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# Landsbankinn's results for the first half of 2025

Press release, 17 July 2025



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# Financial results of Landsbankinn in the first half of 2025

- Landsbankinn's profit in the first half of 2025 amounted to ISK 18.3 billion after tax, ISK 10.4 billion thereof in the second quarter.
- Annualised ROE was 11.5% as compared with 10.5% for the same period the previous year.
- The net interest margin as a ratio of average total asset position was 2.9% and the net interest margin of domestic households was 2.1% during the period.
- Net interest income amounted to ISK 32.5 billion and net fee and commission income was ISK 6.2 billion.
- TM's performance in the period 28 February to 30 June 2025 from insurance contracts was ISK 925 million, thereof ISK 655 million in the second quarter. The combined ratio of TM, 93.2%, is the combined claims ratio, cost-income ratio and reinsurance ratio calculated based on income from insurance contracts in the first half of 2025.
- The cost-income ratio was 35.8%, compared with 33.1% for the same period of 2024.
- The total capital ratio was 24.0% at the end of the period. The Financial Supervisory Authority (FSA) of the Central Bank of Iceland sets the total capital requirement at 20.4%.
- In February, the Bank finalised the sale of Additional Tier 1 securities (AT1) in the amount of USD 100 million. This was the Bank's inaugural AT1 issuance. The Bank also issued senior non-preferred bonds in the amount of NOK 500 million and SEK 1,300 million. There was considerable over-demand for the bonds.
- The Bank's AGM on 19 March 2025 approved payment of a dividend of ISK 18.9 million to shareholders. Total dividend paid by the Bank since 2013 will amount to ISK 210.6 billion at the end of the year.
- Settlement of the purchase by Landsbankinn of TM tryggingar hf. and delivery took place 28 February 2025 and the Bank assumed operation of the company as of that date. The Annual General Meeting of TM, held on 29 April 2025, approved a motion from the Board of Directors to pay a dividend to shareholders for the operating year 2024 in the amount of ISK 2.5 million.
- At the end of April, the international rating agency S&P Global Ratings announced an upgrade of the Bank's credit rating, from BBB+ to A-. This is the highest credit rating Landsbankinn has achieved since 2014, when S&P started rating the Bank.

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### Lilja Björk Einarsdóttir, CEO of Landsbankinn:

“The Bank’s strong half-year results reflect its solid position. A broad range of services contributes to stable and sound operations, and continuous improvements enhance customer satisfaction. Significant market volatility in the past three months has impacted returns from investment assets but fee and commission income increased year-over-year. Defaults have not increased despite persistently high interest rates, which is encouraging.

There has been a noticeable slowdown in the Bank’s mortgage lending, alongside reduced demand for non-indexed mortgages. On the other hand, corporate lending has grown steadily. There is strong growth in deposits and market funding has also been successful. The Bank’s issuance of EUR 300 million in green bonds in June was at the most favourable terms it has received in many years, following an upgrade to the Bank’s credit rating. With this issuance, all of the Bank’s general bond issues in euros are now green.

The integration of TM into the Landsbankinn group is progressing well. We have made several organisational changes and operations to best leverage the group’s strengths and the results so far are promising. Our focus is on increasing TM’s market share in the insurance sector by boosting insurance sales through Landsbankinn’s distribution network, as well as maintaining TM’s strong customer relationships, particularly with corporate clients.

Landsbankinn recently advertised for sale the beautiful and historic building at Austurstræti 11, along with three adjacent properties. The sales process has not yet concluded and emphasis is being placed on conducting it carefully and professionally. The Bank has a long-standing history in the city centre, as does TM, which in June moved its main office operations back down-town, to Kalkofnsvegur. At the same time, 24 TM employees transferred to the Bank and TM’s branch was merged with Landsbankinn’s branch at Reykjastræti 6. As is the case with Landsbréf, TM shares various services with Landsbankinn. Close cooperation within the group is key to achieving success and continuing to provide excellent customer service. By leveraging all our strengths to support our customers, we contribute to a prosperous future for them and for society as a whole.”



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## Key figures from the income statement and balance sheet for Q2 2025

### *Income statement:*

- After-tax profit in Q2 of 2025 was ISK 10.4 billion, compared with ISK 9.0 billion for the same period of 2024.
- Return on equity (ROE) was 13.0% in Q2 2025, compared with 11.7% for the same period the previous year.
- Net interest income amounted to ISK 17.7 billion, compared with ISK 14.8 billion in Q2 2024.
- Net fee and commission income was ISK 3.2 billion, compared with ISK 2.6 billion in Q2 2024.
- Net credit release was ISK 256 million in Q2 2025.
- Performance of insurance contracts was ISK 655 million in Q2 2025. The combined ratio of TM was 87.9%.

### *Balance sheet:*

- Lending increased by 1.1% from the beginning of the year, or by ISK 20.7 billion. Lending to retail customers increased by ISK 0.2 billion. Lending to corporates grew by ISK 20.5 billion but due to an exchange rate impact of ISK 12.1 billion, net lending growth amounts to ISK 32.8 billion.
- Deposits grew by 0.9% from the beginning of the year, or by ISK 10.8 billion. The balance on savings accounts in the app grew by 12%.
- The Bank closely monitors and manages its liquidity risk, both overall, and in both FX and ISK. The Bank's liquidity coverage ratio (LCR) was 234% at the end of Q2 2025 as compared with 177% at the end of Q2 2024.

## KPIs of the Group

OPERATIONS	H1 2025	H1 2024	Change	Change%	Q2 2025	Q2 2024	Change	Change%
Amounts are in ISK million								
Profit for the period	18,322	16,121	2,201	13.7%	10,382	8,965	1,417	15.8%
Net interest income	32,462	29,135	3,327	11.4%	17,662	14,752	2,910	19.7%
Net fee and commission income	6,205	5,378	827	15.4%	3,201	2,642	559	21.2%
Performance from insurance contracts	1,039		1,039		769			
Net other operating income (expenses)	2,128	2,874	(746)	(26.0%)	1,042	2,432	(1,390)	(57.2%)
Total operating income	41,834	37,387	4,447	11.9%	22,674	19,826	2,848	14.4%
Salaries and related expenses	(9,165)	(8,423)	(742)	8.8%	(4,700)	(4,190)	(510)	12.2%
Other operating expenses	(5,837)	(5,077)	(760)	15.0%	(2,769)	(2,491)	(278)	11.2%
Total operating expenses	(16,372)	(14,736)	(1,636)	11.1%	(8,168)	(7,317)	(851)	11.6%

BALANCE SHEET	30.6.2025	31.12.2024	Change	Change%
Total assets	2,305,038	2,181,759	123,279	5.7%
Loans and advances to customers	1,828,139	1,807,437	20,702	1.1%
Deposits from customers	1,239,280	1,228,444	10,836	0.9%
Equity	324,079	324,649	(570)	(0.2%)

KEY FIGURES AND RATIOS	H1 2025	H1 2024	Q2 2025	Q2 2024
Return on equity after taxes	11.5%	10.5%	13.0%	11.7%
Interest spread as ratio of average total assets	2.9%	2.9%	3.1%	2.9%
Operating expenses as a ratio of average total assets	1.3%	1.3%	1.3%	1.3%
Cost/income ratio*	35.8%	33.1%	33.3%	32.5%

	30.6.2025	31.12.2024	31.12.2023	31.12.2022
Total capital ratio	24.0%	24.3%	23.6%	24.7%
Sum of MREL funds	38.3%	38.2%	37.9%	40.4%
Sum of MREL subordinated funds	26.5%	25.5%	23.6%	
Net stable funding ratio FX (NSFR)	168%	143%	145%	132%
Liquidity coverage ratio total (LCR)	234%	164%	181%	134%
LCR EUR (was LCR FX up to and including 2022)	661%	951%	1499%	351%
Problem loans	0.8%	1.1%	1.0%	1.0%
Average number of full-time positions	925	811	849	843
Full-time equivalent positions	927	822	817	813

\*Cost/income ratio = Total operating expenses / (Net operating revenue – value change of lending)

## Landsbankinn's financial calendar

- Q3 2025 23 October 2025
- Annual results 2025 29 January 2026