



Condensed Consolidated Interim Financial statements

1 January – 31 March 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 1 January to 31 March 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. ("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 in Q1 2026 amounted to ISK **336** million and return on equity was **-1.4%** during the period. The Group's assets at the end of the period amounted to ISK **87,231** million and equity amounted to ISK **22,675** 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 6.9% insurance revenue growth and thereof 11.2% life and health insurance growth in Q1 2026.

Cost ratio stood at 19.1% in the Q1 2026 (Q1 2025: 19.2%) and claims and reinsurance ratio was at 79.2% (Q1 2025: 81.4%). This results in a combined ratio of 98.3% (Q1 2025: 100.7%). The insurance service result was positive by ISK 138 million in Q1 2026 (Q1 2025: ISK -51 million) and improved by ISK 189 million YoY.

Financial Services

Financial services activities declined by 8.4% in revenue in Q1 2026 compared to prior year. Revenue of financial activities totalled ISK 714 million (Q1 2025: ISK 780 million). Assets under management (AuM) at the Skagi Group stand at 251 billion at the end of Q1 2026 (Q1 2025: ISK 225 billion) and grew 11.7% YoY.

Financial services delivered a loss before tax of 19.7 million in Q1 2026 (Q1 2025: -33.7 million) and improved by ISK 14 million YoY.

Investments

The return on the insurance investment assets in Q1 2026 was 0.7% (Q1 2025: -1.1%). Investments generated financial income of ISK 366 million in Q1 2026 (Q1 2025: ISK -522 million) but a negative net financial income of ISK 252 million in Q1 2026 (Q1 2025: ISK -1,087 million), after taking into account net financial expenses of insurance contracts and other financial items of ISK -537 million and operating expenses of investment portfolio of ISK -82 million.

Report and Endorsement

by the Board of Directors and the CEO

Financial Targets 2026

Guidance on target operating performance for the fiscal year 2026 is as follows:

- Combined ratio range 92% - 95%
- Financial services revenue is expected to be above 3,500 million (range 3,300 – 3,800 million)
- Expected return of insurance investments assets is 9.5%.

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 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 21.5 million), with each share having a nominal value of ISK 1. There were 889 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. 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.

Merger discussions with Íslandsbanki

The Board of Directors of Skagi hf. and Íslandsbanki hf. agreed on 21st February 2026 to terminate their merger discussions, as announced by Skagi on Nasdaq Iceland.

Share repurchase program

On 23rd February 2026 Skagi announced a share repurchase program, under which it is planned to purchase up to 40 million shares at nominal value, which is equivalent to approximately 2.06% of the company's issued share capital. However, the total amount of the buyback will not exceed ISK 750 million. The buyback commenced on March 2 and it is expected to be completed no later than at market close on June 5, 2026, or earlier, if the conditions regarding maximum purchases are met before that date.

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 2026, and its assets, liabilities, and financial position as of 31 March 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 31 March 2026 and confirm by means of their signatures.

Reykjavik, 29 April 2026

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 I. Þórðarson

Condensed Consolidated Interim Income Statement

For the period 1 January to 31 March 2026

	Notes	YTD 2026	YTD 2025
Insurance revenue		8.047.872	7.531.512
Insurance expenses		(6.134.807)	(5.955.328)
Insurance contract operating expenses	6	(1.535.162)	(1.448.250)
Net expenses from reinsurance contracts		(239.903)	(178.478)
Insurance service result		138.000	(50.545)
Interest income		560.692	521.947
Interest expenses		(406.743)	(413.559)
Net interest income		153.949	108.389
Fee and commission income		548.842	605.102
Fee and commission expenses		(16.000)	(17.242)
Net fee and commission income		532.842	587.860
Financial income		349.716	(514.317)
Net finance expenses from insurance contracts		(439.106)	(393.162)
Other financial items		(112.876)	(110.407)
Operating expense of the insurance investment portfolio		(81.885)	(78.763)
Net financial income		(284.151)	(1.096.649)
Share in profit of associates, after income tax		17.295	25.084
Other operating income		33.200	50.989
Net operating income		591.135	(374.872)
Operating expenses	6	(873.650)	(946.095)
Net credit impairments		(1.433)	(3.064)
Amortization of intangible assets		(49.339)	(47.262)
Profit (loss) before tax		(333.287)	(1.371.294)
Income tax expenses		(2.406)	18.570
Profit (loss) for the period		(335.693)	(1.352.724)
Attributable to shareholders		(335.693)	(1.350.554)
Attributable to minority interest		0	(2.170)
Profit (loss) for the period		(335.693)	(1.352.724)
Earnings per share			
Basic earnings per share		(0,18)	(0,71)
Diluted earnings per share		(0,18)	(0,71)

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

Condensed Consolidated Interim Statement of Comprehensive Income

For the period 1 January to 31 March 2026

	YTD 2026	YTD 2025
Profit (loss) for the period	<u>(335.693)</u>	<u>(1.352.724)</u>
Other Comprehensive income		
<i>Items that are or may be reclassified subsequently to profit and loss and relocated to equity</i>		
Unrealized fair value changes	(21.466)	(1.323)
Total comprehensive income (loss) for the period	<u>(357.159)</u>	<u>(1.354.047)</u>

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

Condensed Consolidated Interim Statement of Financial Position

As at 31 March 2026

		31.3.2026	31.12.2025
Assets			
Cash and cash equivalents		3.272.615	1.750.025
Financial assets	7	56.459.235	55.888.970
Securities used for economic hedging		3.400.710	3.109.524
Loans to customers	8	12.388.020	11.836.508
Derivatives		206.934	162.132
Investm. where investm. risk is borne by life-ins. policyholders		790.718	882.144
Investment in associates	10	229.435	212.140
Intangible assets		4.529.792	4.558.785
Property and equipment		1.280.626	1.384.416
Deferred income tax asset		187.335	196.090
Assets from reinsurance contracts held		1.055.975	960.618
Other receivables		3.429.486	4.093.665
Total assets		<u>87.230.880</u>	<u>85.035.018</u>
Liabilities			
Insurance contract liabilities	11	32.350.119	30.331.427
Investment contract liabilities		790.718	882.144
Financial liabilities	12	20.698.353	20.953.779
Subordinated bond		3.884.352	3.907.720
Derivatives		154.044	254.981
Lease liability		1.086.829	1.126.536
Deferred income tax liability		429.328	435.667
Accounts payable and other liabilities		5.162.280	3.158.530
Total liabilities		<u>64.556.022</u>	<u>61.050.782</u>
Equity			
Share capital		1.918.812	1.905.747
Share premium		3.520.118	3.254.432
Restricted reserves		2.719.141	2.740.607
Retained earnings		14.516.788	16.037.499
Total equity attributable to shareholders		<u>22.674.858</u>	<u>23.938.285</u>
Minority interest		0	45.950
Total equity		<u>22.674.858</u>	<u>23.984.235</u>
Total liabilities and equity		<u>87.230.880</u>	<u>85.035.018</u>

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

Condensed Consolidated Interim Statement of Changes in Equity

For the period 1 January to 31 March 2026

	Share capital	Share premium	Other restricted equity		Retained earnings	Minority interest	Total
			Restricted reserve	Unrealised profit of subsidiaries and associates			
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					(335.693)		(335.693)
Other comprehensive income (loss)				0	(21.466)	0	(21.466)
Total comprehensive income (loss) for the period	0	0	0	0	(357.159)	0	(357.159)
Change of holding in subsidiary	24.232	449.044			(427.326)	(45.950)	0
Treasury shares acquired	(11.167)	(183.359)					(194.526)
Dividends paid, ISK 0,3988 per share					(757.692)		(757.692)
Restricted reserves			(21.466)		21.466		0
Equity 31.3.2026	1.918.812	3.520.118	608.551	2.110.590	14.516.788	0	22.674.858
Equity 1.1.2025	1.895.958	3.087.000	2.684.635	179.470	14.384.481	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	0	(1.351.877)	(2.170)	(1.354.047)
Change of holding in subsidiary					(4.932)	4.932	0
Treasury shares allocation	410				8.128		8.538
Restricted reserves			(2.059.015)	0	2.059.015		0
Equity 31.3.2025	1.896.367	3.087.000	625.620	179.470	15.096.137	41.972	20.926.567

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

Condensed Consolidated Interim Statement of Cash Flows

For the period 1 January to 31 March 2026

	YTD 2026	YTD 2025
Operating activities		
Profit (loss) for the period	(335.693)	(1.352.724)
Operating items not affecting cash flows:		
Net interest income	(153.949)	(108.389)
Net financial income	(237.903)	586.095
Stock options, change	0	8.538
Share in profit of associate	(22.291)	(30.461)
Loss (profit) on sale of operating assets	370	(540)
Depreciation and amortization	164.329	117.685
	<u>(585.136)</u>	<u>(779.796)</u>
Changes in operating assets and liabilities:		
Financial assets, change	(204.907)	(1.695.183)
Assets from reinsurance contracts held, change	(95.357)	(314.868)
Securities, change	(291.185)	461.333
Loans to customers, change	(551.511)	(762.930)
Other receivables, change	669.175	(1.143.521)
Derivatives, change	(145.739)	(443.129)
Insurance contract liabilities, change	2.018.692	1.984.978
Accounts payable and other liabilities, change	1.302.213	1.971.766
	<u>2.116.242</u>	<u>(721.352)</u>
Cash flows from operating activities before interest and tax		
Interest income received	325.203	333.820
Dividend received	199.444	295.546
Financial expenses paid	(539.379)	(517.712)
Income taxes paid	(53.739)	(36.680)
	<u>2.047.772</u>	<u>(646.378)</u>
Investing activities		
Investments in property and equipment	(10.037)	(57.519)
Sale of property and equipment	5.900	0
Investments in intangible assets	(20.971)	0
Dividends received from associate	0	0
	<u>(25.108)</u>	<u>(57.519)</u>
Financing activities		
Purchase of treasury shares	(194.526)	0
Dividends paid	0	0
Principal payments of lease liability	(46.514)	(45.832)
Short-term loans, change	(255.426)	1.518.797
	<u>(496.466)</u>	<u>1.472.965</u>
Change in cash and cash equivalents	1.526.198	769.068
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	(3.608)	(219)
	<u>3.272.615</u>	<u>3.090.809</u>
Financing activities not affecting cash flow		
Dividend declared	(757.692)	
Other liabilities	757.692	

The notes on pages 10-22 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 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 29 April 2026. 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 2025, 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 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 31 March 2026 are specified as follows:

	Insurance operations	Insurance investments	Financial services	Centralized supporting units and eliminations	Total
Insurance revenue	8.047.872				8.047.872
Claims incurred	(6.134.807)				(6.134.807)
Insurance contract operating expenses	(1.535.162)				(1.535.162)
Net expenses from reinsurance contracts	(239.903)				(239.903)
Insurance service result	138.000	0	0	0	138.000
Net interest income			153.949		153.949
Net fee and commission income			559.904	(27.062)	532.842
Financial income		366.451	(1.055)	(15.679)	349.716
Operating exp. of the insurance investment portfolio		(81.885)			(81.885)
Net finance expenses from insurance contracts		(439.106)			(439.106)
Other financial items		(97.562)		(15.314)	(112.876)
Net financial income	0	(252.102)	(1.055)	(30.994)	(284.151)
Other operating income	32.288		896	15	33.200
Share in profit of associates, after income tax				17.295	17.295
Net operating income	170.289	(252.102)	713.694	(40.746)	591.135
Operating expenses	(44.364)		(704.965)	(124.320)	(873.650)
Allocated costs from supporting units	(48.230)	(44.520)	(21.107)	113.857	0
Amortization of intangible assets			(5.889)	(43.450)	(49.339)
Net credit impairments			(1.433)		(1.433)
Profit (loss) before tax	77.695	(296.622)	(19.701)	(94.659)	(333.287)
Income tax expenses					(2.406)
Loss for the period					(335.693)

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 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		(522.269)	(9.673)	17.625	(514.317)
Operating exp. of the insurance investment portfolio		(78.763)			(78.763)
Net finance expenses from insurance contracts		(393.162)			(393.162)
Other financial items		(92.792)		(17.615)	(110.407)
Net financial income	0	(1.086.986)	(9.673)	10	(1.096.649)
Other operating income	50.211		778		50.989
Share in profit of associates, after income tax				25.084	25.084
Net operating income	(334)	(1.086.986)	779.576	(67.128)	(374.872)
Operating expenses	(44.694)		(787.493)	(113.908)	(946.095)
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	(106.774)	(1.143.981)	(33.725)	(86.814)	(1.371.294)
Income tax expenses					18.570
Loss for the period					(1.352.724)

*The presentation of comparative figures has been revised.

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	704.965	787.493
Skagi supporting units and eliminations	124.320	113.908
Other cost related to VÍS tryggingar	44.364	44.694
Total.....	873.650	946.095

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

	YTD 2026	YTD 2025
Salaries and related expenses	1.576.838	1.617.326
Other operating expenses	798.869	785.361
Depreciation and amortization	164.329	117.685
Total.....	2.540.036	2.520.371
Centralized supporting units and eliminations	124.320	113.908
Operating expenses of financial services	704.965	787.493
Insurance contract operating expenses	1.535.162	1.448.250
Operating expenses of the insurance investment portfolio and other insurance cost	126.249	123.457
Amortization of intangible assets	49.339	47.262
Operating expenses, total.....	2.540.036	2.520.371
Salaries and related expenses are specified as follows:	YTD 2026	YTD 2025
Salaries	1.204.227	1.217.169
Pension fund contributions	167.577	177.808
Share option expenses	16.413	19.007
Special financial activities tax on salaries	88.248	81.143
Other salary-related expenses	100.375	122.199
Salaries and salary-related expenses	1.576.838	1.617.326
Number of fulltime employees	234	240

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:

31.3.2026

	Insurance investments	Financial services	Total
Shares in other companies			
Listed on domestic stock exchanges	3.520.433	525.304	4.045.738
Listed on foreign stock exchanges	2.658.695	0	2.658.695
Other companies	7.680.355	57.861	7.738.216
	13.859.483	583.165	14.442.648
Other securities			
Government-backed securities, indexed	2.344.715	1.255.635	3.600.351
Government-backed securities, non-indexed	6.186.927	4.492.547	10.679.473
Other bonds	15.518.164	514.175	16.032.339
Bond funds	9.086.674	307.820	9.394.494
Institutional investor funds	2.007.359	0	2.007.359
	35.143.839	6.570.177	41.714.016
Other financial assets			
Currency forwards	302.570	0	302.570
Total financial assets	49.305.893	7.153.342	56.459.235

Notes to the Condensed Consolidated Interim Financial Statements

7. Financial assets (cont.)

31 December 2025

	Insurance investments	Financial services	Total
Shares in other companies			
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
	<u>15.499.870</u>	<u>516.799</u>	<u>16.016.669</u>
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
	<u>32.789.030</u>	<u>6.771.107</u>	<u>39.560.137</u>
Other financial assets			
Currency forwards	312.164	0	312.164
	<u>312.164</u>	<u>0</u>	<u>312.164</u>
Total financial assets	<u>48.601.064</u>	<u>7.287.906</u>	<u>55.888.970</u>

8. Loans to customers

a. Credit risk of financial activities

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

	Nominal value of claim	Expected credit losses	Booked balance
31.3.2026			
Not yet due	12.406.895	(18.875)	12.388.020
Default 1-30 days			
Default 31-60 days			
Default 61-90 days			
Default >90 days			
	<u>12.406.895</u>	<u>(18.875)</u>	<u>12.388.020</u>
31.12.2025			
Not yet due	11.853.950	(17.442)	11.836.508
Default 1-30 days			
Default 31-60 days			
Default 61-90 days			
Default >90 days			
	<u>11.853.950</u>	<u>(17.442)</u>	<u>11.836.508</u>

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.

Notes to the Condensed Consolidated Interim Financial Statements

8. Loans to Customers (cont.)

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

	31.3.2026	%	31.12.2025	%
Less than 50%	3.322.486	26,8%	3.520.710	30%
51-70%	4.600.572	37,1%	6.055.787	51%
71-90%	4.464.962	36,0%	2.260.012	19%
91-100%	0	0,0%	0	0,0%
Total	12.388.020	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.

31.3.2026

Loans to customers:	Stage 1	Stage 2	Stage 3	Total
Credit quality band I	9.740.848			9.740.848
Credit quality band II	1.769.615	233.326		2.002.940
Credit quality band III	484.801			484.801
Credit quality band IV	121.179	57.127		178.306
In default				0
Non-Rated				0
Gross carrying amount	12.116.442	290.453	0	12.406.895
Expected credit loss	(16.223)	(2.652)		(18.875)
Book value	12.100.220	287.800	0	12.388.020

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

Notes to the Condensed Consolidated Interim Financial Statements

9. Group entities

	31.3.2026	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 activities
Skagi ehf.	100,0%	100,0%	Investing activities
Liftryggingafélag 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 31.3.2026	Book value 31.12.2025
Tplús hf.	35,0%	175.673	158.378
Vex ehf.	33,3%	53.762	53.762
		<u>229.435</u>	<u>212.140</u>

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.

	31.3.2026	31.12.2025
Insurance contract liabilities		
Liability for remaining coverage	4.116.562	2.758.248
Liability for incurred claims	28.233.557	27.573.179
Total insurance contract liabilities	<u>32.350.119</u>	<u>30.331.427</u>
Reinsurance contract assets		
Assets from reinsurance contracts held	<u>1.055.975</u>	<u>960.618</u>
Insurance contract liabilities, net of reinsurance		
Insurance contract liabilities, net of reinsurance	<u>31.294.144</u>	<u>29.370.808</u>

Changes in liabilities for incurred claims are specified as follows:

Liability for incurred claims, start of year	<u>27.573.179</u>	<u>27.135.658</u>
Accounts payable related to incurred claims, start of year	(722.158)	(909.891)
Net liability for incurred claims	<u>26.851.021</u>	<u>26.225.766</u>
Net finance expenses from insurance contracts	439.106	1.631.525
Paid claims in the period due to older years	(4.152.772)	(12.057.194)
Liability for incurred claims, current year	<u>4.859.343</u>	<u>11.972.540</u>
Total calculated liability for incurred claims	<u>27.996.698</u>	<u>27.772.637</u>
Run off and changes in risk adjustment	(544.070)	(921.617)
Accounts payable related to incurred claims	780.929	722.158
Liability for incurred claims, end of period	<u>28.233.557</u>	<u>27.573.179</u>

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.

	31.3.2026	31.12.2025
Borrowings	12.679.434	12.342.900
Issued bonds and bills	8.018.919	8.610.879
Financial liabilities total	<u>20.698.353</u>	<u>20.953.779</u>

12.1 Borrowings

Borrowings are specified as follows:

	31.3.2026	31.12.2025
Money market deposits	5.195.344	8.972.015
Liabilities to credit institutions	7.484.090	3.370.884
Total	<u>12.679.434</u>	<u>12.342.900</u>

12.2 Issued bonds and bills

Balance 31.3.2026

Issued bonds and bills	Issued	Maturity	Type and terms of interest	31.3.2026
FOS 26 0528	28.11.2025	28.5.2026	Bill, discounted	927.649
FOS 26 0909	11.3.2026	9.9.2026	Bill, discounted	1.195.165
FOS 281026	28.10.2024	28.10.2026	Bond, fixed 9.2%	1.558.267
FOS 040728	4.7.2025	4.7.2028	Bond, fixed 9.03%	1.531.981
FOS 27 1	23.12.2025	23.6.2027	Bond, floating 1M Reibor +1.7%	2.805.857
				<u>8.018.919</u>

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
				<u>8.610.879</u>

Skagi has a bank credit facility line up to ISK 1,700 million, of which ISK 1,116 million remains undrawn as of the reporting date.

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 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 basis that the Group has now been 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 1.27 compared to the minimum requirement in the Regulation, which is 1.0 and 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.

	31.3.2026	31.12.2025
Own funds		
Own funds for insurance activities	19.037.667	20.105.530
Own funds for other activities	3.235.411	3.288.461
Total own funds (before assumed dividend or share repurchase)	<u>22.273.079</u>	<u>23.393.991</u>
Minimum own fund requirements		
Own funds requirements for insurance activities	14.387.707	14.328.365
Own fund requirements for other activities	2.726.774	2.935.881
Total minimum own fund requirements	<u>17.114.481</u>	<u>17.264.246</u>
Solvency		
	31.3.2026	31.12.2025
Equity according to the statement of financial position	22.674.858	23.984.235
Intangible assets	(4.529.792)	(4.558.785)
Subordinated bond	3.884.352	3.907.720
Assumed dividend plan	0	(760.000)
Share repurchase program	(555.473)	0
Other	243.661	60.822
Calculated own funds	<u>21.717.606</u>	<u>22.633.991</u>
Minimum own fund requirements	17.114.481	17.264.246
Solvency ratio	1,27	1,31
Solvency ratio (before assumed dividend or share repurchase)	1,30	1,36

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 Lífis). 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 1.44 compared to internal limit of 1.35. Solvency ratio of the insurance activities is shown before and after assumed dividend and/or share repurchase to Skagi parent company.

Solvency capital requirements	31.3.2026	31.12.2025
Base Solvency capital requirement (BSCR)	15.671.353	15.714.987
Operational risk	1.228.538	1.127.280
Adjustment due to deferred taxes	(2.534.984)	(2.526.170)
Total minimum solvency	<u>14.364.907</u>	<u>14.316.097</u>

Base Solvency capital requirement (BSCR)	31.3.2026	31.12.2025
Market risk	8.230.307	9.246.964
Counterparty risk	2.503.520	1.902.212
Life underwriting risk	195.275	184.216
Health underwriting risk	2.168.361	1.951.091
Non-life underwriting risk	9.124.408	8.727.296
Diversification effects and other factors	(6.550.518)	(6.296.792)
Total BSCR	<u>15.671.353</u>	<u>15.714.987</u>

Market risk		
Interest rate risk	578.879	700.832
Equity risk	6.904.357	8.077.662
Property risk	248.917	268.610
Spread risk	1.341.075	1.037.481
Foreign currency risk	191.836	396.282
Concentration risk	405.666	599.090
Diversification effects	(1.440.422)	(1.832.994)
Total market risk	<u>8.230.307</u>	<u>9.246.964</u>

Solvency		
Minimum own fund requirements	14.364.907	14.316.097
Calculated own funds (before assumed dividend or share repurchase)	20.616.462	21.794.430
Solvency ratio (before assumed dividend or share repurchase)	1,44	1,52
Calculated own funds (after assumed dividend or share repurchase)	20.616.462	20.594.430
Solvency ratio (after assumed dividend or share repurchase)	1,44	1,44

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 22.6%.

	31.3.2026	31.12.2025
Fossar total equity at period end	3.150.554	3.182.493
Deduction items	<u>(239.304)</u>	<u>(236.870)</u>
Own funds	<u>2.911.250</u>	<u>2.945.623</u>
Risk weighted exposures:		
Credit risk	7.184.273	6.880.546
Market risk	2.779.485	2.478.240
Operational risk	<u>2.918.189</u>	<u>2.918.189</u>
Total risk exposure amount	<u>12.881.946</u>	<u>12.276.974</u>
Capital adequacy ratio for Fossar	22,6%	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.

Notes to the Condensed Consolidated Interim Financial Statements

17. Quarterly statement and key ratios

	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Insurance revenue	8.047.872	8.204.617	8.368.737	7.854.521	7.531.512
Net interest income	153.949	137.845	122.830	91.633	108.389
Net fee and commission income	532.842	686.128	479.882	603.761	587.860
Net financial income	(284.151)	1.520.760	(246.090)	(139.616)	(1.096.649)
Share in profit of associates, after income tax	17.295	59.500	0	26.366	25.084
Other income	33.200	47.127	39.903	72.834	50.989
Total income	8.501.007	10.655.977	8.765.262	8.509.499	7.207.184
Insurance service expenses	(7.669.969)	(7.985.855)	(6.590.384)	(6.026.185)	(7.403.579)
Net expenses from reinsurance contracts	(239.903)	(168.842)	(307.324)	(329.007)	(178.478)
Operating expenses	(873.650)	(966.460)	(759.438)	(836.241)	(946.095)
Amortization of intangible assets	(49.339)	(49.802)	(49.170)	(50.071)	(47.262)
Net credit impairments	(1.433)	(249)	(2.309)	(1.005)	(3.064)
Profit (loss) before income taxes	(333.287)	1.484.768	1.056.638	1.266.990	(1.371.294)
Income tax	(2.406)	80.681	273.671	(294.647)	18.570
Profit (loss) for the period	(335.693)	1.565.449	1.330.309	972.343	(1.352.724)
Insurance operations					
Claims ratio	76,2%	78,6%	62,6%	58,3%	79,1%
Net reinsurance ratio	3,0%	2,1%	3,7%	4,2%	2,4%
Claims and net reinsurance ratio	79,2%	80,7%	66,3%	62,5%	81,4%
Insurance contracts expense ratio	19,1%	18,7%	16,1%	18,4%	19,2%
Combined ratio	98,3%	99,4%	82,4%	80,9%	100,7%
Investment Operations					
Insurance investment portfolio return	0,7%	4,0%	1,0%	1,2%	-1,1%
Financial services					
Financial Services income (excl. interco adj.) ISKm	714	976	700	732	780
Assets under Management (AuM) ISKbn	251	253	236	232	225
Group					
ROE on annual basis	-5,7%	27,2%	13,2%	18,4%	-25,1%
Profit per share	-0,18	0,82	0,02	0,51	-0,71