



# Financial results of Landsbankinn for the year 2025

Press release, 29 January 2026



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# 2025 financial results of Landsbankinn

- Landsbankinn's profit in 2025 was ISK 38.0 billion after taxes, as compared with ISK 37.5 billion the previous year.
- Return on equity (ROE) in 2025 was 11.6%, compared with 12.1% in 2024.
- Profit in the fourth quarter of 2025 was ISK 8.6 billion and return on equity 10.1%.
- The Board of Directors intends to propose that the Annual General Meeting approve a dividend payment in the amount of nearly ISK 19 billion for the year 2025, corresponding to around 50% of the year's profit. The Board of Directors is also considering proposing a special dividend payment to the AGM.
- Total taxes paid by the Bank, both income tax and special taxes on financial institutions, amounted to ISK 19 billion.
- The cost-income ratio increases slightly between years yet remains low, or 34.3%.
- Lending grew by ISK 76.9 billion during the year, or 4.3%. At the same time, customer deposits increased by ISK 20.9 billion, or 1.7%.
- Increased activity and new services contributed to a higher fee and commission income, resulting in a net increase of 10.1%
- Net interest income amounted to ISK 62.1 billion and net commission income was ISK 12.6 billion.
- The net interest margin as a ratio of average total asset position was 2.7% in 2025, unchanged between years.
- Net impairment charges were ISK 1.2 billion.
- The Bank's total capital ratio at year-end was 24.8%. The Financial Supervisory Authority of the Central Bank of Iceland, sets Landsbankinn's total capital requirement at 20.3%.
- TM's performance from insurance contracts in the period 28 February to 31 December 2025 was ISK 1.7 million. The combined ratio of TM, 92.7%, is the combined claims ratio, cost-income ratio and reinsurance ratio calculated based on income from insurance contracts during the period.
- Towards the end of July, Landsbankinn accepted the offer of Landsbyggð ehf. for the Bank's buildings at Austurstræti 11 and Hafnarstræti 10, 12 and 14. The sale price of the buildings is ISK 2.85 billion.
- The Bank publishes its detailed sustainability disclosure today, including calculation of the carbon emissions, which are almost entirely from its credit portfolio and have contracted by 27% from the reference year 2019. The Bank also publishes its initial disclosure on the impact of its operation in nature, prepared in accordance with guidelines from the Taskforce on Nature-related Financial Disclosure.
- The Pillar III risk report for 2025 is published alongside the annual financial statements.
- Landsbankinn's Annual Report will be published 12 February 2026.

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## Lilja Björk Einarsdóttir, CEO of Landsbankinn:

“The operating results of Landsbankinn in 2025 were good and reflect solid and stable operations in a challenging operating environment. Return on equity was 11.6%, in line with objectives, and the cost-income ratio was 34.3%, which is among the lowest seen among comparable banks on a global level. Profit amounted to ISK 38 billion. In accordance with the Bank’s dividend policy, the Board of Directors will propose to the Annual General Meeting that approximately 50% of that amount be paid to shareholders as dividends, or around ISK 19 billion. The Board is also considering a special dividend payment to shareholders later in the year.

Despite an economy that is regrettably characterised by persistent inflation and high interest-rate levels, we see that the financial position of both retail and corporate customers is generally strong. Our aim is to have a positive impact on Icelandic society and for the Bank’s sound operation to return permanent value for customers and shareholders for the future.

It is a testament to the Bank’s sound financial position that international credit rating agency S&P upgraded the Bank’s credit rating to A- with a stable outlook last spring. An improved credit rating is particularly important in international capital markets and supports the Bank’s competitiveness. During the year, we took advantage of favourable market conditions to issue FX bonds equivalent to approximately ISK 135 billion, based on current exchange rates. The issuances were used to refinance older and less efficient funding, as well as to strengthen credit ratings and increase lending capacity.

Following the Bank’s completion of the acquisition of TM in February, we have worked systematically to integrate insurance into the Bank’s service platform. Insurance products are now available in Landsbankinn’s app and customers can earn Aukacrónur when paying for their TM insurance. These are the first steps toward an integrated banking and insurance service platform and in the near future we will step up our efforts further in the insurance market. TM performed well and the company paid ISK 2.5 billion in dividends to Landsbankinn during the year.

In these changes to the Bank’s operations, it is of great importance that Landsbankinn has an exceptionally strong and extensive service network. The Bank’s decision to maintain and develop its branch network, which in total comprises 34 branches and service outlets, and to link it with other services - most notably our strong customer service centre - means that the Bank has greater reach and is in a stronger position to provide outstanding service across the entire country. Experience shows that customers value this approach and make extensive use of the services. For example, we recorded a total of approximately 863,000 branch visits last year and the Customer Service Centre answered more than 250,000 phone calls and over 100,000 emails. Our emphasis on first-rate service has resulted in increased customer satisfaction, as borne out by the fact that Landsbankinn remains the top commercial bank in the Icelandic Customer Satisfaction Index, even rising between years.

Landsbankinn has supported the development of business and industry throughout the country through lending and strong services to companies of all sizes and types. The focus on developing digital corporate banking services resulted in increased use of the Bank’s technological solutions last year, particularly following the renewal of the corporate online banking platform and the implementation of new solutions. The success of Landsbankinn’s payment acquiring segment, which was launched in 2023, shows that we are able to enter new service areas with good results. Service innovation and increased activity in other areas led to a 10% increase in the Bank’s fee and commission income last year. Net fee and commission income has now increased for five consecutive years, reflecting in particular the breadth of the Bank’s service offering and confirming the value of strong customer relationships.

Toward the end of last year, the Supreme Court delivered rulings in interest rate cases, including two cases concerning Landsbankinn’s interest rate clauses. We placed emphasis on responding quickly to reduce uncertainty in the lending market and were the first lender to introduce new loan products, including a new version of non-indexed loans with one-year fixed rates. We saw no alternative but to

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limit the availability of inflation-indexed residential mortgages to first-time buyers and to shorter loan terms. As a result, in cases where the debt-service burden is the most important factor for borrowers, we are not as competitive as previously. We do, however, offer very competitive terms on non-indexed loans and access to quality advisory service around the country.

It is important to achieve a better balance in the economy, to get inflation under control in order to lower domestic interest rates. Hopefully the conditions to achieve this will transpire soon. It would be a welcome relief to the Bank's borrowers and would give businesses increased scope to invest and contribute to both more economic growth and opportunities for the future."

## Key figures from profit and loss in 2025

### *Income statement:*

- Landsbankinn's profit in 2025 was ISK 38.0 billion after taxes, compared with ISK 37.5 billion in 2024.
- Return on equity (ROE) after taxes was 11.6% as compared with an ROE of 12.1% the previous year.
- Net interest income amounted to ISK 62.1 billion in 2025, compared with ISK 57.2 billion in 2024.
- Net fee and commission income was ISK 12.6 billion in 2025, compared with ISK 11.4 billion the previous year.
- Performance from insurance contracts in the period 28 February to 31 December 2025 was ISK 1.7 million. The combined ratio of TM in the period was 92.7%.
- Other operating income was positive by ISK 7.8 billion; was positive by ISK 11.1 billion in 2024. Net impairment charges on loans and receivables were ISK 1.2 billion in 2025 compared with ISK 2.8 billion in 2024.
- Wages and related expenses amounted to ISK 18.1 billion in 2025, compared with ISK 16.5 billion the previous year.
- Operating costs less wages and related expenses amounted to ISK 11.2 billion, compared with ISK 10.2 billion in 2024.
- The cost-income ratio was 34.3% in 2025, compared with 32.4% in 2024.
- Income tax paid in 2025 was ISK 14.2 billion, compared with ISK 12.9 billion in 2024. Total taxes paid by the Bank amounted to ISK 19 billion.

## Key figures from profit and loss in 2025

- Profit in Q4 2025 amounted to ISK 8.6 billion, compared with ISK 10.6 billion in the same quarter of 2024.
- After tax return on equity was 10.1% in Q4 2025, compared with 13.3% in the same period the previous year.
- Net interest income in the quarter amounted to ISK 12.7 billion, compared with ISK 13.1 billion in Q4 of 2024.
- Net fee and commission income was ISK 3.4 billion, compared with ISK 3.3 billion in Q4 2024.
- Net impairment charges on loans and receivables were ISK 1.8 billion in Q4 2025; were ISK 754 million in Q4 2024.

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- The net interest margin as a ratio of total assets was 2.2% in Q4 2025, compared with 2.4% in Q4 2024.
  - Wages and related expenses amounted to ISK 5.1 billion in Q4 2025, compared with ISK 4.5 billion in Q4 2024.
  - Operating expenses less wages and related expenses amounted to ISK 2.8 billion in Q4 2025, compared with ISK 2.6 billion for the same period in 2024.

### *Balance sheet:*

- In 2025, Landsbankinn paid ISK 18.9 billion in dividends to shareholders.
- Lending to individuals increased by ISK 2 billion and lending to corporates increased by ISK 75 billion.
- Lending grew by ISK 77 billion but the total increase is ISK 79 billion, having regard for an ISK 2 billion exchange rate impact.
- Landsbankinn accepted the offer of Landsbyggð ehf. for its buildings at Austurstræti 11 and Hafnarstræti 10, 12 and 14 in July 2025 following an open sale process. The sale price of the buildings was ISK 2.85 billion.
- Deposits grew by 1.7% from the beginning of the year, or by ISK 20.9 billion. Deposits on savings accounts in the app have grown by 23% since the beginning of the year.
- Funding has been successful. Diversification and efficiency in the Bank's capital structure grew in the first half of the year with the issuance of AT1 bonds and senior non-preferred bonds. All of the Bank's euro-denominated bond issuance is now green and a total of 64.2% of the Bank's international funding is green.
- 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 180% at year-end 2025 as compared with 164% at year-end 2024.
- Loans in arrears remain low for both individuals and corporates in historical terms. Problem loans were 0.8% of lending at year-end 2025 compared with 1.1% at year-end 2024.

## KPIs of the Group

OPERATIONS	2025	2024	Change	Change%	Q4 2025	Q4 2024	Change	Change%
<i>Amounts are in ISK million</i>								
Profit for the period	38,015	37,508	507	1.4%	8,560	10,600	( 2,040)	(19.2%)
Net interest income	62,087	57,197	4,890	8.5%	12,718	13,107	( 389)	(3.0%)
Net fee and commission income	12,561	11,405	1,156	10.1%	3,377	3,337	40	1.2%
Performance from insurance contracts	1,748		1,748		1		1	
Net other operating income (expenses)	7,815	11,101	( 3,286)	(29.6%)	4,295	4,656	( 361)	(7.8%)
Total operating income	84,211	79,703	4,508	5.7%	20,391	21,100	( 709)	(3.4%)
Salaries and related expenses	( 18,100)	( 16,534)	( 1,566)	9.5%	( 5,066)	( 4,529)	( 537)	11.9%
Other operating expenses	( 11,163)	( 10,202)	( 961)	9.4%	( 2,793)	( 2,633)	( 160)	6.1%
Total operating expenses	( 32,002)	( 29,333)	( 2,669)	9.1%	( 8,570)	( 7,804)	( 766)	9.8%
<b>BALANCE SHEET</b>	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>Change</b>	<b>Change%</b>				
Total assets	2,324,939	2,181,759	143,180	6.6%				
Loans and advances to customers	1,884,305	1,807,437	76,868	4.3%				
Deposits from customers	1,249,306	1,228,444	20,862	1.7%				
Equity	343,773	324,649	19,124	5.9%				
<b>KEY FIGURES AND RATIOS</b>	<b>2025</b>	<b>2024</b>	<b>Q4 2025</b>	<b>Q4 2024</b>				
Return on equity after taxes	11.6%	12.1%	10.1%	13.3%				
Interest spread as ratio of average total assets	2.7%	2.7%	2.2%	2.4%				
Operating expenses as a ratio of average total assets	1.3%	1.3%	1.4%	1.3%				
Cost/income ratio*	34.3%	32.4%	42.2%	32.8%				
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>			
Total capital ratio	24.8%	24.3%	23.6%	24.7%	26.6%			
Sum of MREL funds	40.5%	38.2%	37.9%	40.4%				
Sum of MREL subordinated funds	27.6%	25.5%	23.6%					
Net stable funding ratio FX (NSFR)	163%	143%	145%	132%	142%			
Liquidity coverage ratio total (LCR)	180%	164%	181%	134%	179%			
LCR EUR (was LCR FX up to and including 2022)	1386%	951%	1499%	351%	556%			
Problem loans	0.8%	1.1%	1.0%	1.0%	1.7%			
Average number of full-time positions	917	811	849	843	890			
Full-time equivalent positions	930	822	817	813	816			

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

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## Other operating highlights in 2025

- In February, Landsbankinn finalised its acquisition of TM tryggingar hf. Landsbankinn's branches and TM were subsequently merged at five locations: in Akureyri, Reykjanesbær, Reykjastræti, Selfoss and Vestmannaeyjar.
- We launched a new corporate online banking platform that is even simpler to use than before, offering new features and enhanced security.
- Use of Landsbankinn's app continued to increase. Approximately 88% of customers use the app regularly and app logins in 2025 totalled 52.2 million, an increase of 25% from 2024.
- Assets under management with the Landsbankinn Group amounted to 936 ISK billion at year-end 2025, more than 17% higher than at the same time the previous year.
- Landsbankinn Economic Research published a plethora of analyses and hosted meetings on economic affairs, including a well-attended meeting on the status and outlook in the global economy in November.
- A morning meeting on the financing and development of infrastructure, held in March, was highly successful, as was Landsbankinn's Sustainability Forum, held in September. Financial forums on pension and cybersecurity were held in various locations across the country and were well attended. Financial forums based on a popular television programme on how to find a million ISK in household expenses and how to utilise data business management were also successful.
- Landsbankinn and TM in Akureyri relocated to new premises at Hofsbót 2-4 in Akureyri and Landsbankinn and TM in Selfoss will move to new premises at Austurvegur 11 in 2027.
- Corporate Finance acted as financial advisor on many of the year's largest transactions, involving both listed and unlisted equity.
- During the year, Landsbankinn sold its 47.9% stake in Greiðslumiðlun Íslands hf., with the sale price amounting to ISK 3.5 billion.
- Landsbankinn achieved its goal to increase the ratio of responsible lending under the Bank's Sustainable Finance Framework by 10% in 2025.

## Landsbankinn's financial calendar

- Annual General Meeting 18 March 2026
- Q1 2026 30 April 2026
- Q2 2026 23 July 2026
- Q3 2026 22 October 2026
- Annual results 2026 4 February 2027