



# Landsbankinn's January - September 2023 results

News Release, 26 October 2023

---

## News Release, 26 October 2023

# Financial results of Landsbankinn for the first nine months of 2023

- Landsbankinn's profit in the first nine months of 2023 amounted to ISK 22.4 billion, ISK 7.9 billion thereof in the third quarter.
- Return on equity (ROE) in the first nine months of the year was 10.5% and 10.9% in the third quarter.
- Landsbankinn aims to pay out around 50% of each year's profit as dividends.
- Net fee & commission income is up by 2.7% between years.
- Net interest income grew by 27.3%, driven by improved return on liquid assets, a growing loan book and rising interest levels.
- The cost/income ratio was 34.6%.
- Customer deposits are up by 10.1% since the beginning of the year with a growing number of customers taking advantage of our most favourable savings account in the app.
- In September, Landsbankinn issued green bonds in the amount of EUR 300 million in a successful issuance.
- Customers can now view the balance of their accounts with other banks in Landsbankinn's app and will soon be able to use our app to transfer funds from these accounts.
- Loans past due remain close to historically low levels and impairment provisions are in line with the Bank's estimates.

Operating expenses were ISK 20.4 billion in the period, compared with ISK 18.7 billion for the same period last year. Salaries and related expenses were ISK 11.5 billion thereof, compared with ISK 10.5 billion in the same period the previous year. Other operating expenses were ISK 7.1 billion, compared with ISK 6.7 billion for the same period last year.

The cost/income ratio for the first nine months of 2023 was 34.6%, compared with 48.9% in the same period of 2022.

Landsbankinn's total assets increased by ISK 195.4 billion during the period, amounting to ISK 1,982 billion as at 30 September 2023. Loans to customers grew by ISK 55.5 billion in the first nine months of 2023. At the end of September 2023, deposits from customers amounted to ISK 1,065.2 billion, compared with ISK 967.9 billion at year-end 2022, increasing by ISK 97.3 billion.

---

Landsbankinn's equity amounted to ISK 293 billion as at 30 September of 2023 and its total capital ratio was 23.7%.

Landsbankinn's Annual General Meeting, held on 23 March 2023, approved a motion from the Board of Directors to pay a dividend to shareholders for the operating year 2022 corresponding to ISK 0.36 per share in two tranches. The dividend payments, each amounting to ISK 0.18 per share, were paid out on 29 March and 20 September 2023. Total dividend paid in 2023 amounts to ISK 8,504 million; to a total of ISK 175.2 billion from the year 2013.

### **Lilja Björk Einarsdóttir, CEO of Landsbankinn:**

“The outcome for the first nine months of the year is good and speaks to success and stability in the Bank's operation. The Bank's profitability this year is in line with long-term goals of achieving over 10% return on equity yet it should be kept in mind that the Bank's equity is considerably above minimum requirements.

The Bank is securely funded, both in Icelandic króna and foreign currency, which is important in this challenging environment. The Bank's issuance of green bonds in the amount of EUR 300 million in September was successful, substantially over-subscribed and the terms more favourable than in recent comparable issuances. Issuances like these are key to the Bank being able to support export sectors and the reception shows that the Bank has good access to international capital markets.

This year, companies and associations who have become Landsbankinn customers are up 20% and the Bank's share in the retail market continues strong, or at around 40%. Before long, the fixed-rate period on non-indexed housing mortgages will end for many of our customers and, all things remaining equal, debt service on these loans will grow considerably. There are various measures available to lower debt service by changing the loan type, as we note in the presentation that accompanies this financial statement. We encourage our customers to get in touch to discuss their options. It's important to us to provide customers with quality advice on available loans and on savings options. Access to advice and services at the Bank is very good and our people around the country offer a warm welcome to all.

In response to rising interest rate levels, the Bank has worked to lower the interest margin on housing mortgages and the difference has never been lower, based on the Central Bank's key rate. Competition for customer deposits has stiffened and smart savings in the app, that carry Landsbankinn's best unrestricted rates, are enjoying increased popularity. The difference between non-restricted, variable deposit rates and variable housing mortgage rates is currently 2 percentage points.

The app has long since become our customers' first choice and we are always adding new features. We'll soon introduce a feature that allows customers to not only view the balance of their accounts with other banks but also to use Landsbankinn's app to make transfers from those accounts. This feature is based on our full compliance with the detailed requirements concerning retail banking made of all financial undertakings in the payment service directive PSD2. While we are obviously facilitating competition from other fintechs, we also firmly intend to take advantage of financial technology to offer our own solutions aimed at simplifying the customer experience.”

---

## Key figures from the profit and loss account for Q3 2023

### Operation:

- Landsbankinn's profit in Q3 2023 amounted to ISK 7.9 billion, compared with ISK 5.8 billion in Q3 2022.
- Return on equity (ROE) was 10.9% in Q3 2023, compared with 8.5% for the same period the previous year.
- Net interest income in the quarter amounted to ISK 15.2 billion, compared with ISK 12.2 billion in Q3 2022.
- Net credit impairment charges were ISK 248 billion in Q3 2023 as compared with a credit release in the amount of ISK 2.6 billion in Q3 2022.
- Net fee and commission income was ISK 2.3 billion, compared with ISK 2.5 billion in Q3 2022.
- Net interest margin as a ratio of total assets was 3.1% in Q3 2023, compared with 2.8% in the same period the previous year.
- Salaries and related expenses amounted to ISK 3.2 billion, compared with ISK 3.1 billion in Q3 2022.
- Operating expenses less salaries and related expenses amounted to ISK 2.4 billion in Q3 2023, compared with ISK 2.1 billion for the same period in 2022.
- The cost/income ratio in Q3 2023 was 31.5%, compared with 43.2% in the same quarter the previous year.
- Full-time equivalent positions at Landsbankinn were 818 as at 30 September 2023; were 824 the same time the previous year.

### Balance sheet:

- Landsbankinn's equity as at 30 September 2023 amounted to ISK 293 billion.
- The Bank's total capital ratio as at 30 September 2023 was 23.7%, down from 24.7% at year-end 2022. This is significantly higher than the 20.2% minimum requirement of the Financial Supervisory Authority of the Central Bank of Iceland.
- Landsbankinn's total assets amounted to ISK 1,982 billion at the end of September 2023.
- Loans to customers grew by ISK 55.5 billion in the first nine months of 2023. Lending to retail customers grew by ISK 19.5 billion and lending to corporates by ISK 47 billion, less ISK 11 billion in exchange rate changes. The net change to corporate lending is an ISK 36 billion increase.
- Deposits from customers were ISK 1,065 billion at the end of September 2023, compared with ISK 968 billion at year-end 2022.
- 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 238% at the end of September 2023, compared with 134% at year-end 2022.
- Total loans in arrears by companies and households were 0.3% of lending.

|                                                 | 9M 2023          | 9M 2022          | Q3 2023           | Q3 2022           |
|-------------------------------------------------|------------------|------------------|-------------------|-------------------|
| Amounts in ISK millions                         |                  |                  |                   |                   |
| After-tax profit                                | 22,383           | 11,320           | 7,910             | 5,763             |
| ROE after taxes                                 | 10.5%            | 5.6%             | 10.9%             | 8.5%              |
| Interest margin on average total asset position | 3.0%             | 2.6%             | 3.1%              | 2.8%              |
| Cost-income ratio*                              | 34.6%            | 48.9%            | 31.5%             | 43.2%             |
|                                                 | <b>30.9.2023</b> | <b>30.9.2022</b> | <b>31.12.2022</b> | <b>31.12.2021</b> |
| Total assets                                    | 1,982,403        | 1,771,128        | 1,787,024         | 1,729,798         |
| Loans to customers                              | 1,599,871        | 1,496,347        | 1,544,360         | 1,387,463         |
| Deposits from customers                         | 1,065,210        | 967,965          | 967,863           | 900,098           |
| Equity                                          | 292,971          | 273,414          | 279,091           | 282,645           |
| Total capital ratio                             | 23.7%            | 24.2%            | 24.7%             | 26.6%             |
| Net stable funding ratio in foreign currency    | 150%             | 142%             | 132%              | 142%              |
| Total liquidity coverage ratio (LCR)            | 238%             | 147%             | 134%              | 179%              |
| LCR EUR (was LCR FX up to and including 2022)   | 1.227%           | 204%             | 351%              | 556%              |
| Loans in arrears (>90 days)                     | 0.3%             | 0.2%             | 0.2%              | 0.3%              |
| Full-time equiv. positions                      | 818              | 824              | 813               | 816               |

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

## Landsbankinn's financial calendar

Annual results 2023

1 February 2024