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Financial results of Landsbankinn for the first three months of 2025

News Release, 30 April 2025



Press release, 30 April 2025

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- Landsbankinn's after-tax profit during the first three months of 2025 was ISK 7.9 billion, compared with ISK 7.2 billion for the same period of 2024.
- Return on equity (ROE) in the period was 10.0%, compared with 9.3% for the same period the previous year.
- Net interest margin as a ratio of average total asset position was 2.7%, compared with 2.9% for the same period of 2024. The net interest margin of domestic households was 2.1%, unchanged from 2024.
- Net interest income amounted to ISK 14.8 billion and net fee and commission income was ISK 3.0 billion. Both items are up between years.
- The cost-income ratio was 38.7%, compared with 33.6% for the same period of 2024.
- The total capital ratio was 23.6% 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 billion 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 has assumed operation of the company.

Lilja Björk Einarsdóttir, CEO of Landsbankinn:

“The Bank’s performance in the first three months of the year was solid. Profit amounted to ISK 7.9 billion and return on equity was 10.0%, compared with 9.3% in the same period last year.

This is the first financial statement since the Bank took over operation of TM and the collaboration is off to a good start. In the first few weeks since the acquisition, significant progress has been made, including the merger of three of the Bank’s and TM’s branches, and the completion of a complex IT systems transfer. We are experiencing goodwill and interest from customers regarding these changes and will be introducing various innovations in insurance services in the near future. The joint operation of an insurance company and a bank is a good fit and offers opportunities for better and more diverse financial services. TM is included in the Bank’s financial reporting from the beginning of March, so this financial statement reflects one month of its operations. The insurance segment performed well in March, but a decline in investment assets due to volatility in capital markets led to an overall negative result.

In Akureyri, Landsbankinn and TM have come together in new and impressive facilities at Hofsbót, in the town centre. Landsbankinn offers interconnected services across the country. In addition to an excellent app and online banking platform, customers can receive service from branch staff at 34 locations nationwide, through the Bank’s strong service centre and a chatbot capable of resolving various queries on landsbankinn.is. We see strong customer satisfaction with the Bank’s services, which we attribute directly to powerful and integrated service, fair terms and outstanding employees.

On Monday, it was announced that international rating agency S&P had upgraded the Bank’s credit rating to the A category, from BBB+ to A-. We are thrilled with this change, as we have taken strategic steps to improve the Bank’s credit rating by improving its capital structure. In recent years, requirements for systemically important banks regarding capital structure have increased and S&P’s rating is a significant recognition of our efforts. The higher credit rating reflects the Bank’s solid access to markets, sound operation and strong capital position.

Market volatility and global uncertainty impacted the quarter in various ways. Lending growth has slowed, both among individuals and corporates, some of which are holding off on investments and other decisions. Under such circumstances, it is reassuring to note that the overall financial position of both corporates and individuals remains strong. Uncertainty often brings opportunities as well and, during the quarter, Landsbréf completed the financing of a new ISK 15 billion private equity fund, Horn V, following the strong performance of the previous four Horn funds.

Landsbankinn continues to offer highly competitive interest rates on both deposits and loans. The Bank’s solid operation allows us to maintain a 2.1% interest margin for households while still delivering satisfactory profitability and consistent dividends to shareholders. The Bank has the most satisfied customers among the domestic commercial banks. The Bank’s performance is sound and our team is dedicated to providing customers with excellent service. Despite a challenging external environment, the Bank is in a strong position to support Icelandic society.”

Key figures from the income statement and balance sheet for Q1 2025

Income statement:

- After-tax profit in Q1 of 2025 was ISK 7.9 billion, compared with ISK 7.2 billion for the same period of 2024.
- Return on equity (ROE) was 10.0% in Q1 2025, compared with 9.3% for the same period the previous year.
- Net interest income amounted to ISK 14.8 billion, compared with ISK 14.4 billion in Q1 2024.
- Net fee and commission income was ISK 3 billion, compared with ISK 2.7 billion in Q1 2024.
- Net credit impairment was ISK 331 million in Q1 2025.
- Settlement and delivery of TM tryggingar hf. took place 28 February 2025 and according to a preliminary closing adjustment, the final purchase price is ISK 32.2 billion. TM is classified as a subsidiary of Landsbankinn as of the delivery date. The operating loss of TM for the period from 28 February to 31 March 2025, amounting to ISK 347 million, is included in the consolidated financial statements.

Balance sheet:

- Lending grew by 0.3% in the first three months of the year, or by ISK 5.7 billion. Lending to retail customers increased by ISK 2.3 billion. Corporate lending grew by ISK 8.7 billion with exchange rate changes having an ISK 5.2 billion lowering impact, bringing the total increase to ISK 3.5 billion.
- Deposits grew by 1.3% from the beginning of the year, or by ISK 15.8 billion. The balance on savings accounts in the app grew by 6.6%.
- 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 221% at the end of Q1 2025, compared with 272% at the end of Q1 2024.

KPIs of the Group

OPERATIONS	Q1 2025	Q1 2024	Change	Change%	2024	2023		
Amounts are in ISK million								
Profit for the period	7,940	7,156	784	11.0%	37,508	33,167		
Net interest income	14,800	14,383	417	2.9%	57,197	57,559		
Net fee and commission income	3,004	2,736	268	9.8%	11,405	11,153		
Performance from insurance contracts	270	0	270					
Net other operating income (expenses)	1,086	442	644	145.7%	11,101	5,136		
Total operating income	19,160	17,561	1,599	9.1%	79,703	73,848		
Salaries and related expenses	(4,465)	(4,233)	(232)	5.5%	(16,534)	(15,866)		
Other operating expenses	(3,068)	(2,586)	(482)	18.6%	(10,202)	(10,092)		
Total operating expenses	(8,204)	(7,419)	(785)	10.6%	(29,333)	(28,248)		
BALANCE SHEET	31.3.2025	31.3.2024	Change	Change%	31.3.2025	31.12.2024	Change	Change%
Total assets	2,257,092	2,032,436	224,656	11.1%	2,257,092	2,181,759	75,333	3.5%
Loans and advances to customers	1,813,168	1,667,343	145,825	8.7%	1,813,168	1,807,437	5,731	0.3%
Deposits from customers	1,244,229	1,103,350	140,879	12.8%	1,244,229	1,228,444	15,785	1.3%
Equity	313,698	310,828	2,870	0.9%	313,698	324,649	-10,951	-3.4%
KEY FIGURES AND RATIOS	Q1 2025	Q1 2024			31.12.2024	31.12.2023		
Return on equity after taxes	10.0%	9.3%			12.1%	11.6%		
Interest spread as ratio of average total assets	2.7%	2.9%			2.7%	3.0%		
Operating expenses as a ratio of average total assets	1.4%	1.4%			1.3%	1.4%		
Cost/income ratio*	38.7%	33.6%			32.4%	33.7%		
Combined ratio	84.8%							
	31.3.2025	31.3.2024			31.12.2024	31.12.2023		
Total capital ratio	23.6%	24.9%			24.30%	23.60%		
Sum of MREL funds	38.1%	39.6%			38.20%	37.90%		
Sum of subordinated MREL funds	26.3%				25.50%	23.60%		
Solvency ratio	1.38							
Net stable funding ratio FX (NSFR)	161%	157%			143%	145%		
Liquidity coverage ratio total (LCR)	221%	272%			164%	181%		
LCR EUR (was LCR FX up to and including 2022)	1,197%	947%			951%	1,499%		
Loans in arrears (>90 days)	1.1%	1.0%			1.1%	1.0%		
Average number of full-time positions	861	824			811	849		
Full-time equivalent positions	926	826			822	817		

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

Landsbankinn's financial calendar

- Q2 2025 17 July 2025
- Q3 2025 23 October 2025
- Annual results 2025 29 January 2026