



Condensed Interim
Consolidated Financial Statements
31 March 2022

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Endorsement and Statement by the Board of Directors and the CEO

These are the Condensed Interim Consolidated Financial Statements of Kvika banki hf. ("Kvika" or the "Bank") and its subsidiaries (together the "Group") for the period 1 January to 31 March 2022. The Condensed Interim Consolidated Financial Statements have not been audited or reviewed by the Bank's independent auditors.

Following the acquisition of Ortus Secured Finance Ltd. ("Ortus"), the Group operates five business segments, Insurance, Asset Management, Commercial Banking, Investment Banking and UK. The Group provides businesses, investors and individuals with comprehensive investment banking, insurance services and asset management services, as well as selected banking services. At the end of March 2022 the Group had ISK 497 billion of assets under management, compared to ISK 528 billion at year end 2021. The decrease in assets under management during the period can be explained by the divestment of funds managed by KKV Investment Management Ltd. (ISK 23 bn.), which has now been completed in full. This offsets the increase in funds under management and private banking. The Bank is listed on the main list of Nasdaq OMX Iceland.

The Bank's Annual General Meeting ("AGM") was held on 31 March 2022. It approved the motion of the Board of Directors ("BOD") to the AGM that no dividend be paid for the operating year 2021. The AGM also approved a motion from the BOD to, subject to approval from the Financial Supervisory Authority of the Central Bank of Iceland, decrease the share capital of the Bank by ISK 117,256,300 shares by cancelling treasury shares held by the Bank. Finally, the AGM approved a motion from the BOD permitting the Bank to purchase up to 10% of own shares subject to regulatory approvals. This authorisation applies until the next annual general meeting in 2023.

Acquisition of Ortus Secured Finance Ltd.

During the first quarter of 2022 the Group concluded the acquisition of Ortus. Ortus is a British alternative credit provider specialising in property backed lending to borrowers in the United Kingdom. Ortus' headquarters are in London and the company also operates offices in Belfast, N-Ireland and in Glasgow, Scotland. The transaction is a good strategic fit and allows for significant diversification of the Group's loan portfolio, as well as opportunities to generate synergies in terms of improved funding costs.

Operations during the first quarter of 2022

Profit before taxes for the period amounted to ISK 1,740 million (3m 2021: ISK 1,002 million), corresponding to an annualised 16.1% return on weighted tangible equity, based on the tangible equity position at the beginning of the year adjusted for changes in share capital and transactions with treasury shares during the period. The Russian Federation's invasion into Ukraine has had a considerable global impact on the prices of securities, and as a result, it effected a number of assets held by the Group. However, the impact of the Covid-19 pandemic continues to have less and less effect on the Icelandic economy, so does its effects on the Group. During the period, the pandemic has not had a large impact on the Group's operations and income generating segments. The Group's net operating income during the period was ISK 4,943 million (3m 2021: ISK 2,702 million). Net interest income amounted to ISK 1,571 million (3m 2021: ISK 634 million). Net fee income amounted to ISK 1,642 million (3m 2021: ISK 1,684 million). Net premiums and claims amounted to ISK 717 million (not part of the Group's operations during 3m 2021). Other operating income amounted to ISK 1,013 million (3m 2021: ISK 384 million). Administrative expenses during the period amounted to ISK 3,165 million (3m 2021: ISK 1,677 million). The figures in the consolidated income statement for the period do not include the operations of Ortus for January and February as the business combination took place at end of February.

According to the Consolidated Statement of Financial Position, equity at the end of the period amounted to ISK 80,091 million (31.12.2021: ISK 78,368 million) and total assets amounted to ISK 286,192 million (31.12.2021: ISK 246,240 million).

The Group's solvency ratio at 31.03.2022 was 1.32, (31.12.2021: 1.57) with a regulatory minimum requirement of 1.0.

Risk management

The objective of risk management is to promote a good and efficient culture of risk awareness within the Group and to increase the understanding of employees and management on the Group's risk taking, in addition to an assessment process related to risk and capital position. An emphasis is placed on being up to speed on the latest developments and adoption of rules related to risk management, such as regarding capital- and liquidity management. The Group is faced with various kinds of risk that relate to its operations as a financial conglomerate and arise from its day-to-day operations. An active risk management entails analysing risk, measuring it and taking actions to limit it, as well as monitoring risk factors across the Group. The Group's risk management, and its main operations, are described in the notes accompanying the Consolidated Financial Statements. Refer to notes 40-55 on analysis of exposure to various types of risk.

Endorsement and Statement by the Board of Directors and the CEO

Statement by the Board of Directors and the CEO

The Condensed Interim Consolidated Financial Statements of Kvika banki hf. for the period 1 January to 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and additional requirements, as applicable, in the Act on Annual Accounts no. 3/2006, the Act on Financial Undertakings no. 161/2002 and rules on accounting for credit institutions no. 834/2003.

To the best of our knowledge these Condensed Interim Consolidated Financial Statements give a true and fair view of the Group's assets, liabilities and financial position as at 31 March 2022 and the financial performance of the Group and changes of cash flows for the period 1 January to 31 March 2022. Furthermore, in our opinion the Condensed Interim Consolidated Financial Statements and the Endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describe the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO of the Bank have today discussed the Condensed Interim Consolidated Financial Statements for the period 1 January to 31 March 2022, and confirm them by the means of their signatures.

Reykjavík, 12 May 2022.

Board of Directors

Sigurður Hannesson
Chairman

Guðmundur Þórðarson
Deputy Chairman

Helga Kristín Auðunsdóttir

Ingunn Svala Leifsdóttir

Guðjón Reynisson

Chief Executive Officer

Marinó Örn Tryggvason

The condensed interim consolidated financial statements of Kvika banki hf. for the period ended 31 March 2022 are electronically certificated by the Board of Directors and the CEO.

Condensed Interim Consolidated Income Statement

For the period 1 January 2022 to 31 March 2022

	Notes	3m 2022	3m 2021
Interest income		2,707,682	1,003,583
Interest expense		(1,136,728)	(369,958)
Net interest income	4	1,570,954	633,624
Fee and commission income		1,774,293	1,752,726
Fee and commission expense		(131,816)	(68,536)
Net fee and commission income		1,642,477	1,684,190
Earned premiums, net of reinsurers' share		3,998,277	0
Claims incurred, net of reinsurers' share		(3,281,399)	0
Net premiums and claims	5	716,878	0
Net financial income	6	807,925	373,134
Share in profit (loss) of associates, net of income tax	22	0	(27,566)
Other operating income		205,003	38,873
Other operating income		1,012,928	384,442
Net operating income		4,943,236	2,702,255
Administrative expenses	8	(3,164,713)	(1,677,154)
Net impairment	10	(38,420)	(10,764)
Revaluation of contingent consideration		0	(12,563)
Profit before taxes		1,740,103	1,001,774
Income tax	11	(188,735)	(96,495)
Special tax on financial institutions	13	(41,526)	(36,034)
Profit for the period		1,509,842	869,244

	Notes	3m 2022	3m 2021
Attributable to the shareholders of Kvika banki hf.		1,481,318	884,645
Attributable to non-controlling interest	21	28,525	(15,401)
Profit for the period		1,509,842	869,244
Earnings per share	14		
Basic earnings per share (ISK per share)		0.31	0.40
Diluted earnings per share (ISK per share)		0.30	0.37

The notes on pages 10 to 44 are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Comprehensive

For the period 1 January 2022 to 31 March 2022

	Notes	3m 2022	3m 2021
Profit for the period		1,509,842	869,244
Changes in fair value of financial assets through OCI, net of tax		11,807	(6,725)
Realized net gain transferred to the Income Statement, net of tax		0	(1,500)
Changes to reserve for financial assets at fair value through OCI		11,807	(8,225)
Exchange difference on translation of foreign subsidiaries		(76,453)	2,185
Other Comprehensive income that is or may be reclassified subsequently to profit and loss		(64,646)	(6,041)
Total comprehensive income for the period		1,445,196	863,204
	Notes	3m 2022	3m 2021
Attributable to the shareholders of Kvika banki hf.		1,416,672	878,604
Attributable to non-controlling interest		28,525	(15,401)
Total comprehensive income for the period		1,445,196	863,204

The notes on pages 10 to 44 are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Financial Position

As at 31 March 2022

Assets	Notes	31.3.2022	31.12.2021
Cash and balances with Central Bank	15	48,961,798	38,645,894
Fixed income securities	16	44,410,120	40,046,651
Shares and other variable income securities	17	23,518,790	22,683,295
Securities used for hedging	18	24,890,929	22,085,696
Loans to customers	19	83,068,286	71,587,646
Derivatives	20	3,727,824	2,734,216
Investment in associates	22	63,939	67,000
Investment properties	23	1,100,000	1,100,000
Intangible assets	24	34,026,592	31,455,409
Operating lease assets	25	1,290,041	1,458,621
Property and equipment		390,765	405,695
Deferred tax assets	11	3,177,763	3,177,763
Reinsurance assets	28	1,033,875	749,383
Other assets	26	16,531,708	10,042,553
Total assets		286,192,429	246,239,821
Liabilities			
Deposits	27	87,680,784	78,669,807
Technical provision	28	27,502,036	22,434,447
Borrowings	29	30,053,071	17,261,048
Issued bonds	30	41,789,862	32,597,716
Subordinated liabilities	31	3,491,689	3,371,766
Short positions held for trading	32	1,467,301	1,323,631
Short positions used for hedging	33	33,529	1,280,868
Derivatives	20	3,265,526	3,008,401
Current tax liabilities		381,185	347,068
Deferred tax liabilities		955,276	899,942
Other liabilities	34	9,481,447	6,677,507
Total liabilities		206,101,706	167,872,201
Equity			
Share capital	35	4,817,305	4,790,139
Share premium		50,552,951	50,316,002
Other reserves		8,283,988	9,613,793
Retained earnings		16,415,351	13,696,745
Total equity attributable to the shareholders of Kvika banki hf.		80,069,596	78,416,678
Non-controlling interest	21	21,127	(49,058)
Total equity		80,090,723	78,367,620
Total liabilities and equity		286,192,429	246,239,821

The notes on pages 10 to 44 are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Changes in Equity

For the period 1 January 2022 to 31 March 2022

1 January 2022 to 31 March 2022	Notes	Share capital	Share premium	Other reserves				Trans-lation reserve	Restricted retained earnings	Retained earnings	Total share-holders' equity	Non-controlling interest	Total equity
				Option reserve	Warrants reserve	Deficit reduction reserve	Fair value reserve						
Equity as at 1 January 2022		4,790,139	50,316,002	4,430	56,468	3,103,697	(74,823)	66,109	6,457,912	13,696,745	78,416,678	(49,058)	78,367,620
Profit for the period										1,481,318	1,481,318	28,525	1,509,842
Changes in fair value of financial assets through OCI							11,807				11,807		11,807
Realized net gain transferred to the Income Statement							0				0		0
Translation of foreign operations													
Exchange difference on translation of foreign subsidiaries								(78,647)			(78,647)	2,193	(76,453)
Total comprehensive income for the period		0	0	0	0	0	11,807	(78,647)	0	1,481,318	1,414,478	30,718	1,445,196
Restricted retained earnings									623,244	(623,244)	0		0
Transfer from deficit reduction reserve						(1,900,000)				1,900,000	0		0
Transactions with owners of the Bank													
Capital increase		27,167	224,162								251,328	0	251,328
Stock options				26,578							26,578		26,578
Warrants exercised	36		12,788		(12,788)						0		0
Other transactions													
Acquisition of non-controlling interest via purchase										(39,467)	(39,467)	39,467	0
Equity as at 31 March 2022		4,817,305	50,552,951	31,008	43,680	1,203,697	(63,016)	(12,537)	7,081,157	16,415,351	80,069,596	21,127	80,090,723

The notes on pages 10 to 44 are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Changes in Equity

For the period 1 January 2021 to 31 March 2021

1 January 2021 to 31 March 2021	Notes	Share capital	Share premium	Other reserves				Trans-lation reserve	Restricted retained earnings	Retained earnings	Total share-holders' equity	Non-controlling interest	Total equity
				Option reserve	Warrants reserve	Deficit reduction reserve	Fair value reserve						
Equity as at 1 January 2021		2,141,002	4,290,521	0	149,462	3,103,697	27,293	54,520	1,679,930	7,740,546	19,186,971	21,030	19,208,001
Profit for the period										884,645	884,645	(15,401)	869,244
Changes in fair value of financial assets through OCI							(10,282)			(10,282)			(10,282)
Realized net gain transferred to the Income Statement							(1,876)			(1,876)			(1,876)
Translation of foreign operations										0			0
Exchange difference on translation of foreign subsidiaries								2,185		2,185			2,185
Total comprehensive income for the period		0	0	0	0	0	(12,157)	2,185	0	884,645	874,672	(15,401)	859,272
Restricted retained earnings									375,160	(375,160)	0		0
Transactions with owners of the Bank													
Capital increase		2,555,649	47,273,673								49,829,322	(0)	49,829,322
Own shares acquired through business combination		(6,400)	(126,720)							(133,120)			(133,120)
Warrants exercised			20,206		(20,206)					0			0
Equity as at 31 March 2021		4,690,252	51,457,680	0	129,256	3,103,697	15,136	56,705	2,055,090	8,250,031	69,757,846	5,629	69,763,475

The notes on pages 10 to 44 are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Cash Flows

For the period 1 January 2022 to 31 March 2022

	Notes	3m 2022	3m 2021
Cash flows from operating activities			
Profit for the period		1,509,842	869,244
Adjustments for:			
Indexation and exchange rate difference		192,389	205,399
Share in (profit) loss of associates, net of income tax		0	27,566
Depreciation and amortisation		369,364	52,109
Net interest income		(1,570,954)	(633,624)
Net impairment		38,420	11,855
Other adjustments		39,456	19,520
		578,518	552,069
Changes in:			
Fixed income securities		(4,626,985)	(4,189,191)
Shares and other variable income securities		(1,466,566)	(251,631)
Securities used for hedging		(2,805,233)	(3,870,358)
Loans to customers		601,866	3,362,431
Derivatives - assets		(993,608)	(125,483)
Other assets		(1,726,432)	(6,472,391)
Deposits		8,979,184	6,305,771
Technical provision		294,170	0
Short positions		(1,103,669)	(349,754)
Derivatives - liabilities		(422,525)	677,780
Other liabilities		2,472,338	13,286,116
		(797,460)	8,373,290
Interest received		2,375,073	934,492
Interest paid		(851,488)	(251,706)
Net cash from operating activities		1,304,643	9,608,145
Cash flows from investing activities			
Acquisition of intangible assets	24	(131,785)	(137,532)
Net sale (acquisition) of property and equipment		1,741	(6,325)
Acquisition of subsidiary and associates, net of cash		(3,645,802)	(657,826)
Lease receivable payments		601	50,427
Net cash to investing activities		(3,775,244)	(751,257)
Cash flows from financing activities			
Borrowings		9,933,785	(4,103,764)
Issued bills		0	(600,000)
Increase in capital		251,328	403,827
Decrease in warrants		(12,788)	(20,206)
Lease payments		(67,369)	(45,747)
Net cash from (to) financing activities		10,104,956	(4,365,890)
Net increase in cash and balances with Central Bank		7,634,355	4,490,998
Cash and balances with Central Bank at the beginning of the year		38,645,894	28,945,030
Change in cash and cash equivalents due to acquisition of subsidiary		3,367,206	4,586,419
Effects of exchange rate fluctuations on cash and balances with Central Bank		(685,657)	(205,850)
Cash and balances with Central Bank at the end of the period	15	48,961,798	37,816,597

The notes on pages 10 to 44 are an integral part of these Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

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Notes to the Condensed Interim Consolidated Financial Statements

General information

1. Reporting entity

Kvika banki hf. ("Kvika" or the "Bank") is a limited liability company incorporated and domiciled in Iceland, with its registered office at Katrínartún 2, Reykjavík. The Bank operates as a bank based on Act No. 161/2002, on Financial Undertakings, and is supervised by the Financial Supervisory Authority of the Central Bank ("FME"). The Group, comprised of Kvika and its subsidiaries, has been designated by the FME as a financial conglomerate as defined in Article no. 3 of Act no. 61/2017 on Additional Supervision of Financial Conglomerates.

The Condensed Interim Consolidated Financial Statements for the period ended 31 March 2022 comprise Kvika banki hf. and its subsidiaries (together referred to as the Group). The Group operates five business segments, Asset Management, Corporate Banking, Insurance Services, Investment Banking and UK. The Group provides businesses, investors and individuals with comprehensive investment banking, insurance services and asset management services as well as selected banking services.

The Condensed Interim Consolidated Financial Statements were approved and authorised for issue by the Board of Directors and the CEO on 12 May 2022.

2. Basis of preparation

a. Statement of compliance

The Condensed Interim 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, as applicable, in the Act on Annual Accounts no. 3/2006, the Act on Financial Undertakings no. 161/2002 and rules on accounting for credit institutions no. 834/2003.

The Condensed Interim Consolidated Financial Statements do not include all of the information required for full Consolidated Financial Statements, and should be read in conjunction with the Group's Consolidated Financial Statements for the financial year ending 31 December 2021, which are available at www.kvika.is.

b. Basis of measurement

The Condensed Interim Consolidated Financial Statements have been prepared using the historical cost basis except for the following:

- fixed income securities are measured at fair value;
- shares and other variable income securities are measured at fair value;
- securities used for hedging are measured at fair value;
- certain loans to customers which are measured at fair value;
- derivatives are measured at fair value;
- investment properties are measured at fair value;
- certain receivables are measured at fair value;
- shared based payment is accounting for in accordance with IFRS 2;
- contingent consideration is measured at fair value;
- short positions are measured at fair value; and
- technical provision is measured in accordance with IFRS 4.

c. Functional and presentation currency

The Condensed Interim Consolidated Financial Statements are prepared in Icelandic Krona (ISK), which is the Group's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

The Group's assets and liabilities which are denominated in other currency than ISK are translated to ISK using the exchange rate as at the end of day 31 March 2022.

d. Going concern

The Bank's management has assessed the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue its operations.

e. Estimates and judgements

The preparation of interim financial statements in accordance with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are based on historical result and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future periods if the revision affects both current and future periods.

Information about areas of estimation uncertainty and critical judgements made by management in applying accounting policies that can have a significant effect on the amounts recognised in the Condensed Interim Consolidated Financial Statements, is provided in the Consolidated Financial Statements as at and for the year ended 31 December 2021.

f. Relevance and importance of notes to the reader

In order to enhance the informational value of the Condensed Interim Consolidated Financial Statements, the notes are evaluated based on relevance and importance for the reader. This can result in information, that has been evaluated as neither important or relevant for the reader, not being presented in the notes.

Notes to the Condensed Interim Consolidated Financial Statements

3. Business combinations

Acquisition of Ortus Secured Finance Ltd.

In February 2022, the Group acquired a majority shareholding in Ortus Secured Finance Ltd ("Ortus"), by purchasing an additional 63.1% of the ordinary shares and 70% of the preference shares. The Group first acquired 15.1% of the ordinary shares and 30% of the preference shares in 2018, which were held at fair value at the acquisition date.

Ortus is a British alternative credit provider specialising in property backed lending to borrowers in the United Kingdom. Ortus' headquarters are in London and the company also operates offices in Belfast, N-Ireland and in Glasgow, Scotland. The transaction is a good strategic fit and allows for significant diversification of the Group's loan portfolio, as well as opportunities to generate synergies in terms of improved funding costs.

The total valuation of the preference and ordinary shares was ISK 5,572 million at the acquisition date. Included in the acquisition price, there is a contingent consideration value, that is conditional on the performance of an individual customer loan.

The Group has a contractual agreement to acquire the remaining 21.8% of shareholding in 2024 and 2026. At the acquisition date, this element was recorded at fair value and will be reassessed on a quarterly basis for further fair value adjustments, which will be recognised through the Consolidated Income Statement.

During the years 2021 and 2022, the Group incurred transaction costs related to the acquisition amounting to ISK 34 million which were expensed as operating expenditure.

In accordance with IFRS 3, Business Combinations, the total consideration will be allocated to Ortus' identifiable assets and liabilities acquired, that have been re-measured to fair value at the acquisition date. The purchase price allocation exercise has not been finalised and the preliminary goodwill amounts to ISK 2,668 million. The following table summarises the consideration paid for Ortus and the recognised preliminary amounts of assets acquired and liabilities assumed at the acquisition date, being 28 February 2022.

Identifiable assets acquired and liabilities assumed

Assets	Fair value
Cash and cash equivalents	3,367,206
Loans to customers	11,598,808
Other assets	554,825
Total	15,520,839
Liabilities	
Borrowings	12,402,533
Other liabilities	214,589
Total	12,617,122
Total identifiable net assets	2,903,717
Acquisition price	5,572,004
Calculated goodwill on acquisition	2,668,287

The figures in the consolidated income statement for the year 2022 do not include the operations of Ortus during January and February as the merger took place at end of February. If the merger had occurred on 1 January 2022, it is estimated that the consolidated net operating income would have been ISK 5,084 million and the consolidated profit before tax for the period would have been ISK 1,764 million.

Notes to the Condensed Interim Consolidated Financial Statements

Income statement

4. Net interest income

Interest income is specified as follows:

	3m 2022	3m 2021
Cash and balances with Central Bank	141,182	22,764
Derivatives	276,421	169,056
Loans to customers	1,784,005	685,300
Fixed income securities (FVOCI)	216,329	99,112
Other interest income	289,745	27,350
Total	2,707,682	1,003,583

Interest expense is specified as follows:

	3m 2022	3m 2021
Deposits	345,129	135,811
Borrowings	118,973	88,770
Issued bills	0	7,916
Issued bonds	510,291	44,771
Subordinated liabilities	125,699	55,662
Derivatives	8,103	577
Other interest expense*	28,533	36,453
Total	1,136,728	369,958

* Thereof are lease liabilities' interest expense amounting to ISK 12 million (3m 2021: ISK 6 million).

Total interest income recognised in respect of financial assets not carried at fair value through profit or loss amounts to ISK 2.153 million (3m 2021: ISK 696 million). Total interest expense recognised in respect of financial liabilities not carried at fair value through profit or loss amounts to ISK 1.129 million (3m 2021: ISK 409 million).

5. Net premiums and claims

Net premiums and claims is specified as follows:

Earned premiums, net of reinsurers' share	3m 2022
Premiums written	8,997,528
Premiums written, reinsurers' share	(557,237)
Change in provision for unearned premiums	(4,789,522)
Change in provision for unearned premiums, reinsurers' share	347,508
Total	3,998,277
Claims incurred, net of reinsurers' share	3m 2022
Claims paid	(2,907,407)
Claims paid, reinsurers' share	135,732
Change in provision for claims due to insurance operations	(415,100)
Change in risk margin	(32,155)
Change in provision for claims, reinsurers' share	(62,470)
Total	(3,281,399)
Net premiums and claims	716,878

Combined ratio 101.0%

Insurance operations became part of the Group's operations following the merger with TM hf. at end of the first quarter of 2021. As a result, there are no comparative figures as insurance operations were not part of the consolidated financial statements for the first quarter of 2021.

Notes to the Condensed Interim Consolidated Financial Statements

6. Net financial income

Net financial income is specified as follows:

	3m 2022	3m 2021
Net gain on financial assets and financial liabilities mandatorily measured at fair value through profit or loss		
Fixed income securities	111,409	109,838
Shares and other variable income securities	452,405	288,825
Derivatives	40,582	(2,801)
Loans to customers	9,006	(18,121)
Unwinding, interest and exchange rate change of technical provision	168,643	0
Foreign currency exchange difference	25,880	(4,607)
Total	807,925	373,134

7. Foreign currency exchange difference

Foreign currency exchange difference is specified as follows:

	3m 2022	3m 2021
(Loss) gain on financial instruments at fair value through profit and loss	(28,328)	94,793
Gain (loss) on other financial instruments	54,208	(99,400)
Total	25,880	(4,607)

8. Administrative expenses

Administrative expenses are specified as follows:

	3m 2022	3m 2021
Salaries and related expenses	1,776,359	1,025,606
Other operating expenses	1,009,934	542,303
Depositors' and Investors' Guarantee Fund contributions	9,056	7,852
Depreciation and amortisation	301,678	58,223
Depreciation of right of use asset	67,685	43,171
Total	3,164,713	1,677,154

9. Salaries and related expenses

Salaries and related expenses are specified as follows:

	3m 2022	3m 2021
Salaries	1,389,299	847,597
Performance based payments excluding share-based payments	0	(8,541)
Share-based payment expenses	26,578	0
Pension fund contributions	174,439	93,929
Tax on financial activity	76,907	42,473
Other salary related expenses	109,135	50,148
Total	1,776,359	1,025,606
Average number of full time employees during the period	336	152
Total number of full time employees at the end of the period	353	319

According to Act No. 165/2011, passed in 2011, banks and other financial institutions providing VAT exempt services, must pay a tax based on salary payments, called tax on financial activity. The current tax rate is 5.50% (2021: 5.50%).

Notes to the Condensed Interim Consolidated Financial Statements

10. Net impairment

	3m 2022	3m 2021
Net change in impairment of loans	(61,721)	(4,848)
Net change in impairment of other assets	25,740	0
Net change in impairment of loan commitments, guarantees and unused credit facilities	(2,439)	(5,916)
Total	(38,420)	(10,764)

11. Income tax

The Bank and some of its subsidiaries will not pay income tax on its profit for 2022 due to the fact that Group has a tax loss carry forward that offsets the calculated income tax. At year end 2021, the tax loss carry forward of the Group amounted to ISK 23 billion. A substantial part of the tax loss carry forward is utilisable until end of year 2028. Management is of the opinion that the Group's operations in the years to come will result in taxable results which will be offset with the tax loss carry forward. The Group has therefore recognised a part of the tax loss carry forward as a deferred tax asset in the consolidated statement of financial position.

Income tax is recognised based on the tax rates and tax laws enacted during the current year, according to which the domestic corporate income tax rate was 20.0% (2020: 20.0%). Companies within the Group, which operate outside of Iceland, recognise income tax in accordance with the applicable tax laws in the country where they are resident.

12. Special tax on financial activity

The special tax on financial activity is an additional income tax which becomes effective when the income tax base exceeds ISK 1,000 million. It is levied on the same entities as the tax on financial activity according to Act No. 90/2003. The tax rate is set at 6.0% (2021: 6.0%) and the tax is not a deductible expense for income tax purposes. The tax is presented separately in the consolidated income statement.

13. Special tax on financial institutions

According to Act No. 155/2010 on Special Tax on Financial Institutions, certain types of financial institutions, including banks, must pay annually a tax based on the carrying amount of their liabilities as determined for tax purposes in excess of ISK 50 billion at year-end. The tax rate is set at 0.145% (2021: 0.145%) and the tax is not a deductible expense for income tax purposes. The tax is presented separately in the consolidated income statement.

14. Earnings per share

The calculation of basic earnings per share is based on earnings attributable to shareholders and a weighted average number of shares outstanding during the period. The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Bank has issued warrants and stock options that have a dilutive effect.

	3m 2022	3m 2021
Net earnings attributable to equity holders of the Bank	1,481,318	884,645
Weighted average number of outstanding shares	4,806,468	2,193,530
Adjustments for warrants and stock options	72,888	205,603
Total	4,879,356	2,399,132
Basic earnings per share (ISK)	0.31	0.40
Diluted earnings per share (ISK)	0.30	0.37

Notes to the Condensed Interim Consolidated Financial Statements

Statement of Financial Position

15. Cash and balances with Central Bank

Cash and balances with Central Bank are specified as follows:

	31.3.2022	31.12.2021
Deposits with Central Bank	22,860,959	16,611,434
Cash on hand	15,487	14,651
Balances with banks	19,426,013	16,093,533
Foreign treasury bills	3,662,597	2,564,841
Included in cash and cash equivalents	45,965,056	35,284,459
Restricted balances with Central Bank - average maintenance level	0	0
Restricted balances with Central Bank - fixed reserve requirement	1,605,332	1,235,491
Receivables from Central Bank	1,391,410	2,125,945
Total	48,961,798	38,645,894

The Bank holds mandatory reserve deposit accounts with the Central Bank of Iceland in compliance with the Central Bank's Rules on Minimum Reserve Requirements No. 585/2018. Under these rules the reserve requirement is divided into two parts: a fixed reserve requirement bearing no interest and an average maintenance level requirement bearing the same interest as that on deposit-taking institutions' current accounts with the Central Bank. The mandatory reserve deposit with the Central Bank and the receivables from the Central Bank are not available for the Group to use in its daily operations.

16. Fixed income securities

Fixed income securities are specified as follows:

	31.3.2022	31.12.2021
Mandatorily measured at fair value through profit or loss		
Listed government bonds and bonds with government guarantees	6,059,665	5,343,444
Listed bonds	8,074,571	8,492,751
Unlisted bonds	4,494,394	4,907,093
Measured at fair value through other comprehensive income		
Listed government bonds and bonds with government guarantees	25,595,659	18,127,222
Listed treasury bills	0	2,997,628
Listed bonds	185,831	178,512
Total	44,410,120	40,046,651

17. Shares and other variable income securities

Shares and other variable income securities are specified as follows:

	31.3.2022	31.12.2021
Mandatorily measured at fair value through profit or loss		
Listed shares	6,453,126	5,523,914
Unlisted shares	7,854,258	8,907,091
Unlisted unit shares in bond funds	4,482,927	3,824,181
Unlisted unit shares in other funds	4,728,479	4,428,108
Total	23,518,790	22,683,295

18. Securities used for hedging

Securities used for hedging are specified as follows:

	31.3.2022	31.12.2021
Listed government bonds and bonds with government guarantees	5,196,144	126,113
Listed bonds	2,732,753	1,699,621
Listed shares	16,862,276	18,745,871
Unlisted unit shares	99,756	1,514,091
Total	24,890,929	22,085,696

Notes to the Condensed Interim Consolidated Financial Statements

19. Loans to customers

The breakdown of the loan portfolio by individuals and corporates is specified as follows:

	Individuals		Corporates		Total	
	Gross carrying amount	Book value	Gross carrying amount	Book value	Gross carrying amount	Book value
31.3.2022						
Loans to customers at amortised cost	33,527,752	32,888,213	49,140,179	48,053,772	82,667,931	80,941,985
Loans to customers at FV through profit or loss	595,302	595,302	1,530,999	1,530,999	2,126,301	2,126,301
Total	34,123,054	33,483,515	50,671,178	49,584,771	84,794,232	83,068,286
	Individuals		Corporates		Total	
	Gross carrying amount	Book value	Gross carrying amount	Book value	Gross carrying amount	Book value
31.12.2021						
Loans to customers at amortised cost	31,285,094	30,771,742	39,114,914	38,291,634	70,400,008	69,063,377
Loans to customers at FV through profit or loss	650,814	650,814	1,873,455	1,873,455	2,524,269	2,524,269
Total	31,935,908	31,422,557	40,988,369	40,165,089	72,924,277	71,587,646

The Group presents finance lease receivables as part of loans to customers at amortised cost. As at 31 March 2022, the book value of finance lease receivables amounted to ISK 16,206 million (31.12.2021: ISK 16,139 million).

20. Derivatives

Derivatives are specified as follows:

	Notional		Carrying value	
	Assets	Liabilities	Assets	Liabilities
31.3.2022				
Interest rate derivatives	21,529,491	19,713,503	2,128,567	0
Currency forwards	18,242,870	18,207,957	433,293	233,377
Bond and equity total return swaps	25,762,890	28,224,368	565,497	3,032,150
Equity options	448,644	0	600,468	0
Total	65,983,894	66,145,828	3,727,824	3,265,526
	Notional		Carrying value	
	Assets	Liabilities	Assets	Liabilities
31.12.2021				
Interest rate derivatives	14,353,716	13,087,145	1,799,162	0
Currency forwards	8,260,384	9,306,104	54,740	126,212
Bond and equity total return swaps	23,328,516	25,873,506	336,233	2,882,189
Equity options	453,594	0	544,081	0
Total	46,396,210	48,266,754	2,734,216	3,008,401

21. Group entities

The main subsidiaries held directly or indirectly by the Group are listed in the table below.

Entity	Nature of operations	Domicile	Share	
			31.3.2022	31.12.2021
Aur app ehf.	Financial technology services	Iceland	-	100%
Fí Fasteignafélag GP ehf.	Real estate fund management	Iceland	100%	100%
GAMMA Capital Management hf.	Fund management	Iceland	100%	100%
Kvika eignastýring hf.	Asset management	Iceland	100%	100%
Netgíró hf.	Consumer lending operations	Iceland	-	20%
Rafklettur ehf.	Holding company	Iceland	100%	100%
TM líftryggingar hf.	Insurance services	Iceland	100%	100%
TM tryggingar hf.	Insurance services	Iceland	100%	100%
AC GP 3 ehf.	Fund management	Iceland	80%	80%
Kvika Securities Ltd.	Business consultancy services	UK	100%	100%
Ortus Secured Finance Ltd.	Lending operations	UK	78%	15%

During the first quarter of 2022, the Group acquired a majority stake in Ortus Secured Finance Ltd. Reference is made to note 3 for more information on the acquisition. Furthermore, the mergers of Aur app ehf. and Netgíró hf. with Kvika banki hf. were finalised during the first quarter of 2022.

Notes to the Condensed Interim Consolidated Financial Statements

22. Investment in associates

a. Investment in associates is accounted for using the equity method and is specified as follows:

Entity	Nature of operations	Domicile	Share	
			31.3.2022	31.12.2021
Gláma fjárfestingar slhf.	Holding company	Iceland	24%	24%
Moberg d. o. o.	Digital solutions provider	Croatia	40%	40%

The Group does not consider its associates material, neither individually nor as a group.

b. Changes in investments in associates are specified as follows:

	31.3.2022	31.12.2021
Balance at the beginning of the year	67,000	42,240
Acquisition of shares in associates	0	67,000
Dividend received	0	(3,750)
Disposal of shares in associates	0	(10,924)
Share in (loss) profit of associates, net of income tax	0	(27,566)
Exchange rate difference	(3,060)	0
Total	63,939	67,000

23. Investment properties

Investment properties are specified as follows:

	31.3.2022	31.12.2021
Balance at the beginning of the year	1,100,000	1,016,905
Revaluation of investment properties	0	83,095
Total	1,100,000	1,100,000

24. Intangible assets

Intangible assets are specified as follows:

	31.3.2022				Total
	Goodwill	Customer relationships	Brands	Software and other	
Balance as at 1 January 2022	24,257,972	2,255,810	2,340,265	2,601,362	31,455,409
Additions during the period	0	0	0	131,785	131,785
Additions through business combinations	2,668,287	0	0	0	2,668,287
Amortisation	0	(43,443)	(32,655)	(124,026)	(200,123)
Currency adjustments	(28,765)	0	0	0	(28,765)
Balance as at 31 March 2022	26,897,494	2,212,367	2,307,610	2,609,121	34,026,592
Gross carrying amount	26,897,494	2,391,991	2,439,788	3,402,025	35,131,297
Accumulated amortisation and impairment losses	0	(179,624)	(132,178)	(792,904)	(1,104,705)
Balance as at 31 March 2022	26,897,494	2,212,367	2,307,610	2,609,121	34,026,592
	31.12.2021				Total
	Goodwill	Customer relationships	Brands	Software and other	
Balance as at 1 January 2021	2,943,881	0	0	618,740	3,562,621
Additions during the period	0	0	0	458,271	458,271
Additions through business combinations	21,314,091	2,391,991	2,439,788	2,017,629	28,163,498
Amortisation	0	(136,181)	(99,523)	(493,278)	(728,982)
Balance as at 31 December 2021	24,257,972	2,255,810	2,340,265	2,601,362	31,455,409
Gross carrying amount	24,257,972	2,391,991	2,439,788	3,270,240	32,359,991
Accumulated amortisation and impairment losses	0	(136,181)	(99,523)	(668,878)	(904,582)
Balance as at 31 December 2021	24,257,972	2,255,810	2,340,265	2,601,362	31,455,409

Notes to the Condensed Interim Consolidated Financial Statements

25. Operating lease assets

Operating lease assets are specified as follows:

	31.3.2022	31.12.2021
Balance as at 1 January	1,458,621	0
Additions through business combinations	0	1,784,025
Additions	27,368	233,914
Disposals	(125,980)	(319,763)
Depreciation	(69,968)	(239,555)
Total	1,290,041	1,458,621
Gross carrying amount	2,039,451	2,226,907
Accumulated depreciation	(749,410)	(768,286)
Total	1,290,041	1,458,621

26. Other assets

Other assets are specified as follows:

	31.3.2022	31.12.2021
Accounts receivable	12,262,190	7,599,584
Unsettled transactions	2,785,440	984,264
Right of use asset and lease receivables	723,766	800,087
Investment where investment risk is borne by life-insurance policyholders	117,739	111,172
Receivables at fair value	29,632	30,202
Sundry assets	612,940	517,245
Total	16,531,708	10,042,553

Right of use asset and lease receivables are specified as follows:

	31.3.2022	31.12.2021
Right of use asset and lease receivables as at 1 January	800,087	478,995
Additions during the period	0	453,937
Additions through business combinations	0	301,665
Termination of lease agreements	(23,495)	0
Disposal	(29,180)	(175,404)
Indexation	10,447	37,716
Depreciation and lease receivable installment	(34,093)	(296,822)
Total	723,766	800,087

Right of use asset and lease receivables mostly consist of real estates for the Group's own use. The Group has entered into sublease contracts for parts of the real estates which it does not use for its operations.

27. Deposits

Deposits are specified as follows:

	31.3.2022	31.12.2021
Demand deposits	72,699,852	63,858,051
Time deposits	14,980,932	14,811,756
Total	87,680,784	78,669,807

Notes to the Condensed Interim Consolidated Financial Statements

28. Technical provision

Technical provision is specified as follows:

	31.3.2022	31.12.2021
Claims provision	16,755,008	16,492,994
Premium provision	10,084,543	5,311,124
Risk margin	662,484	630,329
Technical provisions, total	27,502,036	22,434,447

The Group buys reinsurance primarily as excess of loss treaties to protect itself against extreme events, but certain lines are protected by quota share treaties.

Reinsurer's share:

Claims provision	572,948	635,419
Premium provision	460,927	113,964
Reinsurer's share, total	1,033,875	749,383

Own technical provision:

Claims provision	16,182,060	15,857,575
Premium provision	9,623,616	5,197,160
Risk margin	662,484	630,329
Own technical provision (net), total	26,468,161	21,685,065

29. Borrowings

Borrowings are specified as follows:

	31.3.2022	31.12.2021
Money market deposits	18,401,853	17,261,048
Other borrowings	11,651,218	0
Total	30,053,071	17,261,048

Money market deposits typically have a principal of ISK 5-500 million and maturity between 1 day and 6 months and pay fixed interest rates.

The Group has not had any defaults of principal, interest or other breaches with respect to its debt issued and other borrowed funds.

30. Issued bonds

Issued bonds are specified as follows:

Currency, nominal value	First issued	Maturity	Maturity type	Terms of interest	31.3.2022	31.12.2021
Unsecured bonds:						
KVB 20 01, ISK 5,000 million	2020	2023	At maturity	Floating, 1 month REIBOR + 0.85%	4,569,963	4,609,836
KVB 19 01, ISK 5,000 million	2019	2024	Amortizing	Floating, 1 month REIBOR + 1.50%	2,754,194	3,003,775
KVB 21 01, GBP 12 million	2021	2023	At maturity	Floating, 3 month LIBOR + 2.50%	2,023,451	2,117,105
KVB 21 02, ISK 5,400 million	2021	2027	At maturity	CPI-indexed, fixed 1.0%	5,719,894	5,589,138
Lykill 23 11, ISK 3,010 million	2020	2023	At maturity	Floating, 1 month REIBOR + 1.10%	2,622,149	2,575,197
KVIKA 24 1119, GBP 11.4 million .	2021	2024	At maturity	Floating, 3 month LIBOR + 1.75%	1,919,075	2,007,693
KVIKA 24 1216 GB, ISK 4,500 mil. .	2021	2024	At maturity	Floating, 3 month REIBOR + 0.90%	4,508,045	4,506,565
KVB 32 0112, ISK 2,000 million	2022	2032	At maturity	CPI-indexed, fixed 1.40%	2,044,561	0
EMTN 24 3101, SEK 500 million ...	2022	2024	At maturity	Floating, 3 month STIBOR + 2.80%	6,899,737	0
EMTN 24 0402, EUR 8.5 million ...	2022	2024	At maturity	Floating, 3 month EURIBOR + 2.80	1,211,155	0
Asset backed bonds:						
Lykill 16 01, ISK 10,870 million	2016	2023	Amortizing	Floating, 1 month REIBOR + 1.10%	2,540,324	2,928,877
Lykill 26 05, ISK 5,130 million	2019	2026	Amortizing	CPI-indexed, fixed 3.30%	3,671,358	3,792,658
Lykill 24 06, ISK 1,570 million	2020	2024	Amortizing	Fixed, 2.80%	905,686	1,002,853
Lykill 23 09, ISK 1,000 million	2019	2023	Amortizing	Fixed, 5.20%	400,271	464,019
Total					41,789,862	32,597,716

Notes to the Condensed Interim Consolidated Financial Statements

31. Subordinated liabilities

a. Subordinated liabilities:

Currency, nominal value	First issued	Maturity	Maturity type	Terms of interest	31.3.2022	31.12.2021
KVB 18 02, ISK 800 million	2018	2028	At maturity	CPI-Indexed, fixed 7.50%	997,377	960,156
TM 15 1, ISK 2,000 million	2015	2045	At maturity	CPI-Indexed, fixed 5.25%	2,494,312	2,411,610
Total					3,491,689	3,371,766

At the interest payment date in the year 2023 for KVB 18 02, the Group has the right to repay the subordinated bond and on any subsequent interest payment dates until maturity.

At the interest payment date in May 2025 for TM 15 01, the annual interest rate increases from 5.25% p.a. to 6.25% p.a. At the interest payment date in May 2025 for TM 15 01, the Group has the right to repay the subordinated bond and on any subsequent interest payment dates until maturity.

Subordinated liabilities are financial liabilities in the form of subordinated capital which, in case of the Group's voluntary or compulsory winding-up, will not be repaid until after the claims of ordinary creditors have been met. In the calculation of the capital ratio, they are included within Tier 2 and are a part of the equity base. The amount eligible for Tier 2 capital treatment is amortised on a straight-line basis over the final 5 years to maturity or up to 20% a year. The Group may only retire subordinated liabilities with the permission of the FME.

b. Subordinated liabilities are specified as follows:

	31.3.2022	31.12.2021
Balance at the beginning of the year	3,371,766	2,077,225
Redemption of KVB 15 01	0	(1,258,799)
Additions through business combinations	0	2,358,610
Paid interest	0	(113,125)
Paid interests due to indexation	0	(14,763)
Accrued interests and indexation	119,924	322,618
Total	3,491,689	3,371,766

32. Short positions held for trading

Short positions held for trading are specified as follows:

	31.3.2022	31.12.2021
Listed government bonds and bonds with government guarantees	520,432	608,965
Listed bonds	946,869	714,665
Total	1,467,301	1,323,631

33. Short positions used for hedging

Short positions used for hedging are specified as follows:

	31.3.2022	31.12.2021
Listed government bonds and bonds with government guarantees	33,529	1,280,868
Total	33,529	1,280,868

34. Other liabilities

Other liabilities are specified as follows:

	31.3.2022	31.12.2021
Salaries and salary related expenses	1,260,092	1,481,030
Lease liability	965,116	1,041,121
Accounts payable and accrued expenses	1,832,392	974,515
Unsettled transactions	3,519,759	875,985
Withholding taxes	692,580	694,281
Contingent consideration	483,486	483,486
Special taxes on financial institutions and financial activities	191,018	170,753
Reinsurance liabilities	284,483	142,407
Technical provision for life-insurance policies where investment risk is borne by policyholders	117,739	111,172
Expected credit loss allowance for loan commitments, guarantees and unused credit facilities	8,762	6,720
Other liabilities	126,018	696,038
Total	9,481,447	6,677,507

Notes to the Condensed Interim Consolidated Financial Statements

34. Other liabilities (cont.)

Lease liability is specified as follows:

	31.3.2022	31.12.2021
Lease liability as at 1 January	1,041,121	477,691
Additions during the period	0	452,001
Additions through business combinations	0	373,413
Termination of lease agreements	(26,738)	0
Installment	(67,369)	(299,701)
Indexation	18,102	37,716
Total	965,116	1,041,121

35. Share capital

a. Share capital

The nominal value of shares issued by the Bank is ISK 1 per share. All currently issued shares have a nominal value of ISK 1 per share, and are fully paid. The holders of shares are entitled to receive dividends as approved by the general meeting and are entitled to one vote per nominal value of ISK 1 at shareholders' meetings. Reference is made to the Bank's Articles of Association for more information about the share capital.

	31.3.2022	31.12.2021
Share capital according to the Bank's Articles of Association	4,934,562	4,907,395
Nominal amount of treasury shares	117,256	117,256
Authorised but not issued shares	236,158	413,325

b. Changes made to the nominal amount of share capital

The Bank's share capital was increased by ISK 27,166,671 in nominal value during the period 1 January to 31 March 2022 in order to serve the exercising of issued warrants.

c. Share capital increase authorisations

According to the Bank's Articles of Association dated 24 February 2022, the Board of Directors is authorised to increase the share capital as follows:

Temporary provision II to the Articles of Association authorises the Board of Directors to issue warrants and increase the share capital accordingly. Pursuant to this temporary provision the Board of Directors is authorised to increase share capital by up to ISK 70 million to serve warrants issued under this provision. This authorisation is valid until 21 April 2026.

Temporary provision IV to the Articles of Association authorises the Board of Directors to issue warrants and increase the share capital accordingly. According to section A of temporary provision IV the Board of Directors is currently authorised to increase share capital by up to ISK 40 million to serve issued warrants. According to section B of temporary provision IV the Board of Directors is furthermore granted authorisation to increase the share capital, currently by an additional amount of ISK 57 million to serve issued warrants.

The Board of Directors' authorisation under temporary provision IV to increase share capital thus currently totals ISK 97 million. This authorisation is valid until 31 December 2022.

Temporary provision V to the Articles of Association authorises the Board of Directors to increase the share capital of the Bank in stages by up to ISK 70 million in nominal value, for the purposes of fulfilling stock option agreements in accordance with the Bank's stock option plan which has been approved by Iceland Revenue and Customs as provided for in Art. 10 of the Income Tax Act, No. 90/2003. This authorisation is valid until 31 December 2024.

A copy of the Bank's Articles of Association, including the temporary provisions, is available on the Bank's website, www.kvika.is, reference is made to them for more information.

Notes to the Condensed Interim Consolidated Financial Statements

36. Warrants

The Bank has issued warrants for shares in the total nominal amount of ISK 111,591,648 as at 31 March 2022. The number of owners of these warrants is 47 and they purchased the warrants for a total consideration of ISK 43,679,961. The purchase price of the warrants was determined using market standard methodology and a valuation from an independent appraiser as applicable. Should the owners of the warrants exercise their warrants, the Bank is obliged to issue new shares and sell to the warrant owners at a predefined price, usually referred to as strike price. If all the warrants would be exercised, the Bank's share capital would increase to 5,046,153,255, and the newly issued shares would represent 2.2% of the Bank's total issued capital, post dilution.

Issue Date	Nominal amount	Purchase price of warrants	Annual increase of strike price	Strike price at expiry date	Exercise period
September 2017	14,833,352	4,464,839	7.5%	7.74	Sept. 2020 - Sept. 2022
September 2017	80,799,964	24,320,789	7.5%	7.74	Sept. 2021 - Sept. 2022
May 2018	333,332	144,333	7.5%	10.75	Dec. 2021 - Dec. 2022
April 2019	1,000,000	944,000	7.5%	15.36	Dec. 2020 - Dec. 2022
April 2019	10,625,000	10,030,000	7.5%	15.36	Dec. 2020 - Dec. 2022
August 2019	4,000,000	3,776,000	7.5%	15.36	Dec. 2021 - Dec. 2022
Total	111,591,648	43,679,961			

37. Solvency of a financial conglomerate

The FME has designated the Group as a financial conglomerate as defined in Article no. 3 of Act no. 61/2017 on Additional Supervision of Financial Conglomerates. As a result of this designation, the Group's capital adequacy is now calculated as the solvency ratio of a financial conglomerate. The Group furthermore calculates the consolidated capital adequacy ratio for entities not belonging to the insurance sector by excluding the insurance activities from calculation of risk weighted assets and capital base. The Group similarly calculates the solvency ratio of entities solely belonging to the insurance sector.

Solvency measures the Group's ability to take on setbacks, thus indicating its financial strength. The available capital and capital requirements of the Group is calculated as a financial conglomerate according to Articles 16, 17 and 18 of Act on Additional Supervision of Financial Conglomerates No. 61/2017. The Group's solvency ratio is 1.32, with a regulatory minimum requirement of 1.0.

Solvency ratio of the Group as a financial conglomerate is specified as follows:

	31.3.2022	31.12.2021
Available capital		
Own Funds eligible for non insurance activities	30,065,379	32,496,219
Own Funds eligible for insurance activities	14,292,465	14,121,233
Total	44,357,845	46,617,452
Solvency requirement for insurance activities		
Solvency Capital Requirements (SCR)	9,911,374	9,986,019
Own funds requirement for non insurance activities		
Statutory minimum capital requirement (Pillar I)	9,184,115	7,680,858
Additional capital requirements (Pillar II)	8,150,902	6,816,762
Minimum capital requirement for non insurance activities	17,335,018	14,497,620
Additional capital protection buffers	6,314,079	5,280,590
Total	23,649,097	19,778,210
Solvency	44,357,845	46,617,452
Solvency requirement (SCR)	9,911,374	9,986,019
Own funds requirement for non insurance activities	23,649,097	19,778,210
Minimum solvency of financial conglomerate	33,560,471	29,764,229
Solvency ratio	1.32	1.57

Notes to the Condensed Interim Consolidated Financial Statements

38. Capital adequacy ratio (CAR)

The capital adequacy ratio of the Group, excluding entities which belong to the insurance sector, calculated in accordance with Article 84 of Act No. 161/2002 on Financial Undertakings, was 26.2%. The minimum requirement from the FME is 15.1%. The ratio is calculated as follows:

	31.3.2022	31.12.2021
Own funds eligible for non insurance activities		
Total equity	80,090,723	78,367,620
Unaudited retained (positive) earnings from current period	(1,481,321)	0
Other unaudited (positive) changes to total equity in current period	(108,570)	0
Capital eligible as CET1 Capital	78,500,831	78,367,620
Goodwill and intangibles	(28,157,523)	(25,564,998)
Shares in other financial institutions	(20,444,289)	(20,441,123)
Deferred tax asset	(3,177,763)	(3,177,763)
Common equity Tier 1 capital (CET 1)	26,721,256	29,183,736
Tier 2 capital	3,344,123	3,312,483
Total own funds	30,065,379	32,496,219
Risk weighted exposures		
Credit risk	87,917,972	70,135,184
Market risk	5,059,418	4,051,492
Operational risk	21,824,053	21,824,053
Total risk weighted exposures	114,801,443	96,010,729
Capital ratios		
Capital adequacy ratio (CAR)	26.2%	33.8%
CET1 ratio	23.3%	30.4%
Total own funds including unaudited (positive) retained earnings and expected dividends	31,078,016	
Capital adequacy ratio, adjusted	27.1%	
CET1 ratio, adjusted	24.2%	
Minimum Capital adequacy ratio requirement	15.1%	15.1%
Minimum Capital adequacy ratio requirement including supervisory buffers	20.6%	20.6%
Minimum CET 1 ratio requirement including supervisory buffers	14.0%	14.0%

The FME supervises the Bank on a consolidated basis and, as such, receives information on the capital adequacy of, and sets capital requirements for, the Bank as a whole. The Bank's regulatory capital calculations for credit risk and market risk are based on the standardised approach and the capital calculations for operational risk are based on the basic indicator approach.

Minimum capital requirement is based on the Bank's Internal Capital Adequacy Assessment Process (ICAAP) and is reviewed by the FME through the Supervisory Review and Evaluation Process (SREP). The Bank's minimum regulatory capital requirement, based on the SREP from 2019, is 15.1%. The FME has notified the Bank that a new SREP process will be conducted in 2022. The minimum regulatory capital requirement including the additional capital buffers is 20.6% as at 31 March 2022.

Notes to the Condensed Interim Consolidated Financial Statements

39. Solvency of insurance activities

The Group calculates solvency capital and capital requirements for entities which belong to the insurance sector. The available capital and required capital is calculated in accordance with Articles 88 and 96 of the Act on Insurance Activity No. 100/2016. This brings the solvency ratio for entities which belong to the insurance sector to 1.44. Solvency capital requirements according to law is the minimum insurance companies have to meet.

	31.3.2022	31.12.2021
Own funds eligible for insurance activities solvency		
Equity eligible for insurance activities	22,373,910	22,163,820
Goodwill and intangibles	(5,836,668)	(5,888,497)
Difference between net technical provision in the financial statements and solvency rules	255,224	350,979
Proposed dividend payment	(2,500,000)	(2,500,000)
Non-controlling interest	0	(5,069)
Total	14,292,465	14,121,233
Solvency requirement		
Life insurance risk	339,596	326,634
Health insurance risk	1,402,730	1,390,074
Non-life insurance risk	5,027,421	4,956,453
Market risk	6,801,709	7,478,337
Counterparty default risk	1,509,564	962,624
Multifaceted effects	(4,441,510)	(4,259,005)
Base Solvency Capital Requirements (Basic SCR)	10,639,511	10,855,118
Operational risk	767,792	627,562
Adjustment for the loss-absorbing capacity of deferred taxes	(1,495,929)	(1,496,661)
Solvency Capital Requirements (SCR)	9,911,374	9,986,019
Solvency	14,292,465	14,121,233
Solvency requirement (SCR)	9,911,374	9,986,019
Solvency ratio after dividend	1.44	1.41
Eligible items to meet the minimum capital	14,292,465	14,121,233
Minimum required capital (MRC)	4,265,707	3,818,920
Minimum required capital ratio after dividend	3.35	3.70

Notes to the Condensed Interim Consolidated Financial Statements

40. Credit risk - overview

a. Definition

One of the Group's primary sources of risk is counterparty credit risk. Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

b. Management

The risk management unit is responsible for managing and reporting on credit risk. The Group uses a variety of tools and processes to manage credit risk, including collaterals, hedges and loan portfolio management.

c. Credit approval process

The originating department prepares a proposal for each larger loan or credit line which is presented to the credit committee for approval. The proposal consists of a basic description of the client, the purpose of the loan, a simple credit assessment and arguments for or against granting the loan. The committee decides whether there is need for further credit assessment and on what terms the loan may be granted. For smaller loans the originating department obtains a general credit approval from the credit committee with respect to the process, terms, credit limits and total amount of the specific lending type.

A more thorough credit assessment may be conducted if considered appropriate and can include an assessment of a borrower's fundamental credit strength as well as the value of any collateral. To assess the borrower's capacity to meet his or her obligations the committee can request stress test analysis of the borrower's cash flow or call for third party assessments.

d. Collateral

Securing loans with collateral is a traditional method to reduce credit risk. The Group uses different methods to reduce credit risk by obtaining collateral from customers where appropriate. Such collateral gives the Group right to the collateralised assets for current and future obligations incurred by the customer.

The Group places emphasis on pricing loans according to the value and quality of pledged collateral. The Group applies appropriate haircuts on all collateral in order to ensure proper risk mitigation. For all collateral in listed securities, the Group maintains the right to liquidate collateral in case its market value falls below a predefined limit.

To a very large extent the Group's loan portfolio consists of senior loans, most of which are highly collateralised.

e. Credit rating, control and provisioning

The risk management unit is responsible for credit rating and reviewing the loan portfolio. In case of any significant delay of payments or defaults the unit carefully analyses the underlying assets and loan documents and organizes the process of collection.

The Group monitors the value of collateral by listed securities on a real time basis, and takes prompt action when necessary.

f. Loan portfolio management

To ensure an effective diversification of the loan portfolio the board has set a limit framework defining maximum exposure as a ratio of the Group's equity and/or the total size of the loan portfolio. These limits include limitation on joint exposure to associated clients, exposure to individual and associated industries, single regions and countries etc. It is the responsibility of risk management to monitor that these limits are not being violated and to report discrepancies to the credit committee.

g. Impairment

Provisioning for loan impairments is estimated on the basis of expected loss models assessing the portfolio as a whole as well as individual lending. Risk management suggest a level of provisioning for the portfolio, based on the expected loss assessment. Risk management reassess impairments in the event of collateral decay, delayed payments, indication of increased risk, or other early warning signs. Provisions require approval from the credit committee. Refer to note 76 for more information on the Group's impairment policy.

h. Derivatives

The Group offers derivative contracts in the form of swap contracts on highly liquid securities. On the day when the contract is entered into, the Group purchases the underlying security and hedges its exposure to price changes. Collateral is in the form of cash or listed, highly liquid securities. The risk management sets rules about the level of collateralisation and monitors the compliance to these rules. Contracts are closed if required levels of collateralisation are not met.

i. Securities used for hedging

The Group hedges itself for market risk of derivative contracts by purchasing the underlying securities at the commencement of the contract. Since the contracts require delivery of the underlying securities to the customer on the settlement day, the credit risk towards the issuer is immaterial.

Notes to the Condensed Interim Consolidated Financial Statements

41. 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:

31.3.2022	Public	Financial	Corporate		31.3.2022
On-balance sheet exposure	entities	institutions	customers	Individuals	
Cash and balances with Central Bank	29,535,785	19,426,013			48,961,798
Fixed income securities	30,552,667	7,521,315	6,336,138		44,410,120
Loans to customers	21,329	66	49,563,376	33,483,515	83,068,286
Derivatives		3,127,356	600,468		3,727,824
Other assets	1,092,734	2,471,617	9,949,334	2,294,257	15,807,942
	61,202,516	32,546,366	66,449,316	35,777,771	195,975,970
Off-balance sheet exposure					
Loan commitments			2,497,021	471,776	2,968,797
Financial guarantee contracts			449,829		449,829
Maximum exposure to credit risk	61,202,516	32,546,366	69,396,167	36,249,547	199,394,596
31.12.2021	Public	Financial	Corporate		31.12.2021
On-balance sheet exposure	entities	institutions	customers	Individuals	
Cash and balances with Central Bank	22,552,361	16,093,533			38,645,894
Fixed income securities	27,881,492	5,800,281	6,364,877		40,046,651
Loans to customers	14,708	150	40,150,231	31,422,557	71,587,646
Derivatives		2,131,645	595,510	7,061	2,734,216
Other assets	541,252	2,395,982	4,182,883	2,122,349	9,242,466
	50,989,813	26,421,592	51,293,502	33,551,966	162,256,873
Off-balance sheet exposure					
Loan commitments			2,819,754	333,034	3,152,788
Financial guarantee contracts			512,901		512,901
Maximum exposure to credit risk	50,989,813	26,421,592	54,626,156	33,885,000	165,922,562

42. Credit quality of financial assets

The book value of financial assets which fall under the impairment requirements of IFRS 9 are presented net of expected credit losses ("ECL") in the statement of financial position. The ECL are recalculated for each asset on at least a quarterly basis. The assessment of ECL is based upon calculations being derived from models on PD, LGD and EAD. Furthermore, the assessment is based upon management's assumptions regarding the development of macroeconomic factors over the coming year. The assumptions for macroeconomic development are decided for three scenarios: a base case, an upside case and a downside case, including a probability weight for each scenario. The assumptions are used for calculations of the probability weighted ECLs. The amount of ECL to be recognized is dependent on the Group's definition of significant increase in credit risk, which controls the impairment stage each asset is allocated to. The factors that are used to measure significant increase in credit risk include comparison of changes in PD values, annualized lifetime PD values, days past due and watch list.

Based on Kvika's risk assessment, the Group does not expect that the Russian Federation's invasions into Ukraine will have a direct impact on the Group's credit risk or operations. The secondary impact on the credit risk could be through its impact on the general economic outlook, such as inflation and oil prices. This will be accounted for when the economic scenarios and model parameters are updated as a part of the Group's interim consolidated financial statements for the first half of 2022.

The following table shows the macro economic values for the variables used in the expected credit loss model. The Group utilises an economic forecast which is aligned with requirements for the calculation of expected credit loss.

Model parameters 31.03.2022	Scenarios		
	Base case	Upside	Downside
Unemployment rate	4.3%	3.6%	5.0%
Inflation CPI index	5.7%	5.4%	5.8%
Assigned weight	60.0%	10.0%	30.0%

Model parameters 31.12.2021	Scenarios		
	Base case	Upside	Downside
Unemployment rate	4.3%	3.6%	5.0%
Inflation CPI index	5.7%	5.4%	5.8%
Assigned weight	60.0%	10.0%	30.0%

Notes to the Condensed Interim Consolidated Financial Statements

42. Credit quality of financial assets (cont.)

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

The Group applies the same valuation methods to collateral held as other comparable assets held by the Group. For other types of assets the Group uses third party valuation where possible. Haircuts are applied to account for liquidity and other factors which may affect the collateral value of the asset or other credit enhancement.

	Impairment				Allocated collateral												Unsecured claim value
	Claim due to expected value	credit loss	Carrying amount	%	Total collateral	Deposits	Listed securities and liquid funds	Unlisted securities and other funds	Residential real estate	Commercial real estate	Automobiles	Industrial equipment	Guarantees	Other			
31.3.2022																	
Public entities	21,490	(161)	21,329	0.0%	21,071	0	0	0	0	0	17,178	0	0	3,893	4,044		
Financial institutions	76	(10)	66	0.0%	899	0	0	0	0	0	899	0	0	0	0		
Corporate																	
Real estate activities	13,567,799	(140,287)	13,427,461	16.2%	36,357,628	88,623	1,255,854	4,255,638	12,848,870	17,104,387	626,181	144,524	16,000	17,551	644,420		
Construction	7,564,738	(269,575)	7,295,163	8.8%	13,677,188	6,977	0	0	4,975,792	2,609,464	2,843,788	2,664,341	0	576,826	84,290		
Service activities	7,594,744	(438,819)	7,155,925	8.6%	17,174,901	61,857	126,606	5,271,095	0	603,539	7,812,405	1,884,014	0	1,415,384	468,469		
Activities of holding companies	5,692,907	(22,699)	5,670,208	6.8%	21,156,902	392,024	38,555	16,051,565	702,089	2,997,027	116,519	64,167	386,686	408,269	86,969		
Accommodat. and Food Service activit.	3,341,152	(36,343)	3,304,808	4.0%	6,406,590	14,112	0	260,499	1,496,604	4,261,902	329,306	0	0	44,167	40,209		
Wholesale and Retail Trade	3,302,999	(47,312)	3,255,687	3.9%	6,209,295	428,926	0	450,000	0	919,281	1,923,442	1,067,150	0	1,420,495	536,753		
Other	9,585,273	(131,150)	9,454,123	11.4%	30,490,764	180,455	7,709,981	1,711,586	715,851	12,358,471	1,646,480	2,444,080	1,152,686	2,571,173	3,475,154		
Individual	34,123,054	(639,590)	33,483,515	40.3%	48,210,969	87,911	1,726,519	762,692	8,496,935	2,215,118	33,444,457	1,134,578	0	342,758	6,447,702		
Total	84,794,232	(1,725,946)	83,068,286	100.0%	179,706,205	1,260,885	10,857,514	28,763,075	29,236,142	43,069,191	48,760,655	9,402,855	1,555,372	6,800,516	11,788,010		
31.12.2021																	
Public entities	14,863	(155)	14,708	0.0%	12,094	0	0	0	0	0	7,109	0	0	4,985	3,578		
Financial institutions	186	(35)	150	0.0%	947	0	0	0	0	0	947	0	0	0	0		
Corporate																	
Service activities	8,456,811	(247,535)	8,209,276	11.5%	15,651,650	14,947	174,157	4,014,414	0	357,702	7,981,939	1,901,548	0	1,206,943	938,771		
Construction	7,917,387	(322,606)	7,594,781	10.6%	15,033,846	72,849	0	0	5,273,648	3,604,444	2,805,676	2,641,503	0	635,726	137,565		
Activities of holding companies	6,139,170	(12,842)	6,126,328	8.6%	17,448,909	33,420	1,159	10,009,915	2,057,402	4,552,973	109,251	102,295	178,500	403,993	382,487		
Real estate activities	5,672,433	(23,272)	5,649,161	7.9%	14,962,837	123,210	1,281,231	2,620,852	4,748,147	5,557,610	522,141	75,810	16,000	17,835	109,875		
Activities of holding comp. - Securities ..	2,692,571	(330)	2,692,241	3.8%	7,278,984	192,983	6,781,355	304,646	0	0	0	0	0	0	10,337		
Wholesale and Retail Trade	3,266,183	(39,934)	3,226,249	4.5%	5,808,339	428,926	0	680,000	0	483,601	2,153,630	1,050,763	0	1,011,419	523,089		
Other	6,828,764	(176,570)	6,652,195	9.3%	12,894,412	5,652	450,718	1,427,675	212,449	3,071,002	1,981,879	2,249,651	194,500	3,300,888	3,253,774		
Individual	31,935,908	(513,375)	31,422,557	43.9%	44,164,668	41,690	2,221,224	823,646	6,589,474	402,206	32,743,905	1,157,983	0	184,542	6,215,381		
Total	72,924,277	(1,336,655)	71,587,646	100.0%	133,256,687	913,676	10,909,844	19,881,148	18,881,119	18,029,538	48,306,477	9,179,552	389,000	6,766,330	11,574,857		

Collateral value is shown as the market- or accounting value of collateral allocated to exposures. Other collateral includes financial claims, inventories and receivables. For larger unsecured claim values, the Group is in general covered by covenants in the loan agreement, e.g. with a negative pledge or other ring fencing.

Notes to the Condensed Interim Consolidated Financial Statements

42. Credit quality of financial assets (cont.)

b. Credit quality of financial assets 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 iv the highest credit risk. Assets serviced by debtors already recognised as being in default by the rating agency are shown outside credit quality bands. Assets measured at fair value through profit or loss are not subject to the impairment requirements of IFRS 9 but are nevertheless included in the tables in order to give a more complete picture of the credit quality of loans to customers and reconcile the tables to the carrying amount on the balance sheet. Exposures which are non-rated relate to Legal Entities not rated by rating agency or Individuals where individual rating has not been obtained. Probability of default for these exposures is based on average probability for similar exposures and is furthermore individually assessed by credit specialists.

31.3.2022

<i>Loans to customers:</i>	Stage 1	Stage 2	Stage 3	FVTPL	Total
Credit quality band I	47,888,993	615,697	1,164	1,247,108	49,752,962
Credit quality band II	4,497,902	677,815	188		5,175,905
Credit quality band III	1,308,888	2,714,909	4,424		4,028,221
Credit quality band IV	92,186	847,663	295,775		1,235,623
In default	27,099	744,225	1,973,476	127,641	2,872,441
Non-rated	17,516,488	1,232,349	2,228,693	751,552	21,729,081
Gross carrying amount	71,331,556	6,832,656	4,503,719	2,126,301	84,794,232
Expected credit loss	(258,829)	(306,331)	(1,160,787)		(1,725,946)
Book value	71,072,726	6,526,326	3,342,933	2,126,301	83,068,286

<i>Loan commitments, guarantees and unused credit facilities:</i>	Stage 1	Stage 2	Stage 3	FVTPL	Total
Credit quality band I	1,710,937	14,576		2,306	1,727,819
Credit quality band II	211,351	0			211,351
Credit quality band III	338,803	4,368			343,172
Credit quality band IV	2,040	130,745			132,785
In default	1,000		259,196		260,196
Non-rated	658,749		(14,893)	76,684	720,539
Total off-balance sheet amount	2,922,880	149,689	244,303	78,989	3,395,862
Expected credit loss	(6,311)	(305)	(2,146)		(8,762)
Net off-balance sheet amount	2,916,569	149,384	242,157	78,989	3,387,100

31.12.2021

<i>Loans to customers:</i>	Stage 1	Stage 2	Stage 3	FVTPL	Total
Credit quality band I	47,608,198	527,551	5,254	995,247	49,136,251
Credit quality band II	6,501,676	649,356	408		7,151,440
Credit quality band III	2,726,307	3,561,501	4,480		6,292,288
Credit quality band IV	386,107	1,167,598	1,897		1,555,602
In default	62,259	269,872	1,959,308	127,217	2,418,657
Non-rated	3,748,503	1,003,618	216,115	1,401,804	6,370,040
Gross carrying amount	61,033,049	7,179,496	2,187,463	2,524,269	72,924,277
Expected credit loss	(211,083)	(293,663)	(831,885)		(1,336,631)
Book value	60,821,966	6,885,833	1,355,578	2,524,269	71,587,646

<i>Loan commitments, guarantees and unused credit facilities:</i>	Stage 1	Stage 2	Stage 3	FVTPL	Total
Credit quality band I	1,808,577	0			1,808,577
Credit quality band II	87,689	0			87,689
Credit quality band III	1,029,809	1,000	10		1,030,819
Credit quality band IV	44,741	134,415			179,156
In default	1,000		2,636		3,636
Non-rated	470,753	828	7,535	76,694	555,811
Total off-balance sheet amount	3,442,569	136,243	10,182	76,694	3,665,688
Expected credit loss	(4,940)	(130)	(1,649)		(6,720)
Net off-balance sheet amount	3,437,629	136,113	8,533	76,694	3,658,969

Notes to the Condensed Interim Consolidated Financial Statements

42. Credit quality of financial assets (cont.)

c. Breakdown of loans to customers into not past due and past due

	Claim value	Expected credit loss	Carrying amount
31.3.2022			
Not past due	77,826,578	(746,525)	77,080,054
Past due 1-30 days	2,059,537	(73,715)	1,985,822
Past due 31-60 days	1,081,542	(42,347)	1,039,194
Past due 61-90 days	420,738	(42,748)	377,989
Past due 91-180 days	959,364	(56,914)	902,450
Past due 181-360 days	737,288	(265,326)	471,961
Past due more than 360 days	1,709,186	(498,370)	1,210,816
Total	84,794,232	(1,725,946)	83,068,286
31.12.2021			
Not past due	69,602,189	(727,673)	68,874,516
Past due 1-30 days	1,362,406	(96,311)	1,266,095
Past due 31-60 days	797,031	(19,728)	777,303
Past due 61-90 days	76,257	(13,221)	63,036
Past due 91-180 days	209,085	(44,399)	164,687
Past due 181-360 days	627,918	(251,984)	375,935
Past due more than 360 days	249,390	(183,316)	66,074
Total	72,924,277	(1,336,631)	71,587,646

d. Allowance for expected credit loss on loans to customers and loan commitments, guarantees and unused credit facilities

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.

31.3.2022

Expected credit loss allowance total

	Stage 1	Stage 2	Stage 3	Total
Transfers of financial assets:				
Balance as at 1 January 2022	216,023	293,794	833,534	1,343,351
Transfer to Stage 1 - (Initial recognition)	39,058	(30,750)	(8,308)	0
Transfer to Stage 2 - (significantly increased credit risk)	(6,809)	14,162	(7,353)	0
Transfer to Stage 3 - (credit impaired)	(2,877)	(19,399)	22,276	0
Net remeasurement of loss allowance	(30,679)	35,250	19,879	24,450
New financial assets, originated or purchased	83,122	24,674	315,266	422,063
Derecognitions and maturities	(32,693)	(11,095)	(12,361)	(56,148)
Write-offs	(7)			(7)
Balance as at 31 March 2022	265,140	306,636	1,162,933	1,734,709

Expected credit loss allowance for loans to customers

	Stage 1	Stage 2	Stage 3	Total
Transfers of financial assets:				
Balance as at 1 January 2022	211,083	293,663	831,885	1,336,631
Transfer to Stage 1 - (Initial recognition)	39,051	(30,746)	(8,306)	0
Transfer to Stage 2 - (significantly increased credit risk)	(6,805)	14,158	(7,353)	0
Transfer to Stage 3 - (credit impaired)	(2,872)	(19,399)	22,270	0
Net remeasurement of loss allowance	(33,073)	35,084	19,260	21,270
New financial assets, originated or purchased	82,943	24,664	315,266	422,874
Derecognitions and maturities	(31,492)	(11,095)	(12,236)	(54,822)
Write-offs	(7)			(7)
Balance as at 31 March 2022	258,829	306,331	1,160,787	1,725,946

Notes to the Condensed Interim Consolidated Financial Statements

42. Credit quality of financial assets (cont.)

Expected credit loss allowance for loan commitments, guarantees and unused credit facilities

	Stage 1	Stage 2	Stage 3	Total
Transfers of financial assets:				
Balance as at 1 January 2022	4,940	130	1,649	6,720
Transfer to Stage 1 - (Initial recognition)	7	(5)	(2)	0
Transfer to Stage 2 - (significantly increased credit risk)	(4)	4		0
Transfer to Stage 3 - (credit impaired)	(5)		5	0
Net remeasurement of loss allowance	2,395	166	619	3,179
New financial assets, originated or purchased	179	10		189
Derecognitions and maturities	(1,201)		(125)	(1,326)
Balance as at 31 March 2022	6,311	305	2,146	8,762

31.12.2021

Expected credit loss allowance total

	Stage 1	Stage 2	Stage 3	Total
Transfers of financial assets:				
Balance as at 1 January 2021	321,032	85,853	161,137	568,022
Transfer to Stage 1 - (Initial recognition)	34,178	(29,997)	(4,181)	0
Transfer to Stage 2 - (significantly increased credit risk)	(47,041)	47,041		0
Transfer to Stage 3 - (credit impaired)	(40,441)		40,441	0
Net remeasurement of loss allowance	(96,561)	70,239	(5,768)	(32,090)
New financial assets, originated or purchased	191,888	161,773	764,301	1,117,962
Derecognitions and maturities	(147,031)	(41,115)	(42,547)	(230,693)
Write-offs			(79,850)	(79,850)
Balance as at 31 December 2021	216,023	293,794	833,534	1,343,351

Expected credit loss allowance for loans to customers

	Stage 1	Stage 2	Stage 3	Total
Transfers of financial assets:				
Balance as at 1 January 2021	306,203	72,222	158,226	536,650
Transfer to Stage 1 - (Initial recognition)	22,686	(18,946)	(3,740)	0
Transfer to Stage 2 - (significantly increased credit risk)	(47,022)	47,022		0
Transfer to Stage 3 - (credit impaired)	(40,439)		40,439	0
Net remeasurement of loss allowance	(80,142)	70,417	(6,232)	(15,958)
New financial assets, originated or purchased	190,271	161,773	763,828	1,115,872
Derecognitions and maturities	(140,474)	(38,824)	(40,786)	(220,084)
Write-offs			(79,850)	(79,850)
Balance as at 31 December 2021	211,083	293,663	831,885	1,336,631

Expected credit loss allowance for loan commitments, guarantees and unused credit facilities

	Stage 1	Stage 2	Stage 3	Total
Transfers of financial assets:				
Balance as at 1 January 2021	14,830	13,631	2,911	31,371
Transfer to Stage 1 - (Initial recognition)	11,492	(11,051)	(440)	0
Transfer to Stage 2 - (significantly increased credit risk)	(19)	19		0
Transfer to Stage 3 - (credit impaired)	(3)		3	0
Net remeasurement of loss allowance	(16,419)	(178)	464	(16,132)
New financial assets, originated or purchased	1,617		472	2,089
Derecognitions and maturities	(6,558)	(2,291)	(1,761)	(10,609)
Balance as at 31 December 2021	4,940	130	1,649	6,720

Notes to the Condensed Interim Consolidated Financial Statements

43. Loan-to-value

a. General

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 collateralization of non-quantifiable assets.

b. Breakdown

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

	31.3.2022	%	31.12.2021	%
Less than 50%	27,960,163	33.7%	20,182,991	28.2%
51-70%	17,006,243	20.5%	18,411,393	25.7%
71-90%	20,321,312	24.5%	18,175,877	25.4%
91-100%	3,917,031	4.7%	3,063,469	4.3%
100-125%	2,921,872	3.5%	2,706,342	3.8%
125-200%	444,238	0.5%	201,953	0.3%
Greater than 200%	322,263	0.4%	670,667	0.9%
No or negligible collateral:				
Other loans with no collateral	10,175,163	12.2%	8,174,954	11.4%
Total	83,068,286	100.0%	71,587,646	100.0%

44. 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 account for liquidity and other factors which may affect the collateral value of the asset.

	Deposits	Fixed income securities	Variable income securities	Real estate	Other fixed assets	Other	31.3.2022
Financial institutions	2,116,223	365,812	96,862				2,578,897
Corporate customers	866,762	77,333	1,148,572				2,092,667
Individuals	74,638	400	31,279				106,317
Total	3,057,623	443,544	1,276,713	0	0	0	4,777,881
	Deposits	Fixed income securities	Variable income securities	Real estate	Other fixed assets	Other	31.12.2021
Financial institutions	2,201,519	118,222	737,598				3,057,340
Corporate customers	715,724	19,382	907,511				1,642,617
Individuals	79,757	5,307	22,613				107,678
Total	2,997,001	142,911	1,667,723	0	0	0	4,807,635

Amounts have been adjusted to exclude collateral in excess of claim value, i.e. overcollateralisation.

45. Large exposures

In accordance with regulation no. 233/2017 on Prudential Requirements, total exposure towards a customer is classified as a large exposure if it exceeds 10% of the financial institution's Tier 1 capital (see note 38).

According to the regulation a single exposure, net of risk adjusted mitigation, cannot exceed 25% of the eligible Tier 1 capital. Where the exposure is towards a financial institution the value shall not exceed 25% of the eligible Tier 1 capital or ISK 10 bn., whichever is higher. Single large exposures net of risk adjusted mitigation take into account the effects of collateral and other credit enhancements held by the financial institution, and other credit enhancements, in accordance with regulation no. 233/2017.

	31.3.2022		31.12.2021	
Large exposures before risk adjusted mitigation	Number	Amount	Number	Amount
10-20% of capital base	1	3,118,267	2	8,732,707
20-25% of capital base	0	0	0	0
Exceeding 25% of capital base	1	9,640,680	0	0
Total	2	12,758,947	2	8,732,707
Thereof nostro accounts with other banks which are part of the Group's liquidity management	2	10,925,320	2	8,732,707
Large exposures net of risk adjusted mitigation	2	12,611,805	2	8,732,707

No single large exposure net of risk adjusted mitigation exceeds the limits set by the regulation no. 233/2017.

Notes to the Condensed Interim Consolidated Financial Statements

46. Insurance risk

Insurance risk is a risk, other than financial risk, transferred from the holder of a contract to the issuer, such as financial loss due to accident, damage, theft, illness, disability or death. The Group compensates certain losses of customers against payment of a premium. A premium is paid at the beginning of the period covered by the insurance protection, the loss is incurred at a later point and settlement can then take some time, which varies based on the nature of the loss and the circumstances. Premium and estimated indemnity must be secured until payment takes place. Premiums must cover all claim cost, operating cost and reasonable mark-up taking into account yield. Specific risk arises as premiums are predetermined but the service is provided at a later point and is undefined at the beginning. This risk is specific for insurance operation and is defined as insurance risk.

Insurance risk is divided into two groups, premium risk and risk of claims outstanding in order to segregate between incurred and future claims.

Premium risk is the risk that future claims, in addition to related expenses, will be higher than anticipated at the time premiums for current insurance contracts were decided and the insurance cover the Group guaranteed thus underestimated. The risk consists in main respect in that the frequency or severity of claims and benefits are greater than estimated. This may be caused by inaccurate assumptions but also temporary effect from individual large claims. Nature of claims can be different from expected or have changed due to developments in society.

The Group monitors frequency of claims and distribution of single claims amounts within each category and responds to changes in pricing or product development if necessary. Premium risk is reduced by distributing the risk between insurance groups and by making reinsurance contracts for significant claims.

Outstanding claim risk is the risk that existing but not settled claims will be higher than estimated. Negative development can be caused by the fact that notified but unsettled claims have been undervalued and that claims not yet notified prove to be higher or more than estimated. This applies to both actual indemnification to the claimant and related expenses, such as clearance of ruins and cost of expert services in evaluations and settlements of claims.

The Group's outstanding claims is based on the evaluation of final cost of all unsettled claims. Significant uncertainty in that evaluation is inevitable. A period of time can pass from when a loss incurs until a claim is notified to the Group as the loss had not been discovered or the claimant was not aware of its right to compensation. Though a damage is known its consequences can remain unknown until later, it is not completely clear what is damaged in an asset damage until repair has begun and permanent consequences of accidents are unclear until long after the accident. Consequences of a damage may at first have been under or overestimated. There are also some cases where notified claims do not end in compensation by the Group, either because no loss was incurred, the claim did not fall under the terms of the insurance contract or that the claim did not reach the minimum own risk of the insured.

Own technical provision classified to line of insurance operations	31.3.2022	31.12.2021
Fire and other damage to property insurance	3,236,931	2,105,022
Marine, aviation and transport insurance	1,514,478	847,645
Motor vehicle liability insurance	11,615,185	10,639,438
Other motor insurance	1,599,221	1,199,425
General liability, credit and suretyship insurance	3,184,600	2,701,425
Income Protection Insurance	1,388,492	1,058,845
Workers' compensation insurance	3,422,801	2,717,221
Medical Expense Insurance	2,797	6,104
Life insurance	454,674	360,402
Sold reinsurances	48,982	49,539
Own technical provision total	26,468,161	21,685,065

47. Liquidity risk

a. Definition

Liquidity risk is the risk that the Group will encounter difficulty in meeting contractual payment obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. This risk mainly arises from mismatches in the timing of cash flows. The Group has internal rules that require certain matching of the maturities of assets and liabilities. Furthermore, to ensure the ability to meet liquidity needs, the Group maintains a stock of highly liquid unencumbered assets, e.g. cash, treasury bills and treasury bonds.

b. Management

Liquidity is managed by treasury and monitored by risk management. Liquidity position is reported to the ALCO committee. The Central Bank of Iceland sets minimum requirements for the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). The minimum 30 day LCR regulatory requirement is 100% for both LCR total and LCR in foreign currencies. For LCR in ISK the minimum requirement is 30% as of 1 January 2020, 40% as of 1 January 2022 and 50% as of 1 January 2023. The minimum regulatory requirement for NSFR total is 100%.

Notes to the Condensed Interim Consolidated Financial Statements

47. Liquidity risk (cont.)

b. Management (cont.)

The FME has designated the Group as a financial conglomerate. LCR is not calculated for a financial conglomerate, instead the Group calculates LCR based on the consolidated statement of financial position excluding the insurance operations of TM tryggingar hf. The Group was in compliance with internal and external liquidity requirements throughout the period in 2022 and during the year 2021.

	31.3.2022	31.12.2021
NSFR total	141%	130%
	31.3.2022	31.12.2021
LCR total	247%	290%
LCR in ISK	168%	182%
LCR in foreign currencies	289%	219%

c. Maturity analysis of financial assets and financial liabilities

31.3.2022	Up to 1	1-3	3-12	1-5	Over 5	Gross inflow/ (outflow)	Carrying amount
Financial assets by type	month	months	months	years	years		
<i>Non-derivative assets</i>							
Cash and balances with Central Bank	46,013,110		2,957,800			48,970,910	48,961,798
Fixed income securities	14,687,034	3,197,863	14,023,521	8,793,647	3,708,055	44,410,120	44,410,120
Shares and other variable income securities	17,323,492	2,875,541	3,319,757			23,518,790	23,518,790
Securities used for hedging	24,890,929					24,890,929	24,890,929
Loans to customers	7,916,956	6,712,843	26,881,270	60,854,262	5,915,886	108,281,218	83,068,286
Reinsurance assets	81,618	93,342	358,380	484,354	16,181	1,033,875	1,033,875
Other assets	4,807,781	7,879,019	3,603,010	124,160	117,739	16,531,708	16,531,708
	115,720,920	20,758,607	51,143,739	70,256,422	9,757,861	267,637,549	242,415,505
<i>Derivative assets</i>							
Inflow	11,632,375	8,286,660	404,131	16,327,841		36,651,007	
Outflow	(11,016,527)	(6,343,499)	(285,147)	(15,348,759)		(32,993,932)	
	615,848	1,943,161	118,985	979,082	0	3,657,075	3,727,824
Financial liabilities by type	Up to 1	1-3	3-12	1-5	Over 5	Gross inflow/ (outflow)	Carrying amount
Non-derivative liabilities	month	months	months	years	years		
Deposits	(73,662,297)	(8,585,294)	(4,157,944)	(1,369,417)	(75,545)	(87,850,497)	87,680,784
Technical provision	(2,781,312)	(2,423,166)	(9,303,600)	(12,573,897)	(420,060)	(27,502,036)	27,502,036
Borrowings	(7,802,635)	(6,310,552)	(3,071,754)	(14,365,439)		(31,550,381)	30,053,071
Issued bonds	(317,643)	(1,088,181)	(6,100,521)	(30,299,839)	(7,912,487)	(45,718,671)	41,789,862
Subordinated liabilities		(134,164)	(64,104)	(830,915)	(6,360,921)	(7,390,105)	3,491,689
Short positions held for trading	(1,467,301)					(1,467,301)	1,467,301
Short positions used for hedging					(33,529)	(33,529)	33,529
Other liabilities	(3,268,794)	(3,265,446)	(2,194,027)	(635,440)	(117,739)	(9,481,447)	9,481,447
	(89,299,983)	(21,806,804)	(24,891,951)	(60,074,947)	(14,920,281)	(210,993,966)	201,499,719
<i>Derivative liabilities</i>							
Inflow	17,435,069	6,221,729				23,656,798	
Outflow	(19,764,503)	(6,501,271)		(679,650)		(26,945,424)	
	(2,329,434)	(279,542)	0	(679,650)	0	(3,288,626)	3,265,526
Unrecognised financial items							
<i>Loan commitments</i>							
Inflow	1,129,974	483,672	952,950	443,551		3,010,146	
Outflow	(2,968,797)					(2,968,797)	
<i>Financial guarantee contracts</i>							
Inflow		1,457	78,817	310,497	59,057	449,829	
Outflow	(449,829)					(449,829)	
	(2,288,652)	485,129	1,031,767	754,048	59,057	41,349	
Summary							
Non-derivative assets	115,720,920	20,758,607	51,143,739	70,256,422	9,757,861	267,637,549	
Derivative assets	615,848	1,943,161	118,985	979,082		3,657,075	
Non-derivative liabilities	(89,299,983)	(21,806,804)	(24,891,951)	(60,074,947)	(14,920,281)	(210,993,966)	
Derivative liabilities	(2,329,434)	(279,542)		(679,650)		(3,288,626)	
Net assets (liabilities) excluding unrecognised items							
Net unrecognised items	24,707,351	615,422	26,370,772	10,480,906	(5,162,420)	57,012,032	
Net unrecognised items	(2,288,652)	485,129	1,031,767	754,048	59,057	41,349	
Net assets (liabilities)	22,418,699	1,100,551	27,402,539	11,234,954	(5,103,362)	57,053,381	

Notes to the Condensed Interim Consolidated Financial Statements

47. Liquidity risk (cont.)

31.12.2021	Up to 1	1-3	3-12	1-5	Over 5	Gross inflow/ (outflow)	Carrying amount
Financial assets by type	month	months	months	years	years		
<i>Non-derivative assets</i>							
Cash and balances with Central Bank	36,735,621	1,173,420	738,000			38,647,041	38,645,894
Fixed income securities	18,391,127	3,115,221	10,453,037	7,127,439	959,827	40,046,651	40,046,651
Shares and other variable income securities	15,278,393	2,948,677	4,230,156	226,069		22,683,295	22,683,295
Securities used for hedging	22,085,696					22,085,696	22,085,696
Loans to customers	5,009,571	5,730,923	27,168,009	39,368,877	5,872,898	83,150,279	71,587,646
Reinsurance assets	66,660	78,751	240,729	351,169	12,073	749,383	749,383
Other assets	3,546,888	4,508,101	1,830,359	157,206		10,042,553	10,042,553
	101,113,957	17,555,093	44,660,289	47,230,760	6,844,798	217,404,897	205,841,117
<i>Derivative assets</i>							
Inflow	8,495,539	1,340,505	3,001,987	8,957,388		21,795,420	
Outflow	(8,151,488)	(1,350,233)	(1,162,801)	(8,648,207)		(19,312,729)	
	344,052	(9,728)	1,839,186	309,181	0	2,482,690	2,734,216
<i>Financial liabilities by type</i>							
<i>Non-derivative liabilities</i>							
Deposits	(65,385,245)	(6,620,835)	(5,409,417)	(1,369,701)	(58,840)	(78,844,038)	78,669,807
Technical provision	(2,569,878)	(2,291,356)	(7,004,287)	(10,217,641)	(351,284)	(22,434,447)	22,434,447
Borrowings	(2,975,625)	(9,783,251)	(2,955,884)	(1,619,785)		(17,334,545)	17,261,048
Issued bonds	(264,524)	(989,290)	(3,810,121)	(25,064,483)	(5,611,362)	(35,739,780)	32,597,716
Subordinated liabilities			(194,143)	(813,627)	(6,228,579)	(7,236,350)	3,371,766
Short positions held for trading	(1,323,631)					(1,323,631)	1,323,631
Short positions used for hedging	(1,280,868)					(1,280,868)	1,280,868
Other liabilities	(1,773,454)	(2,538,572)	(741,858)	(1,511,952)	(111,672)	(6,677,507)	6,677,507
	(75,573,225)	(22,223,304)	(20,115,711)	(40,597,189)	(12,361,737)	(170,871,167)	163,616,790
<i>Derivative liabilities</i>							
Inflow	12,935,075	3,788,518		3,167,699		19,891,293	
Outflow	(15,073,201)	(4,594,592)		(3,233,330)		(22,901,123)	
	(2,138,125)	(806,074)	0	(65,631)	0	(3,009,830)	3,008,401
Unrecognised financial items by type							
<i>Loan commitments</i>							
Inflow	265,888	621,243	1,958,828	369,626		3,215,585	
Outflow	(3,152,788)					(3,152,788)	
<i>Financial guarantee contracts</i>							
Inflow		49,798	87,475	316,571	59,057	512,901	
Outflow	(512,901)					(512,901)	
	(3,399,800)	671,041	2,046,302	686,196	59,057	62,797	
Summary							
Non-derivative assets	101,113,957	17,555,093	44,660,289	47,230,760	6,844,798	217,404,897	
Derivative assets	344,052	(9,728)	1,839,186	309,181		2,482,690	
Non-derivative liabilities	(75,573,225)	(22,223,304)	(20,115,711)	(40,597,189)	(12,361,737)	(170,871,167)	
Derivative liabilities	(2,138,125)	(806,074)		(65,631)		(3,009,830)	
Net assets (liabilities) excluding unrecognised items							
unrecognised items	23,746,658	(5,484,014)	26,383,765	6,877,120	(5,516,939)	46,006,589	
Net unrecognised items	(3,399,800)	671,041	2,046,302	686,196	59,057	62,797	
Net assets (liabilities)	20,346,858	(4,812,972)	28,430,067	7,563,316	(5,457,882)	46,069,386	

Maturity analysis of financial assets and financial liabilities is based on contractual cash flows or, in the case of held for trading securities, expected cash flows. If an amount receivable or payable is not fixed, e.g. for inflation indexed assets and liabilities, the maturity analysis uses estimates based on current conditions.

Cash flows relating to unrecognised balance sheet items (unused loan commitments and financial guarantee contracts) are presented separately from financial assets and financial liabilities. Both contractual outflows and inflows are shown, to fully reflect the nature of these items.

It should be noted that the Group's expected cash flows sometimes vary considerably from the contractual cash flows, most significantly in that demand deposits from customers are expected to remain stable or increase in the long term. In this case the presentation used reflects the worst case scenario from the Group's perspective. Furthermore, the analysis does not consider any measures that could be taken to convert long-term assets to cash through sale.

Notes to the Condensed Interim Consolidated Financial Statements

48. Market risk

a. Definition

Market risk constitutes risk due to changes in the market prices of financial instruments and comprises interest rate risk, currency risk and other price risk. Notes 49-54 relate to market risk exposure.

b. Management

The Group has a strict policy on controlling market risk and to keep the exposure within set limits. The risk management unit monitors market risk limits on a daily basis and reports regularly to the ALCO committee and to the CEO.

49. Interest rate risk

a. Definition

The Group's exposure to interest rate risk is twofold. On the one hand, the Group has a proprietary portfolio of bonds, where market rates affect prices and any fluctuations are recognised in the income statement. On the other hand, the Group has mismatch in assets and liabilities with fixed interest terms. These include loans and swap contracts for securities on the asset side and borrowings and deposits on the liability side. This mismatch does not create an immediate effect on the income statement but nevertheless affects the Group's economic value.

Proprietary positions which are subject to interest rate risk fall under the scope of the Group's market risk management.

b. Management

The Group takes measures to minimise interest rate risk by matching the interest rate profile and duration of assets with the Group's liabilities as well as using derivative and non-derivative financial instruments to manage effectively the risk of an adverse impact on the Group's earnings.

50. Interest rate risk associated with trading portfolios

a. Breakdown

The breakdown of financial assets and liabilities in trading portfolios by the earlier of interest repricing time or maturity is specified as follows:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	31.3.2022
Fixed income securities			91,778	2,487,459	1,040,396	3,619,633
Short positions - fixed income securities	(25,394)			(915,659)	(526,249)	(1,467,301)
Net imbalance	(25,394)	0	91,778	1,571,800	514,147	2,152,332
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	31.12.2021
Fixed income securities			91,531	894,288	1,446,062	2,431,880
Short positions - fixed income securities			(24,979)	(514,176)	(784,475)	(1,323,631)
Net imbalance	0	0	66,552	380,111	661,587	1,108,250

b. Sensitivity analysis

The Group performs monthly sensitivity analysis on financial assets and liabilities in trading portfolios that are subject to interest rate risk. The sensitivity analysis assumes a shift in the yield curves for all currencies. A parallel shift in yield curves would have the following impact on the Group's pre-tax profit and equity, assuming all other risk factors remain constant:

	Shift in basis points	Downward	31.3.2022 Upward	Downward	31.12.2021 Upward
Indexed	50	14,115	(14,115)	42,091	(42,091)
Non-indexed	100	(76,334)	76,334	(35,656)	35,656
Total		(62,219)	62,219	6,436	(6,436)

Notes to the Condensed Interim Consolidated Financial Statements

51. Interest rate risk associated with non-trading portfolios

a. Breakdown

The breakdown of financial assets and liabilities in non-trading portfolios by the earlier of interest repricing time or maturity is specified as follows:

31.3.2022

Financial assets	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash and balances with Central Bank	45,299,201	3,662,597				48,961,798
Fixed income securities	399,662	2,860,778	19,531,017	10,703,633	7,295,396	40,790,487
Loans to customers	60,343,854	2,886,478	6,308,157	12,631,316	898,481	83,068,286
Financial assets excluding derivatives	106,042,717	9,409,853	25,839,174	23,334,950	8,193,877	172,820,571
Effect of derivatives	22,392,092	2,583,557		10,915,228		35,890,877
Total	128,434,809	11,993,410	25,839,174	34,250,177	8,193,877	208,711,448
Financial liabilities	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Deposits	73,733,317	8,700,515	3,910,596	1,284,729	51,628	87,680,784
Borrowings	9,041,448	6,169,508	3,049,182	11,792,933		30,053,071
Issued bonds	21,287,419	8,212,000	1,216,474	3,721,641	7,352,328	41,789,862
Subordinated liabilities		133,214	62,079	706,962	2,589,435	3,491,689
Financial liabilities excluding derivatives	104,062,184	23,215,236	8,238,332	17,506,264	9,993,391	163,015,407
Effect of derivatives	29,882	9,190,598				9,220,481
Total	104,092,066	32,405,835	8,238,332	17,506,264	9,993,391	172,235,887
Total interest repricing gap	24,342,744	(20,412,424)	17,600,842	16,743,913	(1,799,514)	36,475,561

31.12.2021

Financial assets	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash and balances with Central Bank	36,081,053	2,564,841				38,645,894
Fixed income securities	4,059,204	317,875	15,430,656	9,986,479	7,820,556	37,614,770
Loans to customers	59,696,220	2,603,372	4,651,287	4,285,008	351,759	71,587,646
Financial assets excluding derivatives	99,836,478	5,486,088	20,081,943	14,271,487	8,172,316	147,848,311
Effect of derivatives	23,328,516			15,129,226		38,457,742
Total	123,164,994	5,486,088	20,081,943	29,400,713	8,172,316	186,306,053
Financial liabilities	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Deposits	78,669,807					78,669,807
Borrowings	3,431,363	10,955,347	2,861,690	12,648		17,261,048
Issued bills						0
Issued bonds	264,089	983,646	3,707,789	22,324,381	5,317,811	32,597,716
Subordinated liabilities			(81,893)	1,344,948	2,108,711	3,371,766
Financial liabilities excluding derivatives	82,365,260	11,938,993	6,487,586	23,681,977	7,426,521	131,900,336
Effect of derivatives		12,339,360				12,339,360
Total	82,365,260	24,278,353	6,487,586	23,681,977	7,426,521	144,239,696
Total interest repricing gap	40,799,734	(18,792,265)	13,594,357	5,718,736	745,795	42,066,357

b. Sensitivity analysis

The Group performs monthly sensitivity analysis on financial assets and liabilities in non-trading portfolios subject to interest rate risk. The sensitivity analysis assumes a shift in the yield curves for all currencies. A parallel shift in yield curves would have the following impact on the Group's pre-tax profit and equity, assuming all other risk factors remain constant:

Currency	Shift in basis points	Downward	31.3.2022 Upward	Downward	31.12.2021 Upward
ISK, indexed	50	(74,884)	(74,884)	222,350	(216,040)
ISK, non-indexed	100	271,732	271,732	85,251	(92,544)
Other currencies	20	(11,786)	(11,786)	(7,936)	7,901
Total		185,062	185,062	299,665	(300,683)

Notes to the Condensed Interim Consolidated Financial Statements

52. Exposure towards changes in the CPI

a. Definition

Exposure towards changes in CPI is the risk that fluctuations in the Icelandic Consumer Price Index (CPI) will affect the balance and cash flow of indexed financial instruments.

The Group is exposed to inflation indexation of assets and liabilities denominated in ISK. All indexed assets and liabilities are valued according to the CPI measure at any given time and changes in CPI are recognised in the income statement.

b. Management

The Group controls its indexation risk through derivatives contracts and sales and purchases of indexed bonds, mostly government bonds, and thus keeps its exposure to the CPI within the limits set by the ALCO committee.

c. Balance of CPI linked assets and liabilities

The net balance of CPI linked assets and liabilities is specified as follows:

	31.3.2022	31.12.2021
Assets	36,183,304	36,414,405
Liabilities	(21,425,731)	(18,295,156)
Total	14,757,573	18,119,249

d. Sensitivity to changes in CPI

Given the net balance of CPI linked assets and liabilities, a 1% change in the CPI would, with other things constant, result in the following changes to the Group's pre-tax profit.

	31.3.2022		31.12.2021	
	-1%	1%	-1%	1%
Government bonds	(111,539)	111,539	(97,037)	97,037
Other fixed income securities	(55,005)	55,005	(87,163)	87,163
Loans to customers	(96,942)	96,942	(81,424)	81,424
Derivatives	(98,347)	98,347	(98,520)	98,520
Short positions	19,759	(19,759)	8,476	(8,476)
Deposits	59,958	(59,958)	58,158	(58,158)
Issued bonds	126,541	(126,541)	108,317	(108,317)
Subordinated liabilities	8,000	(8,000)	8,000	(8,000)
	(147,576)	147,576	(181,192)	181,192

The effect on equity would be the same.

53. Currency risk

a. Definition

Currency risk arises when financial instruments are not denominated in the functional currency of the respective Group entity and can affect both the Group's income statement and statement of financial position. A part of the Group's financial assets and liabilities is denominated in foreign currencies.

b. Management

Currency positions are monitored by risk management and reported to the ALCO committee. Any mismatch between assets and liabilities in each currency is monitored closely and managed within limits.

The Group is subject to limits set by the Central Bank of Iceland regarding the maximum open currency position. At 31 March 2022 and 31 December 2021 the Group's position in foreign currencies was within those limits.

c. Exchange rates

The following exchange rates have been used by the Group in the preparation of these financial statements:

	Closing	Average	Closing	Average
	31.3.2022	3m 2022	31.12.2021	3m 2021
EUR/ISK	142.0	143.8	147.6	154.3
USD/ISK	127.9	128.3	130.4	128.1
GBP/ISK	167.9	172.0	175.7	176.6

Notes to the Condensed Interim Consolidated Financial Statements

53. Currency risk (cont.)

d. Breakdown of financial assets and financial liabilities denominated in foreign currencies

31.3.2022

Financial assets

	EUR	USD	GBP	SEK	Other currencies	Total
Cash and balances with Central Bank	633,863	6,445,965	8,371,789	832,459	1,406,325	17,690,403
Fixed income securities	710,248	1,277,062	2,247,628			4,234,939
Shares and other variable income securities	305,766	1,552,958	918,355	33,515	64,023	2,874,616
Securities used for hedging	478,404	266,230	1,495		211,852	957,981
Loans to customers	1,247,691		14,186,779		107,199	15,541,669
Other assets	2,929,496	976,734	41,396	151,794	184,679	4,284,099
Financial assets excluding derivatives	6,305,469	10,518,949	25,767,442	1,017,768	1,974,078	45,583,707
Derivatives	9,698,811	1,144,305	42,424	6,899,737	122,558	17,907,834
Total	16,004,280	11,663,254	25,809,866	7,917,506	2,096,636	63,491,541

Financial liabilities

	EUR	USD	GBP	SEK	Other currencies	Total
Deposits	3,422,715	7,164,201	1,704,231	936,906	1,394,822	14,622,875
Borrowings	113,100	1,283,144	12,102,747			13,498,991
Issued bonds	1,211,155		3,942,526	6,899,737		12,053,418
Technical provision	349,323	171,731	1,232	3,990	217,304	743,582
Other liabilities	1,766,320	1,337,407	178,555	139,746	25,958	3,447,986
Financial liabilities excluding derivatives	6,862,612	9,956,484	17,929,292	7,980,379	1,638,085	44,366,853
Derivatives	9,972,094	1,217,325	8,819,513		299,383	20,308,314
Total	16,834,706	11,173,809	26,748,804	7,980,379	1,937,468	64,675,167

Net currency position

	EUR	USD	GBP	SEK	Other currencies	Total
Financial assets	16,004,280	11,663,254	25,809,866	7,917,506	2,096,636	63,491,541
Financial liabilities	(16,834,706)	(11,173,809)	(26,748,804)	(7,980,379)	(1,937,468)	(64,675,167)
Financial guarantee contracts	71,000					71,000
Total	(759,426)	489,445	(938,938)	(62,874)	159,168	(1,112,625)

31.12.2021

Financial assets

	EUR	USD	GBP	DKK	Other currencies	Total
Cash and balances with Central Bank	2,277,825	5,680,299	3,146,054	1,241,355	340,352	12,685,883
Fixed income securities	739,569	1,825,272	247,114			2,811,955
Shares and other variable income securities	1,670	1,907,258	2,368,725	834	101,149	4,379,636
Securities used for hedging	560,656	32,740	1,563		200,745	795,704
Loans to customers	1,432,801	64,955	1,886,376	23,274	132,863	3,540,269
Other assets	285,729	59,975	33,389	50,984	33,663	463,739
Financial assets excluding derivatives	5,298,251	9,570,499	7,683,221	1,316,446	808,771	24,677,187
Derivatives	3,764,406	491,375	422,187		19,266	4,697,234
Total	9,062,656	10,061,875	8,105,408	1,316,446	828,037	29,374,421

Financial liabilities

	EUR	USD	GBP	DKK	Other currencies	Total
Deposits	3,330,163	7,437,554	1,320,108	1,201,927	246,671	13,536,423
Borrowings	43,260	652,726				695,986
Issued bonds			4,124,798			4,124,798
Technical provision	88,442	133,707	1,298	32,113	82,004	337,563
Other liabilities	383,973	96,248	49,046	1,754	98,030	629,052
Financial liabilities excluding derivatives	3,845,838	8,320,236	5,495,250	1,235,793	426,705	19,323,822
Derivatives	5,657,882	1,172,600	2,135,377			8,965,859
Total	9,503,721	9,492,836	7,630,627	1,235,793	426,705	28,289,682

Net currency position

	EUR	USD	GBP	DKK	Other currencies	Total
Financial assets	9,062,656	10,061,875	8,105,408	1,316,446	828,037	29,374,421
Financial liabilities	(9,503,721)	(9,492,836)	(7,630,627)	(1,235,793)	(426,705)	(28,289,682)
Financial guarantee contracts	116,486					116,486
Total	(324,579)	569,039	474,781	80,652	401,332	1,201,226

Notes to the Condensed Interim Consolidated Financial Statements

53. Currency risk (cont.)

e. Sensitivity to currency risk

Given the net currency position, a 10% change in the value of the ISK would, with other things constant, result in the following changes to the Group's pre-tax profit.

	31.3.2022		31.12.2021	
	-10%	+10%	-10%	+10%
Assets and liabilities denominated in foreign currencies				
EUR	(75,943)	75,943	(32,458)	32,458
USD	48,945	(48,945)	56,904	(56,904)
GBP	(93,894)	93,894	47,478	(47,478)
SEK	(6,287)	6,287	(7,631)	7,631
DKK	8,216	(8,216)	8,065	(8,065)
Other currencies	7,701	(7,701)	32,068	(32,068)
Total	(111,263)	111,263	104,427	(104,427)

The effect on equity would be the same.

54. Equity risk

a. Definition

Equity risk is the risk that the fair value of equities decreases as the result of changes in the value of shares and other variable income securities in the Group's portfolio.

b. Sensitivity analysis of equity risk

The analysis below calculates the effect of possible movements in equity prices that affect the Consolidated Financial Statements. A negative amount in the table reflects a potential net reduction in the Consolidated Income Statement or equity, while a positive amount reflects a potential net increase. Investments in associates are excluded.

	31.3.2022		31.12.2021	
	-10%	+10%	-10%	+10%
Listed shares	(645,313)	645,313	(552,391)	552,391
Unlisted shares	(785,426)	785,426	(890,709)	890,709
Unlisted unit shares in funds	(921,141)	921,141	(825,229)	825,229
Total	(2,351,879)	2,351,879	(2,268,329)	2,268,329

55. Operational risk

a. Definition

Operational risk is the risk of direct or indirect loss from inadequate or failed internal processes or systems, from human error or external events that affect the Group's reputation and operational earnings.

b. Management

The individual business units within the Group are primarily responsible for managing their respective operational risk. The risk management unit is furthermore responsible for identifying, monitoring and reporting the Group's operational risk. Operational risk can be reduced through staff training, process re-design and enhancement of the control environment. The risk management unit monitors operational risk by tracking loss events, quality deficiencies, potential risk indicators and other early-warning signals. The unit takes an active role in internal control and quality management.

Notes to the Condensed Interim Consolidated Financial Statements

Financial assets and financial liabilities

56. Accounting classification of financial assets and financial liabilities

The accounting classification of financial assets and financial liabilities is specified as follows:

31.3.2022			Fair value	Manda-	Total
Financial assets	Amortised	through	OCI	torily at	carrying
	cost	OCI		fair value	amount
				through P/L	
Cash and balances with Central Bank	48,961,798				48,961,798
Fixed income securities		25,781,490	18,628,630		44,410,120
Shares and other variable income securities			23,518,790		23,518,790
Securities used for hedging			24,890,929		24,890,929
Loans to customers	80,941,985		2,126,301		83,068,286
Derivatives			3,727,824		3,727,824
Other assets	16,502,075		29,632		16,531,708
Total	146,405,858	25,781,490		72,922,107	245,109,454
Financial liabilities	Amortised	through	Fair value	Manda-	Total
	cost	OCI		torily at	carrying
				fair value	amount
				through P/L	
Deposits	87,680,784				87,680,784
Borrowings	30,053,071				30,053,071
Issued bonds	41,789,862				41,789,862
Subordinated liabilities	3,491,689				3,491,689
Short positions held for trading				1,467,301	1,467,301
Short positions used for hedging				33,529	33,529
Derivatives				3,265,526	3,265,526
Other liabilities	8,997,961			483,486	9,481,447
Total	172,013,367	0		5,249,842	177,263,210
31.12.2021			Fair value	Manda-	Total
Financial assets	Amortised	through	OCI	torily at	carrying
	cost	OCI		fair value	amount
				through P/L	
Cash and balances with Central Bank	38,645,894				38,645,894
Fixed income securities		21,303,362	18,743,288		40,046,651
Shares and other variable income securities			22,683,295		22,683,295
Securities used for hedging			22,085,696		22,085,696
Loans to customers	69,063,377		2,524,269		71,587,646
Derivatives			2,734,216		2,734,216
Other assets	10,012,351		30,202		10,042,553
Total	117,721,622	21,303,362		68,800,966	207,825,950
Financial liabilities	Amortised	through	Fair value	Manda-	Total
	cost	OCI		torily at	carrying
				fair value	amount
				through P/L	
Deposits	78,669,807				78,669,807
Borrowings	17,261,048				17,261,048
Issued bonds	32,597,716				32,597,716
Subordinated liabilities	3,371,766				3,371,766
Short positions held for trading				1,323,631	1,323,631
Short positions used for hedging				1,280,868	1,280,868
Derivatives				3,008,401	3,008,401
Other liabilities	6,194,021			483,486	6,677,507
Total	138,094,357	0		6,096,387	144,190,744

Notes to the Condensed Interim Consolidated Financial Statements

57. Financial assets and financial liabilities measured at fair value

a. Fair value hierarchy

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices. For other financial instruments the Group determines fair value using various valuation techniques. IFRS 13 specifies a fair value hierarchy based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources whereas unobservable inputs reflect the Group's market assumptions. These two types of inputs result in the following fair value hierarchy:

- Level 1

Inputs are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2

Inputs are not quoted market prices but are observable either directly, i.e. as prices, or indirectly, i.e. derived from prices. This category includes financial instruments valued using quoted prices in active markets for similar instruments, quoted prices for similar or identical instruments in markets that are considered less than active and other instruments which are valued using techniques which rely primarily on inputs that are directly or indirectly observable from market data.

- Level 3

Inputs are not observable or unobservable inputs have a significant effect on the valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments are required to reflect the differences between the instruments.

b. Valuation process

The Bank's Credit committee is responsible for fair value measurements of financial assets and financial liabilities classified as level 2 or level 3 instruments. The valuation is carried out by personnel from respective departments under supervision from Risk. The valuations are revised at least quarterly, or when there are indications of significant changes in the underlying inputs.

c. Valuation techniques

The Group uses widely recognised valuation techniques, including net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and other valuation models.

Valuation techniques include recent arm's length transactions between knowledgeable, willing parties, if available, reference to the current fair value of other instruments that are substantially the same, the discounted cash flow analysis and option pricing models. Valuation techniques incorporate all factors that market participants would consider in setting a price and are consistent with accepted methodologies for pricing financial instruments. Periodically, the Group calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument, without modification or repackaging, or based on any available observable market data.

For more complex instruments, the Group uses proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions. When entering into a transaction, the financial instrument is recognised initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference, usually an increase in fair value, indicated by valuation techniques is recognised in income depending upon the individual facts and circumstances of each transaction and no later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value in the statement of financial position.

Notes to the Condensed Interim Consolidated Financial Statements

d. Fair value hierarchy classification

The fair value of financial assets and financial liabilities measured at fair value in the statement of financial position is classified into the fair value hierarchy as follows:

31.3.2022

Financial assets

	Level 1	Level 2	Level 3	Carrying amount
Mandatorily measured at fair value through profit and loss				
Fixed income securities	13,087,731	4,623,535	917,364	18,628,630
Shares and other variable income securities	12,321,618	4,122,612	7,074,559	23,518,790
Securities used for hedging	24,890,929			24,890,929
Loans to customers			2,126,301	2,126,301
Derivatives		3,727,824		3,727,824
Other assets			29,632	29,632
Measured at fair value through other comprehensive income				
Fixed income securities	25,781,490			25,781,490
Total	76,081,768	12,473,972	10,147,857	98,703,596

Financial liabilities

	Level 1	Level 2	Level 3	Carrying amount
Mandatorily measured at fair value through profit and loss				
Short positions held for trading	1,467,301			1,467,301
Short positions used for hedging	33,529			33,529
Derivatives		3,265,526		3,265,526
Other liabilities			483,486	483,486
Total	1,500,830	3,265,526	483,486	5,249,842

31.12.2021

Financial assets

	Level 1	Level 2	Level 3	Carrying amount
Mandatorily measured at fair value through profit and loss				
Fixed income securities	13,186,221	4,762,529	794,538	18,743,288
Shares and other variable income securities	10,222,396	4,077,480	8,383,419	22,683,295
Securities used for hedging	22,085,696			22,085,696
Loans to customers			2,524,269	2,524,269
Derivatives		2,734,216		2,734,216
Other assets			30,202	30,202
Measured at fair value through other comprehensive income				
Fixed income securities	21,303,362			21,303,362
Total	66,797,675	11,574,225	11,732,428	90,104,329

Financial liabilities

	Level 1	Level 2	Level 3	Carrying amount
Mandatorily measured at fair value through profit and loss				
Short positions held for trading	1,323,631			1,323,631
Short positions used for hedging	1,280,868			1,280,868
Derivatives		3,008,401		3,008,401
Other liabilities			483,486	483,486
Total	2,604,499	3,008,401	483,486	6,096,387

Transfers of fixed income securities and transfer of shares and other variable income securities from Level 1 to level 3 amounted to ISK 247 million and ISK 735 million, respectively, during the period 2021.

Notes to the Condensed Interim Consolidated Financial Statements

57. Financial assets and financial liabilities measured at fair value (cont.)

f. Reconciliation of changes in Level 3 fair value measurements

	Fixed income securities	Shares and other var. income securities	Loans to customers	Other assets	Other liabilities	Total
31.3.2022						
Balance as at 1 January 2022	794,538	8,383,419	2,524,269	30,202	(483,486)	11,248,942
Total gains and losses in profit or loss	(116,823)	114,066	39,736	(570)	0	36,409
Additions	341,373	300,022	245,626			887,021
Repayments	0	0	(683,330)	0		(683,330)
Disposals	(101,725)	(1,722,947)				(1,824,671)
Balance as at 31 March 2022	917,364	7,074,559	2,126,301	29,632	(483,486)	9,664,371
	Fixed income securities	Shares and other var. income securities	Loans to customers	Other assets	Other liabilities	Total
31.12.2021						
Balance as at 1 January 2021	200,799	2,281,174	2,743,851	327,210	(386,001)	5,167,034
Total gains and losses in profit or loss	(361,080)	1,570,435	185,667		(97,548)	1,297,473
Additions through a business combination	290,553	4,357,464	0		0	4,648,017
Additions	417,151	698,907	1,889,964	0		3,006,022
Repayments		0	(2,295,212)	(297,008)	63	(2,592,157)
Disposals		(1,259,488)				(1,259,488)
Transfers in (out) Level 3	247,114	734,927				982,041
Balance as at 31 December 2021	794,538	8,383,419	2,524,269	30,202	(483,486)	11,248,942

g. Fair value measurements for Level 3 financial assets

Level 3 assets consist primarily of unlisted bonds, shares and share certificates and loans measured at fair value. Each asset is evaluated separately but assets within an asset group share a valuation method. The following valuation methods are in use:

Asset class	Method	Significant unobservable input	Range	Book value 31.3.2022
Unlisted bonds	Expected recovery	Value of assets	0-95%	917,364
Unlisted variable income securities	Market price	Recent trades	-	7,074,559
Loans to customers	Expert model	Value of assets and collateral	-	2,126,301
Receivables at fair value	Expert model	Information on turnover	-	29,632
Total				10,147,857
Asset class	Method	Significant unobservable input	Range	Book value 31.12.2021
Unlisted bonds	Expected recovery	Value of assets	0-95%	794,538
Unlisted variable income securities	Market price	Recent trades	-	8,383,419
Loan to customers	Expert model	Value of assets and collateral	-	2,524,269
Receivables at fair value	Expert model	Information on turnover	-	30,202
Total				11,732,428

Given the methods used, the possible range of the significant unobservable inputs is wide. When determining the values used the Group considers the financial strength of the entity in question, recent trades if any and multipliers for comparable instruments.

h. The effect of unobservable inputs in Level 3 fair value measurements

The Group believes its estimates represent appropriate approximations of fair value and that the use of different valuation methodologies and reasonable changes in assumptions or unobservable inputs would not significantly change the estimates.

A 10% change in the estimates would have the following effect on profit before taxes:

	+10%	-10%
Fixed income securities	91,736	(91,736)
Shares and other variable income securities	707,456	(707,456)
Loans to customers	212,630	(212,630)
Receivables at fair value	2,963	(2,963)
Total	1,014,786	(1,014,786)

Notes to the Condensed Interim Consolidated Financial Statements

Other information

58. Pledged assets

	Settlement and committed facilities	Securities borrowing	Asset backed securities	Total
31.3.2022				
Cash and balances with Central Bank	3,529,830	1,392,140	1,409	4,923,379
Fixed income securities	4,090,245	2,994,665	0	7,084,910
Loans to customers	11,457,683	0	8,255,406	19,713,089
Other assets	0	915,766	0	915,766
Total	19,077,758	5,302,571	8,256,814	32,637,143
31.12.2021				
Cash and balances with Central Bank	1	2,126,209	1,409	2,127,620
Fixed income securities	4,088,885	1,454,453	0	5,543,338
Loans to customers	6,498,490	0	9,372,337	15,870,827
Other assets	0	46,704	0	46,704
Total	10,587,377	3,627,366	9,373,746	23,588,489

The Group has pledged assets, in the ordinary course of banking business, to the Central Bank of Iceland to secure general settlement in the Icelandic clearing system. Cash pledged to secure the borrowing of securities from other counterparties than the Central Bank of Iceland is classified as other assets. Furthermore, the Group has pledged loans to customers as collateral against asset backed bonds that it has issued.

59. Related parties

a. Definition of related parties

The Group has a related party relationship with the board members of the Bank, the CEO of the Bank and key employees (together referred to as management), associates as disclosed in note 22, shareholders with significant influence over the Bank, close family members of individuals identified as related parties and entities under the control or joint control of related parties.

b. Arm's length

Transactions with related parties are carried out at arm's length and subject to an annual review by the Bank's internal auditor.

c. Effects on statement of financial position

	Loans & receivables	Deposits & payables
31.3.2022		
Management	145	80,049
Associates	0	0
Total	145	80,049
31.12.2021		
Management	0	128,067
Associates	0	0
Total	0	128,067

d. Effects on income statement

	Interest income	Interest expense	Fees received	Fees paid
3m 2022				
Management	0	59	264	32
Associates	0	0	0	0
Total	0	59	264	32
3m 2021				
Management	34	37	0	1,962
Associates	0	0	0	0
Total	34	37	0	1,962

60. Events after the reporting date

There are no material events after the reporting date.