Financial results of Landsbankinn for the first three months of 2026

Press release, 30 April 2026

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- Landsbankinn’s after-tax profit during the first three months of 2026 was ISK 11.2 billion, compared with ISK 7.9 billion for the same period of 2025.
- Return on equity (ROE) was 13.5%, compared with 10.0% for the same period the previous year.
- Impairment on loans and receivables increases considerably, reflecting a darker outlook caused by domestic inflation and increased uncertainty in the global arena.
- Net interest income amounted to ISK 20.6 billion and net commission income was ISK 3.2 billion.
- The interest premium on Central Bank policy rates is lowest at 1.25 percentage points for 12M fixed interest rates.
- The net interest margin as a ratio of average total asset position fluctuates and is now 3.5%; was 2.7% in the same period last year. The net interest margin for the year as a whole is expected to be 3.0%.
- Landsbankinn began offering insurance to individuals and families in collaboration with TM in the quarter. TM continues to handle claims services which has been one of the company’s key strengths. The response has exceeded expectations.
- Performance from insurance contracts was ISK 540 million in the quarter. The combined ratio of TM was 93.7% in the first three months of 2026.
- The Group’s cost-income ratio was 30.3%, compared with 38.7% for the same period of 2025. The ratio decreases with increased income while costs remain steady.
- Imputed income tax was ISK 4.4 billion, compared with ISK 3 billion for the same period last year. The total increase is 46%.
- The total capital ratio was 24.8% at the end of the period. The Financial Supervisory Authority (FSA) of the Central Bank of Iceland sets the total capital requirement at 20.3%.
- The market share of Landsbankinn’s Acquiring Service, launched in 2023, continues to grow and reached 27% at the end of the quarter. Around 80 new customers on-boarded in the period.
- On 11 February 2026, Landsbankinn completed the sale of its inaugural ISK-denominated AT1 securities in the amount of ISK 16 billion.
- International rating agency S&P Global Ratings confirmed Landsbankinn's rating grade in March 2026 as A-/A-2 with a stable outlook. The outlook on the Bank's covered bond issues was also upgraded from stable to positive and their credit rating confirmed as A+.
- The Bank’s Annual General Meeting on 18 March 2026 approved a motion from the Board of Directors to pay a dividend to shareholders in the amount of ISK 18.9 billion. The AGM also approved a special dividend in the amount of ISK 16.1 billion. Dividend payments for the financial year 2025 total ISK 34.9 billion.

Lilja Björk Einarsdóttir, CEO of Landsbankinn:

"Unusually high inflation in the first quarter, or 10.3% on an annualised basis compared with 4.2% the same time last year, colours the results, with the impact of inflation, high interest rates and global uncertainty showing in the Bank's financial statements. Due to increased uncertainty, provisions for loan impairment have risen. When assessing impairment, we consider potential impacts on households and key industries and make precautionary provisions to be prepared for potential shocks, although defaults remain low.

The first-quarter results are strong across all operating areas. Return on equity was 13.5%, exceeding forecasts, with the increase mainly explained by unexpectedly high inflation. The Bank's indexed lending amounts to approximately ISK 660 billion, while indexed liabilities are significantly lower. During inflation periods, the principal of indexed loans increases, which we recognize as interest income. We expect the net interest margin to be 3% for the full year.

It has now been about a year since TM was integrated into the Landsbankinn Group. In March, we introduced new initiatives allowing individuals and families to access insurance services from Landsbankinn both at service locations across the country and through the Bank's app. Customers have responded very positively to being able to access all financial services in one place, whether traditional banking services or TM insurance. Visibility and sales of insurance in the app are part of the ongoing, robust development of digital services that has made Landsbankinn's app the most powerful in Iceland, with the widest range of services and functionalities.

Landsbankinn is a strong lending bank and loans to companies amounted to ISK 1,018 billion at the end of March. The financial statement discusses the status of construction projects financed by the Bank; their collateral position is generally strong and has improved in recent years. It is clear that high interest rates have a significant impact on all businesses, as well as on individuals and families trying to buy their first home or upgrade to a larger one, as it is more difficult to pass credit assessments. This is reflected in the fact that mortgage lending at the Bank remained almost unchanged during the quarter, apartment sales are slower for developers and there are more undeveloped plots.

The composition of new housing mortgages has changed significantly over the past year. It is now the case that almost all new mortgages issued during the period were non-indexed, as the Bank has limited the supply of inflation-indexed loans and instead focused on offering the most competitive non-indexed mortgages. The difference between the Central Bank of Iceland's policy rate and the lowest 12-month fixed interest rate on a mortgage from Landsbankinn is 1.25 percentage points. The policy rate is 7.5% with the lowest 12M fixed rates on a housing mortgage coming it at 8.75%. Around a quarter of new mortgages this year to date carry a 12M fixed rate and about half carry a 5Y fixed rate at 8.20%.

It is certainly good news that inflation decreased in the latest measurement. High inflation and high interest rates affect individuals, families and businesses alike. The most important task we face is to bring inflation under control so that conditions can be created for lowering interest rates. In doing so, we can stimulate economic activity and create a foundation for investments that generate jobs and opportunities."

Key figures from the income statement and balance sheet for Q1 2026

Income statement:

- After-tax profit in Q1 2026 was ISK 11.2 billion, compared with ISK 7.9 billion for the same period of 2025.
- Return on equity (ROE) was 13.5% in Q1 2026, compared with 10.0% for the same period the previous year.
- Net interest income amounted to ISK 20.6 billion, compared with ISK 14.8 billion in Q1 2025.
- Net fee and commission income was ISK 3.2 billion, compared with ISK 3.0 billion in Q1 2025.
- Impairment on loans and receivables was ISK 1.6 billion in Q1 2026 as compared with ISK 331 million for the same period in 2025. The increase is partly attributable to a reassessment and changes in the weighting of scenarios in light of growing uncertainty in the global economic environment Loans in arrears remain low.
- Performance from TM insurance contracts was ISK 540 million in the quarter. The combined ratio of TM in the period was 93.7%.

Balance sheet:

- Lending increased by 1.4% from the beginning of the year, or by ISK 25.8 billion. Lending to retail customers increased by ISK 3.4 billion. Lending to corporates grew by ISK 16.2 billion from the beginning of the year but the total increase is ISK 22.2 billion, having regard for an ISK 6 billion exchange rate impact.
- Deposits grew by 2.7% from the beginning of the year, or by ISK 33.3 billion. Deposits on savings accounts in the app have grown by 5.9% since the beginning of the year.
- 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 203% at the end of Q1 2026, compared with 221% at the end of Q1 2025.

KPIs of the Group

OPERATIONS	Q1 2026	Q1 2025	Change	Change%		2025	2024
							Amounts are in ISK million
Profit for the period	11,177	7,940	3,237	40.8%		38,015	37,508
Net interest income	20,611	14,800	5,811	39.3%		62,087	57,197
Net fee and commission income	3,247	3,004	243	8.1%		12,561	11,405
Insurance service result	540	270	270	100.0%		1,748	
Net other operating income (expenses)	(343)	1,086	(1,429)	(131.6%)		7,815	11,101
Total operating income	24,055	19,160	4,895	25.5%		84,211	79,703
Salaries and related expenses	(4,927)	(4,465)	(462)	10.3%		(18,100)	(16,534)
Other operating expenses	(2,846)	(3,068)	222	(7.2%)		(11,163)	(10,202)
Total operating expenses	(8,470)	(8,204)	(266)	3.2%		(32,002)	(29,333)
BALANCE SHEET	**31.3.2026**	**31.12.2025**	**Change**	**Change%**			
Total assets	2,335,310	2,324,939	10,371	0.4%			
Loans and advances to customers	1,910,089	1,884,305	25,784	1.4%			
Deposits from customers	1,282,584	1,249,306	33,278	2.7%			
Equity	319,940	343,773	-23,833	-6.9%			
KEY FIGURES AND RATIOS	**Q1 2026**	**Q1 2025**				**31.12.2025**	**31.12.2024**
Return on equity after taxes	13.5%	10.0%				11.6%	12.1%
Interest spread as ratio of average total assets	3.5%	2.7%				2.7%	2.7%
Operating expenses as a ratio of average total assets	1.3%	1.4%				1.3%	1.3%
Cost/income ratio*	30.3%	38.7%				34.3%	32.4%
	31.3.2026	**31.3.2025**				**31.12.2025**	**31.12.2024**
Total capital ratio	24.8%	23.6%				24.80%	24.30%
Sum of MREL funds	39.8%	38.1%				40.50%	38.20%
Sum of Subordinated MREL funds	27.4%	26.3%				27.60%	25.50%
Net stable funding ratio FX (NSFR)	159%	161%				163%	143%
Liquidity coverage ratio total (LCR)	203%	221%				180%	164%
LCR EUR (was LCR FX up to and including 2022)	593%	1197%				1386%	951%
Loans in arrears (>90 days)	1.0%	1.1%				0.8%	1.1%
Average number of full-time positions	942	861				917	811
Full-time equivalent positions	943	926				930	822

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

Landsbankinn's financial calendar

- Q2 2026 23 July 2026
- Q3 2026 22 October 2026
- Annual results 2026 4 February 2027