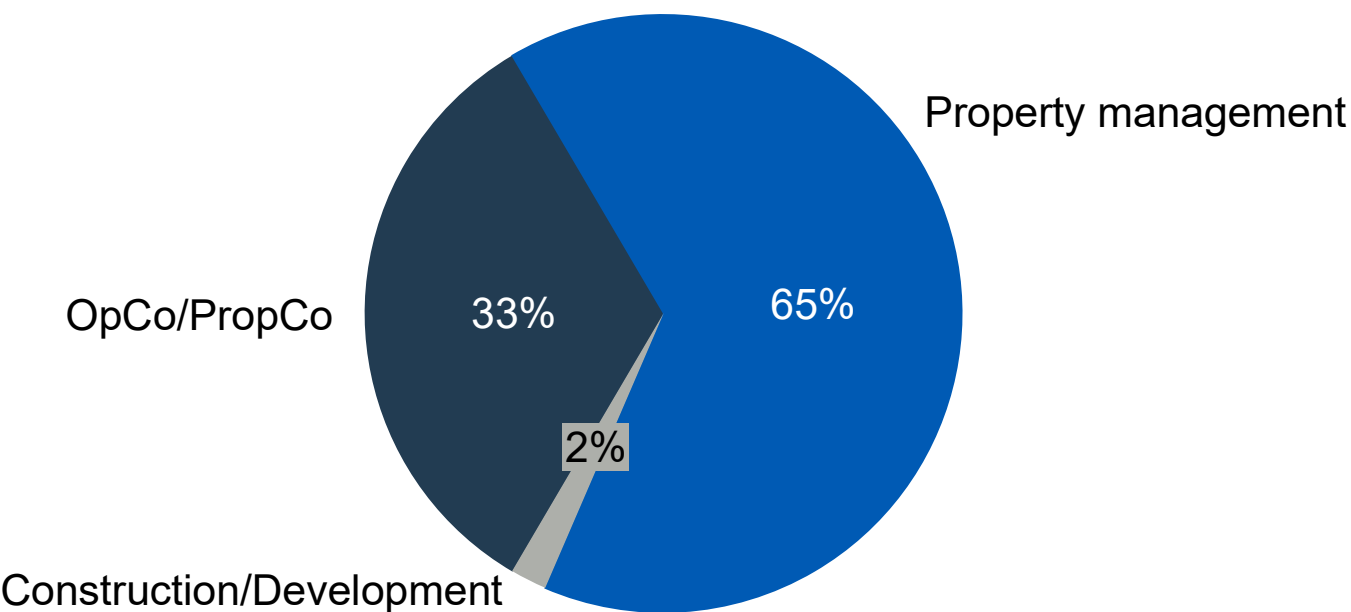
Well diversified collateral in terms of real estate type



* For real estate sector only

Borrower type

The Bank is focused on real estate exposures that are occupied by operational companies that are customers of the Bank (Opco/Propco). Property management contains both exposures to companies renting residential real estate and commercial real estate

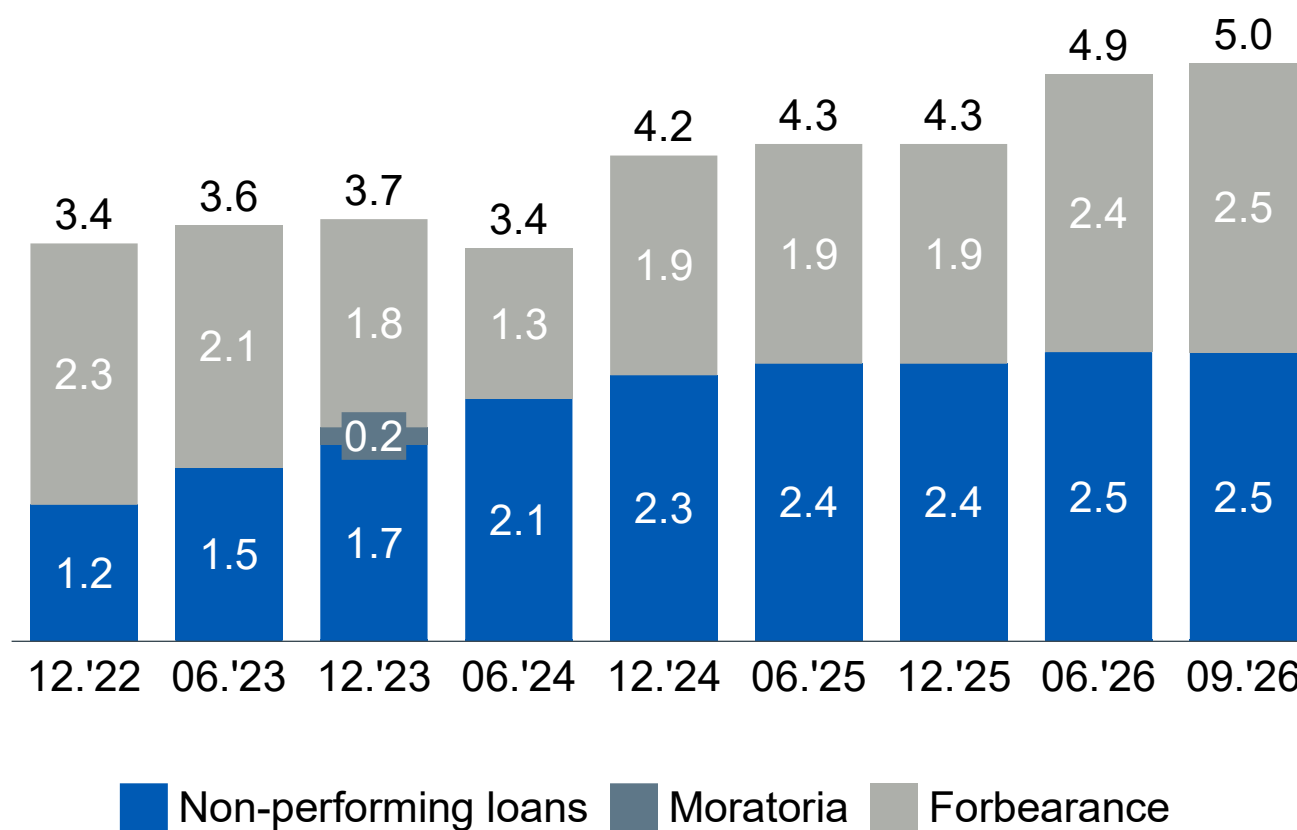


Risk profile

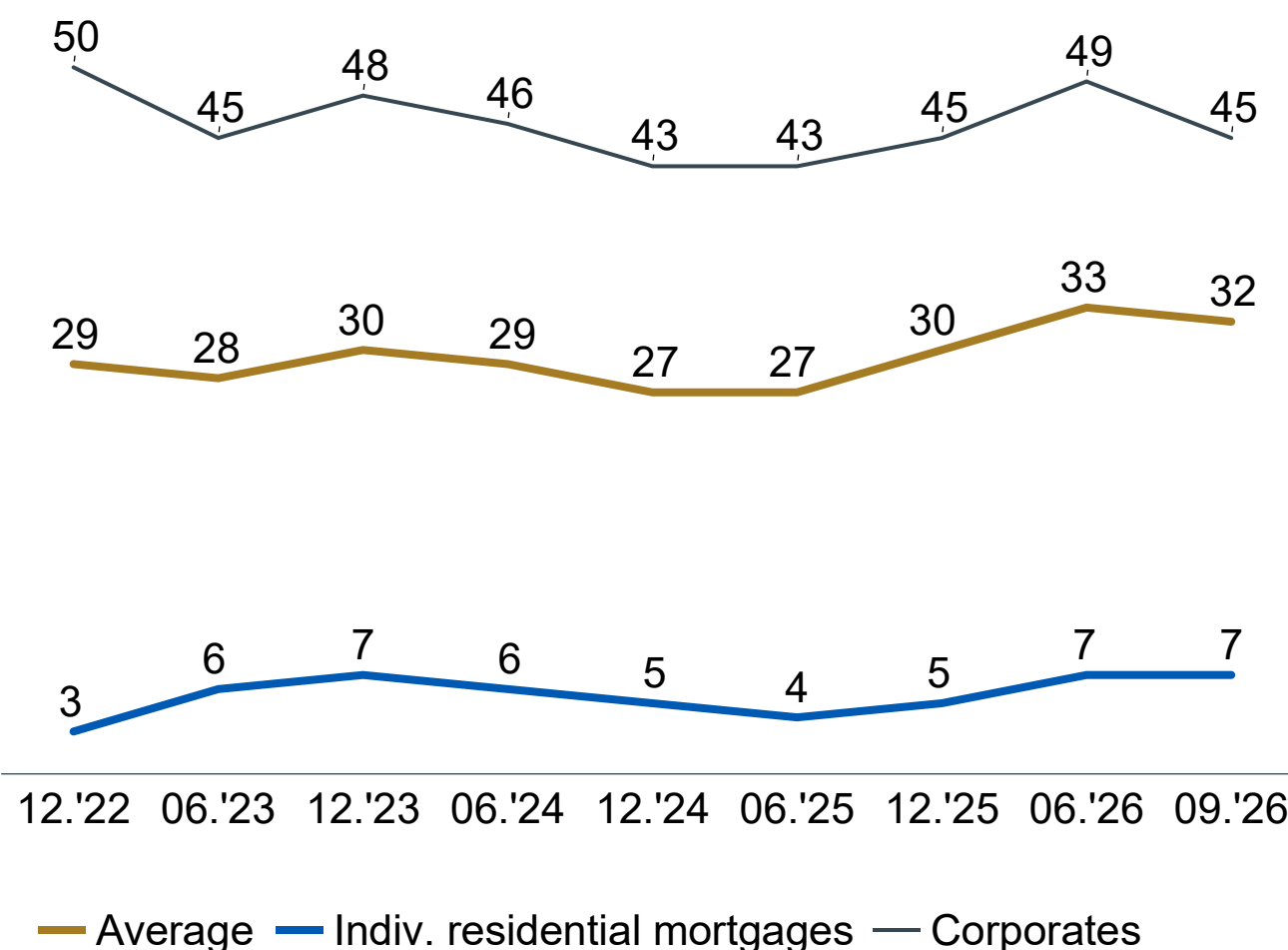
Strong credit quality indicators with the NPL ratio stable in the quarter

- The non-performing loans ratio was stable at 2.5% in Q3, after increasing in correlation with interest rate levels. Future development is likely to depend on the pace of monetary easing
- NPLs generally have good collateral coverage, as reflected in a Stage 3 coverage ratio of 21.4%
- Forborne exposures that are not in Stage 3 represent 2.5% of loans to customers, an increase from 2.4% in the previous quarter
- 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 Q3 the 12-month expected credit loss ratio of 32bps (33bps at end of Q2) reflects management's prudent view given current economic conditions

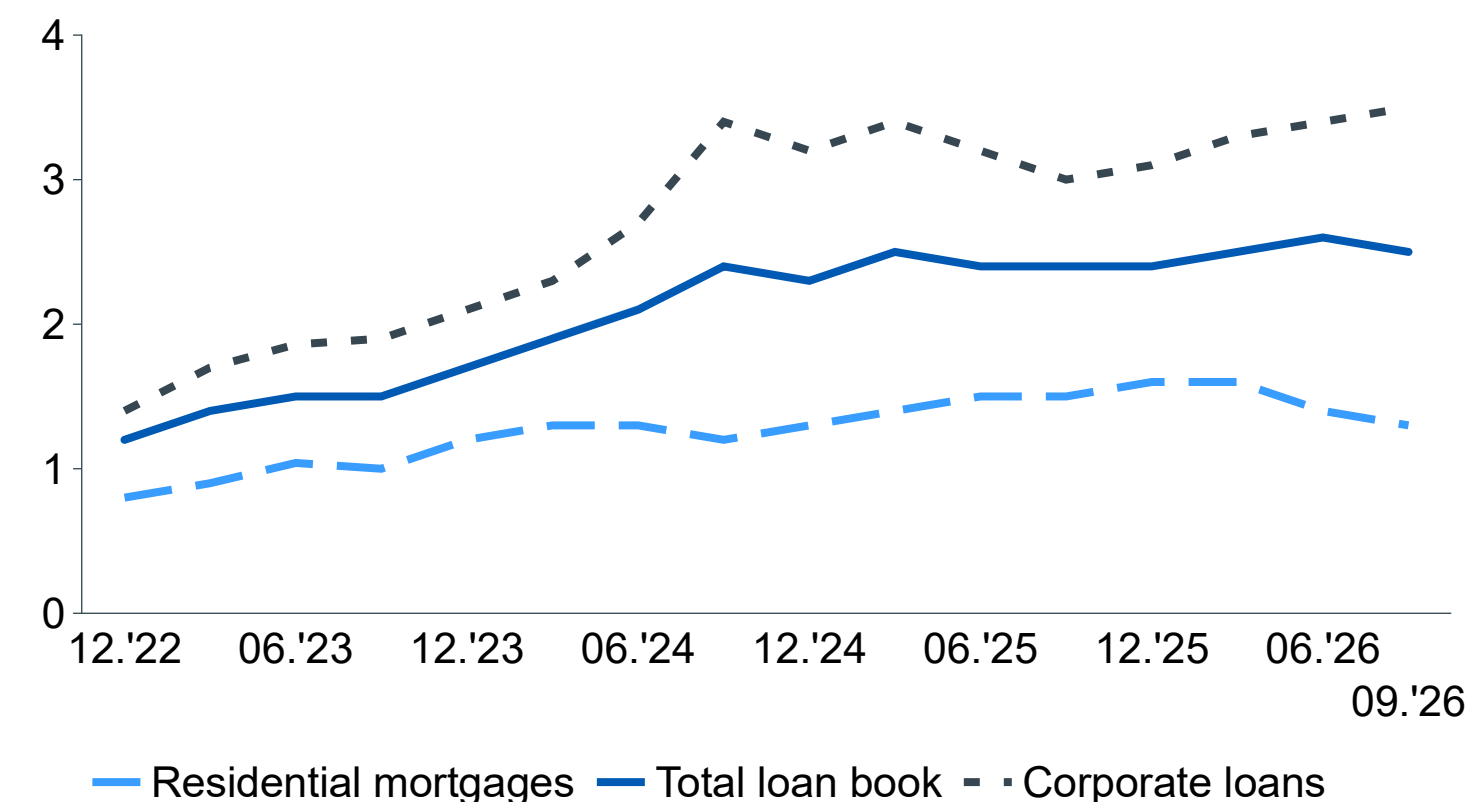
Development of non-performing loans, moratoria and forbearance (% of total loan book)



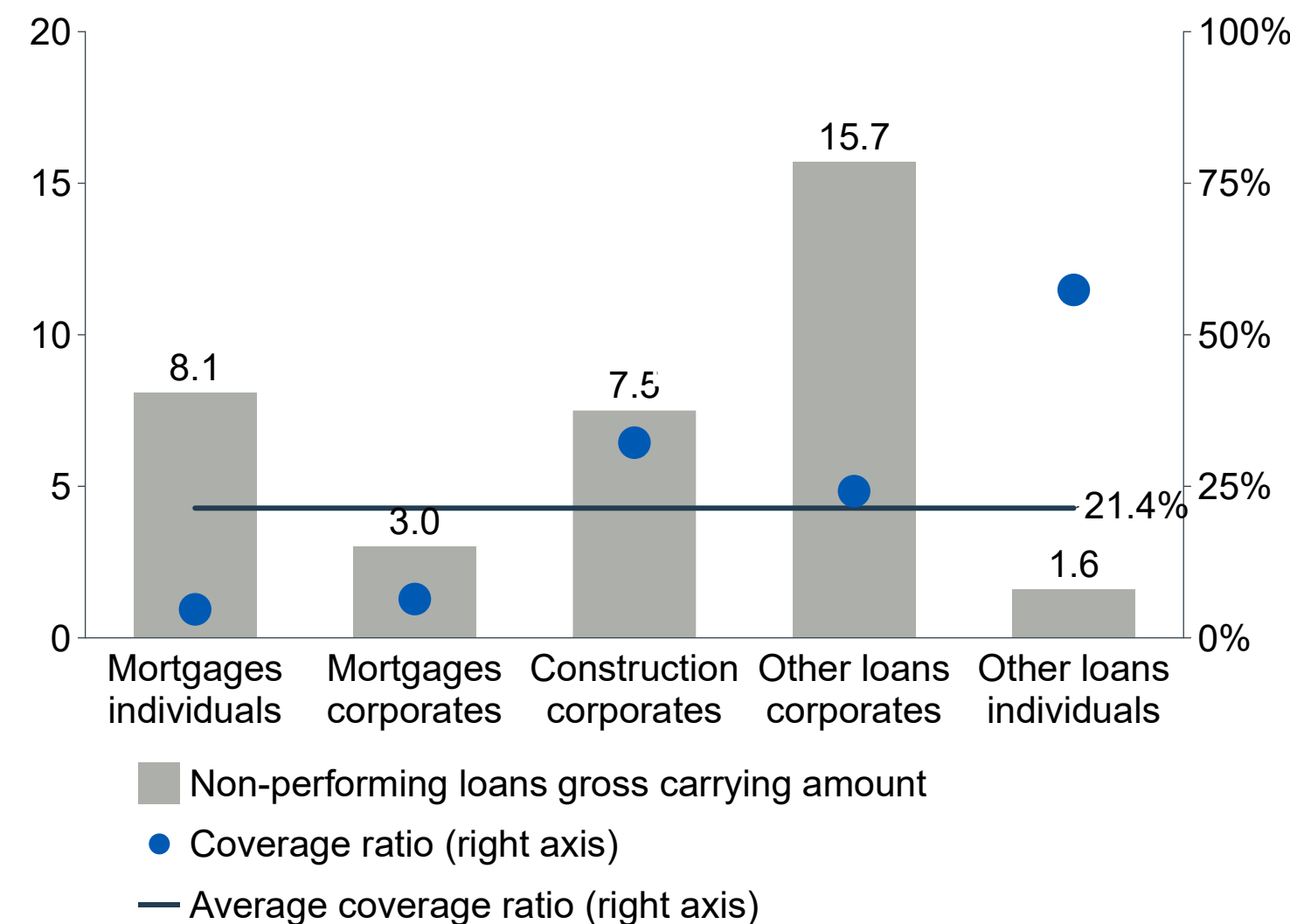
12-month expected credit loss for performing loans to customers (on balance sheet) (bps)



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



NPL coverage breakdown* (ISK bn)



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

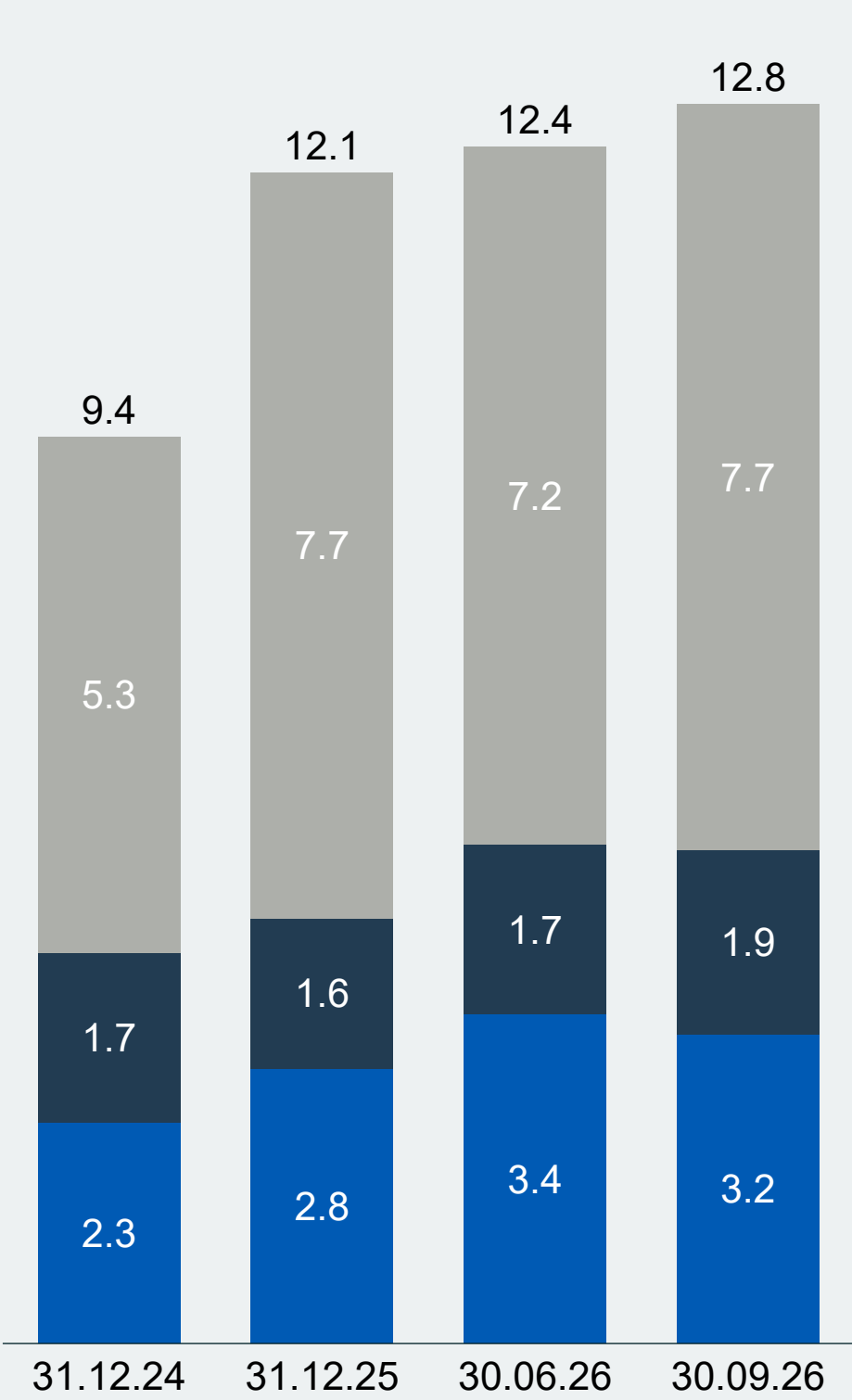
*Residential property development or secured by residential real estate or land



Loss allowance by IFRS 9 stages

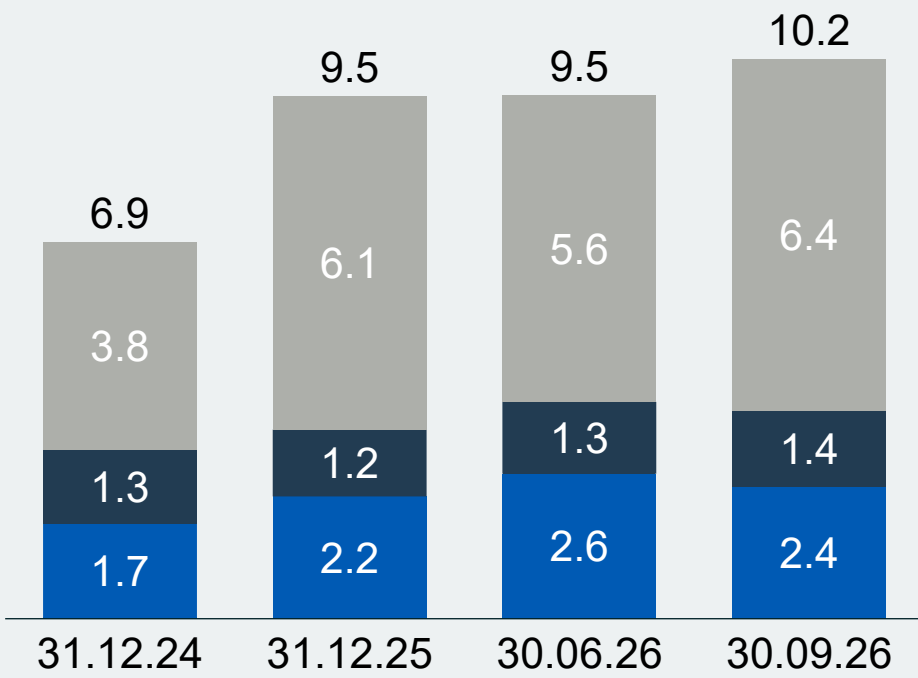
On loans to customers total (ISK bn)

The impairment ratio was 0.93%, compared to 0.94% at year end 2025



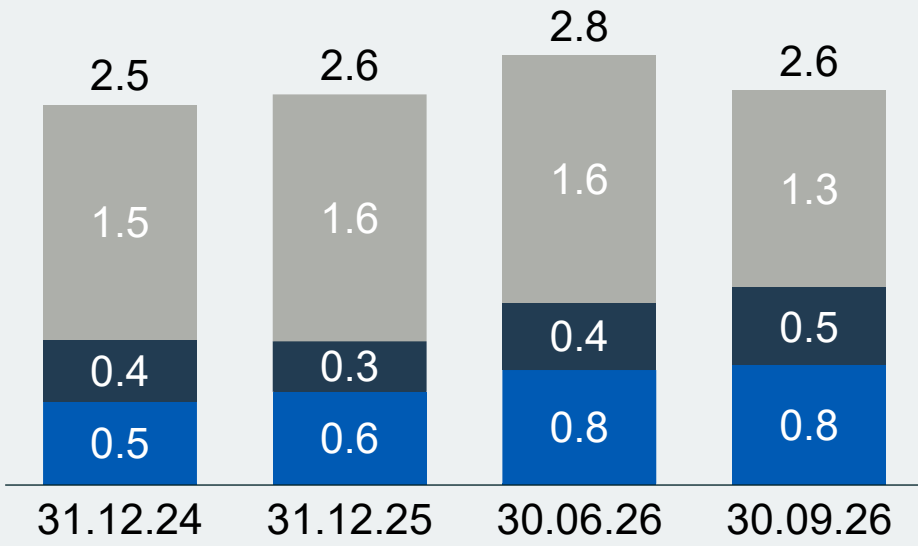
On loans to corporates (ISK bn)

Loans to corporates provisioned 1.42% at period end



On loans to individuals (ISK bn)

Loans to individuals provisioned 0.38% at period end



Stage 1 Stage 2 Stage 3

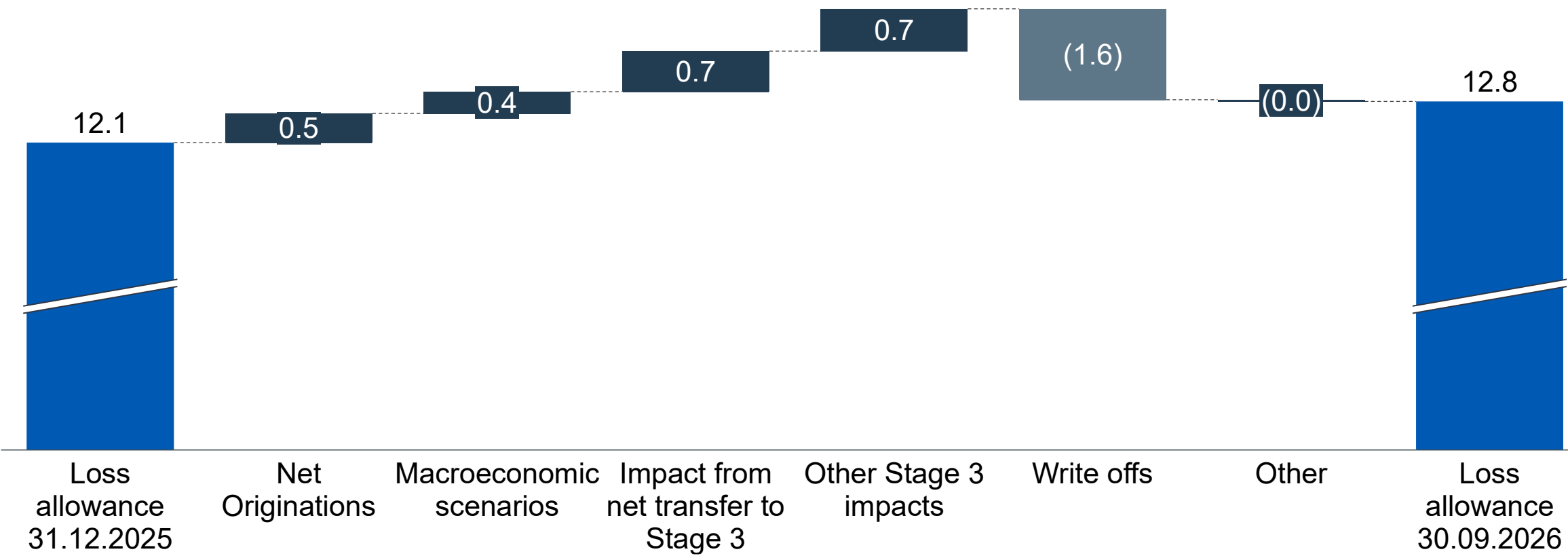
IFRS 9 economic scenarios and assumptions

Expected normalization of economic conditions on the back of high real rates are reflected in scenario weights from pessimistic to optimistic. 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	30.09.26
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

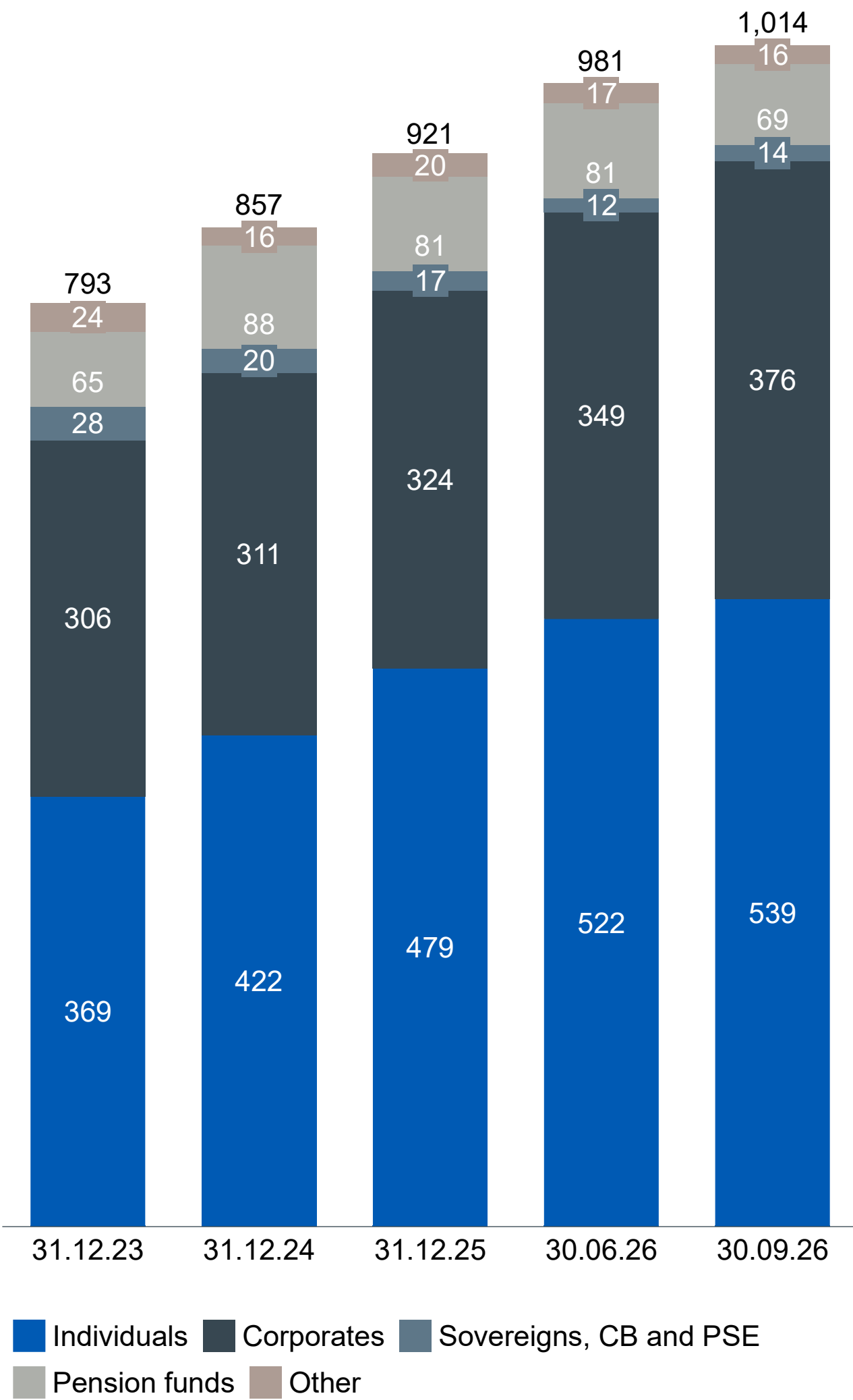


Deposits from customers

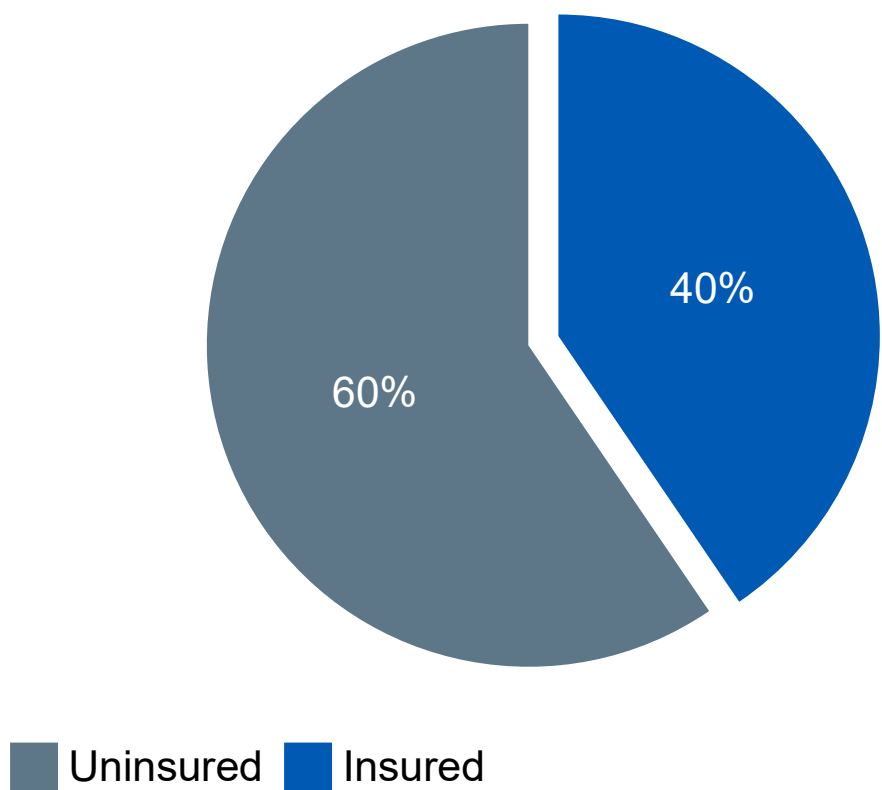
Continued momentum in stable deposits

- Deposits from customers of ISK 1,014bn represent 61% of the Bank’s total liabilities. Deposits increased by ISK 33bn or 3.3% in Q3 and 10.1% from year-end 2025
- Stable deposits consist of deposits from individuals, and corporates with lower LCR outflow weight, stable deposits increased by 12.8% from year-end 2025
 - Deposits from individuals increased by 3.3% in Q3 and 12.5% from year-end 2025
 - Corporate deposits increased in Q3 by 7.7% and 16.0% from year-end 2025
- Loans to deposits ratio of 139.6% at the end of the quarter, down from 144.5% at the end of Q2 as deposits grew while loans were stable

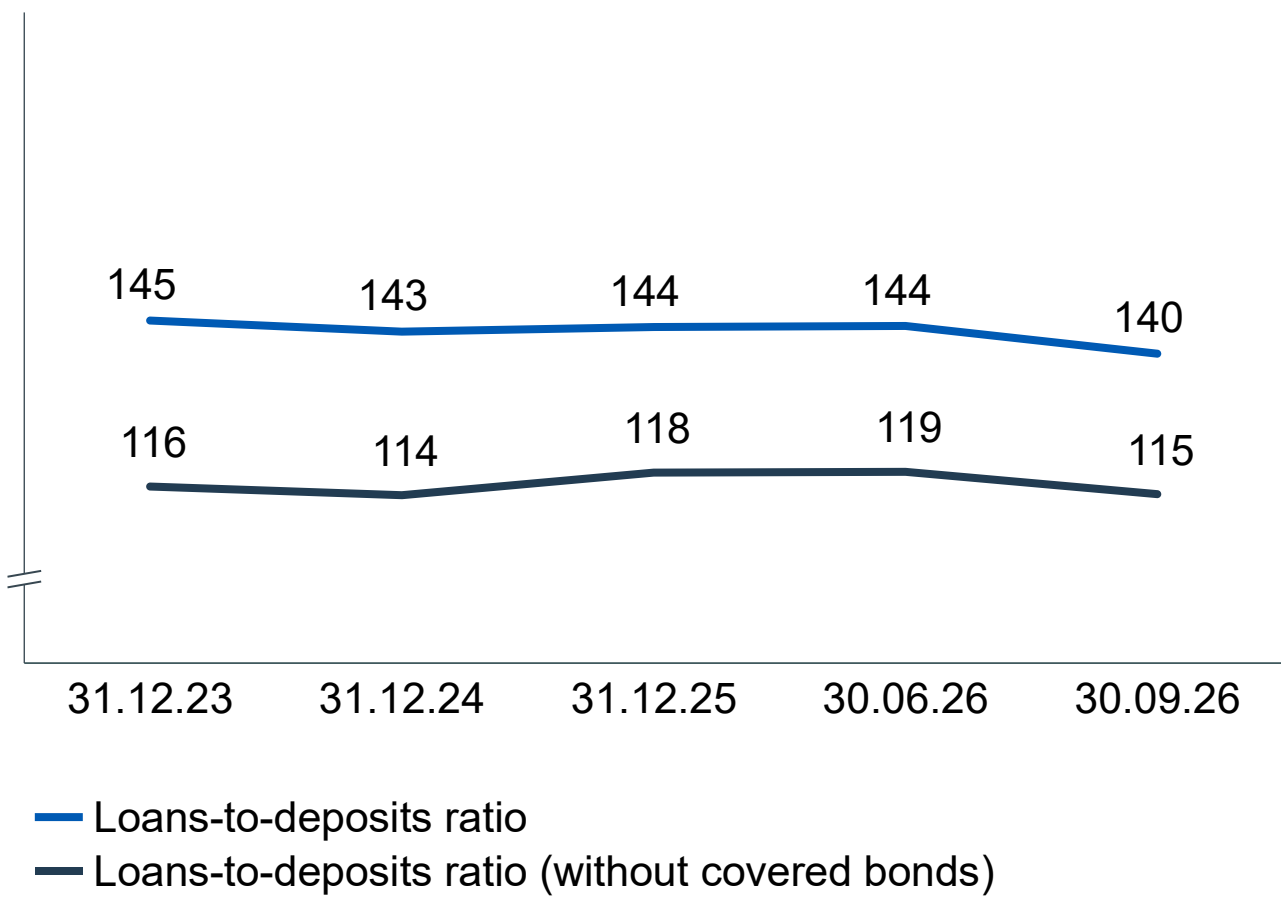
Deposits from customers (ISK bn)



Deposits by insurance scheme



Loans to deposits ratio (%)

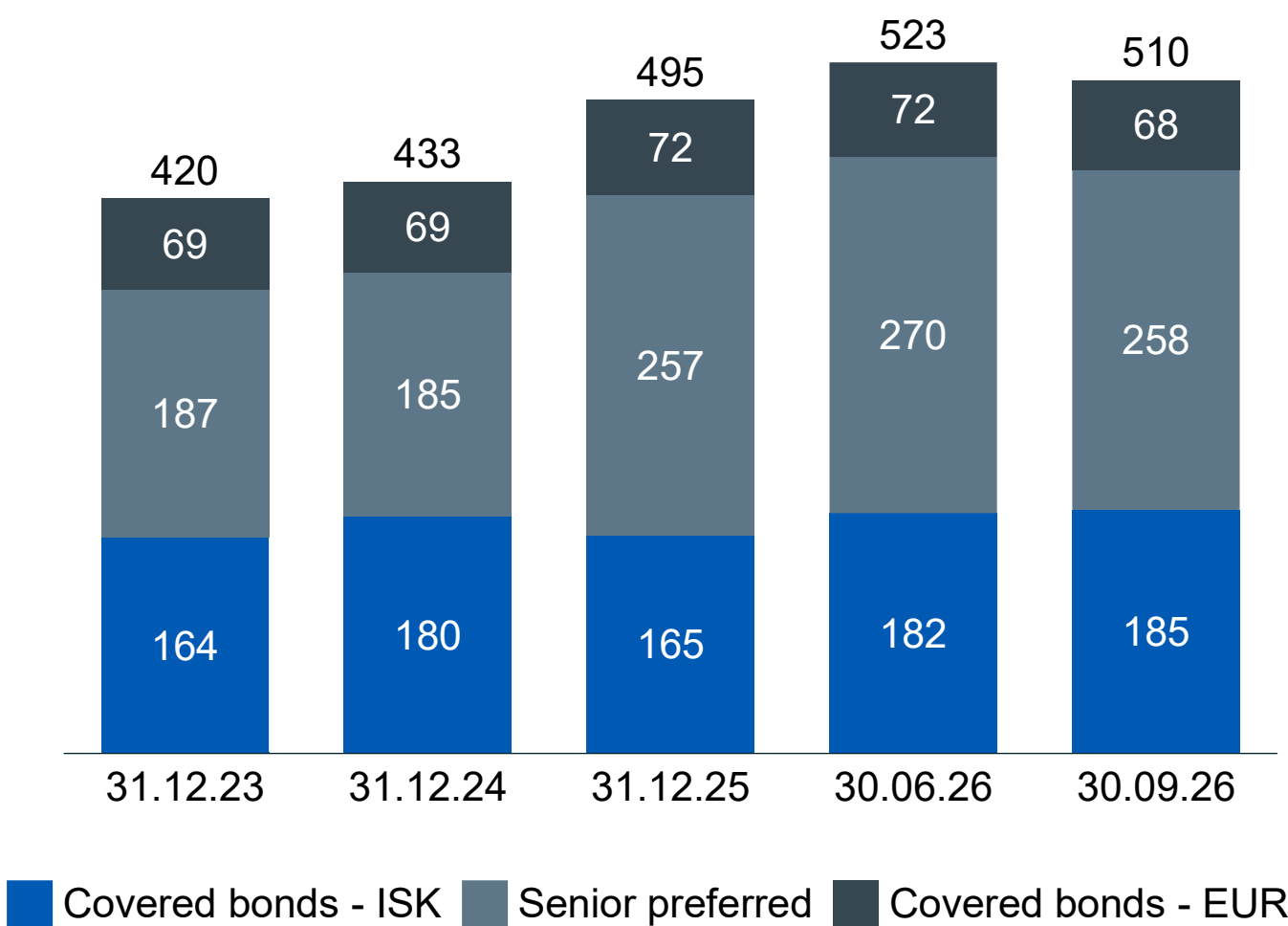


Funding and rating

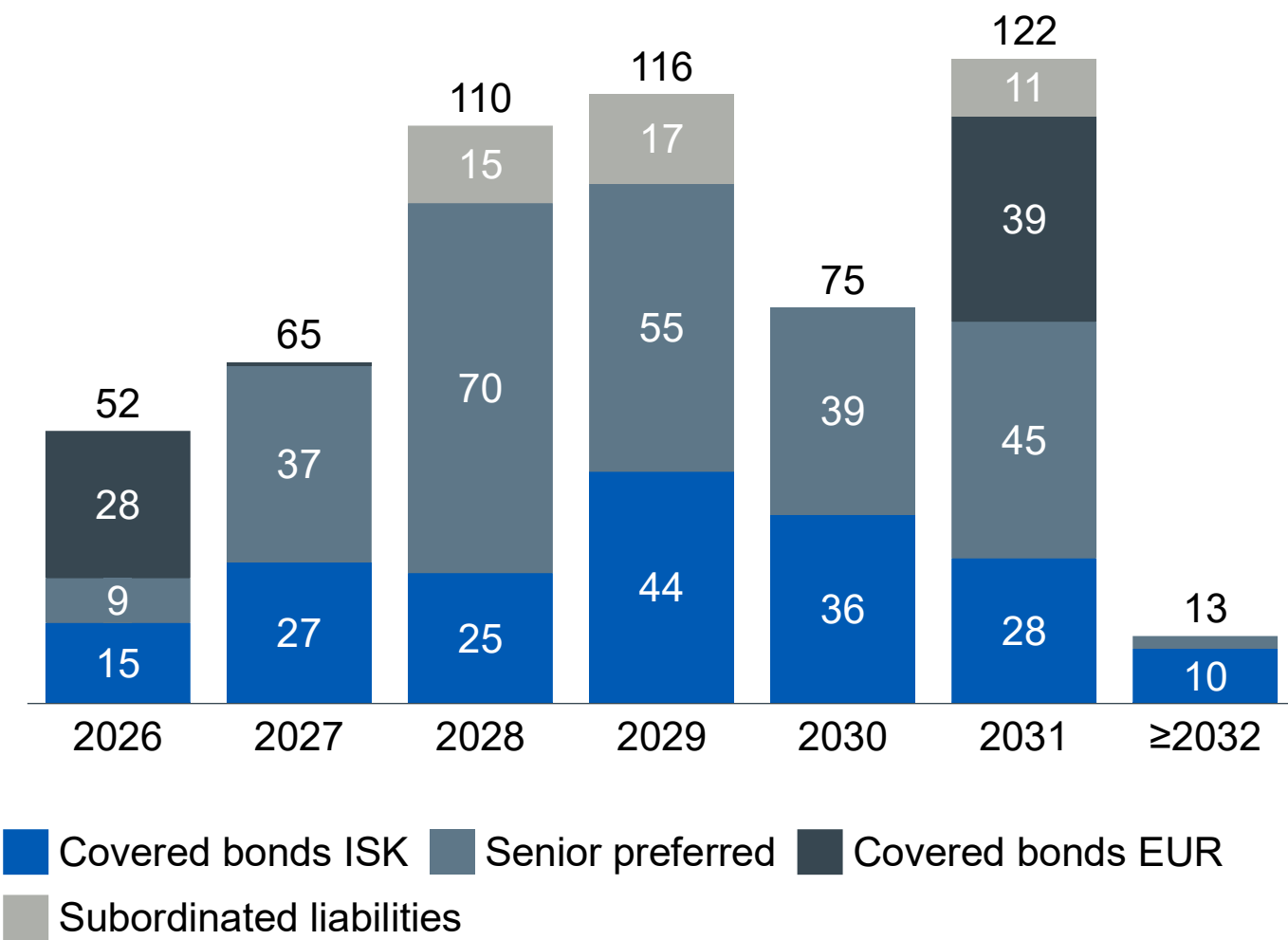
Robust funding profile and stable ratings

- All major refinancing needs for 2026 were successfully completed in 1H 2026
- No market issuance in Q3, reflecting a comfortable funding position with 2026 maturities pre-funded and relatively light refinancing needs in 2027
- The Bank maintains access to both international and domestic debt capital markets and will continue to access markets opportunistically
- Moody's ratings remain A3 / Aa1 (covered bonds), Stable outlook

Borrowings by type (ISK bn)



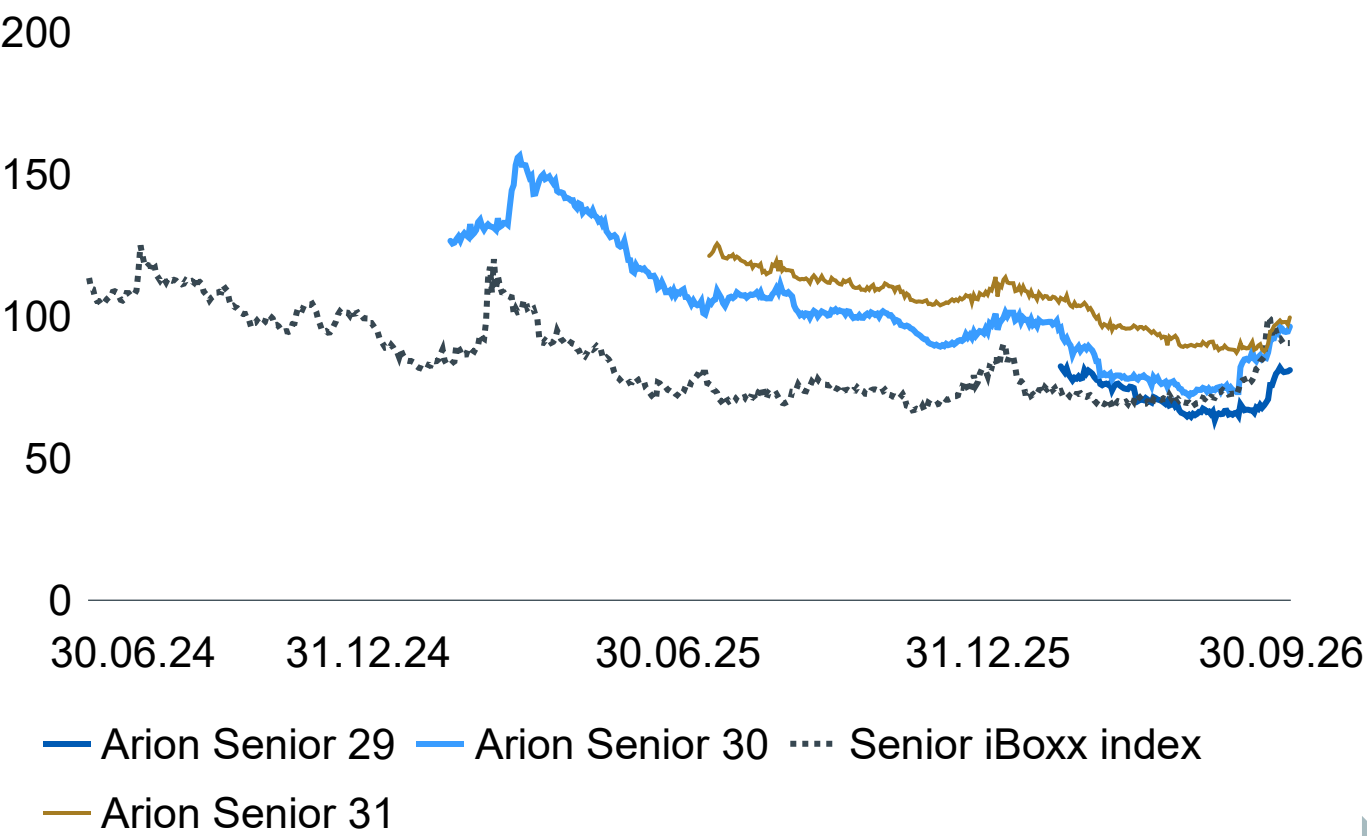
Maturities of borrowings and call dates on subordinated liabilities (ISK bn)



Ratings

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

Development of EUR funding spreads (bps)

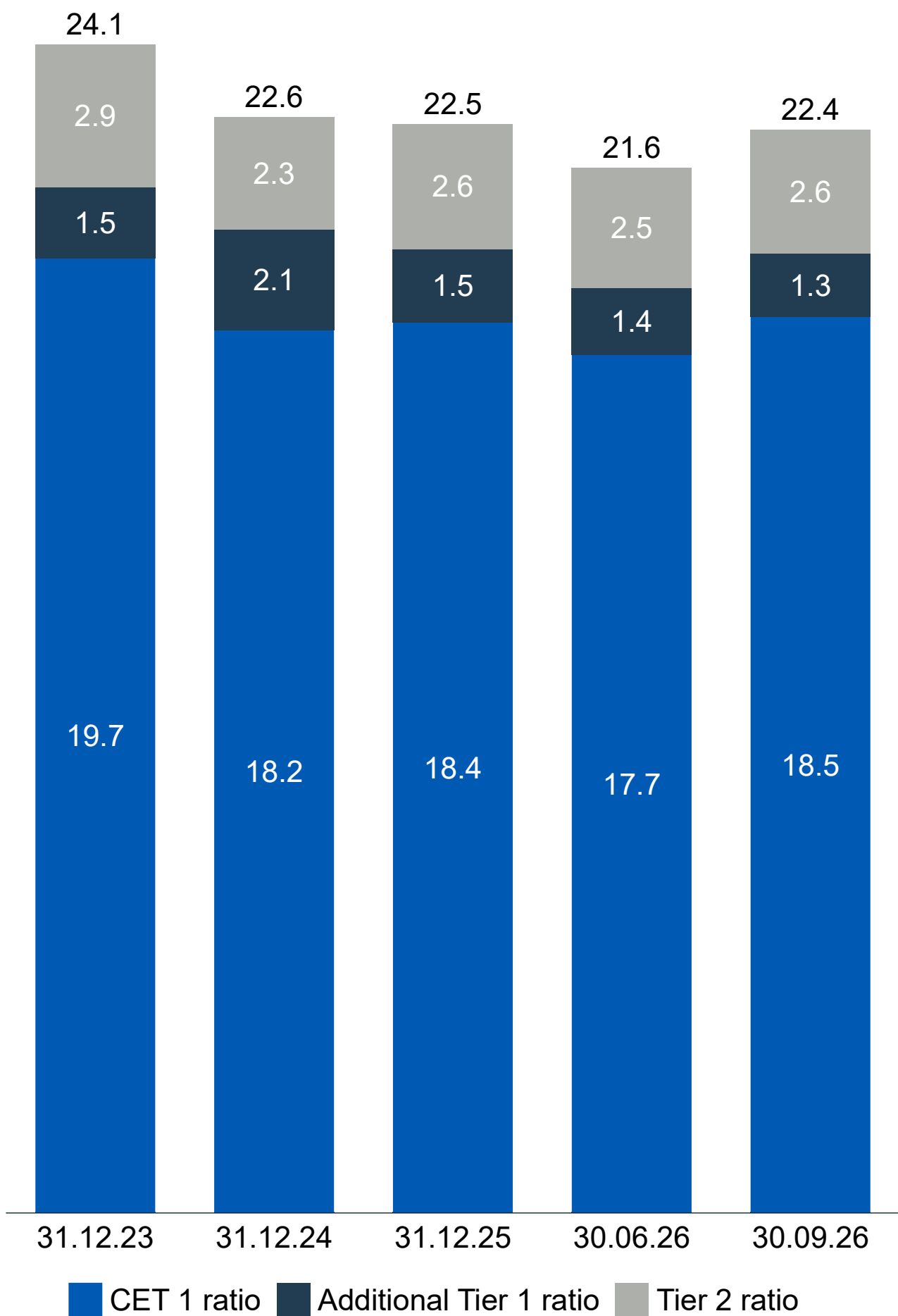


Own funds

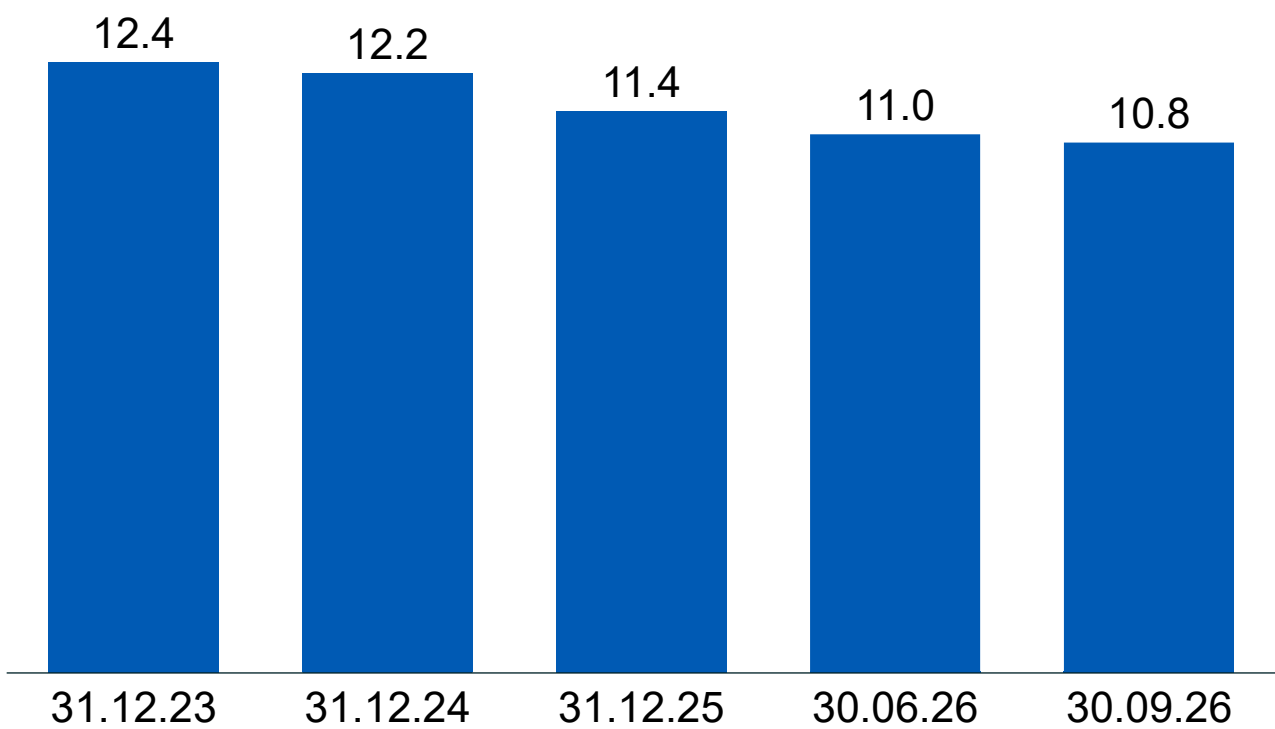
Strong capital position

- CET1 ratio of 18.5% and total capital ratio of 22.4%, compared to 17.7% and 21.6% at the end of Q2
- CET1 position is 320bps above regulatory requirement
- 9M net earnings of ISK 24.1bn are included in CET1 but foreseeable dividends of 50% of net earnings are subtracted from CET1
- Total risk-weighted exposure amount (REA) decreased by ISK 20bn or 1.9% during the quarter
- Leverage ratio of 10.8%, significantly above most international peers and regulatory requirement
- MREL position comfortable
 - The MREL requirements are 19.8% of REA
 - At the end of the quarter the ratio was 35.4%

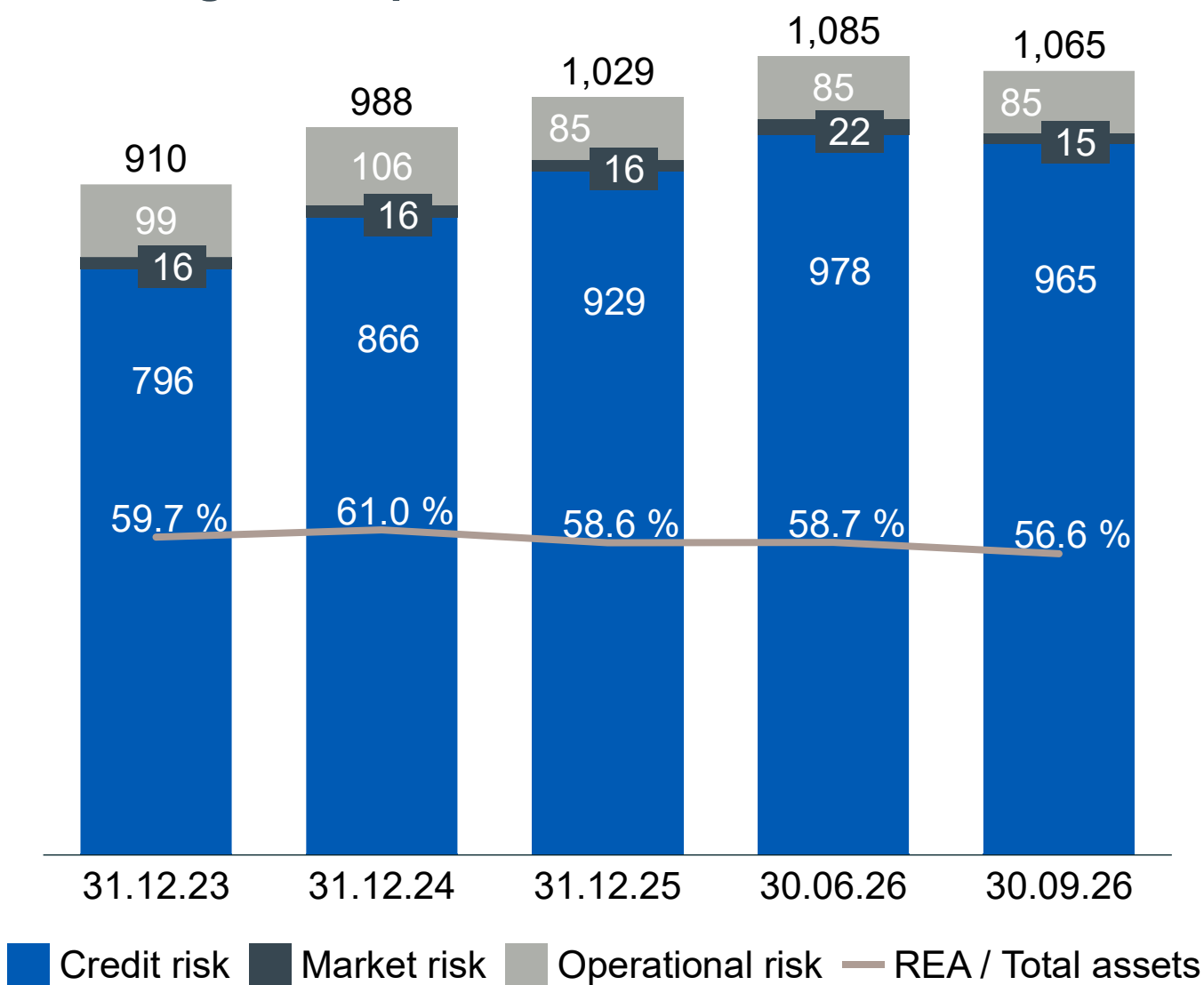
Capital ratio (%)



Leverage ratio (%)



Risk-weighted exposure amount (ISK bn)

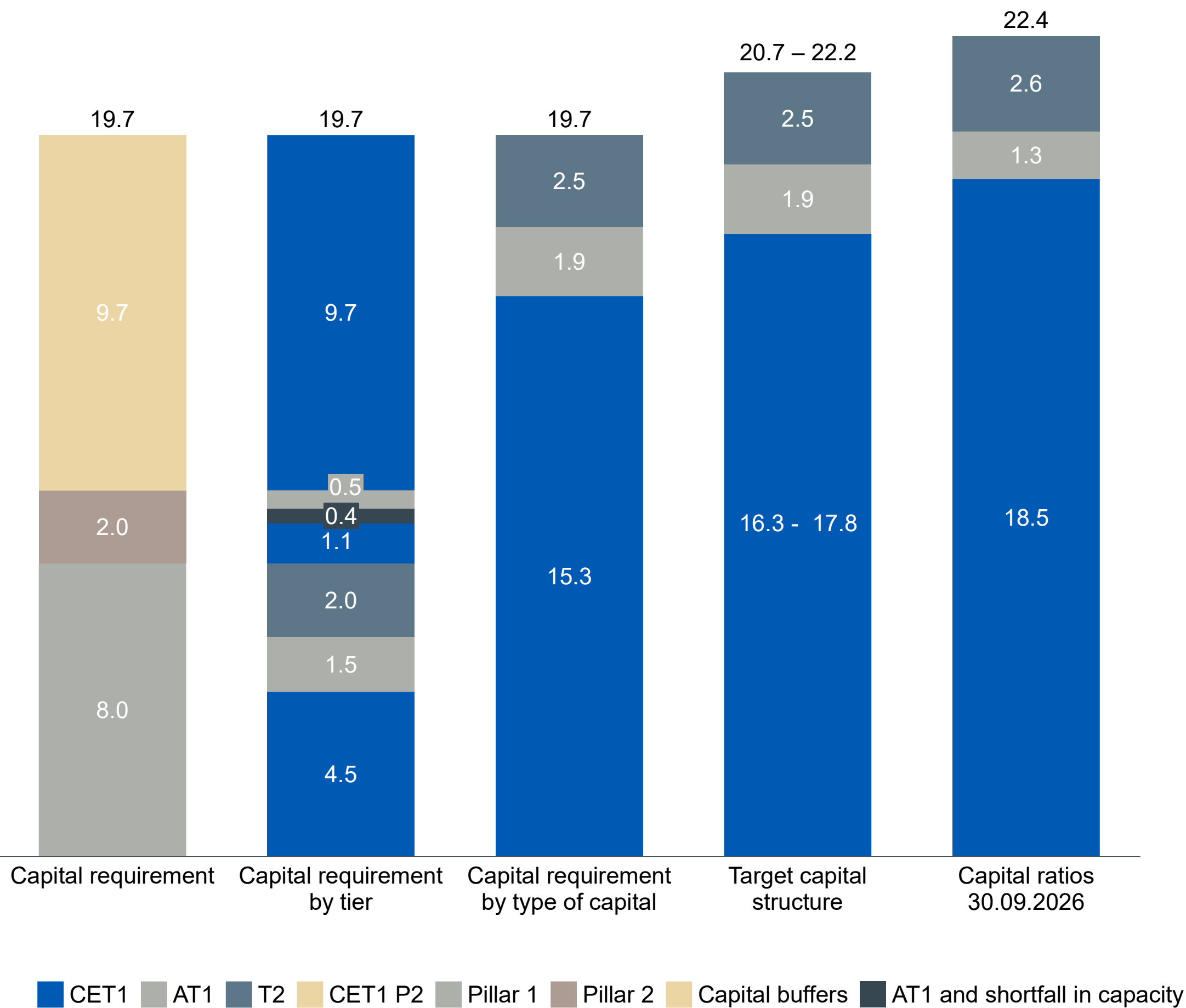


Own funds

The capital ratios continue to be strong with capacity for further optimization

- 9M net earnings of ISK 24.1bn are included in CET1 and foreseeable dividends of 50% thereof are deducted from the capital position presented
- On 30 June, the FSA presented the Bank with a Pillar 2 requirement of 2.0% as a result of the SREP process based on year-end 2025 financials
- The medium-term capital management buffer target is 100-250bps over regulatory requirements
- Further AT1 capacity of 0.6% of REA
- The solvency ratio of Vördur insurance is 159%

Own funds and capital requirements (%)



Going forward

Operational momentum

- Solid first nine months of the year, momentum continues
- Diversified and seasoned businesses support earnings through the cycle
- Very strong balance sheet position as we navigate the current economic cycle

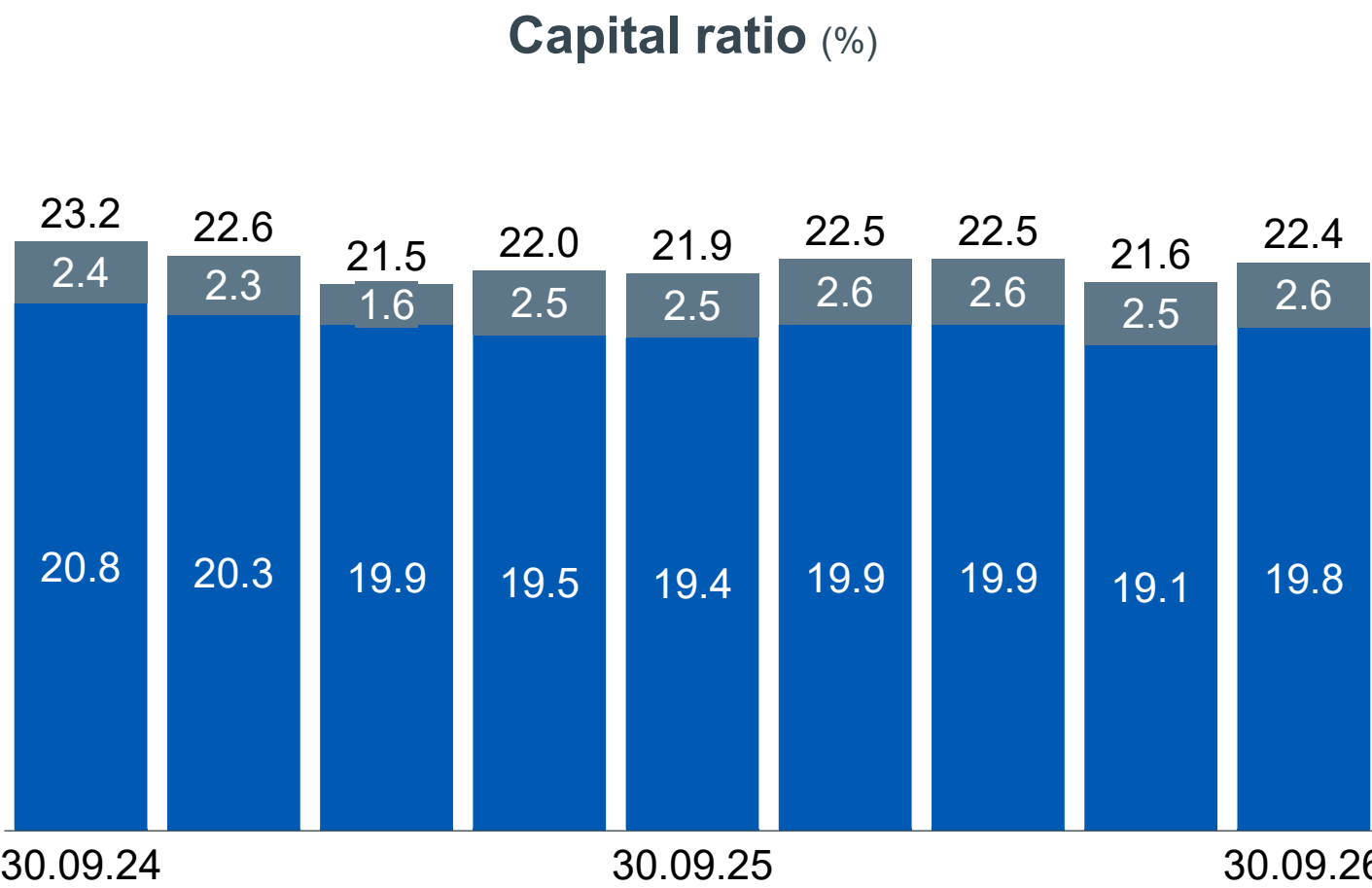
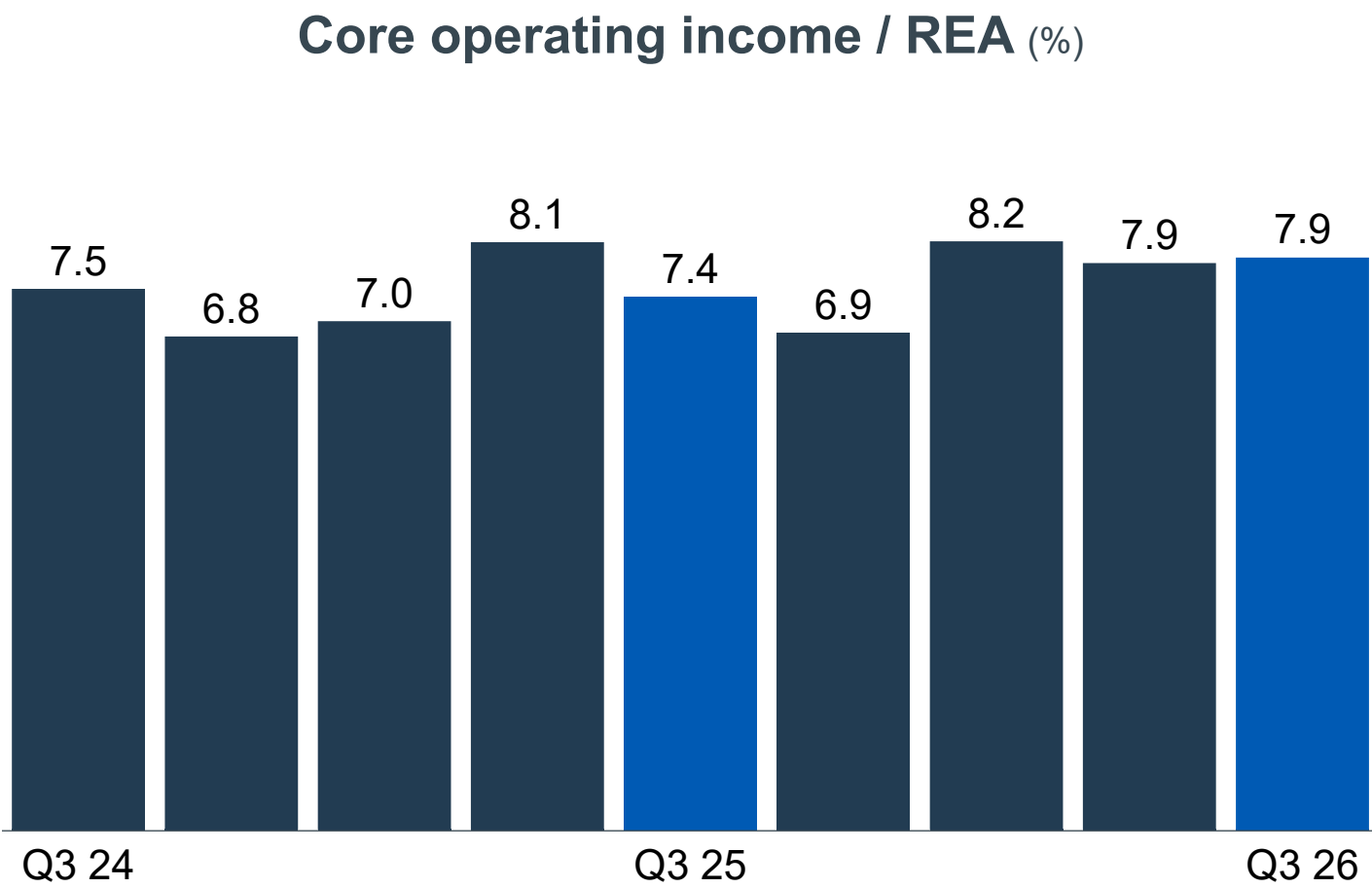
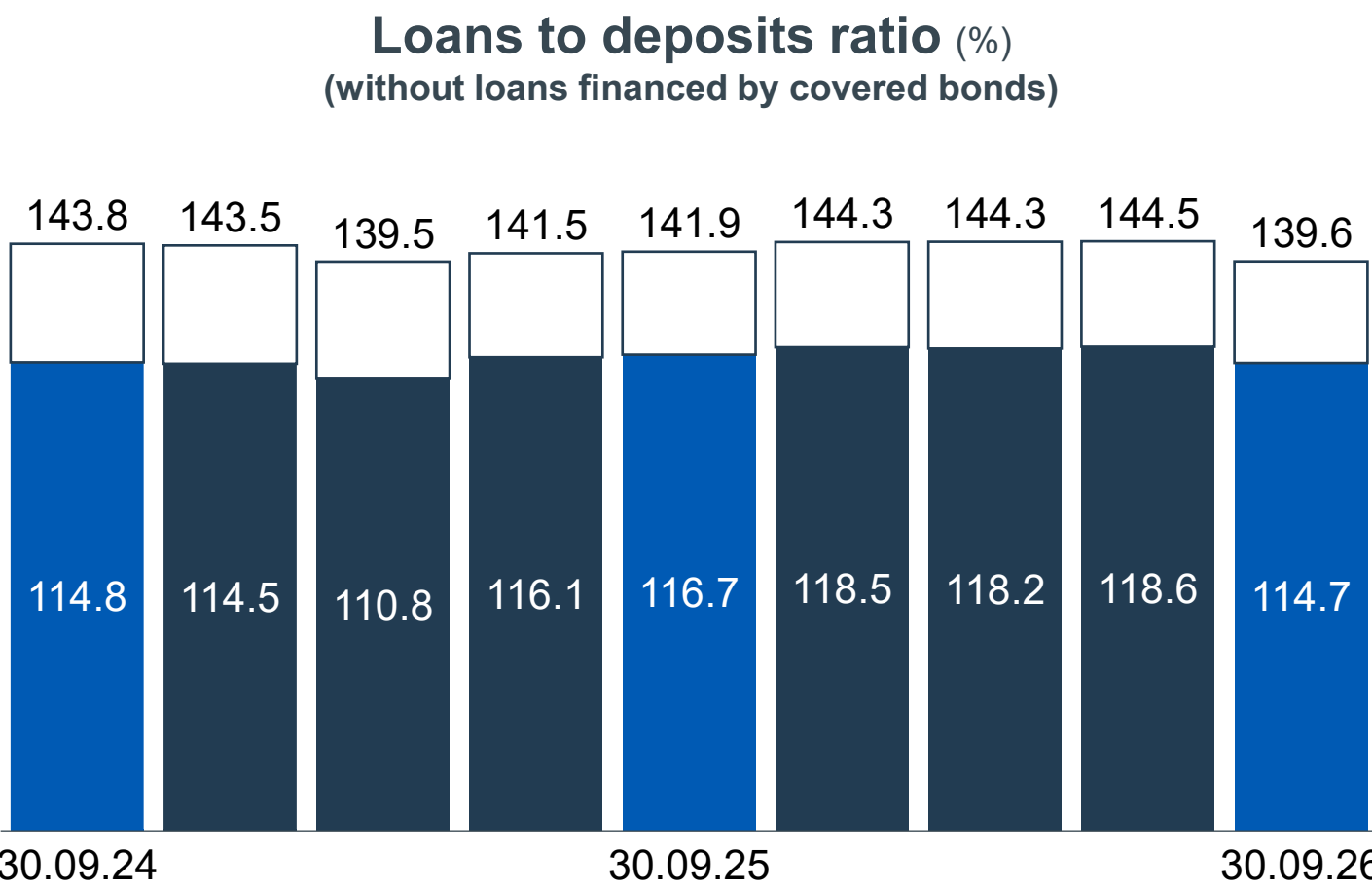
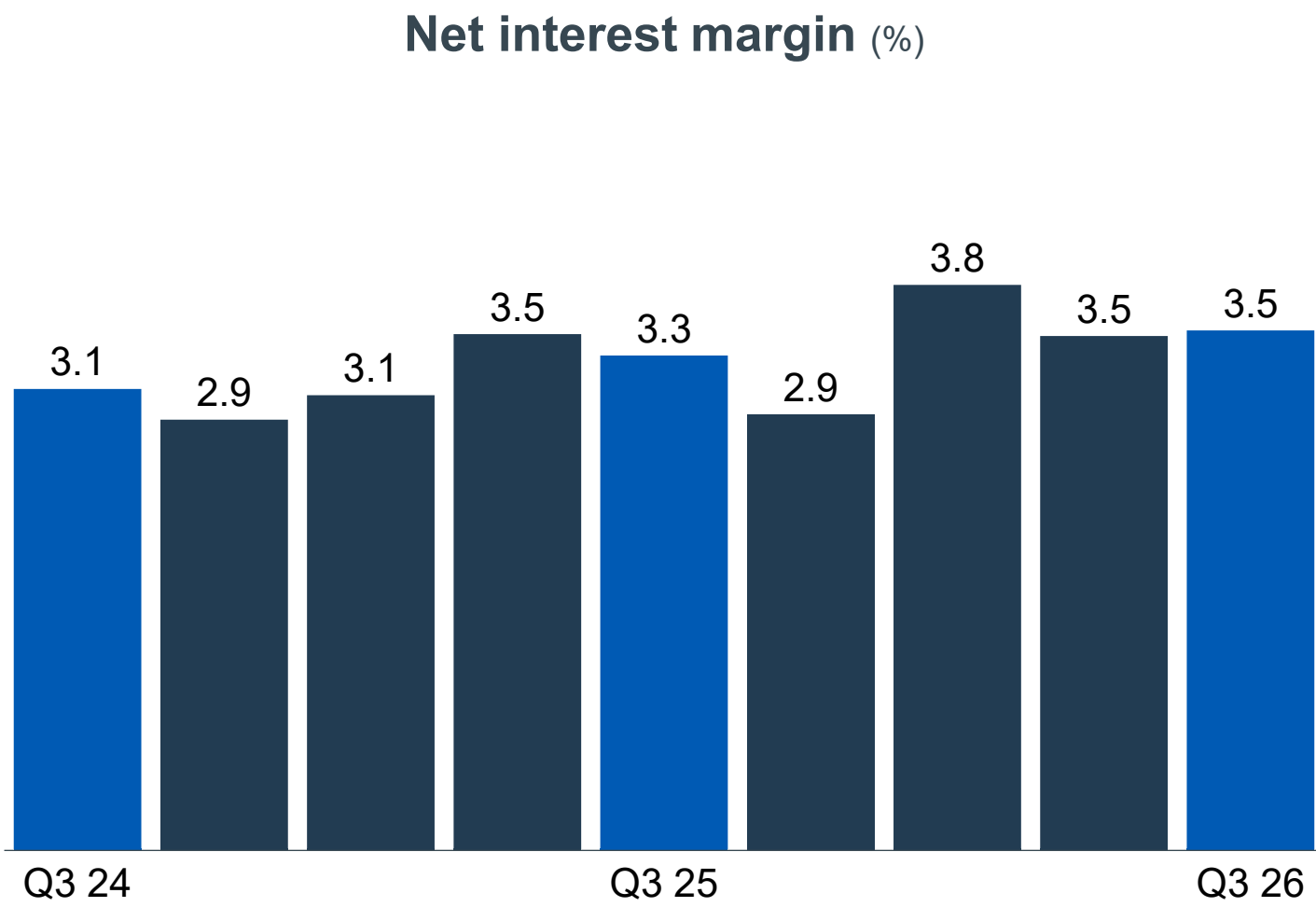
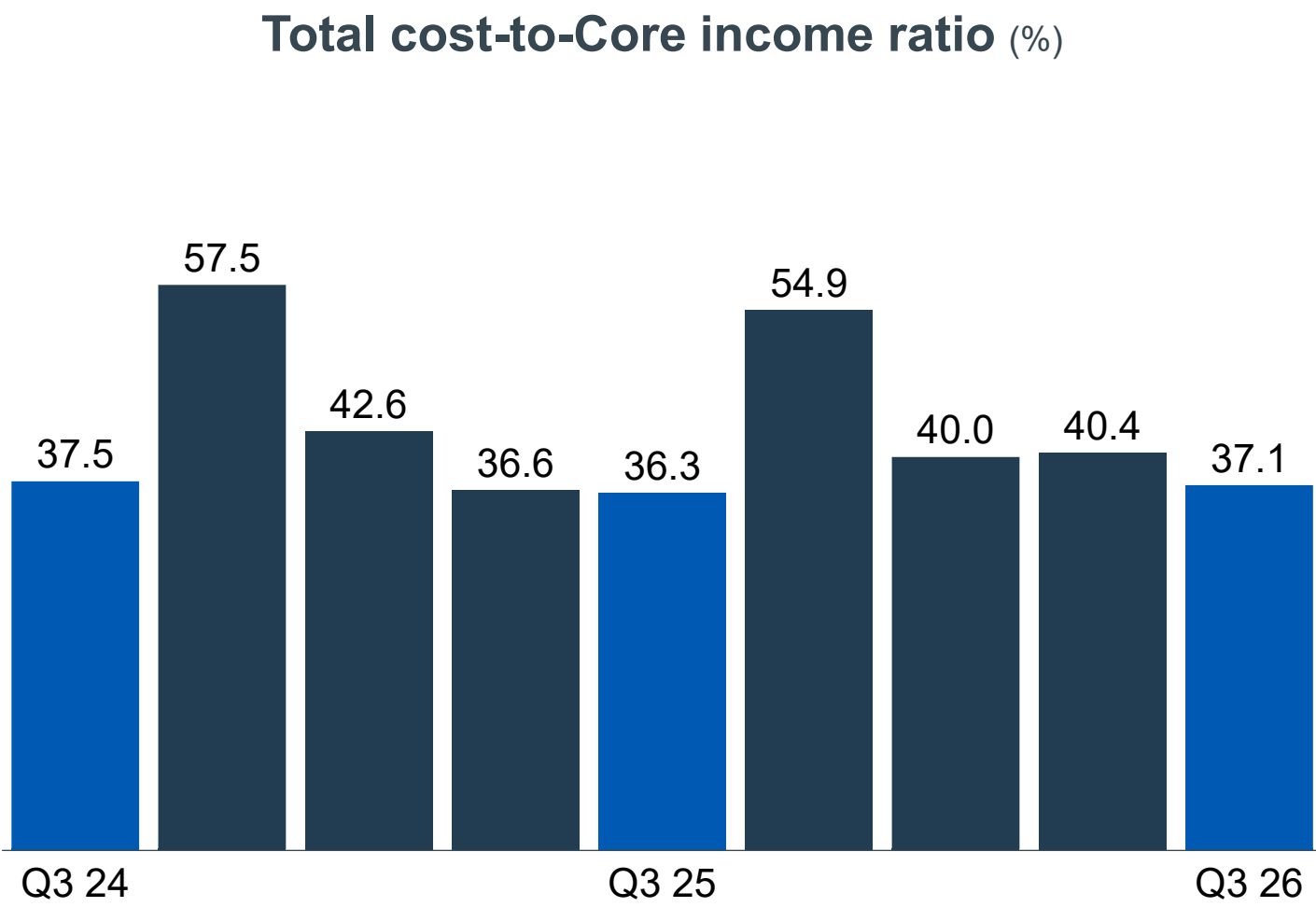
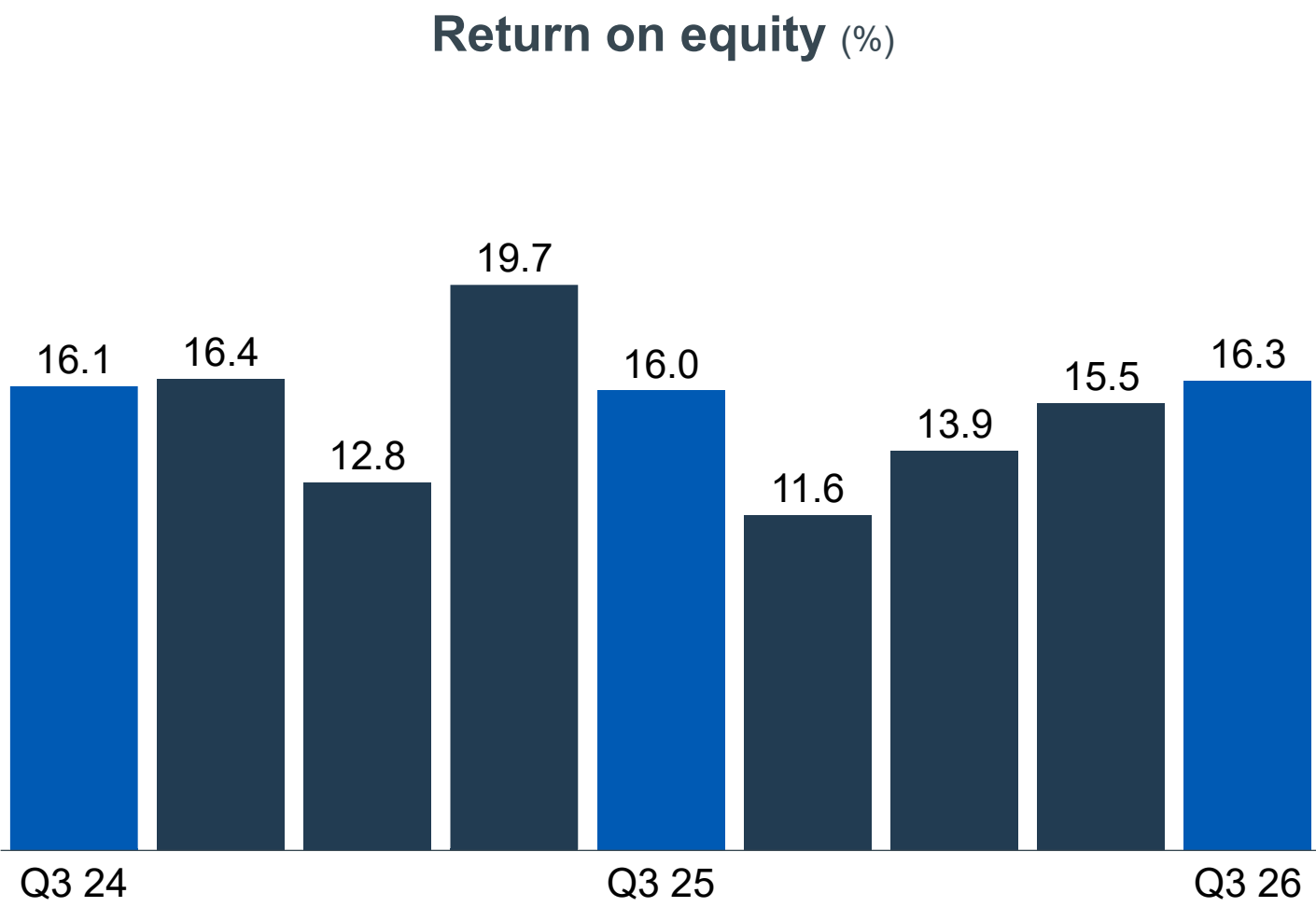
External environment

- Cautious stance amid macro and geopolitical uncertainty
- The prolonged elevated rate environment is impacting some of our clients and we continue to work closely and proactively with them through this period
- An increase in Icelandic bank levy expected from Q4 2026

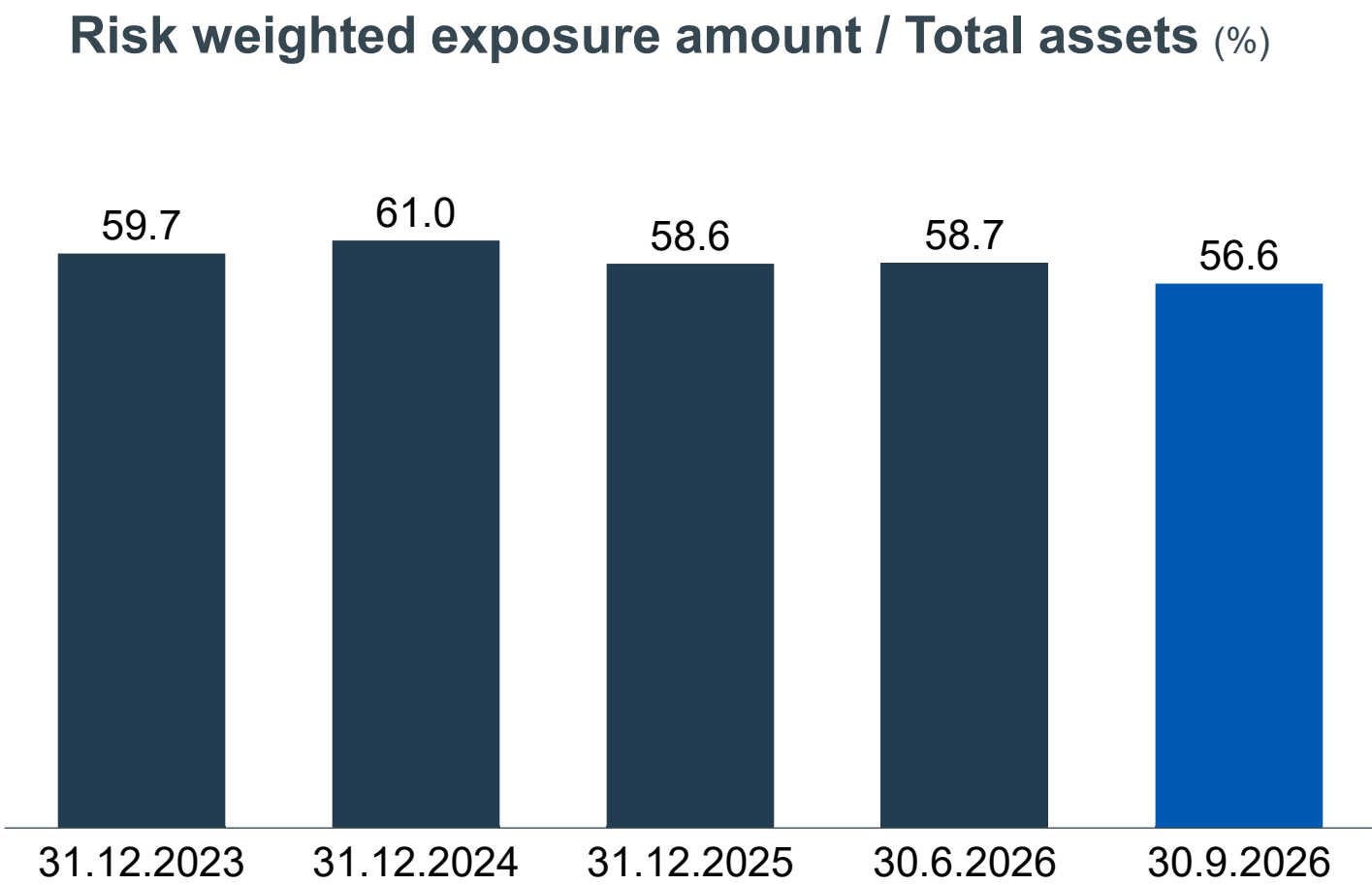
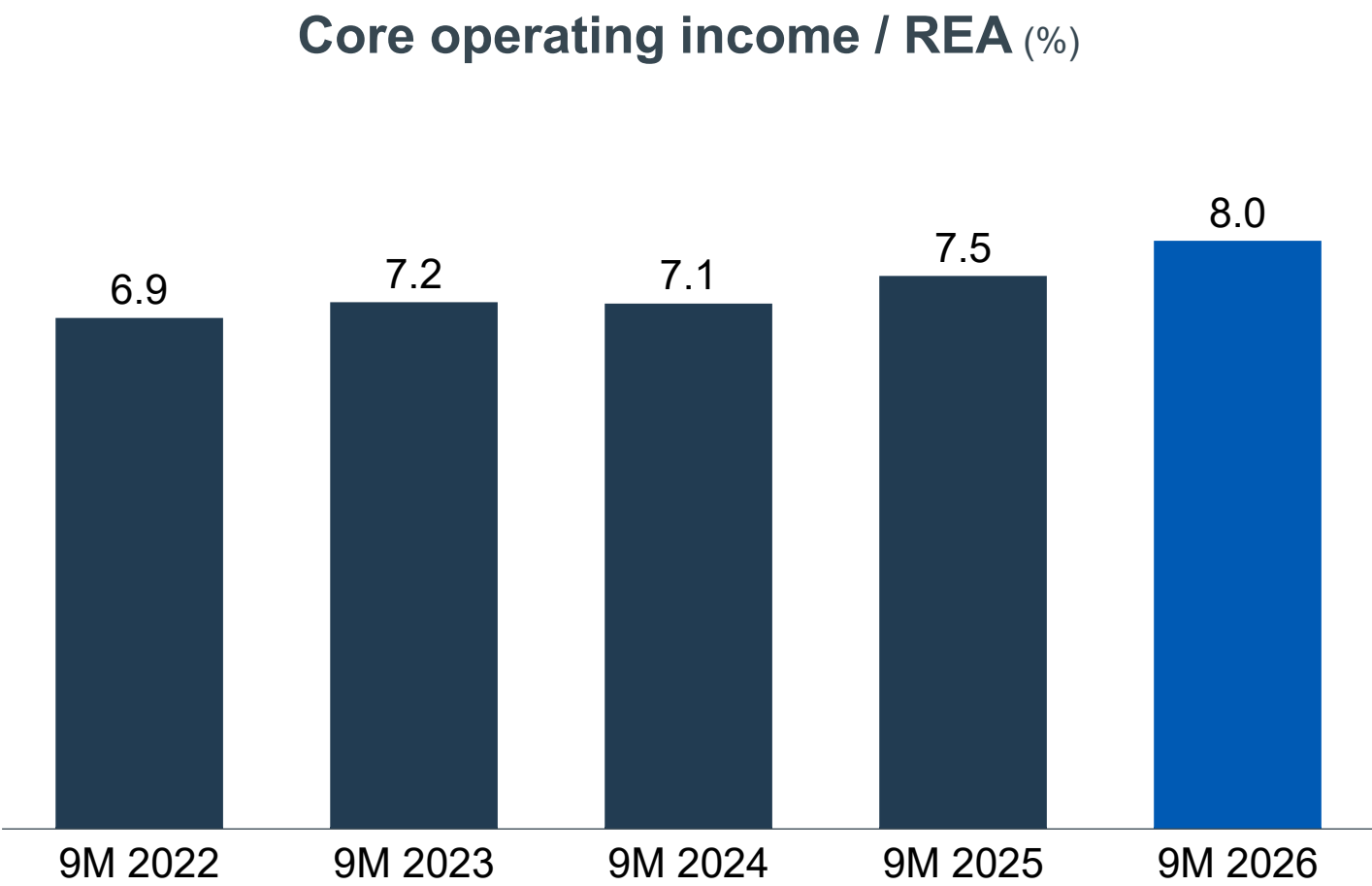
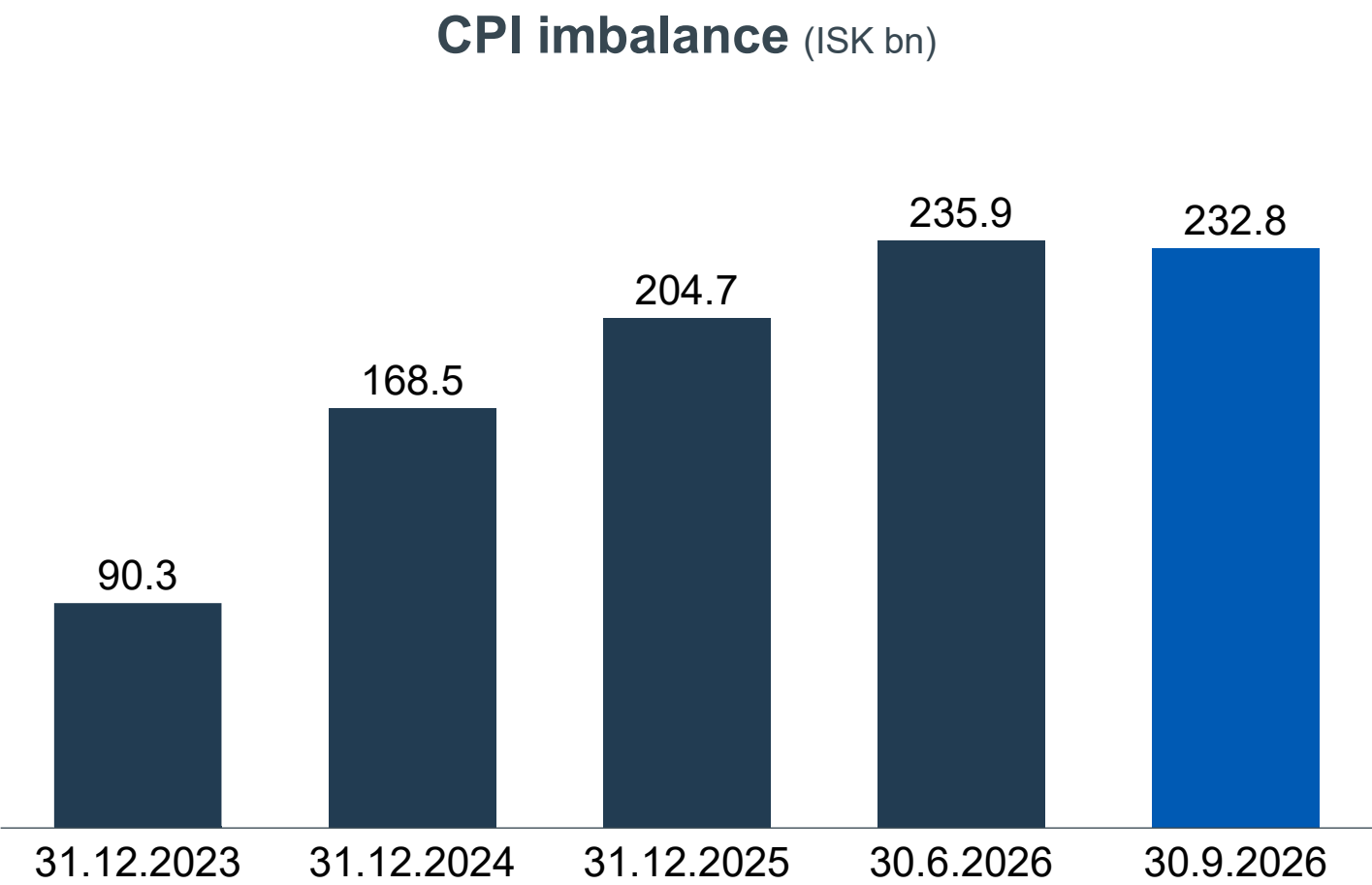
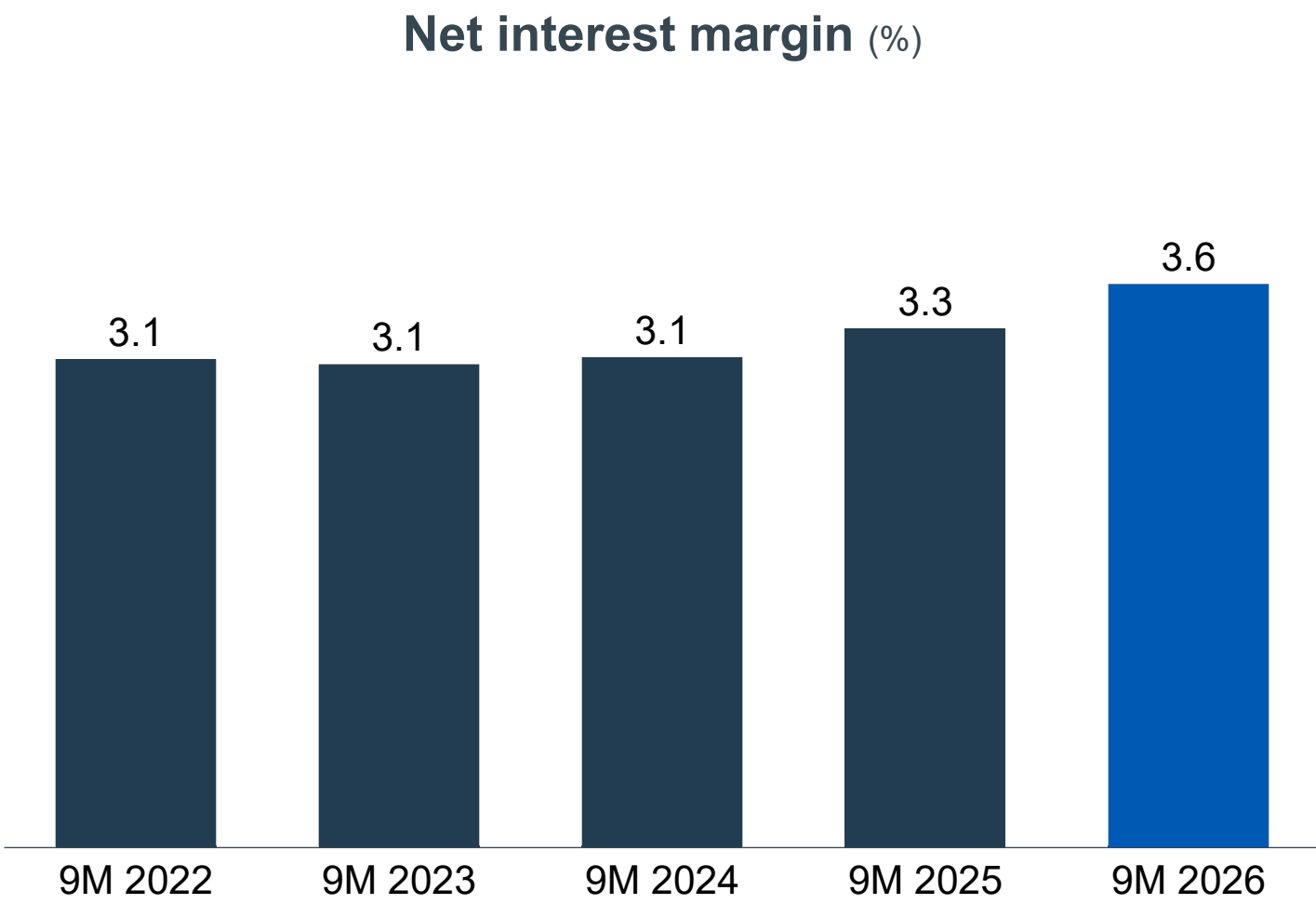
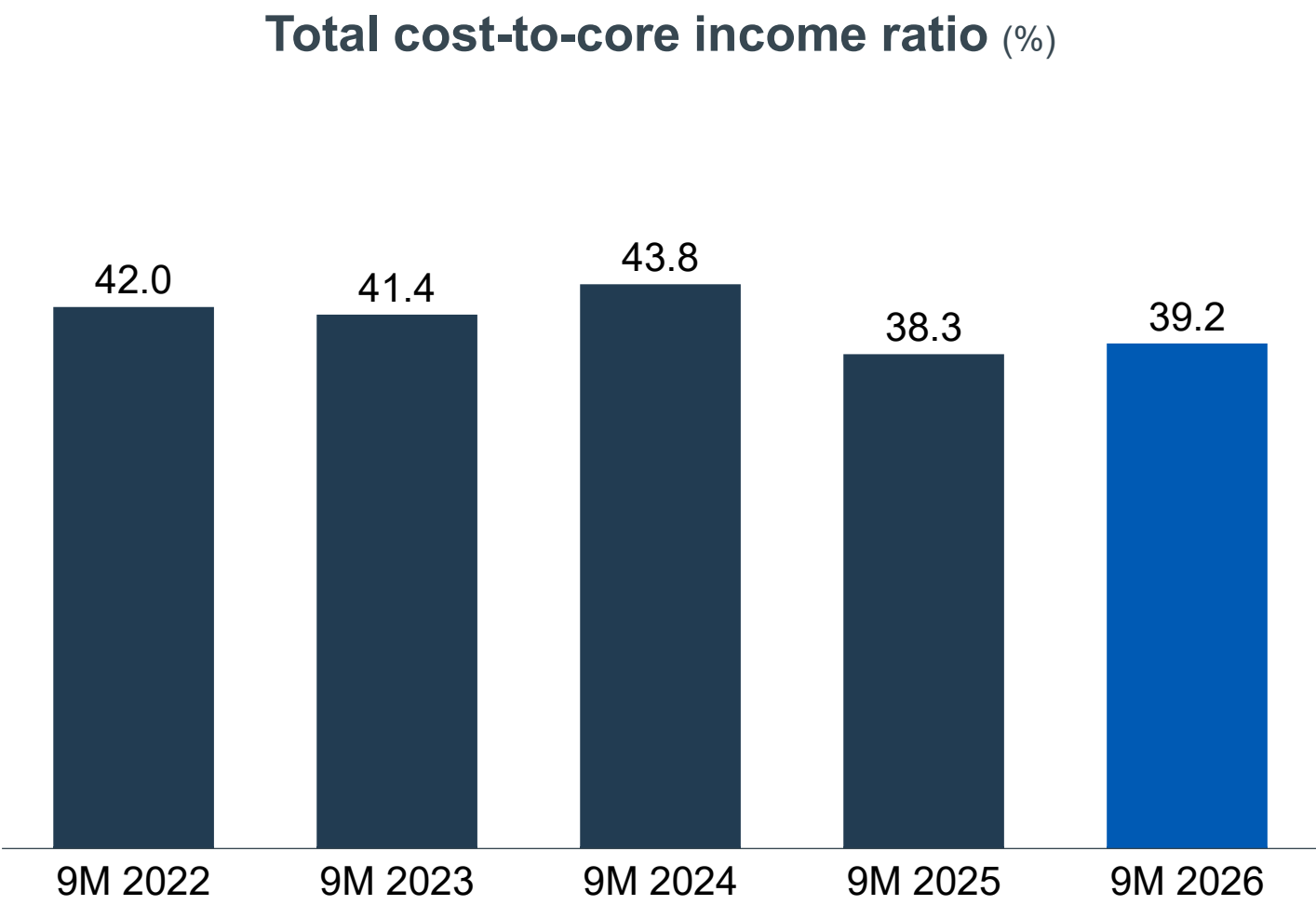
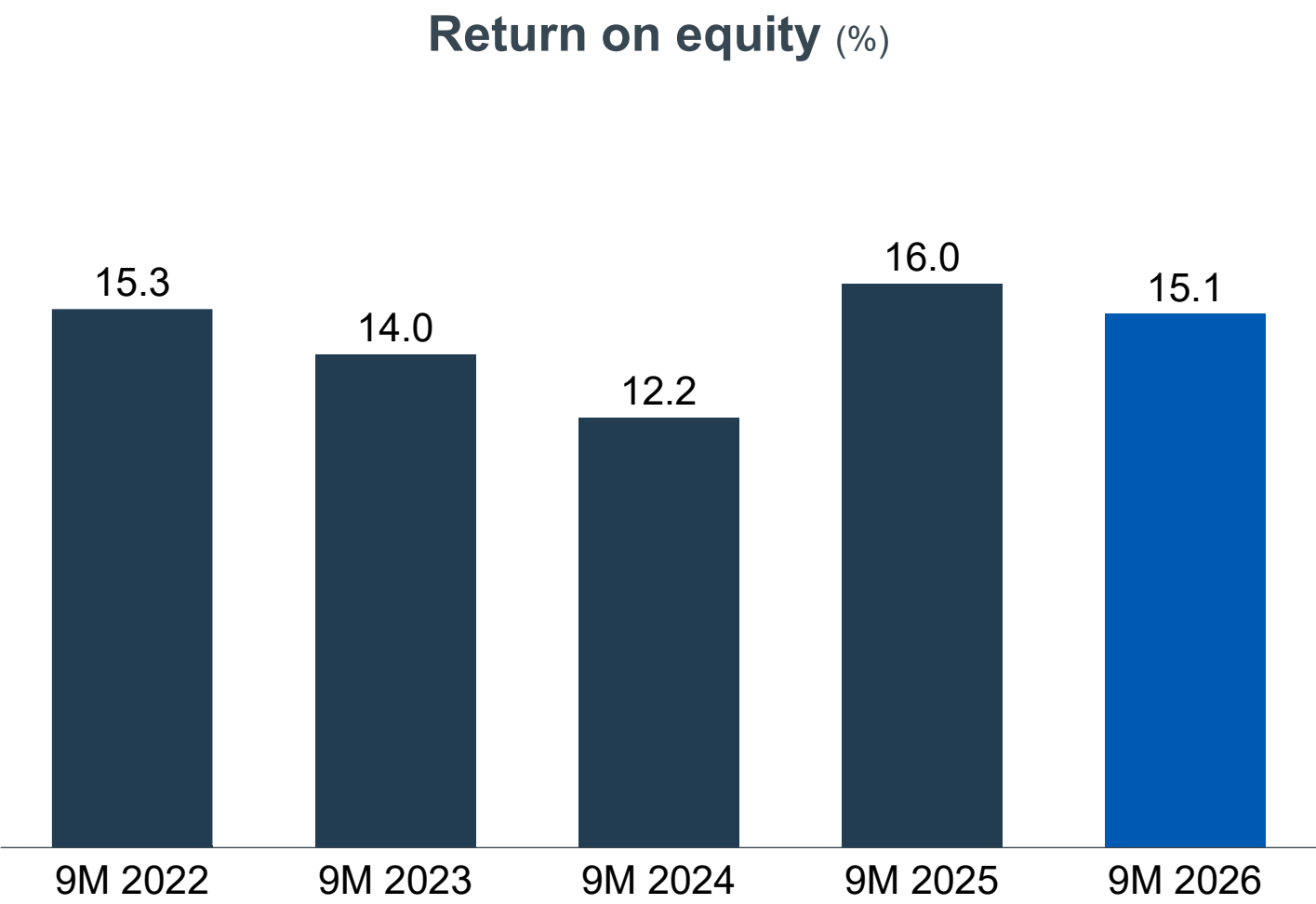
Strategic development

- Strategy and capital priorities unchanged
- Continued focus on targeted technology investments especially in AI and cyber security along with strict cost discipline
- Management will present update on business areas and strategic priorities in the upcoming CMD in March 2027

Key financial indicators - quarterly



Key financial indicators – 9M / Period end



Key figures*

Operations	9M 2026	9M 2025	9M 2024	9M 2023	9M 2022	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
Net interest income	47,333	40,192	35,056	33,338	29,578	15,811	15,219	16,303	12,350	13,826
Net commission income	11,640	13,092	11,224	12,486	12,195	3,777	3,987	3,876	4,055	4,003
Operating income	59,831	59,350	48,545	47,869	40,648	20,427	19,944	19,460	19,041	18,987
Operating expenses	(21,888)	(19,492)	(19,727)	(17,871)	(16,855)	(7,003)	(7,429)	(7,456)	(8,756)	(6,194)
Net earnings attributable to shareholders	24,078	24,400	17,822	19,501	20,986	8,706	8,054	7,318	6,226	8,229
Return on equity**	15.1%	16.0%	12.2%	14.0%	15.3%	16.3%	15.5%	13.9%	11.6%	16.0%
Net interest margin	3.6%	3.3%	3.1%	3.1%	3.1%	3.5%	3.5%	3.8%	2.9%	3.3%
Return on assets	1.8%	2.0%	1.5%	1.7%	2.1%	1.9%	1.8%	1.7%	1.4%	1.9%
Total cost-to-core income ratio	39.2%	38.3%	43.8%	41.4%	42.0%	37.1%	40.4%	40.0%	54.9%	36.3%
Cost-to-income ratio	36.6%	32.8%	40.6%	37.3%	41.5%	34.3%	37.2%	38.3%	46.0%	32.6%
Cost-to-total assets	1.6%	1.5%	1.7%	1.6%	1.6%	1.5%	1.6%	1.7%	2.0%	1.4%

Balance Sheet	30.09.2026	31.12.2025	31.12.2024	31.12.2023	31.12.2022	30.09.2026	30.06.2026	31.03.2026	31.12.2025	30.09.2025
Total assets	1,882,391	1,755,765	1,618,267	1,525,672	1,465,609	1,882,391	1,848,575	1,783,833	1,755,765	1,736,535
Loans to customers	1,414,774	1,329,056	1,230,058	1,152,789	1,084,757	1,414,774	1,417,655	1,352,240	1,329,056	1,301,708
Mortgages	605,546	576,828	570,842	549,371	513,605	605,546	597,969	588,123	576,828	577,551
Share of stage 3 loans, gross	2.5%	2.4%	2.3%	1.7%	1.2%	2.5%	2.5%	2.5%	2.4%	2.3%
REA/ Total assets	56.6%	58.6%	61.0%	59.7%	60.1%	56.6%	58.7%	58.4%	58.6%	60.9%
CET 1 ratio	18.5%	18.4%	18.2%	19.7%	18.8%	18.5%	17.7%	18.5%	18.4%	18.0%
Leverage ratio	10.8%	11.4%	12.2%	12.4%	11.8%	10.8%	11.0%	11.2%	11.4%	11.4%
Liquidity coverage ratio	194.7%	205.0%	180.6%	191.8%	158.5%	194.7%	237.0%	228.6%	205.0%	205.5%
Loans to deposits ratio	139.6%	144.3%	143.5%	145.4%	143.6%	139.6%	144.5%	144.3%	144.3%	141.9%

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

**Attributable to shareholders of Arion Bank



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