



Brú lífeyrissjóður

Selected Financial Information 2025

Brú lífeyrissjóður
Sigtúni 42
105 Reykjavík

Nat. reg. ID 491098-2529

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Report of the Board of Directors

Operation of the fund

Brú Pension Fund operates in accordance with the Act on mandatory insurance of pension rights and operation of pension funds, the fund's Articles of Association and other rules and regulation applying to pension funds.

The Fund's core business according to law and regulation is to receive premiums, invest the income, and pay pensions to fund members, according to the rules that apply and are stated in the Funds articles of association.

The Fund is a mutual pension fund and operates in five divisions, A, V, R, E and B. Division A and V have a common budget and investment policy, but separate rights portfolios, and are sometimes referred to together as AV division, although it is not an actual division. Division B is divided into seven pension rights portfolios i.e.: Lífeyrissjóður Akraneskaupstaðar (LA), Eftirlaunasjóður starfsmanna Hafnarfjarðarkaupstaðar (Esh), Lífeyrissjóður starfsmanna Húsavíkurkaupstaðar (LsH), Lífeyrissjóður Neskaupsstaðar (LN), Lífeyrissjóður starfsmanna Vestmannaeyjabæjar (LV), Eftirlaunasjóður Reykjanesbæjar (ER) and Lífeyrissjóður starfsmanna Kópavogsbæjar (LSK). Division R was established when the operation of Lífeyrissjóður starfsmanna Reykjavíkurborgar (LsRb) was merged with Brú and then division E was established when the operation of Lífeyrissjóður starfsmanna Akureyrarbæjar (LSA) was merged with Brú.

Merger in 2025

The boards of directors of LSA and Brú decided to merge the funds during the year. It was agreed that the funds would merge as of 1 January 2025 and a new division was established at Brú, E division. It manages the operations, assets, debts and obligations of LSA. The main assumption for the merger was that the accrued rights and entitlements of fund members for the future would remain unchanged, as would the municipality of Akureyri guarantee. The merger will lead to both financial benefits and better utilization of the fund's employees.

Fund members and premiums

Fund members, i.e. individuals who hold rights in the Fund, regardless of whether they paid premium during the year or received pension payments, were 151.628 at the year end 2025 (2024: 145.642).

In total an average of 22.806 individuals paid premiums to the Fund (2024: 22.646) and were divided between divisions as follows:

| Number of | Divison A | Divison V | Divison R | Divison E | Divison B | Total |
|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| 2025 | 15.879 | 6.749 | 103 | 20 | 54 | 22.806 |
| 2024 | 16.007 | 6.436 | 136 | | 67 | 22.646 |
| Change | -0,8% | +4,9% | -24,1% | | -19,4% | +0,7% |

Premiums excluding additional contributions were ISK 26.532 million in 2025 (2024: ISK 24.405 million). They were divided between divisions as follows:

| ISK million | Divison A | Divison V | Divison R | Divison E | Divison B | Total |
|-------------|-----------|-----------|-----------|-----------|-----------|--------|
| 2025 | 18.823 | 7.482 | 134 | 27 | 65 | 26.532 |
| 2024 | 17.672 | 6.505 | 163 | | 65 | 24.405 |
| Change | +6,5% | +15,0% | -17,8% | | +0,1% | +8,7% |

Total premium were ISK 33.286 million in 2025 (2024: ISK 30.700 million). They were divided between divisions as follows:

| ISK million | Divison A | Divison V | Divison R | Divison E | Divison B | Total |
|-------------|-----------|-----------|-----------|-----------|-----------|--------|
| 2025 | 19.418 | 7.482 | 2.143 | 536 | 3.708 | 33.286 |
| 2024 | 18.687 | 6.625 | 2.028 | | 3.360 | 30.700 |
| Change | +3,9% | +12,9% | +5,7% | | +10,3% | +8,4% |

Information about total number of fund members and premiums for each portfolio in B division can be found in division overview in the annual accounts.

Pensioners and pension payments

On average 18.095 individuals received pension payments from the Fund's mutual division's assets in 2025 (2024: 16.315). They were divided between divisions as follows:

| Number of | Divison A | Divison V | Divison R | Divison E | Divison B | Total |
|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| 2025 | 8.961 | 2.193 | 3.995 | 829 | 2.117 | 18.095 |
| 2024 | 8.289 | 2.009 | 3.931 | 0 | 2.086 | 16.315 |
| Change | +8,1% | +9,1% | +1,6% | | +1,5% | +10,9% |

Pension fund payments amounted to ISK 25.598 million in 2025 (2024: ISK 21.438 million). They were divided between divisions as follows:

| ISK million | Divison A | Divison V | Divison R | Divison E | Divison B | Total |
|-------------|-----------|-----------|-----------|-----------|-----------|--------|
| 2025 | 9.461 | 1.041 | 8.570 | 1.620 | 4.907 | 25.598 |
| 2024 | 8.323 | 875 | 7.826 | | 4.414 | 21.438 |
| Change | +13,7% | +18,9% | +9,5% | | +11,2% | +19,4% |

Information about total number of fund members and premiums for each portfolio in B division can be found in division overview in the annual accounts.

Investment income and operating expenses

Net investment income was ISK 46.077 million in 2025 (2024: ISK 64.151 million). The Fund's operating expenses, i.e. office and administrative expenses, amounted to ISK 1.166 million (2024: ISK 1.028 million), or 0,2% of average asset position (2024: 0,2%).

The number of full-time equivalent positions during the year was 28,4 (2024: 27,1). Total salaries paid were ISK 533 million (2024: ISK 473 million) and salary related expenses were ISK 127 million (2024: ISK 116 million). Accrued holiday liability was ISK 60 million at year-end 2025 (2024: ISK 57 million).

Loans to fund members

Total value of loans to fund members amounted to ISK 77.494 million at year-end 2025 (2024: ISK 67.135 million), which accounts for 12,6% of investments (2024: 12,2%).

The fund granted 548 new loans, amounting to ISK 18.866 million (2024: 350; ISK 10.096 million). Loan payments during the year were ISK 7.077 million (2024: ISK 7.612 million). At year-end the Fund had 3.032 active loans to Fund members (2024: 2.872).

Total assets and net assets for pension payments

The Fund's total assets amounted to ISK 625.174 million at year-end 2025 (2024: ISK 557.817 million) and were divided between divisions as follows:

| ISK million | Divison A | Divison V | Divison R | Divison E | Divison B | Total |
|-------------|-----------|-----------|-----------|-----------|-----------|---------|
| 2025 | 400.224 | 95.735 | 98.543 | 14.585 | 16.087 | 625.174 |
| 2024 | 362.157 | 82.712 | 96.933 | | 16.016 | 557.817 |
| Change | +10,5% | +15,7% | +1,7% | | +0,4% | +12,1% |

Net assets for pension payments were ISK 624.405 million at year-end 2025 (2024: ISK 557.166 million) and were divided between divisions as follows:

| ISK million | Divison A | Divison V | Divison R | Divison E | Divison B | Total |
|-------------|-----------|-----------|-----------|-----------|-----------|---------|
| 2025 | 399.859 | 95.648 | 98.367 | 14.552 | 15.980 | 624.405 |
| 2024 | 361.818 | 82.634 | 96.785 | | 15.929 | 557.166 |
| Change | +10,5% | +15,7% | +1,6% | | +0,3% | +12,1% |

Information about total assets and net assets for pension payments for each pension rights portfolio in the B division can be found in division overview in the annual accounts.

Return on investment

Net nominal return in 2025 was 7,8% (2024: 12,9%) which is equal to 4,0% net real return (2024: 7,8%). Average net real return for the past 5 years was 1,7% and for the past 10 years it was 3,1%. The net nominal return of individual divisions was as follows:

| Return | Divison A | Divison V | Divison R | Divison E | Divison B | Brú |
|--------|-----------|-----------|-----------|-----------|-----------|--------|
| 2025 | +7,7% | +7,7% | +8,6% | +7,1% | +8,2% | +7,8% |
| 2024 | +13,1% | +13,1% | +12,4% | | +11,9% | +12,9% |

The Consumer Price Index for Price Protection increased from 634,7 to 658,2 in 2025, or by 3,7%. Taking inflation into account the net real return of individual divisions was as follows:

| Return | Divison A | Divison V | Divison R | Divison E | Divison B | Brú |
|--------|-----------|-----------|-----------|-----------|-----------|-------|
| 2025 | +3,8% | +3,8% | +4,7% | +3,3% | +4,3% | +4,0% |
| 2024 | +7,9% | +7,9% | +7,2% | | +6,9% | +7,8% |

Actuarial review

Actuarial review is done especially for each division of the Fund and underlying portfolios. The calculation for A and V division is based on that annual real interest rate of assets will be 3,5% in the coming years and for R, E and B divisions it is assumed that the real return will be 2,0% annually in excess of the increase in pension rights. Calculation assumptions are unchanged between years.

Total assets in excess of total liabilities divides between divisions as follows:

| ISK million | Divison A | Divison V | Divison R | Divison E | Divison B |
|-------------|-----------|-----------|-----------|-----------|-----------|
| 2025 | 12.504 | 4.580 | -3.740 | 446 | -13.862 |
| 2024 | 16.940 | 4.314 | 3.050 | | -11.618 |
| Change | -26,2% | +6,2% | -222,7% | | +19,3% |

The ratio of total assets to total liabilities of each division is as follows:

| % | Divison A | Divison V | Divison R | Divison E | Divison B |
|------|-----------|-----------|-----------|-----------|-----------|
| 2025 | +1,9% | +2,3% | -2,6% | +1,6% | -17,4% |
| 2024 | +2,8% | +2,5% | +2,3% | | -15,5% |

The result of the actuarial examination for A and V division are within the limits required in Article 39. Act no. 129/1997 on the mandatory insurance of pension rights and the operation of pension funds.

The calculation assumptions for disability, marriage and child probabilities are unchanged since the Fund's last actuarial review. Disability probabilities are based on experience of the years 2018-2023 and are then adjusted to the experience of each division at the Fund. The probability of marriage and childbearing is based on the experience of the years 2019-2023.

Corporate governance

The board and management of Brú Pension Fund have set themselves the target of being guided at all times by principles of good governance. The Fund has established rules of procedure of the board in accordance with article no. 51 of rules no. 335/2015 regarding the operation of pension funds. In formulating works ethics, the board has taken account of and used for guidance the guidelines on corporate governance issued by the Iceland Chamber of Commerce, Nasdaq OMX Iceland hf. and the Confederation of Icelandic Employers.

The Fund follows the instructions essentially, but deviates it in part, mainly if it does not apply for pension funds, for example for items concerning shareholders and shareholders meetings.

The board of directors is responsible for the Funds operations and that its structure and operation is in accordance with provisions of the law, regulation and the Funds articles of associations. The board appoints an audit committee of three that answers directly to the board of directors, but its role is to assist the board of directors to fulfill its monitoring duties regarding the audit of the financial statements, internal control and risk management. Further information regarding the board of directors, individual board members and its governance can be found in a separate statement of governance which is attached to the financial statements and is also on the Funds website.

Risk management

The Fund's risk policy and risk appetite were reviewed in 2025 and the updated policy was approved by the board on 17 February 2026. The purpose of the risk policy is to ensure that the Fund has at its disposal a secure monitoring system for risks in the Fund's operations.

Risk in the Funds operation is defined in accordance with Act no. 129/1997 on mandatory insurance of pension rights and operation of pension funds and in regulation no. 590/2017 on pension funds risk control system. The risk covers both incidents relating to the Funds assets and liabilities as well as operational aspects.

The Fund's risk manage is discussed in more detail in Notes 45-53 and in the divisional section of the annual accounts.

Non-financial information disclosure

Pension funds are considered entities related to the public interest as defined in the annual accounts act no 3/2006, as amended. Brú Pension Fund follows provision no. 66(d) of the annual accounts act, stating that a summary attached to the report of the board of directors, shall include information necessary to evaluate the development, scope, position and impact of the entity in relation to environmental, social and human resource matters. The entity's human rights policy and how it deals with corruption and bribery shall also be explained.

The Fund defines green assets in accordance with the EU Classification Regulation (2020/852). That regulation defines how sustainable or green a company's business activities are, but companies in the financial market must use the information to inform how it is reflected in their activities.

The green ownership ratio of individual divisions was between 0,4% and 2,9% at year-end. It is calculated based on the turnover or investment fees of the underlying companies and includes all investment assets of the fund, excluding assets with a government guarantee.

One of the goals of the EU classification regulation is to promote investment in sustainable operations and prevent greenwashing. The regulation entered into force on June 1, 2023, but the EEA sustainability framework has recently been revised with the aim of reducing the information burden for companies and simplifying the implementation of the regulation. It is clear that the arrangement and scope of this disclosure will undergo changes in the coming years. Information published here should therefore be viewed with caution, as the implementation and development of sustainability information is still in its early stages.

Non-financial information, as required by law, is disclosed in a special appendix which is a part of the Fund's annual accounts.

Development of the Fund and future prospects

The role of the Fund is, as before, to pay pensions and invest assets within the framework of legislation and approved investment policy, with the aim of meeting long-term pension obligations. Indirect liability of employers no longer exists, except in relation to those fund members who began drawing their pension before 1 June 2017 or were 60 years of age or older at that time. The rights of this group will neither decrease nor increase in the event of changes in the rights of other fund members.

In the final months of 2025, the Supreme Court delivered several judgments dealing with the interpretation of legal provisions and terms of variable-rate mortgages to individuals. Following the case law, increased uncertainty was created in the market for such loans. The Fund's response included changing the supply of indexed loans so that only fixed-rate loans were offered for the duration of the loan period. At the same time, the granting of non-indexed loans was temporarily suspended. The ratio of fund member loans in division A and V portfolios remains in the same range as in recent years, and this ratio is not expected to change significantly in the near future.

In 2025, the Board of Directors, management and staff began work on the Fund's strategy until 2030. In this work, a vision for the future was formulated and guiding principles defined in accordance with the Fund's values. The policy formulation is based on the role of the Fund according to law and its Articles of Association, while at the same time emphasizing foresight, increased efficiency in operations and preparing the Fund for an ever-changing working environment. In this context, consideration is given to utilising technological innovations, including artificial intelligence, to improve decision-making, working practices and services to fund members. It is also planned to explore the possibilities of further mergers of pension funds, with the aim of strengthening the operational strength, efficiency and long-term benefits of fund members.

Events after the conclusion of the financial year

No events that give rise to corrections or additional information in the annual accounts for the year 2025 have occurred after the reporting date of these annual accounts.

Impact of uncertainty in external work environment

In recent years, tension in the international system has risen sharply, and there are no clear signs that this tension will ease in the near future. Such a situation leads to increased uncertainty, which can have a negative impact on the financial markets and thereby on the Fund's performance, as it invests in markets around the world.

The pension Fund is a long-term investor and its goal is to invest in assets in accordance with approved investment policy and within the authorizations granted to the Fund by law. Emphasis is placed on managing the Fund's assets in a professional manner and distribute assets between classes of assets to reduce the risk the Fund is exposed to.

An significant turmoil has been in asset markets after the US government announced early April 2025 an increase in import tariffs. Such measures disrupt global value chains, reduce production efficiency and can have a negative impact on production capacity and living standards globally. The reaction of the financial markets reflects this uncertainty.

At the same time, war and ongoing conflict in the Mediterranean basin region have increased uncertainty in the international system, with potential implications for energy markets, shipping routes and economic stability. This increased tension in international trade and uncertainty about the future has a negative impact on market expectations and increases uncertainty among investors. Furthermore, changes in international politics can have a significant impact on the capital markets and legislation affecting the Fund's activities, often at short notice.

The board of directors and managing director of Brú Pension Fund, confirm the annual financial statements of the Fund with their signatures.

Reykjavík, 29 April 2026

Board of directors

Þorkell Heiðarsson, chairman of the board
Auður Kjartansdóttir, vice-chairman of the board
Gunnsteinn R. Ómarsson
Helga Benediktsdóttir
Sigríður Ingibjörg Ingadóttir
Sigurður Ármann Snævarr

Managing director

Gerður Guðjónsdóttir

Independent auditor's report

To the Board of Directors and fund members of Brú pension fund.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Brú pension fund (the fund), which comprise the balance sheet as at 31 December, 2025, the statement of changes in net assets for pension payments, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December, 2025, and of its financial performance and its cash flows for the year then ended in accordance with the regulation on the financial statements of pension funds no. 335/2015 and the Icelandic Financial Statement Act no. 3/2006.

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 Financial Statements section of our report. We are independent of the fund in accordance with the ethical requirements that are relevant to audits of financial statements 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 on 18 September 2019 and have been the fund's auditors continuously since then.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do

| Key Audit Matters | The Audit |
|---|--|
| <p>Assessment of investments</p> <p>The book value of investments amounted ISK 617.115 million or 99% of total assets on 31 December 2025 (2024: ISK 548.791 million). Reference is made to notes 6, 14-18 and 32-34 for investments.</p> <p>Investments include stocks, shares and bonds. The fund sets an investment policy which where, among other things, the composition of the investments and the confidence limits of individual investment classes are discussed.</p> <p>The investments are either assessed at fair value, held to maturity or according to valuation method, where variables are based on market information and other external informations. Due to the size and importance of investments and that a part of them is assessed at an other external valuation, then their assessment is a key audit matter.</p> | <p>Our audit procedures were designed to confirm the value of investments. These procedures include:</p> <ul style="list-style-type: none"> □ Information was obtained about the investment process and the methodology and criteria for investment valuation. □ The exchange rate of a sample of listed investments was confirmed with the help of the data provider. □ The fund's methods and calculations of unregistered investments were assessed. □ An independent calculation by KPMG's valuation specialist on the value of a sample of bonds recognized at fair value or held to maturity. □ Relevant notes were reviewed, including the note regarding the level of fair value. |

| Key Audit Matters | The Audit |
|--|---|
| <p>Assessment of pension liability</p> <p>The pension liability of Department A amounted to ISK 669.741 million at the end of 2025 (2024: ISK 614.631 million). Revalued assets exceeding the fund's total liabilities amounted to ISK 12.504 million at the end of 2025 or 1,9% of liabilities (2024: ISK 16.940 million or 2,8% of liabilities).</p> <p>The pension liability of Department V amounted to ISK 202.981 million at the end of 2025 (2024: ISK 175.514 million). Revalued assets exceeding the fund's total liabilities amounted to ISK 4.580 million at the end of 2025 or 2,3% of liabilities (2024: ISK 4.314 million or 2,5% of liabilities).</p> <p>The pension liability of Department R amounted to ISK 143.529 million at the end of 2025 (2024: ISK 134.584 million). Revalued assets exceeding the fund's total liabilities amounted to ISK -3.740 million at the end of 2025 or -2,6% of liabilities (2024: ISK 3.050 million or 2,3% of liabilities).</p> <p>The pension liability of Department E amounted to ISK 27.840 million at the end of 2025. Revalued assets exceeding the fund's total liabilities amounted to ISK 446 million at the end of 2025 or 1,6% of liabilities.</p> <p>The pension liability of Department B amounted to ISK 79.652 million at the end of 2025 (2024: ISK 74.781 million). Revalued assets exceeding the fund's total liabilities amounted to ISK -13.862 million at the end of 2025 or -17,4% of liabilities (2024: ISK -11.618 million or -15,5% of liabilities).</p> <p>Reference is made to the overview of the actuarial position of Departments A, V, R, E and B and notes 39-40, 63-64, 82-83, 100-101 and 118-119.</p> <p>The actuarial position indicates the fund's ability to meet its pension liability. The calculation is performed by an independent actuarial mathematician and is largely based on assumptions that have been issued by the Icelandic actuarial association and approved by the Ministry of Finance and Economic Affairs.</p> <p>Due to the importance of the fund's actuarial position, the pension liability is a key audit matter.</p> | <p>Our audit of the pension liability included, among other things, the following procedures:</p> <ul style="list-style-type: none"> □ We assessed the independence and competence of an actuary. □ Information was obtained about the calculation process. □ The fund's procedures for recalculating the actuarial liability and actuarial revaluation of securities were reviewed. □ Analytical procedures were carried out on the development of the pension liability, assumptions and conclusions. □ We reviewed the summary of the actuarial position and note 39, 63, 82, 100 and 118 in the financial statements and confirmed that the presentation was in accordance with the rules. □ We performed a recalculation of a sample of actuarial revaluations of investments. |

Other information

The Board of Directors and CEO are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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. The annual report is not available at our reporting date but is expected to be made available to us after that date.

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

The Board of Directors and CEO are responsible for the preparation and fair presentation of the financial statements in accordance with the Icelandic Financial Statements Act No. 3/2006, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and CEO are responsible for assessing the fund'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 fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 fund'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 fund'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 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 fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 The Board of Directors and audit committee 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 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.

Report on Other Legal and Regulatory Requirements

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 accounting the financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the financial statements.

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

Reykjavík, 29 April 2026

KPMG ehf.

Hrafnhildur Helgadóttir
certified public accountant

Sæmundur Valdimarsson
certified public accountant

Statement of Changes in Net Assets for Pension Payments

| | Note | 2025 | 2024 |
|---|------|---------------------|---------------------|
| Premiums | | | |
| Members | | 7.129.262 | 6.529.325 |
| Employers | | 19.413.398 | 17.890.176 |
| Transfer of rights and repayments | | (10.722) | (14.764) |
| | | <u>26.531.938</u> | <u>24.404.737</u> |
| Special supplementary contributions | | 6.754.258 | 6.295.450 |
| Total premiums | | <u>33.286.195</u> | <u>30.700.186</u> |
| Pensions | | | |
| Total amount of pensions | | (25.420.425) | (21.271.857) |
| Contribution to Rehabilitation Fund | | (164.988) | (156.213) |
| Direct expenses due to disability pensions | | (12.952) | (10.276) |
| Total pensions | | <u>(25.598.365)</u> | <u>(21.438.346)</u> |
| Net investment income | | | |
| Net income from holdings in companies and funds | | 21.608.530 | 42.726.624 |
| Net income from bonds | | 24.618.652 | 21.264.281 |
| Other investment income: | | | |
| Interest income from cash and cash equivalents | | (44.799) | 273.628 |
| Interest income from premiums and other receivables | | 14.274 | 9.864 |
| Investment expenses | | (119.862) | (123.852) |
| Total net investment income | | <u>46.076.794</u> | <u>64.150.545</u> |
| Operating expenses | | | |
| Office and management expenses | | (1.166.287) | (1.027.886) |
| Total operating expenses | | <u>(1.166.287)</u> | <u>(1.027.886)</u> |
| Other income | | | |
| Other income | | 4.574 | 0 |
| Net other income | | <u>4.574</u> | <u>0</u> |
| Changes in net assets for pension payments during the year | | <u>52.602.912</u> | <u>72.384.500</u> |
| Net assets from previous year | | 557.165.905 | 393.159.380 |
| Changes in net assets for pension payments during the year | | 52.602.912 | 72.384.500 |
| Merger with Lífeyrissjóður starfsmanna Reykjavíkurborgar | | | 91.622.025 |
| Merger with Lífeyrissjóður starfsmanna Akureyrarbæjar | | 14.636.356 | |
| Net assets for pension payments at year end | | <u>624.405.172</u> | <u>557.165.905</u> |

Balance Sheet

| | Note | 31.12.2025 | 31.12.2024 |
|---|------|--------------------|--------------------|
| Assets | | | |
| Investments | | | |
| Shares in companies and funds | | 324.129.679 | 283.236.995 |
| Bonds | | 292.985.657 | 265.554.134 |
| Total investments | | <u>617.115.337</u> | <u>548.791.129</u> |
| Receivables | | | |
| Receivables on employers | | 2.186.520 | 2.171.858 |
| Other receivables | | 792.227 | 642.534 |
| Total receivables | | <u>2.978.748</u> | <u>2.814.392</u> |
| Other assets | | | |
| Intangible assets | | 279.730 | 228.081 |
| Fixed assets | | 119.434 | 122.988 |
| Cash and cash equivalents | | 4.681.187 | 5.860.613 |
| Total other assets | | <u>5.080.351</u> | <u>6.211.682</u> |
| Total assets | | <u>625.174.435</u> | <u>557.817.203</u> |
| Liabilities | | | |
| Cost incurred and income collected in advance | | 24.258 | 38.769 |
| Other liabilities | | 745.005 | 612.529 |
| Total liabilities | | <u>769.263</u> | <u>651.298</u> |
| Net assets for pension payments | | <u>624.405.172</u> | <u>557.165.905</u> |

Statement of Cash Flows

| | Note | 2025 | 2024 |
|---|------|-------------------------|-------------------------|
| Inflows | | | |
| Premiums | | 33.272.910 | 30.622.346 |
| Received interest income on cash and cash equivalents and receivables | | 269.237 | 332.874 |
| Other inflows | | 456.997 | 655.260 |
| Total inflows | | <u>33.999.144</u> | <u>31.610.480</u> |
| Outflows | | | |
| Pensions | | (25.598.365) | (21.438.346) |
| Operating expenses | | (1.166.287) | (1.027.886) |
| Investment in operating assets | | (109.864) | (110.608) |
| Other outflows | | (245.501) | (528.658) |
| Total outflows | | <u>(27.120.017)</u> | <u>(23.105.497)</u> |
| New disposable resources for investments | | 6.879.127 | 8.504.983 |
| Investment transactions | | | |
| Received income from holdings in companies and funds | | 3.604.191 | 4.103.714 |
| Investments in holdings in companies and funds | | (50.001.348) | (41.377.139) |
| Sold shares in companies and funds | | 31.938.516 | 14.560.537 |
| Instalments on bond principals and interest | | 37.069.671 | 41.021.832 |
| Investments in bonds | | (36.989.217) | (27.087.406) |
| Sold bonds | | 6.515.987 | 0 |
| Total investment transactions | | <u>(7.862.201)</u> | <u>(8.778.461)</u> |
| Cash and cash equivalents at beginning of year | | 5.860.613 | 4.834.461 |
| Decrease in cash and cash equivalents | | (983.073) | (273.479) |
| Exchange rate difference on cash equivalents | | (299.762) | (49.382) |
| Merger with Lífeyrissjóður starfsmanna Reykjavíkurborgar | | 0 | 1.349.012 |
| Merger with Lífeyrissjóður starfsmanna Akureyrarbæjar | | 103.410 | 0 |
| Cash and cash equivalents at year-end | | <u><u>4.681.187</u></u> | <u><u>5.860.613</u></u> |

Statement of Actuarial Position

Division A

| | Note | Accrued | Future | 31.12.2025 |
|--|------|--------------------|---------------------|--------------------|
| Assets | | | | |
| Net assets for pension payments | | 399.858.610 | | 399.858.610 |
| Difference in book value and net present value of bonds | | 1.340.995 | | 1.340.995 |
| Additional premiums: | | | | |
| Premiums in additional pension fund (lífeyrisaukasjóður) | | | 587.100 | 587.100 |
| Employer's liability for 60 years and over | | | 7.540.796 | 7.540.796 |
| Net present value of future premiums | | | 272.917.991 | 272.917.991 |
| Total assets | | 401.199.605 | 281.045.887 | 682.245.492 |
| Liabilities | | | | |
| Old age pension | | 320.988.548 | 244.051.983 | 565.040.531 |
| Disability pension | | 34.486.092 | 38.197.639 | 72.683.731 |
| Spouse's pension | | 7.912.640 | 5.045.092 | 12.957.732 |
| Children's allowance | | 876.474 | 4.206.354 | 5.082.828 |
| Net present value of future operating expenses | | 5.434.531 | 8.541.955 | 13.976.486 |
| Total liabilities | | 369.698.284 | 300.043.023 | 669.741.307 |
| Assets in excess of liabilities | 0, 0 | 31.501.321 | (18.997.136) | 12.504.185 |

| | Accrued | Future | 31.12.2025 |
|---|---------|--------|------------|
| Assets in excess of liabilities | | | |
| Ratio of liabilities at the beginning of the year | 10,7% | -6,6% | 2,8% |
| Ratio of liabilities at the end of year | 8,5% | -6,3% | 1,9% |

| | Note | Accrued | Future | 31.12.2024 |
|--|------|--------------------|---------------------|--------------------|
| Assets | | | | |
| Net assets for pension payments | | 361.817.833 | | 361.817.833 |
| Difference in book value and net present value of bonds | | 4.749.819 | | 4.749.819 |
| Additional premiums: | | | | |
| Premiums in additional pension fund (lífeyrisaukasjóður) | | | 554.662 | 554.662 |
| Employer's liability for 60 years and over | | | 7.174.600 | 7.174.600 |
| Net present value of future premiums | | | 257.273.604 | 257.273.604 |
| Total assets | | 366.567.652 | 265.002.866 | 631.570.517 |
| Liabilities | | | | |
| Old age pension | | 287.765.563 | 231.333.983 | 519.099.546 |
| Disability pension | | 30.544.049 | 35.748.686 | 66.292.735 |
| Spouse's pension | | 7.108.901 | 4.843.595 | 11.952.496 |
| Children's allowance | | 809.498 | 3.887.988 | 4.697.486 |
| Net present value of future operating expenses | | 4.776.058 | 7.812.656 | 12.588.714 |
| Total liabilities | | 331.004.069 | 283.626.909 | 614.630.978 |
| Assets in excess of liabilities | 0, 0 | 35.563.583 | (18.624.044) | 16.939.539 |

| | Accrued | Future | 31.12.2024 |
|---|---------|--------|------------|
| Assets in excess of liabilities | | | |
| Ratio of liabilities at the beginning of the year | 7,2% | -6,6% | 0,6% |
| Ratio of liabilities at the end of year | 10,7% | -6,6% | 2,8% |

Statement of Actuarial Position

Division V

| | Note | Accrued | Future | 31.12.2025 |
|---|------|-------------------|--------------------|--------------------|
| Assets | | | | |
| Net assets for pension payments | | 95.647.555 | | 95.647.555 |
| Difference in book value and net present value of bonds | | 320.709 | | 320.709 |
| Net present value of future premiums | | | 111.592.247 | 111.592.247 |
| Total assets | | 95.968.263 | 111.592.247 | 207.560.510 |
| Liabilities | | | | |
| Old age pension | | 79.161.201 | 91.179.221 | 170.340.422 |
| Disability pension | | 12.701.496 | 13.591.671 | 26.293.166 |
| Spouse's pension | | 981.130 | 1.126.217 | 2.107.347 |
| Children's allowance | | 173.689 | 934.527 | 1.108.215 |
| Net present value of future operating expenses | | 935.248 | 2.196.152 | 3.131.400 |
| Total liabilities | | 93.952.764 | 109.027.787 | 202.980.551 |
| Assets in excess of liabilities | 0, 0 | 2.015.500 | 2.564.460 | 4.579.959 |

| | Accrued | Future | 31.12.2025 |
|---|---------|--------|------------|
| Assets in excess of liabilities | | | |
| Ratio of liabilities at the beginning of the year | 3,0% | 2,0% | 2,5% |
| Ratio of liabilities at the end of year | 2,1% | 2,4% | 2,3% |

| | Note | Accrued | Future | 31.12.2024 |
|---|------|-------------------|-------------------|--------------------|
| Assets | | | | |
| Net assets for pension payments | | 82.634.097 | | 82.634.097 |
| Difference in book value and net present value of bonds | | 1.084.795 | | 1.084.795 |
| Additional premiums: | | | | |
| Net present value of future premiums | | | 96.109.579 | 96.109.579 |
| Total assets | | 83.718.891 | 96.109.579 | 179.828.471 |
| Liabilities | | | | |
| Old age pension | | 68.431.919 | 78.706.728 | 147.138.647 |
| Disability pension | | 11.021.120 | 11.753.802 | 22.774.923 |
| Spouse's pension | | 843.759 | 976.230 | 1.819.988 |
| Children's allowance | | 179.086 | 935.224 | 1.114.310 |
| Net present value of future operating expenses | | 797.341 | 1.868.959 | 2.666.300 |
| Total liabilities | | 81.273.225 | 94.240.943 | 175.514.168 |
| Assets in excess of liabilities | 0, 0 | 2.445.666 | 1.868.636 | 4.314.303 |

| | Accrued | Future | 31.12.2024 |
|---|---------|--------|------------|
| Assets in excess of liabilities | | | |
| Ratio of liabilities at the beginning of the year | -1,0% | 1,7% | 0,5% |
| Ratio of liabilities at the end of year | 3,0% | 2,0% | 2,5% |

Statement of Actuarial Position

Division R

| | Note | Accrued | Future | 31.12.2025 |
|---|------|---------------------|-------------------|--------------------|
| Assets | | | | |
| Net assets for pension payments | | 98.366.850 | | 98.366.850 |
| Difference in book value and net present value of bonds | | (634.120) | | (634.120) |
| Additional premiums: | | | | |
| Employer's share in pension payments | | | 41.443.227 | 41.443.227 |
| Net present value of future premiums | | | 612.740 | 612.740 |
| Total assets | | 97.732.730 | 42.055.967 | 139.788.698 |
| Liabilities | | | | |
| Old age pension | | 117.841.830 | 1.361.706 | 119.203.536 |
| Disability pension | | 1.143.720 | 5.457 | 1.149.177 |
| Spouse's pension | | 20.148.189 | 138.255 | 20.286.444 |
| Children's allowance | | 286 | 364 | 650 |
| Net present value of future operating expenses | | 2.846.017 | 43.335 | 2.889.352 |
| Total liabilities | | 141.980.042 | 1.549.117 | 143.529.159 |
| Assets in excess of liabilities | 0, 0 | (44.247.312) | 40.506.850 | (3.740.462) |

| | Accrued | Future | 31.12.2025 |
|---|---------|----------|------------|
| Assets in excess of liabilities | | | |
| Ratio of liabilities at the beginning of the year | -26,4% | 2.029,1% | 2,3% |
| Ratio of liabilities at the end of year | -31,2% | 2.614,8% | -2,6% |
| Assets in excess of liabilities excluding employer's share in pension payments | | | |
| Ratio of liabilities at the beginning of the year | -26,4% | -60,9% | -26,8% |
| Ratio of liabilities at the end of year | -31,2% | -60,4% | -31,5% |

| | Note | Accrued | Future | 31.12.2024 |
|---|------|---------------------|-------------------|--------------------|
| Assets | | | | |
| Net assets for pension payments | | 96.784.884 | | 96.784.884 |
| Difference in book value and net present value of bonds | | 942.431 | | 942.431 |
| Additional premiums: | | | | |
| Employer's share in pension payments | | | 39.173.262 | 39.173.262 |
| Net present value of future premiums | | | 732.907 | 732.907 |
| Total assets | | 97.727.315 | 39.906.169 | 137.633.485 |
| Liabilities | | | | |
| Old age pension | | 110.389.025 | 1.652.091 | 112.041.116 |
| Disability pension | | 1.157.839 | 7.189 | 1.165.027 |
| Spouse's pension | | 18.427.008 | 160.844 | 18.587.852 |
| Children's allowance | | 550 | 459 | 1.009 |
| Net present value of future operating expenses | | 2.735.206 | 53.736 | 2.788.942 |
| Total liabilities | | 132.709.628 | 1.874.319 | 134.583.947 |
| Assets in excess of liabilities | 0, 0 | (34.982.313) | 38.031.850 | 3.049.538 |

| | Accrued | Future | 31.12.2024 |
|---|---------|----------|------------|
| Assets in excess of liabilities | | | |
| Ratio of liabilities at the end of year | -26,4% | 2.029,1% | 2,3% |
| Assets in excess of liabilities excluding employer's share in pension payments | | | |
| Ratio of liabilities at the end of year | -26,4% | -60,9% | -26,8% |

Statement of Actuarial Position

Division E

| | Note | Accrued | Future | 31.12.2025 |
|--|------------|---------------------|-------------------|-------------------|
| Assets | | | | |
| Net assets for pension payments | | 14.551.922 | | 14.551.922 |
| Difference in book value and net present value of bonds | | 110.960 | | 110.960 |
| Additional premiums: | | | | |
| Employer's share in pension payments | | | 13.438.900 | 13.438.900 |
| Net present value of future premiums | | | 184.381 | 184.381 |
| Total assets | | 14.662.882 | 13.623.281 | 28.286.163 |
| Liabilities | | | | |
| Old age pension | 22.132.022 | | 304.099 | 22.436.121 |
| Disability pension | 182.241 | | 2.183 | 184.424 |
| Spouse's pension | 4.445.596 | | 28.984 | 4.474.580 |
| Children's allowance | 1.376 | | 113 | 1.489 |
| Net present value of future operating expenses | 729.226 | | 14.163 | 743.389 |
| Total liabilities | | 27.490.461 | 349.542 | 27.840.003 |
| Assets in excess of liabilities | 0, 0 | (12.827.579) | 13.273.739 | 446.160 |
| | | | | |
| | | Accrued | Future | 31.12.2025 |
| Assets in excess of liabilities | | | | |
| Ratio of liabilities at the end of year | | -46,7% | 3.797,5% | 1,6% |
| Assets in excess of liabilities excluding employer's share in pension payments | | | | |
| Ratio of liabilities at the end of year | | -46,7% | -47,3% | -46,7% |

Statement of Actuarial Position

Divison B

| | Note | Accrued | Future | 31.12.2025 |
|---|------|---------------------|-------------------|---------------------|
| Assets | | | | |
| Net assets for pension payments | | 15.980.236 | | 15.980.236 |
| Difference in book value and net present value of bonds | | (184.013) | | (184.013) |
| Additional premiums: | | | | |
| Employer's share in pension payments | | | 49.757.418 | 49.757.418 |
| Net present value of future premiums | | | 237.021 | 237.021 |
| Total assets | | 15.796.223 | 49.994.439 | 65.790.662 |
| Liabilities | | | | |
| Old age pension | | 66.045.041 | 519.090 | 66.564.130 |
| Disability pension | | 470.724 | 1.529 | 472.253 |
| Spouse's pension | | 10.757.122 | 133.989 | 10.891.111 |
| Children's allowance | | 753 | 157 | 910 |
| Net present value of future operating expenses | | 1.704.292 | 19.605 | 1.723.897 |
| Total liabilities | | 78.977.932 | 674.370 | 79.652.302 |
| Assets in excess of liabilities | 0, 0 | (63.181.709) | 49.320.069 | (13.861.639) |

| | Accrued | Future | 31.12.2025 |
|---|---------|----------|------------|
| Assets in excess of liabilities | | | |
| Ratio of liabilities at the beginning of the year | -78,2% | 5.523,8% | -15,5% |
| Ratio of liabilities at the end of year | -80,0% | 7.313,5% | -17,4% |
| Assets in excess of liabilities excluding employer's share in pension payments | | | |
| Ratio of liabilities at the beginning of the year | -78,2% | -64,7% | -78,0% |
| Ratio of liabilities at the end of year | -80,0% | -64,9% | -79,9% |

| | Note | Accrued | Future | 31.12.2024 |
|---|------|---------------------|-------------------|---------------------|
| Assets | | | | |
| Net assets for pension payments | | 15.929.091 | | 15.929.091 |
| Difference in book value and net present value of bonds | | 195.718 | | 195.718 |
| Additional premiums: | | | | |
| Employer's share in pension payments | | | 46.742.128 | 46.742.128 |
| Net present value of future premiums | | | 295.352 | 295.352 |
| Total assets | | 16.124.808 | 47.037.480 | 63.162.288 |
| Liabilities | | | | |
| Old age pension | | 61.874.769 | 653.407 | 62.528.176 |
| Disability pension | | 465.892 | 2.168 | 468.060 |
| Spouse's pension | | 9.918.318 | 155.400 | 10.073.718 |
| Children's allowance | | 753 | 172 | 926 |
| Net present value of future operating expenses | | 1.684.539 | 25.249 | 1.709.788 |
| Total liabilities | | 73.944.272 | 836.396 | 74.780.668 |
| Assets in excess of liabilities | 0, 0 | (57.819.464) | 46.201.084 | (11.618.379) |

| | Accrued | Future | 31.12.2024 |
|---|---------|----------|------------|
| Assets in excess of liabilities | | | |
| Ratio of liabilities at the beginning of the year | -79,0% | 4.251,8% | -16,2% |
| Ratio of liabilities at the end of year | -78,2% | 5.523,8% | -15,5% |
| Assets in excess of liabilities excluding employer's share in pension payments | | | |
| Ratio of liabilities at the beginning of the year | -79,0% | -64,6% | -78,8% |
| Ratio of liabilities at the end of year | -78,2% | -64,7% | -78,0% |

Yfirlit yfir tryggingafræðilega stöðu réttindasafna B deildar er að finna í deildarskiptum kafla ársreiknings.

Key ratios

| a. Financial position according to actuarial valuation | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|------------|-------------|------------|--------------|------------|
| An actuarial valuation is not performed for the fund as a whole, but only for each division and underlying portfolios. | | | | | |
| b. Return on investment | | | | | |
| Net nominal return | 7,8% | 12,9% | 10,6% | -4,7% | 14,3% |
| Net real return | 4,0% | 7,8% | 2,4% | -12,9% | 9,0% |
| - 5-year average | 1,7% | 2,3% | 2,3% | 2,4% | 6,5% |
| - 10-year average | 3,1% | 3,5% | 3,2% | 3,4% | 5,3% |
| Taking into account changes in valuation due to the adoption of FSA rules no. 335/2015 on the annual accounts of pension funds: | | | | | |
| - 10-year average | 3,1% | 3,7% | 3,4% | 3,6% | 5,4% |
| c. Investment breakdown by asset class | | | | | |
| Registered holdings in companies and funds | 46,9% | 46,5% | 42,6% | 40,0% | 40,9% |
| Unregistered holdings in companies and funds | 5,7% | 5,1% | 6,4% | 7,1% | 6,9% |
| Registered bonds | 29,5% | 30,3% | 32,6% | 36,8% | 39,1% |
| Unregistered bonds | 17,9% | 18,1% | 18,4% | 16,1% | 13,1% |
| Total | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| d. Investment breakdown by currency | | | | | |
| Investments in ISK | 65,4% | 66,7% | 67,2% | 70,1% | 68,3% |
| Investments in foreign currencies | 34,6% | 33,3% | 32,8% | 29,9% | 31,7% |
| Total | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| e. Quantitative numbers | | | | | |
| Active fund members, annual average | 22.806 | 22.646 | 21.760 | 21.313 | 20.757 |
| Fund members at year-end | 151.628 | 145.642 | 125.933 | 121.278 | 115.894 |
| Pensioners, annual average | 18.095 | 16.315 | 11.420 | 10.415 | 9.736 |
| Average number of full-time employees during the year | 28,4 | 27,1 | 25,3 | 25,0 | 26,2 |
| f. Proportional pension distribution | | | | | |
| Old age pension | 78,8% | 78,4% | 73,3% | 72,4% | 71,5% |
| Disability pension | 12,6% | 13,2% | 20,2% | 20,4% | 20,6% |
| Spouse's pension | 7,7% | 7,4% | 5,0% | 5,6% | 6,3% |
| Children's allowance | 0,9% | 0,9% | 1,5% | 1,6% | 1,7% |
| Total | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| g. Amounts at fixed price level | | | | | |
| Premiums | 33.286.195 | 31.836.872 | 32.628.827 | 27.321.679 | 26.980.573 |
| Pensions | 25.598.365 | 22.232.108 | 13.186.617 | 11.962.970 | 11.288.294 |
| Net investment income | 46.076.794 | 66.525.742 | 40.694.638 | (18.707.880) | 54.520.463 |
| Office and management expenses | 1.166.287 | 1.065.943 | 777.986 | 698.387 | 755.963 |
| Increase/(decrease) in net assets | 52.602.912 | 170.078.927 | 59.358.862 | (4.047.557) | 69.456.780 |
| Consumer Price Index as at 31 December 2025 | | | | | |
| h. Other key ratios | | | | | |
| Pension burden (pensions/premiums) | 76,9% | 69,8% | 40,4% | 43,8% | 41,8% |
| Pension burden (pensions/premiums excl. additional) | 96,5% | 87,8% | 54,0% | 50,3% | 48,1% |
| Net investment income as a proportion of asset pos. | 7,8% | 13,5% | 10,2% | -4,7% | 13,4% |
| Office and management expenses | | | | | |
| - proportion of premium | 3,5% | 3,3% | 2,4% | 2,6% | 2,8% |
| - proportion of average asset position | 0,2% | 0,2% | 0,2% | 0,2% | 0,2% |

Brú lífeyrissjóður

Financials by division

Statement of Changes in Net Assets for Pension Payments

Divison A, V, R, E og B

| | Note | Divison A | Divison V | Divison R | Divison E | Divison B | 2025 | 2024 |
|---|------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Premiums | | | | | | | | |
| Members | | 4.857.987 | 2.217.956 | 28.599 | 6.357 | 18.362 | 7.129.262 | 6.529.325 |
| Employers | | 13.966.771 | 5.271.952 | 105.558 | 22.238 | 46.880 | 19.413.398 | 17.890.176 |
| Transfer of rights and repayments | | (1.377) | (8.195) | 0 | (1.146) | (5) | (10.722) | (14.764) |
| | | 18.823.381 | 7.481.714 | 134.157 | 27.449 | 65.237 | 26.531.938 | 24.404.737 |
| Special supplementary contributions | | 594.653 | 136 | 2.008.669 | 508.269 | 3.642.530 | 6.754.258 | 6.295.450 |
| Total premiums | | 19.418.034 | 7.481.850 | 2.142.826 | 535.719 | 3.707.767 | 33.286.195 | 30.700.186 |
| Pensions | | | | | | | | |
| Total amount of pensions | | (9.338.871) | (986.657) | (8.568.830) | (1.619.783) | (4.906.283) | (25.420.425) | (21.271.857) |
| Contribution to Rehabilitation Fund | | (112.303) | (50.710) | (1.187) | (185) | (603) | (164.988) | (156.213) |
| Direct expenses due to disability pensions | | (9.414) | (3.273) | (223) | 0 | (42) | (12.952) | (10.276) |
| Total pensions | | (9.460.588) | (1.040.640) | (8.570.240) | (1.619.968) | (4.906.928) | (25.598.365) | (21.438.346) |
| Net investment income | | | | | | | | |
| Net income from holdings in companies and funds | | 14.865.922 | 3.480.617 | 2.587.874 | 217.923 | 456.194 | 21.608.530 | 42.726.624 |
| Net income from bonds | | 13.957.836 | 3.268.003 | 5.647.401 | 829.134 | 916.278 | 24.618.652 | 21.264.281 |
| Other investment income: | | | | | | | | |
| Interest income from cash and cash equivalents | | (75.127) | (17.590) | 21.298 | 11.455 | 15.165 | (44.799) | 273.628 |
| Interest income from premiums and other receivables | | 10.050 | 2.353 | (19) | 15 | 1.875 | 14.274 | 9.864 |
| Investment expenses | | (69.279) | (16.221) | (24.114) | (4.801) | (5.448) | (119.862) | (123.852) |
| Total net investment income | | 28.689.402 | 6.717.162 | 8.232.441 | 1.053.725 | 1.384.064 | 46.076.794 | 64.150.545 |
| Operating expenses | | | | | | | | |
| Office and management expenses | | (610.646) | (144.914) | (223.061) | (53.910) | (133.757) | (1.166.287) | (1.027.886) |
| Total operating expenses | | (610.646) | (144.914) | (223.061) | (53.910) | (133.757) | (1.166.287) | (1.027.886) |
| Other income | | | | | | | | |
| Other income | | 4.574 | 0 | 0 | 0 | 0 | 4.574 | 0 |
| Net other income | | 4.574 | 0 | 0 | 0 | 0 | 4.574 | 0 |
| Changes in net assets for pension payments during the year | | 38.040.777 | 13.013.458 | 1.581.966 | (84.434) | 51.145 | 52.602.912 | 72.384.500 |
| Net assets from previous year | | | | | | | | |
| Net assets from previous year | | 361.817.833 | 82.634.097 | 96.784.884 | 0 | 15.929.091 | 557.165.905 | 393.159.380 |
| Changes in net assets for pension payments during the year | | 38.040.777 | 13.013.458 | 1.581.966 | (84.434) | 51.145 | 52.602.912 | 72.384.500 |
| Merger with Lífeyrisjóður starfsmanna Reykjavíkurborgar | | | | | | | | 91.622.025 |
| Merger with Lífeyrisjóður starfsmanna Akureyrarbæjar | | | | | 14.636.356 | | 14.636.356 | |
| Net assets for pension payments at year end | | 399.858.610 | 95.647.555 | 98.366.850 | 14.551.922 | 15.980.236 | 624.405.172 | 557.165.905 |

Balance Sheet

Divison A, V, R, E og B

| | Note | Divison A | Divison V | Divison R | Divison E | Divison B | 31.12.2025 | 31.12.2024 |
|---|------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Assets | | | | | | | | |
| Investments | | | | | | | | |
| Shares in companies and funds | | 225.608.811 | 53.966.403 | 34.223.154 | 4.586.521 | 5.744.789 | 324.129.679 | 283.236.995 |
| Bonds | | 169.668.179 | 40.585.212 | 63.628.607 | 9.493.725 | 9.609.934 | 292.985.657 | 265.554.134 |
| Total investments | | 395.276.990 | 94.551.615 | 97.851.762 | 14.080.247 | 15.354.723 | 617.115.337 | 548.791.129 |
| Receivables | | | | | | | | |
| Receivables on employers | | 1.752.940 | 419.309 | 7.126 | 2.354 | 4.792 | 2.186.520 | 2.171.858 |
| Other receivables | | 95.945 | 22.950 | 277.710 | 105.209 | 290.413 | 792.227 | 642.534 |
| Millireikningur | | (28.407) | (6.795) | (19.302) | 27.156 | 27.349 | 0 | 0 |
| Total receivables | | 1.820.477 | 435.464 | 265.533 | 134.720 | 322.553 | 2.978.748 | 2.814.392 |
| Other assets | | | | | | | | |
| Intangible assets | | 225.733 | 53.996 | 0 | 0 | 0 | 279.730 | 228.081 |
| Fixed assets | | 96.380 | 23.054 | 0 | 0 | 0 | 119.434 | 122.988 |
| Cash and cash equivalents | | 2.804.356 | 670.812 | 426.113 | 370.465 | 409.441 | 4.681.187 | 5.860.613 |
| Total other assets | | 3.126.470 | 747.862 | 426.113 | 370.465 | 409.441 | 5.080.351 | 6.211.682 |
| Total assets | | 400.223.937 | 95.734.942 | 98.543.407 | 14.585.431 | 16.086.718 | 625.174.435 | 557.817.203 |
| Liabilities | | | | | | | | |
| Cost incurred and income collected in advance | | 19.575 | 4.682 | 0 | 0 | 0 | 24.258 | 38.769 |
| Other liabilities | | 345.752 | 82.705 | 176.557 | 33.510 | 106.482 | 745.005 | 612.529 |
| Total liabilities | | 365.327 | 87.387 | 176.557 | 33.510 | 106.482 | 769.263 | 651.298 |
| Net assets for pension payments | | 399.858.610 | 95.647.555 | 98.366.850 | 14.551.922 | 15.980.236 | 624.405.172 | 557.165.905 |

Statement of Cash Flows

Divison A, V, R, E og B

| | Note | Divison A | Divison V | Divison R | Divison E | Divison B | 2025 | 2024 |
|---|------|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Inflows | | | | | | | | |
| Premiums | | 19.423.407 | 7.464.114 | 2.144.293 | 534.742 | 3.706.354 | 33.272.910 | 30.622.346 |
| Received interest income on cash and cash equivalents and receivables | | 130.389 | 30.529 | 66.080 | 12.295 | 29.944 | 269.237 | 332.874 |
| Other inflows | | 135.163 | 31.227 | 45.646 | 225.043 | 19.918 | 456.997 | 655.260 |
| Total inflows | | 19.688.959 | 7.525.869 | 2.256.019 | 772.080 | 3.756.217 | 33.999.144 | 31.610.480 |
| Outflows | | | | | | | | |
| Pensions | | (9.460.588) | (1.040.640) | (8.570.240) | (1.619.968) | (4.906.928) | (25.598.365) | (21.438.346) |
| Operating expenses | | (610.646) | (144.914) | (223.061) | (53.910) | (133.757) | (1.166.287) | (1.027.886) |
| Investment in operating assets | | (88.657) | (21.207) | 0 | 0 | 0 | (109.864) | (110.608) |
| Other outflows | | (69.279) | (16.927) | (41.898) | (31.957) | (85.439) | (245.501) | (528.658) |
| Total outflows | | (10.229.170) | (1.223.688) | (8.835.200) | (1.705.835) | (5.126.124) | (27.120.017) | (23.105.497) |
| New disposable resources for investments | | 9.459.789 | 6.302.181 | (6.579.180) | (933.755) | (1.369.907) | 6.879.127 | 8.504.983 |
| Investment transactions | | | | | | | | |
| Received income from holdings in companies and funds | | 4.092.822 | (1.233.443) | 584.575 | 70.746 | 89.491 | 3.604.191 | 4.103.714 |
| Investments in holdings in companies and funds | | (33.130.865) | (7.925.017) | (6.269.872) | (1.092.447) | (1.583.148) | (50.001.348) | (41.377.139) |
| Sold shares in companies and funds | | 15.853.981 | 3.792.327 | 8.283.281 | 1.478.616 | 2.530.310 | 31.938.516 | 14.560.537 |
| Instalments on bond principals and interest | | 20.288.641 | 4.431.041 | 9.203.597 | 1.495.037 | 1.651.354 | 37.069.671 | 41.021.832 |
| Investments in bonds | | (23.576.550) | (5.639.592) | (5.450.851) | (788.593) | (1.533.631) | (36.989.217) | (27.087.406) |
| Sold bonds | | 6.329.633 | 148.078 | 0 | 38.276 | 0 | 6.515.987 | 0 |
| Total investment transactions | | (10.142.338) | (6.426.606) | 6.350.730 | 1.201.636 | 1.154.377 | (7.862.201) | (8.778.461) |
| Cash and cash equivalents at beginning of year | | | | | | | | |
| Decrease in cash and cash equivalents | | 3.682.371 | 841.002 | 699.363 | 0 | 637.876 | 5.860.613 | 4.834.461 |
| Exchange rate difference on cash equivalents | | (682.549) | (124.425) | (228.450) | 267.881 | (215.530) | (983.073) | (273.479) |
| Merger with Lífeyrissjóður starfsmanna Reykjavíkurborgar | | (195.466) | (45.765) | (44.801) | (825) | (12.904) | (299.762) | (49.382) |
| Merger with Lífeyrissjóður starfsmanna Akureyrarbæjar | | 0 | 0 | 0 | 0 | 0 | 0 | 1.349.012 |
| Cash and cash equivalents at year-end | | 0 | 0 | 0 | 103.410 | 0 | 103.410 | 0 |
| | | 2.804.356 | 670.812 | 426.113 | 370.465 | 409.441 | 4.681.187 | 5.860.613 |

Key figures

Divison A, V, R, E og B

| | 2025 | | | | | |
|---|-------------|------------|------------|------------|------------|-------------|
| | Divison A | Divison V | Divison R | Divison E | Divison B | Brú |
| a. Financial position according to actuarial valuation | | | | | | |
| Net assets for pension payments | 399.858.610 | 95.647.555 | 98.366.850 | 14.551.922 | 15.980.236 | 624.405.172 |
| Net assets in excess of total liabilities | 1,9% | 2,3% | -2,6% | 1,6% | -17,4% | |
| Net assets in excess of accrued liabilities | 8,5% | 2,1% | -31,2% | -46,7% | -80,0% | |
| Taking additional premiums into account | | | | | | |
| b. Return on investment | | | | | | |
| Net nominal return | 7,7% | 7,7% | 8,6% | 7,1% | 8,2% | 7,8% |
| Net real return | 3,8% | 3,8% | 4,7% | 3,3% | 4,3% | 4,0% |
| - 5-year average | 1,8% | 1,8% | | | 0,4% | 1,7% |
| - 10-year average | 3,2% | 3,2% | | | 2,0% | 3,1% |
| Taking into account changes in valuation due to the adoption of FSA rules no. 335/2015 on the annual accounts of pension funds: | | | | | | |
| - 10-year average | 3,2% | 3,2% | | | 2,0% | 3,1% |
| c. Investment breakdown by asset class | | | | | | |
| Registered holdings in companies and funds | 50,4% | 50,4% | 33,5% | 27,0% | 37,2% | 46,9% |
| Unregistered holdings in companies and funds | 6,7% | 6,7% | 1,5% | 5,6% | 0,2% | 5,7% |
| Registered bonds | 26,3% | 26,3% | 38,9% | 42,5% | 62,0% | 29,5% |
| Unregistered bonds | 16,6% | 16,6% | 26,1% | 24,9% | 0,6% | 17,9% |
| Total | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| d. Investment breakdown by currency | | | | | | |
| Investments in ISK | 61,2% | 61,2% | 82,5% | 85,9% | 72,6% | 65,4% |
| Investments in foreign currencies | 38,8% | 38,8% | 17,5% | 14,1% | 27,4% | 34,6% |
| Total | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| e. Quantitative numbers | | | | | | |
| Active fund members, annual average | 15.879 | 6.749 | 103 | 20 | 54 | 22.806 |
| Fund members at year-end | 83.695 | 48.179 | 14.172 | 1.880 | 3.702 | 151.628 |
| Pensioners, annual average | 8.961 | 2.193 | 3.995 | 829 | 2.117 | 18.095 |
| f. Proportional pension distribution | | | | | | |
| Old age pension | 72,4% | 35,6% | 85,4% | 83,3% | 86,7% | 78,8% |
| Disability pension | 23,9% | 58,5% | 3,0% | 2,0% | 2,2% | 12,6% |
| Spouse's pension | 1,9% | 1,3% | 11,6% | 14,8% | 11,0% | 7,7% |
| Children's allowance | 1,9% | 4,6% | 0,0% | 0,0% | 0,0% | 0,9% |
| Total | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| g. Amounts at fixed price level | | | | | | |
| Premiums | 19.418.034 | 7.481.850 | 2.142.826 | 535.719 | 3.707.767 | 33.286.195 |
| Pensions | 9.460.588 | 1.040.640 | 8.570.240 | 1.619.968 | 4.906.928 | 25.598.365 |
| Net investment income | 28.689.402 | 6.717.162 | 8.232.441 | 1.053.725 | 1.384.064 | 46.076.794 |
| Office and management expenses | 610.646 | 144.914 | 223.061 | 53.910 | 133.757 | 1.166.287 |
| Increase/(decrease) in net assets | 38.040.777 | 13.013.458 | 1.581.966 | (84.434) | 51.145 | 52.602.912 |
| Consumer Price Index as at 31 December 2025 | | | | | | |
| i. Other key ratios | | | | | | |
| Pension burden (pensions/premiums) | 48,7% | 13,9% | 400,0% | 302,4% | 132,3% | 76,9% |
| Pension burden (pensions/premiums excl. additional) | 50,3% | 13,9% | 6388,2% | 5901,7% | 7521,7% | 96,5% |
| Net investment income as a proportion of asset pos. | 7,5% | 7,5% | 8,4% | 14,4% | 8,6% | 7,8% |
| Office and management expenses | | | | | | |
| - proportion of premium | 3,1% | 1,9% | 10,4% | 10,1% | 3,6% | 3,5% |
| - proportion of average asset position | 0,2% | 0,2% | 0,2% | 0,7% | 0,8% | 0,2% |
| Green assets based on turnover | 1,7% | 1,7% | 2,2% | 0,4% | 1,0% | |