



Financial results of Landsbankinn for the first nine months of 2026

News Release, 29 October 2026



Press release, 29 October 2026

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- Landsbankinn's net after-tax profit during the first nine months of 2026 was ISK 33.1 billion, compared with ISK 29.5 billion for the same period of 2025. Net profit in the third quarter was ISK 11.1 billion.
- Return on equity (ROE) was 13.3% compared with 12.2% for the same period the previous year.
- Net impairment increases from the previous year, mainly attributable to a deteriorating outlook in the construction sector, partly driven by high interest rates. There is an increase in credit-impaired loans on the corporate side while loan quality in the retail credit portfolio remains high.
- Net interest income amounted to ISK 58.3 billion, increasing between years. The direct impact of inflation remains unusually high. The net interest margin is 3.2% but is expected to be 2.9-3.1% on an annualised basis.
- Net fee and commission income was ISK 9.2 billion, more or less unchanged between years.
- The Bank's lowest mortgage rates are currently fixed for five years, ranging from 8.35-9.05%, while the Central Bank of Iceland's key rate is 8.0%.
- Performance from insurance contracts was ISK 2.1 billion, up by over 22.3% between years. The combined ratio of TM at the end of the period was 91.6%.
- The Group's cost-income ratio was 30.5%, compared with 33.2% for the same period of 2025. Increased income and stable costs push the ratio downwards.
- Imputed income and bank tax was ISK 15.5 billion, compared with ISK 13.0 billion for the same period last year. The total increase is 19.4%.
- The total capital ratio was 25.0% at the end of the period. The Financial Supervisory Authority (FSA) of the Central Bank of Iceland sets the total capital requirement at 20.0%.
- The Bank's Annual General Meeting on 18 March 2026 approved payment of a dividend to shareholders in the amount of ISK 18.9 billion as a regular dividend and a special dividend in the amount of ISK 16.1 billion. Dividend payments for the financial year 2025 thus total ISK 34.9 billion. As a result, total dividends paid by Landsbankinn since 2013 amount to ISK 245.5 billion.

Lilja Björk Einarsdóttir, CEO of Landsbankinn:

“Landsbankinn’s performance in the first nine months of the year was strong, reflecting sound and stable operations in a challenging economic environment. This enables us to continue offering customers simple, flexible and cost-effective solutions.

We are pleased that Landsbankinn’s sound operations and strong financial position are reflected in its favourable credit rating from **Moody’s Ratings**, which ranks the Bank as the strongest of Icelandic banks in terms of financial strength. The A2 credit rating reflects the success of targeted efforts to increase the efficiency and diversification of the Bank’s funding. It strengthens our position in capital markets and creates opportunities for even more favourable funding, which can translate into better terms for customers.

An increasing number of customers enjoy improved terms through **Landsbankinn Vild**, with nearly 4,600 individuals moving up a loyalty tier in recent months. It is also encouraging to see growing demand for Landsbankinn’s insurance services: September was the strongest month for insurance sales since measurements began within the Group.

Inflation remains high and is adversely affecting households, businesses and the economy as a whole. It is vital to bring it under control so that interest rates can be brought down, creating greater scope for investment and growth. **Landsbankinn Economic Research** forecasts modest economic growth in the near term, with the outlook gradually improving and inflation easing in the new year.

Although loans in arrears for **individuals** remains low, we see clear signs of a significant slowdown in activity in the **construction sector**. High interest rates and slower property sales increase financing costs and can quickly erode the equity of construction companies. A prolonged downturn in construction could also affect housing supply once demand picks up again. This development is a cause for concern and underscores the importance of creating greater economic stability. The Bank’s financial statements include increased provisions for impairment in response to potential defaults, particularly in the construction sector.

Much has been said about the impact of the bank tax. It is worth recalling that when the bank tax was reduced in April 2020, Landsbankinn lowered its lending rates. We have submitted an opinion on the proposed increase in the bank tax and also discuss its potential effects in the Board of Directors’ report. As outlined in our opinion, the tax would affect the Bank’s funding costs and competitive position vis-à-vis other lenders, such as pension funds and foreign banks. The cost of the bank tax and non-interest-bearing reserve requirements currently corresponds to an additional funding cost of 0.65 pp for each loan - it would rise to 0.81 pp if the proposal is implemented.

Deposits increased significantly during the quarter, although this increase is not expected to form part of the Bank’s long-term funding. Lending to corporate customers also grew and we are pleased to see large companies expanding their business with Landsbankinn.

This fall, we held Landsbankinn’s first **Business & Industry Summit**, focusing on the technology and intellectual-property industries, which have grown to become some of Iceland’s most important export sectors. Icelandic businesses are characterised by considerable drive and ingenuity. It is important that companies have scope to invest, develop new solutions and pursue growth.

Landsbankinn has supported the advancement of Icelandic business for 140 years. Industries have evolved and new ones have emerged, but the Bank’s role remains unchanged: to provide sound financial services, support value creation and be there for people and businesses throughout the country. Together, we achieve better results.”

Key figures from the income statement and balance sheet for Q3 2026

Income statement:

- Net after-tax profit in Q3 of 2026 was ISK 11.1 billion, a similar figure as for the same period of 2025.
- Return on equity (ROE) was 13.2% in Q3 2026, compared with 13.5% for the same period the previous year.
- Net interest income amounted to ISK 18.4 billion, compared with ISK 16.9 billion in Q3 2025.
- Net fee & commission income was ISK 2.9 billion, compared with ISK 3.0 billion in Q3 2025. Net fee & commission income decreases by 1.5% between periods.
- Net impairment on loans and receivables was ISK 1.2 billion in Q3 2026, compared with ISK 2.9 billion in Q3 2025. Impairment is mainly attributable to a deteriorating outlook in the construction sector, partly driven by high interest rates and the resulting longer time-on-market.
- Performance from TM insurance contracts was ISK 570 million in Q3 2026. The combined ratio of TM in the period was 94.7%.

Balance sheet:

- Loans to customers increased by 4.4% from the beginning of the year, or by ISK 82.5 billion. Loans to individuals increased by ISK 20.4 billion and loans to corporates by ISK 62.1 billion from the beginning of the year. Deposits from customers grew by 20% from the beginning of the year, or by ISK 250 billion, mainly attributable to an increase in corporate deposits in foreign currency. Deposits on savings accounts in the app have grown by 29.5% 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 356% at the end of Q3 2026, up from 180% at the end of 2025.

KPIs of the Group

Amounts are in ISK million

OPERATIONS	9M 2026	9M 2025	Change	Change%	Q3 2026	Q3 2025	Change	Change%
Profit for the period	33,128	29,455	3,673	12.5%	11,054	11,133	(79)	(0.7%)
Net interest income	58,271	49,369	8,902	18.0%	18,436	16,907	1,529	9.0%
Net fee and commission income	9,161	9,184	(23)	(0.3%)	2,934	2,979	(45)	(1.5%)
Insurance service result	2,136	1,747	389	22.3%	570	708	(138)	(19.5%)
Net other operating income (expenses)	1,773	3,520	(1,747)	(49.6%)	1,510	1,392	118	8.5%
Total operating income	71,341	63,820	7,521	11.8%	23,450	21,986	1,464	6.7%
Salaries and related expenses	(13,982)	(13,034)	(948)	7.3%	(4,173)	(3,869)	(304)	7.9%
Other operating expenses	(8,756)	(8,370)	(386)	4.6%	(2,815)	(2,533)	(282)	11.1%
Total operating expenses	(25,226)	(23,432)	(1,794)	7.7%	(7,935)	(7,060)	(875)	12.4%
BALANCE SHEET	30.9.2026	31.12.2025	Change	Change%				
Total assets	2,584,357	2,324,939	259,418	11.2%				
Loans and advances to customers	1,966,849	1,884,305	82,544	4.4%				
Deposits from customers	1,499,328	1,249,306	250,022	20.0%				
Equity	341,605	343,773	(2,168)	(0.6%)				
KEY FIGURES AND RATIOS	9M 2026	9M 2025	Q3 2026	Q3 2025				
Return on equity after taxes	13.3%	12.2%	13.2%	13.5%				
Interest spread as ratio of average total assets	3.2%	2.9%	2.9%	2.9%				
Operating expenses as a ratio of average total assets	1.3%	1.3%	1.1%	1.1%				
Cost/income ratio*	30.5%	33.2%	28.3%	28.5%				
	30.9.2026	31.12.2025	31.12.2024					
Total capital ratio	25.0%	24.8%	24.3%					
Sum of MREL funds	42.2%	40.5%	38.2%					
Sum of Subordinated MREL funds	28.2%	27.6%	25.5%					
Net stable funding ratio FX (NSFR)	198%	163%	143%					
Liquidity coverage ratio total (LCR)	356%	180%	164%					
LCR EUR (was LCR FX up to and including 2022)	672%	1386%	951%					
Loans in arrears (>90 days)	1.4%	0.8%	1.1%					
Average number of full-time positions	940	917	811					
Full-time equivalent positions	943	930	822					

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

Landsbankinn's financial calendar

- Annual results 2026 4 February 2027
- Annual General Meeting 17 March 2027
- Q1 2027 29 April 2027
- Q2 2027 29 July 2027
- Q3 2027 28 October 2027
- Annual results 2027 10 February 2028