



Condensed Consolidated Interim Financial Statements

For the nine months ended 30 September 2025



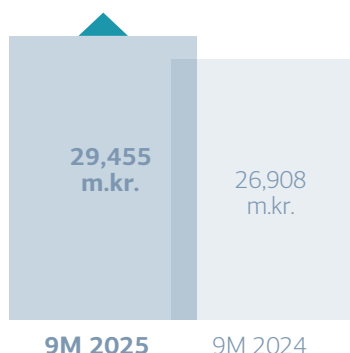
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Highlights

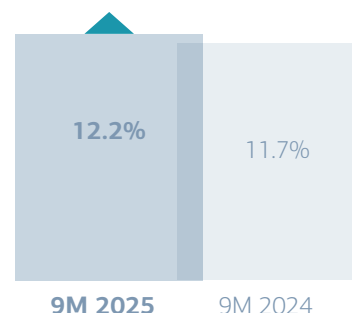
Credit rating

A-
with stable outlook
S&P Global
Ratings

Profit



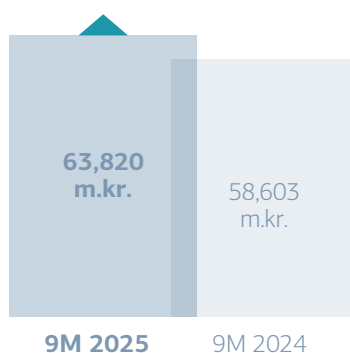
Return on equity



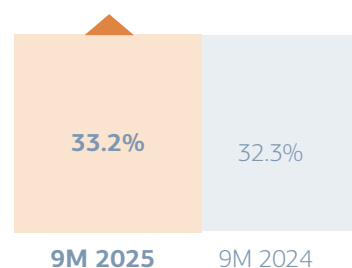
Sustainable Development Goals



Total operating income



Cost-income ratio

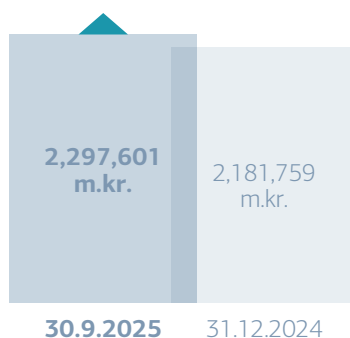


ESG risk rating

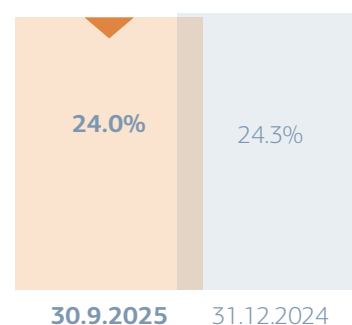


Sustainalytics considers Landsbankinn at low risk of experiencing material financial impacts from ESG factors.

Total assets



Total capital ratio

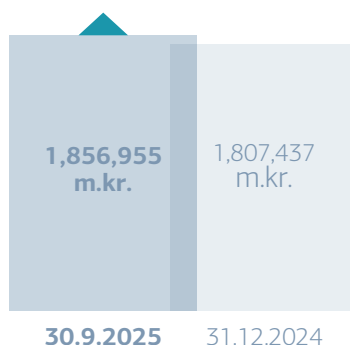


Universal financial services

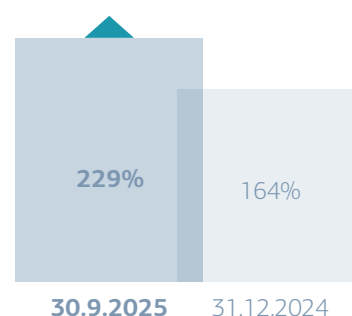


In addition to universal banking services, the Group provides asset and fund management services and P&C and life insurance through subsidiaries.

Loans and advances to customers



Total liquidity coverage ratio (LCR)



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 nine months of 2025, which include the accounts of the Bank and its subsidiaries (the "Group").

Financial performance

Consolidated profit amounted to ISK 29,455 million in the first nine months of 2025 (9M 2024: ISK 26,908 million). Return on equity (ROE) was 12.2% (9M 2024: 11.7%) and the Bank expects an annualised ROE of 11-12%. The Group's cost-income ratio was 33.2% (9M 2024: 32.3%). Net interest income for the period was ISK 49,369 million and continues to grow based on good returns from liquid assets in a high interest-rate environment and in line with an expanding balance sheet, with the year-over-year increase amounting to 5%. Net fee and commission income was ISK 9,184 million, increasing by 14% between years. Net profit on financial assets and liabilities at fair value was ISK 3,742 million (9M 2024: ISK 7,502 million net profit) due to an increase in the fair value of bonds. Net impairment charges on financial assets amounted to ISK 2,939 million during the period (9M 2024: ISK 2,018 million), thereof an ISK 2,378 million allowance for the potential impact of litigation. Salaries and related expenses were ISK 13,034 million, up by 9% between years, mainly as a result of the Group's growth and contractual wage increases. The average number of full-time equivalent positions during the period was 911 (9M 2024: 807) with the Bank's purchase of TM tryggingar hf. (TM) accounting for the increase from the previous period.

Consolidated total equity amounted to ISK 335 billion at the end of the first nine months of 2025. The Group's total capital ratio, calculated according to the Act on Financial Undertakings, was 24.0% at the end of the period (year-end 2024: 24.3%), well above the current 20.4% capital requirement set by the Financial Supervisory Authority of the Central Bank of Iceland and confirmed on 11 July 2025. Total assets were ISK 2,298 billion, increasing by 5% from the beginning of the year. Loans and receivables to customers increased by 3% in the first nine months of the year, with corporate loans increasing by ISK 49.9 billion and loans to retail customers contracting by ISK 340 million. Total deposits amounted to ISK 1,252 billion at the end of the first nine months of 2025, increasing by just over ISK 23 billion from the beginning of the year, or around 2%. The Bank's market funding increased by just under ISK 37 billion during the same period.

Credit rating

On 29 April 2025, S&P Global Ratings announced an upgrade of Landsbankinn's long-term credit rating from BBB+ to A-. This is the highest the Bank's credit rating has been since 2014, when S&P started issuing ratings for the Bank. In the rationale for its decision, S&P refers to Landsbankinn's ALAC buffer following the successful build-up of senior non-preferred debt where the Bank demonstrated sound market access.

Equity and dividends

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

Risk factors

The overall quality of the Bank's credit portfolio remains high, its liquidity position strong and market risk well within risk appetite. Lending growth has been moderate in the first nine months of 2025 and, despite receding inflation and lower policy rates, uncertainty on global markets continues to put a damper on economic activity. Domestically, seismic and volcanic activity on the Reykjanes peninsula is an ongoing challenge, as is increased risk from cybercrime and fraud. Despite all this, the Bank's risk measurements and assessment of key risk factors is generally stable. Loans past due in the Bank's portfolio remain low and its capital ratio strong.

The Bank is currently preparing to implement Regulation (EU) No. 2024/1623 (CRR III), which introduces changes to the calculation of risk-weighted exposure amounts (RWEA), particularly in relation to credit risk. The regulation is expected to be transposed into national law by the end of 2025. Codification of the regulation is expected to lower the Bank's RWEA by around ISK 60 billion. This would have the impact of raising the capital ratio, all other things remaining equal, to 25.0%.

Further information on the Group's risk and capital management is included in the notes to the Consolidated Financial Statements and the Pillar III report for the year 2024, supplemented with Pillar III additional disclosures for the first nine months of 2025, accessible on the Bank's website, www.landsbankinn.is.

Economic outlook

GDP growth was 0.3% in the first half of 2025 and contracted by 1.9% in Q2, according to preliminary figures from Statistics Iceland. The main driver of the contraction was foreign trade, both increased imports (which contributes negatively to GDP) and a decline in goods export. Private consumption increased in line with expectations. Capital formation linked to the development of data centres and land-based fish farming continued on a trajectory of growth. Slight GDP growth is likely in the latter half of the year and moderate growth for the entire year.

Economic outlook (continued)

Inflation has ranged between 3.8% and 4.2% in the past eight months, averaging 4.1% in the first half of the year. Despite persistent high interest rates, there are still clear signs of expansion in the domestic economy. Increased purchasing power has supported robust private consumption: Icelanders are spending more in real terms than in 2024, overseas trips have increased by 20% between years and car sales have increased. On the other hand, a strong ISK has restrained price levels of imported goods and housing price growth continues to slow down.

The Monetary Policy Committee of the Central Bank of Iceland kept the policy rate unchanged at 7.50% in August and October, following five consecutive rate cuts. The MPC was expected to pause the rate-cutting process, as inflation had receded but little since the MPC's May decision and the outlook was for increased inflation in the coming months. Landsbankinn Economic Research forecasts stable inflation levels throughout the year and for the policy rate to remain unchanged.

The ISK exchange rate has remained strong and stable in the past 1-2 years. There are no obvious signs to indicate sudden depreciation, the pension funds remain dormant on the FX market, a significant year-over-year decrease in forward outright and expected net inflow of capital, including from investment projects. Economic Research expects the ISK to remain fairly stable in the next few months.

Governance

In June, the head office of TM moved to Reykjavík city centre, to Kalkofnsvegur 2. On 19 June, TM's city branch merged into Landsbankinn's Reykjastræti branch. Alongside these moves, an organisational change was implemented, whereby 24 full-time equivalent positions were transferred from TM to Landsbankinn. Changes were also made to the organisational chart of TM.

Other matters

In December 2021, litigation was commenced against the Bank claiming that provisions on variable interest rates in a non-indexed mortgage credit agreement should be deemed illegal. The Reykjavík District Court acquitted the Bank. The Supreme Court of Iceland has approved the plaintiff's request to appeal the case. On 14 October 2025, the Supreme Court ruled in case no. 55/2024, brought against Íslandsbanki, to void in part provisions on variable interest rates in a non-indexed mortgage credit agreement. Landsbankinn deems it probable that the ruling in this case may affect the Supreme Court's decision in the appeals case against Landsbankinn. In light of uncertainty about the final outcome, the Bank has made a precautionary entry in the amount of ISK 2.4 billion against the part of its credit portfolio that contains mortgage credit agreements with consumers. Further details are provided in Note 33 to the interim financial statement.

The offer of Landsbyggð ehf. for the Bank's buildings at Austurstræti 11 and Hafnarstræti 10, 12 and 14 was accepted end-July. The buildings were advertised for sale 15 May of this year. Two offers were received and Landsbyggð's offer accepted as the more favourable, having regard for offer conditions and present value of payments. The sale price of the buildings is ISK 2.85 billion.

Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements of Landsbankinn hf. for the first nine months of 2025 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 on 30 September 2025, its consolidated financial performance and consolidated cash flows for the first nine months of 2025. 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 nine months of 2025 with their electronic signatures.

Reykjavík, 23 October 2025

Board of Directors

Jón Thorvarður Sigurgeirsson, Chairman

Eva Halldórsdóttir, Vice chairman

Kristján Thorarinn Davíðsson

Rebekka Jóelsdóttir

Steinunn Thorsteinsdóttir

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 30 September 2025 which comprise of Report of the Board of Directors and the CEO, Condensed Consolidated Statement of Financial Position as of 30 September 2025 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 nine-months period then ended 30 September 2025 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, 23 October 2025

PricewaterhouseCoopers ehf

Arna G. Tryggvadóttir
State Authorized Public Accountant

Condensed Consolidated Income Statement for the nine months ended 30 September 2025

		2025	2024	2025	2024
		1.7-30.9	1.7-30.9	1.1-30.9	1.1-30.9
Notes					
	Interest income	41,942	42,669	129,271	128,751
	Interest expense	(25,035)	(27,714)	(79,902)	(84,661)
6	Net interest income	16,907	14,955	49,369	44,090
	Fee and commission income	4,800	4,292	14,287	12,327
	Fee and commission expense	(1,821)	(1,602)	(5,103)	(4,259)
7	Net fee and commission income	2,979	2,690	9,184	8,068
	Insurance revenue	5,619	0	12,822	0
	Insurance service expenses	(4,911)	0	(11,075)	0
8	Insurance service result	708	0	1,747	0
9	Net gain on financial assets and liabilities at FVTPL	1,710	1,767	3,742	7,502
	Net foreign exchange gain	100	190	(42)	643
10	Net impairment changes	(2,864)	1,442	(2,939)	(2,018)
11	Other income and (expenses)	2,446	172	2,759	318
	Net other operating income	1,392	3,571	3,520	6,445
	Total operating income	21,986	21,216	63,820	58,603
12	Salaries and related expenses	(3,869)	(3,582)	(13,034)	(12,005)
13	Other operating expenses	(2,533)	(2,492)	(8,370)	(7,569)
	Tax on liabilities of financial institutions	(658)	(719)	(2,028)	(1,955)
	Total operating expenses	(7,060)	(6,793)	(23,432)	(21,529)
	Profit before tax	14,926	14,423	40,388	37,074
14	Income tax	(3,793)	(3,636)	(10,933)	(10,166)
	Profit for the period	11,133	10,787	29,455	26,908
	Profit for the period attributable to:				
	Owners of the Bank	11,133	10,787	29,455	26,908
	Non-controlling interests	0	0	0	0
	Profit for the period	11,133	10,787	29,455	26,908
	Earnings per share:				
32	Basic and diluted earnings per share from operations (ISK)	0.47	0.46	1.25	1.14

Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2025

		2025	2024	2025	2024
		1.7-30.9	1.7-30.9	1.1-30.9	1.1-30.9
Notes					
	Profit for the period	11,133	10,787	29,455	26,908
	Other comprehensive income for the period, after tax	0	0	0	0
	Total comprehensive income for the period	11,133	10,787	29,455	26,908

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

Condensed Consolidated Statement of Financial Position as at 30 September 2025

Notes		30.9.2025	31.12.2024
	Assets		
19, 52	Cash and balances with Central Bank	105,561	129,981
20	Bonds and debt instruments	185,018	139,104
21	Equities and equity instruments	31,649	32,644
22	Derivative instruments	7,076	8,260
23, 52	Loans and advances to financial institutions	64,061	39,346
24, 52	Loans and advances to customers	1,856,955	1,807,437
	Investments in equity-accounted associates	1,235	1,143
	Property and equipment	14,703	14,611
25	Intangible assets	15,368	1,336
26	Other assets	14,538	5,725
	Assets classified as held for sale	1,437	2,172
	Total assets	2,297,601	2,181,759
	Liabilities		
	Due to financial institutions and Central Bank	13,343	11,989
	Deposits from customers	1,251,582	1,228,444
22	Derivative instruments and short positions	5,305	6,835
27, 52	Borrowings	565,937	529,150
28	Tax liabilities	18,969	15,597
29	Other liabilities	54,100	25,106
30	Subordinated liabilities	53,152	39,989
	Total liabilities	1,962,388	1,857,110
31	Equity		
	Share capital	23,615	23,615
	Share premium	120,516	120,516
	Reserves	11,848	13,213
	Retained earnings	179,234	167,305
	Total equity attributable to owners of the Bank	335,213	324,649
	Non-controlling interests	0	0
	Total equity	335,213	324,649
	Total liabilities and equity	2,297,601	2,181,759

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

Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2025

Notes

Attributable to owners of the Bank										
Change in equity for the nine months ended 30 September 2025	Share capital	Share premium	Statutory reserve	Reserves*		Fair value changes of financial assets designated at FVTPL	Retained earnings	Total	Non- controlling interests	Total
				equity-accounted associates reserve	Unrealised gains in subsidiaries and					
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						29,455	29,455			29,455
Transferred from restricted reserves				547	(1,912)	1,365	0			0
Dividends allocated						(18,891)	(18,891)			(18,891)
31 Balance as at 30 September 2025	23,615	120,516	6,000	4,634	1,214	179,234	335,213	0		335,213
Change in equity for the nine months ended 30 September 2024										
Balance as at 1 January 2024	23,621	120,593	6,000	3,577	1,855	148,108	303,754			303,754
Profit for the period						26,908	26,908			26,908
Transferred from restricted reserves				(131)	(355)	486	0			0
Purchase of own shares	(6)	(77)					(83)			(83)
Dividends allocated						(16,530)	(16,530)			(16,530)
31 Balance as at 30 September 2024	23,615	120,516	6,000	3,446	1,500	158,972	314,049	0		314,049

*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.

Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2025

Notes		2025 1.1-30.9	2024 1.1-30.9
Operating activities			
	Profit for the period	29,455	26,908
	Adjustments for non-cash items included in profit for the period	(38,537)	(37,422)
	Changes in operating assets and liabilities	(83,996)	(71,560)
	Interest received	113,105	112,698
	Interest paid	(37,001)	(30,765)
	Dividends received	881	343
	Income tax and special income tax on financial institutions paid	(10,093)	(8,538)
	Net cash used in operating activities	(26,186)	(8,336)
Investing activities			
	Acquisition of additional shares in subsidiaries	(32,217)	-
	Purchase of property and equipment	(607)	(734)
	Proceeds from sale of property and equipment	11	-
	Purchase of intangible assets	(142)	(94)
	Change in assets and liabilities of asset held for sale	2,850	-
	Investing activities	(30,105)	(828)
Financing activities			
	Proceeds from borrowings	162,325	92,725
	Repayment of borrowings	(125,051)	(67,110)
	Rent paid	(396)	(338)
	Proceeds from subordinated liabilities	13,862	15,000
31	Purchase of own shares	-	(83)
31	Dividends paid	(18,891)	(8,265)
	Financing activities	31,849	31,929
	Cash and cash equivalents as at the beginning of the year	93,974	67,475
	Additions related to TM	391	-
	Net change in cash and cash equivalents	(24,833)	22,765
	Effect of exchange rate changes on cash and cash equivalents held	180	72
	Cash and cash equivalents as at the end of the period	69,712	90,312
Investing and financing activities not affecting cash flows			
	Approved dividend to shareholders	-	(8,265)
	Unpaid dividend to shareholders	-	8,265
	Reclassification of Property and equipment	-	(436)
	Assets classified as held for sale	-	436
Cash and cash equivalents is specified as follows:			
19	Cash and balances with Central Bank	105,561	124,093
23	Bank accounts with financial institutions	9,104	12,078
19	Mandatory and special restricted balances with Central Bank	(44,953)	(45,859)
	Cash and cash equivalents as at the end of the period	69,712	90,312

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

Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2025

Notes	2025 1.1-30.9	2024 1.1-30.9	
Adjustments for non-cash items included in profit for the year			
6	Net interest income	(49,369)	(44,090)
9	Net gain on financial assets and liabilities at FVTPL	(3,742)	(7,502)
	Net foreign exchange gain	(139)	(714)
	Net impairment changes	2,939	2,018
11	Gain on sale of property and equipment	(244)	(52)
11	Net income of asset held for sale	(2,218)	(124)
	Depreciation and amortisation	1,366	1,025
11	Share of gain of equity-accounted associates	(91)	(104)
	Tax on liabilities of financial institutions	2,028	1,955
14	Income tax	10,933	10,166
		(38,537)	(37,422)
Changes in operating assets and liabilities			
	Change in reserve requirement with Central Bank	(865)	(20,163)
	Change in bonds and equities	(20,663)	12,510
	Change in loans and advances to financial institutions	(24,469)	(27,887)
	Change in loans and advances to customers	(46,412)	(140,907)
	Change in other assets	(14,208)	(4,587)
	Change in assets classified as held for sale	152	(43)
	Change in due to financial institutions and Central Bank	1,298	(17,842)
	Change in deposits from customers	(3,829)	129,038
	Change in deferred tax liability	1,064	47
	Change in other liabilities	23,936	(1,726)
		(83,996)	(71,560)

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

Notes to the Condensed Consolidated Interim Financial Statements

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

2. Basis of preparation

These Condensed Consolidated Interim Financial Statements for the nine months ended 30 September 2025 have been prepared in accordance with International Accounting Standard (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 23 October 2025.

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 Condensed Consolidated Interim Financial Statements of the Group as at and for the year ended 31 December 2024, which are available on the Bank's website, www.landsbankinn.is.

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

Operating items of the Group in these consolidated interim financial statements that relate to the operation of TM reflect the company's operation as of the acquisition date to the end of the period, 28 February to 30 September 2025. This also applies to the operating items pertaining to the operation of TM included in the Group's notes for the period 1 January to 30 September 2025, i.e. that the period 28 February to 30 September 2025 applies to those operating items.

New significant accounting policies that result from the Group's implementation of IFRS 17 are described in Note 60.

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 estimates 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 2024, except for additions due to the implementation of IFRS 17 Insurance Contracts. Further information on changes in accounting policies can be found in Note 60.

An agreement providing for the purchase by Landsbankinn of TM tryggingar hf. (TM) from Kvika Bank was signed 30 May 2024. The purchase price was ISK 28.6 billion, with the final consideration subject to a closing adjustment based on the tangible equity capital of TM as of 1 January 2024 to the delivery date. Settlement and delivery took place 28 February 2025 and the final purchase price is ISK 32.2 billion. The Group recognised costs related to the acquisition of TM in the amount of ISK 364 million (2024: ISK 157 million), mainly advisory, legal and due diligence fees, under other operating expenses in the income statement for the period 1 January to 30 September 2025. TM is classified as a subsidiary of Landsbankinn as of the delivery date. The operating profit of TM for the period from 28 February to 30 September 2025, amounting to ISK 796 million, is included in the consolidated financial statements.

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

Identifiable purchased assets and liabilities	Fair value
Assets	
Bond and debt instruments	28,063
Equities and equity instruments	16,055
Derivative instruments	3
Loans and advances to financial institutions	391
Loans and advances to customers	66
Intangible assets	5,220
Other assets	1,728
Total assets	51,526
Liabilities	
Tax liabilities	561
Other liabilities	27,844
Total liabilities	28,405
Identifiable purchased net assets	23,120
Goodwill	9,096
Purchase price	32,217

Since the acquisition date, TM has contributed ISK 12,822 million in insurance revenue and ISK 796 million in profit to the consolidated results. Had the acquisition taken place on 1 January 2025, it is estimated that insurance revenue and profit would have amounted to ISK 16,230 million and ISK 684 million, respectively. The Annual General Meeting of TM, held on 29 April 2025, approved a motion from the Board of Directors to pay a dividend to shareholders for the operating year 2024 in the amount of ISK 2,500 million.

The allocation of purchase price has not been finalised at the end of the period but the Bank will complete it within the permitted 12-months timeframe from the acquisition date.

Notes to the Condensed Consolidated Interim Financial Statements

4. Economic forecasts

Landsbankinn Economic Research Department provides scenarios with forecasts 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 2,0% GDP growth in 2025. The forecasts for the upside, baseline and downside scenarios show averages for the 12-month outlook and to the medium-term forecast horizon. The upside scenario is given 15% weight (31 December 2024: 15%), the baseline 70% weight (31 December 2024: 70%) and the downside scenario 15% weight (31 December 2024: 15%). The scenarios were approved by the Bank's Valuation Team on 24 September 2025.

	Upside scenario		Base case senario		Downside scenario	
	Remainder of the		Remainder of the		Remainder of the	
	Next 12 Months	Forecast Period	Next 12 Months	Forecast Period	Next 12 Months	Forecast Period
As at 30 September 2025						
GDP growth	6.9%	9.5%	2.2%	2.3%	(1.2%)	(4.9%)
Unemployment rate	2.1%	1.1%	3.7%	3.5%	5.3%	6.7%
Base rate	5.2%	1.5%	6.9%	5.7%	8.7%	9.9%
Inflation	1.1%	(1.0%)	3.6%	3.2%	6.1%	7.4%
EUR/ISK exchange rate, average	127.9	106.6	143.0	144.6	158.1	182.6
Housing Price index, y/y change	10.4%	19.3%	3.2%	6.6%	(4.0%)	(6.0%)
Household indebtedness	42.4%	28.3%	51.4%	49.1%	60.3%	69.9%
	Upside scenario		Base case senario		Downside scenario	
	Remainder of the		Remainder of the		Remainder of the	
	Next 12 Months	Forecast Period	Next 12 Months	Forecast Period	Next 12 Months	Forecast Period
As at 31 December 2024						
GDP growth	7.2%	9.4%	2.3%	2.2%	(2.6%)	(5.0%)
Unemployment rate	1.8%	1.0%	3.5%	3.3%	5.1%	6.6%
Base rate	5.6%	1.3%	7.3%	5.5%	9.1%	9.7%
Inflation	1.4%	(0.7%)	3.9%	3.4%	6.4%	7.6%
EUR/ISK exchange rate, average	128.7	103.7	144.1	141.2	159.5	178.7
Housing Price index, y/y change	14.2%	20.1%	6.9%	7.3%	(0.4%)	(5.5%)
Household indebtedness	37.2%	24.7%	46.2%	45.6%	55.2%	66.6%
	As at 30 September 2025			As at 31 December 2024		
	Upside scenario	Base senario	Downside senario	Upside scenario	Base senario	Downside senario
Allowance for impairment (Stage 1 and Stage 2)	2,654	4,353	7,168	2,242	3,742	6,408
Proportion of assets in Stage 2	3.2%	3.6%	4.6%	3.9%	4.3%	5.0%
	Reported under IFRS 9					
	As at 30 September 2025			As at 31 December 2024		
Allowance for impairment (stage 1 and stage 2)	5,726			4,649		

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 under 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** 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 30 September 2025 and the corresponding period in 2024.

Notes to the Condensed Consolidated Interim Financial Statements

5. Operating segments (continued)

	Personal	Corporate	Asset Management & Capital & Capital Market	Treasury and Market Making	TM tryggingar	Other divisions	Recon- ciliation	Total
1 January - 30 September 2025	Banking	Banking	Market	Market	tryggingar	divisions	ciliation	Total
Net interest income	15,713	22,698	289	9,722	217	424	306	49,369
Net fee and commission income	2,905	2,446	4,461	(484)	-	(8)	(136)	9,184
Insurance service result	-	-	-	-	1,453	-	294	1,747
Net impairment changes	(2,629)	(285)	(2)	-	(23)	-	-	(2,939)
Other net operating income (expenses)	90	(829)	(212)	4,776	(71)	2,846	(141)	6,459
Total operating income (expenses)	16,079	24,030	4,536	14,014	1,576	3,262	323	63,820
Operating expenses	(5,669)	(2,831)	(1,895)	(671)	(421)	(9,759)	(158)	(21,404)
Tax on liabilities of financial institutions	(858)	(416)	(9)	(740)	-	(5)	-	(2,028)
Profit (loss) before cost allocation and tax	9,552	20,783	2,632	12,603	1,155	(6,502)	165	40,388
Allocated expenses	(3,639)	(2,604)	(1,139)	(1,094)	-	8,476	-	0
Profit (loss) before tax	5,913	18,179	1,493	11,509	1,155	1,974	165	40,388
Income tax	(1,710)	(4,749)	(527)	(3,108)	(358)	(481)	-	(10,933)
Profit (loss) for the period	4,203	13,430	966	8,401	797	1,493	165	29,455
Net revenue (expenses) from external customers	26,958	45,644	5,390	(18,844)	1,576	2,773		63,497
Net revenue (expenses) from other segments	(10,879)	(21,614)	(854)	32,858	-	489		0
Total operating income (expenses)	16,079	24,030	4,536	14,014	1,576	3,262		63,497

As at 30 September 2025

Total assets	936,677	906,070	14,536	821,037	59,200	17,295	(457,214)	2,297,601
Total liabilities	869,296	765,597	9,539	737,383	26,231	11,556	(457,214)	1,962,388
Allocated capital	67,381	140,473	4,997	83,654	32,969	5,739		335,213

	Personal	Corporate	Asset Management & Capital & Capital Market	Treasury and Market Making	Other divisions	Recon- ciliation	Total
1 January - 30 September 2024	Banking	Banking	Market	Market	divisions	ciliation	Total
Net interest income	16,173	21,413	371	5,802	408	(77)	44,090
Net fee and commission income	2,590	1,970	3,809	(284)	107	(124)	8,068
Net impairment changes	(1,980)	(37)	1	(1)	(1)	-	(2,018)
Other net operating income (expenses)	119	(904)	285	8,707	259	(3)	8,463
Total operating income (expenses)	16,902	22,442	4,466	14,224	773	(204)	58,603
Operating expenses	(5,544)	(2,564)	(1,809)	(688)	(9,093)	124	(19,574)
Tax on liabilities of financial institutions	(803)	(426)	(11)	(711)	(4)	-	(1,955)
Profit (loss) before cost allocation and tax	10,555	19,452	2,646	12,825	(8,324)	(80)	37,074
Allocated expenses	(3,610)	(2,439)	(964)	(884)	7,897	-	0
Profit (loss) before tax	6,945	17,013	1,682	11,941	(427)	(80)	37,074
Income tax	(2,081)	(4,669)	(627)	(2,857)	68	-	(10,166)
Profit (loss) for the period	4,864	12,344	1,055	9,084	(359)	(80)	26,908
Net revenue (expenses) from external customers	23,862	43,804	5,218	(14,387)	310		58,807
Net revenue (expenses) from other segments	(6,960)	(21,362)	(752)	28,611	463		0
Total operating income (expenses)	16,902	22,442	4,466	14,224	773		58,807

As at 30 September 2024

Total assets	919,224	854,469	16,841	768,517	21,426	(394,681)	2,185,796
Total liabilities	852,440	705,317	12,719	679,167	16,785	(394,681)	1,871,747
Allocated capital	66,784	149,152	4,122	89,350	4,641		314,049

Notes to the Condensed Consolidated Interim Financial Statements

Notes to the Consolidated Income Statement

6. Net interest income

	1.7-30.9.2025			1.7-30.9.2024		
	Amortised cost	Designated at FVTPL	Total	Amortised cost	Designated at FVTPL	Total
Interest income						
Cash and balances with Central Bank	1,306	-	1,306	1,740	-	1,740
Loans and advances to financial institutions	522	-	522	595	-	595
Loans and advances to customers	38,938	1,056	39,994	39,327	1,007	40,334
Other interest income	95	25	120	-	-	0
Total	40,861	1,081	41,942	41,662	1,007	42,669
Interest expense						
Due to financial institutions and Central Bank	(134)	-	(134)	(43)	-	(43)
Deposits from customers	(16,274)	-	(16,274)	(19,234)	-	(19,234)
Borrowings	(5,066)	(2,142)	(7,208)	(5,211)	(2,047)	(7,258)
Other interest expense	(33)	(217)	(250)	(80)	(276)	(356)
Subordinated liabilities	(1,169)	-	(1,169)	(823)	-	(823)
Total	(22,676)	(2,359)	(25,035)	(25,391)	(2,323)	(27,714)
Net interest income	18,185	(1,278)	16,907	16,271	(1,316)	14,955
	1.1.-30.9.2025			1.1.-30.9.2024		
	Amortised cost	Designated at FVTPL	Total	Amortised cost	Designated at FVTPL	Total
Interest income						
Cash and balances with Central Bank	3,990	-	3,990	5,086	-	5,086
Loans and advances to financial institutions	1,606	-	1,606	1,853	-	1,853
Loans and advances to customers	120,288	3,090	123,378	119,639	2,006	121,645
Other interest income	214	83	297	69	98	167
Total	126,098	3,173	129,271	126,647	2,104	128,751
Interest expense						
Due to financial institutions and Central Bank	(461)	-	(461)	(340)	-	(340)
Deposits from customers	(53,542)	-	(53,542)	(57,721)	-	(57,721)
Borrowings	(15,758)	(6,067)	(21,825)	(16,955)	(5,675)	(22,630)
Other interest expense	(76)	(427)	(503)	(149)	(1,155)	(1,304)
Subordinated liabilities	(3,571)	-	(3,571)	(2,666)	-	(2,666)
Total	(73,408)	(6,494)	(79,902)	(77,831)	(6,830)	(84,661)
Net interest income	52,690	(3,321)	49,369	48,816	(4,726)	44,090

Net interest income, calculated based on the effective interest rate method, amounted to ISK 49,369 million in the first nine months of 2025 as compared with ISK 44,090 million for the same period in 2024.

7. Net fee and commission income

	1.7-30.9.2025			1.7-30.9.2024		
	Fee and commission income	Fee and commission expense	Net fee and commission income	Fee and commission income	Fee and commission expense	Net fee and commission income
Capital Markets	1,348	(199)	1,149	1,306	(183)	1,123
Loans and guarantees	523	-	523	501	-	501
Payment cards	1,786	(841)	945	1,637	(925)	712
Collection and payment services	259	(59)	200	254	(54)	200
Other	884	(722)	162	594	(440)	154
Total	4,800	(1,821)	2,979	4,292	(1,602)	2,690

Notes to the Condensed Consolidated Interim Financial Statements

7. Net fee and commission income (continued)

	1.1.-30.9.2025			1.1.-30.9.2024		
	Fee and commission income	Fee and commission expense	Net fee and commission income	Fee and commission income	Fee and commission expense	Net fee and commission income
Capital Markets	4,754	(543)	4,211	4,303	(545)	3,758
Loans and guarantees	1,492	-	1,492	1,300	-	1,300
Payment cards	4,997	(2,509)	2,488	4,668	(2,519)	2,149
Collection and payment services	765	(178)	587	755	(167)	588
Other	2,279	(1,873)	406	1,301	(1,028)	273
Total	14,287	(5,103)	9,184	12,327	(4,259)	8,068

8. Insurance service result

	2025 1.7-30.9	2025 28.2-30.9
Insurance revenue	5,619	12,822
Incurred claims	(3,988)	(8,406)
Insurance service expenses	(829)	(2,224)
Performance from reinsurance recoverables	(94)	(445)
Insurance service results	708	1,747

The following table shows the operating performance of TM tryggingar hf for the period 28 February to 30 September 2025 in accordance with the company's accounting standards.

	2025 1.7-30.9	2025 28.2-30.9
Insurance service results according to the Financial Statements of TM		
Insurance revenue	5,619	12,822
Expenses from insurance contracts	(4,997)	(10,924)
Performance from reinsurance recoverables	(94)	(445)
Insurance service results	528	1,453
Investment income	746	733
Net financial loss from insurance contracts	(342)	(638)
Operating costs of investments	(87)	(274)
Impairment changes of financial assets	(34)	(23)
Investments results	283	(202)
Other income and (expenses)	(52)	(96)
Profit before tax	759	1,155
Income tax	(121)	(358)
Profit for the period	638	797
Combined ratio	90.6%	88.7%

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

	2025 1.7-30.9	2024 1.7-30.9	2025 1.1-30.9	2024 1.1-30.9
Net gain (loss) on financial assets and liabilities at FVTPL				
Bonds and debt instruments	1,863	1,267	5,021	5,525
Equities and equity instruments	286	1,149	(457)	2,026
Derivatives and underlying hedges	100	286	683	732
Loans and advances to customers	(192)	(1,014)	(450)	(788)
Net financial loss from insurance contracts	(341)	-	(637)	-
Net (loss) gain on fair value hedges	(6)	79	(418)	7
Total	1,710	1,767	3,742	7,502

Notes to the Condensed Consolidated Interim Financial Statements

10. Net impairment changes

	2025 1.7-30.9	2024 1.7-30.9	2025 1.1-30.9	2024 1.1-30.9
Net impairment changes of loans to customers	(456)	1,451	(616)	(2,098)
Net impairment changes of other financial assets and provision for litigations	(2,408)	(9)	(2,323)	80
Net impairment changes of financial assets	(2,864)	1,442	(2,939)	(2,018)
Net impairment changes by customer type				
Public entities	(1)	-	-	2
Individuals	(2,579)	342	(2,692)	(1,956)
Corporates	(284)	1,100	(247)	(64)
Net impairment changes of financial assets	(2,864)	1,442	(2,939)	(2,018)

11. Other income and (expenses)

	2025 1.7-30.9	2024 1.7-30.9	2025 1.1-30.9	2024 1.1-30.9
Share of gain of equity-accounted associates	25	93	91	104
Gain on sale of property and equipment	7	17	244	52
Net income of asset held for sale	2,356	10	2,218	124
Other	58	52	206	38
Total	2,446	172	2,759	318

12. Salaries and related expenses

	2025 1.7-30.9	2024 1.7-30.9	2025 1.1-30.9	2024 1.1-30.9
Salaries	3,645	3,137	10,920	9,305
Contributions to defined pension plans	625	474	1,647	1,411
Social security contributions	272	230	796	681
Special financial activities tax on salaries	236	198	690	589
Other related expenses	(562)	(457)	(23)	19
Salaries and related expenses attributable to insurance service expenses	(347)	-	(996)	-
Total	3,869	3,582	13,034	12,005
Average number of full-time equivalent positions during the period	948	809	911	807
Number of full-time equivalent positions at the end of the period	948	813	948	813

13. Other operating expenses

	2025 1.7-30.9	2024 1.7-30.9	2025 1.1-30.9	2024 1.1-30.9
Other operating expenses	3,095	2,492	9,795	7,569
Operating expenses attributable to insurance service expenses	(562)	-	(1,425)	-
Total	2,533	2,492	8,370	7,569

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% (2024: 21.0%). An additional special income tax on financial institutions is recognised at a 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:

	2025 1.1-30.9	2024 1.1-30.9
Current tax expense	(8,180)	(7,964)
Special income tax on financial institutions	(2,251)	(2,155)
Origination and reversal of temporary differences due to deferred tax assets/liabilities	(502)	(47)
Total	(10,933)	(10,166)

Notes to the Condensed Consolidated Interim Financial Statements

14. Income tax (continued)

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

		2025		2024
		1.1-30.9		1.1-30.9
Profit before income tax		40,388		37,074
Income tax calculated using the domestic corporate income tax rate	20.0%	(8,078)	21.0%	(7,786)
Special income tax on financial institutions	5.6%	(2,256)	5.8%	(2,155)
Effect of different tax rates	0.0%	-	0.0%	(7)
Income not subject to tax	(0.4%)	154	(0.5%)	201
Non-deductible expenses	2.0%	(804)	1.1%	(418)
Other	(0.1%)	51	0.0%	(1)
Effective income tax	27.1%	(10,933)	27.4%	(10,166)

Notes to the Condensed Consolidated Statement of Financial Position

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 30 September 2025:

		Carrying amount					Fair value			
			Fair value through profit or loss							
		Amortised cost	Trading book	Banking book	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 30 September 2025	Notes									
Financial assets measured at fair value										
Bonds and debt instruments	20	-	37,035	147,983	-	185,018	181,088	26	3,904	185,018
Equities and equity instruments	21	-	18,022	13,627	-	31,649	19,408	-	12,241	31,649
Derivative instruments	22	-	7,076	-	-	7,076	-	7,076	-	7,076
Loans and advances to customers	24	-	52,718	-	-	52,718	-	-	52,718	52,718
		0	114,851	161,610	0	276,461	200,496	7,102	68,863	276,461
Financial assets not measured at fair value										
Cash and balances with Central Bank	19	105,561	-	-	-	105,561	-	105,561	-	105,561
Loans and advances to financial institutions	23	64,061	-	-	-	64,061	-	64,061	-	64,061
Loans and advances to customers	24	1,804,237	-	-	-	1,804,237	-	1,800,732	-	1,800,732
Other financial assets		12,708	-	-	-	12,708	-	12,708	-	12,708
		1,986,567	0	0	0	1,986,567	0	1,983,062	0	1,983,062
Financial liabilities measured at fair value										
Derivative instruments	22	-	1,804	-	-	1,804	-	1,804	-	1,804
Short positions	22	-	3,501	-	-	3,501	3,501	-	-	3,501
		0	5,305	0	0	5,305	3,501	1,804	0	5,305
Financial liabilities not measured at fair value										
Due to financial institutions and Central Bank		-	-	-	13,343	13,343	-	13,343	-	13,343
Deposits from customers		-	-	-	1,251,582	1,251,582	-	1,250,807	-	1,250,807
Borrowings	27	-	-	-	565,937	565,937	-	562,985	-	562,985
Other financial liabilities		-	-	-	43,021	43,021	-	43,021	-	43,021
Subordinated liabilities	30	-	-	-	53,152	53,152	-	53,589	-	53,589
		0	0	0	1,927,035	1,927,035	0	1,923,745	0	1,923,745

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

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

		Carrying amount					Fair value			
		Amortised cost	Fair value through profit or loss		Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 31 December 2024	Notes		Trading book	Banking book						
Financial assets measured at fair value										
Bonds and debt instruments	20	-	21,251	117,853	-	139,104	138,239	25	840	139,104
Equities and equity instruments	21	-	16,972	15,672	-	32,644	18,522	-	14,122	32,644
Derivative instruments	22	-	8,260	-	-	8,260	-	8,260	-	8,260
Loans and advances to customers	24	-	41,255	-	-	41,255	-	-	41,255	41,255
		0	87,738	133,525	0	221,263	156,761	8,285	56,217	221,263
Financial assets not measured at fair value										
Cash and balances with Central Bank	19	129,981	-	-	-	129,981	-	129,981	-	129,981
Loans and advances to financial institutions	23	39,346	-	-	-	39,346	-	39,346	-	39,346
Loans and advances to customers	24	1,766,182	-	-	-	1,766,182	-	1,760,088	-	1,760,088
Other financial assets		4,392	-	-	-	4,392	-	4,392	-	4,392
		1,939,901	0	0	0	1,939,901	0	1,933,807	0	1,933,807
Financial liabilities measured at fair value										
Derivative instruments	22	-	2,618	-	-	2,618	-	2,618	-	2,618
Short positions	22	-	4,217	-	-	4,217	4,217	0	-	4,217
		-	6,835	-	-	6,835	4,217	2,618	-	6,835
Financial liabilities not measured at fair value										
Due to financial institutions and Central Bank		-	-	-	11,989	11,989	-	11,989	-	11,989
Deposits from customers		-	-	-	1,228,444	1,228,444	-	1,227,532	-	1,227,532
Borrowings	27	-	-	-	529,150	529,150	-	524,386	-	524,386
Other financial liabilities		-	-	-	7,386	7,386	-	7,386	-	7,386
Subordinated liabilities	30	-	-	-	39,989	39,989	-	40,071	-	40,071
		0	0	0	1,816,958	1,816,958	0	1,811,364	0	1,811,364

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 30 September 2025 and the same period in 2024, there were no transfers between Level 1, Level 2 and Level 3. The following tables show the reconciliation of fair value measurement in Level 3 for the nine months ended 30 September 2025 and for the year 2024:

	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total financial assets
1 January - 30 September 2025				
Carrying amount as at 1 January 2025	840	14,122	41,255	56,217
Net (loss) gain on financial assets and liabilities at FVTPL	(431)	655	(450)	(226)
Net foreign exchange loss	-	(10)	(541)	(551)
Purchases	4,099	8,080	302,863	315,042
Sales	(243)	(10,504)	-	(10,747)
Settlements	(361)	-	(290,409)	(290,770)
Dividend received	-	(102)	-	(102)
Carrying amount as at 30 September 2025	3,904	12,241	52,718	68,863

1 January - 31 December 2024

Carrying amount as at 1 January 2024	901	10,168	15,604	26,673
Net gain (loss) on financial assets and liabilities at FVTPL	59	4,043	(1,284)	2,818
Net foreign exchange (loss) gain	-	(1)	65	64
Purchases	82	183	331,302	331,567
Sales	-	(156)	-	(156)
Settlements	(202)	-	(304,258)	(304,460)
Dividend received	-	(115)	-	(115)
Transfers out of Level 3	-	-	(174)	(174)
Carrying amount as at 31 December 2024	840	14,122	41,255	56,217

The following table shows the line items in the Consolidated Income Statement where gains (losses) on financial assets and liabilities categorised in Level 3 and held by the Group as at 30 September 2025 and 30 September 2024 were recognised:

	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total
1 January - 30 September 2025				
Net loss on financial assets and liabilities at FVTPL realised	(16)	(224)	(450)	(690)
Net loss on financial assets and liabilities at FVTPL unrealised	(369)	(556)	-	(925)
Net foreign exchange loss	-	(10)	(541)	(551)
Total	(385)	(790)	(991)	(2,166)
1 January - 30 September 2024				
Net gain (loss) on financial assets and liabilities at FVTPL realised	10	540	(788)	(238)
Net gain on financial assets and liabilities at FVTPL unrealised	31	1,157	-	1,188
Net foreign exchange loss	-	-	(62)	(62)
Total	41	1,697	(850)	888

Notes to the Condensed Consolidated Interim Financial Statements

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 as at 30 September 2025 and 31 December 2024. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty in their valuation.

As at 30 September 2025	Level 3 Significant unobservable Assets inputs	Valuation technique	Higher	Lower	Favourable	Unfavourable
Bonds and debt instruments	10 Recovery rates	See 1) below	5%	-5%	-	-
	3,894 Bond prices	See 1) below	5%	-5%	195	(195)
Equities and equity instruments						
Equities - Banking book	12,241 Instrument Price	See 2) below	5%	-5%	612	(612)
Loans and advances to customers	43,064 Probability of default	See 3) below	1%	-1%	225	(228)
	9,654 Recovery rates	See 3) below	5%	-5%	1,054	(1,054)
Total	68,863				2,086	(2,089)

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

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

1. Fair value of corporate bonds and claims on financial institutions in winding-up proceedings and other insolvent assets is estimated on expected recovery. Reference is also made to prices in recent transactions.
2. Equities and equity instruments classified as Level 3 assets, are unlisted and not traded in an active market and therefore subject to unobservable inputs for fair value measurements. Valuation using discounted cash flows, comparison of peer companies' multiples, analysis of financial position and results, outlook and recent transaction or intrinsic value after haircut, are the methods or inputs used to estimate fair value of investments in equities and equity instruments.
3. Loans and advances to customers carried at FVTPL are classified as financial assets in Level 3. The valuation technique is based on significant non-observable inputs as loans and advances are unlisted and not traded in an active market. The valuation technique is based on available market data such as interest and inflation curves, value of underlying collateral, probability of default and liquidity spread. The Bank's loan to Fasteignafélagið Thórkatla ehf. is measured at fair value through profit or loss, based on expected recovery rates as the valuation technique.

Notes to the Condensed Consolidated Interim Financial Statements

18. Expected credit loss

	30.9.2025			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(2,972)	(2,128)	(5,291)	(10,391)
Other financial assets	(64)	-	(1)	(65)
Expected credit loss, off-balance sheet items	(353)	(273)	(60)	(686)
Total	(3,389)	(2,401)	(5,352)	(11,142)

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

The Bank has assessed the need for provisions for impairment for loans in response to the volcanic and seismic activity in and around Grindavík and has made an ISK 1,899 million provision at the end of the third quarter of 2025 (31 December 2024: ISK 1,943 million). Of this amount, ISK 847 million is a collective allowance (31 December 2024: ISK 731 million) made against increased risk not adequately captured under general impairment assessment. Assessment of the collective allowance is based on a detailed analysis of loans to Grindavík customers whereby loans are grouped on the basis of similar risk characteristics. The assessment is based on expert judgement that considers the potential impact on payment capacity and value of underlying collateral.

There is still uncertainty about the development and final impact of the seismic and volcanic activity. Consequently, there is considerable uncertainty about the impact on the Bank's Grindavík customers and the Bank's credit portfolio. The Bank performs a detailed quarterly risk assessment of loans to larger corporates in Grindavík and staging is based on that assessment. Loans to smaller Grindavík-based corporates are classified as stage 2, other than loans classified in stage 3. Loans to corporates in and around Grindavík are classified as stage 2 and amount to ISK 23,498 million (31 December 2024: ISK 22,730 million). Housing mortgages to retail customers in Grindavík are classified as stage 2 and amount to ISK 80 million (31 December 2024: ISK 313 million).

Notes to the Condensed Consolidated Interim Financial Statements

19. Cash and balances with Central Bank

	30.9.2025	31.12.2024
Cash on hand	4,329	5,478
Unrestricted balances with Central Bank	56,279	80,415
Total cash and unrestricted balances with Central Bank	60,608	85,893
Restricted balances with Central Bank - fixed reserve requirement	37,336	38,079
Cash and balances pledged as collateral to the Central Bank	7,617	6,009
Total restricted balances with Central Bank	44,953	44,088
Total cash and balances with Central Bank	105,561	129,981

20. Bonds and debt instruments

	30.9.2025			31.12.2024		
	Trading book	Banking book	Total	Trading book	Banking book	Total
Bonds and debt instruments						
Domestic						
Listed	37,035	31,929	68,964	21,251	31,249	52,500
Unlisted	-	7,339	7,339	-	1,292	1,292
	37,035	39,268	76,303	21,251	32,541	53,792
Foreign						
Listed	-	108,715	108,715	-	85,312	85,312
	0	108,715	108,715	0	85,312	85,312
Total bonds	37,035	147,983	185,018	21,251	117,853	139,104

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

21. Equities and equity instruments

	30.9.2025			31.12.2024		
	Trading book	Banking book	Total	Trading book	Banking book	Total
Equities and equity instruments						
Domestic						
Listed	12,641	588	13,229	8,298	822	9,120
Unlisted	-	12,014	12,014	-	14,484	14,484
	12,641	12,602	25,243	8,298	15,306	23,604
Foreign						
Listed	5,381	443	5,824	8,674	342	9,016
Unlisted	-	582	582	-	24	24
	5,381	1,025	6,406	8,674	366	9,040
Total equities	18,022	13,627	31,649	16,972	15,672	32,644

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

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

As at 30 September 2025, outstanding commitments of the Group in share subscriptions amounted to ISK 1.797 million (31 December 2024: ISK 408 million) altogether in seven entities (31 December 2024: six entities). The entities invested in by the Group are required to redeem its shareholders with proceeds from the sale of assets.

Notes to the Condensed Consolidated Interim Financial Statements

22. Derivative instruments and short positions

Trading

	30.9.2025			31.12.2024		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange derivatives						
Currency forwards	30,656	139	386	22,060	89	162
Currency options	406	1	-	-	-	-
	31,062	140	386	22,060	89	162
Interest rate derivatives						
Total return swaps	14,312	133	35	18,990	22	25
	14,312	133	35	18,990	22	25
Equity derivatives						
Equity forwards	18	-	-	29	-	2
Total return swaps	5,410	127	26	12,845	142	508
Equity options	-	-	-	117	-	31
	5,428	127	26	12,991	142	541
Total derivative instruments	50,802	400	447	54,041	253	728
Short positions						
Listed bonds	3,521	-	3,501	4,079	-	4,217
Total short positions	3,521	0	3,501	4,079	0	4,217
Total	54,323	400	3,948	58,120	253	4,945

Risk management

	30.9.2025			31.12.2024		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange derivatives						
Currency forwards	83,200	198	483	76,716	279	1,027
	83,200	198	483	76,716	279	1,027
Interest rate derivatives						
Interest rate swaps	2,000	-	857	2,000	-	683
	2,000	0	857	2,000	0	683
Fair value hedging						
Interest rate swaps	213,600	6,478	17	172,680	7,728	180
	213,600	6,478	17	172,680	7,728	180
Total	298,800	6,676	1,357	251,396	8,007	1,890
Total derivative instruments and short positions	353,123	7,076	5,305	309,516	8,260	6,835

Fair value hedging

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

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

During the period from 1 January 2025 to 30 September 2025, the slope of the regression line was in all cases within the range of 0.92 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 30 September 2024, the slope of the regression line is in all cases within the range of 0.94 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 nine months of 2025 and for the same period of 2024.

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22. Derivative instruments and short positions (continued)

Fair value hedging (continued)

As at 30 September 2025	Notional amount of the hedging instrument	Maturity date			Fair value of the hedging derivatives		Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
		3-12 months	1-5 years	>5 years	Assets	Liabilities	
Interest rate swaps - EUR	42,720	-	42,720	-	2,109	-	(767)
Interest rate swaps - EUR	42,720	-	42,720	-	2,080	-	(1,007)
Interest rate swaps - EUR	42,720	-	42,720	-	1,214	-	(630)
Interest rate swaps - EUR	42,720	-	42,720	-	1,075	-	1,262
Interest rate swaps - EUR	42,720	-	42,720	-	-	17	(16)
Total	213,600	0	213,600	0	6,478	17	(1,158)

Average fixed interest rate - EUR 4.58%

As at 30 September 2025	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments on the hedged item		Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
	Assets	Liabilities	Assets	Liabilities	
LBANK 4.25 3/28 CB	-	44,796	-	1,167	679
LBANK 6.375 3/27	-	44,828	-	676	879
LBANK 5.0 5/28	-	44,068	-	623	573
LBANK 3.75 10/29	-	44,078	62	-	(1,286)
LBANK 3.5 6/30	-	42,703	266	-	(105)
Total EMTN hedged borrowings	0	220,473	328	2,466	740

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

Average fixed interest rate - EUR 4.84%

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

Notes to the Condensed Consolidated Interim Financial Statements

23. Loans and advances to financial institutions

	30.9.2025	31.12.2024
Bank accounts with financial institutions	9,104	8,080
Money market loans	53,603	29,447
Other loans	1,354	1,819
Allowance for impairment	-	-
Total	64,061	39,346

24. Loans and advances to customers

	30.9.2025	31.12.2024
Loans and advances to customers at amortised cost	1,814,628	1,776,833
Allowance for impairment	(10,391)	(10,651)
Total	1,804,237	1,766,182
Loans and advances to customers at FVTPL	52,718	41,255
Total	1,856,955	1,807,437

Loans and advances to customers at amortised cost

	30.9.2025			31.12.2024		
	Gross carrying amount	Allowance for impairment	Carrying amount	Gross carrying amount	Allowance for impairment	Carrying amount
Public entities	13,486	(1)	13,485	14,303	(1)	14,302
Individuals	888,004	(1,667)	886,337	888,170	(1,661)	886,509
Mortgage lending	803,087	(432)	802,655	804,361	(489)	803,872
Other	84,917	(1,235)	83,682	83,809	(1,172)	82,637
Corporates	913,138	(8,723)	904,415	874,360	(8,989)	865,371
Total	1,814,628	(10,391)	1,804,237	1,776,833	(10,651)	1,766,182

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

25. Intangible assets

	30.9.2025			31.12.2024		
	Goodwill	Customer relationships and brands	Hard- and software licences	Total	Hard- and software licences	Total
Carrying amount as at the beginning of the year	3	-	1,333	1,336	1,472	1,472
Additions due to purchase of a subsidiary	10,467	2,599	1,250	14,316	-	0
Additions during the period	-	-	142	142	119	119
Amortisation	(2)	(108)	(316)	(426)	(255)	(255)
Carrying amount	10,468	2,491	2,409	15,368	1,336	1,336
Gross carrying amount	10,501	2,599	7,196	20,296	5,802	5,802
Accumulated amortisation	(33)	(108)	(4,787)	(4,928)	(4,466)	(4,466)
Carrying amount	10,468	2,491	2,409	15,368	1,336	1,336
Amortisation rates		5-6%	10-33%	10-33%	10-33%	10-33%

Notes to the Condensed Consolidated Interim Financial Statements

26. Other assets

	30.9.2025	31.12.2024
Unsettled securities trading	6,930	1,155
Other accounts receivable	2,519	1,374
Right-of-use assets	3,259	1,863
Sundry assets	1,830	1,333
Total	14,538	5,725

27. Borrowings

Secured borrowings

Currency, outstanding nominal amount	Maturity	Maturity type	Terms of interest	30.9.2025	31.12.2024
LBANK CB 25, ISK 39,660 million	17.09.2025	At maturity	Fixed 3.4%	-	39,904
LBANK CBI 26, ISK 11,120 million	20.11.2026	At maturity	Fixed 1.5%, CPI-indexed	14,938	15,016
LBANK CB 27, ISK 45,800 million	20.09.2027	At maturity	Fixed 4.6%	43,097	33,554
LBANK CBI 28, ISK 50,200 million	04.10.2028	At maturity	Fixed 3.0%, CPI-indexed	77,868	74,513
LBANK 4.25 3/28 CB, EUR 300 million*	16.03.2028	At maturity	Fixed 4.25%	44,796	45,999
LBANK CB 29, ISK 27,880 million	27.09.2029	At maturity	Fixed 8.2%	27,925	13,411
LBANK CBI 30, ISK 49,940 million	22.02.2030	At maturity	Fixed 3.5%, CPI-indexed	54,633	44,795
LBANK CBI 31, ISK 16,920 million	24.03.2031	At maturity	Fixed 3.65%, CPI-indexed	17,658	-
Total covered bonds				280,915	267,192
Other secured loans				4,093	4,803
Total secured borrowings				285,008	271,995

Senior unsecured borrowings

Currency, outstanding nominal amount	Maturity	Maturity type	Terms of interest	30.9.2025	31.12.2024
LBANK FLOAT 01/25, NOK 452 million	20.01.2025	At maturity	NIBOR + 0.79%	-	5,590
LBANK FLOAT 01/25, SEK 850 million	20.01.2025	At maturity	STIBOR + 0.8%	-	10,770
LBANK 0.375 5/25 GB, EUR 75 million	23.05.2025	At maturity	FIXED 0.375%	-	10,822
LBANK FLOAT 08/25, NOK 350 million	18.08.2025	At maturity	NIBOR + 2.35%	-	4,316
LBANK FLOAT 08/25, NOK 1,000 million	21.08.2025	At maturity	NIBOR + 3.05%	-	12,333
LBANK FLOAT 08/25, SEK 450 million	25.08.2025	At maturity	STIBOR + 3.05%	-	5,688
LBANK 0.75 5/26 GB, EUR 300 million	25.05.2026	At maturity	FIXED 0.75%	42,779	43,250
LBANK 6.375 3/27, EUR 300 million*	12.03.2027	At maturity	FIXED 6.375%	44,828	46,220
LBANK 5.00 5/28, EUR 300 million*	13.05.2028	At maturity	FIXED 5.0%	44,068	45,184
LBANK FLOAT 08/28, NOK 400 million	29.08.2028	At maturity	NIBOR + 0.87%	4,877	-
LBANK FLOAT 08/28, SEK 500 million	29.08.2028	At maturity	STIBOR + 0.9%	6,453	-
LBANK 3.75 10/29, EUR 300 million*	08.10.2029	At maturity	FIXED 3.75%	44,078	43,382
LBANK 3.5 6/30, EUR 300 million*	24.06.2030	At maturity	FIXED 3.5%	42,703	-
Total senior preferred bonds				229,786	227,555
Senior unsecured loans				12,420	13,960
Total senior unsecured borrowings				242,206	241,515

Senior non-preferred bonds

Currency, outstanding nominal amount	Maturity	Next Call Date	Terms of interest	30.9.2025	31.12.2024
LBANK FLOAT 9/28, SEK 1,000 million	13.09.2028	Sept 2027	STIBOR + 1.8%	12,885	12,578
LBANK FLOAT 9/28, NOK 250 million	13.09.2028	Sept 2027	NIBOR + 1.83%	3,040	3,062
LBANK FLOAT 3/29, SEK 1,300 million	20.03.2029	Mar 2028	STIBOR + 1.5%	16,730	-
LBANK FLOAT 3/30, NOK 500 million	26.03.2030	Mar 2029	NIBOR + 1.65%	6,068	-
Total senior non-preferred bonds				38,723	15,640
Total borrowings				565,937	529,150

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

Issued under the Bank's Sustainable Finance Framework.

The Group did not have any defaults of principal or interest or other breaches with respect to its borrowings during the period 1 January to 30 September 2025 and the period from 1 January to 31 December 2024.

Notes to the Condensed Consolidated Interim Financial Statements

27. Borrowings (continued)

Change in liabilities due to financing activities

	As at 1.1.2025	Cash flow	Non-cash changes			As at 30.9.2025
			Accrued interest	Foreign exchange	Change in the fair value	
Secured borrowings	221,193	2,375	12,551	-	-	236,119
Secured borrowings held to hedge long-term borrowings	45,999	(771)	728	(481)	(679)	44,796
Other secured loans	4,803	(162)	72	(620)	-	4,093
Senior preferred bonds	92,769	(39,903)	1,473	(230)	-	54,109
Senior preferred bonds held to hedge long-term borrowings	134,786	36,344	5,823	(1,215)	(61)	175,677
Senior unsecured loans	13,960	(447)	707	(1,800)	-	12,420
Senior non-preferred bonds	15,640	22,215	1,090	(222)	-	38,723
Subordinated liabilities	39,989	(1,576)	2,637	-	-	41,050
Subordinated liabilities AT1	0	13,362	622	(1,882)	-	12,102
Total	569,139	31,437	25,703	(6,450)	(740)	619,089

	As at 1.1.2024	Cash flow	Non-cash changes			As at 31.12.2024
			Accrued interest	Foreign exchange	Change in the fair value	
Secured borrowings	219,826	(10,769)	12,136	-	-	221,193
Secured borrowings held to hedge long-term borrowings	47,945	(2,169)	2,252	(1,924)	(105)	45,999
Other secured loans	5,060	(370)	(1)	114	-	4,803
Senior preferred bonds	173,532	(73,553)	(565)	(6,645)	-	92,769
Senior preferred bonds held to hedge long-term borrowings	46,671	80,721	9,123	(4,813)	3,084	134,786
Senior unsecured loans	20,653	(8,888)	1,819	376	-	13,960
Senior non-preferred bonds	0	16,646	44	(1,050)	-	15,640
Subordinated liabilities	20,176	16,592	3,221	-	-	39,989
Total	533,863	18,210	28,029	(13,942)	2,979	569,139

28. Deferred tax assets and liabilities

	30.9.2025		31.12.2024	
	Assets	Liabilities	Assets	Liabilities
Tax liabilities	-	17,729	-	15,420
Deferred tax liabilities	-	1,240	-	177
Taxes in the Statement of Financial Position	0	18,969	0	15,597

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

	30.9.2025			31.12.2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment	-	(386)	(386)	-	(192)	(192)
Intangibles	-	(573)	(573)	-	(120)	(120)
Exchange rate-indexed assets and liabilities	-	(751)	(751)	-	(663)	(663)
Deferred foreign exchange differences	-	(58)	(58)	-	(36)	(36)
Other assets and liabilities	528	-	528	834	-	834
	528	(1,768)	(1,240)	834	(1,011)	(177)
Set-off of deferred tax assets together with liabilities of the same taxable entities	(528)	528	0	(834)	834	0
Deferred tax liabilities total	0	(1,240)	(1,240)	0	(177)	(177)

Notes to the Condensed Consolidated Interim Financial Statements

28. Deferred tax assets and liabilities (continued)

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

	Balance 1.1.2025	Additions related to TM	Recognised in income statement Tax income (expense)	Balance as at 30.9.2025	Balance 1.1.2024	Recognised in income statement Tax income (expense)	Balance as at 31.12.2024
Property and equipment	(192)	(184)	(10)	(386)	(162)	(30)	(192)
Intangibles	(120)	(438)	(15)	(573)	(141)	21	(120)
Foreign currency assets and liabilities	(663)	-	(88)	(751)	(634)	(29)	(663)
Deferred foreign exchange differences	(36)	-	(22)	(58)	34	(70)	(36)
Other assets and other liabilities	834	10	(316)	528	764	70	834
Tax losses carried forward	0	50	(50)	0	1	(1)	0
Total	(177)	(562)	(501)	(1,240)	(138)	(39)	(177)

29. Other liabilities

	30.9.2025	31.12.2024
Unsettled securities trading	12,170	3,433
Withholding tax	1,745	10,540
Accounts payable	1,338	1,936
Insurance contract liabilities	26,097	-
Non-controlling interests - Funds	742	2,218
Lease liabilities	3,416	2,017
Provision for litigations	2,378	55
Sundry liabilities	6,214	4,907
Total	54,100	25,106

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

Insurance contract liabilities	30.9.2025
Liabilities for remaining coverage	2,217
Liabilities for incurred claims	23,880
Risk adjustment	-
Total	26,097

30. Subordinated liabilities

Currency, outstanding nominal amount	Maturity	Next Call Date	Terms of interest	30.9.2025	31.12.2024
LBANK T2I 29, ISK 1,700 million	11.12.2029		Fixed 3.85%, CPI-indexed	2,427	2,275
LBANK T2I 33, ISK 12,000 million	23.03.2033	Mar 2028	Fixed 4.95%, CPI-indexed	14,073	13,749
LBANK T2I 35, ISK 12,000 million	07.03.2035	Mar 2030	Fixed 5.70%, CPI-indexed	13,376	13,092
LBANK T2 35, ISK 3,000 million	07.03.2035	Mar 2030	Fixed 9.60%	3,162	3,234
LBANK T2I 36, ISK 7,640 million	19.06.2036	Jun 2031	Fixed 5.06%, CPI-indexed	8,012	7,639
Total subordinated liabilities - Tier 2 capital				41,050	39,989
LBANK AT1, USD 100 million	Perpetual	Feb 2030	Fixed 8.125%	12,102	-
Total subordinated liabilities - Additional Tier 1 capital				12,102	0
Total subordinated liabilities				53,152	39,989

Notes to the Condensed Consolidated Interim Financial Statements

31. Equity

Share capital

As of 30 September 2025, issued shares in the Bank number 24 billion in total, with outstanding shares numbering 23,6 billion, with a nominal value of ISK 1 per share. Own shares at the end of the period were 385 million, or 1.61% of issued shares capital. Each entitles the owner to one vote at a shareholders' meeting. All shares are fully paid up.

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

Share premium

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

Statutory reserve

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

Retained earnings

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

1. Unrealised gains in subsidiaries and equity-accounted associates reserve; if the share of profit from subsidiaries or equity-accounted associates is in excess of dividend received, the Group transfers the difference to a restricted reserve in equity. If the Group's interest in subsidiaries or equity-accounted associates is sold or written off, the applicable amount recognised in the reserve is transferred to retained earnings.
2. Financial assets designated at fair value through profit or loss reserve. The Group transfers fair value changes arising from financial assets designated at fair value through profit or loss, from retained earnings to a restricted reserve. Amounts recognised in the reserve are transferred back to retained earnings upon sale of the financial asset.

Dividend

The 2025 AGM of Landsbankinn, held on 19 March 2025, approved the motion of the Board of Directors to pay shareholders a dividend of ISK 0.80 per share for the fiscal year 2024. It was further approved that the dividend be paid in two equal installments, each of ISK 0.40 per share. The former instalment was paid on 26 March 2025 and the latter on 17 September 2025. The total dividend amounts to ISK 18,892 million.

Dividend policy

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

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.

Notes to the Condensed Consolidated Interim Financial Statements

Other notes

32. Earnings per share

	2025	2024	2025	2024
Profit for the period	1.7-30.9	1.7-30.9	1.1-30.9	1.1-30.9
Profit for the period attributable to owners of the Bank	11,133	10,787	29,455	26,908
Weighted average number of shares				
Weighted average number of ordinary shares issued	24,000	24,000	24,000	24,000
Weighted average number of own shares	(385)	(385)	(385)	(384)
Weighted average number of shares outstanding	23,615	23,615	23,615	23,616
Basic and diluted earnings per share from operations (ISK)	0.47	0.46	1.25	1.14

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.

In December 2021, two individuals commenced litigation against the Bank claiming that an interest rate provision in two 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 plaintiffs demand primarily that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the Bank repays the plaintiffs around ISK 3,5 million plus interest. On 7 February 2023, the District Court of Reykjavík accepted the plaintiffs' claims of last resort of repayment based on the initial contractual interest rate and taking into account limitation years for claims, in the amount of around ISK 230,000 plus interest. The Appeal Court acquitted the Bank on 13 February 2025 and considered that although the interest rate provision was not compatible with the Consumer Credit Act, applicable at the time, it was not unfair to apply the provision under Act No. 7/1936 on Contracts. The Supreme Court has approved the plaintiffs' request to appeal the case. On 14 October 2025, the Supreme Court concluded in case no. 55/2024, that had been brought against Íslandsbanki, that a provision on variable interest rate in a non-inflation linked mortgage credit agreement should be partially annulled. Landsbankinn takes the view that the conclusion in this case could have an impact on whether or to what extent the Supreme Court will confirm the conclusions of the Appeal Court in the Bank's case.

In December 2022, an individual commenced litigation against the Bank in a case which is similar to the above-mentioned case. On 23 February 2023 the Bank delivered its written statement claiming that all claims by the plaintiff should be rejected. 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. The Bank has appealed the case to the Appeal Court.

Notes to the Condensed Consolidated Interim Financial Statements

33. Litigation (continued)

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

In December 2021, two individuals commenced litigation against the Bank claiming that an interest rate provision in a mortgage credit agreement, issued in 2019, should be deemed illegal and void since the provision allegedly does not stipulate conditions and procedure for interest rate changes, as provided for in the Consumer Mortgage Act No. 118/2016. The disputed interest rate provision in this case has been used in the Bank's consumer and mortgage credit agreements from around 2013. The plaintiffs demand that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the Bank repays the plaintiffs around ISK 83,000 plus interest. On 23 May 2024, the EFTA Court delivered an advisory opinion on the interpretation of the Mortgage Credit Directive 2014/17/EU and Directive 93/13/EEC on unfair terms in consumer contracts. It is concluded, inter alia, in the advisory opinion that it is for the national court to determine whether a term in a variable-rate mortgage loan agreement meets the requirements of good faith, balance and transparency laid down by Directive 93/13/EEC, whether such terms must be declared unfair according to the Directive and the consequences if such terms are declared unfair. The District Court of Reykjavik acquitted the Bank on 20 March 2025 and ruled that the interest rate provision is compatible with the Consumer Mortgage Act No. 118/2016 and rejected the claim that the provision should be deemed illegal and void under the Acts on Contracts No. 7/1936. On 5 July 2025, the Supreme Court approved a request of the plaintiffs for a permission to appeal the case. On 14 October 2025, the Supreme Court concluded in case no. 55/2024, that had been brought against Íslandsbanki, that a provision on variable interest rate in a non-inflation linked mortgage credit agreement should be partially annulled. Landsbankinn takes the view that the conclusion in this case could have an impact on whether or to what extent the Supreme Court will confirm the conclusions of the District Court. Considering the uncertainties regarding the result in this case, the Bank has recognised a provision in the amount of ISK 2.4 billion for the part of the Bank's loan portfolio that includes consumer mortgage credit agreements. If the ruling in the Bank's case will be similar to the ruling in the case of Íslandsbanki, it would not imply that the initial contractual interest rate should be applied throughout the duration of the respective loan, and would, consequently, have limited impact on the Bank's interest rate risk.

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

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

34. Interest in subsidiaries

The main subsidiaries held directly or indirectly by the Group as at 30 September 2025 were as detailed in the table below. This includes those subsidiaries that are most significant in the context of the Group's business.

Main subsidiaries as at 30 September 2025

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

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory framework. The Group did not have any material non-controlling interests as at 30 September 2025.

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.

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35. Related party transactions (continued)

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:

	30.9.2025		31.12.2024	
	Gross carrying amount	Highest amount outstanding during the period	Gross carrying amount	Highest amount outstanding during the period
Loans in ISK million				
Key management personnel	484	501	458	628
Parties related to key management personnel	83	89	77	283
Associates	355	747	181	296
Other	278	278	272	323
Total	1,200	1,615	988	1,530

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

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

	30.9.2025		31.12.2024	
	Carrying amount	Highest amount outstanding during the period	Carrying amount	Highest amount outstanding during the period
Deposits in ISK million				
Key management personnel	313	405	141	322
Parties related to key management personnel	113	142	88	265
Associates	296	1,048	236	1,560
Other	-	19	19	97
Total	722	1,614	484	2,244

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

	Gross carrying amount as at 30 September 2025	Gross carrying amount as at 31 December 2024
Guarantees in ISK million		
Key management personnel	-	-
Parties related to key management personnel	-	-
Associates	-	-
Other	554	552
Total	554	552

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 nine months ended 30 September 2025.

Notes to the Condensed Consolidated Interim Financial Statements

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 Undertakings 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):

	30.9.2025			31.12.2024		
	CET1	Tier 1	Total	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%	4.5%	6.0%	8.0%
Pillar II-R	1.4%	1.8%	2.5%	1.4%	1.9%	2.5%
Minimum requirement	5.9%	7.8%	10.5%	5.9%	7.9%	10.5%
Systemic risk buffer (SRB)	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Capital buffer for systematically important institutions (O-SII)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Countercyclical capital buffer (CCyB)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Capital conservation buffer (CCB)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Combined buffer requirement	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
Total capital requirement	15.8%	17.7%	20.4%	15.8%	17.8%	20.4%

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

Notes to the Condensed Consolidated Interim Financial Statements

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 and market risk, and the basic indicator approach for operational risk. The Group's consolidated situation as stipulated in CRR is the Group's accounting consolidation excluding insurance subsidiaries.

Capital base	30.9.2025	31.12.2024
Share capital	23,615	23,615
Share premium	120,516	120,516
Reserves	11,848	13,213
Retained earnings	179,234	167,305
Total equity attributable to owners of the Bank	335,213	324,649
Intangible assets	(9,097)	(3)
Forseeable dividends*	(14,728)	(18,754)
Fair value hedges	(4,323)	(4,348)
Insufficient coverage for non-performing exposures	(928)	(568)
Common equity Tier 1 capital (CET1)	306,137	300,976
Non-controlling interests	-	-
Additional Tier 1 capital	12,102	-
Tier 1 capital	318,239	300,976
Subordinated liabilities	41,050	39,989
Regulatory amortisation	(389)	(26)
Tier 2 capital	40,661	39,963
Total capital base	358,900	340,939
Risk-weighted exposure amount (RWEA)	30.9.2025	31.12.2024
Credit risk, loans and advances to customers	1,223,502	1,197,318
Credit risk, securities	48,275	23,512
Credit risk, other	66,974	33,424
Credit valuation adjustment	822	764
Market risk	22,278	14,635
Operational risk**	131,388	131,388
Total risk-weighted exposure amount	1,493,239	1,401,041
CET1 ratio	20.5%	21.5%
Tier 1 capital ratio	21.3%	21.5%
Total capital ratio	24.0%	24.3%

*Pursuant to the Bank's dividend policy, the foreseeable dividend corresponds to 50% of net earnings for the first nine months of 2025.

**The amounts are updated on a yearly basis.

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 its 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 fulfilled 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.

	30.9.2025		31.12.2024	
	Amount	Percentage of RWEA	Amount	Percentage of RWEA
MREL-TEM Requirement				
Recurring MREL-TEM requirement	141,980	9.5%	136,325	9.7%
MREL-TREA Requirement				
Recurring MREL-TREA requirement	313,580	21.0%	294,219	21.0%
Combined Buffer Requirement (CBR)	147,831	9.9%	138,703	9.9%
Sum of MREL-TREA Total and Combined Buffer Requirements	461,411	30.9%	432,922	30.9%
MREL Subordination Requirement				
Recurring Subordination Requirement	201,587	13.5%	189,141	13.5%
Combined Buffer Requirement (CBR)	147,831	9.9%	138,703	9.9%
Sum of MREL Subordination and Combined Buffer Requirements	349,418	23.4%	327,844	23.4%

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

	30.9.2025		31.12.2024	
	Amount	Percentage of RWEA	Amount	Percentage of RWEA
Own funds and eligible liabilities				
Common Equity Tier 1 (CET1)	306,137	20.5%	300,976	21.5%
Additional Tier 1 capital (AT1)	12,102	0.8%	-	0.0%
Tier 2 capital	41,050	2.7%	39,989	2.9%
Eligible Senior Non-Preferred bonds	38,723	2.6%	15,640	1.1%
Sum of Subordinated MREL funds	398,012	26.7%	356,605	25.5%
Eligible Senior Preferred liabilities	187,008	12.5%	178,037	12.7%
Sum of MREL funds	585,020	39.2%	534,642	38.2%

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

	30.9.2025		31.12.2024	
	Amount	Percentage of RWEA	Amount	Percentage of RWEA
Total MREL funds above MREL-TEM Requirement	443,040	29.7%	398,317	28.4%
Total MREL funds above MREL-TREA Requirement	123,608	8.3%	101,720	7.3%
Subordinated MREL funds above MREL Subordination Requirement	48,594	3.3%	28,761	2.1%
Maximum Distributable Amount related to MREL (M-MDA)	48,594	3.3%	28,761	2.1%

Notes to the Condensed Consolidated Interim Financial Statements

40. Solvency II requirement for insurance subsidiary TM

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

Solvency II for insurance subsidiary TM	30.9.2025
Own funds	21,417
Intangible asset	(4,937)
Forseeable dividends	-
Excess of assets over liabilities in accordance with Solvency II	239
Total basic own funds after deductions	16,719
 Total available own funds to meet the consolidated group SCR	 16,719
Group SCR	11,150
Ratio of Eligible own funds to group SCR	1.50
Total eligible own funds to meet the minimum consolidated group SCR	16,719
	30.9.2025
Life underwriting risk	479
Health underwriting risk	1,705
Non-life underwriting risk	6,618
Market risk	7,124
Counterparty default risk	987
Diversification	(5,016)
Intangible asset risk	-
Basic Solvency Capital Requirement (Basic SCR)	11,897
Operational risk	896
Loss-absorbing capacity of deferred taxes	(1,643)
Group SCR	11,150

41. 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	30.9.2025	31.12.2024
- On-balance sheet exposure (excl. derivatives and securities financing transactions)	2,249,263	2,158,835
- Derivative instrument exposure	4,915	6,062
- Securities financing transaction exposures	19,910	14,820
- Off-balance sheet exposure	121,324	116,036
- Regulatory adjustments to Tier 1 capital	(29,076)	(23,673)
Total leverage exposure	2,366,336	2,272,080
Tier 1 capital	318,239	300,976
 Leverage ratio	 13.4%	 13.2%

Notes to the Condensed Consolidated Interim Financial Statements

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 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													Maximum exposure	Carrying amount
	Financial institutions	Public entities *	Individuals	Fisheries	Real estate companies	Construction companies	Travel industry	Services, ITC	Retail	Manufacturing and energy	Holding companies	Agri-culture	Other		
As at 30 September 2025															
Cash and balances with Central Bank	-	105,561	-	-	-	-	-	-	-	-	-	-	-	105,561	105,561
Bonds and debt instruments	136	140,189	-	-	-	-	-	1,997	-	68	10	-	-	142,400	185,018
Equities and equity instruments	267	-	-	-	30	-	1,209	2,757	1	428	3,354	-	-	8,046	31,649
Derivative instruments	6,743	-	2	8	-	3	-	-	19	2	161	-	138	7,076	7,076
Loans and advances to financial institutions	64,061	-	-	-	-	-	-	-	-	-	-	-	-	64,061	64,061
Loans and advances to customers	-	13,485	886,539	183,424	264,760	166,864	111,898	71,054	66,440	46,610	38,375	7,506	-	1,856,955	1,856,955
Other assets	22,718	8	133	-	2,153	-	601	3,470	-	-	-	-	1,044	30,127	47,281
Total on-balance sheet exposure	93,925	259,243	886,674	183,432	266,943	166,867	113,708	79,278	66,460	47,108	41,900	7,506	1,182	2,214,226	2,297,601
Off-balance sheet exposure	3,502	10,308	43,300	22,006	27,323	78,770	15,861	28,602	22,026	32,639	9,707	644	27	294,715	
Financial guarantees and underwriting commitments	-	200	723	5,508	1,544	7,498	2,795	8,618	4,810	2,267	1,657	10	-	35,630	
Undrawn loan commitments	-	420	147	14,215	23,367	68,060	10,577	9,189	8,037	25,747	7,612	8	-	167,379	
Undrawn overdraft/credit card facilities	3,502	9,688	42,430	2,283	2,412	3,212	2,489	10,795	9,179	4,625	438	626	27	91,706	
Maximum exposure to credit risk	97,427	269,551	929,974	205,438	294,266	245,637	129,569	107,880	88,486	79,747	51,607	8,150	1,209	2,508,941	
Percentage of maximum exposure to credit risk	3.9%	10.7%	37.1%	8.2%	11.7%	9.8%	5.2%	4.3%	3.5%	3.2%	2.1%	0.3%	0.0%	100%	

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

Notes to the Condensed Consolidated Interim Financial Statements

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

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

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

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. LTV is one of the key risk factors that determine if borrowers qualify for a loan. The risk of default is always at the forefront of lending decisions, and the likelihood of a lender absorbing a loss in the foreclosure process increases as the collateral value decreases. A high LTV ratio indicates that there is only a small buffer to protect against a fall in the collateral value or an increase in a loan balance, when repayments are not made and unpaid interest is added to the outstanding balance of the loan.

As at 30 September 2025	LTV ratio - Fully collateralised					LTV ratio - Partially collateralised		Without collateral	Allowance for impairment	Carrying amount
	0% - 25%	25% - 50%	50% - 75%	75% - 100%	Total	>100%	Collateral value*			
Financial institutions	-	-	-	-	0	-	-	64,061	-	64,061
Public entities	31	260	26	36	353	1,223	613	11,910	(1)	13,485
Individuals	112,827	357,165	342,325	27,506	839,823	4,236	2,510	44,147	(1,667)	886,539
Mortgages	106,194	345,419	328,317	21,067	800,997	2,016	992	74	(432)	802,655
Other	6,633	11,746	14,008	6,439	38,826	2,220	1,518	44,073	(1,235)	83,884
Corporates	112,610	246,861	338,878	163,437	861,786	77,235	62,356	26,633	(8,723)	956,931
Fisheries	39,986	74,838	66,017	2,082	182,923	1,115	434	1,896	(2,510)	183,424
Real estate companies	12,755	63,762	128,589	26,714	231,820	28,643	27,329	5,247	(950)	264,760
Construction companies	5,736	29,463	56,959	59,647	151,805	15,451	12,479	1,266	(1,658)	166,864
Travel industry	5,169	23,083	41,557	32,508	102,317	5,348	4,079	5,788	(1,555)	111,898
Services, IT and communications	7,701	26,603	10,445	10,261	55,010	11,372	9,309	5,097	(425)	71,054
Retail	28,010	11,198	15,348	9,354	63,910	2,386	1,964	595	(451)	66,440
Manufacturing and energy	7,941	4,310	9,697	12,605	34,553	7,478	3,092	5,257	(678)	46,610
Holding companies	3,300	11,713	8,318	9,696	33,027	4,725	3,270	1,101	(478)	38,375
Agriculture	2,012	1,891	1,948	570	6,421	717	400	385	(17)	7,506
Other	-	-	-	-	0	-	-	1	(1)	0
Total	225,468	604,286	681,229	190,979	1,701,962	82,694	65,479	146,751	(10,391)	1,921,016

*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.

Notes to the Condensed Consolidated Interim Financial Statements

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

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

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

Notes to the Condensed Consolidated Interim Financial Statements

44. Collateral types

The following tables disclose the assignment of a collateral value to a claim value. 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 30 September 2025	Real estate	Vessels	Deposits	Securities	Other*	Total
Financial institutions	-	-	-	-	-	0
Public entities	951	-	-	-	15	966
Individuals	827,289	36	273	919	13,813	842,330
Mortgages	797,426	15	214	110	4,223	801,988
Other	29,863	21	59	809	9,590	40,342
Corporates	563,440	130,582	4,871	93,356	131,895	924,144
Fisheries	12,948	124,924	618	23,072	21,795	183,357
Real estate companies	243,903	36	472	7,453	7,285	259,149
Construction companies	157,723	-	431	611	5,518	164,283
Travel industry	71,570	270	179	1,350	33,027	106,396
Services, IT and communications	27,083	3,420	1,581	10,472	21,764	64,320
Retail	16,996	-	176	16,853	31,849	65,874
Manufacturing and energy	14,698	48	439	12,421	10,040	37,646
Holding companies	12,134	1,884	969	21,124	187	36,298
Agriculture	6,385	-	6	-	430	6,821
Other	-	-	-	-	-	0
Total	1,391,680	130,618	5,144	94,275	145,723	1,767,440
As at 31 December 2024	Real estate	Vessels	Deposits	Securities	Other*	Total
Financial institutions	-	-	-	-	-	0
Public entities	1,123	-	-	-	18	1,141
Individuals	829,257	33	232	1,131	14,975	845,628
Mortgages	798,799	10	166	74	4,847	803,896
Other	30,458	23	66	1,057	10,128	41,732
Corporates	507,085	139,368	2,894	94,621	137,040	881,008
Fisheries	13,074	136,434	603	21,639	24,002	195,752
Real estate companies	216,317	92	211	6,445	5,844	228,909
Construction companies	134,386	3	275	743	5,607	141,014
Travel industry	72,345	240	126	1,318	33,519	107,548
Services, IT and communications	26,032	2,542	692	7,951	21,254	58,471
Retail	19,823	-	152	14,957	32,742	67,674
Manufacturing and energy	13,168	57	657	11,251	13,401	38,534
Holding companies	5,609	-	175	30,317	243	36,344
Agriculture	6,331	-	3	-	427	6,761
Other	-	-	-	-	1	1
Total	1,337,465	139,401	3,126	95,752	152,033	1,727,777

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

Notes to the Condensed Consolidated Interim Financial Statements

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.

As at 30 September 2025	Gross carrying amount					Allowance for impairment	Fair value	Carrying amount
	10-7	6-4	3-1	0	Unrated			
Financial institutions	64,061	-	-	-	-	-	-	64,061
Public entities	13,363	98	25	-	-	(1)	-	13,485
Individuals	674,210	192,883	13,751	5,676	1,484	(1,667)	202	886,539
Mortgages	638,675	149,739	9,530	3,953	1,190	(432)	-	802,655
Other	35,535	43,144	4,221	1,723	294	(1,235)	202	83,884
Corporates	135,422	733,160	30,597	13,959	0	(8,723)	52,516	956,931
Fisheries	36,926	135,206	799	3,908	-	(2,510)	9,095	183,424
Real estate companies	4,236	234,993	9,278	1,804	-	(950)	15,399	264,760
Construction companies	10,169	151,352	4,895	1,616	-	(1,658)	490	166,864
Travel industry	12,294	92,231	5,100	3,828	-	(1,555)	-	111,898
Services, IT and communications	19,236	46,168	2,623	546	-	(425)	2,906	71,054
Retail	35,098	28,384	2,800	414	-	(451)	195	66,440
Manufacturing and energy	11,525	20,324	513	1,744	-	(678)	13,182	46,610
Holding companies	-	23,134	4,382	88	-	(478)	11,249	38,375
Agriculture	5,938	1,368	207	10	-	(17)	-	7,506
Other	-	-	-	1	-	(1)	-	0
Total	887,056	926,141	44,373	19,635	1,484	(10,391)	52,718	1,921,016

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

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						Allowance for impairment	Carrying amount
	Days past due							
	Not past due	1-5	6-30	31-60	61-90	over 90		
As at 30 September 2025								
Financial institutions	64,061	-	-	-	-	-	-	64,061
Public entities	13,483	-	3	-	-	-	(1)	13,485
Individuals	874,697	4,619	4,719	419	1,350	2,402	(1,667)	886,539
Mortgages	796,306	-	4,026	242	1,122	1,391	(432)	802,655
Other	78,391	4,619	693	177	228	1,011	(1,235)	83,884
Corporates	953,100	2,752	3,265	1,691	949	3,897	(8,723)	956,931
Fisheries	183,436	26	102	-	261	2,109	(2,510)	183,424
Real estate companies	262,923	313	1,044	882	365	183	(950)	264,760
Construction companies	166,731	698	798	89	19	187	(1,658)	166,864
Travel industry	111,484	156	1,146	310	51	306	(1,555)	111,898
Services, IT and communications	70,399	449	90	354	106	81	(425)	71,054
Retail	65,679	810	61	48	20	273	(451)	66,440
Manufacturing and energy	46,209	233	23	8	59	756	(678)	46,610
Holding companies	38,740	44	-	-	68	1	(478)	38,375
Agriculture	7,499	23	1	-	-	-	(17)	7,506
Other	-	-	-	-	-	1	(1)	0
Total	1,905,341	7,371	7,987	2,110	2,299	6,299	(10,391)	1,921,016

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

Notes to the Condensed Consolidated Interim Financial Statements

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.

	Gross carrying amount	Stage 1		Stage 2		Stage 3		Allowance for impairment	Fair Value	Carrying amount
		Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL			
As at 30 September 2025										
Financial institutions	64,061	64,061	-	-	-	-	-	-	-	64,061
Public entities	13,486	13,421	(1)	65	-	-	-	(1)	-	13,485
Individuals	888,206	861,121	(198)	21,207	(392)	5,676	(1,077)	(1,667)	202	886,539
Mortgages	803,087	785,264	(50)	13,870	(177)	3,953	(205)	(432)	-	802,655
Other	85,119	75,857	(148)	7,337	(215)	1,723	(872)	(1,235)	202	83,884
Corporates	965,654	843,311	(2,773)	55,868	(1,736)	13,959	(4,214)	(8,723)	52,516	956,931
Fisheries	185,934	171,655	(147)	1,276	(37)	3,908	(2,326)	(2,510)	9,095	183,424
Real estate companies	265,710	243,850	(702)	4,657	(107)	1,804	(141)	(950)	15,399	264,760
Construction companies	168,522	157,658	(932)	8,758	(226)	1,616	(500)	(1,658)	490	166,864
Travel industry	113,453	86,265	(240)	23,360	(899)	3,828	(416)	(1,555)	-	111,898
Services, IT and communications	71,479	64,193	(232)	3,834	(89)	546	(104)	(425)	2,906	71,054
Retail	66,891	59,451	(192)	6,831	(170)	414	(89)	(451)	195	66,440
Manufacturing and energy	47,288	31,545	(98)	817	(32)	1,744	(548)	(678)	13,182	46,610
Holding companies	38,853	21,397	(220)	6,119	(171)	88	(87)	(478)	11,249	38,375
Agriculture	7,523	7,297	(10)	216	(5)	10	(2)	(17)	-	7,506
Other	1	-	-	-	-	1	(1)	(1)	-	0
Total	1,931,407	1,781,914	(2,972)	77,140	(2,128)	19,635	(5,291)	(10,391)	52,718	1,921,016

Notes to the Condensed Consolidated Interim Financial Statements

47. Loans and advances by stage allocation (continued)

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

Notes to the Condensed Consolidated Interim Financial Statements

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	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Stage 2	Stage 3	
Balance as at 1 January 2025 - Financial institutions	0	0	0	0
Changes in models/risk parameters	-	-	-	0
Balance as at 30 September 2025 - Financial institutions	0	0	0	0
- thereof classified as deduction from gross carrying amounts	-	-	-	0
- thereof classified as liabilities	-	-	-	0

	12-months ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Stage 2	Stage 3	
Balance as at 1 January 2025 - Loans and advances to customers	(2,386)	(2,263)	(6,531)	(11,180)
New financial assets originated	(835)	(188)	(185)	(1,208)
Reversals due to financial assets that have been derecognised	379	338	1,096	1,813
Transfer to Stage 1 - 12-month ECL	(55)	50	5	0
Transfer to Stage 2 - Lifetime ECL	515	(684)	169	0
Transfer to Stage 3 - Lifetime ECL	334	409	(743)	0
Changes in models/risk parameters	(1,277)	(69)	549	(797)
Provisions used to cover write-offs	-	6	289	295
Balance as at 30 September 2025 - Loans and advances to customers	(3,325)	(2,401)	(5,351)	(11,077)
- thereof classified as deduction from gross carrying amounts	(2,972)	(2,128)	(5,291)	(10,391)
- thereof classified as liabilities	(353)	(273)	(60)	(686)

	1.1-30.9.2025				
	Financial institutions	Public entities	Individuals	Corporates	Total
Net impairment on loans and advances					
New financial assets originated	-	-	(182)	(1,026)	(1,208)
Reversals due to financial assets that have been derecognised	-	-	269	1,544	1,813
Changes due to financial assets recognised in the opening balance	-	-	(372)	(425)	(797)
Write-offs	-	-	(438)	(24)	(462)
Provisions used to cover write-offs	-	-	281	14	295
Recoveries	-	-	53	7	60
Translation difference	-	-	-	(317)	(317)
Total	0	0	(389)	(227)	(616)

Notes to the Condensed Consolidated Interim Financial Statements

48. Impairment allowance on loans and advances (continued)

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

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

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

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

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 30 September 2025, the Group had three large exposures compared to four large exposures at year-end 2024. The largest exposure before credit risk mitigation is the German sovereign. The total ratio of large exposures, net of credit risk mitigation, was 8.1% as at 30 September 2025.

		Ratio of Tier 1 capital (Gross)	Ratio of Tier 1 capital (Net)	
As at 30 September 2025	Gross		Net	
Group 1	77,599	24.4%	-	0.0%
Group 2	42,218	13.3%	212	0.1%
Group 3	33,658	10.6%	25,629	8.1%
Total	153,475	48.2%	25,840	8.1%

Notes to the Condensed Consolidated Interim Financial Statements

49. Large exposures (continued)

As at 31 December 2024	Gross	Ratio of Tier 1 capital (Gross)	Net	Ratio of Tier 1 capital (Net)
Group 1	42,897	14.3%	-	0.0%
Group 2	37,253	12.4%	212	0.1%
Group 3	34,455	11.4%	25,269	8.4%
Group 4	30,792	10.2%	30,486	10.1%
Total	145,397	48.3%	55,967	18.6%
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 guidelines No. 2/2010 from the Financial Supervisory Authority (FSA) of the Central Bank of Iceland (CBI) on best practice for managing the liquidity of financial undertakings. CBI's Rules No. 1520/2022 on LCR, require the Group to maintain a minimum LCR of 100% across all currencies, 80% in euros and 50% in Icelandic krona. The Group submits monthly reports on its liquidity position to the CBI. The following tables show the Group's LCR.

Liquidity coverage ratio 30 September 2025	ISK		EUR		Liquidity coverage ratio total (LCR)	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
Level 1 liquid assets	136,644	136,645	102,928	102,928	246,069	246,069
Level 2 liquid assets	11,916	8,341	212	180	12,127	8,521
Information items	-	-	-	-	-	-
Total liquid assets	148,560	144,986	103,140	103,108	258,196	254,590
Deposits	804,681	125,859	65,973	29,910	942,897	188,594
Borrowing	-	-	1,602	1,602	4,731	4,731
Other outflows	172,843	25,594	26,835	1,864	231,636	31,001
Total outflows (0-30 days)	977,524	151,453	94,410	33,376	1,179,264	224,326
Loans and advances to financial institutions	968	489	14,015	13,653	64,311	62,576
Other inflows	59,233	30,684	24,187	12,699	97,702	50,724
Limit on inflows	-	-	-	(1,321)	-	-
Total inflows (0-30 days)	60,201	31,173	38,202	25,031	162,013	113,300
Liquidity coverage ratio		121%		1236%		229%

Notes to the Condensed Consolidated Interim Financial Statements

50. Liquidity risk management (continued)

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

Liquidity reserve

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

Liquidity reserves as at 30 September 2025	ISK	Foreign currencies	Total
Cash and balances with the Central Bank	96,737	1,207	97,944
Domestic bonds and debt instruments eligible as collateral with the Central Bank	51,823	212	52,035
Foreign government bonds with 0% risk weight	-	108,462	108,462
High quality liquidity assets	148,560	109,881	258,441
Loans and advances to financial institutions	968	63,343	64,311
Total liquidity reserves	149,528	173,224	322,752

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

Net stable funding ratio

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 30 September 2025 and 31 December 2024.

	30.9.2025	31.12.2024
Net stable funding ratio FX	173%	143%
Net stable funding ratio total	128%	124%

Notes to the Condensed Consolidated Interim Financial Statements

50. Liquidity risk management (continued)

Deposit categories

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

As at 30 September 2025	Run off rate	0-30 days	Over 30 days	Guaranteed	Unguaranteed	Total
Individuals	5% - 100%	531,274	187,619	495,994	222,899	718,893
Small and Medium Sized Corporates	5% - 100%	109,776	15,939	70,054	55,661	125,715
Operational deposits	5% - 25%	-	-	-	-	0
Large Corporates	20% - 40%	191,614	52,600	13,329	230,885	244,214
Public entities	20% - 40%	63,657	7,309	-	70,966	70,966
Financial customers	100%	43,292	44,493	330	87,455	87,785
Other*		15,411	1,941	2,315	15,037	17,352
Total deposits		955,024	309,901	582,022	682,903	1,264,925

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

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

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.

Notes to the Condensed Consolidated Interim Financial Statements

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

The following table shows a maturity analysis of the Group's financial instruments as at 30 September 2025:

	0-1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total	Carrying amount
Non-derivative financial liabilities								
Due to financial institutions and								
Central Bank	(13,451)	-	(55)	-	-	-	(13,506)	(13,343)
Deposits from customers	(939,785)	(230,882)	(63,737)	(13,381)	(13,570)	-	(1,261,355)	(1,251,582)
Short positions	(31)	-	(128)	(1,956)	(3,630)	-	(5,745)	(3,501)
Borrowings	(6,930)	(1,928)	(61,649)	(579,044)	(25,867)	-	(675,418)	(565,937)
Other financial liabilities	(43,021)	-	-	-	-	-	(43,021)	(43,021)
Subordinated liabilities	-	(92)	(3,145)	(60,400)	(10,189)	-	(73,826)	(53,152)
Total	(1,003,218)	(232,902)	(128,714)	(654,781)	(53,256)	0	(2,072,871)	(1,930,536)
Derivative financial liabilities								
Trading								(447)
Inflow	12,364	1,501	1,852	-	-	-	15,717	
Outflow	(12,511)	(1,591)	(2,064)	-	-	-	(16,166)	
Risk management								(1,357)
Inflow	20,762	32,539	9,189	48,701	-	-	111,191	
Outflow	(21,383)	(33,891)	(8,816)	(48,725)	-	-	(112,815)	
Total	(768)	(1,442)	161	(24)	0	0	(2,073)	(1,804)
Non-derivative financial assets								
Cash and balances with								
Central Bank	105,561	-	-	-	-	-	105,561	105,561
Bonds and debt instruments	27,865	38,465	101,848	36,335	12,196	-	216,709	185,018
Equities and equity instruments	-	-	-	-	-	31,649	31,649	31,649
Loans and advances to financial institutions	64,061	-	-	-	-	-	64,061	64,061
Loans and advances to customers	115,512	91,268	337,758	781,070	2,285,437	-	3,611,045	1,856,955
Other financial assets	12,708	-	-	-	-	-	12,708	12,708
Total	325,707	129,733	439,606	817,405	2,297,633	31,649	4,041,733	2,255,952
Derivative financial assets								
Trading								400
Inflow	12,296	601	2,772	-	-	-	15,669	
Outflow	(12,093)	(551)	(2,720)	-	-	-	(15,364)	
Risk management								6,676
Inflow	10,676	12,333	9,534	187,915	-	-	220,458	
Outflow	(9,372)	(13,549)	(8,041)	(182,607)	-	-	(213,569)	
Total	1,507	(1,166)	1,545	5,308	0	0	7,194	7,076
Off-balance sheet items								
Financial guarantees and underwriting commitments	(499)	(2,548)	(7,039)	(16,622)	(7,125)	(1,797)	(35,630)	
Undrawn loan commitments	(167,379)	-	-	-	-	-	(167,379)	
Undrawn overdraft/credit card commitments	(91,706)	-	-	-	-	-	(91,706)	
Total	(259,584)	(2,548)	(7,039)	(16,622)	(7,125)	(1,797)	(294,715)	
Net liquidity position	(936,356)	(108,325)	305,559	151,286	2,237,252	29,852	1,679,268	330,688

Notes to the Condensed Consolidated Interim Financial Statements

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 2024:

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

Notes to the Condensed Consolidated Interim Financial Statements

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		Un-encumbered	Total
	Covered bonds	Other		
As at 30 September 2025				
Cash and balances with Central Bank	13,731	7,617	84,213	105,561
Bonds and debt instruments	-	2,981	182,037	185,018
Equities and equity instruments	-	-	31,649	31,649
Derivative instruments	-	-	7,076	7,076
Loans and advances to financial institutions	-	941	63,120	64,061
Loans and advances to customers	442,177	-	1,414,778	1,856,955
Investments in equity-accounted associates	-	-	1,235	1,235
Property and equipment	-	4,093	10,610	14,703
Intangible assets	-	-	15,368	15,368
Other assets	-	-	14,538	14,538
Assets classified as held for sale	-	-	1,437	1,437
Total before deductions	455,908	15,632	1,826,061	2,297,601
Deductions for own shares	(101,032)			
Pledged assets against reverse agreements	17,514			
Pledged assets against liabilities on the balance sheet	372,390			

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

Notes to the Condensed Consolidated Interim Financial Statements

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 as at 30 September 2025 and 31 December 2024. The Group uses the standardised approach to calculate risk-weighted exposure amounts of derivatives for credit valuation adjustment (CVA), according to capital requirement regulations.

Market risk factor	30.9.2025	31.12.2024
	% of RWEA	% of RWEA
Equity price risk	0.5%	0.5%
Interest rate risk	0.2%	0.2%
CVA of derivatives	0.1%	0.1%
Foreign exchange risk	0.8%	0.3%
Total	1.5%	1.1%

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.

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.

	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
As at 30 September 2025					
Financial assets					
Cash and balances with Central Bank	105,561	-	-	-	105,561
Bonds and debt instruments	63,318	92,474	19,546	9,680	185,018
Derivative instruments	574	24	6,478	-	7,076
Loans and advances to financial institutions	64,061	-	-	-	64,061
Loans and advances to customers	1,519,830	130,654	192,421	14,050	1,856,955
Other financial assets	12,708	-	-	-	12,708
Total	1,766,052	223,152	218,445	23,730	2,231,379
Financial liabilities					
Due to financial institutions and Central Bank	(13,343)	-	-	-	(13,343)
Deposits from customers	(1,237,629)	(9,548)	(4,405)	-	(1,251,582)
Derivative instruments and short positions	(1,567)	(220)	(939)	(2,579)	(5,305)
Borrowings	(66,566)	(42,779)	(438,934)	(17,658)	(565,937)
Other financial liabilities	(43,021)	-	-	-	(43,021)
Subordinated liabilities	-	-	(33,038)	(20,114)	(53,152)
Total	(1,362,126)	(52,547)	(477,316)	(40,351)	(1,932,340)
Net on-balance sheet position	403,926	170,605	(258,871)	(16,621)	299,039
Derivatives held for hedging	(213,600)	-	213,600	-	-
Net off-balance sheet position	-	-	-	-	-
Total interest repricing gap	190,326	170,605	(45,271)	(16,621)	
As at 31 December 2024					
Financial assets					
Cash and balances with Central Bank	129,981	-	-	-	129,981
Bonds and debt instruments	59,905	36,930	36,619	5,650	139,104
Derivative instruments	506	26	7,728	-	8,260
Loans and advances to financial institutions	39,346	-	-	-	39,346
Loans and advances to customers	1,399,883	189,454	203,646	14,454	1,807,437
Other financial assets	4,392	-	-	-	4,392
Total	1,634,013	226,410	247,993	20,104	2,128,520
Financial liabilities					
Due to financial institutions and Central Bank	(11,989)	-	-	-	(11,989)
Deposits from customers	(1,215,405)	(7,346)	(5,693)	-	(1,228,444)
Derivative instruments and short positions	(1,704)	(734)	(180)	(4,217)	(6,835)
Borrowings	(42,218)	(65,965)	(376,172)	(44,795)	(529,150)
Other financial liabilities	(7,386)	-	-	-	(7,386)
Subordinated liabilities	-	-	(16,024)	(23,965)	(39,989)
Total	(1,278,702)	(74,045)	(398,069)	(72,977)	(1,823,793)
Net on-balance sheet position	355,311	152,365	(150,076)	(52,873)	304,727
Derivatives held for hedging	(172,680)	-	172,680	-	-
Net off-balance sheet position	2,000	(2,000)	0	-	-
Total interest repricing gap	184,631	150,365	22,604	(52,873)	

Notes to the Condensed Consolidated Interim Financial Statements

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 price 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 30 September 2025	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Bonds and debt instruments	-	19,206	5,685	3,255	28,146
Derivative instruments	7	-	-	-	7
Loans and advances to customers	1,649	487	69,384	592,913	664,433
Other assets	25	61	40	-	126
Total	1,681	19,754	75,109	596,168	692,712
Financial liabilities					
Deposits from customers	(108,487)	(61,462)	(7,172)	(6,788)	(183,909)
Derivative instruments and short positions	(889)	-	(922)	(1,205)	(3,016)
Borrowings	-	-	(147,439)	(17,658)	(165,097)
Subordinated liabilities	-	-	(29,876)	(8,012)	(37,888)
Other liabilities	(1,841)	(3,290)	(4,298)	(137)	(9,564)
Total	(111,217)	(64,752)	(189,707)	(33,800)	(399,474)
Total on-balance sheet position	(109,536)	(44,998)	(114,598)	562,368	293,238
Off-balance sheet position					
Interest rate swaps	(2,026)	-	-	-	(2,026)
Total return swaps	-	(2,812)	539	114	(2,159)
Total off-balance sheet position	(2,026)	(2,812)	539	114	(4,185)
Total CPI indexation balance	(111,562)	(47,810)	(114,059)	562,482	289,053
Total CPI indexation balance, excluding insurance operations*	(109,746)	(48,365)	(115,936)	561,189	287,141

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

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

Notes to the Condensed Consolidated Interim Financial Statements

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 30 September 2025 was +3.17% of the Group's total capital base (31.12.2024: +0.96%).

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 30 September 2025	EUR	GBP	USD	NOK	SEK	Other	Total
Assets							
Cash and balances with Central Bank	582	98	334	2	10	319	1,345
Bonds and debt instruments	102,630	-	6,307	-	-	-	108,937
Equities and equity instruments	72	59	1,842	-	1,629	-	3,602
Derivative instruments	6,610	54	109	42	1	-	6,816
Loans and advances to financial institutions	14,015	5,115	24,308	8,583	7,330	3,992	63,343
Loans and advances to customers	218,357	1,833	58,712	46	4,217	5,872	289,037
Other assets	999	2	406	48	2	65	1,522
Total	343,265	7,161	92,018	8,721	13,189	10,248	474,602
Liabilities							
Due to financial institutions and Central Bank	(6,336)	-	(73)	-	-	-	(6,409)
Deposits from customers	(61,803)	(7,206)	(63,224)	(2,997)	(1,278)	(5,205)	(141,713)
Derivative instruments and short positions	(546)	(13)	(319)	(4)	(14)	(2)	(898)
Borrowings	(263,252)	-	(16,477)	(13,985)	(36,068)	-	(329,782)
Other liabilities	(2,325)	(195)	(1,389)	(186)	(205)	(1,099)	(5,399)
Subordinated liabilities	-	-	(12,102)	-	-	-	(12,102)
Total	(334,262)	(7,414)	(93,584)	(17,172)	(37,565)	(6,306)	(496,303)
Net on-balance sheet position	9,003	(253)	(1,566)	(8,451)	(24,376)	3,942	(21,701)
Net off-balance sheet position	(1,075)	749	4,595	9,800	23,434	(4,826)	32,677
Net currency position	7,928	496	3,029	1,349	(942)	(884)	10,976
Net currency position, excluding insurance operations	7,387	440	1,924	1,313	(938)	(941)	9,185

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

Notes to the Condensed Consolidated Interim Financial Statements

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 30 September 2025	As at 31 December 2024	% change	Average for 1.1-30.9 2025	Average for 1.1-30.9 2024
EUR/ISK	142.40	143.90	(1.0%)	143.91	149.86
GBP/ISK	163.14	174.08	(6.3%)	169.77	176.34
USD/ISK	121.35	138.91	(12.6%)	129.70	137.77
JPY/ISK	0.8201	0.8844	(7.3%)	0.8708	0.9178
CHF/ISK	152.34	153.36	(0.7%)	153.50	157.09
CAD/ISK	87.12	96.61	(9.8%)	92.37	101.64
DKK/ISK	19.077	19.298	(1.1%)	19.288	20.096
NOK/ISK	12.156	12.235	(0.6%)	12.291	12.955
SEK/ISK	12.892	12.577	2.5%	12.937	13.163

Notes to the Condensed Consolidated Interim Financial Statements

Material accounting policies

60. Material accounting policy information

The Group has consistently applied the following accounting policies to all years presented in these Condensed Consolidated Interim Financial Statements, unless otherwise mentioned. 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 Condensed Consolidated Interim Financial Statements of the Group as at and for the year ended 31 December 2024, which are available on the Bank's website, www.landsbankinn.is.

60.1 Changes in accounting policies

New accounting standards and amendments to standards

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

The new IFRS 17 standard on insurance contracts permits the use of a simplified allocation approach (Premium Allocation Approach, PAA) for insurance contracts with coverage of one year or less, as well as for longer-term contracts that exhibit similar characteristics, such as annual repricing of premiums. As TM's contracts largely meet these criteria, and those contracts that fall outside of them involve insignificant premium amounts, the Group will apply this approach.

IFRS 17 requires insurance contracts to be grouped based on similar risk characteristics. It was decided to apply a classification approach aligned with the Solvency II regulation. Each portfolio is further divided into groups based on the Group's expected profitability from the respective contracts. This grouping is determined at the inception of the contract, when the insurance risk is transferred from the policyholders to the Group. The detailed grouping based on expected profitability includes onerous contracts, contracts not expected to be onerous, and other contracts. The standard requires that onerous contracts be expensed immediately, but such contracts are assessed to be negligible.

Reinsurance contracts are assessed in the same manner as other insurance contracts; however, the Group uses reinsurance solely for risk mitigation purposes.

60.2 Performance from insurance contracts

Income and expenses from insurance contracts

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

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

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

Notes to the Condensed Consolidated Interim Financial Statements

60.3 Intangible assets

Computer software

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

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

Goodwill

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

Customer relationships and brands

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

60.4 Insurance contract liabilities

Liability for Insurance Contracts

The liability for insurance contracts comprises the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).

The LCR consists of premiums received for insurance coverage relating to future periods, as well as the liability for onerous contracts. Insurance receivables are unpaid premiums relating to insurance coverage for past periods.

The LIC includes the claims reserve, the profit-sharing liability, and payables related to claims incurred, together with a risk adjustment. The claims reserve represents the best estimate of future cash flows arising from incurred claims, in accordance with Act No. 100/2016 on Insurance Activities.

Notes to the Condensed Consolidated Interim Financial Statements

Consolidated Key Figures

61. Operations by quarters

Operations	2025			2024			
	Q3	Q2	Q1	Q4*	Q3	Q2	Q1
Interest income	41,942	45,381	41,948	37,783	42,669	44,993	41,089
Interest expense	(25,035)	(27,719)	(27,148)	(24,676)	(27,714)	(30,241)	(26,706)
Net interest income	16,907	17,662	14,800	13,107	14,955	14,752	14,383
Fee and commission income	4,800	4,969	4,518	5,027	4,292	4,004	4,031
Fee and commission expense	(1,821)	(1,768)	(1,514)	(1,690)	(1,602)	(1,362)	(1,295)
Net fee and commission income	2,979	3,201	3,004	3,337	2,690	2,642	2,736
Insurance revenue	5,619	5,424	1,779				
Insurance service expenses	(4,911)	(4,655)	(1,509)				
Insurance service result	708	769	270				
Net gain on financial assets and liabilities at FVTPL	1,710	818	1,214	5,194	1,767	2,783	2,952
Net foreign exchange (loss) gain	100	(71)	(71)	(27)	190	218	235
Net impairment changes	(2,864)	256	(331)	(754)	1,442	(746)	(2,714)
Other income and (expenses)	2,446	39	274	243	172	177	(31)
Net other operating income (expenses)	1,392	1,042	1,086	4,656	3,571	2,432	442
Total operating income	21,986	22,674	19,160	21,100	21,216	19,826	17,561
Salaries and related expenses	(3,869)	(4,700)	(4,465)	(4,529)	(3,582)	(4,190)	(4,233)
Other operating expenses	(2,533)	(2,769)	(3,068)	(2,633)	(2,492)	(2,491)	(2,586)
Tax on liabilities of financial institutions	(658)	(699)	(671)	(642)	(719)	(636)	(600)
Total operating expenses	(7,060)	(8,168)	(8,204)	(7,804)	(6,793)	(7,317)	(7,419)
Profit before tax	14,926	14,506	10,956	13,296	14,423	12,509	10,142
Income tax	(3,793)	(4,124)	(3,016)	(2,696)	(3,636)	(3,544)	(2,986)
Profit for the period	11,133	10,382	7,940	10,600	10,787	8,965	7,156
Balance sheet	30.9.2025	30.6.2025	31.3.2025	31.12.2024	30.9.2024	30.6.2024	31.3.2024
Cash and cash balances with Central Bank	105,561	113,166	98,284	129,981	124,093	111,224	114,598
Bonds and debt instruments	185,018	205,592	178,732	139,104	138,175	140,235	119,496
Equities and equity instruments	31,649	33,699	37,964	32,644	24,162	22,815	22,543
Loans and advances to financial institutions	64,061	69,279	71,952	39,346	77,197	32,511	76,410
Loans and advances to customers	1,856,955	1,828,139	1,813,168	1,807,437	1,785,470	1,738,585	1,667,343
Other assets	52,920	53,335	54,968	31,075	35,183	28,357	30,846
Assets classified as held for sale	1,437	1,828	2,024	2,172	1,516	1,736	1,200
Total assets	2,297,601	2,305,038	2,257,092	2,181,759	2,185,796	2,075,463	2,032,436
Due to financial institutions and Central Bank	13,343	20,761	19,069	11,989	11,942	8,219	5,079
Deposits from customers	1,251,582	1,239,280	1,244,229	1,228,444	1,218,394	1,148,431	1,103,350
Borrowings	565,937	581,367	543,628	529,150	546,103	529,137	533,197
Other liabilities	78,374	87,124	84,036	47,538	58,123	50,051	44,732
Subordinated liabilities	53,152	52,427	52,432	39,989	37,185	36,363	35,250
Equity	335,213	324,079	313,698	324,649	314,049	303,262	310,828
Total liabilities and equity	2,297,601	2,305,038	2,257,092	2,181,759	2,185,796	2,075,463	2,032,436

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

Notes to the Condensed Consolidated Interim Financial Statements

Consolidated Key Figures

62. Key figures and ratios

	2025				2024		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Return on equity after taxes	13.5%	13.0%	10.0%	13.3%	14.0%	11.7%	9.3%
Cost-income ratio	28.5%	33.3%	38.7%	32.8%	30.7%	32.5%	33.6%
Combined ratio	90.6%	87.2%	84.8%				
Operating expenses as a ratio of average total assets	1.1%	1.3%	1.4%	1.3%	1.1%	1.3%	1.4%
Return on assets	1.9%	1.8%	1.4%	1.9%	2.0%	1.7%	1.4%
Interest spread as ratio of average total assets	2.9%	3.1%	2.7%	2.4%	2.8%	2.9%	2.9%
Earnings per share	0.47	0.44	0.34	0.45	0.46	0.38	0.30
	30.9.2025	30.6.2025	31.3.2025	31.12.2024	30.9.2024	30.6.2024	31.3.2024
Total capital ratio	24.0%	24.0%	23.6%	24.3%	24.1%	24.4%	24.9%
CET1 ratio	20.5%	20.4%	20.1%	21.5%	21.4%	21.7%	22.2%
Solvency ratio	1.50	1.46	1.38				
Leverage ratio	13.4%	13.2%	13.3%	13.2%	13.0%	13.4%	13.6%
Sum of MREL funds	39.2%	38.3%	38.1%	38.2%	35.5%	36.4%	39.6%
Sum of Subordinated MREL funds	26.7%	26.5%	26.3%	25.5%	25.2%		
Loans / deposits	148.4%	147.5%	145.7%	147.1%	146.5%	151.4%	151.1%
Deposits / total assets	54.5%	53.8%	55.1%	56.3%	55.7%	55.3%	54.3%
Liquidity coverage ratio total (LCR)	229%	234%	221%	164%	263%	177%	272%
Net stable funding ratio FX (NSFR)	173%	168%	161%	143%	136%	138%	157%
Average number of full-time equivalent positions during the perio	911	925	861	811	807	824	824
Number of full-time positions at end of the period	948	927	926	822	813	824	826

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 capital (CET1) / risk exposure amount
Common equity Tier 1 capital (CET1)	Total equity - adjustments according to CRR II
Additional common equity Tier 1 capital (AT1)	Capital instruments under Tier 1 other than (CET1)
Tier 1 capital (T1)	Common equity Tier 1 capital + additional common equity Tier 1 capital
Tier 2 capital (T2)	Subordinated liabilities - regulatory amortisation
Total capital base	CET1 + AT1 + T2
Solvency ratio	Available own funds to meet the consolidated group SCR / group SCR
Leverage ratio	Tier 1 capital / (total assets + off balance sheet items)
Sum of MREL funds	Total capital base + eligible liabilities / Total risk-weighted exposure amount
Sum of MREL Subordinated funds	Total capital base + Eligible Senior Non-Preferred bonds / Total risk-weighted exposure 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 period	The average number of full-time employees in work during the period
Number of full-time positions at end of the period	Number of full-time equivalent positions at end of the period

Undirritunarsíða

Undirritað af
Eva Halldórsdóttir

Undirritað af
Jón Þorvarður Sigurgeirsson

Undirritað af
Kristján Þórarinn Davíðsson

Undirritað af
Lilja Björk Einarsdóttir

Undirritað af
Örn Guðmundsson

Undirritað af
Rebekka Jóelsdóttir

Undirritað af
Steinunn Guðbj. Þorsteinsdóttir

Undirritað af
Þór Hauksson