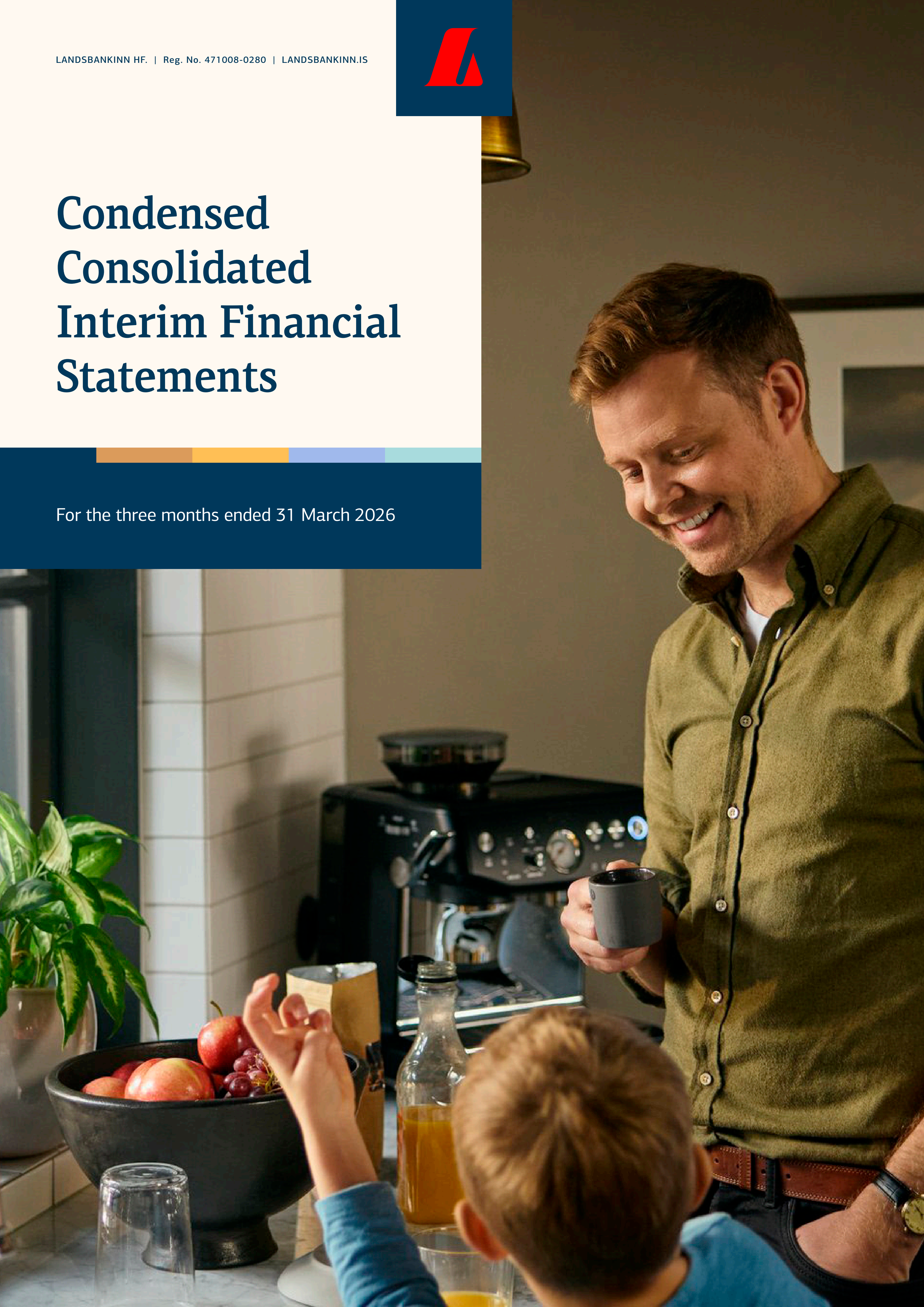
LANDSBANKINN HF. | Reg. No. 471008-0280 | LANDSBANKINN.IS

Condensed Consolidated Interim Financial Statements

For the three months ended 31 March 2026



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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

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

31.3.2026	31.3.2025
11,177 m.kr.	7,940 m.kr.

Return on equity

31.3.2026	31.3.2025
13.5%	10.0%

Total operating income

31.3.2026	31.3.2025
24,055 m.kr.	19,160 m.kr.

Cost-income ratio

31.3.2026	31.3.2025
30.3%	38.7%

Total assets

31.3.2026	31.12.2025
2,335,310 m.kr.	2,324,939 m.kr.

Total capital ratio

31.3.2026	31.12.2025
24.8%	24.8%

Loans and advances to customers

31.3.2026	31.12.2025
1,910,089 m.kr.	1,884,305 m.kr.

Total liquidity coverage ratio (LCR)

31.3.2026	31.12.2025
203%	180%

Report of the Board of Directors and the CEO

The Board of Directors and the CEO of Landsbankinn hf. ("Landsbankinn" or the "Bank") submit this report together with the reviewed Condensed Consolidated Interim Financial Statements of Landsbankinn hf. for the first three months of 2026, which include the accounts of the Bank and its subsidiaries (the "Group").

Financial performance

Consolidated profit amounted to ISK 11,177 million in the first three months of 2026 (Q1 2025: ISK 7,940 million). Return on equity (ROE) was 13.5% (Q1 2025: 10.0%) and the Bank expects ROE for the financial year to range between 11-13%. The Bank's cost-income ratio was 30.3% (Q1 2025: 38.7%). Calculated income and bank tax for the period amounted to ISK 5,105 million, increasing by 38.5% year-on-year (Q1 2025: ISK 3,687 million).

Net interest income for the period amounted to ISK 20,611 million (Q1 2025: ISK 14,800 million) and was 3.5% of average total assets, compared with 2.7% in the same period the previous year. The increase in net interest income is mainly attributable to the combined effects of the Bank's inflation-indexation mismatch and an inflation spike of 10.3% on an annualised basis within the quarter, compared to 4.2% during the same period last year. Other factors are growth in the Bank's balance sheet in the previous 12 months and the refinancing of less favourable FX-denominated liabilities the previous year. The Bank expects the net interest margin for the full financial year to be around 3.0%.

Net fee and commission income was ISK 3,247 million, increasing by 8% year on year. Income from insurance contracts amounted to ISK 540 million. Net profit on financial assets and liabilities at fair value was ISK 1,033 million (Q1 2025: ISK 1,214 million). The decrease from the previous period is largely attributable to a decline in the fair value of market equities. Net impairment charges on financial assets amounted to ISK 1,625 million during the period (Q1 2025: ISK 331 million net impairment charges), with the increase partly attributable to a reassessment and changes in the weighting of scenarios in light of growing uncertainty in the global economic environment. Operating expenses amounted to ISK 8,470 million, increasing by 3.2% between years. The average number of full-time equivalent positions during the period was 942 (Q1 2025: 861), with the increase from the previous period mainly due to the Bank's purchase of TM tryggingar hf. (TM).

Consolidated total equity amounted to ISK 319,940 million at the end of the first quarter of 2026. The Group's capital adequacy ratio, calculated according to the Act on Financial Undertakings, was 24.8% at the end of the period (year-end 2025: 24.8%). Total assets amounted to ISK 2,335 billion, increasing by 0.4% from the beginning of the year. Lending growth was 1.4% in the first three months of the year, with corporate loans increasing by ISK 22.2 billion and loans to retail customers by ISK 3.4 billion. In the first three months of 2026, loans to real estate companies amounting to just under ISK 29 billion were reclassified as loans to construction companies. Such reclassification is common, with companies regularly moved between categories to reflect changes in core activities. Total deposits amounted to ISK 1,283 billion at the end of the first quarter of 2026, increasing by ISK 33.3 billion from the beginning of the year, or 2.7%.

On 11 February 2026, the Bank completed an issuance of Additional Tier 1 (AT1) securities denominated in ISK in the amount of ISK 16 billion. The securities carry a fixed interest of 10% payable semi-annually corresponding to an annual yield of 10.25%. The securities are subordinated to all other claims, except common equity, and are rated BB by S&P Global Ratings. With the issuance, the Bank has fully utilised the efficiency of Additional Tier 1 capital in its capital structure.

Credit rating

The international rating agency S&P Global Ratings confirmed Landsbankinn's credit rating in March 2026 as A-/A-2 with a stable outlook. The outlook on the Bank's covered bonds was also upgraded from stable to positive and their credit rating confirmed as A+. The change in outlook primarily reflects the positive outlook for the credit rating of Iceland's sovereign rating. A strong credit rating and positive outlook continue to enhance the Bank's access to both domestic and international financial markets.

Equity and dividends

The Annual General Meeting of Landsbankinn, held on 18 March 2026, approved a motion from the Board of Directors to pay a dividend to shareholders for the financial year 2025. Firstly, the AGM approved two regular dividend payments in the total amount of ISK 18.9 billion, equivalent to around 50% of the year's profit. Secondly, the AGM approved a special dividend payment in the amount of ISK 16.1 billion. The date of payment of the first regular dividend and the special dividend was 25 March 2026. The latter regular dividend will be paid 16 September 2026. Combined, the dividend payments total ISK 34.9 billion.

On 25 February 2026, the Board of Directors of Landsbankinn decided to avail itself of an authorisation, granted by the Bank's AGM on 19 March 2025, to buy back own shares. During the buy-back period, Landsbankinn purchased around 4.6 million own shares at a share price of ISK 14.56, for the total amount of around ISK 67 million. Following this transaction, the Bank holds around 390 million own shares, equivalent to around 1.6% of issued share capital.

Risk factors

The Bank's financial position at the end of the first quarter of 2026 is strong. The Bank maintains robust capital and liquidity ratios and is well positioned to meet both expected and unexpected challenges in the operating environment.

Risk factors (continued)

Despite challenging conditions and uncertainty in the economic environment, loans past due remain low, reflecting generally strong repayment capacity among customers. Loan growth has been modest during the period, particularly in lending to individuals. A significant portion of the Bank's loan portfolio is secured by real estate collateral. A slowdown in the real estate market may affect certain sectors, particularly companies related to the construction industry. The Bank's risk exposure is nonetheless limited through prudent loan-to-value ratios, active risk assessment and well-diversified lending.

At the end of the first quarter, key risk metrics were within the Bank's defined risk appetite. The inflation-indexation balance decreased during the period, having previously been near the upper limits of the Bank's risk appetite. This development is primarily attributable to stronger growth in inflation-indexed lending relative to inflation-indexed deposits and other liabilities in recent years.

Further information on the Group's risk and capital management is included in the notes to the Consolidated Financial Statements and the Bank's Pillar III Risk Report for the year 2025, supplemented with Pillar III additional disclosures for the first quarter of 2026, available on the Bank's website, www.landsbankinn.is.

Economic outlook

Economic growth was 1.3% in 2025 but contracted by 0.6% in the fourth quarter. Growth was driven by high private consumption which increased by 4.3% between years, as well as capital formation, which increased by 4%. Increased private consumption in 2025 was influenced by such factors as considerable vehicle purchases, incentivised by changes to public levies scheduled at the beginning of 2026. Increased capital formation was mainly attributable to the development of data centres which led to considerable imports but also began manifesting in service export growing in the last quarter of the year. Landsbankinn Economic Research forecasts slightly higher economic growth this year than in 2025, or 1.7%. Growth will be export driven as we anticipate increased service export, mainly from data centres.

Inflation has risen sharply in recent months and measured 5.2% in April. Higher fuel prices, pressured upwards by the conflict in the Persian Gulf, are the main driver of inflation at this time and may be expected to continue until the conflict ends. The government has announced a temporary cut in VAT on fuel but Economic Research does not anticipate that this will have any great impact on overall inflation nor that it will affect the decisions of the Monetary Policy Committee of the Central Bank. Economic Research also considers inflationary pressures to stem from domestic factors such as significant wage hikes and public fees and levies.

The economy is likely to cool in the near future alongside a slackening labour market and rising unemployment. Private consumption can be expected to grow less vigorously than in the recent 1-2 years, influenced by such factors as a tighter monetary stance. Landsbankinn Economic Research anticipates further policy rate increases while inflation and inflation pressure remains high.

The housing market continues to show signs of cooling. Build-up of unsold new residential housing and time-on-market has grown considerably. Changes to the offering of new loans and higher interest rates are likely to dampen demand resulting in price increases remaining moderate in the coming months. Real house prices are expected to decline both this year and in 2027.

Governance

The AGM of Landsbankinn on 18 March 2026 approved a motion to reduce the number of Directors on the Board from seven to five. Jón Th. Sigurgeirsson was re-elected Chairman of the Board of Directors. Other elected Directors of the Board were: Eva Halldórsdóttir, Rebekka Jóelsdóttir, Thór Hauksson and Örn Guðmundsson. Elected alternates are Kristján Th. Davíðsson and Stefanía Halldórsdóttir.

Other matters

Following Landsbankinn's purchase of insurance company TM, work on aligning and integrating its operation with the Bank has been on-going. In the first quarter of 2026, the Bank initiated the sale of insurance to its customers in collaboration with TM, whereby the Bank manages distribution and service.

On 16 March, Landsbankinn published an allocation and impact report for green bond issuances, disclosing detailed information about the allocation of funds from such issuances. Deloitte has attested that the allocation of funds was in accordance with the Bank's Sustainable Finance Framework.

Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements of Landsbankinn hf. for the first three months of 2026 have been prepared on a going-concern basis in accordance with International Financial Reporting Standards as adopted by the European Union and applicable Icelandic laws and regulations.

In our opinion, the Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial position of the Group as of 31 March 2026, its consolidated financial performance and consolidated cash flows for the first three months of 2026. Furthermore, the Condensed Consolidated Interim Financial Statements, including the report of the Board of Directors and the CEO, describe the principal risks and uncertainties faced by the Group.

The Board of Directors and Chief Executive Officer of the Bank endorse the Condensed Consolidated Interim Financial Statements of Landsbankinn hf. for the first three months of 2026 with their electronic signatures.

Reykjavík, 30 April 2026

Board of Directors

Jón Thorvarður Sigurgeirsson, Chairman
Eva Halldórsdóttir, Vice chairman
Rebekka Jóelsdóttir
Thór Hauksson
Örn Guðmundsson

Chief Executive Officer

Lilja Björk Einarsdóttir

Report on Review of Condensed Consolidated Interim Financial Statements

To the Board of Directors and Shareholders of Landsbanki hf.

Introduction

We have reviewed the accompanying Condensed Consolidated Interim Financial Statements of Landsbankinn hf. as of 31 March 2026 which comprise of Report of the Board of Directors and the CEO, Condensed Consolidated Statement of Financial Position as of 31 March 2026 and the related Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the three-months period then ended 31 March 2026 and other explanatory notes. The Board of Directors and CEO are responsible for the preparation and presentation of this Condensed Consolidated Interim Financial Statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the EU and articles in Icelandic law on annual accounts that are applicable. Our responsibility is to express a conclusion on these Condensed Consolidated Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the EU.

Reykjavík, 30 April 2026

PricewaterhouseCoopers ehf

Arna G. Tryggvadóttir
State Authorized Public Accountant

Condensed Consolidated Income Statement for the three months ended 31 March 2026

Notes		2026 1.1-31.3	2025 1.1-31.3
	Interest income	51,949	41,948
	Interest expense	(31,338)	(27,148)
6	**Net interest income**	**20,611**	**14,800**
	Fee and commission income	5,024	4,518
	Fee and commission expense	(1,777)	(1,514)
7	**Net fee and commission income**	**3,247**	**3,004**
	Insurance revenue	5,240	1,779
	Insurance service expenses	(4,700)	(1,509)
8	**Insurance service result**	**540**	**270**
9	Net gain on financial assets and liabilities at FVTPL	1,033	1,214
	Net foreign exchange gain	195	(71)
10	Net impairment changes	(1,625)	(331)
11	Other income and (expenses)	54	274
	Net other operating income	**(343)**	**1,086**
	Total operating income	**24,055**	**19,160**
12	Salaries and related expenses	(4,927)	(4,465)
	Other operating expenses	(2,846)	(3,068)
	Tax on liabilities of financial institutions	(697)	(671)
	Total operating expenses	**(8,470)**	**(8,204)**
	Profit before tax	**15,585**	**10,956**
14	Income tax	(4,408)	(3,016)
	Profit for the period	**11,177**	**7,940**
	Profit for the period attributable to:		
	Owners of the Bank	11,177	7,940
	Non-controlling interests	0	0
	Profit for the period	**11,177**	**7,940**
	Earnings per share:		
32	Basic and diluted earnings per share from operations (ISK)	**0.47**	**0.34**

Condensed Consolidated Statement of Comprehensive Income for the three months ended 31 March 2026

Notes		2026 1.1-31.3	2025 1.1-31.3
	Profit for the period	11,177	7,940
	Other comprehensive income for the period, after tax	0	0
	Total comprehensive income for the period	**11,177**	**7,940**

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

All amounts are in ISK million

Condensed Consolidated Statement of Financial Position as at 31 March 2026

Notes		31.3.2026	31.12.2025
	Assets		
19, 52	Cash and balances with Central Bank	134,238	125,527
20	Bonds and debt instruments	159,127	193,260
21	Equities and equity instruments	29,017	30,554
22	Derivative instruments	3,278	5,393
23, 52	Loans and advances to financial institutions	56,753	41,084
24, 52	Loans and advances to customers	1,910,089	1,884,305
	Investments in equity-accounted associates	1,238	1,211
	Property and equipment	14,578	14,667
	Intangible assets	15,249	15,387
25	Other assets	10,168	12,026
	Assets classified as held for sale	1,575	1,525
	Total assets	**2,335,310**	**2,324,939**
	Liabilities		
	Due to financial institutions and Central Bank	7,192	20,272
	Deposits from customers	1,282,584	1,249,306
22	Derivative instruments and short positions	5,177	7,164
26, 52	Borrowings	572,234	577,268
27	Tax liabilities	18,757	17,685
28	Insurance contract liabilities	26,912	26,099
29	Other liabilities	32,562	29,024
30	Subordinated liabilities	69,952	54,348
	Total liabilities	**2,015,370**	**1,981,166**
31	**Equity**		
	Share capital	23,610	23,615
	Share premium	120,454	120,516
	Reserves	13,875	13,124
	Retained earnings	162,001	186,518
	Total equity attributable to owners of the Bank	**319,940**	**343,773**
	Non-controlling interests	0	0
	Total equity	**319,940**	**343,773**
	Total liabilities and equity	**2,335,310**	**2,324,939**

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

All amounts are in ISK million

Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2026

Notes											
		Attributable to owners of the Bank									
				Reserves*							
	Change in equity for the three months ended 31 March 2026	**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 2026	23,615	120,516	6,000	5,860	1,264	186,518	343,773		343,773
	Profit for the period						11,177	11,177		11,177
	Transferred to (from) restricted reserves				713	39	(752)	0		0
	Purchase of own shares	(5)	(62)					(67)		(67)
	Dividends allocated						(34,943)	(34,943)		(34,943)
31	**Balance as at 31 March 2026**	**23,610**	**120,454**	**6,000**	**6,573**	**1,302**	**162,001**	**319,940**	**0**	**319,940**
	Change in equity for the three months ended 31 March 2025									
	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 period						7,940	7,940		7,940
	Transferred to (from) restricted reserves				191	761	(952)	0		0
	Dividends allocated						(18,892)	(18,892)		(18,892)
31	**Balance as at 31 March 2025**	**23,615**	**120,516**	**6,000**	**4,278**	**3,887**	**155,402**	**313,698**	**0**	**313,698**

*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 Condensed Consolidated Interim Financial Statements.

All amounts are in ISK million

Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2026

Notes		2026 1.1-31.3	2025 1.1-31.3
	Operating activities		
	Profit for the period	11,177	7,940
	Adjustments for non-cash items included in profit for the period	(14,826)	(11,647)
	Changes in operating assets and liabilities	12,816	(40,069)
	Interest received	37,367	36,865
	Interest paid	(21,941)	(11,700)
	Dividends received	195	253
	Income tax and special income tax on financial institutions paid	(4,033)	(3,700)
	Net cash from (used in) operating activities	**20,755**	**(22,058)**
	Investing activities		
	Acquisition of additional shares in subsidiaries	-	(32,285)
	Purchase of property and equipment	(114)	(262)
	Proceeds from sale of property and equipment	-	6
	Purchase of intangible assets	(37)	(6)
	Investing activities	**(151)**	**(32,547)**
	Financing activities		
	Proceeds from borrowings	1,299	54,074
	Repayment of borrowings	(640)	(35,250)
	Lease payment	(157)	(116)
	Procceds from subordinated liabilities	16,000	13,862
31	Purchase of own shares	(67)	-
31	Dividends paid	(25,499)	(9,446)
	Financing activities	**(9,064)**	**23,124**
	Cash and cash equivalents as at the beginning of the period	88,250	93,974
	Additions related to TM	-	391
	Net change in cash and cash equivalents	11,540	(31,872)
	Effect of exchange rate changes on cash and cash equivalents held	247	(105)
	Cash and cash equivalents as at the end of the period	**100,037**	**62,388**
	Investing and financing activities not affecting cash flows		
	Approved dividend to shareholders	(9,444)	(9,446)
	Unpaid dividend to shareholders	9,444	9,446
	Cash and cash equivalents is specified as follows:		
19	Cash and balances with Central Bank	134,238	98,284
23	Bank accounts with financial institutions	7,138	9,746
19	Mandatory and special restricted balances with Central Bank	(41,339)	(45,642)
	Cash and cash equivalents as at the end of the period	**100,037**	**62,388**

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

All amounts are in ISK million

Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2026

Notes		2026 1.1-31.3	2025 1.1-31.3
	Adjustments for non-cash items included in profit for the period		
6	Net interest income	(20,611)	(14,800)
9	Net gain on financial assets and liabilities at FVTPL	(1,033)	(1,214)
	Net foreign exchange gain	(441)	176
	Net impairment changes	1,625	331
11	Gain on sale of property and equipment	-	(226)
11	Net income of asset held for sale	31	40
	Depreciation and amortisation	509	382
11	Share of gain of equity-accounted associates	(11)	(23)
	Tax on liabilities of financial institutions	697	671
14	Income tax	4,408	3,016
		(14,826)	**(11,647)**
	Changes in operating assets and liabilities		
	Change in reserve requirement with Central Bank	2,647	(1,554)
	Change in bonds and equities	34,788	(22,564)
	Change in loans and advances to financial institutions	(14,104)	(31,205)
	Change in loans and advances to customers	(19,177)	(6,672)
	Change in other assets	1,494	(14,451)
	Change in assets classified as held for sale	(83)	108
	Change in due to financial institutions and Central Bank	(13,078)	6,994
	Change in deposits from customers	30,676	5,069
	Change in deferred tax liability	(103)	669
	Change in other liabilities	(10,244)	23,537
		12,816	**(40,069)**

Change in liabilities due to financing activities

		2026 1.1-31.3		2025 1.1-31.3	
		Borrowings	Subordinated liabilities	Borrowings	Subordinated liabilities
26, 30	**Balance as at 1 January**	577,268	54,348	529,150	39,989
	Changes due to financing activities				
	New borrowings	1,299	16,000	54,074	13,862
	Repayment of borrowings	(640)	-	(35,250)	-
	Changes arising from financing activities	**659**	**16,000**	**18,824**	**13,862**
	Foreign exchange	(7,872)	(78)	(910)	(772)
	Changes in fair value	(2,155)	-	(2,756)	-
6	Interest expense	9,566	1,937	6,790	1,043
	Interest paid	(5,232)	(2,255)	(7,470)	(1,690)
26, 30	**Balance**	**572,234**	**69,952**	**543,628**	**52,432**

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

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim 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 the end of the reporting period.

The Condensed Consolidated Interim Financial Statements of the Bank for the period 1 January to 31 March 2026 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 Condensed Consolidated Interim Financial Statements for the three months 31 March 2026 have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting, as adopted by the European Union. The Condensed Consolidated Interim 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 Condensed Consolidated Interim Financial Statements were approved and authorised for publication by the Board of Directors and the CEO of Landsbankinn on 30 April 2026.

The Condensed Consolidated Interim Financial Statements do not include all the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2025, which are available on the Bank's website, www.landsbankinn.is.

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 Condensed Consolidated Interim 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.

Use of extimates and judgements

The preparation of the Condensed Consolidated Interim 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 periods affected.

Notes to the Condensed Consolidated Interim Financial Statements

3. Critical accounting estimates and judgements in applying accounting policies

In compiling these interim consolidated financial statements, accounting policies have been applied consistently for comparable transactions and other events under similar circumstances. The accounting policies are the same as those applied in the consolidated financial statements for the year 2025.

4. 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 1,6% 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 2025: 10%), the baseline 60% weight (31 December 2025: 75%) and the downside scenario 30% weight (31 December 2025: 15%). The scenarios were approved by the Bank's Valuation Team on 25 March 2026.

	Upside scenario		Base case senario		Downside scenario	
As at 31 March 2026	**Next 12 Months**	**To the horizon**	**Next 12 Months**	**To the horizon**	**Next 12 Months**	**To the horizon**
GDP growth	6.4%	8.9%	1.6%	1.7%	(3.2%)	(5.4%)
Unemployment rate	2.9%	1.2%	4.5%	4.1%	6.1%	7.3%
Base rate	5.9%	1.9%	7.6%	6.1%	10.2%	12.4%
Inflation	2.0%	(1.1%)	4.5%	3.1%	8.2%	9.3%
EUR/ISK exchange rate, average	131.7	110.8	147.2	149.7	162.6	188.7
Housing Price index, y/y change	9.1%	16.2%	1.9%	3.6%	(5.2%)	(9.0%)
Household indebtedness	43.4%	31.3%	52.3%	52.1%	61.3%	72.8%

	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%

	As at 31 March 2026			As at 31 December 2025		
	Upside scenario	**Base senario**	**Downside senario**	**Upside scenario**	**Base senario**	**Downside senario**
Allowance for impairment (Stage 1 and Stage 2)	2,403	3,932	6,643	2,331	3,845	6,415
Proportion of assets in Stage 2	5.4%	5.9%	7.8%	5.3%	5.7%	7.2%

	Reported under IFRS 9	
	As at 31 March 2026	**As at 31 December 2025**
Allowance for impairment (stage 1 and stage 2)	5,697	5,148

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

5. 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 March 2026 and the corresponding period in 2025.

5. Operating segments (continued)

1 January - 31 March 2026	Personal Banking	Corporate Banking	Asset Management & Capital Market	Treasury and Market Making	TM tryggingar	Other divisions	Recon-ciliation	Total
Net interest income	5,213	8,463	194	6,364	86	102	189	**20,611**
Net fee and commission income	856	770	1,522	(41)	-	193	(53)	**3,247**
Insurance service result	-	-	-	-	331	-	209	**540**
Net impairment changes	(303)	(1,323)	2	(2)	1	-	-	**(1,625)**
Other net operating income (expenses)	(16)	(54)	(270)	1,370	274	58	(80)	**1,282**
Total operating income (expenses)	**5,750**	**7,856**	**1,448**	**7,691**	**692**	**353**	**265**	**24,055**
Operating expenses	(1,966)	(973)	(677)	(341)	(142)	(3,518)	(156)	**(7,773)**
Tax on liabilities of financial institutions	(296)	(139)	(4)	(256)	-	(2)	-	**(697)**
Profit (loss) before cost allocation and tax	**3,488**	**6,744**	**767**	**7,094**	**550**	**(3,167)**	**109**	**15,585**
Allocated expenses	(1,233)	(912)	(364)	(304)	-	2,813	-	**0**
Profit before tax	**2,255**	**5,832**	**403**	**6,790**	**550**	**(354)**	**109**	**15,585**
Income tax	(656)	(1,536)	(107)	(2,000)	(180)	71	-	**(4,408)**
Profit for the period	**1,599**	**4,296**	**296**	**4,790**	**370**	**(283)**	**109**	**11,177**
Net revenue (expenses) from external customers	13,241	17,273	1,607	(9,288)	692	265		**23,790**
Net revenue (expenses) from other segments	(7,491)	(9,417)	(159)	16,979	-	88		**0**
Total operating income	**5,750**	**7,856**	**1,448**	**7,691**	**692**	**353**		**23,790**
As at 31 March 2026								
Total assets	**943,742**	**949,476**	**14,895**	**795,795**	**60,420**	**18,182**	**(447,200)**	**2,335,310**
Total liabilities	**875,357**	**795,412**	**11,697**	**736,984**	**26,271**	**16,849**	**(447,200)**	**2,015,370**
Allocated capital	**68,385**	**154,064**	**3,198**	**58,811**	**34,149**	**1,333**		**319,940**

1 January - 31 March 2025	Personal Banking	Corporate Banking	Asset Management & Capital Market	Treasury and Market Making	TM tryggingar	Other divisions	Recon-ciliation	Total
Net interest income	5,247	6,862	79	2,374	34	142	62	**14,800**
Net fee and commission income	788	574	1,554	47	-	90	(49)	**3,004**
Insurance service result	-	-	-	-	270	-	-	**270**
Net impairment changes	(127)	(200)	-	(1)	(3)	-	-	**(331)**
Other net operating income (expenses)	(1)	(382)	(198)	2,256	(534)	277	(1)	**1,417**
Total operating income (expenses)	**5,907**	**6,854**	**1,435**	**4,676**	**(233)**	**509**	**12**	**19,160**
Operating expenses	(1,852)	(928)	(651)	(226)	(65)	(3,860)	49	**(7,533)**
Tax on liabilities of financial institutions	(275)	(147)	(4)	(243)	-	(2)	-	**(671)**
Profit (loss) before cost allocation and tax	**3,780**	**5,779**	**780**	**4,207**	**(298)**	**(3,353)**	**61**	**10,956**
Allocated expenses	(1,331)	(974)	(375)	(498)	-	3,178	-	**0**
Profit (loss) before tax	**2,449**	**4,805**	**405**	**3,709**	**(298)**	**(175)**	**61**	**10,956**
Income tax	(692)	(1,250)	(299)	(765)	(49)	39	-	**(3,016)**
Profit (loss) for the period	**1,757**	**3,555**	**106**	**2,944**	**(347)**	**(136)**	**61**	**7,940**
Net revenue (expenses) from external customers	8,550	13,398	1,757	(4,676)	(233)	352		**19,148**
Net revenue (expenses) from other segments	(2,643)	(6,544)	(322)	9,352	-	157		**0**
Total operating income (expenses)	**5,907**	**6,854**	**1,435**	**4,676**	**(233)**	**509**		**19,148**
As at 31 March 2025								
Total assets	**936,232**	**865,303**	**15,472**	**787,613**	**57,633**	**21,743**	**(426,904)**	**2,257,092**
Total liabilities	**867,683**	**721,510**	**11,483**	**726,033**	**25,807**	**17,782**	**(426,904)**	**1,943,394**
Allocated capital	**68,549**	**143,793**	**3,989**	**61,580**	**31,826**	**3,961**		**313,698**

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

Notes to the Consolidated Income Statement

6. Net interest income

	1.1-31.3.2026			1.1-31.3.2025		
Interest income	**Amortised cost**	**Designated at FVTPL**	**Total**	**Amortised cost**	**Designated at FVTPL**	**Total**
Cash and balances with Central Bank	1,729	-	1,729	1,428	-	1,428
Loans and advances to financial institutions	504	-	504	533	-	533
Loans and advances to customers	48,636	957	49,593	38,891	988	39,879
Other interest income	123	-	123	77	31	108
Total	**50,992**	**957**	**51,949**	**40,929**	**1,019**	**41,948**
Interest expense						
Due to financial institutions and Central Bank	(20)	-	(20)	(151)	-	(151)
Deposits from customers	(19,316)	-	(19,316)	(19,043)	-	(19,043)
Borrowings	(7,553)	(2,013)	(9,566)	(4,837)	(1,953)	(6,790)
Other interest expense	(34)	(465)	(499)	(19)	(102)	(121)
Subordinated liabilities	(1,937)	-	(1,937)	(1,043)	-	(1,043)
Total	**(28,860)**	**(2,478)**	**(31,338)**	**(25,093)**	**(2,055)**	**(27,148)**
Net interest income	**22,132**	**(1,521)**	**20,611**	**15,836**	**(1,036)**	**14,800**

Net interest income, calculated based on the effective interest rate method, amounted to ISK 20,611 million in the first three months of 2026 as compared with ISK 14,800 million for the same period in 2025.

7. Net fee and commission income

	1.1-31.3.2026			1.1-31.3.2025		
	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	1,838	(147)	1,691	1,734	(170)	1,564
Loans and guarantees	485	-	485	444	-	444
Payment cards	1,672	(862)	810	1,513	(760)	753
Collection and payment services	248	(62)	186	241	(60)	181
Other	781	(706)	75	586	(524)	62
Total	**5,024**	**(1,777)**	**3,247**	**4,518**	**(1,514)**	**3,004**

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

8. Insurance service result

	2026 1.1-31.3	2025 28.2-31.3
Insurance revenue	5,240	1,779
Incurred claims	(3,678)	(1,122)
Insurance service expenses	(863)	(355)
Performance from reinsurance recoverables	(159)	(32)
Insurance service results	**540**	**270**

The following table shows the operating performance of TM tryggingar hf for the period 1 January to 31 March 2026 and 28 February to 31 December 2025 in accordance with the company's accounting standards.

Insurance service results according to the Financial Statemants of TM	2026 1.1-31.3	2025 28.2-31.3
Insurance revenue	5,240	1,779
Expenses from insurance contracts	(4,751)	(1,477)
Performance from reinsurance recoverables	(159)	(32)
Insurance service results	**330**	**270**
Investment income	479	(378)
Net financial loss from insurance contracts	(131)	(124)
Operating costs of investments	(79)	(44)
Impairment changes of financial assets	1	(3)
Investments results	**270**	**(549)**
Other income and (expenses)	(50)	(18)
Profit (loss) before tax	**550**	**(297)**
Income tax	(180)	(49)
Profit (loss) for the period	**370**	**(346)**
Combined ratio	**93.7%**	**84.8%**

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

Net gain (loss) on financial assets and liabilities at FVTPL	2026 1.1-31.3	2025 1.1-31.3
Bonds and debt instruments	1,776	1,506
Equities and equity instruments	(448)	207
Derivatives and underlying hedges	(7)	250
Loans and advances to customers	(69)	(340)
Net financial loss from insurance contracts	(131)	(124)
Net loss on fair value hedges	(88)	(285)
Total	**1,033**	**1,214**

10. Net impairment changes

	2026 1.1-31.3	2025 1.1-31.3
Net impairment changes of loans to customers	(1,615)	(389)
Net impairment changes of other financial assets	(10)	58
Net impairment changes of financial assets	**(1,625)**	**(331)**
Net impairment changes by customer type		
Individuals	(256)	(120)
Corporates	(1,369)	(211)
Net impairment changes of financial assets	**(1,625)**	**(331)**

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

11. Other income and (expenses)

	2026 1.1-31.3	2025 1.1-31.3
Share of gain of equity-accounted associates	11	23
Gain on sale of property and equipment	-	226
Net expenses of asset held for sale	(31)	(40)
Other	74	65
Total	**54**	**274**

12. Salaries and related expenses

	2026 1.1-31.3	2025 1.1-31.3
Salaries	3,857	3,353
Contributions to defined pension plans	581	505
Social security contributions	281	244
Special financial activities tax on salaries	243	211
Other related expenses	375	321
Salaries and related expenses attributable to insurance service expenses	(410)	(169)
Total	**4,927**	**4,465**
Average number of full-time equivalent positions during the period	942	861
Number of full-time equivalent positions at the period-end	943	926

13. Other operating expenses

	2026 1.1-31.3	2025 1.1-31.3
Other operating expenses	3,094	3,254
Operating expenses attributable to insurance service expenses	(248)	(186)
Total	**2,846**	**3,068**

14. Income tax

Income tax is recognised based on the tax rates and tax laws enacted by the end of the period, according to which the domestic corporate income tax rate was 20.0% (2025: 20.0%). An additional special income tax on financial institutions is recognise data rate of 6% on an income tax base exceeding ISK 1,000 million in accordance with Act No.165/2011, on Financial Activity Tax. Income tax recognised in the income statement is specified as follows:

	2026 1.1-31.3	2025 1.1-31.3
Current tax expense	(3,578)	(2,295)
Special income tax on financial institutions	(932)	(613)
Origination and reversal of temporary differences due to deferred tax assets/liabilities	102	(108)
Total	**(4,408)**	**(3,016)**

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

		2026 1.1-31.3		2025 1.1-31.3
Profit before income tax		15,585		10,956
Income tax calculated using the domestic corporate income tax rate	20.0%	(3,117)	20.0%	(2,191)
Special income tax on financial institutions	6.0%	(932)	5.6%	(613)
Income not subject to tax	(0.1%)	14	(2.5%)	275
Non-deductible expenses	2.4%	(376)	4.5%	(488)
Other	0.0%	3	0.0%	1
Effective income tax	**28.3%**	**(4,408)**	**27.5%**	**(3,016)**

All amounts are in ISK million

15. Classification and fair values of financial assets and liabilities

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 March 2026:

		Carrying amount					Fair value			
			Fair value through profit or loss							
As at 31 March 2026	**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	-	39,006	120,121	-	159,127	143,352	5,229	10,546	159,127
Equities and equity instruments	21	-	9,056	19,961	-	29,017	16,002	56	12,959	29,017
Derivative instruments	22	-	3,278	-	-	3,278	-	3,278	-	3,278
Loans and advances to customers	24	-	-	50,830	-	50,830	-	-	50,830	50,830
		0	**51,340**	**190,912**	**0**	**242,252**	**159,354**	**8,563**	**74,335**	**242,252**
Financial assets not measured at fair value										
Cash and balances with Central Bank	19	134,238	-	-	-	134,238	-	134,238	-	134,238
Loans and advances to financial institutions	23	56,753	-	-	-	56,753	-	56,753	-	56,753
Loans and advances to customers	24	1,859,259	-	-	-	1,859,259	-	1,856,128	-	1,856,128
Other financial assets		4,853	-	-	-	4,853	-	4,853	-	4,853
		2,055,103	**0**	**0**	**0**	**2,055,103**	**0**	**2,051,972**	**0**	**2,051,972**
Financial liabilities measured at fair value										
Derivative instruments	22	-	2,934	-	-	2,934	-	2,934	-	2,934
Short positions	22	-	2,243	-	-	2,243	2,243	-	-	2,243
Borrowings		-	-	-	216,637	216,637	-	216,637	-	216,637
		0	**5,177**	**0**	**216,637**	**221,814**	**2,243**	**219,571**	**0**	**221,814**
Financial liabilities not measured at fair value										
Due to financial institutions and Central Bank		-	-	-	7,192	7,192	-	7,192	-	7,192
Deposits from customers		-	-	-	1,282,584	1,282,584	-	1,281,952	-	1,281,952
Borrowings		-	-	-	355,597	355,597	-	360,994	-	360,994
Other financial liabilities		-	-	-	10,329	10,329	-	10,329	-	10,329
Subordinated liabilities	30	-	-	-	69,952	69,952	-	71,374	-	71,374
		0	**0**	**0**	**1,725,654**	**1,725,654**	**0**	**1,731,841**	**0**	**1,731,841**

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 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	0	-	5,115
Borrowings		-	-	-	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		-	-	-	20,272	20,272	-	20,272	-	20,272
Deposits from customers		-	-	-	1,249,306	1,249,306	-	1,248,570	-	1,248,570
Borrowings		-	-	-	352,906	352,906	-	356,664	-	356,664
Other financial liabilities		-	-	-	13,309	13,309	-	13,309	-	13,309
Subordinated liabilities	30	-	-	-	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

Notes to the Condensed Consolidated Interim Financial Statements

16. Fair value of financial assets and liabilities

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

During the period from 1 January to 31 March 2026 and the same period in 2025, there were no transfer between Level 1, Level 2 and Level 3. The following tables show the reconciliation of fair value measurement in Level 3 for the three months ended 31 March 2026 and for the year 2025:

1 January - 31 March 2026	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total financial assets
Carrying amount as at 1 January 2026	10,310	12,845	47,639	70,794
Net gain (loss) on financial assets and liabilities at FVTPL	236	136	(69)	303
Net foreign exchange loss	-	(2)	(96)	(98)
Purchases	-	3	99,375	99,378
Settlements	-	-	(96,019)	(96,019)
Dividend received	-	(23)	-	(23)
Carrying amount as at 31 March 2026	**10,546**	**12,959**	**50,830**	**74,335**

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**

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 as at 31 March 2026 and 31 March 2025 were recognised:

1 January - 31 March 2026	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total
Net realised loss on financial assets and liabilities at FVTPL	-	-	(69)	(69)
Net unrealised gain on financial assets and liabilities at FVTPL	236	135	-	371
Net foreign exchange loss	-	(3)	(95)	(98)
Total	**236**	**132**	**(164)**	**204**

1 January - 31 March 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	(1)	(258)	(340)	(599)
Net unrealised (loss) gain on financial assets and liabilities at FVTPL	(9)	905	-	896
Net foreign exchange loss	-	-	(269)	(269)
Total	**(10)**	**647**	**(609)**	**28**

All amounts are in ISK million

17. Unobservable inputs in fair value measurement

The following table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of Level 3 assets at 31 March 2026 and 31 December 2025. 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 March 2026	Level 3 assets	Significant unobservable inputs	Valuation technique	Higher	Lower	Favourable	Unfavourable
Bonds and debt instruments	9,737	Recovery rates	See 1) below	5%	-5%	1,059	(1,059)
	809	Bond prices	See 1) below	5%	-5%	40	(40)
Equities and equity instruments							
Equities - banking book	12,959	Instrument Price	See 2) below	5%	-5%	648	(648)
Loans and advances to customers	50,808	Probability of default	See 3) below	1%	-1%	195	(192)
	22	Recovery rates	See 3) below	5%	-5%	1	(1)
Total	**74,335**					**1,943**	**(1,940)**

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)
	47,627	Probability of default	See 3) below	1%	-1%	236	(236)
Loans and advances to customers	12	Recovery rates	See 3) below	5%	-5%	1	(1)
Total	**70,794**					**1,954**	**(1,954)**

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.

18. Expected credit loss

	31.3.2026			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(3,064)	(2,117)	(5,307)	(10,488)
Other financial assets	(25)	-	(3)	(28)
Expected credit loss, off-balance sheet items	(321)	(195)	(156)	(672)
Total	**(3,410)**	**(2,312)**	**(5,466)**	**(11,188)**

	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)**

All amounts are in ISK million

18. Expected credit loss (continued)

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 2,308 million provision at the end of the first quarter of 2026 (31 December 2025: ISK 2,121 million). Of this amount, ISK 650 million is a collective allowance (31 December 2025: ISK 624 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 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 23,965 million (31 December 2025: ISK 23,080 million).

19. Cash and balances with Central Bank

	31.3.2026	31.12.2025
Cash on hand	4,392	4,707
Unrestricted balances with Central Bank	88,507	76,834
Total cash and unrestricted balances with Central Bank	**92,899**	**81,541**
Restricted balances with Central Bank - fixed reserve requirement	37,377	38,558
Cash and balances pledged as collateral to the Central Bank	3,962	5,428
Total restricted balances with Central Bank	**41,339**	**43,986**
Total cash and balances with Central Bank	**134,238**	**125,527**

20. Bonds and debt instruments

	31.3.2026			31.12.2025		
Bonds and debt instruments	**Trading book**	**Banking book**	**Total**	**Trading book**	**Banking book**	**Total**
Domestic						
Listed	39,006	30,423	69,429	36,881	34,162	71,043
Unlisted	-	3,808	3,808	-	13,423	13,423
	39,006	**34,231**	**73,237**	**36,881**	**47,585**	**84,466**
Foreign						
Listed	-	85,581	85,581	-	108,483	108,483
Unlisted	-	309	309	-	311	311
	0	**85,890**	**85,890**	**0**	**108,794**	**108,794**
Total bonds	**39,006**	**120,121**	**159,127**	**36,881**	**156,379**	**193,260**

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

21. Equities and equity instruments

	31.3.2026			31.12.2025		
Equities and equity instruments	**Trading book**	**Banking book**	**Total**	**Trading book**	**Banking book**	**Total**
Domestic						
Listed	6,999	5,022	12,021	6,461	6,398	12,859
Unlisted	-	12,394	12,394	-	12,277	12,277
	6,999	**17,416**	**24,415**	**6,461**	**18,675**	**25,136**
Foreign						
Listed	2,057	1,925	3,982	1,811	2,983	4,794
Unlisted	-	620	620	-	624	624
	2,057	**2,545**	**4,602**	**1,811**	**3,607**	**5,418**
Total equities	**9,056**	**19,961**	**29,017**	**8,272**	**22,282**	**30,554**

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

21. Equities and equity instruments (continued)

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.

As at 31 March 2026, outstanding commitments of the Group in share subscriptions amounted to ISK 1.722 million (2025: ISK 1.755 million) altogether in seven entities (2025: seven entities). The entities invested in by the Group are required to redeem its shareholders with proceeds from the sale of assets.

22. Derivative instruments and short positions

Trading

	31.3.2026			31.12.2025		
	Notional	Fair value		Notional	Fair value	
Foreign exchange derivatives	amount	Assets	Liabilities	amount	Assets	Liabilities
Currency forwards	34,998	144	167	41,071	211	278
Currency options	3,466	8	9	26	-	1
	38,464	**152**	**176**	**41,097**	**211**	**279**
Interest rate derivatives						
Total return swaps	20,275	159	44	17,976	27	43
	20,275	**159**	**44**	**17,976**	**27**	**43**
Equity derivatives						
Equity forwards	-	2	-	26	2	-
Total return swaps	617	353	63	4,661	41	194
Equity options	-	-	2	4	-	-
	617	**355**	**65**	**4,691**	**43**	**194**
Total derivative instruments	**59,356**	**666**	**285**	**63,764**	**281**	**516**
Short positions						
Listed bonds	4,090	-	2,243	5,288	-	5,115
Total short positions	**4,090**	**0**	**2,243**	**5,288**	**0**	**5,115**
Total	**63,446**	**666**	**2,528**	**69,052**	**281**	**5,631**

Risk management

	31.3.2026			31.12.2025		
	Notional	Fair value		Notional	Fair value	
Foreign exchange derivatives	amount	Assets	Liabilities	amount	Assets	Liabilities
Currency forwards	92,584	329	1,282	96,548	904	410
Cross-currency interest rate swaps	3,387	156	-	3,473	-	10
	95,971	**485**	**1,282**	**100,021**	**904**	**420**
Fair value hedging						
Interest rate swaps	215,145	2,127	1,367	220,560	4,208	1,113
	215,145	**2,127**	**1,367**	**220,560**	**4,208**	**1,113**
Total	**311,116**	**2,612**	**2,649**	**320,581**	**5,112**	**1,533**
Total derivative instruments and short positions	**374,562**	**3,278**	**5,177**	**389,633**	**5,393**	**7,164**

All amounts are in ISK million

22. Derivative instruments and short positions (continued)

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 March 2026, the slope of the regression line was in all cases within the range of 0.94 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 March 2025, the slope of the regression line is in all cases within the range of 0.92 and 0.98 (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 first three months of 2026 and for the same period of 2025.

		Maturity date			Fair value of the hedging derivatives		
As at 31 March 2026	**Notional amount of the hedging instrument**	**3-12 months**	**1-5 years**	**>5 years**	**Assets**	**Liabilities**	**Gains (losses) on changes in fair value used for calculating hedge ineffectiveness**
Interest rate swaps - EUR	43,029	-	43,029	-	465	-	(1,912)
Interest rate swaps - EUR	43,029	-	43,029	-	1,662	-	52
Interest rate swaps - EUR	43,029	-	43,029	-	-	439	(104)
Interest rate swaps - EUR	43,029	-	43,029	-	-	33	(148)
Interest rate swaps - EUR	43,029	-	-	43,029	-	896	(131)
Total	**215,145**	**0**	**172,116**	**43,029**	**2,127**	**1,368**	**(2,243)**
Average fixed interest rate - EUR			4.13%	3.63%			

	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments on the hedged item		
As at 31 March 2026	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Gains (losses) on changes in fair value used for calculating hedge ineffectiveness**
LBANK 4.25 3/28 CB	-	43,497	-	454	1,897
LBANK 5.0 5/28	-	44,856	-	6	(81)
LBANK 3.75 10/29	-	42,901	768	-	87
LBANK 3.5 6/30	-	43,027	1,019	-	131
LBANK 3.625 11/32	-	42,356	1,101	-	121
Total EMTN hedged borrowings	**0**	**216,637**	**2,888**	**460**	**2,155**

All amounts are in ISK million

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			4.13%	3.63%			

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**

23. Loans and advances to financial institutions

	31.3.2026	31.12.2025
Bank accounts with financial institutions	7,138	6,709
Money market loans	47,565	33,371
Other loans	2,050	1,004
Allowance for impairment	-	-
Total	**56,753**	**41,084**

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

24. Loans and advances to customers

	31.3.2026	31.12.2025
Loans and advances to customers at amortised cost	1,869,747	1,845,811
Allowance for impairment	(10,488)	(9,145)
Total	**1,859,259**	**1,836,666**
Loans and advances to customers at FVTPL	50,830	47,639
Total	**1,910,089**	**1,884,305**

Loans and advances to customers at amortised cost

	31.3.2026			31.12.2025		
	Gross carrying amount	Allowance for impairment	Carrying amount	Gross carrying amount	Allowance for impairment	Carrying amount
Public entities	12,178	(1)	12,177	13,551	(1)	13,550
Individuals	894,286	(1,951)	892,335	890,529	(1,860)	888,669
Mortgage lending	810,196	(455)	809,741	805,189	(364)	804,825
Other	84,090	(1,496)	82,594	85,340	(1,496)	83,844
Corporates	963,283	(8,536)	954,747	941,731	(7,284)	934,447
Total	**1,869,747**	**(10,488)**	**1,859,259**	**1,845,811**	**(9,145)**	**1,836,666**

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

25. Other assets

	31.3.2026	31.12.2025
Unsettled securities trading	2,305	4,845
Other accounts receivable	2,548	2,322
Right-of-use assets	3,125	3,143
Sundry assets	2,190	1,716
Total	**10,168**	**12,026**

26. Borrowings

	31.3.2026	31.12.2025
Covered bonds	291,908	290,343
Other secured loans	4,024	3,996
Senior preferred bonds	228,091	233,884
Senior unsecured loans	8,624	8,527
Senior non-preferred bonds	39,587	40,518
Total	**572,234**	**577,268**

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 March 2026 and the period from 1 January to 31 December 2025.

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

27. Deferred tax assets and liabilities

	31.3.2026		31.12.2025	
	Assets	Liabilities	Assets	Liabilities
Tax liabilities	-	18,321	-	17,147
Deferred tax liabilities	-	436	-	538
Taxes in the Statement of Financial Position	**0**	**18,757**	**0**	**17,685**

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

	31.3.2026			31.12.2025		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment	-	(392)	(392)	-	(399)	(399)
Intangibles	-	(573)	(573)	-	(591)	(591)
Exchange rate-indexed assets and liabilities	-	(732)	(732)	-	(737)	(737)
Deferred foreign exchange differences	-	(88)	(88)	-	(69)	(69)
Other assets and liabilities	1,349	-	1,349	1,258	-	1,258
	1,349	**(1,785)**	**(436)**	**1,258**	**(1,796)**	**(538)**
Set-off of deferred tax assets together with liabilities of the same taxable entities	(1,349)	1,349	0	(1,258)	1,258	0
Deferred tax liabilitiess total	**0**	**(436)**	**(436)**	**0**	**(538)**	**(538)**

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

	Balance 1.1.2026	Recognised in income statement: Tax income (expense)	Balance as at 31.3.2026	Balance 1.1.2025	Additions related to TM	Recognised in income statement: Tax income (expense)	Balance as at 31.12.2025
Property and equipment	(399)	7	(392)	(192)	(184)	(23)	(399)
Intangibles	(591)	18	(573)	(120)	(438)	(33)	(591)
Foreign currency assets and liabilities	(737)	5	(732)	(663)	-	(74)	(737)
Deferred foreign exchange differences	(69)	(19)	(88)	(36)	-	(33)	(69)
Other assets and other liabilities	1,258	91	1,349	834	10	414	1,258
Tax losses carried forward	0	-	0	-	50	(50)	0
Total	**(538)**	**102**	**(436)**	**(177)**	**(562)**	**201**	**(538)**

28. Insurance contract liabilities

	31.3.2026	31.12.2025
Liabilities for remaining coverage	2,992	2,317
Liabilities for incurred claims	23,920	23,782
Risk adjustment	-	-
Total	**26,912**	**26,099**

29. Other liabilities

	31.3.2026	31.12.2025
Unsettled securities trading	7,670	8,470
Withholding tax	2,374	9,084
Accounts payable	2,659	1,533
Non-controlling interests - Funds	953	637
Lease liabilities	3,296	3,306
Sundry liabilities	15,610	5,994
Total	**32,562**	**29,024**

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

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

30. Subordinated liabilities

	31.3.2026	31.12.2025
Total subordinated liabilities - Tier 2 capital	41,358	41,599
Total subordinated liabilities - Additional Tier 1 capital	28,594	12,749
Total	**69,952**	**54,348**

For the liability accounted Additional Tier 1 (AT1) Securities, the Bank may, in its sole and absolute discretion at any time elect to cancel any interest payment in whole or in part, which is scheduled to be paid on any date. Mandatory cancellation of interest may also apply due to Insufficient Distributable Items, Maximum Distributable Amount in relation to CRD (CRD MDA) and/or a Relevant Authority Order. As at 31.3.2026, Available Distributable Items amounted to ISK 162 billion (31.12.2025: ISK 186.5 billion) and the Distance to Maximum Distributable Amount Restrictions in relation to CRD (CRD MDA) was ISK 66.1 billion (31.12.2025: ISK 80.5 billion).

The AT1 Securities will be written down if the Common Equity Tier 1 (CET1) capital ratio of the Bank or the Group falls below 5.125%. Following such a write down, the Bank may, in certain limited circumstances and at its sole and full discretion, reinstate the prevailing principal amount up to the initial principal amount. As at 31.3.2026 the Bank's and the Group's CET1 capital ratio was 20.1% (31.12.2025: 21.2%).

31. Equity

Share capital

As of 31 March 2026, 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 390 million, or 1.63% 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 18 March 2026, 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.

The Bank has launched a share buyback programme which allows for the maximum repurchase of 48 million shares during each buyback period, or 0.2% of issued shares.

On 25 February 2026 the Board of Directors of Landsbankinn announced its decision to exercise an authorisation to purchase the Bank's own shares during a buyback period extending from 2 March up to and including 13 March 2026. The authorisation is consistent with a resolution of the Annual General Meeting held on 19 March 2025 and the Bank's buyback programme. During the buyback period, the Bank acquired a total of 4.6 million own shares at a share price of 14.56, for a total purchase price of ISK 66.9 million.

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.

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

31. Equity (continued)

Dividend

The 2025 AGM of Landsbankinn, held on 18 March 2026, approved the motion of the Board of Directors to pay shareholders a dividend of ISK 0.80 per share for the fiscal year 2025 in two equal instalments. Each instalment is ISK 0.40 per share . The former was paid on 25 March 2026 and the latter will be paid on 16 September 2026. Regular dividend for the year 2025 amounts to a total of ISK 18.9 billion. The AGM also approved payment of a special dividend of ISK 0.68 per share, or 16.1 billion, and payment was made on 25 March 2026. Total dividend payments for the 2025 financial year thus amount to ISK 34.9 billion.

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.

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 37 Capital requirements.

Other notes

32. Earnings per share

Profit for the year	**2026 1.1-31.3**	**2025 1.1-31.3**
Profit for the period attributable to owners of the Bank	11,177	7,940
Weighted average number of shares		
Weighted average number of ordinary shares issued	24,000	24,000
Weighted average number of own shares	(387)	(385)
Weighted average number of shares outstanding	**23,613**	**23,615**
Basic and diluted earnings per share from operations (ISK)	**0.47**	**0.34**

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.

33. 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.

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

33. Litigation (continued)

Material litigation cases against the Bank and its subsidiaries (continued)

In December 2022, an individual commenced litigation against the Bank claiming that an interest rate provision in inflation-linked consumer credit agreements, issued in 2006, should be deemed illegal and void since the provision allegedly does not stipulate under which circumstances the interest rate changes, 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 plaintiff demanded primarily that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the Bank repays the plaintiff around ISK 26.5 million plus interest.
On 12 November 2024, the District Court of Reykjavík accepted the plaintiff's claim of repayment based on the initial contractual interest rate and taking into account limitation years for claims, in the amount of around ISK 25,000 plus interest. With a judgment on 5 February 2026 in case no. 84/2025, the Court of Appeal upheld the conclusion of the District Court of Reykjavík. Landsbankinn considers that the judgment of the Court of Appeal does not constitute a precedent for comparable loans, as the Court of Appeal held, based on the Bank's statement of claim in its written submissions, that the Bank had waived all objections relating to the plaintiff right of recourse.

34. Interest in subsidiaries

The main subsidiaries held directly or indirectly by the Group as at 31 March 2026 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 March 2026

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 March 2026.

35. Related party transactions

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 42 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:

	31.3.2026		31.12.2025	
Loans in ISK million	**Gross carrying amount**	**Highest amount outstanding during the period**	**Gross carrying amount**	**Highest amount outstanding during the period**
Key management personnel	464	474	454	518
Parties related to key management personnel	81	87	83	90
Associates	365	433	433	747
Other	263	263	256	279
Total	**1,173**	**1,257**	**1,226**	**1,634**

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

Notes to the Condensed Consolidated Interim Financial Statements

35. Related party transactions (continued)

Transactions with other related parties (continued)

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

	31.3.2026		31.12.2025	
Deposits in ISK million	**Carrying amount**	**Highest amount outstanding during the period**	**Carrying amount**	**Highest amount outstanding during the period**
Key management personnel	263	319	274	495
Parties related to key management personnel	119	133	113	150
Associates	266	472	133	1,061
Other	-	56	8	19
Total	**648**	**980**	**528**	**1,725**

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 March 2026**	**Gross carrying amount as at 31 December 2025**
Key management personnel	-	-
Parties related to key management personnel	-	-
Associates	-	-
Other	558	555
Total	**558**	**555**

36. Events after the reporting year

No events have arisen after the reporting period of these financial statements that require amendments or additional disclosures in the Condensed Consolidated Financial Statements for the three months ended 31 March 2026.

Capital management

37. 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):

	31.3.2026			31.12.2025		
	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%	1.8%	2.5%
Minimum requirement	**5.9%**	**7.8%**	**10.5%**	**5.9%**	**7.8%**	**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%	2.4%	2.4%	2.4%
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%**	**9.8%**	**9.8%**	**9.8%**
Total capital requirement	**15.7%**	**17.6%**	**20.3%**	**15.7%**	**17.6%**	**20.3%**

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.

for the three months ended 31 March 2026 33 All amounts are in ISK million

38. 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.

	31.3.2026		31.12.2025	
Capital base	**Amount**	**% of RWEA**	**Amount**	**% of RWEA**
Share capital	23,610		23,615	
Share premium	120,454		120,516	
Reserves	13,875		13,124	
Retained earnings (Available Distributable Funds)	162,001		186,518	
Total equity attributable to owners of the Bank	**319,940**		**343,773**	
Intangible assets	(9,096)		(9,096)	
Forseeable dividends*	(5,589)		(19,007)	
Fair value hedges	(3,188)		(2,958)	
Insufficient coverage for non-performing exposures	(1,135)		(905)	
Common equity Tier 1 (CET1) capital	**300,932**	**20.1%**	**311,807**	**21.2%**
Additional Tier 1 (AT1) capital	28,594	1.9%	12,749	0.9%
Tier 1 capital	**329,526**	**22.0%**	**324,556**	**22.0%**
Tier 2 capital**	40,721	2.7%	41,100	2.8%
Total capital base	**370,247**	**24.8%**	**365,656**	**24.8%**

Risk-weighted exposure amount (RWEA)	**31.3.2026**		**31.12.2025**	
Credit risk, loans and advances to customers	1,238,925	82.8%	1,221,886	83.0%
Credit risk, securities	84,904	5.7%	83,584	5.7%
Credit risk, other	41,296	2.8%	38,889	2.6%
Credit valuation adjustment	1,656	0.1%	1,944	0.1%
Market risk	15,510	1.0%	13,098	0.9%
Operational risk***	113,631	7.6%	113,631	7.7%
Total risk-weighted exposure amount	**1,495,922**	**100%**	**1,473,032**	**100%**

*Pursuant to the Bank's dividend policy, the foreseeable dividend corresponds to 50% of net earnings for the three months of 2026.

**Total subordinated Tier 2 liabilities, less ISK 637 million in regulatory Tier 2 amortisation (31.12.2025: ISK 499 million)

***The amounts are updated on a yearly basis.

In accordance with the EU Capital Requirements Directive (CRD), restrictions on certain distributions that would have a negative impact on Common Equity Tier 1 capital (such as dividend payments, variable remuneration and interest payments on AT1 instruments) are triggered if a financial institution does not meet the applicable capital buffer requirements at any given time. The Bank's distance to the Maximum Distributable Amount (MDA) restrictions in relation to CRD (excluding any potential inefficiencies arising from AT1 or Tier 2 instruments) at the reporting date was:

	31.3.2026		31.12.2025	
	Amount	**% of RWEA**	**Amount**	**% of RWEA**
CET1 capital	300,932	20.1%	311,807	21.2%
CET1 requirement (including Combined Buffer Requirement)	234,860	15.7%	231,266	15.7%
Distance to MDA Restrictions in relation to CRD (CRD MDA)*	**66,072**	**4.4%**	**80,541**	**5.5%**

* Distance to Maximum Distributable Amount Restrictions in relation to the Capital Requirements Directive (excluding any AT1/T2 bucked inefficiencies)

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

39. 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.

	31.3.2026		31.12.2025	
MREL-TEM Requirement	**Amount**	**% of RWEA**	**Amount**	**% of RWEA**
Recurring MREL-TEM requirement	144,106	9.6%	143,152	9.7%
MREL-TREA Requirement				
Recurring MREL-TREA requirement	314,144	21.0%	309,337	21.0%
Combined Buffer Requirement (CBR)	146,600	9.8%	144,357	9.8%
Sum of MREL-TREA and CBR requirements	**460,744**	**30.8%**	**453,694**	**30.8%**
MREL Subordination Requirement				
Recurring Subordination Requirement	201,949	13.5%	198,859	13.5%
Combined Buffer Requirement (CBR)	146,600	9.8%	144,357	9.8%
Sum of MREL Subordination and CBR requirements	**348,549**	**23.3%**	**343,216**	**23.3%**

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

	31.3.2026		31.12.2025	
Own funds and eligible liabilities	**Amount**	**% of RWEA**	**Amount**	**% of RWEA**
Common Equitiy Tier 1 (CET1)	300,932	20.1%	311,807	21.2%
Additional Tier 1 capital (AT1)	28,594	1.9%	12,749	0.9%
Tier 2 capital	41,358	2.8%	41,599	2.8%
Eligible Senior Non-Preferred bonds	39,587	2.6%	40,518	2.8%
Subordinated MREL funds	**410,471**	**27.4%**	**406,673**	**27.6%**
Eligible Senior Preferred liabilities	184,800	12.4%	189,605	12.9%
Total MREL funds	**595,271**	**39.8%**	**596,278**	**40.5%**

The Maximum Distributable Amount related to MREL (MREL MDA) is the maximum amount that the bank is allowed to make in distributions that effect the capital base, such as dividend payments, buy-back of own shares, payments of variable remuneration and repayment of AT1 Securities. These MREL restrictions are in addition to other own funds requirements.

	31.3.2026		31.12.2025	
	Amount	**% of RWEA**	**Amount**	**% of RWEA**
Total MREL funds above MREL-TEM Requirement	451,165	30.2%	453,126	30.8%
Total MREL funds above sum of MREL-TREA and CBR Requirement	134,528	9.0%	142,584	9.7%
Subordinated MREL funds above MREL Subordination and CBR Requirements	61,922	4.1%	63,456	4.3%
Maximum Distributable Amount related to MREL (MREL MDA)	**61,922**	**4.1%**	**63,456**	**4.3%**

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

40. 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	**31.3.2026**	**31.12.2025**
- On-balance sheet exposure (excl. derivatives and securities financing transactions)	2,291,494	2,279,096
- Derivative instrument exposure	6,020	6,045
- Securities financing transaction exposures	17,987	18,520
- Off-balance sheet exposure	105,273	114,167
- Regulatory adjustments to Tier 1 capital	(19,008)	(31,966)
Total leverage exposure	**2,401,766**	**2,385,862**
Tier 1 capital	**329,526**	**324,556**
Leverage ratio	**13.7%**	**13.6%**

41. 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	**31.3.2026**	**31.12.2025**
Own funds	22,597	22,228
Intangible asset	(4,810)	(4,874)
Forseeable dividends	(2,000)	(2,000)
Excess of assets over liabilities in accordance with Solvency II	392	502
Total basic own funds after deductions	**16,179**	**15,856**
Total available own funds to meet the consolidated group SCR	**16,179**	**15,856**
Group SCR	**10,957**	**11,421**
Ratio of Eligible own funds to group SCR	**1.48**	**1.39**
Total eligible own funds to meet the minimum consolidated group SCR	**16,179**	**15,856**

	31.12.2025	**31.12.2025**
Life underwriting risk	524	490
Health underwriting risk	1,811	1,762
Non-life underwriting risk	6,611	6,612
Market risk	6,689	7,681
Counterparty default risk	1,245	769
Diversification	(5,142)	(5,065)
Intangible asset risk	-	-
Basic Solvency Capital Requirement (Basic SCR)	**11,738**	**12,249**
Operational risk	968	821
Loss-absorbing capacity of deferred taxes	(1,749)	(1,649)
Group SCR	**10,957**	**11,421**

All amounts are in ISK million

Credit risk

42. 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 Condensed 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.

				Corporates											
As at 31 March 2026	**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	-	134,238	-	-	-	-	-	-	-	-	-	-	-	**134,238**	**134,238**
Bonds and debt instruments	121	102,037	-	-	9,728	-	-	1,670	-	55	9	-	-	**113,620**	**159,127**
Equities and equity instruments	90	-	-	-	25	-	1,209	2,807	1	223	3,475	-	-	**7,830**	**29,017**
Derivative instruments	2,649	-	1	32	-	35	-	7	16	-	180	-	358	**3,278**	**3,278**
Loans and advances to financial institutions	56,753	-	-	-	-	-	-	-	-	-	-	-	-	**56,753**	**56,753**
Loans and advances to customers	-	12,177	892,407	184,191	234,319	236,719	117,543	76,408	59,745	56,080	33,642	6,857	1	**1,910,089**	**1,910,089**
Other assets	18,768	9	131	4	2,068	-	601	3,047	-	12	-	-	1,635	**26,275**	**42,808**
Total on-balance sheet exposure	**78,381**	**248,461**	**892,539**	**184,227**	**246,140**	**236,754**	**119,353**	**83,939**	**59,762**	**56,370**	**37,306**	**6,857**	**1,994**	**2,252,083**	**2,335,310**
Off-balance sheet exposure	**3,498**	**10,576**	**44,726**	**20,672**	**14,447**	**92,995**	**19,019**	**24,746**	**19,592**	**23,923**	**3,904**	**849**	**27**	**278,974**	
Financial guarantees and underwriting commitments	-	320	765	4,334	1,909	8,279	2,047	9,133	4,574	2,808	1,651	10	-	35,830	
Undrawn loan commitments	-	169	124	13,933	10,423	81,207	14,499	4,588	7,718	15,655	1,895	214	-	150,425	
Undrawn overdraft/credit card facilities	3,498	10,087	43,837	2,405	2,115	3,509	2,473	11,025	7,300	5,460	358	625	27	92,719	
Maximum exposure to credit risk	**81,879**	**259,037**	**937,265**	**204,899**	**260,587**	**329,749**	**138,372**	**108,685**	**79,354**	**80,293**	**41,210**	**7,706**	**2,021**	**2,531,057**	
Percentage of maximum exposure to credit risk	3.2%	10.2%	37.0%	8.1%	10.3%	13.0%	5.5%	4.3%	3.1%	3.2%	1.6%	0.3%	0.1%	100%	

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

All amounts are in ISK million

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

				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%	100.0%	

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

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

43. 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. The total value of collateral is based on the valuation of the underlying collateral, which is recorded in the Bank's system and updated regularly. The valuation of real estate collateral is generally based on recent purchase price or current property valuation. The valuation of real estate under construction is estimated at its estimated cost value.

LTV is one of the key risk factors that determine whether a borrower qualifies 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 increases as the collateral value decreases. A high LTV ratio indicates a smaller buffer to protect against a decline in the collateral value or an increase in a loan balance in the event of non-payment and when unpaid interest is added to the outstanding principal of the loan.

	LTV ratio - Fully collateralised					LTV ratio - Partially collateralised				
As at 31 March 2026	**0% - 50%**	**50% - 75%**	**75% - 90%**	**90% - 100%**	**Total**	**>100%**	**Collateral value***	**Without collateral**	**Allowance for impairment**	**Carrying amount**
Financial institutions	-	-	-	-	**0**	-	-	**56,753**	-	**56,753**
Public entities	**325**	**25**	**0**	**0**	**350**	**1,531**	**761**	**10,297**	**(1)**	**12,177**
Individuals	**462,839**	**349,351**	**32,277**	**2,518**	**846,985**	**2,901**	**1,767**	**44,472**	**(1,951)**	**892,407**
Mortgages	444,642	335,639	26,871	1,939	809,091	1,014	527	91	(455)	809,741
Other	18,197	13,712	5,406	579	37,894	1,887	1,240	44,381	(1,496)	82,666
Corporates	**404,844**	**358,581**	**144,719**	**30,161**	**938,305**	**52,374**	**38,876**	**23,362**	**(8,536)**	**1,005,505**
Fisheries	126,607	54,896	2,287	395	184,185	562	395	43	(599)	184,191
Real estate companies	68,808	120,608	32,266	1,457	223,139	9,117	8,077	3,160	(1,097)	234,319
Construction companies	61,043	112,547	42,829	15,678	232,097	6,375	4,487	712	(2,465)	236,719
Travel industry	27,487	31,329	39,499	6,144	104,459	8,896	7,181	5,726	(1,538)	117,543
Services, IT and communications	37,375	14,398	6,696	1,971	60,440	9,772	8,282	6,774	(578)	76,408
Retail	42,253	6,103	5,611	3,354	57,321	2,837	864	572	(985)	59,745
Manufacturing and energy	18,762	9,762	12,510	1,013	42,047	9,407	5,178	5,502	(876)	56,080
Holding companies	18,449	7,447	2,530	92	28,518	4,934	4,121	574	(384)	33,642
Agriculture	4,060	1,491	491	57	6,099	474	291	298	(14)	6,857
Other	-	-	-	-	0	-	-	1	-	1
Total	**868,008**	**707,957**	**176,996**	**32,679**	**1,785,640**	**56,806**	**41,404**	**134,884**	**(10,488)**	**1,966,842**

*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 Condensed Consolidated Interim Financial Statements

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

	LTV ratio - Fully collateralised					LTV ratio - Partially collateralised				
As at 31 December 2025	**0% - 50%**	**50% - 75%**	**75% - 90%**	**90% - 100%**	**Total**	**>100%**	**Collateral value***	**Without collateral**	**Allowance for impairment**	**Carrying amount**
Financial institutions	-	-	-	-	-	-	-	**41,084**	-	**41,084**
Public entities	**263**	**26**	**36**	-	**325**	**1,253**	**646**	**11,973**	**(1)**	**13,550**
Individuals	**467,050**	**346,529**	**27,178**	**1,757**	**842,514**	**2,795**	**1,873**	**45,366**	**(1,860)**	**888,815**
Mortgages	449,037	332,625	21,661	1,086	804,409	744	497	35	(364)	804,824
Other	18,013	13,904	5,517	671	38,105	2,051	1,376	45,331	(1,496)	83,991
Corporates	**383,085**	**378,939**	**142,190**	**16,639**	**920,853**	**45,717**	**32,971**	**22,654**	**(7,284)**	**981,940**
Fisheries	122,076	66,845	138	932	189,991	787	632	91	(596)	190,273
Real estate companies	71,616	154,360	25,994	785	252,755	4,749	3,920	3,951	(1,019)	260,436
Construction companies	46,423	73,750	57,659	6,566	184,398	9,080	7,423	1,355	(1,522)	193,311
Travel industry	23,328	46,760	29,366	1,633	101,087	5,091	2,766	5,750	(1,485)	110,443
Services, IT and communications	32,901	16,650	6,338	3,334	59,223	10,241	7,836	4,650	(509)	73,605
Retail	42,775	7,874	4,570	1,704	56,923	3,050	2,361	601	(1,029)	59,545
Manufacturing and energy	22,807	4,942	12,206	986	40,941	9,615	5,823	5,551	(755)	55,352
Holding companies	17,065	6,296	5,406	650	29,417	2,588	1,899	351	(353)	32,003
Agriculture	4,094	1,462	513	49	6,118	516	311	353	(15)	6,972
Other	-	-	-	-	-	-	-	1	(1)	-
Total	**850,398**	**725,494**	**169,404**	**18,396**	**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.

All amounts are in ISK million

44. Collateral types

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 March 2026	Real estate	Vessels	Deposits	Securities	Other*	Total
Financial institutions	-	-	-	-	-	**0**
Public entities	**995**	-	-	-	**116**	**1,111**
Individuals	**834,415**	**40**	**254**	**813**	**13,230**	**848,752**
Mortgages	805,285	16	224	105	3,988	809,618
Other	29,130	24	30	708	9,242	39,134
Corporates	**599,259**	**131,587**	**4,210**	**93,984**	**148,140**	**977,180**
Fisheries	14,929	125,790	438	23,112	20,310	184,579
Real estate companies	215,811	34	935	5,674	8,761	231,215
Construction companies	223,978	-	378	3,323	8,905	236,584
Travel industry	74,980	343	228	2,157	33,933	111,641
Services, IT and communications	30,366	3,276	552	11,728	22,799	68,721
Retail	13,071	-	75	14,507	30,534	58,187
Manufacturing and energy	15,349	225	231	9,615	21,806	47,226
Holding companies	4,793	1,919	1,371	23,868	687	32,638
Agriculture	5,982	-	2	-	405	6,389
Other	-	-	-	-	-	0
Total	**1,434,669**	**131,627**	**4,464**	**94,797**	**161,486**	**1,827,043**

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**
Mortages	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**

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

All amounts are in ISK million

45. Credit quality of loans and advances

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 March 2026	**10-7**	**6-4**	**3-1**	**0**	**Unrated**	**Allowance for impairment**	**Fair value**	**Carrying amount**
Financial institutions	**56,751**	**2**	**-**	**-**	**-**	**-**	**-**	**56,753**
Public entities	**11,945**	**233**	**-**	**-**	**-**	**(1)**	**-**	**12,177**
Individuals	**680,490**	**192,369**	**13,991**	**5,955**	**1,481**	**(1,951)**	**72**	**892,407**
Mortgages	646,382	148,987	9,673	3,874	1,280	(455)	-	809,741
Other	34,108	43,382	4,318	2,081	201	(1,496)	72	82,666
Corporates	**139,503**	**778,971**	**25,926**	**18,883**	**0**	**(8,536)**	**50,758**	**1,005,505**
Fisheries	38,052	130,145	689	2,163	-	(599)	13,741	184,191
Real estate companies	7,334	208,710	9,931	3,332	-	(1,097)	6,109	234,319
Construction companies	7,977	220,605	4,132	5,957	-	(2,465)	513	236,719
Travel industry	12,192	99,176	4,397	3,316	-	(1,538)	-	117,543
Services, IT and communications	21,519	50,630	3,303	582	-	(578)	952	76,408
Retail	28,788	28,397	1,647	1,667	-	(985)	231	59,745
Manufacturing and energy	18,156	18,628	510	1,742	-	(876)	17,920	56,080
Holding companies	3	21,420	1,197	114	-	(384)	11,292	33,642
Agriculture	5,482	1,260	119	10	-	(14)	-	6,857
Other	-	-	1	-	-	-	-	1
Total	**888,689**	**971,575**	**39,917**	**24,838**	**1,481**	**(10,488)**	**50,830**	**1,966,842**

	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**

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

46. 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 March 2026	Not past due	1-5	6-30	31-60	61-90	over 90	Allowance for impairment	Carrying amount
Financial institutions	**56,753**	-	-	-	-	-	-	**56,753**
Public entities	**12,175**	**3**	-	-	-	-	**(1)**	**12,177**
Individuals	**880,025**	**4,563**	**643**	**6,336**	**619**	**2,172**	**(1,951)**	**892,407**
Mortgages	802,770	-	464	5,478	452	1,032	(455)	809,741
Other	77,255	4,563	179	858	167	1,140	(1,496)	82,666
Corporates	**996,630**	**2,765**	**6,657**	**2,417**	**2,738**	**2,834**	**(8,536)**	**1,005,505**
Fisheries	184,066	228	6	305	21	164	(599)	184,191
Real estate companies	229,783	481	995	1,348	2,060	749	(1,097)	234,319
Construction companies	233,723	641	4,670	42	-	108	(2,465)	236,719
Travel industry	117,035	325	646	189	568	318	(1,538)	117,543
Services, IT and communications	75,863	455	231	327	10	100	(578)	76,408
Retail	59,064	150	108	66	14	1,328	(985)	59,745
Manufacturing and energy	56,449	313	1	113	65	15	(876)	56,080
Holding companies	33,847	109	-	26	-	44	(384)	33,642
Agriculture	6,799	63	-	1	-	8	(14)	6,857
Other	1	-	-	-	-	-	-	1
Total	**1,945,583**	**7,331**	**7,300**	**8,753**	**3,357**	**5,006**	**(10,488)**	**1,966,842**

	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**

All amounts are in ISK million

47. 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.

		Stage 1		Stage 2		Stage 3				
As at 31 March 2026	**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	**56,753**	**56,753**	-	-	-	-	-	-	-	**56,753**
Public entities	**12,178**	**12,141**	**(1)**	**37**	-	-	-	**(1)**	-	**12,177**
Individuals	**894,358**	**855,258**	**(225)**	**33,073**	**(342)**	**5,955**	**(1,384)**	**(1,951)**	**72**	**892,407**
Mortgages	810,196	780,877	(65)	25,445	(144)	3,874	(246)	(455)	-	809,741
Other	84,162	74,381	(160)	7,628	(198)	2,081	(1,138)	(1,496)	72	82,666
Corporates	**1,014,041**	**844,289**	**(2,838)**	**100,111**	**(1,775)**	**18,883**	**(3,923)**	**(8,536)**	**50,758**	**1,005,505**
Fisheries	184,790	167,728	(186)	1,158	(24)	2,163	(389)	(599)	13,741	184,191
Real estate companies	235,416	204,957	(489)	21,018	(197)	3,332	(411)	(1,097)	6,109	234,319
Construction companies	239,184	213,212	(1,085)	19,502	(283)	5,957	(1,097)	(2,465)	513	236,719
Travel industry	119,081	90,806	(399)	24,959	(735)	3,316	(404)	(1,538)	-	117,543
Services, IT and communications	76,986	70,896	(319)	4,556	(98)	582	(161)	(578)	952	76,408
Retail	60,730	52,794	(194)	6,038	(116)	1,667	(675)	(985)	231	59,745
Manufacturing and energy	56,956	22,951	(71)	14,343	(117)	1,742	(688)	(876)	17,920	56,080
Holding companies	34,026	14,206	(86)	8,414	(203)	114	(95)	(384)	11,292	33,642
Agriculture	6,871	6,738	(9)	123	(2)	10	(3)	(14)	-	6,857
Other	1	1	-	-	-	-	-	-	-	1
Total	**1,977,330**	**1,768,441**	**(3,064)**	**133,221**	**(2,117)**	**24,838**	**(5,307)**	**(10,488)**	**50,830**	**1,966,842**

All amounts are in ISK million

47. Loans and advances by stage allocation (continued)

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**

All amounts are in ISK million

48. Impairment allowance on loans and advances

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

	12-months ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total
Balance as at 1 January 2026 - Financial institutions	**0**	**0**	**0**	**0**
Changes in models/risk parameters	-	-	-	0
Balance as at 31 March 2026 - 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 2026 - Loans and advances to customers	**(3,123)**	**(2,025)**	**(4,605)**	**(9,753)**
New financial assets originated	(224)	(216)	(51)	(491)
Reversals due to financial assets that have been derecognised	84	180	98	362
Transfer to Stage 1 - 12-month ECL	(27)	92	25	90
Transfer to Stage 2 - Lifetime ECL	61	(357)	121	(175)
Transfer to Stage 3 - Lifetime ECL	11	106	(1,005)	(888)
Changes in models/risk parameters	(167)	(94)	(215)	(476)
Provisions used to cover write-offs	-	2	169	171
Balance as at 31 March 2026 - Loans and advances to customers	**(3,385)**	**(2,312)**	**(5,463)**	**(11,160)**
- therof classified as deduction from gross carrying amounts	(3,064)	(2,117)	(5,307)	(10,488)
- therof classified as liabilities	(321)	(195)	(156)	(672)

	1.1-31.3.2026				
Net impairment on loans and advances	**Financial institutions**	**Public entities**	**Individuals**	**Corporates**	**Total**
New financial assets originated	-	-	(60)	(431)	(491)
Reversals due to financial assets that have been derecognised	-	-	69	293	362
Changes due to financial assets recognised in the opening balance	-	-	(259)	(1,190)	(1,449)
Write-offs	-	-	(186)	(9)	(195)
Provisions used to cover write-offs	-	-	162	9	171
Recoveries	-	-	21	6	27
Translation difference	-	-	-	(40)	(40)
Total	**0**	**0**	**(253)**	**(1,362)**	**(1,615)**

All amounts are in ISK million

48. Impairment allowance on loans and advances (continued)

The following tables show changes in the impairment allowance of 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)	407	69	407
Transfer to Stage 2 - Lifetime ECL	220	(516)	202	(94)
Transfer to Stage 3 - Lifetime ECL	23	192	(1,725)	(1,510)
Changes in models/risk parameters	(221)	63	321	163
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)**

49. 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 March 2026, the Group had two large exposures compared to three large exposures at year-end 2025. The largest exposure before credit risk mitigation is the German sovereign. The total ratio of large exposures, net of credit risk mitigation, was 0.0% as at 31 March 2026.

As at 31 March 2026	**Gross**	**Ratio of Tier 1 capital (Gross)**	**Net**	**Ratio of Tier 1 capital (Net)**
Group 1	49,884	15.1%	-	0.0%
Group 2	35,672	10.8%	-	0.0%
Total	**85,556**	**26.0%**	**0**	**0.0%**

All amounts are in ISK million

49. Large exposures (continued)

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%**

Liquidity risk

50. Liquidity risk management

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 the Central Bank of Iceland (CBI) rules No. 1520/2022 which require the Group to maintain 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 March 2026	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**
Level 1 liquid assets	153,586	153,587	86,124	86,124	240,444	240,444
Level 2 liquid assets	11,996	8,397	216	183	12,212	8,580
Total liquid assets	**165,582**	**161,984**	**86,340**	**86,307**	**252,656**	**249,024**
Deposits	819,534	128,830	63,949	24,916	957,955	188,569
Borrowing	-	-	-	-	-	-
Other outflows	159,754	22,369	24,114	1,947	212,111	27,454
Total outflows (0-30 days)	**979,288**	**151,199**	**88,063**	**26,863**	**1,170,066**	**216,023**
Loans and advances to financial institutions	485	485	9,794	9,017	56,655	54,657
Other inflows	56,151	28,950	5,777	3,287	74,791	38,897
Limit on inflows	-	-	-	-	-	-
Total inflows (0-30 days)	**56,636**	**29,435**	**15,571**	**12,304**	**131,446**	**93,554**
Liquidity coverage ratio		**133%**		**593%**		**203%**

	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
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%**

All amounts are in ISK million

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50. Liquidity risk management (continued)

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 March 2026	ISK	Foreign currencies	Total
Cash and balances with the Central Bank	128,975	1,301	130,276
Domestic bonds and debt instruments eligible as collateral with the Central Bank	36,607	216	36,823
Foreign government bonds with 0% risk weight	-	85,556	85,556
High quality liquidity assets	**165,582**	**87,073**	**252,655**
Loans and advances to financial institutions	485	56,170	56,655
Total liquidity reserves	**166,067**	**143,243**	**309,310**

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 at 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**

Net stable funding ratio

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 as at 31 March 2026 and 31 December 2025.

	31.3.2026	31.12.2025
Net stable funding ratio FX	159%	163%
Net stable funding ratio total	126%	126%

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 March 2026	Run off rate	0-30 days	Over 30 days	Guaranteed	Unguaranteed	Total
Individuals	5% - 100%	553,682	193,690	515,081	232,291	747,372
Small and Medium Sized Corporates	5% - 100%	104,597	15,262	67,673	52,186	119,859
Operational deposits	5% - 25%	-	-	-	-	0
Large Corporates	20% - 40%	191,022	61,183	13,149	239,056	252,205
Public entities	20% - 40%	64,579	4,942	-	69,521	69,521
Financial customers	100%	40,762	45,991	-	86,753	86,753
Other*		12,667	1,399	2,500	11,566	14,066
Total deposits		**967,309**	**322,467**	**598,403**	**691,373**	**1,289,776**

All amounts are in ISK million

50. Liquidity risk management (continued)

Deposit categories (continued)

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**

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

51. 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 50.

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.

All amounts are in ISK million

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

The following table shows a maturity analysis of the Group's financial instruments as at 31 March 2026:

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	(7,291)	-	(41)	-	-	-	(7,332)	(7,192)
Deposits from customers	(958,128)	(272,015)	(38,771)	(10,861)	(14,801)	-	(1,294,576)	(1,282,584)
Short positions	(69)	(1)	(1,386)	(3,948)	(4,099)	-	(9,503)	(2,243)
Borrowings	-	(48,774)	(34,348)	(559,144)	(48,960)	-	(691,226)	(572,234)
Insurance contract liabilities	(1,900)	(2,893)	(10,469)	(12,273)	(660)	(949)	(29,144)	(26,912)
Other financial liabilities	(10,329)	-	-	-	-	-	(10,329)	(10,329)
Subordinated liabilities	-	(416)	(4,529)	(66,196)	(27,489)	-	(98,630)	(69,952)
Total	**(977,717)**	**(324,099)**	**(89,544)**	**(652,422)**	**(96,009)**	**(949)**	**(2,140,740)**	**(1,971,446)**
Derivative financial liabilities								
Trading								(285)
Inflow	9,580	1,339	3,513	-	-	-	14,432	
Outflow	(9,744)	(1,379)	(3,530)	-	-	-	(14,653)	
Risk management								(2,649)
Inflow	15,288	26,324	28,021	103,162	46,149	-	218,944	
Outflow	(15,946)	(26,222)	(29,463)	(104,092)	(46,257)	-	(221,980)	
Total	**(822)**	**62**	**(1,459)**	**(930)**	**(108)**	**0**	**(3,257)**	**(2,934)**
Non-derivative financial assets								
Cash and balances with Central Bank	134,238	-	-	-	-	-	134,238	134,238
Bonds and debt instruments	21,861	41,974	62,549	50,039	11,913	-	188,336	159,127
Equities and equity instruments	-	-	-	-	-	29,017	29,017	29,017
Loans and advances to financial institutions	56,753	-	-	-	-	-	56,753	56,753
Loans and advances to customers	94,657	125,901	357,051	808,278	2,284,095	-	3,669,982	1,910,089
Other financial assets	4,853	-	-	-	-	-	4,853	4,853
Total	**312,362**	**167,875**	**419,600**	**858,317**	**2,296,008**	**29,017**	**4,083,179**	**2,294,077**
Derivative financial assets								
Trading								666
Inflow	15,937	2,361	2,031	-	-	-	20,329	
Outflow	(15,522)	(2,313)	(1,984)	-	-	-	(19,819)	
Risk management								2,612
Inflow	10,505	15,379	5,751	92,660	4,919	-	129,214	
Outflow	(10,365)	(13,901)	(6,604)	(90,760)	(3,568)	-	(125,198)	
Total	**555**	**1,526**	**(806)**	**1,900**	**1,351**	**0**	**4,526**	**3,278**
Off-balance sheet items								
Financial guarantees and underwriting commitments	(694)	(1,610)	(6,234)	(18,431)	(7,139)	(1,722)	(35,830)	
Undrawn loan commitments	(150,425)	-	-	-	-	-	(150,425)	
Undrawn overdraft/credit card commitments	(92,719)	-	-	-	-	-	(92,719)	
Total	**(243,838)**	**(1,610)**	**(6,234)**	**(18,431)**	**(7,139)**	**(1,722)**	**(278,974)**	
Net liquidity position	**(909,460)**	**(156,246)**	**321,557**	**188,434**	**2,194,103**	**26,346**	**1,664,734**	**322,975**

All amounts are in ISK million

51. 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)	
Riks 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)	
Riks 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**

All amounts are in ISK million

52. 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 March 2026	**Covered bonds**	**Other**	**Un-encumbered**	**Total**
Cash and balances with Central Bank	11,609	3,962	118,667	134,238
Bonds and debt instruments	-	-	159,127	159,127
Equities and equity instruments	-	-	29,017	29,017
Derivative instruments	-	-	3,278	3,278
Loans and advances to financial institutions	-	1,615	55,138	56,753
Loans and advances to customers	459,719	-	1,450,370	1,910,089
Investments in equity-accounted associates	-	-	1,238	1,238
Property and equipment	-	4,024	10,554	14,578
Intangible assets	-	-	15,249	15,249
Other assets	-	-	10,168	10,168
Assets classified as held for sale	-	-	1,575	1,575
Total before deductions	**471,328**	**9,601**	**1,854,381**	**2,335,310**
Deductions for own shares	(103,482)			
Pledged assets against reverse agreements	18,309			
Pledged assets against liabilities on the balance sheet	**386,155**			

	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**			

All amounts are in ISK million

Market risk

53. Market risk management

The following table summarises the Group's exposure to market risk as a percentage of RWEA, excluding subsidiary engaged in insurance activities at 31 March 2026 and 31 December 2025. The Group uses the standardised approach to calculate risk-weighted exposure amounts of derivatives for credit valuation adjustment (CVA), according to capital requirement regulations.

	31.3.2026	31.12.2025
Market risk factor	**% of RWEA**	**% of RWEA**
Equity price risk	0.5%	0.4%
Interest rate risk	0.3%	0.1%
CVA of derivatives	0.1%	0.1%
Foreign exchange risk	0.3%	0.3%
Total	**1.1%**	**1.0%**

54. 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.

55. 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.

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

55. 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 March 2026	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Cash and balances with Central Bank	134,238	-	-	-	134,238
Bonds and debt instruments	62,716	52,791	32,467	11,153	159,127
Derivative instruments	894	101	2,127	156	3,278
Loans and advances to financial institutions	56,753	-	-	-	56,753
Loans and advances to customers	1,553,103	143,642	195,809	17,535	1,910,089
Other financial assets	4,853	-	-	-	4,853
Total	**1,812,557**	**196,534**	**230,403**	**28,844**	**2,268,338**
Financial liabilities					
Due to financial institutions and Central Bank	(7,192)	-	-	-	(7,192)
Deposits from customers	(1,270,217)	(10,549)	(1,818)	-	(1,282,584)
Derivative instruments and short positions	(1,033)	(533)	(1,695)	(1,916)	(5,177)
Borrowings	(107,186)	(15,188)	(407,504)	(42,356)	(572,234)
Insurance contract liabilities	(5,708)	(10,094)	(10,675)	(435)	(26,912)
Other financial liabilities	(10,329)	-	-	-	(10,329)
Subordinated liabilities	-	-	(45,354)	(24,598)	(69,952)
Total	**(1,401,665)**	**(36,364)**	**(467,046)**	**(69,305)**	**(1,974,380)**
Net on-balance sheet position	410,892	160,170	(236,643)	(40,461)	293,958
Derivatives held for hedging	(215,145)	-	172,116	43,029	
Net off-balance sheet position	(3,387)	-	-	3,387	
Total interest repricing gap	**192,360**	**160,170**	**(64,527)**	**5,955**	

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)**	

All amounts are in ISK million

56. 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 March 2026	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Bonds and debt instruments	868	821	16,723	3,129	21,541
Derivative instruments	19	-	-	-	19
Loans and advances to customers	356	6,432	57,702	595,916	660,406
Other assets	13	31	20	-	64
Total	**1,256**	**7,284**	**74,445**	**599,045**	**682,030**
Financial liabilities					
Deposits from customers	(127,640)	(55,050)	(7,285)	(7,083)	(197,058)
Derivative instruments and short positions	(11)	-	(1,180)	(1,020)	(2,211)
Borrowings	-	(15,188)	(152,876)	-	(168,064)
Insurance contract liabilities	(1,767)	(3,427)	(4,339)	(177)	(9,710)
Subordinated liabilities	-	-	(29,908)	(8,432)	(38,340)
Total	**(129,418)**	**(73,665)**	**(195,588)**	**(16,712)**	**(415,383)**
Total on-balance sheet position	**(128,162)**	**(66,381)**	**(121,143)**	**582,333**	**266,647**
Off-balance sheet position					
Cross-currency interest rate swaps	-	-	-	3,570	3,570
Total return swaps	(161)	-	1,450	507	1,796
Total off-balance sheet position	**(161)**	**0**	**1,450**	**4,077**	**5,366**
Total CPI indexation balance	**(128,323)**	**(66,381)**	**(119,693)**	**586,410**	**272,013**
Total CPI indexation balance, excluding insurance operations*	**(127,277)**	**(64,600)**	**(123,264)**	**585,000**	**269,859**

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

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 and short positions	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)
Insurance contract liabilities	(1,984)	(3,163)	(4,321)	(184)	(9,651)
Subordinated liabilities	-	-	(30,234)	(8,131)	(38,365)
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)

All amounts are in ISK million

Currency risk

57. Currency risk (all portfolios)

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 March 2026 was +1.25% of the Group's total capital base (31.12.2025: +1.25%).

58. 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 March 2026	EUR	GBP	USD	NOK	SEK	Other	Total
Assets							
Cash and balances with Central Bank	571	92	385	-	9	315	1,372
Bonds and debt instruments	85,780	-	334	-	-	-	86,114
Equities and equity instruments	61	574	1,668	-	600	-	2,903
Derivative instruments	2,483	19	162	9	-	118	2,791
Loans and advances to financial institutions	9,794	2,747	14,502	10,669	12,781	5,678	56,171
Loans and advances to customers	224,237	1,621	65,695	47	2,149	9,903	303,652
Other assets	1,448	3	154	39	12	356	2,012
Total	**324,374**	**5,056**	**82,900**	**10,764**	**15,551**	**16,370**	**455,015**
Liabilities							
Due to financial institutions and Central Bank	(843)	-	(2)	-	(1)	-	(846)
Deposits from customers	(64,364)	(4,870)	(62,850)	(3,798)	(1,045)	(6,332)	(143,259)
Derivative instruments and short positions	(2,693)	(10)	(106)	-	(25)	(13)	(2,847)
Borrowings	(259,928)	-	(12,648)	(14,691)	(36,556)	-	(323,823)
Insurance contract liabilities	(133)	(1)	(34)	(6)	(4)	(7)	(185)
Other liabilities	(3,163)	(165)	(1,820)	(153)	(112)	(673)	(6,086)
Subordinated liabilities	-	-	(12,429)	-	-	-	(12,429)
Total	**(331,124)**	**(5,046)**	**(89,889)**	**(18,648)**	**(37,743)**	**(7,025)**	**(489,475)**
Net on-balance sheet position	(6,750)	10	(6,989)	(7,884)	(22,192)	9,345	**(34,460)**
Net off-balance sheet position	8,240	85	9,063	8,509	22,441	(9,611)	**38,727**
Net currency position	**1,490**	**95**	**2,074**	**625**	**249**	**(266)**	**4,267**
Net currency position, excluding insurance operations	**979**	**72**	**600**	**592**	**253**	**(463)**	**2,032**

All amounts are in ISK million

58. Concentration of currency risk (continued)

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**

59. 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 March 2026	As at 31 December 2025	% change	Average for 1.1-31.3 2026	Average for 1.1-31.3 2025
EUR/ISK	143.43	147.04	(2.5%)	144.75	144.75
GBP/ISK	164.14	168.41	(2.5%)	165.81	174.06
USD/ISK	124.52	125.22	(0.6%)	123.30	138.08
JPY/ISK	0.7830	0.7989	(2.0%)	0.7877	0.9018
CHF/ISK	155.18	158.04	(1.8%)	157.39	153.37
CAD/ISK	89.25	91.37	(2.3%)	89.94	95.81
DKK/ISK	19.195	19.687	(2.5%)	19.377	19.404
NOK/ISK	12.770	12.416	2.9%	12.665	12.433
SEK/ISK	13.057	13.586	(3.9%)	13.468	12.884

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

Consolidated Key Figures

60. Operations by quarters

	2026	2025			
Operations	**Q1***	**Q4**	**Q3**	**Q2**	**Q1**
Interest income	51,949	36,887	41,942	45,381	41,948
Interest expense	(31,338)	(24,169)	(25,035)	(27,719)	(27,148)
Net interest income	**20,611**	**12,718**	**16,907**	**17,662**	**14,800**
Fee and commission income	5,024	5,272	4,800	4,969	4,518
Fee and commission expense	(1,777)	(1,895)	(1,821)	(1,768)	(1,514)
Net fee and commission income	**3,247**	**3,377**	**2,979**	**3,201**	**3,004**
Insurance revenue	5,240	5,110	5,619	5,424	1,779
Insurance service expenses	(4,700)	(5,109)	(4,911)	(4,655)	(1,509)
Insurance service result	**540**	**1**	**708**	**769**	**270**
Net gain on financial assets and liabilities at FVTPL	1,033	2,327	1,710	818	1,214
Net foreign exchange (loss) gain	195	103	100	(71)	(71)
Net impairment changes	(1,625)	1,789	(2,864)	256	(331)
Other income and (expenses)	54	76	2,446	39	274
Net other operating income (expenses)	**(343)**	**4,295**	**1,392**	**1,042**	**1,086**
Total operating income	**24,055**	**20,391**	**21,986**	**22,674**	**19,160**
Salaries and related expenses	(4,927)	(5,066)	(3,869)	(4,700)	(4,465)
Other operating expenses	(2,846)	(2,793)	(2,533)	(2,769)	(3,068)
Tax on liabilities of financial institutions	(697)	(711)	(658)	(699)	(671)
Total operating expenses	**(8,470)**	**(8,570)**	**(7,060)**	**(8,168)**	**(8,204)**
Profit before tax	**15,585**	**11,821**	**14,926**	**14,506**	**10,956**
Income tax	(4,408)	(3,261)	(3,793)	(4,124)	(3,016)
Profit for the period	**11,177**	**8,560**	**11,133**	**10,382**	**7,940**
Balance sheet	**31.3.2026**	**31.12.2025**	**30.9.2025**	**30.6.2025**	**31.3.2025**
Cash and cash balances with Central Bank	134,238	125,527	105,561	113,166	98,284
Bonds and debt instruments	159,127	193,260	185,018	205,592	178,732
Equities and equity instruments	29,017	30,554	31,649	33,699	37,964
Loans and advances to financial institutions	56,753	41,084	64,061	69,279	71,952
Loans and advances to customers	1,910,089	1,884,305	1,856,955	1,828,139	1,813,168
Other assets	44,511	48,684	52,920	53,335	54,968
Assets classified as held for sale	1,575	1,525	1,437	1,828	2,024
Total assets	**2,335,310**	**2,324,939**	**2,297,601**	**2,305,038**	**2,257,092**
Due to financial institutions and Central Bank	7,192	20,272	13,343	20,761	19,069
Deposits from customers	1,282,584	1,249,306	1,251,582	1,239,280	1,244,229
Borrowings	572,234	577,268	565,937	581,367	543,628
Insurance contract liabilities	26,912	26,099	26,097	26,101	26,365
Other liabilities	56,496	53,873	52,277	61,023	57,671
Subordinated liabilities	69,952	54,348	53,152	52,427	52,432
Equity	319,940	343,773	335,213	324,079	313,698
Total liabilities and equity	**2,335,310**	**2,324,939**	**2,297,601**	**2,305,038**	**2,257,092**

*The result for the first quarter of the year 2026 and for the first three quarters of the year 2025 were reviewed by the Group's independent auditors.

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

Consolidated Key Figures

61. Key figures and ratios

	2026	2025			
	Q1	Q4	Q3	Q2	Q1
Return on equity after taxes	13.5%	10.1%	13.5%	13.0%	10.0%
Cost-income ratio	30.3%	42.2%	28.5%	33.3%	38.7%
Combined ratio	93.7%	102.9%	90.6%	87.2%	84.8%
Operating expenses as a ratio of average total assets	1.3%	1.4%	1.1%	1.3%	1.4%
Return on assets	1.9%	1.5%	1.9%	1.8%	1.4%
Interest spread as ratio of average total assets	3.5%	2.2%	2.9%	3.1%	2.7%
Earnings per share	0.47	0.36	0.47	0.44	0.34
	31.3.2026	31.12.2025	30.9.2025	30.6.2025	31.3.2025
Total capital ratio	24.8%	24.8%	24.0%	24.0%	23.6%
CET1 ratio	20.1%	21.2%	20.5%	20.4%	20.1%
Solvency ratio	1.48	1.39	1.50	1.46	1.38
Leverage ratio	13.7%	13.6%	13.4%	13.2%	13.3%
Sum of MREL funds	39.8%	40.5%	39.2%	38.3%	38.1%
Sum of Subordinated MREL funds	27.4%	27.6%	26.7%	26.5%	26.3%
Loans / deposits	148.9%	150.8%	148.4%	147.5%	145.7%
Deposits / total assets	54.9%	53.7%	54.5%	53.8%	55.1%
Liquidity coverage ratio total (LCR)	203%	180%	229%	234%	221%
Net stable funding ratio FX (NSFR)	159%	163%	173%	168%	161%
Average number of full-time equivalent positions during the period	942	917	911	925	861
Number of full-time positions at end of the period	943	930	948	927	926

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 period / 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 period 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 (CET1) capital / risk exposure amount
Common equity Tier 1 (CET1) capital	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 amount
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 period
Number of full-time positions at the year-end	Number of full-time equivalent positions at end of the period

All amounts are in ISK million

Undirritunarsíða

Undirritað af
Eva Halldórsdóttir

Undirritað af:
Eva Halldórsdóttir
1604794509
Dags: 30.04.2026
Tími: 15:49:38
Ástæða:
Árshlutareikningur
samstæðu enska
31.3.2026
Signet ID: 96b59642-
0b72-46f6-b741-

Undirritað af
Jón Þorvarður Sigurgeirsson

Undirritað af:
Jón Þorvarður
Sigurgeirsson
1606622209
Dags: 30.04.2026
Tími: 15:52:50
Ástæða:
Árshlutareikningur
samstæðu enska
31.3.2026
Signet ID: 96b59642-

Undirritað af
Lilja Björk Einarsdóttir

Undirritað af:
Lilja Björk Einarsdóttir
0408733339
Dags: 30.04.2026
Tími: 15:53:48
Ástæða:
Árshlutareikningur
samstæðu enska
31.3.2026
Signet ID: 96b59642-
0b72-46f6-b741-

Undirritað af
Örn Guðmundsson

Undirritað af:
Örn Guðmundsson
0112723049
Dags: 30.04.2026
Tími: 15:48:48
Ástæða:
Árshlutareikningur
samstæðu enska
31.3.2026
Signet ID: 96b59642-
0b72-46f6-b741-

Undirritað af
Rebekka Jóelsdóttir

Undirritað af:
Rebekka Jóelsdóttir
2310814889
Dags: 30.04.2026
Tími: 15:51:10
Ástæða:
Árshlutareikningur
samstæðu enska
31.3.2026
Signet ID: 96b59642-
0b72-46f6-b741-

Undirritað af
Þór Hauksson

Undirritað af:
Þór Hauksson
1903725299
Dags: 30.04.2026
Tími: 15:52:10
Ástæða:
Árshlutareikningur
samstæðu enska
31.3.2026
Signet ID: 96b59642-
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Undirritað af:
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0802783499
Dags: 30.04.2026
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