Press Release

Third Quarter 2024 Results

Íslandsbanki hf.

23 October 2024

3Q24 RESULTS HIGHLIGHTS

Third quarter 2024 (3Q24) financial highlights

- Íslandsbanki reported a net profit of ISK 7.3 billion in the third quarter of 2024 (3Q23: ISK 6.0 billion), generating an annualised return on equity (ROE) of 13.2% (3Q23: 11.0%).
- Net interest income (NII) amounted to ISK 11.8 billion and fell by ISK 69 million in 3Q24 compared to 3Q23.
- The net interest margin (NIM) was 2.9% in 3Q24, same as in 3Q23.
- Net fee and commission income (NFCI) grew by 4.9% compared to 3Q23 and amounted to ISK 3.6 billion in 3Q24.
- Net financial income was ISK 228 million in 3Q24, compared to an expense of ISK 193 million in 3Q23.
- Administrative expenses in the third quarter of 2024 amounted to ISK 6.6 billion, compared to ISK 6.0 billion in 3Q23, an increase of 10.0%.
- The cost-to-income ratio was 41.4% in 3Q24 but was 39.0% in 3Q23.
- The net impairment on financial assets was a reversal of ISK 860 million in 3Q24, compared to a cost of ISK 583 million in 3Q23. The net impairment charge as a share of loans to customers, the annualised cost of risk, was -27bps in 3Q24, compared to 19bps in 3Q23.
- Loans to customers fell by ISK 2.5 billion from the second quarter of 2024, or by 0.2%, to ISK 1,274 billion at the end of third quarter 2024.
- Deposits from customers grew during the third quarter by ISK 10.9 billion, or 1.2%, up to ISK 927 billion at the end of 3Q24.
- Total equity at period-end amounted to ISK 223.4 billion compared to ISK 224.7 billion at year-end 2023.
- The total capital ratio was 23.4% at the end of 3Q24, compared to 25.3% at year-end 2023. The corresponding CET1 ratio was 20.2%, compared to 21.4% at year-end 2023, which is 480bps above regulatory requirements, and above the Bank's financial target of having a 100-300bps capital buffer on top of CET1 regulatory requirements. The minimum requirement for own funds and eligible liabilities (MREL) for Íslandsbanki is 19.6% of total risk exposure amount. The Bank aims to optimise its capital structure before year-end 2025, subject to market conditions. This may entail both organic or external growth, and/or distributions to shareholders through formal buyback programs, reverse tenders or extraordinary dividends.

First nine months 2024 (9M24) financial highlights

- Íslandsbanki's net profit for the first nine months 2024 was ISK 18.0 billion (9M23: ISK 18.4 billion), with an annualised ROE for 9M24 of 10.9%, compared to 11.3% in 9M23.
- Net interest income totalled ISK 36.4 billion in 9M24, a reduction of 1.3% YoY.
- Net fee and commission income (NFCI) fell by 1.7% YoY and amounted to ISK 10.3 billion in 9M24, compared to ISK 10.5 billion in 9M23.
- Net financial expense was ISK 507 million in 9M24 compared to an expense of ISK 214 million in 9M23.
- Administrative expenses were ISK 21.3 billion in 9M24, excluding an administrative fine of ISK 470 million charged in the second quarter of 2024, compared to ISK 19.8 billion in 9M23, which in turn, excluded an administrative fine of ISK 860 million.
- Cost-to-income ratio, adjusted for administrative fines, rose YoY from 41.3% in 9M23 to 44.2% in 9M24.
- Net impairment on financial assets was a reversal of ISK 293 million in the first nine months of 2024, as compared to expenses of ISK 13 million for the first nine months of 2023.

Key figures and ratios

		3Q24	2Q24	1Q24	4Q23	3Q23
PROFITABILITY	Profit for the period, ISKm	**7,280**	5,266	5,417	6,228	6,007
	Return on equity	**13.2%**	9.7%	9.8%	11.2%	11.0%
	Net interest margin (of total assets)	**2.9%**	3.1%	3.0%	2.9%	2.9%
	Cost-to-income ratio[1,2]	**41.4%**	46.4%	44.9%	42.1%	39.0%
	Cost of risk[3]	**(0.27%)**	(0.04%)	0.23%	0.33%	0.19%
		30.9.24	30.6.24	31.3.24	31.12.23	30.9.23
BALANCE SHEET	Loans to customers, ISKm	**1,274,094**	1,276,608	1,248,295	1,223,426	1,210,499
	Total assets, ISKm	**1,622,458**	1,595,896	1,643,707	1,582,694	1,643,600
	Risk exposure amount, ISKm	**1,021,243**	1,019,494	1,015,161	977,032	986,355
	Deposits from customers, ISKm	**927,011**	916,127	879,554	850,709	864,189
	Customer loans to customer deposits ratio	**137%**	139%	142%	144%	140%
	Non-performing loans (NPL) ratio[4]	**1.6%**	1.8%	1.9%	1.8%	1.8%
LIQUIDITY	Net stable funding ratio (NSFR), for all currencies	**126%**	123%	127%	124%	120%
	Liquidity coverage ratio (LCR), for all currencies	**223%**	190%	190%	195%	247%
CAPITAL	Total equity, ISKm	**223,388**	216,501	215,718	224,693	219,694
	CET1 ratio[5]	**20.2%**	19.9%	19.9%	21.4%	20.9%
	Tier 1 ratio[5]	**21.2%**	20.9%	20.9%	22.5%	21.9%
	Total capital ratio[5]	**23.4%**	23.1%	23.6%	25.3%	24.6%
	Leverage ratio[5]	**13.0%**	13.0%	12.6%	13.4%	12.7%
	MREL ratio[6]	**35.6%**	35.6%	39.1%	41.3%	39.2%

1. Calculated as (Administrative expenses – One-off items) / (Total operating income – One-off items).
2. C/I ratio for 2Q24 excludes a charge of ISK 470m and C/I ratio for 4Q23 excludes a charge of ISK 100m related to an administrative fine.
3. Negative cost of risk means that there is a net release of impairments.
4. Stage 3, loans to customers, gross carrying amount.
5. Including 1Q24 profit for 31.3.24 and 3Q23 profit for 30.9.23.
6. MREL ratio includes the CET1 capital held to meet the combined buffer requirement.

Jón Guðni Ómarsson, CEO of Íslandsbanki:

Íslandsbanki's operations during the third quarter of 2024 were strong, and the after-tax profit for the quarter amounted to ISK 7.3 billion with an annualised return on equity for the period of 13.2%, which is above our target. Annualised return on equity for the first nine months of 2024 was 10.9%, which also exceeds our target. Total operating income grew by almost 4% compared to the third quarter of 2023, and the Bank's goal of maintaining a cost-to-income ratio of below 45% was achieved, with a ratio of 41.4% for the third quarter, and 44.2% for the first nine months of 2024. Efforts have been made to streamline the operations with the guiding principles of efficiency gains.

The Bank's annual Autumn Financial Forum was held at the end of September and was well attended. Íslandsbanki Research presented its newly released economic forecast to those in attendance. There was a particular emphasis on land-based fish farming, and it is clear that there will be a significant need for more investment in this growing industry in the coming years. There is also a large and growing requirement for infrastructure finance in Iceland and the Bank is well equipped to participate in the projects that lie ahead.

Asset quality remains good, and the prolonged high interest rate environment has not had a significant impact on the Bank's loan book, although there has been a slight increase in delinquencies on unsecured loans, the total amount of those being small in proportion to the overall size of the Bank's loan portfolio. News of receding inflation and the Central Bank's decision to lower policy rates at the beginning of October was therefore welcome news. If forecasts hold true, inflation is expected to continue to decrease in the coming months, potentially allowing for further policy rate cuts by the Central Bank.

We are very keen to help our customers with their financial well-being and we employ various tools to achieve this. Recently we have been in touch with our customers ahead of their mortgages rate resets and have also been assisting them in navigating the challenging high interest rate environment. Additionally, the Bank will continue to focus on financial education, to ensure that our customers are aware of the best opportunities to manage their finances.

Third quarter 2024 (3Q24) operational highlights

- The Bank continued to buy back its own shares during the quarter, in line with its plan to distribute excess CET1 in the amount of ISK 10 billion throughout 2024. This is part of the Bank's progress towards an optimised capital structure before year-end 2025, which could entail both growth and/or capital disposals, and is subject to market conditions. During the third quarter of 2024 the Bank purchased own shares for approximately ISK 816 million or 0.4% of issued shares. From the commencement of share buybacks in February 2023 the Bank has purchased a little over 87 million own shares, amounting to approximately 4.36% of issued shares. At the end of third quarter 2024 the Bank has already purchased its own shares amounting to approximately ISK 4 billion of the announced ISK 10 billion additional distribution of excess capital in 2024.
- No changes were made to the policy rate by the Central Bank during the quarter, with the policy rate remaining at 9.25% during the period. The Bank made rate changes during the third quarter, which included raising rates on CPI-linked mortgages by 40-50bps, CPI-linked prime rates being increased by 75bps and rates on non-index linked mortgages being cut by up to 35bps. The changes also included rates on CPI-linked savings account being increased by up to 20 bps and rates on non-index linked deposit and savings accounts being reduced by up to 40bps.
- Íslandsbanki Research published its macroeconomic forecast for 2024-2026 in September, available here.
- The Bank saw a new record during the Íslandsbanki Reykjavík Marathon event in August when over ISK 257 million were raised for charities by participants. 169 local charitable organisations benefitted from the fund-raising part of the Íslandsbanki Reykjavík Marathon this year, which continues to be the biggest charitable event in Iceland annually.

Operational highlights after the period-end

- On 2 October 2024, the Monetary Policy Committee of the Central Bank of Iceland decided to cut the policy rate by 25bps, its first decision to cut rates since November 2020. Following the decision the Bank made rate changes, reducing its rates on both non-index linked loans and non-index linked deposits and savings accounts by 25bps.
- The Resolution Authority of the Central Bank of Iceland (the Resolution Authority) announced on 4 October that a resolution plan had been approved for Íslandsbanki and thereby establishing a minimum requirement for own funds and eligible liabilities (MREL) for the Bank, which must be with regard to the total risk exposure amount (TREA) and the total exposure measure (TEM). According to the decision of the Resolution Authority, the MREL-TREA for the Bank is 19.6% and MREL-TEM is 6%. The subordinated part of the Bank's MREL is equivalent to 13.5% of TREA. The decision applies from the date of the announcement. The Bank is considered to fulfil its MREL requirement from the outset.
- Íslandsbanki was awarded the Equality Scale by the Association of Businesswomen in Iceland for the sixth consecutive year. The award is a clear recognition of the good results achieved by the Bank in terms of equality and a confirmation of the effectiveness and impact of Íslandsbanki's equality policy.

INCOME STATEMENT

Income statement, ISKm	3Q24	3Q23	Δ%	9M24	9M23	Δ%	2023
Net interest income	**11,777**	11,846	(1%)	**36,390**	36,881	(1%)	48,611
Net fee and commission income	**3,565**	3,400	5%	**10,280**	10,461	(2%)	14,234
Net financial income (expense)	**228**	(193)	(218%)	**(507)**	(214)	137%	241
Net foreign exchange gain	**124**	176	(30%)	**494**	468	6%	581
Other operating income	**357**	248	44%	**1,500**	312	381%	570
Total operating income	**16,051**	15,477	4%	**48,157**	47,908	1%	64,237
Salaries and related expenses	**(3,787)**	(3,353)	13%	**(12,085)**	(11,142)	8%	(15,003)
Other operating expenses	**(2,854)**	(2,687)	6%	**(9,208)**	(8,631)	7%	(11,640)
Administrative fine	**-**	-	-	**(470)**	(860)	(45%)	(960)
Administrative expenses	**(6,641)**	(6,040)	10%	**(21,763)**	(20,633)	5%	(27,603)
Bank tax	**(494)**	(522)	(5%)	**(1,446)**	(1,469)	(2%)	(1,871)
Total operating expenses	**(7,135)**	(6,562)	9%	**(23,209)**	(22,102)	5%	(29,474)
Net impairment on financial assets	**860**	(583)	(248%)	**293**	(13)	-	(1,015)
Profit before tax	**9,776**	8,332	17%	**25,241**	25,793	(2%)	33,748
Income tax expense	**(2,497)**	(2,334)	7%	**(7,368)**	(7,461)	(1%)	(9,198)
Profit for the period from continuing operations	**7,279**	5,998	21%	**17,873**	18,332	(3%)	24,550
Discontinued operations held for sale, net of income tax	**1**	9	(89%)	**90**	25	260%	35
Profit for the period	**7,280**	6,007	21%	**17,963**	18,357	(2%)	24,585
Key ratios							
Net Interest Margin (NIM)	**2.9%**	2.9%		**3.0%**	3.1%		3.0%
Cost-to-income ratio (C/I)	**41.4%**	39.0%		**44.2%**	41.3%		41.5%
Return on Equity (ROE)	**13.2%**	11.0%		**10.9%**	11.3%		11.3%
Cost of risk (COR)	**(0.27%)**	0.19%		**(0.03%)**	0.00%		0.08%

Net interest income and net interest margin

Net interest income (NII) in the third quarter of 2024 amounted to ISK 11.8 billion, a reduction of ISK 69 million from the third quarter of 2023. The Central Bank policy rate remained at 9.25% during the third quarter of 2024, whereas the average CB policy rate was 8.0% in 3Q23. Net interest margin (NIM) on total assets was 2.9% in 3Q24 (2.9% in 3Q23), where both CPI and fixed rate imbalances within the banking book continue to have an effect on NIM. Lending margin was 1.6% in 3Q24 (1.8% in 3Q23) while deposit margin was 1.9% in 3Q24 (2.0% in 3Q23).

Net fee and commission income (NFCI) during the third quarter grew by 4.9% compared to 3Q23, to ISK 3.6 billion. Net income on cards and payment processing was the largest contributor of NFCI although increased cost of services provided resulted in a decline year-on-year and recent market entrants and increased competition in the field of card issuance also affects income from cards and payment processing. Further, Allianz Ísland hf. continued to contribute healthily to the net fee and commission income. In line with volatility on financial markets, asset management and investment banking revenues have continued to be pressured, although recent rate cuts are expected to pave the way for capital markets recovery.

Compared to 3Q23 core income grew by 0.6%, to ISK 15.3 billion in 3Q24. Core banking operations remain the most important part of the Bank's revenues, with NII and NFCI accounting for 95.6% of total operating income in 3Q24 (98.5% in 3Q23).

The Bank recorded a gain of ISK 228 million in net financial income during the third quarter of 2024 compared to a loss of ISK 193 million in 3Q23.

Cost-to-income ratio adversely affected by an increase in expenses

The cost-to-income ratio was 41.4% in the third quarter of 2024, compared to 39.0% in 3Q23. Year to date 2024, the cost-to-income ratio was 44.2% compared to 41.3% for the same period in 2023.

Salaries and related expenses rose by 12.9% in 3Q24 compared to 3Q23 and were ISK 3.8 billion during the quarter. Year to date, salaries and related expenses have risen by 8.5% from the previous year. The increase in salaries and related costs is mainly owed to an increase in FTEs, where the Bank's FTEs at end of the third quarter of 2024 were 744 compared to 716 at the end of 3Q23. This increase is due to the Bank's commitment to further strengthen its regulatory infrastructure and overall governance. In addition, general wage agreement increases impact year-on-year comparison. Other operating expenses rose by 6.2% compared to 3Q23, mainly related to inflation and IT expenses.

Taxes

The income tax rate for legal entities in 2024 is 21% (2023: 20%). Special financial activities tax is calculated as 6% of the Bank's taxable profit exceeding ISK 1 billion. The effective income tax rate for the third quarter of 2024 was 25.5% having been 28.0% in 3Q23. The lower effective tax rate in 3Q24 is mainly explained by the tax effect of positive changes in equity shares in 3Q24 compared to negative fair value changes in equity shares in 3Q23.

Net impairment on financial assets in 3Q24

The net impairment on financial assets was a reversal of ISK 860 million in 3Q24 (3Q23: net impairment of ISK 583 million), mostly due to a few distressed credit cases and a recalibration of LGD models that led to an ISK 520 million reversal in impairment. The remaining additional impairment allowance due to the seismic activity affecting the town of Grindavík amounted to ISK 0.6 billion as of 30 September 2024 (year-end 2023: ISK 1.7 billion). Exposure and additional impairment because of seismic activity fell in the third quarter of 2024 due to the purchase by Þórkatla of residential housing within the urban area in Grindavík. In parallel, the Bank derecognised the loans, recognising a claim on Þórkatla instead. The Bank's claim on Þórkatla is classified as bonds and debt instruments measured at fair value through profit and loss, and therefore does not contribute to the impairment allowance.

The annualised cost of risk, measured as net impairment charge as a share of loans to customers, was -27bps in 3Q24 (19bps in 3Q23) and -3bps year to date 2024.

BALANCE SHEET

Assets, ISKm	30.9.24	30.6.24	Δ	Δ%	31.12.23	Δ	Δ%
Cash and balances with Central Bank	**104,777**	84,981	19,796	23%	87,504	17,273	20%
Loans to credit institutions	**58,177**	46,599	11,578	25%	73,475	(15,298)	(21%)
Bonds and debt instruments	**126,396**	128,410	(2,014)	(2%)	161,342	(34,946)	(22%)
Derivatives	**6,014**	4,178	1,836	44%	5,776	238	4%
Loans to customers	**1,274,094**	1,276,608	(2,514)	(0%)	1,223,426	50,668	4%
Shares and equity instruments	**18,242**	19,496	(1,254)	(6%)	13,241	5,001	38%
Investment in associates	**4,489**	4,122	367	9%	4,051	438	11%
Investment property	**2,100**	2,100	-	0%	-	2,100	-
Property and equipment	**5,067**	5,135	(68)	(1%)	6,562	(1,495)	(23%)
Intangible assets	**2,686**	2,715	(29)	(1%)	2,930	(244)	(8%)
Other assets	**18,807**	21,482	(2,675)	(12%)	3,638	15,169	417%
Non-current assets and disposal groups held for sale	**1,609**	70	1,539	2,199%	749	860	115%
Total Assets	**1,622,458**	1,595,896	26,562	2%	1,582,694	39,764	3%
Key ratios							
Risk Exposure Amount (REA)	**1,021,243**	1,019,494	1,749	0%	977,032	44,211	5%
REA / total assets	**62.9%**	63.9%			61.7%		
Non-performing loans (NPL) ratio[1]	**1.6%**	1.8%			1.8%		

1. Stage 3, loans to customers, gross carrying amount

Loan portfolio is well diversified and highly collateralised

Loans to customers fell by 0.2% in the third quarter and amounted to ISK 1,274 billion at period-end. Mortgages account for 44% of loans to customers and the remaining part continues to be a healthy split between various industries. Loans to customers are predominantly well covered by stable collateral, the majority of which is in residential and commercial property. Ath the end of 3Q24 94% of the loan portfolio is fully covered by collateral, similar to previous quarters. The weighted average loan-to-value (LTV) ratio for the loan portfolio was 56% at the end of 3Q24 (57% at YE23), and the LTV for the residential mortgage portfolio was 57% at the end of 3Q24 (57% at YE23).

Credit quality continues to be strong with limited delinquencies

The Bank is currently not seeing a material increase in delinquencies in its loan portfolio despite high inflation and interest rates clearly affecting the Bank's customers. The trend of customers turning towards CPI-linked loans continues in the current high interest rate environment.

At the end of 3Q24, 2.0% of the gross performing loan book (not in Stage 3) was classified as forborne, down from 2.8% at the end of second quarter 2024 due to a credit case no longer being subject to the probation period. The ratio of credit-impaired loans to customers, Stage 3, was 1.6% (gross) at end of 3Q24, down from 1.8% at the end of 2Q24. For the mortgage portfolio, the ratio was 0.9% at the end of third quarter 2024 and has remained the same since year-end 2023.

The ratio of loans to customers in Stage 2 was 3.2% at the end of 3Q24, increasing from 2.5% at the end of 2Q24. The increase is primarily attributed to a handful of credit cases. The management overlay recognised at year-end 2023 to account for the effect of seismic activity on the town of Grindavík remains unchanged for those loans that remain. For the mortgage portfolio, the ratio of loans in Stage 2 was 1.1% at the end of 3Q24 (1.2% at 2Q24).

Liabilities – capital and liquidity ratios well in excess of regulatory requirements in addition to low leverage

Liabilities & Equity, ISKm	30.9.24	30.6.24	Δ	Δ%	31.12.23	Δ	Δ%
Deposits from Central Bank and credit institutions	**11,525**	10,466	1,059	10%	16,149	(4,624)	(29%)
Deposits from customers	**927,011**	916,127	10,884	1%	850,709	76,302	9%
Derivative instruments and short positions	**4,764**	4,647	117	3%	5,090	(326)	(6%)
Debt issued and other borrow ed funds	**380,814**	384,747	(3,933)	(1%)	417,573	(36,759)	(9%)
Subordinated loans	**32,084**	32,133	(49)	(0%)	38,155	(6,071)	(16%)
Tax liabilities	**15,637**	14,060	1,577	11%	13,107	2,530	19%
Other liabilities	**27,235**	17,215	10,020	58%	17,218	10,017	58%
Total Liabilities	**1,399,070**	1,379,395	19,675	1%	1,358,001	41,069	3%
Total Equity	**223,388**	216,501	6,887	3%	224,693	(1,305)	(1%)
Total Liabilities and Equity	**1,622,458**	1,595,896	26,562	2%	1,582,694	39,764	3%
Key ratios							
Customer loans to customer deposits ratio	**137%**	139%			144%		
Net stable funding ratio (NSFR)	**126%**	123%			124%		
Liquidity coverage ratio (LCR)	**223%**	190%			195%		
Total capital ratio	**23.4%**	23.1%			25.3%		
Tier 1 capital ratio	**21.2%**	20.9%			22.5%		
Leverage ratio	**13.0%**	13.0%			13.4%		
MREL ratio[1]	**35.6%**	35.6%			41.3%		

1. MREL ratio includes the CET1 capital held to meet the combined buffer requirements.

Growth in retail deposits main reason for increase in deposits during third quarter

The Bank funds its operation using three main funding sources: stable deposits, covered bonds, and senior preferred bonds. Deposits from customers grew by 1.2% in the third quarter or by ISK 10.9 billion from previous quarter, mainly from retail customers. Deposit concentration remained stable. The ratio of customer loans to customer deposits was 137% at the end of 3Q24, reducing from 139% from the end of 2Q24. When excluding mortgages funded with covered bonds, the ratio was 116% for the third quarter of 2024, having been 118% at the end of 2Q24.

In terms of funding, the third quarter saw continued spread compression in broader FIG credit markets, and this was amply reflected in the Bank's secondary levels. The recently issued EUR 300 million 4-year benchmark, launched in March at mid-swaps +185 bps, ended the quarter at approximately swaps +135 bps. The take-up of the Bank's tender of its EUR 300 million 7.375% bonds due in May 2026 carried out by the Bank at the end of the second quarter allowed the Bank to exercise its right to repurchase the entire issue. The tender was executed without issuing a direct replacement to fund it. Domestically, the Bank sold ISK 5 billion of covered bonds.

The Bank's total liquidity coverage ratio (LCR) was 223% at period-end 3Q24, rising from end of 2Q24 when it was 190%. The Bank's liquidity position remains strong across currencies. Liquid assets as a percentage of total assets increased from 17% at the end of 2Q24 to 19% at the end of 3Q24, mostly due rising deposits.

Sound capital position - distribution of excess capital to continue as part of capital optimisation plan

Total equity amounted to ISK 223.4 billion at the end of 3Q24, compared to ISK 224.7 billion at year-end 2023. The capital base was ISK 239 billion at the end of 3Q24, compared to ISK 248 billion at year-end 2023. The reduction is mainly due to the Bank's share buyback plan of ISK 10 billion, which was deducted from the capital base following approval from the Central Bank. The buyback is ongoing, with the remaining amount being deducted from the capital base.

At the end of 3Q24, the total capital ratio was 23.4%, compared to 25.3% at year-end 2023. The corresponding Tier 1 ratio was 21.2% at the end of the third quarter 2024, compared to 22.5% at the year-end 2023. The CET1 ratio, was 20.2% compared to 21.4% at year-end 2023, (480bps above requirement), and above the Bank's financial target of having a 100-300bps capital buffer on top of regulatory requirements. The Bank plans to optimise its capital structure before year-end 2025, subject to market conditions and may explore various ways to reach its target capital optimisation, including growth and/or capital disposals.

The minimum requirement for own funds and eligible liabilities (MREL) for Íslandsbanki is 19.6% of REA. Since any CET1 capital that is maintained to meet the combined buffer requirement (CBR) is excluded, the effective requirement can be monitored as 29.5% of REA. Own funds and eligible liabilities were 35.6% of REA at the end of 3Q24 (610bps above requirement) compared to 41.3% at year-end 2023.

Íslandsbanki uses the standardised method to calculate its REA, which amounted to ISK 1,021 billion at the end of 3Q24, compared to ISK 977 billion at YE23. The REA amounts to 63.0% of total assets at the end of 3Q24, compared to 61.7% at year-end 2023. Further, adaptation to the new CRR framework is underway and is expected to provide capital relief in the year 2025.

The leverage ratio was 13.0% at the end of 3Q24, compared to 13.4% at year-end 2023.

Investor Material

In the event of discrepancy between the Icelandic and English version of the Press Release the English version prevails.

Disclaimer

This press release may contain "forward-looking statements" involving uncertainty and risks that could cause actual results to differ materially from results expressed or implied by the statements. Íslandsbanki hf. undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. It is the investor's responsibility to not place undue reliance on these forward-looking statements which only reflect the date of this press release. Forward-looking statements should not be considered as guarantees or predictions of future events and all forward-looking statements are qualified in their entirety by this cautionary statement.

INVESTOR RELATIONS

An earnings conference call and webcast will take place on Thursday 24 October 2024

Íslandsbanki will host a webcast in English for investors and market participants on Thursday 24 October at 8.30 Reykjavík/GMT/9.30 London/BST, 10.30 CET. Jón Guðni Ómarsson, CEO, and Ellert Hlöðversson, CFO, will give an overview of the third quarter 2024 financial results and operational highlights.

The webcast will be accessible live through a link on the Bank's **Investor Relations** website where a recording will also be available after the meeting. Participation and the ability to ask written question is accessible **via this link**. If you wish to participate in the webcast via teleconference and be able to ask questions verbally, please register **via this link here**. Information regarding the webcast is available **here**.

Further information is available through Íslandsbanki Investor Relations, ir@islandsbanki.is.

Financial calendar

Íslandsbanki plans to publish its financial statements according to the financial calendar below:

Fourth quarter and year-end results 2024 – 13 February 2025
Annual General Meeting – 20 March 2025
First quarter results 2025 – 8 May 2025
Second quarter results 2025 – 31 July 2025
Third quarter results 2025 – 30 October 2025

Further information on the Bank's 2025 financial calendar is available here. Please note that the date is subject to change.

Additional investor material

All investor material will subsequently be available and archived on the Bank's Investor Relations website, where other information on the Bank's financial calendar and silent periods can also be found.