

Arion Bank Factbook

30.09.2016

Unaudited

KFI - 5 years

ISK million	9M 2016	2015	2014	2013	2012
Profitability					
Return on equity	11.2%	28.1%	18.6%	9.2%	13.8%
Return on assets	2.2%	5.0%	3.0%	1.4%	1.9%
Return on risk-weighted-assets	3.0%	6.7%	4.0%	1.9%	2.5%
Earnings per share	8.38	20.98	14.23	6.51	8.31
Earnings per share from continuing operations	8.10	20.80	10.82	6.31	7.51
Net interest margin					
Net interest margin on interest bearing assets	3.1%	3.0%	2.8%	2.9%	3.4%
Net interest margin on total assets	2.9%	2.7%	2.6%	2.6%	3.1%
Operation					
Cost-to-income ratio	56.7%	32.6%	50.1%	57.3%	49.8%
Cost-to-total assets ratio	2.9%	2.9%	2.9%	2.8%	2.8%
Number of FTE's at year end	1,189	1,147	1,139	1,145	1,190
Asset quality					
Problem loans	2.0%	2.5%	4.4%	6.3%	12.5%
Loans in >90 days overdue	1.4%	2.1%	3.6%	4.5%	6.0%
Provision for losses/Gross impaired loans	78.1%	75.8%	62.9%	58.2%	53.0%
Gross impaired loans/Gross loans	3.6%	4.7%	5.3%	6.5%	17.1%
Past due loans but not impaired as % of gross loans	5.8%	6.2%	7.2%	6.7%	6.5%
Risk weighted assets/Total assets	73.2%	79.9%	74.5%	76.8%	73.0%
Financial strength					
Equity as % of total assets	19.9%	20.0%	17.4%	15.4%	14.5%
Liquidity					
Liquidity coverage ratio (LCR) ¹	194.1%	134.5%	174.0%	123.0%	-
Loans-to-deposits ratio	165.7%	145.0%	142.3%	135.0%	126.3%
Loans-to-deposits ratio (without covered bonds)	129.3%	116.0%	114.0%	106.4%	98.4%
Deposits from customers as % of total funding	55.9%	67.4%	64.4%	64.1%	63.1%
Covered bonds as % of total funding	20.4%	19.5%	18.3%	18.1%	17.6%
Capital					
Tier 1 ratio	25.5%	23.4%	21.8%	19.2%	19.1%
Tier 2 ratio	0.6%	0.8%	4.5%	4.4%	5.2%
Capital adequacy ratio	26.1%	24.2%	26.3%	23.6%	24.3%
Leverage ratio ¹	17.4%	16.7%	15.4%	14.5%	-

1) Figures not available for 2012

Income statement - 5 year summary

ISK million	9M 2016	9M 2015	9M 2014	9M 2013	9M 2012
Interest income	46,246	42,808	40,036	43,363	43,463
Interest expense	(24,188)	(22,521)	(21,727)	(25,050)	(23,329)
Net interest income	22,058	20,287	18,309	18,313	20,134
Fee and commission income	17,436	15,609	13,679	11,881	12,089
Fee and commission expense	(7,223)	(4,883)	(3,560)	(3,597)	(4,036)
Net fee and commission income	10,213	10,726	10,119	8,284	8,053
Net financial income	4,339	10,176	5,861	954	1,050
Share of profit of associates	710	6,956	(27)	454	13
Other operating income	2,642	2,232	3,988	3,581	4,630
Operating income	39,962	50,377	38,250	31,586	33,880
Salaries and related expense	(12,252)	(10,320)	(10,026)	(9,439)	(8,813)
Other operating expenses	(10,393)	(9,016)	(8,598)	(8,744)	(8,061)
Bank Levy	(2,190)	(2,168)	(2,008)	(300)	(771)
Net impairment	6,827	(114)	2,877	(119)	479
Earnings before tax	21,954	28,759	20,497	12,984	16,713
Income tax	(5,261)	(3,639)	(4,456)	(2,851)	(3,375)
Net earnings from continuing operations	16,693	25,120	16,041	10,133	13,339
Net gain (loss) from discontinued operations, net of tax	569	277	6,592	(3)	1,198
Net earnings	17,262	25,397	22,633	10,130	14,537
Other comprehensive income					
Net gain on AFS financial assets, net of tax	(2,903)	-	-	-	-
Exchange difference on translating foreign subsidiaries	281	47	(4)	(2)	-
Total comprehensive income	14,640	25,444	22,629	10,128	14,537
Attributable to					
Shareholders of Arion Bank	14,154	25,606	22,365	10,228	14,176
Non-controlling interest	486	(162)	264	(100)	361
Total comprehensive income	14,640	25,444	22,629	10,128	14,537
Earnings per share from continuing operations					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)					
	8.10	12.64	7.89	5.12	6.49

Balance sheet - 5 year summary

ISK million	9M 2016	2015	2014	2013	2012
Assets					
Cash and balances with Central Bank	85,645	48,102	21,063	37,999	29,746
Loans to credit institutions	68,257	87,491	108,792	102,307	101,011
Loans to customers	715,907	680,350	647,508	635,774	566,610
Financial instruments	128,357	133,191	101,828	86,541	137,800
Investment property	5,113	7,542	6,842	28,523	28,919
Investments in associates	869	27,299	21,966	17,929	7,050
Intangible assets	11,077	9,285	9,596	5,383	4,941
Tax assets	241	205	655	818	463
Other assets	23,014	17,578	15,486	23,576	24,135
Total assets	1,038,480	1,011,043	933,736	938,850	900,675
Liabilities					
Due to credit institutions and Central Bank	9,375	11,387	22,876	28,000	32,990
Deposits	431,929	469,347	454,973	471,866	448,683
Financial liabilities at fair value	5,097	7,609	9,143	8,960	13,465
Tax liabilities	5,754	4,922	5,123	4,924	3,237
Other liabilities	52,565	49,461	47,190	43,667	42,117
Borrowings	326,754	256,058	200,580	204,568	195,085
Subordinated liabilities	-	10,365	31,639	31,918	34,220
Total liabilities	831,474	809,149	771,524	793,903	769,797
Equity					
Share capital and share premium	75,861	75,861	75,861	75,861	75,861
Other reserves	1,926	4,548	1,632	1,637	1,639
Retained earnings	129,153	112,377	83,218	62,591	49,572
Total shareholders equity	206,940	192,786	160,711	140,089	127,072
Non-controlling interest	66	9,108	1,501	4,858	3,806
Total equity	207,006	201,894	162,212	144,947	130,878
Total liabilities and equity	1,038,480	1,011,043	933,736	938,850	900,675

Net interest income - 5 year summary

ISK million	9M 2016	9M 2015	9M 2014	9M 2013	9M 2012
Interest income					
Cash and balances with Central bank	3,249	467	501	621	461
Loans	39,097	39,102	36,227	35,663	36,121
Securities	3,401	2,592	2,825	6,579	6,530
Other	499	647	483	500	351
Interest income	46,246	42,808	40,036	43,363	43,463
Interest expense					
Deposits	(12,515)	(11,968)	(12,808)	(14,417)	(12,943)
Borrowings	(11,061)	(9,854)	(7,876)	(9,555)	(9,095)
Subordinated loans	(529)	(604)	(974)	(996)	(1,169)
Other	(83)	(95)	(69)	(82)	(122)
Interest expense	(24,188)	(22,521)	(21,727)	(25,050)	(23,329)
Net interest income	22,058	20,287	18,309	18,313	20,134
Interest bearing assets					
Cash and balances with Central Bank	85,645	73,289	33,335	20,116	16,026
Loans	784,164	772,134	761,219	689,406	660,491
Securities	86,198	72,934	69,113	133,671	120,666
Interest bearing assets	956,006	918,358	863,668	843,193	797,183
Interest bearing liabilities					
Due to credit institutions and Central Bank	9,375	11,470	21,131	28,548	16,459
Deposits	431,929	503,155	482,518	471,768	454,405
Financial liabilities at fair value	5,097	5,511	6,038	9,834	11,122
Borrowings	326,754	248,172	191,947	206,065	192,412
Subordinated liabilities	-	10,378	31,205	32,809	32,502
Interest bearing liabilities	773,155	778,687	732,839	749,024	706,900
Interest Gap	182,852	139,671	130,829	94,169	90,283
Net interest margin on interest bearing assets	3.1%	3.0%	2.9%	2.9%	3.3%

Loans to customers - 5 year summary

ISK million	9M 2016	2015	2014	2013	2012
Loans to customers					
Individuals	334,647	324,619	321,311	310,491	242,773
Corporates	381,260	355,731	326,197	325,283	323,837
Total loans to customers	715,907	680,350	647,508	635,774	566,610
Loans to individuals					
Overdrafts	15,603	16,840	17,955	18,205	17,236
Credit cards	10,852	10,842	11,065	11,296	10,302
Mortgage loans	283,423	271,895	271,639	258,065	190,897
Other loans	35,314	38,058	33,763	36,133	43,560
Provision on loans	(10,545)	(13,016)	(13,111)	(13,208)	(19,222)
Total loans to individuals	334,647	324,619	321,311	310,491	242,773
Neither past due nor impaired	305,461	291,277	277,859	268,485	200,080
Past due but not impaired	25,092	26,532	32,847	34,607	22,845
Individually impaired (gross)	12,289	17,403	21,621	19,110	38,023
Impairment amount	(8,195)	(10,593)	(11,016)	(11,711)	(18,175)
Total loans to individuals	334,647	324,619	321,311	310,491	242,773
Ratios:					
Provision for losses/Gross impaired loans	85.8%	74.8%	60.6%	69.1%	50.6%
Past due loans but not impaired as % of gross loans	7.3%	7.9%	9.9%	10.7%	8.8%
Gross impaired loans/Gross loans	3.6%	5.2%	6.5%	5.9%	14.6%

Loans to customers - 5 year summary

ISK million	9M 2016	2015	2014	2013	2012
Loans to corporates					
Overdrafts	22,015	24,248	24,420	19,669	18,470
Credit cards	1,243	1,054	943	878	769
Mortgage loans	14,729	12,889	10,406	8,103	4,376
Other loans	358,004	334,849	303,998	312,651	340,781
Provision on loans	(14,731)	(17,309)	(13,570)	(16,018)	(40,559)
Total loans to corporates	381,260	355,731	326,197	325,283	323,837
Neither past due nor impaired	362,102	337,153	308,588	304,880	275,837
Past due but not impaired	17,475	17,302	15,114	9,789	17,851
Individually impaired (gross)	14,131	16,024	13,693	24,029	68,414
Impairment amount	(12,448)	(14,748)	(11,198)	(13,415)	(38,265)
Total loans to corporates	381,260	355,731	326,197	325,283	323,837
Ratios:					
Provision for losses/Gross impaired loans	104.2%	108.0%	99.1%	66.7%	59.3%
Past due loans but not impaired as % of gross loans	4.4%	4.7%	4.5%	2.9%	4.9%
Gross impaired loans/Gross loans	3.6%	4.3%	4.1%	7.1%	18.9%
Loans to corporates specified by sector:					
Agriculture and forestry	1.6%	1.6%	1.7%	1.4%	1.5%
Services	4.6%	5.6%	5.6%	6.1%	5.8%
Financial and insurance activities	9.3%	9.4%	8.5%	8.5%	7.6%
Industry, energy and manufacturing	7.5%	6.0%	7.8%	7.0%	7.0%
Information and communication technology	7.6%	8.7%	7.1%	7.4%	8.9%
Public administration, human health and social activities	2.4%	2.3%	2.4%	2.7%	3.1%
Real estate activities and construction	29.7%	28.8%	24.9%	25.5%	21.3%
Fishing industry	20.8%	21.3%	23.4%	18.7%	20.9%
Transportation	1.5%	1.7%	1.7%	5.8%	6.7%
Wholesale and retail trade	15.1%	14.6%	16.9%	16.9%	17.2%
	100.0%	100.0%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million	9M 2016	2015	2014	2013	2012
Capital base:					
Total equity	207,006	201,895	162,212	144,947	130,878
Non-controlling interest not eligible for inclusion in CET1 capital*	(66)	(9,108)	(1,501)	(4,858)	(3,806)
Intangible assets	(11,077)	(9,285)	(9,596)	(5,383)	(4,941)
Tax assets	(241)	(205)	(655)	(818)	(463)
Other statutory deductions	(1,699)	(3,151)	(111)	(119)	-
Common equity Tier 1 capital	193,923	180,145	150,349	133,769	121,668
Non-controlling interest not eligible for inclusion in CET1 capital	66	9,108	1,501	4,858	3,806
Tier 1 capital	193,989	189,254	151,850	138,627	125,474
Subordinated liabilities	-	10,365	31,639	31,918	34,220
Regulatory adjustment to Tier 2 capital	-	(771)	-	-	-
Equity holdings in financial sector entities	-	(3,118)	(101)	(106)	-
General credit risk adjustments	4,633	-	-	-	-
Tier 2 Capital	4,633	6,476	31,538	31,812	34,220
Total Capital base	198,622	195,729	183,388	170,439	159,694
Risk weighted assets					
Credit Risk	663,903	681,034	591,994	608,029	557,964
Market Risk FX	2,578	38,401	18,915	31,703	20,063
Market Risk Other	10,926	7,035	2,890	4,993	7,407
Credit valuation adjustment	815	-	-	-	-
Operational Risk	81,441	81,441	82,211	76,097	72,329
Total risk weighted assets	759,663	807,911	696,010	720,822	657,763
Of which domestic	691,293	694,803	-	-	-
Capital ratios					
CET1 ratio using current RWA ¹	25.5%	22.3%	21.6%	-	-
Tier 1 ratio	25.5%	23.4%	21.8%	19.2%	19.1%
Capital adequacy ratio	26.1%	24.2%	26.3%	23.6%	24.3%
Leverage ratio²					
On-balance sheet exposures	1,010,192	982,348	912,303	921,079	-
Derivative exposures	7,298	3,789	1,348	1,929	-
Securities financing transaction exposures	12,683	16,287	10,044	10,381	-
Off-balance sheet exposures	83,711	127,675	59,922	25,199	-
Total exposure	1,113,884	1,130,099	983,617	958,588	-
Tier 1 capital	193,989	189,253	151,850	138,627	125,474
Leverage ratio	17.4%	16.7%	15.4%	14.5%	-
Related ratios					
RORWA	3.02%	7.02%	4.00%	1.86%	2.52%
RWA/Total assets	73.15%	79.91%	74.54%	76.78%	73.03%

1) Figures not available for 2013 and 2012

2) Figures not available for 2012

Arion Bank Factbook

Quarter summaries



KFI - 9 Quarters

ISK million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Profitability									
Return on equity	14.4%	13.3%	5.7%	51.6%	14.2%	10.2%	35.1%	14.8%	13.3%
Return on assets	2.9%	2.7%	1.1%	10.0%	2.5%	1.8%	6.3%	2.6%	2.2%
Return on risk-weighted-assets	4.0%	3.7%	1.5%	12.5%	3.3%	2.4%	8.4%	3.3%	2.9%
Earnings per share	3.75	3.39	1.24	8.21	3.13	2.22	7.43	3.05	2.55
Earnings per share from continuing operations	3.65	3.26	1.19	8.16	3.12	2.18	7.34	2.93	2.52
Net interest margin									
Net interest margin on interest bearing assets	3.1%	3.1%	3.1%	2.9%	3.1%	3.3%	2.6%	2.8%	2.9%
Net interest margin on total assets	2.9%	2.9%	2.9%	2.7%	2.9%	3.0%	2.4%	2.5%	2.7%
Operation									
Cost-to-income ratio	57.8%	52.6%	60.7%	24.5%	43.1%	47.5%	29.3%	53.5%	45.0%
Cost-to-total assets ratio	2.8%	3.1%	2.9%	3.5%	2.5%	2.7%	2.6%	3.6%	2.4%
Number of FTE's at period end	1,189	1,199	1,163	1,147	1,151	1,123	1,112	1,120	1,135
Asset quality									
Problem loans	2.0%	1.9%	2.1%	2.5%	3.2%	3.3%	3.2%	4.4%	4.6%
Loans in >90 days overdue	1.4%	1.4%	1.6%	2.6%	2.6%	3.6%	3.6%	3.6%	3.6%
Provision for losses/Gross impaired loans	78.1%	74.4%	72.9%	75.8%	66.2%	65.7%	66.7%	62.9%	57.7%
Gross impaired loans/Gross loans	3.6%	3.8%	3.7%	4.7%	4.4%	4.7%	4.9%	5.3%	6.0%
Past due loans but not impaired as % of gross loans	5.8%	6.2%	6.1%	6.2%	6.9%	10.0%	7.1%	7.2%	6.1%
Risk weighted assets/Total assets	73.2%	71.8%	71.5%	79.9%	73.3%	74.5%	72.5%	74.5%	77.4%

KFI - 9 Quarters

ISK million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Financial strength									
Equity as % of total assets	19.9%	20.2%	19.9%	20.0%	17.3%	17.3%	17.6%	17.4%	17.0%
Liquidity									
Liquidity coverage ratio (LCR) ¹	194.1%	179.8%	153.4%	134.5%	145.0%	138.0%	192.0%	174.0%	137.1%
Loans-to-deposits ratio	165.7%	168.6%	160.2%	145.0%	134.9%	141.2%	137.7%	142.3%	135.2%
Loans-to-deposits ratio (without covered bonds)	129.3%	132.5%	125.9%	116.0%	108.6%	115.2%	110.1%	114.0%	109.6%
Deposits from customers as % of total funding	55.9%	69.5%	70.2%	67.4%	65.2%	64.0%	62.0%	64.4%	66.4%
Covered bonds as % of total funding	20.4%	25.1%	24.1%	19.5%	17.2%	16.6%	17.2%	18.3%	17.0%
Capital									
Official CET 1 ratio	24.5%	26.8%	25.8%	23.4%	21.4%	21.8%	19.1%	21.8%	20.3%
Tier 2 ratio	0.7%	1.0%	0.8%	0.8%	1.3%	1.4%	2.8%	4.5%	4.3%
Official capital adequacy ratio	25.2%	27.8%	26.6%	24.2%	22.7%	23.2%	21.9%	26.3%	24.6%
Leverage ratio ¹	17.4%	18.1%	17.3%	16.7%	15.0%	15.4%	14.5%	15.4%	-

1) Figures not available for Q3 2014

Income statement - 9 quarter summary

ISK million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Interest income	14,851	16,525	14,870	11,738	15,148	16,016	11,644	10,835	13,155
Interest expense	(7,419)	(9,172)	(7,597)	(5,033)	(8,036)	(8,624)	(5,861)	(4,924)	(6,812)
Net interest income	7,432	7,353	7,273	6,705	7,112	7,392	5,783	5,911	6,343
Fee and commission income	6,191	6,005	5,240	5,625	5,373	5,179	5,057	4,768	4,762
Fee and commission expense	(2,725)	(2,477)	(2,021)	(1,867)	(2,081)	(1,502)	(1,300)	(1,578)	(1,236)
Net fee and commission income	3,466	3,528	3,219	3,758	3,292	3,677	3,757	3,190	3,526
Net financial income	844	3,796	(301)	2,668	453	2,184	7,539	1,429	1,994
Share of profit of associates	16	17	677	22,510	2,739	6	4,211	3,525	53
Other operating income	781	626	1,235	537	709	1,032	491	1,683	636
Operating income	12,539	15,320	12,103	36,178	14,305	14,291	21,781	15,738	12,552
Salaries and related expense	(3,826)	(4,318)	(4,108)	(4,572)	(3,153)	(3,675)	(3,492)	(3,953)	(2,862)
Other operating expenses	(3,423)	(3,736)	(3,234)	(4,288)	(3,012)	(3,108)	(2,896)	(4,465)	(2,787)
Bank Levy	(705)	(743)	(742)	(650)	(779)	(659)	(730)	(636)	(633)
Net impairment	5,882	1,448	(503)	(2,973)	(33)	(1,863)	1,782	(742)	876
Earnings before tax	10,467	7,971	3,516	23,695	7,328	4,986	16,445	5,942	7,146
Income tax	(3,170)	(1,354)	(737)	504	(1,272)	(647)	(1,720)	(222)	(1,989)
Net earnings from continuing operations	7,297	6,617	2,779	24,199	6,056	4,339	14,725	5,720	5,157
Net gain (loss) from discontinued operations, net of tax	206	259	104	83	15	79	183	241	67
Net earnings	7,503	6,876	2,883	24,282	6,071	4,418	14,908	5,961	5,224
Other comprehensive income									
Net gain on AFS financial assets, net of tax	-	(2,715)	(188)	2,903	-	-	-	-	-
Exchange difference on translating foreign subsidiaries	187	22	72	(34)	277	(225)	(5)	-	(2)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	187	(2,693)	(116)	2,869	277	(225)	(5)	-	(2)
Total comprehensive income for the period	7,690	4,183	2,767	27,151	6,348	4,193	14,903	5,961	5,222
Attributable to									
Shareholders of Arion Bank	7,701	4,085	2,368	19,278	6,539	4,208	14,859	6,095	5,104
Non-controlling interest	(11)	98	399	7,873	(191)	(15)	44	(134)	118
Total comprehensive income for the period	7,690	4,183	2,767	27,151	6,348	4,193	14,903	5,961	5,222
Earnings per share from continuing operations									
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	3.65	3.26	1.13	9.62	3.12	2.18	7.34	2.93	2.52

Balance sheet - 9 quarter summary

ISK million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Assets									
Cash and balances with Central Bank	85,645	77,108	70,218	48,102	73,289	33,189	63,575	21,063	33,335
Loans to credit institutions	68,257	85,607	91,672	87,491	93,326	103,815	125,643	108,792	108,621
Loans to customers	715,907	713,136	694,004	680,350	678,807	667,129	649,089	647,508	652,598
Financial instruments	128,357	121,246	132,729	133,191	111,191	111,419	106,675	101,828	99,223
Investment property	5,113	6,487	6,382	7,542	7,817	7,851	7,915	6,842	2,901
Investments in associates	869	904	896	27,299	13,847	13,987	24,965	21,966	22,025
Intangible assets	11,077	9,152	9,153	9,285	9,194	9,353	9,493	9,596	5,337
Tax assets	241	221	209	205	987	891	420	655	660
Other assets	23,014	21,142	23,343	17,578	21,018	27,177	16,549	15,486	17,471
Total assets	1,038,480	1,035,003	1,028,606	1,011,043	1,009,476	974,811	1,004,324	933,736	942,171
Liabilities									
Due to credit institutions and Central Bank	9,375	8,018	11,288	11,387	11,470	13,961	21,561	22,876	21,131
Deposits	431,929	423,090	433,228	469,347	503,155	472,304	471,271	454,973	482,518
Financial liabilities at fair value	5,097	4,722	9,577	7,609	5,511	4,145	7,311	9,143	6,038
Tax liabilities	5,754	3,812	4,722	4,922	6,773	6,203	6,027	5,123	6,103
Other liabilities	52,565	47,079	44,669	49,461	49,222	56,989	50,794	47,190	43,464
Borrowings	326,754	329,885	310,540	256,058	248,172	241,880	249,751	200,580	191,947
Subordinated liabilities	-	9,553	9,921	10,365	10,378	10,884	20,494	31,639	31,205
Total liabilities	831,474	826,159	823,945	809,149	834,681	806,366	827,209	771,524	782,406
Equity									
Share capital and share premium	75,861	75,861	75,861	75,861	75,861	75,861	75,861	75,861	75,861
Other reserves	1,926	1,739	4,431	4,548	1,679	1,402	1,627	1,632	1,633
Retained earnings	129,153	121,639	114,861	112,377	95,968	89,706	98,082	83,218	77,149
Total shareholders equity	206,940	199,239	195,153	192,786	173,508	166,969	175,570	160,711	154,643
Non-controlling interest	66	9,605	9,508	9,108	1,287	1,476	1,545	1,501	5,122
Total equity	207,006	208,844	204,661	201,894	174,795	168,445	177,115	162,212	159,765
Total liabilities and equity	1,038,480	1,035,003	1,028,606	1,011,043	1,009,476	974,811	1,004,324	933,736	942,171

Net interest income - 9 quarter summary

ISK million

	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Interest income									
Cash and balances with Central bank	1,220	1,764	265	270	183	142	142	201	169
Loans	12,312	13,675	13,110	10,313	13,801	14,792	10,509	9,583	11,953
Securities	1,164	909	1,328	939	984	777	832	840	845
Other	155	177	167	217	180	305	161	210	188
Interest income	14,851	16,525	14,870	11,739	15,148	16,016	11,644	10,834	13,155
Interest expense									
Deposits	(3,771)	(4,605)	(4,139)	(3,484)	(4,508)	(4,313)	(3,147)	(3,174)	(4,025)
Borrowings	(3,251)	(4,461)	(3,349)	(1,489)	(3,361)	(4,100)	(2,394)	(1,393)	(2,413)
Subordinated loans	(343)	(91)	(95)	(98)	(100)	(197)	(306)	(318)	(324)
Other	(54)	(15)	(15)	38	(67)	(14)	(14)	(39)	(50)
Interest expense	(7,419)	(9,172)	(7,598)	(5,033)	(8,036)	(8,624)	(5,861)	(4,924)	(6,812)
Net interest income	7,432	7,353	7,273	6,705	7,112	7,392	5,783	5,911	6,343
Interest bearing assets									
Cash and balances with Central Bank	85,645	77,108	70,218	48,102	73,289	33,189	63,575	21,063	33,335
Loans	784,163	798,743	785,676	767,841	772,134	770,944	774,732	756,300	761,219
Securities	86,198	81,575	81,975	82,715	72,934	75,087	70,550	70,704	69,113
Interest bearing assets	956,006	957,425	937,869	898,657	918,358	879,220	908,856	848,067	863,668
Interest bearing liabilities									
Due to credit institutions and Central Bank	9,375	8,018	11,288	11,387	11,470	13,961	21,561	22,876	21,131
Deposits	431,929	423,089	433,228	469,347	503,155	472,304	471,271	454,973	482,518
Financial liabilities at fair value	5,097	4,722	9,577	7,609	5,511	4,145	7,311	9,143	6,038
Borrowings	326,754	329,885	310,540	256,058	248,172	241,880	249,751	200,580	191,947
Subordinated liabilities	-	9,553	9,921	10,365	10,378	10,884	20,494	31,639	31,205
Interest bearing liabilities	773,155	775,268	774,554	754,766	778,687	743,175	770,388	719,210	732,839
Interest Gap	182,851	182,157	163,315	143,891	139,671	136,045	138,468	128,857	130,829
Net interest margin on interest bearing assets	3.1%	3.1%	3.1%	2.9%	3.1%	3.3%	2.6%	2.8%	2.9%

Loans to customers - 9 quarter summary

ISK million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Loans to customers									
Individuals	334,647	326,896	323,468	324,619	322,386	315,404	312,211	321,311	320,477
Corporates	381,260	386,240	370,536	355,731	356,421	351,725	336,878	326,197	332,121
Total loans to customers	715,907	713,136	694,004	680,350	678,807	667,129	649,089	647,508	652,598
Loans to individuals									
Overdrafts	15,603	16,569	17,465	16,840	17,809	18,062	18,508	17,955	18,525
Credit cards	10,852	10,932	10,403	10,842	10,574	10,650	10,135	11,065	10,228
Mortgage loans	283,423	275,422	272,279	271,895	272,841	264,681	262,883	271,639	257,122
Other loans	35,314	35,198	35,247	38,058	34,985	34,442	34,272	33,763	47,218
Provision on loans	(10,545)	(11,225)	(11,926)	(13,016)	(13,823)	(12,431)	(13,587)	(13,111)	(12,616)
Total loans to individuals	334,647	326,896	323,468	324,619	322,386	315,404	312,211	321,311	320,477
Neither past due nor impaired	305,461	294,310	294,183	291,277	284,977	273,687	273,560	277,859	282,283
Past due but not impaired	25,092	27,618	23,957	26,532	29,153	33,066	30,391	32,847	28,342
Individually impaired (gross)	12,289	13,826	14,944	17,403	18,149	19,454	19,219	21,621	20,454
Impairment amount	(8,195)	(8,858)	(9,616)	(10,593)	(9,893)	(10,803)	(10,959)	(11,016)	(10,602)
Total loans to individuals	334,647	326,896	323,468	324,619	322,386	315,404	312,211	321,311	320,477
Ratios									
Provision for losses/Gross impaired loans	85.8%	81.2%	79.8%	74.8%	76.2%	63.9%	70.7%	60.6%	61.7%
Past due loans but not impaired as % of gross loans	7.3%	8.2%	7.2%	7.9%	8.8%	10.1%	9.4%	9.9%	8.6%
Gross impaired loans/Gross loans	3.6%	4.1%	4.5%	5.2%	5.5%	6.0%	5.9%	6.5%	6.2%

Loans to customers - 9 quarter summary

ISK million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Loans to corporates									
Overdrafts	22,015	24,113	24,463	24,248	23,699	25,272	25,305	24,420	23,453
Credit cards	1,243	1,169	1,113	1,054	994	997	1,004	943	939
Mortgage loans	14,729	14,285	13,607	12,889	12,516	11,990	11,601	10,406	8,940
Other loans	358,004	361,062	343,918	334,849	331,758	328,224	311,740	303,998	313,286
Provision on loans	(14,731)	(14,389)	(12,565)	(17,309)	(12,546)	(14,758)	(12,772)	(13,570)	(14,497)
Total loans to corporates	381,260	386,240	370,536	355,731	356,421	351,725	336,878	326,197	332,121
Neither past due nor impaired	362,102	365,939	349,133	337,153	334,863	313,161	317,228	308,588	311,702
Past due but not impaired	17,475	18,152	19,508	17,302	19,374	36,034	16,997	15,114	13,141
Individually impaired (gross)	14,131	14,027	11,756	16,024	12,707	13,149	13,583	13,693	20,009
Impairment amount	(12,448)	(11,878)	(9,861)	(14,748)	(10,523)	(10,619)	(10,930)	(11,198)	(12,731)
Total loans to corporates	381,260	386,240	370,536	355,731	356,421	351,725	336,878	326,197	332,121
Provision for losses/Gross impaired loans	104.2%	102.6%	106.9%	108.0%	98.7%	112.2%	94.0%	99.1%	72.5%
Past due loans but not impaired as % of gross loans	4.4%	4.6%	5.1%	4.7%	5.3%	9.9%	4.9%	4.5%	3.8%
Gross impaired loans/Gross loans	3.6%	3.5%	3.1%	4.3%	3.5%	3.6%	3.9%	4.1%	5.8%
Loans to corporates specified by sector:									
Agriculture and forestry	1.6%	1.6%	1.6%	1.6%	1.7%	1.6%	1.6%	1.7%	1.6%
Services	4.6%	4.9%	5.4%	5.6%	5.5%	6.3%	5.6%	5.6%	5.4%
Financial and insurance activities	9.3%	9.0%	9.1%	9.4%	9.0%	8.9%	9.5%	8.5%	8.7%
Industry, energy and manufacturing	7.5%	7.6%	6.2%	6.0%	6.0%	5.6%	6.2%	7.8%	7.4%
Information and communication technology	7.6%	7.7%	8.0%	8.7%	7.2%	7.3%	6.8%	7.1%	6.9%
Public administration, human health and social activities	2.4%	2.2%	2.3%	2.3%	2.2%	2.2%	2.6%	2.4%	1.8%
Real estate activities and construction	29.7%	28.7%	28.2%	28.8%	28.4%	26.6%	24.6%	24.9%	29.5%
Fishing industry	20.8%	21.4%	22.6%	21.3%	21.6%	21.1%	22.9%	23.4%	21.0%
Transportation	1.5%	1.6%	1.6%	1.7%	2.8%	3.2%	3.3%	1.7%	1.9%
Wholesale and retail trade	15.1%	15.5%	15.1%	14.6%	15.6%	17.3%	16.9%	16.9%	15.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million

Q3 2016 Q2 2016 Q1 2016 Q4 2015 Q3 2015 Q2 2015 Q1 2015 Q4 2014 Q3 2014

Capital base:

Total equity	207,005	208,844	204,661	201,895	174,794	168,445	177,116	162,212	159,766
Non-controlling interest not eligible for inclusion in CET1 capital*	(66)	(9,605)	(9,508)	(9,108)	(1,287)	(1,476)	(1,545)	(1,501)	(5,122)
Intangible assets	(11,077)	(9,152)	(9,153)	(9,285)	(9,194)	(9,353)	(9,493)	(9,596)	(5,337)
Tax assets	(241)	(221)	(209)	(205)	(987)	(891)	(420)	(655)	(660)
Other statutory deductions	(1,699)	(515)	(2,921)	(3,151)	(222)	(1,534)	(12,913)	(111)	(125)
Common equity Tier 1 capital	193,922	189,350	182,870	180,145	163,104	155,191	152,744	150,349	148,522
Non-controlling interest not eligible for inclusion in CET1 capital*	66	9,605	9,508	9,108	1,287	1,476	1,545	1,501	5,122
Tier 1 capital	193,988	198,956	192,378	189,254	164,391	156,667	154,290	151,850	153,644
Subordinated liabilities	-	9,553	9,921	10,365	10,378	10,884	20,494	31,639	31,205
Regulatory adjustment to Tier 2 capital	-	(1,504)	(1,055)	(771)	(597)	(411)	(684)	-	-
Equity holdings in financial sector entities	-	(515)	(2,921)	(3,118)	(189)	(92)	(91)	(101)	(120)
Tier 2 Capital	-	7,534	5,945	6,476	9,592	10,381	19,719	31,538	31,085
Total Capital base	193,988	206,489	198,323	195,729	173,983	167,048	174,009	183,388	184,729

Risk weighted assets

Credit Risk	663,903	647,815	635,499	681,034	645,358	629,774	625,520	591,994	630,866
Market Risk FX	2,578	4,046	10,649	38,401	5,255	6,582	19,413	18,915	18,399
Market Risk Other	10,926	9,509	7,994	7,035	7,317	7,299	1,492	2,890	4,251
Credit valuation adjustment	815	-	-	-	-	-	-	-	-
Operational Risk	81,441	81,441	81,441	81,441	82,211	82,211	82,211	82,211	76,097
Total risk weighted assets	759,663	742,811	735,583	807,911	740,141	725,866	728,636	696,010	729,613

Capital and Risk Weighted Assets

ISK million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Capital ratios									
CET1 ratio using current RWA	25.5%	25.5%	24.9%	22.3%	22.0%	21.4%	21.0%	21.6%	20.4%
Tier 1 ratio	25.5%	26.8%	26.2%	23.4%	22.2%	21.6%	21.2%	21.8%	21.1%
Capital adequacy ratio	26.1%	27.8%	27.0%	24.2%	23.5%	23.2%	24.0%	26.3%	25.3%
Leverage ratio									
On-balance sheet exposures	1,010,192	1,010,894	999,855	982,348	989,972	958,352	969,329	912,303	-
Derivative exposures	7,298	4,171	3,996	3,789	3,664	3,395	2,508	1,348	-
Securities financing transaction exposures	12,683	12,665	16,590	16,287	7,005	4,269	10,153	10,044	-
Off-balance sheet exposures	83,711	71,987	90,814	127,675	95,076	60,443	80,541	59,922	-
Total exposure	1,113,884	1,099,717	1,111,255	1,130,099	1,095,717	1,026,459	1,062,531	983,617	-
Tier 1 capital	193,988	198,956	192,378	189,254	164,391	156,667	154,290	151,850	153,644
Leverage ratio¹	17.4%	18.1%	17.3%	16.7%	15.0%	15.4%	14.5%	15.4%	-
Related ratios									
RORWA	3.02%	2.56%	1.49%	7.02%	5.10%	6.02%	9.63%	4.00%	4.20%
RWA/Total assets	73.15%	71.77%	71.51%	79.91%	73.32%	74.46%	72.55%	74.54%	77.44%

1) Figures not available for Q3 2014

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