



Condensed Consolidated Interim Financial Statements

1 January – 31 March 2025



Condensed Consolidated Interim Financial statements

1 January to 31 March 2025

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Report and Endorsement

by the Board of Directors and the CEO

The condensed consolidated interim financial statements of Skagi hf. ("the Company" or "Skagi") for the period 1 January to 31 March 2025 consist of the financial statements of the Company and its subsidiaries. Subsidiaries include Fossar fjárfestingarbanki hf. ("Fossar" or "the bank"), Íslensk verðbréf hf. ("ÍV"), VÍS tryggingar hf. ("VÍS") and Líftryggingafélag Íslands hf. ("Lífis"), collectively with the Company referred to as "the Group". The Group's operations consist of insurance activities, investment banking, asset and fund management. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements for companies listed on a regulated securities market. The condensed consolidated interim financial statements have not been reviewed or audited by Independent Auditors of the Company.

Operating and Financial position

According to the Income Statement the Group's loss for first three months 2025 amounted to ISK 1,353 million and return on equity was negative 6.3% in the quarter. The Group's assets at the end of the period amounted to ISK 82,493 million and equity amounted to ISK 20,927 million according to the balance sheet.

Insurance

Continued operational improvement is taking place in the insurance business. This can be attributed to more new customers as well as increased insurance sales to existing customers. Insurance business generated 10,9% insurance revenue growth and 10.8% life and health insurance growth.

Cost ratio continues to improve at 19.2% in the quarter (3M 2024: 20.9%) and claims and reinsurance ratio was at 81.4% (3M 2024: 82.6%). This results in a combined ratio of 100.7% (3M 2024: 103.6%). The insurance service result was negative by ISK 51 million (3M 2024: ISK -243 million) and improves by ISK 192 million YoY.

Financial Services

Financial services activities generated growth of 25% in net income in Q1 2025 compared to prior year. The net income of financial activities totalled around ISK 780 million, compared to ISK 626 million last year.

Significant expenses were incurred in the first quarter in financial services in relation to the merger of Íslensk verðbréf and ÍV sjóðir with Fossar and SIV, respectively. These one-off expenses in financial activities, of approximately 60 million, are derived from execution of a reduction in headcount, run off costs and external advisory fees in order to complete the mergers. Following the mergers, synergies are now set to materialise as of second quarter this year.

Assets under management (AuM) at the Skagi Group stand at 225 billion at the end of Q1 2025. Net inflow of AuM was experienced from clients during Q1 2025 but setback in markets led to decrease in AuM.

Investments

The return on the insurance investment assets in Q1 2025 was negative by -1.1% (3M 2024: 2.2%). Investments generated negative financial income of ISK -497 million (3M 2024: ISK 949 million) and negative net financial income of ISK -1,098 million (3M 2024: ISK 499 million). Weak equity markets impact investment results were the factor leading to losses incurred in the quarter are drawdowns of ISK 1,063 million in the listed equity portfolio.

Report and Endorsement

by the Board of Directors and the CEO

Financial Targets 2025

Guidance on target operating performance for the fiscal year 2025 is as follows:

- Target combined ratio below 94% (range 93-96%)
- Net financial services income is expected to be above 3,100 million (range 2,900 – 3,500 million)
- Expected return of insurance investments assets is 10%.

Skagi will provide update on guidance if operating performance is not likely to be in target range in insurance business and financial services. No update is given in between quarterly reporting on guidance of investment return of insurance investments.

Shares and allocation of profits

The Company's nominal shares amounted to ISK 1,906.7 million at period end (own shares amounting to ISK 10.3 million), with each share having a nominal value of ISK 1. There were 898 shareholders at the end of the period. The board of directors' proposal for the payment of a dividend in the amount of ISK 500 million or ISK 0.2637 per share was approved at the Company's Annual General Meeting on 27 March and the Company paid the dividend to shareholders on 1 April 2025.

Transfer of Insurance operations to a subsidiary

Following approvals from the Financial Supervisory Authority of the Central Bank of Iceland ("FSA"), cf. announcements by the Company on the Nasdaq Iceland on 23rd December and 30th December 2024, Skagi has, on 1st of January 2025, completed the transfer of the VÍS insurance business to its subsidiary VÍS tryggingar hf. This is in line with announcement made on 17 January 2024 following approval of a shareholders meeting of the Company for the proposed transfer of the insurance portfolio and the insurance operations to a subsidiary, to which all conditions have now been met and thus the transfer has been executed.

Mergers within financial services concluded

Following the acquisition of Íslensk verðbréf, the Company has prepared further consolidation of financial services activities within the Group, including a merger of Íslensk verðbréf's brokerage and custody activities into Fossar and merger of SIV eignastýring hf. asset and fund management with ÍV sjóðir hf. These mergers were concluded at the end of 1st quarter and are effective as of 1 January 2025. The merged entity of SIV and ÍV sjóðir are as of 31 March this year operating under the name of Íslensk verðbréf hf., providing asset and fund management to clients.

Report and Endorsement

by the Board of Directors and the CEO

To the best knowledge of the board the consolidated interim financial statements of Skagi hf. give a true and fair view of the consolidated financial performance of the Group for the period 1 January to 31 March 2025, and its assets, liabilities, and financial position as of 31 March 2025. Further, in our opinion the consolidated interim financial statements give a fair view of the development and performance of the Group's operations and its position at the end of the period and describe the principal risks faced by the Group.

The Board of Directors and the CEOs have today discussed the Company's Condensed Consolidated Interim Financial Statements of Skagi hf. for the period ended 31 March 2025 and confirm by means of their signatures.

Reykjavik, 29 April 2025

On the Board of Directors

Stefán Héðinn Stefánsson

Chairman of the Board

Vilhjálmur Egilsson

Vice-Chairman of the Board

Marta Guðrún Blöndal

Ásgeir Helgi Reykfjörð Gylfason

Hrund Rudolfsdóttir

CEO

Haraldur Þórðarson

Condensed Consolidated Interim Income Statement

For the period 1 January to 31 March 2025

	Notes	YTD 2025	YTD 2024
Insurance revenue		7.531.512	6.788.741
Insurance expenses		(5.955.328)	(5.407.622)
Insurance contract operating expenses		(1.448.250)	(1.421.265)
Net expenses from reinsurance contracts		(178.478)	(202.480)
Insurance service result		(50.545)	(242.626)
Interest income		521.947	350.060
Interest expenses		(413.559)	(299.344)
Net interest income		108.389	50.716
Fee and commission income		605.102	566.383
Fee and commission expenses		(17.242)	(24.961)
Net fee and commission income		587.860	541.422
Financial income		(488.603)	949.089
Net finance expenses from insurance contracts		(419.817)	(271.525)
Other financial items		(110.407)	(107.593)
Operating expense of the insurance investment portfolio		(78.763)	(70.789)
Net financial income		(1.097.590)	499.182
Share in profit of associates, after income tax		25.084	0
Other operating income		25.276	24.702
Net operating income		(401.527)	873.396
Operating expenses	6	(919.441)	(628.452)
Net credit impairments		(3.064)	(6.907)
Amortization of intangible assets		(47.262)	(35.782)
Profit (loss) before tax		(1.371.294)	202.254
Income tax expenses		18.570	(66.740)
Profit (loss) for the period		(1.352.724)	135.514
Attributable to shareholders		(1.350.554)	138.965
Attributable to minority interest		(2.170)	(3.452)
Profit (loss) for the period		(1.352.724)	135.514
Earnings per share			
Basic and diluted earnings per share		(0,71)	0,07

The notes on pages 10-18 are an integral part of these financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income

For the period 1 January to 31 March 2025

	YTD 2025	YTD 2024
Profit (loss) for the period	<u>(1.352.724)</u>	<u>135.514</u>
Other Comprehensive income		
<i>Items that are or may be reclassified subsequently to profit and loss and relocated to equity</i>		
Unrealised fair value changes	(1.323)	(1.489)
Total comprehensive income (loss) for the period	<u><u>(1.354.047)</u></u>	<u><u>134.025</u></u>

The notes on pages 10-18 are an integral part of these financial statements.

Condensed Consolidated Interim Statement of Financial Position

As at 31 March 2025

	Notes	31.3.2025	31.12.2024
Assets			
Cash and cash equivalents		3.090.809	2.321.959
Financial assets	7	53.176.313	51.391.734
Securities used for economic hedging		4.951.391	6.102.840
Loans to customers		8.642.951	7.880.021
Derivatives		357.418	118.541
Investments where investment risk is borne by life-insurance policyholders		949.030	1.023.545
Investment in associates	9	173.960	148.876
Intangible assets		4.685.472	4.734.006
Property, plant and equipment		691.472	700.356
Deferred income tax asset		375.656	461.117
Assets from reinsurance contracts held		1.806.860	1.491.991
Other receivables		3.592.045	2.807.731
Total assets		82.493.375	79.182.716
Liabilities			
Insurance contract liabilities	10	30.819.101	28.834.123
Investment contract liabilities		949.030	1.023.545
Financial liabilities		19.269.616	17.750.819
Subordinated bond		3.752.351	3.763.931
Derivatives		27.347	231.599
Lease liability		348.031	391.655
Deferred income tax liability		243.061	358.107
Accounts payable and other liabilities		6.158.271	4.558.183
Total liabilities		61.566.807	56.911.962
Equity			
Share capital		1.896.367	1.895.958
Share premium		3.087.000	3.087.000
Restricted reserves		625.620	2.684.635
Retained earnings		15.275.608	14.563.951
Total equity attributable to shareholders		20.884.595	22.231.544
Minority interest		41.972	39.209
Total equity		20.926.567	22.270.753
Total liabilities and equity		82.493.375	79.182.716

The notes on pages 10-18 are an integral part of these financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

For the period 1 January to 31 March 2025

	Share capital	Share premium	Restricted reserve	Retained earnings	Minority interest	Total
2025						
Equity 1.1.2025	1.895.958	3.087.000	2.684.635	14.563.951	39.209	22.270.753
Profit (loss) for the period				(1.350.554)	(2.170)	(1.352.724)
Other comprehensive income (loss)				(1.323)	0	(1.323)
Total comprehensive income (loss) for the period	0	0	0	(1.351.877)	(2.170)	(1.354.047)
Change of holding in subsidiary				(4.932)	4.932	0
Treasury share allocation	410			8.128		8.538
Restricted reserves			(2.059.015)	2.059.015		0
Equity 31.3.2025	1.896.367	3.087.000	625.620	15.275.608	41.972	20.926.567
2024						
Equity 1.1.2024	1.905.550	3.087.000	4.477.882	11.660.499	41.002	21.171.933
Profit (loss) for the period				138.965	(3.452)	135.514
Other comprehensive income (loss)				(1.489)	0	(1.489)
Total comprehensive income (loss) for the period	0	0	0	137.476	(3.452)	134.025
Change of holding in subsidiary					4.000	4.000
Treasury shares acquired	(27.813)			(472.187)		(500.000)
Restricted reserves			(1.050.999)	1.053.465		2.467
Equity 31.3.2024	1.877.737	3.087.000	3.426.883	12.380.742	41.551	20.813.913

The notes on pages 10-18 are an integral part of these financial statements.

Condensed Consolidated Interim Statement of Cash Flows

For the period 1 January to 31 March 2025

	Notes	YTD 2025	YTD 2024
Operating activities			
Profit (loss) for the period		(1.352.724)	135.514
Operating items not affecting cash flows:			
Net interest income		(108.389)	(50.716)
Net financial income		586.095	(499.182)
Derivatives, change		(443.129)	(222.910)
Stock options, change		8.538	0
Share in profit of associate		(30.461)	0
Profit on sale of operating assets		(540)	0
Depreciation and amortization		117.685	131.883
		(1.222.925)	(505.411)
Changes in operating assets and liabilities:			
Financial assets, change		(1.695.183)	(720.539)
Assets from reinsurance contracts held, change		(314.868)	(408.308)
Securities, change		461.333	(1.662.919)
Loans to customers, change		(762.930)	(607.478)
Other receivables, change		(1.143.521)	(1.348.371)
Insurance contract liabilities, change		1.984.978	1.771.828
Accounts payable and other liabilities, change		1.971.766	664.171
Cash flows from operating activities before interest and tax		(721.351)	(2.817.027)
Interest income received		333.820	371.136
Dividend received		295.546	80.465
Financial expenses paid		(517.712)	(562.266)
Income taxes paid		(36.680)	(17.025)
Cash flows from operating activities		(646.378)	(2.944.715)
Investing activities			
Investments in property and equipment		(57.519)	(26.851)
Investments in intangible assets		0	(32.651)
Sale of shares in subsidiary		0	4.000
		(57.519)	(55.502)
Financing activities			
Purchase of treasury shares		0	(500.000)
Principal payments of lease liability		(45.832)	(63.481)
Short-term loans, change		1.518.797	3.542.040
Unpaid capital gains tax in respect of transactions, change		0	75.412
		1.472.965	3.053.971
Change in cash and cash equivalents		769.068	115.407
Cash and cash equivalents at the beginning of the year		2.321.959	2.270.693
Effect of movements in exchange rates on cash held		(219)	3.129
Cash and cash equivalents at the end of the period		3.090.809	2.389.231

The notes on pages 10-18 are an integral part of these financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

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Notes to the Condensed Consolidated Interim Financial Statements

1. Reporting entity

Skagi hf., the Parent Company, hereinafter referred to as "the Company" or "Skagi", is a limited liability company incorporated and domiciled in Iceland. Skagi operates on the basis of Act no. 2/1995 on Limited Liability Companies, Act no. 61/2017 on Supplementary supervision of Financial Conglomerates, Act no. 60/2017 on Insurance Conglomerates and certain applicable provisions in Act no. 100/2016 on Insurance Activities and Act no. 161/2002 on Financial Institutions. The Company is supervised by the Financial Supervisory Authority of the Central Bank of Iceland. The Company's headquarters are at Ármúli 3, Reykjavík.

The condensed consolidated interim financial statements of Skagi hf. ("the Company" or "Skagi") for the period 1 January to 31 March 2025 consist of the financial statements of the Company and its subsidiaries. Subsidiaries include Fossar fjárfestingarbanki hf. ("Fossar" or "the bank"), Íslensk verðbréf hf. ("ÍV"), VÍS tryggingar hf. ("VÍS") and Líftryggingafélag Íslands hf. ("Lífís"), collectively with the Company referred to as "the Group". The Group's operations consist of insurance activities, investment banking and asset and fund management. The Icelandic Financial Supervisory Authority supervises the Group's operations.

2. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting, as adopted by the European Union and additional requirements according to the Icelandic Financial Statements Act. The interim financial statements were approved and authorized for publication at a meeting of the Board of Directors on 29 April 2025. The condensed consolidated interim financial statements do not contain all the information required in consolidated financial statements and should be read in conjunction with its annual consolidated financial statements for the year 2024, which are available at www.skagi.is.

The condensed consolidated interim financial statements do not include a detailed discussion of material accounting policies. For a full description of accounting policies and principles applied, please refer to the most recent consolidated annual financial statements of the Company.

3. Functional and presentation currency

The condensed consolidated interim financial statements are prepared and presented in Icelandic krónur (ISK), which is the Company's functional currency. All amounts are presented in thousands of ISK unless otherwise stated.

4. Accounting estimates

Preparing condensed consolidated interim financial statements in accordance with IFRS requires management to make assumptions, estimates and apply judgement that affect the assets and liabilities at the reporting date, disclosures in notes and income and expenses. Estimates and judgements are based on experience and various other factors that are considered appropriate and form the basis of decisions made regarding the reported amounts of assets and liabilities not evident by other means.

Estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognized in the period when they are revised.

Notes to the Condensed Consolidated Interim Financial Statements

5. Operating segment reporting

The Group is divided into three operating segments: Insurance operations, Insurance investments and Financial services, in accordance with the Group's organization and internal structure. Insurance operations include the VÍS insurance and Lífis life insurance business units. Insurance investments include the investment operations of the insurance business (VÍS and Lífis). Financial services include the operations of Fossar and ÍV.

The operating segments' results for the period 1 January to 31 March 2025 are specified as follows:

	Insurance operations	Insurance investments	Financial services	Centralized supporting units and eliminations	Total
Insurance revenue	7.531.512				7.531.512
Claims incurred	(5.955.328)				(5.955.328)
Insurance contract operating expenses	(1.448.250)				(1.448.250)
Net expenses from reinsurance contracts	(178.478)				(178.478)
Insurance service result	(50.545)	0	0	0	(50.545)
Net interest income			108.389		108.389
Net fee and commission income			680.082	(92.222)	587.860
Financial income		(496.555)	(9.673)	17.625	(488.603)
Operating exp. of the insurance investment portfolio		(78.763)			(78.763)
Net finance expenses from insurance contracts		(419.817)			(419.817)
Other financial items		(92.792)		(17.615)	(110.407)
Net financial income	0	(1.087.927)	(9.673)	(17.615)	(1.097.590)
Other operating income	24.498		778		25.276
Share in the profit of associates, after income tax				25.084	25.084
Net operating income	(26.048)	(1.087.927)	779.576	(84.753)	(401.527)
Operating expenses	(18.040)		(787.493)	(113.908)	(919.441)
Allocated costs from supporting units	(61.745)	(56.995)	(17.660)	136.400	0
Amortization of intangible assets			(5.084)	(42.178)	(47.262)
Net credit impairments			(3.064)		(3.064)
Profit (loss) before tax	(105.832)	(1.144.923)	(33.726)	(104.438)	(1.371.294)
Income tax expenses					18.570
Profit (loss) for the period					(1.352.724)

Notes to the Condensed Consolidated Interim Financial Statements

5. Operating segment reporting (cont.)

The operating segments' results for the period 1 January to 31 March 2024 are specified as follows:

	Insurance operations	Insurance Investments	Financial services	Centralized supporting units and eliminations	Total
Insurance revenue	6.788.741				6.788.741
Claims incurred	(5.407.622)				(5.407.622)
Insurance contract operating expenses	(1.421.265)				(1.421.265)
Net expenses from reinsurance contracts	(202.480)				(202.480)
Insurance service result	(242.626)	0	0		(242.626)
Net interest income			50.716		50.716
Net fee and commission income			569.025	(27.603)	541.422
Financial income		945.513	3.577		949.089
Operating exp. of the insurance investment portfolio		(70.789)			(70.789)
Net finance expenses from insurance contracts		(271.525)			(271.525)
Other financial items		(107.593)			(107.593)
Net financial income	0	495.605	3.577		499.182
Other operating income		21.770	2.932		24.702
Share in the profit of associates, after income tax					0
Net operating income	(242.626)	517.375	626.250	(27.603)	873.396
Operating expenses	(15.259)		(529.279)	(83.914)	(628.452)
Amortization of intangible assets			(5.032)	(30.750)	(35.782)
Net credit impairments			(6.907)		(6.907)
Profit (loss) before tax	(257.885)	517.375	85.031	(142.267)	202.254
Income tax expenses					(66.740)
Profit for the period					135.514

6. Operating expenses

	YTD 2025	YTD 2024
Salaries and related expenses	1.617.326	1.237.885
Other operating expenses	758.706	781.715
Depreciation and amortization	117.685	136.689
Total	2.493.716	2.156.288
Centralized supporting units and eliminations	113.908	83.914
Operating expenses of financial services	787.493	529.279
Insurance contract operating expenses	1.448.250	1.421.265
Operating expenses of the insurance investment portfolio and other insurance cost	96.803	86.048
Amortization of intangible assets	47.262	35.782
Operating expenses, total	2.493.716	2.156.288
Salaries and related expenses are specified as follows:	YTD 2025	YTD 2024
Salaries	1.217.169	931.608
Pension fund contributions	177.808	142.075
Share option expenses	19.007	0
Special financial activities tax on salaries	81.143	63.377
Other salary-related expenses	122.199	100.825
Salaries and salary-related expenses	1.617.326	1.237.885
Number of fulltime employees	240	235

*The 2023 general meeting of the Company authorized the Board of directors to approve a general share option plan in accordance with Article 10 of the Income Tax Act No. 90/2003 for all employees of Skagi and its subsidiaries.

Notes to the Condensed Consolidated Interim Financial Statements

7. Financial assets

Financial assets are specified as follows:

31.3.2025

Shares in other companies	Insurance investments	Financial services	Total
Listed on domestic stock exchanges	3.699.747	386.733	4.086.479
Listed on foreign stock exchanges	3.163.645	0	3.163.645
Other companies	6.468.270	0	6.468.270
	13.331.663	386.733	13.718.395
Other securities			
Government-backed securities, indexed	3.926.171	653.931	4.580.102
Government-backed securities, non-indexed	7.291.196	5.588.096	12.879.291
Other bonds	10.926.309	242.280	11.168.590
Bond funds	8.133.690	283.926	8.417.616
Institutional investor funds	2.412.318	0	2.412.318
	32.689.683	6.768.234	39.457.917
Total financial assets	46.021.346	7.154.966	53.176.313

31.12.2024

Shares in other companies	Insurance investments	Financial services	Total
Listed on domestic stock exchanges	4.650.350	464.211	5.114.561
Listed on foreign stock exchanges	3.400.052	0	3.400.052
Other companies	7.953.557	4.809	7.958.366
	16.003.959	469.019	16.472.978
Other securities			
Government-backed securities, indexed	3.790.116	428.568	4.218.684
Government-backed securities, non-indexed	5.998.580	5.237.732	11.236.312
Other bonds	8.612.351	0	8.612.351
Bond funds	8.010.225	329.530	8.339.755
Institutional investor funds	2.511.653	0	2.511.653
	28.922.926	5.995.830	34.918.756
Total financial assets	44.926.884	6.464.850	51.391.734

8. Share in subsidiaries

	31.3.2025	31.12.2024	Principal activity
VÍS tryggingar hf.	100,0%	100,0%	Insurance operations
Fossar fjárfestingarbanki hf.	100,0%	100,0%	Investment banking
VF Nord ehf.	100,0%	100,0%	Investing activities
Skagi ehf.	100,0%	0,0%	Investing activities
Líftryggingafélag Íslands hf.	100,0%	100,0%	Life insurance
Íslensk verðbréf hf.	85,9%	100,0%	Asset and fund management

9. Share in associates

	Share	Book value 31.3.2025	Book value 31.12.2024
Tplús hf.	35,0%	161.078	135.994
Vex ehf.	33,3%	12.883	12.883
		173.960	148.876

Notes to the Condensed Consolidated Interim Financial Statements

10. Insurance contract liabilities

Insurance contract liabilities are determined according to the accounting standard IFRS 17.

	31.3.2025	31.12.2024
Insurance contract liabilities		
Liability for remaining coverage	3.940.740	2.608.357
Liability for incurred claims	26.878.361	26.225.766
Total insurance contract liabilities	30.819.101	28.834.123
Reinsurance contract assets		
Assets from reinsurance contracts held	1.806.860	1.491.991
Insurance contract liabilities, net of reinsurance		
Insurance contract liabilities, net of reinsurance	29.012.241	27.342.132

Changes in liabilities for incurred claims are specified as follows:

Liability for incurred claims, start of year	26.225.776	24.349.301
Net finance expenses from insurance contracts	393.162	1.121.708
Paid claims in the period due to older years	(4.137.640)	(9.618.803)
Liability for incurred claims, current year	4.740.261	11.161.887
Total calculated liability for incurred claims	27.221.560	27.014.093
Run off	(352.730)	(640.740)
Change in risk adjustment	9.531	(147.587)
Liability for incurred claims, end of period	26.878.361	26.225.766

11. Financial liabilities

	31.3.2025	31.12.2024
Borrowings	14.505.938	13.363.421
Issued bonds and bills	4.763.679	4.387.399
Financial liabilities total	19.269.616	17.750.819

11.1 Borrowings

Borrowings are specified as follows:

	31.3.2025	31.12.2024
Money market deposits	9.411.762	10.663.421
Liabilities to credit institutions	5.094.176	2.700.000
Total	14.505.938	13.363.421

11.2 Issued bonds and bills

Issued bonds and bills	Issued	Maturity	Type Terms of interest	31.3.2025	31.12.2024
FOS 25 0311	2024	2025	Bill At maturity,		392.440
FOS 25 0530	2024	2025	Bill At maturity,	984.968	962.420
			Bond At mat.,		
			floating 1 month		
FOS 26 1	2024	2026	Reibor+1,5%	1.508.390	1.508.772
			Bond At maturity,		
FOS 281026	2024	2026	fixed 9.2%	1.558.267	1.523.767
FOS 25 0911	2025	2025	Bill At maturity,	712.054	
				4.763.679	4.387.399

Skagi has a bank credit facility line up to ISK 1,700 million, of which ISK 1,006 million remains undrawn as of the reporting date.

Notes to the Condensed Consolidated Interim Financial Statements

12. Solvency of a financial conglomerate

The Financial Supervisory Authority has specified that the Group is a financial conglomerate as defined in Article 3 of Act no. 61/2017 on Supplementary Supervision of Financial Conglomerates. The capital requirement and own funds of the Group is calculated according to method 1 of Act no 61/2017. As the primary entity in the group is an insurance company, method 1 requires that all assets and liabilities in Skagi, that do not belong to a subsidiary, are included in the solvency calculations of the insurance activates in the computation of the solvency of the conglomerate. The numbers in the current period in this note are therefore not fully comparable to the numbers from the previous period.

The Group calculates the minimum capital requirements for companies that do not fall under the insurance operations using applicable regulations while using the Solvency II framework to calculate own funds and minimum own funds requirements for insurance activities.

Solvency is a measure of the Group's ability to absorb shocks, or in other words, an indication of its financial strength. The Group's available capital and capital requirements are calculated on the assumption that the Group meets the definition of a financial conglomerate according to Articles 16, 17 and 18 of Regulation No. 61/2017 on Supplementary Supervision of Financial Conglomerates. The Group's solvency ratio is 1.22 before dividend payment and 1.19 after dividends were paid compared to the minimum requirement in the Regulation, which is 1.0.

Own funds	31.3.2025	31.12.2024
Own funds for insurance activities	16.519.249	18.671.822
Own funds for other activities	2.761.757	2.791.057
Total own funds	19.281.006	21.462.879
Minimum own fund requirements		
Own funds requirements for insurance activities	13.770.109	13.567.776
Own fund requirements for other activities	2.392.003	2.335.626
Total minimum own fund requirements	16.162.112	15.903.402
Solvency		
	31.3.2025	31.12.2024
Equity according to the statement of financial position	20.926.567	22.270.753
Intangible assets	(4.685.472)	(4.734.006)
Subordinated bond	3.752.351	3.763.931
Proposed dividend plan	(500.000)	0
Share repurchase program	0	0
Other	(212.440)	162.200
Calculated own funds	19.281.006	21.462.879
Minimum own fund requirements	16.162.112	15.903.402
Solvency ratio	1,19	1,35

Notes to the Condensed Consolidated Interim Financial Statements

13. Solvency of insurance activities

The minimum solvency is a minimum amount of capital needed to meet the risks faced by insurance activities (VÍS and Lífis only, excluding assets and liabilities of Skagi that do not belong to a subsidiary). The standardized approach, according to Act No. 100/2016, is applied, whereby calculation is based on all measurable risks. The following tables specify how the solvency requirements are divided into subcomponents of risk. Diversification effects are deducted since it is not assumed that all risks will be realized simultaneously. An adjustment for the loss-absorbing capacity of deferred taxes is deducted upon realization of risks. The solvency ratio of the insurance activities (VÍS and Lífis only) is 1.32.

Solvency capital requirements	31.3.2025	31.12.2024
Base Solvency capital requirement (BSCR)	15.170.204	14.961.935
Operational risk	1.184.815	1.035.841
Adjustment due to deferred taxes	(2.614.082)	(2.430.000)
Total minimum solvency	13.740.936	13.567.776

Base Solvency capital requirement (BSCR)	31.3.2025	31.12.2024
Market risk	7.940.164	8.423.089
Counterparty risk	2.672.964	1.914.552
Life underwriting risk	192.734	251.393
Health underwriting risk	2.093.696	2.056.803
Non-life underwriting risk	8.662.183	8.516.322
Diversification effects and other factors	(6.391.537)	(6.200.222)
Total BSCR	15.170.204	14.961.935

Market risk

Interest rate risk	483.649	577.915
Equity risk	6.612.787	7.315.682
Property risk	156.864	175.456
Spread risk	967.195	633.718
Foreign currency risk	562.349	507.974
Concentration risk	672.500	712.935
Diversification effects	(1.515.180)	(1.500.591)
Total market risk	7.940.164	8.423.089

Solvency

Calculated own funds	18.100.310	18.671.822
Minimum own fund requirements	13.740.936	13.567.776
Solvency ratio	1,32	1,38

14. Fossar Capital adequacy ratio

The capital adequacy ratio of Fossar is calculated in accordance with Act No. 161/2002 on Financial Undertakings. The capital requirement due to credit, market, and operational risk is calculated using a standard method and the bank's capital adequacy ratio is 25.0%.

	31.3.2025	31.12.2024
Fossar total equity at period end	2.825.814	2.683.967
Deduction items	(383.497)	(408.387)
Own funds	2.442.317	2.275.580
Risk weighted exposures:		
Credit risk	5.437.243	4.985.493
Market risk	1.830.653	2.128.398
Operational risk	2.518.431	2.518.318
Total risk exposure amount	9.786.327	9.632.209
Capital adequacy ratio for Fossar	25,0%	23,6%

The minimum required capital ratio of credit undertakings is 8% according to Article 84 of the Act No. 161/2002 on Financial Undertakings. In addition to the minimum required capital base, the Bank must maintain certain capital buffers, specified by the Financial Supervisory Authority of the Central Bank of Iceland. Minimum capital requirement is based on the Bank's Internal Capital Adequacy Assessment Process (ICAAP) and is reviewed by the FME through the Supervisory Review and Evaluation Process (SREP). Minimum regulatory capital requirements, including additional capital buffers, is 22.1% as at 31 March 2025.

Notes to the Condensed Consolidated Interim Financial Statements

15. Events after the reporting date

No events have occurred after the end of the reporting period that require the Group to change these financial statements.

16. Quarterly statement and key ratios

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Insurance revenue	7.531.512	7.546.073	7.634.285	7.212.980	6.788.741
Net interest income	108.389	77.244	62.697	46.400	50.716
Net fee and commission income	587.860	679.466	305.105	289.678	541.422
Net financial income	(1.097.590)	1.295.532	119.137	(31.026)	499.182
Share in profit of associates, after income tax	25.084	0	0	0	0
Other income	25.276	60.785	16.617	37.270	24.702
Total income	7.180.530	9.659.100	8.137.840	7.555.303	7.904.763
Insurance service expenses	(7.403.579)	(6.800.948)	(6.857.014)	(6.267.195)	(6.828.887)
Net expenses from reinsurance contracts	(178.478)	(308.071)	(187.636)	(250.375)	(202.480)
Operating expenses	(919.441)	(889.864)	(616.135)	(713.501)	(628.452)
Amortization of intangible assets	(47.262)	(42.952)	(35.858)	(35.782)	(35.782)
Net credit impairments	(3.064)	(1.365)	(650)	(1.893)	(6.907)
Profit (loss) before income taxes	(1.371.294)	1.615.901	440.547	286.557	202.254
Income tax	18.570	(57.558)	(13.330)	(149.213)	(66.740)
Profit (loss) for the period	(1.352.724)	1.558.343	427.217	137.344	135.514
Insurance operations					
Claims ratio	79,1%	72,9%	73,5%	67,2%	79,7%
Net reinsurance ratio	2,4%	1,5%	2,5%	3,5%	3,0%
Claims and net reinsurance ratio	81,4%	74,4%	76,0%	70,7%	82,6%
Insurance contracts expense ratio	19,2%	19,8%	16,3%	19,7%	20,9%
Combined ratio	100,7%	94,2%	92,3%	90,4%	103,6%
Investment Operations					
Insurance investment portfolio return	-1,1%	3,6%	1,6%	0,8%	2,2%
Financial services					
Financial Services income (excl. interco adj.) ISKm	780	892	492	333	626
Assets under Management (AuM) ISKbn	225	227	123	121	121
Group					
ROE on annual basis	-25,1%	29,0%	8,5%	2,7%	2,6%
Profit per share	-0,71	0,82	0,23	0,07	0,07