



# 2020 results

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Lilja Björk Einarsdóttir  
CEO

Hreiðar Bjarnason  
CFO

# Sound operation and strong position

## Largest and most dynamic bank in Iceland

- Major progress in digital banking
- Solid business relationships throughout Iceland
- Leading in asset management in collaboration with our subsidiary Landsbréf
- Robust core systems and high security standards

## Strong financial position

- Capital ratios well above minimum requirements
- Stable operation
- Uncertainty met with ISK 12 bn provision for impairment in 2020

## Diversified funding

- Customer deposits have grown and domestic issuance is robust
- Strong liquidity position

## Guided by sustainability

- Excellent ESG risk rating
- Sustainable finance framework

## Ambitious and solution-oriented team

- Good collaboration and service results in high customer satisfaction
- Job satisfaction never higher

Profit for the year

**10.5** ISK bn

Total Capital Ratio

**25.1%**

Capital requirement 18.8%

Cost-income ratio

**47.4%**

Total deposits

**793** ISK bn

Total credit portfolio

**1,273** ISK bn

Assets under management

**517** ISK bn

**BBB**  
with stable outlook

Landsbankinn's credit rating, issued by S&P Global Ratings, is BBB/A-2 with stable outlook.

**EUROMONEY**  
AWARDS FOR EXCELLENCE  
2020

Named best bank in Iceland  
by *Euromoney*

**The Banker**  
GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

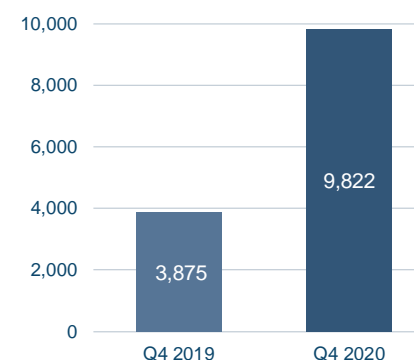
Named best bank in Iceland  
by *The Banker*

# Highlights – Income statement Q4 2020

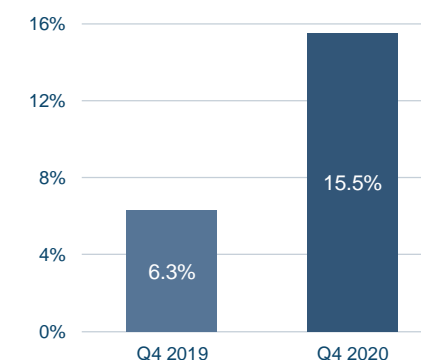
- Price increases on markets led to good results.

- The Bank's after-tax profit in Q4 of 2020 was ISK 9.8 bn, as compared with a profit of ISK 3.9 bn for the same period of 2019.
- Net interest income was ISK 9.7 bn, as compared with ISK 9.6 bn in Q4 2019.
- Value changes to loans were positive by ISK 1.5 million in Q4 2020 as compared with impairment in the amount of ISK 1.4 bn for the same period in 2019.
- Independently significant loans to companies with approved COVID-19 relief measures were assessed manually in the quarter.
- Net commission income for the period was ISK 2.0 bn, almost unchanged from the same period the previous year.
- Operating costs decreased by ISK 555 m between years, mostly due to a lowering of the bank tax.
- Return on equity (ROE) was 15.5% in Q4 2020 as compared with an ROE of 6.3% for the same period in 2019.
- The cost-income ratio in Q4 of 2020 was 38.8%, as compared with 46.2% for the same quarter of 2019.

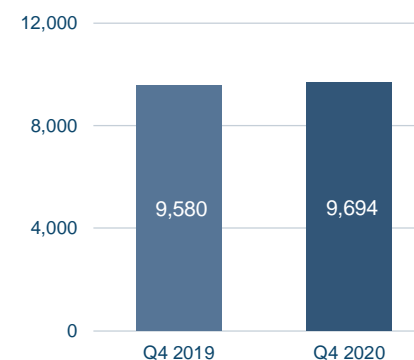
**Profit**



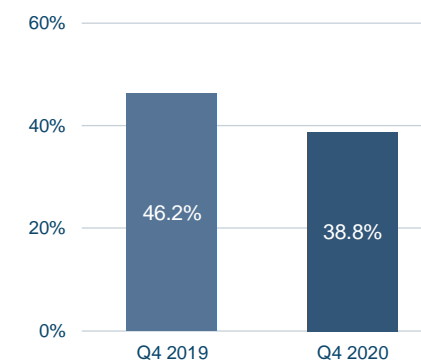
**Return on equity**



**Net interest income**



**Cost-income ratio**

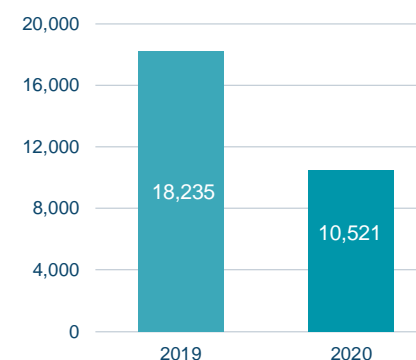


# Highlights – Income statement 2020

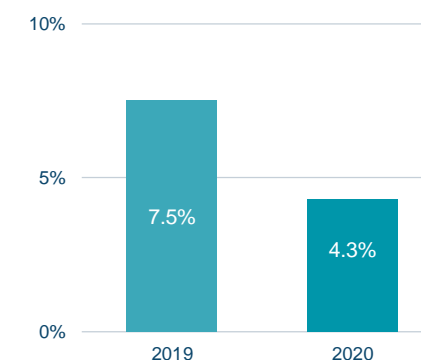
- Profit contracts between years, mainly as a result of increased loan impairment.

- Net profit in 2020 was ISK 10.5 bn after taxes, as compared with ISK 18.2 bn in 2019.
- The Bank's net interest income was ISK 38.1 bn, as compared with ISK 39.7 bn in 2019.
- Impairment of financial assets was ISK 12 bn in 2020, as compared with ISK 4.8 bn in 2019. The increase in value changes is attributable to the impact of the COVID-19 pandemic.
- At year-end, 70% of loans to companies in the travel industry have received further moratoria measures with the Bank in the amount of ISK 73.1 bn. Provisions for impairment for these loans amount to ISK 5.6 bn.
- Net fee & commission income for the year amounted to ISK 7.6 bn as compared with ISK 8.2 bn in 2019.
- Operating cost was ISK 25.6 bn, as compared with ISK 28.2 bn in 2019.
- After-tax ROE was 4.3% in 2020, as compared with 7.5% in 2019.
- The cost-income ratio in 2020 was 47.4%, as compared with 42.6% in 2019.

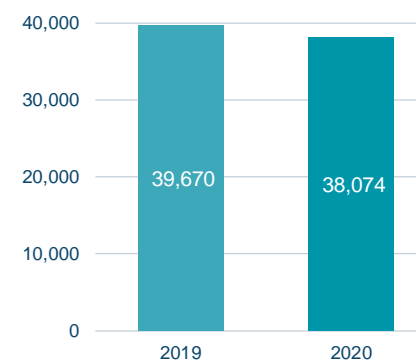
Profit



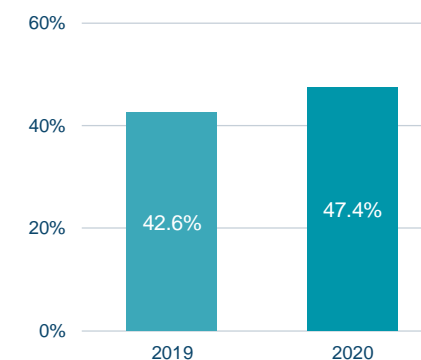
Return on equity



Net interest income



Cost-income ratio

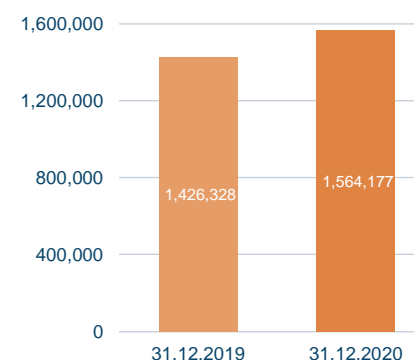


# Highlights - Balance sheet

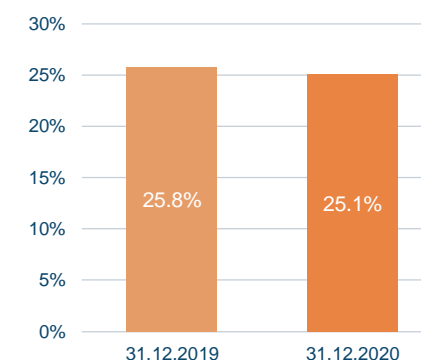
- Increased activity in mortgages.

- Total assets amounted to ISK 1,564 bn at year-end 2020.
- Loans increased by ISK 133 bn from the beginning of the year. Lending to corporates increased by ISK 9 bn and lending to households by ISK 124 bn.
- Landsbankinn's equity was ISK 258.3 bn at the end of 2020, up from ISK 247.7 bn at the beginning of this year.
- The total capital ratio is now 25.1%, down from 25.8% at year-end 2019, and well above FSA Iceland's requirement of 18.8%.
- The Bank's AGM, held on 22 April 2020, approved the motion of the Board of Directors to refrain from paying a dividend to shareholders for the operating year 2019. This motion was in response to the economic uncertainty linked to the COVID-19 outbreak and in line with directions from the Central Bank of Iceland.
- The Board of Directors intends to propose that the AGM approve a dividend to be paid to shareholders for the operating year 2020. The total dividend amount would be ISK 4,5 bn, corresponding to 43% of consolidated profit in 2020.
- The Bank's aggregate liquidity coverage ratio (LCR) was 154% at the end of 2020 as compared with 161% at year-end 2019 and well above regulatory requirements.

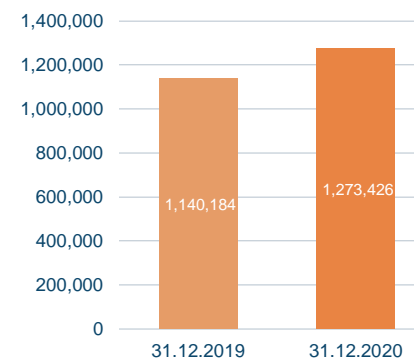
**Total assets**



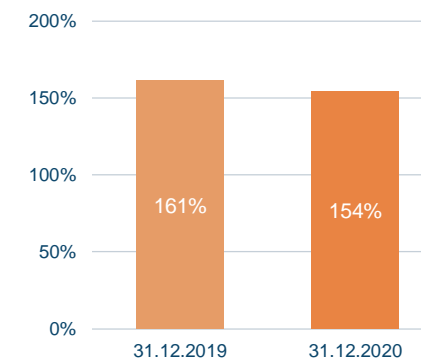
**Total capital ratio**



**Loans and advances to customers**



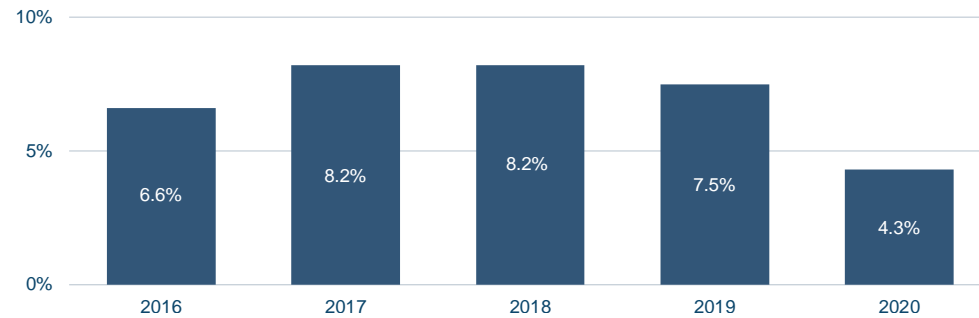
**Liquidity coverage ratio (LCR)**



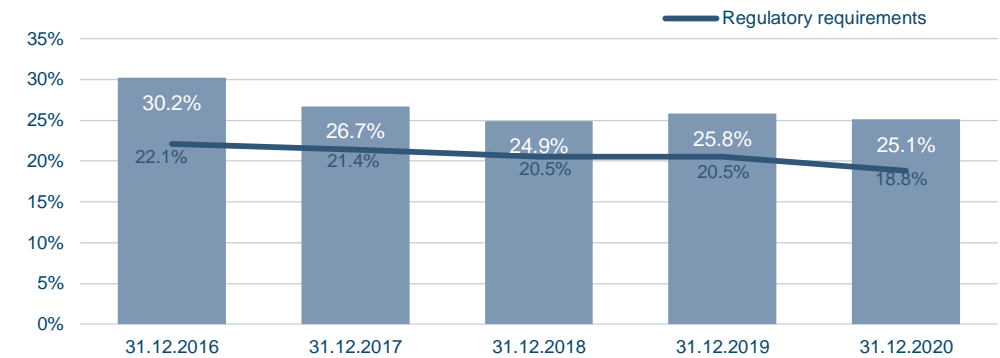
# Development of KPIs

- Recession has negative impact on ROE. Financial strength remains high.

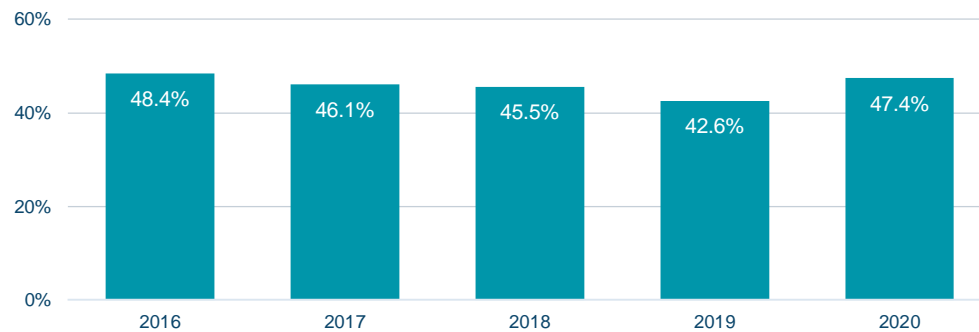
## Return on equity



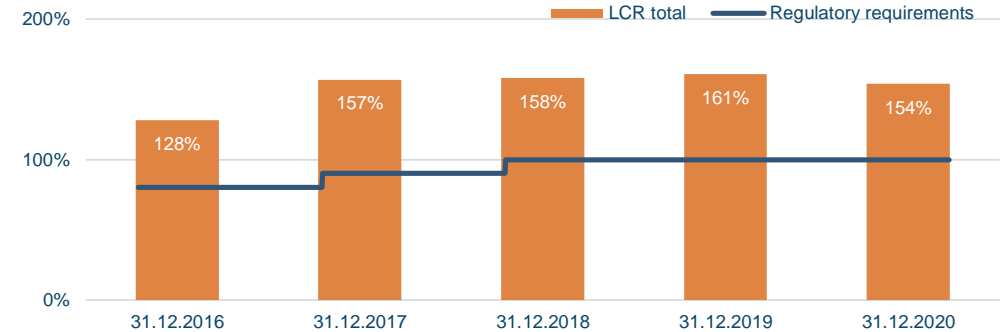
## Total capital ratio



## Cost-income ratio



## Liquidity coverage ratio total



# Mortgages record proportion of lending

- Interest rate cuts, robust service and effective funding support growth.



**81%**

of customers complete credit assessments for mortgages electronically



**32%**

growth in mortgages between years



**5 min.**

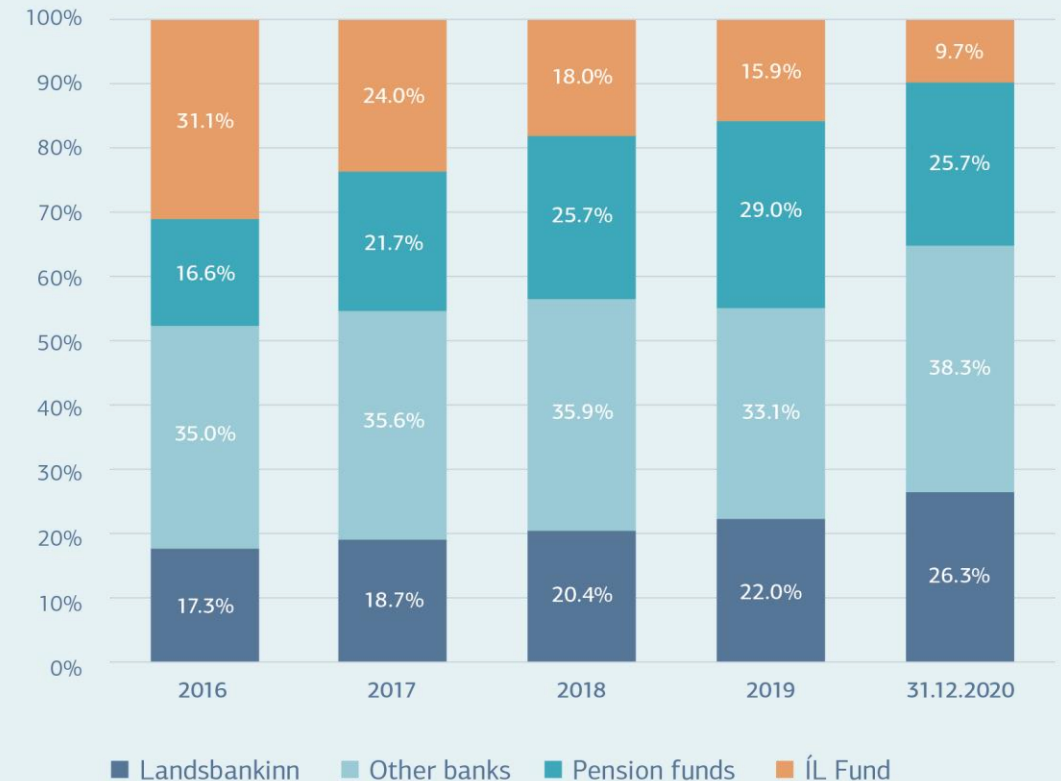
Most customers complete credit assessments electronically - this only takes five minutes.



**10,000**

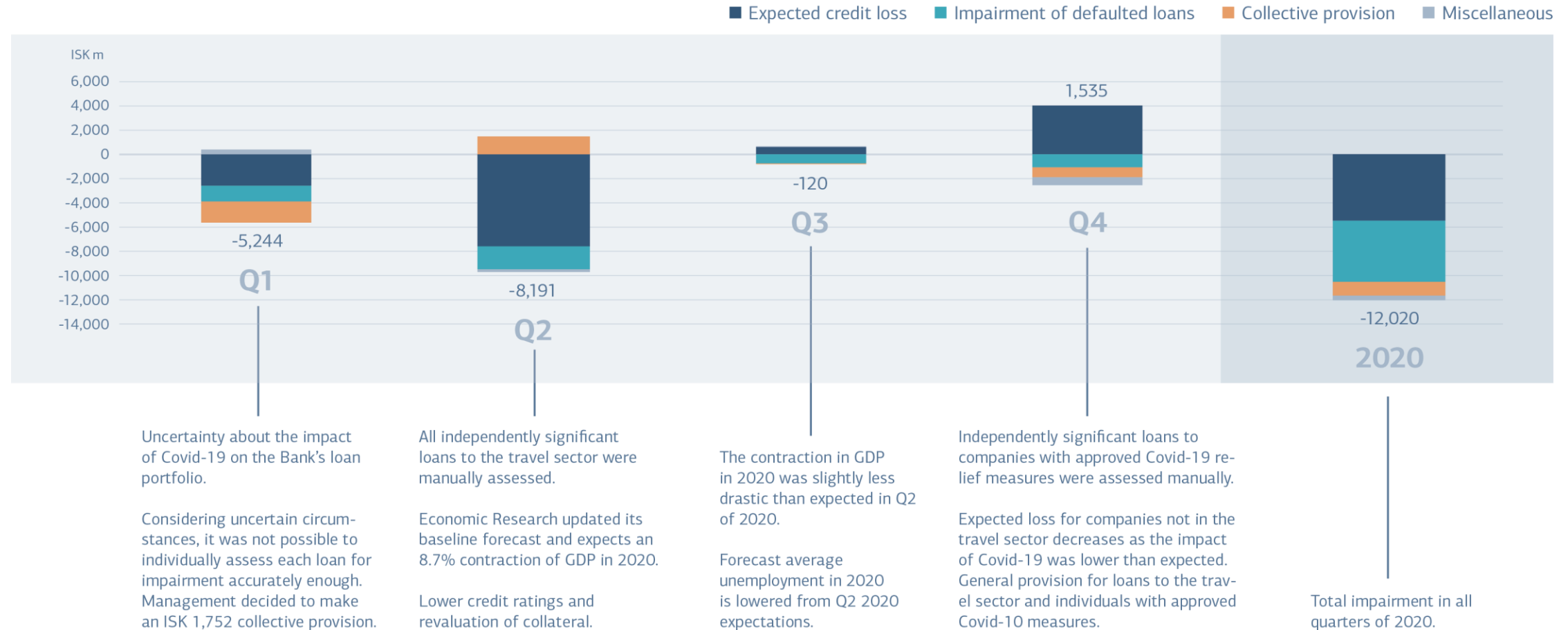
Over 10,000 individuals and families took on mortgages with us in 2020

Market share - mortgages



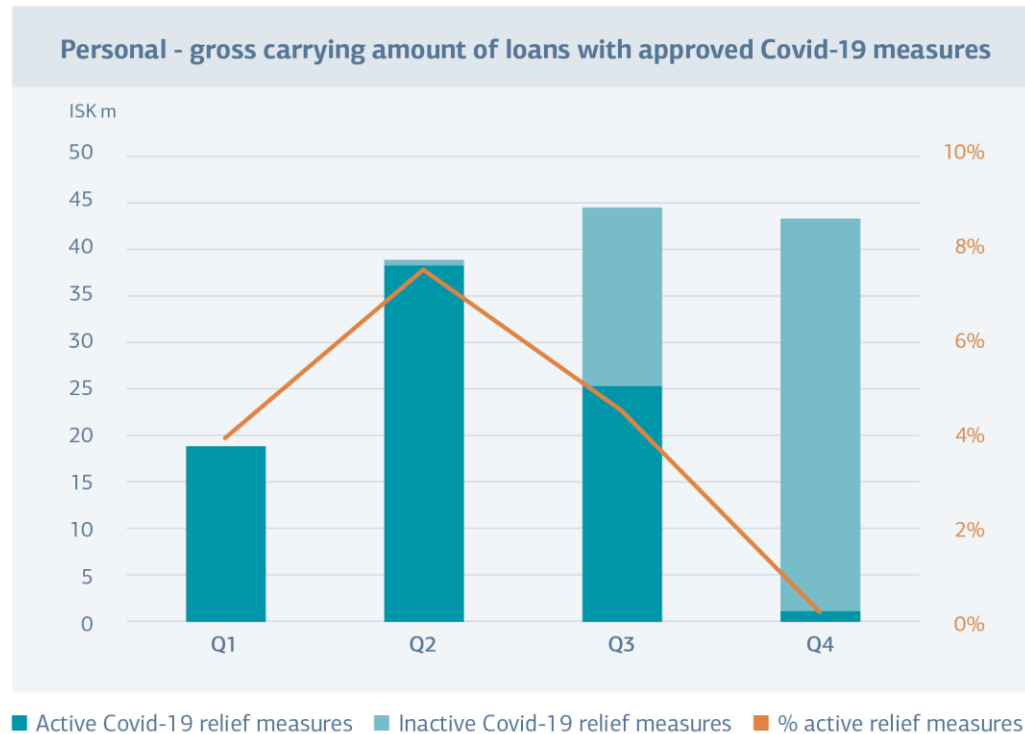
# Conservative and forward-looking approach in uncertain times

- Significant increase in provisions for impairment in the first two quarters, diminishing in the fourth quarter.



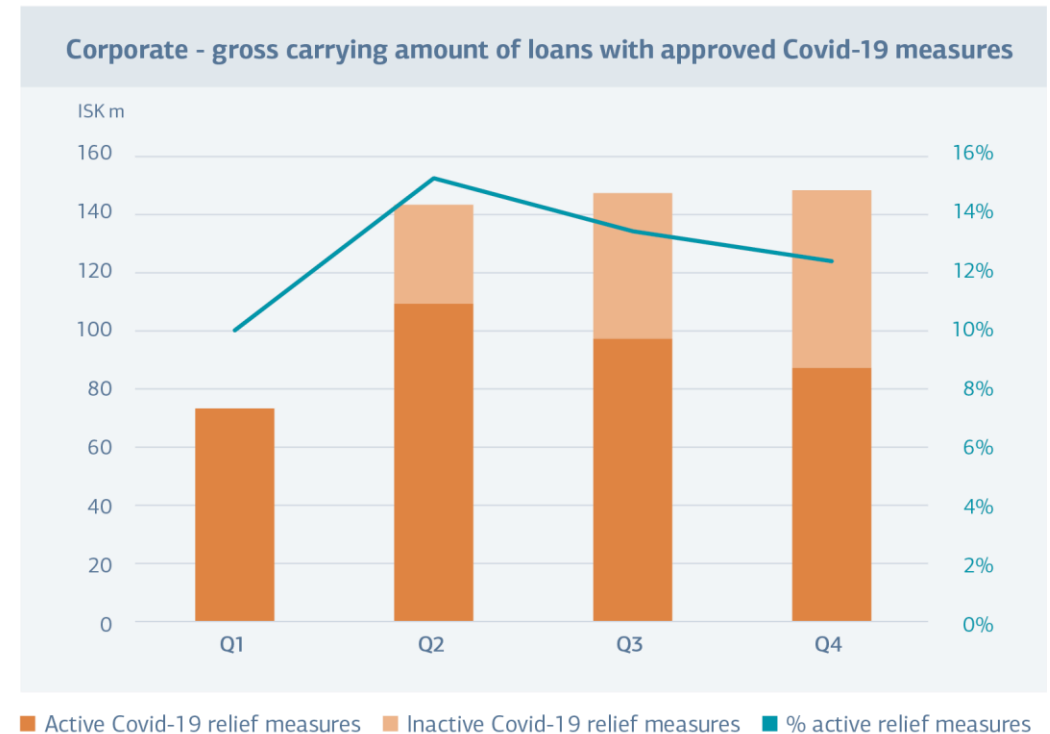
# Providing Covid support for customers

- Few individuals remain with active measures at year-end; companies in the travel sector continue to need support.



## Personal

Around 8% of loans to individuals were approved for payment holidays. Only 0.2% are still under active relief measures at year end.



## Corporate

Around 20% of loans to companies were approved for payment holidays. 12% thereof are still under active relief measures at year-end, mainly travel sector companies.



“Landsbankinn, an ever-smarter bank, is undergoing continuous development and utilising digital technology to provide financial services with a personal touch. Our clear strategy is still to maintain a presence around the country yet to align services slowly but surely with an increased digital service offering.”

– *Lilja B. Einarsdóttir, CEO.*



LANDSBANKINN  
AN EVER SMARTER BANK

Trust



Trust is Landsbankinn's core value. Customers should be able to trust that we are there to help and that the Bank is confidently managed.

Customers

Progress

Results

We put customer satisfaction first, continue to develop as an ever-smarter bank, and build a success-oriented culture.

Leading



Our aim is to enable customers to tend to their own banking business, anytime and anywhere. We aim to increase fee and commission income by presenting new, value-adding solutions to the Bank's customers. Our long-term goal is to make Landsbankinn a leading Nordic bank in the future of finance.

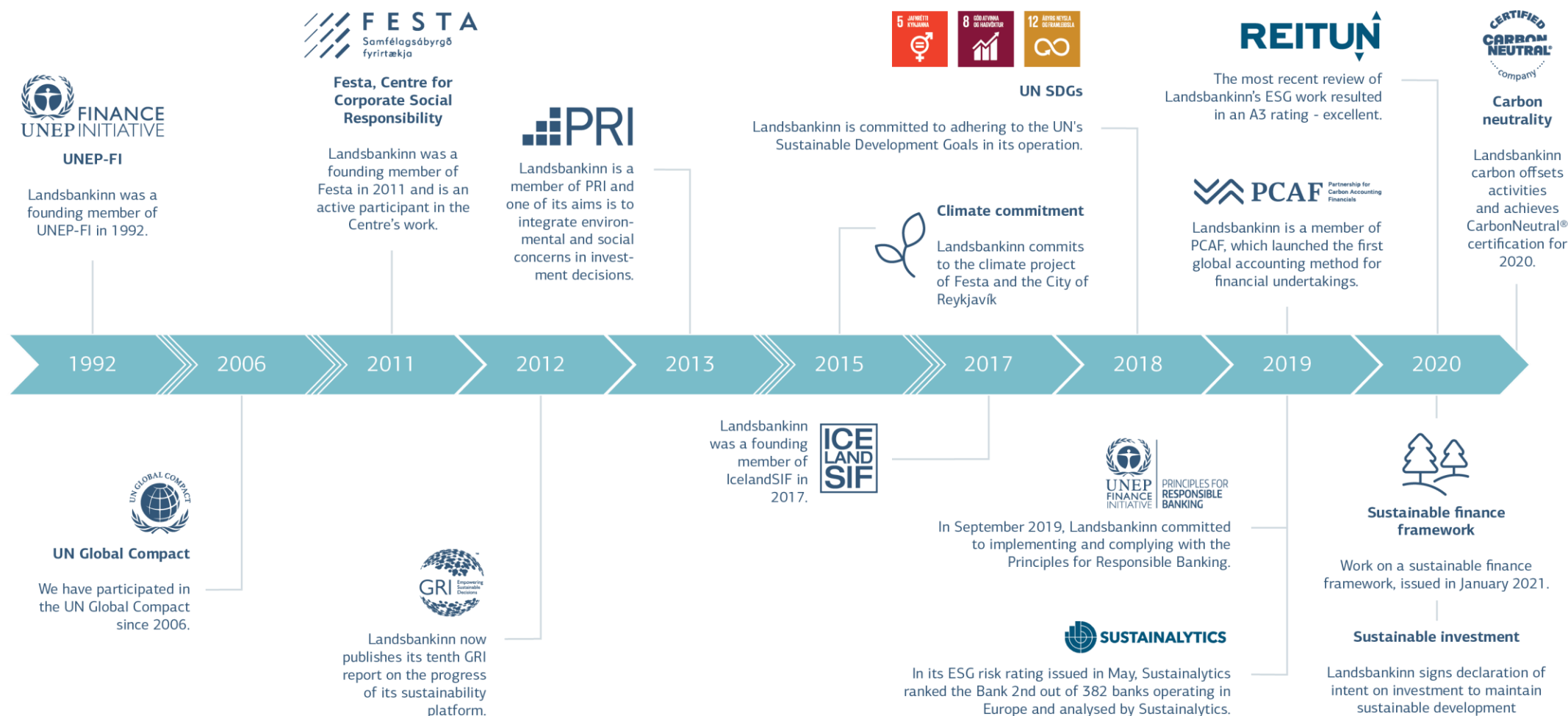
# Financial objectives

- Ambitious targets and strong balance sheet.

		Targets	2020	Guidelines
Profitability	Return on equity (ROE)	≥ 10%	4.3%	The Bank's long-term target is for ROE to be around or over 10%.  In the current low-interest environment, ROE is expected to range between 6-8% in 2021-2023.
Efficiency	Cost-income ratio	≤ 45%	47.4%	The Bank's objective is to bring its cost-income ratio below 45%. This target is unlikely to be achieved in the current low-interest environment.
Financial strength	Dividend payout ratio	~ 50%	0.0%	The aim is also to make special dividend payments to optimise the Bank's capital structure.
	Common Equity Tier 1 capital (CET1)	≥ 18%	23.2%	The Bank's target capital ratios include a management buffer, the difference between these financial targets and mandatory capital requirements at any given time.
	Total capital ratio	≥ 22%	25.1%	The Bank also aims to be in the highest category for risk-adjusted capital ratio, as determined and measured by the relevant credit rating agencies.  The Bank will seek to issue subordinated funding on the market, if this is deemed economic and favourable for its funding structure.

# Together towards sustainability

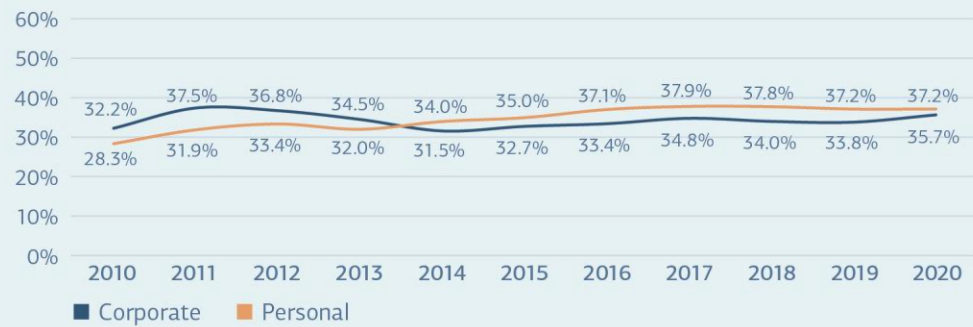
- Success in sustainability is achieved through active participation and knowledge sharing.



# Market share and customer satisfaction

- Personal approach and sound business relationships key to success.

## Landsbankinn's market share



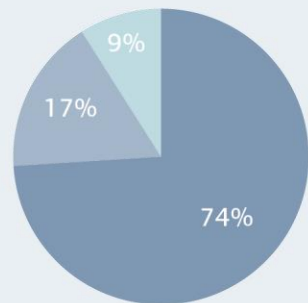
## More satisfied customers



## Icelandic Performance Satisfaction Index

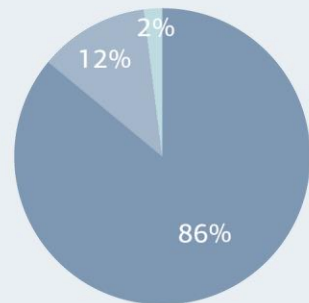
Topped the Icelandic Performance Satisfaction Index the second year in a row

## Satisfaction with service - individuals



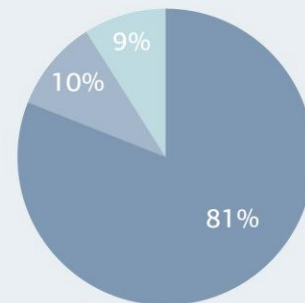
■ Satisfied ■ Neither or ■ Dissatisfied

## Satisfaction with digital service - individuals



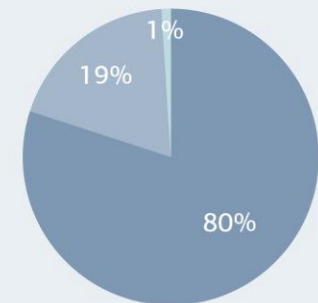
■ Satisfied ■ Neither or ■ Dissatisfied

## Satisfaction with service - corporates



■ Satisfied ■ Neither or ■ Dissatisfied

## Satisfaction with digital service - corporates



■ Satisfied ■ Neither or ■ Dissatisfied

# Outstanding digital solutions that simplify life for customers

- Around 98% of daily banking by personal and corporate customers is digital.



**88.6%**

of car loans and  
accompanying documents  
signed electronically  
this year



**3 min**

It only takes 3 minutes to get access  
to online banking, create accounts and  
cards, and begin paying with a phone  
or watch.



**97%**

of international  
payments in  
self-service



**3x**

Electronic signatures  
on applications and  
contracts tripled in  
the past 12 months



**93%**

of changes to overdraft  
authorisations are carried  
out through electronic  
channels



**67%**

of companies  
open accounts in  
self-service



**28,400**

booked consultation  
calls or branch  
appointments

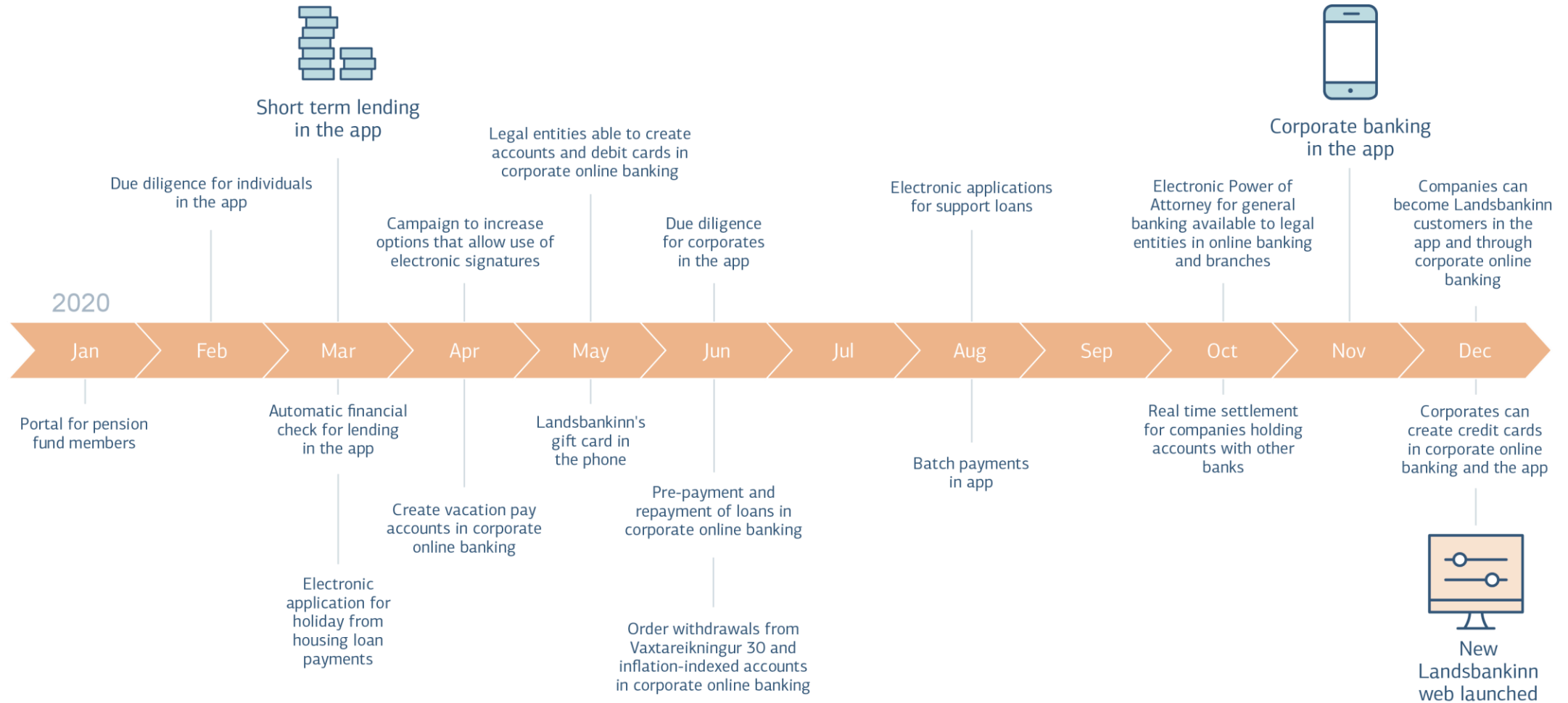


**70,000**

customers use the  
app to tend to their  
finances

# Major digital advances

- Landsbankinn has developed 40 innovative solutions for customers in the past 3 years.



# Income statement



# Income statement

- Strong fourth quarter results leads to a 10.5 bn profit for the full year.

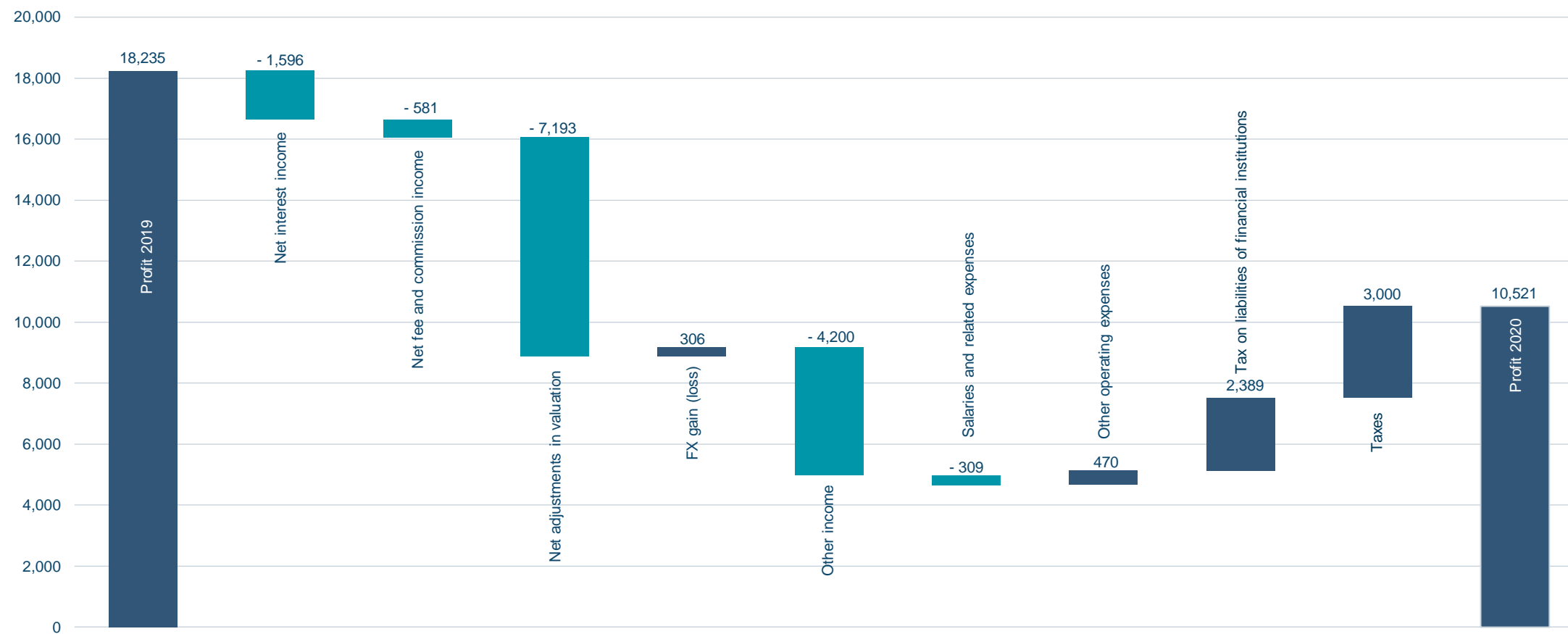
	2020	2019	Change	
Net interest income	38,074	39,670	-1,596	-4%
Net fee & commission income	7,638	8,219	-581	-7%
Net adjustments and impairment	-12,020	-4,827	-7,193	149%
Other net operating income	4,561	8,455	-3,894	-46%
<b>Total operating income</b>	<b>38,253</b>	<b>51,517</b>	<b>-13,264</b>	<b>-26%</b>
Salaries and related expenses	14,767	14,458	309	2%
Other operating expenses	9,064	9,534	-470	-5%
Tax on liabilities of financial institutions	1,815	4,204	-2,389	-57%
<b>Total operating expenses</b>	<b>25,646</b>	<b>28,196</b>	<b>-2,550</b>	<b>-9%</b>
<b>Profit before tax</b>	<b>12,607</b>	<b>23,321</b>	<b>-10,714</b>	<b>-46%</b>
Income tax	2,086	5,086	-3,000	-59%
<b>Profit for the year</b>	<b>10,521</b>	<b>18,235</b>	<b>-7,714</b>	<b>-42%</b>

	Q4 2020	Q4 2019	Change	
Net interest income	9,694	9,580	114	1%
Net fee & commission income	1,981	2,125	-144	-7%
Net adjustments and impairment	1,535	-1,399	2,934	-210%
Other net operating income	4,867	1,957	2,910	149%
<b>Total operating income</b>	<b>18,077</b>	<b>12,263</b>	<b>5,814</b>	<b>47%</b>
Salaries and related expenses	3,986	3,805	181	5%
Other operating expenses	2,433	2,505	-72	-3%
Tax on liabilities of financial institutions	400	1,064	-664	-62%
<b>Total operating expenses</b>	<b>6,819</b>	<b>7,374</b>	<b>-555</b>	<b>-8%</b>
<b>Profit before tax</b>	<b>11,258</b>	<b>4,889</b>	<b>6,369</b>	<b>130%</b>
Income tax	1,436	1,014	422	42%
<b>Profit for the year</b>	<b>9,822</b>	<b>3,875</b>	<b>5,947</b>	<b>153%</b>

# Income statement

- Increased loan impairment main reason for lower year-on-year profit.

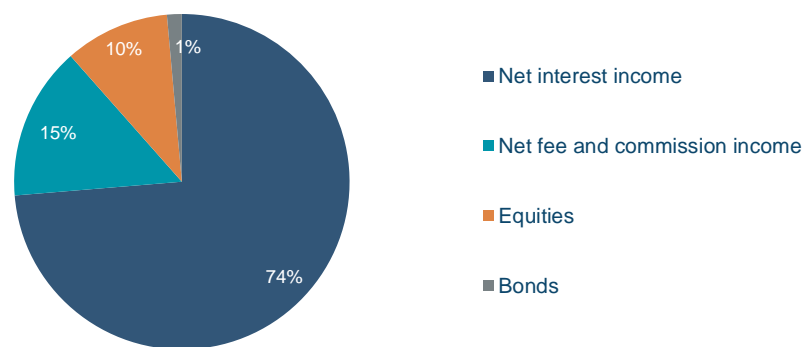
## Changes between 2020 and 2019



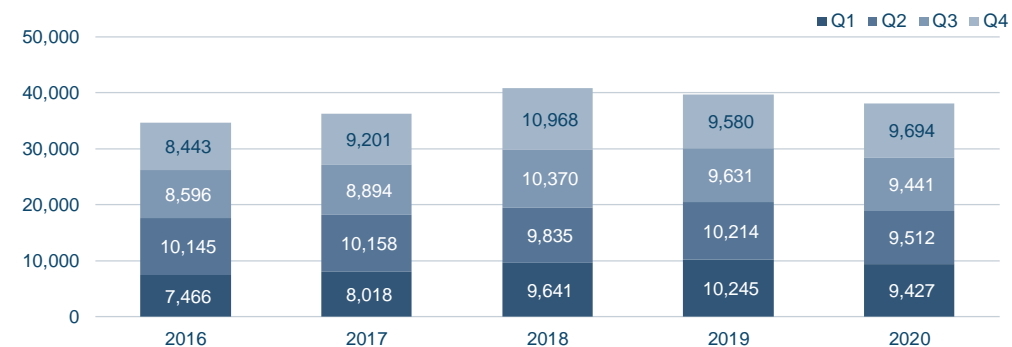
# Net operating income

- Income contraction attributable to economic conditions and a low-interest rate environment.

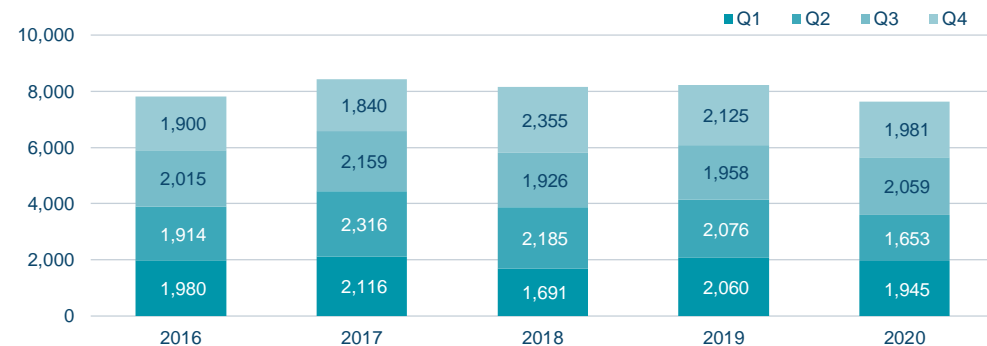
## Income breakdown



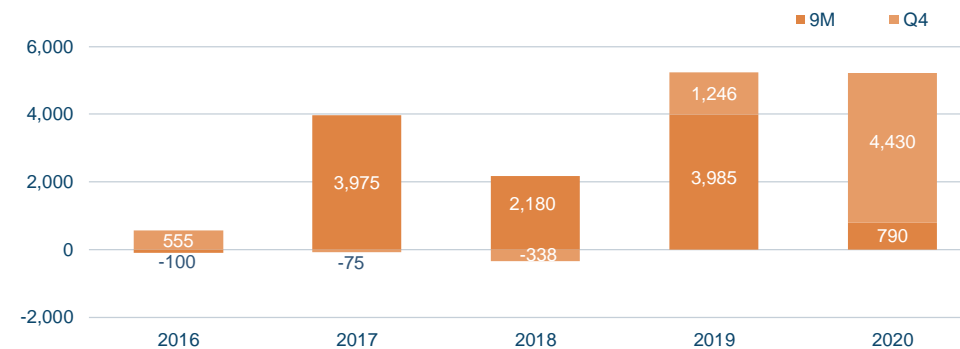
## Net interest income



## Net fee & commission income



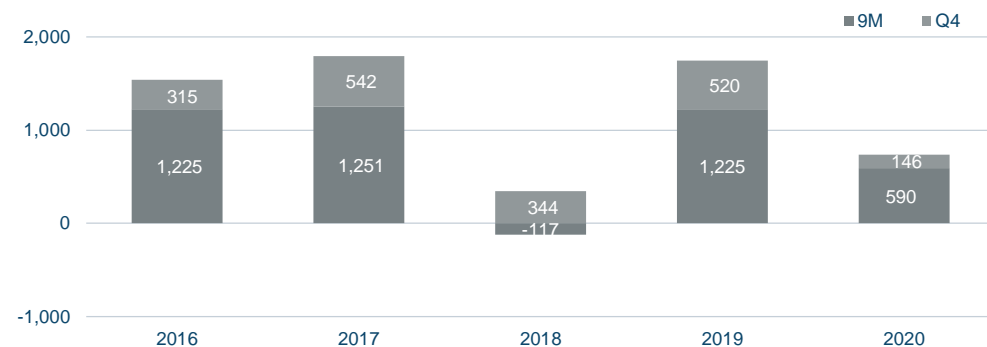
## Equity



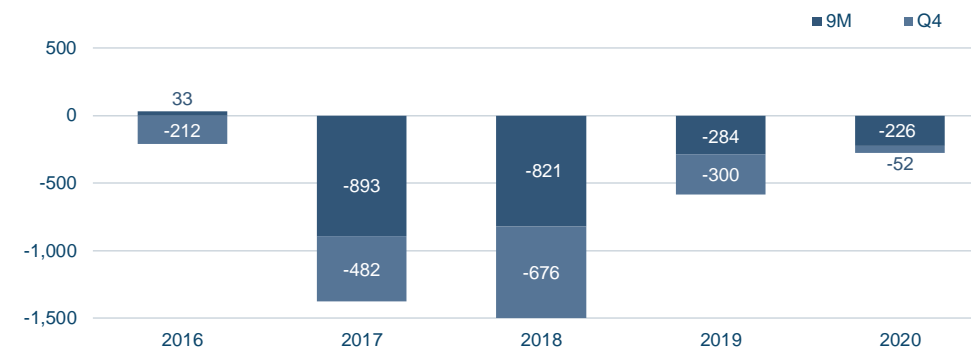
# Net operating income

- Loan impairment just over ISK 12 billion, with a positive turnaround in Q4.

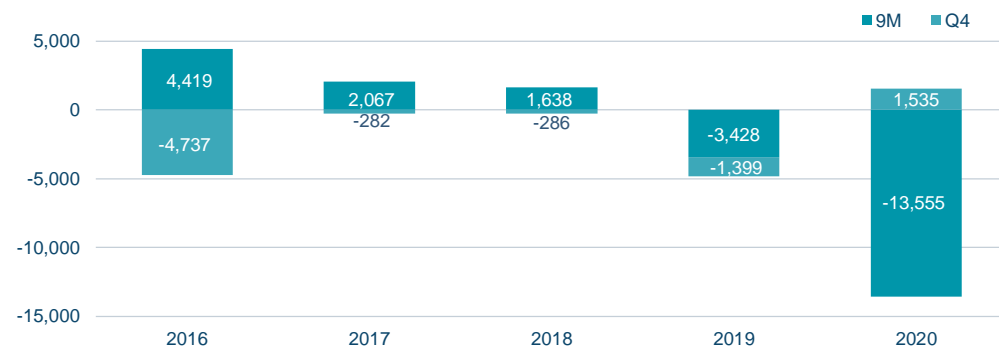
## Bonds



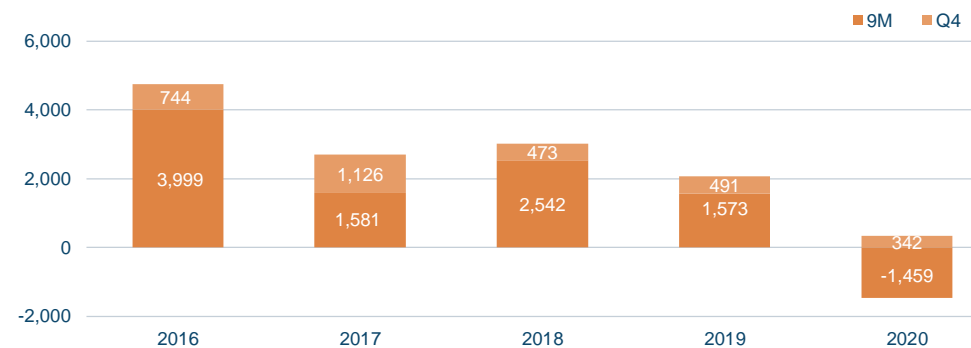
## FX gain (loss)



## Net adjustments and impairment



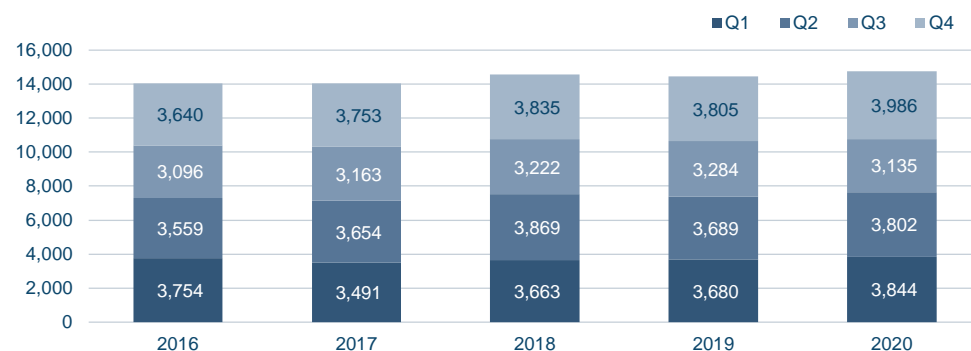
## Other operation income (expenses)



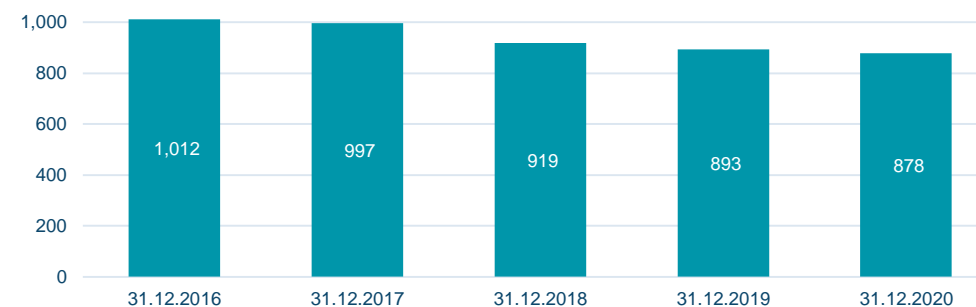
# Operating expenses

- Continued cost restraint and reduction in full-time equivalent positions alongside increased automation.

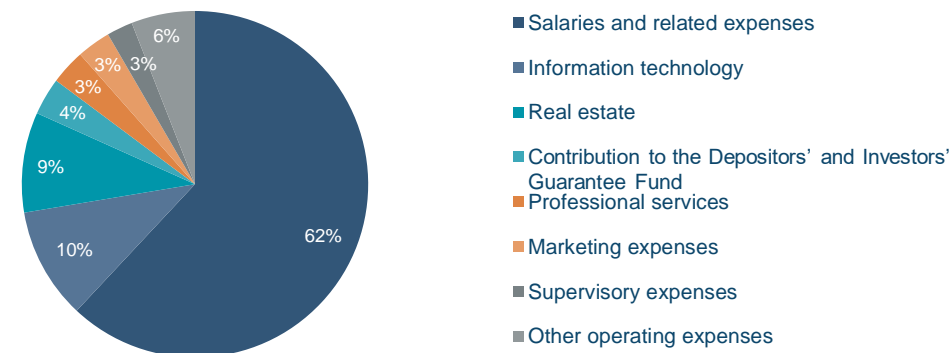
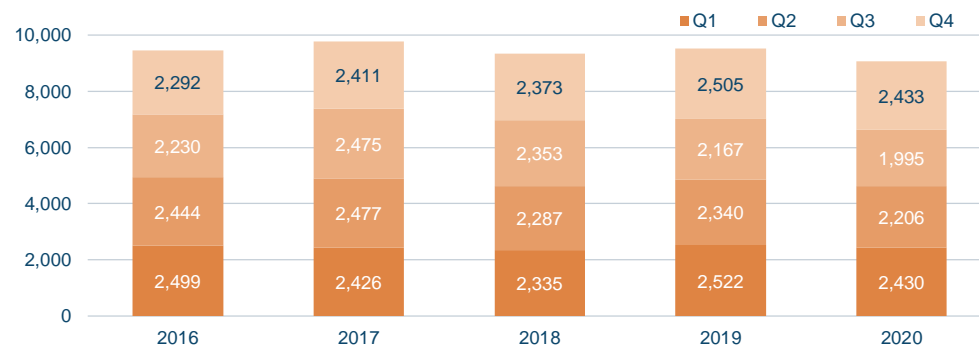
## Salaries and related expenses



## Full-time equiv. positions



## Other operating expenses



# Taxes

- Lower taxes as a result of drop in profits and reduced bank tax rate.

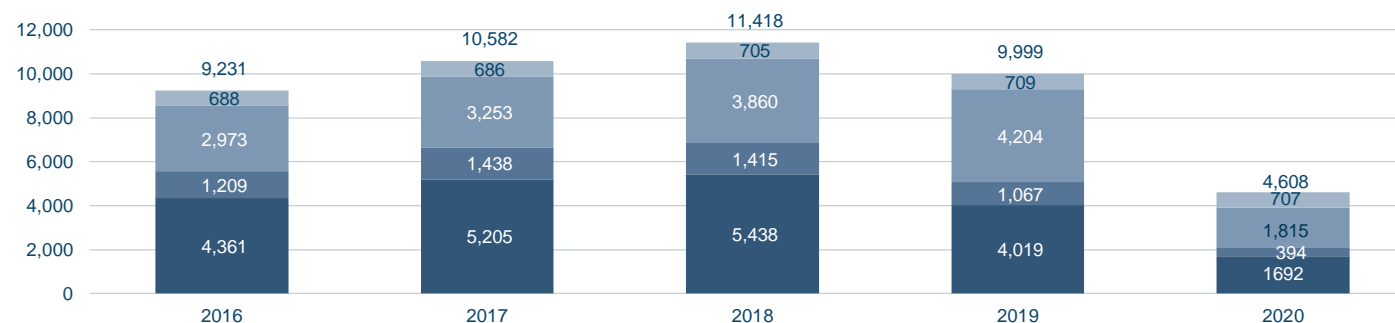
	2020	2019	Change	
Income tax	1,692	4,019	-2,327	-58%
Special financial activities tax on profits <sup>1</sup>	394	1,067	-673	-63%
<b>Income tax</b>	<b>2,086</b>	<b>5,086</b>	<b>-3,000</b>	<b>-59%</b>
Tax on liabilities of financial institutions <sup>2</sup>	1,815	4,204	-2,389	-57%
Special financial activities tax on salaries <sup>3</sup>	707	709	-2	0%
<b>Total taxes</b>	<b>4,608</b>	<b>9,999</b>	<b>-5,391</b>	<b>-54%</b>

<sup>1</sup> 6% additional tax on a taxable income base in excess of ISK 1bn

<sup>2</sup> The special tax on financial undertakings is 0.145% (0,376% 2019), based on the book value of liabilities at year-end, and is paid annually. The tax is levied on the book value of liabilities, including tax liabilities, in excess of ISK 50 billion. The special tax on financial undertakings comes under non-deductible income tax fees.

<sup>3</sup> 5.5% tax on wages, entered as wages and related expenses in the annual financial statements.

## Taxes



- Special financial activities tax on salaries
- Tax on liabilities of financial institutions
- Special financial activities tax on profits
- Income tax

# Balance sheet

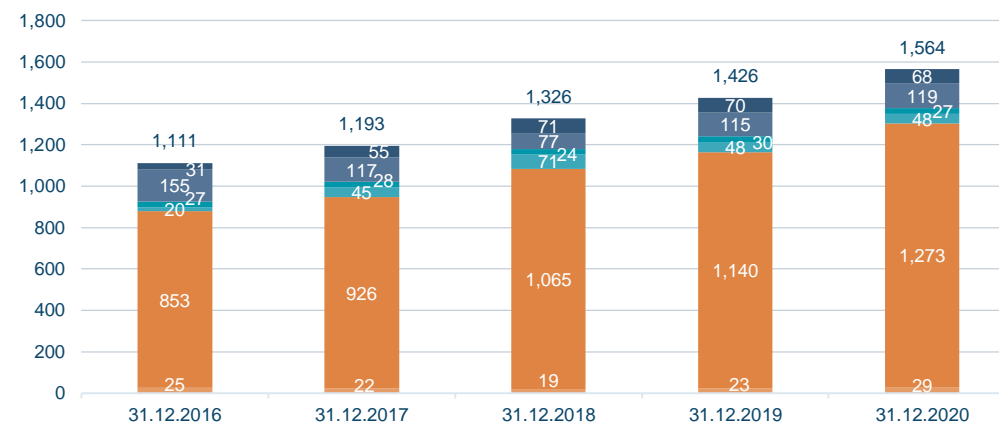
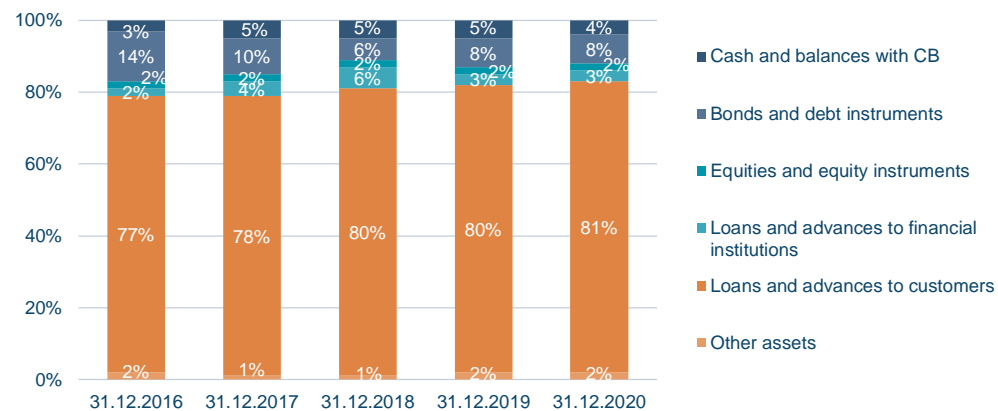


# Total assets

-Total Assets increase by 10% year-on-year, driven by increased market share in mortgage lending to individuals.

	31.12.2020	31.12.2019	Change	
Cash and balances with Central Bank	67,604	69,824	-2,220	-3%
Market bonds	119,330	115,262	4,068	4%
Equities	26,808	30,019	-3,211	-11%
Loans and receivables to credit institutions	48,073	47,929	144	0%
Loans and receivables to customers	1,273,426	1,140,184	133,242	12%
Other assets	28,936	23,110	5,826	25%
<b>Total</b>	<b>1,564,177</b>	<b>1,426,328</b>	<b>137,849</b>	<b>10%</b>

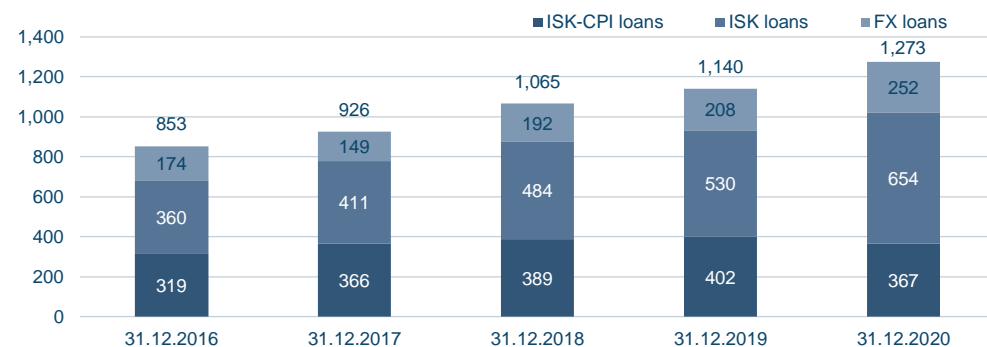
Amounts in ISK million



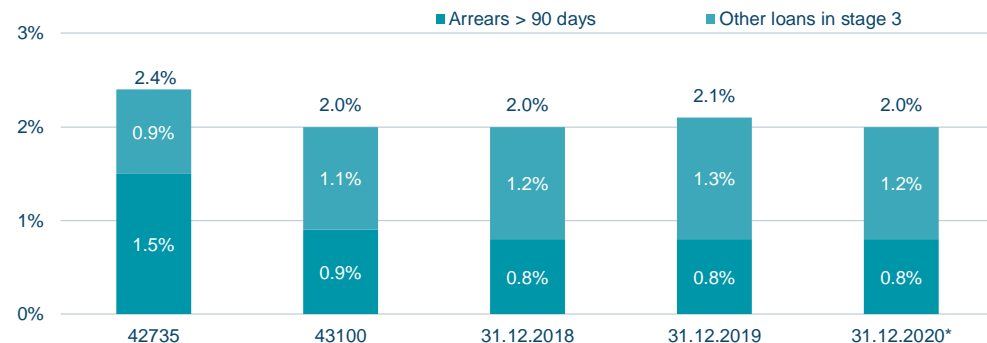
# Loans

- High growth in non-indexed loans while inflation-indexed lending contracts.

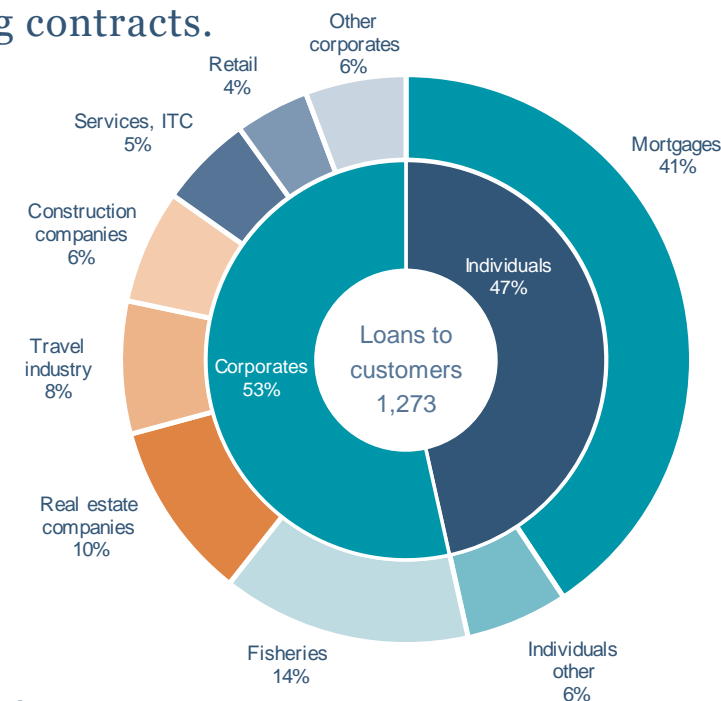
## Total loan portfolio



## Problem loans



\*Temporary COVID-19 measures and payment holidays lead to lower values for loans 90 days in arrears



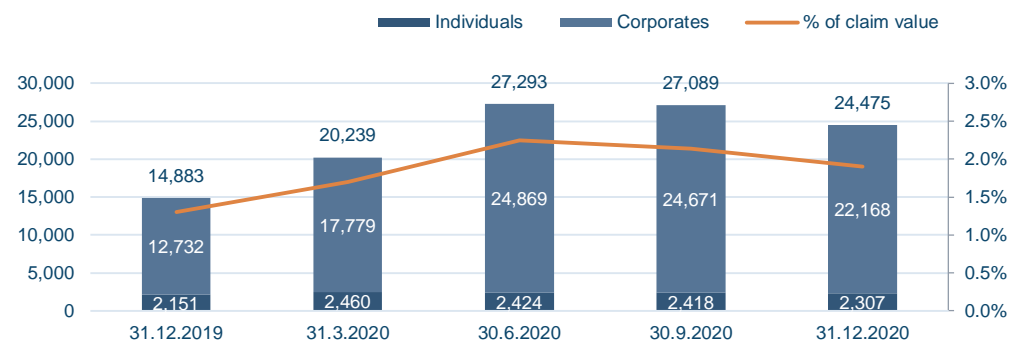
## Loan staging

	Gross book value		Provisions for impairment		Net book value	
Stage 1	1,089	83.9%	4	0.4%	1,085	85.2%
Stage 2	153	11.8%	7	4.6%	146	11.5%
Stage 3	40	3.1%	14	35.0%	26	2.0%
Fair value	16	1.2%	-	-	16	1.3%
<b>Total</b>	<b>1,298</b>	<b>100%</b>	<b>25</b>	<b>1.9%</b>	<b>1,273</b>	<b>100%</b>

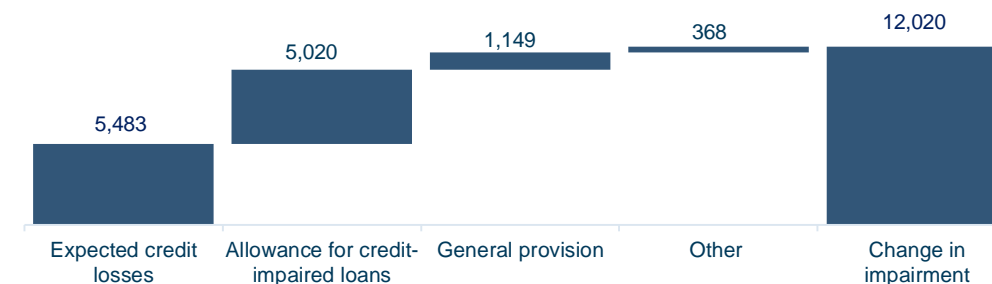
# Impairment on loans

-Significant increase in provisions for impairment in 2020, mostly linked to developments in the travel industry.

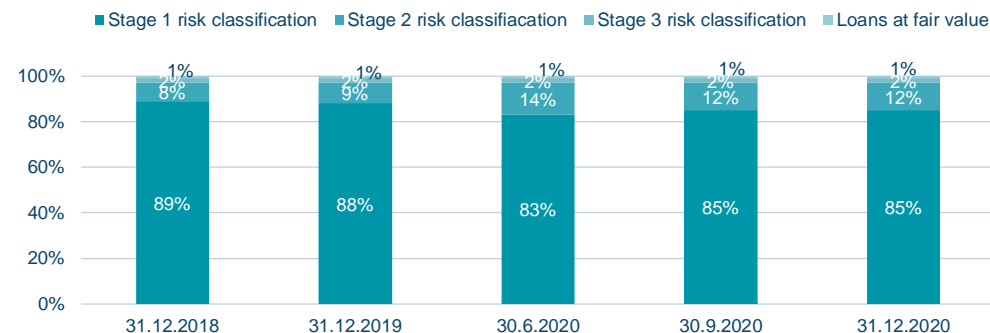
## Allowance for impairment on loans and advances to customers



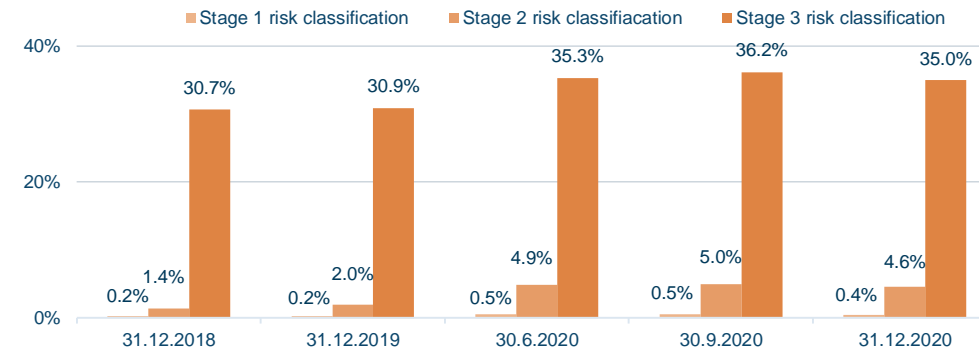
## Impact on impairment in income statement 2020



## Loans by allocation to risk classes



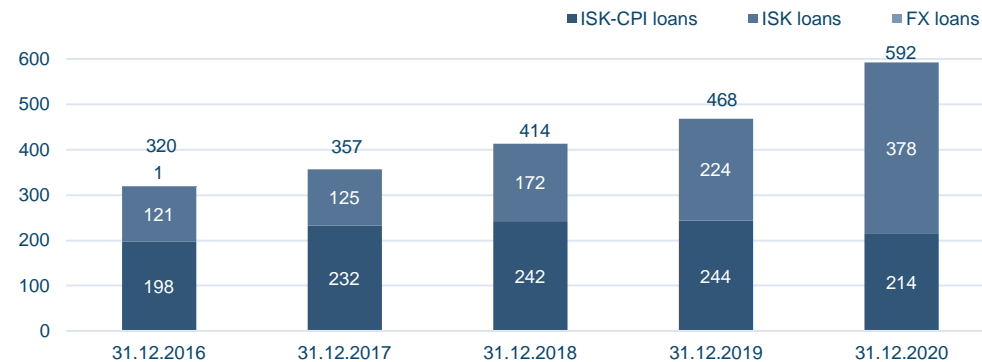
## Allowance as percentage of gross carrying amount



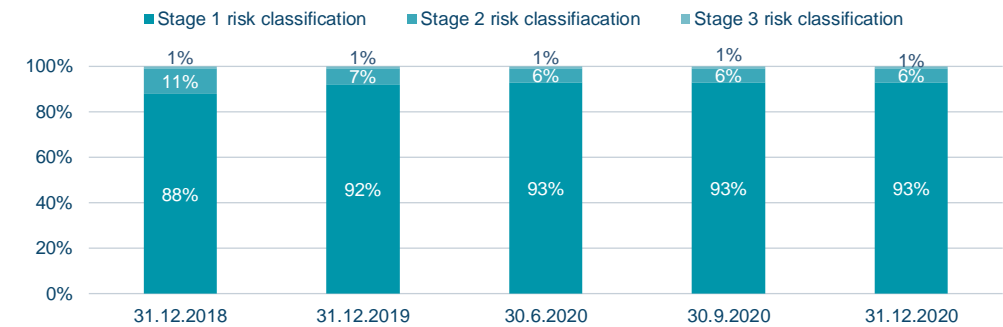
# Loans to individuals

- Non-indexed mortgages grew by ISK 153 bn, offset by repayments of inflation-indexed mortgages in the amount of ISK 27 bn.

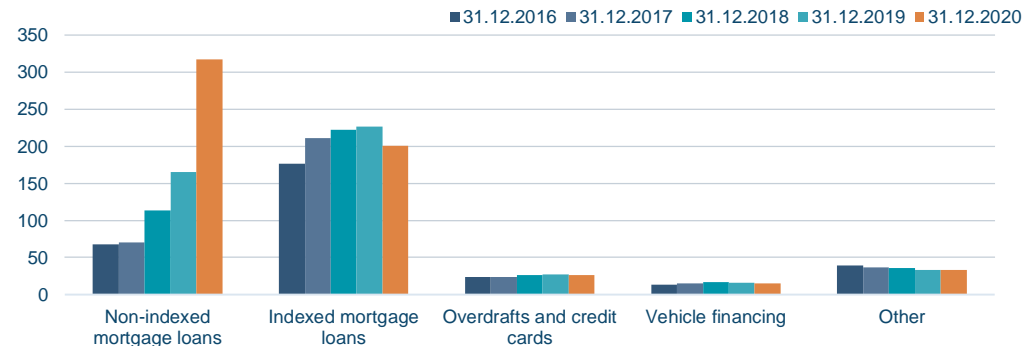
## Loans to individuals



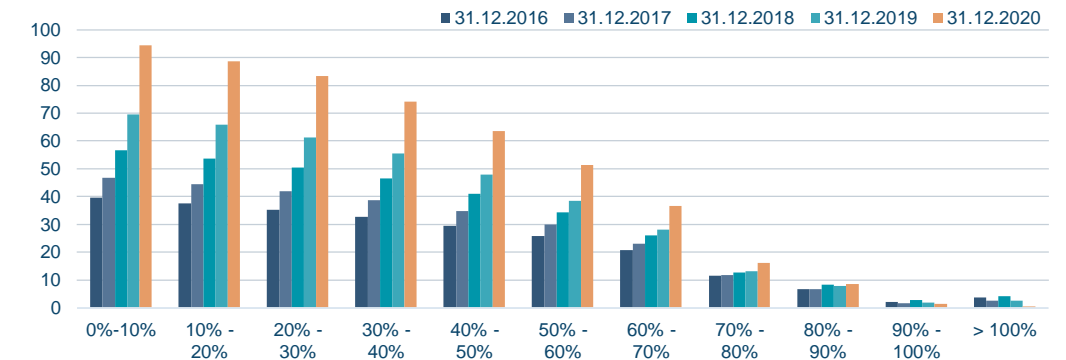
## Loans to individuals by allocation to risk classes



## Loans to individuals by loan types



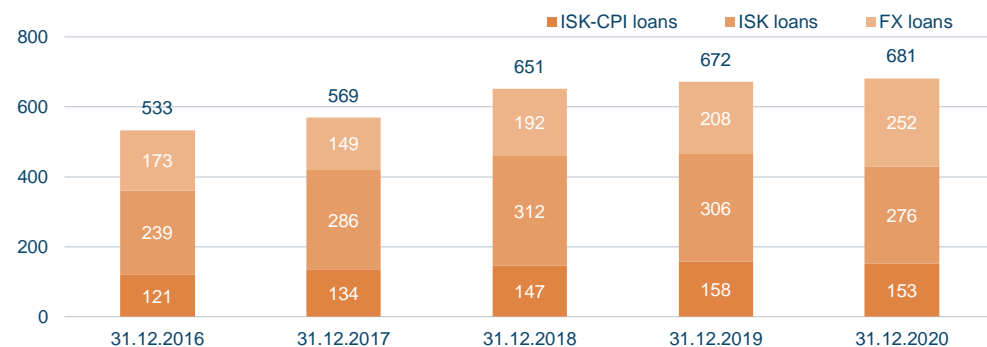
## Continuous LTV distribution of mortgage



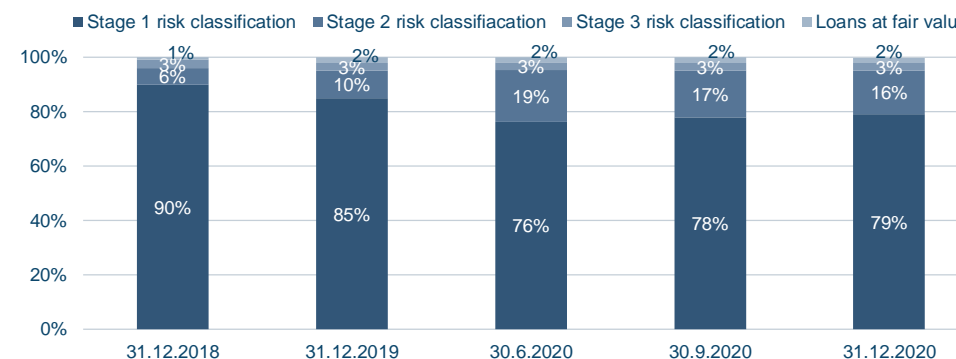
# Loans to corporates

- Increase in lending to the fisheries sector; economic recession leads to limited demand from other sectors.

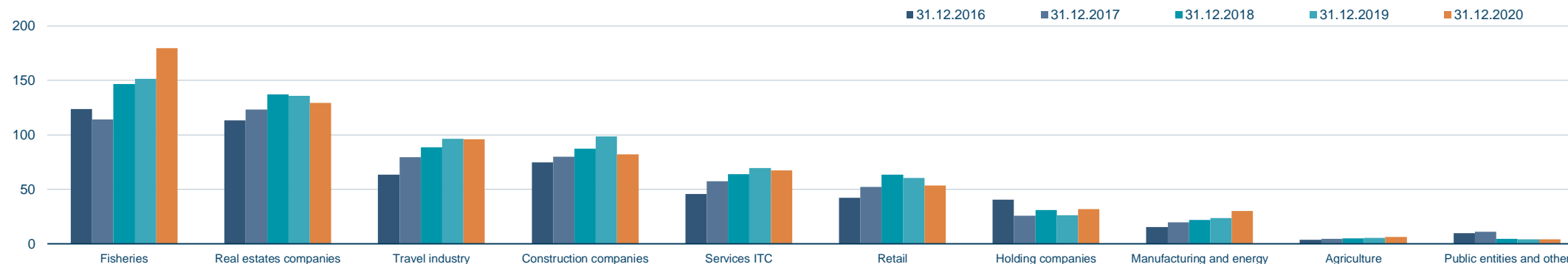
## Loans to corporates



## Loans to corporates by allocation



## Loans to corporates by industry sector



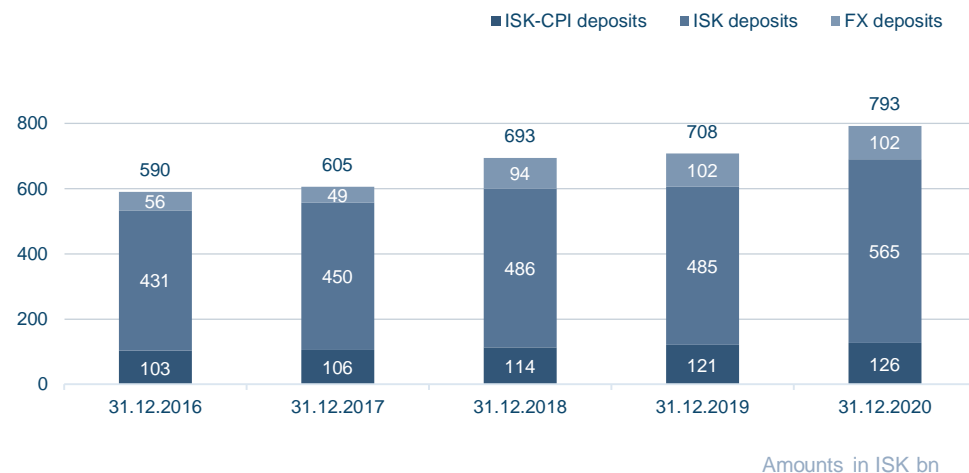
# Liabilities and equity

- Great growth in deposits, which remain around half of the Bank's total funding.

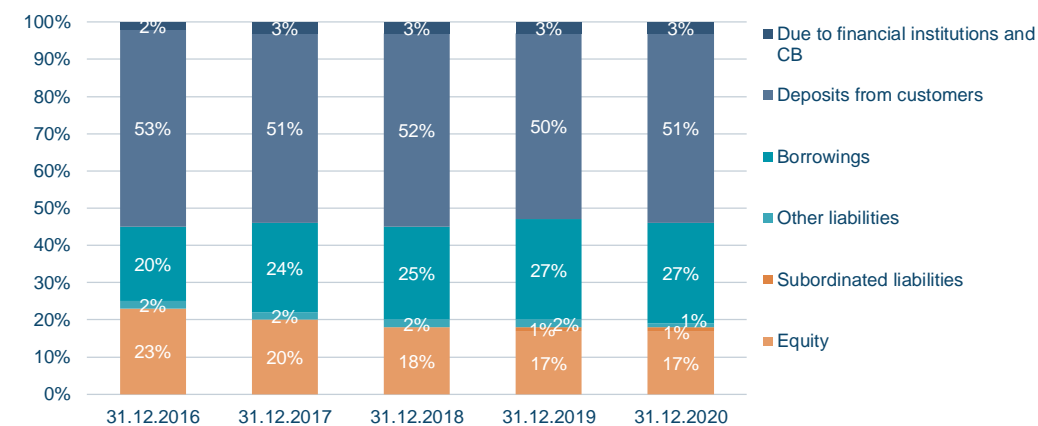
	31.12.2020	31.12.2019	Change	
Due to financial institutions and CB	48,725	48,062	663	1%
Deposits from customers	793,427	707,813	85,614	12%
Borrowings	420,178	373,168	47,010	13%
Other liabilities	22,226	30,470	-8,244	-27%
Subordinated liabilities	21,366	19,081	2,285	12%
Equity	258,255	247,734	10,521	4%
<b>Total</b>	<b>1,564,177</b>	<b>1,426,328</b>	<b>137,849</b>	<b>10%</b>

Amounts in ISK million

## Deposits from customers



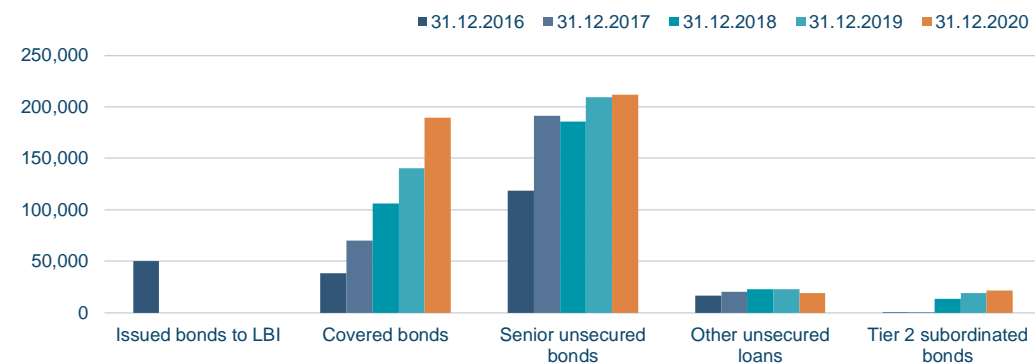
## Liabilities and equity



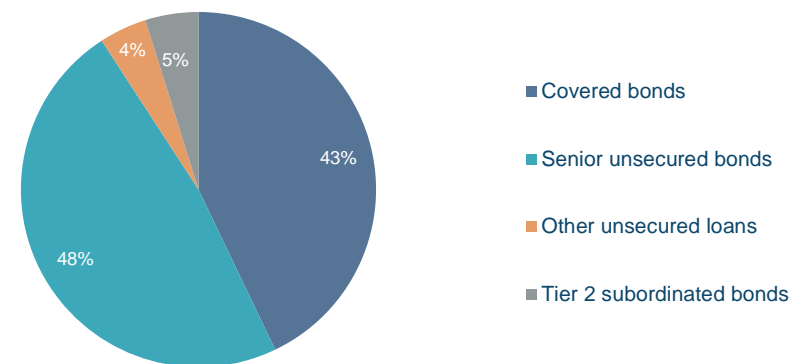
# Borrowings

- Steady growth in the issuance of covered bonds in recent years.

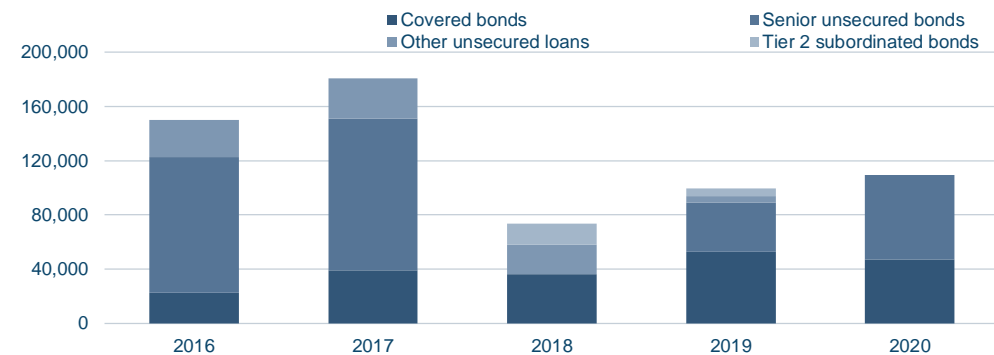
## Borrowings



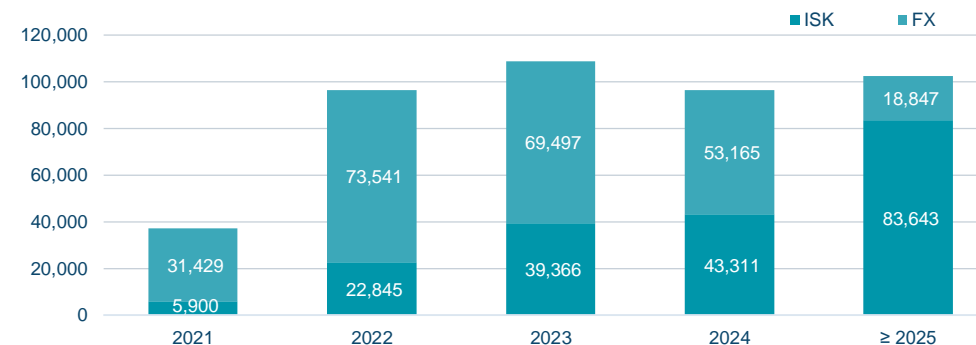
## Itemisation of Borrowings



## Borrowing issuance



## Maturity profile\*



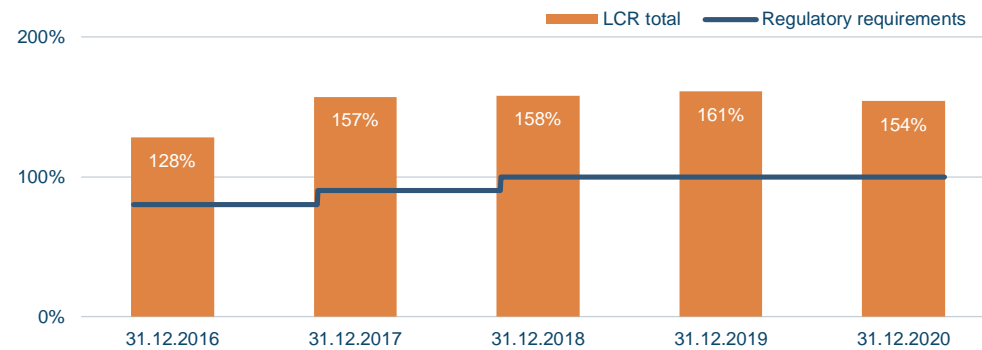
\*EUR 100 m subordinated debt matures in 2028 with a 10NC5 structure.  
ISK 5.5 bn subordinated debt matures in 2029 with a 10NC5 structure.

Amounts in ISK million

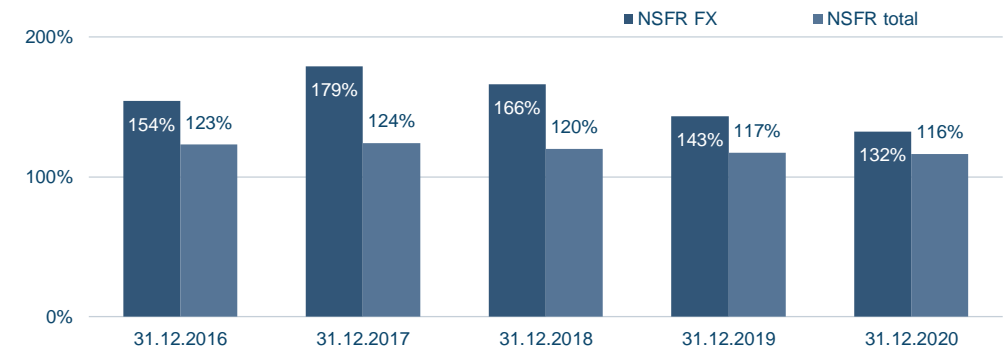
# Liquidity ratio and net stable funding ratio

- Strong liquidity and funding ratios.

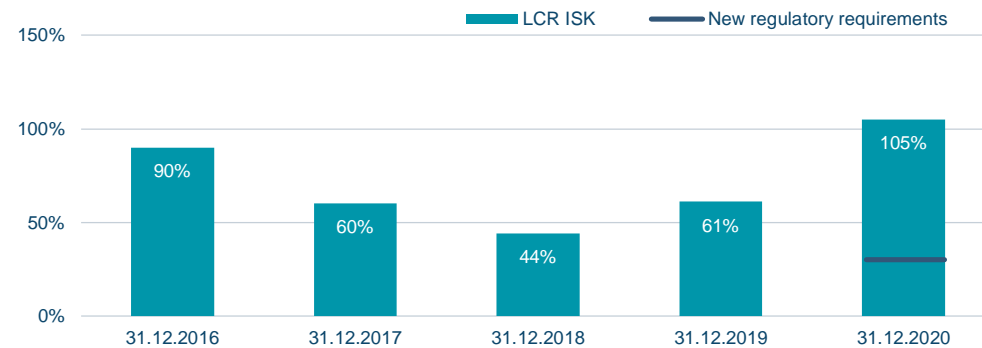
## Liquidity coverage ratio total



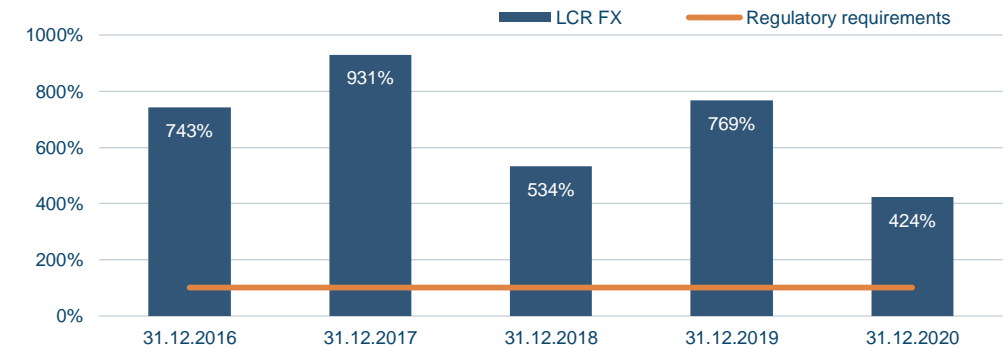
## Net stable funding ratio



## Liquidity coverage ratio ISK



## Liquidity coverage ratio FX

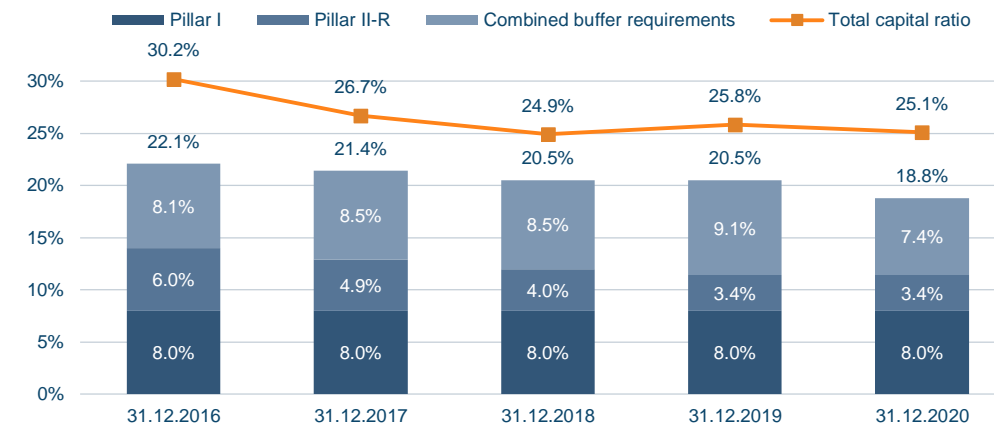


# Capital requirements

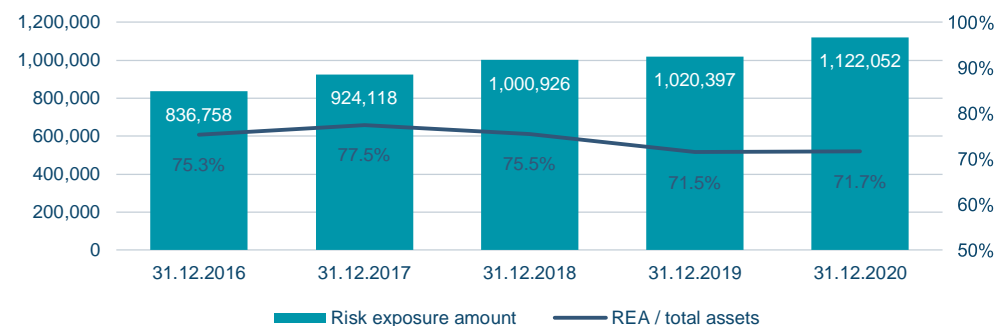
- Capital ratios well above minimum requirements.

	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%
Pillar II-R	1.9%	2.6%	3.4%
<b>Minimum requirement under Pillar I and Pillar II-R</b>	<b>6.4%</b>	<b>8.6%</b>	<b>11.4%</b>
Systemic risk buffer	2.88%	2.88%	2.88%
Capital buffer for systematically important institutions	2.00%	2.00%	2.00%
Countercyclical capital buffer	0.00%	0.00%	0.00%
Capital conservation buffer	2.50%	2.50%	2.50%
<b>Combined buffer requirements under Pillar II-G</b>	<b>7.38%</b>	<b>7.38%</b>	<b>7.38%</b>
<b>Total capital requirement</b>	<b>13.8%</b>	<b>16.0%</b>	<b>18.8%</b>
<b>Total capital ratio as at 31.12.2020</b>	<b>23.2%</b>	<b>23.2%</b>	<b>25.1%</b>

## Regulatory total capital requirement as a ratio of REA



## Risk exposure amount



- The Group basis calculation of Pillar 1 capital requirements for lending and market risk on the standardised approach. The basic indicator approach is used to calculate operational risk. The Bank applies the dynamic approach in terms of the IFRS 9 transitional arrangements.
- On 19 March 2020, the Central Bank of Iceland decided to abolish the requirement for a 2% countercyclical capital buffer on domestic exposures, in response to the COVID-19 pandemic. FSA Iceland's total core capital requirement for Landsbankinn at the end of 2020 was 18.8%

# Dividends and capital ratio

- Dividends proposal for 2021 complies with the maximum benchmark set by the Central Bank's Financial Supervision Committee.

## No dividend paid in 2020

- Landsbankinn's Annual General Meeting (AGM), held on 22 April 2020, approved the motion of the Board of Directors to not pay a dividend for the operating year 2019 in light of economic uncertainty caused by COVID-19 and in line with directions from the Central Bank of Iceland.

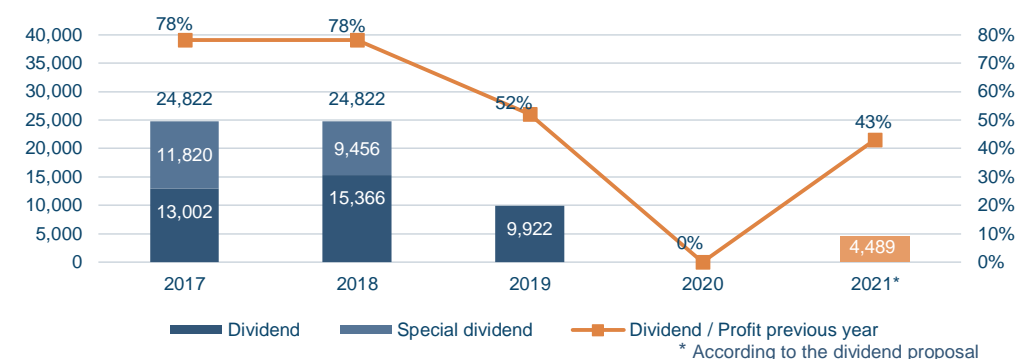
## Dividend proposal for 2021

- The Board of Directors intends to propose to the AGM that a dividend of ISK 0.19 per share be paid to shareholders for the operating year 2020. The total dividend would be ISK 4,489 million, corresponding to 43% of the consolidated profit in 2020. The dividend proposal complies with guidelines from the Financial Supervision Committee of the Central Bank of Iceland.

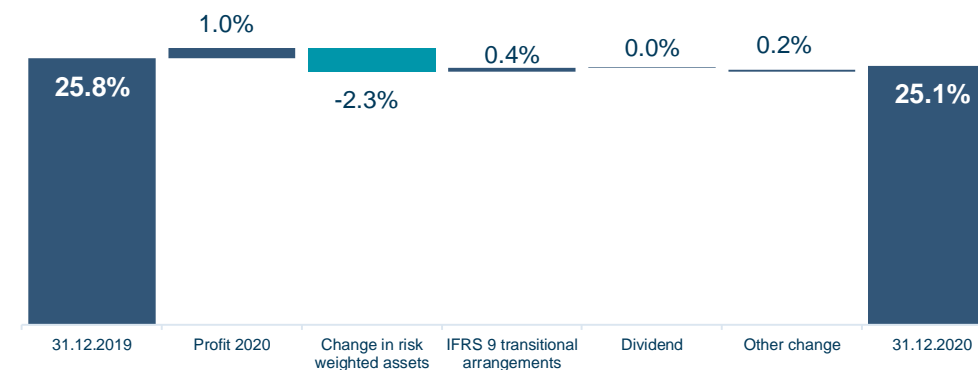
## Landsbankinn's dividend policy

- Landsbankinn aims to pay regular dividends to shareholders amounting in general to  $\geq 50\%$  of the previous year's profit. To achieve Landsbankinn's target capital ratio, the aim is also to make special dividend payments to optimise the Bank's capital structure.
- In determining the amount of dividend payments, the Bank's continued strong financial position shall be ensured. Regard shall be had for risk in the Bank's internal and external environment, growth prospects and the maintenance of a long-term, robust equity and liquidity position, as well as compliance with regulatory requirements of financial standing at any given time.

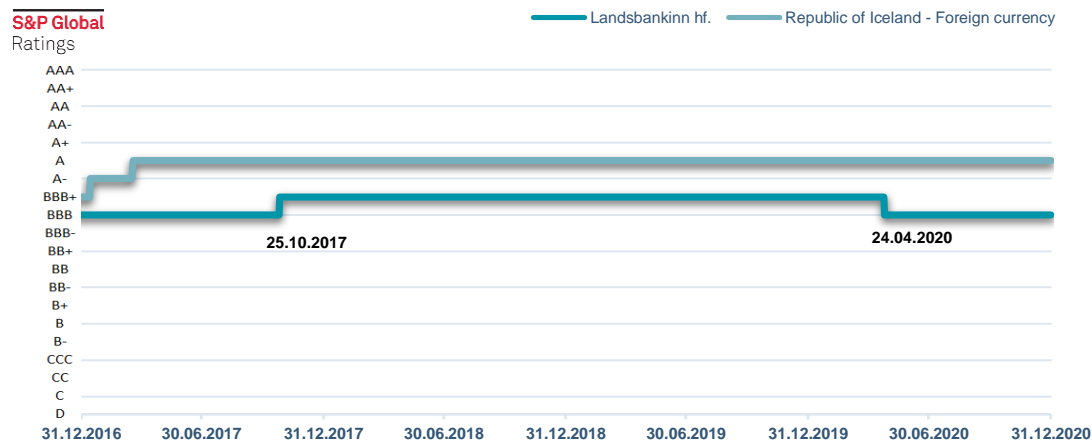
## Dividends



## Total capital ratio, changes in 2020



# Ownership and credit rating

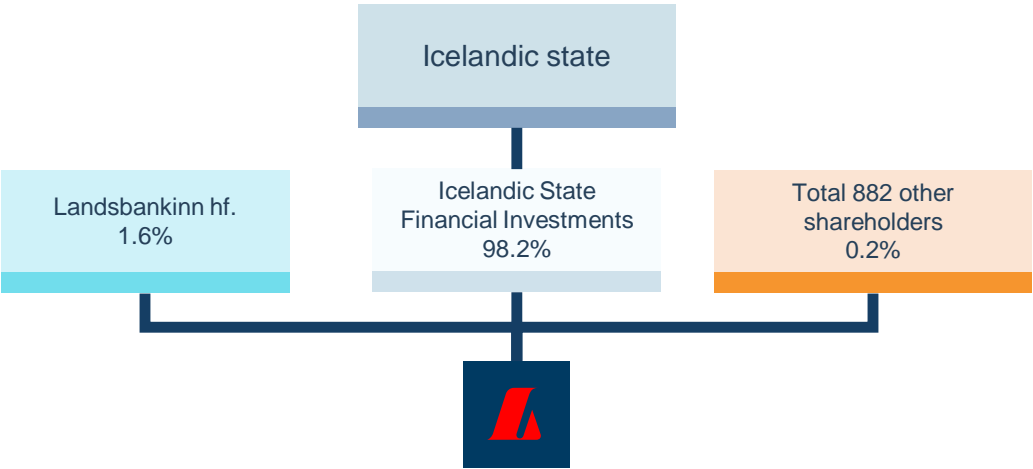


	 Icelandic sovereign	Landsbankinn hf. Issuer rating	Covered bond rating
Long-term	A	BBB	A-
Short-term	A-1	A-2	-
Outlook	Stable	Stable	Stable
Date of issue	March 2017	April 2020	January 2021

- A new State Ownership Policy for financial undertakings was published in February 2020.

## The State’s plans for Landsbankinn

- The State aims to maintain a significant holding in the Bank in the long term to contribute to stability in the financial system and safeguard necessary infrastructure.
- No decision will be taken on the sale of any of the State’s share in the Bank until the State has finalised sale of its entire holding in Íslandsbanki.

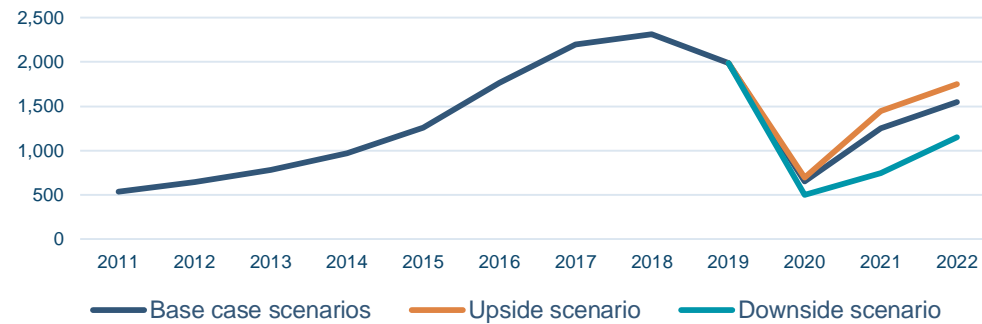


# Appendix - further information



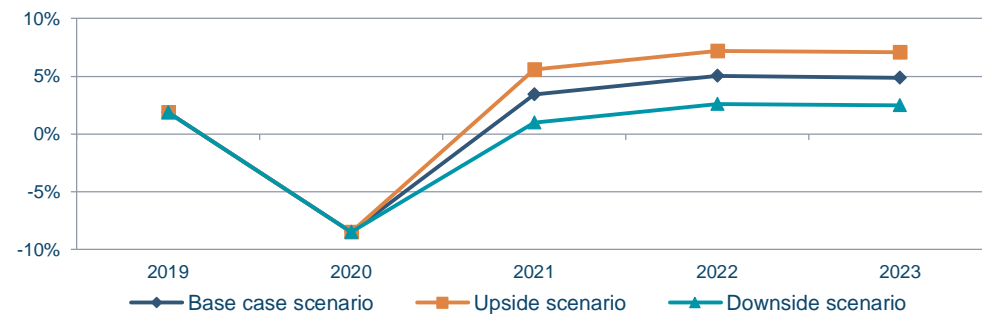
# Economic scenarios for expected credit loss

Scenarios - Tourist numbers (thousand individuals)

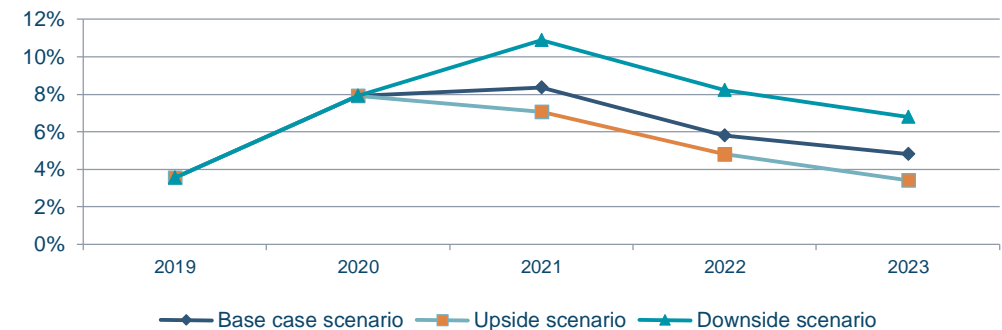


- Landsbankinn Economic Research prepares scenarios to support forecasts for important economic variables.
- These scenarios show key economic variables used to calculate expected credit loss (ECL) for stages 1 and 2.
- The forecasts show averages for the 12-month outlook and to the medium-term forecast horizon.
- In calculating ECL, the optimistic scenario is given 25% weight, the baseline 50% weight and the pessimistic scenario 25% weight.

Economic growth

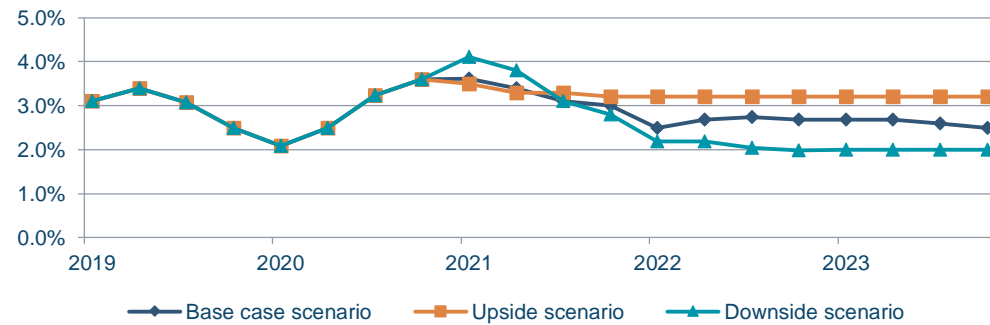


Unemployment

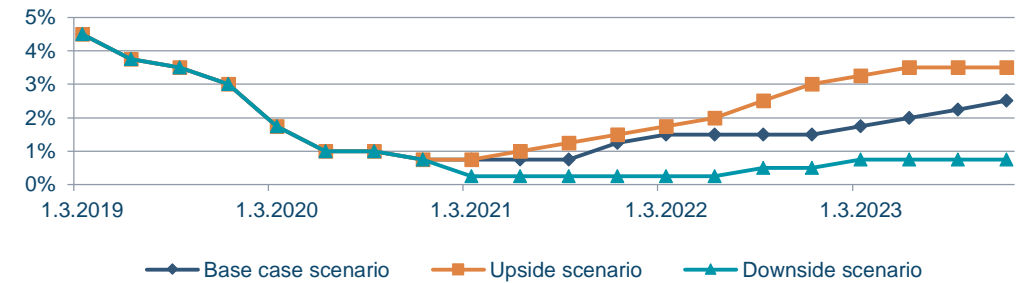


# Economic scenarios for assessing ECL

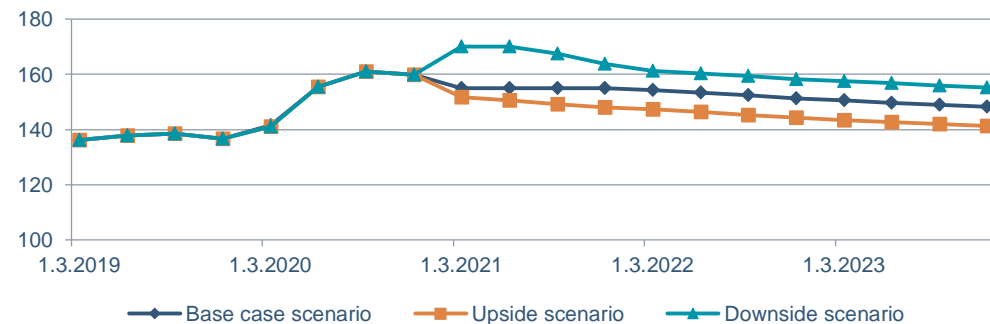
## Inflation



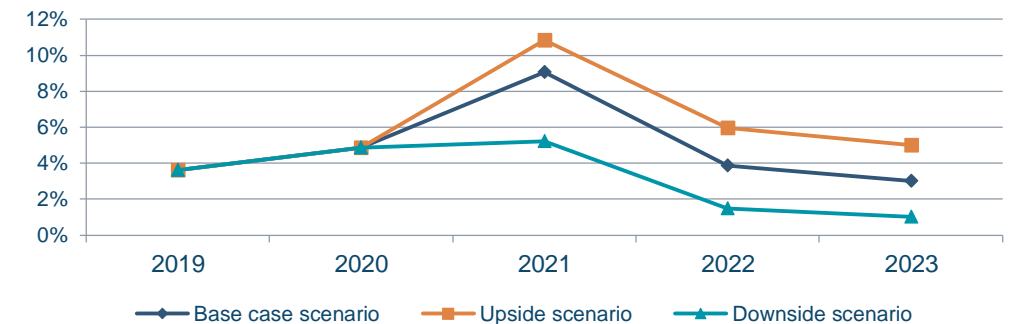
## CBI's key rate (seven-day term deposit rate)



## EUR/ISK



## Housing price (YoY change)



# Key financial ratios

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	2020	2019	2018	2017	2016
Profit (loss) after taxes	9,822	3,986	341	-3,628	3,875	10,521	18,235	19,260	19,766	16,643
Return on equity before taxes	17.8%	8.5%	-0.9%	-5.4%	8.0%	5.1%	9.6%	11.1%	11.0%	8.7%
Return on equity after taxes	15.5%	6.5%	0.6%	-5.9%	6.3%	4.3%	7.5%	8.2%	8.2%	6.6%
After-tax return on average assets	2.5%	1.0%	0.1%	-1.0%	1.1%	0.7%	1.3%	1.5%	1.7%	1.5%
Total capital ratio	25.1%	24.7%	24.9%	24.8%	25.8%	25.1%	25.8%	24.9%	26.8%	30.2%
Net interest income	9,694	9,441	9,512	9,427	9,580	38,074	39,670	40,814	36,271	34,650
Interest spread as a ratio of average total assets	2.4%	2.4%	2.5%	2.6%	2.7%	2.5%	2.8%	3.2%	3.1%	3.1%
Cost-income ratio	38.8%	46.6%	42.7%	77.8%	46.2%	47.4%	42.6%	45.5%	46.1%	48.4%
Liquidity ratio LCR total	154%	186%	191%	196%	161%	154%	161%	158%	157%	128%
Liquidity LCR FX	424%	379%	476%	489%	769%	424%	769%	534%	931%	743%
Liquidity LCR ISK	105%	107%	114%	96%	61%	105%	61%	44%	60%	90%
Net stable funding ratio NSFR total	116%	115%	117%	115%	117%	116%	117%	120%	124%	123%
Net stable funding ratio NSFR FX	132%	116%	121%	127%	143%	132%	143%	166%	179%	154%
Operating expenses as a ratio of average total assets	1.6%	1.3%	1.6%	1.7%	1.8%	1.6%	1.7%	1.9%	2.0%	2.1%
Total assets	1,564,177	1,610,265	1,501,110	1,523,188	1,426,328	1,564,177	1,426,328	1,326,041	1,192,870	1,111,157
Loans / deposits ratio	160.5%	154.3%	157.9%	157.7%	161.1%	160.5%	161.1%	153.6%	153.0%	144.7%
Full-time equiv. positions	878	884	872	886	893	878	893	919	997	1,012

# Operations

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net interest income	9,694	9,441	9,512	9,427	9,580
Net fee & commission income	1,981	2,059	1,653	1,945	2,125
Net valuation adjustments	1,535	-120	-8,191	-5,244	-1,399
Net foreign exchange gain (loss)	-52	-52	-259	85	-300
Other net operating income	4,919	-427	3,160	-2,813	2,257
<b>Total operating income</b>	<b>18,077</b>	<b>10,901</b>	<b>5,875</b>	<b>3,400</b>	<b>12,263</b>
Salaries and related expenses	3,986	3,135	3,802	3,844	3,805
Other operating expenses	2,433	1,995	2,206	2,430	2,505
Tax on liabilities of financial institutions	400	540	425	450	1,064
<b>Total operating expenses</b>	<b>6,819</b>	<b>5,670</b>	<b>6,433</b>	<b>6,724</b>	<b>7,374</b>
<b>Profit ( Loss) before tax</b>	<b>11,258</b>	<b>5,231</b>	<b>-558</b>	<b>-3,324</b>	<b>4,889</b>
Income tax	1,436	1,245	-899	304	1,014
<b>Profit (loss) for the year</b>	<b>9,822</b>	<b>3,986</b>	<b>341</b>	<b>-3,628</b>	<b>3,875</b>

	2020	2019	2018	2017	2016
Net interest income	38,074	39,670	40,814	36,271	34,650
Net fee & commission income	7,638	8,219	8,157	8,431	7,809
Net valuation adjustments	-12,020	-4,827	1,352	1,785	-318
Net foreign exchange gain (loss)	-278	-584	-1,497	-1,375	-179
Other net operating income	4,839	9,039	5,084	8,400	6,738
<b>Total operating income</b>	<b>38,253</b>	<b>51,517</b>	<b>53,910</b>	<b>53,512</b>	<b>48,700</b>
Salaries and related expenses	14,767	14,458	14,589	14,061	14,049
Other operating expenses	9,064	9,534	9,348	9,789	9,465
Tax on liabilities of financial institutions	1,815	4,204	3,860	3,253	2,973
<b>Total operating expenses</b>	<b>25,646</b>	<b>28,196</b>	<b>27,797</b>	<b>27,103</b>	<b>26,487</b>
<b>Profit ( Loss) before tax</b>	<b>12,607</b>	<b>23,321</b>	<b>26,113</b>	<b>26,409</b>	<b>22,213</b>
Income tax	2,086	5,086	6,853	6,643	5,570
<b>Profit (loss) for the year</b>	<b>10,521</b>	<b>18,235</b>	<b>19,260</b>	<b>19,766</b>	<b>16,643</b>

# Balance sheet

	31.12.2020	31.12.2019	Change	
Cash and balances with CB	67,604	69,824	-2,220	-3%
Bonds and debt instruments	119,330	115,262	4,068	4%
Equities and equity instruments	26,808	30,019	-3,211	-11%
Loans and advances to fin institutions	48,073	47,929	144	0%
Loans and advances to customers	1,273,426	1,140,184	133,242	12%
Other assets	28,936	23,110	5,826	25%
<b>Total assets</b>	<b>1,564,177</b>	<b>1,426,328</b>	<b>137,849</b>	<b>10%</b>
Due to financial institutions and CB	48,725	48,062	663	1%
Deposits from customers	793,427	707,813	85,614	12%
Borrowing	420,178	373,168	47,010	13%
Other liabilities	22,227	30,470	-8,243	-27%
Subordinated liabilities	21,366	19,081	2,285	12%
Equity	258,254	247,734	10,520	4%
<b>Total liabilities and equity</b>	<b>1,564,177</b>	<b>1,426,328</b>	<b>137,849</b>	<b>10%</b>

	31.12.2018	31.12.2017	31.12.2016
	70,854	55,192	30,662
	77,058	117,310	154,892
	23,547	27,980	26,688
	71,385	44,866	20,408
	1,064,532	925,636	853,417
	18,665	21,886	25,090
	<b>1,326,041</b>	<b>1,192,870</b>	<b>1,111,157</b>
	34,609	32,062	20,093
	693,043	605,158	589,725
	314,412	281,874	223,944
	31,027	27,642	25,776
	13,340	77	388
	239,610	246,057	251,231
	<b>1,326,041</b>	<b>1,192,870</b>	<b>1,111,157</b>

# Operating segments

1.1.2020 - 31.12.2020	Personal Banking	Corporate Banking	Markets	Treasury	Support functions	Reconciliation	Total
Net interest income	17,299	18,694	323	1,784	-26	0	38,074
Net fee and commission income	3,164	880	4,272	-460	40	-258	7,638
Net valuation adjustments	-2,090	-10,040	0	111	-1	0	-12,020
Other net operating income (expense)	857	-1,753	742	4,709	27	-21	4,561
<b>Total operating income (expense)</b>	<b>19,230</b>	<b>7,781</b>	<b>5,337</b>	<b>6,144</b>	<b>40</b>	<b>-279</b>	<b>38,253</b>
Operating expenses	-6,740	-2,425	-2,466	-1,080	-11,398	278	-23,831
Tax on liabilities of financial institutions	-617	-570	-13	-606	-9	0	-1,815
Cost allocated from support functions to business segments	-4,226	-2,650	-1,453	-778	9,107	0	0
<b>Profit (loss) before tax</b>	<b>7,647</b>	<b>2,136</b>	<b>1,405</b>	<b>3,680</b>	<b>-2,260</b>	<b>-1</b>	<b>12,607</b>
Income tax expense	-1,769	-652	-36	-91	462	0	-2,086
<b>Profit (loss) for the year</b>	<b>5,878</b>	<b>1,484</b>	<b>1,369</b>	<b>3,589</b>	<b>-1,798</b>	<b>-1</b>	<b>10,521</b>
Total assets	571,874	618,305	15,472	610,948	15,680	-268,102	1,564,177
Total liabilities	532,377	500,671	9,987	515,309	15,680	-268,102	1,305,922
Allocated capital	39,497	117,634	5,485	95,639	-	-	258,255

# Disclaimer

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