



Consolidated Financial Statements

2025

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Factsheet

Key figures 2025



**Net profit
ISK 25.2bn**



**ROE
11.2%**

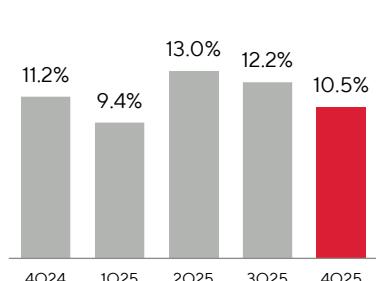


**Cost-to-income
ratio 42.4%**

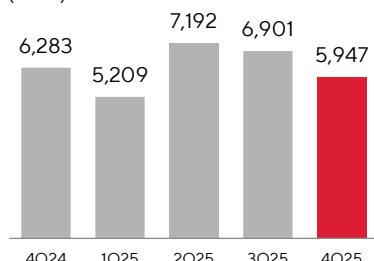


**NIM
3.1%**

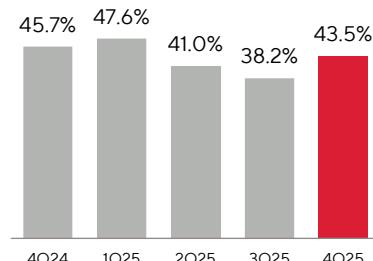
Return on equity



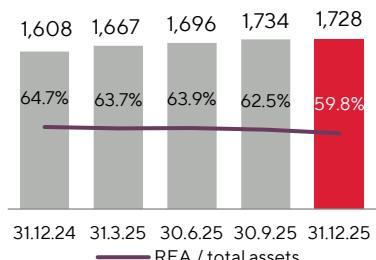
Profit after tax (ISKm)



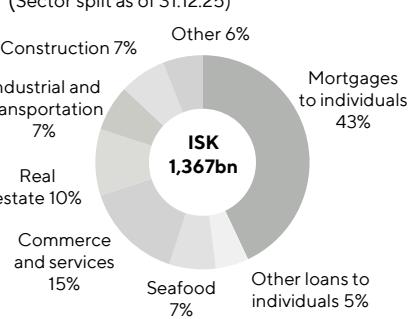
Cost-to-income ratio¹



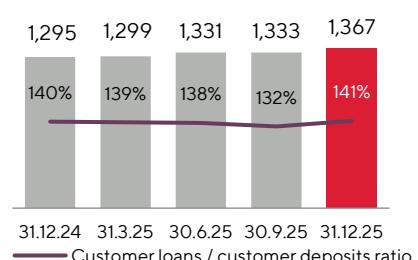
Total assets (ISKbn)



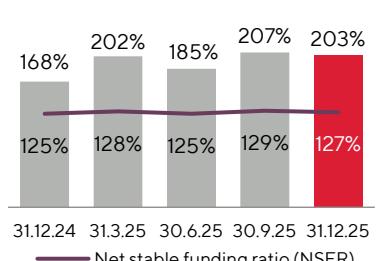
Loans to customers (Sector split as of 31.12.25)



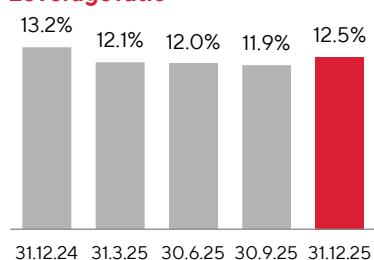
Loans to customers (ISKbn)



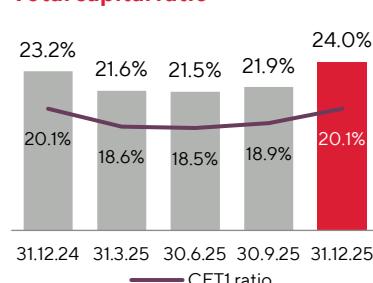
Liquidity coverage ratio



Leverage ratio²



Total capital ratio²



Ratings and certifications

MOODY'S
A3 Stable outlook

S&P Global
Ratings
BBB+/A-2
Positive outlook

ESG risk rating
Reitun
A3 Exceptional



The information above has not been reviewed or audited by the Group's auditor.

1. C/I ratio for Q25 excludes salary expenses of ISK 804m due to early retirement of employees and an income of ISK 237m within net interest income (ISK 550m reversed from charge in 3Q25 due to provision for legal proceedings and a charge of ISK 313m due to correction from previous years). C/I ratio for 3Q25 excludes a charge of ISK 550m within net interest income due to a provision for legal proceedings.

2. Including 3Q25 profit for 30.9.25.

Directors' Report

The Board of Directors and the CEO of Íslandsbanki hf. ("the Bank" or "Íslandsbanki") present this report together with the audited Consolidated Financial Statements of Íslandsbanki hf. and its subsidiaries (together referred to as "the Group") for the year 2025.

Íslandsbanki is a customer-centric universal bank offering comprehensive financial services to individuals, corporations, and institutional investors in Iceland through various channels, including 12 branches. The Group seeks to move Iceland forward by empowering its customers to succeed and prioritising sustainability as an integral driver of its strategy and value creation. The Group's core values are progressive thinking, collaboration, and professionalism. The Group aims to be a force for good, with its corporate vision to create value for the future through excellent service, ultimately enhancing the financial health of its customers.

Driven by the corporate vision to create value for the future with excellent service, Íslandsbanki's banking model is led by three business divisions that build and manage relationships with its customers. The Group maintains a strong market share through its efficient branch network across the country, supporting at the same time its customers' move to more digital services through its technically strong foundations.

Íslandsbanki has an A3 rating from Moody's Ratings (stable outlook) and a BBB+/A-2 rating from S&P Global Ratings (positive outlook). The Bank's shares are listed on Nasdaq Iceland Main Market.

Summary of the year 2025

- The Group's profit for the reporting period amounted to ISK 25,249 million, corresponding to a return on equity of 11.2%
- Strong total capital position of 24.0% and CET1 position of 20.1% – excess capital amounted to ISK 36 billion at the end of the reporting period
- Updated financial targets set for the medium term: ROE >13% and cost-to-income <43%

A strong finish to an eventful year

The year 2025 was eventful for Íslandsbanki. Early in the first quarter, the Bank introduced a revised strategy, paving the way for further growth on the foundation to empower its customers to succeed and further improve their financial health. The Bank's values were revised placing emphasis on progressive thinking, alongside collaboration and professionalism. In addition, the strategic pillars of attracting and maintaining the best team, making data-driven decisions, enhancing service and customer experience, as well as achieving profitable growth, were decided.

During the year, the Bank continued to deliver on its strategy across various fronts. Market share and competitiveness have been maintained throughout, and the Bank remains the partner of choice for SMEs. Several new corporate digital solutions have been introduced, including an expense management tool, new and improved online banking platform, and more. Íslandsbanki Securities Sales continues to hold the highest overall market share as well as the leading position in equities on Nasdaq OMX Iceland, as in 2024. The Corporate Finance team successfully executed various high-profile transactions, including fundraising for Eldisgarðar (land-based fish farming). On the Corporate Banking lending side, emphasis has been placed on growing the international loan book, resulting in considerable growth throughout the year. Special focus has been given to infrastructure projects, with the financing of Ölfusá Bridge in South Iceland – in cooperation with several Icelandic pension funds and representing the country's largest infrastructure project in recent years – serving as a prime example. In the retail space, the Bank has maintained its market share for both loans and deposits. Additionally, the Bank introduced a collaboration with VÍS Tryggingar hf., the second largest insurance company in Iceland, with the goal of enhancing the Bank's customer service and retention of customer relations.

In October 2025, the Supreme Court of Iceland delivered its judgement in a case concerning variable interest rates on a non-index linked mortgage. Although the ruling concerned a non-index linked mortgage, it could not be ruled out that the judgement or pending judgements at the time in cases towards other lenders, would set some precedent regarding the interpretation of CPI-linked mortgages and other consumer loans. As a result, the Bank quickly implemented interim measures by adjusting its mortgage product offering and will introduce further additions to the product offering in the coming weeks. By those changes, the Bank believes it has done its part to eliminate uncertainty and ensuring that the mortgage market remains active, for the benefit of both customers and the Bank itself.

Despite considerable turmoil in international financial markets during the second quarter, stemming from discussions and the implementation of tariffs on international trade, market conditions strengthened for domestic capital markets. On the back of this recovery, the Minister of Finance and Economic Affairs decided to launch a fully marketed offering of the Government of Iceland's stake in the Bank. The Government initially intended to sell a 20% stake in the Bank but, following considerable demand from both retail and institutional investors, the Minister decided to upsize the offering to include the Government's entire stake. As a result, the full 45.4% stake was sold to a total of over 31 thousand investors, nearly all domestic retail investors. This strong demand and the successful result of the offering can, among other factors, be attributed to the Bank's effective strategy execution and the ample opportunities investors foresee in the coming years. The Bank is proud to be so well received by both retail and institutional investors, domestically and internationally, which is a testament to the Bank's success. Following the transaction, the Bank's shareholder base widened considerably from approximately 10 thousand shareholders to over 35 thousand.

Directors' Report

At the beginning of the fourth quarter, the Bank announced that merger discussions had been initiated with Skagi, a domestic company in the financial services sector, and that head of terms had been agreed, subject to due diligence and other customary conditions. According to the term sheet, Skagi would be fully merged with the Bank, and the shareholders of Skagi would receive approximately 15% of the share capital of the merged entity. Following the announcement, due diligence has been nearly concluded. In parallel with due-diligence proceedings, new information has emerged, including matters related to potential changes that may lead to increased capital requirements related to risks from the holding in insurance undertakings, which was presented in a discussion draft document no. 2/2025 from the Central Bank of Iceland on guidelines related to the SREP process. The development of a draft merger notice to the Icelandic Competition Authority (ICA) has progressed well and has been presented to the ICA, along with key assumptions related to the merger. Íslandsbanki and Skagi will continue to work on the terms of a formal merger agreement.

During the year, two shareholders' meetings were held in addition to the AGM. First, on 30 June 2025, a shareholders' meeting was convened at which changes to the Bank's remuneration policy were approved to include an incentive scheme and a stock option plan. Subsequently, the Bank introduced stock options for all employees, except for the employees of Group Internal Audit, to ensure the alignment of interests of shareholders and employees, with nearly all employees participating. Towards the end of the fourth quarter, the previous Chairman of the Board stated that she would not run for a re-election at the next AGM. Following this announcement, a request was submitted to convene a shareholders' meeting where an election for the Board of Directors was on the agenda. The request was made by a group of shareholders who collectively held more than 1/20 of the shares in the Bank. Following this request, a shareholders' meeting was held on 19 January 2026, during which the election took place. At the meeting, two changes were made to the composition of the Board, with Heiðar Guðjónsson and Margrét Pétursdóttir elected as new members. In addition, Heiðar Guðjónsson was elected as the Chairman of the Board.

Capital optimisation remains a focal point for the Bank. At the reporting date, the excess capital position, measured from the current CET1 level down to the midpoint of the management buffer, amounts to ISK 36 billion. However, in the beginning of 2026 the Bank has purchased own shares amounting ISK 4 billion bringing the excess capital position down to ISK 32 billion. In 2025, the Bank paid an ordinary dividend of ISK 12.1 billion, representing 50% of 2024 profit. In addition, in 2025 the Bank repurchased shares amounting to ISK 14.6 billion, bringing the total payout ratio to 110% of the previous year's profit. The Bank remains committed to optimising its capital structure through growth and/or disbursements through dividend and/or share buy-backs. The Board of Directors will propose to the AGM in March 2026 that an ordinary dividend of 50% of profit for the year 2025 will be paid to shareholders, amounting to ISK 12.6 billion. Additionally, the Board of Directors reserves the right to propose an extraordinary dividend to either the AGM or later dated shareholders' meeting.

Updated financial targets for the medium term

The Bank has set new financial targets for the medium term, i.e., 3-4 years, as follows:

	Previous target	Updated target for the medium term	2025 result	Guidance for year-end 2026
Return on equity	10%	>13%	11.2%	~12%
Cost-to-income	<45%	<43%	42.4%	~43%
CET1 excess	100-300 bps	100-300 bps	510 bps	200 bps
Dividend payout ratio	50%	50%	50%	50%

Core income growth of 10% in 2025

The Group's profit for the reporting period amounted to ISK 25,249 million, thereof ISK 5,947 million in the fourth quarter. This corresponds to a return on equity of 11.2% and 10.5%, respectively, meeting the Bank's target of exceeding 10%.

Net interest income amounted to ISK 52,471 million in 2025, growing by 11.0% year-on-year, which represents a 3.1% net interest margin compared to 2.9% in the previous year. This increase can be attributed to the subsiding effects of the CPI and the nominal fixed rate imbalance in the banking book, as well as persistent domestic inflation. The CPI imbalance remained broadly stable, totalling ISK 200 billion at year-end 2025, compared to ISK 193 billion coming into the year. Due to seasonality in inflationary ticks throughout the year, net interest margins were stronger in the first half of the year compared to the second half, particularly in the fourth quarter where inflation was at an unusually low level resulting in a 2.9% net interest margin. As before, volatility may be experienced in the Bank's profits related to this seasonality, while the effects of the CPI imbalance remain in the banking book.

Net fee and commission income for the fourth quarter amounted to ISK 4,183 million, a strong 16.0% growth from the previous year. In 2025, net fee and commission income amounted to ISK 14,099 million compared to ISK 13,122 million in the previous year – or 7.4% growth year-on-year. As before, cards and payments remain the largest fee income stream. Recovery and increasing volumes in capital markets, as well as a strong quarter for Corporate Finance, further bolstered growth in both asset management and investment banking and brokerage in the fourth quarter compared to previous quarters within 2025. Overall, total operating income grew by 6.6% in 2025 while core operating income, defined as net interest income and net fee and commission income, grew by 10.2% compared to the previous year.

Directors' Report

Salaries and related expenses rose by ISK 1,475 million between years, mainly attributable to costs related to early retirement of employees and redundancies. Other operating expenses amounted to ISK 11,676 million, which grew by 3.3% between years, thereby declining in real terms. As a result, total administrative expenses amounted to ISK 29,480 million compared to ISK 28,098 million in the previous year. The cost-to-income ratio was 42.4% in 2025, down from 43.8% in the previous year. During the year, net impairments amounted to ISK 681 million, compared to impairment reversals of ISK 645 million in the previous year. Looking at the fourth quarter alone, net impairments amounted to ISK 1,087 million, arising from a few distressed credit cases.

Growth in loan portfolio in line with expectations and Stage 3 loans remain stable

As in previous years, loans to customers remain the lion's share of the Bank's balance sheet, accounting for close to 80% of total assets. Within the loan portfolio, mortgages constitute the largest portion, at 43%. The remainder is well diversified across industries. Despite long period of high interest rates and inflation, Stage 3 loans remain stable, closing at 1.5%. However, Stage 2 loans, reflecting loans which are showing signs of deterioration in credit quality have grown from 3.1% year-end 2024 to 4.6% at year-end 2025. The effects of longer time on market for new residential housing and reduced activity has started to impact the construction portfolio, albeit risk of credit losses remains low. This development, however, mainly relates to a few distressed credit cases rather than structural issues within certain sectors of borrowers. LTVs for both the loan book as a whole and the mortgage book remain healthy and stable. Deposits from customers grew by 4.5% between years and totalled ISK 968,695 million at year-end 2025. As before, concentration within the depositor base is limited.

AT1 issuance towards the end of the year at record low spread

In terms of market-based funding, the Bank's FX-denominated debt experienced a spread compression of approximately 50 basis points in secondary markets during 2025. The Bank took advantage of the favourable market conditions and issued two EUR 300 million green senior preferred bonds: a 5.5-year bond in March at mid-swaps +140 basis points, which is currently trading around mid-swaps +90 basis points, and a 7-year bond in November at mid-swaps +130 basis points, which is currently trading around mid-swaps +120 basis points. In November, the Bank also issued AT1 bonds in the Nordic market, comprising SEK 700 million and NOK 200 million at STIBOR +350 basis points and NIBOR +358 basis points, respectively. This represented the tightest AT1 pricing achieved by an Icelandic bank since 2008. In the domestic market, the Bank issued ISK 32 billion of covered bonds during the year, as well as ISK 9 billion of senior preferred bonds.

The Bank holds an A3 (stable outlook) issuer rating from Moody's Ratings and a BBB+/A-2 (positive outlook) from S&P Global Ratings.

Capital optimisation remains a focal point as excess capital amounts to ISK 36 billion

Throughout the year, the Bank remained committed to its capital optimisation journey. In March, the AGM declared an ordinary dividend amounting to ISK 12.1 billion, equivalent to 50% of profit for the year 2024. In addition, the Bank bought back shares amounting to ISK 14.6 billion in 2025. Overall, the Bank has distributed 110% of profit for the year 2024 to shareholders through dividend and buybacks. At the end of the reporting period, ISK 4 billion remained of the ISK 16 billion allocated to buybacks, with all necessary regulatory approvals in place. The Bank remained active in buybacks in 2026 and has now completed ISK 4 billion in buybacks, effectively completing the buyback allocation.

The Group's most recent Supervisory Review and Evaluation Process (SREP), published 30 June 2025, resulted in a considerable reduction of Pillar-2R requirements, lowering the additional capital requirement by 0.4 percentage points from the previous assessment to 1.4%. Due to this, the Bank's overall capital requirement, taking into account the buffer requirement at the reporting date, therefore decreases from 19.7% to 19.1%. Towards the end of the year, Capital Requirements Regulation (CRR) 3, an amendment to the previous CRR, entered into Icelandic law. As a result, the Bank saw considerable reduction in the risk exposure amount (REA), or ISK 88 billion, increasing the total capital ratio from 22.1% to 24.0%, well in excess of requirements.

At the end of the reporting period, the Bank's CET1 ratio was 20.1% compared to a regulatory minimum of 15.0%, on top of which the Bank places a management buffer of 100-300 basis points. Consequently, the Bank's excess capital position at the end of the reporting period amounted to approximately ISK 36 billion, of which approximately ISK 4 billion has already been used for buybacks at the beginning of 2026. As in previous disclosures, the excess capital position assumes a fully optimised capital structure and the midpoint of the management buffer.

The Bank intends to continue to optimise its capital structure. As previously stated, capital optimisation measures may include internal and/or external growth, as well as increased share buybacks or extraordinary dividends, subject to market conditions.

Directors' Report

Introduction of variable compensation vital to aligning shareholders' and employees' interests

Changes were made to the Bank's remuneration policy at a shareholder meeting in June 2025, to allow for both stock option plans as well as variable compensation. The Bank believes this is vital to ensure the alignment of interests between shareholders and employees, and necessary to attract and maintain the best possible team.

Following these changes, in August 2025 the Bank introduced a stock option plan for all employees of the Bank, except for employees of Group Internal Audit, in which nearly all employees participated. Through this plan, employees were granted the right to purchase shares in the Bank at a predetermined price of ISK 126.4 per share, for a market value of up to ISK 1.5 million in each of the years 2026 through 2030. At the AGM, which will be held on 19 March 2026, the Bank will seek the authorisation to use a part of the shares being repurchased through share buybacks to settle those obligations as they fall due.

In addition, a variable compensation plan was implemented in early February 2026. The compensation plan applies to all employees of the Bank permitted under Icelandic law, where most employees are able to receive up to 10% of annual salaries as variable compensation, subject to the Bank reaching its performance metrics. Furthermore, a limited number of employees who have the most influence on the Bank's performance and strategic execution are eligible to higher variable compensation, up to 25% of annual salaries. For those, such part of the variable compensation exceeding 10% is payable in shares in the Bank, which are subject to a predetermined vesting period to further align the long-term interest of the Bank, its shareholders, and the employees.

At year-end the Group employed 769 full-time equivalents, 725 within the Bank, 56% female and 44% male (57% female and 43% male within the executive board), and 44 in subsidiaries.

Economic outlook

Following a contraction of 1.2% in real GDP in 2024, Iceland's economy entered a new phase of moderate recovery in 2025. The first three quarters of the year marked a cyclical turning point, with GDP growth of 1.5%, supported by strong investment activity and a rebound in private consumption. Investment remained the primary growth driver, particularly in export-oriented sectors such as aquaculture and data centres, while consumption also contributed positively. However, robust imports – typical during investment booms – offset part of the gains while exports treaded water.

High-frequency indicators for the fourth quarter including payment card turnover, Keflavík international airport departures, and new vehicle registrations, point to sustained private consumption while investment goods imports point to a significant contraction year-on-year. Tourism, which had a weak start to the year, recovered notably during the summer season, then reverting back to contraction in the fourth quarter.

The labour market has softened markedly with registered unemployment measuring 4.2% on average in the fourth quarter, up 0.6 percentage points year-on-year. Employment levels remain stable as labour demand has eased, particularly in construction, manufacturing and tourism, while immigration has slowed. Despite these shifts, rising real wages and household savings continue to support private consumption.

Inflation, which had declined from a peak of 10.2% in early 2022 to 3.9% by March 2025, proved persistent throughout the year, measuring 4.5% in December. Domestic inflation pressures persist due to a resilient housing market and buoyant wage growth, while imported inflation has eased thanks to global disinflation, lower fuel prices and a relatively strong ISK. The Central Bank of Iceland eased its policy rate to 7.25% in November, signalling that further rate cuts are unlikely in the near term unless clear signs of inflation aligning better with the 2.5% target emerge.

Íslandsbanki Research estimates GDP growth of 1.3% for 2025, driven by robust domestic demand while net exports will subtract from total GDP growth. Consumption is supported by real wage growth and accumulated household savings. Investment remains strong, particularly in IP-based exports and aquaculture. Export growth is expected to be modest, with service exports growing moderately while goods exports flatline.

For 2026, GDP growth of just 0.6% is forecast as exports and investment contract moderately while reduced imports and resilient consumption support growth. Inflation is projected to average 4.0% in 2026, gradually declining thereafter, but remaining above target. The policy rate is expected to ease gradually from the second quarter onward, ending the year close to 6%.

The ISK is likely to remain relatively strong in the near term, supported by improvements in external trade and interest rate differentials. However, the high real exchange rate poses challenges for competitiveness, and a modest nominal depreciation is expected over the year.

Directors' Report

Outlook for the Group

Coming into 2026, the macroeconomic outlook was for moderately paced reduction in inflation, paving the way for further rate cuts. However, indications are that inflation has been more persistent and may remain so – evident by an inflationary tick in excess of analyst consensus in January 2026. As a result, uncertainty remains on the timing and extent of further rate cuts. As inflation subsides, it is assumed that rates are cut in line. Due to this, pressure may be on interest rate margins through both the CPI-related imbalance as well as through the Bank's own liquidity portfolio which is expected to reduce as capital optimisation continues. For the medium term, real rates in the banking book are considered appropriate. As in previous years, seasonality may be experienced in the net interest margins in line with seasonality of inflationary ticks. Overall, net interest margin is expected to be around 3% level for the medium term.

Through the fourth quarter of 2025 and into 2026, capital markets have shown increasing activity and volumes. The Bank believes that this momentum will continue throughout the year, paving the way for growth in both asset management and investment banking and brokerage. However, should uncertainty surrounding interest rate cuts continue to grow, market conditions may be adversely affected.

Emphasis has been placed on international loan growth and infrastructure lending, providing an additional pocket of growth in the loan book. Overall, the domestic loan book is, however, expected to grow modestly throughout 2026 and in line with nominal GDP through the cycle.

The Bank's equity and liquidity positions remain both strong and well in excess of both regulatory and internal requirements. Capital optimisation is expected to continue throughout the year, subject to market conditions and regulatory approvals. As before, the Bank may allocate capital towards growth and/or distributions through dividend or share buybacks.

As a result, the Bank guides for an ROE of around 12% and cost-to-income of around 43% in 2026.

Other matters

In October 2025, the Supreme Court of Iceland delivered its judgement in a case concerning a non-index linked mortgage bearing variable interest rates, in which the plaintiffs argued that the terms on interest-rate changes were invalid. The monetary claims in the case were dismissed by both the District Court and the Supreme Court, although the Supreme Court concluded that certain parts of the clause on interest-rate changes were unclear and therefore invalid. Although the ruling concerned a non-index linked mortgage, it could not be ruled out that the judgement or pending judgements at the time in cases towards other lenders, would set a precedent regarding the interpretation of CPI-linked mortgages and other consumer loans. As a result, the Bank quickly implemented interim measures by adjusting its mortgage product offering and will introduce further additions to the product offering in coming weeks. By those changes, the Bank believes it has done its part to eliminate uncertainty and ensuring that the mortgage market remains active, for the benefit of both customers and the Bank itself. Further, related to the uncertainty following the ruling, the Bank recognised a provision amounting to ISK 550 million in its third quarter results. As additional rulings by the Supreme Court of Iceland have been rendered, in cases relating to other lenders than the Bank, the Bank has reassessed its position and, in the fourth quarter, reversed the previously recognised provision; resulting in no net impact on profit for the year 2025.

At a shareholders' meeting on 19 January 2026, board elections took place. Seven board members were nominated by the Bank's nomination committee, and no other candidates presented themselves. As a result, the current Board was elected unanimously.

Risk management

The Bank is exposed to various risks. The management of these risks is an integral part of the Bank's operations, and the Bank has focused on building up a responsible internal risk culture among the Bank's employees. The Board of Directors is the Bank's supreme governing body and has the final word on risk management within the Bank. The Board of Directors shall determine the outlines of the Bank's risk management and internal control framework, set the risk appetite, and decide on the principles and limits according to which risk shall be managed within the Bank. The CEO is responsible for ensuring that risks are managed within those limits.

The Board and the CEO hereby declare that Íslandsbanki has an overall satisfactory risk management in relation to the Bank's profile and strategy.

The Bank's risk management framework and policies are discussed under Notes 45-61 to the Consolidated Financial Statements and in the unaudited Pillar 3 Report.

Directors' Report

Ownership

The shares of Íslandsbanki are listed on the Nasdaq Iceland stock exchange. The Bank has one of the largest shareholder bases of listed companies in Iceland. At year-end the Bank had 25,302 shareholders (year-end 2024: 9,961), where 85.4% of the Bank's shares were owned by domestic parties, and 14.6% by international investors. Following the sale of the Government of Iceland's remaining shares in the Bank, pension funds are now the largest investor group, owning 42.2% of outstanding shares, while retail investors are the second largest investor group, owning 28.0% of outstanding shares, both figures taking into consideration treasury shares. For further information on the Bank's shareholders see Note 41.

We empower our customers to be a force for good

Íslandsbanki aims to be a leader in the area of sustainable development and a catalyst for positive social action. We are aware that sustainability is a long-term commitment and builds the foundation for a profitable value creation. Therefore, sustainability is specified as a part of the Bank's purpose. The Bank's purpose is to empower its customers to be a force for good in the Icelandic community and create value for the future in a sustainable way for our customers, shareholders, employees, and the whole community. The Bank focuses on integrating sustainability considerations into its activities, in addition to its profit objectives. The Bank takes account of ESG (environment, social and governance) criteria in its risk management and actively explores business opportunities related to sustainability. Íslandsbanki aims to increase the general public's financial knowledge and interest in the subject and, to this end, offers interesting and accessible seminars on finance and economics.

The Board of Directors approves the Sustainability Policy and sets the Bank's strategy and risk appetite in terms of sustainability risk. The Board is regularly updated on corporate sustainability matters and the usage of the Bank's Sustainable Funding Framework. The Corporate Governance and Human Resource sub-committee of the Board assists the Board in fulfilling its oversight responsibilities concerning sustainability.

The CEO is responsible for executing the strategy and has appointed a Sustainability Committee as a main building block of the governance structure. The Sustainability Committee is a formal forum for reviewing and discussing matters related to the Bank's sustainability strategy formulation and the Bank's commitments regarding sustainability. The Committee is independent from credit committees and needs to approve proposals for credit cases before they are included in the Sustainable Funding Framework. The CEO is a member of the committee, and it has senior representatives from the business units, Risk Management, and Strategy & Sustainability.

The Sustainability Policy creates a comprehensive framework for its activities in the area of sustainability and maps out the Bank's policy for operations, responsible lending, investments, purchasing, and grants, as well as integrating with and supporting the Bank's other policies. In line with the Sustainability Policy, the Board of Directors has approved five sustainability goals for its operations, to be completed by 2030. The goals are based on ESG criteria and supported by annual targets set by the business units as part of their five-year planning process.

The Sustainability Report for the year 2025 includes key information on the environmental, social and governance criteria for Íslandsbanki. The information in the report is in line with Nasdaq's ESG Guidelines. Additionally, the report is based on the applicable Global Reporting Initiative (GRI) metrics, the UN Principles for Responsible Banking (UN PRB), and the SDGs. The Bank emphasises increased flow of transparent information on sustainability. Auditing firm KPMG ehf. reviewed and confirmed with limited assurance the selected sustainability disclosure in the Annual and Sustainability Report for 2025.

In accordance with local regulation, Íslandsbanki publishes in an unaudited appendix to the Consolidated Financial Statements information regarding the EU taxonomy and Green Asset Ratio (GAR). In 2023, the regulation entered into force for financial institutions and other nonfinancial institutions within its scope, and by that made it mandatory to publish information on the Group's assets which meet the regulation's requirements, and can according to the taxonomy be considered as environmentally sustainable. At year-end 2025 the GAR was 0.33% based on turnover and 0.39% based on capital expenditure (CAPEX). The Bank gathers information on green assets through external data vendors.

Sustainability risk has been more effectively integrated into key processes relating to lending, investments, and product development during the year. More detailed coverage can be found in the Bank's Pillar 3 Report for 2025 which contains a dedicated section on sustainability risk in line with TCFD (Task Force on Climate-related Financial Disclosures) criteria.

Collaboration with international and local partners with regards to sustainability is highly important. Over the years, Íslandsbanki has participated in international commitments and supported domestic cooperative efforts on sustainability. Being a part of international collaborations such as the UN Principles for Responsible Banking (UN PRB) is particularly valuable and informative for a relatively small bank. On the other hand, being one of the largest companies in Iceland means that the Bank can contribute significantly towards domestic partnerships such as Festa - Center for Sustainability and IcelandSif.

Directors' Report

Environment

Íslandsbanki is committed to supporting Iceland's ambitious Climate Action Plan and the Paris Agreement Goals. To that end, the Bank announced in April 2021 its commitment to become net zero on financed emissions by 2040. The Bank's own operations have been carbon neutral for the past four years, and with this decision, its commitment will also extend to financed emissions which includes the carbon footprint of Íslandsbanki's entire loan and asset portfolio.

Íslandsbanki publishes information on financed emissions (in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard) for 2025 in the Bank's Annual and Sustainability Report, and a more detailed disclosure within the Bank's Pillar 3 Report. The Bank publishes its objectives and performance in connection with climate issues. The Bank has published targets which account for 64% of total lending and 78% of total emissions from the loan portfolio in 2019, which is the Bank's base year for emissions. The Bank expects its financed emissions to shrink by 60% by 2030 and by 85% by 2040. The Bank's objective of having a net-zero loan portfolio by 2040 is an ambitious but achievable goal in most sectors, although it is clear that transitioning to clean energy in air transport and cargo shipping by sea is a complex task and will probably take longer.

Social

Íslandsbanki strongly emphasises creating a constructive and healthy work environment. The Bank's values are progressive thinking, collaboration, and professionalism.

Equal rights remain important, and we want Íslandsbanki to be a desirable workplace for people from wide-ranging backgrounds. One of Íslandsbanki's most important sustainability targets is to ensure that no single gender accounts for more than 60% of the Bank's management team. This ratio is considered in the hiring of management-level employees. As in previous years, the Bank received equal pay certification and was awarded professional certification under the IST 85:2012 standard for 2025. According to the most recent equal pay appraisal, the unexplained pay gap for jobs of equal value is 0.1%.

Governance

Íslandsbanki operates in accordance with the applicable legislation governing entities subject to the supervision of the Financial Supervisory Authority of the Central Bank of Iceland and Nasdaq Iceland. The Bank's governance practices derive, *inter alia*, from the laws and regulations applicable to financial institutions and the financial market. The Bank complies with the Guidelines on Corporate Governance in accordance with paragraph 7 of article 54 of the Act on Financial Undertakings no. 161/2002. Each year the Bank conducts an appraisal to ensure that it remains consistent with the Guidelines. The Board of Directors follows the Corporate Governance Guidelines (6th ed.) issued by the Iceland Chamber of Commerce, Nasdaq Iceland, and SA Confederation of Icelandic Enterprise, available on www.leidbeiningar.is. Moreover, the Bank's governance practices are based on the European Banking Authority's Guidelines on Internal Governance for Financial Undertakings (EBA/GL/2021/05), cf. article 16 of regulation (EC) no. 1093/2010, transposed into Icelandic law with Act no. 24/2017, on European Control Systems in the Financial Market.

Íslandsbanki has a Code of Conduct in place for employees and the Board of Directors, which is available on the Bank's website. In addition, the Bank's Sustainability Policy emphasises these matters. The aim of the Code is to promote good operational practices, reporting of misconduct and actions to prevent conflict of interest. Employees confirm annually that they have read and understood the rules and commit their adherence to the rules. At the end of 2025, all employees had confirmed the rules. The Bank emphasises respect for human rights and avoids business transactions where human rights are violated, including discrimination on the basis of gender, religion, or race according to the Sustainability Policy and the Suppliers' Code of Conduct. The Bank is committed to continue its active dialogue with suppliers on sustainability issues.

The Bank makes every effort to combat bribery and corruption. For that purpose, the Bank has e.g. implemented a policy on conflict of interest and rules on measures against conflict of interest in which there is a chapter on gifts and complimentary trips. The rules are intended to ensure that the impartiality and credibility of employees cannot be brought into question with respect to the treatment and handling of individual matters. Moreover, the Bank has in place a Policy on Measures Against Money Laundering and Terrorist Financing, as well as an Anti-Bribery and Corruption Policy, in which the Bank takes a clear stance against payments on bribery and corruption. In practice, the Bank emphasises on being compliant with Act no. 140/2018 on measures against Money Laundering and Terrorist Financing which involves combating bribery and corruption.

The Board of Directors of Íslandsbanki is committed to excellence in its governance framework so that it complies with the best corporate governance practices in the financial market at all times. The Bank's internal regulatory framework is regularly reviewed with respect to relevant changes in the Bank's internal and external environment. The Board also emphasises the follow-up on the effective implementation of changes to the internal regulatory framework and the development of a strong risk culture. The Board makes sure that issues related to governance, risk management and internal control receive appropriate consideration in the Board.

Directors' Report

At each AGM seven non-executive directors, and two alternate members, are elected to the Board for a term of one year. The Board undertakes the Bank's affairs and is responsible for setting the Bank's general strategy as well as instructing the CEO on its further implementation and execution. The Board has a supervisory role overseeing that the Bank's organisation and activities are at all times in accordance with relevant laws, regulations and good business practices. Furthermore, the Board shall monitor the execution of its policies, the sound control of accounting and financial management, and ensure that group internal audit, compliance, risk management and internal controls are effective at all times.

In accordance with the Bank's Articles of Association, the Bank operates a Nomination Committee whose role is to nominate individuals to the Bank's Board of Directors at the AGM or, as the case may be, at a shareholders' meeting where Board elections are on the agenda. The members of the Nomination Committee shall be three, along with two alternates. Two members of the Nomination Committee, along with one alternate, shall be elected at the AGM or other shareholders' meeting where the election of nomination committee members is on the agenda, for a term of one year. The third member of the Nomination Committee and their alternate shall be Board members of the Bank and are appointed by the Board for a term of one year. The composition and work of the Nomination Committee shall be in accordance with article 53 of the Act on Financial Undertakings no. 161/2002.

The Board has approved a policy on the suitability of the Board of Directors, the CEO and key function holders. The objective of the policy is that the Bank's Board of Directors, CEO, and key employees meet the relevant suitability requirements at all times and the framework for their appointment and/or employment is in accordance with the applicable legal requirements for the Bank's operation. The policy states, among other things, that the composition of the Board and the Executive Committee shall at any time be diverse, with regard to educational and professional background, gender and age. Human Resources reports annually to the Board on the Bank's actions in implementing its diversity policy.

Currently the Board consists of seven members, three women and four men, who are of various ages. Board members have a broad range of education, e.g. in the fields of economics, engineering, law, finance, management, business administration, and securities trading. Board members also have extensive industry experience in the areas of operations, banking, information technology management, legal practice, auditing and consulting.

The Board appoints four sub-committees, each one comprising Board members along with one external committee member in the Board Corporate Governance and Human Resource Committee and one in the Board Audit Committee. These sub-committees operate under the terms of a mandate letter from the Board as well as the Rules of Procedure of the Board. The mandate letters of Board sub-committees are available on the Bank's website.

The CEO is responsible for the day-to-day operations of the Bank and that the Bank's business is, at all times, in accordance with the Bank's Articles of Association, policies of the Board and the relevant law. The CEO engages the Bank's Chief Compliance Officer and appoints members of the Executive Committee and other Senior Management Committees.

The Executive Committee, comprising seven members, including the CEO, is composed of four women and three men. Members of the Executive Committee are of various ages and possess diverse education and extensive experience. The role of the Executive Committee is to maintain an overall view of the Bank's operations and to coordinate key aspects of its activities. The CEO ensures that the Board is regularly provided with accurate information on the Bank's finances, development, and operations.

The Bank's Finance division is responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Act on Annual Accounts no. 3/2006, the Act on Financial Undertakings no. 161/2002, and rules on accounting for credit institutions, where applicable. The Board's Audit Committee reviews the annual and interim financial statements before their submission for Board approval and endorsement. The Board's Audit Committee regularly discusses the financial statements and evaluates its internal control processes. Management reporting is generally presented to the Board at least 10 times a year. The Consolidated Financial Statements are published on an annual basis and the Condensed Consolidated Interim Financial Statements on a quarterly basis. The external auditors audit the annual financial statements for the parent company and the Group's consolidated financial statements, as well as those of main subsidiaries, and review the Group's half year condensed consolidated interim financial statements. In 2025, the external auditors also reviewed the Condensed Consolidated Interim Financial Statements for the first quarter in relation to the offering of the Government of Iceland's stake in the Bank.

A more detailed description of Íslandsbanki's governance framework and associated practices can be found in the Bank's Corporate Governance Statement enclosed in an unaudited appendix to the Consolidated Financial Statements and on the Bank's website, www.islandsbanki.is.

Directors' Report

Statement by the Board of Directors and the CEO

The audited Consolidated Financial Statements for the year ended 31 December 2025 have been prepared on a going concern basis in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Act on Annual Accounts, no. 3/2006; the Act on Financial Undertakings, no. 161/2002; and rules on accounting for credit institutions, where applicable.

To the best of our knowledge, these Consolidated Financial Statements provide a true and fair view of the Group's operating profits and cash flows in 2025 and its financial position as of 31 December 2025. Furthermore, in our opinion the financial statements and the Directors' Report give fair view of the main operational developments and achievements and describe the principal risks and uncertainties that the Group faces in its operations.

In our opinion, the Consolidated Financial Statements of Íslandsbanki hf. for the year 2025 identified as "549300PZMFIQR79Q0T97-2025-12-31-1-en.zip" are prepared in all material respects, in compliance with the European Single Electronic Format Regulation (ESEF).

The Board of Directors and the CEO have today discussed and approved the 2025 Consolidated Financial Statements of Íslandsbanki.

Kópavogur, 12 February 2026

Board of Directors:

Heiðar Guðjónsson, Chairman

Stefán Pétursson, Vice-Chairman

Haukur Örn Birgisson

Helga Hlíðn Hákondóttir

Margrét Pétursdóttir

Stefán Sigurðsson

Valgerður Hrund Skúladóttir

Chief Executive Officer:

Jón Guðni Ómarsson

Independent Auditor's Report

To the Board of Directors and Shareholders of Íslandsbanki hf.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Íslandsbanki hf. ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and additional requirements in the Icelandic Act on Annual Accounts, Act on Financial Undertakings and rules on accounting for credit institutions, where applicable.

Our opinion is consistent with the additional report submitted to the Audit Committee and the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in Iceland and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were first appointed as auditors by the Annual General Meeting on 21 March 2024. We have been re-appointed by resolutions passed by the annual general meeting uninterrupted since then.

Key Audit Matters

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

Independent Auditor's Report

Key Audit Matters

Impairment charges for loans to customers

Loans to customers represent ISK 1,367,106 million or 79% of total assets at 31 December 2025. Expected credit losses (ECL) of loans and off-balance sheet items at year end is ISK 8,613 million.

The ECL provisions in the Group's loan portfolio is based on the Bank's IFRS 9 forecasting models and management's estimate.

Key areas of judgement include:

- Assumptions used in the ECL model to assess the credit risk related to the exposure and the expected future cash flows of the customer.
- The identification of loans with significant increase in credit risk.
- Valuation of collateral and assumptions regarding future cash flows on credit-impaired loans to customers and off-balance sheet exposures.
- Effects of macroeconomic uncertainties on assumptions and judgements used by management.

Due to the use of judgement and estimates and the relative size of loans to customers, we consider the provision for expected credit losses (ECL) a Key Audit Matter.

Management has provided information regarding loan impairment charges and the ECL provision in notes 3, 14, 24, 25, 46-50 and 62.3.

IT Systems

Due to the significant number of transactions that are processed, the Group's financial reporting is highly dependent on IT systems supporting automated accounting and reconciliation procedures. To ensure complete and accurate financial records, it is important that controls over appropriate access rights, program development and changes are designed properly and operate effectively.

Because of the importance of the data from the IT systems supporting the financial reporting we consider their reliability a Key Audit Matter.

How the matter was addressed in the audit

Our procedures focused on the following to respond to the Key Audit Matter, among others:

- Testing of key controls in the lending process including credit decisions, credit review and rating classification.
- Tested controls consist of manual and automatic controls in application systems.
- Tested the key controls regarding the process of loan loss provisions.
- Reviewed the Group's principles based on IFRS 9 to assess whether the Group's application is reasonable.
- Reviewed managements calculations for previous years of loan loss provision and compared it to realised losses.
- Validated the input data in the models, including macroeconomic factors, and the accuracy of the calculations and evaluated management's assessments. In our audit, we have used our credit risk modelling specialists.

We have assessed the circumstances presented in the notes to the financial statements, if the information is sufficiently comprehensive as a description of management's assessment.

Our procedures focused on the following to respond to the Key Audit Matter, among others:

- Obtained understanding of the Group's IT environment.
- Tested IT general controls over access rights management, change management and IT operations.
- Tested automated controls in the IT environment supporting financial reporting.

In performing the audit procedures over the IT systems, we used our IT specialists.

Independent Auditor's Report

Other information

The Board of Directors and CEO are responsible for the other information. The other information comprises the information included in the unaudited factsheet accompanying these consolidated financial statements and the Annual and Sustainability Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and CEO for the Consolidated Financial Statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union and additional disclosure requirements for listed companies in Iceland, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and CEO are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of Directors and CEO are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

Report on European Single Electronic Format (ESEF Regulation)

As part of our audit of the consolidated financial statements of Íslandsbanki hf. we performed procedures to be able to issue an opinion on whether the consolidated financial statements of Íslandsbanki hf. for the year 2025 with the file name "549300PZMFIQR79Q0T97-2025-12-31-1-en.zip" is prepared, in all material respects, in compliance with the Act on disclosure obligation of issuers of securities and the obligation to flag no. 20/2021 relating to requirements regarding European single electronic format Regulation EU 2019/815 which include requirements related to the preparation of the consolidated financial statements in XHTML format and iXBRL markup.

The Board of Directors and CEO are responsible for preparing the consolidated financial statements in compliance with the Act on disclosure obligation of issuers of securities and the obligation to flag no. 20/2021. This includes preparing the consolidated financial statements in an XHTML format in accordance with EU Regulation 2019/815 on the European single electronic format (ESEF Regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the consolidated financial statements is prepared in all material respects, in compliance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirement set out in the ESEF Regulation, whether due to fraud or error.

In our opinion, the consolidated financial statements of Íslandsbanki hf. for the year 2025 with the file name "549300PZMFIQR79Q0T97-2025-12-31-1-en.zip" is prepared, in all material respects, in compliance with the ESEF Regulation.

Report on the Report of the Board of Directors and CEO

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the consolidated financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Hrafnhildur Helgadóttir.

Reykjavík, 12 February 2026

KPMG ehf.

Hrafnhildur Helgadóttir

Sigurjón Örn Arnarson

Consolidated Income Statement

	Notes	2025	2024
Interest income calculated using the effective interest rate method		129,324	135,278
Other interest income		3,648	6,064
Interest expense		(80,501)	(94,077)
Net interest income	7	52,471	47,265
Fee and commission income		20,129	18,944
Fee and commission expense		(6,030)	(5,822)
Net fee and commission income	8	14,099	13,122
Net financial expense	9	(922)	(338)
Net foreign exchange gain	10	427	607
Other operating income*	11	1,165	2,401
Other net operating income		670	2,670
Total operating income		67,240	63,057
Salaries and related expenses	12	(17,804)	(16,329)
Other operating expenses	13	(11,676)	(11,299)
Administrative fines		-	(470)
Bank tax		(2,084)	(1,900)
Total operating expenses		(31,564)	(29,998)
Profit before net impairment on financial assets		35,676	33,059
Net impairment on financial assets	14	(681)	645
Profit before tax		34,995	33,704
Income tax expense*	15	(9,746)	(9,458)
Profit for the year		25,249	24,246

Earnings per share

Basic and diluted EPS attributable to shareholders of Íslandsbanki hf. (ISK)	16	13.62	12.53
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*Comparative figures have been changed. Income of ISK 119 million recognised in "Profit (loss) from non-current assets held for sale, net of tax" in the 2024 Consolidated Financial Statements was restated in the line item "Other operating income" as "Net income (expense) from repossessed collateral". The associated income tax expense of ISK 32 million was restated as part of "Income tax expense".

The notes on pages 24 to 91 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

	2025	2024
Profit for the year	25,249	24,246
Net changes in FV of fin. liab. attributable to changes in credit risk	(1,105)	(746)
Tax related to net changes in FV of fin. liab. attrib. to changes in credit risk	229	328
Items that will not be reclassified to the income statement	(876)	(418)
Foreign currency translation	2	(2)
Net changes in fair value of debt instruments at FVOCI	299	240
Reclassification to the income statement of debt instruments at FVOCI	(3)	1
Changes in allowance for ECL of debt instruments at FVOCI	1	22
Tax related to debt instruments at FVOCI	(78)	(71)
Items that may subsequently be reclassified to the income statement	221	190
Other comprehensive expense for the year, net of tax	(655)	(228)
Total comprehensive income for the year	24,594	24,018

The notes on pages 24 to 91 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

	Notes	31.12.2025	31.12.2024
Assets			
Cash and balances with Central Bank	21	80,394	65,716
Loans to credit institutions	22	80,009	50,486
Bonds and debt instruments	17	151,959	142,618
Derivatives	23	5,304	5,324
Loans to customers	24	1,367,106	1,295,388
Shares and equity instruments	17	20,517	24,330
Investments in associates	26	5,384	4,701
Investment property	27	2,900	2,600
Property and equipment	28	4,702	5,039
Intangible assets	29	2,682	2,684
Other assets*	30	7,190	8,921
Total Assets		1,728,147	1,607,807
Liabilities			
Deposits from Central Bank and credit institutions	31	13,250	12,535
Deposits from customers	32	968,695	926,846
Derivative instruments and short positions	23	6,183	7,306
Debt issued and other borrowed funds	34	444,593	367,586
Subordinated loans	35	40,315	31,695
Tax liabilities	37	12,757	12,916
Other liabilities	38	16,995	21,568
Total Liabilities		1,502,788	1,380,452
Equity			
Share capital		8,900	9,473
Share premium		42,472	55,000
Reserves		7,201	7,102
Retained earnings		166,786	155,780
Total Equity		225,359	227,355
Total Liabilities and Equity		1,728,147	1,607,807

*Comparative figures have been changed. The line item "Non-current assets held for sale" in the 2024 Consolidated Financial Statements has been renamed as "Repossessed collateral". In the context of materiality, the Group has determined that this item does not warrant separate presentation as a line item in the Consolidated Statement of Financial Position. Accordingly, "Repossessed collateral" has been reclassified and is now included within "Other assets". "Non-current assets held for sale" amounted to ISK 1,617 million in the 2024 Consolidated Financial Statements.

The notes on pages 24 to 91 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

	Reserves											Total equity
	Share capital	Share premium	Statutory reserve	Unrealised FV changes of financial assets in the banking book	Capitalised development cost	Unrealised gains in associates	Reserve for debt instruments at FVOCI	Liability credit risk reserve	Foreign currency translation reserve	Retained earnings		
Equity as at 1 January 2024	9,898	55,000	2,500	2,527	1,358	522	-	(1,827)	3	154,712	224,693	
Profit for the year										24,246	24,246	
Net changes in FV of fin. liab. due to changes in credit risk								2,115		(2,861)	(746)	
Tax on net changes in FV of fin. liab. due to changes in credit risk								(423)		751	328	
Foreign currency translation									(2)		(2)	
Net changes in fair value of debt instruments at FVOCI							240				240	
Reclassification to the income statement of debt inst. at FVOCI							1				1	
Changes in allowance for ECL of debt instruments at FVOCI							22				22	
Tax related to debt instruments at FVOCI							(71)				(71)	
Total comprehensive income (expense) for the year	-	-	-	-	-	-	-	192	1,692	(2)	22,136	24,018
Dividends										(12,303)	(12,303)	
Purchase of treasury shares	(425)									(8,628)	(9,053)	
Other changes to restricted reserves				302	(291)	126				(137)	-	
Equity as at 31 December 2024	9,473	55,000	2,500	2,829	1,067	648	192	(135)	1	155,780	227,355	

The notes on pages 24 to 91 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

	Reserves											Total equity
	Share capital	Share premium	Statutory reserve	Unrealised FV changes of financial assets in the banking book	Capitalised development cost	Unrealised gains in associates	Reserve for debt instruments at FVOCI	Liability credit risk reserve	Foreign currency translation reserve	Retained earnings		
Equity as at 1 January 2025	9,473	55,000	2,500	2,829	1,067	648	192	(135)	1	155,780	227,355	
Profit for the year										25,249	25,249	
Net changes in FV of fin. liab. due to changes in credit risk								(972)		(133)	(1,105)	
Tax on net changes in FV of fin. liab. due to changes in credit risk								194		35	229	
Foreign currency translation										2	2	
Net changes in fair value of debt instruments at FVOCI							299				299	
Reclassification to the income statement of debt inst. at FVOCI							(3)				(3)	
Changes in allowance for ECL of debt instruments at FVOCI							1				1	
Tax related to debt instruments at FVOCI							(78)				(78)	
Total comprehensive income (expense) for the year	-	-	-	-	-	-	-	219	(778)	2	25,151	24,594
Dividends										(12,103)	(12,103)	
Purchase of treasury shares	(573)									(14,018)	(14,591)	
Reduction in share capital		(12,528)	(149)							12,677	-	
Share option charge										104	104	
Other changes to restricted reserves				(122)	(291)	1,218				(805)	-	
Equity as at 31 December 2025	8,900	42,472	2,351	2,707	776	1,866	411	(913)	3	166,786	225,359	

The Bank's authorised and issued share capital on 31 December 2025 consisted of 1,880,470,770 ordinary shares (year-end 2024: 2,000,000,000) with a par value of ISK 5 each. The Annual General Meeting (AGM) for the 2024 operating year took place on 31 March 2025 where shareholders approved the Board's proposal to reduce the Bank's share capital by cancelling the Bank's own shares by ISK 597,646,150 nominal value, equivalent to 119,529,230 shares, from ISK 10,000,000,000 to ISK 9,402,353,850 nominal value.

During the AGM, shareholders approved the Board's proposal to distribute dividends of ISK 12,100 million, equivalent to ISK 6.46 per share (2024: ISK 6.26 per share). The dividends were paid on 10 April 2025.

Íslandsbanki bought back 114.7 million own shares for ISK 14,591 million during 2025 (2024: 85.0 million own shares for ISK 9,053 million). As of 31 December 2025 the Bank owned 100.5 million own shares (year-end 2024: 105.4 million).

Upon derecognition (mainly repurchases) of financial liabilities designated at FVTPL the amount accumulated in liability credit risk reserve is transferred to retained earnings. In 2025 negative ISK 98 million (2024: negative ISK 2,110 million) were transferred to retained earnings at derecognition of financial liabilities designated at FVTPL.

The notes on pages 24 to 91 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

	2025	2024
Profit for the year	25,249	24,246
Non-cash items included in profit for the year*	(40,026)	(37,278)
Changes in operating assets and liabilities*	(31,546)	5,644
Interest received	131,785	129,327
Interest paid**	(74,653)	(94,687)
Dividends received	1,085	431
Paid bank tax	(1,900)	(1,871)
Paid income tax and special financial activities tax	(9,964)	(9,414)
Net cash provided by operating activities	30	16,398
Purchase of investment property	(25)	(96)
Proceeds from sales of property and equipment	198	101
Purchase of property and equipment	(484)	(426)
Additions of intangible assets	(734)	(501)
Net cash used in investing activities	(1,045)	(922)
Proceeds from borrowings	143,535	103,756
Repayment and repurchases of borrowings	(70,582)	(150,752)
Repayment of lease liabilities	(589)	(566)
Dividends paid	(12,103)	(12,303)
Purchase of treasury shares	(14,591)	(9,053)
Net cash provided by (used in) financing activities	45,670	(68,918)
Net increase (decrease) in cash and cash equivalents	44,655	(53,442)
Effects of foreign exchange rate changes	(2,306)	(2,084)
Cash and cash equivalents at the beginning of the year	83,548	139,074
Cash and cash equivalents at year-end	125,897	83,548
Reconciliation of cash and cash equivalents	Notes	
Cash on hand	21	3,270
Unrestricted balances with Central Bank	21	43,414
Money market loans and other loans to credit institutions	22	72,762
Bank accounts not pledged as collateral against derivative instruments	20, 22	6,451
Cash and cash equivalents at year-end	125,897	83,548

*For further breakdown see the following page.

**Interest is defined as having been paid when it has been deposited into the customer's account.

The Group has prepared its Consolidated Statement of Cash Flows using the indirect method. The statement is based on the net profit after tax for the year and shows the cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalents during the year.

Comparative figures have been changed. The Group's accounting policies regarding the definition of cash and cash equivalents have been updated. This change was made to ensure a fairer presentation of the Consolidated Statement of Cash Flows. Previously, cash and cash equivalents in the statement of cash flows consisted of cash on hand, unrestricted balances with the Central Bank, and demand deposits with credit institutions. They now consist of cash on hand, unrestricted balances with the Central Bank, and loans to credit institutions, excluding loans to credit institutions pledged as collateral against derivative instruments. As a result, "Cash and cash equivalents at the beginning of the year" increase by ISK 34,964 million (2024: ISK 52,602 million) and "Cash and cash equivalents at year-end" increase by ISK 71,966 million (2024: ISK 34,964 million). In addition, the change affects "Changes in operating assets and liabilities" and therefore "Net cash provided by operating activities" and "Net increase (decrease) in cash and cash equivalents". Comparative figures have also been changed to reflect an updated methodology for reporting interest received. As a result, "Interest received" in 2024 increased by ISK 5,646 million, with a corresponding decrease in "Changes in operating assets and liabilities".

The notes on pages 24 to 91 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Non-cash items included in profit for the year

	2025	2024
Net interest income	(52,471)	(47,265)
Unrealised fair value (gain) loss recognised in the income statement	(582)	190
Foreign exchange gain	(427)	(607)
Fair value gain on investment property	(275)	(1,310)
Share of profit from associates	(683)	(688)
Share-based payment expenses	104	-
Net gain from sales of property and equipment	(136)	(24)
Depreciation, amortisation, and write-offs	1,759	1,662
Bank tax	2,084	1,900
Net impairment on financial assets	820	(578)
Income tax expense	9,746	9,426
Other changes	35	16
Total	(40,026)	(37,278)

Changes in operating assets and liabilities

	2025	2024
Mandatory reserve and pledged balances with Central Bank	(2,778)	(11,106)
Loans to credit institutions pledged as collateral against derivative instruments	1,031	208
Bonds and debt instruments	(8,329)	18,673
Loans to customers	(69,217)	(68,563)
Shares and equity instruments	3,115	(10,528)
Other assets	1,715	(2,885)
Deposits from Central Bank and credit institutions	749	(3,563)
Deposits from customers	45,055	78,098
Derivative instruments and short positions	1,461	426
Other liabilities	(4,348)	4,884
Total	(31,546)	5,644

The notes on pages 24 to 91 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

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Notes to the Consolidated Financial Statements

1. Corporate information

Íslandsbanki hf., the parent company, was incorporated on 8 October 2008 and is a limited liability company domiciled in Iceland. The registered office is at Hagasmári 3, 201 Kópavogur, Iceland.

The Consolidated Financial Statements for the year ended 2025 comprise the financial statements of Íslandsbanki hf. ("the Bank" or "Íslandsbanki") and its subsidiaries, together referred to as "the Group". The Bank's main subsidiaries are Íslandssjóðir hf. (Iceland Funds) and Allianz Ísland hf. Additionally, Íslandsbanki has control over six other non-significant subsidiaries. All of the Bank's subsidiaries are wholly owned.

The Group provides a wide range of financial services such as retail banking, corporate banking, investment banking, wealth management and asset financing. The Group operates mainly in the Icelandic market.

The Consolidated Financial Statements were written in English and approved and authorised for issue by the Board of Directors and the CEO of Íslandsbanki hf. on 12 February 2026. In case of discrepancy between the English version and the Icelandic translation, the English original will prevail.

2. Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Act on Annual Accounts no. 3/2006, the Act on Financial Undertakings no. 161/2002 and rules on accounting for credit institutions, where applicable.

The Consolidated Financial Statements are presented in Icelandic króna (ISK), which is the functional currency of Íslandsbanki hf. All amounts presented in ISK have been rounded to the nearest million, except where otherwise indicated. At 31 December 2025, the exchange rate of the ISK against the USD was 125.20 and for the EUR 147.20 (at year-end 2024: USD 138.20 and EUR 143.90).

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Therefore, the Consolidated Financial Statements have been prepared on a going concern basis.

Basis of measurement

The Consolidated Financial Statements are prepared on a historical cost basis with the following exemptions:

- Assets and liabilities measured at fair value: bonds and debt instruments, shares and equity instruments, investment property, short positions in listed bonds, derivative financial instruments, and certain debt issued by the Group.
- Recognised financial liabilities designated as hedged items in qualifying fair value hedge relationships are measured at amortised cost adjusted for changes in fair value attributable to the risk being hedged.
- Investments in associates are accounted for using the equity method.

3. Significant accounting estimates and judgements

In preparing these Consolidated Financial Statements management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Management bases its judgements on previous experience and other factors that are considered reasonable under the circumstances, but actual results may differ from those estimates. Management continuously evaluates these judgements, estimates, and assumptions. Changes in accounting estimates are recognised when they occur. Key source of estimation uncertainty is the allowance for credit losses.

Impairment of financial assets

The main assumptions used for calculating the allowance for credit losses include:

- Probability of default (PD), loss given default (LGD) and exposure at default (EAD)
- Macroeconomic variables for multiple scenarios built on available information
- Assessment of significant increase in credit risk (SICR)

The PD, LGD and EAD inputs used to estimate expected credit losses are modelled based on variables most closely related to credit losses in the relevant portfolio. These include macroeconomic variables, demographic variables and variables related to past payment history, among others. These variables are sourced both internally and externally. Significant judgements required for measuring expected credit loss (ECL) include:

- Determining criteria for assessing what constitutes a significant increase in credit risk
- Establishing the forward-looking scenarios and their relative weightings
- Choosing appropriate models and assumptions for the measurement of ECL

Notes to the Consolidated Financial Statements

3. Significant accounting estimates and judgements (continued)

The All Risk Committee decides which weights of forward-looking scenarios best reflect uncertainty in economic conditions for the Group's borrowers and the ongoing uncertainty in global markets. The scenarios are usually weighted 25%-50%-25% (optimistic, base, pessimistic). However, it was determined appropriate to keep the weights at 20%-50%-30% at year-end 2025, as it has been for the past few years, since this would best represent the probability-weighted average over all possible scenarios. Management used sensitivity analysis to determine the appropriate weights for the three scenarios. According to the analysis, a shift of 5% weight from the baseline to the pessimistic scenario would increase the impairment allowance by ISK 220 million, while a 5% shift from the baseline to the optimistic scenario would decrease the allowance by ISK 90 million. Scenario weights can be scaled linearly, allowing a broader scope of analysis on the impairment allowance.

The impairment process is designed to be systematic so that it can be consistently applied. For the largest part of the loan portfolio, the Group employs an automatic process to assign facilities to stages and to estimate the ECL. For large or complex credit cases where the automatic process is not appropriate, alternative ECL calculations, referred to as "manual impairment", are proposed by experts. Each manual impairment is subsequently reviewed and approved or rejected by the Impairment Council. As of year-end 2025, exposure to a few counterparties amounting to ISK 9.3 billion was subject to manual impairment, with the associated ECL totalling ISK 2.7 billion (year-end 2024: ISK 7.5 billion and ISK 1.5 billion, respectively).

The allowance for credit losses is further discussed in Notes 24-25, in Notes 46-50 on risk management and in Note 62.3.

4. Changes to accounting policies

The purpose of the following changes to accounting policies is to ensure a fairer presentation of the Consolidated Financial Statements.

The presentation of profit (loss) from non-current assets held for sale has been updated. Previously, it was presented in the line item "Profit (loss) from non-current assets held for sale, net of tax". Now profit (loss) from non-current assets held for sale is presented as part of the line item "Other operating income" as "Net income (expense) from repossessed collateral" and the income tax due to that net income is presented as part of the line item "Income tax expense". In line with these changes, the name of "Non-current assets held for sale" has been changed to "Repossessed collateral". In the context of materiality, the Group has determined that this item does not warrant separate presentation as a line item in the Consolidated Statement of Financial Position. Accordingly, "Repossessed collateral" has been reclassified and is now included within "Other assets".

The presentation of the Group's restricted reserves has been updated in the Consolidated Statement of Changes in Equity to provide a more detailed breakdown. The presentation for the prior period has been updated accordingly.

The Group's accounting policies regarding the definition of cash and cash equivalents have been updated. Previously, cash and cash equivalents in the statement of cash flows consisted of cash on hand, unrestricted balances with the Central Bank, and demand deposits with credit institutions. They now consist of cash on hand, unrestricted balances with the Central Bank, and loans to credit institutions, excluding loans to credit institutions pledged as collateral against derivative instruments.

The presentation of interest expenses has been updated to provide a more detailed breakdown of expenses, for further information see Note 7.

Amendments to IFRS standards that became effective from 1 January 2025 did not have a material impact on the Consolidated Financial Statements.

Changes to IFRS standards issued but not effective at the reporting date

Two new IFRS standards and amendments to several IFRS standards have been issued but are not yet effective. The Group did not early adopt any of them and intends to adopt them when they become effective. The Group expects only the new IFRS standard, IFRS 18 - Presentation and Disclosures in Financial statements, to have a material impact on its future Consolidated Financial Statements as a result of these changes.

IFRS 18 - Presentation and Disclosures in Financial statements will be effective from 1 January 2027 and introduces new requirements to the following:

- Presentation of specified categories and defined subtotals in the statement of profit or loss
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- Improve aggregation and disaggregation

Notes to the Consolidated Financial Statements

5. Operating segments

Segment information is presented in accordance with the Group's management and internal reporting structure. The segments' operating results are reported to the Board of Directors and the CEO, who are responsible for allocating resources to the reportable segments and assessing their financial performance.

An operating segment is a distinguishable component of the Group, for which discrete financial information is available, that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Each operating segment is engaged in providing products or services which are subject to risk and return that are different from those of other operating segments. The accounting policies for the reportable segments are in line with the Group's accounting policies. The Group operates mainly in the Icelandic market.

The Bank has three main business segments: Personal Banking, Business Banking, and Corporate & Investment Banking. Operating segments pay and receive interest to and from Treasury to reflect the allocation of capital, funding costs, and the relevant risk premium. Capital allocation to the business units is based on the Pillar 1 regulatory capital requirement, the Pillar 2-R capital requirement calculated according to the Bank's Internal Capital Adequacy Assessment Process (ICAAP), and the combined buffer requirement as stipulated in the Act on Financial Undertakings no. 161/2002. Income tax and bank tax with breakdown for each segment is according to the current tax rates.

The Group operates 12 branches across Iceland, located in Reykjavík, Kópavogur, Hafnarfjörður, Reykjanesbær, Akranes, Ísafjörður, Akureyri, Húsavík, Egilsstaðir, Reyðarfjörður, Selfoss, and Vestmannaeyjar.

The Group comprises the following operating segments:

Personal Banking

Personal Banking provides comprehensive financial services to individuals, including lending, savings, and payments. Íslandsbanki's customers are increasingly managing their day-to-day banking via digital solutions such as apps, the online bank, and the secure web chat. Customers can also visit the Bank's efficient branch network for comprehensive consultancy services and contact the contact centre.

Business Banking

Business Banking provides small and medium-sized enterprises (SMEs) with comprehensive financial services, including Ergo, the Bank's asset financing service. Business Banking serves customers in business centres and branches close to their businesses. Via online banking and the app, customers have a full overview of their business, making day-to-day operations easy to manage.

Corporate & Investment Banking

Corporate & Investment Banking provides universal banking services to large companies, municipalities, institutional investors, and affluent individuals. Services include customised products and services such as lending and advisory, risk management, brokerage, and private banking services. The division services all sectors of the Icelandic economy with specialised expertise in the seafood, infrastructure, and tourism sectors. Outside of Iceland, Íslandsbanki has a special focus on the North Atlantic seafood industry, leveraging its expertise in the domestic market and global contacts.

Treasury and Proprietary Trading

Treasury is responsible for funding the Bank's operations and managing the internal pricing framework. It is also responsible for the Bank's balance sheet management and for relations with debt investors, financial institutions, stock exchanges, and rating agencies. Equity that is not allocated to business units sits within Treasury. Proprietary Trading includes equity and debt investments in the trading book and the banking book.

Cost centres

Cost centres comprise Digital & Data, Finance (excluding Treasury and Proprietary Trading), Risk Management, Compliance, CEO Office, Human Resources & Internal Services, and Legal. Group Internal Audit is also a part of the cost centres; however, it operates independently from the Bank, with the Chief Audit Executive reporting directly to the Bank's Board of Directors.

Subsidiaries, eliminations and adjustments

Subsidiaries include Íslandssjóðir hf. (Iceland Funds), Allianz Ísland hf. and other less significant subsidiaries. All inter-company eliminations are included in the column "Eliminations & adjustments".

Following is an overview showing the Group's performance with a breakdown by operating segments. Net interest income is presented for the operating segments because interest constitutes the majority of segment revenues, and management assesses performance primarily on a net interest basis.

Notes to the Consolidated Financial Statements

5. Operating segments (continued)

2025	Personal Banking	Business Banking	Corporate & Investment Banking	Treasury & Proprietary Trading	Cost centres	The Bank total	Subsidiaries, eliminations & adjustments	The Group total
Net interest income (expense)	17,991	19,586	13,697	1,421	(413)	52,282	189	52,471
Net fee and commission income (expense)	4,299	2,051	5,126	(157)	(7)	11,312	2,787	14,099
Other net operating income	79	(19)	1,376	(262)	317	1,491	(821)	670
Total operating income	22,369	21,618	20,199	1,002	(103)	65,085	2,155	67,240
Salaries and related expenses	(2,772)	(2,374)	(2,304)	(328)	(8,874)	(16,652)	(1,152)	(17,804)
Other operating expenses	(2,666)	(1,260)	(1,260)	(460)	(5,823)	(11,469)	(207)	(11,676)
Bank tax	(920)	(506)	(564)	(80)	(14)	(2,084)	-	(2,084)
Net impairment on financial assets	(239)	(91)	(339)	(13)	-	(682)	1	(681)
Cost allocation	(5,996)	(5,057)	(4,308)	566	14,795	-	-	-
Profit (loss) before tax	9,776	12,330	11,424	687	(19)	34,198	797	34,995
Income tax expense	(2,781)	(3,337)	(3,115)	(108)	-	(9,341)	(405)	(9,746)
Profit (loss) for the year	6,995	8,993	8,309	579	(19)	24,857	392	25,249
Net segment revenue from external customers	23,284	25,018	31,069	(14,546)	260	65,085	2,155	67,240
Net segment revenue from other segments	(915)	(3,400)	(10,870)	15,548	(363)	-	-	-
Fee and commission income	8,689	2,311	5,513	304	-	16,817	3,312	20,129
Depreciation, amortisation, and write-offs	(203)	(51)	(10)	-	(1,447)	(1,711)	(48)	(1,759)
At 31 December 2025								
Loans to customers	630,788	346,943	387,476	1,899	-	1,367,106	-	1,367,106
Other assets	3,978	1,703	1,268	342,241	9,773	358,963	2,078	361,041
Total segment assets	634,766	348,646	388,744	344,140	9,773	1,726,069	2,078	1,728,147
Deposits from customers	524,781	288,142	148,732	10,160	-	971,815	(3,120)	968,695
Other liabilities	3,033	2,870	3,778	516,573	6,049	532,303	1,790	534,093
Total segment liabilities	527,814	291,012	152,510	526,733	6,049	1,504,118	(1,330)	1,502,788
Allocated equity	46,965	55,352	70,303	48,023	1,308	221,951	3,408	225,359
Risk exposure amount	221,633	306,872	430,188	60,696	8,542	1,027,931	5,857	1,033,788

The individual segment balance sheet positions are with external customers and exclude internal transactions, thus explaining the differences in total assets, and total liabilities and equity.

Notes to the Consolidated Financial Statements

5. Operating segments (continued)

2024	Personal Banking	Business Banking	Corporate & Investment Banking	Treasury & Proprietary Trading	Cost centres	The Bank total	Subsidiaries, eliminations & adjustments	The Group total
Net interest income (expense)	15,849	18,736	13,661	(842)	(413)	46,991	274	47,265
Net fee and commission income (expense)	3,983	2,020	4,497	(21)	(98)	10,381	2,741	13,122
Other net operating income*	(16)	63	1,433	1,539	232	3,251	(581)	2,670
Total operating income	19,816	20,819	19,591	676	(279)	60,623	2,434	63,057
Salaries and related expenses	(2,763)	(2,349)	(2,273)	(324)	(7,556)	(15,265)	(1,064)	(16,329)
Other operating expenses	(2,716)	(1,304)	(1,204)	(454)	(5,452)	(11,130)	(169)	(11,299)
Administrative fines	-	-	-	-	(470)	(470)	-	(470)
Bank tax	(889)	(471)	(533)	6	(13)	(1,900)	-	(1,900)
Net impairment on financial assets	660	(984)	944	25	-	645	-	645
Cost allocation	(5,450)	(4,364)	(3,840)	536	13,118	-	-	-
Profit (loss) before tax	8,658	11,347	12,685	465	(652)	32,503	1,201	33,704
Income tax expense*	(2,577)	(3,191)	(3,556)	61	160	(9,103)	(355)	(9,458)
Profit (loss) for the year	6,081	8,156	9,129	526	(492)	23,400	846	24,246
Net segment revenue from external customers	20,453	23,859	30,153	(13,899)	57	60,623	2,434	63,057
Net segment revenue from other segments	(637)	(3,040)	(10,562)	14,575	(336)	-	-	-
Fee and commission income	8,307	2,244	4,741	281	(2)	15,571	3,373	18,944
Depreciation, amortisation, and write-offs	(183)	(59)	(6)	-	(1,397)	(1,645)	(17)	(1,662)
At 31 December 2024								
Loans to customers	608,766	323,824	362,692	106	-	1,295,388	-	1,295,388
Other assets	3,654	1,618	4,784	291,344	9,180	310,580	1,839	312,419
Total segment assets	612,420	325,442	367,476	291,450	9,180	1,605,968	1,839	1,607,807
Deposits from customers	486,235	277,186	147,394	18,820	-	929,635	(2,789)	926,846
Other liabilities	3,404	3,997	10,536	428,420	5,635	451,992	1,614	453,606
Total segment liabilities	489,639	281,183	157,930	447,240	5,635	1,381,627	(1,175)	1,380,452
Allocated equity	44,719	51,133	65,596	61,675	1,218	224,341	3,014	227,355
Risk exposure amount	275,836	308,573	394,601	50,434	7,108	1,036,552	4,420	1,040,972

*Comparative figures have been changed. Income of ISK 119 million recognised in "Profit (loss) from non-current assets held for sale, net of tax" in the 2024 Consolidated Financial Statements was restated in the line item "Other operating income". The associated income tax expense of ISK 32 million was restated as part of "Income tax expense".

Notes to the Consolidated Financial Statements

5. Operating segments (continued)

Subsidiaries, eliminations & adjustments

2025	Íslands-sjóðir hf.	Allianz Ísland hf.	Other subsidiaries	Eliminations & adjustments	Total
Net interest income	10	171	4	4	189
Net fee and commission income (expense)	1,438	1,369	-	(20)	2,787
Other net operating income	(53)	(17)	542	(1,293)	(821)
Total operating income	1,395	1,523	546	(1,309)	2,155
Salaries and related expenses	(820)	(265)	(67)	-	(1,152)
Other operating expenses	(248)	(240)	(437)	718	(207)
Net impairment on financial assets	1	-	-	-	1
Profit (loss) before tax	328	1,018	42	(591)	797
Income tax	(66)	(206)	(9)	(124)	(405)
Profit for the year before profit from non-current assets	262	812	33	(715)	392
Net segment revenue from external customers	1,742	1,347	11	(945)	2,155
Net segment revenue from other segments	(347)	176	535	(364)	-
Fee and commission income	2,009	1,890	-	(587)	3,312
Depreciation, amortisation, and write-offs	-	(33)	(3)	(12)	(48)
At 31 December 2025					
Total assets	2,060	3,534	2,482	(5,998)	2,078
Total liabilities	316	1,288	65	(2,999)	(1,330)
Total equity	1,744	2,246	2,417	(2,999)	3,408
2024	Íslands-sjóðir hf.	Allianz Ísland hf.	Other subsidiaries	Eliminations & adjustments	Total
Net interest income	16	163	91	4	274
Net fee and commission income (expense)	1,342	1,412	(45)	32	2,741
Other net operating income	177	35	473	(1,266)	(581)
Total operating income	1,535	1,610	519	(1,230)	2,434
Salaries and related expenses	(739)	(247)	(78)	-	(1,064)
Other operating expenses	(249)	(204)	(404)	688	(169)
Profit (loss) before tax	547	1,159	37	(542)	1,201
Income tax	(115)	(236)	(4)	-	(355)
Profit for the year before profit from non-current assets	432	923	33	(542)	846
Net segment revenue from external customers	1,906	1,463	11	(946)	2,434
Net segment revenue from other segments	(371)	147	508	(284)	-
Fee and commission income	1,897	2,040	-	(564)	3,373
Depreciation, amortisation, and write-offs	-	(2)	(4)	(11)	(17)
At 31 December 2024					
Total assets	2,198	3,102	2,401	(5,862)	1,839
Total liabilities	287	1,228	59	(2,749)	(1,175)
Total equity	1,911	1,874	2,342	(3,113)	3,014

Notes to the Consolidated Financial Statements

6. Quarterly statements - unaudited

2025

	Q1	Q2	Q3	Q4	Total
Interest income calculated using the effective interest rate method	32,869	34,609	32,507	29,339	129,324
Other interest income	1,081	1,048	839	680	3,648
Interest expense	(21,011)	(21,776)	(20,086)	(17,628)	(80,501)
Fee and commission income	4,627	4,979	4,706	5,817	20,129
Fee and commission expense	(1,560)	(1,359)	(1,477)	(1,634)	(6,030)
Net financial income (expense)	(986)	13	(353)	404	(922)
Net foreign exchange gain	47	71	152	157	427
Other operating income*	463	131	124	447	1,165
Salaries and related expenses	(4,489)	(4,412)	(3,793)	(5,110)	(17,804)
Other operating expenses	(2,907)	(2,849)	(2,686)	(3,234)	(11,676)
Bank tax	(500)	(513)	(549)	(522)	(2,084)
Net impairment on financial assets	(3)	402	7	(1,087)	(681)
Profit before tax	7,631	10,344	9,391	7,629	34,995
Income tax expense*	(2,422)	(3,152)	(2,490)	(1,682)	(9,746)
Profit for the period	5,209	7,192	6,901	5,947	25,249

*Expenses of ISK 4 million for Q1, ISK 12 million for Q2, and income of ISK 9 million for Q3 recognised in the line item "Profit (loss) from non-current assets held for sale" in the Group's Interim Financial Statements of 2025 was restated as "Other operating income". The associated income tax expense was restated as part of "Income tax expense".

2024

	Q1	Q2	Q3	Q4	Total
Interest income calculated using the effective interest rate method	34,162	37,619	34,093	29,404	135,278
Other interest income	2,461	1,391	1,113	1,099	6,064
Interest expense	(24,501)	(26,519)	(23,429)	(19,628)	(94,077)
Fee and commission income	4,469	4,664	4,649	5,162	18,944
Fee and commission expense	(1,459)	(1,455)	(1,353)	(1,555)	(5,822)
Net financial income (expense)	(236)	(499)	228	169	(338)
Net foreign exchange gain	196	174	124	113	607
Other operating income*	1,100	165	359	777	2,401
Salaries and related expenses	(4,168)	(4,130)	(3,787)	(4,244)	(16,329)
Other operating expenses	(2,942)	(2,916)	(2,585)	(2,856)	(11,299)
Administrative fines	-	(470)	-	-	(470)
Bank tax	(493)	(459)	(494)	(454)	(1,900)
Net impairment on financial assets	(704)	137	860	352	645
Profit before tax	7,885	7,702	9,778	8,339	33,704
Income tax expense*	(2,468)	(2,436)	(2,498)	(2,056)	(9,458)
Profit for the period	5,417	5,266	7,280	6,283	24,246

*Comparative figures have been changed. Income of ISK 2 million for Q1, ISK 120 million for Q2, ISK 2 million for Q3, and expenses of ISK 5 million for Q4 recognised in the line item "Profit (loss) from non-current assets held for sale" in the 2024 Consolidated Financial Statements was restated as "Other operating income". The associated income tax expense was restated as part of "Income tax expense".

Notes to the Consolidated Financial Statements

7. Net interest income

	2025	2024
Cash and balances with Central Bank	3,817	4,888
Loans to credit institutions	2,609	3,042
Loans to customers	116,039	121,730
Financial assets mandatorily at fair value through other comprehensive income	6,859	5,618
Interest income calculated using the effective interest rate method	129,324	135,278
Financial assets mandatorily at fair value through profit or loss	3,636	6,020
Other assets	12	44
Other interest income	3,648	6,064
Deposits from Central Bank and credit institutions	(299)	(380)
Deposits from customers	(51,283)	(60,587)
Financial liabilities mandatorily at fair value through profit or loss*	(2,597)	(4,882)
Debt issued and other borrowed funds designated as at fair value through profit or loss	(1,582)	(1,912)
Debt issued and other borrowed funds at amortised cost*	(21,850)	(22,780)
Subordinated loans	(2,793)	(3,357)
Lease liabilities	(71)	(76)
Other liabilities*	(26)	(103)
Interest expense	(80,501)	(94,077)
Net interest income	52,471	47,265

*The presentation of interest expense has been updated, and comparative figures have been changed accordingly. Expenses of ISK 5,895 million for the year 2024 recognised in the line item "Other liabilities" in the Consolidated Financial Statements for the year 2024, have been reclassified to other line items, with ISK 4,882 million for the year 2024 reclassified as "Financial liabilities mandatorily at fair value through profit or loss" and ISK 1,013 million for the year 2024 reclassified as "Debt issued and other borrowed funds at amortised cost".

8. Net fee and commission income

	2025	2024
Asset management	3,040	2,864
Investment banking and brokerage	3,842	3,337
Payment processing	8,706	8,390
Loans and guarantees	2,257	2,009
Other fee and commission income	2,284	2,344
Fee and commission income	20,129	18,944
Brokerage	(574)	(536)
Payment processing expenses	(4,643)	(4,564)
Other fee and commission expense	(813)	(722)
Fee and commission expense	(6,030)	(5,822)
Net fee and commission income	14,099	13,122

Fee and commission income by segment is disclosed in Note 5.

Notes to the Consolidated Financial Statements

9. Net financial expense

	2025	2024
Net gain (loss) on financial assets and financial liabilities mandatorily at FVTPL	(1,219)	166
Net gain (loss) on financial liabilities designated as at FVTPL	422	(580)
Net gain (loss) on fair value hedges	(44)	63
Net gain (loss) on derecognition of financial liabilities measured at amortised cost	(82)	103
Net loss on derecognition of financial assets measured at amortised cost	-	(89)
Net gain (loss) on sale of debt instruments measured at FVOCI	1	(1)
Net financial expense	(922)	(338)

The following table shows the categorisation of the net gain (loss) on fair value hedges.

	2025	2024
Fair value changes of the hedged items attributable to the hedged risk	331	(1,175)
Fair value changes of the hedging derivatives	(375)	1,238
Net gain (loss) on fair value hedges	(44)	63

The following table shows the categorisation of the net financial expense by type.

	2025	2024
Net gain (loss) on bonds and related derivatives	64	(304)
Net gain (loss) on shares and related derivatives	(1,589)	17
Dividend income	1,085	431
Net loss on debt issued and related derivatives	(300)	(88)
Net loss on economic hedging and other derivatives	(183)	(304)
Net loss on derecognition of financial assets measured at amortised cost	-	(89)
Net gain (loss) on sale of debt instruments measured at FVOCI	1	(1)
Net financial expense	(922)	(338)

10. Net foreign exchange gain

	2025	2024
Cash and balances with Central Bank	(60)	(92)
Loans at amortised cost	(1,174)	(8,201)
Financial assets mandatorily at fair value through profit or loss	3,176	(3,673)
Financial assets mandatorily at fair value through other comprehensive income	1,127	(1,640)
Other assets	(19)	17
Net foreign exchange gain (loss) for assets	3,050	(13,589)
Deposits	3,288	2,512
Debt issued and other borrowed funds designated as at fair value through profit or loss	(1,066)	1,943
Debt issued and other borrowed funds at amortised cost	(4,003)	8,853
Subordinated loans	(842)	888
Net foreign exchange gain (loss) for liabilities	(2,623)	14,196
Net foreign exchange gain	427	607

Notes to the Consolidated Financial Statements

11. Other operating income

	2025	2024
Fair value changes on investment property	275	1,310
Net gain from dissolution of subsidiary	-	38
Share of profit of associates, net of tax	683	650
Net income (expense) from repossessed collateral*	(24)	119
Gain from sales of property and equipment	136	24
Legal fees	68	68
Rental income	16	41
Other net operating income	11	151
Other operating income	1,165	2,401

*Comparative figures have been changed. Income of ISK 119 million recognised in "Profit (loss) from non-current assets held for sale, net of tax" in the 2024 Consolidated Financial Statements was restated in the line item "Other operating income" as "Net income (expense) from repossessed collateral".

12. Personnel and salaries

	2025	2024
Salaries	13,736	12,590
Share-based payment expenses	104	-
Contributions to pension funds	2,119	1,916
Social security charges and financial activities tax*	1,850	1,716
Other salary-related expenses	188	162
Capitalisation of salaries and related expenses in software development	(193)	(55)
Salaries and related expenses	17,804	16,329

*Financial activities tax calculated on salaries is 5.5% in 2025 (2024: 5.5%).

An extraordinary shareholders' meeting of Íslandsbanki was held on 30 June 2025, where proposed amendments to the Bank's Remuneration Policy were approved. Two provisions were introduced under Article 7: the authorisation to establish a special incentive scheme for employees and the option to adopt a stock option plan in accordance with Article 10 of the Income Tax Act no. 90/2003.

The Directorate of Internal Revenue approved the share option plan on 21 July 2025. At the beginning of August share option agreements were concluded with employees in accordance with the approved plan. According to the plan, the share option applies to all permanent employees of Íslandsbanki, except employees of Group Internal Audit.

According to the plan, each option holder acquires the right to buy shares in Íslandsbanki of up to ISK 1,500,000 once a year for five years, following the release of the Bank's half year results in 2026, 2027, 2028, 2029 and 2030, for the total maximum amount of ISK 7,500,000. The purchase price is the weighted average traded price in transactions with the Bank's shares during the 10 business days prior to the agreement date, being ISK 126.4 per share.

A total of 743 employees entered into option agreements for up to 8,817,181 shares per year based on 100% exercise of share options. A total of 44,085,905 share options were granted during the year, of which 1,698,964 were forfeited during the year. A total of 42,386,941 share options were outstanding at the end of the year, with a weighted-average remaining contractual life of 4.6 years.

The fair value of the options was determined on the grant date using the Black-Scholes option pricing model and expensed as salary cost in accordance with IFRS 2. Inputs used in the model include share price on grant date of ISK 126 per share, exercise price of ISK 126.4 a share, option life of 1, 2, 3, 4 and 5 years, expected volatility of 22.44% (based on historical volatility), expected dividends of 5.13%, and a risk-free interest rate in the range of 7.29-7.67%.

The total expense recognised in 2025 amounted to ISK 104 million. The Group estimates that remaining expenses related to the share option plan until August 2030 will amount to ISK 478 million, with the expenses being front-loaded.

A variable remuneration incentive scheme was implemented in early February 2026 for all employees of the Group permitted under Icelandic law. Employees in Risk Management, Group Internal Audit, and Compliance are excluded by law from participating in variable remuneration incentive schemes.

In 2025 there were no paid performance-based salaries (2024: none) and there were no unpaid performance-based salaries at year-end 2025. There were no share-based payments in either 2025 or 2024.

Notes to the Consolidated Financial Statements

12. Personnel and salaries (continued)

	2025	2024		
	The Bank	The Group	The Bank	The Group
Average number of full-time equivalent positions during the year	755	796	759	799
Number of full-time equivalent positions at year-end	725	769	733	772

Total amount of paid compensation for the Board of Directors, the CEO, the Executive Committee, and other key employees is specified as follows:

	2025	2024
Linda Jónsdóttir, Chairman of the Board	18.2	13.9
Stefán Pétursson, Vice-Chairman of the Board	16.3	13.1
Agnar Tómas Möller, member of the Board	10.9	9.3
Haukur Órn Birgisson, member of the Board	13.8	10.0
Helga Hlín Hákonardóttir, member of the Board	14.8	12.3
Stefán Sigurðsson, member of the Board	15.4	7.0
Valgerður Hrund Skúladóttir, member of the Board	13.9	7.5
Páll Grétar Steingrímsson, former member of the Board	1.0	2.8
Herdís Gunnarsdóttir, alternate member of the Board	2.0	0.5
Anna Þórðardóttir, former member of the Board	-	2.4
Total salaries	106.3	78.8

Contribution to pension funds for the Board of Directors amounted to ISK 14.1 million in 2025 (2024: ISK 10.9 million).

Board members receive remuneration for their participation in Board committees. In 2025 the Board met 30 times (2024: 27) during the year. The Board sub-committees met in 2025 as follows: The Board Audit Committee met 7 times (2024: 14), the Board Risk Management Committee met 9 times (2024: 10), the Board Corporate Governance and Human Resource Committee met 11 times (2024: 8), and the Board Innovation and Technology Committee met 5 times (the committee was formed in 2025). Members of the Board of Directors receive 25% of their monthly board remuneration for each board meeting attended beyond 12 meetings between the Bank's AGMs (effective from the 2025 AGM).

	2025		2024	
	Total salaries	Pension funds contrib.	Total salaries	Pension funds contrib.
Jón Guðni Ómarsson, CEO	57.9	8.4	58.0	8.4
Other members of the Executive Committee*	346.6	50.2	328.6	48.2
Other key employees**	105.1	17.1	105.2	15.0
Total	509.6	75.7	491.8	71.6

Included in total salaries are non-monetary benefits such as the use of cars owned by the Group.

*Other members of the Executive Committee consist of: Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer, Managing Director of Corporate & Investment Banking, Managing Director of Personal Banking, Managing Director of Business Banking. The Managing Director of Digital & Data stepped down from the position in November 2025.

**Other key employees consisted of three employees for most of 2025 (2024: three). One key employee left their position in October, included in total salaries is a settlement of accrued holiday pay.

Notes to the Consolidated Financial Statements

13. Other operating expenses

	2025	2024
Professional services	1,863	1,816
Software and IT expenses	5,077	4,839
Real estate and office equipment	680	678
Depreciation, amortisation, and write-offs	1,759	1,662
Other administrative expenses	2,297	2,304
Other operating expenses	11,676	11,299

Auditors' fees

	2025	2024
Audit of the financial statements	98	131
Review of interim financial statements	24	25
Other services	13	3
Auditors' fees	135	159

14. Net impairment on financial assets

	2025	2024
Net change in expected credit losses, on-balance sheet items	(625)	371
Net change in expected credit losses, off-balance sheet items	(56)	274
Net impairment on financial assets	(681)	645

Notes to the Consolidated Financial Statements

15. Income tax expense

Recognised income tax is based on applicable tax laws. The income tax rate for legal entities in 2025 is 20% (2024: 21%). Special financial activities tax is calculated as 6% of the Bank's taxable profit exceeding ISK 1 billion in accordance with the Act on Financial Activities Tax no. 165/2011. The effective income tax rate in the Group's income statement for the year 2025 is 27.8% (2024: 28.1%).

	2025	2024*		
Current tax expense	7,714	8,153		
Special financial activities tax	2,171	2,171		
Adjustments in prior year's calculated income tax	85	270		
Changes in deferred tax assets and deferred tax liabilities	(224)	(1,136)		
Income tax recognised in the income statement	9,746	9,458		
Income tax recognised in other comprehensive income	(151)	(257)		
	2025	2024*		
Profit before tax	34,995	33,704		
Income tax calculated on the profit for the year	6,999	20.0%	7,078	21.0%
Special financial activities tax	2,171	6.2%	2,171	6.4%
Adjustments in prior year's calculated income tax	85	0.2%	270	0.8%
Income not subject to tax	(382)	(1.1%)	(1,059)	(3.1%)
Non-deductible expenses	895	2.6%	762	2.3%
Other differences	(22)	(0.1%)	236	0.7%
Effective income tax expense	9,746	27.8%	9,458	28.1%

*Comparative figures have been changed. Income tax expense amounting to ISK 32 million in the line item "Profit from non-current assets held for sale, net of tax" in the 2024 Consolidated Financial Statements was restated to the line item "Income tax expense".

The Bank is taxed jointly with its subsidiary Íslandssjóðir hf. (Iceland Funds).

16. Earnings per share

	2025	2024
Profit attributable to shareholders of the Bank	25,249	24,246
Weighted average number of outstanding shares	1,854	1,934
Basic earnings per share (ISK)	13.62	12.53

The Group's basic and diluted earnings per share are the same as the Group has not issued any options, warrants, convertibles, or other financial instruments that dilute earnings per share (2024: none). In August 2025, the Group entered into equity-settled share option agreements. Although these options are outstanding, they do not dilute earnings per share as the average market price of the Bank's shares during the period from 6 August to 31 December 2025 was below the adjusted exercise price (which includes the fair value of services yet to be rendered under IFRS 2). For further information on the Group's stock option plan see Note 12.

Notes to the Consolidated Financial Statements

17. Classification of financial assets and financial liabilities

At 31 December 2025	Mandatorily at FVTPL	Hedge accounting*	Mandatorily at FVOCI	Amortised cost	Carrying amount
Cash and balances with Central Bank	-	-	-	80,394	80,394
Loans to credit institutions	-	-	-	80,009	80,009
Listed bonds and debt instruments	11,149	-	132,559	-	143,708
Listed bonds and debt instruments used for economic hedging	6,123	-	-	-	6,123
Unlisted bonds and debt instruments	2,128	-	-	-	2,128
Derivatives	3,533	1,771	-	-	5,304
Loans to customers	-	-	-	1,367,106	1,367,106
Listed shares and equity instruments	3,200	-	-	-	3,200
Listed shares and equity instruments used for economic hedging	14,518	-	-	-	14,518
Unlisted shares and equity instruments	2,799	-	-	-	2,799
Other financial assets	-	-	-	3,452	3,452
Total financial assets	43,450	1,771	132,559	1,530,961	1,708,741
	Mandatorily at FVTPL	Hedge accounting*	Designated as at FVTPL	Amortised cost	Carrying amount
Deposits from Central Bank and credit institutions	-	-	-	13,250	13,250
Deposits from customers	-	-	-	968,695	968,695
Derivative instruments and short positions	6,183	-	-	-	6,183
Debt issued and other borrowed funds	-	90,607	89,416	264,570	444,593
Subordinated loans	-	-	-	40,315	40,315
Other financial liabilities	-	-	-	10,309	10,309
Total financial liabilities	6,183	90,607	89,416	1,297,139	1,483,345
At 31 December 2024	Mandatorily at FVTPL	Hedge accounting*	Mandatorily at FVOCI	Amortised cost	Carrying amount
Cash and balances with Central Bank	-	-	-	65,716	65,716
Loans to credit institutions	-	-	-	50,486	50,486
Listed bonds and debt instruments	24,293	-	111,908	-	136,201
Listed bonds and debt instruments used for economic hedging	4,397	-	-	-	4,397
Unlisted bonds and debt instruments	2,020	-	-	-	2,020
Derivatives	3,223	2,101	-	-	5,324
Loans to customers	-	-	-	1,295,388	1,295,388
Listed shares and equity instruments	6,079	-	-	-	6,079
Listed shares and equity instruments used for economic hedging	15,834	-	-	-	15,834
Unlisted shares and equity instruments	2,417	-	-	-	2,417
Other financial assets	-	-	-	6,306	6,306
Total financial assets	58,263	2,101	111,908	1,417,896	1,590,168
	Mandatorily at FVTPL	Hedge accounting*	Designated as at FVTPL	Amortised cost	Carrying amount
Deposits from Central Bank and credit institutions	-	-	-	12,535	12,535
Deposits from customers	-	-	-	926,846	926,846
Derivative instruments and short positions	7,306	-	-	-	7,306
Debt issued and other borrowed funds	-	88,831	21,419	257,336	367,586
Subordinated loans	-	-	-	31,695	31,695
Other financial liabilities	-	-	-	13,530	13,530
Total financial liabilities	7,306	88,831	21,419	1,241,942	1,359,498

*For further information on hedge accounting see Notes 23 and 34.

Notes to the Consolidated Financial Statements

18. Fair value information for financial instruments

Financial instruments carried at fair value

The fair value of a financial instrument is the transaction price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where a market price is not readily available, the Group applies valuation techniques based on estimates and assumptions that are consistent with that which market participants would use in setting a price for the financial instrument.

The following tables show financial instruments carried at fair value at 31 December 2025 categorised into three levels of fair value hierarchy that reflect the type of inputs used in making the fair value measurements. The different levels have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Valuation techniques based on observable inputs other than the quoted prices included in Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments classified as Level 2 contain only derivatives. For interest rate derivatives contracts such as interest rate swaps (IRS) and cross-currency interest rate swaps (CIRS) the Group calculates the net present value of estimated future cash flows based on yield curves with key inputs such as interest swap rates and forward-rate agreements (FRAs) rates. Foreign-currency forwards and foreign-currency swaps are valued using the FX spot rate adjusted for forward pricing points that can be obtained from market sources. Bond forwards and equity forwards are valued using standard models with key inputs observed from stock prices and funding rates.

Level 3: Valuation techniques based on significant unobservable inputs, e.g. internal assumptions.

At the end of each reporting period the Group determines whether transfers have occurred between levels in the hierarchy, by reassessing categorisation based on the lowest level input that is significant to the fair value measurement as a whole. No transfers between levels took place during the year.

At 31 December 2025	Level 1	Level 2	Level 3	Total
Bonds and debt instruments	149,831	-	2,128	151,959
Derivatives	-	5,304	-	5,304
Shares and equity instruments	17,718	-	2,799	20,517
Total financial assets	167,549	5,304	4,927	177,780

Short positions	1,908	-	-	1,908
Derivative instruments	-	4,275	-	4,275
Debt issued and other borrowed funds designated as at FVTPL	89,416	-	-	89,416
Total financial liabilities	91,324	4,275	-	95,599

At 31 December 2024	Level 1	Level 2	Level 3	Total
Bonds and debt instruments	140,598	-	2,020	142,618
Derivatives	-	5,324	-	5,324
Shares and equity instruments	21,913	-	2,417	24,330
Total financial assets	162,511	5,324	4,437	172,272

Short positions	130	-	-	130
Derivative instruments	-	7,176	-	7,176
Debt issued and other borrowed funds designated as at FVTPL	21,419	-	-	21,419
Total financial liabilities	21,549	7,176	-	28,725

Notes to the Consolidated Financial Statements

18. Fair value information for financial instruments (continued)

Changes in Level 3 financial instruments measured at fair value	Bonds and debt instruments	Shares and equity instruments	Total
Fair value at 1 January 2025	2,020	2,417	4,437
Purchases and share capital increase	42	209	251
Net gain on financial instruments recognised in the income statement	66	173	239
Fair value at 31 December 2025	2,128	2,799	4,927

Earned interest of level 3 bonds and debt instruments is not recognised since there is significant uncertainty regarding the recoverability of interest.

	Bonds and debt instruments	Shares and equity instruments	Total
Fair value at 1 January 2024	-	1,902	1,902
Purchases and share capital increase	-	320	320
Transfers from loans to customers	2,189	-	2,189
Net gain (loss) on financial instruments recognised in the income statement	(169)	195	26
Fair value at 31 December 2024	2,020	2,417	4,437

Sensitivity analysis for Level 3 financial instruments

The valuations of Level 3 financial instruments are in general uncertain and subject to various factors. The favourable and unfavourable scenarios can be considered as being likely movements in valuation within a year. The very favourable and very unfavourable scenarios are considered less likely, but not impossible and are not worst-case scenarios for some of the financial instruments.

The following tables illustrate how profit before tax would have been affected if one or more of the inputs for the fair value measurement were changed for Level 3 financial instruments that are highly sensitive to changes in fair value measurement inputs.

Significant unobservable inputs used in the valuation of Level 3 bonds and debt instruments is the weighting of various scenarios regarding the development of Grindavík in the coming years, the estimated value of Þórkatla's residential housing, estimated rental income of Þórkatla's residential housing, and discount rates. All Level 3 bonds and debt instruments are included in the sensitivity analysis.

The sensitivity analysis for Level 3 shares and equity instruments is based on weighted scenarios reflecting potential developments in the underlying assets. The sensitivity analysis for Level 3 shares and equity instruments includes only financial instruments that are highly sensitive to changes in fair value measurement inputs. The fair value of Level 3 shares and equity instruments that are included in the sensitivity analysis amounted to ISK 602 million at 31 December 2025 (year-end 2024: ISK 274 million).

At 31 December 2025	Very favourable	Favourable	Unfavourable	Very unfavourable
Level 3 bonds and debt instruments	1,386	1,088	(1,213)	(1,544)
Level 3 shares and equity instruments	1,085	315	(282)	(580)

At 31 December 2024	Very favourable	Favourable	Unfavourable	Very unfavourable
Level 3 bonds and debt instruments	1,260	592	(588)	(1,464)
Level 3 shares and equity instruments	1,698	1,056	(206)	(236)

Notes to the Consolidated Financial Statements

19. Financial instruments not carried at fair value

Assets

The fair value of "Loans to customers" may differ from their net carrying amount because they may carry interest rates that differ from current market rates. Fair value is estimated by discounting future cash flows using interest rates that reflect current lending conditions for similar customers and products. These rates are derived from internal models, and therefore "Loans to customers" are classified as Level 3.

"Cash and balances with the Central Bank", "Loans to credit institutions", and "Other financial assets" are short-term in nature. As such, their fair value is considered to equal their carrying amount and they are classified as Level 2.

Liabilities

"Deposits from Central Bank and credit institutions" and "Deposits from customers" generally carry floating interest rates or are repayable on demand. Most deposits fall into these categories and their carrying amount is therefore considered a good approximation of fair value. These instruments are classified as Level 2. For longer-term fixed rate deposits, fair value is estimated by discounting future cash flows using current market interest rates for similar deposits. These are also classified as Level 2, as the valuation relies on observable market interest rates.

"Debt issued and other borrowed funds" and "Subordinated loans" are measured at fair value based on quoted market prices when available and are classified as Level 1. Where no market prices exist, fair value is estimated using current funding premiums on comparable instruments, these are classified as Level 2. "Other financial liabilities", including unsettled transactions and lease-related payables, are short-term in nature. Their carrying amount approximates fair value and they are classified as Level 2.

The following tables show the fair value measurement and classification of the Group's assets and liabilities not carried at fair value. The different levels are defined in Note 18.

At 31 December 2025	Level 1	Level 2	Level 3	Total fair value	Carrying amount	Difference
Cash and balances with Central Bank	-	80,394	-	80,394	80,394	-
Loans to credit institutions	-	80,009	-	80,009	80,009	-
Loans to customers	-	-	1,364,031	1,364,031	1,367,106	(3,075)
Other financial assets	-	3,452	-	3,452	3,452	-
Total financial assets	-	163,855	1,364,031	1,527,886	1,530,961	(3,075)
Deposits from Central Bank and credit institutions	-	13,250	-	13,250	13,250	-
Deposits from customers	-	968,708	-	968,708	968,695	13
Debt issued and other borrowed funds	249,144	10,691	-	259,835	264,570	(4,735)
Subordinated loans	40,278	-	-	40,278	40,315	(37)
Other financial liabilities	-	10,309	-	10,309	10,309	-
Total financial liabilities	289,422	1,002,958	-	1,292,380	1,297,139	(4,759)
At 31 December 2024	Level 1	Level 2	Level 3	Total fair value	Carrying amount	Difference
Cash and balances with Central Bank	-	65,716	-	65,716	65,716	-
Loans to credit institutions	-	50,486	-	50,486	50,486	-
Loans to customers	-	-	1,284,043	1,284,043	1,295,388	(11,345)
Other financial assets	-	6,306	-	6,306	6,306	-
Total financial assets	-	122,508	1,284,043	1,406,551	1,417,896	(11,345)
Deposits from Central Bank and credit institutions	-	12,535	-	12,535	12,535	-
Deposits from customers	-	926,805	-	926,805	926,846	(41)
Debt issued and other borrowed funds	240,465	11,918	-	252,383	257,336	(4,953)
Subordinated loans	31,391	-	-	31,391	31,695	(304)
Other financial liabilities	-	13,530	-	13,530	13,530	-
Total financial liabilities	271,856	964,788	-	1,236,644	1,241,942	(5,298)

Notes to the Consolidated Financial Statements

20. Offsetting financial assets and financial liabilities

The following tables show reconciliation of financial assets and financial liabilities which are subject to offsetting, enforceable master netting agreements and similar agreements.

At 31 December 2025, and at year-end 2024, no netting occurred between financial assets and liabilities subject to enforceable master netting agreements and comparable arrangements, resulting in no offsetting.

Derivatives	31.12.2025	31.12.2024
Financial assets	5,304	5,324
Amounts not set off but subject to master netting arrangements and similar agreements	(5,003)	(4,701)
- Financial liabilities	(1,553)	(1,763)
- Cash collateral received	(3,216)	(2,937)
- Financial instruments collateral received	(234)	(1)
Net amount after consideration of potential effect of netting arrangements	301	623
Derivative instruments and short positions	31.12.2025	31.12.2024
Financial liabilities	6,183	7,306
Amounts not set off but subject to master netting arrangements and similar agreements	(2,349)	(3,485)
- Financial assets	(1,553)	(1,763)
- Cash collateral pledged	(796)	(1,722)
Net amount after consideration of potential effect of netting arrangements	3,834	3,821

21. Cash and balances with Central Bank

	31.12.2025	31.12.2024
Cash on hand	3,270	3,621
Unrestricted balances with Central Bank	43,414	31,163
Cash and unrestricted balances with Central Bank	46,684	34,784
Balances pledged as collateral to Central Bank	712	814
Mandatory reserve deposits with Central Bank	32,998	30,118
Cash and balances with Central Bank	80,394	65,716

22. Loans to credit institutions

	31.12.2025	31.12.2024
Money market loans	69,660	33,828
Bank accounts	7,247	13,800
Other loans	3,102	2,858
Loans to credit institutions	80,009	50,486

Notes to the Consolidated Financial Statements

23. Derivative instruments and short positions

At 31 December 2025	Assets	Notional values related to assets		Notional values related to liabilities
		Liabilities	Assets	
Interest rate swaps	3,198	194,846	1,820	100,269
Cross-currency interest rate swaps	117	12,705	25	2,500
Equity forwards	1,239	6,522	1,231	8,223
Foreign exchange forwards	65	9,488	446	22,398
Foreign exchange swaps	490	44,409	712	30,602
Bond forwards	195	3,537	41	5,821
Derivatives	5,304	271,507	4,275	169,813
Short positions in listed bonds	-	-	1,908	1,891
Total	5,304	271,507	6,183	171,704

At 31 December 2024	Assets	Notional values related to assets		Notional values related to liabilities
		Liabilities	Assets	
Interest rate swaps	4,013	155,075	1,663	108,054
Cross-currency interest rate swaps	23	2,444	1,006	17,147
Equity forwards	594	3,327	1,525	11,530
Foreign exchange forwards	12	2,232	1,027	26,771
Foreign exchange swaps	494	47,351	1,948	40,530
Bond forwards	188	5,423	7	1,075
Derivatives	5,324	215,852	7,176	205,107
Short positions in listed bonds	-	-	130	138
Total	5,324	215,852	7,306	205,245

The Group uses derivatives to hedge currency exposure, interest rate risk in the banking book, and inflation risk. The Group carries relatively low indirect exposure due to margin trading with clients and the Group holds collaterals for possible losses. Other derivatives in the Group held for trading or for other purposes are insignificant.

Short positions are in bonds issued by the Government of Iceland and bonds issued by municipalities, banks, and public companies. As a primary dealer the Group has access to securities lending facilities provided by the Central Bank and other issuers. Majority of the securities lending facilities have a maturity of less than a year.

The Group applies hedge accounting only with respect to certain EUR denominated interest rate swaps, whereby the Group pays floating rate interest and receives fixed rate interest. The interest rate swaps are hedging the exposure of changes in the fair value of certain fixed-rate EUR denominated bonds (see Note 34) arising from changes in EURIBOR interest rates. The Group applies fair value hedge accounting to the hedging relationships. At 31 December 2025 the total fair value of the interest rate swaps in the hedging relationship was positive and amounted to ISK 1,771 million (year-end 2024: ISK 2,101 million) and their total notional amount was ISK 88,320 million (year-end 2024: ISK 86,340 million).

Notes to the Consolidated Financial Statements

24. Loans to customers

At 31 December 2025	Gross carrying amount			Expected credit losses			Net carrying amount
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Individuals	638,416	8,986	7,277	(739)	(158)	(491)	653,291
Commerce and services	188,115	21,531	1,972	(729)	(263)	(385)	210,241
Construction	81,441	18,875	942	(522)	(447)	(299)	99,990
Energy	16,366	666	-	(27)	(4)	-	17,001
Financial services	119	-	-	-	-	-	119
Industrial and transportation	84,294	3,927	5,879	(201)	(81)	(1,800)	92,018
Investment companies	42,866	3,669	383	(147)	(114)	(60)	46,597
Public sector and non-profit organisations	16,683	1	18	(25)	-	(4)	16,673
Real estate	133,465	4,903	3,935	(248)	(134)	(654)	141,267
Seafood	89,519	485	19	(105)	(3)	(6)	89,909
Loans to customers	1,291,284	63,043	20,425	(2,743)	(1,204)	(3,699)	1,367,106

At 31 December 2024	Gross carrying amount			Expected credit losses			Net carrying amount
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Individuals	611,882	7,811	7,187	(740)	(224)	(654)	625,262
Commerce and services	162,208	21,527	2,669	(735)	(292)	(710)	184,667
Construction	94,630	1,248	608	(801)	(30)	(97)	95,558
Energy	11,852	7	-	(59)	-	-	11,800
Financial services	733	-	1	(19)	-	-	715
Industrial and transportation	77,087	1,438	5,219	(213)	(37)	(1,071)	82,423
Investment companies	38,526	4,584	369	(367)	(58)	(94)	42,960
Public sector and non-profit organisations	20,115	345	6	(15)	(1)	(2)	20,448
Real estate	148,981	1,978	5,422	(423)	(328)	(717)	154,913
Seafood	74,656	2,113	6	(124)	(5)	(4)	76,642
Loans to customers	1,240,670	41,051	21,487	(3,496)	(975)	(3,349)	1,295,388

25. Expected credit losses

Total allowances for expected credit losses	Stage 1	Stage 2	Stage 3	Total
Cash and balances with Central Bank	17	-	-	17
Loans to credit institutions	57	-	-	57
Loans to customers	2,743	1,204	3,699	7,646
Other financial assets	13	3	-	16
Off-balance sheet loan commitments and financial guarantees	682	164	121	967
At 31 December 2025	3,512	1,371	3,820	8,703
Cash and balances with Central Bank	17	-	-	17
Loans to credit institutions	47	-	-	47
Loans to customers	3,496	975	3,349	7,820
Other financial assets	42	4	-	46
Off-balance sheet loan commitments and financial guarantees	565	32	314	911
At 31 December 2024	4,167	1,011	3,663	8,841

Notes to the Consolidated Financial Statements

25. Expected credit losses (continued)

The following tables reconcile the opening and closing balances for accumulated expected credit losses for loans to customers, and off-balance sheet loan commitments and financial guarantees.

Loans to customers

	Stage 1	Stage 2	Stage 3	Total
At 1 January 2025	3,496	975	3,349	7,820
Transfer to Stage 1	820	(663)	(157)	-
Transfer to Stage 2	(720)	866	(146)	-
Transfer to Stage 3	(80)	(360)	440	-
Net remeasurement of loss allowance	(2,421)	378	888	(1,155)
New financial assets originated or purchased	2,854	200	518	3,572
Derecognitions and maturities	(1,206)	(192)	(633)	(2,031)
Write-offs*	-	-	(1,008)	(1,008)
Recoveries of amounts previously written off	-	-	139	139
Foreign exchange	-	-	4	4
Unwinding of interest	-	-	305	305
At 31 December 2025	2,743	1,204	3,699	7,646

*During the year financial assets amounting to ISK 1,116 million were written off but are still subject to enforcement activity.

At 1 January 2024	4,788	2,727	4,213	11,728
Transfer to Stage 1	1,537	(1,347)	(190)	-
Transfer to Stage 2	(616)	966	(350)	-
Transfer to Stage 3	(161)	(658)	819	-
Net remeasurement of loss allowance	(4,021)	1,309	(19)	(2,731)
New financial assets originated or purchased	3,100	419	1,229	4,748
Derecognitions and maturities	(1,130)	(2,440)	(2,077)	(5,647)
Write-offs*	(1)	(1)	(592)	(594)
Recoveries of amounts previously written off	-	-	68	68
Foreign exchange	-	-	(124)	(124)
Unwinding of interest	-	-	372	372
At 31 December 2024	3,496	975	3,349	7,820

*During the year financial assets amounting to ISK 560 million were written off but are still subject to enforcement activity.

Off-balance sheet loan commitments and financial guarantees

	Stage 1	Stage 2	Stage 3	Total
At 1 January 2025	565	32	314	911
Transfer to Stage 1	63	(35)	(28)	-
Transfer to Stage 2	(30)	51	(21)	-
Transfer to Stage 3	(4)	(4)	8	-
Net remeasurement of loss allowance	(462)	122	(90)	(430)
New loan commitments and financial guarantees	935	34	90	1,059
Derecognitions and maturities	(385)	(36)	(152)	(573)
At 31 December 2025	682	164	121	967
At 1 January 2024	916	106	162	1,184
Transfer to Stage 1	119	(94)	(25)	-
Transfer to Stage 2	(15)	24	(9)	-
Transfer to Stage 3	(15)	(14)	29	-
Net remeasurement of loss allowance	(842)	(6)	(52)	(900)
New loan commitments and financial guarantees	565	35	467	1,067
Derecognitions and maturities	(163)	(19)	(258)	(440)
At 31 December 2024	565	32	314	911

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26. Investments in associates

		31.12.2025	31.12.2024
Reiknistofa bankanna hf., an IT service centre company, Dalvegur 30, 201 Kópavogur	Iceland	32.4%	30.1%
Norðurturninn hf., a rental company of commercial real estate, Borgartún 26, 105 Reykjavík	Iceland	43.3%	43.3%

Norðurturninn hf. shares are divided into two categories, Class A shares and Class B shares. Class B shares hold all the voting rights and receive all dividends up to ISK 3,923 million (CPI-linked, based on the CPI in December 2025). After Class B shareholders have received that amount the class is then suspended, and Class A shares receive all the voting rights and the rights to dividend payments. Íslandsbanki owns 43.3% of Class B shares and 65.0% of Class A shares. Norðurturninn owns the real estate Hagasmári 3, where the Bank is the principal lessee and rents over half the building for its headquarters.

	2025	2024
Investments in associates at the beginning of the year	4,701	4,051
Share of profit of associates	683	650
Investments in associates at year-end	5,384	4,701

Summarised financial information in respect of the Group's associates is set out below:

	2025	2024
Revenue	7,073	6,786
Profit	1,198	1,175
Assets	19,571	18,404
Liabilities	(8,480)	(9,028)
Net assets	11,091	9,376
Group's share of net assets of associates	5,384	4,701

27. Investment property

	2025	2024
Investment property at the beginning of the year	2,600	-
Transfer from property and equipment	-	1,194
Additions during the year	25	96
Fair value changes	275	1,310
Investment property at year-end	2,900	2,600

Kirkjusandur 2, the Bank's former headquarters, was reclassified from property and equipment to investment property during the first quarter of 2024. The Group measures investment property at fair value. The fair value measurement of investment property uses significant unobservable inputs and is thus classified as Level 3 in the fair value hierarchy. The fair value of investment property is based on external valuations from an independent valuer in addition to internal assumptions. Significant unobservable inputs used in the valuation of investment property are the estimated sale value per square metre of building rights, estimated demolition costs and a discount rate.

Notes to the Consolidated Financial Statements

28. Property and equipment

At 31 December 2025	Land and buildings	Right-of-use assets: Buildings	Fixtures, equipment & vehicles	Total
Balance at the beginning of the year	703	6,009	3,412	10,124
Additions during the year	7	114	477	598
Disposals and write-offs during the year	(71)	-	(39)	(110)
Remeasurement	-	121	-	121
Historical cost	639	6,244	3,850	10,733
Balance at the beginning of the year	(141)	(2,765)	(2,179)	(5,085)
Depreciation during the year	(13)	(597)	(377)	(987)
Disposals and write-offs during the year	13	-	28	41
Accumulated depreciation	(141)	(3,362)	(2,528)	(6,031)
Carrying amount	498	2,882	1,322	4,702
Depreciation rates	0-2%	8-50%	8-33%	
Official real estate value of land and buildings	781			
Insurance value of buildings	1,693			
Insurance value of fixtures, equipment and vehicles			2,196	
At 31 December 2024	Land and buildings	Right-of-use assets: Buildings	Fixtures, equipment & vehicles	Total
Balance at the beginning of the year	3,078	5,803	3,212	12,093
Additions during the year	119	72	307	498
Disposals and write-offs during the year	(82)	(32)	(107)	(221)
Remeasurement	-	166	-	166
Transfer to investment property	(2,412)	-	-	(2,412)
Historical cost	703	6,009	3,412	10,124
Balance at the beginning of the year	(1,365)	(2,228)	(1,938)	(5,531)
Depreciation during the year	(12)	(569)	(334)	(915)
Disposals and write-offs during the year	18	32	93	143
Transfer to investment property	1,218	-	-	1,218
Accumulated depreciation	(141)	(2,765)	(2,179)	(5,085)
Carrying amount	562	3,244	1,233	5,039
Depreciation rates	0-2%	8-50%	8-33%	
Official real estate value of land and buildings	954			
Insurance value of buildings	1,894			
Insurance value of fixtures, equipment and vehicles			2,132	

Notes to the Consolidated Financial Statements

29. Intangible assets

	Purchased software	Developed software	Total
At 31 December 2025			
Balance at the beginning of the year	2,618	3,238	5,856
Additions during the year	541	193	734
Historical cost	3,159	3,431	6,590
Balance at the beginning of the year	(1,156)	(2,016)	(3,172)
Amortisation during the year	(410)	(326)	(736)
Accumulated amortisation	(1,566)	(2,342)	(3,908)
Carrying amount	1,593	1,089	2,682
Amortisation rates	10-33%	10-25%	
At 31 December 2024			
Balance at the beginning of the year	2,483	3,183	5,666
Additions during the year	446	55	501
Write-offs during the year	(311)	-	(311)
Historical cost	2,618	3,238	5,856
Balance at the beginning of the year	(1,039)	(1,697)	(2,736)
Amortisation during the year	(398)	(319)	(717)
Write-offs during the year	281	-	281
Accumulated amortisation	(1,156)	(2,016)	(3,172)
Carrying amount	1,462	1,222	2,684
Amortisation rates	10-33%	10-25%	

30. Other assets

	31.12.2025	31.12.2024
Receivables	2,363	2,250
Unsettled securities transactions	1,151	4,116
Prepaid expenses	1,655	648
Repossessed collateral*	1,749	1,617
Deferred tax assets	151	164
Other assets	121	126
Other assets	7,190	8,921

*Comparative figures have been changed. "Non-current assets held for sale" were restated within "Other assets" as "Repossessed collateral".

Notes to the Consolidated Financial Statements

31. Deposits from Central Bank and credit institutions

	31.12.2025	31.12.2024
Deposits from credit institutions	13,041	12,351
Repurchase agreements with Central Bank	209	184
Deposits from Central Bank and credit institutions	13,250	12,535

32. Deposits from customers

	31.12.2025	31.12.2024
Demand deposits and deposits with maturity up to 3 months	854,319	809,009
Term deposits with maturity of more than 3 months	114,376	117,837
Deposits from customers	968,695	926,846

	31.12.2025		31.12.2024	
	Amount	% of total	Amount	% of total
Deposits from customers specified by owners				
Central government and state-owned enterprises	10,556	1%	12,825	1%
Municipalities	7,611	1%	10,388	1%
Companies	416,957	43%	408,994	44%
Individuals	533,571	55%	494,639	54%
Deposits from customers	968,695	100%	926,846	100%

33. Pledged assets

	31.12.2025	31.12.2024
Loans to customers pledged as collateral against Covered Bonds	420,760	410,481
Cash and balances pledged as collateral against Covered Bonds	18,364	15,213
Loans to credit institutions and balances with Central Bank pledged as collateral against derivative instruments	1,483	2,757
Other financial assets pledged as collateral	7,229	7,674
Pledged assets against liabilities	447,836	436,125
Pledged assets against Covered Bonds held by the Bank	(160,225)	(160,665)
Pledged assets against liabilities on balance	287,611	275,460

The Group has pledged assets against the issuance of Covered Bonds under Icelandic law, which are pledged on a pool of consumer mortgage loans. The Group owns Covered Bonds for its own use which accounts for a portion of the pledged assets. The carrying amount of these bonds at 31 December 2025 was ISK 131,212 million (year-end 2024: ISK 133,643 million).

Other financial assets pledged as collateral are pledged with the Central Bank to ensure the clearing of the Icelandic payment system as well as collateral against contracts with the Government Debt Management.

Notes to the Consolidated Financial Statements

34. Debt issued and other borrowed funds

Currency and outstanding nominal	First issued	Maturity	Maturity type	Interest	31.12.2025	31.12.2024
ISB CBI 26 - ISK 19,860 million	2015	07.05.2026	Bullet	Fixed CPI, 3.37%	27,337	36,710
ISB CBF 27 - ISK 8,940 million	2022	10.05.2027	Bullet	REIBOR 1M + 0.40%	8,974	9,024
ISB CB 27 - ISK 13,069 million	2020	16.09.2027	Amortising	Fixed, 2.50%	12,270	18,911
ISB CB - EUR 300 million*	2022	20.09.2027	Bullet	Fixed, 3.00%	44,531	43,563
ISB CBI 28 - ISK 13,472 million	2019	11.08.2028	Amortising	Fixed CPI, 2.20%	19,465	24,122
ISB CBI 29 - ISK 34,780 million	2023	10.05.2029	Bullet	Fixed CPI, 2.72%	39,441	37,758
ISB CBI 30 - ISK 23,040 million	2017	30.05.2030	Bullet	Fixed CPI, 3.00%	34,708	33,541
ISB CB 31 - ISK 7,960 million	2025	03.06.2031	Bullet	Fixed, 7.39%	13,094	-
ISB CBI 32 - ISK 10,560 million	2024	03.12.2032	Bullet	Fixed CPI, 3.44%	13,482	4,110
Covered bonds					213,302	207,739
EUR 0 million**	2022	25.03.2025	Bullet	Fixed, 0.75%	-	21,419
SEK 0 million	2021	26.03.2025	Bullet	STIBOR 3M + 1.075%	-	151
NOK 0 million	2021	26.03.2025	Bullet	NIBOR 3M + 1.075%	-	481
NOK 0 million	2022	18.11.2025	Bullet	NIBOR 3M + 4.75%	-	17,277
ISK 0 million	2020	26.11.2025	Bullet	Fixed, 3.50%	-	1,238
SEK 434 million	2023	13.04.2026	Bullet	STIBOR 3M + 3.65%	5,975	6,344
SEK 500 million	2023	08.11.2026	Bullet	STIBOR 3M + 2.70%	6,846	6,330
SEK 498 million	2024	25.01.2027	Bullet	STIBOR 3M + 2.35%	6,823	6,336
NOK 498 million	2024	25.01.2027	Bullet	NIBOR 3M + 2.35%	6,265	6,177
NOK 200 million	2024	02.07.2027	Bullet	NIBOR 3M + 1.20%	2,521	2,477
SEK 300 million	2024	02.07.2027	Bullet	STIBOR 3M + 1.20%	4,111	3,807
NOK 200 million	2025	16.07.2027	Bullet	NIBOR 3M + 0.98%	2,515	-
SEK 200 million	2025	16.07.2027	Bullet	STIBOR 3M + 1.00%	2,737	-
ISK 3,066 million	2022	22.11.2027	Amortising	REIBOR 1M + 1.25%	3,080	4,689
ISK 6,940 million	2022	22.11.2027	Bullet	Fixed, 7.70%	6,964	6,950
EUR 300 million*	2024	27.03.2028	Bullet	Fixed, 4.625%	46,077	45,268
NOK 100 million	2025	17.07.2028	Bullet	NIBOR 3M + 1.19%	1,258	-
SEK 500 million	2025	17.07.2028	Bullet	STIBOR 3M + 1.20%	6,843	-
ISK 19,460 million	2023	21.12.2028	Bullet	Fixed CPI, 4.48%	21,232	15,039
EUR 300 million**	2025	20.09.2030	Bullet	Fixed, 3.875%	45,377	-
EUR 300 million**	2025	11.11.2032	Bullet	Fixed, 3.75%	44,039	-
ISK 7,600 million	2024	14.11.2036	Bullet	Fixed CPI, 3.50%	7,746	3,904
Unsecured bonds					220,409	147,887
Other unsecured loans					10,882	11,960
Other borrowed funds					10,882	11,960
Debt issued and other borrowed funds					444,593	367,586

The Group repurchased own bonds during the year amounting to ISK 14,042 million (2024: 89,348 million).

*The Group applies hedge accounting to these bond issuances and uses certain EUR denominated interest rate swaps as hedging instruments (see Note 23). The interest rate swaps are hedging the exposure of the Group's changes in the fair value of these fixed-rate EUR denominated bonds arising from changes in EURIBOR interest rates. The Group applies fair value hedge accounting to the hedging relationships. At 31 December 2025 the total carrying amount of these bond issuances amounted to ISK 90,608 million and included in the amount are negative fair value changes amounting to ISK 573 million.

**These bond issuances are classified as being designated at fair value through profit or loss to eliminate accounting mismatch. At 31 December 2025 the total carrying amount of the bonds amounted to ISK 89,416 million and included in the amount are negative fair value changes amounting to ISK 557 million.

The Group has issued additional bonds for its own use, e.g. for the purpose of securities lending and repurchase agreements. These bond amounts are not included in the total.

Notes to the Consolidated Financial Statements

35. Subordinated loans

Currency and outstanding nominal	First issued	Maturity	First Callable	Interest	31.12.2025	31.12.2024
ISK 1,500 million	2022	17.04.2033	17.04.2028	Fixed, 8.62%	1,526	1,526
ISK 9,020 million	2022	17.04.2033	17.04.2028	Fixed CPI, 4.86%	10,797	10,410
ISK 9,600 million	2023	12.09.2034	12.09.2029	Fixed CPI, 5.80%	10,776	10,388
Tier 2 subordinated loans					23,099	22,324
SEK 388 million	2021	Perpetual	28.09.2026	STIBOR 3M + 4.75%	5,262	9,371
SEK 700 million	2025	Perpetual	25.11.2030	STIBOR 3M + 3.50%	9,472	-
NOK 200 million	2025	Perpetual	25.11.2030	NIBOR 3M + 3.58%	2,482	-
Additional Tier 1 subordinated loans					17,216	9,371
Subordinated loans					40,315	31,695

36. Changes in liabilities arising from financing activities

	Debt issued and other borrowed funds	Subord- inated loans	Total
At 31 December 2025			
Balance at the beginning of the year	367,586	31,695	399,281
Proceeds from borrowings	132,063	11,472	143,535
Repayment and repurchases of borrowings	(65,873)	(4,709)	(70,582)
Interest expense	23,620	2,793	26,413
Interest paid	(18,226)	(1,778)	(20,004)
The effect of changes in foreign exchange rates	5,069	842	5,911
Fair value changes	354	-	354
Balance at year-end	444,593	40,315	484,908
At 31 December 2024			
Balance at the beginning of the year	417,573	38,155	455,728
Proceeds from borrowings	103,756	-	103,756
Repayment and repurchases of borrowings	(144,149)	(6,603)	(150,752)
Interest expense	23,679	3,357	27,036
Interest paid	(24,921)	(2,326)	(27,247)
The effect of changes in foreign exchange rates	(10,796)	(888)	(11,684)
Fair value changes	2,444	-	2,444
Balance at year-end	367,586	31,695	399,281

Notes to the Consolidated Financial Statements

37. Tax assets and tax liabilities

		31.12.2025	31.12.2024
		Assets	Liabilities
Current tax		-	11,823
Deferred tax assets and tax liabilities		151	934
Tax in the balance sheet		151	12,757
			164
			12,916

2025	Net Recognised			Balance at 31 December		
	balance at 1 January	in profit or loss	Recognised in equity	Net	Deferred tax assets	Deferred tax liabilities
Investment property	-	(126)	-	(126)	-	(126)
Property and equipment	(768)	95	-	(673)	-	(673)
Intangible assets	(297)	77	-	(220)	-	(220)
Assets and liabilities in foreign currency	(324)	(141)	-	(465)	-	(465)
Deferred foreign exchange difference	(944)	999	-	55	55	-
Derivatives	273	(426)	-	(153)	-	(153)
Lease liabilities	674	(70)	-	604	604	-
Debt issued and other borrowed funds	126	(275)	194	45	45	-
Other items	130	20	-	150	150	-
	(1,130)	153	194	(783)	854	(1,637)
Set-off of deferred tax assets together with liabilities of the same taxable entities					(703)	703
Deferred tax assets and tax liabilities	(1,130)	153	194	(783)	151	(934)

2024	Net Recognised			Balance at 31 December		
	balance at 1 January	in profit or loss	Recognised in equity	Net	Deferred tax assets	Deferred tax liabilities
Property and equipment	(855)	87	-	(768)	-	(768)
Intangible assets	(385)	88	-	(297)	-	(297)
Assets and liabilities in foreign currency	(424)	100	-	(324)	-	(324)
Deferred foreign exchange difference	(827)	(117)	-	(944)	-	(944)
Derivatives	(235)	508	-	273	273	-
Lease liabilities	741	(67)	-	674	674	-
Debt issued and other borrowed funds	41	529	(444)	126	126	-
Other items	122	8	-	130	130	-
	(1,822)	1,136	(444)	(1,130)	1,203	(2,333)
Set-off of deferred tax assets together with liabilities of the same taxable entities					(1,039)	1,039
Deferred tax assets and tax liabilities	(1,822)	1,136	(444)	(1,130)	164	(1,294)

Notes to the Consolidated Financial Statements

38. Other liabilities

	31.12.2025	31.12.2024
Accruals	3,655	2,741
Lease liabilities	3,036	3,391
Expected credit losses for off-balance sheet loan commitments and financial guarantees	966	910
Withholding tax	5,064	6,302
Unsettled securities transactions	1,623	5,298
Sundry liabilities	2,651	2,926
Other liabilities	16,995	21,568

39. Custody assets

	31.12.2025	31.12.2024
Custody assets - not managed by the Group	3,802,565	3,873,964

40. Leases

The Group as a lessee

The Group's significant leases are leases for offices, branches, and storage. Most leases are CPI-linked real estate leases with duration of 5-10 years with extension options. Lease commitments are recognised on-balance sheet except for short-term leases and leases of low-value assets. During the year 2025 the total expense for leases of low-value assets and short-term leases amounted to ISK 79 million (2024: ISK 68 million), the total cash outflow for leases amounted to ISK 741 million (2023: ISK 709 million) and total interest expense from lease liabilities amounted to ISK 71 million (2024: ISK 76 million).

At year-end 2025 the Group recognised ISK 2,882 million in right-of-use assets which are presented in the line item "Property and equipment" and lease liabilities amounting to ISK 3,036 million which are presented in the line item "Other liabilities".

The Group as a lessor

Net investment in finance lease receivables

	31.12.2025	31.12.2024
Due within 1 year	26,015	26,677
Due in 1-2 years	20,241	20,907
Due in 2-3 years	16,444	15,573
Due in 3-4 years	11,357	11,028
Due in 4-5 years	4,461	3,812
Due in more than 5 years	1,542	2,222

Total gross investment in the lease

	80,060	80,219
Due within 1 year	20,471	20,339
Due in 1-2 years	16,473	16,687
Due in 2-3 years	14,198	13,054
Due in 3-4 years	10,312	9,866
Due in 4-5 years	4,117	3,397
Due in more than 5 years	1,405	1,937

Total present value of lease payments*

	66,976	65,280
Unearned interest income	13,084	14,939

*The Group presents finance lease receivables in the line item "Loans to customers".

Expected credit loss allowance	490	354
Interest income from finance lease receivables during the year	6,920	7,912

Notes to the Consolidated Financial Statements

41. Íslandsbanki's shareholders

The following information takes into consideration treasury shares in the ownership calculation.

		31.12.2025	31.12.2024
LSR Pension Fund	Iceland	8.9%	8.0%
Gildi Pension Fund	Iceland	8.0%	7.2%
Live Pension Fund	Iceland	6.9%	5.8%
Capital Group	USA	5.7%	5.3%
Vanguard	USA	4.5%	2.4%
Brú Pension Fund	Iceland	4.5%	3.9%
Frjálsi Pension Fund	Iceland	2.8%	1.5%
Kvika Bank	Iceland	2.1%	0.0%
Stapi Pension Fund	Iceland	1.9%	1.1%
Birta Pension Fund	Iceland	1.7%	1.6%
Lífsverk Pension Fund*	Iceland	1.5%	1.2%
Almenni Pension Fund*	Iceland	1.2%	1.1%
Festa Pension Fund	Iceland	1.1%	1.2%
The Government of Iceland	Iceland	0.0%	44.9%
Other shareholders		49.2%	14.8%
Total		100.0%	100.0%

*As of 1 January 2026, Lífsverk Pension Fund and Almenni Pension Fund merged under the name Almenni - Lífsverk Pension Fund.

At 31 December 2025 the number of shareholders of the Bank was 25,302 (year-end 2024: 9,961) where 85.4% of the Bank's shares were owned by domestic parties (year-end 2024: 90.1%) and 14.6% by international investors (year-end 2024: 9.9%). As at 31 December 2025 the Group's employees and board members and related parties of those employees and board members, held 0.39% of the Bank's shares (year-end 2024: 0.13%). Heiðar Guðjónsson was elected Chairman of the Board of Directors at a shareholders' meeting held on 19 January 2026. As at 31 December 2025, Heiðar Guðjónsson and related parties held 1.00% of shares in the Bank.

Treasury shares amounted to 100.5 million shares, representing 5.35% of the issued share capital (year-end 2024: 105.4 million shares, or 5.27% of the issued share capital). Shareholders approved the Board's proposal at the AGM on 31 March 2025 to reduce the Bank's share capital, see further in the "Consolidated Statement of Changes in Equity".

Beneficial owners

For domestic pension funds, domestic fund management entities and foreign shareholders, the board of directors of the relevant entity is considered as the beneficial owner. Information on the holdings of individual funds is published jointly under the name of their management company.

Notes to the Consolidated Financial Statements

42. Related party

Íslandsbanki had a related party relationship with the Government of Iceland, which was the largest shareholder and had significant influence over the Group until May 2025, when the Government of Iceland sold its remaining shareholding in the Bank. The shares were administered by the Icelandic State Financial Investments (ISFI) until its dissolution on 1 January 2025. After which, the shares were administered by the Ministry of Finance and Economic Affairs until the completion of the sell-down in May 2025.

As a result, the Government of Iceland and the ISFI (until its dissolution) were defined as related parties until the completion of the sell-down. The Group applied the partial exemption for government-related entities, as described in IAS 24 for the period in which the Government was a related party.

The boards of directors, key management personnel, their close family members, and any legal entities controlled by these individuals of each of the Bank, the Bank's subsidiaries, and the ISFI (until its dissolution), are defined as related parties.

The Group's products and services were offered to the Government of Iceland and government-related entities in competition with other vendors and under generally accepted commercial terms. In a similar manner the Group entities purchased products and services from government-related entities under generally accepted commercial terms. Transactions with related parties were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third party counterparties.

The following tables show the Group's balances and transactions with related parties.

At 31 December 2025	Right-of-use asset	Loans to customers	Liabilities	Guarantees	
				Net balance	& loan commitments
Board of Directors, key management personnel and other related parties ..	-	992	570	422	70
Associated companies	2,476	3,459	2,783	3,152	155
Balances with related parties	2,476	4,451	3,353	3,574	225

2025	Interest income	Interest expense	Other income	Other expense	
				Guarantees	& loan commitments
Board of Directors, key management personnel and other related parties	79	31	2	27	
Associated companies	456	21	2	2,023	
Transactions with related parties	535	52	4	2,050	

At 31 December 2024	Right-of-use asset	Loans to customers	Liabilities	Guarantees	
				Net balance	& loan commitments
Board of Directors, key management personnel and other related parties ..	-	840	640	200	73
Associated companies	2,786	4,703	3,624	3,865	157
Balances with related parties	2,786	5,543	4,264	4,065	230

2024	Interest income	Interest expense	Other income	Other expense	
				Guarantees	& loan commitments
Board of Directors, key management personnel and other related parties	93	45	2	41	
Associated companies	551	38	1	2,158	
Transactions with related parties	644	83	3	2,199	

At 31 December 2025 a total of ISK 1 million (year-end 2024: ISK 1 million) was recognised as Stage 1 expected credit losses on balances with related parties. The remuneration of related parties is disclosed in Note 12.

Notes to the Consolidated Financial Statements

43. Legal proceedings

The Bank and its subsidiaries are parties to legal proceedings and regulatory matters that arise out of its normal business operations. Apart from the matters described below, the Group considers that none of these matters are material.

The Consumers' Association of Iceland

In December 2021, three customers, supported by the Consumers' Association of Iceland, initiated legal proceedings against the Bank regarding the validity of certain variable-rate provisions in their residential mortgage agreements. Two cases relate to CPI-linked mortgages containing an interest-resetting clause previously deemed unlawful in a 2016 Supreme Court ruling. Following that ruling, the Bank refunded affected customers and reinstated their original interest rates. The new claims argue that the loans should instead bear interest under Article 4 of Act No. 38/2001 on interest and indexation. One case has concluded with a judgement of the Court of Appeal on 13 February 2025, in which all claims against the Bank were rejected, while proceedings in the other case will continue. On 22 December 2025, the Supreme Court rendered a judgement in which another bank was acquitted of similar claims brought by borrowers, comparable to those made in the present matter. As has been disclosed in the Group's previous financial statements, the Bank considers the claims to be unfounded and has not recognised a provision in connection with the cases. In light of the aforementioned judgements of the Court of Appeal and the Supreme Court, the Bank now considers the likelihood of an adverse outcome to be remote.

The third case concerned a non-index linked mortgage bearing variable interest rates, in which the plaintiffs argued that the terms on interest rate changes were invalid. The monetary claims in the case were dismissed by both the District Court and the Supreme Court, although the Supreme Court concluded that certain parts of the clause on interest rate changes were unclear and therefore invalid. Following the Supreme Court's judgement, the Bank recognised a provision amounting to ISK 550 million in the Condensed Consolidated Interim Financial Statements for the third quarter 2025, due to uncertainty regarding the legality of its past interest rate decisions. Subsequently, on 22 December 2025, the Supreme Court issued a judgement in a comparable case involving another bank, in which the court clarified that even if a clause granting the bank authority to change interest rates has been found partially invalid, such that only the reference to the Central Bank's policy rate remained valid as a benchmark, lenders are not required to follow changes to the Central Bank's policy rate exactly or immediately, provided that interest rate adjustments are based on legitimate reasons and fall within the latitude that the Supreme Court held lenders to have in making such adjustments. Íslandsbanki has reviewed its decisions on changes to the variable rates of non-index linked mortgages in recent years and considers that they fall within the margin of discretion available to the Bank according to the Supreme Court judgements. In light of this, the uncertainty regarding the case no longer applies and, in the fourth quarter, the Bank has reversed the provision recognised in respect of this matter in the Condensed Consolidated Interim Financial Statements for the third quarter 2025.

Although these Supreme Court rulings concern non-index linked mortgages with variable interest rates, they may influence how similar clauses in CPI-linked mortgages and other consumer loans are interpreted. At this point in time no legal proceedings have been initiated on such loans and it is not possible to reliably assess the likelihood or financial impact of any unfavourable outcomes relating to CPI-linked loans. The Bank has not recognised a provision in relation to this matter.

105 Miðborg slhf. – ÍAV hf.

In February 2021 the alternative investor fund 105 Miðborg slhf., operated by Íslandssjóðir hf. (Iceland Funds hf.), a wholly owned subsidiary of the Bank, terminated its contractor agreement with ÍAV hf., a contractor that had been retained for a real estate project at Kirkjusandur in the centre of Reykjavík. The main reason for the termination was the alleged non-performance and delays in the construction of one building on the premises. The contractor, ÍAV, has claimed approximately ISK 3,829 million in damages plus late payment interest and legal costs from 105 Miðborg and Iceland Funds for the alleged unlawful termination. The suit was filed on 11 May 2021 at the District Court of Reykjavík. Additionally, 105 Miðborg has filed a case against ÍAV claiming approximately ISK 3,878 million in damages plus late payment interest and legal costs due to alleged delays and significant breaches of contract. The Group owns an 8.25% stake in 105 Miðborg. The Group has not recognised a provision in relation to this matter.

EC Clear ehf.

In August 2021 EC Clear ehf., a former owner of a payment processing company, filed a suit jointly against the Bank and four other financial institutions claiming damages in the amount of ISK 923 million plus interest from June 2013, resulting from a breach of competition law that allegedly took place during the period from 2003 to 2013. This was the sixth time the case had been brought before the courts for this purpose, after previous cases had been dismissed. On 30 September 2022 the District Court of Reykjavík dismissed the case. On 10 January 2023 the Court of Appeal partly reversed the dismissal and ordered the District Court to hear the case in substance. The hearing of the case has not been decided. The Bank has not recognised a provision in relation to this matter.

Notes to the Consolidated Financial Statements

43. Legal proceedings (continued)

Borgun hf. – Landsbankinn hf.

As has been disclosed in the Group's previous financial statements, Borgun hf. (currently Teya Iceland hf.), a former subsidiary of Íslandsbanki, was involved in a legal dispute with Landsbankinn hf. regarding the sale of shares in Borgun hf. The matter concerned a claim from Landsbankinn based on lack of information in Borgun's financial statements, that allegedly affected the value of Borgun during the sale of Landsbankinn's shares in Borgun. The District Court of Reykjavík rejected Landsbankinn's claims, a decision upheld by the Court of Appeal. The Supreme Court denied Landsbankinn's request for an appeal on 13 May 2025, thereby making the judgement of the Court of Appeal final. Therefore, this matter is concluded.

44. Events after the reporting period

No events have arisen after the reporting period that require amendments or additional disclosures in the Consolidated Financial Statements for 2025.

45. Risk management

Risk governance

The Group is exposed to various risk factors, and managing these risks is an integral part of its operations. The Bank emphasises sound governance principles. The risk management and internal control framework of the Group is based on a three lines of defence model, as referred to in the European Banking Authority Guidelines on Internal Governance. This model aims for informed decision-making and strong risk awareness. The framework is intended to ensure effective and efficient operations, adequate control of risks, prudent conduct of business, reliability of financial and non-financial information reported internally and externally, and compliance with laws, regulations, supervisory requirements, and the Group's internal rules.

The first line of defence consists of the Bank's business and support units. The second line of defence comprises the Bank's internal control units, Risk management and Compliance. The third line of defence is Group Internal Audit, which provides the Board of Directors with an independent assessment of the quality of corporate governance, risk management and internal controls.

The Chief Executive Officer (CEO) is responsible for the day-to-day operations of the Bank, in accordance with set policies and resolutions of the Board. The CEO must also ensure that the Group's operations comply with applicable legislation and the Group's Articles of Association, including maintaining adequate and effective risk management and internal control functions. The CEO appoints the Chief Risk Officer (CRO), the Chief Compliance Officer (COO), and other members of the Executive Committee. The CEO also engages the members of the senior management committees.

The Bank's senior management committee structure is twofold. Firstly, there are two executive committees, the Executive Committee and the All Risk Committee, which are responsible for implementing the Board-approved business strategy, risk appetite, and policies. Secondly there are six business committees: the Asset and Liability Committee (ALCO), the Senior Credit Committee (SCC), the Investment Committee (IC), the Operational and Security Committee (OSC), the Sustainability Committee (SC), and the Digital Product Committee (DPC). They are responsible for the approval of business proposals and proposals regarding the Bank's operational framework subject to internal rules and guidelines issued by the Board, the Executive Board and the All Risk Committee. The members of the executive committees and the business committees are appointed by the CEO, and their mandate and rules of procedure are documented in a charter.

The General Counsel is appointed by and reports directly to the CEO. The General Counsel provides legal advice to the Bank's senior management, including the Board of Directors, and manages the Bank's legal department, which provides comprehensive legal advice to the Bank's business segments and support units.

The CRO heads the Risk Management function and is responsible for defining the daily tasks of the department and assessing the adequacy of its professional skills. Additionally, the CRO is responsible for monitoring the risk management framework at the Group and verifying that the Bank has the appropriate resources and organisation to manage its risks efficiently. The CRO is selected and appointed by the CEO, subject to Board confirmation, and reports directly to the Board and the Board Risk Committee on the overall risk profile of the Group. The CRO cannot be removed without the Board's prior approval and is independent from the business units, being a member of the Executive Committee and reporting directly to the CEO. The CRO provides an independent view on the Group's exposure to risk and has the right, but not the responsibility, to veto certain risk-taking decisions of the senior management committees if an internal control unit considers the proposal inconsistent with the Bank's risk appetite, policies, or procedures.

Notes to the Consolidated Financial Statements

45. Risk management (continued)

Risk management is mandated to identify, understand, measure, and monitor the risks that the Group is exposed to. It provides independent information, analyses, and expert judgement on risk exposures and advice on proposals and risk decisions made by the management and business or support units to ensure they are consistent with the risk appetite and risk policies set by the Board. Where necessary, Risk management makes recommendations to senior management and the Board to improve or clarify risk policies, procedures, and limits. Risk Management provides a holistic view of risk and compliance with limits to internal and external stakeholders and ensures appropriate escalation in the event of limit breaches. Business and support units are responsible for maintaining their independent view on the risks inherent in their operations and reporting to senior management any foreseeable breaches of limits, policies, or strategic direction. Risk management provides the senior management and the Board with all relevant risk-related information to enable them to define the Bank's risk appetite.

The CCO is responsible for the Compliance function of the Bank, which sits within the second line of defence and acts independently within the Bank. The CCO is appointed by the CEO, subject to Board confirmation, and cannot be removed from the post without the Board's prior approval. The Central Bank must be notified of the dismissal or departure of the CCO. The CCO acts as the Bank's Money Laundering Reporting Officer (MLRO).

The Chief Audit Executive (CAE) is appointed by the Board, reports directly to Board, and directs Group Internal Audit with a mandate from the Board. The CAE is responsible for internal audit matters within the Group, including internal audit tasks that have been outsourced.

The Group's management body has a dual structure. The Board of Directors of the Bank has a supervisory role in setting and monitoring the execution of policies, ensuring sound control of accounting and financial management, and ensuring that Group Internal Audit, Compliance and Risk Management are effective. The CEO, the CRO, other members of senior management, and the senior management committees are responsible for implementing risk management practices and internal monitoring in accordance with Board authorisation.

The Board defines and communicates the risk governance framework and the acceptable level of risk through risk management policies and the Risk Appetite Statement. To assist the Board in fulfilling its oversight responsibilities, the Board has appointed four board sub-committees.

Each employee is responsible for understanding the risk related to their day-to-day work, for knowing and understanding the respective internal and external rules and procedures, for using the alert procedures in the event of possible fraudulent activities, and for conducting business in accordance with the Bank's code of conduct.

More information about the Group's risk management and risk assessment processes is available in the unaudited Pillar 3 2025 Report, which is available on the Bank's website: www.islandsbanki.is.

46. Credit risk

Credit risk is defined as current or prospective risk to earnings and capital arising from an obligor's potential failure to meet the terms of any financial contract with the Group.

Credit concentration risk is the significantly increased risk that is driven by common underlying factors, e.g. industrial sector, economy, geographical location, type of financial instrument, or due to connections or relations among counterparties. This includes exposures to parties under common control and significant exposures to groups of counterparties whose likelihood of default is driven by common underlying factors. Credit risk arises principally from loans and advances to customers and other banks but also from balances with the Central Bank and off-balance sheet items such as financial guarantees, loan commitments and derivatives.

The Group has policies and procedures dedicated to accepting, measuring, and managing credit risk. The objective of the Group's credit risk management is to achieve an appropriate balance between risk and return and to minimise potential adverse effects of credit risk on the Group's financial performance.

A thorough analysis of the counterparty's financial standing, analysis of past and estimated future cash flows as well as the borrower's general ability to repay its obligations forms the basis for all credit decisions. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, groups of borrowers, countries and industry segments. The Group measures and consolidates its credit risk for each counterparty or group of connected clients in accordance with internal and external criteria of connection between parties.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in borrower's assets. The principal collateral types for loans are properties, vehicles, equipment, vessels and securities. When applicable, other credit risk mitigants are employed.

Notes to the Consolidated Financial Statements

47. Maximum credit exposure and collateral

The Group's credit risk exposure comprises both on-balance sheet and off-balance sheet items. Maximum exposure to credit risk for on-balance sheet assets is the net carrying amount as reported in the Consolidated Statement of Financial Position. The maximum exposure for off-balance sheet items is the amount that the Group might have to pay out against financial guarantees and credit commitments, less provisions that have been made because of these items.

Collateral and other credit mitigants vary between types of obligors and credit facilities. For loans to individuals the principal collateral taken is residential property against mortgages. In the case of corporate entities the Group takes a charge over assets such as real estate, vessels, cash, and securities as well as other collateral including accounts receivables, inventory, vehicles, and equipment. Loans to government entities and to municipalities are more often than not unsecured.

In some cases the Group uses guarantees as a credit enhancement but since guarantees effectively transfer credit risk from one counterparty to another they do not represent a reduction in maximum exposure to credit risk.

Valuation of collateral is based on market price, official valuation for tax purposes or expert opinion of the Group's employees, depending on availability. In the case of fishing vessels the associated fishing quota is included in the valuation. The total value of pledged assets can be higher than the cover indicates. For finance leases the Group remains the owner of the leased object. Covenants in loan agreements are also an important credit enhancement but do not reduce maximum credit exposure.

The industry breakdown under loans to customers shows the credit exposure by industry classification. The breakdown follows an internal industry classification which is based on the Icelandic ISAT2008 that derives from the European NACE Rev. 2 classification standard.

In the case of Covered Bonds in Bonds and debt instruments, the collateral consists of cash flows from mortgage pools and is therefore classified as other collateral.

The following table shows the maximum exposure to credit risk by collateral held against those exposures that are subject to IFRS 9 impairment requirements.

Notes to the Consolidated Financial Statements

47. Maximum credit exposure and collateral (continued)

At 31 December 2025	Maximum exposure to credit risk							Total credit exposure covered by collateral	Total credit exposure	
		Residential real estate	Commercial real estate	Vessels	Cash & securities	Vehicles & equipment	Other collateral		not covered by collateral	Associated ECL
Collateral held against credit exposure										
Cash and balances with Central Bank	80,394	-	-	-	-	-	-	-	80,394	17
Loans to credit institutions	80,009	-	-	-	-	-	-	-	80,009	57
Bonds and debt instruments	132,559	-	-	-	-	-	34,844	34,844	97,715	-
Loans to customers:										
Individuals	1,367,106	698,066	314,558	66,424	43,835	82,152	77,806	1,282,841	84,265	7,646
- Thereof mortgages	653,291	588,786	5,586	4	155	19,890	131	614,552	38,739	1,388
Commerce and services	210,241	15,741	79,270	824	20,153	50,597	31,001	197,586	12,655	1,377
Construction	99,990	53,907	35,571	41	784	3,326	3,817	97,446	2,544	1,268
Energy	17,001	3	10,731	-	3,162	137	-	14,033	2,968	31
Financial services	119	106	-	-	-	-	-	106	13	-
Industrial and transportation	92,018	1,139	57,328	-	4,219	7,558	17,965	88,209	3,809	2,082
Investment companies	46,597	2,256	16,565	-	14,362	275	7,014	40,472	6,125	321
Public sector and non-profit organisations	16,673	42	801	-	-	21	11	875	15,798	29
Real estate	141,267	35,814	102,693	-	948	214	392	140,061	1,206	1,036
Seafood	89,909	272	6,013	65,555	52	134	17,475	89,501	408	114
Other financial assets	3,452	-	-	-	-	-	-	-	3,452	16
Off-balance sheet items:										
Financial guarantees	239,817	16,321	41,341	8,041	13,865	11	19,170	98,749	141,068	967
Loan commitments	22,246	2,303	7,399	5	1,446	-	3,404	14,557	7,689	297
Total	1,903,337	714,387	355,899	74,465	57,700	82,163	131,820	1,416,434	486,903	8,703

Maximum credit exposure for off-balance sheet items reflect the maximum amount, not taking into account the Group's ability to reduce its loan commitments before the current undrawn amount is fully utilised by the customer.

Notes to the Consolidated Financial Statements

47. Maximum credit exposure and collateral (continued)

At 31 December 2024	Maximum exposure to credit risk							Other collateral	Total credit exposure covered by collateral	Total credit exposure not covered by collateral	Total credit exposure Associated ECL
		Residential real estate	Commercial real estate	Vessels	Cash & securities	Vehicles & equipment					
Collateral held against credit exposure											
Cash and balances with Central Bank	65,716	-	-	-	-	-	-	-	-	65,716	17
Loans to credit institutions	50,486	-	-	-	-	-	-	-	-	50,486	47
Bonds and debt instruments*	111,908	-	-	-	-	-	-	29,925	29,925	81,983	-
Loans to customers:											
Individuals	1,295,388	673,318	317,510	55,546	23,775	74,330	67,944	1,212,423		82,965	7,820
- Thereof mortgages	625,262	567,776	5,322	2	336	14,998	153	588,587		36,675	1,618
Commerce and services	563,753	562,998	-	-	330	-	-	563,328		425	328
Construction	184,667	12,168	74,153	793	4,615	46,322	31,424	169,475		15,192	1,737
Energy	95,558	48,395	39,081	59	115	3,331	2,065	93,046		2,512	928
Financial services	11,800	39	9,955	-	-	156	7	10,157		1,643	59
Industrial and transportation	715	154	-	-	540	-	-	694		21	19
Investment companies	82,423	1,131	54,465	5	107	8,858	14,062	78,628		3,795	1,321
Public sector and non-profit organisations	42,960	2,087	12,066	-	17,620	183	10,266	42,222		738	519
Real estate	20,448	60	815	-	-	14	7	896		19,552	18
Seafood	154,913	41,108	110,569	-	241	314	947	153,179		1,734	1,468
Other financial assets	76,642	400	11,084	54,687	201	154	9,013	75,539		1,103	133
Other financial assets	6,306	-	-	-	-	-	-	-	-	6,306	46
Off-balance sheet items:											
Financial guarantees	192,203	19,918	28,813	4,517	13,110	182	12,782	79,322		112,881	911
Loan commitments	21,051	1,283	6,015	30	2,977	-	2,330	12,635		8,416	291
Total	1,722,007	693,236	346,323	60,063	36,885	74,512	110,651	1,321,670		400,337	8,841

*Comparative figures have been changed. Covered Bonds, classified as bonds and debt instruments, contain collateral that consist of cash flow from mortgage pools. This collateral is now included as other collateral.

Maximum credit exposure for off-balance sheet items reflect the maximum amount, not taking into account the Group's ability to reduce its loan commitments before the current undrawn amount is fully utilised by the customer.

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48. Credit quality of financial assets

The following tables provide the gross carrying amount of loans and credit risk exposure on loan commitments and financial guarantees. Amounts are broken down by risk class and the method by which their respective credit loss allowances (ECL) are calculated, i.e. Stage 1, 2 and 3.

The Group uses internal rating models to assess the default probability of corporate and retail customers. The models assign each customer to one of ten risk classes. One risk class is for customers in default (risk class 10), and nine risk classes are for performing customers (risk classes 1-9). Risk classes are assigned on customer level and not facility level.

The rating of corporate customers is based on a company's most recent financial statements, together with a qualitative assessment of its management, market position and industry sector.

For retail customers the Group uses two different statistical rating models. One model is for individuals and another is for small companies with a total exposure to the Group of less than ISK 150 million. These models are behavioural scoring models and use information about a customer's payment history, amount of debt and deposits, and demographic variables to assess the probability that a customer will default on any of his obligations within 12 months of the rating assessment.

Risk classes 1-4 represent low risk, risk classes 5-6 moderate risk, risk classes 7-8 increased risk, risk class 9 high risk, and risk class 10 represents customers that are in default. Unrated are customers that are yet to be rated.

Further information on the risk classes, including the mapping from risk classes to the probability of default, can be found in Section 3.1.2.2 of the unaudited Pillar 3 2025 Report.

The same customer can have loans and off-balance sheet commitments in Stages 1 and 2 simultaneously. However, if a customer has an exposure in Stage 3 then all other loans and commitments are classified as Stage 3 as well.

At 31 December 2025

Loans to customers:	Stage 1	Stage 2	Stage 3	Total
Risk class 1-4	533,086	636	-	533,722
Risk class 5-6	576,190	15,204	-	591,394
Risk class 7-8	165,866	38,582	-	204,448
Risk class 9	15,726	8,328	-	24,054
Risk class 10	-	-	20,425	20,425
Unrated	416	293	-	709
	1,291,284	63,043	20,425	1,374,752
Expected credit losses	(2,743)	(1,204)	(3,699)	(7,646)
Net carrying amount	1,288,541	61,839	16,726	1,367,106

Off-balance sheet loan commitments and financial guarantees:	Stage 1	Stage 2	Stage 3	Total
Risk class 1-4	112,979	14	-	112,993
Risk class 5-6	86,892	1,104	-	87,996
Risk class 7-8	34,834	2,099	-	36,933
Risk class 9	1,454	248	-	1,702
Risk class 10	-	-	698	698
Unrated	461	1	-	462
	236,620	3,466	698	240,784
Expected credit losses	(682)	(164)	(121)	(967)
Total	235,938	3,302	577	239,817

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48. Credit quality of financial assets (continued)

At 31 December 2024

Loans to customers:	Stage 1	Stage 2	Stage 3	Total
Risk class 1-4	507,626	702	-	508,328
Risk class 5-6	545,101	10,258	-	555,359
Risk class 7-8	172,922	24,624	-	197,546
Risk class 9	14,919	5,291	-	20,210
Risk class 10	-	-	21,487	21,487
Unrated	102	176	-	278
	1,240,670	41,051	21,487	1,303,208
Expected credit losses	(3,496)	(975)	(3,349)	(7,820)
Net carrying amount	1,237,174	40,076	18,138	1,295,388
Off-balance sheet loan commitments and financial guarantees:	Stage 1	Stage 2	Stage 3	Total
Risk class 1-4	89,049	24	-	89,073
Risk class 5-6	76,133	410	-	76,543
Risk class 7-8	23,690	799	-	24,489
Risk class 9	721	90	-	811
Risk class 10	-	-	1,752	1,752
Unrated	438	8	-	446
	190,031	1,331	1,752	193,114
Expected credit losses	(565)	(32)	(314)	(911)
Total	189,466	1,299	1,438	192,203

Notes to the Consolidated Financial Statements

49. Forbearance

When restructuring or modification measures are believed to be more appropriate than collection procedures, the Group offers several debt relief measures and restructuring frameworks for customers in financial difficulties. These forbearance measures include temporary payment holidays, extension of loan terms, capitalisation of arrears, and waiving of covenants.

The relationship between forbearance and stages is discussed in Note 62.3.

Once an asset has been classified as forbeared, it will remain forbeared for a minimum 24-month probation period. In order for a loan to be reclassified out of the forbearance category, the customer has to meet all of the following criteria:

- All of the customer's facilities have to be considered performing during the probation period; and
- The customer does not have any contract that is more than 30 days past due; and
- The probation period of two years has passed from the date of the forbearance event; and
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period.

The following tables provide a summary of the Group's forbearance assets.

At 31 December 2025

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Expected credit losses						
Individuals	3,275	(9)	5,626	(40)	2,290	(117)	11,191	(166)
Companies	1,419	(7)	17,544	(347)	6,096	(1,285)	25,059	(1,639)
Total	4,694	(16)	23,170	(387)	8,386	(1,402)	36,250	(1,805)

At 31 December 2024

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	Expected credit losses						
Individuals	2,811	(13)	4,249	(44)	2,027	(131)	9,087	(188)
Companies	1,929	(33)	14,690	(220)	6,424	(1,157)	23,043	(1,410)
Total	4,740	(46)	18,939	(264)	8,451	(1,288)	32,130	(1,598)

Notes to the Consolidated Financial Statements

50. Large exposures disclosure

When the Group's total exposure to a group of connected clients is 10% or higher of the Group's Tier 1 capital it is considered a large exposure. Both on-balance sheet and off-balance sheet items from all types of financial instruments are included in the exposure as defined by EU regulation no. 575/2013 on prudential requirements for financial undertakings (CRR). The Group has internal criteria that define connections between clients. These criteria reflect the Group's interpretation of CRR, where groups of connected clients are defined.

The exposure is evaluated both before and after credit risk mitigating effects according to the aforementioned regulation. After mitigating effects, the Group had one large exposure at 31 December 2025 (year-end 2024: two). No large exposure is above the maximum 25% large exposure limit set by the law.

The Group's largest exposure before eligible credit risk mitigating effects is the Government of Iceland. Largest part of the exposure is due to the Government of Iceland's bonds in the Group's liquidity portfolio.

At 31 December 2025

Groups of connected clients:	Before	After
Group 1	78%	8%
Group 2	11%	11%

At 31 December 2024

Groups of connected clients:	Before	After
Group 1	81%	6%
Group 2	11%	11%
Group 3	10%	10%

51. Liquidity risk

The Group defines liquidity risk as the risk of not being able to fund its financial obligations or planned growth, or only being able to do so substantially above the prevailing market cost of funds.

The Group's main source of funding is customer deposits. Treasury is responsible for the Bank's funding and liquidity management in line with internal and regulatory limits and policies. Treasury manages the Bank's intraday liquidity. Risk Management, as the second line of defence, is responsible for independent reporting on the liquidity position to internal and external stakeholders and for providing a holistic view of liquidity risk on a consolidated basis.

Notes to the Consolidated Financial Statements

52. Liquidity coverage and net stable funding ratio

Key measures for the assessment of liquidity risk are the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The Central Bank of Iceland, which is the main supervisory authority regarding liquidity risk, has incorporated the LCR and the NSFR based on the CRD IV standards into the rules on liquidity ratios and the rules on funding ratios. In addition, the Group complies with the liquidity coverage ratio rules no. 1520/2022.

According to the rules, the minimum LCR ratio that the Group is required to maintain remains 100% for the total LCR. The requirement for LCR in EUR is 80% and in ISK the requirement is 50%. The Group is required to maintain a 100% minimum NSFR ratio.

The following tables show the NSFR and the LCR for the Group at 31 December 2025 and 31 December 2024.

Net stable funding ratio

	31.12.2025	31.12.2024
For all currencies	127%	125%

Liquidity coverage ratio

	31.12.2025	31.12.2024
For all currencies	203%	168%
ISK	129%	126%
EUR	733%	449%

The following tables show the composition of the Group's liquidity reserve.

At 31 December 2025

	ISK	EUR	USD	Other	Total
Cash and balances with Central Bank	78,036	594	313	480	79,423
Foreign government bonds	-	27,832	-	-	27,832
Domestic bonds eligible as collateral with Central Bank	71,617	8,780	-	10,606	91,003
Level 2 liquid assets	37,302	3,916	1	225	41,444
High quality liquidity assets	186,955	41,122	314	11,311	239,702
Balance with financial institutions	2	42,069	24,969	2,663	69,703
Liquidity reserve	186,957	83,191	25,283	13,974	309,405

At 31 December 2024

	ISK	EUR	USD	Other	Total
Cash and balances with Central Bank	60,746	548	317	502	62,113
Foreign government bonds	-	7,843	3,446	862	12,151
Domestic bonds eligible as collateral with Central Bank	97,314	4,934	-	7,744	109,992
Level 2 liquid assets	32,515	3,888	21	437	36,861
High quality liquidity assets	190,575	17,213	3,784	9,545	221,117
Balance with financial institutions	107	24,009	20,929	2,176	47,221
Liquidity reserve	190,682	41,222	24,713	11,721	268,338

Notes to the Consolidated Financial Statements

53. Maturity analysis of financial assets and financial liabilities

The following tables show the maturity profile of the Group's financial assets and liabilities. The tables show the undiscounted contractual payments of principal and interest of the Group's financial assets and liabilities. Thus, the total figures for each asset or liability class are higher than the respective balance sheet amount. Cash flows for payments of unknown nature, such as for floating rate, CPI-linked or foreign currency denominated instruments, are based on internal yield curves and forecasts.

For dated financial assets or liabilities the amounts are grouped into maturity buckets according to contractual maturities of principal and estimated contractual payments of interest. For demand deposits or other non-dated liabilities, the figures are grouped according to the first possible required payment date.

The tables also show the contractual cash flow of the Group's derivatives, i.e. derivatives that have a negative and a positive carrying amount at the reporting date. For derivatives settled on a gross basis, the cash flow for both legs of the derivative is shown, since netting cannot be applied upon settlement.

Bonds and debt instruments are based on contractual maturity and therefore do not represent their estimated liquidation time.

At 31 December 2025

	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total	Carrying amount
Cash and balances with Central Bank	43,492	36,960	-	-	-	-	80,452	80,394
Loans to credit institutions	7,159	73,676	21	-	-	-	80,856	80,009
Bonds and debt instruments	-	24,047	48,710	91,160	2,182	-	166,099	151,959
Derivatives	-	2,594	1,044	1,582	-	-	5,220	5,304
- Net settled derivatives	-	1,482	-	-	-	-	1,482	1,482
- Inflow	-	49,365	29,214	9,051	-	-	87,630	79,115
- Outflow	-	(48,253)	(28,170)	(7,469)	-	-	(83,892)	(75,293)
Loans to customers	1,776	118,721	206,590	719,870	1,976,562	-	3,023,519	1,367,106
Shares and equity instruments	-	-	-	-	-	20,517	20,517	20,517
Other financial assets	3,016	369	67	-	-	-	3,452	3,452
Total financial assets	55,443	256,367	256,432	812,612	1,978,744	20,517	3,380,115	1,708,741
Deposits from CB and credit institutions	10,667	2,585	-	-	-	-	13,252	13,250
Deposits from customers	807,263	61,169	76,850	15,584	53,253	-	1,014,119	968,695
Derivative instruments and short positions	-	1,649	1,511	343	3,260	-	6,763	6,183
- Net settled derivatives	-	1,259	-	-	-	-	1,259	1,259
- Inflow	-	(36,466)	(28,918)	(6,382)	(2,663)	-	(74,429)	(65,795)
- Outflow	-	36,745	30,426	6,234	3,075	-	76,480	68,812
- Short positions	-	111	3	491	2,848	-	3,453	1,907
Debt issued and other borrowed funds	-	10,064	62,658	381,865	105,986	-	560,573	444,593
Subordinated loans	-	347	7,470	23,348	34,289	-	65,454	40,315
Other financial liabilities	3,772	1,990	2,102	2,160	472	-	10,496	10,309
- Lease liabilities	-	162	462	2,127	472	-	3,223	3,036
- Other liabilities	3,772	1,828	1,640	33	-	-	7,273	7,273
Total financial liabilities	821,702	77,804	150,591	423,300	197,260	-	1,670,657	1,483,345
Net financial assets and financial liab.	(766,259)	178,563	105,841	389,312	1,781,484	20,517	1,709,458	225,396

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

At 31 December 2024

	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total	Carrying amount
Cash and balances with Central Bank	43,174	22,572	-	-	-	-	65,746	65,716
Loans to credit institutions	13,542	38,732	-	-	-	-	52,274	50,486
Bonds and debt instruments*	-	37,837	37,480	81,202	3,977	-	160,496	142,618
Derivatives	-	2,070	(41)	2,181	-	-	4,210	5,324
- Net settled derivatives	-	782	-	-	-	-	782	782
- Inflow	-	52,343	6,714	16,193	1	-	75,251	63,291
- Outflow	-	(51,055)	(6,755)	(14,012)	(1)	-	(71,823)	(58,749)
Loans to customers	-	130,860	185,438	693,506	1,912,186	-	2,921,990	1,295,388
Shares and equity instruments	-	-	-	-	-	24,330	24,330	24,330
Other financial assets	5,873	389	44	-	-	-	6,306	6,306
Total financial assets	62,589	232,460	222,921	776,889	1,916,163	24,330	3,235,352	1,590,168
Deposits from CB and credit institutions	10,071	2,466	-	-	-	-	12,537	12,535
Deposits from customers	772,152	59,537	71,320	27,466	49,022	-	979,497	926,846
Derivative instruments and short positions	-	3,904	2,121	967	282	-	7,274	7,306
- Net settled derivatives	-	1,532	-	-	-	-	1,532	1,532
- Inflow	-	(46,533)	(43,730)	(20,746)	(1)	-	(111,010)	(96,146)
- Outflow	-	48,900	45,848	21,679	1	-	116,428	101,790
- Short positions	-	5	3	34	282	-	324	130
Debt issued and other borrowed funds*	-	33,410	38,179	332,359	52,024	-	455,972	367,586
Subordinated loans	-	330	1,449	16,457	34,182	-	52,418	31,695
Other financial liabilities	7,331	1,691	1,710	2,108	938	-	13,778	13,530
- Lease liabilities	-	162	450	2,089	938	-	3,639	3,391
- Other liabilities	7,331	1,529	1,260	19	-	-	10,139	10,139
Total financial liabilities	789,554	101,338	114,779	379,357	136,448	-	1,521,476	1,359,498
Net financial assets and financial liab.	(726,965)	131,122	108,142	397,532	1,779,715	24,330	1,713,876	230,670

*Comparative figures have been changed to reflect an updated methodology for reporting the maturity profile of the Group's "Bonds and debt instruments" and "Debt issued and other borrowed funds".

Off-balance sheet liabilities

Note 47 Maximum credit exposure and collateral shows the amount of contractual obligations of off-balance sheet liabilities that the Group has taken towards customers, either by committing to lend out money in the future or as third party guarantees. The amounts shown reflect the maximum amount, not taking into account the Group's ability to reduce financial guarantees and credit commitments before the current undrawn amount is fully utilised by the customer. These obligations are all categorised as on demand since contractually, on a case-by-case basis, the Group could be required to fulfil these obligations instantaneously.

Notes to the Consolidated Financial Statements

54. Market risk

The Group defines market risk as the current or prospective risk to earnings and capital arising from adverse movements in the level or volatility of prices of market instruments, such as those that arise from changes in interest rates, foreign exchange rates, equity prices, CPI-indexation, and commodity prices. Sources of market risk are imbalances in the Group's balance sheet and open positions in bonds, currencies, and equities. Derivative contracts are also potential sources of market risk (see Note 23).

Market risk within the Group can broadly be split into two categories, trading book and banking book (or non-trading book). The trading book includes market risk exposures related, directly or indirectly, to the Group's short- and medium-term trading in securities, currencies and other capital market instruments and derivatives. All financial assets and liabilities in the trading portfolio are recognised at fair value and all resulting changes are immediately reflected in the income statement. The banking book includes market risk exposures related to securities held for long-term investment purposes, unlisted securities or holdings in subsidiaries or affiliates. A large part of the banking book market risk is due to mismatches in the composition of assets and liabilities, for example with respect to currencies, interest rates, CPI-indexation or other factors that can affect the Group's earnings or earnings volatility. These mismatches are reported to management and are subject to internal and regulatory limits.

55. Interest rate risk

Interest rate risk is defined as the current or prospective risk to earnings or capital arising from adverse movements in interest rates.

Interest rate risk in the trading book

The following table shows the interest rate sensitivity of the Group's trading book from a parallel 100 basis points change in all yield curves.

In the sensitivity analysis the effects on profit are shown before tax. The tax effects are equal to the Group's marginal tax rate. The enacted tax rate is 20% for taxable income in 2025, in addition the Group pays a special financial activities tax of 6% of taxable profit exceeding ISK 1,000 million.

To illustrate further, when using a 26% marginal tax rate, if the sensitivity analysis shows an ISK 100 million increase in profit before tax, the effects of profit after tax are ISK 74 million.

Sensitivity analysis for trading bonds and debt instruments	31.12.2025		31.12.2024	
	Effect on profit before tax			
	Downward shift	Upward shift	Downward shift	Upward shift
Currency				
ISK, indexed	61	(61)	73	(73)
ISK, non-indexed	60	(60)	83	(83)
Total	121	(121)	156	(156)

Notes to the Consolidated Financial Statements

55. Interest rate risk (continued)

Interest rate risk in the banking book

Interest rate risk in the banking book arises from the Group's core banking activities. The main source of this type of interest rate risk is the risk of loss from fluctuations in future cash flows or fair value of financial instruments as interest rates change over time, reflecting the fact that the Group's assets and liabilities are of different maturities and are priced relative to different interest rates.

The following tables show the interest sensitivity of the Group's banking book from a parallel upward 100 basis points change in all yield curves, with all other variables held constant, categorised by the repricing date. The interest rate sensitivity in the banking book is estimated using contractual cash flows except for callable debt issued and applicable non-maturing deposits (NMDs) where behavioural assumptions are applied.

In the sensitivity analysis the effects on profit are shown before tax. The tax effects are equal to the Group's marginal tax rate. The enacted tax rate is 20% for taxable income in 2025, in addition the Group pays a special financial activities tax of 6% of taxable profit exceeding ISK 1,000 million.

To illustrate further, when using a 26% marginal tax rate, if the sensitivity analysis shows an ISK 100 million increase in profit before tax, the effects of profit after tax are ISK 74 million.

Sensitivity analysis for interest rate risk in the banking book

At 31 December 2025

Currency	0-3 months	3-12 months	1-2 years	2-5 years	5-10 years	Over 10 years	Total
ISK, indexed	16	(83)	(724)	(723)	1,095	378	(41)
ISK, non-indexed	139	(106)	(394)	(530)	463	(2)	(430)
EUR	257	(120)	23	(125)	(6)	-	29
SEK	141	-	(14)	(150)	-	-	(23)
NOK	193	(2)	(20)	(35)	-	-	136
USD	6	-	-	(1)	-	-	5
Other	2	(11)	-	-	-	-	(9)
Total	754	(322)	(1,129)	(1,564)	1,552	376	(333)

At 31 December 2024

Currency	0-3 months	3-12 months	1-2 years	2-5 years	5-10 years	Over 10 years	Total
ISK, indexed	28	(261)	(173)	(1,456)	2,701	(331)	508
ISK, non-indexed	70	(327)	(379)	445	(48)	39	(200)
EUR	199	(12)	(55)	(156)	-	-	(24)
SEK	45	(4)	-	(163)	-	-	(122)
NOK	165	(13)	(4)	(45)	-	-	103
USD	16	-	-	-	-	-	16
Total	523	(617)	(611)	(1,375)	2,653	(292)	281

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56. Currency risk

Currency risk is the risk that earnings or capital may be negatively affected from the fluctuations of foreign exchange rates, due to transactions in foreign currencies or due to a mismatch in the currency composition of assets or liabilities.

The analysis of the Group's foreign currency exposure presented below is based on the contractual currency of the underlying balance sheet items. Debt issued measured at fair value is presented at fair value instead of the nominal amount plus accrued interest. Additionally, there are off-balance sheet items that carry currency risk and are included in the total currency imbalance. The off-balance sheet amounts below represent the notional amounts of derivatives and unsettled spot agreements.

At 31 December 2025	EUR	USD	GBP	CHF	JPY	SEK	NOK	DKK	CAD	Other foreign currencies	Total foreign currencies
Cash and balances with Central Bank	594	313	125	-	-	40	116	-	-	198	1,386
Loans to credit institutions	46,594	27,557	1,491	79	17	261	340	159	17	294	76,809
Bonds and debt instruments	42,698	331	-	-	-	8,256	7,022	-	-	-	58,307
Loans to customers	134,067	24,914	1	532	780	4,918	1,893	1,711	4,370	6,302	179,488
Shares and equity instruments	38	1,754	387	-	-	1,094	190	-	-	-	3,463
Other assets	83	114	-	-	-	-	-	-	-	-	197
Total assets	224,074	54,983	2,004	611	797	14,569	9,561	1,870	4,387	6,794	319,650
Deposits from credit institutions	2,121	1,354	38	1	-	6	60	6	7	-	3,593
Deposits from customers	47,569	42,668	5,098	408	205	1,071	5,120	4,509	122	551	107,321
Debt issued and other borrowed funds	180,530	10,903	-	-	-	33,340	12,545	-	-	-	237,318
Subordinated loans	-	-	-	-	-	14,734	2,482	-	-	-	17,216
Other liabilities	-	51	-	-	-	31	-	315	-	-	397
Total liabilities	230,220	54,976	5,136	409	205	49,182	20,207	4,830	129	551	365,845
Net on-balance sheet position	(6,146)	7	(3,132)	202	592	(34,613)	(10,646)	(2,960)	4,258	6,243	(46,195)
Net off-balance sheet position	7,282	(1,088)	3,405	(148)	(535)	34,847	10,561	2,941	(4,226)	(6,268)	46,771
Net position	1,136	(1,081)	273	54	57	234	(85)	(19)	32	(25)	576

Notes to the Consolidated Financial Statements

56. Currency risk (continued)

At 31 December 2024	EUR	USD	GBP	CHF	JPY	SEK	NOK	DKK	CAD	Other foreign currencies	Total foreign currencies
Cash and balances with Central Bank	633	367	121	-	-	37	114	114	-	161	1,547
Loans to credit institutions	24,060	20,956	1,400	85	183	22	34	57	256	134	47,187
Bonds and debt instruments	17,897	3,446	-	-	-	5,220	6,918	-	-	-	33,481
Loans to customers	102,983	15,816	231	548	1,546	6	455	621	9,090	-	131,296
Shares and equity instruments	44	1,616	102	-	-	362	-	-	-	-	2,124
Other assets	7	225	31	-	-	3	2	-	8	-	276
Total assets	145,624	42,426	1,885	633	1,729	5,650	7,523	792	9,354	295	215,911
Deposits from credit institutions	2,150	790	10	4	-	4	-	1	22	-	2,981
Deposits from customers	34,250	45,050	3,975	477	238	905	3,108	3,081	185	18	91,287
Debt issued and other borrowed funds	109,990	12,031	-	-	-	22,960	26,446	-	-	-	171,427
Subordinated loans	-	-	-	-	-	9,371	-	-	-	-	9,371
Other liabilities	1,008	190	31	-	-	40	2	201	16	25	1,513
Total liabilities	147,398	58,061	4,016	481	238	33,280	29,556	3,283	223	43	276,579
Net on-balance sheet position	(1,774)	(15,635)	(2,131)	152	1,491	(27,630)	(22,033)	(2,491)	9,131	252	(60,668)
Net off-balance sheet position	3,439	16,686	2,206	(130)	(1,479)	27,508	22,068	2,545	(9,067)	(246)	63,530
Net position	1,665	1,051	75	22	12	(122)	35	54	64	6	2,862

Notes to the Consolidated Financial Statements

56. Currency risk (continued)

The following table shows the effect of a 10% depreciation or appreciation of foreign exchange rates where the Group had positions at year-end, with all other variables held constant.

The effects of profit in the sensitivity analysis are shown before tax. The tax effects are equivalent to the Group's marginal tax rate. The enacted tax rate is 20% for taxable income in 2025, in addition the Group pays a special financial activities tax of 6% on taxable profit exceeding ISK 1,000 million.

To illustrate further, using a 26% marginal tax rate, if the sensitivity analysis shows an ISK 100 million increase in profit before tax, the increase in profit after tax would be ISK 74 million. However, since the Group records a deferred tax liability at the end of 2025 based on a 20% tax rate instead of a 26% tax rate, and exchange rate differences are recognised as taxable income or expenses over three years, the tax effects would appear over three years.

Sensitivity analysis for currency risk	31.12.2025		31.12.2024	
	Effect on profit before tax			
Currency	-10%	10%	-10%	10%
EUR	(114)	114	(167)	167
USD	108	(108)	(105)	105
GBP	(27)	27	(8)	8
CHF	(5)	5	(2)	2
JPY	(6)	6	(1)	1
SEK	(23)	23	12	(12)
NOK	9	(9)	(4)	4
DKK	2	(2)	(5)	5
CAD	(3)	3	(6)	6
Other foreign currencies	3	(3)	(1)	1
Total	(56)	56	(287)	287

57. Shares and equity instruments

The Group's equity exposure in the trading book arises from flow trading and market making with shares listed on the Nasdaq Iceland Stock Exchange. Shares and equity instruments in the banking book are classified as mandatorily at fair value through profit or loss or are classified as held for sale.

The following table shows how a 10% shift in equity prices would affect the Group's equity and net financial income. Securities used for hedging are excluded.

Sensitivity analysis for shares and equity instruments	31.12.2025		31.12.2024	
	Effect on profit			
Portfolio	Downward shift	Upward shift	Downward shift	Upward shift
Trading book	(164)	164	(442)	442
Banking book	(436)	436	(228)	228
Total	(600)	600	(670)	670

Notes to the Consolidated Financial Statements

58. Inflation risk

The Group considers inflation risk to be the most significant market risk factor. The Group is exposed to inflation risk since the value of CPI-linked assets exceeds CPI-linked liabilities. The value of these assets and liabilities changes according to changes in the CPI at any given time and all changes in the CPI affect profit and loss. A 1% increase in the index would lead to an ISK 1,996 million increase in profit before tax and a 1% decrease would lead to a corresponding decrease, other risk factors held constant.

The effects of a change in the index on profit are shown before tax. The tax effects are equal to the Group's marginal tax rate. The enacted tax rate is 20% for taxable income in 2025, in addition the Group pays a special financial activities tax of 6% of taxable profit exceeding ISK 1,000 million.

	31.12.2025	31.12.2024
Bonds and debt instruments	2,277	3,905
Loans to customers	507,694	501,595
Total CPI-linked assets	509,971	505,500
Deposits from customers	120,742	119,588
Debt issued and other borrowed funds	163,411	155,184
Subordinated loans	21,573	20,798
Off-balance sheet exposures	4,493	16,521
Short positions	180	47
Total CPI-linked liabilities	310,399	312,138
CPI imbalance	199,572	193,362

59. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The Group's definition of operational risk includes reputational risk, legal risk, model risk, conduct risk, ICT and security risk, and compliance risk among other risk factors.

The Board of Directors is the Bank's supreme governing body and has the final word over risk management within the Bank. The Board determines the overall structure of the Bank's operational risk management and internal control framework, as set out in the Bank's Operational Risk Policy, which the Board of Directors has approved. Risk Management is responsible for implementing the Bank's operational risk framework, developing and maintaining the Operational Risk Policy, and communicating the policy to the Bank's employees.

Notes to the Consolidated Financial Statements

60. Capital management

The Group's regulatory capital requirement is calculated according to EU regulation no. 575/2013 as implemented into Icelandic law through the Act on Financial Undertakings no. 161/2002.

CRR 3 was implemented in Iceland in December 2025 and had a significant impact on the Group's risk exposure amount (REA) and capital ratios. The implementation led to a ISK 88 billion (7.8%) decrease in REA, driven mainly by a reduction in REA due to credit risk. The reduction in REA led to an increase in capital ratios with CET1 increasing from 18.5% to 20.1%, Tier 1 ratio increasing from 20.0% to 21.7% and the total capital ratio increasing from 22.1% to 24.0%.

Capital requirement calculations for credit risk, market risk and operational risk are based on the standardised approach, the simplified standardised approach is used for counterparty credit risk, and the reduced basic approach is used for the credit valuation adjustment.

According to the latest SREP report from the FSA, the Group shall as of 30 June 2025 maintain an additional capital requirement of 1.4% of the REA. The Group's overall capital requirement, taking into account capital buffers, is 19.1%. The Group's capital target includes a 1-3% management buffer on top of the overall capital requirement.

The minimum leverage ratio for Icelandic financial institutions is 3%.

The following tables show the capital base, the risk exposure amount (REA), the resulting capital ratios, and the leverage ratio for the Group at 31 December 2025 and 31 December 2024.

	31.12.2025	31.12.2024
Own funds		
Ordinary share capital	8,900	9,473
Share premium	42,472	55,000
Reserves	7,201	7,102
Retained earnings	166,786	155,780
Fair value changes due to own credit standing	913	135
Foreseeable dividend payment and approved buyback*	(16,671)	(15,760)
Tax assets	(151)	(164)
Intangible assets	(1,822)	(2,070)
Insufficient coverage for non-performing exposures	(52)	(17)
CET1 capital	207,576	209,479
Additional Tier 1 capital	17,216	9,371
Tier 1 capital	224,792	218,850
Tier 2 capital	23,099	22,324
Total capital base	247,891	241,174

*The Bank's AGM held on 31 March 2025 authorises the Board of Directors to acquire on behalf of the Bank up to 10% of issued share capital of the Bank. Furthermore, the Central Bank has granted the Bank permission to buy back own shares and reduce its share capital. As of now, ISK 4.0 billion has been allocated to uncompleted share buybacks and is therefore deducted from the CET1 capital.

Notes to the Consolidated Financial Statements

60. Capital management (continued)

	31.12.2025	31.12.2024
Risk exposure amount		
Due to credit risk	939,768	922,533
Due to market risk	4,093	10,606
Due to credit valuation adjustment	1,375	714
Due to operational risk	88,552	107,119
Total risk exposure amount (REA)	1,033,788	1,040,972
Capital ratios		
CET1 ratio	20.1%	20.1%
Tier 1 ratio	21.7%	21.0%
Total capital ratio	24.0%	23.2%
Leverage ratio		
Exposure amount		
On-balance sheet exposures	1,718,921	1,594,192
Off-balance sheet exposures	68,948	57,583
Derivative exposures	9,852	9,223
Total exposure measure (TEM)	1,797,721	1,660,998
Tier 1 capital	224,792	218,850
Leverage ratio	12.5%	13.2%

61. Minimum requirement for own funds and eligible liabilities (MREL)

The Group is required to meet the minimum requirement for own funds and eligible liabilities (MREL) at all times in accordance with Directive 2014/59/EU and Directive (EU) 2019/879 as implemented into Icelandic law by Act No. 70/2020 on the Resolution of Credit Institutions and Investment Firms. The Resolution Authority of the Central Bank of Iceland (the Resolution Authority) is responsible for determining the Group's MREL.

In the annual MREL decision from the Resolution Authority, the Group's MREL was set at 18.8% of the risk exposure amount (REA) and 6.0% of the total exposure measure (TEM). The decision further requires that from 4 October 2027 a portion of the Group's MREL must be met with subordinated instruments. The subordination portion of the MREL will be set at 13.5% of REA from 4 October 2027. At 31 December 2025 the Group exceeds the future required subordination portion of the MREL.

The MREL is published irrespective of the value of the combined buffer requirement, which must be met in parallel with the MREL as a % of REA. Taking into account the Group's combined buffer requirement as at 31 December 2025, the resulting MREL as a % of REA requirement at 31 December 2025 was 28.5%.

	31.12.2025	31.12.2024
Own funds and eligible liabilities		
Own funds	247,891	241,174
Eligible liabilities	207,145	106,878
Own funds and eligible liabilities	455,036	348,052
Ratios of own funds and eligible liabilities		
Own funds and eligible liabilities as a % of REA	44.0%	33.4%
Own funds and eligible liabilities as a % of TEM	25.3%	21.0%

Notes to the Consolidated Financial Statements

62. Material accounting policies

The accounting policies set out below have been applied consistently by the Group for the periods presented in these Consolidated Financial Statements.

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Notes to the Consolidated Financial Statements

62.1 Basis of consolidation

The Consolidated Financial Statements of the Group comprise the financial statements of Íslandsbanki hf., as the parent company, and its subsidiaries.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Business combinations

The Group accounts for business combinations under common control at book value. Under the book-value method, the Group measures assets and liabilities received in the combination at their existing book values.

The Group accounts for other business combination by applying the acquisition method. Under the acquisition method, the Group identifies itself as the acquirer, determines the acquisition date, recognises and measures at fair value the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the acquiree, and recognises and measures any goodwill or gain from a bargain purchase.

Funds management

The Group acts as a manager for Undertakings for Collective Investment in Transferable Securities (UCITS) and investment funds as well as other funds for collective investment that accept capital from investors. Such funds are financed by issuing unit share certificates or shares. The Group does not have any contractual financial responsibility with respect to such custom units. The funds are not consolidated unless they are under the control of the Group.

The Group reviews all the facts and circumstances in order to decide if these funds should be consolidated. The Group is deemed to be a principal and hence controls and consolidates the funds, when it acts as fund manager and cannot be removed without cause, has variable returns through significant unit holdings and/or guarantees, and is able to influence the returns of the funds by exercising its power.

62.2 Investments in associates

The Group accounts for its investments in associates using the equity method. Income and expenses from investments in associates are recognised in profit or loss in the line item "Other operating income".

62.3 Financial assets and financial liabilities

Recognition

The Group recognises a financial asset and a financial liability in its Statement of Financial Position on the trade date, which is the date on which the Group becomes party to the contractual provisions of the instrument, except for loans which are recognised on the date when the loan is paid out.

Derecognition

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group enters into transactions whereby it transfers assets recognised in its Statement of Financial Position, but retains either all or substantially all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the Statement of Financial Position of the Group. Transfers of assets with retention of all or substantially all risks and rewards include, for example, repurchase transactions and securities lending.

Notes to the Consolidated Financial Statements

62.3 Financial assets and financial liabilities (continued)

The Group does not derecognise from its Statement of Financial Position securities which the Group sells under agreements to repurchase at a specified future date ("repos") at a fixed price or at the sale price plus a lender's return. The Group recognises the cash received as a liability in its Statement of Financial Position. The difference between the sale and repurchase prices is recognised as interest expense over the life of the agreement using the effective interest method.

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of securities to counterparties is only reflected in the Statement of Financial Position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

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

Modifications

Substantial modifications of terms of existing financial assets, or replacements with new ones with significantly different terms, result in the Group derecognising the original financial assets and recognising new financial assets at fair value.

Classification and measurement of financial assets

For the purpose of measuring its financial assets, the Group classifies them at inception in one of the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss
- Derivative assets in hedge accounting

The measurement basis of individual financial assets is determined based on an assessment of the cash flow characteristics of the assets and the business models under which they are managed.

The business models

The business models are determined by the Group's key management personnel in the way that assets are managed, and their performance is reported to them. The Group determines its business models at a level that reflects the way groups of financial assets are managed together to achieve a particular business objective. This condition is not an instrument-by-instrument approach to classification, but is determined at a higher level of aggregation. The Group's business models fall into the following three categories: Held to collect, Held to collect and for sale, and Other fair value business models, where assets are held for trading or managed on a fair value basis and are neither Held to collect nor Held to collect and for sale.

Solely payments of principal and interest (SPPI)

Financial assets held within the business models Held to collect and Held to collect and for sale, are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which are consistent with a basic lending arrangement. Principal is the fair value of the financial asset at initial recognition and changes over the life of the financial asset, for example if there are repayments of principal. Interest relates to basic lending returns, including compensation for the time value of money and credit risk associated with the principal amount outstanding over a period of time. Interest can also include consideration for other basic lending risks (for example, liquidity risk) and costs (for example, servicing or administrative costs), as well as a profit margin that is consistent with a basic lending arrangement.

Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets at amortised cost

A financial asset is classified as being subsequently measured at amortised cost if the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest and the asset is held within a business model whose objective is to collect contractual cash flows, i.e. Held to collect.

Financial assets at amortised cost are measured using the effective interest method. Amortised cost is calculated by taking into account the amount at which the assets are measured at initial recognition less principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount (such as due to discounts or premiums on acquisition and fees and costs that are an integral part of the effective interest rate), and minus any reduction for impairment. Accrued interest is included in the carrying amount of the financial asset in the Statement of Financial Position. Impairment losses and reversals of impairment losses are recognised in profit or loss in the line item "Net impairment on financial assets".

Notes to the Consolidated Financial Statements

62.3 Financial assets and financial liabilities (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is classified as being subsequently measured at fair value through other comprehensive income if the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest and the asset is held within a business model whose objective is to collect contractual cash flows and sell, i.e. Held to collect and for sale.

Financial assets at fair value through other comprehensive income are initially recognised and subsequently measured at fair value in the Statement of Financial Position. Changes in fair value are recognised in other comprehensive income, except for interest earned which is recognised using the effective interest method in the line item "Net interest income" and foreign exchange gains and losses, which are included in the line item "Net foreign exchange gain (loss)". Impairment and reversals of impairment are recognised in profit or loss in the line item "Net impairment on financial assets", offset due to impairment is then transferred to other comprehensive income. Impairment of financial assets measured at fair value through other comprehensive income does not affect the book value of the financial assets since the financial assets are measured at fair value. On derecognition fair value gains and losses are reclassified to profit or loss.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets classified at fair value through profit or loss are all other financial assets which are not classified at amortised cost or at fair value through other comprehensive income. During the year the Group did not classify any financial assets as designated at fair value through profit or loss.

Changes in fair value are recognised in profit or loss in the line item "Net financial income (expense)", except for interest earned, which is recognised in the line item "Net interest income" and foreign exchange gains and losses, which are included in the line item "Net foreign exchange gain (loss)".

Derivative assets in hedge accounting

Derivative assets in hedge accounting consist of derivatives with positive fair value which are designated and accounted for as hedging instruments (see Note 62.6).

Classification and measurement of financial liabilities

For the purpose of measuring its financial liabilities, the Group classifies them at inception in one of the following categories, except for loan commitments (see Note 62.8) and financial guarantees:

- Financial liabilities at amortised cost
- Financial liabilities mandatorily at fair value through profit or loss
- Financial liabilities designated as at fair value through profit or loss
- Derivative liabilities in hedge accounting

Financial liabilities at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities. Financial liabilities at amortised cost include deposits, debt issued and other borrowed funds, and subordinated loans.

Financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred, and subsequently are carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account the amount at which the financial liabilities are measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount (such as due to discounts or premiums and fees and costs that are an integral part of the effective interest rate). Accrued interest is included in the carrying amount of the liabilities in the Statement of Financial Position.

The amortised cost of certain bonds issued by the Group, which are designated as hedged items in qualifying fair value hedge relationships, is adjusted for changes in the fair value of the bonds attributable to interest rate risk (see Note 62.6).

Financial liabilities mandatorily at fair value through profit or loss

Financial liabilities mandatorily at fair value through profit or loss are financial liabilities incurred principally for the purpose of generating profits from short-term price fluctuations or from the dealer's margin. Financial liabilities mandatorily at fair value through profit or loss consist of short positions in listed bonds and derivatives with negative fair value which are not classified as financial guarantees or are not designated as hedging instruments.

Changes in fair value are recognised in profit or loss in the line item "Net financial income (expense)", except for interest incurred, which is recognised in the line item "Net interest income" on an accrual basis and foreign exchange gains and losses which are included in the line item "Net foreign exchange gain (loss)".

Notes to the Consolidated Financial Statements

62.3 Financial assets and financial liabilities (continued)

Financial liabilities designated as at fair value through profit or loss

Financial liabilities designated as at fair value through profit or loss are recognised at fair value and changes in fair value attributable to changes in the credit risk of those liabilities are recognised in other comprehensive income and are not subsequently reclassified to profit or loss. The remaining fair value changes are included in profit or loss in the line item "Net financial income (expense)", except for interest incurred, which is recognised in the line item "Net interest income" using the contractual interest rate and foreign exchange gains and losses which are included in the line item "Net foreign exchange gain (loss)".

The Group calculates the fair value attributable to changes in credit risk as the difference between the changes in fair value of the financial liability and the amount of changes in fair value attributable to changes in market interest rates. The change in fair value attributable to changes in market interest rates on financial liabilities is calculated by discounting contractual cash flows at the end of the period with the discount rate of the appropriate market interest rate.

Upon initial recognition, the Group determines if the recognition of gains and losses in other comprehensive income creates or enlarges an accounting mismatch in profit or loss, if applicable the whole fair value change is presented in profit or loss.

Derivative liabilities in hedge accounting

Derivative liabilities in hedge accounting consist of derivatives with negative fair value which are designated and accounted for as hedging instruments (see Note 62.6).

Determination of fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Group measures the fair value of financial assets and financial liabilities using quoted prices in an active market for that instrument. A market is considered active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring transactions. The fair value is based on the most recent observed market prices at the reporting date.

If a market for a financial instrument is not active, the Group establishes its fair value using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes option pricing model and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, and expected price volatilities and correlations. In some cases, where significant inputs into these models are not observable, expert judgement and estimation for these inputs are required. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and the counterparty where appropriate.

Periodically, the Group tests the valuation techniques and calibrates against historical data and using prices from observable current market transactions for the same instrument, or based on other available observable market data.

Changes in the fair value of financial assets and financial liabilities are recognised in profit or loss in the line item "Net financial income (expense)".

The Group has an established control framework with respect to the measurement of fair values. The business unit owning the positions is responsible for their valuations and for submitting the valuation to the Bank's Investment Committee for approval. Risk Management provides an independent review of the results, the valuation methods used and of the use of significant unobservable inputs. The final decision on the validity of the valuation is in the hands of the Bank's Investment Committee.

Financial instruments carried at fair value are categorised into three levels of fair value hierarchy that reflect the type of inputs used in making the fair value measurements. At the end of each reporting period the Group determines whether transfers have occurred between levels in the hierarchy, by reassessing categorisation based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Fair Value Established from Quoted Market Prices

Financial instruments at this level are financial assets and financial liabilities containing actively traded bonds and shares that are listed either domestically or abroad.

Notes to the Consolidated Financial Statements

62.3 Financial assets and financial liabilities (continued)

Level 2: Fair Value Established Using Valuation Techniques with Observable Market Information

Financial instruments at this level are assets and liabilities containing domestic bonds, shares as well as derivatives. For interest rate derivatives contracts such as interest rate swaps (IRS) and cross-currency interest rate swaps (CIRS) the Group calculates the net present value of estimated future cash flows based on yield curves with key inputs such as interest swap rates and forward-rate agreements (FRAs) rates. Foreign-currency forwards and foreign-currency swaps are valued using the FX spot rate adjusted for forward pricing points that can be obtained from market sources. These products are classified as Level 2. Bond forwards and equity forwards are also classified as Level 2 as they are valued using standard models with key inputs observed from stock prices and funding rates.

Level 3: Fair Value Established Using Valuation Techniques Using Significant Unobservable Market Information

Financial instruments at this level contain primarily unlisted and illiquid shares and bonds. Unlisted shares and bonds are initially recorded at their transaction price but are revalued each quarter based on the models as described above.

Impairment of financial assets

The impairment model of IFRS 9 is forward-looking and should reflect a probability-weighted average of possible outcomes. In addition, the expected credit loss model in IFRS 9 employs a dual measurement approach, under which the loss allowance for expected credit losses (ECL) is measured at each reporting date as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk (SICR) of the financial instrument since initial recognition. The models which the Group uses for the calculation of the impairment amount are developed according to the Group's modelling framework. This framework imposes structure on the initial model development, documentation, approval, implementation and lifetime support for models, including validation and back-testing. The Group's impairment process, which encompasses all the steps needed to derive the appropriate impairment allowance for each accounting period, is documented and approved by the All Risk Committee.

Stage assignment

At each reporting date, all assets subject to the impairment methodology must be divided into three groups, termed "Stages", reflecting the extent of credit deterioration since initial recognition. This division then determines how the impairment is measured and how interest is recognised.

Stage 1

All assets that have not experienced a SICR are assigned to Stage 1. For these assets, an impairment allowance is recognised which is equal to the expected credit loss arising from credit events occurring within 12 months of the reporting date (12-month ECL). Interest is recognised on the gross carrying amount of the assets.

Stage 2

Assets that the Group determines to have experienced a SICR, but are not credit-impaired, are classified as Stage 2. For these assets, an impairment allowance is recognised which is equal to the expected credit loss arising from all credit events occurring within the expected lifetime of the assets (lifetime ECL). Interest is recognised on the gross carrying amount of the assets.

The Group defines a SICR as a situation where the financial position of the obligor has deteriorated so much from the time of origination that the Group would likely not extend the same credit under the same terms today. Note that this definition applies at the individual asset level. For this purpose, origination does not refer to any modification events which have not resulted in derecognition of the asset. The assessment is based on a predefined set of triggers. This includes, as a backstop, the trigger that the asset is more than 30 days past due. Other triggers are internal assessments of outlook, events such as forbearance events which are less severe than a credit event, external credit related information and a significant deterioration in risk assessment compared with the risk assessment done in relation to the origination of the asset. The definition of a SICR depends only on the probability of a credit event occurring, it does not take into account collateralisation, or any other information related to the expected loss arising from the event. As soon as all triggers for Stage 2 for a particular asset are no longer activated then the asset moves back to Stage 1. Additionally, assets are classified as forborne for two years after a forbearance event has occurred, but forbearance events only cause assets to be in Stage 2 for twelve months and then they migrate back to Stage 1 unless other triggers apply.

The Group does not employ the low credit risk exemption in the Stage assignment process. In alignment with its operating procedures, the Group has chosen as its accounting policy to measure the impairment allowance for lease receivables at an amount equal to the lifetime ECL only for those assets which have a SICR or are credit impaired. For other lease receivables the impairment allowance is equal to the 12-month ECL.

Notes to the Consolidated Financial Statements

62.3 Financial assets and financial liabilities (continued)

Stage 3

This Stage is for assets which are credit-impaired according to the Group's assessment. These assets are therefore experiencing an ongoing credit event and are considered to be in default. Thus, the 12-month ECL and lifetime ECL are the same amount, and this amount is recognised as impairment allowance. For assets in this Stage, interest is recognised on the net carrying amount of assets, i.e., net of impairment allowance.

The Group's definition of being credit-impaired is on a customer level, rather than on the level of an individual asset. According to the definition, a customer is credit-impaired when either of the following holds:

- a) The Group assesses that it is unlikely that the customer can service all of their commitments to the Group in accordance with the terms of the agreements without recourse to default provisions in the agreements, or
- b) The customer has been more than 90 days past due on material credit commitments

The assessment in point a) is made based on a defined set of triggers, which includes serious breach of covenants, serious registrations on an internal watchlist, initiation of serious collection actions and serious external credit related information. Furthermore, there is a defined set of conditions which must be satisfied so that customers that have been assessed as being credit impaired are no longer subject to this assessment. This includes probation periods and a view to the future outlook of the customer.

Expected credit loss (ECL)

The ECL for each asset is calculated using models for the probability of a credit impairment event occurring (PD), the loss percentage expected in case of such an event (LGD) and the outstanding amount at the time of the event (EAD).

The PD models are either fully automated statistical models, expert models or hybrid models. For the models with a component involving expert input there is a process in place to ensure proper review of the model outcome and periodic reassessment of obligors. The inputs into the models include demographic variables, information from financial statements and past payment behaviour, among other factors.

The effect of the economy on the PD is accounted for using scaling factors that map through-the-cycle PD values to point-in-time PD values. The Group has a model to predict these scaling factors in Iceland based on an economic forecast. The economic forecast is provided by the Group's Chief Economist. The forecast predicts a range of macroeconomic indicators over a horizon of five years. The model is applied to a subset of these indicators and produces a set of scaling factors. The scaling factors are reviewed by the All Risk Committee with respect to all of the indicators and any other relevant information available and the committee approves their use for the calculation of the impairment. This process is carried out at least quarterly.

The Group uses three scenarios. In addition to the base case, scaling factors are produced for good and bad cases. This is done in order to represent a range of possible future developments. The actual impairment allowance is the weighted average of the ECL in these different scenarios.

The All Risk Committee determined that it was appropriate to adjust the weights of the forward-looking scenarios to better reflect uncertainty in economic conditions for borrowers and the ongoing uncertainty in global markets. The scenarios are usually weighted 25%-50%-25% (optimistic, base, pessimistic), but it was decided to keep using 20%-50%-30% at year-end 2025, as it has been for the past few years.

The table below shows macroeconomic indicators of the Group's Chief Economist's macroeconomic forecast used for all cases in ECL calculations 31.12.2025.

Change in economic indicators %	Estimate 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
Economic growth (YoY real GDP change)	2.2	0.8	2.4	2.4	2.4
Housing prices in Iceland (average YoY change)	5.1	4.3	4.6	3.5	3.5
Purchasing power (average YoY change)	3.8	1.9	1.6	1.2	1.4
ISK exchange rate index (YoY change in average)	(4.3)	(0.1)	1.8	1.0	1.0
Policy rate, Central Bank of Iceland (average per year)	7.7	6.3	5.8	5.8	5.8
Inflation (average per year)	4.0	3.4	3.3	3.3	3.1
Capital formation (YoY real change)	6.0	(3.6)	2.0	3.0	3.0
- thereof capital formation in industry	8.2	(6.8)	0.8	2.8	2.8

Notes to the Consolidated Financial Statements

62.3 Financial assets and financial liabilities (continued)

The table below shows macroeconomic indicators of the Group's Chief Economist's macroeconomic forecast used for all cases in ECL calculations 31.12.2024.

Change in economic indicators %	Estimate 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Economic growth (YoY real GDP change)	0.3	1.2	2.5	2.5	2.4
Housing prices in Iceland (average YoY change)	10.7	7.0	6.1	3.5	3.5
Purchasing power (average YoY change)	(0.2)	1.8	1.9	1.5	1.4
ISK exchange rate index (YoY change in average)	0.0	0.2	(1.5)	1.0	1.0
Policy rate, Central Bank of Iceland (average per year)	9.1	7.5	5.7	5.5	5.0
Inflation (average per year)	5.9	3.3	2.8	2.7	3.1
Capital formation (YoY real change)	2.3	0.2	3.8	2.9	2.9
- thereof capital formation in industry	2.6	(0.9)	4.0	2.8	2.8

The LGD model considers several scenarios for how a facility may develop once a credit event has occurred. One possibility is that the facility cures without a loss. If not, the recoveries may be based on the seizing of collateral and to estimate such recoveries, several scenarios for the development of the value of the collateral are considered. Finally, there may be recoveries even though a formal collateral is not in place. These different recovery scenarios are weighted differently depending on the economic scenario under consideration. This leads to a non-linear interaction and thus a difference between the probability weighted average ECL and the ECL in the most likely scenario.

For EAD it is necessary to account for expected prepayments on term loans and for the expected utilisation of commitments such as credit cards, overdrafts, financial guarantees, and credit lines. The expected lifetime of agreements may also extend beyond the contractual lifetime for contracts which are generally extended.

Write-off policy

When the Group has no reasonable expectations of recovering a credit exposure or when pursuing legal collection is uneconomical, the financial asset is written off. A write-off does not change the debt obligation which is therefore still subject to enforcement activity. Any recoveries of amounts previously written off are credited to the income statement.

The impairment process

In the Group's impairment framework, the Stage assignment and ECL for each financial asset is calculated from the aforementioned models. The outcome is reviewed by the business units, and they can propose changes if they provide sufficient supporting material. The impairment and any proposals for changes are reviewed by an Impairment Council appointed by the All Risk Committee and the impairment allowance is approved by the All Risk Committee on a quarterly basis.

The principle of materiality applies to the above discussion on impairment, whereby exceptions related to non-materiality and immaterial adjustments are not discussed.

62.4 Cash and cash equivalents

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position and at the reporting date the expected credit loss is considered to be low.

Cash and cash equivalents in the Statement of Cash Flows consist of cash on hand, unrestricted balances with the Central Bank, and loans to credit institutions, excluding loans to credit institutions pledged as collateral against derivative instruments.

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition.

62.5 Derivative financial instruments

Derivatives are primarily used in trading activities but are also used to manage the Group's exposure to various risks, such as interest rate risk, inflation risk, and currency risk. Derivatives are classified as financial assets or financial liabilities, measured at fair value and presented in the Statement of Financial Position in separate line items as assets or liabilities, depending on whether their fair value at the reporting date is positive (assets) or negative (liabilities).

The Group applies hedge accounting. Accordingly, some of the Group's derivative financial assets and financial liabilities are accounted for as financial assets or financial liabilities mandatorily at fair value through profit or loss while others are accounted for as derivative assets or liabilities in hedge accounting (see Note 62.3 and Note 62.6).

Notes to the Consolidated Financial Statements

62.6 Hedge accounting

The Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

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

The Group applies fair value hedge accounting with respect to designated hedging relationships consisting of certain fixed-rate Euro denominated bonds issued by the Group as the hedged items and certain Euro denominated interest rate swaps as the hedging instruments, whereby the Group pays floating rate interest and receives fixed rate interest. The hedging relationships are designated and accounted for as fair value hedges because the interest rate swaps are hedging the exposure of the Group to changes in the fair value of the bonds arising from changes in interest rates. The Group recognises the changes in the fair value of the interest rate swaps immediately in profit or loss together with the changes in the fair value of the bonds which are attributable to the interest rate risk. The changes in the clean fair value of the swaps and the bonds are included in the line item "Net financial income (expense)", the accrued interest on the bonds and the swaps is included in the line item "Net interest income" and foreign exchange gains and losses on the bond are included in the line item "Net foreign exchange gain (loss)".

If a hedging derivative expires or is sold, terminated or exercised, or a hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting for the corresponding hedging relationship is discontinued permanently. Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

62.7 Leases

The Group has elected not to separate non-lease components and account for lease and non-lease components of a contract as a single lease component.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises a lease liability and a right-of-use asset at the lease commencement date. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets in the line item "Property and equipment" and lease liabilities in the line item "Other liabilities" in the Statement of Financial Position. Maturity analysis of lease liabilities is disclosed in Note 53. Interest on lease liabilities is recognised in profit or loss in the line item "Net interest income". Depreciation of right-of-use assets is recognised in profit or loss in the line item "Other operating expenses".

The Group as a lessor

When the Group is the lessor in a finance lease, the Group recognises a receivable equal to the net investment in the lease and presents it in the line item "Loans to customers" in the Statement of Financial Position. The Group applies its accounting policies for derecognition and impairment of financial assets also to its finance lease receivables. The Group recognises the finance income from finance lease receivables in profit or loss in the line item "Net interest income" over the period of the finance lease on a straight-line basis.

When the Group is a lessor in arrangements which involve the legal form of finance leases, but which in substance do not involve leases, the Group classifies them within loans at amortised cost.

Notes to the Consolidated Financial Statements

62.8 Loan commitments

Loan commitments are firm commitments of the Group to provide credit under a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates. Expected credit loss of loan commitments (see Note 62.3) is recognised in the Statement of Financial Position in the line item "Other liabilities". Loan commitment fees received by the Group are recognised in profit or loss in the line item "Fee and commission income".

62.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Group will be required to settle the obligation with an outflow of resources, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When management assesses that disclosing all information regarding certain matters can be expected to affect their outcome, then such detailed disclosures are not included in the Consolidated Financial Statements.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the reimbursement will be received, and the amount of the receivable can be measured reliably.

62.10 Employee benefits

All Group entities are required to pay, on a mandatory and contractual basis, contributions to public and private pension funds. The Group has no further payment obligations once these contributions have been paid. The Group recognises these contributions as salary related expenses when they become due. The Group does not have a defined benefit pension plan.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. Share-based payment expenses are recognised in the income statement in the line item "Salaries and related expenses".

62.11 Equity

Share capital

The share capital disclosed in the Consolidated Financial Statements comprises of ordinary shares authorised and issued by the Bank, with a par value of ISK 5 each. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends on shares

Dividends payable to shareholders of the Bank are recognised as a liability and deducted from equity in the period in which the dividends are approved by the shareholders at the Bank's Annual General meeting. Dividends declared after the reporting date are not recognised as a liability at the reporting date.

Statutory reserve

According to the Act on Public Limited Companies no. 2/1995 the statutory reserve shall amount to 25% of the share capital of the Bank.

Notes to the Consolidated Financial Statements

62.11 Equity (continued)

Restricted reserves

The Group is to transfer, if applicable, certain amounts from retained earnings to restricted reserves which can therefore not be distributed as dividends to shareholders.

Restricted reserve due to unrealised fair value changes of financial assets in the banking book

The Group transfers unrealised fair value changes of financial assets in the banking book at fair value through profit or loss, net of tax if applicable, from retained earnings to a restricted reserve. Amounts recognised in the reserve are transferred to retained earnings upon sale of the financial asset.

Restricted reserve due to capitalised development costs

When the Group capitalises development cost it transfers a corresponding amount from retained earnings to a restricted reserve. In the future the restricted amount is to be transferred back to retained earnings as the capitalised development cost is amortised in profit or loss.

Restricted reserve due to unrealised profit of associates

If share of profit of an associated company is in excess of dividend received or which can be claimed, the Group transfers the difference to a restricted reserve in equity. If the Group's shareholding in an associate is sold or written off the applicable amount recognised in the reserve is transferred to retained earnings.

Restricted reserve for debt instruments at fair value through other comprehensive income

Restricted reserve for debt instruments at fair value through other comprehensive income consist of the fair value changes of those debt instruments, net of tax. On derecognition the fair value changes are reclassified to profit or loss.

Liability credit reserve

Changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss are recognised in liability credit reserve. On derecognition the fair value changes are not reclassified to profit or loss.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

62.12 Interest income and interest expense

For all financial assets and financial liabilities measured at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows, considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation generally includes all fees and amounts paid or received between parties to the contract that are an integral part of the effective interest rate, as well as transaction costs and all other premiums or discounts.

The effective interest rate is established on initial recognition of financial assets and financial liabilities and their carrying amount is subsequently adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate. The change in carrying amount is recorded as interest income or interest expense. For floating rate instruments, interest income or interest expense is recognised based on the current market rate plus or minus amortisation or accretion of the discount or premium based on the original effective interest rate.

Interest on impaired financial assets is calculated by applying the original effective interest rate of the financial asset. For financial assets in Stage 1 and Stage 2 interest is recognised on the gross carrying amount of the assets and for financial assets in Stage 3 interest is recognised on the gross carrying amount of the assets, net of impairment allowance (see Note 62.3).

For financial assets and financial liabilities at fair value through profit and loss, interest income and interest expense are recognised through profit or loss on an accrual basis.

Accrued interest on interest rate swaps, which are designated and accounted for as hedging instruments in fair value hedges of the interest rate risk arising from certain fixed-rate Euro denominated bonds issued by the Group (see Note 62.6), is recognised in profit or loss as an adjustment to the interest expense recognised for the bonds.

Notes to the Consolidated Financial Statements

62.13 Net fee and commission income

Fees and commissions are recognised to reflect the transfer of services to customers at an amount that reflects the consideration that is expected to be received for such services. Fee and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses, are recognised on completion of the underlying transaction.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis.

Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. The same principle is applied for wealth management, financial planning, and custody services that are continuously provided over an extended period of time. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

Where it is assessed that the Group is acting as an agent, the consideration is presented on a net basis.

62.14 Net financial income (expense)

Net financial income (expense) consists of net gain (loss) on financial assets and financial liabilities mandatorily at fair value through profit or loss, net gain (loss) on financial liabilities designated as at fair value through profit or loss, net gain (loss) on fair value hedges, net gain (loss) on derecognition of financial liabilities measured at amortised cost, net gain (loss) on derecognition of financial assets measured at amortised cost, and net gain (loss) on sale of debt instruments measured at fair value through other comprehensive income.

Net gain (loss) on financial assets and financial liabilities mandatorily at fair value through profit or loss

Net gain (loss) on financial assets and financial liabilities mandatorily at fair value through profit or loss includes all realised and unrealised fair value changes of financial assets and financial liabilities classified by the Group as mandatorily at fair value through profit or loss, except for interest income and interest expense, which are included in the line item "Net interest income", and foreign exchange gains and losses, which are included in the line item "Net foreign exchange gain (loss)". Dividend income from financial assets is recognised in the income statement when the Group's right to receive payment is established.

Net gain (loss) on financial liabilities designated as at fair value through profit or loss

Net gain (loss) on financial liabilities designated as at fair value through profit or loss includes all realised and unrealised fair value changes of financial liabilities designated by the Group as at fair value through profit or loss, except for changes in fair value attributable to changes in credit risk which is recognised in other comprehensive income, interest incurred which are included in the line item "Net interest income", and foreign exchange gains and losses which are included in the line item "Net foreign exchange gain (loss)".

Net gain (loss) on fair value hedges

Net gain (loss) on fair value hedges includes the changes in the clean fair value of interest rate swaps which are accounted for as hedging instruments in fair value hedges and the changes in the fair value of certain bonds, which are attributable to the interest rate risk of the bonds, and are accounted for as the hedged items in fair value hedges (see Note 62.6).

Net gain (loss) on derecognition of financial liabilities measured at amortised cost

Net gain (loss) on derecognition of financial liabilities measured at amortised cost includes the difference between the buyback price and the carrying amount of debt issued measured at amortised cost at the derecognition date.

Net gain (loss) on derecognition of financial assets measured at amortised cost

Net gain (loss) on derecognition of financial assets measured at amortised cost includes the difference between the consideration received and the carrying amount of financial assets measured at amortised cost at the derecognition date.

Net gain (loss) on sale of debt instruments measured at fair value through other comprehensive income

Net gain (loss) on sale of debt instruments measured at fair value through other comprehensive income includes cumulative fair value gains and losses reclassified to profit or loss upon the sale of debt instruments measured at fair value through other comprehensive income.

Notes to the Consolidated Financial Statements

62.15 Taxes

Income tax expense

Income tax expense comprises special financial activities tax, current tax and deferred tax and is disclosed as a separate line item in the income statement. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, consistent with the recognition of the underlying item to which it relates.

Bank tax

Bank tax is calculated as 0.145% (2024: 0.145%) of total liabilities at year-end as determined for tax purposes, in excess of ISK 50,000 million, excluding tax liabilities. The Bank tax is considered a non-deductible expense for the calculation of income tax. The Bank tax is shown in a separate line in the income statement and is included in the Statement of Financial Position in the line item "Tax liabilities".

Special financial activities tax

Special financial activities tax is calculated as 6% of taxable profit exceeding ISK 1,000 million. Special financial activities tax is included in the Statement of Financial Position in the line item "Tax liabilities".

Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the reporting date. Current tax also includes any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are offset in the Statement of Financial Position if the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current tax is included in the Statement of Financial Position in the line item "Tax liabilities".

Deferred tax

Deferred tax is recognised based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred taxes are not recognised if it arises from the initial recognition of an asset or liability, in a transaction other than a business combination, that at the time of the transaction affects neither the taxable profit nor the accounting profit. In addition, deferred taxes are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax is measured using tax rates enacted at the reporting date.

Deferred tax liabilities are included in the Statement of Financial Position in the line item "Tax liabilities" and deferred tax assets are included in the Statement of Financial Position in the line item "Other assets".

Notes to the Consolidated Financial Statements

63. Financial ratios

	2025	2024
Profitability		
Return on equity	11.2%	10.9%
Return on assets	1.5%	1.5%
Earnings per share	13.62	12.53
Core income / Total operating income	99.0%	95.9%
Net interest margin		
Net interest margin on total assets	3.1%	2.9%
Net interest margin on interest bearing assets	3.2%	3.0%
Efficiency		
Cost-to-income ratio*	42.4%	43.8%
Cost-to-core income ratio*	42.9%	45.8%
Cost-to-total assets ratio*	1.70%	1.72%
Cost of risk	0.05%	(0.05%)

*Ratios for 2025 exclude salary expenses of ISK 804 million due to early retirement of employees and a charge of ISK 313 million within net interest income due to correction from previous years. Ratios for 2024 exclude a charge of ISK 470 million due to an administrative fine.

	31.12.2025	31.12.2024
Asset quality		
Average LTV for mortgages to individuals	54.0%	54.0%
REA ratio	59.8%	64.7%
Non-performing loans (NPL) ratio	1.5%	1.6%
Asset encumbrance ratio	18.6%	19.0%
Financial strength		
Equity as % of total assets	13.0%	14.1%
Liquidity		
Liquidity coverage ratio (LCR)	203%	168%
Net stable funding ratio (NSFR)	127%	125%
Term deposits ratio	17.0%	18.1%
Loan-to-deposit ratio	141%	140%
Loan-to-deposit ratio (adjusted for covered bonds)	119%	117%
Capital		
CET1 ratio	20.1%	20.1%
Tier 1 ratio	21.7%	21.0%
Total capital ratio	24.0%	23.2%
Leverage ratio	12.5%	13.2%
MREL ratio	44.0%	33.4%

Notes to the Consolidated Financial Statements

63. Financial ratios (continued)

Definition of financial ratios

Profitability

Return on equity	Profit for the year / Average equity
Return on assets	Profit for the year / Average assets
Earnings per share	Profit for the year / Average number of outstanding shares
Core income / Total operating income	(Net interest income + Net fee & commission income) / Total operating income

Net interest margin

Net interest margin on total assets	Net interest income / Average assets
Net interest margin on intr.bearing assets	Net interest income / Average interest-bearing assets

Efficiency

Cost-to-income ratio	(Administrative expenses – One-off expenses) / (Total operating income – One-off income)
Cost-to-core income ratio	(Administrative expenses – One-off expenses) / (NII + NFCI – One-off income)
Cost-to-total assets ratio	(Administrative expenses – One-off expenses) / Average assets
Cost of risk	Net impairment on financial assets / Average gross carrying amount of loans to customers

Asset quality

Average LTV for mortgages to individuals	The cumulative loan-to-value (LTV) ratio for an individual mortgage is calculated by adding the outstanding balance of the loan and the outstanding balances of any prior liens on the same property, and dividing that total by the value of the residential real estate securing the loan. The average LTV for the portfolio of mortgages to individuals is derived as a weighted average. The weight for each property is Íslandsbanki's total outstanding amount secured on that property, and the LTV applied is the highest LTV of all Íslandsbanki loans on that property.
REA ratio	Risk exposure amount / Total assets
Non-performing loans (NPL) ratio	Gross carrying amount of loans to customers in default (Stage 3) / Gross carrying amount of loans to customers
Asset encumbrance ratio	(Carrying amount of encumbered assets + collateral received re-used) / (Total assets + collateral received available for encumbrance)

Financial strength

Equity as % of total assets	Total equity / Total assets
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Liquidity

Liquidity coverage ratio (LCR)	Liquidity buffer / Net liquid outflows over the coming 30 days
Net stable funding ratio (NSFR)	Available stable funding / Required stable funding
Term deposits ratio	Term deposits maturing within 30 days / Total deposits
Loan-to-deposit ratio	Loans to customers / Deposits from customers
Loan-to-deposit ratio (adj.Cov.Bonds)	(Loans to customers - Loans funded by Covered Bonds) / Deposits from customers

Capital

CET1 ratio	Common equity Tier 1 capital / Total risk exposure amount
Tier 1 ratio	(CET1 capital + Additional Tier 1 capital) / Total risk exposure amount
Total capital ratio	(Tier 1 capital + Tier 2 capital) / Total risk exposure amount
Leverage ratio	Tier 1 capital / (On-balance sheet exposures + Off-balance sheet exposures + Derivative exposures)
MREL ratio	(Total capital base + Eligible liabilities) / Total risk exposure amount

Average balances are calculated as the average of the opening balance for the applicable period and closing balance for each quarter of the applicable period.



Íslandsbanki's Corporate Governance Statement 2025

Unaudited

The Board of Directors of Íslandsbanki is committed to excellence in corporate governance and complying with the applicable regulatory standards and best international practices in the field of corporate governance.

The regulatory framework for corporate governance practices within Íslandsbanki consists of the law applicable to entities subject to the supervision of the Financial Supervisory Authority of the Central Bank of Iceland (FSA) as well as other applicable law and regulations, including those imposed by the FSA and Nasdaq Iceland, available at their respective websites, cb.is and nasdaqomxnordic.com. The applicable law includes, *inter alia*, the Act on Financial Undertakings no. 161/2002, the Act on Recovery and Resolution of Credit Institutions and Investment Firms no. 70/2020, the Act on Markets for Financial Instruments no. 115/2021, the Act on Payment Services no. 114/2021, the Act on Payment Accounts no. 5/2023, the Act on Measures against Money Laundering and Terrorist Financing no. 140/2018, the Act on Measures against Market Abuse no. 60/2021, the Act on Sustainability Disclosure Requirements in the Financial Sector and a Classification System for Sustainable Investments no. 25/2023, the Act on Digital Operational Resilience of the Financial Market no. 78/2025, the Act on Mortgage Credit to Consumers no. 118/2016, the Act on Consumer Credit no. 33/2013, the Act on Competition no. 44/2005 and the Act on Public Limited Companies no. 2/1995, which along with Íslandsbanki's Articles of Association lay the foundation for the Bank's existence and activities.

The relevant laws are available on the Icelandic legislature's website, althingi.is.

Moreover, the Bank's governance practices are based on the European Banking Authority's Guidelines on Internal Governance for Financial Undertakings (EBA/GL/2021/05), cf. article 16 of regulation (EC) no. 1093/2010, transposed into Icelandic law with Act no. 24/2017, on European Financial Supervisory System.

The Bank's shares are admitted to trading on the Nasdaq Main Market in Iceland. The Bank has also issued bonds on the regulated securities market in Iceland, Ireland and Sweden. The Bank is therefore subject to the disclosure obligation of issuers pursuant to the Act on the Disclosure and Information requirements of Issuers of Securities and Notifications on Major Holdings no. 20/2021 and the rules of the relevant stock exchange.

Compliance with Guidelines on Corporate Governance

According to paragraph 7 of article 54 of the Act on Financial Undertakings no. 161/2002 Íslandsbanki is required to comply with the accepted Guidelines on Corporate Governance. The Bank's compliance with Corporate Governance Guidelines issued by the Iceland Chamber of Commerce, Nasdaq Iceland and SA Business Iceland (hereinafter the Guidelines) is reviewed annually. The Guidelines are available on corporategovernance.is. The Guidelines provide that companies are to disclose any deviations from the Guidelines and explain the reasons for such deviations.

Íslandsbanki complies with the provisions of the guidelines with the exception of provision 1.5.12, which states that the nomination committee's proposals shall be presented together with the notice of a shareholders' meeting where the election of the board takes place. A shareholders' meeting was convened on 22 December 2025 at the request of shareholders holding 1/20 of the Bank's share capital, with the election of the Board on the agenda. The request was received by the Bank's board on 8 December 2025. In order to present proposals together with the meeting notice, the Nomination Committee would have needed to complete its work within 14 days, which is an insufficient amount of time to fulfil the Committee's role in an adequate manner. In view of the above, this provision was deviated from, and the committee's proposals were published five days before the shareholders' meeting, on 14 January 2026.

Main Aspects of Risk Management and Internal Control

Internal Control

The risk management and internal control framework of the Bank is based on the three lines of defence model, as referred to in the European Banking Authority's Guidelines on Internal Governance, and aims for informed decision making and strong risk awareness throughout the Bank. The framework is intended to ensure efficient operations, adequate control of risks, prudent conduct of business, reliability of financial and non-financial information reported internally and externally, and compliance with the applicable laws, regulations, supervisory requirements, and the Bank's internal rules.

The first line of defence consists of the Bank's business and support units, which are responsible for establishing and maintaining effective internal controls and managing risk in the Bank's daily operations. This means that the respective units and their managers must actively and regularly ensure that risks within their areas of responsibility

are identified, assessed, and managed appropriately. This includes the implementation of internal rules along with appropriate processes and monitoring their execution, in accordance with laws, regulations and the Bank's policies.

The second line of defence is comprised of the Bank's internal control units, Risk Management and Compliance, which shall facilitate the implementation of a sound risk management and internal control framework. Moreover, the second line of defence is responsible for further analysing, monitoring, measuring and reporting on risks and for forming a holistic view on all risks on an individual and consolidated basis.

The third line of defence is Group Internal Audit which keeps the Board informed of the quality of corporate governance, risk management and internal controls, including by performing independent and objective audits.

Risk Management

The Board of Directors approves the risk policy, risk appetite statement and procedure for risk management and ensures that internal procedures for risk management are revised at least annually.

The All Risk Committee, a Senior Management Committee, is comprised of the Chief Executive Officer (CEO), all the managing directors of the Bank and other members of management appointed by the CEO. The committee takes major decisions on implementation of the Bank's risk management and internal control frameworks and conducts oversight to ensure that the Bank's risk profile is within the limits defined in the Board's risk appetite statement. The All Risk Committee issues guidelines for risk assessment and individual risk thresholds or limits.

Further information on the Bank's risk management structure and internal control can be found in the Bank's unaudited Pillar 3 Report, which is available on the Bank's website.

Audit and Accounting

The CEO ensures that the Board of Directors is provided with accurate information on the Bank's finances, development and operations on a regular basis. The Board Audit Committee assists the Board in fulfilling its oversight responsibilities concerning the financial reporting process and the system of internal control.

The Bank's Finance division is responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Act on Annual Accounts no. 3/2006, the Act on Financial Undertakings no. 161/2002, and rules on accounting for credit institutions, where applicable. The Board's Audit Committee reviews the annual and interim financial statements before their submission for Board approval and endorsement. The Board's Audit Committee regularly discusses the financial statements and evaluates its internal control processes. Management reporting is generally presented to the Board at least 10 times a year. The Consolidated Financial Statements are published on an annual basis and the Condensed Consolidated Interim Financial Statements on a quarterly basis.

The Annual General Meeting (AGM) elects an external audit firm each year in accordance with the Bank's Articles of Association. The Board's proposal to the AGM is based on the Audit Committee's proposal on the selection of an audit firm. KPMG ehf. was elected as the Bank's audit firm at the 2024 AGM, following the Bank's tender for audit services, and has since audited the annual financial statements for the parent company and the Group's consolidated financial statements, as well as those of main subsidiaries. In addition, the external auditors review the Group's half year condensed consolidated interim financial statements. In 2025, the external auditors also reviewed the Condensed Consolidated Interim Financial Statements for the first quarter in relation

to the offering of the Government of Iceland's stake in the Bank.

Group Internal Audit

The Board appoints the Chief Audit Executive, who is responsible for internal audit of the Bank and its subsidiaries. Group Internal Audit reports directly to the Board and operates independently from other departments in accordance with article 16 of the Act on Financial Undertakings no. 161/2002. The department evaluates and promotes improvements to the effectiveness of governance, risk management, and control processes. The responsibilities and authorisations of the Chief Audit Executive and Group Internal Audit are further outlined in the Group Internal Audit Charter.

Compliance

The Bank's Chief Compliance Officer (CCO) is hired by the CEO, subject to Board confirmation. The CCO is a part of the Bank's Executive Committee. The CCO's role is to supervise and to have an overview of compliance risk, which include financial crime risk, data protection risk, breach of conduct and changes in the relevant law. Additionally, the CCO serves as the Bank's compliance officer as an issuer of financial instruments in accordance with the FSA Rules no. 44/2013 on the Role and Status of Compliance Officers and the Recording of Communications under the Act on Measures against Market Abuse.

Anti-Money Laundering Measures

Íslandsbanki is an obliged entity under the Act on Measures against Money Laundering and Terrorist Financing no. 140/2018 and has established a governance framework for this policy area. The Bank's Executive Director of Business Surveillance, who reports to the Chief Financial Officer, acts as the Bank's Money Laundering Reporting Officer (MLRO). The Bank's Executive Director of anti-Financial Crime, who reports to the CCO, serves as the compliance officer for this area and

is responsible for overseeing the effectiveness of the Bank's anti-money laundering and counter terrorist financing controls.

Íslandsbanki Values, Sustainability and Code of Conduct

The Bank's purpose is to empower our customers to be a force for good. Íslandsbanki's values are progressive thinking, collaboration and professionalism and they are the pillars of the Bank's corporate culture, shaping the conduct and attitudes of its employees.

The Board approves a Code of Conduct for the Bank's employees. The aim of the Code is to promote good operational practices. The rules are available on the Bank's website. The Bank has in place a Sustainability Policy which is focused on making its operations exemplary in the Icelandic business environment, based on internationally recognised environmental, social, and governance criteria.

The Bank has decided to focus particularly on four of the UN Sustainable Development Goals (SDGs) in its course of business: quality education; gender equality; climate action; industry, innovation and infrastructure. Annually the Bank publishes an Annual and Sustainability Report. The information in the report is in line with Nasdaq's ESG Guidelines. Additionally, the report is based on the applicable Global Reporting Initiative (GRI) metrics, the UN Principles for Responsible Banking, and the SDGs. Since 2009 Íslandsbanki has been a signatory to the UN Global Compact on social responsibility.

Board of Directors

At each AGM seven non-executive directors, and two alternate members, are elected to the Board for a term of one year. The Chairman of the Board is elected separately at the AGM or at shareholders' meetings. In December 2025, Linda Jónsdóttir, Chairman of the Board of Íslandsbanki, announced that she would not seek

re-election to the Bank's Board at the next Annual General Meeting. Following the announcement, the Board of Íslandsbanki received a request from shareholders who control more than 1/20 of the Bank's share capital, that a shareholders' meeting be convened with election of the Board of Directors on the agenda. The Board of Íslandsbanki convened a shareholders' meeting on 19 January 2026, with election of Board members on the agenda. The Board election resulted in changes to the composition of the Bank's Board. Heiðar Guðjónsson was elected Chairman of the Board, Margrét Pétursdóttir was elected as Board member, replacing Agnar Tómas Möller, and Magnús E. Björnsson was elected as an alternate member of the Board, replacing Páll Grétar Steingrímsson.

There are no limitations on duration of Board membership. The Board undertakes the Bank's affairs in between shareholders' meetings unless otherwise provided by law or the Bank's Articles of Association. The Board is responsible for setting the Bank's general strategy and instructs the CEO on its further implementation and execution. The Board has a supervisory role in that it oversees that the Bank's organisation and activities are at all times in accordance with the relevant law, regulations and good business practices. The CEO and Chief Audit Executive are hired by the Board.

The Rules of Procedure of the Board are adopted in accordance with article 70 of the Act on Public Limited Companies no. 2/1995 and article 54 of the Act on Financial Undertakings no. 161/2002. The Board's current Rules of Procedure are available on the Bank's website. According to the Bank's Articles of Association a Board meeting has a quorum if a majority of directors attend. The Board met thirty times in 2025, each time constituting a quorum.

The Articles of Association of the Bank provide that the ratio of each gender on the Board of Directors shall not be lower than 40%, currently the Board is comprised of four men and three women. The Board has approved a policy on the

suitability of the Board of Directors, CEO and key function holders. The policy states, among other things, that the composition of the Board, the Executive Committee and key function holders shall at any time be diverse, with regard to educational and professional background, gender and age. Moreover, the policy provides that the proportion of either gender should not exceed 60% in the Executive Committee.

The Board Sub-Committees

The Board sub-committees are four in total, and they operate under the terms of a mandate letter from the Board as well as the Rules of Procedure of the Board. The mandate letters of the Board sub-committees are available on the Bank's website. The Board appoints the members of the sub-committees as well as their chairmen. When appointing the sub-committees, the Board shall take into account the expertise, skills and experience needed of a member to be appointed to the relevant sub-committee. All of the sub-committees are composed of members of the Board, in addition to one external committee member in the Board Corporate Governance and Human Resource Committee and one in the Board Audit Committee.

The Board Audit Committee, comprising three Board members and one external committee member, assists the Board in fulfilling its oversight responsibilities concerning the financial reporting process, the system of internal control, the audit process and the Bank's process for monitoring compliance with the relevant laws and regulations and its Code of Conduct. The committee met seven times in 2025, each time constituting a quorum.

The Board Risk Management Committee, comprising three Board members, serves an advisory and supervisory role for the Board, *inter alia* in relation to the formulation and implementation of the Bank's risk policy and risk appetite. The committee's responsibilities include the parent company, its subsidiaries, and the whole Group. The committee met nine times in 2025, each time constituting a quorum.

The Board Corporate Governance and Human Resource Committee, comprising three Board members and one external committee member, assists the Board in overseeing and assessing the Bank's compliance with generally accepted corporate governance practices and Board effectiveness. Furthermore, the committee assists the Board with assessing the Bank's Remuneration Policy, its implementation, and incentives for managing risk and capital and liquidity positions. Additionally, the committee supports the Board in monitoring and addressing the implementation of the Bank's Sustainability Policy and issues concerning human resources. The committee met eleven times in 2025, each time constituting a quorum.

The Board Innovation and Technology Committee, comprising three Board members, assists the Board with strategy development and the analysis of opportunities related to innovation, technology, information security and digital innovation. The committee advises the Board on matters including technological development, data security, and the implementation of technological solutions within the Bank. The committee met five times in 2025, each time constituting a quorum.

The structure and composition of Board sub-committees is illustrated below.

Members of the Board

**Heiðar Guðjónsson****(b. 1972)**

Joined the Board as
Chairman in
January 2026

Main occupation: Owner and Managing Director of Ursus ehf. and Ursus Capital AG, Switzerland.

Work experience: CEO of Sýn hf. (2019–2022). Executive Director of Novator Partners in London (2005–2009). Specialist at Íslandsbanki in London (2003–2005). Specialist at Kaupthing Bank in New York (2000–2003).

Head of Securities Brokerage at Íslandsbanki (1998–2000).

Other directorships: HS Veitur (Board member). Innviða fjárfestingar slhf. (Board member). Arctic Chamber of Commerce (as Chairman).

Education: B.Sc. in Economics from the University of Iceland.

Shareholding and independence: Heiðar holds 147,120 shares and 17,458,679 shares through his company Ursus ehf. in Íslandsbanki. Heiðar's spouse holds 197,684 shares in Íslandsbanki. Heiðar is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Board Risk Committee.

**Stefán Pétursson****(b. 1963)**

Joined the Board as
Vice-Chairman in
July 2023

Main Occupation: CFO of EpiEndo Pharmaceuticals ehf.

Work experience: CFO of Arion Bank hf. (2010–2021). Head of Funding, Treasurer and CFO at Landsvirkjun (1993–2010).

Other directorships: Landsnet (Board member). Has been

on the boards of Landfestar ehf., Valitor hf., The Icelandic Depositors' and Investors' Guarantee Fund, Icelandic Chamber of Commerce, Landey ehf. and Hablaer and is a former Committee Member of ÍL Fund Projects Committee.

Education: MBA from Babson College in Boston. Cand. oecon in Business Administration from the University of Iceland.

Shareholding and independence: Stefán holds no shares in Íslandsbanki. Stefán's spouse holds 28,153 shares in Íslandsbanki. Stefán is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Board Risk Committee and Chairman of the Board Audit Committee.

**Haukur Örn****Birgisson (b. 1978)**

Joined the Board
in July 2023

Main Occupation: Supreme Court Attorney, owner, and Managing Director of FIRMA Legal.

Work experience: Supreme Court Attorney, owner, and Managing Director of Íslenska lögfræðistofan (2008–2023). Chairman of the Reparations Settlement Committee (2023–2024). Chairman of the Rehearing Committee (2017–2021). Chairman of the Board and CEO of Inkasso ehf. (2010–2013). District Court Attorney and associate at Lex lögmannsstofa (2004–2008). District Court Attorney

and associate at Nestor lögmann (2004). Teacher in various legal courses in Reykjavík University, the University of Iceland, Verzlunarskóli Íslands and Menntaskólinn Hraðbraut.

Other directorships: The Open Championship (member of the Executive Committee). Has been on the boards of the Golf Union of Iceland (as President), the European Golf Association (as President), the International Golf Federation and GAM Management hf.

Education: Cand. jur. from the University of Iceland. Licensed Supreme Court Attorney.

Shareholding and independence: Haukur holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: The Board Innovation and Technology Committee and Chairman of the Board Corporate Governance and Human Resource Committee.



**Helga Hlín
Hákonardóttir
(b. 1972)**
Joined the Board in
July 2023

Main Occupation: Partner and consultant at Strategía.

Work experience: Founder and lawyer at Lixia lögmannsstofa (2011-2014). Co-founder and Managing Director of Legal at Saga Investment Bank hf. (2006-2011). Attorney at Straumur Burðarás Investment Bank hf. (2005-2006), Íslandsbanki hf. (2000-2005) and capital markets lawyer at Fjárfestingarbanki atvinnulífsins hf. (1998-2000) and the Iceland Stock Exchange (1996-1998).

Other directorships: AB þrif ehf. (as Chairman) and Rue de Net (Board member). Has been on the boards of mark.is (as Chairman), Verðbréfapíng Ísland (as Alternate), Skeljungur hf., Summa Rekstrarfélag hf., Greiðsluveitan, Icelandic Chamber of Commerce, Festi hf., Krónan hf., Vís hf. (as Chairman), Lífís hf. (as Alternate), WOW air hf., Meniga Ltd. and on the The University Council of Akureyri University.

Education: Cand. jur. from the University of Iceland. Licensed District Court Attorney. Securities broker licensed by the Icelandic Ministry of Finance and Economic Affairs.

Shareholding and independence: Helga Hlín holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: The Board Corporate Governance and Human Resource Committee and Chairman of the Board Risk Committee.



**Margrét
Pétursdóttir
(b. 1968)**
Joined the Board in
January 2026

Main Occupation: Board memberships and independent consultant.

Work experience: Partner at KPMG (2024-2026). CEO of Ernst & Young (2019-2023). Head of Audit at Ernst & Young (2010-2019). Head of Internal Audit at Ernst & Young (2005-2023, intermittently).

Other directorships: Has been on the boards of the International Federation of Accountants, the Institute of State Authorized Public Accountants, the Nordic Federation of Accountants, and the Iceland Chamber of Commerce.

Education: Cand. oecon from the University of Iceland. Certified Public Accountant.

Shareholding and independence: Margrét holds no shares in Íslandsbanki and has no interest ties with the Bank's main customers or competitors. Margrét is considered independent of the Bank's major shareholders but not independent of the Bank due to her former position as a partner at KPMG, which serves as the Bank's external auditor.

Sub-Committees: Board Audit Committee.



**Stefán Sigurðsson
(b. 1972)**
Joined the board in
March 2024

Main Occupation: Managing Director and owner of Nordic Development ehf.

Work experience: CEO of Sýn hf. (2014-2019). Managing Director of Wealth Management at Íslandsbanki hf. (2008-2014). Executive Director and later Managing Director of Strategic Development at Glitnir hf. (2007-2008). Corporate Finance Associate at Glitnir hf. in Denmark (2006-2007). Managing Director and co-founder at Bæjarútgerðin ehf. (2002-2003). Managing Director and

co-founder at Inntak almannatengsl (2000-2002). Senior Trader at Íslandsbanki hf. (1998-2000) and Landsbankinn hf. (1997-1998).

Other directorships: Isavia ANS ehf. (as Chairman). Fólk Reykjavík ehf. (Board member). Nordic Development ehf. (Board member). Eimskipafélag Íslands (as Alternate). Has been on the boards of the Iceland's Chamber of Commerce, Verðbréfamiðstöð Íslands hf. and Island Fund S.A. in Luxembourg.

Education: M.Sc. in Economics from the University of Copenhagen. B.Sc. in Economics from the University of Iceland.

Shareholding and independence: Stefán holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: The Board Corporate Governance and Human Resource Committee and the Board Innovation and Technology Committee.

**Valgerður Hrund****Skúladóttir****(b. 1963)**Joined the board in
March 2024

Memento ehf. (Board member). Reykjavík Forest Society (Board member). Isavia ANS (Board member) and serves on the University Council of Reykjavík University. Has been on the boards of Confederation of Icelandic Employers, Orb ehf., Staki Automation ehf., Talenta ehf., Siminn DK, Sensa A/S, the Federation of Icelandic Industries, its Intellectual Property Council and the Federation of IT companies (as Chairman).

Education: MBA from the University of Miami. C.Sc. in Electrical Engineering from the University of Iceland.

Shareholding and independence: Valgerður holds 12,659 shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Board Audit Committee and Chairman of the Board Innovation and Technology Committee.

Main occupation: Consultancy, board memberships, and volunteer work on community projects.

Work Experience: CEO and founder of Sensa ehf. (2002-2025). Director of Corporate Services and Holistic Solutions at Tækknival hf. (1994-2002). Head of the Electrical Department at Jóhann Ólafsson og Co. ehf. (1989-1994).

Other directorships: Sensa ehf. (Board member).

The alternate members of the Board are Herdís Gunnarsdóttir, since April 2016, and Magnús E. Björnsson, since January 2026.

The Rules of Procedure of the Board set out measures to prevent conflicts of interests in the Board's activities.

Structure and Composition of Board Sub-Committees

	Board Risk Management Committee	Board Audit Committee	Board Corporate Governance and HR Committee	Board Innovation and Technology Committee
Heiðar Guðjónsson	○			
Stefán Pétursson	○	○		
Haukur Örn Birgisson			○	○
Helga Hlín Hákonardóttir	○		○	
Margrét Pétursdóttir		○		
Stefán Sigurðsson			○	○
Valgerður Skúladóttir		○		○
Herdís Gunnarsdóttir			○	
Páll Grétar Steingrímsson		○		

 Chair  Member  External Committee Member

Íslandsbanki's Nomination Committee

In accordance with the Bank's Articles of Association the Bank operates a Nomination Committee whose role is to nominate individuals to the Bank's Board of Directors at the AGM, or as the case may be at a shareholders' meeting

where Board elections are on the agenda. The members of the Nomination Committee shall be three, along with two alternates. Two members of the Nomination Committee, along with one alternate, shall be elected at the AGM or other shareholders' meeting where the election of nomination committee members is on the

agenda, for a term of one year. The third member of the Nomination Committee and their alternate shall be Board members of the Bank and are appointed by the Board for a term of one year. The composition and work of the Board shall be in accordance with article 53 of the Act on Financial Undertakings no. 161/2002.

Following the Bank's AGM in 2025, Agnar Tómas Möller, Board Member, was appointed by the Board to the Nomination Committee. In December of the same year, Linda Jónsdóttir, Chairman of the Board, succeeded him on the committee. Heiðar Guðjónsson joined the Nomination Committee following the Bank's shareholders' meeting in January 2026.

The Rules of Procedure of the Bank's Nomination Committee are published on the Bank's website.

The Nomination Committee consists of:

- Helga Valfells, Chairman
- Hilmar Garðar Hjaltason
- Heiðar Guðjónsson, Chairman of the Board of Íslandsbanki

Board Performance and Suitability Assessment

At least once a year, as provided for in the Board's Rules of Procedure, the Board assesses its work collectively, procedures and practices as well as each of its members. This performance assessment is intended to improve working methods and increase the efficiency of the Board. The assessment entails an evaluation of the strengths and weaknesses of the Board's work and practices. This is, *inter alia*, based on the necessary number of Board directors, the Board structure in relation to knowledge and experience, Board procedure and practices. Furthermore, the Board assesses, at least annually, the collective suitability of the Board and individual Board members in accordance with the Bank's policy on the assessment of the suitability of the Board of Directors, the CEO and key function holders. The last assessment was performed by the Board in December 2025. The Board assessed the collective suitability of the Board as well as the suitability of individual Board members and concluded that the Board and individual Board members possess sufficient experience and knowledge to fulfil the requirements of the Act on Financial Undertakings and the Bank's policy on the suitability of the Board of Directors, CEO, and key function holders.



**Jón Guðni
Ómarsson (b. 1976)**
CEO since 28 June
2023

Work experience: CFO of Íslandsbanki hf. (2011-2023). Head of Treasury at Íslandsbanki hf. (2008-2011).

Education: M.Sc. in Quantitative and Computational Finance (QCF) from Georgia Institute of Technology. B.Sc. in Industrial Engineering from the University of Iceland. AMP from Harvard Business School. Chartered Financial

Analyst (CFA). Securities broker licensed by the Icelandic Ministry of Finance and Economic Affairs.

Other directorships: Chairman of the Board of Finance Iceland (SFF).

Shareholding and independence: Jón Guðni holds 44,506 shares in Íslandsbanki as well as having an indirect holding of 12,659 shares through Armis ehf. Jón Guðni's spouse holds 12,659 shares in Íslandsbanki. Jón Guðni is considered independent of the Bank's major shareholders. No interest ties with main customers or competitors of the Bank. There is a stock option agreement in effect between the Bank and Jón Guðni under the stock option plan approved at the Bank's shareholder's meeting in 2025. The plan complies with the Act on Income Tax no. 90/2003 and applies to all permanent employees of the Bank.

The Chief Executive Officer

The CEO is responsible for the day-to-day operations of the Bank and that the Bank's business is, at all times, in accordance with the Bank's Articles of Association, policies of the Board and the relevant law. The CEO engages the Bank's CCO and appoints members of the Executive Committee and other Senior Management Committees.

The Executive Committee

The Executive Committee consists of seven people, including the CEO: Jón Guðni Ómarsson, CEO since June 2023, Ellert Hlöðversson, Chief Financial Officer since January 2024, Barbara Inga Albertsdóttir, Chief Compliance Officer since November 2023, Guðmundur Kristinn Birgisson, Chief Risk Officer since October 2018, Kristín Hrönn Guðmundsdóttir, Managing Director of Corporate & Investment Banking since July 2023, Ólöf Jónsdóttir, Managing Director of Personal Banking since February 2024 and Una Steinsdóttir, Managing Director of Business Banking since May 2017. Riaan Dreyer served as Managing Director of Digital & Data from September 2019 until November 2025, when he stepped down.

Senior Management Committees

Senior Management Committees are advisory committees appointed by the CEO. Senior Management Committees are divided into Policy-Setting Committees, which implement Board policies, and Business Committees, which take a position on specific business matters. The committees are appointed by the CEO, who also approves their letter of mandate.

The Executive Committee and the All Risk Committee are considered Policy-Setting Committees and they take major decisions on the implementation of the policies set by the Board. Committee members include all of the Bank's Managing Directors, as well as other members of senior management appointed by the CEO.

- The Executive Committee oversees and coordinates key aspects of the Bank's activities and has decision-making authority in matters assigned to it by the CEO, in accordance with policies, goals, and risk appetite as defined by the Board.

- The All Risk Committee takes major decisions on implementation of the Bank's risk management and internal control frameworks and conducts oversight to ensure that the Bank's risk profile is within the limits defined in the Board's risk appetite statement.

The Business Committees decide on individual business and operational matters in accordance with the rules and procedures issued by the Board, the Executive Committee and the All Risk Committee. The Bank's Business Committees are:

- The Senior Credit Committee decides on proposals on lending and is the formal venue for discussion and review of individual loan proposals.

- The Asset and Liability Committee decides on proposals regarding market risk, liquidity risk, funding, capital, and internal and external pricing.

- The Investment Committee decides on proposals regarding the purchase, sale and valuation of equity stakes and other investments of the Bank.

- The Operational and Security Committee decides on proposals regarding new products and services, continuous operation and material changes in systems and procedures.

- The Sustainability Committee is a formal forum for reviewing and discussing matters related to the Bank's sustainability strategy formulation and the Bank's commitments regarding sustainability.

- The Digital Product Committee is a formal forum for prioritisation of initiatives between product teams in line with the strategy and goals of the Bank.



Arrangement of Communications Between Shareholders and the Board

The Board communicates with shareholders in accordance with the relevant laws, the Bank's Articles of Association, and the Board's Rules of Procedure. Shareholders' meetings, the supreme authority of the Bank, are the general forum for informing and communicating with shareholders. All information that is defined as sensitive market information is disclosed to the market through the relevant regulated market's announcement system in accordance with the Bank's Disclosure and Communication Policy. The Bank also organises quarterly meetings for market participants where, among others, the CEO, CFO and representatives of investor relations present the Bank's financial statements.

The Bank's Disclosure Committee assesses the Bank's event-specific disclosure obligations and

decides on disclosure in accordance with the Bank's Rules on insider trading and management transactions. The Disclosure Committee consists of the CFO, the General Counsel, Executive Director of Treasury, Investor Relations and the CCO (without a vote).

Information on Infringements of Laws and Regulations Determined by the Appropriate Supervisory or Ruling Body

No remarks were received from an appropriate supervisory or ruling body concerning violations of laws or regulations. Information on legal cases relating to Íslandsbanki can be found in the Notes to the Consolidated Financial Statements.

This Corporate Governance Statement was approved by Íslandsbanki's Board of Directors on 12 February 2026.



Green Asset Ratio

Unaudited

In accordance with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation), the Group provides disclosures on its Green Asset Ratio (GAR). The Taxonomy Regulation was transposed into Icelandic law by Act no. 25/2023 on sustainability disclosure in the financial service sector and a classification system for sustainable investments. Regulations no. 10/2024 and no. 1207/2024 implemented Delegated Regulations (EU) 2021/2178, 2022/1214, 2023/2485 and 2023/2486, which define the technical screening criteria and templates for disclosures. The Taxonomy Regulation establishes a harmonised classification system with definitions of what constitutes environmentally sustainable economic activity. Economic activity is considered environmentally sustainable if it (i) contributes substantially to one or more of the environmental objectives, (ii) does not significantly harm any of the environmental objectives, (iii) is carried out in compliance with the minimum safeguards and (iv) complies with technical screening criteria.

The environmental objectives of the Taxonomy Regulation are:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control; and
6. Protection and restoration of biodiversity and ecosystems.

The GAR is calculated as the proportion of assets that finance economic activities considered sustainable under the classification system, in accordance with the definitions in Article 3 of Regulation (EU) 2020/852 and the applicable

screening criteria. In 2024, disclosures covered only the first two environmental objectives of the Taxonomy Regulation, i.e., climate change mitigation and climate change adaptation, as the technical screening criteria for objectives 3-6 did not enter into force in Iceland until 1 January 2025. Following the entry into force of the remaining four environmental objectives, the Group now provides disclosures covering all environmental objectives set out in the Taxonomy Regulation, instead of providing disclosures only on the first two as in previous GAR reporting.

The Group's disclosures are based on data from Icelandic companies that are required to disclose non-financial information according to Article 66 d. of Act no. 3/2006 on annual accounts. The GAR is disclosed based on data on environmentally sustainable economic activities for non-financial undertakings for the financial year 2024, for reporting with reference dates at year-end 2025. Loans to small and medium-sized enterprises (SMEs) cannot be classified as green assets, as these companies fall outside the scope of the Taxonomy Regulation and, as a result, insufficient data are available to determine whether the loans meet the Taxonomy Regulation's criteria. Additionally, mortgages and car loans to households cannot be categorised as green assets, even though a portion of them meet the environmental objectives of the Taxonomy Regulation. Due to a lack of data, it is impossible to confirm that they meet the Taxonomy Regulation's criteria of „do no significant harm“.

The Group's GAR based on turnover at year-end 2025 was 0.33% (year-end 2024: 0.20%). The Group's GAR based on capital expenditure (CAPEX) at year-end 2025 was 0.39% (year-end 2024: 0.26%).

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

	Total environmentally sustainable assets	KPI (****)	KPI (*****)	% coverage (over total assets) (***)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	<i>Green asset ratio (GAR) stock</i>	4,996	0.33%	0.39%	88.43%	31.49%
						11.57%
	Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
<i>Additional KPIs</i>	<i>GAR (flow)</i>	-	0.00%	0.09%	87.45%	35.12%
	<i>Trading book*</i>					12.55%
	<i>Financial guarantees</i>	-	16.82%	0.00%		
	<i>Assets under management</i>	2,114	3.23%	0.85%		
	<i>Fees and commissions income**</i>					

(*) For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

(**) Fees and commissions income from services other than lending and AuM. Institutions shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

(***) % of assets covered by the KPI over banks' total assets.

(****) Based on the Turnover KPI of the counterparty.

(*****) Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

1. Assets for the calculation of GAR based on turnover

1. Assets for the calculation of GAR based on turnover (continued)

2. GAR sector information based on turnover

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)			Climate Change Adaption (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCA + CCM + WTR + CE + PPC + BIO)		
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	Non-Financial corporates (Subject to NFRD)		
	[Gross] carrying amount		[Gross] carrying amount	[Gross] carrying amount		[Gross] carrying amount	[Gross] carrying amount		[Gross] carrying amount	[Gross] carrying amount		[Gross] carrying amount	[Gross] carrying amount		[Gross] carrying amount	[Gross] carrying amount		[Gross] carrying amount	[Gross] carrying amount		
	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)	
1 0311 Marine fishing	1,166	-		1,166	-		1,166	-		1,166	-		1,166	-		1,166	-		1,166	-	
2 0321 Marine aquaculture	4	-		4	-		4	-		4	-		4	-		4	-		4	-	
3 0990 Support activities for other mining and quarrying	1	-		1	-		1	-		1	-		1	-		1	-		1	-	
4 1013 Production of meat and poultry meat products	1	-		1	-		1	-		1	-		1	-		1	-		1	-	
5 1023 Processing and preserving of fish, crustaceans and molluscs	28,176	-		28,176	-		28,176	-		28,176	-		28,176	-		28,176	-		28,176	-	
6 1051 Operation of dairies and cheese making	2	-		2	-		2	-		2	-		2	-		2	-		2	-	
7 1061 Manufacture of animal and vegetable fats and oils	6,361	-		6,361	-		6,361	-		6,361	-		6,361	-		6,361	-		6,361	-	
8 1107 Manufacture of soft drinks; production of mineral waters and other bottled water	6,508	-		6,508	-		6,508	-		6,508	-		6,508	-		6,508	-		6,508	-	
9 2361 Manufacture of concrete products for construction purposes	1	-		1	-		1	-		1	-		1	-		1	-		1	-	
10 2365 Manufacture of ready-mixed concrete	462	-		462	-		462	-		462	-		462	-		462	-		462	-	
11 2399 Manufacture of other non-metalliferous mineral products n.e.c.	77	-		77	-		77	-		77	-		77	-		77	-		77	-	
12 2851 Manufacture of instruments and appliances for measuring, testing and navigatio	1	-		1	-		1	-		1	-		1	-		1	-		1	-	
13 2852 Manufacture of medical and dental instruments and supplies	8	-		8	-		8	-		8	-		8	-		8	-		8	-	
14 3312 Repair of machines	181	-		181	-		181	-		181	-		181	-		181	-		181	-	
15 3511 Production of electricity	2,954	2,939		2,954	-		2,954	-		2,954	-		2,954	-		2,954	-		2,954	2,939	
16 3512 Transmission of electricity	-	-		-	-		-	-		-	-		-	-		-	-		-	-	
17 3530 Steam and air conditioning supply	2,714	2,058		2,714	-		2,714	-		2,714	-		2,714	-		2,714	-		2,714	2,058	
18 3821 Treatment and disposal of non-hazardous waste	132	-		132	-		132	-		132	-		132	-		132	-		132	-	
19 3822 Treatment and disposal of hazardous and/or residential buildings	6,361	-		6,361	-		6,361	-		6,361	-		6,361	-		6,361	-		6,361	-	
20 4511 Sale of cars and light motor vehicles	10,777	-		10,777	-		10,777	-		10,777	-		10,777	-		10,777	-		10,777	-	
21 4630 Non-specialised wholesale of food, beverages and tobacco	656	-		656	-		656	-		656	-		656	-		656	-		656	-	
22 4643 Wholesale of electrical household appliances	292	-		292	-		292	-		292	-		292	-		292	-		292	-	
23 4644 Wholesale of pharmaceutical goods	659	-		659	-		659	-		659	-		659	-		659	-		659	-	
24 4671 Wholesale of solid, liquid and gaseous fuels and related products	3,783	-		3,783	-		3,783	-		3,783	-		3,783	-		3,783	-		3,783	-	
25 4711 Retail sale in specialised stores with food, beverages or tobacco predominant	4,116	-		4,116	-		4,116	-		4,116	-		4,116	-		4,116	-		4,116	-	
26 4719 Other retail sale in nonspecialised stores	2,908	-		2,908	-		2,908	-		2,908	-		2,908	-		2,908	-		2,908	-	
27 4730 Retail sale of automotive fuel in specialised stores	10,240	-		10,240	-		10,240	-		10,240	-		10,240	-		10,240	-		10,240	-	
28 4773 Dispensing chemist in specialised stores	1,419	-		1,419	-		1,419	-		1,419	-		1,419	-		1,419	-		1,419	-	
29 5020 Sea and coastal freight water transport	1,365	-		1,365	-		1,365	-		1,365	-		1,365	-		1,365	-		1,365	-	
30 5220 Service activities incidental to air transport	15,830	-		15,830	-		15,830	-		15,830	-		15,830	-		15,830	-		15,830	-	
31 5310 Postal activity	20,220	-		20,220	-		20,220	-		20,220	-		20,220	-		20,220	-		20,220	-	
32 5510 Hotels and similar accommodation	5	-		5	-		5	-		5	-		5	-		5	-		5	-	
33 6110 Wired telecommunications activities	-	-		-	-		-	-		-	-		-	-		-	-		-	-	
34 6120 Wireless telecommunications activities	4	-		4	-		4	-		4	-		4	-		4	-		4	-	
35 6210 Computer programming, consultancy and related activities	803	-		803	-		803	-		803	-		803	-		803	-		803	-	
36 6220 Computer consultancy activities	42,515	-		42,515	-		42,515	-		42,515	-		42,515	-		42,515	-		42,515	-	
37 6820 Renting and operating of own or leased real estate	1	-		1	-		1	-		1	-		1	-		1	-		1	-	
38 6920 Accounting, bookkeeping and auditing activities; tax consultancy	1	-		1	-		1	-		1	-		1	-		1	-		1	-	
39 7022 Business and other management consultancy activities	3	-		3	-		3	-		3	-		3	-		3	-		3	-	
40 7112 Engineering activities and related technical consultancy	32,168	-		32,168	-		32,168	-		32,168	-		32,168	-		32,168	-		32,168	-	
41 7120 Renting and leasing of cars and light motor vehicles	-</																				

3. GAR KPI stock based on turnover

% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2025																								Proportion of total assets covered				
	Climate Change Mitigation (CCM)				Climate Change Adaption (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM + CCA)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)						
GAR - Covered assets in both numerator and denominator																													
1 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	61.29%	0.48%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60.58%			
2 Financial undertakings	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.78%			
3 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.56%			
4 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.19%			
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.37%			
6 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
7 Other financial corporations	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.21%			
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%			
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%			
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%			
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%			
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%			
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
16 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%			
17 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%			
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
20 Non-financial undertakings	27.90%	2.43%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.82%			
21 Loans and advances	26.85%	1.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.65%			
22 Debt securities, including UoP	99.56%	99.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.17%			
23 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%			
24 Households	89.46%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37.82%			
25 of which loans collateralised by residential immovable property	99.66%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.95%			
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
27 of which motor vehicle loans	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.21%			
28 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.07%			
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.07%			
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.07%			
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09%			
32 Total GAR assets	41.99%	0.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88.43%			

3. GAR KPI stock based on turnover (continued)

% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2024																											
	Climate Change Mitigation (CCM)				Climate Change Adaption (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCA + CCM + WTR + CE + PPC + BIO)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
	Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																											
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	64.76%	0.30%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64.76%	0.30%	-	-	-	-	60.21%	
2	Financial undertakings	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-	7.06%	
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.89%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.27%
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.63%
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-	3.17%	
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07%
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	Non-financial undertakings	21.99%	1.39%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21.99%	1.39%	-	-	-	-	12.80%	
21	Loans and advances	20.89%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.89%	0.00%	-	-	-	-	12.62%	
22	Debt securities, including UoP	99.79%	99.79%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99.79%	99.79%	-	-	-	-	0.18%	
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Households	92.97%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92.97%	-	-	-	-	-	38.91%	
25	of which loans collateralised by residential immovable property	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	-	35.20%	
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	-	0.98%	
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.43%
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.22%
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.21%
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
32	Total GAR assets	44.51%	0.20%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44.51%	0.20%	-	-	-	-	87.59%	

4. GAR KPI flow based on turnover

% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2025																						
	Climate Change Mitigation (CCM)			Climate Change Adaption (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCA + CCM + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																						
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	39.23%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39.23%	-	-	-	56.74%
2	Financial undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.60%
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.06%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.48%
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.58%
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.54%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Non-financial undertakings	13.34%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.34%	-	-	-	13.81%
21	Loans and advances	13.34%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.81%
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Households	78.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78.56%	-	-	-	25.99%
25	of which loans collateralised by residential immovable property	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	20.42%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	0.34%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.34%	-	-	-	2.07%
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.34%
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.34%
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Total GAR assets	25.45%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.45%	-	-	-	87.45%

5. KPI off-balance sheet exposures based on turnover

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31.12.2025																				
		Climate Change Mitigation (CCM)			Climate Change Adaption (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCA + CCM + WTR + CE + PPC + BIO)		
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which Use of Proceeds	Of which enabling	
1	Financial guarantees (FinGuar KPI)	16.82%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.82%	-	-
2	Assets under management (AuM KPI)	3.23%	0.85%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.23%	0.85%	-

1. Assets for the calculation of GAR based on CapEx

Million ISK	Disclosure reference date 31.12.2025																						
	Total [gross] carrying amount	Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCA + CCM + WTR + CE + PPC + BIO)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Par af umhverfissjálfbær (falla að flokkunarkerfinu)			Par af umhverfissjálfbær (falla að flokkunarkerfinu)			Par af umhverfissjálfbær (falla að flokkunarkerfinu)			Of which environmentally sustainable (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																							
1 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	1,051,664	668,151	5,916	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	668,151	5,916	-	-
2 Financial undertakings	169,753	52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52	-	-	-
3 Credit institutions	113,956	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,079	3,231	-	-
4 Loans and advances	72,810	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,685	2,685	-	-
5 Debt securities, including UoP	41,146	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Other financial corporations	55,797	52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52	-	-	-
8 of which investment firms	855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	331	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	524	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which management companies	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Loans and advances	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial undertakings	205,246	80,764	5,916	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,764	5,916	-	-
21 Loans and advances	202,295	78,079	3,231	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,079	3,231	-	-
22 Debt securities, including UoP	2,952	2,685	2,685	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,685	2,685	-	-
23 Equity instruments	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Households	656,535	587,335	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	587,335	-	-	-
25 of which loans collateralised by residential immovable property	589,345	587,335	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	587,335	-	-	-
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 of which motor vehicle loans	21,029	21,029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,029	-	-	-
28 Local governments financing	18,632	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	18,632	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable	1,498	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets excluded from the numerator for GAR calculation (covered by the denominator)	483,301	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33 Financial and Non-financial undertakings	446,079	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	419,496	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 Loans and advances	416,982	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36 of which loans collateralised by commercial immovable property	192,306	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38 Debt securities	2,129	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39 Equity instruments	385	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40 Non-EU country counterparties not subject to NFRD disclosure obligations	26,583	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41 Loans and advances	26,331	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42 Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43 Equity instruments	252	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44 Derivatives	5,304	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 On demand interbank loans	7,260	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46 Cash and cash-related assets	3,284	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47 Other categories of assets (e.g. Goodwill, commodities etc.)	21,374	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48 Total GAR assets	1,534,965	668,151	5,91																				

1. Assets for the calculation of GAR based on CapEx (continued)

Million ISK	Disclosure reference date 31.12.2024																									
	Total [gross] carrying amount	Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCA + CCM + WTR + CE + PPC + BIO)						
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)						
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling				
GAR - Covered assets in both numerator and denominator																										
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	974,183	658,069	3,656	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	658,069	3,656	-	-	-	
2	Financial undertakings	114,131	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9	-	-	-	-	
3	Credit institutions	62,882	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71,350	1,442	-	-	-	
4	Loans and advances	36,626	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,214	2,214	-	-	-	
5	Debt securities, including UoP	26,256	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,850	85	-	-	-	
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,743	255	-	-	-	
7	Other financial corporations	51,249	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9	-	-	-	-	
8	of which investment firms	1,126	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Loans and advances	847	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Equity instruments	279	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	of which management companies	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	Loans and advances	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	of which insurance undertakings	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
17	Loans and advances	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	Non-financial undertakings	206,773	73,564	3,656	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	73,564	3,656	-	-	-	
21	Loans and advances	203,902	71,350	1,442	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71,350	1,442	-	-	-	
22	Debt securities, including UoP	2,871	-	-	2,214	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,214	-	-	-	-	
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
24	Households	628,693	584,496	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	584,496	-	-	-	-	
25	of which loans collateralised by residential immovable property	568,643	568,643	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	568,643	-	-	-	-	
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
27	of which motor vehicle loans	15,853	15,853	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,853	-	-	-	-	
28	Local governments financing	23,148	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
29	Housing financing	3,533	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30	Other local government financing	19,615	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
31	Collateral obtained by taking possession: residential and commercial immovable	1,438	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	441,120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
33	Financial and Non-financial undertakings																									
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																									
35	Loans and advances																									
36	of which loans collateralised by commercial immovable property																									
37	of which building renovation loans																									
38	Debt securities																									
39	Equity instruments																									
40	Non-EU country counterparties not subject to NFRD disclosure obligations																									
41	Loans and advances																									
42	Debt securities																									

2. GAR sector information based on CapEx

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)		Climate Change Adaption (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		Total (CCM + CCM + WTR + CE + PPC + BIO)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
	[Gross] carrying amount	Mn ISK	[Gross] carrying amount	Mn ISK	[Gross] carrying amount	Mn ISK	[Gross] carrying amount	Mn ISK	[Gross] carrying amount	Mn ISK	[Gross] carrying amount	Mn ISK	[Gross] carrying amount	Mn ISK	[Gross] carrying amount	Mn ISK																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
1	0311 Marine fishing	1,166	2	0321 Marine aquaculture	4	3	1013 Production of meat and poultry meat products	1	4	1020 Processing and preserving of fish, crustaceans and molluscs	28,176	5	1051 Operation of dairies and cheese making	2	6	1091 Manufacture of prepared feeds for farm animals	6,389	7	1107 Manufacture of soft drinks; production of mineral waters and other bottled water	8,508	8	1261 Manufacture of concrete products for construction purposes	1	9	1263 Manufacture of ready-mixed concrete	462	10	1299 Manufacture of other non-metallic mineral products n.e.c.	77	11	1251 Manufacture of instruments and appliances for measuring, testing and navigation	1	12	1252 Manufacture of medical and dental instruments and supplies	8	13	1253 Manufacture of pharmaceutical products	11	14	1254 Transmission of electricity	2,954	15	1251 Production of electricity	2,954	16	1252 Transmission of electricity	2,954	17	1352 Steam and air conditioning supply	2,714	18	1382 Treatment and disposal of non-hazardous waste	132	19	1412 Construction of residential and non-residential buildings	6,366	20	1451 Sale of cars and light motor vehicles	10,777	21	1463 Non-specialised wholesale of food, beverages and tobacco	656	22	1463 Wholesale of electrical household appliances	292	23	1463 Wholesale of pharmaceutical goods	659	24	1471 Wholesale of food, drink and tobacco fuels and related products	3,783	25	1490 Non-specialised wholesale trade	2	26	1471 Retail sale in non-specialised stores with food, beverages or tobacco predominant	4,116	27	14719 Other retail sale in nonspecialised stores	2,908	28	14730 Retail sale of automotive fuel in specialised stores	10,240	29	14773 Dispensing chemist in specialised stores	1,419	30	15020 Sea and coastal freight water transport	1,365	31	15110 Passenger air transport	-	32	15223 Service activities incidental to air transportation	15,830	33	15510 Hotels and similar accommodation	5	34	15110 Wired telecommunications activities	-	35	15120 Wireless telecommunications activities	4	36	15201 Computer programming activities	803	37	15202 Computer consultancy activities	42,515	38	15820 Renting and operating of own or leased real estate	1	39	16920 Accounting, bookkeeping and auditing activities; tax consultancy	1	40	17022 Business and other management consultancy activities	3	41	17112 Engineering activities and related technical consultancy	32,168	42	17990 Other business and related activities	84	43	18020 Security systems service activities	249	44	18112 General cleaning of buildings	1	45	18210 Other professional, scientific and technical activities	84	46	18220 Other professional, scientific and technical activities	249	47	18230 Other professional, scientific and technical activities	1	48	18240 Other professional, scientific and technical activities	84	49	18250 Other professional, scientific and technical activities	249	50	18260 Other professional, scientific and technical activities	1	51	18270 Other professional, scientific and technical activities	84	52	18280 Other professional, scientific and technical activities	249	53	18290 Other professional, scientific and technical activities	1	54	18300 Other professional, scientific and technical activities	84	55	18310 Other professional, scientific and technical activities	249	56	18320 Other professional, scientific and technical activities	1	57	18330 Other professional, scientific and technical activities	84	58	18340 Other professional, scientific and technical activities	249	59	18350 Other professional, scientific and technical activities	1	60	18360 Other professional, scientific and technical activities	84	61	18370 Other professional, scientific and technical activities	249	62	18380 Other professional, scientific and technical activities	1	63	18390 Other professional, scientific and technical activities	84	64	18400 Other professional, scientific and technical activities	249	65	18410 Other professional, scientific and technical activities	1	66	18420 Other professional, scientific and technical activities	84	67	18430 Other professional, scientific and technical activities	249	68	18440 Other professional, scientific and technical activities	1	69	18450 Other professional, scientific and technical activities	84	70	18460 Other professional, scientific and technical activities	249	71	18470 Other professional, scientific and technical activities	1	72	18480 Other professional, scientific and technical activities	84	73	18490 Other professional, scientific and technical activities	249	74	18500 Other professional, scientific and technical activities	1	75	18510 Other professional, scientific and technical activities	84	76	18520 Other professional, scientific and technical activities	249	77	18530 Other professional, scientific and technical activities	1	78	18540 Other professional, scientific and technical activities	84	79	18550 Other professional, scientific and technical activities	249	80	18560 Other professional, scientific and technical activities	1	81	18570 Other professional, scientific and technical activities	84	82	18580 Other professional, scientific and technical activities	249	83	18590 Other professional, scientific and technical activities	1	84	18600 Other professional, scientific and technical activities	84	85	18610 Other professional, scientific and technical activities	249	86	18620 Other professional, scientific and technical activities	1	87	18630 Other professional, scientific and technical activities	84	88	18640 Other professional, scientific and technical activities	249	89	18650 Other professional, scientific and technical activities	1	90	18660 Other professional, scientific and technical activities	84	91	18670 Other professional, scientific and technical activities	249	92	18680 Other professional, scientific and technical activities	1	93	18690 Other professional, scientific and technical activities	84	94	18700 Other professional, scientific and technical activities	249	95	18710 Other professional, scientific and technical activities	1	96	18720 Other professional, scientific and technical activities	84	97	18730 Other professional, scientific and technical activities	249	98	18740 Other professional, scientific and technical activities	1	99	18750 Other professional, scientific and technical activities	84	100	18760 Other professional, scientific and technical activities	249	101	18770 Other professional, scientific and technical activities	1	102	18780 Other professional, scientific and technical activities	84	103	18790 Other professional, scientific and technical activities	249	104	18800 Other professional, scientific and technical activities	1	105	18810 Other professional, scientific and technical activities	84	106	18820 Other professional, scientific and technical activities	249	107	18830 Other professional, scientific and technical activities	1	108	18840 Other professional, scientific and technical activities	84	109	18850 Other professional, scientific and technical activities	249	110	18860 Other professional, scientific and technical activities	1	111	18870 Other professional, scientific and technical activities	84	112	18880 Other professional, scientific and technical activities	249	113	18890 Other professional, scientific and technical activities	1	114	18900 Other professional, scientific and technical activities	84	115	18910 Other professional, scientific and technical activities	249	116	18920 Other professional, scientific and technical activities	1	117	18930 Other professional, scientific and technical activities	84	118	18940 Other professional, scientific and technical activities	249	119	18950 Other professional, scientific and technical activities	1	120	18960 Other professional, scientific and technical activities	84	121	18970 Other professional, scientific and technical activities	249	122	18980 Other professional, scientific and technical activities	1	123	18990 Other professional, scientific and technical activities	84	124	19000 Other professional, scientific and technical activities	249	125	19010 Other professional, scientific and technical activities	1	126	19020 Other professional, scientific and technical activities	84	127	19030 Other professional, scientific and technical activities	249	128	19040 Other professional, scientific and technical activities	1	129	19050 Other professional, scientific and technical activities	84	130	19060 Other professional, scientific and technical activities	249	131	19070 Other professional, scientific and technical activities	1	132	19080 Other professional, scientific and technical activities	84	133	19090 Other professional, scientific and technical activities	249	134	19100 Other professional, scientific and technical activities	1	135	19110 Other professional, scientific and technical activities	84	136	19120 Other professional, scientific and technical activities	249	137	19130 Other professional, scientific and technical activities	1	138	19140 Other professional, scientific and technical activities	84	139	19150 Other professional, scientific and technical activities	249	140	19160 Other professional, scientific and technical activities	1	141	19170 Other professional, scientific and technical activities	84	142	19180 Other professional, scientific and technical activities	249	143	19190 Other professional, scientific and technical activities	1	144	19200 Other professional, scientific and technical activities	84	145	19210 Other professional, scientific and technical activities	249	146	19220 Other professional, scientific and technical activities	1	147	19230 Other professional, scientific and technical activities	84	148	19240 Other professional, scientific and technical activities	249	149	19250 Other professional, scientific and technical activities	1	150	19260 Other professional, scientific and technical activities	84	151	19270 Other professional, scientific and technical activities	249	152	19280 Other professional, scientific and technical activities	1	153	19290 Other professional, scientific and technical activities	84	154	19300 Other professional, scientific and technical activities	249	155	19310 Other professional, scientific and technical activities	1	156	19320 Other professional, scientific and technical activities	84	157	19330 Other professional, scientific and technical activities	249	158	19340 Other professional, scientific and technical activities	1	159	19350 Other professional, scientific and technical activities	84	160	19360 Other professional, scientific and technical activities	249	161	19370 Other professional, scientific and technical activities	1	162	19380 Other professional, scientific and technical activities	84	163	19390 Other professional, scientific and technical activities	249	164	19400 Other professional, scientific and technical activities	1	165	19410 Other professional, scientific and technical activities	84	166	19420 Other professional, scientific and technical activities	249	167	19430 Other professional, scientific and technical activities	1	168	19440 Other professional, scientific and technical activities	84	169	19450 Other professional, scientific and technical activities	249	170	19460 Other professional, scientific and technical activities	1	171	19470 Other professional, scientific and technical activities	84	172	19480 Other professional, scientific and technical activities	249	173	19490 Other professional, scientific and technical activities	1	174	19500 Other professional, scientific and technical activities	84	175	19510 Other professional, scientific and technical activities	249	176	19520 Other professional, scientific and technical activities	1	177	19530 Other professional, scientific and technical activities	84	178	19540 Other professional, scientific and technical activities	249	179	19550 Other professional, scientific and technical activities	1	180	19560 Other professional, scientific and technical activities	84	181	19570 Other professional, scientific and technical activities	249	182	19580 Other professional, scientific and technical activities	1	183	19590 Other professional, scientific and technical activities	84	184	19600 Other professional, scientific and technical activities	249	185	19610 Other professional, scientific and technical activities	1	186	19620 Other professional, scientific and technical activities	84	187	19630 Other professional, scientific and technical activities	249	188	19640 Other professional, scientific and technical activities	1	189	19650 Other professional, scientific and technical activities	84	190	19660 Other professional, scientific and technical activities	249	191	19670 Other professional, scientific and technical activities	1	192	19680 Other professional, scientific and technical activities	84	193	19690 Other professional, scientific and technical activities	249	194	19700 Other professional, scientific and technical activities	1	195	19710 Other professional, scientific and technical activities	84	196	19720 Other professional, scientific and technical activities	249	197	19730 Other professional, scientific and technical activities	1	198	19740 Other professional, scientific and technical activities	84	199	19750 Other professional, scientific and technical activities	249	200	19760 Other professional, scientific and technical activities	1	201	19770 Other professional, scientific and technical activities	84	202	19780 Other professional, scientific and technical activities	249	203	19790 Other professional, scientific and technical activities	1	204	19800 Other professional, scientific and technical activities	84	205	19810 Other professional, scientific and technical activities	249	206	19820 Other professional, scientific and technical activities	1	207	19830 Other professional, scientific and technical activities	84	208	19840 Other professional, scientific and technical activities	249	209	19850 Other professional, scientific and technical activities	1	210	19860 Other professional, scientific and technical activities	84	211	19870 Other professional, scientific and technical activities	249	212	19880 Other professional, scientific and technical activities	1	213	19890 Other professional, scientific and technical activities	84	214	19900 Other professional, scientific and technical activities	249	215	19910 Other professional, scientific and technical activities	1	216	19920 Other professional, scientific and technical activities	84	217	19930 Other professional, scientific and technical activities	249	218	19940 Other professional, scientific and technical activities	1	219	19950 Other professional, scientific and technical activities	84	220	19960 Other professional, scientific and technical activities	249	221	19970 Other professional, scientific and technical activities	1	222	19980 Other professional, scientific and technical activities	84	223	19990 Other professional, scientific and technical activities	249	224	20000 Other professional, scientific and technical activities	1

3. GAR KPI stock based on CapEx

% (compared to total covered assets in the denominator)		Disclosure reference date 31.12.2025																		Proportion of total assets covered
		Climate Change Mitigation (CCM)			Climate Change Adaption (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCA + CCM + WTR + CE + PPC + BIO)
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
GAR - Covered assets in both numerator and denominator		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	
1	Loans and advances, debt securities and equity instruments not H1T eligible for GAR calculation	63.53%	0.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	63.53%	0.56%	-	-
2	Financial undertakings	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.56%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.19%
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.37%
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	0.09%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09%	-	-	3.21%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Non-financial undertakings	39.35%	2.88%	-	-	-	-	-	-	-	-	-	-	-	-	-	39.35%	2.88%	-	11.82%
21	Loans and advances	38.60%	1.60%	-	-	-	-	-	-	-	-	-	-	-	-	-	38.60%	1.60%	-	11.65%
22	Debt securities, including UoP	90.96%	90.96%	-	-	-	-	-	-	-	-	-	-	-	-	-	90.96%	90.96%	-	0.17%
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
24	Households	89.46%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89.46%	-	-	37.82%
25	of which loans collateralised by residential immovable property	99.66%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99.66%	-	-	33.95%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	1.21%
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.07%
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.07%
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09%
32	Total GAR assets	43.53%	0.39%	-	-	-	-	-	-	-	-	-	-	-	-	-	43.53%	0.39%	-	88.43%

3. GAR KPI stock based on CapEx (continued)

% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2024																				Proportion of total assets covered		
	Climate Change Mitigation (CCM)			Climate Change Adaption (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCA + CCM + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
Of which Use of Proceeds			Of which Use of Proceeds			Of which Use of Proceeds			Of which Use of Proceeds			Of which Use of Proceeds			Of which Use of Proceeds			Of which Use of Proceeds			Of which Use of Proceeds		
GAR - Covered assets in both numerator and denominator																							
1 Loans and advances, debt securities and equity instruments not H1T eligible for GAR calculation	67.65%	0.38%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67.65%	0.38%	-	-	-	60.21%
2 Financial undertakings	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	7.06%
3 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.89%
4 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.27%
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.63%
6 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Other financial corporations	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	-	-	-	-	3.17%
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07%
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
17 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial undertakings	35.58%	1.77%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35.58%	1.77%	-	-	-	12.80%
21 Loans and advances	34.99%	0.71%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34.99%	0.71%	-	-	-	12.62%
22 Debt securities, including UoP	77.12%	77.12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77.12%	77.12%	-	-	-	0.18%
23 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Households	92.97%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92.97%	-	-	-	-	38.91%
25 of which loans collateralised by residential immovable property	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	35.20%
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 of which motor vehicle loans	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	0.98%
28 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.43%
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.22%
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.21%
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
32 Total GAR assets	46.50%	0.26%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46.50%	0.26%	-	-	-	87.51%

4. GAR KPI flow based on CapEx

% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2025																				Proportion of total assets covered		
	Climate Change Mitigation (CCM)			Climate Change Adaption (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCA + CCM + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)				
	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional			
	GAR - Covered assets in both numerator and denominator																						
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	39.51%	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39.51%	0.15%	-	-	56.74%
2	Financial undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.60%
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.06%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.49%
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.58%
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.54%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Non-financial undertakings	14.50%	0.60%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.50%	0.60%	-	-	13.81%
21	Loans and advances	14.50%	0.60%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.50%	0.60%	-	-	13.81%
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Households	78.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78.56%	-	-	-	25.99%
25	of which loans collateralised by residential immovable property	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	20.42%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	0.34%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.34%	-	-	-	2.07%
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.34%
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.34%
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Total GAR assets	25.64%	0.09%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.64%	0.09%	-	-	87.45%

5. KPI off-balance sheet exposures based on CapEx

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31.12.2025																				
		Climate Change Mitigation (CCM)			Climate Change Adaption (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCA + CCM + WTR + CE + PPC + BIO)		
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
1	Financial guarantees (FinGuar KPI)	10.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.05%	-	-
2	Assets under management (AUM KPI)	3.90%	0.92%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.90%	0.92%	-

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Template 2 Taxonomy-aligned economic activities (denominator) based on turnover

Amount in million ISK

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,996	0.33%	4,996	0.33%	-	-
8.	Total applicable KPI	4,996	0.33%	4,996	0.33%	-	-

Template 3 Taxonomy-aligned economic activities (numerator) based on turnover

Amount in million ISK

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	4,996	100.00%	4,996	100.00%	-	-
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	4,996	100.00%	4,996	100.00%	-	-

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities based on turnover

Amount in million ISK

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	639,603	100.00%	639,603	100.00%	-	-
8.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	639,603	100.00%	639,603	100.00%	-	-

Template 5 Taxonomy non-eligible economic activities based on turnover

Amount in million ISK

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,091,284	62.87%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	1,091,284	62.87%

Template 2 Taxonomy-aligned economic activities (denominator) based on CapEx

Amount in million ISK

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5,916	0.39%	5,916	0.39%	-	-
8.	Total applicable KPI	5,916	0.39%	5,916	0.39%	-	-

Template 3 Taxonomy-aligned economic activities (numerator) based on CapEx

Amount in million ISK

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	5,916	100.00%	5,916	100.00%	-	-
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	5,916	100.00%	5,916	100.00%	-	-

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities based on CapEx

Amount in million ISK

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	662,235	100.00%	662,235	100.00%	-	-
8.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	662,235	100.00%	662,235	100.00%	-	-

Template 5 Taxonomy non-eligible economic activities based on CapEx

Amount in million ISK

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,067,732	61.51%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	1,067,732	61.51%

