



Asset Management Company

Interim Financial Statements

1 January - 30 June 2025

Stefnir hf.
Borgartun 19
105 Reykjavík

Reg. no. 700996-2479

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In the case of any discrepancy between the English and the Icelandic texts, the Icelandic versions shall prevail and questions of interpretation will be addressed solely in the Icelandic language.

Report and endorsement of the board of directors and the managing director

Stefnir hf. is an independent financial institution pursuant to the Financial Undertakings Act No. 161/2002. The company operates on the basis of an operating license from the Financial Supervisory Authority of the Central Bank of Iceland as a manager of UCITS pursuant to Act No. 116/2021 on Undertakings for Collective Investment in Transferable Securities (UCITS) and as an alternative investment fund manager pursuant to Act No. 45/2020 on Alternative Investment Fund Managers. The company's operating license also applies to asset management, investment advice, and the custody and management of unit shares or shares in funds for collective investment.

The purpose of Stefnir hf. is to operate UCITS and alternative investment funds. Stefnir is a well-established Icelandic fund management company which was founded in 1996 and has approximately ISK 344 billion under management. Stefnir is a subsidiary of Arion Bank hf. and an associated company, and the A-part of the Financial Statements is part of the Consolidated Financial Statements of the Bank and its subsidiaries.

The Interim Financial Statements of the company are divided in two: part A which includes the Interim Financial Statements of Stefnir hf. and part B which includes the Interim Financial Statements of UCITS, and alternative investment funds marketed towards the public. The Interim Financial Statements have been prepared in accordance with the Annuals Account Act, the Financial Undertakings Act and the rules of the Financial Supervisory Authority of the Central Bank of Iceland on the accounts of UCITS management companies and alternative investment fund managers.

Operations in the first half of 2025

The company reported earnings of ISK 464 million in the period according to the income statement. The company's equity at the end of the period was approximately ISK 2.3 billion according to the balance sheet. The capital ratio, calculated according to the Financial Undertakings Act, is 52.3%, the minimum allowed by law being 8.0%.

At the beginning and end of the period, the company's share capital was ISK 43.5 million and was entirely owned by Arion Bank hf. and a related company.

Highlights of the first half of 2025

Stefnir's annual general meeting was held on 7 May 2025 and a resolution was passed to pay a dividend of ISK 1,100 million to the shareholders. The company's board of directors, elected at the meeting, comprises Jón Óttar Birgisson, chairman, Hrefna Ösp Sigfinnsdóttir, board member and Kristín María Dýrfjörð, board member. The managing director of Stefnir is Jón Finnbogason. The board of directors of Stefnir has two committees: the audit and risk committee, and the remuneration committee.

Product development at Stefnir has always been one of the key factors behind the company's growth and ability to compete, and the diversity of the company's revenue streams can partly be attributed to innovation and product development across the organization. During the spring, Stefnir began to develop funds involved in real estate-related projects, and Stefnir has a proven track record of establishing and managing this type of fund.

During the year two funds were established, both of which have listed bonds on Nasdaq OMX. The fund SÍL 3 hs., which is a ISK 7 billion loan fund, has issued bonds representing half of this amount. In addition, an alternative investment fund managed by Stefnir, SEL I hs., has issued a principal protected note amounting to more than \$32 million. These transactions make alternative issues more accessible to institutional investors, which helps distribute risk in their portfolios through investments in alternative asset classes, and we anticipate further product development in this field in the next few years.

Investments in Stefnir funds marketed towards the public are no longer subject to a sales fee or minimum investment amount, either for one-off investments or fund subscriptions. This step removes potential obstacles to investing in the fund and supports Stefnir's strategy of enhancing accessibility and transparency for the benefit of fund unit holders.

The Arion app performs a vital role in making Stefnir funds more accessible to investors. The Arion app can be used by anyone, and investors can subscribe to Stefnir funds regardless of where they do their banking.

In the first half of the year, the number of Stefnir clients grew by 7.5%, with an increase both in the number of clients investing in the company's funds and the number of monthly subscriptions. Investors of all ages can choose an amount which suits them to invest through regular subscription.

In recent years, the financial sector has become increasingly efficient, including in fund transactions. By reducing costs and removing restrictions on the minimum amount of each transaction, we believe the company is making it easier for all investors to make regular savings on the securities market.

Report and endorsement of the Board of Directors and the Managing Director, cont.

Performance of assets under management

Assets under active management have increased year-to-date, growing by ISK 8 billion to reach ISK 344 billion on 30 June. In comparison, AuM amounted to ISK 316 billion on 30 June 2024 and ISK 336 billion on 31 December 2024. Assets under active management have therefore increased by 8.9% over the last 12 months and 2.4% over the last six months. The influx of new capital is primarily attributable to the establishment of new funds and the growth of short-term fixed income funds during the year. Assets under management remain well distributed between asset classes and the company's revenue structure is also good.

The main factors impacting returns generated by Stefñir funds in the first half of the year were undoubtedly global economic issues which created uncertainty on the capital markets, both in the short and long term, primarily trade tariffs and conflict. Although most markets lost significant ground after the first announcement of high tariffs on the main trading partners of the United States, US indices all quickly bounced back. Investment returns in Icelandic krónur for domestic investors in international funds did not, however, benefit from these gains as the Icelandic króna strengthened sharply against the US dollar.

Returns generated by domestic funds at Stefñir were affected by the same uncertainties as international funds, but overall, the domestic corporate market is considered to be on a firm footing. Stefñir – Dividend Fund has performed better than other domestic equities funds, and as its name indicates the fund invests in companies which have historically tended to pay dividends.

Funds investing in bonds or mixed funds primarily investing in bonds proved to be the asset class which yielded the best invest returns for Stefñir unit holders in the first half of the year. Returns on short-term bond funds continue to be among the best in the domestic market, largely as a result of how high Central Bank of Iceland policy rates were during the first six months of the year.

Risk management and monitoring

Risk management and active internal control are mainstays of the responsible operation of a fund management company. The board of directors of Stefñir has mapped the company's risk management environment. The risks facing the company have been systematically analyzed and measured, and the board is regularly informed of matters relating to risk management and internal control. Measures to manage and mitigate possible risk factors are vital to the operational security of the company. The board of directors of Stefñir has adopted a risk management policy and it applies to assets and portfolios of UCITS and alternative investment funds marketed towards the public. The company has defined its risk appetite and the board of directors monitors the key performance indicators on a regular basis. The company's sustainability risk has been assessed, and an assessment of sustainability forms part of the risk management of the company and its funds.

Outlook, risk factors and events taking place after the publication of the accounts

The board of directors of Stefñir closely monitors economic developments and their impact on Stefñir's funds and business models. Stefñir has demonstrated the ability to adapt to the changing business environment and also benefits from economies of scale in its business. The outlook is considered positive, although uncertainties linked to market volatility exist in the short and long term.

Report and endorsement of the Board of Directors and the Managing Director, cont.

Endorsement of the Board of Directors and the Managing Director

These Interim Financial Statements have been prepared in accordance with the Annuals Account Act, the Financial Undertakings Act and the rules of the Financial Supervisory Authority on the annual accounts of UCITS management companies, alternative investment fund managers, UCITS and investment funds. To the best knowledge of the board of directors and managing director, it is our opinion that the interim financial statements give a clear picture of the company's operating results in the first half of 2025, its assets, liabilities and financial position as of 30 June 2025 and cash flows during the period. The company's board of directors and managing director have today discussed the company's interim financial statements for the first half of 2025 and confirm them by means of their electronic signatures.

Reykjavik, 27. August 2025.

The Board of Directors:

Jón Óttar Birgisson, chairman of the board
Hrefna Ösp Sigfinnsdóttir, board member
Kristín María Dýrfjörð, board member

Managing Director:

Jón Finnbogason

Review Report on Interim Financial Statements

To the Board of Directors and Shareholder of Stefir hf.

We have reviewed the accompanying Interim Financial Statement of Stefir for the period of 1 January to 30 June 2025, which comprise the endorsement and signatures of the board of directors and the managing director, income statement, balance sheet, statement of cash flows, and a summary of significant accounting policies and other explanatory notes.

Management's and the Board of directors Responsibility for the Financial Statements

Management and the board is responsible for the preparation and fair presentation of this interim financial information in accordance with Icelandic Financial Statements Act, Act on Financial Undertakings and the rules of the Financial Supervisory Authority on the annual accounts of UCITS management companies, alternative investment fund managers, UCITS, investment funds and other funds under their management.

Auditor's Responsibility

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2025 and of its financial performance and its cash flows in the period, in accordance with Icelandic Financial Statements Act, Act on Financial Undertakings and Rules on the Financial Statements of management companies of UCITS.

Kopavogur, 27. August 2025

Deloitte ehf.

Gunnar Þorvarðarson
State Authorized Public Accountant

The Interim Financial Statements of Stefir hf. is electronically signed by the auditor.

Statement of Income

for the period 1 January to 30 June 2025

| | Note | 1.1. - 30.06. 2025 | 1.1. - 30.06. 2024 |
|---|------|-----------------------|-----------------------|
| Operating income | | | |
| Management and performance based fees | 5 | 1,266,449 | 1,324,019 |
| Financial income | 11 | 53,958 | 52,377 |
| Operating income | | 1,320,407 | 1,376,396 |
| Financial expense | 10 | (19,571) | (2,845) |
| Net operating income | | 1,300,836 | 1,373,551 |
| Operating expense | | | |
| Salaries and related expense | 12 | 403,321 | 356,893 |
| Service commissions to Arion bank hf. | | 239,257 | 252,837 |
| Other expense | | 84,895 | 87,238 |
| Operating expense | | 727,473 | 696,968 |
| Earnings before tax | | 573,363 | 676,583 |
| Income tax | 14 | (109,595) | (134,072) |
| Net earnings | 18 | 463,768 | 542,511 |

Statement of Financial Position

as at 30 June 2025

| | Note | 30.06.2025 | 31.12.2024 |
|--|-------|------------------|------------------|
| Assets | | | |
| Securities with fixed income | | 0 | 26,123 |
| Securities with variable income | | 790,087 | 1,040,004 |
| Total Securities | 6, 16 | 790,087 | 1,066,127 |
| Accounts receivables | 8 | 2,037,541 | 2,066,614 |
| Receivable from related parties | | 173,712 | 183,997 |
| Total Receivables | | 2,211,253 | 2,250,611 |
| Cash and cash equivalents | 9 | 54,560 | 642,952 |
| Other assets | | 4,682 | 4,733 |
| Total Other Assets | | 59,242 | 647,685 |
| Total Assets | | 3,060,582 | 3,964,423 |
| Equity | | | |
| Share capital | | 43,500 | 43,500 |
| Statutory reserve | | 10,875 | 10,875 |
| Other reserves | | 124,882 | 174,327 |
| Retained earnings | | 2,125,328 | 2,710,285 |
| Total Equity | 18 | 2,304,585 | 2,938,987 |
| Liabilities | | | |
| Deferred tax liabilities | | 19,526 | 18,998 |
| Accounts payable | | 34,835 | 8,452 |
| Accounts payable to related entities | | 59,797 | 68,525 |
| Tax liabilities | 19 | 270,232 | 307,884 |
| Other liabilities | | 371,607 | 621,577 |
| Total liabilities | | 755,997 | 1,025,436 |
| Total Equity and Liabilities | | 3,060,582 | 3,964,423 |

Statement of Cash Flows

for the period 1 January to 30 June 2025

| | Note | 1.1. - 30.06. 2025 | 1.1. - 30.06. 2024 |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net earnings | 18 | 463,768 | 542,511 |
| Non-cash items included in net earnings: | | | |
| Valuation changes of securities | | 1,446 | (21,319) |
| Income tax recognised in profit or loss | | 109,595 | 134,072 |
| | | 574,809 | 655,264 |
| Changes in operating assets and liabilities | (| 191,076) | (383,611) |
| Income tax paid | 19 | (146,719) | (172,128) |
| Net cash from operating activities | | 237,014 | 99,525 |
| Investing activities | | | |
| Purchase of securities with variable income | (| 67,724) | (367,642) |
| Sale of securities with variable income | | 315,294 | (25,692) |
| Purchase of securities with fixed income | (| 19,177) | 0 |
| Sale of securities with fixed income | | 44,576 | 0 |
| Instalment of securities with fixed income | | 1,625 | 0 |
| Investing activities | | 274,594 | (393,334) |
| Finance activities | | | |
| Dividend paid | 18 | (1,100,000) | (500,000) |
| Finance activities | | (1,100,000) | (500,000) |
| Net change in cash and cash equivalents | (| 588,392) | (793,809) |
| Cash and cash equivalents at the beginning of the year | | 642,952 | 875,483 |
| Cash and cash equivalents at the end of the period | 9 | 54,560 | 81,674 |

Notes to the Interim Financial Statements

Accounting policies

1. General information

Stefnir hf. is a limited liability entity and operates in accordance with Act. 2/1995 on Limited Liability Companies and Act. 161/2002 on Financial Undertakings. The address of Stefnir's registered office is at Borgartún 19, Reykjavík and its ID no. is 700996-2479.

Stefnir is a subsidiary of Arion Bank hf., ID no. 581008-0150, Borgartún 19, Reykjavík.

2. Financial risk management at the company

Risk management and active internal control are mainstays of the responsible operation of a fund management company. Potential risks are analyzed thoroughly and we work methodically to strengthen the entire structure of the management company.

The operation of Part B funds involves various risks, such as the impact of changes in the price of financial instruments, foreign currencies, the liquidity of debtors and interest rate changes. The risk management of the funds focuses on actions designed to manage these risks. Fund managers seek to manage risk by actively managing financial instruments where applicable. Further information on financial risk factors can be found in the prospectuses on the company's website.

3. Basis of preparation

The Interim Financial Statements of Stefnir hf. are prepared in accordance with law on Financial Statements, law on Financial Undertakings, law on Mutual Funds and the rules of the Financial Supervisory Authority on the annual accounts of UCITS management companies, alternative investment fund managers, UCITS and investment funds. The Interim Financial Statements are prepared on the historical cost basis except for Securities that are valued at fair value. The Interim Financial Statements are presented in Icelandic króna (ISK), rounded to the nearest thousand unless otherwise stated.

The Interim Financial Statements of Stefnir hf. are part of the Consolidated Financial Statements for the parent company with information on operations and financial position of the Consolidated company.

4. Use of estimates and judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses in the Financial Statements presented. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the Financial Statements.

5. Management and performance based fees

The company earns asset management fees for the operations of Stefnir's securities funds, alternative investment funds marketed towards the public and other alternative investment funds. The fee is a fixed percentage of the net assets, total assets or subscriptions of each fund and includes the following operating expenses of the funds; salaries of the employees of the operating company, marketing and management. Additionally the company earns fees for the asset management of foreign funds that are in custody of foreign entities. Performance fees are earned if certain conditions are met.

6. Securities

a. Securities with variable income

Securities owned by the company are trading assets. Fund units and shares in special purpose entities are measured at cost at the end of the period. Listed fund units are measured at market value at the end of the period.

b. Securities with fixed income

Bonds that are listed on regulated securities market which is active and price generating are measured at market price at each time. The expression "active and price generating" means that the closing price of a bond is not based on old trades, trading with an insignificant portion of the total issuance or does not reflect the fair value of the bond as valued by specialists. If the issuer of a bond is expected to default, the bond is valued at the expected recoverable amount taking into account priority order of claims.

A bond where the issuer is deemed viable but is not listed on an active and price generating securities market is measured at present value of future cash flow. The choice of yield curve used for each bond is based on general risk and the circumstances on the market at the end of the period.

Notes to the Interim Financial Statements, cont.

b. Securities with fixed income, cont.

For a bond where the issuer is not deemed viable the methods described above are deviated from and the bond is measured at expected recovery value and no interest income is realised. The estimate of expected recovery value takes into account the experience of the recovery from similar issuers, the financial statements of the issuer and statements issued by it. If the issuer is in administration, has defaulted or stated that payments of the bond will not be made the expected recovery is measured 0-1% and the bond entered into a collection process. If new information is received from issuers that have previously been fully provisioned for, the bond is re-valued, which might change the valuation of the bond to higher value. Due to significant uncertainty about the valuation of bonds the final recovery might vary considerably from the valuation at the end of the period.

7. Foreign currency transactions

Transactions in foreign currencies are translated to Icelandic króna at exchange rates at the dates of transactions, according to Reuter. Assets and liabilities denominated in foreign currency are translated at exchange rate at the end of the period.

Net foreign assets at 30 June 2025 amount to ISK 399 millions and are specified as follows:

| | EUR | USD | GBP | Other |
|---------------------------------------|----------|----------|--------|-------|
| Assets | 402,591 | 4,399 | 147 | 0 |
| Liabilities | (1,963) | (6,040) | 0 | 0 |
| Net balance 30.06.2025 | 400,628 | (1,641) | 147 | 0 |
| Net balance 31.12.2024 | 480,929 | 11,956 | 44 | 0 |
| Exchange rate of ISK 30.06.2025 | 142.15 | 120.93 | 165.73 | |
| Exchange rate of ISK 31.12.2024 | 143.89 | 138.99 | 174.02 | |

8. Receivables

Receivables are measured at nominal value deducted by impairment.

9. Cash

Cash consists of cash and deposits with credit institutions.

10. Tax assets / liabilities

The calculation of deferred tax asset / liability is based on the difference between Statement of Financial Position items as presented in the tax return on the one hand, and in the Financial Statements on the other. This difference is due to the fact that tax assessments are based on premises that differ from those governing the Financial Statements, mostly because of time difference in impairment of securities and foreign exchange gain and loss are distributed over three years in the tax return.

| | 1.1. - 30.06. 2025 | 1.1. - 30.06. 2024 |
|--|-----------------------|-----------------------|
| 11. financial income / (expense) | | |
| Financial income is specified as follows: | | |
| Valuation gain in securities assets | 0 | 24,804 |
| Interest income | 53,958 | 27,573 |
| Financial income | 53,958 | 52,377 |
| Financial expense s is specified as follows: | | |
| Valuation loss in securities assets | (9,675) | 0 |
| Foreign exchange loss | (9,863) | (2,507) |
| Interest expense | (33) | (338) |
| Financial expense | (19,571) | (2,845) |

Notes to the Interim Financial Statements, cont.

| | 1.1. - 30.06. 2025 | 1.1. - 30.06. 2024 |
|--|-----------------------|-----------------------|
| 12. Salaries and related expenses and personnel | | |
| Salaries | 312,999 | 275,430 |
| Share-based payment expenses | 1,830 | 2,335 |
| Contribution to pension funds | 51,582 | 45,572 |
| Other salary related expenses | 36,910 | 33,556 |
| Salaries and related expenses | <u>403,321</u> | <u>356,893</u> |
| Number of employees at the end of the period. | 24 | 23 |
| Average number of employees during the period. | 21 | 24 |

At the annual general meeting of Arion Bank on 16 March 2022, the board of directors of the Bank was authorized to make changes to the Bank's share option scheme and it was expanded to include employees of Stefmir. Costs relating to the share option scheme amount to ISK 1.8 million in the first half of 2025. (2.3 million in the first half of 2024). Please refer to the annual and/or interim financial statements of Arion Bank for further information on the share option scheme.

13. Leases

An agreement is in place between Stefmir hf. and Arion Bank hf. on the leasing of commercial property. The agreement was signed in December 2012. The leased office space is located on the third floor of Borgartún 19. According to the agreement the lease period is indefinite and there is no period of notice.

The lease pursuant to the agreement amounted to ISK 15.1 million in the first half of 2025. The lease is expensed under other operating expenses in the company's income statement. The corresponding payment in the first half of 2024 amounted to ISK 14.2 million.

| | 1.1. - 30.06. 2025 | 1.1. - 30.06. 2024 |
|--------------------------------|-----------------------|-----------------------|
| 14. Income tax expense | | |
| Current tax expense | 110,801 | 134,972 |
| Prior year correction | (1,734) | (1,335) |
| Deferred tax expense | 528 | 435 |
| Total Income tax expense | <u>109,595</u> | <u>134,072</u> |

15. Securities

Securities with fixed income are listed on regulated market:

| | 30.06.2025 | 31.12.2024 |
|---------------------------------|------------|---------------|
| Issued by public entities | 0 | 26,123 |
| | <u>0</u> | <u>26,123</u> |

Securities with variable income are unlisted and specified as follows:

| | 30.06.2025 | 31.12.2024 |
|--------------------------------------|----------------|------------------|
| Shares in companies | 495 | 500 |
| Shares in investment companies | 195,913 | 245,465 |
| Fund units | 593,679 | 794,039 |
| | <u>790,087</u> | <u>1,040,004</u> |
| Securities total | <u>790,087</u> | <u>1,066,127</u> |

Notes to the Interim Financial Statements, cont.

16. Related parties

Stefnir hf. has a related party relationship with the parent company, Arion Bank hf. and its subsidiaries and associates, funds under management, The Board of Directors and key management personnel at Stefnir.

No unusual transaction took place with related parties during the year. Transaction with related parties have been conducted on an arm's length basis.

Stefnir pays Arion Bank for custody services, in addition Stefnir has outsourced activities to Arion Bank, with the approval of the Financial Supervisory Authority. The main outsourced tasks are outsourcing of internal auditing, compliance, IT services, accounting and settlement services, specific tasks to the Commercial Banking division and other activities.

Transactions with related parties 1.1. - 30.06.2025

| | Revenue | Expense | Receivables/ Assets | Liabilities |
|-------------------------------|---------|---------|------------------------|-------------|
| Arion bank consolidated | 30,983 | 296,270 | 54,560 | 49,512 |
| Funds in operation | 939,748 | 0 | 173,712 | 10,285 |
| | 970,731 | 296,270 | 228,271 | 59,797 |

Transactions with related parties 1.1. - 30.06.2024

| | Revenue | Expense | Receivables/ Assets | Liabilities |
|-------------------------------|---------|---------|------------------------|-------------|
| Arion bank consolidated | 27,552 | 305,644 | 81,674 | 549,944 |
| Funds in operation | 912,938 | 0 | 160,219 | 0 |
| | 940,491 | 305,644 | 241,893 | 549,944 |

17. Assets under Management

Assets under Management in funds in operation by Stefnir at the end of the period amount to ISK 344 billions compared to ISK 336 billions at year end 2024.

18. Equity

- Share capital amounts to ISK 43.5 million at the end of the period, unchanged from year end 2024, with par value of ISK 1 per share.
- Changes in equity are specified as follows:

| | Share capital | Statutory reserve | Fair value equity reserve | Retained earnings | Total |
|--------------------------------|---------------|----------------------|------------------------------|----------------------|--------------|
| Equity 1.1.2024 | 43,500 | 10,875 | 173,165 | 2,646,274 | 2,873,814 |
| Dividend distributed | 0 | 0 | 0 | (1,000,000) | (1,000,000) |
| Net earnings | 0 | 0 | 0 | 1,060,652 | 1,060,652 |
| Fair value equity reserve | 0 | 0 | 767 | (767) | 0 |
| Share-based salary reserve | 0 | 0 | 395 | 4,126 | 4,521 |
| Equity 31.12.2024 | 43,500 | 10,875 | 174,327 | 2,710,285 | 2,938,987 |
| Equity 1.1.2025 | 43,500 | 10,875 | 174,327 | 2,710,285 | 2,938,987 |
| Dividend distributed | 0 | 0 | 0 | (1,100,000) | (1,100,000) |
| Net earnings | 0 | 0 | 0 | 463,768 | 463,768 |
| Fair value equity reserve | 0 | 0 | (44,646) | 44,646 | 0 |
| Share-based salary reserve | 0 | 0 | (4,799) | 6,629 | 1,830 |
| Equity 30.06.2025 | 43,500 | 10,875 | 124,882 | 2,125,328 | 2,304,585 |

According to the Financial Statements Act No. 3/2006 fair value changes of financial assets from the initial reporting, shall be transferred from retained earnings to a fair value equity reserve, net of tax. The fair value equity reserve is not subject to dividend payments. The fair value equity reserve shall be released in accordance with fair value changes recognized when financial asset is sold or redeemed or the assumptions for the fair value change is no longer in force.

Notes to the Interim Financial Statements, cont.

18. Equity, cont.

- c. Return on assets, presented as the ratio between net earnings and the average balance of assets according to the Balance Sheet, was 26.4% during the first half of 2025. Return on assets for the same period in 2024 was 28.1%.
- d. Equity at end of the year is ISK 2,305 million or 75.3% of total assets.
The Capital adequacy ratio of the company which is calculated according to Article 84 of the Act on Financial Undertakings is 52.3%, exceeding the minimum legal requirement of 8%.

The ratio is calculated as follows:

| | 30.06.2025 | 31.12.2024 |
|--|------------|------------|
| Total equity | 2,304,585 | 2,938,987 |
| Total own funds for solvency purposes | 2,304,585 | 2,938,987 |
| Total capital requirements are specified as follows: | | |
| Credit risk | 249,140 | 285,843 |
| Market risk | 32,062 | 39,434 |
| Capital requirement | 281,202 | 325,277 |
| Capital requirement due to fixed overheads | 352,519 | 352,519 |
| Capital adequacy ratio | 52.3% | 66.7% |

19. Tax liabilities

| | 30.06.2025 | 31.12.2024 |
|---|------------|------------|
| Changes in tax assets and liabilities are specified as follows: | | |
| Tax liability at the beginning of the year | (326,882) | (308,903) |
| Reassessment of taxes for the previous year | 1,734 | 1,335 |
| Income tax recognised in Statement of Income | (111,329) | (285,247) |
| Additional 6% tax recognised in Statement of Income | 0 | (21,752) |
| Income tax paid | 146,719 | 287,685 |
| Net tax liabilities at the end of the period | (289,758) | (326,882) |
| Specified as follows: | | |
| Current tax | (270,232) | (286,132) |
| Additional 6% tax on financial institution | 0 | (21,752) |
| Deferred tax liabilities | (19,526) | (18,998) |
| Net tax liabilities at the end of the period | (289,758) | (326,882) |
| Deferred tax liabilities are attributable to the following: | | |
| Deferred foreign exchange gain and loss | 2,531 | 3,462 |
| Provision of claims | (22,057) | (22,460) |
| Deferred tax liabilities at the end of the period | (19,526) | (18,998) |
| Tax liabilities are attributable to the following: | | |
| Income tax using the Icelandic corporation tax rate | 270,232 | 285,247 |
| Additional 6% tax on financial institutions | 0 | 22,637 |
| Tax liabilities at the end of the period | 270,232 | 307,884 |

Notes to the Interim Financial Statements, cont.

| 20. Shareholders of Stefnir hf. | 30.06.2025 | 31.12.2024 |
|---|------------|------------|
| Shareholders of Stefnir hf. with shareholding exceeding 1% of issued share capital: | | |
| Arion banki hf. | 99.93% | 99.93% |
| Shareholders of Arion banki hf.: | | |
| Gildi Pension fund | 9.55% | 9.10% |
| Pension Fund of Commerce | 9.44% | 9.00% |
| LSR - The Pension Fund for Icelandic State Employees | 9.26% | 8.79% |
| Brú Pension fund | 5.66% | 5.31% |
| Stoðir hf. | 5.07% | 5.29% |
| Frjálsi Pension fund | 3.80% | 3.58% |
| Vanguard | 3.80% | 3.63% |
| Birta Pension fund | 3.35% | 3.15% |
| Stapi Pension fund | 3.04% | 2.78% |
| Festa Pension fund | 2.61% | 2.41% |
| Hvalur hf. | 2.59% | 2.43% |
| Arion banki hf. | 2.59% | 7.42% |
| Stefnir funds | 2.22% | 2.24% |
| Lífsverk Pension fund | 1.94% | 1.82% |
| Almenni Pension fund | 1.81% | 1.70% |
| Íslandsbanki hf. | 1.66% | 1.17% |
| Eaton Vance funds | 1.38% | 1.02% |
| Landsbréf hf. | 1.08% | 1.08% |
| Íslandssjóðir hf. | 0.83% | 0.71% |
| Sjóvá-Almennar Insurance | 0.68% | 0.48% |
| Landsbankinn hf. | 0.49% | 0.32% |
| Kvika banki hf. | 0.38% | 0.19% |
| Other | 26.77% | 26.38% |
| | 100.00% | 100.00% |