



3M 2024 Results

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Sound operation in a challenging environment



Return on equity in the first quarter was 9.3%; annualised ROE is expected to be 11-13%.

Net interest income in the period amounted to ISK 14,383 million, up by ISK 1,317 million between years. The increase is due to improved return on liquid assets.

Net impairment charges on financial assets were ISK 2.7 billion, a major part of which is linked to Grindavík housing mortgages.

Net fee and commission income decreases by ISK 312 million between years. The quarter is nevertheless strong.

The **cost-income ratio** is stable and cost is down in real terms.

For the first time, **total assets** exceed ISK 2,000 billion in the quarter.

Moderate **lending growth** but a slight increase in loans 90 days in arrears. Inflation-indexed lending continues to grow.

Funding has been successful. Subscriptions were more the six times the size of the Bank's EUR 300 million green bond issuance and the Bank issued ISK 15 billion subordinated bonds. Total deposits increased by ISK 54 billion and amount to over ISK 1,100 billion.

Strong equity position, with a risk-adjusted capital ratio that is 4.2 percentage points above the 20.7% regulatory requirement.

Most satisfied customers and refinancing in app

NEW

Ellí helps you out!

Chatbot Ellí was introduced in March and has successfully responded to over

50%

of queries from customers in our web chat

80%

of customers give Ellí



Market share in the retail market is around

40%

+4,800

new customers from the same time last year

+ 7,000 more save in the app



NEW

More convenient refinancing

Housing mortgages can now be refinanced online or in the app

- Only at Landsbankinn -

Aukakrónur

+17.2%

more Aukakrónur collected than the same time last year, or a total of

167.6 million

28%

share in the mortgage market

Strong lender and new service returns increased income

Corporate customers grew by **15.4%** from the same period in 2023

Finance residential housing

4,403 apartments under construction in 123 projects around Iceland

Broader service base

Turnover in merchant acquiring doubled in the quarter and sales locations grew by 65%



16% more bank accounts opened than in the same period last year

Active in fisheries and seafood



40% market share and new partnership with the Iceland Ocean Cluster

Reliable corporate consultant

Corporate Finance co-ordinated the successful ISK 7.5 billion stock offering of Amaroq Minerals



Passed the ISK 2,000 billion mark - large milestone

Total assets have exceeded
ISK 2,000 billion

EUR 300 million

Sixfold over-subscription in fourth green bond issuance

ISK 15 billion
subordinated bonds

BBB+
with stable outlook

S&P upgraded the Bank's credit rating
4 April 2024

56%

of non-domestic funding is now green

Sustainable finances

Updated financial framework

Positive impact on the community

Teaching and learning

- Three lectures on cybersecurity
- Information meeting in Polish on banking and finances in Iceland
- Well-attended financial forum for university students
- 36 informative publications by Economic Research

Football Association of Iceland (KSÍ)

- We renewed our sponsorship contract with KSÍ and are among main backers

Innovation

- We support Gulleggið, Iceland's largest startup and innovation competition

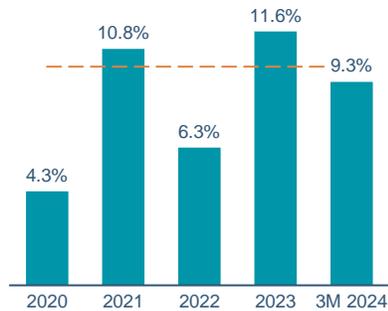


Financial targets and development of KPIs

Strong financial position and efficient operations

Profitability

Return on equity (ROE)



Target 3M 2024

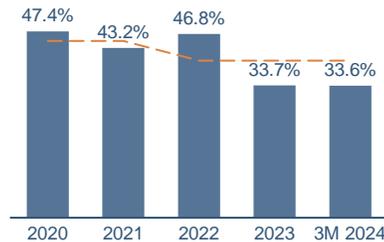
≥ 10% 9.3%

Guidance

Expected ROE in 2024 is 11–13%.

Efficiency

Cost/income ratio



Target 3M 2024

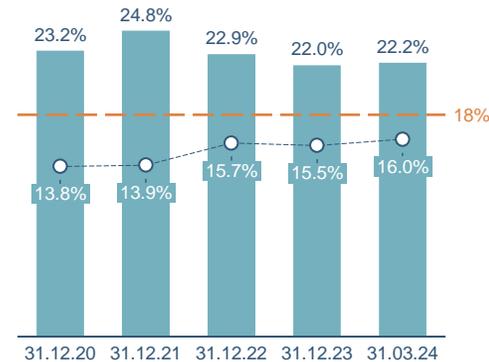
≤ 40% 33.6%

Guidance

Projected 2024 cost/income ratio is 30-35%.

Financial strength

CET1



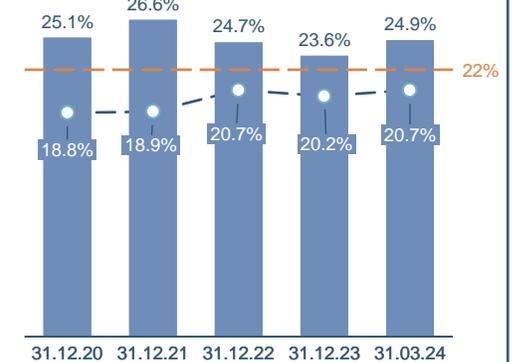
Target 3M 2024

≥ 18% 22.2%

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 3M 2024

≥ 22% 24.9%

Guidance

Aim is to continue to take full advantage of authorisation to issue Tier 2 equity instruments.

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



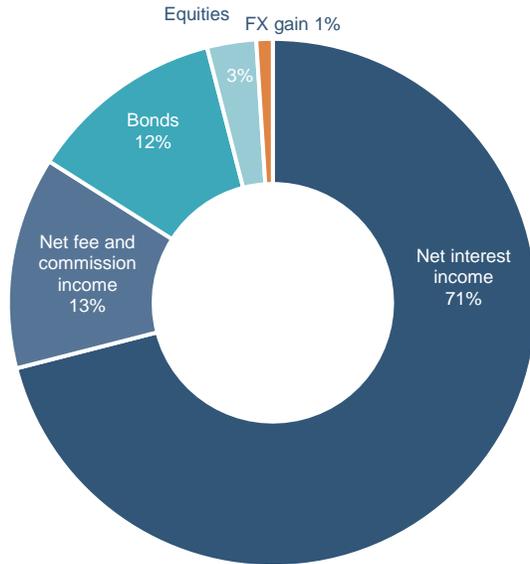
Income statement

Income statement

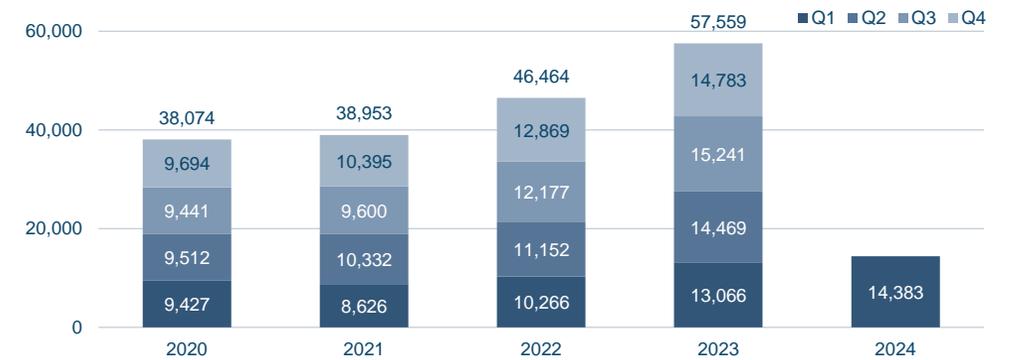
	3M 2024	3M 2023	Change	
Net interest income	14,383	13,066	1,317	10%
Net fee and commission income	2,736	3,048	-312	-10%
Net impairment changes	-2,714	-2,111	-603	29%
Other net operating income (expenses)	3,156	3,317	-161	-5%
Total operating income	17,561	17,320	241	1%
Salaries and related expenses	4,233	4,119	114	3%
Other operating expenses	2,586	2,355	231	10%
Tax on liabilities of financial institutions	600	570	30	5%
Total operating expenses	7,419	7,044	375	5%
Profit before tax	10,142	10,276	-134	-1%
Income tax	2,986	2,520	466	18%
Profit for the period	7,156	7,756	-600	-8%

Net operating income

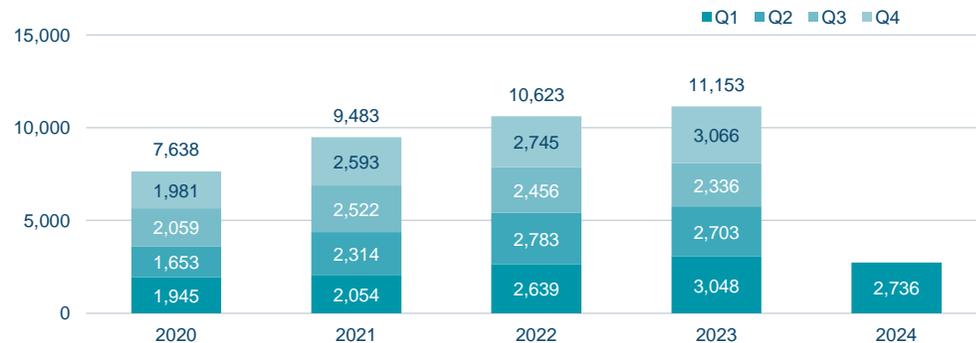
High interest rate levels and growing balance sheet result in a 10% net increase in interest income



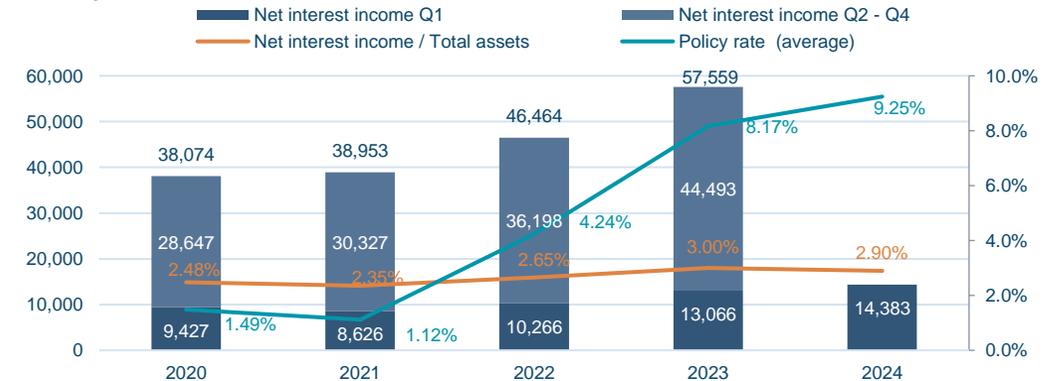
Net interest income



Net fee and commission income



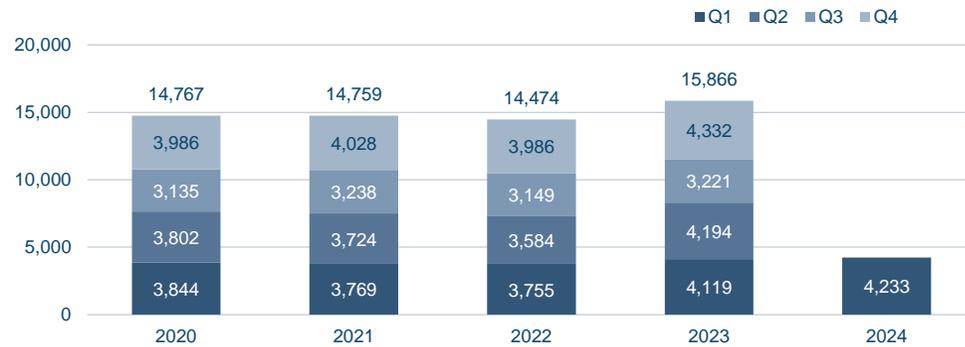
Policy rate and net interest income



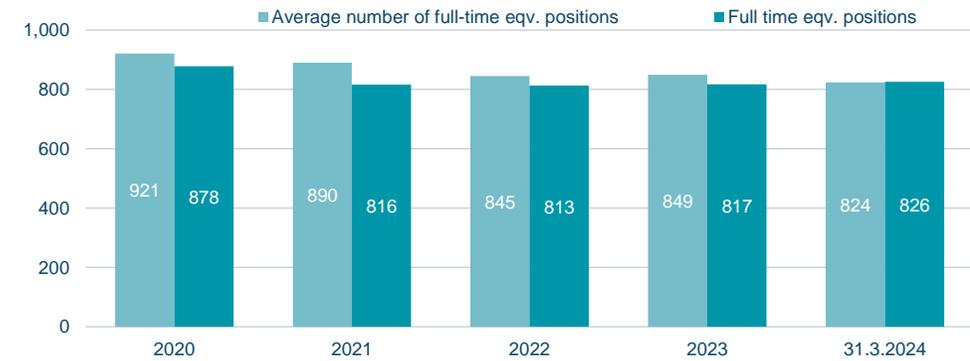
Operating expenses

Operating costs increase by 5% between years yet fall in real terms

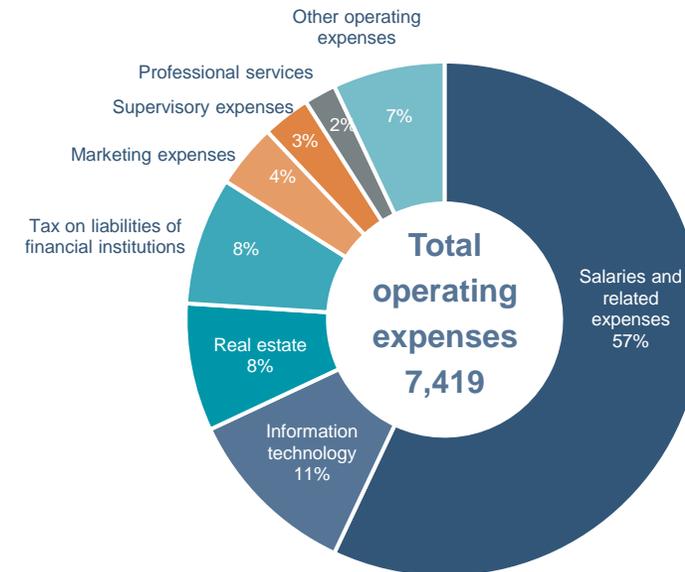
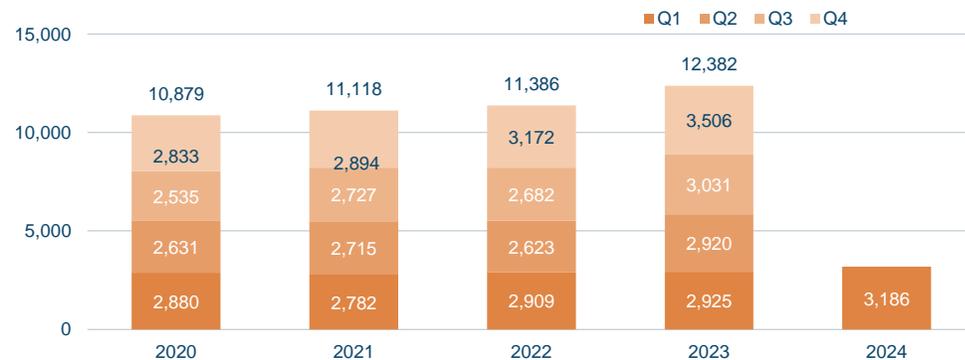
Salaries and related expenses



Full-time equivalent positions



Operating expenses



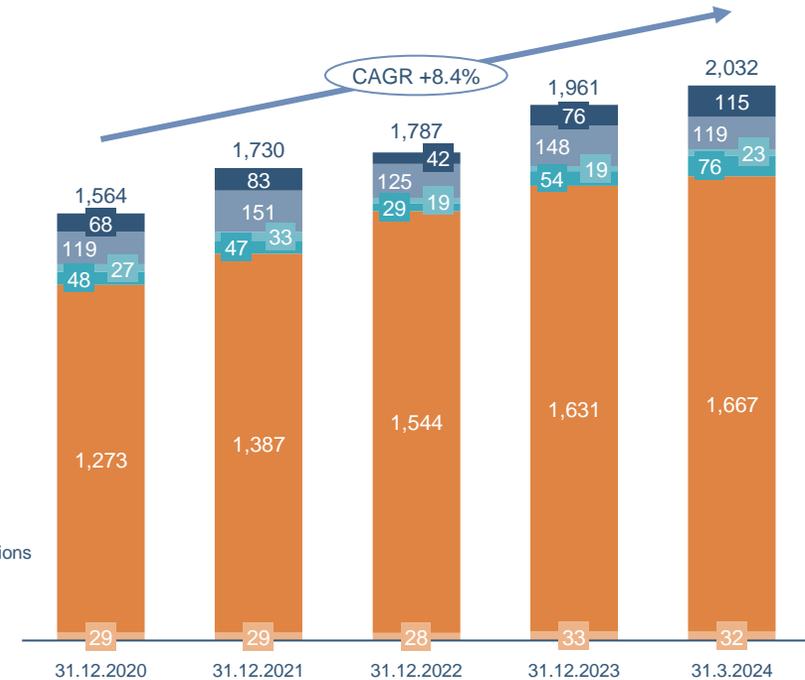
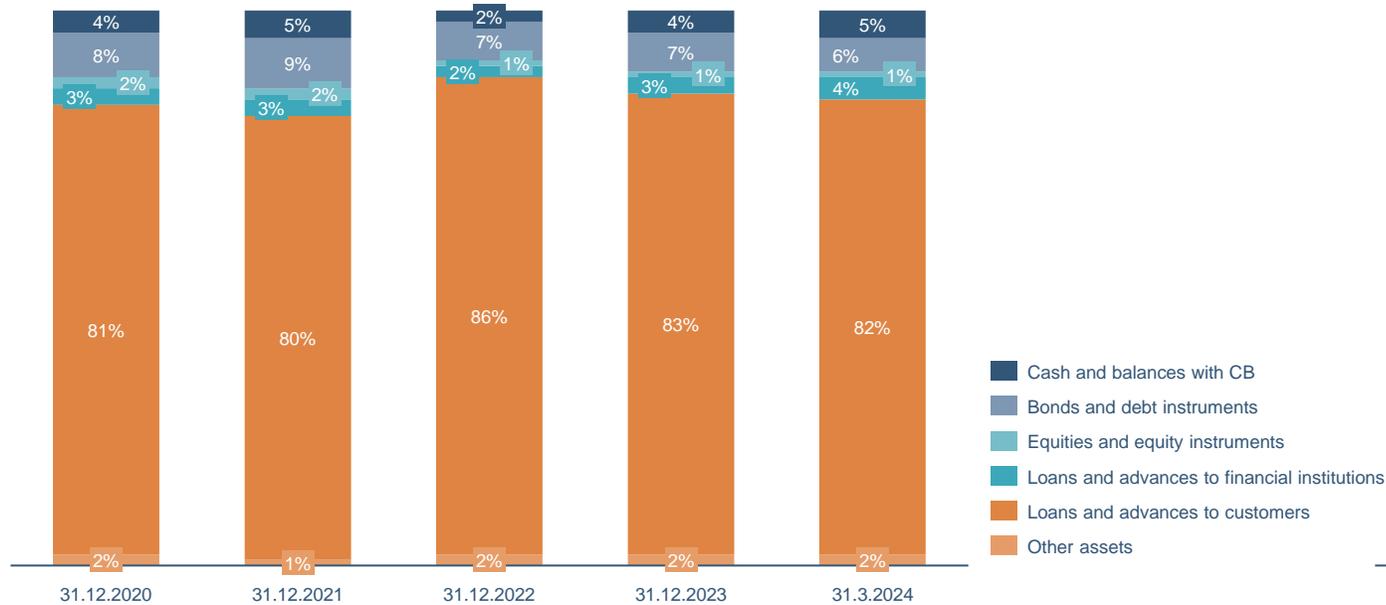
Balance sheet

Total assets

Lending to customers grew by 2% while total assets increase by 4%

	31.3.2024	31.12.2023	Change	
Cash and balances with Central Bank	115	76	39	51%
Bonds and debt instruments	119	148	-29	-20%
Equities and equity instruments	23	19	4	21%
Loans and advances to financial institutions	76	54	22	41%
Loans and advances to customers	1,667	1,631	36	2%
Other assets	32	33	-1	-3%
Total	2,032	1,961	71	4%

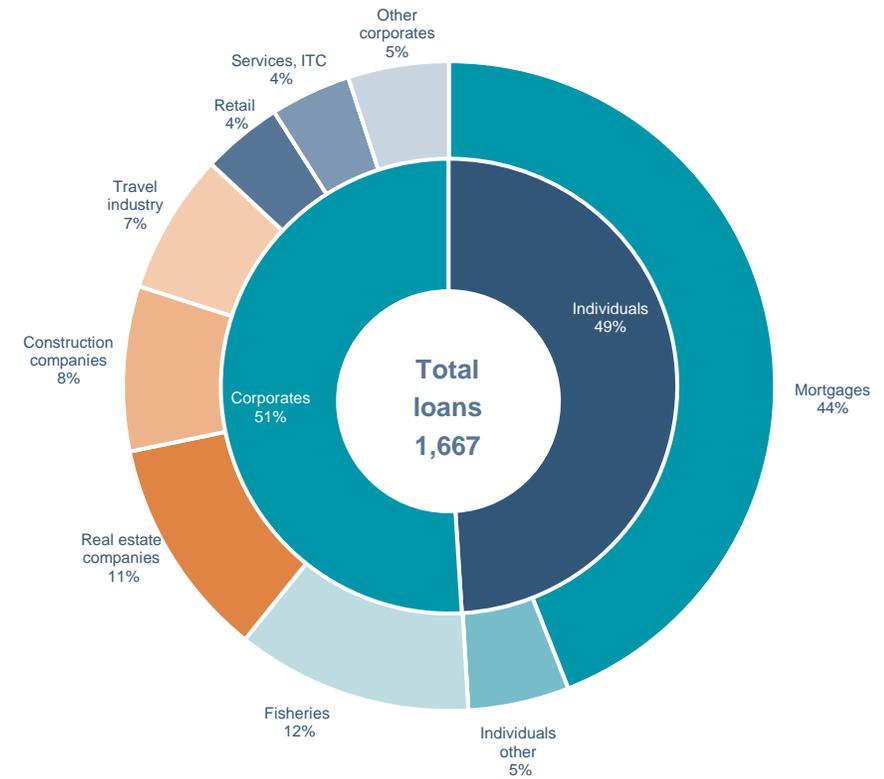
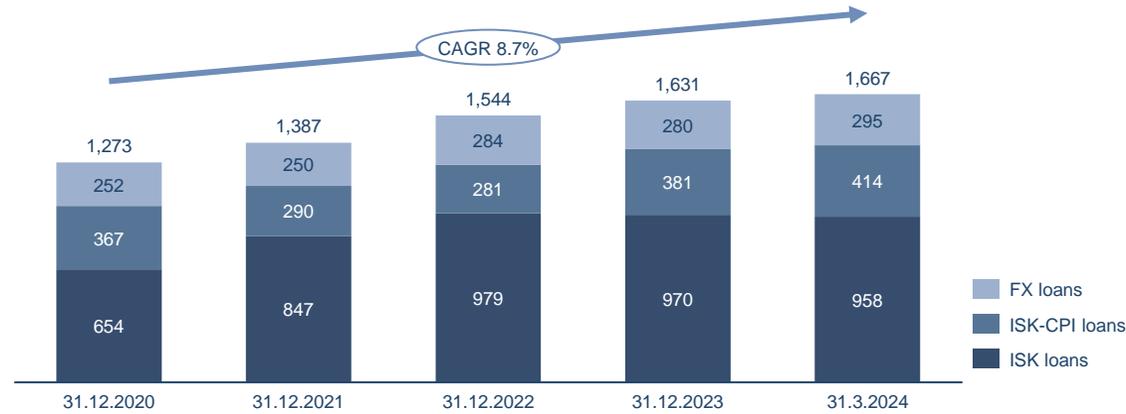
- Lending to individuals increased by ISK 5.8 billion. Mortgage loans grew by 1%, or around ISK 7 billion.
- Lending to corporates increased by ISK 30.6 billion, having regard for positive exchange rate changes in the amount of ISK 1.2 billion.



Loans

Moderate lending growth in Q1

Total loan portfolio

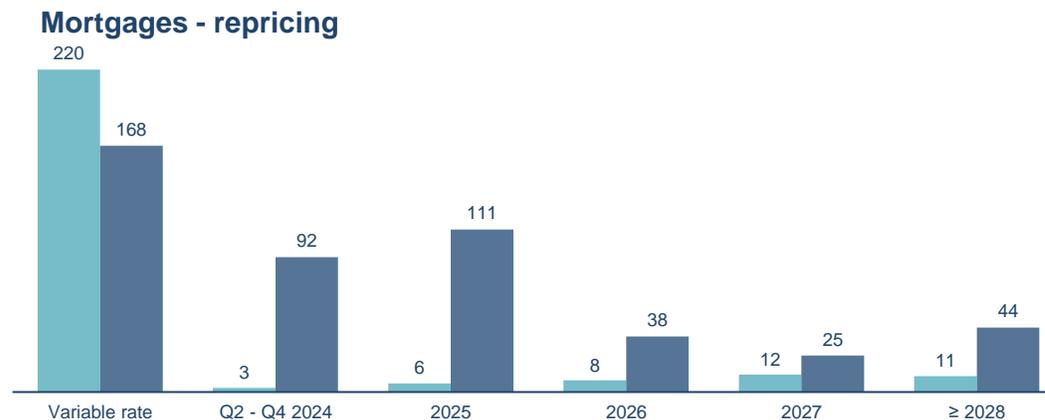
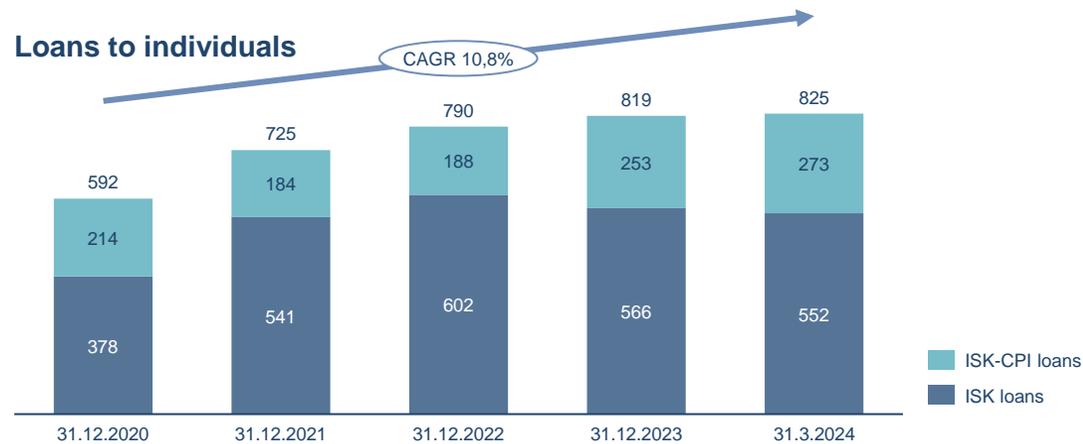


Problem loans

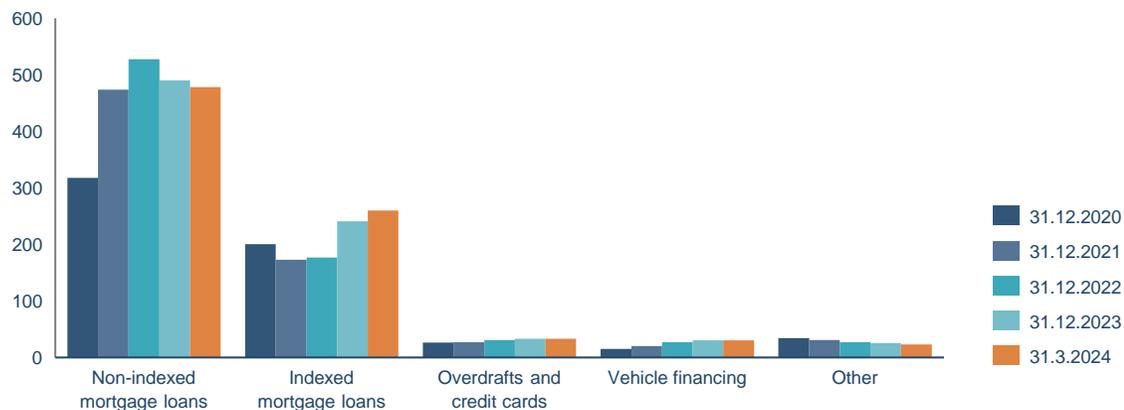


Loans to individuals

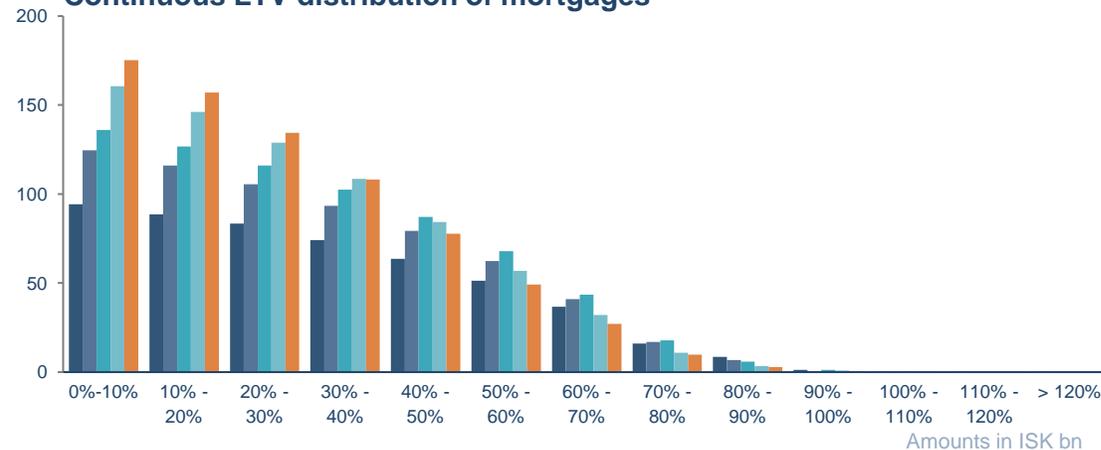
Increase in inflation-indexed lending towards the end of the year alongside repayment of non-indexed loans



Loans to individuals by loan type



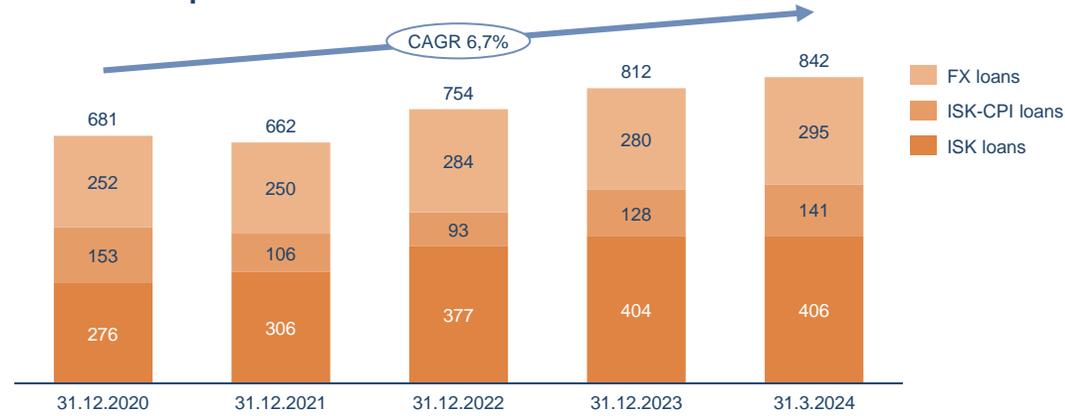
Continuous LTV distribution of mortgages



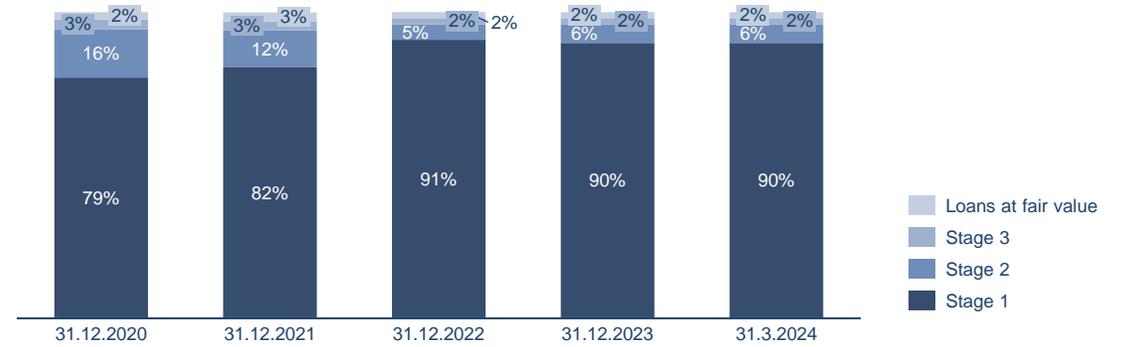
Loans to corporates

Universal growth in corporate lending across sectors

Loans to corporates



Stage allocation of loans to corporates



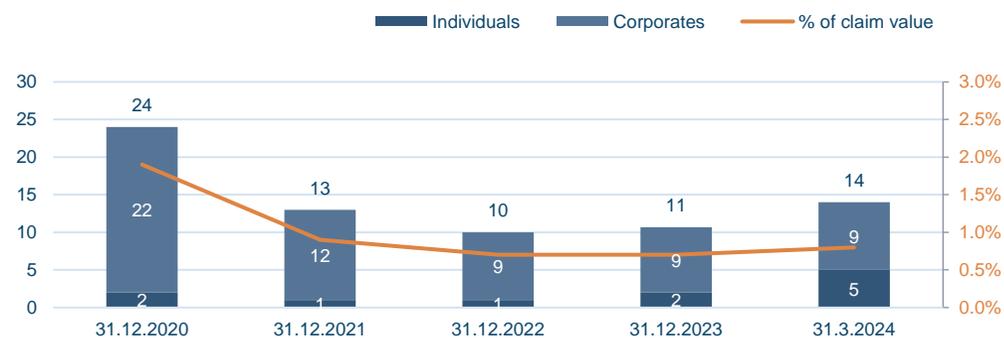
Loans to corporates by industry sector



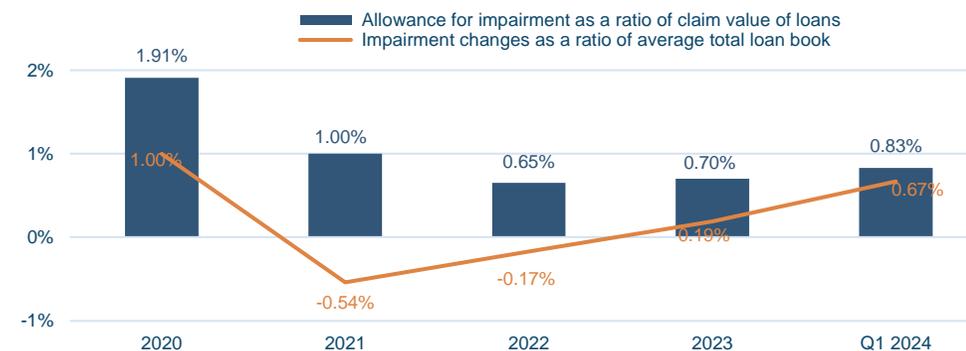
Impairment on loans

Collective allowance increased temporarily in response to natural calamity in the Grindavík area

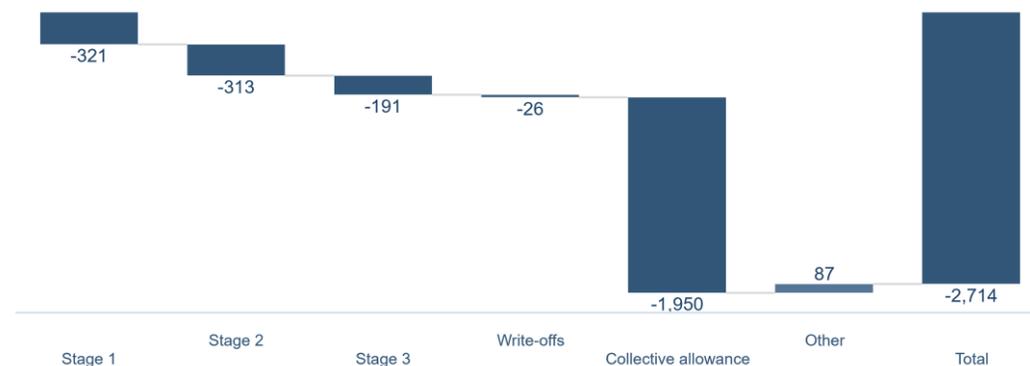
Allowance for impairment on loans and advances to customers



Cost of risk



Impairment on loans – PL impact



Loan staging

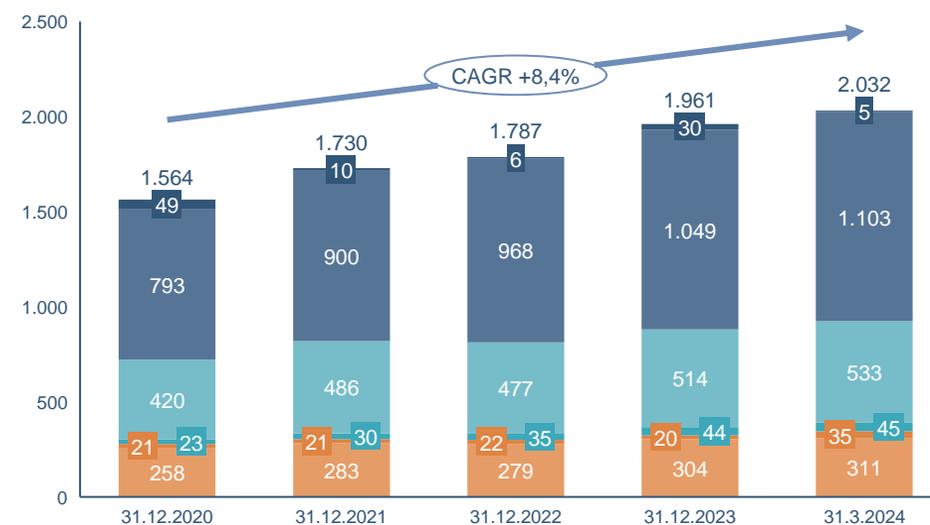
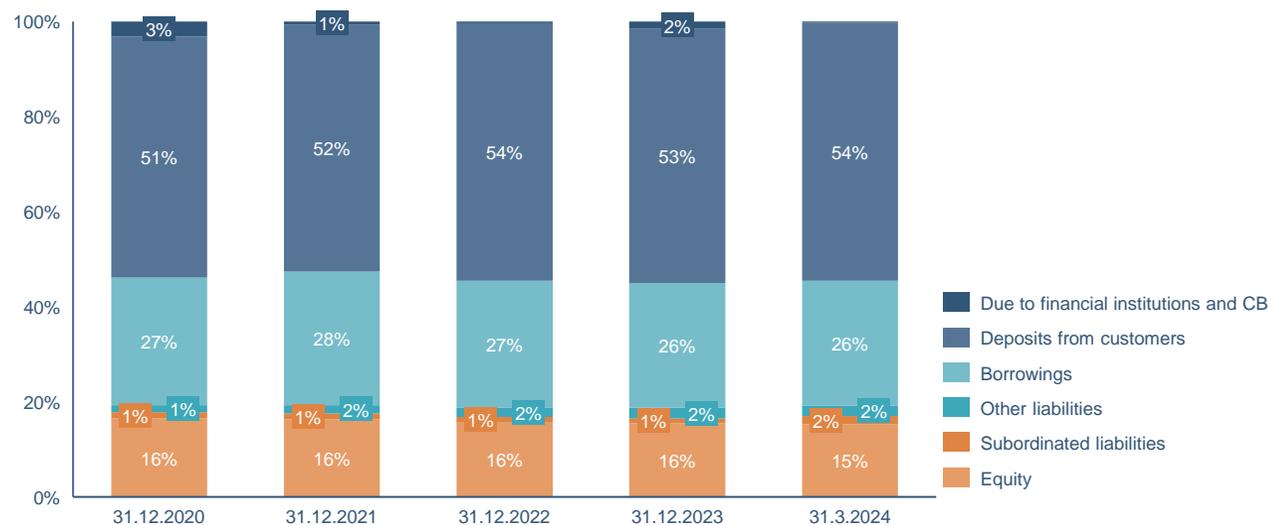
	Gross carrying amount		Allowance for impairment		Carrying amount	
Stage 1	1,546	92.0%	2	0.1%	1,544	92.6%
Stage 2	92	5.5%	6	6.0%	86	5.2%
Stage 3	23	1.4%	6	26.6%	17	1.0%
Fair value	20	1.2%		0%	20	1.2%
Total	1,681	100%	14	0.8%	1,667	100%



Liabilities and equity

Diversified funding and continued deposit growth

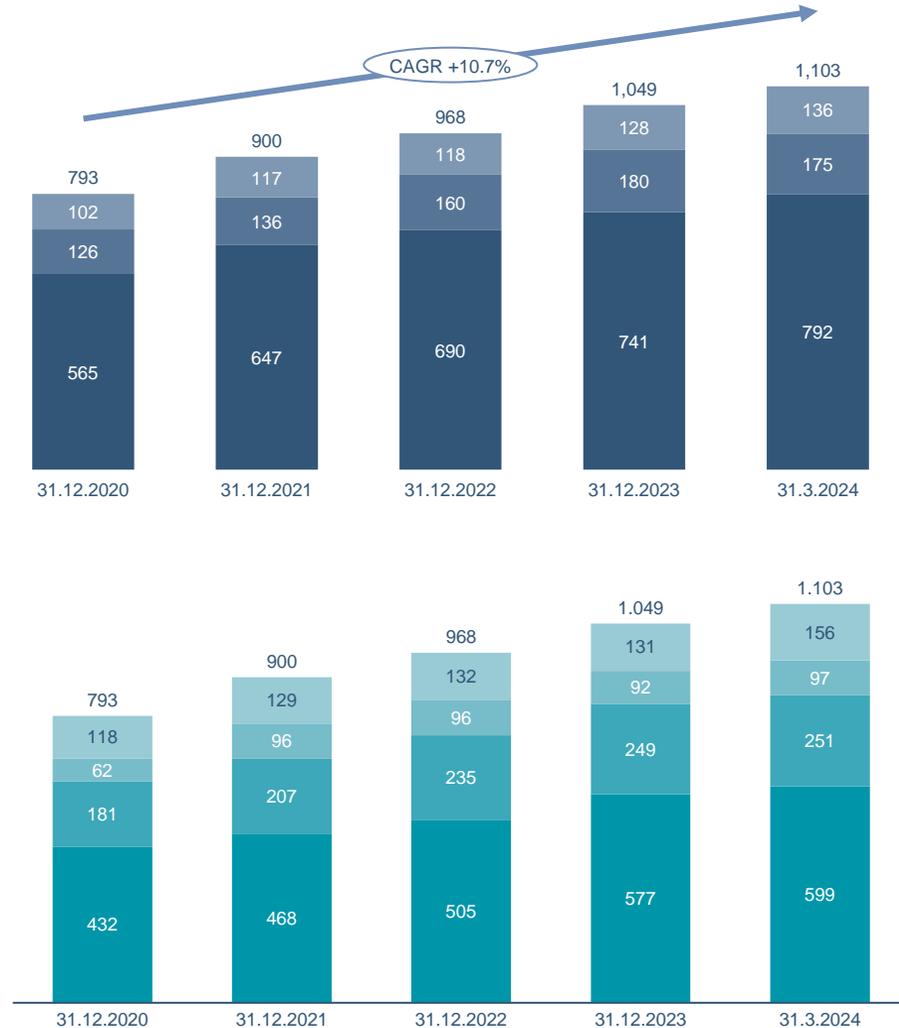
	31.3.2024	31.12.2023	Change	
Due to financial institutions and CB	5	30	-25	-83%
Deposits from customers	1,103	1,049	54	5%
Borrowings	533	514	19	4%
Other liabilities	45	44	1	2%
Subordinated liabilities	35	20	15	75%
Equity	311	304	7	2%
Total	2,032	1,961	71	4%



- Customer deposits increased by ISK 54 billion from the beginning of the year.
- Net borrowings increased by ISK 19 billion, having regard for negative exchange rate changes in the amount of ISK 1.9 billion.

Deposits from customers

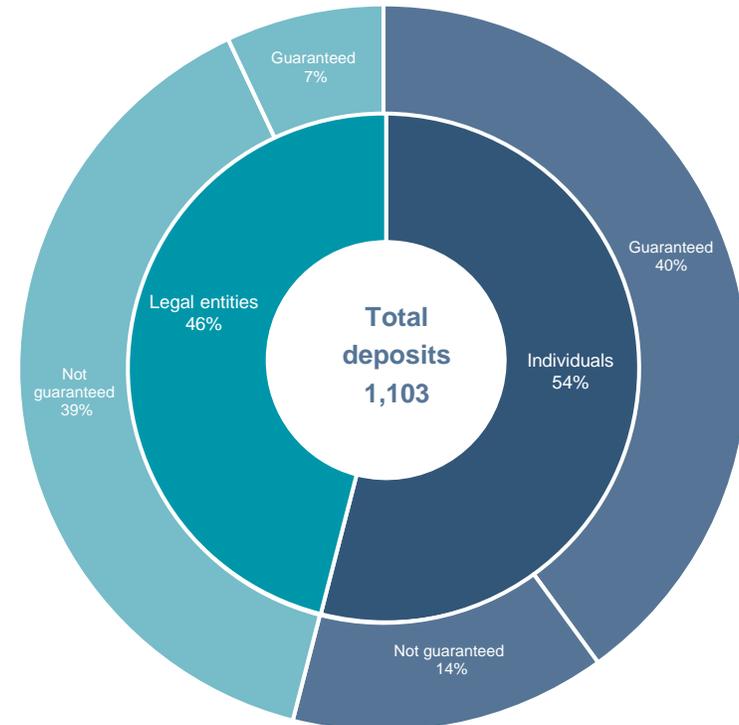
Continued deposit growth, mainly in non-indexed household deposits



- Household deposits grew by ISK 22 billion from the end of the year, with total customer deposits increasing by ISK 54 billion during the period.
- Deposits have priority over senior unsecured claims in the winding-up of deposit-taking institutions in Iceland. About 47% of total deposits are guaranteed under the Act on Deposit Guarantees and Investor-Compensation Scheme.

■ FX deposits
 ■ ISK-CPI deposits
 ■ ISK deposits

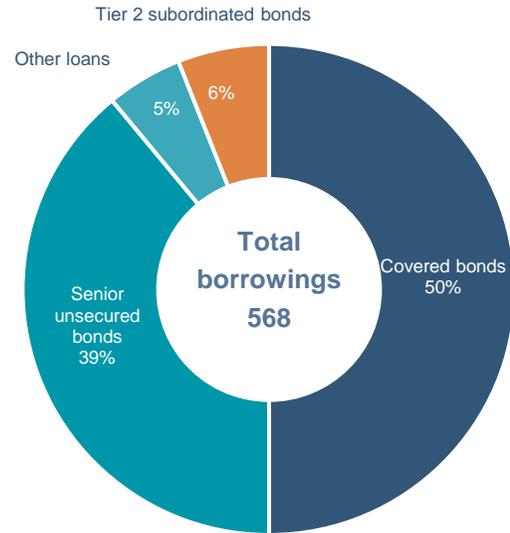
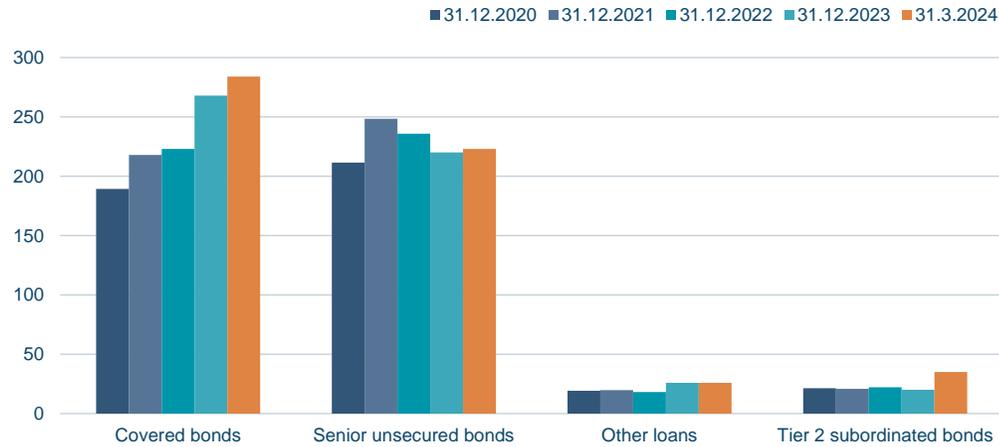
■ Other
 ■ Financial institutions
 ■ Corporates
 ■ Individuals



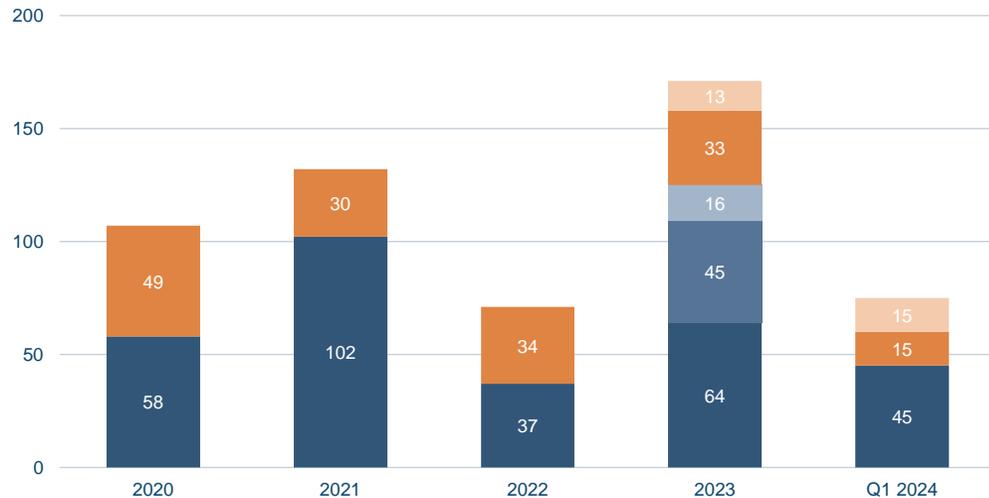
Borrowings

Successful green bond issuance in the third quarter in the amount of EUR 300 million

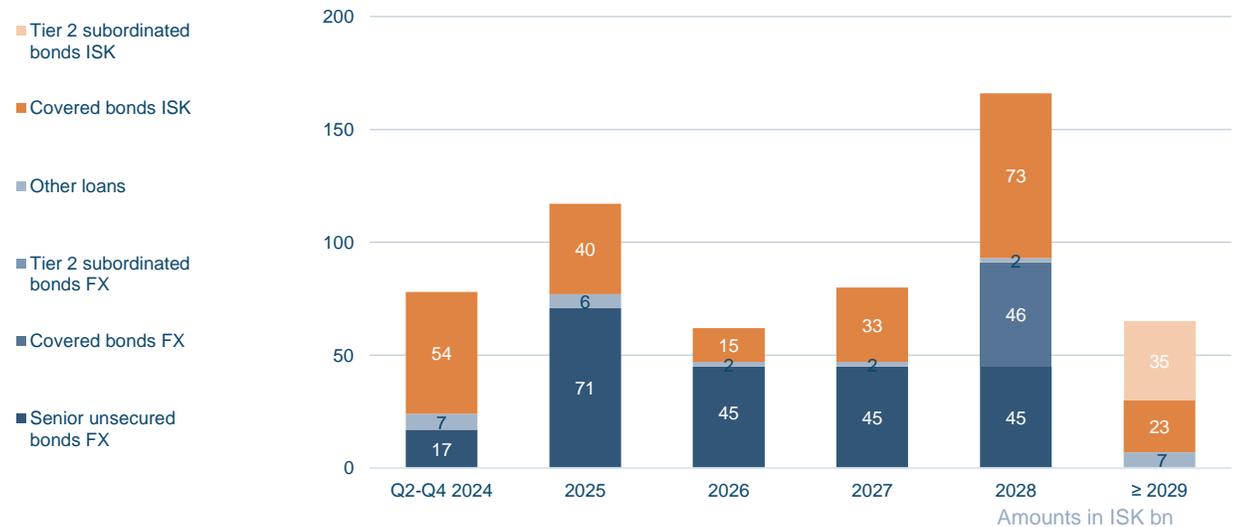
Borrowings



Borrowing issuance



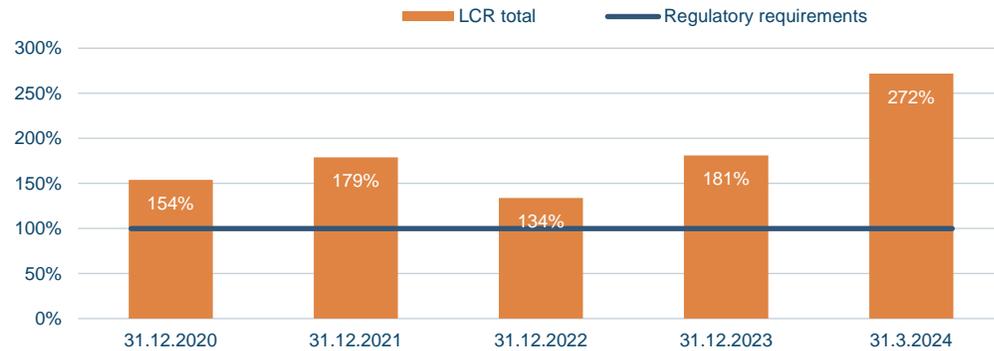
Maturity profile



Liquidity ratio and net stable funding ratio

Liquidity and funding ratios well above regulatory requirements

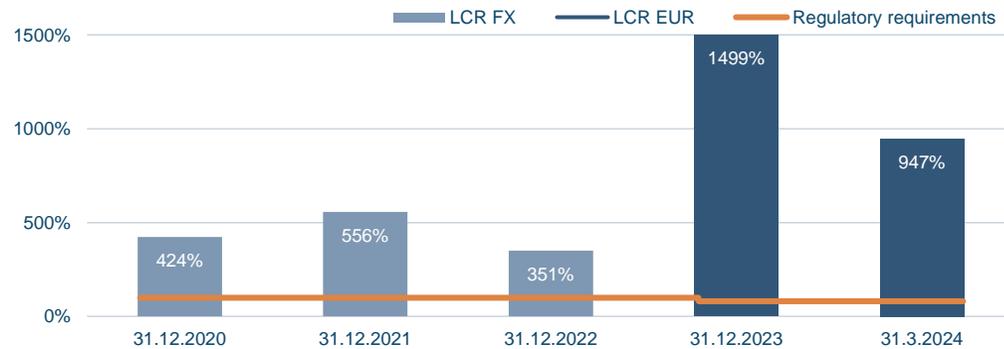
Liquidity coverage ratio total



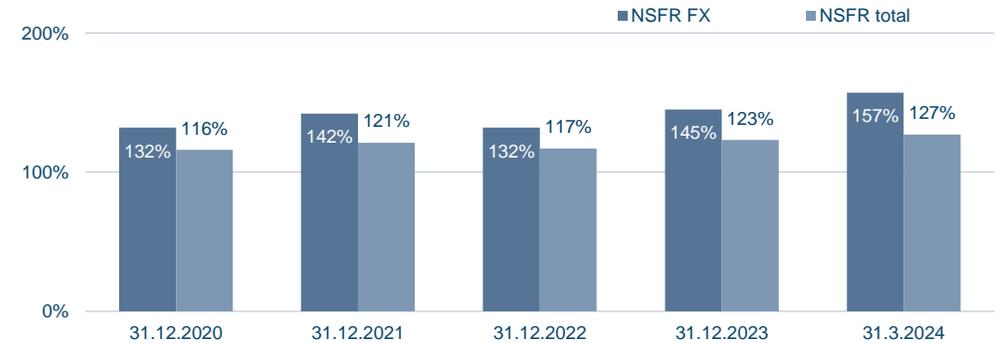
Liquidity coverage ratio ISK



Liquidity coverage ratio FX



Net stable funding ratio



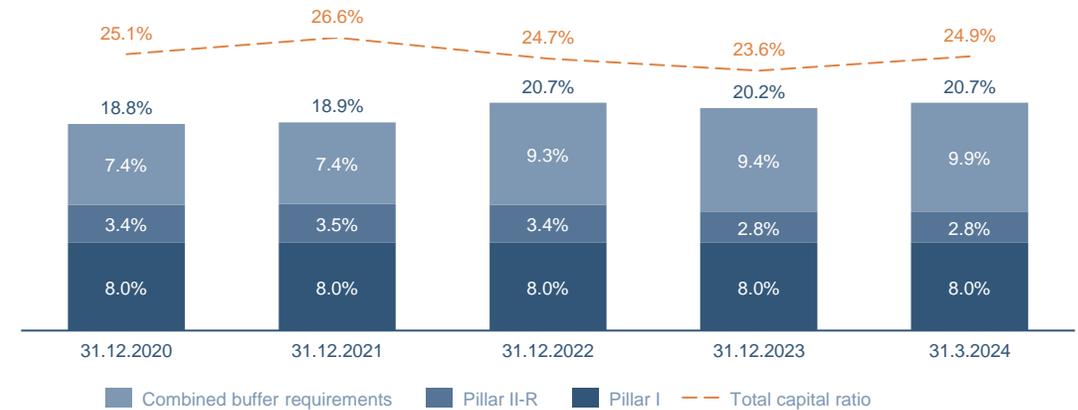
Capital requirements

Capital ratios well above regulatory requirements

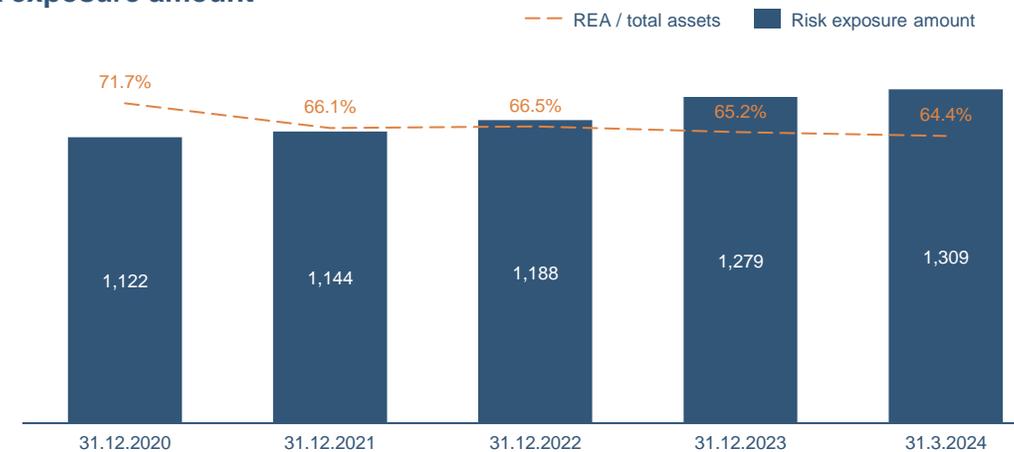
	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%
Pillar II-R	1.6%	2.1%	2.8%
Minimum requirement under Pillar I and Pillar II-R	6.1%	8.1%	10.8%
Systemic risk buffer	2.9%	2.9%	2.9%
Capital buffer for systematically important institutions	2.0%	2.0%	2.0%
Countercyclical capital buffer	2.5%	2.5%	2.5%
Capital conservation buffer	2.5%	2.5%	2.5%
Combined buffer requirements under Pillar II-G	9.9%	9.9%	9.9%
Total capital requirement	16.0%	18.0%	20.7%
Total capital ratio 31.3.2024	22.2%	22.2%	24.9%

- 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 30 June 2023, the Financial Supervisory Authority of the Central Bank announced an additional capital requirement under Pillar II-R, a change from 3.4% to 2.8% of Landsbankinn's risk exposure amount (REA).

Regulatory total capital requirement as a ratio of REA

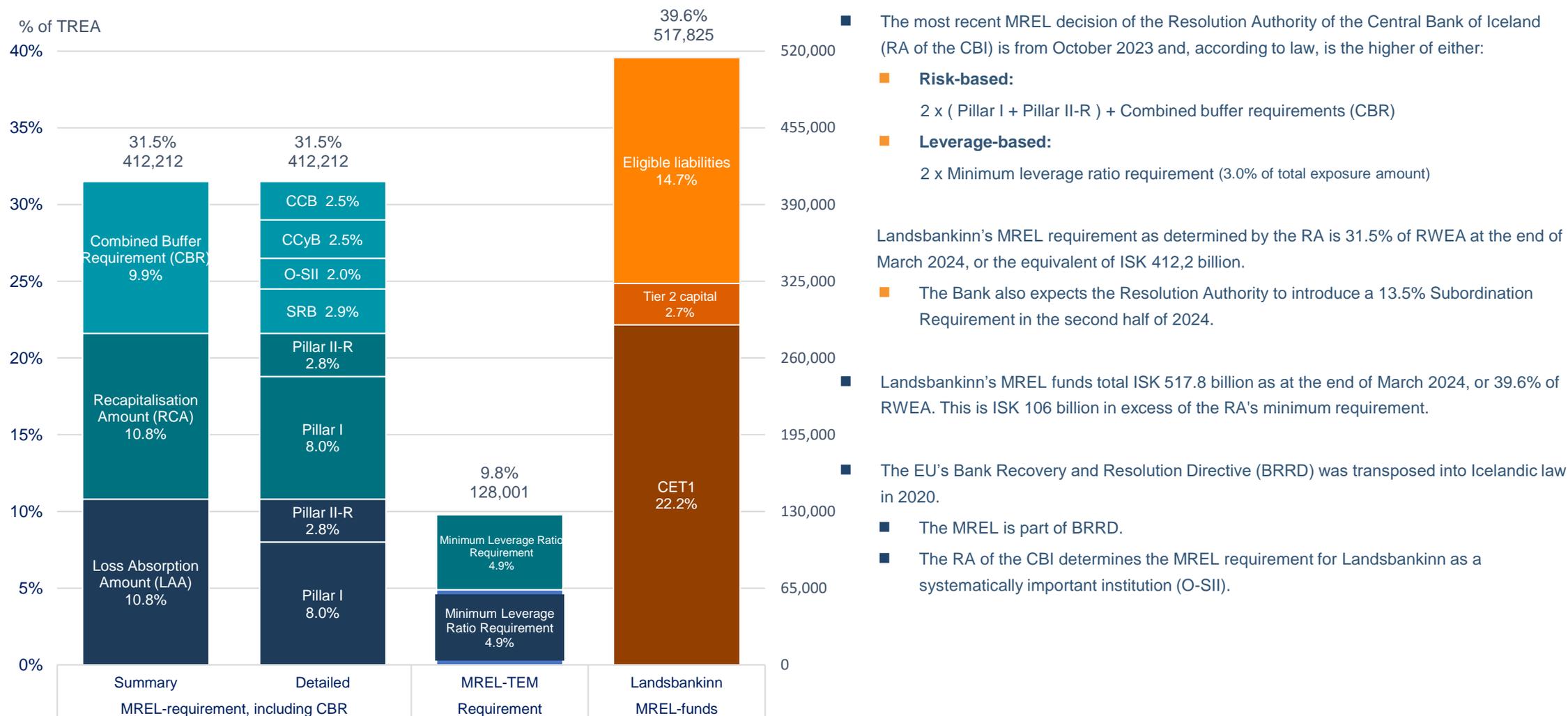


Risk exposure amount



Minimum requirement for own funds and eligible liabilities (MREL)

Landsbankinn's MREL funds are well above requirements



- The most recent MREL decision of the Resolution Authority of the Central Bank of Iceland (RA of the CBI) is from October 2023 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)
- Landsbankinn's MREL requirement as determined by the RA is 31.5% of RWEA at the end of March 2024, or the equivalent of ISK 412,2 billion.
- The Bank also expects the Resolution Authority to introduce a 13.5% Subordination Requirement in the second half of 2024.
- Landsbankinn's MREL funds total ISK 517.8 billion as at the end of March 2024, or 39.6% of RWEA. This is ISK 106 billion in excess of the RA's minimum requirement.
- The EU's Bank Recovery and Resolution Directive (BRRD) was transposed into Icelandic law in 2020.
 - The MREL is part of BRRD.
 - The RA of the CBI determines the MREL requirement for Landsbankinn as a systematically important institution (O-SII).

Dividends

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

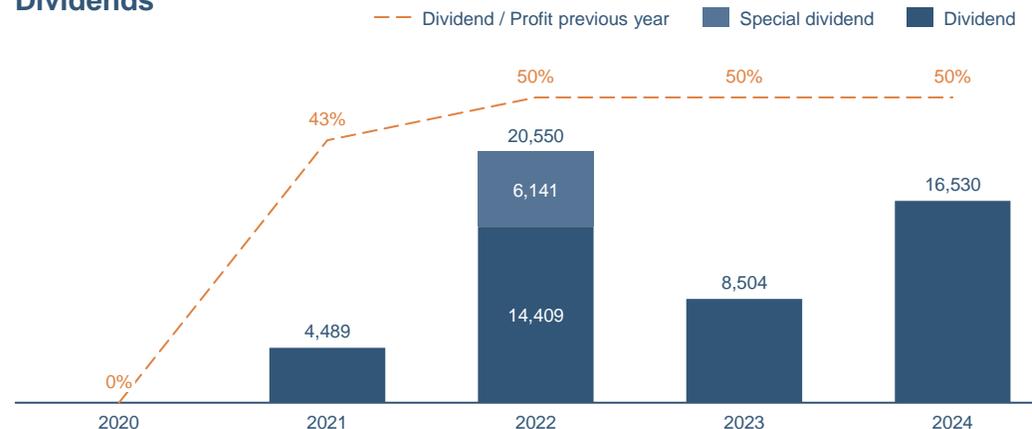
Dividend proposal for 2024

- The 2024 AGM of Landsbankinn, held on 19 March, approved the motion of the Board of Directors to pay shareholders a dividend of ISK 0.7 per share for the fiscal year of 2023. The amount of the dividend payment is ISK 16.530 million, the equivalent of 50% of the year's profit.

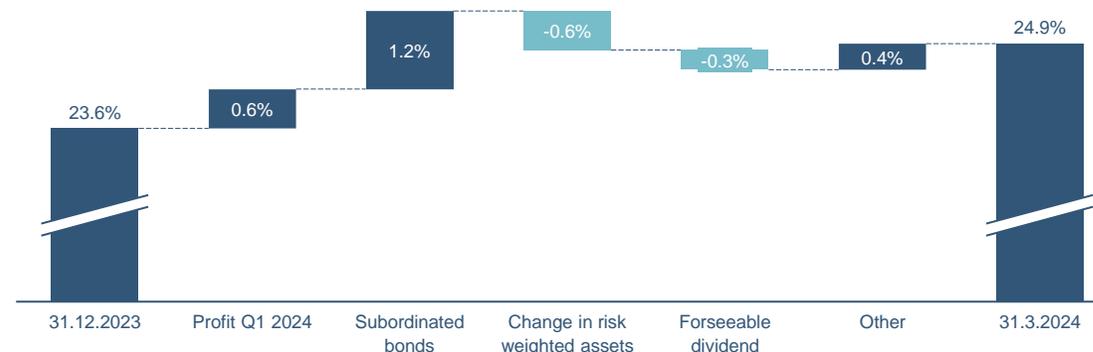
Landsbankinn's dividend policy

- 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 Q1 2024



Continues development, positive impact and good results

Most satisfied customers

- Ellí, our new chatbot, resolves 50% of customer queries in our webchat
- We offer a more convenient way to refinance housing mortgages
- Corporate customer numbers continue to grow



Positive impact on Icelandic society

- Ambitious educational and learning programme for different demographics
- Main backer of the Football Association of Iceland, and other worthy causes
- We support innovation through such ventures as participation in startup competition Gulleggið



Sound and responsible operation

- Upgraded credit rating from S&P, now BBB+ with stable outlook
- Total assets exceed ISK 2,000 billion
- 56% of non-domestic funding is now green



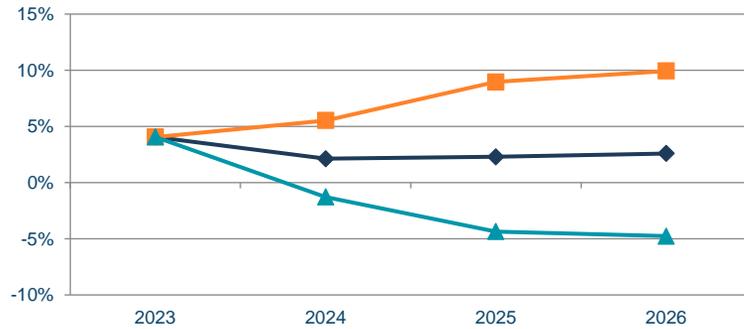
Appendix

Further information

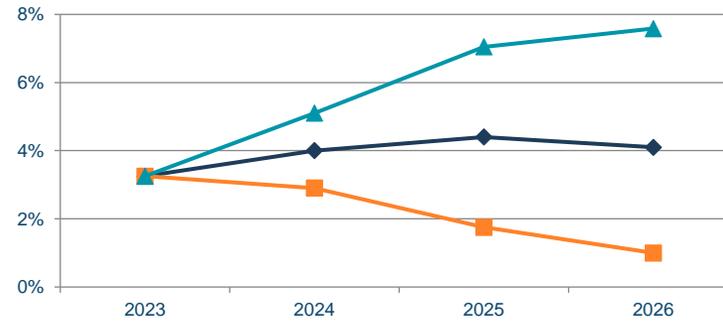
Economic scenarios for expected credit loss

- 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%).

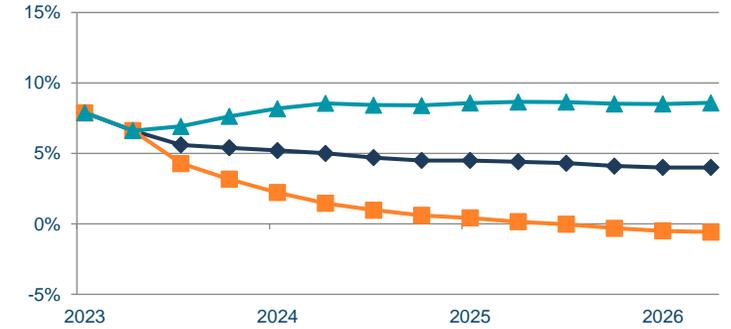
Economic growth



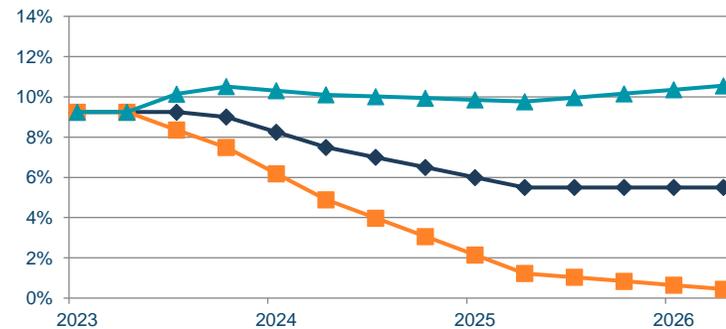
Unemployment



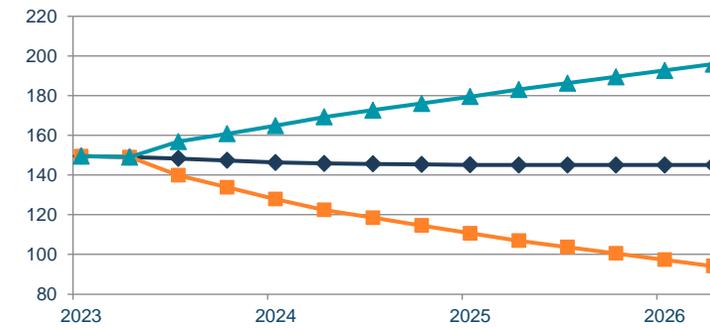
Inflation



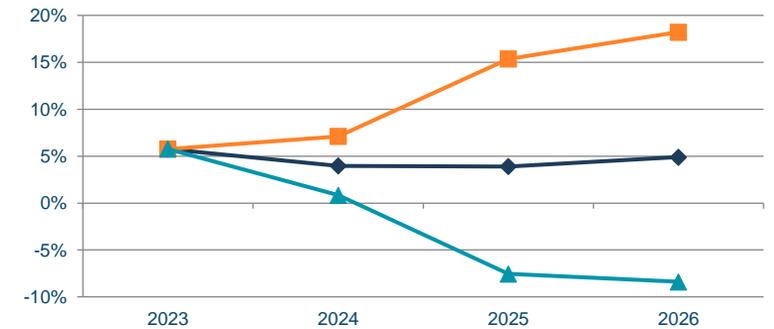
CBI's key rate (seven-day term deposits)



EUR/ISK



Housing price (YoY change)



◆ Base case scenario ■ Upside scenario ▲ Downside scenario

Key financial ratios

	Q1 2024	2023	2022	2021	2020	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Profit after taxes	7,156	33,167	16,997	28,919	10,521	10,784	7,910	6,717	7,756
Return on equity after taxes	9.3%	11.6%	6.3%	10.8%	4.3%	14.5%	10.9%	9.5%	11.1%
After tax return on average assets	1.4%	1.7%	1.0%	1.7%	0.7%	2.2%	1.6%	1.4%	1.7%
Total assets	2,032,436	1,960,776	1,787,024	1,729,798	1,564,177	1,960,776	1,982,403	1,896,369	1,916,993
Net interest income	14,383	57,559	46,464	38,953	38,074	14,784	15,241	14,469	13,066
Interest spread as a ratio of average total assets	2.9%	3.0%	2.7%	2.3%	2.5%	3.0%	3.1%	3.0%	2.8%
Loans / deposits ratio	151.1%	155.5%	159.6%	154.1%	160.5%	155.5%	150.2%	157.6%	157.4%
Cost-income ratio	33.6%	33.7%	46.8%	43.2%	47.4%	31.6%	31.5%	39.5%	33.3%
Operating expenses as a ratio of average total assets	1.4%	1.4%	1.4%	1.4%	1.6%	1.5%	1.2%	1.4%	1.4%
Total equity	310,828	303,754	279,091	282,645	258,255	303,754	292,971	285,060	278,343
Total capital ratio	24.9%	23.6%	24.7%	26.6%	25.1%	23.6%	23.7%	25.3%	25.3%
MREL	39.6%	37.9%	40.4%			37.9%	37.8%	35.5%	39.4%
Liquidity ratio LCR total	272%	181%	134%	179%	154%	181%	238%	165%	235%
Liquidity LCR EUR (LCR FX until 31.12.2022)	947%	1499%	351%	556%	424%	1499%	1227%	623%	724%
Liquidity LCR ISK	157%	129%	99%	120%	105%	129%	161%	146%	128%
Net stable funding ratio NSFR total	127%	123%	117%	121%	116%	123%	123%	120%	121%
Net stable funding ratio NSFR FX	157%	145%	132%	142%	132%	145%	150%	136%	145%
Full-time eqv.positions	826	817	813	816	878	817	818	801	825

Operations

	Q1 2024	2023	2022	2021	2020	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net interest income	14,383	57,559	46,464	38,953	38,074	14,783	15,241	14,469	13,066
Net fee & commission income	2,736	11,153	10,623	9,483	7,638	3,066	2,336	2,703	3,048
Net impairment changes	-2,714	-3,120	2,473	7,037	-12,020	-1,281	-249	520	-2,111
Other net operating income	3,156	8,256	-6,307	6,857	4,561	5,267	208	-535	3,317
Total operating income	17,561	73,848	53,253	62,330	38,253	21,835	17,536	17,157	17,320
Salaries and related expenses	4,233	15,866	14,474	14,759	14,767	4,332	3,221	4,194	4,119
Other operating expenses	2,585	10,092	9,289	9,105	9,064	2,979	2,388	2,370	2,355
Tax on liabilities to fin. institutions	600	2,290	2,097	2,013	1,815	527	643	550	570
Total operating expenses	7,419	28,248	25,860	25,877	25,646	7,838	6,252	7,114	7,044
Profit before tax	10,142	45,600	27,393	36,453	12,607	13,997	11,284	10,043	10,276
Income tax	2,986	12,433	10,396	7,534	2,086	3,213	3,374	3,326	2,520
Profit for the period	7,156	33,167	16,997	28,919	10,521	10,784	7,910	6,717	7,756

Balance sheet

	31.3.2024	31.12.2023	Change		31.12.2022	31.12.2021	31.12.2020
Cash and balances with CB	114,598	75,350	39,248	52%	42,216	82,425	67,604
Bonds and debt instruments	119,496	148,182	-28,686	-19%	125,265	150,435	119,330
Equities and equity instruments	22,543	19,012	3,531	19%	19,106	33,347	26,808
Loans and advances to financial institutions	76,410	54,101	22,309	41%	28,621	47,231	48,073
Loans and advances to customers	1,667,343	1,630,894	36,449	2%	1,544,360	1,387,463	1,273,426
Other assets	32,046	33,237	-1,191	-4%	27,456	28,897	28,936
Total assets	2,032,436	1,960,776	71,660	4%	1,787,024	1,729,798	1,564,177
Due to financial institutions and CB	5,079	29,968	-24,889	-83%	6,634	10,425	48,725
Deposits from customers	1,103,350	1,048,537	54,813	5%	967,863	900,098	793,427
Borrowing	533,197	513,687	19,510	4%	476,864	486,042	420,178
Other liabilities	44,732	44,654	78	0%	34,819	29,803	22,226
Subordinated liabilities	35,250	20,176	15,074	75%	21,753	20,785	21,366
Equity	310,828	303,754	7,074	2%	279,091	282,645	258,255
Total liabilities and equity	2,032,436	1,960,776	71,660	4%	1,787,024	1,729,798	1,564,177

Operating segments

1.1. - 31.3.2024	Personal Banking	Corporate Banking	Asset Management & Capital Markets	Treasury and Market Making	Other divisions	Reconciliation	Total
Net interest income	5,451	6,733	114	1,870	135	80	14,383
Net fee and commission income	688	660	1,425	-132	137	-42	2,736
Net impairment changes	-2,472	-240	-	-2	-	-	-2,714
Net other operating income (expense)	-73	-22	-164	3,384	32	-1	3,156
Total operating income (expense)	3,594	7,131	1,375	5,120	304	37	17,561
Operating expenses	1,799	850	610	246	3,356	-42	6,819
Tax on liabilities of financial institutions	242	132	2	223	1	-	600
Allocated expenses	1,182	787	306	275	-2,550	-	0
Profit (loss) before tax	371	5,362	457	4,376	-503	79	10,142
Income tax	126	1,444	393	1,096	-73	-	2,986
Profit (loss) for the period	245	3,918	64	3,280	-430	79	7,156
Total assets	881,883	775,850	11,505	758,139	21,023	-415,964	2,032,436
Total liabilities	819,808	655,689	7,756	637,127	17,192	-415,964	1,721,608
Allocated capital	62,075	120,161	3,749	121,012	3,831	0	310,828

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