



# Financial Statements 31 March 2017

Investor presentation  
11 May 2017





# Q1 2017 highlights

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- 1** **First step in the sale of Arion Bank**, largest equity portfolio investment by foreign parties in Icelandic history
- 2** **Lifting of capital controls**
- 3** **Stable operations** during the first quarter and increased Return on equity compared with last year

# Highlights of the first three months of 2017

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Stable operations – changes to bank's ownership

## Stability

- Stable operations in first quarter
- Net interest income virtually unchanged between years
- Commission income up 3%, mainly from Retail Banking
- Bank's listed securities performed well, both equities and fixed income
- Net insurance income increased after Vördur joined the Group at the end of last year
- Operating expenses increased, partly as a result of Vördur coming into the Group
- Full-time positions decreased by 35 from beginning of year, partly because of outsourcing of IT projects to Nýherji

## New shareholders in Arion Bank

- In March it was announced that Kaupthing, through its subsidiary Kaupskil, had sold approximately 30% of its share in Arion Bank to international investors
- It represents the largest ever equity portfolio investment by foreign investors in Iceland
- The buyers were Attestor Capital LLP (9.99%), Taconic Capital Advisors UK LLP (9.99%), Sculptor Investments s.a.r.l. (6.6%, connected to Och-Ziff Capital Management Group), and Goldman Sachs International (2.6%)
- The investors are all shareholders in Kaupthing
- The process of selling the Bank is ongoing and one of the options being considered is listing the Bank on a stock exchange

# Highlights of the first three months of 2017

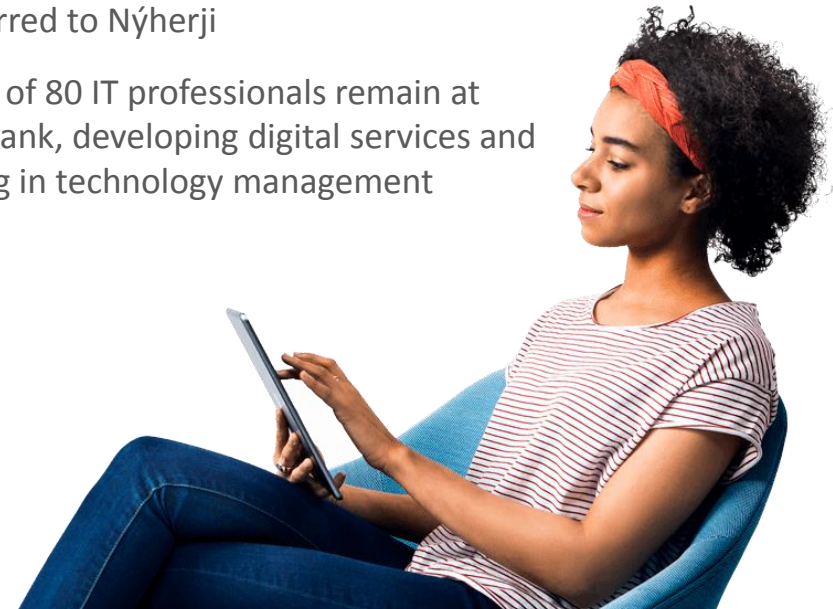
Focus on digital solutions and information technology

## Next generation of digital solutions

- Arion Bank is resolved to be a pioneer in digital financial solutions
- In 2016 the Bank introduced new digital solutions, including an online credit assessment
- From January the Bank's mortgage application process became fully digitalized and the application process is now far shorter and more straightforward for customers
- The Einkaklúbbur discount app was released and proved highly popular – the app has been downloaded 20,000 times so far

## Administration of IT systems outsourced

- In January Arion Bank reached an agreement with Nýherji to outsource the administration of the Bank's IT systems
- Nýherji took over the running of all centralized infrastructure and systems and also provides general technical services and on-site assistance
- More than 20 employees of Arion Bank transferred to Nýherji
- A team of 80 IT professionals remain at Arion Bank, developing digital services and working in technology management



# Highlights of the first three months of 2017

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## Diverse funding

### Bond issues in euros

- The Bank tapped its bond issue from December for an additional €200 million, bringing the total issue to €500 million
- Part of the issue was used to pay down existing loans, particularly the outstanding US dollar bond from 2016, owned by Kaupthing. The original issue was \$750 million and the outstanding amount to be repaid is now \$100 million
- The Bank has also made private placement issues internationally, issuing a total of ISK 5 billion during the quarter
- In Iceland the Bank has continued to successfully issue commercial paper and covered bonds and this remains an important source of funding

### Changes to the branch network

- The branch at Egilsstaðir opened in a new location after 50 years in the same place
- The branch at Smári in Kópavogur was redesigned

### Investment bank of the year

- Global Finance named Arion Bank as investment bank of the year in Iceland



# Highlights of the first three months of 2017

Strong voice in the debate on finance and financial education

## Meetings and events

- Event held to present the agreement reached between Arion Bank and the European Investment Fund, EIF, on favourable loans to innovative companies
- The Bank organized a range of seminars on finance, including meetings on saving for your first home
- Arion Research's macroeconomic forecast and a new report on the residential property market were presented at meetings at the headquarters
- Arion Bank gave a presentation at the UTMessan IT conference and discussed digital solutions and the methodology used by the Bank in this area
- The Bank held a presentation at the Real Estate Conference and was one of the event's main sponsors



**Hönnunarmars  
Reykjavík**  
23.–26.03.2017



## AGM and digital reporting

- The Bank's AGM was held and the Bank's annual report and risk report were issued digitally
- The annual report included more in-depth coverage of sustainability at the Bank and a separate environmental report

## Innovation and design

- The deadline for applications for Startup Reykjavík expired 31 March and 140 applications were received
- Sponsorship of DesignMarch plus special events
- Two art exhibitions at Borgartún 19, *Því myndin byrjar einhvers staðar* and *Hús í myndlist*



# Macroeconomic environment

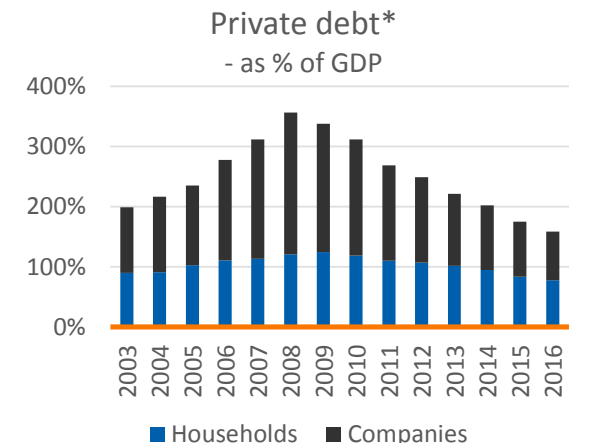
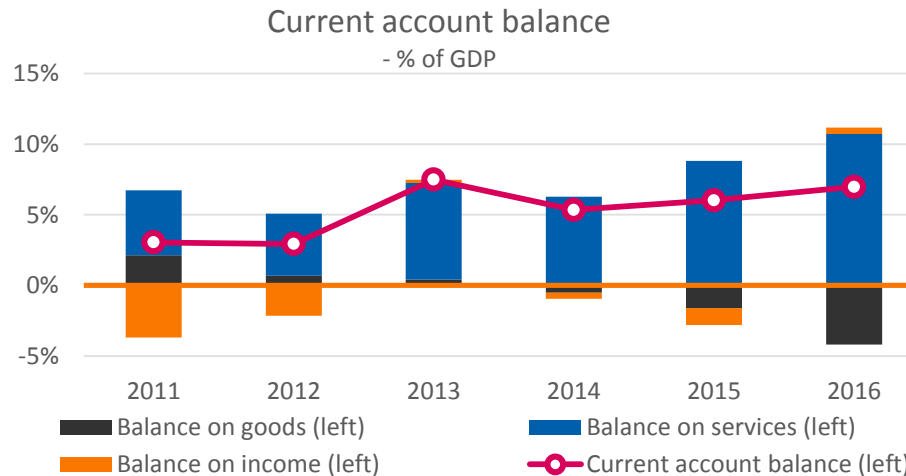
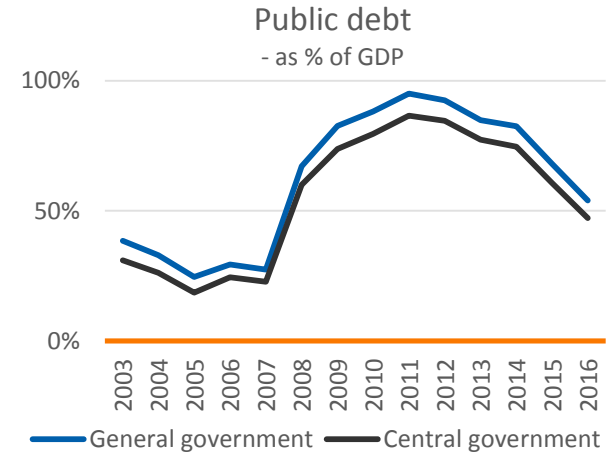
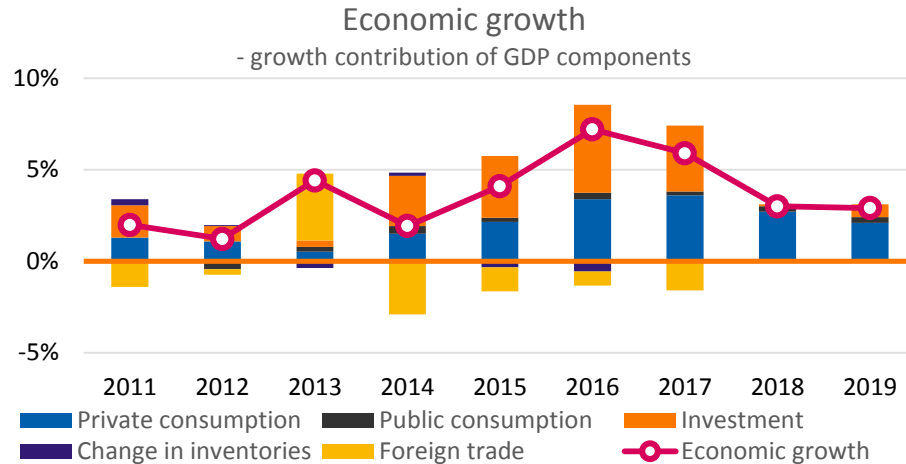
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# Strong economic growth and favorable outlook

A positive macro environment for Arion Bank to operate in

- Economic growth in 2016 was 7.2%, driven by private consumption, investment and service exports
- Current account balance was positive by 8% of GDP in 2016, which, together with other factors, contributed to positive NIIP
- The economy is well balanced; public and private debt has decreased, investment level has reached its long-term average and, despite strong growth, private consumption as % of nominal GDP has never been lower

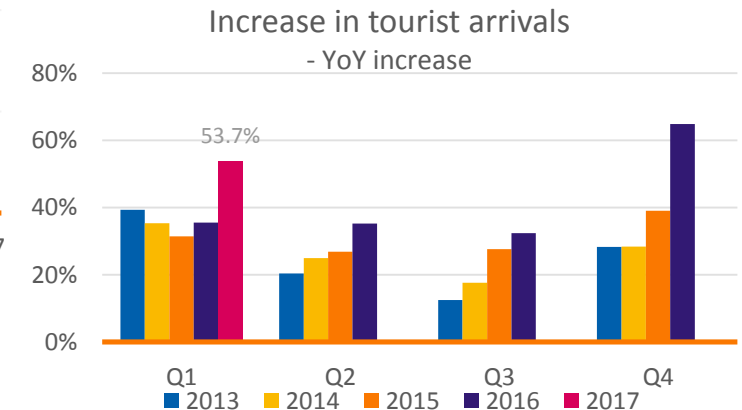
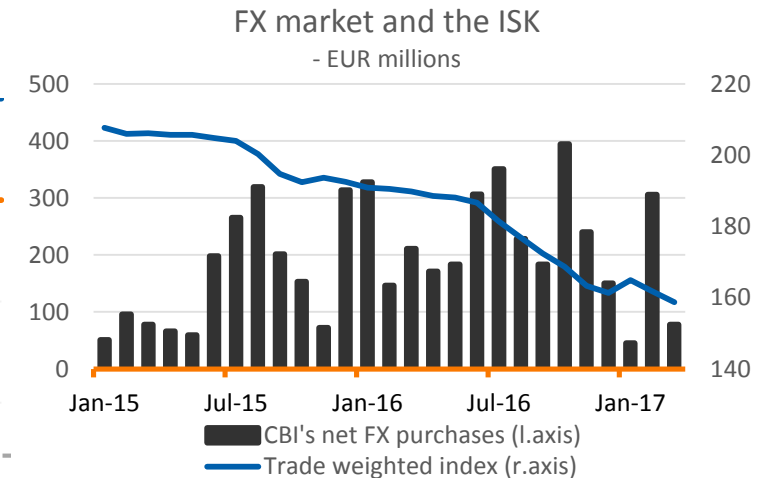
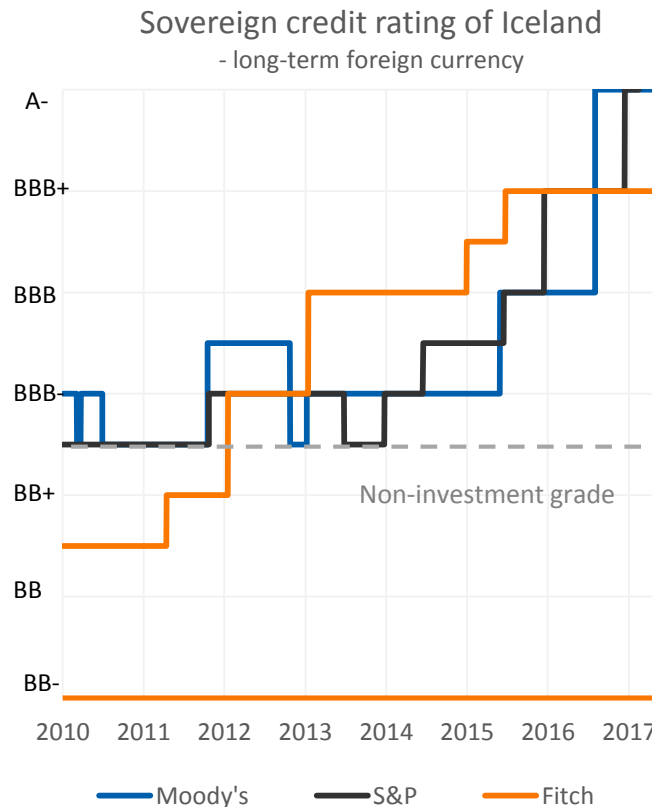




# Further steps taken towards capital account liberalization

## A significant step towards unrestricted cross-border capital movements

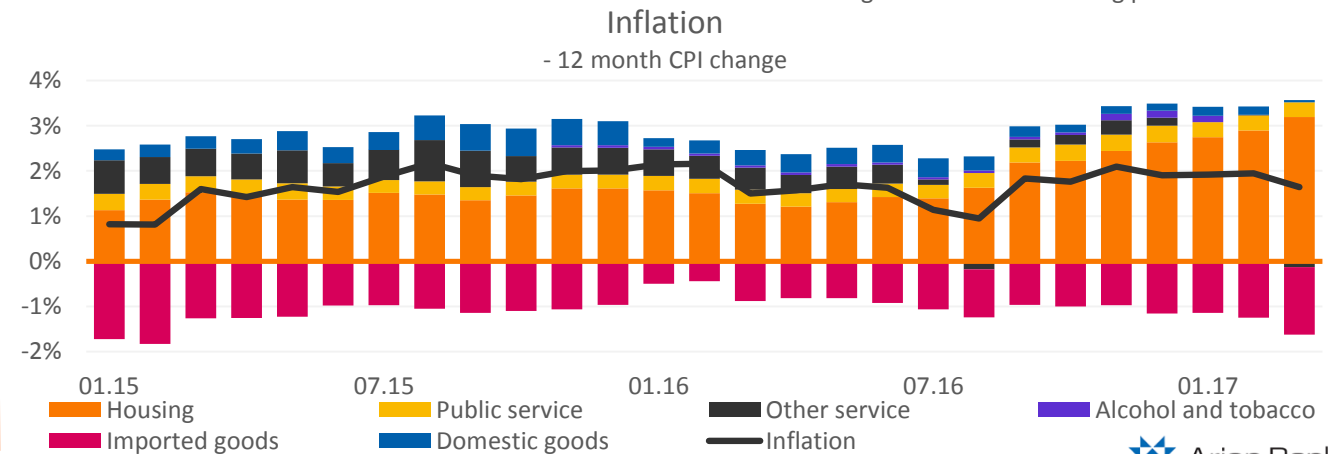
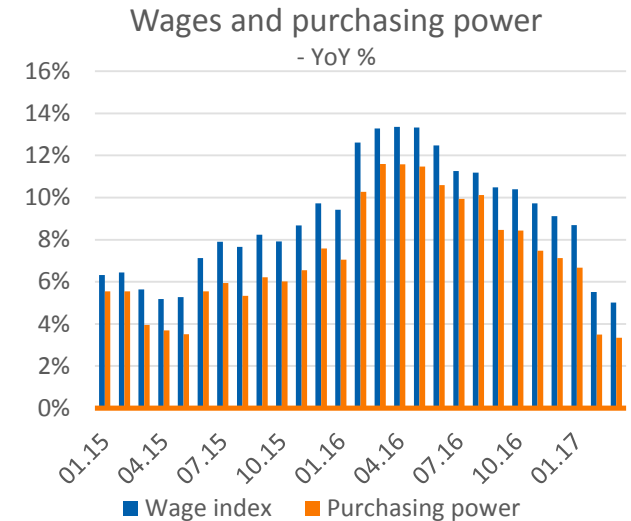
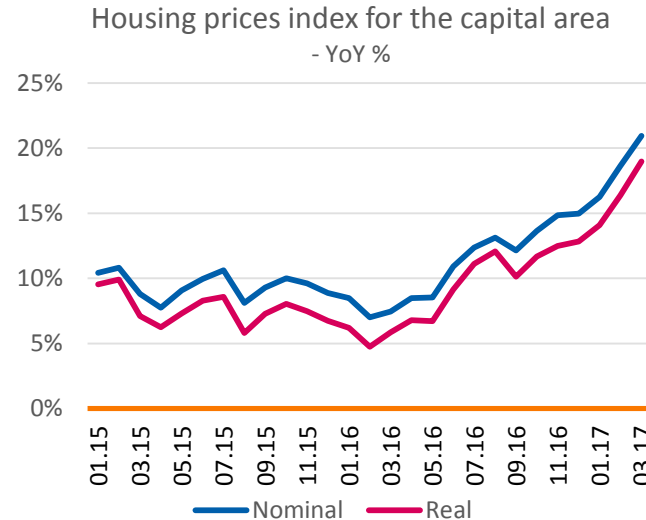
- In March capital controls on individuals, firms and pension funds were lifted and the CBI acquired a large amount of offshore assets
- These steps have so far had a moderate effect on the ISK, which has continued to appreciate, albeit at a slower pace. However, volatility in the exchange rate has increased
- In Q1 the CBI bought EUR 428m so the net FX reserves stand at EUR 5.1 bn.
- Record number of tourists visited the country in Q1, which offsets the weaker balance of trade



# Households' financial position continues to improve

## Strong labour market and rapid growth in purchasing power

- Real wages continued to increase in Q1, albeit at a slower pace than before. The YoY-% is expected to pick up again in May when wages will rise by 4.5% according to a general labor agreement
- Housing prices have appreciated rapidly in the last months as a result of severe supply shortage. At the same time demand is quickly gaining pace, driven by population growth, real wages growth and the tourist boom.
- Housing prices are the main driving factor behind inflation while imported goods partly offset the pressure.
- For now a sign of imbalance in the economy can be seen in the housing market, although the labor market is also showing strain.



# Headline figures for Q1 2017

Net earnings  
**ISK 3,353**  
million  
Q1 2016:  
ISK 2,883 million

CET 1  
**27.3%**  
31.12.2016:  
26.5%

Cost-to-  
income ratio  
**64.4%**  
Q1 2016:  
60.2%

Problem  
loans  
**1.5%**  
31.12.2016:  
1.6%

Return on  
equity  
**6.3%**  
Q1 2016:  
5.7%

Leverage  
ratio  
**17.0%**  
31.12.2016:  
18.0%

Number of  
employees  
**1,204**  
31.12.2016:  
1,239

Mortgages/  
Total loans  
**39.7%**  
31.12.2016:  
39.2%



# Income statement

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# Income statement

All amounts in ISK million

## Core revenues improve from last year

- Slight decrease in net interest income mainly due to lower inflation
- Stable net commission income from Q1 last year
- Net financial income is positive due to returns from listed bond and equity holdings
- Acquisition of Vördur transforms net insurance income
- Salaries are relatively stable in spite of Vördur having been added into the Group
- Other operating expenses increase mainly due to Vördur acquisition and outsourcing of IT
- Positive net impairment due to reversal of impairment on both individual and corporate customers

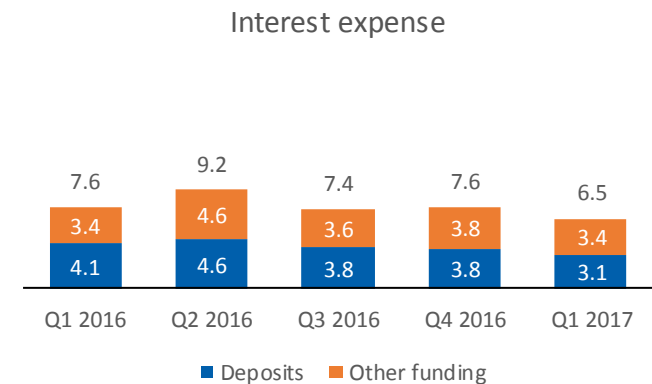
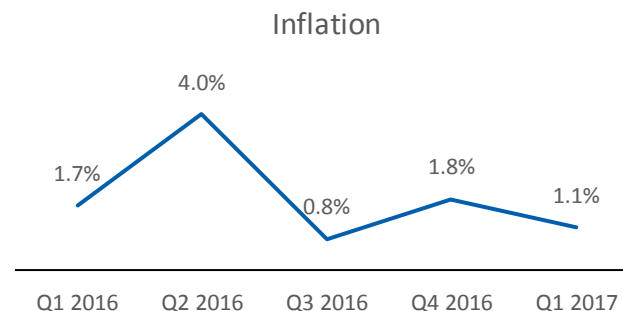
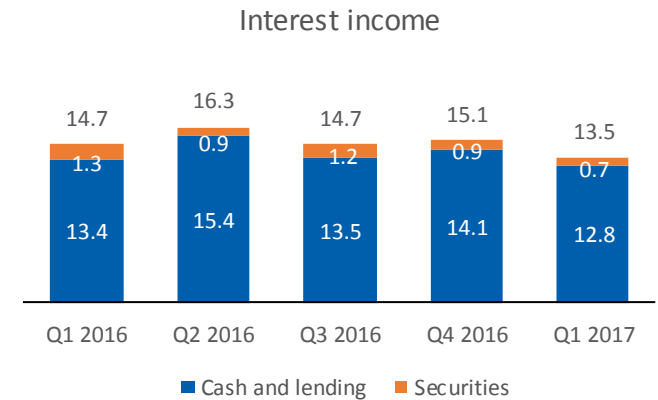
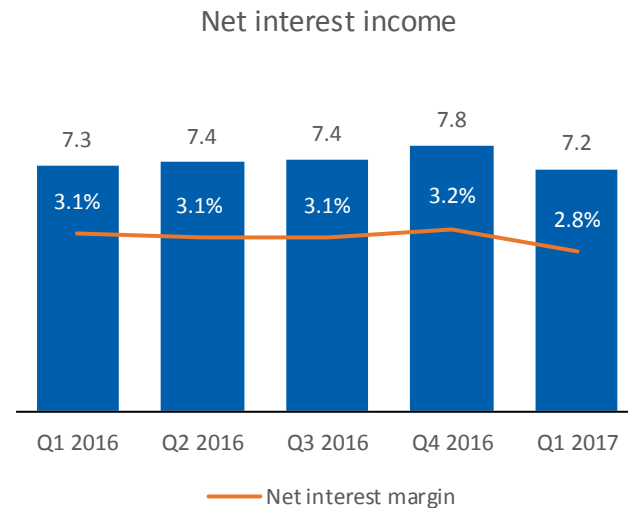
	Q1 2017	Q1 2016	Diff	Diff%
Net interest income	7,160	7,273	(113)	-2%
Net commission income	3,330	3,219	111	3%
Net financial income	1,230	(301)	1,531	-
Net insurance income	447	144	302	210%
Share of profit of associates	(34)	677	(711)	-105%
Other operating income	380	947	(567)	-60%
<b>Operating income</b>	<b>12,513</b>	<b>11,959</b>	<b>553</b>	<b>5%</b>
Salaries and related expense	(4,222)	(4,108)	(114)	3%
Other operating expenses	(3,834)	(3,090)	(744)	24%
Bank levy	(797)	(742)	(55)	7%
Net impairment	880	(503)	1,383	-
<b>Net earnings before taxes</b>	<b>4,540</b>	<b>3,516</b>	<b>1,024</b>	<b>29%</b>
Income tax	(1,334)	(737)	(597)	81%
Net gain from disc. operations	147	104	43	41%
<b>Net earnings</b>	<b>3,353</b>	<b>2,883</b>	<b>470</b>	<b>16%</b>

# Net interest income

All amounts in ISK billion

Interest income from lending stable but interest margin decreases temporarily due to technical factors

- Inflation typically low during Q1 and under the Central Bank's target for some time
- Decrease in net interest margin due to sharp increase in short-term bank accounts at the end of the period
  - Increase in interest-bearing assets from year end 2016 of ISK 86 billion or 8% of total assets, mainly short term
- Net interest income stable due to responsible lending activities and active liquidity management
- Fluctuations in both interest income and expenses mostly due to inflation rate





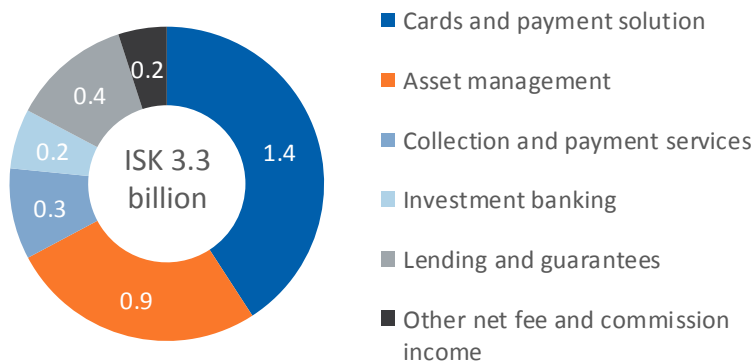
# Net commission income

All amounts in ISK billion

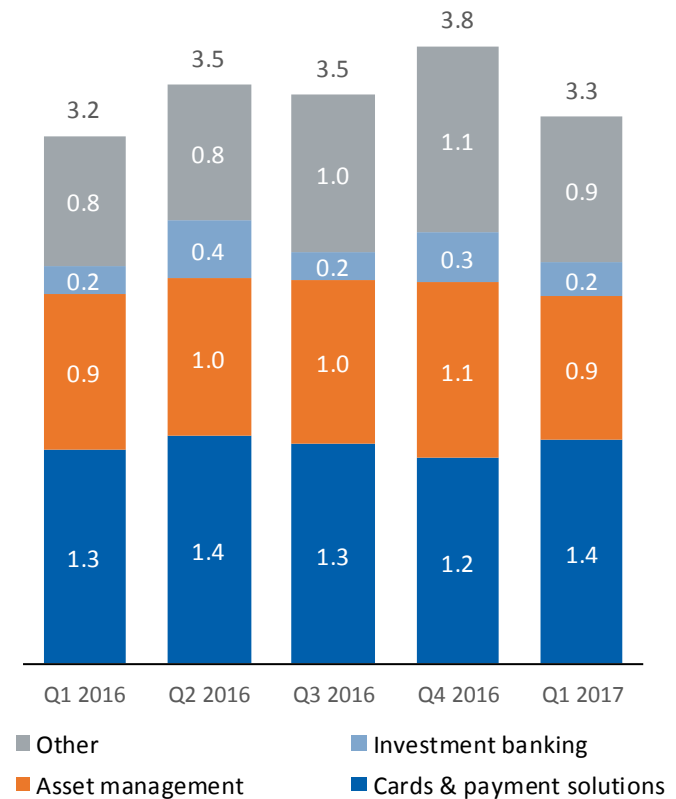
Small increase from Q1 last year but high potential

- High top line revenue growth continues at Valitor but the company is temporarily hampered by margin compression and FX volatility in European markets
- Changes in market environment are negatively affecting asset management in the quarter
- Capital markets are performing well but corporate finance activities are volatile
- Seasonality has an impact on other commission income

Breakdown of Net commission income Q1 2017



Net commission income

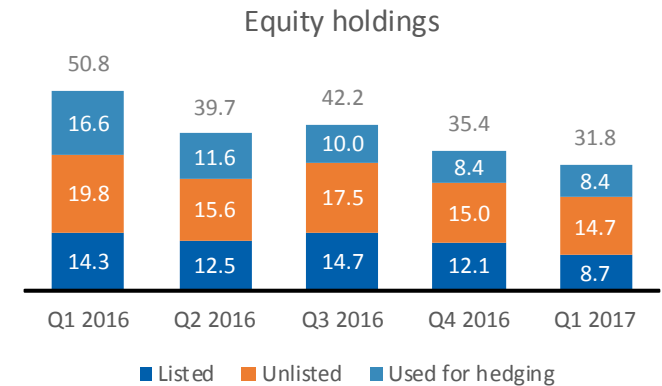
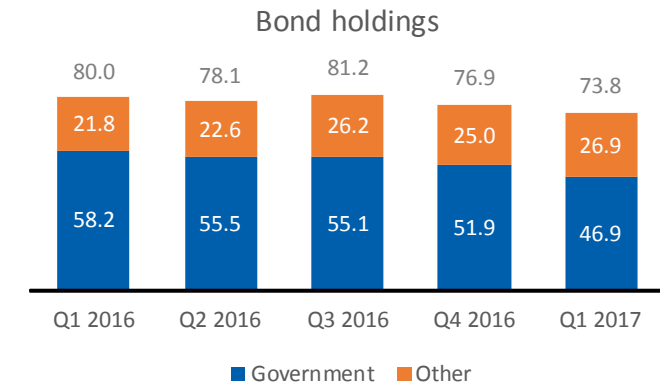
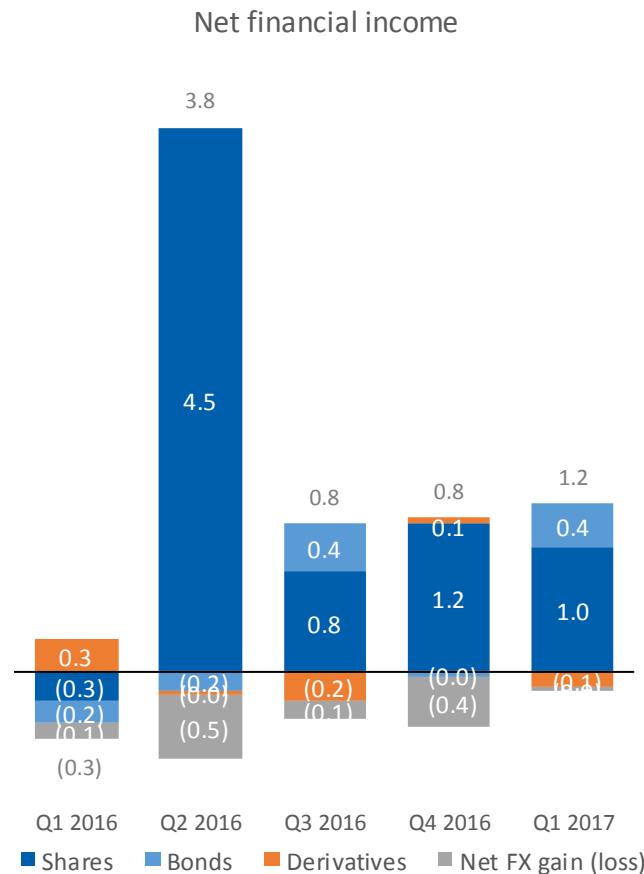


# Net financial income

All amounts in ISK billion

## Good performance in a challenging environment

- The Bank's listed bonds and equity holdings performed well during the period
- The Icelandic stock market index OMXI8 increased by only 0.5% during the quarter
- The Bank sold all its remaining equity holdings in both Síminn and Reitir during the period
- The ISK fluctuated during the period but is at a similar level at the end of the period against major currencies as at year end 2016
- Derivative losses are mainly mkt/mkt positions in the Bank's funding activities as the Bank does not use hedge accounting for all funding



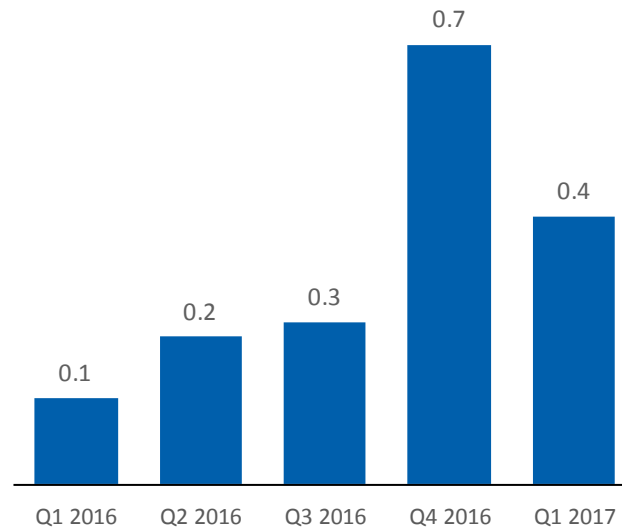
# Other income

All amounts in ISK billion

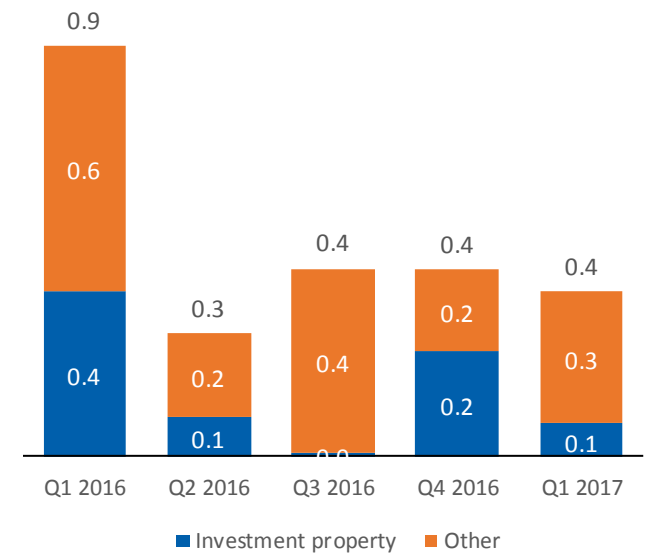
Insurance has become a part of the Bank's service offering

- Increase in insurance income from Q1 2016 due to acquisition of Vördur in Q4 2016
- Insurance income is expected to increase going forward as insurance products become a part of the retail service offering
- Minor valuation changes in investment properties

Net insurance income



Other operating income



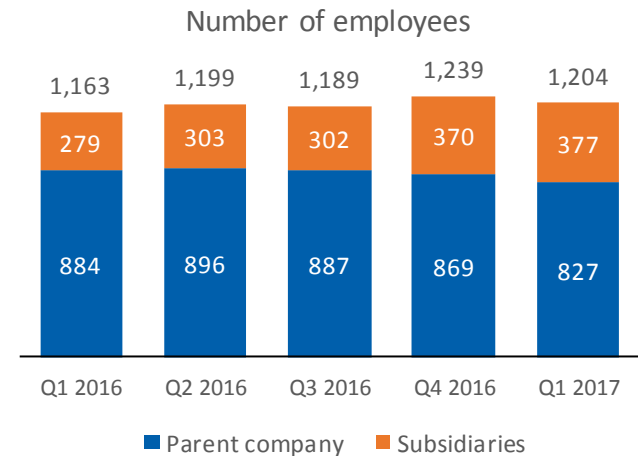
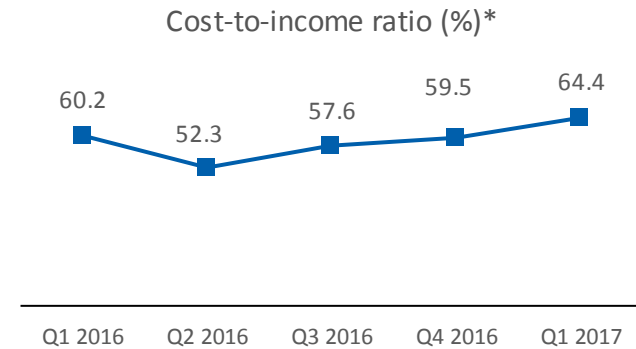
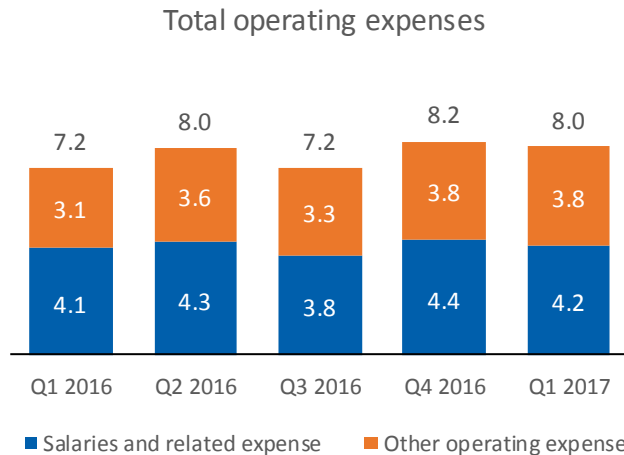


# Total operating expenses

All amounts in ISK billion

Number of FTE's stable at group level and reduced at the parent company despite increased activities

- Decrease in number of FTE's at Parent company despite a new branch at Keflavik Airport is mainly due to digitalization and outsourcing of IT operations
- FTE's at the group increase by only 41 whilst 67 FTE's were added with the acquisition of Vördur
- Salaries stable from Q1 2016 in spite of addition of Vördur and increase in FTE's at Valitor
- Increase in other operating expenses from Q1 last year is mainly from Vördur, IT outsourcing and professional services



# Balance sheet

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# Balance sheet

All amounts in ISK billion

Limited loan growth in the quarter partially due to external factors

- Long strike in the seafood industry at the beginning of the year had a negative effect on corporate lending
- The pension funds continued aggressive mortgage lending to their policy holders in Q1, limiting mortgage lending growth
- Sharp increase in short-term deposits from institutional investors resulting in increased in Cash and balances with Central Bank
- Strong liquidity and equity position

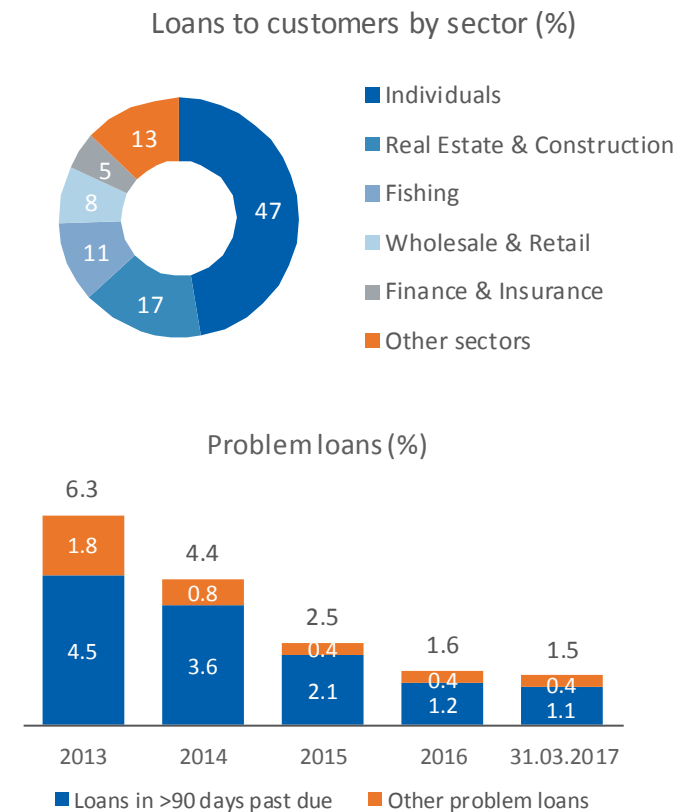
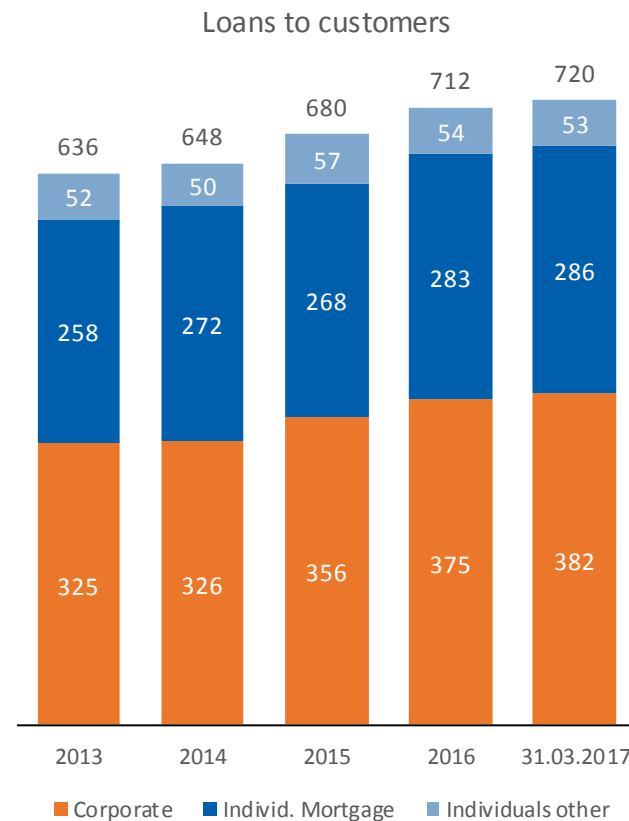
<b>Assets</b>	<b>31.03.2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Cash & balances with CB	179	88	48	21	38
Loans to credit institutions	68	80	87	109	102
Loans to customers	720	712	680	648	636
Financial assets	111	117	133	102	87
Investment property	6	5	8	7	29
Investments in associates	1	1	27	22	18
Other assets	35	32	27	26	30
<b>Total Assets</b>	<b>1,120</b>	<b>1,036</b>	<b>1,011</b>	<b>934</b>	<b>939</b>
<b>Liabilities and Equity</b>					
Due to credit institutions & CB	10	8	11	23	28
Deposits from customers	476	412	469	455	472
Other liabilities	64	65	62	61	58
Borrowings	356	339	256	201	205
Subordinated loans	-	-	10	32	32
Shareholders Equity	215	211	193	161	140
Non-controlling interest	0	0	9	2	5
<b>Total Liabilities and Equity</b>	<b>1,120</b>	<b>1,036</b>	<b>1,011</b>	<b>934</b>	<b>939</b>

# Loans to customers

All amounts in ISK billion

Good balance in loans to corporate and individuals

- Loans to corporates increase due to new lending
- FX changes had minor effect
- Increase in mortgage lending despite competition from pension funds
- Strong pipeline for new corporate lending
- Good diversification in the corporate loan book
- Problem loans continue to decrease



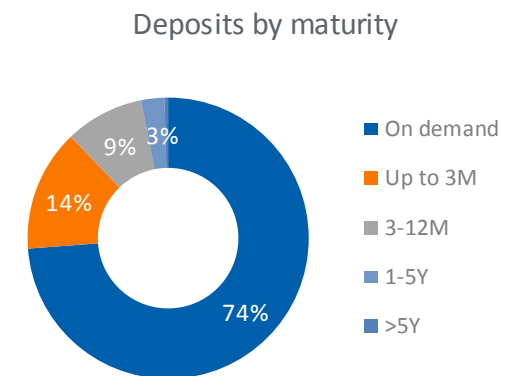
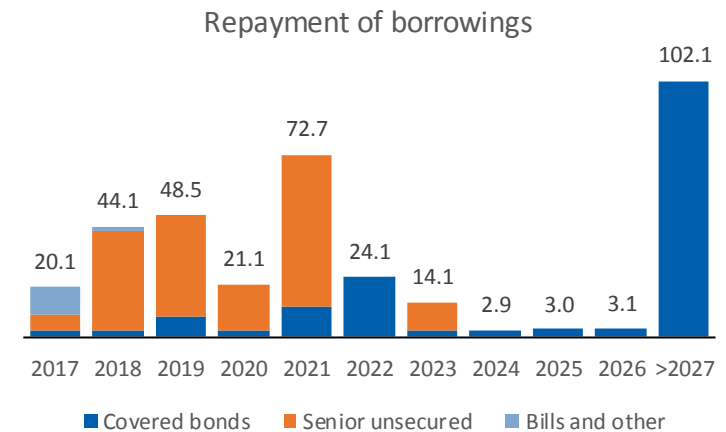
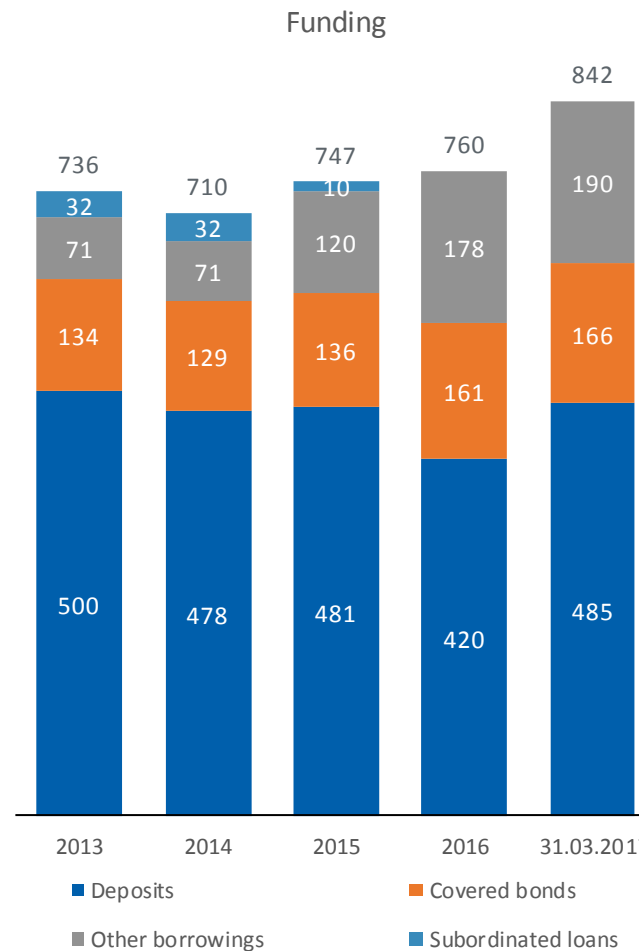


# Liabilities and equity

All amounts in ISK billion

## Well distributed maturity profile of wholesale funding (borrowings)

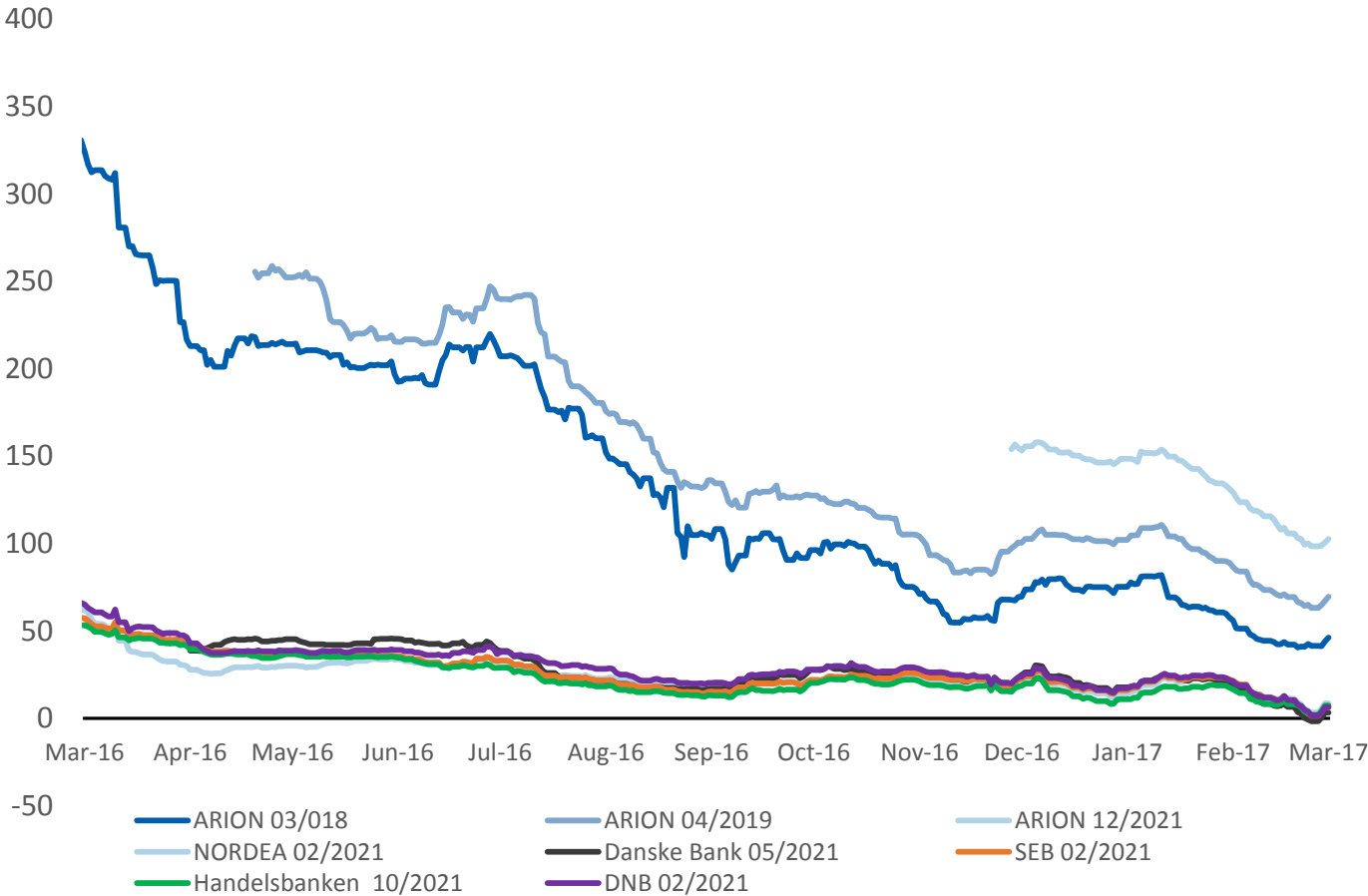
- In January the Bank issued an additional EUR 200 million tap of the euro benchmark bond issued in December 2016 bringing the total to EUR 500 million or approx. ISK 60 billion
- The Bank issued a smaller private placements on the international market of approx. ISK 5.1 billion
- The Bank continues to issue Covered Bonds in the Icelandic market, total of ISK 4.7 billion during Q1 2017
- The Bank continued to prepay the Kaupthing facility, which now stands at USD 100 million or ISK 11.4 billion



# Good performance in the bond market

The spread between Arion Bank and large Nordic banks has decreased substantially

Euro Senior Unsecured Bonds – Spread (bps) over mid-swaps

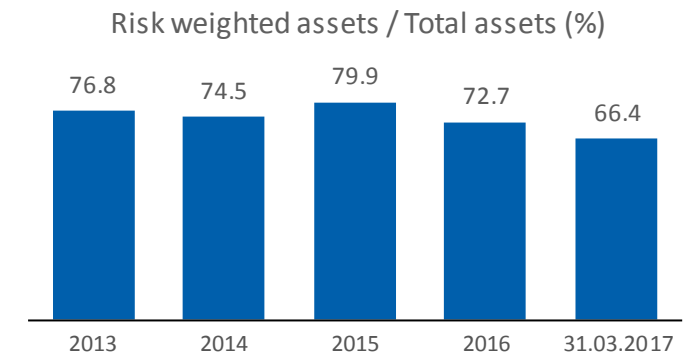
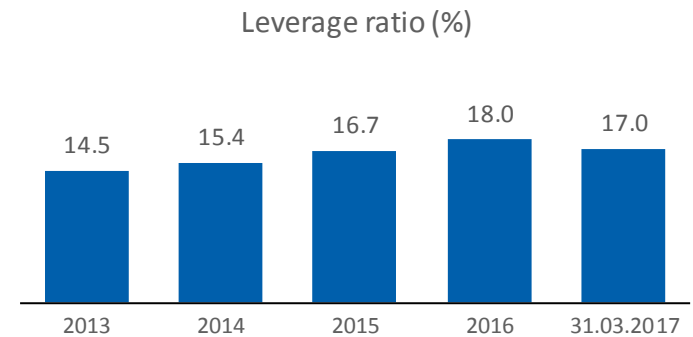
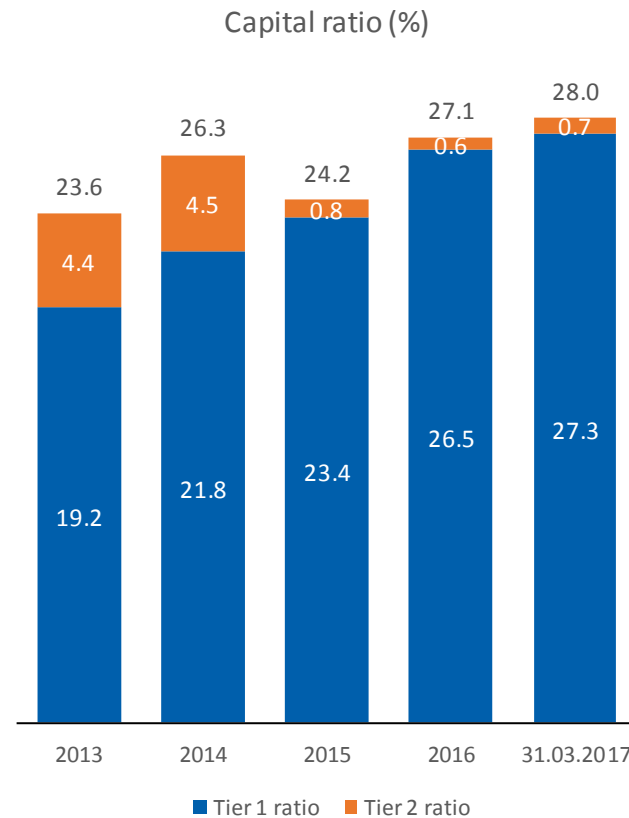


# Capital base

All amounts in ISK billion

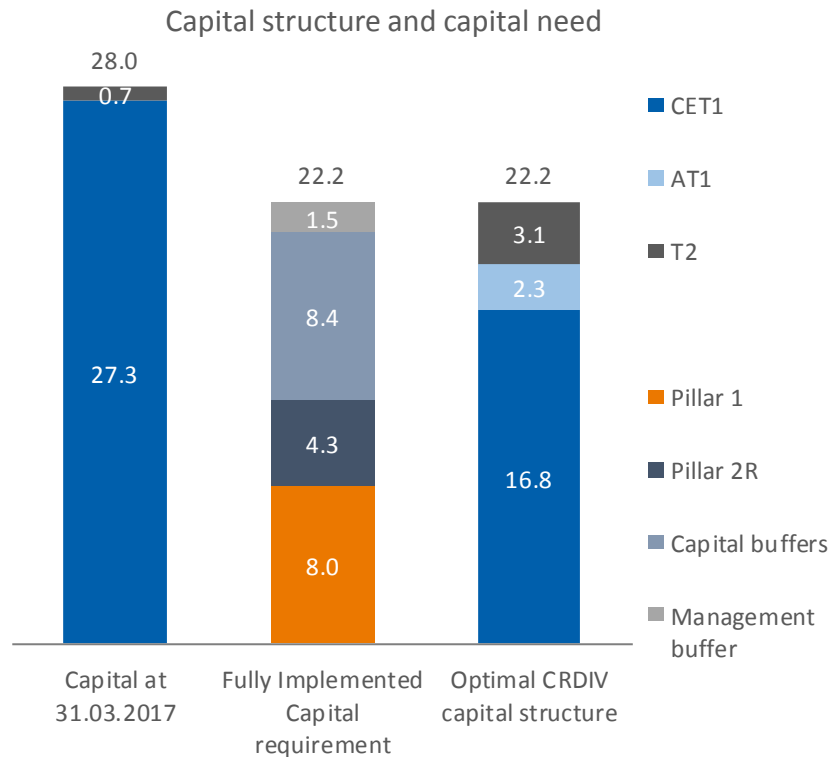
## Continued strong equity position

- Solid level of capitalization due to strong profit generation
- Risk-weighted assets are calculated on the basis of standardized approaches
- Tier 2 capital at 31 March 2017 consisted only of collective credit risk adjustments
- The Bank's cash position with the Central Bank has increased considerably in Q1 2017 due to increased deposits. This results in lower leverage ratio and lower risk-weight density



# Capital base

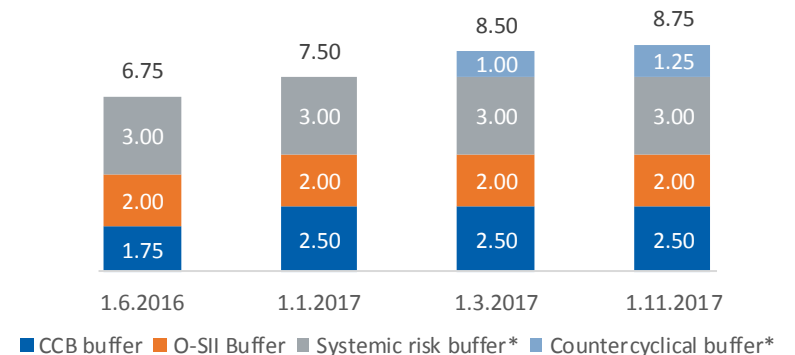
## Capital structure and requirements



- The Bank's capital calculations are based on CRDIV/CRR. The adoption of Basel III results in higher risk-weighted assets, ceteris paribus, the effect of which is countered by the inclusion of the Bank's general provisions as Tier 2 capital

- At Q4 of 2017, the combined capital buffer requirement reaches 8.4% given the Group's current risk profile. The official requirement is expected to moderately increase following FME's recognition of capital buffers in foreign countries
- The FME's SREP results indicates a total regulatory capital requirement of 20.7%, including fully-implemented buffers
- Including a management buffer of 1.5%, the Group had a surplus capital of ISK 42 billion at 31 March 2017

Capital Buffer Implementation for systemically important banks in Iceland (%)



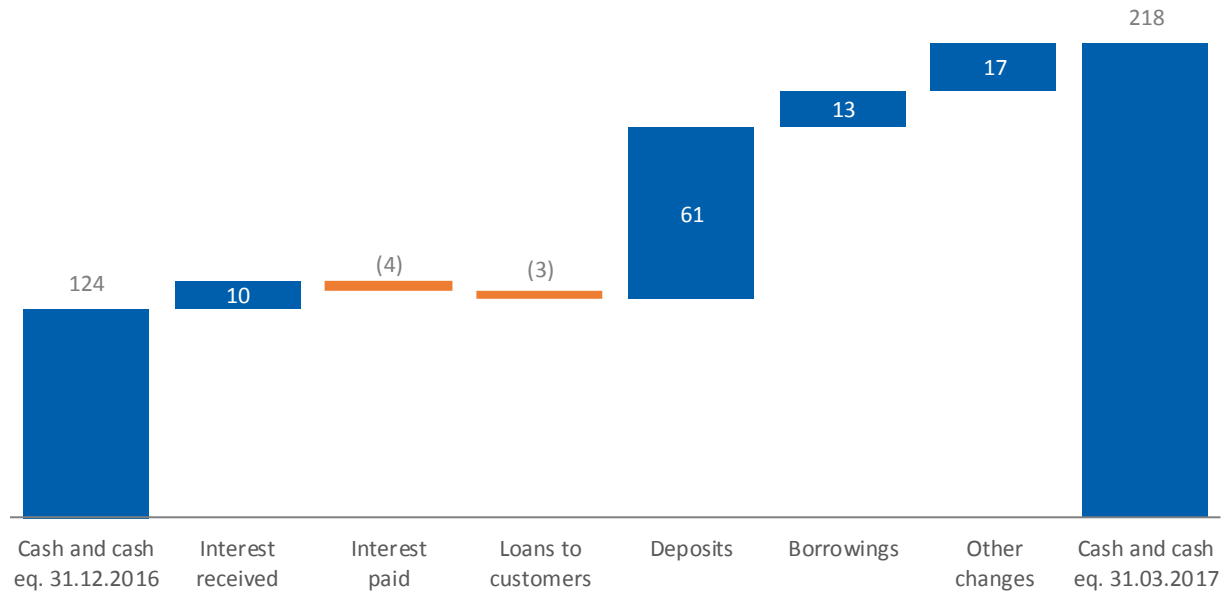
\*Only applies to domestic RWA



# Cash flow

All amounts in ISK billion

Strong cash flow mainly from deposits



- Growth in short-term deposits from institutional investors affect the cash position at period end

- Lending activities very low during the quarter

# Going forward

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- 1 **Arion Bank** operates in a strong and growing economy
- 2 **Growth in loan portfolio** on the back of the underlying growth in the Icelandic economy
- 3 **Focus on** digitalization across both client-facing offerings and automation to further increase efficiency
- 4 **Arion Bank** will seek to optimize equity by paying dividends and acquiring own shares

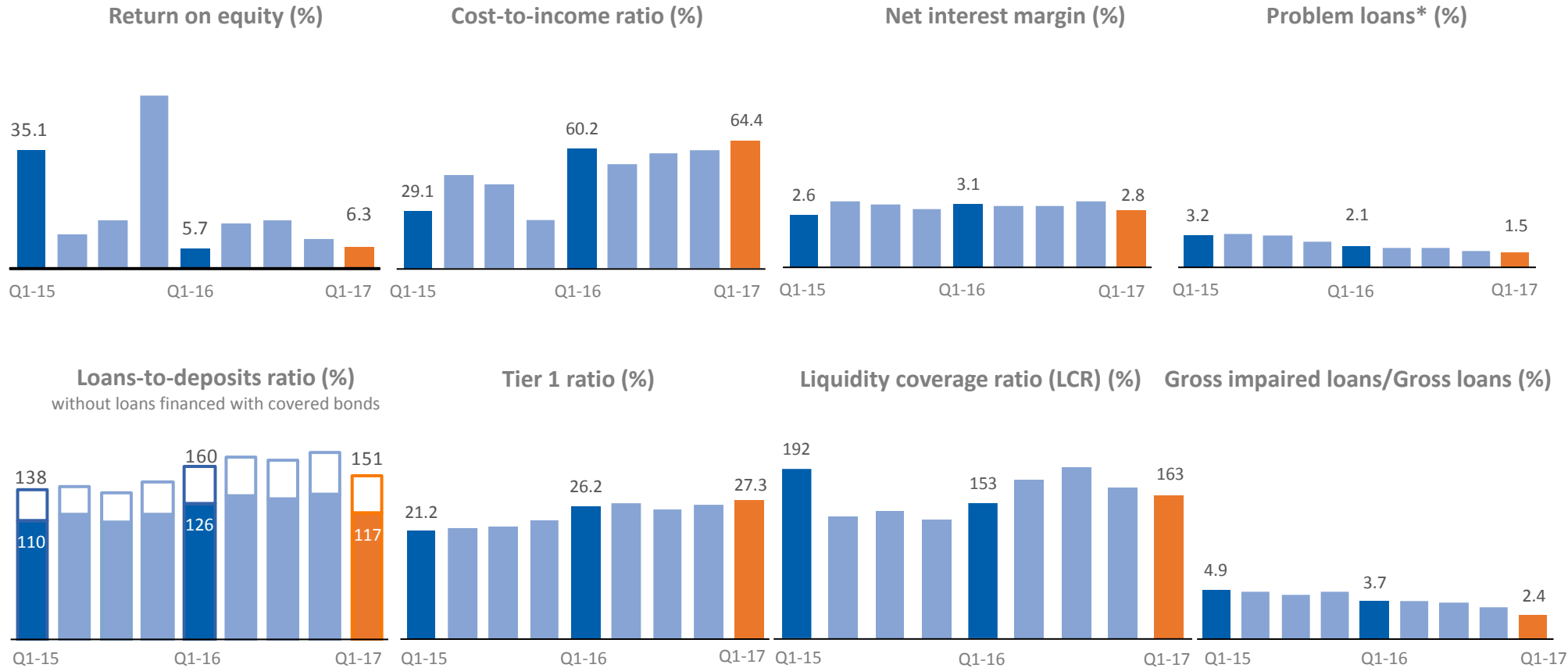


# KFI's and adjusted income

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# Key financial indicators - quarterly

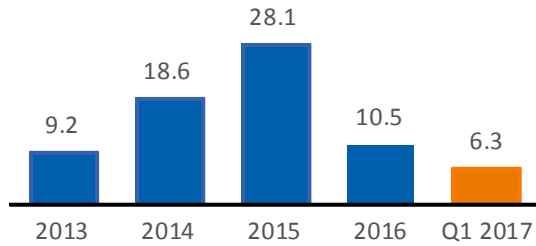


\* Problem loans (past due but not impaired loans over 90 days + individually impaired loans) as % of loans to customers

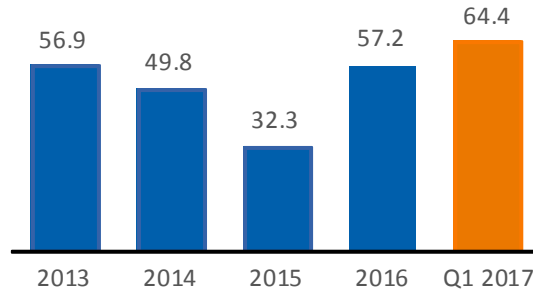


# Key financial indicators - annual

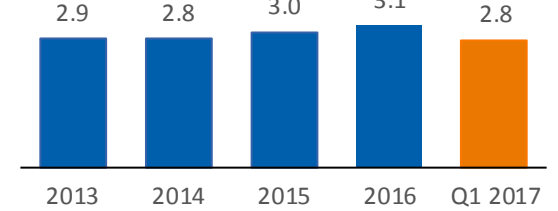
Return on equity (%)



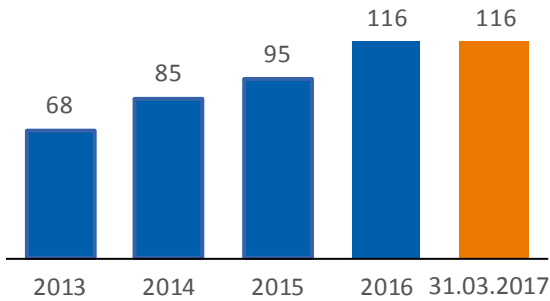
Cost-to-income ratio (%)



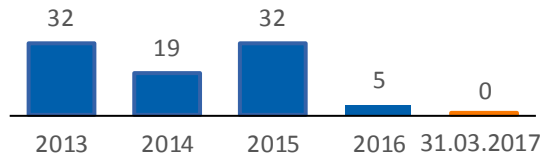
Net interest margin (%)



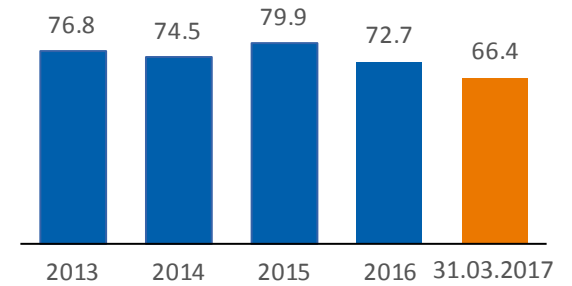
CPI Imbalance – ISK bn.



FX Imbalance – ISK bn.



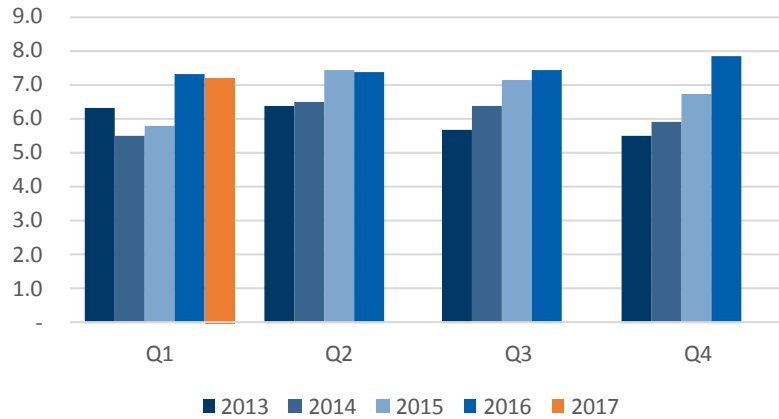
Risk weighted assets/Total assets (%)



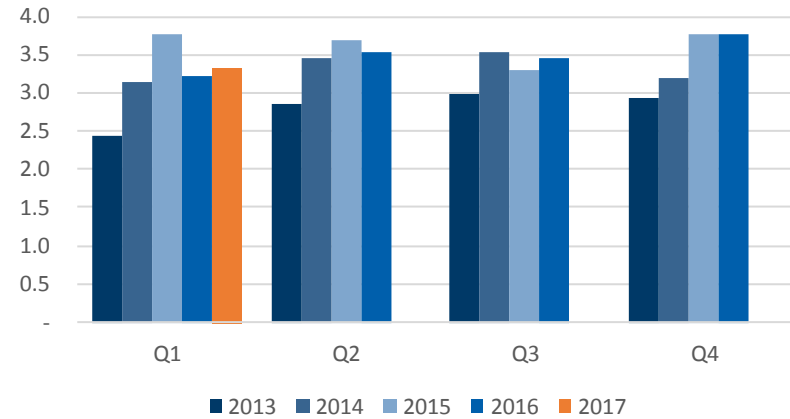
# Development of key figures

All amounts in ISK billion

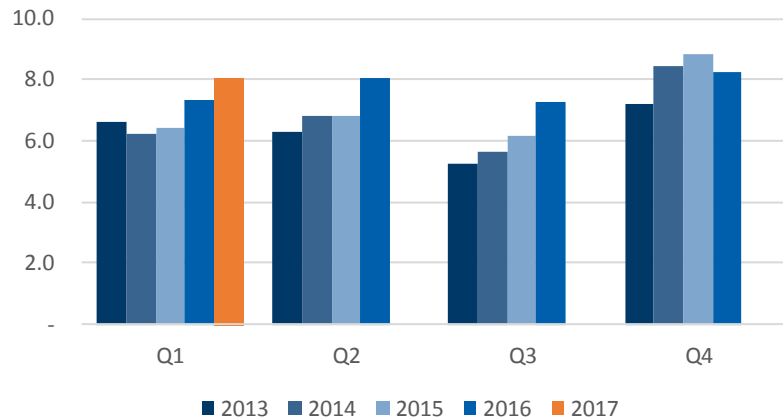
### Net interest income



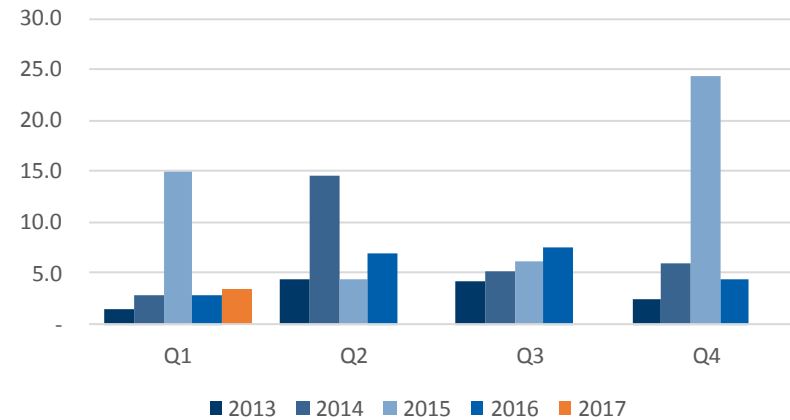
### Net commission income



### Total operating expenses



### Net earnings



# Key figures

All amounts in ISK million

	Q1 2017	Q1 2016	Q1 2015	Q1 2014	Q1 2013	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
<b>Operations</b>										
Net interest income	7,160	7,273	5,783	5,483	6,288	7,160	7,842	7,431	7,353	7,273
Net commission income	3,330	3,219	3,757	3,148	2,449	3,330	3,764	3,467	3,527	3,219
Operating income	12,511	11,959	21,707	8,904	9,004	12,511	13,790	12,465	15,224	11,959
Operating expenses	8,056	7,198	6,316	6,123	6,517	8,056	8,209	7,175	7,958	7,198
Net earnings	3,353	2,883	14,906	2,865	1,409	3,353	4,477	7,503	6,876	2,883
Return on equity	6.3%	5.7%	35.1%	7.8%	4.3%	6.3%	8.6%	14.4%	13.3%	5.7%
Net interest margin	2.8%	3.1%	2.6%	2.6%	3.1%	2.8%	3.2%	3.1%	3.1%	3.1%
Return on assets	1.2%	1.1%	6.2%	1.2%	0.6%	1.2%	1.7%	2.9%	2.7%	1.1%
Cost-to-income ratio	64.4%	60.2%	29.1%	68.8%	72.4%	64.4%	59.5%	57.6%	52.3%	60.2%
Cost-to-total assets	3.0%	2.9%	2.6%	2.6%	2.9%	3.0%	3.2%	2.8%	3.2%	2.9%
<b>Balance Sheet</b>										
Total assets	1,119,648	1,028,606	1,004,324	933,144	907,465	1,119,648	1,036,024	1,038,479	1,035,003	1,028,606
Loans to customers	720,198	694,004	649,089	642,341	565,526	720,198	712,422	715,907	713,136	694,004
Mortgages	302,679	285,886	274,484	267,791	190,008	302,679	298,971	294,954	289,707	285,886
Problem loans	1.5%	2.1%	3.2%	6.1%	10.2%	1.5%	1.6%	2.0%	1.9%	2.1%
RWA/ Total assets	66.4%	71.5%	72.5%	77.3%	73.0%	66.4%	72.7%	73.2%	71.8%	71.5%
Tier 1 ratio	27.3%	26.2%	21.2%	18.6%	19.1%	27.3%	26.5%	25.5%	26.8%	26.2%
Leverage ratio	17.0%	17.3%	-	-	-	17.0%	18.0%	17.4%	18.1%	17.3%
Liquidity coverage ratio	163.5%	153.4%	192.0%	130.0%	-	163.5%	171.3%	194.1%	179.8%	153.4%
Loans to deposits ratio	151.4%	160.2%	137.7%	136.5%	122.3%	151.4%	172.9%	165.7%	168.6%	160.2%

# Adjusted income

All amounts in ISK million

	Q1 2017	Adjustment	Adjusted	
Net interest income	7,160	66	7,226	1)
Net commission income	3,330	0	3,330	
Net financial income	1,230	(64)	1,166	2)
Net insurance income	447	0	447	
Share of profit of associates	(34)	0	(34)	
Other operating income	380	0	380	
<b>Operating income</b>	<b>12,513</b>	<b>2</b>	<b>12,515</b>	
Salaries and related expense	(4,222)	0	(4,222)	
Other operating expenses	(3,834)	201	(3,633)	3)
Bank levy	(797)	0	(797)	
Net impairment	880	(1,919)	(1,039)	4)
<b>Earnings before tax</b>	<b>4,540</b>	<b>(1,716)</b>	<b>2,824</b>	
Income tax	(1,334)	429	(905)	5)
Net gain from disc. operations	147	0	147	
<b>Net earnings</b>	<b>3,353</b>	<b>(1,287)</b>	<b>2,066</b>	

- 1) Interest income from non-core subsidiaries eliminated and interest income calculated on book value of non-core assets
- 2) Valuation change on non-core equity holdings
- 3) Expense from professional services and calculated expense on non-core operation
- 4) All impairment removed but 0.58% impairment calculated on total loans to customers
- 5) Calculated income tax effect on adjustments

## Key financial indicators:

Return on equity	6.3%	3.9%
Cost to income ratio	66.4%	62.8%
NIM - interest bearing assets	2.8%	2.9%



# Segment information

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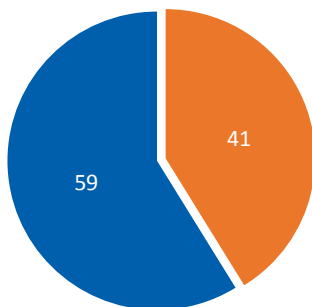
# Retail Banking

All amounts in ISK million

## Positive development in Retail Banking

- Retail Banking provides a comprehensive range of services. This includes deposits and loans, savings, payment cards, pension savings, insurance, securities and funds. Arion Bank Mortgages Institutional Investor Fund is part of the Retail Banking operations
- To maximize operational efficiency the branch network is divided into five clusters, with the smaller branches capitalizing on the strength of larger units within each cluster
- Retail Banking's 24 branches all around Iceland have a total of more than 100,000 customers

Share of operating income (%)



### Income statement and key figures:

	Q1 2017	Q1 2016	Δ
Net interest income .....	3,974	4,028	-1%
Net fee and commission income .....	996	721	38%
Other operating income .....	55	31	77%
<b>Operating income .....</b>	<b>5,025</b>	<b>4,780</b>	<b>5%</b>
Operating expense .....	(1,681)	(1,335)	26%
Net impairment .....	20	(1,993)	-
<b>Earnings before tax .....</b>	<b>3,364</b>	<b>1,452</b>	<b>132%</b>
	<b>31.03.2017</b>	<b>31.12.2016</b>	<b>Δ</b>
Loans to customers .....	469,337	460,420	2%
Deposits from customers .....	309,445	295,628	5%
Allocated equity .....	70,861	73,409	-3%

- Decrease in net interest income due to lower margins
- Interest income approx. 80% of segment operating income

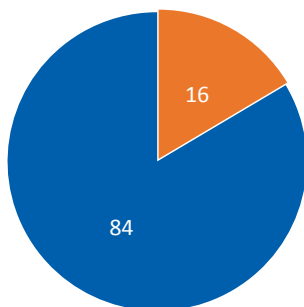
# Corporate Banking

All amounts in ISK million

## Strong corporate loan book

- Corporate Banking provides comprehensive financial services and integrated solutions across the Bank's divisions, to larger corporate clients in Iceland
- Corporate Banking provides a full range of lending products, deposit accounts, payment solutions as well as value added electronic corporate solutions to meet the needs of each customer

Share of operating income (%)



## Income statement and key figures:

	Q1 2017	Q1 2016	Δ
Net interest income .....	1,656	1,585	4%
Net fee and commission income .....	176	256	-31%
Other operating income .....	176	9	1856%
<b>Operating income .....</b>	<b>2,008</b>	<b>1,850</b>	<b>9%</b>
Operating expense .....	(188)	(162)	16%
Net impairment .....	819	194	322%
<b>Earnings before tax .....</b>	<b>2,639</b>	<b>1,882</b>	<b>40%</b>

	31.03.2017	31.12.2016	Δ
Loans to customers .....	241,925	242,634	0%
Deposits from customers .....	17,370	12,223	42%
Allocated equity .....	56,441	58,250	-3%

- Interest income approx. 80% of segment operating income
- Net fee and commission income decreases due to low lending activity in the first quarter
- Positive net impairment mainly due to composition payments

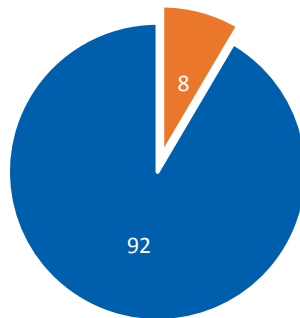
# Asset Management

All amounts in ISK million

## Largest asset management operation in Iceland

- Comprises Institutional Asset Management, Private Banking, Investment Services and Pension Fund Administration. Stefmir hf. is included in asset management
- Main distributor of funds managed by Stefmir
- Distributor of international funds
- Administration of pension funds

Share of operating income (%)



### Income statement and key figures:

	Q1 2017	Q1 2016	Δ
Net interest income .....	146	157	-7%
Net fee and commission income .....	838	949	-12%
Other operating income .....	48	12	300%
<b>Operating income .....</b>	<b>1,032</b>	<b>1,118</b>	<b>-8%</b>
Operating expense .....	(405)	(389)	4%
<b>Earnings before tax .....</b>	<b>627</b>	<b>729</b>	<b>-14%</b>

	31.03.2017	31.12.2016	Δ
Allocated equity .....	6,109	5,574	10%
Assets under management .....	1,065,321	1,054,759	1%

- Net fee and commission approx. 90% of segment operating income
- Changes in the market environment are negatively affecting net fee and commission income

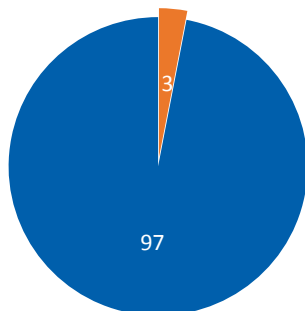
# Investment Banking

All amounts in ISK million

## Continued focus on fee and commission operation

- Investment Banking is divided into Corporate Finance, Capital Markets and Research.
- Corporate Finance is active supporting clients in deals with investments and divestments of companies and advisory on all other major transactions
- Capital Markets buys and sells securities and FX on behalf of Arion Bank's clients.
- Research is an independent research team covering the Icelandic economy and financial markets.

Share of operating income (%)



### Income statement and key figures:

	Q1 2017	Q1 2016	Δ
Net interest income .....	69	832	-92%
Net fee and commission income .....	333	324	3%
Net financial income .....	(31)	(115)	-73%
Share of profit of associates .....	0	498	-100%
Other operating income .....	(31)	206	-115%
<b>Operating income .....</b>	<b>340</b>	<b>1,745</b>	<b>-81%</b>
Operating expense .....	(194)	(337)	-42%
Net impairment .....	14	1,324	-99%
<b>Earnings before tax .....</b>	<b>160</b>	<b>2,732</b>	<b>-94%</b>
	<b>31.03.2017</b>	<b>31.12.2016</b>	<b>Δ</b>
Total assets .....	18,947	16,835	13%
Allocated equity .....	3,713	2,980	25%

- Net fee and commission income main source of operating income
- Decrease in operating income from Q1 2016 mainly due to decrease in interest bearing assets and transfer of assets to CEO office at the beginning of Q2 2016



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