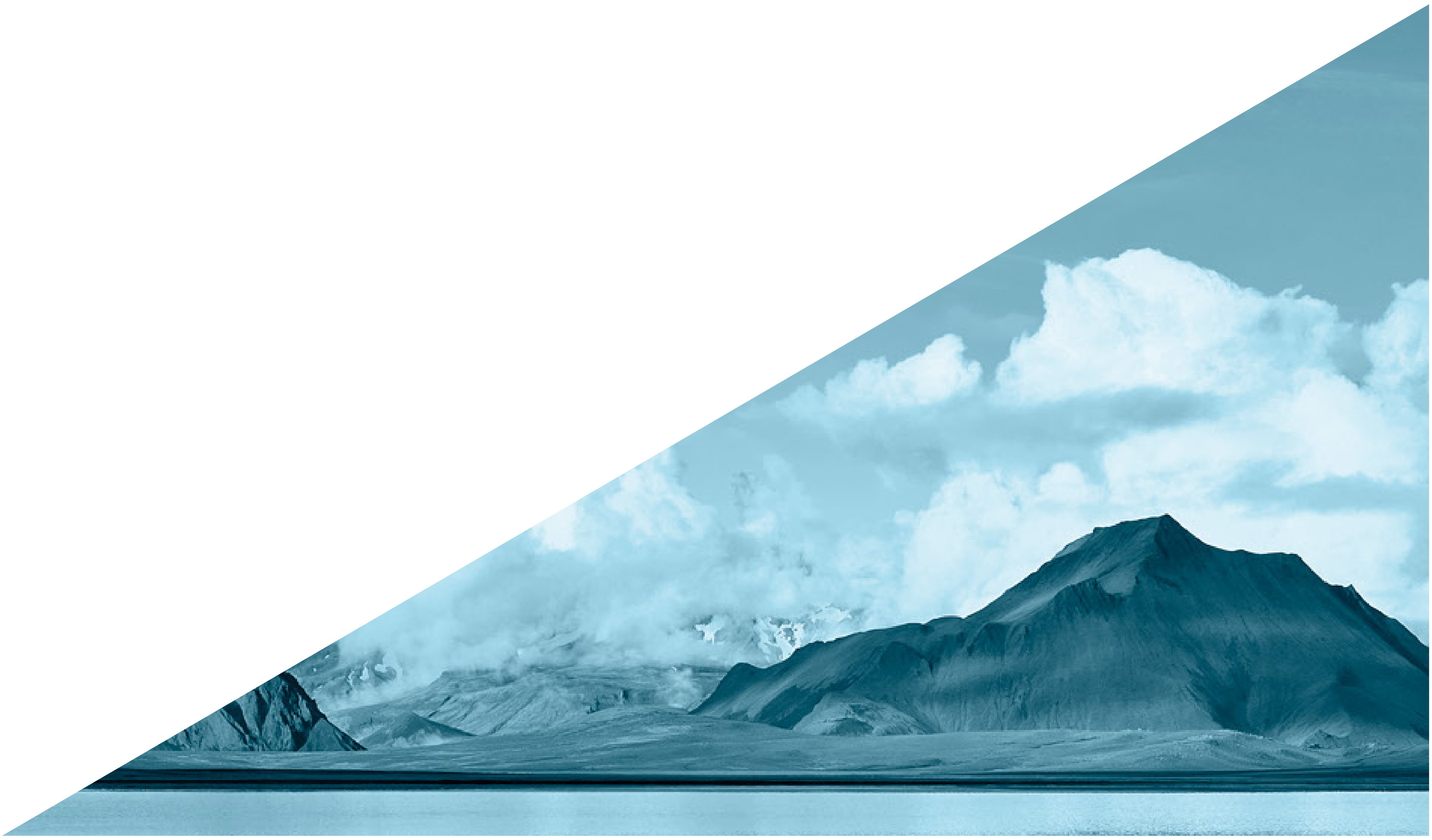
Condensed Consolidated Interim Financial Statements

1 January - 30 June 2026



SKAGI

Condensed Consolidated Interim Financial Statements

1 January to 30 June 2026

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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 1st of January to 30th of June 2026 consist of the financial statements of the Company and its subsidiaries. Subsidiaries include VÍS tryggingar hf. ("VÍS"), Fossar fjárfestingarbanki hf. ("Fossar" or "the bank"), Íslensk verðbréf hf. ("ÍV"), and Líftryggingafélag Íslands hf. ("Lífís"), 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 profit for the first half of 2026 amounted to ISK **395** million and return on equity was **1.7%** during the period. The Group's assets at the end of the period amounted to ISK **84,631** million and equity amounted to ISK **22,558** million according to the balance sheet.

Insurance
The insurance business continued to grow through disciplined execution of its strategy, delivering strong premium growth and improved operational efficiency. A focused approach to target customer segments, key insurance products and continued simplification supports scalable, profitable growth. Insurance business generated 7.1% insurance revenue growth and thereof 10.9% life and health insurance growth in 6M 2026.

Cost ratio stood at 18.5% in the first half of 2026 (6M 2025: 18.8%) and claims and reinsurance ratio was 71.8% (6M 2025: 71.8%). This results in a combined ratio of 90.4% (6M 2025: 90.6%). The insurance service result was positive by ISK 1,584 million in the first half of 2026 (6M 2025: ISK 1,449 million).

Financial Services
Revenue of financial services activities declined by 8.7% in the first half of 2026 compared to prior year. Revenue of financial activities totalled ISK 1,380 million (6M 2025: ISK 1,512 million). Assets under management (AuM) at the Skagi Group stand at 251 billion at the end of 6M 2026 (6M 2025: ISK 232 billion) and grew 8.2% year-on-year.

Financial services delivered a loss before tax of ISK 114 million in the first half of 2026 (6M 2025: -27 million), negatively affected by costs related to Fossar CEO transition and headcount reduction amounting to ISK 110m.

Investments
The return on the insurance investment assets in 6M 2026 was 1.5% (6M 2025: 0.0%). Investments generated financial income of ISK 719 million in the first six months of 2026 (6M 2025: ISK -48 million) but a negative net financial income of ISK -492 million in 6M 2026 (6M 2025: ISK -1,236 million), after taking into account net financial expenses of insurance contracts and other financial items of ISK -1,047 million and operating expenses of the investment portfolio of ISK -163 million.

Report and Endorsement

by the Board of Directors and the CEO

Financial Targets 2026

Following a review of the Group's operating performance for the first half of 2026, Skagi updated its financial guidance for the full year 2026. The updated guidance is as follows:

- Combined ratio range 90% - 93%
- Financial services revenue is expected to be above ISK 2,900 million (within the range ISK 2,700 – 3,200 million)
- The expected return on insurance investments assets is 9.5%

Skagi will provide an 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 with respect to the expected investment return of insurance investments.

Shares and allocation of profits

The Company issued 24,231,800 nominal shares on 23rd March to the sellers of 14.1% shareholding in Íslensk verðbréf hf., following approval by the AGM on 17th March. The Company's nominal shares amounted to ISK 1,940.3 million at period end (own shares amounting to ISK 67.4 million), with each share having a nominal value of ISK 1. There were 864 shareholders at the end of the period. The board of directors' proposal for the payment of a dividend of ISK 0.3988 per share, in the amount of approx. ISK 760 million, was approved at the Company's Annual General Meeting on 17th March and the Company paid the dividend to shareholders on 1st April 2026.

Share repurchase programs

Skagi commenced a share repurchase program on 2nd March 2026 in the amount of 40 million shares at nominal value and completed the buyback on 29th May 2026 for total purchase price of ISK 721 million. On 29th May Skagi commenced another share repurchase program of up to 30 million shares at nominal value and/or purchase price of up to 500 million, which shall conclude no later than at close of business 15th July 2026.

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 30 June 2026, and its assets, liabilities, and financial position as of 30 June 2026. 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 CEO have today discussed the Company's Condensed Consolidated Interim Financial Statements of Skagi hf. for the period ended 30 June 2026 and confirm by means of their signatures.

Reykjavik, 15 July 2026

On the Board of Directors

Stefán Héðinn Stefánsson	Vilhjálmur Egilsson
Chairman of the Board	Vice-Chairman of the Board
Marta Guðrún Blöndal	Ásgeir Helgi Reykfjörð Gylfason
Hrund Rudolfsdóttir	

CEO

Haraldur I. Þórðarson

Condensed Consolidated Interim Income Statement

For the period 1 January to 30 June 2026

	Notes	Q2 2026	Q2 2025	YTD 2026	YTD 2025
Insurance revenue		8.426.106	7.854.521	16.473.978	15.386.032
Insurance expenses		(5.290.684)	(4.577.361)	(11.425.491)	(10.532.689)
Insurance contract operating expenses	6	(1.518.658)	(1.448.825)	(3.053.820)	(2.897.075)
Net expenses from reinsurance contracts		(170.484)	(329.007)	(410.387)	(507.485)
Insurance service result		**1.446.280**	**1.499.329**	**1.584.281**	**1.448.784**
Interest income		547.093	505.960	1.107.784	1.027.907
Interest expenses		(415.965)	(414.327)	(822.708)	(827.886)
Net interest income		**131.128**	**91.633**	**285.076**	**200.022**
Fee and commission income		537.633	674.606	1.086.474	1.226.209
Fee and commission expenses		(19.210)	(17.345)	(35.210)	(34.588)
Net fee and commission income		**518.423**	**657.261**	**1.051.264**	**1.191.621**
Financial income		368.945	466.009	718.661	(48.307)
Net finance expenses from insurance contracts		(314.250)	(383.917)	(753.356)	(777.079)
Other financial items		(180.997)	(143.073)	(293.874)	(253.480)
Operating expense of the insurance investment portfolio		(81.419)	(78.635)	(163.304)	(157.398)
Net financial income		**(207.722)**	**(139.615)**	**(491.873)**	**(1.236.264)**
Share in profit of associates, after income tax		6.341	26.366	23.636	51.450
Other operating income		87.408	72.834	120.608	123.823
Net operating income		**1.981.857**	**2.207.807**	**2.572.992**	**1.779.435**
Operating expenses	6	(890.350)	(889.741)	(1.764.000)	(1.782.337)
Net credit impairments		(5.248)	(1.005)	(6.681)	(4.069)
Amortization of intangible assets		(49.317)	(50.071)	(98.656)	(97.333)
Profit (loss) before tax		**1.036.943**	**1.266.990**	**703.656**	**(104.304)**
Income tax expenses		(306.222)	(294.647)	(308.628)	(276.077)
Profit (loss) for the period		730.721	972.343	395.028	(380.381)
Attributable to shareholders		730.721	972.390	395.028	(378.164)
Attributable to minority interest		0	(47)	0	(2.217)
Profit (loss) for the period		730.721	972.343	395.028	(380.381)
Earnings per share					
Basic earnings per share		0,39	0,51	0,21	(0,20)
Diluted earnings per share		0,39	0,51	0,21	(0,19)

The notes on pages 10-22 are an integral part of these financial statements.

All amounts are in thousands of ISK

Condensed Consolidated Interim Statement of Comprehensive Income

For the period 1 January to 30 June 2026

	YTD 2026	YTD 2025
Profit (loss) for the period	395.028	(380.381)
Other Comprehensive income		
Items that are or may be reclassified subsequently to profit and loss and relocated to equity		
Reclassification of fair value changes to income statement		12.880
Unrealized fair value changes	(29.907)	(10.294)
Total comprehensive income (loss) for the period	365.121	(377.795)

The notes on pages 10-22 are an integral part of these financial statements.

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Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2026

	Notes	30.6.2026	31.12.2025
Assets			
Cash and cash equivalents		2.852.036	1.750.025
Financial assets	7	54.753.818	55.888.970
Securities used for economic hedging		4.407.763	3.109.524
Loans to customers		10.942.081	11.836.508
Derivatives		181.401	162.132
Investments where investmest risk is borne by life-insurance policyholders		786.460	882.144
Investment in associates	10	235.776	212.140
Intangible assets		4.489.605	4.558.785
Property and equipment		1.183.692	1.384.416
Deferred income tax asset		145.418	196.090
Assets from reinsurance contracts held		920.740	960.618
Other receivables		3.732.186	4.093.665
Total assets		84.630.975	85.035.018
Liabilities			
Insurance contract liabilities	11	32.123.777	30.331.427
Investment contract liabilities		786.460	882.144
Financial liabilities	12	20.097.774	20.953.779
Subordinated bond		4.018.709	3.907.720
Derivatives		59.921	254.981
Lease liability		1.065.695	1.126.536
Deferred income tax liability		482.611	435.667
Accounts payable and other liabilities		3.437.940	3.158.530
Total liabilities		62.072.886	61.050.782
Equity			
Share capital		1.872.929	1.905.747
Share premium		2.726.951	3.254.432
Restricted reserves		2.710.700	2.740.607
Retained earnings		15.247.509	16.037.499
Total equity attributable to shareholders		22.558.088	23.938.285
Minority interest		0	45.950
Total equity		22.558.088	23.984.235
Total liabilities and equity		84.630.975	85.035.018

The notes on pages 10-22 are an integral part of these financial statements.

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Condensed Consolidated Interim Statement of Changes in Equity

For the period 1 January to 30 June 2026

	Share capital	Share premium	Other restricted equity: Restricted reserve	Other restricted equity: Unrealised profit of subsidiaries and associates	Retained earnings	Minority interest	Total
Equity 1.1.2026	1.905.747	3.254.432	630.017	2.110.590	16.037.499	45.950	23.984.235
Profit (loss) for the period					395.028		395.028
Other comprehensive income (loss)				0	(29.907)	0	(29.907)
Total comprehensive income (loss) for the period	0	0	0	0	365.121	0	365.121
Change of holding in subsidiary	24.232	449.044			(427.326)	(45.950)	0
Treasury shares acquired	(57.050)	(976.526)					(1.033.576)
Dividends paid, ISK 0,3988 per share					(757.692)		(757.692)
Restricted reserves			(29.907)		29.907		0
Equity 30.6.2026	1.872.929	2.726.951	600.109	2.110.590	15.247.509	0	22.558.088
Equity 1.1.2025	1.895.958	3.087.000	2.684.635	0	14.563.951	39.209	22.270.753
Profit (loss) for the period					(378.164)	(2.217)	(380.381)
Other comprehensive income (loss)					2.586	0	2.586
Total comprehensive income (loss) for the period	0	0	0	0	(375.578)	(2.216)	(377.795)
Change of holding in subsidiary					(4.885)	4.885	0
Treasury shares allocation	410				8.128		8.538
Dividends paid, ISK 0,264 per share					(500.072)		(500.072)
Restricted reserves			(2.056.429)	0	2.050.452		(5.977)
Equity 30.6.2025	1.896.367	3.087.000	628.206	0	15.739.411	41.878	21.392.862

The notes on pages 10-22 are an integral part of these financial statements.

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Condensed Consolidated Interim Statement of Cash Flows

For the period 1 January to 30 June 2026

	YTD 2026	YTD 2025
Operating activities		
Profit (loss) for the period	395.028	(380.381)
Operating items not affecting cash flows:		
Net interest income	(285.076)	(200.022)
Net financial income	(436.742)	244.389
Stock options, change	0	(8.760)
Share in profit of associate	(23.636)	8.538
Loss (profit) on sale of operating assets	1.026	0
Depreciation and amortization	330.657	263.724
	(18.744)	(72.511)
Changes in operating assets and liabilities:		
Financial assets, change	1.840.321	(928.821)
Assets from reinsurance contracts held, change	39.878	(15.431)
Securities, change	(1.298.238)	690.751
Loans to customers, change	894.427	(1.718.101)
Other receivables, change	361.479	(1.057.618)
Derivatives, change	(214.329)	(258.076)
Insurance contract liabilities, change	1.792.351	1.505.883
Accounts payable and other liabilities, change	538.244	1.174.446
Cash flows from operating activities before interest and tax	3.935.389	(679.477)
Interest income received	863.862	835.816
Dividend received	269.368	331.329
Financial expenses paid	(1.004.018)	(933.627)
Income taxes paid	(161.218)	(73.361)
Cash flows from operating activities	3.903.383	(519.320)
Investing activities		
Investments in property and equipment	(22.831)	(82.588)
Sale of property and equipment	23.243	0
Investments in intangible assets	(30.725)	(9.713)
Dividends received from associate	0	0
	(30.314)	(92.301)
Financing activities		
Purchase of treasury shares	(1.063.483)	0
Dividends paid	(757.692)	(500.072)
Principal payments of lease liability	(92.305)	(90.628)
Short-term loans, change	(856.005)	1.250.059
	(2.769.484)	659.359
Change in cash and cash equivalents	1.103.585	47.738
Cash and cash equivalents at the beginning of the year	1.750.025	2.321.959
Effect of movements in exchange rates on cash held	(1.574)	(52.202)
Cash and cash equivalents at the end of the period	2.852.036	2.317.496

The notes on pages 10-22 are an integral part of these financial statements.

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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 30 June 2026 consist of the financial statements of the Company and its subsidiaries. Subsidiaries include VÍS tryggingar hf. ("VÍS"), Fossar fjárfestingarbanki hf. ("Fossar" or "the bank"), Íslensk verðbréf hf. ("ÍV") 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.

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 15 July 2026. The notes on pages 10-22 are an integral part of these condensed interim financial statements.

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 and changes in comparative figures, 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.

Goodwill

Assets such as goodwill are subject to annual impairment testing, or more frequently when there is an indication of impairment. Goodwill is allocated to cash generating units ("CGUs") for the purpose of impairment testing. Goodwill has been allocated to the following CGUs; Insurance operations and Financial Services operations. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combinations in which the goodwill arose. At the end of the reporting period there are no triggers indicating that impairment of goodwill is required.

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 Lífís life insurance business units. Insurance investments include the investment operations of the insurance business (VÍS and Lífís). Financial services include the operations of Fossar and ÍV.

The operating segments' results for the period 1 January to 30 June 2026 are specified as follows:

	Insurance operations	Insurance investments	Financial services	Centralized supporting units and eliminations	Total
Insurance revenue	16.473.978				16.473.978
Claims incurred	(11.425.491)				(11.425.491)
Insurance contract operating expenses	(3.053.820)				(3.053.820)
Net expenses from reinsurance contracts	(410.387)				(410.387)
Insurance service result	1.584.281	0	0	0	1.584.281
Net interest income			285.076		285.076
Net fee and commission income			1.106.029	(54.765)	1.051.264
Financial income		762.164	(11.955)	(31.549)	718.661
Operating exp. of the insurance investment portfolio		(163.304)			(163.304)
Net finance expenses from insurance contracts		(753.356)			(753.356)
Other financial items		(241.957)		(51.916)	(293.874)
Net financial income	0	(396.453)	(11.955)	(83.465)	(491.873)
Other operating income	119.527		990	90	120.608
Share in profit of associates, after income tax				23.636	23.636
Net operating income	1.703.808	(396.453)	1.380.141	(114.504)	2.572.992
Operating expenses	(87.471)		(1.439.538)	(236.991)	(1.764.000)
Allocated costs from supporting units	(83.830)	(77.382)	(36.498)	197.710	0
Amortization of intangible assets			(11.756)	(86.900)	(98.656)
Net credit impairments			(6.681)		(6.681)
Profit (loss) before tax	1.532.506	(473.835)	(114.331)	(240.685)	703.656
Income tax expenses					(308.628)
Profit for the period					395.028

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Notes to the Condensed Consolidated Interim Financial Statements

5. Operating segment reporting (cont.)

The operating segments' results for the period 1 January to 30 June 2025 are specified as follows:

	Insurance operations	Insurance Investments	Financial services	Centralized supporting units and eliminations	Total
Insurance revenue	15.386.032				15.386.032
Claims incurred	(10.532.689)				(10.532.689)
Insurance contract operating expenses	(2.897.075)				(2.897.075)
Net expenses from reinsurance contracts	(507.485)				(507.485)
Insurance service result	1.448.784	0	0	0	1.448.784
Net interest income			200.022		200.022
Net fee and commission income			1.315.590	(123.968)	1.191.621
Financial income		(12.899)	(5.323)	(30.085)	(48.307)
Operating exp. of the insurance investment portfolio		(157.398)			(157.398)
Net finance expenses from insurance contracts		(777.079)			(777.079)
Other financial items		(202.577)		(50.903)	(253.480)
Net financial income	0	(1.149.952)	(5.323)	(80.989)	(1.236.264)
Other operating income	124.636		1.678	(2.491)	123.823
Share in profit of associates, after income tax				51.450	51.450
Net operating income	1.573.419	(1.149.952)	1.511.966	(155.998)	1.779.435
Operating expenses	(79.012)		(1.486.893)	(216.433)	(1.782.338)
Allocated costs from supporting units	(123.490)	(113.990)	(37.980)	275.460	0
Amortization of intangible assets			(10.433)	(86.900)	(97.333)
Net credit impairments			(4.069)		(4.069)
Profit (loss) before tax	1.370.918	(1.263.943)	(27.408)	(183.871)	(104.304)
Income tax expenses					(276.077)
Loss for the period					(380.381)

**The presentation of comparative figures has been revised.*

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Notes to the Condensed Consolidated Interim Financial Statements

6. Operating expenses

The table below shows operating expenses as presented in the income statement.

	YTD 2026	YTD 2025
Financial services	1.439.538	1.486.893
Skagi supporting units and eliminations	236.991	216.433
Other cost related to VÍS tryggingar	87.471	79.012
Total	1.764.000	1.782.337

The following table shows breakdown of total operating expenses, including Insurance contract operating expenses.

	YTD 2026	YTD 2025
Salaries and related expenses	3.216.757	3.121.323
Other operating expenses	1.532.366	1.492.258
Depreciation and amortization	330.657	263.724
Total	5.079.779	4.877.304
Centralized supporting units and eliminations	236.991	216.433
Operating expenses of financial services	1.439.538	1.486.893
Insurance contract operating expenses	3.053.820	2.897.075
Operating expenses of the insurance investment portfolio and other insurance cost	250.775	179.571
Amortization of intangible assets	98.656	97.333
Operating expenses, total	5.079.779	4.877.304

Salaries and related expenses are specified as follows:	YTD 2026	YTD 2025
Salaries	2.498.779	2.360.601
Pension fund contributions	352.020	338.998
Share option expenses	35.448	52.567
Special financial activities tax on salaries	136.758	150.428
Other salary-related expenses	193.752	218.729
Salaries and salary-related expenses	3.216.757	3.121.323
Number of fulltime employees	233	242

Salaries include severance payments made to employees who are not included in the average number of full-time equivalents (FTEs).

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.

7. Financial assets

The table below shows financial assets for each operating segment:

30.6.2026

Shares in other companies	Insurance investments	Financial services	Total
Listed on domestic stock exchanges	2.355.320	173.976	2.529.296
Listed on foreign stock exchanges	2.551.953	0	2.551.953
Other companies	7.378.309	62.038	7.440.347
	12.285.582	236.014	12.521.596
Other securities			
Government-backed securities, indexed	3.166.440	129.300	3.295.740
Government-backed securities, non-indexed	6.946.363	4.601.491	11.547.854
Other bonds	15.733.059	481.029	16.214.089
Bond funds	8.391.420	313.132	8.704.552
Institutional investor funds	2.267.676	0	2.267.676
	36.504.958	5.524.953	42.029.912
Other financial assets			
Currency forwards	202.311	0	202.311
Total financial assets	48.992.851	5.760.967	54.753.818

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Notes to the Condensed Consolidated Interim Financial Statements

7. Financial assets (cont.)

31 December 2025

Shares in other companies	Insurance investments	Financial services	Total
Listed on domestic stock exchanges	3.797.389	459.228	4.256.618
Listed on foreign stock exchanges	3.518.905	0	3.518.905
Other companies	8.183.576	57.571	8.241.146
	15.499.870	516.799	16.016.669
Other securities			
Government-backed securities, indexed	2.500.633	307.614	2.808.247
Government-backed securities, non-indexed	8.345.277	5.997.752	14.343.028
Other bonds	11.519.128	212.568	11.731.696
Bond funds	8.320.339	253.174	8.573.513
Institutional investor funds	2.103.653	0	2.103.653
	32.789.030	6.771.107	39.560.137
Other financial assets			
Currency forwards	312.164	0	312.164
Total financial assets	48.601.064	7.287.906	55.888.970

8. Loans to customers

a. Credit risk of financial activities

The table below shows the claim and book value of financial assets and expected credit losses, in accordance with IFRS 9, by age (number of days past due).

A total of 338 m ISK that were classified as Past due 31-60 days were fully paid up after the end of the period and thus no longer constitute a risk to the Bank.

30.6.2026	Nominal value of claim	Expected credit losses	Booked balance
Not yet due	10.448.222	(19.215)	10.429.007
Past due 1-30 days	166.776	(4.386)	162.391
Past due 31-60 days	338.029	(191)	337.838
Past due 61-90 days	13.177	(332)	12.845
Default >90 days			
	10.966.204	(24.123)	10.942.081

31.12.2025	Nominal value of claim	Expected credit losses	Booked balance
Not yet due	11.853.950	(17.442)	11.836.508
Past due 1-30 days			
Past due 31-60 days			
Past due 61-90 days			
Default >90 days			
	11.853.950	(17.442)	11.836.508

b. Loan-to-value

The loan-to-value ratio (LTV) is the ratio of the gross amount of the loan to the value of the collateral, if any, for the loans to customers of the Bank. Collateral position and the general creditworthiness of a customer are together viewed as the most reliable indicators of credit quality of a loan. Besides collateral included in the LTV ratios the Bank uses other risk mitigation measures, such as guarantees, negative pledge, cross-collateral and collateralization of non-quantifiable assets.

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8. Loans to Customers (cont.)

The breakdown of loans to customers by LTV is specified as follows:

	30.6.2026	%	31.12.2025	%
Less than 50%	3.499.937	32,0%	3.520.710	30%
51-70%	6.135.384	56,1%	6.055.787	51%
71-90%	1.306.761	11,9%	2.260.012	19%
91-100%	0	0,0%	0	0,0%
Total	10.942.081	100%	11.836.508	100%

c. Credit quality of loans to customers by credit quality band

The following tables show financial assets subject to the impairment requirements of IFRS 9 broken down by credit quality bands where band I denotes the lowest and band IV the highest credit risk. The Bank has primarily used adjusted external credit ratings to assess the default probability of its customers. The Bank's impairment model uses external credit ratings as one of its main inputs, while LGD is based on internal estimates that take into account management judgement as well as economic outlook.

30.6.2026

Loans to customers:	Stage 1	Stage 2	Stage 3	Total
Credit quality band I	8.047.922			8.047.922
Credit quality band II	1.999.274	382.583		2.381.858
Credit quality band III	230.985	63.447		294.432
Credit quality band IV	0	59.590		59.590
In default		182.402		182.402
Non-Rated				0
Gross carrying amount	10.278.181	688.023	0	10.966.204
Expected credit loss	(13.134)	(10.988)		(24.123)
Book value	10.265.047	677.034	0	10.942.081

31.12.2025

Loans to customers:	Stage 1	Stage 2	Stage 3	Total
Credit quality band I	9.922.861			9.922.861
Credit quality band II	1.163.305	56.381		1.219.687
Credit quality band III	340.165	235.746		575.911
Credit quality band IV	10.483	125.009		135.492
In default				0
Non-Rated				0
Gross carrying amount	11.436.813	417.137	0	11.853.950
Expected credit loss	(11.342)	(6.100)		(17.442)
Book value	11.425.472	411.037	0	11.836.508

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Notes to the Condensed Consolidated Interim Financial Statements

9. Group entities

	30.6.2026	31.12.2025	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 activites
Skagi ehf.	100,0%	100,0%	Investing activites
Líftryggingafélag Íslands hf.	100,0%	100,0%	Life insurance
Íslensk verðbréf hf.	100,0%	85,9%	Asset and fund management

As of beginning of the year 2026, Skagi has become 100% owner of Íslensk verðbréf, following purchase of 14,1% shareholding from minority shareholders.

10. Investment in associates

	Share	Book value 30.6.2026	Book value 31.12.2025
Tplús hf.	35,0%	175.673	158.378
Vex ehf.	33,3%	60.103	53.762
		235.776	212.140

11. Insurance contract liabilities

Insurance contract liabilities are measured in accordance with IFRS 17 using the Premium Allocation Approach (PAA) and include a risk adjustment for non-financial risk. The line “Run-off and Reassessment of Risk Adjustment” includes the release of risk adjustment for services provided and increases due to updated assumptions.

Insurance contract liabilities	30.6.2026	31.12.2025
Liability for remaining coverage	3.814.374	2.758.248
Liability for incurred claims	28.309.404	27.573.179
Total insurance contract liabilities	32.123.777	30.331.427
Reinsurance contract assets		
Assets from reinsurance contracts held	920.740	960.618
Insurance contract liabilities, net of reinsurance		
Insurance contract liabilities, net of reinsurance	31.203.037	29.370.808

Changes in liabilities for incurred claims are specified as follows:

Liability for incurred claims, start of year	27.573.179	27.135.658
Accounts payable related to incurred claims, start of year	(722.158)	(909.891)
Net liability for incurred claims	26.851.021	26.225.766
Net finance expenses from insurance contracts	753.356	1.631.525
Paid claims in the period due to older years	(6.561.583)	(12.057.194)
Liability for incurred claims, current year	7.477.846	11.972.540
Total calculated liability for incurred claims	28.520.640	27.772.637
Run off and reassessment of risk adjustment	(1.032.182)	(921.617)
Accounts payable related to incurred claims	820.945	722.158
Liability for incurred claims, end of period	28.309.404	27.573.179

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Notes to the Condensed Consolidated Interim Financial Statements

12. Financial liabilities

Financial liabilities are specified as follows. For a detailed breakdown, refer to notes 12.1 and 12.2.

	30.6.2026	31.12.2025
Borrowings	11.883.207	12.342.900
Issued bonds and bills	8.214.567	8.610.879
Financial liabilities total	20.097.774	20.953.779

12.1 Borrowings

Borrowings are specified as follows:

	30.6.2026	31.12.2025
Money market deposits	6.543.656	8.972.015
Liabilities to credit institutions	5.339.550	3.370.884
Total	11.883.207	12.342.900

12.2 Issued bonds and bills

Balance 30.6.2026

Issued bonds and bills	Issued	Maturity	Type and terms of interest	30.6.2026
FOS 26 0909	11.3.2026	9.9.2026	Bill, discounted	1.220.277
FOS 26 1126	28.5.2026	26.11.2026	Bill, discounted	1.099.426
FOS 281026	28.10.2024	28.10.2026	Bond, fixed 9.2%	1.523.767
FOS 040728	4.7.2025	4.7.2028	Bond, fixed 9.03%	1.565.844
FOS 27 1	23.12.2025	23.6.2027	Bond, floating 1M Reibor +1.7%	2.805.254
				8.214.567

Balance 31.12.2025

Issued bonds and bills	Issued	Maturity	Type and terms of interest	31.12.2025
FOS 26 0311	11.9.2025	11.3.2026	Bill, discounted	1.023.153
FOS 26 0528	28.11.2025	28.5.2026	Bill, discounted	908.819
FOS 26 1	10.7.2024	10.1.2026	Bond, floating 1M Reibor +1.5%	783.014
FOS 27 1	23.12.2025	23.6.2027	Bond, floating 1M Reibor +1.7%	2.805.907
FOS 040728	4.7.2025	4.7.2028	Bond, fixed 9.03%	1.566.220
FOS 281026	28.10.2024	28.10.2026	Bond, fixed 9.2%	1.523.767
				8.610.879

Skagi has a bank credit facility line up to ISK 2,500 million, of which ISK 960 million remains undrawn as of the reporting date.

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Notes to the Condensed Consolidated Interim Financial Statements

13. 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 activities in the computation of the solvency of the conglomerate.

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 basis that the Group is defined as 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 1.30 compared to the minimum requirement in the Regulation, which is 1.0 and the internal limit of 1.175. Group solvency ratio is shown before and after assumed dividend as of reporting date in accordance with target dividend payout ratio of 40% of profits and share repurchase program.

Own funds	30.6.2026	31.12.2025
Own funds for insurance activities	19.067.588	20.105.530
Own funds for other activities	3.476.258	3.288.461
Total own funds (before assumed dividend or share repurchase)	22.543.846	23.393.991
Minimum own fund requirements		
Own funds requirements for insurance activities	14.387.772	14.328.365
Own fund requirements for other activities	2.667.336	2.935.881
Total minimum own fund requirements	17.055.108	17.264.246

Solvency

	30.6.2026	31.12.2025
Equity according to the statement of financial position	22.558.088	23.984.235
Intangible assets	(4.489.605)	(4.558.785)
Subordinated bond	4.018.709	3.907.720
Assumed dividend plan	(158.000)	(760.000)
Share repurchase program	(187.395)	0
Other	456.653	60.822
Calculated own funds	22.198.451	22.633.991
Minimum own fund requirements	17.055.108	17.264.246
Solvency ratio	1,30	1,31
Solvency ratio (before assumed dividend or share repurchase)	1,32	1,36

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Notes to the Condensed Consolidated Interim Financial Statements

14. Solvency of insurance activities

The minimum solvency is a minimum amount of capital needed to meet the risks faced by insurance activities (VÍS and Lífís). 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 is 1.48 compared to internal limit of 1.35. The solvency ratio of the insurance activities is shown before and after assumed dividend and/or share repurchase to Skagi parent company.

Solvency capital requirements	30.6.2026	31.12.2025
Base Solvency capital requirement (BSCR)	15.725.702	15.714.987
Operational risk	1.182.913	1.127.280
Adjustment due to deferred taxes	(2.536.292)	(2.526.170)
Total minimum solvency	14.372.323	14.316.097

Base Solvency capital requirement (BSCR)	30.6.2026	31.12.2025
Market risk	8.211.043	9.246.964
Counterparty risk	2.442.921	1.902.212
Life underwriting risk	195.820	184.216
Health underwriting risk	2.169.953	1.951.091
Non-life underwriting risk	9.257.249	8.727.296
Diversification effects and other factors	(6.551.284)	(6.296.792)
Total BSCR	15.725.702	15.714.987

Market risk		
Interest rate risk	635.384	700.832
Equity risk	6.822.998	8.077.662
Property risk	232.131	268.610
Spread risk	1.414.394	1.037.481
Foreign currency risk	237.559	396.282
Concentration risk	303.676	599.090
Diversification effects	(1.435.100)	(1.832.994)
Total market risk	8.211.043	9.246.964

Solvency		
Minimum own fund requirements	14.372.323	14.316.097
Calculated own funds (before assumed dividend or share repurchase)	21.721.686	21.794.430
Solvency ratio (before assumed dividend or share repurchase)	1,51	1,52
Calculated own funds (after assumed dividend or share repurchase)	21.250.788	20.594.430
Solvency ratio (after assumed dividend or share repurchase)	1,48	1,44

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Notes to the Condensed Consolidated Interim Financial Statements

15. 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 the standardized method and the bank's capital adequacy ratio is 27.1%.

	30.6.2026	31.12.2025
Fossar total equity at period end	3.296.227	3.182.493
Deduction items	(214.277)	(236.870)
Own funds	3.081.950	2.945.623
Risk weighted exposures:		
Credit risk	6.626.242	6.880.546
Market risk	1.840.301	2.478.240
Operational risk	2.918.189	2.918.189
Total risk exposure amount	11.384.732	12.276.974
Capital adequacy ratio for Fossar	27,1%	24,0%

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 FSA through the Supervisory Review and Evaluation Process (SREP). Minimum regulatory capital requirements, including additional capital buffers, is 21.4% according to the most recent Supervisory Review and Evaluation Process.

16. 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.

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Notes to the Condensed Consolidated Interim Financial Statements

17. Quarterly statement and key ratios

	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025
Insurance revenue	8.426.106	8.047.872	8.204.617	8.368.737	7.854.521
Net interest income	131.128	153.949	137.845	122.830	91.633
Net fee and commission income	518.423	532.842	686.128	479.882	657.261
Net financial income	(207.722)	(284.151)	1.520.760	(246.090)	(139.615)
Share in profit of associates, after income tax	6.341	17.295	59.500	0	26.366
Other income	87.408	33.200	47.127	39.903	72.834
Total income	8.961.683	8.501.007	10.655.977	8.765.262	8.562.999
Insurance service expenses	(6.809.342)	(7.669.969)	(7.985.855)	(6.590.384)	(6.026.185)
Net expenses from reinsurance contracts	(170.484)	(239.903)	(168.842)	(307.324)	(329.007)
Operating expenses	(890.350)	(873.650)	(966.460)	(759.438)	(889.741)
Amortization of intangible assets	(49.317)	(49.339)	(49.802)	(49.170)	(50.071)
Net credit impairments	(5.248)	(1.433)	(249)	(2.309)	(1.005)
Profit (loss) before income taxes	1.036.943	(333.287)	1.484.768	1.056.638	1.266.990
Income tax	(306.222)	(2.406)	80.681	(339.241)	(294.647)
Profit (loss) for the period	730.721	(335.693)	1.565.449	717.397	972.343
Insurance operations					
Claims ratio	62,8%	76,2%	78,6%	62,6%	58,3%
Net reinsurance ratio	2,0%	3,0%	2,1%	3,7%	4,2%
Claims and net reinsurance ratio	64,8%	79,2%	80,7%	66,3%	62,5%
Insurance contracts expense ratio	18,0%	19,1%	18,7%	16,1%	18,4%
Combined ratio	**82,8%**	**98,3%**	**99,4%**	**82,4%**	**80,9%**
Investment Operations					
Insurance investment portfolio return	0,8%	0,7%	4,0%	0,9%	1,1%
Financial services					
Financial Services income (excl. interco adj.) ISKm	666	714	976	700	732
Assets under Management (AuM) ISKbn	251	251	253	236	232
Group					
ROE on annual basis	12,9%	-5,7%	27,2%	13,2%	18,4%
Profit per share	0,39	-0,18	0,82	0,38	0,51

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