



Press Release

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Arion Bank: Medium term financial targets updated

The Board of Directors of Arion bank has approved new medium term financial targets following the update of the Bank's five year business plan. The following table presents the changes.

Medium term financial targets updated December 2021

	Previous	New
Return on equity	>10%	>13%
Operating income / REA	>6.7%	>7.3%
Insurance premium growth	-	Premium growth (net of reinsurance) to exceed the growth of the domestic market by more than 3 percentage points
Loan growth	The loan book will grow in line with economic growth, with growth in mortgage lending expected to outpace corporate lending	In line with nominal economic growth
Cost to income ratio	<45%	<45%
CET1 ratio	~17%	~17%
Dividend payout ratio*	50%	50%



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

* Pay-out ratio of approximately 50% of net earnings attributable to shareholders through either dividends or buy-back 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.

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Attachments

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