Skagi hf.
Financial results
Q3 2025

SKAGI

Key highlights Q3 2025

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Revenues from core operations

9,069m — 12%

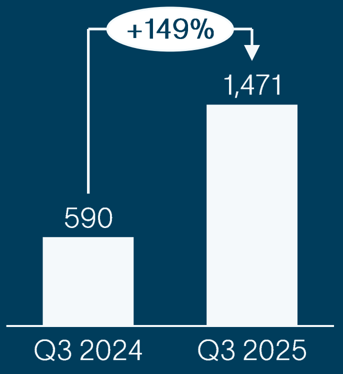
Profit

717 m — 68%

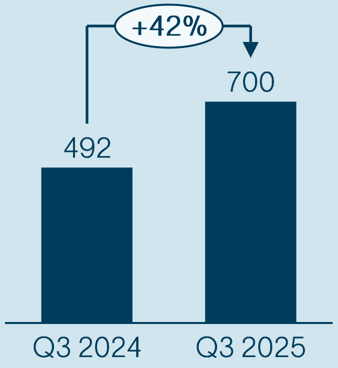
Annualized ROE

13.2% — 5.2p.p

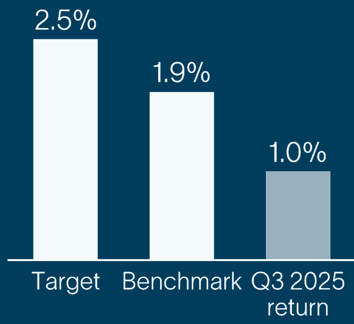
Significant improvement in insurance service result between years



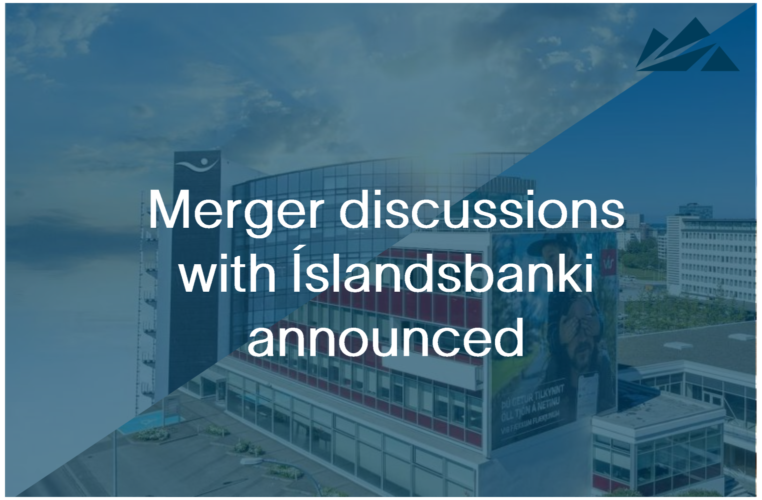
Continued growth in financial services revenues



Investment results below target and benchmark in Q3

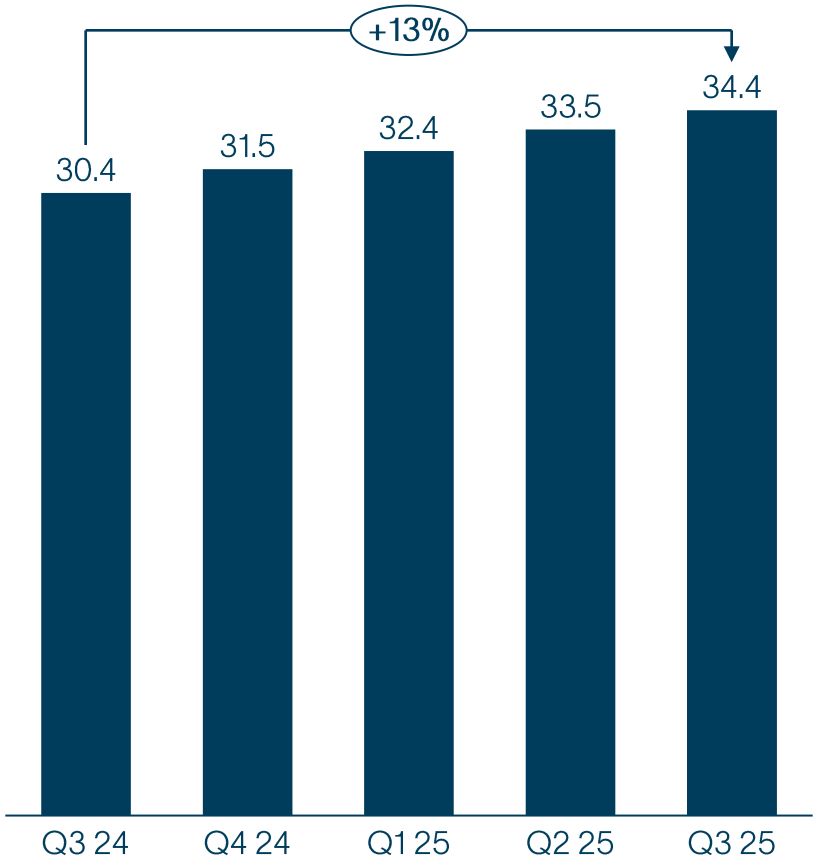


Improved ESG score from Reitun,
81/100 and B1 rating
and the title of
Exemplary Company in Good Governance
from Stjórnvísi

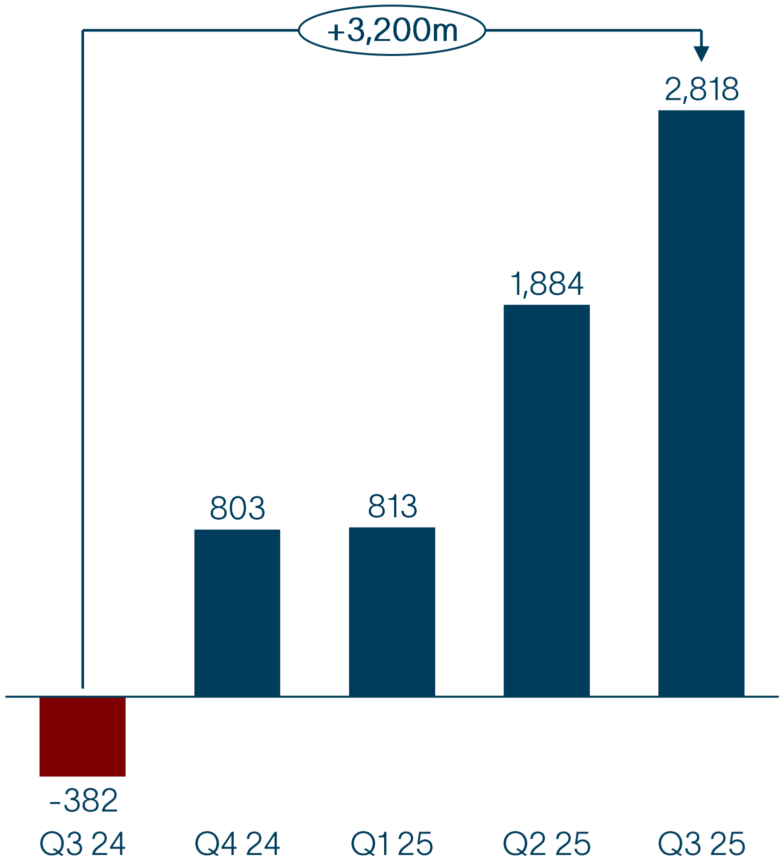


Group core operations growing, and profitability increasing

LTM revenue from core operations, *ISKbn*



LTM profit before tax from core operations, *ISKm*



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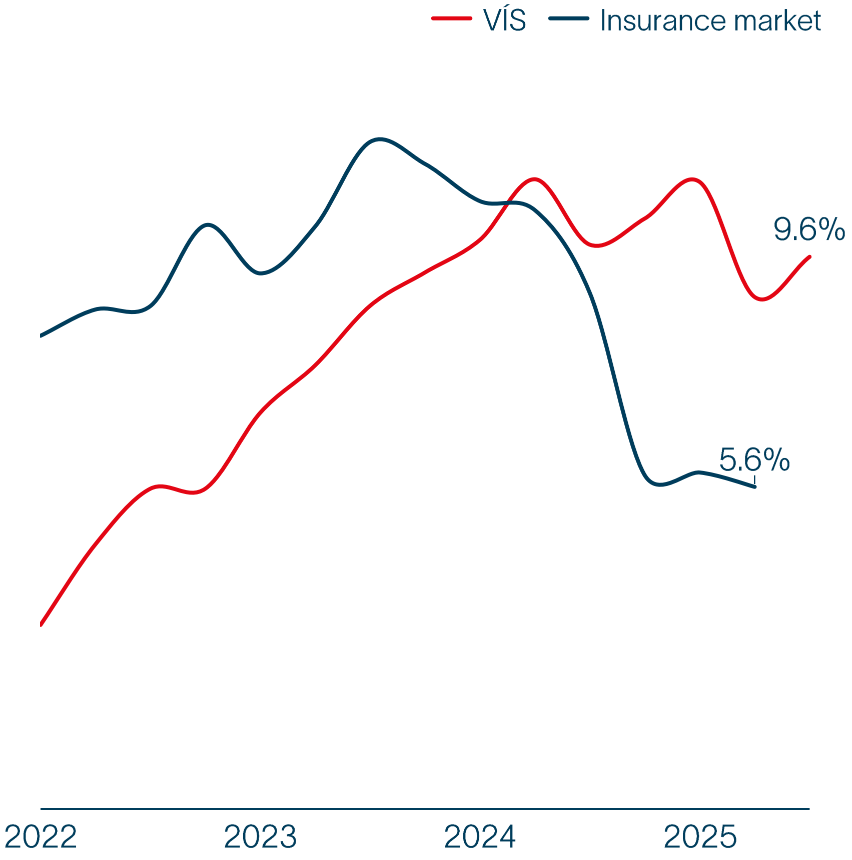
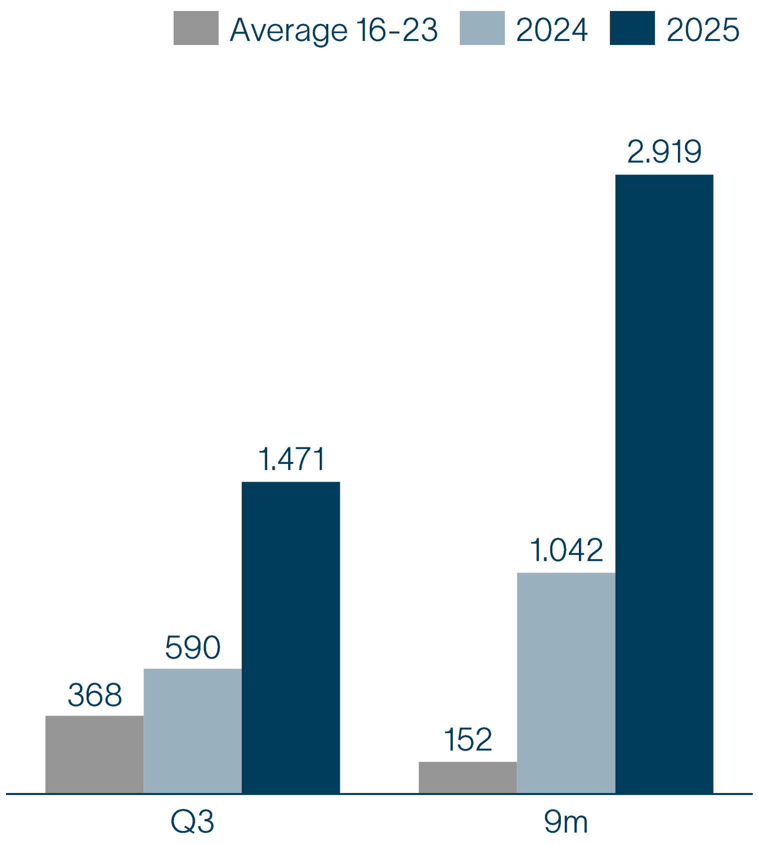
- Core operations are defined as insurance and financial services operating segments, and exclude investment activities
- Core operations better reflect underlying operational performance
- Revenues from core operations have grown both steadily and rapidly in recent quarters and core profitability has increased significantly
- Turnaround in VÍS operations is the most material factor for the improvement

VÍS is growing faster than market and profitability improving

YoY insurance premium growth by quarter
VÍS vs insurance market in Iceland[1]



Insurance service results
2016-2025

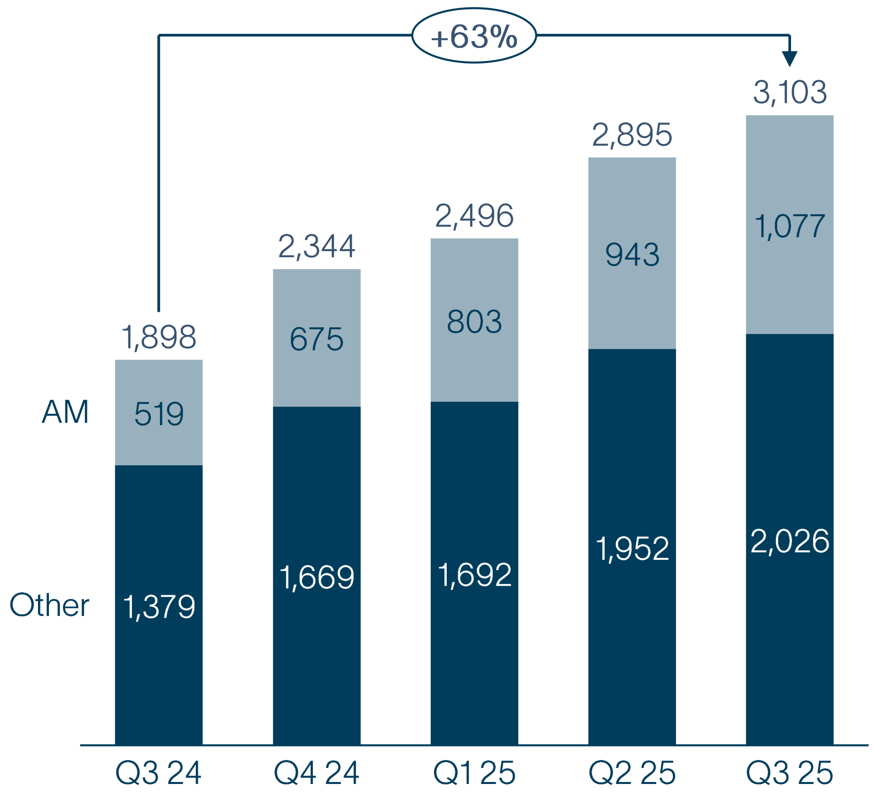


- VÍS continues to show strong YoY revenue growth
- Insurance revenues grew 9.6% YoY in Q3 and has outpaced market since Q1 2024
- Furthermore, VÍS achieved its highest NPS score from customers yet, underpinning strong foundations behind the growth
- Q3 is the 7th quarter in a row in which profitability outperforms historical average

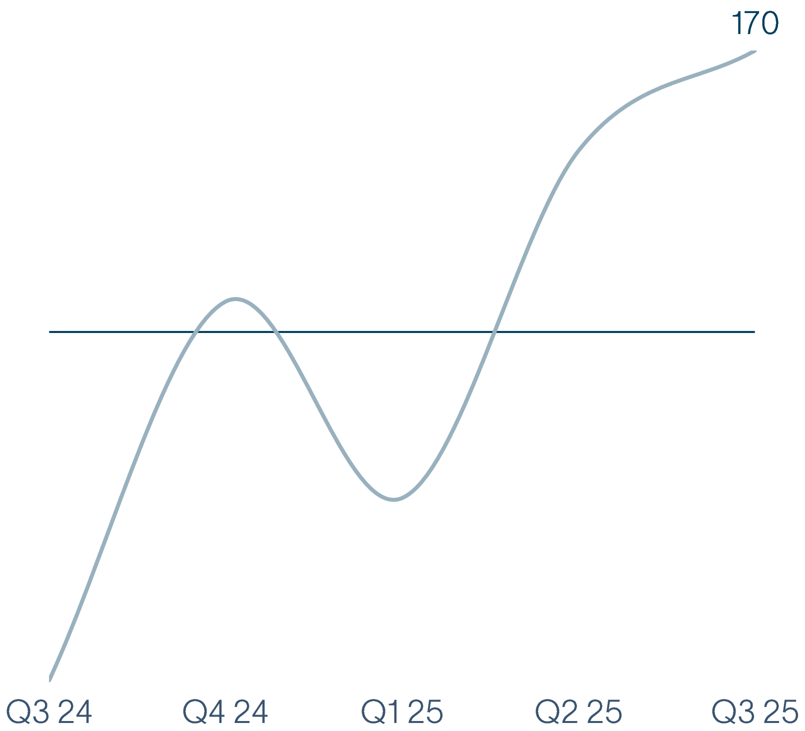
1 Weighted average growth of VÍS, Sjóvá, TM and Vörður

Consistent revenue growth from Financial services with profitability improving

Financial Services LTM revenues by quarter, *ISKm*



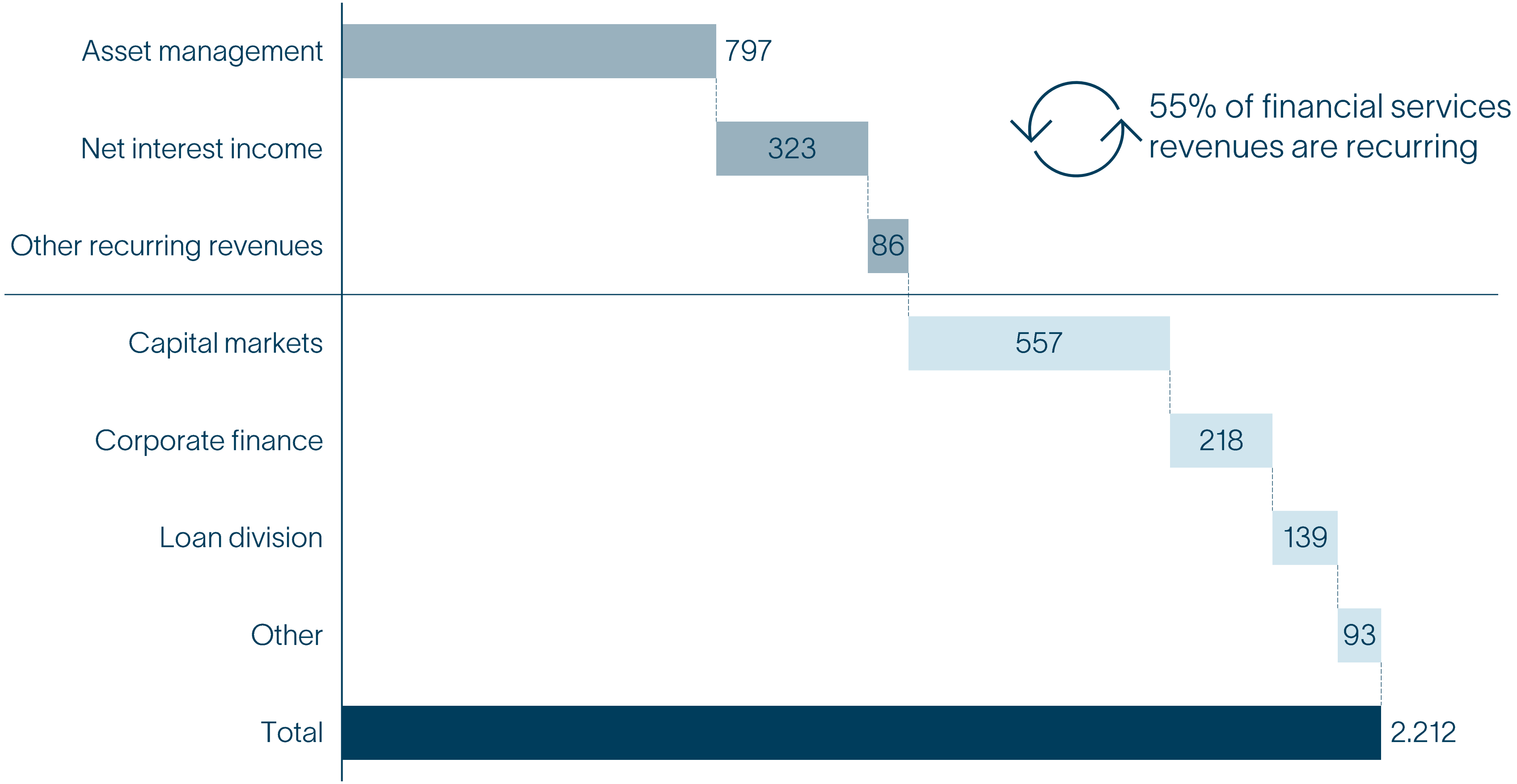
Financial Services LTM pre-tax profit/loss by quarter, *ISKm*



- Financial services have grown steadily in recent quarters, with a broader mix of revenue sources
- LTM profit 170m but 9M 2025 ~2m
- Profitability still well under targets, but impacted by ~115m in one-off costs relating to e.g. ÍV merger
- Strong focus on improving profitability in the following quarters

Financial services income is more diverse and higher share from recurring revenue

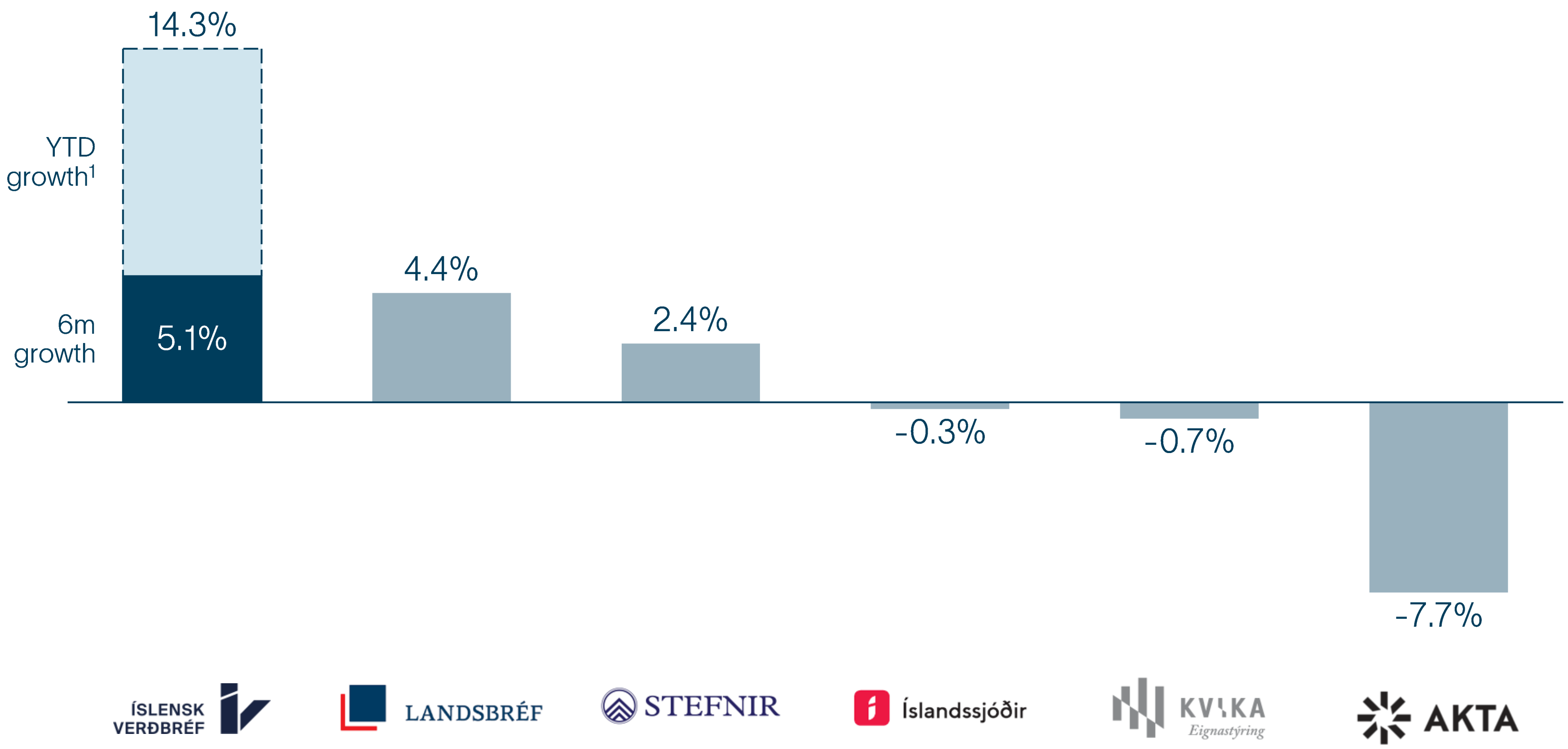
Skagi financial services revenue split, *9m 2025*



- As Fossar's investment banking activities and Íslensk verðbréf continue to expand, the Group's financial services revenue mix is becoming increasingly diversified
- Over half of current revenues are recurring, mostly from asset management fees and interest income, in line with the strategic focus of reducing dependance on transactional fees

Íslensk verðbréf growing in a challenging market landscape

AuM growth of Icelandic asset management firms, YE *2024 vs 6m 2025*



1 ÍV YTD growth is AuM growth from YE 2024 to 15. oct 2025

- ÍV continues to show healthy AuM growth despite depreciating asset valuations in the last quarters
- ÍV had the highest % growth of assets under management of all major asset management firms in Iceland between YE 2024 and 6M 2025
- Since 6m 2025, ÍV has launched two new credit funds, totalling >17bn in AuM
- Total AuM in credit funds now exceeds 42bn

Merger discussions with Íslandsbanki

Key facts

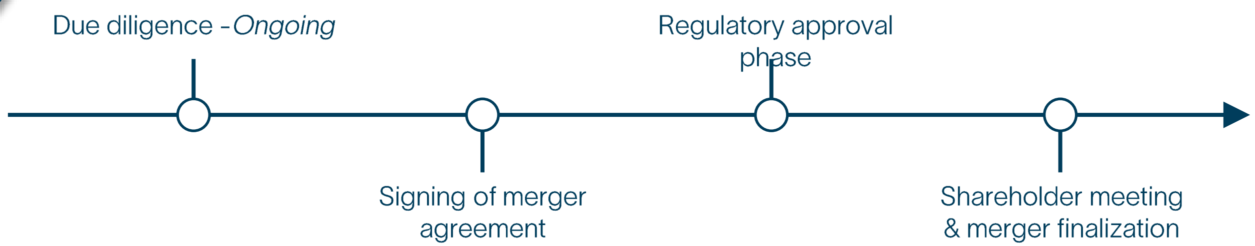
As announced on October 6th , Skagi and Íslandsbanki have entered into **formal merger negotiations**

According to the signed term sheet, Skagi's shareholder will receive **15% of the merged entity.**

The combined company will be a **prominent player in banking and insurance**, while also strengthening its investment banking and asset management platforms, **offering numerous opportunities for further expansion.**

The merger is expected to generate significant synergies , estimated at **1.8-2.4bn ISK annually**

Merger next steps



Indicative timeline 9-12 months[1]

1 Timeline subject to change based on e.g. regulatory approvals

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Merger rationale & stakeholder impact

Shareholders
Improved profitability and revenue generation capabilities
Higher recurrent dividends

Customers
Enhanced product offering, while economies of scale will benefit customers

Employees
Strengthened professional development opportunities and information sharing

Community
Additional financial capacity towards socially sustainable investments

Key financial results in Q3 2025

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SKAGI	Core revenue	Group PBT	Group profit	Group ROE
	9,069m (12% YoY)	1,057m	717m	13.2% annualised

Insurance
Strong insurance service results continues in Q3

- Insurance revenues grow 9.6% in Q3 2025
- Combined ratio of 82.4% (3Q 2024: 92.3%) delivering a result of ISK 1,471m and improvement of 882m YoY
- Cost ratio at 16.1% (3Q 2024: 16.3%)
- Results ahead of budget and guidance range updated accordingly to 89.5-92.5% in 2025

1,471m insurance service result
82.4% Combined ratio
9.6% YoY revenue growth

Investments
Weak equities market negatively affect investment income

- Return on investments 1.0% and investment income of 470m in Q3 2025
- Negative impact from equites amount to ISK -277m in Q3 2025
- Investment portfolio stands at 48bn at quarter end

-277m net financial income
470 million investment income
1.0% return

Financial services
Growth of Financial services continues

- Net financial services income grow 42% YoY
- Operating profit 29m before tax (3Q 2024: -32m) and continued focus on scaling towards further profitability
- Emphasis on growth in asset management to support further diversification of financial services
- AuM at 236bn at the end of the quarter

29m operating profit before tax[1]
236 AuM[2]
700 million revenue[3]

All amounts are in ISK

1. Operating profit of business unit before tax 2. AuM and placement by clients into foreign funds which Fossar are distributors in Iceland.. 3.Financial services revenue excludes intra-group adjustments

Income statement Q3 2025

Strong insurance service results

Income statement	Q3 2025	Q3 2024	Diff.	Diff. %
Insurance service result	1,471	590	881	149%
Net interest income	123	63	60	96%
Net fee and commission income	480	305	175	57%
Net financial income	-253	119	-372	-312%
Other income	14	17	-3	-16%
Net Operating Income	**1,834**	**1,093**	**742**	**68%**
Operating expenses	-726	-616	-110	18%
Amortization of intangible assets	-49	-36	-13	37%
Net impairments	-2	-1	-2	255%
Profit before taxes	**1,057**	**441**	**617**	**140%**
Income tax	-339	-13	-326	4%
Profit	**717**	**427**	**291**	**68%**
Group KPIs				
Core Revenues	9,069	8,126	943	12%
ROE - annualised	13.2%	8.0%	5.2p.p	
Profit per share	0.38	0.23	0.15	65%
Business Unit KPIs				
Insurance revenue	8,369	7,634	734	10%
Combined ratio	82.4%	92.3%	-9.9p.p	
Financial services income	700	492	208	42%
Investment income	470	713	-244	-34%
Investment income return %	1.0%	0.2%	0.8p.p	

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Insurance
- Insurance revenue 8,369m (9.6% YoY)
- Combined ratio 82.4% and insurance service result 1.471m (881 million improvement YoY)

Financial services
- Net interest income 123m (96% YoY)
- Net fee and commission income 480m (57% YoY)

Investments
- Investment income 470m, representing a 1.0% return in the period
- Net financial income negative 253m

Net operating income
- Net operating income 1,834m (68% YoY)

Expenses
- Operating expenses 726m (18% YoY)
- Net impairments in line YoY

Results
- Pre-tax profit of 1,057m
- Profit after tax of 717m

Income statement 9m 2025

Results impacted by negative investment returns

Income statement	9M 2025	9M 2024	Diff.	Diff. %
Insurance service result	2,920	1,042	1,877	180%
Net interest income	323	160	163	102%
Net fee and commission income	1,672	1,136	535	47%
Net financial income	-1,494	587	-2,081	-354%
Other income	137	79	58	74%
Net Operating Income	**3,557**	**3,004**	**552**	**18%**
Operating expenses	-2,452	-1,958	-494	25%
Amortization of intangible assets	-147	-107	-40	37%
Net impairments	-6	-9	3	-33%
Profit before taxes	**952**	**929**	**22**	**2%**
Income tax	-615	-229	-386	37%
Profit	**337**	**700**	**-364**	**-52%**
Group KPIs				
Core Revenues	25,967	23,087	2,880	12%
ROE - annualised	2.1%	4.5%	-2.4p.p	
Profit per share	0.18	0.37	-0.19	-51%
Business Unit KPIs				
Insurance revenue	23,755	21,636	2,119	10%
Combined ratio	87.7%	95.2%	-7.5p.p	
Financial services income	2,212	1,452	760	52%
Investment income	509	2,011	-1,502	-75%
Investment income return %	1.2%	4.9%	-3.7p.p.	

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Insurance
- Insurance revenue 23,755m (9.8% YoY)
- Combined ratio 87.7% and insurance service result 2.920m (1,877 million improvement YoY)

Financial services
- Net interest income 323m (102% YoY)
- Net fee and commission income 1,672m (47% YoY)

Investments
- Investment income 509m, representing a 1.2% return in the period
- Net financial income negative 1,494m

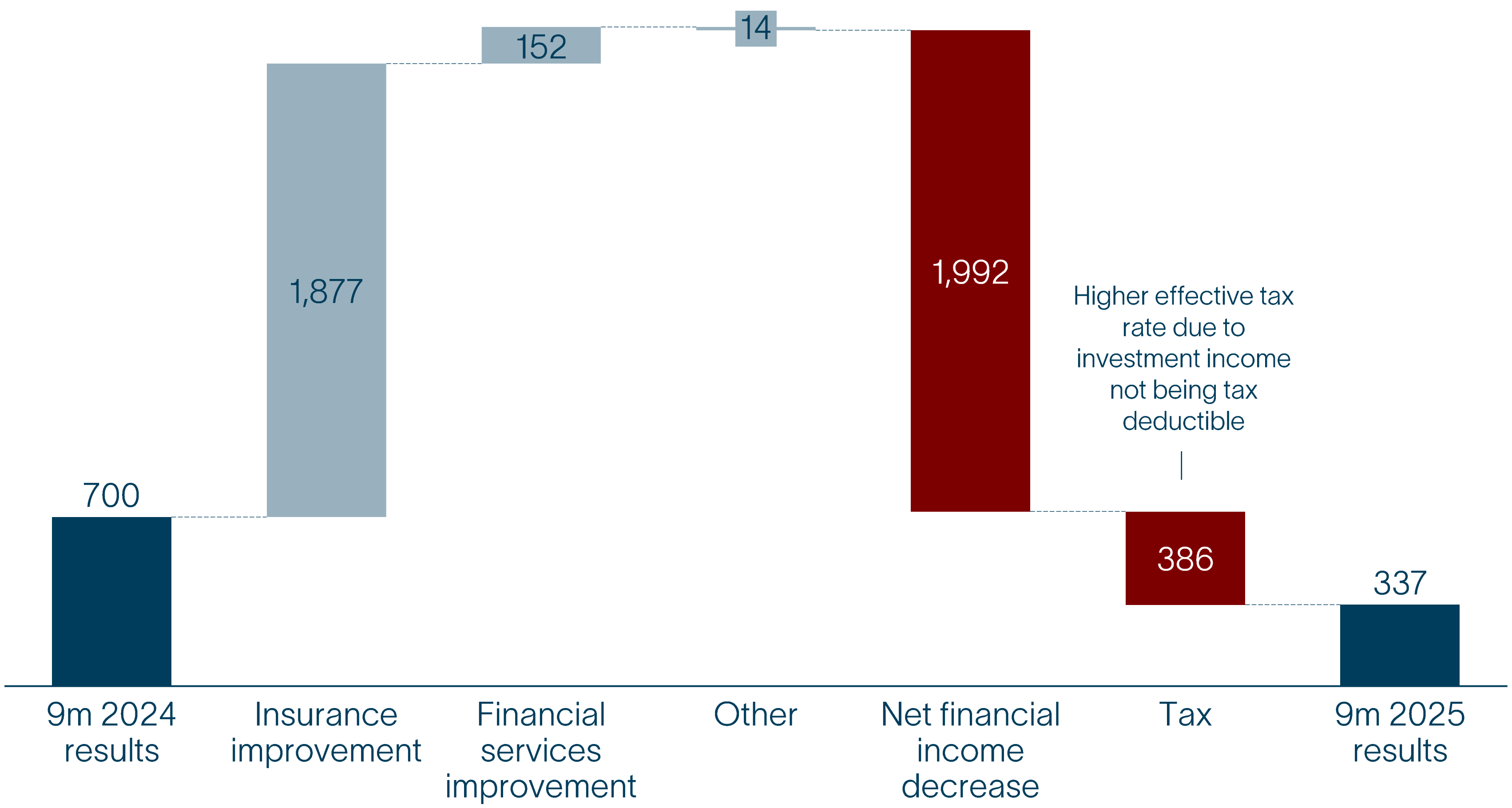
Net operating income
- Net operating income 3,557m (18% YoY)

Expenses
- Operating expenses 2,452m (25% YoY)
- Net impairments slightly lower YoY

Results
- Pre-tax profit of 952m in line with LY
- Profit after tax of 337m
- High effective tax rate (65%) due to losses on listed equities

Strong growth in core income but negative financial income impacts results

Profitability bridge, 9m 2024 vs 9m 2025, *ISKm*



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- Despite strong growth in profitability from core operations, group profitability is down compared to previous year
- Improvement in the VÍS insurance service result is the most significant positive impact with 1.9bn benefit
- The most significant negative impact on YoY profitability is a weaker performance from investment portfolio negatively impacting by 2.0bn

Balance sheet

Strong and robust balance sheet

Balance sheet	30.9.2025	30.6.2025	Δ%	30.9.2024	Δ%
Assets					
Cash	1,503	2,317	-35%	1,836	-18%
Insurance investments assets	46,865	45,720	3%	45,051	4%
Fixed income securities	5,373	5,360	0%	5,574	-4%
Shares and other variable income securities	406	494	-18%	403	1%
Securities used for hedging	6,353	6,023	5%	5,631	13%
Loans to customers	10,743	9,598	12%	4,407	144%
Goodwill and intangible assets	5,764	5,878	-2%	4,087	41%
Other assets	6,683	7,056	-5%	5,845	14%
Total Assets	83,688	**82,446**	**2%**	**72,835**	**15%**
Liabilities and Equity					
Insurance liabilities	29,363	30,340	-3%	28,441	3%
Money market deposits	10,801	10,682	1%	9,274	16%
Bonds and bills	6,073	4,222	44%	3,564	70%
Other liabilities	11,475	11,949	-4%	7,448	54%
Subordinated liabilities	3,849	3,859	0%	3,706	4%
Total Liabilities	61,561	**61,053**	**1%**	**52,432**	**17%**
Equity	22,128	21,393	3%	20,403	8%
Total Liabilities and Equity	83,688	**82,446**	**2%**	**72,835**	**15%**

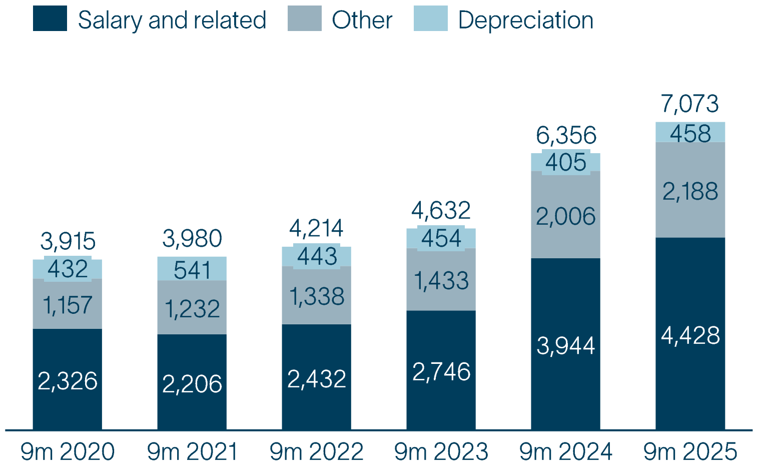
SKAGI

- Total group assets are 83.6bn (+15% YoY)
- Insurance investment assets stand at 46.9bn (48bn including cash)
- Insurance liability 29.4bn (3% 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
- 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 22.1bn

Operating costs

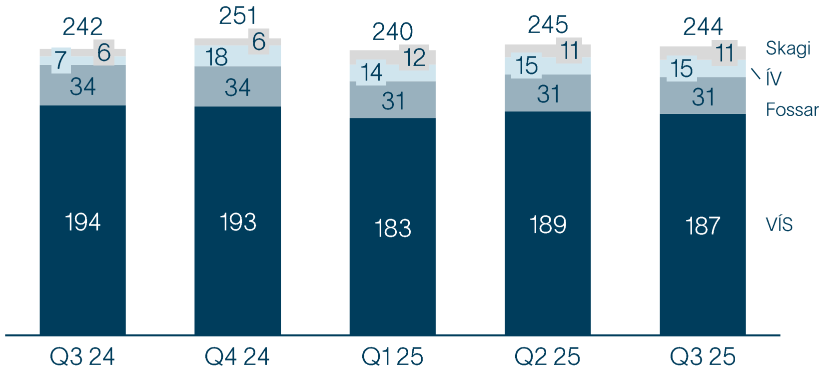
Operating costs impacted by costs related to ÍV merger

Operating costs



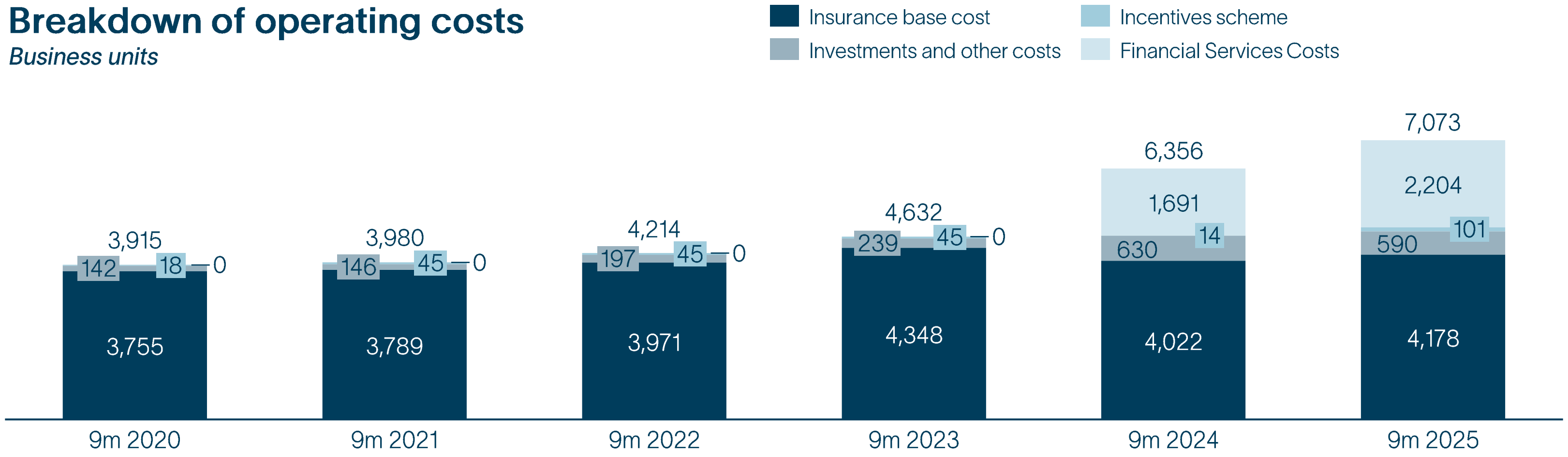
Employees (FTEs)

Average over period



Breakdown of operating costs

Business units



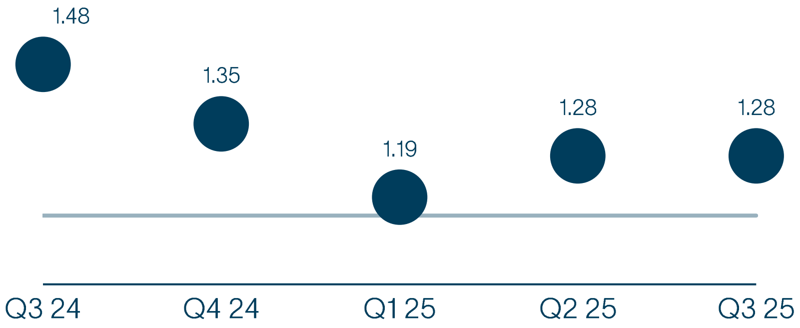
All amounts are in ISKm unless stated otherwise

- Operating costs increase YoY mainly due to inclusion of ÍV base operating costs. Higher costs are also due due to integration and other one off expenses within Financial services of approx. 115 million in 9M 2025
- Other integration costs incurred by the group during the period amounted to approx. 40 million, related to transfer of insurance and establishment of group structure
- Streamlining of operating costs continues with focus on cost measures and synergies across all business units
- Average 244 FTEs at end of period and has reduced by 7 FTEs during the year. FTEs are up 2 FTEs YoY, which is explained in part by ÍV aquisition
- Insurance services base costs increase ~4% YoY

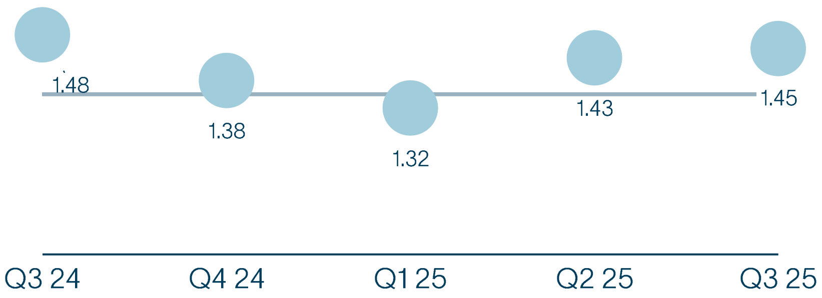
Solvency ratio and inv. bank capital

Solvency ratios are within policy levels

Group solvency ratio

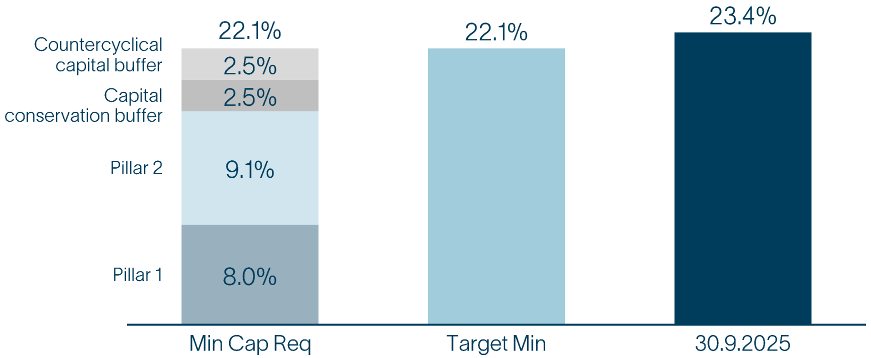


Insurance solvency ratio

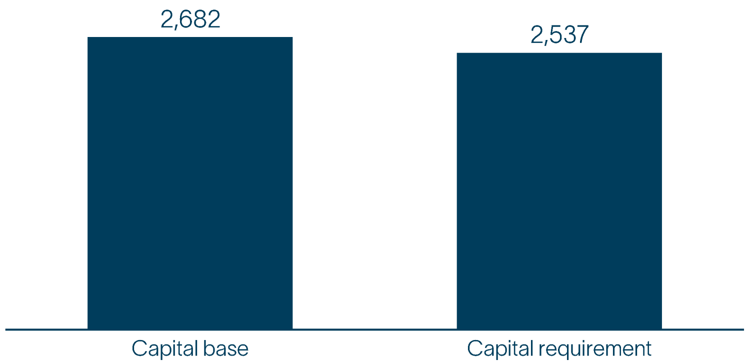


Solvency ratios for Skaga and VÍS pre dividend policy

Fossar – capital ratio



Fossar – capital and requirement



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Solvency position

- Group solvency ratio is 1.28 at end of year
- VÍS insurance solvency ratio is 1.45 pre dividend
- Own funds are within target policy levels;
- Solvency ratios are published here pre dividend policy. Information on effect of dividend policy on solvency ratios are published in financial statements

Fossar capital position

- Fossar capital ratio of 23.4%
- 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

SKAGI

Insurance operations continue to outperform but investment income is below expectations

- **Insurance: Results ahead of expectations** and ongoing strong momentum
- **Financial Services:** Revenue growth on track but profitability still lagging
- **Investments:** Weak equity markets continue to impact results

Ongoing positive **revenue growth momentum** in insurance

Strong insurance profits, with 1.471m in Q3

Financial services continue to **grow** – with a YoY income growth of **42% in Q3**

Strong profits from groups core operations but investments impact results significantly

Merger discussions with Íslandsbanki ongoing

Appendix:
Further information

Q3 Business unit financials

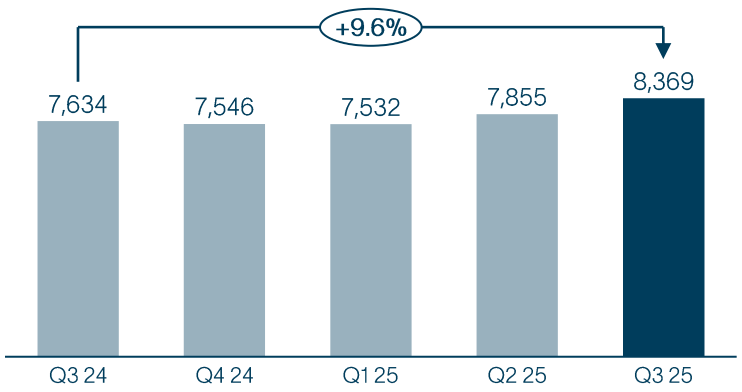
- Insurance
- Financial services
- Investments

SKAGI

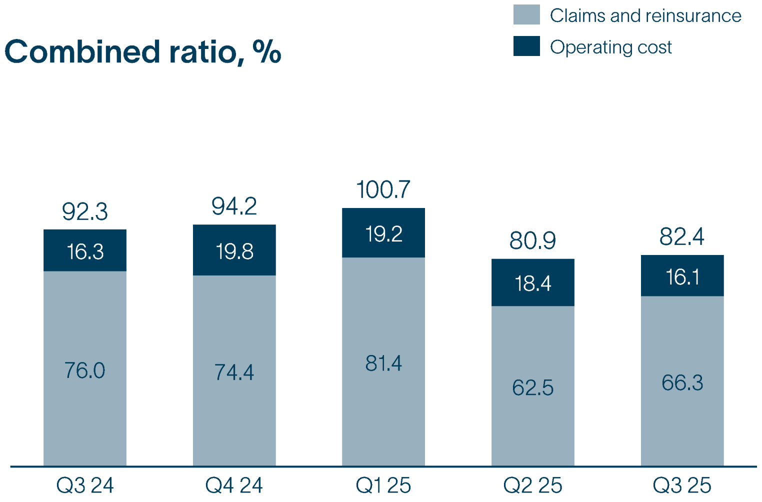
Insurance

Ongoing journey towards growth and improved profitability

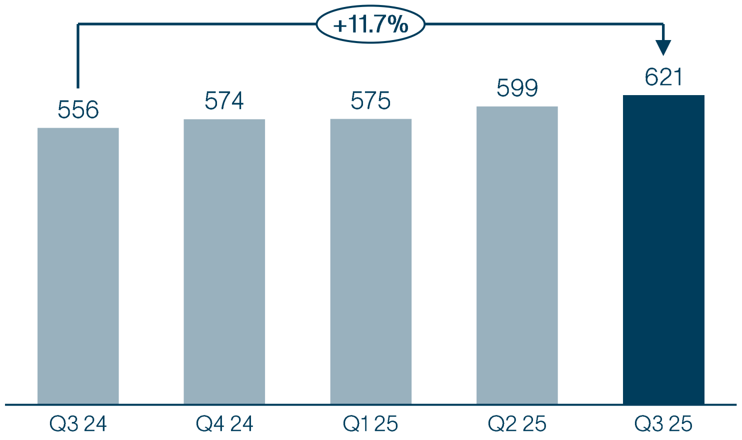
Insurance revenue



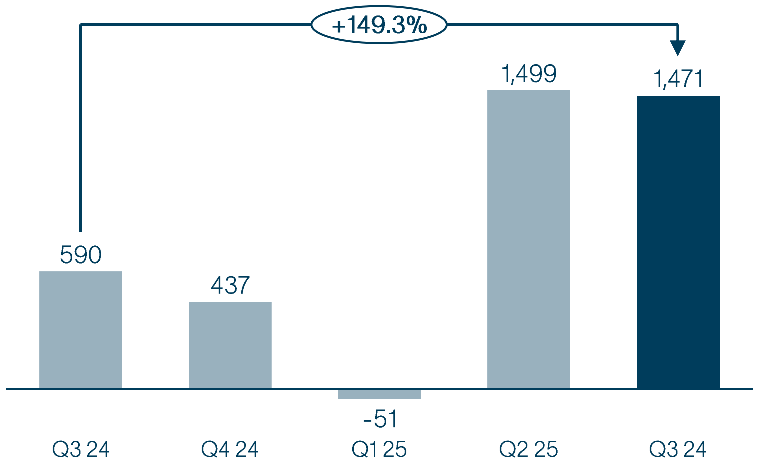
Combined ratio, %



Life insurance revenue



Insurance service results



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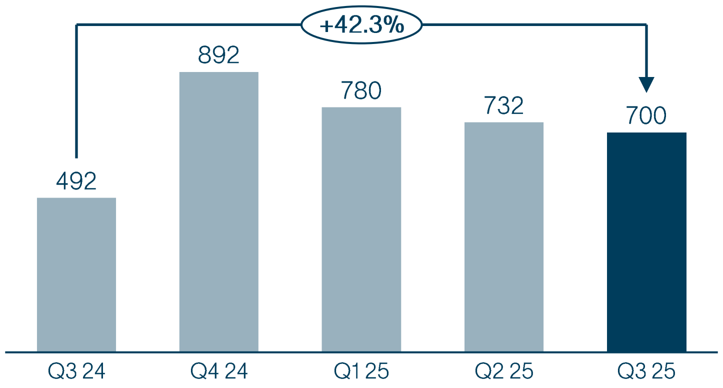
- Positive momentum in insurance revenue remains
- 9.6% insurance revenue growth in Q3 YoY and 9.8% 9M 2025
- Strong 11.7% Q3 growth in life and health insurance and ongoing emphasis on growth in this product range
- The partnership with Íslandsbanki off to a strong start
- Claims ratio generally low in Q3
- Combined ratio is 82.4% in Q3 and 87.7% for 9m 2025
- Thus, guidance range for combined ratio for the year has been updated to 89.5-92.5%, down from 92-95% before

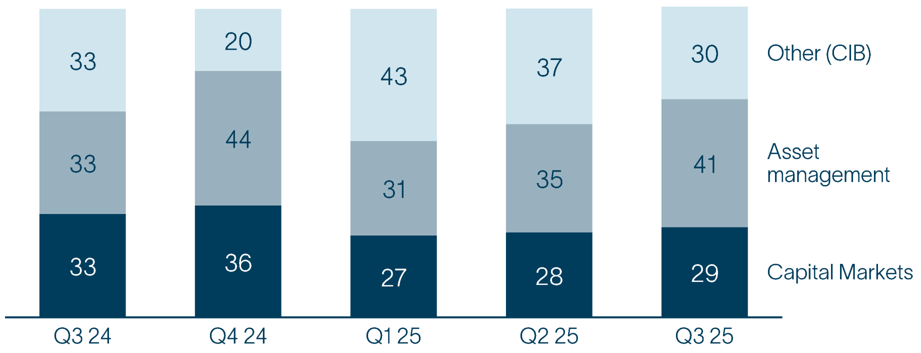
Financial services

Growth of Financial services continues

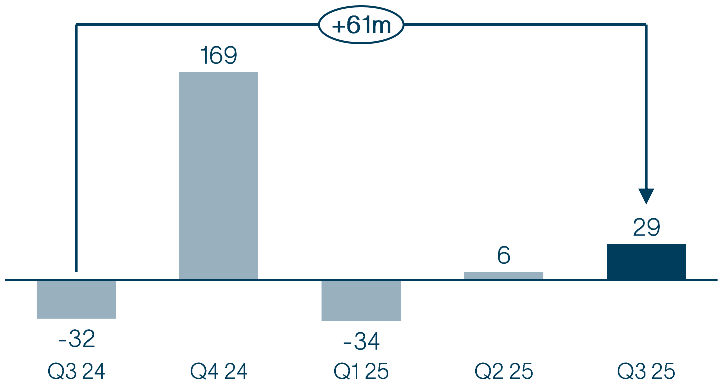
Net financial services income
Excluding intra-group adj.



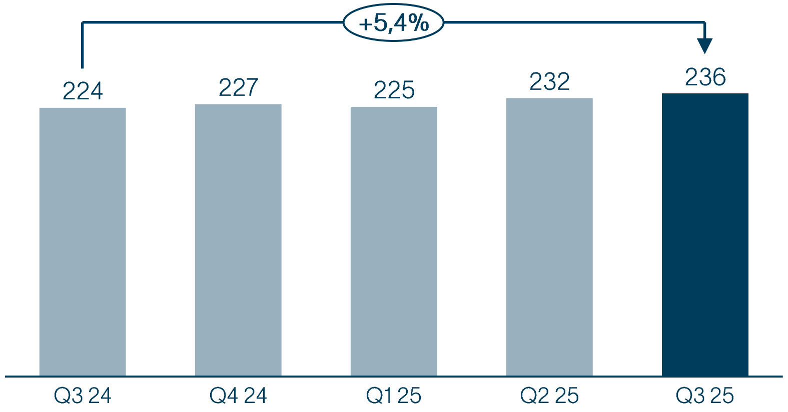
Composition of financial services income, %
Excluding financial income



Financial services profit before tax



Assets under management *billions ISK*



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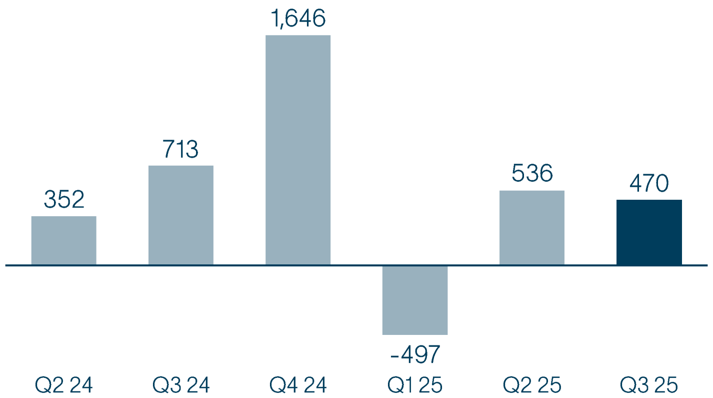
FOSSAR ÍSLENSK VERÐBRÉF

- Financial services generate revenue growth of 42% in Q3 and 58% YoY in 9M 2025
- Financial services continues to deliver diversified income streams, with over 70% of income coming from non-capital markets related activities in 9M 2025
- Group AuM of 236bn at end of period growing at 4% YoY (pro forma)
- Significant expenses were incurred in the first nine months in relation to the merger of Íslensk verðbréf and other one-off expenses, in total amounting to 115m
- Financial services delivered pre-tax profit of 29 million Q3 and pre-tax profit of 2m in 9M 2025
- Focus is now firmly on scaling towards further profitability

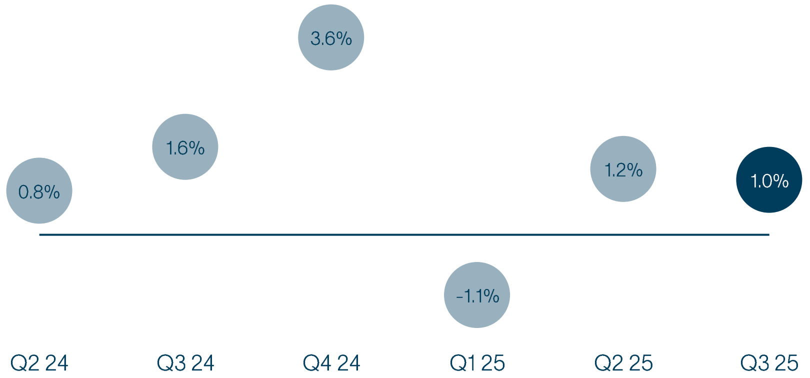
Investments

Weak equities market continues to negatively affect investment income

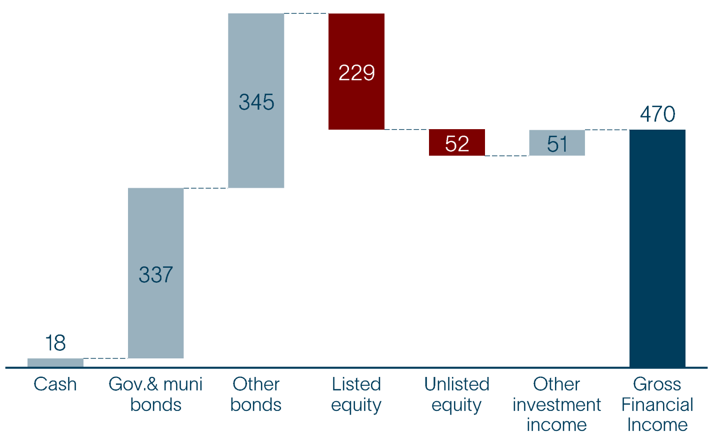
Investment income



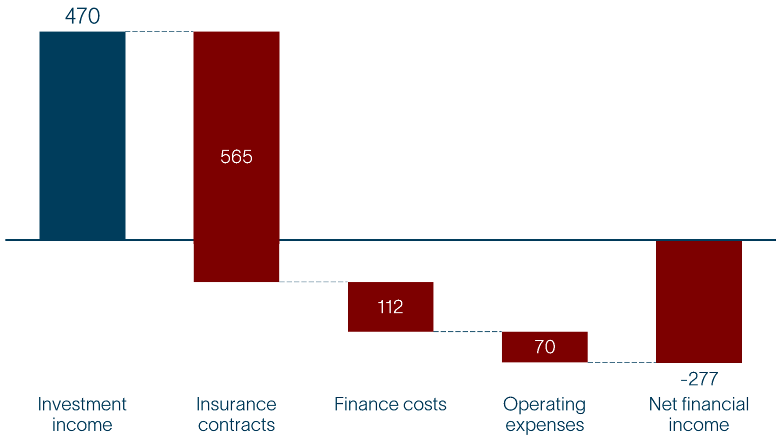
Return on investment assets



Gross investment income in Q3



Net financial income breakdown of investments in Q3



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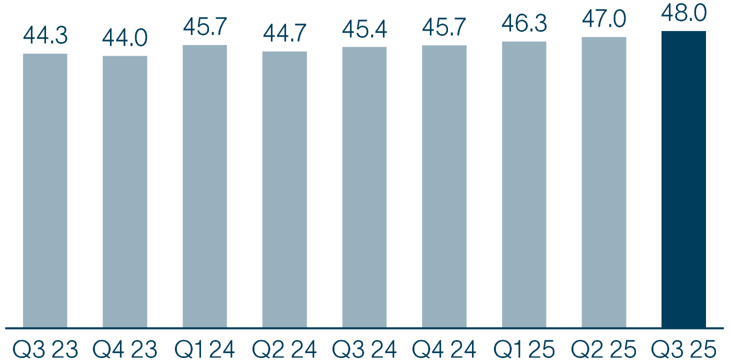
- Weak listed equities negatively impact investment results by ISK -1,413 million in 9M 2025, thereof -281m in Q3
- Return on investments 1.0% in Q3 and 1.2% in 9M 2025
- Investment income of 470m in Q3 and 509m in 9M 2025
- Investment income mainly driven across bond portfolio whilst equities has remained weak
- Current interest rate environment drives high financial expenses from insurance contracts and other finances costs, totaling 653m in Q3 2025
- Net financial income result of investments is -277m in 3Q and -1,432m in 9M 2025

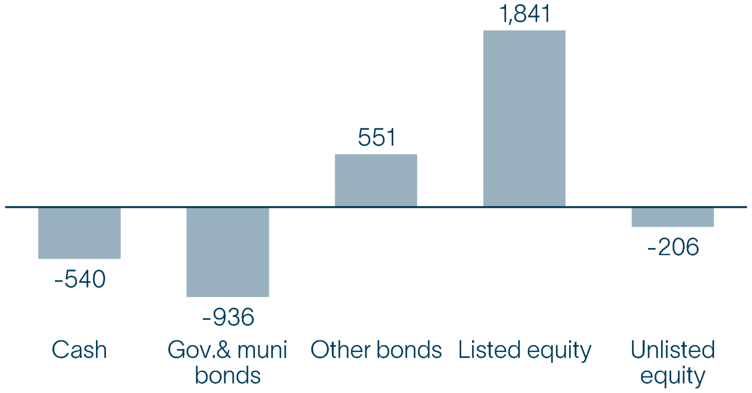
Investment portfolio

Investment portfolio with limited exposure on listed equity

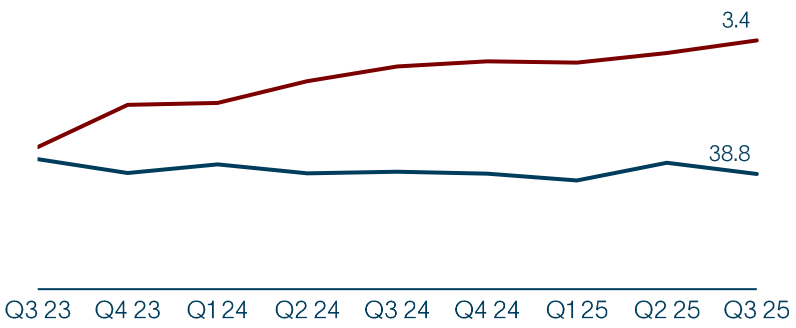
Investment assets[1], ISK billions



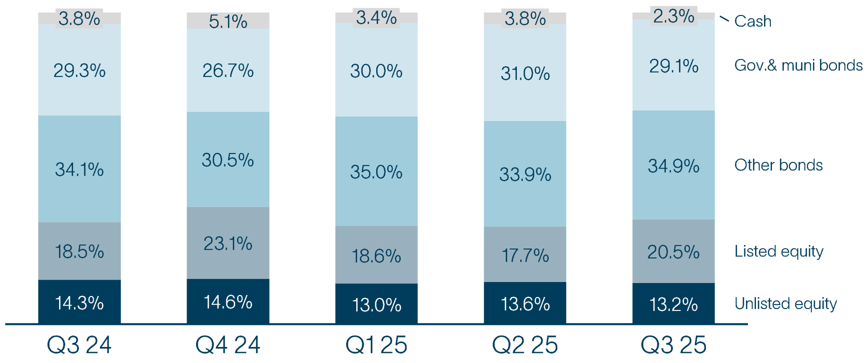
Asset allocation shift in Q3 25



Bonds - duration and CPI-linked ratio



Asset allocation



- Investment asset portfolio[1] stands at 48bn at end of quarter, consisting of financial assets of VÍS insurance
- Composition of portfolio is 66% bonds and 34% equity, thereof 13% in unlisted equity
- Allocation shift with reduced listed equities and lower exposure to other bonds
- Duration higher at about 3.4 in Q3
- Foreign bonds are comprised of foreign credit funds and bonds issued by financial institutions
- Currency hedges are in place against the foreign bond exposure

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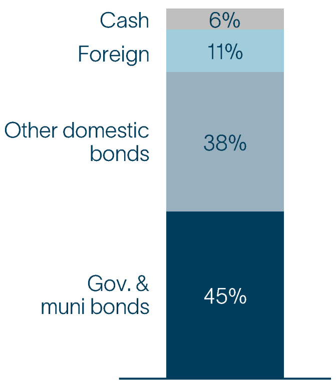
1. Insurance Investment assets of VÍS and Lífís

Investment portfolio – additional information

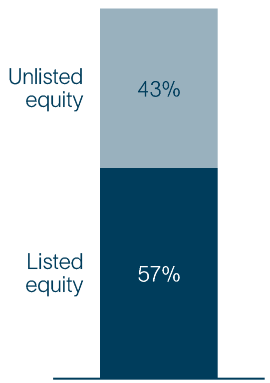
Breakdown of asset allocation and major positions in the portfolio

Allocation of bonds and equity

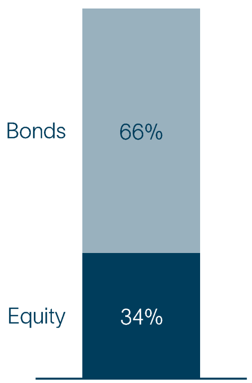
Bonds & Cash 32bn



Equity 16bn

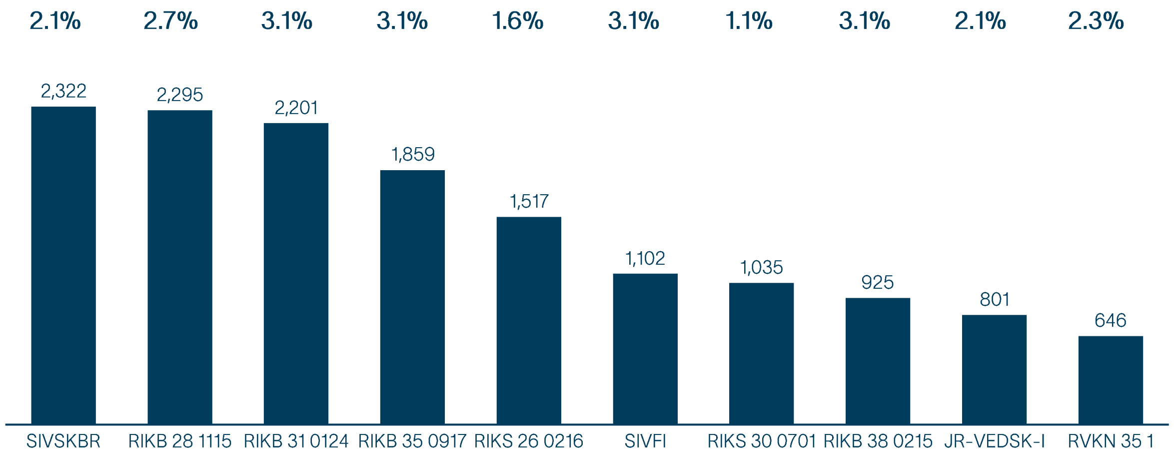


Total Portfolio 48bn



Target Portfolio
Bonds 65% / Equity 35%

Bonds – 10 largest and return in quarter

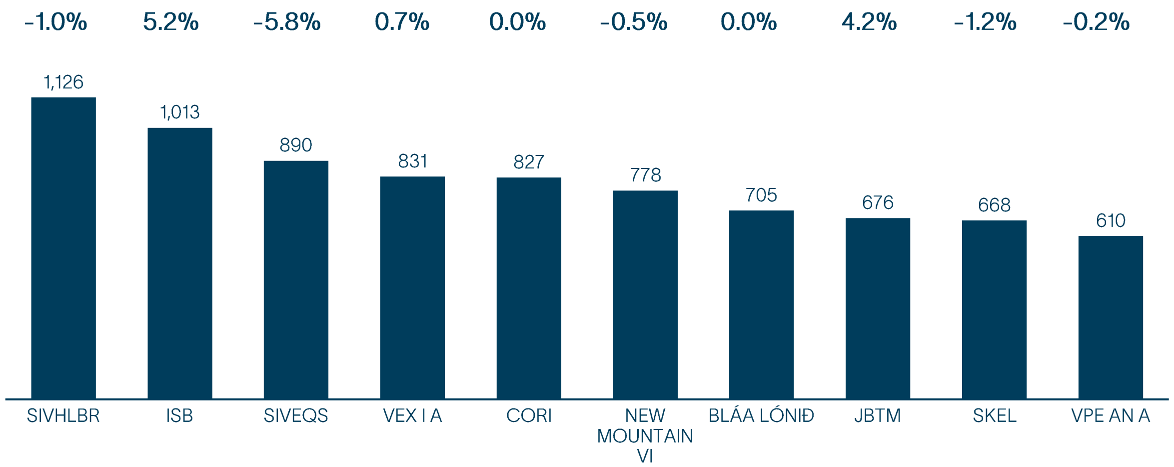


Unlisted assets – 5 largest

	Value 30.09.2025	Value 30.06.2025	Difference	Share price 30.09.2025
CORIPHARMA	827	827	*0*	13.7
BLUE LAGOON	705	705	*0*	80
annata Powering possibilities	610	611	*-1*	134.6*
nox HEALTH	425	425	*0*	83.5**
Styrkás	300	300	*0*	20.5

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

Equity – 10 largest and return in quarter



1 Increase is due to participation in equity raise and not an increase in share price
All amounts are in ISKm unless stated otherwise

Fossar Investment Bank – balance sheet

Strong balance sheet with majority of assets in listed assets

Balance sheet	30.9.2025	30.6.2025	*Δ%*
Assets			
Fixed income securities	5,125	5,087	*1%*
Shares and other variable income securities	406	494	*-18%*
Securities used for hedging	6,353	6,023	*5%*
Cash	668	928	*-28%*
Loans to customers	10,743	9,598	*12%*
Claims and other assets	1,537	1,343	*14%*
Total assets	**24,831**	**23,472**	*6%*
Liabilities and Equity			
Borrowings	3,500	3,350	*4%*
Money market deposits	10,801	10,682	*1%*
Bills and marketable instruments	6,073	4,222	*44%*
Other liabilities	1,550	2,325	*-33%*
Total liabilities	**21,924**	**20,580**	*7%*
Total equity	**2,908**	**2,893**	*1%*
Total Liabilities and Equity	**24,831**	**23,472**	*6%*

LCR ratio and net stable funding ratio

Liquidity coverage ratio (LCR)	30.09.2025	30.06.2025
High quality liquid assets	3,133	3,390
Net outflow	1,299	1,624
Liquidity coverage ratio (LCR)	**241%**	**209%**
Minimum regulatory requirement	*100%*	*100%*
Net stable funding ratio (NSFR)	**30.09.2025**	**30.06.2025**
Available stable funding	10,253	8,786
Required stable funding	4,852	5,366
Net stable funding ratio (NSFR)	**211%**	**164%**
Minimum regulatory requirement	*100%*	*100%*

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