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## 9M 2019 Results

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Lilja B. Einarsdóttir  
CEO

Hreiðar Bjarnason  
CFO

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## DISCLAIMER

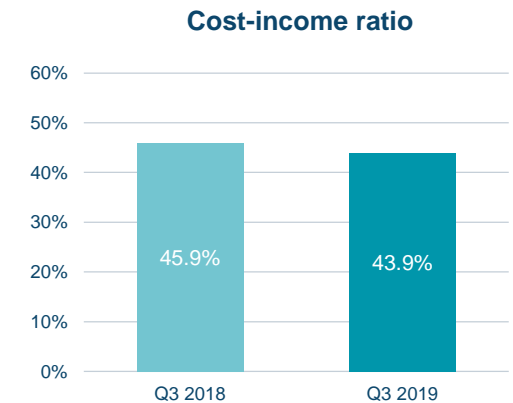
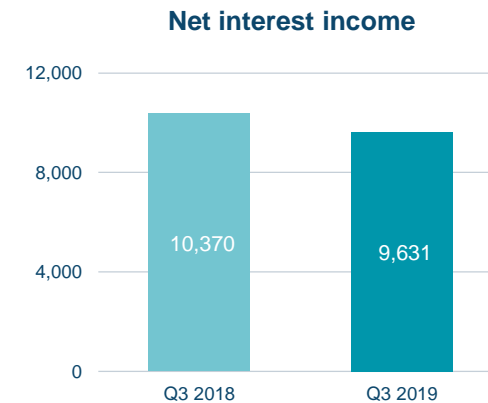
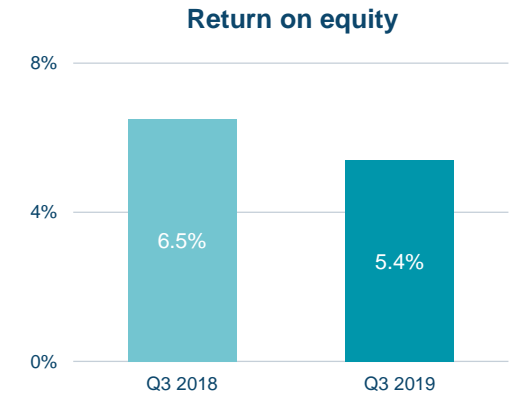
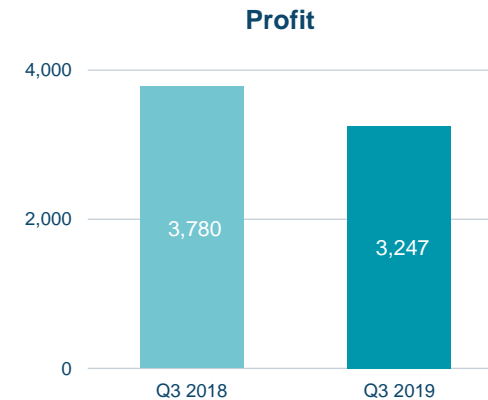
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# Highlights – Operations Q3 2019

## Highlights of Q3 2019

- The Bank's after-tax profit in Q3 in 2019 amounted to ISK 3.2 bn compared with ISK 3.8 bn for the same period in 2018.
- Net interest income amounted to ISK 9.6 bn in Q3 compared to ISK 10.4 bn in Q3 2018.
- Net valuation adjustments during the period were negative by ISK 1.1 bn compared to a negative change in the amount of ISK 89 m in Q3 of 2018.
- Net fee and commission income for the period amounted to ISK 2.0 bn in Q3 as compared to ISK 1.9 bn during the same period the previous year.
- Operating cost was ISK 5.5 bn, as compared with ISK 5.6 bn in Q3 2018.
- Return on equity (ROE) after taxes was 5.4% in Q3 2019 compared to a ROE of 6.5% during the same period in 2018.
- The cost-income ratio for Q3 was 43.9%, as compared with 45.9% for the same time last year.

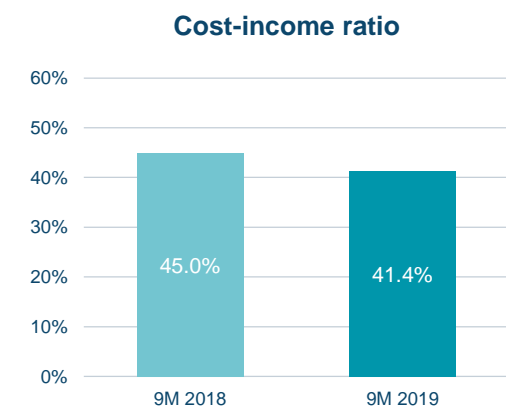
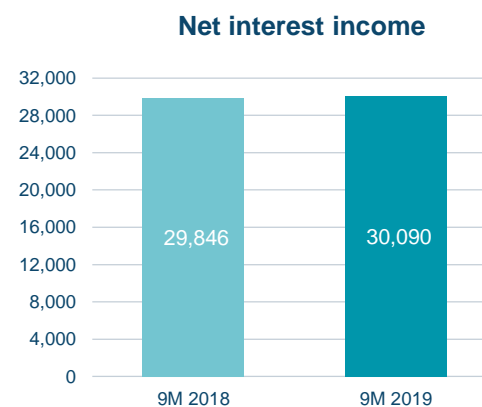
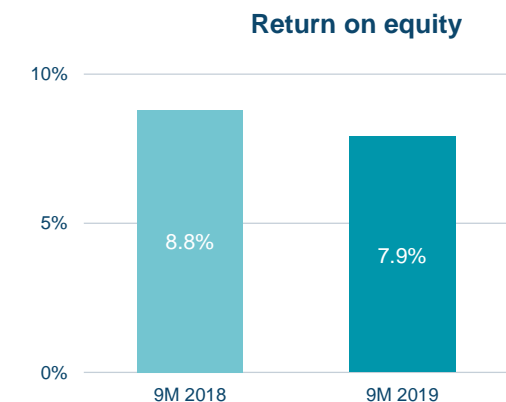
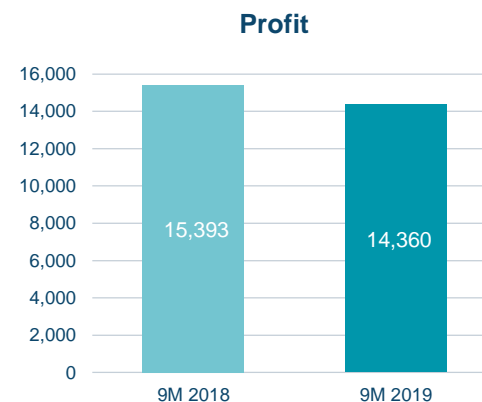


Amounts in ISKm

# Highlights – Operations 9M 2019

## Highlights of 9M 2019

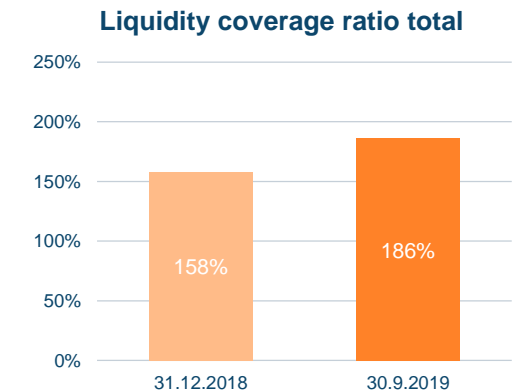
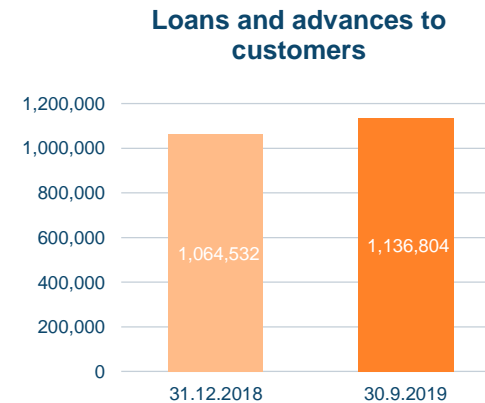
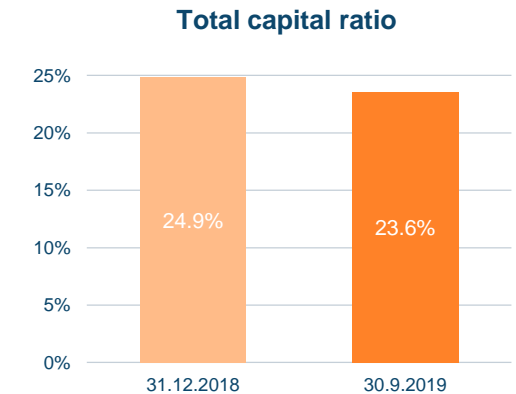
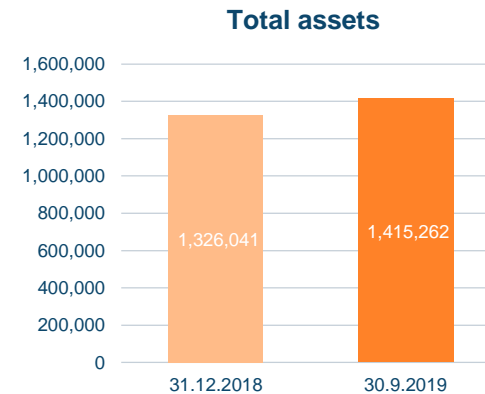
- The Bank's after-tax profit for the first nine months of 2019 amounted to ISK 14.4 bn, as compared to ISK 15.4 bn for the same period in 2018.
- Net interest income amounted to ISK 30.1 bn compared to ISK 29.8 for the same period in 2018.
- Net valuation adjustments during the period were negative by ISK 3.4 bn as compared with a positive change in the amount of ISK 1.6 bn for the same period in 2018.
- Net fee and commission income for the period amounted to ISK 6.1 bn compared to ISK 5.8 bn during the same period the previous year.
- Other operating income amounted to ISK 6.5 bn compared to ISK 3.8 bn for the same period in 2018.
- Operating cost was ISK 17.7 bn, remaining unchanged between periods.
- The interest margin on assets and liabilities was 2.4% at the end of September 2019, as compared to 2.7% at the end of September 2018.
- Return on equity (ROE) after taxes was 7.9% in the first 9M of 2019 as compared with a ROE of 8.8% for the same period in 2018.
- The cost-income ratio for the first nine months of the year was 41.4%, as compared with 45.0% for the same period last year.
- The effective income tax rate for the first 9M of 2019 was 22.1%.



Amounts in ISKm

## Highlights – Balance sheet

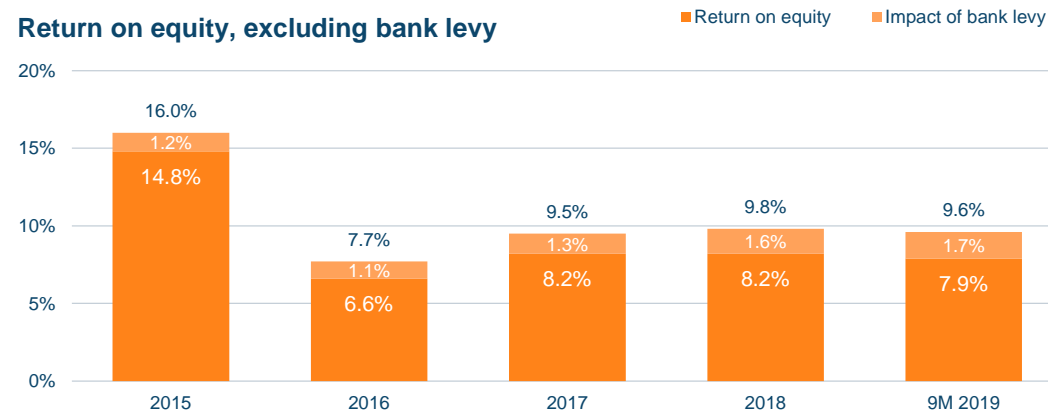
- Total assets amounted to ISK 1,415 bn as of the end of September 2019.
- Lending increased by ISK 72 billion in the first nine months of 2019. Lending to corporates increased by ISK 30 bn and lending to households by ISK 42 bn.
- Landsbankinn's equity was ISK 243.9 bn at the end of September 2019, up from ISK 239.6 bn the beginning of this year.
- The total capital ratio is now 23.6%, down from 24.9% at year-end 2018, and well above the FME's requirement of 20.4%.
- The Bank's AGM, held on 4 April 2019, approved a motion from the Board of Directors to pay a dividend in the amount of ISK 9,922 m for the 2018 operating year in two payments in April and in October.
- The total liquidity coverage ratio (LCR) is 186% as at 30 September 2019, up from 158% at year-end 2018. According to the Central Bank's rules, there is a minimum 100% LCR requirement, both in total and in foreign currencies.



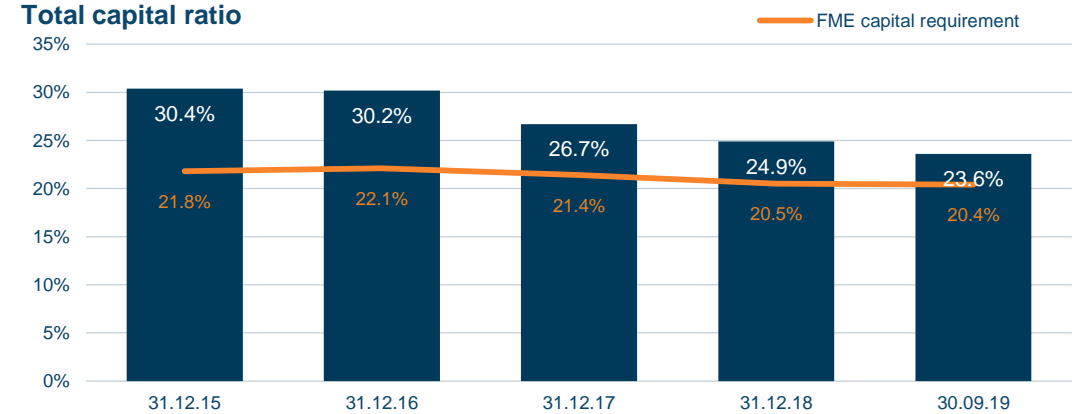
Amounts in ISK m

# Development of KPIs

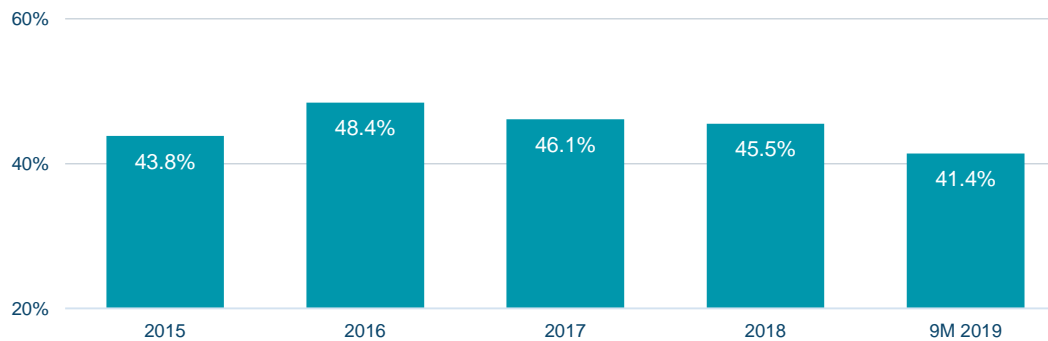
## Return on equity, excluding bank levy



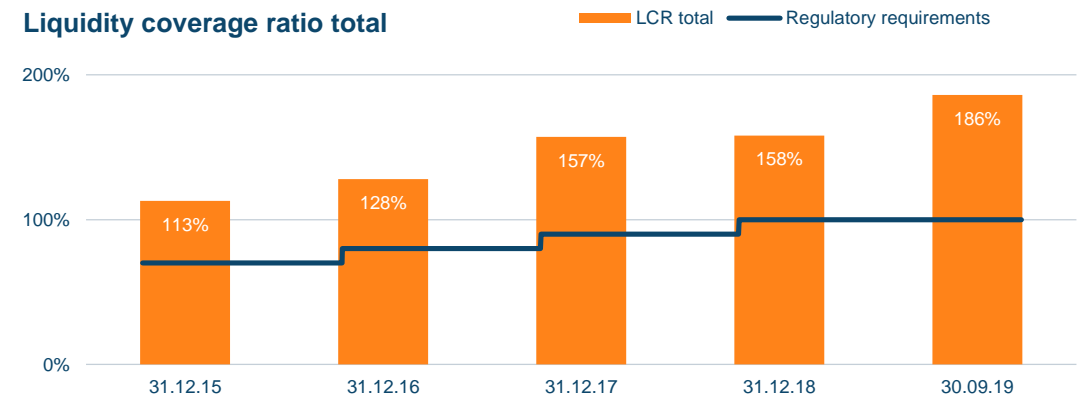
## Total capital ratio



## Cost-income ratio



## Liquidity coverage ratio total

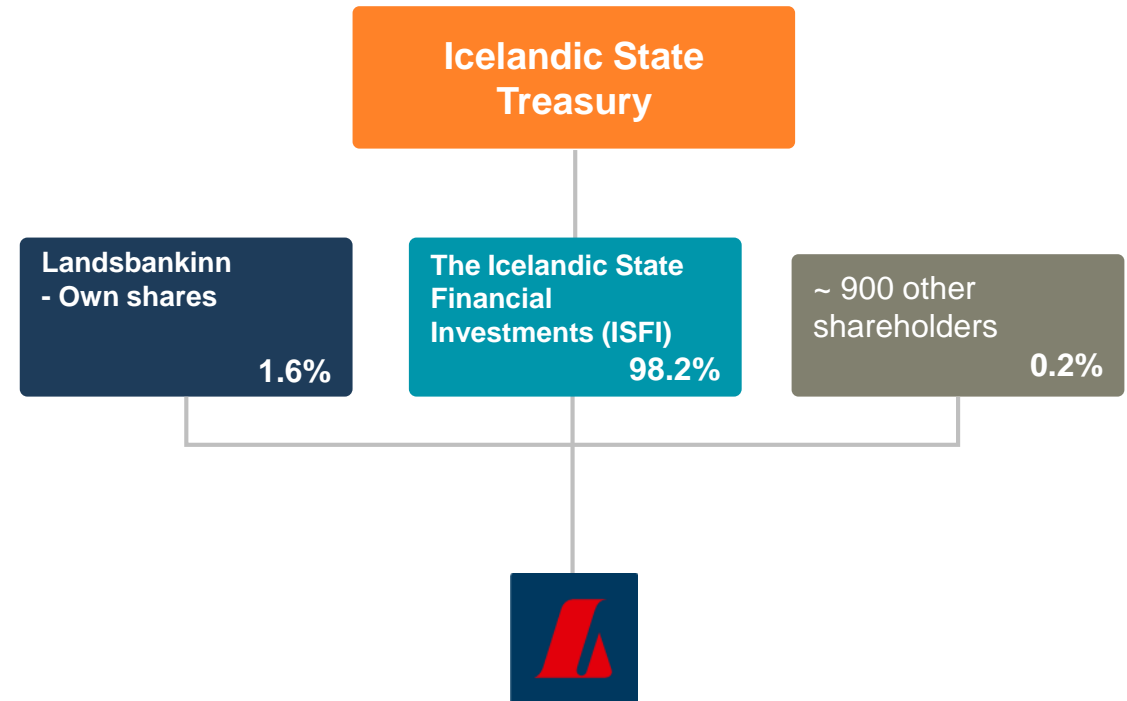


## Ownership

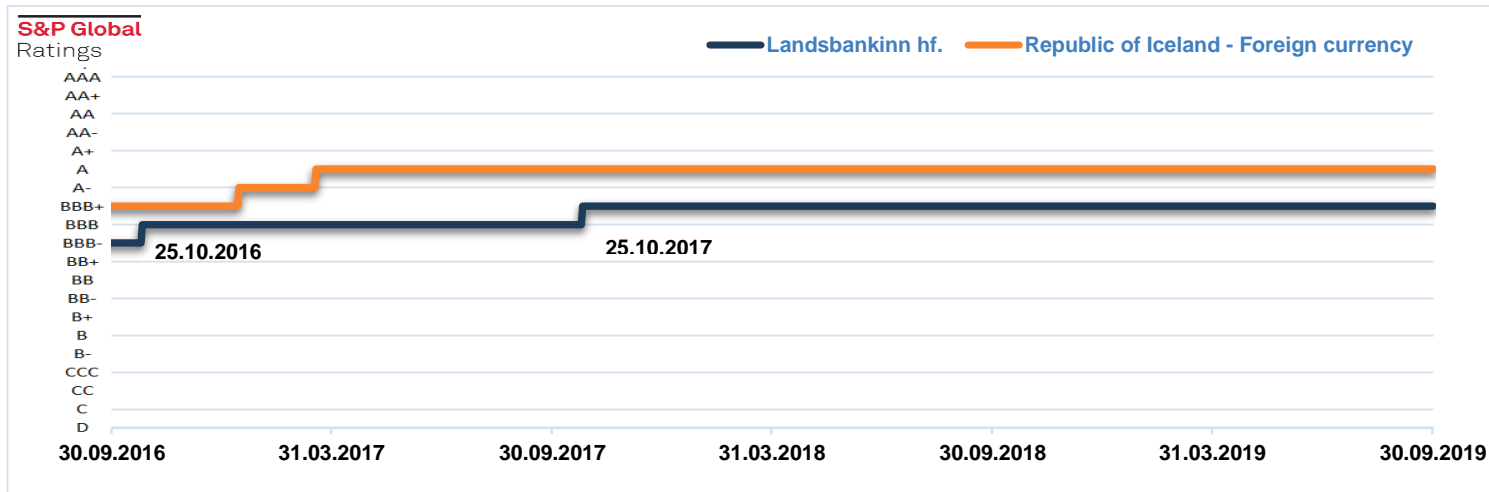
- The Finance Ministry published an ownership policy in July 2017 in regards to equity holdings in financial companies that are supervised by the Icelandic State Financial Investments (ISFI).

### In regards to Landsbankinn the policy states

- The government will retain a significant equity stake in the bank (34-40%) to ensure stability in the domestic financial sector.
- The remaining equity stake will be sold in the next few years given favorable market conditions.
- Equity in Landsbankinn will be listed on a stock exchange.



# Credit rating



## Fundamental factors for Landsbankinn:

- Very strong capital and earnings
- Adequate liquidity position
- Average funding profile
- Adequate business position
- Moderate risk position

	Icelandic sovereign	Landsbankinn hf.
Long-term rating	A	BBB+
Short-term rating	A-1	A-2
Outlook	Stable	Negative
Last rating action	March 2017	July 2019



## Financial objectives

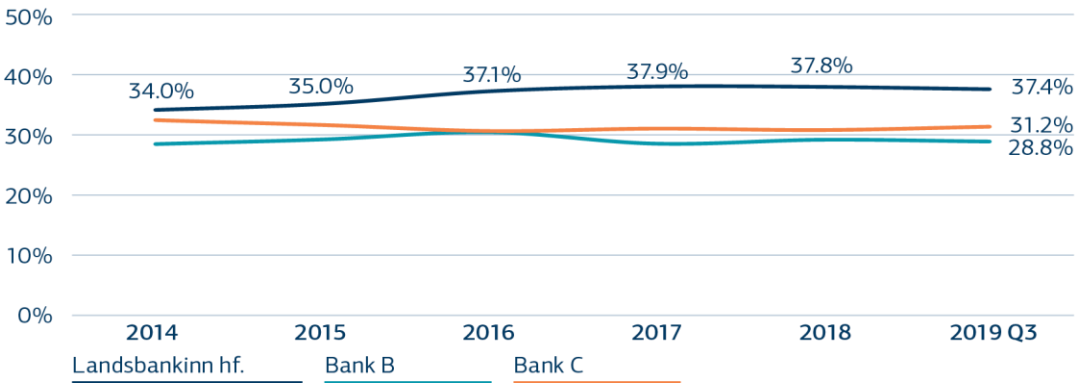
	Objective	9M 2019	Guidelines
Return on equity, excluding bank levy <sup>1</sup> (ROE)	≥ 10%	9.6%	Expected ROE, excluding bank levy in 2019 is 9.0 – 9.5%.
Cost-income ratio (C/I ratio)	≤ 45%	41.4%	Expected ratio in 2019 is 41-43%.
Total capital ratio (TCR)	≥ 23%	23.6%	<p>The Bank's aim is to maintain capital ratios above the FME's capital requirements at any given time, plus a 1.5-2.5% management buffer.</p> <p>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.</p> <p>The Bank intends to raise subordinated market funding, if suitable and favourable for the Bank's capital structure.</p>
Common Equity Tier 1 capital (CET1)	≥ 18%	22.3%	
Dividend payout ratio	≥ 50%	52% <sup>2</sup>	The aim is also to make special dividend payments to further optimise the Bank's capital structure.

<sup>1</sup> Special tax on financial institutions of 0.376% is levied of the carrying amount of total liabilities at year-end, excluding tax liabilities, in excess of ISK 50,000 million as determined for tax purposes. The special income tax on financial institutions is a non-deductible expense

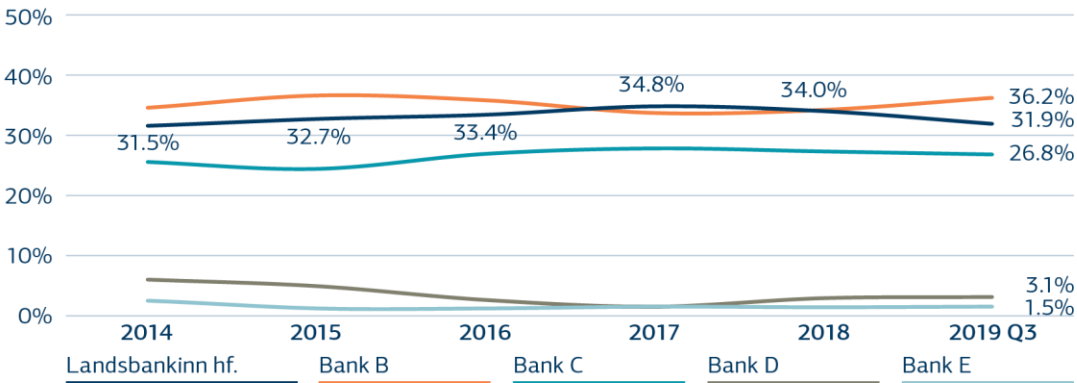
<sup>2</sup> Regular dividend payout ratio of last year profit.

# Landsbankinn's successes

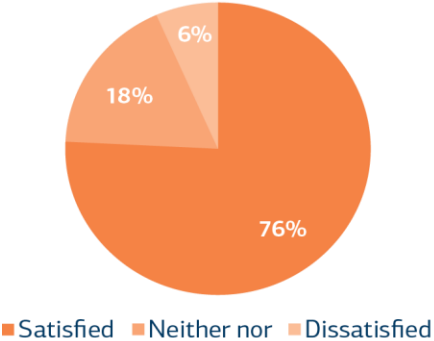
Marketshare – Retail banking



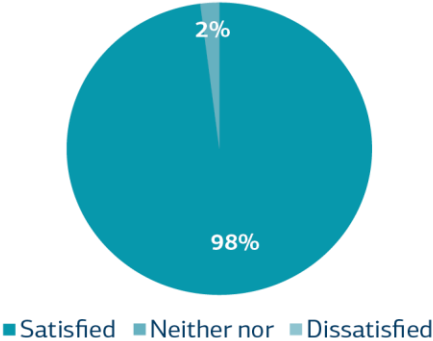
Marketshare – Corporate banking



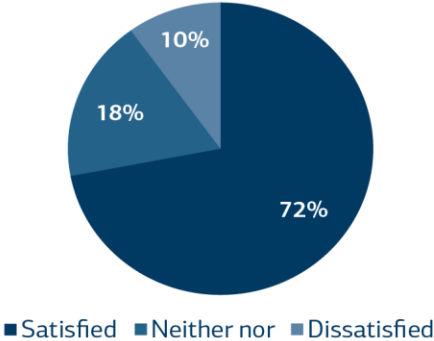
Customer satisfaction – Individuals



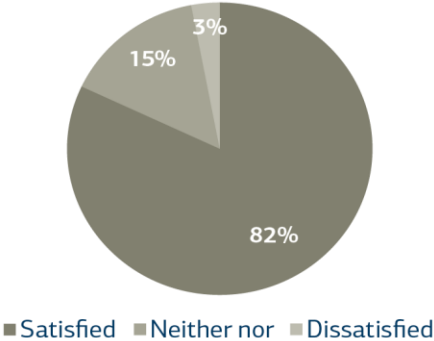
Satisfaction with 360° advice – Individuals



Customer satisfaction – Business



Satisfaction with online banking – Business



Source: Gallup

## Aukakrónur



25% of Icelanders use Aukakrónur, according to Gallup.

## Capacent's Equality Indicator



Landsbankinn became a member of Capacent's Equality Indicator (Jafnréttisvísir) in 2018. The Equality Indicator is a strategy and promotes awareness about equality.

## Credit rating



Landsbankinn's credit rating from S&P Global Ratings is BBB+/A2 with a negative outlook.

## Trust



Trust in the Bank has increased greatly in recent years. According to Gallup, "confidence" is the word customers are most likely to associate with Landsbankinn.

## Self-service for individuals



Foreign payments 89%  
Changes to credit card limit 93%  
Credit assessment 78%

## Mobile payment solutions



Over 37,000 customers have signed up for Landsbankinn's mobile payment solutions

## App of the Year



Landsbankinn's app was selected App of the Year 2018 at the Icelandic Web Awards.

## Landsbankinn's app



Landsbankinn's app has been downloaded over 97,000 times.



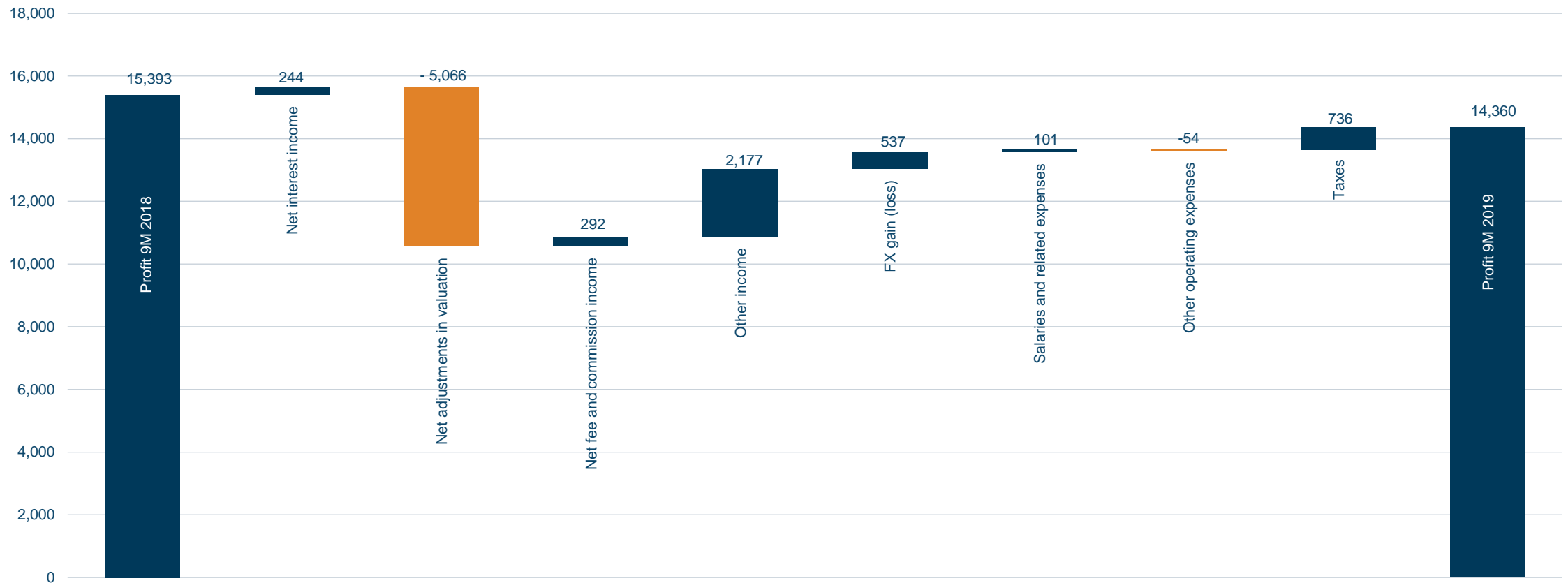


# Income Statement



# Income statement

## Change from 9M 2018 to 9M 2019



Amounts in ISKm

# Income statement

	9M 2019	9M 2018	Change			Q3 2019	Q3 2018	Change	
Net interest income	30,090	29,846	244	1%		9,631	10,370	-739	-7%
Net adjustments in valuation	-3,428	1,638	-5,066	-309%		-1,056	-89	-967	1,086%
<b>Net interest income after adjustments in valuation</b>	<b>26,662</b>	<b>31,484</b>	<b>-4,822</b>	<b>-15%</b>		<b>8,575</b>	<b>10,281</b>	<b>-1,706</b>	<b>-17%</b>
Net fee and commission income	6,094	5,802	292	5%		1,958	1,926	32	2%
Other net operating income	6,498	3,784	2,714	72%		821	-155	976	-628%
<b>Total operating income</b>	<b>39,254</b>	<b>41,070</b>	<b>-1,816</b>	<b>-4%</b>		<b>11,354</b>	<b>12,052</b>	<b>-698</b>	<b>-6%</b>
Salaries and related expenses	10,653	10,754	-101	-1%		3,284	3,222	62	2%
Other operating expenses	7,029	6,975	54	1%		2,167	2,353	-186	-8%
<b>Total operating expenses</b>	<b>17,682</b>	<b>17,729</b>	<b>-47</b>	<b>0%</b>		<b>5,451</b>	<b>5,575</b>	<b>-124</b>	<b>-2%</b>
<b>Profit before tax</b>	<b>21,572</b>	<b>23,341</b>	<b>-1,769</b>	<b>-8%</b>		<b>5,903</b>	<b>6,477</b>	<b>-574</b>	<b>-9%</b>
Income tax expense and tax on liabilities of financial institutions	7,212	7,948	-736	-9%		2,656	2,697	-41	-2%
<b>Profit for the period</b>	<b>14,360</b>	<b>15,393</b>	<b>-1,033</b>	<b>-7%</b>		<b>3,247</b>	<b>3,780</b>	<b>-533</b>	<b>-14%</b>

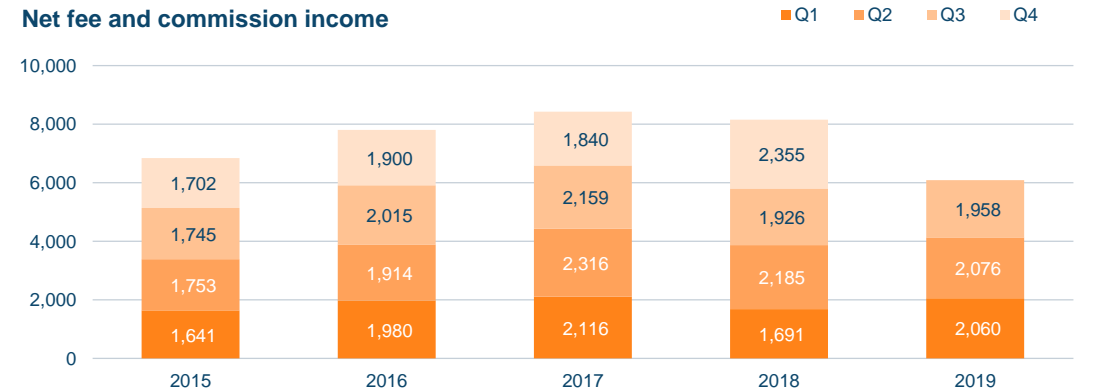
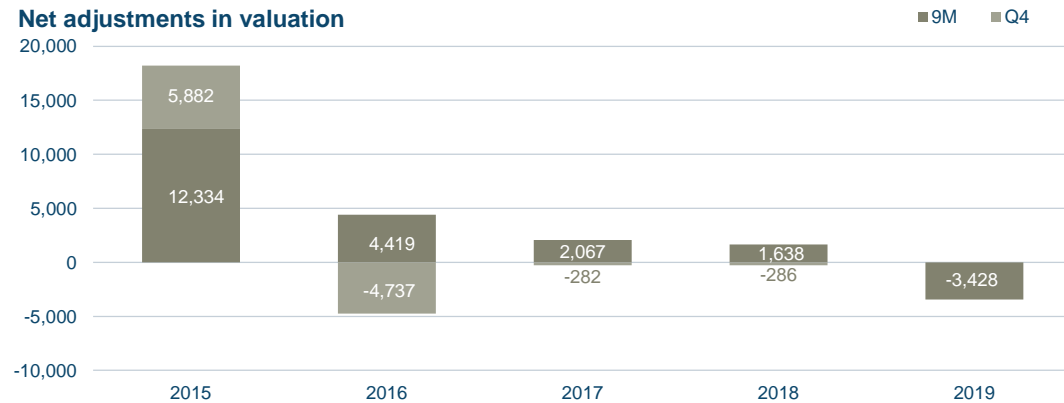
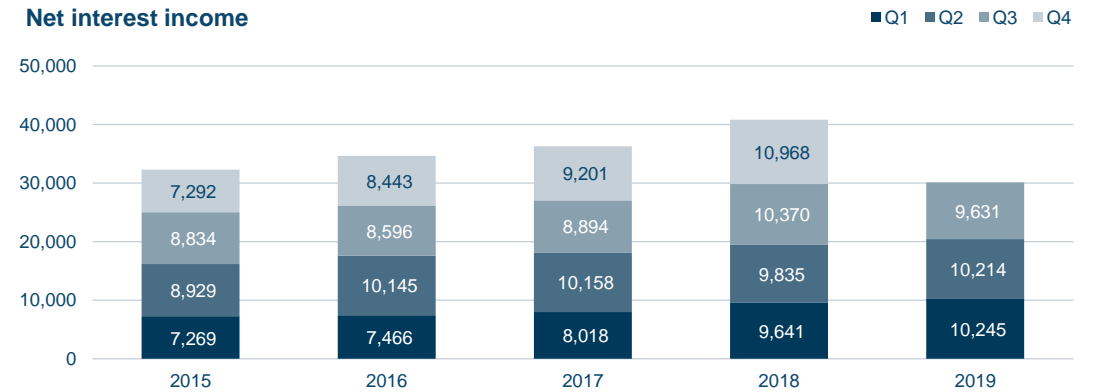
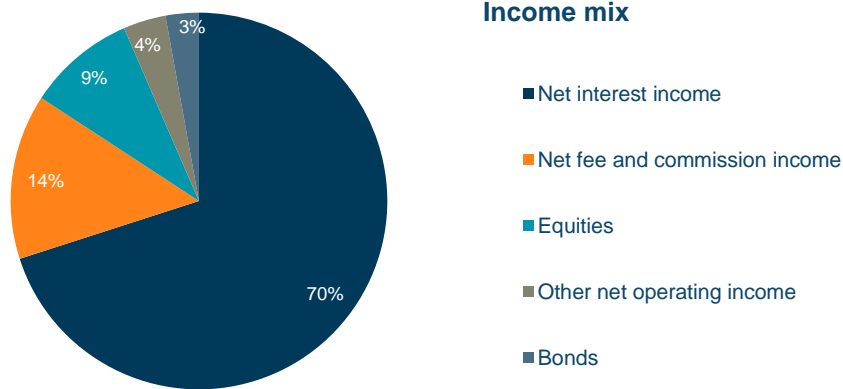
Amounts in ISKm

## Net interest income and valuation adjustments

	9M 2019	9M 2018	Change			Q3 2019	Q3 2018	Change	
Interest income	55,328	49,997	5,331	11%		16,874	17,622	-748	-4%
Interest expense	-25,238	-20,151	-5,087	-25%		-7,243	-7,252	9	0%
<b>Net interest income</b>	<b>30,090</b>	<b>29,846</b>	<b>244</b>	<b>1%</b>		<b>9,631</b>	<b>10,370</b>	<b>-739</b>	<b>-7%</b>
Net impairment loss on loans	-3,454	509	-3,963	-778%		-1,047	-89	-958	-1,080%
Net impairment from foreign currency linkage of loans and advances to customers	0	1,129	-1,129	-100%		0	0	0	
Other impairment	26	0	26			-9	0	-9	
<b>Net valuation adjustments</b>	<b>-3,428</b>	<b>1,638</b>	<b>-5,066</b>	<b>-309%</b>		<b>-1,056</b>	<b>-89</b>	<b>-967</b>	<b>-1,086%</b>
<b>Net interest income after net valuation adjustments</b>	<b>26,662</b>	<b>31,484</b>	<b>-4,822</b>	<b>-15%</b>		<b>8,575</b>	<b>10,281</b>	<b>-1,706</b>	<b>-17%</b>

Amounts in ISKm

# Net operating income

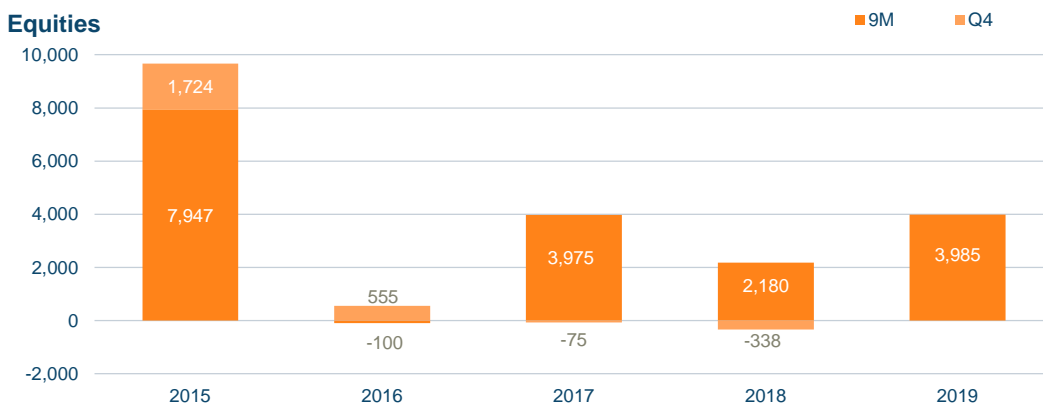


Amounts in ISKm

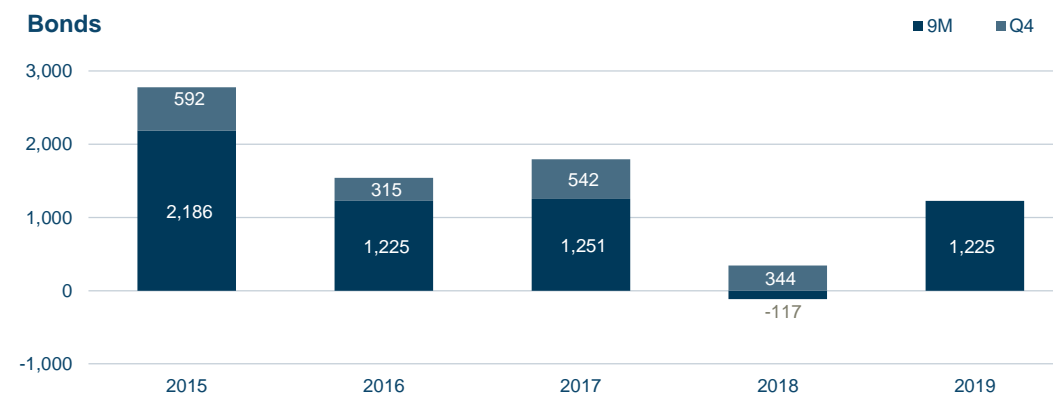


# Net operating income

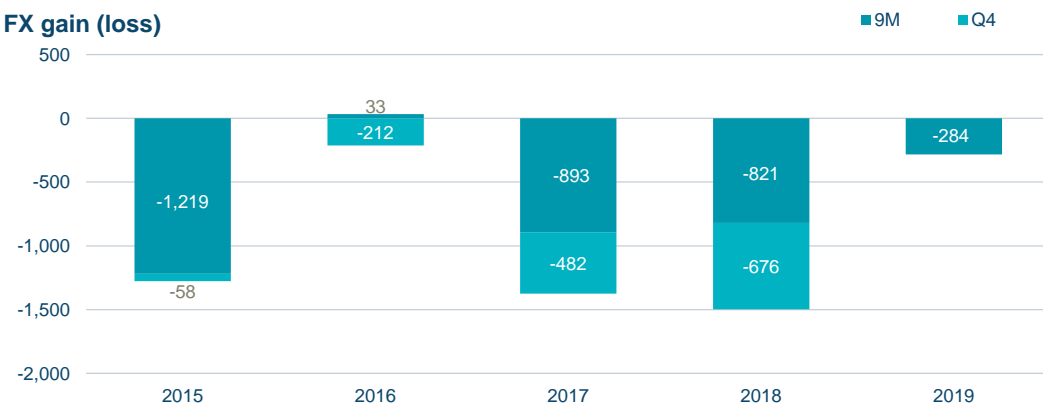
## Equities



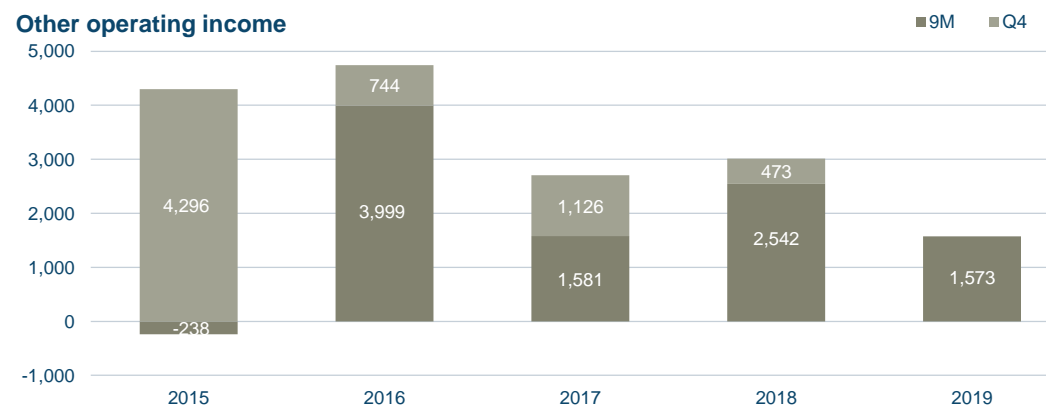
## Bonds



## FX gain (loss)



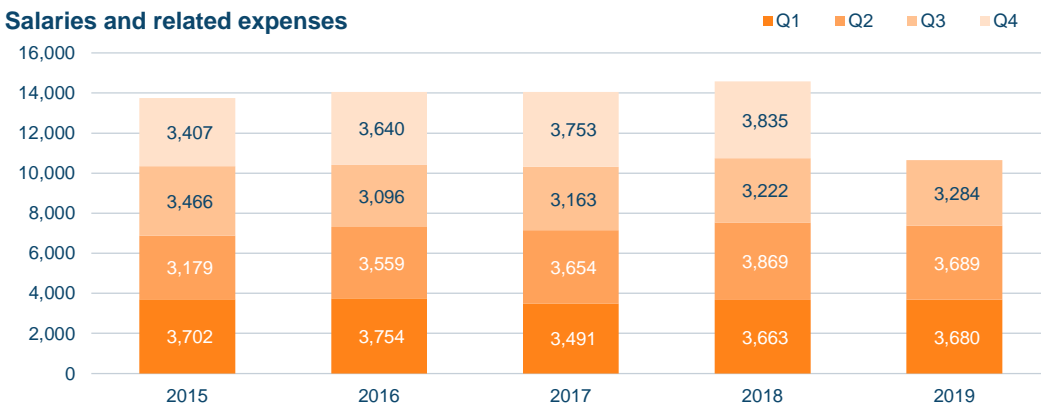
## Other operating income



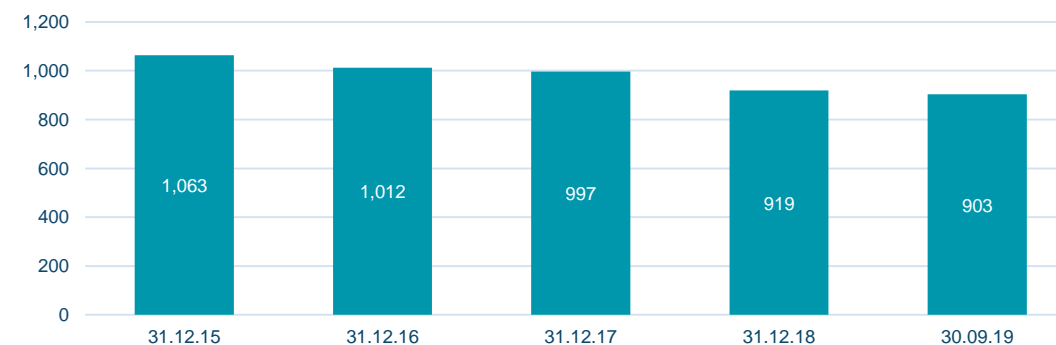
Amounts in ISKm

# Operating expenses

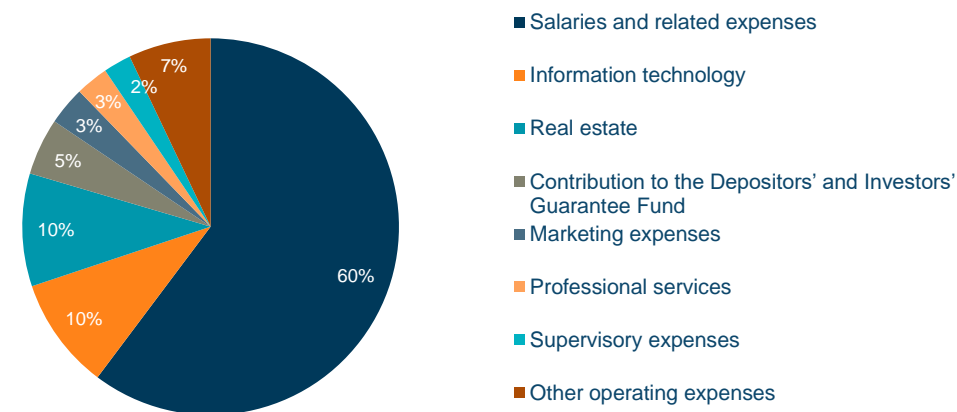
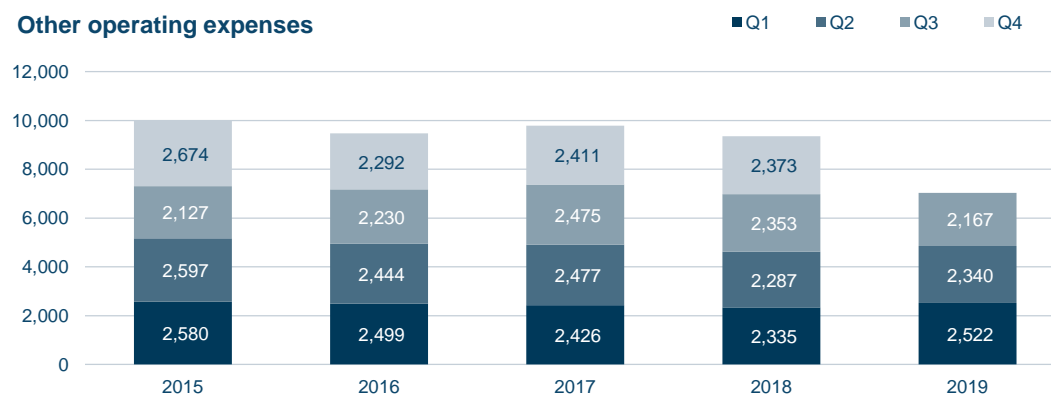
Salaries and related expenses



Full time eqv. positions



Other operating expenses



Amounts in ISKm

# Taxes

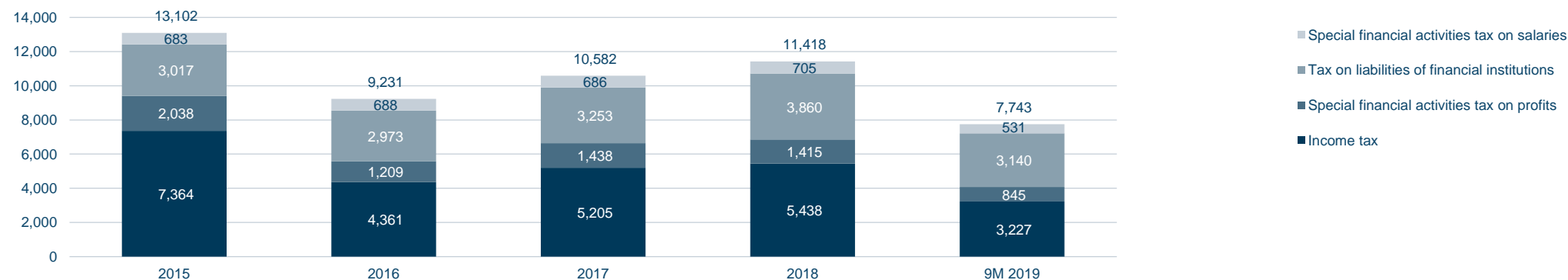
	9M 2019	9M 2018	Change	
Income tax	3,227	4,094	-867	-21%
Special financial activities tax on profits <sup>1</sup>	845	1,022	-177	-17%
<b>Income Tax</b>	<b>4,072</b>	<b>5,116</b>	<b>-1,044</b>	<b>-20%</b>
Tax on liabilities of financial institutions <sup>2</sup>	3,140	2,832	308	11%
Special financial activities tax on salaries <sup>3</sup>	531	524	7	1%
<b>Total</b>	<b>7,743</b>	<b>8,473</b>	<b>-729</b>	<b>-9%</b>

<sup>1</sup> A 6% additional tax on pre-tax profit over ISK 1 bn

<sup>2</sup> Special tax on financial institutions of 0.376% is levied of the carrying amount of total liabilities at year-end, excluding tax liabilities, in excess of ISK 50,000 million as determined for tax purposes. The special income tax on financial institutions is a non-deductible expense

<sup>3</sup> A 5.5% tax on salaries which is expensed in the line item "Salaries and related expenses" in the income statement

## Taxes



Amounts in ISKm



An aerial photograph of a mountain trail. The trail is a narrow path of light-colored gravel or dirt, winding through a darker, rocky landscape. Several hikers are visible on the trail, moving from the upper left towards the lower right. The hikers are wearing various colored clothing, including red, blue, and green. The terrain is rugged, with large rocks and patches of moss or lichen. The lighting suggests a bright day, with shadows cast across the ground.

# Balance Sheet

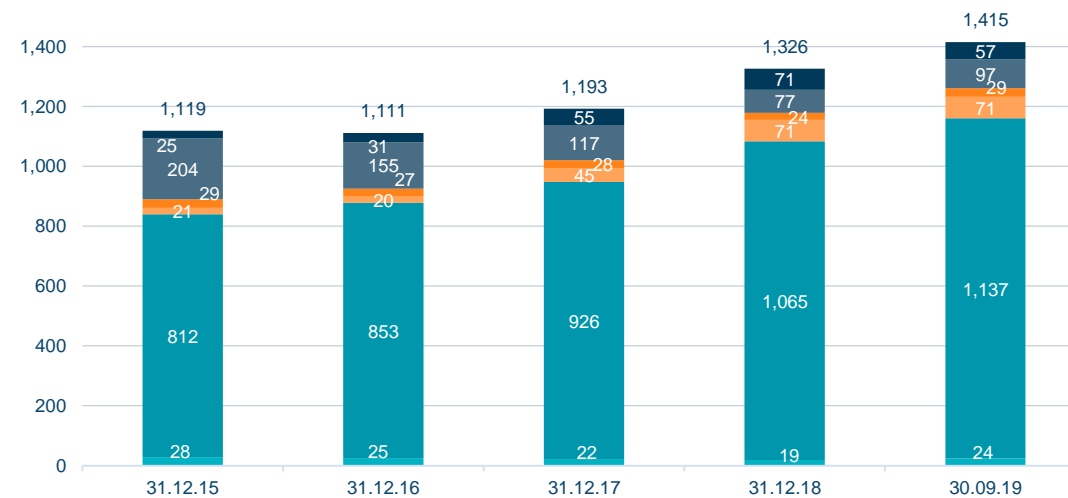
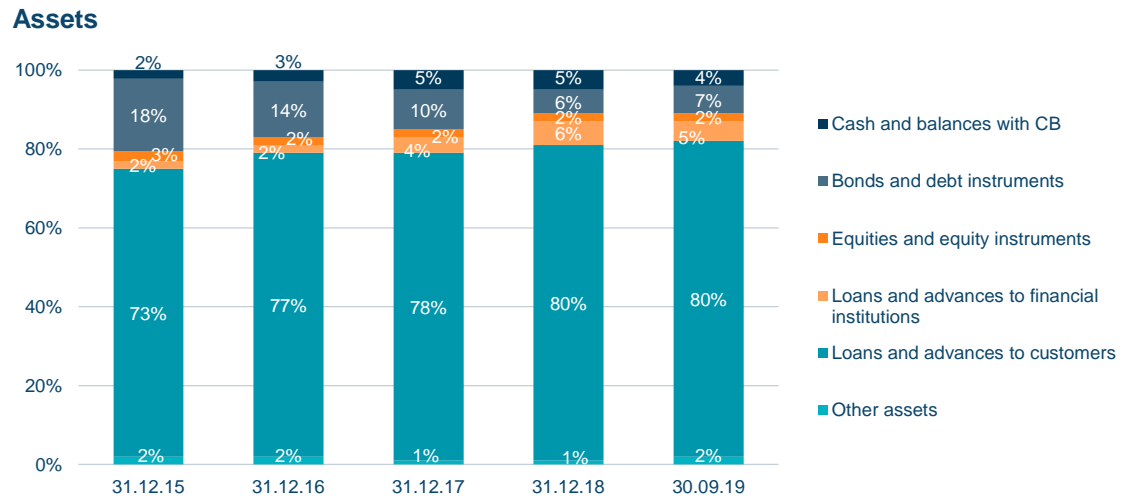


## Total assets

	30.9.2019	31.12.2018	Change	
Cash and balances with CB	56,680	70,854	-14,174	-20%
Bonds and debt instruments	96,786	77,058	19,728	26%
Equities and equity instruments	29,150	23,547	5,603	24%
Loans and advances to financial institutions	71,222	71,385	-163	0%
Loans and advances to customers	1,136,804	1,064,532	72,272	7%
Other assets	24,620	18,665	5,955	32%
<b>Total</b>	<b>1,415,262</b>	<b>1,326,041</b>	<b>89,221</b>	<b>7%</b>

Amounts in ISKmn

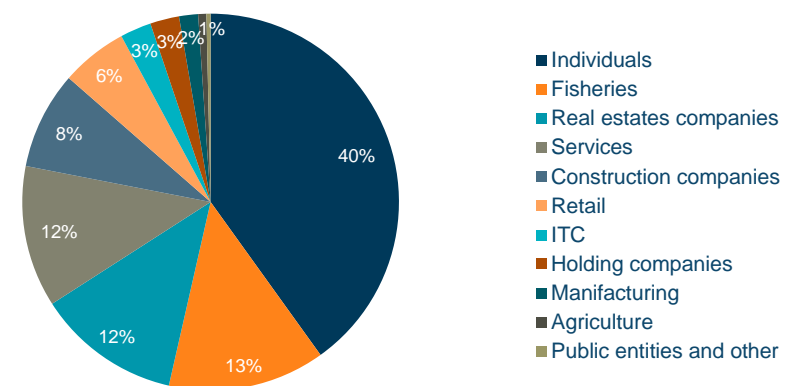
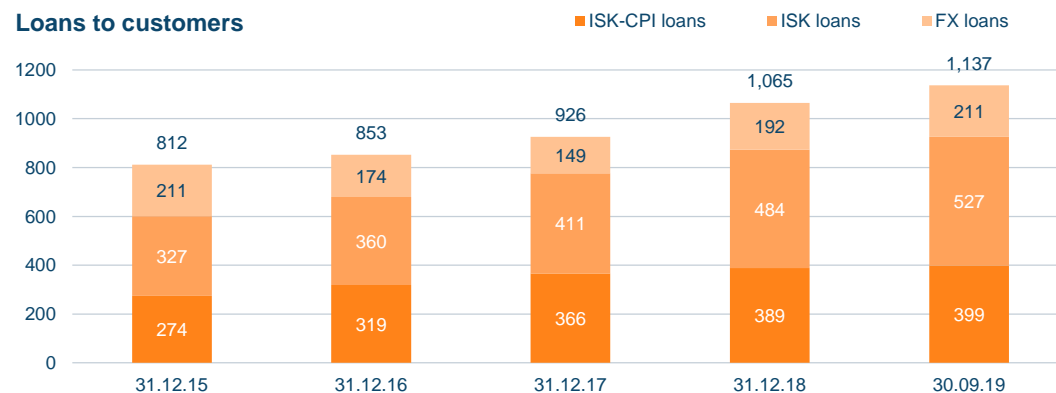
### Assets



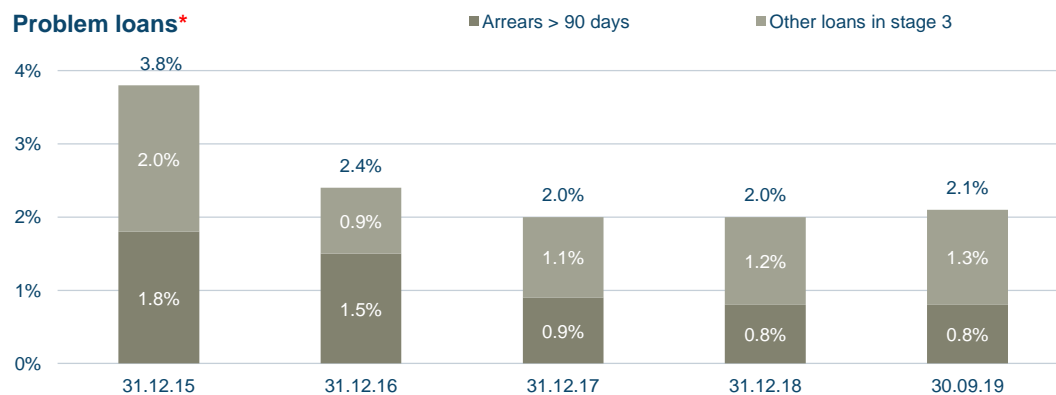
Amounts in ISKbn

# Loans

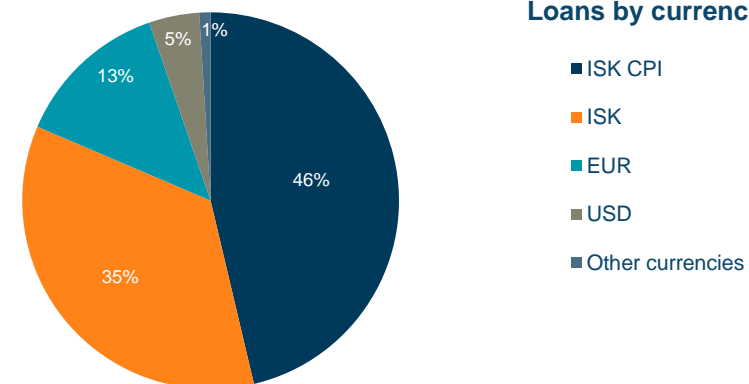
## Loans to customers



## Problem loans\*



## Loans by currencies

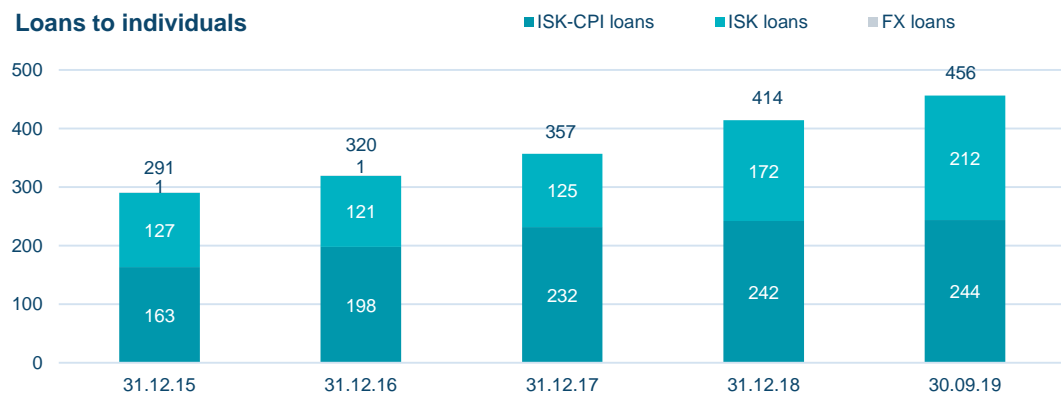


Amounts in ISKbn

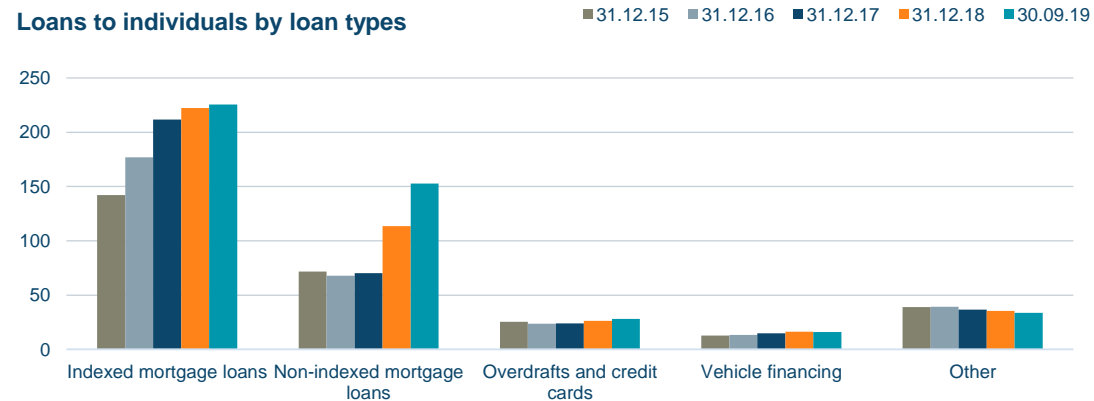
\* until 31.12.2017 problem loans were defined as loans and advances with individual allowance and/or more than 90 days in arrears

# Loans to individuals

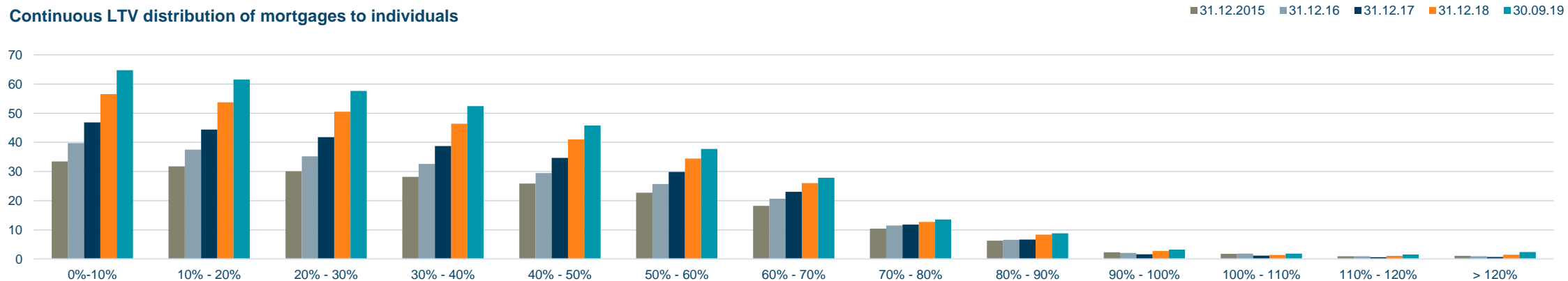
Loans to individuals



Loans to individuals by loan types



Continuous LTV distribution of mortgages to individuals



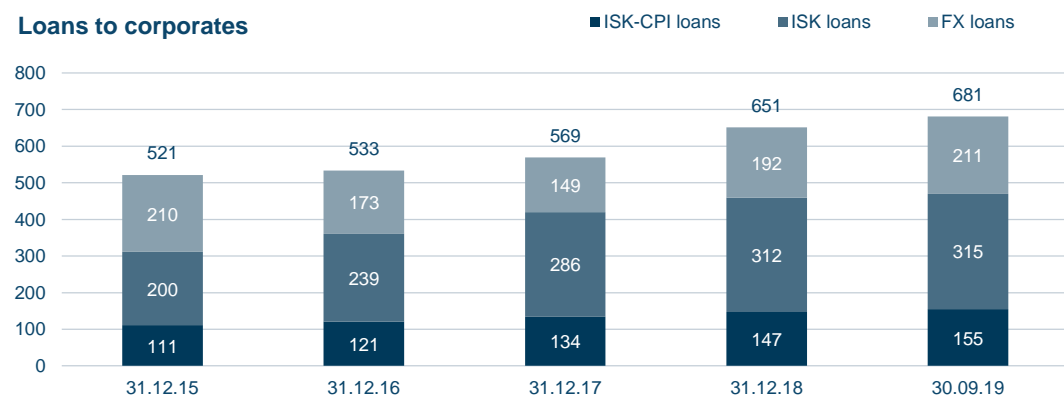
Weighted average LTV 56.7% 30.09.19  
57.6% 31.12.18; 62.3% 31.12.17 and 31.12.16 ; 63.4% 31.12.15

Amounts in ISKbn

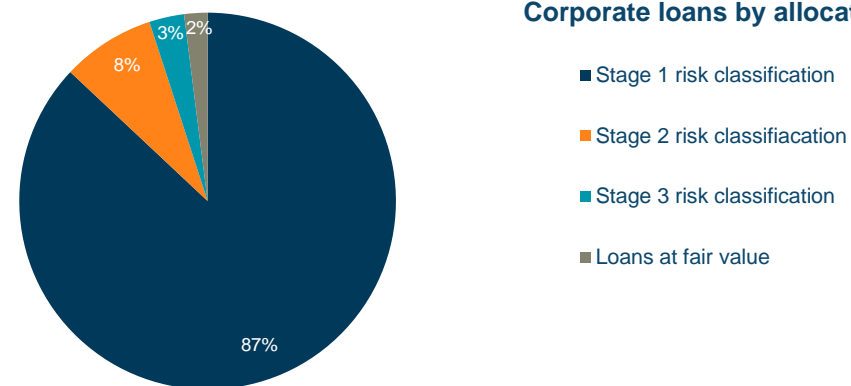


# Loans to corporates

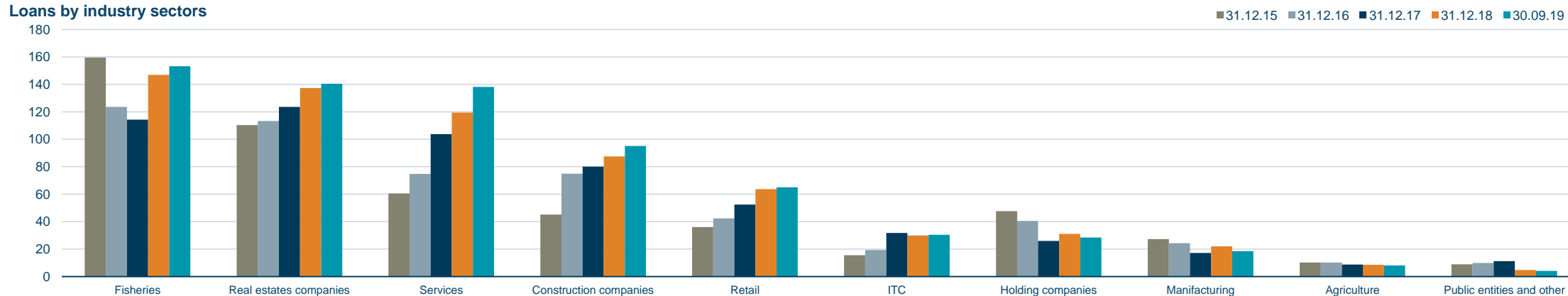
Loans to corporates



Corporate loans by allocation



Loans by industry sectors



Amounts in ISKbn

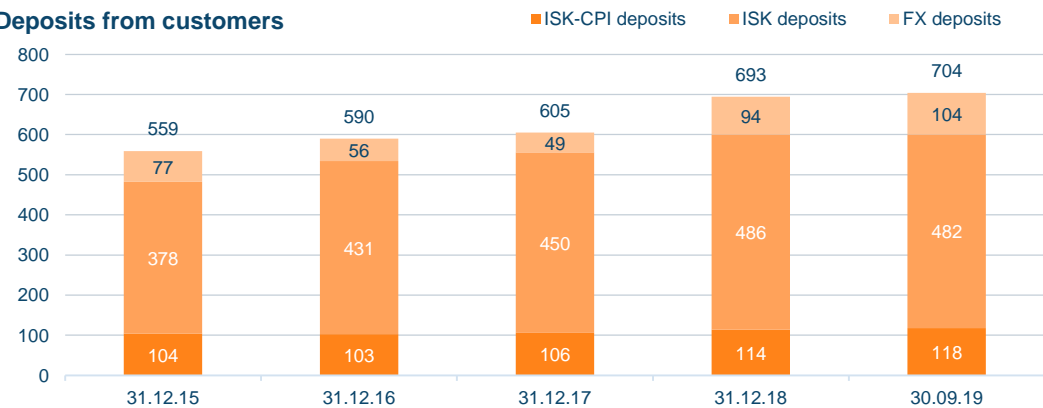


# Liabilities and equity

	30.09.2019	31.12.2018	Change	
Due to financial institutions and CB	47,860	34,609	13,251	38%
Deposits from customers	703,762	693,043	10,719	2%
Borrowings	366,337	314,412	51,925	17%
Other liabilities	40,010	31,027	8,983	29%
Subordinated liabilities	13,433	13,340	93	1%
Equity	243,860	239,610	4,250	2%
<b>Total</b>	<b>1,415,262</b>	<b>1,326,041</b>	<b>89,221</b>	<b>7%</b>

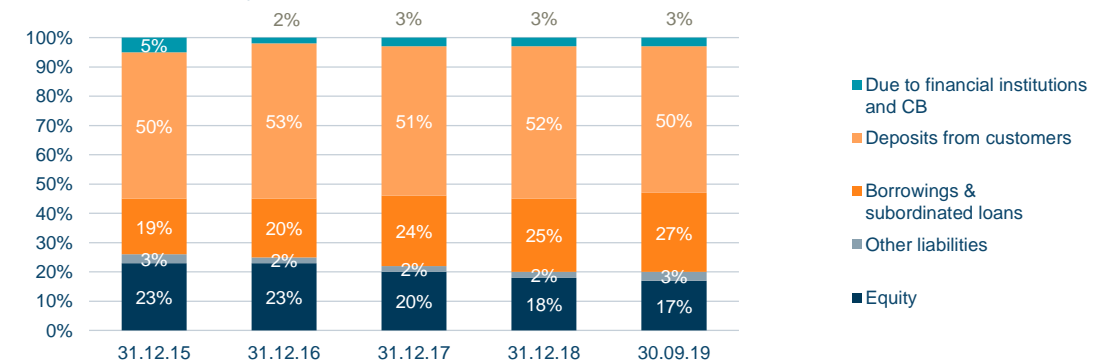
Amounts in ISKmn

## Deposits from customers

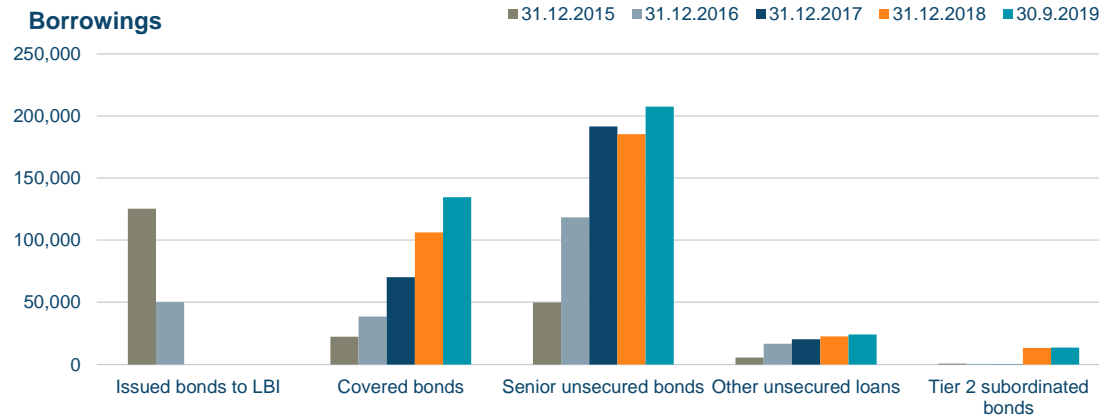


Amounts in ISKbn

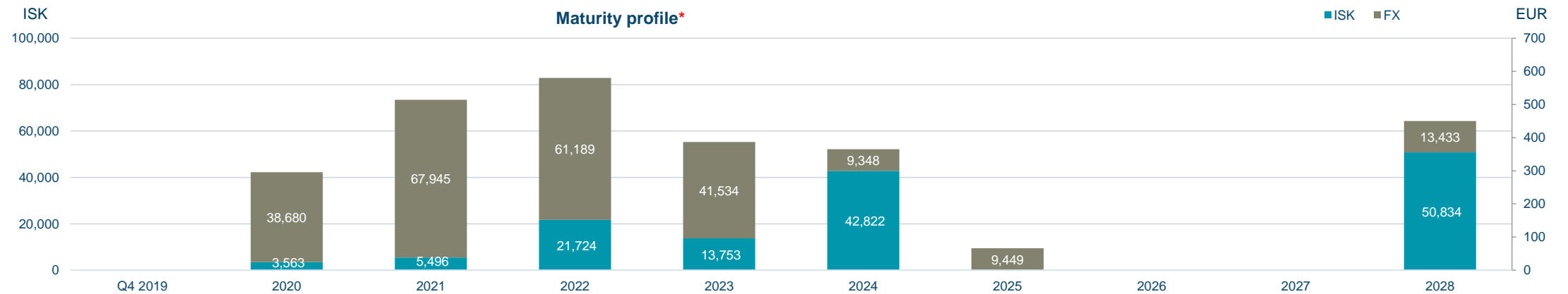
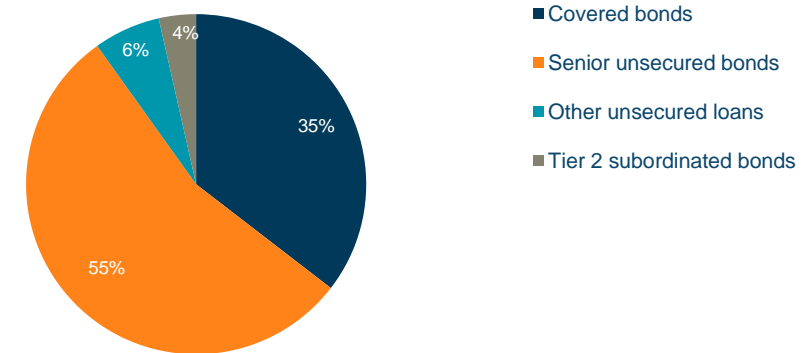
## Liabilities and equity



# Borrowings



**Borrowings 30.09.2019**

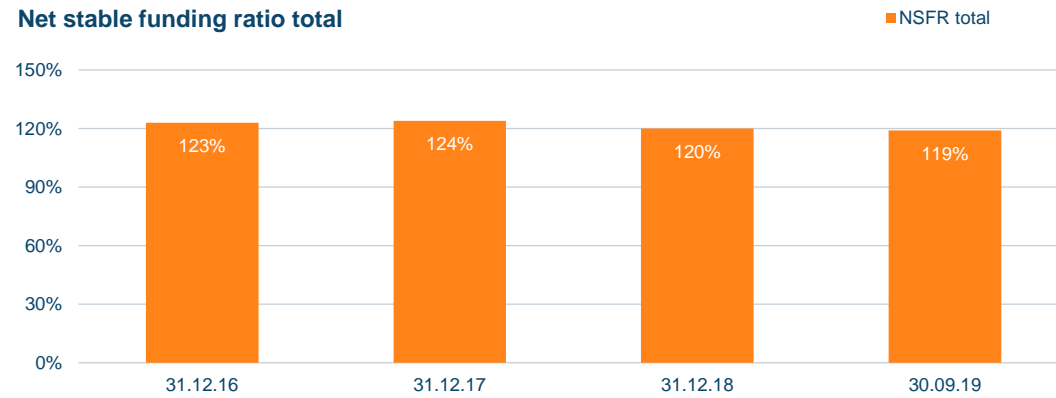


\*EUR 100 million Tier 2 Subordinated bonds maturing in 2028 are callable in 2023.

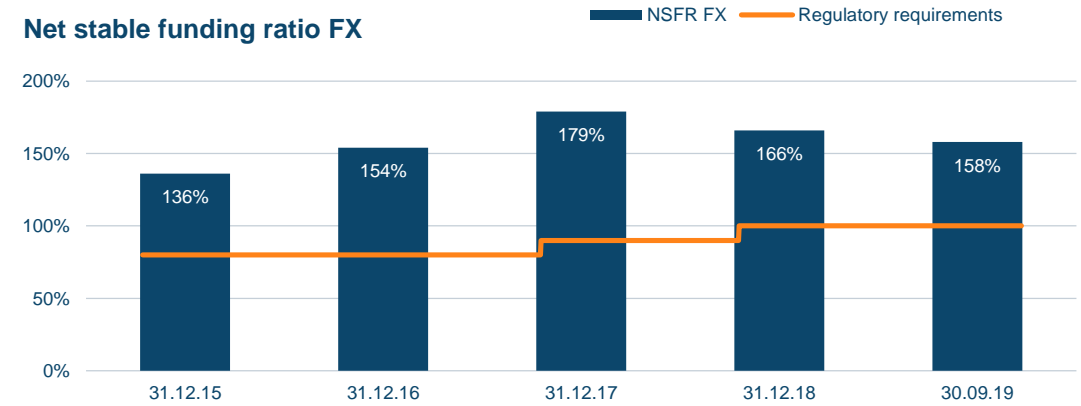
Amounts in ISKm

# Net stable funding and liquidity ratios

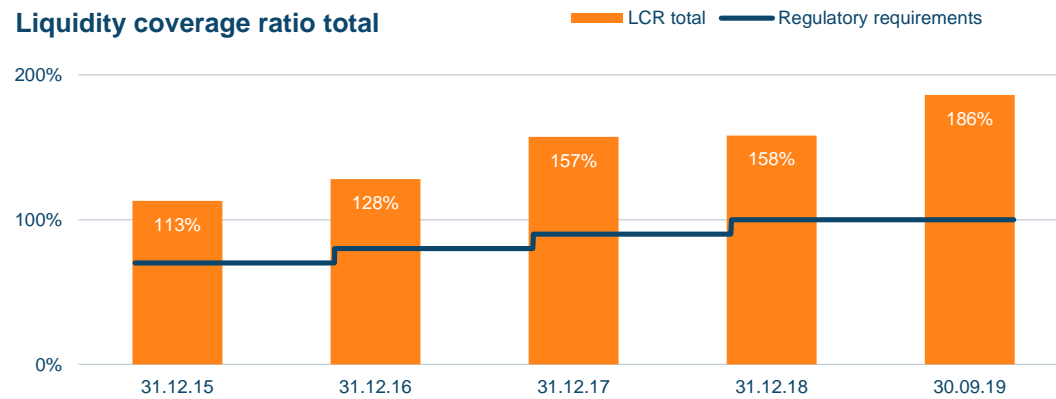
Net stable funding ratio total



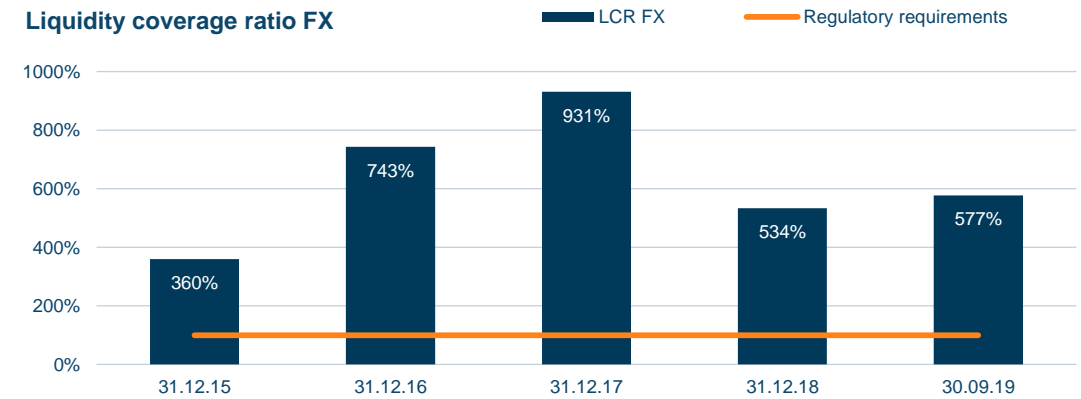
Net stable funding ratio FX



Liquidity coverage ratio total



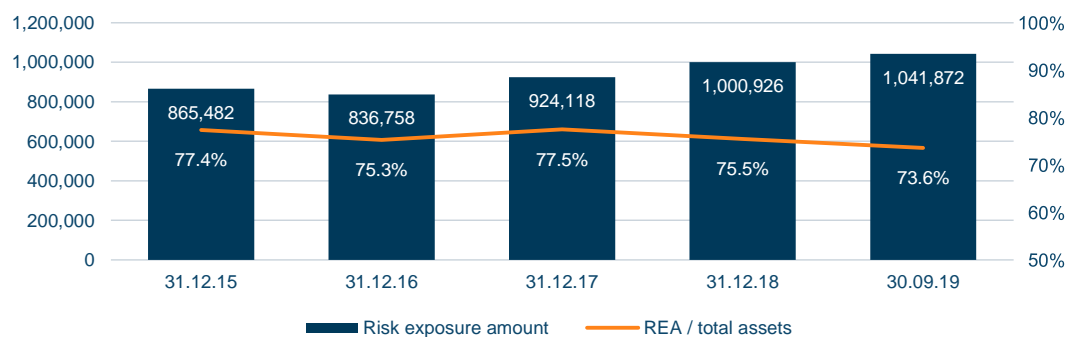
Liquidity coverage ratio FX



# Capital requirements

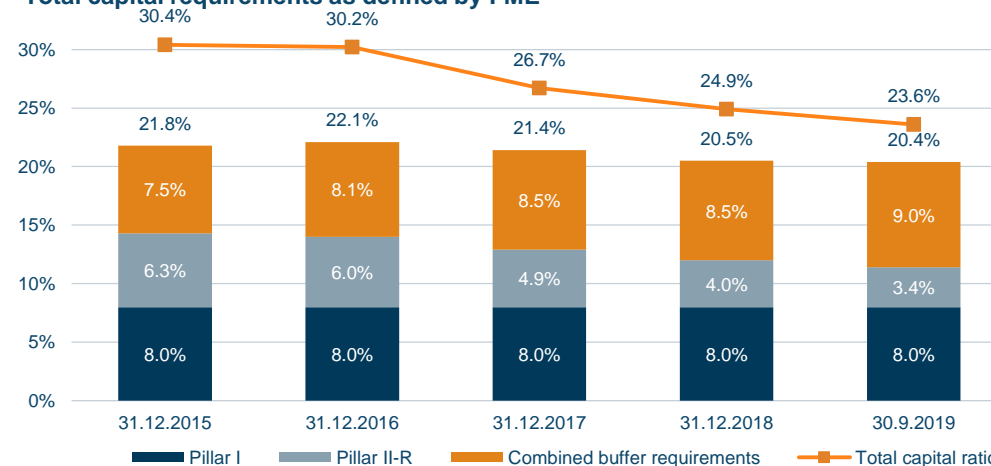
	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%
Pillar II-R	1.9%	2.6%	3.4%
<b>Minimum requirements under Pillar I and Pillar II-R</b>	<b>6.4%</b>	<b>8.6%</b>	<b>11.4%</b>
Systemic risk buffer	2.84%	2.84%	2.84%
Capital buffer for systematically important institutions	2.00%	2.00%	2.00%
Countercyclical capital buffer	1.68%	1.68%	1.68%
Capital conservation buffer	2.50%	2.50%	2.50%
<b>Combined buffer requirements under Pillar II-G</b>	<b>9.02%</b>	<b>9.02%</b>	<b>9.02%</b>
<b>Total capital requirements</b>	<b>15.4%</b>	<b>17.6%</b>	<b>20.4%</b>
<b>Total capital ratio 30.09.19</b>	<b>22.3%</b>	<b>22.3%</b>	<b>23.6%</b>

## Risk exposure amount



Amounts in ISKm

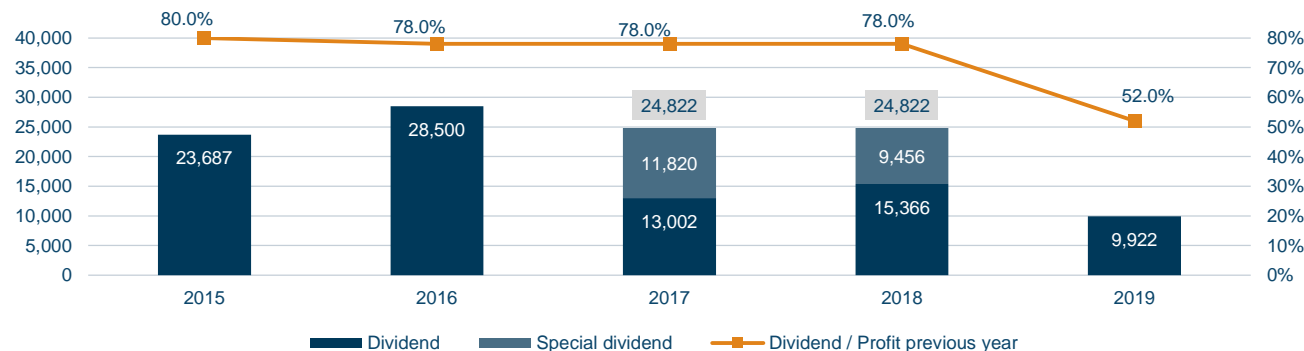
## Total capital requirements as defined by FME



- The Group uses the Standardized Approach in measuring Pillar I capital requirements for credit risk and market risk. For operational risk it uses the Basic Indicator Approach.
- The countercyclical capital buffer on domestic exposures increased in May by 0.5 percentage points, from 1.25% to 1.75. On 1 February 2020 it will increase by 0.25 percentage points, from 1.75% to 2%.

# Dividend payments and capital base

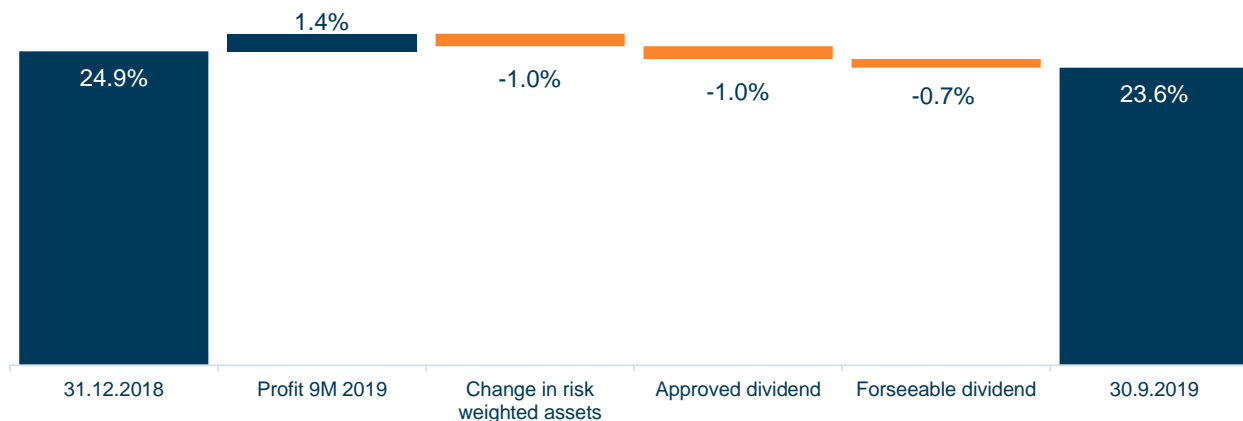
## Dividend payments



## Landsbankinn's dividend policy

- Landsbankinn aims to pay regular dividends to shareholders amounting in general to  $\geq 50\%$  of the previous year's profit. In line with 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, it shall be ensured that the Bank maintains a very strong financial position. 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.

## Total Capital Ratio, change 9M 2019



## Capital base

- Landsbankinn includes reviewed interim profits in the Group's common equity tier 1 capital (CET 1), but deducts the following items:
  - Approved dividend
  - Foreseeable dividend
- Foreseeable dividend at the end of the period equals 50% of the interim profits, which is in accordance with the Bank's dividend policy.

Amounts in ISKm

A wide-angle landscape photograph of a coastal scene. In the background, a large, conical volcano with a dark, rocky peak rises steeply. The slopes of the volcano are covered in light-colored, possibly volcanic ash or sand, with some patches of green vegetation. In the foreground, a wide, dark sand beach stretches across the frame. The ocean is a deep blue, with white waves breaking onto the shore. The sky is a vibrant blue, filled with wispy white clouds. The text "Annex - further information" is overlaid in the center of the image, flanked by two horizontal white lines.

# Annex - further information



## Key financial ratios

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	9M 2019	2018	2017	2016	2015
Profit after taxes	3,247	4,329	6,784	3,867	3,780	14,360	19,260	19,766	16,643	36,460
Return on equity before taxes	9.7%	11.2%	14.5%	11.2%	11.1%	11.8%	12.8%	12.3%	9.9%	19.9%
Return on equity after taxes	5.4%	7.1%	11.2%	6.5%	6.5%	7.9%	8.2%	8.2%	6.6%	14.8%
After tax return on average assets	0.9%	1.2%	2.0%	1.2%	1.2%	1.4%	1.5%	1.7%	1.5%	3.2%
Total capital ratio	23.6%	23.7%	23.8%	24.9%	24.8%	23.6%	24.9%	26.7%	30.2%	30.4%
Net interest income	9,631	10,214	10,245	10,968	10,370	30,090	40,814	36,271	34,650	32,324
Interest spread as a ratio of assets and liabilities	2.3%	2.3%	2.5%	2.8%	2.7%	2.4%	2.7%	2.5%	2.3%	2.2%
Cost-income ratio	43.9%	42.3%	38.7%	47.3%	45.9%	41.4%	45.5%	46.1%	48.4%	43.8%
Net stable funding ratio NSFR total	119%	119%	118%	120%	120%	119%	120%	124%	123%	
Net stable funding ratio NSFR FX	158%	164%	165%	166%	168%	158%	166%	179%	154%	136%
Liquidity ratio LCR total	186%	174%	243%	158%	154%	186%	158%	157%	128%	113%
Liquidity LCR FX	577%	555%	434%	534%	392%	577%	534%	931%	743%	360%
Operating expenses as a ratio of average total assets	1.5%	1.7%	1.8%	1.9%	1.7%	1.7%	1.9%	2.0%	2.1%	2.1%
Total assets	1,415,262	1,402,835	1,379,298	1,326,041	1,317,205	1,415,262	1,326,041	1,192,870	1,111,157	1,118,658
Loans / deposits ratio	161.5%	162.0%	157.6%	153.6%	149.9%	161.5%	153.6%	153.0%	144.7%	145.2%
Full-time eqv.positions	903	903	922	919	948	903	919	997	1,012	1,063

Amounts in ISKm

# Operations

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	9M 2019	2018	2017	2016	2015
Net interest income	9,631	10,214	10,245	10,968	10,370	30,092	40,814	36,271	34,650	32,324
Net valuation adjustments	-1,056	-1,378	-994	-286	-89	-3,428	1,352	1,785	-318	18,216
<b>Net interest income after valuation adjustments</b>	<b>8,575</b>	<b>8,836</b>	<b>9,251</b>	<b>10,682</b>	<b>10,281</b>	<b>26,662</b>	<b>42,166</b>	<b>38,056</b>	<b>34,332</b>	<b>50,540</b>
Net fee commission income	1,958	2,076	2,060	2,355	1,926	6,094	8,157	8,431	7,809	6,841
Net foreign exchange gain (loss)	-39	-87	-158	-676	-352	-284	-1,497	-1,375	-179	-1,277
Other net operating income	860	2,042	3,880	479	197	6,782	5,084	8,400	6,738	16,507
<b>Total operating income</b>	<b>11,354</b>	<b>12,867</b>	<b>15,033</b>	<b>12,840</b>	<b>12,052</b>	<b>39,254</b>	<b>53,910</b>	<b>53,512</b>	<b>48,700</b>	<b>72,611</b>
Salaries and related expenses	3,284	3,689	3,680	3,835	3,222	10,653	14,589	14,061	14,049	13,754
Other operating expenses	2,167	2,340	2,522	2,373	2,353	7,029	9,348	9,789	9,465	9,978
<b>Total operating expenses</b>	<b>5,451</b>	<b>6,029</b>	<b>6,202</b>	<b>6,208</b>	<b>5,575</b>	<b>17,682</b>	<b>23,937</b>	<b>23,850</b>	<b>23,514</b>	<b>23,732</b>
<b>Profit before tax</b>	<b>5,903</b>	<b>6,839</b>	<b>8,831</b>	<b>6,632</b>	<b>6,477</b>	<b>21,572</b>	<b>29,973</b>	<b>29,662</b>	<b>25,186</b>	<b>48,879</b>
Income tax expense	2,656	2,509	2,047	2,765	2,697	7,212	10,713	9,896	8,543	12,419
<b>Profit for the period</b>	<b>3,247</b>	<b>4,329</b>	<b>6,784</b>	<b>3,867</b>	<b>3,780</b>	<b>14,360</b>	<b>19,260</b>	<b>19,766</b>	<b>16,643</b>	<b>36,460</b>

Amounts in ISKm

## Balance Sheet

	30.9.2019	31.12.2018	Change		31.12.2017	31.12.2016	31.12.2015
Cash and balances with CB	56,680	70,854	-14,174	-20%	55,192	30,662	25,164
Bonds and debt instruments	96,786	77,058	19,728	26%	117,310	154,892	203,684
Equities and equity instruments	29,150	23,547	5,603	24%	27,980	26,688	29,192
Loans and advances to fin institutions	71,222	71,385	-163	0%	44,866	20,408	20,791
Loans and advances to customers	1,136,804	1,064,532	72,272	7%	925,636	853,417	811,549
Other assets	23,477	17,335	6,142	35%	18,238	17,641	16,323
Assets classified as held for sale	1,144	1,330	-186	-14%	3,648	7,449	11,955
<b>Total</b>	<b>1,415,262</b>	<b>1,326,041</b>	<b>89,221</b>	<b>7%</b>	<b>1,192,870</b>	<b>1,111,157</b>	<b>1,118,658</b>
Due to financial institutions and CB	47,860	34,609	13,251	38%	32,062	20,093	56,731
Deposits from customers	703,762	693,043	10,719	2%	605,158	589,725	559,051
Borrowings	366,337	314,412	51,925	17%	281,874	223,944	209,344
Other liabilities	39,980	30,997	8,983	29%	27,615	24,681	26,844
Liabilities associated with assets classified as held for sale	30	30	0	0%	27	1,095	1,518
Subordinated liabilities	13,433	13,340	93	1%	77	388	639
Equity	243,859	239,610	4,249	2%	246,057	251,231	264,531
<b>Total</b>	<b>1,415,262</b>	<b>1,326,041</b>	<b>89,221</b>	<b>7%</b>	<b>1,192,870</b>	<b>1,111,157</b>	<b>1,118,658</b>

Amounts in ISKm

## Segments

9M 2019	Personal banking	Corporate Banking	Markets	Treasury	Support functions	Reconciliation	Total
Net interest income (expense)	12,580	14,273	534	2,702	-24	25	30,090
Net valuation adjustments	-638	-2,791	-2	3	0	0	-3,428
Net fee and commission income (expense)	3,115	504	2,716	-214	141	-168	6,094
Other net operating income (expense)	706	99	-446	5,979	209	-49	6,498
<b>Total operating income (expense)</b>	<b>15,763</b>	<b>12,085</b>	<b>2,802</b>	<b>8,470</b>	<b>326</b>	<b>-192</b>	<b>39,254</b>
Operating expenses	-4,939	-1,591	-1,737	-1,043	-8,553	181	-17,682
Cost allocated from support functions to business segments	-3,430	-2,063	-1,111	-637	7,241	0	0
<b>Profit (loss) before tax</b>	<b>7,394</b>	<b>8,431</b>	<b>-46</b>	<b>6,790</b>	<b>-986</b>	<b>-11</b>	<b>21,572</b>
Total assets	492,406	604,760	15,182	582,593	20,976	-300,655	1,415,262
Total liabilities	449,592	491,433	9,936	500,120	20,976	-300,655	1,171,402
Allocated capital	42,814	113,327	5,246	82,473	0	0	243,860

Amounts in ISKm

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## Landsbankinn's successes

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### Landsbankinn Chosen Best Bank in Iceland



The international financial magazine Euromoney selected Landsbankinn as the best bank in Iceland.

### First to join Nordic collaboration



Nordic Financial CERT

Landsbankinn is the first Icelandic bank to become a member of the Nordic collaboration to boost cyber security.

### Principles for Responsible Banking



Landsbankinn has decided to endorse UNEP FI's new Principles for Responsible Banking.

### Good governance



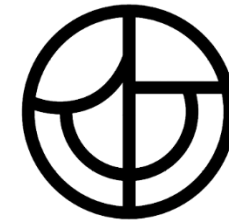
Landsbankinn was recognised as a model of good corporate governance in 2015, 2016, 2017, 2018 and 2019.

### PRI



Landsbankinn is a member of the United Nation's Principles for Responsible Investment (UNPRI)

### Equal pay certification



Landsbankinn received equal pay certification in April 2019. The certification confirms that the bank's remuneration system complies with the Equal Pay Standard ÍST 85:2012.