LANDSBANKINN HF. | Reg. No. 471008-0280 | LANDSBANKINN.IS

Consolidated Financial Statements

2025

Content | Page

Highlights

Universal financial services

TM | LANDSBRÉF

In addition to universal banking services, the Group provides asset and fund management services and P&C and life insurance through subsidiaries.

Credit rating
updated 28 Apríl 2025

A-
with stable outlook

S&P Global Ratings

Sustainable Finance Framework

Landsbankinn is a regular issuer of green bonds

Sustainable Development Goals

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

13 CLIMATE ACTION

Profit

2025	2024
38,015 m.kr.	37,508 m.kr.

Return on equity

2025	2024
11.6%	12.1%

Total operating income

2025	2024
84,211 m.kr.	70,703 m.kr.

Cost-income ratio

2025	2024
34.3%	32.4%

Total assets

31.12.2025	31.12.2024
2,324,939 m.kr.	2,181,759 m.kr.

Total capital ratio

31.12.2025	31.12.2024
24.8%	24.3%

Loans and advances to customers

31.12.2025	31.12.2024
1,884,305 m.kr.	1,807,437 m.kr.

Total liquidity coverage ratio (LCR)

31.12.2025	31.12.2024
180%	164%

Report of the Board of Directors and the CEO

The Board of Directors and CEO of Landsbankinn hf. ("Landsbankinn" or the "Bank") submit this report together with the audited Consolidated Financial Statements of Landsbankinn hf. for the year 2025, which include the accounts of the Bank and its subsidiaries (collectively the "Group").

About the Bank

Landsbankinn is a leading financial institution in Iceland, offering universal financial services to individuals, corporates and investors. Landsbankinn's purpose is to be a trusted bank for the future, referring to its long-term commitment to customer relationships.

The Bank's strategy "Landsbankinn, an ever-smarter bank" aims to simplify life for customers by offering more accessible, secure and also personal banking services. The strategy is achieved by emphasising sound operation of the Bank, building on the use of technology, the ability and will to evolve and develop the Bank's success-driven corporate culture. The strategy is supported by three pillars: satisfied customers, continuous development, positive impact and passion for success. The strategy responds to changes in society, the opportunities and challenges arising from technological developments and the Bank's ambition to make life simpler for customers and the Bank itself a desirable workplace.

The pillars form the foundation that makes it possible to set and achieve ambitious goals. The most important metrics of the pillars are employee satisfaction and customer satisfaction. To achieve strong results, numerous factors must align and the entire environment and service must be first-class, for both customers and employees.

The strategy is followed through by setting of common goals by the Board of Directors, executives and employees. Landsbankinn has in recent years achieved a great deal of success in altering its service platform and increasing income streams. Heightened focus on self-service and improving access to banking services through its app has been supported by a new approach to services provided through branches and service centres. Successful evolvement is based on maintaining and building a strong technological infrastructure, sound operation and active employee involvement in change and development. The strategy and goals are well communicated within the Bank, and there is a clear alignment between the goals set by the Board of Directors and those set by Group management, as well as by each division and subsidiary individually.

Through its strategy and the goals that support it, Landsbankinn aims to have a positive impact on Icelandic society and success should be reflected in Landsbankinn being an excellent investment for the Bank's shareholders.

The Bank is organised into seven divisions: Personal Banking, Corporate Banking, Asset Management & Capital Markets, Finance, Risk Management, IT and Communication & Culture. The Group's business segments are comprised of four main business segments as well as other segments. Information on the Group's business segments and their performance is presented in Note 4.

Financial performance in 2025

Consolidated profit amounted to ISK 38,015 million in 2025 (2024: ISK 37,508 million). Return on equity was 11.6% (2024: 12.1%) and the cost-income ratio was 34.3% (2024: 32.4%). Net interest income amounted to ISK 62,087 million, an increase of 9% between years. Net fee and commission income increased by 10% between years, to ISK 12,561 million. Net gain on financial assets and liabilities at fair value was ISK 6,069 million (2024: ISK 12,696 million net gain). Net credit impairment charges were ISK 1,150 million in the year (2024: ISK 2,772 million net impairment). Salaries and related expenses amounted to ISK 18,100 million in 2025, up by 9% between years, mainly as a result of contractual wage increases and Group growth. The average number of full-time equivalent positions during the year was 917 (2024: 811) with the Bank's purchase of TM tryggingar hf. (TM) accounting for the increase from the previous period.

At year-end 2025, consolidated total equity amounted to ISK 344 billion. Total assets amounted to ISK 2,325 billion at the end of the year, up by 7% from the beginning of the year, or ISK 143 billion, between years. The Group's capital adequacy ratio, calculated according to the Act on Financial Undertakings, was 24.8% at year-end 2025 (2024: 24.3%), well above current regulatory requirements. Lending growth was 4.3% in the year. Lending to corporates grew by ISK 75 billion, while loans to retail customers increased by ISK 2 billion.

The Bank anticipates that return on equity in 2026 will be 11-13%. Main risks are described in the section Risk factors below.

Funding

Customer deposits are the Bank's primary source of funding. Total customer deposits amounted to ISK 1,249 billion at year-end 2025, growing by ISK 21 billion, or 2%, between years. EMTN-issuance on international capital markets and issuance of covered bonds on the domestic and international capital markets has been the Bank's main source of market funding. The carrying amount of such funding increased by ISK 48 billion in 2025, amounting in total to ISK 577 billion.

Funding (continued)

The size of the Bank's programme for covered bond issuance is EUR 3.5 billion (equivalent to about ISK 515 billion at end of year). At year-end 2025, the outstanding covered bonds issuance amounted to ISK 290 billion, increasing by ISK 23 billion during the year. At year-end 2025, senior unsecured borrowings in foreign currencies amounted to a total of ISK 242 billion. Issuance on international markets during the year was successful and the demand and terms reflect good access to international credit markets.

On 11 February 2025, Landsbankinn completed the sale of Additional Tier 1 (AT1) securities in the amount of USD 100 million (equivalent to about ISK 12.5 billion). This marks the Bank's inaugural AT1 securities issuance, with the securities sold to investors at a fixed interest rate of 8.125%. The securities are subordinated to all other claims, except equity. The issuance is part of the financing of the Bank's acquisition of TM but also contributes to increased efficiency and diversification in the Bank's funding structure. The Bank aims to carry out a second similar issuance in the first half of 2026.

At year-end 2025, issued subordinated bonds classified as Tier 2 capital amounted to total of ISK 41,6 billion (2024: ISK 40 billion) (see Note 36).

Credit rating

In April 2025, international rating agency S&P Global Ratings (S&P) announced an upgrade of Landsbankinn's credit rating by one notch, from BBB+ to A- with stable outlook. The Bank's credit rating has not been this high since 2014, when S&P began rating the Bank. The bump in the credit rating is grounded on additional loss absorbing capacity (ALAC) following the issuance of senior non-preferred bonds that demonstrated good market access. In addition, the Bank's resolution counterparty ratings (RCR) for the short and long term were raised from A-/A-2 to A/A-1. S&P confirmed the Bank's credit rating in December 2025. A stronger credit rating further improves access to both domestic and international financial markets.

The Bank's debt instruments carry the following S&P ratings: A+ for covered bonds, A- for senior preferred bonds, BBB for senior non-preferred bonds, BBB- for subordinated Tier 2 bonds and BB for Additional Tier 1 securities.

Risk factors

The development of risk factors in Landsbankinn's operations was positive in 2025 and the Bank's position was strong at year-end. Risk appetite metrics were generally within approved limits, reflecting sound risk management and the Bank's strong resilience. Implementation of Regulation (EU) No. 2024/1623 (CRR III) proceeded according to plan and work continued on implementing the Digital Operational Resilience Act (DORA) for the financial sector.

The economic environment in Iceland was challenging. Inflation was above the Central Bank's target, interest rates remained high and there are indications of slower economic growth and rising unemployment. Activity in the housing market declined and real housing prices decreased slightly over the year. Volcanic and seismic activity on the Reykjanes Peninsula decreased compared with the previous year, which reduced the negative effect on customers in and around Grindavík, although uncertainty related to geological developments remains.

Geographical and geopolitical risk was prominent during the year due to armed conflict, trade tension and uncertainty in the global economy; however, to date these developments have had limited direct impact on the Bank's risk exposures. The Bank continues to closely monitor developments and assess the risks through stress testing and scenario analyses.

Operational risk also remains a significant risk factor, as in previous years. Cybersecurity threats continue to grow and the Bank has further strengthened its defences and placed emphasis on education and preventive measures for customers to reduce potential losses arising from fraud and cybercrime.

Credit risk remains the most significant risk in the Bank's operation, or 91.3% of risk-weighted exposure. Lending growth was 4% during the year, with total lending increasing by ISK 77 billion. Lending growth was driven primarily by lending to real estate companies and the construction sector, while lending to individuals remained broadly unchanged. Default ratios in the Bank's loan portfolio continue to be very low, reflecting the strong financial position of households and companies despite challenging conditions.

A strong risk culture is a cornerstone of the Bank's operations, with significant emphasis placed on training, communication and effective dissemination of risk-related information, which supports sound risk culture across the organisation.

CRR III was implemented in Iceland in December 2025. The Bank has estimated the impact of the changes on risk-weighted assets as at 31 December 2025, including a comparison to a scenario in which CRR II had remained in force. The changes affect the calculation of credit risk and operational risk. The implementation of CRR III leads to an ISK 65 billion (4.3%) decrease in risk-weighted assets which translates into an increase in the total capital ratio, from 23.8% to 24.8%.

Landsbankinn's financial standing at year-end is good. The Bank's capital and liquidity ratios are strong and it is well placed to meet both expected and unexpected risk in the future.

Further information about the Group's risk and capital management is included in notes to the Consolidated Financial Statements and in the Bank's Pillar III Risk Report for 2025, both published to the Bank's website, www.landsbankinn.is.

Equity and capital management

In July 2025, the Financial Supervisory Authority of the Central Bank of Iceland notified Landsbankinn of the results of the annual supervisory review and evaluation process (SREP) and its decision on the Group's capital requirements. The Group's total capital requirement is thus at 20.3% of REA at the end of the year 2025 and is comprised of a minimum capital requirement of 8.0%, a 2.5% additional capital requirement and a total capital buffer requirement of 9.8% (see Note 48).

In October 2025, the Resolution Authority of the Central Bank of Iceland announced its latest MREL decision for the Bank. The MREL decision entails that the Bank must at all times satisfy a 30.8% MREL requirement, as a percentage of total risk-weighted exposure amount (TREA) (see Note 50).

The Bank's aim is to enhance efficiency in its funding structure while at all times remaining in the highest category for risk-adjusted capital ratio, as determined and measured by the relevant credit rating agencies (see Note 48). Following the implementation of CRR III there is increased capacity for growth and dividend distributions. The Bank's common equity Tier 1 capital ratio (CET1), as a percentage of risk-weighted assets, was 21.2% at year-end 2025, and the target for 2026 is to be above 18% in the ratio of CET1.

Dividends

Landsbankinn's dividend policy is to pay regular dividends to shareholders, amounting in general to around 50% of the previous year's profit. To achieve the Bank's target capital ratio, special dividend payments may also be made to optimise its capital structure. In determining the amount of dividend payments, regard shall be had for risk in the Bank's internal and external environment, growth prospects and the maintenance of a long-term, robust equity and liquidity position, as well as compliance with regulatory requirements of financial position at any given time.

The 2025 Annual General Meeting (AGM) of Landsbankinn, held on 19 March 2025, approved the motion of the Board of Directors to pay shareholders a dividend of ISK 0.80 per share for the fiscal year 2024 in two instalments. The first payment of ISK 0.40 per share was made to shareholders on 26 March 2025 and the second payment of ISK 0.40 per share on 17 September 2025. The total dividend amounts to ISK 18,891 million, the equivalent of around 50% of the profit for the year 2024.

The 2025 AGM renewed the authorisation of the Bank to acquire up to 10% of the nominal value of own shares. The objective of the buyback programme is to reduce the Bank's equity while at the same time offering shareholders an opportunity to sell their shares in a transparent manner. This authorisation is valid until the 2026 AGM.

The Board of Directors intends to propose to the 2026 AGM, scheduled to be held on 18 March this year, that the Bank pay a dividend in accordance with the dividend policy of 50% of profit in 2025. Calculation of the Group's capital ratios as at year-end 2025 already reflects this foreseeable dividend payment. Additionally, the Board of Directors is considering proposing a special dividend payment to the AGM.

Economic developments

GDP growth was 1.5% in the first three quarters of 2025 and increased by 1.2% in the third quarter, according to preliminary figures from Statistics Iceland. The contribution of foreign trade has been negative in the past 1-2 years, reflecting increased imports related to the construction of data centres and weaker export growth. There continues to be strong momentum in private consumption and investment. Landsbankinn Economic Research expects that figures will show 1.1% economic growth in the past year and that growth will be slightly lower in 2026.

Inflation hovered around 4% in 2025, for the most part. Statistics Iceland's December measurement came in higher than expected, with inflation jumping to 4.5%. Inflation rose to 5.2% in January 2026, primarily driven by changes to public levies on the purchase and operation of vehicles. Increased purchasing power has sustained robust consumption but at the same time, there are clear signs that activity in the economy has begun to slow. Unemployment has increased, demand for labour has declined rapidly and imports of investment goods have weakened, excluding data centres. Over time, it can be expected that slack in the economy will begin to be reflected in household consumption, which should lead to easing inflationary pressures. Landsbankinn Economic Research expects inflation to remain around 5% for the coming three months.

The housing market remains calm, with new homes selling slowly and price increases cooling markedly in recent months. Nominal housing prices have risen by 2.7% over the past twelve months, while real housing prices have declined year-on-year for four consecutive months. Uncertainty about loan terms in connection with the interest rate ruling left its mark on recent months and demand may increase again in the coming weeks once that uncertainty has been resolved.

Ownership

Shareholders of the Bank at year-end 2025 numbered 819, unchanged from the previous year. The ten largest shareholders at year-end 2025 were as follows:

Shareholders		**No. of shares (In ISK million)**	**%**
Ríkissjóður Íslands	Icelandic State Treasury	23.567.0	98.20%
Vestmannaeyjabær	Municipality	3.5	0.01%
Vinnslustöðin hf.	Legal entity	1.8	0.01%
Helgi T. Helgason	Private individual	0.5	0,00%
Hreiðar Bjarnason	Private individual	0.5	0,00%
Árni Þ. Þorbjörnsson	Private individual	0.5	0,00%
Lífeyrissjóður Vestmannaeyja	Pension fund	0.5	0.00%
Steinþór Pálsson	Private individual	0.3	0,00%
Hjördís D. Vilhjálmsdóttir	Private individual	0.3	0,00%
Arinbjörn Ólafsson	Private individual	0.3	0,00%
Top 10 total		**23.575.5**	**98.23%**
Other shareholders		39.1	0.16%
Total shares outstanding		**23.614.6**	**98.39%**
Landsbankinn hf.	Own shares	385.4	1.61%
Total shares issued		**24.000.0**	**100.00%**

Governance

It is Landsbankinn's aim to promote good corporate governance for the overall benefit of the Bank, its shareholders, customers and the community. The Bank's governance is based on the Icelandic laws and regulations that pertain to its operation and apply to financial institutions and the financial market.

In accordance with the seventh paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings, the Bank shall comply with recognised guidelines on corporate governance. The "Guidelines on Corporate Governance", published by the Iceland Chamber of Commerce, NASDAQ OMX Iceland hf. and the Confederation of Icelandic Employers have become the accepted standard and the most recent edition was published 1 July 2021 (6th edition). The Bank complies with the provisions of the Guidelines with the exception of the provision for a committee dedicated to ensuring diversity among directors. Furthermore, a shareholders' meeting has not appointed a Nomination Committee, as nomination of all Directors falls under Article 44(a) of the Public Finance Act No. 123/2015. Further details are disclosed in Sections 2 and 5 of the Bank's annual corporate governance statement for 2025.

Landsbankinn's corporate governance statement for 2025 has been reviewed by the Board of Directors, the Audit Committee, and the CEO. Further information about the Bank's governance practices is disclosed in the Bank's annual corporate governance statement for 2025, published as an unaudited appendix to the annual financial statement and to the Bank's website, www.landsbankinn.is.

Landsbankinn also bases its governance practices on the European Banking Authority's Guidelines on Internal Governance for financial undertakings (EBA/GL/2021/05), cf. Article 16 of regulation (EC) No. 1093/2010, transposed into Icelandic law with Act No. 24/2017, on European Control Systems in the Financial Market.

The Bank also complies with the State Ownership Policy for financial undertakings, published by Icelandic State Financial Investments and most recently revised in February 2020. The Policy sets out detailed requirements and the owner's guidelines for the activities of financial institutions based on the main principles of the Policy, including on governance.

The Board of Directors of Landsbankinn is responsible for ensuring that corporate governance and the Bank's internal organisation contribute to the efficient and careful management of the Bank, segregation of duties and that conflict of interest is prevented. The Board of Directors is elected to the Bank's AGM and is comprised of seven directors and two alternates. Women make up 44% of the Board and men 56%, counting alternates. Regular and alternate members of the Board of Directors are independent of the Bank and of major shareholders.

The Board of Directors of Landsbankinn was re-elected in its entirety at the AGM of the Bank in 2025. Jón Thorvarður Sigurgeirsson was elected Chairman of the Board of Directors. Other elected directors are Eva Halldórsdóttir, who is Vice-chairman of the Board, Kristján Th. Davíðsson, Rebekka Jóelsdóttir, Steinunn Thorsteinsdóttir, Thór Hauksson and Örn Guðmundsson. Elected alternates are Sigurður Jón Björnsson and Stefanía G. Halldórsdóttir.

The Board of Directors of Landsbankinn holds ultimate authority on all questions between shareholders' meetings and for ensuring that the Bank's activities comply with laws, its Articles of Association and other rules relevant to the operation. The Board of Directors shall also ensure sufficient supervision of accounting and handling of the Bank's assets. There are three sub-committees to the Board of Directors: the Audit Committee, the Risk Committee and the Remuneration Committee.

Governance (continued)

The Board of Directors hires the CEO and the Chief Audit Executive. The CEO hires managing directors who each manage a division and jointly comprise Landsbankinn's Executive Board. The current Executive Board is comprised of three women (37.5%) and five men (62.5%). The Bank's CEO shall be responsible for the Bank's day-to-day operation and shall be authorised to take decisions on all questions not entrusted to others by law, the Bank's Articles of Association or decisions by the Board of Directors. Landsbankinn's Executive Board is a forum for consultation and decision-making by the CEO and managing directors. In addition, the CEO has appointed four cross-disciplinary standing committees with the aim of ensuring collaboration and implementation of the Bank's strategy: the Risk & Finance Committee (RAFC), the Credit Committee, the Operational Risk Committee and the Project Committee.

The Board of Directors underwent a performance evaluation in December 2025. The activities and work of the Board of Directors in 2025 were evaluated. Also up for evaluation was information disclosure, strategy development and future vision, the performance of Directors, exchange of opinions, the work of sub-committees of the Board and the performance of the Chairman.

Effective risk management is one of the prerequisites of long-term profitability and stability in the Bank's operation. Risk management involves monitoring, identification, assessment and control of risks in the Bank's operation and ensuring that an effective system is in place to meet risk. Communication of information about risk as a foundation of decision-making and a key aspect of effective risk management. The Board of Directors of Landsbankinn approves the risk policy, risk appetite and implementation of risk management. The Board of Directors is further responsible for ensuring that an effective internal control system is in place and for developing and implementing a sound risk management culture in the Bank.

Sustainability

Landsbankinn has worked systematically on sustainability issues since its initial disclosure of sustainability information in 2011. Since then, the Bank's work on sustainability has evolved: The Bank has become a member of numerous initiatives and has steadily refined its focus on sustainability, prioritising areas that are most significant to its operations and where its impact on society is greatest.

Landsbankinn has long published sustainability reports in accordance with the Global Reporting Initiative (GRI) standards, but in preparing the 2024 sustainability statement, the European Sustainability Reporting Standards (ESRS) were, for the first time, taken into consideration as part of the preparation for the entry into force of the Corporate Sustainability Reporting Directive (CSRD). As the European Union has adopted a proposal to simplify its sustainability regulatory framework, the Omnibus proposal, there is uncertainty as to when CSRD will be transposed into Icelandic law, and whether the directive will be implemented in line with its post-simplification form. While this uncertainty persists, Landsbankinn will prepare its sustainability statement with reference to ESRS but will not produce a CSRD or ESRS report. The Bank's emission accounting continues to be calculated using the Greenhouse Gas Protocol (GHG), while financed emissions are assessed according to the methodology of the Partnership for Carbon Accounting Financials (PCAF). This information is verified with limited assurance by Deloitte. For the first time, we are publishing a review of the impact of the Bank's operations on nature, prepared in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), as part of the Bank's sustainability reporting.

In January 2024, Landsbankinn published an updated Sustainable Finance Framework, which provides a structure for the Bank's financing of environmental and social projects. An annual allocation and impact report on sustainable financing is published, which is verified with limited assurance by an independent third party (Deloitte).

Landsbankinn receives an ESG rating from the domestic rating agency Reitun and maintained an excellent score in 2025, achieving 90 out of 100 in category A3.

Detailed information on sustainability is provided in Landsbankinn's sustainability accounts, published alongside the Group's annual financial statement for 2025 on the Bank's website, www.landsbankinn.is.

Human resources

Human resources are a key component of all of Landsbankinn's operations and have a decisive impact on the Bank's performance. With a clear focus on development, equality and employee well-being, a solid foundation is laid for a strong and sustainable workplace culture. All objectives related to human resources metrics were achieved during the year.

In the autumn months, an updated human resources policy was introduced, in which equality and diversity are made visible and cross-cutting priorities in Landsbankinn's HR work. With the policy update, the presentation was simplified and priorities clarified, in close collaboration with a cross-disciplinary team of employees. The implementation of the updated HR policy also entails a clearer framework for follow-up and regular assessment of the status of equality matters.

The gender ratio within the Bank is balanced and has been so for some time, although imbalances have emerged in certain roles or job categories. Landsbankinn aims to close the wage gap as nearly as possible at 0%, taking care that it never exceeds 2.5% in either direction. The gender pay gap measured 1.1% in September 2025, to the disadvantage of women, which is 0.5 percentage points improvement from the previous measurement. Emphasis will be placed on monitoring developments in gender ratios, equal pay and participation in training and career development, so that equality and diversity continue to be an active part of the Bank's day-to-day operations and decision-making.

Human resources (continued)

Landsbankinn closely monitors employee satisfaction and well-being and conducts at least three surveys each year in which employees are given the opportunity to share their experiences. Survey results in 2025 were positive; for example, overall employee satisfaction measured 4.5 out of 5, one of the highest results since measurements began and 95% of employees confirmed that they are satisfied with Landsbankinn as a workplace.

Landsbankinn closely monitors employee satisfaction and well-being and conducts at least three surveys each year in which employees are given the opportunity to share their experiences. Survey results in 2025 were positive; for example, overall employee satisfaction measured 4.5 out of 5, one of the highest results since measurements began and 95% of employees confirmed that they are satisfied with Landsbankinn as a workplace.

Conduct and data protection

Landsbankinn places great emphasis on complying with laws and rules in all respects and on sound and proper business practices. The Bank has appropriate processes in place to monitor developments in the regulatory framework and to respond in a timely manner to changing requirements, as well as to address inquiries from public authorities without delay.

Landsbankinn also places strong emphasis on measures to combat financial crime and to prevent its services from being misused for such purposes. Landsbankinn has zero tolerance for bribery and corruption and has appropriate procedures and controls in place to prevent such practices. Landsbankinn has worked on improving the electronic security of its customers and in 2025 established an after-hours call service to assist customers who suspect they have fallen victim to fraud.

Privacy and data security are key to build and maintain trust between customers and the Bank. In all processing of personal data, the Bank strives to adhere to the principles of data protection law, ensure that the necessary authorisations for processing are in place, and provide appropriate training. With the increase in digitalisation in recent years and most recently of AI, information security is becoming increasingly important, particularly to ensure the security of customers' personal data. Landsbankinn notified the Data Protection Authority of five security breaches that concerned access to personal data and unauthorised access by third parties.

The Bank’s Compliance function and Data Protection Officer provide supervision and support to fulfil appropriate requirements. Employees receive regular training and instruction about current legal requirements and additional instruction when change occurs, in addition to having ready access to advice within the Bank.

No remarks or rulings were received from supervisory entities in 2025 concerning violations of laws or rules leading to penalties. Information about main legal proceedings involving Landsbankinn is included in Note 39 to the consolidated financial statements.

Other matters

Landsbankinn’s remuneration policy states that compensation to the CEO and key managers shall be competitive yet moderate and not leading. The Remuneration Committee is tasked with ensuring that compensation to key executives is within the framework of the remuneration policy and shall submit an annual report on the matter to the Board of Directors. The Bank’s Remuneration Committee has submitted its report on compensation to key executives and considers their terms to be within the framework of the Bank’s remuneration policy.

In December 2021, litigation was commenced against the Bank claiming that provision on variable interest rates in a non-indexed mortgage credit agreement should be deemed illegal and that borrowers had overpaid interest as a result. The cases argued that the Bank should repay such interest payments. With its rulings on 22 December, in cases no. 35/2025 and no. 32/2025, the Supreme Court cleared the Bank of all charges in both cases. In the period leading up to the above-mentioned rulings, the Bank had, with reference to the Supreme Court judgment of 14 October 2025 in the interest rate case concerning Íslandsbanki, already implemented changes to the offering of new residential mortgage loans. The changes applied solely to new loans and had no effect on loans already in place. As a result, a precautionary entry in the amount of ISK 2.4 billion, made in December 2025 to meet uncertainty about the outcome of these cases, has been reversed. Further information is provided in Note 39.

Changes were made to the financing of the real estate company Thórkatla ehf. when an electronic bond was issued in December 2025 to refinance loans to the company related to the purchase of residential property in Grindavík. As a result of that issuance, the Bank’s lending to corporates decreased by ISK 9.6 billion at carrying value, and the Bank acquired marketable debt securities in the same amount.

Settlement and delivery of Landsbankinn’s purchase of TM tryggingar hf. from Kvika Bank hf. took place 28 February 2025. The final consideration following a closing adjustment was ISK 32.2 billion. The Annual General Meeting of TM, held on 29 April 2025, approved a motion from the Board of Directors to pay a dividend to shareholders for the operating year 2024 in the amount of ISK 2.5 billion. Following delivery, Landsbankinn is considered a mixed-activity insurance holding companies in accordance with Act No. 60/2017, on Insurance Groups. The goal of the acquisition is to increase value for the Bank’s shareholders and broaden the service base even further for customers.

Other matters (continued)

The offer of Landsbyggð ehf. for the Bank's buildings at Austurstræti 11 and Hafnarstræti 10, 12 and 14 was accepted at the end of July 2025, following an open sales process. The sale price of the buildings was ISK 2.85 billion.

In October 2025, the Bank sold its 47.9% ownership stake in Greiðslumiðlun Íslands ehf. (GMÍ) to Síminn hf. through an open sales process that began in November 2024. The total valuation of GMÍ in the transaction amounts to ISK 3.5 billion. The transaction is subject to customary conditions, including approval by the Competition Authority, and the final purchase price payable will, among other things, be based on the level of net interest-bearing debt and working capital as of the settlement reference date.

Statement by the Board of Directors and the CEO

The Consolidated Financial Statements of Landsbankinn for 2025 have been prepared on a going-concern basis in accordance with the International Financial Reporting Standards (IFRS) accounting standards, as adopted by the European Union and compliant with applicable Icelandic laws and regulations.

In our opinion, the Consolidated Financial Statements provide a true and fair view of the consolidated financial position of the Group as of 31 December 2025, its consolidated financial performance and consolidated cash flows for the year 2025. Furthermore, the Consolidated Financial Statements, including the report of the Board of Directors and the CEO, describe the principal risks and uncertainties facing the Group.

The Board of Directors and Chief Executive Officer of the Bank endorse the Consolidated Financial Statements of Landsbankinn for the year 2025 with their electronic signatures. The Board of Directors and the CEO recommend that the Annual General Meeting of Landsbankinn approve the Consolidated Financial Statements.

Reykjavík, 29 January 2026

Board of Directors

Jón Thorvarður Sigurgeirsson, Chairman
Eva Halldórsdóttir, Vice chairman
Kristján Þ. Davíðsson
Rebekka Jóelsdóttir
Steinunn Thorsteinsdóttir
Thór Hauksson
Örn Guðmundsson

Chief Executive Officer

Lilja Björk Einarsdóttir

Independent Auditor’s report

To the Board of Directors and the Shareholders of Landsbankinn hf.

Opinion

We have audited the accompanying consolidated financial statements of Landsbankinn hf. and its subsidiaries (the group) for the year 2025, excluding the Board of Directors and CEO report.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts.

Our opinion is consistent with our additional report to the Audit Committee.

The consolidated financial statements comprise

- Report of the Board of Directors and CEO
- Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the Year ended 31 December 2025
- Consolidated Statement of Financial Position as at 31 December 2025
- Consolidated Statement of Changes in Equity for the Year ended 31 December 2025
- Consolidated Statement of Cash Flows for the Year ended 31 December 2025
- Notes to the consolidated financial statements, which include material accounting policies and other explanatory information

The Board of Directors and the CEO report, highlights on page 1, certain notes and appendix are excluded from the audit, refer to section reporting on other information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the consolidated financial statements section of our report.

Independence

We are independent of the group in accordance with Icelandic laws on auditors and auditing and the code of ethics that apply to auditors in Iceland and relate to our audit of the group's consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the group and its subsidiaries are in accordance with the applicable law and regulations in Iceland and that we have not provided non-audit services that are prohibited under Article 5.1. of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the group and its subsidiaries, in the period from 1 January 2025 to 31 December 2025, are disclosed in note 13 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit procedures
Impairment allowance of loans to customers *Refer to the Note 84.12 (g) "Material accounting Policies - Impairment of financial assets", Note 3 (b) "Critical accounting estimates and judgements in applying accounting policies - Impairment losses on loans and advances", Note 24 "Loans and advances to customers" and Note 62 "Impairment allowance on loans and advances".* Allowance for impairment on loans and advances to customers amounted to ISK 9.145 million at 31 December 2025. Loans and advances to customers amounted to ISK 1.884.305 million or 81% of total assets as at 31 December 2025, against which impairment allowances have been recorded. The amount of impairment allowance is based on assumptions, many of which are subject to management's assessment. In assessing expected credit losses (ECL), the Group uses a forward-looking model in accordance with International Financial Reporting Standard no. 9, Financial Instruments (IFRS 9). Important criteria for evaluation are: - probability of default and future cash flows of customers; - how changes in economic factors affect expected credit losses; and - assessment of collateral - Post-model-adjustments to reflect uncertainties not captured in the ECL models Given the high level of judgement involved in determining impairment, and the significance of loans and advances to customers of the Group's balance sheet, we consider the impairment allowance to be a key audit matter.	Our audit included a combination of testing of internal controls over financial reporting in the Groups lending processes and substantive testing of impairment allowances. We obtained an understanding of the loan origination process, credit risk management and the impairment allowances for loans and advances to customers. We performed tests of the Group's impairment models and evaluated the methodology and challenged assumptions for calculating the ECL models. We reviewed the Group's models and utilised PwC's model experts in reviewing the ECL models in accordance with the requirements set out in IFRS 9. Our audit procedures included, among other: - verification of assumptions used in the ECL models to assess the probability of defaults and future customer cash flows; - verification of registrations and assessments of collateral used in the calculation of the ECL models; - testing of key reconciliations, validations and approvals in regards to impairment; - sample testing of loans to substantiate the assumptions used in the ECL models, including an examination of the assumptions used to classify loans into relevant stages together with an assessment of collateral and credit rating; - we involved PwC model experts to independantly reperform the calculation of ECL models; - sample testing of stage 3 loans that are individually assessed to verify whether appropriate criteria are used in determining the value of the loans, including the value of collateral and the assessment of future customers' cash flows. - evaluation of the assumptions used to develop the post-model-adjustments to reflect uncertainties not captured in the ECL models and reviewed that governance procedures have been performed. We assessed the disclosures related to impairment allowance.

Key audit matter	Audit procedures
Purchase of TM tryggingar hf. *Refer to the Note 3 "Critical accounting estimates and judgements in applying accounting policies - TM tryggingar hf." and Note 27 "Intangible assets".* The acquisition of all shares in TM tryggingar hf. was completed on 28 February 2025, and the total purchase price amounted to ISK 32.217 million. The acquisition has been accounted for using the acquisition method. The Group's assessment was that the fair value of the acquired assets and liabilities was consistent with the carrying amounts at TM tryggingar hf. on the acquisition date. The purchase price allocation has not been fully completed at year-end. The effects of the acquisition are material to the Group's consolidated financial statements. Furthermore, there are significant judgment-based elements, which are based, among other things, on management's assessments. Therefore, the accounting treatment related to the acquisition, and the assumptions and valuations on which it is based, constitute a key audit matter in our audit.	The audit of the accounting treatment, assumptions, and judgments related to the preliminary purchase price allocation involved, among other things, the following: - Purchase agreements and other information related to the acquisition were reviewed to obtain an understanding of the transaction. - A recalculation of the purchase consideration was performed. - Management's assumptions and judgments in allocating the purchase price were reviewed. - PwC valuation specialists assisted in auditing the goodwill related to the acquisition. We assessed the disclosures related to the purchase of TM tryggingar hf.

Key audit matter	Audit procedures
Assessment of liabilities for incurred claims *Refer to the Note 84.27 "Material accounting Policies - Insurance contract liabilities" and Note 34 "Insurance contract liabilities".* The liability for insurance contracts amounted to ISK 26.099 million at year-end 2025 and represents 1,32% of the Group's liabilities. The insurance contract liability is divided into the liability for remaining coverage and the liability for incurred claims. The Group applied the Premium Allocation Approach (PAA) in measuring its insurance contracts in accordance with IFRS 17. The liability for incurred losses is a material item in the financial statements and is subject to management's professional judgment. There is inherent estimation risk in measuring this liability. The assessment is based on defined assumptions for reported claims and on actuarial evaluations for claims that have been incurred but not reported. It depends on the quality of the underlying data, including complex judgments about how events may develop in the future. The liability for remaining coverage includes premiums received for insurance coverage that relate to subsequent periods. The liability for incurred claims is the sum of the claims reserve, the profit-sharing liability, and trade payables relating to incurred claims, together with a risk adjustment. The claims reserve is the Group's best estimate of the present value of future payments to settle the obligation. The Group's best estimate takes into account both indirect and direct expenses attributable to the insurance coverage provided over the term of the contracts, as well as profit participation and liabilities related to incurred claims. A key audit matter is management's estimate of outstanding claims due to the complexity and extent of judgment involved in the calculation. The greatest uncertainty relates to the valuation of reported claims and the assessment of incurred but not reported claims.	Our audit included a combination of testing of internal controls over financial reporting in the Group's claims process and substantive procedures over the liability for incurred claims. We obtained an understanding of the information systems, procedures, and controls related to claims, and tested key management controls over the review of open claims and the payment of claim settlements. Our audit procedures included, among other: - Reviewing management's methodology and assumptions for measuring insurance contract liabilities under IFRS 17. - Testing controls over management's monitoring of claims reserving and settled claims. - Performing risk assessment and sample testing of reported claims at year end to confirm existence and the appropriateness of claim valuations. - Comparing claim valuations to underlying policy documentation and verifying payments. - Evaluating the input data used in the calculations and whether the claims reserving procedures were being followed. - PwC actuaries assessed the methodology and assumptions and performed an independent actuarial recalculation of the liability for incurred losses. - Reviewing reconciliations between systems. We assessed the disclosures related to the liabilities for incurred claims.

Reporting on other information including the Report of the Board of Directors and CEO

The Board of Directors and the CEO are responsible for other information. The other information comprises of highlights on page 1, Report of the Board of Directors and the CEO, consolidated key figures notes 85 to 87 and appendix about the corporate governance statement and appendix about Green Asset Ratio (GAR) report, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover other information, including the Report of the Board of Directors and the CEO.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

With respect to the Board of Directors and the CEO report we have, in accordance with article 104, of the Icelandic law on annual accounts reviewed that to the best of our knowledge, the report of the Board of Directors and the CEO accompanying the consolidated financial statements includes applicable information in accordance with Icelandic law on annual accounts if not presented elsewhere in the consolidated financial statements.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS accounting standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts, and for such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. The Group's management must provide appropriate explanations regarding its ability to continue as going concern, if applicable, and why management applies the presumption of going concern in the preparation and presentation of the consolidated financial statements.

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

Auditor’s responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the company on mandate of the Icelandic National Audit office in accordance with paragraph 7 of Act on the Auditor General and the auditing of government accounts no. 46/2016 at the company's annual general meeting on April 22nd, 2020. Our appointment has been renewed annually at the company's annual general meeting representing a total period of uninterrupted engagement appointment of six years.

Reykjavík, January 29th., 2026

PricewaterhouseCoopers ehf.

Arna G. Tryggvadóttir
State authorized public accountant

Consolidated Income Statement for the Year ended 31 December 2025

Notes		2025	2024
	Interest income	166,158	166,534
	Interest expense	(104,071)	(109,337)
5	**Net interest income**	**62,087**	**57,197**
	Fee and commission income	19,559	17,354
	Fee and commission expense	(6,998)	(5,949)
6	**Net fee and commission income**	**12,561**	**11,405**
	Insurance revenue	17,932	0
	Insurance service expenses	(16,184)	0
7	**Insurance service result**	**1,748**	**0**
8	Net gain on financial assets and liabilities at FVTPL	6,069	12,696
9	Net foreign exchange gain	61	616
10	Net impairment changes	(1,150)	(2,772)
11	Other income and (expenses)	2,835	561
	Net other operating income	**7,815**	**11,101**
	Total operating income	**84,211**	**79,703**
12	Salaries and related expenses	(18,100)	(16,534)
13	Other operating expenses	(11,163)	(10,202)
	Tax on liabilities of financial institutions	(2,739)	(2,597)
	Total operating expenses	**(32,002)**	**(29,333)**
	Profit before tax	**52,209**	**50,370**
14	Income tax	(14,194)	(12,862)
	Profit for the year	**38,015**	**37,508**
	Profit for the year attributable to:		
	Owners of the Bank	38,015	37,508
	Non-controlling interests	0	0
	Profit for the year	**38,015**	**37,508**
	Earnings per share:		
38	Basic and diluted earnings per share from operations (ISK)	**1.61**	**1.59**

Consolidated Statement of Comprehensive Income for the Year ended 31 December 2025

Notes		2025	2024
	Profit for the year	38,015	37,508
	Other comprehensive income for the year, after tax	0	0
	Total comprehensive income for the year	**38,015**	**37,508**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Landsbankinn hf. Consolidated Financial Statements 2025 14 All amounts are in ISK million

Consolidated Statement of Financial Position as at 31 December 2025

Notes		2025	2024
	Assets		
19, 70	Cash and balances with Central Bank	125,527	129,981
20	Bonds and debt instruments	193,260	139,104
21	Equities and equity instruments	30,554	32,644
22	Derivative instruments	5,393	8,260
23, 70	Loans and advances to financial institutions	41,084	39,346
24, 70	Loans and advances to customers	1,884,305	1,807,437
25	Investments in equity-accounted associates	1,211	1,143
26	Property and equipment	14,667	14,611
27	Intangible assets	15,387	1,336
28	Other assets	12,026	5,725
	Assets classified as held for sale	1,525	2,172
	Total assets	**2,324,939**	**2,181,759**
	Liabilities		
30	Due to financial institutions and Central Bank	20,272	11,989
31	Deposits from customers	1,249,306	1,228,444
22	Derivative instruments and short positions	7,164	6,835
32, 70	Borrowings	577,268	529,150
33	Tax liabilities	17,685	15,597
34	Insurance contract liabilities	26,099	0
35	Other liabilities	29,024	25,106
36	Subordinated liabilities	54,348	39,989
	Total liabilities	**1,981,166**	**1,857,110**
37	**Equity**		
	Share capital	23,615	23,615
	Share premium	120,516	120,516
	Reserves	13,124	13,213
	Retained earnings	186,518	167,305
	Total equity attributable to owners of the Bank	**343,773**	**324,649**
	Non-controlling interests	0	0
	Total equity	**343,773**	**324,649**
	Total liabilities and equity	**2,324,939**	**2,181,759**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Landsbankinn hf. Consolidated Financial Statements 2025 15 All amounts are in ISK million

Consolidated Statement of Changes in Equity for the Year ended 31 December 2025

Notes		Attributable to owners of the Bank								
				Reserves*						
	Change in equity for the Year 2025	Share capital	Share premium	Statutory reserve	Unrealised gains in subsidiaries and equity-accounted associates reserve	Fair value changes of financial assets designated at FVTPL	Retained earnings	Total	Non-controlling interests	Total
	Balance as at 1 January 2025	23,615	120,516	6,000	4,087	3,126	167,305	324,649		324,649
	Profit for the year						38,015	38,015		38,015
	Transferred (from) to restricted reserves				1,773	(1,862)	89	0		0
	Dividends allocated						(18,891)	(18,891)		(18,891)
37	**Balance as at 31 December 2025**	**23,615**	**120,516**	**6,000**	**5,860**	**1,264**	**186,518**	**343,773**	**0**	**343,773**
	Change in equity for the Year 2024									
	Balance as at 1 January 2024	23,621	120,593	6,000	3,577	1,855	148,108	303,754		303,754
	Profit for the year						37,508	37,508		37,508
	Transferred (from) to restricted reserves				510	1,271	(1,781)	0		0
	Purchase of own shares	(6)	(77)					(83)		(83)
	Dividends allocated						(16,530)	(16,530)		(16,530)
37	**Balance as at 31 December 2024**	**23,615**	**120,516**	**6,000**	**4,087**	**3,126**	**167,305**	**324,649**	**0**	**324,649**

*In accordance with Act. No. 2/1995, on Public Limited Companies and Act No. 3/2006, on Annual Financial Statements.

The accompanying notes are an integral part of these Consolidated Financial Statements.

All amounts are in ISK million

Consolidated Statement of Cash Flows Year ended 31 December 2025

Notes		2025	2024
	Operating activities		
	Profit for the year	38,015	37,508
	Adjustments for non-cash items included in profit for the year	(50,373)	(51,902)
	Changes in operating assets and liabilities	(41,749)	(19,805)
	Interest received	152,773	153,553
	Interest paid	(90,452)	(99,974)
	Dividends received	956	344
	Tax on liabilities of financial institutions paid	(2,596)	(2,307)
	Income tax and special income tax on financial institutions paid	(13,223)	(12,203)
	Net cash (used in) from operating activities	**(6,649)**	**5,214**
	Investing activities		
	Acquisition of additional shares in subsidiaries	(31,826)	-
	Purchase of property and equipment	(819)	(1,053)
	Proceeds from sale of property and equipment	12	27
27	Purchase of intangible assets	(357)	(119)
	Change in assets and liabilities of asset held for sale	2,850	-
	Investing activities	**(30,140)**	**(1,145)**
	Financing activities		
	Proceeds from borrowings	175,283	151,560
	Repayment of borrowings	(137,780)	(130,162)
	Lease payment	(564)	(462)
	Procceds from subordinated liabilities	13,862	22,642
	Repayment of subordinated liabilities	-	(5,129)
37	Purchase of own shares	-	(83)
37	Dividends paid	(18,891)	(16,530)
	Financing activities	**31,910**	**21,836**
	Cash and cash equivalents as at the beginning of the year	93,973	67,475
	Net change in cash and cash equivalents	(5,270)	25,905
	Effect of exchange rate changes on cash and cash equivalents held	(453)	593
	Cash and cash equivalents as at the end of the year	**88,250**	**93,973**
	Investing and financing activities not affecting cash flows		
	Reclassification of bonds and debt instruments	9,582	-
	Reclassification of loans and advances to customers	(9,582)	-
	Cash and cash equivalents is specified as follows:		
19	Cash and balances with Central Bank	125,527	129,981
23	Bank accounts with financial institutions	6,709	8,080
19	Mandatory and special restricted balances with Central Bank	(43,986)	(44,088)
	Cash and cash equivalents as at the end of the year	**88,250**	**93,973**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Landsbankinn hf. Consolidated Financial Statements 2025 17 All amounts are in ISK million

Consolidated Statement of Cash Flows Year ended 31 December 2025

Notes		2025	2024
	Adjustments for non-cash items included in profit for the year		
5	Net interest income	(62,087)	(57,197)
8	Net gain on financial assets and liabilities at FVTPL	(6,069)	(12,696)
9	Net foreign exchange gain	392	(1,209)
10	Net impairment changes	1,150	2,772
11	Gain on sale of property and equipment	(250)	(88)
11	Net income of asset held for sale	(2,253)	(287)
13	Depreciation and amortisation	1,879	1,425
11	Share of gain of equity-accounted associates	(68)	(81)
	Tax on liabilities of financial institutions	2,739	2,597
14	Income tax	14,194	12,862
		(50,373)	**(51,902)**
	Changes in operating assets and liabilities		
	Change in reserve requirement with Central Bank	102	(18,392)
	Change in bonds and equities	(12,167)	5,697
	Change in loans and advances to financial institutions	(1,536)	5,641
	Change in loans and advances to customers	(77,881)	(175,436)
	Change in other assets	(7,109)	(2,766)
	Change in assets classified as held for sale	86	82
	Change in due to financial institutions and Central Bank	8,240	(17,723)
	Change in deposits from customers	19,053	180,903
	Change in deferred tax liability	362	38
	Change in other liabilities	29,101	2,151
		(41,749)	**(19,805)**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Landsbankinn hf. Consolidated Financial Statements 2025 18 All amounts are in ISK million

Notes to the Consolidated Financial Statement

Notes to the Consolidated Financial Statements

General

1. Reporting entity

Landsbankinn hf. (hereinafter referred to as the "Bank" or "Landsbankinn") was founded on 7 October 2008. The Bank is a limited liability company incorporated and domiciled in Iceland. The Bank operates in accordance with Act No. 161/2002 on Financial Undertakings. The Bank is subject to supervision of the Financial Supervisory Authority of the Central Bank of Iceland (FSA) in accordance with Act No. 87/1998, on Official Supervision of Financial Activities. The registered address of the Bank's office is Reykjastræti 6, Reykjavík. Landsbankinn operates an extensive branch network in Iceland, comprised of 34 branches and service points at year-end 2025.

The Consolidated Financial Statements of the Bank for the year ended 31 December 2025 include the Bank and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities"). The Group's primary lines of business are corporate and personal banking, markets, asset management, non-life and life insurance and other related financial services. The Group operates solely in Iceland.

2. Basis of preparation

These Consolidated Financial Statements for the year ended 31 December 2025 have been prepared in accordance with IFRS Accounting Standards, as adopted by the European Union. The Consolidated Financial Statements have, furthermore, been prepared in accordance with Act No. 3/2006, on Annual Financial Statements, Act No. 161/2002, on Financial Undertakings, and Rules No. 834/2003, on Accounting for Credit Institutions.

The Consolidated Financial Statements were approved and authorised for publication by the Board of Directors and the CEO of Landsbankinn on 29 January 2026.

Material accounting policies are summarised in Note 84.

On 28 February 2025, Landsbankinn acquired all shares in TM tryggingar hf. (TM) and the company is classified as a subsidiary of the Bank as of the acquisition date. More details on the transaction are provided in Note 3. Upon the acquisition of TM, the Group adopted IFRS 17 Insurance Contracts. IFRS 17 specifies how a company records, measures, presents, and discloses information about insurance and reinsurance contracts. The standard does not have any retroactive impact for the Group.

Operating items of the Group in these consolidated financial statements that relate to the operation of TM reflect the company's operation as of the acquisition date to the end of the period, 28 February to 31 December 2025. This also applies to the operating items pertaining to the operation of TM included in the Group's notes for the period 1 January to 31 December 2025, i.e. that the period 28 February to 31 December 2025 applies to those operating items.

Going concern

The Bank's management has assessed the Group's ability to continue as a going concern and it has a reasonable expectation that the Group has adequate resources to continue its operations. Accordingly, these Consolidated Financial Statements have been prepared on a going concern basis.

Functional and presentation currency

The functional currency of the Bank and its individual Group entities is Icelandic króna (ISK) and all amounts are presented in ISK, rounded to the nearest million unless otherwise stated.

3. Critical accounting estimates and judgements in applying accounting policies

Use of extimates and judgements

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future years affected.

Notes to the Consolidated Financial Statements

3. Critical accounting estimates and judgements in applying accounting policies (continued)

(a) Classification of financial instruments

Financial instruments under IFRS 9 are accounted for according to their classification. Professional judgement is applied and determination of the appropriate classification depends on the objective of the business model within which the financial instrument is held and the contractual cash flows of the financial asset, the Solely Payments of Principal and Interest (SPPI) test, which determines whether the intention is to collect cash flows which contractual terms give rise to on specified dates and are solely payments of principal and interes. For further details on the accounting for these instruments under IFRS 9, see Note 84.12 (b).

(b) Impairment losses on loans and advances

Measurement of expected credit losses on loans, financial guarantees and loan commitments measured at amortised cost:

Measurement of expected credit losses (ECL) is based on the three-stage expected credit loss model under IFRS 9. Loss allowance is measured either at an amount equal to 12-month ECLs or lifetime ECLs.

Expected credit loss depends on whether the credit risk has increased significantly since initial recognition. A significant increase in credit risk is defined in Note 84.12(g). If the credit risk has not increased significantly, the loss allowance equals the expected credit losses resulting from loss events that are possible within the next 12 months (Stage 1). If the credit risk has increased significantly, the allowance measured equals the lifetime expected credit losses (Stage 2 and 3). When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group will consider reasonable and supportable information that is relevant and available without undue cost and effort, including both quantitative and qualitative information.

The expected credit loss is calculated for all loans as a function of PD, EAD and LGD, is discounted using the effective interest rate (EIR) and incorporates forward-looking information. The forward-looking information reflects the expectations of the Valuation Team, the Bank's Economic Research department, and involves the creation of scenarios of relevant economic variables, including an assessment of the probability for each scenario.

TM tryggingar hf.

An agreement providing for the purchase by Landsbankinn of TM tryggingar hf. (TM) from Kvika Bank was signed 30 May 2024. The purchase price was ISK 28.6 billion, with the final consideration subject to a closing adjustment based on the tangible equity capital of TM as of 1 January 2024 to the delivery date. Settlement and delivery took place 28 February 2025 and the final purchase price is ISK 32.2 billion. The Group recognised costs related to the acquisition of TM in the amount of ISK 364 million (2024: ISK 157 million), mainly advisory, legal and due diligence fees, under other operating expenses in the income statement for the period 1 January to 31 December 2025. TM is classified as a subsidiary of Landsbankinn as of the delivery date. The operating profit of TM for the period from 28 February to 31 December 2025, amounting to ISK 1,607 million, is included in the consolidated financial statements.

The acquisition has been accounted for using the acquisition method. The fair value assessment of acquired assets and liabilities is as follows:

Identifiable purchased assets and liabilities	Fair value
Assets	
Bond and debt instruments	28,063
Equities and equity instruments	16,055
Derivative instruments	3
Loans and advances to financial institutions	391
Loans and advances to customers	66
Intangible assets	3,849
Other assets	1,728
Total assets	**50,155**
Liabilities	
Tax liabilities	561
Insurance contract liabilities	26,316
Other liabilities	1,528
Total liabilities	**28,405**
Identifiable purchased net assets	**21,750**
Goodwill	**10,467**
Purchase price	**32,217**

Landsbankinn hf. Consolidated Financial Statements 2025 21 All amounts are in ISK million

Notes to the Consolidated Financial Statements

3. Critical accounting estimates and judgements in applying accounting policies (continued)

TM tryggingar hf. (continued)

Since the acquisition date, TM has contributed ISK 17,933 million in insurance revenue and ISK 1,607 million in profit to the consolidated results. Had the acquisition taken place on 1 January 2025, it is estimated that insurance revenue and profit would have amounted to ISK 21,340 million and ISK 1,495 million, respectively. The Annual General Meeting of TM, held on 29 April 2025, approved a motion from the Board of Directors to pay a dividend to shareholders for the operating year 2024 in the amount of ISK 2,500 million.

The allocation of purchase price has not been finalised at the end of the period but the Bank will complete it within the permitted 12-months timeframe from the acquisition date. Goodwill valued at ISK 1,371 million existed upon the acquisition of TM; the premium paid by Landsbankinn in the acquisition therefore amounts to ISK 9,096 million.

Economic forecasts

Landsbankinn Economic Research Department provides scenarios on relevant economic variables and presents them to the Bank's Valuation Team. Economic Research creates a baseline scenario as well as a optimistic and pessimistic scenario, with the last two showing impact on impairment. In the optimistic scenario, economic indicators are altered to lessen the Bank's credit losses compared with the baseline scenario; to increase credit loss in the pessimistic scenario.

The following table shows certain key economic variables used to calculate the ECL allowance. At the reporting date, the baseline forecast of Landsbankinn Economic Research projects 1,0% GDP growth in 2026. The upside, baseline and downside scenarios show averages for the 12-month outlook and to the medium-term horizon. The upside scenario is given 10% weight (31 December 2024: 15%), the baseline 75% weight (31 December 2024: 70%) and the downside scenario 15% weight (31 December 2024: 15%). The scenarios were approved by the Bank's Valuation Team on 17 December 2025.

	Upside scenario		Base case senario		Downside scenario	
As at 31 December 2025	**Next 12 Months**	**To the horizon**	**Next 12 Months**	**To the horizon**	**Next 12 Months**	**To the horizon**
GDP growth	5.8%	9.7%	1.0%	2.6%	(2.5%)	(4.6%)
Unemployment rate	2.8%	1.2%	4.4%	3.8%	6.0%	7.0%
Base rate	4.8%	1.1%	6.5%	5.3%	8.2%	9.5%
Inflation	1.2%	(1.0%)	3.7%	3.1%	6.1%	7.3%
EUR/ISK exchange rate, average	134.3	110.8	150.1	150.0	165.9	189.1
Housing Price index, y/y change	10.0%	19.5%	2.8%	6.8%	(4.4%)	(5.8%)
Household indebtedness	42.7%	28.4%	51.6%	49.1%	60.6%	69.9%

	Upside scenario		Base case senario		Downside scenario	
As at 31 December 2024	**Next 12 Months**	**To the horizon**	**Next 12 Months**	**To the horizon**	**Next 12 Months**	**To the horizon**
GDP growth	7.2%	9.4%	2.3%	2.2%	(2.6%)	(5.0%)
Unemployment rate	1.8%	1.0%	3.5%	3.3%	5.1%	6.6%
Base rate	5.6%	1.3%	7.3%	5.5%	9.1%	9.7%
Inflation	1.4%	(0.7%)	3.9%	3.4%	6.4%	7.6%
EUR/ISK exchange rate, average	128.7	103.7	144.1	141.2	159.5	178.7
Housing Price index, y/y change	14.2%	20.1%	6.9%	7.3%	(0.4%)	(5.5%)
Household indebtedness	37.2%	24.7%	46.2%	45.6%	55.2%	66.6%

	2025			2024		
	Upside scenario	**Base senario**	**Downside senario**	**Upside scenario**	**Base senario**	**Downside senario**
Allowance for impairment (Stage 1 and Stage 2)	2,331	3,845	6,415	2,242	3,742	6,408
Proportion of assets in Stage 2	5.3%	5.7%	7.2%	3.9%	4.3%	5.0%

	Reported under IFRS 9	
	2025	**2024**
Allowance for impairment (stage 1 and stage 2)	5,148	4,649

Landsbankinn hf. Consolidated Financial Statements 2025 22 All amounts are in ISK million

Notes to the Consolidated Financial Statements

3. Critical accounting estimates and judgements in applying accounting policies (continued)

(c) Valuation of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where observable market inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair value, they are validated and regularly reviewed by discrete and qualified in-house reviewers. All models are certified before use, and calibrated to ensure that the outputs reflect actual data and comparative market prices. Wherever practical, models are confined to observable data; however, areas such as volatility, correlation and credit risk, whether own or counterparty, require management to make estimates. Changing assumptions on these factors could affect the reported fair value of financial instruments.

(d) Determination of control over investees

Management applies professional judgement to determine whether the control indicators set out in Note 84.1 Consolidation and non-controling interests, indicate that the Group controls an investee.

4. Operating segments

Segment information for the Group is presented in accordance with internal reporting to the CEO and the managing directors, who are responsible for allocating resources to the reportable operating segments and assessing their financial performance.

The Bank is organised into seven divisions: Personal Banking, Corporate Banking, Asset Management & Capital Markets, Finance, Risk Management, IT and Communication & Culture. The Group's operating segments are divided into five main business segments and other divisions. The business segments were as follows at the end of the reporting period:

- **Personal Banking** offers individuals and small and medium-sized companies outside the capital city region comprehensive financial services and advice. The emphasis is on digital service channels and self-service solutions, both through online banking and Bank's app, together with conventional service through the Bank's branch network and Customer Service Centre.
- **Corporate Banking** offers municipalities, institutions, larger companies and SMEs in the capital region financial service and advice, emphasising digital service channels and self-service solutions such as corporate online banking and Bank's app.
- **Asset Management & Capital Markets** offers brokerage service in securities, currencies and derivatives, in addition to comprehensive asset management. Landsbréf hf., the Bank's subsidiary, is included in Asset Management & Capital Markets' segment reporting.
- **Treasury and Market Making** are units undir the Finance division. These units are responsible for the Bank's funding, liquidity management, internal pricing of capital and market-making in currency, bonds and equities. Treasury also manages the FX, interest rate and indexation risk of the Bank within the parameters of its risk appetite.
- **TM tryggingar** is an insurance company providing both non-life and life insurance services to individual and corporate customers.

Other divisions are Finance (with the exception of Treasury and Market Making), Risk Management, IT and Communication & Culture. Also under other operating segments are the CEO's Office and Internal Audit.

Reconciliation consists of eliminations of internal transactions and operating items that cannot be allocated to any one segment.

Administrative expenses of the Group's other segments are allocated to appropriate business segments based on the underlying cost drivers. Expenses are allocated to the business units at market price level. Other divisions supply services to business units and transactions are settled at unit prices or, if possible, on an arm's-length basis by use and activity. Income tax is allocated to appropriate business segments based on the prevailing income tax rate. Tax on the Bank's liabilities is allocated to the income generating divisions based on the debt ratio.

The following table summarises each segment's financial performance as disclosed in the internal management reports on segment profits (loss). In these reports, all income statement items are reported on a net basis, including the total interest income and expense. Inter-segment pricing is determined on an arm's-length basis.

Revenue from transactions with any single external customer was within 10% of the Group's total revenue during the period from 1 January to 31 December 2025 and the corresponding period in 2024.

Notes to the Consolidated Financial Statements

4. Operating segments (continued)

1 January - 31 December 2025	Personal Banking	Corporate Banking	Asset Management & Capital Market	Treasury and Market Making	TM tryggingar	Other divisions	Recon-ciliation	Total
Net interest income	21,097	31,246	490	7,808	294	504	648	**62,087**
Net fee and commission income	4,102	3,319	5,915	(504)	-	(91)	(180)	**12,561**
Insurance service result	-	-	-	-	1,304	-	444	**1,748**
Net impairment changes	(737)	(384)	(3)	(1)	(25)	-	-	**(1,150)**
Other net operating income (expenses)	148	(979)	(530)	6,654	977	2,898	(203)	**8,965**
Total operating income (expenses)	**24,610**	**33,202**	**5,872**	**13,957**	**2,550**	**3,311**	**709**	**84,211**
Operating expenses	(7,683)	(3,845)	(2,559)	(876)	(583)	(13,453)	(264)	**(29,263)**
Tax on liabilities of financial institutions	(1,162)	(529)	(12)	(1,015)	-	(21)	-	**(2,739)**
Profit (loss) before cost allocation and tax	**15,765**	**28,828**	**3,301**	**12,066**	**1,967**	**(10,163)**	**445**	**52,209**
Allocated expenses	(4,734)	(3,394)	(1,440)	(1,356)	-	10,924	-	**0**
Profit before tax	**11,031**	**25,434**	**1,861**	**10,710**	**1,967**	**761**	**445**	**52,209**
Income tax	(3,149)	(6,784)	(784)	(2,974)	(360)	(143)	-	**(14,194)**
Profit for the year	**7,882**	**18,650**	**1,077**	**7,736**	**1,607**	**618**	**445**	**38,015**
Net revenue (expenses) from external customers	36,232	60,115	6,904	(25,028)	2,550	2,729		**83,502**
Net revenue (expenses) from other segments	(11,622)	(26,913)	(1,032)	38,985	-	582		**0**
Total operating income	**24,610**	**33,202**	**5,872**	**13,957**	**2,550**	**3,311**		**83,502**
As at 31 December 2025								
Total assets	**939,979**	**935,637**	**13,420**	**816,387**	**59,038**	**17,785**	**(457,307)**	**2,324,939**
Total liabilities	**860,611**	**771,937**	**9,216**	**755,556**	**25,258**	**15,895**	**(457,307)**	**1,981,166**
Allocated capital	**79,368**	**163,700**	**4,204**	**60,831**	**33,780**	**1,890**		**343,773**

1 January - 31 December 2024	Personal Banking	Corporate Banking	Asset Management & Capital Market	Treasury and Market Making	Other divisions	Recon-ciliation	Total
Net interest income	21,757	28,067	489	6,513	531	(160)	**57,197**
Net fee and commission income	3,922	2,701	5,331	(448)	66	(167)	**11,405**
Net impairment changes	(1,998)	(772)	-	(1)	(1)	-	**(2,772)**
Other net operating income (expenses)	(1,354)	186	682	13,996	366	(3)	**13,873**
Total operating income (expenses)	**22,327**	**30,182**	**6,502**	**20,060**	**962**	**(330)**	**79,703**
Operating expenses	(7,451)	(3,473)	(2,454)	(883)	(12,642)	167	**(26,736)**
Tax on liabilities of financial institutions	(1,085)	(572)	(12)	(920)	(8)	-	**(2,597)**
Profit (loss) before cost allocation and tax	**13,791**	**26,137**	**4,036**	**18,257**	**(11,688)**	**(163)**	**50,370**
Allocated expenses	(4,936)	(3,338)	(1,325)	(1,205)	10,804	-	**0**
Profit (loss) before tax	**8,855**	**22,799**	**2,711**	**17,052**	**(884)**	**(163)**	**50,370**
Income tax	(2,621)	(6,276)	(539)	(3,598)	172	-	**(12,862)**
Profit (loss) for the year	**6,234**	**16,523**	**2,172**	**13,454**	**(712)**	**(163)**	**37,508**
Net revenue (expenses) from external customers	29,886	57,069	7,534	(14,813)	357		**80,033**
Net revenue (expenses) from other segments	(7,559)	(26,887)	(1,032)	34,873	605		**0**
Total operating income (expenses)	**22,327**	**30,182**	**6,502**	**20,060**	**962**		**80,033**
As at 31 December 2024							
Total assets	**944,747**	**852,485**	**15,814**	**763,313**	**20,728**	**(415,328)**	**2,181,759**
Total liabilities	**877,742**	**710,189**	**10,801**	**656,857**	**16,849**	**(415,328)**	**1,857,110**
Allocated capital	**67,005**	**142,296**	**5,013**	**106,456**	**3,879**		**324,649**

Landsbankinn hf. Consolidated Financial Statements 2025 24 All amounts are in ISK million

Notes to the Consolidated Financial Statements

Notes to the Consolidated Income Statement

5. Net interest income

See accounting policy in Note 84.5.

	2025			2024		
Interest income	**Amortised cost**	**Designated at FVTPL**	**Total**	**Amortised cost**	**Designated at FVTPL**	**Total**
Cash and balances with Central Bank	5,678	-	5,678	6,726	-	6,726
Loans and advances to financial institutions	2,014	-	2,014	2,323	-	2,323
Loans and advances to customers	153,802	4,043	157,845	154,227	3,058	157,285
Other interest income	516	105	621	69	131	200
Total	**162,010**	**4,148**	**166,158**	**163,345**	**3,189**	**166,534**
Interest expense						
Due to financial institutions and Central Bank	(507)	-	(507)	(366)	-	(366)
Deposits from customers	(68,416)	-	(68,416)	(75,541)	-	(75,541)
Borrowings	(19,631)	(9,958)	(29,589)	(20,472)	(8,231)	(28,703)
Other interest expense	(109)	(977)	(1,086)	(233)	(1,281)	(1,514)
Subordinated liabilities	(4,473)	-	(4,473)	(3,213)	-	(3,213)
Total	**(93,136)**	**(10,935)**	**(104,071)**	**(99,825)**	**(9,512)**	**(109,337)**
Net interest income	**68,874**	**(6,787)**	**62,087**	**63,520**	**(6,323)**	**57,197**

Net interest income, calculated based on the effective interest rate method, amounted to ISK 62,087 million in the year ended 2025 as compared with ISK 57,197 million for the year ended 2024.

6. Net fee and commission income

See accounting policy in Note 84.6.

	2025			2024		
	Fee and commission income	**Fee and commission expense**	**Net fee and commission income**	**Fee and commission income**	**Fee and commission expense**	**Net fee and commission income**
Capital Markets	6,372	(741)	5,631	5,938	(777)	5,161
Loans and guarantees	2,009	-	2,009	1,781	-	1,781
Payment cards	7,062	(3,431)	3,631	6,733	(3,397)	3,336
Collection and payment services	1,016	(235)	781	1,006	(222)	784
Other	3,100	(2,591)	509	1,896	(1,553)	343
Total	**19,559**	**(6,998)**	**12,561**	**17,354**	**(5,949)**	**11,405**

Landsbankinn hf. Consolidated Financial Statements 2025 25 All amounts are in ISK million

Notes to the Consolidated Financial Statements

7. Insurance service result

See accounting policy in Note 84.7

	2025 28.2-31.12
Insurance revenue	17,932
Incurred claims	(12,353)
Insurance service expenses	(3,209)
Performance from reinsurance recoverables	(622)
Insurance service results	**1,748**

The following table shows the operating performance of TM tryggingar hf for the period 28 February to 31 December 2025 in accordance with the company's accounting standards.

Insurance service results according to the Financial Statemants of TM	**2025 28.2-31.12**
Insurance revenue	17,932
Expenses from insurance contracts	(16,005)
Performance from reinsurance recoverables	(622)
Insurance service results	**1,305**
Investment income	2,225
Net financial loss from insurance contracts	(1,014)
Operating costs of investments	(374)
Impairment changes of financial assets	(25)
Investments results	**812**
Other income and (expenses)	(150)
Profit before tax	**1,967**
Income tax	(360)
Profit for the year	**1,607**
Combined ratio	**92.7%**

8. Net gain (loss) on financial assets and liabilities at FVTPL

See accounting policy in Note 84.8.

Net gain (loss) on financial assets and liabilities at FVTPL	**2025**	**2024**
Bonds and debt instruments	7,079	7,658
Equities and equity instruments	449	4,894
Derivatives and underlying hedges	558	1,192
Loans and advances to customers	(467)	(1,284)
Net financial loss from insurance contracts	(1,014)	-
Net (loss) gain on fair value hedges	(536)	236
Total	**6,069**	**12,696**

The dividend income below is recognised in the income statement in “Net gain on financial assets and liabilities at FVTPL”.

Dividend income	**2025**	**2024**
Net gain on financial assets in the trading book	197	30
Net gain on financial assets in the banking book	573	128
Total	**770**	**158**

Landsbankinn hf. Consolidated Financial Statements 2025 26 All amounts are in ISK million

Notes to the Consolidated Financial Statements

9. Net foreign exchange gain (loss)

See accounting policy in Note 84.9.

Assets	**2025**	**2024**
Cash and balances with Central Bank	(23)	(47)
Bonds and debt instruments	1,047	(2,282)
Equities and equity instruments	(356)	31
Derivative instruments	2,879	(1,872)
Loans and advances to financial institutions	1,554	712
Loans and advances to customers	(2,193)	(7,954)
Other assets	(1,625)	(2,827)
Total	**1,283**	**(14,239)**
Liabilities		
Due to financial institutions and Central Bank	(2)	163
Deposits from customers	4,053	1,538
Borrowings	(5,603)	12,892
Other liabilities	409	(788)
Subordinated liabilities	(79)	1,050
Total	**(1,222)**	**14,855**
Net foreign exchange gain	**61**	**616**

The net foreign exchange difference recognised in the income statement in 2025 arousing on financial instruments not measured at FVTPL, amounted to a loss of ISK 2,287 million on financial assets (2024: loss of ISK 10,116 million) and a loss of ISK 1,222 million on financial liabilities (2024: gain of ISK 14,855 million).

10. Net impairment changes

See accounting policy in Note 84.12 (g).

	2025	**2024**
Net impairment changes of loans to customers	(1,252)	(2,840)
Net impairment changes of other financial assets and provision for litigations	102	68
Net impairment changes of financial assets	**(1,150)**	**(2,772)**
Net impairment changes by customer type		
Public entities	-	2
Individuals	(607)	(2,056)
Corporates	(543)	(718)
Net impairment changes of financial assets	**(1,150)**	**(2,772)**

11. Other income and (expenses)

	Notes	**2025**	**2024**
Share of gain of equity-accounted associates	25	68	81
Gain on sale of property and equipment		250	88
Net income of asset held for sale		2,253	287
Other		264	105
Total		**2,835**	**561**

12. Salaries and related expenses

See accounting policy in Note 84.35.

	2025	**2024**
Salaries	14,962	12,443
Contributions to defined pension plans	2,312	1,929
Social security contributions	1,090	924
Special financial activities tax on salaries	944	800
Other related expenses	242	438
Salaries and related expenses attributable to insurance service expenses	(1,450)	-
Total	**18,100**	**16,534**
Average number of full-time equivalent positions during the year	917	811
Number of full-time equivalent positions at the year-end	930	822

Landsbankinn hf. Consolidated Financial Statements 2025 27 All amounts are in ISK million

Notes to the Consolidated Financial Statements

13. Other operating expenses

	2025	2024
Information technology	3,468	3,252
Real estate and fixtures	995	1,041
Advertising and marketing	1,064	727
FSA supervisory expenses	763	692
Contribution to the Debtors' Ombudsman	114	99
Audit and related services	382	230
Other professional services	966	660
Depreciation and amortisation	1,882	1,425
Other operating expenses	3,482	2,076
Operating expenses attributable to insurance service expenses	(1,953)	-
Total	**11,163**	**10,202**

Audit and related services	2025	2024
Audit and reviews of financial statements - PwC	221	144
Other audit-related services - PwC	62	55
Other audit-related services - Others	99	31
Total	**382**	**230**

Depreciation and amortisation	Notes	2025	2024
Amortisation of property and equipment	26	821	774
Depreciation of intangible assets	27	602	255
Amortisation of Right-of-use assets		459	396
Total		**1,882**	**1,425**

14. Income tax

See accounting policy in Note 84.11.

Income tax recognised in the income statement is specified as follows:

	2025	2024
Current tax expense	(11,218)	(10,069)
Special income tax on financial institutions	(3,165)	(2,756)
Difference of prior year's imposed and calculated income tax	(15)	-
Origination and reversal of temporary differences due to deferred tax assets/liabilities	204	(37)
Total	**(14,194)**	**(12,862)**

The tax on Group profit differs to the following extent from the amount that would theoretically arise by the domestic corporate income tax rate:

		2025		2024
Profit before income tax		52,209		50,370
Income tax calculated using the domestic corporate income tax rate	20.0%	(10,442)	21.0%	(10,578)
Special income tax on financial institutions	6.1%	(3,165)	5.5%	(2,756)
Effect of different tax rates	0.0%	-	0.0%	2
Income not subject to tax	(0.3%)	162	(2.0%)	1,023
Non-deductible expenses	1.6%	(815)	1.1%	(552)
Other	(0.1%)	66	0.0%	(1)
Effective income tax	**27.2%**	**(14,194)**	**25.5%**	**(12,862)**

Landsbankinn hf. Consolidated Financial Statements 2025 28 All amounts are in ISK million

15. Classification and fair values of financial assets and liabilities

See accounting policy in Note 84.12 (b).

Under IFRS 9, financial assets must be classified into categories that reflects the cash flow characteristic of the assets and the objective of business model for managing the assets. Subsequent measurement of each category is specified below:

- Financial assets measured at amortised cost.
- Financial assets measured at fair value through profit or loss.
- Financial liabilities measured at amortised cost.
- Financial liabilities measured at fair value through profit or loss.

The following table shows the classification of the Group's financial assets and liabilities according to IFRS 9 and their fair values as at 31 December 2025:

		Carrying amount					Fair value			
			Fair value through profit or loss							
As at 31 December 2025	**Notes**	**Amortised cost**	**Trading book**	**Banking book**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Bonds and debt instruments	20	-	36,881	156,379	-	193,260	177,931	5,019	10,310	193,260
Equities and equity instruments	21	-	8,272	22,282	-	30,554	17,653	56	12,845	30,554
Derivative instruments	22	-	5,393	-	-	5,393	-	5,393	-	5,393
Loans and advances to customers	24	-	-	47,639	-	47,639	-	-	47,639	47,639
		0	**50,546**	**226,300**	**0**	**276,846**	**195,584**	**10,468**	**70,794**	**276,846**
Financial assets not measured at fair value										
Cash and balances with Central Bank	19	125,527	-	-	-	125,527	-	125,527	-	125,527
Loans and advances to financial institutions	23	41,084	-	-	-	41,084	-	41,084	-	41,084
Loans and advances to customers	24	1,836,666	-	-	-	1,836,666	-	1,833,161	-	1,833,161
Other financial assets		10,310	-	-	-	10,310	-	10,310	-	10,310
		2,013,587	**0**	**0**	**0**	**2,013,587**	**0**	**2,010,082**	**0**	**2,010,082**
Financial liabilities measured at fair value										
Derivative instruments	22	-	2,049	-	-	2,049	-	2,049	-	2,049
Short positions	22	-	5,115	-	-	5,115	5,115	-	-	5,115
Borrowings	32	-	-	-	224,362	224,362	-	224,362	-	224,362
		0	**7,164**	**0**	**224,362**	**231,526**	**5,115**	**226,411**	**0**	**231,526**
Financial liabilities not measured at fair value										
Due to financial institutions and Central Bank	30	-	-	-	20,272	20,272	-	20,272	-	20,272
Deposits from customers	31	-	-	-	1,249,306	1,249,306	-	1,248,570	-	1,248,570
Borrowings	32	-	-	-	352,906	352,906	-	356,664	-	356,664
Other financial liabilities		-	-	-	13,309	13,309	-	13,309	-	13,309
Subordinated liabilities	36	-	-	-	54,348	54,348	-	55,072	-	55,072
		0	**0**	**0**	**1,690,141**	**1,690,141**	**0**	**1,693,887**	**0**	**1,693,887**

All amounts are in ISK million

15. Classification and fair values of financial assets and liabilities (continued)

The following table shows the classification of the Group's financial assets and liabilities according to IFRS 9 and their fair values as at 31 December 2024:

		Carrying amount					Fair value			
			Fair value through profit or loss							
As at 31 December 2024	**Notes**	**Amortised cost**	**Trading book**	**Banking book**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Bonds and debt instruments	20	-	21,251	117,853	-	139,104	138,239	25	840	139,104
Equities and equity instruments	21	-	16,972	15,672	-	32,644	18,522	-	14,122	32,644
Derivative instruments	22	-	8,260	-	-	8,260	-	8,260	-	8,260
Loans and advances to customers	24	-	-	41,255	-	41,255	-	-	41,255	41,255
		0	**46,483**	**174,780**	**0**	**221,263**	**156,761**	**8,285**	**56,217**	**221,263**
Financial assets not measured at fair value										
Cash and balances with Central Bank	19	129,981	-	-	-	129,981	-	129,981	-	129,981
Loans and advances to financial institutions	23	39,346	-	-	-	39,346	-	39,346	-	39,346
Loans and advances to customers	24	1,766,182	-	-	-	1,766,182	-	1,760,088	-	1,760,088
Other financial assets		4,392	-	-	-	4,392	-	4,392	-	4,392
		1,939,901	**0**	**0**	**0**	**1,939,901**	**0**	**1,933,807**	**0**	**1,933,807**
Financial liabilities measured at fair value										
Derivative instruments	22	-	2,618	-	-	2,618	-	2,618	-	2,618
Short positions	22	-	4,217	-	-	4,217	4,217	0	-	4,217
		0	**6,835**	**0**	**0**	**6,835**	**4,217**	**2,618**	**0**	**6,835**
Financial liabilities not measured at fair value										
Due to financial institutions and Central Bank	30	-	-	-	11,989	11,989	-	11,989	-	11,989
Deposits from customers	31	-	-	-	1,228,444	1,228,444	-	1,227,532	-	1,227,532
Borrowings	32	-	-	-	529,150	529,150	-	524,386	-	524,386
Other financial liabilities		-	-	-	7,386	7,386	-	7,386	-	7,386
Subordinated liabilities	36	-	-	-	39,989	39,989	-	40,071	-	40,071
		0	**0**	**0**	**1,816,958**	**1,816,958**	**0**	**1,811,364**	**0**	**1,811,364**

All amounts are in ISK million

16. Fair value of financial assets and liabilities

See accounting policy in Note 84.12 (f).

Valuation framework

The Bank's Risk & Finance Committee oversees the Group's overall risk and is responsible for fair value measurements of financial assets and liabilities classified as Level 2 and 3 instruments. The Bank's Valuation group reports its valuation results to the Risk & Finance Committee for verification. The Valuation group is comprised of personnel from Risk Management, Treasury and Finance. The Valuation group holds monthly meetings to determine the value of Level 2 and Level 3 financial assets and liabilities.

Transfers between Levels

In 2025 and 2024 there were transfer between Level 1, Level 2 and Level 3. The following tables show the reconciliation of fair value measurement in Level 3 for the year 2025 and 2024:

1 January - 31 December 2025	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total financial assets
Carrying amount as at 1 January 2025	840	14,122	41,255	56,217
Net (loss) gain on financial assets and liabilities at FVTPL	(423)	685	(467)	(205)
Net foreign exchange loss	-	(9)	(285)	(294)
Purchases	13,719	8,754	404,816	427,289
Sales	(701)	(10,651)	-	(11,352)
Settlements	(359)	-	(397,680)	(398,039)
Transfers out of Level 3	(2,766)	(56)	-	(2,822)
Carrying amount as at 31 December 2025	**10,310**	**12,845**	**47,639**	**70,794**
1 January - 31 December 2024				
Carrying amount as at 1 January 2024	901	10,168	15,604	26,673
Net gain (loss) on financial assets and liabilities at FVTPL	59	4,043	(1,284)	2,818
Net foreign exchange (loss) gain	-	(1)	65	64
Purchases	82	183	331,302	331,567
Sales	-	(156)	-	(156)
Settlements	(202)	-	(304,258)	(304,460)
Dividend received	-	(115)	-	(115)
Transfers out of Level 3	-	-	(174)	(174)
Carrying amount as at 31 December 2024	**840**	**14,122**	**41,255**	**56,217**

The following table shows the line items in the Consolidated Income Statement where gains (losses) on financial assets and liabilities categorised in Level 3 and held by the Group at year end 2025 and 2024 were recognised:

1 January - 31 December 2025	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total
Net realised loss on financial assets and liabilities at FVTPL	(7)	(320)	(467)	(794)
Net unrealised loss on financial assets and liabilities at FVTPL	(89)	(430)	-	(519)
Net foreign exchange loss	-	(9)	(285)	(294)
Total	**(96)**	**(759)**	**(752)**	**(1,607)**
1 January - 31 December 2024				
Net realised gain (loss) on financial assets and liabilities at FVTPL	16	552	(1,285)	(717)
Net unrealised gain on financial assets and liabilities at FVTPL	43	3,491	-	3,534
Net foreign exchange (loss) gain	-	(1)	65	64
Total	**59**	**4,042**	**(1,220)**	**2,881**

Landsbankinn hf. Consolidated Financial Statements 2025 31 All amounts are in ISK million

Notes to the Consolidated Financial Statements

17. Unobservable inputs in fair value measurement

See accounting policy in Note 84.12 (f).

The following table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of Level 3 assets at year-end 2025 and 2024. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty in their valuation.

As at 31 December 2025	Level 3 assets	Significant unobservable inputs	Valuation technique	Higher	Lower	Favourable	Unfavourable
Bonds and debt instruments	9,516	Recovery rates	See 1) below	5%	-5%	1,035	(1,035)
	794	Bond prices	See 1) below	5%	-5%	40	(40)
Equities and equity instruments							
Equities - banking book	12,845	Instrument Price	See 2) below	5%	-5%	642	(642)
Loans and advances to customers	47,627	Probability of default	See 3) below	1%	-1%	236	(236)
	12	Recovery rates	See 3) below	5%	-5%	1	(1)
Total	**70,794**					**1,954**	**(1,954)**

As at 31 December 2024	Level 3 assets	Significant unobservable inputs	Valuation technique	Higher	Lower	Favourable	Unfavourable
Bonds and debt instruments	11	Recovery rates	See 1) below	5%	-5%	1	(1)
	829	Bond prices	See 1) below	5%	-5%	41	(41)
Equities and equity instruments							
Equities - banking book	14,122	Instrument Price	See 2) below	5%	-5%	657	(670)
	31,985	Probability of default	See 3) below	1%	-1%	287	(300)
Loans and advances to customers	9,270	Recovery rates	See 3) below	5%	-5%	1,127	(1,127)
Total	**56,217**					**2,113**	**(2,139)**

A further description of the financial instruments categorised in Level 3 are as follows:

1. Fair value of corporate bonds and claims on financial institutions in winding-up proceedings and other insolvent assets is estimated on expected recovery. Reference is also made to prices in recent transactions.

2. Equities and equity instruments classified as Level 3 assets, are unlisted and not traded in an active market and therefore subject to unobservable inputs for fair value measurements. Valuation using discounted cash flows, comparison of peer companies' multiples, analysis of financial position and results**,** outlook and recent transaction or intrinsic value after haircut, are the methods or inputs used to estimate fair value of investments in equities and equity instruments.

3. Loans and advances to customers carried at FVTPL are classified as financial assets in Level 3. The valuation technique is based on significant non-observable inputs as loans and advances are unlisted and not traded in an active market. The valuation technique is based on available market data such as interest and inflation curves, value of underlying collateral, probability of default and liquidity spread. Changes were made to the financing of Fasteignafélagið Thórkatla ehf. when an electronic bond was issued in December 2025 to refinance loans to the company related to the purchase of residential housing in Grindavík. The bond is measured at fair value through profit or loss, based on an assessment of expected recovery.

Landsbankinn hf. Consolidated Financial Statements 2025 32 All amounts are in ISK million

18. Expected credit loss

See accounting policy in Note 84.12.

	31.12.2025			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances with Central Bank	(1)	-	-	(1)
Loans and advances to customers	(2,796)	(1,814)	(4,535)	(9,145)
Other financial assets	(18)	-	(1)	(19)
Expected credit loss, off-balance sheet items	(327)	(211)	(70)	(608)
Total	**(3,142)**	**(2,025)**	**(4,606)**	**(9,773)**

	31.12.2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances with Central Bank	(1)	-	-	(1)
Loans and advances to customers	(2,115)	(2,184)	(6,352)	(10,651)
Other financial assets	(70)	-	-	(70)
Expected credit loss, off-balance sheet items	(271)	(79)	(179)	(529)
Total	**(2,457)**	**(2,263)**	**(6,531)**	**(11,251)**

The Bank has assessed the need for provisions for impairment for loans in response to the volcanic and seismic activity in and around Grindavík and has made an ISK 2,121 million provision at the end of the fourth quarter of 2025 (31 December 2024: ISK 1,943 million). Of this amount, ISK 624 million is a collective allowance (31 December 2024: ISK 731 million) made against increased risk not adequately captured under general impairment assessment. Assessment of the collective allowance is based on a detailed analysis of loans to Grindavík customers whereby loans are grouped on the basis of similar risk characteristics. The assessment is based on expert judgement that considers the potential impact on payment capacity and value of underlying collateral.

There is still uncertainty about the development and final impact of the seismic and volcanic activity. Consequently, there is considerable uncertainty about the impact on the Bank’s Grindavík customers and the Bank’s credit portfolio. The Bank performs a detailed quarterly risk assessment of loans to larger corporates in Grindavík and staging is based on that assessment. Loans to smaller Grindavík-based corporates are classified as stage 2, other than loans classified in stage 3. Loans to corporates in and around Grindavík that are classified as stage 2 amount to ISK 23,080 million (31 December 2024: ISK 22,730 million). Housing mortgages to retail customers in Grindavík amount to ISK 85 million (31 December 2024: ISK 313 million).

Landsbankinn hf. Consolidated Financial Statements 2025 33 All amounts are in ISK million

Notes to the Consolidated Financial Statements

19. Cash and balances with Central Bank

See accounting policy in Note 84.13.

	2025	2024
Cash on hand	4,707	5,478
Unrestricted balances with Central Bank	76,834	80,415
Total cash and unrestricted balances with Central Bank	**81,541**	**85,893**
Restricted balances with Central Bank - fixed reserve requirement	38,558	38,079
Cash and balances pledged as collateral to the Central Bank	5,428	6,009
Total restricted balances with Central Bank	**43,986**	**44,088**
Total cash and balances with Central Bank	**125,527**	**129,981**

20. Bonds and debt instruments

See accounting policy in Note 84.14.

	2025			2024		
Bonds and debt instruments	**Trading book**	**Banking book**	**Total**	**Trading book**	**Banking book**	**Total**
Domestic						
Listed	36,881	34,075	70,956	21,251	31,249	52,500
Unlisted	-	13,510	13,510	-	1,292	1,292
	36,881	**47,585**	**84,466**	**21,251**	**32,541**	**53,792**
Foreign						
Listed	-	108,483	108,483	-	85,312	85,312
Unlisted	-	311	311	-	-	0
	0	**108,794**	**108,794**	**0**	**85,312**	**85,312**
Total bonds	**36,881**	**156,379**	**193,260**	**21,251**	**117,853**	**139,104**

Bonds are classified as "domestic" or "foreign" according to issuers’ country of incorporation.

21. Equities and equity instruments

See accounting policy in Note 84.15.

	2025			2024		
Equities and equity instruments	**Trading book**	**Banking book**	**Total**	**Trading book**	**Banking book**	**Total**
Domestic						
Listed	6,461	6,398	12,859	8,298	822	9,120
Unlisted	-	12,277	12,277	-	14,484	14,484
	6,461	**18,675**	**25,136**	**8,298**	**15,306**	**23,604**
Foreign						
Listed	1,811	2,983	4,794	8,674	342	9,016
Unlisted	-	624	624	-	24	24
	1,811	**3,607**	**5,418**	**8,674**	**366**	**9,040**
Total equities	**8,272**	**22,282**	**30,554**	**16,972**	**15,672**	**32,644**

Equities are classified as "domestic" or "foreign" according to issuers’ country of incorporation.

Part of the Bank’s investments in equities are comprised of alternative investments in private equity funds, often established based on the assumption that they will be wound up within a set time frame (pre-determined lifetime). Within each fund’s lifetime, there is a defined investment year during which the fund identifies suitable investments and draws on subscribed capital from its shareholders, including the Bank, followed by a transformation year during which the fund implements its value-enhancing changes for the companies it has invested in. When the lifetime year of a fund expires it is wound up and dissolved and shareholders realise their investment.

At year-end 2025, outstanding commitments of the Group in share subscriptions amounted to ISK 1.755 million (2024: ISK 408 million) altogether in seven entities (2024: six entities). The entities invested in by the Group are required to redeem its shareholders with proceeds from the sale of assets.

Landsbankinn hf. Consolidated Financial Statements 2025 34 All amounts are in ISK million

Notes to the Consolidated Financial Statements

22. Derivative instruments and short positions

See accounting policy in Note 84.16.

Trading

	2025			2024		
	Notional	Fair value		Notional	Fair value	
Foreign exchange derivatives	**amount**	**Assets**	**Liabilities**	**amount**	**Assets**	**Liabilities**
Currency forwards	41,071	211	278	22,060	89	162
Currency options	26	-	1	-	-	-
	41,097	**211**	**279**	**22,060**	**89**	**162**
Interest rate derivatives						
Total return swaps	17,976	27	43	18,990	22	25
	17,976	**27**	**43**	**18,990**	**22**	**25**
Equity derivatives						
Equity forwards	26	2	-	29	-	2
Total return swaps	4,661	41	194	12,845	142	508
Equity options	4	-	-	117	-	31
	4,691	**43**	**194**	**12,991**	**142**	**541**
Total derivative instruments	**63,764**	**281**	**516**	**54,041**	**253**	**728**
Short positions						
Listed bonds	5,288	-	5,115	4,079	-	4,217
Total short positions	**5,288**	**0**	**5,115**	**4,079**	**0**	**4,217**
Total	**69,052**	**281**	**5,631**	**58,120**	**253**	**4,945**

Risk management

	2025			2024		
	Notional	Fair value		Notional	Fair value	
Foreign exchange derivatives	**amount**	**Assets**	**Liabilities**	**amount**	**Assets**	**Liabilities**
Currency forwards	96,548	904	410	76,716	279	1,027
Cross-currency interest rate swaps	3,473	-	10	-	-	-
	100,021	**904**	**420**	**76,716**	**279**	**1,027**
Interest rate derivatives						
Interest rate swaps	-	-	-	2,000	-	683
	0	**0**	**0**	**2,000**	**0**	**683**
Fair value hedging						
Interest rate swaps	220,560	4,208	1,113	172,680	7,728	180
	220,560	**4,208**	**1,113**	**172,680**	**7,728**	**180**
Total	**320,581**	**5,112**	**1,533**	**251,396**	**8,007**	**1,890**
Total derivative instruments and short positions	**389,633**	**5,393**	**7,164**	**309,516**	**8,260**	**6,835**

Fair value hedging

Currently the Group applies hedge accounting only for fair value hedges of fixed interest risk on borrowings. The Group designates interest rate swaps as hedging instruments to hedge its interest rate exposure of fixed-rate EUR borrowings. The interest rate swaps and the borrowings have identical cash flows and under the interest rate swap the Group pays floating rates while receiving fixed rates. Thus the interest rate swaps hedge the fixed interest rate risk of the borrowings.

Linear regression is the method used to assess the effectiveness of each hedge. The relationship between daily fair value changes of an interest rate swap on the one hand and a borrowing on the other hand is examined.

During the period from 1 January 2025 to 31 December 2025, the slope of the regression line was in all cases within the range of 0.93 and 0.98 (for a 95% confidence level) and the regression coefficient was at least 0.99 (R^2). During the period from 1 January 2024 to 31 December 2024, the slope of the regression line is in all cases within the range of 0.95 and 0.99 (for a 95% confidence level) and the regression coefficient was at least 1.00 (R^2). In all cases the effectiveness is within limits during the year 2025 and 2024.

Landsbankinn hf. Consolidated Financial Statements 2025 35 All amounts are in ISK million

Notes to the Consolidated Financial Statements

22. Derivative instruments and short positions (continued)

Fair value hedging (continued)

As at 31 December 2025	Notional amount of the hedging instrument	Maturity date: 3-12 months	Maturity date: 1-5 years	Maturity date: >5 years	Fair value of the hedging derivatives: Assets	Fair value of the hedging derivatives: Liabilities	Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
Interest rate swaps - EUR	-	-	-	-	-	-	(3,145)
Interest rate swaps - EUR	44,112	-	44,112	-	2,437	-	(494)
Interest rate swaps - EUR	44,112	-	44,112	-	1,653	-	(1,004)
Interest rate swaps - EUR	44,112	-	44,112	-	-	333	(142)
Interest rate swaps - EUR	44,112	-	44,112	-	118	-	112
Interest rate swaps - EUR	44,112	-	-	44,112	-	780	330
Total	**220,560**	**0**	**176,448**	**44,112**	**4,208**	**1,113**	**(4,343)**

Average fixed interest rate - EUR 4.03%

As at 31 December 2025	Carrying amount of the hedged item: Assets	Carrying amount of the hedged item: Liabilities	Accumulated amount of fair value hedge adjustments on the hedged item: Assets	Accumulated amount of fair value hedge adjustments on the hedged item: Liabilities	Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
LBANK 6.375 3/27	-	-	-	-	3,027
LBANK 4.25 3/28 CB	-	46,538	-	1,007	423
LBANK 5.0 5/28	-	45,921	-	495	179
LBANK 3.75 10/29	-	44,088	263	-	152
LBANK 3.5 6/30	-	44,249	518	-	(230)
LBANK 3.625 11/32	-	43,566	583	-	256
Total EMTN hedged borrowings	**0**	**224,362**	**1,364**	**1,502**	**3,807**

As at 31 December 2024	Notional amount of the hedging instrument	Maturity date: 3-12 months	Maturity date: 1-5 years	Maturity date: >5 years	Fair value of the hedging derivatives: Assets	Fair value of the hedging derivatives: Liabilities	Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
Interest rate swaps - EUR	43,170	-	43,170	-	2,859	-	(11)
Interest rate swaps - EUR	43,170	-	43,170	-	3,027	-	1,489
Interest rate swaps - EUR	43,170	-	43,170	-	1,842	-	1,921
Interest rate swaps - EUR	43,170	-	43,170	-	-	180	(184)
Total	**172,680**	**0**	**172,680**	**0**	**7,728**	**180**	**3,215**

Average fixed interest rate - EUR 4.84%

As at 31 December 2024	Carrying amount of the hedged item: Assets	Carrying amount of the hedged item: Liabilities	Accumulated amount of fair value hedge adjustments on the hedged item: Assets	Accumulated amount of fair value hedge adjustments on the hedged item: Liabilities	Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
LBANK 4.25 3/28 CB	-	45,999	-	1,473	105
LBANK 6.375 3/27	-	46,220	-	948	(1,383)
LBANK 5.0 5/28	-	45,184	-	765	(1,815)
LBANK 3.75 10/29	-	43,382	-	15	114
Total EMTN hedged borrowings	**0**	**180,785**	**0**	**3,201**	**(2,979)**

Landsbankinn hf. Consolidated Financial Statements 2025 36 All amounts are in ISK million

Notes to the Consolidated Financial Statements

23. Loans and advances to financial institutions

See accounting policy in Note 84.20.

	2025	2024
Bank accounts with financial institutions	6,709	8,080
Money market loans	33,371	29,447
Other loans	1,004	1,819
Allowance for impairment	-	-
Total	**41,084**	**39,346**

24. Loans and advances to customers

See accounting policy in Note 84.20.

	2025	2024
Loans and advances to customers at amortised cost	1,845,811	1,776,833
Allowance for impairment	(9,145)	(10,651)
Total	**1,836,666**	**1,766,182**
Loans and advances to customers at FVTPL	47,639	41,255
Total	**1,884,305**	**1,807,437**

Loans and advances to customers at amortised cost

	31.12.2025			31.12.2024		
	Gross carrying amount	Allowance for impairment	Carrying amount	Gross carrying amount	Allowance for impairment	Carrying amount
Public entities	13,551	(1)	13,550	14,303	(1)	14,302
Individuals	890,529	(1,860)	888,669	888,170	(1,661)	886,509
Mortgage lending	805,189	(364)	804,825	804,361	(489)	803,872
Other	85,340	(1,496)	83,844	83,809	(1,172)	82,637
Corporates	941,731	(7,284)	934,447	874,360	(8,989)	865,371
Total	**1,845,811**	**(9,145)**	**1,836,666**	**1,776,833**	**(10,651)**	**1,766,182**

Further disclosure on loans and advances to customers is provided in the risk management notes to these Consolidated Financial Statements.

25. Investments in associates

See accounting policy in Note 84.3.

The Group's interest in its principal associates	2025	2024
Reiknistofa bankanna hf.	40.1%	37.1%
Yayland ehf.	35.0%	-

Investments in equity-accounted associates	2025	2024
Carrying amount as at the beginning of the year	1,143	1,849
Reclassification from associates to assets held for sale	-	(787)
Share of profit of equity-accounted associates	68	81
Total	**1,211**	**1,143**

Landsbankinn hf. Consolidated Financial Statements 2025 37 All amounts are in ISK million

Notes to the Consolidated Financial Statements

26. Property and equipment

See accounting policy in Note 84.21.

	2025			2024		
	Buildings	Fixtures, equipment and vehicles	Total	Buildings	Fixtures, equipment and vehicles	Total
Carrying amount as at the beginning of the year	12,102	2,509	14,611	12,423	2,345	14,768
Additions due to purchase of a subsidiary	-	82	82	-	-	0
Additions during the year	132	687	819	340	722	1,062
Sold during the year	-	(12)	(12)	(2)	(7)	(9)
Disposal during the year	-	(12)	(12)	-	-	0
Reclassified to assets held for sale	-	-	0	(436)	-	(436)
Depreciation	(225)	(596)	(821)	(223)	(551)	(774)
Carrying amount as at 31 December	**12,009**	**2,658**	**14,667**	**12,102**	**2,509**	**14,611**
Gross carrying amount*	13,072	9,580	22,652	12,940	8,835	21,775
Accumulated depreciation*	(1,063)	(6,922)	(7,985)	(838)	(6,326)	(7,164)
Carrying amount as at 31 December	**12,009**	**2,658**	**14,667**	**12,102**	**2,509**	**14,611**
Depreciation rates	2-4%	10-33%		2-4%	10-33%	

Official assessment value of buildings	**2025**	**2024**
Property valuation	8,985	8,450
Fire insurance value	19,677	7,830

*The comparative amounts have been restated due to an error in amounts previously disclosed.

27. Intangible assets

See accounting policy in Note 84.22.

	2025				2024	
	Goodwill	Customer relationships and brands	Hard- and software licences	Total	Hard- and software licences	Total
Carrying amount as at the beginning of the year	3	-	1,333	1,336	1,472	1,472
Additions due to purchase of a subsidiary	10,467	2,599	1,250	14,316	-	0
Additions during the year	-	-	357	357	119	119
Disposal during the year	-	-	(20)	(20)	-	0
Amortisation	(3)	(154)	(445)	(602)	(255)	(255)
Carrying amount	**10,467**	**2,445**	**2,475**	**15,387**	**1,336**	**1,336**
Gross carrying amount	10,501	3,325	8,416	22,242	5,802	5,802
Accumulated amortisation	(34)	(880)	(5,941)	(6,855)	(4,466)	(4,466)
Carrying amount	**10,467**	**2,445**	**2,475**	**15,387**	**1,336**	**1,336**
Amortisation rates		5-6%	10-33%	10-33%	10-33%	10-33%

Impairment testing

At year-end 2025, an impairment test was performed on the Group’s goodwill arising from the acquisition of a subsidiary. The allocation of purchase price has not been finalised at the end of the year; the Bank will complete allocation within the permitted 12-month period from the acquisition date.

The model used to determine the recoverable amount is most sensitive to changes in the forecast earnings available to shareholders over a five-year period, the cost of equity and to future growth rate changes. Based on the result of an analysis of these factors, no impairment was recognised in 2025.

	Discount rate	Future growth rate	Book value
Insurance service	10.9%	3.5%	10,467

Landsbankinn hf. Consolidated Financial Statements 2025 38 All amounts are in ISK million

Notes to the Consolidated Financial Statements

28. Other assets

	Note	2025	2024
Unsettled securities trading		4,845	1,155
Other accounts receivable		2,322	1,374
Right-of-use assets	40	3,143	1,863
Insurance assets	34	52	-
Sundry assets		1,664	1,333
Total		**12,026**	**5,725**

29. Assets and liabilities classified as held for sale

Assets classified as held for sale

	2025	2024
Repossessed collateral	143	309
Assets classified as held for sale	1,382	1,863
Total	**1,525**	**2,172**

Repossessed collateral

Repossessed collateral consists mainly of property and equipment acquired by foreclosure on collateral securing loans and advances. The Group's policy is to pursue timely realisation of the repossessed collateral in an orderly manner. The Group generally does not use the non-cash repossessed collateral for its own operations. Repossessed collateral is recognised as assets of either the Bank or its subsidiary Hömlur ehf.

	2025	2024
Real estate	143	522
Equipment and vehicles	-	223
Investment in associate	1,382	1,427
Total	**1,525**	**2,172**

	2025	2024
Carrying amount as at the beginning of the year	2,172	861
Repossessed during the year	131	1,327
Disposed of during the year	(3,113)	(1,426)
Reclassified from associates and property and equipment to assets classified as held for sale	-	1,203
Other income and (expenses)	2,335	207
Carrying amount as at year end	**1,525**	**2,172**

Liabilities associated with assets classified as held for sale

	2025	2024
Liabilities of disposal groups	-	-
Total	**0**	**0**

30. Due to financial institutions and Central Bank

See accounting policy in Note 84.24.

	2025	2024
Loans and repurchase agreements with Central Bank	298	267
Loans and deposits from financial institutions	19,974	11,722
Total	**20,272**	**11,989**

31. Deposits from customers

See accounting policy in Note 84.24.

	2025	2024
Demand deposits	869,564	854,332
Term deposits	379,742	374,112
Total	**1,249,306**	**1,228,444**

Landsbankinn hf. Consolidated Financial Statements 2025 39 All amounts are in ISK million

Notes to the Consolidated Financial Statements

32. Borrowings

See accounting policy in Note 84.25.

Secured borrowings

Currency, outstanding nominal amount	Maturity	Maturity type	Terms of interest	31.12.2025	31.12.2024
LBANK CB 25, ISK 39,660 million	17.09.2025	At maturity	Fixed 3.4%	-	39,904
LBANK CBI 26, ISK 11,120 million	20.11.2026	At maturity	Fixed 1.5%, CPI-indexed	14,790	15,016
LBANK CB 27, ISK 46,320 million	20.09.2027	At maturity	Fixed 4.6%	44,355	33,554
LBANK CBI 28, ISK 50,200 million	04.10.2028	At maturity	Fixed 3.0%, CPI-indexed	76,198	74,513
LBANK 4.25 3/28 CB, EUR 300 million*	16.03.2028	At maturity	Fixed 4.25%	46,538	45,999
LBANK CB 29, ISK 33,380 million	27.09.2029	At maturity	Fixed 8.2%	33,800	13,411
LBANK CBI 30, ISK 49,940 million	22.02.2030	At maturity	Fixed 3.5%, CPI-indexed	55,264	44,795
LBANK CBI 31, ISK 18,380 million	24.03.2031	At maturity	Fixed 3.65%, CPI-indexed	19,398	-
Total covered bonds				**290,343**	**267,192**
Other secured loans				3,996	4,803
Total secured borrowings				**294,339**	**271,995**

Senior unsecured borrowings

Currency, outstanding nominal amount	Maturity	Maturity type	Terms of interest	31.12.2025	31.12.2024
LBANK FLOAT 01/25, NOK 452 million	20.01.2025	At maturity	NIBOR + 0.79%	-	5,590
LBANK FLOAT 01/25, SEK 850 million	20.01.2025	At maturity	STIBOR + 0.8%	-	10,770
LBANK 0.375 5/25 GB, EUR 75 million	23.05.2025	At maturity	FIXED 0.375%	-	10,822
LBANK FLOAT 08/25, NOK 350 million	18.08.2025	At maturity	NIBOR + 2.35%	-	4,316
LBANK FLOAT 08/25, NOK 1,000 million	21.08.2025	At maturity	NIBOR + 3.05%	-	12,333
LBANK FLOAT 08/25, SEK 450 million	25.08.2025	At maturity	STIBOR + 3.05%	-	5,688
LBANK 6.375 3/27, EUR 300 million*	12.03.2027	At maturity	FIXED 6.375%	-	46,220
LBANK 0.75 5/26 GB, EUR 300 million	25.05.2026	At maturity	FIXED 0.75%	44,278	43,250
LBANK 5.00 5/28, EUR 300 million*	13.05.2028	At maturity	FIXED 5.0%	45,921	45,184
LBANK FLOAT 08/28, NOK 400 million	29.08.2028	At maturity	NIBOR + 0.87%	4,982	-
LBANK FLOAT 08/28, SEK 500 million	29.08.2028	At maturity	STIBOR + 0.9%	6,800	-
LBANK 3.75 10/29, EUR 300 million*	08.10.2029	At maturity	FIXED 3.75%	44,088	43,382
LBANK 3.5 6/30, EUR 300 million*	24.06.2030	At maturity	FIXED 3.5%	44,249	-
LBANK 3.625 11/32, EUR 300 million*	03.11.2023	At maturity	FIXED 3.625%	43,566	-
Total senior preferred bonds				**233,884**	**227,555**
Senior unsecured loans				8,527	13,960
Total senior unsecured borrowings				**242,411**	**241,515**

Senior non-preferred bonds

Currency, outstanding nominal amount	Maturity	Next Call Date	Terms of interest	31.12.2025	31.12.2024
LBANK FLOAT 9/28, SEK 1,000 million	13.09.2028	Sept 2027	STIBOR + 1.8%	13,581	12,578
LBANK FLOAT 9/28, NOK 250 million	13.09.2028	Sept 2027	NIBOR + 1.83%	3,106	3,062
LBANK FLOAT 3/29, SEK 1,300 million	20.03.2029	Mar 2028	STIBOR + 1.5%	17,635	-
LBANK FLOAT 3/30, NOK 500 million	26.03.2030	Mar 2029	NIBOR + 1.65%	6,196	-
Total senior non-preferred bonds				**40,518**	**15,640**
Total borrowings				**577,268**	**529,150**

* The Group applies hedge accounting to these bond issuances and uses for this purpose certain foreign currency denominated interest rate swaps as hedging instruments, see Note 22. The interest rate swaps are hedging the Group's exposure to fair value changes of these fixed-rate EUR denominated bonds arising from changes in interest rates. The Group applies fair value hedge accounting to the hedging relationship.

Issued under the Bank's Sustainable Finance Framework.

The Group did not have any defaults of principal or interest or other breaches with respect to its borrowings during the period 1 January to 31 December 2025 and the corresponding period in 2024.

Landsbankinn hf. Consolidated Financial Statements 2025 40 All amounts are in ISK million

Notes to the Consolidated Financial Statements

32. Borrowings (continued)

Change in liabilities due to financing activities

	As at 1.1.2025	Cash flow	Non-cash changes: Accrued interest	Foreign exchange	Change in the fair value	As at 31.12.2025
Secured borrowings	267,194	5,324	17,263	985	(423)	290,343
Other secured loans	4,803	(451)	195	(551)	-	3,996
Senior preferred bonds	92,769	(43,812)	5,484	1,619	-	56,060
Senior preferred bonds held to hedge long-term borrowings	134,786	36,111	5,334	4,977	(3,384)	177,824
Senior unsecured loans	13,960	(4,956)	950	(1,427)	-	8,527
Senior non-preferred bonds	15,640	21,767	1,536	1,575	-	40,518
Subordinated liabilities	39,989	(2,379)	3,989	-	-	41,599
Subordinated liabilities AT1	0	13,363	882	(1,496)	-	12,749
Total	**569,141**	**24,967**	**35,633**	**5,682**	**(3,807)**	**631,616**

	As at 1.1.2024	Cash flow	Non-cash changes: Accrued interest	Foreign exchange	Change in the fair value	As at 31.12.2024
Secured borrowings	267,771	(12,938)	14,388	(1,924)	(105)	267,192
Other secured loans	5,060	(370)	(1)	114	-	4,803
Senior preferred bonds	173,532	(73,553)	(565)	(6,645)	-	92,769
Senior preferred bonds held to hedge long-term borrowings	46,671	80,721	9,123	(4,813)	3,084	134,786
Senior unsecured loans	20,653	(8,888)	1,819	376	-	13,960
Senior non-preferred bonds	0	16,646	44	(1,050)	-	15,640
Subordinated liabilities	20,176	16,592	3,221	-	-	39,989
Total	**533,863**	**18,210**	**28,029**	**(13,942)**	**2,979**	**569,139**

33. Deferred tax assets and liabilities

See accounting policy in Note 84.11.

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Tax liabilities	-	17,147	-	15,420
Deferred tax liabilities	-	538	-	177
Taxes in the Statement of Financial Position	**0**	**17,685**	**0**	**15,597**

Recognised deferred tax assets and (liabilities) are attributable to the following:

	2025			2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment	-	(399)	(399)	-	(192)	(192)
Intangibles	-	(591)	(591)	-	(120)	(120)
Exchange rate-indexed assets and liabilities	-	(737)	(737)	-	(663)	(663)
Deferred foreign exchange differences	-	(69)	(69)	-	(36)	(36)
Other assets and liabilities	1,258	-	1,258	834	-	834
	1,258	**(1,796)**	**(538)**	**834**	**(1,011)**	**(177)**
Set-off of deferred tax assets together with liabilities of the same taxable entities	(1,258)	1,258	0	(834)	834	0
Deferred tax liabilitiess total	**0**	**(538)**	**(538)**	**0**	**(177)**	**(177)**

The deferred tax assets and liabilities are measured based on the tax rates and tax laws enacted by the end of 2025, according to which the domestic corporate income tax rate was 20% as at 31 December 2025 (2024: 21%).

Landsbankinn hf. Consolidated Financial Statements 2025 41 All amounts are in ISK million

Notes to the Consolidated Financial Statements

33. Deferred tax assets and liabilities (continued)

The movements in temporary differences during the year were as follows:

	Balance 1.1.2025	Additions related to TM	Recognised in income statement Tax income (expense)	Balance as at 31.12.2025	Balance 1.1.2024	Recognised in income statement Tax income (expense)	Balance as at 31.12.2024
Property and equipment	(192)	(184)	(23)	(399)	(162)	(30)	(192)
Intangibles	(120)	(438)	(33)	(591)	(141)	21	(120)
Foreign currency assets and liabilities	(663)	-	(74)	(737)	(634)	(29)	(663)
Deferred foreign exchange differences	(36)	-	(33)	(69)	34	(70)	(36)
Other assets and other liabilities	834	10	414	1,258	764	70	834
Tax losses carried forward	0	50	(50)	0	1	(1)	0
Total	**(177)**	**(562)**	**201**	**(538)**	**(138)**	**(39)**	**(177)**

34. Insurance contract liabilities

See accounting policy in Note 84.27.

	31.12.2025
Liabilities for remaining coverage	2,317
Liabilities for incurred claims	23,782
Risk adjustment	-
Total	**26,099**

Net liability arising from insurance contracts 28.02.2025	**26,268**
Income from insurance contracts	(17,933)
Cost from insurance contracts	16,005
Received premiums	17,452
Paid loss and operating cost	(16,760)
Financial components of insurance liabilities	1,014
Net liability arising from insurance contracts 31.12.2025	**26,046**
- thereof included under liabilities arising from insurance contracts	26,099
- thereof included under assets arising from insurance contracts	52

Sensitivity analysis of insurance liabilities

The management of insurance risk is based on monitoring interest rate curve sensitivity, inflation forecasts, expectations about the settlement period of incurred claims and the expected claims cost of incurred claims. The Group monitors the nature and frequency of damages as well as the distribution of claim amounts across categories and responds to changes with pricing or product development, as necessary. Premium risk is mitigated by spreading the risk across several insurance segments and reinsuring against large claims.

		2025	
	Shift	Increase	Decrease
Rate curve for discounting liabilities related to incurred claims	1%	253	(261)
Inflation forecast for indexing cash flows of incurred claims liabilities	1%	(261)	265
Expected settlement period for incurred claims liabilities	10%	87	(88)
Expected cost of incurred claims	10%	(2,149)	2,149

35. Other liabilities

	Note	2025	2024
Unsettled securities trading		8,470	3,433
Withholding tax		9,084	10,540
Accounts payable		1,533	1,936
Non-controlling interests - Funds		637	2,218
Lease liabilities	40	3,306	2,017
Sundry liabilities		5,994	4,962
Total		**29,024**	**25,106**

Unsettled securities transactions were settled in less than three days from the reporting date.

Landsbankinn hf. Consolidated Financial Statements 2025 42 All amounts are in ISK million

36. Subordinated liabilities

See accounting policy in Note 84.28.

Currency, outstanding nominal amount	Maturity	Next Call Date	Terms of interest	31.12.2025	31.12.2024
LBANK T2I 29, ISK 1,700 million	11.12.2029		Fixed 3.85%, CPI-indexed	2,365	2,275
LBANK T2I 33, ISK 12,000 million	23.03.2033	Mar 2028	Fixed 4.95%, CPI-indexed	14,276	13,749
LBANK T2I 35, ISK 12,000 million	07.03.2035	Mar 2030	Fixed 5.70%, CPI-indexed	13,593	13,092
LBANK T2 35, ISK 3,000 million	07.03.2035	Mar 2030	Fixed 9.60%	3,234	3,234
LBANK T2I 36, ISK 7,640 million	19.06.2036	Jun 2031	Fixed 5.06%, CPI-indexed	8,131	7,639
Total subordinated liabilities - Tier 2 capital				**41,599**	**39,989**
LBANK AT1, USD 100 million	Perpetual	Feb 2030	Fixed 8.125%	12,749	-
Total subordinated liabilities - Additional Tier 1 capital				**12,749**	**0**
Total subordinated liabilities				**54,348**	**39,989**

37. Equity

See accounting policy in Note 84.29.

Share capital

As of 31 December 2025, issued shares in the Bank number 24 billion in total, whith outstanding shares numbering 23,6 billion, with a nominal value of ISK 1 per share. Own shares at the end of the period were 385 million, or 1.61% of issued shares capital. Each entitles the owner to one vote at a shareholders' meeting. All shares are fully paid up.

The AGM of Landsbankinn, held on 19 March 2025, renewed the authorisation of the Bank to acquire own shares of up to 10% of the nominal value of its share capital and at a price determined by the internal value of the Bank's shares, according to its most recently published consolidated interim or annual financial statements prior to share buyback.

Share premium

Share premium represents the difference between the ISK amount received by the Bank when issuing share capital and the nominal amount of the shares issued, less costs directly attributable to issuing the new shares.

Statutory reserve

The statutory reserve is established in accordance with the Public Limited Companies Act, No. 2/1995, which stipulates that the Bank must allocate profits to the statutory reserve until the reserve is equal to one-quarter of the Bank's share capital.

Retained earnings

Act No. 3/2006, on Annual Financial Statements, with subsequent amendments, require *inter alia* the separation of retained earnings into two categories: restricted and unrestricted retained earnings. Unrestricted retained earnings consist of undistributed profits and losses accumulated by the Group since the foundation of the Bank, less transfers to the Bank's statutory reserve and restricted retained earnings. Restricted retained earnings are split into two categories:

1. Unrealised gains in subsidiaries and equity-accounted associates reserve; if the share of profit from subsidiaries or equity-accounted associates is in excess of dividend received, the Group transfers the difference to a restricted reserve in equity. If the Group's interest in subsidiaries or equity-accounted associates is sold or written off, the applicable amount recognised in the reserve is transferred to retained earnings.

2. Financial assets designated at fair value through profit or loss reserve. The Group transfers fair value changes arising from financial assets designated at fair value through profit or loss, from retained earnings to a restricted reserve. Amounts recognised in the reserve are transferred back to retained earnings upon sale of the financial asset.

Dividend

The 2025 AGM of Landsbankinn, held on 19 March 2025, approved the motion of the Board of Directors to pay shareholders a dividend of ISK 0.80 per share for the fiscal year 2024. It was further approved that the dividend be paid in two equal installments, each of ISK 0.40 per share. The former instalment was paid on 26 March 2025 and the latter on 17 September 2025. The total dividend amounts to ISK 18,891 million.

Dividend policy

Landsbankinn's current dividend policy provides that the Bank aims to pay regular dividends to shareholders amounting in general to around 50% of the previous year's profit. To achieve the Bank's target capital ratio, special dividend payments may also be made to optimise its capital structure. In determining the amount of dividend payments, the Bank's continued strong financial position shall be ensured. Regard shall be had for risk in the Bank's internal and external environment, growth prospects and the maintenance of a long-term, robust equity and liquidity position, as well as compliance with regulatory requirements of financial standing at any given time.

Landsbankinn hf. Consolidated Financial Statements 2025 43 All amounts are in ISK million

37. Equity (continued)

Restriction of dividend payments

According to the Public Limited Companies Act, No. 2/1995, it is only permissible to allocate as dividend profit in accordance with approved annual financial statements for the immediate past financial year, profit carried forward from previous years, and free funds after deducting loss which has not been met, and the funds which according to law or Articles of Association must be contributed to a reserve fund or for other use. Furthermore, under the amendment to Act No. 3/2006, on Annual Financial Statements, from June 2016 it is only permissible to allocate as dividend profit from unrestricted retained earnings.

Additionally, according to the Act on Financial Undertakings, No. 161/2002, the FSA can impose proportionate restrictions on the Bank's dividend payments, if the Bank's capital adequacy ratio falls below the total capital requirement plus capital buffers, see Note 48 Capital requirements.

Other notes

38. Earnings per share

See accounting policy in Note 84.30.

Profit for the year	**2025**	**2024**
Profit for the year attributable to owners of the Bank	38,015	37,508
Weighted average number of shares		
Weighted average number of ordinary shares issued	24,000	24,000
Weighted average number of own shares	(385)	(384)
Weighted average number of shares outstanding	**23,615**	**23,616**
Basic and diluted earnings per share from operations (ISK)	**1.61**	**1.59**

Diluted earnings per share, whether positive or negative, are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Bank's basic and diluted earnings per share are equal as the Bank has not issued any options, warrants, convertibles or other potential sources of dilution.

39. Litigation

Material litigation cases against the Bank and its subsidiaries

The Bank and its subsidiaries are from time to time party to litigation cases which arise in the ordinary course of business and the operational procedures of the Bank or the Group, as the case may be. Some of these cases are material in the sense that management considers that they may have a significant impact on the amounts disclosed in the Group's financial statements and are not comparable to other, previously closed, cases.

In August 2021, a former owner of a payment card company brought a case against the Bank and certain other financial institutions claiming tort liability in the amount of around ISK 923 million, plus interest, due to an alleged breach of competition rules in the determination of payment card interchange fees. This is the sixth case that has been brought before the courts for this purpose, but all previous cases have been dismissed. On 30 September 2022, the District Court of Reykjavík dismissed the case on grounds of insufficient substantiation. On 10 January 2023, the Appeal Court partly annulled the dismissal and ordered the District Court to hear the case in substance. The timing of a final judgment is uncertain and whether it will have a financial impact on the Bank. Should the plaintiff´s claims be acknowledged in a final court ruling, it is to be expected that a potential payment obligation will be divided between the defendants.

In December 2021, two individuals commenced litigation against the Bank maintaining that an interest rate provision in two inflation-linked consumer credit agreements, issued in 2006, did not stipulate under which circumstances the interest rate changed, as provided for in the Consumer Credit Act No. 121/1994, applicable at the time. The disputed interest rate provision was used in the Bank´s consumer credit agreements until around 2013. The plaintiffs demanded primarily that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the Bank repaid the plaintiffs around ISK 3,5 million plus interest. In a judgment delivered on 22 December 2025 in case No. 35/2025.

In December 2022, an individual commenced litigation against the Bank in a case which is similar to the above-mentioned case. On 12 November 2024, the District Court of Reykjavík accepted the plaintiff´s claim of repayment based on the initial contractual interest rate in the amount of around ISK 25,000 plus interest. The Bank has appealed the case to the Appeal Court. The main proceedings will be on 29 January 2026. The Bank expects that the conclusion of the Appeal Court will be in accordance with the conclusion of the Supreme Court in case No. 35/2025.

Landsbankinn hf. Consolidated Financial Statements 2025 44 All amounts are in ISK million

39. Litigation (continued)

In December 2021, two individuals commenced litigation against the Bank claiming that an interest rate provision in a mortgage credit agreement, issued in 2019, should be deemed illegal and void since the provision allegedly did not stipulate conditions and procedure for interest rate changes, as provided for in the Consumer Mortgage Act No. 118/2016. The disputed interest rate provision in this case was used in the Bank´s consumer and mortgage credit agreements from around 2013. The plaintiffs demanded that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the Bank repaid the plaintiffs around ISK 83,000 plus interest. In a judgment delivered on 22 December 2025 in case No. 32/2025, the Supreme Court confirmed the Appeal Court's conclusion to acquit the Bank. As disclosed in Note No. 33 to the Condensed Consolidated Interim Financial Statements for the third quarter of 2025, considering the uncertainties at that time as to the outcome of the case, the Bank recognised a provision of ISK 2.4 billion for the part of the Bank´s loan portfolio that included consumer mortgage credit agreements. In view of the Supreme Court's judgments in cases No. 32/2025 and 35/2025, delivered on 22 December 2025, the uncertainties previously identified, and thus the grounds for recognising the provision, no longer exist. Accordingly, the provision has been reversed.

Proceedings relating to the sale of the Bank´s shareholding in Borgun hf.

In January 2017, the Bank commenced proceedings before the District Court of Reykjavík against BPS ehf., Eignarhaldsfélagið Borgun slf., Borgun hf., now Teya Iceland hf. (the Company), and the then CEO of the Company. The Bank maintained that when the Bank sold its 31.2% shareholding in the Company in 2014, the defendants were in possession of information about the shareholding of the Company in Visa Europe Ltd. that they failed to disclose to the Bank. The Bank demanded acknowledgement of the defendants' liability for losses incurred by the Bank on these grounds. By judgment of 27 April 2023, the District Court acquitted the defendants of the claims made by the Bank. The Bank appealed the case to the Appeal Court. On 20 February 2025, the Appeal Court confirmed the findings of the District Court. On 13 May 2025, the Supreme Court rejected the request of the Bank for a permission to appeal the case.

40. Leasing

The Group as a lessee

The Group leases premises for centralised activity, branches and ATMs. Most leases are CPI-linked with a duration of 1-5 years and extension options. Lease commitments are recognised on the balance sheet, with the exception of leases of low-value assets and short-term leases that are expensed in the income statement. In 2025, the total cash outflow for leases amounted to 479 mkr. ISK (2024: 462 mkr). Interest on lease liabilities in the year 2025 amounted to ISK 77 million (2024: ISK 61 million) and expenses of leased assets outside the scope of IFRS 16 amounted to ISK 2 million (2024: ISK 4 million).

At year-end, right-of-use assets in the amount of ISK 3.143 million are recognised under other assets (Note 28) and lease liabilities in the amount of ISK 3.306 million under other liabilities (Note 35).

41. Fiduciary activities

The Group offers custodian, asset management, investment management and advisory services. These services require the Group to make decisions on the handling, acquisition or disposal of financial instruments. Assets under custody are not reported in the Consolidated Financial Statements, since they are assets held on behalf of customers, institutions and pension funds and are not assets of the Group. One aspect of these services is that the Group is involved in approving objectives and criteria for investing assets in its custody. As of 31 December 2025, financial assets managed by the Group amounted to ISK 820 billion (2024: ISK 789 billion). Custody accounts amounted to ISK 1,951 billion (2024: ISK 1,722 billion).

42. Interest in subsidiaries

See accounting policy in Note 84.1 (a).

The main subsidiaries held directly or indirectly by the Group as at 31 December 2025 were as detailed in the table below. This includes those subsidiaries that are most significant in the context of the Group's business.

Main subsidiaries as at 31 December 2025

Company	Ownership interest	Activity
Eignarhaldsfélag Landsbankans ehf. (Iceland)	100%	Holding company
Landsbréf hf. (Iceland)	100%	Fund management company
Hömlur ehf. (Iceland)	100%	Holding company
Hömlur fyrirtæki ehf.	100%	Holding company
TM tryggingar hf. (Iceland)	100%	Insurance company
TM líftryggingar hf. (Iceland)	100%	Life insurance company
Íslensk endurtrygging hf. (Iceland)	100%	Reinsurance company

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory framework. The Group did not have any material non-controlling interests as at 31 December 2025.

Landsbankinn hf. Consolidated Financial Statements 2025 45 All amounts are in ISK million

Notes to the Consolidated Financial Statements

43. Consolidated structured entities

See accounting policy in Note 84.2.

Assessment of control over an investee determines which structured entities are consolidated in the financial statements. Investees controlled by the Group are presented in the following balance sheet lines:

Assets	2025	2024
Bonds and debt instruments	331	2,501
Equities and equity instruments	876	966

Liabilities	2025	2024
Other liabilities	1	2
Non controlling interests	637	2,218

The Bank holds the majority of the units in the investment funds managed by Landsbréf. These funds are consolidated in the Bank's Consolidated Financial Statements, with the exception that minority interests are recognised among Other liabilities instead of Equity. The reason for this distinction is that the holders of the units may request redemption of their shareholding and therefore the units do not meet the requirements of the definition of equity.

44. Unconsolidated structured entities

See accounting policy in Note 84.2.

In cases where the Group acts as an agent for the investor, it does not consolidate the investment funds of the principal. In cases where the Group holds investments in unconsolidated investment funds, the investments are classified as financial investments designated at fair value through profit or loss. The fair value of these investments represents the Group's maximum exposure to loss from investments in unconsolidated investment funds.

			Total assets	
Type of structured entity	Nature and purpose	Interest held by the Group	2025	2024
Investment funds	To generate fees from managing assets on behalf of third party investors	Investment in units issued by fund	84,093	81,607
	These vehicles are financed through the issue of units to investors	Management fees		

The following table shows an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities. The Group's maximum exposure to loss is the carrying amount of the assets held.

	Carrying amount	
Investment securities	2025	2024
Investment funds	3,602	2,877
Total	**3,602**	**2,877**

45. Guarantees / Off-balance sheet exposures within the Group

As at year end the off-balance sheet exposure to credit risk within the Group was as follows:

	Carrying amount	
Off-balance sheet exposure 31 December	2025	2024
Financial guarantees	-	-
Undrawn overdraft and credit card facilities	15	68
Total	**15**	**68**

46. Related party transactions

Related parties

The Icelandic State Treasury, on behalf of the Icelandic State, holds 98.2% of shares in the Bank at year-end 2025. Government bodies and public institutions qualifying as related parties are the Ministry of Finance and Economic Affairs, and related entities and institutions.

Transactions between the Bank and its subsidiaries meet the definition of related party transactions. All transactions with subsidiaries are eliminated on consolidation and are thus not disclosed in the Group's Consolidated Financial Statements. The main subsidiaries are summarised in Note 42 Interest in subsidiaries.

Landsbankinn hf. Consolidated Financial Statements 2025 46 All amounts are in ISK million

Notes to the Consolidated Financial Statements

46. Related party transactions (continued)

Related parties (continued)

The key management personnel of the Bank and their close family members meet the definition of related parties as do, in some cases, the key management personnel of the Bank's subsidiaries. The key management personnel of the Bank are the members of the Board of Directors, the CEO, managing directors and other managers with the authority and responsibility to organise, manage and control the Bank's activities. The Minister of Finance and Economic Affairs meets the definition of related party due to the scope of his authority to influence Bank policy.

Transactions with the Icelandic government and government-related entities

The Group’s products and services are offered to the Icelandic government and government-related entities in competition with other vendors and under generally accepted commercial terms. In a similar manner, the Bank and other Group entities purchase products and services from government-related entities at market price and otherwise under generally accepted commercial terms. The nature of and amounts outstanding with public entities are disclosed in Note 55 under Public entities.

Transactions with other related parties

The following table presents the total amounts of loans to key management personnel and parties related to them, loans to associates of the Group and other related parties:

	2025		2024	
Loans in ISK million	**Gross carrying amount as at 31 December**	**Highest amount outstanding during the period**	**Gross carrying amount as at 31 December**	**Highest amount outstanding during the period**
Key management personnel	454	518	458	628
Parties related to key management personnel	83	90	77	283
Associates	433	747	181	296
Other	256	279	272	323
Total	**1,226**	**1,634**	**988**	**1,530**

No new guarantees were granted to related parties during the year. The Bank concluded no lease contracts with related parties during the year.

The following table presents the total amounts of deposits received from key management personnel and parties related to them and associates of the Group:

	2025		2024	
Deposits in ISK million	**Carrying amount as at 31 December**	**Highest amount outstanding during the period**	**Carrying amount as at 31 December**	**Highest amount outstanding during the period**
Key management personnel	274	495	141	322
Parties related to key management personnel	113	150	88	265
Associates	133	1,061	236	1,560
Other	8	19	19	97
Total	**528**	**1,725**	**484**	**2,244**

The following table presents the total amount of guarantees to key management personnel and parties related to them and associates of the Group:

Guarantees in ISK million	**Gross carrying amount as at 31 December 2025**	**Gross carrying amount as at 31 December 2024**
Key management personnel	-	-
Parties related to key management personnel	-	-
Associates	-	-
Other	555	552
Total	**555**	**552**

Notes to the Consolidated Financial Statements

46. Related party transactions (continued)

Transactions with other related parties (continued)

The following table presents the total number of shares in the Bank owned by key management personnel and parties related to them and associates of the Group:

Number of shares in ISK million	2025	2024
Key management personnel	2	2
Parties related to key management personnel	-	-
Associates	-	-
Total	**2**	**2**

All of the above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third party counterparties.

Effect on income statement

The following table presents the total amount of interest income and expense recognised by the Group in relation to key management personnel and parties related to them and associates of the Group:

	2025		2024	
Interest income and expense	Interest income	Interest expense	Interest income	Interest expense
Key management personnel	21	15	20	10
Parties related to key management personnel	5	7	6	5
Associates	32	10	24	11
Other	33	-	7	23
Total	**91**	**32**	**57**	**49**

The following table presents the total amount of other income and expense recognised by the Group in relation to key management personnel and parties related to them and associates of the Group:

	2025		2024	
Other income and expense	Other income	Other expense	Other income	Other expense
Associates	-	1,872	-	1,745
Total	**0**	**1,872**	**0**	**1,745**

All of the above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and collaterals, as those prevailing at the time for comparable transactions with third party counterparties.

46. Related party transactions (continued)

Transactions with other related parties (continued)

The following table presents the total amount of compensation to Directors, CEOs and Managing Directors for the year 2025:

Salary and benefits for the year 2025	Salary and benefits*	Defined contri-butions**	Total
Board of Directors	**83.7**	**11.2**	**94.9**
Jón Þorvarður Sigurgeirsson, Chairman of the Board of Directors	15.1	2.0	17.1
Eva Halldórsdóttir, Vice-chairman of the Board of Directors	13.7	1.8	15.5
Kristján Þórarinn Davíðsson, Director	9.6	1.3	10.9
Rebekka Jóelsdóttir, Director	12.1	1.6	13.7
Steinunn Guðbj. Þorsteinsdóttir, Director	10.3	1.4	11.7
Þór Hauksson, Director	9.6	1.3	10.9
Örn Guðmundsson, Director	10.3	1.4	11.7
Sigurður Jón Björnsson, Alternate Director	1.9	0.3	2.2
Stefanía Guðrún Halldórsdóttir, Alternate Director	1.1	0.1	1.2
CEO	**60.6**	**11.6**	**72.2**
Lilja Björk Einarsdóttir	60.6	11.6	72.2
Senior management and other key employees	**380.6**	**70.8**	**451.4**
Arinbjörn Ólafsson, Managing Director Information Technology	45.5	8.6	54.1
Árni Þór Þorbjörnsson, Managing Director Corporate Banking	45.5	8.5	54.0
Bergsteinn Ólafur Einarsson, Managing Director Risk Management	39.7	7.9	47.6
Eyrún Anna Einarsdóttir, Managing Director Asset Management & Capital Markets	41.2	7.9	49.1
Helgi Teitur Helgason, Managing Director Personal Banking	52.7	9.9	62.6
Hreiðar Bjarnason, Managing Director, CFO	46.7	8.9	55.6
Sara Pálsdóttir, Managing Director Communication & Culture	41.2	7.7	48.9
Two other key employees	68.1	11.4	79.5
Total	**524.9**	**93.6**	**618.5**

*Benefits are non-monetary benefits such as the use of cars owned by the Group.

**Includes both private and statutory contributions to independent pension funds without further obligation.

Landsbankinn hf. Consolidated Financial Statements 2025 49 All amounts are in ISK million

Notes to the Consolidated Financial Statements

46. Related party transactions (continued)

Transactions with other related parties (continued)

The following table presents the total amount of compensation to Directors, CEOs and Managing Directors for the year 2024:

Salary and benefits for the year 2024	Salary and benefits*	Defined contri-butions**	Total
Board of Directors	**79.3**	**10.4**	**89.7**
Jón Þorvarður Sigurgeirsson, Chairman of the Board of Directors	10.3	1.4	11.7
Eva Halldórsdóttir, Vice-chairman of the Board of Directors	7.6	1.0	8.6
Kristján Þórarinn Davíðsson, Director	6.5	0.9	7.4
Rebekka Jóelsdóttir, Director	6.5	0.9	7.4
Steinunn Guðbj. Þorsteinsdóttir, Director	7.0	0.9	7.9
Þór Hauksson, Director	6.5	0.9	7.4
Örn Guðmundsson, Director	7.0	0.9	7.9
Sigurður Jón Björnsson, Alternate Director	1.5	0.2	1.7
Stefanía Guðrún Halldórsdóttir, Alternate Director	0.5	0.1	0.6
Helga Björk Eiríksdóttir, former Chairman of the Board of Directors	6.2	0.6	6.8
Berglind Svavarsdóttir, former Vice-chairman of the Board of Directors	3.5	0.5	4.0
Elín H. Jónsdóttir, former Director	3.5	0.5	4.0
Guðbrandur Sigurðsson, former Director	3.2	0.4	3.6
Guðrún Ó. Blöndal, former Director	3.0	0.4	3.4
Helgi Friðjón Arnarson, former Director	3.2	0.4	3.6
Þorvaldur Jacobsen, former Director	3.0	0.4	3.4
Sigríður Olgeirsdóttir, former Alternate Director	0.3	0.0	0.3
CEO	**58.4**	**11.1**	**69.5**
Lilja Björk Einarsdóttir	58.4	11.1	69.5
Senior management and other key employees	**352.6**	**65.8**	**418.4**
Arinbjörn Ólafsson, Managing Director Information Technology	43.3	8.4	51.7
Árni Þór Þorbjörnsson, Managing Director Corporate Banking	43.3	8.0	51.3
Bergsteinn Ólafur Einarsson, Managing Director Risk Management	39.1	7.7	46.8
Eyrún Anna Einarsdóttir, Managing Director Asset Management & Capital Markets	39.1	7.5	46.6
Helgi Teitur Helgason, Managing Director Personal Banking	43.3	8.4	51.7
Hreiðar Bjarnason, Managing Director, CFO	44.4	8.4	52.8
Sara Pálsdóttir, Managing Director Communication & Culture	39.1	7.2	46.3
Two other key employees	61.0	10.2	71.2
Total	**490.3**	**87.3**	**577.6**

*Benefits are non-monetary benefits such as the use of cars owned by the Group.

**Includes both private and statutory contributions to independent pension funds without further obligation.

Transactions with the Minister of Finance and Economic Affairs

The Minister of Finance and Economic Affairs did not receive any salary or similar payments from the Group during the year 2025. The Group did not enter into any transactions with the Minister of Finance and Economic Affairs or close family members, other than normal banking transactions which were made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third party counterparties.

47. Events after the reporting year

No events have arisen after the reporting year of these financial statements that require amendments or additional disclosures in the Consolidated Financial Statements for the year ended 2025.

All amounts are in ISK million

Capital management

48. Capital requirements

The Group’s capital management policies and practices aim to ensure that the Group has sufficient capital to cover the risks associated with its activities on a consolidated basis. The capital management framework of the Group comprises four interdependent areas: capital assessment, risk appetite/capital target, capital planning, and reporting/monitoring. The Group regularly monitors and assesses its risk profile in key business areas on a consolidated basis and for the most important risk types. The Bank's risk appetite sets out the level of risk the Group is willing to take in pursuit of its business objectives.

The Act on Financial Undertakins No. 161/2002, implementing the Capital Requirements Directive 2013/36/EU (CRD), and Regulation (EU) No 575/2013 (CRR), as incorporated into Icelandic legislation and as amended, set out the legal requirements for the Group’s capital. The regulatory minimum capital requirement under Pillar I is 8% of Risk Weighted Exposure Amount (RWEA) for credit risk, market risk and operational risk. In conformity with Pillar II-R requirements, the Bank annually assesses its own capital needs through the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP results are subsequently reviewed by the FSA in the Supervisory Review and Evaluation Process (SREP). The Group’s minimum capital requirement, as determined by the FSA, is the sum of Pillar I and Pillar II-R requirements.

In addition to the minimum capital requirement, the Bank is required by law to maintain certain capital buffers determined by the Financial Stability Committee (FSC) of the Central Bank of Iceland. The FSC has defined the Bank as a systematically important financial institution in Iceland.

The Group’s most recent capital requirements are as follows (as a percentage of RWEA):

	31.12.2025			31.12.2024		
	CET1	Tier 1	Total	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%	4.5%	6.0%	8.0%
Pillar II-R	1.4%	1.8%	2.5%	1.4%	1.9%	2.5%
Minimum requirement	**5.9%**	**7.8%**	**10.5%**	**5.9%**	**7.9%**	**10.5%**
Systemic risk buffer (SRB)	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Capital buffer for systematically important institutions (O-SII)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Countercyclical capital buffer (CCyB)	2.4%	2.4%	2.4%	2.5%	2.5%	2.5%
Capital conservation buffer (CCB)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Combined buffer requirement	**9.8%**	**9.8%**	**9.8%**	**9.9%**	**9.9%**	**9.9%**
Total capital requirement	**15.7%**	**17.6%**	**20.3%**	**15.8%**	**17.8%**	**20.4%**

The Bank aims to maintain at all times capital ratios well above FSA‘s minimum capital requirements. The Bank's target capital ratio includes a management buffer, in addition to FSA's capital requirements, that is defined in the Bank’s risk appetite. The Bank also aims to be in the highest category for risk-adjusted capital ratio, as determined and measured by the relevant credit rating agencies.

Landsbankinn hf. Consolidated Financial Statements 2025 51 All amounts are in ISK million

Notes to the Consolidated Financial Statements

49. Capital base, risk-weighted exposure amount and capital ratios

The following table shows the Group’s capital base, risk exposure amount and capital ratios. The calculations are in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as amended and made part of the Icelandic legal order.

In accordance with EU Regulation No. 575/2013, the FSA has granted permission for verified interim profits and audited year-end profits to be included in the Group's capital base, net of any foreseeable charge or dividend. The permission is, *inter alia* , subject to the condition that an interim statement has been verified by the Group's auditors or that an annual statement has been audited by the Groups auditors.

The Group uses the standardised approach to calculate the risk exposure amount for credit risk, market risk and operational risk. The Group's consolidated situation as stipulated in CRR is the Group's accounting consolidation excluding insurance subsidiaries.

Capital base	**31.12.2025**	**31.12.2024**
Share capital	23,615	23,615
Share premium	120,516	120,516
Reserves	13,124	13,213
Retained earnings	186,518	167,305
Total equity attributable to owners of the Bank	**343,773**	**324,649**
Intangible assets	(9,096)	(3)
Forseeable dividends*	(19,007)	(18,754)
Fair value hedges	(2,958)	(4,348)
Insufficient coverage for non-performing exposures	(905)	(568)
Common equity Tier 1 capital (CET1)	**311,807**	**300,976**
Additional Tier 1 capital	12,749	-
Tier 1 capital	**324,556**	**300,976**
Subordinated liabilities	41,599	39,989
Regulatory amortisation	(499)	(26)
Tier 2 capital	**41,100**	**39,963**
Total capital base	**365,656**	**340,939**

Risk-weighted exposure amount (RWEA)	**31.12.2025**	**31.12.2024**
Credit risk, loans and advances to customers	1,221,886	1,197,318
Credit risk, securities	83,584	33,424
Credit risk, other	38,889	23,512
Credit valuation adjustment	1,944	764
Market risk	13,098	14,635
Operational risk**	113,631	131,388
Total risk-weighted exposure amount	**1,473,032**	**1,401,041**

*The Board of Directors intends to propose to the Annual General Meeting (AGM), scheduled to be held in March 2026, that a dividend amounting to around 50% of the consolidated profit in 2025 will be paid to shareholders. The intended dividend proposal is account for in the calculation of the Bank´s capital base as at 31.12.2025, under the line item Foreseeable dividends.

**The amounts are updated on a yearly basis.

CET1 ratio	**21.2%**	**21.5%**
Tier 1 capital ratio	**22.0%**	**21.5%**
Total capital ratio	**24.8%**	**24.3%**

Landsbankinn hf. Consolidated Financial Statements 2025 52 All amounts are in ISK million

50. Minimum Requirement for own funds and Eligible Liabilities (MREL)

The Act on Recovery and Resolution of Credit Institutions and Investment Firms No. 70/2020, as amended, implementing the Bank Recovery and Resolution Directive 2014/59/EU (BRRD) and Directive 2019/879 (BRRD II), provides for the determination by the Central Bank of Iceland's Resolution Authority of minimum requirement for own funds and eligible liabilities (MREL).

On 17 October 2025 the Resolution Authority announced it's latest annual MREL decision for the Bank. The decision entails that the Bank must at all times maintain a minimum of 21.0% of MREL funds, as a percentage of the Bank's Total Risk-weighted Exposure Amount (TREA) and a minimum of 6.0% as a percentage of the Bank's Total Exposure Measure (TEM).

The decision also introduces a 13.5% MREL subordination requirement, as a percentage of the Bank's Total Risk-weighted Exposure Amount (TREA), which must be fullfilled as of 4 October 2027.

The MREL-TREA and the MREL Subordination Requirements must be met without regards to the combined buffer requirement (CBR), which must be separately fulfilled alongside the MREL-TREA and the MREL Subordination Requirement.

	31.12.2025		31.12.2024	
		Percentage		Percentage
MREL-TEM Requirement	Amount	of RWEA	Amount	of RWEA
Recurring MREL-TEM requirement	143,152	9.7%	136,325	9.7%
MREL-TREA Requirement				
Recurring MREL-TREA requirement	309,337	21.0%	294,219	21.0%
Combined Buffer Requirement (CBR)	144,357	9.8%	138,703	9.9%
Sum of MREL-TREA Total and Combined Buffer	**453,694**	**30.8%**	**432,922**	**30.9%**
MREL Subordination Requirement				
Recurring Subordination Requirement	198,859	13.5%	189,141	13.5%
Combined Buffer Requirement (CBR)	144,357	9.8%	138,703	9.9%
Sum of MREL Subordination and Combined Buffer Requirements	**343,216**	**23.3%**	**327,844**	**23.4%**

The Bank's own funds and eligible liabilities for MREL funding are as follows:

	31.12.2025		31.12.2024	
		Percentage		Percentage
Own funds and eligible liabilities	Amount	of RWEA	Amount	of RWEA
Common Equitiy Tier 1 (CET1)	311,807	21.2%	300,976	21.5%
Additional Tier 1 capital (AT1)	12,749	0.9%	-	0.0%
Tier 2 capital	41,599	2.8%	39,989	2.9%
Eligible Senior Non-Preferred bonds	40,518	2.8%	15,640	1.1%
Sum of Subordinated MREL funds	**406,673**	**27.6%**	**356,605**	**25.5%**
Eligible Senior Preferred liabilities	189,605	12.9%	178,037	12.7%
Sum of MREL funds	**596,278**	**40.5%**	**534,642**	**38.2%**

The Maximum Distributable Amount related to MREL (M-MDA) is the maximum amount that the bank is allowed to distribute via various actions, including dividend payments to shareholders, buy-back of own shares and payments of variable remuneration. These MREL restrictions are in addition to other own funds requirements.

	31.12.2025		31.12.2024	
		Percentage		Percentage
	Amount	of RWEA	Amount	of RWEA
Total MREL funds above MREL-TEM Requirement	453,126	30.8%	398,317	28.4%
Total MREL funds above MREL-TREA Requirement	142,584	9.7%	101,720	7.3%
Subordinated MREL funds above MREL Subordination Requirement	63,456	4.3%	28,761	2.1%
Maximum Distributable Amount related to MREL (M-MDA)	**63,456**	**4.3%**	**28,761**	**2.1%**

Landsbankinn hf. Consolidated Financial Statements 2025 53 All amounts are in ISK million

51. Solvency II requirement for insurance subsidiary TM

The solvency capital requirement (SCR) for the subsidiary TM tryggingar hf. is calculated in accordance with the Icelandi Insurance Companies Act.

Solvency II for insurance subsidiary TM	31.12.2025
Own funds	22,228
Intangible asset	(4,874)
Forseeable dividends	(2,000)
Excess of assets over liabilities in accordance with Solvency II	502
Total basic own funds after deductions	**15,856**
Total available own funds to meet the consolidated group SCR	**15,856**
Group SCR	**11,421**
Ratio of Eligible own funds to group SCR	**1.39**
Total eligible own funds to meet the minimum consolidated group SCR	**15,856**

	31.12.2025
Life underwriting risk	490
Health underwriting risk	1,762
Non-life underwriting risk	6,612
Market risk	7,681
Counterparty default risk	769
Diversification	(5,065)
Intangible asset risk	-
Basic Solvency Capital Requirement (Basic SCR)	**12,249**
Operational risk	821
Loss-absorbing capacity of deferred taxes	(1,649)
Group SCR	**11,421**

52. Leverage ratio

The ratio is calculated on the basis of the Group's consolidated situation as per the CRR, which excludes the Group's insurance subsidiaries. The calculations are in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as amended and made part of the Icelandic legal order. A minimum leverage ratio of 3.0% is required.

Leverage ratio	31.12.2025	31.12.2024
- On-balance sheet exposure (excl. derivatives and securities financing transactions)	2,279,096	2,158,835
- Derivative instrument exposure	6,045	6,062
- Securities financing transaction exposures	18,520	14,820
- Off-balance sheet exposure	114,167	116,036
- Regulatory adjustments to Tier 1 capital	(31,966)	(23,673)
Total leverage exposure	**2,385,862**	**2,272,080**
Tier 1 capital	**324,556**	**300,976**
Leverage ratio	**13.6%**	**13.2%**

Risk management

53. Risk management

See further information in Chapter 2 in the Group’s Pillar III Risk Report for 2025.

Risk is inherent in the Group’s activities and is managed through a process of on-going identification, measurement, and monitoring, subject to risk limits and other controls. Risk identification involves finding the origins and structures of potential risk factors in the Group’s operations and undertakings. Risk measurement entails measuring identified risk for management and monitoring purposes. Finally, risk controls and limits promote compliance with rules and procedures, as well as adherence with the Group’s risk appetite.

The objective of the Group’s risk policies and procedures is to ensure that the risks in its operation are detected, measured, monitored and effectively managed. Exposure to risk is managed to ensure that it remains within limits and that the risk appetite adopted by the Group complies with regulatory requirements. The Group has adopted policies regarding the risk structure of its assets and liabilities, to limit and manage fluctuations that might affect the Group’s equity, liquidity and performance.

All amounts are in ISK million

53. Risk management (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, risk appetite and setting risk limits. The CEO is responsible for the effective implementation of the framework and risk appetite through the corporate governance structure and committees.

The Board of Directors has three Subcommittees, which provide important preparation for Board meetings. The purpose of sub-committees is to facilitate discussion and in-depth analysis of issues addressed by the Board and increase its efficacy.

- The Risk Committee serves as advisor to the Board of Directors on the development of the Group's risk strategy and risk appetite.
- The Audit Committee's role is to ensure the quality of the Group's financial information, including financial statements and other financial information, as well as the independence of its auditors.
- The Remuneration Committee's role is to provide guidance to the Board of Directors and CEO on salary and benefits for key executives and to advise the Board on the Group's remuneration policy.

The Executive Board serves as a forum for discussion about business opportunities and challenges, approves funding for larger projects, and serves as a decision-making platform on matters that do not fall within the remit of other committees. The main role of the Executive Board is to ensure compliance of the Group's operation with laws, regulations, business plans and policies of the Bank at any given time. The Executive Board has four subcommittees.

- The Credit Committee's main role is to ensure that the Group's loan portfolio and credit risk remain in compliance with its credit risk policy and risk appetite. The Credit Committee is responsible for significant credit decisions, credit limits for customers, credit quality and large exposures.
- The Risk & Finance Committee is a platform for discussion and decision-making about liquidity, market and counterparty risk. The Committee implements the policy of the Board of Directors on market risk and propose limits for these risks, reviews the methodology and scenarios for the ICAAP and ILAAP processes and sets internal rules for liquidity, market and counterparty risk.
- The Operational Risk Committee is a forum for discussions and decisions on operational risk issues and reviews the effective implementation of the operational risk policy of the Bank.
- The Project Committee selects, prioritises and supports the Group's major projects to ensure their success.

Compliance is an independent function, which reports directly to the CEO and operates in accordance with the terms of reference set out by the Board of Directors. The operation of Compliance is shaped by its independence from other units.

Internal Audit is an independent, objective assurance and consulting unit that is a part of the Group's organisational chart and an element of its internal control system.

The Risk Management Division is responsible for the Group's risk management framework and for comprehensive risk reporting on risk positions within the Group and to external supervisory authorities. The division comprised five departments at year-end 2025. Subsidiaries of the Group have their own risk management functions from which the Risk Management Division receives information on exposures and collates into Group exposure.

Further information about the Group's risk and capital management is provided in the Group's Pillar III Risk Report for 2025, published alongside the Consolidated Financial Statements for 2025 on the Bank's website, www.landsbankinn.is.

Credit risk

54. Credit risk

See further information in Chapter 4 in the Group's Pillar III Risk Report for 2025.

Credit risk is defined as the risk of loss if customers fail to fulfil their agreed obligations and the estimated value of pledged collateral does not cover existing claims. It is the greatest single risk faced by the Group and principally arises from loans and advances to customers and from investments in debt securities. It also covers commitments, guarantees, documentary credits, counterparty credit risk in derivatives contracts and settlement risk.

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

Notes to the Consolidated Financial Statements

Credit risk

55. Maximum exposure to credit risk and concentration by industry sectors

The following tables show the Group's maximum credit risk exposure. For on-balance sheet assets, the exposures are based on net carrying amounts as reported in the Consolidated Statement of Financial Position. Off-balance sheet amounts are the maximum amounts the Group might have to pay for guarantees and undrawn loan commitments, overdraft and credit card facilities.

See further information in Chapter 4 in the Group's Pillar III Risk Report for 2025.

				Corporates											
As at 31 December 2025	**Financial institutions**	**Public entities ***	**Individuals**	**Fisheries**	**Real estate companies**	**Construction companies**	**Travel industry**	**Services, ITC**	**Retail**	**Manufactur-ing and energy**	**Holding companies**	**Agri-culture**	**Other**	**Maximum exposure**	**Carrying amount**
Cash and balances with Central Bank	-	125,527	-	-	-	-	-	-	-	-	-	-	-	**125,527**	**125,527**
Bonds and debt instruments	159	139,606	-	-	9,516	-	-	2,077	-	75	9	-	-	**151,442**	**193,260**
Equities and equity instruments	188	-	-	-	27	-	1,209	2,836	1	366	3,431	-	-	**8,058**	**30,554**
Derivative instruments	5,138	-	5	13	8	9	1	4	5	1	61	-	111	**5,356**	**5,393**
Loans and advances to financial institutions	41,084	-	-	-	-	-	-	-	-	-	-	-	-	**41,084**	**41,084**
Loans and advances to customers	-	13,550	888,815	190,273	260,436	193,311	110,443	73,605	59,545	55,352	32,003	6,972	-	**1,884,305**	**1,884,305**
Other assets	20,775	28	134	3	2,065	-	601	3,448	-	11	-	-	1,290	**28,355**	**44,816**
Total on-balance sheet exposure	**67,344**	**278,711**	**888,954**	**190,289**	**272,052**	**193,320**	**112,254**	**81,970**	**59,551**	**55,805**	**35,504**	**6,972**	**1,401**	**2,244,127**	**2,324,939**
Off-balance sheet exposure	**3,494**	**10,094**	**42,994**	**23,472**	**24,560**	**90,279**	**19,017**	**25,889**	**26,309**	**28,011**	**4,174**	**723**	**27**	**299,043**	
Financial guarantees and underwriting commitments	-	206	694	4,483	1,820	7,848	2,243	9,738	5,741	2,687	1,627	10	-	37,097	
Undrawn loan commitments	-	399	119	16,363	20,611	79,171	14,409	6,231	10,332	19,962	1,976	7	-	169,580	
Undrawn overdraft/credit card facilities	3,494	9,489	42,181	2,626	2,129	3,260	2,365	9,920	10,236	5,362	571	706	27	92,366	
Maximum exposure to credit risk	**70,838**	**288,805**	**931,948**	**213,761**	**296,612**	**283,599**	**131,271**	**107,859**	**85,860**	**83,816**	**39,678**	**7,695**	**1,428**	**2,543,170**	
Percentage of maximum exposure to credit risk	2.8%	11.4%	36.6%	8.4%	11.7%	11.2%	5.2%	4.2%	3.4%	3.3%	1.6%	0.3%	0.1%	100%	

* Public entities consist of central government, state-owned enterprises, Central Bank and municipalities.

Landsbankinn hf. Consolidated Financial Statements 2025 56 All amounts are in ISK million

Notes to the Consolidated Financial Statements

55. Maximum exposure to credit risk and concentration by industry sectors (continued)

As at 31 December 2024	Financial institutions	Public entities *	Individuals	Corporates: Fisheries	Real estate companies	Construction companies	Travel industry	Services, ITC	Retail	Manufactur-ing and energy	Holding companies	Agri-culture	Other	Maximum exposure	Carrying amount
Cash and balances with Central Bank	-	129,981	-	-	-	-	-	-	-	-	-	-	-	**129,981**	**129,981**
Bonds and debt instruments	132	116,351	-	-	-	-	-	1,281	-	77	12	-	-	**117,853**	**139,104**
Equities and equity instruments	221	-	-	-	41	-	1,206	3,960	1	409	9,834	-	-	**15,672**	**32,644**
Derivative instruments	8,043	-	-	1	23	-	28	-	19	-	20	-	126	**8,260**	**8,260**
Loans and advances to financial institutions	39,346	-	-	-	-	-	-	-	-	-	-	-	-	**39,346**	**39,346**
Loans and advances to customers	-	14,302	886,879	195,754	233,125	143,040	110,844	65,392	68,202	43,853	38,746	7,299	1	**1,807,437**	**1,807,437**
Other assets	18,696	73	23	3	1,868	-	600	2,371	-	7	-	-	1,342	**24,983**	**24,987**
Total on-balance sheet exposure	**66,438**	**260,707**	**886,902**	**195,758**	**235,057**	**143,040**	**112,678**	**73,004**	**68,222**	**44,346**	**48,612**	**7,299**	**1,469**	**2,143,532**	**2,181,759**
Off-balance sheet exposure	**21**	**9,736**	**40,974**	**25,107**	**30,272**	**81,226**	**17,845**	**20,531**	**25,906**	**31,418**	**3,262**	**822**	**27**	**287,147**	
Financial guarantees and underwriting commitments	19	226	701	4,979	1,424	6,921	2,249	4,894	5,350	1,048	406	10	-	28,227	
Undrawn loan commitments	-	18	105	17,615	27,395	70,664	12,977	5,682	12,496	25,140	2,524	108	-	174,724	
Undrawn overdraft/credit card facilities	2	9,492	40,168	2,513	1,453	3,641	2,619	9,955	8,060	5,230	332	704	27	84,196	
Maximum exposure to credit risk	**66,459**	**270,443**	**927,876**	**220,865**	**265,329**	**224,266**	**130,523**	**93,535**	**94,128**	**75,764**	**51,874**	**8,121**	**1,496**	**2,430,679**	
Percentage of maximum exposure to credit risk	2.7%	11.1%	38.2%	9.1%	10.9%	9.2%	5.4%	3.8%	3.9%	3.1%	2.1%	0.3%	0.1%	100.0%	

* Public entities consist of central government, state-owned enterprises, Central Bank and municipalities.

Landsbankinn hf. Consolidated Financial Statements 2025 57 All amounts are in ISK million

56. Collateral and loan-to-value

The loan-to-value (LTV) ratio expresses the gross carrying amount of loans and advances as a percentage of the total value of the collateral. LTV is one of the key risk factors that determine if borrowers qualify for a loan. The risk of default is always at the forefront of lending decisions, and the likelihood of a lender absorbing a loss when seeking satisfaction for claims in guarantees as the collateral value decreases. A high LTV ratio indicates that there is only a small buffer to protect against a fall in the collateral value or an increase in a loan balance, when repayments are not made and unpaid interest is added to the outstanding balance of the loan.

See further information in Chapter 4 in the Group's Pillar III Risk Report for 2025.

	LTV ratio - Fully collateralised					LTV ratio - Partially collateralised				
As at 31 December 2025	**0% - 25%**	**25% - 50%**	**50% - 75%**	**75% - 100%**	**Total**	**>100%**	**Collateral value***	**Without collateral**	**Allowance for impairment**	**Carrying amount**
Financial institutions	-	-	-	-	**0**	-	-	**41,084**	-	**41,084**
Public entities	**118**	**145**	**26**	**36**	**325**	**1,253**	**646**	**11,973**	**(1)**	**13,550**
Individuals	**112,071**	**354,981**	**346,529**	**28,933**	**842,514**	**2,795**	**1,873**	**45,366**	**(1,860)**	**888,815**
Mortgages	105,508	343,531	332,625	22,746	804,410	744	497	35	(364)	804,825
Other	6,563	11,450	13,904	6,187	38,104	2,051	1,376	45,331	(1,496)	83,990
Corporates	**113,216**	**269,869**	**378,940**	**158,828**	**920,853**	**45,717**	**32,971**	**22,654**	**(7,284)**	**981,940**
Fisheries	44,969	77,108	66,844	1,070	189,991	787	632	91	(596)	190,273
Real estate companies	16,385	55,230	154,361	26,779	252,755	4,749	3,920	3,951	(1,019)	260,436
Construction companies	5,591	40,832	73,750	64,225	184,398	9,080	7,423	1,355	(1,522)	193,311
Travel industry	4,571	18,757	46,760	30,999	101,087	5,091	2,766	5,750	(1,485)	110,443
Services, IT and communications	7,789	25,112	16,650	9,672	59,223	10,241	7,836	4,650	(509)	73,605
Retail	25,390	17,385	7,874	6,274	56,923	3,050	2,361	601	(1,029)	59,545
Manufacturing and energy	2,350	20,457	4,942	13,192	40,941	9,615	5,823	5,551	(755)	55,352
Holding companies	4,188	12,877	6,297	6,055	29,417	2,588	1,899	351	(353)	32,003
Agriculture	1,983	2,111	1,462	562	6,118	516	311	353	(15)	6,972
Other	-	-	-	-	0	-	-	1	(1)	0
Total	**225,405**	**624,995**	**725,495**	**187,797**	**1,763,692**	**49,765**	**35,490**	**121,077**	**(9,145)**	**1,925,389**

*If LTV is less than 100% the loan is considered fully secured. If LTV is greater than 100% the loan is partially collateralised and the respective collateral value is shown in the table.

Landsbankinn hf. Consolidated Financial Statements 2025 58 All amounts are in ISK million

Notes to the Consolidated Financial Statements

56. Collateral and loan-to-value (continued)

As at 31 December 2024	LTV ratio - Fully collateralised 0% - 25%	25% - 50%	50% - 75%	75% - 100%	Total	LTV ratio - Partially collateralised >100%	Collateral value*	Without collateral	Allowance for impairment	Carrying amount
Financial institutions	-	-	-	-	0	-	-	**39,346**	-	**39,346**
Public entities	**31**	**260**	**20**	**36**	**347**	**1,627**	**794**	**12,329**	**(1)**	**14,302**
Individuals	**101,237**	**349,815**	**366,703**	**26,087**	**843,842**	**2,905**	**1,789**	**41,793**	**(1,661)**	**886,879**
Mortgages	94,154	337,373	351,590	20,241	803,358	957	538	46	(489)	803,872
Other	7,083	12,442	15,113	5,846	40,484	1,948	1,251	41,747	(1,172)	83,007
Corporates	**103,180**	**249,206**	**317,212**	**147,883**	**817,481**	**78,501**	**63,496**	**19,263**	**(8,989)**	**906,256**
Fisheries	51,324	85,594	53,076	2,060	192,054	4,296	3,697	2,187	(2,783)	195,754
Real estate companies	9,592	54,000	103,775	44,448	211,815	20,218	17,093	1,724	(632)	233,125
Construction companies	7,379	18,379	67,956	38,406	132,120	10,680	8,893	1,437	(1,197)	143,040
Travel industry	6,604	16,109	41,350	20,240	84,303	24,643	23,246	4,065	(2,167)	110,844
Services, IT and communications	8,121	21,642	11,060	13,782	54,605	5,249	3,866	5,953	(415)	65,392
Retail	8,863	33,169	13,519	10,544	66,095	1,931	1,578	521	(345)	68,202
Manufacturing and energy	7,137	6,020	21,012	1,334	35,503	7,007	3,030	2,116	(773)	43,853
Holding companies	2,727	11,794	3,269	16,733	34,523	3,850	1,795	1,037	(664)	38,746
Agriculture	1,433	2,499	2,195	336	6,463	626	297	223	(13)	7,299
Other	-	-	-	-	0	1	1	-	-	1
Total	**204,448**	**599,281**	**683,935**	**174,006**	**1,661,670**	**83,033**	**66,079**	**112,731**	**(10,651)**	**1,846,783**

*If LTV is less than 100% the loan is considered fully secured. If LTV is greater than 100% the loan is partially collateralised and the respective collateral value is shown in the table.

All amounts are in ISK million

Notes to the Consolidated Financial Statements

57. Collateral types

See further information in Chapter 4.1.4 in the Group's Pillar III Risk Report for 2025.

The following tables disclose the assignment of a collateral value to the gross carrying amount of loans. The value of each individual collateral item held cannot exceed the gross carrying amount of the corresponding individual claim. Changes in collateral value amounts between years result either from changes in the underlying value of collateral or changes in the gross carrying amount of claim.

As at 31 December 2025	Real estate	Vessels	Deposits	Securities	Other*	Total
Financial institutions	-	-	-	-	-	**0**
Public entities	**916**	-	-	-	**56**	**972**
Individuals	**829,699**	**39**	**223**	**765**	**13,657**	**844,383**
Mortgages	800,448	18	184	107	4,147	804,904
Other	29,251	21	39	658	9,510	39,479
Corporates	**581,099**	**136,319**	**2,757**	**93,788**	**139,858**	**953,821**
Fisheries	14,323	130,518	455	23,538	21,786	190,620
Real estate companies	241,412	36	487	5,841	8,897	256,673
Construction companies	183,149	-	384	538	7,748	191,819
Travel industry	73,342	332	178	1,271	28,731	103,854
Services, IT and communications	29,262	3,436	676	11,406	22,279	67,059
Retail	14,278	-	139	16,809	28,059	59,285
Manufacturing and energy	14,841	99	124	10,294	21,407	46,765
Holding companies	4,468	1,898	311	24,091	548	31,316
Agriculture	6,024	-	3	-	403	6,430
Other	-	-	-	-	-	0
Total	**1,411,714**	**136,358**	**2,980**	**94,553**	**153,571**	**1,799,176**

As at 31 December 2024	Real estate	Vessels	Deposits	Securities	Other*	Total
Financial institutions	-	-	-	-	-	**0**
Public entities	**1,123**	-	-	-	**18**	**1,141**
Individuals	**829,257**	**33**	**232**	**1,131**	**14,975**	**845,628**
Mortages	798,799	10	166	74	4,847	803,896
Other	30,458	23	66	1,057	10,128	41,732
Corporates	**507,085**	**139,368**	**2,894**	**94,621**	**137,040**	**881,008**
Fisheries	13,074	136,434	603	21,639	24,002	195,752
Real estate companies	216,317	92	211	6,445	5,844	228,909
Construction companies	134,386	3	275	743	5,607	141,014
Travel industry	72,345	240	126	1,318	33,519	107,548
Services, IT and communications	26,032	2,542	692	7,951	21,254	58,471
Retail	19,823	-	152	14,957	32,742	67,674
Manufacturing and energy	13,168	57	657	11,251	13,401	38,534
Holding companies	5,609	-	175	30,317	243	36,344
Agriculture	6,331	-	3	-	427	6,761
Other	-	-	-	-	1	1
Total	**1,337,465**	**139,401**	**3,126**	**95,752**	**152,033**	**1,727,777**

*Other collateral includes financial claims, invoices, liquid assets, vehicles, machines, aircraft and inventories.

58. Loans and advances by geographical area

The following tables show loans and advances by geographical segmentation. Geographical segmentation is based on the customer's legal residence rather than domicile.

As at 31 December 2025	Domestic	Foreign	Carrying amount
Loans and advances to financial institutions	302	40,782	41,084
Loans and advances to customers	1,837,633	46,672	1,884,305
Total	**1,837,935**	**87,454**	**1,925,389**

As at 31 December 2024	Domestic	Foreign	Carrying amount
Loans and advances to financial institutions	614	38,732	39,346
Loans and advances to customers	1,774,557	32,880	1,807,437
Total	**1,775,171**	**71,612**	**1,846,783**

Landsbankinn hf. Consolidated Financial Statements 2025 60 All amounts are in ISK million

59. Credit quality of loans and advances

See accounting policy in Note 84.12 (g).

The following tables show the credit quality of loans and advances according to Group's internal credit rating. A credit rating of 10 indicates the best credit quality, while a rating of 0 shows defaults.

	Gross carrying amount							
As at 31 December 2025	**10-7**	**6-4**	**3-1**	**0**	**Unrated**	**Allowance for impairment**	**Fair value**	**Carrying amount**
Financial institutions	**41,081**	**1**	**-**	**-**	**2**	**-**	**-**	**41,084**
Public entities	**13,450**	**100**	**1**	**-**	**-**	**(1)**	**-**	**13,550**
Individuals	**679,298**	**190,436**	**13,001**	**6,445**	**1,349**	**(1,860)**	**146**	**888,815**
Mortgages	642,848	148,037	8,807	4,347	1,150	(364)	-	804,825
Other	36,450	42,399	4,194	2,098	199	(1,496)	146	83,990
Corporates	**141,723**	**759,774**	**26,656**	**13,578**	**0**	**(7,284)**	**47,493**	**981,940**
Fisheries	39,171	134,311	742	2,273	-	(596)	14,372	190,273
Real estate companies	3,616	239,442	10,332	2,154	-	(1,019)	5,911	260,436
Construction companies	8,003	180,906	4,670	752	-	(1,522)	502	193,311
Travel industry	12,965	90,136	4,713	4,114	-	(1,485)	-	110,443
Services, IT and communications	22,757	45,917	3,095	615	-	(509)	1,730	73,605
Retail	32,000	25,154	1,512	1,689	-	(1,029)	219	59,545
Manufacturing and energy	17,681	22,318	324	1,856	-	(755)	13,928	55,352
Holding companies	2	20,269	1,141	113	-	(353)	10,831	32,003
Agriculture	5,528	1,321	127	11	-	(15)	-	6,972
Other	-	-	-	1	-	(1)	-	0
Total	**875,552**	**950,311**	**39,658**	**20,023**	**1,351**	**(9,145)**	**47,639**	**1,925,389**

	Gross carrying amount							
As at 31 December 2024	**10-7**	**6-4**	**3-1**	**0**	**Unrated**	**Allowance for impairment**	**Fair value**	**Carrying amount**
Financial institutions	**39,346**	**-**	**-**	**-**	**-**	**-**	**-**	**39,346**
Public entities	**12,628**	**1,675**	**-**	**-**	**-**	**(1)**	**-**	**14,302**
Individuals	**664,898**	**200,489**	**15,412**	**5,752**	**1,619**	**(1,661)**	**370**	**886,879**
Mortgages	630,267	157,988	10,960	3,867	1,279	(489)	-	803,872
Other	34,631	42,501	4,452	1,885	340	(1,172)	370	83,007
Corporates	**150,274**	**677,362**	**26,120**	**20,604**	**0**	**(8,989)**	**40,885**	**906,256**
Fisheries	56,520	130,857	558	4,144	-	(2,783)	6,458	195,754
Real estate companies	4,669	205,474	8,221	1,194	-	(632)	14,199	233,125
Construction companies	7,794	129,223	4,215	2,590	-	(1,197)	415	143,040
Travel industry	11,651	86,419	4,495	10,446	-	(2,167)	-	110,844
Services, IT and communications	17,134	44,047	2,385	728	-	(415)	1,513	65,392
Retail	36,429	28,448	2,928	416	-	(345)	326	68,202
Manufacturing and energy	10,887	19,519	1,571	882	-	(773)	11,767	43,853
Holding companies	2	31,391	1,739	71	-	(664)	6,207	38,746
Agriculture	5,188	1,984	7	133	-	(13)	-	7,299
Other	-	-	1	-	-	-	-	1
Total	**867,146**	**879,526**	**41,532**	**26,356**	**1,619**	**(10,651)**	**41,255**	**1,846,783**

Landsbankinn hf. Consolidated Financial Statements 2025 61 All amounts are in ISK million

60. Loans and advances by past due status

The following tables group the gross carrying amount of loans and advances by days past due.

	Gross carrying amount							
		Days past due						
As at 31 December 2025	Not past due	1-5	6-30	31-60	61-90	over 90	Allowance for impairment	Carrying amount
Financial institutions	**41,082**	**2**	**-**	**-**	**-**	**-**	**-**	**41,084**
Public entities	**13,551**	**-**	**-**	**-**	**-**	**-**	**(1)**	**13,550**
Individuals	**879,134**	**2,868**	**778**	**4,073**	**1,313**	**2,509**	**(1,860)**	**888,815**
Mortgages	798,855	-	448	3,502	868	1,516	(364)	804,825
Other	80,279	2,868	330	571	445	993	(1,496)	83,990
Corporates	**974,534**	**2,363**	**3,157**	**3,265**	**3,264**	**2,641**	**(7,284)**	**981,940**
Fisheries	190,260	51	39	3	254	262	(596)	190,273
Real estate companies	256,083	184	781	1,379	2,438	590	(1,019)	260,436
Construction companies	193,376	952	313	42	5	145	(1,522)	193,311
Travel industry	108,864	278	1,649	713	108	316	(1,485)	110,443
Services, IT and communications	72,991	295	232	134	212	250	(509)	73,605
Retail	58,873	160	117	944	238	242	(1,029)	59,545
Manufacturing and energy	54,976	280	12	47	1	791	(755)	55,352
Holding companies	32,225	87	-	-	-	44	(353)	32,003
Agriculture	6,886	76	14	3	8	-	(15)	6,972
Other	-	-	-	-	-	1	(1)	0
Total	**1,908,301**	**5,233**	**3,935**	**7,338**	**4,577**	**5,150**	**(9,145)**	**1,925,389**

	Gross carrying amount							
		Days past due						
As at 31 December 2024	Not past due	1-5	6-30	31-60	61-90	over 90	Allowance for impairment	Carrying amount
Financial institutions	**39,346**	**-**	**-**	**-**	**-**	**-**	**-**	**39,346**
Public entities	**14,303**	-	-	-	-	-	**(1)**	**14,302**
Individuals	**877,145**	**2,938**	**860**	**3,761**	**1,506**	**2,330**	**(1,661)**	**886,879**
Mortgages	798,085	-	618	3,148	1,182	1,328	(489)	803,872
Other	79,060	2,938	242	613	324	1,002	(1,172)	83,007
Corporates	**902,428**	**2,572**	**3,180**	**2,274**	**768**	**4,023**	**(8,989)**	**906,256**
Fisheries	195,863	68	11	97	287	2,211	(2,783)	195,754
Real estate companies	230,919	112	1,088	872	265	501	(632)	233,125
Construction companies	143,520	369	239	37	8	64	(1,197)	143,040
Travel industry	109,453	358	1,394	1,143	57	606	(2,167)	110,844
Services, IT and communications	64,613	464	289	39	36	366	(415)	65,392
Retail	67,160	1,043	85	44	14	201	(345)	68,202
Manufacturing and energy	44,331	85	66	41	100	3	(773)	43,853
Holding companies	39,336	3	-	-	-	71	(664)	38,746
Agriculture	7,233	70	8	1	-	-	(13)	7,299
Other	-	-	-	-	1	-	-	1
Total	**1,833,222**	**5,510**	**4,040**	**6,035**	**2,274**	**6,353**	**(10,651)**	**1,846,783**

Landsbankinn hf. Consolidated Financial Statements 2025 62 All amounts are in ISK million

Notes to the Consolidated Financial Statements

61. Loans and advances by stage allocation

The tables below show both the gross carrying amount of loans and advances and the related expected credit losses (ECLs) by industry sector and the three-stage criteria under IFRS 9.

As at 31 December 2025	Gross carrying amount	Stage 1 Gross carrying amount	Stage 1 12-month ECL	Stage 2 Gross carrying amount	Stage 2 Lifetime ECL	Stage 3 Gross carrying amount	Stage 3 Lifetime ECL	Allowance for impairment	Fair Value	Carrying amount
Financial institutions	**41,084**	**41,084**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**41,084**
Public entities	**13,551**	**13,508**	**(1)**	**43**	**-**	**-**	**-**	**(1)**	**-**	**13,550**
Individuals	**890,675**	**859,150**	**(206)**	**24,934**	**(254)**	**6,445**	**(1,400)**	**(1,860)**	**146**	**888,815**
Mortgages	805,189	782,578	(52)	18,264	(81)	4,347	(231)	(364)	-	804,825
Other	85,486	76,572	(154)	6,670	(173)	2,098	(1,169)	(1,496)	146	83,990
Corporates	**989,224**	**837,295**	**(2,589)**	**90,858**	**(1,560)**	**13,578**	**(3,135)**	**(7,284)**	**47,493**	**981,940**
Fisheries	190,869	173,075	(186)	1,149	(20)	2,273	(390)	(596)	14,372	190,273
Real estate companies	261,455	236,696	(524)	16,694	(176)	2,154	(319)	(1,019)	5,911	260,436
Construction companies	194,833	175,122	(911)	18,457	(205)	752	(406)	(1,522)	502	193,311
Travel industry	111,928	83,548	(323)	24,266	(711)	4,114	(451)	(1,485)	-	110,443
Services, IT and communications	74,114	67,688	(292)	4,081	(71)	615	(146)	(509)	1,730	73,605
Retail	60,574	53,942	(196)	4,723	(99)	1,690	(734)	(1,029)	219	59,545
Manufacturing and energy	56,107	26,961	(68)	13,363	(96)	1,855	(591)	(755)	13,928	55,352
Holding companies	32,356	13,386	(79)	8,026	(179)	113	(95)	(353)	10,831	32,003
Agriculture	6,987	6,877	(10)	99	(3)	11	(2)	(15)	-	6,972
Other	1	-	-	-	-	1	(1)	(1)	-	0
Total	**1,934,534**	**1,751,037**	**(2,796)**	**115,835**	**(1,814)**	**20,023**	**(4,535)**	**(9,145)**	**47,639**	**1,925,389**

Landsbankinn hf. Consolidated Financial Statements 2025 63 All amounts are in ISK million

61. Loans and advances by stage allocation (continued)

		Stage 1		Stage 2		Stage 3				
As at 31 December 2024	Gross carrying amount	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL	Allowance for impairment	Fair Value	Carrying amount
Financial institutions	**39,346**	**39,346**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**39,346**
Public entities	**14,303**	**14,266**	**(1)**	**37**	**-**	**-**	**-**	**(1)**	**-**	**14,302**
Individuals	**888,540**	**858,602**	**(171)**	**23,816**	**(442)**	**5,752**	**(1,048)**	**(1,661)**	**370**	**886,879**
Mortgages	804,361	784,106	(46)	16,388	(250)	3,867	(193)	(489)	-	803,872
Other	84,179	74,496	(125)	7,428	(192)	1,885	(855)	(1,172)	370	83,007
Corporates	**915,245**	**785,160**	**(1,943)**	**68,596**	**(1,742)**	**20,604**	**(5,304)**	**(8,989)**	**40,885**	**906,256**
Fisheries	198,537	186,732	(120)	1,203	(50)	4,144	(2,613)	(2,783)	6,458	195,754
Real estate companies	233,757	213,439	(393)	4,925	(103)	1,194	(136)	(632)	14,199	233,125
Construction companies	144,237	132,862	(547)	8,370	(200)	2,590	(450)	(1,197)	415	143,040
Travel industry	113,011	78,362	(196)	24,203	(688)	10,446	(1,283)	(2,167)	-	110,844
Services, IT and communications	65,807	58,001	(187)	5,565	(94)	728	(134)	(415)	1,513	65,392
Retail	68,547	63,145	(120)	4,660	(130)	416	(95)	(345)	326	68,202
Manufacturing and energy	44,626	28,563	(203)	3,414	(33)	882	(537)	(773)	11,767	43,853
Holding companies	39,410	16,970	(174)	16,162	(440)	71	(50)	(664)	6,207	38,746
Agriculture	7,312	7,086	(3)	93	(4)	133	(6)	(13)	-	7,299
Other	1	-	-	1	-	-	-	-	-	1
Total	**1,857,434**	**1,697,374**	**(2,115)**	**92,449**	**(2,184)**	**26,356**	**(6,352)**	**(10,651)**	**41,255**	**1,846,783**

All amounts are in ISK million

Notes to the Consolidated Financial Statements

62. Impairment allowance on loans and advances

See accounting policy in Note 84.12 (g).

The following tables show changes in the impairment allowance on loans and advances in 2025.

	12-months ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total
Balance as at 1 January 2025 - Financial institutions	**0**	**0**	**0**	**0**
Changes in models/risk parameters	-	-	-	0
Balance as at 31 December 2025 - Financial institutions	**0**	**0**	**0**	**0**
- therof classified as deduction from gross carrying amounts	-	-	-	0
- therof classified as liabilities	-	-	-	0

	12-months ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total
Balance as at 1 January 2025 - Loans and advances to customers	**(2,386)**	**(2,263)**	**(6,531)**	**(11,180)**
New financial assets originated	(1,199)	(286)	(480)	(1,965)
Reversals due to financial assets that have been derecognised	508	368	1,247	2,123
Transfer to Stage 1 - 12-month ECL	(69)	67	2	0
Transfer to Stage 2 - Lifetime ECL	490	(516)	26	0
Transfer to Stage 3 - Lifetime ECL	498	1,227	(1,725)	0
Changes in models/risk parameters	(966)	(632)	564	(1,034)
Provisions used to cover write-offs	1	10	2,292	2,303
Balance as at 31 December 2025 - Loans and advances to customers	**(3,123)**	**(2,025)**	**(4,605)**	**(9,753)**
- therof classified as deduction from gross carrying amounts	(2,796)	(1,814)	(4,535)	(9,145)
- therof classified as liabilities	(327)	(211)	(70)	(608)

	1.1-31.12.2025				
Net impairment on loans and advances	**Financial institutions**	**Public entities**	**Individuals**	**Corporates**	**Total**
New financial assets originated	-	-	(467)	(1,498)	(1,965)
Reversals due to financial assets that have been derecognised	-	-	349	1,774	2,123
Changes due to financial assets recognised in the opening balance	-	-	(388)	(646)	(1,034)
Write-offs	-	-	(550)	(2,035)	(2,585)
Provisions used to cover write-offs	-	-	308	1,995	2,303
Recoveries	-	-	62	10	72
Translation difference	-	-	-	(166)	(166)
Total	**0**	**0**	**(686)**	**(566)**	**(1,252)**

Landsbankinn hf. Consolidated Financial Statements 2025 65 All amounts are in ISK million

Notes to the Consolidated Financial Statements

62. Impairment allowance on loans and advances (continued)

The following tables show changes in the impairment allowance of loans and advances in 2024.

	12-months ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total
Balance as at 1 January 2024 - Financial institutions	**0**	**0**	**0**	**0**
Changes in models/risk parameters	-	-	-	0
Balance as at 31 December 2024 - Financial institutions	**0**	**0**	**0**	**0**
- therof classified as deduction from gross carrying amounts	-	-	-	0
- therof classified as liabilities	-	-	-	0

	12-months ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total
Balance as at 1 January 2024 - Loans and advances to customers	**(4,049)**	**(2,168)**	**(5,686)**	**(11,903)**
New financial assets originated	(701)	(763)	(768)	(2,232)
Reversals due to financial assets that have been derecognised	1,683	889	947	3,519
Changes due to reclassification of financial assets	-	(12)	-	(12)
Transfer to Stage 1 - 12-month ECL	(99)	97	2	0
Transfer to Stage 2 - Lifetime ECL	857	(883)	26	0
Transfer to Stage 3 - Lifetime ECL	714	861	(1,575)	0
Cancellation resulting from a natural disaster.	-	80	-	80
Changes in models/risk parameters	(791)	(378)	(70)	(1,239)
Provisions used to cover write-offs	-	14	593	607
Balance as at 31 December 2024 - Loans and advances to customers	**(2,386)**	**(2,263)**	**(6,531)**	**(11,180)**
- therof classified as deduction from gross carrying amounts	(2,115)	(2,184)	(6,352)	(10,651)
- therof classified as liabilities	(271)	(79)	(179)	(529)

	1.1-31.12.2024				
Net impairment on loans and advances	**Financial institutions**	**Public entities**	**Individuals**	**Corporates**	**Total**
New financial assets originated	-	-	(314)	(1,918)	(2,232)
Reversals due to financial assets that have been derecognised	-	-	1,203	2,316	3,519
Changes due to reclassification of financial assets	-	-	-	(12)	(12)
Changes due to financial assets recognised in the opening balance	-	2	(420)	(821)	(1,239)
Impact of natural hazard	-	-	(2,507)	-	(2,507)
Write-offs	-	-	(500)	(627)	(1,127)
Provisions used to cover write-offs	-	-	246	361	607
Recoveries	-	-	122	33	155
Translation difference	-	-	-	(4)	(4)
Total	**0**	**2**	**(2,170)**	**(672)**	**(2,840)**

63. Large exposures

Exposures to a client or a group of connected clients are classified as large exposures if their total exposures exceed 10% of the Group's Tier 1 capital. Large exposures are measured before (gross) and after (net) application of exemptions and credit risk mitigation. The legal maximum for a large exposure is 25% of Tier 1 capital, net of eligible credit risk mitigation.

As at 31 December 2025, the Group had three large exposures compared to four large exposures at year-end 2024. The largest exposure before credit risk mitigation is the German sovereign. The total ratio of large exposures, net of credit risk mitigation, was 0.1% as at 31 December 2025.

As at 31 December 2025	**Gross**	**Ratio of Tier 1 capital (Gross)**	**Net**	**Ratio of Tier 1 capital (Net)**
Group 1	65,646	20.2%	-	0.0%
Group 2	40,276	12.4%	220	0.1%
Group 3	36,588	11.3%	-	0.0%
Total	**142,510**	**44.0%**	**220**	**0.1%**

Landsbankinn hf. Consolidated Financial Statements 2025 66 All amounts are in ISK million

63. Large exposures (continued)

As at 31 December 2024	Gross	Ratio of Tier 1 capital (Gross)	Net	Ratio of Tier 1 capital (Net)
Group 1	42,897	14.3%	-	0.0%
Group 2	37,253	12.4%	212	0.1%
Group 3	34,455	11.4%	25,269	8.4%
Group 4	30,792	10.2%	30,486	10.1%
Total	**145,397**	**48.3%**	**55,967**	**18.6%**

64. Bonds and debt instruments

The following table groups the bond portfolio by bond types and Standard & Poor's issuer credit ratings.

Government bonds and treasury bills	2025	2024
Rated AAA	102,234	71,471
Rated AA- to AA+	6,249	13,840
Rated A- to A+	51,307	44,637
Rated BB+ and below	-	25
	159,790	**129,973**
Corporate bonds		
Rated AAA	21	-
Rated A- to A+	1,728	1,640
Rated BBB- to BBB+	525	225
Unrated	22,595	3,037
	24,869	**4,902**
Covered bonds		
Rated A- to A+	3,613	1,588
Rated BBB- to BBB+	4,988	2,641
	8,601	**4,229**
Total	**193,260**	**139,104**

The following table shows the carrying amount of bonds, for which the issuers have failed to make contractually due payments.

As at 31 December 2025	Past due 0 - 90 days	Past due over 90 days	Carrying amount
Holding companies	-	6	6
Other	-	3	3
Total	**0**	**9**	**9**
As at 31 December 2024			
Holding companies	-	9	9
Total	**0**	**9**	**9**

65. Derivative instruments

The following table summarises the Group's exposure in derivative instruments, by Standard & Poor's counterparty ratings:

	2025			2024		
	Notional	Fair value		Notional	Fair value	
	amount	Assets	Liabilities	amount	Assets	Liabilities
Rated AAA	3,473	-	10	458	-	3
Rated AA- to AA+	10,705	63	40	-	-	-
Rated A- to A+	314,395	5,055	1,492	250,413	8,000	1,901
Rated BBB- to BBB+	250	38	-	7,266	22	1
Unrated	55,522	237	507	47,300	238	713
Total	**384,345**	**5,393**	**2,049**	**305,437**	**8,260**	**2,618**

Landsbankinn hf. Consolidated Financial Statements 2025 67 All amounts are in ISK million

Notes to the Consolidated Financial Statements

66. Offsetting financial assets and financial liabilities

The following tables disclose the Group's net amounts of financial assets and financial liabilities which are subject to offsetting, enforceable master netting agreements and other similar agreements.

As at 31 December 2025

Financial assets subject to offsetting, enforceable master netting arrangement and similar agreements.

	Financial assets subject to netting agreements			Netting not recognised on balance sheet				
Types of financial assets	**Financial assets**	**Financial liabilities**	**Net amount**	**Financial liabilities**	**Collateral received**	**Net financial assets subject to netting agreements**	**Financial assets not subject to netting agreements**	**Net amount on balance sheet**
Derivatives	5,393	-	5,393	(1,587)	(3,813)	(6)	-	5,393

Financial liabilities subject to offsetting, enforceable master netting arrangement and other similar agreements.

	Financial liabilities subject to netting agreements			Netting not recognised on balance sheet				
Types of financial liabilities	**Financial liabilities**	**Financial assets**	**Net amount**	**Financial assets**	**Collateral pledged**	**Net financial liabilities subject netting agreements**	**Financial liabilities not subject to netting agreements**	**Net amount on balance sheet**
Derivatives	(2,049)	-	(2,049)	1,587	4	(458)	-	(2,049)
Short positions	(5,115)	-	(5,115)	-	5,115	-	-	(5,115)
Total	**(7,164)**	**0**	**(7,164)**	**1,587**	**5,119**	**(458)**	**0**	**(7,164)**

As at 31 December 2024

Financial assets subject to offsetting, enforceable master netting arrangement and other similar agreements.

	Financial assets subject to netting agreements			Netting not recognised on balance sheet				
Types of financial assets	**Financial assets**	**Financial liabilities**	**Net amount**	**Financial liabilities**	**Collateral received**	**Net financial assets subject to netting agreements**	**Financial assets not subject to netting agreements**	**Net amount on balance sheet**
Derivatives	8,260	-	8,260	(415)	(4,782)	3,062	-	8,260

Financial liabilities subject to offsetting, enforceable master netting arrangement and other similar agreements.

	Financial liabilities subject to netting agreements			Netting not recognised on balance sheet				
Types of financial liabilities	**Financial liabilities**	**Financial assets**	**Net amount**	**Financial assets**	**Collateral pledged**	**Net financial liabilities subject to netting agreements**	**Financial liabilities not subject to netting agreements**	**Net amount on balance sheet**
Derivatives	(2,618)	-	(2,618)	415	888	(1,315)	-	(2,618)
Short positions	(4,217)	-	(4,217)	-	4,217	-	-	(4,217)
Total	**(6,835)**	**0**	**(6,835)**	**415**	**5,105**	**(1,315)**	**0**	**(6,835)**

All amounts are in ISK million

Liquidity risk

67. Liquidity risk

See further information in Chapter 6 in the Group's Pillar III Risk Report for 2025.

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such a settlement involves excessive costs. Liquidity risk arises from mismatches in the timing of cash flows of financial assets and liabilities, which is inherent to the Group's operations and investments.

68. Liquidity risk management

The Group's liquidity management process include: projecting expected cash flows in a maturity profile rather than relying merely on contractual maturities, monitoring balance sheet liquidity, monitoring and managing the maturity profile of liabilities and off-balance sheet commitments, monitoring the concentration of liquidity risk in order to avoid undue reliance on large counterparties, projecting cash flows arising from future business, and maintaining liquidity and contingency plans which outline measures to be taken in the event of difficulties arising from liquidity crisis.

The main metrics for measuring liquidity risk are the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). Calculations are made by Risk Management, which also performs monthly stress tests by simulating the Group's liquidity coverage ratio (LCR). The simulation is repeated numerous times and provides an output distribution for the LCR for the next 30 days which is compared to the risk appetite.

Liquidity coverage ratio

The objective of LCR is to promote short-term liquidity resilience by ensuring that the Group has sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days. LCR is the key indicator for short-term liquidity risk measuring the ratio of high-quality liquid assets to expected total net cash outflows over the next 30 days, under a specified stress scenario. To prevent over-reliance on the estimated inflow, it can at most be 75% of the estimated outflow.

The Group monitors intraday liquidity risk, short-term 30-day liquidity risk, medium and longer-term liquidity risk and funding risk arising from mismatches of longer-term assets and liabilities.

The Group follows guidelines No. 2/2010 from the Financial Supervisory Authority (FSA) of the Central Bank of Iceland (CBI) on best practice for managing the liquidity of financial undertakings. CBI's Rules No. 1520/2022 on LCR, require the Group to maintain a minimum LCR of 100% across all currencies, 80% in euros and 50% in Icelandic krona. The Group submits monthly reports on its liquidity position to the CBI. The following tables show the Group's LCR.

	ISK		EUR		Liquidity coverage ratio total (LCR)	
Liquidity coverage ratio 31 December 2025	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**
Level 1 liquid assets	159,209	159,209	102,883	102,883	269,082	269,082
Level 2 liquid assets	11,843	8,290	220	187	12,063	8,477
Information items	-	-	-	-	-	-
Total liquid assets	**171,052**	**167,499**	**103,103**	**103,070**	**281,145**	**277,559**
Deposits	829,277	142,307	64,324	27,332	968,825	204,410
Borrowing	-	-	-	-	-	-
Other outflows	176,121	23,410	31,154	2,413	236,554	29,044
Total outflows (0-30 days)	**1,005,398**	**165,717**	**95,478**	**29,745**	**1,205,379**	**233,454**
Loans and advances to financial institutions	340	340	16,796	16,594	40,918	40,015
Other inflows	53,788	27,690	10,860	5,955	75,530	39,442
Limit on inflows	-	-	-	(240)	-	-
Total inflows (0-30 days)	**54,128**	**28,030**	**27,656**	**22,309**	**116,448**	**79,457**
Liquidity coverage ratio		**122%**		**1386%**		**180%**

Landsbankinn hf. Consolidated Financial Statements 2025 69 All amounts are in ISK million

68. Liquidity risk management (continued)

	ISK		EUR		Liquidity coverage ratio total (LCR)	
Liquidity coverage ratio 31 December 2024	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**
Level 1 liquid assets	164,112	164,112	72,453	72,453	251,325	251,325
Level 2 liquid assets	12,096	8,467	212	180	12,308	8,648
Information items	-	-	-	-	-	-
Total liquid assets	**176,208**	**172,579**	**72,665**	**72,633**	**263,633**	**259,973**
Deposits	781,717	128,334	65,179	28,859	918,590	186,439
Borrowing	-	-	-	-	16,399	16,399
Other outflows	171,314	24,246	21,617	1,702	230,268	29,811
Total outflows (0-30 days)	**953,031**	**152,580**	**86,796**	**30,561**	**1,165,257**	**232,649**
Loans and advances to financial institutions	544	65	18,772	17,609	39,824	36,804
Other inflows	42,222	22,412	12,796	6,786	69,572	36,857
Limit on inflows	-	-	-	(1,474)	-	-
Total inflows (0-30 days)	**42,766**	**22,477**	**31,568**	**22,921**	**109,396**	**73,661**
Liquidity coverage ratio		**133%**		**951%**		**164%**

Liquidity reserve

The following tables show the composition of the Group's liquidity reserve. It comprises high-quality liquid assets – as defined in liquidity Rules No. 1520/2022 - and readily available loans and advances to financial institutions.

Liquidity reserves as at 31 December 2025	**ISK**	**Foreign currencies**	**Total**
Cash and balances with the Central Bank	118,709	1,390	120,099
Domestic bonds and debt instruments eligible as collateral with the Central Bank	52,343	220	52,563
Foreign government bonds with 0% risk weight	-	108,481	108,481
High quality liquidity assets	**171,052**	**110,091**	**281,143**
Loans and advances to financial institutions	340	40,578	40,918
Total liquidity reserves	**171,392**	**150,669**	**322,061**

Liquidity reserves as at 31 December 2024	**ISK**	**Foreign currencies**	**Total**
Cash and balances with the Central Bank	122,072	1,900	123,972
Domestic bonds and debt instruments eligible as collateral at the Central Bank	54,136	212	54,348
Foreign government bonds with 0% risk weight	-	85,313	85,313
High quality liquidity assets	**176,208**	**87,425**	**263,633**
Loans and advances to financial institutions	544	39,280	39,824
Total liquidity reserves	**176,752**	**126,705**	**303,457**

Net stable funding ratio

The net stable funding ratio (NSFR) is another key indicator of liquidity risk up to 12 months. The objective of the NSFR is to capture structural issues in the balance sheet over the next 12 months, with the aim to provide a sustainable maturity structure of assets and liabilities and to limit overreliance on short-term funding of long-term assets.

NSFR requirements are according to Regulation (EU) 575/2013 (CRR), as amended by Regulation (EU) 2019/876 (CRR II). The Group is required to maintain a minimum NSFR of 100% across all currencies at all times. The Group submits quarterly reports on its NSFR to the CBI. The following table shows the values of the NSFR for foreign currencies and NSFR total at year-end 2025 and 2024.

	31.12.2025	**31.12.2024**
Net stable funding ratio FX	163%	143%
Net stable funding ratio total	126%	124%

Landsbankinn hf. Consolidated Financial Statements 2025 70 All amounts are in ISK million

68. Liquidity risk management (continued)

Deposit categories

The following tables show the Group's deposits, where depositors are categorised according to CBI Rules No. 1520/2022 on calculation LCR. The deposit groups are categorised by maturity of either 0-30 days or longer and applied run-off rate, which indicates their level of stickiness. Analysis of stickiness is the Bank's preferred method of measuring the stability of deposits under stressed conditions. The division of guaranteed and unguaranteed deposits is in accordance with the Act on Deposit Guarantees and Investor-Compensation Scheme Act No. 98/1999, with subsequent amendments. Payments to each depositor shall equal the total amount of eligible deposits, at the company concerned, yet never a higher amount than the equivalent of EUR 100,000 in Icelandic króna.

As at 31 December 2025	Run off rate	0-30 days	Over 30 days	Guaranteed	Unguaranteed	Total
Individuals	5% - 100%	556,537	180,240	517,612	219,165	736,777
Small and Medium Sized Corporates	5% - 100%	107,669	13,637	68,757	52,549	121,306
Operational deposits	5% - 25%	-	-	-	-	0
Large Corporates	20% - 40%	184,670	47,667	12,633	219,704	232,337
Public entities	20% - 40%	52,410	4,775	-	57,185	57,185
Financial customers	100%	63,998	44,205	-	108,203	108,203
Other*		12,422	1,349	2,574	11,197	13,771
Total deposits		**977,706**	**291,873**	**601,576**	**668,003**	**1,269,579**

As at 31 December 2024	Run off rate	0-30 days	Over 30 days	Guaranteed	Unguaranteed	Total
Individuals	5% - 100%	505,365	168,177	477,338	196,204	673,542
Small and Medium Sized Corporates	5% - 100%	101,771	14,010	64,962	50,819	115,781
Operational deposits	5% - 25%	-	-	-	-	0
Large Corporates	20% - 40%	212,627	66,565	12,344	266,848	279,192
Public entities	20% - 40%	58,635	6,870	-	65,505	65,505
Financial customers	100%	37,162	44,654	-	81,816	81,816
Other*		23,366	1,231	2,809	21,788	24,597
Total deposits		**938,926**	**301,507**	**557,453**	**682,980**	**1,240,433**

*Pledged deposits are not included in the Group's LCR but are included in the Group's consolidated financial statement.

69. Maturity analysis of financial assets and liabilities

The maturity analysis considers the contractual maturity of the Group's assets and liabilities. The amounts are allocated to maturity buckets according to their remaining contractual maturity, i.e. based on the timing of future cash flows according to contractual terms. Amounts presented in the maturity analyses are the undiscounted future cash flows receivable and payable by the Group, including both principal and interest cash flows. These amounts differ from the carrying amounts presented in the statement of financial position, which are based on discounted rather than undiscounted future cash flows. If an amount receivable or payable is not fixed - such as for floating rate and inflation-linked cash flows - the amount presented in the maturity analysis has been determined by reference to the relevant interest rates curves, exchange rates and inflation prevailing at the reporting date.

When there is a choice of when an amount shall be paid, future cash flows are calculated based on the earliest date at which the Group can be required to pay. This applies, inter alia, to demand deposits, which are included in the earliest maturity bucket. This varies significantly to the Group's expected cash flows on demand deposits from customers, which are considered a relatively stable financing source, with expected maturity exceeding one year. The Group conducts a monthly stress test to estimate the impact of fluctuating market conditions and deposit withdrawals.

Where the Group is committed to have amounts available in instalments, each instalment is allocated to the earliest maturity bucket in which the Group might be required to pay. Therefore, undrawn loan commitments are allocated to the maturity bucket with the earliest date at which such loans may be drawn, even though they are not expected to be drawn down immediately. For financial guarantee contracts issued by the Group, the amount included is the maximum amount of guarantees, allocated to the earliest maturity bucket in which the guarantees might be called.

All spot deals are classified under financial assets or liabilities, but not under derivatives. The maturity analysis does not account for measures that the Group could take to convert assets into cash at hand, either through sale or participation in Central Bank operations. Further information on the Group's liquidity risk management can be found in Note 68.

For loans and advances in moratorium or in the process of liquidation, the Group estimates the amounts from the historical recovery rate. For bonds issued by companies in moratorium or in the process of liquidation, the amounts presented are future cash flows estimated as their fair value at the reporting date. These bonds and loans all fall in the maturity bucket of 1-5 years.

Landsbankinn hf. Consolidated Financial Statements 2025 71 All amounts are in ISK million

69. Maturity analysis of financial assets and liabilities (continued)

The following table shows a maturity analysis of the Group's financial instruments as at 31 December 2025:

Non-derivative financial liabilities	0-1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total	Carrying amount
Due to financial institutions and Central Bank	(20,469)	-	-	-	-	-	(20,469)	(20,272)
Deposits from customers	(955,549)	(239,979)	(36,795)	(11,776)	(13,496)	-	(1,257,595)	(1,249,306)
Short positions	(86)	(131)	(1,378)	(2,804)	(8,467)	-	(12,866)	(5,115)
Borrowings	-	(5,004)	(78,119)	(536,221)	(75,173)	-	(694,517)	(577,268)
Insurance contract liabilities	(3,028)	(3,164)	(9,387)	(11,839)	(648)	-	(28,066)	(26,099)
Other financial liabilities	(13,309)	-	-	-	-	-	(13,309)	(13,309)
Subordinated liabilities	-	(2,238)	(1,013)	(60,562)	(10,136)	-	(73,949)	(54,348)
Total	**(992,441)**	**(250,516)**	**(126,692)**	**(623,202)**	**(107,920)**	**0**	**(2,100,771)**	**(1,945,717)**
Derivative financial liabilities								
Trading								(516)
Inflow	15,470	3,191	1,319	-	-	-	19,980	
Outflow	(15,865)	(3,261)	(1,357)	-	-	-	(20,483)	
Risk management								(1,533)
Inflow	7,729	28,915	12,231	55,923	52,011	-	156,809	
Outflow	(8,202)	(29,712)	(11,419)	(56,498)	(51,588)	-	(157,419)	
Total	**(868)**	**(867)**	**774**	**(575)**	**423**	**0**	**(1,113)**	**(2,049)**
Non-derivative financial assets								
Cash and balances with Central Bank	125,527	-	-	-	-	-	125,527	125,527
Bonds and debt instruments	32,431	66,575	82,463	61,312	13,659	-	256,440	193,260
Equities and equity instruments	-	-	-	-	-	30,554	30,554	30,554
Loans and advances to financial institutions	41,698	-	-	-	-	-	41,698	41,084
Loans and advances to customers	94,604	119,191	351,195	780,665	2,115,372	-	3,461,027	1,884,305
Other financial assets	10,309	-	-	-	-	-	10,309	10,310
Total	**304,569**	**185,766**	**433,658**	**841,977**	**2,129,031**	**30,554**	**3,925,555**	**2,285,040**
Derivative financial assets								
Trading								281
Inflow	17,024	3,231	1,307	-	-	-	21,562	
Outflow	(16,571)	(3,165)	(1,283)	-	-	-	(21,019)	
Risk management								5,112
Inflow	18,675	16,054	22,248	146,672	-	-	203,649	
Outflow	(18,352)	(15,055)	(21,868)	(143,176)	-	-	(198,451)	
Total	**776**	**1,065**	**404**	**3,496**	**0**	**0**	**5,741**	**5,393**
Off-balance sheet items								
Financial guarantees and underwriting commitments	(1,379)	(792)	(7,031)	(18,953)	(7,187)	(1,755)	(37,097)	
Undrawn loan commitments	(169,580)	-	-	-	-	-	(169,580)	
Undrawn overdraft/credit card commitments	(92,366)	-	-	-	-	-	(92,366)	
Total	**(263,325)**	**(792)**	**(7,031)**	**(18,953)**	**(7,187)**	**(1,755)**	**(299,043)**	
Net liquidity position	**(951,289)**	**(65,344)**	**301,113**	**202,743**	**2,014,347**	**28,799**	**1,530,369**	**342,667**

Landsbankinn hf. Consolidated Financial Statements 2025 72 All amounts are in ISK million

69. Maturity analysis of financial assets and liabilities (continued)

The following table shows a maturity analysis of the Group's financial instruments as at 31 December 2024:

Non-derivative financial liabilities	0-1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total	Carrying amount
Due to financial institutions and Central Bank	(10,127)	-	-	-	-	-	(10,127)	(11,989)
Deposits from customers	(926,168)	(249,102)	(36,793)	(14,631)	(12,938)	-	(1,239,632)	(1,228,444)
Short positions	(48)	(65)	(618)	(759)	(6,861)	-	(8,351)	(4,217)
Borrowings	(16,403)	(6,902)	(90,583)	(456,623)	(61,390)	-	(631,901)	(529,150)
Other financial liabilities	(7,386)	-	-	-	-	-	(7,386)	(7,386)
Subordinated liabilities	-	(1,676)	(288)	(26,696)	(30,338)	-	(58,998)	(39,989)
Total	**(960,132)**	**(257,745)**	**(128,282)**	**(498,709)**	**(111,527)**	**0**	**(1,956,395)**	**(1,821,175)**
Derivative financial liabilities								
Trading								(728)
Inflow	9,213	2,126	1,089	-	-	-	12,428	
Outflow	(9,851)	(2,165)	(1,155)	-	-	-	(13,171)	
Riks management								(1,890)
Inflow	31,851	15,037	5,177	49,646	-	-	101,711	
Outflow	(32,852)	(15,574)	(5,593)	(49,585)	-	-	(103,604)	
Total	**(1,639)**	**(576)**	**(482)**	**61**	**0**	**0**	**(2,636)**	**(2,618)**
Non-derivative financial assets								
Cash and balances with Central Bank	129,981	-	-	-	-	-	129,981	129,981
Bonds and debt instruments	22,969	36,445	38,865	43,038	5,331	-	146,648	139,104
Equities and equity instruments	-	-	-	-	-	32,644	32,644	32,644
Loans and advances to financial institutions	39,346	-	-	-	-	-	39,346	39,346
Loans and advances to customers	90,411	121,790	328,535	722,238	2,229,071	-	3,492,045	1,807,437
Other financial assets	4,392	-	-	-	-	-	4,392	4,392
Total	**287,099**	**158,235**	**367,400**	**765,276**	**2,234,402**	**32,644**	**3,845,056**	**2,152,904**
Derivative financial assets								
Trading								253
Inflow	5,624	3,540	897	-	-	-	10,061	
Outflow	(5,437)	(3,507)	(907)	-	-	-	(9,851)	
Riks management								8,007
Inflow	10,465	16,143	7,715	146,994	-	-	181,317	
Outflow	(10,317)	(13,062)	(9,780)	(139,933)	-	-	(173,092)	
Total	**335**	**3,114**	**(2,075)**	**7,061**	**0**	**0**	**8,435**	**8,260**
Off-balance sheet items								
Financial guarantees and underwriting commitments	(850)	(1,724)	(6,802)	(11,145)	(7,298)	(408)	(28,227)	
Undrawn loan commitments	(174,724)	-	-	-	-	-	(174,724)	
Undrawn overdraft/credit card commitments	(84,196)	-	-	-	-	-	(84,196)	
Total	**(259,770)**	**(1,724)**	**(6,802)**	**(11,145)**	**(7,298)**	**(408)**	**(287,147)**	
Net liquidity position	**(934,107)**	**(98,696)**	**229,759**	**262,544**	**2,115,577**	**32,236**	**1,607,313**	**337,371**

Landsbankinn hf. Consolidated Financial Statements 2025 73 All amounts are in ISK million

70. Encumbered assets

The Bank has pledged a part of its loan portfolio as collateral to secure the covered bonds issued in ISK and EUR by the Bank in accordance with Icelandic laws and FSA rules. Part of the covered bonds issued by the Bank, it can sell later or use for securities lending and repurchase agreements.

The Bank has pledged assets as collateral to the Central Bank of Iceland to secure settlement in the Icelandic clearing systems. Furthermore, the Bank has pledged assets as collateral to secure trading lines and credit support for GMRA and ISDA master agreements, as well as other pledges of similar nature.

The following tables show the Group's total encumbered and unencumbered assets.

	Collateral pledged against			
As at 31 December 2025	**Covered bonds**	**Other**	**Un-encumbered**	**Total**
Cash and balances with Central Bank	10,069	5,428	110,030	125,527
Bonds and debt instruments	-	19	193,241	193,260
Equities and equity instruments	-	-	30,554	30,554
Derivative instruments	-	-	5,393	5,393
Loans and advances to financial institutions	-	692	40,392	41,084
Loans and advances to customers	456,040	-	1,428,265	1,884,305
Investments in equity-accounted associates	-	-	1,211	1,211
Property and equipment	-	3,996	10,671	14,667
Intangible assets	-	-	15,387	15,387
Other assets	-	-	12,026	12,026
Assets classified as held for sale	-	-	1,525	1,525
Total before deductions	**466,109**	**10,135**	**1,848,695**	**2,324,939**
Deductions for own shares	(102,872)			
Pledged assets against reverse agreements	17,593			
Pledged assets against liabilities on the balance sheet	**380,830**			

	Collateral pledged against			
As at 31 December 2024	**Covered bonds**	**Other**	**Un-encumbered**	**Total**
Cash and balances with Central Bank	20,128	6,009	103,844	129,981
Bonds and debt instruments	-	3,022	136,082	139,104
Equities and equity instruments	-	-	32,644	32,644
Derivative instruments	-	-	8,260	8,260
Loans and advances to financial institutions	-	1,753	37,593	39,346
Loans and advances to customers	388,732	-	1,418,705	1,807,437
Investments in equity-accounted associates	-	-	1,143	1,143
Property and equipment	-	4,802	9,809	14,611
Intangible assets	-	-	1,336	1,336
Other assets	-	-	5,725	5,725
Assets classified as held for sale	-	-	2,172	2,172
Total before deductions	**408,860**	**15,586**	**1,757,313**	**2,181,759**
Deductions for own shares	(64,229)			
Pledged assets against reverse agreements	13,306			
Pledged assets against liabilities on the balance sheet	**357,937**			

Landsbankinn hf. Consolidated Financial Statements 2025 74 All amounts are in ISK million

Market risk

71. Market risk

See further information in Chapter 5 in the Group's Pillar III Risk Report for 2025.

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk arises from open positions in currency, equities and interest rate products, all of which are exposed to general and specific market movements and changing volatility levels in market rates and prices, for instance in interest rates, credit spreads, foreign exchange rates and equity prices. Other market risk is defined as equity price risk and inflation risk, each of which is disclosed in the following notes.

72. Market risk management

The Group separates its exposure to market risk into trading and banking book portfolios, managing each separately. Trading portfolios include positions arising from market-making, hedges for derivative sales and proprietary position-taking. Banking book portfolios include positions arising from the Group's retail and commercial banking operations and Treasury's proprietary position-taking as part of asset and liability management and funding transactions. Treasury is also responsible for daily liquidity management, creating exposure to market risk.

The Group uses risk-weighted exposure amounts (RWEA) and economic capital (EC) as a common denominator for measuring risk across different asset classes, including those assets subject to market risk. RWEA is determined by applying specific risk weights to the Group's assets, following capital requirements regulations.

The following table summarises the Group's exposure to market risk as a percentage of RWEA, excluding subsidiary engaged in insurance activities at year-end 2025 and 2024. The Group uses the standardised approach to calculate risk-weighted exposure amounts of derivatives for credit valuation adjustment (CVA), according to capital requirement regulations.

	31.12.2025	31.12.2024
Market risk factor	**% of RWEA**	**% of RWEA**
Equity price risk	0.4%	0.5%
Interest rate risk	0.1%	0.2%
CVA of derivatives	0.1%	0.1%
Foreign exchange risk	0.3%	0.3%
Total	**1.0%**	**1.1%**

73. Equity price risk

Equity price risk is the risk of equity value fluctuations due to open positions in equity instruments.

The Group's equity trading portfolio is comprised of proprietary trading positions and exposures due to market making, including equity derivatives and their hedging positions. The Group's banking book portfolio consists of domestic and foreign listed and unlisted equities as part of asset and liability management. Further details are disclosed in Note 21 and Notes 75-76.

74. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market interest rates.

Changes in interest rates for the Group's assets and liabilities, other than those in its trading portfolios, have an impact on its interest rate margin. This risk results primarily from duration mismatches between assets and liabilities. Interest rate risk is managed principally by monitoring interest rate gaps. Interest rate risk is managed centrally within the Group by Treasury and is monitored by Market Risk.

Landsbankinn hf. Consolidated Financial Statements 2025 75 All amounts are in ISK million

74. Interest rate risk (continued)

The following tables summarise the Group's exposure to interest rate risk. The tables include interest-bearing financial assets and liabilities at their carrying amounts. Off-balance sheet amounts are the notional amounts of the derivative instruments, see Note 22. The amounts presented are categorised by the earlier of either the contractual repricing or the maturity date.

As at 31 December 2025	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Cash and balances with Central Bank	125,527	-	-	-	125,527
Bonds and debt instruments	89,327	69,275	25,929	8,729	193,260
Derivative instruments	905	280	4,208	-	5,393
Loans and advances to financial institutions	41,084	-	-	-	41,084
Loans and advances to customers	1,542,566	141,098	185,762	14,879	1,884,305
Other financial assets	10,310	-	-	-	10,310
Total	**1,809,719**	**210,653**	**215,899**	**23,608**	**2,259,879**
Financial liabilities					
Due to financial institutions and Central Bank	(20,272)	-	-	-	(20,272)
Deposits from customers	(1,235,730)	(10,425)	(3,151)	-	(1,249,306)
Derivative instruments and short positions	(861)	(65)	(1,178)	(5,060)	(7,164)
Borrowings	(52,300)	(72,352)	(389,652)	(62,964)	(577,268)
Insurance contract liabilities	(6,156)	(9,076)	(10,426)	(441)	(26,099)
Other financial liabilities	(13,309)	-	-	-	(13,309)
Subordinated liabilities	-	-	(46,217)	(8,131)	(54,348)
Total	**(1,328,628)**	**(91,918)**	**(450,624)**	**(76,596)**	**(1,947,766)**
Net on-balance sheet position	481,091	118,735	(234,725)	(52,988)	312,113
Derivatives held for hedging	(220,560)	-	176,448	44,112	
Net off-balance sheet position	(3,473)	-	-	3,473	
Total interest repricing gap	**257,058**	**118,735**	**(58,277)**	**(5,403)**	

As at 31 December 2024	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Cash and balances with Central Bank	129,981	-	-	-	129,981
Bonds and debt instruments	59,905	36,930	36,619	5,650	139,104
Derivative instruments	506	26	7,728	-	8,260
Loans and advances to financial institutions	39,346	-	-	-	39,346
Loans and advances to customers	1,399,883	189,454	203,646	14,454	1,807,437
Other financial assets	4,392	-	-	-	4,392
Total	**1,634,013**	**226,410**	**247,993**	**20,104**	**2,128,520**
Financial liabilities					
Due to financial institutions and Central Bank	(11,989)	-	-	-	(11,989)
Deposits from customers	(1,215,405)	(7,346)	(5,693)	-	(1,228,444)
Derivative instruments and short positions	(1,704)	(734)	(180)	(4,217)	(6,835)
Borrowings	(42,218)	(65,965)	(376,172)	(44,795)	(529,150)
Other financial liabilities	(7,386)	-	-	-	(7,386)
Subordinated liabilities	-	-	(16,024)	(23,965)	(39,989)
Total	**(1,278,702)**	**(74,045)**	**(398,069)**	**(72,977)**	**(1,823,793)**
Net on-balance sheet position	355,311	152,365	(150,076)	(52,873)	304,727
Derivatives held for hedging	(172,680)	-	172,680	-	
Net off-balance sheet position	2,000	(2,000)	-	-	
Total interest repricing gap	**184,631**	**150,365**	**22,604**	**(52,873)**	

Landsbankinn hf. Consolidated Financial Statements 2025 76 All amounts are in ISK million

Notes to the Consolidated Financial Statements

75. Sensitivity analysis of trading portfolios

The management of market risk in the trading book is supplemented by monitoring sensitivity of the trading portfolios to various scenarios in equity prices and interest rates.

The following table shows the changes in the fair value of bonds for a +/-100 basis point parallel shift in all interest rate curves.

	2025		2024	
Currency	**Increase**	**Decrease**	**Increase**	**Decrease**
ISK, non-CPI indexed	(274)	296	(134)	143
ISK, CPI indexed	(172)	192	(153)	174
Total	**(446)**	**488**	**(287)**	**317**

The following table shows how the Group's profit (loss) before tax would have been affected by a +/-5% change in the price of equities and equity instruments in the trading book held by the Group at year end.

	2025		2024	
Currency	**Increase**	**Decrease**	**Increase**	**Decrease**
ISK	134	(134)	173	(173)
Other	11	(11)	4	(4)
Total	**145**	**(145)**	**177**	**(177)**

The Group's equity would have been affected to the same extent as the income statement as profit (loss) from the sale of shares is a non-taxable income (a non-deductible expense).

76. Sensitivity analysis of portfolios in the banking book

The management of interest rate risk in the Group's banking book is supplemented by monitoring the sensitivity of the fair value of financial assets and liabilities to various interest rate scenarios. The Group employs a monthly stress test of the interest rate risk in the Group's banking book by shifting the interest rate curves for every currency and measuring the effect on economic value.

The following table shows the changes in the fair value of financial assets and liabilities for a +/-100 basis point parallel shift in all interest rate curves.

	2025		2024	
Currency	**Increase**	**Decrease**	**Increase**	**Decrease**
ISK, non-CPI indexed	(1,867)	1,930	(2,513)	2,640
ISK, CPI indexed	3,675	(3,780)	3,888	(4,051)
EUR	52	(57)	16	(10)
Other	582	(602)	(76)	86
Total	**2,442**	**(2,509)**	**1,315**	**(1,335)**

The following table shows how the Group's profit (loss) before tax would have been affected, if the price of equities in the banking book at year end classified into Level 1 or Level 2 changed by +/-5% and key unobservable inputs used in valuation of equities which are classified into Level 3 changed also by +/- 5%. Explanation on Levels 1-3 can be seen in Note 84.11 (f).

	2025		2024	
Currency	**Increase**	**Decrease**	**Increase**	**Decrease**
ISK	466	(466)	396	(396)
Other	38	(38)	22	(22)
Total	**504**	**(504)**	**418**	**(418)**

The Group's equity would have been affected to the same extent as the income statement as profit (loss) from sale of shares is a non-taxable income (a non-deductible expense).

All amounts are in ISK million

77. Indexation risk (all portfolios)

Indexation risk is the risk that the fair value or future cash flows of inflation-linked financial instruments may fluctuate due to changes in the Icelandic consumer prise index (CPI). To mitigate imbalance in the Group's CPI-linked assets and liabilities, the Bank offers non-CPI-linked loans, CPI-linked deposits, CPI-linked covered bonds as well as CPI-linked interest rate swaps.

The following tables summarise the Group's CPI exposure by maturity dates, where CPI-linked financial assets and liabilities are disclosed by maturities at their carrying amounts.

As at 31 December 2025	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Bonds and debt instruments	17,707	1,623	15,958	3,582	38,870
Derivative instruments	4	-	-	-	4
Loans and advances to customers	91	404	64,540	599,868	664,903
Other assets	22	27	13	-	61
Total	**17,824**	**2,054**	**80,511**	**603,450**	**703,838**
Financial liabilities					
Deposits from customers	(111,305)	(62,165)	(7,123)	(6,843)	(187,436)
Derivative instruments and short positions	(26)	-	(844)	(1,975)	(2,845)
Borrowings	-	(15,552)	(130,700)	(19,398)	(165,650)
Subordinated liabilities	-	-	(30,234)	(8,131)	(38,365)
Insurance contract liabilities	(1,984)	(3,163)	(4,321)	(184)	(9,651)
Other liabilities	-	-	-	-	0
Total	**(113,315)**	**(80,880)**	**(173,222)**	**(36,531)**	**(403,947)**
Total on-balance sheet position	**(95,491)**	**(78,826)**	**(92,711)**	**566,919**	**299,891**
Off-balance sheet position					
Cross-currency interest rate swaps	-	-	-	3,495	3,495
Total return swaps	(4,337)	(154)	322	(283)	(4,452)
Total off-balance sheet position	**(4,337)**	**(154)**	**322**	**3,212**	**(957)**
Total CPI indexation balance	**(99,828)**	**(78,980)**	**(92,389)**	**570,131**	**298,934**
Total CPI indexation balance, excluding insurance operations*	**(99,811)**	**(77,689)**	**(95,151)**	**568,929**	**296,279**

*Consolidated situation as per EU Regulation No 575/2013 (CRR)

As at 31 December 2024	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Bonds and debt instruments	-	-	25,735	3,198	28,933
Derivative instruments and short positions	10	-	-	-	10
Loans and advances to customers	489	13,246	64,659	520,671	599,065
Total	**499**	**13,246**	**90,394**	**523,869**	**628,008**
Financial liabilities					
Deposits from customers	(103,885)	(65,090)	(6,947)	(6,480)	(182,402)
Derivative instruments and short positions	(13)	(683)	-	(2,558)	(3,254)
Borrowings	-	-	(89,530)	(44,794)	(134,324)
Subordinated liabilities	-	-	(16,024)	(20,731)	(36,755)
Total	**(103,898)**	**(65,773)**	**(112,501)**	**(74,563)**	**(356,735)**
Total on-balance sheet position	**(103,399)**	**(52,527)**	**(22,107)**	**449,306**	**271,273**
Off-balance sheet position					
Interest rate swaps	-	(2,037)	-	-	(2,037)
Total return swaps	-	-	(3,708)	1,032	(2,676)
Total off-balance sheet position	**0**	**(2,037)**	**(3,708)**	**1,032**	**(4,713)**
Total CPI indexation balance	**(103,399)**	**(54,564)**	**(25,815)**	**450,338**	**266,560**

Management of the Group's indexation risk is supplemented by monitoring the sensitivity of the Group's net position in inflation-linked financial assets and liabilities to various inflation scenarios. As an example, a one percentage point change in the CPI applied to the inflation risk exposures at year-end 2025, with no change in other variables, would have changed the net interest income by ISK 2.989 million at year-end 2025 (31 December 2024: ISK 2.666 million).

Net increase/decrease in interest income would have affected retained earnings to the same extent as the income statement, net of income tax.

Landsbankinn hf. Consolidated Financial Statements 2025 78 All amounts are in ISK million

Currency risk

78. Currency risk (all portfolios)

See further information in Chapter 5 in the Group's Pillar III Risk Report for 2025.

Currency risk is the risk of loss in financial instruments denominated in foreign currencies due to fluctuations in foreign exchange rates. The Group complies with Central Bank Rules No. 784/2018, on Foreign Exchange Balances. The Bank submits daily reports to the Central Bank on its foreign exchange balance and the Group submits these reports on monthly basis.

The Group's combined net foreign exchange balance as at 31 December 2025 was +1.25% of the Group's total capital base (31.12.2024: +0.96%).

79. Concentration of currency risk

The following tables summarise the Group's exposure to currency risk. The off-balance sheet amounts shown are the notional amounts of the Group's derivative instruments. Amounts presented under assets and liabilities include all spot deals, which, when managing currency risk, are treated as non-derivative assets or liabilities.

As at 31 December 2025	EUR	GBP	USD	NOK	SEK	Other	Total
Assets							
Cash and balances with Central Bank	672	127	344	2	9	344	1,498
Bonds and debt instruments	102,463	-	6,560	-	-	-	109,023
Equities and equity instruments	75	39	1,788	-	982	-	2,884
Derivative instruments	4,987	87	180	1	90	14	5,359
Loans and advances to financial institutions	16,783	1,855	8,037	7,463	16	6,423	40,577
Loans and advances to customers	223,354	1,842	65,682	46	2,254	9,415	302,593
Other assets	429	2	225	50	1	66	773
Total	**348,763**	**3,952**	**82,816**	**7,562**	**3,352**	**16,262**	**462,707**
Liabilities							
Due to financial institutions and Central Bank	(3,602)	-	(284)	-	(15)	(7)	(3,908)
Deposits from customers	(62,387)	(6,247)	(62,502)	(2,782)	(1,212)	(5,758)	(140,888)
Derivative instruments and short positions	(1,472)	(9)	(203)	(8)	(3)	(118)	(1,813)
Borrowings	(268,639)	-	(12,522)	(14,284)	(38,016)	-	(333,461)
Insurance contract liabilities	(144)	(1)	(30)	(5)	(4)	(20)	(204)
Other liabilities	(2,569)	(263)	(1,301)	(243)	(286)	(1,126)	(5,788)
Subordinated liabilities	-	-	(12,749)	-	-	-	(12,749)
Total	**(338,813)**	**(6,520)**	**(89,591)**	**(17,322)**	**(39,536)**	**(7,029)**	**(498,811)**
Net on-balance sheet position	9,950	(2,568)	(6,775)	(9,760)	(36,184)	9,233	**(36,104)**
Net off-balance sheet position	(8,093)	2,696	9,755	10,789	36,003	(10,630)	**40,520**
Net currency position	**1,857**	**128**	**2,980**	**1,029**	**(181)**	**(1,397)**	**4,416**
Net currency position, excluding insurance operations	**1,663**	**104**	**1,754**	**993**	**(176)**	**(1,425)**	**2,914**

As at 31 December 2024	EUR	GBP	USD	NOK	SEK	Other	Total
Assets							
Cash and balances with Central Bank	980	166	398	-	9	347	1,900
Bonds and debt instruments	71,695	-	13,840	-	-	-	85,535
Equities and equity instruments	66	18	6,866	61	10	-	7,021
Derivative instruments	7,850	17	234	51	28	2	8,182
Loans and advances to financial institutions	18,772	1,894	7,149	7,184	13	4,268	39,280
Loans and advances to customers	224,764	1,951	73,605	49	33	6,418	306,820
Other assets	28	-	-	-	-	15	43
Total	**324,155**	**4,046**	**102,092**	**7,345**	**93**	**11,050**	**448,781**
Liabilities							
Due to financial institutions and Central Bank	(7,599)	(4)	(30)	-	-	-	(7,633)
Deposits from customers	(59,193)	(5,957)	(64,069)	(6,720)	(654)	(5,312)	(141,905)
Derivative instruments and short positions	(504)	(30)	(1,080)	-	(2)	-	(1,616)
Borrowings	(234,858)	-	(18,726)	(25,301)	(29,036)	-	(307,921)
Other liabilities	(968)	(103)	(658)	(114)	(190)	(829)	(2,862)
Subordinated liabilities	-	-	-	-	-	-	0
Total	**(303,122)**	**(6,094)**	**(84,563)**	**(32,135)**	**(29,882)**	**(6,141)**	**(461,937)**
Net on-balance sheet position	21,033	(2,048)	17,529	(24,790)	(29,789)	4,909	**(13,156)**
Net off-balance sheet position	(21,261)	2,500	(14,534)	25,116	29,952	(5,360)	**16,413**
Net currency position	**(228)**	**452**	**2,995**	**326**	**163**	**(451)**	**3,257**

Landsbankinn hf. Consolidated Financial Statements 2025 79 All amounts are in ISK million

80. Sensitivity to currency risk

The following table shows how other net operating income would have been affected by a 5% depreciation/appreciation of the ISK against each foreign currency, with all other variables held constant. The sensitivity analysis is applied to the Group's overall position in foreign currency on-balance sheet as disclosed in Note 79.

	2025		2024	
Currency (ISK million)	**-5% appreciation**	**+5% depreciation**	**-5% appreciation**	**+5% depreciation**
EUR	93	(93)	(11)	11
GBP	6	(6)	23	(23)
USD	149	(149)	150	(150)
NOK	51	(51)	16	(16)
SEK	(9)	9	8	(8)
Other	(70)	70	(23)	23
Total	**220**	**(220)**	**163**	**(163)**

The Group's equity would have been affected to the same extent as the income statement, net of income tax. This is because the increase/decrease in other net operating income would have affected retained earnings.

81. Foreign exchange rates used

The following foreign exchange rates were used by the Group for the accounting period presented in these Financial Statements:

	As at 31 December 2025	As at 31 December 2024	% change	Average for 2025	Average for 2024
EUR/ISK	147.04	143.90	2.2%	144.56	148.97
GBP/ISK	168.41	174.08	(3.3%)	169.26	176.05
USD/ISK	125.22	138.91	(9.9%)	128.89	137.79
JPY/ISK	0.7989	0.8844	(9.7%)	0.8600	0.9138
CHF/ISK	158.04	153.36	3.1%	154.50	156.84
CAD/ISK	91.37	96.61	(5.4%)	92.03	100.74
DKK/ISK	19.687	19.298	2.0%	19.370	19.977
NOK/ISK	12.416	12.235	1.5%	12.340	12.820
SEK/ISK	13.586	12.577	8.0%	13.060	13.049

Sustainability risk

82. Sustainability risk

For further disclosure, see chapter 8 of the Bank's risk report for 2025.

Sustainability risk is defined as risk that stems from the current or prospective impact of environmental, social and governance (ESG) factors on the Bank's counterparties or invested assets. Sustainability risk materialises through the amplification of traditional categories of financial risks.

The Bank updated its sustainability policy during the year. The policy defines the Bank's goals in sustainability matters and describes the methods for implementing them in its operations. The Bank's Sustainable Finance Framework was updated and reissued at the beginning of 2024. A dedicated sustainability team operates under the Bank's Risk & Finance Committee, tasked with defining sustainable projects, prioritizing them, allocating funds, and providing information to investors.

During the year, the so-called Omnibus proposal on simplifying the regulatory framework on sustainability was adopted by the European Union. This has resulted in uncertainty about the implementation of the Corporate Sustainability Reporting Directive (CSRD) in Iceland. Landsbankinn continues to prepare the Bank's sustainability reporting using the European Sustainability Reporting Standards (ESRS) as a reference, as was initiated a year ago. The objective is for the Bank's sustainability disclosures to be comparable with those of other companies and accessible to stakeholders.

The information is partially verified with limited assurance. Further information can be found in the Bank's sustainability accounts and Green Asset Ratio report, prepared in accordance with the requirements of EU Regulation (2020/852) for the year 2025. These reports are published together with the consolidated financial statements for 2025 and made available on the Bank's website, www.landsbankinn.is.

Operational risk

83. Operational risk

See further information in Chapter 7 in the Group's Pillar III Risk Report for 2025.

Operational risk is the risk of financial losses resulting from fraud, the failure or inadequacy of internal processes or systems, from employee error or from external events. It is therefore inherent in all areas of business activities. Operational risk includes legal risk but excludes reputational risk.

The Group establishes, maintains and coordinates its operational risk management framework, which complies with the Basel Committee's 2021 publication "Principles for the Sound Management of Operational Risk".

The Group ensures that operational risk management stays consistent throughout the Group by upholding a system of prevention and control that entails detailed procedures, permanent supervision and insurance policies, together with active monitoring by the Internal Audit function. Managing directors are responsible for their division's operational risk, while its daily management is overseen by the head of each department. This ensures that all business units are kept aware of any operational risk, a robust monitoring system remains in place and controls are implemented to minimise risk in an efficient and effective manner.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Material accounting policies

84. Material accounting policy information

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The Group has consistently applied the following accounting policies to all years presented in these Consolidated Financial Statements, unless otherwise mentioned.

Following the acquisition of the insurance company TM, the Group adopted International Financial Reporting Standard IFRS 17 Insurance Contracts, as of 28 February 2025. IFRS 17 sets out the principles for the recognition, measurement, presentation, and disclosure of insurance and reinsurance contracts.

84.1. Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group is considered to have power over an entity when it has existing rights that give it the current ability to direct the relevant activities. For the Group to have power over an entity, it must have the practical ability to exercise those rights.

Where voting rights are not relevant in deciding whether the Group has power over an investee, the assessment of control is based on all facts and circumstances.

Subsidiaries are consolidated from the date control commences until the date control ceases.

The acquisition method is applied to account for business combinations through which the Group obtains control. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. An obligation to pay a contingent consideration that meets the definition of a financial instrument and is classified as equity, is not remeasured and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in fair value are recognised in profit or loss.

Intercompany transactions, balances, and unrealised gains on transactions between Group entities are eliminated in the Consolidated Financial Statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(b) Non-controlling interests

Non-controlling interests are the proportionate share of profit or loss and net assets not attributable, directly or indirectly, to the Group. Non-controlling interests are presented specifically in the income statement and within equity in the statement of financial position, separately from equity attributable to the owners of the Group. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

84.2. Structured entities

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Group acts as fund manager or investment advisor to a number of investment funds operated by a subsidiary of the Bank. The purpose of these investment funds is to generate fees from managing assets on behalf of third-party investors based on set investment strategies. These investment funds are financed through the issue of units to investors. The Group has no contractual obligation to provide financial support to these structured entities.

Notes to the Consolidated Financial Statements

84. Material accounting policies (continued)

84.2. Structured entities (continued)

When assessing whether to consolidate investment funds, the Group reviews all facts and circumstances to determine whether the Group, as fund manager, is acting as agent or principal. The Group is deemed to be a principal, and hence controls and consolidates the funds, when it acts as fund manager and cannot be removed as such without cause, has variable returns through significant unit holdings and/or a guarantee, is able to influence the returns of the funds by exercising its power and the Group's aggregate interest is in each case not less than 25%.

For further disclosure in respect of unconsolidated investment funds in which the Group acts as an agent, see Note 44 Unconsolidated structured entities.

84.3. Associates

Associates are entities in which the Group has significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Group holds, directly or indirectly, between 20% and 50% of the voting power of another entity. The Group accounts for investments in associates either using the equity method or as financial assets at fair value through profit or loss, as described further in this note.

Equity-accounted associates

Investments in associates accounted for using the equity method are initially recognised at cost or from the date on which significant influence is obtained. Goodwill relating to an investment in an associate is included in the carrying amount of the investment. Any excess of the Group's share of net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the year which the investment is acquired. Investments in associates which are accounted for by the Group using the equity method are presented in the Consolidated Statement of Financial Position in the line "Investments in equity-accounted associates".

Because goodwill included in the carrying amount of an investment in an associate is not recognised separately, it is not separately tested for impairment in accordance with the requirements for goodwill impairment testing in IAS 36, Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment under the standard by comparing its recoverable amount with its carrying amount, whenever the requirements of IFRS 9, Financial Instruments, indicate that the investment may be impaired.

The Group's share of its equity-accounted associates' post-acquisition profits or losses is recognised in the income statement and its share of movements in their reserves is recognised in the Group's equity reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the associates. When the Group's share of loss in an associate equal or exceed its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the Group associates have been changed where this was necessary to ensure consistency with the accounting policies adopted by the Group.

Share of profit (loss) of equity-accounted associates is recognised in the line item "Other income and expenses" in the income statement.

Associates at fair value through profit or loss

The Group designates certain investments in associates upon initial recognition at fair value through profit or loss and they are accounted for in accordance with IFRS 9, Financial Instruments. The Group measures such investments at fair value, with changes in fair value recognised in the income statement in the relevant year in the line item "Net gain (loss) on financial assets and financial liabilities at FVTPL".

84.4. Foreign currency translation

Transactions in a currency other than the functional currency of the Group, i.e. foreign currency, are translated initially into the functional currency at the spot exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are measured at amortised cost or fair value, as applicable, in their respective foreign currencies at the reporting date and are converted into the functional currency at the closing spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the reporting period, adjusted for effective interest and payments during the reporting period, and the amortised cost in foreign currency translated at the closing exchange rate at the end of the reporting period. All foreign currency differences arising on currency translation are recognised in the line item "Net foreign exchange gain (loss)" in the income statement.

84. Material accounting policies (continued)

84.5. Net Interest income

Interest income and expense is recognised on an accrual basis under Net interest income using the effective interest method. Interest income and expense includes indexation income and expense. The effective interest rate is the rate that discounts future cash flows of a financial asset or financial liability, through their expected life to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. The calculation includes transaction costs, premiums or discounts and fees paid or received that are an integral part of the effective interest rate.

Interest income and expense recognised using the effective interest rate method include: (1) interest on financial assets and financial liabilities measured at amortised cost; (2) interest on financial assets and financial liabilities measured at FVPL; (3) the interest component of hedging derivatives designated in fair value hedges of interest rate risk; (4) interest on finance leases.

Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured on initial recognition, less principal repayments, plus or minus cumulative amortisation of any premium/discount using the effective interest method, and for financial assets, less any expected credit loss allowance The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance. Interest income on financial assets at amortised cost in stage 1 and stage 2 is calculated by applying the effective interest rate to the gross carrying amount. Interest income on financial assets at amortised cost in stage 3 is calculated by applying the effective interest rate to the amortised cost, which is the gross carrying amount less any expected credit loss allowance. If an asset moves subsequently from stage 3 to stage 2 or 1 the calculation reverts to gross basis. Interest expense on financial liabilities is calculated by applying the effective interest rate to the amortised cost of financial liabilities.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate assets and liabilities to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments. Otherwise, effective interest rates remain the same from initial recognition.

84.6. Net fee and commission income

Fee and commission income are recognised in the income statement when service has been completed. Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate and recognised under interest income in the income statement.

Commitment fees on revolving credit facilities are recognised through to the contractual maturity of the commitment and are an integral part of the effective interest rate of the loans. Syndication fees are earned for arranging and administering a loan syndication; however, the associated fee may be subject to variability until the loan has been syndicated to other syndicate members or until other contingencies have been resolved and therefore the fee revenue is deferred until the uncertainty is resolved.

Transactional fees are service charges on deposit accounts, cash management services fees and transactional processing fees. These include interchange and merchant fee income generated from credit and bank card usage. Transaction and processing fees are recognised at the point in time the transaction occurs or service is performed.

Asset management and custody services fees are generally recognised as services are performed. Performance-based fees are recognised when the performance criteria are fulfilled.

Advisory fees generated from wealth management services are earned over the period the services are provided. Brokerage and execution fees are recognised at the point in time the associated service has been completed which is generally the trade date of the transaction.

84.7 Performance from insurance contracts

Income and expenses from insurance contracts

Income from insurance contracts in the income statement reflects revenue from providing insurance coverage during the operating year. The Group recognises premium income for the period, from which the cost of insurance contracts for the period is deducted, including claims incurred and operating expenses. Profit-sharing are recorded as insurance expenses rather than being deducted from premiums. Operating expenses are allocated between insurance and investments using an activity-based costing model.

Financial items for insurance include exchange rate adjustments to liabilities arising from insurance contracts, along with changes in liabilities of incurred claims from prior years. These include interest on such liabilities and the effects of changes in interest rates and inflation on these.

Investment income of reinsurance recoverables consists only of exchange rate adjustments, as these assets are measured at amortised cost.

84. Material accounting policies (continued)

84.8. Net gain (loss) on financial assets and liabilities at FVPL

Net gain (loss) on financial assets and liabilities is comprised of: 1) net gain (loss) on financial assets and liabilities at fair value through profit or loss and 2) net profit (loss) on fair value hedges.

1) The net gain (loss) on financial assets and liabilities at fair value includes:

- All realised and unrealised changes in fair value,
- interest income on an accrual basis and
- dividend income, which is recognised when the Group's right to receive payment is established.

2) The net profit (loss) on fair value hedges includes:

- All realised and unrealised changes in the fair value of hedging items,
- all realised and unrealised changes in the value of hedged instruments,
- interest income/expense on an accrual basis that is included in the line item “Interest expense” in the income statement.

84.9. Net foreign exchange gain (loss)

Net foreign exchange gain (loss) includes all gains and losses arising from the settlement of transactions in foreign currencies and translation at month-end exchange rates of monetary assets and liabilities denominated in foreign currencies, including non-derivative financial assets and liabilities classified as held for trading and financial assets at fair value through profit or loss. Foreign exchange gains and losses arising from derivative financial assets and liabilities are included in the line item “Net gain (loss) on financial assets and financial liabilities at FVTPL” in the income statement, except for fair value changes of derivative currency forwards and net foreign exchange differences arising from OTC equity derivatives which are included in the line item “Net foreign exchange (loss) gain” in the income statement.

84.10. Tax on liabilities of financial institutions

A special tax is levied on financial institutions under Act No. 155/2010, as subsequently amended. The tax is calculated as 0.145% (2024: 0.145%) of the carrying amount of total liabilities in excess of ISK 50,000 million at year-end as determined for tax purposes, excluding tax liabilities. The tax is a non-deductible expense. This special tax on liabilities of financial institutions is recognised separately in the income statement and is included in the statement of financial position in the line item “Tax liabilities”.

84.11. Income tax

(a) Income tax

Income tax is recognised based on domestic income tax laws and corporate income tax rates that have been enacted at the reporting date. Income tax recognised in these Consolidated Financial Statements comprises current and deferred tax.

Income tax for the operating year 2025 was recognised at the year-end corporate income tax rate of 20.0% (2024: 21.0%). An additional special income tax on financial institutions is recognised at the rate of 6% on an income tax base exceeding ISK 1,000 million in accordance with Act No. 165/2011, on Financial Activities Tax.

(b) Current tax

Current tax is the expected tax payable on the taxable income for the current year and, if applicable, adjustments to the tax payable or receivable in respect of previous years. Current tax is measured based on the domestic income tax laws and corporate income tax rates that have been enacted at the reporting date. Current tax is included in the statement of financial position in the line item “Tax liabilities”.

(c) Deferred tax

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred income tax is recognised in full as a liability, based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred income tax is determined based on the domestic income tax laws and corporate income tax rates that have been enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

d) Joint taxation

The Bank is taxed jointly with its subsidiaries Landsbréf hf., Eignarhaldsfélag Landsbankans ehf., TM tryggingum hf., TM líftryggingum hf., Íslenskri endurtryggingu hf., Blámi - fjárfestingafélag ehf., Hömlur ehf. and Hömlur fyrirtæki ehf.

84. Material accounting policies (continued)

84.12. Financial assets and liabilities

(a) Recognition

The Group initially recognises loans and advances and deposits and borrowings on the date at which they originate. All other financial assets and liabilities are initially recognised on the date at which the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the date at which the Group committed itself to purchasing or selling the asset.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(b) Classification

On initial recognition, a financial asset is classified as measured at: Amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal (SPPI) and interes.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset as at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- Management’s stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets.
- The primary risks that affect the performance of the business model and its strategy for managing those risks.
- The methods by which the performance of assets in a portfolio is evaluated and reported to management.
- The frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectations about future sales activities. Sales in themselves do not determine the business model and are not considered in isolation. Instead, sales provide evidence about how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, as is consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell.

Cash flow characteristics assessment

The SPPI test, which requires that the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest, is used to determine whether loans and advances are measured at amortised cost or at FVTPL.

Notes to the Consolidated Financial Statements

84. Material accounting policies (continued)

84.12. Financial assets and liabilities (continued)

(b) Classification (continued)

Cash flow characteristics assessment (continued)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' and accrued indexation, in the case of an indexed principal, is defined as consideration (1) for the time value of money, (2) for the credit risk associated with the principal amount, if applicable, during a particular period of time and (3) for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or when the Group transfers the rights to receive contractual cash flows relating to the financial asset in a transaction which substantially transfers all the risks and rewards of ownership of the asset or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets created or retained by the Group is recognised as a separate asset or liability.

(c) Derecognition

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

The Group enters into transactions whereby it transfers assets recognised in the Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets, or a portion of them. In cases where all or substantially all of the risks and rewards are retained, transferred assets are not derecognised. Asset transfers whereby all or substantially all risks and rewards are retained include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing such servicing.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

d) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see note 84.11 (g)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset.
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, it first considers whether a portion of the asset should be written off before the modification takes place, see Note 84.11 (g) Write-off. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Notes to the Consolidated Financial Statements

84. Material accounting policies (continued)

84.12. Financial assets and liabilities (continued)

d) Modification of financial assets and financial liabilities (continued)

Financial assets (continued)

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see Note 83.11 (g)) then the gain or loss is presented together with impairment changes. In other cases, it is presented as interest income calculated using the effective interest rate method.

Restructured financial assets

As regards financial restructuring of customers, the Group has put remedies in place for those experiencing financial difficulties and also adopted rules for financial restructuring. These restructuring approaches include extended and modified repayment schedules and approved external management plans.

The general rule is that when loan restructuring is significant enough to qualify for derecognition, a new loan is originated and stage allocation and ECL calculation applied as if it was a new loan. The previous loan is derecognised.

Renegotiated loans

Where possible, the Group seeks to restructure loans rather than foreclose on loans. This may involve extending the payment schedule and an agreement providing for new loan terms. Loans which are impaired and whose terms are renegotiated are not considered to be new loans. Once the terms have been renegotiated these loans are no longer considered past due and any subsequent impairment is measured using the original effective interest rate as calculated before the modification of terms. Periodic reviews are performed to ensure that all criteria are met and that future payments are likely to occur as renegotiated. These loans continue to be subject to individual or collective impairment assessment. Loans which are not individually impaired and whose terms have been renegotiated are accounted for as new loans. Accordingly, the original loans are derecognised and the renegotiated loans are recognised as new loans.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new, modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(e) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and simultaneously settle the liability.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions, such as in the Group's trading activity.

(f) Fair value measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of a liability reflects its non-performance risk. The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

84. Material accounting policies (continued)

84.12. Financial assets and liabilities (continued)

(f) Fair value measurement (continued)

The Group measures the fair value of an instrument using quoted prices in an active market for that instrument, if available. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions at an arm's-length basis. Where available, the relevant market''s closing price determines the fair value of financial assets held for trading and of assets at fair value through profit or loss; this will generally be the last trading price. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

If there is no active market for a financial instrument, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's-length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates every factor that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank has a valuation committee which estimates fair value by applying models and incorporating observable market information and professional judgement. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available, observable market data.

Should the transaction price differ from the fair value of other observable, current market transactions in the same instrument or be based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a day 1 profit or loss) in the income statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and the model value is recognised in the income statement depending on the individual circumstances of the transaction but no later than when the inputs become observable, or when the instrument is derecognised.

The fair value of financial assets and liabilities is determined based on different methods and assumptions depending on what financial asset or liability is being valued. For all foreign currency financial assets and liabilities, the exchange rates used are from observable markets both for spot and forward contracts and futures in the major currencies.

Fair value hierarchy

A valuation hierarchy is used for disclosure of inputs utilised to measure fair value of financial assets and liabilities. Inputs in the hierarchy are arranged into the following three levels, which reflects the significance of the inputs used in making the measurements.

• Level 1: Quoted market prices are used for assets and liabilities traded in active markets. Unadjusted quoted market prices are used as the measurement of fair value.
• Level 2: Valuation technique based on observable inputs. The most recent transaction prices in combination with generally accepted valuation methods are used to measure fair value of shares. The yield of actively traded bonds with the same duration is used as a benchmark for the valuation of bonds.
• Level 3: Valuation technique based on significant non-observable inputs. This category includes all financial instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have significant effect on the instrument's valuation.

For unlisted shares and bonds where no market data is available, various generally accepted valuation techniques are used to measure fair value. Valuation using discounted cash flow, intrinsic value after haircut or a comparison of peer companies' multiples are the most commonly used methods to calculate fair value of unlisted shares, in addition to recent transactions and current market conditions. Valuation of loans and advances to customers is based on market data such as interest and inflation curves and probability of default.

The valuation technique takes into account such factors as risk-free interest rates, benchmark interest rates for estimating discount rates, credit spreads, bond and equity prices, foreign currency exchange rates, market multipliers, volatilities and correlations, market conditions for estimating future growth and other market indicators.

Notes to the Consolidated Financial Statements

84. Material accounting policies (continued)

84.12. Financial assets and liabilities (continued)

(g) Impairment of financial assets

Impairment process

The Group recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- Cash and balances with Central Bank
- Loans and advances to financial institutions
- Loans and advances to customers
- Other assets
- Off-balance sheet credit exposures:
  - Financial guarantees and underwriting commitments
  - Undrawn loan commitments
  - Undrawn overdraft/credit card facilities

When measuring ECL, the Group uses a forward-looking model in compliance with IFRS 9. This requires considerable judgement over how changes in economic factors affect ECL. ECL reflects the present value of cash shortfalls due to possible default events either over the following twelve months or over the expected lifetime of a financial instrument, depending on credit deterioration from inception.

The Bank's Risk Management is responsible for assessing impairment on loans and advances and a Valuation Team, comprised of the CEO, the managing directors of Finance, Risk Management, Corporate Banking and Personal Banking, reviews and approves the assessment.

In general, all impairment charges are loan-specific based on the aforementioned ECL models. If needed, the Valuation Team can assess and issue additional general impairment charges on the loan portfolio as a whole or part of it.

The impairment process for each reporting period is as follows:

1. The Bank's Economic Research Department provides scenarios with forecasts on relevant economic variables and presents them to the Valuation Team.
2. The Valuation Team approves the scenarios and their respective weights for the reporting date.
3. Loans are classified for measurement by amortised cost (impairment) or the fair value approach.
4. Parameters for staging and ECL calculations are estimated.
5. Results from manual staging and ECL calculations for individually significant loans are applied.
6. Staging and ECL calculations are carried out for all loans measured at amortised cost.
7. The Valuation Team receives reports from Risk Management on the impairment results. The reports are reviewed by the Team and valuations are determined.
8. Results of staging and impairment are presented in the Group's annual and interim financial statements.

ECL calculation

IFRS 9 requires that the calculation of ECL reflect an unbiased, probability-weighted outcome. The calculation considers the time value of money and variable forward-looking scenarios which carry different weights based on reasonable and available information. In general, the calculation of ECL is based on the present value of the multiplication of the following parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Under IFRS 9, credit loss allowance on all loans is measured on each reporting date according to a three-stage expected credit loss model. Allowance is calculated as either the 12-month ECL or the lifetime ECL.

- Stage 1 – No significant increase in credit risk. Loans whose credit risk has not increased significantly shall be Stage 1 and the loss allowance measured as the 12-month ECL.
- Stage 2 – Significant increase in credit risk. Loans whose credit risk has increased significantly since initial recognition but are not credit-impaired shall be Stage 2 and the loss allowance measured as the lifetime ECL.
- Stage 3 – Credit impaired. Loans where the borrower is in default or otherwise impaired shall be Stage 3 and the loss allowance measured as the lifetime ECL.

Movements between Stages 1 and 2 are based on whether an instrument's credit risk as measured at the reporting date has increased significantly relative to the credit risk measured at initial recognition. For the purpose of this assessment, credit risk is based on an instrument's lifetime PD, not the loss amounts.

Notes to the Consolidated Financial Statements

84. Material accounting policies (continued)

84.12. Financial assets and liabilities (continued)

(g) Impairment of financial assets (continued)

Credit-impaired loans

A loan is credit-impaired if one or both of the following events have occurred:

- Past due: Total amount of borrowers loans past due above the minimum amount threshold have been past due by more than 90 days.
- Unlikeliness to pay: Borrower fulfils other criteria of default and is therefore considered unlikely to pay.

The following events are used as indicators unlikeliness to pay. Events automatically leading to default are marked with an asterisk.

- Bankruptcy*
- Restructuring*
- Sale of an obligation at a loss to a third party
- Impairment: The Bank classifies the asset as Stage 3*

Other factors that may indicate default are concessions to an obligor because of financial difficulties, breach of covenants of a credit obligation, termination of obligation and collateral has been called and notes on the operational viability of the customer in financial statements.

Significant increase in credit risk

When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost and effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD as at the reporting date that was estimated at initial recognition.

The framework aligns with the Group's internal credit risk management process, and includes a backstop based on delinquencies so that a significant increase in credit risk occurs no later than when contractual payments are more than 30 days past due. If a financial asset's credit rating at the reporting date does not comply with benchmarks set by the Group's risk appetite, this constitutes also a significant increase in credit risk. Active forbearance measures that apply to loans are also considered a significant marker of increased credit risk. In addition, the Group applies a low-risk criterion, which states that as long as the rating grade of an asset qualifies as investment grade, the asset will be categorised as Stage 1.

The estimation of whether credit risk has increased significantly for individually significant loans is carried out manually. Loans are initially assessed based on quantitative criteria and based on that assessment, staging is manually assessed using both quantitative and qualitative information.

Rating system

The rating system has a borrower rating scale which exclusively reflects quantification of the risk of borrower default, or credit quality of lending. The borrower rating scale has 10 rating grades for non-defaulted borrowers from 1 to 10, with 10 indicating the highest credit quality, and the grade 0 for defaulted borrowers. The rating assignment is supported by rating models, where information such as industry classification, financial statements and payment behaviour is considered.

The following table shows the Group's internal mapping from internal rating grade to S&P rating grades:

Internal rating grade	Standard & Poor's and Fitch	Moody's	Lower PD	Upper PD
10	AAA/AA+/AA/AA-	Aaa/Aa1/Aa2/Aa3	0.00%	0.04%
9	A+/A/A-	A1/A2/A3	0.04%	0.10%
8	BBB+	Baa1	0.10%	0.21%
7	BBB/BBB-	Baa2/Baa3	0.21%	0.46%
6	BB+/BB	Ba1/Ba2	0.46%	0.99%
5	BB-	Ba3	0.99%	2.13%
4	B+	B1	2.13%	4.54%
3	B	B2	4.54%	9.39%
2	B-	B3	9.39%	18.42%
1	CCC/C	Caa1/Caa2/Caa3/Ca/C	18.43%	99.99%

Landsbankinn hf. Consolidated Financial Statements 2025 92 All amounts are in ISK million

84. Material accounting policies (continued)

84.12. Financial assets and liabilities (continued)

(g) Impairment of financial assets (continued)

Presentation of allowance for impairment

Allowance for impairment based on ECL is presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- Loan commitments, overdrafts and financial guarantee contracts: as allowance for impairment classified as other liabilities.
- Where a financial instrument includes both a drawn and an undrawn component, the Group presents a combined impairment allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the impairment allowance over the gross amount of the drawn component is presented and classified with other liabilities.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to collection through enforcement in order to comply with the Group's procedures for recovery of amounts due.

84.13. Cash and balances with Central Bank

Cash and cash equivalents include notes and coins on hand, and balances held with the Central Bank. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position. The Group measures 12-month ECL for cash and cash equivalents measured at amortised cost that are determined to have low credit risk at the reporting date.

The Bank holds mandatory reserve deposit accounts with the Central Bank of Iceland in compliance with the Central Bank's Rules on Minimum Reserve Requirements, No. 585/2018. The reserve requirements fall into two categories: On the one hand, a fixed reserve requirement of 3% as of 21 May 2024, bearing no interest and eligible as liquidity reserves and, on the other hand, an average maintenance requirement.

84.14. Bonds and debt instruments

Bonds and debt instruments are either measured at amortised cost or at fair value through profit or loss.

Bonds and debt instruments classified as financial assets at fair value through profit or loss (FVTPL) are recognised at fair value both initially and subsequent to initial recognition. Transaction costs are recognised immediately as fees in the income statement. Gains and losses arising from changes in fair value are recognised directly in the income statement in the line item "Net gain (loss) on financial assets and financial liabilities at FVTPL". Foreign exchange gains and losses are included in the line item "Net foreign exchange (loss) gain".

Bonds and debt instruments measured at FVTPL must have a reliably measurable fair value and the designation must eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognising related gains and losses on a different basis (sometimes referred to as an "accounting mismatch"). This includes, *inter alia* , bonds held for trading purposes.

Bonds and debt instruments measured at FVTPL are managed on a fair value basis but not held for trading or their cash flows do not represent solely payments of principal and interest.

Bonds and debt instruments classified at amortised cost are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest and accrued indexation, in the case of indexed bonds, are included in the carrying amount of the bonds and recognised in the line item "Interest income" in the income statement. Bonds and debt instruments within a held-to-collect business model under which their contractual cash flows are solely payment of principal and interest are measured at amortised cost. The Group measures 12-month ECL allowances for bonds and debt instrument classified at amortised cost that are determined to have low credit risk at the reporting date.

84. Significant accounting policies (continued)

84.15. Equities and equity instruments

Equities and equity instruments classified as financial assets at FVTPL are recognised at fair value both initially and subsequent to initial recognition. Transaction costs are recognised immediately as fees in the income statement. Gains and losses arising from changes in fair value are recognised directly in the income statement in the line item “Net gain (loss) on financial assets and financial liabilities at FVTPL”. Foreign exchange gains and losses are included in the line item “Net foreign exchange (loss) gain”.

Equities and equity instruments at measured at FVTPL must have a reliably measurable fair value and the designation must eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognising related gains and losses on a different basis (sometimes referred to as an “accounting mismatch”). This includes, inter alia, equities held for trading purposes.

84.16. Derivative instruments

Derivatives are initially recognised in the statement of financial position at fair value, with transaction costs recognised in the income statement. The fair value of derivative instruments is determined using valuation methods whose most significant input is volatility, which is obtained from broker quotations, pricing services or derived from option prices. Subsequently, derivatives continue to be carried at fair value, with all fair value changes recognised in the income statement in the line item “Net gain (loss) on financial assets and financial liabilities at FVTPL”, except for fair value changes of derivative currency forwards and net foreign exchange differences arising from OTC currency options, which are included in the line item “Net foreign exchange (loss) gain” in the income statement. In the statement of financial position, derivatives with positive fair values are recognised as assets and derivatives with negative fair values as liabilities.

84.17. Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). An embedded derivative is a component of a combined (hybrid) financial instrument that also includes a non-derivative host contract. The Group accounts for an embedded derivative separately from the host contract when:

- The host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the statement of financial position together with the host contracts.

When a host contract is an asset within the scope of IFRS 9 and the contractual cash flows are SPPI a derivative embedded in the host contract is not separated from the host. Instead, the hybrid financial instrument is measured as a whole.

84.18. Hedge accounting

The Group has opted to continue to apply hedge accounting under IAS 39 as an accounting policy choice as permitted under IFRS 9.

On initial designation of the hedges, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationships. The Group makes an assessment, both at the inception of the hedge relationships and on an on-going basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value of the hedged items during the year for which the hedge is designated, and whether the actual results of each hedge are within the range of 80-125%.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is also discontinued.

Any adjustments, up to the point of discontinuation, to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

Derivatives held for risk management purposes consist of all derivative assets and liabilities that are not classified as trading assets or liabilities. These include derivatives designated in hedging relationships and which are accounted for as fair value hedges in the statement of financial position.

Notes to the Consolidated Financial Statements

84. Material accounting policies (continued)

84.18. Hedge accounting (continued)

The Group uses interest rate swaps that qualify and are designated as fair value hedges to hedge its exposure to changes in the fair values of some of its notes, issued under the Bank's Euro Medium Term Note (EMTN) programme. Such interest rate swaps are matched to specific issuances of the EMTN fixed-rate notes. The change in fair value of interest rate swaps together with change in the fair value of bonds attributable to interest rate risk is recognised immediately as net gain (loss) on fair value hedges in "Net gain (loss) on financial assets and financial liabilities at FVTPL" in the income statement. Accrued interest on both bonds and swaps is included in the line item "Interest expense".

The Group uses other derivatives, not designated in qualifying hedge relationships, to manage its exposure to foreign currency, interest rate, equity market and credit risk.

84.19. Short positions

Short positions are obligations of the Group to deliver financial assets borrowed by the Group and sold to third parties. These obligations are initially recognised in the statement of financial position at fair value, with transaction costs recognised in the income statement. Subsequently, they continue to be carried at fair value, with all fair value changes recognised in the income statement as net gain on financial assets and liabilities held for trading in the line item "Net gain (loss) on financial assets and financial liabilities at FVTPL". The short positions are in Icelandic government bonds with readily available quoted market prices.

84.20. Loans and advances

”Loans and advances” captions in the statement of financial position include:

- Loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method,
- loans and advances measured at FVTPL (these are measured at fair value with changes recognised immediately in profit or loss),
- finance lease receivables.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

84.21. Property and equipment

All property and equipment is recognised at cost, less accumulated depreciation and any accumulated impairment losses. The cost includes expenditures directly attributable to acquiring these assets.

Subsequent costs are included in an asset's carrying amount only if it is probable that additional future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other repairs and maintenance are expensed as incurred.

Depreciation of any property and equipment is calculated using the straight-line method. This method is applied to the depreciable amount of the assets, which is their cost less their residual value over their estimated useful lives, as follows:

Buildings	25-50 years
Computer hardware	3 years
Other equipment and motor vehicles	3-10 years

An asset's residual value and useful life is reviewed annually and adjusted where appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are recognised in the item "Other income and expenses" in the income statement.

84.22. Intangible assets

Computer software

Computer software is capitalised based on the cost to acquire or develop and bring into service. Computer software recognised as an intangible asset is amortised over its useful life, which is estimated to be 3-10 years.

Ongoing repairs and maintenance of computer software are expensed as incurred.

Landsbankinn hf. Consolidated Financial Statements 2025 95 All amounts are in ISK million

84. Material accounting policies (continued)

84.22. Intangible assets (continued)

Goodwill

The Group's goodwill arose from the acquisition of a subsidiary and is recognised as an asset when it is acquired in a business combination. Following initial recognition, goodwill is measured at cost, less any accumulated impairment. Goodwill is generally tested annually for impairment, but more frequently if events or changes in circumstances indicate a potential impairment of the carrying amount of the goodwill.

Customer relationships and brands

Customer relationships and brands have been acquired as part of the acquisition of TM and are capitalized and amortised using the straight-line method over their useful lives, which is estimated to be 16-20 years.

84.23. Insurance contracts

Definition of insurance contracts

The Group issues contracts that transfer insurance risk from customers to the Group. Under an insurance contract, the insurer assumes insurance risk from the policyholder by agreeing to compensate for losses resulting from a specified uncertain event in the future.

Insurance risk is the risk that is transferred from the policyholder to the insurer, such as the risk of loss on assets due to damage or theft, illness, disability or death.

Reinsurance contracts are concluded to mitigate risk to the Group. The Group's policy is that reinsurers shall have a public rating from an international ratings firm and the minimum rating grade of A-. This mitigates the risk of reinsurers defaulting on their share in loss events.

Classification of insurance contracts

The Group applies the premium allocation approach (PAA) to insurance contracts with a term of one year or less and also for longer term contracts with the same characteristics, e.g. annual review of premiums. As the majority of the Group's contracts meet this criteria and those contracts who do not carry immaterial premiums, the Group will apply the PAA.

The Group classifies insurance contracts based on management of similar risk characteristics. The classification approach applied by the Group is largely aligned with the Solvency II regulation, with the exception that Motor vehicle liability insurance and Other motor insurance are treated as a single class. Each portfolio is further divided into groups based on the Group's expected profitability from the respective contracts. This grouping is determined at the inception of the contract, when the insurance risk is transferred from the policyholders to the Group.

The Group assesses whether a contract may become onerous based on whether comparable contracts to which the Group has been a party have become onerous in light of prevailing pricing and the underlying risk. Potential changes in external factors, such as changes in market conditions or the regulatory environment, may also have an impact. If a contract is considered onerous at initial recognition or at the point when circumstances indicate that the contract is onerous, the expected loss on the contract is recognised in the income statement. The Group considers the existence of such contracts minimal.

Reinsurance contracts are assessed in the same manner as other insurance contracts; the Group only employs reinsurance to mitigate risk.

The insurance contract liability is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).

Term of insurance contracts

The contract boundary is defined as the period during which the insured party can make a claim against the Group for the payment of compensation for an insured event. For reinsurance contracts, the contract boundary is the period during which the Group can make a claim against reinsurers for the payment of compensation for an insured event. The contract boundary ends at the point in time when the Group can reprice the relevant insurance contract based on the underlying risk, or if the contract is modified during the period.

84. Material accounting policies (continued)

84.24. Deposits

Deposits from customers and financial institutions are the primary source of funding for the Group. The deposits consist of demand deposits and term deposits, the latter being either indexed or non-indexed. Deposits are initially measured at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortised cost including accrued indexation when applicable using the effective interest method.

84.25. Borrowings

(a) Secured borrowings

Each covered bond series of the secured borrowings is issued under the Bank’s EUR 3.5 billion Covered Bond Programme listed on Euronext Dublin. These are issued under a conditional licence from the Financial Supervisory Authority of the Central Bank of Iceland (FSA) and with reference to Icelandic Act No. 11/2008 and Rules of the Central Bank of Iceland No. 190/2023. The Bank’s ISK denominated covered bond series are listed and traded on Nasdaq Iceland and the Bank’s FX denominated covered bond series are listed and traded on Euronext Dublin.

Other secured borrowings consist of individual secured loan agreements not issued under the Bank’s funding programmes.

Secured borrowings are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest and accrued indexation, in the case of indexed borrowings, are included in the carrying amount of secured borrowings and recognised in the line “Interest expense“ in the income statement.

(b) Senior unsecured borrowings

Senior preferred bonds consists of senior preferred bonds denominated in foreign currencies and, when appropriate, marketable commercial papers denominated in ISK. The Bank’s FX denominated bonds are issued under its 2 billion Euro Medium Term Note (EMTN) Programme and are listed and traded on the Euronext Dublin. The commercial papers on the other hand are issued under the Bank’s ISK 50 billion Debt Issuance Programme and listed and traded on Nasdaq Iceland.

Senior unsecured loans consist of individual unsecured loan agreements not issued under the Bank’s funding programmes.

Senior unsecured borrowings are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest is included in the carrying amount of the unsecured borrowings and is recognised in the line “Interest expense” in the income statement. Foreign exchange gains and losses are included in the line “Net foreign exchange (loss) gain“.

(c) Senior non-preferred bonds

The senior non-preferred bonds denominated in foreign currencies are issued under the Bank’s 2 billion Euro Medium Term Note (EMTN) Programme and are listed and traded on the Euronext Dublin. Senior non-preferred bonds are initially recognised at fair value less transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest and accrued indexation are recognised as part of the carrying amount of senior non-preferred bonds.They rank lower in priority than the Bank’s senior preferred bonds or the “Other unsecured loans” yet rank higher than the subordinated bonds. The senior non-preferred bonds fulfil the minimum requirements for own funds and eligible liabilities (MREL).

84. Material accounting policies (continued)

84.26. Sustainable Finance Framework

In addition to traditional funding programmes, the Bank has created a Sustainable Finance Framework for its funding of environmental and social projects. The Framework was first issued in January 2021. It was initially based on ICMA guidelines and more recently takes into account the EU Taxonomy for green and social funding. The Framework is issued with a second-party opinion from international rating agency Sustainalytics and sets out the criteria projects must meet to contribute to sustainability and ensures transparency. A sustainable finance impact report is published annually, providing an overview of the funding on which the Bank's green bond issuance is based as well as information on the relevant Framework categories. The impact report is reviewed by an independent third party (Deloitte) to ensure the accuracy of information disclosed in the report and that it meets the requirements of the Sustainable Finance Framework.

84.27. Insurance contract liabilities

Insurance contract liability and reinsurance assets

The insurance contract liability recognised in the balance sheet is the sum of the liability for remaining coverage and the liability for incurred claims.

The liability for remaining coverage reflects the obligation for insurance coverage yet to be provided and any potential loss component arising from onerous contracts.

The liability for incurred claims is measured as the present value of expected future cash flows arising from incurred claims and includes claim benefit payments, processing expenses for incurred claims, profit commission liabilities, receivables attributable to incurred claims together with a risk adjustment for non-financial risk. The risk adjustment is calculated on the portion of the liability for incurred claims relating to claim benefit payments and claims processing expenses, reflecting the uncertainty in estimating future claim payments. By adding the risk adjustment to the best estimate of future cash flows, the liability is recognised within an appropriate confidence interval. The risk adjustment is estimated by assuming that the liability for incurred claims follows a log-normal distribution, with the risk adjustment estimated as the amount corresponding to a given confidence level. The confidence level was 75% at year-end 2025 and 2024.

Future cash flows arising from incurred claims are discounted using risk-free yield curves based on the yield curves published by the European Insurance and Occupational Pensions Authority (EIOPA). The EIOPA yield curves can be found on EIOPA's website: https://www.eiopa.europa.eu/tools-and-data/risk-free-interest-rate-term-structures_en.

Only expected future cash flows relating to claim benefit payments and claims handling expenses are discounted.

Reinsurance assets recognised in the balance sheet represent the Group's assets arising from reinsurance contracts and comprise the sum of assets for remaining reinsurance coverage and assets relating to reinsurers' share of incurred claims. Assets relating to reinsurers' share of incurred claims are not discounted. No allowance is made for credit risk arising from reinsurance contracts, as such risk is considered immaterial.

Insurance assets represent unpaid premiums relating to insurance coverage for past periods. Liabilities arising from reinsurance contracts represent unpaid reinsurance premiums relating to reinsurance coverage attributable to past periods.

84.28. Subordinated liabilities

Subordinated bonds denominated in foreign currencies are issued under Bank's Euro Medium Term Note (EMTN) programme and the ISK-denominated under the Bank's Debt Issuance Programme. The subordinated liabilities share characteristics of equity in that they are subordinated to other Group liabilities and are included in equity in equity ratio calculations. Subordinated liabilities include Tier 2 subordinated bonds issued by the Bank. The outstanding amounts of the subordinated liabilities are subject to regulatory amortisation whereby the amount eligible for Tier 2 capital treatment is amortised on a straight-line basis over the final 5 years to maturity.

Subordinated liabilities are initially recognised at fair value less transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest and accrued indexation are recognised as part of the carrying amount of subordinated liabilities.

84.29. Share capital

(a) Share issue costs

Cost directly attributable to the issue of new shares is presented separately in equity as a deduction from share premiums.

(b) Dividends on ordinary shares

Dividend on ordinary shares is recognised in equity during the year in which it is approved by the Bank's shareholders' meeting.

84. Material accounting policies (continued)

84.30. Earnings per share

Basic earnings per share (EPS) are calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the accounting period. Diluted EPS are determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

84.31. Repurchase transactions

Repurchase transactions consist of repo and reverse repo agreements with other banks. Repo transactions combine the spot sale or purchase of securities with their forward repurchase or resale, the counterparty being identical in both cases.

Securities originally sold by the Bank under repurchase agreements continue to be recognised and measured as financial assets in the Bank's financial statements, as the Bank retains all risks and rewards connected with the ownership of the securities. Inflows of liquidity from repo transactions are recognised in the financial statements of the Bank as financial liabilities to counterparties. Interest payments to counterparties are recognised as interest expense under net interest income. Inflows are measured either at fair value using the fair value option or at amortised cost.

Conversely, securities originally bought by the Bank under reverse repurchase agreements are not recognised and measured as financial assets in the Bank's financial statements, as the counterparty retains all risks and rewards connected with the ownership of the securities. Outflows of liquidity arising from reverse repos are accounted for as claims on counterparties. Interest receipts from counterparties in reverse repos are recognised as interest income under net interest income. Outflows are measured either at fair value using the fair value option or at amortised cost.

Repurchase agreements and reverse repurchase agreements are initially measured at fair value less transaction costs and subsequently either at fair value using the fair value option or at amortised cost.

84.32. Collateral swaps

Collateral swaps consist of swaps of collateral between banks in the form of securities. In essence, collateral swaps are a form of securities lending whereby the Bank borrows relatively liquid securities from another bank in exchange for a pledge of less liquid securities. The securities borrowed by the Bank from the counterparty are not recognised and measured as financial assets in the Bank's financial statements, as the counterparty retains all risks and rewards connected with the ownership of the securities. The securities lent to the counterparty by the Bank continue to be recognised and measured as financial assets in the Bank's financial statements, as the Bank retains all risks and rewards connected with the ownership of the securities. The Bank pays a fee to the lender to compensate for the risk of holding less liquid collateral. The fee is recognised as interest expense in net interest income. Collateral swaps are initially measured at fair value.

84.33. Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder of a financial guarantee for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments by the Group to provide credit under pre-specified terms and conditions.

The Group has issued no loan commitments that are measured at FVTPL.

84.34. Contingent liabilities and provisions

The Group does not recognise contingent liabilities as liabilities in the statement of financial position, other than contingent liabilities which are assumed in a business combination and which have a fair value that can be measured reliably. A contingent consideration transferred by the Group in a business combination is recognised at its acquisition-date fair value. The Group classifies the obligation to pay contingent considerations as liability or equity and accounts for changes in fair value in accordance with applicable IFRSs.

Provisions for expenditures, such as those related to legal claims or restructuring, are recognised as incurred when (i) the Group has as a result of past events a present legal or constructive obligation to pay, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected for settling the obligation. A pre-tax rate is used which reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognised as interest expense.

84. Material accounting policies (continued)

84.35. Employee benefits

All Group entities have defined contribution plans under which the entities pay a fixed contribution to publicly or privately administered pension plans on a mandatory and contractual basis. The Group has no further employee pension obligations once these contributions have been paid. The contributions are recognised as an expense in the income statement as incurred and are included in salaries and related expenses. The Group does not provide any employee defined benefit pension plan.

84.36. Segment reporting

An operating segment is a business unit of the Group which generates revenues and incurs expenses, including revenues and expenses at an intersegmental level. Operating results of each segment are reviewed monthly by the chief operating decision maker, the Executive Board, which is responsible for allocating resources and assessing performance of the operating segments on the basis of available discrete financial information.

84.37. New standards, amendments and interpretations of standards

The International Accounting Standards Board (IASB) has issued amendments to standards that have not yet entered into effect and has also released a new International Financial Reporting Standard, IFRS 18, which becomes effective on 1 January 2027. The Group will not early adopt the standard.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 addresses the presentation and disclosure of financial information and will have a significant impact on the structure of the consolidated financial statements. The main requirements of IFRS 18 include:

- All income and expenses must be classified into five categories in the statement of profit or loss: operating, investing, financing, income taxes, and discontinued operations.
- Introduction of defined subtotals in the statement of profit or loss, including operating profit (loss) and profit (loss) before financing and income tax.
- Disclosure in the notes regarding management performance measures (MPMs).
- Enhanced requirements for classification and disaggregation of information.

The Group is currently assessing the impact of IFRS 18, in particular with respect to the structure of the statement of profit or loss, the statement of cash flows, and the additional disclosures required in relation to management performance measures. The Group is also evaluating potential changes to the classification of individual items in the financial statements.

Other amendments to standards are not expected to have a material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

Consolidated Key Figures

85. Operations by years

Operations	2025	2024	2023	2022	2021
Interest income	166,158	166,534	150,848	102,009	66,594
Interest expense	(104,071)	(109,337)	(93,289)	(55,545)	(27,641)
Net interest income	**62,087**	**57,197**	**57,559**	**46,464**	**38,953**
Fee and commission income	19,559	17,354	15,977	15,343	13,121
Fee and commission expense	(6,998)	(5,949)	(4,824)	(4,720)	(3,638)
Net fee and commission income	**12,561**	**11,405**	**11,153**	**10,623**	**9,483**
Insurance revenue	17,932				
Insurance service expenses	(16,184)				
Insurance service result	**1,748**				
Net gain (loss) on financial assets and liabilities at FVTPL	6,069	12,696	6,719	(7,963)	5,980
Net foreign exchange gain (loss)	61	616	560	100	(86)
Net impairment changes	(1,150)	(2,772)	(3,120)	2,473	7,037
Other income and (expenses)	2,835	561	977	1,556	963
Net other operating income and (expenses)	**7,815**	**11,101**	**5,136**	**(3,834)**	**13,894**
Total operating income	**84,211**	**79,703**	**73,848**	**53,253**	**62,330**
Salaries and related expenses	(18,100)	(16,534)	(15,866)	(14,474)	(14,759)
Other operating expenses	(11,163)	(10,202)	(10,092)	(9,289)	(9,105)
Tax on liabilities of financial institutions	(2,739)	(2,597)	(2,290)	(2,097)	(2,013)
Total operating expenses	**(32,002)**	**(29,333)**	**(28,248)**	**(25,860)**	**(25,877)**
Profit before tax	**52,209**	**50,370**	**45,600**	**27,393**	**36,453**
Income tax	(14,194)	(12,862)	(12,433)	(10,396)	(7,534)
Profit for the year	**38,015**	**37,508**	**33,167**	**16,997**	**28,919**
Attributable to:					
Owners of the Bank	38,015	37,508	33,167	16,997	28,919
Non-controlling interests	-	-	-	-	-

Balance sheet	2025	2024	2023	2022	2021
Cash and cash balances with Central Bank	125,527	129,981	75,350	42,216	82,425
Bonds and debt instruments	193,260	139,104	148,182	125,265	150,435
Equities and equity instruments	30,554	32,644	19,012	19,106	33,347
Loans and advances to financial institutions	41,084	39,346	54,101	28,621	47,231
Loans and advances to customers	1,884,305	1,807,437	1,630,894	1,544,360	1,387,463
Other assets	48,684	31,075	32,376	26,948	27,992
Assets classified as held for sale	1,525	2,172	861	508	905
Total assets	**2,324,939**	**2,181,759**	**1,960,776**	**1,787,024**	**1,729,798**
Due to financial institutions and Central Bank	20,272	11,989	29,968	6,634	10,425
Deposits from customers	1,249,306	1,228,444	1,048,537	967,863	900,098
Borrowings	577,268	529,150	513,687	476,864	486,042
Insurance contract liabilities	26,099	0	0	0	0
Other liabilities	53,873	47,538	44,654	34,819	29,803
Subordinated liabilities	54,348	39,989	20,176	21,753	20,785
Equity	343,773	324,649	303,754	279,091	282,645
Total liabilities and equity	**2,324,939**	**2,181,759**	**1,960,776**	**1,787,024**	**1,729,798**

Landsbankinn hf. Consolidated Financial Statements 2025 101 All amounts are in ISK million

Notes to the Consolidated Financial Statements

Consolidated Key Figures

86. Operations by quarters

	2025				2024			
Operations	**Q4***	**Q3**	**Q2**	**Q1**	**Q4***	**Q3**	**Q2**	**Q1**
Interest income	36,887	41,942	45,381	41,948	37,783	42,669	44,993	41,089
Interest expense	(24,169)	(25,035)	(27,719)	(27,148)	(24,676)	(27,714)	(30,241)	(26,706)
Net interest income	**12,718**	**16,907**	**17,662**	**14,800**	**13,107**	**14,955**	**14,752**	**14,383**
Fee and commission income	5,272	4,800	4,969	4,518	5,027	4,292	4,004	4,031
Fee and commission expense	(1,895)	(1,821)	(1,768)	(1,514)	(1,690)	(1,602)	(1,362)	(1,295)
Net fee and commission income	**3,377**	**2,979**	**3,201**	**3,004**	**3,337**	**2,690**	**2,642**	**2,736**
Insurance revenue	5,110	5,619	5,424	1,779				
Insurance service expenses	(5,109)	(4,911)	(4,655)	(1,509)				
Insurance service result	**1**	**708**	**769**	**270**				
Net gain on financial assets and liabilities at FVTPL	2,327	1,710	818	1,214	5,194	1,767	2,783	2,952
Net foreign exchange (loss) gain	103	100	(71)	(71)	(27)	190	218	235
Net impairment changes	1,789	(2,864)	256	(331)	(754)	1,442	(746)	(2,714)
Other income and (expenses)	76	2,446	39	274	243	172	177	(31)
Net other operating income (expenses)	**4,295**	**1,392**	**1,042**	**1,086**	**4,656**	**3,571**	**2,432**	**442**
Total operating income	**20,391**	**21,986**	**22,674**	**19,160**	**21,100**	**21,216**	**19,826**	**17,561**
Salaries and related expenses	(5,066)	(3,869)	(4,700)	(4,465)	(4,529)	(3,582)	(4,190)	(4,233)
Other operating expenses	(2,793)	(2,533)	(2,769)	(3,068)	(2,633)	(2,492)	(2,491)	(2,586)
Tax on liabilities of financial institutions	(711)	(658)	(699)	(671)	(642)	(719)	(636)	(600)
Total operating expenses	**(8,570)**	**(7,060)**	**(8,168)**	**(8,204)**	**(7,804)**	**(6,793)**	**(7,317)**	**(7,419)**
Profit before tax	**11,821**	**14,926**	**14,506**	**10,956**	**13,296**	**14,423**	**12,509**	**10,142**
Income tax	(3,261)	(3,793)	(4,124)	(3,016)	(2,696)	(3,636)	(3,544)	(2,986)
Profit for the period	**8,560**	**11,133**	**10,382**	**7,940**	**10,600**	**10,787**	**8,965**	**7,156**

Balance sheet	**31.12.2025**	**30.9.2025**	**30.6.2025**	**31.3.2025**	**31.12.2024**	**30.9.2024**	**30.6.2024**	**31.3.2024**
Cash and cash balances with Central Bank	125,527	105,561	113,166	98,284	129,981	124,093	111,224	114,598
Bonds and debt instruments	193,260	185,018	205,592	178,732	139,104	138,175	140,235	119,496
Equities and equity instruments	30,554	31,649	33,699	37,964	32,644	24,162	22,815	22,543
Loans and advances to financial institutions	41,084	64,061	69,279	71,952	39,346	77,197	32,511	76,410
Loans and advances to customers	1,884,305	1,856,955	1,828,139	1,813,168	1,807,437	1,785,470	1,738,585	1,667,343
Other assets	48,684	52,920	53,335	54,968	31,075	35,183	28,357	30,846
Assets classified as held for sale	1,525	1,437	1,828	2,024	2,172	1,516	1,736	1,200
Total assets	**2,324,939**	**2,297,601**	**2,305,038**	**2,257,092**	**2,181,759**	**2,185,796**	**2,075,463**	**2,032,436**
Due to financial institutions and Central Bank	20,272	13,343	20,761	19,069	11,989	11,942	8,219	5,079
Deposits from customers	1,249,306	1,251,582	1,239,280	1,244,229	1,228,444	1,218,394	1,148,431	1,103,350
Borrowings	577,268	565,937	581,367	543,628	529,150	546,103	529,137	533,197
Insurance contract liabilities	26,099	26,097	26,101	26,365				
Other liabilities	53,873	52,277	61,023	57,671	47,538	58,123	50,051	44,732
Subordinated liabilities	54,348	53,152	52,427	52,432	39,989	37,185	36,363	35,250
Equity	343,773	335,213	324,079	313,698	324,649	314,049	303,262	310,828
Total liabilities and equity	**2,324,939**	**2,297,601**	**2,305,038**	**2,257,092**	**2,181,759**	**2,185,796**	**2,075,463**	**2,032,436**

*The result for the first three quarters of the year 2025 and for the first three quarters of the year 2024 were reviewed by the Group's independent auditors.

All amounts are in ISK million

Notes to the Consolidated Financial Statements

Consolidated Key Figures

87. Key figures and ratios

	2025	2024	2023	2022	2021
Return on equity after taxes	11.6%	12.1%	11.6%	6.3%	10.8%
Cost-income ratio	34.3%	32.4%	33.7%	46.8%	43.2%
Combined ratio	92.7%				
Operating expenses as a ratio of average total assets	1.3%	1.3%	1.4%	1.4%	1.4%
Return on assets	1.7%	1.8%	1.7%	1.0%	1.7%
Interest spread as a ratio of average total assets	2.7%	2.7%	3.0%	2.7%	2.3%
Earnings per share	1.61	1.59	1.40	0.72	1.22
Total capital ratio	24.8%	24.3%	23.6%	24.7%	26.6%
CET1 ratio	21.2%	21.5%	22.0%	22.9%	24.8%
Solvency ratio	1.39				
Leverage ratio	13.6%	13.2%	13.6%	14.4%	14.9%
Sum of MREL funds	40.5%	38.2%	37.9%	40.4%	
Sum of Subordinated MREL funds	27.6%	25.5%	23.6%		
Loans / deposits	150.8%	147.1%	155.5%	159.6%	154.1%
Deposits / total assets	53.7%	56.3%	53.5%	54.2%	52.0%
Liquidity coverage ratio total (LCR)	180%	164%	181%	134%	179%
Net stable funding ratio FX (NSFR)	163%	143%	145%	132%	142%
Average number of full-time equivalent positions during the year	917	811	849	843	890
Number of full-time equivalent positions at the year-end	930	822	817	813	816
Dividend per share	0.80	0.70	0.36	0.61	0.19

Key figures and ratios	Definition
Return on equity after taxes	Profit (loss) after taxes / average total equity
Cost-income ratio	(Total operating expenses - tax on liabilities of financial institutions) / (total net operating income - net valuation adjustments)
Combined ratio	(Incurred claims + service expenses + result of reinsurance) / insurance revenue
Operating expenses as a ratio of average total assets	(Total operating expenses - tax on liabilities of financial institutions) / average total assets
Return on assets	Profit (loss) for the year / average total assets
Interest spread as a ratio of average total assets	(Interest income - interest expenses) / average total assets
Earnings per share	Profit (loss) for the year attributable to owners of the Bank / weighted average number of shares outstanding
Total capital ratio	Total capital base / risk-exposure amount
CET1 ratio	Common equity tier 1 capital (CET1) / risk exposure amount
Common equity Tier 1 capital (CET1)	Total equity - adjustments according to CRR II
Additional common equity Tier 1 capital (AT1)	Capital instruments under Tier 1 other than (CET1)
Tier 1 capital (T1)	Common equity Tier 1 capital + additional common equity Tier 1 capital
Tier 2 capital (T2)	Subordinated liabilities - regulatory amortisation
Total capital base	CET1 + AT1 + T2
Solvency ratio	Available own funds to meet the consolidated group SCR / group SCR
Leverage ratio	Tier 1 capital / (total assets + off balance sheet items)
Sum of MREL funds	Total capital base + eligible liabilities / Total risk-weighted exposure amount
Sum of MREL Subordinated funds	Total capital base + Eligible Senior Non-Preferred bonds / Total risk-weighted exposure amoun
Loans/ deposits	Loans and advances to customers / deposits from customers
Deposits / total assets	Deposits from customers / total assets
Liquidity coverage ratio (LCR)	High quality liquid assets / total net liquidity outflows over 30 days under stressed conditions
Net stable funding ratio FX (NSFR)	Available amount of stable funding / required amount of stable funding
Average number of full-time equivalent positions during the year	The average number of full-time employees in work during the year
Number of full-time positions at the year-end	Number of full-time equivalent positions at end of the year
Dividend per share	Dividends paid / number of shares outstanding

Landsbankinn hf. Consolidated Financial Statements 2025 103 All amounts are in ISK million

Appendices

Unaudited

Corporate Governance Statement for 2025

29 January 2026

The governance structure of Landsbankinn forms the foundation for solid relations between shareholders, the Board of Directors, executives, employees, customers and other stakeholders and encourages objectivity, integrity, transparency and responsibility in the management of the Bank. Landsbankinn complies with recognised guidelines on corporate governance and publishes an annual statement on its governance practices.

1. References to the rules on corporate governance which the Bank complies with and is required to comply with by law and information about the accessibility of such rules are public information

According to the first paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings, the Board of Directors of Landsbankinn is responsible for ensuring that corporate governance and the Bank's internal organisation contribute to the efficient and prudent management of the Bank, segregation of duties and for preventing conflict of interest. The same Article provides that the Board review governance practices annually and take appropriate action as necessary.

According to the seventh paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings, Landsbankinn is required to comply with recognised guidelines on corporate governance and to publish a statement on the company's governance in a separate chapter in its annual financial statements or annual report. The Bank is also required to make information on its governance available on its website.

The Bank complies with the Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, Nasdaq OMX Iceland and the Confederation of Icelandic Employers. The Guidelines, which took effect 1 July 2021 (6th ed.), are available on the website of the Iceland Chamber of Commerce, http://leidbeiningar.is (hereafter "the Guidelines").

This chapter contains the corporate governance statement of Landsbankinn (hereafter "the Statement") with content presented in accordance with the requirements set out in the Guidelines on Corporate Governance.

2. Deviations from the Guidelines

Landsbankinn complies with the provisions of the Guidelines with the exception of the provision for a committee dedicated to ensuring diversity among directors of the board. Details are provided in Section 5 of the Statement. As regards the provisions of the Guidelines about a Nomination Committee, it should be noted that a shareholders' meeting has not appointed a Nomination Committee as nomination of all directors falls under the scope of Article 44 of Act No. 123/2015, on Public Finances. In accordance with the seventh paragraph of Article 53 of Act No. 161/2002, on Financial Undertakings, Landsbankinn has not appointed a Nomination Committee.

3. Other rules and guidelines that apply and are specific to the company's activities

Landsbankinn's activities are governed by the Act on Financial Undertakings No. 161/2002, regulations issued by ministers, rules and guidelines of the Central Bank of Iceland, and various other statutory provisions concerning financial activity and financial markets. The Bank also bases its activities on the European Banking Authority's Guidelines, including the Guidelines on Internal Governance for Financial Undertakings (EBA/GL/2021/05), cf. Article 16 of regulation (EC) No. 1093/2010, transposed into Icelandic law with Act No. 24/2017, on European Control Systems in the Financial Market. The Guidelines are available on the website of the Financial Supervisory Authority of the Central Bank of Iceland (https://www.fme.is/log-og-tilmaeli/ees-vidmidunarreglur/eba/nr/3909).

4. Main aspects of risk management and internal control

Effective risk management is one of the prerequisites of long-term profitability and stability in the Bank's operation. Risk management involves monitoring, identification, assessment and control of risks in the Bank's operation and ensuring that an effective system is in place to meet risk. Communication of information about risk as a foundation of decision-making and a key aspect of effective risk management.

Internal control supports the Bank in achieving its objectives as regards performance, risk appetite, reliable financial information and compliance with laws and regulations. Analysis of the efficacy of internal control is based on a review of control weaknesses, risk management, supervisory activity, information and communication and management supervision.

The Board of Directors approves the risk policy, risk appetite and implementation of risk management. The Board of Directors is further responsible for ensuring that an effective internal control system is in place and for developing and implementing a sound risk management culture in the Bank.

Two sub-committees of the Board of Directors report to the Board in their advisory and supervisory capacity in risk governance and internal control, set out in detail in the rules of procedure for each sub-committee. The Risk Committee of the Board of Directors regularly discusses internal control and risk management. The Audit Committee regularly discusses the Bank's accounts and evaluates its internal control system.

A more detailed description of risk management within the Bank is provided in a risk report published to the Bank's website.[1]

The Board of Directors approves a policy on internal control. Implementation of internal control is determined by the nature of the controls and the implementing party.

The first line of defence is provided by the operational management of business units who are responsible for ensuring that risk governance and internal control form in integral part of the Bank's daily operation. Management shall actively and regularly analyse and assess the risk posed to the operations under their purview. Management shall assess changes in the Bank's operating environment to identify any opportunities or risks to their unit, implement mitigating measures in processes, implement measures, monitor such measures and report on their effectiveness.

The second line of defence is the purview of Risk Management and Compliance, who carry out risk-based internal control in that managers and employees carry out their duties in accordance with the policies, rules and processes the Bank has adopted. These units, along with Legal Services, participate in shaping and implementing policies and methodologies in internal control based on the

1 https://www.landsbankinn.is/en/the-bank/investor-relations/reports-and-financials

Bank’s strategy. In addition to Risk Management and Compliance, other units may be involved in the implementation of certain aspects of the second line of defence.

The third line of defence is Internal Audit which is an independent control unit. The role of Internal Audit is to provide independent and objective confirmation and advice which should be value-adding and improve the Bank's operations. Internal Audit shall in a regular and disciplined manner provide assurance of the effectiveness of the first and second line of defence, advise on areas for improvement and evaluate and enhance the efficacy of the Bank’s risk management, control measures and governance.

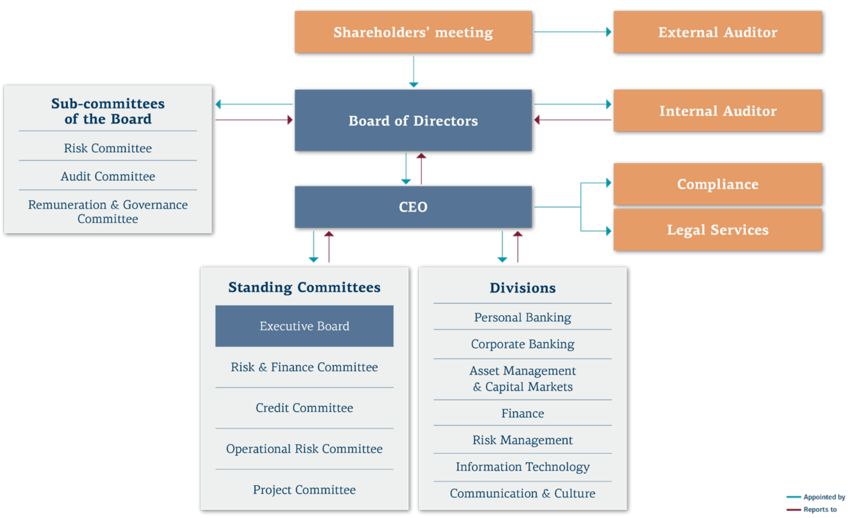
5. Description of the company’s policy on diversity among directors, executives and key managers

Pursuant to Article 44 of Act No. 123/2015, on Public Finances, the Minister shall appoint a three-person nomination committee, one or more, for a period of three years at a time, to submit to the Minister a proposal for individuals that could represent the State as directors of the boards of financial enterprises. The Article further states that rules of procedure for such committees and nominations will be set out in the State Ownership Policy, published by the Minister, cf. Article 44 of the Act.

As a result, Landsbankinn has not adopted a special policy to ensure diversity among Directors of the Board, beyond the requirements of the State Ownership Policy. Landsbankinn has a policy on diversity and for gender ratios to reflect society, and goals on equal gender ratios in management positions.

6. Composition and activities of the Board of Directors, sub-committees of the Board and the Executive Board

Governance structure of Landsbankinn



The Board of Directors consists of seven directors and two alternates. The Board of Directors is elected by the Annual General Meeting (AGM) and the term of office is one year. In electing Directors to the Board, the aim shall be to ensure a gender balance and that the Board as a whole possesses in-depth knowledge of banking activities. The Chairman of the Board is elected specifically by the AGM and the Directors elect a Vice-chairman from amongst their members. The Board of Directors of

Landsbankinn holds ultimate authority on all questions between shareholders' meetings. The Board of Directors bears ultimate responsibility for the Bank's operation and strategy, its risk policy and for ensuring an active system of internal control. The Board of Directors is ultimately responsible for ensuring that the Bank's activities comply with laws, its Articles of Association and other rules relevant to the operation. The Board of Directors shall also monitor the Bank's general activities and ensure that control of accounting and financial management is satisfactory. The Board adopts its own rules of procedure, providing in detail for its tasks.

There are three sub-committees to the Board of Directors: the Audit Committee, the Risk Committee and the Remuneration Committee. Amongst other duties, the committees prepare the Board's discussion of certain aspects of the Bank's activities and follow up on related matters in accordance with their rules of procedure.

The Board of Directors hires the CEO and the Chief Audit Executive. The CEO hires other executives to the Bank. The Bank has 7 divisions: Personal Banking, Corporate Banking, Asset Management & Capital Markets, Risk Management, Finance, IT and Communication & Culture. Each division is directed by a Managing Director who, together with the CEO, form the Bank's Executive Board. The heads of the CEO's Office, Legal Services and Compliance report directly to the CEO. The Internal Audit function reports to the Board of Directors.

Landsbankinn's Executive Board is a forum for consultation and decision-making by the CEO and managing directors. The Executive Board sees to strategy formulation and shall ensure that Landsbankinn's operations accord with current laws and rules at each time. In addition, the CEO has appointed four cross-disciplinary standing committees with the aim of ensuring collaboration and implementation of the Bank's strategy: the Risk & Finance Committee (RAFC), the Credit Committee, the Operational Risk Committee and the Project Committee. The committees have appointed work groups and teams around specific subjects.

7. Appointment to a Nomination Committee

In accordance with the seventh paragraph of Article 53 of Act No. 161/2002, on Financial Undertakings, Landsbankinn has not appointed a Nomination Committee as nomination of all directors falls under the scope of the of Article 44 (a) of Act No. 123/2015, on Icelandic State Financial Investments.

8. Appointment to the sub-committees of the Board of Directors

The Board of Directors appoints members to its sub-committees. The committees were organised as follows in 2025: The Audit Committee was comprised of three Directors and one outside party with expert knowledge of accounting and auditing. The Risk Committee and the Remuneration Committee are each comprised of three Directors.

9. Information on the number of Board meetings, sub-committee meetings, and attendance

In 2025, the Board of Directors of Landsbankinn held a total of 14 meetings. The Audit Committee met 9 times; the Risk Committee 11 times; and the Remuneration Committee met 6 times. The table provides an overview of attendance.

Number of meetings and attendance in 2025					
Total meetings of the Board of Directors and sub-committees		**Board of Directors**	**Audit Committee**	**Risk Committee**	**Remuneration Committee**
		14	9	11	6
Board of Directors from 01.01.2025					
Jón Th. Sigurgeirsson, Chairman	01.01 - 31.12.	14			6
Eva Halldórsdóttir	01.01 - 31.12.	14		11	6
Kristján Th. Davíðsson	01.01 - 31.12.	12	8		
Rebekka Jóelsdóttir	01.01 - 31.12.	14	9		6
Steinunn Thorsteinsdóttir	01.01 - 31.12.	13		11	
Thór Hauksson	01.01 - 31.12.	13		10	
Örn Guðmundsson	01.01 - 31.12.	14	9		
Stefanía Halldórsdóttir, alternate	01.01 - 31.12.	3			
Sigurður Jón Björnsson, alternate	01.01 - 31.12.	7			
Hjörleifur Pálsson, external member of the Audit Committee	01.01 - 31.12.		9		

10. Rules of Procedure for the Board of Directors and its sub-committees

The Rules of Procedure for the Board of Directors are available on Landsbankinn's website.[2] Special procedural rules have been issued for the Audit Committee, the Risk Committee and the Remuneration Committee, and these rules are also available on the Bank's website.

11. Information about members of the Board of Directors

Members of the Board of Directors

Jón Thorvarður Sigurgeirsson (Chairman)

Jón Thorvarður Sigurgeirsson was born in 1962. Jón completed a cand.oecon. degree from the University of Iceland in 1986 and became a licensed securities broker in 1988. Jón began working at the Central Bank of Iceland in 1986. In 1994, he became Deputy Director and later Director of International Finance & Banking in the International Department in 2002-2006. He was Director of the Governor's Secretariat and the International Department in 2008-2019. Jón worked for the International Monetary Fund (IMF) in Washington DC for an eight-year period, six years thereof representing the Nordic and Baltic countries on the IMF's Executive Board in 2006-2008 and 2019-2023. Jón was a member of the General Council of the Hellenic Financial Stability Fund (HFSF) in 2015-2019 and on the Board of Directors of the Icelandic Financial Supervisory Authority in 2009-2011. Jón chaired ESI, the Central Bank's Asset Management Company in 2012-2017 and was a member of the Government Task Force for the abolition of capital controls and resolution of the estates of the fallen Icelandic banks in 2014-2015. Jón was Economic Counselor to the Minister of Culture and Business Affairs 2023-2024. Jón was on the Board of Directors of Harpa, Concert & Conference Centre, in 2023-2025. Jón has participated

2 https://www.landsbankinn.is/Uploads/Documents/Bankinn/Stjornarhaettir/rules-of-procedure-for-the-board-of-directors-2025.pdf

in various domestic and international legislative bodies concerned with rule-setting, legislation and market activity on financial markets. Jón was elected to the Board of Directors in April 2024 and is Chairman of the Remuneration Committee.

Eva Halldórsdóttir

Eva Halldórsdóttir was born in 1979. She is Managing Director and a partner in law firm LLG Lögmenn. Eva completed the degree of cand. juris from the University of Iceland in 2004 and an LL.M. degree from Stanford University in 2014, majoring in corporate governance. Eva became a recognised District Court Attorney in 2005 and a High Court Attorney in 2023. She is also a certified securities broker. Eva came to work for LLG Lögmenn (previously Lögmenn Lækjargata) in 2014 and has been a partner with the firm since 2018. In 2004-2012, she worked as a lawyer and later Head of the insurance division of Okkar líftryggingar. She chairs the Complaints Committee of Seamen and Vessel Operators, is a member of the Appeals Committee of University Students and a part-time lecturer at Bifröst University. Eva has held various executive and confidentiality positions. She has been a director of the boards of Kría Iceland Venture Initiative, Glymur, TM tryggingar, TM líftryggingar and Raufarhólshellir Lava Tunnel. She has been a Director of the Board of Lögmannafélag Íslands and has held confidentiality positions with football club Knattspyrnufélagið Valur and the Football Association of Iceland (KSÍ). Eva was elected to the Board of Directors in April 2024.

Kristján Th. Davíðsson

Kristján Th. Davíðsson was born in 1960. He is owner and Director of Viðskiptathróun, a consultancy firm in seafood and fisheries in Iceland and internationally. Kristján completed a master's degree in fisheries science from the Arctic University of Norway in 1987 and is a Master Mariner from the Icelandic College of Navigation since 1980. Kristján was Managing Director of the Landssamband fiskeldisstöðva 2017-2018, Managing Director of the Resolution Committee of Glitnir 2008-2009 and Head of the Fisheries Team and Managing Director of Corporate Banking at Glitnir 2001-2003 and 2005-2008. In 2003-2005, Kristján was CEO/Deputy CEO of HB Grandi and Sales Manager at Marel 1994-2000. Kristján has been on the boards of numerous companies for several years and is Chairman of the Board of Brim, and a director of the boards of the Marine Stewardship Council, SOS Barnathorpin, Snerpa, ISDER and Kampar. He has previously been a director of the boards of various other companies, including Landsbankinn in 2011-2015, Valka, Olivita, Vaka, Corporacion Pesquera Inca, Salar Islandica, Almenni lífeyrissjóðurinn, Sjótækni, Pólar toghleri and First Water. He has been Honorary Consul of Brazil in Iceland since 2011 and held various confidentiality positions in the seafood and fisheries sector. Kristján was elected to the Board of Directors in April 2024.

Rebekka Jóelsdóttir

Rebekka Jóelsdóttir was born in 1981. She is CFO and Deputy CEO of Míla. Rebekka completed a degree in business administration in 2005 and an MFC in Corporate Finance from Reykjavík University in 2015 She is a licensed securities broker since 2006. In 2018-2023, Rebekka worked as Head of Economic Research at Marel and in 2014-2018, she was a portfolio manager at Framtakssjóður Íslands. Rebekka previously worked in corporate finance and restructuring at Arion Bank and as a securities broker and in various other capacities with savings bank SPRON. Rebekka has served on the boards of various companies in connection with her work for Framtakssjóður Íslands, most notably Icelandic Group and linked entities. Rebekka was elected to the Board of Directors in April 2024.

Steinunn Thorsteinsdóttir

Steinunn Thorsteinsdóttir was born in 1976. She is the owner of Auðsýn and works as an independent consultant. Steinunn completed a degree in mechanical and industrial engineering from the

University of Iceland in 2002 and holds a master's degree in industrial engineering from Chalmers University of Technology 2006 She is also a licensed securities broker. Steinunn worked at Mannvit 2018-2023, mostly as Manager of Internal Service, responsible for such matters as sustainability, human resources, quality control and innovation. In 2016-2018, Steinunn worked for Össur as Project Manager on international projects. Steinunn worked for Íslandsbanki 2007-2016, managing such projects as financial restructuring of the bank. She was Quality Manager at Íslandsbanki 2012-2016 and previously Project Manager in the bank's risk management unit. Steinunn was elected to the Board of Directors in April 2024 and is Chairman of the Risk Committee.

Thór Hauksson

Thór Hauksson was born in 1972. He is CEO of Ice-Group ehf. Thór completed a BA in political science from the University of Iceland in 1995 and an MA in political science and European economics from the University of Hull in 1998. He was awarded an MBA with a focus on finance from Reykjavík University 2007 and is a licensed securities broker. Thór was Managing Director of seafood processor Von 2019-2023, Head of Corporate Finance at Deloitte 2014-2019, Managing Director of Burðarás 2013-2014 and worked for Framtakssjóður Íslands 2010-2013. Previously, Thór worked for Skipti, Straumir Investment Bank and Kaupthing. He is a director of the board of Molarnir 3 ehf. and sits on the boards of companies partially owned by that company, i.e. Ice Group, Ketilssker ehf. and Von harðfiskverkun ehf. He has previously been a director of the boards of various companies, listed and unlised, including Valitor, Vodafone, Advania, N1, Icelandic Group, Húsasmiðjan, Vestia, Invent Farma and others. Thór chaired a working committee on the division of the Housing Financing Fund and later chaired the Investment Board of ÍL sjóður. Thór was elected to the Board of Directors in April 2024.

Örn Guðmundsson

Örn Guðmundsson was born in 1972. He was CEO of COWI Ísland (previously Mannvit) 2018-2024 and has extensive professional experience in the financial market. Örn completed a cand.oceon. from the University of Iceland in 1996 and an MSc in international business administration from Copenhagen Business School in 1998. Örn was CFO of Mannvit 2015-2018 and worked for the Resolution Committee of Kaupthing for several years, including as Assistant Managing Director. Örn has served on the boards of several companies both in Iceland and abroad, including the boards of Skjárinn, Klakki and Skipti. He is currently Chairman of the Board of Almenningssamgöngur höfuðborgarsvæðisins ohf. Örn was elected to the Board of Directors in April 2024 and is Chairman of the Audit Committee.

Alternates

Stefanía Guðrún Halldórsdóttir

Stefanía Guðrún Halldórsdóttir was born in 1973. She is CEO of game developer Avalanche Studios Group in Sweden since 2023. Stefanía completed a BSc in geography in 2000 and an MSc in environmental studies from the University of Iceland in 2005. She worked for CCP Games in 2010-2017, both in Iceland and Shanghai, and was most recently Managing Director of CCP in Iceland in 2016-2017. In 2018-2020, Stefanía was Managing Director of Markets & Business Development at Landsvirkjun. She was Managing Director at Eyrir Venture Management in 2020-2023 and Fund Manager of private equity find Eyrir Vöxtur. Stefanía held a seat on several councils and committees during her work for Landsvirkun, including in the field of energy security, the energy transition and development of an energy strategy for Iceland. She was also appointed to government committees and groups, such as the project management group for measures related to the fourth industrial revolution by the Prime Minister and the Iceland Export Council by the Minister of Foreign Affairs. She has served on the boards of various companies in her field and is currently on the Board of Trustees at Reykjavík University. In the past six years, Stefanía has led the official language technology programme for Icelandic, Almannarómur, the aim of which is to guide Icelandic into the digital future. Stefanía was elected as alternate to the Board of Directors in April 2024.

Sigurður Jón Björnsson

Sigurður Jón Björnsson was born in 1966. He completed a cand.oecon. degree from the School of Accounting and Finance at the University of Iceland in 1994 and became a licensed securities broker in 2009. Following graduation, he worked as Assistant Sales Manager for Íslensk Ameríska in 1995-1997. He worked as Head of finance, Deputy Managing Director and analyst in investment banking at Framtak Fjárfestingarbanki in 1997-2003. He headed up the financial administration department of Air Atlanta in 2003-3006 and was CFO and Deputy Managing Director of financial administration at Norðurál in 2006-2007. He worked as a corporate consultant at Capacent in 2007 and later became a partner at securities house Capacent Fjárfestingarráðgjöf, later Centra Fyrirtækjaráðgjöf. Alongside his consultancy role, Sigurður served as Compliance Officer for the securities house. Sigurður was CFO of the Housing Financing Fund in 2011-2017 and was, among other things, responsible for risk management at the fund in 2011-2015. Sigurður chaired the Board of tech company Betware in Iceland from the company's establishment in 1998 and until it was sold to international parties in 2014. He has also served on the boards of companies Stoðir, Íslandsflug, Landsafl, IMSI and SPC Holding. Sigurður was elected as alternate to the Board of Directors in April 2019.

Hjörleifur Pálsson, member of the Audit Committee of the Board of Directors

Hjörleifur Pálsson was born in 1963. Hjörleifur completed a cand.ocean. degree from the University of Iceland in 1988. He became a certified public accountant in 1989 and from that time and until 2001, was a partner, board member and auditor, most recently at Deloitte & Touche. He was CFO/VP of finance at Össur 2001-2013 and later a member of the boards of companies with varied operations. Hjörleifur is currently Chairman of the Board of Festi, a member of the Board and Chairman of the Audit Committee of international biotech company Alvotech, a member of the Board of Brandr Global, Brunnur vaxtarsjóður, chairs the Audit Committee of Harpa Concert Hall and Conference Centre, and is Vice-chairman of the Board of UNICEF Iceland. Hjörleifur previously chaired the Board of Directors and the Board of Trustees at Reykjavík University 2010-2022, was a member of the Board and Chairman of Fjarskipti, later Sýn, 2013-2022, and was a Director of the Board, Chairman of the Audit Committee and a member of the Remuneration Committee of the international company Lotus Pharmaceutical & Co. He has been a member of the Board of Directors and Executive Board of the Confederation of Icelandic Employers and served on committees and work groups under the auspices of the Confederation of Icelandic Employers, the Iceland Chamber of Commerce and Nasdaq Iceland on governance practices from 2015. He became a member of the Audit Committee of the Board of Directors in May 2019.

12. Information on the independence of Directors of the company and of major shareholders

Regular and alternate members of the Board of Directors do not hold shares in Landsbankinn, neither directly nor indirectly through related parties. Regular and alternate members of the Board of Directors are independent of Landsbankinn and of major shareholders. They have no connected interests with the Bank's main customers or competitors, other than those mentioned in Section 11, or large shareholders in the Bank.

13. Key aspects of the performance assessment of the Board of Directors

The Board of Directors underwent a performance assessment in December 2025. The activities and work of the Board of Directors in 2025 were evaluated. Also up for evaluation was information disclosure, strategy development and future vision, the performance of Directors, exchange of opinions, the work of sub-committees of the Board and the performance of the Chairman.

14. Information on the CEO and description of her main responsibilities

Lilja Björk Einarsdóttir took up the position of CEO of Landsbankinn on 15 March 2017.

Lilja graduated as a mechanical and industrial engineer from the University of Iceland in 1998 and achieved an MSc in financial engineering from the University of Michigan, Ann Arbor, in 2003. In 2003-2005, Lilja worked for consulting firm Marsh & McLennan for such clients as the Ford Motor Company, as an expert in planning and creating risk models for the insurance and treasury departments. In 2005-2008, she worked as a specialist and later Managing Director at Landsbanki Íslands hf. in London, responsible for the daily operation and development of support functions, amongst other things. Lilja directed the operation, asset management and recovery of assets of old Landsbanki Íslands, LBI ehf., in London in 2008-2016. She was an independent consultant and director as of 2016 and until she was hired as CEO of Landsbankinn. Lilja is an alternate on the board of directors of the Icelandic Financial Services Association (SFF) and a director of the boards of the Confederation of Icelandic Employers and of the Iceland Chamber of Commerce.

Lilja does not hold shares in the Bank and has no connected interests with its main customers, competitors or large shareholders.

The Bank's CEO shall be responsible for the Bank's day-to-day operation and shall be authorised to take decisions on all questions not entrusted to others by law, the Bank's Articles of Association or decisions by the Board of Directors. Day-to-day operation does not include extraordinary actions or actions of major significance. Such actions can only be taken by special authorisation from the Board of Directors. The CEO shall ensure that the Bank's operation complies with laws, regulations and the Articles of Associations, and with Board decisions. She shall ensure that the Bank's accounting complies with law and good business practice and that handling of the Bank's assets is secure. The Bank's CEO serves as spokesperson for the Bank on all business and administrative issues.

15. Disclosure of violations against laws and regulations as received from supervisory or adjudicating entities

No remarks were received from supervisory entities in 2025 concerning violations of laws or regulations leading to penalties.

Information about main legal proceedings involving Landsbankinn is included in the notes to the consolidated financial statements.

16. Organisation of communication between shareholders and the Board of Directors

At year-end 2025, shareholders in Landsbankinn numbered 819. The Board of Directors communicates with shareholders in accordance with law, the Bank's Articles of Association and the Board's Rules of Procedure. The Chairman of the Board directs its communications with shareholders. Members of the Board of Directors shall, in their duties and decision-making, safeguard the interests of the Bank and shareholders in accordance with the provisions of Act No. 2/1995, on Public Limited-liability Companies, Act No. 161/2002, on Financial Undertakings, and other rules and guidelines about the Bank's activities.

This corporate governance statement was reviewed and approved by the Board of Directors of Landsbankinn on 29 January 2026.

Green asset ratio

2025

Information on the proportion of green assets (Green Asset Ratio – GAR)

Landsbankinn discloses information on the proportion of green assets (the Green Asset Ratio, GAR) in accordance with EU Delegated Regulation (EU) 2020/852 (the Taxonomy Regulation). This disclosure forms part of the enhanced sustainability reporting required under Act No. 25/2023 on the disclosure of sustainability information in the field of financial services and the classification system for sustainable investments, which implemented the Taxonomy Regulation into Icelandic law. The information is presented using the templates set out in EU Delegated Regulation (EU) 2021/2178, as amended, which specifies the content, presentation and methodology for disclosures related to environmentally sustainable economic activities. This regulation was implemented in Iceland through Regulation No. 10/2024 on the classification system for sustainable investments, as amended. In the current reporting period, disclosures cover all environmental objectives of the Taxonomy Regulation, rather than only the first two objectives as in previous GAR disclosures.

The assessment and calculation of the GAR are based on information from undertakings classified as large undertakings and public-interest entities under the Annual Accounts Act. As the annual financial statements of these undertakings are generally not available at the time Landsbankinn prepares and publishes its own accounts, the calculations are based on data reported for the year 2024, when undertakings submitted taxonomy-related information for the second time.

Over the past year, the Bank has worked extensively on data collection, with particular emphasis on data quality. However, there remains scope for further improvement in the availability, consistency and quality of taxonomy-related disclosures by counterparties. As companies' experience and maturity in taxonomy reporting increase, improved comparability and reliability of data are expected. In addition, procedures have been implemented to support the collection and assessment of sustainability information and sustainability risks in connection with the granting of significant loans to counterparties subject to disclosure requirements under the Annual Accounts Act.

Assets included in both the numerator and denominator of the GAR comprise loans and advances, debt instruments and equity instruments not held for trading that are eligible for inclusion under the Taxonomy Regulation. Disclosures are presented by counterparty category, distinguishing between financial undertakings, non-financial undertakings, households and specific financing of municipalities.

For household lending, housing loans and loans for the purchase of vehicles may in principle be eligible for inclusion in the GAR. However, as the relevant European Union technical screening criteria for buildings and vehicles have not been implemented in Iceland, these assets are not considered environmentally sustainable for the purposes of the GAR. Similarly, none of the Bank's products meet the criteria to qualify as renovation loans under the Taxonomy Regulation.

All other assets that do not meet the eligibility criteria cannot contribute positively to the GAR and are therefore included only in the denominator. These include, among others, exposures to small and medium-sized enterprises (SMEs), counterparties established outside the European Union, interbank lending, cash and other asset classes.

Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (Turnover)

		Total environmentally sustainable assets	KPI turnover	KPI CapEx	% coverage (over total assets)**	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI*	**Green asset ratio (GAR) stock**	**5,011**	**0.25%**	**0.35%**	**86.6**	33.8	13.4

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	**4,876**	0.70%	0.95%	81.8	41.7	18.2
	*Trading book****	-	-	-			
	Financial guarantees	**2**	0.01%	0.15%			
	Assets under management	**8,293**	1.37%	1.45%			
	*Fees and commissions income*****	-	-	-			

* Based on the Turnover KPI and CapEx of the counterparty

** % of assets covered by the KPI over banks´ total assets

*** For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

**** Fees and commissions income from services other than lending and AuM

1.Assets for the calculation of GAR (Turnover)

Disclosure reference date 31.12.2025

	Million ISK	Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,232,461	912,295	5,011	-	0	80	45	-	-	-	-	-	-	-	30	-	-	-	-	-	-	-	-	-	-	-	912,369	5,011	-	0	80
2	**Financial undertakings**	**10,209**	**2,237**	**2**	-	-	-	**45**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2,282**	**2**	-	-	-
3	Credit institutions	2,238	932	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	932	2	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	123	47	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47	0	-	-	-
6	Equity instruments	2,115	885	2		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	885	2		-	-
7	Other financial corporations	7,971	1,306	-	-	-	-	45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,351	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	50	-	-	-	-	-	45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	50	-	-		-	-	45	-		-	-	-		-	-	-		-	-	-		-	-	-		-	45	-		-	-
20	**Non-financial undertakings**	**331,411**	**93,938**	**5,009**	-	**0**	**80**	-	-	-	-	-	-	-	-	**30**	-	-	-	-	-	-	-	-	-	-	-	**93,968**	**5,009**	-	**0**	**80**
21	Loans and advances	323,798	92,528	4,941	-	0	68	-	-	-	-	-	-	-	-	29	-	-	-	-	-	-	-	-	-	-	-	92,557	4,941	-	0	68
22	Debt securities, including UoP	300	138	68	-	0	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	138	68	-	0	12
23	Equity instruments	7,314	1,272	0		-	0	-	-		-	-	-		-	1	-		-	-	-		-	-	-		-	1,273	0		-	0
24	**Households**	**890,675**	**816,074**	-	-	-	-	-	-	-	-					-	-	-	-									**816,074**	-	-	-	-
25	of which loans collateralised by residential immovable property	805,188	805,188	-	-	-	-	-	-	-	-					-	-	-	-									805,188	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	10,886	10,886	-	-	-	-																					10,886	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**165**	**45**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**45**	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**788,299**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	**687,036**																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	670,452																														
35	Loans and advances	647,398																														
36	of which loans collateralised by commercial immovable property	289,183																														
37	of which building renovation loans	-																														
38	Debt securities	15,480																														
39	Equity instruments	7,574																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	16,584																														
41	Loans and advances	13,292																														
42	Debt securities	311																														
43	Equity instruments	2,980																														
44	**Derivatives**	**5,393**																														
45	**On demand interbank loans**	**41,084**																														
46	**Cash and cash-related assets**	**10,135**																														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**44,651**																														
48	**Total GAR assets**	**2,020,759**	**912,295**	**5,011**	-	**0**	**80**	**45**	-	-	-	-	-	-	-	**30**	-	-	-	-	-	-	-	-	-	-	-	**912,369**	**5,011**	-	**0**	**80**
49	**Assets not covered for GAR calculation**	**313,325**																														
50	**Central governments and Supranational issuers**	**152,781**																														
51	**Central banks exposure**	**115,392**																														
52	**Trading book**	**45,152**																														
53	**Total assets**	**2,334,085**	912,295	5,011	-	0	80	45	-	-	-	-	-	-	-	30	-	-	-	-	-	-	-	-	-	-	-	912,369	5,011	-	0	80
54	Financial guarantees	35,343	5,221	2	-	-	2	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	5,221	2	-	-	2
55	Assets under management	605,097	62,335	8,293	-	1	1,534	1,210	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	-	63,549	8,293	-	1	1,534
56	Of which debt securities	133,653	40,361	8,255	-	1	1,514	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,361	8,255	-	1	1,514
57	Of which equity instruments	97,957	10,136	24	-	-	13	1,210	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	-	11,351	24	-	-	13

1.Assets for the calculation of GAR T-1 (Turnover)

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2024																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,240,924	892,867	927	-	14	612	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	892,867	927	-	14	612
2	**Financial undertakings**	**21,150**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	319	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	98	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	221	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
7	Other financial corporations	20,831	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	1,021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	1,021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	39	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	**331,156**	**80,071**	**927**	-	**14**	**612**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**80,071**	**927**	-	**14**	**612**
21	Loans and advances	329,400	79,702	885	-	14	612	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79,702	885	-	14	612
22	Debt securities, including UoP	103	42	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42	41	-	-	-
23	Equity instruments	1,654	327	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	327	-		-	-
24	**Households**	**888,540**	**812,796**	-	-	-	-	-	-	-	-					-	-	-	-									**812,796**	-	-	-	-
25	of which loans collateralised by residential immovable property	804,361	804,361	-	-	-	-	-	-	-	-					-	-	-	-									804,361	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	8,434	8,434	-	-	-	-																					8,434	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**78**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**664,593**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**																															
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																															
35	Loans and advances																															
36	of which loans collateralised by commercial immovable property																															
37	of which building renovation loans																															
38	Debt securities																															
39	Equity instruments																															
40	Non-EU country counterparties not subject to NFRD disclosure obligations																															
41	Loans and advances																															
42	Debt securities																															
43	Equity instruments																															
44	**Derivatives**																															
45	**On demand interbank loans**																															
46	**Cash and cash-related assets**																															
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**																															
48	**Total GAR assets**	1,905,517	892,867	927	-	14	612	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	892,867	927	-	14	612
49	**Assets not covered for GAR calculation**																															
50	**Central governments and Supranational issuers**																															
51	**Central banks exposure**																															
52	**Trading book**																															
53	**Total assets**	2,192,410	892,867	927	-	14	612	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	892,867	927	-	14	612
54	Financial guarantees	27,817	2,122	14	-	0	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,122	14	-	0	13
55	Assets under management	631,586	32,521	5,547	-	-	296	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,521	5,547	-	-	296
56	Of which debt securities	121,876	10,853	5,482	-	-	233	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,853	5,482	-	-	233
57	Of which equity instruments	86,963	21,668	65	-	-	64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,668	65	-	-	64

2. GAR sector information (Turnover)

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (WTR)	Mn ISK	Of which environmentally sustainable (WTR)	Mn ISK	Of which environmentally sustainable (CE)	Mn ISK	Of which environmentally sustainable (CE)
1	10.20 - Processing and preserving of fish, crustaceans and molluscs	17,209	4			-	-			-	-			-	-		
2	13.94 - Manufacture of cordage, rope, twine and netting	372	-			-	-			-	-			-	-		
3	21.20 - Manufacture of pharmaceutical preparations	13	-			-	-			-	-			-	-		
4	24.42 - Aluminium production	7,667	-			-	-			-	-			-	-		
5	35.11 - Production of electricity	6	6			-	-			-	-			-	-		
6	35.12 - Transmission of electricity	3	3			-	-			-	-			-	-		
7	35.13 - Distribution of electricity	3,555	2,836			-	-			-	-			-	-		
8	35.14 - Trade of electricity	2	1			-	-			-	-			-	-		
9	35.30 - Steam and air conditioning supply	2,817	2,095			-	-			-	-			-	-		
10	41.20 - Construction of residential and non-residential buildings	8	-			-	-			-	-			-	-		
11	42.22 - Construction of utility projects for electricity and telecommunications	2,426	-			-	-			-	-			-	-		
12	46.69 - Wholesale of other machinery and equipment	7,673	-			-	-			-	-			-	-		
13	46.90 - Non-specialised wholesale trade	70	-			-	-			-	-			-	-		
14	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	4	-			-	-			-	-			4	-		
15	47.19 - Other retail sale in non-specialised stores	18,121	-			-	-			-	-			18,121	-		
16	47.30 - Retail sale of automotive fuel in specialised stores	101	-			-	-			-	-			2	-		
17	47.54 - Retail sale of electrical household appliances in specialised stores	2	-			-	-			-	-			2	-		
18	47.73 - Dispensing chemist in specialised stores	1	-			-	-			-	-			-	-		
19	49.39 - Other passenger land transport n.e.c.	2,380	-			-	-			-	-			-	-		
20	50.20 - Sea and coastal freight water transport	7,805	65			-	-			-	-			-	-		
21	51.10 - Passenger air transport	1,026	-			-	-			-	-			-	-		
22	52.23 - Service activities incidental to air transportation	5,340	-			-	-			-	-			-	-		
23	52.29 - Other transportation support activities	61	-			-	-			-	-			61	-		
24	53.10 - Postal activities under universal service obligation	1	-			-	-			-	-			-	-		
25	61.20 - Wireless telecommunications activities	9,300	-			-	-			-	-			-	-		
26	62.02 - Computer consultancy activities	9	-			-	-			-	-			-	-		
27	64.20 - Activities of holding companies	292	-			-	-			-	-			-	-		
28	68.10 - Buying and selling of own real estate	184	-			-	-			-	-			-	-		
29	68.20 - Renting and operating of own or leased real estate	54,816	-			-	-			-	-			-	-		
30	77.11 - Renting and leasing of cars and light motor vehicles	13,854	-			-	-			-	-			-	-		
31	80.20 - Security systems service activities	1,471	-			-	-			-	-			-	-		

	Breakdown by sector - NACE 4 digits level (code and label)	Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to		SMEs and other NFC not subject to		Non-Financial corporates (Subject to		SMEs and other NFC not subject to		Non-Financial corporates (Subject to		SMEs and other NFC not subject to	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (PPC)	Mn ISK	Of which environmentally sustainable (PPC)	Mn ISK	Of which environmentally sustainable (BIO)	Mn ISK	Of which environmentally sustainable (BIO)	Mn ISK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn ISK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	10.20 - Processing and preserving of fish, crustaceans and molluscs	-	-			-	-			17,209	4		
2	13.94 - Manufacture of cordage, rope, twine and netting	-	-			-	-			372	-		
3	21.20 - Manufacture of pharmaceutical preparations	-	-			-	-			13	-		
4	24.42 - Aluminium production	-	-			-	-			7,667	-		
5	35.11 - Production of electricity	-	-			-	-			6	6		
6	35.12 - Transmission of electricity	-	-			-	-			3	3		
7	35.13 - Distribution of electricity	-	-			-	-			3,555	2,836		
8	35.14 - Trade of electricity	-	-			-	-			2	1		
9	35.30 - Steam and air conditioning supply	-	-			-	-			2,817	2,095		
10	41.20 - Construction of residential and non-residential buildings	-	-			-	-			8	-		
11	42.22 - Construction of utility projects for electricity and telecommunications	-	-			-	-			2,426	-		
12	46.69 - Wholesale of other machinery and equipment	-	-			-	-			7,673	-		
13	46.90 - Non-specialised wholesale trade	-	-			-	-			70	-		
14	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	-	-			-	-			4	-		
15	47.19 - Other retail sale in non-specialised stores	-	-			-	-			18,121	-		
16	47.30 - Retail sale of automotive fuel in specialised stores	-	-			-	-			101	-		
17	47.54 - Retail sale of electrical household appliances in specialised stores	-	-			-	-			2	-		
18	47.73 - Dispensing chemist in specialised stores	-	-			-	-			1	-		
19	49.39 - Other passenger land transport n.e.c.	-	-			-	-			2,380	-		
20	50.20 - Sea and coastal freight water transport	-	-			-	-			7,805	65		
21	51.10 - Passenger air transport	-	-			-	-			1,026	-		
22	52.23 - Service activities incidental to air transportation	-	-			-	-			5,340	-		
23	52.29 - Other transportation support activities	-	-			-	-			61	-		
24	53.10 - Postal activities under universal service obligation	-	-			-	-			1	-		
25	61.20 - Wireless telecommunications activities	-	-			-	-			9,300	-		
26	62.02 - Computer consultancy activities	-	-			-	-			9	-		
27	64.20 - Activities of holding companies	-	-			-	-			292	-		
28	68.10 - Buying and selling of own real estate	-	-			-	-			184	-		
29	68.20 - Renting and operating of own or leased real estate	-	-			-	-			54,816	-		
30	77.11 - Renting and leasing of cars and light motor vehicles	-	-			-	-			13,854	-		
31	80.20 - Security systems service activities	-	-			-	-			1,471	-		

3. GAR KPI stock (Turnover)

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2025																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	45.1	0.2	-	0.0	0.0	0.0	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	45.1	0.2	-	0.0	0.0	52.8
2	**Financial undertakings**	0.1	0.0	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	0.4
3	Credit institutions	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	0.1
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	0.0
6	Equity instruments	0.0	0.0		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.0	0.0		-	-	0.1
7	Other financial corporations	0.1	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.3
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	0.0
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	0.0	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.0	-		-	-	0.0
20	**Non-financial undertakings**	4.6	0.2	-	0.0	0.0	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	4.7	0.2	-	0.0	0.0	14.2
21	Loans and advances	4.6	0.2	-	0.0	0.0	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	4.6	0.2	-	0.0	0.0	13.9
22	Debt securities, including UoP	0.0	0.0	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	0.0	0.0	0.0
23	Equity instruments	0.1	0.0		-	0.0	-	-		-	-	-		-	0.0	-		-	-	-		-	-	-		-	0.1	0.0		-	0.0	0.3
24	**Households**	40.4	-	-	-	-	-	-	-	-					-	-	-	-									40.4	-	-	-	-	38.2
25	of which loans collateralised by residential immovable property	39.8	-	-	-	-	-	-	-	-					-	-	-	-									39.8	-	-	-	-	34.5
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	0.5	-	-	-	-																					0.5	-	-	-	-	0.5
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	0.0
32	**Total GAR assets**	45.1	0.2	-	0.0	0.0	0.0	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	45.1	0.2	-	0.0	0.0	86.6

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant	Proportion of total covered assets funding taxonomy	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy	Proportion of total covered assets	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy	Proportion of total covered assets	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy	Proportion of total covered assets	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy	Proportion of total covered assets	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy	Proportion of total covered assets	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors	Proportion of total covered assets funding taxonomy relevant	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	46.9	0.0	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46.9	0.0	-	0.0	0.0	56.6
2	**Financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.0
20	**Non-financial undertakings**	4.2	0.0	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.2	0.0	-	0.0	0.0	15.1
21	Loans and advances	4.2	0.0	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.2	0.0	-	0.0	0.0	15.0
22	Debt securities, including UoP	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	0.0
23	Equity instruments	0.0	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.0	-		-	-	0.1
24	**Households**	42.7	-	-	-	-	-	-	-	-					-	-	-	-									42.7	-	-	-	-	40.5
25	of which loans collateralised by residential immovable property	42.2	-	-	-	-	-	-	-	-					-	-	-	-									42.2	-	-	-	-	36.7
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	0.4	-	-	-	-																					0.4	-	-	-	-	0.4
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
32	**Total GAR assets**	46.9	0.0	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46.9	0.0	-	0.0	0.0	86.9

4. GAR KPI flow (Turnover)

	% (compared to flow of total eligible assets)	Disclosure reference date 31.12.2025																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	32.6	0.7	-	0.0	0.0	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	32.6	0.7	-	0.0	0.0	40.1
2	**Financial undertakings**	0.3	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.0	-	-	-	0.8
3	Credit institutions	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	0.2
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	0.0
6	Equity instruments	0.1	0.0		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.1	0.0		-	-	0.2
7	Other financial corporations	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	0.6
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	7.0	0.7	-	0.0	0.0	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	7.0	0.7	-	0.0	0.0	16.1
21	Loans and advances	6.8	0.7	-	0.0	0.0	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	6.8	0.7	-	0.0	0.0	15.5
22	Debt securities, including UoP	0.0	0.0	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	0.0	0.0	0.0
23	Equity instruments	0.2	0.0		-	0.0	-	-		-	-	-		-	0.0	-		-	-	-		-	-	-		-	0.2	0.0		-	0.0	0.6
24	**Households**	25.3	-	-	-	-	-	-	-	-					-	-	-	-									25.3	-	-	-	-	23.1
25	of which loans collateralised by residential immovable property	24.5	-	-	-	-	-	-	-	-					-	-	-	-									24.5	-	-	-	-	20.0
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	0.8	-	-	-	-																					0.8	-	-	-	-	0.7
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	32.6	0.7	-	0.0	0.0	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	32.6	0.7	-	0.0	0.0	81.8

5. KPI off-balance sheet exposures (Turnover)

	% (compared to total eligible off-balance sheet assets)	Disclosure reference date 31.12.2025																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant					Proportion of total covered assets funding				Proportion of total covered assets funding				Proportion of total covered assets funding				Proportion of total covered assets funding				Proportion of total covered assets funding				Proportion of total covered assets funding taxonomy relevant				
			Proportion of total covered assets funding taxonomy					Proportion of total covered assets				Proportion of total covered assets				Proportion of total covered assets				Proportion of total covered assets				Proportion of total covered assets				Proportion of total covered assets funding taxonomy			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	14.8	0.0	-	-	0.0	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	14.8	0.0	-	-	0.0
2	Assets under management (AuM KPI)	10.3	1.4	-	0.0	0.3	0.2	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	10.5	1.4	-	0.0	0.3

Template 1 Nuclear and fossil gas related activities (Turnover)

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
4	**Fossil gas related activities**	
5	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
7	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Template 2 Taxonomy-aligned economic activities (denominator) (Turnover)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	5,011	0.25	5,011	0.25	-	-
8	**Total applicable KPI**	5,011	0.25	5,011	0.25	-	-

Template 3 Taxonomy-aligned economic activities (numerator) (Turnover)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	5,011	100.0	5,011	100.0	-	-
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	5,011	100.0	5,011	100.0	-	-

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities (Turnover)

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	907,329	44.9	907,284	44.9	45	0.0
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	907,329	44.9	907,284	44.9	45	0.0

Template 5 Taxonomy non-eligible economic activities (Turnover)

Row	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	1,108,420	54.9
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	1,108,420	54.9

Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (CapEx)

		Total environmentally sustainable assets	**KPI turnover**	**KPI CapEx**	**% coverage (over total assets)****	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Main KPI*	**Green asset ratio (GAR) stock**	**7,125**	**0.25%**	**0.35%**	**86.6**	33.8	13.4

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Additional KPIs	*GAR (flow)*	**6,562**	0.70%	0.95%	81.8	41.7	18.2
	*Trading book****	-	-	-			
	Financial guarantees	**55**	0.01%	0.15%			
	Assets under management	**8,798**	1.37%	1.45%			
	*Fees and commissions income*****	-	-	-			

* Based on the Turnover KPI and CapEx of the counterparty

** % of assets covered by the KPI over banks´ total assets

*** For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

**** Fees and commissions income from services other than lending and AuM

1.Assets for the calculation of GAR (CapEx)

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2025																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,232,461	911,047	7,125	-	1	438	1	-	-	-	217	-	-	-	217	-	-	-	4	-	-	-	-	-	-	-	911,487	7,125	-	1	438
2	**Financial undertakings**	**10,209**	**2,407**	**3**	-	-	-	**1**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2,409**	**3**	-	-	-
3	Credit institutions	2,238	963	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	963	3	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	123	48	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48	0	-	-	-
6	Equity instruments	2,115	915	3		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	915	3		-	-
7	Other financial corporations	7,971	1,444	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,445	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	50	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	50	-	-		-	-	1	-		-	-	-		-	-	-		-	-	-		-	-	-		-	1	-		-	-
20	**Non-financial undertakings**	**331,411**	**92,521**	**7,122**	-	**1**	**438**	-	-	-	-	**217**	-	-	-	**217**	-	-	-	**4**	-	-	-	-	-	-	-	**92,959**	**7,122**	-	**1**	**438**
21	Loans and advances	323,798	90,978	7,039	-	0	410	-	-	-	-	217	-	-	-	217	-	-	-	4	-	-	-	-	-	-	-	91,416	7,039	-	0	410
22	Debt securities, including UoP	300	125	69	-	1	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125	69	-	1	14
23	Equity instruments	7,314	1,418	14		-	14	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	1,418	14		-	14
24	**Households**	**890,675**	**816,074**	-	-	-	-	-	-	-	-					-	-	-	-									**816,074**	-	-	-	-
25	of which loans collateralised by residential immovable property	805,188	805,188	-	-	-	-	-	-	-	-					-	-	-	-									805,188	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	10,886	10,886	-	-	-	-																					10,886	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**165**	**45**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**45**	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**788,299**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	**687,036**																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	670,452																														
35	Loans and advances	647,398																														
36	of which loans collateralised by commercial immovable property	289,183																														
37	of which building renovation loans	-																														
38	Debt securities	15,480																														
39	Equity instruments	7,574																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	16,584																														
41	Loans and advances	13,292																														
42	Debt securities	311																														
43	Equity instruments	2,980																														
44	**Derivatives**	**5,393**																														
45	**On demand interbank loans**	**41,084**																														
46	**Cash and cash-related assets**	**10,135**																														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**44,651**																														
48	**Total GAR assets**	**2,020,759**	**911,047**	**7,125**	-	**1**	**438**	**1**	-	-	-	**217**	-	-	-	**217**	-	-	-	**4**	-	-	-	-	-	-	-	**911,487**	**7,125**	-	**1**	**438**
49	**Assets not covered for GAR calculation**	**313,325**																														
50	**Central governments and Supranational issuers**	**152,781**																														
51	**Central banks exposure**	**115,392**																														
52	**Trading book**	**45,152**																														
53	**Total assets**	**2,334,085**	911,047	7,125	-	1	438	1	-	-	-	217	-	-	-	217	-	-	-	4	-	-	-	-	-	-	-	911,487	7,125	-	1	438
54	Financial guarantees	35,343	4,415	55	-	-	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,415	55	-	-	13
55	Assets under management	605,097	65,771	8,798	-	68	1,900	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,798	8,798	-	68	1,900
56	Of which debt securities	133,653	39,558	8,526	-	64	1,733	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,558	8,526	-	64	1,733
57	Of which equity instruments	97,957	15,055	242	-	-	152	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,082	242	-	-	152

1.Assets for the calculation of GAR T-1 (CapEx)

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2024																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,240,924	839,312	2,114	-	292	1,268	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	839,312	2,114	-	292	1,268
2	**Financial undertakings**	**21,150**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	319	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	98	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	221	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
7	Other financial corporations	20,831	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	1,021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	1,021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	39	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	**331,156**	**26,517**	**2,114**	-	**292**	**1,268**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**26,517**	**2,114**	-	**292**	**1,268**
21	Loans and advances	329,400	26,480	2,080	-	292	1,267	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,480	2,080	-	292	1,267
22	Debt securities, including UoP	103	34	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34	33	-	-	-
23	Equity instruments	1,654	3	0		-	0	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	3	0		-	0
24	**Households**	**888,540**	**812,796**	-	-	-	-	-	-	-	-					-	-	-	-									**812,796**	-	-	-	-
25	of which loans collateralised by residential immovable property	804,361	804,361	-	-	-	-	-	-	-	-					-	-	-	-									804,361	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	8,434	8,434	-	-	-	-																					8,434	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**78**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**664,593**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**																															
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																															
35	Loans and advances																															
36	of which loans collateralised by commercial immovable property																															
37	of which building renovation loans																															
38	Debt securities																															
39	Equity instruments																															
40	Non-EU country counterparties not subject to NFRD disclosure obligations																															
41	Loans and advances																															
42	Debt securities																															
43	Equity instruments																															
44	**Derivatives**																															
45	**On demand interbank loans**																															
46	**Cash and cash-related assets**																															
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**																															
48	**Total GAR assets**	1,905,517	839,312	2,114	-	292	1,268	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	839,312	2,114	-	292	1,268
49	**Assets not covered for GAR calculation**																															
50	**Central governments and Supranational issuers**																															
51	**Central banks exposure**																															
52	**Trading book**																															
53	**Total assets**	2,192,410	839,312	2,114	-	292	1,268	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	839,312	2,114	-	292	1,268
54	Financial guarantees	27,817	49	32	-	4	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49	32	-	4	14
55	Assets under management	631,586	7,800	4,965	-	-	713	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,800	4,965	-	-	713
56	Of which debt securities	121,876	5,241	4,551	-	-	326	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,241	4,551	-	-	326
57	Of which equity instruments	86,963	2,559	413	-	-	388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,559	413	-	-	388

2. GAR sector information (CapEx)

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (WTR)	Mn ISK	Of which environmentally sustainable (WTR)	Mn ISK	Of which environmentally sustainable (CE)	Mn ISK	Of which environmentally sustainable (CE)
1	03.11 - Marine fishing	6,761	-			-	-			-	-			-	-		
2	10.20 - Processing and preserving of fish, crustaceans and molluscs	17,211	579			-	-			-	-			-	-		
3	11.07 - Manufacture of soft drinks; production of mineral waters and other bottled waters	323	13			-	-			-	-			-	-		
4	13.94 - Manufacture of cordage, rope, twine and netting	372	-			-	-			-	-			-	-		
5	21.20 - Manufacture of pharmaceutical preparations	13	-			-	-			-	-			-	-		
6	24.42 - Aluminium production	3	-			-	-			-	-			-	-		
7	35.11 - Production of electricity	6	5			-	-			-	-			-	-		
8	35.12 - Transmission of electricity	3	3			-	-			-	-			-	-		
9	35.13 - Distribution of electricity	3,555	3,440			-	-			-	-			-	-		
10	35.14 - Trade of electricity	2	2			-	-			-	-			-	-		
11	35.30 - Steam and air conditioning supply	2,817	2,672			-	-			-	-			-	-		
12	41.20 - Construction of residential and non-residential buildings	7	-			-	-			-	-			-	-		
13	46.17 - Agents involved in the sale of food, beverages and tobacco	473	-			-	-			-	-			-	-		
14	46.39 - Non-specialised wholesale of food, beverages and tobacco	1,390	-			-	-			-	-			-	-		
15	46.69 - Wholesale of other machinery and equipment	7,673	-			-	-			-	-			-	-		
16	46.90 - Non-specialised wholesale trade	1,963	-			-	-			-	-			-	-		
17	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	4	-			-	-			-	-			-	-		
18	47.19 - Other retail sale in non-specialised stores	18,121	-			-	-			-	-			-	-		
19	47.30 - Retail sale of automotive fuel in specialised stores	101	-			-	-			-	-			-	-		
20	47.5 - Retail sale of other household equipment in specialised stores	1	-			-	-			-	-			-	-		
21	47.52 - Retail sale of hardware, paints and glass in specialised stores	2	-			-	-			-	-			-	-		
22	47.54 - Retail sale of electrical household appliances in specialised stores	2	-			-	-			-	-			-	-		
23	47.73 - Dispensing chemist in specialised stores	1	-			-	-			-	-			-	-		
24	49.39 - Other passenger land transport n.e.c.	2,380	-			-	-			-	-			-	-		
25	50.20 - Sea and coastal freight water transport	7,805	408			-	-			-	-			-	-		
26	51.10 - Passenger air transport	1,026	-			-	-			-	-			-	-		
27	52.23 - Service activities incidental to air transportation	5,340	-			-	-			5,340	-			5,340	-		
28	52.29 - Other transportation support activities	61	-			-	-			-	-			-	-		
29	53.10 - Postal activities under universal service obligation	1	-			-	-			-	-			-	-		
30	61.20 - Wireless telecommunications activities	9,300	-			-	-			-	-			-	-		
31	62.02 - Computer consultancy activities	9	-			-	-			-	-			-	-		
32	64.20 - Activities of holding companies	292	-			-	-			-	-			-	-		
33	68.10 - Buying and selling of own real estate	184	-			-	-			-	-			-	-		
34	68.20 - Renting and operating of own or leased real estate	51,436	-			-	-			-	-			-	-		
35	77.11 - Renting and leasing of cars and light motor vehicles	13,854	-			-	-			-	-			-	-		
36	79.12 - Tour operator activities	17,304	-			-	-			-	-			-	-		
37	80.20 - Security systems service activities	1,471	-			-	-			-	-			-	-		

	Breakdown by sector - NACE 4 digits level (code and label)	Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO			
		Non-Financial corporates (Subject to		SMEs and other NFC not subject to		Non-Financial corporates (Subject to		SMEs and other NFC not subject to		Non-Financial corporates (Subject to		SMEs and other NFC not subject to	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (PPC)	Mn ISK	Of which environmentally sustainable (PPC)	Mn ISK	Of which environmentally sustainable (BIO)	Mn ISK	Of which environmentally sustainable (BIO)	Mn ISK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn ISK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	03.11 - Marine fishing	-	-			-	-			6,761	-		
2	10.20 - Processing and preserving of fish, crustaceans and molluscs	-	-			-	-			17,211	579		
3	11.07 - Manufacture of soft drinks; production of mineral waters and other bottled waters	-	-			-	-			323	13		
4	13.94 - Manufacture of cordage, rope, twine and netting	-	-			-	-			372	-		
5	21.20 - Manufacture of pharmaceutical preparations	-	-			-	-			13	-		
6	24.42 - Aluminium production	-	-			-	-			3	-		
7	35.11 - Production of electricity	-	-			-	-			6	5		
8	35.12 - Transmission of electricity	-	-			-	-			3	3		
9	35.13 - Distribution of electricity	-	-			-	-			3,555	3,440		
10	35.14 - Trade of electricity	-	-			-	-			2	2		
11	35.30 - Steam and air conditioning supply	-	-			-	-			2,817	2,672		
12	41.20 - Construction of residential and non-residential buildings	-	-			-	-			7	-		
13	46.17 - Agents involved in the sale of food, beverages and tobacco	-	-			-	-			473	-		
14	46.39 - Non-specialised wholesale of food, beverages and tobacco	-	-			-	-			1,390	-		
15	46.69 - Wholesale of other machinery and equipment	-	-			-	-			7,673	-		
16	46.90 - Non-specialised wholesale trade	-	-			-	-			1,963	-		
17	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	-	-			-	-			4	-		
18	47.19 - Other retail sale in non-specialised stores	-	-			-	-			18,121	-		
19	47.30 - Retail sale of automotive fuel in specialised stores	-	-			-	-			101	-		
20	47.5 - Retail sale of other household equipment in specialised stores	-	-			-	-			1	-		
21	47.52 - Retail sale of hardware, paints and glass in specialised stores	-	-			-	-			2	-		
22	47.54 - Retail sale of electrical household appliances in specialised stores	-	-			-	-			2	-		
23	47.73 - Dispensing chemist in specialised stores	-	-			-	-			1	-		
24	49.39 - Other passenger land transport n.e.c.	-	-			-	-			2,380	-		
25	50.20 - Sea and coastal freight water transport	-	-			-	-			7,805	408		
26	51.10 - Passenger air transport	-	-			-	-			1,026	-		
27	52.23 - Service activities incidental to air transportation	5,340	-			-	-			5,340	-		
28	52.29 - Other transportation support activities	-	-			-	-			61	-		
29	53.10 - Postal activities under universal service obligation	-	-			-	-			1	-		
30	61.20 - Wireless telecommunications activities	-	-			-	-			9,300	-		
31	62.02 - Computer consultancy activities	-	-			-	-			9	-		
32	64.20 - Activities of holding companies	-	-			-	-			292	-		
33	68.10 - Buying and selling of own real estate	-	-			-	-			184	-		
34	68.20 - Renting and operating of own or leased real estate	-	-			-	-			51,436	-		
35	77.11 - Renting and leasing of cars and light motor vehicles	-	-			-	-			13,854	-		
36	79.12 - Tour operator activities	-	-			-	-			17,304	-		
37	80.20 - Security systems service activities	-	-			-	-			1,471	-		

4. GAR KPI flow (CapEx)

	% (compared to flow of total eligible assets)	Disclosure reference date 31.12.2025																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	31.3	0.9	-	0.0	0.1	-	-	-	-	0.0	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	31.4	0.9	-	0.0	0.1	40.1
2	**Financial undertakings**	0.3	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.0	-	-	-	0.8
3	Credit institutions	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	0.2
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	0.0
6	Equity instruments	0.1	0.0		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.1	0.0		-	-	0.2
7	Other financial corporations	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	0.6
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	5.7	0.9	-	0.0	0.1	-	-	-	-	0.0	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	5.7	0.9	-	0.0	0.1	16.1
21	Loans and advances	5.5	0.9	-	0.0	0.1	-	-	-	-	0.0	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	5.5	0.9	-	0.0	0.1	15.5
22	Debt securities, including UoP	0.0	0.0	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	0.0	0.0	0.0
23	Equity instruments	0.2	0.0		-	0.0	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.2	0.0		-	0.0	0.6
24	**Households**	25.3	-	-	-	-	-	-	-	-					-	-	-	-									25.3	-	-	-	-	23.1
25	of which loans collateralised by residential immovable property	24.5	-	-	-	-	-	-	-	-					-	-	-	-									24.5	-	-	-	-	20.0
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	0.8	-	-	-	-																					0.8	-	-	-	-	0.7
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	31.3	0.9	-	0.0	0.1	-	-	-	-	0.0	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	31.4	0.9	-	0.0	0.1	81.8

5. KPI off-balance sheet exposures (CapEx)

	% (compared to total eligible off-balance sheet assets)	Disclosure reference date 31.12.2025																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant					Proportion of total covered assets funding				Proportion of total covered assets funding				Proportion of total covered assets funding				Proportion of total covered assets funding				Proportion of total covered assets funding				Proportion of total covered assets funding taxonomy relevant				
			Proportion of total covered assets funding taxonomy					Proportion of total covered assets				Proportion of total covered assets				Proportion of total covered assets				Proportion of total covered assets				Proportion of total covered assets				Proportion of total covered assets funding taxonomy			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	12.5	0.2	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.5	0.2	-	-	0.0
2	Assets under management (AuM KPI)	10.9	1.5	-	0.0	0.3	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.9	1.5	-	0.0	0.3

Template 1 Nuclear and fossil gas related activities (CapEx)

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
4	**Fossil gas related activities**	
5	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
7	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Template 2 Taxonomy-aligned economic activities (denominator) (CapEx)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	7,125	0.35	7,125	0.35	-	-
8	**Total applicable KPI**	7,125	0.35	7,125	0.35	-	-

Template 3 Taxonomy-aligned economic activities (numerator) (CapEx)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	7,125	100.0	7,125	100.0	-	-
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	7,125	100.0	7,125	100.0	-	-

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities (CapEx)

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	903,924	44.7	903,923	44.7	1	0.0
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	903,924	44.7	903,923	44.7	1	0.0

Template 5 Taxonomy non-eligible economic activities (CapEx)

Row	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	1,109,711	54.9
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	1,109,711	54.9

Undirritunarsíða

Undirritað af
Eva Halldórsdóttir

Undirritað af:
Eva Halldórsdóttir
1604794509
Dags: 29.01.2026
Tími: 16:47:18
Ástæða: Ársreikningur samstæðu enska 31.12.2025
Signet ID: 7263e793-23cd-452d-8421-e6e418c3ef2a

Undirritað af
Jón Þorvarður Sigurgeirsson

Undirritað af:
Jón Þorvarður Sigurgeirsson
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Dags: 29.01.2026
Tími: 16:53:16
Ástæða: Ársreikningur samstæðu enska 31.12.2025
Signet ID: 7263e793-23cd-452d-8421-

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Kristján Þórarinn Davíðsson

Undirritað af:
Kristján Þórarinn Davíðsson
1611602889
Dags: 29.01.2026
Tími: 16:51:35
Ástæða: Ársreikningur samstæðu enska 31.12.2025
Signet ID: 7263e793-23cd-452d-8421-

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Tími: 16:48:51
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Signet ID: 7263e793-23cd-452d-8421-e6e418c3ef2a

Undirritað af
Örn Guðmundsson

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Rebekka Jóelsdóttir

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Tími: 16:49:48
Ástæða: Ársreikningur samstæðu enska 31.12.2025
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0108764439
Dags: 29.01.2026
Tími: 16:55:54
Ástæða: Ársreikningur samstæðu enska 31.12.2025
Signet ID: 7263e793-23cd-452d-8421-

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Þór Hauksson

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Þór Hauksson
1903725299
Dags: 29.01.2026
Tími: 16:50:53
Ástæða: Ársreikningur samstæðu enska 31.12.2025
Signet ID: 7263e793-23cd-452d-8421-e6e418c3ef2a

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Arna Guðrún Tryggvadóttir
0802783499
Dags: 29.01.2026
Tími: 17:18:25
Ástæða: Ársreikningur samstæðu enska 31.12.2025
Signet ID: f70c0067-f6ef-4542-bec7-977ff961f775