

Arion bank Factbook

30.06.2015

Unaudited

KFI - 5 years

ISK million	H1 2015	2014	2013	2012	2011
Profitability					
Return on equity	25.5%	18.6%	9.2%	13.8%	10.5%
Return on assets	4.4%	3.0%	1.4%	1.9%	1.3%
Return on risk-weighted-assets	6.0%	4.0%	1.9%	2.5%	1.6%
Earnings per share	9.65	14.23	6.51	8.31	10.51
Earnings per share from continuing operations	9.52	10.82	6.31	7.51	3.85
Net interest margin					
Net interest margin on interest bearing assets	3.0%	2.8%	2.9%	3.4%	3.4%
Net interest margin on total assets	2.7%	2.6%	2.6%	3.1%	2.8%
Efficiency					
Cost-to-income ratio	36.5%	50.1%	57.3%	49.8%	52.5%
Cost-to-total assets ratio	2.7%	2.9%	2.8%	2.8%	2.7%
Number of FTE's at year end	1,123	1,120	1,145	1,190	1,158
Asset quality					
Problem loans	3.3%	4.4%	6.3%	12.5%	15.8%
Loans in >90 days overdue	3.6%	3.6%	4.5%	6.0%	10.6%
Provision for losses/Gross impaired loans	83.4%	75.6%	67.7%	56.2%	50.8%
Gross impaired loans/Gross loans	4.7%	5.3%	6.5%	17.1%	18.2%
Past due loans but not impaired as % of gross loans	10.0%	7.2%	6.7%	6.5%	6.7%
Risk weighted assets / Total assets	74.5%	74.5%	76.8%	73.0%	74.5%
Financial strength					
Equity as % of total assets	17.3%	17.4%	15.4%	14.5%	12.8%
Liquidity					
Liquidity coverage ratio (LCR) ¹	138.0%	174.0%	123.0%	-	-
Loans-to-deposits ratio	141.2%	142.3%	135.0%	126.3%	114.6%
Loans-to-deposits ratio (without covered bonds)	115.2%	114.0%	106.4%	98.4%	90.6%
Deposits from customers as % of total funding	64.0%	64.4%	64.1%	63.1%	67.5%
Covered bonds as % of total funding	16.6%	18.3%	18.1%	17.6%	16.2%
Capital					
Tier 1 ratio	21.8%	21.8%	19.2%	19.1%	16.4%
Tier 2 ratio	1.4%	4.5%	4.4%	5.2%	4.8%
Capital adequacy ratio	23.2%	26.3%	23.6%	24.3%	21.2%
Leverage ratio ¹	15.4%	15.4%	14.5%	-	-

1) Figures not available for 2012 and 2011

Income statement - 5 year summary

ISK million	H1 2015	H1 2014	H1 2013	H1 2012	H1 2011
Interest income	27,661	26,881	30,049	32,153	23,620
Interest expense	(14,486)	(14,915)	(17,382)	(18,273)	(12,460)
Net interest income	13,175	11,966	12,667	13,880	11,160
Fee and commission income	10,235	8,917	7,740	7,968	8,379
Fee and commission expense	(2,802)	(2,324)	(2,442)	(2,630)	(3,280)
Net fee and commission income	7,433	6,593	5,298	5,338	5,099
Net financial income	9,723	3,867	296	181	1,939
Other operating income	5,740	3,274	2,425	3,006	2,350
Operating income	36,071	25,700	20,686	22,405	20,548
Salaries and related expense	(7,168)	(7,164)	(6,679)	(6,169)	(5,516)
Other operating expenses	(6,004)	(5,811)	(6,228)	(5,475)	(5,253)
Bank Levy	(1,388)	(1,375)	(188)	(510)	(446)
Net impairment	(81)	2,001	134	2,532	3,944
Earnings before tax	21,431	13,351	7,725	12,783	13,276
Income tax	(2,367)	(2,467)	(1,749)	(2,913)	(2,517)
Net earnings from continuing operations	19,063	10,884	5,976	9,870	10,760
Net gain (loss) from discontinued operations, net of tax	262	6,525	(65)	1,379	(568)
Net earnings	19,326	17,409	5,911	11,429	10,192
Attributable to					
Shareholders of Arion Bank	19,297	17,263	6,137	11,052	9,825
Non-controlling interest	29	146	(226)	197	367
Net earnings	19,326	17,409	5,911	11,249	10,192
Other comprehensive income					
Exchange difference on translating foreign subsidiaries	(230)	(2)	(1)	-	114
Total comprehensive income for the period	19,096	17,407	5,910	11,249	10,306
Earnings per share from continuing operations					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	9.52	5.37	3.10	4.84	5.20

Balance sheet - 5 year summary

ISK million	H1 2015	2014	2013	2012	2011
Assets					
Cash and balances with Central Bank	33,189	21,063	37,999	29,746	29,200
Loans to credit institutions	103,815	108,792	102,307	101,011	69,103
Loans to customers	667,129	647,508	635,774	566,610	561,550
Financial instruments	111,419	101,828	86,541	137,800	157,659
Investment property	7,851	6,842	28,523	28,919	27,100
Investments in associates	13,987	21,966	17,929	7,050	2,987
Intangible assets	9,353	9,596	5,383	4,941	4,765
Tax assets	891	655	818	463	724
Other assets	27,177	15,486	23,576	24,135	39,033
Total assets	974,811	933,736	938,850	900,675	892,121
Liabilities					
Due to credit institutions and Central Bank	13,961	22,876	28,000	32,990	16,160
Deposits	472,304	454,973	471,866	448,683	489,995
Financial liabilities at fair value	4,145	9,143	8,960	13,465	4,907
Tax liabilities	6,203	5,123	4,924	3,237	3,421
Other liabilities	56,989	47,190	43,667	42,117	43,772
Borrowings	241,880	200,580	204,568	195,085	187,203
Subordinated liabilities	10,884	31,639	31,918	34,220	32,105
Total liabilities	806,366	771,524	793,903	769,797	777,563
Equity					
Share capital and share premium	75,861	75,861	75,861	75,861	75,861
Other reserves	1,402	1,632	1,637	1,639	1,637
Retained earnings	89,706	83,218	62,591	49,572	32,950
Total shareholders equity	166,969	160,711	140,089	127,072	110,448
Non-controlling interest	1,476	1,501	4,858	3,806	4,110
Total equity	168,445	162,212	144,947	130,878	114,558
Total liabilities and equity	974,811	933,736	938,850	900,675	892,121

Net interest income - 5 year summary

ISK million	H1 2015	H1 2014	H1 2013	H1 2012	H1 2011
Interest income					
Cash and balances with Central bank	284	332	463	301	247
Loans	25,301	24,274	24,718	27,478	19,137
Securities	1,609	1,979	4,484	4,164	3,799
Other	466	296	384	210	437
Interest income	27,660	26,881	30,049	32,153	23,620
Interest expense					
Deposits	(7,460)	(8,784)	(9,906)	(9,621)	(10,155)
Borrowings	(6,494)	(5,463)	(6,772)	(7,751)	(1,315)
Subordinated loans	(503)	(650)	(662)	(811)	(971)
Other	(28)	(18)	(42)	(90)	(19)
Interest expense	(14,485)	(14,915)	(17,382)	(18,273)	(12,460)
Net interest income	13,176	11,966	12,667	13,880	11,160
Interest bearing assets					
Cash and balances with Central Bank	33,189	17,361	25,717	16,280	23,867
Loans	770,944	776,923	676,989	650,655	519,778
Securities	75,087	69,147	134,102	130,216	142,435
Interest bearing assets	879,220	863,431	836,808	797,151	686,080
Interest bearing liabilities					
Due to credit institutions and Central Bank	13,961	29,277	25,727	20,837	75,345
Deposits	472,304	474,229	466,834	445,249	448,701
Financial liabilities at fair value	4,145	7,646	10,005	10,439	7,886
Borrowings	241,880	199,882	203,100	192,953	66,894
Subordinated liabilities	10,884	31,189	32,503	32,175	33,244
Interest bearing liabilities	743,175	742,222	738,169	701,653	632,070
Interest Gap	136,045	121,209	98,639	95,498	54,010
Net interest margin on interest bearing assets	3.0%	2.8%	3.0%	3.4%	2.8%

Loans to customers - 5 year summary

ISK million	H1 2015	2014	2013	2012	2011
Loans to customers					
Individuals	315,404	321,311	310,491	242,773	239,288
Corporates	351,725	326,197	325,283	323,837	322,262
Total loans to customers	667,129	647,508	635,774	566,610	561,550
Loans to individuals					
Overdrafts	18,062	17,955	18,205	17,236	16,353
Credit cards	10,650	11,065	11,296	10,302	14,679
Mortgage loans	264,681	271,639	258,065	190,897	192,869
Capital lease ¹	2,905	2,469	1,513	-	-
Other loans	31,537	31,294	34,620	43,560	28,208
Provision on loans	(12,431)	(13,111)	(13,208)	(19,222)	(12,821)
Total loans to individuals	315,404	321,311	310,491	242,773	239,288
Neither past due nor impaired	273,687	277,859	268,485	200,080	198,441
Past due but not impaired	33,066	32,847	34,607	22,845	23,117
Individually impaired (gross)	19,454	21,621	19,110	38,023	30,392
Impairment amount	(10,803)	(11,016)	(11,711)	(18,175)	(12,662)
Total loans to individuals	315,404	321,311	310,491	242,773	239,288
Ratios:					
Provision for losses/Gross impaired loans	63.9%	60.6%	69.1%	50.6%	42.2%
Past due loans but not impaired as % of gross loans	10.1%	9.9%	10.7%	8.8%	9.2%
Gross impaired loans/Gross loans	6.0%	6.5%	5.9%	14.6%	12.1%

1) Capital lease was not disclosed in 2012 and 2011

Loans to customers - 5 year summary

ISK million	H1 2015	2014	2013	2012	2011
Loans to corporates					
Overdrafts	25,272	24,420	19,669	18,470	11,375
Credit cards	997	943	878	769	771
Mortgage loans	11,990	10,406	8,103	4,376	3,603
Capital lease ¹	5,438	3,607	1,404	-	-
Other loans	322,786	300,391	311,247	340,781	349,981
Provision on loans	(14,758)	(13,570)	(16,018)	(40,559)	(43,468)
Total loans to corporates	351,725	326,197	325,283	323,837	322,262
Neither past due nor impaired	313,161	308,588	304,880	275,837	258,252
Past due but not impaired	36,034	15,114	9,789	17,851	17,758
Individually impaired (gross)	13,149	13,693	24,029	68,414	80,366
Impairment amount	(10,619)	(11,198)	(13,415)	(38,265)	(34,114)
Total loans to corporates	351,725	326,197	325,283	323,837	322,262
Ratios:					
Provision for losses/Gross impaired loans	112.2%	99.1%	66.7%	59.3%	54.1%
Past due loans but not impaired as % of gross loans	9.9%	4.5%	2.9%	4.9%	5.0%
Gross impaired loans/Gross loans	3.6%	4.1%	7.1%	18.9%	22.6%
Loans to corporates specified by sector:					
Agriculture and forestry	1.6%	1.7%	1.4%	1.5%	1.4%
Services	6.3%	5.6%	6.1%	5.8%	5.3%
Financial and insurance activities	8.9%	8.5%	8.5%	7.6%	6.2%
Industry, energy and manufacturing	5.6%	7.8%	7.0%	7.0%	8.4%
Information and communication technology	7.3%	7.1%	7.4%	8.9%	8.3%
Public administration, human health and social activities	2.2%	2.4%	2.7%	3.1%	2.4%
Real estate activities and construction	26.6%	24.9%	25.5%	21.3%	22.2%
Fishing industry	21.1%	23.4%	18.7%	20.9%	23.8%
Transportation	3.2%	1.7%	5.8%	6.7%	6.3%
Wholesale and retail trade	17.3%	16.9%	16.9%	17.2%	15.7%
	100.0%	100.0%	100.0%	100.0%	100.0%

1) Capital lease was included in other loans in 2012 and 2011

Capital and Risk Weighted Assets

ISK million	H1 2015	2014	2013	2012	2011
Capital base					
Share capital and share premium	75,861	75,861	75,861	75,861	75,861
Other reserves	1,402	1,632	1,637	1,639	1,637
Retained earnings	89,706	83,218	62,591	49,572	32,950
Non-controlling interest	1,476	1,501	4,858	3,806	4,110
Total equity	168,445	162,212	144,947	130,878	114,558
Intangible assets	(9,353)	(9,596)	(5,383)	(4,941)	(4,765)
Tax assets	(891)	(655)	(818)	(463)	(724)
Other statutory deductions	(105)	(111)	(119)	-	-
Total Tier 1 capital	158,096	151,850	138,627	125,474	109,069
Subordinated liabilities	10,884	31,639	31,918	34,220	32,105
Regulatory adjustment to Tier 2 capital	(411)	-	-	-	-
Other statutory deductions	(92)	(101)	(106)	-	-
Tier 2 capital	10,381	31,538	31,812	34,220	32,105
Total Capital base	168,477	183,388	170,439	159,694	141,174
Risk weighted assets					
Credit Risk	629,774	591,994	608,029	557,964	543,233
Market Risk FX	6,582	18,915	31,703	20,063	31,990
Market Risk Other	7,299	2,890	4,993	7,407	30,757
Operational Risk	82,211	82,211	76,097	72,329	58,976
Total risk weighted assets	725,866	696,010	720,822	657,763	664,956
Capital ratios					
Tier 1 ratio	21.8%	21.8%	19.2%	19.1%	16.4%
Tier 2 ratio	1.4%	4.5%	4.4%	5.2%	4.8%
Capital adequacy ratio	23.2%	26.3%	23.6%	24.3%	21.2%
Leverage ratio ¹	15.4%	15.4%	14.5%	-	-
Related ratios					
RORWA	6.02%	4.00%	1.86%	2.52%	1.64%
RWA/Total assets	74.46%	74.54%	76.78%	73.03%	74.54%

1) Figures not available for 2012 and 2011.

Arion bank Factbook

Quarter summaries

KFI - 9 Quarters

ISK million

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Profitability									
Return on equity	10.2%	35.1%	14.8%	13.3%	38.5%	7.8%	7.1%	12.2%	13.4%
Return on assets	1.8%	6.3%	2.6%	2.2%	6.3%	1.2%	1.1%	1.8%	2.0%
Return on risk-weighted-assets	2.4%	8.4%	3.3%	2.9%	8.2%	1.6%	1.4%	2.5%	2.7%
Earnings per share	2.22	7.43	3.05	2.55	7.23	1.40	1.39	2.05	2.22
Earnings per share from continuing operations	2.18	7.34	2.93	2.52	4.01	1.36	1.19	2.02	2.21
Net interest margin									
Net interest margin on interest bearing assets	3.3%	2.6%	2.8%	2.9%	3.1%	2.6%	2.6%	2.7%	3.1%
Net interest margin on total assets	3.0%	2.4%	2.5%	2.7%	2.8%	2.3%	2.3%	2.4%	2.8%
Efficiency									
Cost-to-income ratio	47.5%	29.3%	53.5%	45.0%	40.5%	69.0%	56.5%	48.4%	54.4%
Cost-to-total assets ratio	2.7%	2.6%	3.6%	2.4%	2.9%	2.6%	3.1%	2.3%	2.7%
Number of FTE's at year end	1,123	1,112	1,120	1,135	1,118	1,140	1,145	1,139	1,153
Asset quality									
Problem loans	3.3%	3.2%	4.4%	4.6%	5.4%	6.1%	6.3%	8.2%	8.5%
Loans in >90 days overdue	3.6%	3.6%	3.6%	3.6%	3.1%	4.2%	4.5%	5.6%	5.6%
Provision for losses/Gross impaired loans	83.4%	80.4%	75.6%	67.0%	61.4%	62.9%	67.7%	63.2%	60.3%
Gross impaired loans/Gross loans	4.7%	4.9%	5.3%	6.0%	6.7%	7.0%	6.5%	10.8%	11.8%
Past due loans but not impaired as % of gross loans	10.0%	7.1%	7.2%	6.1%	6.5%	9.0%	6.7%	7.6%	7.2%
Risk weighted assets / Total assets	74.5%	72.5%	74.5%	77.4%	73.9%	77.3%	76.8%	73.7%	72.2%

KFI - 9 Quarters

ISK million

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Financial strength									
Equity as % of total assets	17.3%	17.6%	17.4%	17.0%	16.3%	15.8%	15.4%	15.0%	14.7%
Liquidity									
Liquidity coverage ratio (LCR) ¹	138.0%	192.0%	174.0%	137.1%	184.0%	130.0%	123.0%	-	-
Loans-to-deposits ratio	141.2%	137.7%	142.3%	135.2%	134.3%	136.5%	135.0%	122.1%	121.5%
Loans-to-deposits ratio (without covered bonds)	115.2%	110.1%	114.0%	109.6%	106.1%	108.1%	106.4%	94.9%	94.0%
Deposits from customers as % of total funding	64.0%	62.0%	64.4%	66.4%	64.6%	64.4%	64.1%	63.8%	64.1%
Covered bonds as % of total funding	16.6%	17.2%	18.3%	17.0%	18.2%	18.3%	18.1%	17.8%	17.7%
Capital									
Official CET 1 ratio	21.8%	19.1%	21.8%	20.3%	21.1%	18.2%	19.2%	18.9%	19.5%
Tier 2 ratio	1.4%	2.8%	4.5%	4.3%	4.5%	4.3%	4.4%	4.7%	4.8%
Official capital adequacy ratio	23.2%	21.9%	26.3%	24.6%	25.6%	22.5%	23.6%	23.6%	24.3%
Leverage ratio ¹	15.4%	14.5%	15.4%	-	-	-	14.5%	-	-

1) Figures not available for Q3 2014, Q2 2014, Q1 2014, Q3 2013 and Q2 2013

Income statement - 9 quarter summary

ISK million

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Interest income	16,016	11,644	10,835	13,155	13,990	12,891	13,504	13,314	13,577
Interest expense	(8,624)	(5,861)	(4,924)	(6,812)	(7,507)	(7,408)	(8,017)	(7,668)	(7,198)
Net interest income	7,392	5,783	5,911	6,343	6,483	5,483	5,487	5,646	6,379
Fee and commission income	5,179	5,057	4,768	4,762	4,653	4,264	4,562	4,141	4,080
Fee and commission expense	(1,502)	(1,300)	(1,578)	(1,236)	(1,208)	(1,116)	(1,623)	(1,155)	(1,231)
Net fee and commission income	3,677	3,757	3,190	3,526	3,445	3,148	2,939	2,986	2,849
Net financial income	2,184	7,539	1,429	1,994	4,439	(572)	721	658	1,123
Other operating income	1,038	4,702	5,208	689	2,356	918	3,615	1,610	1,249
Operating income	14,291	21,781	15,738	12,552	16,723	8,977	12,762	10,900	11,600
Salaries and related expense	(3,675)	(3,492)	(3,953)	(2,862)	(3,714)	(3,450)	(4,098)	(2,760)	(3,357)
Other operating expenses	(3,108)	(2,896)	(4,465)	(2,787)	(3,064)	(2,747)	(3,114)	(2,516)	(2,951)
Bank Levy	(659)	(730)	(636)	(633)	(715)	(660)	(2,572)	(112)	(97)
Net impairment	(1,863)	1,782	(742)	876	34	1,967	(561)	(253)	456
Earnings before tax	4,986	16,445	5,942	7,146	9,264	4,087	2,417	5,259	5,651
Income tax	(647)	(1,720)	(222)	(1,989)	(1,152)	(1,315)	(292)	(1,102)	(1,163)
Net earnings from continuing operations	4,339	14,725	5,720	5,157	8,112	2,772	2,125	4,157	4,488
Net gain (loss) from discontinued operations, net of tax	79	183	241	67	6,433	92	402	62	14
Net earnings	4,418	14,908	5,961	5,224	14,545	2,864	2,527	4,219	4,502
Attributable to									
Shareholders of Arion Bank	4,433	14,864	6,095	5,106	14,455	2,808	2,789	4,093	4,440
Non-controlling interest	(15)	44	(134)	118	90	56	(262)	126	62
Net earnings	4,418	14,908	5,961	5,224	14,545	2,864	2,527	4,219	4,502
Other comprehensive income									
Exchange difference on translating foreign subsidiaries	(225)	(5)	-	(2)	(4)	2	(2)	(1)	-
Total comprehensive income for the period	4,193	14,903	5,961	5,222	14,541	2,866	2,525	4,218	4,502
Earnings per share from continuing operations									
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	2.18	7.34	2.93	2.52	4.01	1.36	1.19	2.02	2.21

Balance sheet - 9 quarter summary

ISK million

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Assets									
Cash and balances with Central Bank	33,189	63,575	21,063	33,335	17,361	18,744	37,999	20,116	25,717
Loans to credit institutions	103,815	125,643	108,792	108,621	139,838	95,158	102,307	113,202	109,732
Loans to customers	667,129	649,089	647,508	652,598	637,085	642,341	635,774	576,204	567,257
Financial instruments	111,419	106,675	101,828	99,224	99,271	99,710	86,541	154,387	153,771
Investment property	7,851	7,915	6,842	2,901	6,020	28,503	28,523	29,382	28,911
Investments in associates	13,987	24,965	21,966	22,025	25,128	17,785	17,929	14,856	14,424
Intangible assets	9,353	9,493	9,596	5,338	5,374	5,371	5,383	5,348	5,283
Tax assets	891	420	655	660	734	409	818	702	495
Other assets	27,177	16,549	15,485	17,471	18,181	25,124	23,576	22,747	23,440
Total assets	974,811	1,004,324	933,735	942,173	948,991	933,144	938,850	936,944	929,030
Liabilities									
Due to credit institutions and Central Bank	13,961	21,561	22,876	21,131	29,277	25,915	28,000	28,548	25,727
Deposits	472,304	471,271	454,973	482,518	474,229	470,665	471,866	471,768	466,834
Financial liabilities at fair value	4,145	7,311	9,143	6,038	7,646	9,145	8,960	9,834	10,005
Tax liabilities	6,203	6,027	5,123	6,103	4,995	5,263	4,924	4,815	4,049
Other liabilities	56,989	50,794	47,190	43,465	47,232	39,820	43,667	42,218	50,024
Borrowings	241,880	249,751	200,580	191,947	199,882	203,226	204,568	206,065	203,100
Subordinated liabilities	10,884	20,494	31,639	31,205	31,189	31,297	31,918	32,809	32,503
Total liabilities	806,366	827,209	771,523	782,406	794,449	785,331	793,904	796,057	792,242
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	1,402	1,627	1,632	1,633	1,635	1,639	1,637	1,637	1,638
Retained earnings	89,706	98,082	83,218	77,149	72,043	65,400	62,591	59,802	55,709
Total shareholders equity	166,969	175,570	160,711	154,643	149,539	142,900	140,089	137,300	133,208
Non-controlling interest	1,476	1,545	1,501	5,122	5,004	4,913	4,858	3,587	3,580
Total equity	168,445	177,115	162,212	159,765	154,543	147,813	144,947	140,887	136,788
Total liabilities and equity	974,811	1,004,324	933,735	942,171	948,992	933,144	938,851	936,944	929,030

Net interest income - 9 quarter summary

ISK million

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Interest income									
Cash and balances with Central bank	142	142	201	169	154	179	7	158	144
Loans	14,792	10,509	9,583	11,953	12,658	11,616	13,269	10,945	10,998
Securities	777	832	840	845	1,009	971	51	2,095	2,206
Other	305	161	210	188	170	125	177	116	229
Interest income	16,016	11,644	10,834	13,155	13,991	12,891	13,504	13,314	13,577
Interest expense									
Deposits	(4,313)	(3,147)	(3,174)	(4,025)	(4,336)	(4,448)	(4,691)	(4,511)	(4,346)
Borrowings	(4,100)	(2,394)	(1,393)	(2,413)	(2,834)	(2,629)	(3,013)	(2,783)	(2,507)
Subordinated loans	(197)	(306)	(318)	(324)	(327)	(324)	(338)	(334)	(327)
Other	(14)	(14)	(39)	(50)	(12)	(7)	25	(40)	(18)
Interest expense	(8,624)	(5,861)	(4,924)	(6,812)	(7,509)	(7,408)	(8,017)	(7,668)	(7,198)
Net interest income	7,392	5,783	5,910	6,343	6,482	5,483	5,487	5,646	6,379
Interest bearing assets									
Cash and balances with Central Bank	33,189	63,575	21,063	33,335	17,361	18,744	37,999	20,116	25,717
Loans	770,944	774,732	756,300	761,219	776,923	737,498	738,081	689,406	676,989
Securities	75,087	70,550	70,704	69,113	69,147	74,228	63,732	133,671	134,102
Interest bearing assets	879,220	908,856	848,067	863,668	863,431	830,470	839,811	843,193	836,808
Interest bearing liabilities									
Due to credit institutions and Central Bank	13,961	21,561	22,876	21,131	29,277	25,915	28,000	28,548	25,727
Deposits	472,304	471,271	454,973	482,518	474,229	470,665	471,866	471,768	466,834
Financial liabilities at fair value	4,145	7,311	9,143	6,038	7,646	9,145	8,960	9,834	10,005
Borrowings	241,880	249,751	200,580	191,947	199,882	203,226	204,568	206,065	203,100
Subordinated liabilities	10,884	20,494	31,639	31,205	31,189	31,297	31,918	32,809	32,503
Interest bearing liabilities	743,175	770,388	719,210	732,839	742,222	740,248	745,312	749,024	738,169
Interest Gap	136,045	138,468	128,857	130,829	121,209	90,222	94,499	94,169	98,639
Net interest margin on interest bearing assets	3.3%	2.6%	2.8%	2.9%	3.1%	2.6%	2.6%	2.7%	3.1%

All amounts are in ISK millions

Loans to customers - 9 quarter summary

ISK million

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Loans to customers									
Individuals	315,404	312,211	321,311	320,477	314,038	311,941	310,491	256,626	253,868
Corporates	351,725	336,878	326,197	332,121	323,047	330,400	325,283	319,578	313,389
Total loans to customers	667,129	649,089	647,508	652,598	637,085	642,341	635,774	576,204	567,257
Loans to individuals									
Overdrafts	18,062	18,508	17,955	18,525	18,044	19,003	18,205	18,263	17,927
Credit cards	10,650	10,135	11,065	10,228	9,084	9,669	11,296	9,890	10,421
Mortgage loans	264,681	262,883	271,639	257,122	259,118	259,252	258,065	205,295	201,381
Capital lease	2,905	2,556	2,469	-	-	-	1,513	-	-
Other loans	31,537	31,716	31,294	47,218	40,477	38,251	34,620	37,584	38,636
Provision on loans	(12,431)	(13,587)	(13,111)	(12,616)	(12,685)	(14,234)	(13,208)	(14,406)	(14,497)
Total loans to individuals	315,404	312,211	321,311	320,477	314,038	311,941	310,491	256,626	253,868
Neither past due nor impaired	273,687	273,560	277,859	282,283	272,704	261,695	268,485	223,228	218,833
Past due but not impaired	33,066	30,391	32,847	28,342	31,143	40,700	34,607	24,230	25,658
Individually impaired (gross)	19,454	19,219	21,621	20,454	20,720	23,653	19,110	22,254	49,465
Impairment amount	(10,803)	(10,959)	(11,016)	(10,602)	(10,529)	(14,107)	(11,711)	(13,086)	(40,088)
Total loans to individuals	315,404	312,211	321,311	320,477	314,038	311,941	310,491	256,626	253,868
Ratios									
Provision for losses/Gross impaired loans	63.9%	70.7%	60.6%	61.7%	61.2%	60.2%	69.1%	64.7%	29.3%
Past due loans but not impaired as % of gross loans	10.1%	9.4%	9.9%	8.6%	9.6%	12.5%	10.7%	9.0%	8.7%
Gross impaired loans/Gross loans	6.0%	5.9%	6.5%	6.2%	6.4%	7.3%	5.9%	8.3%	16.8%

Loans to customers - 9 quarter summary

ISK million

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Loans to corporates									
Overdrafts	25,272	25,305	24,420	23,453	23,444	23,218	19,669	19,010	18,771
Credit cards	997	1,004	943	939	716	761	878	874	855
Mortgage loans	11,990	11,601	10,406	8,940	9,199	8,539	8,103	6,719	5,932
Capital lease	5,438	3,774	3,607	-	-	-	1,404	-	-
Other loans	322,786	307,966	300,391	313,286	304,324	313,154	311,247	320,687	316,678
Provision on loans	(14,758)	(12,772)	(13,570)	(14,497)	(14,636)	(15,272)	(16,018)	(27,712)	(28,847)
Total loans to corporates	351,725	336,878	326,197	332,121	323,047	330,400	325,283	319,578	313,389
Neither past due nor impaired	313,161	317,228	308,588	311,702	300,525	299,368	304,880	278,435	272,853
Past due but not impaired	36,034	16,997	15,114	13,141	11,575	19,244	9,789	22,445	18,358
Individually impaired (gross)	13,149	13,583	13,693	20,009	23,749	23,248	24,029	44,427	22,450
Impairment amount	(10,619)	(10,930)	(11,198)	(12,731)	(12,802)	(11,460)	(13,415)	(25,729)	(272)
Total loans to corporates	351,725	336,878	326,197	332,121	323,047	330,400	325,283	319,578	313,389
Provision for losses/Gross impaired loans	112.2%	94.0%	99.1%	72.5%	61.6%	65.7%	66.7%	62.4%	128.5%
Past due loans but not impaired as % of gross loans	9.9%	4.9%	4.5%	3.8%	3.4%	5.6%	2.9%	6.5%	5.9%
Gross impaired loans/Gross loans	3.6%	3.9%	4.1%	5.8%	7.1%	6.8%	7.1%	12.9%	7.2%
Loans to corporates specified by sector:									
Agriculture and forestry	1.6%	1.6%	1.7%	1.6%	1.5%	1.4%	1.4%	1.4%	1.6%
Services	6.3%	5.6%	5.6%	5.4%	6.3%	6.0%	6.1%	6.4%	6.1%
Financial and insurance activities	8.9%	9.5%	8.5%	8.7%	8.9%	9.6%	8.5%	10.6%	8.1%
Industry, energy and manufacturing	5.6%	6.2%	7.8%	7.4%	7.4%	7.2%	7.0%	7.3%	7.3%
Information and communication technology	7.3%	6.8%	7.1%	6.9%	7.3%	7.1%	7.4%	7.7%	7.9%
Public administration, human health and social activities	2.2%	2.6%	2.4%	1.8%	1.9%	2.1%	2.7%	2.6%	2.8%
Real estate activities and construction	26.6%	24.6%	24.9%	29.5%	28.5%	26.5%	25.5%	24.3%	23.2%
Fishing industry	21.1%	22.9%	23.4%	21.0%	20.9%	18.8%	18.7%	18.8%	20.4%
Transportation	3.2%	3.3%	1.7%	1.9%	1.7%	5.6%	5.8%	6.1%	6.3%
Wholesale and retail trade	17.3%	16.9%	16.9%	15.8%	15.6%	15.8%	16.9%	14.8%	16.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Capital base									
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	1,402	1,627	1,632	1,633	1,635	1,639	1,637	1,637	1,638
Retained earnings	89,706	98,082	83,218	77,149	72,043	65,400	62,591	59,802	55,709
Non-controlling interest	1,476	1,545	1,501	5,122	5,004	4,913	4,858	3,587	3,580
Total equity	168,445	177,115	162,212	159,765	154,543	147,813	144,947	140,887	136,788
Intangible assets	(9,353)	(9,493)	(9,596)	(5,337)	(5,375)	(5,371)	(5,383)	(5,348)	(5,283)
Tax assets	(891)	(420)	(655)	(660)	(734)	(409)	(818)	(702)	(495)
Other statutory deductions	(105)	(12,913)	(111)	(125)	(110)	(7,931)	(119)	(158)	(136)
Total Tier 1 capital	158,096	154,289	151,850	153,643	148,324	134,102	138,627	134,679	130,874
Subordinated liabilities	10,884	20,494	31,639	31,205	31,189	31,297	31,918	32,809	32,503
Regulatory adjustments to Tier 2 capital	(411)	(684)	-	-	-	-	-	-	-
Other statutory deductions	(92)	(91)	(101)	(120)	(100)	(120)	(106)	(146)	(125)
Total Capital base	168,477	174,009	183,388	184,728	179,414	165,278	170,439	167,342	163,252
Risk weighted assets									
Credit Risk	629,774	625,520	591,994	630,866	604,993	618,188	608,029	584,912	563,702
Market Risk FX	6,582	19,413	18,915	18,399	16,317	21,548	31,703	27,421	28,472
Market Risk Other	7,299	1,492	2,890	4,251	4,362	5,932	4,993	6,293	6,339
Operational Risk	82,211	82,211	82,211	76,097	76,097	76,097	76,097	72,329	72,329
Total risk weighted assets	725,866	728,636	696,010	729,613	701,769	721,765	720,822	690,955	670,842
Capital ratios									
Official Tier 1 ratio*	21.8%	19.1%	21.8%	20.3%	21.1%	18.2%	19.2%	18.9%	19.5%
Tier 2 ratio	1.4%	2.8%	4.5%	4.3%	4.5%	4.3%	4.4%	4.7%	4.8%
Official Capital adequacy ratio	23.2%	21.8%	26.3%	24.6%	25.6%	22.5%	23.6%	23.6%	24.3%
Leverage ratio ¹	15.4%	14.5%	15.4%	-	-	-	14.5%	-	-
Related ratios									
RORWA	6.02%	8.37%	3.35%	2.92%	8.18%	1.59%	1.43%	2.48%	2.70%
RWA/Total assets	74.46%	72.55%	74.54%	77.44%	73.95%	77.35%	76.78%	73.75%	72.21%

*Official CET 1 ratio is based on audited or reviewed earnings from the previous quarter in Q1 and Q3

1) Figures not available for all quarters in 2014 and 2013

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