



2020 results

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

Capital adequacy ratio (CAR)

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 1956

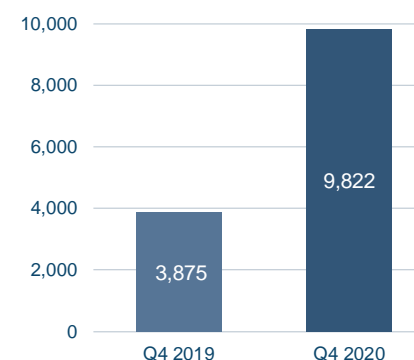
Named best bank in Iceland by *The Banker*

Highlights – Income statement Q4 2020

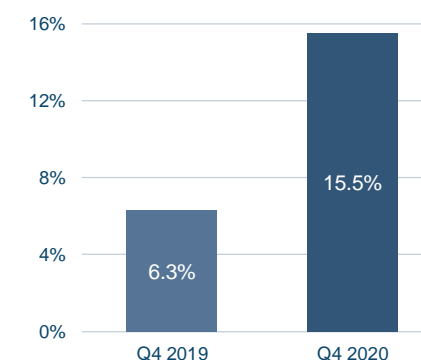
- Price increases on markets led to good results.

- 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.

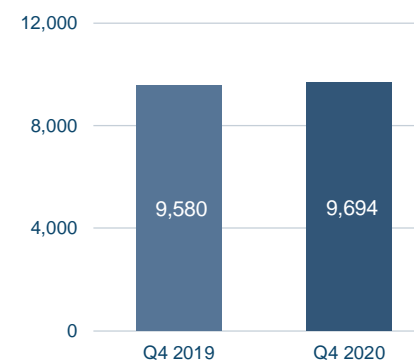
Profit



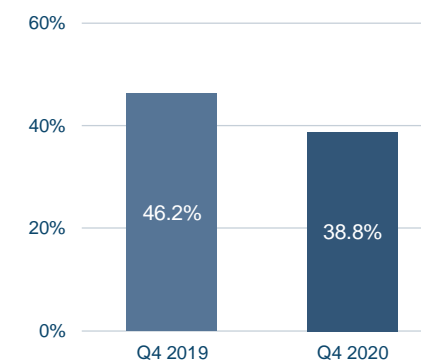
Return on equity



Net interest income



Cost-income ratio

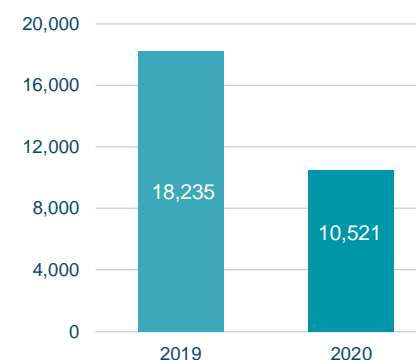


Highlights – Income statement 2020

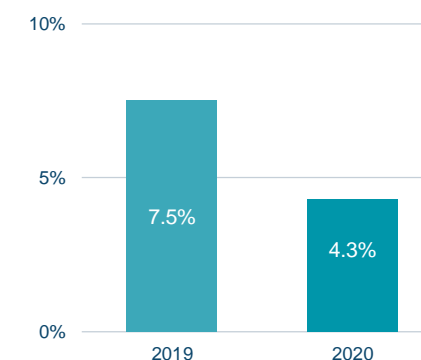
- Profit contracts between years, mainly as a result of increased loan impairment.

- 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.

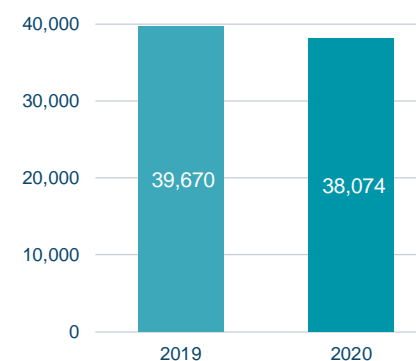
Profit



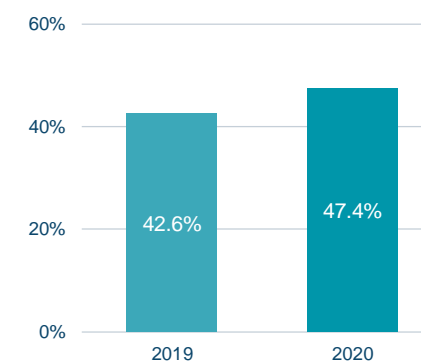
Return on equity



Net interest income



Cost-income ratio

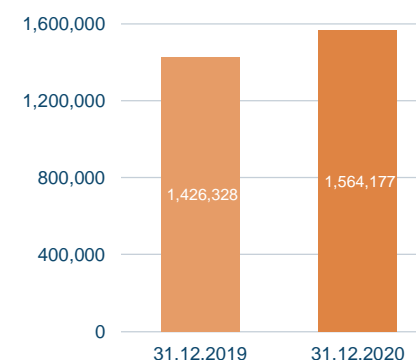


Highlights - Balance sheet

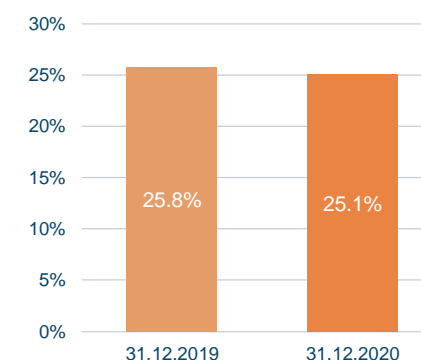
- Increased activity in mortgages.

- 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.

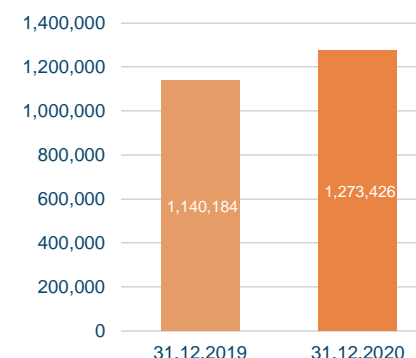
Total assets



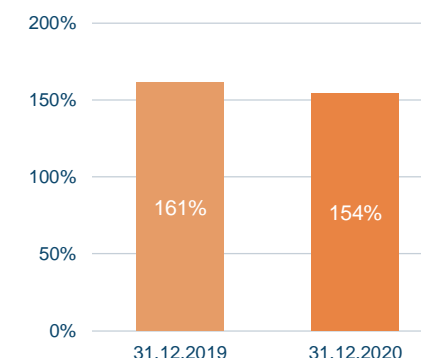
Total capital ratio



Loans and advances to customers



Liquidity coverage ratio (LCR)

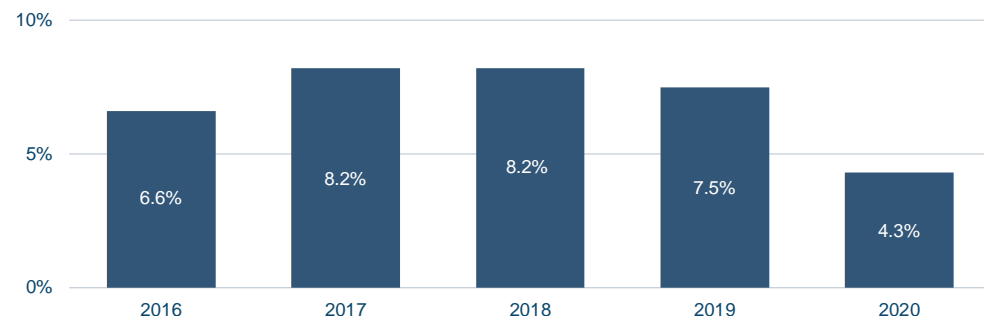


Amounts in ISK million

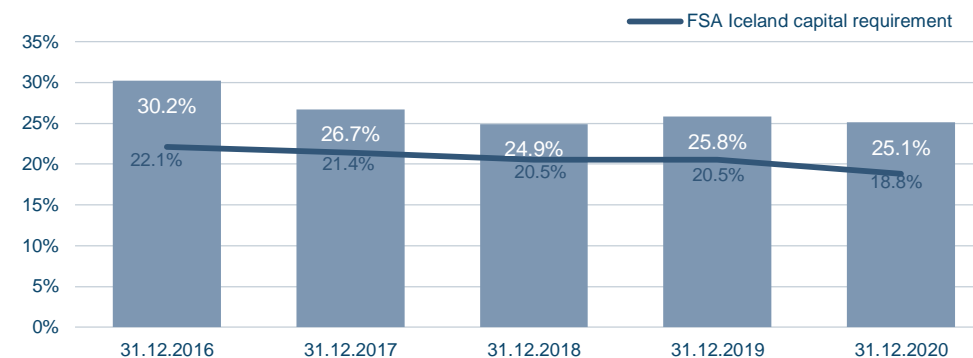
Development of KPIs

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

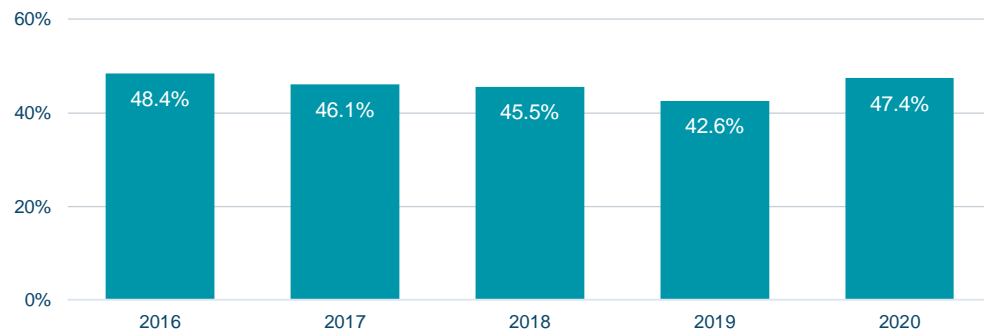
Return on equity



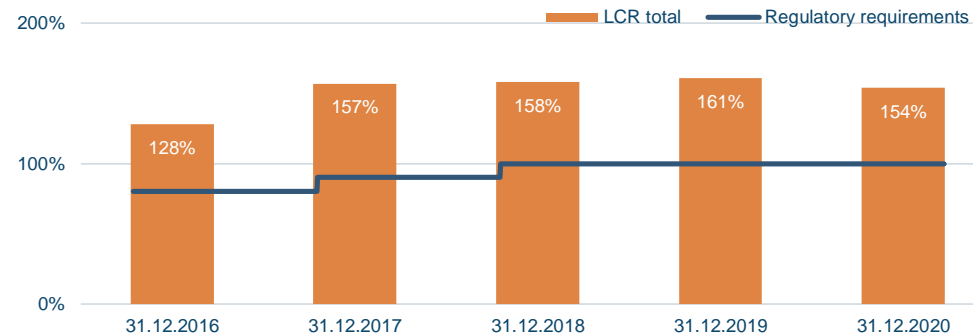
Total capital ratio



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.

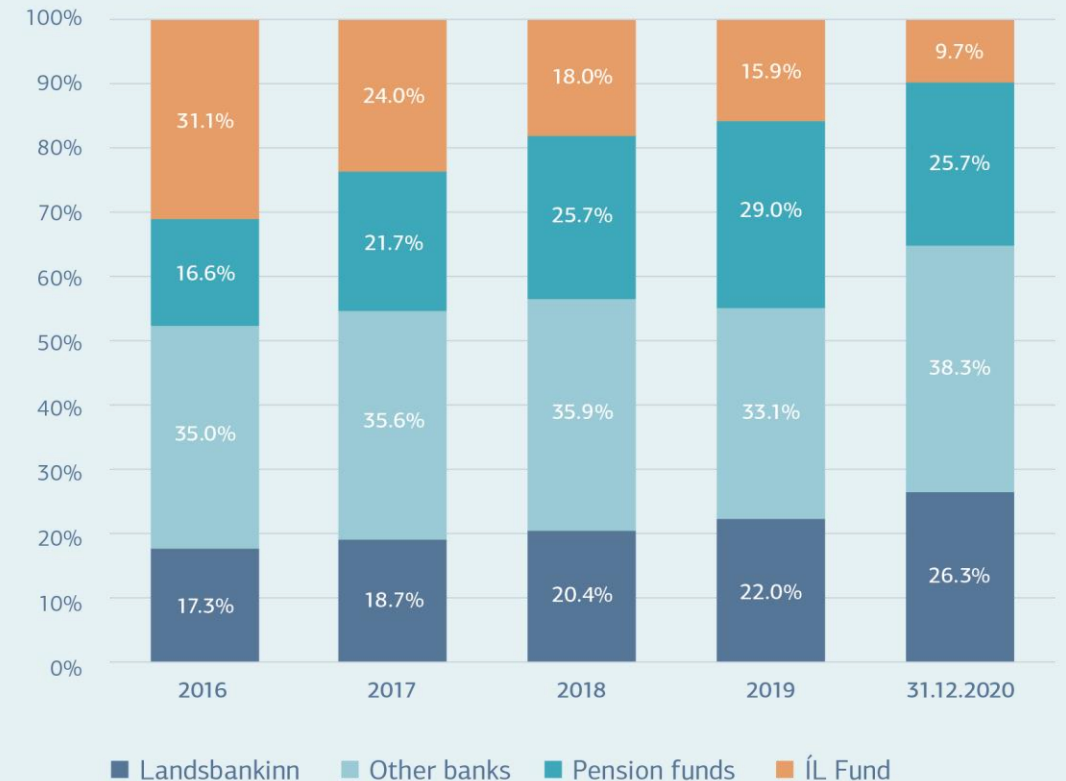
Most customers complete credit assessments electronically - this only takes five minutes.



10,000

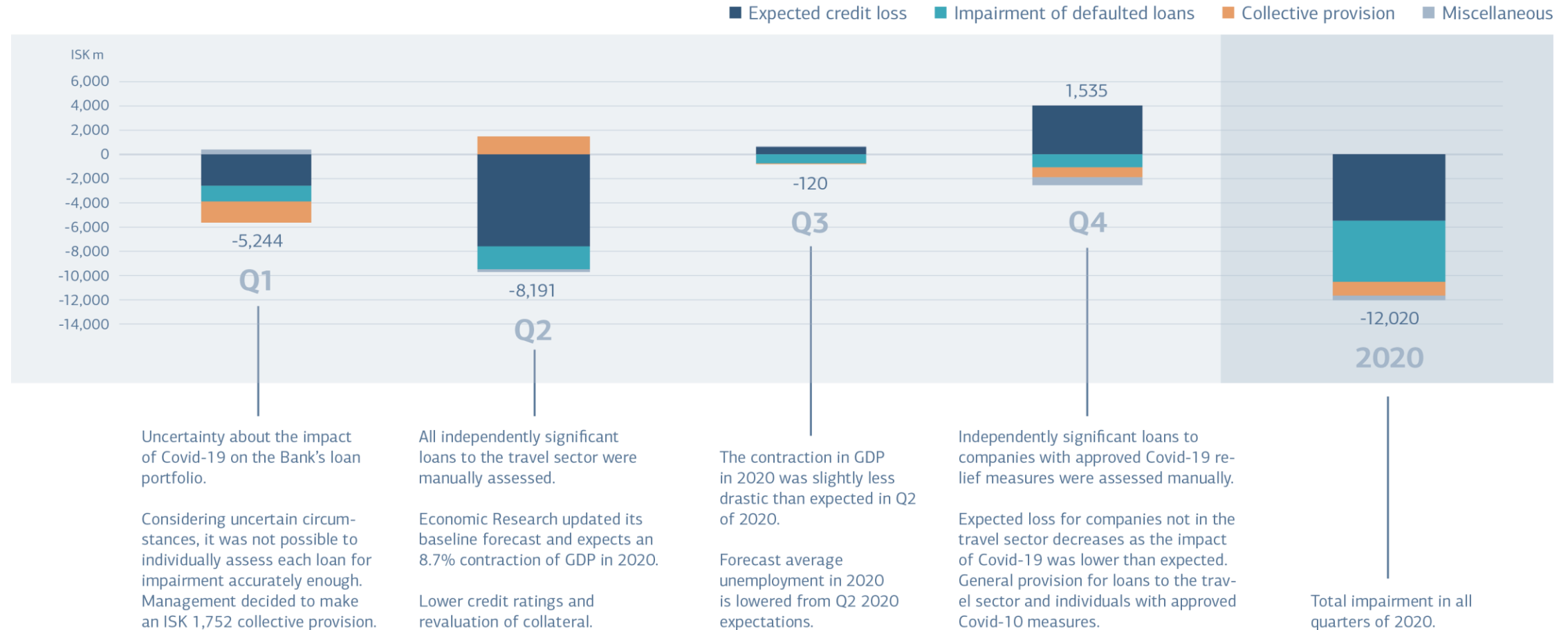
Over 10,000 individuals and families took on mortgages with us in 2020

Market share - mortgages



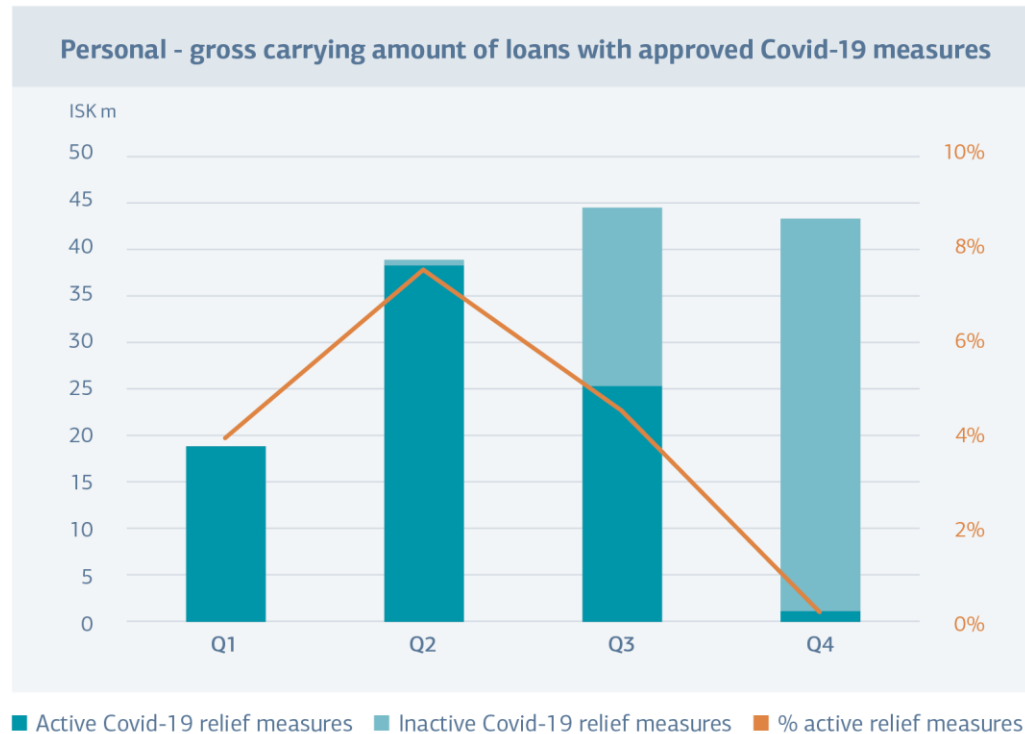
Conservative and forward-looking approach in uncertain times

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



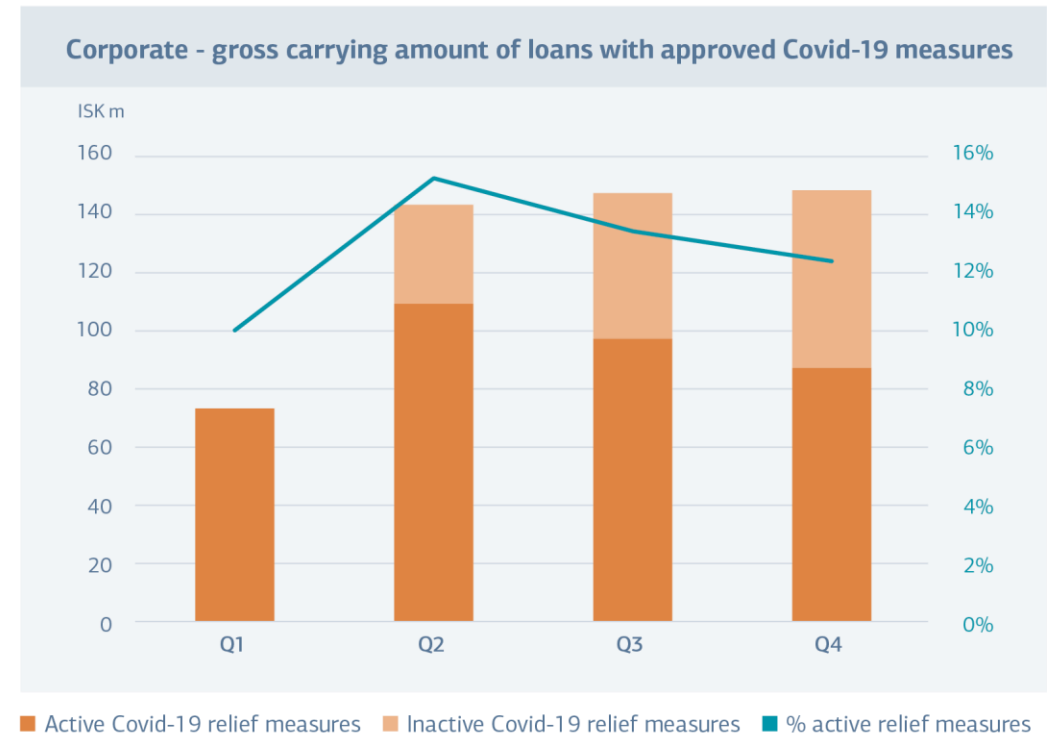
Providing Covid support for customers

- 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.

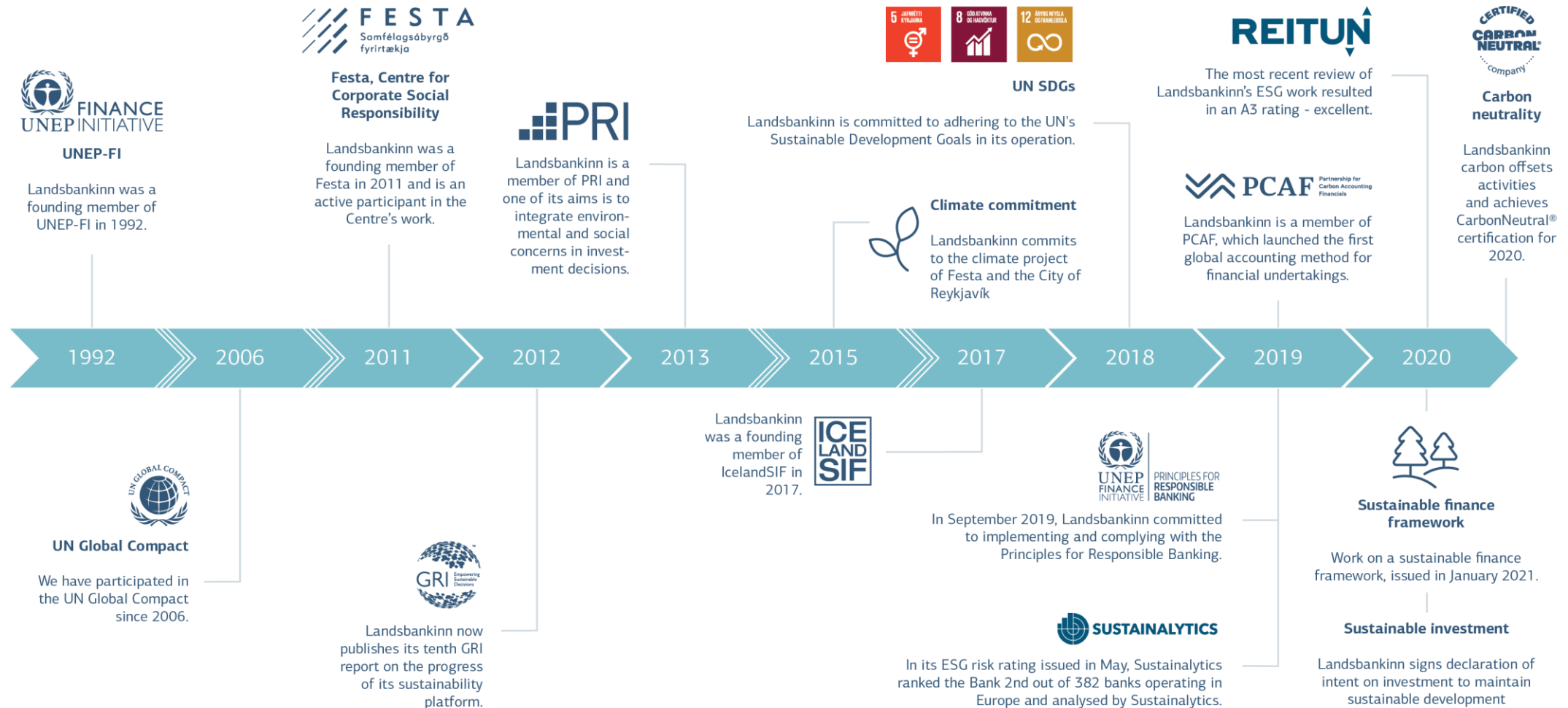
Financial objectives

- 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

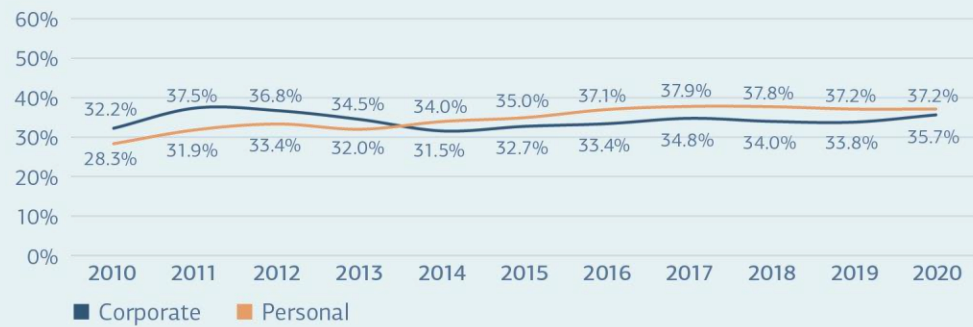
- Success in sustainability is achieved through active participation and knowledge sharing.



Market share and customer satisfaction

- Personal approach and sound business relationships key to success.

Landsbankinn's market share



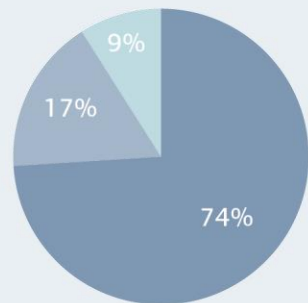
More satisfied customers



Icelandic Performance Satisfaction Index

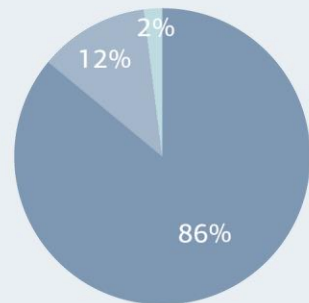
Topped the Icelandic Performance Satisfaction Index the second year in a row

Satisfaction with service - individuals



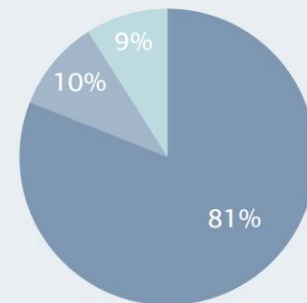
■ Satisfied ■ Neiter or ■ Dissatisfied

Satisfaction with digital service - individuals



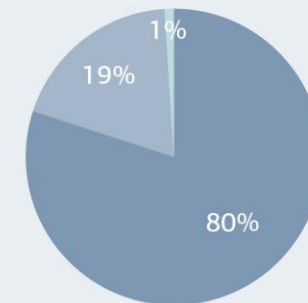
■ Satisfied ■ Neiter or ■ Dissatisfied

Satisfaction with service - corporates



■ Satisfied ■ Neiter or ■ Dissatisfied

Satisfaction with digital service - corporates



■ Satisfied ■ Neiter 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

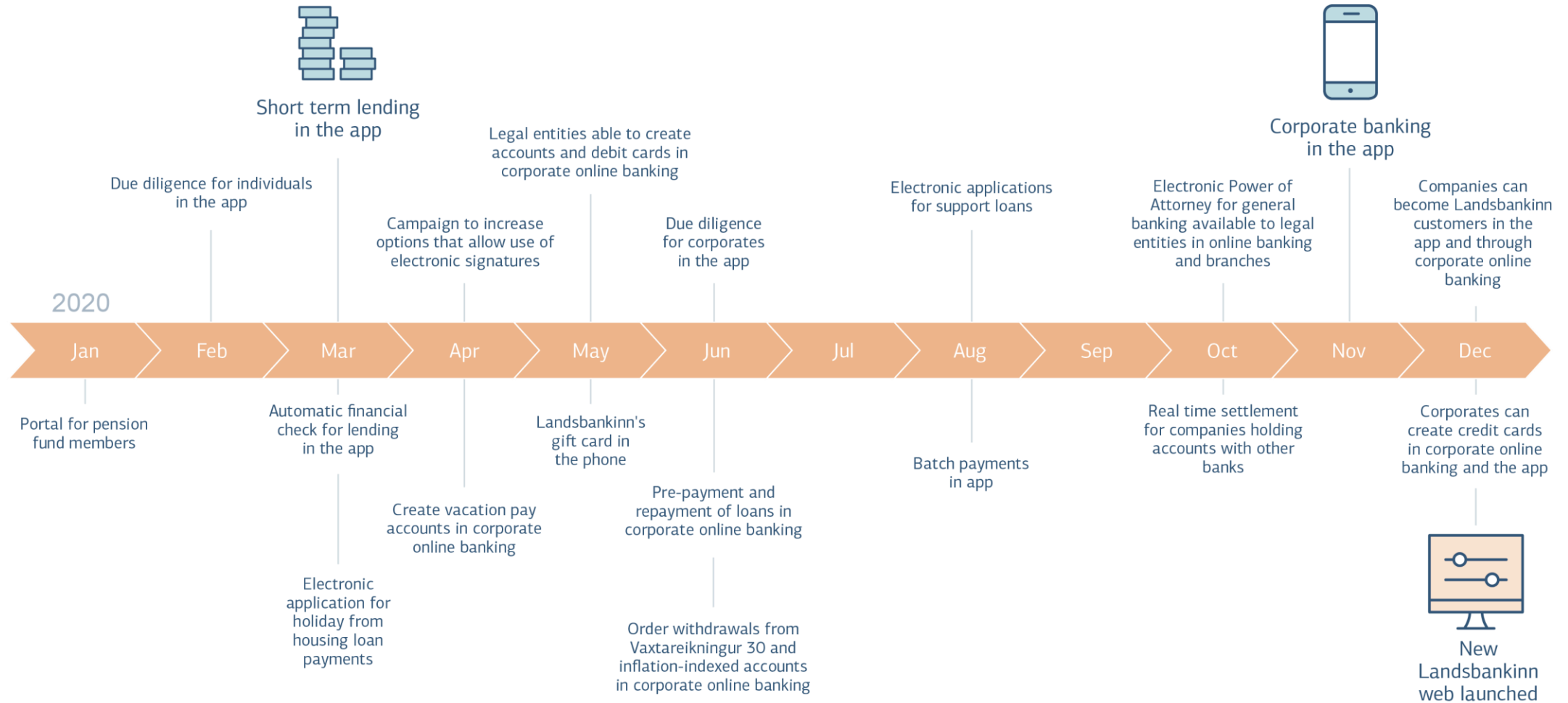


70,000

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.

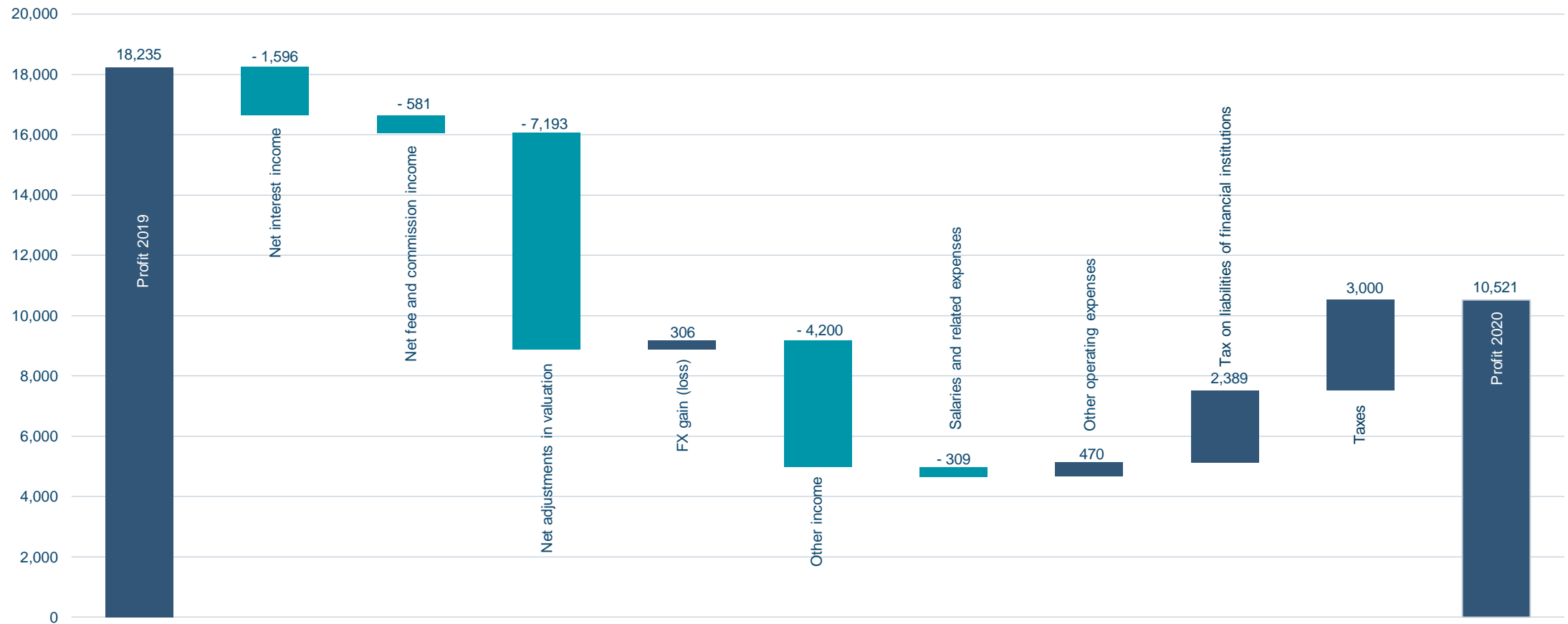
| | 2020 | 2019 | Change | |
|--|---------------|---------------|----------------|-------------|
| Net interest income | 38,074 | 39,670 | -1,596 | -4% |
| Net fee & commission income | 7,638 | 8,219 | -581 | -7% |
| Net adjustments and impairment | -12,020 | -4,827 | -7,193 | 149% |
| Other net operating income | 4,561 | 8,455 | -3,894 | -46% |
| Total operating income | 38,253 | 51,517 | -13,264 | -26% |
| 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% |
| Total operating expenses | 25,646 | 28,196 | -2,550 | -9% |
| Profit before tax | 12,607 | 23,321 | -10,714 | -46% |
| Income tax | 2,086 | 5,086 | -3,000 | -59% |
| Profit for the year | 10,521 | 18,235 | -7,714 | -42% |

| | 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% |
| Total operating income | 18,077 | 12,263 | 5,814 | 47% |
| 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% |
| Total operating expenses | 6,819 | 7,374 | -555 | -8% |
| Profit before tax | 11,258 | 4,889 | 6,369 | 130% |
| Income tax | 1,436 | 1,014 | 422 | 42% |
| Profit for the year | 9,822 | 3,875 | 5,947 | 153% |

Income statement

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

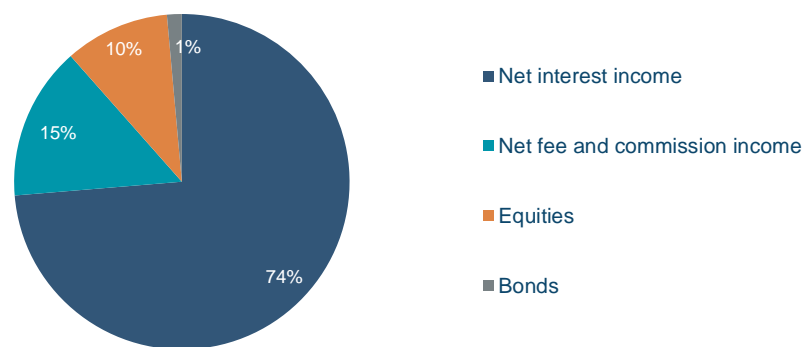
Changes between 2020 and 2019



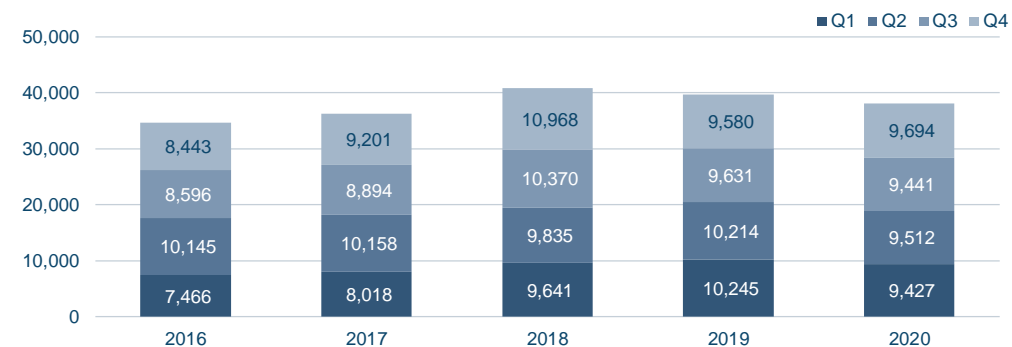
Net operating income

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

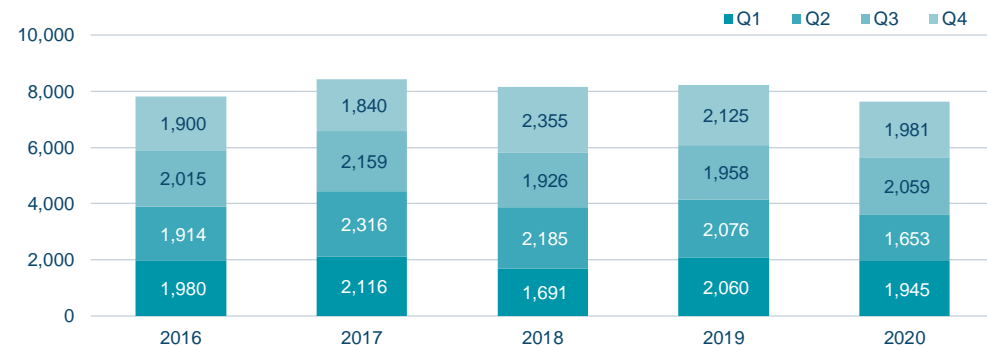
Income breakdown



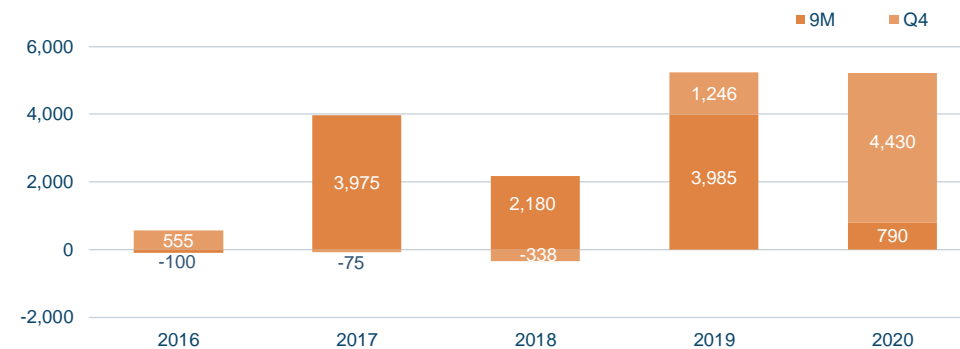
Net interest income



Net fee & commission income



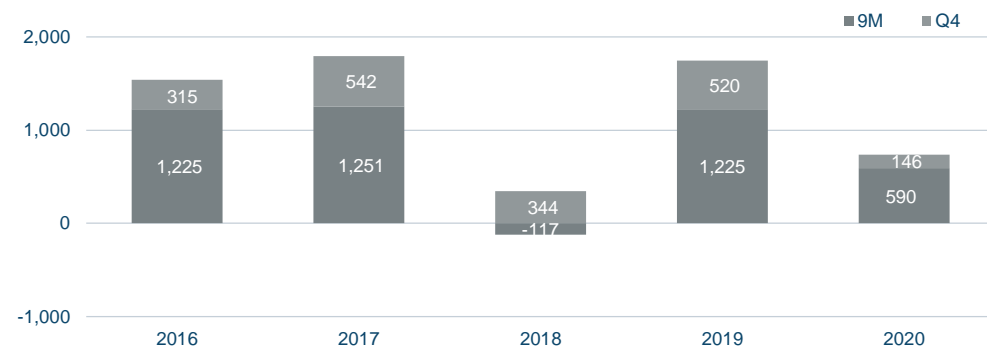
Equity



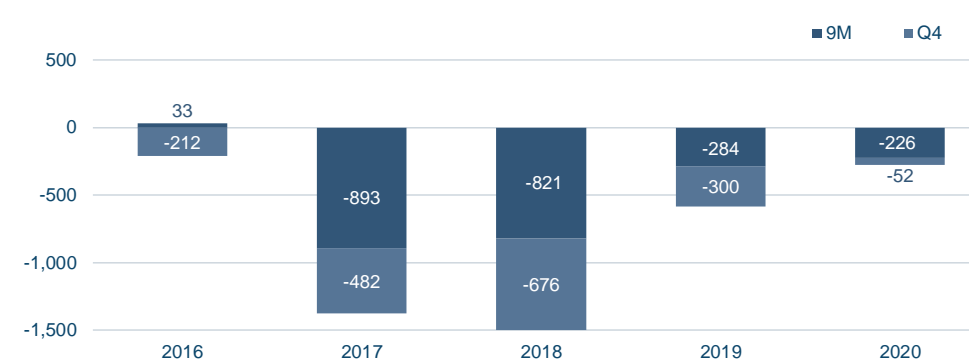
Net operating income

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

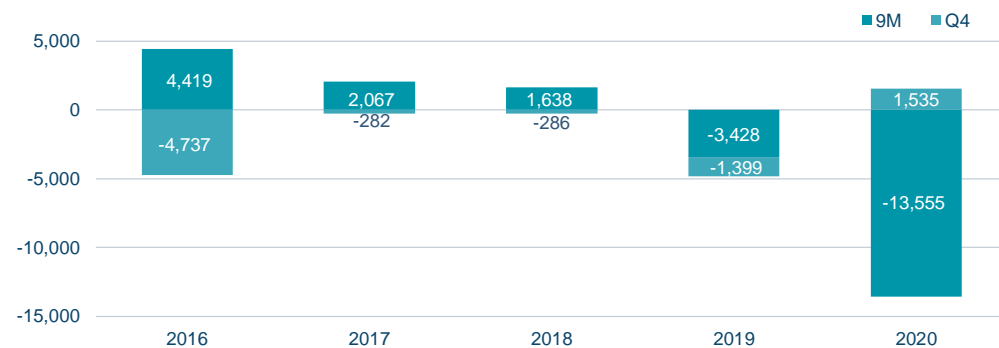
Bonds



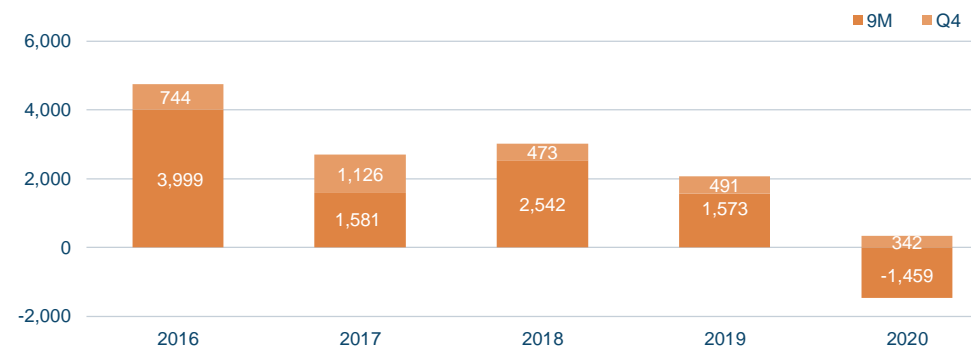
FX gain (loss)



Net adjustments and impairment



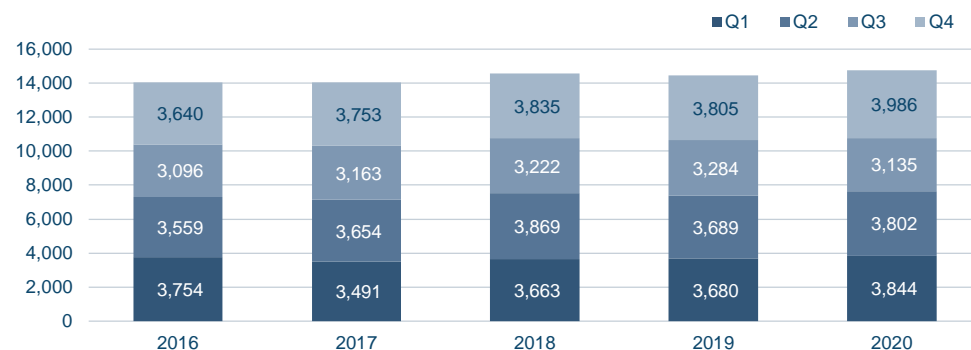
Other operation income (expenses)



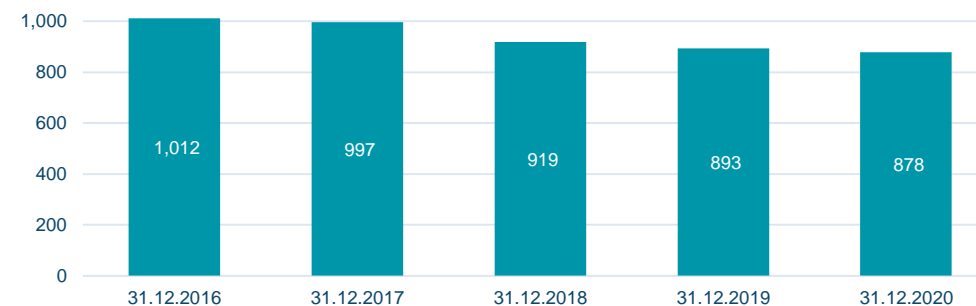
Operating expenses

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

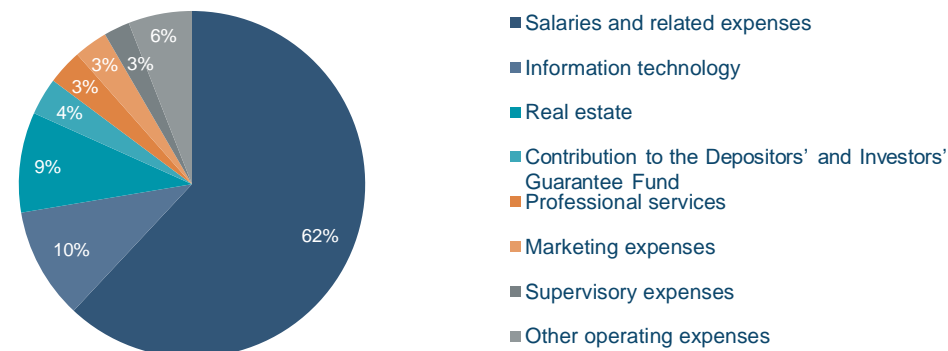
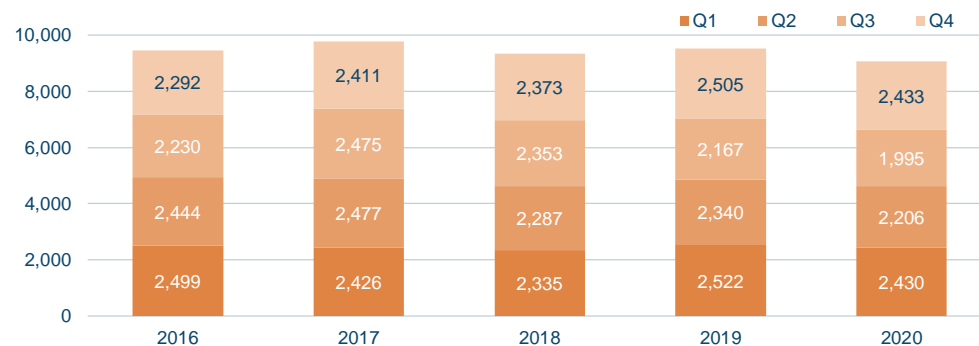
Salaries and related expenses



Full-time equiv. positions



Other operating expenses



Taxes

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

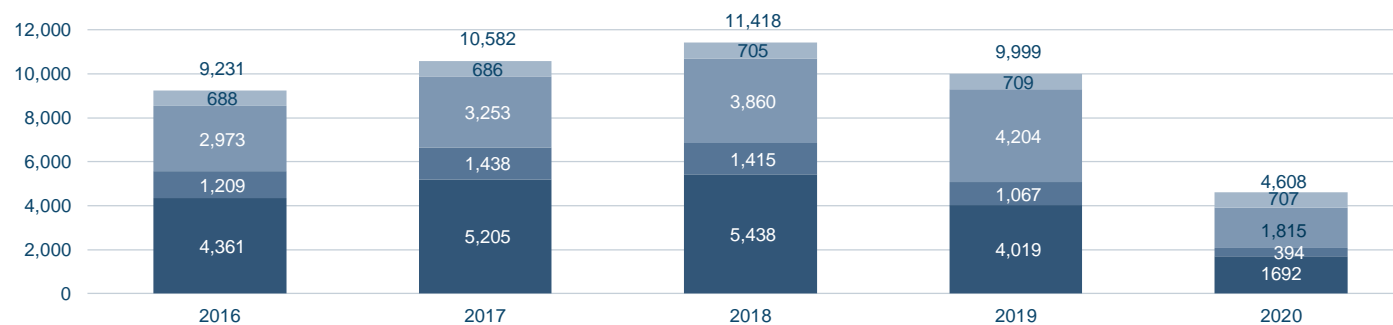
| | 2020 | 2019 | Change | |
|---|--------------|--------------|---------------|-------------|
| Income tax | 1,692 | 4,019 | -2,327 | -58% |
| Special financial activities tax on profits ¹ | 394 | 1,067 | -673 | -63% |
| Income tax | 2,086 | 5,086 | -3,000 | -59% |
| Tax on liabilities of financial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

¹ 6% additional tax on a taxable income base in excess of ISK 1bn

² 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.

³ 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

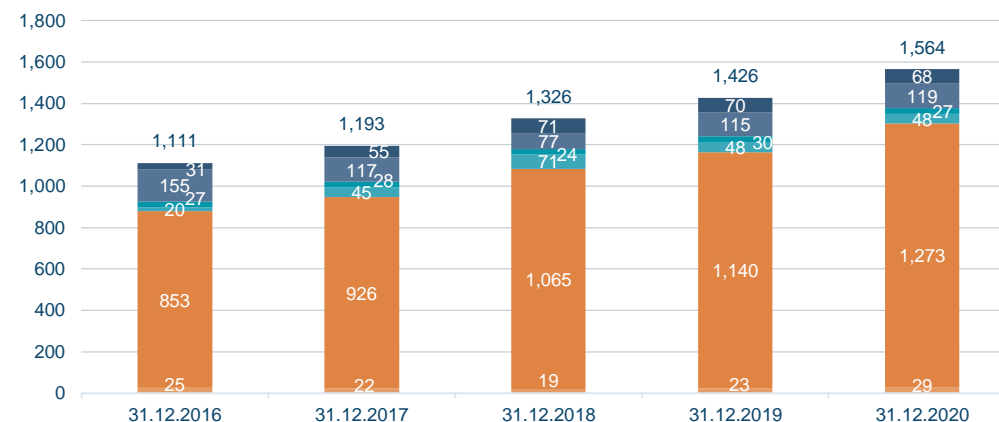
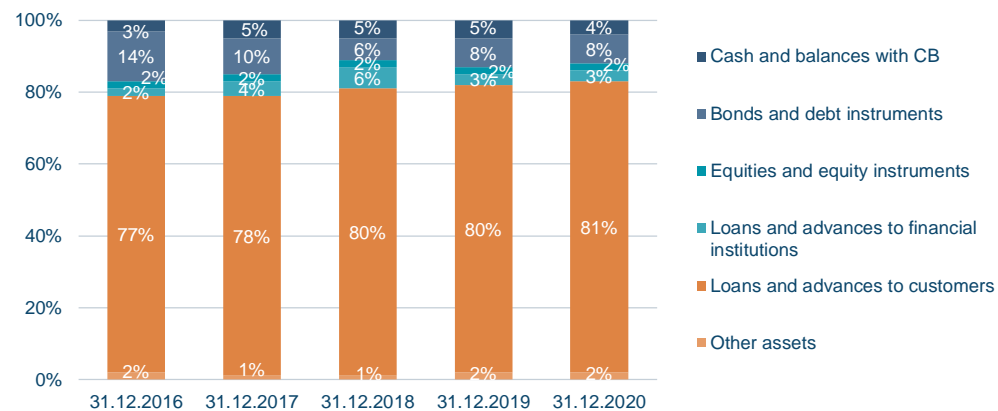


Total assets

-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% |
| Total | 1,564,177 | 1,426,328 | 137,849 | 10% |

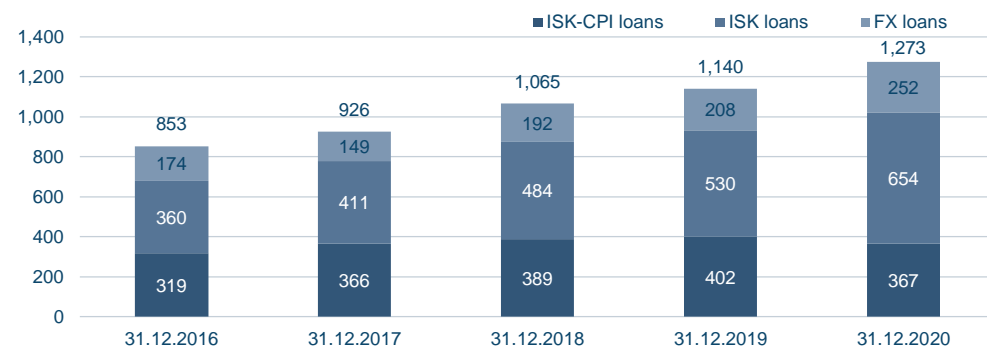
Amounts in ISK million



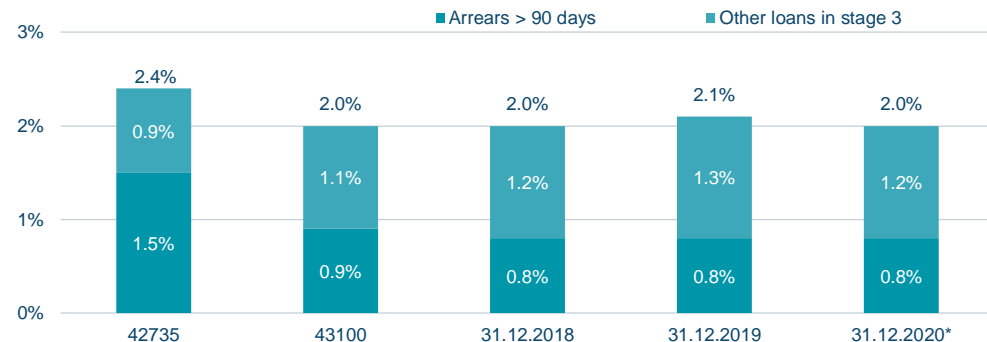
Loans

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

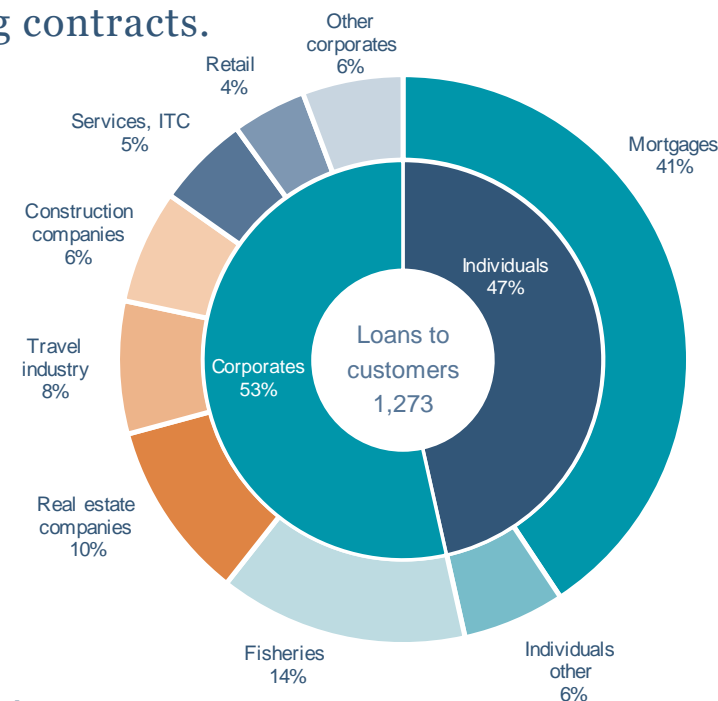
Total loan portfolio



Problem loans



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



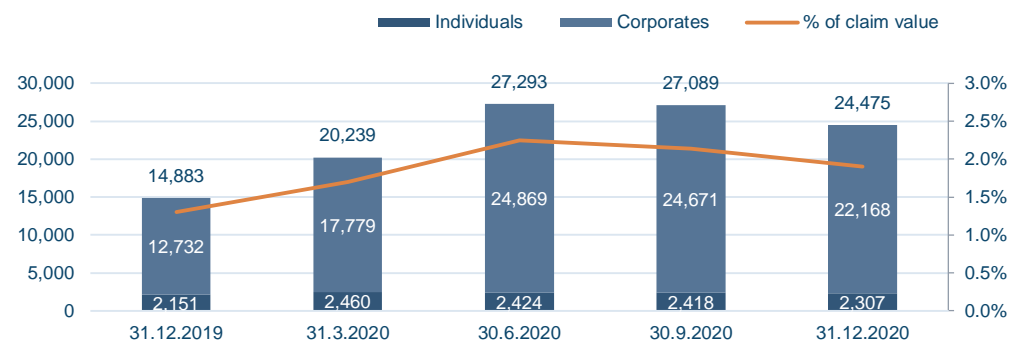
Loan staging

| | 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% |
| Total | 1,298 | 100% | 25 | 1.9% | 1,273 | 100% |

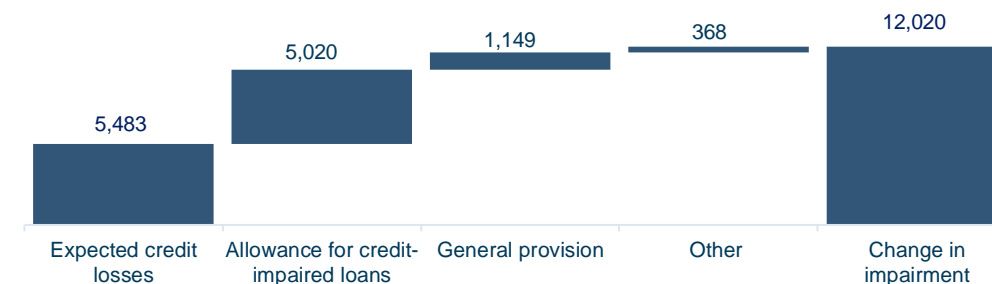
Impairment on loans

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

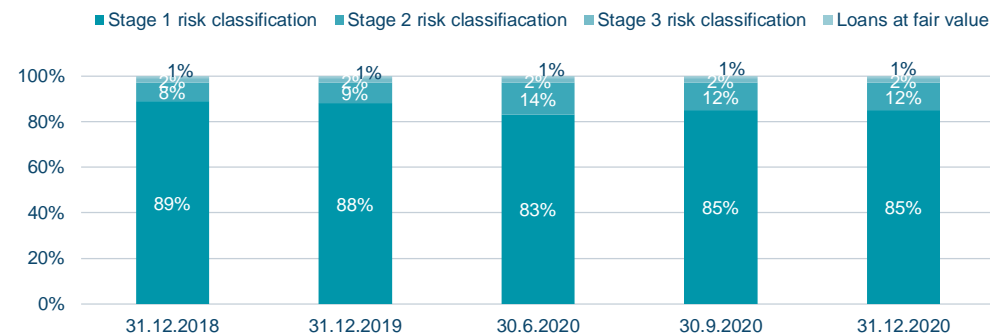
Allowance for impairment on loans and advances to customers



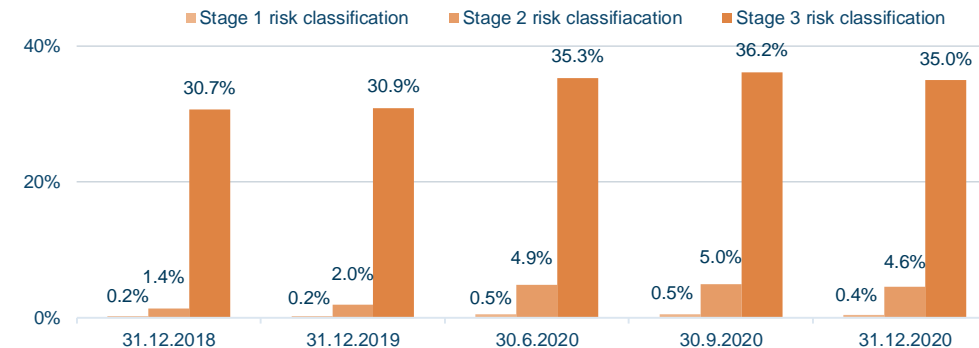
Impact on impairment in income statement 2020



Loans by allocation to risk classes



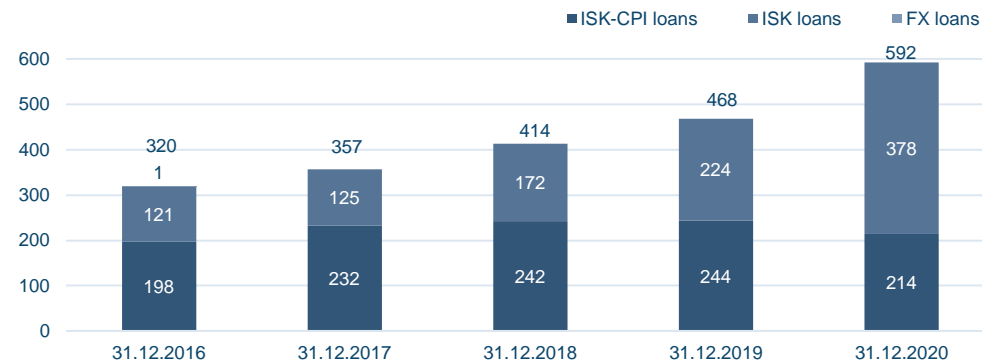
Allowance as percentage of gross carrying amount



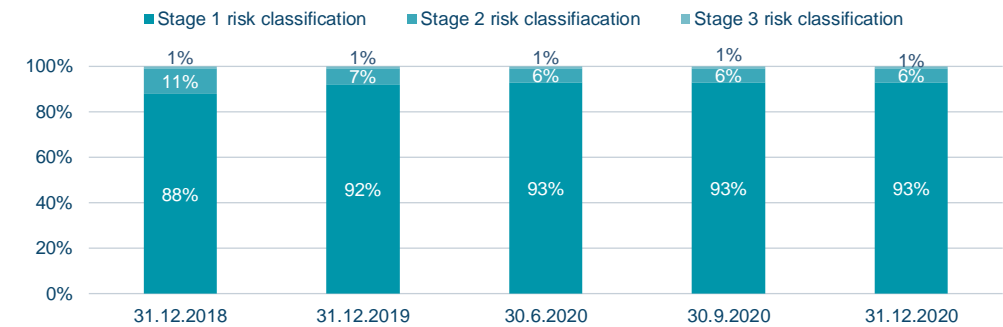
Loans to individuals

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

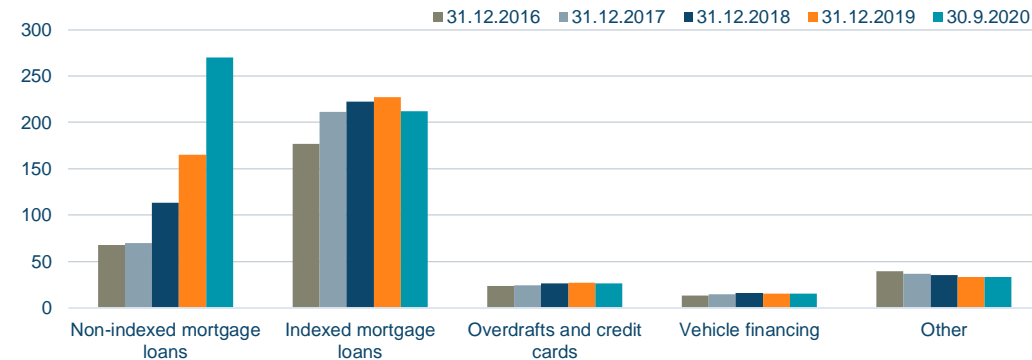
Loans to individuals



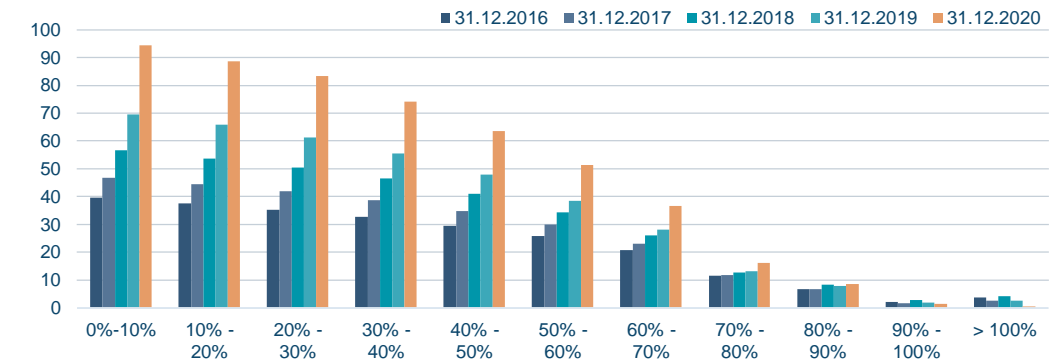
Loans to individuals by allocation to risk classes



Loans to individuals by loan types



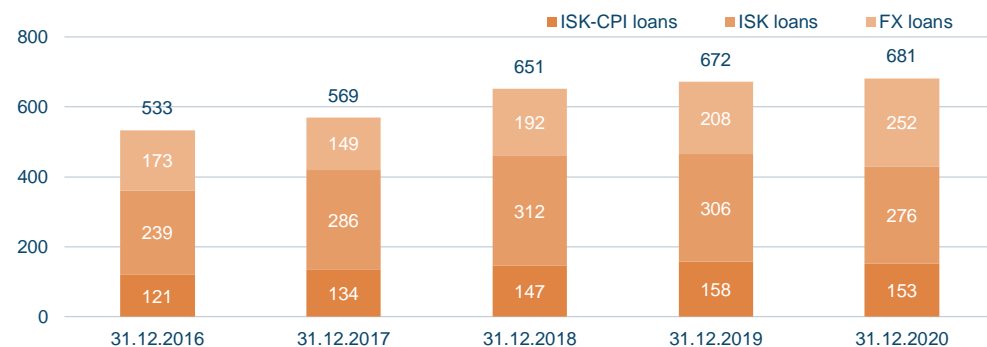
Continuous LTV distribution of mortgage



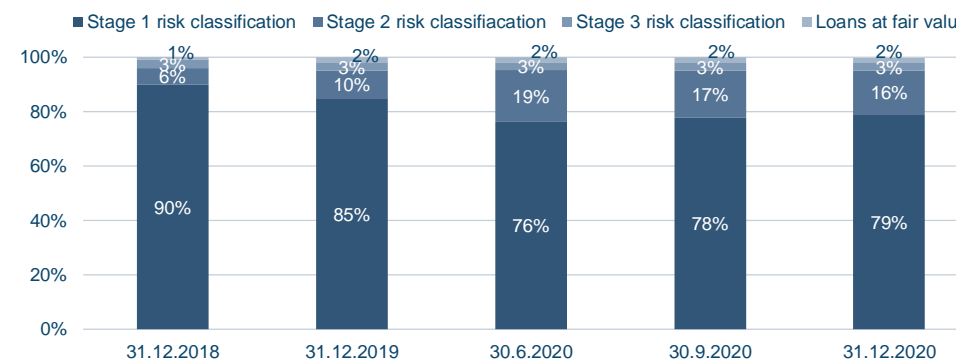
Loans to corporates

- 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



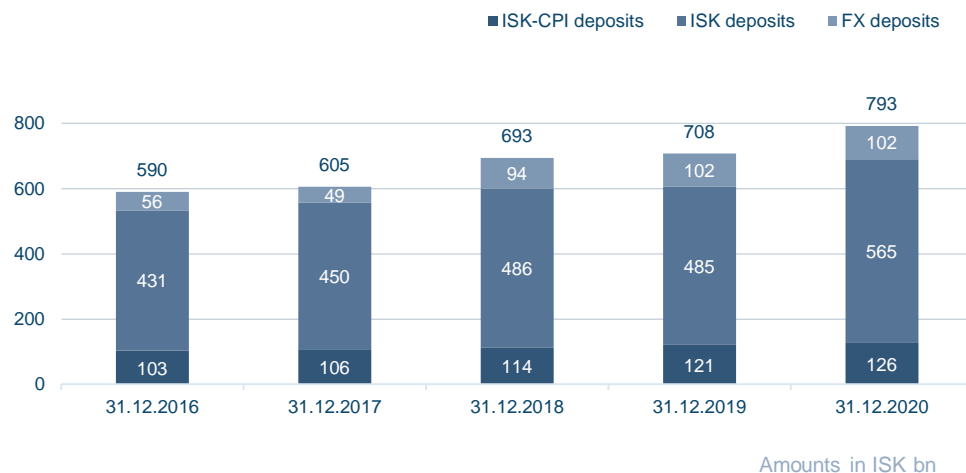
Liabilities and equity

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

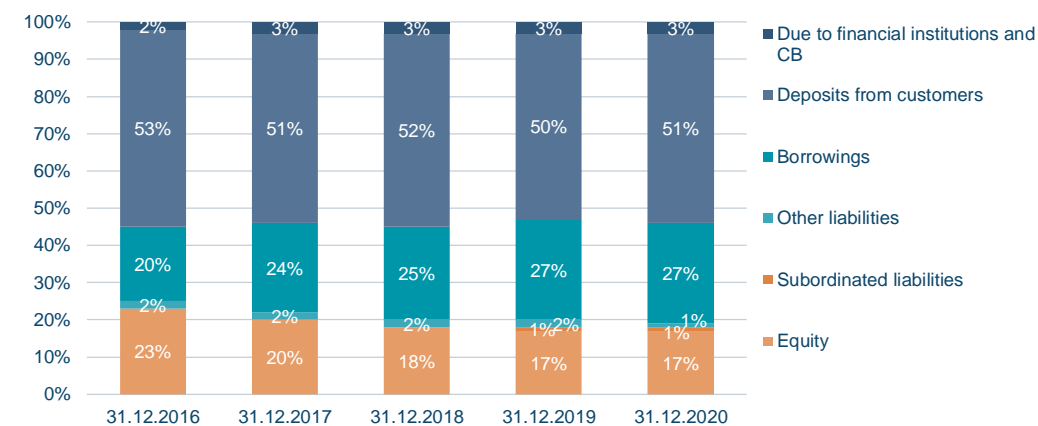
| | 31.12.2020 | 31.12.2019 | Change | |
|--------------------------------------|------------------|------------------|----------------|------------|
| Due to financial institutions and CB | 48,725 | 48,062 | 663 | 1% |
| Deposits from customers | 793,427 | 707,813 | 85,614 | 12% |
| Borrowings | 420,178 | 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% |
| Total | 1,564,177 | 1,426,328 | 137,849 | 10% |

Amounts in ISK million

Deposits from customers



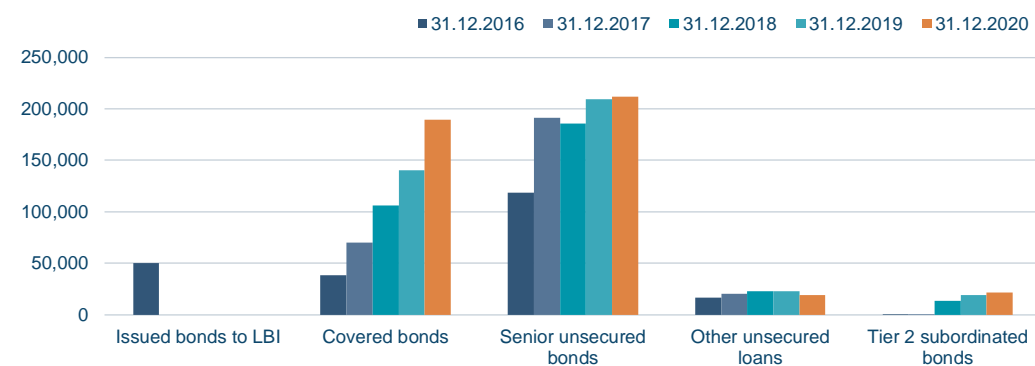
Liabilities and equity



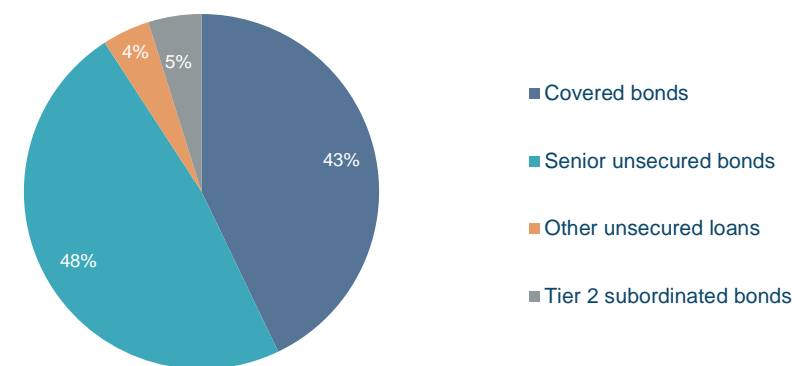
Borrowings

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

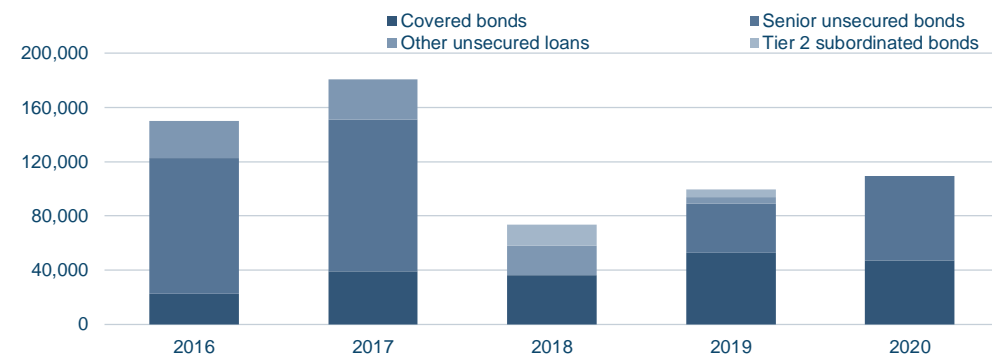
Borrowings



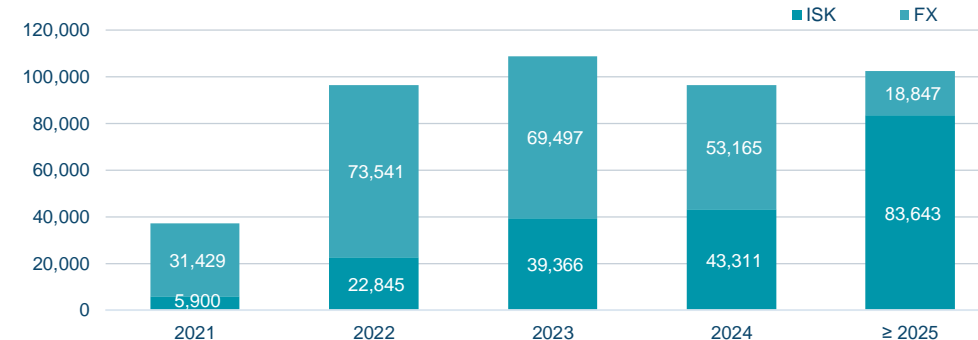
Itemisation of Borrowings



Borrowing issuance



Maturity profile*



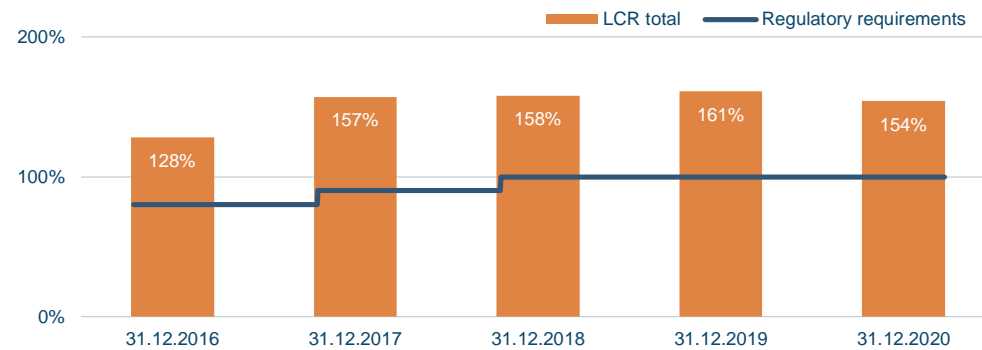
*EUR 100 m subordinated debt matures in 2028 with a 10NC5 structure.
ISK 5.5 bn subordinated debt matures in 2029 with a 10NC5 structure.

Amounts in ISK million

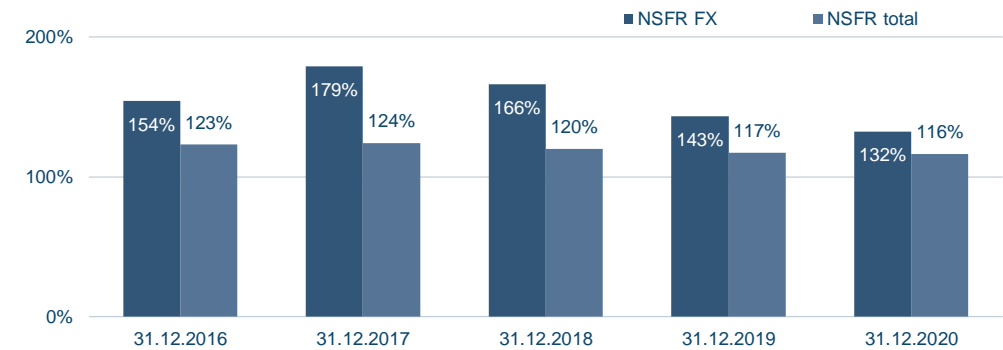
Liquidity ratio and net stable funding ratio

- Strong liquidity and funding ratios.

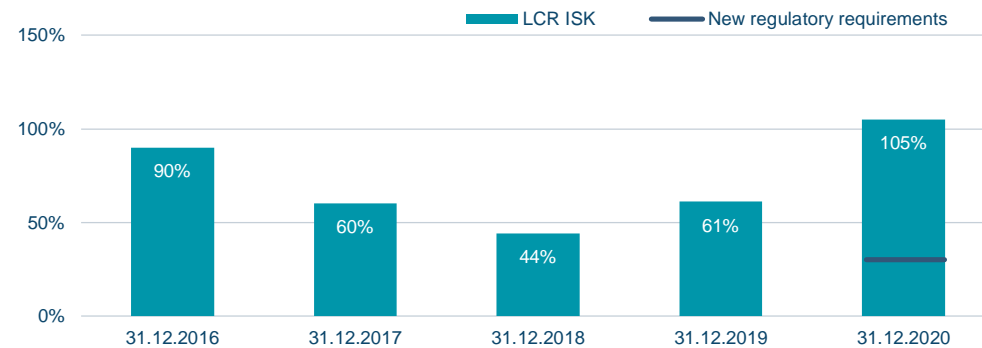
Liquidity coverage ratio total



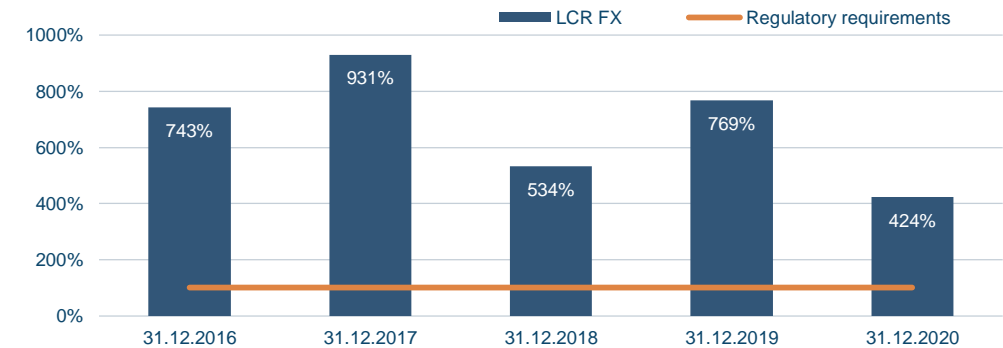
Net stable funding ratio



Liquidity coverage ratio ISK



Liquidity coverage ratio FX

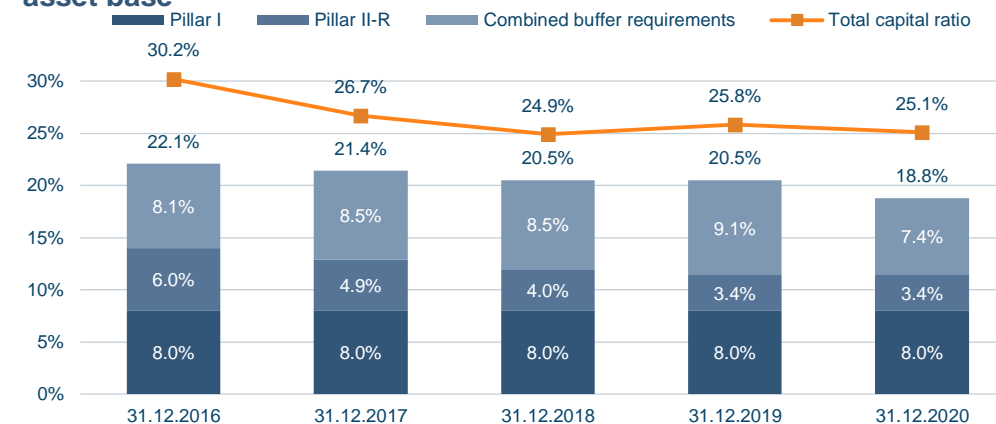


Capital requirements

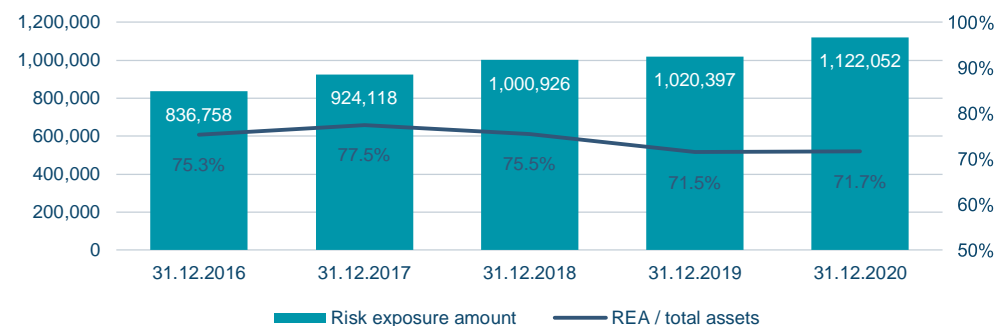
- Capital ratios well above minimum requirements.

| | CET1 | Tier 1 | Total |
|---|--------------|--------------|--------------|
| Pillar I | 4.5% | 6.0% | 8.0% |
| Pillar II-R | 1.9% | 2.6% | 3.4% |
| Minimum requirement under Pillar I and Pillar II-R | 6.4% | 8.6% | 11.4% |
| 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% |
| Combined buffer requirements under Pillar II-G | 7.38% | 7.38% | 7.38% |
| Total capital requirement | 13.8% | 16.0% | 18.8% |
| Total capital ratio as at 31.12.2020 | 23.2% | 23.2% | 25.1% |

FSA Iceland's total core capital requirement as a ratio of the risk-adjusted asset base



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.

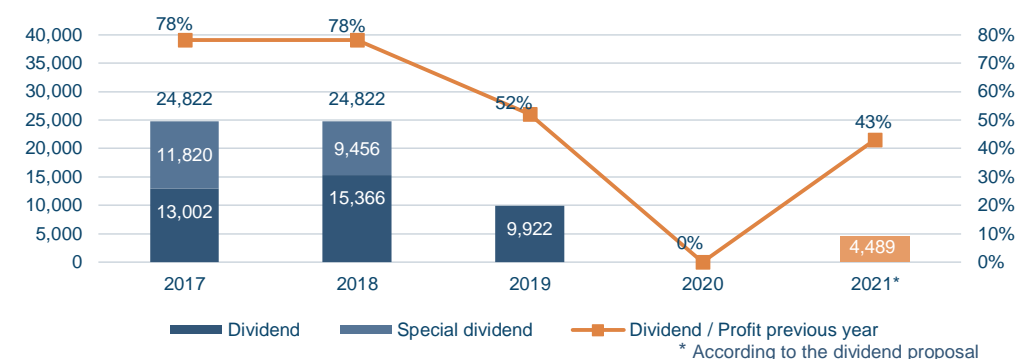
Dividend proposal for 2021

- 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.

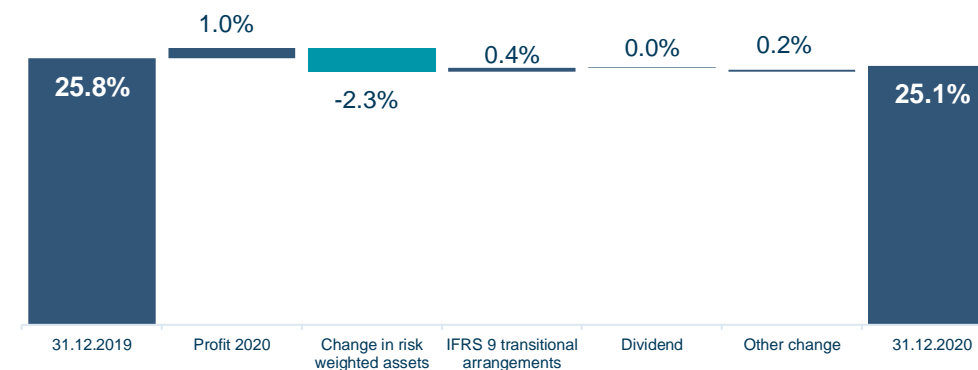
Landsbankinn's dividend policy

- 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.

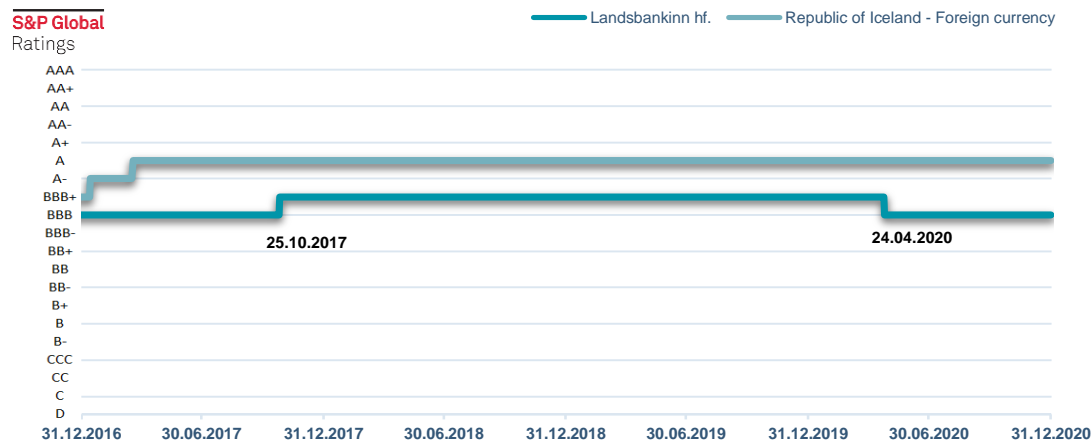
Dividends



Total capital ratio, changes in 2020



Ownership and credit rating

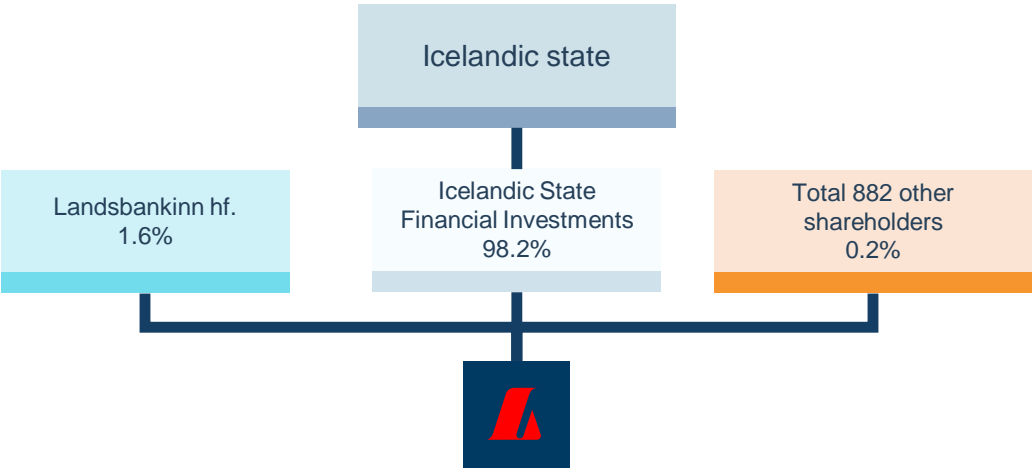


| |  Icelandic sovereign | Landsbankinn hf. | |
|---------------|---|-------------------------|---------------------|
| | | Issuer rating | Covered bond rating |
| Long-term | A | BBB | A- |
| Short-term | A-1 | A-2 | - |
| Outlook | Stable | Stable | Stable |
| Date of issue | March 2017 | April 2020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

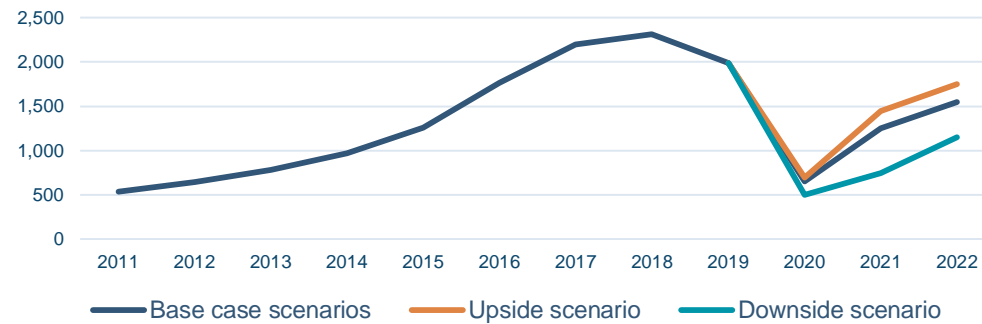


Appendix - further information



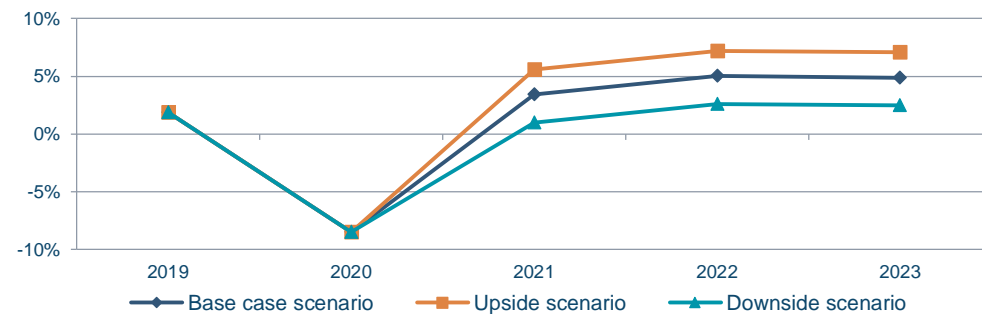
Economic scenarios for expected credit loss

Scenarios - Tourist numbers (thousand individuals)

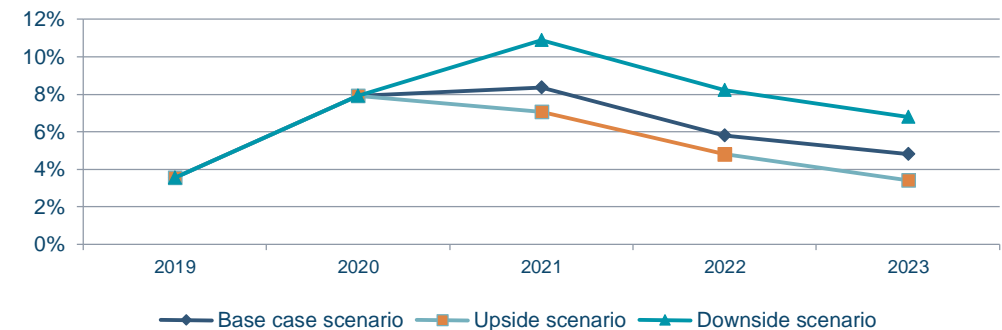


- Landsbankinn Economic Research prepares scenarios to support forecasts for important economic variables.
- These scenarios show key economic variables used to calculate expected credit loss (ECL) for stages 1 and 2.
- The forecasts show averages for the 12-month outlook and to the medium-term forecast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

Economic growth

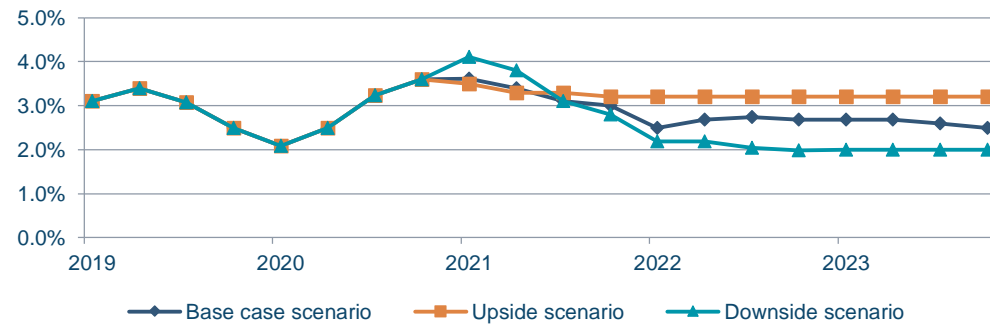


Unemployment

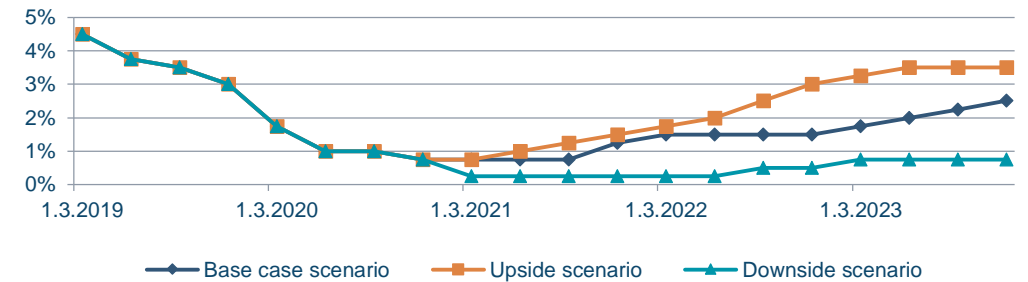


Economic scenarios for assessing ECL

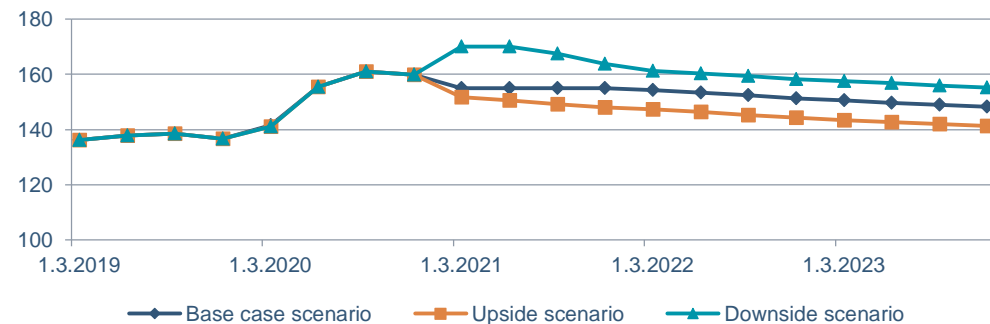
Inflation



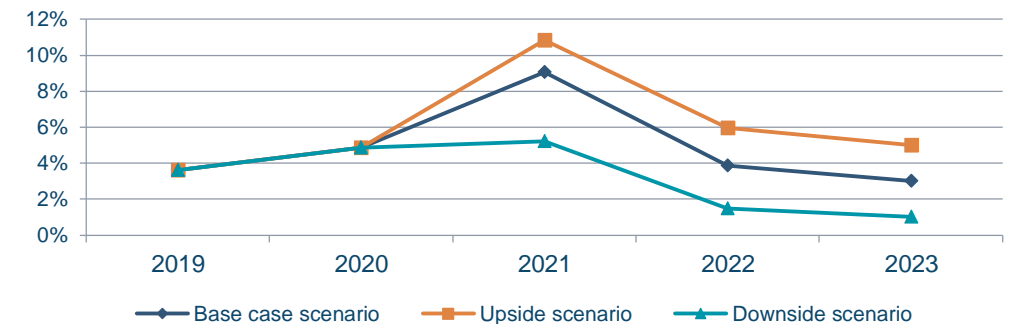
CBI's key rate (seven-day term deposit rate)



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 |
| Total operating income | 18,077 | 10,901 | 5,875 | 3,400 | 12,263 |
| 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 |
| Total operating expenses | 6,819 | 5,670 | 6,433 | 6,724 | 7,374 |
| Profit (Loss) before tax | 11,258 | 5,231 | -558 | -3,324 | 4,889 |
| Income tax | 1,436 | 1,245 | -899 | 304 | 1,014 |
| Profit (loss) for the year | 9,822 | 3,986 | 341 | -3,628 | 3,875 |

| | 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 |
| Total operating income | 38,253 | 51,517 | 53,910 | 53,512 | 48,700 |
| 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 |
| Total operating expenses | 25,646 | 28,196 | 27,797 | 27,103 | 26,487 |
| Profit (Loss) before tax | 12,607 | 23,321 | 26,113 | 26,409 | 22,213 |
| Income tax | 2,086 | 5,086 | 6,853 | 6,643 | 5,570 |
| Profit (loss) for the year | 10,521 | 18,235 | 19,260 | 19,766 | 16,643 |

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% |
| Total assets | 1,564,177 | 1,426,328 | 137,849 | 10% |
| | | | | |
| 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% |
| Total liabilities and equity | 1,564,177 | 1,426,328 | 137,849 | 10% |

| | 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 |
| | 1,326,041 | 1,192,870 | 1,111,157 |
| | | | |
| | 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 |
| | 1,326,041 | 1,192,870 | 1,111,157 |

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 |
| Total operating income (expense) | 19,230 | 7,781 | 5,337 | 6,144 | 40 | -279 | 38,253 |
| 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 |
| Profit (loss) before tax | 7,647 | 2,136 | 1,405 | 3,680 | -2,260 | -1 | 12,607 |
| Income tax expense | -1,769 | -652 | -36 | -91 | 462 | 0 | -2,086 |
| Profit (loss) for the year | 5,878 | 1,484 | 1,369 | 3,589 | -1,798 | -1 | 10,521 |
| 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 |

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