

Arion Bank Factbook

31.12.2015

Unaudited

KFI - 5 years

ISK million	2015	2014	2013	2012	2011
Profitability					
Return on equity	28.1%	18.6%	9.2%	13.8%	10.5%
Return on assets	5.0%	3.0%	1.4%	1.9%	1.3%
Return on risk-weighted-assets	6.7%	4.0%	1.9%	2.5%	1.6%
Earnings per share	20.98	14.23	6.51	8.31	10.51
Earnings per share from continuing operations	20.80	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	32.6%	50.1%	57.3%	49.8%	52.5%
Cost-to-total assets ratio	2.9%	2.9%	2.8%	2.8%	2.7%
Number of FTE's at year end	1,147	1,139	1,145	1,190	1,158
Asset quality					
Problem loans	2.5%	4.4%	6.3%	12.5%	15.8%
Loans in >90 days overdue	2.6%	3.6%	4.5%	6.0%	10.6%
Provision for losses/Gross impaired loans	90.7%	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	6.2%	7.2%	6.7%	6.5%	6.7%
Risk weighted assets / Total assets	79.9%	74.5%	76.8%	73.0%	74.5%
Financial strength					
Equity as % of total assets	20.0%	17.4%	15.4%	14.5%	12.8%
Liquidity					
Liquidity coverage ratio (LCR) ¹	134.5%	174.0%	123.0%	-	-
Loans-to-deposits ratio	145.0%	142.3%	135.0%	126.3%	114.6%
Loans-to-deposits ratio (without covered bonds)	116.0%	114.0%	106.4%	98.4%	90.6%
Deposits from customers as % of total funding	67.4%	64.4%	64.1%	63.1%	67.5%
Covered bonds as % of total funding	19.5%	18.3%	18.1%	17.6%	16.2%
Capital					
Tier 1 ratio	23.4%	21.8%	19.2%	19.1%	16.4%
Tier 2 ratio	0.8%	4.5%	4.4%	5.2%	4.8%
Capital adequacy ratio	24.2%	26.3%	23.6%	24.3%	21.2%
Leverage ratio ¹	16.7%	15.4%	14.5%	-	-

1) Figures not available for 2012 and 2011

Income statement - 5 year summary

ISK million	2015	2014	2013	2012	2011
Interest income	54,546	50,872	56,867	59,094	46,433
Interest expense	(27,554)	(26,652)	(33,067)	(31,952)	(23,045)
Net interest income	26,992	24,220	23,800	27,142	23,388
Fee and commission income	21,234	18,447	16,443	16,166	16,862
Fee and commission expense	(6,750)	(5,138)	(5,220)	(5,418)	(6,177)
Net fee and commission income	14,484	13,309	11,223	10,748	10,685
Net financial income	12,844	7,290	1,675	2,017	2,347
Share of profit of associates	29,466	3,498	454	2,405	-
Other operating income	2,769	5,673	7,196	7,190	5,505
Operating income	86,555	53,990	44,348	49,502	41,925
Salaries and related expense	(14,892)	(13,979)	(13,537)	(12,459)	(11,254)
Other operating expenses	(13,304)	(13,063)	(11,858)	(12,209)	(10,762)
Bank Levy	(2,818)	(2,643)	(2,872)	(1,062)	(1,046)
Net impairment	(3,087)	2,135	(680)	(4,690)	(8,649)
Earnings before tax	52,454	26,440	15,401	19,082	10,214
Income tax	(3,135)	(4,679)	(3,143)	(3,633)	(1,912)
Net earnings from continuing operations	49,319	21,761	12,258	15,449	8,302
Net gain (loss) from discontinued operations, net of tax	360	6,833	399	1,607	2,792
Net earnings	49,679	28,594	12,657	17,056	11,094
Attributable to					
Shareholders of Arion Bank	41,968	28,465	13,019	16,622	10,493
Non-controlling interest	7,711	129	(362)	434	601
Net earnings	49,679	28,594	12,657	17,056	11,094
Other comprehensive income					
Net gain on AFS financial assets, net of tax	2,903	-	-	-	-
Exchange difference on translating foreign subsidiaries	13	(5)	(2)	2	112
Total comprehensive income for the period	52,595	28,589	12,655	17,058	11,206
Earnings per share from continuing operations					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	22.26	10.82	6.31	7.51	3.85

Balance sheet - 5 year summary

ISK million	2015	2014	2013	2012	2011
Assets					
Cash and balances with Central Bank	48,102	21,063	37,999	29,746	29,200
Loans to credit institutions	87,491	108,792	102,307	101,011	69,103
Loans to customers	680,350	647,508	635,774	566,610	561,550
Financial instruments	133,191	101,828	86,541	137,800	157,659
Investment property	7,542	6,842	28,523	28,919	27,100
Investments in associates	27,299	21,966	17,929	7,050	2,987
Intangible assets	9,285	9,596	5,383	4,941	4,765
Tax assets	205	655	818	463	724
Other assets	17,578	15,486	23,576	24,135	39,033
Total assets	1,011,043	933,736	938,850	900,675	892,121
Liabilities					
Due to credit institutions and Central Bank	11,387	22,876	28,000	32,990	16,160
Deposits	469,347	454,973	471,866	448,683	489,995
Financial liabilities at fair value	7,609	9,143	8,960	13,465	4,907
Tax liabilities	4,922	5,123	4,924	3,237	3,421
Other liabilities	49,461	47,190	43,667	42,117	43,772
Borrowings	256,058	200,580	204,568	195,085	187,203
Subordinated liabilities	10,365	31,639	31,918	34,220	32,105
Total liabilities	809,149	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	4,548	1,632	1,637	1,639	1,637
Retained earnings	112,377	83,218	62,591	49,572	32,950
Total shareholders equity	192,786	160,711	140,089	127,072	110,448
Non-controlling interest	9,108	1,501	4,858	3,806	4,110
Total equity	201,894	162,212	144,947	130,878	114,558
Total liabilities and equity	1,011,043	933,736	938,850	900,675	892,121

Net interest income - 5 year summary

ISK million	2015	2014	2013	2012	2011
Interest income					
Cash and balances with Central bank	736	703	628	650	486
Loans	49,414	45,810	48,932	49,112	37,410
Securities	3,532	3,664	6,630	8,790	7,690
Other	864	695	677	542	847
Interest income	54,546	50,872	56,867	59,094	46,433
Interest expense					
Deposits	(15,453)	(15,982)	(19,108)	(17,769)	(18,338)
Borrowings	(11,344)	(9,270)	(12,568)	(12,572)	(2,597)
Subordinated loans	(701)	(1,291)	(1,334)	(1,520)	(1,830)
Other	(56)	(109)	(57)	(91)	(280)
Interest expense	(27,554)	(26,652)	(33,067)	(31,952)	(23,045)
Net interest income	26,992	24,220	23,800	27,142	23,388
Interest bearing assets					
Cash and balances with Central Bank	48,102	21,063	37,999	29,746	29,200
Loans	767,841	756,300	738,081	667,621	630,653
Securities	82,715	70,704	63,732	119,978	141,242
Interest bearing assets	898,657	848,067	839,811	817,345	801,095
Interest bearing liabilities					
Due to credit institutions and Central Bank	11,387	22,876	28,000	32,990	16,160
Deposits	469,347	454,973	471,866	448,683	489,995
Financial liabilities at fair value	7,609	9,143	8,960	13,465	4,907
Borrowings	256,058	200,580	204,568	195,085	187,203
Subordinated liabilities	10,365	31,639	31,918	34,220	32,105
Interest bearing liabilities	754,766	719,210	745,312	724,443	730,370
Interest Gap	143,891	128,857	94,499	92,902	70,725
Net interest margin on interest bearing assets	3.0%	2.8%	2.9%	3.4%	3.4%

Loans to customers - 5 year summary

ISK million	2015	2014	2013	2012	2011
Loans to customers					
Individuals	324,619	321,311	310,491	242,773	239,288
Corporates	355,731	326,197	325,283	323,837	322,262
Total loans to customers	680,350	647,508	635,774	566,610	561,550
Loans to individuals					
Overdrafts	16,840	17,955	18,205	17,236	16,353
Credit cards	10,842	11,065	11,296	10,302	14,679
Mortgage loans	271,895	271,639	258,065	190,897	192,869
Other loans	38,058	33,763	36,133	43,560	28,208
Provision on loans	(13,016)	(13,111)	(13,208)	(19,222)	(12,821)
Total loans to individuals	324,619	321,311	310,491	242,773	239,288
Neither past due nor impaired	291,277	277,859	268,485	200,080	198,441
Past due but not impaired	26,532	32,847	34,607	22,845	23,117
Individually impaired (gross)	17,403	21,621	19,110	38,023	30,392
Impairment amount	(10,593)	(11,016)	(11,711)	(18,175)	(12,662)
Total loans to individuals	324,619	321,311	310,491	242,773	239,288
Ratios:					
Provision for losses/Gross impaired loans	74.8%	60.6%	69.1%	50.6%	0
Past due loans but not impaired as % of gross loans	7.9%	9.9%	10.7%	8.8%	9.2%
Gross impaired loans/Gross loans	5.2%	6.5%	5.9%	14.6%	12.1%

Loans to customers - 5 year summary

ISK million	2015	2014	2013	2012	2011
Loans to corporates					
Overdrafts	24,248	24,420	19,669	18,470	11,375
Credit cards	1,054	943	878	769	771
Mortgage loans	12,889	10,406	8,103	4,376	3,603
Other loans	334,849	303,998	312,651	340,781	349,981
Provision on loans	(17,309)	(13,570)	(16,018)	(40,559)	(43,468)
Total loans to corporates	355,731	326,197	325,283	323,837	322,262
Neither past due nor impaired	337,153	308,588	304,880	275,837	258,252
Past due but not impaired	17,302	15,114	9,789	17,851	17,758
Individually impaired (gross)	16,024	13,693	24,029	68,414	80,366
Impairment amount	(14,748)	(11,198)	(13,415)	(38,265)	(34,114)
Total loans to corporates	355,731	326,197	325,283	323,837	322,262
Ratios:					
Provision for losses/Gross impaired loans	108.0%	99.1%	66.7%	59.3%	54.1%
Past due loans but not impaired as % of gross loans	4.7%	4.5%	2.9%	4.9%	5.0%
Gross impaired loans/Gross loans	4.3%	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	5.6%	5.6%	6.1%	5.8%	5.3%
Financial and insurance activities	9.4%	8.5%	8.5%	7.6%	6.2%
Industry, energy and manufacturing	6.0%	7.8%	7.0%	7.0%	8.4%
Information and communication technology	8.7%	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	28.8%	24.9%	25.5%	21.3%	22.2%
Fishing industry	21.3%	23.4%	18.7%	20.9%	23.8%
Transportation	1.7%	1.7%	5.8%	6.7%	6.3%
Wholesale and retail trade	14.6%	16.9%	16.9%	17.2%	15.7%
	100.0%	100.0%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million	2015	2014	2013	2012	2011
Capital base					
Share capital and share premium	75,861	75,861	75,861	75,861	75,861
Other reserves	4,548	1,632	1,637	1,639	1,637
Retained earnings	112,377	83,218	62,591	49,572	32,950
Non-controlling interest	9,108	1,501	4,858	3,806	4,110
Total equity	201,894	162,212	144,947	130,878	114,558
Intangible assets	(9,285)	(9,596)	(5,383)	(4,941)	(4,765)
Tax assets	(205)	(655)	(818)	(463)	(724)
Other statutory deductions	(3,151)	(111)	(119)	-	-
Total Tier 1 capital	189,253	151,850	138,627	125,474	109,069
Subordinated liabilities	10,365	31,639	31,918	34,220	32,105
Regulatory adjustment to Tier 2 capital	(771)	-	-	-	-
Other statutory deductions	(3,118)	(101)	(106)	-	-
Tier 2 capital	6,476	31,538	31,812	34,220	32,105
Total Capital base	195,729	183,388	170,439	159,694	141,174
Risk weighted assets					
Credit Risk	681,034	591,994	608,029	557,964	543,233
Market Risk FX	38,401	18,915	31,703	20,063	31,990
Market Risk Other	7,035	2,890	4,993	7,407	30,757
Operational Risk	81,441	82,211	76,097	72,329	58,976
Total risk weighted assets	807,911	696,010	720,822	657,763	664,956
Capital ratios					
Tier 1 ratio	23.4%	21.8%	19.2%	19.1%	16.4%
Tier 2 ratio	0.8%	4.5%	4.4%	5.2%	4.8%
Capital adequacy ratio	24.2%	26.3%	23.6%	24.3%	21.2%
Leverage ratio ¹	16.7%	15.4%	14.5%	-	-
Related ratios					
RORWA	5.10%	4.00%	1.86%	2.52%	1.64%
RWA/Total assets	79.91%	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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Profitability									
Return on equity	51.6%	14.2%	10.2%	35.1%	14.8%	13.3%	38.5%	7.8%	7.1%
Return on assets	10.0%	2.5%	1.8%	6.3%	2.6%	2.2%	6.3%	1.2%	1.1%
Return on risk-weighted-assets	12.5%	3.3%	2.4%	8.4%	3.3%	2.9%	8.2%	1.6%	1.4%
Earnings per share	8.21	3.13	2.22	7.43	3.05	2.55	7.23	1.40	1.39
Earnings per share from continuing operations	8.16	3.12	2.18	7.34	2.93	2.52	4.01	1.36	1.19
Net interest margin									
Net interest margin on interest bearing assets	2.9%	3.1%	3.3%	2.6%	2.8%	2.9%	3.1%	2.6%	2.6%
Net interest margin on total assets	2.7%	2.9%	3.0%	2.4%	2.5%	2.7%	2.8%	2.3%	2.3%
Efficiency									
Cost-to-income ratio	24.5%	43.1%	47.5%	29.3%	53.5%	45.0%	40.5%	69.0%	56.5%
Cost-to-total assets ratio	3.5%	2.5%	2.7%	2.6%	3.6%	2.4%	2.9%	2.6%	3.1%
Number of FTE's at year end	1,147	1,151	1,123	1,112	1,120	1,135	1,118	1,140	1,145
Asset quality									
Problem loans	2.5%	3.2%	3.3%	3.2%	4.4%	4.6%	5.4%	6.1%	6.3%
Loans in >90 days overdue	2.6%	2.6%	3.6%	3.6%	3.6%	3.6%	3.1%	4.2%	4.5%
Provision for losses/Gross impaired loans	90.7%	85.5%	83.4%	80.4%	75.6%	67.0%	61.4%	62.9%	67.7%
Gross impaired loans/Gross loans	4.7%	4.4%	4.7%	4.9%	5.3%	6.0%	6.7%	7.0%	6.5%
Past due loans but not impaired as % of gross loans	6.2%	6.9%	10.0%	7.1%	7.2%	6.1%	6.5%	9.0%	6.7%
Risk weighted assets / Total assets	79.9%	73.3%	74.5%	72.5%	74.5%	77.4%	73.9%	77.3%	76.8%

KFI - 9 Quarters

ISK million	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Financial strength									
Equity as % of total assets	20.0%	17.3%	17.3%	17.6%	17.4%	17.0%	16.3%	15.8%	15.4%
Liquidity									
Liquidity coverage ratio (LCR) ¹	134.5%	145.0%	138.0%	192.0%	174.0%	137.1%	184.0%	130.0%	123.0%
Loans-to-deposits ratio	145.0%	134.9%	141.2%	137.7%	142.3%	135.2%	134.3%	136.5%	135.0%
Loans-to-deposits ratio (without covered bonds)	116.0%	108.6%	115.2%	110.1%	114.0%	109.6%	106.1%	108.1%	106.4%
Deposits from customers as % of total funding	67.4%	65.2%	64.0%	62.0%	64.4%	66.4%	64.6%	64.4%	64.1%
Covered bonds as % of total funding	19.5%	17.2%	16.6%	17.2%	18.3%	17.0%	18.2%	18.3%	18.1%
Capital									
Official CET 1 ratio	23.4%	21.4%	21.8%	19.1%	21.8%	20.3%	21.1%	18.2%	19.2%
Tier 2 ratio	0.8%	1.3%	1.4%	2.8%	4.5%	4.3%	4.5%	4.3%	4.4%
Official capital adequacy ratio	24.2%	22.7%	23.2%	21.9%	26.3%	24.6%	25.6%	22.5%	23.6%
Leverage ratio ¹	16.7%	15.0%	15.4%	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	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Interest income	11,738	15,148	16,016	11,644	10,835	13,155	13,990	12,891	13,504
Interest expense	(5,033)	(8,036)	(8,624)	(5,861)	(4,924)	(6,812)	(7,507)	(7,408)	(8,017)
Net interest income	6,705	7,112	7,392	5,783	5,911	6,343	6,483	5,483	5,487
Fee and commission income	5,625	5,373	5,179	5,057	4,768	4,762	4,653	4,264	4,562
Fee and commission expense	(1,867)	(2,081)	(1,502)	(1,300)	(1,578)	(1,236)	(1,208)	(1,116)	(1,623)
Net fee and commission income	3,758	3,292	3,677	3,757	3,190	3,526	3,445	3,148	2,939
Net financial income	2,668	453	2,184	7,539	1,429	1,994	4,439	(572)	721
Share of profit of associates	22,510	2,739	6	4,211	3,525	53	(16)	(64)	1,532
Other operating income	537	709	1,032	491	1,683	636	2,372	982	2,083
Operating income	36,178	14,305	14,291	21,781	15,738	12,552	16,723	8,977	12,762
Salaries and related expense	(4,572)	(3,153)	(3,675)	(3,492)	(3,953)	(2,862)	(3,714)	(3,450)	(4,098)
Other operating expenses	(4,288)	(3,012)	(3,108)	(2,896)	(4,465)	(2,787)	(3,064)	(2,747)	(3,114)
Bank Levy	(650)	(779)	(659)	(730)	(636)	(633)	(715)	(660)	(2,572)
Net impairment	(2,973)	(33)	(1,863)	1,782	(742)	876	34	1,967	(561)
Earnings before tax	23,695	7,328	4,986	16,445	5,942	7,146	9,264	4,087	2,417
Income tax	504	(1,272)	(647)	(1,720)	(222)	(1,989)	(1,152)	(1,315)	(292)
Net earnings from continuing operations	24,199	6,056	4,339	14,725	5,720	5,157	8,112	2,772	2,125
Net gain (loss) from discontinued operations, net of tax	83	15	79	183	241	67	6,433	92	402
Net earnings	24,282	6,071	4,418	14,908	5,961	5,224	14,545	2,864	2,527
Attributable to									
Shareholders of Arion Bank	16,409	6,262	4,433	14,864	6,095	5,106	14,455	2,808	2,789
Non-controlling interest	7,873	(191)	(15)	44	(134)	118	90	56	(262)
Net earnings	24,282	6,071	4,418	14,908	5,961	5,224	14,545	2,864	2,527
Other comprehensive income									
Net gain on AFS financial assets, net of tax	2,903	-	-	-	-	-	-	-	-
Exchange difference on translating foreign subsidiaries	(34)	277	(225)	(5)	-	(2)	(4)	2	(2)
Total comprehensive income for the period	27,151	6,348	4,193	14,903	5,961	5,222	14,541	2,866	2,525
Earnings per share from continuing operations									
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	9.62	3.12	2.18	7.34	2.93	2.52	4.01	1.36	1.19

Balance sheet - 9 quarter summary

ISK million	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Assets									
Cash and balances with Central Bank	48,102	73,289	33,189	63,575	21,063	33,335	17,361	18,744	37,999
Loans to credit institutions	87,491	93,326	103,815	125,643	108,792	108,621	139,838	95,158	102,307
Loans to customers	680,350	678,807	667,129	649,089	647,508	652,598	637,085	642,341	635,774
Financial instruments	133,191	111,191	111,419	106,675	101,828	99,223	99,271	99,710	86,541
Investment property	7,542	7,817	7,851	7,915	6,842	2,901	6,020	28,503	28,523
Investments in associates	27,299	13,847	13,987	24,965	21,966	22,025	25,128	17,785	17,929
Intangible assets	9,285	9,194	9,353	9,493	9,596	5,337	5,375	5,371	5,383
Tax assets	205	987	891	420	655	660	734	409	818
Other assets	17,578	21,018	27,177	16,549	15,486	17,471	18,181	25,124	23,576
Total assets	1,011,043	1,009,476	974,811	1,004,324	933,736	942,171	948,993	933,144	938,850
Liabilities									
Due to credit institutions and Central Bank	11,387	11,470	13,961	21,561	22,876	21,131	29,277	25,915	28,000
Deposits	469,347	503,155	472,304	471,271	454,973	482,518	474,229	470,665	471,866
Financial liabilities at fair value	7,609	5,511	4,145	7,311	9,143	6,038	7,646	9,145	8,960
Tax liabilities	4,922	6,773	6,203	6,027	5,123	6,103	4,995	5,263	4,924
Other liabilities	49,461	49,222	56,989	50,794	47,190	43,464	47,232	39,820	43,667
Borrowings	256,058	248,172	241,880	249,751	200,580	191,947	199,882	203,226	204,568
Subordinated liabilities	10,365	10,378	10,884	20,494	31,639	31,205	31,189	31,297	31,918
Total liabilities	809,149	834,681	806,366	827,209	771,524	782,406	794,450	785,331	793,903
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	4,548	1,679	1,402	1,627	1,632	1,633	1,635	1,639	1,637
Retained earnings	112,377	95,968	89,706	98,082	83,218	77,149	72,043	65,400	62,591
Total shareholders equity	192,786	173,508	166,969	175,570	160,711	154,643	149,539	142,900	140,089
Non-controlling interest	9,108	1,287	1,476	1,545	1,501	5,122	5,004	4,913	4,858
Total equity	201,894	174,795	168,445	177,115	162,212	159,765	154,543	147,813	144,947
Total liabilities and equity	1,011,043	1,009,476	974,811	1,004,324	933,736	942,171	948,993	933,144	938,850

Net interest income - 9 quarter summary

ISK million

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Interest income									
Cash and balances with Central bank	270	183	142	142	201	169	154	179	7
Loans	10,313	13,801	14,792	10,509	9,583	11,953	12,658	11,616	13,269
Securities	939	984	777	832	840	845	1,009	971	51
Other	217	180	305	161	210	188	170	125	177
Interest income	11,739	15,148	16,016	11,644	10,834	13,155	13,991	12,891	13,504
Interest expense									
Deposits	(3,484)	(4,508)	(4,313)	(3,147)	(3,174)	(4,025)	(4,336)	(4,448)	(4,691)
Borrowings	(1,489)	(3,361)	(4,100)	(2,394)	(1,393)	(2,413)	(2,834)	(2,629)	(3,013)
Subordinated loans	(98)	(100)	(197)	(306)	(318)	(324)	(327)	(324)	(338)
Other	38	(67)	(14)	(14)	(39)	(50)	(12)	(7)	25
Interest expense	(5,033)	(8,036)	(8,624)	(5,861)	(4,924)	(6,812)	(7,509)	(7,408)	(8,017)
Net interest income	6,705	7,112	7,392	5,783	5,911	6,343	6,482	5,483	5,487
Interest bearing assets									
Cash and balances with Central Bank	48,102	73,289	33,189	63,575	21,063	33,335	17,361	18,744	37,999
Loans	767,841	772,134	770,944	774,732	756,300	761,219	776,923	737,498	738,081
Securities	82,715	72,934	75,087	70,550	70,704	69,113	69,147	74,228	63,732
Interest bearing assets	898,657	918,358	879,220	908,856	848,067	863,668	863,431	830,470	839,811
Interest bearing liabilities									
Due to credit institutions and Central Bank	11,387	11,470	13,961	21,561	22,876	21,131	29,277	25,915	28,000
Deposits	469,347	503,155	472,304	471,271	454,973	482,518	474,229	470,665	471,866
Financial liabilities at fair value	7,609	5,511	4,145	7,311	9,143	6,038	7,646	9,145	8,960
Borrowings	256,058	248,172	241,880	249,751	200,580	191,947	199,882	203,226	204,568
Subordinated liabilities	10,365	10,378	10,884	20,494	31,639	31,205	31,189	31,297	31,918
Interest bearing liabilities	754,766	778,687	743,175	770,388	719,210	732,839	742,222	740,248	745,312
Interest Gap	143,891	139,671	136,045	138,468	128,857	130,829	121,209	90,222	94,499
Net interest margin on interest bearing assets	2.9%	3.1%	3.3%	2.6%	2.8%	2.9%	3.1%	2.6%	2.6%

Loans to customers - 9 quarter summary

ISK million	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Loans to customers									
Individuals	324,619	322,386	315,404	312,211	321,311	320,477	314,038	311,941	310,491
Corporates	355,731	356,421	351,725	336,878	326,197	332,121	323,047	330,400	325,283
Total loans to customers	680,350	678,807	667,129	649,089	647,508	652,598	637,085	642,341	635,774
Loans to individuals									
Overdrafts	16,840	17,809	18,062	18,508	17,955	18,525	18,044	19,003	18,205
Credit cards	10,842	10,574	10,650	10,135	11,065	10,228	9,084	9,669	11,296
Mortgage loans	271,895	272,841	264,681	262,883	271,639	257,122	259,118	259,252	258,065
Other loans	38,058	34,985	34,442	34,272	33,763	47,218	40,477	38,251	36,133
Provision on loans	(13,016)	(13,823)	(12,431)	(13,587)	(13,111)	(12,616)	(12,685)	(14,234)	(13,208)
Total loans to individuals	324,619	322,386	315,404	312,211	321,311	320,477	314,038	311,941	310,491
Neither past due nor impaired	291,277	284,977	273,687	273,560	277,859	282,283	272,704	261,695	268,485
Past due but not impaired	26,532	29,153	33,066	30,391	32,847	28,342	31,143	40,700	34,607
Individually impaired (gross)	17,403	18,149	19,454	19,219	21,621	20,454	20,720	23,653	19,110
Impairment amount	(10,593)	(9,893)	(10,803)	(10,959)	(11,016)	(10,602)	(10,529)	(14,107)	(11,711)
Total loans to individuals	324,619	322,386	315,404	312,211	321,311	320,477	314,038	311,941	310,491
Ratios									
Provision for losses/Gross impaired loans	74.8%	76.2%	63.9%	70.7%	60.6%	61.7%	61.2%	60.2%	69.1%
Past due loans but not impaired as % of gross loans	7.9%	8.8%	10.1%	9.4%	9.9%	8.6%	9.6%	12.5%	10.7%
Gross impaired loans/Gross loans	5.2%	5.5%	6.0%	5.9%	6.5%	6.2%	6.4%	7.3%	5.9%

Loans to customers - 9 quarter summary

ISK million	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Loans to corporates									
Overdrafts	24,248	23,699	25,272	25,305	24,420	23,453	23,444	23,218	19,669
Credit cards	1,054	994	997	1,004	943	939	716	761	878
Mortgage loans	12,889	12,516	11,990	11,601	10,406	8,940	9,199	8,539	8,103
Other loans	334,849	331,758	328,224	311,740	303,998	313,286	304,324	313,154	312,651
Provision on loans	(17,309)	(12,546)	(14,758)	(12,772)	(13,570)	(14,497)	(14,636)	(15,272)	(16,018)
Total loans to corporates	355,731	356,421	351,725	336,878	326,197	332,121	323,047	330,400	325,283
Neither past due nor impaired	337,153	334,863	313,161	317,228	308,588	311,702	300,525	299,368	304,880
Past due but not impaired	17,302	19,374	36,034	16,997	15,114	13,141	11,575	19,244	9,789
Individually impaired (gross)	16,024	12,707	13,149	13,583	13,693	20,009	23,749	23,248	24,029
Impairment amount	(14,748)	(10,523)	(10,619)	(10,930)	(11,198)	(12,731)	(12,802)	(11,460)	(13,415)
Total loans to corporates	355,731	356,421	351,725	336,878	326,197	332,121	323,047	330,400	325,283
Provision for losses/Gross impaired loans	108.0%	98.7%	112.2%	94.0%	99.1%	72.5%	61.6%	65.7%	66.7%
Past due loans but not impaired as % of gross loans	4.7%	5.3%	9.9%	4.9%	4.5%	3.8%	3.4%	5.6%	2.9%
Gross impaired loans/Gross loans	4.3%	3.5%	3.6%	3.9%	4.1%	5.8%	7.1%	6.8%	7.1%
Loans to corporates specified by sector:									
Agriculture and forestry	1.6%	1.7%	1.6%	1.6%	1.7%	1.6%	1.5%	1.4%	1.4%
Services	5.6%	5.5%	6.3%	5.6%	5.6%	5.4%	6.3%	6.0%	6.1%
Financial and insurance activities	9.4%	9.0%	8.9%	9.5%	8.5%	8.7%	8.9%	9.6%	8.5%
Industry, energy and manufacturing	6.0%	6.0%	5.6%	6.2%	7.8%	7.4%	7.4%	7.2%	7.0%
Information and communication technology	8.7%	7.2%	7.3%	6.8%	7.1%	6.9%	7.3%	7.1%	7.4%
Public administration, human health and social activities	2.3%	2.2%	2.2%	2.6%	2.4%	1.8%	1.9%	2.1%	2.7%
Real estate activities and construction	28.8%	28.4%	26.6%	24.6%	24.9%	29.5%	28.5%	26.5%	25.5%
Fishing industry	21.3%	21.6%	21.1%	22.9%	23.4%	21.0%	20.9%	18.8%	18.7%
Transportation	1.7%	2.8%	3.2%	3.3%	1.7%	1.9%	1.7%	5.6%	5.8%
Wholesale and retail trade	14.6%	15.6%	17.3%	16.9%	16.9%	15.8%	15.6%	15.8%	16.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.1%	100.0%

