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## 9M 2020 Results

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CEO

Hreiðar Bjarnason  
CFO

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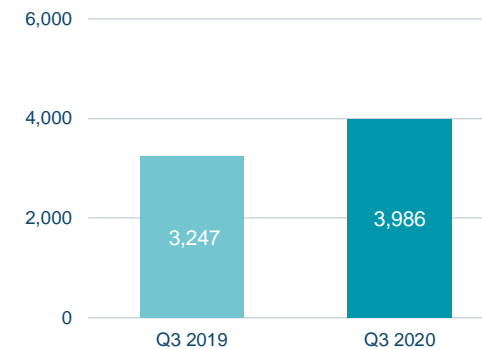
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# Highlights – Income statement Q3 2020

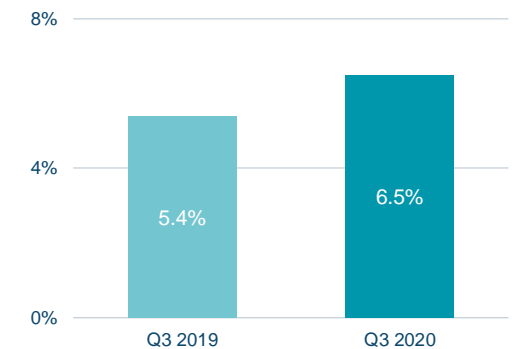
## Highlights of Q3 2020

- The Bank's after-tax profit in Q3 of 2020 was ISK 4.0 bn, as compared with a profit of ISK 3.2 bn for the same period of 2019.
- Net interest income was ISK 9.4 bn, as compared with ISK 9.6 bn in Q3 2019.
- Loan impairment amounted to ISK 120 million in Q3 2020 as compared with ISK 1.1 bn for the same period in 2019.
- Calculation of the provision for expected credit loss utilises the baseline forecast of Landsbankinn Economic Research, which projects that the economy will undergo an 8.1% contraction in 2020. The annual macroeconomic forecast of Economic Research, published 20 October 2020, expects contraction to reach 8.5%.
- Net commission income for the period amounted to ISK 2.1 bn as compared with ISK 2.0 bn during the same period the previous year.
- Operating cost was ISK 5.7 bn, as compared with ISK 6.5 bn in Q3 2019.
- Return on equity (ROE) after taxes was 6.5% in Q3 2020 as compared with an ROE of 5.4% for the same period in 2019.
- The cost-income ratio during the third quarter of the year was 46.6%, as compared with 43.9% for the same time last year.

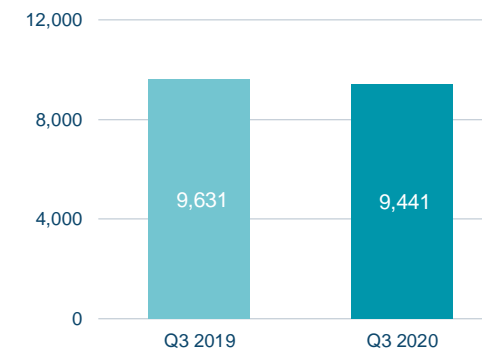
Profit



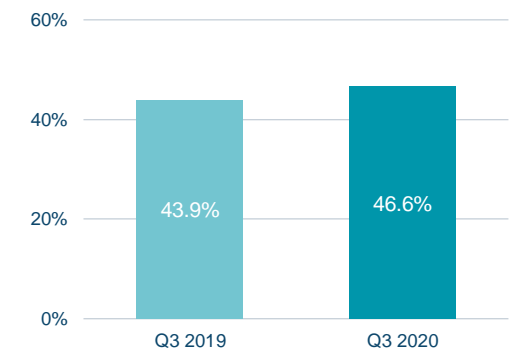
Return on equity



Net interest income



Cost-income ratio



(ISKm)

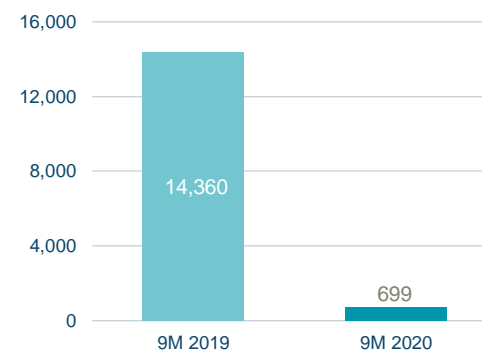


## Highlights – Income statement 9M 2020

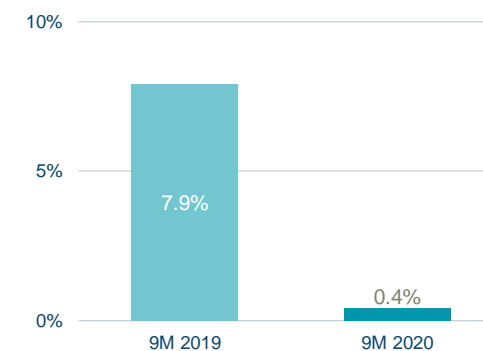
### Key aspects of operations in the first nine months of 2020

- After-tax profit during the first nine months of 2020 was ISK 0.7 bn, as compared with ISK 14.4 bn for the same period of 2019.
- Net interest income was ISK 28.4 bn, as compared with ISK 30.1 bn in Q3 2019.
- Impairment of financial assets was negative by ISK 13.6 bn in the first nine months of 2020, as compared with ISK 3.4 bn for the same period in 2019. Provisions for expected credit losses (ECL) in Stages 1 and 2 have grown from ISK 9.8 bn from the end of the year and currently amount to ISK 14.4 bn.
- Net commission income for the period amounted to ISK 5.7 bn as compared with ISK 6.1 bn during the same period the previous year.
- Operating cost was ISK 18.8 bn, as compared with ISK 20.8 bn in Q3 2019.
- Return on equity (ROE) after taxes was 0.4% in the first three months of 2020 as compared with an ROE of 7.9% for the same period in 2019.
- The cost-income ratio for the first nine months of the year was 51.6%, as compared with 41.4% for the same period in 2019.

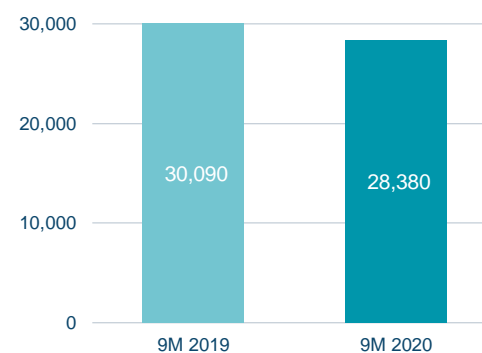
Profit



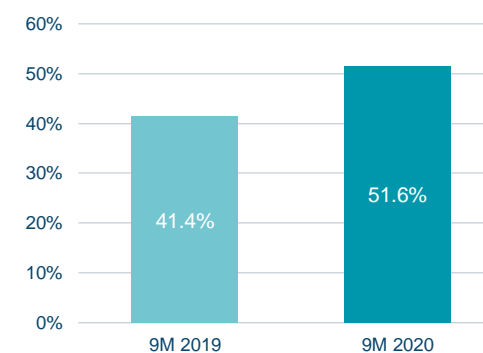
Return on equity



Net interest income



Cost-income ratio

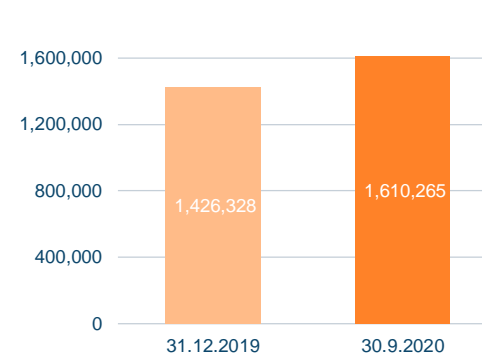


(ISKm)

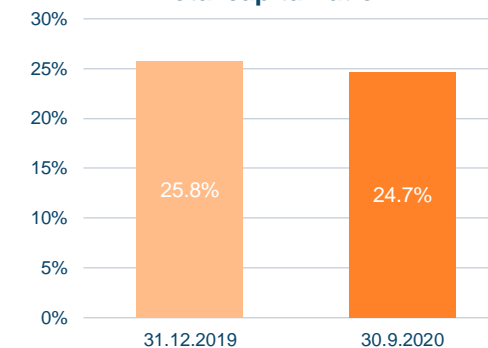
## Highlights - Balance sheet

- Total assets amounted to ISK 1,610 bn at the end of September 2020
- Lending increased by ISK 115 bn from the beginning of the year and the increase is largely attributable to loans to households, or ISK 89 bn. Lending to corporates increased by ISK 26 bn, attributable to depreciation of the Icelandic *króna* which leads to an increase in FX loans in the amount of ISK 38 bn.
- Landsbankinn's equity was ISK 248.4 bn at the end of September 2020, up from ISK 0.7 bn the beginning of this year.
- The total capital ratio is now 24.7%, 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 Bank's liquidity coverage ratio (LCR) was 186% at the end of September 2020 as compared with 161% at year-end 2019, and well above regulatory requirements.

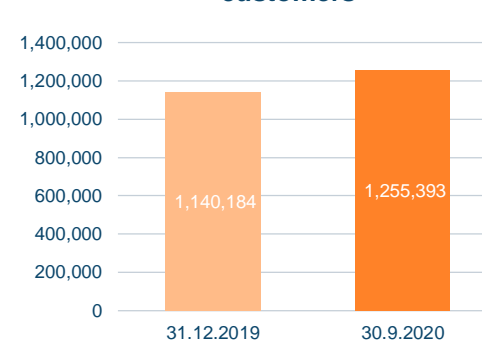
**Total assets**



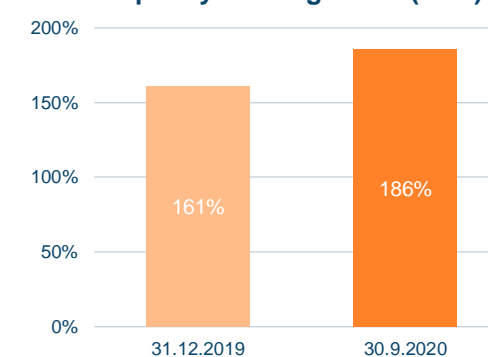
**Total capital ratio**



**Loans and advances to customers**



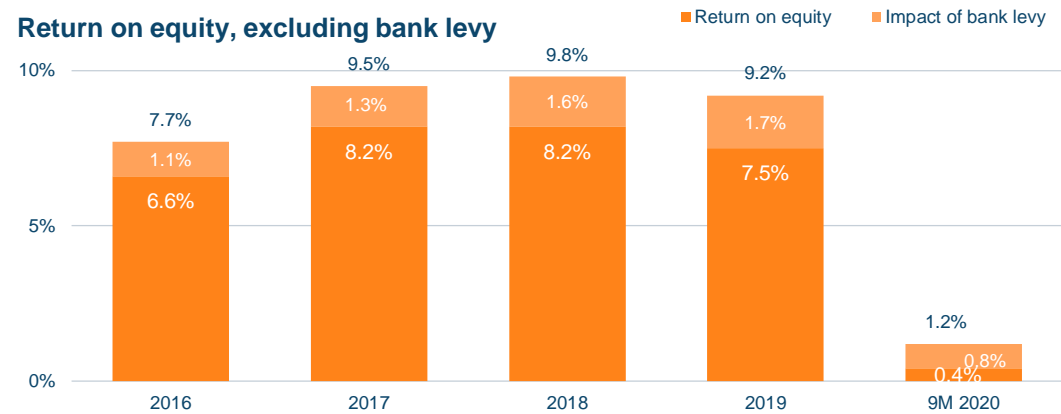
**Liquidity coverage ratio (LCR)**



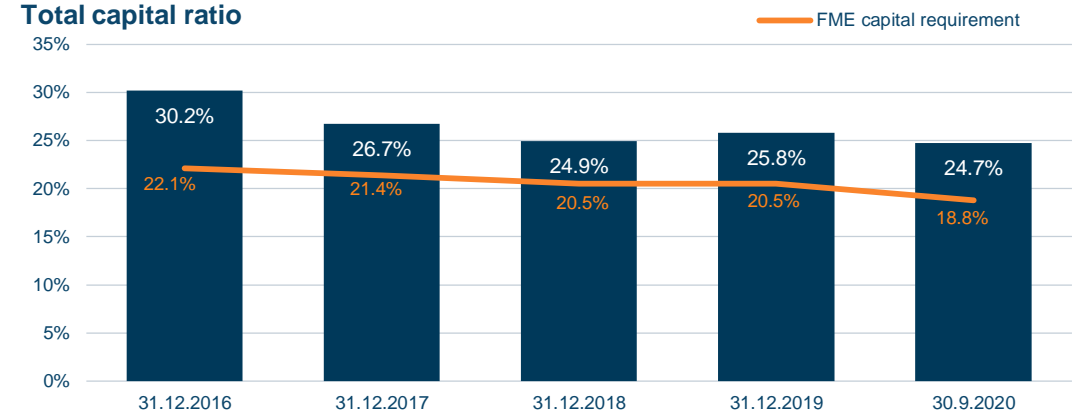
(ISKm)

# Development of KPIs

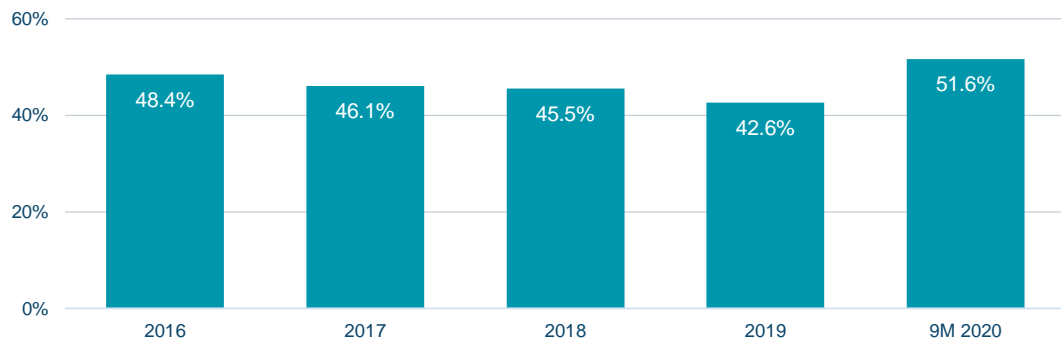
## Return on equity, excluding bank levy



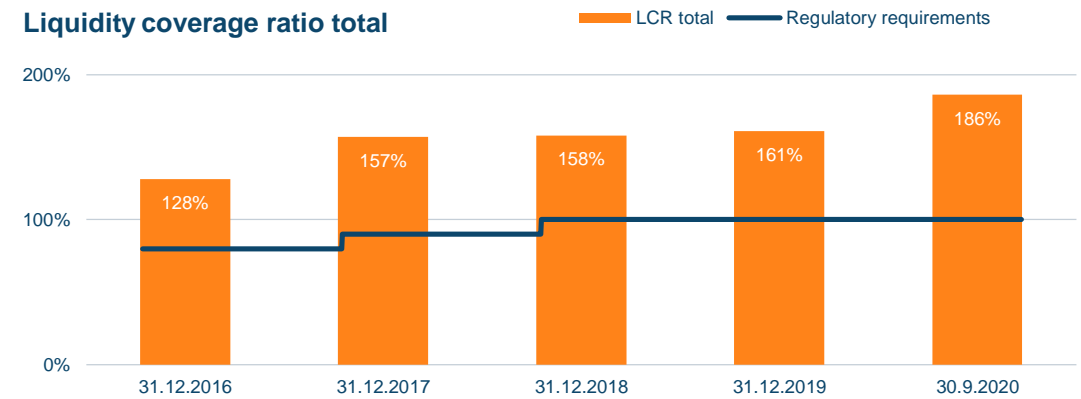
## Total capital ratio



## Cost-income ratio

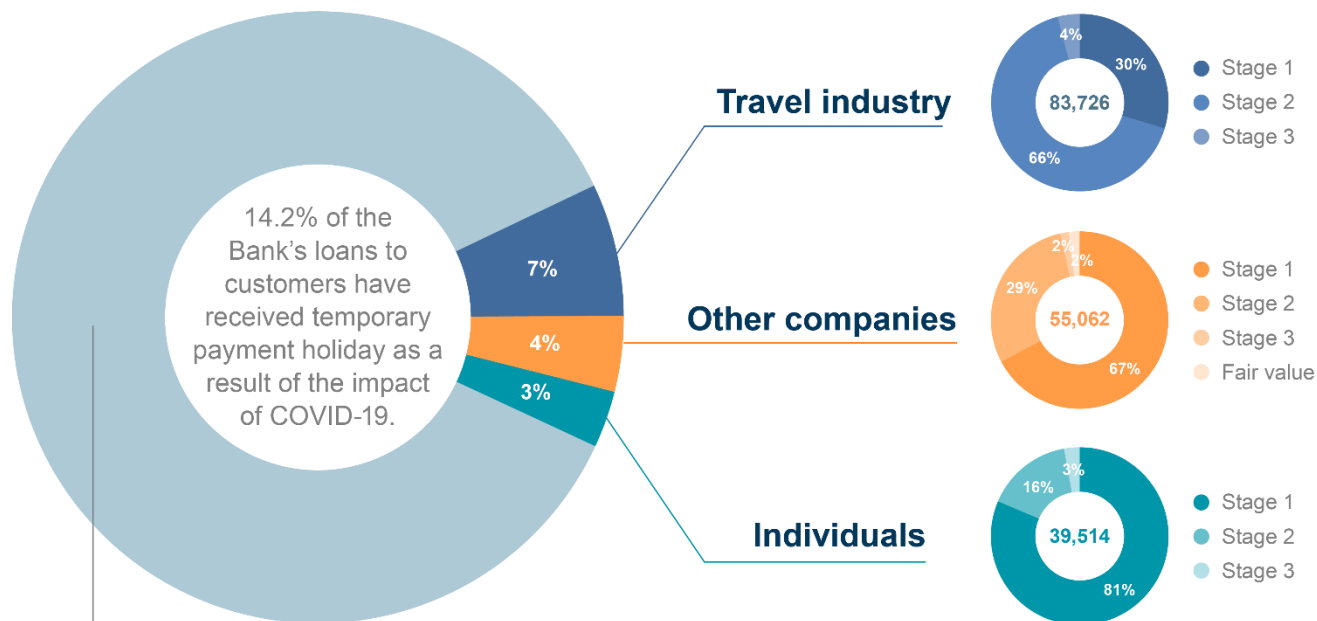


## Liquidity coverage ratio total



# Impact of COVID-19

## The Bank's loan portfolio Carrying amount 1,255,393



Stage 1 – No significant increase in credit risk. Loans whose credit risk has not increased significantly shall be Stage 1 and the loss allowance measured as the 12-month ECL.

Stage 2 – Significant increase in credit risk. Loans whose credit risk has increased significantly since initial recognition but that are not credit-impaired shall be Stage 2.

Stage 3 – Credit-impaired. Loans where the obligor is in default or otherwise impaired shall be Stage 3 and the loss allowance measured as the lifetime ECL.

## Base case scenario

	2019	2020*	2021*
GDP growth	1.9%	-8.1%	4.9%
Unemployment rate	3.6%	7.5%	7.0%
Base rate	3.0%	1.0%	1.25%
Inflation	3.0%	2.9%	3.5%
EURISK exchange rate, average	135.7	158	155
Housing prices index, y/y change	3.6%	4.0%	3.0%

\*Landsbankinn's economic research forecast.

# Growth in Mortgage lending

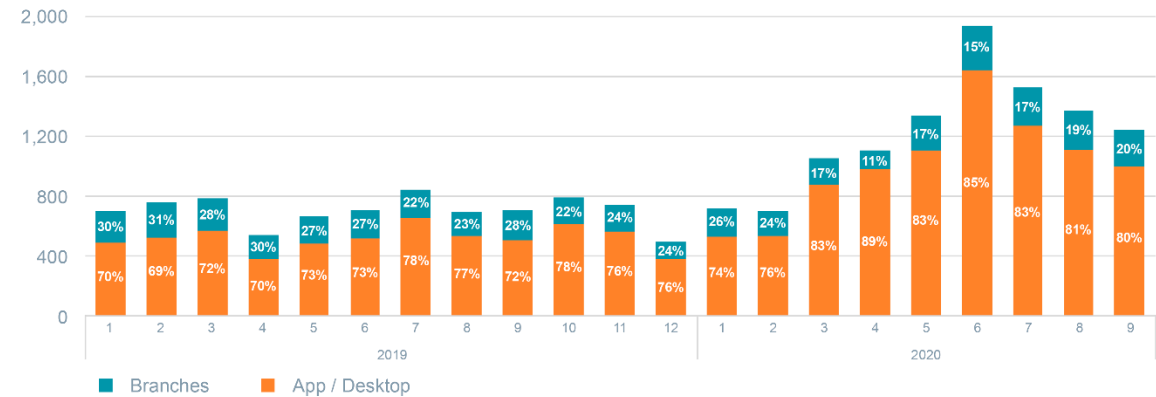
**7,700**

Number of homes financed by Landsbankinn in the first six months of 2020.

**5 minutes**

It only takes 5 minutes to do your credit assessment online

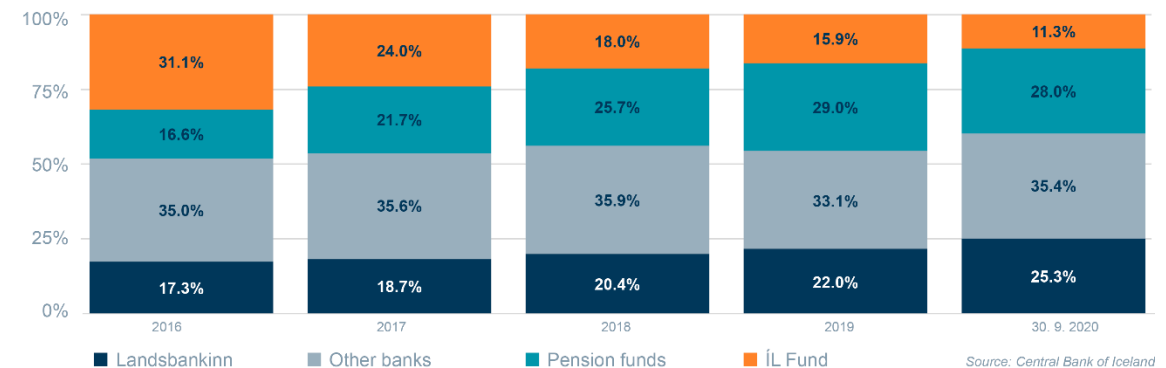
## Credit assessment for mortgages



## Available housing loans

Loan type	Maximum maturity	Interest rate	Loan to value	Maximum amount	Prepayment fee
Primary loan	Non-indexed / 40y	Variable or fixed for 3 to 5 years	Up to 70%	ISK 60 million	Up to 1%, for fixed rate loans
	CPI indexed / 30y	Variable or fixed for 5 years			
Supplementary loan	Non-indexed / 15y	Variable or fixed for 3 to 5 years	70–85%	No	Up to 1%, for fixed rate loans

## Market share – mortgages

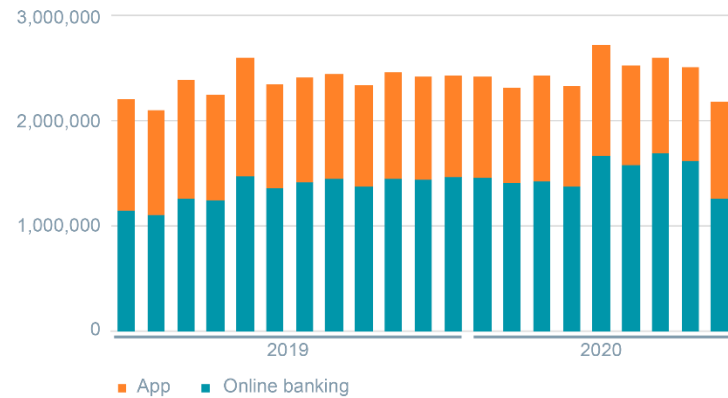


Source: Central Bank of Iceland

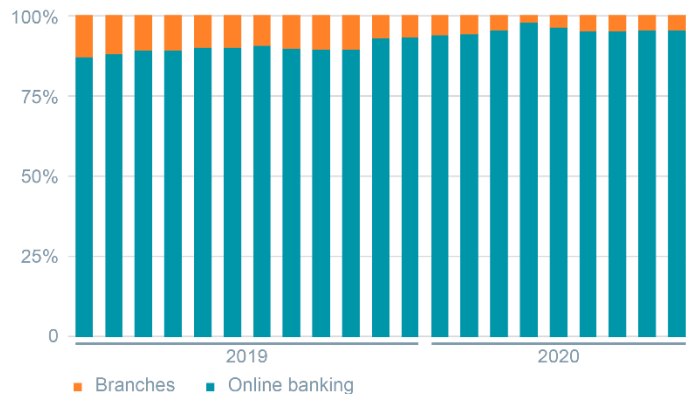


## Excellent Self Service Ratio

Number of sessions in app and online



International payments



Self-service ratio

**94%** of changes to credit card limits are carried out electronically

**91%** of changes to overdraft authorisations are carried out electronically

**92%** of retail customers have performed due diligence online

**82%** of retail customers complete their credit assessment for mortgages online

# Our Digital Journey

Landsbankinn will continue on its digitalisation journey with emphasis on offering great value proposition to customers.

We aim to provide an offering according to our customers' needs and demands, mainly through our online solutions such as Online bank, App and our main website.

The acceptance of our digital solutions the past few years has made it possible to adjust the number of FTEs needed without lowering the quality or quantity of service.

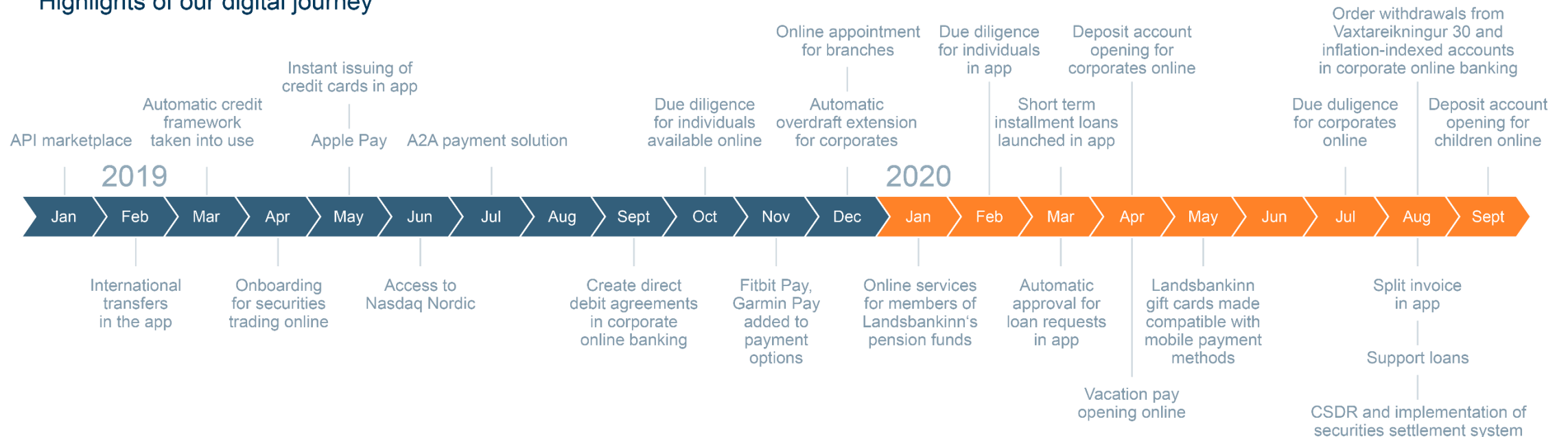
In contrast we have seen an increase of usage in every project we have simplified, automated or moved online.

With new solutions being introduced frequently, our staff must have the skills to both tutor and educate as well as serve. Therefore, we anticipate that future staff in our branches will be sought after.

This process will be a challenge in the next few years as the tasks and consultation in our branches will change.

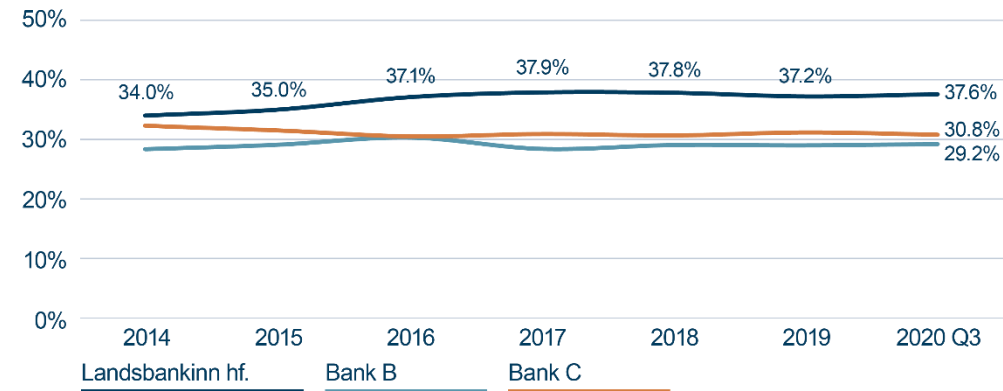
Our aim is for Landsbankinn to be as exciting and attractive workplace in the future as it has been in recent decades.

## Highlights of our digital journey

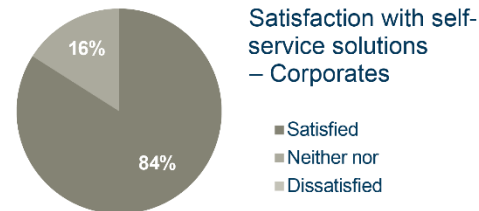
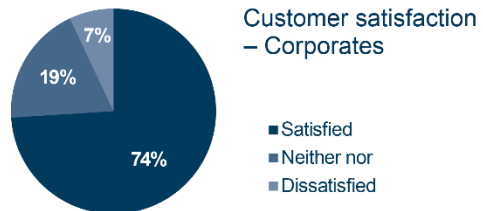
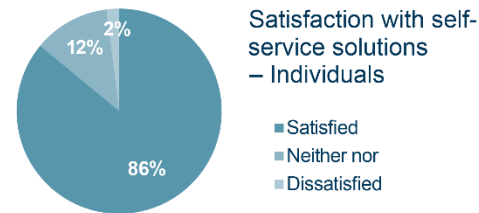
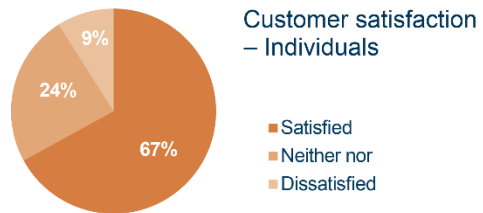
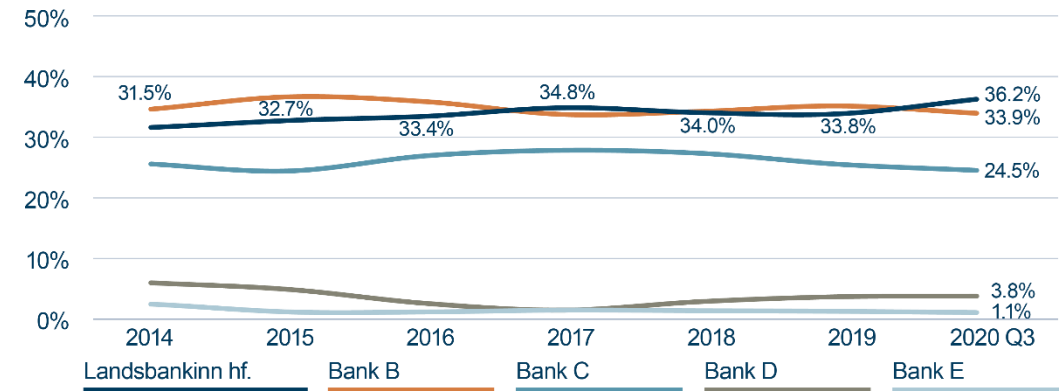


# Landsbankinn's Successes

## Market share – Retail banking



## Market share – Corporate banking



Landsbankinn was ranked highest by banking customers in the Icelandic Performance Satisfaction Index.



International finance magazine *Euromoney* selected Landsbankinn as the best bank in Iceland

Source: Gallup

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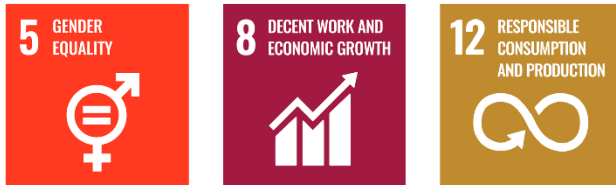
## Leading in CSR

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### Landsbankinn achieved excellent rating

Landsbankinn achieved excellent rating in an ESG risk rating carried out by Reitun. The bank is also leading in Europe according to Sustainalytics and now ranks 2nd out of 382 regional banks in regards to ESG risk rating.



### UN Sustainable Development Goals

Landsbankinn has elected to focus on three of the UN Sustainable Development Goals (SDGs). The chosen SDGs all relate to the Bank's activities and as such allow the Bank to maximise the positive impact of its work on the environment and the community.



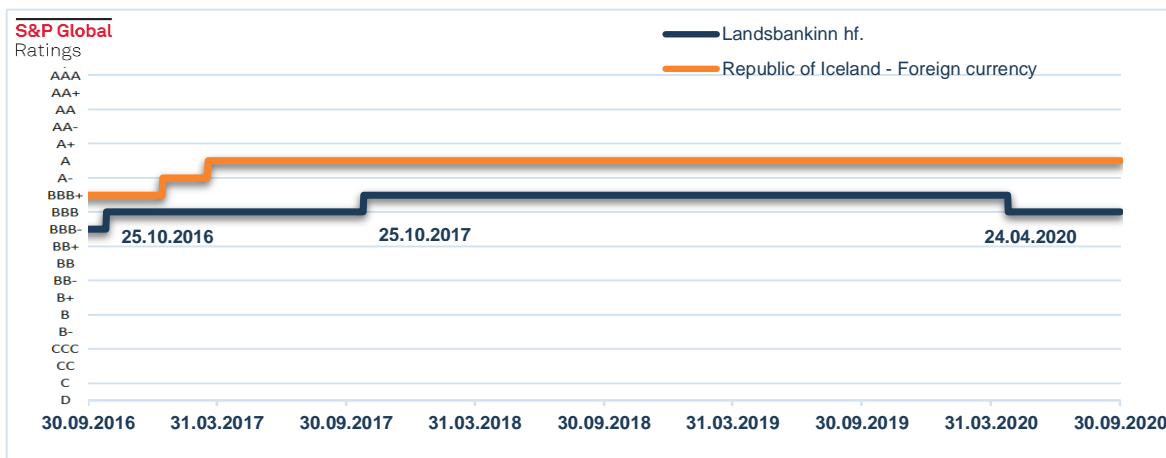
### Responsible banking

Landsbankinn focuses on the new Principles for Responsible Banking from UNEP-FI and is a member of the UN Principles for Responsible Investment (UNPRI)

The bank has adopted the following goals to enable it to work systematically towards the UN's sustainable development goals (SDGs) and the Paris Climate Agreement through its core operation:

- Assess emissions from Landsbankinn's credit and asset portfolios
- Develop green lending
- Work to close the gender wage gap and boost gender equality in the labour market

# Ownership and credit rating

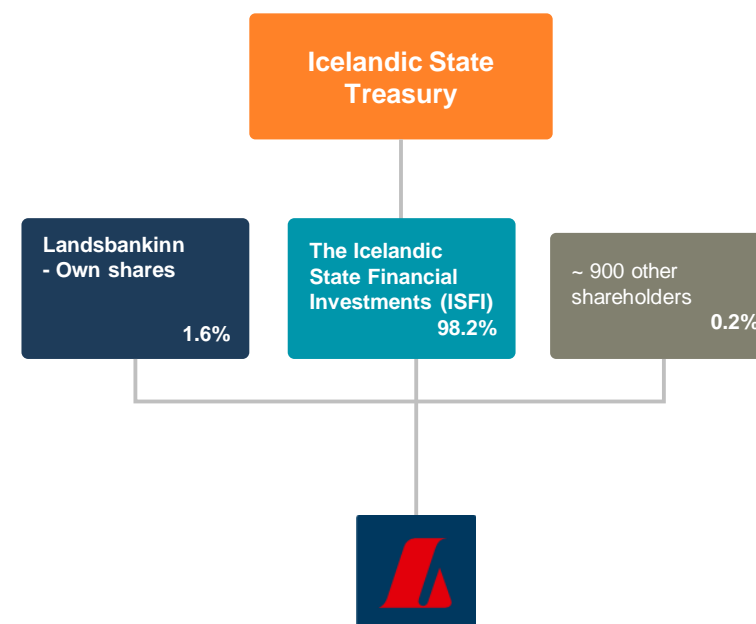


- The Ministry of Finance and Economic Affairs published an updated ownership policy in February 2020 with regards to equity holdings in undertakings that are supervised by the Icelandic State Financial Investments (ISFI).

## In regards to Landsbankinn the policy states

- The government will retain a significant equity stake in the bank to ensure stability in the domestic financial sector.
- The remaining equity stake will not be sold until the government has sold its ownership in Islandsbanki in full.

	Icelandic sovereign	Landsbankinn hf.
Long-term rating	A	BBB
Short-term rating	A-1	A-2
Outlook	Stable	Stable
Last rating action	March 2017	April 2020





## Financial Targets

	Objective	9M 2020	Guidelines
Return on equity, excluding bank levy <sup>1</sup> (ROE)	≥ 10%	1.2%	Due to the enormous uncertainty COVID-19 has on the Bank's ROE, the forecast for expected ROE in 2020 has been rescinded.
Cost-income ratio (C/I ratio)	≤ 45%	51.6%	Due to the enormous uncertainty COVID-19 has on the Bank's cost-income ratio, the forecast for expected cost-income ratio in 2020 has been rescinded.
Total capital ratio (TCR)	≥ 23%	24.7%	<p>The Bank's target is to maintain capital ratios above FSA Iceland'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 will seek to issue subordinated funding on the market, provided that is deemed economic and favourable for its funding structure.</p>
Common Equity Tier 1 capital (CET1)	≥ 18%	22.7%	
Dividend payout ratio <sup>2</sup>	≥ 50%	-	The aim is also to make special dividend payments to optimise the Bank's capital structure.

<sup>1</sup> Special tax on financial institutions of 0.145% 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

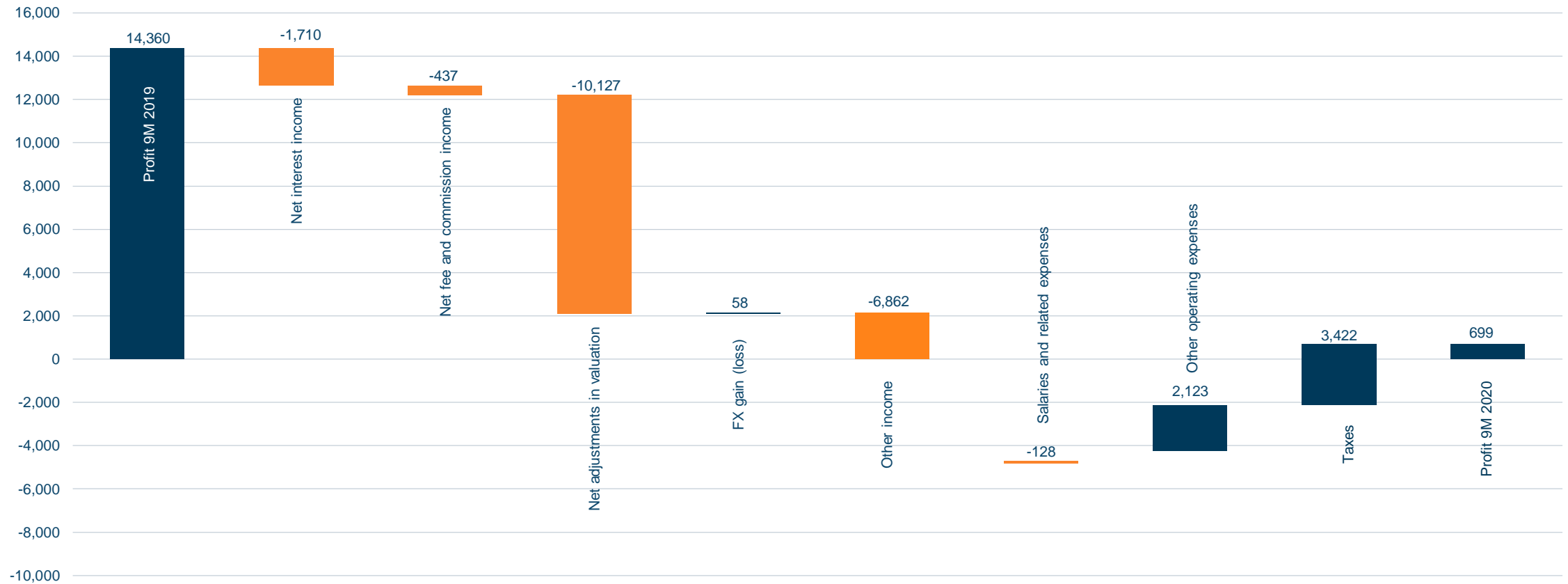
<sup>2</sup> Regular dividend payout ratio of last year profit.

An aerial photograph of a vast, undulating landscape. The terrain is characterized by rolling hills and valleys, with a mix of vibrant green vegetation and reddish-brown earth. A small, winding white stream flows through the center of the image. The lighting creates strong shadows, emphasizing the contours of the land.

# Income Statement

# Income statement

## Change from 9M 2019 to 9M 2020



Amounts in ISKm



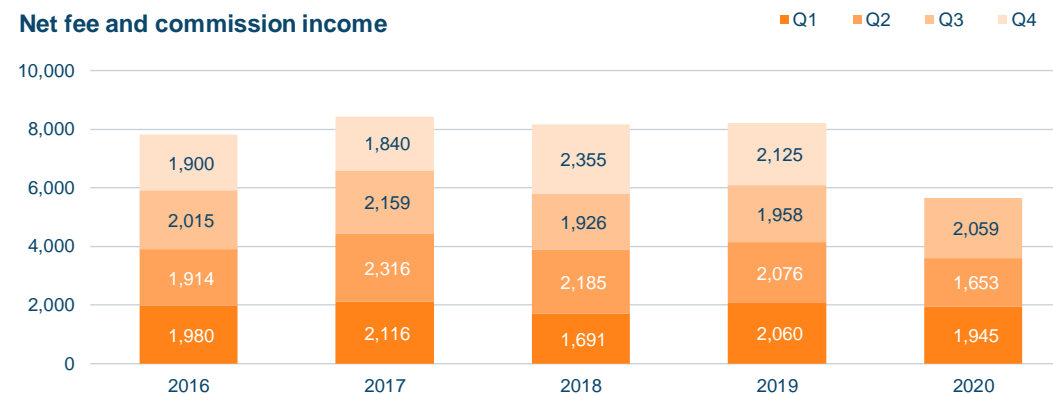
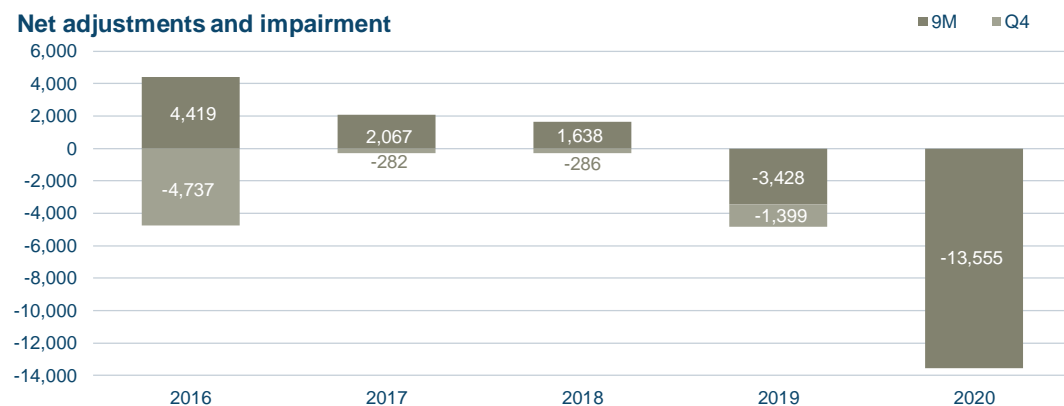
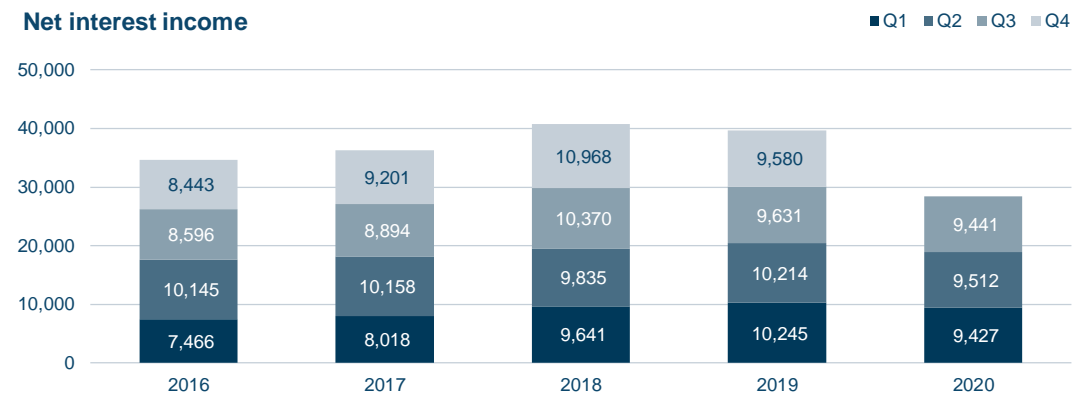
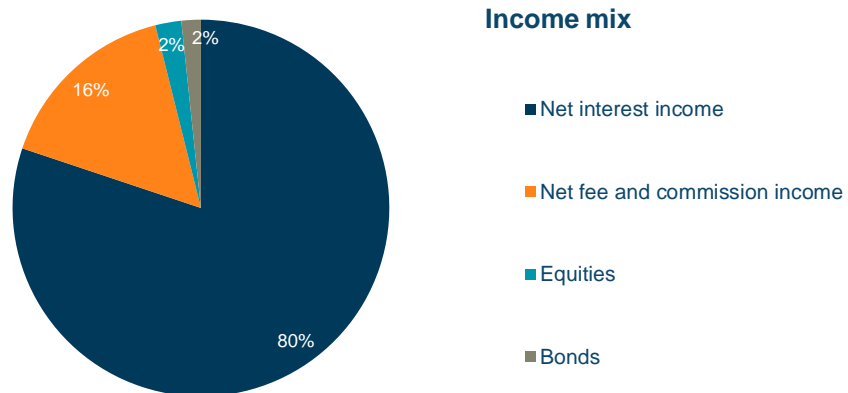
# Income statement

	9M 2020	9M 2019	Change	
Net interest income	28,380	30,090	-1,710	-6%
Net fee and commission income	5,657	6,094	-437	-7%
Net adjustments and impairment	-13,555	-3,428	-10,127	295%
Other net operating income	-306	6,498	-6,804	-105%
<b>Total operating income</b>	<b>20,176</b>	<b>39,254</b>	<b>-19,078</b>	<b>-49%</b>
Salaries and related expenses	10,781	10,653	128	1%
Other operating expenses	6,631	7,029	-398	-6%
Tax on liabilities of financial institutions	1,415	3,140	-1,725	-55%
<b>Total operating expenses</b>	<b>18,827</b>	<b>20,822</b>	<b>-1,995</b>	<b>-10%</b>
<b>Profit before tax</b>	<b>1,349</b>	<b>18,432</b>	<b>-17,083</b>	<b>-93%</b>
Income tax	650	4,072	-3,422	-84%
<b>Profit for the period</b>	<b>699</b>	<b>14,360</b>	<b>-13,661</b>	<b>-95%</b>

	Q3 2020	Q3 2019	Change	
	9,441	9,631	-190	-2%
	2,059	1,958	101	5%
	-120	-1,056	936	-89%
	-479	821	-1,300	-159%
<b>Total operating income</b>	<b>10,901</b>	<b>11,354</b>	<b>-453</b>	<b>-4%</b>
Salaries and related expenses	3,135	3,284	-149	-5%
Other operating expenses	1,995	2,167	-172	-8%
Tax on liabilities of financial institutions	540	1,065	-525	-49%
<b>Total operating expenses</b>	<b>5,670</b>	<b>6,516</b>	<b>-846</b>	<b>-13%</b>
<b>Profit before tax</b>	<b>5,231</b>	<b>4,838</b>	<b>393</b>	<b>8%</b>
Income tax	1,245	1,591	-346	-22%
<b>Profit for the period</b>	<b>3,986</b>	<b>3,247</b>	<b>739</b>	<b>23%</b>

Amounts in ISKm

# Net operating income

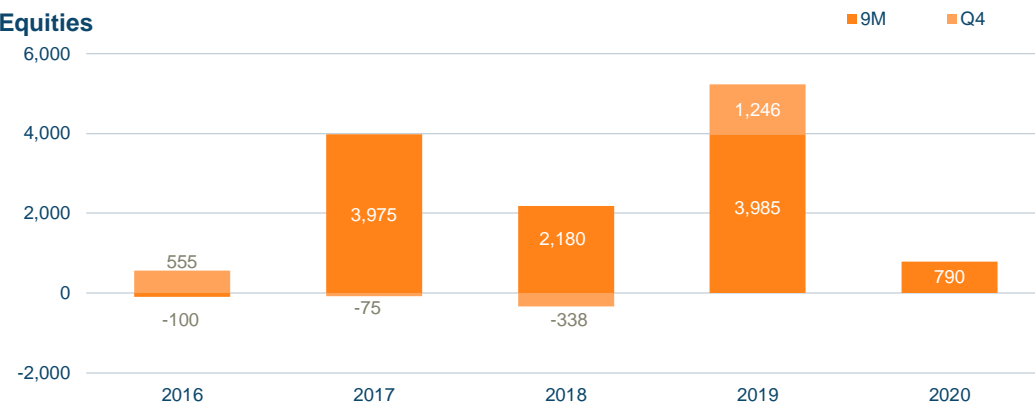


Amounts in ISKm

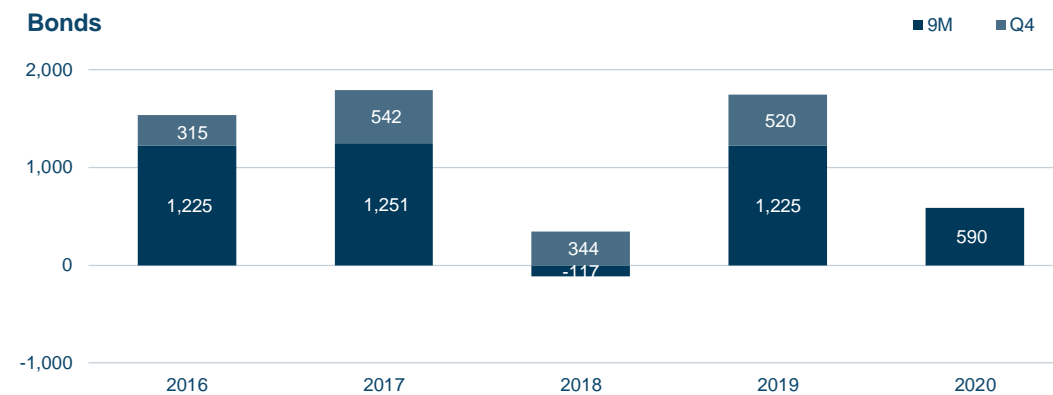


# Net operating income

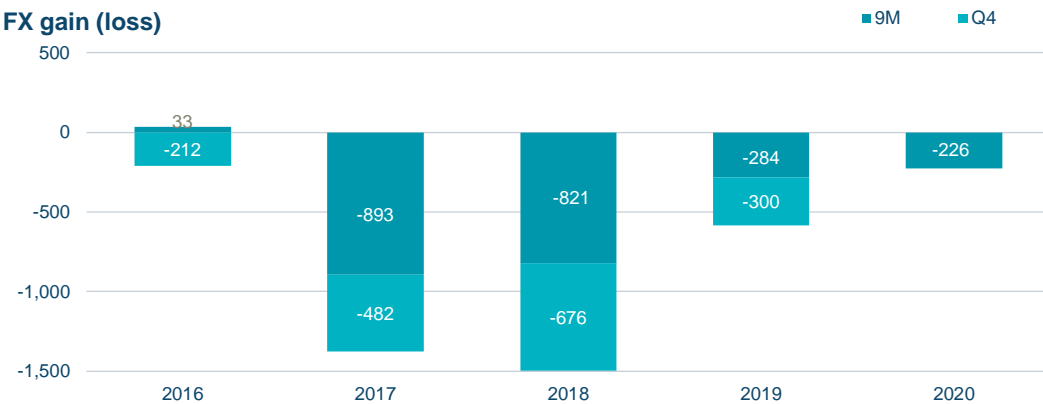
## Equities



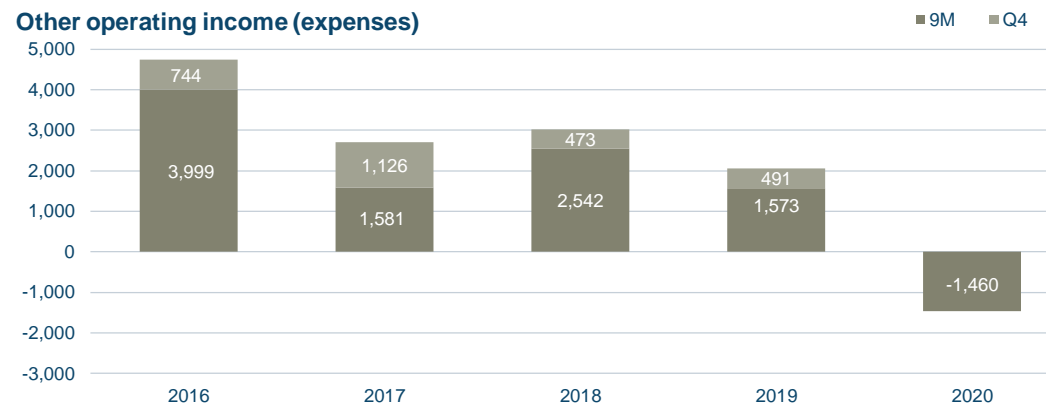
## Bonds



## FX gain (loss)



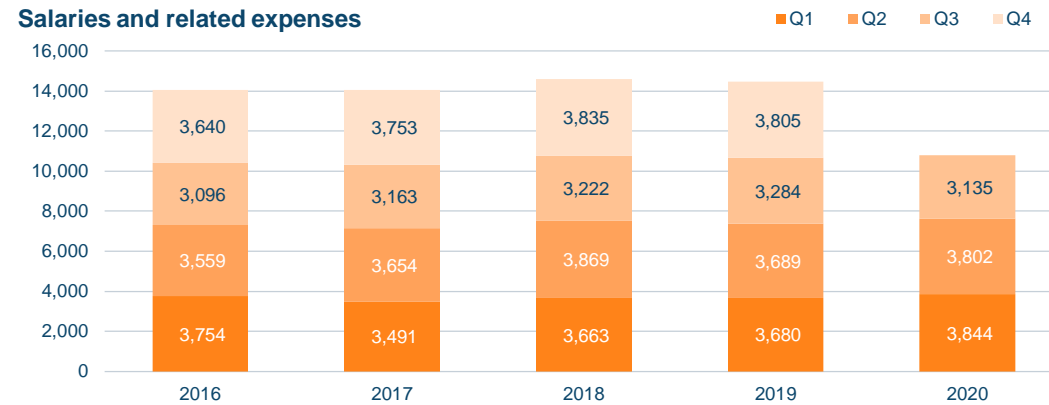
## Other operating income (expenses)



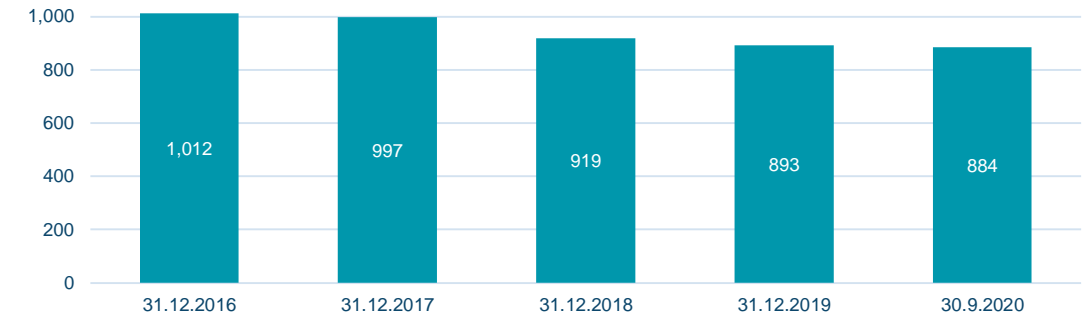
Amounts in ISKm

# Operating expenses

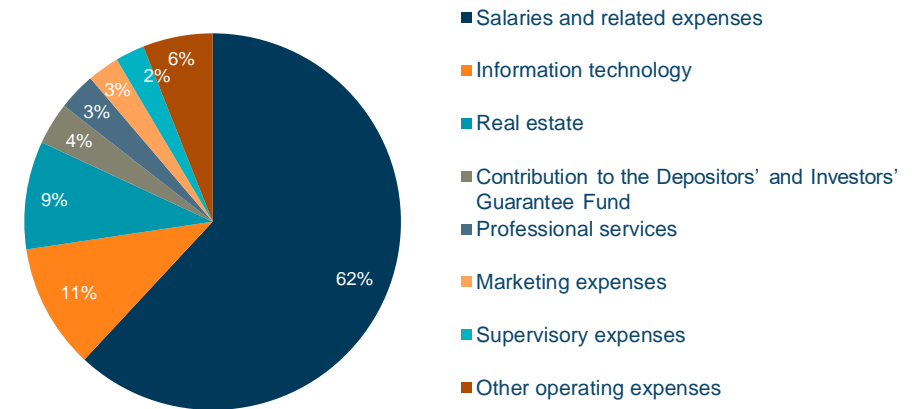
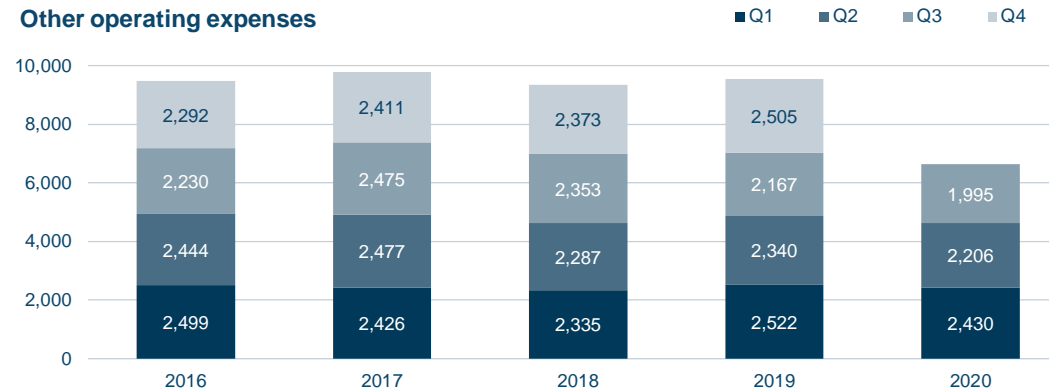
Salaries and related expenses



Full time eqv. positions



Other operating expenses



Amounts in ISKm

# Taxes

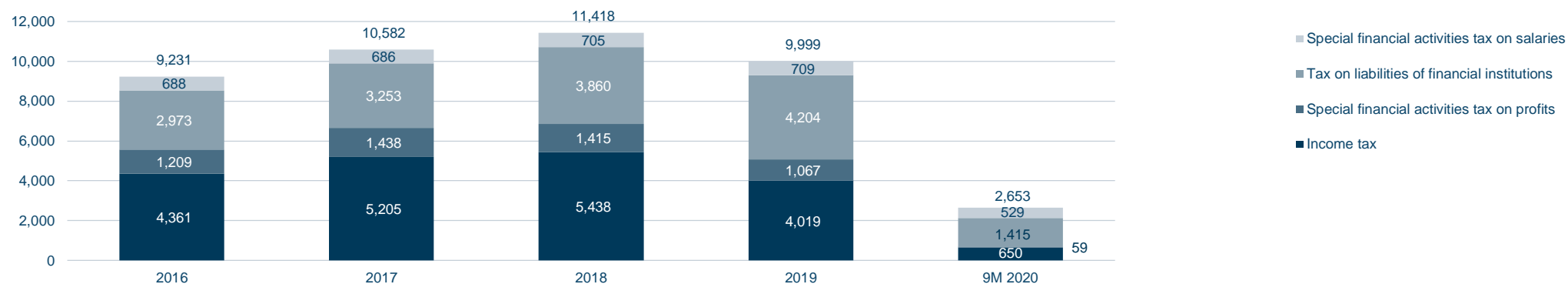
	9M 2020	9M 2019	Change	
Income tax	591	3,227	-2,636	-82%
Special financial activities tax on profits <sup>1</sup>	59	845	-786	-93%
<b>Income Tax</b>	<b>650</b>	<b>4,072</b>	<b>-3,422</b>	<b>-84%</b>
Tax on liabilities of financial institutions <sup>2</sup>	1,415	3,140	-1725	-55%
Special financial activities tax on salaries <sup>3</sup>	529	531	-2	0%
<b>Total</b>	<b>2,594</b>	<b>7,743</b>	<b>-5,149</b>	<b>-66%</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 0.145% (2019 0.376%) is levied of the carrying amount of total liabilities at year-end, excluding tax liabilities, in excess of ISK 50 bn 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



# Balance Sheet

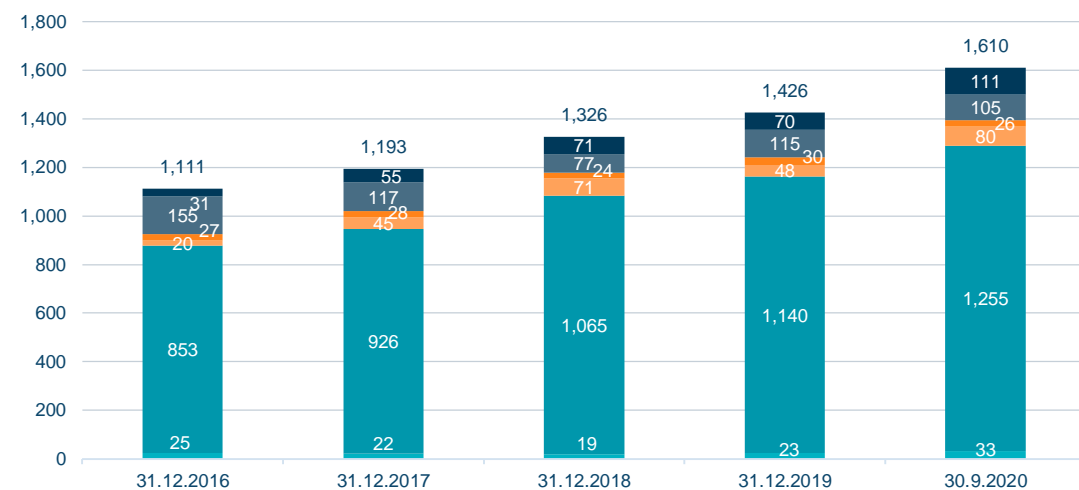
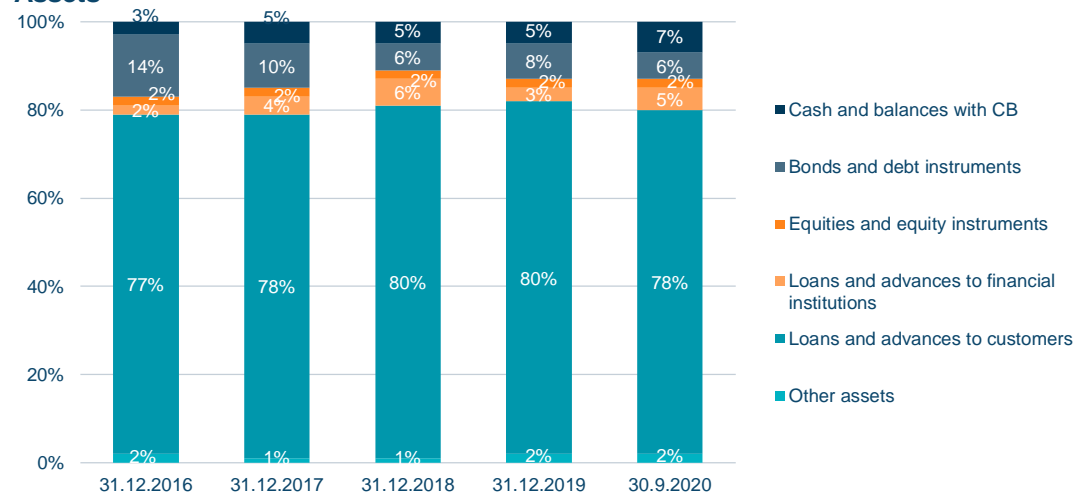


# Total assets

	30.9.2020	31.12.2019	Change	
Cash and balances with CB	111,260	69,824	41,436	59%
Bonds and debt instruments	104,895	115,262	-10,367	-9%
Equities and equity instruments	25,445	30,019	-4,574	-15%
Loans and advances to financial institutions	80,324	47,929	32,395	68%
Loans and advances to customers	1,255,393	1,140,184	115,209	10%
Other assets	32,948	23,110	9,837	43%
<b>Total</b>	<b>1,610,265</b>	<b>1,426,328</b>	<b>183,937</b>	<b>13%</b>

Amounts in ISKm

## Assets

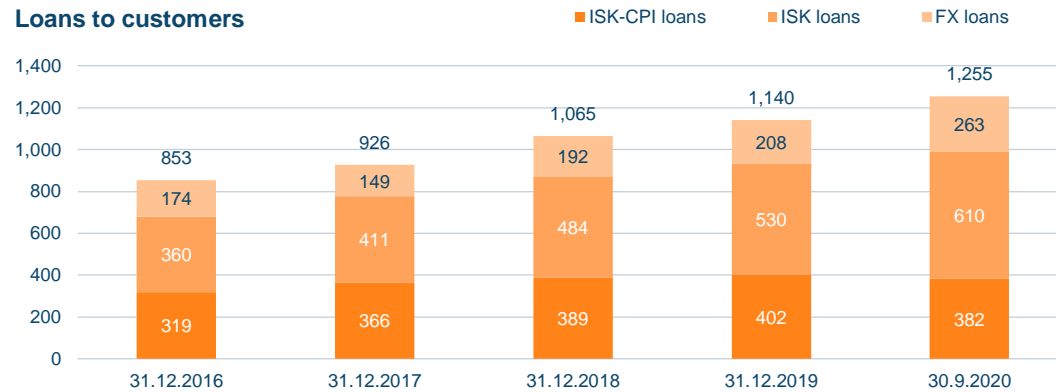


Amounts in ISKbn

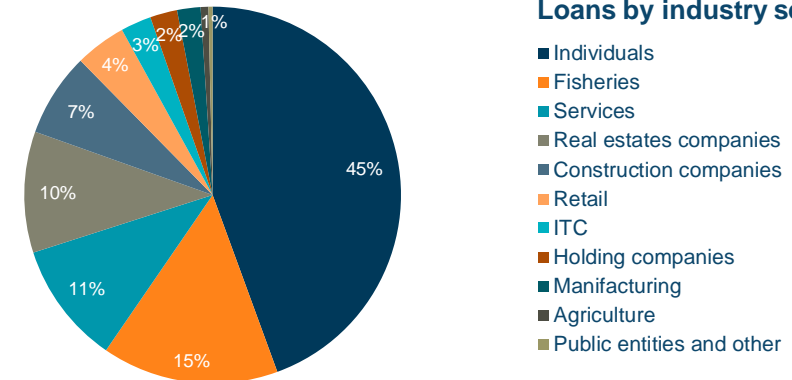


# Loans

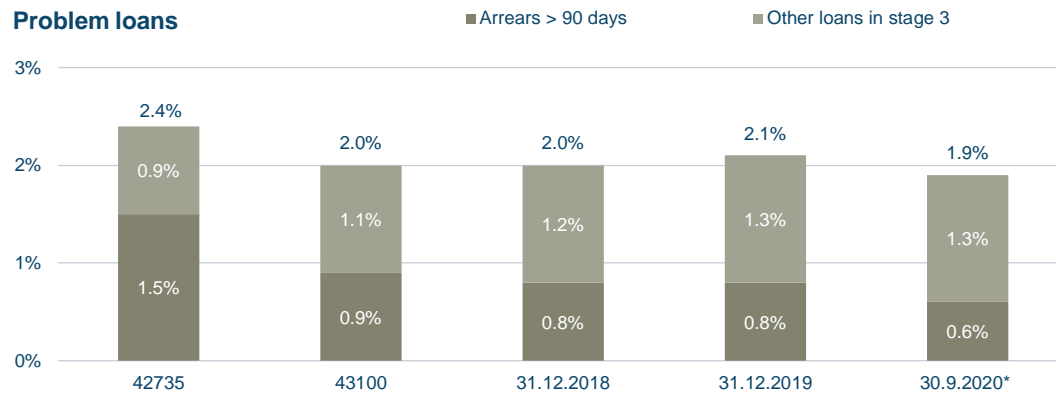
## Loans to customers



## Loans by industry sectors



## Problem loans



## Loan staging

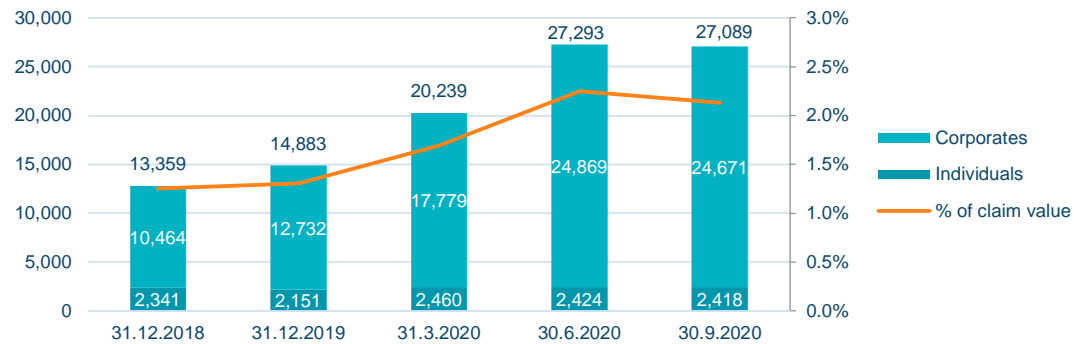
	Gross book value		Provisions for impairment		Net book value	
Stage 1	1,072	83.6%	5	0.5%	1,066	85.0%
Stage 2	159	12.4%	8	5.0%	152	12.0%
Stage 3	38	3.0%	14	36.2%	24	1.9%
Fair value	13	1.0%	-	-	13	1.0%
<b>Total</b>	<b>1,282</b>	<b>100.0%</b>	<b>27</b>	<b>2.1%</b>	<b>1,255</b>	<b>100.0%</b>

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

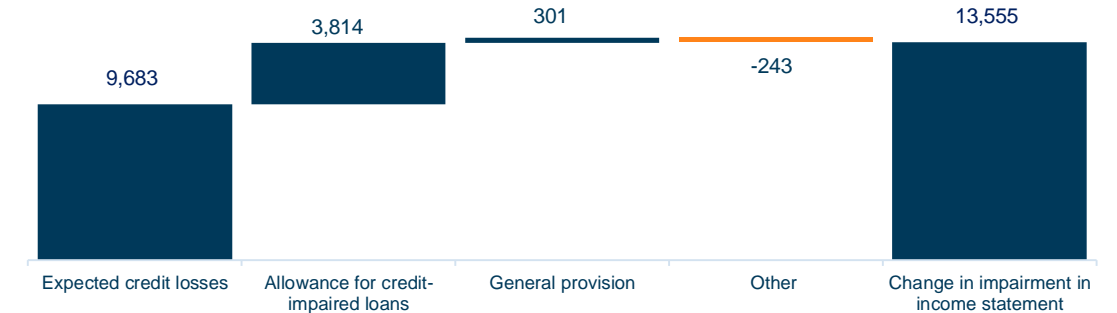
Amounts in ISKm

# Impairment on loans

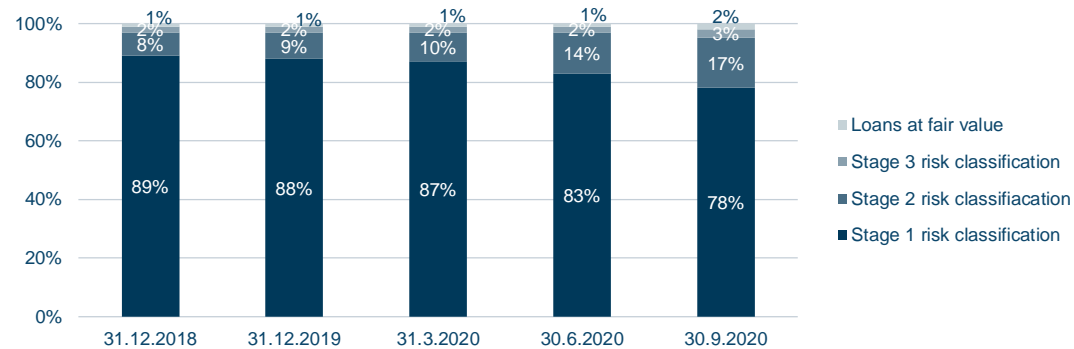
Allowance for impairment on loans and advances to customers



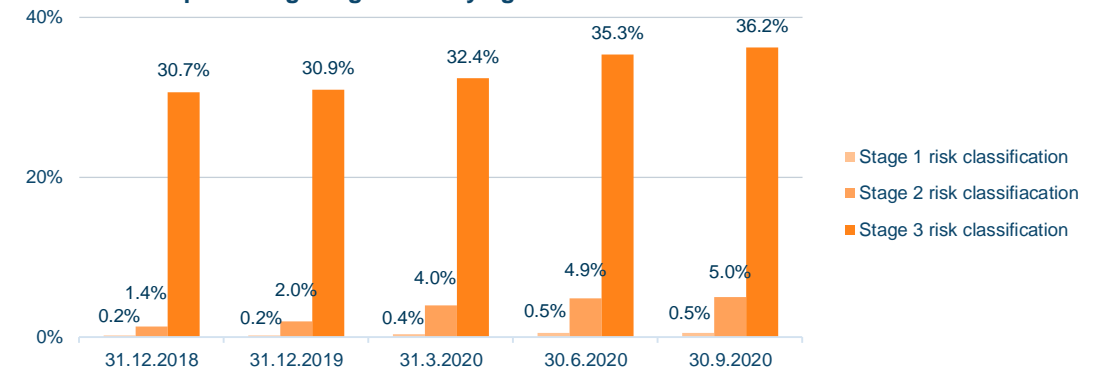
Impact on impairment in income statement 9M 2020



Loans by allocation to risk classes



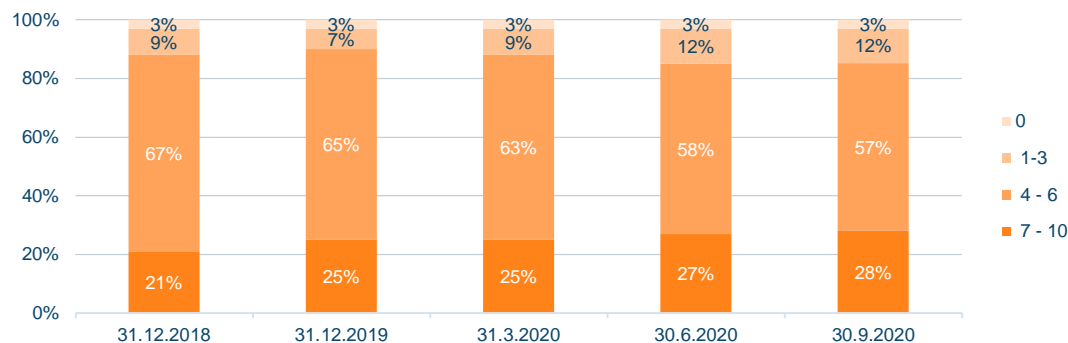
Allowance as percentage of gross carrying amount



Amounts in ISKm

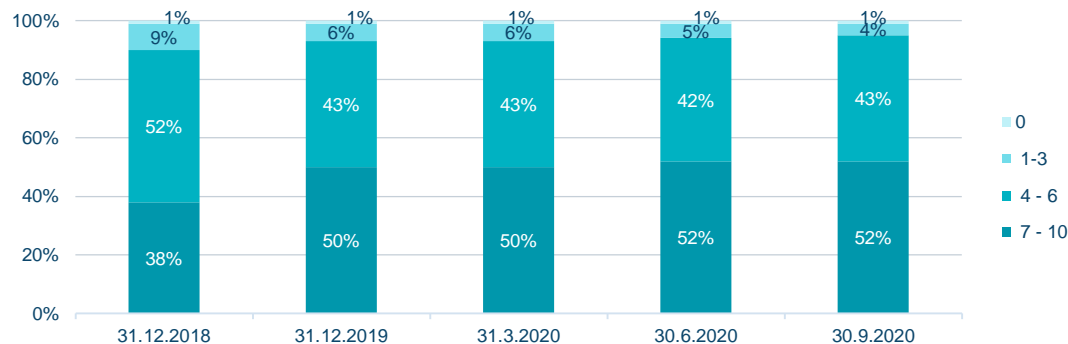
# Development of credit ratings

Loans to customers by rating grade

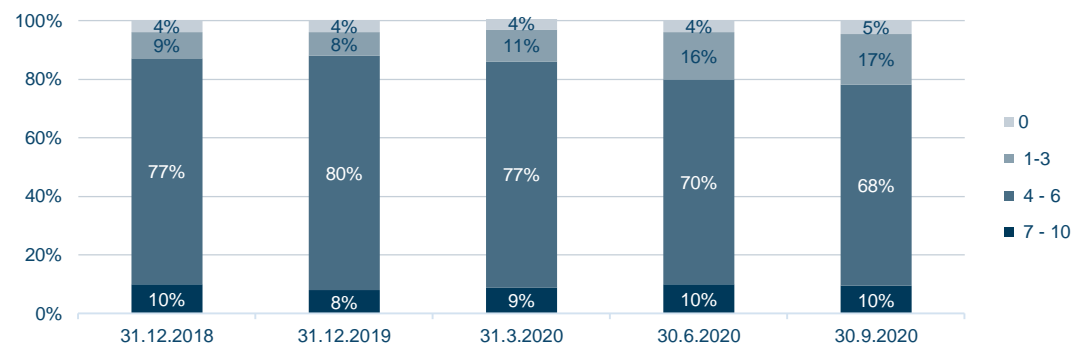


- Credit ratings of corporate customers have developed negatively. The Bank has individually assessed all significant loans and updated its valuation of underlying collateral.
- Rating grades of individuals remain unchanged.
- Changes in the economic environment affect the rating grades of companies before those of individuals.

Loans to individuals by rating grade



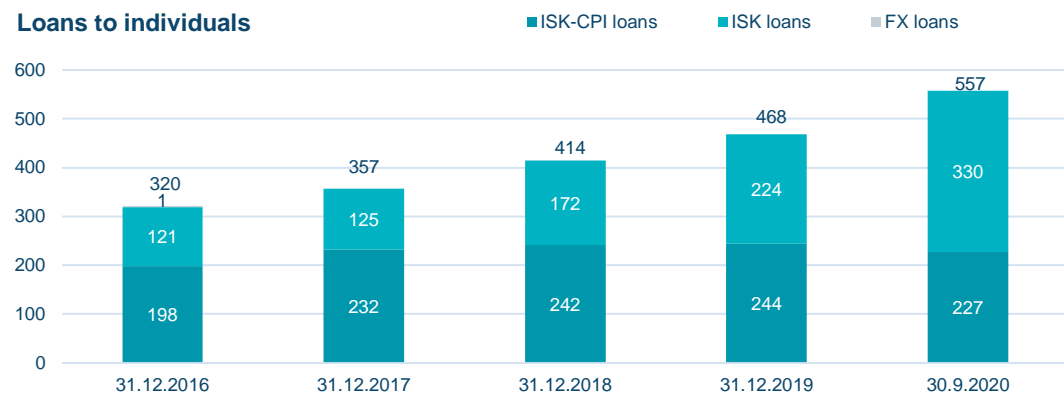
Loans to corporates by rating grade



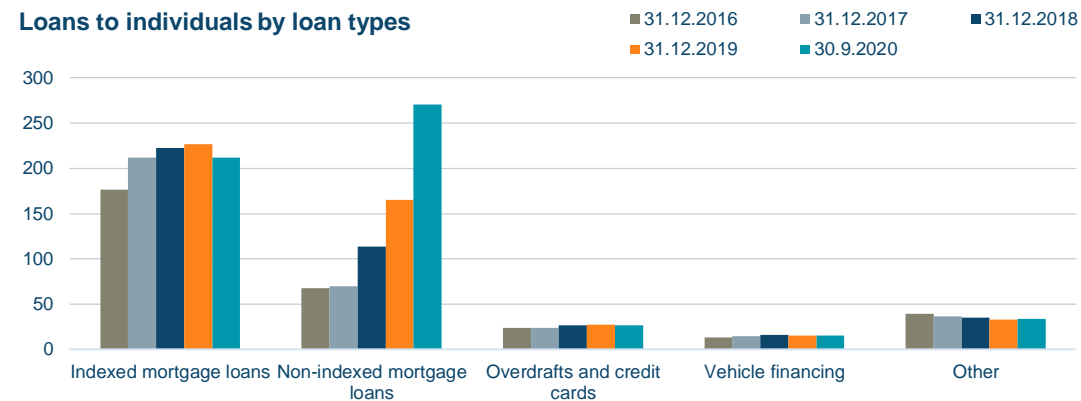
Loan claim values

# Loans to individuals

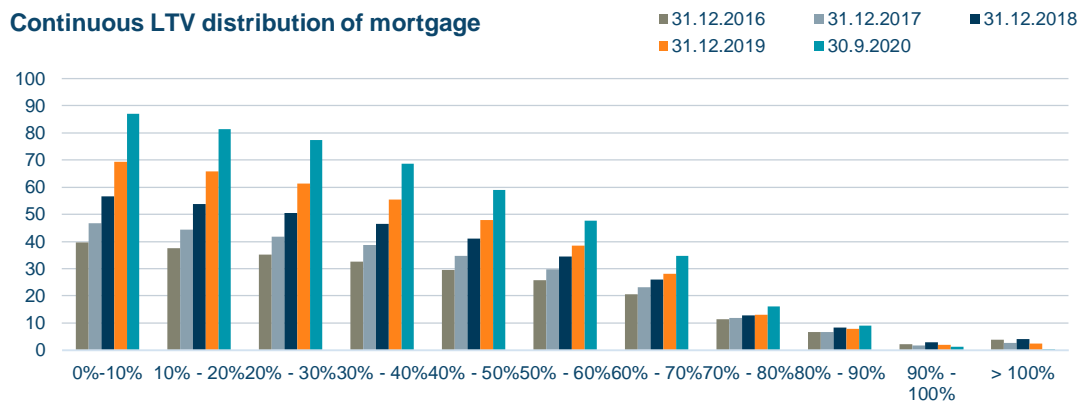
Loans to individuals



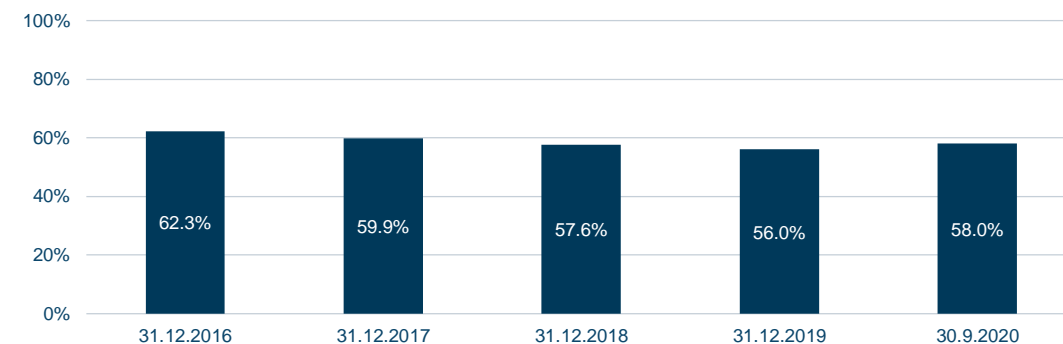
Loans to individuals by loan types



Continuous LTV distribution of mortgage



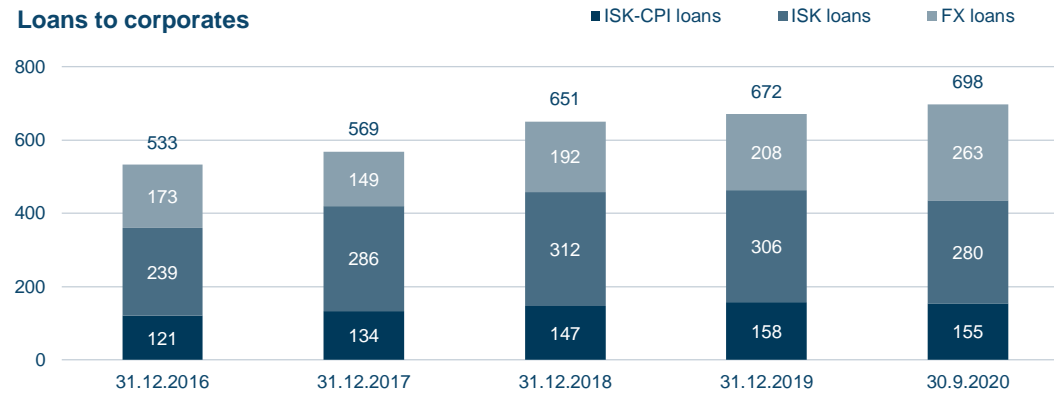
Weighted average LTV of mortgages



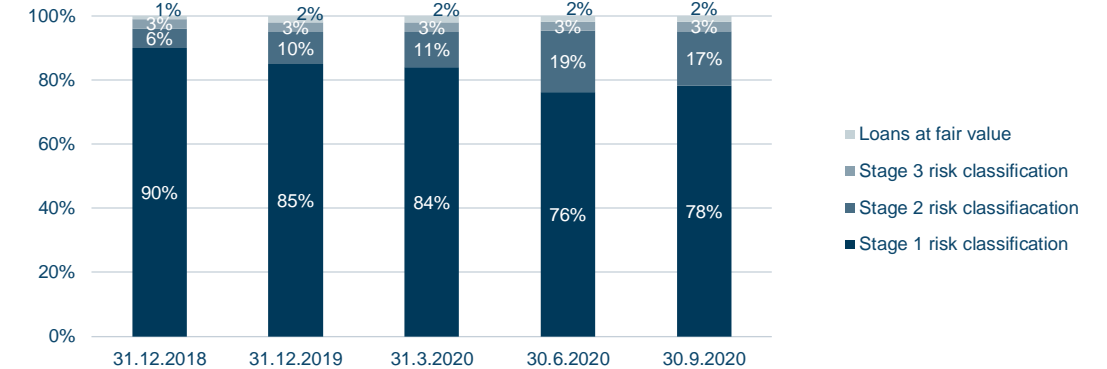
Amounts in ISKm

# Loans to corporates

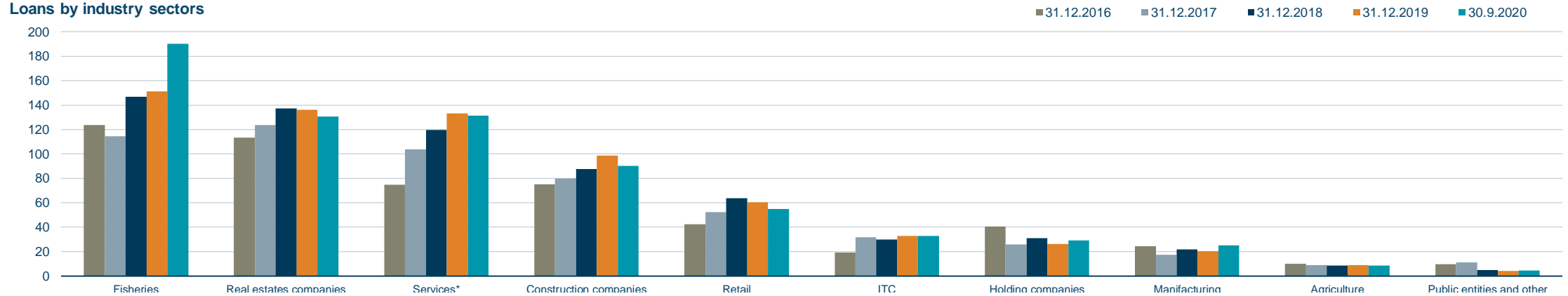
Loans to corporates



Corporate loans by allocation



Loans by industry sectors



Amounts in ISKbn

\* Loans to travel industry amounted to ISK 95.5 bn 30.9.2020 (ISK 96.3 bn 31.12.2019)

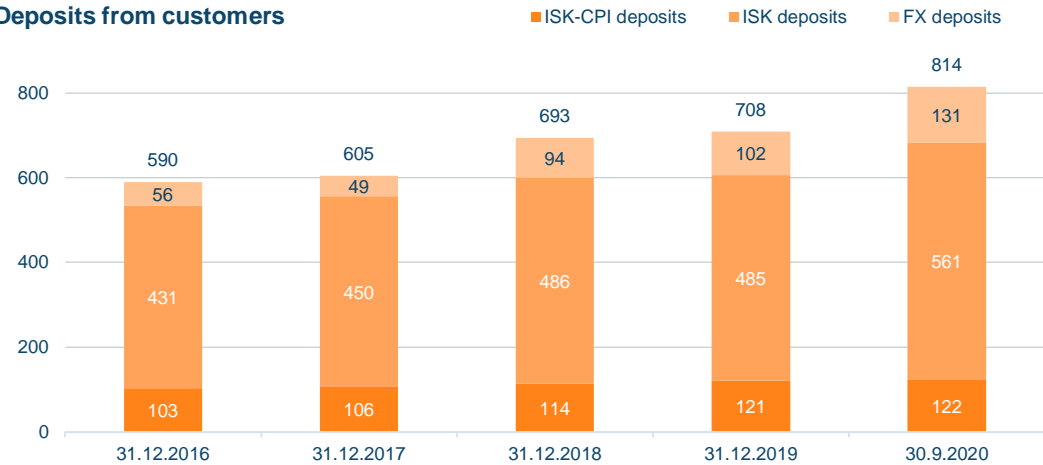


# Liabilities and equity

	30.9.2020	31.12.2019	Change	
Due to financial institutions and CB	47,654	48,062	-408	-1%
Deposits from customers	813,784	707,813	105,971	15%
Borrowings	438,309	373,168	65,141	17%
Other liabilities	40,126	30,470	9,656	32%
Subordinated liabilities	21,959	19,081	2878	15%
Equity	248,433	247,734	699	0%
<b>Total</b>	<b>1,610,265</b>	<b>1,426,328</b>	<b>183,937</b>	<b>13%</b>

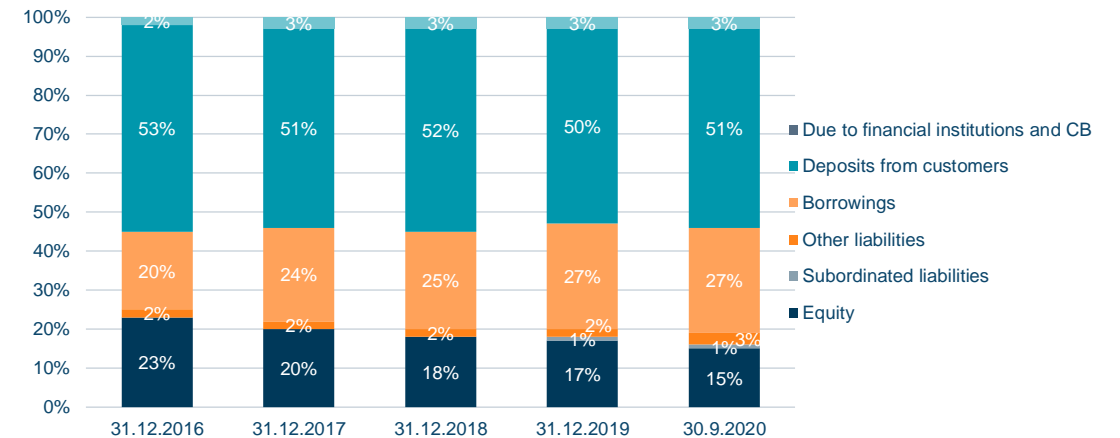
Amounts in ISKmn

## Deposits from customers

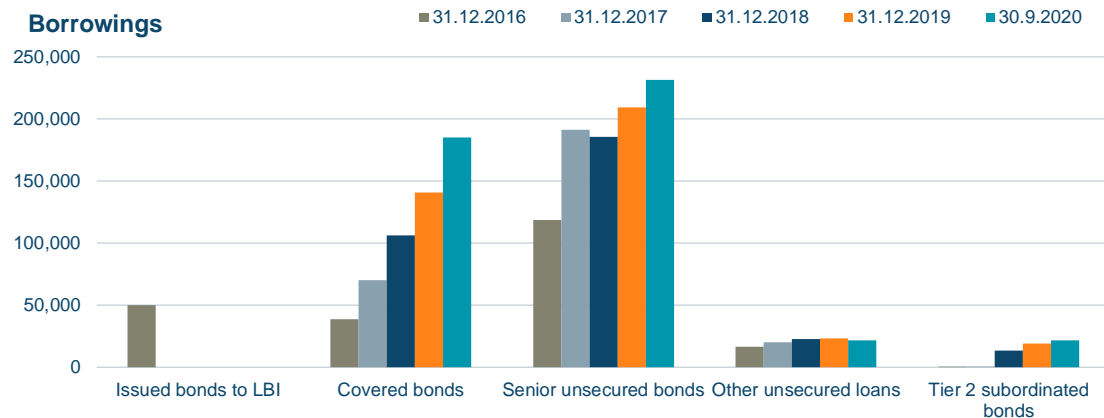


Amounts in ISKbn

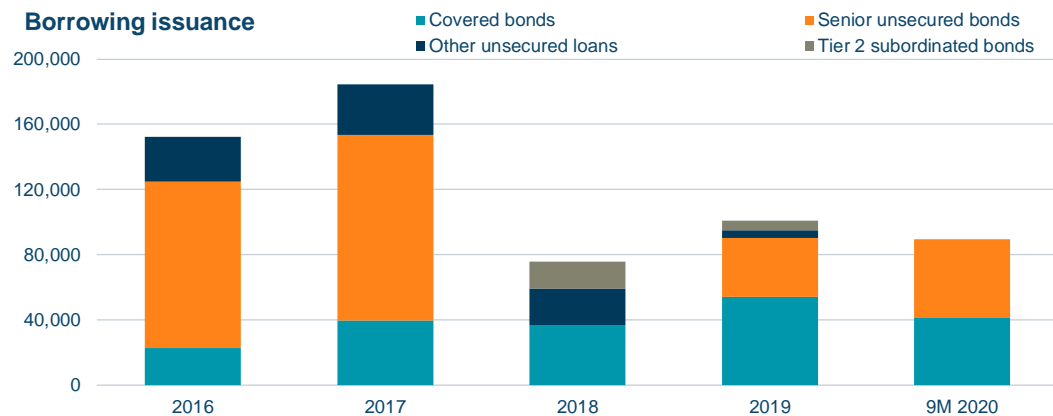
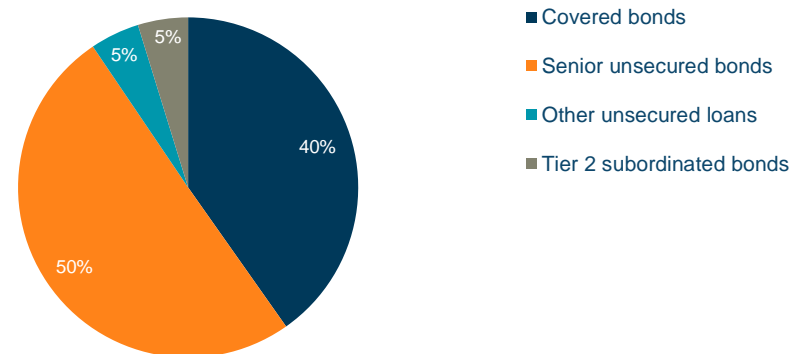
## Liabilities and equity



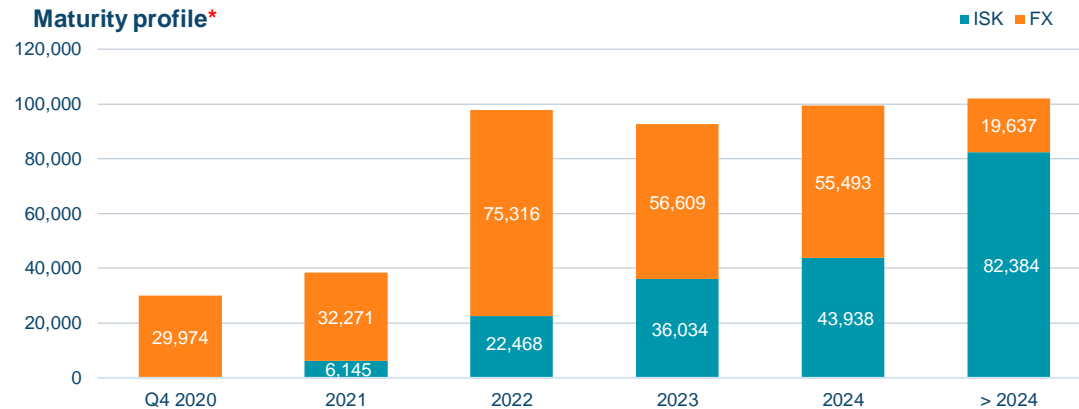
# Borrowings



**Borrowings 30.9.2020**



**Maturity profile\***

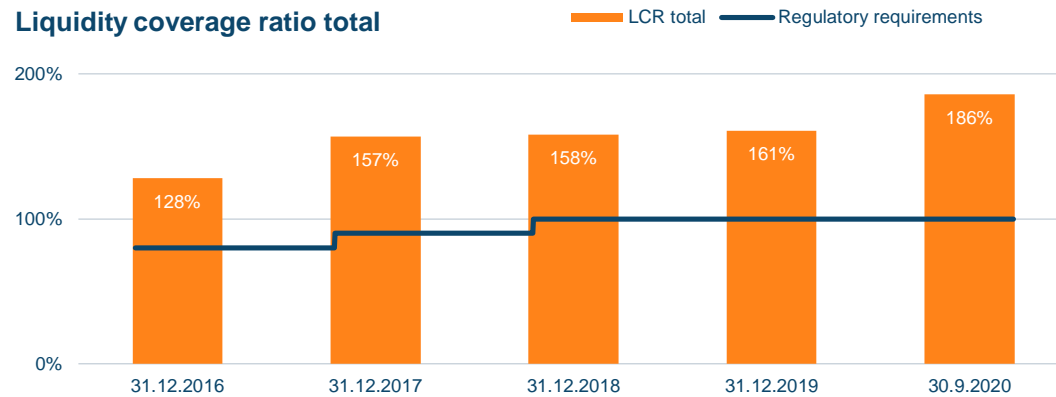


Fjárhæðir í milljónum króna

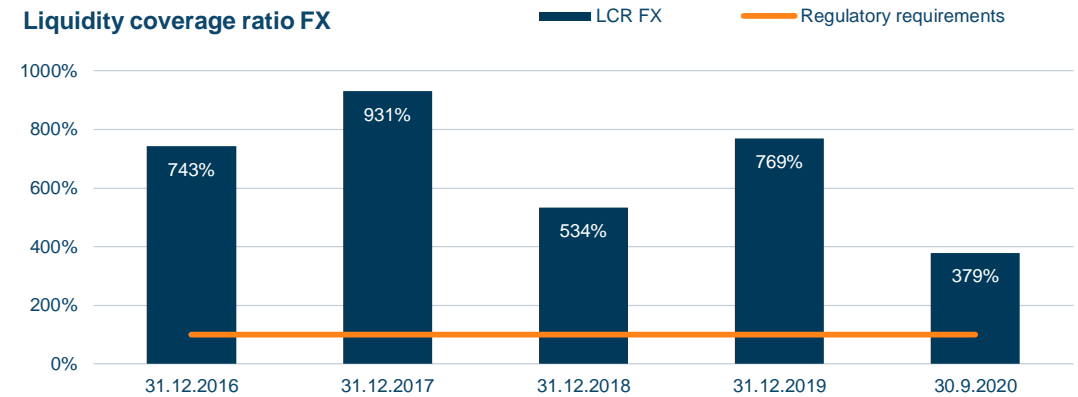
\*EUR 100 million Tier 2 Subordinated bonds maturing in 2028 are callable in 2023.  
ISK 5.5 bn Subordinated bonds maturing in 2029 are callable in 2024.

# Liquidity ratios and net stable funding

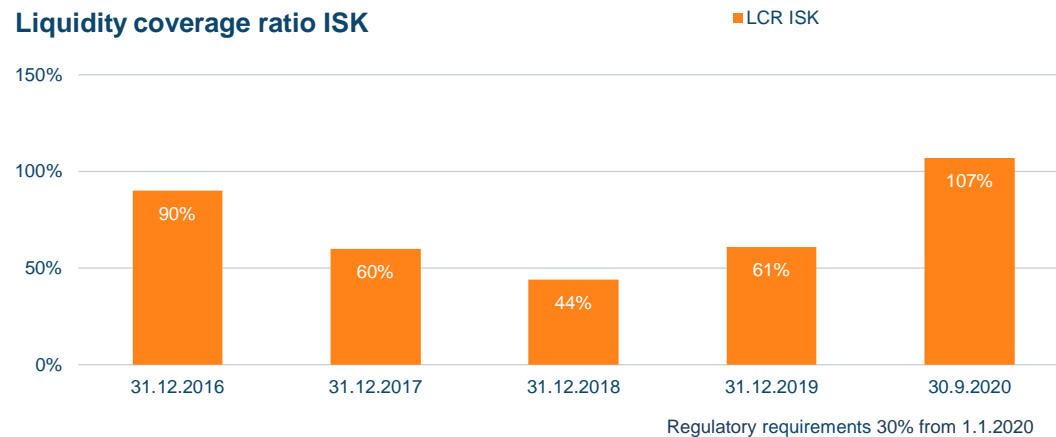
Liquidity coverage ratio total



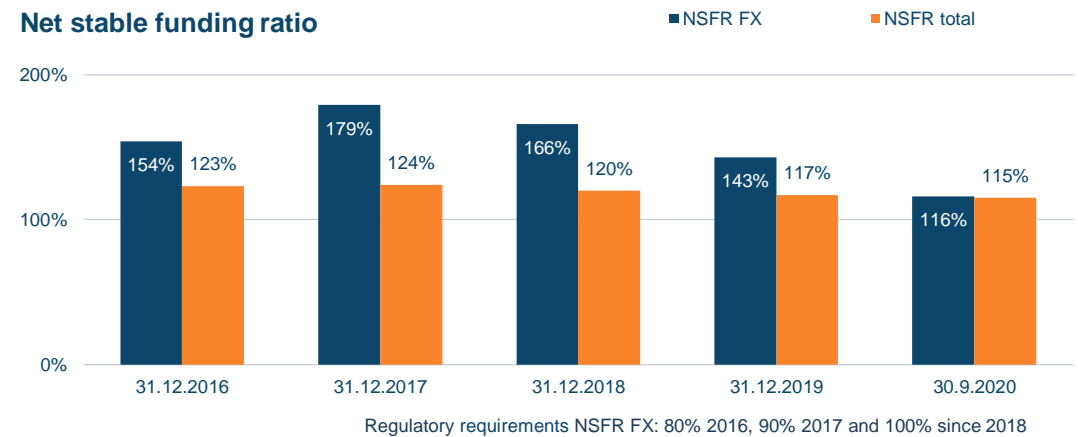
Liquidity coverage ratio FX



Liquidity coverage ratio ISK



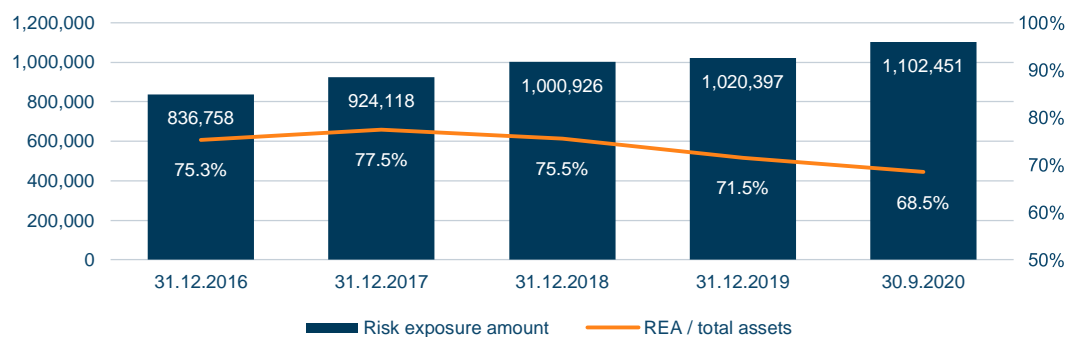
Net stable funding ratio



# Capital requirements

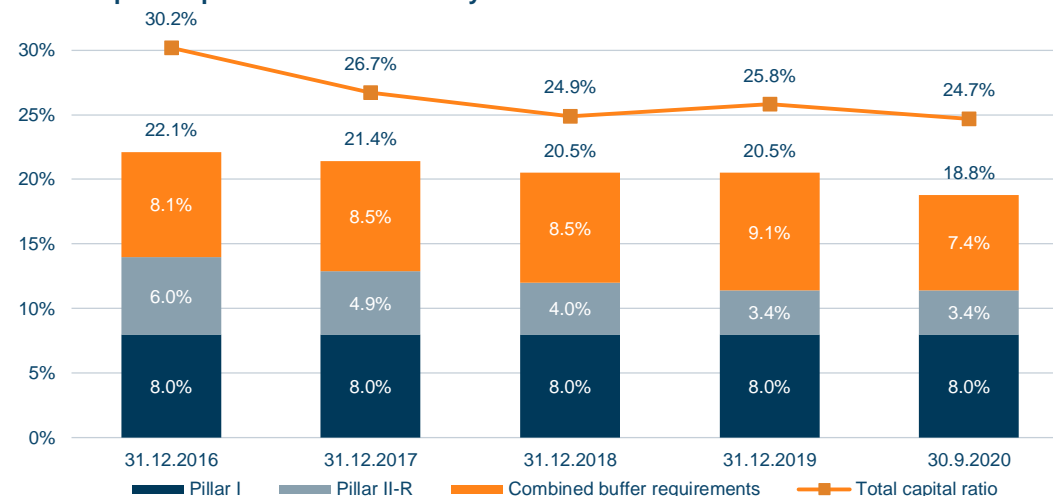
	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%
Pillar II-R	1.9%	2.6%	3.4%
<b>Minimum requirements under Pillar I and Pillar II-R</b>	<b>6.4%</b>	<b>8.6%</b>	<b>11.4%</b>
Systemic risk buffer	2.85%	2.85%	2.85%
Capital buffer for systematically important institutions	2.00%	2.00%	2.00%
Countercyclical capital 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>7.35%</b>	<b>7.35%</b>	<b>7.35%</b>
<b>Total capital requirements</b>	<b>13.8%</b>	<b>16.0%</b>	<b>18.8%</b>
<b>Total capital ratio 30.9.2020</b>	<b>22.7%</b>	<b>22.7%</b>	<b>24.7%</b>

## Risk exposure amount



Amounts in ISKm

## Total capital requirements as defined by FME



- 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 September was 18.8%

# Dividends and capital ratio

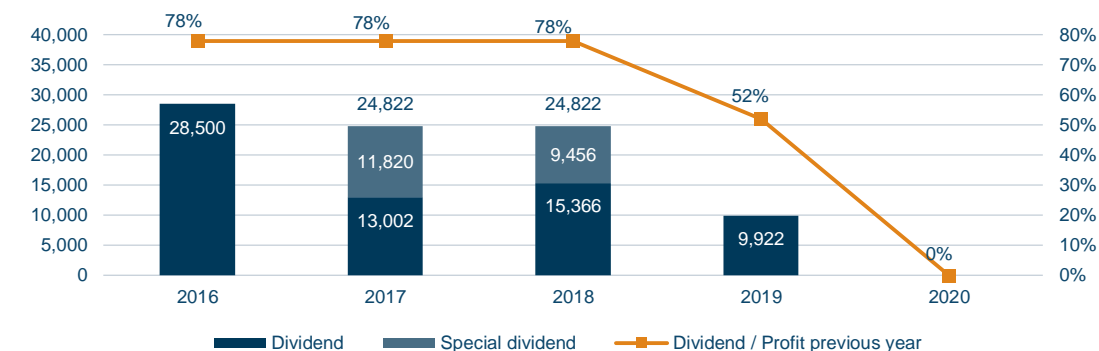
## Dividend proposal for 2020

- Landsbankinn's AGM, held on 22 April 2020, approved the motion of the Board of Directors to refrain from paying a dividend for the operating year 2019 in light of economic uncertainty and in line with directions from the Central Bank of Iceland.

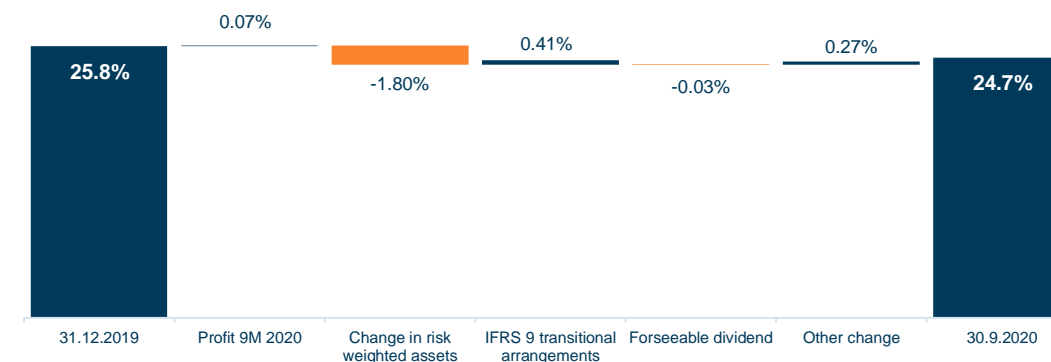
## Landsbankinn's dividend policy

- Landsbankinn aims to pay regular dividends to shareholders amounting in general to  $\geq 50\%$  of the previous year's profit. 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.

## Dividend payments



## Total Capital Ratio, change 9M 2020



Amounts in ISKm

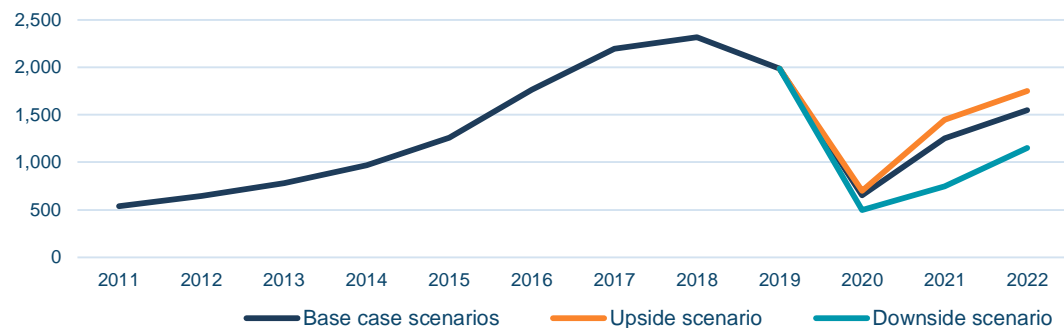


# Annex - further information



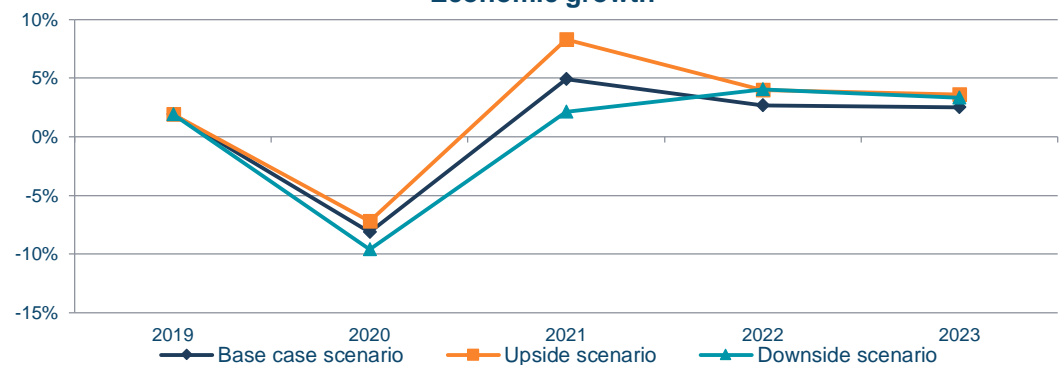
# Economic scenarios used in modelling ECL

Scenarios - number of tourists (thousand people)

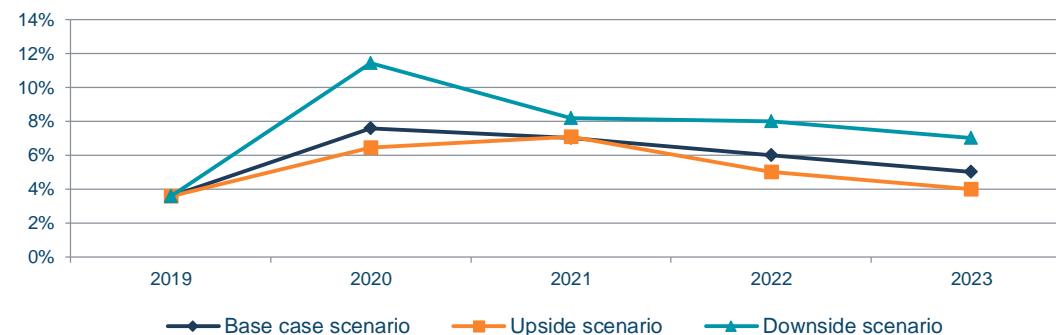


- The Bank's Economic Research Department provides scenarios with forecasts on relevant economic variables.
- Key macroeconomic variables used in modelling the allowance for credit losses for Stage 1 and Stage 2.
- Scenarios are averages for the next 12 months and then for the remainder of the forecast period, which represents a medium-term view.
- The upside scenario is assigned a weight of 25%, the base case scenario is assigned a weight of 50% and the downside scenario is assigned a weight of 25%.

Economic growth

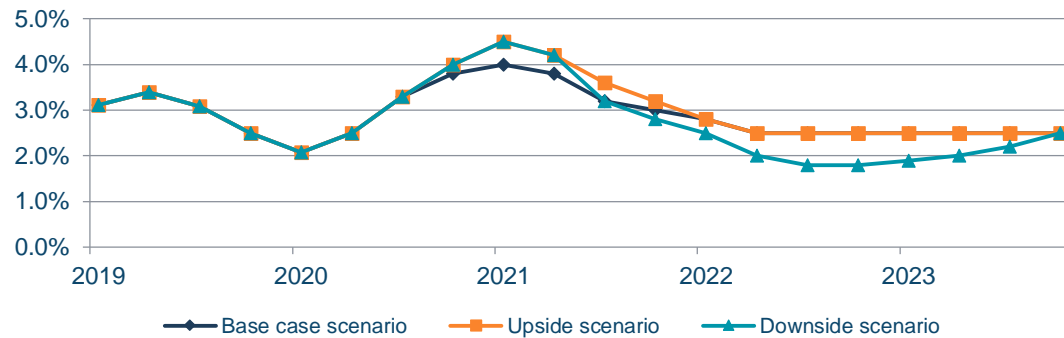


Unemployment

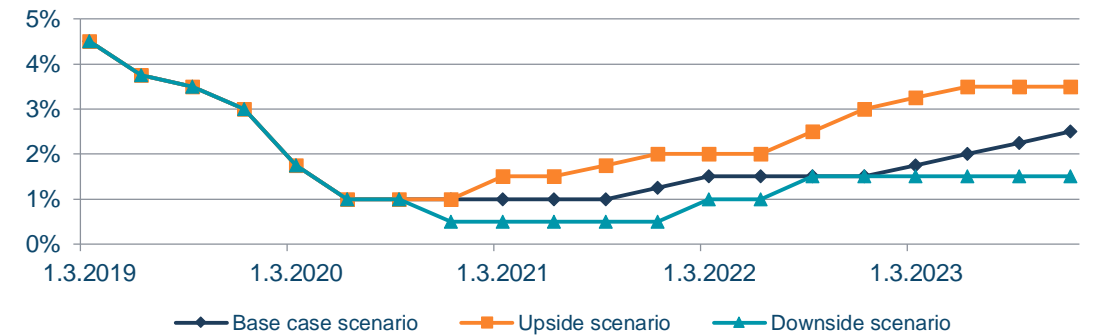


# Economic scenarios used in modelling ECL

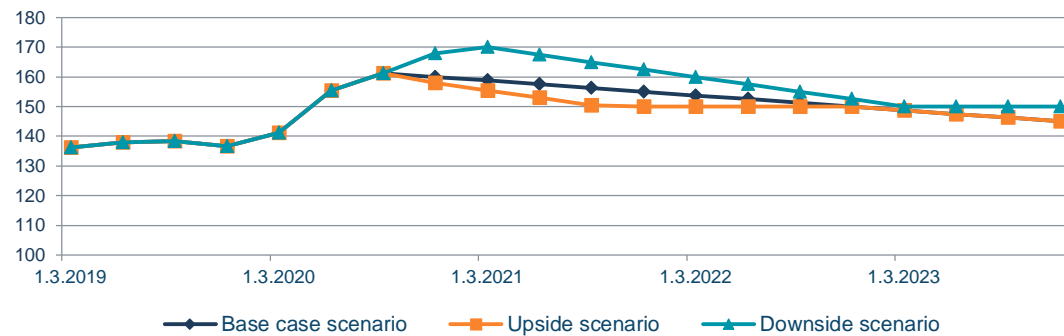
Inflation



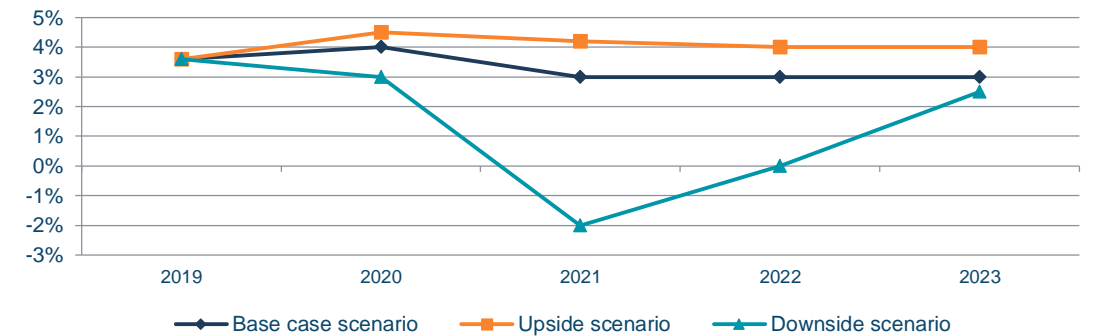
CB key Interest rates (seven-day term deposit rate)



EURISK



Housing prices (YoY change)



## Key financial ratios

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	9M 2020	2019	2018	2017	2016
Profit after taxes	3,986	341	-3,628	3,875	3,247	699	18,235	19,260	19,766	16,643
Return on equity before taxes	8.5%	-0.9%	-5.4%	8.0%	8.0%	0.7%	9.6%	11.1%	11.0%	8.7%
Return on equity after taxes	6.5%	0.6%	-5.9%	6.3%	5.4%	0.4%	7.5%	8.2%	8.2%	6.6%
Return on equity, excluding bank levy	7.3%	1.3%	-5.2%	8.0%	7.1%	1.2%	9.2%	9.8%	9.5%	7.7%
After tax return on average assets	1.0%	0.1%	-1.0%	1.1%	0.9%	0.1%	1.3%	1.5%	1.7%	1.5%
Total capital ratio	24.7%	24.9%	24.8%	25.8%	23.6%	24.7%	25.8%	24.9%	26.7%	30.2%
Net interest income	9,441	9,512	9,427	9,580	9,631	28,380	39,670	40,814	36,271	34,650
Interest spread as a ratio of assets and liabilities	2.1%	2.1%	2.2%	2.3%	2.3%	2.1%	2.4%	2.7%	2.5%	2.3%
Cost-income ratio	46.6%	42.7%	72.6%	46.2%	43.9%	51.6%	42.6%	45.5%	46.1%	48.4%
Liquidity ratio LCR total	186%	191%	196%	161%	186%	186%	161%	158%	157%	128%
Liquidity LCR FX	379%	476%	489%	769%	577%	379%	769%	534%	931%	743%
Liquidity LCR ISK	107%	114%	96%	61%	46%	107%	61%	44%	60%	90%
Net stable funding ratio NSFR total	115%	117%	115%	117%	119%	115%	117%	120%	124%	123%
Net stable funding ratio NSFR FX	116%	121%	127%	143%	158%	116%	143%	166%	179%	154%
Operating expenses as a ratio of average total assets	1.3%	1.6%	1.7%	1.8%	1.5%	1.5%	1.7%	1.9%	2.0%	2.1%
Total assets	1,610,265	1,501,110	1,523,188	1,426,328	1,415,262	1,610,265	1,426,328	1,326,041	1,192,870	1,111,157
Loans / deposits ratio	154.3%	157.9%	157.7%	161.1%	161.5%	154.3%	161.1%	153.6%	153.0%	144.7%
Full-time eqv.positions	884	872	886	893	903	884	893	919	997	1,012

Amounts in ISKm

# Operations

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	9M 2020	2019	2018	2017	2016
Net interest income	9,441	9,512	9,427	9,580	9,631	28,380	39,670	40,814	36,271	34,650
Net fee and commission income	2,059	1,653	1,945	2,125	1,958	5,657	8,219	8,157	8,431	7,809
Net valuation adjustments and impairment	-120	-8,191	-5,244	-1,399	-1,056	-13,555	-4,827	1,352	1,785	-318
Net foreign exchange gain (loss)	-52	-259	85	-300	-39	-226	-584	-1,497	-1,375	-179
Other net operating income	-427	3,160	-2,813	2,257	860	-80	9,039	5,084	8,400	6,738
<b>Total operating income</b>	<b>10,901</b>	<b>5,875</b>	<b>3,400</b>	<b>12,263</b>	<b>11,354</b>	<b>20,176</b>	<b>51,517</b>	<b>53,910</b>	<b>53,512</b>	<b>48,700</b>
Salaries and related expenses	3,135	3,802	3,844	3,805	3,284	10,781	14,458	14,589	14,061	14,049
Other operating expenses	1,995	2,206	2,430	2,505	2,167	6,631	9,534	9,348	9,789	9,465
Tax on liabilities of financial institutions	540	425	450	1,064	1,065	1,415	4,204	3,860	3,253	2,973
<b>Total operating expenses</b>	<b>5,670</b>	<b>6,433</b>	<b>6,724</b>	<b>7,374</b>	<b>6,516</b>	<b>18,827</b>	<b>28,196</b>	<b>27,797</b>	<b>27,103</b>	<b>26,487</b>
<b>Profit ( Loss) for the period before tax</b>	<b>5,231</b>	<b>-558</b>	<b>-3,324</b>	<b>4,889</b>	<b>4,838</b>	<b>1,349</b>	<b>23,321</b>	<b>26,113</b>	<b>26,409</b>	<b>22,213</b>
Income tax	1,245	-899	304	1,014	1,591	650	5,086	6,853	6,643	5,570
<b>Profit ( Loss) for the period</b>	<b>3,986</b>	<b>341</b>	<b>-3,628</b>	<b>3,875</b>	<b>3,247</b>	<b>699</b>	<b>18,235</b>	<b>19,260</b>	<b>19,766</b>	<b>16,643</b>

Amounts in ISKm

## Balance Sheet

	30.9.2020	31.12.2019	Change		31.12.2018	31.12.2017	31.12.2016
Cash and balances with CB	111,260	69,824	41,436	59%	70,854	55,192	30,662
Bonds and debt instruments	104,895	115,262	-10,367	-9%	77,058	117,310	154,892
Equities and equity instruments	25,445	30,019	-4,574	-15%	23,547	27,980	26,688
Loans and advances to fin institutions	80,324	47,929	32,395	68%	71,385	44,866	20,408
Loans and advances to customers	1,255,393	1,140,184	115,209	10%	1,064,532	925,636	853,417
Other assets	32,949	23,110	9,839	43%	18,665	21,886	25,090
<b>Total</b>	<b>1,610,265</b>	<b>1,426,328</b>	<b>183,937</b>	<b>13%</b>	<b>1,326,041</b>	<b>1,192,870</b>	<b>1,111,157</b>
Due to financial institutions and CB	47,654	48,062	-408	-1%	34,609	32,062	20,093
Deposits from customers	813,784	707,813	105,971	15%	693,043	605,158	589,725
Borrowings	438,309	373,168	65,141	17%	314,412	281,874	223,944
Other liabilities	40,126	30,470	9,656	32%	31,027	27,642	25,776
Subordinated liabilities	21,959	19,081	2,878	15%	13,340	77	388
Equity	248,433	247,734	699	0%	239,610	246,057	251,231
<b>Total</b>	<b>1,610,265</b>	<b>1,426,328</b>	<b>183,937</b>	<b>13%</b>	<b>1,326,041</b>	<b>1,192,870</b>	<b>1,111,157</b>

Amounts in ISKm

## Segments

1.1 – 30.9 2020	Personal banking	Corporate Banking	Markets	Treasury	Support functions	Reconciliation	Total
Net interest income	12,750	14,151	244	1,280	-5	-40	28,380
Net fee and commission income	2,482	526	3,086	-355	101	-183	5,657
Net valuation adjustments and impairments	-2,327	-11,214	-1	-11	-2	0	-13,555
Other net operating income	680	-1,959	-141	1,085	45	-16	-306
<b>Total operating income (expense)</b>	<b>13,585</b>	<b>1,504</b>	<b>3,188</b>	<b>1,999</b>	<b>139</b>	<b>-239</b>	<b>20,176</b>
Operating expenses	-4,979	-1,773	-1,838	-893	-8,127	198	-17,412
Tax on liabilities of financial institutions	-458	-447	-7	-490	-13	0	-1,415
Cost allocated from support functions to business segments	-3,108	-1,969	-1,083	-584	6,744	0	0
<b>Profit (loss) before tax</b>	<b>5,040</b>	<b>-2,685</b>	<b>260</b>	<b>32</b>	<b>-1,257</b>	<b>-41</b>	<b>1,349</b>
Income tax	-1,642	50	-528	-147	1,617	0	-650
<b>Profit ( Loss) for the period</b>	<b>3,398</b>	<b>-2,635</b>	<b>-268</b>	<b>-115</b>	<b>360</b>	<b>-41</b>	<b>699</b>
Total assets	559,733	634,995	15,605	649,819	16,881	-266,768	1,610,265
Total liabilities	522,548	519,134	10,085	559,952	16,881	-266,768	1,361,832
Allocated capital	37,185	115,861	5,520	89,867	0	0	248,433

Amounts in ISKm