

Arion Bank Factbook

31.12.2017
Unaudited

KFI - 5 years

ISK million	2017	2016	2015	2014	2013
Profitability					
Return on equity	6,6%	10,5%	28,1%	18,6%	9,5%
Return on assets	1,3%	2,1%	5,0%	3,0%	1,4%
Return on risk-weighted-assets	1,9%	2,9%	6,7%	4,0%	1,9%
Earnings per share	7,20	10,70	20,98	14,23	12,98
Earnings per share from continuing operations	6,99	10,26	20,80	10,82	13,17
Net interest margin					
Net interest margin on interest bearing assets	2,9%	3,1%	3,0%	2,8%	2,9%
Net interest margin on total assets	2,7%	2,9%	2,7%	2,6%	2,6%
Efficiency					
Cost-to-income ratio	56,1%	56,0%	32,1%	49,1%	56,7%
Cost-to-total assets ratio	2,7%	3,0%	2,9%	2,9%	2,8%
Number of FTE's at year end	1.284	1.239	1.147	1.139	1.145
Asset quality					
Problem loans	1,0%	1,6%	2,5%	4,4%	6,3%
Loans in >90 days overdue	1,4%	1,4%	2,1%	3,6%	4,5%
Provision for losses/Gross impaired loans	80,5%	77,4%	75,8%	62,9%	58,2%
Gross impaired loans/Gross loans	1,6%	3,2%	4,7%	5,3%	6,5%
Past due loans but not impaired as % of gross loans	4,2%	4,9%	6,2%	7,2%	6,7%
Risk weighted assets / Total assets	66,8%	72,7%	79,9%	74,5%	76,8%
Financial strength					
Equity as % of total assets	19,7%	20,4%	20,0%	17,4%	15,4%
Liquidity					
Liquidity coverage ratio (LCR)	221,0%	171,3%	134,5%	174,0%	123,0%
Loans-to-deposits ratio	165,5%	172,9%	145,0%	142,3%	135,0%
Loans-to-deposits ratio (without covered bonds)	129,0%	133,8%	116,0%	114,0%	106,4%
Deposits from customers as % of total funding	54,1%	53,9%	67,4%	64,4%	64,1%
Covered bonds as % of total funding	19,8%	21,1%	19,5%	18,3%	18,1%
Capital					
CET 1 ratio ¹	23,6%	26,1%	22,3%	21,6%	-
Tier 1 ratio	23,6%	26,1%	23,4%	21,8%	19,2%
Tier 2 ratio	0,4%	0,6%	0,8%	4,5%	4,4%
Capital adequacy ratio	24,0%	26,7%	24,2%	26,3%	23,6%
Leverage ratio	15,4%	17,8%	16,7%	15,4%	14,5%

1) Figures not available for 2013

Income statement - 5 year summary

ISK million	2017	2016	2015	2014	2013
Interest income	57.089	61.655	54.546	50.871	56.867
Interest expense	(27.254)	(31.755)	(27.554)	(26.651)	(33.067)
Net interest income	29.835	29.900	26.992	24.220	23.800
Fee and commission income	29.777	23.892	21.235	18.447	16.443
Fee and commission expense	(14.420)	(9.914)	(6.751)	(5.138)	(5.220)
Net fee and commission income	15.357	13.978	14.484	13.309	11.223
Net financial income	4.091	5.162	12.844	7.290	1.675
Net insurance income	2.093	1.395	760	664	750
Share of profit of associates	(925)	908	29.466	3.498	1.986
Other operating income	2.927	3.203	2.074	5.347	4.777
Operating income	53.378	54.546	86.620	54.328	44.211
Salaries and related expense	(17.189)	(16.659)	(14.892)	(13.979)	(13.537)
Other operating expenses	(12.772)	(13.881)	(12.919)	(12.722)	(11.535)
Bank Levy	(3.172)	(2.872)	(2.818)	(2.643)	(2.872)
Net impairment	186	7.236	(3.087)	2.135	(680)
Earnings before tax	20.431	28.370	52.904	27.119	15.587
Income tax expense	(5.806)	(6.631)	(3.225)	(4.815)	(3.180)
Net earnings from continuing operations	14.625	21.739	49.679	22.304	12.407
Net gain (loss) from discontinued operations, net of tax	(206)	-	-	6.290	250
Net earnings	14.419	21.739	49.679	28.594	12.657
Attributable to					
Shareholders of Arion Bank	14.400	21.147	41.966	28.465	13.019
Non-controlling interest	19	592	7.711	130	(362)
Total comprehensive income	14.419	21.739	49.677	28.595	12.657
Earnings per share from continuing operations					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	7,30	10,57	20,98	11,09	6,38

Balance sheet - 5 year summary

ISK million	2017	2016	2015	2014	2013
Assets					
Cash and balances with Central Bank	139.819	87.634	48.102	21.063	37.999
Loans to credit institutions	86.609	80.116	87.491	108.792	102.307
Loans to customers	765.101	712.422	680.350	647.508	635.774
Financial instruments	109.450	117.456	133.191	101.828	86.541
Investment property	6.613	5.358	7.542	6.842	28.523
Investments in associates	760	839	27.299	21.966	17.929
Intangible assets	13.848	11.057	9.285	9.596	5.383
Tax assets	450	288	205	655	818
Non-current assets and disp. groups held for sale	8.138	4.418	5.082	3.958	10.046
Other assets	16.966	16.436	12.496	11.528	13.530
Total assets	1.147.754	1.036.024	1.011.043	933.736	938.850
Liabilities					
Due to credit institutions and Central Bank	7.370	7.987	11.387	22.876	28.000
Deposits	462.161	412.064	469.347	454.973	471.866
Financial liabilities at fair value	3.601	3.726	7.609	9.143	8.960
Tax liabilities	6.828	7.293	4.922	5.123	4.924
Other liabilities	57.062	54.094	49.461	47.190	43.667
Borrowings	384.998	339.476	256.058	200.580	204.568
Subordinated liabilities	-	-	10.365	31.639	31.918
Total liabilities	922.020	824.640	809.149	771.524	793.903
Equity					
Share capital and share premium	75.861	75.861	75.861	75.861	75.861
Other reserves	16.774	19.761	4.547	1.632	1.637
Retained earnings	132.971	115.590	112.378	83.218	62.591
Total shareholders equity	225.606	211.212	192.786	160.711	140.089
Non-controlling interest	128	172	9.108	1.501	4.858
Total equity	225.734	211.384	201.894	162.212	144.947
Total liabilities and equity	1.147.754	1.036.024	1.011.043	933.736	938.850

Net interest income - 5 year summary

ISK million	2017	2016	2015	2014	2013
Interest income					
Cash and balances with Central bank	6.449	4.584	736	703	628
Loans	47.832	51.910	49.415	45.810	48.932
Securities	1.964	4.347	3.531	3.665	6.630
Other	844	814	864	693	677
Interest income	57.089	61.655	54.546	50.871	56.867
Interest expense					
Deposits	(12.725)	(16.277)	(15.452)	(15.983)	(19.108)
Borrowings	(14.449)	(14.858)	(11.343)	(9.269)	(12.568)
Subordinated liabilities	-	(529)	(702)	(1.293)	(1.334)
Other	(80)	(91)	(56)	(108)	(57)
Interest expense	(27.254)	(31.755)	(27.553)	(26.653)	(33.067)
Net interest income	29.835	29.900	26.993	24.218	23.800
Interest bearing assets					
Cash and balances with Central Bank	139.819	87.634	48.102	21.063	37.999
Loans	851.710	792.539	767.841	756.300	738.081
Securities	65.402	82.042	82.715	70.704	63.732
Interest bearing assets	1.056.931	962.214	898.657	848.067	839.811
Interest bearing liabilities					
Due to credit institutions and Central Bank	7.370	7.987	11.387	22.876	28.000
Deposits	462.161	412.064	469.347	454.973	471.866
Financial liabilities at fair value	3.601	3.727	7.609	9.143	8.960
Borrowings	384.998	339.476	256.058	200.580	204.568
Subordinated liabilities	-	-	10.365	31.639	31.918
Interest bearing liabilities	858.130	763.252	754.766	719.210	745.312
Interest Gap	198.801	198.962	143.891	128.857	94.499
Net interest margin on interest bearing assets	2,9%	3,1%	3,0%	2,8%	2,9%

Loans to customers - 5 year summary

ISK million	2017	2016	2015	2014	2013
Loans to customers					
Individuals	365.287	337.416	324.619	321.311	310.491
Corporates	399.814	375.006	355.731	326.197	325.283
Total loans to customers	765.101	712.422	680.350	647.508	635.774
Loans to individuals					
Overdrafts	14.469	14.805	16.840	17.955	18.205
Credit cards	11.133	11.363	10.842	11.065	11.296
Mortgage loans	311.507	285.784	271.895	271.639	258.065
Other loans	33.629	34.777	38.058	33.763	34.620
Provision on loans	(5.451)	(9.313)	(13.016)	(13.111)	(13.208)
Total loans to individuals	365.287	337.416	324.619	321.311	308.978
Neither past due nor impaired	344.829	312.259	291.277	277.859	268.485
Past due but not impaired	18.929	21.854	26.532	32.847	34.607
Individually impaired (gross)	5.539	10.372	17.403	21.621	19.110
Impairment amount	(4.010)	(7.069)	(10.593)	(11.016)	(11.711)
Total loans to individuals	365.287	337.416	324.619	321.311	310.491
Ratios:					
Provision for losses/Gross impaired loans	98,4%	89,8%	74,8%	60,6%	69,1%
Past due loans but not impaired as % of gross loans	5,1%	6,3%	7,9%	9,9%	10,7%
Gross impaired loans/Gross loans	1,5%	3,0%	5,2%	6,5%	5,9%

Loans to customers - 5 year summary

ISK million	2017	2016	2015	2014	2013
Loans to corporates					
Overdrafts	18.778	19.314	24.248	24.420	19.669
Credit cards	1.123	1.180	1.054	943	878
Mortgage loans	19.632	16.298	12.889	10.406	8.103
Other loans	368.312	351.739	334.849	303.998	311.247
Provision on loans	(8.031)	(13.525)	(17.309)	(13.570)	(16.018)
Total loans to corporates	399.814	375.006	355.731	326.197	323.879
Neither past due nor impaired	385.197	358.709	337.153	308.588	304.880
Past due but not impaired	13.655	14.251	17.302	15.114	9.789
Individually impaired (gross)	7.239	13.258	16.024	13.693	24.029
Impairment amount	(6.277)	(11.212)	(14.748)	(11.198)	(13.415)
Total loans to corporates	399.814	375.006	355.731	326.197	325.283
Ratios:					
Provision for losses/Gross impaired loans	110,9%	102,0%	108,0%	99,1%	66,7%
Past due loans but not impaired as % of gross loans	3,4%	3,7%	4,7%	4,5%	2,9%
Gross impaired loans/Gross loans	1,8%	3,4%	4,3%	4,1%	7,1%
Loans to corporates specified by sector:					
Agriculture and forestry	1,6%	1,6%	1,6%	1,7%	1,4%
Services	4,5%	4,6%	5,6%	5,6%	6,1%
Financial and insurance activities	8,5%	9,3%	9,4%	8,5%	8,5%
Industry, energy and manufacturing	7,4%	7,6%	6,0%	7,8%	7,0%
Information and communication technology	5,5%	7,6%	8,7%	7,1%	7,4%
Public administration, human health and social activities	2,0%	2,3%	2,3%	2,4%	2,7%
Real estate activities and construction	32,1%	30,6%	28,8%	24,9%	25,5%
Fishing industry	19,7%	20,4%	21,3%	23,4%	18,7%
Transportation	4,3%	1,7%	1,7%	1,7%	5,8%
Wholesale and retail trade	14,4%	14,1%	14,6%	16,9%	16,9%
	100,0%	100,0%	100,0%	100,0%	100,0%

Capital and Risk Weighted Assets

ISK million

	2017	2016	2015	2014	2013
Capital base:					
Total equity	225.734	211.384	201.895	162.212	144.947
Deductions related to the consolidated situation ¹	(8.635)	(8.126)	-	-	-
Non-controlling interest not eligible for inclusion in CET1 capital	(128)	(172)	(9.108)	(1.501)	(4.858)
Common Equity Tier 1 capital before regulatory adjustments	216.971	203.086	192.786	160.711	140.089
Intangible assets	(11.125)	(8.201)	(9.285)	(9.596)	(5.383)
Tax assets	(357)	(198)	(205)	(655)	(818)
Other statutory deductions	146	(149)	(3.151)	(111)	(119)
Foreseeable dividend	(25.000)	-	-	-	-
Common equity Tier 1 capital	180.635	194.538	180.145	150.349	133.769
Non-controlling interest not eligible for inclusion in CET1 capital	128	172	9.108	1.501	4.858
Tier 1 capital	180.763	194.710	189.254	151.850	138.627
Subordinated liabilities	-	-	10.365	31.639	31.918
Regulatory adjustment to Tier 2 capital	-	-	(771)	-	-
Other statutory deductions	-	-	(3.118)	(101)	(106)
General credit risk adjustments	3.195	4.557	-	-	-
Tier 2 Capital	3.195	4.557	6.476	31.538	31.812
Total Capital base	183.958	199.267	195.729	183.388	170.439
Risk weighted assets					
Credit Risk, loans	605.058	577.470	681.034	591.994	608.029
Credit Risk, securities and other ²	56.979	55.036	-	-	-
Counterparty credit risk ²	5.844	5.550	-	-	-
Market Risk due to currency imbalance	4.895	5.449	38.401	18.915	31.703
Market Risk Other	5.473	12.966	7.035	2.890	4.993
Credit valuation adjustment ²	2.506	2.678	-	-	-
Operational Risk	86.013	86.490	81.441	82.211	76.097
Total risk weighted assets	766.768	745.639	807.911	696.010	720.822
Capital ratios					
CET 1 ratio ³	23,6%	26,1%	22,3%	21,6%	-
Tier 1 ratio	23,6%	26,1%	23,4%	21,8%	19,2%
Capital adequacy ratio	24,0%	26,7%	24,2%	26,3%	23,6%
Leverage ratio					
On-balance sheet exposures	1.074.207	995.063	982.348	912.303	921.079
Derivative exposures	10.957	8.226	3.789	1.348	1.929
Securities financing transaction exposures	8.925	9.330	16.287	10.044	10.381
Off-balance sheet exposures	83.058	83.156	127.675	59.922	25.199
Total exposure	1.177.147	1.095.775	1.130.099	983.617	958.588
Tier 1 capital	180.763	194.710	189.254	151.850	138.627
Leverage ratio	15,4%	17,8%	16,7%	15,4%	14,5%
Related ratios					
RORWA	1,91%	2,87%	6,72%	4,00%	1,86%
RWA/Total assets	66,81%	72,71%	79,91%	74,54%	76,78%

1) Calculations restated for 2016 using the Group's consolidated situation which excludes insurance companies. The effective capital position of the Group is unaffected as the Pillar 2 capital requirement is adjusted accordingly. Their solvency requirements of insurance companies should be viewed separately.

2) Not disclosed separately in 2015, 2014 and 2013

3) Figures not available for 2013

KFI - 9 Quarters

ISK million	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Profitability									
Return on equity	7,3%	-0,2%	13,0%	6,3%	8,6%	15,0%	13,3%	5,7%	51,6%
Return on assets	1,4%	0,0%	2,6%	1,2%	1,7%	3,0%	2,7%	1,1%	10,0%
Return on risk-weighted-assets	2,1%	-0,1%	3,8%	1,8%	2,4%	4,0%	3,7%	1,5%	12,5%
Earnings per share	2,02	-0,06	3,56	1,68	2,19	3,89	3,39	1,24	8,21
Earnings per share from continuing operations	2,13	-0,15	3,42	1,60	2,03	3,78	3,26	1,19	8,16
Net interest margin									
Net interest margin on interest bearing assets	2,7%	2,7%	3,1%	2,8%	3,2%	3,1%	3,1%	3,1%	2,9%
Net interest margin on total assets	2,5%	2,6%	2,9%	2,7%	3,0%	2,9%	2,9%	2,9%	2,7%
Efficiency									
Cost-to-income ratio	61,6%	65,0%	38,2%	63,5%	57,9%	56,4%	51,2%	59,5%	24,2%
Cost-to-total assets ratio	3,0%	2,7%	2,1%	3,0%	3,2%	2,8%	3,1%	2,9%	3,5%
Number of FTE's at year end	1.284	1.293	1.223	1.204	1.239	1.189	1.199	1.163	1.147
Asset quality									
Problem loans	1,0%	1,4%	1,3%	1,5%	1,6%	2,0%	1,9%	2,1%	2,5%
Loans in >90 days overdue	1,4%	1,4%	1,4%	1,4%	1,4%	1,4%	1,4%	1,6%	2,1%
Provision for losses/Gross impaired loans	80,5%	74,6%	76,0%	72,4%	77,4%	78,1%	74,4%	72,9%	75,8%
Gross impaired loans/Gross loans	1,6%	2,1%	2,1%	2,4%	3,2%	3,6%	3,8%	3,7%	4,7%
Past due loans but not impaired as % of gross loans	4,2%	5,0%	4,8%	5,6%	4,9%	5,8%	6,2%	6,1%	6,2%
Risk weighted assets / Total assets	66,8%	68,4%	67,0%	66,4%	72,7%	73,2%	71,8%	71,5%	79,9%

KFI - 9 Quarters

ISK million	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Financial strength									
Equity as % of total assets	19,7%	19,4%	19,7%	19,2%	20,4%	19,9%	20,2%	19,9%	20,0%
Liquidity									
Liquidity coverage ratio (LCR)	221,0%	228,6%	266,2%	163,5%	171,3%	194,1%	179,8%	153,4%	134,5%
Loans-to-deposits ratio	165,5%	168,4%	167,7%	151,4%	172,9%	165,7%	168,6%	160,2%	145,0%
Loans-to-deposits ratio (without covered bonds)	129,0%	129,4%	128,2%	116,5%	133,8%	129,3%	132,5%	125,9%	116,0%
Deposits from customers as % of total funding	54,1%	52,3%	53,0%	56,2%	53,9%	55,9%	69,5%	70,2%	67,4%
Covered bonds as % of total funding	19,8%	20,4%	20,9%	19,6%	21,1%	20,4%	25,1%	24,1%	19,5%
Capital									
Official CET 1 ratio	23,6%	26,1%	27,4%	26,9%	26,1%	25,3%	25,5%	24,9%	22,3%
Tier 2 ratio	0,4%	0,5%	0,6%	0,6%	0,6%	0,6%	1,0%	0,8%	0,8%
Official capital adequacy ratio	24,0%	26,7%	28,0%	27,6%	26,7%	25,9%	27,8%	27,0%	24,2%
Leverage ratio	15,4%	16,6%	17,2%	16,9%	17,8%	17,4%	18,1%	17,3%	16,7%

Income statement - 9 quarter summary

ISK million	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Interest income	13.801	13.448	16.117	13.723	15.409	14.851	16.525	14.870	11.738
Interest expense	(6.536)	(6.198)	(7.957)	(6.563)	(7.567)	(7.419)	(9.172)	(7.597)	(5.033)
Net interest income	7.265	7.250	8.160	7.160	7.842	7.432	7.353	7.273	6.705
Fee and commission income	8.896	7.862	6.928	6.091	6.451	6.191	6.008	5.242	5.626
Fee and commission expense	(4.242)	(3.997)	(3.420)	(2.761)	(2.686)	(2.725)	(2.480)	(2.023)	(1.868)
Net fee and commission income	4.654	3.865	3.508	3.330	3.765	3.466	3.528	3.219	3.758
Net financial income	1.620	(734)	1.975	1.230	823	844	3.796	(301)	2.668
Net insurance income	324	716	606	447	731	272	247	145	216
Share of profit of associates	(8)	17	(900)	(34)	198	16	17	677	22.510
Other operating income	69	483	1.811	564	826	693	607	1.077	305
Operating income	13.924	11.597	15.160	12.697	14.185	12.723	15.548	12.090	36.162
Salaries and related expense	(4.565)	(3.841)	(4.561)	(4.222)	(4.407)	(3.826)	(4.318)	(4.108)	(4.572)
Other operating expenses	(4.016)	(3.699)	(1.223)	(3.834)	(3.803)	(3.349)	(3.639)	(3.090)	(4.168)
Bank Levy	(784)	(814)	(777)	(797)	(682)	(705)	(743)	(742)	(650)
Net impairment	1.448	(2.551)	409	880	409	5.882	1.448	(503)	(2.973)
Earnings before tax	6.007	692	9.008	4.724	5.702	10.725	8.296	3.647	23.799
Income tax expense	(1.735)	(805)	(1.895)	(1.371)	(1.227)	(3.222)	(1.419)	(763)	483
Net earnings from continuing operations	4.272	(113)	7.113	3.353	4.475	7.503	6.877	2.884	24.282
Net gain (loss) from discontinued operations, net of tax	(206)	-	-	-	-	-	-	-	-
Net earnings	4.066	(113)	7.113	3.353	4.475	7.503	6.877	2.884	24.282
Attributable to									
Shareholders of Arion Bank	4.049	(114)	7.113	3.352	4.369	7.514	6.780	2.485	16.409
Non-controlling interest	17	1	-	1	106	(11)	97	399	7.873
Total comprehensive income for the period	4.066	(113)	7.113	3.353	4.475	7.503	6.877	2.884	24.282
Earnings per share from continuing operations									
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	2,13	(0,15)	3,42	1,60	2,03	3,78	3,26	1,19	8,16

Balance sheet - 9 quarter summary

ISK million	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Assets									
Cash and balances with Central Bank	139.819	132.316	151.354	178.593	87.634	85.645	77.108	70.218	48.102
Loans to credit institutions	86.609	94.242	78.250	68.149	80.116	68.257	85.607	91.672	87.491
Loans to customers	765.101	750.947	733.649	720.198	712.422	715.907	713.136	694.004	680.350
Financial instruments	109.450	121.041	109.353	110.673	117.456	128.358	121.246	132.729	133.192
Investment property	6.613	6.903	7.166	5.911	5.358	5.113	6.487	6.382	7.542
Investments in associates	760	842	825	818	839	869	904	896	27.299
Intangible assets	13.848	12.755	11.639	11.121	11.057	11.077	9.152	9.153	9.285
Tax assets	450	286	413	462	288	241	221	209	205
Non-current assets and disp. groups held for sale	8.138	7.352	3.443	4.058	4.418	4.773	5.145	5.825	5.082
Other assets	16.966	18.169	30.319	19.664	16.436	18.241	15.997	17.518	12.495
Total assets	1.147.754	1.144.853	1.126.411	1.119.648	1.036.024	1.038.479	1.035.003	1.028.606	1.011.043
Liabilities									
Due to credit institutions and Central Bank	7.370	7.097	7.644	9.689	7.987	9.375	8.018	11.288	11.387
Deposits	462.161	445.981	437.494	475.641	412.064	431.929	423.089	433.228	469.347
Financial liabilities at fair value	3.601	3.551	5.029	3.922	3.727	5.097	4.722	9.577	7.609
Tax liabilities	6.828	9.303	9.342	8.305	7.293	5.754	3.812	4.722	4.922
Other liabilities	57.062	56.813	65.073	51.678	54.096	52.565	47.079	44.669	49.460
Borrowings	384.998	400.400	380.061	355.633	339.476	326.754	329.885	310.540	256.058
Subordinated liabilities	-	-	-	-	-	-	9.553	9.921	10.365
Total liabilities	922.020	923.144	904.645	904.868	824.641	831.474	826.159	823.945	809.149
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	16.774	15.001	13.565	20.197	19.761	1.925	1.739	4.431	4.547
Retained earnings	132.971	130.673	132.167	118.549	115.590	129.153	121.639	114.861	112.378
Total shareholders equity	225.606	221.535	221.593	214.607	211.212	206.939	199.238	195.153	192.786
Non-controlling interest	128	174	174	173	172	66	9.605	9.508	9.108
Total equity	225.734	221.709	221.766	214.779	211.384	207.005	208.844	204.661	201.895
Total liabilities and equity	1.147.754	1.144.853	1.126.411	1.119.648	1.036.025	1.038.479	1.035.003	1.028.606	1.011.043

Net interest income - 9 quarter summary

ISK million

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Interest income									
Cash and balances with Central bank	1.390	1.653	2.024	1.382	1.335	1.219	1.764	265	270
Loans	11.869	11.155	13.373	11.435	12.813	12.312	13.675	13.110	10.313
Securities	340	427	515	682	946	1.164	909	1.328	939
Other	203	212	205	224	315	155	177	167	217
Interest income	13.802	13.447	16.117	13.723	15.409	14.850	16.525	14.870	11.739
Interest expense									
Deposits	(2.980)	(2.803)	(3.819)	(3.123)	(3.763)	(3.777)	(4.598)	(4.139)	(3.484)
Borrowings	(3.537)	(3.379)	(4.120)	(3.413)	(3.797)	(3.244)	(4.468)	(3.349)	(1.489)
Subordinated loans	-	-	-	-	-	(343)	(91)	(95)	(98)
Other	(20)	(15)	(18)	(26)	(7)	(55)	(14)	(15)	39
Interest expense	(6.537)	(6.197)	(7.957)	(6.562)	(7.567)	(7.419)	(9.171)	(7.598)	(5.032)
Net interest income	7.265	7.250	8.160	7.161	7.842	7.431	7.354	7.272	6.707
Interest bearing assets									
Cash and balances with Central Bank	139.819	132.316	151.354	178.593	87.634	85.645	77.108	70.218	48.102
Loans	851.710	845.189	811.899	788.347	792.539	784.163	798.743	785.676	767.841
Securities	65.402	75.889	73.077	78.863	82.042	86.198	81.575	81.975	82.715
Interest bearing assets	1.056.931	1.053.394	1.036.330	1.045.803	962.214	956.006	957.425	937.869	898.657
Interest bearing liabilities									
Due to credit institutions and Central Bank	7.370	7.097	7.644	9.689	7.987	9.375	8.018	11.288	11.387
Deposits	462.161	445.981	437.494	475.641	412.064	431.929	423.089	433.228	469.347
Financial liabilities at fair value	3.601	3.551	5.029	3.922	3.727	5.097	4.722	9.577	7.609
Borrowings	384.998	400.400	380.061	355.633	339.476	326.754	329.885	310.540	256.058
Subordinated liabilities	-	-	-	-	-	-	9.553	9.921	10.365
Interest bearing liabilities	858.130	857.028	830.229	844.885	763.252	773.155	775.268	774.554	754.766
Interest Gap	198.801	196.366	206.101	200.918	198.962	182.851	182.157	163.315	143.891
Net interest margin on interest bearing assets	2,7%	2,7%	3,1%	2,8%	3,2%	3,1%	3,1%	3,1%	2,9%

All amounts are in ISK millions

Loans to customers - 9 quarter summary

ISK million

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Loans to customers									
Individuals	365.287	354.004	343.402	338.686	337.416	334.647	326.896	323.468	324.619
Corporates	399.814	396.943	390.247	381.512	375.006	381.260	386.240	370.536	355.731
Total loans to customers	765.101	750.947	733.649	720.198	712.422	715.907	713.136	694.004	680.350
Loans to individuals									
Overdrafts	14.469	14.863	13.855	15.218	14.805	15.603	16.569	17.465	16.840
Credit cards	11.133	10.078	10.245	10.080	11.363	10.852	10.932	10.403	10.842
Mortgage loans	311.507	302.406	294.273	288.660	285.784	283.423	275.422	272.279	271.895
Other loans	33.629	33.116	32.609	33.480	34.777	35.314	35.198	35.247	38.058
Provision on loans	(5.451)	(6.459)	(7.580)	(8.752)	(9.313)	(10.545)	(11.225)	(11.926)	(13.016)
Total loans to individuals	365.287	354.004	343.402	338.686	337.416	334.647	326.896	323.468	324.619
Neither past due nor impaired	344.829	333.828	323.075	313.416	312.259	305.461	294.310	294.183	291.277
Past due but not impaired	18.929	18.108	18.473	22.815	21.854	25.092	27.618	23.957	26.532
Individually impaired (gross)	5.539	6.754	7.221	8.708	10.372	12.289	13.826	14.944	17.403
Impairment amount	(4.010)	(4.686)	(5.367)	(6.253)	(7.069)	(8.195)	(8.858)	(9.616)	(10.593)
Total loans to individuals	365.287	354.004	343.402	338.686	337.416	334.647	326.896	323.468	324.619
Ratios									
Provision for losses/Gross impaired loans	98,4%	95,6%	105,0%	100,5%	89,8%	85,8%	81,2%	79,8%	74,8%
Past due loans but not impaired as % of gross loans	5,1%	5,0%	5,3%	6,6%	6,3%	7,3%	8,2%	7,2%	7,9%
Gross impaired loans/Gross loans	1,5%	1,9%	2,1%	2,5%	3,0%	3,6%	4,1%	4,5%	5,2%

Loans to customers - 9 quarter summary

ISK million

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Loans to corporates									
Overdrafts	18.778	20.745	22.174	21.091	19.314	22.015	24.113	24.463	24.248
Credit cards	1.123	1.177	1.199	1.179	1.180	1.243	1.169	1.113	1.054
Mortgage loans	19.632	18.300	17.810	17.069	16.298	14.729	14.285	13.607	12.889
Other loans	368.312	366.226	357.882	351.129	351.739	358.004	361.062	343.918	334.849
Provision on loans	(8.031)	(9.505)	(8.818)	(8.956)	(13.525)	(14.731)	(14.389)	(12.565)	(17.309)
Total loans to corporates	399.814	396.943	390.247	381.512	375.006	381.260	386.240	370.536	355.731
Neither past due nor impaired	385.197	375.121	370.693	360.993	358.709	362.102	365.939	349.133	337.153
Past due but not impaired	13.655	19.801	17.636	18.130	14.251	17.475	18.152	19.508	17.302
Individually impaired (gross)	7.239	9.349	8.477	8.858	13.258	14.131	14.027	11.756	16.024
Impairment amount	(6.277)	(7.328)	(6.559)	(6.469)	(11.212)	(12.448)	(11.878)	(9.861)	(14.748)
Total loans to corporates	399.814	396.943	390.247	381.512	375.006	381.260	386.240	370.536	355.731
Provision for losses/Gross impaired loans	110,9%	101,7%	104,0%	101,1%	102,0%	104,2%	102,6%	106,9%	108,0%
Past due loans but not impaired as % of gross loans	3,4%	4,9%	4,4%	4,7%	3,7%	4,4%	4,6%	5,1%	4,7%
Gross impaired loans/Gross loans	1,8%	2,3%	2,1%	2,3%	3,4%	3,6%	3,5%	3,1%	4,3%
Loans to corporates specified by sector:									
Agriculture and forestry	1,6%	1,6%	1,6%	1,5%	1,6%	1,6%	1,6%	1,6%	1,6%
Services	4,5%	4,4%	4,5%	4,5%	4,6%	4,6%	4,9%	5,4%	5,6%
Financial and insurance activities	8,5%	8,9%	8,5%	9,2%	9,3%	9,3%	9,0%	9,1%	9,4%
Industry, energy and manufacturing	7,4%	7,4%	7,6%	7,6%	7,6%	7,5%	7,6%	6,2%	6,0%
Information and communication technology	5,5%	6,7%	6,9%	7,2%	7,6%	7,6%	7,7%	8,0%	8,7%
Public administration, human health and social activities	2,0%	1,9%	1,9%	2,3%	2,3%	2,4%	2,2%	2,3%	2,3%
Real estate activities and construction	32,1%	31,7%	31,6%	31,3%	30,6%	29,7%	28,7%	28,2%	28,8%
Fishing industry	19,7%	20,0%	20,7%	20,2%	20,4%	20,8%	21,4%	22,6%	21,3%
Transportation	4,3%	3,6%	2,7%	1,8%	1,7%	1,5%	1,6%	1,6%	1,7%
Wholesale and retail trade	14,4%	13,7%	14,0%	14,6%	14,1%	15,1%	15,5%	15,1%	14,6%
	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

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Capital base:									
Total equity	225.734	221.709	221.767	214.780	211.384	207.006	208.844	204.661	201.895
Deductions related to the consolidated situation ¹	(8.635)	(8.505)	(8.407)	(8.057)	(8.126)	(7.083)			
Non-controlling interest not eligible for inclusion in CET1 capital	(128)	(174)	(174)	(173)	(172)	(66)	(9.605)	(9.508)	(9.108)
Common Equity Tier 1 capital before regulatory adjustments	216.971	213.030	213.186	206.550	203.086	199.857	199.238	195.153	192.786
Intangible assets	(11.125)	(9.987)	(8.820)	(8.263)	(8.201)	(8.600)	(9.152)	(9.153)	(9.285)
Tax assets	(357)	(204)	(309)	(372)	(198)	(88)	(221)	(209)	(205)
Other statutory deductions	146	(684)	(106)	(98)	(149)	(1.699)	(515)	(2.921)	(3.151)
Foreseeable dividend	(25.000)								
Common equity Tier 1 capital	180.635	202.155	203.951	197.817	194.538	189.470	189.350	182.870	180.145
Non-controlling interest not eligible for inclusion in CET1 capital	128	174	174	173	172	66	9.605	9.508	9.108
Tier 1 capital	180.763	202.329	204.125	197.990	194.710	189.536	198.956	192.378	189.254
Subordinated liabilities	-	-	-	-	-	-	9.553	9.921	10.365
Regulatory adjustment to Tier 2 capital	-	-	-	-	-	-	(1.504)	(1.055)	(771)
Other statutory deductions	-	-	-	-	-	-	(515)	(2.921)	(3.118)
General credit risk adjustments	3.195	3.950	4.471	4.987	4.557	4.633	-	-	-
Tier 2 Capital	3.195	3.950	4.471	4.987	4.557	4.633	7.534	5.945	6.476
Total Capital base	183.958	206.279	208.596	202.977	199.267	194.169	206.489	198.323	195.729
Risk weighted assets									
Credit Risk, loans	605.058	609.235	584.838	571.483	577.470	594.324	647.815	635.499	681.034
Credit Risk, securities and other ²	56.979	56.280	51.636	50.404	55.036	54.825	-	-	-
Counterparty credit risk ²	5.844	6.268	6.721	6.708	5.550	3.956	-	-	-
Market Risk due to currency imbalance	4.895	4.250	2.272	1.709	5.449	2.578	4.046	10.649	38.401
Market Risk Other	5.473	8.237	10.390	15.603	12.966	10.926	9.509	7.994	7.035
Credit valuation adjustment ²	2.506	2.583	2.770	2.391	2.678	815	-	-	-
Operational Risk	86.013	86.490	86.490	86.490	86.490	81.441	81.441	81.441	81.441
Total risk weighted assets	766.768	773.343	745.118	734.788	745.639	748.866	742.811	735.583	807.911

Capital and Risk Weighted Assets

ISK million	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Capital ratios									
CET 1 ratio	23,6%	26,1%	27,4%	26,9%	26,1%	25,3%	25,5%	24,9%	22,3%
Tier 1 ratio	23,6%	26,2%	27,4%	26,9%	26,1%	25,3%	26,8%	26,2%	23,4%
Capital adequacy ratio	24,0%	26,7%	28,0%	27,6%	26,7%	25,9%	27,8%	27,0%	24,2%
Leverage ratio									
On-balance sheet exposures	1.074.207	1.095.523	1.082.024	1.076.758	995.063	991.396	1.010.894	999.855	982.348
Derivative exposures	10.957	12.802	9.934	7.450	8.226	7.450	4.171	3.996	3.789
Securities financing transaction exposures	8.925	10.987	9.014	10.115	9.330	10.115	12.665	16.590	16.287
Off-balance sheet exposures	83.058	97.323	86.171	80.142	83.156	80.142	71.987	90.814	127.675
Total exposure	1.177.147	1.216.635	1.187.143	1.174.465	1.095.775	1.089.103	1.099.717	1.111.255	1.130.099
Tier 1 capital	180.763	202.329	204.125	197.990	194.966	193.988	198.956	192.378	189.254
Leverage ratio	15,4%	16,6%	17,2%	16,9%	17,8%	17,4%	18,1%	17,3%	16,7%
Related ratios									
RORWA	1,91%	1,84%	2,82%	1,81%	2,87%	3,08%	2,56%	1,49%	6,72%
RWA/Total assets	66,81%	68,37%	67,02%	66,42%	72,71%	73,15%	71,77%	71,51%	79,91%

1) Calculations restated from Q3 2016 using the Group's consolidated situation which excludes insurance companies. The effective capital position of the Group is unaffected as the Pillar 2 capital requirement is adjusted accordingly. Their solvency requirements of insurance companies should be viewed separately.

2) Not disclosed separately in Q2 2016, Q1 2016, Q4 2015

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