

Skagi hf.

Financial results

Q1 2026



Key highlights Q1 2026

Ongoing core operational improvement for Skagi group 


Core PBT up **~200m** YoY

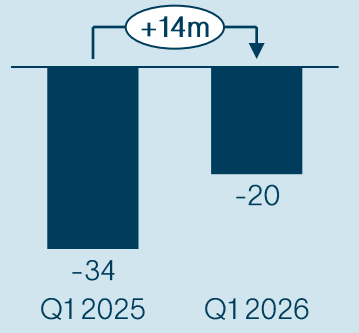


Best Q1 insurance result in eight years 


Combined ratio **98.3%**

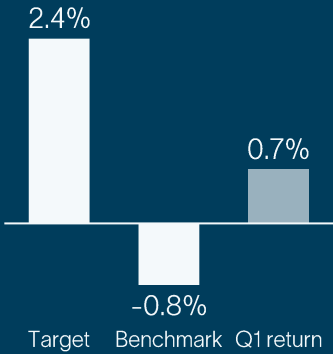


Financial services results under targets but improve on previous year 



Quarter	Result
Q1 2025	-34
Q1 2026	-20

Investment results below target but significantly above benchmark 



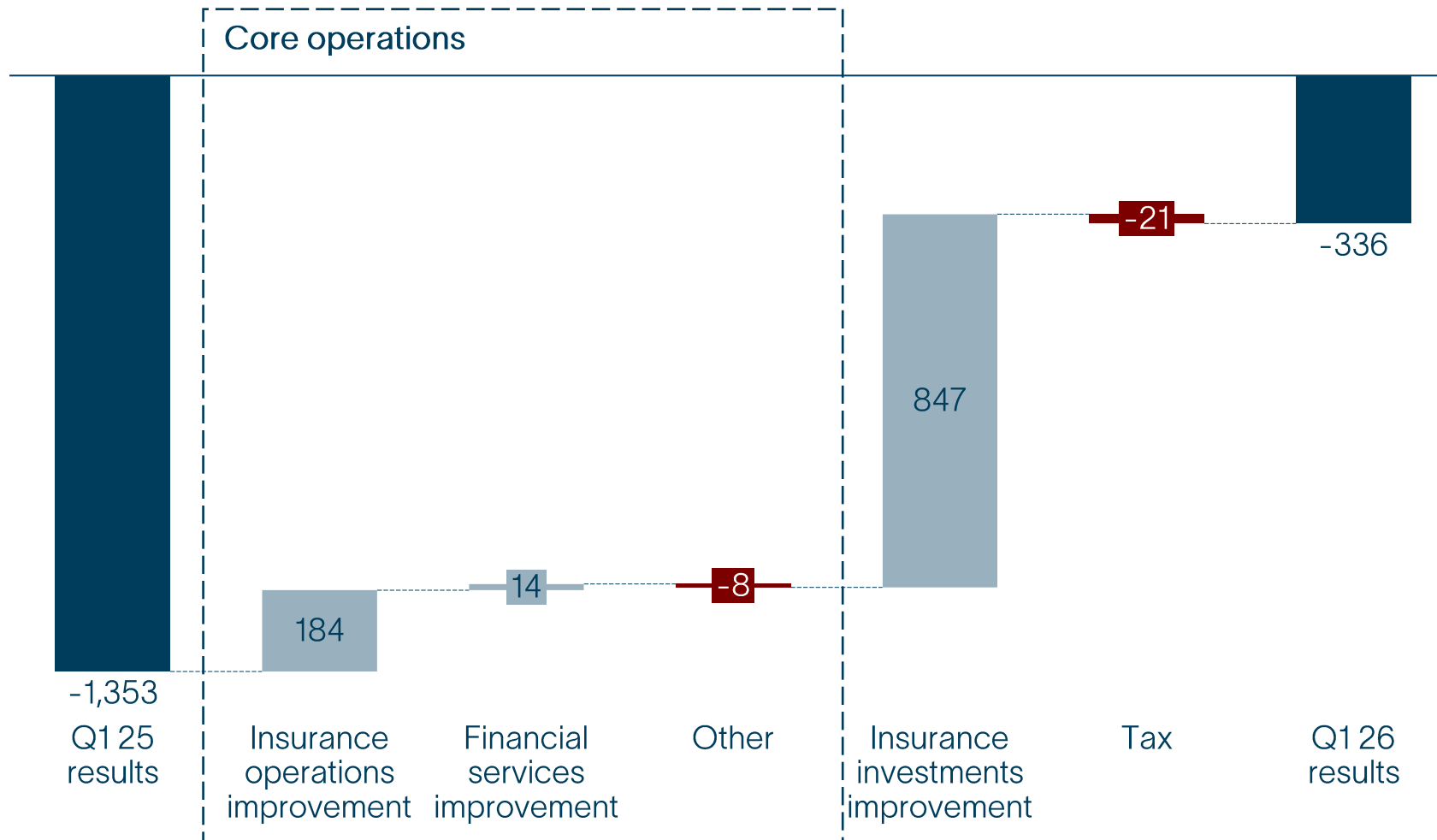
Metric	Value
Target	2.4%
Benchmark	-0.8%
Q1 return	0.7%

Strategic refresh following conclusion of Íslandsbanki merger discussions 



Persistent YoY improvement in core operations

Profitability bridge, Q1 2025 vs Q1 2026, ISKm

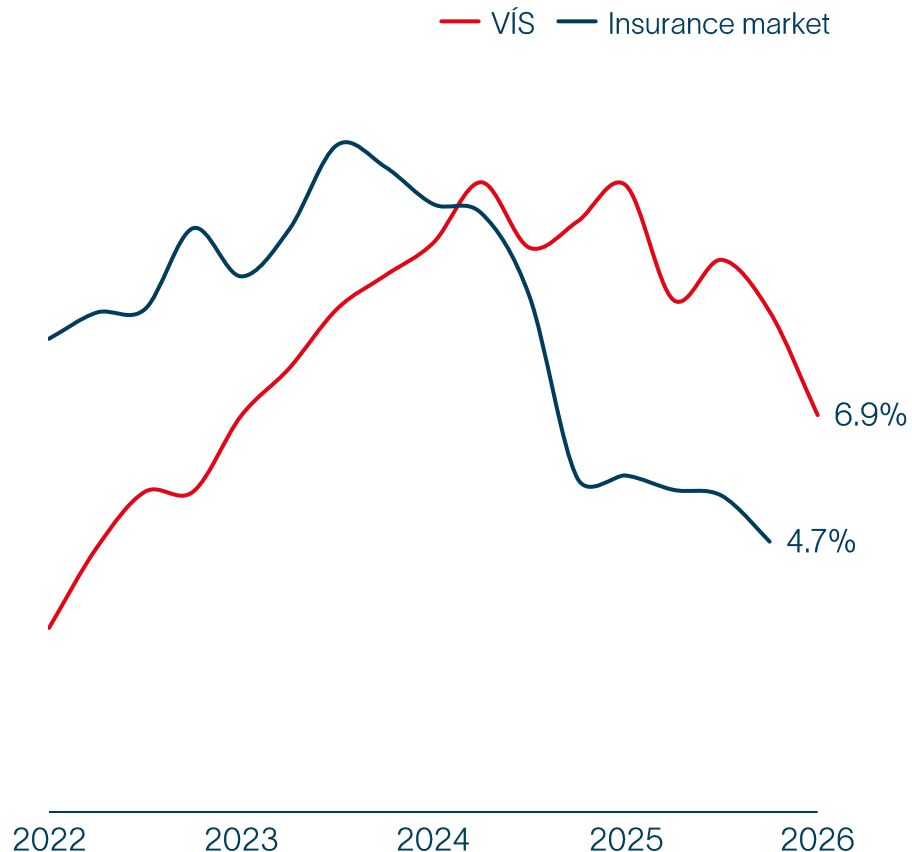


- Growth in profitability of core operations continues
- All core revenue-generating segments delivered year-on-year profit growth
- Investment income improved year-on-year, but remained below expectations in the quarter
- Q1 2026 net result of ISK 336m loss, primarily driven by negative equity returns in insurance investment portfolio

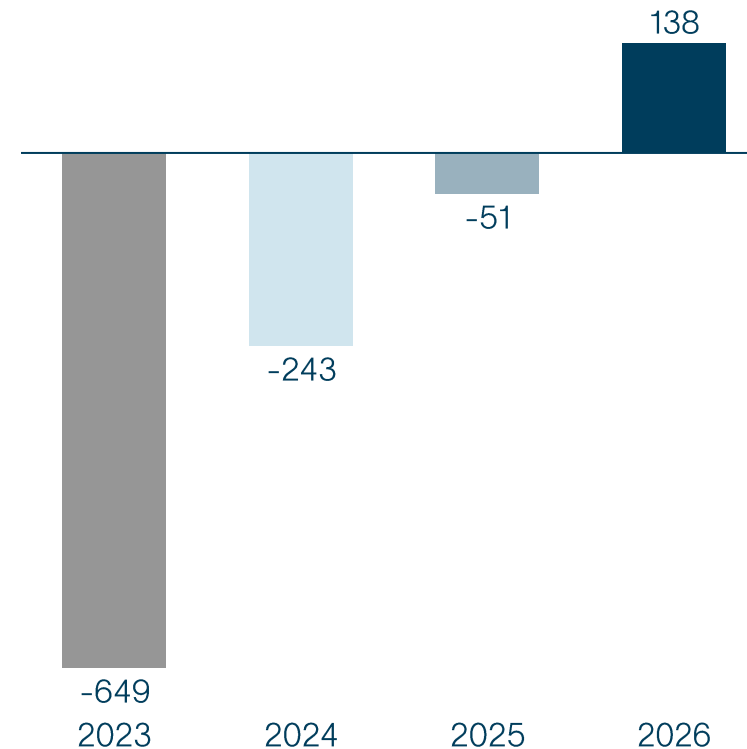
Continued profitability growth for VÍS insurance



YoY insurance premium growth by quarter
VÍS vs insurance market in Iceland¹



Q1 insurance service results
2023-2026

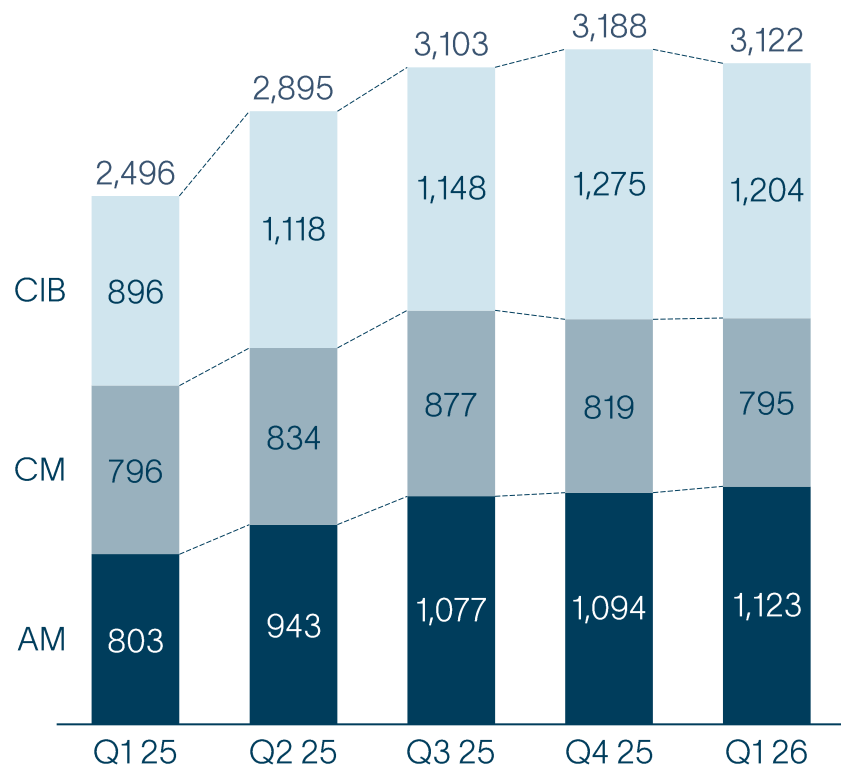


- VÍS delivers strongest Q1 insurance service results since 2018, with combined ratio of 98.3%
- Premiums in life & health increased by 11.2% in Q1
- Continued improvement in underlying business, supporting sustained reduction in combined ratio
- Premium growth remains solid year-on-year, moderating in the quarter and in line with targets
- Ongoing improvement in customer satisfaction

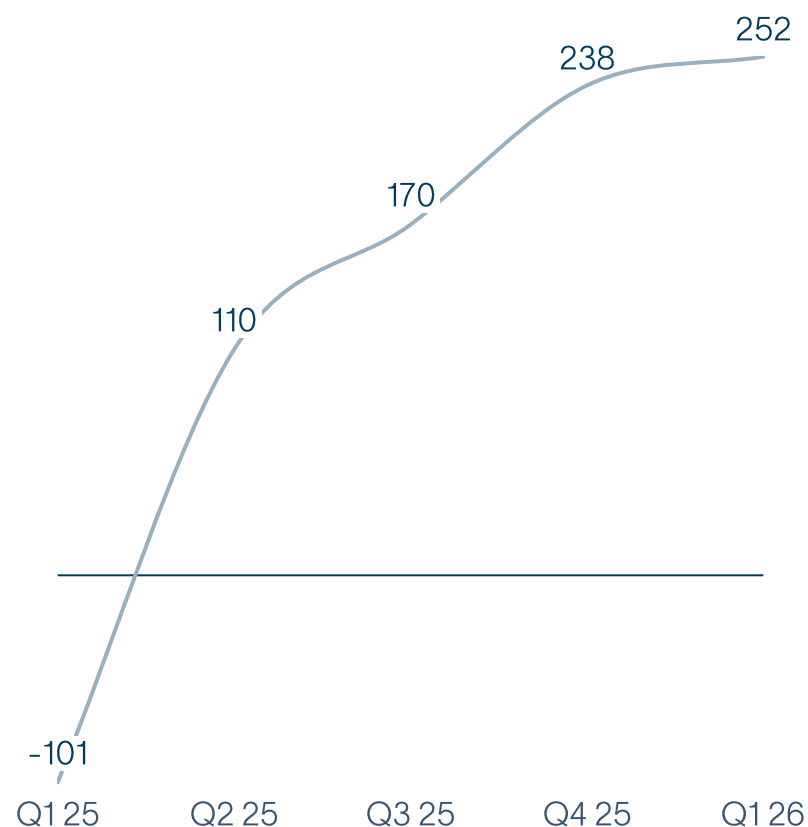
¹ Weighted average growth of VÍS, Sjóvá, TM and Vörður

Modest YoY profit growth in Financial services despite soft revenue quarter

Financial Services LTM revenues by quarter, ISKm



Financial Services LTM pre-tax profit/loss by quarter, ISKm



- Q1 revenues below expectations, primarily reflecting weaker fee income and lower transactional activity in the quarter
- 10% YoY decrease in operating expenses results in growth in LTM profitability from financial services
- Ongoing shift in revenue mix toward asset management and loan book, supporting a more stable earnings profile

Financial targets 2026 broadly on track



● Target currently outperforming
 ● Target currently on track
 ● Target currently underperforming
 ● Target unlikely

Group	KPI	2026 target	Outlook after Q1
	ROE	>15%	●
	Core operations PBT	>2,400m	●
Insurance	Combined ratio	<93.5%	●
	Revenue growth	>7%	●
Financial services	Financial services revenue	>3,500m	●
	AuM	>270bn	●
Investments	Investment return	>9.5%	●

- Combined ratio ahead of Q1 target, currently tracking above full-year target
- Investment returns and financial services revenue currently below target, reflecting short-term volatility; confidence in reaching both targets remains unchanged
- Skagi operations and investment performance are inherently volatile on a quarterly basis, which may affect the near-term target outlook

Revised strategy and structure changes within group



Revised strategic priorities and structural changes

Following the conclusion of merger discussions with Íslandsbanki, Skagi's Board of Directors has **revised the Group's strategic priorities** for the coming years

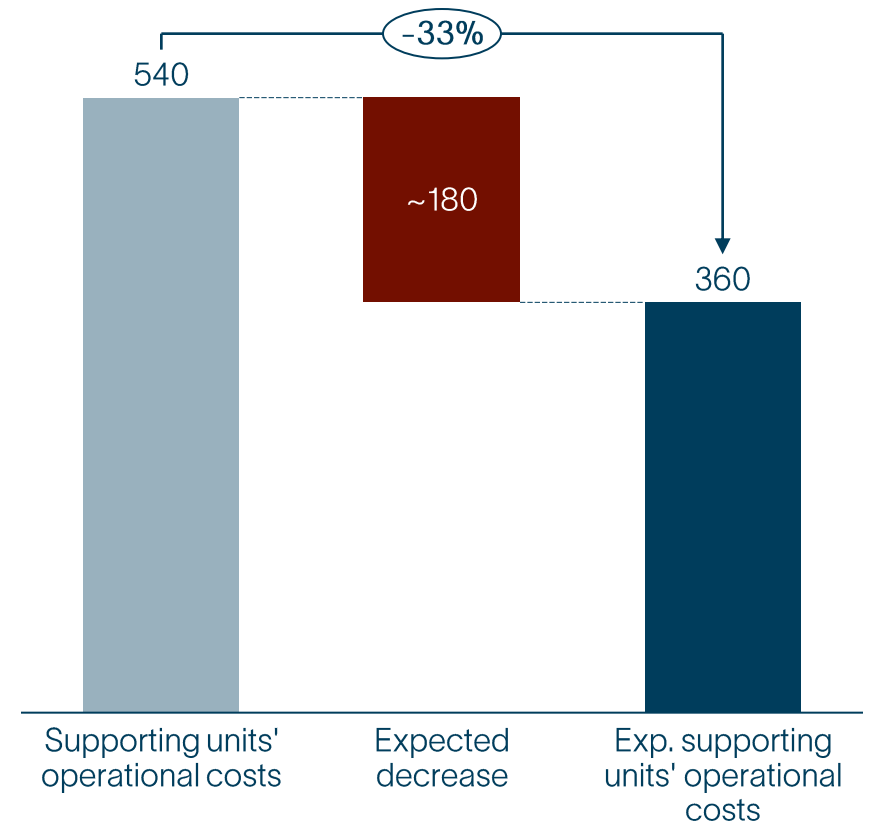
The updated strategy will focus on **enhancing operational efficiency and simplifying the Group's structure**

As part of these changes, **Steingrímur Finnsson will step down as CEO of Fossar Investment Bank**, with Brynjar Þór Hreinsson appointed as his successor

In parallel, **Skagi's role as a parent company will be streamlined**, with responsibilities reallocated across the Group

These initiatives are expected to deliver **annual cost efficiencies up to ISK 180 million** once fully implemented

Expected impact on supporting unit costs, ISKm annual basis



Q1 Financials



Income statement Q1 2026

Investment returns impact profitability



Income statement	Q1 2026	Q1 2025	Diff.	Diff. %
Insurance service result	138	-51	189	371%
Net interest income	154	108	46	43%
Net fee and commission income	533	588	-55	-9%
Net financial income	-284	-1,097	813	74%
Other income	51	76	-25	-33%
Net Operating Income	591	-376	967	257%
Operating expenses	-874	-946	72	8%
Amortization of intangible assets	-49	-47	-2	-4%
Net impairments	-1	-3	2	67%
Profit before taxes	-333	-1,372	1,039	76%
Income tax	-2	19	-21	-111%
Profit	-336	-1,353	1,018	75%

Group KPIs				
Core Revenues	8,762	8,311	451	5%
ROE - annualised	-5.7%	-25.1%	+19.4pp	
Profit per share	-0.18	-0.71	0.53	75%

Business Unit KPIs				
Insurance revenue	8,048	7,532	516	7%
Combined ratio	98.3%	100.7%	-2.4pp	
Financial services income	714	780	-66	-8%
Investment income	366	-522	888	170%
Investment income return %	0.7%	-1.1%	+1.8pp	

Insurance

- Insurance revenue 8,048m (+7% YoY)
- Combined ratio 98.3% (-2.4pp YoY) and insurance service result 138m (+189m YoY)

Financial services

- Net interest income 154m (+43% YoY)
- Net fee and commission income 533m (-9% YoY)

Investments

- Investment income 366m, representing a 0.7% return in the period (+1.8pp YoY)
- Net financial income -284m (+813m YoY)

Net operating income

- Net operating income 591m (+967m YoY)

Expenses

- Operating expenses 874m (-8% YoY)

Results

- Pre-tax loss of 333m (+1,039m YoY, improvement of 76%)
- Loss after tax of 336m (+1,018m YoY, improvement of 75%)

Balance sheet

Strong and robust balance sheet



Balance sheet	31.03.2026	31.12.2025	Δ%	31.03.2025	Δ%
Assets					
Cash	3,273	1,750	87%	3,091	6%
Insurance investments assets	49,306	48,601	1%	46,021	7%
Fixed income securities	6,570	6,771	-3%	6,768	-3%
Shares and other variable income securities	583	517	13%	387	51%
Securities used for hedging	3,401	3,110	9%	4,951	-31%
Loans to customers	12,388	11,836	5%	8,643	43%
Goodwill and intangible assets	5,622	5,737	-2%	5,373	5%
Other assets	6,088	6,713	-9%	7,259	-16%
Total Assets	87,231	85,035	3%	82,493	6%
Liabilities and Equity					
Insurance liabilities	32,350	30,331	7%	30,819	5%
Money market deposits	5,195	8,972	-42%	9,412	-45%
Bonds and bills	8,019	8,611	-7%	4,764	68%
Other liabilities	15,107	9,229	64%	12,820	18%
Subordinated liabilities	3,884	3,908	-1%	3,752	4%
Total Liabilities	64,556	61,051	6%	61,567	5%
Equity	22,675	23,984	-5%	20,927	8%
Total Liabilities and Equity	87,231	85,035	3%	82,493	6%

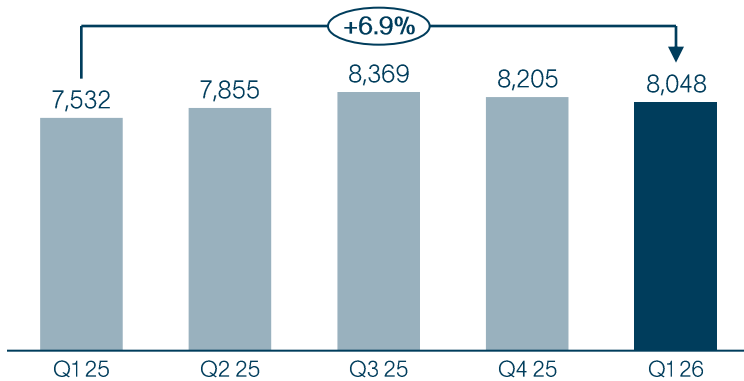
- Total group assets are 87bn (+6% YoY)
- Insurance investment assets stand at 49.3bn (51bn including cash)
- Insurance liabilities 32.4bn (+5% YoY)
- Balance sheet of Fossar consists mainly of liquid government bonds and listed assets
- Loans to customers consist in part of financing with security in liquid listed assets (43% YoY)
- Fossar funding source is mostly in form of money market deposits, bills and bonds
- Fossar has continued to diversify its funding sources with longer term bonds
- Goodwill and intangible assets are mainly related to acquisitions and mergers in financial services
- Equity of the group stands at 22.7bn, and reduction in the period is due to dividend, losses and share repurchase program

Insurance

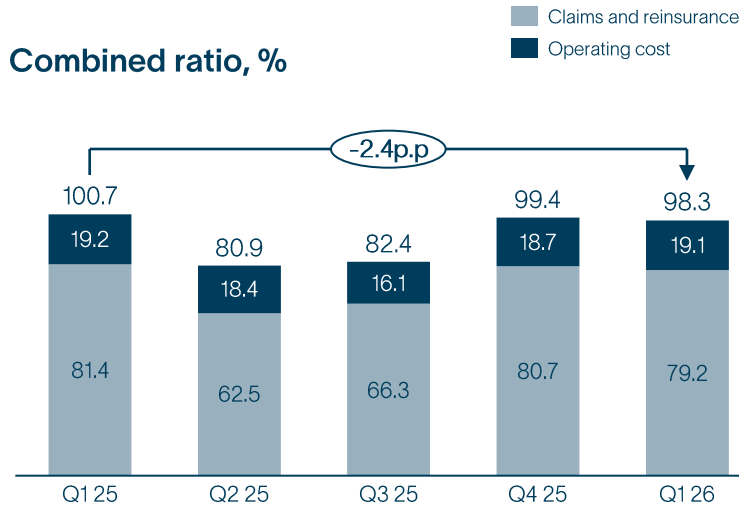
Best combined ratio in Q1 since 2018



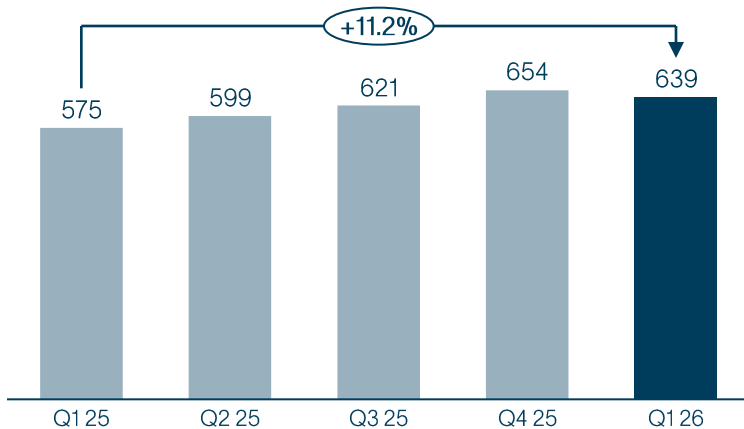
Insurance revenue



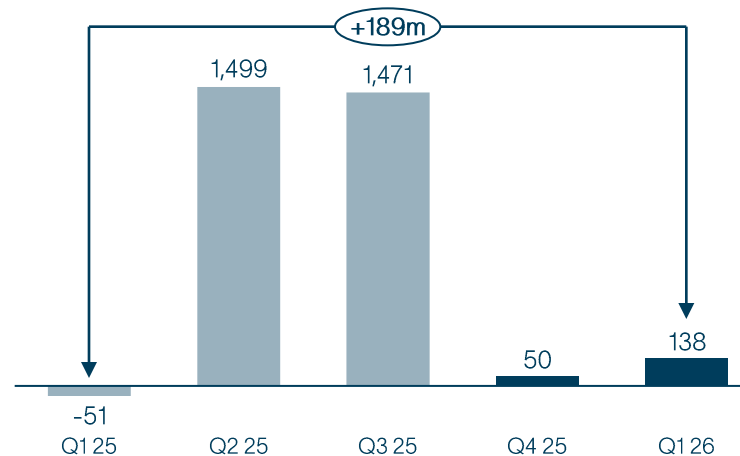
Combined ratio, %



Life insurance revenue



Insurance service results



All amounts are in ISKm unless stated otherwise

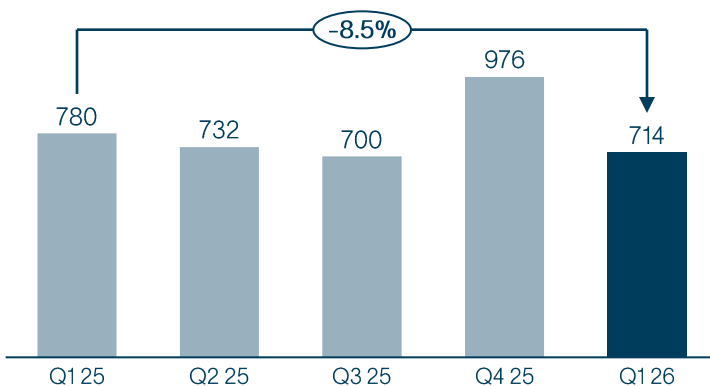
- Best Q1 combined ratio since 2018
- Positive momentum in insurance revenue remains, with 6.9% insurance revenue growth in Q1
- Life- and health insurance remains a key growth driver, with revenue up 11.2% YoY, significantly outpacing total insurance revenue growth
- Strong lead generation through Íslandsbanki partnership in quarter following launch of Íslandsbanki's new loyalty program
- Customer satisfaction continues to improve, with both external metrics and internal drivers trending positively

Financial services

Soft revenue quarter in certain segments of the business

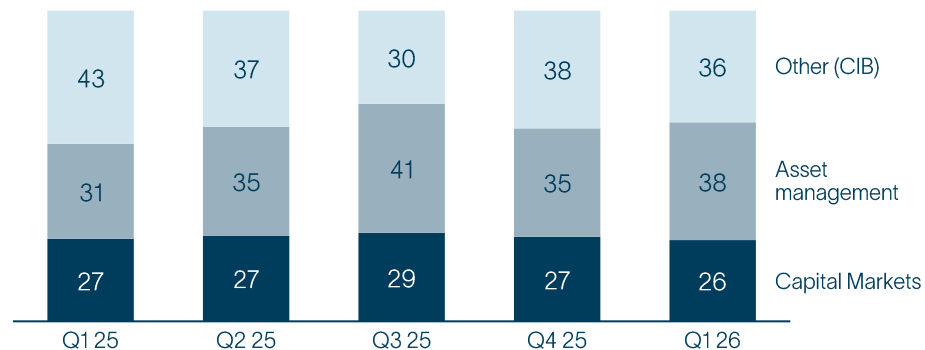
Financial services revenue

Excluding intra-group adj.

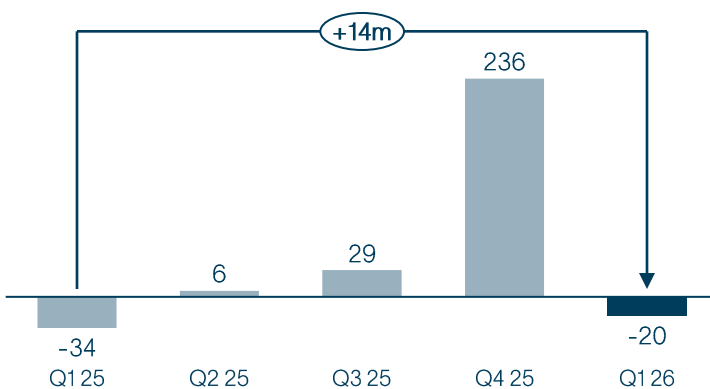


Composition of financial services income, %

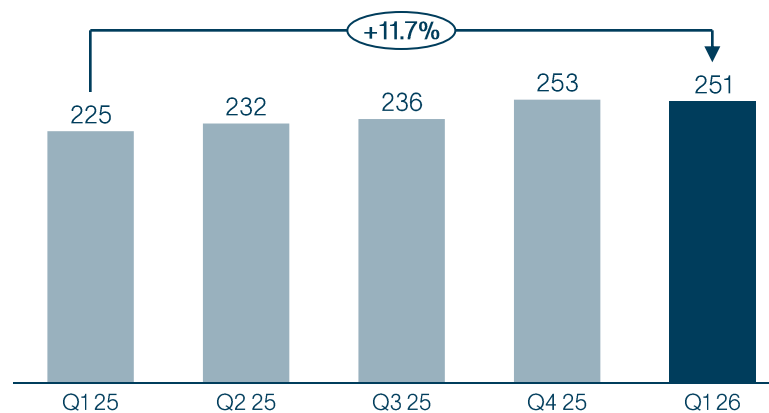
Excluding financial income



Financial services profit before tax



Assets under management *billions ISK*



All amounts are in ISK m unless stated otherwise

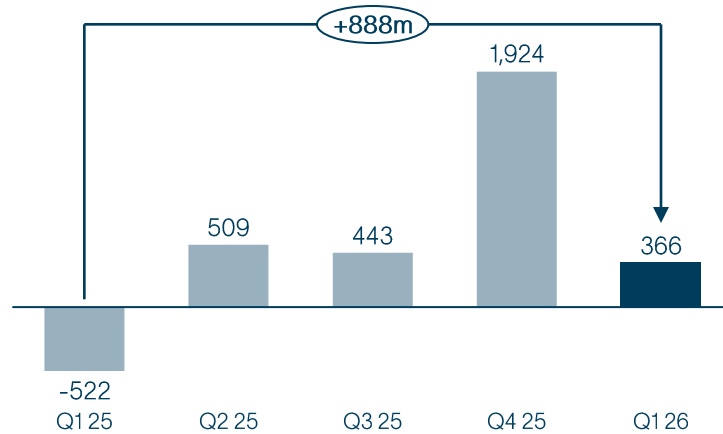
- Financial services revenue decreases 9% in Q1 YoY
- Healthy mix in revenue but soft quarter in corporate finance fees, given the volatile nature of such revenue streams.
- Furthermore, soft results in net financial income in market making
- Despite weak fee generating quarter in corporate finance, CIB income ratio remains steady due to continued growth in loan book related revenue
- Group AuM of 251bn at end of period
- Segment resulted in a 20 million loss for the period. Improved PBT results YoY despite drop in fee generation due to reduced operating expenses
- 24m expenses incurred due to FTE reduction in Íslensk verðbréf

Investments

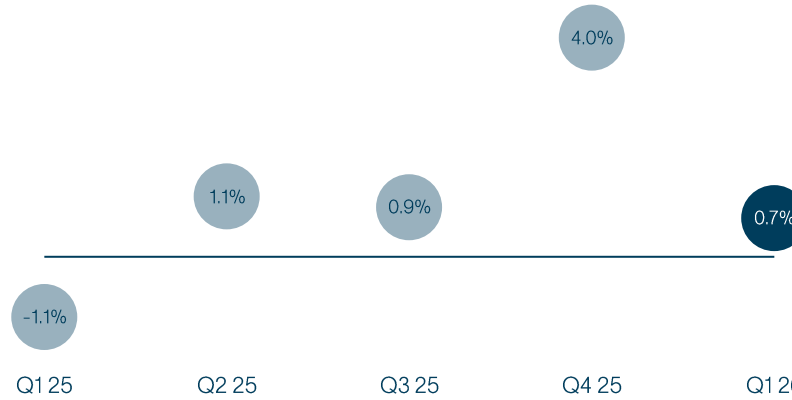


Weak equity markets continue to negatively affect investment income

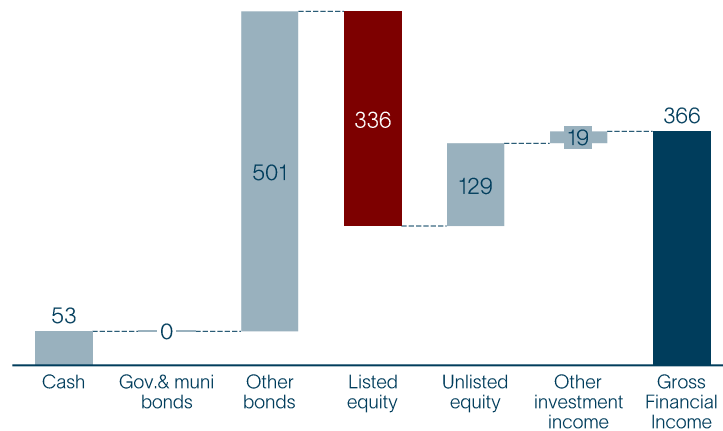
Investment income*



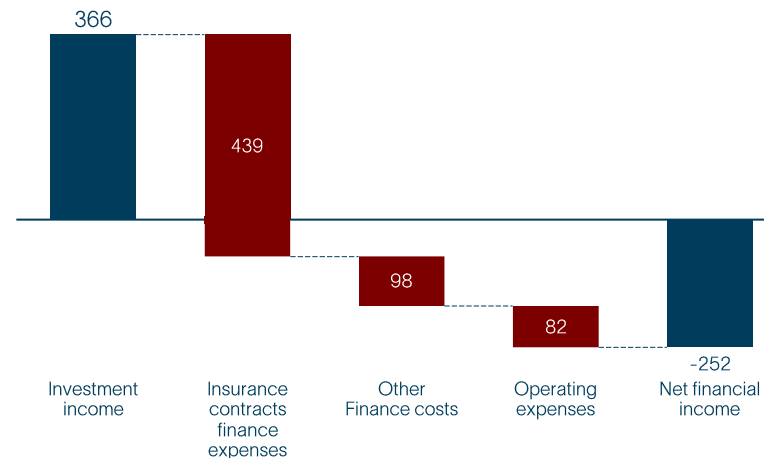
Return on investment assets*



Investment income from assets in Q1 2026



Net financial income breakdown of investments in Q1 2026



- Weak listed equities negatively impact investment results by ISK -336m in Q1
- Return on investments 0.7% in quarter with investment income of 366m
- Investment income mainly driven across bond portfolio whilst equities have remained weak
- Current interest rate environment drives high financial expenses from insurance contracts and other finances costs, totalling over 500m in Q1
- Net financial income result of investments is -252m

All amounts are in ISKm unless stated otherwise

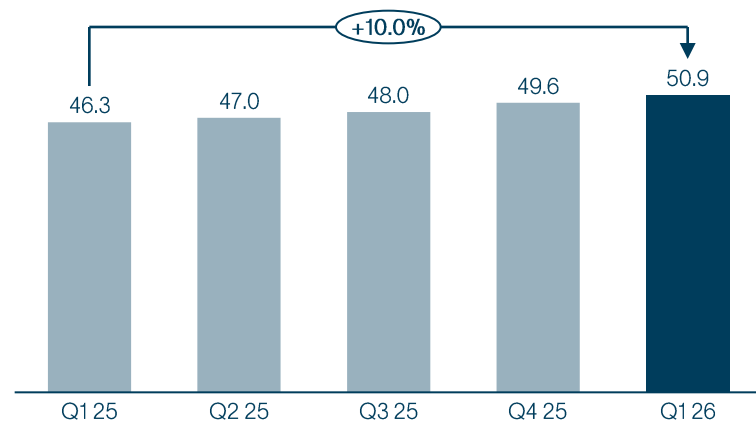
*The presentation of comparative figures has been revised.

Investment portfolio

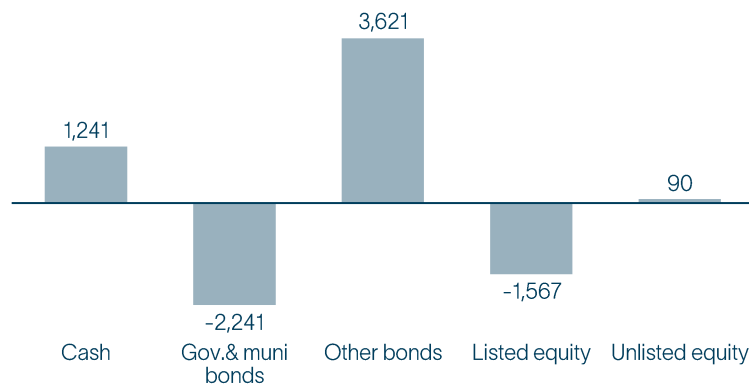


Investment portfolio exposure to listed equity decreasing

Investment assets¹, ISK billions

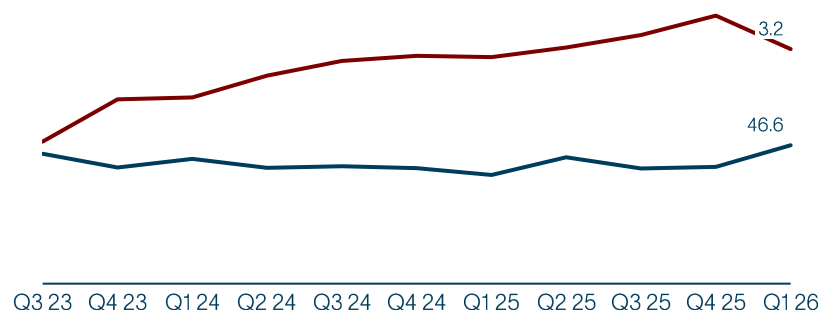


Asset allocation shift in Q1 2026

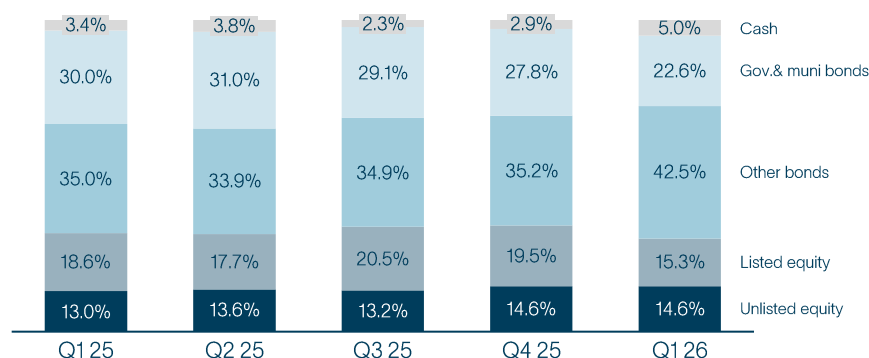


Bonds - duration and CPI-linked ratio

— CPI linked
— Duration



Asset allocation



- Investment asset portfolio¹, consisting of the financial assets of VÍS insurance, reached new highs and stands at 50.9bn at end of Q1 2026
- Composition of the portfolio is 70% bonds and 30% equity, thereof 14.6% in unlisted equity
- Allocation shift in Q1, with reduced listed equities and higher weight of corporate bonds
- Shift towards other bonds reducing duration from 3.6 to 3.2
- Foreign bonds comprise foreign credit funds and bonds issued by financial institutions
- Currency hedges are in place against the foreign bond exposure

All amounts are in ISK unless stated otherwise

1. Insurance Investment assets of VÍS and Lifis

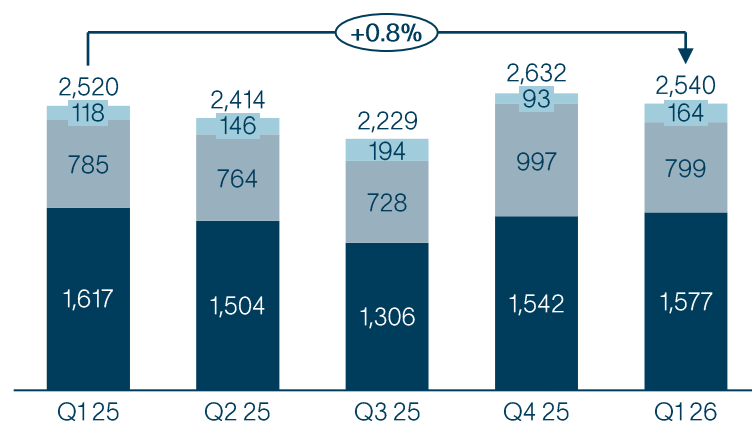
Operating costs

Emphasis on discipline in operating costs yielding results



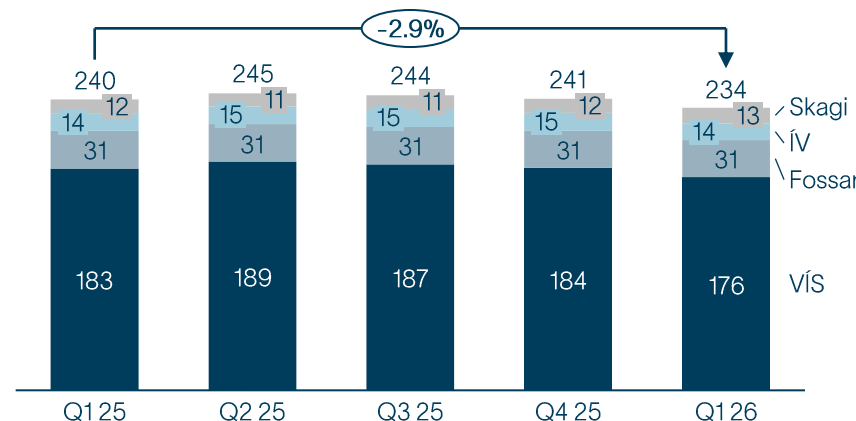
Operating costs

■ Salary and related ■ Other ■ Depreciation



Employees (FTEs)

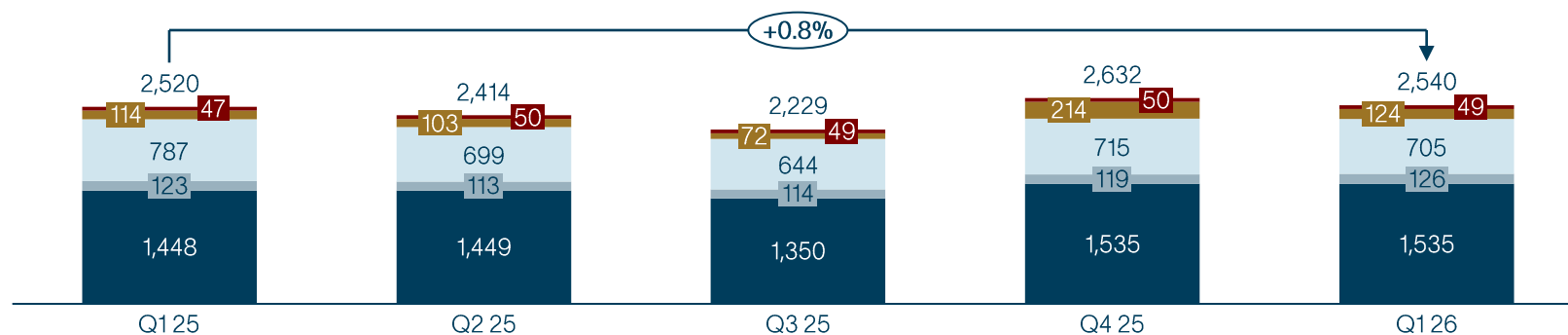
Number of FTEs over period



Breakdown of operating costs

Business units

■ Insurance contract operating expenses ■ Centralized supporting units and eliminations
 ■ Investments and other insurance costs ■ Amortization of intangible assets
 ■ Financial Services Costs



All amounts are in ISKm unless stated otherwise

- Group operating costs increased under 1% YoY
- Restraint in cost increase across all operating segments
- Costs in relation to Íslandsbanki merger discussion was about 25m
- VÍS continues to show strong results in cost discipline with reduction of FTEs and modest 6% insurance contracts opex increase despite high growth and inflationary environment
- Focus in financial services on achieving further economy of scale and cost reductions. Cost base reduced about 10% YoY
- Group FTEs 234 in Q1, down from 240 YoY despite healthy revenue growth in period, most of the reduction taking place in VÍS

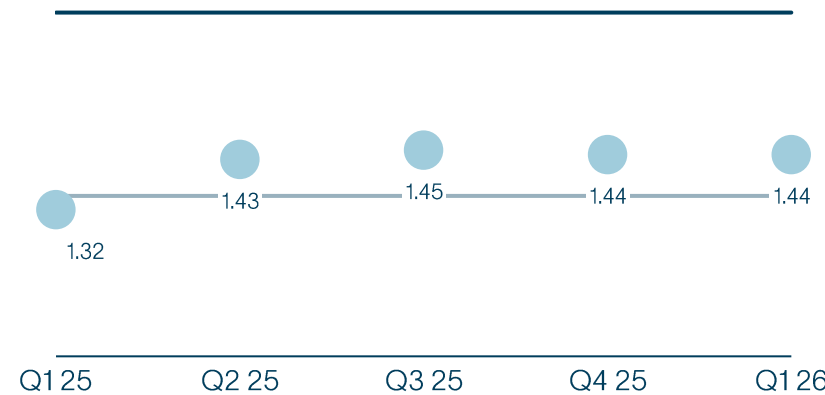
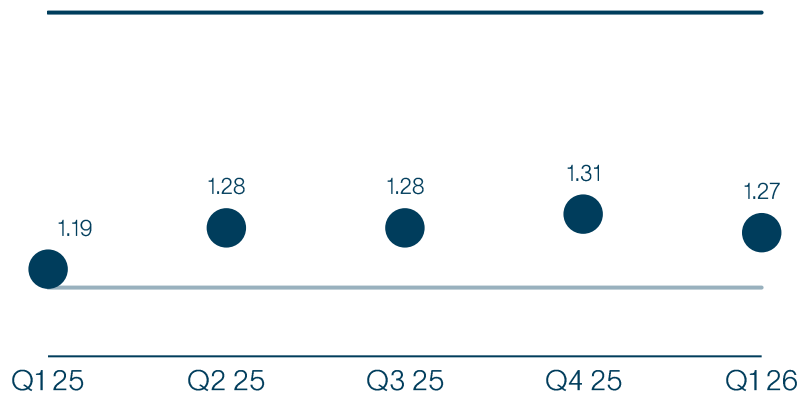
Solvency ratio and inv. bank capital

Solvency ratios are within policy levels



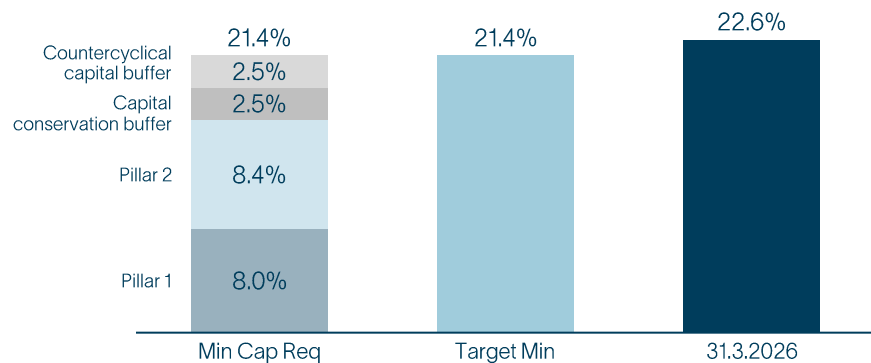
Group solvency ratio SKAGI

Insurance solvency ratio VIS

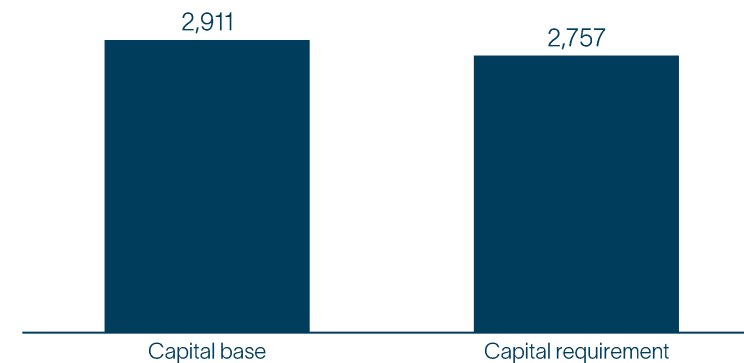


Solvency ratios for Skaga and VIS pre dividend policy

Fossar - capital ratio



Fossar - capital and requirement



All amounts are in ISKm unless stated otherwise

Solvency position

- Group solvency ratio is 1.27 at end of quarter
- Solvency ratios on graphs are presented on a post-dividend basis
- Pre share repurchase program (outstanding) solvency ratio is 1.30 for Group
- Own funds are within target policy levels;

Fossar capital position

- Fossar capital ratio of 22.6%
- Fossar capital position is ~150m above capital requirement

Capital allocation

- Capital allocation optimization within the Group to support internal and external growth is consistently monitored

Key takeaways Q1



- Best insurance results since 2018 with continued revenue growth and cost measures bearing fruit
- Soft revenue quarter in financial services but cost reductions offset low fee generation
- Weak equity markets continue to impact investment returns, but we continue to focus on achieving long term returns from the investment portfolio
- Strategic refresh emphasizes on operational return across all Skagi Group companies
- We remain committed to achieving our financial targets for the year



Appendix:

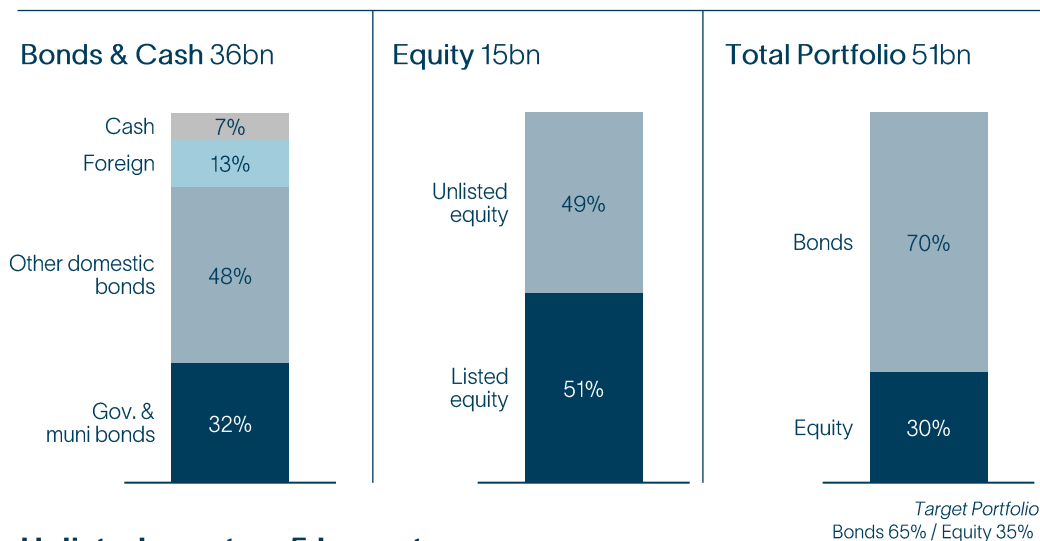
Further information

Investment portfolio – additional information

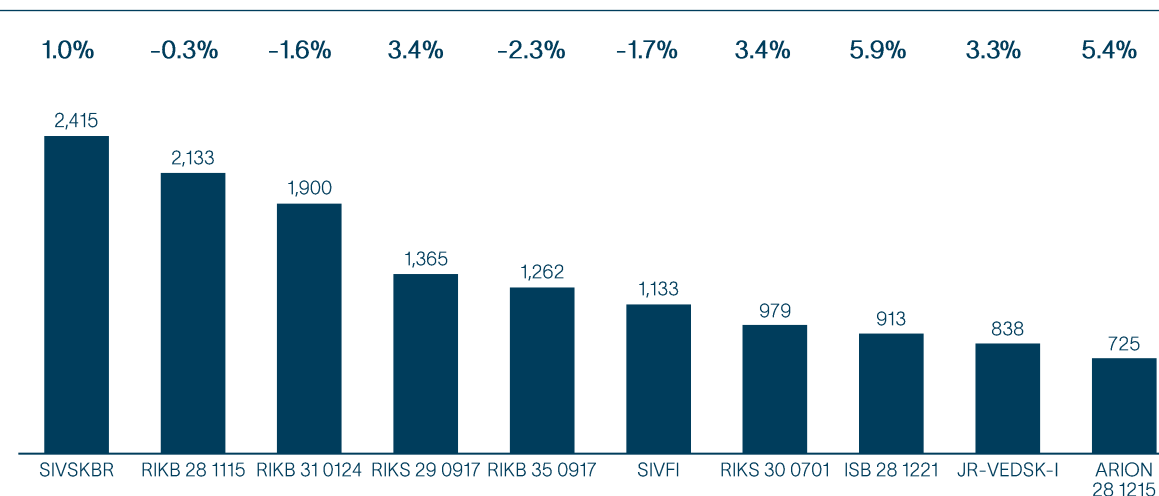


Breakdown of asset allocation and major positions in the portfolio

Allocation of bonds and equity



Bonds – 10 largest and return in quarter

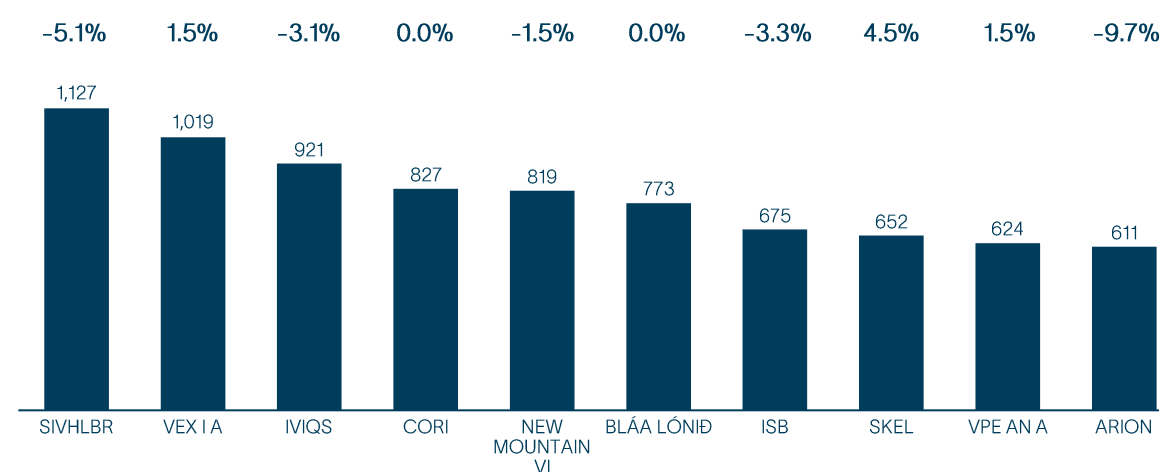


Unlisted assets – 5 largest

	Value 31.03.2026	Value 31.12.2025	Difference	Share price 31.03.2026
CORIPHARMA	827	827	0	13.7
BLUE LAGOON	773	773	0	87.8
annata Powering possibilities	623	614	9	137.7*
NOX HEALTH	437	438	-1	83.5**
Styrkás	374	359	15	25.5

* indirect via VPE AN (VEX) | **indirect via Nox Holding ehf.

Equity – 10 largest and return in quarter



Fossar Investment Bank – balance sheet

Strong balance sheet with majority of assets in listed assets



Balance sheet	31.03.2026	31.12.2025	Δ%
Assets			
Fixed income securities	6,262	6,518	-4%
Shares and other variable income securities	583	517	13%
Securities used for hedging	3,401	3,110	9%
Cash	750	497	51%
Loans to customers	12,388	11,837	5%
Claims and other assets	1,381	3,021	-54%
Total assets	24,764	25,499	-3%
Liabilities and Equity			
Borrowings	6,900	3,300	109%
Money market deposits	5,195	8,972	-42%
Bills and marketable instruments	8,019	8,611	-7%
Other liabilities	1,500	1,434	5%
Total liabilities	21,614	22,367	-3%
Total equity	3,151	3,182	-1%
Total Liabilities and Equity	24,764	25,499	-3%

LCR ratio and net stable funding ratio

	31.03.2026	31.12.2025
Liquidity coverage ratio (LCR)		
High quality liquid assets	1,207	3,055
Net outflow	434	733
Liquidity coverage ratio (LCR)	278%	417%
<i>Minimum regulatory requirement</i>	<i>100%</i>	<i>100%</i>
Net stable funding ratio (NSFR)		
Available stable funding	9,024	11,870
Required stable funding	3,926	4,985
Net stable funding ratio (NSFR)	230%	238%
<i>Minimum regulatory requirement</i>	<i>100%</i>	<i>100%</i>

All amounts are in ISKm unless stated otherwise

Assets under management: Breakdown



Skagi group AuM breakdown, ISKbn

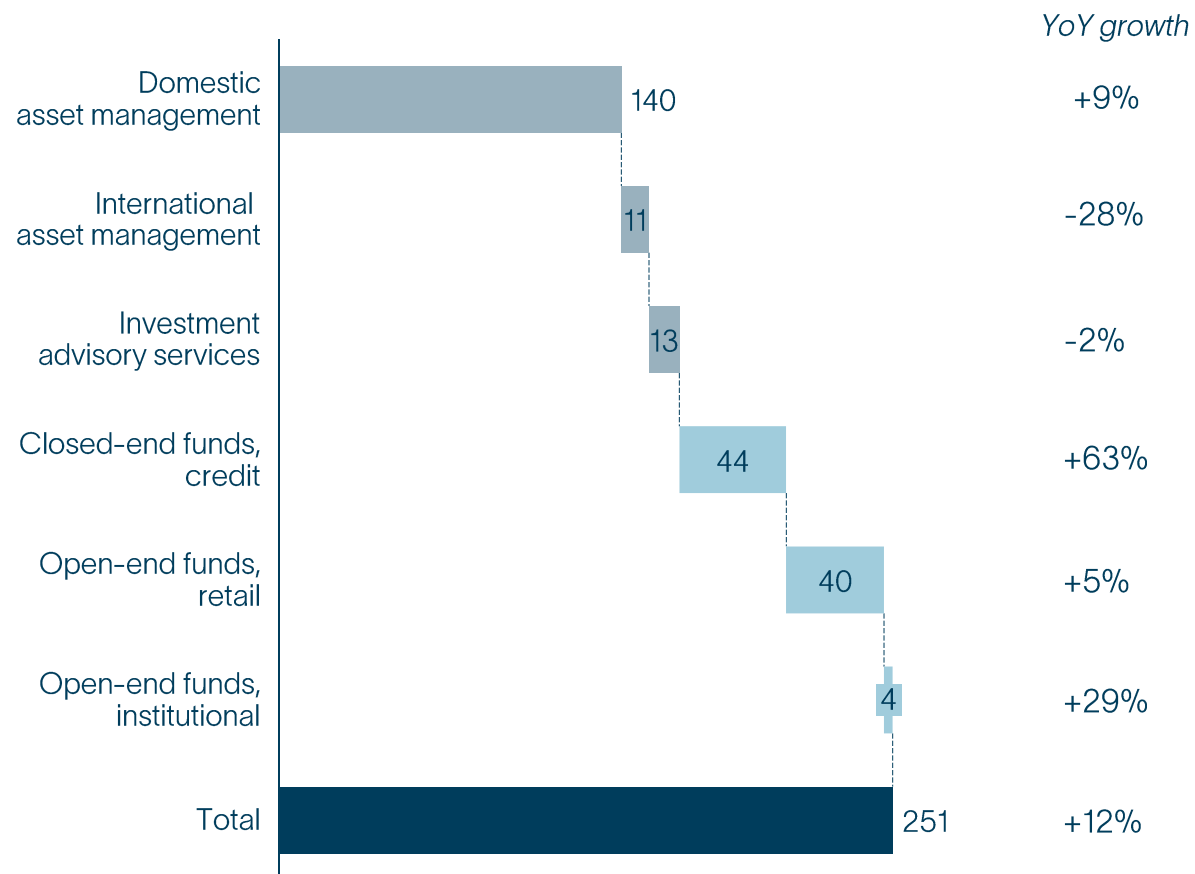
Skagi Group AuM, including ÍV Asset Management and Fossar Private Bank, exhibits **strong structural characteristics** that mitigate concentration risk and support sustainable long-term growth

ÍV Asset Management benefits from **highly stable client relationships**, with an average client tenure of approximately 15 years

Revenue concentration remains low, with the largest client (excluding the VÍS investment portfolio) **accounting for ~3% of total revenue**

Recent AuM growth has been primarily driven by a **shift toward higher-yielding products**, supporting an increase in average fee margins

Well-diversified and resilient client base, comprising pension funds, labor unions, non-profit organizations, and high-net-worth individuals (HNWI)



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