Landsbankinn's results for the first half of 2026

Press release, 23 July 2026

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Financial results of Landsbankinn for the first half of 2026

- Landsbankinn's net after-tax profit for the first half of 2026 was ISK 22.1 billion, compared with ISK 18.3 billion for the same period of 2025. Landsbankinn's profit for the second quarter was ISK 11 billion.
- Return on equity (ROE) was 13.4% compared with 11.5% for the same period the previous year.
- Net impairment changes increase from the previous year, in part reflecting reassessment and changes in the weighting of scenarios in light of persistent inflation and continued uncertainty in the global economy. Loans in arrears remain low.
- Net interest income increases between years and amounted to ISK 39.8 billion. The direct impact of inflation remains unusually high. The net interest margin is currently 3.4% but is expected to be 2.9-3.1% for the full year.
- Net fee and commission income was ISK 6.2 billion, more or less unchanged between years.
- The premium over the Central Bank's key policy rates is lowest for 12-month fixed-rate mortgage loans, at 1.25 percentage points.
- Performance from insurance contracts was ISK 1.6 billion, up by over 50% between years. The combined ratio of TM was 89.9% for the first half of 2026.
- The Group's cost-income ratio was 31.5%, compared with 35.8% for the same period of 2025. The ratio decreases with increased income while costs remain stable.
- Imputed income and bank tax was ISK 10.1 billion, compared with ISK 8.5 billion for the same period last year. The total increase is 18.3%.
- The total capital ratio was 24.7% 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:

"The Bank's results for the first half of this year are strong, although they continue to be affected by high inflation, which has a negative impact on the entire domestic economy. The Bank's operations are sound, progress is steady across all segments and customer satisfaction remains high. We enter the second half of the year with strong momentum.

Nevertheless, it is crucial to bring inflation under control so that interest rates can begin to decline. Hopefully, conditions will allow for this to happen as soon as possible but until then, we offer flexible solutions for our customers, including a new payment cap on residential mortgages. Landsbankinn is a major lender to the construction sector, where conditions are challenging. This is reflected, for example, in the higher impairment charges reported in the Bank's financial results. It is difficult to see conditions improving before interest rates come down. Over the longer term, it is also important to reduce complex regulations and levies that add to the cost of new housing. Despite these challenges, it is encouraging to see that young people continue to invest in housing. During the first six months of the year, around 55% of new residential mortgages were granted to first-time buyers, with the average loan amounting to approximately ISK 44 million. We have made good use of the Central Bank's authorization to grant exemptions from the debt service ratio rules, or in more than 5% of cases.

Over the past few months, the Bank has made major advances. It has been particularly gratifying to welcome many new corporate customers to the Bank and we are also seeing people across Iceland choosing Landsbankinn, not least for insurance, which is now an integral part of our service. The number of customers purchasing TM insurance through Landsbankinn has increased significantly and the insurance segment has delivered strong results for the Group during the first six months of the year.

In early summer, we also launched Vild, Landsbankinn's loyalty programme. Vild is based on the scope and duration of a customer's relationship with the Bank. It is truly a mutually beneficial programme and we are grateful to our customers for the excellent reception. Landsbankinn is also moving ahead at full speed in its use of artificial intelligence. We have been measured in our public statements on this topic because of the rapid nature of developments. However, the Bank has numerous AI-related initiatives under way, many of which are already delivering meaningful results. Whenever we implement new technology, our guiding principle is to meet our customers' needs through personal service supported by technology, while maintaining a strong focus on security. Digital financial services have evolved rapidly in recent years - the pace of change will only accelerate with AI. Under such conditions, it is essential to have dedicated employees serving customers around the country, listening to their needs and providing expert assistance across the full range of financial services. That is what sets Landsbankinn apart.

A well-managed bank supports a society that creates value. During the first half of the year, access to international capital markets remained favourable and the Bank continued to work systematically to extend the maturity profile and further diversify its funding sources. The financial results demonstrate the Group’s continued solid performance while attracting new customers, whom we are committed to providing with first-rate service at fair terms. This year, we are celebrating Landsbankinn's 140-year history at our branches in August and taking part in the festivities on Reykjavík Culture Night at Reykjastræti.

Landsbankinn is, and will continue to be, a trusted bank for the future.”

Key figures from the income statement and balance sheet for Q2 2026

Income statement:

- Net profit in Q2 of 2026 was ISK 11.0 billion, compared with ISK 10.4 billion for the same period of 2025.
- Return on equity (ROE) was 13.5% in Q2 2026, compared with 13.0% for the same period the previous year.
- Net interest income amounted to ISK 19.2 billion, compared with ISK 17.7 billion in Q2 2025.
- Net fee and commission income was ISK 3.0 billion, compared with ISK 3.2 billion in Q2 2025, decreasing by 6.9% between periods.
- Net impairment changes were ISK 495 million in Q2 2026 as compared with a net impairment reversal in the amount of ISK 256 million in Q2 2025. Impairment increases from the previous year, in part reflecting a reassessment and changes in the weighting of scenarios in light of persistent inflation and continued uncertainty in the global economy. Loans in arrears remain low.
- Performance from TM insurance contracts was ISK 1.0 billion in the quarter. The combined ratio of TM for the period was 86.2%

Balance sheet:

- Loans to customers increased by 2.6% from the beginning of the year, or by ISK 49.4 billion. Loans to individuals increased by ISK 10.6 billion and loans to corporates by ISK 34.2 billion from the beginning of the year. Deposits from customers grew by 6.5% from the beginning of the year, or by ISK 81.3 billion. Deposits on savings accounts in the app have grown by 19.1% 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 244% at the end of Q2 2026 as compared with 180% at the end of the year 2025.

KPIs of the Group

OPERATIONS	H1 2026	H1 2025	Change	Change%	Q2 2026	Q2 2025	Change	Change%
								Amounts are in ISK million
Profit for the period	22,074	18,322	3,752	20.5%	10,983	10,382	601	5.8%
Net interest income	39,835	32,462	7,373	22.7%	19,224	17,662	1,562	8.8%
Net fee and commission income	6,227	6,205	22	0.4%	2,980	3,201	(221)	(6.9%)
Insurance service result	1,566	1,039	527	50.7%	1,026	769	257	33.4%
Net other operating income (expenses)	263	2,128	(1,865)	(87.6%)	606	1,042	(436)	(41.8%)
Total operating income	47,891	41,834	6,057	14.5%	23,836	22,674	1,162	5.1%
Salaries and related expenses	(9,809)	(9,165)	(644)	7.0%	(4,882)	(4,700)	(182)	3.9%
Other operating expenses	(5,941)	(5,837)	(104)	1.8%	(3,009)	(2,769)	(240)	8.7%
Total operating expenses	(17,291)	(16,372)	(919)	5.6%	(8,735)	(8,168)	(567)	6.9%
BALANCE SHEET	**30.6.2026**	**31.12.2025**	**Change**	**Change%**				
Total assets	2,417,277	2,324,939	92,338	4.0%				
Loans and advances to customers	1,933,689	1,884,305	49,384	2.6%				
Deposits from customers	1,330,575	1,249,306	81,269	6.5%				
Equity	330,550	343,773	(13,223)	(3.8%)				
KEY FIGURES AND RATIOS	**H1 2026**	**H1 2025**	**Q2 2026**	**Q2 2025**				
Return on equity after taxes	13.4%	11.5%	13.5%	13.0%				
Interest spread as ratio of average total assets	3.4%	2.9%	3.2%	3.1%				
Operating expenses as a ratio of average total assets	1.3%	1.3%	1.3%	1.3%				
Cost/income ratio*	31.5%	35.8%	32.4%	33.3%				
	30.6.2026	**31.12.2025**	**31.12.2024**					
Total capital ratio	24.7%	24.8%	24.3%					
Sum of MREL funds	43.0%	40.5%	38.2%					
Sum of MREL Subordinated funds	28.1%	27.6%	25.5%					
Net stable funding ratio FX (NSFR)	181%	163%	143%					
Liquidity coverage ratio total (LCR)	244%	180%	164%					
LCR EUR	978%	1386%	951%					
Loans in arrears	1.2%	0.8%	1.1%					
Average number of full-time positions	938	917	811					
Full-time equivalent positions	935	930	822					

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

Landsbankinn's financial calendar

- Q3 2026 29 October 2026
- Annual results 2026 4 February 2027