



ÍSLANDBANKI FACTBOOK

30.09.2016

**Supplementary information for market
participants**

(Unaudited)



Contents

<u>Investor relations information</u>	<u>Page</u> 2
5 Year Overview	Page
<u>Key performance indicators</u>	3
<u>Income statement</u>	4
<u>Balance sheet</u>	5
<u>Net interest income</u>	6
<u>Net fee & commissions</u>	7
<u>Loans to customers</u>	8
<u>Capital and risk weighted assets</u>	9
12 Month Review	
<u>Key performance indicators</u>	10
<u>Income statement</u>	11
<u>Balance sheet</u>	12
<u>Net interest income</u>	13
<u>Net fee & commissions</u>	14
<u>Loans to customers</u>	15
<u>Capital and risk weighted assets</u>	16
<u>Macroeconomics</u>	17
<u>Other information</u>	18
<u>Disclaimer</u>	19

Investor Relations

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Investor relations web-site
<https://www.islandsbanki.is/english/investor-relations/>

Financial Calendar

<u>Date</u>	<u>Event</u>
13-23 February 2016	Silent period
23 February 2016	4Q15
11 May 2016	1Q16
22 August 2016	2Q16
9 November 2016	3Q16
24 February 2017	4Q16

Please note that the dates are subject to change.

Investor relations calendar web-site
<https://www.islandsbanki.is/english/investor-relations/calendar/>

Key Performance Indicators - 5 years

ISK million	9M16	2015	2014	2013	2012
Profitability					
Return on equity (after tax)	10.3%	10.8%	12.8%	14.7%	17.2%
ROE 14% CET1 (regular operations)	10.4%	13.2%	12.6%	10.6%	16.6%
Earnings per share	1.15	1.87	2.17	2.30	2.34
Core income / total operating income*	0.83	0.92	0.91	0.91	0.89
Net interest margin					
Net interest margin on total assets	3.0%	2.9%	3.0%	3.4%	4.1%
Net interest margin adj. 14% CET1	2.7%	2.5%	2.7%	3.1%	3.9%
Efficiency					
Cost-to-income ratio**	56.0%	56.2%	57.7%	58.5%	53.8%
Cost / income ratio adj. 14% CET1	51.1%	60.6%	62.2%	62.0%	56.4%
Cost-to-total assets ratio***	2.5%	2.9%	3.0%	3.2%	3.2%
Number of FTE's at period end - Consolidated	1,097	1,184	1,206	1,201	1,287
Number of FTE's at period end - Parent co.	932	919	945	988	1,079
Number of branches at period end	17	17	18	19	21
Assets					
Loans to customers	684,170	665,711	634,799	554,741	557,857
Non-performing loans	2.3%	2.2%	3.5%	7.4%	12.6%
Reserve coverage ratio	94%	107%	88%	58%	36%
LTV on mortgages to individuals	65.8%	69.2%	74.0%	78.0%	85.0%
Risk weighted assets / Total assets	66.9%	66.9%	76.3%	76.2%	80.7%
Financial strength					
Equity as % of total assets	18.9%	19.3%	20.4%	19.3%	17.9%
Liquidity					
Liquidity coverage ratio (LCR)	195.0%	143.0%	130.0%	143.0%	
Liquidity coverage ratio (LCR) - Foreign currencies	407.0%	467.0%	617.0%	326.0%	
Net stable funding ratio (NSFR) - All currencies	126.0%	120.0%	112.0%		
Net stable funding ratio (NSFR) - Foreign currencies	145.0%	141.0%	126.0%		
Term deposits % of total deposits	34.0%	39.0%	34.0%	28.0%	28.0%
Deposit-to-loan ratio	78.4%	88.3%	82.9%	86.7%	83.3%
Customer deposits-to-loans to customers ratio	80.8%	89.1%	83.4%	88.2%	84.5%
Capital					
CET1 ratio	27.8%	28.3%	26.5%	25.1%	22.0%
Tier 2 ratio	0.0%	1.8%	3.1%	3.3%	3.5%
Capital adequacy ratio	27.8%	30.1%	29.6%	28.4%	25.5%
Leverage ratio	17.7%	18.1%	19.5%	18.6%	16.3%
Risk weighted assets	714,337	699,693	695,102	659,757	664,689

* Core income is defined as net interest income plus net fee & commission income

** Cost income ratio excludes bank tax, impairment of goodwill and expenditure deemed as one-off

*** Excludes impairment of goodwill, and one-off costs

Income statement - 5 year summary

ISK million	9M16	2015	2014	2013	2012
Interest income	45,679	53,414	50,816	54,333	59,419
Interest expense	(22,026)	(25,404)	(23,711)	(25,903)	(26,479)
Net interest income	23,653	28,010	27,105	28,430	32,940
Fee and commission income	16,134	20,737	17,984	16,695	14,812
Fee and commission expense	(6,242)	(7,567)	(6,501)	(6,262)	(5,353)
Net fee and commission income	9,892	13,170	11,483	10,433	9,459
Net financial income	6,059	3,881	1,568	4,612	1,517
Net foreign exchange gain (loss)	366	(1,490)	165	(2,423)	2,737
Other operating income	669	1,102	2,122	1,545	996
Other net operating income	7,094	3,493	3,855	3,734	5,250
Total operating income	40,639	44,673	42,443	42,597	47,649
Administrative expenses	(19,729)	(23,760)	(22,901)	(25,551)	(24,589)
Impairment of goodwill	-	-	-	-	(425)
Contribution to the Depositors' and Investors' Guarantee Fund	(811)	(1,067)	(1,055)	(1,016)	(1,055)
Bank tax	(2,152)	(2,878)	(2,444)	(2,321)	(858)
Total operating expenses	(22,692)	(27,705)	(26,400)	(28,888)	(26,927)
Profit before net loan impairment	17,947	16,968	16,043	13,709	20,722
Net loan impairment	251	8,135	8,810	16,299	5,710
Profit before tax	18,198	25,103	24,853	30,008	26,432
Income tax expense	(3,852)	(5,851)	(6,239)	(7,866)	(6,253)
Profit for the year from continuing operations	14,346	19,252	18,614	22,142	20,179
Profit from discontinued operations, net of income tax	1,209	1,326	4,136	927	3,239
Profit for the year	15,555	20,578	22,750	23,069	23,418
Basic earnings per share from profit for the year	1.15	1.87	2.17	2.30	2.34

Balance sheet - 5 year summary

ISK million	30.9.2016	2015	2014	2013	2012
Cash and balances with Central Bank	205,148	216,760	103,389	111,779	85,500
Bonds and debt instruments	89,026	78,606	87,347	75,186	64,035
Shares and equity instruments	12,007	18,320	10,531	9,208	10,445
Derivatives	1,690	1,981	1,810	843	127
Loans to credit institutions	38,189	35,534	35,072	44,078	54,043
Loans to customers	684,170	665,711	634,799	554,741	557,857
Investments in associates	764	716	570	1,563	503
Property and equipment	5,924	7,344	7,402	8,772	5,579
Intangible assets	2,039	1,331	619	299	261
Other assets	20,691	6,674	8,140	12,434	5,979
Non-current assets and disposal groups held for sale	8,615	12,792	21,649	47,106	39,046
Total Assets	1,068,263	1,045,769	911,328	866,009	823,375
Deposits from Central Bank and credit institutions	13,362	25,631	25,796	29,689	38,272
Deposits from customers	553,107	593,245	529,447	489,331	471,156
Derivative instruments and short positions	5,334	6,981	3,963	11,176	18,435
Debt issued and other borrowed funds	222,598	150,308	96,889	89,193	66,571
Subordinated loans	0	19,517	21,306	21,890	23,450
Tax liabilities	10,454	8,358	8,388	10,826	2,072
Other liabilities	59,856	36,677	37,262	37,130	48,954
Non-current liabilities and disposal groups held for sale	2,161	2,825	2,790	9,456	6,805
Total Liabilities	866,872	843,542	725,841	698,691	675,715
Share capital	10,000	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000
Other reserves	2,506	6,002	2,535	2,471	2,834
Retained earnings	130,029	127,288	116,288	98,548	78,571
Total equity attributable to the equity holders of Íslandsbanki hf.	197,535	198,290	183,823	166,019	146,405
Non-controlling interests	3,856	3,937	1,664	1,299	1,255
Total Equity	201,391	202,227	185,487	167,318	147,660
Total Liabilities and Equity	1,068,263	1,045,769	911,328	866,009	823,375

Net interest income - 5 year summary

ISK million	9M16	2015	2014	2013	2012
Interest income:					
Cash and balances with Central Bank	8,483	7,394	6,671	4,639	3,467
Loans and receivables	35,609	43,303	40,331	46,764	52,571
Financial assets held for trading	173	980	1,957	948	-184
Financial assets designated at fair value through profit or loss	1,319	1,558	1,672	1,790	1,742
Other assets	95	179	185	192	118
Total interest income	45,679	53,414	50,816	54,333	57,714
Interest expense:					
Deposits from credit institutions and Central Bank	(306)	(517)	(479)	(505)	(1,204)
Deposits from customers	(15,489)	(18,240)	(16,919)	(18,174)	(17,739)
Borrowings	(5,554)	(5,427)	(4,750)	(5,753)	(5,629)
Subordinated loans	(627)	(1,015)	(911)	(951)	(1,098)
Other financial liabilities	(7)	(147)	(295)	(367)	(546)
Other interest expense	(43)	(58)	(357)	(153)	(263)
Total interest expense	(22,026)	(25,404)	(23,711)	(25,903)	(26,479)
Net interest income	23,653	28,010	27,105	28,430	31,235
Interest spread (as the ratio of net interest income to the average carrying amount of total assets)	3.0%	2.9%	3.0%	3.4%	3.9%
Interest bearing:					
Assets					
Balances with Central Bank	205,148	216,760	103,389	111,779	83,493
Bonds and debt instruments	33,594	34,163	33,074	33,876	35,637
Loans to credit institutions	38,190	35,534	35,072	44,078	54,042
Loans to customers	686,413	665,710	637,650	558,419	559,594
Total assets	963,345	952,167	809,185	748,152	732,766
Off-balance sheet items	186,367	119,243	97,455	55,905	77,354
Liabilities					
Short positions	-	-	-	3,670	5,216
Deposits from CB and credit institutions	13,362	25,631	25,796	29,689	38,272
Deposits from customers	553,107	593,245	529,447	489,331	471,156
Debt issued and other borrowed funds	222,598	150,308	96,889	89,194	66,571
Subordinated loans	-	19,517	21,306	21,890	23,450
Total liabilities	789,067	788,701	673,438	633,774	604,665
Off-balance sheet items	185,581	131,357	106,555	57,217	82,680
Net interest gap	175,064	151,352	126,647	113,066	122,775

Net fee & commission income - 5 year summary

ISK million	9M16	2015	2014	2013	2012
Fee and commission income:					
Asset management	1,297	1,778	1,683	1,564	1,490
Investment Banking and brokerage	1,492	2,132	1,833	2,005	2,071
Payment processing	11,055	13,664	11,627	10,484	8,546
Loans and guarantees	1,109	1,498	1,267	1,141	1,104
Other fees and commissions income	1,181	1,665	1,574	1,501	1,601
Total fees and commission income	16,134	20,737	17,984	16,695	14,812
Commission expenses:					
Interbank charges	-	-	(157)	(331)	(232)
Brokerage	(115)	(121)	(128)	(126)	(165)
Clearing and settlement	(6,109)	(7,415)	(6,179)	(5,702)	(4,878)
Other commission expenses	(18)	(31)	(37)	(103)	(78)
Total commission expenses	(6,242)	(7,567)	(6,501)	(6,262)	(5,353)
Net fee and commission income	9,892	13,170	11,483	10,433	9,459

Loans to customers - 5 year summary

ISK million	30.9.2016	2015	2014	2013	2012
Individuals	278,634	272,610	262,848	255,044	244,426
Commerce and services	99,315	89,781	79,658	81,522	68,805
Construction	25,511	23,013	18,751	18,640	16,465
Energy	4,552	3,737	7,315	3,614	4,942
Financial services	237	105	121	34	254
Industrial and transportation	64,894	60,726	61,878	46,433	43,660
Investment companies	16,927	19,362	13,911	10,306	16,023
Public sector and non-profit organisations	13,708	13,878	12,216	6,894	10,934
Real estate	101,136	99,094	99,540	66,647	72,941
Seafood	81,500	85,872	81,412	69,289	81,145
Loans to customers before collective impairment allowance	686,414	668,178	637,650	558,423	559,595
Collective impairment allowance	(2,244)	(2,467)	(2,851)	(3,682)	(1,738)
Loans to customers	684,170	665,711	634,799	554,741	557,857
Loans to customers - by product					
Overdrafts	36,280	38,654	37,228	39,439	33,356
Creditcards	17,653	18,166	17,690	18,080	17,869
Mortgages	205,101	197,307	186,583	176,421	164,416
Capital leases	46,229	42,118	36,231	33,736	32,913
Other loans	381,151	371,933	359,918	290,747	311,041
Loans to customers before collective impairment allowance	686,414	668,178	637,650	558,423	559,595
Collective impairment allowance	(2,244)	(2,467)	-2,851	-3,682	-1,738
Loans to customers	684,170	665,711	634,799	554,741	557,857
Asset quality					
Neither past due nor impaired	655,729	636,685	595,903	496,705	469,435
Past due but not impaired	24,167	23,572	27,619	34,618	42,205
thereof past due more than 90 days	8,916	6,954	8,223	14,114	22,556
Classified as impaired	6,518	7,921	14,128	27,100	47,955
Total	686,414	668,178	637,650	558,423	559,595
Impairment allowance					
Specific impairment allowance	-12,259	-13,406	-16,908	-20,410	-23,913
Collective impairment allowance	-2,244	-2,467	-2,851	-3,682	-1,738
Total	-14,503	-15,873	-19,759	-24,092	-25,651

Capital and Risk Weighted Assets - 5 year summary

ISK million	30.9.2016	2015	2014	2013	2012
Ordinary share capital	10,000	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000
Other reserves	2,506	6,002	2,535	2,471	2,834
Retained earnings	130,029	127,288	116,288	98,548	78,571
Non-controlling interests	3,856	3,937	1,664	1,299	1,255
Tax assets	(38)	-	(521)	(1,275)	(864)
Intangible assets	(2,039)	(1,331)	(619)	(299)	(261)
Other regulatory adjustments	(1,008)	(2,779)	-	(159)	(321)
Total Tier 1 capital	198,306	198,117	184,347	165,585	146,214
Tier 2 capital					
Qualifying subordinated liabilities	-	19,517	21,306	21,890	23,450
Adjustment to eligible capital liabilities	-	(3,903)	-	-	-
Other regulatory adjustments	-	(2,779)	-	(160)	(322)
Total regulatory capital	198,306	210,952	205,653	187,315	169,342
Risk weighted assets					
- due to credit risk	623,885	606,591	583,375	551,938	549,535
- due to market risk:	13,957	16,607	33,326	28,849	33,940
Market risk, trading book	12,276	9,931	6,594	5,105	6,006
Currency risk FX	1,681	6,676	26,732	23,744	27,934
- due to operational risk	76,495	76,495	78,401	78,970	81,214
Total risk weighted assets	714,337	699,693	695,102	659,757	664,689
Capital ratios					
CET1 ratio	27.8%	28.3%	26.5%	25.1%	22.0%
Tier 2 ratio	0.0%	1.8%	3.1%	3.3%	3.5%
Capital adequacy ratio	27.8%	30.1%	29.6%	28.4%	25.5%
Leverage ratio	17.7%	18.2%	19.5%	18.6%	16.3%

Key Performance indicators - 9 Quarters	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ISK million	2016	2016	2016	2015	2015	2015	2015	2014	2014
Profitability									
Return on equity	5.1%	19.1%	6.9%	7.9%	12.5%	11.7%	11.8%	9.9%	7.9%
ROE 14% CET1 (regular operations)*	8.4%	13.9%	10.1%	13.6%	11.1%	12.8%	15.0%	11.1%	14.4%
Earnings per share	0.23	0.66	0.27	0.39	0.55	0.45	0.53	0.46	0.31
Net interest margin									
Net interest margin on total assets	3.0%	3.3%	2.9%	2.7%	3.0%	3.1%	2.7%	2.8%	3.1%
Net interest margin adj. 14% CET1	2.6%	1.8%	2.5%	2.4%	2.7%	2.8%	2.4%	2.5%	2.7%
Efficiency									
Cost-to-income ratio*	56.1%	53.3%	58.3%	55.7%	57.1%	56.6%	55.3%	62.6%	52.0%
Cost / income ratio adj. 14% CET1	61.5%	3.3%	62.8%	60.5%	62.0%	60.3%	59.0%	67.6%	56.2%
Cost-to-total assets ratio**	2.1%	3.0%	2.9%	1.5%	2.7%	3.0%	2.9%	3.1%	2.7%
Number of FTE's at period end - Consolidated	1,097	1,217	1,180	1,184	1,197	1,291	1,186	1,206	1,229
Number of FTE's at period end - Parent co.	932	1,046	922	919	933	1,030	930	945	965
Asset quality									
Loans to customers	684,170	698,669	677,079	665,711	660,308	653,728	637,877	634,799	608,328
Non-performing loans	2.3%	2.5%	2.1%	2.2%	2.4%	2.7%	3.0%	3.5%	5.8%
Reserve coverage ratio	94.0%	88.5%	109.1%	107%	104%	105%	96%	88%	62%
LTV on mortgages to individuals	65.8%	65.0%	69.4%	69.2%	69.0%	68.0%	72.0%	74.0%	74.0%
Risk weighted assets / Total assets	66.9%	70.4%	70.2%	66.9%	71.1%	73.8%	75.9%	76.3%	73.5%
Financial strength									
Equity as % of total assets	18.9%	19.3%	20.1%	19.3%	19.2%	19.2%	19.6%	20.4%	19.5%
Liquidity									
Liquidity coverage ratio (LCR)	195.0%	173.0%	154.0%	143.0%	156.0%	151.0%	134.0%	130.0%	154.0%
Liquidity coverage ratio (LCR) - Foreign currencies	407.0%	368.0%	527.0%	467.0%	409.0%	442.0%	401.0%	617.0%	431.0%
Net stable funding ratio (NSFR) - All currencies	126.0%	117.0%	118.0%	120.0%	111.0%	107.0%	112.0%	112.0%	
Net stable funding ratio (NSFR) - Foreign currencies	145.0%	154.0%	157.0%	141.0%	124.0%	120.0%	124.0%	126.0%	
Term deposits % of total deposits	34.0%	39.0%	37.0%	39.0%	38.0%	36.0%	35.0%	34.0%	31.0%
Deposit-to-loan ratio	78.4%	79.4%	81.3%	88.3%	87.0%	83.7%	80.3%	82.9%	86.2%
Customer deposits-to-loans to customers ratio	80.8%	81.0%	80.4%	89.1%	88.0%	86.7%	81.6%	83.4%	88.1%
Capital									
CET 1 ratio	27.8%	27.1%	28.1%	28.3%	26.9%	25.8%	25.7%	26.5%	26.3%
Tier 2 ratio	0.0%	1.8%	1.6%	1.8%	2.3%	2.5%	2.7%	3.1%	3.1%
Capital adequacy ratio	27.8%	28.9%	29.7%	30.1%	29.2%	28.3%	28.4%	29.6%	29.4%
Leverage ratio [†]	17.7%	18.3%	18.7%	18.1%	18.3%	18.3%	18.8%	19.5%	18.7%
Risk weighted assets	714,337	724,713	716,592	699,693	713,592	720,552	703,188	695,102	683,858

* Cost income ratio excludes bank tax, impairment of goodwill and expenditure deemed as one-off.

** Excludes impairment of goodwill, and one-off costs

Income statement - 9 quarter summary	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ISK million	2016	2016	2016	2015	2015	2015	2015	2014	2014
Net interest income	7,758	8,356	7,539	7,003	7,457	7,359	6,191	6,469	7,068
Net fee and commission income	3,233	3,515	3,144	3,235	3,512	3,518	2,905	2,962	2,849
Net financial income	(607)	6,062	604	1,455	387	275	1,764	603	83
Net foreign exchange (loss) gain	49	305	12	(137)	(1,072)	(141)	(140)	116	352
Other operating income	45	473	151	403	158	252	289	509	233
Other net operating income	(513)	6,840	767	1,721	(527)	386	1,913	1,228	668
Total operating income	10,478	18,711	11,450	11,959	10,442	11,263	11,009	10,659	10,585
Administrative expenses	(5,613)	(7,599)	(6,517)	(6,518)	(5,310)	(6,109)	(5,823)	(6,411)	(5,231)
Contribution to the Depositors' and Investors' Guarantee Fund	(283)	(267)	(261)	(270)	(263)	(265)	(269)	(265)	(272)
Bank tax	(745)	(716)	(691)	(818)	(732)	(710)	(618)	(565)	(664)
Total operating expenses	(6,641)	(8,582)	(7,469)	(7,606)	(6,305)	(7,084)	(6,710)	(7,241)	(6,167)
Profit before net loan impairment	3,837	10,129	3,981	4,353	4,137	4,179	4,299	3,418	4,418
Net loan impairment	(118)	689	(320)	409	3,418	1,977	2,331	3,006	65
Profit before tax	3,719	10,818	3,661	4,762	7,555	6,156	6,630	6,424	4,483
Income tax expense	(1,266)	(1,720)	(866)	(1,147)	(1,784)	(1,524)	(1,396)	(1,434)	(1,255)
Profit for the period from continuing operations	2,453	9,098	2,795	3,615	5,771	4,632	5,234	4,990	3,228
Profit (loss) for the period from discontinued operations	85	409	715	274	128	762	162	(430)	307
Profit for the period	2,538	9,507	3,510	3,889	5,899	5,394	5,396	4,560	3,535

Balance sheet - 9 quarter summary									
ISK million	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2016	2016	2016	2015	2015	2015	2015	2014	2014
Cash and balances with Central Bank	205,148	182,177	182,453	216,760	177,652	126,900	98,274	103,389	135,138
Bonds and debt instruments	89,026	71,756	79,873	78,606	80,053	85,274	91,201	87,347	86,007
Shares and equity instruments	12,007	12,692	18,664	18,320	9,004	11,041	11,900	10,531	10,884
Derivatives	1,690	2,036	2,759	1,981	2,199	1,581	1,843	1,810	2,165
Loans to credit institutions	38,189	33,088	27,811	35,534	35,522	52,139	40,688	35,072	41,720
Loans to customers	684,170	698,669	677,079	665,711	660,308	653,728	637,877	634,799	608,328
Investments in associates	764	764	1,009	716	648	612	607	570	797
Property and equipment	5,924	5,884	7,289	7,344	7,550	7,600	7,521	7,402	8,129
Intangible assets	2,039	1,700	1,471	1,331	1,143	1,058	655	619	339
Other assets	20,691	11,268	11,177	6,674	16,232	20,561	14,620	8,140	14,565
Non-current assets and disposal groups held for sale	8,615	9,583	11,190	12,792	13,946	15,763	21,203	21,649	22,897
Total Assets	1,068,263	1,029,617	1,020,775	1,045,769	1,004,257	976,257	926,389	911,328	930,969
Deposits from Central Bank and credit institutions	13,362	14,633	28,338	25,631	24,208	24,017	24,437	25,796	24,405
Deposits from customers	553,107	566,220	544,430	593,245	581,095	566,678	520,740	529,447	536,104
Derivative instruments and short positions	5,334	6,079	4,902	6,981	8,472	5,992	7,203	3,963	8,118
Debt issued and other borrowed funds	222,598	163,469	161,802	150,308	120,957	107,421	100,602	96,889	97,714
Subordinated loans	0	18,886	19,415	19,517	19,717	20,336	20,336	21,306	21,089
Tax liabilities	10,454	9,894	8,963	8,358	9,090	8,627	8,731	8,388	14,103
Other liabilities	59,856	49,252	44,170	36,677	44,866	53,177	59,543	37,262	44,554
Non-current liabilities and disposal groups held for sale	2,161	2,347	3,128	2,825	2,965	3,000	3,167	2,790	3,565
Total Liabilities	866,872	830,780	815,148	843,542	811,370	789,248	744,759	725,841	749,652
Share capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Other reserves	2,506	2,470	5,982	6,002	2,538	2,559	2,516	2,535	2,369
Retained earnings	130,029	127,666	130,664	127,288	123,450	117,852	112,605	116,288	112,374
Total equity attributable to the equity holders of Íslandsbanki hf.	197,535	195,136	201,646	198,290	190,988	185,411	180,121	183,823	179,743
Non-controlling interests	3,856	3,701	3,981	3,937	1,899	1,598	1,509	1,664	1,574
Total Equity	201,391	198,837	205,627	202,227	192,887	187,009	181,630	185,487	181,317
Total Liabilities and Equity	1,068,263	1,029,617	1,020,775	1,045,769	1,004,257	976,257	926,389	911,328	930,969

Net interest income - 9 quarter summary	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ISK million	2016	2016	2016	2015	2015	2015	2015	2014	2014
Interest income:									
Cash and balances with Central Bank	2,850	2,732	2,901	2,780	2,135	1,319	1,160	1,484	1,739
Loans and receivables	11,005	13,263	11,341	8,655	12,057	12,697	9,894	8,892	10,540
Financial assets held for trading	190	(114)	97	505	161	115	199	593	595
Financial assets designated at fair value through profit or loss	426	448	445	449	384	375	350	416	399
Other assets	34	35	26	44	72	30	33	42	45
Total interest income	14,505	16,364	14,810	12,433	14,809	14,536	11,636	11,427	13,318
Interest expense:									
Deposits from credit institutions and Central Bank	(57)	(114)	(135)	(220)	(98)	(108)	(91)	(97)	(119)
Deposits from customers	(4,868)	(5,536)	(5,085)	(4,172)	(5,197)	(5,023)	(3,848)	(3,612)	(4,487)
Borrowings	(1,641)	(2,110)	(1,803)	(752)	(1,729)	(1,810)	(1,136)	(792)	(1,310)
Subordinated loans	(161)	(227)	(239)	(248)	(251)	(257)	(259)	(223)	(226)
Other financial liabilities	-	-	(7)	(31)	(49)	(34)	(33)	(42)	(73)
Other interest expense	(20)	(21)	(2)	(7)	(28)	55	(78)	(192)	(35)
Total interest expense	(6,747)	(8,008)	(7,271)	(5,430)	(7,352)	(7,177)	(5,445)	(4,958)	(6,250)
Net interest income	7,758	8,356	7,539	7,003	7,457	7,359	6,191	6,469	7,068
Interest bearing:									
Assets									
Balances with Central Bank	205,148	182,177	182,453	216,760	177,652	126,900	98,274	103,389	132,492
Bonds and debt instruments	33,594	33,974	33,944	34,163	34,973	34,566	31,791	33,074	33,682
Loans to credit institutions	38,190	33,088	27,811	35,534	35,522	52,139	40,688	35,072	41,720
Loans to customers	686,413	701,227	679,519	665,710	662,955	656,290	637,877	637,650	611,181
Total assets	963,345	950,466	923,727	952,167	911,102	869,895	808,630	809,185	819,075
Off-balance sheet items	186,367	132,945	130,760	119,243	107,904	101,730	96,622	97,455	90,706
Liabilities									
Short positions	-	-	-	-	-	-	-	-	3,055
Deposits from CB and credit institutions	13,362	14,398	28,216	25,631	24,208	24,017	24,437	25,796	24,405
Deposits from customers	553,107	566,220	544,430	593,245	581,095	566,678	520,740	529,447	536,104
Debt issued and other borrowed funds	222,598	158,408	161,802	150,308	120,982	107,421	100,602	96,889	97,714
Subordinated loans	-	18,886	19,415	19,517	19,717	20,336	20,336	21,306	21,089
Total liabilities	789,067	757,912	753,863	788,701	746,002	718,452	666,115	673,438	682,367
Off-balance sheet items	185,581	132,490	128,335	131,357	118,971	113,487	108,666	106,555	95,431
Net interest gap	175,064	193,009	172,289	151,352	154,033	139,686	130,471	126,647	131,983

Net fee and commission - 9 quarter summary	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ISK million	2016	2016	2016	2015	2015	2015	2015	2014	2014
Fee and commission income:									
Asset management	427	436	434	481	436	457	404	458	397
Investment Banking and brokerage	488	613	390	423	550	737	422	164	399
Payment processing	3,901	3,696	3,458	3,537	3,510	3,468	3,149	2,953	3,093
Loans and guarantees	346	381	382	390	447	327	334	307	325
Other fee and commission income	361	463	357	497	414	385	369	678	324
Total fee and commission income	5,523	5,590	5,021	5,328	5,357	5,374	4,678	4,560	4,538
Commission expenses:									
Interbank charges	-	-	-	-	-	-	-	(10)	-
Brokerage	(51)	(25)	(39)	(39)	(40)	(20)	(22)	(33)	(25)
Clearing and settlement	(2,232)	(2,048)	(1,830)	(2,047)	(1,796)	(1,826)	(1,746)	(1,740)	(1,655)
Other commission expenses	(7)	(2)	(8)	(7)	(9)	(10)	(5)	185	(9)
Total commission expenses	(2,290)	(2,075)	(1,877)	(2,093)	(1,845)	(1,856)	(1,773)	(1,598)	(1,689)
Net fee and commission income	3,233	3,515	3,144	3,235	3,512	3,518	2,905	2,962	2,849

Loans to customers - 9 quarter summary	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ISK million	2016	2016	2016	2015	2015	2015	2015	2014	2014
Individuals	278,634	276,282	272,114	272,610	268,842	259,792	258,380	262,848	260,504
Commerce and services	99,315	101,777	94,586	89,781	87,268	90,865	84,033	79,658	78,341
Construction	25,511	26,375	24,181	23,013	20,361	19,764	18,816	18,751	18,126
Energy	4,552	5,597	4,535	3,737	4,761	3,791	3,755	7,315	3,636
Financial services	237	936	2,294	105	97	106	456	121	72
Industrial and transportation	64,894	67,772	64,545	60,726	64,623	66,594	62,703	61,878	60,620
Investment companies	16,927	18,352	19,192	19,362	17,115	18,346	17,583	13,911	17,156
Public sector and non-profit organisations	13,708	13,212	13,422	13,878	12,010	11,524	11,161	12,216	11,374
Real estate	101,136	102,438	99,765	99,094	102,022	103,320	103,160	99,540	80,694
Seafood	81,500	88,486	84,884	85,872	85,857	82,188	80,375	81,412	80,660
Loans to customers before collective impairment allowance	686,414	701,227	679,518	668,178	662,956	656,290	640,422	637,650	611,183
Collective impairment allowance	(2,244)	(2,558)	(2,439)	(2,467)	-2,648	-2,562	-2,545	-2,851	-2,855
Loans to customers	684,170	698,669	677,079	665,711	660,308	653,728	637,877	634,799	608,328
Loans to customers - by product									
Overdrafts	36,280	38,949	41,129	38,654	36,964	39,457	38,275	37,228	38,516
Creditcards	17,653	17,895	17,680	18,166	17,820	17,188	16,362	17,690	17,056
Mortgages	205,101	202,004	198,427	197,307	193,066	184,994	183,872	186,583	184,263
Capital leases	46,229	48,709	44,778	42,118	41,348	43,382	37,442	36,231	37,120
Other loans	381,151	393,670	377,504	371,933	373,758	371,269	364,471	359,918	334,228
Loans to customers before collective impairment allowance	686,414	701,227	679,518	668,178	662,956	656,290	640,422	637,650	611,183
Collective impairment allowance	-2,244	-2,558	-2,439	-2,467	-2,648	-2,562	-2,545	-2,851	-2,855
Loans to customers	684,170	698,669	677,079	665,711	660,308	653,728	637,877	634,799	608,328
Asset quality									
Neither past due nor impaired	655,729	666,307	642,638	636,685	627,745	614,469	599,739	595,903	553,618
Past due but not impaired	24,167	27,025	28,556	23,572	26,937	31,009	27,906	27,619	34,113
thereof past due more than 90 days	8,916	9,252	6,176	6,954	7,517	7,010	6,542	8,223	12,112
Classified as impaired	6,518	7,895	8,324	7,921	8,274	10,812	12,777	14,128	23,452
Total	686,414	701,227	679,518	668,178	662,956	656,290	640,422	637,650	611,183
Impairment allowance									
Specific impairment allowance	-12,259	-12,614	-13,379	-13,406	-13,752	-16,097	-16,076	-16,908	-19,320
Collective impairment allowance	-2,244	-2,558	-2,439	-2,467	-2,648	-2,562	-2,545	-2,851	-2,855
Total	-14,503	-15,172	-15,819	-15,873	-16,400	-18,659	-18,621	-19,759	-22,175

Capital and Risk Weighted Assets	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ISK million	2016	2016	2016	2015	2015	2015	2015	2014	2014
Ordinary share capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Share premium	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Other reserves	2,506	2,470	5,982	6,002	2,538	2,559	2,516	2,535	2,369
Retained earnings	130,029	127,666	130,664	127,288	123,450	117,852	112,605	116,288	112,374
Non-controlling interests	3,856	3,701	3,981	3,937	1,899	1,598	1,509	1,664	1,574
Tax assets	-38	-28	0	-	(22)	(45)	(270)	(521)	(694)
Intangible assets	(2,039)	(1,700)	(1,471)	(1,331)	(1,143)	(1,058)	(655)	(619)	(339)
Other regulatory adjustments	(1,008)	(472)	(2,779)	(2,779)	-	-	-	-	(160)
Total Tier 1 capital	198,306	196,637	201,377	198,117	191,722	185,906	180,705	184,347	180,124
Tier 2 capital									
Qualifying subordinated liabilities	-	18,886	19,415	19,517	19,717	20,336	19,319	21,306	21,089
Adjustment to eligible capital liabilities	-	(5,666)	(4,854)	(3,903)	(2,958)	(2,034)	-	-	(160)
Other regulatory adjustments	-	(472)	(2,779)	(2,779)	-	-	-	-	-
Total regulatory capital	198,306	209,385	213,159	210,952	208,481	204,208	200,024	205,653	201,053
Risk weighted assets									
- due to credit risk	623,885	635,551	621,083	606,591	608,621	614,472	596,831	583,375	573,009
- due to market risk:	13,957	12,667	19,014	16,607	26,570	27,679	27,957	33,326	31,879
Market risk, trading book	12,276	11,827	12,711	9,931	4,500	5,392	4,680	6,594	9,122
Currency risk FX	1,681	840	6,303	6,676	22,070	22,287	23,277	26,732	22,757
- due to operational risk	76,495	76,495	76,495	76,495	78,401	78,401	78,400	78,401	78,970
Total risk weighted assets	714,337	724,713	716,592	699,693	713,592	720,552	703,188	695,102	683,858
Capital ratios									
CET1 ratio	27.8%	27.1%	28.1%	28.3%	26.9%	25.8%	25.7%	26.5%	26.3%
Tier 2 ratio	0.0%	1.8%	1.6%	1.8%	2.3%	2.5%	2.7%	3.1%	3.1%
Capital adequacy ratio	27.8%	28.9%	29.7%	30.1%	29.2%	28.3%	28.4%	29.6%	29.4%

Macroeconomics - 5 year summary

	2Q16	2015	2014	2013	2012
YoY change, %					
GDP growth	3.7	4.0	2.0	4.4	1.2
Total investment	31.2	18.6	16.0	2.2	5.3
Business investment	37.3	29.5	17.3	-2.1	7.9
Residential investment	25.3	-3.1	14.8	10.8	6.9
Personal consumption	8.2	4.8	3.0	1.0	2.1
Unemployment rate, % of workforce	2.6	4.0	5.0	5.4	6.0
Current account, % of GDP	5.4	5.1	5.1	7.2	0.5
International investment position, % of GDP	-1.1	-14.4	-45.0	-52.0	-72.6
Gross general govt. debt, % of GDP		68.4	82.5	84.8	92.6
Household debt, gross, % of GDP	81.2	79.6	95.4	102.1	107.0
Corporate debt, gross, % of GDP	89.1	93.3	106.8	119.7	142.6
YoY change, %					
Inflation	1.6	1.6	2.0	3.9	5.2
Residential real estate price index	7.0	8.2	7.9	2.7	3.1
Wages	13.1	7.2	5.8	5.7	7.9
Real wages	11.3	5.5	3.7	1.7	2.6
ISK index, average	188.2	201.1	206.9	218.9	222.0
Central bank policy rate (1W)	5.8	5.8	5.9	6.0	5.4
Long-term nominal yield	6.0	6.4	6.8	6.5	7.2
Long-term real yield	2.8	2.7	3.2	2.8	2.7

All metrics are based upon averages.

Other - 5 years

ISK million	30.9.2016	2015	2014	2013	2012
Currencies (annual average)					
USD	114.44	131.85	116.75	122.23	125.05
GBP	148.44	201.58	192.17	131.22	198.16
EUR	127.88	146.30	154.86	162.38	160.73
DKK	17.16	19.62	20.77	21.77	21.59
SEK	13.29	15.64	17.03	18.78	18.47
CHF	117.52	137.08	127.50	131.91	133.35

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