



# Condensed Interim Consolidated Financial Statements

31 March 2024



**KVÍKA**

Condensed Interim  
Consolidated Financial Statements  
31 March 2024

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# Kvika highlights

31.03.2024



## Kvika

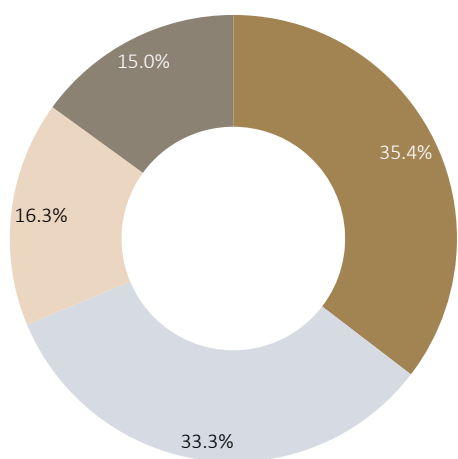
Kvika is a specialized financial institution strategically positioned to increase competition and transform financial services in Iceland. Kvika provides businesses, investors, and individuals with investment banking, insurance, asset management, payment, and banking services. The Bank is listed on Nasdaq Iceland.

Kvika operates in four business segments, Commercial banking and Corporate Banking & Capital Markets as well as Asset Management and UK operations through subsidiaries Kvika Asset Management and Kvika Securities Ltd. Kvika's insurance segment, operated through the subsidiary TM tryggingar hf., is currently in a divestment process.

Kvika operates several brands that are highly focused and excel in their field. The main brands are Kvika, Kvika Asset Management, Auður, Aur, Lykill, Netgíró, and Straumur, as well as Ortus Secured Finance in the UK.

## Diversified operations

Revenues by segment / 3M 2024



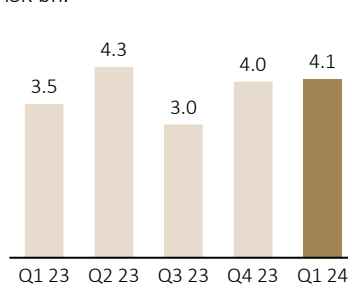
■ Commercial Banking
 ■ Corporate Banking & Capital Markets
 ■ Asset Management
 ■ UK

## Key figures

ISK m.	3M 2024	3M 2023
Net operating income	4,069	3,489
Profit before taxes	1,215	895
Profit before taxes incl.TM	1,345	1,412
RoTE	12.1%	13.1%
	<b>31.03.2024</b>	<b>31.12.2023</b>
Total Assets	350,887	335,397
Loans to customers	145,898	136,323
Deposits	137,143	133,773
LCR	286%	247%
NSFR	137%	141%
Group Solvency	1.16	1.25

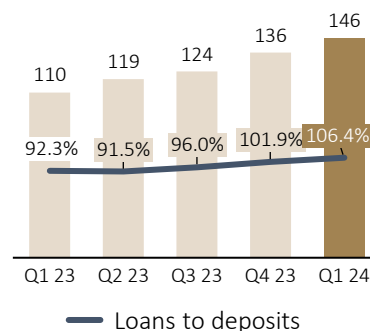
## Net operating income

ISK bn.



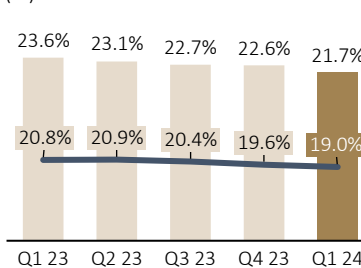
## Loans to customers

ISK bn.



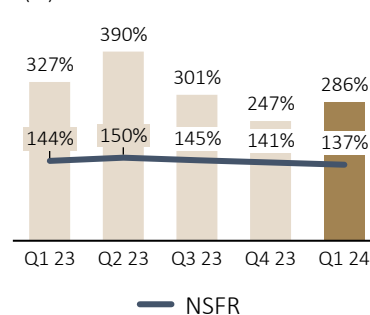
## Total capital ratio

(%)



## LCR ratio

(%)



## Exemplary

Corporate Governance



87/100

Reitun ESG score



Baa2/Prime-2

Stable



Following the classification of TM as a disposal group held for sale, the Group reports income from its insurance operations in a single line in the consolidated income statement as profit after tax from discontinued operations. The comparative figures from 2023 have been restated

## 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 2024. The Condensed Interim Consolidated Financial Statements have not been audited or reviewed by the Bank's independent auditors.

### About the Bank

Kvika is a specialized financial institution strategically positioned to increase competition and transform financial services in Iceland. Operating without a branch network, Kvika provides businesses, investors, and individuals with investment banking, insurance, asset management, payment, and banking services. The Bank is listed on the main list of Nasdaq OMX Iceland.

Kvika operates in four business segments, two which are operated under the Kvika Bank brand, Commercial banking, and Corporate Banking and Capital Markets, and two in own-brand subsidiaries, Kvika Asset Management and Kvika Securities Ltd., the Group's operations in the UK. The insurance segment, operated through the subsidiary TM tryggingar hf. ("TM") has been discontinued as TM is currently in a sales process.

Kvika operates as well as a house of brands that are highly focused and excel in their field. The main brands are Kvika, Kvika Asset Management, Auður, Aur, Lykill, Netgíró, and Straumur, as well as Ortus Secured Finance in the UK.

### Operations during the period in 2024

Profit before taxes for the period amounted to ISK 1,345 million (3m 2023: ISK 1,412 million), corresponding to an annualised 12.1% return on weighted tangible equity, based on the tangible equity position of Kvika and TM at the beginning of the year adjusted for changes in share capital and transactions with treasury shares during the period. Profit before taxes is composed of the pre-tax profit from both the Group's continuing and discontinued operations.

The Group's net operating income during the period was ISK 4,069 million (3m 2023: ISK 3,489 million). Net interest income amounted to ISK 2,326 million (3m 2023: ISK 1,985 million). Net fee income amounted to ISK 1,633 million (3m 2023: ISK 1,488 million). Other operating income amounted to ISK 110 million (3m 2023: ISK 16 million). Administrative expenses during the period amounted to ISK 2,666 million (3m 2023: ISK 2,635 million). During the period, the Group had a net impairment charge of ISK 188 million (3m 2023: positive net impairment charge of ISK 41 million).

### Financial position

According to the Consolidated Statement of Financial Position, equity at year-end 2024 amounted to ISK 83,261 million (31.12.2023: ISK 81,958 million), and total assets amounted to ISK 350,887 million (31.12.2023: ISK 335,397 million).

The Group's statement of financial position grew by ISK 14.4 billion or 4.3% during the period in 2024. Loans to customers grew by ISK 9.6 billion or 7.0% during the period. Liquid assets amounted to ISK 103.5 billion at end of March 2024, or 29.5% of total assets.

### Offer for TM tryggingar hf. accepted

On 17 March 2024 the Bank announced that it had received binding offers for the purchase of the share capital of TM. The Bank furthermore announced that it had decided to accept an offer from Landsbankinn hf. with the aim to complete a confirmatory due diligence review, and sign a purchase agreement between the two banks for the purchase and sale of 100% of TM's shares as soon as possible, with standard conditions of approval from The Financial Supervisory Authority of the Central Bank of Iceland and the Competition Authority. The purchase price according to the offer is ISK 28.6 billion and Landsbankinn will pay for the share capital in cash. The purchase price is based on TM's balance sheet at the end of 2023. The final purchase price will be adjusted for changes in TM's tangible equity from the beginning of the year 2024 to the completion date, and the amount of the change will be added to or subtracted from the purchase price in the offer.

### Capital adequacy and dividends

Kvika's total capital requirement at 31.03.2024, taking into account all capital buffers, amounted to 19.1%. Kvika's capital adequacy ratio was 21.7% at the end of March 2024 (31.12.2023: 22.6%). Kvika's CET1 requirement was 13.9% compared to a CET1 ratio of 19.0% at the end of March 2024.

The Group's solvency ratio at 31.03.2024 was 1.16 (31.12.2023: 1.25) with a regulatory minimum requirement of 1.0.

The Bank's 2024 Annual General Meeting ("AGM") approved a motion from the Board of Directors ("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 2025.

The 2024 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 58,952,375 shares by cancelling treasury shares held by the Bank. In March 2024, the share capital reduction was carried out.

Furthermore, the 2024 AGM approved a motion from the BOD that no dividend will be paid in the year 2024 on 2023 operations. The BOD intends, through the purchase of own shares, to meet the Bank's dividend policy, which states that the aim is for shareholders to be returned an annual dividend of at least 25% of last year's profit after taxes, whether in the form of dividends or through the purchase of own shares. The BOD has not ruled out that it might call to a meeting of shareholders later in the year 2024 to discuss potential dividend payments if the conditions arise, e.g. following the sale of TM.

## Endorsement and Statement by the Board of Directors and the CEO

### 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 faces various risks associated with its operations as a financial conglomerate that arise from its day-to-day operations. 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 main operations are described in the notes accompanying the Condensed Interim Consolidated Financial Statements. Refer to notes 39-54 on the analysis of exposure to various types of risk.

### 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 2024 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 2024 and the financial performance of the Group and changes of cash flows for the period 1 January to 31 March 2024. 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 2024 and confirmed them by the means of their signatures.

Reykjavík, 2 May 2024.

### Board of Directors

Sigurður Hannesson, Chairman

Guðmundur Þórðarson, Deputy Chairman

Helga Kristín Auðunsdóttir

Ingunn Svala Leifsdóttir

Guðjón Reynisson

### Chief Executive Officer

Ármann Þorvaldsson

The Condensed Interim Consolidated Financial Statements of Kvika banki hf. for the period ended 31 March 2024 are electronically certificated by the Board of Directors and the CEO.

## Condensed Interim Consolidated Income Statement

For the period 1 January 2024 to 31 March 2024

	Notes	3m 2024	3m 2023 *
Interest income .....		7,105,791	5,043,148
Interest expense .....		(4,779,672)	(3,058,280)
<b>Net interest income</b>	5	2,326,118	1,984,867
Fee and commission income .....		1,795,429	1,605,305
Fee and commission expense .....		(162,530)	(117,072)
<b>Net fee and commission income</b>	6	1,632,900	1,488,234
Net financial income (expense) .....	7	23,822	(98,896)
Other operating income .....		85,711	114,562
<b>Other net operating income</b>		109,532	15,666
<b>Net operating income</b>		4,068,550	3,488,767
Administrative expenses .....	9	(2,665,797)	(2,634,637)
Net impairment .....	11	(187,950)	40,839
<b>Profit before taxes from continuing operations</b>		1,214,804	894,969
Income tax .....	12	(151,869)	(104,234)
Special tax on financial activity .....	13	(13,138)	0
Special tax on financial institutions .....	14	(62,600)	(52,039)
<b>Profit for the period</b>		987,197	738,696
<b>Discontinued operations</b>			
Profit after tax for the period from discontinued operations .....	3	96,183	428,485
<b>Profit for the period</b>		1,083,379	1,167,180
	Notes	3m 2024	3m 2023
Attributable to the shareholders of Kvika banki hf. ....		1,079,337	1,148,230
Attributable to non-controlling interest .....	22	4,042	18,950
<b>Profit for the period</b>		1,083,379	1,167,180
<b>Earnings per share</b>	15		
Basic earnings per share (ISK per share) .....		0.23	0.24
Diluted earnings per share (ISK per share) .....		0.23	0.24

\* Comparative information has been restated, reference is made to note 3 for further information.

The notes on pages 11 to 47 are an integral part of these Condensed Interim Consolidated Financial Statements.

## Condensed Interim Consolidated Statement of Comprehensive Income

For the period 1 January 2024 to 31 March 2024

	Notes	3m 2024	3m 2023
<b>Profit for the period</b>		1,083,379	1,167,180
Changes in fair value of financial assets through OCI, net of tax .....		190,233	(223,771)
Realized net loss transferred to the Income Statement, net of tax .....		10,079	7,230
<b>Changes to reserve for financial assets at fair value through OCI</b>		200,312	(216,541)
Exchange difference on translation of foreign operations .....		9,465	(14,903)
<b>Other comprehensive income that is or may be reclassified subsequently to profit and loss</b>		209,777	(231,444)
<b>Total comprehensive income for the period</b>		1,293,156	935,736
	Notes	3m 2024	3m 2023
Attributable to the shareholders of Kvika banki hf. ....		1,289,114	900,234
Attributable to non-controlling interest .....		4,042	35,502
<b>Total comprehensive income for the period</b>		1,293,156	935,736

The notes on pages 11 to 47 are an integral part of these Condensed Interim Consolidated Financial Statements.



## Condensed Interim Consolidated Statement of Financial Position

### As at 31 March 2024

Assets	Notes	31.3.2024	31.12.2023
Cash and balances with Central Bank .....	16	34,256,255	23,681,453
Fixed income securities .....	17	56,956,255	64,977,406
Shares and other variable income securities .....	18	4,314,083	3,857,480
Securities used for hedging .....	19	12,706,506	16,852,313
Loans to customers .....	20	145,898,190	136,323,481
Derivatives .....	21	3,065,234	2,497,877
Investment in associates .....	23	95,841	96,194
Intangible assets .....	24	21,908,315	21,906,363
Operating lease assets .....	25	455,445	530,144
Property and equipment .....		591,080	618,361
Deferred tax assets .....	12	2,780,478	2,902,580
Other assets .....	26	15,309,237	10,401,128
Assets classified as held for sale .....	3	52,550,213	50,752,652
<b>Total assets</b>		<b>350,887,131</b>	<b>335,397,432</b>
<b>Liabilities</b>			
Deposits .....	27	137,143,138	133,772,941
Borrowings .....	28	37,558,062	23,817,062
Issued bonds .....	29	38,752,257	45,715,427
Subordinated liabilities .....	30	6,176,221	5,993,084
Short positions held for trading .....	31	653,560	131,745
Short positions used for hedging .....	32	113,800	4,230
Derivatives .....	21	2,339,572	2,196,904
Current tax liabilities .....		17	17
Deferred tax liabilities .....		308,797	272,615
Other liabilities .....	33	17,911,669	16,593,993
Liabilities associated with assets classified as held for sale .....	3	26,669,339	24,941,611
<b>Total liabilities</b>		<b>267,626,432</b>	<b>253,439,628</b>
<b>Equity</b>			
Share capital .....	34	4,722,073	4,722,073
Share premium .....		47,661,777	47,661,777
Other reserves .....		5,090,040	4,330,081
Retained earnings .....		25,710,648	25,171,754
<b>Total equity attributable to the shareholders of Kvika banki hf.</b>		<b>83,184,538</b>	<b>81,885,685</b>
Non-controlling interest .....	22	76,161	72,119
<b>Total equity</b>		<b>83,260,699</b>	<b>81,957,804</b>
<b>Total liabilities and equity</b>		<b>350,887,131</b>	<b>335,397,432</b>

The notes on pages 11 to 47 are an integral part of these Condensed Interim Consolidated Financial Statements.

## Condensed Interim Consolidated Statement of Changes in Equity

For the period 1 January 2024 to 31 March 2024

	Notes	Other reserves							Retained earnings	Total share-holders' equity	Non-controlling interest	Total equity
		Share capital	Share premium	Option reserve	Deficit reduction reserve	Fair value reserve	Trans-lation reserve	Restricted retained earnings				
<b>1 January 2024 to 31 March 2024</b>												
Equity as at 1 January 2024 .....		4,722,073	47,661,777	173,605	1,203,697	(930,231)	86,145	3,796,865	25,171,754	81,885,685	72,119	81,957,804
Profit for the period .....									1,079,337	1,079,337	4,042	1,083,379
Changes in fair value of financial assets through OCI .....						190,233				190,233		190,233
Realized net loss transferred to the Income Statement .....						10,079				10,079		10,079
Translation of foreign operations												
Exchange difference on translation of foreign operations .....							9,465			9,465	0	9,465
Total comprehensive income for the period .....		0	0	0	0	200,312	9,465	0	1,079,337	1,289,114	4,042	1,293,156
Restricted due to subsidiaries and associates .....								534,880	(534,880)	0		0
Restricted due to development costs .....								5,563	(5,563)	0		0
Stock options .....				9,740					0	9,740		9,740
<b>Equity as at 31 March 2024</b>		<b>4,722,073</b>	<b>47,661,777</b>	<b>183,344</b>	<b>1,203,697</b>	<b>(729,919)</b>	<b>95,610</b>	<b>4,337,308</b>	<b>25,710,648</b>	<b>83,184,538</b>	<b>76,161</b>	<b>83,260,699</b>

The notes on pages 11 to 47 are an integral part of these Condensed Interim Consolidated Financial Statements.

## Condensed Interim Consolidated Statement of Changes in Equity

For the period 1 January 2023 to 31 March 2023

	Notes	Other reserves						Restricted retained earnings	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
		Share capital	Share premium	Option reserve	Deficit reduction reserve	Fair value reserve	Translation reserve					
<b>1 January 2023 to 31 March 2023</b>												
Equity as at 1 January 2023 .....		4,781,026	48,602,825	155,951	1,203,697	(574,319)	57,338	2,225,492	24,559,886	81,011,895	77,285	81,089,180
Profit for the period .....								1,148,230	1,148,230	1,148,230	18,950	1,167,180
Changes in fair value of financial assets through OCI .....						(223,771)				(223,771)		(223,771)
Realized net loss transferred to the Income Statement .....						7,230				7,230		7,230
Translation of foreign operations												
Exchange difference on translation of foreign operations .....							(14,903)			(14,903)	0	(14,903)
Total comprehensive income for the period .....		0	0	0	0	(216,541)	(14,903)	0	1,148,230	916,786	18,950	935,736
Restricted due to subsidiaries and associates .....								434,967	(434,967)	0		0
Restricted due to development costs .....								46,049	(46,049)	0		0
Transactions with owners of the Bank												
Dividend paid to shareholders .....									(1,912,410)	(1,912,410)		(1,912,410)
Stock options .....				20,222						20,222		20,222
<b>Equity as at 31 March 2023</b>		<b>4,781,026</b>	<b>48,602,825</b>	<b>176,172</b>	<b>1,203,697</b>	<b>(790,859)</b>	<b>42,434</b>	<b>2,706,509</b>	<b>23,314,689</b>	<b>80,036,493</b>	<b>96,235</b>	<b>80,132,727</b>

The notes on pages 11 to 47 are an integral part of these Condensed Interim Consolidated Financial Statements.

## Condensed Interim Consolidated Statement of Cash Flows

For the period 1 January 2024 to 31 March 2024

	Notes	3m 2024	3m 2023
<b>Cash flows from operating activities</b>			
Profit for the period .....		1,083,379	1,167,180
Adjustments for:			
Indexation and exchange rate difference .....		(116,490)	(469,490)
Depreciation and amortisation .....		269,978	411,883
Net interest income .....		(2,326,118)	(2,254,695)
Net impairment .....		187,950	(40,933)
Income tax .....		227,607	192,718
Adjustment relating to assets held for sale .....		(69,833)	0
Other adjustments .....		9,740	19,450
		(733,788)	(973,886)
Changes in:			
Fixed income securities .....		8,271,541	(7,991,376)
Shares and other variable income securities .....		(456,603)	(795,483)
Securities used for hedging .....		4,145,807	5,208,228
Loans to customers .....		(8,162,422)	(2,205,929)
Derivatives - assets .....		(567,357)	1,273,650
Operating lease assets .....		46,017	47,888
Other assets .....		(4,942,559)	(8,721,558)
Deposits .....		2,717,880	6,667,482
Insurance contract liabilities .....		0	1,533,982
Short positions .....		631,386	748,578
Derivatives - liabilities .....		134,775	(125,228)
Other liabilities .....		1,449,778	10,457,783
		3,268,242	6,098,017
Interest received .....		6,675,176	4,980,979
Interest paid .....		(4,025,428)	(2,354,438)
Income tax paid .....		(181,928)	0
<b>Net cash from operating activities</b>		5,002,275	7,750,672
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets .....	24	(144,800)	(302,092)
Net acquisition of property and equipment .....		5,924	(46,161)
<b>Net cash to investing activities</b>		(138,876)	(348,253)
<b>Cash flows from financing activities</b>			
Borrowings .....		5,769,735	(5,410,473)
Dividend paid to shareholders .....		0	(1,912,410)
Repayment of lease liabilities .....		(91,888)	(123,358)
<b>Net cash from (to) financing activities</b>		5,677,847	(7,446,241)
Net change in cash and balances with Central Bank .....		10,541,245	(43,823)
Cash and balances with Central Bank at the beginning of the year .....		23,681,453	36,670,586
Effects of exchange rate fluctuations on cash and balances with Central Bank .....		33,557	(185,215)
<b>Cash and balances with Central Bank at the end of the period</b>	16	34,256,255	36,441,548

The notes on pages 11 to 47 are an integral part of these Condensed Interim Consolidated Financial Statements.

## Notes to the Condensed Interim Consolidated Financial Statements

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38 Leverage ratio .....	26		

# 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 2024 comprise Kvika banki hf. and its subsidiaries (together referred to as the Group). In note 4, the subsidiary TM tryggingar hf. has been classified as a disposal group held for sale. Insurance operations are therefore a discontinued operation and are no longer reported as an operating segment. The Group operates four business segments, Asset Management, Corporate Banking, Corporate Banking and Capital Markets and UK operations. Operating without a branch network, Kvika provides businesses, investors, and individuals with investment banking, insurance, asset management, payment, and banking services.

The Condensed Interim Consolidated Financial Statements were approved and authorised for issue by the Board of Directors and the CEO on 2 May 2024.

### 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.

Due to the reclassification of the subsidiary TM tryggingar hf. as disposal group held for sale, in accordance with IFRS 5, comparative figures in the Income Statement have been restated, reference is made to note 3.

#### 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;
- shared based payment is accounted for in accordance with IFRS 2;
- contingent consideration is measured at fair value; and
- short positions are measured at fair value.

#### 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 2024.

#### 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 results 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 2023.

#### 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 nor relevant for the reader, not being presented in the notes.

## Notes to the Condensed Interim Consolidated Financial Statements

### 3. Discontinued operations

At year-end 2023, TM was classified as a disposal group held for sale and as a discontinued operation. TM is measured at the lower of carrying amount upon the date of reclassification and fair value less costs to sell.

Restated Consolidated Income Statement for 3m 2023:

	Published accounts	Operation of TM tryggingar	3m 2023
Net interest income .....	2,254,695	(269,828)	1,984,867
Net fee and commission income .....	1,588,016	(99,783)	1,488,234
Insurance revenue .....	4,578,482	(4,578,482)	0
Incurred claims and net expense from reinsurance contract held .....	(3,576,652)	3,576,652	0
Net financial income .....	218,381	(317,277)	(98,896)
Other operating income .....	148,998	(34,437)	114,562
Administrative expenses .....	(3,840,916)	1,206,279	(2,634,637)
Net impairment .....	40,933	(94)	40,839
Income tax and other taxes .....	(244,757)	88,484	(156,273)
Discontinued operations .....	0	428,485	428,485
<b>Profit for the period</b>	<b>1,167,180</b>	<b>0</b>	<b>1,167,180</b>

The results of the discontinued operations for the period are presented below:

	3m 2024	3m 2023
Net interest income .....	202,733	269,828
Net fee and commission income .....	250	99,783
Insurance revenue .....	5,015,694	4,578,482
Incurred claims and net expense from reinsurance contract held .....	(4,042,635)	(3,576,652)
Net financial income .....	55,790	317,277
Other operating income .....	32,490	34,437
Administrative expenses .....	(1,179,132)	(1,236,461)
Net impairment .....	6,591	94
Income tax .....	(26,236)	(82,099)
	65,545	404,688
Administrative expenses, stranded costs .....	38,298	30,181
Income tax .....	(7,660)	(6,385)
<b>Profit for the period from discontinued operations</b>	<b>96,183</b>	<b>428,485</b>

The major classes of assets and liabilities of the discontinued operations are as follows:

	31.3.2024	31.12.2023
<b>Assets</b>		
Cash and balances with Central Bank .....	867,238	995,561
Fixed income securities .....	21,317,081	19,824,505
Shares and other variable income securities .....	14,856,884	14,543,128
Investment properties .....	1,240,135	1,240,135
Intangible assets .....	12,596,914	12,615,362
Other assets .....	1,671,961	1,533,960
<b>Assets classified as held for sale</b>	<b>52,550,212</b>	<b>50,752,652</b>
<b>Liabilities</b>		
Insurance contract liabilities .....	24,832,425	23,267,425
Deferred tax liabilities .....	632,046	629,063
Other liabilities .....	1,204,867	1,045,123
<b>Liabilities associated with assets classified as held for sale</b>	<b>26,669,339</b>	<b>24,941,611</b>
Eliminations with the Group .....	1,067,335	1,018,962
<b>Net assets directly associated with disposal group</b>	<b>26,948,208</b>	<b>26,830,002</b>

## Notes to the Condensed Interim Consolidated Financial Statements

### Segment information

#### 4. Business segments

Segment reporting is based on the same principles and structure as internal reporting to the CEO and the Board of Directors. Segment performance is evaluated on profit before tax and excludes income from discontinued operations.

##### Reportable segments

As disclosed in the Group's Consolidated Financial Statements for 2023, the subsidiary TM tryggingar hf. has been classified as a disposal group held for sale. Insurance operation are therefore a discontinued operations and are no longer reported as an operating segment. During the period in 2024, the Group defined four reportable operating segments; Asset Management, Commercial Banking, Corporate Banking and Capital Markets and UK operations. The figures for the period in 2024 reflect the operating segment structure that was in place during that period, taking into account the discontinuation of the insurance operations, and comparison amounts for the previous period have been restated accordingly.

##### - Asset Management

Products and services offered include asset management involving both domestic and foreign assets, private banking and private pension plans. The management of a broad range of mutual funds, investment funds and institutional investor funds is included in this segment through the operations of Kvika eignastýring hf.

##### - Commercial Banking

Commercial Banking offers various forms of banking services and related advisory services. Included in this operating segment is Lykill, the leasing operations of the Group, and the Group's fintech operations, such as Auður, Netgíró and Aur, as well as the payment facilitation operations of Straumur greiðslumiðlun hf.

##### - Corporate Banking and Capital Markets

Corporate Banking & Capital Markets provide a range of professional services in the fields of specialised financing, securities and foreign exchange transactions and corporate finance services. The functions of Market Making and Treasury are also included in the segment although they are a part of Kvika's Finance division.

##### - UK operations

The UK operations consist of asset management and corporate finance services through Kvika Securities Ltd. and specialised lending services through Ortus Secured Finance Ltd.

UK operations is the only geographic area outside of Iceland and for the period in 2024 it accounts for 15.0% (3m 2023: 7.6%) of net operating income.

Supporting units consist of the functions carried out by the Bank's support divisions, such as Risk Management, Finance, IT and Operations, etc. The information presented relating to the supporting units does not represent an operating segment.

	Asset Management	Commercial Banking	Corporate Banking & Capital Markets	UK operations	Supporting units	Total
<b>3m 2024</b>						
Net interest income .....	2,471	1,011,316	911,167	411,265	(10,100)	2,326,118
Net fee and commission income .....	633,387	344,797	452,630	196,981	5,105	1,632,900
Net financial income (expense) .....	27,615	2,352	(4,967)	(1,179)	0	23,822
Other operating income .....	(285)	80,596	-	3,760	1,640	85,711
<b>Net operating income</b>	<b>663,187</b>	<b>1,439,061</b>	<b>1,358,830</b>	<b>610,827</b>	<b>(3,356)</b>	<b>4,068,550</b>
Salaries and related expenses .....	(247,327)	(224,260)	(248,774)	(173,340)	(730,480)	(1,624,180)
Other operating expenses .....	(36,982)	(400,791)	(73,115)	(102,705)	(428,023)	(1,041,616)
Administrative expenses	(284,309)	(625,051)	(321,889)	(276,045)	(1,158,503)	(2,665,797)
Net impairment .....	-	(80,245)	(69,785)	(37,920)	-	(187,950)
Cost allocation .....	(210,615)	(441,481)	(342,579)	(52,089)	1,046,765	-
<b>Profit (loss) before tax from continuing operations</b>	<b>168,263</b>	<b>292,284</b>	<b>624,577</b>	<b>244,773</b>	<b>(115,094)</b>	<b>1,214,804</b>
Net segment revenue from external customers .....	666,272	166,157	2,228,430	1,011,047	(3,356)	4,068,550
Net segment revenue from other segments .....	(3,085)	1,272,905	(869,600)	(400,219)	-	(0)



## Notes to the Condensed Interim Consolidated Financial Statements

### 4. Business segments (cont.)

	Asset Management	Commercial Banking	Corporate Banking & Capital Markets	UK operations	Supporting units	Total
<b>3m 2023 *</b>						
Net interest income .....	499	826,339	1,020,674	154,684	(17,328)	1,984,868
Net fee and commission income .....	677,175	266,570	491,800	108,344	(55,655)	1,488,234
Net financial income .....	19,973	(2,211)	(118,485)	1,826	0	(98,897)
Share in profit of associates .....	(319)	(1)	1,097	(777)	-	0
Other operating income .....	2,463	92,555	(7,383)	(91)	27,019	114,562
Net operating income	699,790	1,183,252	1,387,703	263,986	(45,964)	3,488,767
Salaries and related expenses .....	(279,459)	(174,717)	(291,179)	(120,535)	(710,546)	(1,576,435)
Other operating expenses .....	(27,027)	(371,111)	(78,403)	(155,634)	(426,027)	(1,058,202)
Administrative expenses	(306,486)	(545,828)	(369,581)	(276,169)	(1,136,573)	(2,634,637)
Net impairment .....	-	(55,541)	3,497	92,883	-	40,839
Cost allocation .....	(245,513)	(382,733)	(323,728)	(86,125)	1,038,098	-
Profit (loss) before tax from continuing operations	147,792	199,150	697,891	(5,425)	(144,439)	894,969
Net segment revenue from external customers .....	704,420	557,069	1,999,448	273,793	(45,963)	3,488,767
Net segment revenue from other segments .....	(4,629)	626,182	(611,745)	(9,807)	(1)	(0)

The figures for the period in 2023 have been restated to reflect and the discontinuation of insurance operations.

\* Comparative information has been restated, reference is made to note 3 for further information.

## Notes to the Condensed Interim Consolidated Financial Statements

### Income statement

#### 5. Net interest income

Interest income is specified as follows:

	<b>3m 2024</b>	<b>3m 2023</b>
Cash and balances with Central Bank .....	239,310	343,882
Derivatives .....	1,005,486	546,822
Loans to customers .....	4,909,331	3,265,345
Fixed income securities (FVOCI) .....	951,333	886,285
Other interest income .....	330	813
<b>Total</b>	<b>7,105,791</b>	<b>5,043,148</b>

Interest expense is specified as follows:

	<b>3m 2024</b>	<b>3m 2023</b>
Deposits .....	2,634,755	1,564,431
Borrowings .....	539,834	464,358
Issued bonds .....	865,307	774,549
Subordinated liabilities .....	183,137	161,065
Derivatives .....	538,165	64,740
Other interest expense* .....	18,474	29,138
<b>Total</b>	<b>4,779,672</b>	<b>3,058,280</b>
<b>Net interest income</b>	<b>2,326,118</b>	<b>1,984,867</b>

\* Thereof are lease liabilities' interest expense amounting to ISK 13 million (3m 2023: ISK 20 million).

Total interest income recognised in respect of financial assets not carried at fair value through profit or loss amounts to ISK 5,106 million (3m 2023: ISK 3,562 million). Total interest expense recognised in respect of financial liabilities not carried at fair value through profit or loss amounts to ISK 4,242 million (3m 2023: ISK 2,994 million).

#### 6. Net fee and commission income

Fee income is disclosed based on the nature and type of fee income generated across business segments. Information on net fee and commission income by segment is disclosed in note 4.

	<b>3m 2024</b>	<b>3m 2023</b>
Asset Management .....	609,600	667,132
Capital markets and corporate finance .....	448,207	504,966
Cards and payment solutions .....	137,061	13,712
Loans and guarantees .....	539,453	374,890
Other fee and commission income .....	61,109	44,607
<b>Total fee income</b>	<b>1,795,429</b>	<b>1,605,305</b>
Fee and commission expense .....	(162,530)	(117,072)
<b>Net fee and commission income</b>	<b>1,632,900</b>	<b>1,488,234</b>

Asset management fees are earned by the Group for trust and fiduciary activities where the Group holds or invests assets on behalf of the customers.

Fee and commission income from capital markets and corporate finance include fees and commissions generated by miscellaneous corporate finance service, securities, derivatives and FX brokerage as well as market making.

Fee and commission income from cards and payment solutions relate to the Group's payment facilitations services as well as the issuance of debit and credit cards.

Fee and commission income from loans and guarantees include the Group's lending operations, notification and collection fees, as well as fees from issuing guarantees.

## Notes to the Condensed Interim Consolidated Financial Statements

### 7. Net financial income (expense)

Net financial income (expense) is specified as follows:

	3m 2024	3m 2023
Net gain (loss) on financial assets and financial liabilities mandatorily measured at fair value through profit or loss		
Fixed income securities .....	84,126	(33,092)
Financial assets at fair value through OCI .....	(61)	(9,038)
Shares and other variable income securities .....	(74,989)	5,655
Derivatives .....	(22,728)	8,909
Loans to customers .....	21,407	(52,095)
Foreign currency exchange difference .....	16,066	(19,235)
<b>Total</b>	<b>23,822</b>	<b>(98,896)</b>

### 8. Foreign currency exchange difference

Foreign currency exchange difference is specified as follows:

	3m 2024	3m 2023
Loss on financial instruments at fair value through profit and loss .....	(664,278)	(190,521)
Gain on other financial instruments .....	680,344	171,285
<b>Total</b>	<b>16,066</b>	<b>(19,235)</b>

### 9. Administrative expenses

Administrative expenses are specified as follows:

	3m 2024	3m 2023
Salaries and related expenses .....	1,624,180	1,576,435
Other operating expenses .....	771,638	796,369
Depreciation and amortisation .....	216,153	183,786
Depreciation of right of use asset .....	53,826	78,047
<b>Total</b>	<b>2,665,797</b>	<b>2,634,637</b>

### 10. Salaries and related expenses

Salaries and related expenses are specified as follows:

	3m 2024	3m 2023
Salaries .....	1,200,913	1,177,002
Performance based payments excluding share-based payments .....	84,041	78,820
Share-based payment expenses .....	7,103	15,616
Pension fund contributions .....	149,437	145,915
Tax on financial activity .....	63,781	62,348
Other salary related expenses .....	118,905	96,735
<b>Total</b>	<b>1,624,180</b>	<b>1,576,435</b>
Average number of full time employees during the period .....	249	282
Total number of full time employees at the end of the period .....	249	284

The 2023 figures for average number of employees and employees at year-end have been restated to exclude employees of TM, as a result of the reclassification of TM as a discontinued operation and an asset held for sale.

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% (2023: 5,50%).

The amount of performance based payments that has been expensed is based on the results for the period in 2024 and the guidelines on performance based payments set forth in the Group's remuneration policy. The performance based payments have not been allocated to any employees or business segments and are subject to approval by the Board of Directors.

## Notes to the Condensed Interim Consolidated Financial Statements

### 11. Net impairment

	3m 2024	3m 2023
Net change in impairment of loans .....	(186,448)	45,917
Net change in impairment of other assets .....	0	66
Net change in impairment of loan commitments, guarantees and unused credit facilities .....	(1,502)	(5,144)
<b>Total</b>	<b>(187,950)</b>	<b>40,839</b>

### 12. Income tax

The Bank and some of its subsidiaries will not pay income tax on its profit for 2024 due to the fact that Group has a tax loss carry forward that offsets the calculated income tax. At year-end 2023, the tax loss carry forward of the Group amounted to ISK 13.0 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 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 21.0% (2023: 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.

### 13. 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% (2023: 6,0%) and the tax is not a deductible expense for income tax purposes. The tax is presented separately in the consolidated income statement.

### 14. 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% (2023: 0,145%) and the tax is not a deductible expense for income tax purposes. The tax is presented separately in the consolidated income statement.

### 15. 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 stock options that have a dilutive effect.

	Continuing operations		Discontinued operations		Continuing and discontinued operations	
	3m 2024	3m 2023	3m 2024	3m 2023	3m 2024	3m 2023
Net earnings attributable to equity holders of the Bank	983,154	719,746	96,183	428,485	1,079,337	1,148,230
Weighted average number of outstanding shares .....	4,722,073	4,781,026	4,722,073	4,781,026	4,722,073	4,781,026
Adjustments for stock options .....	279	0	279	0	279	0
<b>Total</b>	<b>4,722,353</b>	<b>4,781,026</b>	<b>4,722,353</b>	<b>4,781,026</b>	<b>4,722,353</b>	<b>4,781,026</b>
Basic earnings per share (ISK) .....	0.21	0.15	0.02	0.09	0.23	0.24
Diluted earnings per share (ISK) .....	0.21	0.15	0.02	0.09	0.23	0.24

## Notes to the Condensed Interim Consolidated Financial Statements

### Statement of Financial Position

#### 16. Cash and balances with Central Bank

Cash and balances with Central Bank are specified as follows:

	<b>31.3.2024</b>	<b>31.12.2023</b>
Deposits with Central Bank .....	21,876,905	13,479,131
Cash on hand .....	13,804	20,055
Balances with banks .....	8,486,255	6,356,998
<b>Included in cash and cash equivalents</b>	<b>30,376,963</b>	<b>19,856,184</b>
Restricted balances with Central Bank - fixed reserve requirement .....	3,879,292	3,825,269
<b>Total</b>	<b>34,256,255</b>	<b>23,681,453</b>

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.

#### 17. Fixed income securities

Fixed income securities are specified as follows:

Mandatorily measured at fair value through profit or loss	<b>31.3.2024</b>	<b>31.12.2023</b>
Listed government bonds and bonds with government guarantees .....	2,590,308	2,515,820
Listed bonds .....	1,228,121	1,053,955
Unlisted bonds .....	255,337	114,075
Measured at fair value through other comprehensive income		
Listed government bonds and bonds with government guarantees .....	47,862,379	45,067,483
Listed treasury bills .....	3,461,580	14,675,118
Listed bonds .....	1,558,529	1,550,955
<b>Total</b>	<b>56,956,255</b>	<b>64,977,406</b>

#### 18. Shares and other variable income securities

Shares and other variable income securities are specified as follows:

Mandatorily measured at fair value through profit or loss	<b>31.3.2024</b>	<b>31.12.2023</b>
Listed shares .....	753,307	512,703
Unlisted shares .....	2,025,677	2,027,673
Unlisted unit shares in other funds .....	1,535,099	1,317,103
<b>Total</b>	<b>4,314,083</b>	<b>3,857,480</b>

#### 19. Securities used for hedging

Securities used for hedging are specified as follows:

	<b>31.3.2024</b>	<b>31.12.2023</b>
Listed government bonds and bonds with government guarantees .....	1,200,879	1,201,377
Listed bonds .....	724,833	955,948
Listed shares .....	9,810,580	14,258,492
Listed unit shares .....	2,973	7,501
Unlisted unit shares .....	967,241	428,995
<b>Total</b>	<b>12,706,506</b>	<b>16,852,313</b>

## Notes to the Condensed Interim Consolidated Financial Statements

### 20. 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
<b>31.3.2024</b>						
Loans to customers at amortised cost .....	38,384,949	37,537,859	109,037,209	107,632,261	147,422,158	145,170,120
Loans to customers at FV through profit or loss .....	59,632	59,632	668,439	668,439	728,070	728,070
<b>Total</b>	<b>38,444,581</b>	<b>37,597,490</b>	<b>109,705,647</b>	<b>108,300,700</b>	<b>148,150,228</b>	<b>145,898,190</b>
	Individuals		Corporates		Total	
	Gross carrying amount	Book value	Gross carrying amount	Book value	Gross carrying amount	Book value
<b>31.12.2023</b>						
Loans to customers at amortised cost .....	39,375,650	38,386,498	98,484,058	97,254,551	137,859,708	135,641,049
Loans to customers at FV through profit or loss .....	58,634	58,634	623,799	623,799	682,433	682,433
<b>Total</b>	<b>39,434,283</b>	<b>38,445,131</b>	<b>99,107,858</b>	<b>97,878,350</b>	<b>138,542,141</b>	<b>136,323,481</b>

The Group presents finance lease receivables as part of loans to customers at amortised cost. As at 31 March 2024, the book value of finance lease receivables amounted to ISK 21,746 million (31.12.2023: ISK 21,504 million).

### 21. Derivatives

Derivatives are specified as follows:

	Notional		Carrying amount	
	Assets	Liabilities	Assets	Liabilities
<b>31.3.2024</b>				
Interest rate derivatives .....	34,926,446	34,270,799	988,433	0
Currency forwards .....	29,041,051	23,238,151	528,726	629,687
Currency forwards used for hedge accounting .....	0	5,633,744	0	56,746
Bond and equity total return swaps .....	15,932,869	16,253,481	1,332,879	1,653,139
Equity options .....	682	0	215,196	0
<b>Total</b>	<b>79,901,049</b>	<b>79,396,174</b>	<b>3,065,234</b>	<b>2,339,572</b>
	Notional		Carrying amount	
	Assets	Liabilities	Assets	Liabilities
<b>31.12.2023</b>				
Interest rate derivatives .....	22,573,886	21,401,149	940,860	0
Currency forwards .....	38,881,527	34,034,527	461,388	121,213
Currency forwards used for hedge accounting .....	0	4,855,756	0	152,182
Bond and equity total return swaps .....	17,837,698	18,895,783	880,434	1,923,509
Equity options .....	0	0	215,196	0
<b>Total</b>	<b>79,293,112</b>	<b>79,187,216</b>	<b>2,497,877</b>	<b>2,196,904</b>

The hedging gain recognised in OCI before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

Set out below is the reconciliation of Foreign currency translation reserve component of equity due to hedge accounting and the analysis of other comprehensive income:

	31.3.2024	31.12.2023
Balance at the beginning of the year .....	(52,556)	0
Foreign currency revaluation of the net foreign operations .....	(50,932)	(65,695)
Tax effect .....	10,186	13,139
<b>Total</b>	<b>(93,301)</b>	<b>(52,556)</b>

## Notes to the Condensed Interim Consolidated Financial Statements

### 22. Group entities

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

Entity	Nature of operations	Domicile	Share 31.3.2024	Share 31.12.2023
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%
* Rafklettur ehf. ....	Holding company	Iceland	100%	100%
Skilum ehf. ....	Debt Collection	Iceland	100%	100%
Straumur greiðslumiðlun hf. ....	Payment facilitator	Iceland	100%	100%
* TM líftryggingar hf. ....	Insurance company	Iceland	100%	100%
* TM tryggingar hf. ....	Insurance company	Iceland	100%	100%
AC GP 3 ehf. ....	Fund management	Iceland	85%	85%
Kvika Securities Ltd. ....	Business consultancy services	UK	100%	100%
Ortus Secured Finance Ltd. ....	Lending operations	UK	78%	78%

\* At 31 December 2023 TM tryggingar hf., Rafklettur ehf. and TM líftryggingar were classified as a disposal group held for sale in accordance with IFRS 5.

### 23. 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 31.3.2024	Share 31.12.2023
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:

	31.3.2024	31.12.2023
Balance at the beginning of the year .....	96,194	88,988
Dividend received .....	0	(27,493)
Share in profit of associates, net of income tax .....	0	35,756
Exchange rate difference .....	(352)	(1,057)
<b>Total</b>	<b>95,841</b>	<b>96,194</b>

### 24. Intangible assets

Intangible assets are specified as follows:

	Goodwill	Customer relationships	Brands	Software and other	Total
<b>31.3.2024</b>					
Balance as at 1 January 2024 .....	17,782,646	1,731,918	264,327	2,127,472	21,906,363
Additions during the period .....	0	0	0	144,800	144,800
Amortisation .....	0	(51,260)	(11,377)	(103,476)	(166,113)
Currency adjustments .....	16,639	6,266	392	(32)	23,265
<b>Balance as at 31 March 2024</b>	<b>17,799,285</b>	<b>1,686,924</b>	<b>253,342</b>	<b>2,168,764</b>	<b>21,908,315</b>
Gross carrying amount .....	17,799,285	2,102,081	369,488	3,762,723	24,033,576
Accumulated amortisation and impairment losses .....	0	(415,156)	(116,146)	(1,593,959)	(2,125,261)
<b>Balance as at 31 March 2024</b>	<b>17,799,285</b>	<b>1,686,924</b>	<b>253,342</b>	<b>2,168,764</b>	<b>21,908,315</b>
<b>31.12.2023</b>					
Balance as at 1 January 2023 .....	26,041,926	2,838,993	2,276,484	2,922,498	34,079,900
Additions during the period .....	0	315,558	0	1,224,158	1,539,716
Discontinued .....	0	0	0	(20,338)	(20,338)
Amortisation .....	0	(262,726)	(152,986)	(700,617)	(853,603)
Reclassified as assets held for sale .....	(8,300,327)	(1,160,429)	(1,859,875)	(1,294,732)	(12,615,363)
Currency adjustments .....	41,046	509	705	(3,484)	38,776
<b>Balance as at 31 December 2023</b>	<b>17,782,646</b>	<b>1,731,905</b>	<b>264,327</b>	<b>2,127,485</b>	<b>21,906,363</b>
Gross carrying amount .....	17,782,646	2,095,815	369,096	3,617,923	23,865,479
Accumulated amortisation and impairment losses .....	0	(363,896)	(104,769)	(1,490,451)	(1,959,116)
<b>Balance as at 31 December 2023</b>	<b>17,782,646</b>	<b>1,731,918</b>	<b>264,327</b>	<b>2,127,472</b>	<b>21,906,363</b>

## Notes to the Condensed Interim Consolidated Financial Statements

### 25. Operating lease assets

Operating lease assets are specified as follows:

	<b>31.3.2024</b>	<b>31.12.2023</b>
Balance as at 1 January .....	530,144	884,222
Additions .....	29,339	63,792
Disposals .....	(75,356)	(257,979)
Depreciation .....	(28,682)	(159,891)
<b>Total</b>	<b>455,445</b>	<b>530,144</b>
Gross carrying amount .....	951,747	1,116,581
Accumulated depreciation .....	(496,302)	(586,437)
<b>Total</b>	<b>455,445</b>	<b>530,144</b>

### 26. Other assets

Other assets are specified as follows:

	<b>31.3.2024</b>	<b>31.12.2023</b>
Unsettled transactions .....	6,487,322	2,262,226
Accounts receivable .....	6,972,389	6,342,227
Right of use asset and lease receivables .....	1,259,179	1,320,983
Sundry assets .....	590,348	475,693
<b>Total</b>	<b>15,309,237</b>	<b>10,401,128</b>

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

	<b>31.3.2024</b>	<b>31.12.2023</b>
Right of use asset and lease receivables as at 1 January .....	1,320,983	1,576,582
Indexation .....	19,136	77,713
Currency adjustments .....	1,741	2,655
Depreciation and lease receivable instalment .....	(82,681)	(335,967)
<b>Total</b>	<b>1,259,179</b>	<b>1,320,983</b>

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:

	<b>31.3.2024</b>	<b>31.12.2023</b>
Demand deposits .....	113,561,646	113,625,055
Time deposits .....	23,581,493	20,147,887
<b>Total</b>	<b>137,143,138</b>	<b>133,772,941</b>

### 28. Borrowings

Borrowings are specified as follows:

	<b>31.3.2024</b>	<b>31.12.2023</b>
Money market deposits .....	22,157,792	8,792,963
Secured borrowings .....	13,817,542	13,691,834
Other borrowings .....	1,582,728	1,332,264
<b>Total</b>	<b>37,558,062</b>	<b>23,817,062</b>

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. Secured borrowings are in GBP and are to be paid at maturity. The borrowings mature in 2028.

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



## Notes to the Condensed Interim Consolidated Financial Statements

### 29. Issued bonds

Issued bonds are specified as follows:

Currency, nominal value	First issued	Maturity	Maturity type	Terms of interest	31.3.2024	31.12.2023
<b>Unsecured bonds:</b>						
EMTN 24 0131, SEK 500 million .....	2022	2024	At maturity	Floating, 3 month STIBOR + 2.80%	0	4,610,572
EMTN 24 0204, EUR 8.5 million .....	2022	2024	At maturity	Floating, 3 month EURIBOR + 2.80	0	1,292,489
KVIKA 24 1119, GBP 11.4 million .....	2021	2024	At maturity	Floating, 3 month LIBOR + 1.75%	2,008,219	1,990,376
KVIKA 24 1216 GB, ISK 4,500 million ..	2021	2024	At maturity	Floating, 3 month REIBOR + 0.90%	4,517,149	4,517,330
KVB 19 01, ISK 5,000 million .....	2019	2024	Amortizing	Floating, 1 month REIBOR + 1.50%	752,756	1,003,675
KVIKA 25 1201 GB ISK 1,660 million ..	2022	2025	At maturity	Floating, 3 month REIBOR + 1.25%	1,675,286	1,675,442
EMTN 26 0511, SEK 275 million .....	2023	2026	At maturity	Floating, 3 month STIBOR + 4.10%	3,621,794	3,770,724
EMTN 26 0511, NOK 800 million .....	2023	2026	At maturity	Floating, 3 month NIBOR + 4.10%	10,385,377	10,837,164
EMTN 26 1123 GB, SEK 500 m. ....	2023	2026	At maturity	Floating, 3 month STIBOR + 4%	6,568,202	6,839,052
KVB 21 02, ISK 5,400 million .....	2021	2027	At maturity	CPI-indexed, fixed 1.0%	6,718,500	6,599,359
KVIKA 32 0112, ISK 2,000 million .....	2022	2032	At maturity	CPI-indexed, fixed 1.40%	2,401,510	2,373,037
<b>Asset backed bonds:</b>						
Lykill 24 06, ISK 1,570 million .....	2020	2024	Amortizing	Fixed, 2.80%	103,462	206,206
<b>Total</b>					<b>38,752,257</b>	<b>45,715,427</b>

### 30. Subordinated liabilities

#### a. Subordinated liabilities:

Currency, nominal value	First issued	Maturity	Maturity type	Terms of interest	31.3.2024	31.12.2023
KVB 18 02, ISK 800 million .....	2018	2028	At maturity	CPI-Indexed, fixed 7.50%	1,161,641	1,123,778
KVIKA 34 1211 T2i, ISK 2,000 m. ....	2023	2034	At maturity	CPI-Indexed, fixed 6.25%	2,074,483	2,011,434
TM 15 1, ISK 2,000 million .....	2015	2045	At maturity	CPI-Indexed, fixed 5.25%	2,940,097	2,857,872
<b>Total</b>					<b>6,176,221</b>	<b>5,993,084</b>

For KVB 18 02, the Group has the right to repay the subordinated bond on any interest payment dates until maturity. In January 2024, the Group gave notice to holders of the bond that they will be redeemed in full on the next interest payment date, 8 May 2024.

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.

At the interest payment date in the year 2029 for KVIKA 34 1211 T2i, 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:

	31.3.2024	31.12.2023
Balance at the beginning of the year .....	5,993,084	3,686,451
Additions .....	0	2,000,000
Paid interest .....	0	(164,833)
Paid interests due to indexation .....	0	(58,171)
Accrued interests and indexation .....	183,137	529,637
<b>Total</b>	<b>6,176,221</b>	<b>5,993,084</b>

### 31. Short positions held for trading

Short positions held for trading are specified as follows:

	31.3.2024	31.12.2023
Listed government bonds and bonds with government guarantees .....	333,576	60,081
Listed bonds .....	274,950	71,664
Listed shares .....	45,035	0
<b>Total</b>	<b>653,560</b>	<b>131,745</b>

## Notes to the Condensed Interim Consolidated Financial Statements

### 32. Short positions used for hedging

Short positions used for hedging are specified as follows:

	31.3.2024	31.12.2023
Listed government bonds and bonds with government guarantees .....	113,800	4,230
<b>Total</b>	<b>113,800</b>	<b>4,230</b>

### 33. Other liabilities

Other liabilities are specified as follows:

	31.3.2024	31.12.2023
Accounts payable and accrued expenses .....	9,775,292	9,326,840
Unsettled transactions .....	3,997,607	2,396,243
Lease liability .....	1,440,758	1,510,333
Salaries and salary related expenses .....	1,041,046	1,136,312
Withholding taxes .....	836,813	1,130,048
Special taxes on financial institutions and financial activities .....	197,855	304,045
Contingent consideration .....	328,804	404,762
Expected credit loss allowance for loan commitments, guarantees and unused credit facilities .....	17,119	15,673
Other liabilities .....	276,374	369,737
<b>Total</b>	<b>17,911,669</b>	<b>16,593,993</b>

Lease liability is specified as follows:

	31.3.2024	31.12.2023
Lease liability as at 1 January .....	1,510,333	1,827,582
Additions during the period .....	(113)	0
Currency adjustments .....	3,060	4,639
Instalment .....	(91,775)	(424,085)
Indexation .....	19,253	102,198
<b>Total</b>	<b>1,440,758</b>	<b>1,510,333</b>

### 34. Share capital

#### a. Share capital

The nominal value of shares issued by the Bank is ISK 1 per share. All currently issued shares 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.

	31.3.2024	31.12.2023
Share capital according to the Bank's Articles of Association .....	4,722,073	4,781,026
Nominal amount of treasury shares .....	0	58,952
Authorised but not issued shares .....	310,000	310,000

#### b. Changes made to the nominal amount of share capital

During the period in 2024 the Bank's share capital was decreased by ISK 59 million in nominal value following a resolution by the AGM to cancel treasury shares.

#### c. Share capital increase authorisations

According to the Bank's Articles of Association dated 21 March 2024, the Board of Directors is authorised to increase the share capital as follows:

Temporary provision I to the Articles of Association authorises the Board of Directors to issue options or warrants for up to ISK 240 million in nominal value. To serve such instruments the Board of Directors is authorised to either increase the share capital accordingly or purchase own shares, as permitted by law. This authorisation is valid until 31 March 2027.

Temporary provision II 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](http://www.kvika.is), reference is made to them for more information.

## Notes to the Condensed Interim Consolidated Financial Statements

### 35. 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 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 exposures and capital base. The Group similarly calculates the solvency ratio of entities solely belonging to the insurance sector. In 2023, the Group introduced a change in treatment of deductions from capital base due to significant holdings in financial institutions and deferred tax assets. The calculations now take into account article 48 of the Capital Requirements Regulation no. 575/2013 of the EU.

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 1.16, with a regulatory minimum requirement of 1.0.

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

	31.3.2024	31.12.2023
<b>Available capital</b>		
Own Funds eligible for non insurance activities .....	39,378,704	39,117,918
Own Funds eligible for insurance activities .....	14,596,662	14,754,678
Deduction from own funds not eligible .....	(3,889,554)	(3,687,860)
<b>Total</b>	50,085,812	50,184,737
<b>Solvency requirement for insurance activities</b>		
Solvency Capital Requirements (SCR) .....	10,462,027	9,622,063
<b>Own funds requirement for non insurance activities</b>		
Statutory minimum capital requirement (Pillar I) .....	14,530,701	13,826,577
Additional capital requirements (Pillar II) .....	7,265,351	6,913,288
Minimum capital requirement for non insurance activities	21,796,052	20,739,865
Additional capital protection buffers .....	12,895,997	11,579,758
Adjustments to capital requirements in conglomerate .....	(1,857,262)	(1,724,074)
<b>Total</b>	32,834,787	30,595,549
Solvency .....	50,085,812	50,184,737
Solvency requirement (SCR) .....	10,462,027	9,622,063
Own funds requirement for non insurance activities .....	32,834,787	30,595,549
Minimum solvency of financial conglomerate .....	43,296,814	40,217,612
Solvency ratio .....	1.16	1.25

## Notes to the Condensed Interim Consolidated Financial Statements

### 36. 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 21.7%. The minimum requirement from the FME is 12.0%. The ratio is calculated as follows:

	<b>31.3.2024</b>	<b>31.12.2023</b>
<b>Own funds eligible for non insurance activities</b>		
Total equity .....	83,260,699	81,957,804
Unaudited retained (positive) earnings from current period .....	(1,079,337)	0
Other unaudited (positive) changes to total equity in current period .....	(9,740)	0
Expected dividends and buy-back according to dividend policy .....	(1,000,000)	(1,004,626)
<b>Capital eligible as CET1 Capital</b>	<b>81,171,623</b>	<b>80,953,178</b>
Goodwill and intangibles .....	(29,042,658)	(29,040,706)
Shares in other financial institutions .....	(16,231,439)	(16,420,475)
Deferred tax asset .....	(1,440,269)	(1,559,045)
<b>Common equity Tier 1 capital (CET 1)</b>	<b>34,457,258</b>	<b>33,932,952</b>
Tier 2 capital .....	6,010,537	5,915,278
Deductions from Tier 2 capital .....	(1,089,091)	(730,312)
<b>Total own funds</b>	<b>39,378,704</b>	<b>39,117,918</b>
<b>Risk weighted exposures</b>		
Credit risk .....	152,763,863	142,648,209
Market risk .....	3,240,471	3,082,235
Operational risk .....	25,629,431	27,101,765
<b>Total risk weighted exposures</b>	<b>181,633,764</b>	<b>172,832,209</b>
<b>Capital ratios</b>		
Capital adequacy ratio (CAR) .....	21.7%	22.6%
CET1 ratio .....	19.0%	19.6%
Total own funds including unaudited (positive) retained earnings and expected dividends .....	40,197,946	
Capital adequacy ratio, adjusted .....	22.1%	
CET1 ratio, adjusted .....	19.4%	
Minimum Capital adequacy ratio requirement .....	12.0%	12.0%
Minimum Capital adequacy ratio requirement including supervisory buffers .....	19.1%	18.7%
Minimum CET 1 ratio requirement including supervisory buffers .....	13.9%	13.5%

The Icelandic Financial Supervisory Authority (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 SREP from 2023 is 12.0%. The minimum regulatory capital requirement including the additional capital buffers is 19.1% as at 31 March 2024.

TM tryggingar hf. has been classified as a disposal group held for sale and as a discontinued operation. This does not affect the Group's capital adequacy calculation. Nonetheless, assuming a cash sale of the subsidiary, the Bank's capital would increase. To what extent the capital adequacy ratio would increase depends on the sale price and whether the company will be sold in part or in full.

## Notes to the Condensed Interim Consolidated Financial Statements

### 37. 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 1.40. Solvency capital requirements according to law is the minimum insurance companies have to meet.

	31.3.2024	31.12.2023
<b>Own funds eligible for insurance activities solvency</b>		
Equity eligible for insurance activities .....	19,930,002	19,811,796
Goodwill and intangibles .....	(5,462,571)	(5,527,999)
Difference between net technical provision in the financial statements and solvency rules .....	129,232	470,881
<b>Total</b>	<b>14,596,662</b>	<b>14,754,678</b>
<b>Solvency requirement</b>		
Life insurance risk .....	554,145	536,675
Health insurance risk .....	1,722,781	1,656,139
Non-life insurance risk .....	6,245,384	6,108,228
Market risk .....	6,422,716	5,770,238
Counterparty default risk .....	1,350,348	1,169,357
Multifaceted effects .....	(5,003,459)	(4,695,651)
Base Solvency Capital Requirements (Basic SCR)	11,291,914	10,544,986
Operational risk .....	937,129	754,058
Adjustment for the loss-absorbing capacity of deferred taxes .....	(1,767,017)	(1,676,980)
Solvency Capital Requirements (SCR)	10,462,027	9,622,063
Solvency .....	14,596,662	13,326,994
Solvency requirement (SCR) .....	10,462,027	9,209,719
Solvency ratio after dividend .....	1.40	1.53
Eligible items to meet the minimum capital .....	14,596,662	14,754,678
Minimum required capital (MRC) .....	5,075,455	4,520,510
Minimum required capital ratio after dividend .....	2.88	3.26

At 31 December 2023, the insurance operation was classified as a disposal group held for sale and as a discontinued operation.

### 38. Leverage ratio

The leverage ratio is calculated on the basis of the Group's consolidated numbers as per regulation no. 575/2013 of the EU, which excludes the Group's insurance subsidiary. According to Act no. 161/2002 on Financial Undertakings the minimum leverage ratio requirement is 3%.

	31.3.2024	31.12.2023
On-balance sheet exposures .....	256,933,715	243,721,442
Derivative exposures .....	1,314,701	1,187,911
Off - balance sheet exposures .....	210,215	210,534
<b>Total exposure</b>	<b>258,458,631</b>	<b>245,119,887</b>
Tier 1 capital .....	34,466,997	33,932,952
Leverage Ratio .....	13.3%	13.8%

## Notes to the Condensed Interim Consolidated Financial Statements

### Risk management

#### 39. Hedging

Securities held as a hedge against derivatives positions of customers make up a part of the Group's portfolio of assets. The Group hedges currency exposure between the Group's asset portfolio and its liabilities to the extent possible as part of managing its balance and keeping it within approved limits. The Group applies hedge accounting according to IAS 39 against translation of foreign operations. Currency swap agreements are used as a hedge instrument against translation difference arising from foreign operations.

#### 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.

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 84 in the 2023 Consolidated Financial Statements 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 or currencies. On the day when the contract is entered into, the Group purchases the underlying asset 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:

<b>31.3.2024</b>	<b>Public entities</b>	<b>Financial institutions</b>	<b>Corporate customers</b>	<b>Individuals</b>	<b>31.3.2024</b>
<b>On-balance sheet exposure</b>					
Cash and balances with Central Bank .....	25,770,001	8,486,255			34,256,255
Fixed income securities .....	55,704,053	1,148,455	103,747		56,956,255
Loans to customers .....	10,110		108,290,589	37,597,490	145,898,190
Derivatives .....		2,506,014	508,566	50,655	3,065,234
Other assets .....	394,133	999,055	9,276,808	3,380,064	14,050,059
	81,878,297	13,139,778	118,179,709	41,028,208	254,225,993
<b>Off-balance sheet exposure</b>					
Loan commitments .....			4,938,667	1,037,333	5,976,000
Financial guarantee contracts .....			211,640		211,640
<b>Maximum exposure to credit risk</b>	<b>81,878,297</b>	<b>13,139,778</b>	<b>123,330,017</b>	<b>42,065,541</b>	<b>260,413,633</b>
<b>31.12.2023</b>					
<b>On-balance sheet exposure</b>					
Cash and balances with Central Bank .....	17,324,455	6,356,998			23,681,453
Fixed income securities .....	63,928,567	944,255	104,584		64,977,406
Loans to customers .....	11,127		97,867,223	38,445,131	136,323,481
Derivatives .....		1,981,114	466,082	50,680	2,497,877
Other assets .....	394,137	1,184,368	5,179,519	2,322,122	9,080,146
	81,658,286	10,466,735	103,617,408	40,817,934	236,560,362
<b>Off-balance sheet exposure</b>					
Loan commitments .....			4,175,306	1,029,698	5,205,004
Financial guarantee contracts .....			211,940		211,940
<b>Maximum exposure to credit risk</b>	<b>81,658,286</b>	<b>10,466,735</b>	<b>108,004,653</b>	<b>41,847,632</b>	<b>241,977,306</b>

### 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 twelve months. The assumptions for macroeconomic development are decided for three scenarios: a base case, an upside scenario and a downside scenario, 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.

The following table shows the first 12 month 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. Following the Group's acquisition of Ortus Secured Finance Ltd., the Group owns loan portfolios in two geographical segments, i.e. Iceland and the United Kingdom ("UK"). In general, the Group utilises the same ECL methodology for the portfolios in both segments, although in the UK it is to a larger extent based on an individual assessment by credit specialists. Reference is made to note 84 in the 2023 Consolidated Financial Statements for further information about the Group's impairment methodology.

<b>Model parameters 31.03.2024</b>	<b>Scenarios</b>		
	<b>Base</b>	<b>Upside</b>	<b>Downside</b>
Unemployment rate	4.8%	4.4%	5.0%
Inflation CPI index	5.7%	6.0%	6.7%
Assigned weight	60.0%	10.0%	30.0%

<b>Model parameters 31.12.2023</b>	<b>Scenarios</b>		
	<b>Base</b>	<b>Upside</b>	<b>Downside</b>
Unemployment rate	4.8%	4.4%	5.0%
Inflation CPI index	5.7%	6.0%	6.7%
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.

31.3.2024	Impairment Claim due to expected value credit loss Carrying amount %				Allocated collateral										Unsecured claim value	
					Total collateral	Listed		Unlisted		Residential real estate	Commercial		Industrial			Other
						Deposits	securities and liquid funds	securities and other funds	real estate		Automobiles	equipment	Guarantees			
Public entities .....	10,139	(29)	10,110	0.0%	11,104	0	0	0	0	0	10,777	0	0	327	2,246	
Financial institutions .....	0	0	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	
Corporate																
Real estate activities .....	40,745,616	(315,021)	40,430,595	27.7%	72,656,957	390,342	2,983	46,200	36,255,432	34,895,672	797,159	180,771	0	88,396	582,282	
Construction .....	21,503,165	(104,649)	21,398,515	14.7%	51,313,935	12,493	0	0	23,519,360	18,367,041	4,734,190	4,069,138	0	611,714	340,438	
Service Activities .....	14,534,229	(155,306)	14,378,923	9.9%	27,502,839	15,650	171,988	3,430,334	143,921	1,399,994	17,088,660	3,601,354	0	1,650,938	249,233	
Accommodat. and Food Service Activit. ....	9,355,282	(21,420)	9,333,862	6.4%	15,126,810	53,190	0	0	2,807,091	11,719,586	480,327	22,486	0	44,130	10,681	
Activities of Holding Companies .....	7,954,228	(687,810)	7,266,418	5.0%	18,944,886	50,596	406,301	6,587,719	6,725,208	3,526,128	203,209	193,735	804,699	447,292	179,727	
Wholesale and Retail Trade .....	4,617,185	(56,944)	4,560,241	3.1%	7,359,547	23,463	0	0	173,000	1,340,490	3,431,246	1,502,153	100,000	789,195	94,406	
Other .....	10,985,804	(63,768)	10,922,035	7.5%	35,124,598	365,474	6,637,420	5,475,309	6,412,442	8,673,096	2,177,958	1,985,089	771,049	2,626,760	484,059	
Individual .....	38,444,581	(847,091)	37,597,490	25.8%	52,855,400	8,262	310,856	601,250	8,613,169	2,242,731	39,020,384	781,982	0	1,276,766	8,303,567	
<b>Total</b>	<b>148,150,228</b>	<b>(2,252,038)</b>	<b>145,898,190</b>	<b>100.0%</b>	<b>280,896,075</b>	<b>919,469</b>	<b>7,529,547</b>	<b>16,140,812</b>	<b>84,649,624</b>	<b>82,164,738</b>	<b>67,943,909</b>	<b>12,336,709</b>	<b>1,675,748</b>	<b>7,535,519</b>	<b>10,246,640</b>	

31.12.2023	Impairment Claim due to expected value credit loss Carrying amount %				Allocated collateral										Unsecured claim value	
					Total collateral	Listed		Unlisted		Residential real estate	Commercial		Industrial			Other
						Deposits	securities and liquid funds	securities and other funds	real estate		Automobiles	equipment	Guarantees			
Public entities .....	11,188	(61)	11,127	0.0%	11,553	0	0	0	0	0	11,226	0	0	327	2,917	
Financial institutions .....	0	0	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	
Corporate																
Real estate activities .....	31,508,020	(234,278)	31,273,742	22.9%	59,514,931	25,414	0	54,180	28,804,369	29,574,694	797,093	205,458	0	53,722	457,258	
Construction .....	20,585,501	(82,066)	20,503,434	15.0%	45,467,134	158,988	0	0	17,773,191	18,323,454	4,611,641	3,990,110	0	609,751	243,654	
Service Activities .....	14,131,242	(148,035)	13,983,207	10.3%	25,910,745	45,492	79,577	2,228,442	270,692	1,306,517	16,455,917	2,742,679	0	2,781,430	380,611	
Activities of Holding Companies .....	7,975,924	(576,301)	7,399,624	5.4%	23,080,630	48,409	347,097	10,610,025	7,001,067	3,572,982	219,871	200,625	805,971	274,582	123,335	
Wholesale and Retail Trade .....	7,974,891	(55,417)	7,919,474	5.8%	12,230,309	23,658	312,321	0	4,660,937	1,330,258	3,447,895	1,502,756	100,000	852,484	53,298	
Accommodat. and Food Service Activit. ....	6,180,590	(11,206)	6,169,384	4.5%	12,829,867	73,657	0	0	2,887,040	9,307,016	504,811	0	0	57,343	24,105	
Other .....	10,740,500	(122,143)	10,618,358	7.8%	23,724,577	267,508	6,391,784	939,372	4,084,596	4,721,067	2,312,012	3,488,403	693,755	826,082	524,143	
Individual .....	39,434,283	(989,152)	38,445,131	28.2%	55,469,271	13,328	1,023,000	601,250	9,311,354	2,961,368	39,589,466	1,760,237	0	209,268	8,918,673	
<b>Total</b>	<b>138,542,141</b>	<b>(2,218,660)</b>	<b>136,323,481</b>	<b>100.0%</b>	<b>258,239,017</b>	<b>656,453</b>	<b>8,153,779</b>	<b>14,433,268</b>	<b>74,793,246</b>	<b>71,097,357</b>	<b>67,949,932</b>	<b>13,890,267</b>	<b>1,599,726</b>	<b>5,664,989</b>	<b>10,727,994</b>	

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 band iv the highest credit risk. Assets measured at fair value through profit or loss are not subject to the stage classification 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. The Bank has primarily used adjusted external credit ratings to assess the default probability of its customers and some larger borrowers are furthermore individually assessed by credit specialists. In year-end 2023 the Bank implemented its own credit rating models for part of the loan portfolio and the Bank has intention to maintain this development in 2024.

#### 31.3.2024

##### Loans to customers:

	Stage 1	Stage 2	Stage 3	FVTPL	Total
Credit quality band I .....	87,702,521	580,353		488,625	88,771,499
Credit quality band II .....	40,852,091	1,692,442			42,544,533
Credit quality band III .....	5,572,348	1,691,257			7,263,605
Credit quality band IV .....	1,118,595	1,427,818			2,546,413
In default .....	5,743	24,365	6,081,496	239,445	6,351,050
Non-rated .....	673,128	0			673,128
<b>Gross carrying amount</b>	<b>135,924,426</b>	<b>5,416,236</b>	<b>6,081,496</b>	<b>728,070</b>	<b>148,150,228</b>
Expected credit loss .....	(402,796)	(164,762)	(1,684,480)		(2,252,039)
<b>Book value</b>	<b>135,521,630</b>	<b>5,251,474</b>	<b>4,397,016</b>	<b>728,070</b>	<b>145,898,190</b>

##### Loan commitments, guarantees and unused credit facilities:

	Stage 1	Stage 2	Stage 3	FVTPL	Total
Credit quality band I .....	4,249,913	1,974			4,251,887
Credit quality band II .....	1,181,744	859			1,182,603
Credit quality band III .....	534,284	47,042			581,326
Credit quality band IV .....	3,792	6,576			10,368
In default .....	0	1	161,455		161,457
Non-rated .....					0
<b>Total off-balance sheet amount</b>	<b>5,969,733</b>	<b>56,452</b>	<b>161,455</b>	<b>0</b>	<b>6,187,640</b>
Expected credit loss .....	(14,186)	(1,021)	(893)		(16,100)
<b>Net off-balance sheet amount</b>	<b>5,955,547</b>	<b>55,431</b>	<b>160,562</b>	<b>0</b>	<b>6,171,540</b>

#### 31.12.2023

##### Loans to customers:

	Stage 1	Stage 2	Stage 3	FVTPL	Total
Credit quality band I .....	84,252,096	744,843		427,849	85,424,788
Credit quality band II .....	33,627,994	2,687,909		39,319	36,355,221
Credit quality band III .....	6,503,029	1,977,002			8,480,030
Credit quality band IV .....	769,496	485,101			1,254,597
In default .....	70,248	118,140	5,999,315	215,265	6,402,968
Non-rated .....	624,537	0			624,537
<b>Gross carrying amount</b>	<b>125,847,398</b>	<b>6,012,995</b>	<b>5,999,315</b>	<b>682,433</b>	<b>138,542,141</b>
Expected credit loss .....	(367,895)	(127,520)	(1,723,244)		(2,218,660)
<b>Book value</b>	<b>125,479,503</b>	<b>5,885,474</b>	<b>4,276,072</b>	<b>682,433</b>	<b>136,323,481</b>

##### Loan commitments, guarantees and unused credit facilities:

	Stage 1	Stage 2	Stage 3	FVTPL	Total
Credit quality band I .....	3,773,821	0			3,773,821
Credit quality band II .....	920,679				920,679
Credit quality band III .....	586,052	41,972			628,024
Credit quality band IV .....	3,407	1,594			5,002
In default .....	351	1	87,855		88,207
Non-rated .....	0				0
<b>Total off-balance sheet amount</b>	<b>5,284,311</b>	<b>43,567</b>	<b>87,855</b>	<b>0</b>	<b>5,415,733</b>
Expected credit loss .....	(13,897)	(538)	(1,253)		(15,688)
<b>Net off-balance sheet amount</b>	<b>5,270,413</b>	<b>43,029</b>	<b>86,602</b>	<b>0</b>	<b>5,400,044</b>

## 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

31.3.2024	Claim value	Expected credit loss	Carrying amount
Not past due .....	137,484,396	(1,296,077)	136,188,319
Past due 1-30 days .....	4,009,450	(72,445)	3,937,004
Past due 31-60 days .....	2,168,105	(76,117)	2,091,988
Past due 61-90 days .....	873,509	(48,477)	825,031
Past due 91-180 days .....	1,406,211	(141,896)	1,264,314
Past due 181-360 days .....	1,043,950	(217,178)	826,773
Past due more than 360 days .....	1,164,607	(399,848)	764,760
<b>Total</b>	<b>148,150,228</b>	<b>(2,252,039)</b>	<b>145,898,190</b>

31.12.2023	Claim value	Expected credit loss	Carrying amount
Not past due .....	127,943,377	(571,621)	127,371,756
Past due 1-30 days .....	2,443,573	(50,506)	2,393,067
Past due 31-60 days .....	1,933,845	(195,102)	1,738,744
Past due 61-90 days .....	1,757,416	(74,920)	1,682,496
Past due 91-180 days .....	1,494,409	(601,446)	892,963
Past due 181-360 days .....	1,912,571	(197,428)	1,715,143
Past due more than 360 days .....	1,056,951	(527,638)	529,313
<b>Total</b>	<b>138,542,141</b>	<b>(2,218,660)</b>	<b>136,323,481</b>

#### 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.

#### 31.3.2024

##### Expected credit loss allowance total

	Stage 1	Stage 2	Stage 3	Total
<b>Transfers of financial assets:</b>				
<b>Balance as at 1 January 2024</b>	381,793	128,058	1,724,497	2,234,348
Transfer to Stage 1 - (Initial recognition) .....	35,896	(27,745)	(8,151)	0
Transfer to Stage 2 - (significantly increased credit risk) .....	(24,681)	43,570	(18,889)	0
Transfer to Stage 3 - (credit impaired) .....	(8,069)	(33,821)	41,889	0
Net remeasurement of loss allowance .....	(42,141)	51,084	92,761	101,704
New financial assets, originated or purchased .....	112,518	20,163	120,829	253,510
Derecognitions and maturities .....	(38,328)	(15,429)	(249,436)	(303,193)
Write-offs .....	(6)	(98)	(18,126)	(18,230)
<b>Balance as at 31 March 2024</b>	<b>416,981</b>	<b>165,784</b>	<b>1,685,374</b>	<b>2,268,139</b>

##### Expected credit loss allowance for loans to customers

	Stage 1	Stage 2	Stage 3	Total
<b>Transfers of financial assets:</b>				
<b>Balance as at 1 January 2024</b>	367,895	127,520	1,723,244	2,218,660
Transfer to Stage 1 - (Initial recognition) .....	35,676	(27,669)	(8,007)	
Transfer to Stage 2 - (significantly increased credit risk) .....	(24,275)	43,159	(18,883)	
Transfer to Stage 3 - (credit impaired) .....	(8,064)	(33,790)	41,854	
Net remeasurement of loss allowance .....	(42,004)	50,944	93,007	101,948
New financial assets, originated or purchased .....	110,917	20,116	120,811	251,844
Derecognitions and maturities .....	(37,343)	(15,420)	(249,419)	(302,183)
Write-offs .....	(6)	(98)	(18,126)	(18,230)
<b>Balance as at 31 March 2024</b>	<b>402,796</b>	<b>164,762</b>	<b>1,684,480</b>	<b>2,252,039</b>

## 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
<b>Transfers of financial assets:</b>				
<b>Balance as at 1 January 2024</b>	13,897	538	1,253	15,688
Transfer to Stage 1 - (Initial recognition) .....	220	(76)	(144)	0
Transfer to Stage 2 - (significantly increased credit risk) .....	(405)	411	(6)	0
Transfer to Stage 3 - (credit impaired) .....	(5)	(30)	35	0
Net remeasurement of loss allowance .....	(137)	140	(246)	(243)
New financial assets, originated or purchased .....	1,601	47	18	1,665
Derecognitions and maturities .....	(985)	(8)	(17)	(1,010)
<b>Balance as at 31 March 2024</b>	14,186	1,021	893	16,100

### 31.12.2023

*Expected credit loss allowance total*

	Stage 1	Stage 2	Stage 3	Total
<b>Transfers of financial assets:</b>				
<b>Balance as at 1 January 2023</b>	269,605	256,810	2,139,852	2,666,267
Transfer to Stage 1 - (Initial recognition) .....	67,581	(51,505)	(16,076)	0
Transfer to Stage 2 - (significantly increased credit risk) .....	(10,766)	17,183	(6,416)	0
Transfer to Stage 3 - (credit impaired) .....	(32,752)	(70,485)	103,237	0
Net remeasurement of loss allowance .....	(93,507)	3,002	840,190	749,685
New financial assets, originated or purchased .....	284,314	84,645	655,505	1,024,464
Derecognitions and maturities .....	(102,625)	(111,119)	(881,568)	(1,095,312)
Write-offs .....	(57)	(471)	(1,110,229)	(1,110,757)
<b>Balance as at 31 December 2023</b>	381,793	128,058	1,724,497	2,234,348

*Expected credit loss allowance for loans to customers*

	Stage 1	Stage 2	Stage 3	Total
<b>Transfers of financial assets:</b>				
<b>Balance as at 1 January 2023</b>	258,197	255,541	2,139,595	2,653,333
Transfer to Stage 1 - (Initial recognition) .....	67,521	(51,445)	(16,076)	0
Transfer to Stage 2 - (significantly increased credit risk) .....	(10,685)	17,102	(6,416)	0
Transfer to Stage 3 - (credit impaired) .....	(32,750)	(69,985)	102,736	0
Net remeasurement of loss allowance .....	(91,795)	2,716	840,191	751,112
New financial assets, originated or purchased .....	278,426	84,474	654,771	1,017,672
Derecognitions and maturities .....	(100,961)	(110,411)	(881,328)	(1,092,700)
Write-offs .....	(57)	(471)	(1,110,229)	(1,110,757)
<b>Balance as at 31 December 2023</b>	367,895	127,520	1,723,244	2,218,660

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

	Stage 1	Stage 2	Stage 3	Total
<b>Transfers of financial assets:</b>				
<b>Balance as at 1 January 2023</b>	11,408	1,269	258	12,935
Transfer to Stage 1 - (Initial recognition) .....	61	(61)		0
Transfer to Stage 2 - (significantly increased credit risk) .....	(81)	81		0
Transfer to Stage 3 - (credit impaired) .....	(2)	(500)	502	0
Net remeasurement of loss allowance .....	(1,712)	286	(1)	(1,427)
New financial assets, originated or purchased .....	5,888	171	734	6,792
Derecognitions and maturities .....	(1,664)	(708)	(239)	(2,611)
<b>Balance as at 31 December 2023</b>	13,897	538	1,253	15,688

## 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:

	<b>31.3.2024</b>	<b>%</b>	<b>31.12.2023</b>	<b>%</b>
Less than 50% .....	43,927,074	30.1%	40,343,153	29.6%
51-70% .....	51,263,666	35.1%	43,106,020	31.6%
71-90% .....	34,641,582	23.7%	37,703,829	27.7%
91-100% .....	3,287,204	2.3%	2,996,007	2.2%
100-125% .....	2,320,829	1.6%	2,390,159	1.8%
125-200% .....	1,717,724	1.2%	726,535	0.5%
Greater than 200% .....	858,382	0.6%	493,460	0.4%
No or negligible collateral:				
Other loans with no collateral .....	7,881,730	5.4%	8,564,319	6.3%
<b>Total</b>	<b>145,898,190</b>	<b>100.0%</b>	<b>136,323,481</b>	<b>100.0%</b>

### 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.

	<b>Deposits</b>	<b>Fixed income securities</b>	<b>Variable income securities</b>	<b>Real estate</b>	<b>Other fixed assets</b>	<b>Other</b>	<b>31.3.2024</b>
Financial institutions .....	1,829,783	125,357	114,840				2,069,981
Corporate customers .....	978,331	83,307	1,908,202				2,969,840
Individuals .....	34,710	3,597	122,643				160,950
<b>Total</b>	<b>2,842,824</b>	<b>212,261</b>	<b>2,145,686</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,200,771</b>
	<b>Deposits</b>	<b>Fixed income securities</b>	<b>Variable income securities</b>	<b>Real estate</b>	<b>Other fixed assets</b>	<b>Other</b>	<b>31.12.2023</b>
Financial institutions .....	1,077,011	137,593	710,208				1,924,812
Corporate customers .....	789,728	70,988	1,812,452				2,673,168
Individuals .....	66,501		43,028				109,529
<b>Total</b>	<b>1,933,241</b>	<b>208,581</b>	<b>2,565,687</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,707,509</b>

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

### 45. Large exposures

In accordance with regulation no. 575/2013 of the European Union on prudential requirements for credit institutions, which was incorporated into Icelandic law with Act No. 38/2022, 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 36).

According to the regulation a single exposure, net of risk adjusted mitigation, cannot exceed 25% of the eligible Tier 1 capital. Based on Icelandic rules no. 789/2022 on the Application of Optional Provisions and Authorisations Pursuant to the Act on Financial Undertakings, the value of exposures towards financial institutions shall not exceed 25% of the eligible Tier 1 capital or 10 bn. ISK, 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. 575/2013.

	<b>31.3.2024</b>	<b>31.12.2023</b>
<b>Large exposures before risk adjusted mitigation</b>	<b>Number</b>	<b>Amount</b>
10-20% of capital base .....	3	12,713,252
20-25% of capital base .....	0	0
Exceeding 25% of capital base .....	0	0
<b>Total</b>	<b>3</b>	<b>12,713,252</b>
Large exposures net of risk adjusted mitigation .....	1	3,975,764

## Notes to the Condensed Interim Consolidated Financial Statements

### 46. 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 LCR total, 50% minimum requirement for LCR in ISK and 80% minimum requirement for LCR in EUR. The minimum requirement for LCR EUR only applies when the Group's commitments in EUR represent 10% or more of the Group's total commitments. The minimum regulatory requirement for NSFR total is 100%.

	ISK		Foreign currency		Total	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
<b>31.3.2024</b>						
Liquid assets level 1 .....	72,137,642	72,137,642	3,465,802	3,465,802	75,603,443	75,603,443
Liquid assets level 2 .....	588,399	500,139			588,399	500,139
<b>Total liquid assets</b> .....	<b>72,726,041</b>	<b>72,637,781</b>	<b>3,465,802</b>	<b>3,465,802</b>	<b>76,191,843</b>	<b>76,103,583</b>
Deposits* .....	118,304,616	29,611,987	5,632,111	2,854,768	123,936,727	32,466,754
Other borrowings .....	90,454	90,454	25,465	25,465	115,919	115,919
Other outflows .....	17,490,059	13,246,603	3,353,242	352,304	20,843,301	13,598,907
<b>Total outflows (0-30 days)</b> .....	<b>135,885,128</b>	<b>42,949,044</b>	<b>9,010,819</b>	<b>3,232,536</b>	<b>144,895,947</b>	<b>46,181,580</b>
Short-term deposits with other banks .....	1,410,377	1,410,377	8,671,974	8,671,974	10,082,351	10,082,351
Other inflows .....	17,067,323	8,804,050	1,302,044	726,545	18,369,367	9,530,595
Restrictions on inflows .....				(6,974,116)		
<b>Total inflows (0-30 days)</b> .....	<b>18,477,701</b>	<b>10,214,427</b>	<b>9,974,018</b>	<b>2,424,402</b>	<b>28,451,718</b>	<b>19,612,946</b>
<b>Liquidity coverage ratio</b> .....		<b>222%</b>		<b>429%</b>		<b>286%</b>

	ISK		Foreign currency		Total	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
<b>31.12.2023</b>						
Liquid assets level 1 .....	61,248,977	61,248,977	14,679,969	14,679,969	75,928,946	75,928,946
Liquid assets level 2 .....	353,146	300,174			353,146	300,174
<b>Total liquid assets</b> .....	<b>61,602,122</b>	<b>61,549,150</b>	<b>14,679,969</b>	<b>14,679,969</b>	<b>76,282,091</b>	<b>76,229,119</b>
Deposits* .....	111,263,406	27,328,035	6,915,793	3,406,552	118,179,199	30,734,587
Other borrowings .....	109,333	109,333	1,109	1,109	110,442	110,442
Other outflows .....	14,896,187	11,083,491	8,222,931	887,195	23,119,118	11,970,686
<b>Total outflows (0-30 days)</b> .....	<b>126,268,925</b>	<b>38,520,859</b>	<b>15,139,834</b>	<b>4,294,857</b>	<b>141,408,759</b>	<b>42,815,715</b>
Short-term deposits with other banks .....	196,556	196,556	6,312,949	6,312,949	6,509,505	6,509,505
Other inflows .....	13,029,061	4,955,339	818,468	473,124	13,847,529	5,428,462
Restrictions on inflows .....				(3,564,930)		
<b>Total inflows (0-30 days)</b> .....	<b>13,225,617</b>	<b>5,151,895</b>	<b>7,131,417</b>	<b>3,221,142</b>	<b>20,357,034</b>	<b>11,937,968</b>
<b>Liquidity coverage ratio</b> .....		<b>184%</b>		<b>1367%</b>		<b>247%</b>

\* Deposits include Money market deposits which are classified as Borrowings in the Consolidated Statement of Financial Position.

	31.3.2024	31.12.2023
NSFR total .....	137%	141%

## Notes to the Condensed Interim Consolidated Financial Statements

### 46. Liquidity risk (cont.)

#### c. Maturity analysis of financial assets and financial liabilities

<b>31.3.2024</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Gross inflow/ (outflow)</b>	<b>Carrying amount</b>
<b>Financial assets by type</b>							
<i>Non-derivative assets</i>							
Cash and balances with Central Bank .....	34,263,964					34,263,964	34,256,255
Fixed income securities .....	26,666,195	4,423,468	1,062,127	20,773,574	4,030,891	56,956,255	56,956,255
Shares and other variable income securities .....	1,453,521		2,860,562			4,314,083	4,314,083
Securities used for hedging .....	12,706,506					12,706,506	12,706,506
Loans to customers .....	7,904,060	13,447,752	43,014,022	101,751,022	6,555,409	172,672,265	145,898,190
Other assets .....	8,131,309	4,809,764	914,317	194,670		14,050,059	15,309,237
	91,125,554	22,680,983	47,851,028	122,719,265	10,586,300	294,963,130	269,440,526
<i>Derivative assets</i>							
Inflow .....	14,070,295	14,520,505	5,381,772	971,345	999,332	35,943,248	
Outflow .....	(12,925,635)	(12,742,598)	(5,265,725)	(921,005)	(991,807)	(32,846,770)	
	1,144,660	1,777,907	116,047	50,339	7,525	3,096,478	3,065,234
<b>Financial liabilities by type</b>							
<i>Non-derivative liabilities</i>							
Deposits .....	(116,284,381)	(7,914,081)	(9,195,325)	(4,401,578)	(423,565)	(138,218,930)	137,143,138
Borrowings .....	(17,130,717)	(2,169,193)	(6,437,145)	(18,978,543)		(44,715,598)	37,558,062
Issued bonds .....	(90,454)	(984,344)	(8,807,359)	(31,595,350)	(2,495,901)	(43,973,407)	38,752,257
Subordinated liabilities .....		(157,403)	(203,024)	(2,631,757)	(8,660,006)	(11,652,189)	6,176,221
Short positions held for trading .....	(653,560)					(653,560)	653,560
Short positions used for hedging .....	(113,800)					(113,800)	113,800
Other liabilities .....	(4,855,996)	(11,144,131)	(1,584,591)	(377,622)		(17,962,340)	17,911,669
	(139,128,908)	(22,369,151)	(26,227,443)	(57,984,850)	(11,579,471)	(257,289,824)	238,308,707
<i>Derivative liabilities</i>							
Inflow .....	8,097,965	7,492,873	5,087,597	18,891,003		39,569,438	
Outflow .....	(8,875,276)	(7,794,729)	(5,113,513)	(20,177,115)		(41,960,633)	
	(777,311)	(301,856)	(25,916)	(1,286,112)	0	(2,391,195)	2,339,572
<b>Unrecognised financial items</b>							
<i>Loan commitments</i>							
Inflow .....	168,818	768,676	1,642,916	4,444,714		7,025,124	
Outflow .....	(5,976,000)					(5,976,000)	
<i>Financial guarantee contracts</i>							
Inflow .....			164,596	39,976	7,068	211,640	
Outflow .....	(211,640)					(211,640)	
	(6,018,822)	768,676	1,807,512	4,484,690	7,068	1,049,124	
<b>Summary</b>							
Non-derivative assets .....	91,125,554	22,680,983	47,851,028	122,719,265	10,586,300	294,963,130	
Derivative assets .....	1,144,660	1,777,907	116,047	50,339	7,525	3,096,478	
Non-derivative liabilities .....	(139,128,908)	(22,369,151)	(26,227,443)	(57,984,850)	(11,579,471)	(257,289,824)	
Derivative liabilities .....	(777,311)	(301,856)	(25,916)	(1,286,112)		(2,391,195)	
<b>Net assets (liabilities) excluding unrecognised items</b>							
unrecognised items .....	(47,636,006)	1,787,883	21,713,715	63,498,642	(985,647)	38,378,589	
Net unrecognised items .....	(6,018,822)	768,676	1,807,512	4,484,690	7,068	1,049,124	
<b>Net assets (liabilities)</b> .....	<b>(53,654,828)</b>	<b>2,556,559</b>	<b>23,521,228</b>	<b>67,983,332</b>	<b>(978,578)</b>	<b>39,427,713</b>	

## Notes to the Condensed Interim Consolidated Financial Statements

### 46. Liquidity risk (cont.)

31.12.2023	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Gross inflow/ (outflow)	Carrying amount
<b>Financial assets by type</b>							
<i>Non-derivative assets</i>							
Cash and balances with Central Bank .....	23,681,967					23,681,967	23,681,453
Fixed income securities .....	20,151,355	1,974,339	21,340,000	18,908,801	2,602,910	64,977,406	64,977,406
Shares and other variable income securities .....	1,222,894	411,609	2,222,977			3,857,480	3,857,480
Securities used for hedging .....	16,852,313					16,852,313	16,852,313
Loans to customers .....	7,839,447	10,674,108	47,315,427	90,723,103	6,895,531	163,447,617	136,323,481
Reinsurance contract assets .....						0	
Other assets .....	3,794,043	4,265,609	820,319	200,175		9,080,146	10,401,128
	73,542,019	17,325,666	71,698,723	109,832,080	9,498,441	281,896,929	256,093,262
<i>Derivative assets</i>							
Inflow .....	8,779,563	12,775,096	6,974,032	58,519		28,587,210	
Outflow .....	(7,921,683)	(12,310,694)	(5,856,054)	(902)		(26,089,333)	
	857,879	464,402	1,117,978	57,617	0	2,497,877	2,497,877
<b>Financial liabilities by type</b>							
<i>Non-derivative liabilities</i>							
Deposits .....	(115,974,426)	(8,335,449)	(5,646,547)	(4,284,193)	(384,513)	(134,625,128)	133,772,941
Borrowings .....	(8,681,044)	(430,722)	(2,684,014)	(19,142,369)		(30,938,148)	23,817,062
Issued bonds .....	(109,333)	(6,881,308)	(9,407,820)	(32,874,868)	(2,457,149)	(51,730,478)	45,715,427
Subordinated liabilities .....			(354,804)	(2,465,385)	(8,399,596)	(11,219,785)	5,993,084
Short positions held for trading .....	(71,664)					(60,081)	131,745
Short positions used for hedging .....						(4,230)	4,230
Other liabilities .....	(3,308,385)	(11,197,785)	(1,652,495)	(492,619)		(16,651,283)	16,593,993
	(128,144,851)	(26,845,264)	(19,745,680)	(59,259,434)	(11,305,569)	(245,300,798)	226,028,482
<i>Derivative liabilities</i>							
Inflow .....	15,157,017	1,721,575	4,653,591			21,532,182	
Outflow .....	(16,222,964)	(1,759,667)	(4,886,823)	(859,631)		(23,729,086)	
	(1,065,948)	(38,092)	(233,233)	(859,631)	0	(2,196,904)	2,196,904
<b>Unrecognised financial items by type</b>							
<i>Loan commitments</i>							
Inflow .....	211,062	61,502	1,464,611	4,579,989	140,836	6,458,000	
Outflow .....	(5,205,004)					(5,205,004)	
<i>Financial guarantee contracts</i>							
Inflow .....			163,896	40,976	7,068	211,940	
Outflow .....	(211,940)					(211,940)	
	(5,205,882)	61,502	1,628,507	4,620,965	147,905	1,252,996	
<b>Summary</b>							
Non-derivative assets .....	73,542,019	17,325,666	71,698,723	109,832,080	9,498,441	281,896,929	
Derivative assets .....	857,879	464,402	1,117,978	57,617		2,497,877	
Non-derivative liabilities .....	(128,144,851)	(26,845,264)	(19,745,680)	(59,259,434)	(11,305,569)	(245,300,798)	
Derivative liabilities .....	(1,065,948)	(38,092)	(233,233)	(859,631)		(2,196,904)	
<b>Net assets (liabilities) excluding unrecognised items</b>							
unrecognised items .....	(54,810,901)	(9,093,288)	52,837,788	49,770,632	(1,807,128)	36,897,103	
Net unrecognised items .....	(5,205,882)	61,502	1,628,507	4,620,965	147,905	1,252,996	
<b>Net assets (liabilities)</b> .....	(60,016,783)	(9,031,786)	54,466,295	54,391,597	(1,659,223)	38,150,099	

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

### 47. 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 48-53 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.

### 48. 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.

### 49. 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	31.3.2024
Fixed income securities .....		29,922	92,177	2,361,837	508,641	2,992,577
Short positions - fixed income securities .....	(18,686)		(300)	(384,174)	(205,366)	(608,526)
<b>Net imbalance</b>	(18,686)	29,922	91,876	1,977,663	303,275	2,384,051
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	31.12.2023
Fixed income securities .....	14,750	36,695	280,459	3,063,674	1,033,718	4,429,295
Short positions - fixed income securities .....		(3,730)	(5,396)	(32,720)	(89,899)	(131,745)
<b>Net imbalance</b>	14,750	32,964	275,063	3,030,954	943,820	4,297,551

#### 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	31.3.2024 Upward	Downward	31.12.2023 Upward
Indexed .....	50	18,907	(18,777)	25,032	(24,632)
Non-indexed .....	100	11,224	(12,651)	41,408	(39,687)
<b>Total</b>		30,132	(31,428)	66,440	(64,319)



## Notes to the Condensed Interim Consolidated Financial Statements

### 50. 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:

#### 31.3.2024

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 .....	34,256,255					34,256,255
Fixed income securities .....	23,228,266	4,978,909	1,870,358	20,569,987	3,316,158	53,963,678
Loans to customers .....	131,108,913	3,187,403	5,273,196	6,024,480	304,198	145,898,190
Financial assets excluding derivatives	188,593,434	8,166,312	7,143,554	26,594,467	3,620,355	234,118,123
Effect of derivatives .....	21,831,699	41,218,828	5,619,837	943,977	820,422	70,434,763
<b>Total</b>	<b>210,425,134</b>	<b>49,385,140</b>	<b>12,763,392</b>	<b>27,538,444</b>	<b>4,440,777</b>	<b>304,552,886</b>
Financial liabilities	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Deposits .....	116,885,847	7,786,333	8,296,135	3,979,822	195,001	137,143,138
Borrowings .....	31,695,031	1,831,289	4,031,742			37,558,062
Issued bonds .....	89,937	29,591,583	33,377	6,785,398	2,251,960	38,752,257
Subordinated liabilities .....		156,283	195,283	2,133,940	3,690,715	6,176,221
Financial liabilities excluding derivatives	148,670,815	39,365,488	12,556,537	12,899,161	6,137,677	219,629,678
Effect of derivatives .....	22,970,671	34,437,211	1,357,656			58,765,538
<b>Total</b>	<b>171,641,487</b>	<b>73,802,699</b>	<b>13,914,193</b>	<b>12,899,161</b>	<b>6,137,677</b>	<b>278,395,216</b>
<b>Total interest repricing gap</b>	<b>38,783,647</b>	<b>(24,417,559)</b>	<b>(1,150,802)</b>	<b>14,639,282</b>	<b>(1,696,900)</b>	<b>26,157,670</b>

#### 31.12.2023

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 .....	23,681,453					23,681,453
Fixed income securities .....	13,234,607	2,813,780	22,531,739	18,795,625	3,172,359	60,548,110
Loans to customers .....	118,422,687	5,472,017	5,631,528	6,488,964	308,287	136,323,481
Financial assets excluding derivatives	155,338,747	8,285,797	28,163,267	25,284,589	3,480,645	220,553,045
Effect of derivatives .....	24,309,020	33,360,561	13,512,749	945,276	803,219	72,930,826
<b>Total</b>	<b>179,647,767</b>	<b>41,646,358</b>	<b>41,676,016</b>	<b>26,229,865</b>	<b>4,283,865</b>	<b>293,483,870</b>
Financial liabilities	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Deposits .....	116,363,448	8,209,284	5,187,702	3,827,784	184,724	133,772,941
Borrowings .....	24,813,614	82,084	43,157	3,108		24,941,963
Issued bonds .....	7,093,090	29,547,945	184,841	6,664,263	2,225,289	45,715,427
Subordinated liabilities .....			341,008	2,071,885	3,580,191	5,993,084
Financial liabilities excluding derivatives	148,270,151	37,839,312	5,756,708	12,567,040	5,990,203	210,423,415
Effect of derivatives .....	26,099,269	21,434,697	11,957,255			59,491,221
<b>Total</b>	<b>174,369,421</b>	<b>59,274,009</b>	<b>17,713,963</b>	<b>12,567,040</b>	<b>5,990,203</b>	<b>269,914,636</b>
<b>Total interest repricing gap</b>	<b>5,278,346</b>	<b>(17,627,651)</b>	<b>23,962,053</b>	<b>13,662,825</b>	<b>(1,706,339)</b>	<b>23,569,235</b>

#### 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	31.3.2024			31.12.2023
		Downward	Upward	Downward	Upward
ISK, indexed .....	50	(244,091)	227,791	(245,435)	228,724
ISK, non-indexed .....	100	293,234	(284,343)	396,558	(385,418)
Other currencies .....	20	1,639	(1,631)	1,223	(1,215)
<b>Total</b>		<b>50,782</b>	<b>(58,183)</b>	<b>152,346</b>	<b>(157,909)</b>

## Notes to the Condensed Interim Consolidated Financial Statements

### 51. 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

	<b>31.3.2024</b>	<b>31.12.2023</b>
Assets .....	36,435,197	34,860,451
Liabilities .....	(23,699,267)	(23,177,052)
<b>Total</b>	<b>12,735,930</b>	<b>11,683,398</b>

#### 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.

	<b>31.3.2024</b>		<b>31.12.2023</b>	
	-1%	1%	-1%	1%
Government bonds .....	(59,482)	59,482	(58,667)	58,667
Other fixed income securities .....	(22,179)	22,179	(21,561)	21,561
Loans to customers .....	(250,211)	250,211	(236,126)	236,126
Derivatives .....	(32,479)	32,479	(32,251)	32,251
Short positions .....	1,903	(1,903)	683	(683)
Deposits .....	82,367	(82,367)	81,464	(81,464)
Issued bonds .....	91,072	(91,072)	89,710	(89,710)
Subordinated liabilities .....	61,651	(61,651)	59,913	(59,913)
	(127,359)	127,359	(116,834)	116,834

The effect on equity would be the same.

### 52. 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 2024 and 31 December 2023 the Group's position in foreign currencies was within those limits.

#### c. Hedge accounting

The Group applies hedge accounting according to IAS 39 against translation of foreign operations. Currency swap agreements are used as a hedge instrument against translation difference arising from foreign operations.

#### d. Exchange rates

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

	<b>Closing</b>	<b>Average</b>	<b>Closing</b>	<b>Average</b>
	<b>31.3.2024</b>	<b>3m 2024</b>	<b>31.12.2023</b>	<b>3m 2023</b>
EUR/ISK .....	149.9	149.0	150.5	152.4
USD/ISK .....	138.6	137.3	136.2	142.0
GBP/ISK .....	174.8	174.1	173.2	172.5

## Notes to the Condensed Interim Consolidated Financial Statements

### 52. Currency risk (cont.)

#### e. Breakdown of financial assets and financial liabilities denominated in foreign currencies

##### 31.3.2024

##### Financial assets

	EUR	USD	GBP	NOK	Other currencies	Total
Cash and balances with Central Bank .....	1,765,610	1,978,549	2,266,885	112,429	2,127,325	8,250,798
Fixed income securities .....	0	3,595,102				3,595,102
Shares and other variable income securities .....	121,927	112,701	1,810,283	10,643	4,278	2,059,832
Securities used for hedging .....	194,911	1,865,194	1,596	2,933	32,503	2,097,136
Loans to customers .....	2,767,467	501,972	35,647,835		42,911	38,960,184
Intangible assets .....			2,535,229			2,535,229
Other assets .....	1,095,189	885,678	832,930		22,109	2,835,905
Financial assets excluding derivatives	5,945,104	8,939,195	43,094,757	126,005	2,229,126	60,334,187
Derivatives .....	15,201,897	3,509,216	825,043	10,452,322	8,516,690	38,505,169
<b>Total</b>	<b>21,147,001</b>	<b>12,448,411</b>	<b>43,919,801</b>	<b>10,578,327</b>	<b>10,745,816</b>	<b>98,839,355</b>

##### Financial liabilities

	EUR	USD	GBP	NOK	Other currencies	Total
Deposits .....	2,579,497	5,480,814	739,402	77,081	441,800	9,318,594
Borrowings .....	123,187	1,205,224	14,979,042			16,307,453
Issued bonds .....			2,008,219	10,385,377	10,189,997	22,583,593
Other liabilities .....	722,295	884,828	825,573		18,467	2,451,162
Financial liabilities excluding derivatives	3,424,979	7,570,866	18,552,236	10,462,459	10,650,263	50,660,803
Derivatives .....	17,719,325	4,733,076	25,168,376	53,840	18,334	47,692,951
<b>Total</b>	<b>21,144,304</b>	<b>12,303,942</b>	<b>43,720,612</b>	<b>10,516,299</b>	<b>10,668,597</b>	<b>98,353,753</b>

##### Net currency position

	EUR	USD	GBP	NOK	Other currencies	Total
Financial assets .....	21,147,001	12,448,411	43,919,801	10,578,327	10,745,816	98,839,355
Financial liabilities .....	(21,144,304)	(12,303,942)	(43,720,612)	(10,516,299)	(10,668,597)	(98,353,753)
Financial guarantee contracts .....	74,950					74,950
<b>Total</b>	<b>77,647</b>	<b>144,469</b>	<b>199,189</b>	<b>62,028</b>	<b>77,219</b>	<b>560,552</b>

##### 31.12.2023

##### Financial assets

	EUR	USD	GBP	SEK	Other currencies	Total
Cash and balances with Central Bank .....	2,922,506	657,800	2,109,634	79,125	255,219	6,024,284
Fixed income securities .....	1,503,990	13,834,864				15,338,855
Shares and other variable income securities .....	88,400	242,497	1,539,466	12,880		1,883,243
Securities used for hedging .....	657,191	1,167,816	1,413	1,656,645	2,703	3,485,768
Loans to customers .....	2,280,065	478,715	28,876,368		47,414	31,682,562
Intangible assets .....			2,540,412			2,540,412
Other assets .....	849,032	1,236,043	718,974		163	2,804,212
Financial assets excluding derivatives	8,301,183	17,617,736	35,786,267	1,748,651	305,498	63,759,336
Derivatives .....	11,811,725	1,328,055	4,467,242	15,253,051	10,870,463	43,730,536
<b>Total</b>	<b>20,112,909</b>	<b>18,945,791</b>	<b>40,253,509</b>	<b>17,001,701</b>	<b>11,175,962</b>	<b>107,489,872</b>

##### Financial liabilities

	EUR	USD	GBP	SEK	Other currencies	Total
Deposits .....	2,286,689	7,057,779	756,682	28,189	281,357	10,410,697
Borrowings .....	122,840	830,698	14,816,743			15,770,282
Issued bonds .....	1,292,489		1,990,376	15,220,348	10,837,164	29,340,377
Other liabilities .....	527,123	669,394	803,960	5	4,616	2,005,098
Financial liabilities excluding derivatives	4,229,142	8,557,872	18,367,762	15,248,542	11,123,136	57,526,454
Derivatives .....	15,861,328	10,352,601	22,199,121	1,692,775	105,127	50,210,951
<b>Total</b>	<b>20,090,469</b>	<b>18,910,472</b>	<b>40,566,883</b>	<b>16,941,318</b>	<b>11,228,263</b>	<b>107,737,405</b>

##### Net currency position

	EUR	USD	GBP	SEK	Other currencies	Total
Financial assets .....	20,112,909	18,945,791	40,253,509	17,001,701	11,175,962	107,489,872
Financial liabilities .....	(20,090,469)	(18,910,472)	(40,566,883)	(16,941,318)	(11,228,263)	(107,737,405)
Financial guarantee contracts .....	75,250					75,250
<b>Total</b>	<b>97,689</b>	<b>35,319</b>	<b>(313,374)</b>	<b>60,384</b>	<b>(52,302)</b>	<b>(172,283)</b>

## Notes to the Condensed Interim Consolidated Financial Statements

### 52. Currency risk (cont.)

#### f. 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 Consolidated Income Statement or equity.

Assets and liabilities denominated in foreign currencies	31.3.2024		31.12.2023	
	-10%	+10%	-10%	+10%
EUR .....	7,765	(7,765)	9,769	(9,769)
USD .....	14,447	(14,447)	3,532	(3,532)
GBP .....	19,919	(19,919)	(31,337)	31,337
NOK .....	6,203	(6,203)	(2,537)	2,537
SEK .....	6,203	(6,203)	6,038	(6,038)
Other currencies .....	1,519	(1,519)	(2,693)	2,693
<b>Total</b>	<b>56,055</b>	<b>(56,055)</b>	<b>(17,228)</b>	<b>17,228</b>

### 53. 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.

	31.3.2024		31.12.2023	
	-10%	+10%	-10%	+10%
Listed shares .....	(75,331)	75,331	(51,270)	51,270
Unlisted shares .....	(202,568)	202,568	(202,767)	202,767
Unlisted unit shares in funds .....	(153,510)	153,510	(131,710)	131,710
<b>Total</b>	<b>(431,408)</b>	<b>431,408</b>	<b>(385,748)</b>	<b>385,748</b>

### 54. 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

#### 55. Accounting classification of financial assets and financial liabilities

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

<b>31.3.2024</b>				
<b>Financial assets</b>	<b>Amortised cost</b>	<b>Fair value through OCI</b>	<b>Mandatorily at fair value through P/L</b>	<b>Total carrying amount</b>
Cash and balances with Central Bank .....	34,256,255			34,256,255
Fixed income securities .....		52,882,488	4,073,767	56,956,255
Shares and other variable income securities .....			4,314,083	4,314,083
Securities used for hedging .....			12,706,506	12,706,506
Loans to customers .....	145,170,120		728,070	145,898,190
Derivatives .....			3,065,234	3,065,234
Other assets .....	15,309,237			15,309,237
<b>Total</b>	<b>194,735,612</b>	<b>52,882,488</b>	<b>24,887,659</b>	<b>272,505,760</b>
<b>Financial liabilities</b>	<b>Amortised cost</b>	<b>Fair value through OCI</b>	<b>Mandatorily at fair value through P/L</b>	<b>Total carrying amount</b>
Deposits .....	137,143,138			137,143,138
Borrowings .....	37,558,062			37,558,062
Issued bonds .....	38,752,257			38,752,257
Subordinated liabilities .....	6,176,221			6,176,221
Short positions held for trading .....			653,560	653,560
Short positions used for hedging .....			113,800	113,800
Derivatives .....			2,282,826	2,282,826
Derivatives used for hedge accounting .....		56,746		56,746
Other liabilities .....	17,582,865		328,804	17,911,669
<b>Total</b>	<b>237,212,543</b>	<b>56,746</b>	<b>3,378,990</b>	<b>240,648,279</b>
<b>31.12.2023</b>				
<b>Financial assets</b>	<b>Amortised cost</b>	<b>Fair value through OCI</b>	<b>Mandatorily at fair value through P/L</b>	<b>Total carrying amount</b>
Cash and balances with Central Bank .....	23,681,453			23,681,453
Fixed income securities .....		61,293,556	3,683,849	64,977,406
Shares and other variable income securities .....			3,857,480	3,857,480
Securities used for hedging .....			16,852,313	16,852,313
Loans to customers .....	135,641,049		682,433	136,323,481
Derivatives .....			2,497,877	2,497,877
Other assets .....	10,401,128			10,401,128
<b>Total</b>	<b>169,723,630</b>	<b>61,293,556</b>	<b>27,573,952</b>	<b>258,591,138</b>
<b>Financial liabilities</b>	<b>Amortised cost</b>	<b>Fair value through OCI</b>	<b>Mandatorily at fair value through P/L</b>	<b>Total carrying amount</b>
Deposits .....	133,772,941			133,772,941
Borrowings .....	23,817,062			23,817,062
Issued bonds .....	45,715,427			45,715,427
Subordinated liabilities .....	5,993,084			5,993,084
Short positions held for trading .....			131,745	131,745
Short positions used for hedging .....			4,230	4,230
Derivatives .....			2,044,723	2,044,723
Derivatives used for hedge accounting .....		152,182		152,182
Other liabilities .....	16,189,231		404,762	16,593,993
<b>Total</b>	<b>225,487,745</b>	<b>152,182</b>	<b>2,585,460</b>	<b>228,225,386</b>

## Notes to the Condensed Interim Consolidated Financial Statements

### 56. 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

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

#### 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:

#### 31.3.2024

##### Financial assets

	Level 1	Level 2	Level 3	Carrying amount
Mandatorily measured at fair value through profit and loss				
Fixed income securities .....	3,714,683	103,747	255,337	4,073,767
Shares and other variable income securities .....	1,696,293	74,430	2,543,360	4,314,083
Securities used for hedging .....	12,706,506			12,706,506
Loans to customers .....			728,070	728,070
Derivatives .....		3,065,234		3,065,234
Measured at fair value through other comprehensive income				
Fixed income securities .....	52,882,488			52,882,488
<b>Total</b>	<b>70,999,970</b>	<b>3,243,410</b>	<b>3,526,767</b>	<b>77,770,148</b>

##### Financial liabilities

	Level 1	Level 2	Level 3	Carrying amount
Mandatorily measured at fair value through profit and loss				
Short positions held for trading .....	653,560			653,560
Short positions used for hedging .....	113,800			113,800
Derivatives .....		1,410,171	872,656	2,282,826
Other liabilities .....			328,804	328,804
Measured at fair value through other comprehensive income				
Derivatives used for hedge accounting .....		56,746		56,746
<b>Total</b>	<b>767,360</b>	<b>1,466,916</b>	<b>1,201,459</b>	<b>3,435,736</b>

#### 31.12.2023

##### Financial assets

	Level 1	Level 2	Level 3	Carrying amount
Mandatorily measured at fair value through profit and loss				
Fixed income securities .....	3,465,191	104,584	114,075	3,683,849
Shares and other variable income securities .....	1,237,775	102,362	2,517,343	3,857,480
Securities used for hedging .....	16,852,313			16,852,313
Loans to customers .....			682,433	682,433
Derivatives .....		2,497,877		2,497,877
Measured at fair value through other comprehensive income				
Fixed income securities .....	61,293,556			61,293,556
<b>Total</b>	<b>82,848,836</b>	<b>2,704,822</b>	<b>3,313,851</b>	<b>88,867,508</b>

##### Financial liabilities

	Level 1	Level 2	Level 3	Carrying amount
Mandatorily measured at fair value through profit and loss				
Short positions held for trading .....	131,745			131,745
Short positions used for hedging .....	4,230			4,230
Derivatives .....		1,185,091	859,631	2,044,723
Other liabilities .....			404,762	404,762
Measured at fair value through other comprehensive income				
Derivatives used for hedge accounting .....		152,182		152,182
<b>Total</b>	<b>135,975</b>	<b>1,337,273</b>	<b>1,264,394</b>	<b>2,737,641</b>

## Notes to the Condensed Interim Consolidated Financial Statements

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

#### e. Reconciliation of changes in Level 3 fair value measurements

	Fixed income securities	Shares and other var. income securities	Loans to customers	Derivatives	Other liabilities	Total
<b>31.3.2024</b>						
<b>Balance as at 1 January 2024</b>	114,075	2,517,343	682,433	(859,631)	(404,762)	2,049,457
Total gains and losses in profit or loss .....	5,311	15,183	65,637	(7,913)	0	78,218
Additions .....	135,952	10,834	0	(5,111)		141,674
Repayments .....	0	0	(20,000)		75,959	55,959
<b>Balance as at 31 March 2024</b>	255,337	2,543,360	728,070	(872,656)	(328,804)	2,325,308
<b>31.12.2023</b>						
<b>Balance as at 1 January 2023</b>	615,304	7,437,283	1,210,390	(691,713)	(373,715)	8,197,550
Total gains and losses in profit or loss .....	130,943	987,969	10,173	(11,159)	(31,048)	1,086,879
Additions .....	380,542	1,085,457	40,000	(156,759)		1,349,240
Repayments .....	(162,024)	0	(578,130)		0	(740,155)
Disposals .....	0	(2,246,400)				(2,246,400)
Reclassified as assets held for sale .....	(850,690)	(4,746,966)				(5,597,656)
<b>Balance as at 31 December 2023</b>	114,075	2,517,343	682,433	(859,631)	(404,762)	2,049,457

#### f. 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 31.3.2024
Unlisted bonds	Expected recovery	Value of assets	0-95%	255,337
Unlisted variable income securities	Market price	Recent trades	-	2,543,360
Loans to customers	Expert model	Value of assets and collateral	-	728,070
<b>Total</b>				3,526,767

Asset class	Method	Significant unobservable input	Range	Book value 31.12.2023
Unlisted bonds	Expected recovery	Value of assets	0-95%	114,075
Unlisted variable income securities	Market price	Recent trades	-	2,517,343
Loan to customers	Expert model	Value of assets and collateral	-	682,433
<b>Total</b>				3,313,851

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.

#### g. 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 .....	25,534	(25,534)
Shares and other variable income securities .....	254,336	(254,336)
Loans to customers .....	72,807	(72,807)
<b>Total</b>	352,677	(352,677)



## Notes to the Condensed Interim Consolidated Financial Statements

### Other information

#### 57. Pledged assets

31.3.2024	Settlement and committed facilities	Securities borrowing	Asset backed securities	Total
Cash and balances with Central Bank .....	0	443,619	0	443,619
Fixed income securities .....	6,547,378	359,109	31,890	6,938,377
Loans to customers .....	21,447,737	0	900,355	22,348,092
Other assets .....	0	55,476	0	55,476
<b>Total</b>	<b>27,995,115</b>	<b>858,204</b>	<b>932,245</b>	<b>29,785,564</b>

31.12.2023	Settlement and committed facilities	Securities borrowing	Asset backed securities	Total
Cash and balances with Central Bank .....	0	973,538	27,853	1,001,391
Fixed income securities .....	6,392,856	249,194	0	6,642,050
Loans to customers .....	21,340,531	0	1,118,990	22,459,521
Other assets .....	0	52,979	0	52,979
<b>Total</b>	<b>27,733,387</b>	<b>1,275,711</b>	<b>1,146,843</b>	<b>30,155,941</b>

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.

#### 58. 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 23, 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. Balances with related parties

31.3.2024	Assets	Liabilities
Management .....	3,538	85,523
Associates .....	0	27,335
<b>Total</b>	<b>3,538</b>	<b>112,858</b>

31.12.2023	Assets	Liabilities
Management .....	5,861	77,974
Associates .....	0	28,639
<b>Total</b>	<b>5,861</b>	<b>106,613</b>

##### d. Transactions with related parties

3m 2024	Interest income	Interest expense	Other income	Other expense
Management .....	0	939	8	534
Associates .....	0	0	0	100,054
<b>Total</b>	<b>0</b>	<b>939</b>	<b>8</b>	<b>100,588</b>
3m 2023	Interest income	Interest expense	Other income	Other expense
Management .....	0	145	0	58
Associates .....	0	0	0	58,696
<b>Total</b>	<b>0</b>	<b>145</b>	<b>0</b>	<b>58,754</b>

## Notes to the Condensed Interim Consolidated Financial Statements

### 59. Other matters

#### **Offer for TM tryggingar hf. accepted**

On 17 March 2024 the Bank announced that it had received binding offers for the purchase of the share capital of TM tryggingar hf. ("TM"). The Bank furthermore announced that it had decided to accept an offer from Landsbankinn hf. with the aim to complete a confirmatory due diligence review, and sign a purchase agreement between the two banks for the purchase and sale of 100% of TM's shares as soon as possible, with standard conditions of approval from The Financial Supervisory Authority of the Central Bank of Iceland and the Competition Authority. The purchase price according to the offer is ISK 28.6 billion and Landsbankinn will pay for the share capital in cash. The purchase price is based on TM's balance sheet at the end of 2023. The final purchase price will be adjusted for changes in TM's tangible equity from the beginning of the year 2024 to the completion date, and the amount of the change will be added to or subtracted from the purchase price in the offer.

#### **On-site inspection by the Financial Supervisory Authority of the Central Bank**

As a part of its supervisory role the FME regularly conducts on-site inspections on the Bank's operations, either theme based or circumstantial. The FME conducted such an inspection of the Bank's anti money laundering measures in the first quarter of 2023 and the Bank received a report with draft findings towards the end of the third quarter of 2023. The draft findings indicate some deficiencies in the Bank's compliance with the relevant legal framework. When the FME issues final reports on its inspections, the findings are usually made public by the FME and, depending on the circumstances, the Bank. The Bank takes its legal obligations very seriously and has already started working on the detected findings in the draft report.

#### **Tax treatment of warrants sold by the Bank**

The Bank is aware of that the Iceland revenue and customs ("Skatturinn") is currently reviewing the tax treatment of warrants that the Bank sold during the years 2017 to 2019. The Iceland revenue and customs is looking into whether the warrants should be taxed as perquisites instead of as a financial instruments. Should that be the case, then the Bank would be required to pay the respective social security tax and tax on financial activity. The Bank would however be able to deduct the amount of salary related expenses, as well as the amount of the perquisites, from its tax base for the respective years in question, and thereby increase its deferred tax losses.

As the Iceland revenue and customs has not yet concluded its review, the Bank has not charged any amount to its income statement nor made any changes to the tax returns for the respective years.

### 60. Events after the reporting date

There are no material events after the reporting date.