



Annual report 2020

LANDSBANKINN HF | Reg. No. 471008 0280 | LANDSBANKINN.IS

11 february 2021



We continued to improve digital services for companies and individuals, responded to challenges with agility and took important steps toward sustainability. The Bank has never granted as much credit for housing purchases as in 2020, with favourable terms and good service driving the Bank's growing market share in mortgages.

Active personal customers		Market share in personal banking		Assets under management	
110,400	+3.3%	38.5%	+0.6%	553.6_{bn ISK}	+17%
Market share in mortgages		Households with new mortgages		Deposits	
26.3%	+19.5%	10,266	+99%	793_{bn ISK}	+12%



1st place

International recognition

International finance magazines *Euromoney* and *The Banker* named Landsbankinn best bank in Iceland in 2020.



**Icelandic Performance
Satisfaction Index
2020**



98%

**corporate transactions
are self-service**

In all main bank transactions for corporate customers, i.e. domestic and international payments, and claim collection, self-service levels are at 98%.



70,000

customers in the app

In December 2020, 70,000 customers used Landsbankinn's app to tend to their banking. More customers used the app than online banking



81%

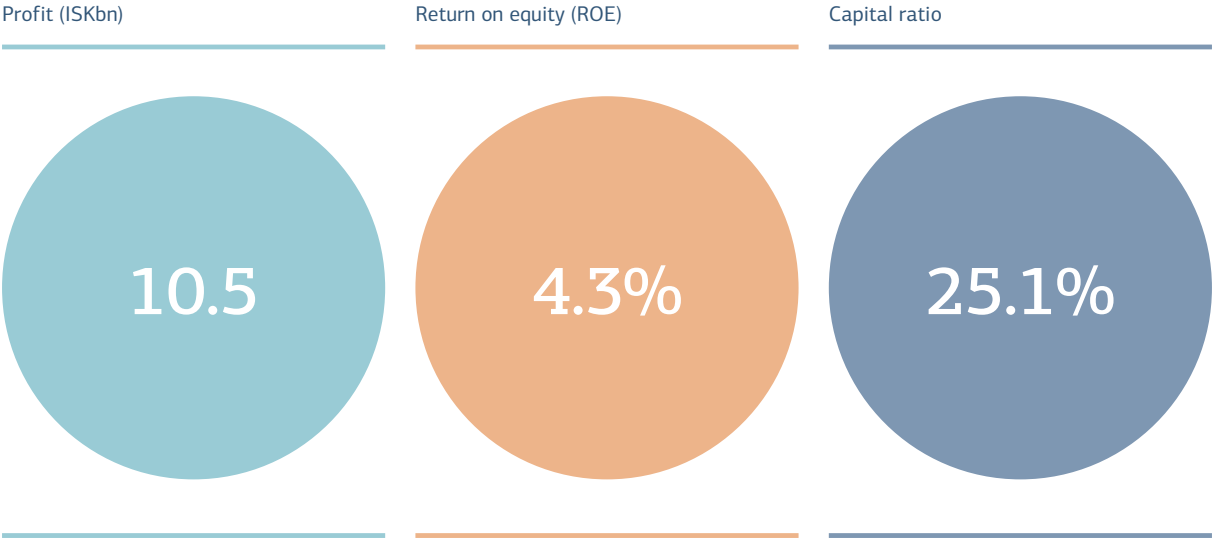
**of credit assessments
are electronic**



28,400

**appointments were
made in 2020**

Increased efficiency, sound operation, first-rate service and competitive terms have resulted in rising customer satisfaction. Landsbankinn is a leader in the domestic market and our journey to be an ever-smarter bank continues



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The background features several 3D geometric shapes. On the right side, there are two tall, blue, rectangular blocks. In the center-left, there is a shorter, orange block with a darker orange top surface. In the foreground, there is a large, light grey block with a dark grey top surface. The overall aesthetic is clean and modern, with a light blue gradient background.

1. Governance and organisation

Mutual trust

At the core of Landsbankinn's strategy is the ideal of mutual trust and a personal approach to banking. The Bank complies with recognised guidelines on corporate governance and its organisation aims to ensure sound and effective operation while creating opportunities for successful collaboration between departments and groups.



Helga Björk Eiríksdóttir, Chairman of the Board

From the Chairman of the Board

The economic impact of the Covid-19 pandemic has been momentous all around the world. Here in Iceland, the blow has been especially hard since travel restrictions imposed by most countries have had a major negative effect on the travel sector, one of Iceland's main export industries.

Tourist arrivals in Iceland decreased by 76% between years, a figure that illustrates the difficulties faced by the travel industry better than words. This major blow led to the sharpest contraction in GDP since the foundation of the Republic, by almost 8%.

Find solutions with customers

Since the pandemic became a reality, Landsbankinn has focused

on providing support for customers experiencing difficulties. We offered temporary payment holidays to both private individuals and companies and, through consultation and collaboration with both retail and corporate customers, worked to find and implement solutions. Each customer's situation and conditions are unique, requiring different solutions to fit every need.

Our customers are more satisfied

Since 2017, the Bank has been on a digital journey, developing many new solutions that customers have eagerly received. At the same time, operational efficiency has been improved. The results of the past years' work provide us with a solid impetus going forward into a future no doubt characterised by growing competition from both domestic and international parties. The

Bank will meet these challenges with confidence and continue to offer first-rate services, both on digital platforms and with personal service and advice. We are extremely pleased to see that satisfaction with our services continues to rate high, with Landsbankinn topping the list of banks in the Icelandic Performance Satisfaction Index in 2020, the second year in a row. We are proud of this success.

Customer satisfaction comes first

In 2020, the Bank adopted a new strategy under the heading Landsbankinn, an ever-smarter bank. The Board of Directors participated in developing the

strategy, the Bank has managed to strengthen its leading role in the market even further. The strategy will enable the Bank to provide even better services, lead in a time of rapid changes and remain the strongest bank in Iceland. Trust is at the core of our new strategy and we take our role in society seriously. In 2020, the Bank continued enthusiastically on its sustainability journey, working on its initial sustainable finance framework published in January 2021.

Significant post-pandemic opportunities

Soaring unemployment is the most serious consequence of the current recession. Towards

the labour market. There is no need to waste words describing the serious impact of unemployment on finances and general well-being. It is important that we, as a community, manage to mitigate this situation as soon as possible. We are well placed to do so. I am certain that many eyes will turn to Iceland, once the will and freedom to travel increases. Travellers are enchanted not only by our beautiful natural environment and landscape but also by the hospitality, solidarity and security they experience here.

Successful response by authorities

Public authorities' action to mitigate the impact of the pandemic has been robust and clearly effective in reducing the negative consequences. The Government of Iceland, the parliament Althing, the Central Bank of Iceland and health authorities are to be commended for their response to this unwelcome guest and its implications. While some instances could have been handled better, I think it is safe to say that Iceland is now far better placed than most other countries.

Back construction of residential housing

The Central Bank's interest rate cuts have put unavoidable pressure on Landsbankinn's interest margin, which will continue under low interest rate levels. That being said, lower interest rates are a boon, especially to first-time housing buyers and allow others to refinance older loans to gain more favourable terms. Landsbankinn is leading the field, both in offering very competitive terms on housing

We have long emphasised sustainability, social responsibility and responsible investment, and will continue to do so. The Bank has developed extensive expert knowledge in the field of sustainability and the options available to companies. Opportunities abound for the Bank.

strategy along with the entire team of employees, in meetings, workshops and conversations with customers. Landsbankinn has, despite countless challenges and demanding external conditions, showed that its customers always come first. With creative thinking and ambitious solu-

year-end 2020, around 26,000 individuals were fully or partially unemployed, bringing unemployment to 12%, including individuals qualifying for partial unemployment measures. Many more, who would choose to work were it available, have without doubt turned to studies or left

loans and by ensuring that the borrowing process is simple and not overly time-consuming.

The weight of housing loans in the Bank's credit portfolio increased from 22% to 26% and is clearly demonstrated in the

In January 2021, we reached an important milestone when the international rating agency S&P Global Ratings assigned a credit rating for covered bonds issued by Landsbankinn. Preparations have been on-going for over a year and the process is com-

sions. These high precautionary entries, based on the Bank's conservative assessment of economic developments, were the main explanation for a low profit of ISK 699 million in the first nine months of the year, equivalent to 0.4% annualised return on equity. As the year progressed, it became clear that economic developments were less dire than expected, especially for individuals and companies in sectors other than the travel industry, influenced by action taken by authorities and news of the speedy development of vaccines. This led to a slight reduction in expected credit loss, with a concomitant reduction in provisions for impairment. The Bank's operation was otherwise successful, not least in the fourth quarter. The result is a profit of ISK 10.5 billion in 2020, despite impairment and loss provisions in the amount of ISK 12 billion.

The Bank has a clear competitive edge in this market, increasing its market share in housing loans considerably in 2020.

value increase of the housing loan portfolio by ISK 126 billion in 2020, or 32%. There is a clear trend towards non-indexed loans. Total growth in non-indexed housing loans was ISK 153 billion, offset by repayment of inflation-indexed housing loans in the amount of ISK 27 billion. Access to favourable housing loans for private individuals supports the construction sector, development of residential housing in Iceland and thereby employment levels.

Favourable funding

The Bank's funding is diverse, resting mainly on customer deposits which grew by ISK 86 billion in the year. Bond issuance on international markets was successful and the terms offered the Bank in early 2020 were favourable. The Bank was an active issuer of covered bonds in the domestic market, with such issuance having become an important part of the Bank's funding profile, especially considering increased activity in the housing loan market.

prehensive, as no international rating agency has ever before issued a rating grade for covered bonds issued by an Icelandic bank. The purpose of achieving a rating grade was to make the Bank's bonds even more attractive to investors, both international and domestic.

Uncertainty has decreased

In light of the circumstances, Landsbankinn's performance in 2020 must be considered good and a reflection of sound and efficient operation. In the first half of the year, the economic outlook deteriorated considerably, leading to a significant increase in loan loss provi-

Intent on achieving long-term ROE target

The Bank's long-term goal is to achieve a 10% target return on equity, having regard for bank tax. This target was not achieved in 2020 and cannot be expected to be achieved this year either. We are nevertheless set in our course and firmly intend to achieve our target within a few years.

We continue to emphasise minimising operating costs and operational efficiency has increased steadily.

Wages and related expenses increased by ISK 309 million between years while other operating costs decreased by ISK 470 million. Landsbankinn's balance sheet remains robust. The Bank's equity was ISK 258 billion at year-end 2020 and its CAR was 25.1%, which is high by international comparison.

Construction of new building proceeding apace

Construction of Landsbankinn's new building at Austurhöfn in Reykjavík is proceeding well and the plan is to move the Bank's operation in the second half of 2022. The move will create considerable efficiencies and employees' work environment will undergo a major transformation. The building will ornament the city centre with accessible and inviting public spaces, linked to the surroundings with good walkways. The building will be certified under the BREEAM standard, having regard for environmental management during the construction and operating phases, energy and water husbandry, selection

of environmentally-friendly construction materials and minimisation of various pollution during construction.

Dividend proposal to the AGM

It is the Bank's policy to pay half of the previous year's profit in dividend to shareholders; additionally, the aim is to make special dividend payments to optimise its capital structure.

At the Bank's annual general meeting held in April 2020, during the first wave of the pandemic, it was decided to retract the submitted dividend proposal and to not pay any dividend for 2019. This was in response to the great economic uncertainty of the day. While uncertainty remains high, it has receded considerably. The Bank's financial strength is significant and its operation sound. The Board of Directors deems it appropriate to propose that the AGM, to be held on 24 March, approve the payment of a dividend to shareholders in the amount of ISK 0.19 per share for the 2020 operating year. The total dividend of ISK 4,489 million corresponds to 43% of

consolidated profit in 2020 and is 16% of the consolidated profit in 2019 and 2020. Should this proposal be approved, dividend paid by Landsbankinn in 2013-2021 will amount to ISK 146 billion.

There was one change to the Board of Directors of Landsbankinn in 2020 with the resignation of Hersir Sigurgeirsson, who has taken on work for the Central Bank of Iceland he considered incompatible with directorship. On behalf of the Board of Directors, I thank Hersir for successful and effective collaboration ever since 2016.

On behalf of the Board of Directors of Landsbankinn, I thank Lilja Björk Einarsdóttir, CEO, all Landsbankinn's management team and employees for very successful and pleasant collaboration in the past year.

We thank shareholders, customers, regulators and other partners for pleasant work relations.



Lilja Björk Einarsdóttir, CEO

From the Chief Executive Officer

At the start of 2021, we began work based on our new and ambitious strategy headlined Landsbankinn, an ever-smarter bank. Landsbankinn, an ever-smarter bank, is undergoing continuous development and utilising digital technology to provide financial services with a personal touch.

The new strategy is based on targets shaped three years ago to support systematic changes from conventional service to self-service solutions - all these targets were achieved with panache. The Bank had previously finalised upgrading its core systems, in collaboration with the Icelandic Banks' Data Centre (RB), first of the domestic banks.

Trust is paramount

Landsbankinn, an ever-smarter bank, is built on solid foundations. The Bank's technological infrastructure is sound, its team of employees dynamic and its strategy is focused on exemplary customer service with the aim of establishing long-term banking relationships and creating mutual benefit. In shaping the new

strategy, conversations with customers made it clear that they place paramount importance on mutual trust and that the Bank's operation must be responsible and sound. Trust is the most important aspect of the Bank's operation and it was the sincere will of its employees that the new strategy be based on this simple yet strong value; trust.

Good collaboration across the Bank

In 2020, our determination, adaptability and agility were put to the test as circumstances changed almost overnight. The Bank's team once again proved its solution and service-driven mindset. Many of the Bank's departments were under a great deal of pressure, including the Customer Service Centre, branches and the staff in Loan Administration. They received support from all other departments, to implement new systems solutions, amend work processes and to provide direct customer.

signatures available, and it is a testament to the results that use of digital signatures tripled between years. A new lending process was designed for government-guaranteed Covid-19 support loans and this will lead the way for other digital lending processes, even if relatively few companies took advantage of loans guaranteed by the government. Our digital credit assessment proved extremely useful when demand for housing loans increased. The digital credit assessment is an example of a solution that is not only convenient for the Bank's customers, it also provides the Bank with a competitive edge and thereby

Bank responded quickly, communicating clear information about measures to respond to the sudden events and the changes that followed. An agreement that was signed in spring 2020 between banks and pension funds, on deferment of instalments and interest payments, was an important contribution to stability and reduced uncertainty. In the fall, when general relief measures had run their course, the Bank was well placed to assist companies and individuals still dealing with income loss. In most cases, individuals needed no further assistance. On the other hand, there is still great uncertainty about the future outlook and, in some cases, it has been necessary to undertake financial restructuring. In general, the travel sector is placing its trust in achieving a vaccination status that will put the country in a stronger position by late summer 2021, a timeline which accords with forecasts and government expectations.

To make a long story short, good collaboration and organisation enabled us to prevent the pandemic from having any material impact on the Bank's ability to maintain its service level, despite temporary restrictions on access to branches.

By ensuring that we were able to continue to provide customers with service, regardless of geographical location, we maintained uninterrupted service and met greatly increased demand for housing loans.

Full drive in digital development

In response to changed circumstances, we sharpened our focus on making authenticated digital

increased revenue. We have utilised our time well this year and introduced various new features useful to companies who bank with us and simplify day-to-day operation.

Still great uncertainty in the travel sector

When the pandemic turned everyday life of the general public upside down as well as operations for most companies, the

Loan loss provisions colour results

Banks are always subject to the risk of credit loss and, naturally, this risk increased in the pandemic. The Bank's provisions for impairment were increased accordingly. The risk and need for provisions for impairment were reassessed every quarter. A large provision to meet possible credit loss contributes negatively to the Bank's financial results and accounts for the main difference between 2019 and 2020 results. The Bank is well placed to withstand possible shocks and despite an unprecedented economic situation it has not yet been tested against such conditions in any significant way.

Interest rates lowered six times

Landsbankinn lowered interest rates six times in 2020, with both individuals and companies benefiting from the rate cuts.

The Bank has never granted as much in home mortgages as in 2020, with favourable terms and good service driving the Bank's growing market share in the housing loan market.

Uncertainty about economic developments has caused companies to show restraint and demand for corporate lending has been low. Lending to fisheries and seafood nevertheless increased in the year.

The Bank's fee and commission income was similar in 2020 as in 2019, despite less travel and lower activity in the service sector. Securities markets made a strong showing in the fourth quarter.

Important milestones in funding

The Bank's funding was successful and, in February, the Bank obtained its most favourable lending terms over the past decade. Covid-19 and growing uncertainty in the markets affected both credit ratings and financing terms, with the Bank's credit rating being lowered by one notch due to external circumstances. The Bank's debt

has fluctuated in the markets. It started improving significantly as the year progressed but has not yet reached the levels of February 2020.

In early 2021, the Bank was assigned a credit rating for its

domestic covered bonds, the first such credit rating achieved by an Icelandic bank. This increases the attractiveness of the bonds and enhances their viability as an important source of funding. We also finalised our initial sustainable finance framework, in early 2021, which had been in the works since mid-2020. No issuance has as yet taken place under the framework but we plan to take advantage of it soon in 2021.

Major digital advances

The Bank's services have undergone enormous changes in the past three years. We have made major advances in digitalising services and usage continues to grow. In 2020, we placed special emphasis on improving services to smaller corporates.

We achieved excellent results by boosting collaboration between employees in different divisions. Our new strategy places even more emphasis on collaboration and by taking advantage of the considerable momentum the Bank has as the country's largest and most dynamic bank.

Improved efficiency and increased job satisfaction

Considerable operational efficiencies have been achieved by Bank in line with changes to services in the past three years, resulting in full-time equivalent positions reduced by 12%. Our clear strategy is still to maintain a presence around the country yet to align services slowly but surely with increased digital service offering. One service outlet was closed and work is underway to move our operation to more suitable housing in several locations. The his-

We will continue to simplify life for customers in various ways in accordance with our new strategy. We utilise the data we have to provide continuous and good service in an effective manner.

torical Landsbankinn building in Selfoss was sold. Operation continues out of the old building for a while and will move to new premises in Selfoss in due course. Job satisfaction at the Bank has never been higher and employees are as before proud of their workplace. In a year that had no shortage of challenges, it was a nice change to see that job satisfaction and pride had increased at the same time as most employees have worked remotely for a large part of the year, providing services through these difficult times.

New and more accessible website

A new website for the Bank was designed and launched in the year. Much has been done to simplify the new web, making it more accessible, clearer and approachable than its predecessor. It is a comprehensive website for all our services, such as online banking, the app and various self-service solutions like the digital credit assessment,

applications and more. On the website, and in all our service channels, we are mindful of the mutual long-term interests of both customers and the Bank. Alongside products and services, our customers are offered robust financial information and the Bank's services and website are designed to comply with the

strictest IT security and privacy requirements.

Grateful for trust and loyal custom

Landsbankinn is in a strong position to handle the turnaround we will see once the battle against the virus is over. Despite

making considerable provisions for loan losses, the Bank's operation is yielding positive results and profitability nearing its medium-term expectations.

The Bank's employees outdid themselves this past year and their drive is palpable. We are thankful to customers for plac-

We have set ourselves ambitious long-term targets and the Bank's entire operation is performing well.

ing their trust and loyalty in us. It remains the Bank's strategy to continuously develop, deliver excellent results and provide good service to customers and simplify their lives. That's Landsbankinn, an ever-smarter bank.



Landsbankinn, an ever-smarter bank

In 2020, we set ourselves a new strategy under the heading Landsbankinn, an ever-smarter bank. Our environment is undergoing extensive changes and the aim of the new strategy is to ensure that the Bank continues to develop, to offer customers the best service available.

At the core of our strategy is the ideal of mutual trust and a personal approach to banking. With us, customer satisfaction comes first, and we will continue our technological advancement and development of digital solutions. Our aim is to simplify life for our customers by making finances more approachable while simultaneously strengthening advisory service and information provision. A focus on implementing a success-driven

workplace culture will strengthen operation and boost initiative. We intend to continue to provide customers with exceptional service.

Satisfied customers - Continuous development - Passion for success

The strategy is supported by three pillars, each of which promotes principles linked to different aspects of the Bank's opera-

tion - customers, infrastructure, and human resources.

The first pillar is about customer satisfaction. Under this pillar, the principles will be to simplify customers' lives and show initiative. We will do this by developing simple solutions that are accessible around the clock and by utilising data to provide customers with personal and professional advice.

The second pillar is about on-going advancement. It refers to the fact that the Bank operates in a transforming environment and must respond by introducing effective ways to adapt, and succeed. We want to advance with ever-smarter operation, utilising the Bank's data better in order to offer tailored services. The Bank's operation shall be sound and secure, with a special emphasis on information security. We also aim to lead the way towards a sustainable future.

The third pillar is all about achievement for customers and the Bank's employees. We share in our customers' success and are driven by enthusiasm for results. It is our intention to develop the workplace of tomor-

row, a diverse and flexible place of employment that fosters cooperation and the development of ideas into solutions.

Trust

Trust is our core value, a common thread that connects customer relations and external partners to internal activities and operation. The Bank is confidently managed and its strategy followed through in a responsible manner.

Clear goals for the next 10 years

We have set key goals, milestones for the next 10 years. Our success will be evaluated regularly over the period and we'll

adjust our focus to reflect the outcome. Measurable goals will be set to evaluate the progress of strategy implementation.

Our key goals are that within two years, customers should be able to tend to their own banking business, always - anywhere and anytime. 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.



LANDSBANKINN
AN EVER SMARTER BANK



Management and governance

Good governance forms the foundation for solid relations between shareholders, the Board of Directors, executives, employees, customers and other stakeholders, and encourages objectivity, integrity, transparency and responsibility in the management of the Bank.

Board of Directors of Landsbankinn

The Board of Directors is ultimately responsible for the Bank's activities as provided for by law, regulations and its Articles of Association. The Board of Directors formulates the Bank's general strategy and shall ensure that the Bank's organisation and activities are adequate and effective at all times. The Board of Directors also monitors the Bank's general

activities and ensures that control of accounting and financial management is satisfactory. The Board of Directors is elected at the Annual General Meeting (AGM) for a one-year term and consists of 7 regular members and 2 alternates.

There are four sub-committees to the Board of Directors: The Audit Committee, the Risk Committee, the Remuneration Committee and the Strategic Development Committee. Amongst

other duties, the committees prepare the Board's discussion of certain aspects of the Bank's activities and follow up on related matters.

At year-end 2020, shareholders in the Bank were 882, with the National Treasury of Iceland holding a 98.2% share and the Bank itself holding 1.6% of own shares. Icelandic State Financial Investments controls the state's holding in the Bank.



Helga Björk Eiríksdóttir

Chairman



Berglind Svavarsdóttir

Vice-chairman



Einar Thór Bjarnason

Board member



Guðbrandur Sigurðsson

Board member



Sigríður Benediktsdóttir

Board member



Thorvaldur Jacobsen

Board member

Alternates to the Board of Directors are Guðrún Ó. Blöndal (from March 2018) and Sigurður Jón Björnsson (from April 2019).

Hersir Sigurgeirsson resigned from the Board of Directors in November 2020 as he started work on new projects he consid-

ered incompatible with continued directorship.



Lilja Björk Einarsdóttir

Chief Executive Officer



Arinbjörn Ólafsson

Managing Director of Information Technology



Árni Thór Thorbjörnsson

Managing Director of Corporate Banking



Helgi Teitur Helgason

Managing Director of Personal Banking



Hrefna Ösp Sigfinnsdóttir

Managing Director of Corporate Banking



Hreiðar Bjarnason

Managing Director of Finance & Operations



Perla Ösp Ásgeirsdóttir

Managing Director of Risk Management



Kristín Baldursdóttir

Chief Audit Executive of Landsbankinn



Thórhur Örlýgsson

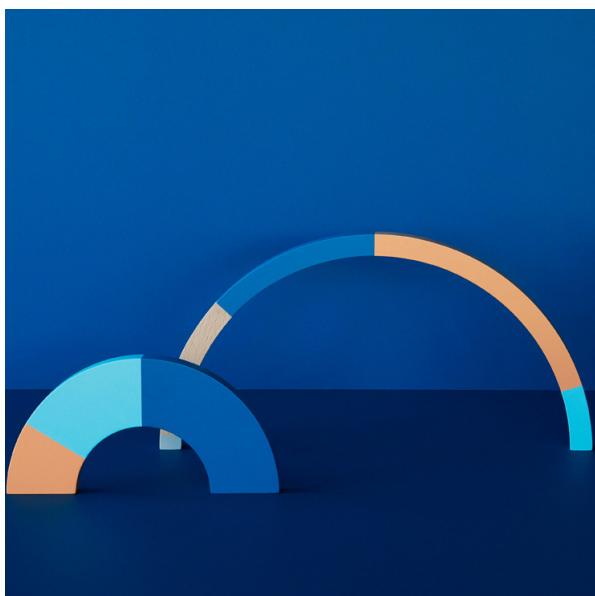
Compliance Officer of Landsbankinn

Executive Board

The Executive Board is comprised of the CEO and managing directors of all divisions. The Bank's CEO is responsible for the Bank's day-to-day operations and

is authorised to take decisions on all matters not entrusted to others by law, the Bank's Articles of Association or decisions by the Board of Directors. The CEO shall ensure that the Bank's operation complies with law,

regulations and the Articles of Associations, and with Board decisions. She shall ensure that the Bank's accounting complies with law and good business practice and that handling of the Bank's assets is secure.



Corporate Governance Statement

Landsbankinn complies with recognised guidelines on corporate governance and publishes an annual statement on its governance practices in its annual report, including information on the Bank's compliance with such guidelines.

In August 2020, Stjórnvísí renewed the recognition of Landsbankinn as a model of corporate governance for the period 2019-2020 based on a review undertaken by external advisors of the Bank's governance practices in March 2020.

Organisation of Landsbankinn

Landsbankinn's organisation aims to ensure solid and effective operation while creating opportunities for successful collaboration between departments and groups. Emphasis is placed on ensuring that employees can cooperate on projects across departments and divisions, sharing and enjoying the benefits of diverse expertise. We work as a team, guided by the interests and satisfaction of our customers. Changes were made to the Bank's organisational structure in 2020, to sharpen the roles of its various divisions and encourage internal collaboration. These changes also aimed to enhance asset management and the division formerly called Markets is now Asset Management & Capital Markets.

Personal

Personal Banking tends to financial services for private individuals and small and medium-sized enterprises in rural Iceland, in close cooperation with Corporate

Banking. The focus is on providing first-rate service based on utilisation of the Bank's data and that customers can both seek advice and tend to their own business through digital service channels, as well as in the Bank's branches.

Corporate

Service and financing of corporates, municipalities and institutions lies with the Corporate Banking division. We are sharpening our focus on digital service, especially for small and medium-sized enterprises, and self-service solutions. Specialised account managers attend to the needs of companies and legal entities in all sectors. Corporate Finance is part of Corporate Banking and provides, among other services, comprehensive and professional advice on the purchase, sale and merger of companies.

Asset Management & Capital Markets

Asset Management & Capital Markets offers services in

securities brokerage, FX and derivatives to institutional investors and larger customers. The division provides extensive services in the fields of private banking and asset management for individuals, companies and institutional investors. The division was previously called Markets. With organisational changes that took effect in late 2020, its name was changed to Asset Management & Capital Markets to better reflect its role. Emphasis is placed on personal service, responsible advice and informed decisions.

Finance & Operations

The Bank's funding, bond issuance, market making and treasury functions all fall under the scope of the Finance & Operations division. Settlement, accounting and business plans are also under Finance & Operations, along with loan administration and transaction services, and management of the Bank's property.



Information Technology (IT)

The IT division is responsible for the operation, security and development of digital infrastructure and services. The activities of IT are based on multidisciplinary teams and collaboration with the Bank's other units in order to provide and develop first-rate tech solutions and digital services. There is a strong focus on leveraging data in all levels of the Bank's operation and to ensure that the Bank

continues to lead the way in utilising information technology in the domestic financial market.

Risk Management

Risk Management is responsible for the effectiveness of the Group's risk management framework. The division is also responsible for information disclosure on risk exposure to various departments and units within the Bank, and external regulators.

Five departments operate across the Bank

In addition, there are five departments that operate across the Bank's divisions, directly under the CEO, along with her staff. These are Human Resources, Marketing & Public Relations and Economic Research, collectively referred to as Community, and Compliance and Legal Services.

Assets sold in 2020

	Number	Total sales value
Residential apartments	9	350,100,000
Commercial housing	1	50,000,000
Building sites	7	54,650,000
Land	1	215,000,000
Building sites for cottages	23	32,100,000
Vehicles and equipment	454	447,626,929
Shares in unlisted companies	2	3,285,210,000
Other	111	43,613,200
Total	608	4,478,300,129

Assets for sale at year-end 2020

A total of 368 assets appropriated by the Bank were held for sale as at 31 December 2020. Their book value was around 991 milljónir króna. In addition, four real estate properties, previously Bank premises, were listed for sale at year-end 2020.

At year-end 2020, sale processes for holdings in 11 unlisted companies were on-going. These holdings are variously owned by Landsbankinn or Hömlur fyrirtæki ehf., a subsidiary of the Bank. Information about these holdings have been disclosed on the Bank's website.

Appropriated assets listed for sale at year-end 2020

Residential apartments	4
Commercial housing	1
Building sites for residential apartments and commercial housing	23
Building sites for cottages	211
Land	5
Vehicles and equipment	124
Total	368

Internal Audit

Internal Audit is an independent and autonomous function directly responsible to the Board of Directors. The role of Internal Audit is to improve and protect the Bank's value with risk-focused and objective verification, consultation and insight. Internal Audit evaluates and improves the effectiveness of risk management, control measures and governance processes through systematic and disciplined practices.

Clear policy on sale of assets

Landsbankinn has adopted a clear policy on the sale of assets, intended to promote transparency and credibility in the sale of assets and build confidence in the Bank. The policy forms a foundation on which to build quality internal governance procedures for the sale of assets and to limit the operational and reputational risk such sale may entail. Assets are sold on commercial grounds, so that a fair price is obtained for the assets.

Assets sold in 2020*

In 2020, Landsbankinn sold 496 appropriated assets, two vehicles, shareholdings in two unlisted companies and 108 pieces of art.** The total sales value of these assets amounted to ISK 4,478 million. All these assets were sold in an open sale process.

*Securities and other financial instruments listed for trade on a registered market are sold on the market and that process is considered an open sale process. Such transactions are not included in the table above.**The Bank owns around 2,200 pieces of art, mainly paintings, but also ceramic art, reproductions, photographs and more. In 2009, the Ministry of Education, Science and Culture commissioned a professional valuation of the Bank's collection. It was suggested that pieces in category I would become public property, that category II pieces should not be sold without consulting with the National Gallery of Iceland and that category III pieces would be offered on loan to cultural institutions. Other pieces were marked as uncategorised and the Bank was made free to dispose of them without any conditions. Since the valuation, pieces owned by savings banks that merged with Landsbankinn have been added to the collection and undergone a similar appraisal. Around 1600 pieces are valued as uncategorised and only such pieces have been or will be sold. The sale value of the pieces sold in 2020 totalled ISK 5.6 million, having regard for sales commissions. Sale took place via open sale process (online auction).

More robust measures to prevent money laundering

In 2020, we continued to build our defences to prevent money laundering and terrorist financing. The Bank's control systems were enhanced, processes strengthened even further and work to develop digital solutions to enable customers to complete due diligence online continued.

A risk assessment was carried out on Landsbankinn's operation, its customers, and products and distribution channels that employees look to during control and decision-making. At the same time, the Board of Directors approved a new policy on measures to combat money laundering and terrorist financing.

Monitoring of international payments was enhanced in 2020 for the purpose of mitigating even further the risk of money laundering and terrorist financing, corruption and bribery. Landsbankinn has set itself a policy against bribery and corruption that is in the implementation phase.

In 2020, the Financial Action Task Force (FATF), removed Iceland from its list of countries that have declared their willingness to implement an action plan for remedy of the situation. The impact on the Bank's operation and services was limited, with the Bank benefiting from solid business relations with non-domestic banks, and the short time it took for Icelandic authorities to have the country removed from the list.

Emphasis on data protection

As before, we emphasise responsible and secure handling of the personal data of customers, employees and others in our operation and comply with laws on data protection and the processing of personal data, and the EU General Data Protection Regulation (GDPR). The Bank's Privacy Policy was updated in 2020 and we will continue to update and improve processes, rules and information in the field of personal data protection, including in electronic solutions, with an eye to safeguarding customer rights.



Main news for 2020

First quarter

14.01.2020

Cancel cost of transferring private pension savings

24.01.2020

Landsbankinn top bank in the Icelandic Performance Satisfaction Index

05.02.2020

Landsbankinn on NASDAQ in Stockholm, Copenhagen and Helsinki

05.02.2020

Inaugural subordinated issuance in ISK

06.02.2020

Landsbankinn's Annual Report and Risk Report for 2019 available online

13.02.2020

Landsbankinn lowers interest rates

12.02.2020

Bond issuance in euros

20.02.2020

Landsbankinn coordinates Municipality Credit Iceland's green bond issuance

11.03.2020

Landsbankinn lowers interest rates

19.03.2020

Landsbankinn lowers interest rates

23.03.2020

Agreement on temporary payment deferral for companies

27.03.2020

Landsbankinn's ESG Report available online

Second quarter

07.04.2020

Landsbankinn lowers lending rates

07.05.2020

Financial results of Landsbankinn for the first three months of 2020

11.05.2020

Landsbankinn and Central Bank sign agreement for supplemental lending

19.05.2020

Landsbankinn leading in Europe according to Sustainalytics

28.05.2020

Landsbankinn lowers interest rates

Third quarter

02.07.2020

Landsbankinn supports fifteen exceptional students

21.07.2020

Landsbankinn is the best bank in Iceland in the assessment of Euromoney

30.07.2020

Financial results of Landsbankinn in H1 of 2020

21.08.2020

Landsbankinn a model of good corporate governance

09.09.2020

Landsbankinn achieves excellent rating in Reitun's ESG risk rating

18.09.2020

Considerable over-demand in Icelandair Group offering

25.09.2020

Landsbankinn party to a declaration of intent on investment to maintain sustainable development

Fourth quarter

14.10.2020

Landsbankinn issues bonds in foreign currency

20.10.2020

Landsbankinn's Economic Forecast for 2020-2023: Strong economic recovery starts next fall

29.10.2020

Landsbankinn's results for the first nine months of 2020

12.11.2020

Landsbankinn continues strong support of Icelandic football

16.11.2020

Fixed interest rates on new non-indexed housing loans increase by 0.15-0.20 percentage points

18.11.2020

Launch of first global standard to measure and report financed emissions

25.11.2020

Landsbankinn lowers interest rates

27.11.2020

Landsbankinn building in Selfoss sold to Sigtún Development

10.12.2020

Landsbankinn sells 12.1% shareholding in Stoðir

18.12.2020

Gift card ATMs in Mjóddin and Vesturbær open around the clock

22.12.2020

Landsbankinn awards ISK 15 million in community grants

28.12.2020

New Landsbankinn web launched



2. Satisfied Customers

First-rate solutions and personal service

Customer satisfaction with our services has grown in recent years. This is reflected in surveys Gallup performs for the Bank and in the fact that Landsbankinn was ranked highest by banking customers in the Icelandic Performance Satisfaction Index 2020.



Our customers are more satisfied

We endeavour to simplify life for our customers and offer outstanding banking service when they need it. Ranking highest by banking customers in the Icelandic Performance Satisfaction Index 2020, the second year in a row, was a welcome recognition.



Simplify life

We aim to simplify life for our customers, taking the initiative to offer the services best suited to each and every one. We do this both by developing simple and accessible solutions that customers can access at any time and by utilising data to provide customers with personal and professional advice.

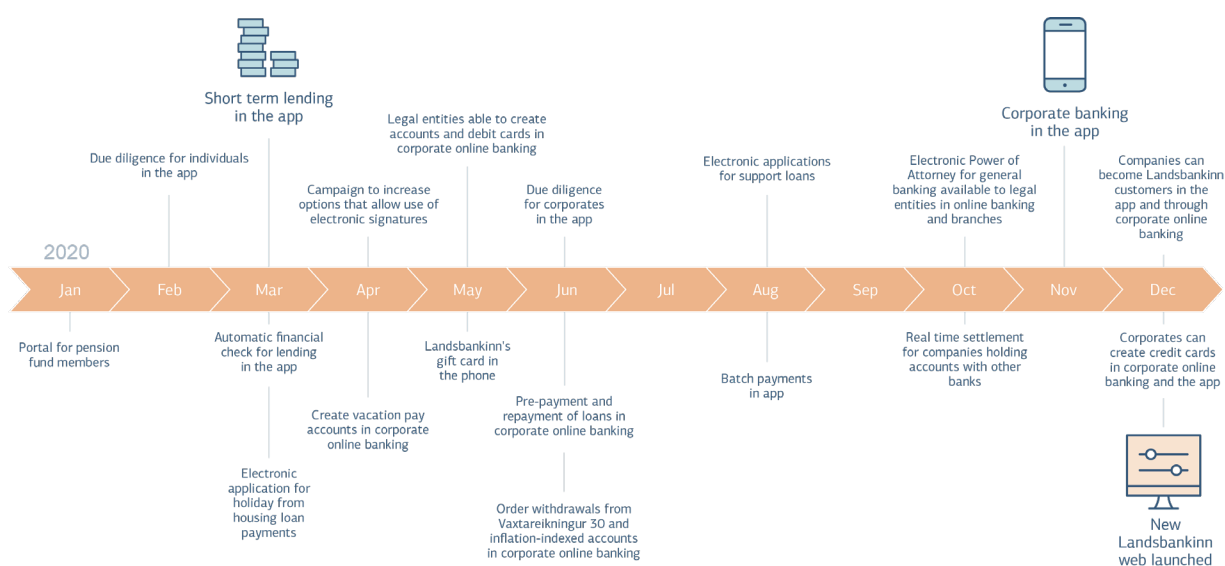
The new features we have introduced in recent years are the result of a clear strategy set in 2017, which prioritises development of digital technology. Our digital solutions are in great use and surveys show that customers are very satisfied with them indeed.

Around 70,000 customers in the app

Since Landsbankinn's app was introduced in 2018, use has grown continuously. In December 2020, around 70,000 individuals used the app to tend to all main banking business - pay bills, view their balance, alter limits, access payment card information and more.

Tripling in use of electronic signatures

Basing our digital service platform on solid technological foundations allowed us to respond quickly to new conditions and multiply the availability of options to finalise customer business online or over the phone.



Solutions are digital across the spectrum

“In 2017, we determined to focus on digital development and made certain key changes to enable that journey. Project ranking was clarified and all collaboration across the Bank’s departments and divisions boosted, increasing teamwork between software development groups and business segments in the shaping and development of new solutions. There was also a strong focus on increasing the effective utilisation of data.

Looking back in 2020, it is interesting to see all the innovations that have been introduced in the past three years, such as Landsbankinn’s app, which offers customers several exciting options. Both individuals and companies can become Landsbankinn customers through the app and begin using the Bank’s services in a matter of minutes. In addition to the conventional overview and payment options available in online banking platforms for several years, digital service channels now offer various other features. These actions vary from such simple banking matters as creating accounts or applying for a payment card to more complex processes such as credit assessments, or increasing, decreasing and managing limits on overdrafts and credit cards. Contactless payments have proven their worth in Covid-19, be it with smart phones or watches.

The Bank’s robust technical infrastructure has allowed us to respond rapidly to new challenges, as proven when the pandemic first hit. During the development of these solutions, emphasis has been placed on ensuring that the entire process is digital without any need for human intervention. It is especially pleasing to see that utilisation of data has become an integral part of all analysis and how low the technical threshold for such analysis has become. This supports all use and has numerous benefits.

The past three years are a solid indication of what we can expect from the future, and we intend to ensure that Landsbankinn leads the way in digital banking service.”



Arinbjörn Ólafsson

Managing Director
of Information Technology

One of the means by which we were able to ensure this was by utilising electronic signatures. All applications and contracts for Covid-19 relief measures could be signed electronically. Electronic processes and signatures in lending and refinancing were a huge help in responding to the high demand for housing loans in 2020. The increased availability of options allowing for electronic signatures, innovations in our service and the impact of the pandemic caused the use of electronic signatures to triple between 2019 and 2020.

Within a very short time, we made it possible to use electronic signatures to sign around 70 different documents used in corporate banking and also added to the availability in personal banking.

We focused on assisting individuals who are not used to taking advantage of digital solutions and meeting the changing needs of companies who faced various

challenges, including having to rely on employees working from home.

Simpler and more accessible banking service

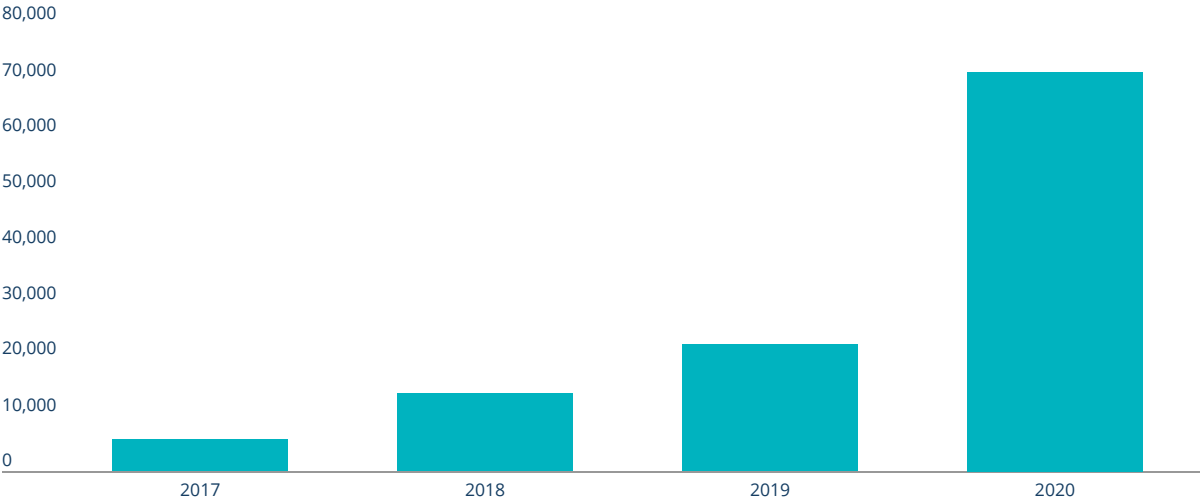
The Bank’s new website, launched towards the end of 2020, aims to simplify finances and promote instruction and advise. The new website is both clearer and more user-friendly than the old one. All key information is accessible from any point and features and tools, such as calculators, were re-designed from the ground up to further simplify the user experience. Design was based on use of the older website and a detailed needs analysis.

We introduced several new features in the online banking platforms and Landsbankinn’s app, all aimed at increasing self-service, facilitating access to information and improving customer service.

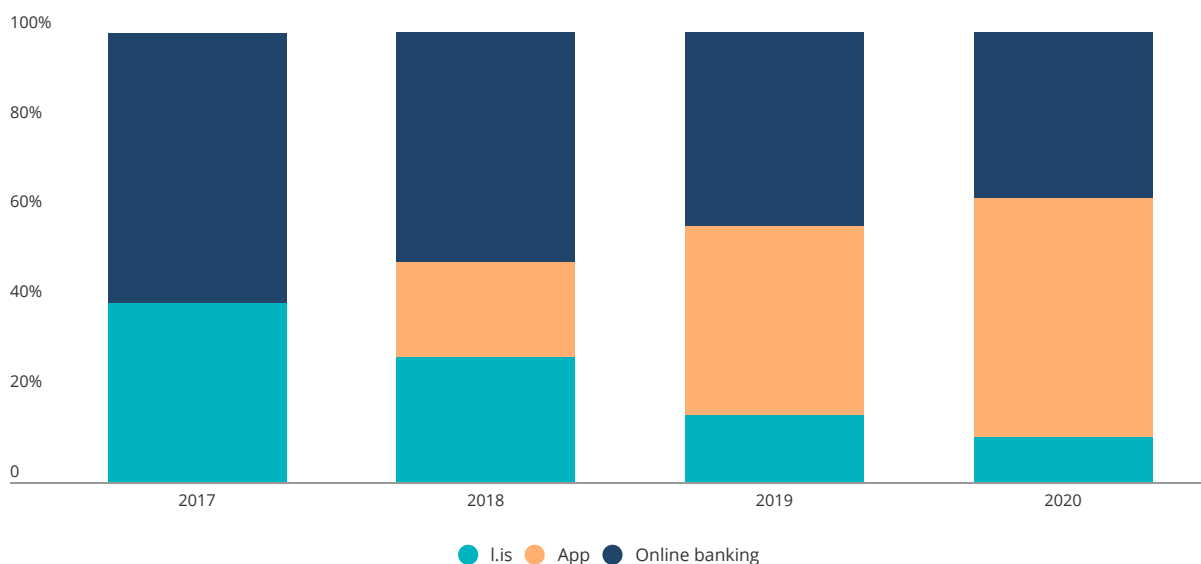
3 min

If you are a new customer, it only takes three minutes to gain access to online banking and the app, create an account, get a payment card in your phone and begin paying with that card in your phone or watch.

Electronic signature



Use of online banking for individuals and the app



Corporate banking in the app

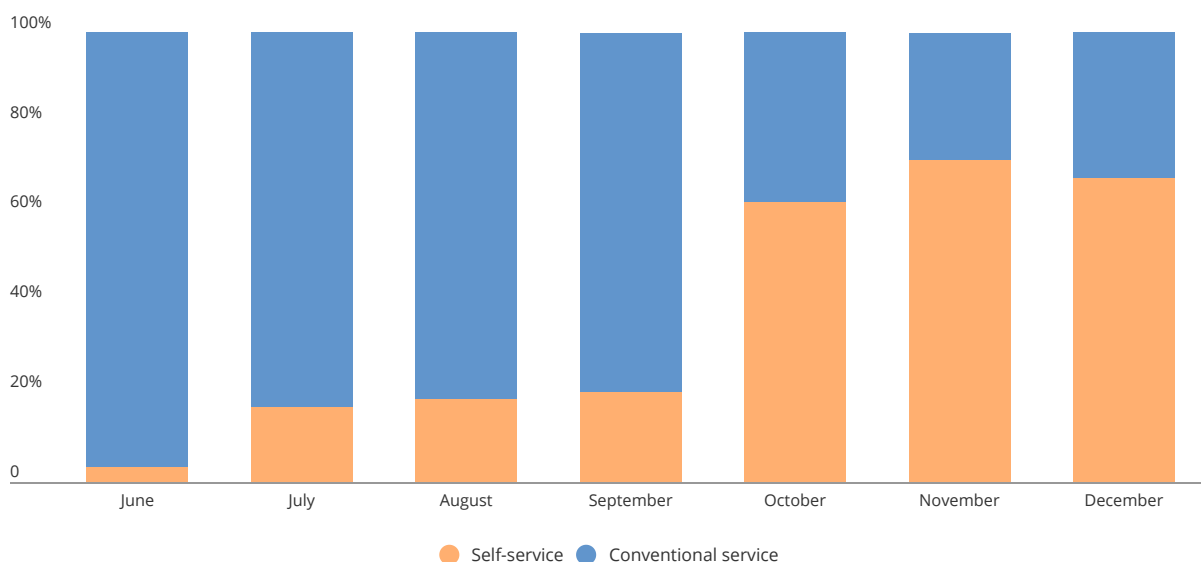
In 2018 and 2019, we focused on digital services for private individuals. In 2020, we shifted our focus to corporates and can safely say that more changes

were made to corporate services than ever before. It has never been easier for companies to become Landsbankinn customers, create bank accounts and monitor claim collection, to name but a few examples.

As of December 2020, Landsbankinn's app includes access to corporate accounts. In the app, users can migrate between corporate accounts with ease, view data, monitor claim collection and complete various transactions.



Corporates open accounts in self-service



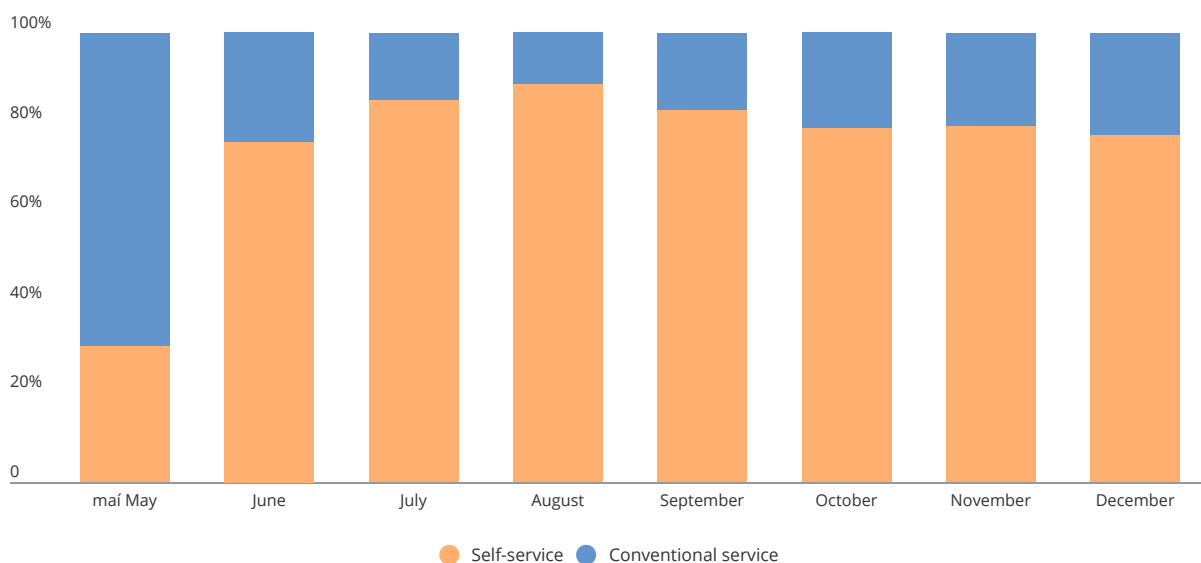
Create accounts independently

Another important change was that companies who are Landsbankinn customers and have completed due diligence, can now create bank accounts

independently in online banking for corporates. Previously, this option was only available in the on-boarding process. The option of creating own accounts was introduced in May 2020 and Landsbankinn was the first domestic bank to offer this

solution. Both companies and individuals were also offered the option to create vacation pay accounts independently and, since this solution was introduced, around 77% of all new vacation pay accounts have been created in self-service.

Companies open vacation pay accounts in self-service



What are you paying for?

Landsbankinn has for several years led the way in innovation and development of collection service. With the new features introduced in 2020, companies, associations and other legal entities can include more information with sent claims. Parents and legal guardians are familiar with the issue of multiple claims from several sports clubs not clearly ascribed to a child by name and the difficulty in ascertaining what child one is paying for in online banking. This problem should now be a thing of the past.

The automatic credit framework is based on the utilisation of data and requires no manual input in the calculation or finalisation process.

70,000

users of Landsbankinn's app

Aukalán in the app to bridge the gap

Among new features introduced in 2020 was the availability of Aukalán loans in the app. Aukalán is a non-indexed loan with annuity payments which customers can apply for independently when they need to bridge a financial gap.

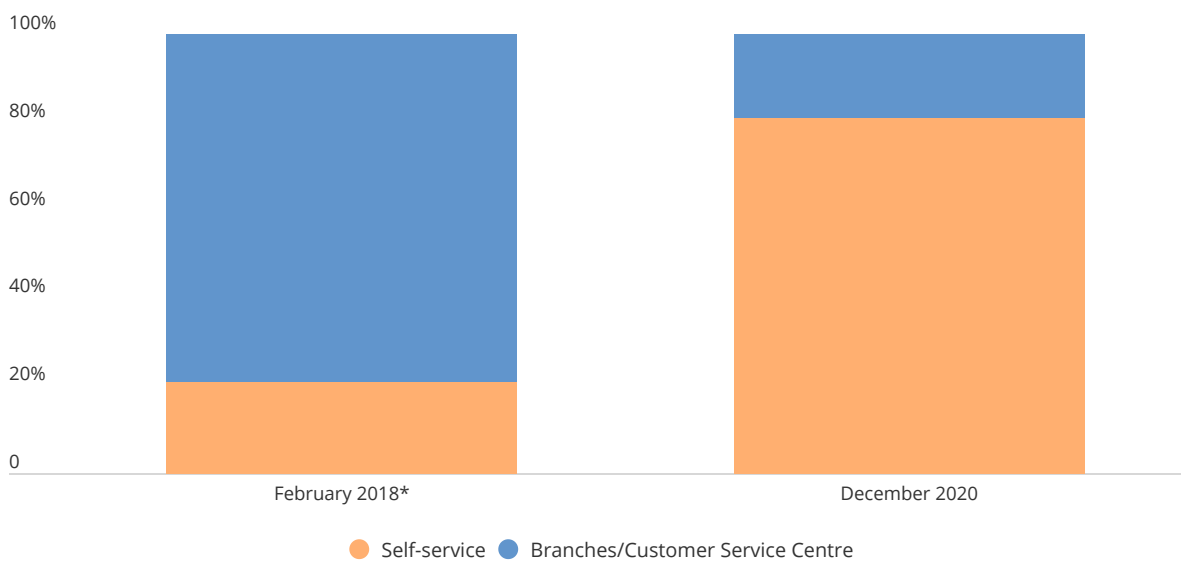
Self-service credit limit

The services Aukalán, adjusting overdrafts, raising payment card limits and smoothing credit card bills are based on an automatic credit framework that calculates the credit limit for customers. In 2020, we introduced the option of requesting a higher credit limit than offered under the credit framework in the app and online banking. This also means that new customers can immediately apply for an overdraft and Aukalán, and get credit cards from the Bank through self-service, all in a matter of minutes.

Major digital advances

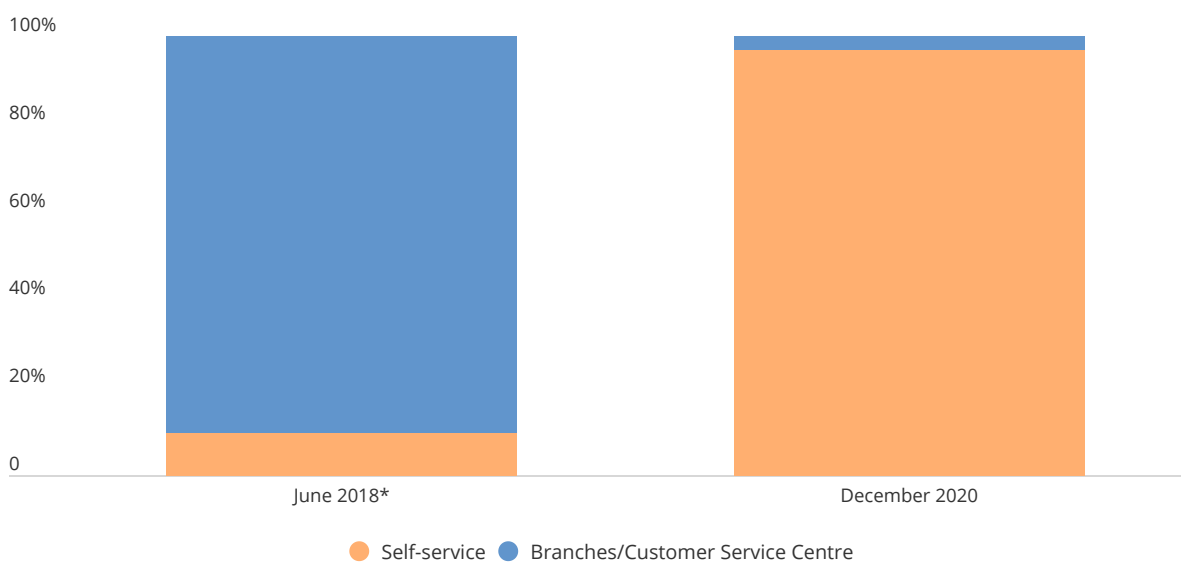
Almost all of the Bank's services are available through digital channels. Use of all the Bank's self-service solutions is high and has grown steadily in recent years. In 2020, the rate of self-service utilisation increased further, in part because of access restrictions that applied to the Bank's branches under Covid-19.

Credit assessment for housing loans



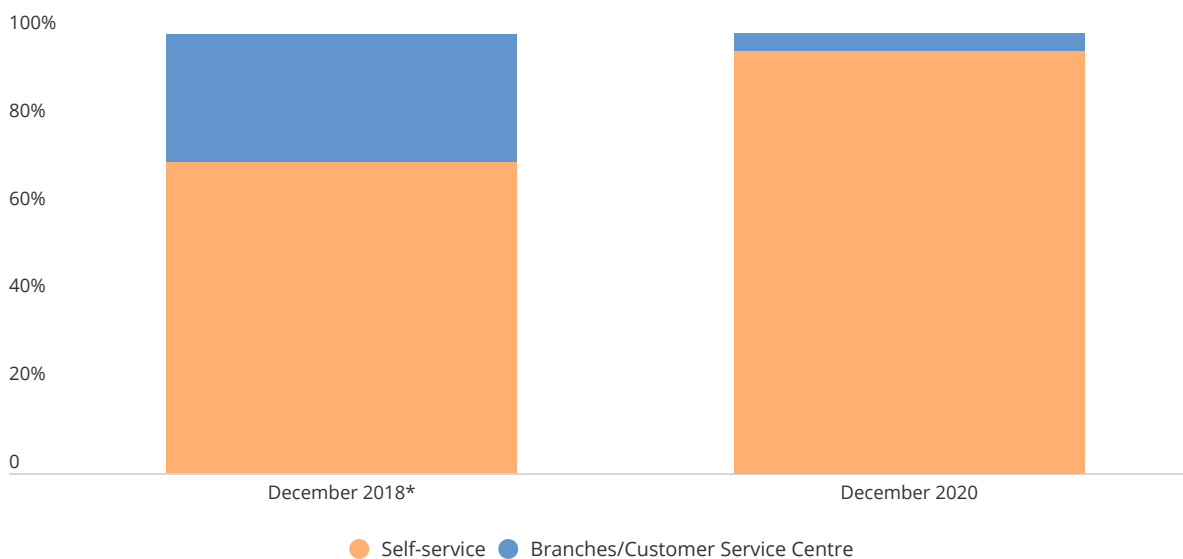
* Self-service solution was launched in February 2018

International payments



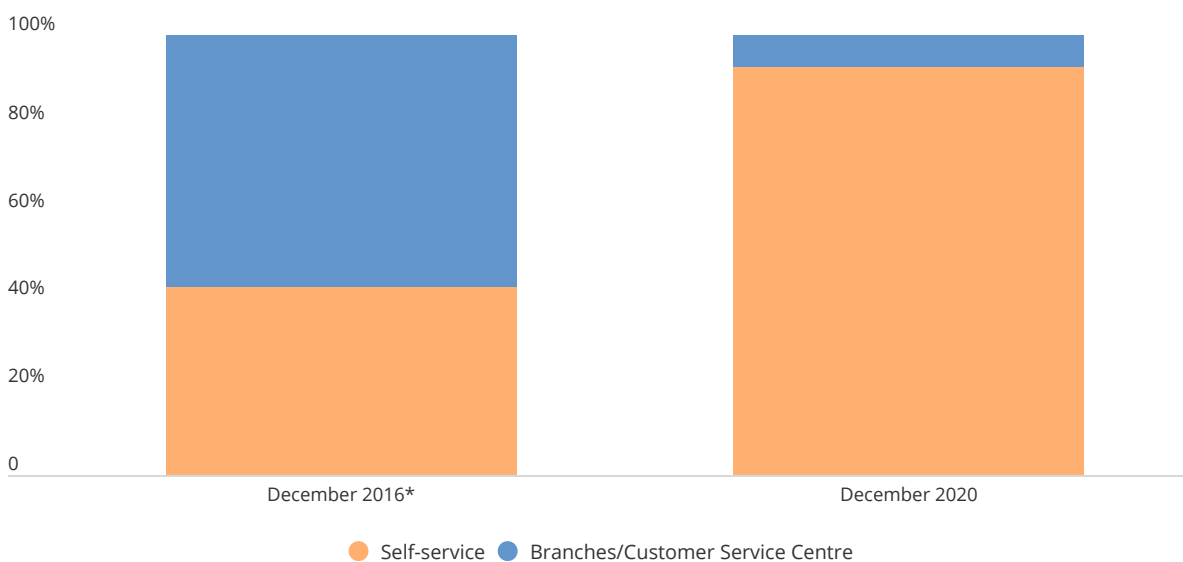
*Self-service solution was launched in June 2018

Alter credit card limit



*Self-service solution was launched in December 2016

Adjust overdraft limit



* Self-service solution was launched in December 2016



Landsbankinn's gift card in the phone and smart watch.

In 2019, we made it possible to open credit cards in the app. As online shopping increases, it became convenient to be able to save all card information to the app, and copy and paste them to online vendor forms.

Contactless payments

Landsbankinn opened for use of Apple Pay, first of the Icelandic banks, in May 2019. Android users had already begun using a similar solution with Landsbankinn's card app. These solutions are user-friendly, enabling card holders to pay with their phones or watches. When Covid-19 hit, these solutions became an important part of disease prevention, and at year-end 2020, contactless payment with phones or watches accounted for 23% of all payment card transactions. Also in 2020, the option of

adding Landsbankinn's gift card to these solutions was added, and phones and watches can now be used to pay with the gift card.

We are here to help

Limited access to branches under Covid-19 shifted communication with customers in an increasing fashion to online and phone channels. To prevent long wait times, we offered customers the option of requesting consultation calls or making appointments at branches at the time of their choosing. The Bank's staff around the country participated in answering phones, emails and other messages, spreading the workload and minimising wait times.

Customers were quick to respond to appointments, booking over 29,000 phone calls and appointments in branches and the Corporate Banking Service Centre in 2020.

28.400

booked consultation calls or branch appointments

90

ATMs in 63 locations around the country

More ATMs accessible around the clock

Self-service is not restricted to the app and online banking and is also available in ATMs and other self-service equipment. We operate the largest ATM network in Iceland and have emphasised renewing equipment and improving access to ATMs and coin roll dispensers by making them accessible around the clock.

Various new equipment has been taken into use, including gift card vendors in the branches in Vesturbær and Mjóddin, both of which are accessible around the clock.

Doubling of securities transaction contracts

Public interest in securities increased greatly in 2020, following significant changes in the interest environment, and the number of new securities transaction contracts with the Bank

doubled between years. Previously, customers needed to visit a branch to sign such contracts. Under Covid-19, we hastened work to enable customers to sign securities transaction contracts electronically. This solution was launched around mid-year and has proven its usefulness, for example with the high participation in Icelandair's stock offering in September 2020.

Other new solutions include enabling customers to view the balance and development of their asset portfolios in the app and to access information about pension savings, vastly improved with a new pension savings portal.

Due diligence quick and easy online

All customers are required by law to complete a due diligence questionnaire as part of actions to combat money laundering

and terrorist financing. We focused on making the process as convenient as possible and, as of November 2019, both private individuals and companies have been able to complete due diligence in online banking and the app in a matter of minutes.

Positive results in the battle against cybercrime

Despite ever-increasing cybercrime, fewer of us are falling victim to such attempts. In 2020, successful attempts at cybercrime, leading to loss and damages, decreased by half as compared with 2019. It is our opinion that these good results have been achieved mostly through education and information campaigns on cybercrime. More details on cybersecurity at the Bank are included in the chapter on publishing.



We are here for you

We are unique in that while our customers enjoy access to first-rate digital solutions that enable them to tend to almost all banking business, we also offer quality personal advice and services to customers around Iceland.

Customer satisfaction with the Bank's service is high, as reflected in Gallup surveys and the fact that Landsbankinn was ranked highest by banking customers in the Icelandic Performance Satisfaction Index 2020, the second year in a row. Customers overwhelmingly use their phones or computers to do their banking. In recent years, we have introduced a number of innovative solutions that simplify life for our customers. Our aim is to provide service that is accessible whenever and wher-

ever, and 2020 was no exception from the trend of increasing digital services and use thereof. The chapter on smarter banking provides a more in-depth review of our digital services.

High demand for Landsbankinn housing loans

We lowered interest rates six times in the course of 2020. Interest rates on non-indexed housing loans with a variable interest rate were lowered from

26.3%

market share in housing loans

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

5.05% to 3.30%. Interest on inflation-indexed loans with a variable interest rate was lowered from 3.20% to 1.90% at year end.

Lower interest rates and a lively real estate market in 2020

boosted demand for housing loans, with electronic processes and signatures proving their worth in lending and refinancing. The Bank's market share in the housing loan market grew from 22.0% to 26.3% and we think that our endeavours to

offer good lending rates, an easy process and short wait times, as well access to professional advice despite restrictions on gatherings, prompted more customers to choose Landsbankinn's housing loans.

Some Covid-19 changes will become permanent

"Our customers were stoic and understanding about restrictions and changes we had to make to services due to Covid-19, and for that we are grateful. Digital solutions and self-service equipment proved their usefulness and we focused our efforts on improving digital services even more to limit the number of issues requiring a physical visit to the Bank. Some business does however necessitate a visit to a branch or a conversation with the Bank. Our resourcefulness was put to the test under strict restrictions on gatherings and closure of the Bank's branches.

We responded with such measures as diverting staff to answer the phone, emails and web chat. At the same time as we were forced to close or restrict access to our branches, the demand for housing loans exploded. We felt the benefit of having a powerful team of employees in branches throughout the country to meet this need. The geographic location of the borrower or employee is immaterial - an employee in the West Fjords can tend to the needs of a family purchasing an apartment in the capital region, all over the phone or computer.

Many of the changes made to services in 2020 are here to stay, that much is clear. Appointments for banking service, whether in a branch or for a consultation call, simplify life for customers. This arrangement saves time and allows employees to prepare even better for consultations. We will also increasingly offer advisory service over the phone or teleconferencing equipment.

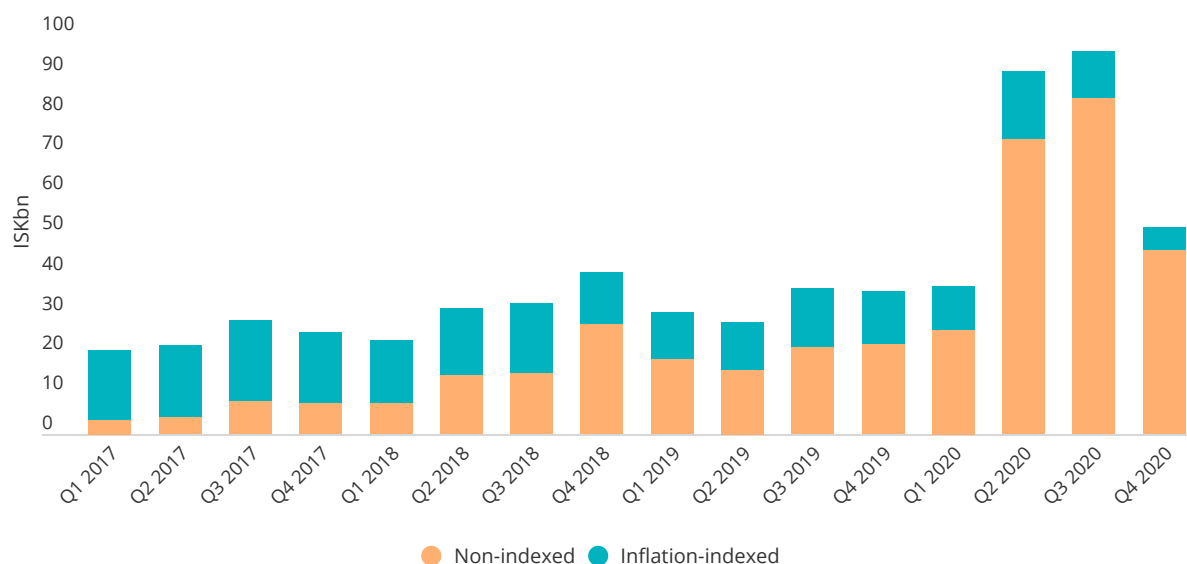
Feedback from customers tells us that they are happy with the Bank's services and trust us, and this has been confirmed in independent surveys. Our strategy is clear - we intend to continue to provide first-rate service based on mutual trust."



Helgi Teitur Helgason

Managing Director
of Personal Banking

New housing loans



Record number of housing loans at Landsbankinn

A record number of individuals and families took on housing loans with the Bank in 2020 and demand was high. The Bank's housing loan portfolio grew by 32% between years and we granted 1,082 housing loans to first-time buyers.

Overall, we granted housing loans in the total amount of ISK 288 billion in 2020, with the

large amount resulting from customers' refinancing of their housing loans, either to achieve more favourable terms or change from inflation-indexed to non-indexed.

The proportion of customers choosing non-indexed housing loans over inflation-indexed loans has increased in recent years. A complete change occurred in 2020, when 85% of customers selected non-indexed housing loans.

1,082

housing loans to first-time buyers

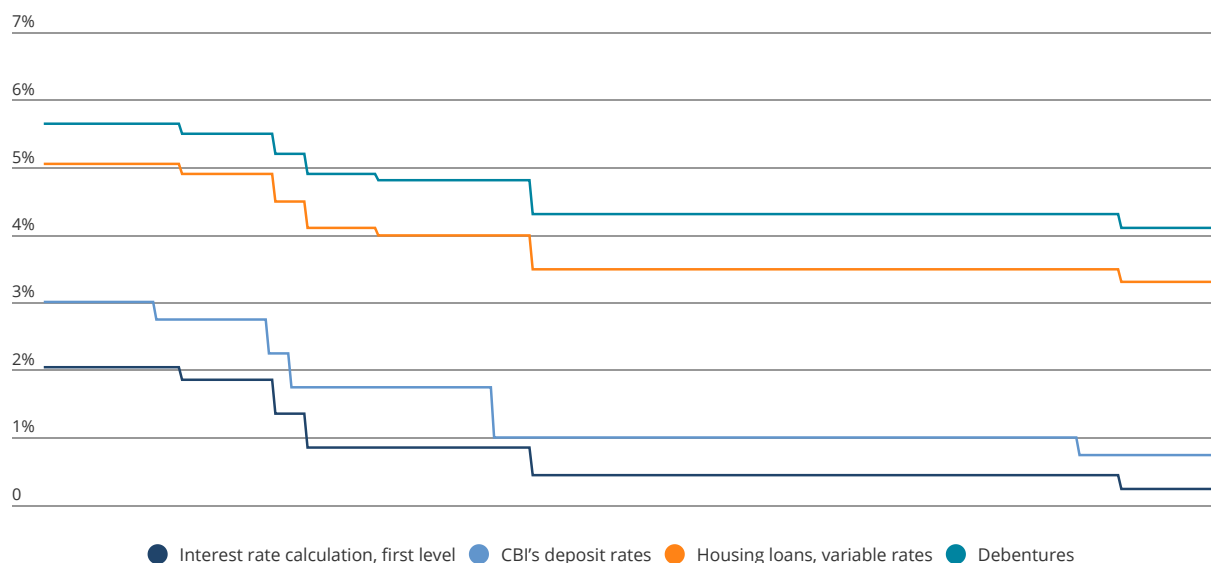
32%

growth in housing loans between years

85%

of new housing loans non-indexed

Interest rate developments 2020 - non-indexed



Year of interest rate cuts and new solutions

The economic recession we are experiencing as a result of unavoidable action taken in response to Covid-19, both domestically and abroad, is historic. Here in Iceland, it appears that domestic production has contracted by 8.5% in 2020, constituting the sharpest economic contraction in one year in the history of the Icelandic Republic. The effects are manifold.

The government's reaction involved, in particular, handsome relief programmes for both households and companies. The Central Bank of Iceland also responded quickly and correctly to the deteriorating economic conditions, lowering the CBI's key rates. At year-end 2020, the CBI's key interest rates are 0.75% and have never been lower.

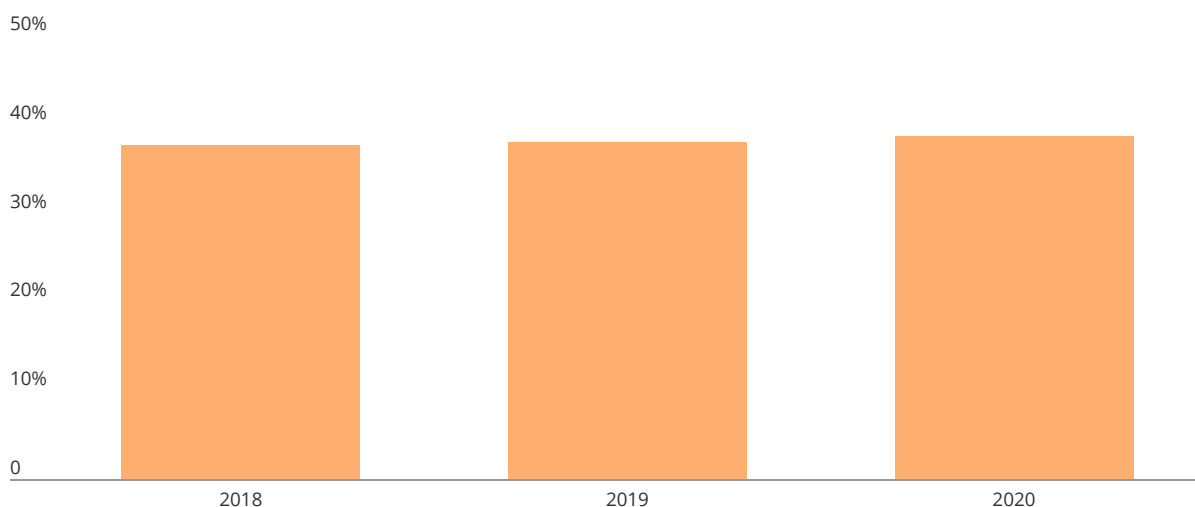
We responded to the CBI's rate cuts by lowering lending rates, making it easier for customer to take on new loans or refinance older loans. The lowering of the bank tax strengthens the Bank's competitive position and allows us to support our customers even better. Lower interest rates and the various measures we have taken to maintain a high level of service, despite restrictions connected to Covid-19, have boosted Landsbankinn's market share in housing loans from 22.0% in 2019 to 26.3% at year-end 2020. There was great growth in non-indexed housing loans during the year, amounting to ISK 153 billion between years, while inflation-indexed housing loans contracted by ISK 27 billion.

At the same time, the Bank's operating costs continue to fall. Increased efficiency, sound operation, first-rate service and competitive terms have resulted in rising customer satisfaction. Landsbankinn is a leader in the domestic market and our journey to be an ever-smarter bank continues.



Hreiðar Bjarnason
Managing Director of
Finance & Operations

Market share in the retail market



Market share

Landsbankinn has held the highest market share in the retail market seven years running and the lead has grown steadily. The Bank's data shows that at year-end 2020, market share among individuals 18 years and older was 38.5%. It increased by 0.6 percentage points between years and has never been higher. At the same time, customers are satisfied with our services and confidence in the Bank has grown.

Increase in funding to purchase used vehicles

Many more individuals took on car loans with Landsbankinn in 2020 as compared with the previous year. The total amount of new loans to retail customers grew by over 21.6% between years, a great deal due to funding of the purchase of used vehicles, a testament to the Bank's strong standing in this market. Individuals took on car loans with the Bank for a total amount of ISK 7.5 billion in 2020.

Lending for eco-friendly cars grew by 54%

Over half of all new car registrations in 2020 were alternative fuel vehicles, i.e. electric, plug-in hybrids and other cars not solely dependent on fossil fuels. Electric cars represent over a quarter of all new registrations. This was clearly reflected in the Bank's lending, as we issued 54% more loans to purchase eco-friendly cars in 2020 than in 2019.

Solutions for customers

We were very focused on finding solutions to support our customers who suffered unexpected income loss through Covid-19. We introduced temporary relief measures, whereby customers could apply for a payment holiday on housing loans. Around 1,400 customers took advantage of this option. Customers could make appointments to consult on payment difficulties. Such consultation included a detailed review of the situation and all available solutions. All applications and contracts for Covid-19 relief measures could be signed electronically.

99%

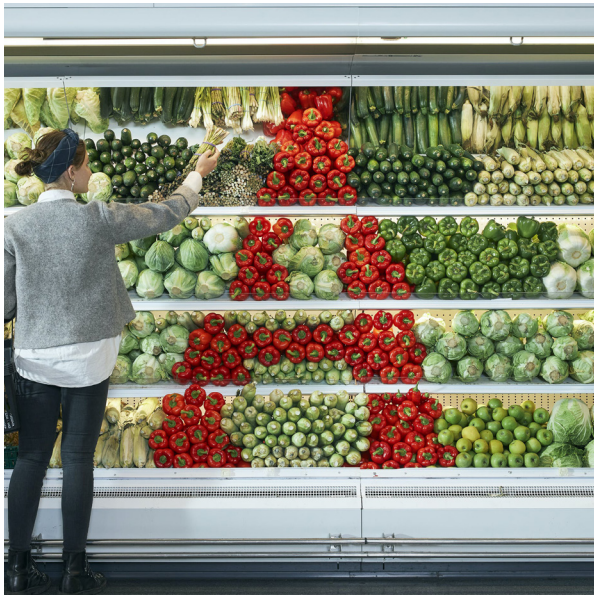
Customers use digital solutions to pay bills and transfer funds 99% of the time

88.6%

of vehicle loans and accompanying documents signed electronically this year

54%

growth in lending for eco-friendly cars



Aukacrónur

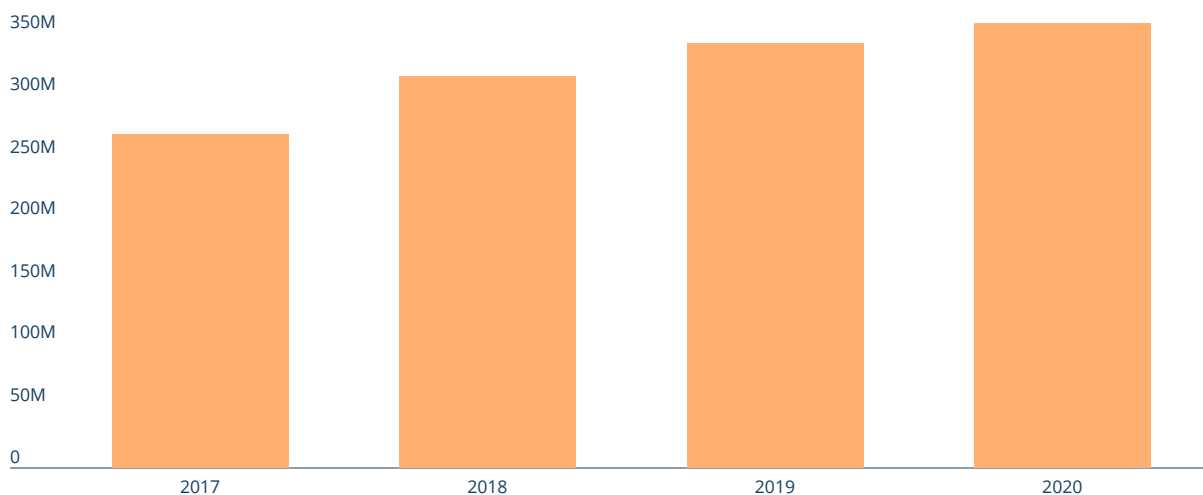
Customers accrue Aukacrónur when they use their credit cards with our Aukacrónur partners. The purchase discount is up to 20% and, in addition, the Bank adds 0.2-0.5% of all domestic turnover and payments by instalment to the Aukacrónur account.

Never before have as many Aukacrónur been accrued as in 2020, or a total of 448 million. Aukacrónur can be used to pay for goods and services with over 240 of the Bank's partners, just as if they were regular Icelandic krónur. In 2020, customers paid

for goods and services with our partners for 358 million Aukacrónur. This spending was largely concentrated in December, as Aukacrónur certainly come in handy in the holiday shopping season.

Around 64,000 customers accrue Aukacrónur

Growing use of Aukacrónur





Changing needs, changing services

While we have put a great deal of effort into providing cutting-edge digital services, we continue to build and develop the services offered in our branches and outlets throughout Iceland to meet customer needs. Banking can be tended to through online banking and the app at any time but we are also there for our customers when they need advice or assistance.

Our branches offer financial advice, corporate banking service and assist customers to take self-service solutions into use.

Well prepared to offer appointments

In early January 2020, we made changes to our branch in Austurstræti. Financial advisory service

36

branches and outlets

Appointments can be made with all of the Bank's branches.

was moved from Austurstræti to the Vesturbær branch at Hagatorg. Teller services continued to be provided out of the Austurstræti branch, along with various other services, such as the activation of electronic ID and applications for online banking, as well as instruction in the use of the Bank's digital solutions. Alongside these changes, we

offered customers the option to make service appointments in the Vesturbær branch and intended to carry this option over to all bank branches later in the year.

We were well prepared when Covid-19 hit and arranged service by appointment with very short notice, both in the form of booked consultation calls or physical visits. Customers made 28,400 appointments with us in 2020. Our services were adjusted to altered to meet new conditions, quickly and effectively.

In 2020, we started work on changing Landsbankinn's branch in Mjóddin in Reykjavík with the aim of offering around the clock access to self-service equipment. Similar changes were made to the Selfoss branch in March, increasing access to self-service equipment and machines.

Gift card vending machines accessible around the clock

Landsbankinn's gift card is a popular present, used a great deal by both companies and individuals. To facilitate access to such cards, we opened two new gift card vending machines in the Mjóddin and Vesturbær branches, with 24-hour access. Despite restrictions on access to branches in December, the main season for gift cards, sales were up between years. Our gift cards can also be registered with Apple Pay and the Bank's card app and used to shop online.

Self-service equipment around Iceland

Self-service is not restricted to the app or Internet. ATMs and other self-service equipment can be used to withdraw cash, purchase foreign currency, view account balance and pay invoices. Landsbankinn operates the largest branch and ATM network in Iceland, with 90 ATMs in 63 locations throughout Iceland. We are currently focused on renewing older ATMs and improving access to both ATMs and coin roll dispensers, with, among other things, around the clock access.

Able to use phones to pay with gift cards

Gift cards available around the clock in the Vesturbær and Mjóddin branches



Sound business relationships

When the business activities, plans and goals of thousands of customers were upset in the beginning of 2020, we needed to act quickly to adapt our operation and service to changed circumstances. We worked with customers to mitigate the economic impact of Covid-19, making various changes in order to be able to continue to provide all necessary service despite restrictions on gatherings, work from home, and other challenges.

Gallup's survey of the corporate market supports our experience that we managed to uphold a high service level under challenging conditions. According to Gallup, our customers are the most satisfied customers on

the banking market. Customer satisfaction is also reflected in Landsbankinn holding the highest customer loyalty among the banks, as measured by Gallup. Landsbankinn's self-service solutions received top marks from its

customers, which is gratifying, as they have never been more important than now.

The chapter on smarter banking provides more information about digital solutions.

Sound business relationships never more important

“When it became clear that many of our customers would experience liquidity issues following the spread of Covid-19, we focused on a speedy response. All companies in need received a six-month moratorium on instalments on principal and interest payments and the Bank was actively involved in shaping the final presentation and implementation of the government’s solutions in the form of support and supplemental loans to corporates. Almost three hundred companies who bank with us, mainly in the travel sector, have now received support or supplemental loans. The difficulties are not behind us yet and it is uncertain when real economic recovery will begin. In times such as these, solid business relationships are of great importance.

We intend to support companies, many of whom have experience unprecedented income loss, to the best of our ability, and work with them to rebuild robust operations as soon as the pandemic has been overcome.

In recent years, we have improved digital services to companies in various ways and we sharpened our focus on that work even further when the pandemic became a reality. In a very short time, we managed to develop solutions to enable customers to sign almost all documents electronically, introduced numerous new solutions to corporate online banking and, towards the end of the year, added corporate account access to Landsbankinn’s app. Surveys carried out in 2020 show increased satisfaction with the Bank’s services, both through digital channels and in person. Our policy is clear - we intend to continue providing exceptional service and strengthen and reaffirm our relationships with customers.”



Árni Thór Thorbjörnsson

Managing Director
of Corporate Banking

Major digital advances

The option to use electronic signatures was added for around 70 document types

Landsbankinn’s app now includes access to corporate accounts

Companies can create accounts any time they like

Becoming a customer is a matter of minutes

The chapter on smarter banking service provides a more in-depth review of digital services

Robust service suited to various companies

Companies who bank with Landsbankinn are of various sizes and types, in different sectors and located all around the country. We endeavour to build solid long-term relationships, provide exceptional service and support

value-creation to help companies succeed. Landsbankinn Corporate Banking and the Corporate Banking Service Centre in Borgartún boast of a highly effective team of experts. Knowledgeable experts with strong ties to local industry work out of our branches in rural Iceland. The Bank’s market share in cor-

porates was 30.8% at year-end 2020, according to the Bank’s data. This is based on companies with four or more employees who primarily bank with Landsbankinn. The percentage is based on information about company numbers from the Register of Enterprises of Iceland Revenue and Customs.



Self-service at 98%

In all main bank transactions for corporate customers, i.e. domestic and international payments, and claim collection, self-service levels are at 98%. Companies manage access rights for their employees independently, create users in online banking, establish B2B connections, change access rights and user roles and add features to online banking and the app. They also create bank accounts, and apply for debit and credit cards independently.

95%

of our corporate customers are small or medium-sized

met outside in the parking lot. Various services our customers have enjoyed in the past, such as the 360° financial review and service interviews, have largely been put on hold.

Conservative lending growth

In light of the conditions that arose early in the year, many companies postponed or cancelled their investment plans. This resulted in fewer loan applications from companies than usual. Numerous companies, especially in the travel sector, experienced severe difficulties and income loss.

We were able to provide various solutions, in addition to measures introduced by the government, to assist companies in trouble, such as amending terms and postponing payments. The Bank was nevertheless involved in the financing of several projects across all sectors, resulting in conservative growth of its credit portfolio. The growth is mostly due to an increased

Share in the corporate lending market*

41.1%

*According to the banks' annual financial statements for 2020

market share in lending to the fisheries and seafood industry.

As might be expected, car rentals purchased far fewer cars in 2020 and the contraction was just under 60%, according to data from the Icelandic Transport Authority. This was evident in lower lending yet we maintained our market position and did well

13,500

companies have us as their main bank of business

Our usual customer service changes in various ways in 2020. When face-to-face meetings and visits to our customers were not allowed, we solved matters over the phone or video conferences. In some cases, we spoke through doorways, in the hallway or

Well placed to support customers

“In banking, it is important to build on sound financial foundations, not least in times of uncertainty. Landsbankinn is well placed, with adequate equity and liquidity to withstand stressed conditions caused by current uncertainties. Our strong position enables us to continue to support our customers.

The greatest risk in the Bank’s operation is the risk of credit loss. To manage and mitigate that risk, we have implemented a robust internal control framework that aims to diversify risk and ensure that lending complies with the Bank’s risk appetite. It is the nature of lending that some borrowers are unable to repay their loans. We assess this risk and price it into lending decisions, i.e. in determining interest rates and managing our interest rate margin. Credit losses may fluctuate between years and are generally higher during recessions. When risk increases, we allocate more funds to loan provisioning intended to meet expected credit loss or impairment. In 2020, the Bank increased provisions for impairment considerably, which was to be expected under deteriorating economic conditions and the negative impact of Covid-19. Provisions for loan impairment were for the most part driven by the growing likelihood and expectation of credit loss.

In 2020, all risks in the Bank’s operation were tested. The financial position of many borrowers worsened, primarily for corporate customers in the travel sector and individuals who became unemployed. Equity prices fluctuated considerably, as did the exchange rates of the Icelandic króna and other currencies, and increased work from home called for significant changes to the Bank’s operation.

In recent years, we have worked systematically towards utilising the Bank’s data to take credit decisions and automate other processes. The framework for such decisions has also been strengthened. The results of these changes stood us in good stead and were instrumental in allowing us to maintain relatively unchanged service levels under unprecedented conditions.”



Perla Ösp Ásgeirsdóttir

Managing Director
of Risk Management

Strong in construction financing

Landsbankinn has over the course of many years been a leader in construction financing. We have been active in financing new residential housing and supported many contractors involved in the construction of apartment buildings. The Bank has financed construction of new housing with guaranteed sale or rental contracts.

Early in the year, there was some uncertainty about developments in the real estate market. At that time, contractors could meet supply with already constructed apartments and were careful about initiating new projects.

As the year progressed, the market developed to show increased demand despite the pandemic, and sales were up between years. Handsome rate cuts facilitated housing purchase, with so-called

participating loans assisting market entry for first-time buyers. New construction projects already in the works or initiated in the year could not meet demand. In 2020, Landsbankinn continued its high activity in financing of residential housing projects, both apartments on the public market and rental housing. The Bank’s share in this market has grown in recent years.

Large construction projects

75 projects

Residential apartments

2,360 apartments

General residential apartments

550 apartments

At the end of 2020, larger construction projects financed by the Bank numbered 75. These projects involve the construction of 2,360 apartments, most of which will enter the real estate market in 2021 and 2022. 550 of these apartments are rental apartments such as student housing and for the general market, i.e. owned by non-profits. The lion's share of these apartments is located in the capital area, with some larger projects also in Selfoss, Akranes and Reykjanesbær.

Collaborating with the travel sector to find solutions

The Covid-19 pandemic has hit hotels, guest houses, restaurants and other undertakings in the travel industry hardest. We were able to offer various solutions, such as freezing loans and postponing payments, but there was also high demand for advice. Over three hundred companies, mainly in the travel sector, took advantage of government-backed support loans granted by the Bank.

Following high activity and development in the travel sector ever since 2010, the industry

faced a near complete income loss. New investment in the sector was naturally low in 2020, even though some projects backed by Landsbankinn, already fairly advanced when the pandemic hit, were continued.

income loss through Covid-19. These loans are guaranteed by the State and granted by the banks. The maximum loan amount available to each company is ISK 40 million, which is divided into two loan forms: a

Almost 300 customers, mainly in the travel sector, availed themselves of support and supplementary loans granted by the Bank and government-guaranteed.

We expect the travel industry to gain its feet in 2021 alongside advancement of the vaccination programme, and to slowly gain its former strength. It is important to ensure that businesses in the travel sector are in a position to rebuild - the Bank's actions and services aim to ensure that.

Support and supplementary loans are part of the government's relief programme and are intended for SMEs suffering

support loan of up to ISK 10 million, 100% government-backed, and a supplementary loan of up to ISK 30 million, 85% government-backed, intended for larger companies. The process was immediately automated and of the 328 support and supplementary loans granted by Landsbankinn, 167 were fully automated, from application to disbursement, through the service portal island.is.



Trade and service

The trade and service sectors include a wide range of customers in retail, transport, IT and other services.

There are several indications that these sectors have not suffered as much as expected under Covid-19, with payment card turnover numbers from December showing increased domestic turnover between years.

Robust service to the seafood and fisheries sector

Landsbankinn is a leading provider of financial service to the Icelandic seafood and fisheries sector, both in terms of the number of corporate customers and total lending to the sector. The Bank's market share among companies in the seafood and fisheries sector increased in 2020 with the addition of several new customers. Results were generally good in the seafood and fisheries sector - a good defensive victory under difficult conditions. Covid-19 caused companies to concentrate on operation and marketing, putting investment plans on ice in most

cases. Our service was mostly focused on helping customers remain afloat and provide any support needed.

Leading in financial services to trade and service

Leading in financial services to trade and service Following considerable growth in business with trade and service enterprises in recent years, the Bank maintained its leading position in these sectors in 2020. As in preceding years, new customers joined Landsbankinn and we continued to work on numerous exciting ventures with existing customers.

Emphasis on improving operation in agriculture

Icelandic agriculture also faced considerable challenges in 2020. Performance was generally good nevertheless and we consider the outlook in the sector good. Following a good deal of development in recent years, we noticed that farmers were now focused on improving operation rather than new investment. Agriculture has long been an important part of Landsbankinn's customer profile and we intend to enhance our relationships with farmers and their companies in the next couple of years and for the future.



Find your solution

Landsbankinn and Landsbréf, the Bank's subsidiary, offer universal services in capital market transactions, corporate finance, asset management and brokerage services, both here in Iceland and abroad. Our aim is to provide first-rate and reliable service, guided by the tenets of responsible investment.

Increased interest in equity trading

The interest in equities or funds to secure a good return on investment is growing across the board. Increased public interest in equities is reflected in a doubling of securities transaction contracts customers concluded with the Bank in 2020 as compared with 2019, with the public offering of Icelandair Group hf. in September 2020 contribut-

ing greatly to that interest. We have responded to this increased interest in various ways, such as by making it possible for customers to sign contracts on securities transactions electronically. Customers can monitor their asset portfolios in Landsbankinn's app, follow market developments and review information on the returns of Landsbréf's funds.

ISK
553.6
billion under management

Important to receive solid advice

“The ways and means of achieving good returns have changed drastically in a short time. Interest rates are at an historic low and it is clear that private persons are increasingly looking to invest their savings in securities. In our advice to customers, we emphasise diversification in the asset portfolio and investment in actively managed funds rather than individual equities. We provide first-rate advice tailored to the needs of each customer, having regard for risk appetite in each case.

The business environment is changing and performance in sustainability is beginning to affect risk assessment in corporate operation, as well as the assessment of growth opportunities. We take this into account in our advisory service as it is clear that the integration of environmental, social and governance (ESG) factors in the investment decision process has a positive impact on return on investment in the long term and reduces operational risk.

It is great to experience increased public interest in the stock market, perhaps reflected most strongly in the high participation in Icelandair’s successful stock offering. This interest can be expected to continue to grow, making informed discussion and sound advice on investment in equities even more important.”



Hrefna Ösp Sigfinnsdóttir

Managing Director of Asset Management & Capital Markets

Over-demand in Icelandair stock offering

Landsbankinn was one of two managers of Icelandair’s stock offering in September of 2020. Preparation for the stock offering was a 6-month process and we worked closely with the company’s management in both the lead-up and during the offering. Both general and institutional investors showed great interest and the offering was a success. New share capital in the amount of ISK 30 billion was accrued and around 11,000 new shareholders joined the company’s group of owners.

We also managed the successful first green bond offering of Municipality Credit Iceland. The proceeds from the bond offering

will go towards financing environmentally-friendly municipality undertakings that minimise climate change.

Good returns at Landsbréf

Interest in funds has also increased, both among the general public and institutional investors. The Bank’s subsidiary Landsbréf, which is specialised in fund and asset management, has achieved good results. Landsbréf manages around 40 funds, all of which have yielded good returns. Assets in the funds amount to around ISK 200 billion, with another ISK 200 billion managed according to asset management contracts with a diverse group of investors.

85%

over-demand for shares in Icelandair

ISK 400

billion under management by Landsbréf



Our aim is to lead

“Landsbréf aims to be a leader in asset management and offer at all times diverse fund options suited to all types of investors. We emphasise secure management guided by responsible investment for the benefit of customers and the entire community.

In 2020, it was decided to transfer Landsbankinn’s largest asset management projects to Landsbréf to further enhance the service. Customer relations and advice is as before handled by employees of the Bank. These changes contribute to increased specialisation and specialised knowledge so that the strengths of our employees, both at Landsbankinn and Landsbréf, are put to even better use.”



Helgi Thór Arason

Managing Director
of Landsbréf

Turnover in foreign equities increased dramatically

Landsbankinn has long offered comprehensive services in overseas securities markets. The scope of this activity increased considerably in 2020. Turnover in foreign equities exploded, especially in US equities, but also

with shares in companies listed in other Nordic countries and we have direct access to stock exchanges in Stockholm, Copenhagen and Helsinki.

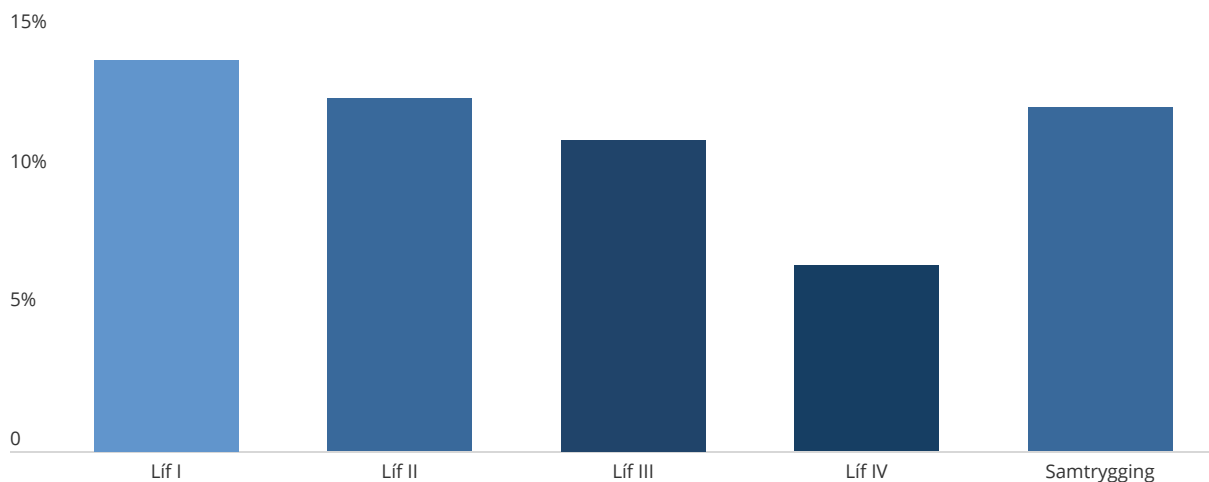
Pension savings with Landsbankinn in 2020

The pension fund Íslenski lífeyrissjóðurinn is operated by

Landsbankinn based on a management contract, and we also offer the Lífeyrisbók pension savings account and pension savings with foreign securities. Returns were good across the spectrum of pension savings plans in 2020.

The nominal returns of Íslenski lífeyrissjóðurinn ranged between

Annual nominal return of pension fund Íslenski lífeyrissjóðurinn



6.7-14.1%, according to unaudited results. The nominal return of the mutual insurance division was 12.4% and the nominal return of Líf I, the fund's largest private pension scheme, was 14.1% in 2020. The assets of Íslenski lífeyrissjóðurinn amounted to ISK 117 billion at year-end 2020, up by ISK 17 billion year-over-year.

We enabled access to information about pension savings through a new pensions portal accessible through the Bank's website. This new self-service solutions enables users to create contracts for mandatory and/or private pension savings, alter contracts, apply for disbursement of pension savings and maintain an overview of all things pension, such as contributions, benefits rights and pension payments.

When the authorities granted temporary dispensation to withdraw private pension savings, we were quick to respond by making the application process completely electronic. Around

4000 individuals who own rights in Íslenski lífeyrissjóðurinn, save with Lífeyrisbók pension savings account or foreign pension programmes took advantage of this option and the average amount of withdrawal was one million króna.

Clear policy on responsible investment

We continued the implementation of Landsbankinn's and Landsbréf's strategy on responsible investment. We have been actively engaged in this process for several years now and consider it of high importance to fully integrate sustainability concerns in core operations. Landsbankinn's policy on responsible investment is set having regard for the United Nations' Principles on Responsible Investment, of which Landsbankinn has been a member since 2013. We are also a member of UN PRB, the UN Global Compact and a founding member of IcelandSIF. Our policy reflects work practices that have been shaped in recent years, as

110%

increase in turnover in foreign equities

Currently, 41,000 fund members are entitled to benefits from Íslenski lífeyrissjóðurinn and active fund members are around 17,000.

well as the challenges the future holds. The next step is to include ESG issues in the process of investment decisions in a structured manner, both as relates to listed and unlisted equities and bonds. As regards responsible investment, our practices build on active communication whereby exclusion is a rare exception.



Responsible decision-taking

We continued to work in accordance with the service agreement Landsbankinn and Landsbréf concluded with Reitun ehf., providing for ESG ratings of domestic issuers of equities

and bonds in portfolios under management by Landsbankinn and Landsbréf. This is the next step in the implementation of responsible investment, continuing along the path which we have set ourselves. Reitun's reports are currently used in domestic investment decisions

at Landsbréf and Íslenski lífeyrissjóðurinn while investment in foreign issuers has regard for ESG reports from Morningstar.

Further information in the chapter on Sustainability strategy

3. Sustainability





Joint effort for sustainability

We wish to contribute to sustainability and be a dynamic force in Icelandic society. In 2020, we enthusiastically continued our sustainability journey. We were pleased to receive excellent results in ESG risk ratings in 2020, reviewing our work on environmental, social and governance matters.

Policy on sustainability

Landsbankinn's policy is to contribute to sustainability in Iceland, to be a dynamic force for action and operate in accordance with the principles of good corporate governance.

We take the initiative to form partnerships with companies, institutions and organisations to develop economic activity and

infrastructure which will contribute to increased sustainability in Icelandic industry and community with the aim to utilise as best as possible the available opportunities for the maximum future benefit of Icelanders and Iceland. Together we can create new business opportunities that emphasise sustainability.

SDGs a part of sustainability policy

We follow three of the UN's sustainable development goals especially: Goal 5 on gender equality, goal 8 on decent work and economic growth, and goal 12 on responsible consumption and production, etc. These goals all directly correlate with the Bank's operation and work to

Principles for Responsible Banking

1

Align strategy to the UN's Sustainable Development Goals (SDG) and the Paris Climate Agreement.

2

Boost positive impact on society and the natural environment and reduce negative impact.

3

Work towards sustainability with customers.

4

Work with stakeholders to achieve society's goals.

5

Responsible and effective governance and target setting.

6

Transparency and accountability about both positive and negative impacts.



achieve them maximises the Bank's positive impact on the environment and society.

Landsbankinn also follows the Principles for Responsible Banking (PRB) intended to align banking activity with the UN's Sustainable Development Goals (SDG) and the Paris Agreement.

Leader in Europe and Iceland

In a new ESG risk rating from Sustainalytics in 2020, we ranked 2nd of the 382 banks operating in Europe and reviewed by Sustainalytics. An ESG risk rating evaluates a company's performance in environmental, social and governance and

assigns a rating grade. Sustainalytics is an international rating agent and analyst, leading in ESG risk ratings. The review is comprehensive and based on the Bank's entire operation

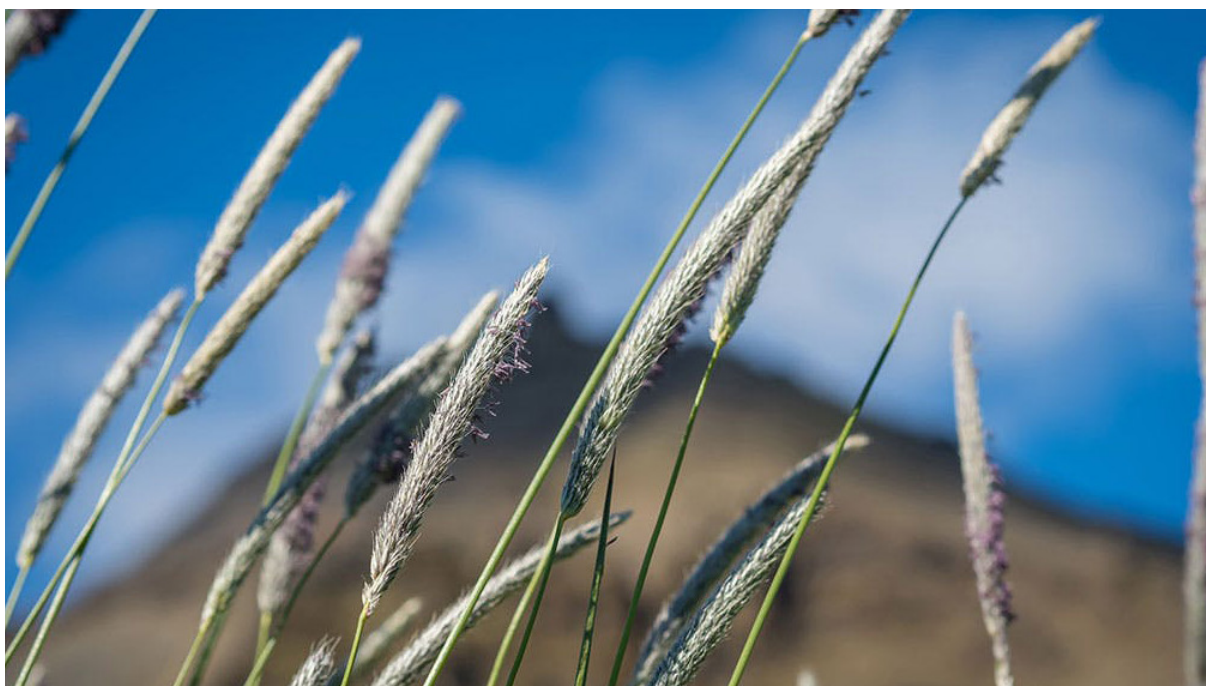
In September, we also received an excellent risk rating from Reitun, placing Landsbankinn in the A category.

The results of both these risk assessments is a welcome confirmation of the successes the Bank has achieved in its hard work towards sustainability. A good ESG risk rating also has financial benefits as it paves the way to more favourable funding for banks.

New sustainable finance framework

In 2020, we worked on our initial sustainable finance framework, which was published in January 2021. The framework broadens our scope for financing green and social projects, such as switching to renewable energy, developing environmentally-friendly infrastructure and sustainable fisheries.

The framework has been reviewed by international rating agency Sustainalytics, a leader in the field of ESG ratings. It sets out clear criteria for the definition of sustainable projects and ensures transparency. Around 30% of the Bank's lending portfolio already fits the parameters of the framework. The framework is based on ICMA's guidelines and the EU's recent taxonomy for sustainable financing, which is expected to become the standard in sustainable finance. The framework was developed by an interdisciplinary group of the Bank's experts.



PCAF - first carbon accounting method for banks

We are proud to have participated in the development of the first global standard to measure and report financed emissions, launched by PCAF in November. In 2019, we participated in the international Partnership for Carbon Accounting Financials (PCAF), which aimed to develop a dedicated way of measuring and reporting GHG emissions tied to lending and investment activities. This marks a certain milestone in work towards sustainability for financial institutions as a common methodology and standard to measure their indirect impact has not been available before. With the PCAF standard, we now have a tool to assess this indirect impact systematically and effectively.

Full steam forward in responsible investment

In 2020, we continued our systematic implementation of a policy on responsible investment. We have long been actively engaged in this process and consider it of high importance to fully integrate sustainability concerns in core operations.

Landsbankinn's policy on responsible investment is set having regard for the United Nations' Principles on Responsible Investment, of which Landsbankinn is a member since 2013. We are also a member of UN PRB, the UN Global Compact and a founding member of IcelandSIF.

The policy reflects work practices that have been shaped in recent years, as well as the challenges the future holds. The next step is to also integrate

ESG issues in the process of investment decisions in a structured manner, both as relates to listed and unlisted equities and bonds. Part of that undertaking is ensuring access to independent evaluations and the Bank has concluded agreements with Reitun, for domestic issuers, and Morningstar, for international issuers.

The business environment is changing and a company's stance on sustainability affects risk assessment and the evaluation of growth opportunities. Integration of environmental, social and governance (ESG) factors in the investment decision process has a positive impact on return on investment in the long term and reduces operational risk. As regards responsible investment, our practices build on active communication whereby exclusion is a rare exception.

Environmental issues

Our impact on the environment is covered in detail in the chapter titled Carbon footprint.



Landsbankinn offers customers favourable financing of eco-friendly cars



Joined PCAF in the development of a carbon accounting method for financial undertakings



We have carbon-offset the Bank's 2020 activities



Electric cars increasingly replace fossil fuel burning vehicles



Employees are encouraged to take advantage of eco-friendly transport under the Transport agreement



50% reduction of GHG emissions from traditional operations between 2019 and 2020



Nordic Swan ecolabeled canteen



Member of the climate project of Festa and the City of Reykjavík since 2015

Expertise in sustainable bonds

We have developed expert knowledge of sustainable bonds whereby funding is channelled to eco-friendly and social projects. Landsbankinn co-ordinated the issuance of green bonds by Municipality Credit Iceland, which concluded successfully in February 2020. For the first time in Iceland, green bonds were issued at better terms than traditional bonds issued at the same time, demonstrating that investors are engaged and willing to participate in projects run on the sustainability platform.

Green bonds allow for the financing of environmentally friendly projects. Interest in green bonds has increased steadily in Iceland in recent years, in line with exploding interest abroad. We have endeavoured to build knowledge of so-called sustainable bonds, i.e.

green bonds, red bonds (issued to fund social commitments) and blue bonds (issued to finance ocean-friendly projects).

Landsbankinn a model of good governance

We intend to be a model of good corporate governance and comply with guidelines issued by Nasdaq Iceland, the Iceland Chamber of Commerce and the Confederation of Icelandic Employers. Landsbankinn has been a model of good governance since 2014, as determined by a review of the its governance practices.

Strong emphasis on cybersecurity

Cybersecurity is one of our top concerns. We consider wide-reaching education and training on cybersecurity to be part of our social responsibility. We participate in various collab-

orations with organisations and institutions in the field, both in Iceland and abroad. In 2020, the Bank's experts were active participants in debate about these issues, providing instruction to companies and publishing accessible educational material published to Umræðan and to social media.

Detailed ESG report

This is our tenth ESG report, with detailed coverage of sustainability and the Bank's impact on the environment and society. For the first time this year, we are combining our ESG and annual reports. We have prepared the report in accordance with the GRI Standards: Core option and it also functions as a Communication of Progress report to the UN Global Compact. Landsbankinn will continue to support the Global Compact and adhere to its guidelines.



Partnering up for sustainability

Declaration of Intent on Funds for the Maintenance of Sustainable Development

In November 2020, we signed a joint declaration of the Icelandic Financial Services Association, Festa, the National Association of Pension Funds, and the Prime Minister's Office, prepared in active collaboration with key stakeholders in the financial market.

Festa, Centre for Corporate Social Responsibility

We were a founding member of Festa in 2011.

UN Global Compact

We have been a member of the UN Global Compact since 2006.

UN Principles for Responsible Investment

UN PRI is an association of investors, funds and analysts that aims to include environmental, social and governance (ESG) criteria in investment decisions.

UN Environment Programme Finance Initiative

We were among the founding members of UNEP-FI in 1992.

Iceland Sustainable Investment Forum (IcelandSIF)

We were a founding member of IcelandSIF in 2017. The objective of IcelandSIF is to promote awareness among investors of the methodology of sustainable and responsible investment and to boost debate.

Paris Climate Agreement

In 2015, we signed a declaration on climate issues, joining over a hundred Icelandic companies and institutions in a collaborative venture of the City of Reykjavík and Festa.

GRI Standards index and accompanying documents

		
<hr/> <p>GRI Standards content index to accompany Landsbankinn's ESG report</p>	<hr/> <p>The appendix to the GRI index to accompany Landsbankinn's 2020 ESG report</p>	<hr/> <p>GRI table 103 that outlines the approach to management of material topics by the Bank and the person or division responsible</p>
		
<hr/> <p>Independent Auditor's Assurance Report on Landsbankinn's GRI Standards:Core ESG report for 2020</p>	<hr/> <p>Nasdaq ESG table guidelines for 2020</p>	<hr/> <p>Principles for Responsible Banking - progress report for 2020</p>

Principles for Responsible Banking

In 2019, we committed to implementing and complying with the Principles for Responsible Banking (PRB). They are intended to link banking with the UN's SDGs and the Paris Climate Agreement.

Platform Carbon Accounting Financials (PCAF)

In 2019, we joined PCAF and participated in the development of a harmonized approach to assess and disclose greenhouse gas (GHG) emissions. The carbon accounting method is intended to allow financial undertakings to measure and analyse emissions from their credit and asset portfolios.



Our carbon footprint

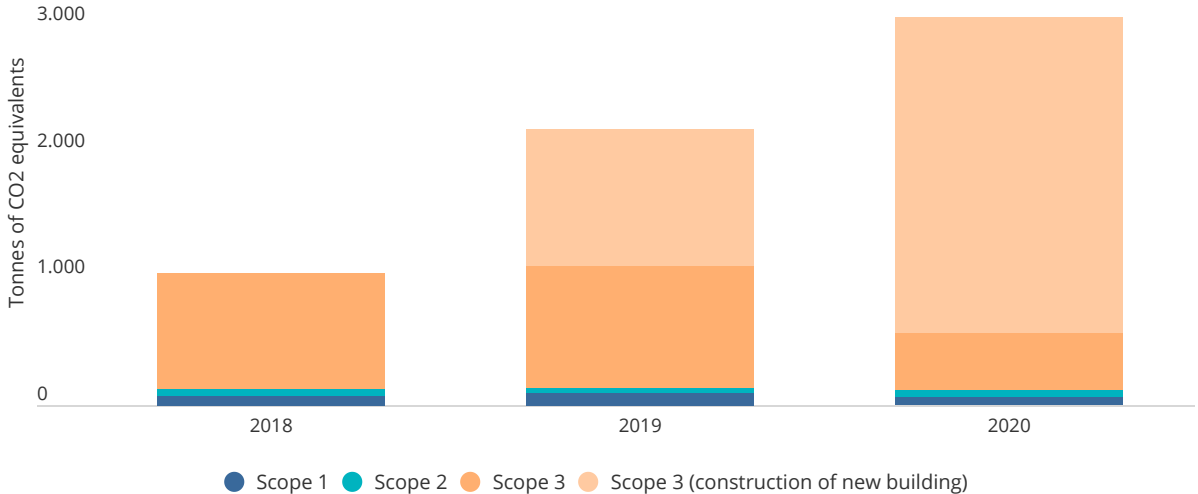
We want to know and understand the environmental impact of our operation and have taken up much more detailed calculations of our carbon footprint.

We are now also especially focused on the environmental impact higher up in the value chain, such as GHG emissions from data transmission, the production and distribution of electricity, employee travel to and from work, air travel, taxi rides, production of computer equipment and construction of our new building in central Reykjavík.

The largest GHG emission factors in the Bank's operation are air travel, employee travel to and from work, and indirect emissions from the production of computer equipment higher up in the value chain. Emissions from traditional banking operations decreased drastically in 2020, mostly because of the impact of Covid-19 on daily activities. Air travel became a

thing of the past and employees worked from home to a much greater degree. Emissions from domestic flights dropped by 86% and emissions from international flights by 84%. Remote work a large part of the year reduced emissions from travel to and from work by about 50%. Total GHG emissions from traditional operation drops by around 50% between years.

Greenhouse gas emission by scope



The figure below shows the breakdown of GHG emissions from Landsbankinn’s operation by origin. Calculation of our carbon footprint is in accordance with the Greenhouse Gas (GHG) Protocol Corporate Standard. The GHG Protocol is an internationally approved methodology widely used to calculate the corporate carbon footprint.

Our emissions from lending and investment activity will eventually fall under Scope 3. We are currently analysing these emissions.

The figure shows that Scope 3 emissions are the lion’s share of emissions from the Bank’s operation. These emissions are indirect, meaning that we can

only indirectly affect them. Only a small portion of the carbon footprint of the Bank’s traditional operation is direct, or from electricity or heat generation.

The figure shows the proportional breakdown of GHG emissions by origin in 2020. The Bank has a lot of ground to gain when it comes to travel to and from

The GHG Protocol methodology

The GHG Protocol methodology defines scope of emission as follows:

Scope 1

Direct emissions from owned or controlled sources.

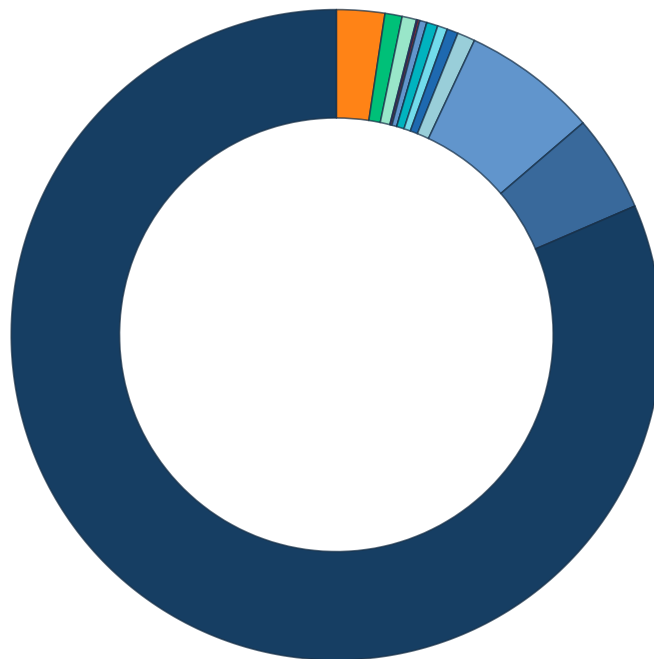
Scope 2

Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed.

Scope 3

All other indirect emissions that occur in a company’s value chain. This includes computer equipment, fuel production, concrete, air travel, travel to and from work, etc. Our emissions from lending and investment activity will fall under this scope in the future.

Greenhouse gas emissions by origin in 2020



- Fossil fuel burned
 ● Electricity production
 ● District heating production
 ● Electricity distribution
- District heating distribution
 ● Distribution of potable water
 ● Paper use
 ● Data transmission
- Fuel production
 ● Treatment of waste
 ● Domestic flights
 ● International flights
- Employee travel to and from work
 ● Production of computer equipment
 ● Taxis
- Construction of new building

Emissions by total volume under Scope 1, 2 and 3 in tonnes of CO₂ equivalents

work. GHG emissions from the production of computer equipment is a large part of the Bank's indirect carbon footprint. Such emissions include the production of computed equipment, transportation of the equipment to the Bank and disposal thereof after use. Emissions from use of computer equipment is not accounted for here; rather, it falls under Scope 2, electricity production.

GHG emissions from computer equipment remain fairly stable between years, increasing

slightly. Data transmission in the Bank's operation increased significantly in 2020. The carbon footprint of data transmission did not increase to the same degree. This is attributable to a lower year-over-year emission factor, which measures carbon emissions from data transmission by fibre optic cable from service providers.

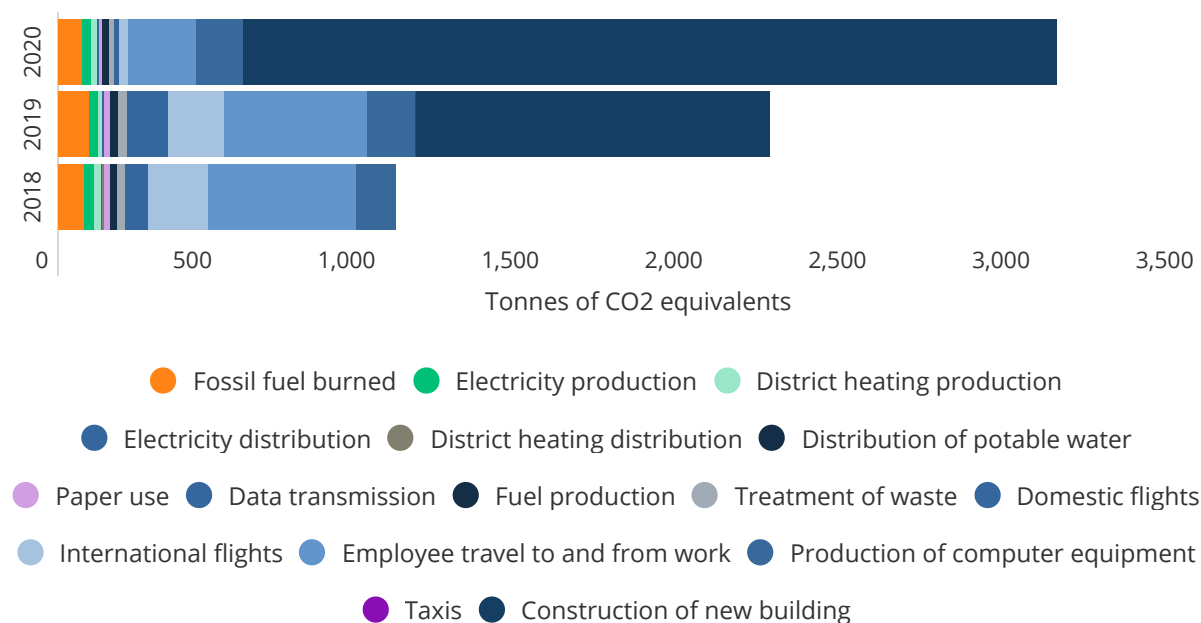
Emissions from employee travel to and from work are estimated based on existing surveys of transport methods. Around 30% of employees were present at the

Bank's premises on a regular basis under Covid-19. Calculations assume that all employees were present at Bank premises in Q1.

Landsbankinn is a certified CarbonNeutral® company

We have offset the Bank's 2020 activities and achieved CarbonNeutral® company certification in accordance with The CarbonNeutral Protocol – the leading global framework for carbon neutrality. Our company operations have been offset by

YoY comparison of GHG emissions



purchasing high quality carbon credits from two emission reduction projects in Ghana and China – under the CDM and VCS carbon standards respectively. By working with Natural Capital Partners, experts in carbon neutrality and climate finance, we can guarantee that the emission reductions are permanent, enabling us to offset our unavoidable emissions. We will nevertheless continue our efforts to reduce emissions from our operations and help customers to do the same.

Landsbankinn's new building in central Reykjavík

Landsbankinn is currently constructing a multi-purpose commercial and business building at Austurbakki in downtown Reykjavík. GHG emissions from the construction of new

headquarters fall under indirect emissions from the Bank's operation. Excavation began in the first half of 2019, with concrete work commencing in the second half of that year. Calculation of the carbon footprint of the project is based on the contractor's fuel consumption, production of concrete and treatment of waste from the building site.

The building will be certified under the BREEAM standard having regard for environmental management during the construction and operating phases, energy and water husbandry, selection of environmentally-friendly construction materials and minimisation of various pollution during construction. We aim to achieve an "excellent" rating, most notably for the design and construction of the building, matching the highest ratings given in Iceland.





Human Resources and Equality

Job satisfaction measured high in 2020, despite the many challenges posed by Covid-19 and the fact that the majority of employees suddenly had to work from home.

Support for the team during a pandemic

Our human resource management was put to the test by Covid-19 in 2020. We needed to take health precautions for employees while ensuring reliable operation and good service. Measures to prevent infection were put in place as early as February, in line with guidelines from the Civil Protection Authority. In late March, most of the team usually stationed in down-town Reykjavík had begun working at home. Front-line employees in branches and other

units, who, due to the nature of their work cannot work at home, were divided into groups that did not interact. Within a very short time, around 550 employees were working at home through remote equipment. Work, performance and efficiency surpassed expectations, and the team spirit was not dampened by these difficulties.

We placed a great deal of emphasis on open communication of information to the team and ensured continued, albeit remote, contact. To support our employees' psycho-social

needs, we boosted the supply of educational material and advice on the home-office reality on Workplace, our internal communication channel. Various social events were streamed on Workplace and instruction, advice and encouragement to engage in training and outdoor activity posted. A survey of our employees in October 2020 showed that employee pride and satisfaction has never been higher, indicating the success of our actions. Around 92% of employees deemed Landsbankinn's response appropriate.



The Bank's HR policy

We employ a team of exceptional individuals with a varied background. The Bank's HR policy emphasises job satisfaction, a positive work environment and effective job development.

The full consequences and impact of Covid-19 have yet to be fully felt and understood. What we do know is that the experiences of 2020 have taught us many lessons about home-office work that will undoubtedly lead to permanent changes. Employees now expect to be able to continue to work from home, at least in part. Over half of our employees say that they would be interested in continuing to work at home in part and consider this a realistic scenario. It will be interesting to watch these de-

velopments in Iceland. In many cases it has become clear that jobs previously thought intrinsically linked to the workplace can in fact be performed elsewhere.

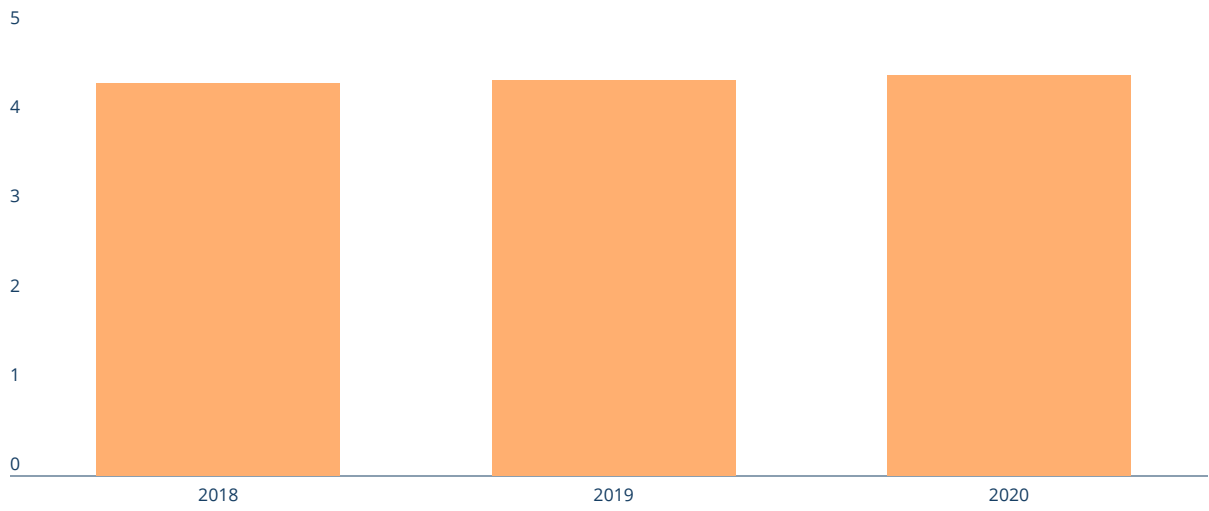
The figures in this chapter apply to Landsbankinn only and do not include subsidiaries.

Morale never better

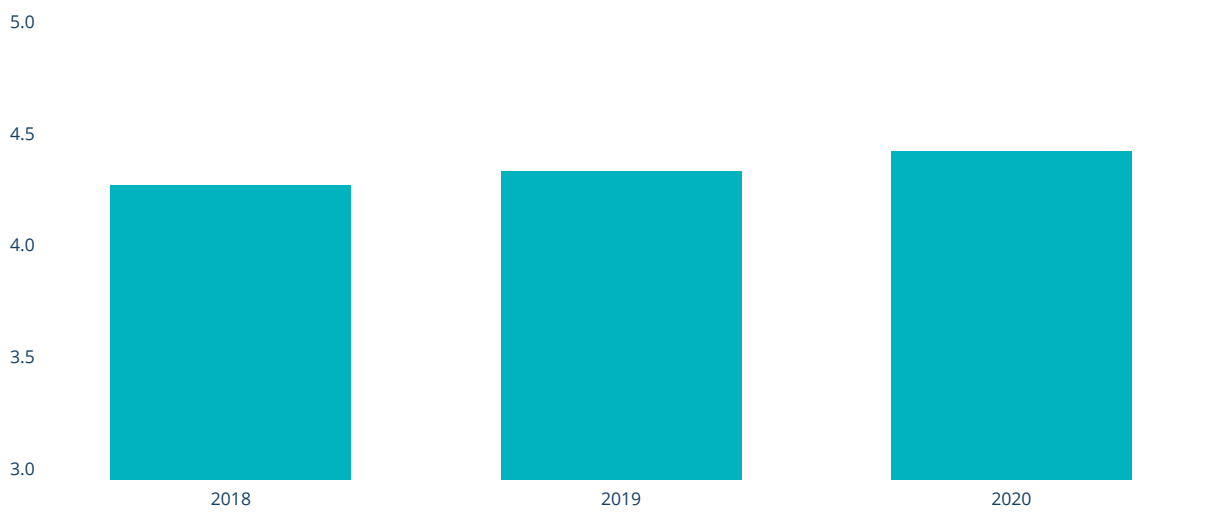
Each year, we carry out a detailed workplace audit in the first half of the year and a second, less comprehensive

review in fall. The latter, dubbed the "health check" is intended to follow up on the goals for improvement set in the wake of the workplace audit. Together, these two surveys provide important indication of employee feelings and views on the workplace. The outcome in 2020 showed that job satisfaction and pride is high and has never scored higher. The same can be said for morale, which has never been as good, according to the surveys.

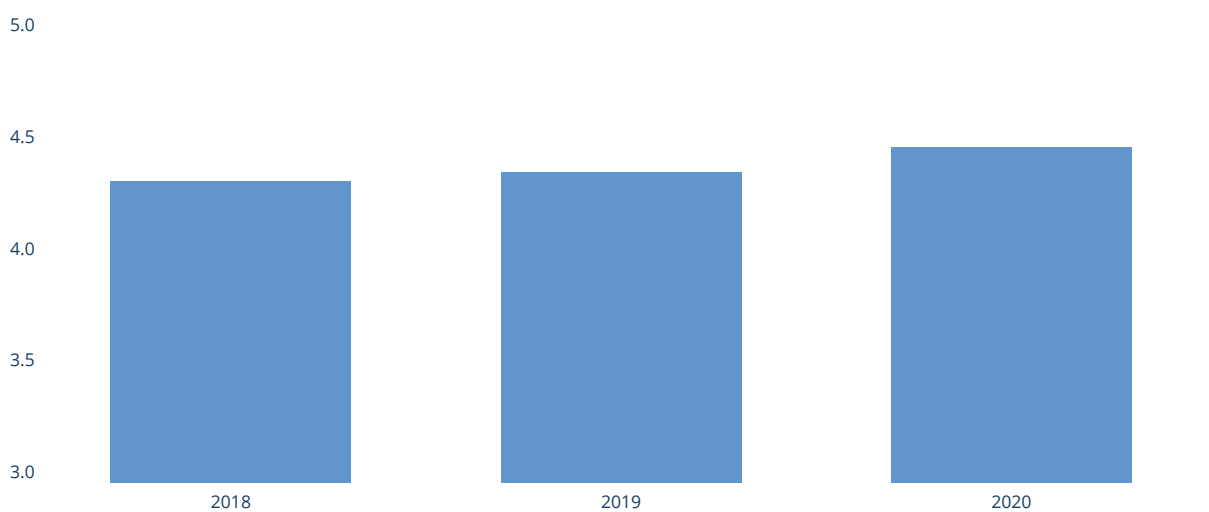
Overall satisfaction



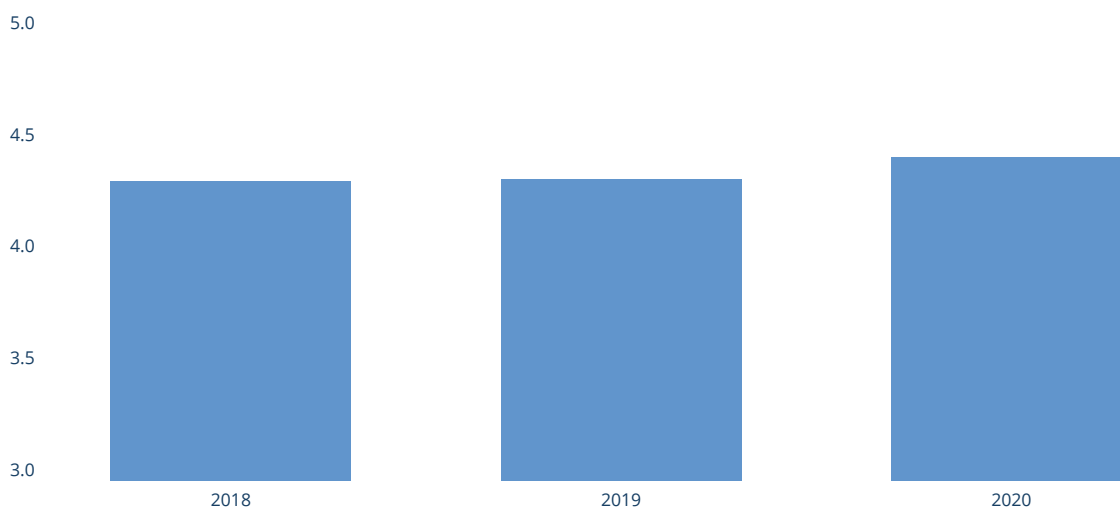
Pride



Would recommend employer



Importance of sustainability for the Bank



Growing importance of sustainability

Every year, Landsbankinn measures employees' attitude towards the Bank's sustainability platform with a survey that includes a question about its importance to the Bank's operation. In the past three years, sustainability has been gaining in importance. In 2020, the importance of sustainability is ranked 4.5 out of 5.

A wider view on equality

In the past, we have focused on the different aspects of equality issues. We have sharpened our focus in recent years, introducing programmes such as the Equality Indicator, and we have worked systematically to foster a good and healthy workplace culture.

We consider equality, human rights and the diversity of the

human spectrum at various levels of our operation, including in the hiring process, in ensuring equal job opportunities, collaborations and in deciding who represents the Bank.

Equality in strategy development and wage decisions

Landsbankinn has a clear equality policy. Emphasis is placed on ensuring equal job opportunities and that no jobs are earmarked by gender. It is important to ensure equal pay for equally valuable work. Our aim is to achieve a 40/60 gender balance in all levels of the work hierarchy, and we have been successful in all areas save at the level of heads of department.

Balance between work and home

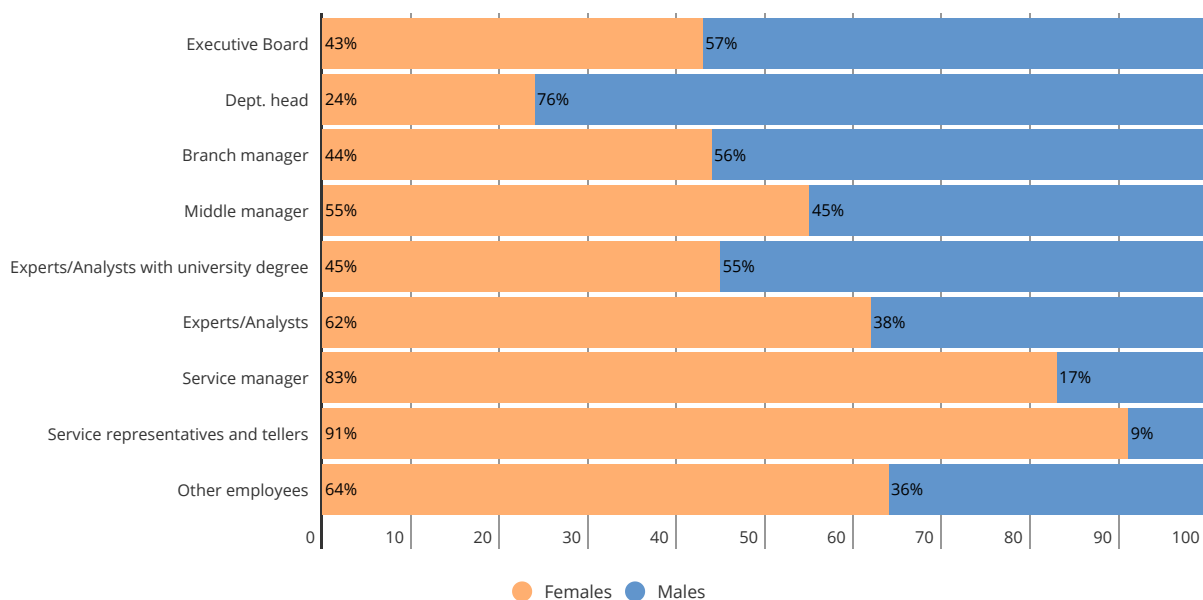
We are focused on ensuring well-being in the workplace and

that employees can balance work and home life. We think that job flexibility will increase even further with the experience gained in the pandemic.

Equal pay certification

Equal pay certification entered formally into effect in March 2019. We monitor these developments closely and information about any pay gap is reported to the Executive Board monthly. Prior to gaining legally required equal pay certification, the Bank had twice been awarded the golden seal of PwC's Equal Pay Audit, initially in 2015, first of the domestic banks. Regression analysis of December 2020 wages reveals a 1.2% gender-based wage difference. Efforts to close the wage gap are on-going and our aim is to reduce it to zero. Each and every wage decision has regard for impact on the wage gap.

Gender ratio



Equality Indicator

Our participation in the Equality Indicator dates back to 2018 and we set goals to 2022. All employees participated in this wide-reaching project, analys-

ing the status of equality at the Bank. We will continue on this journey under the Equality Indicator, assessing progress and examining goals.



Gender equality

Sustainable development goal No. 5 - gender equality - is one of the UN's three SDGs we work systematically to attain.

Goals for 2022 set based on Equality Indicator

Job development and mentor system. Establishing solutions to help employees strengthen their job development trajectory.

Role models. Gender breakdown of representatives of the Bank.

Culture. Ensuring that processes related to EKKO are clear and credible and that employees receive regular instruction about EKKO.

Education and instruction. Events on equality issues and educational campaign for employees.

Hiring process. Work towards eliminating unconscious prejudices in personnel appointment

Equality in the hiring process

A register has been maintained of the gender ratio of applicants in all hiring processes and information about final hiring decisions. Management has been instructed on the pervasiveness of subconscious prejudices in hiring and ways and means of counteracting them.

Equal opportunities for job development and continuing education

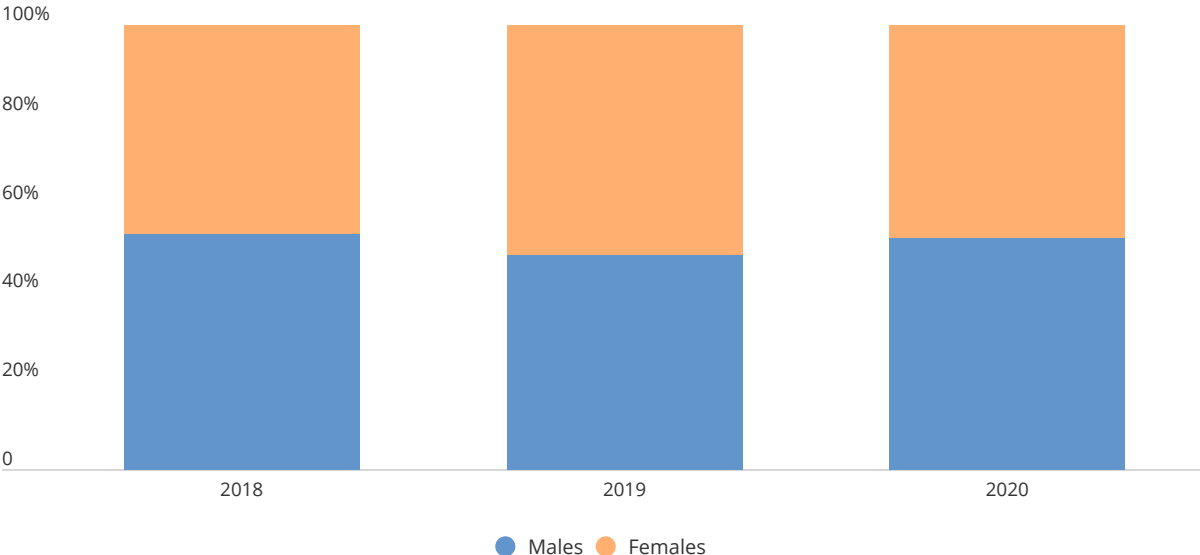
We are focused on ensuring that everyone enjoys equal education opportunities. A development and mentor system was created to help employees strengthen their job development trajectory. Here regard was had for balancing the gender ratio in management positions. The

Bank's workplace audit included questions on equal opportunities in the workplace.

Equality in internal and external communication

We are mindful of the importance of role models. Over the past couple of years, we have systematically registered who represents the Bank in the media, in conferences and meetings

Gender ratio in internal and external relations



outside the Bank. We also register authors of articles published on our website. This has proven a good frame of reference to maintain an overview of persons representing the Bank and in recent years, the gender balance of representatives of the Bank has been fairly good.

EKKO

We have shaped a contingency plan for bullying, gender-based discrimination, sexual harassment and violence (EKKO). All employees have been educated on the subject and workshops have been held for managers. Awareness on the subject has increased at all levels and professional handling of issues ensured. Employees can speak to independent external parties on sensitive matters. We measure the frequency of events, experience and notifications as part of the annual workplace audit.

Equality and diversity in collaborations and marketing

We are mindful of equality concerns, human rights and diversity in marketing material and collaborations. Landsbankinn has been a proud sponsor of Reykjavík Pride since its inception and we are careful about the gender balance when choosing young musicians to work with in connection with Iceland Airwaves, to name a few ventures.

Equal access to app and website

During development of Landsbankinn's app, accessibility was taken into account from the design process up in consultation

with stakeholders. We consider it important to think of accessibility in the entire design and development process. The same goes for work on Landsbankinn's new website, where the aim was to ensure equality of access.

Equality for employees of foreign origin

We wish to be a desirable workplace for people of a diverse origin. To better support em-



ployees from abroad, with a first language other than Icelandic, we offer Icelandic language instruction in collaboration with professional teachers, designed to fit the needs of each employee.

Support for female entrepreneurs

To foster business relationships with companies under female ownership, including small companies and women innovators, we have in collaboration with Svanni - Women's Loan Guarantee Fund, issued loans to women in business, jointly guaranteed by the fund and the Bank.

International commitments to further equality

We have signed international commitments on sustainability intended to increase equality, work on climate matters, reduce poverty and enhance access to education and opportunities for women and girls. Such commitments include the UN PRI, the UN Global Compact and UN-EP-FI PRB.

Integrated and modern culture of learning

In recent years, changes in the work environment have had a high impact on competency development. Technological advances, guidelines on sustainability and environmental concerns, have had a significant impact on the corporate attitude towards responsibility and human resource development. Our work environment calls for organised education and for employees to be mindful of their own job development and knowledge, and to seek more diverse paths to further their careers. Our education programme has been adapted to these needs and

Educational events

29

Participants

900

Electronic educational events

74

Completed electronic education

1.250

21st century skills

Ability to learn and create

Critical and solution-oriented thinking

Creativity and innovation

Communication skills

Collaboration skills

Leadership skills and responsibility

Digital literacy

Information literacy

Media literacy

Technical literacy

Efficiency and reliability

Professional and personal strengths

Flexibility and adaptability

Initiative and independence

Social and intercultural relations

is based on an integrated and modern culture of learning.

Education programme in 2020

In 2020, we worked systematically on educating and informing employees about the changing work environment and the impact of new viewpoints. We carefully tailored the education programme to support our employees' work, ensuring interest and diversity, and opted for a variety of forms such as lectures, courses and electronic platforms. The programme was accessible through the Bank's education system which allows employees to study at their leisure. An increasing number of employees has opted for these channels with the supply of online courses and more innovative means of study increasing rapidly in recent years. Workplace and the Bank's external website have also become a fixture in the dissemination and knowledge pursuit of employees, such as

through podcasts, articles and practical information. Employees are also given the option to study with other continuing education providers at their own volition.

Effective job development

A group of employees was in 2020 offered the opportunity to participate in a project on effective job development. The project aimed to support up-and-coming leaders and experts within the Bank to acquire so-called 21st century skills. Participants attended courses and individual targeted training sessions. There were 36 participants in the project, each of whom received on average 2 hours of targeted training.

Covid-19 reduced the Bank's educational activities considerably this year.

Dividing the courses into categories reveals that most offerings fall under systems and software.

This category offers teaching in the systems and programmes used in the Bank's operation. The increase in courses in the category is a result of increased electronic education.

Active in education

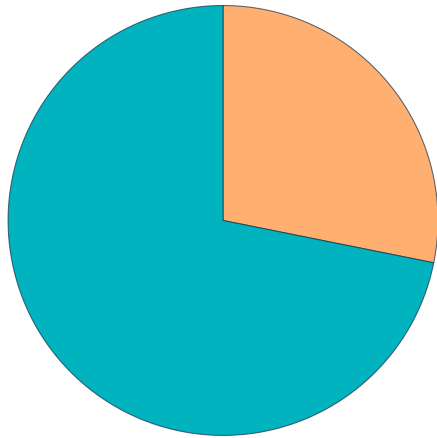
The Bank's education programme includes courses that are obligatory for employees. Not counting obligatory instruction, 63% of employees attended some job-related instruction offered by the Bank during the year.

On-site education suffered from the impact of Covid-19 as the year progressed. This explains the considerably lower participation rate in 2020 as compared with previous years.

Participation rate by division

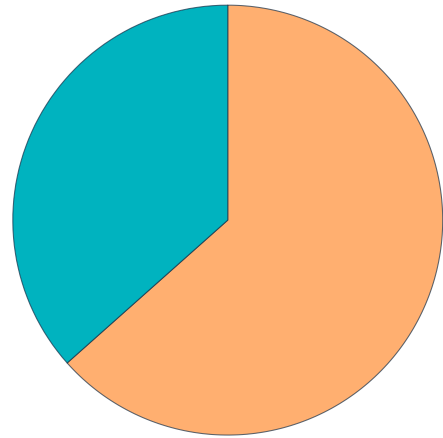
Considering the situation in 2020, participation in the education programme was good across the Bank's divisions.

Breakdown of education by category



● Educational event* ● Online education

Participation in education



● Active in education ● Inactive in education

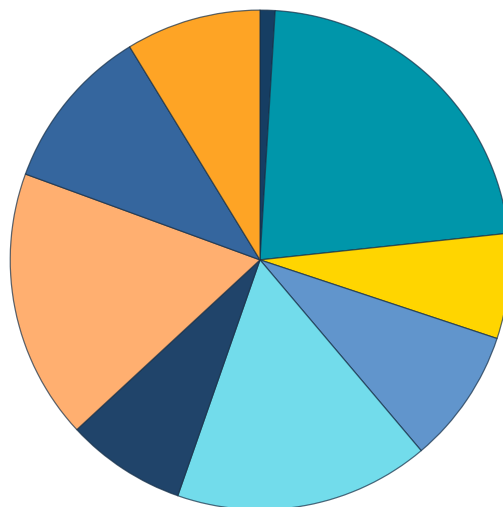
Asset Management & Capital Markets had the highest participation rate (91%), then Personal Banking (75%), with IT (36%) and Risk Management coming in last (39%). The participation rate reflects education and electronic instruction that is not mandatory yet on the Bank's education programme.

Participation in education by job title and gender

We are focused on ensuring that everyone enjoys equal education opportunities. Overall, women were more active in education than men in 2020. Female managers in branches were most

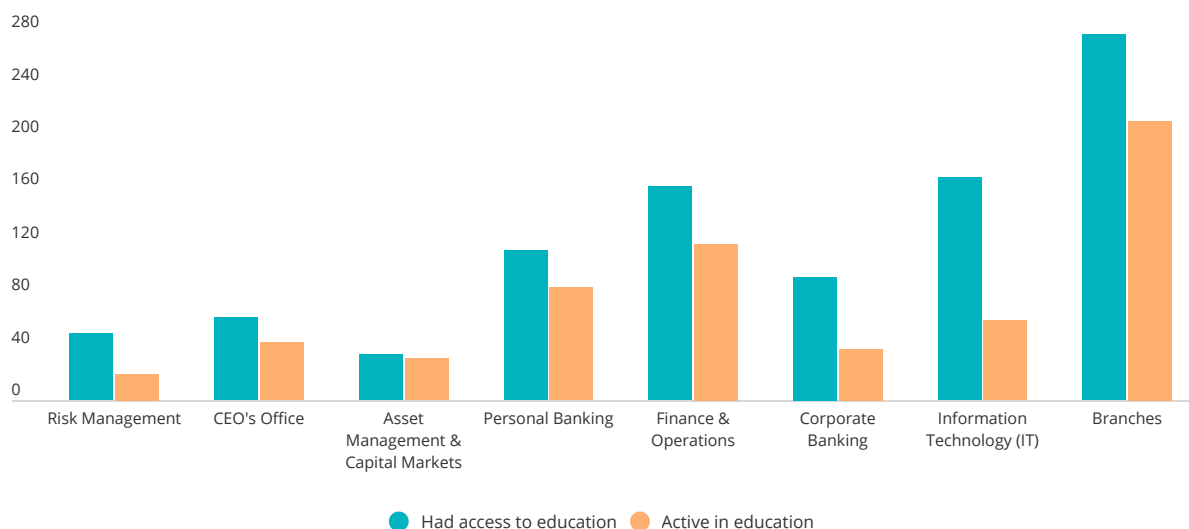
active (100%) followed by female front-line specialists (83%). Participation by female specialists in headquarters (72%) is considerably higher than of their male counterparts (34%).

Education programme by category



● Finance ● Systems and software ● Regulatory environment ● Training of new employees ● Personal development
 ● Data protection ● Job-related skills ● Management training ● Products and services

Participation by division



Employees eligible to participate in the education programme: Permanent employees who have worked for 9 months continuously each year and summer employees. Employees eligible to participate in the Bank's education programme and/or participate in outside programmes at the Bank's expense.

Active in education: Employees who have taken advantage of the aforementioned options to participate in education in the past 12 months.

Management training

Education and training for management is a large part of the education programme. Managers have among other things been offered tailored management training as part of targeted training. Around 20% of managers took advantage of targeted training in 2020. Participation by managers in education is generally good, or around 70%.

Orientation for new employees

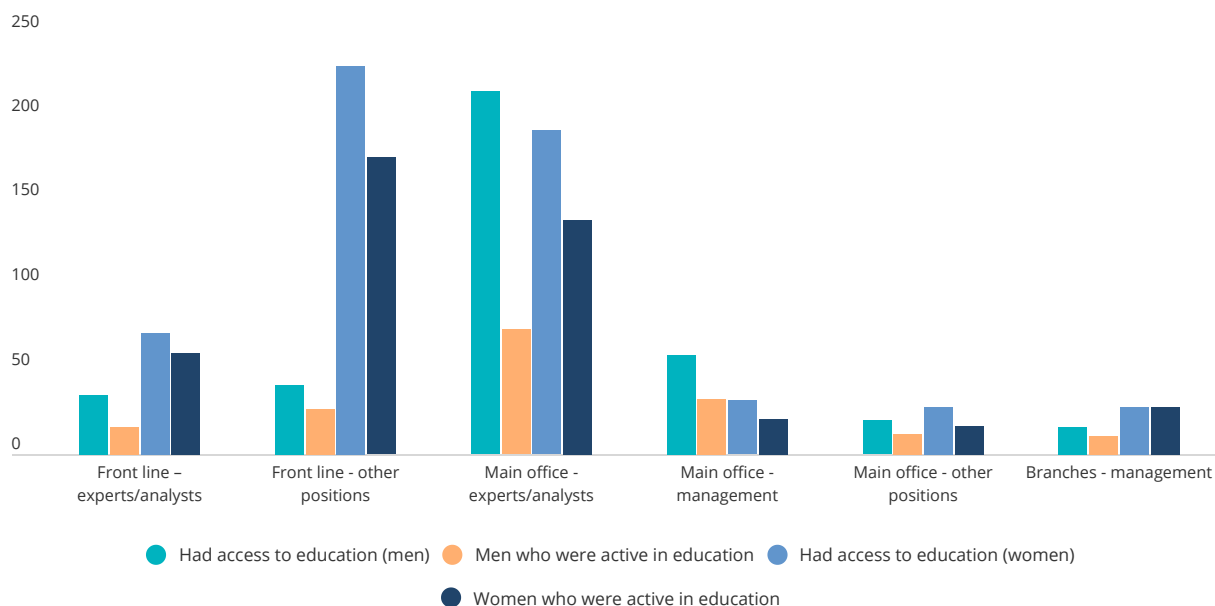
Employees who are starting work at the Bank are required to complete mandatory training online. In orientation for new employees, we cover all main areas that are important in the first weeks and months of work, such as rules of procedure, code of ethics and tests in the Bank's rules. Managers are responsible

for ensuring that new employees complete this training within a set time and for ensuring appropriate training in the workplace.

Preparation for retirement

Every year, employees planning to go into retirement in the next two years are offered the opportunity to attend a retirement course. The aim is to

Participation in education by job title and gender



assist employees in preparing for a turning point in their lives, contributing to better health, satisfaction and well-being after retirement. Sixteen employees completed the retirement course in 2020.

Study and continuing education grants

Landsbankinn's employees can apply for grants to fund their studies or continuing educa-

tion. There are grants for longer courses of study, such as university entrance diplomas, university diplomas or legal certification, as well as shorter courses attended outside of work hours. Sixty-seven employees received financial support for courses attended alongside work and 332 received grants for continuing education in 2020.

Quality certification of education programme

The Bank's education programme has been certified under the European Quality Mark since 2018. EQM is a quality assurance mark for all providers of non-formal learning throughout Europe. Landsbankinn is the only Icelandic financial undertaking with a certified education programme.



Award ceremony for community grants in 2019. Grant recipients in 2020 could not be photographed because of Covid-19.

Diverse partnership

We participate in various projects that encourage development and progress in the community. We support several diverse projects with grants from the Community Fund, through direct support from branches to local ventures and mutually beneficial partnership arrangements.

Community Fund

Landsbankinn's Community Fund is key to our contribution to society. In 2020, scholarships were awarded in the amount of ISK 6 million and community grants in the amount of ISK 15 million - a total of ISK 21 million. Since 2011, 384 projects have received grants from the Community Fund in the total amount of ISK 170 million.

Emphasis is placed on ensuring varied support and that the Bank's contributions benefit a wide array of people. The panels are to a majority comprised of

experts in each field and we are focused on ensuring that the application process for grants is well established and clear, to ensure that the Bank's customers and all Icelanders have equal opportunity to apply.

Reykjavík Pride

We wholeheartedly support the campaign for LGBTQI+ rights and Landsbankinn has been a proud sponsor of Reykjavík Pride since its inception. Together with Reykjavík Pride, we have also established the Pride Parade Fund, which provides financial



support to individuals and smaller groups who participate in the Pride Parade. Tight measures to combat the pandemic lead to the cancellation of most Reykjavík Pride events in 2020. Many smaller parades replaced the one large one.



National queer organisation Samtökin '78

In recent years, we have supported the national queer organisation Samtökin '78. One of its aims is to raise the profile of the queer community and ensure equal treatment of its individual members in Iceland. The organisation offers a wide variety of services, including advisory service and education material.

Financial instruction

We participate in financial instruction and advance financial literacy through extensive coverage and education of economic and financial issues on Umræðan, Landsbankinn's content and news site. We focus on financial instruction at upper secondary school level, with the aim of boosting students' financial literacy. This instruction is available to all upper secondary schools and is carried out in collaboration with the schools' representatives.

Covid-19 affected our educational work in 2020. We were only able to make eight visits to five schools in the first months of the year. Later in the year, we participated through teleconferencing equipment. A total of 551 students received financial instruction.

We are an active participant in the project Fjármálavit, education material in financial literacy for older elementary school students. The project is under the auspices of the Icelandic Financial Services Association and the National Association of Pension Funds in collaboration with members.

education and training for teachers. Landsbankinn is one of the Fund's patrons.

Iceland Airwaves

We are a proud backer of music festival Iceland Airwaves held in a different format this year due to the pandemic. In recent years, Landsbankinn has gotten into gear for Iceland Airwaves by creating new videos featuring promising musicians. This year, we worked with Jóa P and Króli, BSÍ, Sykur, Moses Hightower and gugusar. The resulting videos can be viewed on Landsbankinn's Airwaves site. Providing support for young musicians allows the Bank to combine corporate social responsibility and its endeavour to actively promote art and culture in Iceland.



Future Programmers

The fund Future Programmers is a social initiative that aims to promote programming and technical education in Iceland's elementary and secondary schools. The Fund supports schools in their endeavour to offer programming courses, gifts computer equipment to schools and advises on programming

Gulleggið innovation competition

We sponsor Gulleggið, an annual innovation competition hosted by Icelandic Startups. The key goal of the competition is to create a platform for young entrepreneurs to practice and gain experience of shaping new business ideas and operating a company. As part of the compe-



tion, participants are offered courses, advice and specialist assistance with everything from shaping a business idea to budgeting to communication with investors.

Svanni - Women's Loan Guarantee Fund

In 2020, we renewed our partnership agreement with Svanni - Women's Loan Guarantee Fund, for the next four years. Svanni issues guaranteed loans to companies that are majority-owned by women and is intended to boost industry and encourage innovation. Svanni has for many years partnered with Landsbankinn.

Skólahreysti - Fit for School

We are the main sponsor of Skólahreysti, a sports tournament for elementary schools, and an active supporter of the tournament. The aim of Skólahreysti is to encourage children to participate in a comprehensive sports experience based on the tenets of physical education. The competition was held for the 16th time this year, in an altered form due to Covid-19. Around 60 schools finished the competition and Lindaskóli emerged as the winner in the thrilling finals in Laugardalshöll.



Chess tournament Friðriksmót

Landsbankinn's Friðriksmót – the Icelandic rapid chess tournament – was held online this year and in two parts. Participation was good on this 17th annual chess tournament, jointly organised by Landsbankinn and the Icelandic Chess Federation.

Football Association of Iceland

We sponsor the Football Association of Iceland (KSÍ). Along with five other companies, Landsbankinn provides financial support for development of Icelandic football country-wide, for all youth national teams and the A-level men's and women's teams.



The women's national team secured a place in the UEFA Women's Euro to be held in England in summer 2022. Iceland will also compete in the finals of the Under-21 Championship, scheduled to be held in Slovenia and Hungary in 2021.

Two years ago, Landsbankinn and KSÍ first presented a new award to players in the junior leagues throughout Iceland, the Politeness Prize. This prize is intended to encourage honourable conduct and decorum in players and others involved in matches.

Support for sport and youth activities

We are an enthusiastic supporter of the Icelandic sports scene. Landsbankinn's branches reach out to local sports clubs throughout the country, focusing on support for children and youth activities.

Rescue squad Landsbjörg

Landsbankinn is among the sponsors of Slysavarnafélagið Landsbjörg, the Icelandic Association for Search and Rescue (ICE-SAR). The Bank wishes to contribute to effective rescue service and accident prevention throughout Iceland. ICE-SAR is a national association of rescue and prevention squads and one of Iceland's largest volunteer associations. At the end of 2020, we made a special donation to the rescue squad Ísólfur in Seyðisfjörður.

The Red Cross, Pieta, Mæðrastyrksnefnd

Towards the end of 2020, we made a donation to the Red Cross and to the Icelandic Pieta chapter in the name of Exceptional Companies. Pieta works to prevent suicide and self-harm, and provides support to next of



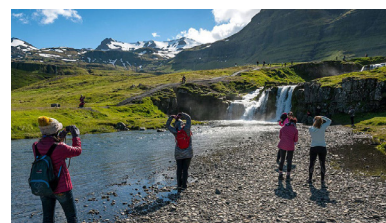
kin. We also decided to donate a sum to a good cause instead of sending Christmas cards, and selected Mæðrastyrksnefnd, the Mothers' support council.

Menningarnótt - Reykjavík Cultural Night

We have been an active participant in Reykjavík Cultural Night from the beginning and a sponsor of the festival. We have focused on ensuring that financial support directly benefits artists and groups organising events for Reykjavík Cultural Night. Our Reykjavík Culture Night Fund, a collaboration with Höfuðborgarstofa, supports original and special ideas. Sadly, the Reykjavík Culture Night celebrations were cancelled this year because of Covid-19.

Aldrei fór ég suður festival

We are one of the main sponsors of rock festival Aldrei fór ég suður, held in Ísafjörður every Easter. The festival was cancelled in 2020 due to Covid-19. Landsbankinn has supported the festival since 2010 as part of our efforts to actively foster the grassroot music scene in Iceland.



Cluster initiative in tourism

We have participated in a tourism cluster initiative since the project was launched in 2012. Key companies in the travel industry, public entities and companies in tourism support branches or collaborative sectors all join forces in the cluster. Its key goal is to boost competitiveness and value-creation in the travel sector.





The Fintech Cluster

We are one of the founding members of the Fintech Cluster along with 62 other companies, universities, organisations and other entities. The aim of the Fintech Cluster is to promote innovation in finance and work to improve and facilitate business transactions of all kinds. The Cluster is a community of actors in finance who wish to encourage increased value creation, competition and improve daily life.

The Iceland Ocean Cluster

We are a partner of the Iceland Ocean Cluster, which aims to boost the competitiveness and value creation of Icelandic companies who utilise marine resources, directly or indirectly.

Since its establishment, the Iceland Ocean Cluster has contributed to development and innovation in the sectors in the Cluster, in cooperation with corporates and educational institutions, and published various research and analysis papers.

The Vigdís International Centre

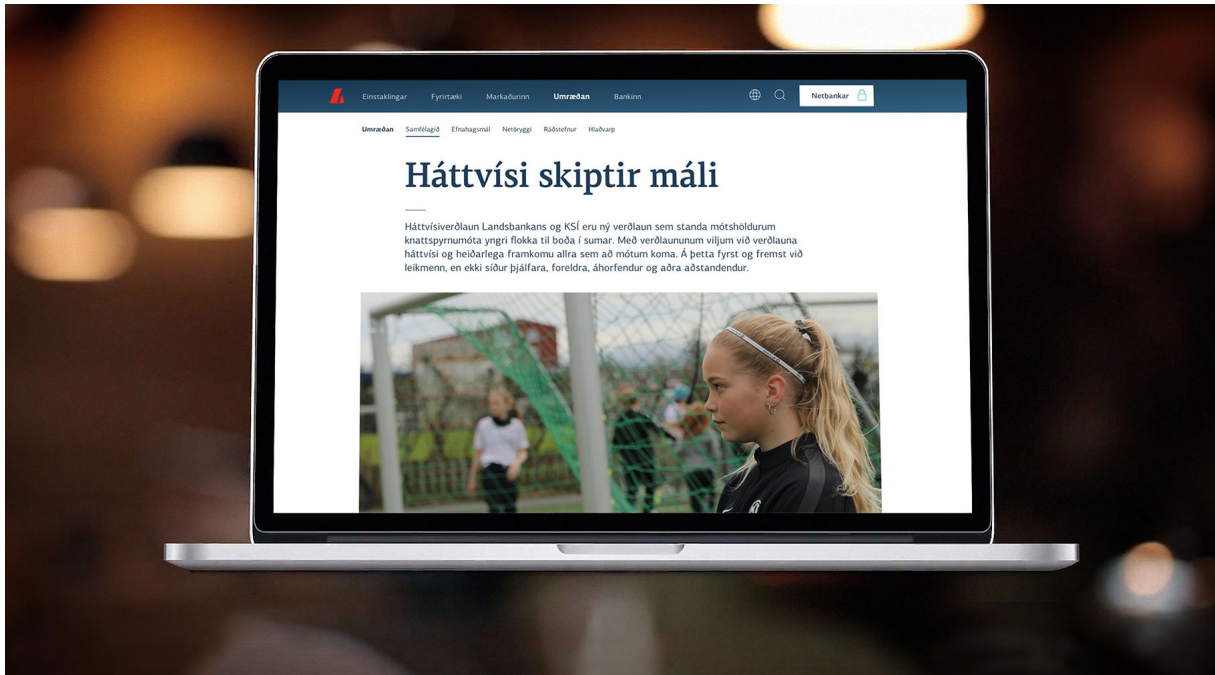
We have enjoyed a good collaboration with the Vigdís International Centre for many years. In 2020, we supported the celebration of the 40th anniversary of Vigdís' historic election to president. We participated in the "Thanks for being a role model" campaign and contributed to a prize fund that recognised special efforts in the field of languages and linguistics.

Háskólasjóður Eimskipafélagsins fund

Fourteen PhD students at the University of Iceland received grants from the Háskólasjóður H/f Eimskipafélags Íslands Fund in 2020. The Fund is managed by Landsbankinn. It was created in memory of Icelanders who emigrated to the USA and Canada and aims to support research students at the University of Iceland.

IcelandSIF

Landsbankinn was a founding member of IcelandSIF, the Icelandic Sustainable Investment Forum, and is an active participant. IcelandSIF is an independent forum for discussion and education about responsible and sustainable investment.



Wide-ranging coverage

We publish a great deal of varied content on economic and financial matters in the broadest sense. Publication is part of the Bank's sustainability efforts and our aim to be a dynamic presence in society.

Sharing knowledge with the public

We publish educational and informative articles on private finances to our website. In these articles, the Bank's employees discuss a myriad of topics related to finances and offer good advice. These articles are aimed at various age groups and focus on different life events.

Articles published in 2020 focused, among other things, on renting vs. buying, how to achieve good returns in a low-interest environment, the cost of

short-term financing and what to keep in mind when withdrawing private pension savings. We published good advice for persons considering embarking on new projects or refinancing loans.

As our lives were increasingly affected by the Covid-19 pandemic, we published articles on how to access banking services without physically visiting a bank branch and on how to tend to banking business over the Internet and phone. We also addressed the topic of how to respond to a sudden loss of income

For our older readers, we took a look at life after retirement. Our younger audience was presented with content focused on becoming financially competent, banking for youths and children and student loans.

Cyber security continued to be front and centre in 2020. The Bank has placed strong emphasis on informing customers about the issue and our article about romance scams was popular among readers. A large part of the nation had to adjust to distance learning and working from home over the year, and



we published advice on how to ensure online security at home. We were also happy to be able to present data that shows the effectiveness of education and discussion about cyber security.

Diverse content on Umræðan

We publish a wide selection of content on the economy, finances, the Bank and society to Umræðan. The Bank's employees are active in authoring educational articles and content is presented in many different formats, such as videos and podcasts.

We ranged far and wide in 2020. We discussed developments in banking and finance and extended advice on household finances. Cyber security continued to be front and centre. The Bank has placed strong emphasis on informing customers and others about this issue.

Several articles focused on sustainable finance, including the EU's new taxonomy, the real environmental impact of banks and Landsbankinn's participation in PCAF, a global partnership to develop and implement a harmonized approach to assess and disclose greenhouse gas (GHG) emissions. We presented detailed coverage on the finance sector and climate change, how climate change alters and increases risk in finance and about the direct and indirect cost of climate change.

The topics are also related to the community and the Bank's partners. We looked at funding charity during a pandemic, innovation competition Gulleggið and the Politeness Prize awarded by Landsbankinn and the Football Association of Iceland (KSÍ) in junior leagues.

The macroeconomic forecast of Landsbankinn Economic Research received considerable

attention, as in previous years. We used interactive graphs and videos to present the analysis and forecast, and published slides and recordings from the meeting. Economic Research also publishes its regular bulletin on economic affairs, Hagsjá, on Umræðan, with a focus on economic developments, public finances, the real estate market, the inflation outlook etc. Regular column Icelandic Economic Weekly includes market information, a review of the previous week and calendar for upcoming financial events, publication of statistics and financial statements.

Umræðan topics

Society - Thoughtful articles and interviews about developments and changes in the community, the financial world and in Landsbankinn's operation.



Economy - Articles and research on the economy from Landsbankinn Economic Research.

Fjárhagur - Shorter, informative articles in which Landsbankinn employees share their experience and expertise on household finances and economics.

Podcast

The equity market, business and industry, and various facets of the economy are the subject of our podcast. We have also discussed the social side of the Bank's activities, such as the 20th anniversary of music festival Iceland Airwaves.

Market Affairs is focused on the equity market and the impact of recent economic developments on listed companies. The main focus is on securities and domestic market developments without forgetting general information about economics, the economy and influencing factors such as the travel industry. This podcast

is intended to boost interest in and discussion about the equity market.

Economic Research prolific producer of research and analysis

The Bank's Economic Research department produces in-depth analysis of economic developments, disseminated through several channels. The department plays a key role in shaping Landsbankinn's stance on developments and outlook in the economy, both in Iceland and abroad. Economic Research publishes a macroeconomic and inflation forecasts, prepares sector analyses, and analysis of the FX and bond markets. The department's analysts maintained their high profile in the country's media in 2020. Their opinion is sought after in economic affairs and their research quoted in the media.

Economic Research published a total of X analyses in 2020 and hosted several events and information meetings on the economy. The Covid-19 pandemic coloured the department's activities in 2020, with most events and larger meetings held electronically this year.

The year's largest event was the presentation of Economic Research's Macroeconomic and inflation forecast for 2020-2023 at a well-attended online forum. The forecast was published to Umraedan as well. It is composed of in-depth analytical articles on various aspects of the Icelandic and global economy, and the outlook. Economic Research's analysts discussed the forecast, the outlook in tourism and the real estate market at the meeting. Joan Hoey, Regional Manager, Europe, at the Economist Intelligence Unit, was a guest speaker, presenting on the economic outlook in the UK and Continental Europe.

The background features a 3D-rendered scene with geometric shapes. On the left, a wooden block with a dark top surface is partially visible. In the foreground on the right, a large, multi-faceted orange and brown geometric object is prominent. The background is a soft, light blue gradient.

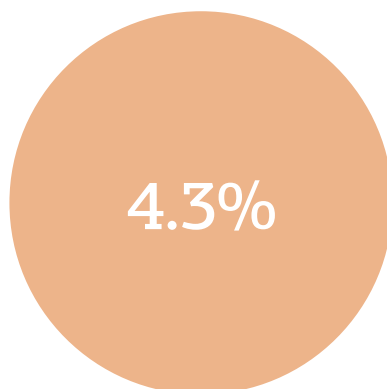
4. Financials

Annual Financial Statement

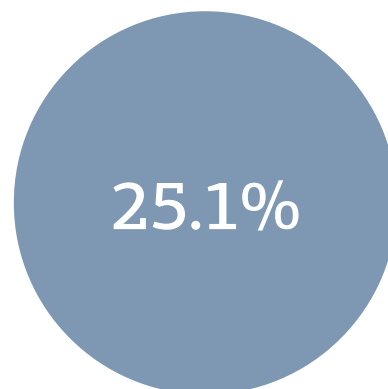
Profit (ISKbn)



Return on equity (ROE)



Capital ratio





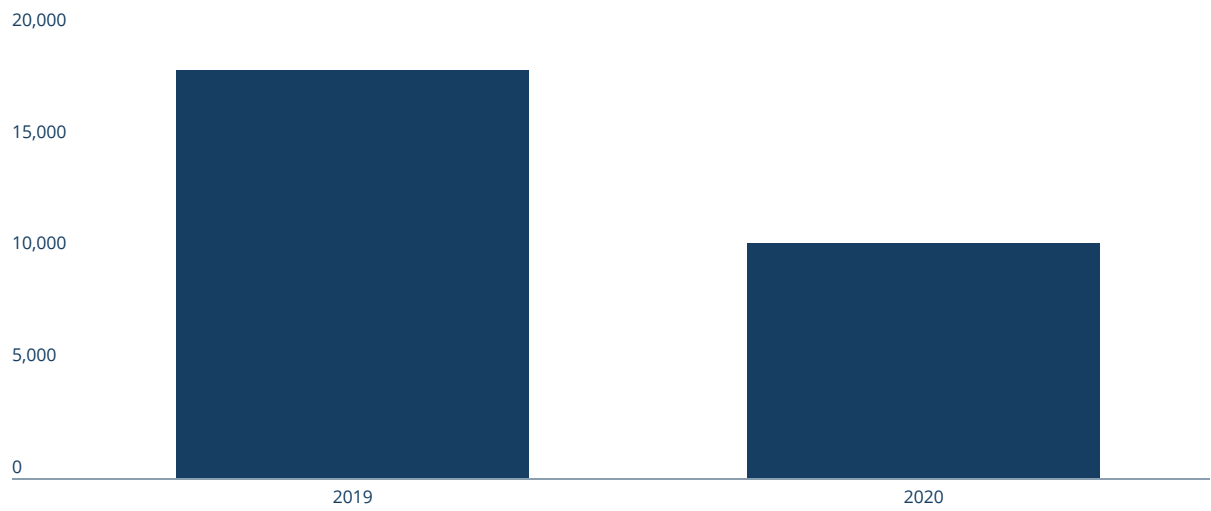
Highlights of the Annual Financial Statement

Landsbankinn's operating profit after taxes amounted to ISK 10.5 bn in 2020 as compared with ISK 18.2 bn in 2019. After-tax ROE was 4.3% in 2020, compared to 7.5% in 2019.

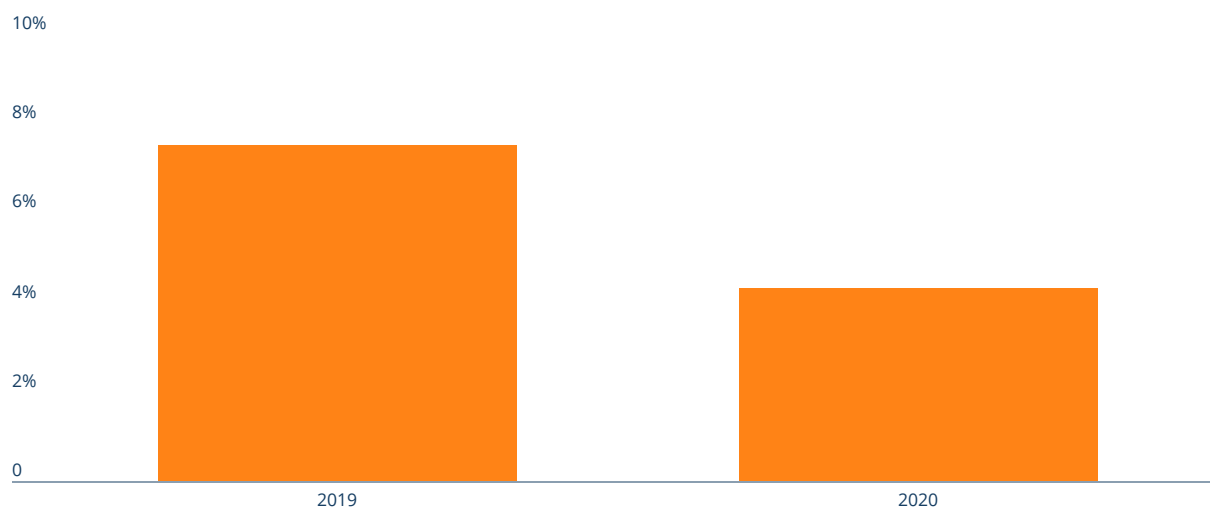
Key figures and ratios	31.12.2020	31.12.2019
Profit for the year	10,521	18,235
Total net operating income	38,253	51,517
Net interest income	38,074	39,670
Return on equity before taxes	5.1%	9.6%
Return on equity after taxes	4.3%	7.5%
Total capital ratio	25.1%	25.8%
Interest spread as a ratio of average total assets	2.5%	2.8%
Cost-income ratio	47.4%	42.6%
Liquidity coverage ratio (LCR)	154%	161%
FX liquidity coverage ratio (LCR FX)	424%	769%
Total assets	1,564,177	1,426,328
Loans / deposits	160.5%	161.1%
Number of full-time positions at year-end	878	893

All amounts in ISKm

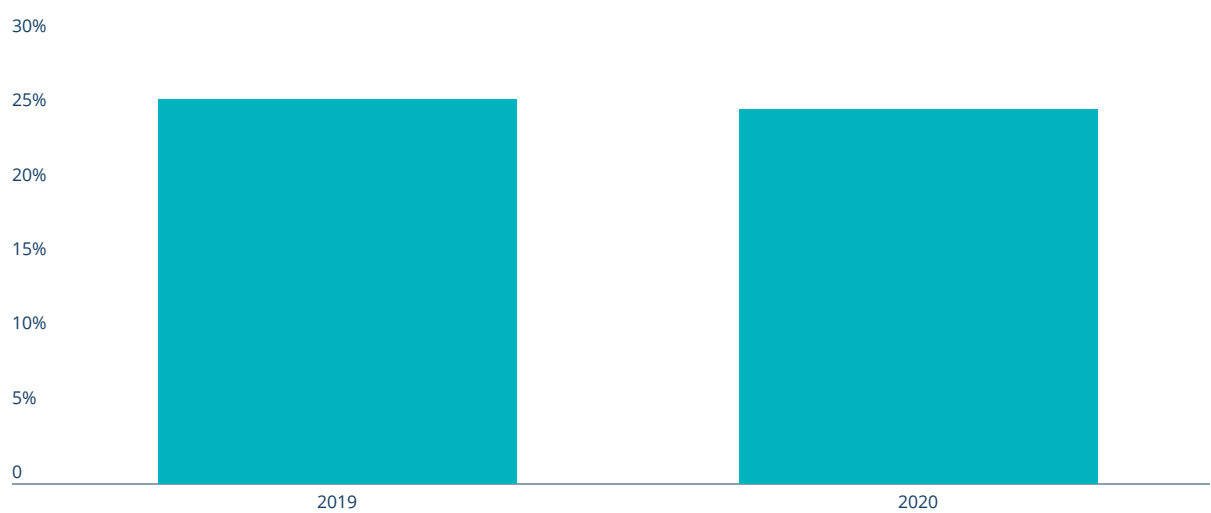
Profit (ISKm)



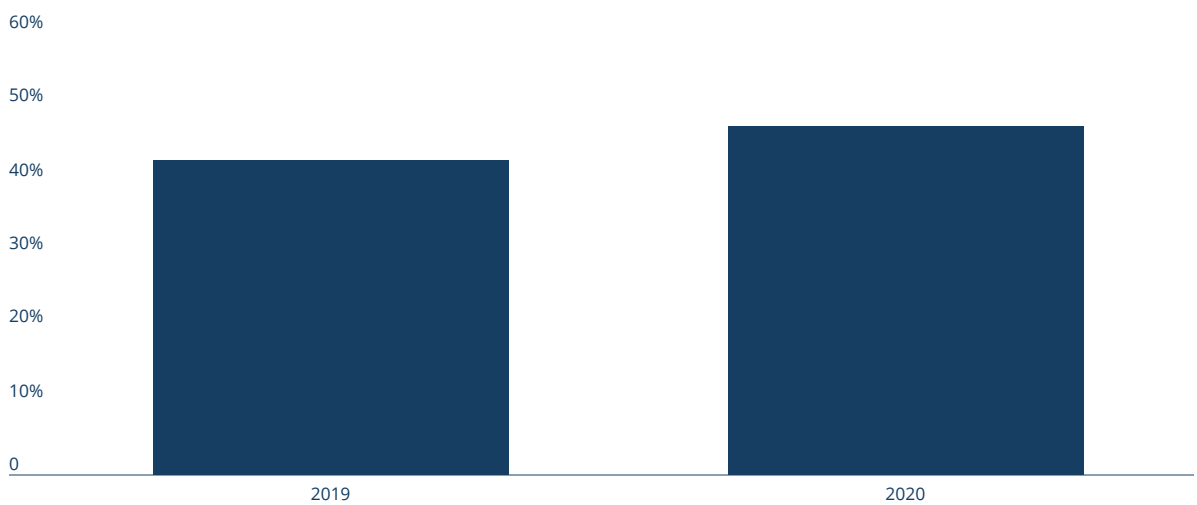
Return on equity



Total capital ratio



Cost-income ratio

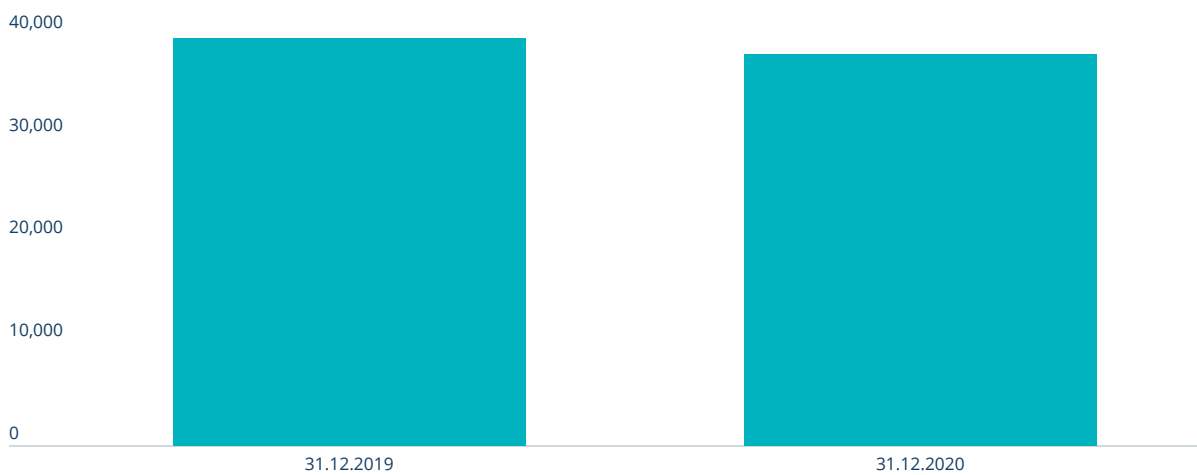


Interest spread

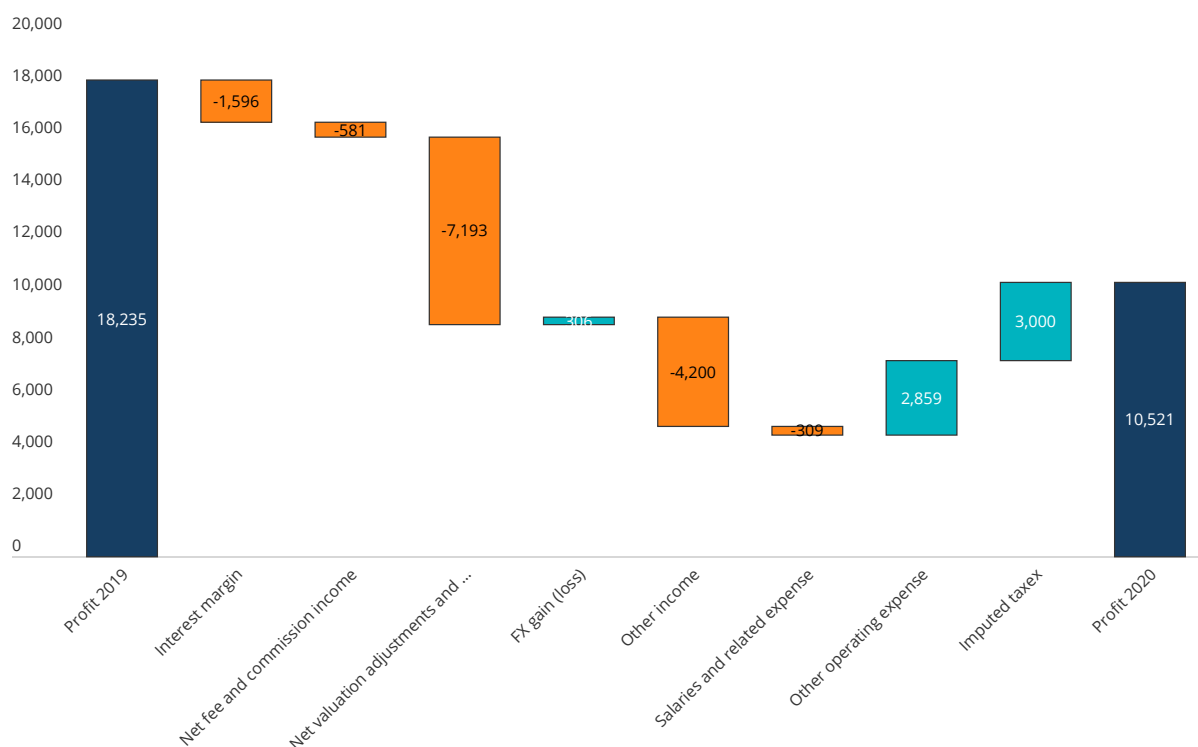


Interest spread as ratio of average total assets

Net interest income (ISKm)



Change between 2019 and 2020 (ISKm)



At the end of 2020, the Bank's total capital ratio was 25.1% as compared with 25.8% at the beginning of the year. The Bank's total regulatory capital requirement decreased from 20.5% at year-end 2019 to 18.8% at the end of 2020 because of a lower countercyclical capital buffer on domestic exposures, from 1.75% to 0%.

Net interest income was ISK 38.1 bn as compared with ISK 39.7 bn in 2019. In 2020, the net interest margin on average total asset position was 2.5% as compared with 2.8% the previous year.

Landsbankinn's net fee and commission income in 2020 amount-

ed to ISK 7.6 bn, an ISK 580 m decrease from 2019. Other operating income was negative by ISK 7.5 bn, compared with a positive result of ISK 3.6 bn for the same period of 2019. This decrease is driven mostly by impairment of financial assets in the amount of ISK 7.2 bn. The cost-income ratio grew between years, was 47.4% in 2020 as compared to 42.6% in 2019.

Income statement

Increased loan impairment is the main reason for lower year-over-year profit.

Net interest income amount- ed to ISK 38.1 bn in 2020, as compared with ISK 39.7 bn in

2019. The net interest margin on average total asset position was 2.5% compared to 2.8% the previous year.

Net fee and commission income for the year amounted to ISK 7.6 bn as compared with ISK 8.2 bn in 2019.

Net impairment on financial assets was ISK 12 bn as compared with impairment in the amount of ISK 4.8 bn in 2019. Increased impairment on financial assets is more or less directly attributable of Covid-19.

Other operating income amount- ed to ISK 4.6 bn in 2020, as compared with ISK 8.5 bn the previous year, which is a 46.1% decrease between years.

Income statement (ISKm)	2020	2019	Change 2020	%
Net interest income	38,074	39,670	-1,596	-4.0%
Net fee and commission income	7,638	8,219	-581	-7.1%
Credit impairment losses	-12,020	-4,827	-7,193	149.0%
Other income and (expenses)	4,561	8,455	-3,894	-46.1%
Total net operating income	38,253	51,517	-13,364	-25.7%
Salaries and related expenses	-14,767	-14,458	-309	2.1%
Other operating expenses	-9,064	-9,534	470	-4.9%
Tax on liabilities of financial institutions	-1,815	-4,204	2,389	-56.8%
Total operating expenses	-25,646	-28,196	2,550	-9.0%
Profit before tax	12,607	23,321	-10,714	-45.9%
Income tax	-2,086	-5,086	3,000	-59.0%
Profit for the year	10,521	18,235	-7,714	-42.3%

Assets (ISKm)	31.12.2020	31.12.2019	Change 2020	%
Cash and balances with Central Bank	67,604	69,824	-2,220	-3.2%
Bonds and debt instruments	119,330	115,262	4,068	3.5%
Equities and equity instruments	26,808	30,019	-3,211	-10.7%
Loans and advances to financial institutions	48,073	47,929	144	0.3%
Loans and advances to customers	1,273,426	1,140,184	133,242	11.7%
Other assets	27,298	22,088	5,210	23.6%
Assets classified as held for sale	1,638	1,022	616	60.3%
Total	1,564,177	1,426,328	137,849	9.7%

Operating expenses in 2020 were ISK 25.6 bn, down by 9% between years. Wage cost increases by 2.1% between years while other operating expenses decreases by ISK 441 m, or 4.9%. The cost-income ratio for 2020 is 47.4%. The cost-income ratio

is the ratio between the Bank's operating expenses and net operating revenue less value changes of financial assets. Full-time equivalent positions with the Bank decreased by 15 in 2020, from 893 to 878.

Balance sheet

The Bank's total assets amounted to ISK 1,564 bn at year-end 2020, increasing by 9.7% during the year.

Liabilities and equity (ISKm)	31.12.2020	31.12.2019	Change 2020	%
Due to financial institutions and Central Bank	48,725	48,062	663	1.4%
Deposits from customers	793,427	707,813	85,614	12.1%
Borrowing	420,178	373,168	47,010	12.6%
Other liabilities	22,226	30,470	-8,244	-27.1%
Subordinated liabilities	21,366	19,081	2,285	12.0%
Total equity	258,255	247,734	10,521	4.2%
Total	1,564,177	1,426,328	137,849	9.7%

Main changes to the asset side of Landsbankinn's balance sheet in 2020 include an 11.7% increase in loans to customers YoY, or ISK 133.2 bn. There was an increase in lending to both individuals and corporate customers. There was considerable growth in non-indexed housing loans, or ISK 153 bn, offset by repayment of inflation-indexed housing loans in the amount of ISK 27 bn. Total defaults by companies and households remained stable between years at

0.8%. Temporary Covid-19 relief measures and payment holidays led to lower values for loans 90 days in arrears. The Bank's total assets increased by ISK 137.8 bn during the year.

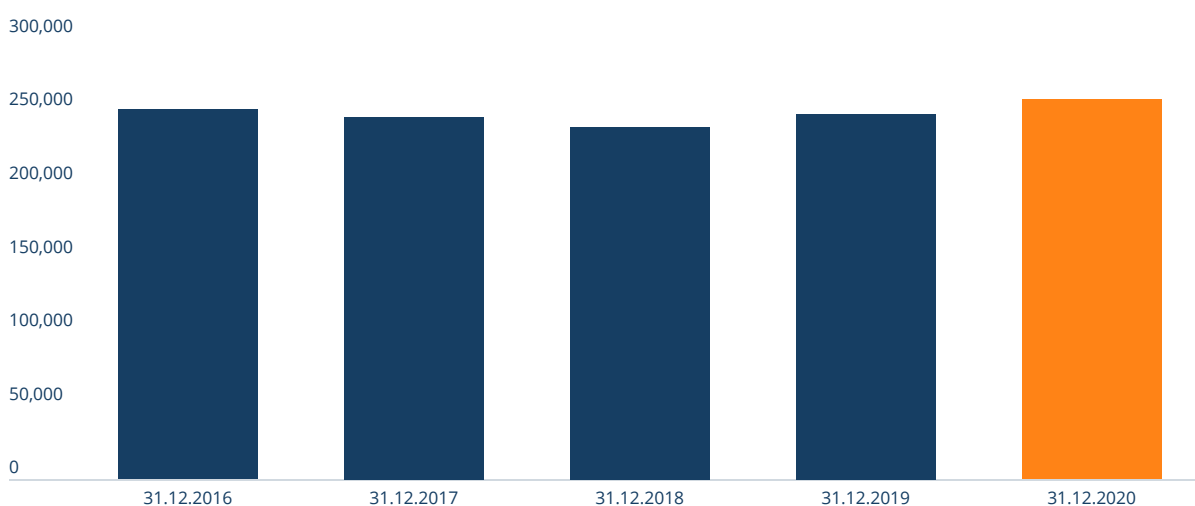
The Bank's market bond assets increased by ISK 4.1 bn during the year. Loans and receivables to credit institutions were ISK 48.1 bn at year-end, remaining almost unchanged between years.

Main changes to liabilities include an increase in customer

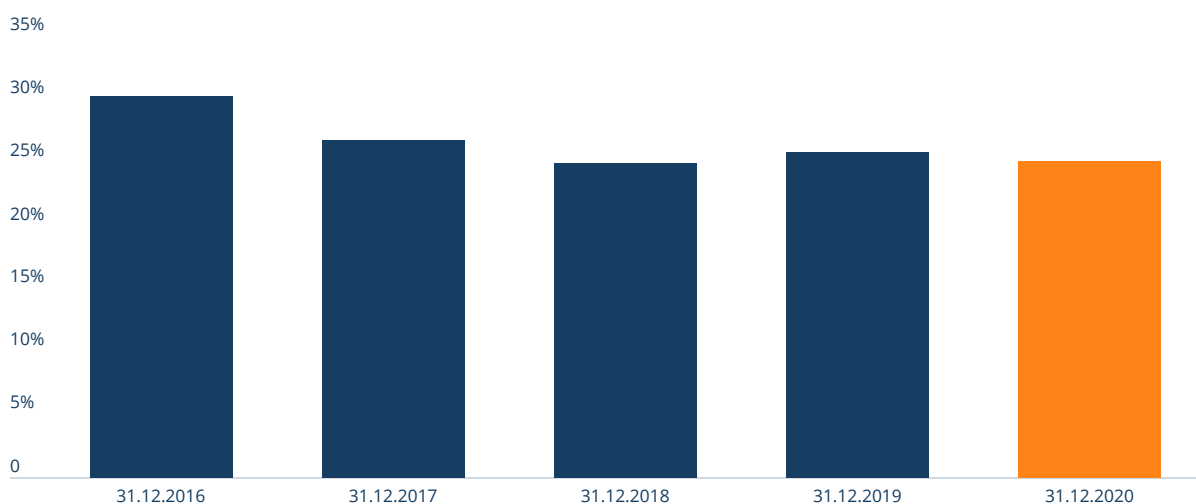
deposits by 12.1% during the year, or by ISK 85.6 bn. Deposits from financial institutions increased by ISK 663 m during the year and amounted to ISK 48.7 bn at year-end. Total borrowing by the Bank increased by ISK 47 bn in 2018, or by 12.6%.

The Bank's equity amounted to ISK 258.3 bn at year-end 2020, up by ISK 10.5 bn during the year. No dividend was paid to shareholders for the 2019 operating year.

Equity (ISKm)



Total capital ratio



Liquidity position

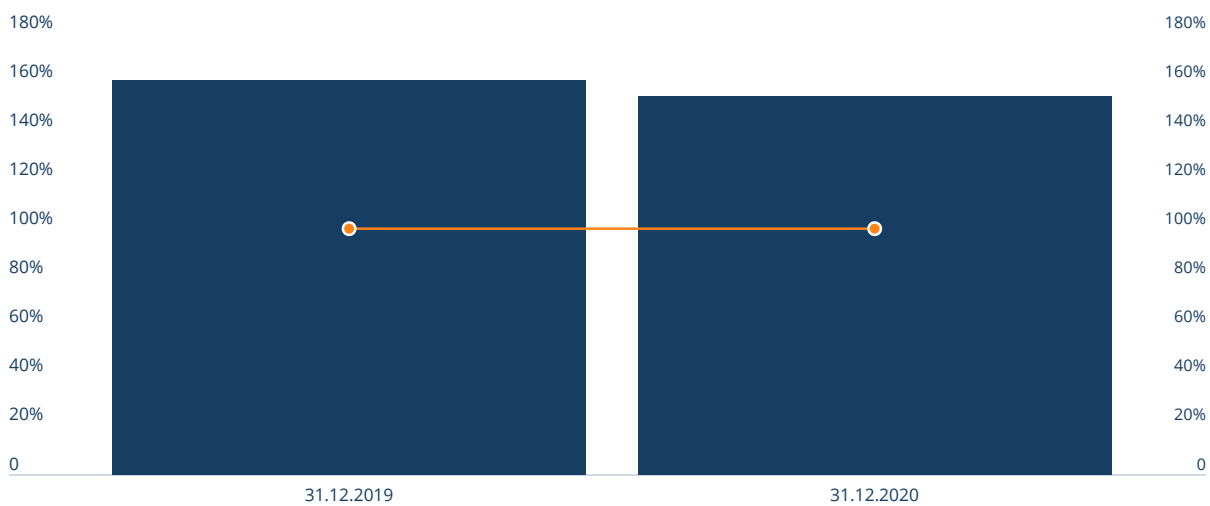
The Bank's liquidity position both in total and in foreign currencies was sound in 2020 and its liquidity ratios well in excess of regulatory requirements. Liquid assets amounted to ISK 230 bn at year-end 2020.

The primary measurement of short-term liquidity risk is the liquidity coverage ratio (LCR) which measures the ratio of high quality liquid assets to net outflow over a 30-day period under specific stressed conditions.

Landsbankinn's LCR was 154% at year-end 2020 and the Central Bank of Iceland requires a 100% minimum LCR. The FX LCR for the same period was 424%; the CBI requires a 100% minimum. ISK LCR was 105% at year-end 2020. As of 1 January 2020, the CBI requires a 30% minimum.

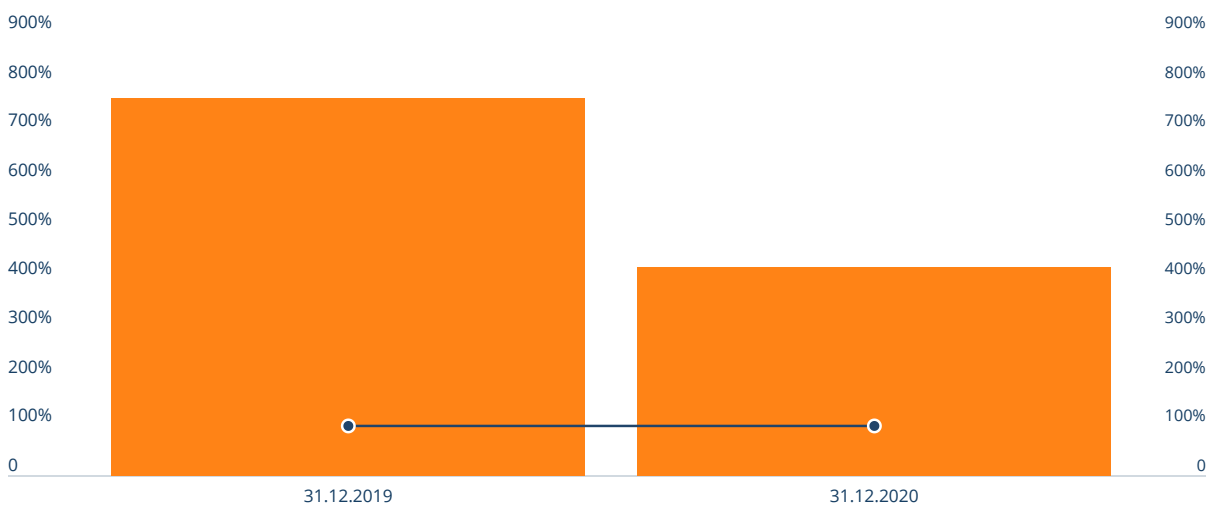
Liquidity reserves (ISKm)	31.12.2020	31.12.2019	Change 2020	%
Cash and balances with the Central Bank	63,092	44,235	18,857	43%
Domestic bonds and debt instruments eligible as collateral with the Central Bank	65,401	19,665	45,736	233%
Foreign government bonds with 0% risk weight	41,161	82,320	-41,159	-50%
High quality liquidity assets	16,654	146,220	23,434	16%
Loans and advances to financial institutions	60,811	57,584	3,227	6%
Total liquidity reserves	23,465	203,804	26,661	13%

Liquidity ratio LCR total



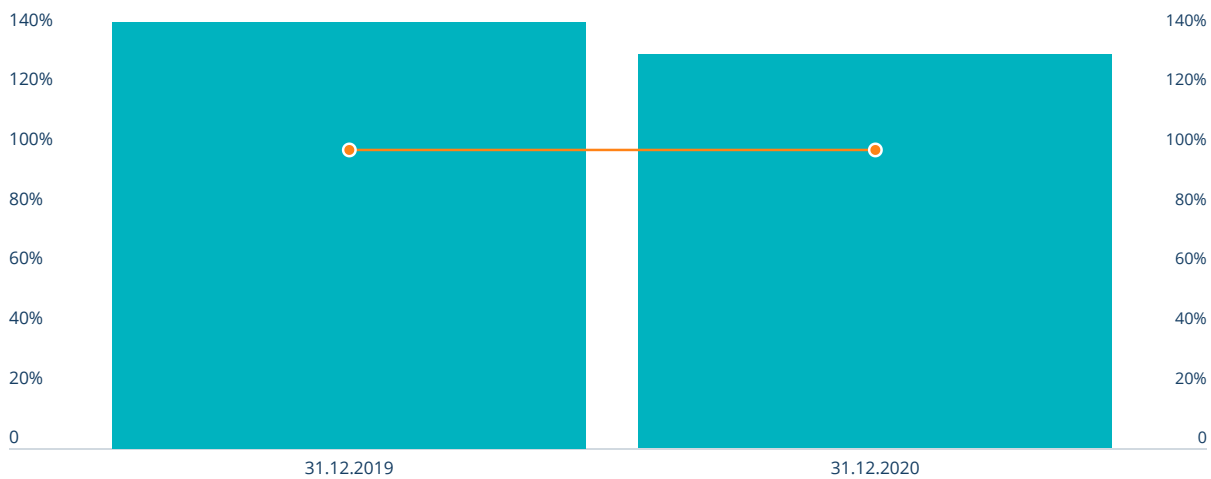
Central Bank requirement = 100%

Liquidity LCR FX



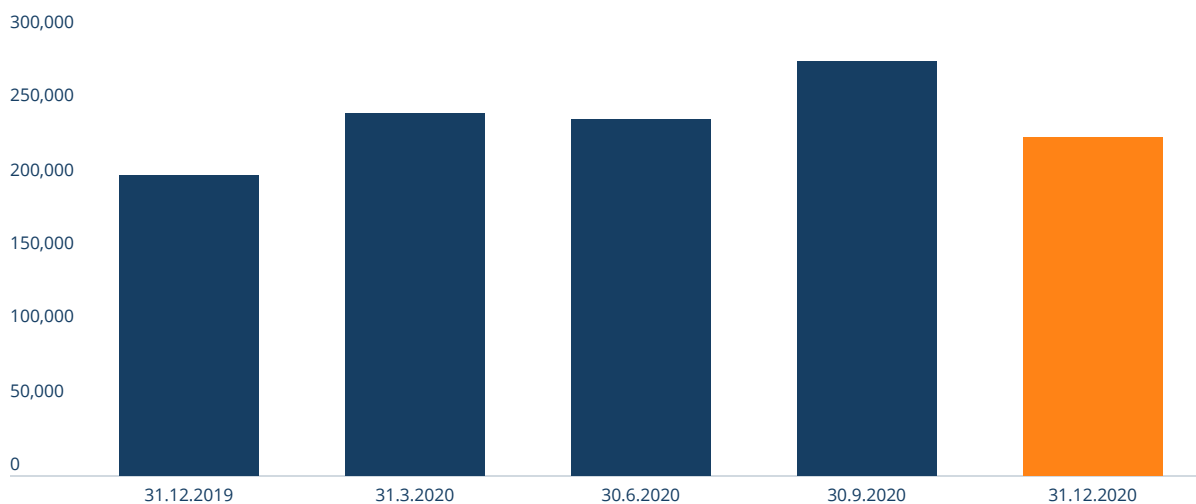
Central Bank requirement = 100%

Net stable funding ratio NSFR FX



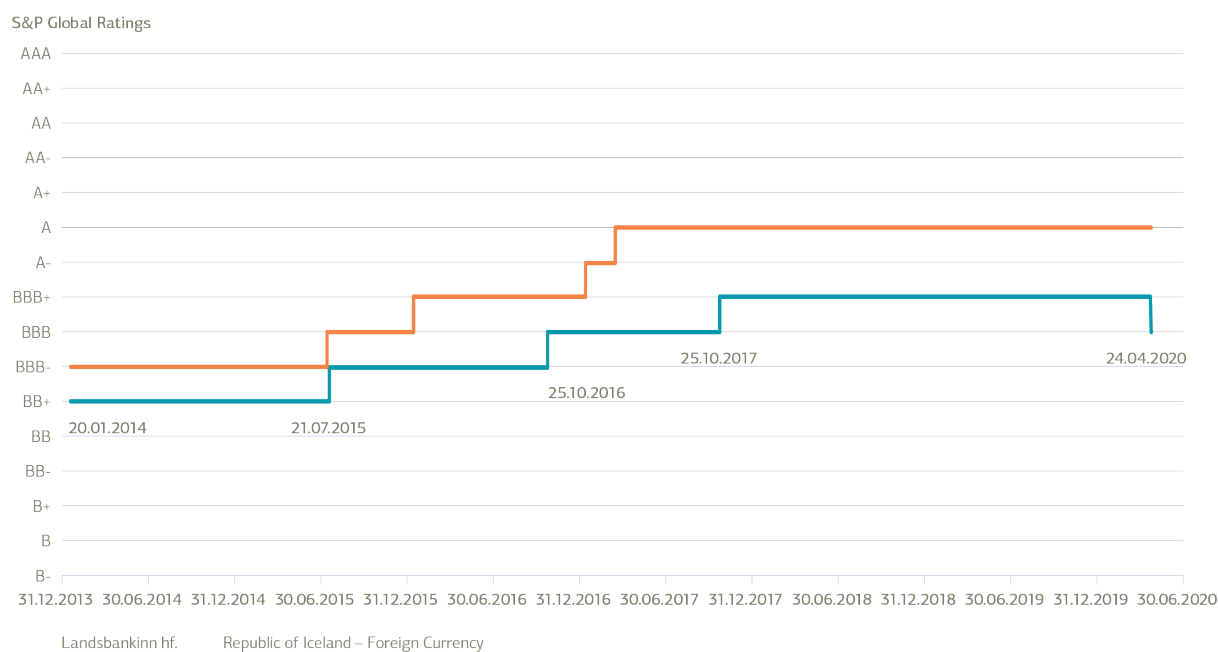
Central Bank requirement = 100%

Liquidity development in 2020 (ISKm)



Funding

Landsbankinn's funding rests on three main pillars – deposits from customers, market funding and equity. The Bank's credit rating is measured BBB/A-2 with stable outlook by S&P Global Ratings.



Deposits from customers

The largest part of Landsbankinn's funding is in the form of deposits from customers which amounted to ISK 793bn at year-end 2020, mostly non-indexed and on demand. Deposits from customers increased by 86bn during the year 2020. Inflation-linked deposits amounted to ISK 126bn at year-end 2020, increasing by ISK 5bn from the previous year.

Market funding

EMTN issuance and other unsecured loans

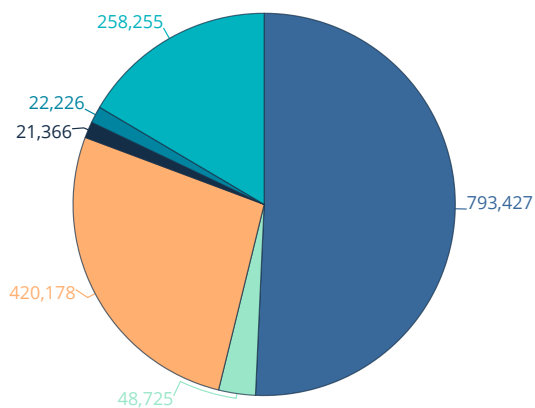
International debt issuance is the most significant pillar of the Bank's market funding. The size of the Bank's EMTN programme is EUR 2bn and was increased in size from 1.5bn in year 2017. The inaugural issuance under the programme was made in the fall of 2015, with continued issu-

ance on a regular basis to date.

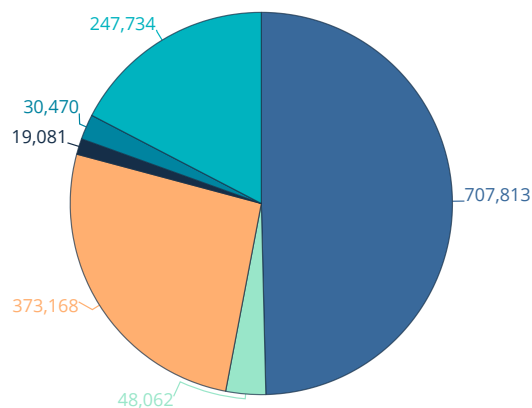
In February, the Bank issued a 4.25-year bond for EUR 300m against a buy-back of bonds maturing in March 2021 for EUR 300m. In October, the Bank issued 3-year bonds for SEK 500m and NOK 500m.

In November, bonds in the amount of SEK 2,600m and NOK 300m matured and the remaining outstanding principal was paid in full on the maturity date.

Funding pillars 31.12. 2020 (ISKm)



Funding pillars 31.12. 2019 (ISKm.)



At year-end 2020 bond issuance in foreign currency amounted to ISK 212bn, increasing by ISK 2bn during the year. Other unsecured loans in foreign currency amounted to ISK 19bn at the same time.

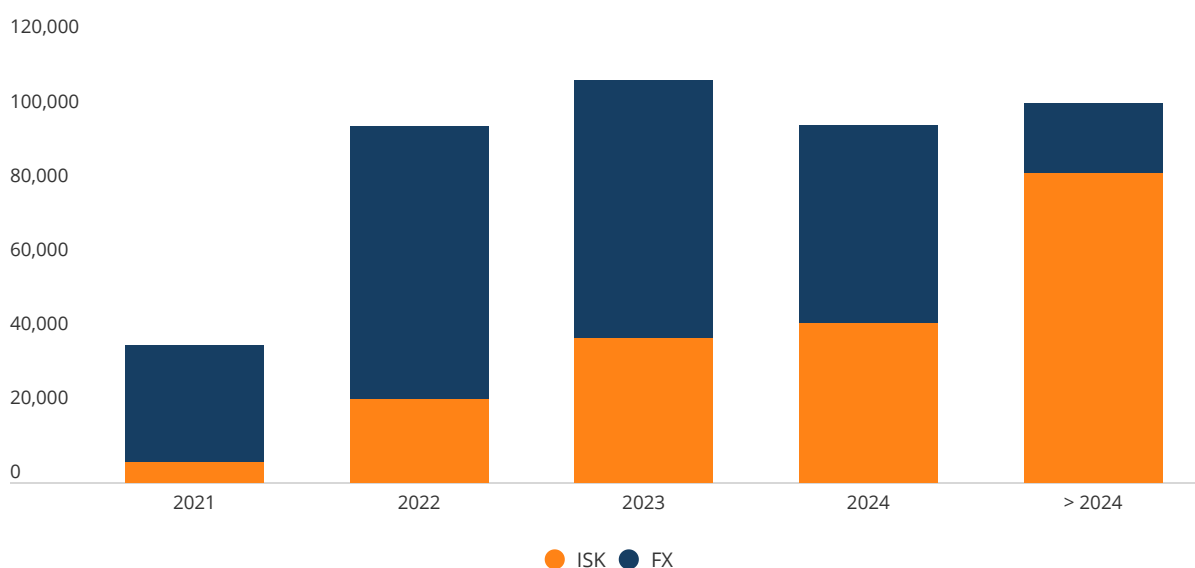
Covered bonds

The size of the programme for covered bond issuance is ISK 250bn and was increased from ISK 200bn in 2020. The covered bond issuance is primarily intended to fund the Bank's mortgage portfolio and to mitigate interest rate risk. Regular auc-

Total capital ratio

25.1%

Funding repayment profile (ISKm)



Credit rating

Landsbankinn's credit rating by international rating agency S&P Global Ratings from the beginning of 2014. In April 2020, the Bank's credit rating was lowered to BBB/A-2 with stable outlook.

S&P Global Ratings

Long-term	BBB
Short-term	A-2
Outlook	Stable
Issue date	April 2020

tions of covered bonds were held in 2020 where previously issued bonds were tapped and two new bond series issued, one non-indexed series, LBANK CB 25, and one inflation linked, LBANK CBI 26. No covered bond series matured in 2020. Agreements with market makers in the secondary market for covered bonds were renewed in the year. At year-end 2020, outstanding covered bonds issuance amounted to ISK 189bn, increasing by ISK 49bn during the year.

Commercial paper

No commercial paper auctions were held in 2020 under the Bank's ISK 50bn debt issuance programme. Two series of commercial paper matured in 2020, in the total amount of ISK 3,605m. There was no outstanding issuance of commercial paper at year-end 2020.

Subordinated bond issuance

Subordinated bond issuance under the Bank's debt issuance programme amounted to ISK 5.7bn at year-end and subordi-

nated issuance under its EMTN programme amounted to EUR 100m at the same time. Both bond issues count as Tier 2 capital and amounted to ISK 21.4bn at year-end 2020, decreasing by ISK 2.3m from the previous year.

Equity

The Bank's equity amounted to ISK 258.3bn at year-end 2020, increasing by ISK 11bn over the course of the year. Landsbankinn paid no dividends to its shareholders in 2020. Landsbankinn's total capital ratio was 25.1% at year-end 2020.



Risk management

Effective and clear risk management was put to the test at the Bank under altered operating conditions in 2020. Clear decision-making processes and authority were decisive, contributing to long-term profitability based on solid foundations.

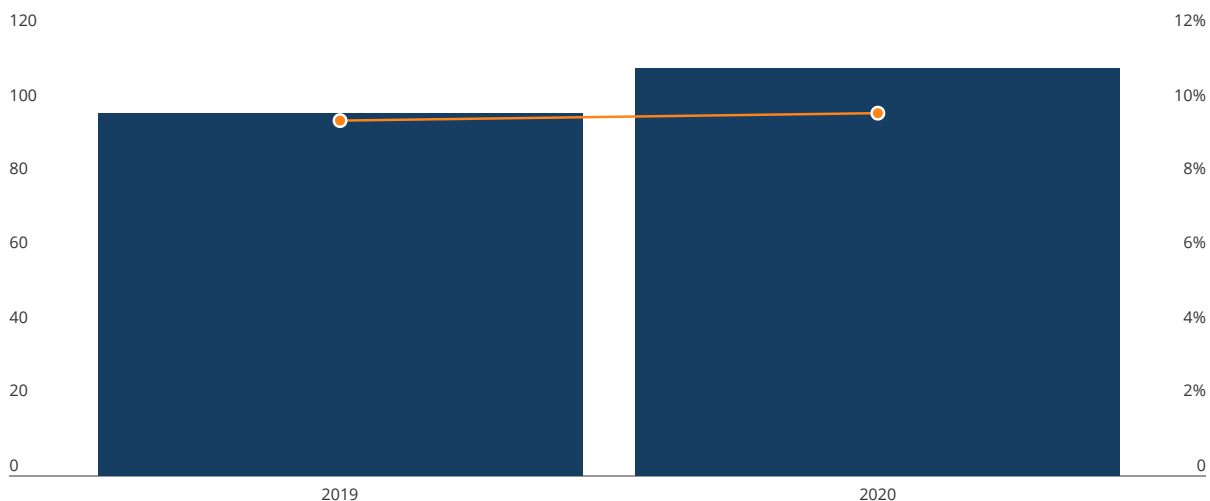
The Bank's risk was for the most part within risk appetite in 2020. Credit risk measures exceeded risk appetite slightly during the year, because of the deteriorating position of companies experiencing difficulties as a result of Covid-19. The Bank's capital adequacy ratio remains strong at year-end, or 25.1%, well above its capital requirement of 18.8%. The Bank's liquidity position, in total, in foreign currencies and in individual currencies remains good and above regulatory requirements. The Bank's

aggregate liquidity coverage ratio (LCR) was 154%, 105% in ISK and 424% in foreign currencies at year-end. Market risk remains low and well within risk appetite. The Bank has in recent years emphasised having contingency plans in place. In February 2020, the Bank's main contingency plans had been updated with regard for pandemics and human resource crisis. The Bank was thus prepared when the need to activate the appropriate plans arose, and the plans proved effective. As of March

2020, a majority of the Bank's employees has worked outside of conventional work stations without any material adverse impact on its operation or service.

Credit risk increased in 2020, partly due to a higher probability of default on lending, mainly in companies in the travel sector, but also due to growth of the credit portfolio. The book value of lending increased by ISK 133 bn in 2020, or the equivalent of 11.7% between years. Lending growth is mostly driven by

Economic capital



Columns represent EC at year-end each year. The line shows EC/REA.

Liquidity coverage ratio (LCR)



Columns represent total LCR for each year.

an increase in housing loans to individuals, where growth amounted to ISK 126 billion in 2020. The fisheries and sea-food sector remains the largest individual industry in the Bank's credit portfolio. Loans to that

sector grew by ISK 28.4 bn in 2020 due in part to new lending and depreciation of the ISK against foreign currencies.

Impairment amounted to ISK 12 billion in 2020, as compared to ISK 4.8 billion the previous

year. Increased impairment is for the most part a result of higher expected credit loss (ECL) in Stages 1 and 2. Risks in the Bank's operation are evaluated using several metrics based on the nature of each risk fac-



Landsbankinn bases its policy on information security on cultivating trust and integrity in its customer relationships. We strive to maximise the security of data and IT systems with regard for confidentiality, accuracy and availability, based among other things on compliance with the ISO 27001 standard on information security.

tor. These metrics are used to determine risk limits, analyse risk factors and changes to them, communicate information and manage risk. Economic capital (EC) represents the combined evaluation of all risk factors.

The Bank's internal EC assessment was ISK 110 billion at year-end 2020, up by ISK 11.8 billion between years. The increase mainly represents increased EC for credit risk, which increased by ISK 10.4 billion. No material changes were made to the Bank's methodology to calculate internal capital assessment in 2020. The Bank's risk exposure amount (REA) also increased slightly alongside lending growth in 2020 and EC was 9.8% of REA at the end of the year as compared with 9.6% at year-end 2019.

Organisation of risk management

The Bank has adopted detailed risk rules and developed a gov-

ernance structure that ensures a clear division of responsibility and monitoring of risk management.

Risk management involves the identification, assessment and control of risks in the Bank's operation. Landsbankinn sets detailed risk rules and effective internal governance structure that ensures a clear division of responsibility, risk management and follow-up on risk management.

As provided in the Bank's risk policy, pertinent risks in the operation are considered, both financial and otherwise, including credit risk, market risk, liquidity risk, concentration risk, operational risk, business risk, legal risk, reputational risk, conduct risk, compliance risk, information security risk, data risk and model risk.

Landsbankinn's governance structure sets out the committee organisation and decision process on key risks, the deci-

sion-making authority of individuals, follow-up and control by the Board of Directors, CEO and individual committees.

The Board of Directors has determined a risk appetite which functions as a management tool that controls risk-taking and as a limit for aggregate risk in the Bank's operational platform. Risk appetite is reviewed at least annually or as needed to reflect the Bank's risk-taking objectives at each time.

Risk management involves processes that combine the Bank's risk appetite and business plan. The process consists of both self-assessment and risk assessment which are utilised in further analysis and management of risk. Strategy is also based on risk appetite and risk management. As a result, risk policy is an integral part of the Bank's operation and risk management is a dynamic process implemented throughout the Bank on the back of a robust risk culture.

Active internal control

Active internal control forms one of the cornerstones of robust risk governance and is conducive to the Bank operating in accordance with its risk policy and risk appetite.

Internal control is a process shaped by the management and employees of Landsbankinn. Internal control comprises all actions taken with the aim to support, manage, mitigate or monitor certain activities and in so doing increase the likelihood

of the Bank attaining set goals.

Landsbankinn endeavours to maintain good relations with regulators and to ensure that information disclosure is at all times accurate.

Overview of measurement of Landsbankinn's risk appetite

Risk factor	Metric
Credit risk	Expected loss
	Average probability of default
	Loss given default
	Sector concentration
Market risk	Borrower concentration
	Equities
	Securities
	Currency
	Interest rate and indexation risk in the banking book
Indexation risk	

Risk factor	Metric
Liquidity risk	Expected loss
	LCR - ISK
	LCR - FX
Operational risk	Operational scope - Real change to RWA base
	Information technology risk
	Compliance risk
	Net stable funding ratio - total
Funding risk	Net stable funding ratio - FX
	Economic capital targets







Further information in risk report

Landsbankinn publishes a risk report that provides in-depth information on all aspects of the Bank's risk management and risk assessment methods. The report complies with the disclosure requirements of Pillar 3 of Basel III rules on the capital requirements of financial undertakings.



Documents accompanying the Annual Report

All main documents accompanying the Annual and ESG Report, such as the Annual Financial Statements, the Fact Book, the Corporate Governance Statement, the Pillar III Risk Report, the GRI Index and Appendix, can be accessed from here.

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| Annual Financial Statement (PDF) | Fact Book (XLS) | Corporate Governance Statement (PDF) |
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| <hr data-bbox="186 2002 574 2007"/> | <hr data-bbox="603 2002 991 2007"/> | <hr data-bbox="1018 2002 1407 2007"/> |
| Pillar III Risk Report (PDF) | GRI Standards content index (PDF) | Appendix to the GRI index (PDF) |

