



6M 2024 Results

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CEO

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CFO

Landsbankinn - largest financial undertaking in Iceland

Operating income excl. value changes



Market share and size



Lending*
28.3%

Deposits**
36.9%

Total assets
13,957
EURm

Total capital ratio
24.4%

Credit rating S&P Global
BBB+/A-2
with stable outlook

ESG risk rating
SUSTAINALYTICS
Negligible risk



*Market share in lending to credit institutions
**Market share in deposits with deposit institutions
*Source: Central Bank of Iceland, 31 May 2024

Strong results in the first half of the year

Balance sheet continues to grow



Return on equity (ROE) is 10.5%, with annualised ROE in 2024 expected to be between 11-13%.

Net interest income continues to grow from good returns on liquid assets in a high interest rate environment and based on an expanding balance sheet.

Net fee & commission income is down by ISK 373 million compared to the record year 2023.

Net impairment charges on lending is ISK 3.5 billion, a major part of which is linked to natural disaster in Grindavík. .

The Bank's **cost-income ratio** remains low as income increases alongside costs. Costs are fairly stable.

Total assets exceed ISK 2,000 billion, up by 6% from the beginning of the year.

Lending growth is good year to date and the credit portfolio has grown by 7% in the first half of the year. Lending to corporates grew by ISK 84.2 billion and lending to retail customers by ISK 23.5 billion. Inflation-indexed loans increase by ISK 103 billion.

Funding has been successful. In the first half of the year, the Bank completed its fourth green bond issuance in the amount of EUR 300 million (ca. ISK 45 billion) and issued an ISK 15 billion subordinated bond. Deposits grew by just under ISK 100 billion and amount to ISK 1,148 billion.

Strong capital position, with a total capital ratio that is well above the 20.4% regulatory requirement.

Stable operation on the second quarter

A principal change between the second quarters of 2023 and 2024 is improved returns on the Bank's liquid assets in a high interest rate environment.

Profit

9.0

ISKbn

Net interest income

+2.0%

Other operating income

2.4

ISKbn

ROE

11.7%

Cost-income ratio

32.5%





Ever-growing opportunities in dynamic app



New in the app

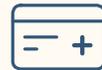
Over
130,000
use the app each
month

+9%
in the first 6 months of
the year

Smart savings

48%
increase in the first 6
months of 2024

Plúskort



Easy to apply in the app
– no annual fee
– no transaction fees



Pension savings

Apply for both private
and mandatory pension
– detailed statements of both
contributions and rights



15 new releases
this year



Mortgages in the app

Simple to apply for
mortgages and refinance

Enhanced security

Security settings
for card use and
emergency closure



Numerous new
and exciting
partners

HAGKAUP

Útilíf



PLAY

Acquiring service on a roll

Merchant acquiring services and related tech solutions have been very well received. The Bank's market share has grown fast in the year since the service was launched to become very strong.





Landsbankinn and TM – better together

TM



- TM tryggingar hf. (TM) is the third largest insurance company in Iceland with around ISK 19.6 billion in income from insurance contracts in 2023.
- TM offers extensive insurance plans in both life and non-life insurance.
- TM holds a 21% market share in Iceland and the highest market share among corporates. TM had the lowest combined ratio* of all domestic insurance companies in 2021, 2022 and 2023.

The acquisition

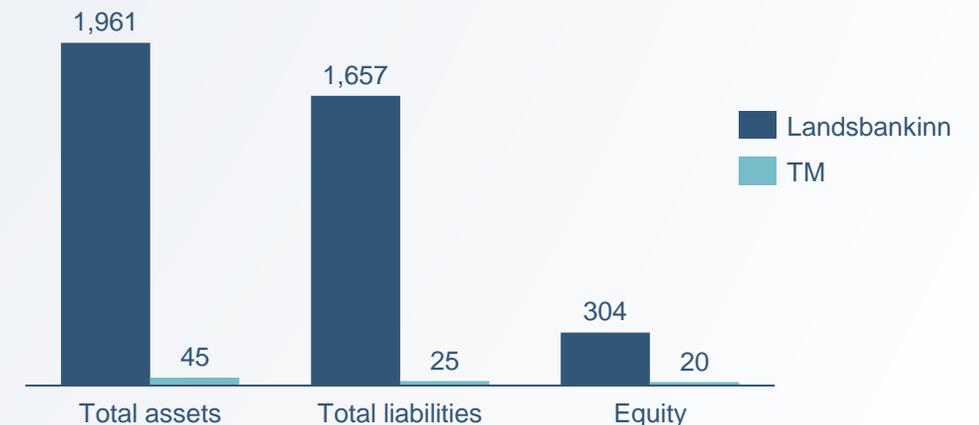
- An agreement providing for Landsbankinn's purchase of TM tryggingar hf. from Kvika Bank was signed 30 May 2024. The purchase price is ISK 28.6 billion, with the final consideration for the company subject to a closing adjustment on the date the Bank assumes operation of TM.
- The purchase is contingent on approval by the Icelandic Competition Authority and the Financial Supervisory Authority of the Central Bank of Iceland. The Bank will assume operation of the company once such approval is obtained.

*The combined ratio is the sum of incurred losses, the share of reinsurance in premiums and losses, and operating expenses from insurance activities divided by premiums earned during the period.

Opportunities



Key financials 31.12.2023 (ISKbn)



Positive impact on the community

Knowledge and grants

Scholarships to 16 exceptional students

Well attended Financial Forum on mortgages and refinancing

Economic Research contributes to dynamic debate with regular publications and meetings

DesignMarch

Proud backer of DesignMarch – hosted stunning show of Icelandic design at Reykjastræti

Skólahreysti

Main partner of Skólahreysti that culminated in the win by Flóaskóli after exciting finals



Financial targets and development of KPIs

Strong financial position and efficient operations

Profitability

Return on equity (ROE)



Target 6M 2024

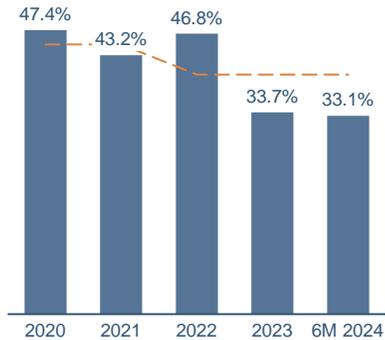
≥ 10% 10.5%

Guidance

Expected ROE in 2024 is 11–13%.

Efficiency

Cost/income ratio



Target 6M 2024

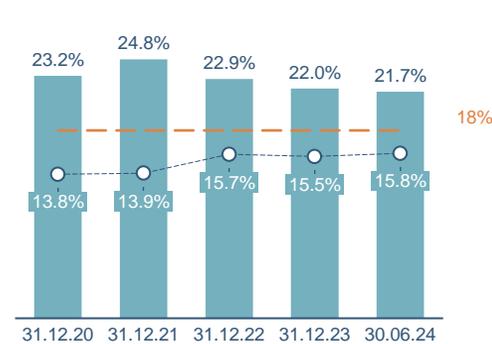
≤ 40% 33.1%

Guidance

Projected 2024 cost/income ratio is 30-35%.

Financial strength

CET1



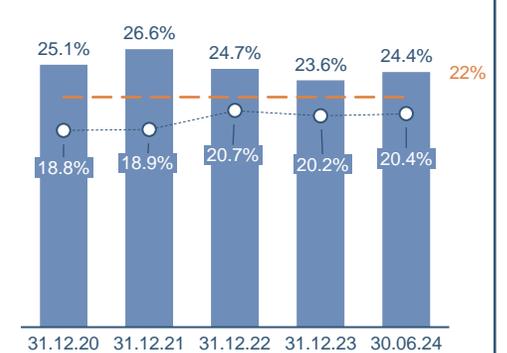
Target 6M 2024

≥ 18% 21.7%

Guidance

The Bank aims to be in the highest category for risk-adjusted capital ratio, as estimated by credit rating agencies.

Total capital ratio



Target 6M 2024

≥ 22% 24.4%

Guidance

Aim is to continue to take full advantage of authorisation to issue Tier 2 equity instruments. Issuance of additional tier 1 bonds (AT1) is under consideration.

Target: Regular dividend to be 50% of the previous year's profit.



Income statement

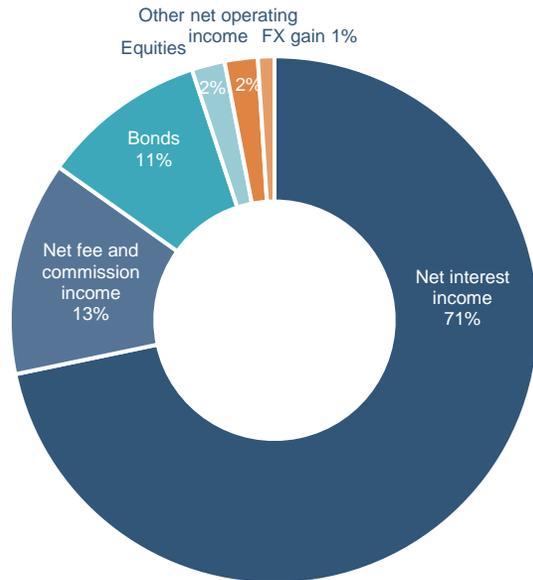
Income statement

	6M 2024	6M 2023	Change		2F 2023	2F 2023	Change	
Net interest income	29,135	27,535	1,600	6%	14,752	14,469	283	2%
Net fee and commission income	5,378	5,751	-373	-6%	2,642	2,703	-61	-2%
Net impairment changes	-3,460	-1,591	-1,869	118%	-746	520	-1,266	-244%
Other net operating income (expenses)	6,334	2,782	3,552	128%	3,178	-535	3,713	-694%
Total operating income	37,387	34,477	2,910	8%	19,826	17,157	2,669	16%
Salaries and related expenses	8,423	8,313	110	1%	4,190	4,194	-4	0%
Other operating expenses	5,077	4,725	352	7%	2,491	2,370	121	5%
Tax on liabilities of financial institutions	1,236	1,120	116	10%	636	550	86	16%
Total operating expenses	14,736	14,158	578	4%	7,317	7,114	203	3%
Profit before tax	22,651	20,319	2,332	11%	12,509	10,043	2,466	25%
Income tax	6,530	5,846	684	12%	3,544	3,326	218	7%
Profit for the period	16,121	14,473	1,648	11%	8,965	6,717	2,248	33%

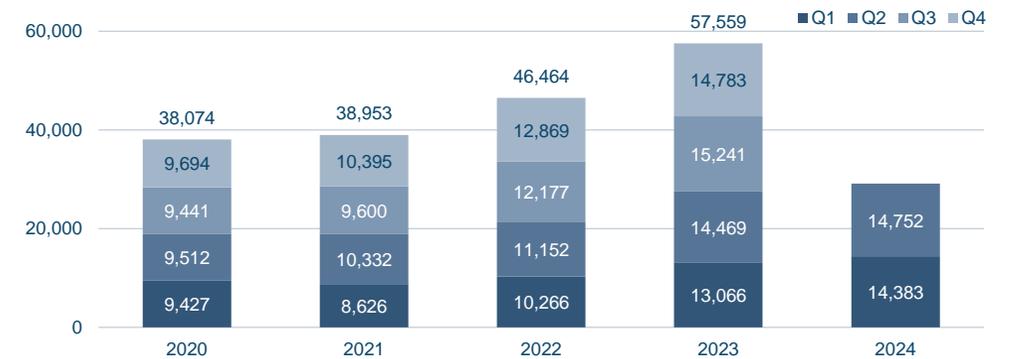


Net operating income

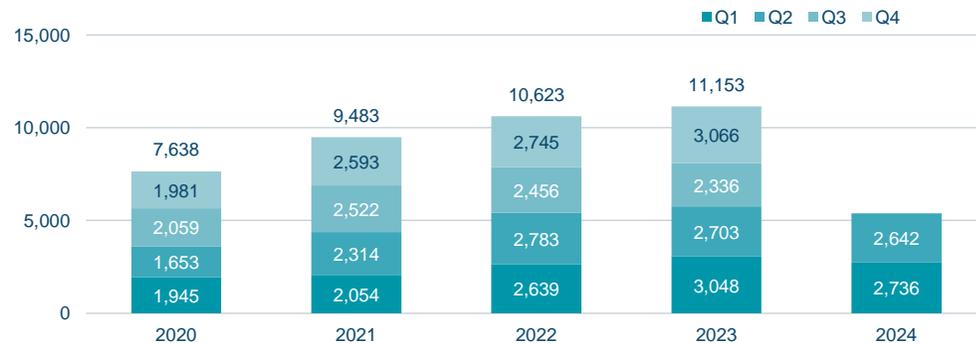
High interest rate levels and growing balance sheet result in a 10% net increase in interest income



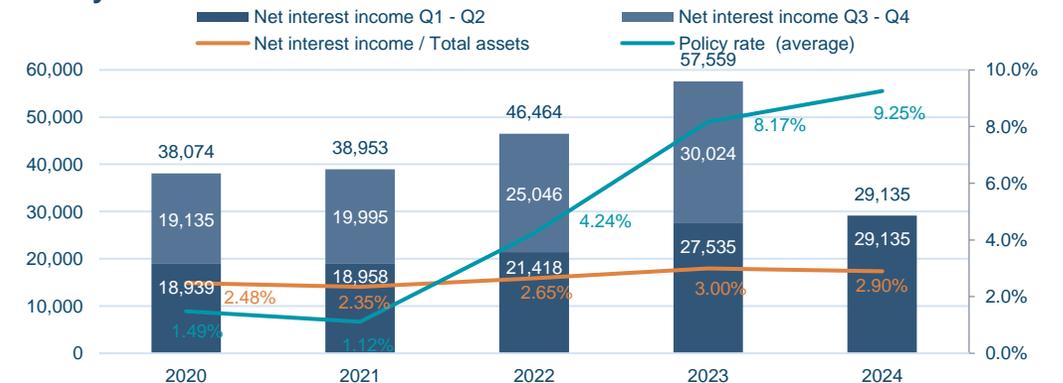
Net interest income



Net fee and commission income



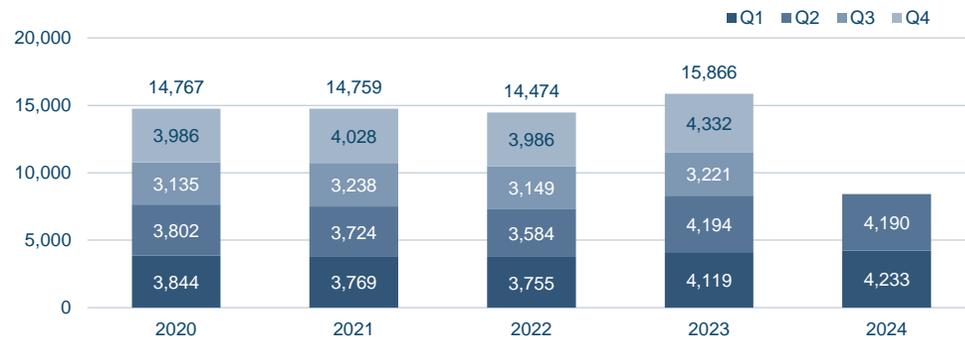
Policy rate and net interest income



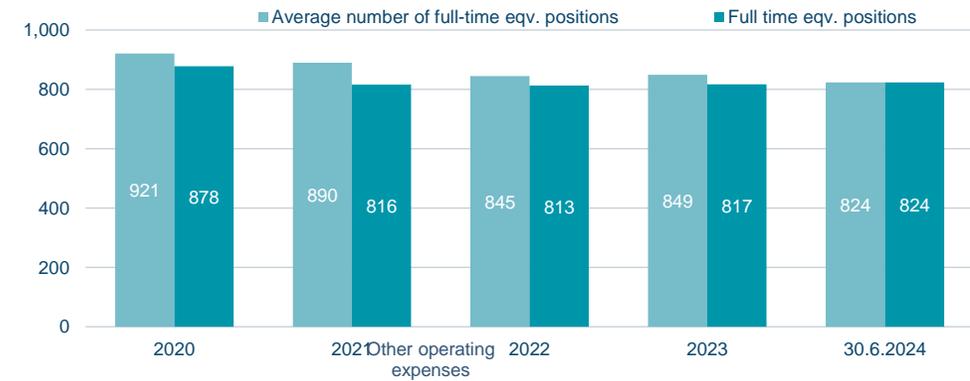
Operating expenses

Operating costs increase by 5% between years yet fall in real terms

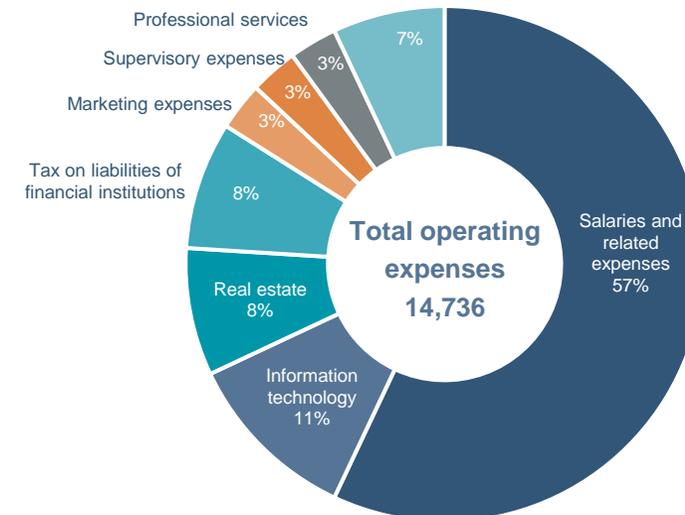
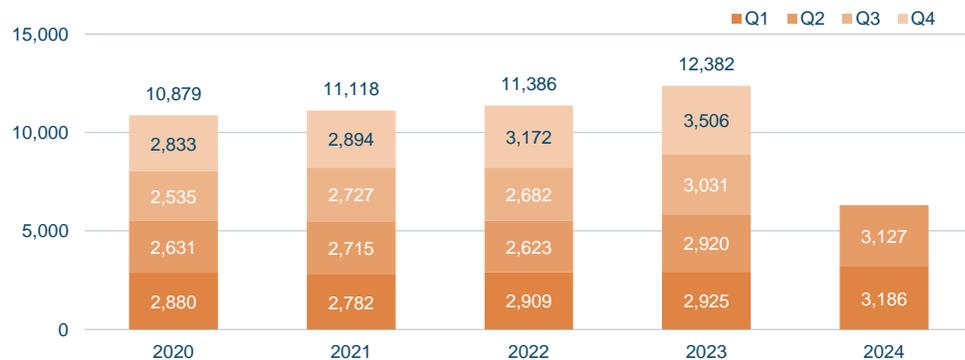
Salaries and related expenses



Full-time equivalent positions



Operating expenses



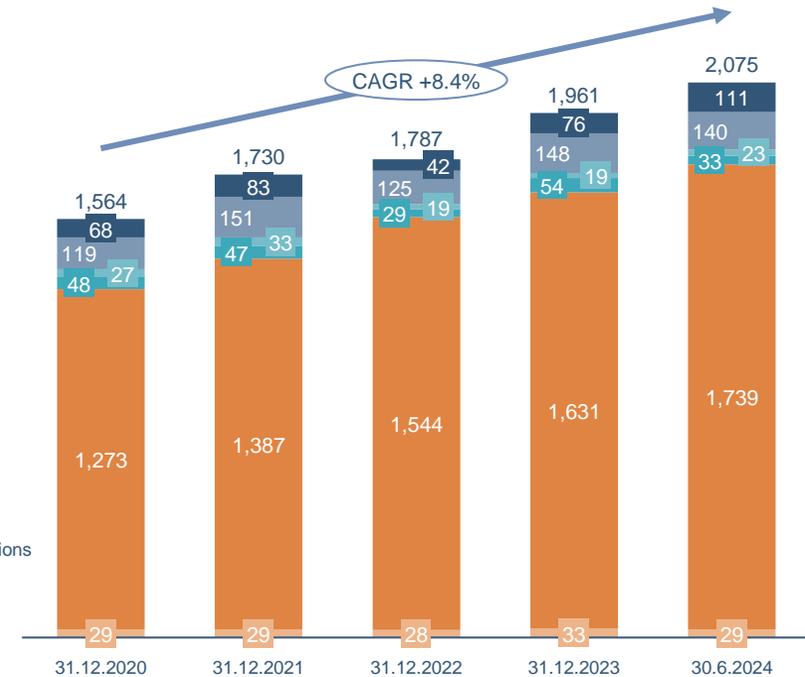
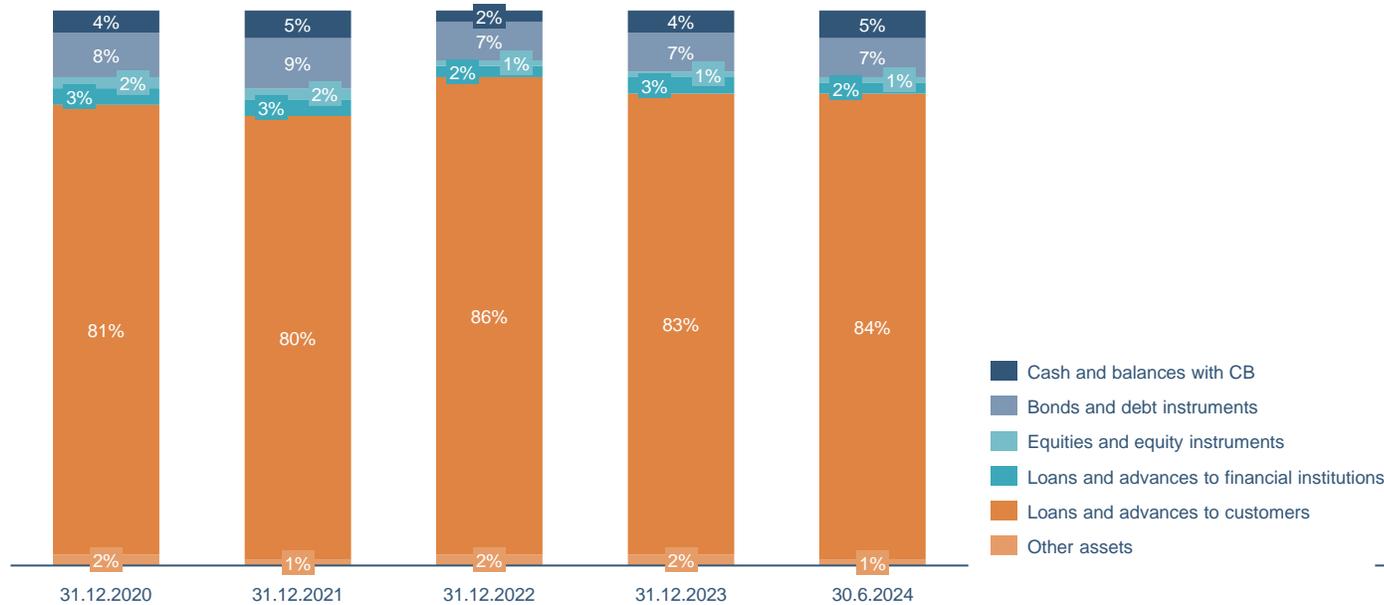
Balance sheet

Total assets

Lending to customers increases by 7% and total assets exceed ISK 2,000 billion

	30.6.2024	31.12.2023	Change	
Cash and balances with Central Bank	111	76	35	46%
Bonds and debt instruments	140	148	-8	-5%
Equities and equity instruments	23	19	4	21%
Loans and advances to financial institutions	33	54	-21	-39%
Loans and advances to customers	1,739	1,631	108	7%
Other assets	29	33	-4	-12%
Total	2,075	1,961	114	6%

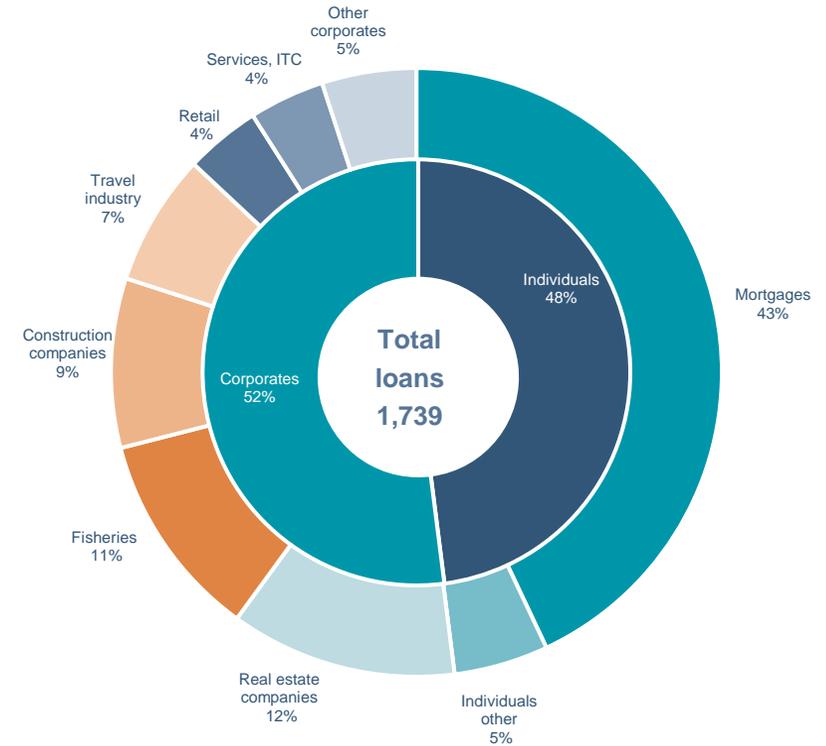
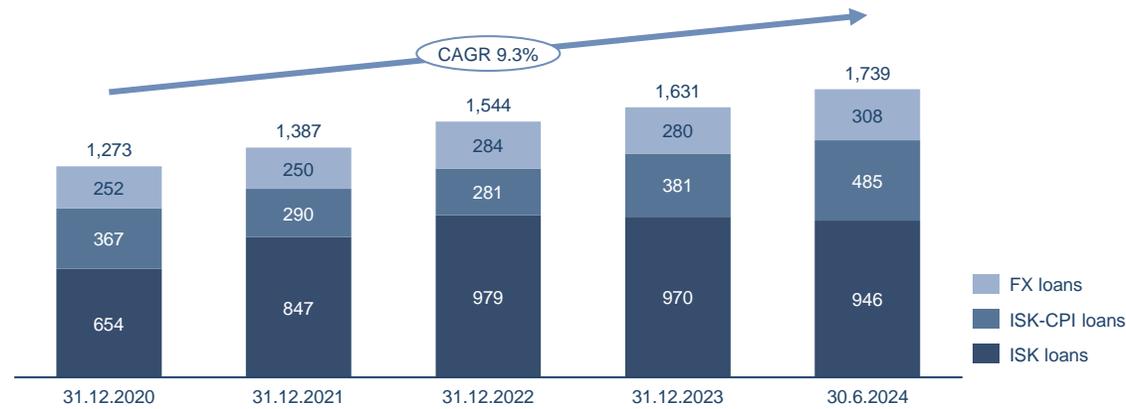
- Lending to individuals increased by ISK 24 billion. Mortgage loans grew by 3%, or around ISK 25 billion.
- Lending to corporates increased by ISK 84 billion, having regard for negative exchange rate changes in the amount of ISK 0.8billion.



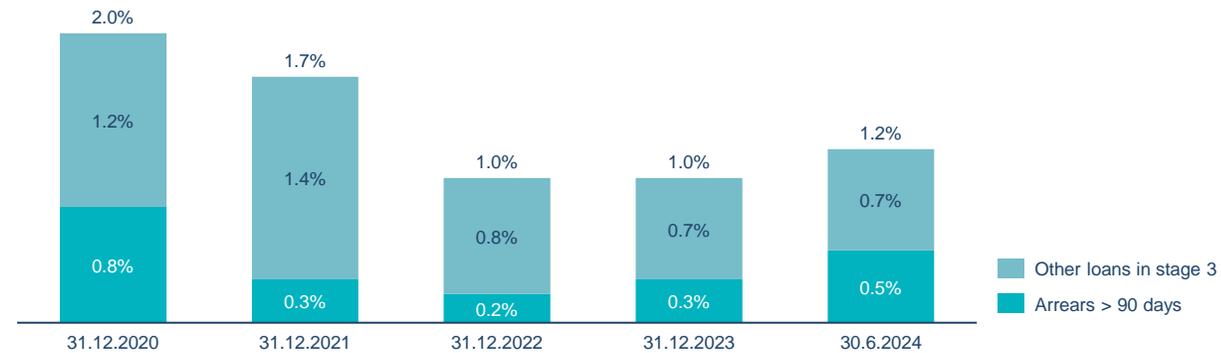
Loans

Significant increase in inflation-indexed loans while delinquencies increase somewhat

Total loan portfolio

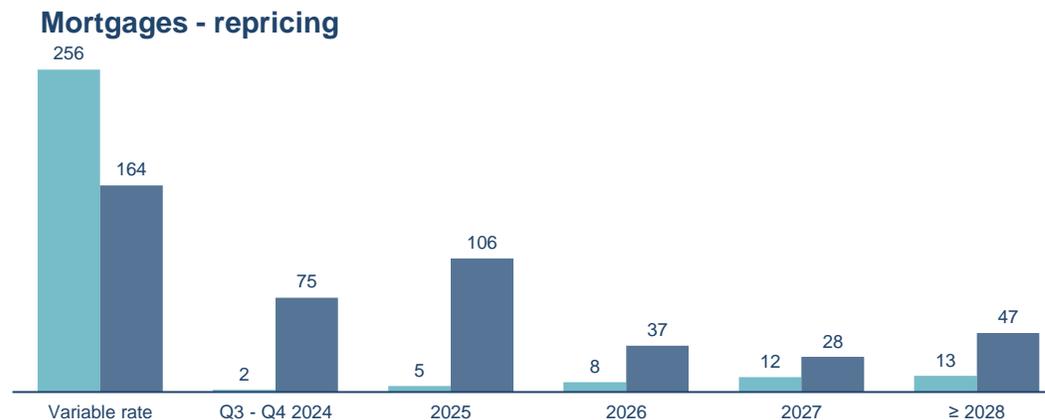
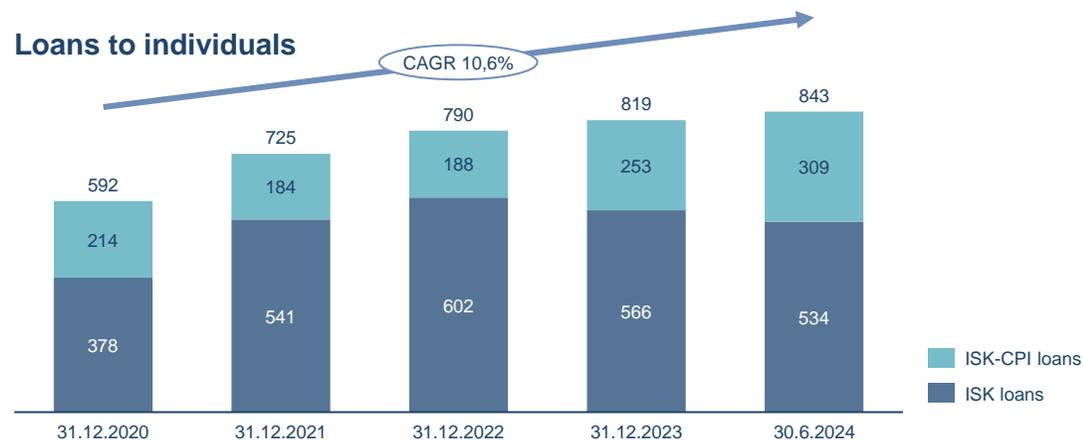


Problem loans

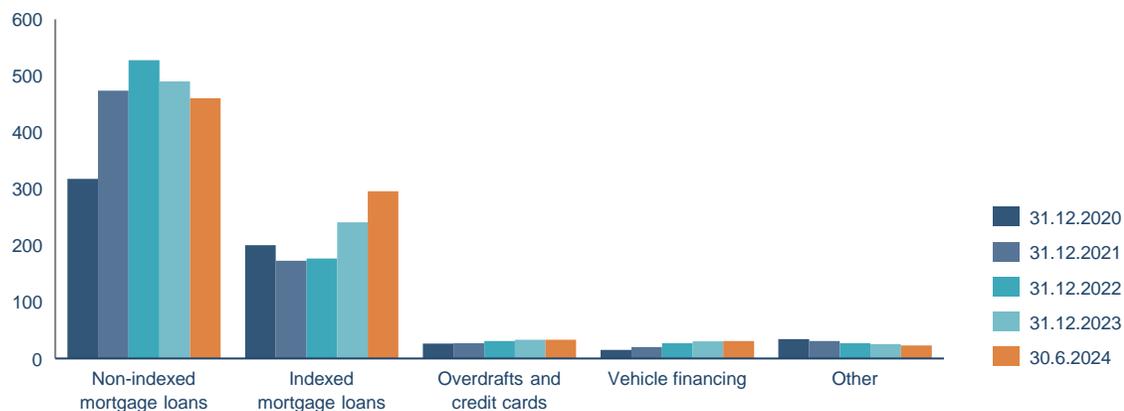


Loans to individuals

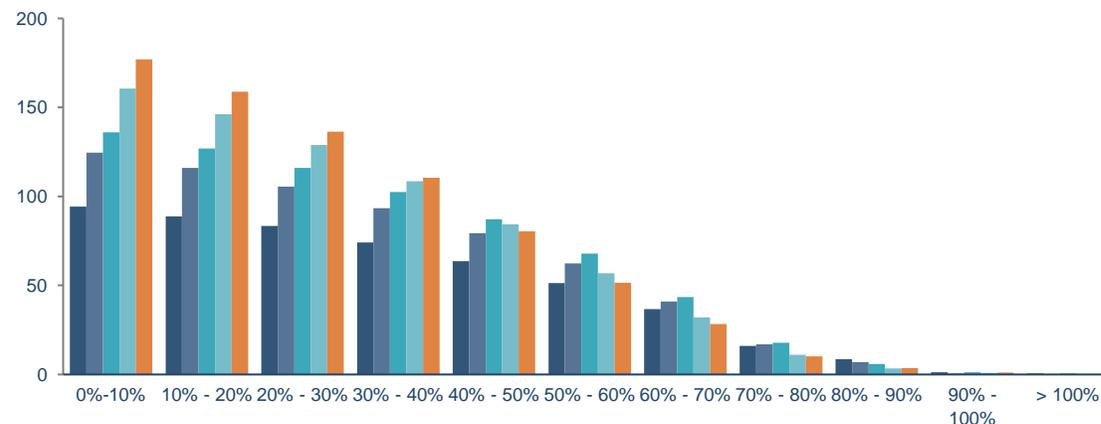
Increase in inflation-indexed housing mortgages alongside repayment of non-indexed loans



Loans to individuals by loan type



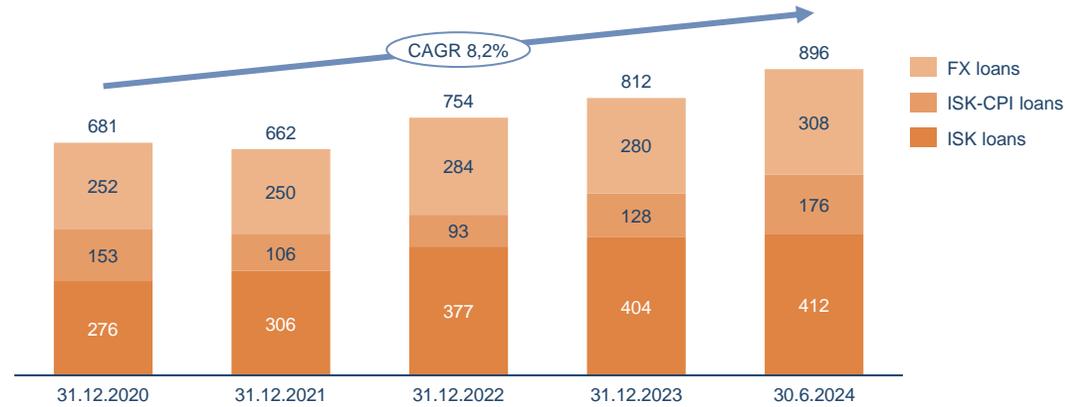
Continuous LTV distribution of mortgages



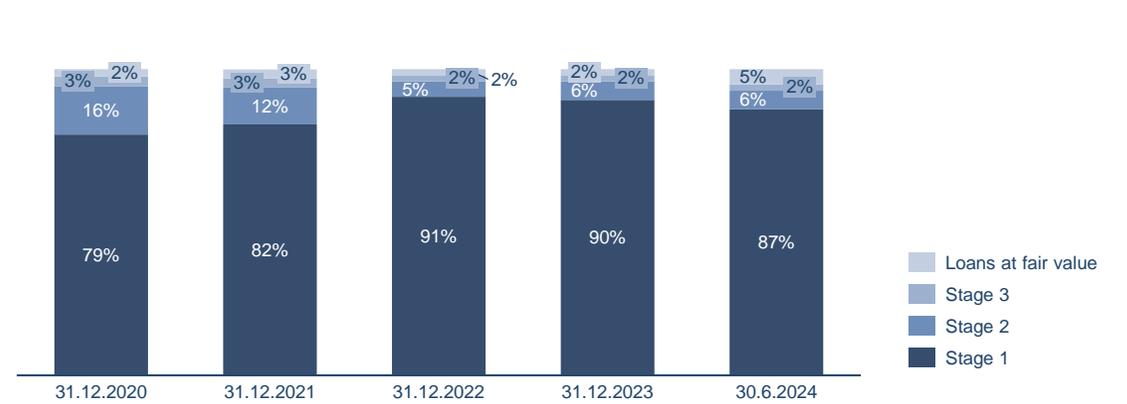
Loans to corporates

Universal growth in corporate lending across sectors

Loans to corporates



Stage allocation of loans to corporates



Loans to corporates by industry sector



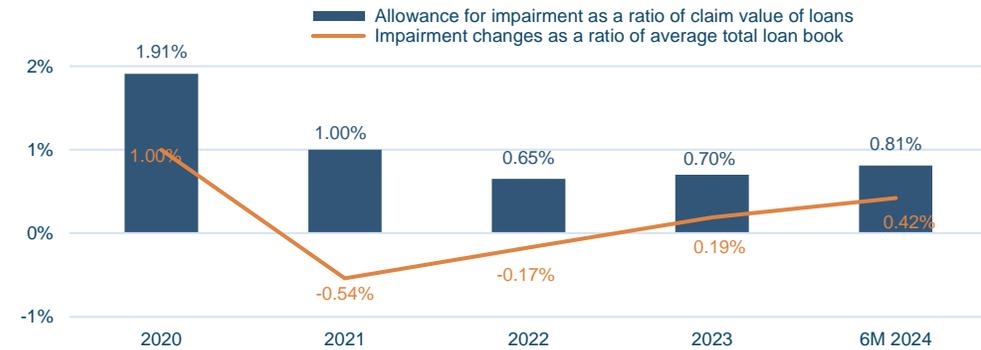
Impairment on loans

Considerable impairment caused by natural hazard on the Reykjanes peninsula

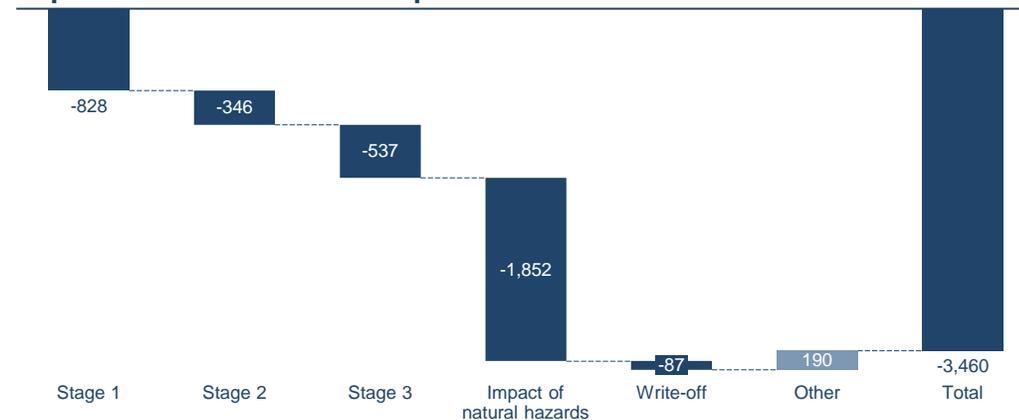
Allowance for impairment on loans and advances to customers



Cost of risk



Impairment on loans – PL impact



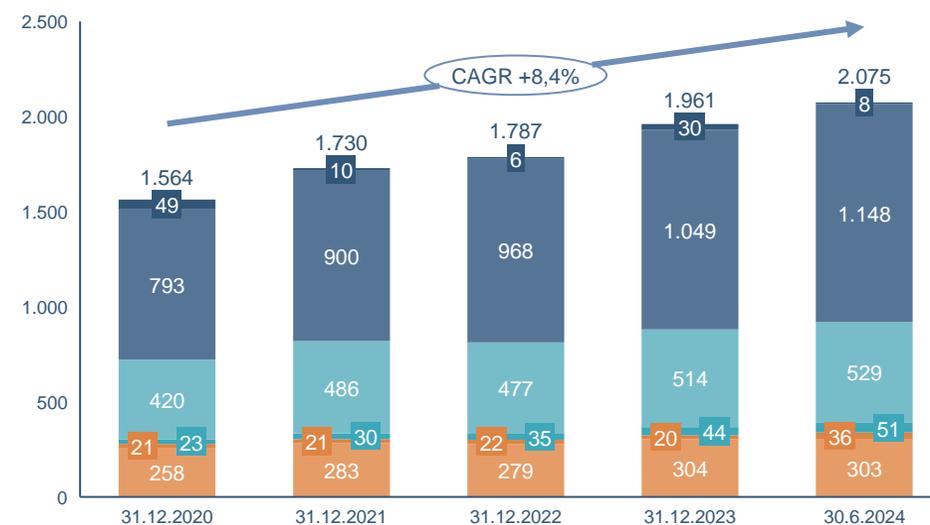
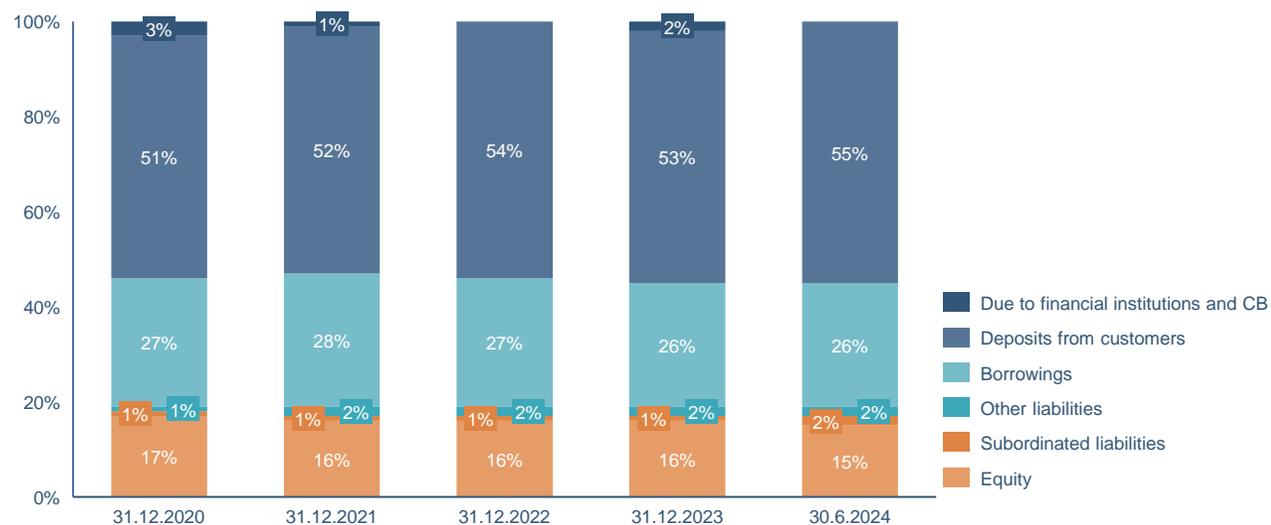
Loan staging

	Gross carrying amount		Allowance for impairment		Carrying amount	
Stage 1	1,602	91.5%	2.2	0.1%	1,600	92.6%
Stage 2	79	4.5%	2.7	3.5%	76	5.2%
Stage 3	28	1.6%	7.3	25.5%	21	1.2%
Fair value	42	2.4%		0%	42	1.2%
Total	1,751	100%	12.2	0.7%	1,739	100%

Liabilities and equity

Diversified funding and continued deposit growth

	30.6.2024	31.12.2023	Change	
Due to financial institutions and CB	8	30	-22	-73%
Deposits from customers	1,148	1,049	99	9%
Borrowings	529	514	15	3%
Other liabilities	51	44	7	16%
Subordinated liabilities	36	20	16	80%
Equity	303	304	-1	0%
Total	2,075	1,961	114	6%

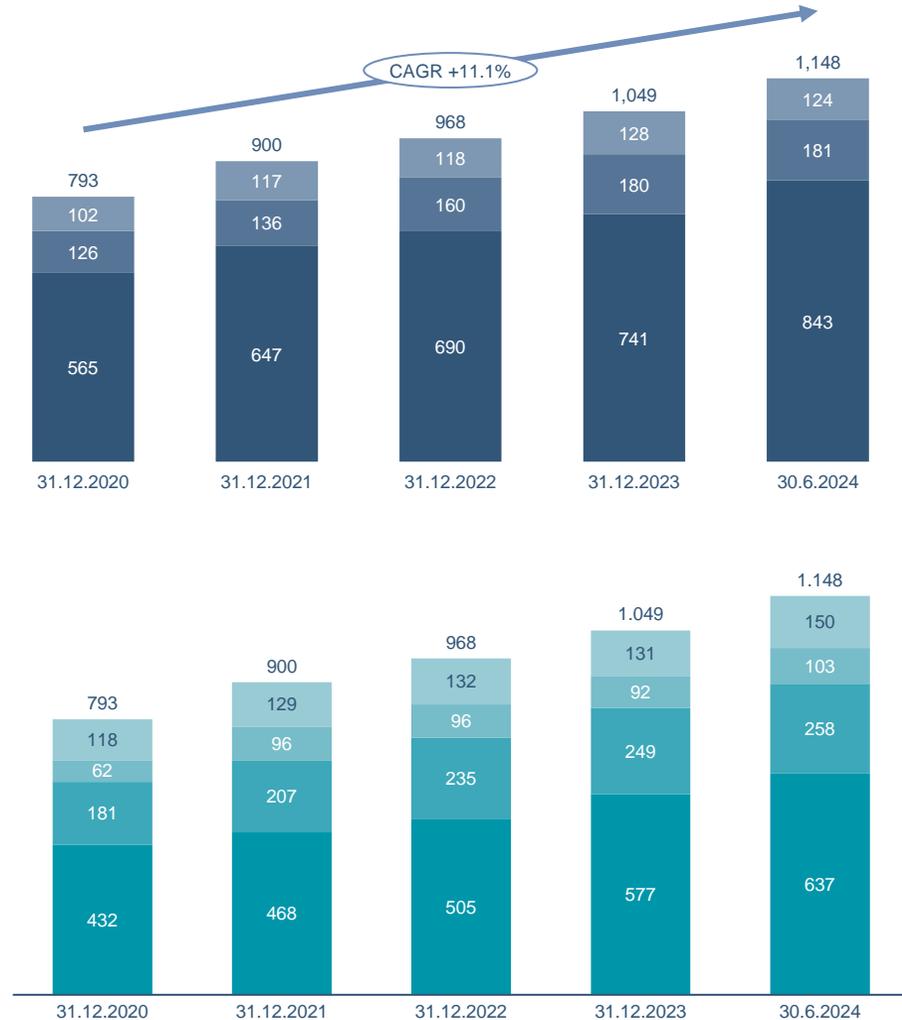


- Customer deposits increased by ISK 100 billion from the beginning of the year.
- Net borrowings increased by ISK 15 billion, having regard for negative exchange rate changes in the amount of ISK 2.9 billion.



Deposits from customers

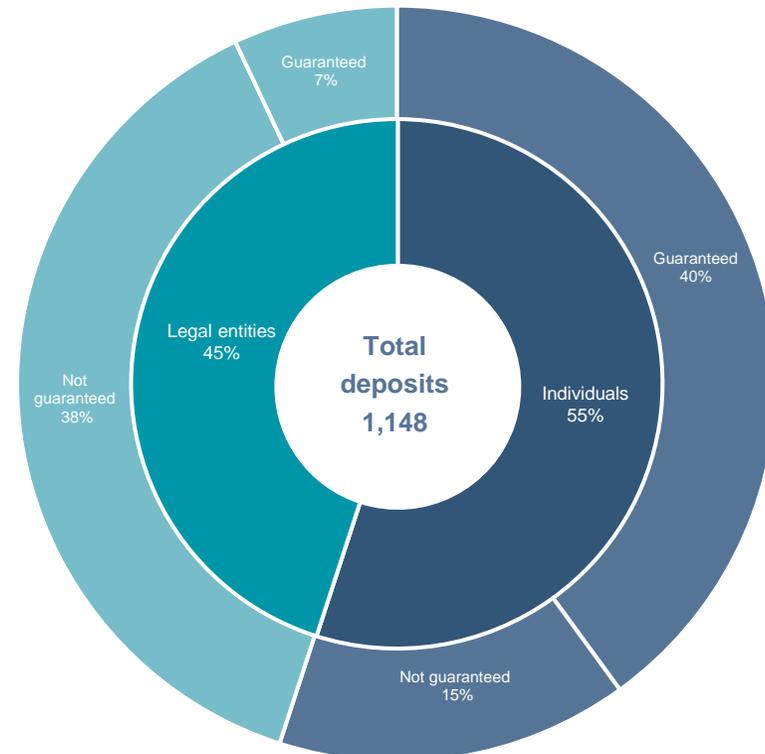
Continued deposit growth, mainly in non-indexed household deposits



- Household deposits grew by ISK 60 billion from the end of the year, with total customer deposits increasing by ISK 100 billion during the period.
- Deposits have priority over senior unsecured claims in the winding-up of deposit-taking institutions in Iceland. About 47% of total deposits are guaranteed under the Act on Deposit Guarantees and Investor-Compensation Scheme.

■ FX deposits
 ■ ISK-CPI deposits
 ■ ISK deposits

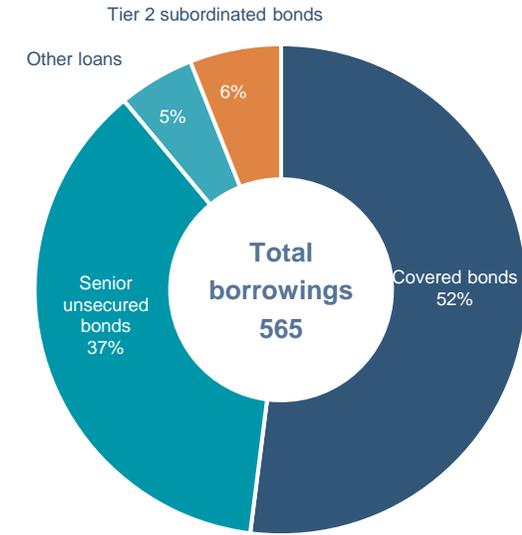
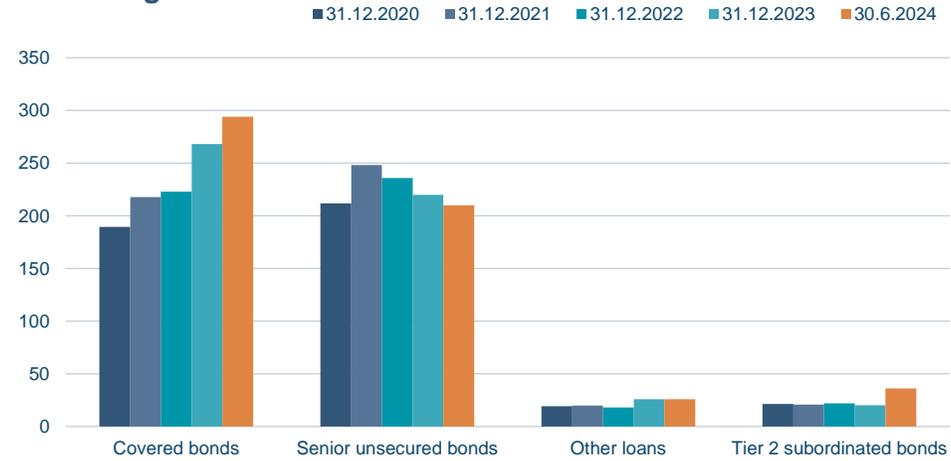
■ Other
 ■ Financial institutions
 ■ Corporates
 ■ Individuals



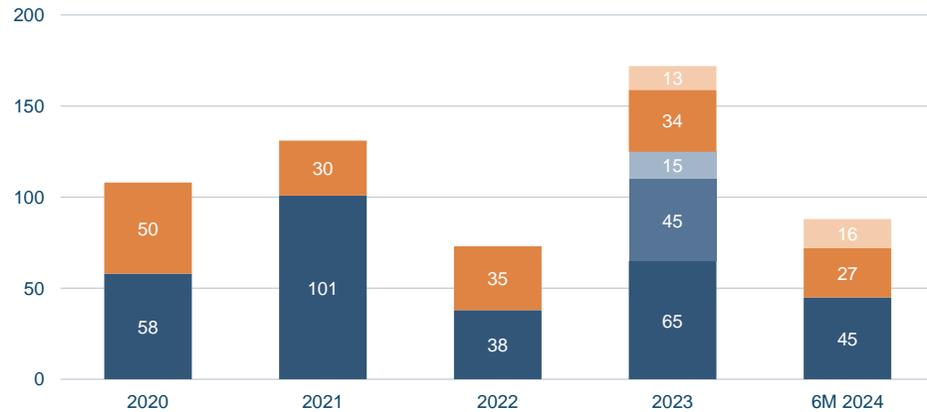
Borrowings

Successful green bond issuance in the amount of EUR 300 million

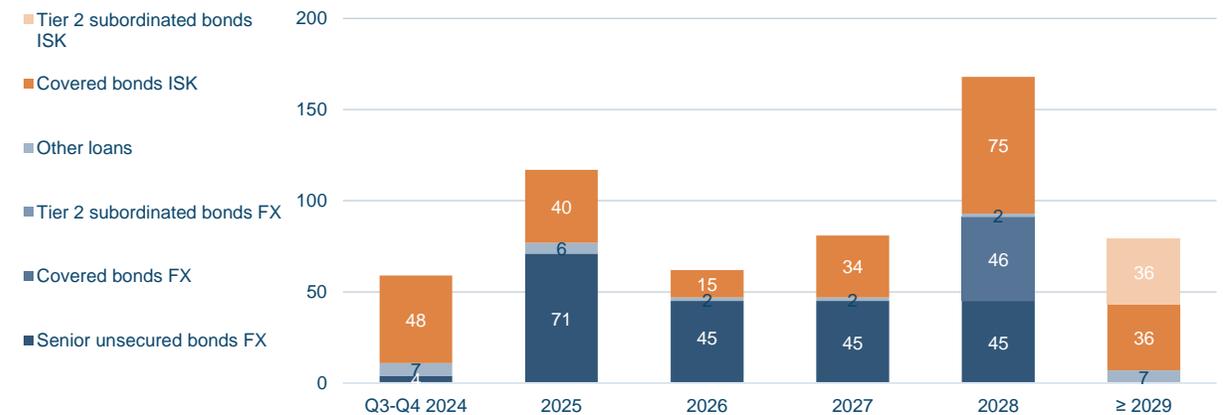
Borrowings



Borrowing issuance



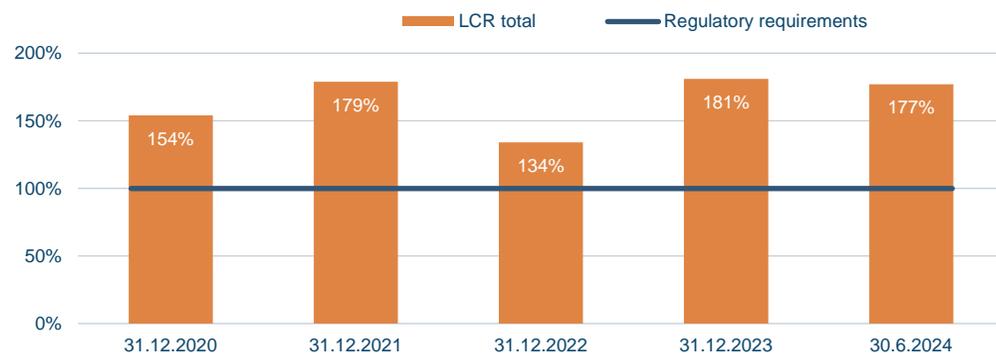
Maturity profile



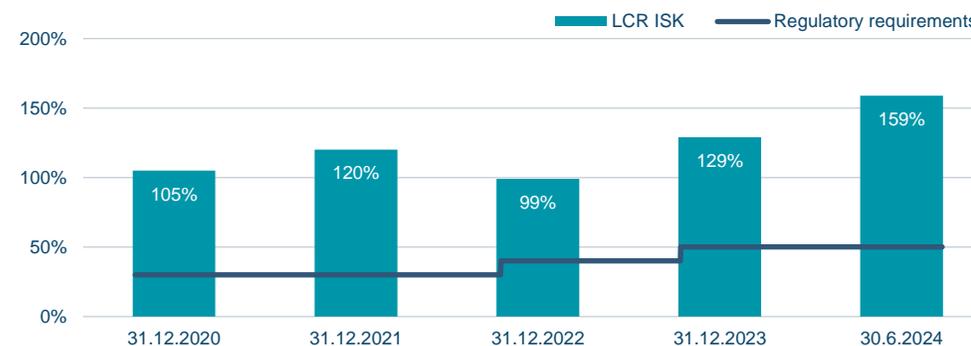
Liquidity ratio and net stable funding ratio

Liquidity and funding ratios well above regulatory requirements

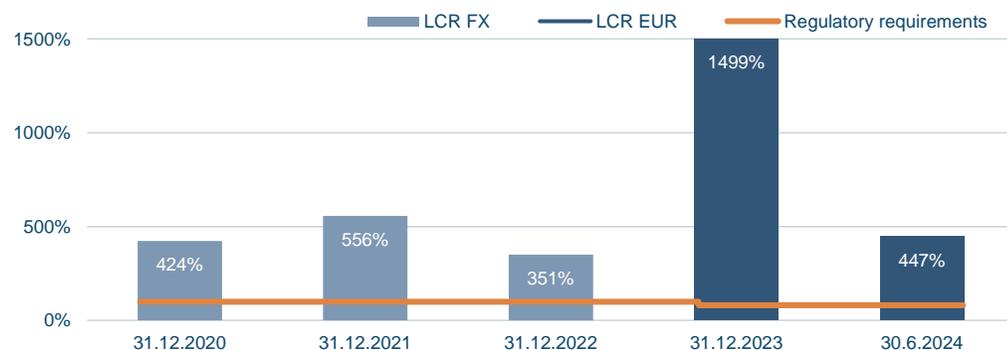
Liquidity coverage ratio total



Liquidity coverage ratio ISK



Liquidity coverage ratio FX



Net stable funding ratio



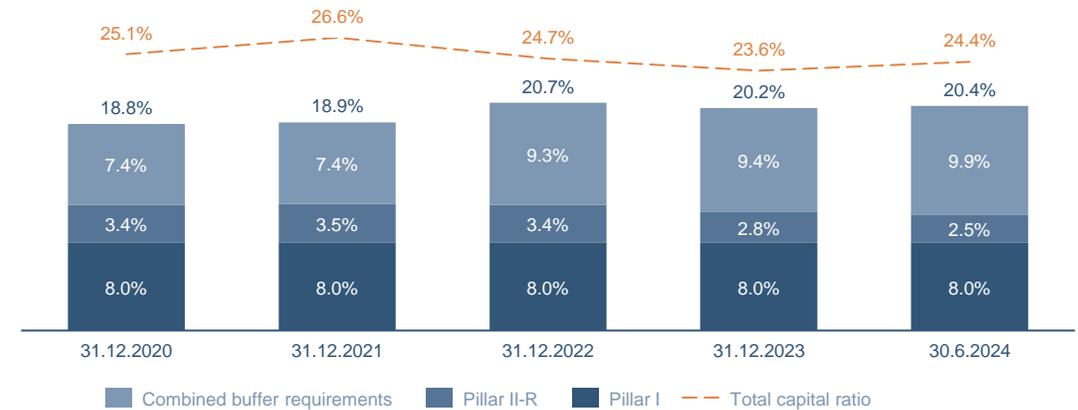
Capital requirements

Capital ratios well above regulatory requirements

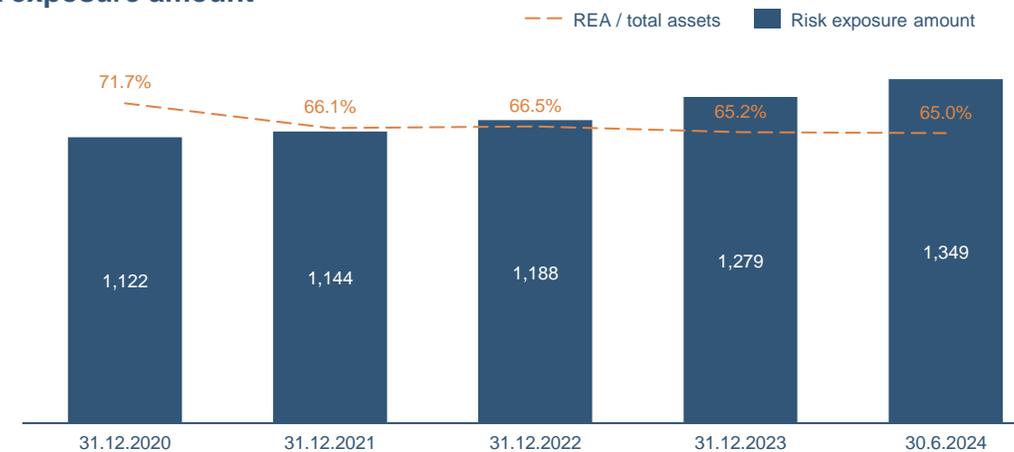
	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%
Pillar II-R	1.4%	1.9%	2.5%
Minimum requirement under Pillar I and Pillar II-R	5.9%	7.9%	10.5%
Systemic risk buffer	2.9%	2.9%	2.9%
Capital buffer for systematically important institutions	2.0%	2.0%	2.0%
Countercyclical capital buffer	2.5%	2.5%	2.5%
Capital conservation buffer	2.5%	2.5%	2.5%
Combined buffer requirements under Pillar II-G	9.9%	9.9%	9.9%
Total capital requirement	15.8%	17.8%	20.4%
Total capital ratio 30.6.2024	21.7%	21.7%	24.4%

- The Group basis calculation of Pillar 1 capital requirements for lending and market risk on the standardised approach. The basic indicator approach is used to calculate operational risk. The Bank applies the dynamic approach in terms of the IFRS 9 transitional arrangements.
- On 16 March 2023, the Financial Stability Committee decided to increase the countercyclical capital buffer from 2.0% to 2.5%, to take effect twelve months later.
- On 28 June 2024, the Financial Supervisory Authority of the Central Bank announced an additional capital requirement under Pillar II-R, a change from 2.8% to 2.5% of Landsbankinn's risk exposure amount (REA).

Regulatory total capital requirement as a ratio of REA

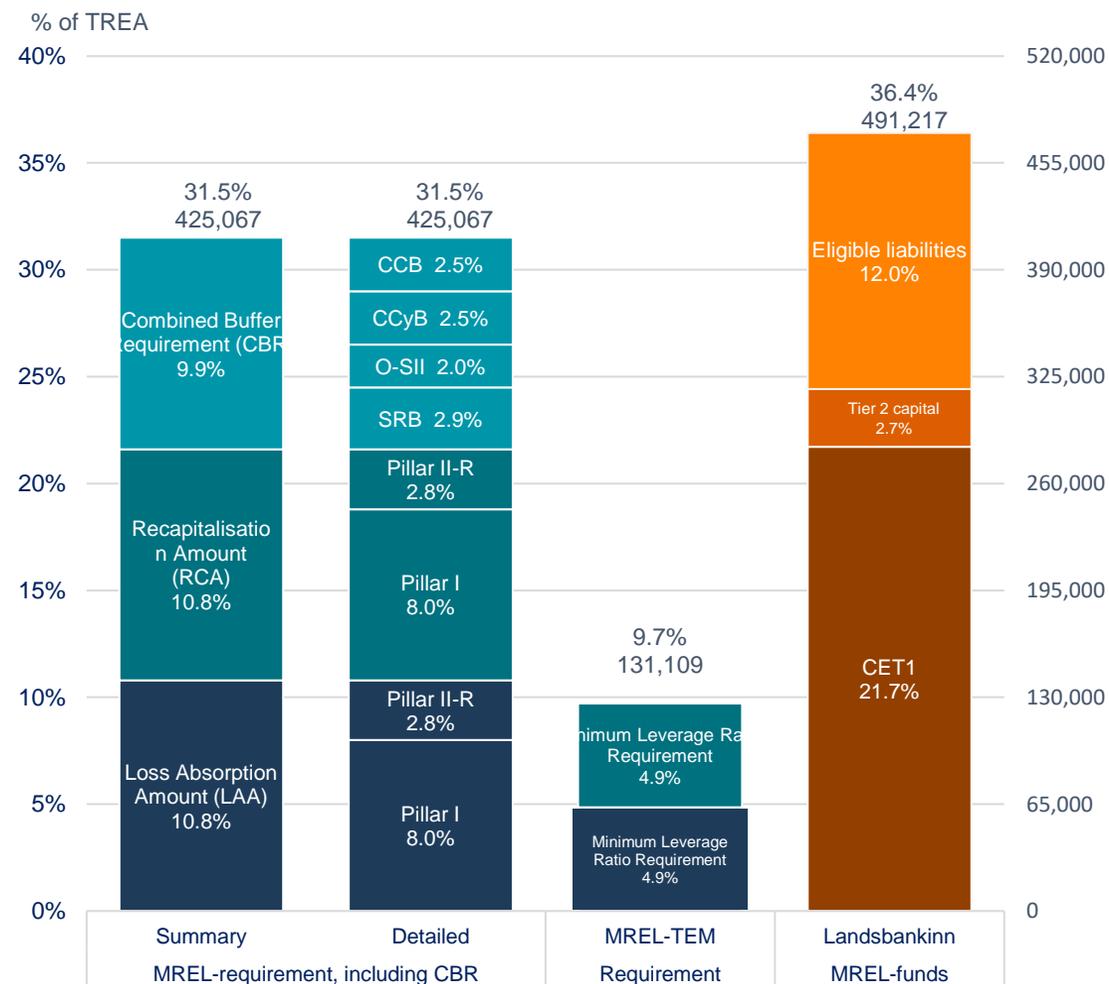


Risk exposure amount



Minimum requirement for own funds and eligible liabilities (MREL)

Landsbankinn's MREL funds are well above requirements



- The most recent MREL decision of the Resolution Authority of the Central Bank of Iceland (RA of the CBI) is from October 2023 and, according to law, is the higher of either:
 - **Risk-based:**
2 x (Pillar I + Pillar II-R) + Combined buffer requirements (CBR)
 - **Leverage-based:**
2 x Minimum leverage ratio requirement (3.0% of total exposure amount)
- Landsbankinn's MREL requirement as determined by the RA is 31.5% of RWEA at the end of June 2024, or the equivalent of ISK 425.1 billion.*
 - The Bank also expects the Resolution Authority to introduce a 13.5% Subordination Requirement in the second half of 2024.
- Landsbankinn's MREL funds total ISK 491.2 billion as at the end of June 2024, or 36.4% of RWEA. This is ISK 66 billion in excess of the RA's minimum requirement.
- The EU's Bank Recovery and Resolution Directive (BRRD) was transposed into Icelandic law in 2020.
 - The MREL is part of BRRD.
 - The RA of the CBI determines the MREL requirement for Landsbankinn as a systematically important institution (O-SII).

*At the next MREL decision, the Resolution Authority can be expected to lower the requirement from 21.6% of REA to 21.0% to reflect the lower additional capital requirement under Pillar II-R.

Dividends

The Bank's dividend policy is to pay around 50% of last year's profit

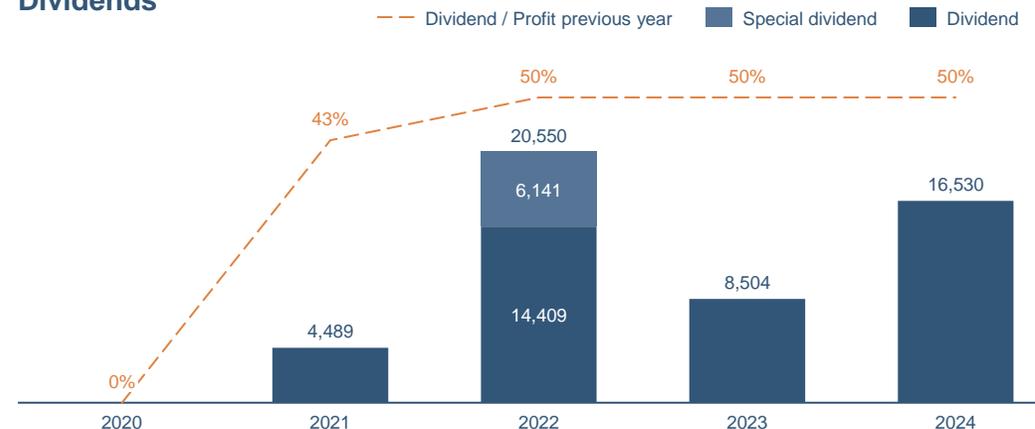
Dividend proposal for 2024

- The 2024 AGM of Landsbankinn, held on 19 April, approved the motion of the Board of Directors to pay shareholders a dividend of ISK 0.70 per share for the fiscal year 2023 in two instalments. It was further approved that the dividend be paid in two equal instalments, each of ISK 0.35 per share. The first instalment was paid on 24 April 2024 and the latter will be paid on 16 October 2024. The total dividend amounts to ISK 16,530 million.

Landsbankinn's dividend policy

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

Dividends



Capital ratio, changes in 6M 2024



Appendix

Further information

Most satisfied customers



- Outstanding and constantly evolving app
- Rapid growth of merchant acquiring
- **48%** growth in Smart Savings

Positive impact



- Backer of DesignMarch, Skólahreysti and numerous fantastic initiatives around the country
- Awarded **16** scholarships
- Contributed to financial literacy with over 50 publications, events, analyses and reels

Sound and responsible operation



- All financial targets achieved
- Broader service base with TM purchase
- Strong focus on cybersecurity and on compliance with stringent regulatory requirements

Desirable workplace

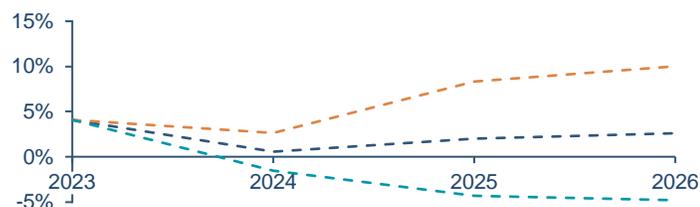


- **91%** of employees would recommend the workplace
- **92%** of employees are proud to work at Landsbankinn

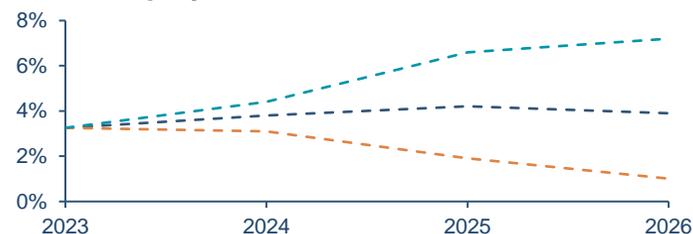
Economic scenarios for expected credit loss

- Landsbankinn Economic Research prepares scenarios to support forecasts for important economic variables.
- These scenarios show key economic variables used to calculate expected credit loss (ECL) for stages 1 and 2.
- The forecasts show averages for the 12-month outlook and to the medium-term forecast horizon.
- In calculating ECL, the optimistic scenario is given 10% weight, the baseline 70% weight and the pessimistic scenario 20% weight (2023: 10%-70%-20%).

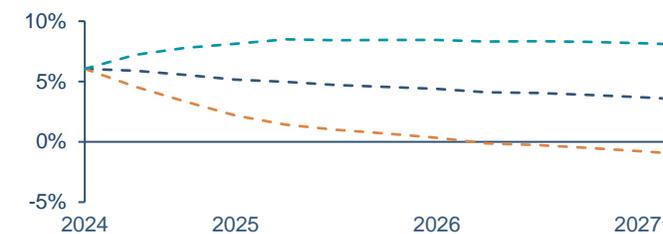
Economic growth



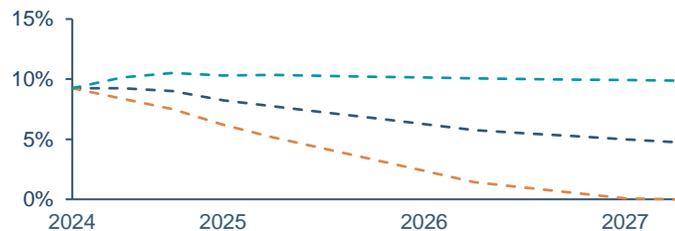
Unemployment



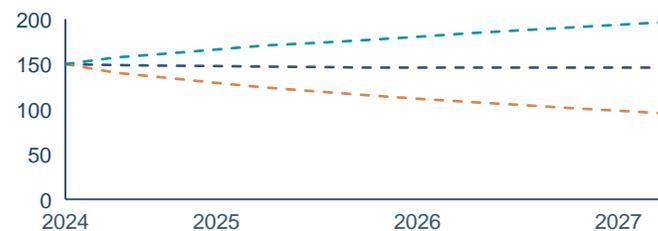
Inflation



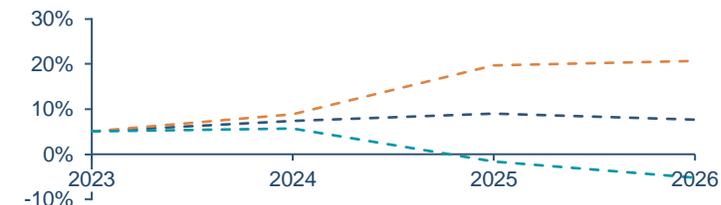
CBI's key rate (seven-day term deposits)



EUR / ISK



Housing price (YoY change)



Key financial ratios

	6M 2024	2023	2022	2021	2020	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Profit after taxes	16,121	33,167	16,997	28,919	10,521	8,965	7,156	10,784	7,910	6,717
Return on equity after taxes	10.5%	11.6%	6.3%	10.8%	4.3%	11.7%	9.3%	14.5%	10.9%	9.5%
After tax return on average assets	1.6%	1.7%	1.0%	1.7%	0.7%	1.7%	1.4%	2.2%	1.6%	1.4%
Total assets	2,075,463	1,960,776	1,787,024	1,729,798	1,564,177	2,075,463	2,032,436	1,960,776	1,982,403	1,896,369
Net interest income	29,135	57,559	46,464	38,953	38,074	14,752	14,383	14,784	15,241	14,469
Interest spread as a ratio of average total assets	2.9%	3.0%	2.7%	2.3%	2.5%	2.9%	2.9%	3.0%	3.1%	3.0%
Loans / deposits ratio	151.4%	155.5%	159.6%	154.1%	160.5%	151.4%	151.1%	155.5%	150.2%	157.6%
Cost-income ratio	33.1%	33.7%	46.8%	43.2%	47.4%	32.5%	33.6%	31.6%	31.5%	39.5%
Operating expenses as a ratio of average total assets	1.3%	1.4%	1.4%	1.4%	1.6%	1.3%	1.4%	1.5%	1.2%	1.4%
Total equity	303,262	303,754	279,091	282,645	258,255	303,262	310,828	303,754	292,971	285,060
Total capital ratio	24.4%	23.6%	24.7%	26.6%	25.1%	24.4%	24.9%	23.6%	23.7%	25.3%
MREL	36.4%	37.9%	40.4%			36.4%	39.6%	37.9%	37.8%	35.5%
Liquidity ratio LCR total	177%	181%	134%	179%	154%	177%	272%	181%	238%	165%
Liquidity LCR EUR (LCR FX until 31.12.2022)	447%	1499%	351%	556%	424%	447%	950%	1499%	1227%	623%
Liquidity LCR ISK	159%	129%	99%	120%	105%	159%	156%	129%	161%	146%
Net stable funding ratio NSFR total	122%	123%	117%	121%	116%	122%	127%	123%	123%	120%
Net stable funding ratio NSFR FX	138%	145%	132%	142%	132%	138%	157%	145%	150%	136%
Full-time eqv.positions	824	817	813	816	878	824	826	817	818	801

Operations

	6M 2024	2023	2022	2021	2020	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Net interest income	29,135	57,559	46,464	38,953	38,074	14,752	14,383	14,783	15,241	14,469
Net fee & commission income	5,378	11,153	10,623	9,483	7,638	2,642	2,736	3,066	2,336	2,703
Net impairment changes	-3,460	-3,120	2,473	7,037	-12,020	-746	-2,714	-1,281	-249	520
Other net operating income	6,334	8,256	-6,307	6,857	4,561	3,178	3,156	5,267	208	-535
Total operating income	37,387	73,848	53,253	62,330	38,253	19,826	17,561	21,835	17,536	17,157
Salaries and related expenses	8,423	15,866	14,474	14,759	14,767	4,190	4,233	4,332	3,221	4,194
Other operating expenses	5,077	10,092	9,289	9,105	9,064	2,491	2,585	2,979	2,388	2,370
Tax on liabilities to fin. institutions	1,236	2,290	2,097	2,013	1,815	636	600	527	643	550
Total operating expenses	14,736	28,248	25,860	25,877	25,646	7,317	7,419	7,838	6,252	7,114
Profit before tax	22,651	45,600	27,393	36,453	12,607	12,509	10,142	13,997	11,284	10,043
Income tax	6,530	12,433	10,396	7,534	2,086	3,544	2,986	3,213	3,374	3,326
Profit for the period	16,121	33,167	16,997	28,919	10,521	8,965	7,156	10,784	7,910	6,717



Balance sheet

	30.6.2024	31.12.2023	Change		31.12.2022	31.12.2021	31.12.2020
Cash and balances with CB	111,224	75,350	35,874	48%	42,216	82,425	67,604
Bonds and debt instruments	140,235	148,182	-7,947	-5%	125,265	150,435	119,330
Equities and equity instruments	22,815	19,012	3,803	20%	19,106	33,347	26,808
Loans and advances to financial institutions	32,511	54,101	-21,590	-40%	28,621	47,231	48,073
Loans and advances to customers	1,738,585	1,630,894	107,691	7%	1,544,360	1,387,463	1,273,426
Other assets	30,093	33,237	-3,144	-9%	27,456	28,897	28,936
Total assets	2,075,463	1,960,776	114,687	6%	1,787,024	1,729,798	1,564,177
Due to financial institutions and CB	8,219	29,968	-21,749	-73%	6,634	10,425	48,725
Deposits from customers	1,148,431	1,048,537	99,894	10%	967,863	900,098	793,427
Borrowing	529,137	513,687	15,450	3%	476,864	486,042	420,178
Other liabilities	50,051	44,654	5,397	12%	34,819	29,803	22,226
Subordinated liabilities	36,363	20,176	16,187	80%	21,753	20,785	21,366
Equity	303,262	303,754	-492	0%	279,091	282,645	258,255
Total liabilities and equity	2,075,463	1,960,776	114,687	6%	1,787,024	1,729,798	1,564,177



Operating segments

1.1. – 30.6.2024	Personal Banking	Corporate Banking	Asset Management & Capital Markets	Treasury and Market Making	Other divisions	Reconciliation	Total
Net interest income	10,696	13,863	251	4,023	260	42	29,135
Net fee and commission income	1,700	1,296	2,600	-243	108	-83	5,378
Net impairment changes	-2,269	-1,190	-	-1	-	-	-3,460
Net other operating income (expense)	51	140	88	5,904	153	-2	6,334
Total operating income (expense)	10,178	14,109	2,939	9,683	521	-43	37,387
Operating expenses	-3,656	-1,719	-1,214	-463	-6,531	83	-13,500
Tax on liabilities of financial institutions	-512	-262	-6	-454	-2	-	-1,236
Allocated expenses	-2,421	-1,626	-642	-574	5,263	-	0
Profit (loss) before tax	3,589	10,502	1,077	8,192	-749	40	22,651
Income tax	-1,109	-2,863	-634	-2,055	131	-	-6,530
Profit (loss) for the period	2,480	7,639	443	6,137	-618	40	16,121
Total assets	901,989	823,843	15,461	748,824	22,098	-436,752	2,075,463
Total liabilities	835,860	694,654	10,213	650,220	18,006	-436,752	1,772,201
Allocated capital	66,129	129,189	5,248	98,604	4,092	0	303,262



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