

Arion banki hf. - Forecast 2026-2035 and valuation as of 1 Jan 2026

Amounts are in million ISK / %	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Consolidated basis	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026	31/12/2027	31/12/2028	31/12/2029	31/12/2030	31/12/2031	31/12/2032	31/12/2033	31/12/2034	31/12/2035	
Statement of Comprehensive Income																
Net interest income	32.063	40.201	44.685	46.302	52.542	53.830	54.843	56.101	59.204	62.463	65.901	69.528	73.354	77.391	81.650	
Net fee and commission income	14.673	16.449	16.389	15.360	17.147	18.262	19.449	20.518	21.647	22.837	24.093	25.418	26.817	28.291	29.847	
Insurance service results	3.442	615	152	2.166	2.111	1.548	1.649	1.739	1.835	1.936	2.042	2.155	2.273	2.398	2.530	
Net financial income	6.220	-3.286	1.366	2.845	1.075	3.583	3.816	4.044	4.267	4.502	4.750	5.012	5.288	5.579	5.886	
Other operating income	1.827	1.314	1.589	-222	5.516	1.057	1.123	1.192	1.266	1.345	1.428	1.517	1.611	1.710	1.816	
Operating income	58.225	55.293	64.181	66.451	78.391	78.280	80.879	83.595	88.219	93.083	98.215	103.629	109.342	115.370	121.730	
Operating expenses	-25.875	-24.329	-25.701	-28.328	-28.248	-30.948	-31.841	-32.801	-34.613	-36.518	-38.528	-40.648	-42.884	-45.244	-47.734	
Net impairment	3.169	144	-1.348	-1.131	-3.053	-4.117	-4.384	-4.647	-4.902	-5.172	-5.456	-5.756	-6.073	-6.407	-6.759	
Income tax expense and bank levy	-8.298	-11.693	-11.391	-10.843	-14.564	-12.283	-12.734	-13.191	-13.928	-14.705	-15.523	-16.388	-17.299	-18.261	-19.277	
Discont. ops. and other comp. income (loss)	-381	6.421	678	336	406	0	0	0	0	0	0	0	0	0	0	
Total comprehensive income	26.840	25.836	26.419	26.485	32.932	30.931	31.919	32.956	34.775	36.688	38.707	40.837	43.085	45.457	47.960	
Operating income, chg. in %	14,7%	-5,0%	16,1%	3,5%	18,0%	-0,1%	3,3%	3,4%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	
Core op. income / risk-wtd. exposure amt.	6,2%	6,8%	7,1%	6,8%	7,3%	7,2%	7,0%	6,9%	6,9%	6,9%	6,9%	6,9%	6,9%	6,9%	6,9%	
Net interest margin on avg. total assets	2,6%	2,9%	3,0%	2,9%	3,1%	3,0%	2,9%	2,8%	2,8%	2,8%	2,8%	2,8%	2,8%	2,8%	2,8%	
Cost-to-core income 1)	44,4%	45,0%	44,7%	47,2%	42,3%	45,0%	45,0%	45,0%	45,0%	45,0%	45,0%	45,0%	45,0%	45,0%	45,0%	
Net impairment / loans	0,4%	0,0%	-0,1%	-0,1%	-0,2%	-0,3%	-0,3%	-0,3%	-0,3%	-0,3%	-0,3%	-0,3%	-0,3%	-0,3%	-0,3%	
Return on equity (ROE) 2)	14,7%	15,0%	14,9%	14,2%	17,2%	15,0%	14,6%	14,4%	14,4%	14,5%	14,5%	14,6%	14,6%	14,6%	14,7%	
Financial Position																
Loans to customers	936.237	1.084.757	1.152.789	1.230.058	1.329.056	1.415.445	1.507.449	1.590.358	1.677.828	1.770.108	1.867.464	1.970.175	2.078.535	2.192.854	2.313.461	
Financial instruments	225.657	193.329	205.706	206.417	215.816	229.844	244.784	258.247	272.451	287.435	303.244	319.923	337.519	356.082	375.667	
Other assets	151.970	187.523	167.177	181.792	210.893	187.603	197.172	209.170	220.814	233.032	245.921	259.524	273.880	289.031	305.022	
Total assets	1.313.864	1.465.609	1.525.672	1.618.267	1.755.765	1.832.891	1.949.404	2.057.775	2.171.093	2.290.576	2.416.630	2.549.621	2.689.933	2.837.967	2.994.150	
Deposits	655.476	755.361	792.710	857.443	921.182	976.657	1.040.139	1.097.347	1.157.701	1.221.375	1.288.550	1.359.421	1.434.189	1.513.069	1.596.288	
Borrowings	391.725	439.894	461.739	477.716	538.341	544.332	581.000	615.510	650.260	686.869	725.491	766.241	809.236	854.600	902.464	
Other liabilities	72.065	82.398	71.922	76.022	78.851	78.880	83.428	87.873	92.733	97.849	103.246	108.940	114.947	121.285	127.972	
Equity	194.598	187.956	199.301	207.086	217.391	233.022	244.836	257.045	270.398	284.483	299.343	315.020	331.561	349.013	367.426	
Total equity and liabilities	1.313.864	1.465.609	1.525.672	1.618.267	1.755.765	1.832.891	1.949.404	2.057.775	2.171.093	2.290.576	2.416.630	2.549.621	2.689.933	2.837.967	2.994.150	
Cash and cash equiv. / balance sheet PY	5,9%	8,7%	7,0%	8,1%	9,3%	7,0%	7,0%	7,0%	7,0%	7,0%	7,0%	7,0%	7,0%	7,0%	7,0%	
Loans to customers, change	13,8%	15,9%	6,3%	6,7%	8,0%	6,5%	6,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	
Deposits / loans to costumers	70,0%	69,6%	68,8%	69,7%	69,3%	69,0%	69,0%	69,0%	69,0%	69,0%	69,0%	69,0%	69,0%	69,0%	69,0%	
Dividend paid	2.857	22.489	12.357	13.058	16.114	15.300	20.105	20.747	21.421	22.604	23.847	25.160	26.544	28.005	29.547	
Dividend / owners' total comp. income	23,0%	83,8%	47,8%	49,4%	60,8%	49,3%	65,0%	65,0%	65,0%	65,0%	65,0%	65,0%	65,0%	65,0%	65,0%	
Total risk-weighted exposure amount (REA)	812.822	882.894	910.471	987.611	1.029.195	1.074.405	1.142.702	1.206.228	1.272.652	1.342.690	1.416.581	1.494.538	1.576.786	1.663.561	1.755.112	
CET1 ratio - goal 16.8-17.8%	19,6%	18,8%	19,7%	18,2%	18,4%	18,9%	18,6%	18,5%	18,5%	18,4%	18,4%	18,3%	18,3%	18,3%	18,2%	
Valuation - ISK																
Wtd. avg. shares (m)	1.593	1.491	1.447	1.426	1.389	1.384	1.384	1.384	1.384	1.384	1.384	1.384	1.384	1.384	1.384	
Comp. income to owners (million ISK)	26.840	25.836	26.419	26.485	31.051	30.931	31.919	32.956	34.775	36.688	38.707	40.837	43.085	45.457	47.960	
Owners' equity at year-end (million ISK)	193.925	187.307	198.798	206.582	217.327	232.958	244.772	256.981	270.334	284.419	299.279	314.956	331.497	348.949	367.362	
EPS (including OCI)	16,8	17,3	18,3	18,6	22,4	22,3	23,1	23,8	25,1	26,5	28,0	29,5	31,1	32,8	34,7	
DPS	1,8	15,1	8,5	9,2	11,6	11,1	14,5	15,0	15,5	16,3	17,2	18,2	19,2	20,2	21,3	
BPS	127,8	127,9	137,5	146,3	157,0	168,3	176,9	185,7	195,3	205,5	216,2	227,6	239,5	252,1	265,4	
Sensitivity analysis																
		Net interest margin 2026-2035														
		2,6%	2,8%	3,0%	Residual earnings ...	7,7	6,6	6,2	6,1	6,6	7,0	7,4	7,9	8,4	8,9	
					Discount rate	10,0%	1,1	1,2	1,3	1,5	1,6	1,8	1,9	2,1	2,4	
Cost/ income	48,0%	233,9	247,7	261,6	Present value of RE ..		6,0	5,1	4,6	4,5	4,3	4,2	4,0	3,9	3,6	
	45,0%	249,6	264,3	278,9	Total PV of RE											
2026-2035	42,0%	265,4	280,8	296,3	PV of CV											
					BV per share 1.1.2026	157,0	Continuing value (CV): RE 2035 x (1 + 4%) / (10% - 4%) =									163,6
					PV per share	264,3	Perpetuity growth rate									4,0%
					Value per share on 1.1.2026 in ISK											
					Outstanding shares ..											1.384 million
					Equity value											365.748
					Equity value on 1.1.2026 (ISK million)											
					Key figures											
	2021-2025	2026-2035														
OI chg. ...	9,1%	4,5%														
NIM	2,9%	2,8%														
COI / REA	6,8%	6,9%														
C/I ratio	44,7%	45,0%														
Avg. ROE .	15,2%	14,6%														
1) Opex (incl. insurance) / Core operating income																
2) ROE = Total comprehensive income ÷ [Equity at 1 Jan - (9/12 × Dividends) ± (6/12 × Other changes)]; Return on equity attributable to shareholders of Arion Bank was 16% in 2025.																