



# Factbook

30 June 2018

Unaudited



## KFI - 5 years

ISK million	H1 2018	2017	2016	2015	2014
<b>Profitability</b>					
Return on equity	4.7%	6.6%	10.5%	28.1%	18.6%
Return on assets	0.9%	1.3%	2.1%	5.0%	3.0%
Return on risk-weighted-assets	1.3%	1.9%	2.9%	6.7%	4.0%
Earnings per share	2.35	7.20	10.70	20.98	14.23
Earnings per share from continuing operations	2.29	6.99	10.26	20.80	10.82
<b>Net interest margin</b>					
Net interest margin on interest bearing assets	2.7%	2.9%	3.1%	3.0%	2.8%
Net interest margin on total assets	2.5%	2.7%	2.9%	2.7%	2.6%
<b>Efficiency</b>					
Cost-to-income ratio	66.2%	56.1%	56.0%	32.4%	49.4%
Cost-to-total assets ratio	3.1%	2.7%	3.0%	2.9%	2.9%
Number of FTE´s at year end	1,309	1,284	1,239	1,147	1,139
<b>Asset quality</b>					
Share of stage 3 loans, gross <sup>1</sup>	2.3%	-	-	-	-
Problem loans <sup>1</sup>	-	1.0%	1.6%	2.5%	4.4%
Provision for losses/Gross impaired loans <sup>1</sup>	-	80.5%	77.4%	75.8%	62.9%
Gross impaired loans/Gross loans <sup>1</sup>	-	1.6%	3.2%	4.7%	5.3%
Past due loans but not impaired as % of gross loans <sup>1</sup>	-	4.2%	4.9%	6.2%	7.2%
Risk weighted assets / Total assets	67.8%	66.8%	72.7%	79.9%	74.5%
<b>Financial strength</b>					
Equity as % of total assets	17.7%	19.7%	20.4%	20.0%	17.4%
<b>Liquidity</b>					
Liquidity coverage ratio (LCR)	231.7%	221.0%	171.3%	134.5%	174.0%
Loans-to-deposits ratio	168.8%	165.5%	172.9%	145.0%	142.3%
Loans-to-deposits ratio (without covered bonds)	130.3%	129.0%	133.8%	116.0%	114.0%
Deposits from customers as % of total funding	53.3%	54.1%	53.9%	67.4%	64.4%
Covered bonds as % of total funding	20.5%	19.8%	21.1%	19.5%	18.3%
<b>Capital</b>					
CET 1 ratio	21.8%	23.6%	26.1%	22.3%	21.6%
Tier 1 ratio	21.9%	23.6%	26.6%	23.4%	21.8%
Tier 2 ratio	0.0%	0.4%	0.6%	0.8%	4.5%
Capital adequacy ratio	21.9%	28.4%	27.2%	24.2%	26.3%
Leverage ratio	14.3%	15.4%	17.8%	16.7%	15.4%

<sup>1</sup> Not available following implementation of IFRS 9 in January 2018

## Income statement - 5 year summary

ISK million	H1 2018	H1 2017	H1 2016	H1 2015	H1 2014
Interest income	28,470	29,840	31,395	27,660	26,881
Interest expense	(13,949)	(14,520)	(16,769)	(14,485)	(14,915)
<b>Net interest income</b>	<b>14,521</b>	<b>15,320</b>	<b>14,626</b>	<b>13,175</b>	<b>11,966</b>
Fee and commission income	17,906	13,019	11,250	10,236	8,917
Fee and commission expense	(9,872)	(6,181)	(4,503)	(2,802)	(2,324)
<b>Net fee and commission income</b>	<b>8,034</b>	<b>6,838</b>	<b>6,747</b>	<b>7,434</b>	<b>6,593</b>
Net financial income	2,267	3,205	3,495	9,723	3,867
Net insurance income	901	1,053	392	388	319
Share of profit of associates	(16)	(934)	695	4,217	(80)
Other operating income	879	2,375	1,684	1,465	3,272
<b>Other net operating income</b>	<b>4,031</b>	<b>5,699</b>	<b>6,266</b>	<b>15,793</b>	<b>7,378</b>
<b>Operating income</b>	<b>26,586</b>	<b>27,857</b>	<b>27,639</b>	<b>36,402</b>	<b>25,937</b>
Salaries and related expense	(9,647)	(8,783)	(8,426)	(7,168)	(7,164)
Other operating expenses	(7,960)	(5,057)	(6,729)	(6,008)	(5,754)
<b>Operating expenses</b>	<b>(17,607)</b>	<b>(13,840)</b>	<b>(15,155)</b>	<b>(13,176)</b>	<b>(12,918)</b>
Bank Levy	(1,684)	(1,574)	(1,485)	(2,643)	(1,375)
Net impairment	(291)	1,289	945	(82)	2,001
<b>Earnings before tax</b>	<b>7,004</b>	<b>13,732</b>	<b>11,944</b>	<b>20,501</b>	<b>13,645</b>
Income tax expense	(2,105)	(3,266)	(3,225)	(4,815)	(3,180)
<b>Net earnings from continuing operations</b>	<b>4,899</b>	<b>10,466</b>	<b>8,719</b>	<b>15,686</b>	<b>10,465</b>
Net gain (loss) from discontinued operations, net of tax	112	-	-	(132)	6,172
<b>Net earnings</b>	<b>5,011</b>	<b>10,466</b>	<b>8,719</b>	<b>15,554</b>	<b>16,637</b>
<b>Attributable to</b>					
Shareholders of Arion Bank	4,398	10,464	9,263	19,293	17,266
Non-controlling interest	613	2	496	29	146
<b>Total comprehensive income</b>	<b>5,011</b>	<b>10,466</b>	<b>9,759</b>	<b>19,322</b>	<b>17,412</b>
<b>Earnings per share from continuing operations</b>					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	2.29	5.23	4.63	9.71	5.55

## Balance sheet - 5 year summary

ISK million	H1 2018	2017	2016	2015	2014
<b>Assets</b>					
Cash and balances with Central Bank	112,996	139,819	87,634	48,102	21,063
Loans to credit institutions	113,546	86,609	80,116	87,491	108,792
Loans to customers	803,694	765,101	712,422	680,350	647,508
Financial instruments	95,265	109,450	117,456	133,191	101,828
Investment property	7,027	6,613	5,358	7,542	6,842
Investments in associates	743	760	839	27,299	21,966
Intangible assets	13,858	13,848	11,057	9,285	9,596
Tax assets	603	450	288	205	655
Non-current assets and disp. groups held for sale	8,295	8,138	4,418	5,082	3,958
Other assets	18,817	16,966	16,436	12,496	11,528
<b>Total assets</b>	<b>1,174,844</b>	<b>1,147,754</b>	<b>1,036,024</b>	<b>1,011,043</b>	<b>933,736</b>
<b>Liabilities</b>					
Due to credit institutions and Central Bank	6,336	7,370	7,987	11,387	22,876
Deposits	476,182	462,161	412,064	469,347	454,973
Financial liabilities at fair value	3,895	3,601	3,726	7,609	9,143
Tax liabilities	6,503	6,828	7,293	4,922	5,123
Other liabilities	63,524	57,062	54,094	49,461	47,190
Borrowings	410,773	384,998	339,476	256,058	200,580
Subordinated liabilities	-	-	-	10,365	31,639
<b>Total liabilities</b>	<b>967,213</b>	<b>922,020</b>	<b>824,640</b>	<b>809,149</b>	<b>771,524</b>
<b>Equity</b>					
Share capital and share premium	59,017	75,861	75,861	75,861	75,861
Other reserves	14,436	16,774	19,761	4,547	1,632
Retained earnings	133,437	132,971	115,590	112,378	83,218
<b>Total shareholders equity</b>	<b>206,890</b>	<b>225,606</b>	<b>211,212</b>	<b>192,786</b>	<b>160,711</b>
Non-controlling interest	741	128	172	9,108	1,501
<b>Total equity</b>	<b>207,631</b>	<b>225,734</b>	<b>211,384</b>	<b>201,894</b>	<b>162,212</b>
<b>Total liabilities and equity</b>	<b>1,174,844</b>	<b>1,147,754</b>	<b>1,036,024</b>	<b>1,011,043</b>	<b>933,736</b>

## Net interest income - 5 year summary

ISK million	H1 2018	H1 2017	H1 2016	H1 2015	H1 2014
<b>Interest income</b>					
Cash and balances with Central bank	2,423	3,406	2,029	284	332
Loans	25,208	24,808	26,785	25,301	24,274
Securities	432	1,197	2,237	1,609	1,979
Other	407	429	344	466	296
<b>Interest income</b>	<b>28,470</b>	<b>29,840</b>	<b>31,395</b>	<b>27,660</b>	<b>26,881</b>
<b>Interest expense</b>					
Deposits	(6,368)	(6,942)	(8,744)	(7,460)	(8,784)
Borrowings	(7,544)	(7,533)	(7,810)	(6,494)	(5,463)
Subordinated liabilities	-	-	(186)	(503)	(650)
Other	(37)	(45)	(29)	(28)	(18)
<b>Interest expense</b>	<b>(13,949)</b>	<b>(14,520)</b>	<b>(16,769)</b>	<b>(14,485)</b>	<b>(14,915)</b>
<b>Net interest income</b>	<b>14,521</b>	<b>15,320</b>	<b>14,626</b>	<b>13,175</b>	<b>11,966</b>
<b>Interest bearing assets</b>					
Cash and balances with Central Bank	112,996	151,354	77,108	33,189	17,361
Loans	917,240	811,899	798,743	770,944	776,923
Securities	64,249	73,077	81,575	75,087	69,147
<b>Interest bearing assets</b>	<b>1,094,485</b>	<b>1,036,330</b>	<b>957,425</b>	<b>879,220</b>	<b>863,431</b>
<b>Interest bearing liabilities</b>					
Due to credit institutions and Central Bank	6,336	7,644	8,018	13,961	29,277
Deposits	476,182	437,494	423,089	472,304	474,229
Financial liabilities at fair value	3,895	5,029	4,722	4,145	7,646
Borrowings	410,773	380,061	329,885	241,880	199,882
Subordinated liabilities	-	-	9,553	10,884	31,189
<b>Interest bearing liabilities</b>	<b>897,186</b>	<b>830,229</b>	<b>775,268</b>	<b>743,175</b>	<b>742,222</b>
<b>Interest Gap</b>	<b>197,298</b>	<b>206,101</b>	<b>182,157</b>	<b>136,045</b>	<b>121,209</b>
<b>Net interest margin on interest bearing assets</b>	<b>2.7%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>3.0%</b>	<b>2.8%</b>

## Loans to customers - 5 year summary

ISK million

H1 2018 H1 2017 H1 2016 H1 2015 H1 2014

### Loans to customers

Individuals	382,550	343,402	326,896	315,404	314,038
Corporates	421,144	390,247	386,240	351,725	323,047
<b>Total loans to customers</b>	<b>803,694</b>	<b>733,649</b>	<b>713,136</b>	<b>667,129</b>	<b>637,085</b>

### IFRS 9 credit indicators (not available before Q1 2018)

Share of stage 3 loans, gross	2.3%	-	-	-	-
Share of stage 3 loans, net	1.5%	-	-	-	-
Share of stage 3 loans mortgages, gross	1.7%	-	-	-	-
Share of stage 3 loans mortgages, net	1.6%	-	-	-	-
Credit impairment provision ratio Stage 1 loans	0.2%	-	-	-	-
Credit impairment provision ratio Stage 2 loans	1.7%	-	-	-	-
Credit impairment provision ratio Stage 3 loans	34.8%	-	-	-	-
Total credit impairment provision ratio	1.4%	-	-	-	-

### Loans to individuals

Overdrafts	14,231	13,855	16,569	18,062	18,044
Credit cards	11,190	10,245	10,932	10,650	9,084
Mortgage loans	327,612	294,273	275,422	264,681	259,118
Other loans	33,736	32,609	35,198	34,442	40,477
Provision on loans	(4,219)	(7,580)	(11,225)	(12,431)	(12,685)
<b>Total loans to individuals</b>	<b>382,550</b>	<b>343,402</b>	<b>326,896</b>	<b>315,404</b>	<b>314,038</b>

Neither past due nor impaired <sup>1</sup>	-	323,075	294,310	273,687	272,704
Past due but not impaired <sup>1</sup>	-	18,473	27,618	33,066	31,143
Individually impaired (gross) <sup>1</sup>	-	7,221	13,826	19,454	20,720
Impairment amount <sup>1</sup>	-	(5,367)	(8,858)	(10,803)	(10,529)
<b>Total loans to individuals</b>	<b>-</b>	<b>343,402</b>	<b>326,896</b>	<b>315,404</b>	<b>314,038</b>

### Ratios:

Provision for losses/Gross impaired loans <sup>1</sup>	-	105.0%	81.2%	63.9%	61.2%
Past due loans but not impaired as % of gross loans <sup>1</sup>	-	5.3%	8.2%	10.1%	9.6%
Gross impaired loans/Gross loans <sup>1</sup>	-	2.1%	4.1%	6.0%	6.4%

<sup>1</sup> Not available following implementation of IFRS 9 in January 2018

## Loans to customers - 5 year summary

ISK million

	H1 2018	H1 2017	H1 2016	H1 2015	H1 2014
<b>Loans to corporates</b>					
Overdrafts	21,125	22,174	24,113	25,272	23,444
Credit cards	1,262	1,199	1,169	997	716
Mortgage loans	21,549	17,810	14,285	11,990	9,199
Other loans	384,178	357,882	361,062	328,224	304,324
Provision on loans	(6,970)	(8,818)	(14,389)	(14,758)	(14,636)
<b>Total loans to corporates</b>	<b>421,144</b>	<b>390,247</b>	<b>386,240</b>	<b>351,725</b>	<b>323,047</b>
Neither past due nor impaired <sup>1</sup>	-	370,693	365,939	313,161	300,525
Past due but not impaired <sup>1</sup>	-	17,636	18,152	36,034	11,575
Individually impaired (gross) <sup>1</sup>	-	8,477	14,027	13,149	23,749
Impairment amount <sup>1</sup>	-	(6,559)	(11,878)	(10,619)	(12,802)
<b>Total loans to individuals</b>	<b>-</b>	<b>390,247</b>	<b>386,240</b>	<b>351,725</b>	<b>323,047</b>
<b>Ratios:</b>					
Provision for losses/Gross impaired loans <sup>1</sup>	-	104.0%	102.6%	112.2%	61.6%
Past due loans but not impaired as % of gross loans <sup>1</sup>	-	4.4%	4.6%	9.9%	3.4%
Gross impaired loans/Gross loans <sup>1</sup>	-	2.1%	3.5%	3.6%	7.1%
<b>Loans to corporates specified by sector:</b>					
Agriculture and forestry	1.7%	1.6%	1.6%	1.6%	1.5%
Services	4.5%	4.5%	4.9%	6.3%	6.3%
Financial and insurance activities	8.7%	8.5%	9.0%	8.9%	8.9%
Industry, energy and manufacturing	7.4%	7.6%	7.6%	5.6%	7.4%
Information and communication technology	5.6%	6.9%	7.7%	7.3%	7.3%
Public administration, human health and social activities	1.7%	1.9%	2.2%	2.2%	1.9%
Real estate activities and construction	32.2%	31.6%	28.7%	26.6%	28.5%
Fishing industry	18.3%	20.7%	21.4%	21.1%	20.9%
Transportation	4.6%	2.7%	1.6%	3.2%	1.7%
Wholesale and retail trade	15.3%	14.0%	15.5%	17.3%	15.6%
	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>1</sup> Not available following implementation of IFRS 9 in January 2018

## Capital and Risk Weighted Assets

ISK million	30.06.2018	2017	2016	2015	2014
<b>Capital base:</b>					
Total equity	207,631	225,734	211,384	201,895	162,212
Deductions related to the consolidated situation <sup>1</sup>	(8,067)	(8,635)	(8,126)	-	-
Non-controlling interest not eligible for inclusion in CET 1 capital	(741)	(128)	(172)	(9,108)	(1,501)
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>198,823</b>	<b>216,971</b>	<b>203,086</b>	<b>192,786</b>	<b>160,711</b>
Intangible assets	(11,230)	(11,125)	(8,201)	(9,285)	(9,596)
Tax assets	(509)	(357)	(198)	(205)	(655)
Foreseeable dividend	(12,199)	146	(149)	(3,151)	(111)
Other statutory deductions	(1,216)	(25,000)	-	-	-
<b>Common equity Tier 1 capital</b>	<b>173,669</b>	<b>180,635</b>	<b>194,538</b>	<b>180,145</b>	<b>150,349</b>
Non-controlling interest not eligible for inclusion in CET1 capital	741	128	172	9,108	1,501
<b>Tier 1 capital</b>	<b>174,410</b>	<b>180,763</b>	<b>194,710</b>	<b>189,254</b>	<b>151,850</b>
Subordinated liabilities	-	-	-	10,365	31,639
Regulatory adjustment to Tier 2 capital	-	-	-	(771)	-
Other statutory deductions	-	-	-	(3,118)	(101)
General credit risk adjustments	-	3,195	4,557	-	-
<b>Tier 2 Capital</b>	<b>-</b>	<b>3,195</b>	<b>4,557</b>	<b>6,476</b>	<b>31,538</b>
<b>Total Capital base</b>	<b>174,410</b>	<b>183,958</b>	<b>199,267</b>	<b>195,729</b>	<b>183,388</b>
<b>Risk weighted assets</b>					
Credit Risk, loans	630,789	605,058	577,470	681,034	591,994
Credit Risk, securities and other <sup>2</sup>	50,131	56,979	55,036	-	-
Counterparty credit risk <sup>2</sup>	4,172	5,844	5,550	-	-
Market Risk due to currency imbalance	12,608	4,895	5,449	38,401	18,915
Market Risk Other	9,666	5,473	12,966	7,035	2,890
Credit valuation adjustment <sup>2</sup>	2,699	2,506	2,678	-	-
Operational Risk	86,013	86,013	86,490	81,441	82,211
<b>Total risk weighted assets</b>	<b>796,078</b>	<b>766,768</b>	<b>745,639</b>	<b>807,911</b>	<b>696,010</b>
<b>Capital ratios</b>					
CET 1 ratio	21.8%	23.6%	26.1%	22.3%	21.6%
Tier 1 ratio	21.9%	23.6%	26.1%	23.4%	21.8%
Capital adequacy ratio	21.9%	24.0%	26.7%	24.2%	26.3%
<b>Leverage ratio</b>					
On-balance sheet exposures	1,116,222	1,074,207	995,063	982,348	912,303
Derivative exposures	8,544	10,957	8,226	3,789	1,348
Securities financing transaction exposures	7,974	8,925	9,330	16,287	10,044
Off-balance sheet exposures	86,975	83,058	83,156	127,675	59,922
<b>Total exposure</b>	<b>1,219,715</b>	<b>1,177,147</b>	<b>1,095,775</b>	<b>1,130,099</b>	<b>983,617</b>
<b>Tier 1 capital</b>	<b>174,410</b>	<b>180,763</b>	<b>194,710</b>	<b>189,254</b>	<b>151,850</b>
<b>Leverage ratio</b>	<b>14.3%</b>	<b>15.4%</b>	<b>17.8%</b>	<b>16.7%</b>	<b>15.4%</b>
<b>Related ratios</b>					
RORWA	1.28%	1.91%	2.87%	6.72%	4.00%
RWA/Total assets	67.76%	66.81%	72.71%	79.91%	74.54%

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

2) Not disclosed separately in 2015 and 2014





# Arion Bank **Factbook**

**Quarter summaries**

## KFI - 9 Quarters

ISK million

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Profitability</b>									
Return on equity	5.9%	3.6%	7.3%	(0.2%)	13.0%	6.3%	8.6%	15.0%	13.3%
Return on assets	1.1%	0.7%	1.4%	(0.0%)	2.6%	1.2%	1.7%	3.0%	2.7%
Return on risk-weighted-assets	1.6%	1.0%	2.1%	(0.1%)	3.8%	1.8%	2.4%	4.0%	3.7%
Earnings per share	1.35	0.97	2.02	(0.06)	3.56	1.68	2.19	3.89	3.39
Earnings per share from continuing operations	1.34	0.91	2.13	(0.15)	3.42	1.60	2.03	3.78	3.26
<b>Net interest margin</b>									
Net interest margin on interest bearing assets	2.8%	2.6%	2.7%	2.7%	3.1%	2.8%	3.2%	3.1%	3.1%
Net interest margin on total assets	2.6%	2.4%	2.5%	2.6%	2.9%	2.7%	3.0%	2.9%	2.9%
<b>Efficiency</b>									
Cost-to-income ratio	62.3%	70.8%	61.6%	65.0%	38.2%	63.5%	57.9%	56.4%	51.2%
Cost-to-total assets ratio	3.1%	3.0%	3.0%	2.7%	2.1%	3.0%	3.2%	2.8%	3.1%
Number of FTE´s at year end	1,309	1,299	1,284	1,293	1,223	1,204	1,239	1,189	1,199
<b>Asset quality</b>									
Share of stage 3 loans, gross	2.3%	3.2%	-	-	-	-	-	-	-
Problem loans <sup>1</sup>	-	-	1.0%	1.4%	1.3%	1.5%	1.6%	2.0%	1.9%
Provision for losses/Gross impaired loans <sup>1</sup>	-	-	80.5%	74.6%	76.0%	72.4%	77.4%	78.1%	74.4%
Gross impaired loans/Gross loans <sup>1</sup>	-	-	1.6%	2.1%	2.1%	2.4%	3.2%	3.6%	3.8%
Past due loans but not impaired as % of gross loans <sup>1</sup>	-	-	4.2%	5.0%	4.8%	5.6%	4.9%	5.8%	6.2%
Risk weighted assets / Total assets	67.8%	68.8%	66.8%	68.4%	67.0%	66.4%	72.7%	73.2%	71.8%

<sup>1</sup> Not available following implementation of IFRS 9 in January 2018

## KFI - 9 Quarters

ISK million

Q2 2018 Q1 2018 Q4 2017 Q3 2017 Q2 2017 Q1 2017 Q4 2016 Q3 2016 Q2 2016

### Financial strength

Equity as % of total assets	17.7%	18.0%	19.7%	19.4%	19.7%	19.2%	20.4%	19.9%	20.2%
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### Liquidity

Liquidity coverage ratio (LCR)	231.7%	209.9%	221.0%	228.6%	266.2%	163.5%	171.3%	194.1%	179.8%
Loans-to-deposits ratio	168.8%	172.7%	165.5%	168.4%	167.7%	151.4%	172.9%	165.7%	168.6%
Loans-to-deposits ratio (without covered bonds)	130.3%	134.4%	129.0%	129.4%	128.2%	116.5%	133.8%	129.3%	132.5%
Deposits from customers as % of total funding	53.3%	52.6%	54.1%	52.3%	53.0%	56.2%	53.9%	55.9%	69.5%
Covered bonds as % of total funding	20.5%	20.1%	19.8%	20.4%	20.9%	19.6%	21.1%	20.4%	25.1%

### Capital

CET 1 ratio	21.8%	23.6%	23.6%	26.6%	27.7%	27.3%	26.1%	25.5%	25.5%
Tier 1 ratio	21.9%	23.6%	23.6%	26.9%	27.8%	27.3%	26.6%	25.5%	26.8%
Tier 2 ratio	0.0%	0.0%	0.4%	0.5%	0.6%	0.6%	0.6%	0.6%	1.0%
Official capital adequacy ratio	21.9%	23.6%	24.0%	27.4%	28.4%	27.9%	27.2%	26.1%	27.8%
Leverage ratio	14.3%	15.4%	15.4%	16.8%	17.4%	17.0%	18.0%	17.4%	18.1%

## Income statement - 9 quarter summary

ISK million

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Interest income	14,308	14,162	13,801	13,448	16,117	13,723	15,409	14,851	16,525
Interest expense	(6,695)	(7,254)	(6,536)	(6,198)	(7,957)	(6,563)	(7,567)	(7,419)	(9,172)
<b>Net interest income</b>	<b>7,613</b>	<b>6,908</b>	<b>7,265</b>	<b>7,250</b>	<b>8,160</b>	<b>7,160</b>	<b>7,842</b>	<b>7,432</b>	<b>7,353</b>
Fee and commission income	9,709	8,197	8,896	7,862	6,928	6,091	6,451	6,191	6,008
Fee and commission expense	(5,217)	(4,655)	(4,242)	(3,997)	(3,420)	(2,761)	(2,686)	(2,725)	(2,480)
<b>Net fee and commission income</b>	<b>4,492</b>	<b>3,542</b>	<b>4,654</b>	<b>3,865</b>	<b>3,508</b>	<b>3,330</b>	<b>3,765</b>	<b>3,466</b>	<b>3,528</b>
Net financial income	927	1,340	1,620	(734)	1,975	1,230	823	844	3,796
Net insurance income	758	143	324	716	606	447	731	272	247
Share of profit of associates	2	(18)	(8)	17	(900)	(34)	198	16	17
Other operating income	610	269	69	483	1,811	564	826	693	607
<b>Other net operating income</b>	<b>2,297</b>	<b>1,734</b>	<b>2,005</b>	<b>482</b>	<b>3,492</b>	<b>2,207</b>	<b>2,578</b>	<b>1,825</b>	<b>4,667</b>
<b>Operating income</b>	<b>14,402</b>	<b>12,184</b>	<b>13,924</b>	<b>11,597</b>	<b>15,160</b>	<b>12,697</b>	<b>14,185</b>	<b>12,723</b>	<b>15,548</b>
Salaries and related expense	(5,011)	(4,636)	(4,565)	(3,841)	(4,561)	(4,222)	(4,407)	(3,826)	(4,318)
Other operating expenses	(3,964)	(3,996)	(4,016)	(3,699)	(1,223)	(3,834)	(3,803)	(3,349)	(3,639)
<b>Operating expenses</b>	<b>(8,975)</b>	<b>(8,632)</b>	<b>(8,581)</b>	<b>(7,540)</b>	<b>(5,784)</b>	<b>(8,056)</b>	<b>(8,210)</b>	<b>(7,175)</b>	<b>(7,957)</b>
Bank Levy	(880)	(804)	(784)	(814)	(777)	(797)	(682)	(705)	(743)
Net impairment	(192)	(99)	1,448	(2,551)	409	880	409	5,882	1,448
<b>Earnings before tax</b>	<b>4,355</b>	<b>2,649</b>	<b>6,007</b>	<b>692</b>	<b>9,008</b>	<b>4,724</b>	<b>5,702</b>	<b>10,725</b>	<b>8,296</b>
Income tax expense	(1,287)	(818)	(1,735)	(805)	(1,895)	(1,371)	(1,227)	(3,222)	(1,419)
<b>Net earnings from continuing operations</b>	<b>3,068</b>	<b>1,831</b>	<b>4,272</b>	<b>(113)</b>	<b>7,113</b>	<b>3,353</b>	<b>4,475</b>	<b>7,503</b>	<b>6,877</b>
Net gain (loss) from discontinued operations, net of tax	(6)	118	(206)	-	-	-	-	-	-
<b>Net earnings</b>	<b>3,062</b>	<b>1,949</b>	<b>4,066</b>	<b>(113)</b>	<b>7,113</b>	<b>3,353</b>	<b>4,475</b>	<b>7,503</b>	<b>6,877</b>
<b>Attributable to</b>									
Shareholders of Arion Bank	2,449	1,949	4,049	(114)	7,113	3,352	4,369	7,514	6,780
Non-controlling interest	613	-	17	1	-	1	106	(11)	97
<b>Total comprehensive income for the period</b>	<b>3,062</b>	<b>1,949</b>	<b>4,066</b>	<b>(113)</b>	<b>7,113</b>	<b>3,353</b>	<b>4,475</b>	<b>7,503</b>	<b>6,877</b>
<b>Earnings per share from continuing operations</b>									
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	1.34	0.95	2.13	(0.15)	3.42	1.60	2.03	3.78	3.26

## Balance sheet - 9 quarter summary

ISK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Assets</b>									
Cash and balances with Central Bank	112,996	97,934	139,819	132,316	151,354	178,593	87,634	85,645	77,108
Loans to credit institutions	113,546	94,961	86,609	94,242	78,250	68,149	80,116	68,257	85,607
Loans to customers	803,694	782,255	765,101	750,947	733,649	720,198	712,422	715,907	713,136
Financial instruments	95,265	106,415	109,450	121,041	109,353	110,673	117,456	128,358	121,246
Investment property	7,027	6,749	6,613	6,903	7,166	5,911	5,358	5,113	6,487
Investments in associates	743	743	760	842	825	818	839	869	904
Intangible assets	13,858	13,498	13,848	12,755	11,639	11,121	11,057	11,077	9,152
Tax assets	603	611	450	286	413	462	288	241	221
Non-current assets and disp. groups held for sale	8,295	8,495	8,138	7,352	3,443	4,058	4,418	4,773	5,145
Other assets	18,817	20,107	16,966	18,169	30,319	19,664	16,436	18,241	15,997
<b>Total assets</b>	<b>1,174,844</b>	<b>1,131,767</b>	<b>1,147,754</b>	<b>1,144,853</b>	<b>1,126,411</b>	<b>1,119,648</b>	<b>1,036,024</b>	<b>1,038,479</b>	<b>1,035,003</b>
<b>Liabilities</b>									
Due to credit institutions and Central Bank	6,336	7,880	7,370	7,097	7,644	9,689	7,987	9,375	8,018
Deposits	476,182	453,059	462,161	445,981	437,494	475,641	412,064	431,929	423,089
Financial liabilities at fair value	3,895	3,130	3,601	3,551	5,029	3,922	3,727	5,097	4,722
Tax liabilities	6,503	6,885	6,828	9,303	9,342	8,305	7,293	5,754	3,812
Other liabilities	63,524	55,715	57,062	56,813	65,073	51,678	54,096	52,565	47,079
Borrowings	410,773	400,855	384,998	400,400	380,061	355,633	339,476	326,754	329,885
Subordinated liabilities	-	-	-	-	-	-	-	-	9,553
<b>Total liabilities</b>	<b>967,213</b>	<b>927,523</b>	<b>922,020</b>	<b>923,144</b>	<b>904,645</b>	<b>904,868</b>	<b>824,641</b>	<b>831,474</b>	<b>826,159</b>
<b>Equity</b>									
Share capital and share premium	59,017	58,722	75,861	75,861	75,861	75,861	75,861	75,861	75,861
Other reserves	14,436	14,880	16,774	15,001	13,565	20,197	19,761	1,925	1,739
Retained earnings	133,437	130,515	132,971	130,673	132,167	118,549	115,590	129,153	121,639
<b>Total shareholders equity</b>	<b>206,890</b>	<b>204,117</b>	<b>225,606</b>	<b>221,535</b>	<b>221,593</b>	<b>214,607</b>	<b>211,212</b>	<b>206,939</b>	<b>199,238</b>
Non-controlling interest	741	128	128	174	174	173	172	66	9,605
<b>Total equity</b>	<b>207,631</b>	<b>204,245</b>	<b>225,734</b>	<b>221,709</b>	<b>221,766</b>	<b>214,779</b>	<b>211,384</b>	<b>207,005</b>	<b>208,844</b>
<b>Total liabilities and equity</b>	<b>1,174,844</b>	<b>1,131,768</b>	<b>1,147,754</b>	<b>1,144,853</b>	<b>1,126,411</b>	<b>1,119,648</b>	<b>1,036,025</b>	<b>1,038,479</b>	<b>1,035,003</b>

## Net interest income - 9 quarter summary

ISK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Interest income</b>									
Cash and balances with Central bank	1,148	1,275	1,390	1,653	2,024	1,382	1,335	1,219	1,764
Loans	12,639	12,569	11,869	11,155	13,373	11,435	12,813	12,312	13,675
Securities	199	233	340	427	515	682	946	1,164	909
Other	323	84	203	212	205	224	315	155	177
<b>Interest income</b>	<b>14,309</b>	<b>14,161</b>	<b>13,802</b>	<b>13,447</b>	<b>16,117</b>	<b>13,723</b>	<b>15,409</b>	<b>14,850</b>	<b>16,525</b>
<b>Interest expense</b>									
Deposits	(3,132)	(3,236)	(2,980)	(2,803)	(3,819)	(3,123)	(3,763)	(3,777)	(4,598)
Borrowings	(3,556)	(3,988)	(3,537)	(3,379)	(4,120)	(3,413)	(3,797)	(3,244)	(4,468)
Subordinated loans	-	-	-	-	-	-	-	(343)	(91)
Other	(7)	(31)	(20)	(15)	(18)	(26)	(7)	(55)	(14)
<b>Interest expense</b>	<b>(6,695)</b>	<b>(7,255)</b>	<b>(6,537)</b>	<b>(6,197)</b>	<b>(7,957)</b>	<b>(6,562)</b>	<b>(7,567)</b>	<b>(7,419)</b>	<b>(9,171)</b>
<b>Net interest income</b>	<b>7,614</b>	<b>6,906</b>	<b>7,265</b>	<b>7,250</b>	<b>8,160</b>	<b>7,161</b>	<b>7,842</b>	<b>7,431</b>	<b>7,354</b>
<b>Interest bearing assets</b>									
Cash and balances with Central Bank	112,996	97,934	139,819	132,316	151,354	178,593	87,634	85,645	77,108
Loans	917,240	877,216	851,710	845,189	811,899	788,347	792,539	784,163	798,743
Securities	64,249	71,498	65,402	75,889	73,077	78,863	82,042	86,198	81,575
<b>Interest bearing assets</b>	<b>1,094,485</b>	<b>1,046,648</b>	<b>1,056,931</b>	<b>1,053,394</b>	<b>1,036,330</b>	<b>1,045,803</b>	<b>962,214</b>	<b>956,006</b>	<b>957,425</b>
<b>Interest bearing liabilities</b>									
Due to credit institutions and Central Bank	6,336	7,880	7,370	7,097	7,644	9,689	7,987	9,375	8,018
Deposits	476,182	453,059	462,161	445,981	437,494	475,641	412,064	431,929	423,089
Financial liabilities at fair value	3,895	3,130	3,601	3,551	5,029	3,922	3,727	5,097	4,722
Borrowings	410,773	400,855	384,998	400,400	380,061	355,633	339,476	326,754	329,885
Subordinated liabilities	-	-	-	-	-	-	-	-	9,553
<b>Interest bearing liabilities</b>	<b>897,186</b>	<b>864,923</b>	<b>858,130</b>	<b>857,028</b>	<b>830,229</b>	<b>844,885</b>	<b>763,252</b>	<b>773,155</b>	<b>775,268</b>
<b>Interest Gap</b>	<b>197,298</b>	<b>181,725</b>	<b>198,801</b>	<b>196,366</b>	<b>206,101</b>	<b>200,918</b>	<b>198,962</b>	<b>182,851</b>	<b>182,157</b>
<b>Net interest margin on interest bearing assets</b>	<b>2.8%</b>	<b>2.6%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>3.1%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>3.1%</b>

## Loans to customers - 9 quarter summary

ISK million

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Loans to customers</b>									
Individuals	382,550	374,452	365,287	354,004	343,402	338,686	337,416	334,647	326,896
Corporates	421,144	407,803	399,814	396,943	390,247	381,512	375,006	381,260	386,240
<b>Total loans to customers</b>	<b>803,694</b>	<b>782,255</b>	<b>765,101</b>	<b>750,947</b>	<b>733,649</b>	<b>720,198</b>	<b>712,422</b>	<b>715,907</b>	<b>713,136</b>
<b>IFRS 9 credit indicators (not available before Q1 2018)</b>									
Share of stage 3 loans, gross	2.3%	3.2%	-	-	-	-	-	-	-
Share of stage 3 loans, net	1.5%	1.9%	-	-	-	-	-	-	-
Share of stage 3 loans mortgages, gross	1.7%	1.9%	-	-	-	-	-	-	-
Share of stage 3 loans mortgages, net	1.6%	1.7%	-	-	-	-	-	-	-
Credit impairment provision ratio Stage 1 loans	0.2%	0.2%	-	-	-	-	-	-	-
Credit impairment provision ratio Stage 2 loans	1.7%	1.6%	-	-	-	-	-	-	-
Credit impairment provision ratio Stage 3 loans	34.8%	40.2%	-	-	-	-	-	-	-
Total credit impairment provision ratio	1.4%	1.6%	-	-	-	-	-	-	-
<b>Loans to individuals</b>									
Overdrafts	14,231	14,821	14,469	14,863	13,855	15,218	14,805	15,603	16,569
Credit cards	11,190	10,164	11,133	10,078	10,245	10,080	11,363	10,852	10,932
Mortgage loans	327,612	320,681	311,507	302,406	294,273	288,660	285,784	283,423	275,422
Other loans	33,736	33,274	33,629	33,116	32,609	33,480	34,777	35,314	35,198
Provision on loans	(4,219)	(4,488)	(5,451)	(6,459)	(7,580)	(8,752)	(9,313)	(10,545)	(11,225)
<b>Total loans to individuals</b>	<b>382,550</b>	<b>374,452</b>	<b>365,287</b>	<b>354,004</b>	<b>343,402</b>	<b>338,686</b>	<b>337,416</b>	<b>334,647</b>	<b>326,896</b>
Neither past due nor impaired <sup>1</sup>	-	-	344,829	333,828	323,075	313,416	312,259	305,461	294,310
Past due but not impaired <sup>1</sup>	-	-	18,929	18,108	18,473	22,815	21,854	25,092	27,618
Individually impaired (gross) <sup>1</sup>	-	-	5,539	6,754	7,221	8,708	10,372	12,289	13,826
Impairment amount <sup>1</sup>	-	-	(4,010)	(4,686)	(5,367)	(6,253)	(7,069)	(8,195)	(8,858)
<b>Total loans to individuals</b>	<b>-</b>	<b>-</b>	<b>365,287</b>	<b>354,004</b>	<b>343,402</b>	<b>338,686</b>	<b>337,416</b>	<b>334,647</b>	<b>326,896</b>
<b>Ratios:</b>									
Provision for losses/Gross impaired loans <sup>1</sup>	-	-	98.4%	95.6%	105.0%	100.5%	89.8%	85.8%	81.2%
Past due loans but not impaired as % of gross loans <sup>1</sup>	-	-	5.1%	5.0%	5.3%	6.6%	6.3%	7.3%	8.2%
Gross impaired loans/Gross loans <sup>1</sup>	-	-	1.5%	1.9%	2.1%	2.5%	3.0%	3.6%	4.1%

<sup>1</sup> Not available following implementation of IFRS 9 in January 2018

## Loans to customers - 9 quarter summary

ISK million

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Loans to corporates</b>									
Overdrafts	21,125	20,909	18,778	20,745	22,174	21,091	19,314	22,015	24,113
Credit cards	1,262	1,178	1,123	1,177	1,199	1,179	1,180	1,243	1,169
Mortgage loans	21,549	20,448	19,632	18,300	17,810	17,069	16,298	14,729	14,285
Other loans	384,178	373,256	368,312	366,226	357,882	351,129	351,739	358,004	361,062
Provision on loans	(6,970)	(7,988)	(8,031)	(9,505)	(8,818)	(8,956)	(13,525)	(14,731)	(14,389)
<b>Total loans to corporates</b>	<b>421,144</b>	<b>407,803</b>	<b>399,814</b>	<b>396,943</b>	<b>390,247</b>	<b>381,512</b>	<b>375,006</b>	<b>381,260</b>	<b>386,240</b>
Neither past due nor impaired <sup>1</sup>	-	-	385,197	375,121	370,693	360,993	358,709	362,102	365,939
Past due but not impaired <sup>1</sup>	-	-	13,655	19,801	17,636	18,130	14,251	17,475	18,152
Individually impaired (gross) <sup>1</sup>	-	-	7,239	9,349	8,477	8,858	13,258	14,131	14,027
Impairment amount <sup>1</sup>	-	-	(6,277)	(7,328)	(6,559)	(6,469)	(11,212)	(12,448)	(11,878)
<b>Total loans to individuals</b>	<b>-</b>	<b>-</b>	<b>399,814</b>	<b>396,943</b>	<b>390,247</b>	<b>381,512</b>	<b>375,006</b>	<b>381,260</b>	<b>386,240</b>
<b>Ratios:</b>									
Provision for losses/Gross impaired loans <sup>1</sup>	-	-	110.9%	101.7%	104.0%	101.1%	102.0%	104.2%	102.6%
Past due loans but not impaired as % of gross loans <sup>1</sup>	-	-	3.4%	4.9%	4.4%	4.7%	3.7%	4.4%	4.6%
Gross impaired loans/Gross loans <sup>1</sup>	-	-	1.8%	2.3%	2.1%	2.3%	3.4%	3.6%	3.5%
<b>Loans to corporates specified by sector:</b>									
Agriculture and forestry	1.7%	1.7%	1.6%	1.6%	1.6%	1.5%	1.6%	1.6%	1.6%
Services	4.5%	4.3%	4.5%	4.4%	4.5%	4.5%	4.6%	4.6%	4.9%
Financial and insurance activities	8.7%	9.2%	8.5%	8.9%	8.5%	9.2%	9.3%	9.3%	9.0%
Industry, energy and manufacturing	7.4%	7.3%	7.4%	7.4%	7.6%	7.6%	7.6%	7.5%	7.6%
Information and communication technology	5.6%	5.1%	5.5%	6.7%	6.9%	7.2%	7.6%	7.6%	7.7%
Public administration, human health and social activities	1.7%	2.2%	2.0%	1.9%	1.9%	2.3%	2.3%	2.4%	2.2%
Real estate activities and construction	32.2%	31.5%	32.1%	31.7%	31.6%	31.3%	30.6%	29.7%	28.7%
Fishing industry	18.3%	19.2%	19.7%	20.0%	20.7%	20.2%	20.4%	20.8%	21.4%
Transportation	4.6%	4.2%	4.3%	3.6%	2.7%	1.8%	1.7%	1.5%	1.6%
Wholesale and retail trade	15.3%	15.3%	14.4%	13.7%	14.0%	14.6%	14.1%	15.1%	15.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>1</sup> Not available following implementation of IFRS 9 in January 2018



## Capital and Risk Weighted Assets

ISK million

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Capital base:</b>									
Total equity	207,631	204,245	225,734	221,709	221,767	214,780	211,384	207,006	208,844
Deductions related to the consolidated situation <sup>1</sup>	(8,067)	(7,870)	(8,635)	(8,505)	(8,407)	(8,057)	(8,126)	(7,083)	
Non-controlling interest not eligible for inclusion in CET1 capital	(741)	(128)	(128)	(174)	(174)	(173)	(172)	(66)	(9,605)
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>198,823</b>	<b>196,247</b>	<b>216,971</b>	<b>213,030</b>	<b>213,186</b>	<b>206,550</b>	<b>203,086</b>	<b>199,857</b>	<b>199,238</b>
Intangible assets	(11,230)	(10,834)	(11,125)	(9,987)	(8,820)	(8,263)	-8,201	-8,600	-9,152
Tax assets	(509)	(425)	(357)	(204)	(309)	(372)	-198	-88	-221
Other statutory deductions	(12,199)	(430)	146	(684)	(106)	(98)	(149)	(1,699)	(515)
Foreseeable dividend	(1,216)	(975)	(25,000)						
<b>Common equity Tier 1 capital</b>	<b>173,669</b>	<b>183,583</b>	<b>180,635</b>	<b>202,155</b>	<b>203,951</b>	<b>197,817</b>	<b>194,538</b>	<b>189,470</b>	<b>189,350</b>
Non-controlling interest not eligible for inclusion in CET1 capital	741	128	128	174	174	173	172	66	9,605
<b>Tier 1 capital</b>	<b>174,410</b>	<b>183,711</b>	<b>180,763</b>	<b>202,329</b>	<b>204,125</b>	<b>197,990</b>	<b>194,710</b>	<b>189,536</b>	<b>198,956</b>
Subordinated liabilities	-	-	-	-	-	-	0	0	9,553
Regulatory adjustment to Tier 2 capital	-	-	-	-	-	-	-	-	(1,504)
Other statutory deductions	-	-	-	-	-	-	-	-	(515)
General credit risk adjustments	-	-	3,195	3,950	4,471	4,987	4,557	4,633	-
<b>Tier 2 Capital</b>	<b>-</b>	<b>-</b>	<b>3,195</b>	<b>3,950</b>	<b>4,471</b>	<b>4,987</b>	<b>4,557</b>	<b>4,633</b>	<b>7,534</b>
<b>Total Capital base</b>	<b>174,410</b>	<b>183,711</b>	<b>183,958</b>	<b>206,279</b>	<b>208,596</b>	<b>202,977</b>	<b>199,267</b>	<b>194,169</b>	<b>206,489</b>
<b>Risk weighted assets</b>									
Credit Risk, loans	630,789	610,623	605,058	609,235	584,838	571,483	577,470	594,324	647,815
Credit Risk, securities and other <sup>2</sup>	50,131	52,976	56,979	56,280	51,636	50,404	55,036	54,825	-
Counterparty credit risk <sup>2</sup>	4,172	6,009	5,844	6,268	6,721	6,708	5,550	3,956	-
Market Risk due to currency imbalance	12,608	8,695	4,895	4,250	2,272	1,709	5,449	2,578	4,046
Market Risk Other	9,666	11,522	5,473	8,237	10,390	15,603	12,966	10,926	9,509
Credit valuation adjustment <sup>2</sup>	2,699	3,148	2,506	2,583	2,770	2,391	2,678	815	-
Operational Risk	86,013	86,013	86,013	86,490	86,490	86,490	86,490	81,441	81,441
<b>Total risk weighted assets</b>	<b>796,078</b>	<b>778,986</b>	<b>766,768</b>	<b>773,343</b>	<b>745,118</b>	<b>734,788</b>	<b>745,639</b>	<b>748,866</b>	<b>742,811</b>

## Capital and Risk Weighted Assets

ISK million

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Capital ratios</b>									
CET 1 ratio	21.8%	23.6%	23.6%	26.1%	27.4%	26.9%	26.1%	25.3%	25.5%
Tier 1 ratio	21.9%	23.6%	23.6%	26.2%	27.4%	26.9%	26.1%	25.3%	26.8%
Capital adequacy ratio	21.9%	23.6%	24.0%	26.7%	28.0%	27.6%	26.7%	25.9%	27.8%
<b>Leverage ratio</b>									
On-balance sheet exposures	1,116,222	1,074,207	1,074,207	1,095,523	1,082,024	1,076,758	995,063	991,396	1,010,894
Derivative exposures	8,544	10,957	10,957	12,802	9,934	7,450	8,226	7,450	4,171
Securities financing transaction exposures	7,974	8,925	8,925	10,987	9,014	10,115	9,330	10,115	12,665
Off-balance sheet exposures	86,975	83,058	83,058	97,323	86,171	80,142	83,156	80,142	71,987
<b>Total exposure</b>	<b>1,219,715</b>	<b>1,177,147</b>	<b>1,177,147</b>	<b>1,216,635</b>	<b>1,187,143</b>	<b>1,174,465</b>	<b>1,095,775</b>	<b>1,089,103</b>	<b>1,099,717</b>
<b>Tier 1 capital</b>	<b>174,410</b>	<b>180,763</b>	<b>180,763</b>	<b>202,329</b>	<b>204,125</b>	<b>197,990</b>	<b>194,966</b>	<b>193,988</b>	<b>198,956</b>
<b>Leverage ratio</b>	<b>14.3%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>16.6%</b>	<b>17.2%</b>	<b>16.9%</b>	<b>17.8%</b>	<b>17.4%</b>	<b>18.1%</b>
<b>Related ratios</b>									
RORWA	1.28%	1.01%	1.91%	1.84%	2.82%	1.81%	2.87%	3.08%	2.56%
RWA/Total assets	67.76%	68.83%	66.81%	68.37%	67.02%	66.42%	72.71%	73.15%	71.77%

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

2) Not disclosed separately in Q2 2016

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