



2024 financial results of Landsbankinn

News Release, 30 January 2025



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- Landsbankinn's profit in 2024 was ISK 37.5 billion after taxes, as compared with ISK 33.2 billion the previous year.
- Return on equity (ROE) in 2024 was 12.1%, compared with 11.6% in 2023.
- Profit in the fourth quarter of 2024 was ISK 10.6 billion and return on equity 13.3%.
- The Board of Directors intends to propose that the Annual General Meeting approve a dividend payment in the amount of nearly ISK 19 billion for the year 2024, corresponding to around 50% of the year's profit.
- Total taxes paid by the Bank, both income tax and a special tax on financial undertakings, amounted to ISK 17.2 billion.
- Operating expenses increase in line with price levels yet the Bank's cost-income ratio has never been lower, or 32.4%.
- Lending grew by ISK 177 billion during the year, or 10.8%. Customer deposits increased by ISK 180 billion, or 17.2%, at the same time.
- Increased activity and new services contributed to growing commission income, with net fee and commission income increasing by 2.3%.
- Net interest margin as a ratio of average asset position was 2.7% in 2024 compared to 3.0% for 2023. The net interest margin of domestic households was 2.1%.
- Use of Landsbankinn's app continued to grow and surveys show that users are very satisfied with it. Customers who invest their under Smart Savings in the app grew by 39% in 2024, meaning that around 59,000 customers now gain the best interest terms offered on a non-indexed account.
- Net credit impairment of financial assets was negative by ISK 2.8 billion, with ISK 2.7 billion thereof attributable to natural disaster on the Reykjanes peninsula.
- The capital ratio at year end was 24.3%. The Financial Supervisory Authority (FSA) of the Central Bank of Iceland sets Landsbankinn's total capital requirement at 20.4%.
- Today, the Bank publishes detailed sustainability information, including calculation of the carbon footprint of its credit portfolio, which has decreased by 20% from the reference year, 2019.
- In 2024, 57.7% of the Bank's new funding was green and a total of 61.3% of non-domestic funding is green.
- In September, the FSA published the results of its assessment, finding that Landsbankinn is eligible to control a qualifying holding in TM tryggingar hf. (TM). The conclusion of the Icelandic Competition Authority in the same case is pending.
- The Pillar III risk report for 2024 is published alongside the annual financial statements.
- Landsbankinn's Annual & Sustainability Report will be published 13 February 2025.

Lilja Björk Einarsdóttir, CEO of Landsbankinn:

“Landsbankinn achieved all of its main objectives in 2024, whether related to customer service, financial performance or operations. Profit amounted to ISK 10.6 billion in the fourth quarter and ISK 37.5 billion for the full year. Annualised return on equity was 12.1%. The fourth quarter was one of the strongest in the Bank’s history.

The Bank’s strong performance is built on solid foundations. Over the past ten years, the Bank’s total assets have grown by ISK 1,083 billion and equity by ISK 74 billion, alongside total dividend payments to shareholders amounting to ISK 192 billion. Operating expenses have remained stable, the number of full-time positions has decreased in tandem with technological advancements and the ratio of operating expenses to average total assets - a common measure of bank efficiency - has never been lower. As a result, the Bank’s competitiveness and strength have increased, enabling it to better support value creation and investments. The net interest margin has declined between periods, and the Bank is positioned to offer more favourable terms while still maintaining acceptable profitability.

The Bank’s strong financial position benefits society by increasing lending capacity. Total loan growth for the year amounted to ISK 177 billion, with around 60% of this increase from corporate lending. Landsbankinn remains the largest lender to the construction industry and has maintained a strong position in lending to fisheries, despite intense competition from foreign financial institutions, which can offer better terms due to greater economies of scale and lower taxes. Our focus on improving services for small and medium-sized enterprises has yielded strong results and we see many opportunities in this market. Demand for the Bank’s mortgage loans exceeded expectations, clearly indicating that borrowers are seeking competitive terms, fast service, and high-quality customer support. When the fixed interest rate period ended for customers who had fixed rates when they were at their lowest, we personally called each one to offer advice and go over the available options.

The increase in lending is backed by strong financing, not least growing customer deposits, which increased by ISK 180 billion over the year. Competitive rates and first-rate digital services have played a key role in this development. Throughout the year, the number of customers using the Bank’s Smart Savings in the app grew by 39%, allowing them to benefit from the best available rates on unrestricted accounts. Currently, around 59,000 individuals use this simple and favourable savings solution. Funding on both international and domestic capital markets was also successful. A noteworthy milestone was the issuance of senior non-preferred bonds, the first-ever issuance of its kind by an Icelandic bank. The success of bond issuances confirms the Bank’s strong financial position, which was also reflected in an upgrade in its credit rating. We believe that all conditions are in place for further improvements in the credit rating over the coming 1-2 years.

The Bank’s net interest margin declined during the year, reflecting the lower interest rate environment and there was a slight decrease in net interest income. Fee and commission income grew, particularly due to strong performance in acquiring services, where the Bank has firmly established its position. In 2024, 757 new businesses joined our acquiring services, including several of the country’s largest retail companies. The payment acquiring service has expanded the Bank’s service offering, boosted customer satisfaction, and created new growth opportunities in the corporate market: Nearly 40% of businesses that joined the service had no prior banking relationship with us.

Similarly, the Bank’s acquisition of TM presents significant growth opportunities, both on the corporate and retail side. We believe that the integration of banking and insurance services will be beneficial for customers, cost-efficient and full of potential, as evidenced by the success of similar models across Europe. At the same time, the acquisition will diversify revenue streams and support long-term profitability. The Bank’s strategic focus in recent years, providing outstanding service across Iceland both on-site and through leading digital solutions, including a top-tier app, creates exciting opportunities for both the Bank and TM.

One of the most significant events on the Icelandic market last year was JBT’s acquisition of Marel. Landsbankinn has long held an indirect ownership stake in Marel through Eyrir Invest, dating back to Eyrir’s refinancing in 2009. The value of this stake in Eyrir has fluctuated significantly over the years,

at times impacting the Bank's financial results considerably. Overall, the Bank's involvement with Marel and Eyrir has been successful.

The vast majority of our customers use Landsbankinn's app for their banking needs. The app is intuitive, offering unique features not available elsewhere and user satisfaction surveys indicate high approval. We are committed to continuous improvement, having released 33 app updates last year. Alongside our focus on development of the app and other digital innovation, we remain dedicated to the human element in customer service. We operate 35 branches and outlets across Iceland and this year we placed even greater emphasis on enabling employees all over the country to work on tasks that are not limited to geographic location. The results have been undeniably positive, reflected in shorter processing and wait times, as well as higher employee satisfaction, with staff appreciating the diverse and challenging work opportunities. Landsbankinn is a trusted bank for a successful future and its performance in recent years proves that with a dedicated and ambitious team, anything is possible."

Key figures from the income statement in 2024

- Landsbankinn's profit in 2024 was ISK 37.5 billion after taxes, compared with ISK 33.2 billion in 2023.
- Return on equity after-taxes was 12.1% as compared with a ROE of 11.6% in 2023.
- Landsbankinn's net interest income was ISK 57.2 billion in 2024, as compared with ISK 57.6 billion in 2023.
- The net interest margin as a ratio of total assets was 2.7% in 2024, compared with 3.0% in 2023.
- Landsbankinn's net fee and commission income was ISK 11.4 billion in 2024, compared with ISK 11.2 billion in 2023.
- Other operating income was positive by ISK 11.1 billion; was positive by ISK 5.1 billion in 2023. Net credit impairment was ISK 2.8 billion in 2024, compared with a net credit impairment of ISK 3.1 billion in 2023.
- Wages and related expenses amounted to ISK 16.5 billion in 2024, compared with ISK 15.9 billion the previous year.
- Operating costs less wages and related expenses amounted to ISK 10.2 billion, as compared to ISK 10.1 billion in 2023.
- The cost-income ratio was 32.4% in 2024, compared with 33.7% in 2023.
- Income tax paid in 2024 was ISK 12.9 billion, compared to ISK 12.4 billion in 2023. Total taxes paid by the Bank amounted to ISK 17.2 billion.
- The average number of full-time equivalent positions were 811 and were 849 in 2023. Full-time equivalent positions at year-end 2024 were 822.

Key figures from the income statement for Q4 2024

- Landsbankinn's profit in Q4 2024 amounted to ISK 10.6 billion, compared with ISK 10.8 billion in the same quarter of 2023.
- After tax return on equity was 13.3% in Q4 2024, compared with 14.5% in the same period the previous year.
- Net interest income in the quarter amounted to ISK 13.1 billion, compared with ISK 14.8 billion in Q4 of 2023.
- Net fee and commission income was ISK 3.3 billion, compared with ISK 3.1 billion in Q4 2023.

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- Net credit impairment was ISK 754 billion in Q4 2024; was ISK 1.3 billion in Q4 2023.
 - Net interest margin as a ratio of total assets was 2.4% in Q4 2024, compared with 3.0% in Q4 2023.
 - Salaries and related expenses amounted to ISK 4.5 billion in Q4 2024, compared with ISK 4.3 billion in Q4 2023.
 - Operating expenses less salaries and related expenses amounted to ISK 2.6 billion in Q4 2024, compared with ISK 3.0 billion for the same period in 2023.
 - The cost-income ratio for Q4 of 2024 was 32.8%, as compared with 31.6% the same period the previous year.

Balance sheet:

- In 2024, Landsbankinn paid ISK 16.5 billion in dividend to shareholders.
- Lending to individuals grew by ISK 68 billion and lending to corporates by ISK 109 billion.
- Lending increased by ISK 177 billion in the year, with exchange rate changes having an ISK 8.0 billion lowering impact. There was a significant increase in inflation-indexed mortgages alongside repayment and refinancing of non-indexed mortgages
- The item assets held for sale increased by ISK 1.3 billion mainly because the Bank's 47.9% share in Greiðslumiðlun Íslands is now for sale.
- Customer deposits continued to grow in the year, with the increase amounting to ISK 180 billion. Deposits from customers are the Bank's single largest financing item and total deposits amounted to ISK 1,228 billion at the end of the year.
- Funding of the Bank was successful in 2024, with total issuance increasing by ISK 35 billion to amount to ISK 569 billion at year end. The Bank issued its first senior non-preferred bonds in 2024.
- 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 164% at year-end 2024 as compared with 181% at year-end 2023.
- Loans in arrears remain low for both individuals and corporates in historical terms. Problem loans were 1.1% of lending at year-end 2024 compared with 1.0% at year-end 2023.

Key performance indicators of the Group

OPERATIONS	2024	2023	Change	Change%	Q4 2024	Q4 2023	Change	Change%
<i>Amounts are in ISK million</i>								
Profit for the period	37,508	33,167	4,341	13.1%	10,600	10,784	(184)	(1.7%)
Net interest income	57,197	57,559	(362)	(0.6%)	13,107	14,783	(1,676)	(11.3%)
Net fee and commission income	11,405	11,153	252	2.3%	3,337	3,066	271	8.8%
Net other operating income (expenses)	11,101	5,136	5,965	116.1%	4,656	3,986	670	16.8%
Total operating income	79,703	73,848	5,855	7.9%	21,100	21,835	(735)	(3.4%)
Salaries and related expenses	(16,534)	(15,866)	(668)	4.2%	(4,529)	(4,332)	(197)	4.5%
Other operating expenses	(10,202)	(10,092)	(110)	1.1%	(2,633)	(2,979)	346	(11.6%)
Total operating expenses	(29,333)	(28,248)	(1,085)	3.8%	(7,804)	(7,838)	34	(0.4%)
BALANCE SHEET	31.12.2024	31.12.2023	Change	Change%				
Total assets	2,181,759	1,960,776	220,983	11.3%				
Loans and advances to customers	1,807,437	1,630,894	176,543	10.8%				
Deposits from customers	1,228,444	1,048,537	179,907	17.2%				
Equity	324,649	303,754	20,895	6.9%				
KEY FIGURES AND RATIOS	2024	2023	Q4 2024	Q4 2023				
Return on equity after taxes	12.1%	11.6%	13.3%	14.5%				
Interest spread as ratio of average total assets	2.7%	3.0%	2.4%	3.0%				
Operating expenses as a ratio of average total assets	1.3%	1.4%	1.3%	1.5%				
Cost/income ratio*	32.4%	33.7%	32.8%	31.6%				
	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020			
Total capital ratio	24.3%	23.6%	24.7%	26.6%	25.1%			
Sum of MREL funds	38.2%	37.9%	40.4%					
Sum of MREL Subordinated funds	25.5%	23.6%						
Net stable funding ratio FX (NSFR)	143%	145%	132%	142%	132%			
Liquidity coverage ratio total (LCR)	164%	181%	134%	179%	154%			
LCR EUR (was LCR FX up to and including 2022)	951%	1,499%	351%	556%	424%			
Problem loans	1.1%	1.0%	1.0%	1.7%	2.0%			
Average number of full-time positions	811	849	843	890	921			
Full-time equivalent positions	822	817	813	816	878			

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

Other operating highlights in 2024

- LS&P Global Ratings raised the Bank's credit rating to BBB+ with positive outlook.
- Several new features were added to Landsbankinn's app and users grew by 11%, with a total of 164,200 users logging in during the year. On average, 137,900 customers logged into the app each month.
- Assets under management within Landsbankinn Group increased by over 22%, reaching ISK 789 billion at year-end.
- We significantly simplified the process for customers to apply for pension savings through the app, leading to an increase in self-service applications to 81%. The largest growth in new mandatory pension savings customers was among 16-24-year-olds, or by 23%.
- Landsbankinn customers collected a record-breaking 643 million Aukakrónur over the year and redeemed 583 million for purchases of goods and services.
- Employees in rural Iceland handled 80% of remote meetings booked by customers.
- We hosted a number of educational events on ways and means of growing your business, on finances, pension and cybersecurity, and published diverse material to our website and social media. These events were hosted in various locations throughout Iceland and were well attended.
- Landsbankinn, along with other banks and pension funds, participates in the funding of real estate company Fasteignafélagið Thórkatla ehf. ("Thórkatla") established by the National Treasury for the purpose of purchasing residential housing in Grindavík. The majority of customers in Grindavík who hold mortgages with the Bank have elected to sell their properties to Thórkatla. At year end, the mortgages of 477 of the Bank's retail customers had been paid off and Thórkatla had been extended credit in the amount of ISK 12.8 billion. The final amount of the loan to Thórkatla is not yet known, nor is the amount of mortgages held by the Bank's customers who elect not to take advantage of this solution.
- Sustainability's ESG risk rating of 15.4 considers the Bank at low risk of experiencing material financial impacts from ESG factors. Landsbankinn also received an excellent score in Reitun's newest ESG risk rating and remains in class A3.
- The Bank aims to have a positive impact on society and support projects that promote development and progress. We allocated ISK 200 million in various grants and partnerships, including to the Pride Parade, DesignMarch, the Icelandic Football Association (KSÍ), Skólahreysti and Upprásin, as well as supporting sports and charity organisations nationwide. We also provided sustainability and community grants and supported outstanding students.

Landsbankinn's financial calendar

- Annual General Meeting 19 March 2025
- Q1 2025 results 30 April 2025
- Q2 2025 results 17 July 2025
- Q3 2025 results 23 October 2025
- Annual results 2025 29 January 2026