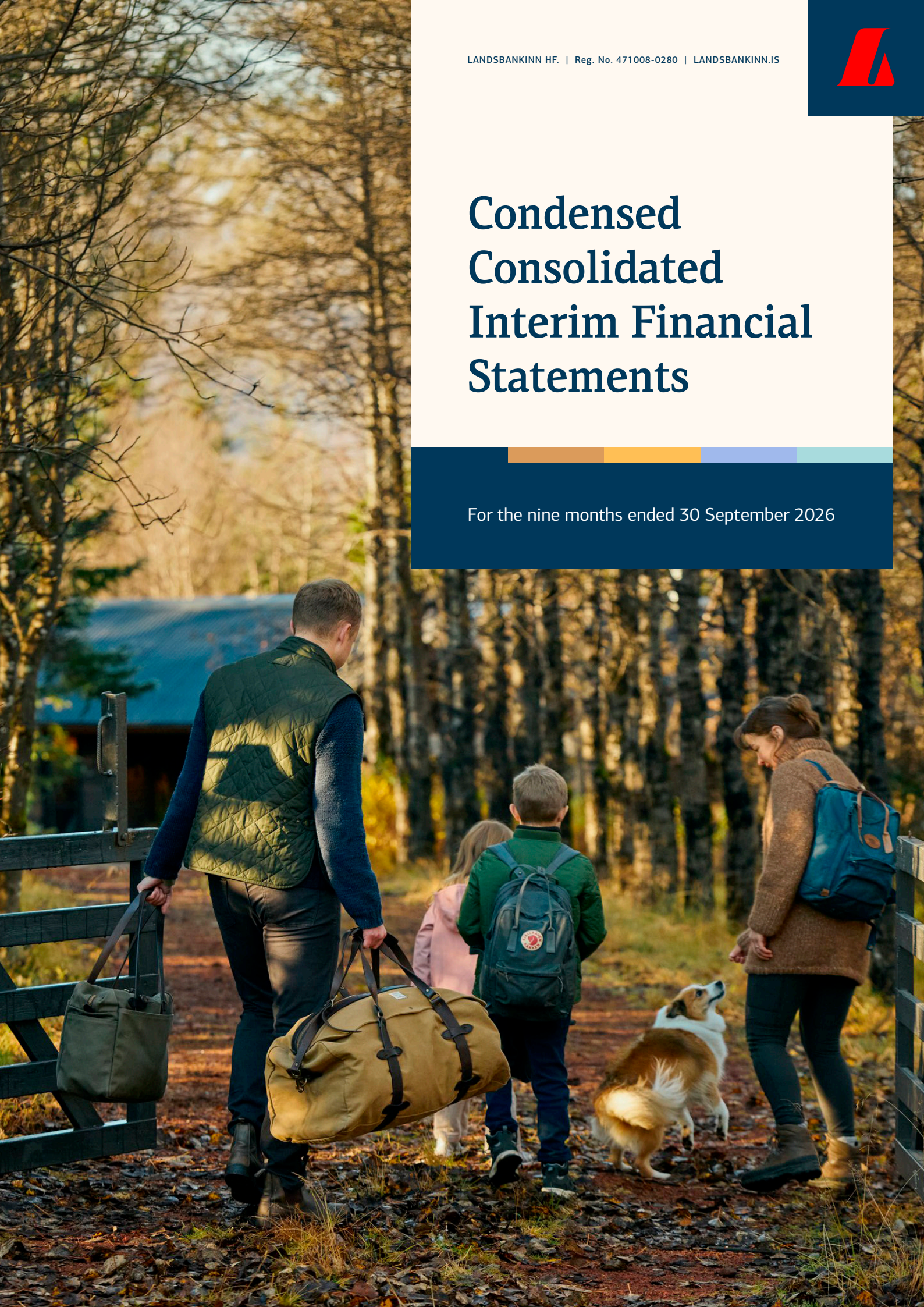




Condensed Consolidated Interim Financial Statements

For the nine months ended 30 September 2026



Content	Page
Highlights	1
Report of the Board of Directors and CEO	2 - 4
Independent Auditor's Review Report	5
Condensed Consolidated Income Statement for the nine months ended 30 September 2026	6
Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2026	6
Condensed Consolidated Statement of Financial Position as at 30 September 2026	7
Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2026	8
Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2026	9 - 10
Notes to the Condensed Consolidated Financial Statements	11 - 61

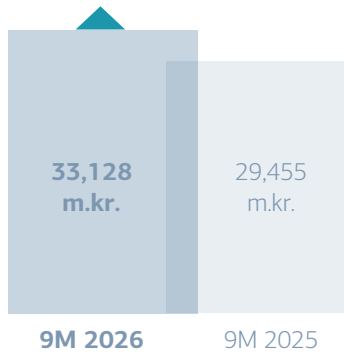
Highlights

Universal financial services

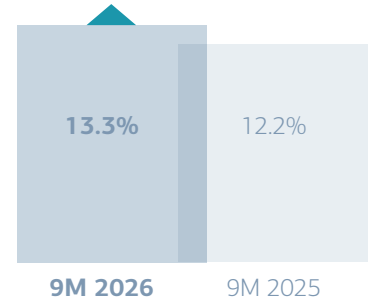


In addition to universal banking services, the Group provides asset and fund management services and P&C and life insurance through subsidiaries.

Profit



Return on equity



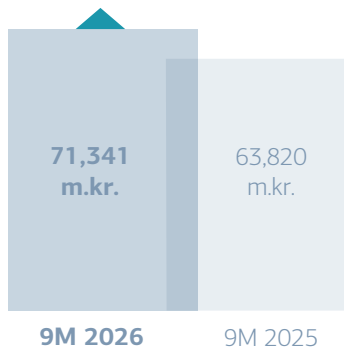
Credit rating

A-
Stable outlook

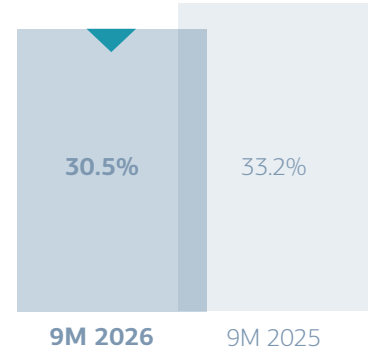
S&P Global
Ratings

A2
Stable outlook
MOODY'S

Total operating income



Cost-income ratio

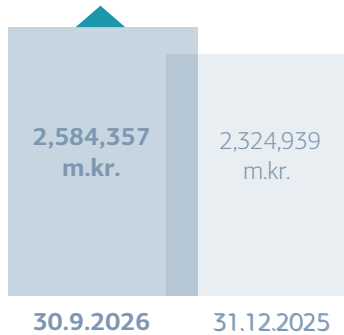


Sustainable Finance Framework

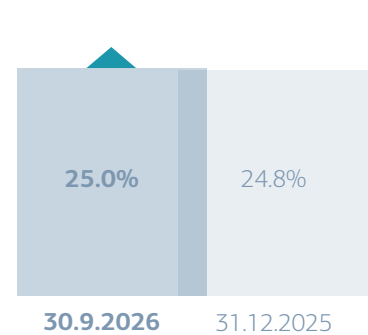


Landsbankinn is a regular issuer of green bonds

Total assets



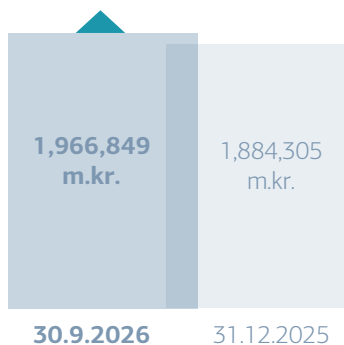
Total capital ratio



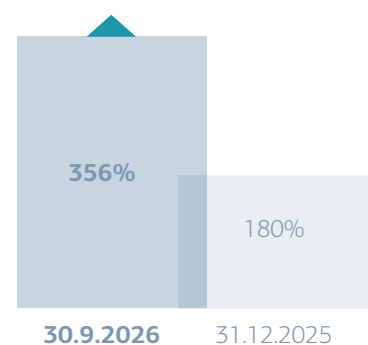
Sustainable Development Goals



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 2026, which include the accounts of the Bank and its subsidiaries (the “Group”).

Financial performance

Consolidated profit amounted to ISK 33,128 million in the first nine months of 2026 (9M 2025: ISK 29,455 million). Return on equity (ROE) was 13.3% (9M 2025: 12.2%) and the Bank expects ROE for the financial year to range between 11.5-12.5%. The Bank’s cost-income ratio was 30.5% (9M 2025: 33.2%). Calculated income and bank tax for the period amounted to ISK 15,475 million, increasing by 19.4% year-on-year (9M 2025: ISK 12,961 million).

Net interest income for the period amounted to ISK 58,271 million (9M 2025: ISK 49,369 million) and was 3.2% of average total assets, compared with 2.9% in the same period the previous year. The increase in net interest income is mainly attributable to the combined effects of the Bank’s inflation-indexation mismatch and the inflation spike in the first quarter. Growth of the balance sheet is another positive component, as is refinancing of older, less favourable borrowing last year. The Bank expects the net interest margin for the financial year as a whole to be between 2.9-3.1%.

Net fee and commission income was ISK 9,161 million, broadly unchanged between years. Performance from insurance contracts amounted to ISK 2,136 million. Net profit on financial assets and liabilities at fair value was ISK 3,078 million (9M 2025: ISK 3,742 million). The decrease from the previous period is largely attributable to a decline in the fair value of market equities. Net impairment on financial assets amounted to ISK 3,331 million during the period (9M 2025: ISK 2,939 million net impairment), mainly attributable to a deteriorating outlook in the construction sector, partly driven by high interest rates and the resulting longer time-on-market. Operating expenses amounted to ISK 25,226 million, increasing by 7.7% between years. The average number of full-time equivalent positions during the period was 940 (9M 2025: 911).

Consolidated total equity amounted to ISK 341,605 million at the end of the third quarter of 2026. The Group’s capital adequacy ratio, calculated according to the Act on Financial Undertakings, was 25.0% at the end of the period (year-end 2025: 24.8%), well above the minimum requirement of the Financial Supervisory Authority of the Central Bank of Iceland of 20.0%. Total assets amounted to ISK 2,584 billion, increasing by 11.2% from the beginning of the year. Lending growth was 4.4% in the first nine months of the year, with corporate loans increasing by ISK 62.1 billion and loans to retail customers by ISK 20.4 billion. Total deposits amounted to ISK 1,499 billion at the end of the third quarter of 2026, increasing by ISK 250 billion from the beginning of the year, or 20%. The growth is mainly attributable to an increase in corporate deposits in foreign currency.

The government has announced a substantial increase in the special tax on financial institutions’ liabilities (the bank tax), from 0.145% to 0.254% of liabilities exceeding ISK 50 billion. If implemented, the annual bank tax payable by Landsbankinn would, all else being equal, increase from ISK 3.2 billion to ISK 5.6 billion, or by approximately 75%. The tax is non-deductible for income tax purposes.

On 3 September 2026, international credit rating agency Moody’s Ratings assigned Landsbankinn issuer and deposit ratings for the first time. The ratings are A2/P-1 with a stable outlook and reflect the Bank’s strong creditworthiness, based on its baseline credit assessment and expectations of very low loss given failure. The ratings strengthen the Bank’s position in international capital markets, broaden access to investors and create opportunities for more favourable long-term funding.

Equity and dividends

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

Risk factors

The Bank’s financial position at the end of the third quarter of 2026 is strong. The Bank maintains robust capital and liquidity ratios and is well positioned to address both foreseeable and unforeseen challenges in the operating environment. At the end of Q3, risk indicators are within the limits of the Bank’s defined risk appetite. Despite challenging conditions and uncertainty in the economic environment, arrears in the Bank’s loan portfolio remain low and generally reflect customers’ sound payment capacity. The credit quality of a few companies, mainly in the construction industry, deteriorated during the quarter resulting in their reclassification to Stage 3 and an increased contribution for impairments. These movements largely explain the increase in impairment charges since the Bank’s previous financial statements.

Loan growth was moderate during the period, primarily in lending to individuals. A significant proportion of the Bank’s loan portfolio is secured by real estate collateral. A cooling real estate market may affect certain sectors, particularly companies connected to the construction industry. The Bank’s exposure is limited by moderate loan-to-value ratios, active risk assessment and good loan diversification.

Risk factors (continued)

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

Economic development

Economic growth was 1.3% in the first half of 2026 and GDP contracted by 1.1% in Q2, according to preliminary figures from Statistics Iceland. A sharp contraction in goods exports during the quarter was the main driver of the year-on-year decline in GDP. The Bank's Economic Research department expects economic growth in the second half of the year to be similar to that in the first half. 12-month inflation has remained above 5% throughout the year, averaging 5.2% in the first half. Inflation measured 5.9% in October. Inflation in recent months is largely attributable to higher fuel prices, although public services have also risen considerably due to higher user charges for primary healthcare visits. Economic Research forecasts that inflation will remain well above 5% for the rest of this year before declining significantly early next year. At the beginning of October, the Central Bank of Iceland's Monetary Policy Committee (MPC) decided to keep interest rates unchanged at 8.0%, following three consecutive rate hikes. The effects of high interest rates on the economy are becoming more apparent, with clear signs that the labour market is cooling and activity in the housing market is subdued. Economic Research forecasts that interest rates will remain unchanged for the rest of the year and that the MPC will begin rate cuts early next year.

The króna (ISK) has appreciated so far this year. Data centre and infrastructure investment financed from abroad, but involving domestic expenditure and corresponding purchases of króna, has supported the appreciation, along with high product prices in the export sector. Conversely, the CBI and pension funds have been purchasing foreign currency. Economic Research expects the króna to remain broadly stable for the rest of the year before depreciating gradually.

Other matters

Landsbankinn has become a shareholder in Qivalis, a company owned by 37 leading financial institutions from 15 European countries, thereby participating in the development of a euro-denominated stablecoin for the European financial market. Qivalis was established in 2025 and is headquartered in Amsterdam. The company has been granted authorisation as an Electronic Money Institution (EMI) by the Dutch Central Bank, with the solution expected to launch in the second half of 2026.

Vild, Landsbankinn's new loyalty programme, launched earlier this year, has been well received by customers. The aim of the programme is for customers to feel that both the duration and extent of their relationship with the Bank matter, resulting in better terms and increased benefits. Since its launch, around 4,600 customers have moved up a loyalty tier and can see a clear benefit from their overall relationship with the Bank.

Landsbankinn's 47.9% share capital in Greiðslumiðlun Íslands ehf. was delivered to Síminn hf. on 1 July 2026 on the transaction settlement date and the purchase price paid in accordance with the purchase agreement. The sale had a positive impact on the Bank's financial results in the third quarter of approximately ISK 1.1 billion.

Landsbankinn uses artificial intelligence (AI) in its operations and has established clear rules for its use. The development of AI is advancing rapidly, bringing significant opportunities as well as certain risks. The Bank is well positioned to use AI to provide customers with better service and greater insight into their own finances. Employees are already using the technology to achieve better results in their work. Landsbankinn enjoys a high degree of trust and it is important that the use and development of AI reflect the trust customers place in the Bank.

Statement by the Board of Directors and the CEO

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

In our opinion, the Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial position of the Group as of 30 September 2026, its consolidated financial performance and consolidated cash flows for the first nine months of 2026. Furthermore, the Condensed Consolidated Interim Financial Statements, including the report of the Board of Directors and the CEO, describe the principal risks and uncertainties faced by the Group.

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

Reykjavík, 29 October 2026

Board of Directors

Jón Thorvarður Sigurgeirsson, Chairman

Eva Halldórsdóttir, Vice chairman

Rebekka Jóelsdóttir

Thór Hauksson

Örn Guðmundsson

Chief Executive Officer

Lilja Björk Einarsdóttir

Report on Review of Condensed Consolidated Interim Financial Statements

To the Board of Directors and Shareholders of Landsbanki hf.

Introduction

We have reviewed the accompanying Condensed Consolidated Interim Financial Statements of Landsbankinn hf. as of 30 September 2026 which comprise of Report of the Board of Directors and the CEO, Condensed Consolidated Statement of Financial Position as of 30 September 2026 and the related Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the nine-months period then ended 30 September 2026 and other explanatory notes. The Board of Directors and CEO are responsible for the preparation and presentation of this Condensed Consolidated Interim Financial Statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the EU and articles in Icelandic law on annual accounts that are applicable. Our responsibility is to express a conclusion on these Condensed Consolidated Interim Financial Statements based on our review.

Scope of Review

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

Conclusion

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

Reykjavík, 29 October 2026

PricewaterhouseCoopers ehf

Arna G. Tryggvadóttir
State Authorized Public Accountant

Condensed Consolidated Income Statement for the nine months ended 30 September 2026

		2026	2025	2026	2025
Notes		1.7-30.9	1.7-30.9	1.1-30.9	1.1-30.9
6	Interest income	49,912	41,942	149,727	129,271
	Interest expense	(31,476)	(25,035)	(91,456)	(79,902)
	Net interest income	18,436	16,907	58,271	49,369
7	Fee and commission income	5,058	4,800	15,113	14,287
	Fee and commission expense	(2,124)	(1,821)	(5,952)	(5,103)
	Net fee and commission income	2,934	2,979	9,161	9,184
8	Insurance revenue	5,865	5,619	16,588	12,822
	Insurance service expenses	(5,295)	(4,911)	(14,452)	(11,075)
	Insurance service result	570	708	2,136	1,747
9	Net gain on financial assets and liabilities at FVTPL	1,361	1,710	3,078	3,742
	Net foreign exchange gain	423	100	872	(42)
10	Net impairment changes	(1,211)	(2,864)	(3,331)	(2,939)
11	Other income and (expenses)	937	2,446	1,154	2,759
	Net other operating income	1,510	1,392	1,773	3,520
	Total operating income	23,450	21,986	71,341	63,820
12	Salaries and related expenses	(4,173)	(3,869)	(13,982)	(13,034)
13	Other operating expenses	(2,815)	(2,533)	(8,756)	(8,370)
	Tax on liabilities of financial institutions	(947)	(658)	(2,488)	(2,028)
	Total operating expenses	(7,935)	(7,060)	(25,226)	(23,432)
	Profit before income tax	15,515	14,926	46,115	40,388
14	Income tax	(4,461)	(3,793)	(12,987)	(10,933)
	Profit for the period	11,054	11,133	33,128	29,455
	Profit for the period attributable to:				
	Owners of the Bank	11,054	11,133	33,128	29,455
	Non-controlling interests	0	0	0	0
	Profit for the period	11,054	11,133	33,128	29,455
	Earnings per share:				
32	Basic and diluted earnings per share from operations (ISK)	0.47	0.47	1.40	1.25

Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2026

		2026	2025	2026	2025
Notes		1.7-30.9	1.7-30.9	1.1-30.9	1.1-30.9
	Profit for the period	11,054	11,133	33,128	29,455
	Other comprehensive income for the period, after tax	0	0	0	0
	Total comprehensive income for the period	11,054	11,133	33,128	29,455

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

Condensed Consolidated Statement of Financial Position as at 30 September 2026

Notes		30.9.2026	31.12.2025
	Assets		
19, 52	Cash and balances with Central Bank	146,198	125,527
20	Bonds and debt instruments	256,043	193,260
21	Equities and equity instruments	27,388	30,554
22	Derivative instruments	2,139	5,393
23, 52	Loans and advances to financial institutions	140,507	41,084
24, 52	Loans and advances to customers	1,966,849	1,884,305
	Investments in equity-accounted associates	1,323	1,211
	Property and equipment	14,526	14,667
	Intangible assets	14,395	15,387
27	Deferred tax assets	536	0
25	Other assets	13,838	12,026
	Assets classified as held for sale	615	1,525
	Total assets	2,584,357	2,324,939
	Liabilities		
	Due to financial institutions and Central Bank	9,458	20,272
	Deposits from customers	1,499,328	1,249,306
22	Derivative instruments and short positions	9,383	7,164
26, 52	Borrowings	577,872	577,268
27	Tax liabilities	22,962	17,685
28	Insurance contract liabilities	26,643	26,099
29	Other liabilities	25,671	29,024
30	Subordinated liabilities	71,435	54,348
	Total liabilities	2,242,752	1,981,166
31	Equity		
	Share capital	23,610	23,615
	Share premium	120,454	120,516
	Reserves	10,831	13,124
	Retained earnings	186,710	186,518
	Total equity attributable to owners of the Bank	341,605	343,773
	Non-controlling interests	0	0
	Total equity	341,605	343,773
	Total liabilities and equity	2,584,357	2,324,939

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 2026

Notes

		Attributable to owners of the Bank												
		Reserves*												
		Unrealised gains in subsidiaries and equity-accounted associates reserve					Fair value changes of financial assets designated at FVTPL		Retained earnings		Non-controlling interests		Total	
Change in equity for the nine months ended 30 September 2026		Share capital	Share premium	Statutory reserve						Total				
3	Balance as at 1 January 2026	23,615	120,516	6,000		5,860		1,264	186,518	343,773				343,773
	Restated balance								(287)	(287)				(287)
	Restated balance at 1 January 2026	23,615	120,516	6,000		5,860		1,264	186,231	343,486	0			343,486
	Profit for the period								33,128	33,128				33,128
	Transferred (from) to restricted reserves					(2,109)		(184)	2,293	0				0
	Purchase of own shares	(5)	(62)							(67)				(67)
	Dividends allocated								(34,943)	(34,943)				(34,943)
31	Balance as at 30 September 2026	23,610	120,454	6,000		3,751		1,080	186,710	341,605	0			341,605
Change in equity for the nine months ended 30 September 2025														
	Balance as at 1 January 2025	23,615	120,516	6,000		4,087		3,126	167,305	324,649				324,649
	Profit for the period								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

*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 2026

Notes	2026 1.1-30.9	2025 1.1-30.9
Operating activities		
Profit for the period	33,128	29,455
Adjustments for non-cash items included in profit for the period	(43,439)	(38,537)
Changes in operating assets and liabilities	(44,347)	(83,996)
Interest received	122,986	113,105
Interest paid	(42,703)	(37,001)
Dividends received	590	881
Income tax and special income tax on financial institutions paid	(10,756)	(10,093)
Net cash from (used in) operating activities	15,459	(26,186)
Investing activities		
Acquisition of additional shares in subsidiaries	(21)	(32,217)
Purchase of property and equipment	(512)	(607)
Proceeds from sale of property and equipment	16	11
Purchase of intangible assets	(106)	(142)
Repayment of share capital in an associate	288	-
Change in assets and liabilities of asset held for sale	1,354	2,850
Investing activities	1,019	(30,105)
Financing activities		
Proceeds from borrowings	90,394	162,325
Repayment of borrowings	(70,047)	(125,051)
Lease payment	(477)	(396)
Proceeds from subordinated liabilities	16,000	13,862
31 Purchase of own shares	(67)	-
31 Dividends paid	(34,943)	(18,891)
Financing activities	860	31,849
Cash and cash equivalents as at the beginning of the period	88,250	93,974
Additions related to TM	-	391
Net change in cash and cash equivalents	17,338	(24,833)
Effect of exchange rate changes on cash and cash equivalents held	959	180
Cash and cash equivalents as at the end of the period	106,547	69,712
Cash and cash equivalents is specified as follows:		
19 Cash and balances with Central Bank	146,198	105,561
23 Bank accounts with financial institutions	7,189	9,104
19 Mandatory and special restricted balances with Central Bank	(46,840)	(44,953)
Cash and cash equivalents as at the end of the period	106,547	69,712

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 2026

Notes		2026 1.1-30.9	2025 1.1-30.9
Adjustments for non-cash items included in profit for the period			
6	Net interest income	(58,271)	(49,369)
9	Net gain on financial assets and liabilities at FVTPL	(3,078)	(3,742)
	Net foreign exchange gain	(1,831)	(139)
	Net impairment changes	3,331	2,939
11	Gain on sale of property and equipment	(7)	(244)
11	Net income of asset held for sale	291	(2,218)
	Depreciation and amortisation	1,856	1,366
11	Share of gain of equity-accounted associates	(90)	(91)
	Profit on sale of associates	(1,115)	-
	Tax on liabilities of financial institutions	2,488	2,028
14	Income tax	12,987	10,933
		(43,439)	(38,537)
Changes in operating assets and liabilities			
	Change in reserve requirement with Central Bank	(2,854)	(865)
	Change in bonds and equities	(63,579)	(20,663)
	Change in loans and advances to financial institutions	(102,345)	(24,469)
	Change in loans and advances to customers	(77,574)	(46,412)
	Change in other assets	(703)	(14,208)
	Change in assets classified as held for sale	(94)	152
	Change in due to financial institutions and Central Bank	(10,886)	1,298
	Change in deposits from customers	224,874	(3,829)
	Change in deferred tax liability	(3)	1,064
	Change in other liabilities	(11,183)	23,936
		(44,347)	(83,996)
Change in liabilities due to financing activities			
		2026 1.1-30.9	2025 1.1-30.9
		Borrowings	Subordinated liabilities
26, 30	Balance as at 1 January	577,268	54,348
	Changes due to financing activities		
	New borrowings	90,394	16,000
	Repayment of borrowings	(70,047)	-
	Changes arising from financing activities	20,347	16,000
	Foreign exchange	(23,807)	(454)
	Changes in fair value	(5,847)	-
6	Interest expense	26,629	5,490
	Interest paid	(16,718)	(3,949)
26, 30	Balance	577,872	71,435
		577,872	565,937
		577,872	53,152

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

Notes to the Condensed Consolidated Interim Financial Statements

Note	Page	Note	Page
General		Risk management	
1 Reporting entity.....	12	Credit risk	
2 Basis of preparation.....	12	42 Maximum exposure to credit risk and concentration	
3 Critical accounting estimates and judgements in		by industry sectors.....	38-39
applying accounting policies.....	13	43 Collateral and loan-to-value	40-41
4 Economic forecasts.....	13	44 Collateral types.....	42
5 Operating segments.....	14-15	45 Credit quality of loans and advances.....	43
Notes to the Consolidated Income Statement		46 Loans and advances by past due status.....	44
6 Net interest income.....	16	47 Loans and advances by stage allocation.....	45-46
7 Net fee and commission income.....	16-17	48 Impairment allowance on loans and advances.....	47-48
8 Insurance service result.....	17	49 Large exposures.....	48-49
9 Net gain (loss) on financial assets and liabilities at FVTPL.....	17	Liquidity risk	
10 Net impairment changes.....	18	50 Liquidity risk management.....	49-51
11 Other income and (expenses).....	18	51 Maturity analysis of financial assets and liabilities.....	51-53
12 Salaries and related expenses.....	18	52 Encumbered assets	54
13 Other operating expenses.....	18	Market risk	
14 Income tax	18-19	53 Market risk management.....	55
Notes to the Consolidated Statement of Financial Position		54 Equity price risk	55
15 Classifications and fair values of financial assets and liabilities.....	20-21	55 Interest rate risk.....	55-56
16 Fair value of financial assets and liabilities.....	22	56 Indexation risk (all portfolios).....	57
17 Unobservable inputs in fair value measurement	23	Currency risk	
18 Expected credit loss.....	23-24	57 Currency risk (all portfolios).....	58
19 Cash and balances with Central Bank.....	24	58 Concentration of currency risk	58-59
20 Bonds and debt instruments.....	24	59 Foreign exchange rates used.....	59
21 Equities and equity instruments.....	24-25	Consolidated key figures	
22 Derivative instruments and short positions.....	25-27	60 Operations by quarters.....	60
23 Loans and advances to financial institutions.....	27	61 Key figures and ratios.....	61
24 Loans and advances to customers.....	28		
25 Other assets.....	28		
26 Borrowings.....	28		
27 Deferred tax assets and liabilities.....	29		
28 Insurance contract liabilities	29		
29 Other liabilities.....	29		
30 Subordinated liabilities.....	30		
31 Equity.....	30-31		
Other notes			
32 Earnings per share	31		
33 Litigation.....	31-32		
34 Interest in subsidiaries.....	32		
35 Related party transactions.....	32-33		
36 Events after the reporting period.....	33		
Capital management			
37 Capital requirements.....	34		
38 Capital base, risk-weighted exposure amount and capital ratios.....	35		
39 Minimum Requirement for own funds and Eligible Liabilities (MREL)	36		
40 Leverage ratio	37		
41 Solvency II requirement	37		

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 2026 include the Bank and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities"). The Group's primary lines of business are corporate and personal banking, markets, asset management, non-life and life insurance and other related financial services. The Group operates solely in Iceland.

2. Basis of preparation

These Condensed Consolidated Interim Financial Statements for the nine months 30 September 2026 have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting, as adopted by the European Union. The Condensed Consolidated Interim Financial Statements have, furthermore, been prepared in accordance with Act No. 3/2006, on Annual Financial Statements, Act No. 161/2002, on Financial Undertakings, and Rules No. 834/2003, on Accounting for Credit Institutions.

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

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

Going concern

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

Functional and presentation currency

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

Use of 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 2025.

TM tryggingar hf.

The purchase price allocation of the Bank's acquisition of TM tryggingar hf. (TM) was finalised in the first quarter of 2026. The purchase consideration amounted to ISK 32,217 million, while the fair value of the identifiable net assets acquired was ISK 26,972 million. The resulting goodwill recognised in the consolidated financial statements amounted to ISK 5,245 million. At the acquisition date, customer relationships and the TM brand were valued at ISK 2,599 million. Upon completion of the purchase price allocation, their fair value was assessed at ISK 7,822 million. Customer relationships are amortised over 15 years and the brand over 20 years.

Upon completion of the purchase price allocation, amortisation amounting to ISK 287 million relating to the 2025 financial year was recognised. This was recorded as an adjustment to opening equity as of 1 January 2026, with a corresponding reduction in the carrying amount of intangible assets.

4. Economic forecasts

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

The following table shows certain key economic variables used to calculate the ECL allowance. At the reporting date, the baseline forecast of Landsbankinn Economic Research projects 0,8% GDP growth in 2026. The upside, baseline and downside scenarios show averages for the 12-month outlook and to the medium-term horizon. The upside scenario is given 10% weight (31 December 2025: 10%), the baseline 60% weight (31 December 2025: 75%) and the downside scenario 30% weight (31 December 2025: 15%). The scenarios were approved by the Bank's Valuation Team on 23 September 2026.

	Upside scenario		Base case senario		Downside scenario	
	Next 12 Months	To the horizon	Next 12 Months	To the horizon	Next 12 Months	To the horizon
As at 30 September 2026						
GDP growth	6.6%	9.4%	1.8%	2.2%	(3.0%)	(4.9%)
Unemployment rate	2.9%	1.3%	4.5%	4.0%	6.1%	7.1%
Base rate	5.7%	2.0%	7.4%	6.2%	10.0%	12.4%
Inflation	2.1%	(0.8%)	4.6%	3.4%	8.2%	9.6%
EUR/ISK exchange rate, average	126.0	106.5	140.6	143.6	155.2	180.6
Housing Price index, y/y change	8.7%	16.7%	1.6%	4.2%	(5.5%)	(8.3%)
Household indebtedness	36.9%	22.5%	48.5%	48.1%	60.2%	75.8%
	Upside scenario		Base case senario		Downside scenario	
	Next 12 Months	To the horizon	Next 12 Months	To the horizon	Next 12 Months	To the horizon
As at 31 December 2025						
GDP growth	5.8%	9.7%	1.0%	2.6%	(2.5%)	(4.6%)
Unemployment rate	2.8%	1.2%	4.4%	3.8%	6.0%	7.0%
Base rate	4.8%	1.1%	6.5%	5.3%	8.2%	9.5%
Inflation	1.2%	(1.0%)	3.7%	3.1%	6.1%	7.3%
EUR/ISK exchange rate, average	134.3	110.8	150.1	150.0	165.9	189.1
Housing Price index, y/y change	10.0%	19.5%	2.8%	6.8%	(4.4%)	(5.8%)
Household indebtedness	42.7%	28.4%	51.6%	49.1%	60.6%	69.9%
	As at 30 September 2026			As at 31 December 2025		
	Upside scenario	Base senario	Downside senario	Upside scenario	Base senario	Downside senario
Allowance for impairment (Stage 1 and Stage 2)	2,862	4,680	7,887	2,331	3,845	6,415
Proportion of assets in Stage 2	5.2%	5.6%	7.0%	5.3%	5.7%	7.2%
Reported under IFRS 9						
	As at 30 September 2026			As at 31 December 2025		
Allowance for impairment (stage 1 and stage 2)	6,563			5,148		

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 tryggingar** is an insurance company providing both non-life and life insurance services to individual and corporate customers.

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

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

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

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

Revenue from transactions with any single external customer was within 10% of the Group's total revenue during the period from 1 January to 30 September 2026 and the corresponding period in 2025.

Notes to the Condensed Consolidated Interim Financial Statements

5. Operating segments (continued)

	Asset							
	Personal	Corporate	Management & Capital	Treasury and Market	TM	Other	Recon-	Total
1 January - 30 September 2026	Banking	Banking	Market	Making tryggingar	divisions	ciliation		
Net interest income	16,162	25,966	611	14,811	285	306	130	58,271
Net fee and commission income	2,593	2,612	4,154	(132)	-	79	(145)	9,161
Insurance service result	109	-	-	-	1,400	-	627	2,136
Net impairment changes	(229)	(3,106)	2	-	2	-	-	(3,331)
Other net operating income (expenses)	1,069	(626)	61	3,971	569	237	(177)	5,104
Total operating income (expenses)	19,704	24,846	4,828	18,650	2,256	622	435	71,341
Operating expenses	(5,884)	(2,955)	(1,994)	(902)	(417)	(10,092)	(494)	(22,738)
Tax on liabilities of financial institutions	(1,020)	(621)	(8)	(830)	-	(9)	-	(2,488)
Profit (loss) before cost allocation and tax	12,800	21,270	2,826	16,918	1,839	(9,479)	(59)	46,115
Allocated expenses	(3,732)	(2,724)	(1,082)	(902)	-	8,440	-	0
Profit (loss) before income tax	9,068	18,546	1,744	16,016	1,839	(1,039)	(59)	46,115
Income tax	(2,662)	(5,125)	(407)	(4,631)	(551)	389	-	(12,987)
Profit for the period	6,406	13,421	1,337	11,385	1,288	(650)	(59)	33,128
Net revenue (expenses) from external customers	35,029	52,763	5,311	(24,745)	2,256	292		70,906
Net revenue (expenses) from other segments	(15,325)	(27,917)	(483)	43,395	-	330		0
Total operating income	19,704	24,846	4,828	18,650	2,256	622		70,906

As at 30 September 2026

Total assets	962,872	992,464	13,896	826,153	60,681	14,636	(286,345)	2,584,357
Total liabilities	888,776	824,469	8,673	769,452	25,900	11,827	(286,345)	2,242,752
Allocated capital	74,096	167,995	5,223	56,701	34,781	2,809		341,605

	Asset							
	Personal	Corporate	Management & Capital	Treasury and Market	TM	Other	Recon-	Total
1 January - 30 September 2025	Banking	Banking	Market	Making tryggingar	divisions	ciliation		
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 income 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	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

Notes to the Condensed Consolidated Interim Financial Statements

Notes to the Consolidated Income Statement

6. Net interest income

	1.7-30.9.2026			1.7-30.9.2025		
	Amortised cost	Designated at FVTPL	Total	Amortised cost	Designated at FVTPL	Total
Interest income						
Cash and balances with Central Bank	2,092	-	2,092	1,306	-	1,306
Loans and advances to financial institutions	900	-	900	522	-	522
Loans and advances to customers	45,651	1,251	46,902	38,938	1,056	39,994
Other interest income	18	-	18	95	25	120
Total	48,661	1,251	49,912	40,861	1,081	41,942
Interest expense						
Due to financial institutions and Central Bank	(44)	-	(44)	(134)	-	(134)
Deposits from customers	(19,943)	-	(19,943)	(16,274)	-	(16,274)
Borrowings	(6,262)	(2,681)	(8,943)	(5,066)	(2,142)	(7,208)
Other interest expense	(4)	(732)	(736)	(33)	(217)	(250)
Subordinated liabilities	(1,810)	-	(1,810)	(1,169)	-	(1,169)
Total	(28,063)	(3,413)	(31,476)	(22,676)	(2,359)	(25,035)
Net interest income	20,598	(2,162)	18,436	18,185	(1,278)	16,907
	1.1-30.9.2026			1.1-30.9.2025		
	Amortised cost	Designated at FVTPL	Total	Amortised cost	Designated at FVTPL	Total
Interest income						
Cash and balances with Central Bank	5,871	-	5,871	3,990	-	3,990
Loans and advances to financial institutions	1,930	-	1,930	1,606	-	1,606
Loans and advances to customers	138,638	3,117	141,755	120,288	3,090	123,378
Other interest income	171	-	171	214	83	297
Total	146,610	3,117	149,727	126,098	3,173	129,271
Interest expense						
Due to financial institutions and Central Bank	(108)	-	(108)	(461)	-	(461)
Deposits from customers	(57,422)	-	(57,422)	(53,542)	-	(53,542)
Borrowings	(19,686)	(6,943)	(26,629)	(15,758)	(6,067)	(21,825)
Other interest expense	(293)	(1,514)	(1,807)	(76)	(427)	(503)
Subordinated liabilities	(5,490)	-	(5,490)	(3,571)	-	(3,571)
Total	(82,999)	(8,457)	(91,456)	(73,408)	(6,494)	(79,902)
Net interest income	63,611	(5,340)	58,271	52,690	(3,321)	49,369

Net interest income, calculated based on the effective interest rate method, amounted to ISK 58,271 million in the first nine months of 2026 as compared with ISK 49,369 million for the same period in 2025.

7. Net fee and commission income

	1.7-30.9.2026			1.7-30.9.2025		
	Fee and commission income	Fee and commission expense	Net fee and commission income	Fee and commission income	Fee and commission expense	Net fee and commission income
Capital Markets	1,432	(173)	1,259	1,348	(199)	1,149
Loans and guarantees	484	-	484	523	-	523
Payment cards	1,913	(981)	932	1,786	(841)	945
Collection and payment services	259	-	259	259	(59)	200
Other	970	(970)	-	884	(722)	162
Total	5,058	(2,124)	2,934	4,800	(1,821)	2,979

Notes to the Condensed Consolidated Interim Financial Statements

7. Net fee and commission income (continued)

	1.1-30.9.2026			1.1-30.9.2025		
	Fee and commission income	Fee and commission expense	Net fee and commission income	Fee and commission income	Fee and commission expense	Net fee and commission income
Capital Markets	4,830	(526)	4,304	4,754	(543)	4,211
Loans and guarantees	1,512	-	1,512	1,492	-	1,492
Payment cards	5,386	(2,856)	2,530	4,997	(2,509)	2,488
Collection and payment services	763	(123)	640	765	(178)	587
Other	2,622	(2,447)	175	2,279	(1,873)	406
Total	15,113	(5,952)	9,161	14,287	(5,103)	9,184

8. Insurance service result

	2026 1.7-30.9	2025 1.7-30.9	2026 1.1-30.9	2025 28.2-30.9
Insurance revenue	5,865	5,619	16,588	12,822
Incurred claims	(4,373)	(3,988)	(11,456)	(8,406)
Insurance service expenses	(812)	(829)	(2,548)	(2,224)
Performance from reinsurance recoverables	(110)	(94)	(448)	(445)
Insurance service results	570	708	2,136	1,747

The following table shows the operating performance of TM tryggingar hf for the period 1 January to 30 September 2026 and 28 February to 30 September 2025 in accordance with the company's accounting standards.

	2026 1.7-30.9	2025 1.7-30.9	2026 1.1-30.9	2025 28.2-30.9
Insurance service results according to the Financial Statements of TM				
Insurance revenue	5,875	5,619	16,618	12,822
Expenses from insurance contracts	(5,454)	(4,997)	(14,770)	(10,924)
Performance from reinsurance recoverables	(110)	(94)	(448)	(445)
Insurance service results	311	528	1,400	1,453
Investment income	471	746	1,504	733
Net financial loss from insurance contracts	(286)	(342)	(721)	(638)
Operating costs of investments	(69)	(87)	(227)	(274)
Impairment changes of financial assets	1	(34)	2	(23)
Investments results	117	283	558	(202)
Other income and (expenses)	(48)	(52)	(119)	(96)
Profit before tax	380	759	1,839	1,155
Income tax	(152)	(121)	(551)	(358)
Profit for the period	228	638	1,288	797
Combined ratio	94.7%	90.6%	91.6%	88.7%

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

	2026 1.7-30.9	2025 1.7-30.9	2026 1.1-30.9	2025 1.1-30.9
Net gain (loss) on financial assets and liabilities at FVTPL				
Bonds and debt instruments	2,466	1,863	5,212	5,021
Equities and equity instruments	(696)	286	(1,557)	(457)
Derivatives and underlying hedges	320	100	565	683
Net financial loss from insurance contracts	(279)	(341)	(715)	(637)
Net loss on fair value hedges	(259)	(6)	(389)	(418)
Other	(191)	(192)	(38)	(450)
Total	1,361	1,710	3,078	3,742

Notes to the Condensed Consolidated Interim Financial Statements

10. Net impairment changes

	2026 1.7-30.9	2025 1.7-30.9	2026 1.1-30.9	2025 1.1-30.9
Net impairment changes of loans to customers	(1,220)	(456)	(3,335)	(616)
Net impairment changes of other financial assets	9	(2,408)	4	(2,323)
Net impairment changes of financial assets	(1,211)	(2,864)	(3,331)	(2,939)
Net impairment changes by customer type				
Public entities	-	(1)	-	-
Individuals	(93)	(2,579)	(384)	(2,692)
Corporates	(1,118)	(284)	(2,947)	(247)
Net impairment changes of financial assets	(1,211)	(2,864)	(3,331)	(2,939)

11. Other income and (expenses)

	2026 1.7-30.9	2025 1.7-30.9	2026 1.1-30.9	2025 1.1-30.9
Share of gain of equity-accounted associates	40	25	90	91
Gain on sale of property and equipment	3	7	7	244
Net income (expenses) of asset held for sale	(295)	2,356	(291)	2,218
Other	1,189	58	1,348	206
Total	937	2,446	1,154	2,759

12. Salaries and related expenses

	2026 1.7-30.9	2025 1.7-30.9	2026 1.1-30.9	2025 1.1-30.9
Salaries	3,907	3,645	11,712	10,920
Contributions to defined pension plans	600	625	1,774	1,647
Social security contributions	290	272	858	796
Special financial activities tax on salaries	251	236	743	690
Other related expenses	(492)	(562)	109	(23)
Salaries and related expenses attributable to insurance service expenses	(383)	(347)	(1,214)	(996)
Total	4,173	3,869	13,982	13,034
Average number of full-time equivalent positions during the period	944	948	940	911
Number of full-time equivalent positions at the period-end	943	948	943	948

13. Other operating expenses

	2026 1.7-30.9	2025 1.7-30.9	2026 1.1-30.9	2025 1.1-30.9
Other operating expenses	3,004	3,095	9,444	9,795
Operating expenses attributable to insurance service expenses	(189)	(562)	(688)	(1,425)
Total	2,815	2,533	8,756	8,370

Notes to the Condensed Consolidated Interim Financial Statements

14. Income tax

Income tax is recognised based on the tax rates and tax laws enacted by the end of the period, according to which the domestic corporate income tax rate was 20.0% (2025: 20.0%). An additional special income tax on financial institutions is 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:

	2026 1.1-30.9	2025 1.1-30.9
Current tax expense	(11,010)	(8,180)
Special income tax on financial institutions	(3,073)	(2,251)
Origination and reversal of temporary differences due to deferred tax assets/liabilities	1,096	(502)
Total	(12,987)	(10,933)

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

		2026 1.1-30.9		2025 1.1-30.9
Profit before income tax		46,115		40,388
Income tax calculated using the domestic corporate income tax rate	20.0%	(9,223)	20.0%	(8,078)
Special income tax on financial institutions	6.7%	(3,073)	5.6%	(2,256)
Income not subject to tax	(1.0%)	463	0.4%	154
Non-deductible expenses	2.5%	(1,161)	2.0%	(804)
Other	0.0%	7	(0.1%)	51
Effective income tax	28.2%	(12,987)	27.1%	(10,933)

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 2026:

		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 2026		Notes								
Financial assets measured at fair value										
Bonds and debt instruments	20	-	21,553	234,490	-	256,043	240,138	5,587	10,318	256,043
Equities and equity instruments	21	-	8,397	18,991	-	27,388	14,318	500	12,570	27,388
Derivative instruments	22	-	2,139	-	-	2,139	-	2,139	-	2,139
Loans and advances to customers	24	-	-	53,683	-	53,683	-	-	53,683	53,683
		0	32,089	307,164	0	339,253	254,456	8,226	76,571	339,253
Financial assets not measured at fair value										
Cash and balances with Central Bank	19	146,198	-	-	-	146,198	-	146,198	-	146,198
Loans and advances to financial institutions	23	140,507	-	-	-	140,507	-	140,507	-	140,507
Loans and advances to customers	24	1,913,166	-	-	-	1,913,166	-	1,907,312	-	1,907,312
Other financial assets		8,583	-	-	-	8,583	-	8,583	-	8,583
		2,208,454	0	0	0	2,208,454	0	2,202,600	0	2,202,600
Financial liabilities measured at fair value										
Derivative instruments	22	-	7,193	-	-	7,193	-	7,193	-	7,193
Short positions	22	-	2,190	-	-	2,190	2,190	-	-	2,190
Borrowings		-	-	-	244,707	244,707	-	244,707	-	244,707
		0	9,383	0	244,707	254,090	2,190	251,900	0	254,090
Financial liabilities not measured at fair value										
Due to financial institutions and Central Bank		-	-	-	9,458	9,458	-	9,458	-	9,458
Deposits from customers		-	-	-	1,499,328	1,499,328	-	1,498,896	-	1,498,896
Borrowings		-	-	-	333,165	333,165	-	335,789	-	335,789
Other financial liabilities		-	-	-	13,376	13,376	-	13,376	-	13,376
Subordinated liabilities	30	-	-	-	71,435	71,435	-	71,276	-	71,276
		0	0	0	1,926,762	1,926,762	0	1,928,795	0	1,928,795

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

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

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

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 2026, there were transfers between Level 1, Level 2 and Level 3. During the period from 1 January to 31 December 2025, there were transfer between Level 1, Level 2 and Level 3. The following tables show the reconciliation of fair value measurement in Level 3 for the nine months ended 30 September 2026 and for the year 2025:

	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total financial assets
1 January - 30 September 2026				
Carrying amount as at 1 January 2026	10,310	12,845	47,639	70,794
Net gain (loss) on financial assets and liabilities at FVTPL	25	(136)	(42)	(153)
Net foreign exchange loss	-	(105)	(211)	(316)
Purchases	71	1,025	301,242	302,338
Sales	(87)	(409)	-	(496)
Settlements	-	-	(294,945)	(294,945)
Dividend received	-	(48)	-	(48)
Transfers in to Level 3	-	1	-	1
Transfers out of Level 3	(1)	(603)	-	(604)
Carrying amount as at 30 September 2026	10,318	12,570	53,683	76,571
	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total financial assets
1 January - 31 December 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	(423)	685	(467)	(205)
Net foreign exchange loss	-	(9)	(285)	(294)
Purchases	13,719	8,754	404,816	427,289
Sales	(701)	(10,651)	-	(11,352)
Settlements	(359)	-	(397,680)	(398,039)
Transfers out of Level 3	(2,766)	(56)	-	(2,822)
Carrying amount as at 31 December 2025	10,310	12,845	47,639	70,794

The following table shows the line items in the Consolidated Income Statement where gains (losses) on financial assets and liabilities categorised in Level 3 and held by the Group as at 30 September 2026 and 30 September 2025 were recognised:

	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total
1 January - 30 September 2026				
Net realised gain (loss) on financial assets and liabilities at FVTPL	10	33	(42)	1
Net unrealised gain (loss) on financial assets and liabilities at FVTPL	16	(169)	-	(153)
Net foreign exchange loss	-	(105)	(211)	(316)
Total	26	(241)	(253)	(468)
	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total
1 January - 30 September 2025				
Net realised loss on financial assets and liabilities at FVTPL	(16)	(224)	(450)	(690)
Net unrealised loss on financial assets and liabilities at FVTPL	(369)	(556)	-	(925)
Net foreign exchange loss	-	(10)	(541)	(551)
Total	(385)	(790)	(991)	(2,166)

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 at 30 September 2026 and 31 December 2025. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty in their valuation.

As at 30 September 2026	Level 3 Significant unobservable assets inputs	Valuation technique	Higher	Lower	Favourable	Unfavourable
Bonds and debt instruments	9,480 Recovery rates	See 1) below	5%	-5%	1,031	(1,031)
	838 Bond prices	See 1) below	5%	-5%	42	(42)
Equities and equity instruments						
Equities - banking book	12,570 Instrument Price	See 2) below	5%	-5%	629	(629)
Loans and advances to customers	53,678 Probability of default	See 3) below	1%	-1%	208	(206)
	5 Recovery rates	See 3) below	5%	-5%	-	-
Total	76,571				1,910	(1,908)

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

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

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

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

3. Loans and advances to customers carried at FVTPL are classified as financial assets in Level 3. The valuation technique is based on significant non-observable inputs as loans and advances are unlisted and not traded in an active market. The valuation technique is based on available market data such as interest and inflation curves, value of underlying collateral, probability of default and liquidity spread.

18. Expected credit loss

	30.9.2026			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(2,943)	(3,011)	(5,971)	(11,925)
Other financial assets	(25)	-	(1)	(26)
Expected credit loss, off-balance sheet items	(401)	(208)	(27)	(636)
Total	(3,369)	(3,219)	(5,999)	(12,587)

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

Notes to the Condensed Consolidated Interim Financial Statements

18. Expected credit loss (continued)

The Bank has assessed the need for provisions for impairment for loans in response to the volcanic and seismic activity in and around Grindavík and has made an ISK 1,835 million provision at the end of the second quarter of 2026 (31 December 2025: ISK 2,121 million). Of this amount, ISK 648 million is a collective allowance (31 December 2025: ISK 624 million) made against increased risk not adequately captured under general impairment assessment. Assessment of the collective allowance is based on a detailed analysis of loans to Grindavík customers whereby loans are grouped on the basis of similar risk characteristics. The assessment is based on expert judgement that considers the potential impact on payment capacity and value of underlying collateral.

There is still uncertainty about the development and final impact of the seismic and volcanic activity. Consequently, there is considerable uncertainty about the impact on the Bank's Grindavík customers and the Bank's credit portfolio. The Bank performs a detailed risk assessment of loans to larger corporates in Grindavík and staging is based on that assessment. Loans to smaller Grindavík-based corporates are classified as stage 2, other than loans classified in stage 3. Loans to corporates in and around Grindavík that are classified as stage 2 amount to ISK 23,872 million (31 December 2025: ISK 23,080 million).

19. Cash and balances with Central Bank

	30.9.2026	31.12.2025
Cash on hand	4,560	4,707
Unrestricted balances with Central Bank	94,798	76,834
Total cash and unrestricted balances with Central Bank	99,358	81,541
Restricted balances with Central Bank - fixed reserve requirement	42,738	38,558
Cash and balances pledged as collateral to the Central Bank	4,102	5,428
Total restricted balances with Central Bank	46,840	43,986
Total cash and balances with Central Bank	146,198	125,527

20. Bonds and debt instruments

	30.9.2026			31.12.2025		
	Trading book	Banking book	Total	Trading book	Banking book	Total
Bonds and debt instruments						
Domestic						
Listed	21,553	64,267	85,820	36,881	34,075	71,043
Unlisted	-	12,955	12,955	-	13,510	13,423
	21,553	77,222	98,775	36,881	47,585	84,466
Foreign						
Listed	-	156,947	156,947	-	108,483	108,483
Unlisted	-	321	321	-	311	311
	0	157,268	157,268	0	108,794	108,794
Total bonds	21,553	234,490	256,043	36,881	156,379	193,260

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

21. Equities and equity instruments

	30.9.2026			31.12.2025		
	Trading book	Banking book	Total	Trading book	Banking book	Total
Equities and equity instruments						
Domestic						
Listed	6,685	3,943	10,628	6,461	6,398	12,859
Unlisted	-	11,867	11,867	-	12,277	12,277
	6,685	15,810	22,495	6,461	18,675	25,136
Foreign						
Listed	1,712	1,978	3,690	1,811	2,983	4,794
Unlisted	-	1,203	1,203	-	624	624
	1,712	3,181	4,893	1,811	3,607	5,418
Total equities	8,397	18,991	27,388	8,272	22,282	30,554

Notes to the Condensed Consolidated Interim Financial Statements

21. Equities and equity instruments (continued)

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

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

As at 30 September 2026, outstanding commitments of the Group in share subscriptions amounted to ISK 1,635 million (2025: ISK 1,755 million) altogether in seven entities (2025: seven entities). The entities invested in by the Group are required to redeem its shareholders with proceeds from the sale of assets.

22. Derivative instruments and short positions

Trading

	30.9.2026			31.12.2025		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange derivatives						
Currency forwards	40,607	298	203	41,071	211	278
Currency options	8	-	-	26	-	1
	40,615	298	203	41,097	211	279
Interest rate derivatives						
Total return swaps	14,688	147	47	17,976	27	43
	14,688	147	47	17,976	27	43
Equity derivatives						
Equity forwards	22	1	1	26	2	-
Total return swaps	5,101	103	74	4,661	41	194
Equity options	22	-	-	4	-	-
	5,145	104	75	4,691	43	194
Total derivative instruments	60,448	549	325	63,764	281	516
Short positions						
Listed bonds	3,204	-	2,190	5,288	-	5,115
Total short positions	3,204	0	2,190	5,288	0	5,115
Total	63,652	549	2,515	69,052	281	5,631

Risk management

	30.9.2026			31.12.2025		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange derivatives						
Currency forwards	83,121	169	2,738	96,548	904	410
Cross-currency interest rate swaps	3,235	435	-	3,473	-	10
	86,356	604	2,738	100,021	904	420
Fair value hedging						
Interest rate swaps	246,600	986	4,130	220,560	4,208	1,113
	246,600	986	4,130	220,560	4,208	1,113
Total	332,956	1,590	6,868	320,581	5,112	1,533
Total derivative instruments and short positions	396,608	2,139	9,383	389,633	5,393	7,164

22. Derivative instruments and short positions (continued)

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.

During the period from 1 January 2026 to 30 September 2026, the slope of the regression line was in all cases within the range of 0.94 and 0.98 (for a 95% confidence level) and the regression coefficient was at least 0.99 (R^2). During the period from 1 January 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). In all cases the effectiveness is within limits during the first nine months of 2026 and for the same period of 2025.

Average fixed interest rate - EUR

All amounts are in ISK million

Notes to the Condensed Consolidated Interim Financial Statements

22. Derivative instruments and short positions (continued)

Fair value hedging (continued)

As at 31 December 2025	Notional amount of the hedging instrument	Maturity date			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	-	-	-	-	-	-	(3,145)
Interest rate swaps - EUR	44,112	-	44,112	-	2,437	-	(494)
Interest rate swaps - EUR	44,112	-	44,112	-	1,653	-	(1,004)
Interest rate swaps - EUR	44,112	-	44,112	-	-	333	(142)
Interest rate swaps - EUR	44,112	-	44,112	-	118	-	112
Interest rate swaps - EUR	44,112	-	-	44,112	-	780	330
Total	220,560	0	176,448	44,112	4,208	1,113	(4,343)
Average fixed interest rate - EUR			4.13%	3.63%			
		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	
As at 31 December 2025		Assets	Liabilities	Assets	Liabilities		
LBANK 6.375 3/27		-	-	-	-	3,027	
LBANK 4.25 3/28 CB		-	46,538	-	1,007	423	
LBANK 5.0 5/28		-	45,921	-	495	179	
LBANK 3.75 10/29		-	44,088	263	-	152	
LBANK 3.5 6/30		-	44,249	518	-	(230)	
LBANK 3.625 11/32		-	43,566	583	-	256	
Total EMTN hedged borrowings		0	224,362	1,364	1,502	3,807	

23. Loans and advances to financial institutions

	30.9.2026	31.12.2025
Bank accounts with financial institutions	7,189	6,709
Money market loans	125,542	33,371
Other loans	7,776	1,004
Allowance for impairment	-	-
Total	140,507	41,084

Notes to the Condensed Consolidated Interim Financial Statements

24. Loans and advances to customers

	30.9.2026	31.12.2025
Loans and advances to customers at amortised cost	1,925,091	1,845,811
Allowance for impairment	(11,925)	(9,145)
Total	1,913,166	1,836,666
Loans and advances to customers at FVTPL	53,683	47,639
Total	1,966,849	1,884,305

Loans and advances to customers at amortised cost

	30.9.2026			31.12.2025		
	Gross carrying amount	Allowance for impairment	Carrying amount	Gross carrying amount	Allowance for impairment	Carrying amount
Public entities	13,306	(1)	13,305	13,551	(1)	13,550
Individuals	910,996	(1,889)	909,107	890,529	(1,860)	888,669
Mortgage lending	825,038	(440)	824,598	805,189	(364)	804,825
Other	85,958	(1,449)	84,509	85,340	(1,496)	83,844
Corporates	1,000,789	(10,035)	990,754	941,731	(7,284)	934,447
Total	1,925,091	(11,925)	1,913,166	1,845,811	(9,145)	1,836,666

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

25. Other assets

	30.9.2026	31.12.2025
Unsettled securities trading	5,450	4,845
Other accounts receivable	3,133	2,322
Right-of-use assets	3,277	3,143
Sundry assets	1,978	1,716
Total	13,838	12,026

26. Borrowings

	30.9.2026	31.12.2025
Covered bonds	304,611	290,343
Other secured loans	3,741	3,996
Senior preferred bonds	213,818	233,884
Senior unsecured loans	7,529	8,527
Senior non-preferred bonds	48,173	40,518
Total	577,872	577,268

The Group did not have any defaults of principal or interest or other breaches with respect to its borrowings during the period 1 January to 30 September 2026 and the period from 1 January to 31 December 2025.

Notes to the Condensed Consolidated Interim Financial Statements

27. Deferred tax assets and liabilities

	30.9.2026		31.12.2025	
	Assets	Liabilities	Assets	Liabilities
Tax liabilities	-	22,962	-	17,147
Deferred tax liabilities	536	-	-	538
Taxes in the Statement of Financial Position	536	22,962	0	17,685

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

	30.9.2026			31.12.2025		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment	-	(393)	(393)	-	(399)	(399)
Intangibles	-	(537)	(537)	-	(591)	(591)
Exchange rate-indexed assets and liabilities	-	(973)	(973)	-	(737)	(737)
Deferred foreign exchange differences	-	8	8	-	(69)	(69)
Other assets and liabilities	2,431	-	2,431	1,258	-	1,258
	2,431	(1,895)	536	1,258	(1,796)	(538)
Set-off of deferred tax assets together with liabilities of the same taxable entities	(1,895)	1,895	0	(1,258)	1,258	0
Deferred tax liabilities total	536	0	536	0	(538)	(538)

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

	Recognised in income statement			Recognised in income statement		
	Balance 1.1.2026	Tax income (expense)	Balance as at 30.9.2026	Balance 1.1.2025	Additions related to TM	Balance as at 31.12.2025
Property and equipment	(399)	6	(393)	(192)	(184)	(399)
Intangibles	(591)	54	(537)	(120)	(438)	(591)
Foreign currency assets and liabilities	(737)	(236)	(973)	(663)	-	(737)
Deferred foreign exchange differences	(69)	77	8	(36)	-	(69)
Other assets and other liabilities	1,258	1,173	2,431	834	10	1,258
Tax losses carried forward	0	-	0	-	50	0
Total	(538)	1,074	536	(177)	(562)	(538)

28. Insurance contract liabilities

	30.9.2026	31.12.2025
Liabilities for remaining coverage	2,363	2,317
Liabilities for incurred claims	24,280	23,782
Risk adjustment	-	-
Total	26,643	26,099

29. Other liabilities

	30.9.2026	31.12.2025
Unsettled securities trading	11,832	8,470
Withholding tax	2,129	9,084
Accounts payable	1,544	1,533
Non-controlling interests - Funds	1,231	637
Lease liabilities	3,455	3,306
Sundry liabilities	5,480	5,994
Total	25,671	29,024

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

Notes to the Condensed Consolidated Interim Financial Statements

30. Subordinated liabilities

	30.9.2026	31.12.2025
Total subordinated liabilities - Tier 2 capital	43,189	41,599
Total subordinated liabilities - Additional Tier 1 capital	28,246	12,749
Total	71,435	54,348

For the liability accounted Additional Tier 1 (AT1) Securities, the Bank may, in its sole and absolute discretion at any time elect to cancel any interest payment in whole or in part, which is scheduled to be paid on any date. Mandatory cancellation of interest may also apply due to Insufficient Distributable Items, Maximum Distributable Amount in relation to CRD (CRD MDA) and/or a Relevant Authority Order. As at 30 September 2026, Available Distributable Items amounted to ISK 186.7 billion (31.12.2025: ISK 186.5 billion) and the Distance to Maximum Distributable Amount Restrictions in relation to CRD (CRD MDA) was ISK 73.1 billion (31.12.2025: ISK 80.5 billion).

The AT1 Securities will be written down if the Common Equity Tier 1 (CET1) capital ratio of the Bank or the Group falls below 5.125%. Following such a write down, the Bank may, in certain limited circumstances and at its sole and full discretion, reinstate the prevailing principal amount up to the initial principal amount. As at 30 September 2026 the Bank's and the Group's CET1 capital ratio was 20.4% (31.12.2025: 21.2%).

31. Equity

Share capital

As of 30 September 2026, 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 390 million, or 1.63% of issued shares capital. Each entitles the owner to one vote at a shareholders' meeting. All shares are fully paid up.

The AGM of Landsbankinn, held on 18 March 2026, renewed the authorisation of the Bank to acquire own shares of up to 10% of the nominal value of its share capital and at a price determined by the internal value of the Bank's shares, according to its most recently published consolidated interim or annual financial statements prior to share buyback.

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

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

Share premium

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

Statutory reserve

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

Retained earnings

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

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

Notes to the Condensed Consolidated Interim Financial Statements

31. Equity (continued)

Dividend

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

Dividend policy

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

Restriction of dividend payments

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

Additionally, according to the Act on Financial Undertakings, No. 161/2002, the FSA can impose proportionate restrictions on the Bank's dividend payments, if the Bank's capital adequacy ratio falls below the total capital requirement plus capital buffers, see Note 37 Capital requirements.

Other notes

32. Earnings per share

	2026 1.7-30.9	2025 1.7-30.9	2026 1.1-30.9	2025 1.1-30.9
Profit for the year				
Profit for the period attributable to owners of the Bank	11,054	11,133	33,128	29,455
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	(390)	(385)	(389)	(385)
Weighted average number of shares outstanding	23,610	23,615	23,611	23,615
Basic and diluted earnings per share from operations (ISK)	0.47	0.47	1.40	1.25

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.

Notes to the Condensed Consolidated Interim Financial Statements

33. Litigation (continued)

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

In December 2022, an individual commenced litigation against the Bank claiming that an interest rate provision in inflation-linked consumer credit agreements, issued in 2006, should be deemed illegal and void since the provision allegedly does not stipulate under which circumstances the interest rate changes, as provided for in the Consumer Credit Act No. 121/1994, applicable at the time. The disputed interest rate provision was used in the Bank's consumer credit agreements until around 2013. The plaintiff demanded primarily that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the Bank repays the plaintiff around ISK 26.5 million plus interest. On 12 November 2024, the District Court of Reykjavík accepted the plaintiff's claim of repayment based on the initial contractual interest rate and taking into account limitation years for claims, in the amount of around ISK 25,000 plus interest. With a judgment on 5 February 2026 in case no. 84/2025, the Court of Appeal upheld the conclusion of the District Court of Reykjavík. Landsbankinn considers that the judgment of the Court of Appeal does not constitute a precedent for comparable loans, as the Court of Appeal held, based on the Bank's statement of claim in its written submissions, that the Bank had waived all objections relating to the plaintiff right of recourse.

34. Interest in subsidiaries

The main subsidiaries held directly or indirectly by the Group as at 30 September 2026 were as detailed in the table below. This includes those subsidiaries that are most significant in the context of the Group's business.

Main subsidiaries as at 30 September 2026

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

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory framework. The Group did not have any material non-controlling interests as at 30 September 2026.

35. Related party transactions

Transactions with the Icelandic government and government-related entities

The Group's products and services are offered to the Icelandic government and government-related entities in competition with other vendors and under generally accepted commercial terms. In a similar manner, the Bank and other Group entities purchase products and services from government-related entities at market price and otherwise under generally accepted commercial terms. The nature of and amounts outstanding with public entities are disclosed in Note 42 under Public entities.

Transactions with other related parties

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

	30.9.2026		31.12.2025	
	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	469	485	454	518
Parties related to key management personnel	84	90	83	90
Associates	626	763	433	747
Other	277	424	256	279
Total	1,456	1,762	1,226	1,634

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

Notes to the Condensed Consolidated Interim Financial Statements

35. Related party transactions (continued)

Transactions with other related parties (continued)

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

	30.9.2026		31.12.2025	
	Carrying amount	Highest amount outstanding during the period	Carrying amount	Highest amount outstanding during the period
Deposits in ISK million				
Key management personnel	767	895	274	495
Parties related to key management personnel	153	221	113	150
Associates	383	1,081	133	1,061
Other	68	174	8	19
Total	1,371	2,371	528	1,725

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

	Gross carrying amount as at		Gross carrying amount as at	
	30 September 2026		31 December 2025	
Guarantees in ISK million				
Key management personnel		-		-
Parties related to key management personnel		-		-
Associates		-		-
Other		570		555
Total		570		555

36. Events after the reporting period

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 2026.

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):

	30.9.2026			31.12.2025		
	CET1	Tier 1	Total	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%	4.5%	6.0%	8.0%
Pillar II-R	1.2%	1.6%	2.1%	1.4%	1.8%	2.5%
Minimum requirement	5.7%	7.6%	10.1%	5.9%	7.8%	10.5%
Systemic risk buffer (SRB)	1.90%	1.90%	1.90%	1.9%	1.9%	1.9%
Capital buffer for systematically important institutions (O-SII)	3.00%	3.00%	3.00%	3.0%	3.0%	3.0%
Countercyclical capital buffer (CCyB)	2.46%	2.46%	2.46%	2.4%	2.4%	2.4%
Capital conservation buffer (CCB)	2.50%	2.50%	2.50%	2.5%	2.5%	2.5%
Combined buffer requirement	9.86%	9.86%	9.86%	9.8%	9.8%	9.8%
Total capital requirement	15.6%	17.5%	20.0%	15.7%	17.6%	20.3%

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

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

	30.9.2026		31.12.2025	
	Amount	% of RWEA	Amount	% of RWEA
Capital base				
Share capital	23,610		23,615	
Share premium	120,454		120,516	
Reserves	10,831		13,124	
Retained earnings (Available Distributable Funds)	186,710		186,518	
Total equity attributable to owners of the Bank	341,605		343,773	
Intangible assets	(8,522)		(9,096)	
Deferred tax assets	(536)		-	
Forseeable dividends*	(16,564)		(19,007)	
Fair value hedges	(3,760)		(2,958)	
Insufficient coverage for non-performing exposures	(560)		(905)	
Common equity Tier 1 (CET1) capital	311,663	20.4%	311,807	21.2%
Additional Tier 1 (AT1) capital	28,246	1.8%	12,749	0.9%
Tier 1 capital	339,909	22.2%	324,556	22.0%
Tier 2 capital**	42,264	2.8%	41,100	2.8%
Total capital base	382,173	25.0%	365,656	24.8%
Risk-weighted exposure amount (RWEA)	30.9.2026		31.12.2025	
Credit risk, loans and advances to customers	1,260,046	82.4%	1,221,886	83.0%
Credit risk, securities	78,626	5.1%	83,584	5.7%
Credit risk, other	58,815	3.8%	38,889	2.6%
Credit valuation adjustment	1,763	0.1%	1,944	0.1%
Market risk	16,472	1.1%	13,098	0.9%
Operational risk***	113,631	7.4%	113,631	7.7%
Total risk-weighted exposure amount	1,529,353	100%	1,473,032	100%

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

**Total subordinated Tier 2 liabilities, less ISK 925 million in regulatory Tier 2 amortisation (31.12.2025: ISK 499 million)

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

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

	30.9.2026		31.12.2025	
	Amount	% of RWEA	Amount	% of RWEA
CET1 capital	311,663	20.4%	311,807	21.2%
CET1 requirement (including Combined Buffer Requirement)	238,579	15.6%	231,266	15.7%
Distance to MDA Restrictions in relation to CRD (CRD MDA)*	73,084	4.8%	80,541	5.5%

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

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.

	30.9.2026		31.12.2025	
	Amount	% of RWEA	Amount	% of RWEA
MREL-TEM Requirement				
Recurring MREL-TEM requirement	158,899	10.4%	143,152	9.7%
MREL-TREA Requirement				
Recurring MREL-TREA requirement	321,164	21.00%	309,337	21.0%
Combined Buffer Requirement (CBR)	150,641	9.85%	144,357	9.8%
Sum of MREL-TREA and CBR requirements	471,805	30.85%	453,694	30.8%
MREL Subordination Requirement				
Recurring Subordination Requirement	206,463	13.50%	198,859	13.5%
Combined Buffer Requirement (CBR)	150,641	9.85%	144,357	9.8%
Sum of MREL Subordination and CBR requirements	357,104	23.35%	343,216	23.3%

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

	30.9.2026		31.12.2025	
	Amount	% of RWEA	Amount	% of RWEA
Own funds and eligible liabilities				
Common Equity Tier 1 (CET1)	311,663	20.4%	311,807	21.2%
Additional Tier 1 capital (AT1)	28,246	1.8%	12,749	0.9%
Tier 2 capital	43,189	2.8%	41,599	2.8%
Eligible Senior Non-Preferred bonds	48,173	3.1%	40,518	2.8%
Subordinated MREL funds	431,271	28.2%	406,673	27.6%
Eligible Senior Preferred liabilities	213,554	14.0%	189,605	12.9%
Total MREL funds	644,825	42.2%	596,278	40.5%

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

	30.9.2026		31.12.2025	
	Amount	% of RWEA	Amount	% of RWEA
Total MREL funds above MREL-TEM Requirement	485,926	31.8%	453,126	30.8%
Total MREL funds above sum of MREL-TREA and CBR Requirement	173,019	11.3%	142,584	9.7%
Subordinated MREL funds above MREL Subordination and CBR Requirements	74,166	4.8%	63,456	4.3%
Maximum Distributable Amount related to MREL (MREL MDA)	74,166	4.8%	63,456	4.3%

Notes to the Condensed Consolidated Interim Financial Statements

40. Leverage ratio

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

Leverage ratio	30.9.2026	31.12.2025
- On-balance sheet exposure (excl. derivatives and securities financing transactions)	2,543,518	2,279,096
- Derivative instrument exposure	6,156	6,045
- Securities financing transaction exposures	17,218	18,520
- Off-balance sheet exposure	111,370	114,167
- Regulatory adjustments to Tier 1 capital	(29,942)	(31,966)
Total leverage exposure	2,648,320	2,385,862
Tier 1 capital	339,909	324,556
Leverage ratio	12.8%	13.6%

41. Solvency II requirement

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

Solvency II requirement	30.9.2026		31.12.2025	
	Amount	% Group SCR	Amount	% Group SCR
Own funds	21,516		22,228	
Intangible asset	(4,664)		(4,874)	
Excess of assets over liabilities in accordance with Solvency II	254		502	
Solvency before foreseeable dividend distribution	17,106	161%	17,856	156%
Foreseeable dividends*	(835)		(2,000)	
Total basic own funds after deductions	16,271	153%	15,856	139%

*The foreseeable dividend corresponds to 70% of net earnings for the nine months of 2026.

	30.9.2026	31.12.2025
Life underwriting risk	573	490
Health underwriting risk	1,849	1,762
Non-life underwriting risk	6,751	6,612
Market risk	6,251	7,681
Counterparty default risk	1,087	769
Diversification	(5,073)	(5,065)
Intangible asset risk	-	-
Basic Solvency Capital Requirement (Basic SCR)	11,438	12,249
Operational risk	924	821
Loss-absorbing capacity of deferred taxes	(1,742)	(1,649)
Group SCR	10,620	11,421
Minimum Capital Requirement (MCR)	5,138	4,855
Ratio of Eligible own funds to MCR	317%	327%

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 Condensed Consolidated Statement of Financial Position. Off-balance sheet amounts are the maximum amounts the Group might have to pay for guarantees and undrawn loan commitments, overdraft and credit card facilities.

	Corporates													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 2026															
Cash and balances with Central Bank	-	146,198	-	-	-	-	-	-	-	-	-	-	-	146,198	146,198
Bonds and debt instruments	147	194,205	-	323	9,472	-	-	1,501	-	72	7	-	-	205,727	256,043
Equities and equity instruments	59	-	-	-	31	19	1,206	3,280	1	600	3,215	-	-	8,411	27,388
Derivative instruments	1,608	-	3	17	-	-	-	23	3	-	260	-	225	2,139	2,139
Loans and advances to financial institutions	140,507	-	-	-	-	-	-	-	-	-	-	-	-	140,507	140,507
Loans and advances to customers	-	13,305	909,216	189,069	249,257	250,254	118,058	88,293	64,922	49,388	27,461	7,618	8	1,966,849	1,966,849
Other assets	20,939	9	132	4	2,238	-	351	3,275	-	15	-	-	1,336	28,299	45,233
Total on-balance sheet exposure	163,260	353,717	909,351	189,413	260,998	250,273	119,615	96,372	64,926	50,075	30,943	7,618	1,569	2,498,130	2,584,357
Off-balance sheet exposure	4,189	11,474	45,516	19,723	17,163	89,556	18,306	26,414	20,858	28,874	7,072	689	27	289,861	
Financial guarantees and underwriting commitments	-	237	724	4,121	1,803	10,212	2,155	12,848	4,833	3,519	1,612	2	-	42,066	
Undrawn loan commitments	-	1,212	100	13,053	13,434	75,229	13,341	3,038	6,981	20,837	1,083	104	-	148,412	
Undrawn overdraft/credit card facilities	4,189	10,025	44,692	2,549	1,926	4,115	2,810	10,528	9,044	4,518	4,377	583	27	99,383	
Maximum exposure to credit risk	167,449	365,191	954,867	209,136	278,161	339,829	137,921	122,786	85,784	78,949	38,015	8,307	1,596	2,787,991	
Percentage of maximum exposure to credit risk	6.0%	13.1%	34.2%	7.5%	10.0%	12.2%	4.9%	4.4%	3.1%	2.8%	1.4%	0.3%	0.1%	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 2025															
Cash and balances with Central Bank	-	125,527	-	-	-	-	-	-	-	-	-	-	-	125,527	125,527
Bonds and debt instruments	159	139,606	-	-	9,516	-	-	2,077	-	75	9	-	-	151,442	193,260
Equities and equity instruments	188	-	-	-	27	-	1,209	2,836	1	366	3,431	-	-	8,058	30,554
Derivative instruments	5,138	-	5	13	8	9	1	4	5	1	61	-	111	5,356	5,393
Loans and advances to financial institutions	41,084	-	-	-	-	-	-	-	-	-	-	-	-	41,084	41,084
Loans and advances to customers	-	13,550	888,815	190,273	260,436	193,311	110,443	73,605	59,545	55,352	32,003	6,972	-	1,884,305	1,884,305
Other assets	20,775	28	134	3	2,065	-	601	3,448	-	11	-	-	1,290	28,355	44,816
Total on-balance sheet exposure	67,344	278,711	888,954	190,289	272,052	193,320	112,254	81,970	59,551	55,805	35,504	6,972	1,401	2,244,127	2,324,939
Off-balance sheet exposure	3,494	10,094	42,994	23,472	24,560	90,279	19,017	25,889	26,309	28,011	4,174	723	27	299,043	
Financial guarantees and underwriting commitments	-	206	694	4,483	1,820	7,848	2,243	9,738	5,741	2,687	1,627	10	-	37,097	
Undrawn loan commitments	-	399	119	16,363	20,611	79,171	14,409	6,231	10,332	19,962	1,976	7	-	169,580	
Undrawn overdraft/credit card facilities	3,494	9,489	42,181	2,626	2,129	3,260	2,365	9,920	10,236	5,362	571	706	27	92,366	
Maximum exposure to credit risk	70,838	288,805	931,948	213,761	296,612	283,599	131,271	107,859	85,860	83,816	39,678	7,695	1,428	2,543,170	
Percentage of maximum exposure to credit risk	2.8%	11.4%	36.6%	8.4%	11.7%	11.2%	5.2%	4.2%	3.4%	3.3%	1.6%	0.3%	0.1%	100.0%	

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

Notes to the Condensed Consolidated Interim Financial Statements

43. Collateral and loan-to-value

The loan-to-value (LTV) ratio expresses the gross carrying amount of loans and advances as a percentage of the total value of the collateral. The total value of collateral is based on the valuation of the underlying collateral, which is recorded in the Bank's system and updated regularly. The valuation of real estate collateral is generally based on recent purchase price or current property valuation. The valuation of real estate under construction is estimated at its estimated cost value.

LTV is one of the key risk factors that determine whether a borrower qualifies for a loan. The risk of default is always at the forefront of lending decisions and the likelihood of a lender absorbing a loss when seeking satisfaction for claims in guarantees increases as the collateral value decreases. A high LTV ratio indicates a smaller buffer to protect against a decline in the collateral value or an increase in a loan balance in the event of non-payment and when unpaid interest is added to the outstanding principal of the loan.

As at 30 September 2026	LTV ratio - Fully collateralised					LTV ratio - Partially collateralised		Without collateral	Allowance for impairment	Carrying amount
	0% - 50%	50% - 75%	75% - 90%	90% - 100%	Total	>100%	Collateral value*			
Financial institutions	-	-	-	-	0	-	-	140,507	-	140,507
Public entities	217	25	0	0	242	1,598	760	11,466	(1)	13,305
Individuals	450,142	351,945	53,630	4,315	860,032	4,200	2,782	46,873	(1,889)	909,216
Mortgages	432,139	339,400	48,010	3,334	822,883	2,016	1,248	139	(440)	824,598
Other	18,003	12,545	5,620	981	37,149	2,184	1,534	46,734	(1,449)	84,618
Corporates	443,911	326,325	150,869	46,966	968,071	65,517	49,585	20,775	(10,035)	1,044,328
Fisheries	164,664	17,215	2,866	4,676	189,421	200	138	34	(586)	189,069
Real estate companies	69,704	137,199	26,317	3,305	236,525	12,131	10,582	1,593	(992)	249,257
Construction companies	73,859	71,525	59,198	26,178	230,760	22,951	19,541	697	(4,154)	250,254
Travel industry	41,991	28,853	35,556	1,467	107,867	5,794	3,846	5,809	(1,412)	118,058
Services, IT and communications	24,368	38,033	6,643	8,900	77,944	3,716	2,766	7,097	(464)	88,293
Retail	32,913	17,681	5,573	2,203	58,370	5,664	4,324	2,064	(1,176)	64,922
Manufacturing and energy	14,747	9,490	12,873	123	37,233	10,235	5,157	2,847	(927)	49,388
Holding companies	18,250	4,094	1,398	2	23,744	3,776	2,766	252	(311)	27,461
Agriculture	3,415	2,235	445	112	6,207	1,050	465	373	(12)	7,618
Other	-	-	-	-	0	-	-	9	(1)	8
Total	894,270	678,295	204,499	51,281	1,828,345	71,315	53,127	219,621	(11,925)	2,107,356

*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 2025	LTV ratio - Fully collateralised					LTV ratio - Partially collateralised		Without collateral	Allowance for impairment	Carrying amount
	0% - 50%	50% - 75%	75% - 90%	90% - 100%	Total	>100%	Collateral value*			
Financial institutions	-	-	-	-	0	-	-	41,084	-	41,084
Public entities	263	26	36	-	325	1,253	646	11,973	(1)	13,550
Individuals	467,050	346,529	27,178	1,757	842,514	2,795	1,873	45,366	(1,860)	888,815
Mortgages	449,037	332,625	21,661	1,086	804,409	744	497	35	(364)	804,824
Other	18,013	13,904	5,517	671	38,105	2,051	1,376	45,331	(1,496)	83,991
Corporates	383,085	378,939	142,190	16,639	920,853	45,717	32,971	22,654	(7,284)	981,940
Fisheries	122,076	66,845	138	932	189,991	787	632	91	(596)	190,273
Real estate companies	71,616	154,360	25,994	785	252,755	4,749	3,920	3,951	(1,019)	260,436
Construction companies	46,423	73,750	57,659	6,566	184,398	9,080	7,423	1,355	(1,522)	193,311
Travel industry	23,328	46,760	29,366	1,633	101,087	5,091	2,766	5,750	(1,485)	110,443
Services, IT and communications	32,901	16,650	6,338	3,334	59,223	10,241	7,836	4,650	(509)	73,605
Retail	42,775	7,874	4,570	1,704	56,923	3,050	2,361	601	(1,029)	59,545
Manufacturing and energy	22,807	4,942	12,206	986	40,941	9,615	5,823	5,551	(755)	55,352
Holding companies	17,065	6,296	5,406	650	29,417	2,588	1,899	351	(353)	32,003
Agriculture	4,094	1,462	513	49	6,118	516	311	353	(15)	6,972
Other	-	-	-	-	0	-	-	1	(1)	0
Total	850,398	725,494	169,404	18,396	1,763,692	49,765	35,490	121,077	(9,145)	1,925,389

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

Notes to the Condensed Consolidated Interim Financial Statements

44. Collateral types

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

As at 30 September 2026	Real estate	Vessels	Deposits	Securities	Other*	Total
Financial institutions	-	-	-	-	-	0
Public entities	991	-	-	-	11	1,002
Individuals	848,649	33	147	836	13,147	862,812
Mortgages	819,975	15	118	112	3,911	824,131
Other	28,674	18	29	724	9,236	38,681
Corporates	627,041	115,546	4,201	128,615	142,254	1,017,657
Fisheries	16,230	112,891	582	38,143	21,713	189,559
Real estate companies	231,359	31	330	6,173	9,214	247,107
Construction companies	236,699	-	444	3,626	9,533	250,302
Travel industry	75,751	271	217	2,738	32,737	111,714
Services, IT and communications	31,389	2,187	426	24,762	21,946	80,710
Retail	13,200	1	130	16,562	32,800	62,693
Manufacturing and energy	14,686	165	1,129	12,753	13,658	42,391
Holding companies	1,457	-	942	23,858	252	26,509
Agriculture	6,270	-	1	-	401	6,672
Other	-	-	-	-	-	0
Total	1,476,681	115,579	4,348	129,451	155,412	1,881,471
As at 31 December 2025	Real estate	Vessels	Deposits	Securities	Other*	Total
Financial institutions	-	-	-	-	-	0
Public entities	916	-	-	-	56	972
Individuals	829,699	39	223	765	13,657	844,383
Mortgages	800,448	18	184	107	4,147	804,904
Other	29,251	21	39	658	9,510	39,479
Corporates	581,099	136,319	2,757	93,788	139,858	953,821
Fisheries	14,323	130,518	455	23,538	21,786	190,620
Real estate companies	241,412	36	487	5,841	8,897	256,673
Construction companies	183,149	-	384	538	7,748	191,819
Travel industry	73,342	332	178	1,271	28,731	103,854
Services, IT and communications	29,262	3,436	676	11,406	22,279	67,059
Retail	14,278	-	139	16,809	28,059	59,285
Manufacturing and energy	14,841	99	124	10,294	21,407	46,765
Holding companies	4,468	1,898	311	24,091	548	31,316
Agriculture	6,024	-	3	-	403	6,430
Other	-	-	-	-	-	0
Total	1,411,714	136,358	2,980	94,553	153,571	1,799,176

*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 2026	Gross carrying amount					Allowance for impairment	Loans at fair value	Carrying amount
	10-7	6-4	3-1	0	Unrated			
Financial institutions	140,503	4	-	-	-	-	-	140,507
Public entities	13,078	228	-	-	-	(1)	-	13,305
Individuals	701,286	187,618	13,958	6,334	1,800	(1,889)	109	909,216
Mortgages	665,551	144,053	9,515	4,439	1,480	(440)	-	824,598
Other	35,735	43,565	4,443	1,895	320	(1,449)	109	84,618
Corporates	142,979	775,616	54,715	27,479	0	(10,035)	53,574	1,044,328
Fisheries	34,552	137,906	525	1,948	-	(586)	14,724	189,069
Real estate companies	6,946	224,686	8,185	4,503	-	(992)	5,929	249,257
Construction companies	6,350	202,521	31,522	13,476	-	(4,154)	539	250,254
Travel industry	12,288	98,774	4,823	3,585	-	(1,412)	-	118,058
Services, IT and communications	33,845	50,874	3,085	337	-	(464)	616	88,293
Retail	34,858	23,931	5,416	1,737	-	(1,176)	156	64,922
Manufacturing and energy	7,499	17,894	670	1,792	-	(927)	22,460	49,388
Holding companies	2	18,177	351	92	-	(311)	9,150	27,461
Agriculture	6,639	853	129	9	-	(12)	-	7,618
Other	-	-	9	-	-	(1)	-	8
Total	997,846	963,466	68,673	33,813	1,800	(11,925)	53,683	2,107,356

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

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 2026								
Financial institutions	140,507	-	-	-	-	-	-	140,507
Public entities	13,303	3	-	-	-	-	(1)	13,305
Individuals	895,681	5,126	4,794	447	2,042	3,015	(1,889)	909,216
Mortgages	817,459	-	3,992	127	1,601	1,859	(440)	824,598
Other	78,222	5,126	802	320	441	1,156	(1,449)	84,618
Corporates	1,031,407	4,985	9,901	1,358	3,704	3,008	(10,035)	1,044,328
Fisheries	188,862	374	120	-	-	299	(586)	189,069
Real estate companies	244,366	303	2,507	312	2,130	631	(992)	249,257
Construction companies	245,282	2,220	5,333	177	1,250	146	(4,154)	250,254
Travel industry	116,762	465	1,084	629	118	412	(1,412)	118,058
Services, IT and communications	87,533	408	591	35	150	40	(464)	88,293
Retail	64,330	322	73	10	9	1,354	(1,176)	64,922
Manufacturing and energy	49,335	655	187	10	3	125	(927)	49,388
Holding companies	27,386	158	-	183	44	1	(311)	27,461
Agriculture	7,542	80	6	2	-	-	(12)	7,618
Other	9	-	-	-	-	-	(1)	8
Total	2,080,898	10,114	14,695	1,805	5,746	6,023	(11,925)	2,107,356

	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 2025								
Financial institutions	41,082	2	-	-	-	-	-	41,084
Public entities	13,551	-	-	-	-	-	(1)	13,550
Individuals	879,134	2,868	778	4,073	1,313	2,509	(1,860)	888,815
Mortgages	798,855	-	448	3,502	868	1,516	(364)	804,825
Other	80,279	2,868	330	571	445	993	(1,496)	83,990
Corporates	974,534	2,363	3,157	3,265	3,264	2,641	(7,284)	981,940
Fisheries	190,260	51	39	3	254	262	(596)	190,273
Real estate companies	256,083	184	781	1,379	2,438	590	(1,019)	260,436
Construction companies	193,376	952	313	42	5	145	(1,522)	193,311
Travel industry	108,864	278	1,649	713	108	316	(1,485)	110,443
Services, IT and communications	72,991	295	232	134	212	250	(509)	73,605
Retail	58,873	160	117	944	238	242	(1,029)	59,545
Manufacturing and energy	54,976	280	12	47	1	791	(755)	55,352
Holding companies	32,225	87	-	-	-	44	(353)	32,003
Agriculture	6,886	76	14	3	8	-	(15)	6,972
Other	-	-	-	-	-	1	(1)	0
Total	1,908,301	5,233	3,935	7,338	4,577	5,150	(9,145)	1,925,389

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.

	Stage 1			Stage 2		Stage 3		Allowance for impairment	Loans at 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 30 September 2026										
Financial institutions	140,507	140,507	-	-	-	-	-	-	-	140,507
Public entities	13,306	13,263	(1)	43	-	-	-	(1)	-	13,305
Individuals	911,105	872,947	(219)	31,715	(323)	6,334	(1,347)	(1,889)	109	909,216
Mortgages	825,038	796,854	(65)	23,745	(128)	4,439	(247)	(440)	-	824,598
Other	86,067	76,093	(154)	7,970	(195)	1,895	(1,100)	(1,449)	109	84,618
Corporates	1,054,363	846,829	(2,723)	126,481	(2,688)	27,479	(4,624)	(10,035)	53,574	1,044,328
Fisheries	189,655	172,400	(211)	583	(10)	1,948	(365)	(586)	14,724	189,069
Real estate companies	250,249	213,841	(462)	25,976	(279)	4,503	(251)	(992)	5,929	249,257
Construction companies	254,408	194,805	(1,043)	45,588	(1,099)	13,476	(2,012)	(4,154)	539	250,254
Travel industry	119,470	90,899	(407)	24,986	(596)	3,585	(409)	(1,412)	-	118,058
Services, IT and communications	88,757	81,699	(292)	6,105	(99)	337	(73)	(464)	616	88,293
Retail	66,098	55,627	(208)	8,578	(265)	1,737	(703)	(1,176)	156	64,922
Manufacturing and energy	50,315	17,575	(67)	8,488	(143)	1,792	(717)	(927)	22,460	49,388
Holding companies	27,772	12,601	(25)	5,929	(194)	92	(92)	(311)	9,150	27,461
Agriculture	7,630	7,382	(8)	239	(2)	9	(2)	(12)	-	7,618
Other	9	-	-	9	(1)	-	-	(1)	-	8
Total	2,119,281	1,873,546	(2,943)	158,239	(3,011)	33,813	(5,971)	(11,925)	53,683	2,107,356

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

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 2026 - Financial institutions	0	0	0	0
Changes in models/risk parameters	-	-	-	0
Balance as at 30 September 2026 - 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 2026 - Loans and advances to customers	(3,123)	(2,025)	(4,605)	(9,753)
New financial assets originated	(780)	(663)	(91)	(1,534)
Reversals due to financial assets that have been derecognised	949	920	767	2,636
Transfer to Stage 1 - 12-month ECL	(81)	227	116	262
Transfer to Stage 2 - Lifetime ECL	125	(814)	607	(82)
Transfer to Stage 3 - Lifetime ECL	30	137	(2,481)	(2,314)
Changes in models/risk parameters	(464)	(1,009)	(613)	(2,086)
Provisions used to cover write-offs	-	8	302	310
Balance as at 30 September 2026 - Loans and advances to customers	(3,344)	(3,219)	(5,998)	(12,561)
- thereof classified as deduction from gross carrying amounts	(2,943)	(3,011)	(5,971)	(11,925)
- thereof classified as liabilities	(401)	(208)	(27)	(636)

	1.1-30.9.2026			
	Financial institutions	Public entities	Individuals	Corporates
Net impairment on loans and advances				
New financial assets originated	-	-	(129)	(1,405)
Reversals due to financial assets that have been derecognised	-	-	175	2,461
Changes due to financial assets recognised in the opening balance	-	-	(343)	(3,877)
Write-offs	-	-	(431)	(57)
Provisions used to cover write-offs	-	-	270	40
Recoveries	-	-	61	11
Translation difference	-	-	-	(111)
Total	0	0	(397)	(2,938)

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 2025.

	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 31 December 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	(1,199)	(286)	(480)	(1,965)
Reversals due to financial assets that have been derecognised	508	368	1,247	2,123
Transfer to Stage 1 - 12-month ECL	(69)	407	69	407
Transfer to Stage 2 - Lifetime ECL	220	(516)	202	(94)
Transfer to Stage 3 - Lifetime ECL	23	192	(1,725)	(1,510)
Changes in models/risk parameters	(221)	63	321	163
Provisions used to cover write-offs	1	10	2,292	2,303
Balance as at 31 December 2025 - Loans and advances to customers	(3,123)	(2,025)	(4,605)	(9,753)
- thereof classified as deduction from gross carrying amounts	(2,796)	(1,814)	(4,535)	(9,145)
- thereof classified as liabilities	(327)	(211)	(70)	(608)

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

49. Large exposures

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

As at 30 September 2026, the Group had four large exposures compared to three large exposures at year-end 2025. The largest exposure before credit risk mitigation is the Icelandic sovereign. The total ratio of large exposures, net of credit risk mitigation, was 11.9% As at 30 September 2026.

		Ratio of Tier 1 capital (Gross)		Ratio of Tier 1 capital (Net)
As at 30 September 2026	Gross		Net	
Group 1	189,444	55.7%	-	0.0%
Group 2	62,818	18.5%	-	0.0%
Group 3	60,920	17.9%	-	0.0%
Group 4	42,715	12.6%	40,310	11.9%
Total	355,897	104.7%	40,310	11.9%

Notes to the Condensed Consolidated Interim Financial Statements

49. Large exposures (continued)

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

Liquidity risk

50. Liquidity risk management

Liquidity coverage ratio

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

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

The Group follows the Central Bank of Iceland (CBI) rules No. 1520/2022 which require the Group to maintain minimum LCR of 100% across all currencies, 80% in euros and 50% in Icelandic krona. The Group submits monthly reports on its liquidity position to the CBI. The following tables show the Group's LCR.

Liquidity coverage ratio 30 September 2026	ISK		EUR		Liquidity coverage ratio total (LCR)	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
Level 1 liquid assets	198,897	198,897	88,845	88,845	357,339	357,339
Level 2 liquid assets	11,761	8,233	-	-	11,761	8,233
Total liquid assets	210,658	207,130	88,845	88,845	369,100	365,572
Deposits	884,159	141,509	117,062	47,703	1,166,600	259,879
Borrowing	-	-	1,541	1,541	1,541	1,541
Other outflows	152,793	26,689	27,809	3,639	216,764	34,461
Total outflows (0-30 days)	1,036,952	168,198	146,412	52,883	1,384,905	295,881
Loans and advances to financial institutions	404	404	39,588	34,977	140,332	132,662
Other inflows	78,542	40,401	26,870	14,257	116,778	60,537
Limit on inflows	-	-	-	-	-	-
Total inflows (0-30 days)	78,946	40,805	66,458	49,234	257,110	193,199
Liquidity coverage ratio		163%		672%		356%

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

Notes to the Condensed Consolidated Interim Financial Statements

50. Liquidity risk management (continued)

Liquidity reserve

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

Liquidity reserves as at 30 September 2026	ISK	Foreign currencies	Total
Cash and balances with the Central Bank	140,598	1,498	142,096
Domestic bonds and debt instruments eligible as collateral with the Central Bank	70,060	-	70,060
Foreign government bonds with 0% risk weight	-	156,944	156,944
High quality liquidity assets	210,658	158,442	369,100
Loans and advances to financial institutions	404	139,928	140,332
Total liquidity reserves	211,062	298,370	509,432

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

Net stable funding ratio

NSFR requirements are according to Regulation (EU) 575/2013 (CRR), as amended by Regulation (EU) 2019/876 (CRR II). The Group is required to maintain a minimum NSFR of 100% across all currencies at all times. The Group submits quarterly reports on its NSFR to the CBI. The following table shows the values of the NSFR for foreign currencies and NSFR total as at 30 September 2026 and 31 December 2025.

	30.9.2026	31.12.2025
Net stable funding ratio FX	198%	163%
Net stable funding ratio total	134%	126%

Deposit categories

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

As at 30 September 2026	Run off rate	0-30 days	Over 30 days	Guaranteed	Unguaranteed	Total
Individuals	5% - 100%	592,683	199,528	528,041	264,170	792,211
Small and Medium Sized Corporates	5% - 100%	112,097	17,567	71,712	57,952	129,664
Operational deposits	5% - 25%	-	-	-	-	0
Large Corporates	20% - 40%	345,293	59,845	12,882	392,256	405,138
Public entities	20% - 40%	70,345	5,496	-	75,841	75,841
Financial customers	100%	43,228	46,399	-	89,627	89,627
Other*		14,557	1,747	2,636	13,668	16,304
Total deposits		1,178,203	330,582	615,271	893,514	1,508,785

Notes to the Condensed Consolidated Interim Financial Statements

50. Liquidity risk management (continued)

Deposit categories (continued)

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

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

51. Maturity analysis of financial assets and liabilities

The maturity analysis considers the contractual maturity of the Group's assets and liabilities. The amounts are allocated to maturity buckets according to their remaining contractual maturity, i.e. based on the timing of future cash flows according to contractual terms.

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

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

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

All spot deals are classified under financial assets or liabilities, but not under derivatives. The maturity analysis does not account for measures that the Group could take to convert assets into cash at hand, either through sale or participation in Central Bank operations. Further information on the Group's liquidity risk management can be found in Note 50.

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

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 2026:

	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	(9,398)	(103)	-	-	-	-	(9,501)	(9,458)
Deposits from customers	(1,166,947)	(278,907)	(38,406)	(10,973)	(15,416)	-	(1,510,649)	(1,499,328)
Short positions	(480)	(5)	(1,106)	(1,143)	(3,210)	-	(5,944)	(2,190)
Borrowings	(3,928)	(11,067)	(80,594)	(539,641)	(63,095)	-	(698,325)	(577,872)
Insurance contract liabilities	(1,724)	(3,310)	(9,397)	(12,997)	(652)	(941)	(29,020)	(26,643)
Other financial liabilities	(13,376)	-	-	-	-	-	(13,376)	(13,376)
Subordinated liabilities	-	(97)	(4,845)	(90,815)	22	-	(95,735)	(71,435)
Total	(1,195,853)	(293,489)	(134,348)	(655,569)	(82,351)	(941)	(2,362,550)	(2,200,302)
Derivative financial liabilities								
Trading								(325)
Inflow	16,168	2,265	268	33	-	-	18,734	
Outflow	(16,289)	(2,358)	(285)	(35)	-	-	(18,967)	
Risk management								(6,868)
Inflow	32,138	24,338	20,036	144,775	44,080	-	265,367	
Outflow	(32,525)	(25,060)	(23,045)	(148,639)	(43,575)	-	(272,844)	
Total	(508)	(815)	(3,026)	(3,866)	505	0	(7,710)	(7,193)
Non-derivative financial assets								
Cash and balances with								
Central Bank	146,198	-	-	-	-	-	146,198	146,198
Bonds and debt instruments	41,766	53,688	118,555	53,959	16,198	-	284,166	256,043
Equities and equity instruments	-	-	-	-	-	27,388	27,388	27,388
Loans and advances to financial institutions	140,506	-	-	-	-	-	140,506	140,507
Loans and advances to customers	139,507	127,072	351,649	838,588	2,264,305	-	3,721,121	1,966,849
Other financial assets	8,583	-	-	-	-	-	8,583	8,583
Total	476,560	180,760	470,204	892,547	2,280,503	27,388	4,327,962	2,545,568
Derivative financial assets								
Trading								549
Inflow	19,374	2,887	-	-	-	-	22,261	
Outflow	(19,073)	(2,753)	-	-	-	-	(21,826)	
Risk management								1,590
Inflow	6,903	3,076	6,350	86,469	4,952	-	107,750	
Outflow	(6,854)	(3,796)	(5,546)	(85,364)	(3,380)	-	(104,940)	
Total	350	(586)	804	1,105	1,572	0	3,245	2,139
Off-balance sheet items								
Financial guarantees and underwriting commitments	(283)	(1,329)	(12,677)	(20,277)	(5,865)	(1,635)	(42,066)	
Undrawn loan commitments	(148,412)	-	-	-	-	-	(148,412)	
Undrawn overdraft/credit card commitments	(99,383)	-	-	-	-	-	(99,383)	
Total	(248,078)	(1,329)	(12,677)	(20,277)	(5,865)	(1,635)	(289,861)	
Net liquidity position	(967,529)	(115,459)	320,957	213,940	2,194,364	24,812	1,671,086	340,212

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 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	(20,469)	-	-	-	-	-	(20,469)	(20,272)
Deposits from customers	(955,549)	(239,979)	(36,795)	(11,776)	(13,496)	-	(1,257,595)	(1,249,306)
Short positions	(86)	(131)	(1,378)	(2,804)	(8,467)	-	(12,866)	(5,115)
Borrowings	-	(5,004)	(78,119)	(536,221)	(75,173)	-	(694,517)	(577,268)
Insurance contract liabilities	(3,028)	(3,164)	(9,387)	(11,839)	(648)	-	(28,066)	(26,099)
Other financial liabilities	(13,309)	-	-	-	-	-	(13,309)	(13,309)
Subordinated liabilities	-	(2,238)	(1,013)	(60,562)	(10,136)	-	(73,949)	(54,348)
Total	(992,441)	(250,516)	(126,692)	(623,202)	(107,920)	0	(2,100,771)	(1,945,717)
Derivative financial liabilities								
Trading								(516)
Inflow	15,470	3,191	1,319	-	-	-	19,980	
Outflow	(15,865)	(3,261)	(1,357)	-	-	-	(20,483)	
Risks management								(1,533)
Inflow	7,729	28,915	12,231	55,923	52,011	-	156,809	
Outflow	(8,202)	(29,712)	(11,419)	(56,498)	(51,588)	-	(157,419)	
Total	(868)	(867)	774	(575)	423	0	(1,113)	(2,049)
Non-derivative financial assets								
Cash and balances with								
Central Bank	125,527	-	-	-	-	-	125,527	125,527
Bonds and debt instruments	32,431	66,575	82,463	61,312	13,659	-	256,440	193,260
Equities and equity instruments	-	-	-	-	-	30,554	30,554	30,554
Loans and advances to financial institutions	41,698	-	-	-	-	-	41,698	41,084
Loans and advances to customers	94,604	119,191	351,195	780,665	2,115,372	-	3,461,027	1,884,305
Other financial assets	10,309	-	-	-	-	-	10,309	10,310
Total	304,569	185,766	433,658	841,977	2,129,031	30,554	3,925,555	2,285,040
Derivative financial assets								
Trading								281
Inflow	17,024	3,231	1,307	-	-	-	21,562	
Outflow	(16,571)	(3,165)	(1,283)	-	-	-	(21,019)	
Risks management								5,112
Inflow	18,675	16,054	22,248	146,672	-	-	203,649	
Outflow	(18,352)	(15,055)	(21,868)	(143,176)	-	-	(198,451)	
Total	776	1,065	404	3,496	0	0	5,741	5,393
Off-balance sheet items								
Financial guarantees and underwriting commitments	(1,379)	(792)	(7,031)	(18,953)	(7,187)	(1,755)	(37,097)	
Undrawn loan commitments	(169,580)	-	-	-	-	-	(169,580)	
Undrawn overdraft/credit card commitments	(92,366)	-	-	-	-	-	(92,366)	
Total	(263,325)	(792)	(7,031)	(18,953)	(7,187)	(1,755)	(299,043)	
Net liquidity position	(951,289)	(65,344)	301,113	202,743	2,014,347	28,799	1,530,369	342,667

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 2026				
Cash and balances with Central Bank	11,716	4,102	130,380	146,198
Bonds and debt instruments	-	3,066	252,977	256,043
Equities and equity instruments	-	-	27,388	27,388
Derivative instruments	-	-	2,139	2,139
Loans and advances to financial institutions	-	7,462	133,045	140,507
Loans and advances to customers	486,497	-	1,480,352	1,966,849
Investments in equity-accounted associates	-	-	1,323	1,323
Property and equipment	-	3,741	10,785	14,526
Intangible assets	-	-	14,395	14,395
Other assets	-	-	13,838	13,838
Assets classified as held for sale	-	-	615	615
Total before deductions	498,213	18,371	2,067,773	2,584,357
Deductions for own shares	(113,313)			
Pledged assets against reverse agreements	18,630			
Pledged assets against liabilities on the balance sheet	403,530			

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

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 at 30 September 2026 and 31 December 2025. The Group uses the standardised approach to calculate risk-weighted exposure amounts of derivatives for credit valuation adjustment (CVA), according to capital requirement regulations.

Market risk factor	30.9.2026	31.12.2025
	% of RWEA	% of RWEA
Equity price risk	0.4%	0.4%
Interest rate risk	0.3%	0.1%
CVA of derivatives	0.1%	0.1%
Foreign exchange risk	0.4%	0.3%
Total	1.2%	1.0%

54. Equity price risk

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

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

55. Interest rate risk

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

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

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 2026					
Financial assets					
Cash and balances with Central Bank	146,198	-	-	-	146,198
Bonds and debt instruments	93,401	113,796	34,815	14,031	256,043
Derivative instruments	666	51	987	435	2,139
Loans and advances to financial institutions	140,507	-	-	-	140,507
Loans and advances to customers	1,566,571	144,851	232,561	22,866	1,966,849
Other financial assets	8,583	-	-	-	8,583
Total	1,955,926	258,698	268,363	37,332	2,520,319
Financial liabilities					
Due to financial institutions and Central Bank	(9,458)	-	-	-	(9,458)
Deposits from customers	(1,489,898)	(7,975)	(1,455)	-	(1,499,328)
Derivative instruments and short positions	(2,681)	(1,368)	(2,927)	(2,407)	(9,383)
Borrowings	(66,572)	(44,666)	(407,948)	(58,686)	(577,872)
Insurance contract liabilities	(5,932)	(9,033)	(11,242)	(436)	(26,643)
Other financial liabilities	(13,376)	-	-	-	(13,376)
Subordinated liabilities	-	-	(71,435)	-	(71,435)
Total	(1,587,917)	(63,042)	(495,007)	(61,529)	(2,207,495)
Net on-balance sheet position	368,009	195,656	(226,644)	(24,197)	312,824
Derivatives held for hedging	(246,600)	-	205,500	41,100	-
Net off-balance sheet position	(3,235)	-	-	3,235	-
Total interest repricing gap	118,174	195,656	(21,144)	20,138	
As at 31 December 2025					
Financial assets					
Cash and balances with Central Bank	125,527	-	-	-	125,527
Bonds and debt instruments	89,327	69,275	25,929	8,729	193,260
Derivative instruments	905	280	4,208	-	5,393
Loans and advances to financial institutions	41,084	-	-	-	41,084
Loans and advances to customers	1,542,566	141,098	185,762	14,879	1,884,305
Other financial assets	10,310	-	-	-	10,310
Total	1,809,719	210,653	215,899	23,608	2,259,879
Financial liabilities					
Due to financial institutions and Central Bank	(20,272)	-	-	-	(20,272)
Deposits from customers	(1,235,730)	(10,425)	(3,151)	-	(1,249,306)
Derivative instruments and short positions	(861)	(65)	(1,178)	(5,060)	(7,164)
Borrowings	(52,300)	(72,352)	(389,652)	(62,964)	(577,268)
Insurance contract liabilities	(6,156)	(9,076)	(10,426)	(441)	(26,099)
Other financial liabilities	(13,309)	-	-	-	(13,309)
Subordinated liabilities	-	-	(46,217)	(8,131)	(54,348)
Total	(1,328,628)	(91,918)	(450,624)	(76,596)	(1,947,766)
Net on-balance sheet position	481,091	118,735	(234,725)	(52,988)	312,113
Derivatives held for hedging	(220,560)	-	176,448	44,112	-
Net off-balance sheet position	(3,473)	-	-	3,473	-
Total interest repricing gap	257,058	118,735	(58,277)	(5,403)	

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 2026	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Bonds and debt instruments	848	437	17,903	3,121	22,309
Derivative instruments	9	-	-	-	9
Loans and advances to customers	22	10,088	73,715	568,905	652,730
Other assets	12	62	38	-	113
Total	891	10,587	91,656	572,026	675,161
Financial liabilities					
Deposits from customers	(121,881)	(62,898)	(7,662)	(7,311)	(199,752)
Derivative instruments and short positions	(26)	-	-	(934)	(960)
Borrowings	(7,015)	-	(160,187)	-	(167,202)
Insurance contract liabilities	(1,868)	(3,262)	(4,567)	(177)	(9,875)
Subordinated liabilities	-	-	(40,028)	-	(40,028)
Total	(130,790)	(66,160)	(212,444)	(8,422)	(417,817)
Total on-balance sheet position	(129,899)	(55,573)	(120,788)	563,604	257,344
Off-balance sheet position					
Cross-currency interest rate swaps	-	-	-	3,702	3,702
Total return swaps	-	-	538	232	770
Total off-balance sheet position	0	0	538	3,934	4,472
Total CPI indexation balance	(129,899)	(55,573)	(120,250)	567,538	261,816
Total CPI indexation balance, excluding insurance operations*	(129,573)	(52,810)	(124,076)	566,299	259,841

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

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

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

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 2026 was +1.29% of the Group's total capital base (31.12.2025: +1.25%).

58. Concentration of currency risk

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

As at 30 September 2026	EUR	GBP	USD	NOK	SEK	Other	Total
Assets							
Cash and balances with Central Bank	814	112	377	-	2	361	1,666
Bonds and debt instruments	88,156	-	63,139	-	5,981	-	157,276
Equities and equity instruments	607	841	1,618	-	2,790	-	5,856
Derivative instruments	1,678	28	26	24	1	132	1,889
Loans and advances to financial institutions	39,585	3,063	53,627	20,150	20,562	2,920	139,907
Loans and advances to customers	222,426	1,484	54,420	44	2,098	14,177	294,649
Other assets	521	3	149	54	2	341	1,070
Total	353,787	5,531	173,356	20,272	31,436	17,931	602,313
Liabilities							
Due to financial institutions and Central Bank	(792)	-	-	-	-	-	(792)
Deposits from customers	(118,654)	(4,903)	(159,198)	(3,524)	(1,819)	(4,843)	(292,941)
Derivative instruments and short positions	(6,595)	(40)	(346)	(20)	(91)	(46)	(7,138)
Borrowings	(244,707)	-	(11,269)	(17,603)	(41,665)	-	(315,244)
Insurance contract liabilities	(129)	(1)	(41)	(5)	(3)	(23)	(202)
Other liabilities	(4,850)	(130)	(2,493)	(127)	(236)	(660)	(8,496)
Subordinated liabilities	-	-	(12,059)	-	-	-	(12,059)
Total	(375,727)	(5,074)	(185,406)	(21,279)	(43,814)	(5,572)	(636,872)
Net on-balance sheet position	(21,940)	457	(12,050)	(1,007)	(12,378)	12,359	(34,559)
Net off-balance sheet position	21,225	(122)	17,657	1,364	12,539	(13,345)	39,318
Net currency position	(715)	335	5,607	357	161	(986)	4,759
Net currency position, excluding insurance operations	(1,152)	333	4,194	311	164	(1,098)	2,753

Notes to the Condensed Consolidated Interim Financial Statements

58. Concentration of currency risk (continued)

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

59. Foreign exchange rates used

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

	As at 30 September 2026	As at 31 December 2025	% change	Average for 1.1-30.9 2026	Average for 1.1-30.9 2025
EUR/ISK	137.00	147.04	(6.8%)	142.98	143.91
GBP/ISK	160.20	168.41	(4.9%)	165.26	169.77
USD/ISK	120.77	125.22	(3.6%)	122.98	129.70
JPY/ISK	0.7679	0.7989	(3.9%)	0.7781	0.8708
CHF/ISK	144.65	158.04	(8.5%)	154.64	153.50
CAD/ISK	84.99	91.37	(7.0%)	88.79	92.37
DKK/ISK	18.325	19.687	(6.9%)	19.133	19.288
NOK/ISK	12.568	12.416	1.2%	12.838	12.291
SEK/ISK	12.079	13.586	(11.1%)	13.109	12.937

Notes to the Condensed Consolidated Interim Financial Statements

Consolidated Key Figures

60. Operations by quarters

Operations	2026			2025			
	Q3*	Q2	Q1	Q4	Q3	Q2	Q1
Interest income	49,912	47,866	51,949	36,887	41,942	45,381	41,948
Interest expense	(31,476)	(28,642)	(31,338)	(24,169)	(25,035)	(27,719)	(27,148)
Net interest income	18,436	19,224	20,611	12,718	16,907	17,662	14,800
Fee and commission income	5,058	5,031	5,024	5,272	4,800	4,969	4,518
Fee and commission expense	(2,124)	(2,051)	(1,777)	(1,895)	(1,821)	(1,768)	(1,514)
Net fee and commission income	2,934	2,980	3,247	3,377	2,979	3,201	3,004
Insurance revenue	5,865	5,483	5,240	5,110	5,619	5,424	1,779
Insurance service expenses	(5,295)	(4,457)	(4,700)	(5,109)	(4,911)	(4,655)	(1,509)
Insurance service result	570	1,026	540	1	708	769	270
Net gain on financial assets and liabilities at FVTPL	1,361	684	1,033	2,327	1,710	818	1,214
Net foreign exchange (loss) gain	423	254	195	103	100	(71)	(71)
Net impairment changes	(1,211)	(495)	(1,625)	1,789	(2,864)	256	(331)
Other income and (expenses)	937	163	54	76	2,446	39	274
Net other operating income (expenses)	1,510	606	(343)	4,295	1,392	1,042	1,086
Total operating income	23,450	23,836	24,055	20,391	21,986	22,674	19,160
Salaries and related expenses	(4,173)	(4,882)	(4,927)	(5,066)	(3,869)	(4,700)	(4,465)
Other operating expenses	(2,815)	(3,009)	(2,932)	(2,793)	(2,533)	(2,769)	(3,068)
Tax on liabilities of financial institutions	(947)	(844)	(697)	(711)	(658)	(699)	(671)
Total operating expenses	(7,935)	(8,735)	(8,556)	(8,570)	(7,060)	(8,168)	(8,204)
Profit before income tax	15,515	15,101	15,499	11,821	14,926	14,506	10,956
Income tax	(4,461)	(4,118)	(4,408)	(3,261)	(3,793)	(4,124)	(3,016)
Profit for the period	11,054	10,983	11,091	8,560	11,133	10,382	7,940
Balance sheet	30.9.2026	30.6.2026	31.3.2026	31.12.2025	30.9.2025	30.6.2025	31.3.2025
Cash and cash balances with Central Bank	146,198	153,831	134,238	125,527	105,561	113,166	98,284
Bonds and debt instruments	256,043	164,187	159,127	193,260	185,018	205,592	178,732
Equities and equity instruments	27,388	27,673	29,017	30,554	31,649	33,699	37,964
Loans and advances to financial institutions	140,507	91,183	56,753	41,084	64,061	69,279	71,952
Loans and advances to customers	1,966,849	1,933,689	1,910,089	1,884,305	1,856,955	1,828,139	1,813,168
Other assets	46,757	45,344	44,138	48,684	52,920	53,335	54,968
Assets classified as held for sale	615	1,370	1,575	1,525	1,437	1,828	2,024
Total assets	2,584,357	2,417,277	2,334,937	2,324,939	2,297,601	2,305,038	2,257,092
Due to financial institutions and Central Bank	9,458	10,420	7,192	20,272	13,343	20,761	19,069
Deposits from customers	1,499,328	1,330,575	1,282,584	1,249,306	1,251,582	1,239,280	1,244,229
Borrowings	577,872	591,753	572,234	577,268	565,937	581,367	543,628
Insurance contract liabilities	26,643	26,575	26,912	26,099	26,097	26,101	26,365
Other liabilities	58,016	55,956	56,496	53,873	52,277	61,023	57,671
Subordinated liabilities	71,435	71,448	69,952	54,348	53,152	52,427	52,432
Equity	341,605	330,550	319,567	343,773	335,213	324,079	313,698
Total liabilities and equity	2,584,357	2,417,277	2,334,937	2,324,939	2,297,601	2,305,038	2,257,092

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

Notes to the Condensed Consolidated Interim Financial Statements

Consolidated Key Figures

61. Key figures and ratios

	2026			2025			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Return on equity after taxes	13.2%	13.5%	13.4%	10.1%	13.5%	13.0%	10.0%
Cost-income ratio	28.3%	32.4%	30.6%	42.2%	28.5%	33.3%	38.7%
Combined ratio	94.7%	86.2%	93.7%	102.9%	90.6%	87.2%	84.8%
Operating expenses as a ratio of average total assets	1.1%	1.3%	1.3%	1.4%	1.1%	1.3%	1.4%
Return on assets	1.8%	1.8%	1.9%	1.5%	1.9%	1.8%	1.4%
Interest spread as ratio of average total assets	2.9%	3.2%	3.5%	2.2%	2.9%	3.1%	2.7%
Earnings per share	0.47	0.47	0.47	0.36	0.47	0.44	0.34
	30.9.2026	30.6.2026	31.3.2026	31.12.2025	30.9.2025	30.6.2025	31.3.2025
Total capital ratio	25.0%	24.7%	24.8%	24.8%	24.0%	24.0%	23.6%
CET1 ratio	20.4%	20.1%	20.1%	21.2%	20.5%	20.4%	20.1%
Solvency ratio	153%	156%	148%	139%	150%	146%	138%
Leverage ratio	12.8%	13.6%	13.7%	13.6%	13.4%	13.2%	13.3%
Sum of MREL funds	42.2%	43.0%	39.8%	40.5%	39.2%	38.3%	38.1%
Sum of Subordinated MREL funds	28.2%	28.1%	27.4%	27.6%	26.7%	26.5%	26.3%
Loans / deposits	131.2%	145.3%	148.9%	150.8%	148.4%	147.5%	145.7%
Deposits / total assets	58.0%	55.0%	54.9%	53.7%	54.5%	53.8%	55.1%
Liquidity coverage ratio total (LCR)	356%	244%	203%	180%	229%	234%	221%
Net stable funding ratio FX (NSFR)	198%	181%	159%	163%	173%	168%	161%
Average number of full-time equivalent positions during the period	940	938	942	917	911	925	861
Number of full-time positions at end of the period	943	935	943	930	948	927	926

Key figures and ratios

Definition

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

Undirritunarsíða

Undirritað af
Eva Halldórsdóttir



Undirritað af:
Eva Halldórsdóttir
1604794509
Dags: 29.10.2026
Tími: 14:53:39
Ástæða:
Árshlutareikningur
samstæðu enska
30.9.2026
Signet ID: 66a494ae-
4b8e-4b54-91ef-

Undirritað af
Jón Þorvarður Sigurgeirsson



Undirritað af:
Jón Þorvarður
Sigurgeirsson
1606622209
Dags: 29.10.2026
Tími: 15:08:13
Ástæða:
Árshlutareikningur
samstæðu enska
30.9.2026
Signet ID: 66a494ae-

Undirritað af
Lilja Björk Einarsdóttir



Undirritað af:
Lilja Björk Einarsdóttir
0408733339
Dags: 29.10.2026
Tími: 15:15:35
Ástæða:
Árshlutareikningur
samstæðu enska
30.9.2026
Signet ID: 66a494ae-
4b8e-4b54-91ef-

Undirritað af
Örn Guðmundsson



Undirritað af:
Örn Guðmundsson
0112723049
Dags: 29.10.2026
Tími: 14:54:51
Ástæða:
Árshlutareikningur
samstæðu enska
30.9.2026
Signet ID: 66a494ae-
4b8e-4b54-91ef-

Undirritað af
Rebekka Jóelsdóttir



Undirritað af:
Rebekka Jóelsdóttir
2310814889
Dags: 29.10.2026
Tími: 15:04:55
Ástæða:
Árshlutareikningur
samstæðu enska
30.9.2026
Signet ID: 66a494ae-
4b8e-4b54-91ef-

Undirritað af
Þór Hauksson



Undirritað af:
Þór Hauksson
1903725299
Dags: 29.10.2026
Tími: 15:09:58
Ástæða:
Árshlutareikningur
samstæðu enska
30.9.2026
Signet ID: 66a494ae-
4b8e-4b54-91ef-



Undirritað af:
Arna Guðrún Tryggvadóttir
0802783499
Dags: 29.10.2026
Tími: 15:29:03
Ástæða:
Árshlutareikningur
samstæðu enska
30.9.2026
Signet ID: 69b9611b-
a6e8-4a4f-b6a9-