4Q24 & FY2024 Financial Results

13 February 2025

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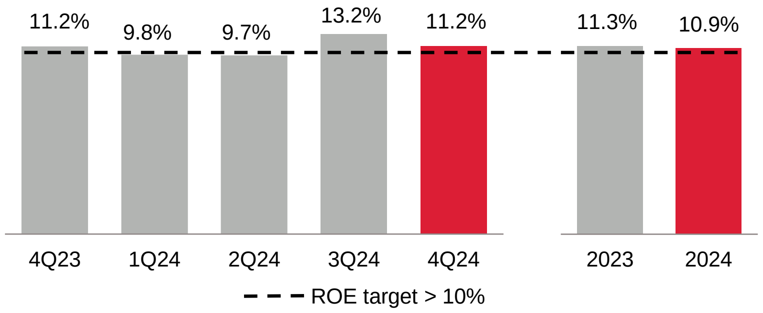
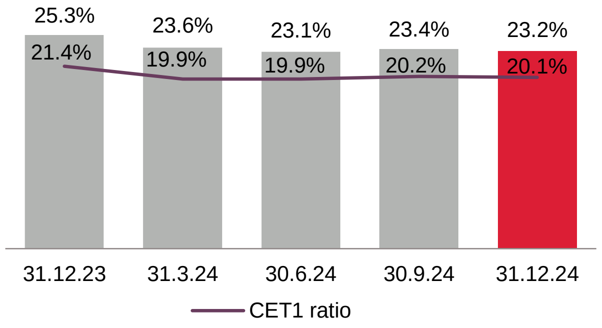
ROE in excess of financial targets

Inflation and high policy rates continue to adversely affect NII

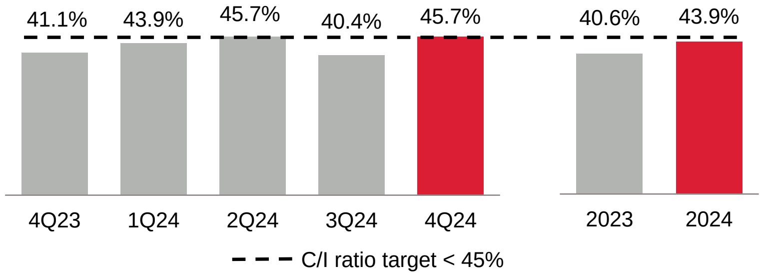
ROE in excess of analyst consensus
ROE



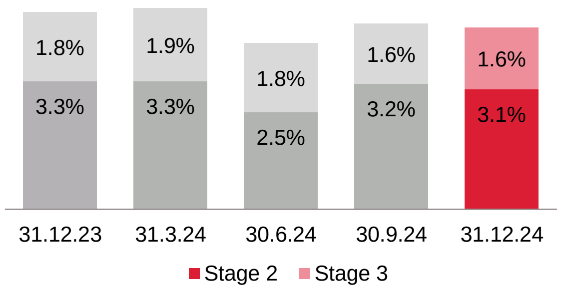
Considerable excess capital in place
Total capital ratio



C/I within target regardless of cost reclassification
C/I ratio[1]



Stable and strong asset quality
Loans to customers: Stage 2 and 3 (NPL)



1. Expenses of ISK 279m for 4Q23, ISK 286m for 1Q24, ISK 210m for 2Q24, ISK 269m for 3Q24, and ISK 951m for 2023 recognised in the line item "Other operating expenses" in the Group's Interim Financial Statements have been restated in the line item "Fee and commission expense", C/I ratio has been restated accordingly. C/I ratio for 2Q24 excludes a charge of ISK 470m due to an administrative fine. C/I ratio for 4Q23 included a provision of ISK 100m made in connection with an administrative fine, the C/I ratio has been restated so it excludes the provision.

Capital optimisation still a priority for the Bank

Month by month volatility expected as inflation subsides

	Target	4Q24	2024
Return on equity	**>10%**	11.2%	10.9%
Cost-to-income ratio[1]	**<45%**	45.7%	43.9%
CET1 excess	**100-300bps**	470bps	470bps
Dividend-payout-ratio	**50%**		50%

2025 Guidance

- Loans to customers and revenue, in general **to grow** in line with nominal GDP through the business cycle
- **ROE in 2025** expected to be >10% for the year as a whole
- **C/I ratio** expected to be below 45% for the year
- Dividend policy assumes **50% of earnings** to be paid to shareholders
- Distribution of excess CET1 capital in the amount of **ISK 15bn planned** throughout 2025 through share buybacks
- Commitment to conclude capital optimisation, subject to market conditions

1. C/I ratio for 2024 excludes a charge of ISK 470m due to an administrative fine in 2Q24.

Strong performance across business units

Personal Banking

- Loans grew by **ISK 34** billion in 2024, almost 6%
- **20%** deposit growth
- Number of Ávöxtun accounts rose from 20,000 to 55,000 in 2024
- Customers using loyalty programme Fríða can see expected reimbursements immediately as data for debit cards is processed in real time

Business Banking

- **10%** deposit growth
- **ISK 92** billion in new lending
- **39%** of car loans from Ergo are green
- Serving over **50%** of Iceland's outstanding companies
- Highest **NPS** amongst domestic peers for SMEs

Corporate & Investment Banking

- Largest investment bank in Iceland
- Íslandsbanki's capital markets turnover amounted to ISK 1,160 billion in 2024
- New lending totalled ISK 71 billion and ISK 42 billion refinanced

Iceland Funds

- AUM ~ **ISK 364 billion** at year end 2024
- Positive return in 2024 for all funds managed by Iceland Funds
- Collaboration and consultancy agreement with the Energy Cluster on a specialised renewable energy fund.
- Celebrated its 30-year anniversary in 2024

Allianz Ísland hf.

Continued robust results driven by revenue generation

All pillars performed better than 2023, new sale, service revenue and development of clawback

Sustainability highlights in 2024

- **Sustainable lending increased by 23% in 2024**
- **93% of the Bank's credit risk exposure in scope[1] assessed with regards to ESG risk by year-end**
- **92% of large suppliers of the Bank signed Íslandsbanki's code of conduct**

1. Individuals and small enterprises are out of scope.

Companies and investors choose Íslandsbanki

Further rate cuts and declining inflation likely to fuel increased activities in 2025

ISK 163 billion
New lending to corporates

Highest turnover in equities
10 out of 12 months

ISK 92 billion
New lending within Business Banking

40% Market share within the greater Reykjavík area amongst SMEs[1]

Largest investment bank in Iceland

8% increase in Asset Management customers

Strong pipeline in Corporate Finance

Best yearly return of all Icelandic equity funds over the last 5 years

1. Average market share in the Reykjavík area from Gallup's last four corporate surveys, the most recent one conducted in 4Q24.

Íslandsbanki focuses on financial health

Financial health implemented in 2023 and became part of new strategy in 2024

Better financial health with personal and digital service

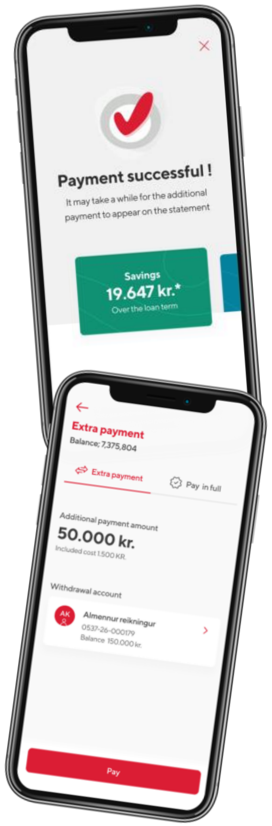
- Financial health strategy was influenced by increase in customers financial worries, especially amongst Gen Z
- Increased demand for educational material on finance
- Proactive introduction to new product offerings to customers
- Data key in getting to know customers financial health

Leading bank in financial education

- 27 lectures on finances and 2000 guests
- 30 roundtable meetings with corporate customers
- Online educational material and finance dictionary

Better financial overview with digital channels

- New online bank
- Collection service and Payday integration in app
- App enhancement include debit card security settings, digital debit cards, private pension savings, and account opening capability
- Gambling safety for under 18 year old



FINANCIAL • EMOTIONAL • PHYSICAL
100% Health

Positive momentum

Enhancing financial health relates to customers of the Bank

3x sales of saving products through digital touchpoints combined with personal service

8x sales of credit cards with use of data in automatic digital journeys

↑ 52points

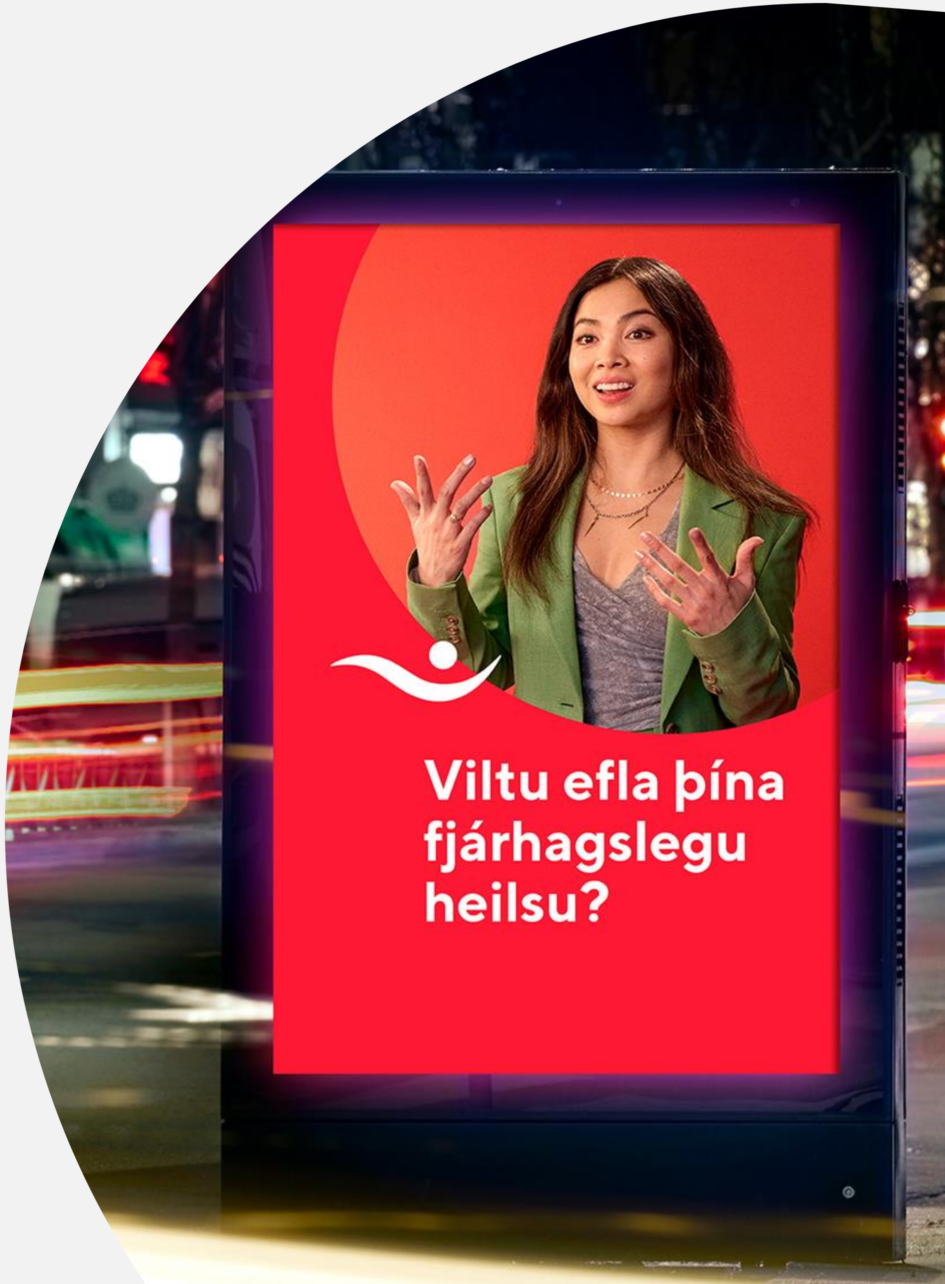
Net Promoter Score among young people

↑ 15%

Customers happy with service

↑ 39points

Net Promoter Score



Major digital wins in 2024

80% improvement in processing time of car loan applications through new digital solution

1400 digital cards

80% of notarisation requests for mortgage refinancing are digital

89% of corporate accounts through digital channels fully automated

10x increase in automatic mortgage refinancing applications

95% of Personal Banking customers are digitally active

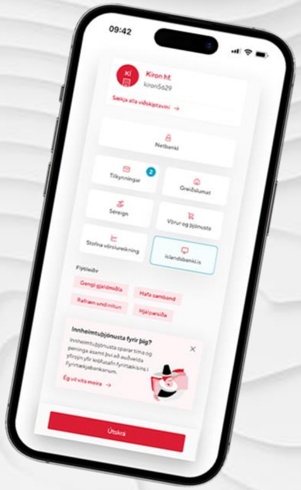
79% of employees communicate with SAM, our internal chatbot

Fróði won an international prize as the most likeable chatbot at Boost Camp for the second year in a row

Offering best financial service in class

Tindur

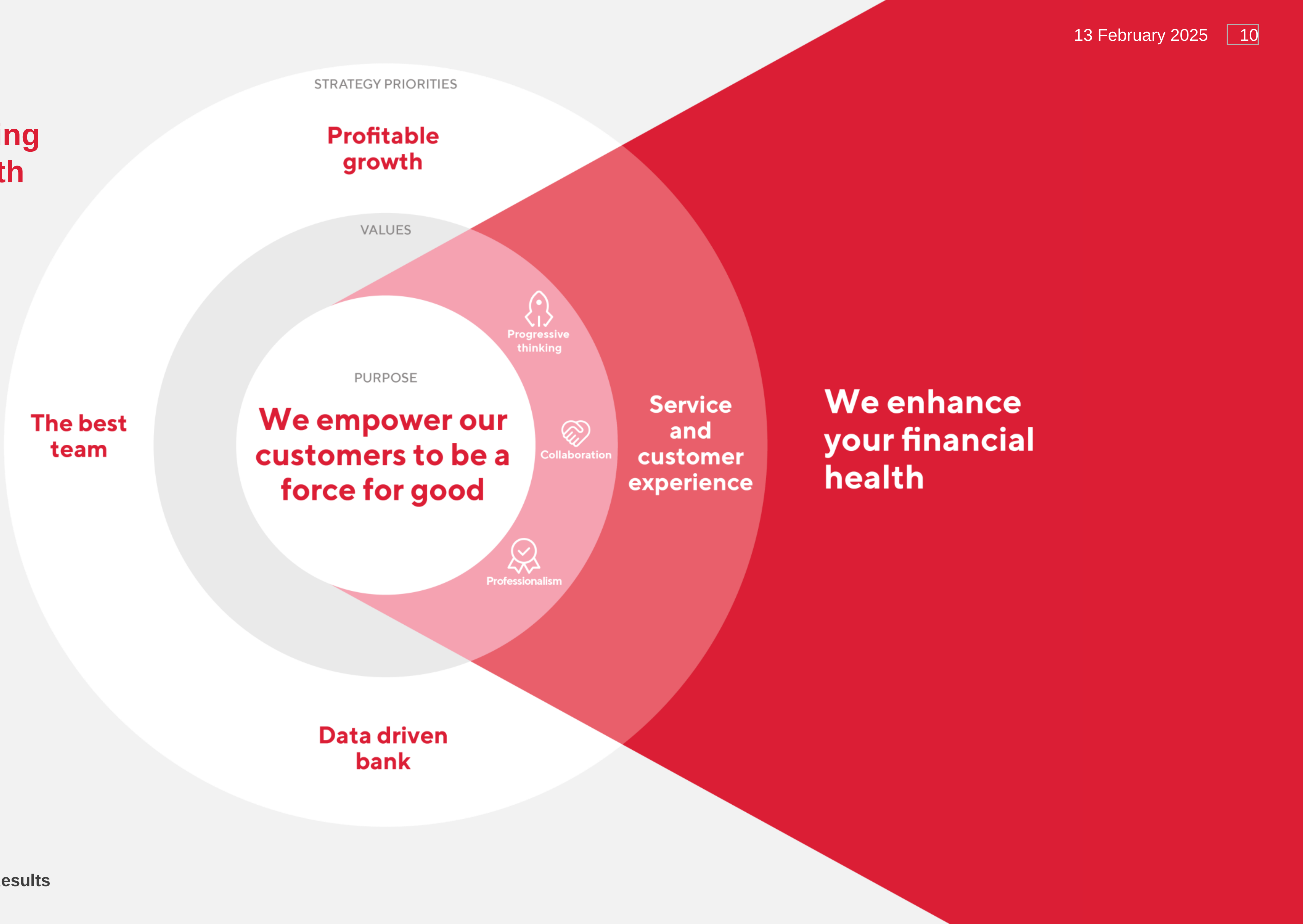
- Wider product offering and enhanced services to our customers
- Special benefits through loyalty programs
- Enhances financial health
- Íslandsbanki's distribution channels to offer insurance products
- Roll-out of new services in the spring



Data-driven automatic service

- Personalized customers journeys
- Personal follow-up increased sales

New strategy – progressive thinking and financial health



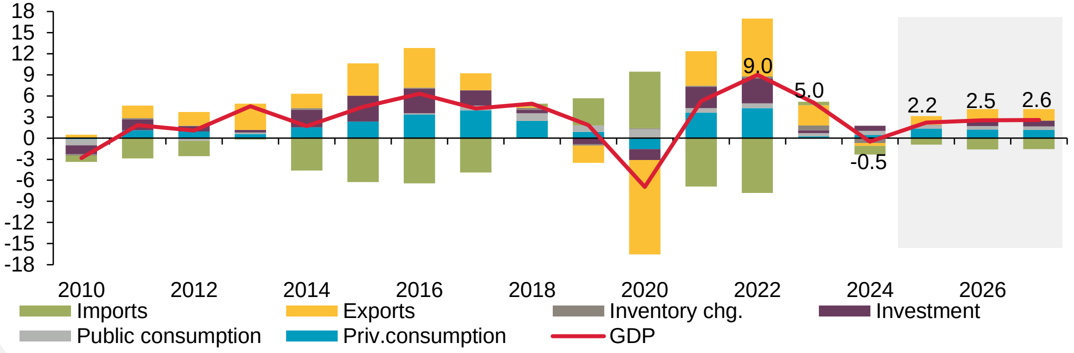
Financial Overview

Economic tailwinds picking up speed

A new business cycle following mild GDP contraction likely to bring healthy growth

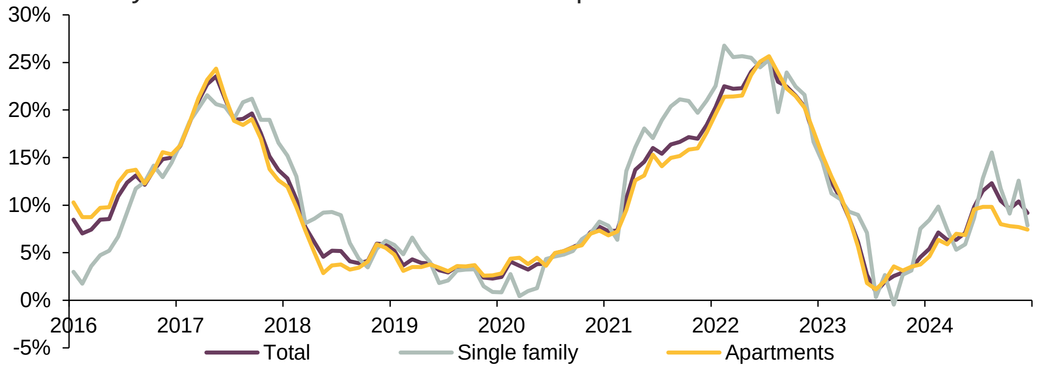
A fairly smooth upward path for the economy following mild contraction..

Real GDP and main subitems, YoY change, %



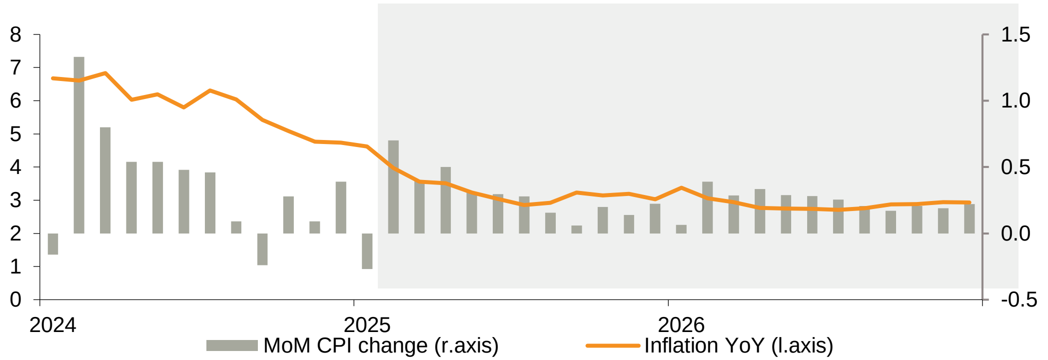
..and housing market remains resilient in the face of tight monetary policy

Year-on-year increase in residential house prices



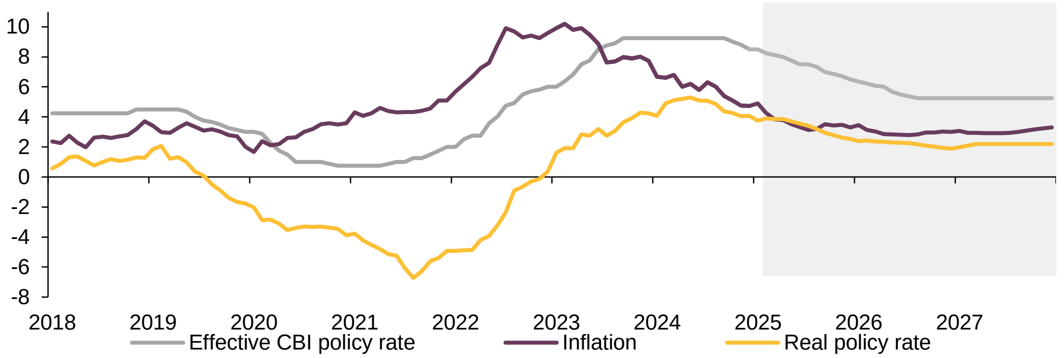
Inflation looks set to keep subsiding in the near term…

MoM CPI change (%, left axis) and 12m trailing inflation(%, right axis)



… facilitating further gradual rate cuts by the Central Bank

CBI policy rate and real policy rate, %

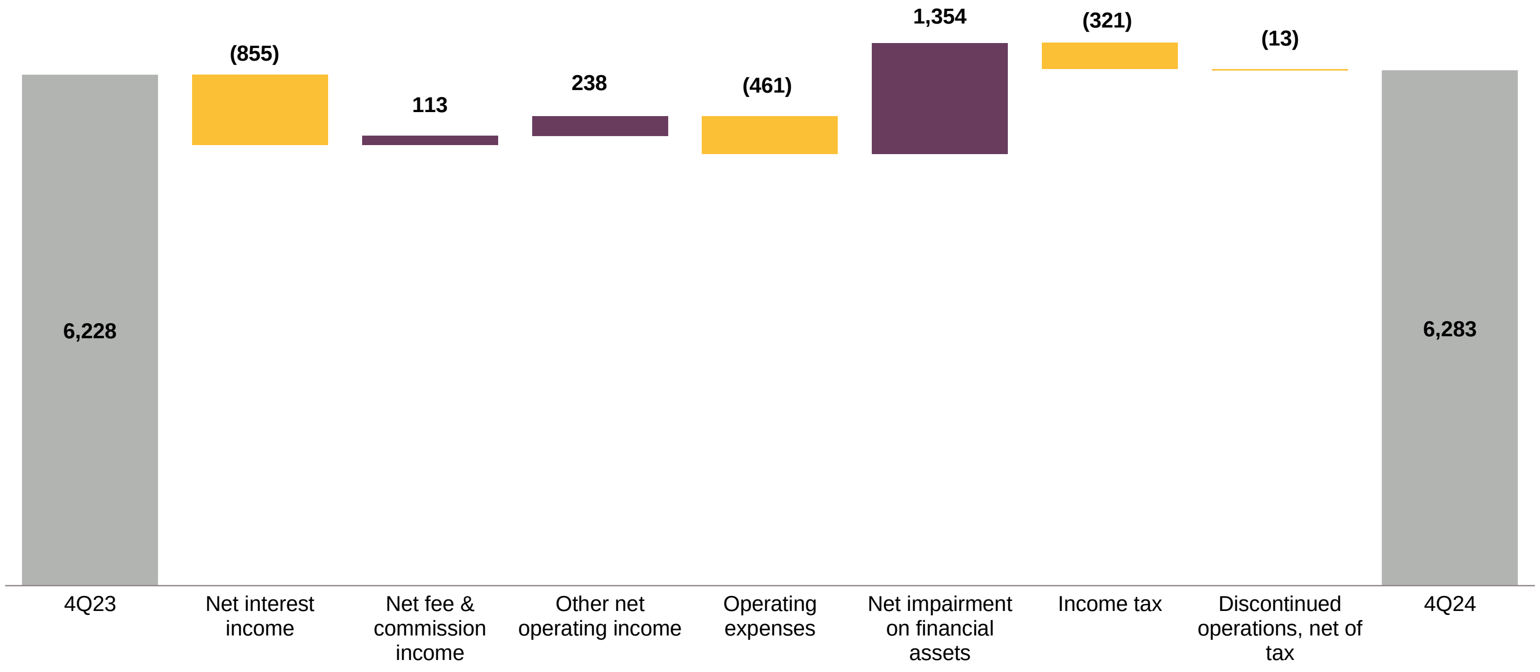


Shaded areas indicate ISB Research forecasts or estimates. Source: Statistics Iceland, Housing and Construction Authority, the Central Bank of Iceland and ISB Research.

Profit in line with expectations in 2024 as a whole

Key drivers of this quarter's results: Interaction between subsiding inflation and reducing policy rates, in junction with impairment reversals

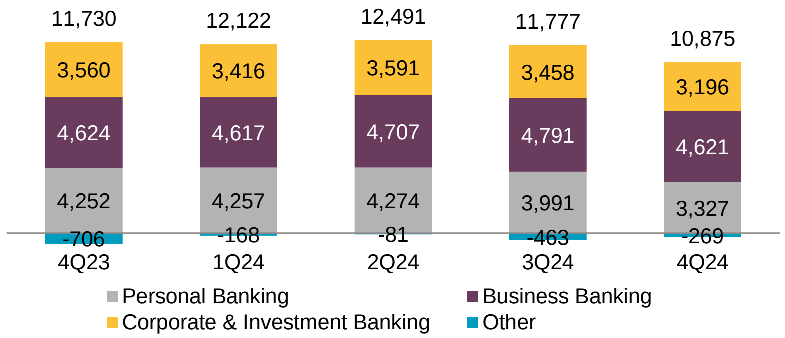
Profit for the period – 4Q23 vs 4Q24
ISKm



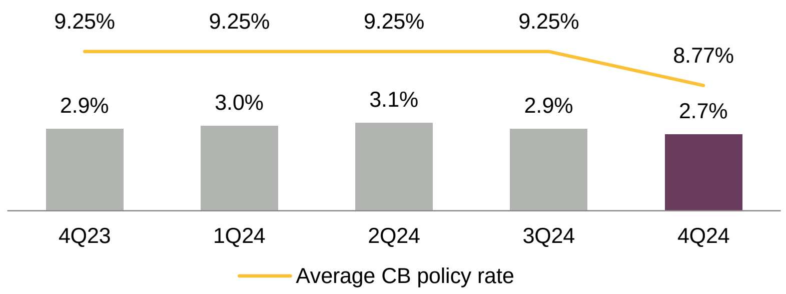
Margins pressured due to pressure from imbalances

Volatility may be experienced for the short term while the economy re-stabilizes

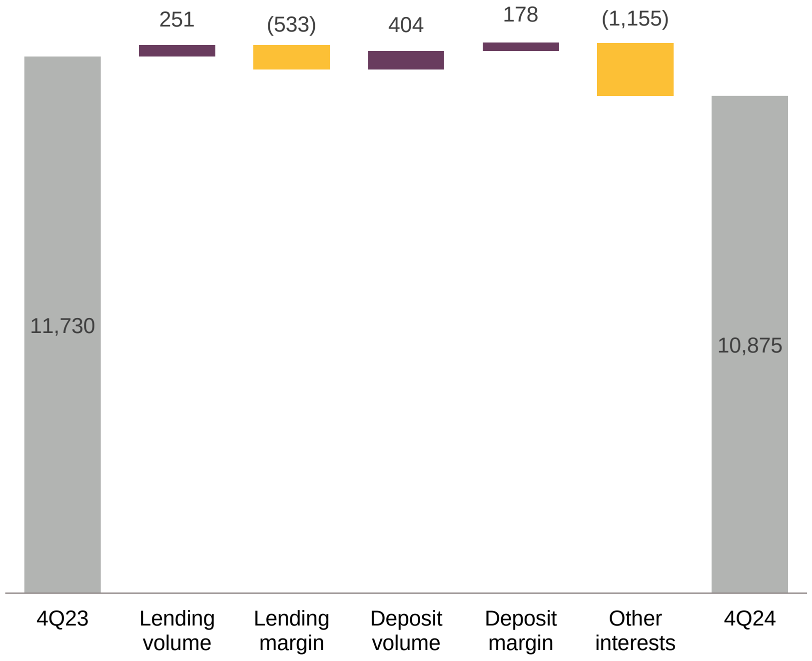
Net interest income
Business segments, ISKm



Net interest margin
On total assets



Net interest income – YoY comparison
ISKm



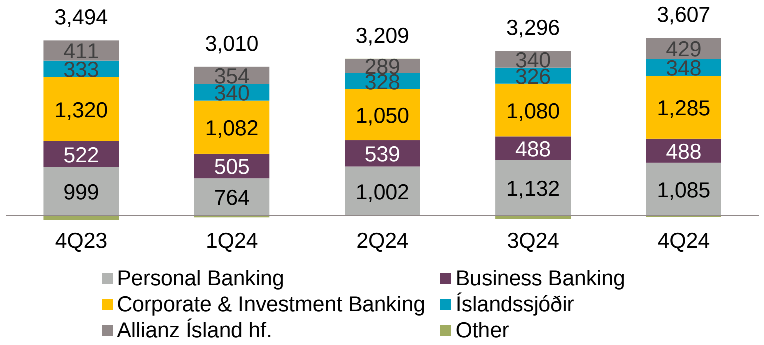
Highlights

- Net interest margin was 2.7% in 4Q24 (2.9% in 4Q23), while net interest margin for 2024 as a whole was 2.9%
- Lending margin was 1.6% in 4Q24 (1.8% in 4Q23)
- Deposit margin was 2.0% in 4Q24 (1.9% in 4Q23)
- CPI imbalance end of 4Q24 amounted to ISK 193bn compared to ISK 215bn end of 3Q24
- Inflation subsided continuously throughout the year, moving from 6.7% in January to 4.8% at the end of December, over a period of 12 months
- Aggregated inflationary ticks for 1Q25 forecasted to be 0.83% compared to 0.14% accounted for in 4Q24
- Policy rate cuts by Central Bank commenced in the latter half of the year, where rates were cut from a previously level of 9.25% to 8.5% at year-end 2024, and to 8.0% in February 2025
- Nominal fixed rate imbalance continues to subside and provides margin uplifts

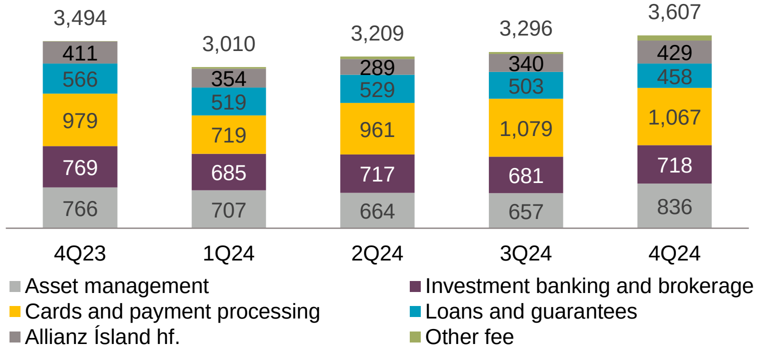
Growth in asset management following pickup in capital markets

Further reducing rate environment expected to funnel growth across all fee income types and segments

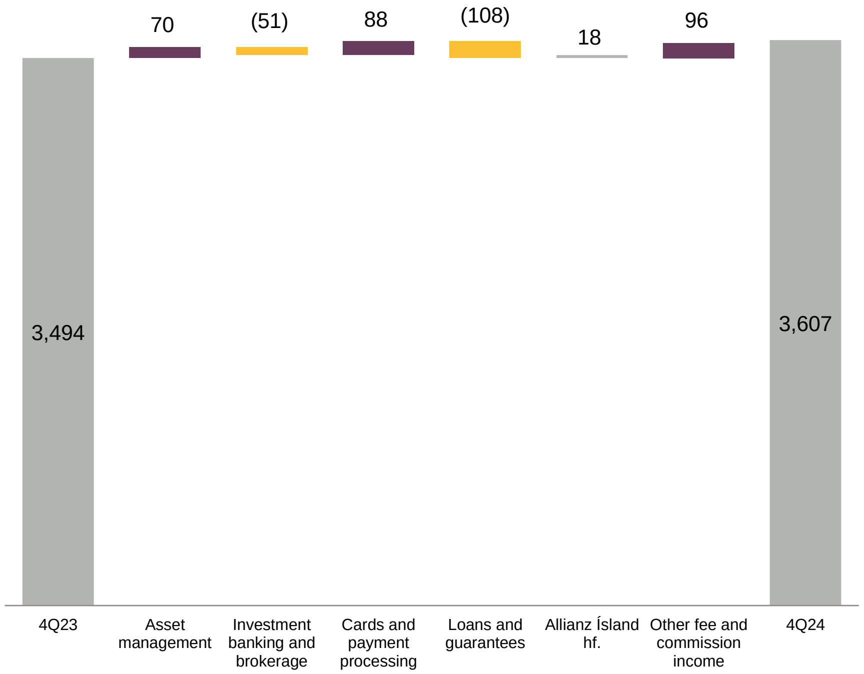
Net fee and commission income
Business segments, ISKm



Net fee and commission income
By type, ISKm



Net fee and commission income – YoY comparison
ISKm



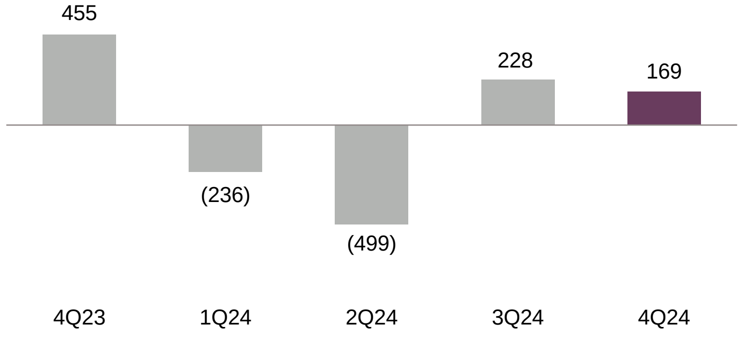
Highlights

- Revenues from investment banking and assets management affected by soft capital market throughout the year but recovered considerably in the fourth quarter
- Further reductions in inflation and policy rates are expected to continue to boost capital markets
- Increased activity on the lending side is expected with lower interest rate environment, providing growth in fees related to loans and guarantees
- Alllianz Ísland hf., a subsidiary of the Bank, remains a strong contributor to the Group’s net fee and commission income
- During the quarter, certain costs directly related to fee generation were reclassified as fee expense instead of opex – comparison figures have been updated accordingly

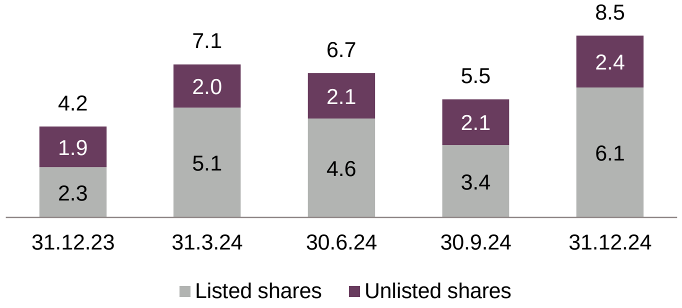
Positive turnaround in NFI in the second half of the year

Considerable income related to fair value adjustment of assets

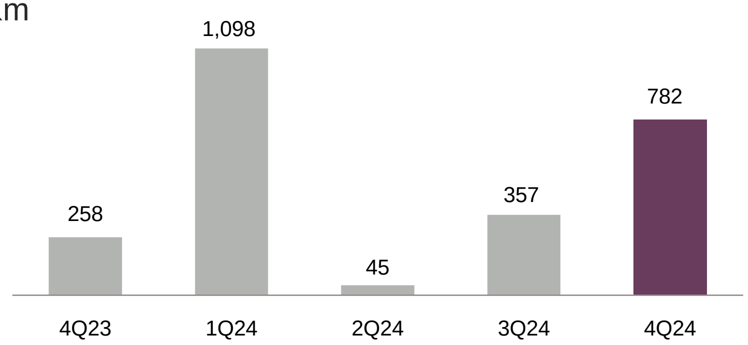
Net financial income (expense)
ISKm



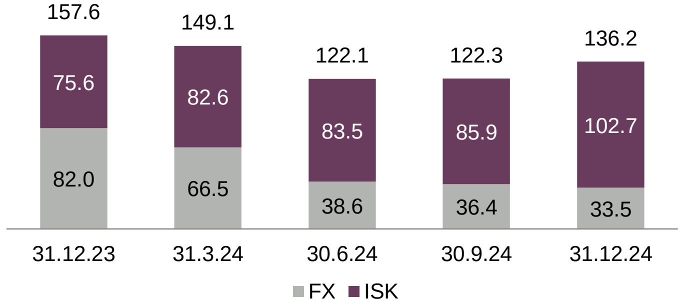
Shares and equity instruments[1]
ISKbn



Other operating income
ISKm



Bonds and debt instruments[2]
ISKbn



Highlights

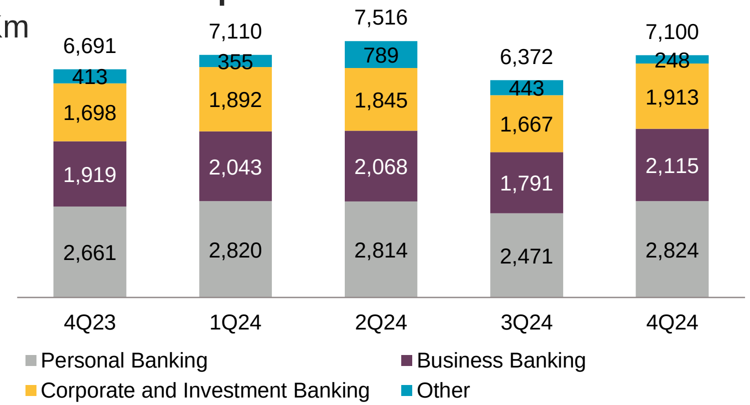
- The equity market had a strong gain in October following a rate cut at the beginning of 4Q
- As in recent quarters, the Bank has limited equity risk on its books amounting to ISK 8.5bn excluding economic hedges
- Loss in fair value and hedge accounting, mainly due to change in IRS swap rates
- Loss in ISK balance sheet management due to effect of lower ISK rates this year on NIL contracts – this is offset by a similar gain in net interest income
- Fair value adjustment of assets, mainly related to Kirkjusandur 2, the Bank's previous HQ yielded considerably during the year

1. Excluding listed shares and equity instruments used for economic hedging.
2. Excluding listed bonds and debt instruments used for economic hedging.

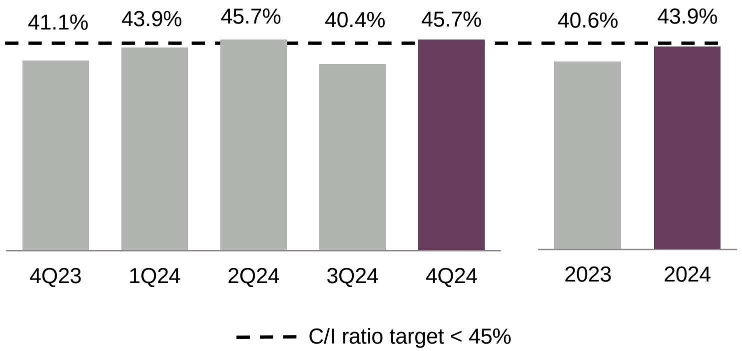
Cost-to-income ratio within target for 2024

Higher expenses mainly driven by investments in IT, wage increases and emphasis on governance and service

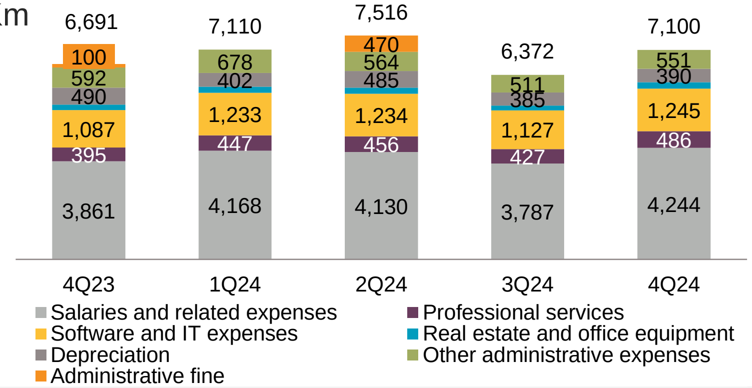
Administrative expenses
ISKm



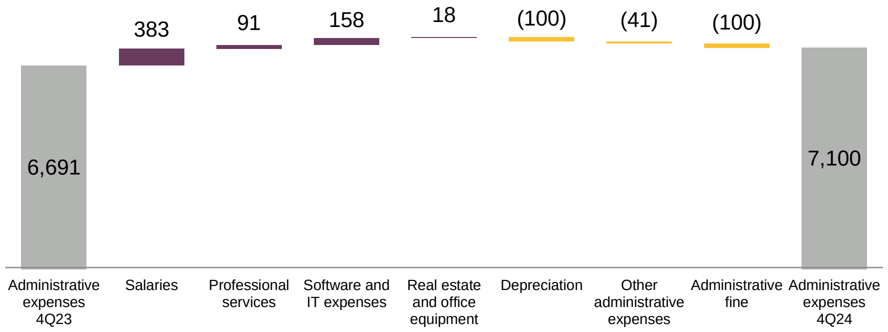
Cost-to-income ratio[1,2]



Administrative expenses – by type
ISKm



Administrative expenses – YoY comparison
ISKm



Highlights

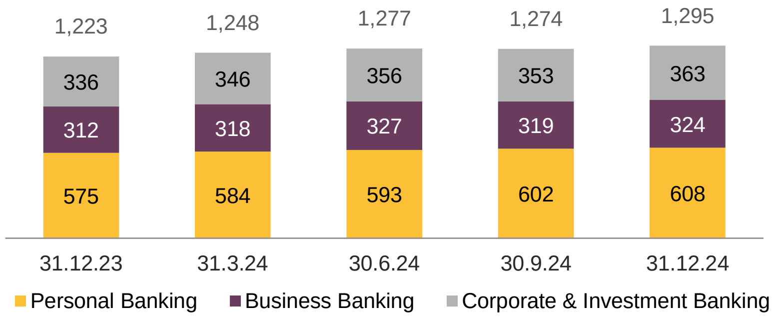
- The cost-to income ratio, adjusted for administrative fine was 43.9% in 2024
- Salaries and related expenses grew by 8.8% from 2023, mainly due to increase in average FTEs between years, related to a heightened focus governance and services, as well as wage increases
- Operating expenses increased by 5.7% between years, owing mainly to investments in IT
- The Bank reclassified certain types of expenses which were previously stated as other operating expenses to be accounted for as fee expenses
- The cost-to-income ratio would have been 46.5% for 4Q24 and 44.8% for 2024 if expenses were not restated under fee and commission income

1. Calculated as (Administrative expenses – one off items) / Total operating income – one-off items). 2. Expenses of ISK 279m for 4Q23, ISK 286m for 1Q24, ISK 210m for 2Q24, and ISK 269m for 3Q24 recognised in the line item "Other operating expenses" in the Group's Interim Financial Statements have been restated in the line item "Fee and commission expense", C/I ratio has been restated accordingly. C/I ratio for 2Q24 excludes a charge of ISK 470m due to an administrative fine. C/I ratio for 4Q23 included a provision of ISK 100m made in connection with an administrative fine, the C/I ratio has been restated so it excludes the provision.

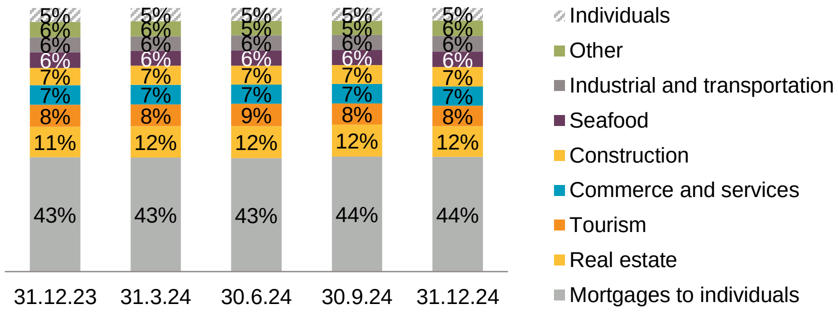
Lending growth moderates while LTVs remain stable

Loan portfolio over 94% covered by collateral and focused on lower risk customers

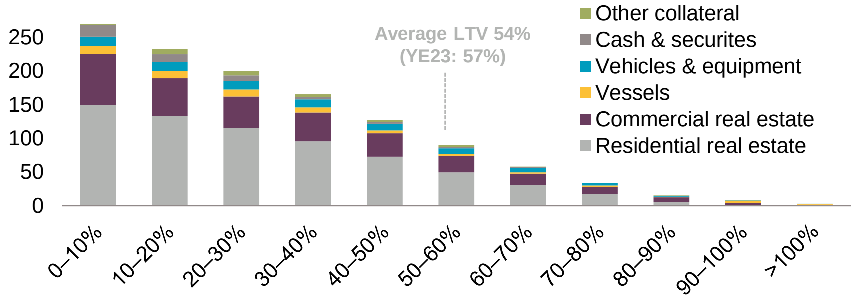
Loans to customers
By business division, ISKbn



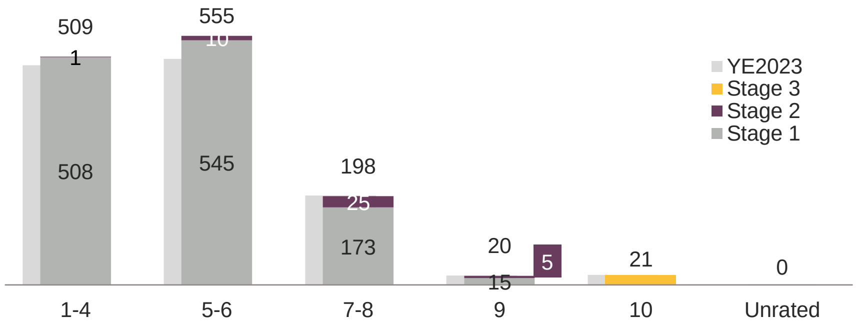
Loans to customers
By sector, with tourism as a separate sector



LTV distribution by underlying asset class
31.12.24, loan splitting approach, ISKbn



Loans to customers: gross carrying amount[1]
31.12.24, risk class and impairment stage, ISKbn



1. Risk class distribution at YE23 shown as comparison

Highlights

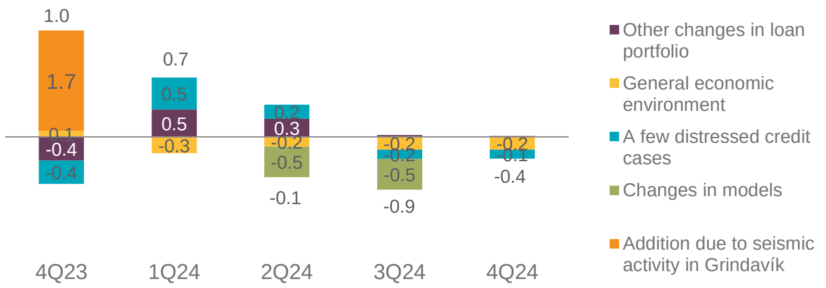
- The credit quality of assets continues to be robust due to strong risk management practices and conservative lending policies
- Credit exposure fully covered by collateral is ISK 1,212bn or 94% of loans to customers
- LTVs reducing by 3ppt year on year and closes off at 54% across all types of securities
- Stable sector composition between quarters where mortgages remain the largest part of the loan book
- Sustainable lending grew by 23% in 2024

Asset quality remains strong across the board

Impairment reversals throughout the year on the back of model recalibration

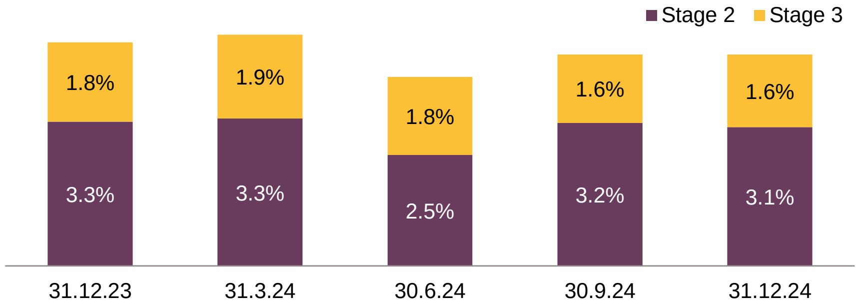
Net impairment on financial assets

By period, ISKbn



Loans to customers: Stage 2 and 3 (NPL)

Development of gross carrying amount as ratio of total loans

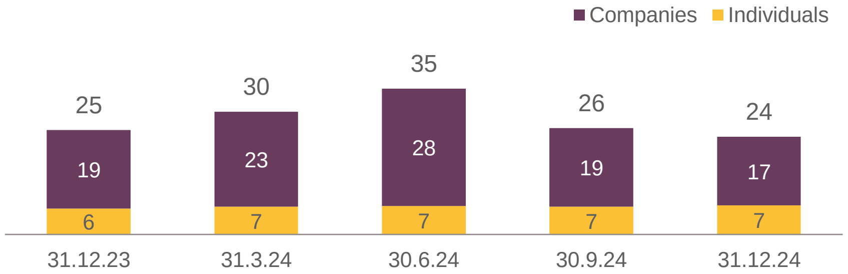


Current and expected cost-of-risk

- Annualised cost of risk was -11bp in 4Q24 (33bp for 4Q23).
- The probability weights of economic scenarios were kept unchanged at 20% (good), 50% (baseline), and 30% (bad) at the end of 4Q24. The weights were last changed at end of 1Q22.
- A shift of 5% from baseline to the bad scenario would increase the impairment allowance by ISK 0.31bn while 5% shift from the baseline to the good would decrease the allowance by ISK 0.13bn.

Performing loans with forbearance

Gross carrying amount, ISKbn



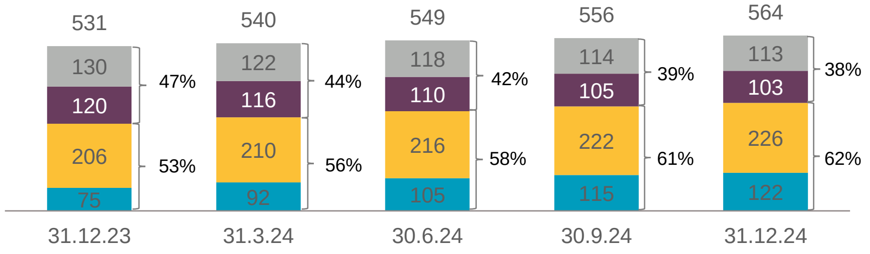
Highlights

- The Group continues to use temporary overlay to the impairment model due to seismic activity
- The definition of forbearance includes a 24-month probation period. Therefore, loans are classified as forborne even after normal payments have resumed
- Reserve coverage ratio (RCR) for impairment allowance on Stage 3 was 15.6% at end of 4Q24
- Stage 3 loans remain flat between 3Q24 and 4Q24, following a 0.2% reduction related to foreclosed asset
- No signs of increased delinquencies materially affecting the loan book despite high inflation and interest rate environment for prolonged period

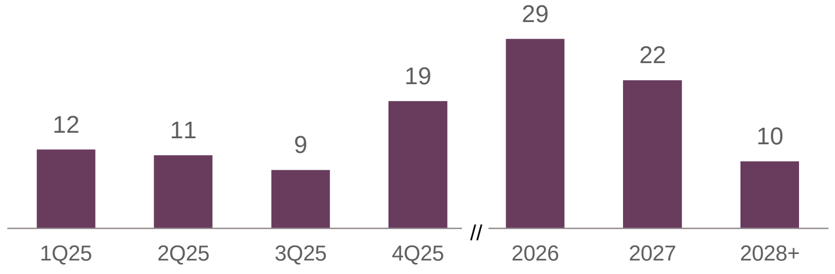
Well collateralised mortgage book with stable NPLs

Continued shift to CPI-linked loans while fixed rate imbalance subsides in the banking book

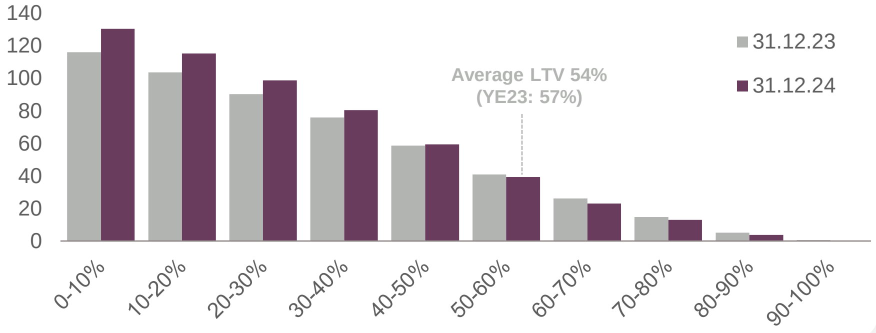
Mortgage portfolio
By interest rate type, gross carrying amount, ISKbn



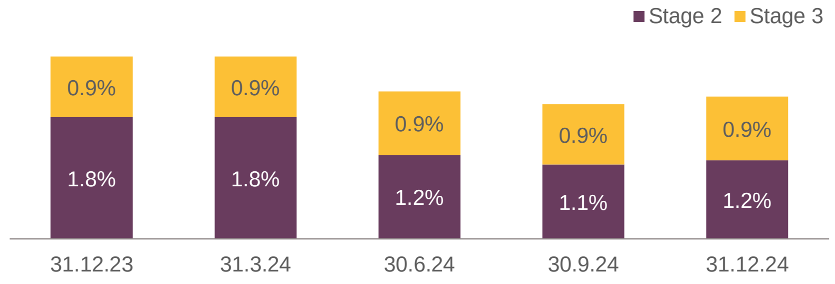
Interest rate reset profile for NIL 3-5y fixed rate mortgages
Gross carrying amount, ISKbn



LTV distribution of mortgages
Gross carrying amount, loan splitting approach, ISKbn



Mortgages portfolio: Stage 2 and 3 (NPL)
Gross carrying amount as ratio of total mortgages



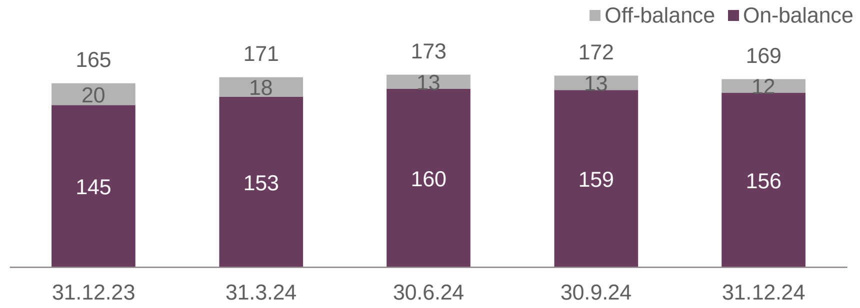
Highlights

- Conservative payment assessment for non-indexed variable rate mortgages in the low interest environment means that households are well prepared for higher interest rate environment
- At origination, LTV is capped at 80% (85% for first time buyers) and debt service-to-income at 30% (35% for first-time buyers)
- Using the loan-splitting approach, the LTV distribution is as follows:
    - 0-55%: 89%
    - 55-80%: 10%
    - 80%+: 1%
- Ongoing growth in CPI-linked loans due to higher interest rate environment and increase in variable NIL mortgage rates as customers are managing their payment profile
- Fixed rate imbalance continuously subsiding as interest rate resets occur

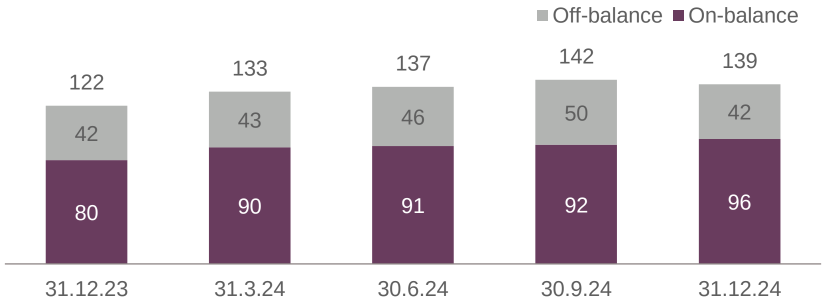
CRE portfolio well diversified and of good quality

Occupancy ratios high for domestic commercial real estate companies

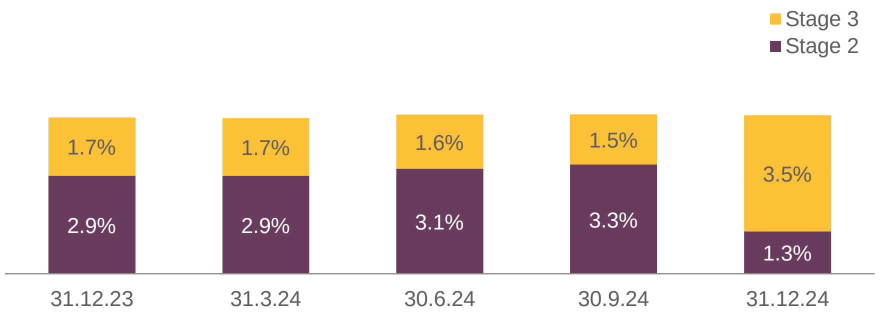
Development of exposure to real estate companies
Gross carrying amount by period, ISKbn



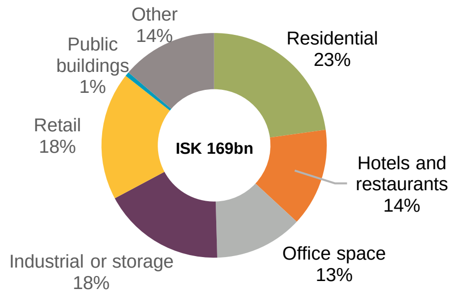
Development of construction exposure
Gross carrying amount by period, ISKbn



Real estate portfolio: Stage 2 and 3 (NPL)
Gross carrying amount as ratio of the real estate portfolio



Real estate collateral by type
31.12.2024



Highlights

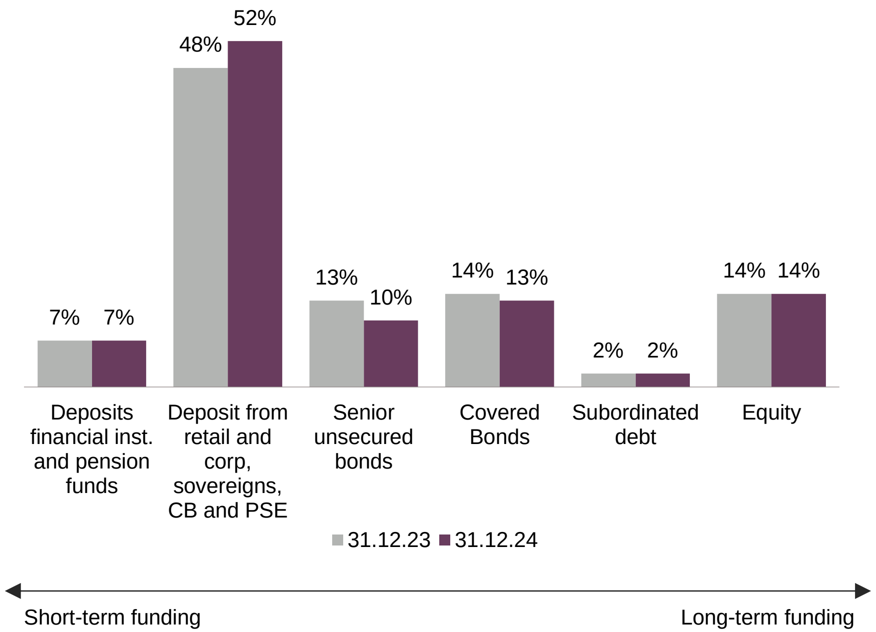
- Loans to real estate companies and construction amount to 12% and 7% of loans to customers, respectively
- Disciplined origination with conservative LTV requirements and debt service criteria
- Real estate companies use primarily CPI-linked rental agreements as a form of hedging and have long-term financing to minimise influence of short- term changes in market value of real estate
- High occupancy ratio of the listed commercial real estate companies of around 95%
- All construction loan commitments are disbursed in line with construction progress as monitored by the Bank or its representatives
- The transition from stage 2 to stage 3 is due to owner occupied construction project, not reflective of the CRE sector

Deposits are the largest source of funding

Strong deposit growth in 2024 makes the Bank less reliant on wholesale funding

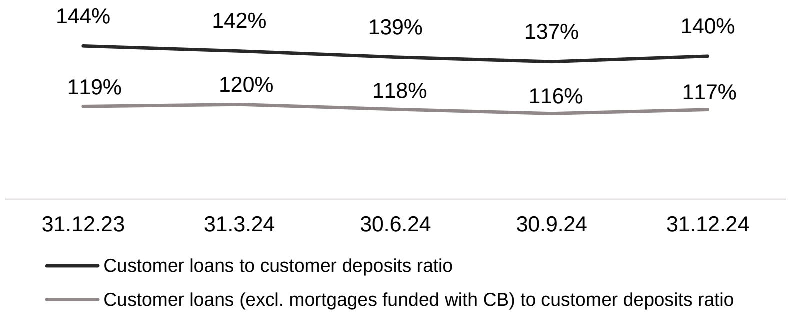
Funding sources

By type, % of total liabilities and equity



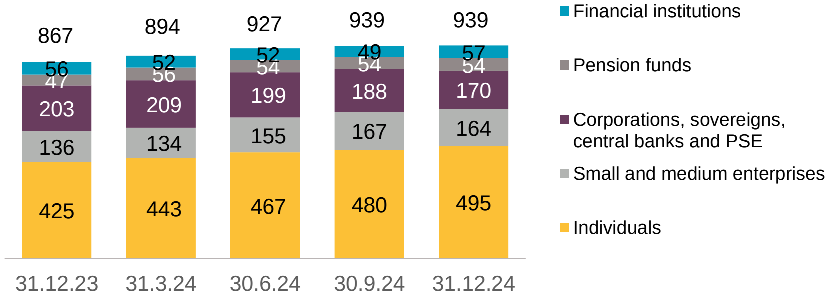
Customer loans to customer deposits ratio

Development, %



Deposits from customers and credit institutions

Development, by LCR category, ISKbn



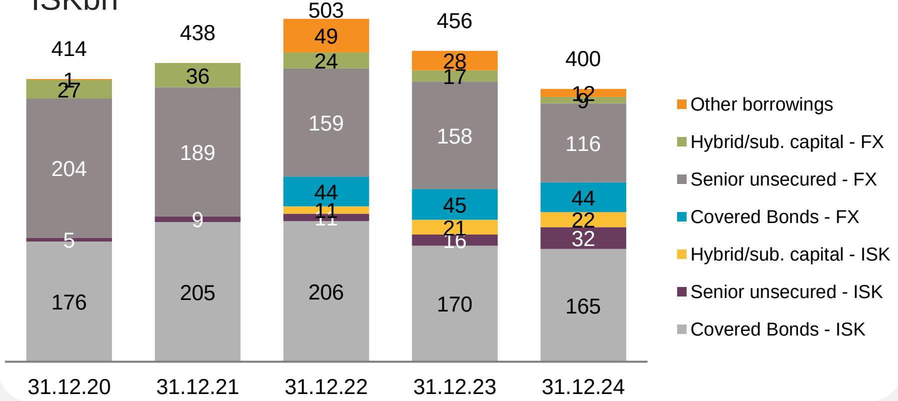
Highlights

- Deposits from individuals grew by 16% in 2024, and 21% from SMEs
- Term deposits were 18% of total deposits at YE
- Deposit concentration decreased, 8% of deposits belonged to the 10 largest depositors and 22% to the 100 largest, compared to 10% and 26% respectively at YE23
- A detailed split of the deposit base and LCR is provided in the Additional Pillar 3 Disclosure, providing investors with the necessary information to perform their own stress tests on deposits
- 71% of deposits held by individuals (across business segments) and 46% of all deposits covered by deposit guarantee scheme
- Loans to customers ratio dropped from 144% to 140% year on year as deposit growth outpaced loan growth in 2024

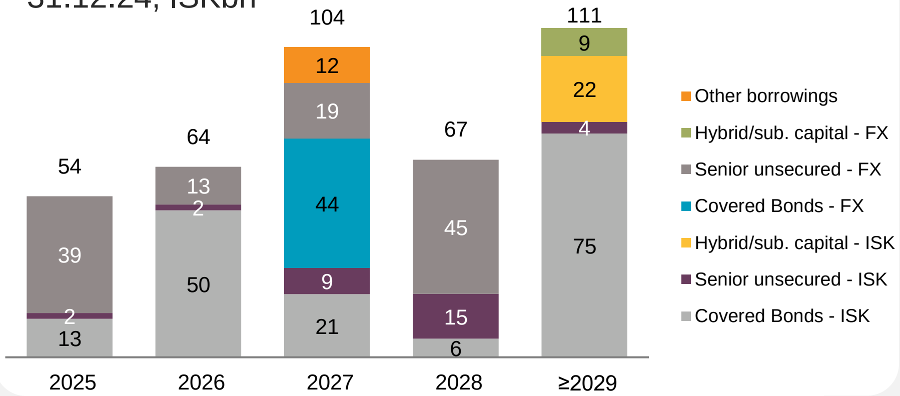
Light maturity profile allows for opportunistic approach to funding

Continuous and considerable spread compression across markets during the year

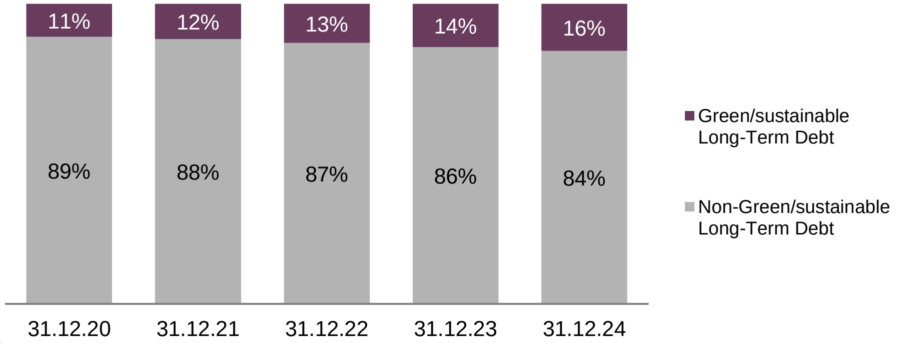
Sources of borrowings
ISKbn



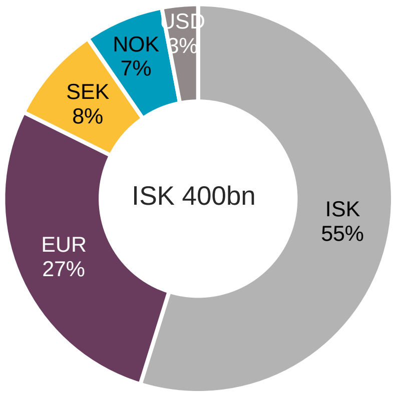
Contractual maturity profile of borrowings
31.12.24, ISKbn



Development of green/sustainable funding
ISKbn



Currency split of borrowings
ISKbn



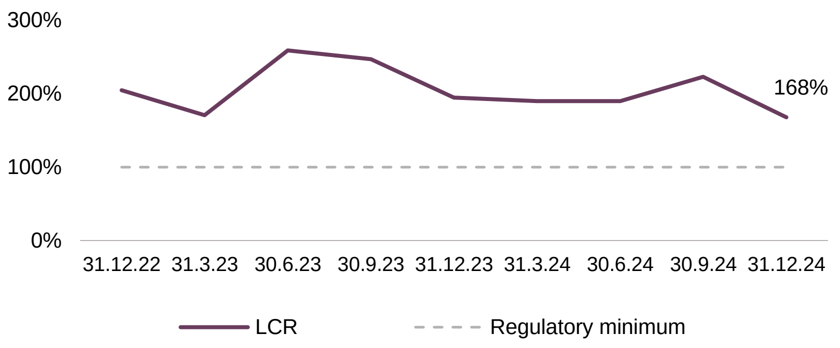
Highlights

- 2024 saw considerable liability management activity, The Bank bought back the EUR 300m 2026 bond in full, EUR 148m of its 300m 2025 bond as well as SEK/NOK 1.6 bn of bonds maturing in 2025
- The Bank called its SEK 500m Tier 2 bonds in June 2024 at its first call date
- The Bank issued a 4yr EUR 300m 2028 senior preferred bond as well as a total of SEK/NOK 1.5bn 2027 senior preferred bonds
- The Bank issued ISK 22bn of covered bonds and ISK 16bn of senior preferred bonds
- For the first time in years the majority of borrowings are in ISK rather than foreign currencies
- A light redemption profile through to 2026 allows for an opportunistic approach to funding
- At the end of 4Q24, the Bank's MREL ratio was 33.4%, 390 bps on top of requirements

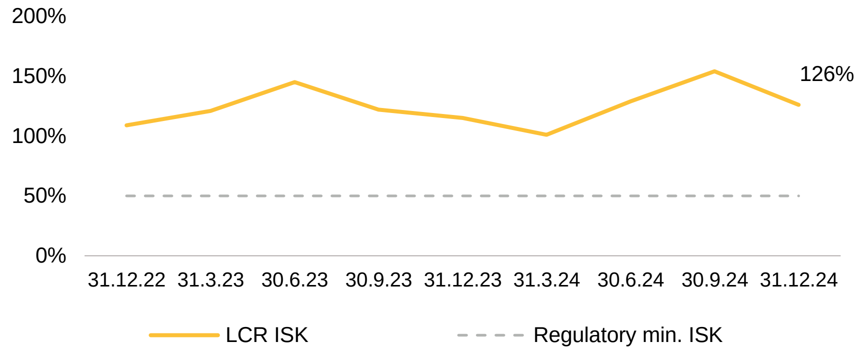
Strong liquidity position, ratios well above requirements

Liquidity management hand in hand with liability management throughout 2024

Total liquidity coverage ratio (LCR)

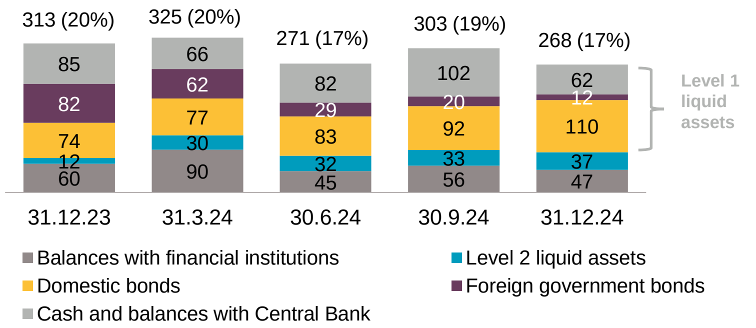


Liquidity coverage ratio for ISK

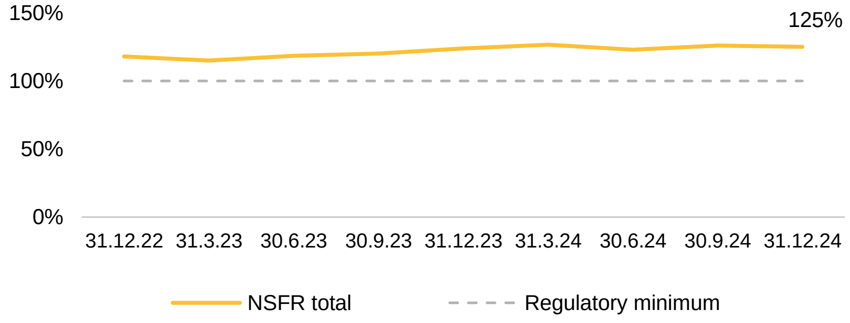


Liquid assets

% of total assets, ISKbn



Net stable funding ratio (NSFR)



Highlights

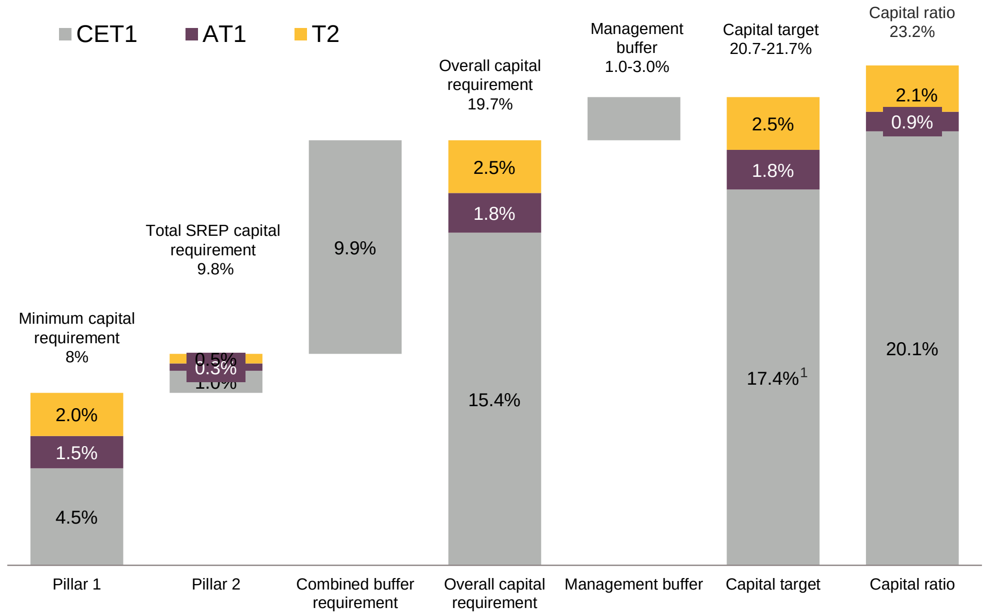
- Reduction in FX liquid assets related to buyback of FX senior issuances and in line with plan
- All liquidity measures above regulatory requirements
- Total LCR at 168% and NSFR at 125% at YE24
- The Bank's EUR LCR at the end of 4Q24 was 449%
- The Bank´s securities portfolios are all MtM (FVTPL and FVOCI). There is no unrealised loss due to HtM (amortised cost)
- IRRBB is carefully monitored and managed. The Bank is fully compliant to the supervisory outlier test

Capital position considerably in excess of targets

Capital optimization a priority for the Bank, subject to market conditions

Current regulatory requirements and minimum capital target

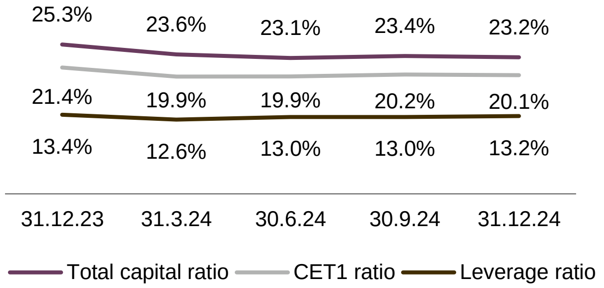
31.12.2024, by capital composition



[1]CET1 capital target set at mid-point of management buffer

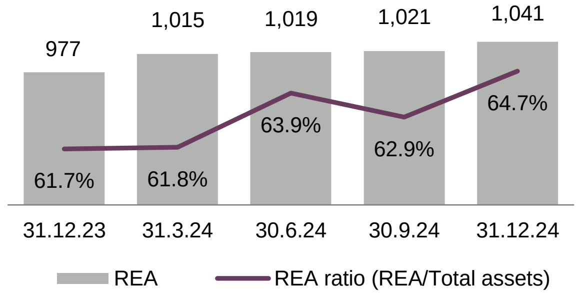
Capital and leverage ratios

% of REA (% of total exposure for leverage ratio)



REA ratio, ISKbn

% of total assets



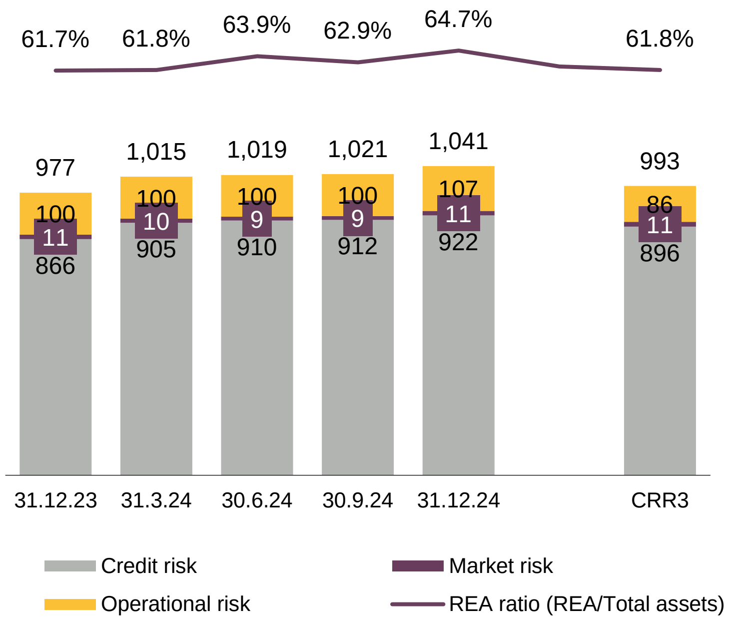
Highlights

- Based on 2024 profits, the Bank will pay dividend amounting to ISK 12.1bn or 50% of profits in line with its dividend polity
- In addition, ISK 15bn have been allocated to share buyback, either through ordinary buyback program or via reverse auctions
- SREP: As of 30 June 2024, the Bank must maintain an additional capital requirement of 1.8% of the REA, 0.6 percentage points less than in the previous assessment
- The combined buffer requirement is 9.9%, resulting in an overall capital requirement of 19.7%
- Íslandsbanki's total capital target ratio is based on the overall regulatory requirement in addition to a 100-300bp management buffer and is therefore currently at 20.7-22.7%
- At end of 4Q24 MREL ratio for the Bank, including the CET1 capital held to meet the combined buffer requirement (CBR), stood at 33.4% (390 bps above requirement)
- The Bank has until October 2027 to fulfil the subordination requirement

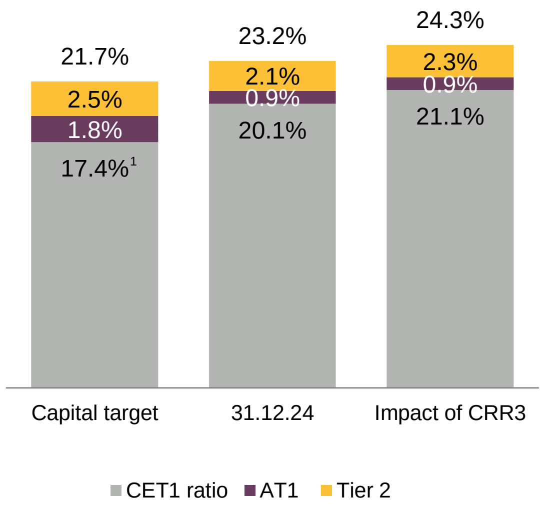
CRR3 expected to be implemented later this year

Capital relief is expected as REA is forecasted to reduce by approx. 4.5% throughout 2025

REA and REA ratio



Capital Ratios



[1]CET1 capital target set at mid-point of management buffer

Highlights

- Implementation of CRR3 in 2025 expected to reduce REA by 4-5% at implementation and grow slightly through 2025, thus providing additional capital distribution or growth capacity
- CRR3 therefore expected to increase total capital ratio by 110bps to 24.3%, while CET1 ratio is expected to grow by 100bps to 21.1%
- REA related to operational risk as well as credit risk assume to be reduced with the implementation
- The Bank has already prepared the necessary changes and is ready with updated product offering to make use of the changed regulatory framework

Capital optimization still a priority for the Bank

Month by month volatility expected as inflation subsides

	Target	4Q24	2024
Return on equity	>10%	11.2%	10.9%
Cost-to-income ratio[1]	<45%	45.7%	43.9%
CET1 excess	100-300bps	470bps	470bps
Dividend-payout-ratio	50%		50%

2025 Guidance

- Loans to customers and revenue, in general **to grow** in line with nominal GDP through the business cycle
- **ROE in 2025** expected to be >10% for the year as a whole
- **C/I ratio** expected to be below 45% for the year
- Dividend policy assumes **50% of earnings** to be paid to shareholders
- Distribution of excess CET1 capital in the amount of **ISK 15bn planned** throughout 2025 through share buybacks
- Commitment to conclude capital optimisation, subject to market conditions

Q&A

Appendix I

About Íslandsbanki and additional financial information

This is Íslandsbanki

We empower our customers to be a force for good

Values

To create value for the future
In a sustainable way

Progressive thinking · Collaboration · Professionalism

The Bank

733 **FTEs**: Number of FTEs at Íslandsbanki at period end

12 **branches**

Listed on Nasdaq Iceland as of June 2021

ergo

Market share[1]

31% Retail customers

37% SMEs

34% Large companies

Sustainability in 2024

- 23% growth in sustainable lending in 2024
- Íslandsbanki's Entrepreneurship Fund awarded ISK 50 million in total to 14 sustainability-related projects in 2024
- 93% of the Bank's credit risk exposure in scope[2] assessed with regards to ESG risk by year-end

Key Figures 2024

ROE	10.9%	LCR Group, all currencies	168%
Cost-to-income ratio	43.9%	NSFR Group, all currencies	125%
CET 1 ratio	20.1%	Leverage ratio	13.2%
Total capital ratio	23.2%	Total assets	ISK 1,608bn

Ratings and certifications

Moody's
A3 Stable outlook

S&P Global Ratings
BBB+/A-2
Positive outlook

EQUAL PAY CERTIFICATE 2025 - 2028

EQUALITY SCALE FKA 2024 AWARD

Digital milestones in 2024

- Implementation of a new anti-money laundering/know your customer model
- Biometric authentication within the app launched for domestic payments
- The internal chatbot SAM commenced communication with employees with Quality Manual integration to follow soon

1. For retail customers, based on the number of customers with active deposits as percentage of people with domicile in Iceland, for SMEs on average market share from Gallup's last four corporate surveys the most recent one carried out during 4Q24 and for large companies the market share according to a Gallup survey at end of 2024 among top 300 companies according to Frjáls verslun magazine. 2. Individuals and small enterprises are out of scope.

Financial overview

Key figures & ratios

		4Q24	3Q24	2Q24	1Q24	4Q23
PROFITABILITY	Profit for the period, ISKm	**6,283**	7,280	5,266	5,417	6,228
	Return on equity	**11.2%**	13.2%	9.7%	9.8%	11.2%
	Net interest margin (of total assets)	**2.7%**	2.9%	3.1%	3.0%	2.9%
	Cost-to-income ratio[1,2]	**45.7%**	40.4%	45.7%	43.9%	41.1%
	Cost of risk[3]	**(0.11%)**	(0.27%)	(0.04%)	0.23%	0.33%
		31.12.24	30.9.24	30.6.24	31.3.24	31.12.23
BALANCE SHEET	Loans to customers, ISKm	**1,295,388**	1,274,094	1,276,608	1,248,295	1,223,426
	Total assets, ISKm	**1,607,807**	1,622,458	1,595,896	1,643,707	1,582,694
	Risk exposure amount, ISKm	**1,040,972**	1,021,243	1,019,494	1,015,161	977,032
	Deposits from customers, ISKm	**926,846**	927,011	916,127	879,554	850,709
	Customer loans to customer deposits ratio	**140%**	137%	139%	142%	144%
	Non-performing loans (NPL) ratio[4]	**1.6%**	1.6%	1.8%	1.9%	1.8%
LIQUIDITY	Net stable funding ratio (NSFR), for all currencies	**125%**	126%	123%	127%	124%
	Liquidity coverage ratio (LCR), for all currencies	**168%**	223%	190%	190%	195%
CAPITAL	Total equity, ISKm	**227,355**	223,388	216,501	215,718	224,693
	CET1 ratio[5]	**20.1%**	20.2%	19.9%	19.9%	21.4%
	Tier 1 ratio[5]	**21.0%**	21.2%	20.9%	20.9%	22.5%
	Total capital ratio[5]	**23.2%**	23.4%	23.1%	23.6%	25.3%
	Leverage ratio[5]	**13.2%**	13.0%	13.0%	12.6%	13.4%
	MREL ratio[6]	**33.4%**	35.6%	35.6%	39.1%	41.3%

1. Calculated as (Administrative expenses – One-off items) / (Total operating income – One-off items).). 2. . Expenses of ISK 279m for 4Q23, ISK 286m for 1Q24, ISK 210m for 2Q24, and ISK 269m for 3Q24 recognised in the line item "Other operating expenses" in the Group's Interim Financial Statements have been restated in the line item "Fee and commission expense", C/I ratio has been restated accordingly. C/I ratio for 2Q24 excludes a charge of ISK 470m due to an administrative fine. C/I ratio for 4Q23 included a provision of ISK 100m made in connection with an administrative fine, the C/I ratio has been restated so it excludes the provision. 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. 6. MREL ratio includes the CET1 capital held to meet the combined buffer requirement.

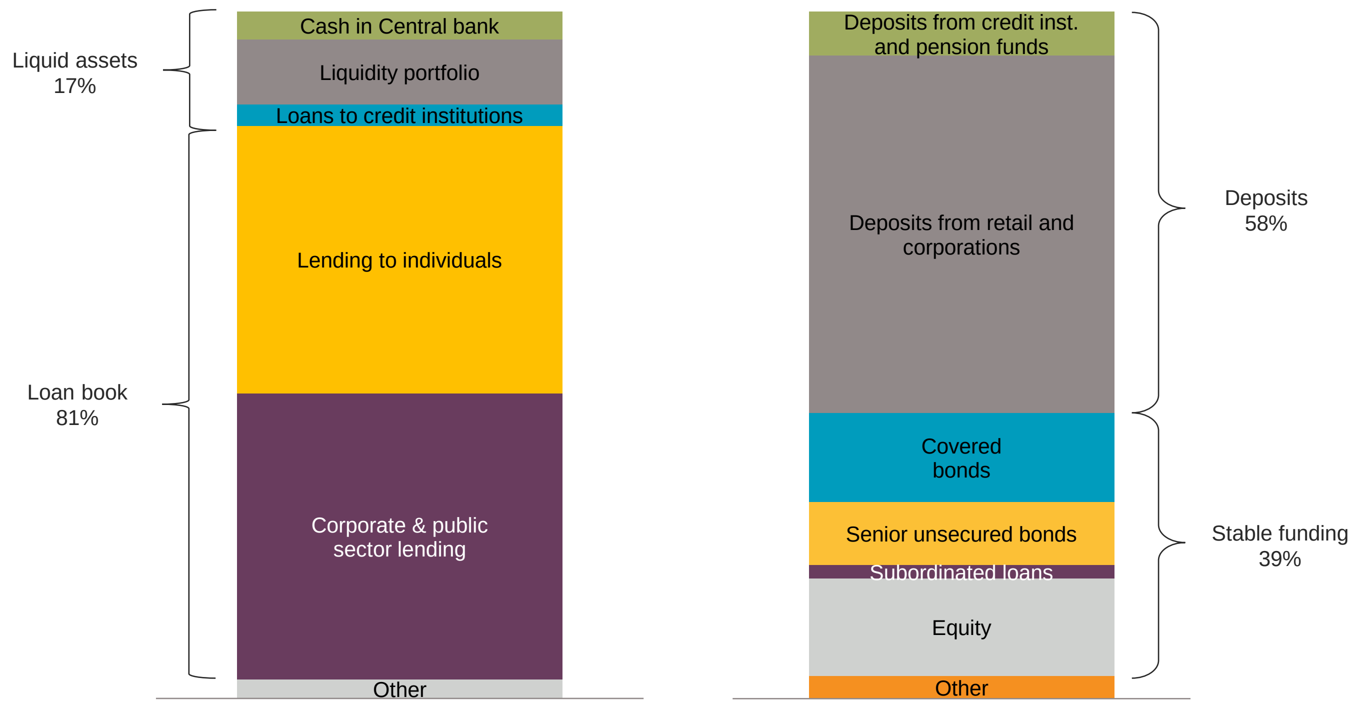
Income statement

Income statement, ISKm	4Q24	4Q23	∆%	2024	2023	∆%
Net interest income	**10,875**	11,730	(7%)	**47,265**	48,611	(3%)
Net fee and commission income	**3,607**	3,494	3%	**13,122**	13,283	(1%)
Net financial income (expense)	**169**	455	(63%)	**(338)**	241	(240%)
Net foreign exchange gain	**113**	113	0%	**607**	581	4%
Other operating income	**782**	258	203%	**2,282**	570	300%
Total operating income	**15,546**	16,050	(3%)	**62,938**	63,286	(1%)
Salaries and related expenses	**(4,244)**	(3,861)	10%	**(16,329)**	(15,003)	9%
Other operating expenses	**(2,856)**	(2,730)	5%	**(11,299)**	(10,689)	6%
Administrative fines	**-**	(100)	-	**(470)**	(960)	(51%)
Administrative expenses	**(7,100)**	(6,691)	6%	**(28,098)**	(26,652)	5%
Bank tax	**(454)**	(402)	13%	**(1,900)**	(1,871)	2%
Total operating expenses	**(7,554)**	(7,093)	6%	**(29,998)**	(28,523)	5%
Profit before net impairment on financial assets	**7,992**	8,957	(11%)	32,940	34,763	(5%)
Net impairment on financial assets	**352**	(1,002)	-	**645**	(1,015)	-
Profit before tax	8,344	7,955	5%	**33,585**	33,748	(0%)
Income tax expense	**(2,058)**	(1,737)	18%	**(9,426)**	(9,198)	2%
Profit for the period before profit from non-current assets	**6,286**	6,218	1%	**24,159**	24,550	(2%)
Profit from non-current assets held for sale, net of tax	**(3)**	10	-	**87**	35	149%
Profit for the period	**6,283**	6,228	1%	**24,246**	24,585	(1%)
Key ratios						
Net Interest Margin (NIM)	**2.7%**	2.9%		**2.9%**	3.0%	
Cost-to-income ratio (C/I)	**45.7%**	41.1%		**43.9%**	40.6%	
Return on Equity (ROE)	**11.2%**	11.2%		**10.9%**	11.3%	
Cost of risk (COR)	**(0.11%)**	0.33%		**(0.05%)**	0.08%	

Balance sheet reflects a balanced loan and funding profile

Conservative mix of assets and stable funding

Simplified balance sheet structure
31.12.24, ISK 1,608bn



Assets

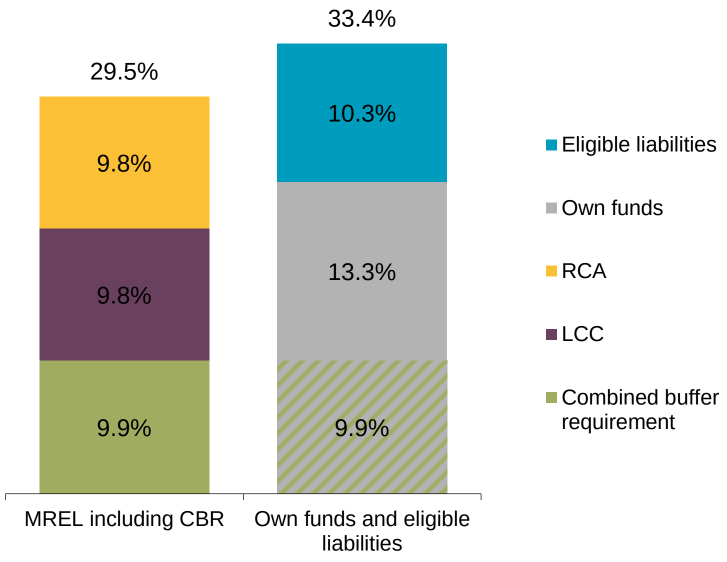
- Vast majority of assets consist of lending to both retail and corporates
- Strong liquidity portfolio is a consistent factor in balance sheet management
- Very limited exposure to non-liquid or non-lending assets

Liabilities

- Deposits from retail and corporates are the single largest funding source
- Bonds and debt instruments have become a more prominent part of the funding mix thanks to continuous focus on attracting new pockets of demand, including foreign currency and ESG issuance

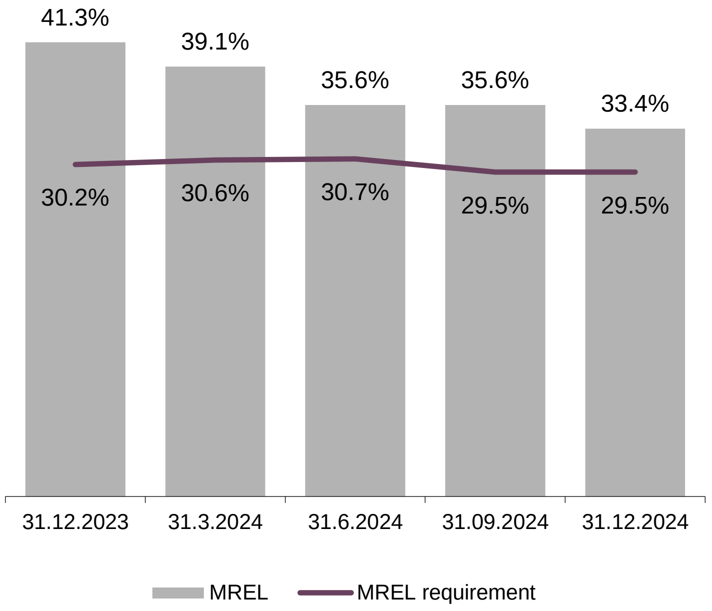
Íslandsbanki's MREL requirement

Minimum Requirement for Own Funds and Eligible Liabilities (MREL), 31.12.2024



MREL = RCA+LCC =2x(P1+P2)

MREL Development, %



- Íslandsbanki's MREL requirement is the sum of the Loss absorption amount (LAA) and Recapitalisation amount (RCA), both equal to the total SREP capital requirement of 9.8%, resulting in an MREL requirement of 19.8% of REA
- CET1 capital that is maintained to meet the combined buffer requirement can not be used to fulfill MREL, therefore the effective requirement can be monitored as 29.5% of REA
- Reduction of MREL ratio throughout the year relates to active liability management where the bank repurchased certain issuances, on the back of ample MREL buffer, strong capital position and excessive liquidity position

Assets

Asset base mainly consists of loans and liquid assets

Assets, ISKm	31.12.24	30.9.24	Δ	Δ%	31.12.23	Δ	Δ%
Cash and balances with Central Bank	**65,716**	104,777	(39,061)	(37%)	87,504	(21,788)	(25%)
Loans to credit institutions	**50,486**	58,177	(7,691)	(13%)	73,475	(22,989)	(31%)
Bonds and debt instruments	**142,618**	126,396	16,222	13%	161,342	(18,724)	(12%)
Derivatives	**5,324**	6,014	(690)	(11%)	5,776	(452)	(8%)
Loans to customers	**1,295,388**	1,274,094	21,294	2%	1,223,426	71,962	6%
Shares and equity instruments	**24,330**	18,242	6,088	33%	13,241	11,089	84%
Investment in associates	**4,701**	4,489	212	5%	4,051	650	16%
Investment property	**2,600**	2,100	500	24%	-	2,600	-
Property and equipment	**5,039**	5,067	(28)	(1%)	6,562	(1,523)	(23%)
Intangible assets	**2,684**	2,686	(2)	(0%)	2,930	(246)	(8%)
Other assets	**7,304**	18,807	(11,503)	(61%)	3,638	3,666	101%
Non-current assets and disposal groups held for sale	**1,617**	1,609	8	0%	749	868	116%
Total Assets	**1,607,807**	1,622,458	(14,651)	(1%)	1,582,694	25,113	2%
Key ratios							
Risk Exposure Amount (REA)	**1,040,972**	1,021,243	19,729	2%	977,032	63,940	7%
REA / total assets	**64.7%**	62.9%			61.7%		
Non-performing loans (NPL) ratio[1]	**1.6%**	1.6%			1.8%		

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

Liabilities and equity

Deposits continue to be the largest source of funding

Liabilities & Equity, ISKm	31.12.24	30.9.24	Δ	Δ%	31.12.23	Δ	Δ%
Deposits from Central Bank and credit institutions	**12,535**	11,525	1,010	9%	16,149	(3,614)	(22%)
Deposits from customers	**926,846**	927,011	(165)	(0%)	850,709	76,137	9%
Derivative instruments and short positions	**7,306**	4,764	2,542	53%	5,090	2,216	44%
Debt issued and other borrowed funds	**367,586**	380,814	(13,228)	(3%)	417,573	(49,987)	(12%)
Subordinated loans	**31,695**	32,084	(389)	(1%)	38,155	(6,460)	(17%)
Tax liabilities	**12,916**	15,637	(2,721)	(17%)	13,107	(191)	(1%)
Other liabilities	**21,568**	27,235	(5,667)	(21%)	17,218	4,350	25%
Total Liabilities	**1,380,452**	1,399,070	(18,618)	(1%)	1,358,001	22,451	2%
Total Equity	**227,355**	223,388	3,967	2%	224,693	2,662	1%
Total Liabilities and Equity	**1,607,807**	1,622,458	(14,651)	(1%)	1,582,694	25,113	2%

Key ratios	31.12.24	30.9.24	31.12.23
Customer loans to customer deposits ratio	**140%**	137%	144%
Net stable funding ratio (NSFR)	**125%**	126%	124%
Liquidity coverage ratio (LCR)	**168%**	223%	195%
Total capital ratio	**23.2%**	23.4%	25.3%
Tier1 capital ratio	**21.0%**	21.2%	22.5%
Leverage ratio	**13.2%**	13.0%	13.4%
MREL ratio	**33.4%**	35.6%	41.3%

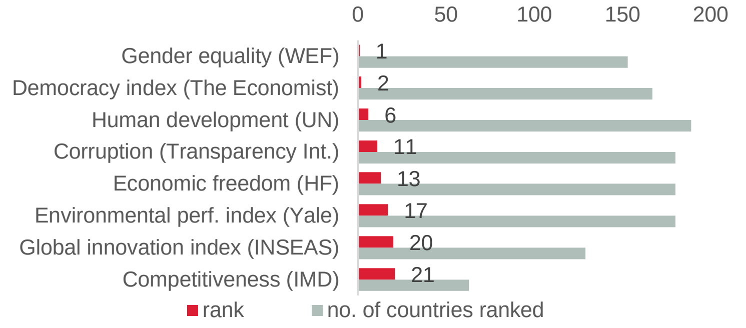
Appendix II

Icelandic economy update

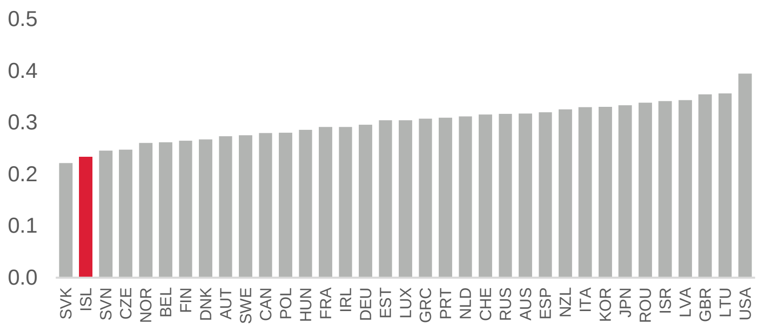
The Icelandic economy and society draw on many strengths

Icelanders enjoy high standards of living in a modern, open and egalitarian society

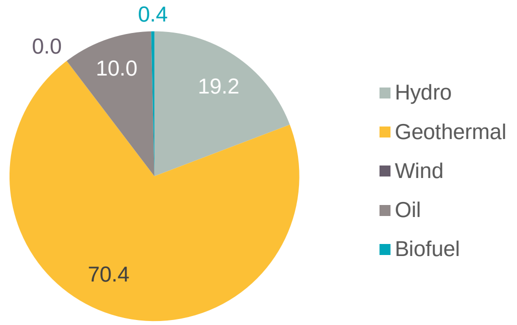
Iceland ranks highly on a variety of global development benchmarks



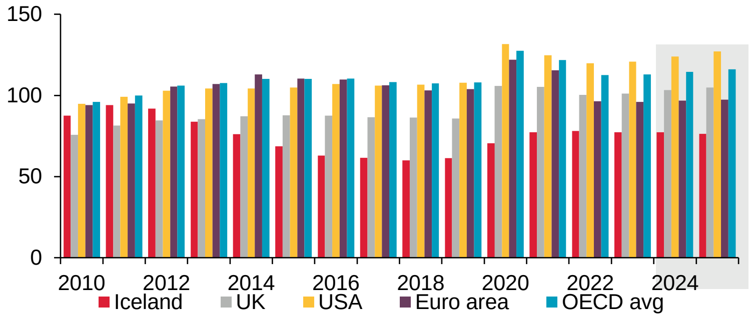
Income inequality is low compared to OECD peers
Gini coefficient, OECD, most recent data available



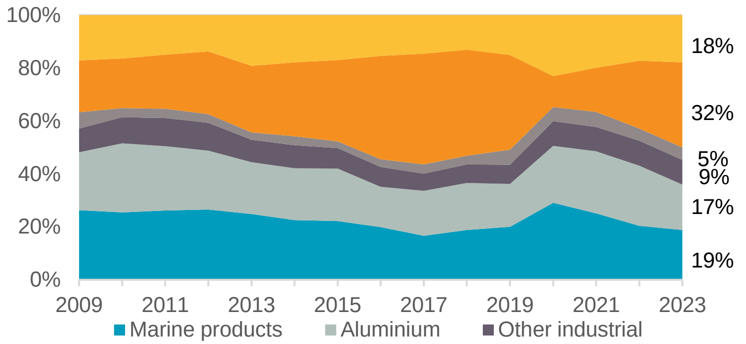
Sustainable energy usage is prevalent
Energy consumption by source, 2020



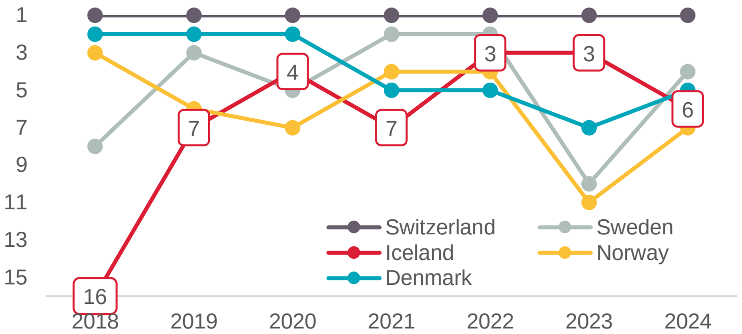
Public debt remains sustainable after pandemic
General govt. gross financial liabilities, % of GDP



Export base has grown more diverse over time
Export contribution by industry



Iceland ranks highly in attracting/retaining talent
IMD World Talent Ranking 2018-2024



Shaded area denotes OECD forecast

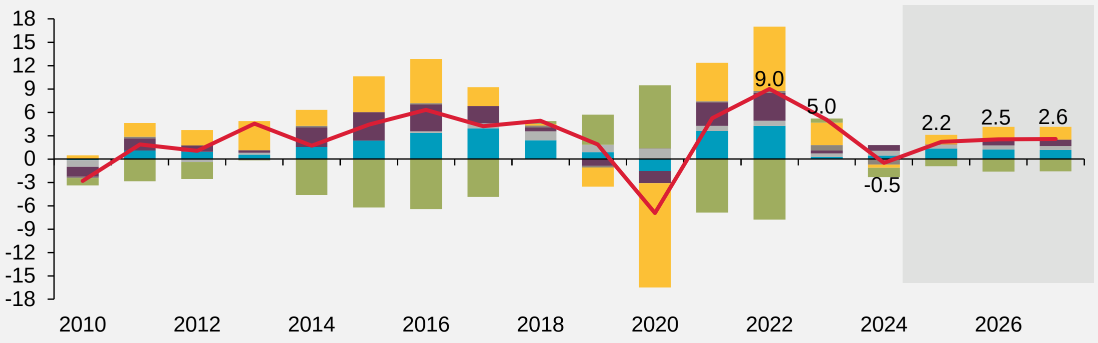
Source: Statistics Iceland, OECD, IMF, WEF, IEP, The Economist, UN, Transparency Int., HF, Yale, IMD, INSEAS

Economic tailwinds picking up speed

A new business cycle following mild GDP contraction likely to bring healthy growth

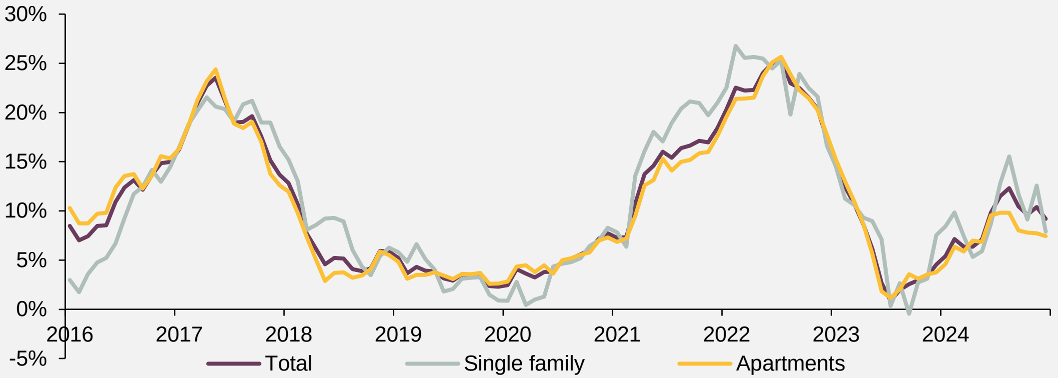
A fairly smooth upward path for the economy following mild contraction..

Real GDP and main subitems, YoY change, %



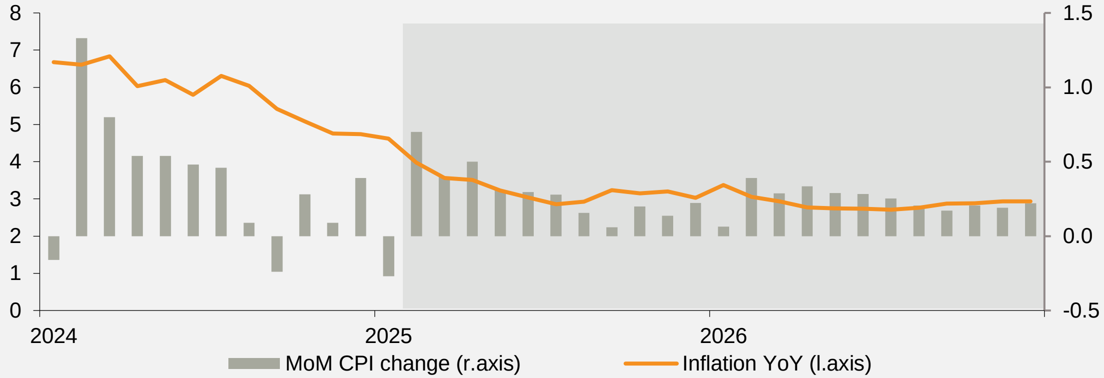
..and housing market remains resilient in the face of tight monetary policy

Year-on-year increase in residential house prices



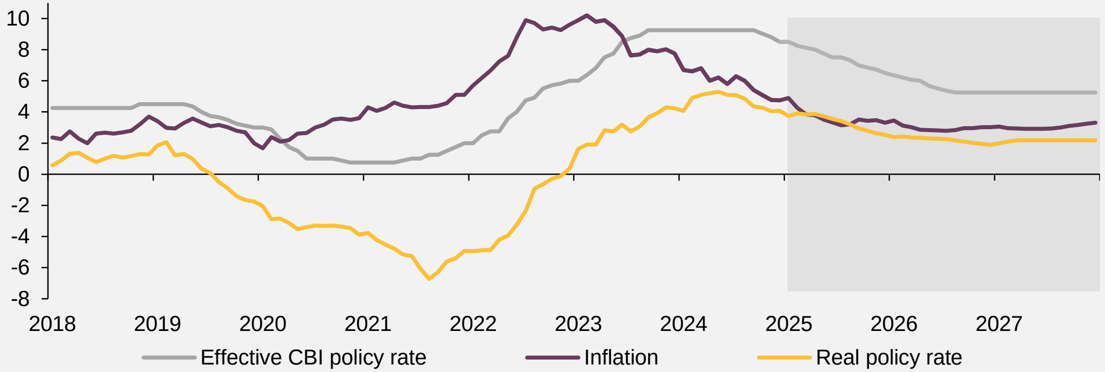
Inflation looks set to keep subsiding in the near term…

MoM CPI change (%, left axis) and 12m trailing inflation(%, right axis)



… facilitating further gradual rate cuts by the Central Bank

CBI policy rate and real policy rate, %

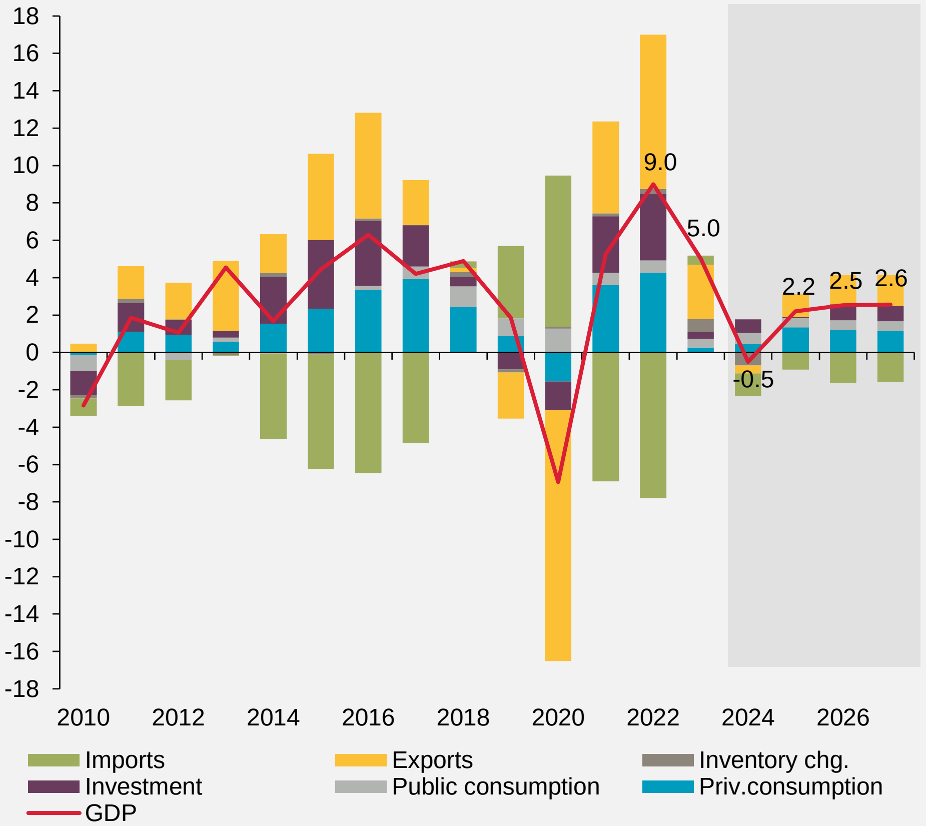


Shaded areas indicate ISB Research forecasts or estimates. Source: Statistics Iceland, Housing and Construction Authority, the Central Bank of Iceland and ISB Research.

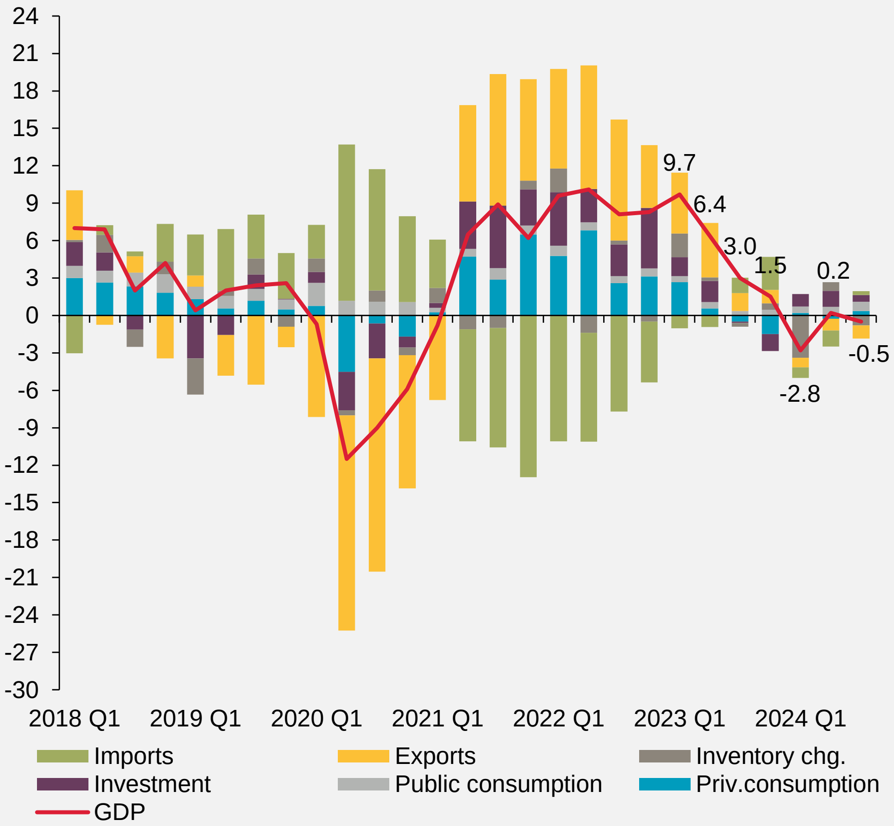
Economic tailwinds picking up speed

A fairly smooth upward path for the economy, driven equally by exports and domestic demand

GDP and contribution of its subcomponents
Volume change from prior year (%), annual data



GDP and contribution of its subcomponents
Volume change from prior year (%), quarterly data



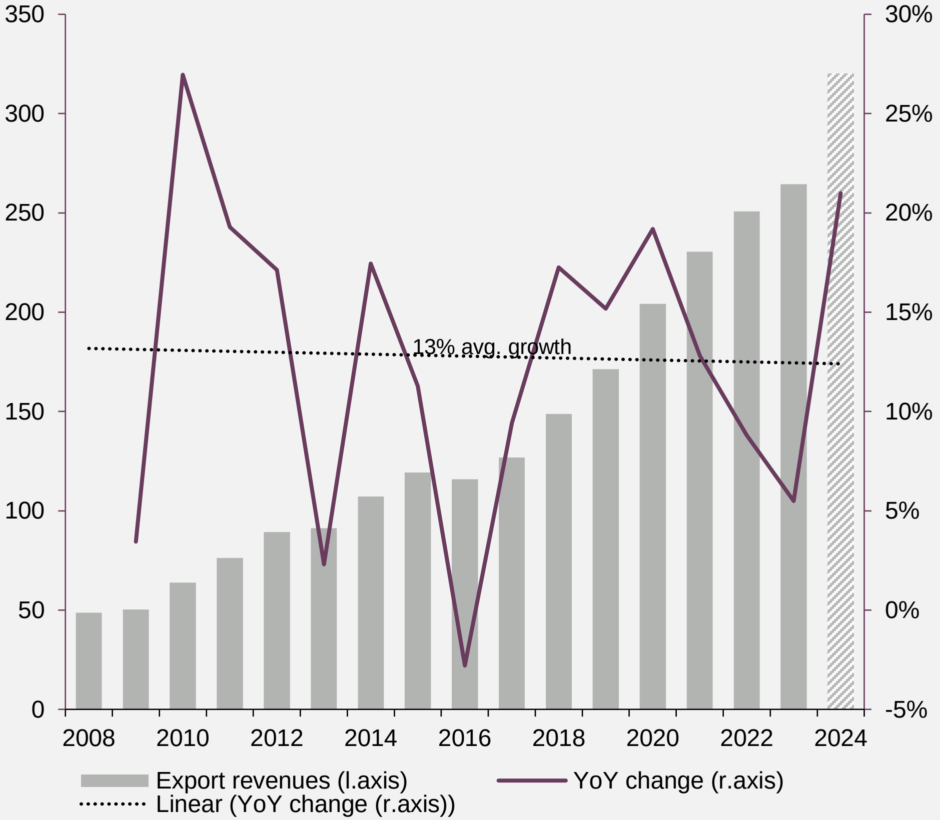
Highlights

- After robust growth in 2021-2022, GDP growth slowed, culminating in an estimated 0.5% contraction in 2024, signaling a shift in the business cycle.
- Despite the contraction, domestic demand saw modest growth in 2024, though negative contributions from net exports and inventory changes, including a failed capelin catch, weighed on overall performance.
- GDP growth is forecasted at 2.2% for 2025, driven by private consumption supported by real wage growth, population increases, and savings drawdowns, along with a positive contribution from net trade.
- Output growth is projected to rise further, reaching 2.5% in 2026 and 2.6% in 2027, spurred by rebounding investment and stronger demand in the export sector, although private consumption growth may soften slightly.
- The latest forecast adjusts prior projections, attributing stronger GDP growth in 2025 partly to base effects from the 2024 contraction.
- Risks include global factors such as potential tariff wars and escalating conflicts in Eastern Europe and the Middle East, as well as domestic concerns like geological activity, energy production delays, and housing market dynamics.

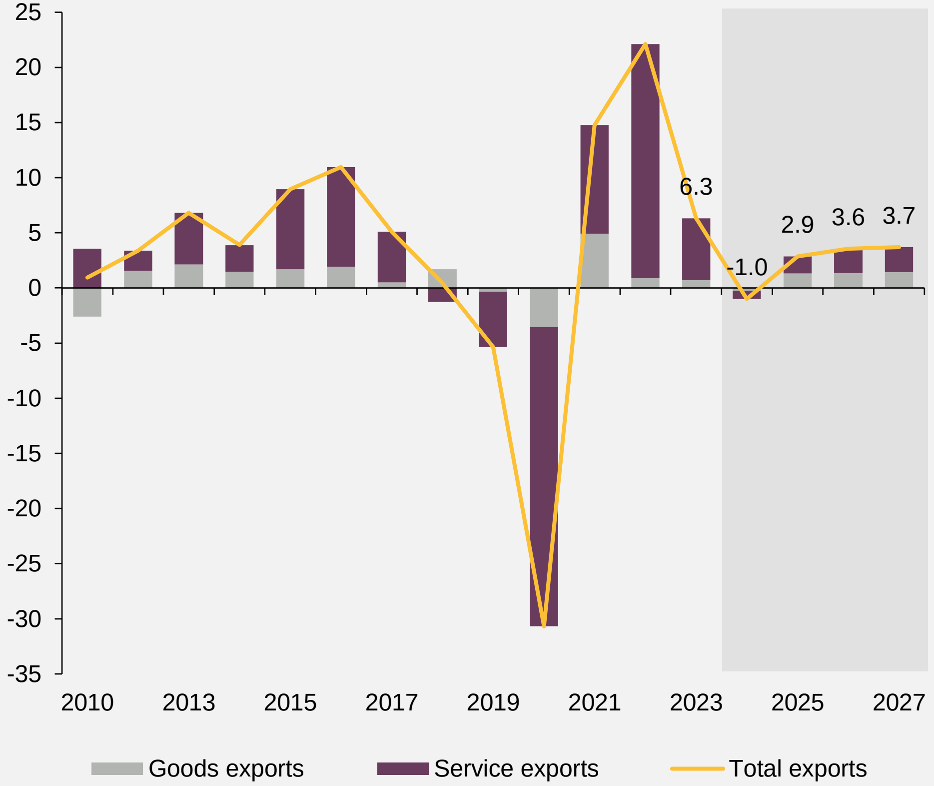
New sources of export growth come to the fore

Export growth resumes following a modest decline in 2024

IP-based sector export revenues
Bn.ISK. 2024: Federation of Icelandic Industries est.



Exports and contribution from subcomponents
% change



Highlights

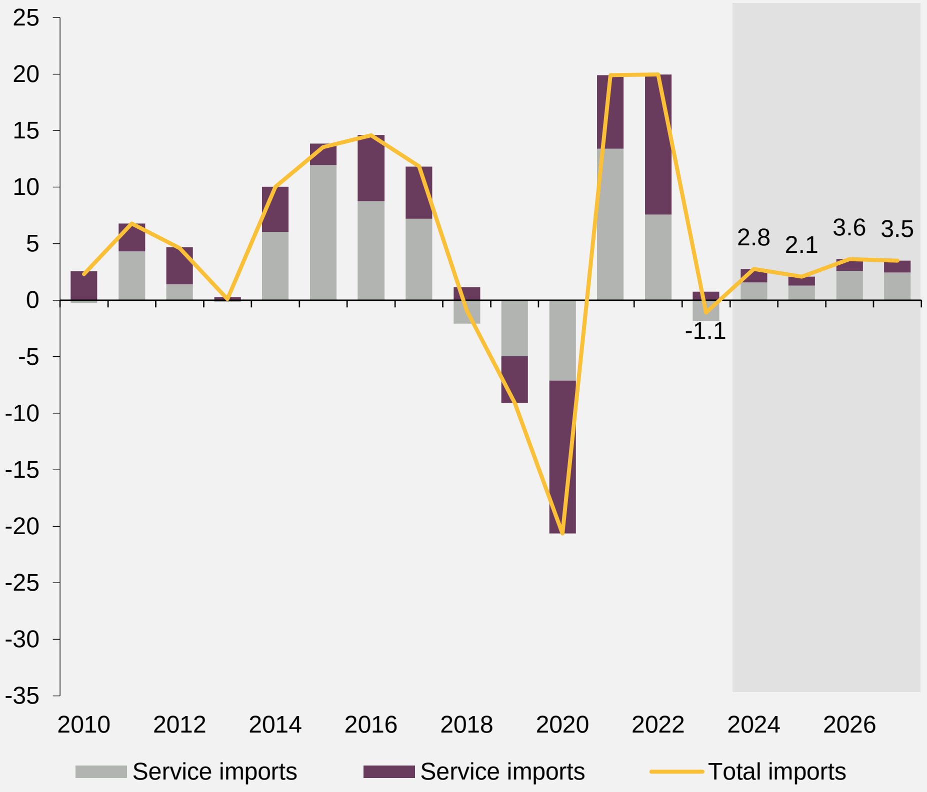
- Visitor numbers rebounded in the second half of 2024, with a total of 2.26 million arrivals via Keflavík Airport, reflecting a 2% increase year-on-year.2025.
- The tourist industry appears to have matured, shifting focus toward value creation, operational efficiency, and maintaining market share amid growing international competition as growth slows.
- Tourism is no longer the dominant driver of export revenues; intellectual property exports and aquaculture are emerging as key growth sectors.
- Export revenues from intellectual property rose sharply, reaching ISK 320 billion in 2024, comparable to fishing and aluminum in contribution to total exports.
- Land-based aquaculture generated ISK 54 billion in export revenues in 2024 and is projected to grow significantly, though possibly below the most ambitious forecasts.
- Despite a marginal contraction in goods and services exports in 2024 due to external shocks, export growth is forecasted at nearly 3% in 2025 and 4% annually in 2026 and 2027, driven in particular by robust export growth in intellectual property and aquaculture products.

Shaded areas and dotted lines denote ISB Research forecasts
Sources: Statistics Iceland, Federation of Icelandic Industries, ÍSB Research.

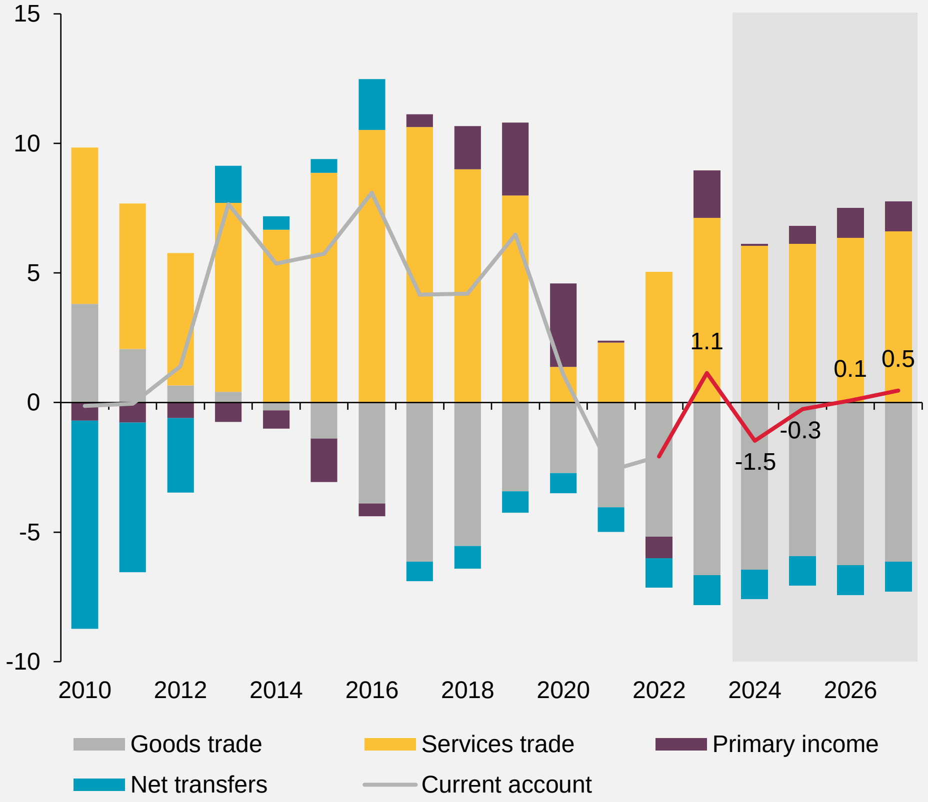
Current account deficit set to close

Exports to catch up with imports in 2025, and growth in imports and exports will be in balance later on

Imports and contribution from subcomponents
% change



Current account balance
% of GDP



Highlights

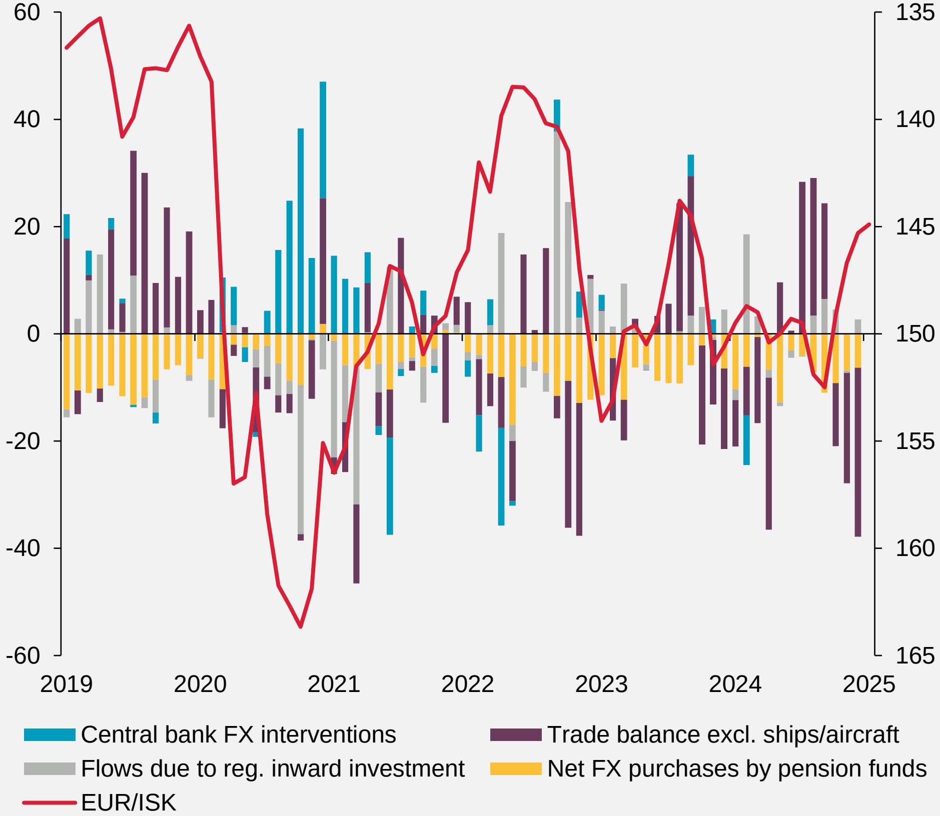
- Export growth is projected at nearly 3% in 2025 and nearly 4% annually in 2026 and 2027. Import growth is expected to slow in 2025, driven by weaker business investment.
- Net trade is anticipated to contribute positively to GDP growth in 2025 but remain neutral in 2026 and 2027 as export and import growth balances out.
- After a deficit of nearly ISK 70bn (1.5% of GDP) in 2024, the current account is expected to improve, with a marginal deficit of 0.3% in 2025, a neutral balance in 2026, and a surplus of 0.5% of GDP in 2027.
- Export prices are forecasted to improve somewhat relative to import prices over the forecast horizon, supporting the current account balance.
- Iceland's net external assets, at 40% of GDP (ISK 1,800bn) as of September 2024, remain robust, bolstering exchange rate stability and international confidence.
- Factors such as ISK appreciation, shifts in foreign markets, and changes in trade dynamics could challenge the forecasted improvements in the current account and NIIP

Sources: Statistics Icelandic, Central Bank of Iceland, ÍSB Research.

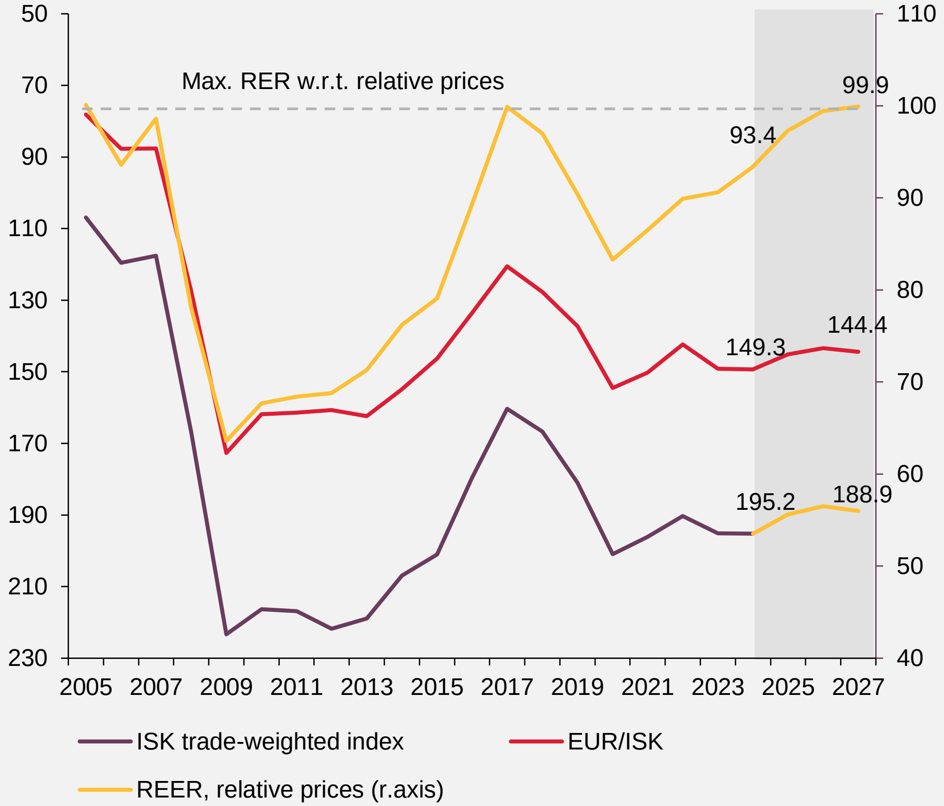
ISK set to be relatively stable over the forecast horizon

Wages and prices to rise faster than abroad, pushing the real exchange rate markedly upwards

ISK exchange rate and selected determinants
ISK bn (left) and EURISK (right)



ISK exchange rate and real exchange rate
EURISK levels and indices



Source: Statistics Iceland, The Central Bank of Iceland, ISB Research.

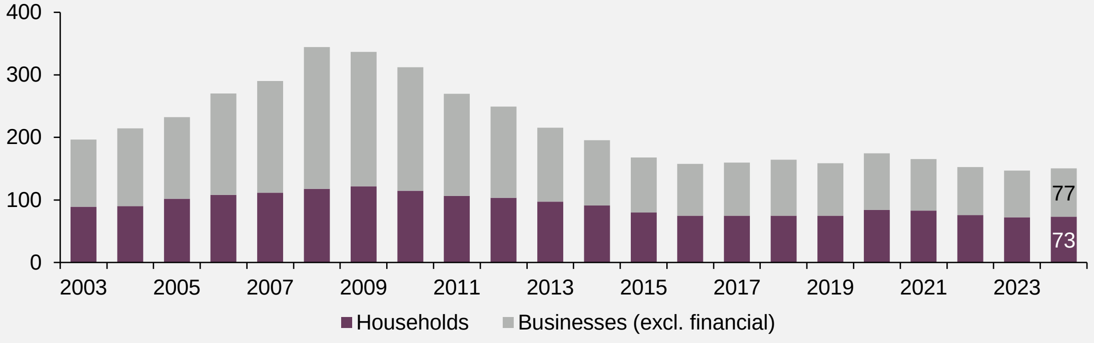
Highlights

- The Icelandic króna (ISK) remained stable in 2024, with its overall exchange rate similar to 2023 despite a current account deficit. It strengthened significantly from September to year-end, driven by capital inflows and shifting expectations.
- Securities investments, a favorable interest rate differential, and moderate outflows contributed to the ISK's appreciation, counteracting trade deficits and foreign investment by pension funds.
- The real exchange rate of the ISK has risen steadily due to faster wage and price increases in Iceland relative to trading partners, nearing the upper limit for a balanced current account.
- A marginal appreciation of the ISK is expected through H2 2026, with the EURISK exchange rate forecasted at 143 by that time, followed by a slight depreciation in 2027.
- Stronger ISK in the latter forecast period could increase the likelihood of a persistent current account deficit, necessitating an eventual correction through depreciation.
- The balance between foreign investor interest in Icelandic assets and domestic outbound investments will likely determine FX market movements, with periodic fluctuations expected.

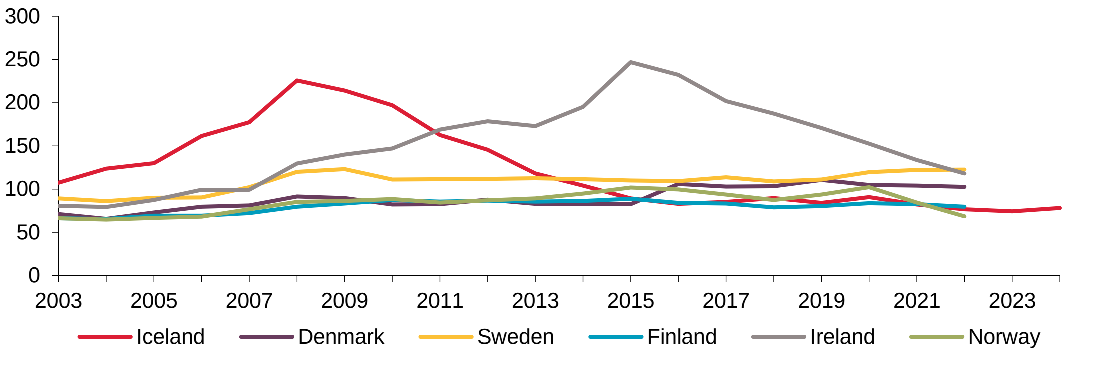
Domestic balance sheets staying robust

Private sector debt ratios are stable and public debt remains moderate in global context

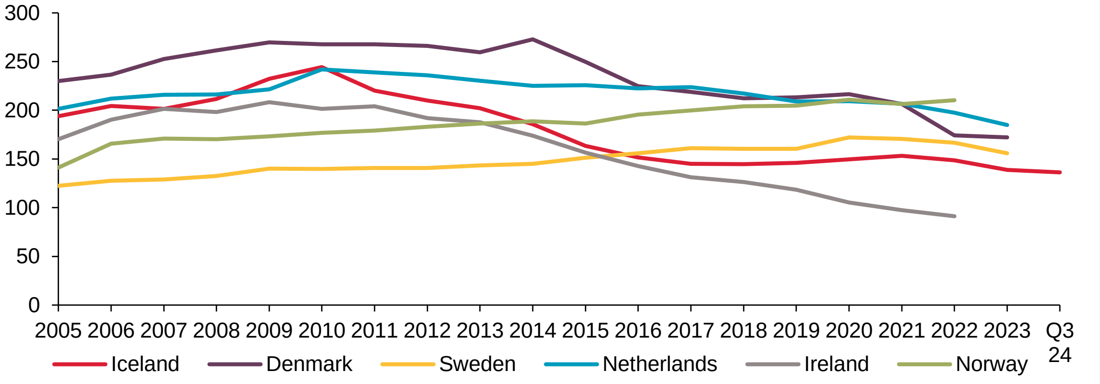
Private sector debt
% of GDP



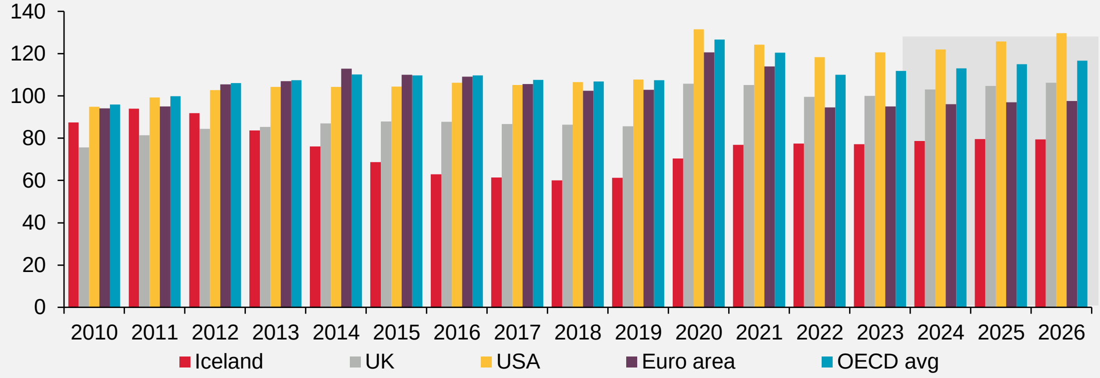
Corporate debt
% of GDP



Household debt
% of disposable income



General government gross financial liabilities
% of GDP

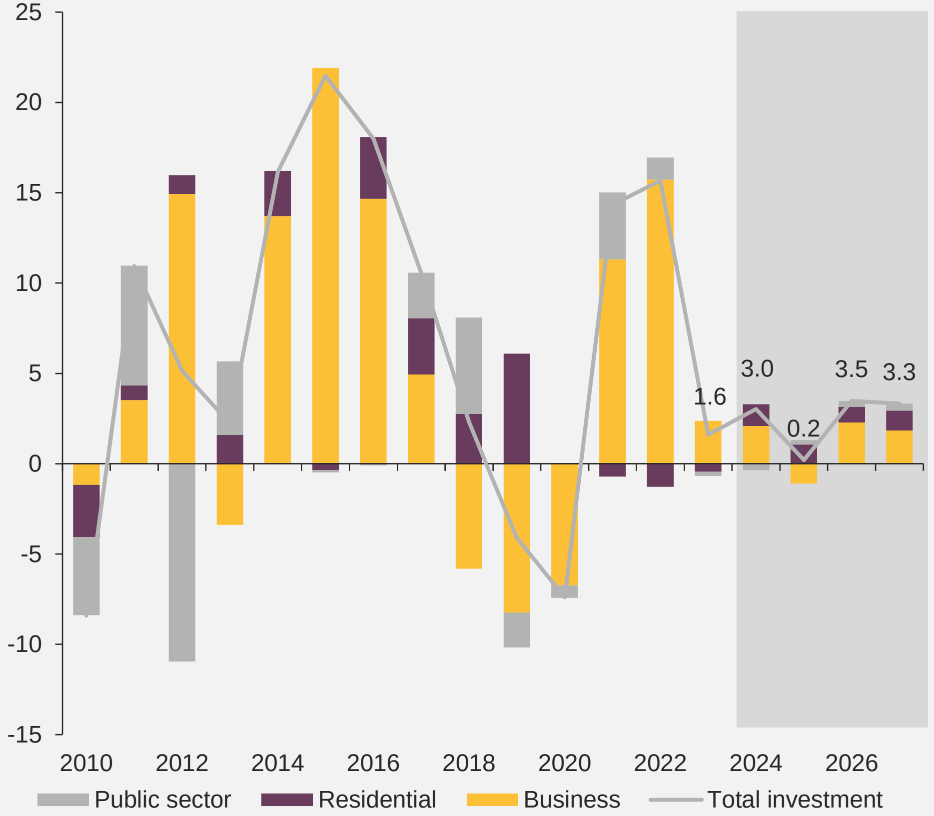


Shaded areas indicate OECD forecasts.
Source: Central Bank of Iceland, Eurostat, Statistics Iceland, OECD.

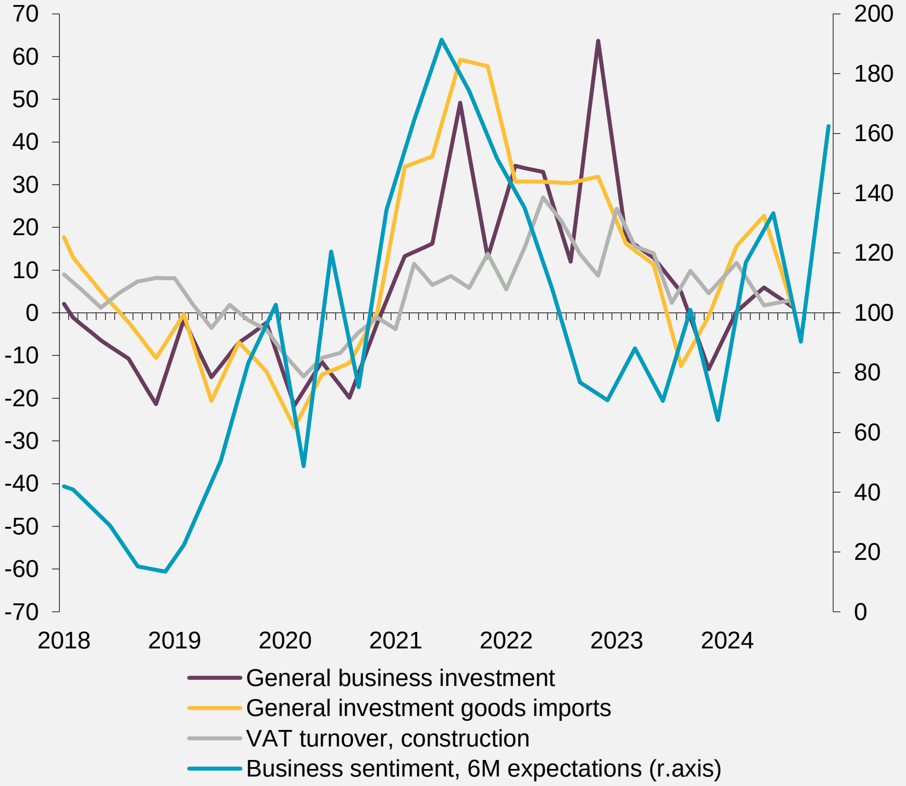
Investment set to grow in coming years after a brief hiatus

High interest rates and a more ambiguous outlook for exports will impede investment temporarily, but growth will pick up again later

Investment, real change, and contribution of subcomponents
%



Business investment and related indicators
YoY change (%) and indices



Highlights

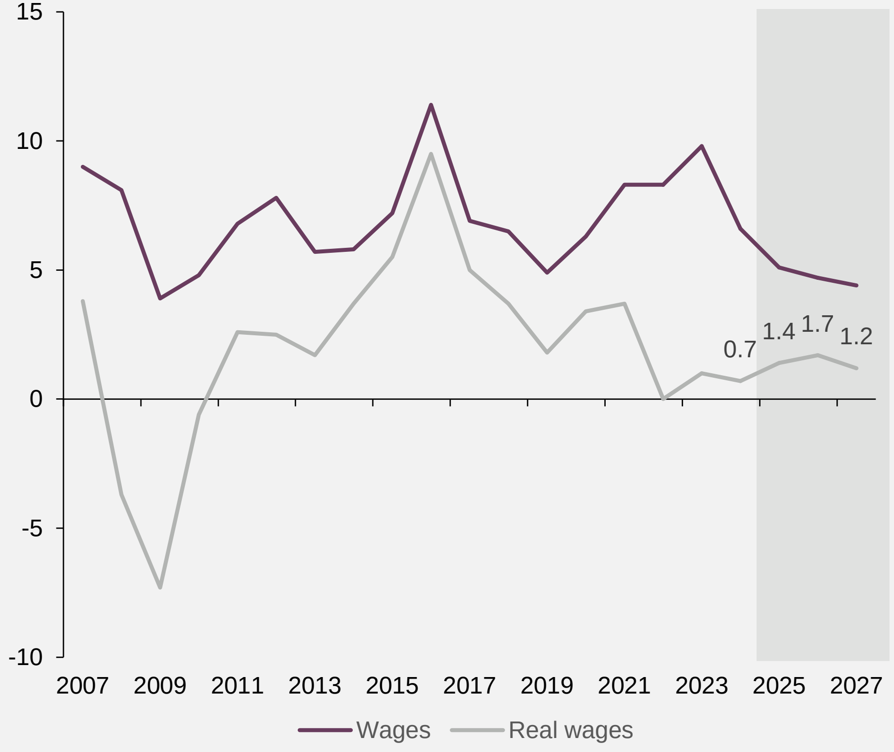
- Investment grew by nearly 4% YoY in the first nine months of 2024, driven by an 8% rise in residential investment and a 4% increase in business investment, while public investment declined slightly.2024
- Total investment growth is estimated at 3% for the year, reflecting continued resilience despite a rising real interest rate and tighter fiscal policy.
- Investment volumes are expected to remain flat in 2025, with robust growth in residential investment offset by slower public investment growth and a contraction in business investment.
- Mixed indicators highlight optimism in aquaculture sector development and other sectors, but high real interest rates and subdued tourism-related investment dampen overall prospects for 2025.
- Business investment is projected to rebound strongly in 2026, driven by lower real interest rates and pent-up demand in export sectors, with total investment growing over 3% annually in both years.
- Persistent housing demand will sustain residential construction, while the need for infrastructure investment may lead to increased public sector spending in the medium term.

Source: Central Bank of Iceland, Statistics Iceland, Gallup.

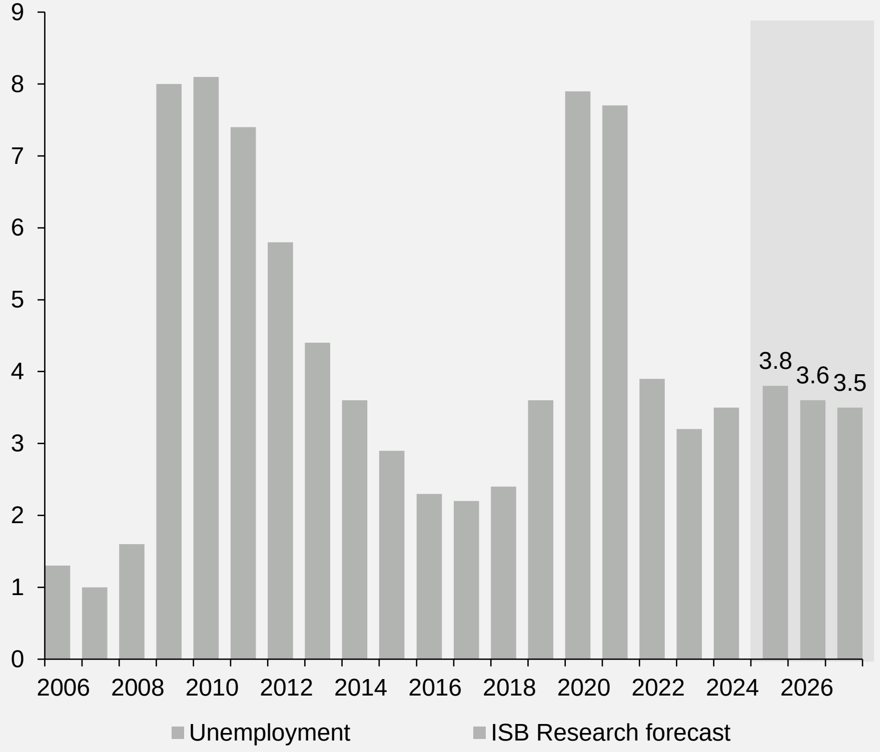
Labour market healthy, albeit calmer

Real wages set to grow steadily during the forecast horizon

Wages, year on year change
%



Unemployment[1]
% of workforce, annual average



1. Excluding recipients of part-time unemployment benefits.

Source: Statistics Iceland, The Central Bank of Iceland and Confederation of Icelandic employers

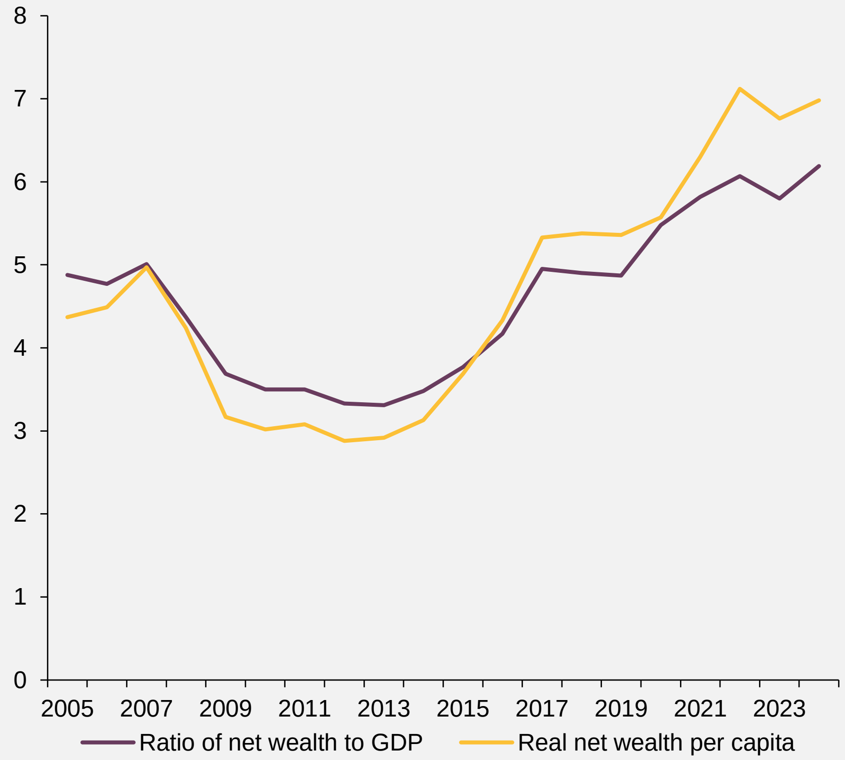
Highlights

- Unemployment rose to an average of 3.5% in 2024, up 0.3 percentage points year-on-year, though slightly lower than anticipated due to stronger-than-expected tourism in Q4.
- The number of individuals unemployed for 6-12 months increased by nearly 15% YoY in December 2024 but showed improvement later in the year, reflecting seasonal recovery and a strong tourism sector.
- Unemployment is forecasted to rise modestly to 3.8% in 2025, before easing to 3.6% in 2026 and 3.5% in 2027 as the economy strengthens.
- Corporate surveys indicate reduced staffing shortages, with only 23% of executives reporting shortages – the lowest share since mid-2021, suggesting a loosening labour market.
- Wages are expected to grow by 5.1% in 2025, 4.7% in 2026, and 4.4% in 2027, with robust real wage growth of 1.4% in 2025, 1.7% in 2026, and 1.2% in 2027.
- Long-term wage agreements and reduced labour market tightness have helped keep wage drift in check, contributing to stable real wage growth during the forecast period.

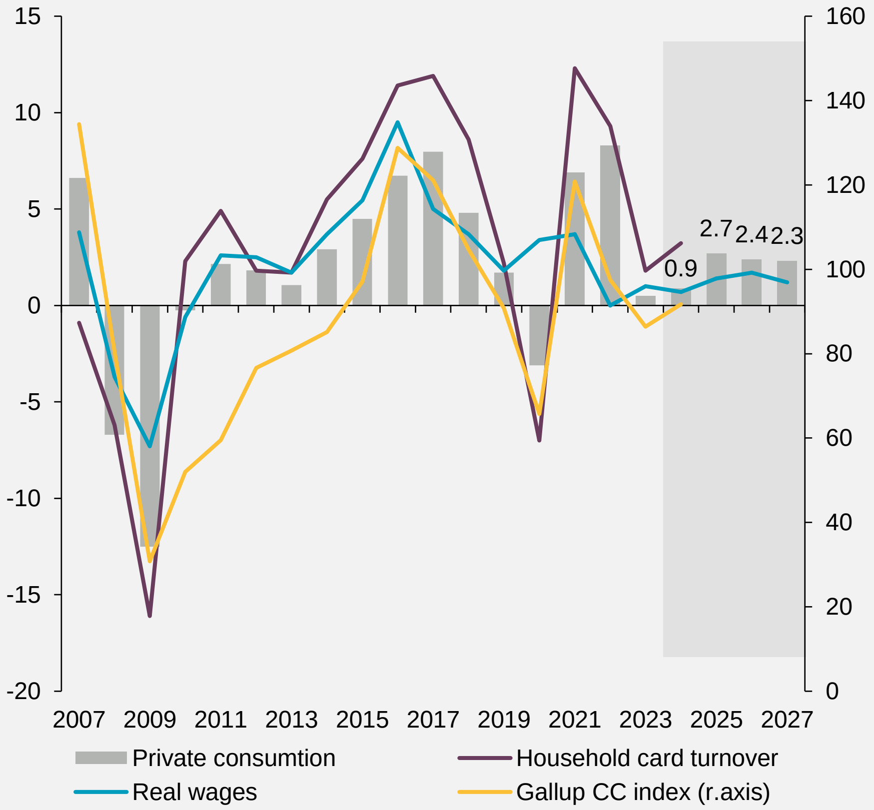
Icelanders put their wallets to work

Private consumption growth to rebound during the forecast horizon

Net household wealth
Selected ratios



Private consumption and related indicators
% change YoY (left) and index value (right)



Highlights

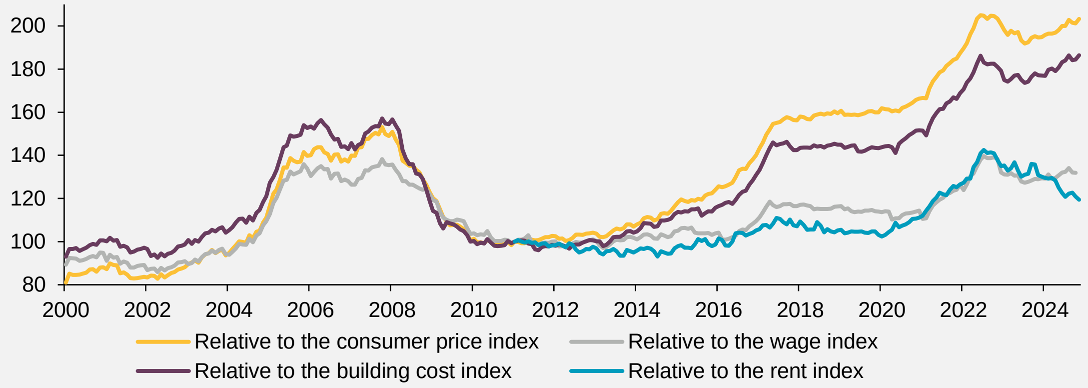
- Private consumption grew by 0.9% in 2024, supported by higher real payment card turnover, despite a 0.4% decline in overseas travel and weaker durable goods purchases such as vehicles.
- Household optimism surged in late 2024, with the Gallup economic sentiment index surpassing 100 in December, indicating a positive outlook for the economy and employment.
- High savings rates, rising property values, and robust net wealth levels have placed Icelandic households in a strong financial position historically.
- Private consumption is projected to grow by 2.7% in 2025, driven by households tapping into accumulated savings and a recovery in durables purchases as interest rates decline.
- Private consumption is expected to expand by 2.4% in 2026 and 2.3% in 2027, supported by stronger purchasing power and continued declines in interest rates.
- Purchases of durable goods, which were deferred during the high-interest rate period, are expected to rebound during the forecast horizon, further boosting consumption.

Sources: Central Bank of Iceland, Gallup, Statistics Iceland, ÍSB Research.

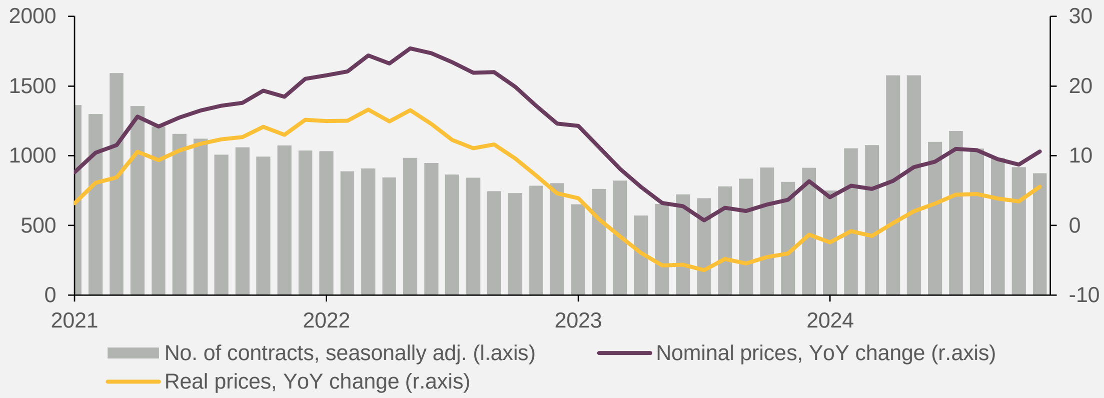
The real estate market shows continued resilience

Central Bank monetary tightening has impact but underlying demand supports prices and turnover

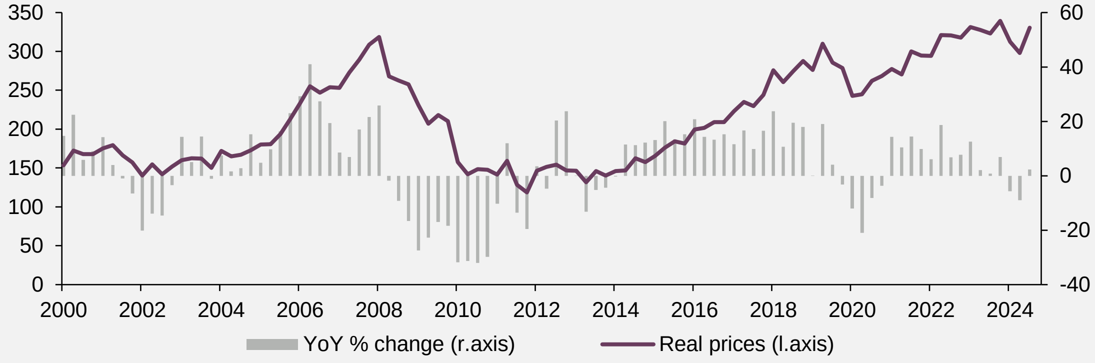
Capital area house prices relative to macroeconomic fundamentals
Index, January 2011=100



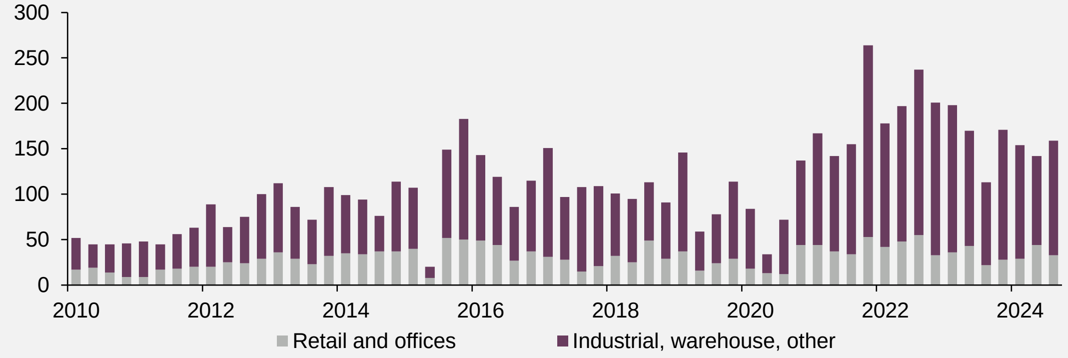
Residential house prices and turnover
% change (r.axis) and number (l.axis)



Commercial property real prices in greater Reykjavik
Index, 1995=100 (l.axis) and % change (r.axis)



Commercial real estate market activity
No. of registered purchase agreements



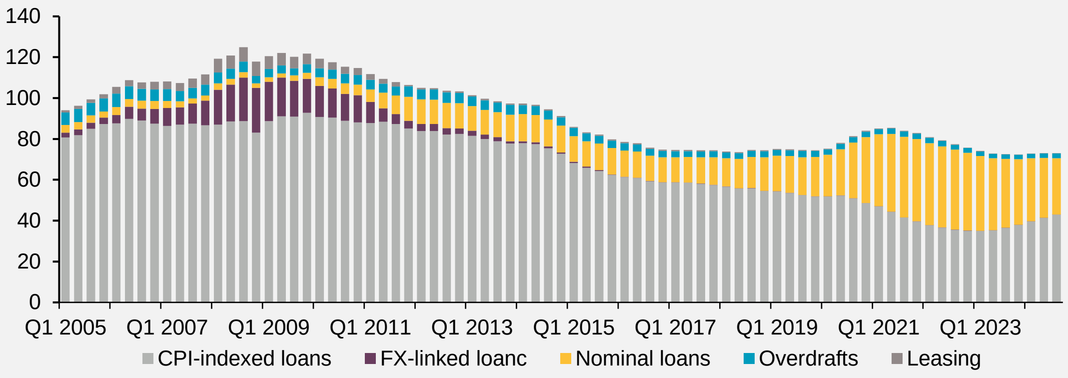
Source: The Central Bank of Iceland.

The Icelandic housing market is relatively resilient

Supply, demand, mortgage market factors combine to make a large price correction less likely

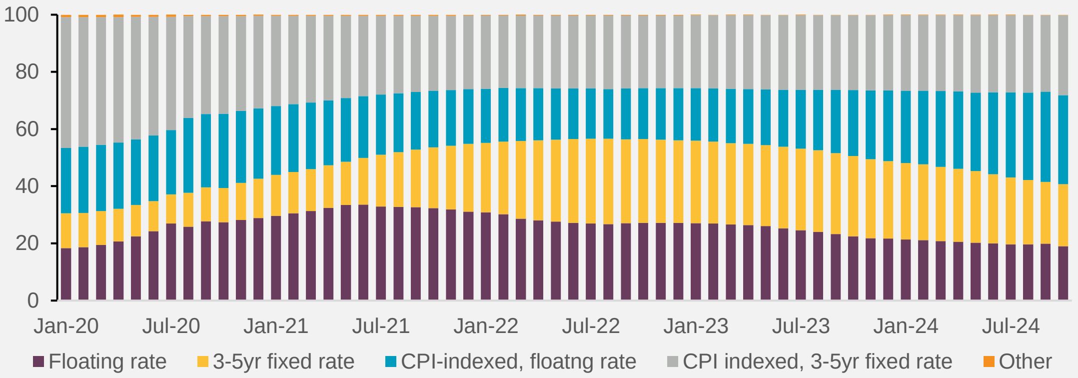
Households are not highly indebted compared to peers

Household debt, % of GDP



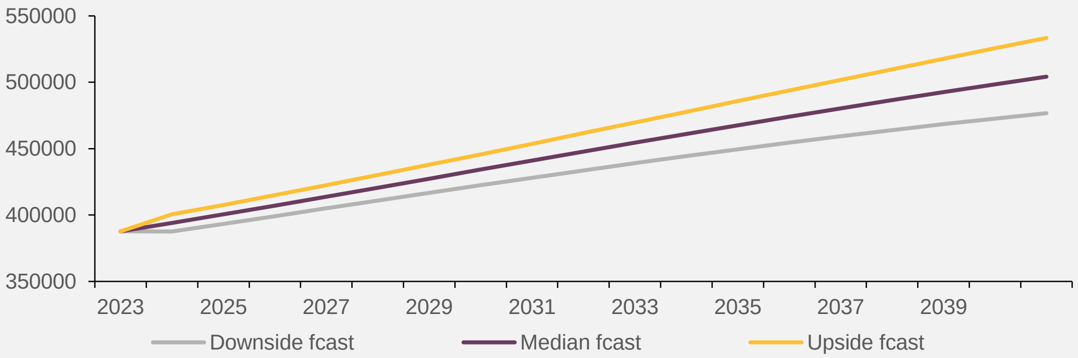
Mortgage market is flexible w.r.t. loan types with different payment burden

Outstanding mortgage loans, share of total



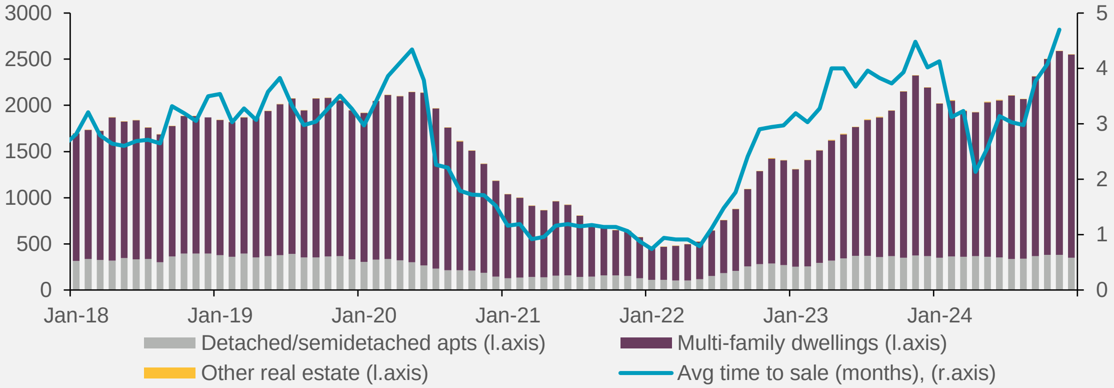
Underlying upward demand trend steady as population growth remains robust

Population forecast by Statistics Iceland



Turnover in the residential housing market remains steady despite rate hikes

No. of purchase agreements, capital region (th.), and average time to sale

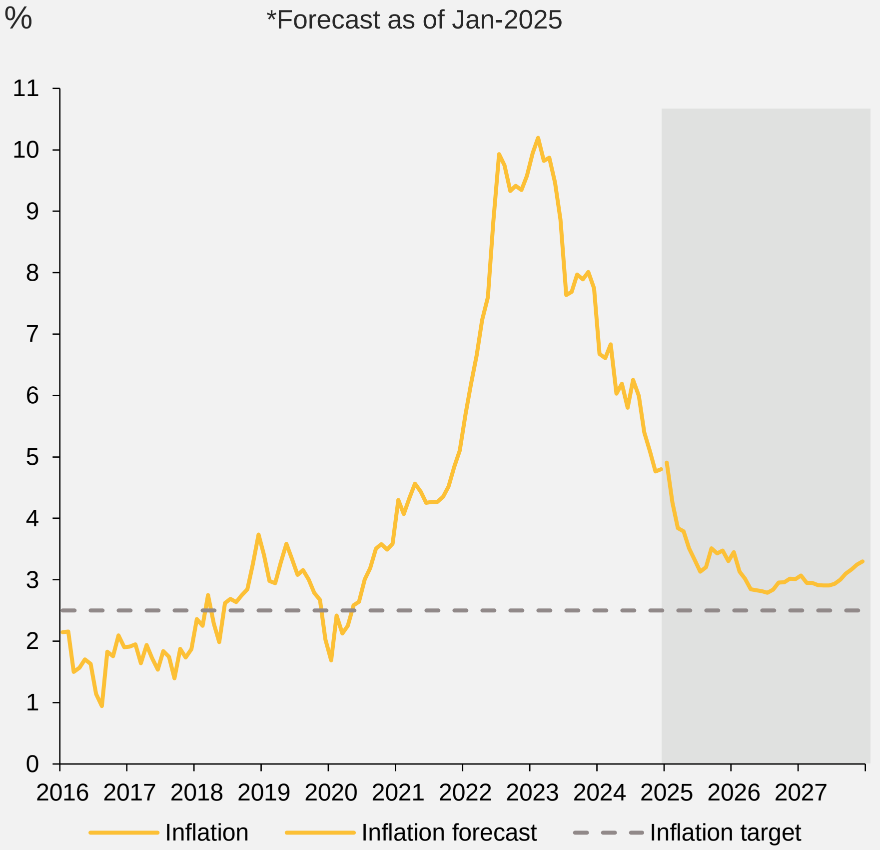


Source: The Central Bank of Iceland, Statistics Iceland.

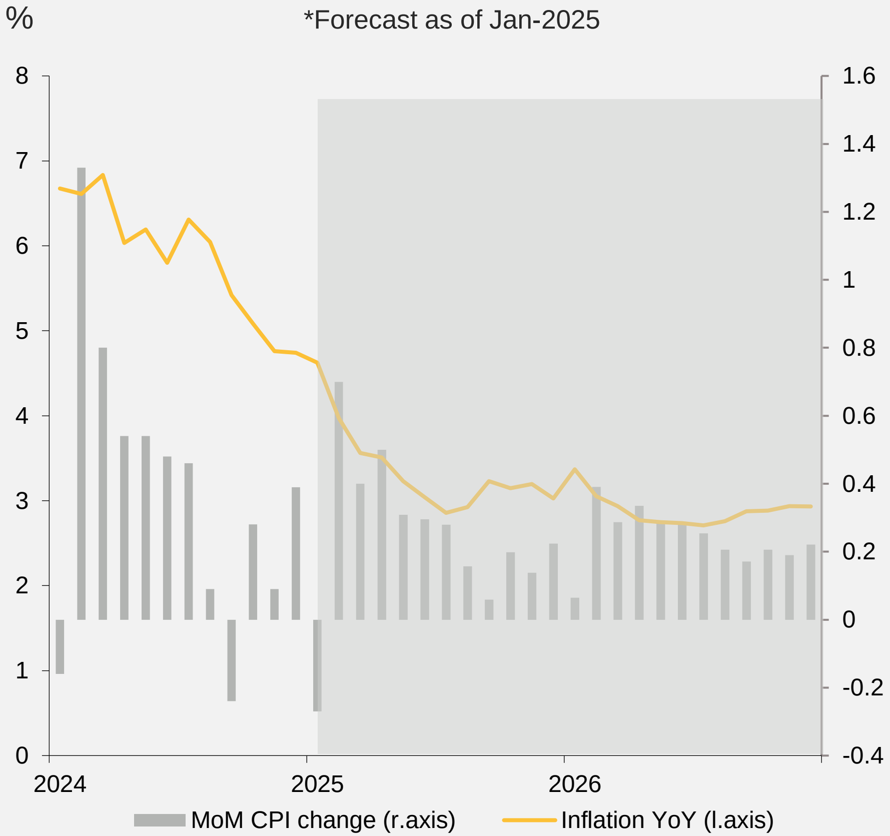
Disinflation set to continue

Inflation rapidly approaching the target but will not reach it during the forecast horizon

Inflation and the CBI inflation target *



Month-on-month and year-on-year CPI change *



Sources: Statistics Iceland, Central Bank of Iceland and ÍSB Research.

Highlights

- Inflation continued to decline throughout 2024, particularly after mid-year, with a rapid reduction in autumn driven by free school meals and university fee cancellations,
- Inflation in trading partner countries moderated, while the ISK appreciated significantly from September onwards due to capital inflows, contributing to easing price pressures.
- Inflation is expected to average 3.6% in 2025, 3.0% in 2026, and 3.2% in 2027, with stability in global prices, limited wage drift, and a stable ISK as key factors.
- Wage agreements for certain labour segments and potential changes in domestic and international government policies pose risks to inflation stability.
- Inflation is not expected to reach the Central Bank's target during the forecast horizon but will likely drop below the upper tolerance limit by March 2025.
- Global commodity prices have risen due to poor harvests, while oil prices are projected to decline amidst high inventories and reduced demand from China.

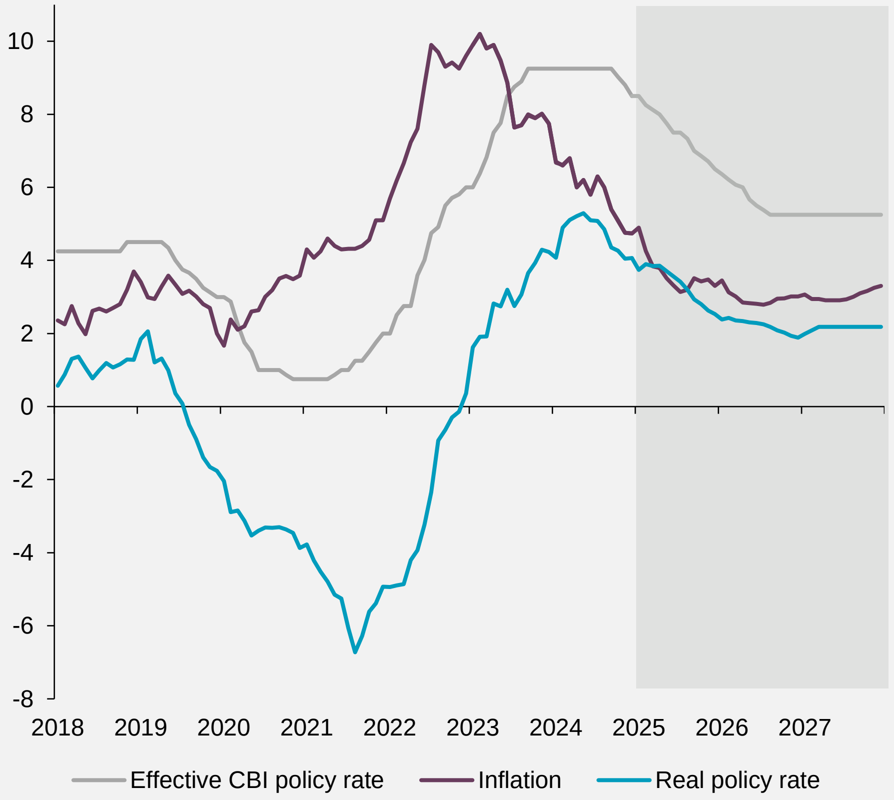
Interest rates on a downward path in the coming term

The Central Bank's monetary easing phase will probably continue until mid-2026, with long-term interest rates following suit

Policy rate and inflation *

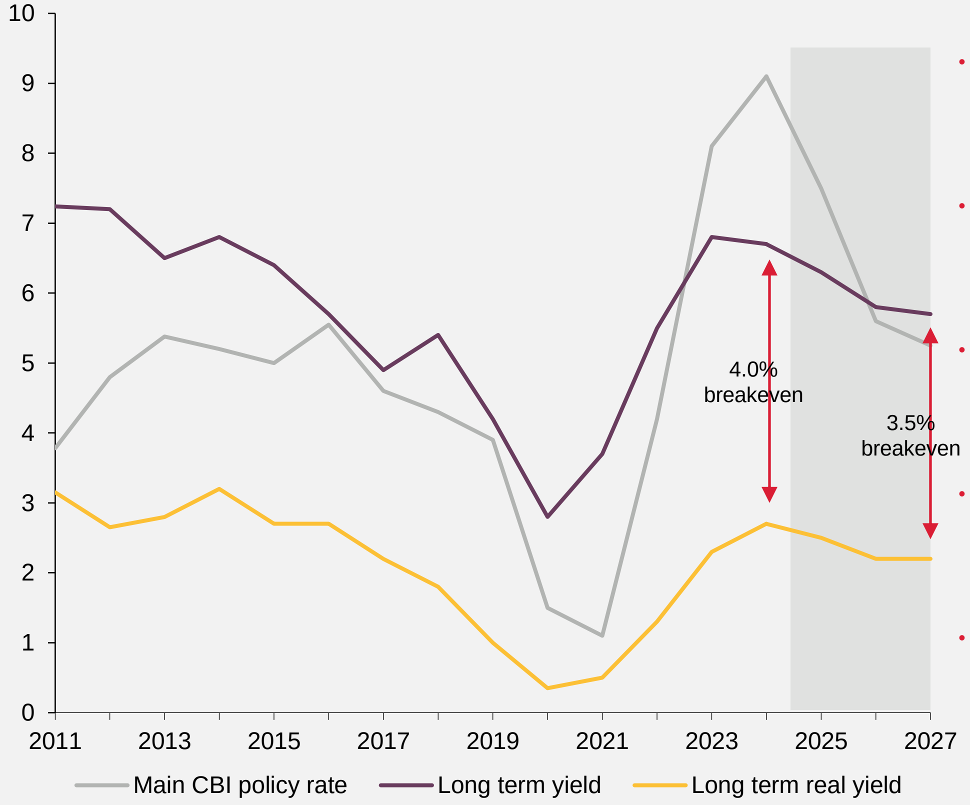
%, Real policy rate based on 12m forward forecasts

* Forecast as of Jan 2025



Key interest rates

%, average per year



Highlights

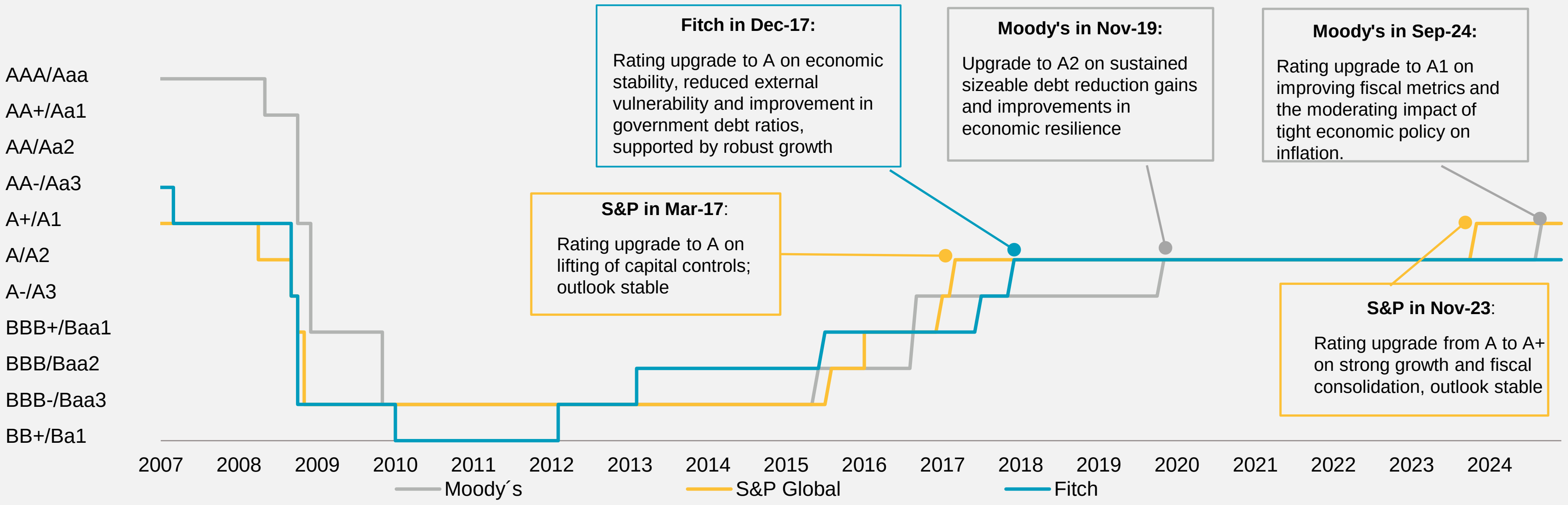
- The Central Bank began cutting the key interest rate in Q4 2024, reducing it from 9.25% to 8.5% amid falling inflation and a slowing economy.
- Inflation expectations have declined across most measures, though breakeven inflation rates in bond markets have shown slight upward movement recently.
- The narrowing output gap, easing housing market pressures, slower wage growth, and resilient domestic demand suggest continued but moderated economic activity.
- The key interest rate is projected to fall to 6.5% by the end of 2025, with the monetary easing phase likely concluding in mid-2026 when the rate reaches 5.0-5.5%.
- Nominal ten-year Treasury rates remain high at 6.7%, with real rates at 2.7%. These are expected to decline to 5.7% and 2.2%, respectively, over the forecast horizon.
- The long-term breakeven inflation rate is forecast to decline from the current 4.0% to 3.5%, with the market likely pricing in lower long-term inflation expectations due to an uncertainty premium.

Sources: Central Bank of Iceland, Kodiak, Statistics Iceland, ÍSB Research.

Iceland's credit rating rising apace

Rating companies acknowledge the flexibility of the economy and improving public debt metrics

Development of sovereign credit rating



MOODY'S IN SEPTEMBER 2024

- "The stable outlook reflects balanced risks at the A1 rating level."
- "We expect fiscal consolidation to continue over the coming years broadly as planned in the medium-term fiscal plan."
- "The alignment of the foreign-currency ceiling with the local-currency ceiling reflects low transfer and convertibility risk, given Iceland's high policy effectiveness and robust net external creditor position at around 37% of GDP."

FITCH IN SEPTEMBER 2024

- "Iceland's 'A' rating is underpinned by very high income per capita and governance indicators more consistent with 'AAA' and 'AA' category sovereigns."
- "Sizeable buffers, including ample foreign reserves and a large fiscal cash buffer, help mitigate Iceland's external vulnerabilities."
- "Strong fundamentals include sizeable pension fund assets, a sound banking sector, and strong private-sector balance sheets."
- "However, the rating remains constrained by Iceland's small economy with limited export diversification and high public debt. "

S&P IN NOVEMBER 2024

- "Iceland's institutional settings are strong and per capita income levels are high, but the economy remains concentrated on a few key sectors, including aluminum, fishing, and tourism."
- "The stable outlook reflects our view that, beyond a temporary slowdown in 2024, Iceland's economy will continue to expand over the next two years, while recording modest fiscal and external deficits."
- "It also reflects our assumption that volcanic activity will not have a significant sustained adverse effect on the country's economic, fiscal, and balance-of-payments performance. "

Source: Moody's, S&P, Fitch Ratings and Central Bank of Iceland.

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