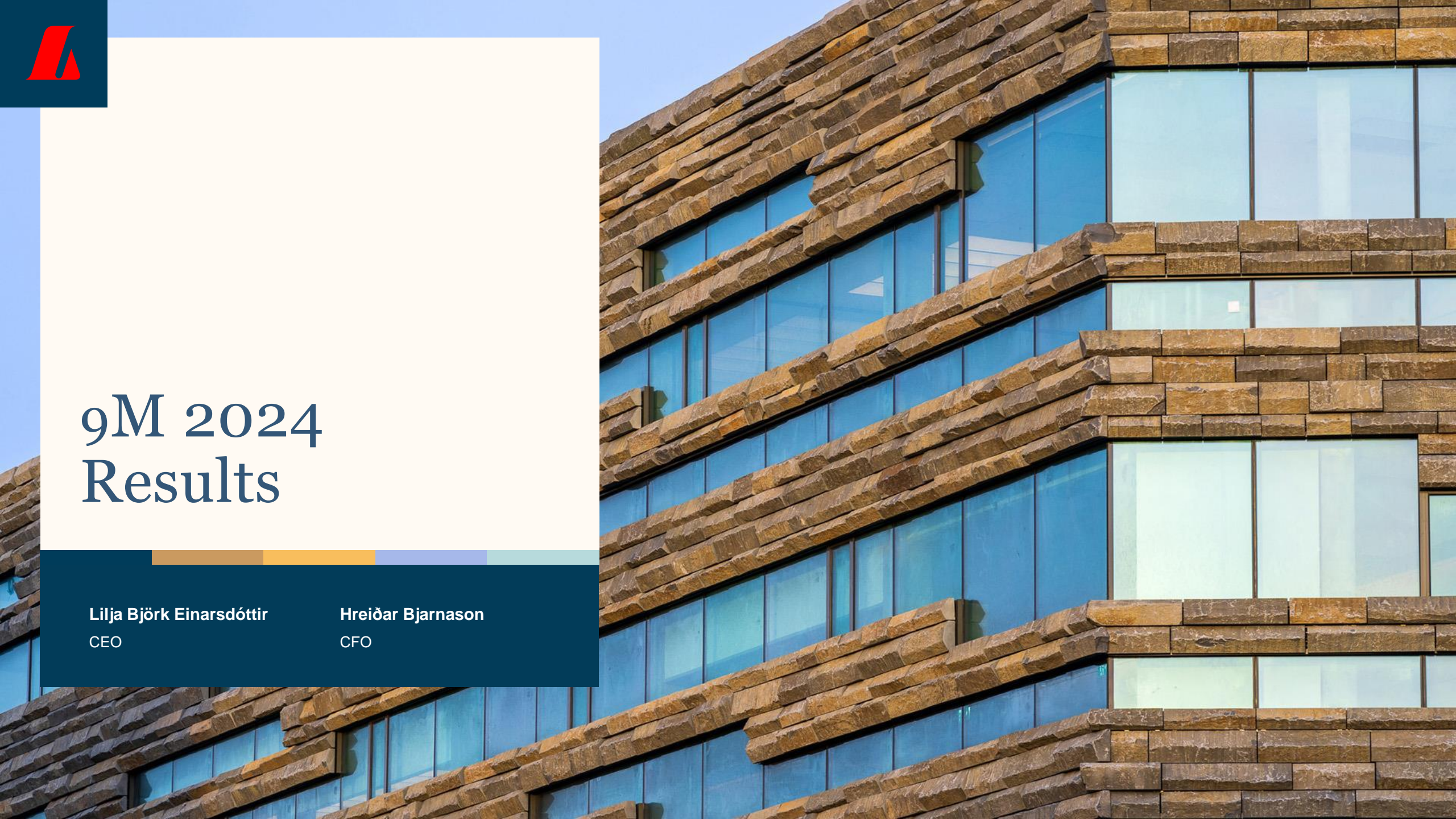




9M 2024 Results

Lilja Björk Einarsdóttir
CEO

Hreiðar Bjarnason
CFO



Landsbankinn - largest financial undertaking in Iceland

Operating income excl. value changes



Market share and size



Loans to customers*

28.9%

Customer deposits**

37.4%

Total assets

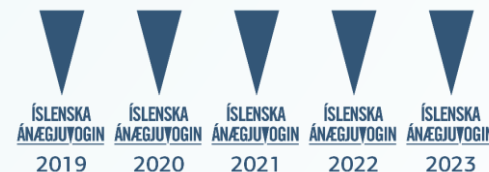
14,525
EURm

Total capital ratio

24.1%

Credit rating S&P Global
BBB+/A-2
with stable outlook

ESG risk rating
SUSTAINALYTICS
Negligible risk



*Market share in lending to credit institutions
**Market share in deposits with deposit institutions
Source: Central Bank of Iceland, 31 August 2024

Solid results in the first nine months of the year

Operation is sound and the Bank's balance sheet growing



Return on equity (ROE) is 11.7%, in line with expectations for an annualised ROE of 11-12%.

Net interest income increases between years, driven by an expanding balance sheet, with changed composition of deposit-based funding reducing the interest margin from 3.0% to 2.9%.

Net fee & commission income contracts slightly between years.

Net impairment charges on lending were ISK 318 million and delinquencies have not grown.

The **cost-income ratio** remains low.

Total deposits grew by ISK 170 billion, or 16%.

Lending growth was robust, with loans increasing by 9.5% during the first 9M of the year. Lending to corporates grew by ISK 100 billion, while loans to retail customers increased by ISK 54 billion.

Funding has been successful this year to date. At the end of September, the Bank concluded the sale of EUR-denominated green bonds. This was the Bank's fifth green bond issuance and it was heavily oversubscribed.

The **capital ratio is strong** and the Bank's total capital ratio well above the 20.4% regulatory requirement.

Sound operation in the third quarter

Excellent results in the third quarter confirm that the Bank is strongly placed to meet and resolve coming challenges.

Profit

10.8

ISKbn

Net interest income

-1.9%

Net fee & commission income

+15.2%

ROE

14.0%

Cost-income ratio

30.7%





Major increase in inflation-indexed housing mortgages

Clear influx this year

Inflation-indexed mortgages

+ ISK 107.9 bn

Non-indexed mortgages

- ISK 50.9 bn

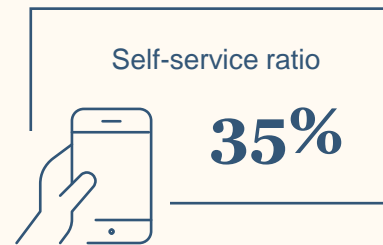
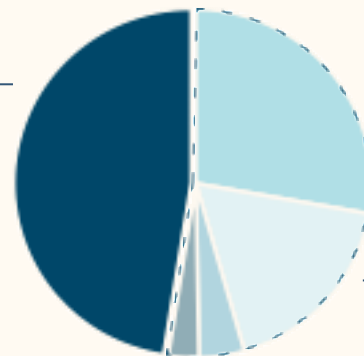
Only first-time buyers

Inflation-indexed housing mortgages with equal payments now only available to first-time buyers

How did borrowers respond at the end of fixed-rate terms on their mortgages?

Just under half, or 48%, moved automatically to variable rates
52% of mortgages were refinanced

48%
changed to variable rates



- 27.6% to indexed mortgages with variable rates
- 18.2% to non-indexed mortgages with fixed rates
- 3.6% to non-indexed mortgages with variable rates
- 2.6% to indexed mortgages with fixed rates

Sound advice

13,554

customers booked a consultation

57%

requested advice on their mortgages

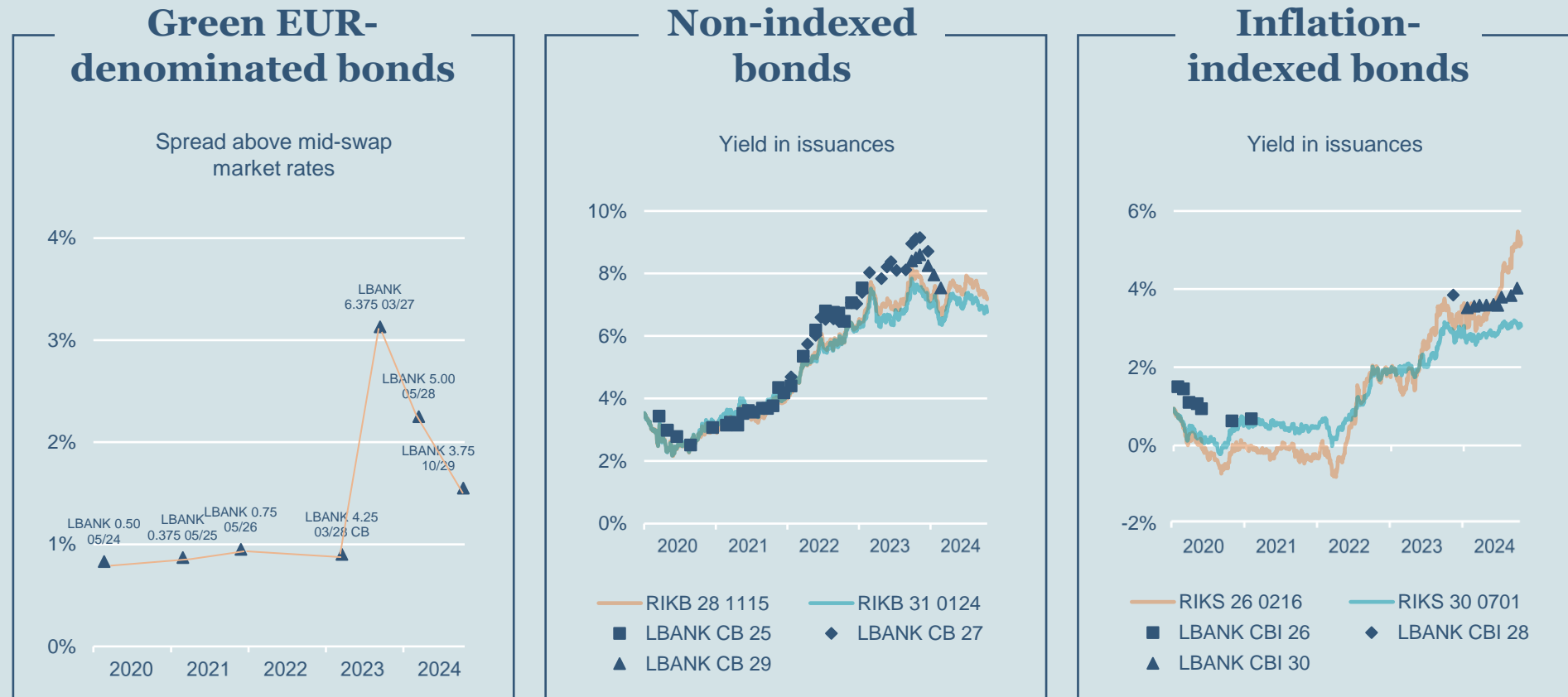
99.7%

of borrowers who had fixed-rate mortgages received consultation calls from the Bank



Significant fluctuations in yields on funding

Improved terms on international funding but significant increase in the cost of inflation-indexed funding





Dynamic service for young people

Ages 18 to 25 years

900

applications for
summer jobs
with the Bank

Over
100
were hired

Applicants were

48% male

52% female

1,645

participated in our
summer job
campaign



1 year on TikTok

577,373
views

13.2%

increase in
supplementary
pension agreements

17.3%

increase in pension
agreements

38.2%

are customers

2,900

new savings
accounts





Sustainability - opportunities and challenges

Sustainability Forum

Landsbankinn hosted its **third** Sustainability Forum. At the Forum, leaders of strong Icelandic companies presented their **successes stories and described challenges in sustainability**. One of Iceland's foremost climate specialists described the consequences of climate change and necessary action.



Sustainable grants

Over 40 applications were submitted this year and **5 projects** received **ISK 2 million** grants each.

The Sustainability Fund supports the development of solutions that have a positive impact on the environment and contribute to sustainable development.

Positive impact on the community

Art at Landsbankinn

Splendid reception of the Bank's new gallery website, with over 10,000 visits in the first few weeks of its opening

Guided art tours of Reykjastræti were fully booked and guests very satisfied with the initiative

Pride Parade

ISK 3 m in financial support

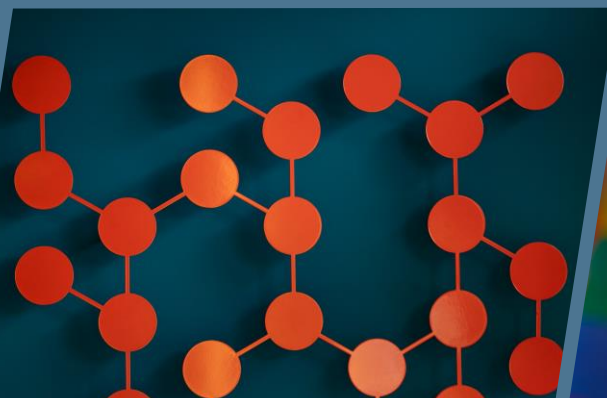
Discussion, education and celebration in the Bank

Reykjavík Culture Night

ISK 4 m allocated from Culture Night Fund

Joint programme with Harpa and Hafnartorg and opening of Hörputorg

Over 2,000 guests

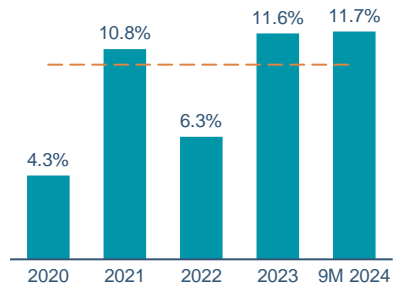


Financial targets and development of KPIs

Strong financial position and efficient operations

Profitability

Return on equity (ROE)



Target 9M 2024

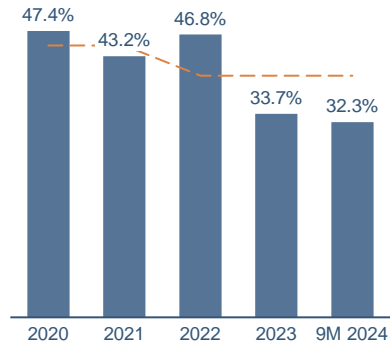
≥ 10% 11.7%

Guidance

Expected ROE in 2024 is 11–12%.

Efficiency

Cost/income ratio



Target 9M 2024

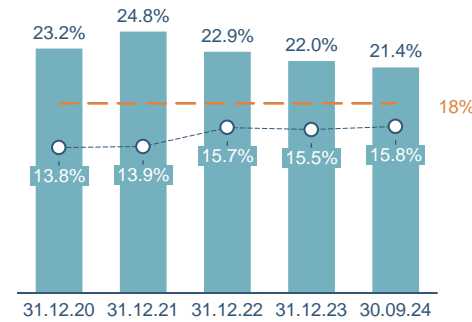
≤ 40% 32.3%

Guidance

Projected 2024 cost/income ratio is 32-34%.

Financial strength

CET1



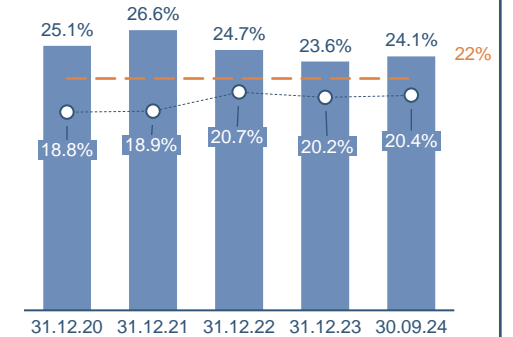
Target 9M 2024

≥ 18% 21.4%

Guidance

The Bank aims to be in the highest category for risk-adjusted capital ratio, as estimated by credit rating agencies.

Total capital ratio



Target 9M 2024

≥ 22% 24.1%

Guidance

Aim is to continue to take full advantage of authorisation to issue Tier 2 equity instruments. Issuance of additional tier 1 bonds (AT1) is under consideration.

Target: Regular dividend to be 50% of the previous year's profit.



Income statement

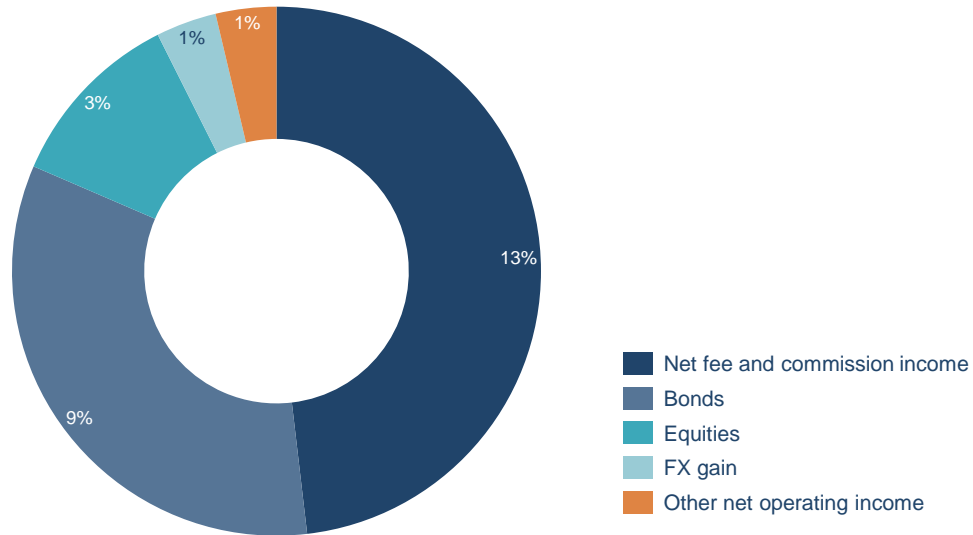
Income statement

	9M 2024	9M 2023	Change		Q3 2024	Q3 2023	Change	
Net interest income	44,090	42,776	1,314	3%	14,955	15,241	-286	-2%
Net fee and commission income	8,068	8,087	-19	0%	2,690	2,336	354	15%
Net impairment changes	-2,018	-1,839	-179	10%	1,442	-248	1,690	-681%
Other net operating income (expenses)	8,463	2,989	5,474	183%	2,129	207	1,922	928%
Total operating income	58,603	52,013	6,590	13%	21,216	17,536	3,680	21%
Salaries and related expenses	12,005	11,534	471	4%	3,582	3,221	361	11%
Other operating expenses	7,569	7,113	456	6%	2,493	2,388	105	4%
Tax on liabilities of financial institutions	1,955	1,763	192	11%	719	643	76	12%
Total operating expenses	21,529	20,410	1,119	5%	6,793	6,252	541	9%
Profit before tax	37,074	31,603	5,471	17%	14,423	11,284	3,139	28%
Income tax	10,166	9,220	946	10%	3,636	3,374	262	8%
Profit for the period	26,908	22,383	4,525	20%	10,787	7,910	2,877	36%

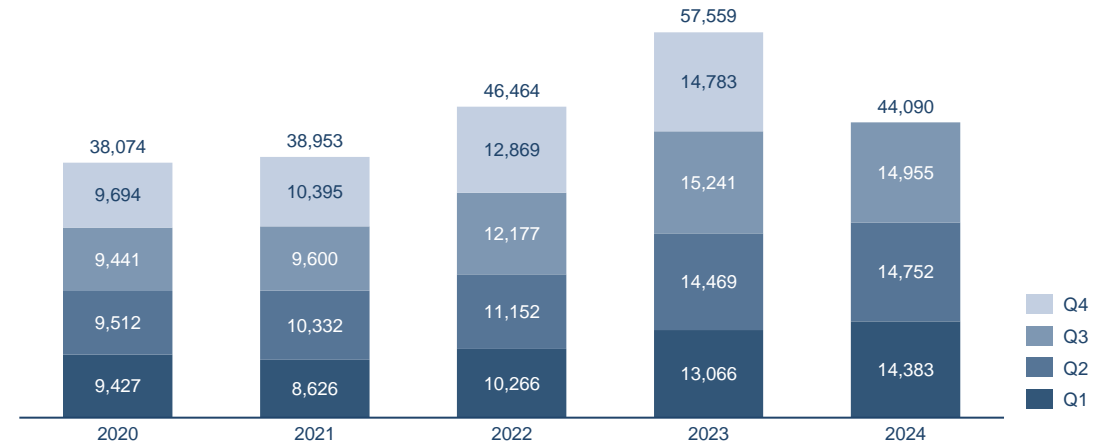


Net operating income

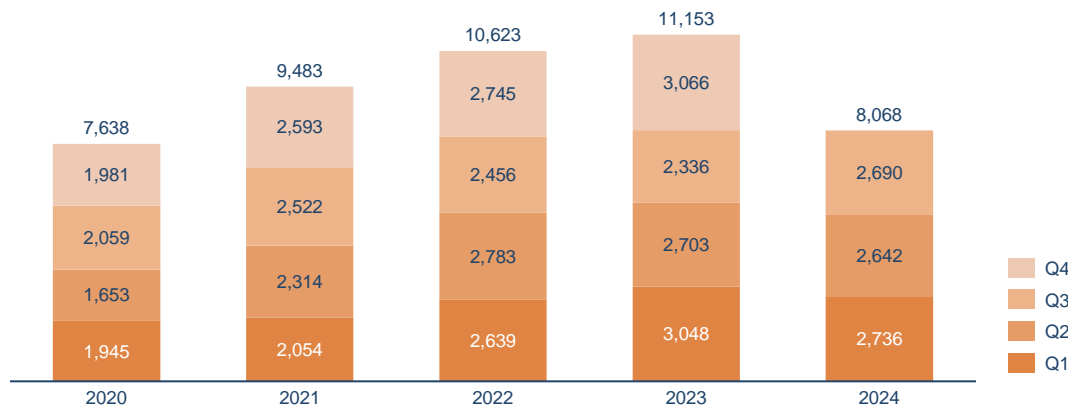
High interest rate levels and growing balance sheet result in a 3% net increase in interest income



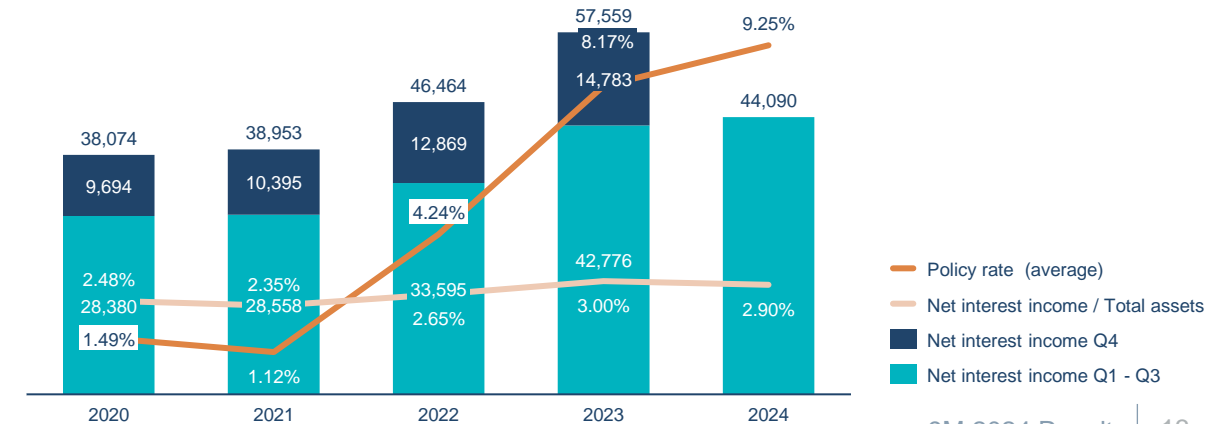
Net interest income



Net fee and commission income



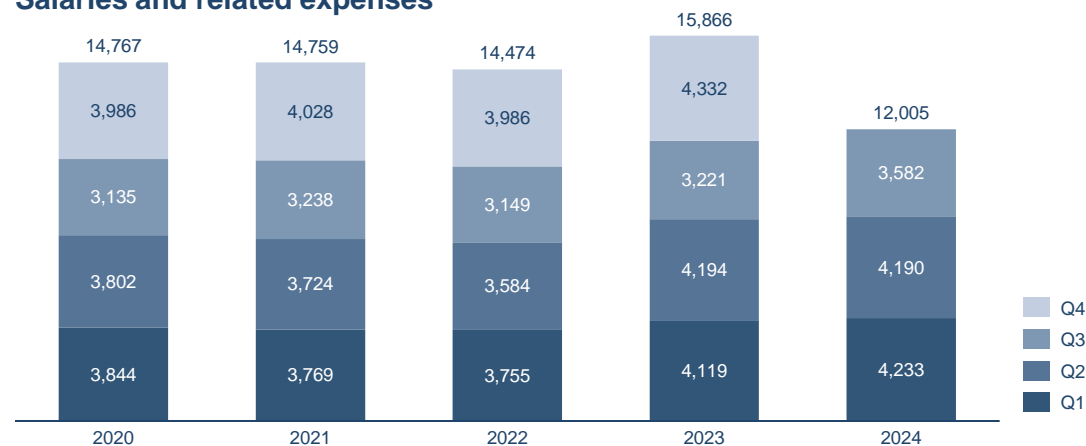
Policy rate and net interest income



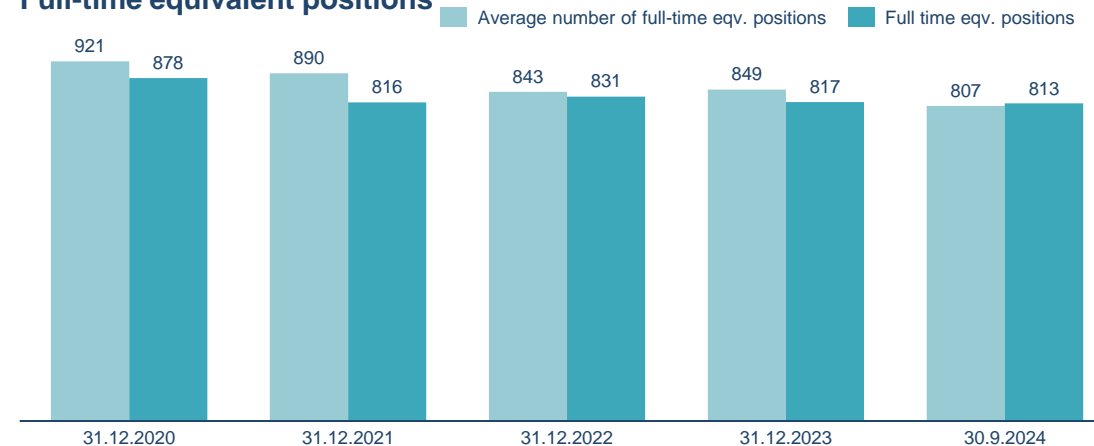
Operating expenses

Operating cost rose by 6% between years, remaining more or less unchanged in real terms

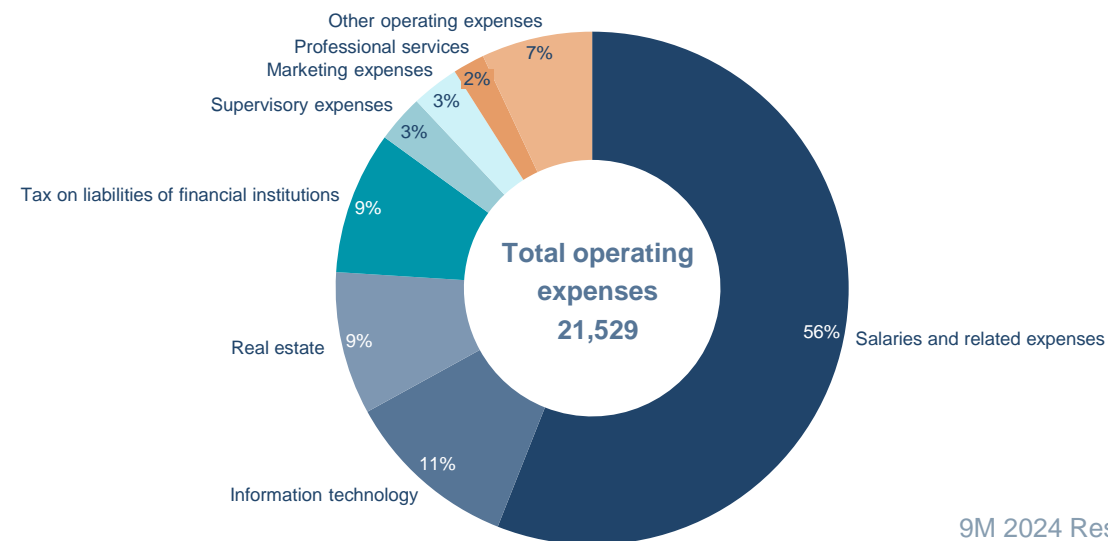
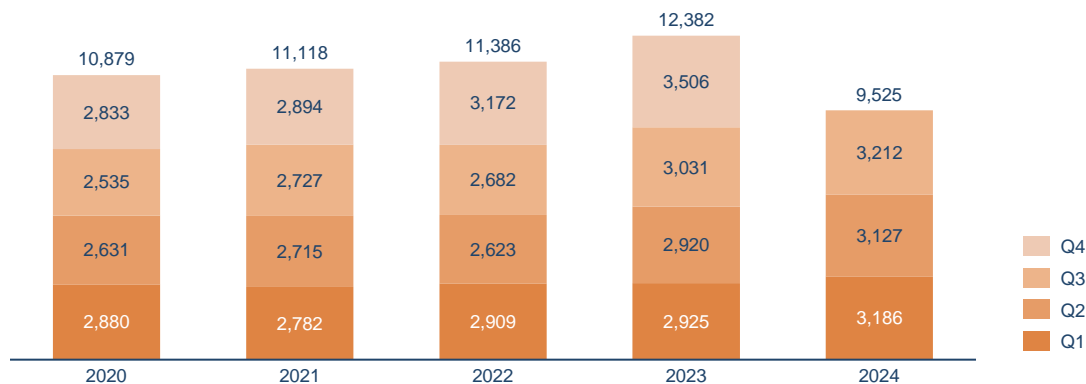
Salaries and related expenses



Full-time equivalent positions



Operating expenses



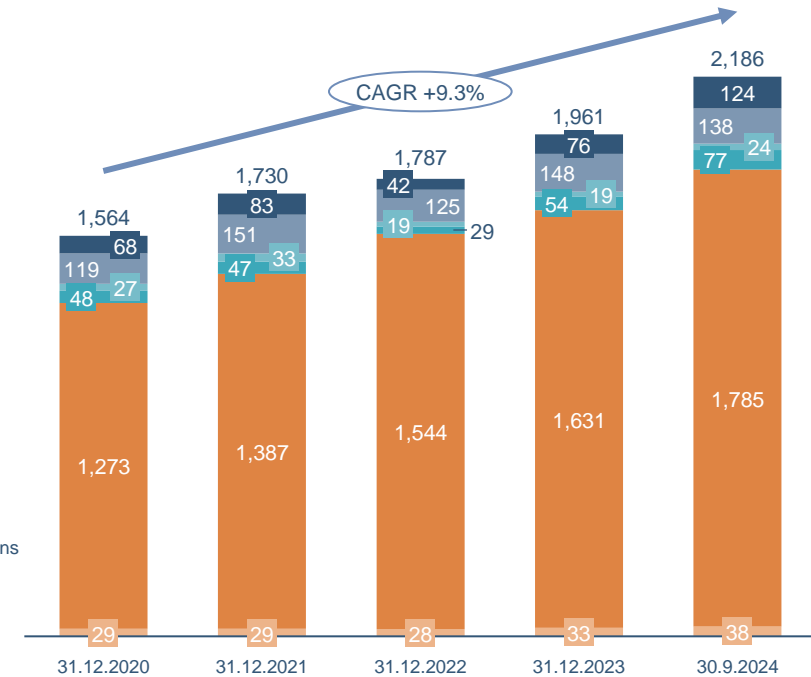
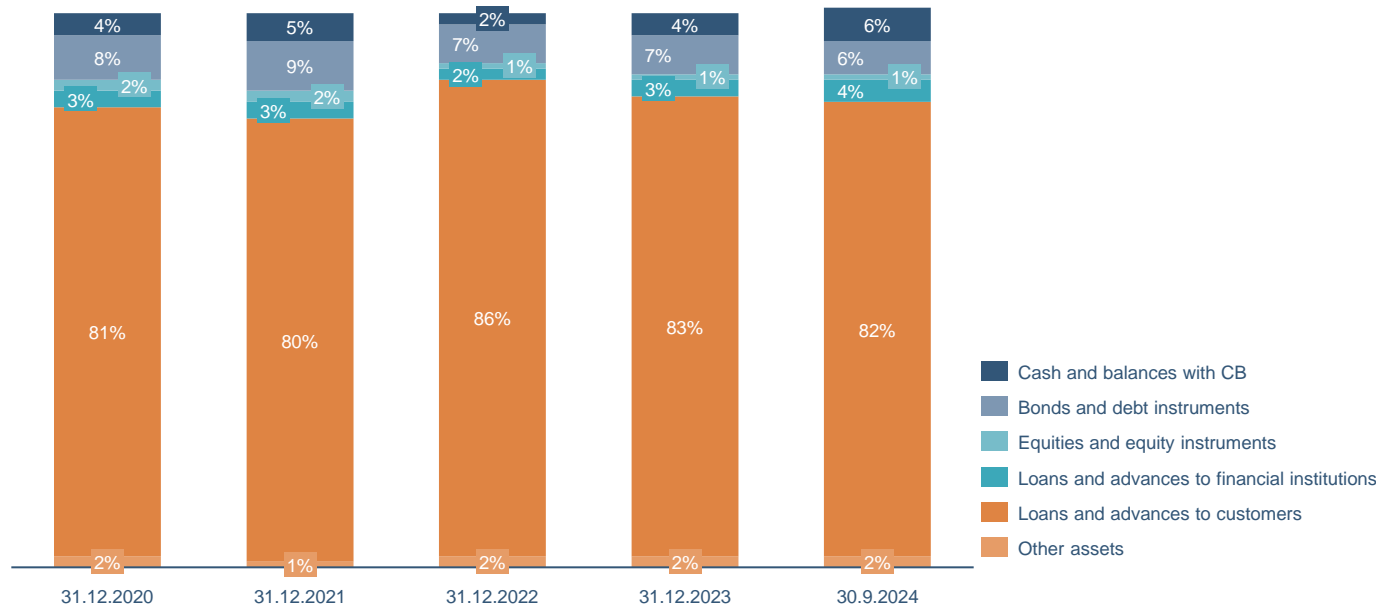
Balance sheet

Total assets

Growth in lending to both households and corporates

	30.9.2024	31.12.2023	Change	
Cash and balances with Central Bank	124	76	48	63%
Bonds and debt instruments	138	148	-10	-7%
Equities and equity instruments	24	19	5	26%
Loans and advances to financial institutions	77	54	23	43%
Loans and advances to customers	1,785	1,631	154	9%
Other assets	38	33	5	15%
Total	2,186	1,961	225	11%

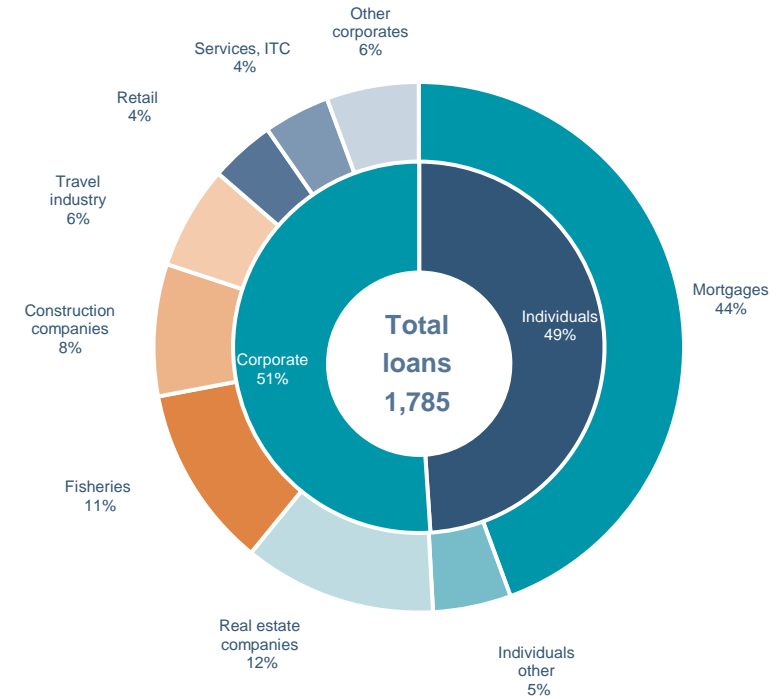
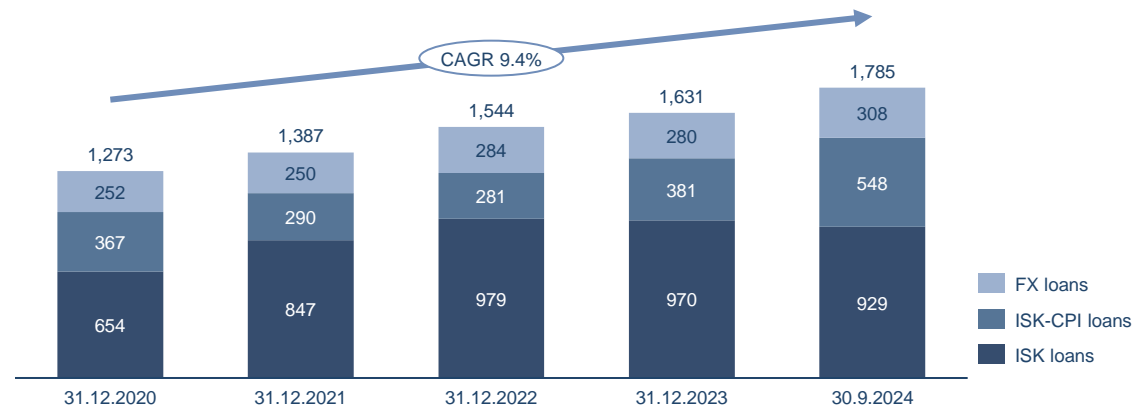
- Lending to individuals increased by ISK 54 billion. Mortgage loans grew by 8%, or around ISK 57 billion.
- Lending to corporates increased by ISK 100 billion, having regard for positive exchange rate changes in the amount of ISK 0.5 billion.



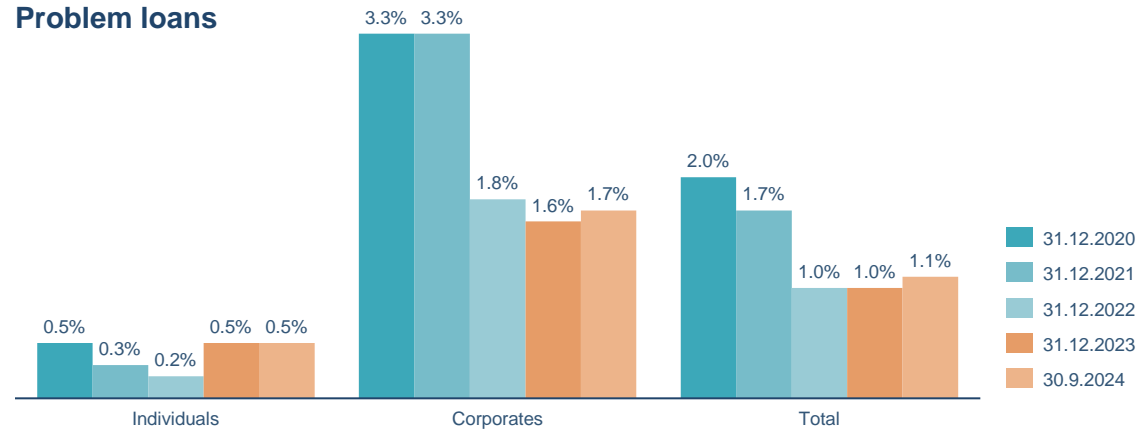
Loans

Significant increase in inflation-indexed loans while delinquencies increase somewhat

Total loan portfolio

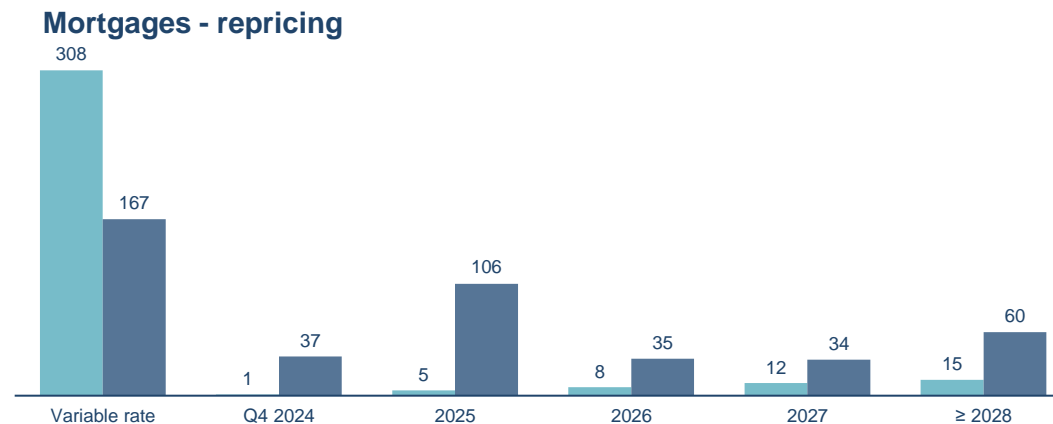
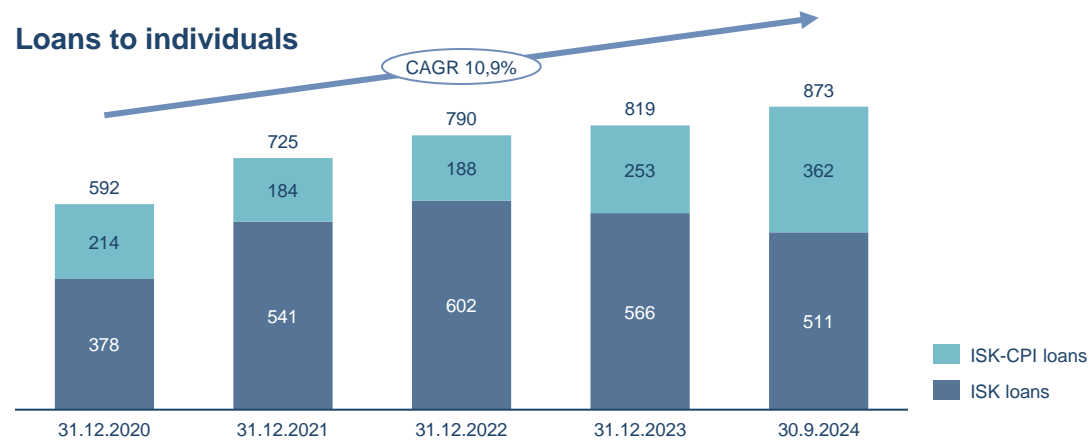


Problem loans

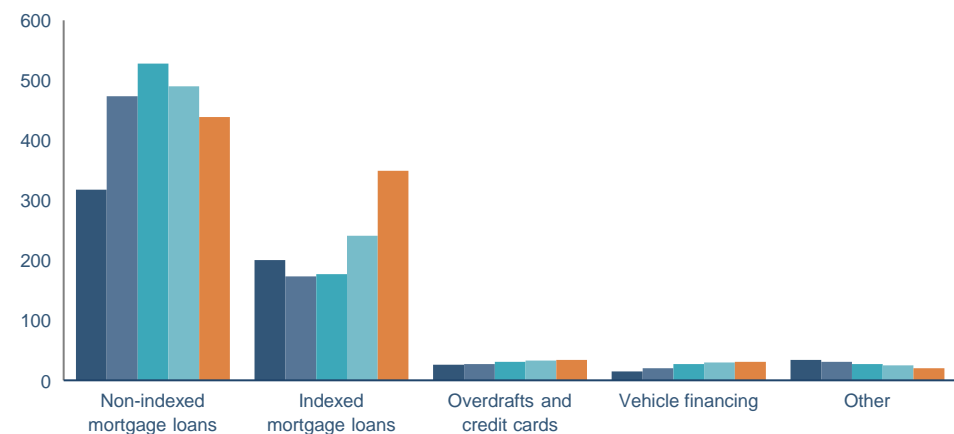


Loans to individuals

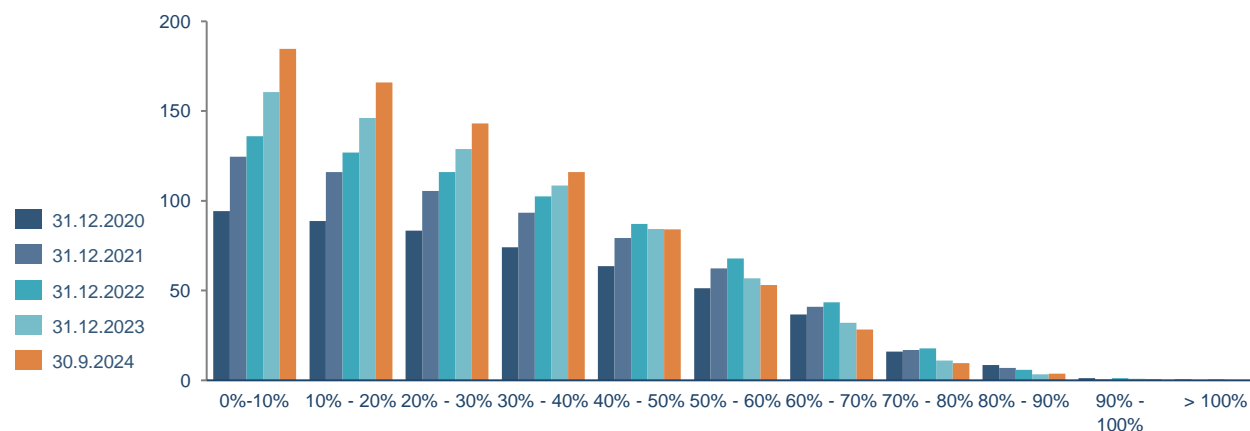
Customer demand for inflation-indexed mortgages has increased again alongside repayment of non-indexed mortgages



Loans to individuals by loan type



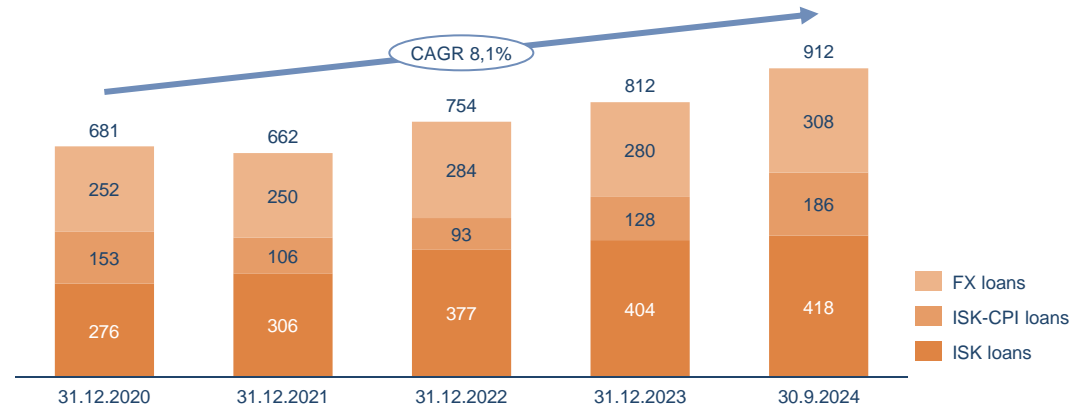
Continuous LTV distribution of mortgages



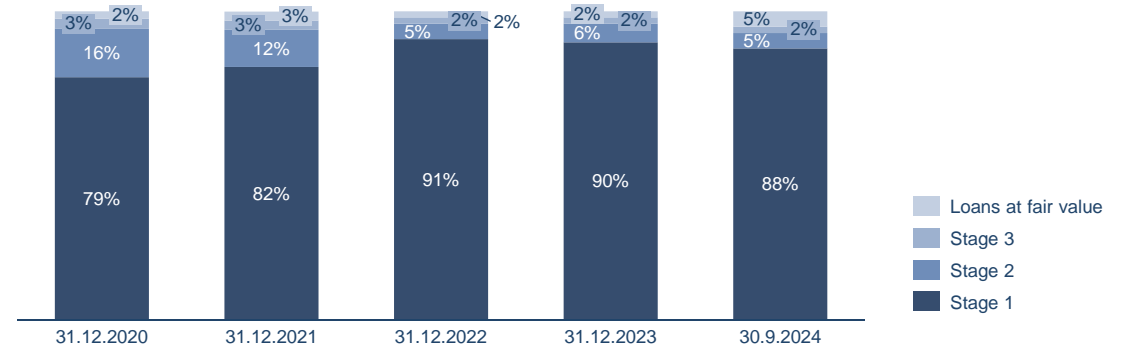
Loans to corporates

Universal growth in corporate lending across sectors

Loans to corporates



Stage allocation of loans to corporates



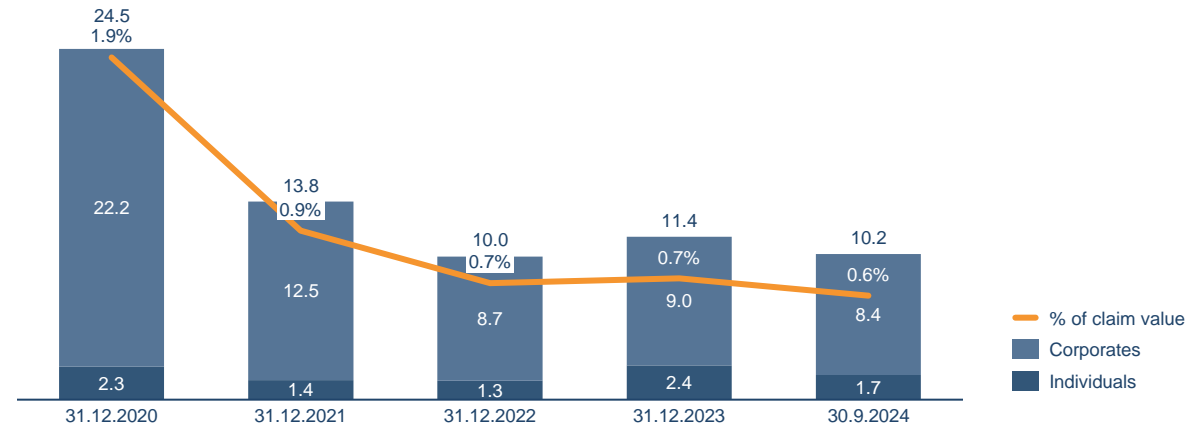
Loans to corporates by industry sector



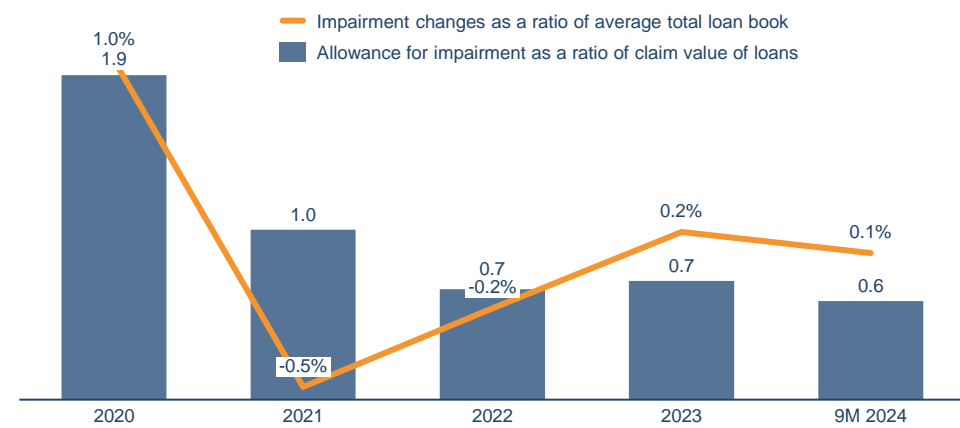
Impairment on loans

Considerable impairment caused by natural hazard on the Reykjanes peninsula

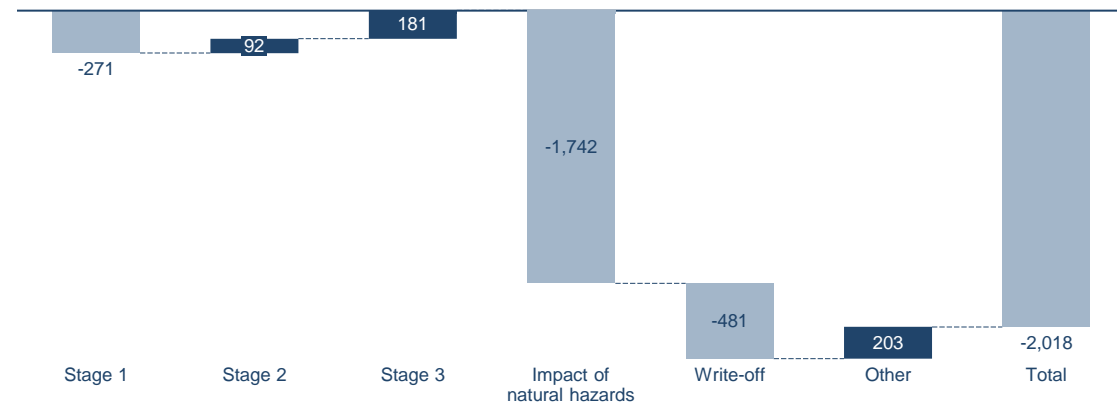
Allowance for impairment on loans and advances to customers



Cost of risk



Impairment on loans – PL impact



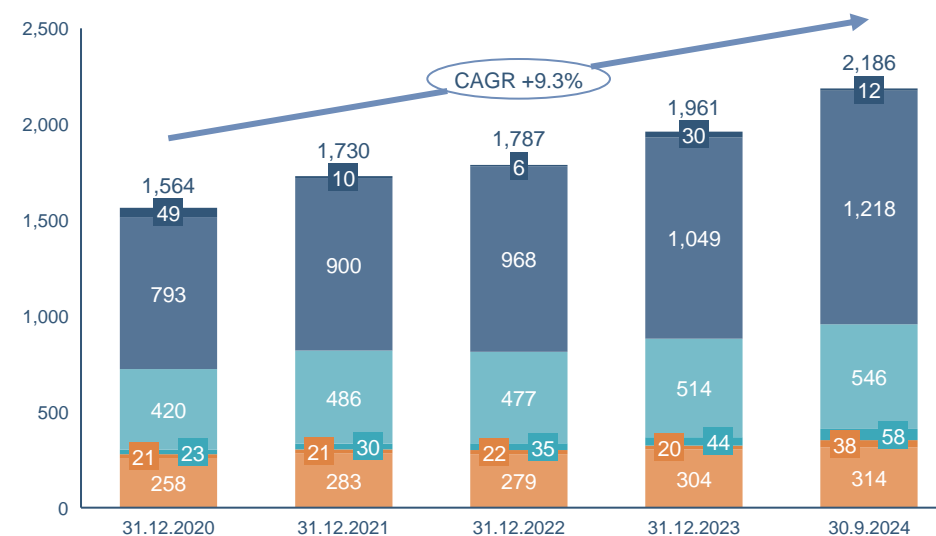
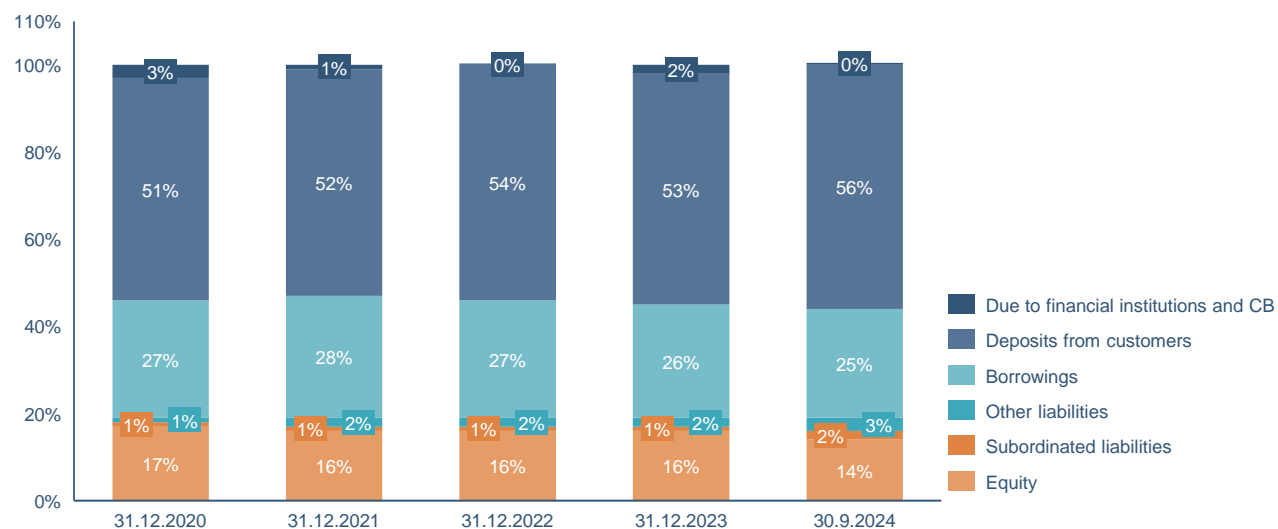
Loan staging

	Gross carrying amount		Allowance for impairment		Carrying amount	
Stage 1	1,649	91.8%	1.9	0.1%	1,647	92.2%
Stage 2	74	4.1%	1.9	2.6%	72	4.1%
Stage 3	27	1.5%	6.4	24.0%	20	1.1%
Fair value	46	2.6%		0%	46	2.6%
Total	1,796	100%	10.2	0.6%	1,785	100%

Liabilities and equity

Diversified funding and continued deposit growth

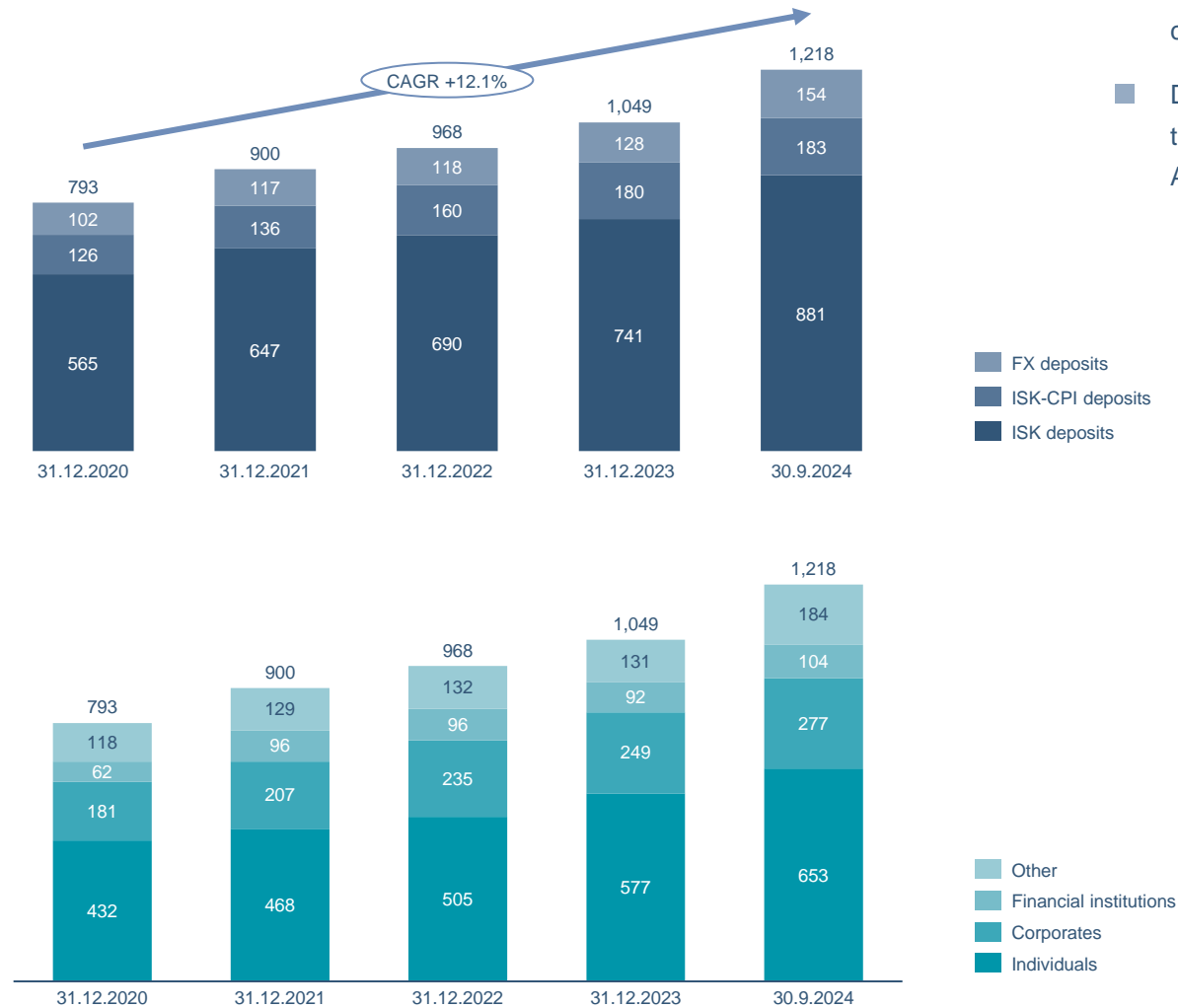
	30.9.2024	31.12.2023	Change	
Due to financial institutions and CB	12	30	-18	-60%
Deposits from customers	1,218	1,049	169	16%
Borrowings	546	514	32	6%
Other liabilities	58	44	14	32%
Subordinated liabilities	38	20	18	90%
Equity	314	304	10	3%
Total	2,186	1,961	225	11%



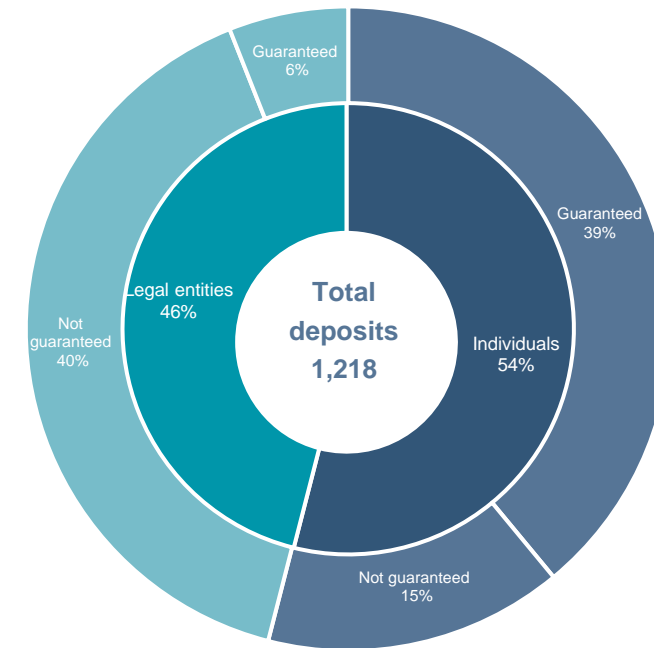
- Customer deposits increased by ISK 169 billion from the beginning of the year.
- Net borrowings increased by ISK 32 billion, having regard for negative exchange rate changes in the amount of ISK 1.2 billion.

Deposits from customers

Continued deposit growth, mainly in non-indexed household deposits



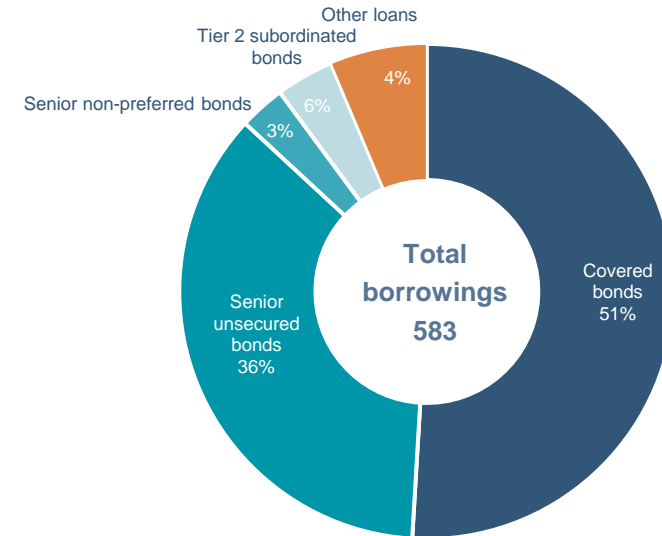
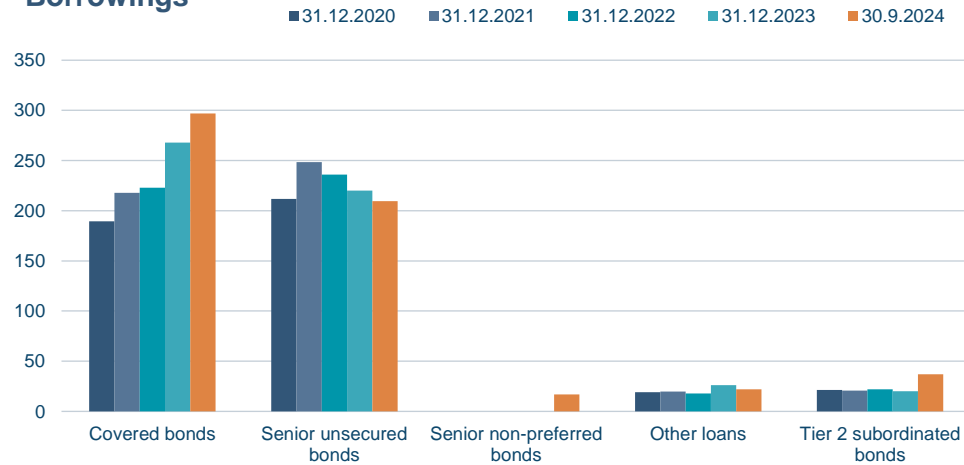
- Household deposits grew by ISK 74 billion from the end of the year, with total customer deposits increasing by ISK 169 billion during the period.
- Deposits have priority over senior unsecured claims in the winding-up of deposit-taking institutions in Iceland. About 45% of total deposits are guaranteed under the Act on Deposit Guarantees and Investor-Compensation Scheme.



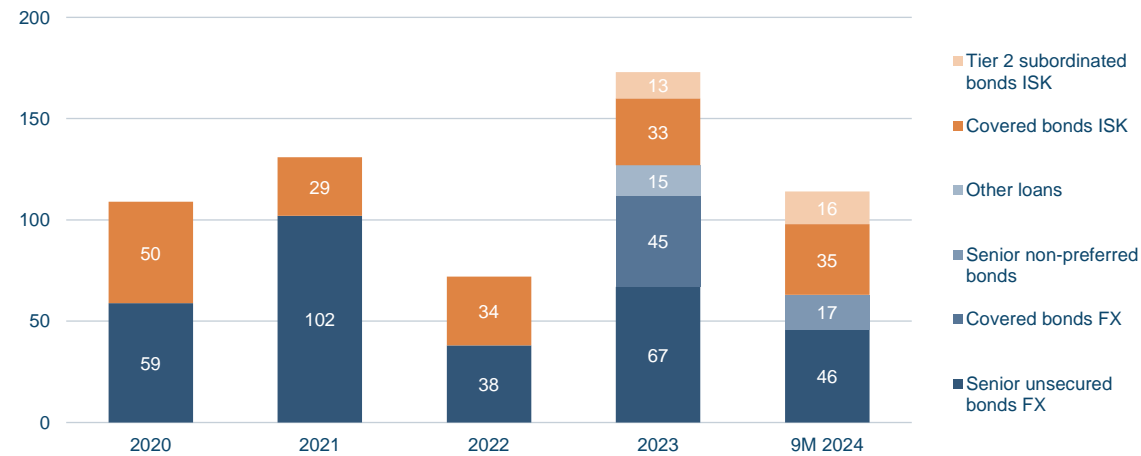
Borrowings

Increased diversification in the Bank's funding structure with the issuance of senior non-preferred bonds

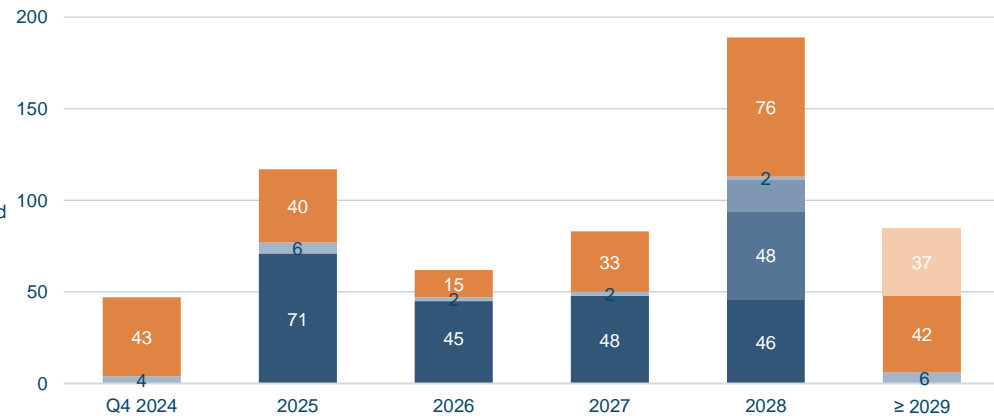
Borrowings



Borrowing issuance



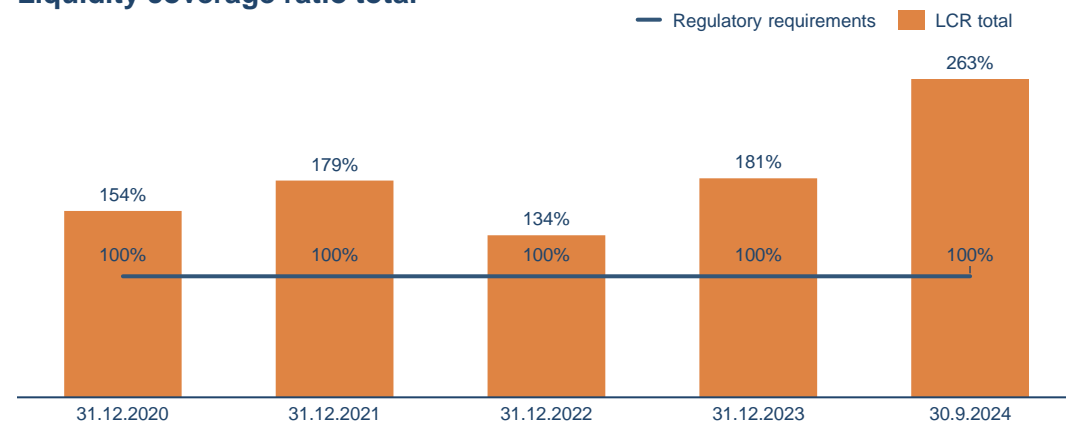
Maturity profile



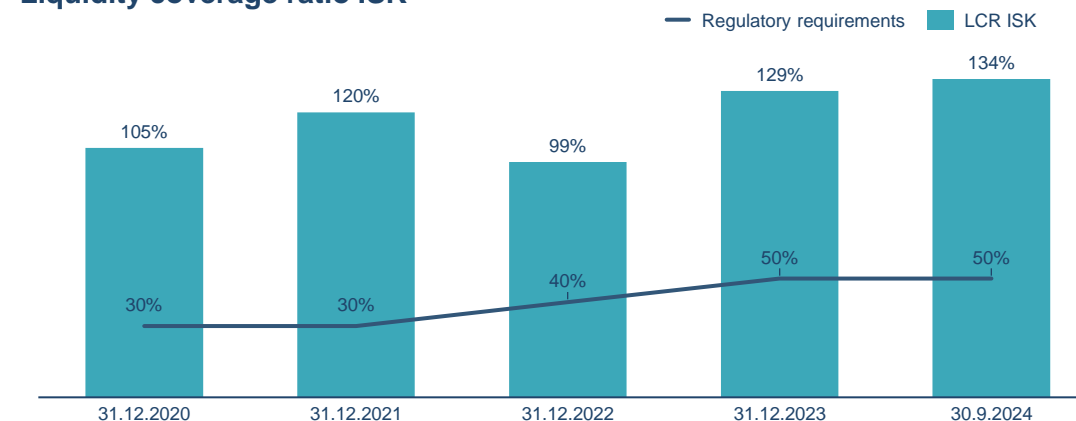
Liquidity ratio and net stable funding ratio

Liquidity and funding ratios well above regulatory requirements

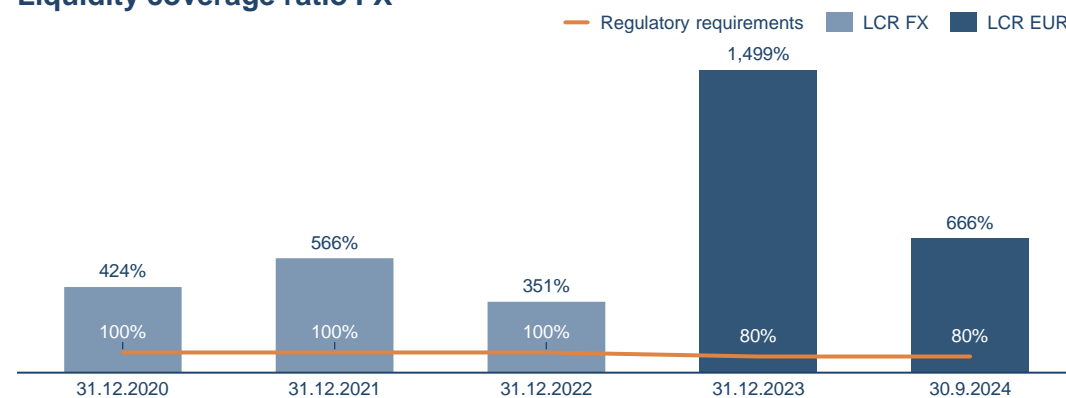
Liquidity coverage ratio total



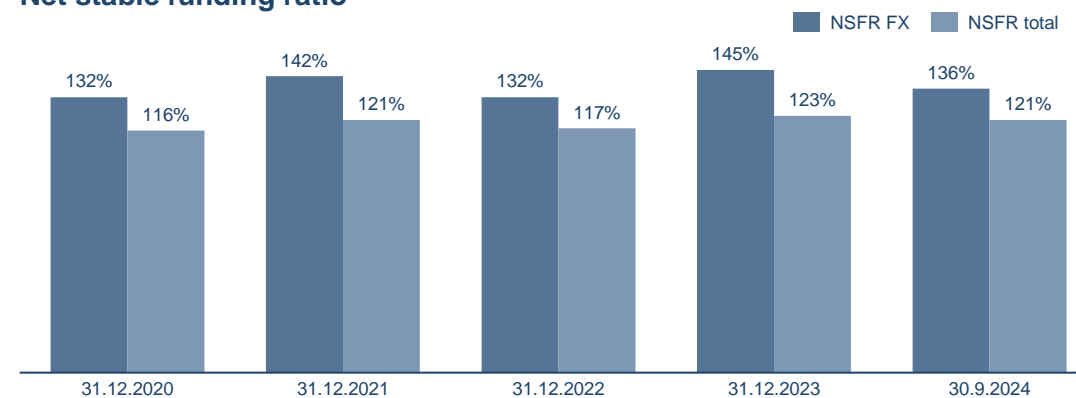
Liquidity coverage ratio ISK



Liquidity coverage ratio FX



Net stable funding ratio



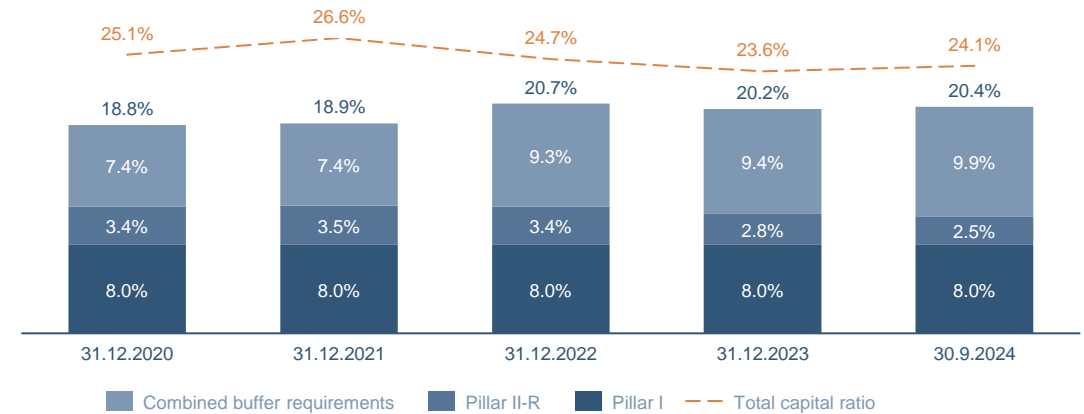
Capital requirements

Capital ratios well above regulatory requirements

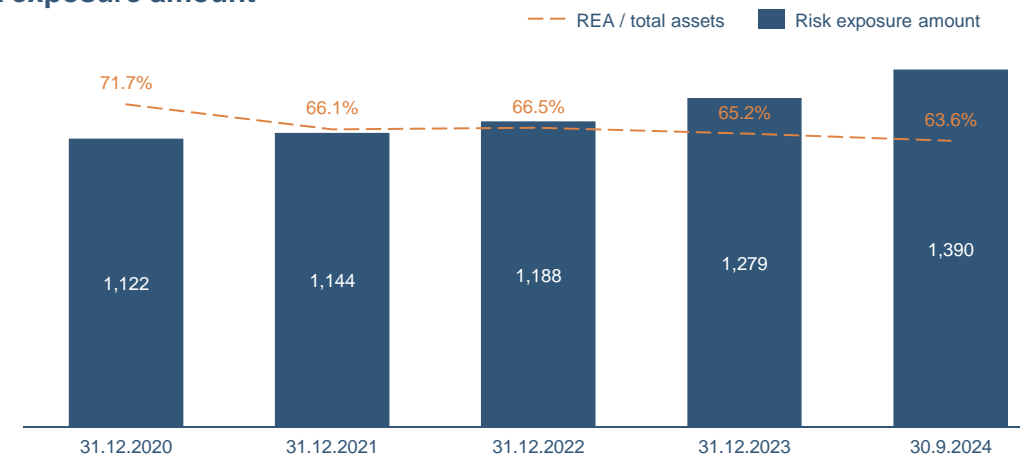
	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%
Pillar II-R	1.4%	1.9%	2.5%
Minimum requirement under Pillar I and Pillar II-R	5.9%	7.9%	10.5%
Systemic risk buffer	2.9%	2.9%	2.9%
Capital buffer for systematically important institutions	2.0%	2.0%	2.0%
Countercyclical capital buffer	2.5%	2.5%	2.5%
Capital conservation buffer	2.5%	2.5%	2.5%
Combined buffer requirements under Pillar II-G	9.9%	9.9%	9.9%
Total capital requirement	15.8%	17.8%	20.4%
Total capital ratio 30.9.2024	21.4%	21.4%	24.1%

- The Group basis calculation of Pillar 1 capital requirements for lending and market risk on the standardised approach. The basic indicator approach is used to calculate operational risk. The Bank applies the dynamic approach in terms of the IFRS 9 transitional arrangements.
- On 16 March 2023, the Financial Stability Committee decided to increase the countercyclical capital buffer from 2.0% to 2.5%, to take effect twelve months later.
- On 28 June 2024, the Financial Supervisory Authority of the Central Bank announced an additional capital requirement under Pillar II-R, a change from 2.8% to 2.5% of Landsbankinn's risk exposure amount (REA).

Regulatory total capital requirement as a ratio of REA



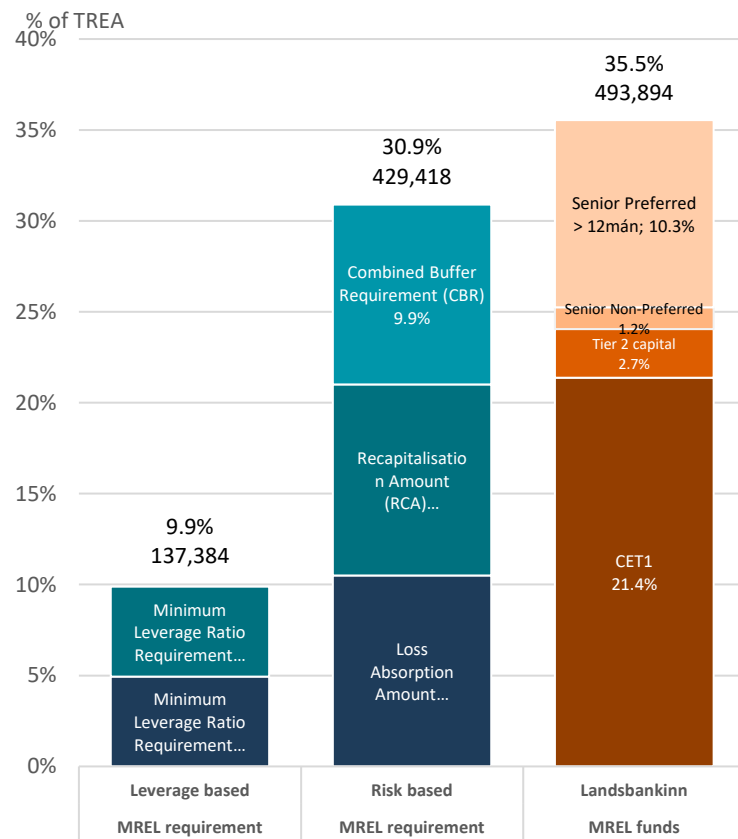
Risk exposure amount



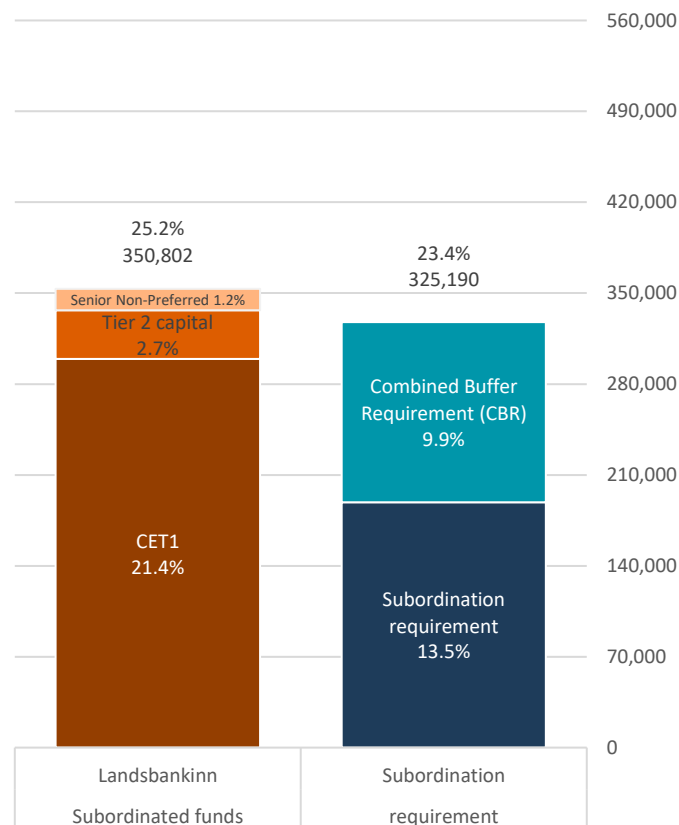
Minimum requirement for own funds and eligible liabilities (MREL)

Landsbankinn's MREL funds are well above requirements

MREL requirement vs. MREL funds



Subordinated funds vs. Subordination requirement



The most recent MREL decision of the Resolution Authority of the Central Bank of Iceland (RA of the CBI) is from October 2024 and, according to law, is the higher of either:

- **Risk-based:**
 - 2 x (Pillar I + Pillar II-R) + Combined buffer requirements (CBR)
- **Leverage-based:**
 - 2 x Minimum leverage ratio requirement (3.0% of total exposure amount)

The RA has introduced a special 13.5% MREL subordination requirement, in addition to the CBR.

At the end of September 2024, Landsbankinn's MREL requirement is 30.9% of RWEA, or the equivalent of ISK 429.4 billion.

- Landsbankinn's MREL funding totals ISK 493.9 billion at the end of September 2024, or 35.5% of RWEA.

The MREL subordination requirement for Landsbankinn is 23.4% of RWEA, or the equivalent of ISK 325.2 billion at the end of September 2024.

- The Bank's MREL subordinated funding amounts to a total of ISK 350.8 billion at the end of September 2024, or the equivalent of 25.2% of RWEA.

The EU's Bank Recovery and Resolution Directive (BRRD) was transposed into Icelandic law in 2020.

- The minimum requirements for own funds and eligible liabilities (MREL) is part of BRRD.
- The RA of the CBI determines the MREL requirement for Landsbankinn as a systematically important domestic institution (O-SII).

Dividends

The Bank's dividend policy is to pay around 50% of last year's profit

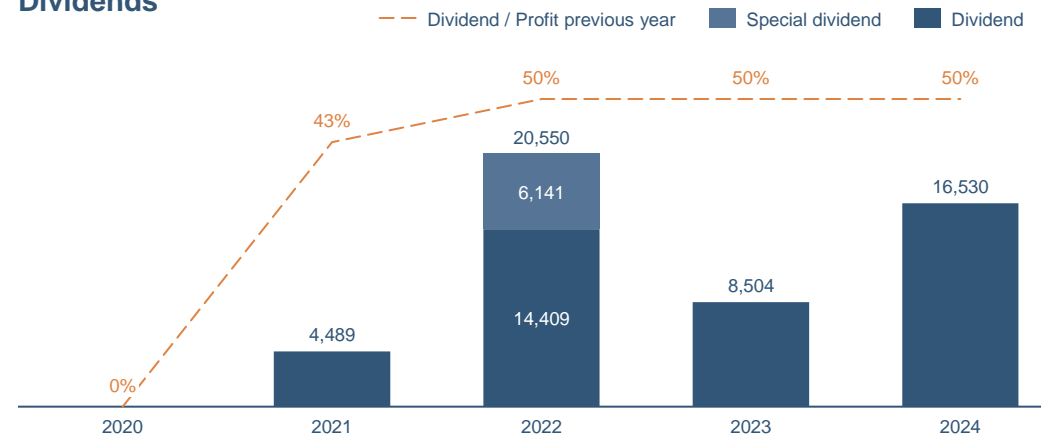
Dividend proposal for 2024

- The 2024 AGM of Landsbankinn, held on 19 April, approved the motion of the Board of Directors to pay shareholders a dividend of ISK 0.70 per share for the fiscal year 2023 in two instalments. It was further approved that the dividend be paid in two equal instalments, each of ISK 0.35 per share. The first instalment was paid on 24 April 2024 and the latter was paid on 16 October 2024. The total dividend amounts to ISK 16,530 million.

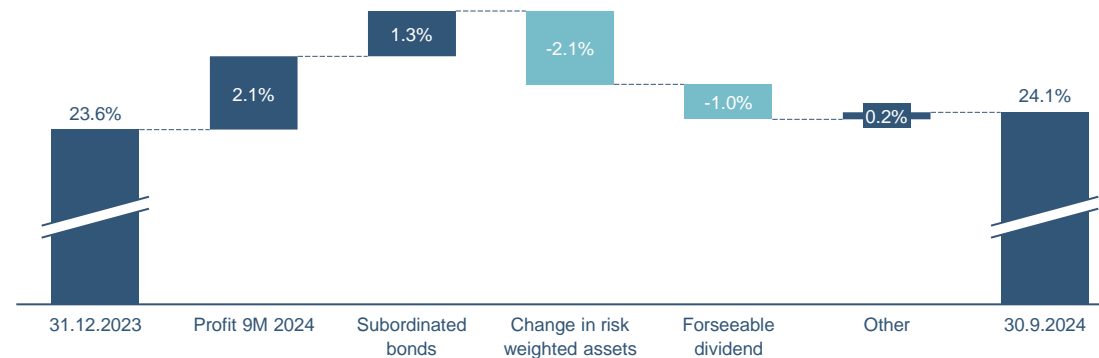
Landsbankinn's dividend policy

- Landsbankinn aims to pay regular dividends to shareholders amounting in general to around 50% of the previous year's profit. To achieve Landsbankinn's target capital ratio, the aim is also to make special dividend payments to optimise the Bank's capital structure.
- In determining the amount of dividend payments, the Bank's continued strong financial position shall be ensured. Regard shall be had for risk in the Bank's internal and external environment, growth prospects and the maintenance of a long-term, robust equity and liquidity position, as well as compliance with regulatory requirements of financial standing at any given time.

Dividends



Capital ratio, changes in 9M 2024



Most satisfied customers



- Good service offering for young people returns high market share
- Strong growth in new pension agreements
- **99.7%** of customers with fixed-rate mortgages received consultation calls

Positive impact



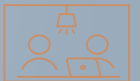
- Landsbankinn hosted its third Sustainability Forum
- Allocated ISK **10** m in sustainability grants
- Over **10,000** visits to the Bank's new gallery website in the first few weeks

Sound and responsible operation



- Favourable terms in EUR **300**m bond issuance
- Bond issuances heavily oversubscribed
- First issuance of senior non-preferred bonds by a domestic bank, in the total amount of ISK 16.5 bn in NOK and SEK

Desirable workplace



- **20** in-house education events
- **900** applications for summer jobs and equal gender ratio among applicants

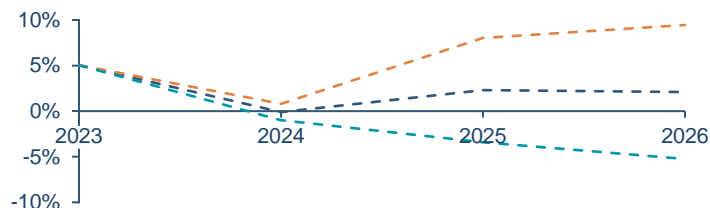
Appendix

Further information

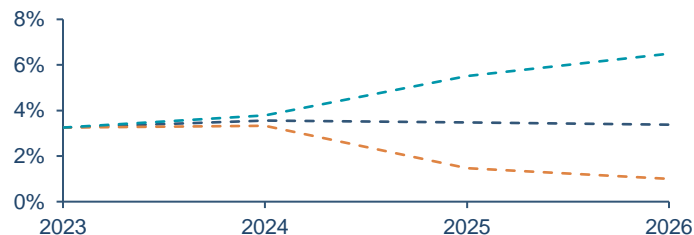
Economic scenarios for expected credit loss

- Landsbankinn Economic Research prepares scenarios to support forecasts for important economic variables.
- These scenarios show key economic variables used to calculate expected credit loss (ECL) for stages 1 and 2.
- The forecasts show averages for the 12-month outlook and to the medium-term forecast horizon.
- In calculating ECL, the optimistic scenario is given 10% weight, the baseline 70% weight and the pessimistic scenario 20% weight (2023: 10%-70%-20%).

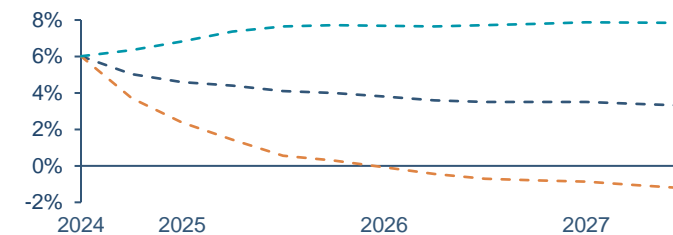
Economic growth



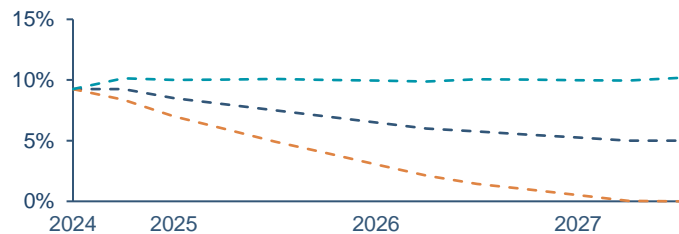
Unemployment



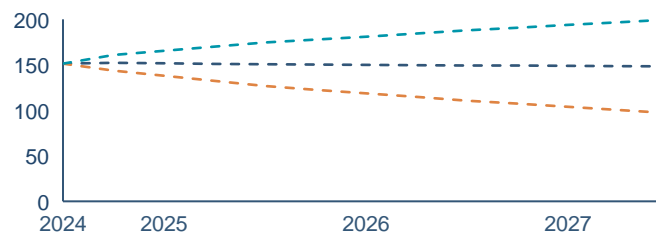
Inflation



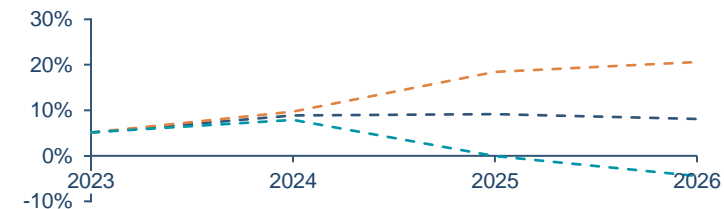
CBI's key rate (seven-day term deposits)



EUR / ISK



Housing price (YoY change)



Key financial ratios

	9M 2024	2023	2022	2021	2020	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Profit after taxes	26,908	33,167	16,997	28,919	10,521	10,787	8,965	7,156	10,784	7,910
Return on equity after taxes	11.7%	11.6%	6.3%	10.8%	4.3%	14.0%	11.7%	9.3%	14.5%	10.9%
After tax return on average assets	1.7%	1.7%	1.0%	1.7%	0.7%	2.0%	1.7%	1.4%	2.2%	1.6%
Total assets	2,185,796	1,960,776	1,787,024	1,729,798	1,564,177	2,185,796	2,075,463	2,032,436	1,960,776	1,982,403
Net interest income	44,090	57,559	46,464	38,953	38,074	14,955	14,752	14,383	14,784	15,241
Interest spread as a ratio of average total assets	2.9%	3.0%	2.7%	2.3%	2.5%	2.8%	2.9%	2.9%	3.0%	3.1%
Loans / deposits ratio	146.5%	155.5%	159.6%	154.1%	160.5%	146.5%	151.4%	151.1%	155.5%	150.2%
Cost-income ratio	32.3%	33.7%	46.8%	43.2%	47.4%	30.7%	32.5%	33.6%	31.6%	31.5%
Operating expenses as a ratio of average total assets	1.3%	1.4%	1.4%	1.4%	1.6%	1.1%	1.3%	1.4%	1.5%	1.2%
Total equity	314,049	303,754	279,091	282,645	258,255	314,049	303,262	310,828	303,754	292,971
Total capital ratio	24.1%	23.6%	24.7%	26.6%	25.1%	24.1%	24.4%	24.9%	23.6%	23.7%
Sum of MREL funds	35.5%	37.9%	40.4%				36.4%	39.6%	37.9%	37.8%
Liquidity ratio LCR total	263%	181%	134%	179%	154%	263%	177%	272%	181%	238%
Liquidity LCR EUR (LCR FX until 31.12.2022)	666%	1499%	351%	556%	424%	666%	447%	950%	1499%	1227%
Liquidity LCR ISK	134%	129%	99%	120%	105%	134%	159%	156%	129%	161%
Net stable funding ratio NSFR total	121%	123%	117%	121%	116%	121%	122%	123%	123%	123%
Net stable funding ratio NSFR FX	136%	145%	132%	142%	132%	136%	138%	150%	145%	150%
Full-time eqv.positions	813	802	813	816	878	813	824	826	802	818

Operations

	9M 2024	2023	2022	2021	2020	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Net interest income	44,090	57,559	46,464	38,953	38,074	14,955	14,752	14,383	14,783	15,241
Net fee & commission income	8,068	11,153	10,623	9,483	7,638	2,690	2,642	2,736	3,066	2,336
Net impairment changes	-2,018	-3,120	2,473	7,037	-12,020	1,442	-746	-2,714	-1,281	-249
Other net operating income	8,463	8,256	-6,307	6,857	4,561	2,129	3,178	3,156	5,267	208
Total operating income	58,603	73,848	53,253	62,330	38,253	21,216	19,826	17,561	21,835	17,536
Salaries and related expenses	12,005	15,866	14,474	14,759	14,767	3,582	4,190	4,233	4,332	3,221
Other operating expenses	7,569	10,092	9,289	9,105	9,064	2,493	2,491	2,585	2,979	2,388
Tax on liabilities to fin. institutions	1,955	2,290	2,097	2,013	1,815	719	636	600	527	643
Total operating expenses	21,529	28,248	25,860	25,877	25,646	6,793	7,317	7,419	7,838	6,252
Profit before tax	37,074	45,600	27,393	36,453	12,607	14,423	12,509	10,142	13,997	11,284
Income tax	10,166	12,433	10,396	7,534	2,086	3,636	3,544	2,986	3,213	3,374
Profit for the period	26,908	33,167	16,997	28,919	10,521	10,787	8,965	7,156	10,784	7,910



Balance sheet

	30.9.2024	31.12.2023	Change		31.12.2022	31.12.2021	31.12.2020
Cash and balances with CB	124,093	75,350	48,743	65%	42,216	82,425	67,604
Bonds and debt instruments	138,175	148,182	-10,007	-7%	125,265	150,435	119,330
Equities and equity instruments	24,162	19,012	5,150	27%	19,106	33,347	26,808
Loans and advances to financial institutions	77,197	54,101	23,096	43%	28,621	47,231	48,073
Loans and advances to customers	1,785,470	1,630,894	154,576	9%	1,544,360	1,387,463	1,273,426
Other assets	36,699	33,237	3,462	10%	27,456	28,897	28,936
Total assets	2,185,796	1,960,776	225,020	11%	1,787,024	1,729,798	1,564,177
Due to financial institutions and CB	11,942	29,968	-18,026	-60%	6,634	10,425	48,725
Deposits from customers	1,218,394	1,048,537	169,857	16%	967,863	900,098	793,427
Borrowing	546,103	513,687	32,416	6%	476,864	486,042	420,178
Other liabilities	58,123	44,654	13,469	30%	34,819	29,803	22,227
Subordinated liabilities	37,185	20,176	17,009	84%	21,753	20,785	21,366
Equity	314,049	303,754	10,295	3%	279,091	282,645	258,255
Total liabilities and equity	2,185,796	1,960,776	225,020	11%	1,787,024	1,729,798	1,564,177



Operating segments

1.1. – 30.9.2024	Personal Banking	Corporate Banking	Asset Management & Capital Markets	Treasury and Market Making	Other divisions	Reconciliation	Total
Net interest income	16,173	21,413	371	5,802	408	-77	44,090
Net fee and commission income	2,590	1,970	3,809	-284	107	-124	8,068
Net impairment changes	-1,980	-37	1	-1	-1	-	-2,018
Net other operating income (expense)	119	-904	285	8,707	259	-3	8,463
Total operating income (expense)	16,902	22,442	4,466	14,224	773	-204	58,603
Operating expenses	-5,544	-2,564	-1,809	-688	-9,093	124	-19,574
Tax on liabilities of financial institutions	-803	-426	-11	-711	-4	-	-1,955
Allocated expenses	-3,610	-2,439	-964	-884	7,897	-	0
Profit (loss) before tax	6,945	17,013	1,682	11,941	-427	-80	37,074
Income tax	-2,081	-4,669	-627	-2,857	68	-	-10,166
Profit (loss) for the period	4,864	12,344	1,055	9,084	-359	-80	26,908
Total assets	919,224	854,469	16,841	768,517	21,426	-394,681	2,185,796
Total liabilities	852,440	705,317	12,719	679,167	16,785	-394,681	1,871,747
Allocated capital	66,784	149,152	4,122	89,350	4,641	0	314,049



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