



Condensed Consolidated Interim Financial Statements

1 January – 31 March

These financial statements are translated from the original which is in Icelandic. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.

Vátryggingafélag Íslands hf.

Skagi (Vátryggingafélag Íslands hf.)

Condensed Interim Consolidated Financial Statements

31 March 2024

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Report and Endorsement

by the Board of Directors and the CEOs

The condensed consolidated interim financial statements of Vátryggingafélag Íslands hf. ("the Company" or "Skagi") for the period 1 January to 31 March 2024 consist of the financial statements of the Company and its subsidiaries. Subsidiaries include Fossar fjárfestingarbanki hf., SIV eignastýring hf., and Líftryggingafélag Íslands hf., collectively referred to as "the Group". The Group's operations consist of insurance activities, investment banking activities and asset and fund management. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements for companies listed on a regulated securities market. The condensed consolidated interim financial statements have not been reviewed or audited by Independent Auditor's of the Company.

Operating and Financial position

According to the Income Statement the Group's profit for the period amounted to ISK 136 million. The Group's assets at end of the period amounted to ISK 70,940 million and equity amounted to ISK 20,814 million according to the balance sheet.

Insurance business generated 9.9% growth in insurance revenue with a combined ratio of 103.6% (Q1 2023: 110.5%), claims ratio was 79.6% (Q1 2023: 83.4%), net reinsurance ratio was 3.0% (Q1 2023: 2.9%) and insurance contracts expense ratio was 20.9% (Q1 2023: 24.1%). Financial services generated net revenue of 626 million and profit before tax of 90 million. The return on the insurance investment assets was 2.2% (Q1 2023: 2.7%). Investments generated financial income of 946 million (Q1 2023: 1,157 million) and net financial income of 495 million (Q1 2023: 868 million). Financing expenses of insurance contracts increased materially between years and negatively affected net financial income.

Annual General Meeting was held on the 21st of March 2024. Chairman of board is Stefán Héðinn Stefánsson, Vice-chairman of board, Vilhjálmur Egilsson and other board directors are Ásgeir Helgi Reyk fjörð Gylfason, Hrund Rudolfsdóttir and Marta Guðrún Blöndal. Alternate board members are, Ragnheiður Hrefna Magnúsdóttir and Sveinn Friðrik Sveinsson.

On 28th February 2024 Skagi published guidance on target operating performance for the fiscal year 2024. Target combined ratio is to be below 95% (range 94-97%), Net Financial services income is expected to be above 2,200 million (range 1,900 – 2,600 million) and expected return of insurance investments assets is 11%. Update will be provided to investors if performance is expected to be outside of target range for Insurance business and Financial services, however no update will be provided on expected return for the insurance investment assets. More detailed information on guidance can be obtained in the FY 2024 Presentation of Financial Results which was published on 29th February and is available on Skagi website.

Report and Endorsement

by the Board of Directors and the CEOs

Shares and allocation of profits

The Company's nominal shares amounted to ISK 1,906.7 million at period end (own shares amounting to ISK 28,9 million), with each share having a nominal value of ISK 1. There were 913 shareholders at the beginning of the period and 914 shareholders at the end of it. The board of directors' proposal for the payment of a dividend in the amount of ISK 1,000 million or ISK 0.524 per share was approved at the Company's Annual General Meeting on 21st March and the company paid the dividend to shareholders on 2nd April 2024.

Share purchase agreements signed for acquisition of Íslensk verðbréf hf.

On 7th of May, Skagi signed a purchase agreement with the shareholders of Íslensk verðbréf hf. (ÍV) for Skagi's acquisition of 97.07% of the company's share capital for a cash consideration of about 1.6 billion ISK. It is expected that the shares of other shareholders will subsequently be purchased so that Skagi will become the sole owner of all shares in ÍV. Skagi has following this event signed further purchase agreements for shares in ÍV, now adding up to 98,07% and did prior hold an indirect shareholding of 0,76% which adds up to a total of 98,83% of shares in ÍV. Skagi has the unilateral right towards certain sellers of ÍV to pay ¼ of the total purchase price in the form of newly issued shares in Skagi.

ÍV, founded in 1987, offers services in the fields of capital markets, asset management and fund management and had 96 billion ISK under management at the end of last year. At year-end 2023, a total of around 4,000 clients had funds under asset management and in custody at ÍV. Activities of ÍV ex's Corporate finance and alternative investments are excluded in the purchase and it is already with Björg Capital Management ehf. ("BCM" which was the majority owner of ÍV) that these activities will be transferred to BCM immediately upon completion of the ÍV acquisition by Skagi.

The acquisition of shares in Íslensk verðbréf hf. is subject to the approval of the Financial Supervisory Authority of the Central Bank of Iceland and the Icelandic Competition Authority.

To the best knowledge of the board the interim consolidated financial statements of Vátryggingafélag Íslands hf. give a true and fair view of the consolidated financial performance of the Group for the period January 1st to March 31st, 2024, and its assets, liabilities, and financial position as of 31 March 2024. Further, in our opinion the consolidated interim financial statements give a fair view of the development and performance of the Group's operations and its position at period end and describe the principal risks faced by the Group.

The Board of Directors and the CEO have today discussed the Company's Condensed Consolidated Interim Financial Statements of Vátryggingafélag Íslands hf. for the period ended 31 March 2024 and confirm by means of their signatures.

Reykjavík, 29 May 2024

On the Board of Directors

Stefán Héðinn Stefánsson
Chairman of the Board

Vilhjálmur Egilsson
Vice-Chairman of the Board

Marta Guðrún Blöndal

Ásgeir Helgi Reykfjörð Gylfason

Hrund Rudolfsdóttir

CEOs

Haraldur Þórðarson

Guðný Helga Herbertsdóttir

Condensed Interim Consolidated Income Statement

For the period 1 January to 31 March 2024

	Notes	YTD 2024	YTD 2023
Insurance revenue		6.788.741	6.177.460
Claims incurred		(5.407.622)	(5.155.083)
Insurance contract operating expenses		(1.421.265)	(1.490.315)
Net expenses from reinsurance contracts		(202.480)	(181.278)
Insurance service result	6	(242.626)	(649.215)
Interest income		350.060	0
Interest expenses		(299.344)	0
Net interest income	7	50.716	0
Fee and commission income		566.383	0
Fee and commission expenses		(24.961)	0
Net fee and commission income	8	541.422	0
Net financial income	9	499.182	867.823
Other operating income		24.702	21.572
Other net operating income		523.884	889.395
Net operating income		873.396	240.180
Administrative expenses		(664.235)	(28.254)
Net impairments		(6.907)	0
Profit before tax		202.254	211.926
Income tax expenses	11	(66.740)	17.397
Profit and net profit for the period		135.514	229.323
Profit attributable to shareholders		138.965	231.822
Profit attributable to minority interest		(3.452)	(2.499)
Total profit for the period		135.514	229.323
Basic and diluted earnings per share		0,07	0,13

The notes on pages 9-26 are an integral part of these financial statements.

Condensed Interim Consolidated Statement of Comprehensive Income

For the period 1 January to 31 March 2024

	Notes	YTD 2024	YTD 2023
Profit for the period		<u>135.514</u>	<u>229.323</u>
Other Comprehensive income			
<i>Items that are or may be reclassified subsequently to profit and loss and relocated to equity</i>			
Unrealised fair value changes		(1.489)	0
Total comprehensive income for the period		<u><u>134.025</u></u>	<u><u>229.323</u></u>

The notes on pages 9-26 are an integral part of these financial statements.

Condensed Interim Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	31.3.2024	31.12.2023
Assets			
Cash and cash equivalents		2.389.231	2.270.693
Financial assets of insurance activities	12	44.147.631	42.758.589
Securities for hedging purposes	13	3.962.105	4.521.114
Forward contracts	14	170.180	143.235
Equities and other securities	26	304.847	337.320
Bonds	26	6.816.524	4.562.123
Loans to customers	9	2.280.198	1.672.720
Investments where investment risk is borne by life-insurance policyholders		1.087.502	1.047.382
Share in associates	16	190.283	190.283
Goodwill and other intangible assets	17	3.480.079	3.483.211
Right-of-use asset		501.538	584.453
Operating assets		318.321	329.531
Deferred income tax asset		158.980	191.211
Reinsurance contract assets		1.637.464	1.229.156
Other receivables	18	3.495.119	2.146.748
Total assets		70.940.002	65.467.768
Liabilities			
Liabilities due to insurance contracts	19	27.934.015	26.162.186
Technical provision for life-insurance policies where investment risk is borne by the policyholders		1.087.502	1.047.382
Subordinated bond	20	3.598.187	3.589.584
Money market loans	26	7.903.638	6.227.385
Issued bonds and bills	26	1.851.102	2.285.315
Liabilities to credit institutions	26	3.000.000	700.000
Forward contracts	14	19.651	215.615
Lease liability		548.610	636.966
Deferred income tax liability		301.054	271.629
Accounts payable and other liabilities	21	3.882.331	3.159.773
Total liabilities		50.126.088	44.295.835
Equity			
Share capital	22	1.877.737	1.905.550
Share premium account		3.087.000	3.087.000
Statutory reserve		625.620	625.620
Restricted reserves		2.801.263	3.852.262
Retained earnings		12.380.742	11.660.499
Total equity attributable to shareholders		20.772.362	21.130.931
Minority interest		41.551	41.002
Total equity		20.813.913	21.171.933
Total liabilities and equity		70.940.002	65.467.768

The notes on pages 9-26 are an integral part of these financial statements.

Condensed Interim Consolidated Statement of Changes in Equity

For the period 1 January to 31 March 2024

	Share capital	Share premium	Statutory reserve	Restricted reserve	Retained earnings	Minority interest	Total
2023							
Equity 1.1.2023	1.715.600		625.620	6.671.783	8.265.816	45.960	17.324.779
Total comprehensive income for the period					231.822	(2.499)	229.323
Treasury shares purchased	(20.050)				(332.335)		(352.385)
Dividends paid, ISK 0,554 per share					(939.335)		(939.335)
Restricted reserve for securites				(73.037)	73.037		0
Equity 31.3.2023	1.695.550	0	625.620	6.598.746	7.299.006	43.461	16.262.382
2024							
Equity 1.1.2024	1.905.550	3.087.000	625.620	3.852.262	11.660.499	41.002	21.171.933
Total comprehensive income for the period					138.965	(3.452)	135.514
Change of holding in subsidiary						4.000	4.000
Treasury shares purchased	(27.813)				(472.187)		(500.000)
Restricted reserve for securites				(1.050.999)	1.053.465		2.467
Equity 31.3.2024	1.877.737	3.087.000	625.620	2.801.263	12.380.742	41.551	20.813.913

The notes on pages 9-26 are an integral part of these financial statements.

Condensed Interim Consolidated Statement of Cash Flows

For the period 1 January to 31 March 2024

	Notes	YTD 2024	YTD 2023
Operating activities			
Profit for the period		135.514	229.323
Operating items not affecting cash flows:			
Financial income and expenses		(50.716)	(289.320)
Net financial income		(499.182)	(827.413)
Forward contracts, change		(222.910)	0
Sale of operating assets		0	(944)
Depreciation and amortisation		131.883	150.537
Changes in operating assets and liabilities:			
Financial assets, change		(720.539)	(522.160)
Reinsurance assets, change		(408.308)	(373.153)
Other receivables, change		(1.348.371)	(3.320.545)
Tax liability, change		61.655	(17.397)
Insurance contract liabilities, change		1.771.828	4.633.337
Accounts payable and other liabilities, change		664.171	167.835
Cash flows from operating activities before interest and tax		(484.975)	(169.901)
Interest income received		371.136	552.692
Dividend received		80.465	0
Financial expenses paid		(562.266)	(100.808)
Income taxes paid		(17.025)	0
Cash flows from operating activities		(612.665)	281.983
Investing activities			
Purchase of operating assets		(26.851)	0
Sale of operating assets		0	15.117
Purchase of intangible assets	17	(32.651)	(42.823)
Securities, change		(1.662.919)	0
Loans to customers, change		(607.478)	0
Sale of shares in subsidiary		4.000	0
		(2.325.900)	(27.705)
Financing activities			
Purchase of treasury shares		(500.000)	(352.385)
Dividends paid		0	(939.335)
Principal payments of lease liability		(63.481)	(38.536)
Short-term loans, change		3.542.040	0
Unpaid capital gains tax in respect of transactions, change		75.412	0
		3.053.972	(1.330.256)
Change in cash and cash equivalents		115.407	(1.075.979)
Cash and cash equivalents at the beginning of the year		2.270.693	2.380.526
Effect of movements in exchange rates on cash held		3.129	(5.959)
Cash and cash equivalents at year end		2.389.231	1.298.588

The notes on pages 9-26 are an integral part of these financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1. Reporting entity

Vátryggingafélag Íslands hf., the Parent Company, hereinafter referred to as "the Company" or "Skagi", is a limited liability company and operates on the basis of Act No. 100/2016 on Insurance Activities, Act No. 2/1995 on Limited Liability Companies and Act No. 161/2002 on Financial Undertakings. The Company's headquarters are at Ármúli 3, Reykjavík.

On 17th January 2024 a shareholders meeting of the Company was held whereas a change of the Company name from "Vátryggingafélag Íslands hf." to a new name "Skagi hf." was approved. The change of name to Skagi hf. in company registry in Iceland will not be concluded until transfer of the insurance operations into a subsidiary has been finalised.

A purchase agreement for the Company's insurance operations has been concluded between Skagi and VÍS tryggingar hf.; the agreement is subject to the approval of a shareholders' meeting for the transfer of the insurance operations (which was approved at a shareholders meeting on 17th January 2024) and the approval of the Financial Supervisory Authority of the Central Bank of Iceland for the transfer of the insurance portfolio and the insurance operations to a subsidiary, which remains outstanding. The Company expects that the transfer of the Company's insurance operations to VÍS tryggingar hf. will take place in 2024.

The condensed consolidated interim financial statements of Vátryggingafélag Ísland ("consolidated financial statements") comprise the interim financial statements of Vátryggingafélag Íslands ("Skagi" or the "Parent Company") which includes the insurance business of VÍS ("VÍS") and its subsidiaries, Líftryggingafélag Íslands ("Lífis"), SIV Asset Management ("SIV") and Fossar Investment Bank ("Fossar"). These are collectively referred to as the "Group". The Group operates in the fields of non-life insurance, life insurance, investments, asset management and investment banking. The Icelandic Financial Supervisory Authority supervises the Group's operations on the basis of Act No. 87/1998 on Official Supervision of Financial Activities.

2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting, as adopted by the European Union and additional requirements according to the Icelandic Financial Statements Act. The interim financial statements were approved and authorised for publication at a meeting of the Board of Directors on 29 May 2024. The condensed consolidated interim financial statements do not contain all the information required in consolidated financial statements and should be read in conjunction with its annual consolidated financial statements for the year 2023, which are available at www.skagi.is.

3. Functional and presentation currency

The condensed consolidated interim financial statements are prepared and presented in Icelandic krónur (ISK), which is the Company's functional currency. All amounts are presented in thousands of ISK unless otherwise stated.

4. Accounting estimates

Preparing condensed consolidated interim financial statements in accordance with IFRS requires management to make assumptions, estimates and apply judgement that affect the assets and liabilities at the reporting date, disclosures in notes and income and expenses. Estimates and judgements are based on experience and various other factors that are considered appropriate and form the basis of decisions made regarding the reported amounts of assets and liabilities not evident by other means.

Estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period when they are revised.

Management has made assumptions and accounting estimates regarding the following items that materially impact the Group's financial statements:

- Financial assets, see notes no. 12 and 26
- Intangible assets, see note no. 17
- Liability due to insurance contracts, see note no. 19

Notes to the Condensed Interim Consolidated Financial Statements

5. Operating segment reporting

The Group is divided into three operating segments: Insurance operations, Insurance investments and Financial services, in accordance with the Group's organisation and internal structure. Insurance operations includes the VIS insurance and Liffis life insurance business units. Insurance investments includes the investment operations of the insurance business (VIS and Liffis). Financial services includes the operations of Fossar and SIV.

The operating segments' results for the period 1 January - 31 March 2024 are specified as follows:

	Insurance operations	Insurance investments	Financial services	Skagi Supporting units and eliminations	Total
Insurance revenue	6.788.741				6.788.741
Claims incurred	(5.407.622)				(5.407.622)
Insurance contract operating expenses	(1.421.265)				(1.421.265)
Net expenses from reinsurance contracts	(202.480)				(202.480)
Insurance service result	(242.626)	0	0	0	(242.626)
Net interest income			50.716		50.716
Net fee and commission income			569.025	(27.603)	541.422
Financial income		945.513	3.577		949.089
Operating cost of the insurance investment portfolio		(70.789)			(70.789)
Net finance expenses from insurance contracts		(271.525)			(271.525)
Other financial items		(107.593)			(107.593)
Net financial income	0	495.605	3.577	0	499.182
Other operating income		21.770	2.932		24.702
Net operating income	(242.626)	517.375	626.250	(27.603)	873.395
Administrative expenses	(15.259)		(529.279)	(119.696)	(664.235)
Net impairments			(6.907)		(6.907)
Profit (loss) before tax	(257.885)	517.375	90.063	(147.299)	202.254
Income tax expenses					(66.740)
Profit for the period					135.514

Notes to the Condensed Interim Consolidated Financial Statements

5. Operating segment reporting (cont.)

The operating segments' results for the period 1 January - 31 March 2023 are specified as follows:

	Insurance operations	Investments	Financial services	Skagi Supporting units and eliminations	Total
Insurance revenue	6.177.460				6.177.460
Claims incurred	(5.155.083)				(5.155.083)
Insurance contract operating expenses	(1.490.315)				(1.490.315)
Net expenses from reinsurance contracts	(181.278)				(181.278)
Insurance service result	(649.215)	0	0		(649.215)
Net interest income					0
Net fee and commission income					0
Financial income		1.156.912			1.156.912
Operating cost of the insurance investment portfolio		(94.144)			(94.144)
Net finance expenses from insurance contracts		(49.222)			(49.222)
Other financial items		(145.723)			(145.723)
Net financial income	0	867.823	0		867.823
Other operating income		21.572			21.572
Net operating income	(649.215)	889.395	0	0	240.180
Administrative expenses	(14.297)		(13.957)		(28.254)
Net impairments					0
Profit (loss) before tax	(663.512)	889.395	(13.957)	0	211.926
Income tax expenses					17.397
Profit for the period					229.323

Notes to the Condensed Interim Consolidated Financial Statements

6. Insurance service result

	YTD 2024	YTD 2023
Insurance revenue		
Premiums earned	6.689.416	6.080.545
Other insurance revenue	99.325	96.915
Insurance revenue.....	<u>6.788.741</u>	<u>6.177.460</u>
Insurance service expenses		
Claims incurred	(5.407.622)	(5.155.083)
Insurance contract operating expenses	(1.421.265)	(1.490.315)
Insurance service expenses.....	<u>(6.828.887)</u>	<u>(6.645.398)</u>
Net expenses from reinsurance contracts		
Premiums earned, reinsurers' share	(232.299)	(216.247)
Claims incurred, reinsurers' share	26.593	31.774
Fee and commission income from reinsurers	3.226	3.195
	<u>(202.480)</u>	<u>(181.278)</u>

7. Net interest income

	YTD 2024
Interest income is specified as follows:	
Bank deposits, cash, loans and other interest income	71.708
Derivatives	174.452
Interest on financial assets at fair value	34.819
Interest on financial assets recorded at fair value through income statement	69.081
Interest income, total	<u>350.060</u>
Money market loans, issued bills and bonds and other borrowings	(298.564)
Interest expenses of leases	1.676
Other interest expenses	(2.456)
Interest expenses, total	<u>(299.344)</u>
Net interest income, total	<u>50.716</u>

Interest income and expenses here above are from Financial services operations. Interest income of insurance investments are allocated in the income statement within net financial income along with all other income from the insurance investment asset portfolio. Net finance expenses from insurance contracts and other financial items of the insurance operations are also allocated in the income statement within net financial income. Breakdown of net financial income can be seen in note 9.

8. Net fee and commission income

	YTD 2024
Market trading and corporate advisory	409.054
Asset management fees	88.692
Other net fee and commission income	43.676
Net fee and commission income, total	<u>541.422</u>

Fee and commission income includes fees for services provided to clients in the field of market trading, corporate advisory, asset management, securities custody and credit.

Notes to the Condensed Interim Consolidated Financial Statements

9. Net financial income

	YTD 2024	YTD 2023
Interest income and other investment income	280.586	329.499
Fair value change of equities*	(46.887)	296.360
Fair value change of other financial assets*	715.390	531.053
Fair value change of financial assets	668.503	827.413
Financial income, total	949.089	1.156.912
Net finance expenses from insurance contracts	(271.525)	(49.222)
Other financial items	(107.593)	(145.723)
Operating cost of the insurance investment portfolio	(70.789)	(94.144)
Net financial income, total	499.182	867.823

* Fair value changes in respect of financial services included.

Fair value change of equities includes ISK 80 million (2023: ISK 106 million) dividend income from equity holdings.

Interest income and finance expenses and other financial income here above are from Insurance investment operations assets.

10. Operating expenses

	YTD 2024	YTD 2023
Salaries and related expenses	1.237.885	985.913
Other operating expenses	817.497	477.562
Depreciation and amortisation	100.907	149.238
Total	2.156.288	1.612.712
Administrative expenses of parent company	119.696	0
Administrative expenses of financial services	529.279	13.957
Expenses of insurance operations	1.436.524	1.504.612
Operating cost of the insurance investment portfolio	70.789	94.144
Operating expenses, total	2.156.288	1.612.712

Salaries and related expenses are specified as follows:

	YTD 2024	YTD 2023
Salaries	931.608	785.386
Pension fund contributions	142.075	91.116
Special financial activities tax on salaries	63.377	41.181
Other salary-related expenses	100.825	68.229
Salaries and salary-related expenses	1.237.885	985.913
Number of fulltime employees	235	186

11. Income tax

Income taxes are calculated and recognised in the financial statements.

Effective tax rate:

	YTD 2024		YTD 2023	
	Amount	%	Amount	%
Profit before income taxes	202.254		211.926	
Income tax according to prevailing tax rate	42.473	21,0%	42.385	20,0%
Fair value changes of financial assets	67.468	33,4%	(38.428)	-18,1%
Dividends received	(37.125)	-18,4%	(21.138)	-10,0%
Effect of temporary change in tax rate	(3.489)	-1,7%		
Other changes	(2.587)	-1,3%	(223)	-0,1%
Income taxes according to the income statement	66.740	33,0%	(17.397)	-8,2%

Notes to the Condensed Interim Consolidated Financial Statements

12. Financial assets of insurance activities

Financial assets are specified as follows:

	31.3.2024	31.12.2023
Shares in other companies		
Listed on domestic stock exchanges	4.707.645	3.852.460
Listed on foreign stock exchanges	2.617.337	1.896.105
Other companies	7.302.232	6.408.261
	<u>14.627.213</u>	<u>12.156.827</u>
Other securities		
Government-backed securities, indexed	4.011.531	4.338.264
Government-backed securities, non-indexed	3.342.478	5.066.129
Other bonds	12.519.159	12.044.764
Bond funds	7.049.573	6.628.339
Institutional investor funds	2.597.676	2.524.266
	<u>29.520.417</u>	<u>30.601.762</u>
Total financial assets	<u>44.147.631</u>	<u>42.758.589</u>

13. Securities for hedging purposes

The carrying amounts of equities and securities held for hedging purposes are specified as follows:

	31.3.2024	31.12.2023
Government bonds and treasury bills	(270.308)	991.441
Shares	3.583.413	2.877.705
Other securities	649.000	651.968
	<u>3.962.105</u>	<u>4.521.114</u>

14. Forward contracts

	31.3.2024	31.12.2023
Assets		
Derivatives shares	169.476	126.986
Derivatives bonds	705	16.249
	<u>170.180</u>	<u>143.235</u>
Liabilities		
Derivatives shares	8.399	194.563
Derivatives bonds	11.252	21.052
	<u>19.651</u>	<u>215.615</u>

15. Share in subsidiaries

	31.3.2024	31.12.2023	Principal activity
VÍS tryggingar hf.	100,0%	100,0%	Seeking licence for insurance operations
Fossar fjárfestingarbanki hf.	100,0%	0,0%	Investment banking
VF Nord ehf.	100,0%	0,0%	Investing activities
Líftryggingafélag Íslands hf.	99,9%	99,9%	Life insurance
SIV eignastýring hf.	70,0%	77,0%	Asset and fund management

16. Share in associates

	Share	Book value 31.3.2024	Book value 31.12.2023
Tplús hf.	35,0%	151.393	151.393
Vex ehf.	35,0%	38.889	38.889

Notes to the Condensed Interim Consolidated Financial Statements

17. Intangible assets

Cost	Customer				Total
	Goodwill	relationships	Brands	Software	
Cost at 1.1. 2023	474.599	0	0	3.780.775	4.255.374
Additions during the year	1.767.984	925.000	305.000	178.524	3.176.508
Taken over due to acquisition of Fossar	0	12.887	5.923	28.820	47.630
Cost at 31.12. 2023	2.242.583	937.887	310.923	3.988.119	7.479.512
Additions during the period	0	25.000	0	8.276	33.276
Total cost 31.3. 2024	2.242.583	962.887	310.923	3.996.395	7.512.788
Amortisation					
Accumulated amortisation as at 1.1. 2023	0	0	0	2.840.550	2.840.550
Taken over due to acquisition of Fossar	0	1.692	778	3.784	6.253
Amortisation for the year	0	23.125	7.625	313.121	343.871
Impairment	0	0	0	805.628	805.628
Accumulated amortisation as at 31.12. 2023	0	24.817	8.403	3.963.083	3.996.302
Amortisation for the period	0	26.920	9.080	406	36.407
Accumulated amortisation as at 31.3. 2024	0	51.737	17.483	3.963.489	4.032.709
Carrying amount					
Carrying amount at the beginning of the year 2023	474.599	0	0	3.780.775	4.255.374
Carrying amount at year-end 2023	2.242.583	913.070	302.521	25.036	3.483.211
Carrying amount as at 31.3. 2024	2.242.583	911.150	293.440	32.906	3.480.079
Amortisation rates	0%	10%	10%	10-33%	

The Group's goodwill stems from VIS's acquisition of Lífis in 2012 as well as the acquisition of Fossar Investment Bank in 2023. At year-end 2023, an annual impairment test was carried out on the goodwill in respect of Lífis, based on discounted future cash flow. The result of the test was that it was not necessary to write down the carrying amount of the goodwill. It is management opinion that there are no indicators of impairment of goodwill at the 31.3.2024 reporting date.

18. Other receivables

Other receivables are specified as follows:	31.3.2024	31.12.2023
Prepaid taxes	562.528	460.581
Accrued interest income and prepaid expenses	1.082.804	794.027
Receivables related to domestic operations and other receivables	1.849.788	892.139
Other receivables, total	3.495.119	2.146.748

19. Insurance contract liabilities

Insurance contract liabilities are determined according to the accounting standard IFRS 17.

Insurance contract liabilities	31.3.2024	31.12.2023
Liability for remaining coverage	3.077.808	2.185.132
Liability for incurred claims	24.856.206	23.977.054
Total insurance contract liabilities	27.934.015	26.162.186
Reinsurers' share		
Reinsurers' share	1.637.464	1.229.156
Insurance contract liabilities, net of reinsurance		
Insurance contract liabilities, net of reinsurance	26.296.550	24.933.030
Changes in liabilities for incurred claims are specified as follows:		
Liability for incurred claims, start of year	23.977.054	22.880.803
Net finance expenses from insurance contracts	242.711	1.070.275
Paid claims in the period due to older years	(3.416.631)	(9.787.018)
Liability for incurred claims, current year	4.054.810	11.080.777
Total calculated liability for incurred claims	24.857.944	25.244.837
Ruff off	(63.914)	(783.016)
Change in risk adjustment	62.176	(484.767)
Liability for incurred claims, end of year/period	24.856.206	23.977.054

Notes to the Condensed Interim Consolidated Financial Statements

20. Subordinated bond

At the end of February 2016, the Company issued a subordinated bond in the nominal amount of ISK 2,500 million. The bond is classified as Tier II capital and is included in the Company's solvency. The bond bears a fixed inflation-indexed interest rate of 5.25%. Its maturity is 30 years but with a prepayment option and a step-up in interest rate to 6.25% ten years after the issue date.

21. Accounts payable and other liabilities

Accounts payable are specified as follows:	31.3.2024	31.12.2023
Accounts payable	473.305	785.401
Income tax payable	138.651	150.590
Liabilities due to reinsurance activities	416.996	67.623
Other liabilities	<u>2.853.379</u>	<u>2.156.160</u>
Accounts payable and other liabilities, total	<u>3.882.331</u>	<u>3.159.773</u>

22. Share capital and equity reserves

The share capital is specified as follows:	31.3.2024	31.12.2023
Share capital according to the Company's Articles of Association	1.906.700	1.906.700
Treasury shares	<u>(28.963)</u>	<u>(1.150)</u>
Share capital according to annual financial statements	<u>1.877.737</u>	<u>1.905.550</u>

One vote is attached to each share of the nominal value of one Icelandic Krona in the Company.

According to the Limited Liability Companies Act, the Company is required to retain amounts corresponding to 25% of the nominal value of shares in a statutory reserve that is prohibited to be distributed as dividends to shareholders. Amounts in excess of 25% of the nominal value of shares are at the Company's disposal.

According to the Annual Accounts Act, the Company is to recognise unrealised fair value income of financial assets designated at fair value through profit or loss in a restricted reserve among equity which is not distributable as dividends.

According to the Annual Accounts Act, the Company is to restrict the share in profit from a subsidiary and associate in excess of dividends received.

Retained earnings consist of profit and loss of the Company not distributed as dividends or contributed to statutory reserve or other reserves. Retained earnings can be distributed to shareholders as dividends. However, solvency requirements limit the amounts the Company can pay as dividends.

23. Fossar Capital adequacy ratio

The capital adequacy ratio of Fossar is calculated in accordance with Act No. 161/2002 on Financial Undertakings. The capital requirement due to credit, market, and operational risk is calculated using a standard method and the bank's capital adequacy ratio is 29,0%.

	31.3.2024	31.12.2023
Fossar total equity at period end	1.929.864	1.925.908
Deduction items	<u>(184.559)</u>	<u>(218.894)</u>
Own funds	<u>1.745.305</u>	<u>1.707.014</u>
Risk weighted exposures:		
Credit risk	1.801.059	1.764.845
Market risk	<u>1.843.796</u>	<u>1.417.711</u>
Total risk weighted exposure for part a, 3rd paragraph. Article 84	3.644.855	3.182.556
Capital requirements for operational risk	<u>2.372.280</u>	<u>2.372.280</u>
Total risk weighted exposure for part b, 3rd paragraph. Article 84	2.372.280	2.372.280
Total risk weighted assets for Article 84	<u>6.017.135</u>	<u>5.554.836</u>
Capital adequacy ratio for Fossar	29,0%	30,7%

The minimum required capital ratio of credit undertakings is 8% according to Article 84 of the Act No. 161/2002 on Financial Undertakings. In addition to the minimum required capital base, the Bank must maintain certain capital buffers, specified by the Financial Supervisory Authority of the Central Bank of Iceland from time to time, which today consist of a countercyclical capital buffer and a capital conservation buffer, which total 5.0%.

Notes to the Condensed Interim Consolidated Financial Statements

24. Solvency of a financial conglomerate

It is assumed the approval of the Financial Supervisory Authority for defining the Group as a financial conglomerate as defined in Article 3 of Regulation No. 61/2017 on Supplementary Supervision of Financial Conglomerates will be obtained and the capital requirement of the Group is now calculated as the solvency ratio of a financial conglomerate.

In addition, the Group calculates the minimum capital requirements for companies that do not fall under the insurance operations by excluding insurance activities from the weighted risks in the capital base. In the same way, the solvency ratio is calculated only for companies that belong to the insurance activities.

Solvency is a measure of the Group's ability to absorb shocks, or in other words, an indication of its financial strength. The Group's available capital and capital requirements are calculated on the assumption that the Group meets the definition of a financial conglomerate according to Articles 16, 17 and 18 of Regulation No. 61/2017 on Supplementary Supervision of Financial Conglomerates. The Group's solvency ratio is 1.42, taking into account the payment of dividends and repurchases of own shares, compared to the minimum requirement in the Regulation, which is 1.0.

	31.3.2024	31.12.2023
Solvency capital requirements for insurance activities	13.581.693	11.866.623
Solvency capital requirements for other activities	800.660	742.873
Total solvency capital requirements	<u>14.382.353</u>	<u>12.609.495</u>
Own funds for insurance activities	19.349.591	19.317.148
Own funds for other activities	1.906.218	1.867.927
Total own funds	<u>21.255.809</u>	<u>21.185.076</u>
Solvency ratio	1,48	1,68

The groups solvency ratio adjusted for dividend and share repurchases is 1.42 compared with 1.56 at 31.12.2023.

25. Solvency of insurance activities

The Company's minimum solvency means that certain capital, equity, is required due to the Company's risk. The standard rule according to Act No. 100/2016 is applied, whereby calculation is based on all measurable risks. How the solvency requirement is divided into subcomponents of risk is specified in the following tables. Diversification effects are deducted since it is not assumed that all risks will realise simultaneously. An adjustment for the loss-absorbing capacity of deferred taxes is deducted upon realisation of risks.

Solvency capital requirements

	31.3.2024	31.12.2023
Market risk	8.497.802	6.683.185
Counterparty risk	2.491.998	1.820.181
Insurance risk	9.985.140	9.736.238
Diversification effects and other factors	(7.393.246)	(6.372.981)
Total solvency capital requirements	<u>13.581.693</u>	<u>11.866.623</u>
Own funds	19.349.591	19.317.148
Solvency ratio	1,42	1,63
Minimum Capital Requirements (MCR)	5.911.801	5.338.300

The solvency ratio of insurance activities adjusted for dividend and share repurchases is 1.36 compared with 1.50 at 31.12.2023.

Notes to the Condensed Interim Consolidated Financial Statements

26. Financial instruments

26.1 Classification of financial instruments of insurance operations

The Group's financial assets of insurance operations pertain to the following categories of financial instruments:

31.3.2024	Financial assets at fair value	Financial assets at amortised cost	Total	Fair value
Financial assets				
Equity and equity funds	14.627.213		14.627.213	14.627.213
Debt instruments and other securities	26.372.268		26.372.268	26.372.268
Secured debt instruments		3.148.149	3.148.149	
Other receivables		2.115.885	2.115.885	
Cash in escrow accounts and term deposits		76.438	76.438	
Cash and cash equivalents		2.032.072	2.032.072	
Financial assets, total	<u>40.999.482</u>	<u>7.372.545</u>	<u>48.372.026</u>	

31.12.2023

Financial assets	Financial assets at fair value	Financial assets at amortised cost	Total	Fair value
Equity and equity funds	13.661.697		13.661.697	13.661.697
Debt instruments and other securities	26.387.746		26.387.746	26.387.746
Secured debt instruments		2.709.349	2.709.349	
Other receivables		1.781.063	1.781.063	
Cash in escrow accounts and term deposits		154.607	154.607	
Cash and cash equivalents		2.158.620	2.158.620	
Financial assets, total	<u>40.049.444</u>	<u>6.803.639</u>	<u>46.853.082</u>	

The carrying amounts of financial assets at amortised cost approximates their fair values.

Fair value hierarchy of insurance operations

The following table discloses financial assets at fair value or held-to-maturity according to valuation techniques. The valuation techniques are separated into three levels based on the significance of the assumptions made in determining fair value. The levels are as follows:

Level 1: Quoted price in an active market for identical assets.

Level 2: Fair value is not based on quoted prices in an active market (level 1) but on inputs that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial assets for which there is not an active market are classified into level 2. The fair value assessment is based on recent transactions between unrelated parties or bid prices of unrelated parties. Comparison to similar financial assets is also applied.

Level 3: Fair value measurement is based on significant inputs other than market value. Fair value measurement of financial assets classified as level 3 is based on inputs such as valuation from fund managers of investment or institutional investment funds, put options or the Company's valuation based on financial results or comparison to other similar financial assets.

31 March 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value	26.808.668	2.131.908	12.058.906	40.999.482
31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value	27.394.439	1.054.670	11.600.335	40.049.444

Changes that fall under level 3 during the period are specified as follows:

	31.3.2024	31.12.2023
Balance 1.1.	11.600.335	11.540.198
Purchased	1.216.079	2.371.195
Sold / Repayments	(998.532)	(3.781.357)
Moved between levels		(305.964)
Interest and fair value changes*	241.025	1.776.264
Balance at 31.3	<u>12.058.906</u>	<u>11.600.335</u>

*Of which ISK 23 million is realised and ISK 218 million is unrealised. Interest and fair value changes are recorded among net financial income in the income statement.

Notes to the Condensed Interim Consolidated Financial Statements

26. Financial instruments (cont.)

26.2 Classification of financial instruments of financial services operations

The Group's financial assets of financial services activities pertain to the following categories of financial instruments:

31.3.2024	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents			357.158	357.158
Other receivables (without prepayments)			1.302.796	1.302.796
Bonds	2.592.033	4.224.491		6.816.524
Equities and other securities	304.847			304.847
Securities for hedging purposes	3.962.105			3.962.105
Loans to customers			2.280.198	2.280.198
Total	6.858.985	4.224.491	3.940.152	15.023.629
Financial liabilities				
Money market loans			7.903.638	7.903.638
Issued bonds and bills			1.851.102	1.851.102
Liabilities to credit institutions			3.000.000	3.000.000
Accounts payable and other liabilities (without unpaid taxes)			384.126	384.126
Long-term loans			25.621	25.621
Total	0	0	13.164.487	13.164.487
31.12.2023				
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents			112.073	112.073
Other receivables (without prepayments)			211.078	211.078
Bonds	1.801.714	2.657.469		4.459.183
Equities and other securities	337.320			337.320
Securities for hedging purposes	4.521.114			4.521.114
Loans to customers			1.672.720	1.672.720
Total	6.660.147	2.657.469	1.995.872	11.313.488
Financial liabilities				
Money market loans			6.227.385	6.227.385
Issued bonds and bills			2.285.315	2.285.315
Liabilities to credit institutions			700.000	700.000
Accounts payable and other liabilities (without unpaid taxes)			292.507	292.507
Long-term loans			22.176	22.176
Total	0	0	9.527.383	9.527.383

Fair value hierarchy of financial services operations

The following table shows a breakdown of the carrying amounts of financial assets at fair value by valuation method:

31 March 2024	Level 1	Level 2	Level 3	Total
Investment in listed companies	7.092.945			7.092.945
Investment in bonds	4.347.707			4.347.707
Holdings in other companies, total	11.440.652	0	0	11.440.652
31 December 2023				
	Level 1	Level 2	Level 3	Total
Investment in listed companies	3.215.025			3.215.025
Investment in bonds	6.102.592			6.102.592
Holdings in other companies, total	9.317.617	0	0	9.317.617

The fair value of loans and receivables that bear fixed interest is assessed using the cash flow method, where the yield is based on the estimated market interest rate for the respective debt instrument on the reporting date. The fair value of other financial assets and financial liabilities, including of those with variable interest rates, is not considered significantly different from the carrying amounts at period-end.

Notes to the Condensed Interim Consolidated Financial Statements

27. Credit quality of financial assets

27.1 Breakdown of loans to customers by industry and information on collateral and other credit enhancements

	Claim value	Impairment to expected credit loss	Carrying amount	Total collateral	Allocated collateral				
					Deposits	Listed securities and liquid funds	Unlisted securities and other funds	Commercial real estate	Other
31.3.2024									
Public entities									
Financial institutions									
Corporate									
Real estate activities	47.428	(119)	47.309	66.500				66.500	
Construction	235.199	(349)	234.850	967.500				900.000	67.500
Service activities									
Accommodat. and Food Service Activit.	208.695	(790)	207.905	4.365.000				285.000	4.080.000
Activities of Holding Companies	1.770.558	(5.617)	1.764.941	5.538.920	29.382	2.320.741	1.038.797		2.150.000
Wholesale and Retail Trade									
Other	25.225	(32)	25.193	62.500					62.500
Individual									
Total	2.287.105	(6.907)	2.280.198	11.000.420	29.382	2.320.741	1.038.797	1.251.500	6.360.000

	Claim value	Impairment to expected credit loss	Carrying amount	Total collateral	Allocated collateral				
					Deposits	Listed securities and liquid funds	Unlisted securities and other funds	Commercial real estate	Other
31.12.2023									
Public entities									
Financial institutions									
Corporate									
Real estate activities									
Construction	14.994		14.994	67.500					67.500
Service activities									
Accommodat. and Food Service Activit.	150.967		150.967	4.080.000					4.080.000
Activities of Holding Companies	1.506.759		1.506.759	3.728.145	3.208	2.680.526	1.044.411		
Wholesale and Retail Trade									
Other									
Individual									
Total	1.672.720	0	1.672.720	7.875.645	3.208	2.680.526	1.044.411	0	4.147.500

Notes to the Condensed Interim Consolidated Financial Statements

27. Credit quality of financial assets (cont.)

27.2 Credit quality of loans to customers by credit quality band

The following tables show financial assets subject to the impairment requirements of IFRS 9 broken down by credit quality bands where band I denotes the lowest and band IV the highest credit risk. The Bank has primarily used adjusted external credit ratings to assess the default probability of its customers.

Credit quality of financial assets by credit quality band

31.3.2024

Loans to customers:	Stage 1	Stage 2	Stage 3	Total
Credit quality band I	2.047.213			2.047.213
Credit quality band II	239.892			239.892
Credit quality band III				
Credit quality band IV				
In default				
Non-Rated				
Gross carrying amount	2.287.105	0	0	2.287.105
Expected credit loss	(6.907)			(6.907)
Book value	2.280.198	0	0	2.280.198

31.12.2023

Loans to customers:	Stage 1	Stage 2	Stage 3	Total
Credit quality band I	1.505.956			1.505.956
Credit quality band II	166.764			166.764
Credit quality band III				
Credit quality band IV				
In default				
Non-Rated				
Gross carrying amount	1.672.720	0	0	1.672.720
Expected credit loss				0
Book value	1.672.720	0	0	1.672.720

27.3 Breakdown of loans to customers into not past due and past due

31.3.2024

	Claim value	Expected credit loss	Book value
Not past due	2.287.105	(6.907)	2.280.198
Past due 1-30 days			
Past due 31-60 days			
Past due 61-90 days			
Past due 91-180 days			
Past due 181-360 days			
Past due more than 360 days			
Total	2.287.105	(6.907)	2.280.198

31.12.2023

	Claim value	Expected credit loss	Book value
Not past due	1.672.720	0	1.672.720
Past due 1-30 days			
Past due 31-60 days			
Past due 61-90 days			
Past due 91-180 days			
Past due 181-360 days			
Past due more than 360 days			
Total	1.672.720	0	1.672.720

Notes to the Condensed Interim Consolidated Financial Statements

27. Credit quality of financial assets (cont.)

27.4 Allowance for expected credit loss on loans to customers and on loan commitments, guarantees and unused credit facilities during the period

The following tables show changes in the expected credit loss allowance of loans to customers and for loan commitments, guarantees and unused credit facilities during the period.

31.3.2024

Expected credit loss allowance total

Transfer of financial assets:	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	2.049			2.049
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Net remeasurement of loss allowance	5.690			5.690
New financial assets, originated or purchased	1.217			1.217
Derecognitions and maturities				
Write-offs				
Balance as at 31 March 2024	8.956	0	0	8.956

Transfer of financial assets:	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	838			838
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Net remeasurement of loss allowance	2.099			2.099
New financial assets, originated or purchased				
Derecognitions and maturities				
Write-offs	(888)			(888)
Balance as at 31 December 2023	2.049	0	0	2.049

28. Loan-to-value

The loan-to-value ratio (LTV) is the ratio of the gross amount of the loan to the value of the collateral, if any. The general creditworthiness of a customer is viewed as the most reliable indicator of credit quality of a loan. Besides collateral included in the LTV ratios the Group uses other risk mitigation measures, such as guarantees, negative pledge, cross-collateral and collateralisation of non-quantifiable assets.

The breakdown of loans to customers by LTV is specified as follows:

	31.3.2024	%	31.12.2023	%
Less than 50%	1.258.720	55%	662.273	40%
51-70%	901.272	40%	809.305	48%
71-90%	120.206	5%	201.142	12%
91-100%				
101-125%				
126-200%				
Greater than 200%				
No or negligible collateral:				
Other loans with no collateral				
Total	2.280.198	100%	1.672.720	100%

Notes to the Condensed Interim Consolidated Financial Statements

29. Maximum exposure to credit risk

The maximum exposure to credit risk for on-balance sheet and off-balance sheet items, before taking into account any collateral held or other credit enhancements, is specified as follows:

31.3.2024

On and off balance sheet exposure	<u>Public entities</u>	<u>Financial institutions</u>	<u>Corporate customers</u>	<u>Individuals</u>	<u>Total</u>
Cash and balances with Central Bank		356.452			356.452
Fixed income securities	3.954.232		649.000		4.603.232
Loans to customers			2.280.198		2.280.198
Derivatives			170.180		170.180
Other assets			308.196		308.196
Total	<u>3.954.232</u>	<u>356.452</u>	<u>3.407.574</u>	<u>0</u>	<u>7.718.258</u>

31.12.2023

On and off balance sheet exposure	<u>Public entities</u>	<u>Financial institutions</u>	<u>Corporate customers</u>	<u>Individuals</u>	<u>Total</u>
Cash and balances with Central Bank		112.073			112.073
Fixed income securities	5.450.624		651.968		6.102.592
Loans to customers			1.672.720		1.672.720
Derivatives			143.234		143.234
Other assets			211.078		211.078
Total	<u>5.450.624</u>	<u>112.073</u>	<u>2.679.000</u>	<u>0</u>	<u>8.241.697</u>

Notes to the Condensed Interim Consolidated Financial Statements

30. Collateral against exposures to derivatives

The Group applies the same valuation methods to collateral held as other comparable assets held by the Group. Haircuts are applied to the market value of the collateral for liquidity and other factors which may affect the applied collateral value of the asset.

	Notional amount fixed income securities	Notional amount variable income securities	Total notional amount	Market value of collateral			
				Deposits	Fixed income Securities	Variable income securities	Total collateral
31.3.2024							
Financial institutions	93.541	784.231	877.772	46.354	71.686	0	118.040
Corporate customers	4.600.971	871.319	5.472.290	461.079	506.554	2.103.031	3.070.664
Individuals	0	239.403	239.403	11.157	0	4.294	15.451
	<u>4.694.512</u>	<u>1.894.953</u>	<u>6.589.465</u>	<u>518.590</u>	<u>578.240</u>	<u>2.107.325</u>	<u>3.204.155</u>

	Notional amount fixed income securities	Notional amount variable income securities	Total notional amount	Market value of collateral			
				Deposits	Fixed income Securities	Variable income securities	Total collateral
31.12.2023							
Financial institutions	157.081	1.336.746	1.493.827	42.465	0	0	42.465
Corporate customers	4.766.714	552.748	5.319.462	760.846	209.600	2.002.550	2.972.996
Individuals	0	237.628	237.628	15.132	0	0	15.132
	<u>4.923.795</u>	<u>2.127.122</u>	<u>7.050.917</u>	<u>818.443</u>	<u>209.600</u>	<u>2.002.550</u>	<u>3.030.593</u>

Notes to the Condensed Interim Consolidated Financial Statements

31. Large exposure

Large exposure before risk adjusted mitigation	31.3.2024		31.12.2023	
	Number	Amount	Number	Amount
10-20% of capital base	2	513.051		
20-25% of capital base				
Exceeding 25% of capital base				
Total	2	513.051	0	0
Large exposure net of risk adjusted mitigation	2	513.051	0	0

32. Key ratios

The combined ratio is the sum of incurred claims, operating expenses and net reinsurance cost as a proportion of insurance revenue. The claims ratio, operating ratio and net reinsurance ratio are calculated as a proportion of the insurance revenue for the period.

The following table shows the combined ratio and other key figures of the insurance operations and the Group. For further information on solvency ratios, reference is made to notes 24-25.

Key ratios for insurance business	YTD 2024	YTD 2023
Claims ratio	79,7%	83,4%
Net reinsurance ratio	3,0%	2,9%
Claims and net reinsurance ratio	82,6%	86,4%
Insurance contracts expense ratio	20,9%	24,1%
Combined ratio	103,6%	110,5%
Solvency ratio for insurance business	1,42	1,48
Key ratios for the Group		
ROE on annual basis	2,6%	5,5%
Solvency ratio for the Group	1,48	1,48

33. Related parties

Related parties are those parties, or their companies, that have a significant influence on the Group, whether directly or indirectly. Related parties are board members of the Group, the CEOs of the Group, key management personnel, associates, close family members of individuals indentified as related parties, as well as other dependent parties directed by or under the influence of the Group. Transactions with related parties have been on the same terms as with unrelated parties.

Transactions and balances with related parties are specified as follows:

	1.1-31.3.2024		31.3.2024	
	Income	Expenses	Assets	Liabilities
Board of directors and key management	1.481	0	378.515	0
	1.1-31.3.2023		31.12.2023	
	Income	Expenses	Assets	Liabilities
Board of directors and key management	4.284	8.228	389.318	911

Notes to the Condensed Interim Consolidated Financial Statements

34. Events after the reporting date

No events have occurred after the end of reporting period that require the Group to change these annual financial statements.

On 7th of May, Vátryggingafélag Íslands hf. (Skagi) signed a purchase agreement with the shareholders of Íslensk verðbréf hf. (ÍV) for Skagi's acquisition of 97.07% of the company's share capital. It is expected that the shares of other shareholders will subsequently be purchased so that Skagi will become the sole owner of all shares in ÍV. Skagi has signed further purchase agreements for shares in ÍV, now adding up to 98,07%, for a total purchase price of approx. 1.6 billion ISK, and did prior hold an indirect shareholding of 0,76% which adds up to a total of 98,83% of shares in ÍV. Skagi has the unilateral right towards certain sellers of ÍV to pay ¼ of the total purchase price in the form of newly issued shares in Skagi, upon completion.

The acquisition of shares in Íslensk verðbréf hf. is subject to the approval of the Financial Supervisory Authority of the Central Bank of Iceland and the Icelandic Competition Authority.

35. Quarterly statement

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Insurance revenue	6.788.741	6.843.539	6.952.232	6.500.845	6.177.460
Investment result after financial items	499.182	845.132	396.871	719.700	867.823
Net interest and commission income	592.138	391.452	37.891	0	0
Other income	24.702	17.337	14.584	19.094	23.040
Total income	7.904.763	8.106.650	7.401.578	7.239.640	7.068.323
Insurance service expenses	(6.828.887)	(6.641.423)	(6.344.821)	(6.152.501)	(6.645.398)
Net expenses from reinsurance contracts	(202.480)	42.994	(238.933)	(169.546)	(181.278)
Operating expenses	(664.235)	(658.669)	(105.464)	(94.377)	(29.721)
Impairment of intangible assets	(6.907)	(805.628)	0	0	0
Profit before income taxes	202.254	43.924	712.360	823.216	211.926
Income tax	(66.740)	108.016	(104.888)	19.653	17.397
Profit for the period	135.514	151.940	607.471	842.869	229.323
Claims ratio	79,7%	73,3%	72,6%	71,7%	83,4%
Net reinsurance ratio	3,0%	-0,6%	3,4%	2,6%	2,9%
Claims and net reinsurance ratio	82,6%	72,6%	76,0%	74,3%	86,4%
Insurance contracts expense ratio	20,9%	23,8%	18,7%	22,9%	24,1%
Combined ratio	103,6%	96,4%	94,7%	97,2%	110,5%