



Arion Bank Factbook
31 March 2020

KFI - 5 years

ISK million	Q1 2020	2019	2018	2017	2016
Profitability					
Return on equity	(4.6%)	0.6%	3.7%	6.6%	10.5%
Return on assets	(0.8%)	0.1%	0.7%	1.3%	2.1%
Return on risk-weighted-assets	(1.2%)	0.1%	1.0%	1.9%	2.9%
Earnings per share	(1.25)	0.61	3.86	7.20	10.70
Earnings per share from continuing operations	(0.74)	7.77	4.49	6.99	10.26
Net interest margin					
Net interest margin on interest bearing assets	2.8%	2.8%	2.7%	2.9%	3.1%
Net interest margin on total assets	2.6%	2.6%	2.5%	2.6%	2.9%
Net interest income on credit risk	4.8%	4.6%	4.3%	4.5%	4.6%
Efficiency					
Cost-to-income ratio	69.2%	56.0%	56.9%	48.9%	56.0%
Cost-to-total assets ratio	2.2%	2.3%	2.3%	2.1%	3.0%
Number of FTE´s at year end	814	801	904	941	1,239
Asset quality					
Share of stage 3 loans, gross*	2.9%	2.7%	2.6%	-	-
Risk weighted exposure amount / Total assets	60.0%	66.5%	68.4%	66.8%	72.7%
Financial strength					
Equity as % of total assets	15.5%	17.5%	17.3%	19.7%	20.4%
Liquidity					
Liquidity coverage ratio (LCR)	224.2%	188.3%	164.4%	221.0%	171.3%
Loans-to-deposits ratio	144.4%	157.0%	178.9%	165.5%	172.9%
Loans-to-deposits ratio (without covered bonds)	116.7%	127.5%	135.7%	129.0%	133.8%
Deposits from customers as % of total funding	62.0%	61.3%	52.2%	54.1%	53.9%
Covered bonds as % of total funding	17.2%	18.1%	22.5%	19.8%	21.1%
Capital					
CET 1 ratio	22.5%	21.2%	21.2%	23.6%	26.1%
Tier 1 ratio	24.6%	21.2%	21.2%	23.6%	26.1%
Tier 2 ratio	3.0%	2.8%	0.8%	0.4%	0.7%
Capital adequacy ratio	27.5%	24.0%	22.0%	24.0%	26.8%
Leverage ratio	14.5%	14.1%	14.2%	15.4%	17.8%

* (Gross carrying value of stage 3 loans + gross carrying value of POCI loans in Risk class 4 or lower) / Gross carrying value of loans to customers

Income statement - 5 year summary

ISK million

	Q1 2020	Q1 2019	Q1 2018	Q1 2017	Q1 2016
Interest income	12,044	14,684	14,044	13,422	14,870
Interest expense	(4,791)	(7,250)	(7,217)	(6,518)	(7,597)
Net interest income	7,253	7,434	6,827	6,904	7,273
Fee and commission income	3,481	2,630	2,575	2,508	5,240
Fee and commission expense	(405)	(412)	(370)	(310)	(2,021)
Net fee and commission income	3,076	2,218	2,205	2,198	3,219
Net insurance income	501	766	1,387	1,433	(301)
Net financial (loss) income	(2,000)	253	143	447	145
Share of (loss) profit of associates	(24)	727	(18)	(34)	677
Other operating income	170	310	268	456	1,076
Other net operating income / loss	(1,353)	2,056	1,780	2,302	1,597
Operating income	8,976	11,708	10,812	11,404	12,089
Salaries and related expense	(3,130)	(3,630)	(3,616)	(3,437)	(4,108)
Other operating expenses	(3,077)	(3,232)	(3,143)	(3,041)	(3,090)
Operating expenses	(6,207)	(6,862)	(6,759)	(6,478)	(7,198)
Bank Levy	(331)	(906)	(804)	(797)	(742)
Net impairment	(2,860)	(1,081)	(135)	907	(503)
Earnings / loss before tax	(422)	2,859	3,114	5,036	3,646
Income tax expense	(860)	(622)	(890)	(1,405)	(763)
Net earnings / loss from continuing operations	(1,282)	2,237	2,224	3,631	2,883
Discontinued operations held for sale, net of income tax	(889)	(1,219)	(273)	(278)	-
Net earnings / loss	(2,171)	1,018	1,951	3,353	2,883
Attributable to					
Shareholders of Arion Bank	(2,167)	1,018	1,951	3,352	2,484
Non-controlling interest	(4)	-	-	1	399
Total comprehensive income	(2,171)	1,018	1,951	3,353	2,883
Earnings per share					
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	(1.25)	0.56	1.01	1.60	1.24

Balance sheet - 5 year summary

ISK million

31.03.2020 31.12.2019 31.12.2018 31.12.2017 31.12.2016

Assets

Cash and balances with Central Bank	118,174	95,717	83,139	139,819	87,634
Loans to credit institutions	33,797	17,947	56,322	86,609	80,116
Loans to customers	778,823	773,955	833,826	765,101	712,422
Financial instruments	192,056	117,406	114,557	109,450	117,456
Investment property	7,129	7,119	7,092	6,613	5,358
Investments in associates	828	852	818	760	839
Intangible assets	8,826	8,367	6,397	13,848	11,057
Tax assets	2	2	90	450	288
Asset and disposal groups held for sale	28,038	43,626	48,584	8,138	4,418
Other assets	20,147	16,864	13,502	16,966	16,436
Total assets	1,187,820	1,081,855	1,164,327	1,147,754	1,036,024

Liabilities

Due to credit institutions and Central Bank	8,323	5,984	9,204	7,370	7,987
Deposits	539,312	492,916	466,067	462,161	412,064
Financial liabilities at fair value	4,687	2,570	2,320	3,601	3,726
Tax liabilities	4,195	4,404	5,119	6,828	7,293
Liabilities associated with disposal groups held for sale	22,857	28,631	26,337	-	-
Other liabilities	66,260	32,697	30,107	57,062	54,094
Borrowings	322,470	304,745	417,782	384,998	339,476
Subordinated liabilities	35,837	20,083	6,532	-	-
Total liabilities	1,003,941	892,030	963,468	922,020	824,640

Equity

Share capital and share premium	51,334	55,715	59,010	75,861	75,861
Other reserves	10,409	9,493	14,822	16,774	19,761
Retained earnings	121,959	124,436	126,897	132,971	115,590
Total shareholders equity	183,702	189,644	200,729	225,606	211,212
Non-controlling interest	177	181	130	128	172
Total equity	183,879	189,825	200,859	225,734	211,384
Total liabilities and equity	1,187,820	1,081,855	1,164,327	1,147,754	1,036,024

Net interest income - 5 year summary

ISK million	Q1 2020	Q1 2019	Q1 2018	Q1 2017	Q1 2016
Interest income					
Cash and balances with Central bank	774	969	1,223	1,347	265
Loans	10,690	13,428	12,517	11,333	13,110
Securities	550	237	257	682	1,328
Other	30	50	47	61	167
Interest income	12,044	14,684	14,044	13,422	14,870
Interest expense					
Deposits	(2,011)	(3,252)	(3,198)	(3,106)	(4,139)
Borrowings	(2,443)	(3,927)	(3,988)	(3,413)	(3,349)
Subordinated liabilities	(313)	(47)	-	-	(95)
Other	(24)	(24)	(31)	(0)	(15)
Interest expense	(4,791)	(7,250)	(7,217)	(6,518)	(7,598)
Net interest income	7,253	7,434	6,850	6,904	7,272
Interest bearing assets					
Cash and balances with Central Bank	118,174	94,124	96,649	176,653	70,218
Loans	812,620	914,224	853,135	764,630	785,676
Securities	163,127	97,343	71,409	78,232	81,975
Interest bearing assets	1,093,921	1,105,691	1,021,193	1,019,515	937,869
Interest bearing liabilities					
Due to credit institutions and Central Bank	8,323	9,183	7,880	9,270	11,288
Deposits	539,312	490,474	453,059	475,641	433,228
Financial liabilities at fair value	4,687	2,286	3,127	3,922	9,577
Borrowings	322,470	445,077	399,338	355,633	310,540
Subordinated liabilities	35,837	7,283	-	-	9,921
Interest bearing liabilities	910,629	954,303	863,404	844,466	774,554
Interest Gap	183,292	151,388	157,789	175,050	163,315
Net interest margin on interest bearing assets	2.8%	2.7%	2.7%	2.8%	3.1%

Loans to customers - 5 year summary

ISK million

31.03.2020 31.12.2019 31.12.2018 31.12.2017 31.12.2016

Loans to customers

Individuals	374,005	368,569	400,483	365,287	337,416
Corporates	404,818	405,386	433,343	399,814	375,006
Total loans to customers	778,823	773,955	833,826	765,101	712,422

Ratios:

Share of stage 3 loans, gross*	2.9%	2.7%	2.6%	-	-
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* (Gross carrying value of stage 3 loans + gross carrying value of POCI loans in Risk class 4 or lower) / Gross carrying value of loans to customers

Loans to individuals

Overdrafts	15,465	14,421	14,536	14,469	14,805
Credit cards	10,805	13,028	12,958	11,133	11,363
Mortgage loans	317,882	310,562	343,119	311,507	285,784
Other loans	33,412	33,105	33,560	33,629	34,777
Provision on loans	(3,559)	(2,547)	(3,690)	(5,451)	(9,313)
Total loans to individuals	374,005	368,569	400,483	365,287	337,416

Loans to customers - 5 year summary

ISK million

31.03.2020 31.12.2019 31.12.2018 31.12.2017 31.12.2016

Loans to corporates

Overdrafts	17,611	18,709	19,200	18,778	19,314
Credit cards	1,065	1,373	1,348	1,123	1,180
Mortgage loans	23,178	23,475	23,417	19,632	16,298
Other loans	371,639	368,453	395,579	368,312	351,739
Provision on loans	(8,675)	(6,624)	(6,201)	(8,031)	(13,525)
Total loans to corporates	404,818	405,386	433,343	399,814	375,006

Loans to corporates specified by sector:

Agriculture and forestry	1.9%	1.9%	1.7%	1.6%	1.6%
Services	4.2%	4.3%	3.8%	4.5%	4.6%
Financial and insurance activities	9.2%	8.3%	8.7%	8.5%	9.3%
Industry, energy and manufacturing	7.8%	9.8%	8.2%	7.4%	7.6%
Information and communication technology	4.6%	4.7%	4.8%	5.5%	7.6%
Public administration, human health and social activities	1.6%	2.1%	1.6%	2.0%	2.3%
Real estate activities and construction	31.6%	32.0%	33.9%	32.1%	30.6%
Fishing industry	21.3%	20.5%	19.4%	19.7%	20.4%
Transportation	3.0%	2.7%	2.8%	4.3%	1.7%
Wholesale and retail trade	14.8%	13.6%	15.2%	14.4%	14.1%
	100.0%	100.0%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million

31.03.2020 31.12.2019 31.12.2018 31.12.2017 31.12.2016

Capital base:

Total equity	183,879	189,825	200,859	225,733	211,384
Deductions related to the consolidated situation ¹	(10,088)	(10,159)	(8,986)	(8,635)	(8,126)
Non-controlling interest not eligible for inclusion in CET 1 capital	(177)	(181)	(130)	(128)	(172)
Common Equity Tier 1 capital before regulatory adjustments	173,614	179,485	191,743	216,970	203,086
Intangible assets	(11,160)	(10,604)	(12,152)	(11,125)	(8,201)
Tax assets	(332)	(296)	(191)	(357)	(198)
Foreseeable dividend	-	(14,153)	(9,069)	(25,000)	-
Other statutory deductions	(1,995)	(1,741)	(1,537)	147	(149)
Common equity Tier 1 capital	160,127	152,691	168,794	180,635	194,538
Non-controlling interest not eligible for inclusion in CET1 capital	177	181	130	128	172
Additional Tier 1 capital	14,783	-	-	-	-
Tier 1 capital	175,087	152,872	168,924	180,763	194,710
Subordinated liabilities	21,054	20,083	6,532	-	-
General credit risk adjustments	-	-	-	3,195	4,557
Tier 2 Capital	21,054	20,083	6,532	3,195	4,557
Total Capital base	196,141	172,955	175,456	183,958	199,267

Risk weighted exposure amount (REA)

Credit Risk, loans	557,415	561,602	639,788	605,058	577,470
Credit Risk, securities and other	48,412	49,163	50,112	56,979	55,036
Counterparty credit risk	5,242	3,347	4,405	5,844	5,550
Market Risk due to currency imbalance	2,676	10,070	4,280	4,895	5,449
Market Risk Other	13,898	10,609	8,928	5,473	12,966
Credit valuation adjustment	1,934	1,477	2,228	2,506	2,678
Operational Risk	83,487	83,487	86,957	86,013	86,490
Total risk weighted exposure amount	713,064	719,755	796,698	766,768	745,639

Capital ratios

CET 1 ratio	22.5%	21.2%	21.2%	23.6%	26.1%
Tier 1 ratio	24.6%	21.2%	21.2%	23.6%	26.1%
Capital adequacy ratio	27.5%	24.0%	22.0%	24.0%	26.8%

Leverage ratio

On-balance sheet exposures	1,136,168	1,022,521	1,106,368	1,074,207	995,063
Derivative exposures	13,176	10,217	8,239	10,957	8,226
Securities financing transaction exposures	1,557	577	8,194	8,925	9,330
Off-balance sheet exposures	56,222	52,299	68,316	83,058	83,156
Total exposure	1,207,123	1,085,614	1,191,117	1,177,147	1,095,775
Tier 1 capital	175,087	152,872	168,924	180,763	194,710
Leverage ratio	14.5%	14.1%	14.2%	15.4%	17.8%

Related ratios

RORWA	(1.2%)	0.1%	1.0%	1.9%	2.9%
REA/Total assets	60.0%	66.5%	68.4%	66.8%	72.7%

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.

Arion Bank Factbook

Quarter summaries



KFI - 9 Quarters

ISK million

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Profitability									
Return on equity	(4.6%)	(5.8%)	1.6%	4.3%	2.1%	3.2%	2.3%	5.9%	3.6%
Return on assets	(0.8%)	(1.0%)	0.2%	0.7%	0.3%	0.5%	0.4%	1.1%	0.7%
Return on risk-weighted-assets	(1.2%)	(1.5%)	0.4%	1.1%	0.5%	0.8%	0.6%	1.6%	1.0%
Earnings per share	(3.33)	(1.53)	0.42	1.16	0.56	0.87	0.65	1.35	1.01
Earnings per share from continuing operations	(5.58)	2.87	2.10	1.55	1.23	1.56	0.64	1.34	1.15
Net interest margin									
Net interest margin on interest bearing assets	2.8%	3.0%	2.6%	2.8%	2.7%	2.9%	2.7%	2.8%	2.7%
Net interest margin on total assets	2.6%	2.7%	2.4%	2.5%	2.5%	2.7%	2.4%	2.5%	2.4%
Net interest income on credit risk	4.8%	4.9%	4.5%	4.6%	4.3%	4.6%	4.2%	4.3%	4.1%
Efficiency									
Cost-to-income ratio	69.2%	54.9%	56.2%	54.2%	58.6%	60.3%	50.3%	55.4%	62.5%
Cost-to-total assets ratio	2.2%	2.2%	2.3%	2.2%	2.3%	2.2%	2.0%	2.4%	2.4%
Number of FTE´s at year end	814	801	802	880	917	904	933	966	956
Asset quality									
Share of stage 3 loans, gross*	2.9%	2.7%	2.5%	2.4%	2.5%	2.6%	2.9%	3.0%	3.3%
Risk weighted exposure amount / Total assets	60.0%	66.5%	62.2%	63.1%	64.4%	68.4%	66.2%	67.8%	68.8%

* (Gross carrying value of stage 3 loans + gross carrying value of POCI loans in Risk class 4 or lower) / Gross carrying value of loans to customers

KFI - 9 Quarters

ISK million

Q1 2020 Q4 2019 Q3 2019 Q2 2019 Q1 2019 Q4 2018 Q3 2018 Q2 2018 Q1 2018

Financial strength

Equity as % of total assets	15.5%	17.5%	16.2%	15.8%	15.8%	17.3%	16.4%	17.7%	18.0%
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Liquidity

Liquidity coverage ratio (LCR)	224.2%	188.3%	246.4%	198.0%	213.0%	164.4%	169.1%	231.7%	209.9%
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Loans-to-deposits ratio	144.4%	157.0%	159.9%	162.8%	169.1%	178.9%	169.2%	168.8%	172.7%
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Loans-to-deposits ratio (without covered bonds)	116.7%	127.5%	118.8%	119.3%	125.1%	135.7%	130.2%	130.3%	134.4%
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Deposits from customers as % of total funding	62.0%	61.3%	54.9%	53.1%	51.9%	52.2%	52.4%	53.3%	52.6%
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Covered bonds as % of total funding	17.2%	18.1%	22.5%	23.1%	22.8%	22.5%	20.4%	20.5%	20.1%
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Capital

Official CET 1 ratio	24.5%	21.2%	21.5%	21.4%	21.3%	21.2%	21.7%	21.8%	24.7%
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Tier 2 ratio	3.0%	2.8%	2.0%	1.4%	0.9%	0.8%	0.0%	0.0%	0.0%
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Official capital adequacy ratio	27.5%	24.0%	23.5%	22.8%	22.2%	22.0%	21.7%	21.8%	24.7%
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Leverage ratio	14.5%	14.1%	12.8%	13.3%	13.5%	14.2%	13.6%	14.2%	15.4%
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Income statement - 9 quarter summary

ISK million

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Interest income	12,044	13,306	13,854	16,463	14,684	16,348	14,933	13,991	14,044
Interest expense	(4,791)	(5,613)	(6,472)	(8,655)	(7,250)	(8,379)	(7,724)	(6,677)	(7,217)
Net interest income	7,253	7,693	7,382	7,808	7,434	7,969	7,209	7,314	6,827
Fee and commission income	3,481	3,074	2,965	2,830	2,630	3,064	2,991	3,028	2,575
Fee and commission expense	(405)	(459)	(326)	(352)	(412)	(318)	(304)	(316)	(370)
Net fee and commission income	3,076	2,615	2,639	2,478	2,218	2,746	2,687	2,712	2,205
Net insurance income	501	723	1,087	823	253	704	984	758	143
Net financial (loss) income	(2,000)	489	934	1,023	766	(774)	570	1,119	1,387
Share of (loss) profit of associates	(24)	7	30	(8)	727	11	34	2	(20)
Other operating income	170	201	272	94	310	294	422	600	268
Other net operating income / loss	(1,353)	1,420	2,323	1,932	2,056	235	2,010	2,479	1,778
Operating income	8,976	11,728	12,344	12,218	11,708	10,950	11,906	12,505	10,810
Salaries and related expense	(3,130)	(3,076)	(4,130)	(3,805)	(3,630)	(3,584)	(3,129)	(3,949)	(3,616)
Other operating expenses	(3,077)	(3,366)	(2,810)	(2,814)	(3,232)	(3,015)	(2,864)	(2,978)	(3,143)
Operating expenses	(6,207)	(6,442)	(6,940)	(6,619)	(6,862)	(6,599)	(5,993)	(6,927)	(6,759)
Bank Levy	(331)	(357)	(809)	(912)	(906)	(765)	(938)	(879)	(804)
Net impairment	(2,860)	1,203	484	(988)	(1,081)	(573)	(2,651)	(166)	(135)
Earnings / loss before tax	(422)	6,132	5,079	3,699	2,859	3,013	2,324	4,533	3,112
Income tax expense	(860)	(923)	(1,278)	(891)	(622)	(881)	(973)	(1,302)	(890)
Net earnings / loss from continuing operations	(1,282)	5,209	3,801	2,808	2,237	2,132	1,351	3,231	2,222
Discontinued operations held for sale, net of income tax	(889)	(7,981)	(3,040)	(715)	(1,219)	(516)	(201)	(169)	(273)
Net earnings / loss	(2,171)	(2,772)	761	2,093	1,018	1,616	1,150	3,062	1,949
Attributable to									
Shareholders of Arion Bank	(2,167)	(2,776)	761	2,093	1,018	1,566	1,152	2,449	1,949
Non-controlling interest	(4)	4	-	-	-	50	(2)	613	-
Total comprehensive income for the period	(2,171)	(2,772)	761	2,093	1,018	1,616	1,150	3,062	1,949
Earnings per share	6,207	6,442	6,940	6,619	6,862	6,599	5,993	6,927	6,759
Basic and diluted earnings per share attributable to the shareholders of Arion Bank (ISK)	(3.33)	(1.53)	0.42	1.16	0.56	0.87	0.65	1.35	1.01

Balance sheet - 9 quarter summary

ISK million

31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018 31.03.2018

Assets

Cash and balances with Central Bank	118,174	95,717	121,554	107,649	94,124	83,139	99,525	112,996	97,934
Loans to credit institutions	33,797	17,947	31,766	69,064	84,978	56,322	123,446	113,546	94,961
Loans to customers	778,823	773,955	812,481	821,731	829,246	833,826	819,965	803,694	782,255
Financial instruments	192,056	117,406	161,781	144,161	128,103	114,557	109,374	95,265	106,415
Investment property	7,129	7,119	7,121	7,120	7,101	7,092	7,044	7,027	6,749
Investments in associates	828	852	848	818	807	818	862	743	743
Intangible assets	8,826	8,367	8,088	7,580	7,081	6,397	14,039	13,858	13,498
Tax assets	2	2	1	26	15	90	623	603	611
Asset and disposal groups held for sale	28,038	43,626	52,164	55,109	51,321	48,584	8,351	8,295	8,496
Other assets	20,147	16,864	17,351	20,161	19,919	13,502	36,300	18,817	20,107
Total assets	1,187,820	1,081,855	1,213,155	1,233,419	1,222,695	1,164,327	1,219,529	1,174,844	1,131,769

Liabilities

Due to credit institutions and Central Bank	8,323	5,984	8,292	8,703	9,183	9,204	15,370	6,336	7,880
Deposits	539,312	492,916	508,254	504,897	490,474	466,067	484,569	476,182	453,059
Financial liabilities at fair value	4,687	2,570	2,295	2,065	2,286	2,320	3,381	3,895	3,130
Tax liabilities	4,195	4,404	3,766	4,441	4,822	5,119	6,376	6,503	6,885
Liabilities associated with disposal groups held for sale	22,857	28,631	29,677	32,242	29,498	26,337			
Other liabilities	66,261	32,697	40,210	38,122	41,018	30,107	84,176	63,524	55,715
Borrowings	322,470	304,745	409,563	436,897	445,077	417,782	425,601	410,773	400,855
Subordinated liabilities	35,837	20,083	15,042	10,763	7,283	6,532	-	-	-
Total liabilities	1,003,942	892,030	1,017,099	1,038,130	1,029,641	963,468	1,019,473	967,213	927,524

Equity

Share capital and share premium	51,334	55,715	59,000	59,007	59,008	59,010	59,014	59,017	58,722
Other reserves	10,409	9,493	10,919	14,098	15,439	14,822	15,648	14,436	14,880
Retained earnings	121,959	124,436	126,007	122,054	118,477	126,897	124,655	133,437	130,515
Total shareholders equity	183,702	189,644	195,926	195,159	192,924	200,729	199,317	206,890	204,117
Non-controlling interest	177	181	130	130	130	130	739	741	128
Total equity	183,879	189,825	196,056	195,289	193,054	200,859	200,056	207,631	204,245
Total liabilities and equity	1,187,821	1,081,855	1,213,155	1,233,419	1,222,695	1,164,327	1,219,529	1,174,844	1,131,769

Net interest income - 9 quarter summary

ISK million	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Interest income									
Cash and balances with Central bank	774	916	1,062	1,061	969	990	1,269	1,120	1,246
Loans	10,690	11,911	12,389	15,075	13,428	15,177	13,549	12,572	12,513
Securities	550	443	384	271	237	127	48	199	233
Other	30	36	19	56	50	54	67	100	52
Interest income	12,044	13,306	13,854	16,463	14,684	16,348	14,933	13,991	14,044
Interest expense									
Deposits	(2,011)	(2,447)	(2,642)	(3,608)	(3,252)	(3,585)	(3,426)	(3,113)	(3,199)
Borrowings	(2,443)	(2,956)	(3,645)	(4,945)	(3,927)	(4,740)	(4,240)	(3,557)	(3,987)
Subordinated loans	(313)	(182)	(161)	(59)	(47)	(19)	-	-	-
Other	(24)	(28)	(24)	(43)	(24)	(35)	(58)	(7)	(31)
Interest expense	(4,791)	(5,613)	(6,472)	(8,655)	(7,250)	(8,379)	(7,724)	(6,677)	(7,217)
Net interest income	7,253	7,693	7,382	7,808	7,434	7,969	7,209	7,314	6,827
Interest bearing assets									
Cash and balances with Central Bank	118,174	95,717	121,554	107,649	94,124	83,139	99,525	112,996	97,934
Loans	812,620	791,902	844,247	890,795	914,224	890,148	943,411	917,240	877,216
Securities	163,127	83,343	132,708	114,583	97,343	87,701	79,856	64,249	71,498
Interest bearing assets	1,093,921	970,962	1,098,509	1,113,027	1,105,691	1,060,989	1,122,792	1,094,485	1,046,648
Interest bearing liabilities									
Due to credit institutions and Central Bank	8,323	5,984	8,292	8,703	9,183	9,204	15,370	6,336	7,880
Deposits	539,312	492,916	508,254	504,897	490,474	466,067	484,569	476,182	453,059
Financial liabilities at fair value	4,687	2,570	2,295	2,065	2,286	2,320	3,381	3,895	3,130
Borrowings	322,470	304,745	409,563	436,897	445,077	417,782	425,601	410,773	400,855
Subordinated liabilities	35,837	20,083	15,042	10,763	7,283	6,532	-	-	-
Interest bearing liabilities	910,629	826,298	943,446	963,325	954,303	901,905	928,921	897,186	864,923
Interest Gap	183,292	144,664	155,063	149,702	151,388	159,084	193,871	197,298	181,725
Net interest margin on interest bearing assets	2.8%	3.0%	2.6%	2.8%	2.7%	2.9%	2.7%	2.8%	2.7%

All amounts are in ISK millions

Loans to customers - 9 quarter summary

ISK million

	31.03.2020	31.12.2019	30.09.2019	30.06.2019	31.03.2019	31.12.2018	30.09.2018	30.06.2018	31.03.2018
Loans to customers									
Individuals	374,005	368,569	408,925	403,539	399,574	400,483	397,661	382,550	374,452
Corporates	404,818	405,386	403,556	418,192	429,672	433,343	422,304	421,144	407,803
Total loans to customers	778,823	773,955	812,481	821,731	829,246	833,826	819,965	803,694	782,255
Share of stage 3 loans, gross*	2.9%	2.7%	2.5%	2.4%	2.5%	2.6%	2.9%	3.0%	3.3%
Loans to individuals									
Overdrafts	15,465	14,421	16,081	15,075	15,639	14,536	15,783	14,231	14,821
Credit cards	10,805	13,028	12,650	12,325	11,606	12,958	11,585	11,190	10,164
Mortgage loans	317,882	310,562	349,673	345,833	342,346	343,119	338,059	327,612	320,681
Other loans	33,412	33,105	33,604	33,631	33,579	33,560	36,351	33,736	33,274
Provision on loans	(3,559)	(2,547)	(3,083)	(3,325)	(3,596)	(3,690)	(4,117)	(4,219)	(4,488)
Total loans to individuals	374,005	368,569	408,925	403,539	399,574	400,483	397,661	382,550	374,452

* (Gross carrying value of stage 3 loans + gross carrying value of POCI loans in Risk class 4 or lower) / Gross carrying value of loans to customers

Loans to customers - 9 quarter summary

ISK million

31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018 31.03.2018

Loans to corporates

Overdrafts	17,611	18,709	17,714	18,880	19,082	19,200	18,101	21,125	20,909
Credit cards	1,065	1,373	1,367	1,356	1,294	1,348	1,270	1,262	1,178
Mortgage loans	23,178	23,475	23,765	24,334	24,643	23,417	22,598	21,549	20,448
Other loans	371,639	368,453	367,221	380,705	390,957	395,579	388,299	384,178	373,256
Provision on loans	(8,675)	(6,624)	(6,511)	(7,083)	(6,304)	(6,201)	(7,964)	(6,970)	(7,988)
Total loans to corporates	404,818	405,386	403,556	418,192	429,672	433,343	422,304	421,144	407,803

Loans to corporates specified by sector:

Agriculture and forestry	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%	1.7%
Services	4.2%	4.3%	4.3%	4.2%	3.8%	3.8%	4.2%	4.5%	4.3%
Financial and insurance activities	9.2%	8.3%	7.6%	8.2%	7.8%	8.7%	8.6%	8.7%	9.2%
Industry, energy and manufacturing	7.8%	9.8%	10.2%	9.4%	8.4%	8.2%	7.8%	7.4%	7.3%
Information and communication technology	4.6%	4.7%	4.7%	4.7%	4.6%	4.8%	5.5%	5.6%	5.1%
Public administration, human health and social activities	1.6%	2.1%	1.7%	1.6%	1.6%	1.6%	1.3%	1.7%	2.2%
Real estate activities and construction	31.6%	32.0%	32.8%	32.8%	34.9%	33.9%	32.0%	32.2%	31.5%
Fishing industry	21.3%	20.5%	20.1%	20.0%	18.7%	19.4%	19.4%	18.3%	19.2%
Transportation	3.0%	2.7%	2.8%	2.9%	2.8%	2.8%	4.1%	4.6%	4.2%
Wholesale and retail trade	14.8%	13.6%	13.9%	14.6%	15.5%	15.2%	15.4%	15.3%	15.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Capital and Risk Weighted Assets

ISK million

31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018 31.03.2018

Capital base:

Total equity	183,879	189,825	196,056	195,289	193,054	200,859	200,056	207,631	204,245
Deductions related to the consolidated situation ¹	(10,088)	(10,159)	(9,927)	(9,452)	(8,746)	(8,986)	(8,573)	(8,067)	(7,870)
Non-controlling interest not eligible for inclusion in CET1 capital	(177)	(181)	(130)	(130)	(130)	(130)	(739)	(741)	(128)
Common Equity Tier 1 capital before regulatory adjustments	173,614	179,485	185,999	185,707	184,178	191,743	190,744	198,823	196,247
Intangible assets	(11,160)	(10,604)	(14,117)	(13,783)	(13,236)	(12,152)	(11,445)	(11,230)	(10,834)
Tax assets	(332)	(296)	(151)	(568)	(490)	(191)	(564)	(509)	(425)
Other statutory deductions	(1,995)	(1,741)	(3,255)	(3,075)	(2,022)	(1,537)	(1,308)	(1,216)	(430)
Foreseeable dividend	-	(14,153)	(6,057)	(1,557)	(509)	(9,069)	(2,775)	(12,199)	(975)
Common equity Tier 1 capital	160,127	152,691	162,419	166,724	167,921	168,794	174,652	173,669	183,583
Non-controlling interest not eligible for inclusion in CET1 capital	177	181	130	130	130	130	739	741	128
Additional Tier 1 capital	14,783	-	-	-	-	-	-	-	-
Tier 1 capital	175,087	152,872	162,549	166,854	168,051	168,924	175,391	174,410	183,711
Subordinated liabilities	21,054	20,083	15,042	10,763	7,283	6,532	-	-	-
Tier 2 Capital	21,054	20,083	15,042	10,763	7,283	6,532	-	-	-
Total Capital base	196,141	172,955	177,591	177,617	175,334	175,456	175,391	174,410	183,711

Risk weighted exposure amount (REA)

Credit Risk, loans	557,415	561,602	590,880	606,843	626,603	639,788	646,016	630,789	610,623
Credit Risk, securities and other	48,412	49,163	54,705	58,183	52,167	50,112	51,133	50,131	52,976
Counterparty credit risk	5,242	3,347	3,457	3,969	4,126	4,405	4,461	4,172	6,009
Market Risk due to currency imbalance	2,676	10,070	5,127	6,125	2,385	4,280	7,305	12,608	8,695
Market Risk Other	13,898	10,609	11,168	14,261	13,744	8,928	9,717	9,666	11,522
Credit valuation adjustment ²	1,934	1,477	2,863	1,840	1,893	2,228	2,235	2,699	3,148
Operational Risk	83,487	83,487	86,957	86,957	86,957	86,957	86,013	86,013	86,013
Total risk weighted exposure amount	713,064	719,755	755,157	778,178	787,875	796,698	806,880	796,078	778,986

Capital and Risk Weighted Assets

ISK million

31.03.2020 31.12.2019 30.09.2019 30.06.2019 31.03.2019 31.12.2018 30.09.2018 30.06.2018 31.03.2018

Capital ratios	27.5%	24.0%	23.5%	22.8%	22.3%	22.0%	21.7%	21.9%	23.6%
CET 1 ratio	22.5%	21.2%	21.6%	21.4%	21.3%	21.2%	21.6%	21.8%	23.6%
Tier 1 ratio	24.6%	21.2%	21.5%	21.4%	21.3%	21.2%	21.7%	21.9%	23.6%
Capital adequacy ratio	27.5%	24.0%	23.6%	22.8%	22.3%	22.0%	21.7%	21.9%	23.6%
Leverage ratio									
On-balance sheet exposures	1,136,168	1,022,521	1,152,208	1,175,769	1,169,764	1,106,368	1,167,238	1,116,222	1,081,484
Derivative exposures	13,176	10,217	8,858	7,251	7,282	8,239	8,279	8,544	10,931
Securities financing transaction exposures	1,557	577	8,436	8,547	8,494	8,194	9,382	7,974	8,542
Off-balance sheet exposures	56,222	52,299	103,916	63,260	61,185	68,316	82,415	86,975	88,456
Total exposure	1,207,123	1,085,614	1,273,418	1,254,827	1,246,725	1,191,117	1,267,314	1,219,715	1,189,413
Tier 1 capital	175,087	152,872	202,329	204,125	197,990	194,966	193,988	198,956	192,378
Leverage ratio	14.5%	14.1%	16.6%	17.2%	16.9%	17.8%	17.4%	18.1%	17.3%
Related ratios									
RORWA	(1.2%)	0.1%	0.7%	0.8%	0.5%	1.0%	1.0%	1.3%	1.0%
REA/Total assets	60.0%	66.5%	62.2%	63.1%	64.4%	68.4%	66.2%	67.8%	68.8%

Operating segments - Quarters summary

ISK million

Q1 2020

Q4 2019

Q3 2019

Q2 2019

Q1 2019

Markets and Stefnir:

Net interest income	197	182	282	297	256
Net fee and commission income	1,035	944	1,164	1,156	1,054
Net insurance income	-	-	-	-	-
Net financial income (loss)	(136)	87	(68)	61	139
Share of profit of associates	1	-	-	-	-
Other operating income	3	11	3	9	2
Total operating income	1,100	1,224	1,381	1,523	1,451
Operating expenses	(474)	(477)	(421)	(504)	(518)
Allocated expenses	(468)	(179)	(380)	(481)	(430)
Bank levy	(8)	(9)	(42)	(45)	(46)
Net impairment	-	-	8	(3)	(5)
Earnings before income tax	150	559	546	490	452
Total assets	77,452	69,692	70,735	78,441	80,573
Total liabilities	69,303	62,540	63,825	71,767	73,122
Allocated equity	8,149	7,152	6,910	6,674	7,451

Corporate & Investment Banking:

Net interest income	2,522	2,395	2,240	2,338	2,156
Net fee and commission income	837	611	318	509	498
Net insurance income	-	-	-	-	-
Net financial income (loss)	-	6	(34)	28	(222)
Share of profit of associates	-	-	-	-	-
Other operating income (loss)	(2)	(3)	(4)	(6)	(4)
Total operating income	3,357	3,009	2,520	2,869	2,428
Operating expenses	(385)	(291)	(318)	(414)	(448)
Allocated expenses	(618)	(764)	(702)	(979)	(956)
Bank levy	(107)	(101)	(200)	(224)	(201)
Net impairment	(1,645)	(3,761)	(2,870)	(1,216)	(1,032)
Earnings (loss) before income tax	602	(1,908)	(1,570)	36	(209)
Total assets	329,384	320,545	315,052	327,950	335,209
Total liabilities	253,964	251,581	237,575	254,184	264,102
Allocated equity	75,420	68,964	77,477	73,766	71,107

Operating segments - Quarters summary

ISK million

Q1 2020

Q4 2019

Q3 2019

Q2 2019

Q1 2019

Retail Banking:

Net interest income	3,831	4,045	4,253	4,443	4,562
Net fee and commission income	1,247	1,186	1,326	1,199	1,092
Net insurance income	-	-	-	-	-
Net financial income (loss)	-	91	(91)	-	(26)
Share of profit of associates	-	-	-	-	-
Other operating income	119	102	174	32	124
Total operating income	5,197	5,424	5,662	5,674	5,752
Operating expenses	(1,493)	(1,670)	(1,569)	(1,752)	(1,811)
Allocated expenses	(1,473)	(1,842)	(1,227)	(1,602)	(1,536)
Bank levy	(158)	(149)	(275)	(301)	(339)
Net impairment	(1,903)	1,922	133	275	(43)
Earnings before income tax	170	3,685	2,724	2,294	2,023
Total assets	474,471	475,199	536,349	554,871	551,713
Total liabilities	416,769	416,197	472,222	495,724	489,711
Allocated equity	57,702	59,002	64,127	59,147	62,002

Treasury and Market making:

Net interest income	848	1,201	783	871	583
Net fee and commission income	96	55	(50)	(76)	(125)
Net insurance income	-	-	-	-	-
Net financial income (loss)	(1,411)	(2)	718	258	(34)
Share of profit of associates	-	-	-	-	-
Other operating income	-	5	-	6	-
Total operating income (loss)	(467)	1,259	1,451	1,059	424
Other operating income (loss)	(185)	(140)	(91)	(86)	(68)
Allocated expenses	(211)	(260)	(213)	(283)	(284)
Bank levy	(58)	(98)	(292)	(342)	(320)
Net impairment	4	(11)	-	15	(1)
Earnings (loss) before income tax	(917)	750	855	363	(249)
Total assets	480,872	457,579	558,263	573,660	580,470
Total liabilities	470,028	436,229	548,213	555,797	569,151
Allocated equity	10,844	21,350	10,050	17,863	11,319

Operating segments - Quarters summary

ISK million

Q1 2020

Q4 2019

Q3 2019

Q2 2019

Q1 2019

Vördur:

Net interest income	47	68	57	59	44
Net fee and commission income (expense)	(41)	(31)	(18)	(6)	(25)
Net insurance income	523	730	1,093	830	276
Net financial income	130	222	35	513	551
Share of profit of associates	-	-	-	-	-
Other operating income	2	7	2	2	9
Total operating income	661	996	1,169	1,398	855
Operating expenses	(636)	(579)	(528)	(554)	(579)
Allocated expenses	(12)	(7)	(1)	(2)	(6)
Bank levy	-	-	-	-	-
Net impairment	-	-	-	-	-
Earnings before income tax	13	410	640	842	270
Total assets	26,993	27,028	26,758	26,222	25,655
Total liabilities	16,869	16,869	16,869	16,869	16,869
Allocated equity	10,124	10,159	9,889	9,353	8,786

Other subsidiaries:

Net interest income (expense)	(174)	(172)	(195)	(264)	3
Net fee and commission income (expense)	(211)	(189)	(236)	(280)	(235)
Net insurance income	-	-	-	-	-
Net financial income (loss)	(594)	88	423	(367)	494
Share of profit of associates	-	-	-	-	-
Other operating income	8	91	24	116	321
Total operating income (loss)	(971)	(182)	16	(795)	583
Operating expenses	(75)	(13)	(19)	(14)	(17)
Allocated expenses	(1)	(3)	(1)	(1)	(1)
Bank levy	-	-	-	-	-
Net impairment	683	3,053	3,215	(60)	-
Earnings (loss) before income tax	(364)	2,855	3,211	(870)	565
Total assets	51,792	58,515	62,367	67,056	61,984
Total liabilities	31,867	37,530	36,249	40,738	34,619
Allocated equity	19,925	20,985	26,118	26,318	27,365

Operating segments - Quarters summary

ISK million

Q1 2020

Q4 2019

Q3 2019

Q2 2019

Q1 2019

Supporting units and eliminations:

Net interest income (loss)	(18)	(26)	(38)	64	(170)
Net fee and commission income (expense)	113	39	135	(24)	(41)
Net insurance income (expense)	(22)	(7)	(6)	(7)	(23)
Net financial income (loss)	11	(3)	(49)	530	(136)
Share of profit (loss) of associates	(25)	7	30	(8)	727
Other operating income (loss)	40	(12)	73	(65)	(142)
Total operating income (loss)	99	(2)	145	490	215
Operating expenses	(2,959)	(3,272)	(3,994)	(3,295)	(3,421)
Allocated expenses	2,783	3,055	2,524	3,348	3,213
Bank levy	-	-	-	-	-
Net impairment	1	-	(2)	1	-
Earnings (loss) before income tax	(76)	(219)	(1,327)	544	7
Total assets	(253,144)	(326,703)	(356,369)	(394,781)	(412,909)
Total liabilities	(254,859)	(328,916)	(357,854)	(396,949)	(417,933)
Allocated equity	1,715	2,213	1,485	2,168	5,024

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