



Financial results of Landsbankinn in the first half of 2024

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- Landsbankinn's profit in the first half of 2024 amounted to ISK 16.1 billion, ISK 9.0 billion thereof in the second quarter.
- Return on equity (ROE) in the period was 10.5%, compared with 10.3% for the same period the previous year.
- The net interest margin was 2.9% and the net interest margin of domestic households was 2% during the period.
- Net interest income amounted to ISK 29.1 billion and net fee and commission income was ISK 5.4 billion.
- Net impairments were negative by ISK 3.5 billion, with the major part attributable to uncertainty about the financial impact of natural disaster on the Reykjanes peninsula.
- The cost-income ratio was 33.1%, compared with 36.1% in the same period of 2023.
- The total capital ratio was 24.4% at the end of the period. The total capital requirement of the Financial Supervisory Authority of the Central Bank of Iceland is 20.4%.
- An agreement providing for Landsbankinn's purchase of TM tryggingar hf. from Kviká Bank was signed 30 May 2024.

Lilja Björk Einarsdóttir, CEO of Landsbankinn:

"Landsbankinn shows strong results in the first six months of the year, achieving all its financial targets. Profitability is in line with objectives and the cost-income ratio is almost as low as it gets. Interest income is robust and we have achieved good returns on the Bank's liquid assets.

The most notable event of the last quarter is the signing of an agreement providing for the Bank's purchase of TM. This strategic acquisition aims to broaden the service base for customers, diversify income streams and increase the Bank's value for shareholders. The purchase is pending approval by the Financial Supervisory Authority of the Central Bank of Iceland and the Icelandic Competition Authority.

Fee and commission income is slightly down following exceptionally good results in the same period last year, yet on an upward trajectory. Dynamic development and new features in the app, alongside the addition of new corporate customers result in growing revenue, both through merchant acquiring and

other services. We are proud of the impressive results achieved in introducing new services in our app. We have also enhanced security by introducing a new emergency closure feature that allows customers to suspend access to both payment cards, the app and online banking with the flick of a switch, and only reversible by contacting the Bank.

We are focused on simplifying life for our customers. Our success is attested to by strong results, efficient operation and good understanding of our complex operating environment, regularly reviewed by regulators. We have added to our income streams and offer very broad banking services that most customers take advantage of daily or multiple times each day. I am happy to see how well the Bank's team responds to different challenges and changes in our operating environment. We all of us keep our focus firmly on the important point, ensuring customer satisfaction with convenient and competent service - this is the point that will ensure future success."

Key figures from the income statement and balance sheet for Q2 2024

Operation:

- After-tax profit in Q2 of 2024 was ISK 9.0 billion, compared with ISK 6.7 billion for the same period of 2023.
- Return on equity (ROE) was 11.7% in Q2 2024, compared with 9.5% for the same period the previous year.
- Net interest income amounted to ISK 14.8 billion compared to ISK 14.5 billion in Q2 2023.
- Net fee and commission income was ISK 2.6 billion, compared with ISK 2.7 billion in Q2 2023.
- Net impairments were negative by ISK 746 million in Q2 2024.
- In May, the EFTA Court issued an advisory opinion on the interpretation of certain provisions of European Union directives regarding mortgage credit and terms in consumer agreements. The opinion was provided at the behest of Icelandic district courts in two lawsuits, one of which was brought against Landsbankinn, concerning contractual provisions on the conditions for interest rate changes of mortgage loan agreements. The proceedings in the case against Landsbankinn will now continue before the Reykjavík District Court.
- Landsbankinn and Kvika Bank signed an agreement providing for the purchase by Landsbankinn of TM tryggingar hf. ("TM") on 30 May 2024, following a binding offer made by Landsbankinn on 15 March 2024. The purchase is contingent on approval by the Icelandic Competition Authority and the Financial Supervisory Authority of the Central Bank of Iceland. The purchase price is ISK 28.6 billion, with the final consideration subject to a closing adjustment on the date the Bank assumes operation of TM.

Balance sheet:

- Lending increased by 7% from the beginning of the year, or by ISK 107.7 billion. Lending to retail customers increased by ISK 23.5 billion. Corporate lending increased by ISK 84.2 billion, including an ISK 1 billion negative exchange rate impact.
- Deposits grew by 9.5% from the beginning of the year, or by just under ISK 100 billion. The balance on savings accounts in the app grew by 48%.
- At the end of the second quarter, the majority of customers in Grindavík who hold mortgages with the Bank have elected to sell their real estate to Fasteignafélagið Thórkatla ehf. While the transactions between these parties have not been fully settled during the quarter, the mortgages of 398 of the Bank's retail customers had been paid off and Thórkatla had been extended credit in the amount of ISK 10.3 billion.

- 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 177% at the end of Q2 2024 as compared with 165% at the end of Q2 2023.

Key performance indicators of the Group

OPERATIONS	H1 2024	H1 2023	Change	Change%	Q2 2024	Q2 2023	Change	Change%
Amounts are in ISK million								
Profit for the period	16,121	14,473	1,648	11.4%	8,965	6,717	2,248	33.5%
Net interest income	29,135	27,535	1,600	5.8%	14,752	14,469	283	2.0%
Net fee and commission income	5,378	5,751	(373)	(6.5%)	2,642	2,703	(61)	(2.3%)
Net other operating income (expenses)	2,874	1,191	1,683	141.3%	2,432	(15)	2,447	
Total operating income	37,387	34,477	2,910	8.4%	19,826	17,157	2,669	15.6%
Salaries and related expenses	(8,423)	(8,313)	(110)	1.3%	(4,190)	(4,194)	4	(0.1%)
Other operating expenses	(5,077)	(4,725)	(352)	7.4%	(2,491)	(2,370)	(121)	5.1%
Total operating expenses	(14,736)	(14,158)	(578)	4.1%	(7,317)	(7,114)	(203)	2.9%

BALANCE SHEET	30.6.2024	31.12.2023	Change	Change%
Total assets	2,075,463	1,960,776	114,687	5.8%
Loans and advances to customers	1,738,585	1,630,894	107,691	6.6%
Deposits from customers	1,148,431	1,048,537	99,894	9.5%
Equity	303,262	303,754	(492)	(0.2%)

KEY FIGURES AND RATIOS	H1 2024	H1 2023	Q2 2024	Q2 2023
Return on equity after taxes	10.5%	10.3%	11.7%	9.5%
Interest spread as ratio of average total assets	2.9%	2.9%	2.9%	3.0%
Operating expenses as a ratio of average total assets	1.3%	1.4%	1.3%	1.4%
Cost-income ratio*	33.1%	36.1%	32.5%	39.5%

	30.6.2024	31.3.2024	31.12.2023	31.12.2022
Total capital ratio	24.4%	24.9%	23.6%	24.7%
Net stable funding ratio FX (NSFR)	138%	157%	145%	132%
Liquidity coverage ratio total (LCR)	177%	272%	181%	134%
LCR EUR (was LCR FX up to and including 2022)	447%	947%	1,499%	351%
Loans in arrears (>90 days)	0.5%	0.7%	0.3%	0.2%
Average number of full-time positions	824	824	849	843
Full-time equivalent positions	824	826	817	813

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

Landsbankinn's financial calendar

- Q3 2024 results 23 October 2024
- Annual results 2024 30 January 2025