

Arion Bank Factbook

31.03.2015

KFI - 5 years

ISK million	Q1 2015	2014	2013	2012	2011
Profitability					
Return on equity	35.1%	18.6%	9.2%	13.8%	10.5%
Return on assets	6.2%	3.0%	1.4%	1.9%	1.3%
Return on risk-weighted-assets	9.6%	4.0%	1.9%	2.5%	1.6%
Earnings per share	7.43	14.23	6.51	8.31	10.51
Earnings per share from continuing operations	7.34	10.82	6.31	7.51	3.85
Net interest margin					
Net interest margin on interest bearing assets	2.6%	2.8%	2.9%	3.4%	3.4%
Net interest margin on total assets	2.4%	2.6%	2.6%	3.1%	2.8%
Efficiency					
Cost-to-income ratio	29.3%	50.1%	57.3%	49.8%	52.5%
Cost-to-total assets ratio	2.6%	2.9%	2.8%	2.8%	2.7%
Number of FTE's at year end	1,112	1,139	1,145	1,190	1,158
Asset quality					
Problem loans	3.2%	4.4%	6.3%	12.5%	15.8%
Loans in >90 days overdue	2.4%	3.6%	4.5%	6.0%	10.6%
Provision for losses/Gross impaired loans	80.4%	75.6%	67.7%	56.2%	50.8%
Gross impaired loans/Gross loans	4.9%	5.3%	6.5%	17.1%	18.2%
Past due loans but not impaired as % of gross loans	7.1%	7.2%	6.7%	6.5%	6.7%
Risk weighted assets / Total assets	72.5%	74.5%	76.8%	73.0%	74.5%
Financial strength					
Equity as % of total assets	17.6%	17.4%	15.4%	14.5%	12.8%
Liquidity					
Liquidity coverage ratio (LCR) ¹	192.0%	174.0%	123.0%	-	-
Loans-to-deposits ratio	137.7%	142.3%	135.0%	126.3%	114.6%
Loans-to-deposits ratio (without covered bonds)	110.1%	114.0%	106.4%	98.4%	90.6%
Deposits from customers as % of total funding	62.0%	64.4%	64.1%	63.1%	67.5%
Covered bonds as % of total funding	17.2%	18.3%	18.1%	17.6%	16.2%
Capital					
Tier 1 ratio	21.2%	21.8%	19.2%	19.1%	16.4%
Tier 2 ratio	2.7%	4.5%	4.4%	5.2%	4.8%
Capital adequacy ratio	23.9%	26.3%	23.6%	24.3%	21.2%
Leverage ratio ¹	14.5%	15.4%	14.5%	-	-

1) Figures not available for 2012 and 2011

Income statement - 5 year summary

ISK million	Q1 2015	Q1 2014	Q1 2013	Q1 2012	Q1 2011
Interest income	11,644	12,891	16,472	15,298	11,117
Interest expense	(5,861)	(7,408)	(10,184)	(9,084)	(5,231)
Net interest income	5,783	5,483	6,288	6,214	5,886
Fee and commission income	5,057	4,264	3,660	3,806	4,124
Fee and commission expense	(1,300)	(1,116)	(1,211)	(1,470)	(1,632)
Net fee and commission income	3,757	3,148	2,449	2,336	2,492
Net financial income	7,539	(572)	(827)	1,429	417
Other operating income	4,702	918	1,176	952	1,099
Operating income	21,781	8,977	9,086	10,931	9,894
Salaries and related expense	(3,492)	(3,450)	(3,322)	(3,045)	(2,658)
Other operating expenses	(2,896)	(2,747)	(3,277)	(2,757)	(2,463)
Net impairment	1,782	1,967	(322)	(76)	(413)
Earnings before tax	17,175	4,747	2,165	5,053	4,360
Income tax	(1,720)	(1,315)	(586)	(1,061)	(1,045)
Bank Levy	(730)	(660)	(91)	(268)	(67)
Net earnings from continuing operations	14,725	2,772	1,488	3,724	3,248
Net gain (loss) from discontinued operations, net of tax	183	92	(79)	727	(282)
Net earnings	14,908	2,864	1,409	4,451	2,966
Attributable to					
Shareholders of Arion Bank	14,864	2,808	1,697	4,311	2,791
Non-controlling interest	44	56	(288)	140	175
Net earnings	14,908	2,864	1,409	4,451	2,966
Other comprehensive income					
Exchange difference on translating foreign subsidiaries	(5)	2	1	2	181
Total comprehensive income for the period	14,903	2,866	1,408	4,453	3,147
Earnings per share from continuing operations					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	7.34	1.36	0.89	2.16	1.40

Balance sheet - 5 year summary

ISK million	Q1 2015	2014	2013	2012	2011
Assets					
Cash and balances with Central Bank	63,575	21,063	37,999	29,746	29,200
Loans to credit institutions	125,643	108,792	102,307	101,011	69,103
Loans to customers	649,089	647,508	635,774	566,610	561,550
Financial instruments	106,675	101,828	86,541	137,800	157,659
Investment property	7,915	6,842	28,523	28,919	27,100
Investments in associates	24,965	21,966	17,929	7,050	2,987
Intangible assets	9,493	9,596	5,383	4,941	4,765
Tax assets	420	655	818	463	724
Other assets	16,549	15,486	23,576	24,135	39,033
Total assets	1,004,324	933,736	938,850	900,675	892,121
Liabilities					
Due to credit institutions and Central Bank	21,561	22,876	28,000	32,990	16,160
Deposits	471,271	454,973	471,866	448,683	489,995
Financial liabilities at fair value	7,311	9,143	8,960	13,465	4,907
Tax liabilities	6,027	5,123	4,924	3,237	3,421
Other liabilities	50,794	47,190	43,667	42,117	43,772
Borrowings	249,751	200,580	204,568	195,085	187,203
Subordinated liabilities	20,494	31,639	31,918	34,220	32,105
Total liabilities	827,209	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	1,627	1,632	1,637	1,639	1,637
Retained earnings	98,082	83,218	62,591	49,572	32,950
Total shareholders equity	175,570	160,711	140,089	127,072	110,448
Non-controlling interest	1,545	1,501	4,858	3,806	4,110
Total equity	177,115	162,212	144,947	130,878	114,558
Total liabilities and equity	1,004,324	933,736	938,850	900,675	892,121

Net interest income - 5 year summary

ISK million	Q1 2015	Q1 2014	Q1 2013	Q1 2012	Q1 2011
Interest income					
Cash and balances with Central bank	142	179	319	171	104
Loans	10,509	11,616	13,720	12,884	8,896
Securities	832	971	2,278	2,147	1,919
Other	161	125	155	96	198
Interest income	11,644	12,891	16,472	15,298	11,117
Interest expense					
Deposits	(3,147)	(4,448)	(5,560)	(4,935)	(4,291)
Borrowings	(2,394)	(2,629)	(4,265)	(3,646)	(602)
Subordinated loans	(306)	(324)	(335)	(430)	(329)
Other	(14)	(7)	(24)	(73)	(9)
Interest expense	(5,861)	(7,408)	(10,184)	(9,084)	(5,231)
Net interest income	5,783	5,483	6,288	6,214	5,886
Interest bearing assets					
Cash and balances with Central Bank	63,575	18,744	28,099	18,030	24,629
Loans	774,732	737,499	668,970	650,109	517,238
Securities	70,550	74,228	127,574	145,010	137,489
Interest bearing assets	908,856	830,471	824,643	813,149	679,356
Interest bearing liabilities					
Due to credit institutions and Central Bank	21,561	25,915	21,617	37,032	68,322
Deposits	471,271	470,665	462,255	462,193	472,359
Financial liabilities at fair value	7,311	9,145	11,298	8,098	6,202
Borrowings	249,751	203,226	204,394	192,109	65,180
Subordinated liabilities	20,494	31,297	32,052	34,047	26,730
Interest bearing liabilities	770,388	740,248	731,616	733,479	638,793
Interest Gap	138,468	90,223	93,027	78,466	40,563
Net interest margin on interest bearing assets	2.6%	2.6%	3.0%	3.1%	3.5%

Loans to customers - 5 year summary

ISK million	Q1 2015	2014	2013	2012	2011
Loans to customers					
Individuals	312,211	321,311	310,491	242,773	239,288
Corporates	336,878	326,197	325,283	323,837	322,262
Total loans to customers	649,089	647,508	635,774	566,610	561,550
Loans to individuals					
Overdrafts	18,508	17,955	18,205	17,236	16,353
Credit cards	10,135	11,065	11,296	10,302	14,679
Mortgage loans	262,883	271,639	258,065	190,897	192,869
Capital lease ¹	2,556	2,469	1,513	-	-
Other loans	31,716	31,294	34,620	43,560	28,208
Provision on loans	(13,587)	(13,111)	(13,208)	(19,222)	(12,821)
Total loans to individuals	312,211	321,311	310,491	242,773	239,288
Neither past due nor impaired	273,560	277,859	268,485	200,080	198,441
Past due but not impaired	30,391	32,847	34,607	22,845	23,117
Individually impaired (gross)	19,219	21,621	19,110	38,023	30,392
Impairment amount	(10,959)	(11,016)	(11,711)	(18,175)	(12,662)
Total loans to individuals	312,211	321,311	310,491	242,773	239,288
Ratios:					
Provision for losses/Gross impaired loans	70.7%	60.6%	69.1%	50.6%	42.2%
Past due loans but not impaired as % of gross loans	9.4%	9.9%	10.7%	8.8%	9.2%
Gross impaired loans/Gross loans	5.9%	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	Q1 2015	2014	2013	2012	2011
Loans to corporates					
Overdrafts	25,305	24,420	19,669	18,470	11,375
Credit cards	1,004	943	878	769	771
Mortgage loans	11,601	10,406	8,103	4,376	3,603
Capital lease ¹	3,774	3,607	1,404	-	-
Other loans	307,966	300,391	311,247	340,781	349,981
Provision on loans	(12,772)	(13,570)	(16,018)	(40,559)	(43,468)
Total loans to corporates	336,878	326,197	325,283	323,837	322,262
Neither past due nor impaired	317,228	308,588	304,880	275,837	258,252
Past due but not impaired	16,997	15,114	9,789	17,851	17,758
Individually impaired (gross)	13,583	13,693	24,029	68,414	80,366
Impairment amount	(10,930)	(11,198)	(13,415)	(38,265)	(34,114)
Total loans to corporates	336,878	326,197	325,283	323,837	322,262
Ratios:					
Provision for losses/Gross impaired loans	94.0%	99.1%	66.7%	59.3%	54.1%
Past due loans but not impaired as % of gross loans	4.9%	4.5%	2.9%	4.9%	5.0%
Gross impaired loans/Gross loans	3.9%	4.1%	7.1%	18.9%	22.6%
Loans to corporates specified by sector:					
Agriculture and forestry	1.7%	1.7%	1.4%	1.5%	1.4%
Services	5.5%	5.6%	6.1%	5.8%	5.3%
Financial and insurance activities	8.2%	8.5%	8.5%	7.6%	6.2%
Industry, energy and manufacturing	7.5%	7.8%	7.0%	7.0%	8.4%
Information and communication technology	6.9%	7.1%	7.4%	8.9%	8.3%
Public administration, human health and social activities	2.3%	2.4%	2.7%	3.1%	2.4%
Real estate activities and construction	24.1%	24.9%	25.5%	21.3%	22.2%
Fishing industry	22.7%	23.4%	18.7%	20.9%	23.8%
Transportation	1.6%	1.7%	5.8%	6.7%	6.3%
Wholesale and retail trade	16.3%	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	Q1 2015	2014	2013	2012	2011
Capital base					
Share capital and share premium	75,861	75,861	75,861	75,861	75,861
Other reserves	1,627	1,632	1,637	1,639	1,637
Retained earnings	98,082	83,218	62,591	49,572	32,950
Non-controlling interest	1,545	1,501	4,858	3,806	4,110
Total equity	177,115	162,212	144,947	130,878	114,558
Intangible assets	(9,493)	(9,596)	(5,383)	(4,941)	(4,765)
Tax assets	(420)	(655)	(818)	(463)	(724)
Other statutory deductions	(12,913)	(111)	(119)	-	-
Total Tier 1 capital	154,289	151,850	138,627	125,474	109,069
Subordinated liabilities	20,494	31,639	31,918	34,220	32,105
Regulatory adjustment to Tier 2 capital	(684)	-	-	-	-
Other statutory deductions	(91)	(101)	(106)	-	-
Tier 2 capital	19,719	31,538	31,812	34,220	32,105
Total Capital base	174,008	183,388	170,439	159,694	141,174
Risk weighted assets					
Credit Risk	625,520	591,994	608,029	557,964	543,233
Market Risk FX	19,413	18,915	31,703	20,063	31,990
Market Risk Other	1,492	2,890	4,993	7,407	30,757
Operational Risk	82,211	82,211	76,097	72,329	58,976
Total risk weighted assets	728,636	696,010	720,822	657,763	664,956
Capital ratios					
Tier 1 ratio	19.1%	21.8%	19.2%	19.1%	16.4%
Tier 2 ratio	2.8%	4.5%	4.4%	5.2%	4.8%
Capital adequacy ratio	21.8%	26.3%	23.6%	24.3%	21.2%
Leverage ratio ¹	14.5%	15.4%	14.5%	-	-
Related ratios					
RORWA	9.63%	4.00%	1.86%	2.52%	1.64%
RWA/Total assets	72.55%	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

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Profitability									
Return on equity	35.1%	14.8%	13.3%	38.5%	7.8%	7.1%	12.2%	13.4%	4.3%
Return on assets	6.3%	2.6%	2.2%	6.3%	1.2%	1.1%	1.8%	2.0%	0.6%
Return on risk-weighted-assets	8.4%	3.3%	2.9%	8.2%	1.6%	1.4%	2.5%	2.7%	0.9%
Earnings per share	7.43	3.05	2.55	7.23	1.40	1.39	2.05	2.22	0.85
Earnings per share from continuing operations	7.34	2.93	2.52	4.01	1.36	1.19	2.02	2.21	0.89
Net interest margin									
Net interest margin on interest bearing assets	2.6%	2.8%	2.9%	3.1%	2.6%	2.6%	2.7%	3.1%	3.1%
Net interest margin on total assets	2.4%	2.5%	2.7%	2.8%	2.3%	2.3%	2.4%	2.8%	2.8%
Efficiency									
Cost-to-income ratio	29.3%	53.5%	45.0%	40.5%	69.0%	56.5%	48.4%	54.4%	72.6%
Cost-to-total assets ratio	2.6%	3.6%	2.4%	2.9%	2.6%	3.1%	2.3%	2.7%	2.9%
Number of FTE's at year end	1,112	1,139	1,135	1,118	1,140	1,145	1,139	1,153	1,187
Asset quality									
Problem loans	3.2%	4.4%	4.6%	5.4%	6.1%	6.3%	8.2%	8.5%	10.2%
Loans in >90 days overdue	3.6%	3.6%	3.6%	3.1%	4.2%	4.5%	5.6%	5.6%	5.6%
Provision for losses/Gross impaired loans	80.4%	75.6%	67.0%	61.4%	62.9%	67.7%	63.2%	60.3%	60.3%
Gross impaired loans/Gross loans	4.9%	5.3%	6.0%	6.7%	7.0%	6.5%	10.8%	11.8%	14.4%
Past due loans but not impaired as % of gross loans	7.1%	7.2%	6.1%	6.5%	9.0%	6.7%	7.6%	7.2%	7.5%
Risk weighted assets / Total assets	72.5%	74.5%	77.4%	73.9%	77.3%	76.8%	73.7%	72.2%	73.0%

KFI - 9 Quarters

ISK million

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Financial strength									
Equity as % of total assets	17.6%	17.4%	17.0%	16.3%	15.8%	15.4%	15.0%	14.7%	14.6%
Liquidity									
Liquidity coverage ratio (LCR) ¹	192.0%	174.0%	137.1%	184.0%	130.0%	123.0%	-	-	-
Loans-to-deposits ratio	137.7%	142.3%	135.2%	134.3%	136.5%	135.0%	122.1%	121.5%	122.3%
Loans-to-deposits ratio (without covered bonds)	110.1%	114.0%	109.6%	106.1%	108.1%	106.4%	94.9%	94.0%	94.5%
Deposits from customers as % of total funding	62.0%	64.4%	66.4%	64.6%	64.4%	64.1%	63.8%	64.1%	64.2%
Covered bonds as % of total funding	17.2%	18.3%	17.0%	18.2%	18.3%	18.1%	17.8%	17.7%	17.9%
Capital									
Official CET 1 ratio	19.1%	21.8%	20.3%	21.1%	18.2%	19.2%	18.9%	19.5%	18.9%
Tier 2 ratio	2.8%	4.5%	4.3%	4.5%	4.3%	4.4%	4.7%	4.8%	4.8%
Official capital adequacy ratio	21.9%	26.3%	24.6%	25.6%	22.5%	23.6%	23.6%	24.3%	23.7%
Leverage ratio ¹	14.5%	15.4%	-	-	-	14.5%	-	-	-

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

Income statement - 9 quarter summary

ISK million

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Interest income	11,644	10,835	13,155	13,990	12,891	13,504	13,314	13,577	16,472
Interest expense	(5,861)	(4,924)	(6,812)	(7,507)	(7,408)	(8,017)	(7,668)	(7,198)	(10,184)
Net interest income	5,783	5,911	6,343	6,483	5,483	5,487	5,646	6,379	6,288
Fee and commission income	5,057	4,768	4,762	4,653	4,264	4,562	4,141	4,080	3,660
Fee and commission expense	(1,300)	(1,578)	(1,236)	(1,208)	(1,116)	(1,623)	(1,155)	(1,231)	(1,211)
Net fee and commission income	3,757	3,190	3,526	3,445	3,148	2,939	2,986	2,849	2,449
Net financial income	7,539	1,429	1,994	4,439	(572)	721	658	1,123	(827)
Other operating income	4,702	5,208	689	2,356	918	3,615	1,610	1,249	1,176
Operating income	21,781	15,738	12,552	16,723	8,977	12,762	10,900	11,600	9,086
Salaries and related expense	(3,492)	(3,953)	(2,862)	(3,714)	(3,450)	(4,098)	(2,760)	(3,357)	(3,322)
Other operating expenses	(2,896)	(4,465)	(2,787)	(3,064)	(2,747)	(3,114)	(2,516)	(2,951)	(3,277)
Net impairment	1,782	(742)	876	34	1,967	(561)	(253)	456	(322)
Earnings before tax	17,175	6,578	7,779	9,979	4,747	4,989	5,371	5,748	2,165
Income tax	(1,720)	(222)	(1,989)	(1,152)	(1,315)	(292)	(1,102)	(1,163)	(586)
Bank Levy	(730)	(636)	(633)	(715)	(660)	(2,572)	(112)	(97)	(91)
Net earnings from continuing operations	14,725	5,720	5,157	8,112	2,772	2,125	4,157	4,488	1,488
Net gain (loss) from discontinued operations, net of tax	183	241	67	6,433	92	402	62	14	(79)
Net earnings	14,908	5,961	5,224	14,545	2,864	2,527	4,219	4,502	1,409
Attributable to									
Shareholders of Arion Bank	14,864	6,095	5,106	14,455	2,808	2,789	4,093	4,440	1,697
Non-controlling interest	44	(134)	118	90	56	(262)	126	62	(288)
Net earnings	14,908	5,961	5,224	14,545	2,864	2,527	4,219	4,502	1,409
Other comprehensive income									
Exchange difference on translating foreign subsidiaries	(5)	-	(2)	(4)	2	(2)	(1)	-	(1)
Total comprehensive income for the period	14,903	5,961	5,222	14,541	2,866	2,525	4,218	4,502	1,408
Earnings per share from continuing operations									
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	7.34	2.93	2.52	4.01	1.36	1.19	2.02	2.21	0.89

Balance sheet - 9 quarter summary

ISK million

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Assets									
Cash and balances with Central Bank	63,575	21,063	33,335	17,361	18,744	37,999	20,116	25,717	28,099
Loans to credit institutions	125,643	108,792	108,621	139,838	95,158	102,307	113,202	109,732	103,444
Loans to customers	649,089	647,508	652,598	637,085	642,341	635,774	576,204	567,257	565,526
Financial instruments	106,675	101,828	99,224	99,271	99,710	86,541	154,387	153,771	145,533
Investment property	7,915	6,842	2,901	6,020	28,503	28,523	29,382	28,911	28,112
Investments in associates	24,965	21,966	22,025	25,128	17,785	17,929	14,856	14,424	7,061
Intangible assets	9,493	9,596	5,338	5,374	5,371	5,383	5,348	5,283	5,108
Tax assets	420	655	660	734	409	818	702	495	507
Other assets	16,549	15,485	17,471	18,181	25,124	23,576	22,747	23,440	24,075
Total assets	1,004,324	933,735	942,173	948,991	933,144	938,850	936,944	929,030	907,465
Liabilities									
Due to credit institutions and Central Bank	21,561	22,876	21,131	29,277	25,915	28,000	28,548	25,727	21,617
Deposits	471,271	454,973	482,518	474,229	470,665	471,866	471,768	466,834	462,255
Financial liabilities at fair value	7,311	9,143	6,038	7,646	9,145	8,960	9,834	10,005	11,298
Tax liabilities	6,027	5,123	6,103	4,995	5,263	4,924	4,815	4,049	3,483
Other liabilities	50,794	47,190	43,465	47,232	39,820	43,667	42,218	50,024	40,080
Borrowings	249,751	200,580	191,947	199,882	203,226	204,568	206,065	203,100	204,394
Subordinated liabilities	20,494	31,639	31,205	31,189	31,297	31,918	32,809	32,503	32,052
Total liabilities	827,209	771,523	782,406	794,449	785,331	793,904	796,057	792,242	775,179
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	1,627	1,632	1,633	1,635	1,639	1,637	1,637	1,638	1,638
Retained earnings	98,082	83,218	77,149	72,043	65,400	62,591	59,802	55,709	51,269
Total shareholders equity	175,570	160,711	154,643	149,539	142,900	140,089	137,300	133,208	128,768
Non-controlling interest	1,545	1,501	5,122	5,004	4,913	4,858	3,587	3,580	3,518
Total equity	177,115	162,212	159,765	154,543	147,813	144,947	140,887	136,788	132,286
Total liabilities and equity	1,004,324	933,735	942,171	948,992	933,144	938,851	936,944	929,030	907,465

Net interest income - 9 quarter summary

ISK million

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Interest income									
Cash and balances with Central bank	142	201	169	154	179	7	158	144	319
Loans	10,509	9,583	11,953	12,658	11,616	13,269	10,945	10,998	13,720
Securities	832	840	845	1,009	971	51	2,095	2,206	2,278
Other	161	210	188	170	125	177	116	229	155
Interest income	11,644	10,834	13,155	13,991	12,891	13,504	13,314	13,577	16,472
Interest expense									
Deposits	(3,147)	(3,174)	(4,025)	(4,336)	(4,448)	(4,691)	(4,511)	(4,346)	(5,560)
Borrowings	(2,394)	(1,393)	(2,413)	(2,834)	(2,629)	(3,013)	(2,783)	(2,507)	(4,265)
Subordinated loans	(306)	(318)	(324)	(327)	(324)	(338)	(334)	(327)	(335)
Other	(14)	(39)	(50)	(12)	(7)	25	(40)	(18)	(24)
Interest expense	(5,861)	(4,924)	(6,812)	(7,509)	(7,408)	(8,017)	(7,668)	(7,198)	(10,184)
Net interest income	5,783	5,910	6,343	6,482	5,483	5,487	5,646	6,379	6,288
Interest bearing assets									
Cash and balances with Central Bank	63,575	21,063	33,335	17,361	18,744	37,999	20,116	25,717	28,099
Loans	774,732	756,300	761,219	776,923	737,498	738,081	689,406	676,989	668,970
Securities	70,550	70,704	69,113	69,147	74,228	63,732	133,671	134,102	127,574
Interest bearing assets	908,856	848,067	863,668	863,431	830,470	839,811	843,193	836,808	824,643
Interest bearing liabilities									
Due to credit institutions and Central Bank	21,561	22,876	21,131	29,277	25,915	28,000	28,548	25,727	21,617
Deposits	471,271	454,973	482,518	474,229	470,665	471,866	471,768	466,834	462,255
Financial liabilities at fair value	7,311	9,143	6,038	7,646	9,145	8,960	9,834	10,005	11,298
Borrowings	249,751	200,580	191,947	199,882	203,226	204,568	206,065	203,100	204,394
Subordinated liabilities	20,494	31,639	31,205	31,189	31,297	31,918	32,809	32,503	32,052
Interest bearing liabilities	770,388	719,210	732,839	742,222	740,248	745,312	749,024	738,169	731,616
Interest Gap	138,468	128,857	130,829	121,209	90,222	94,499	94,169	98,639	93,027
Net interest margin on interest bearing assets	2.6%	2.8%	2.9%	3.1%	2.6%	2.6%	2.7%	3.1%	3.1%

All amounts are in ISK millions

Loans to customers - 9 quarter summary

ISK million	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Loans to customers									
Individuals	312,211	321,311	320,477	314,038	311,941	310,491	256,626	253,868	247,245
Corporates	336,878	326,197	332,121	323,047	330,400	325,283	319,578	313,389	318,281
Total loans to customers	649,089	647,508	652,598	637,085	642,341	635,774	576,204	567,257	565,526
Loans to individuals									
Overdrafts	18,508	17,955	18,525	18,044	19,003	18,205	18,263	17,927	17,729
Credit cards	10,135	11,065	10,228	9,084	9,669	11,296	9,890	10,421	8,724
Mortgage loans	262,883	271,639	257,122	259,118	259,252	258,065	205,295	201,381	195,895
Capital lease	2,556	2,469	-	-	-	1,513	-	-	-
Other loans	31,716	31,294	47,218	40,477	38,251	34,620	37,584	38,636	40,145
Provision on loans	(13,587)	(13,111)	(12,616)	(12,685)	(14,234)	(13,208)	(14,406)	(14,497)	(15,248)
Total loans to individuals	312,211	321,311	320,477	314,038	311,941	310,491	256,626	253,868	247,245
Neither past due nor impaired	273,560	277,859	282,283	272,704	261,695	268,485	223,228	218,833	206,777
Past due but not impaired	30,391	32,847	28,342	31,143	40,700	34,607	24,230	25,658	29,361
Individually impaired (gross)	19,219	21,621	20,454	20,720	23,653	19,110	22,254	49,465	63,721
Impairment amount	(10,959)	(11,016)	(10,602)	(10,529)	(14,107)	(11,711)	(13,086)	(40,088)	(52,614)
Total loans to individuals	312,211	321,311	320,477	314,038	311,941	310,491	256,626	253,868	247,245
Ratios									
Provision for losses/Gross impaired loans	70.7%	60.6%	61.7%	61.2%	60.2%	69.1%	64.7%	29.3%	23.9%
Past due loans but not impaired as % of gross loans	9.4%	9.9%	8.6%	9.6%	12.5%	10.7%	9.0%	8.7%	9.8%
Gross impaired loans/Gross loans	5.9%	6.5%	6.2%	6.4%	7.3%	5.9%	8.3%	16.8%	21.3%

Loans to customers - 9 quarter summary

ISK million

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Loans to corporates									
Overdrafts	25,305	24,420	23,453	23,444	23,218	19,669	19,010	18,771	19,172
Credit cards	1,004	943	939	716	761	878	874	855	720
Mortgage loans	11,601	10,406	8,940	9,199	8,539	8,103	6,719	5,932	5,488
Capital lease	3,774	3,607	-	-	-	1,404	-	-	-
Other loans	307,966	300,391	313,286	304,324	313,154	311,247	320,687	316,678	330,981
Provision on loans	(12,772)	(13,570)	(14,497)	(14,636)	(15,272)	(16,018)	(27,712)	(28,847)	(38,080)
Total loans to corporates	336,878	326,197	332,121	323,047	330,400	325,283	319,578	313,389	318,281
Neither past due nor impaired	317,228	308,588	311,702	300,525	299,368	304,880	278,435	272,853	274,222
Past due but not impaired	16,997	15,114	13,141	11,575	19,244	9,789	22,445	18,358	16,602
Individually impaired (gross)	13,583	13,693	20,009	23,749	23,248	24,029	44,427	22,450	24,715
Impairment amount	(10,930)	(11,198)	(12,731)	(12,802)	(11,460)	(13,415)	(25,729)	(272)	2,742
Total loans to corporates	336,878	326,197	332,121	323,047	330,400	325,283	319,578	313,389	318,281
Provision for losses/Gross impaired loans	94.0%	99.1%	72.5%	61.6%	65.7%	66.7%	62.4%	128.5%	154.1%
Past due loans but not impaired as % of gross loans	4.9%	4.5%	3.8%	3.4%	5.6%	2.9%	6.5%	5.9%	5.3%
Gross impaired loans/Gross loans	3.9%	4.1%	5.8%	7.1%	6.8%	7.1%	12.9%	7.2%	7.8%
Loans to corporates specified by sector:									
Agriculture and forestry	1.6%	1.7%	1.6%	1.5%	1.4%	1.4%	1.4%	1.6%	1.5%
Services	5.6%	5.6%	5.4%	6.3%	6.0%	6.1%	6.4%	6.1%	5.8%
Financial and insurance activities	9.5%	8.5%	8.7%	8.9%	9.6%	8.5%	10.6%	8.1%	8.2%
Industry, energy and manufacturing	6.2%	7.8%	7.4%	7.4%	7.2%	7.0%	7.3%	7.3%	7.2%
Information and communication technology	6.8%	7.1%	6.9%	7.3%	7.1%	7.4%	7.7%	7.9%	9.0%
Public administration, human health and social activities	2.6%	2.4%	1.8%	1.9%	2.1%	2.7%	2.6%	2.8%	2.9%
Real estate activities and construction	24.6%	24.9%	29.5%	28.5%	26.5%	25.5%	24.3%	23.2%	22.5%
Fishing industry	22.9%	23.4%	21.0%	20.9%	18.8%	18.7%	18.8%	20.4%	19.6%
Transportation	3.3%	1.7%	1.9%	1.7%	5.6%	5.8%	6.1%	6.3%	6.3%
Wholesale and retail trade	16.9%	16.9%	15.8%	15.6%	15.8%	16.9%	14.8%	16.3%	17.0%
	100.0%	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 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	1,627	1,632	1,633	1,635	1,639	1,637	1,637	1,638	1,638
Retained earnings	98,082	83,218	77,149	72,043	65,400	62,591	59,802	55,709	51,269
Non-controlling interest	1,545	1,501	5,122	5,004	4,913	4,858	3,587	3,580	3,518
Total equity	177,115	162,212	159,765	154,543	147,813	144,947	140,887	136,788	132,286
Intangible assets	(9,493)	(9,596)	(5,337)	(5,375)	(5,371)	(5,383)	(5,348)	(5,283)	(5,108)
Tax assets	(420)	(655)	(660)	(734)	(409)	(818)	(702)	(495)	(507)
Other statutory deductions	(12,913)	(111)	(125)	(110)	(7,931)	(119)	(158)	(136)	(15)
Total Tier 1 capital	154,289	151,850	153,643	148,324	134,102	138,627	134,679	130,874	126,656
Subordinated liabilities	20,494	31,639	31,205	31,189	31,297	31,918	32,809	32,503	32,052
Regulatory adjustments to Tier 2 capital	(684)	-	-	-	-	-	-	-	-
Other statutory deductions	(91)	(101)	(120)	(100)	(120)	(106)	(146)	(125)	(14)
Total Capital base	174,009	183,388	184,728	179,414	165,278	170,439	167,342	163,252	158,694
Risk weighted assets									
Credit Risk	625,520	591,994	630,866	604,993	618,188	608,029	584,912	563,702	560,844
Market Risk FX	19,413	18,915	18,399	16,317	21,548	31,703	27,421	28,472	21,278
Market Risk Other	1,492	2,890	4,251	4,362	5,932	4,993	6,293	6,339	8,303
Operational Risk	82,211	82,211	76,097	76,097	76,097	76,097	72,329	72,329	72,329
Total risk weighted assets	728,636	696,010	729,613	701,769	721,765	720,822	690,955	670,842	662,754
Capital ratios									
Official Tier 1 ratio*	19.1%	21.8%	20.3%	21.1%	18.2%	19.2%	18.9%	19.5%	18.9%
Tier 2 ratio	2.8%	4.5%	4.3%	4.5%	4.3%	4.4%	4.7%	4.8%	4.8%
Official Capital adequacy ratio	21.8%	26.3%	24.6%	25.6%	22.5%	23.6%	23.6%	24.3%	23.7%
Leverage ratio ¹	14.5%	15.4%	-	-	-	14.5%	-	-	-
Related ratios									
RORWA	8.37%	3.35%	2.92%	8.18%	1.59%	1.43%	2.48%	2.70%	0.85%
RWA/Total assets	72.55%	74.54%	77.44%	73.95%	77.35%	76.78%	73.75%	72.21%	73.03%

*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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