



Condensed Consolidated Interim Financial Statements

for the six months ended 30 June 2013

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Endorsement and Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements of Landsbankinn hf. (the "Bank" or "Landsbankinn") for the first six months of 2013 include the Bank and its subsidiaries (collectively referred to as the "Group").

Operations

The Group's profit for the first six months of the year 2013 was ISK 15,525 million. The Group's equity at the end of this period amounted to ISK 229,830 million. The capital adequacy ratio of the Group, calculated according to the Act on Financial Undertakings, was 25.9%. As of 30 June 2013, the Group's total assets amounted to ISK 1,126,094 million.

On 11 April 2013, the third-party valuation agent Deloitte UK LLP concluded its valuation of specified assets in relation to the Bank's liability originally classified as a contingent bond, with the result that the contingent bond has been issued as secured bonds in the equivalent amount of ISK 92,000 million, denominated in EUR (50%), USD (30%) and GBP (20%). LBI hf. has in return surrendered its entire holding in Landsbankinn to the Icelandic State and Landsbankinn.

Following the change in ownership, the Icelandic State holds 98% of shares in Landsbankinn while Landsbankinn received 2% of own shares in accordance with the settlement agreement of 15 December 2009 between the Bank, LBI hf. and the Icelandic State. The Bank received the shares from LBI hf. with the obligation to allocate them to employees. Shareholders' meeting of the Bank, which was held on 17 July 2013, approved the allocation of the shares to the employees, who will receive around 1% of the shares, with the remaining shares being retained by the Bank for settlement of the tax obligations and pension liabilities of its employees. In addition, employees are obliged to comply with specific requirements for the sale of the shares.

In June 2013, the Group's remaining 25% of shares in the facilities management company Reginn hf. were sold in a public offering and the acquirers received their shares as of 10 June 2013. The proceeds of the offering amounted to ISK 4,068 million and the average share price of accepted offers was ISK 12.52 per share.

Risk management

On 10 June 2013, Landsbankinn issued its first series of Covered Bonds, LBANK CB 16, in the amount of ISK 1,160 million. The Covered Bonds programme provides additional financing for the Bank's housing loan portfolio and reduces the Bank's interest rate risk.

On 30 May 2013, the Supreme Court ruled in case No. 50/2013, between the Bank and one of its clients, on the recalculation of interest payments of a vehicle loan indexed to foreign currencies. The Supreme Court's ruling in this case confirmed the precedent of the Court's previous rulings from 2012, in cases where retroactive calculations under certain circumstances were also disputed. Following this ruling, the Bank commenced work on new recalculations of loans which fall under the precedent of the Court's ruling with emphasis on loans to individuals. The Bank's priority is to resolve this matter for its clients and the Bank has allocated resources to this effort to back its strong commitment. Further Supreme Court rulings in the coming months are expected to provide further clarification on this issue of foreign exchange indexed loans.

Regular instalments of the Bank's secured bonds, denominated in foreign currencies and issued to LBI hf., are scheduled for the years 2014-2018. At the end of the second quarter of 2013 the Bank maintains its strong liquidity position in foreign currencies and the Bank's concentration of currency risk is well within acceptable risk limits. It is, however, important for the Bank to maintain a strong liquidity position in foreign currencies and extend the maturity profile of its foreign currency funding in a timely manner, through renegotiations or refinancing.

Due to capital controls, the Group's ability to mitigate the risk from ISK related currency fluctuations is limited. However, the Group has taken various measures to decrease its overall currency risk and expects future currency risk levels to be within acceptable limits.

Outlook

The Bank's macroeconomic forecast from last May assumes 2.0% GDP growth in 2013. The forecast has been scaled down since the forecast from November 2012, which assumed 2.4% GDP growth in 2013. Expectations of economic growth in 2013 have somewhat diminished due to less growth in private consumption and low investment levels. The latest forecast from Statistics Iceland predicts 0.8% economic growth in Q1 which is in line with this trend.

The Bank's core operations are sound and have been improving in recent years. Processes are being revised on a continuous basis to improve efficiency and customer relationship management. The Group has a strong equity and liquidity base and is, therefore, in a position to deal with the challenges ahead and maintain its strong financial position. The political and legal environment in Iceland as well as the risk associated with the country's current capital controls continue, however, to pose uncertainty.

Other issues

At the Annual General Meeting of the Bank for the operating year 2012 held on 17 April 2013, shareholders approved the Board's proposal to pay dividends to shareholders in the amount of ISK 0.42 per share for the year 2012, or what amounts to 39% of net profit for the year 2012. Dividends shall be paid to parties registered in the shareholders' registry at 30 September 2013 and payment will be made on 1 October 2013. The dividend payment amounts to ISK 10,080 million.

Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements of Landsbankinn hf. for the first six months ended 30 June 2013 have been prepared on a going-concern basis in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the EU.

It is our opinion that the Condensed Consolidated Interim Financial Statements of Landsbankinn hf. give a true and fair view of the consolidated financial performance of the Group for the first six months of 2013, its consolidated financial position as at 30 June 2013 and its consolidated cash flows for the first six months of 2013.

Furthermore, in our opinion, the Condensed Consolidated Interim Financial Statements of Landsbankinn hf. and Endorsement of its Board of Directors and 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 of the Bank and Chief Executive Officer hereby endorse the Condensed Consolidated Interim Financial Statements of Landsbankinn hf. for the first six months ended 30 June 2013.

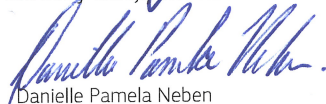
Reykjavík, 29 August 2013.

Board of Directors


Tryggvi Pálsson

Chairman


Eva Sóley Guðbjörnsdóttir

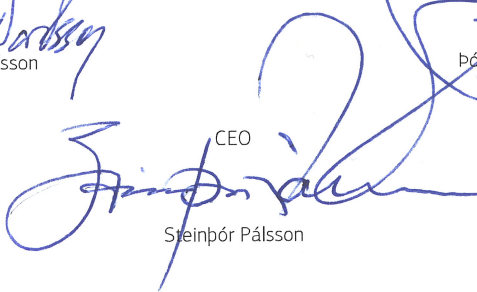

Danielle Pamela Neben


Kristján Þ. Davíðsson


Helga Björk Eiríksdóttir


Jón Sigurðsson


Þórdís Ingadóttir


CEO
Steinþór Pálsson

Independent Auditor's Review Report

To the Board of Directors and Shareholders of Landsbankinn hf.

We have reviewed the accompanying Condensed Consolidated Statement of Financial Position of Landsbankinn hf. as at 30 June 2013 and the related Condensed Consolidated Income Statement, Changes in Equity and Condensed Cash Flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. Our responsibility is to express a conclusion on this Condensed Consolidated Interim Financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Reykjavík, 29 August 2013.

KPMG ehf.



Helgi F. Arnarson



Sigríður Helga Sveinsdóttir

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Condensed Consolidated Statement of Financial Position as at 30 June 2013

Notes		30.6.2013	31.12.2012
Assets			
	Cash and balances with Central Bank	23,643	25,898
5, 21	Bonds and debt instruments	278,386	228,208
5	Equities and equity instruments	34,029	36,881
5, 6	Derivative instruments	124	1,043
7, 21	Loans and advances to financial institutions	70,671	64,349
8, 21	Loans and advances to customers	665,411	666,087
	Investments in equity-accounted associates	11,989	15,528
	Property and equipment	5,534	6,776
	Intangible assets	449	541
	Deferred tax assets	0	48
9	Other assets	16,123	14,108
		1,106,359	1,059,467
10	Assets classified as held for sale	19,735	25,320
	Total assets	1,126,094	1,084,787
Liabilities			
	Due to financial institutions and Central Bank	110,025	98,718
	Deposits from customers	448,931	421,058
6	Derivative instruments and short positions	7,044	9,438
	Tax liabilities	3,237	0
11, 21	Secured bonds	297,459	221,791
5, 11	Contingent bond	0	87,474
	Other liabilities	28,546	20,249
		895,242	858,728
	Liabilities associated with assets classified as held for sale	1,022	893
	Total liabilities	896,264	859,621
Equity			
	Share capital	23,500	24,000
	Share premium	119,707	123,898
	Reserves	9,070	5,053
	Retained earnings	77,615	72,120
	Total equity attributable to owners of the Bank	229,892	225,071
	Non-controlling interests	(62)	95
	Total equity	229,830	225,166
	Total liabilities and equity	1,126,094	1,084,787

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Income Statement for the six months ended 30 June 2013

Notes		2013 1.4-30.6	2012 1.4-30.6	2013 1.1-30.6	2012 1.1-30.6
	Interest income	13,711	18,306	31,626	35,075
	Interest expense	(6,593)	(8,286)	(14,629)	(16,502)
13	Net interest income	7,118	10,020	16,997	18,573
14	Net adjustments to loans and advances acquired at deep discount	11,352	3,610	14,945	11,172
14, 34	Net impairment loss	(8,035)	(5,151)	(8,694)	(6,439)
5	Fair value change of contingent bond	0	(2,251)	1,319	(8,198)
	Net adjustments in valuation	3,317	(3,792)	7,570	(3,465)
	Net interest income after net adjustments in valuation	10,435	6,228	24,567	15,108
	Fee and commission income	2,427	1,836	4,574	3,676
	Fee and commission expense	(830)	(746)	(1,614)	(1,584)
	Net fee and commission income	1,597	1,090	2,960	2,092
15	Net gain on financial assets designated as at fair value through profit or loss	375	1,429	2,907	3,806
16	Net gain on financial assets and liabilities held for trading	711	112	1,291	1,227
17	Net foreign exchange gain (loss)	16	(1,280)	1,188	836
	Other income and (expenses)	1,708	269	1,981	491
	Other net operating income	2,810	530	7,367	6,360
	Total operating income	14,842	7,848	34,894	23,560
18	Salaries and related expenses	3,122	3,364	10,986	6,596
	Other operating expenses	2,109	2,331	4,198	4,516
	Depreciation and amortisation	214	181	423	361
	Contribution to the Depositors' and Investors' Guarantee Fund	270	204	538	554
	Acquisition-related costs	0	0	45	0
	Total operating expenses	5,715	6,080	16,190	12,027
	Share of profit of equity-accounted associates, net of income tax	866	673	1,127	673
	Profit before tax	9,993	2,441	19,831	12,206
19	Income tax	(2,362)	(400)	(4,121)	(2,277)
	Tax on liabilities of financial institutions	(95)	(205)	(185)	(536)
	Profit for the period from continuing operations	7,536	1,836	15,525	9,393
	Profit for the period from discontinued operations, net of income tax	0	2,312	0	2,484
	Profit for the period	7,536	4,148	15,525	11,877
Profit for the period attributable to:					
Owners of the Bank					
	Profit for the period from continuing operations	7,554	1,836	15,577	9,393
	Profit for the period from discontinued operations	0	2,302	0	2,456
	Profit for the period attributable to owners of the Bank	7,554	4,138	15,577	11,849
Non-controlling interests					
	(Loss) profit for the period from continuing operations	(18)	10	(52)	28
	(Loss) profit for the period attributable to non-controlling interests	(18)	10	(52)	28
	Profit for the period	7,536	4,148	15,525	11,877

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2013

Notes

Change in equity for the six months ended 30 June 2013		Attributable to owners of the Bank						Non- controlling interests	
		Share capital	Share premium	Own shares reserve	Statutory reserve	Share- based payment reserve	Retained earnings	Total	Total
	Balance at 1 January 2013	24,000	123,898		5,053		72,120	225,071	95 225,166
	Profit for the period						15,577	15,577	(52) 15,525
12	Equity classified as liability to purchase own shares			(4,691)				(4,691)	(4,691)
12	Purchase of own shares	(500)	(4,191)	4,691				0	0
12	Recognition of equity-settled employee share-based payments					4,017		4,017	4,017
	Dividends declared						(10,080)	(10,080)	(10,080)
	Decrease in non-controlling interests due to sale of subsidiaries							0 (105)	(105)
	Balance at 30 June 2013	23,500	119,707	0	5,053	4,017	77,615	229,892	(62) 229,832
Change in equity for the six months ended 30 June 2012									
	Balance at 1 January 2012	24,000	123,898		3,781		47,952	199,631	613 200,244
	Profit for the period						11,849	11,849	28 11,877
	Decrease in non-controlling interests due to sale of subsidiaries							0 (99)	(99)
	Balance at 30 June 2012	24,000	123,898	0	3,781	0	59,801	211,480	542 212,022

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2013

Notes	2013 1.1-30.6	2012 1.1-30.6
Operating activities		
Profit for the period	15,525	11,877
Adjustments for non-cash items included in profit for the period	(23,852)	(20,748)
Changes in operating assets and liabilities	(22,980)	52,181
Interest received	21,586	25,405
Interest paid	(4,218)	(4,811)
Dividends received	425	502
Income tax paid	-	(537)
Net cash (used in) from operating activities	(13,514)	63,869
Investing activities		
Cash and cash equivalents included in net assets acquired	(19)	(3)
Proceeds of shares in equity-accounted associates	5,593	(895)
Purchase of property and equipment	(611)	(104)
Proceeds from sale of property and equipment	1,133	21
Purchase of intangible assets	(48)	(67)
Sale of subsidiaries	202	9,457
Net cash from (used in) investing activities	6,250	8,409
Financing activities		
Proceeds from new long-term debt	1,160	-
Repayment of long-term debt	(2,201)	(73,388)
Net cash used in financing activities	(1,041)	(73,388)
Net change in cash and cash equivalents	(8,305)	(1,110)
Cash and cash equivalents at the beginning of the period	32,554	13,625
Effect of exchange rate changes on cash and cash equivalents held	379	(358)
Cash and cash equivalents at 30 June	24,628	12,157
Investing and financing activities not affecting cash flows		
Sale of financial investments	-	-
Provisional amount of the bond to be issued by the Icelandic State Treasury	-	(19,198)
Bonds and debt instruments	-	19,198
Assets classified as held for sale	-	-

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2013

Notes	2013 1.1-30.6	2012 1.1-30.6
Adjustments for non-cash items included in profit for the period		
13 Net interest income	(16,997)	(18,572)
14 Net adjustments to loans and advances acquired at deep discount	(14,945)	(11,172)
14 Net impairment loss	8,694	6,439
5 Fair value change of contingent bond	(1,319)	8,198
15 Net (gain) on financial assets designated as at fair value through profit or loss	(2,907)	(3,806)
16 Net (gain) on financial assets and liabilities held for trading	(1,291)	(1,227)
Net gain on assets classified as held for sale	-	(2,484)
17 Net foreign exchange gain	(1,567)	(478)
Gain on sale of property and equipment	(277)	(16)
Gain on repossessed collateral	(601)	(130)
Depreciation and amortisation	423	361
Share of profit of equity-accounted associates, net of income tax	(1,127)	(673)
Share of profit of sale of associates	(935)	-
Recognition of equity-settled employee share-based payments	4,691	-
19 Income tax	4,121	2,277
19 Tax on liabilities of financial institutions	185	536
	(23,852)	(20,747)
Changes in operating assets and liabilities		
Change in reserve requirement with Central Bank	(3,012)	(5,544)
Change in bonds and equities	(45,166)	52,138
Change in loans and advances to financial institutions	(10,795)	37,316
Change in loans and advances to customers	4,093	11,407
Change in other assets	(5,326)	5,604
Change in assets classified as held for sale	10,151	(4,488)
Change in due to financial institutions and Central Bank	11,939	(22,476)
Change in deposits from customers	23,469	(13,900)
Change in repossessed collateral	1,889	(1,812)
Change in other liabilities	(7,061)	(7,022)
Change in liabilities associated with assets classified as held for sale	(3,161)	960
	(22,980)	52,181
Cash and cash equivalents is specified as follows:		
Cash and unrestricted balances with Central Bank	18,660	8,401
Bank accounts with financial institutions	5,968	3,755
Cash and cash equivalents at the end of the period	24,628	12,157

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

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Notes to the Condensed Consolidated Interim Financial Statements

1. Reporting entity

Landsbankinn hf. (hereinafter referred to as the "Bank" or "Landsbankinn") was founded on 7 October 2008 by the Ministry of Finance on behalf of the Icelandic State Treasury, thereby taking over part of the domestic operations of LBI hf. (formerly Landsbanki Íslands hf.).

The Bank is a limited liability company incorporated and domiciled in Iceland. The Bank operates in accordance with Act No. 161/2002 on Financial Undertakings and is licensed by the Financial Supervisory Authority in Iceland (FME) as a commercial bank. The Bank is subject to supervision of the FME in accordance with Act No. 87/1998 on Official Supervision of Financial Activities. The registered address of the Bank's office is Austurstræti 11, 155 Reykjavík.

The Condensed Consolidated Interim Financial Statements of the Bank for the six months ended 30 June 2013 include the Bank and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities"). The Group's primary lines of business are corporate and personal banking, investment banking, asset management and other related services. The Group operates solely in Iceland.

The issue of these Condensed Consolidated Interim Financial Statements was authorised by the Board of Directors and the CEO of the Bank on 29 August 2013.

2. Basis of preparation

Statement of compliance

These Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2013 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements do not include all the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2012, which are available on the Bank's website www.landsbankinn.is.

Basis of measurement

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

- Financial assets and liabilities classified as held for trading are measured at fair value;
- Financial assets and liabilities designated as at fair value through profit or loss are measured at fair value;
- Non-current assets and disposal groups classified as held for sale are measured at the lower of cost or fair value less costs to sell.

Functional and presentation currency

Items included in the financial statements of each individual Group entity are measured using the currency of the economic environment in which the respective entity operates (its functional currency). All amounts are presented in Icelandic krona (ISK), which is also the Bank's functional currency, rounded to the nearest million unless otherwise stated.

Use of estimates and judgements

The preparation of financial statements requires the 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing the Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2012.

3. Significant accounting policies

The Condensed Consolidated Interim Financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies applied by the Group in the Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31 December 2012. The accounting policies applied have been applied consistently to all periods presented.

Notes to the Condensed Consolidated Interim Financial Statements

3. Significant accounting policies (continued)

The Group has adopted IFRS 13, Fair Value Measurement, which establishes a single framework for measuring fair value of both financial and non-financial items and sets out related disclosure requirements. The adoption did not result in any significant effect on the Group's financial results.

The Group has adopted amendments to IFRS 7, Offsetting Financial Assets and Financial Liabilities, which clarifies that when an entity currently has a legally enforceable right to set-off financial assets and financial liabilities, it is required to disclose certain information about the effect or potential effect on an entity's financial position resulting from netting arrangements. The adoption did not result in any significant effect on the Group's financial results.

4. Operating segments

The business segments are presented in accordance with the internal reporting to the CEO and the Board of Directors, who are responsible for allocating resources to the reportable segments and assessing their financial performance.

The Group has four main business segments at the end of the reporting period:

- **Personal Banking** provides financial services through the Bank's branch network to individuals and to small and medium-size businesses.
- **Corporate Banking** provides financial services to large and medium-size corporate clients. It provides restructuring solutions to corporate clients who have defaulted on their loans and can be returned to viability.
- **Markets** provide brokerage services in securities, foreign currencies and derivatives, sale of securities issues, money market lending and advisory services. Markets provides a range of wealth and asset management products and services for individuals, corporations and institutional investors. Horn fjárfestingarfélag and Landsbréf, subsidiaries of the Bank, are included in Markets.
- **Treasury** incorporates unallocated capital, funding, liquidity and interbank functions for the Bank as well as management of the Group's market risk.

Support Functions comprise of Finance (excluding Treasury), Risk Management, Corporate Development & HR and Operations & IT.

Reconciliation consists of eliminations and transactions that cannot be allocated to any one segment.

Administrative expenses of the Group's Support Functions are allocated to appropriate business segments based on the underlying cost drivers. Expenses are allocated to the business units at market price level. Support Functions supply services to business units, and transactions are settled at unit prices or on an arm's-length basis; if possible, on the basis of consumption and activity.

The following table summarises each segment's financial performance as disclosed in the internal management reports on segments profit before tax. In these reports all income statement items are reported on a net basis, including the total interest income and expense. Inter-segment pricing is determined on an arm's length basis.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue during the periods from 1 January to 30 June 2013 and 2012.

Notes to the Condensed Consolidated Interim Financial Statements

4. Operating segments (continued)

	Personal Banking	Corporate Banking	Markets	Treasury	Support Functions	Recon- ciliation	Total
1 January - 30 June 2013							
Net interest income (expense)	8,706	7,473	206	1,555	(41)	(902)	16,997
Net adjustments in valuation	(3,585)	11,013	-	(139)	281	-	7,570
Net fee and commission income	1,308	407	1,386	106	(97)	(150)	2,960
Other net operating income	(579)	(743)	1,501	5,814	472	902	7,367
Total operating income (expense)	5,850	18,150	3,093	7,336	615	(150)	34,894
Operating expenses	(4,761)	(782)	(1,118)	(684)	(8,995)	150	(16,190)
Share of profit of equity-accounted associates, net of income tax	(35)	-	-	1,195	(33)	-	1,127
Profit (loss) before cost allocation and tax	1,054	17,368	1,975	7,847	(8,413)	0	19,831
Cost allocated from support functions to business segments	(3,195)	(1,364)	(590)	(400)	5,549	-	0
Profit (loss) before tax	(2,141)	16,004	1,385	7,447	(2,864)	0	19,831
Net revenue (expenses) from external customers	3,018	25,550	2,925	2,949	601	-	35,043
Net revenue (expenses) from other segments	2,832	(7,400)	168	4,387	13	-	0
Total operating income (expense)	5,850	18,150	3,093	7,336	614	0	35,043
At 30 June 2013							
Total assets	499,165	402,609	63,515	519,203	31,687	(390,085)	1,126,094
Total liabilities	443,973	321,764	56,168	432,757	31,687	(390,085)	896,264
Allocated capital	55,192	80,845	7,348	86,445	0	0	229,830

	Personal Banking	Corporate Banking	Markets	Treasury	Support Functions	Recon- ciliation	Total
1 January - 30 June 2012							
Net interest income (expense)	8,961	9,285	(77)	1,321	(478)	(439)	18,573
Net adjustments in valuation	(7,312)	257	-	(22)	132	3,480	(3,465)
Net fee and commission income	1,151	141	1,121	106	(164)	(263)	2,092
Other net operating income	(71)	487	1,364	4,342	131	107	6,360
Total operating income (expense)	2,729	10,170	2,408	5,747	(379)	2,885	23,560
Operating expenses	(3,522)	(647)	(700)	(929)	(6,446)	217	(12,027)
Share of profit of equity-accounted associates, net of income tax	267	-	-	406	-	-	673
Profit (loss) before cost allocation and tax	(526)	9,523	1,708	5,224	(6,825)	3,102	12,206
Cost allocated from support functions to business segments	(3,095)	(1,158)	(361)	(585)	5,199	-	0
Profit (loss) before tax	(3,621)	8,365	1,347	4,639	(1,626)	3,102	12,206
Net revenue (expenses) from external customers	49	19,469	2,266	(897)	(212)	-	20,675
Net revenue (expenses) from other segments	2,680	(9,299)	142	6,643	(166)	-	0
Total operating income (expense)	2,729	10,170	2,408	5,746	(378)	0	20,675
At 30 June 2012							
Total assets	489,946	435,610	21,683	490,664	40,688	(430,018)	1,048,573
Total liabilities	455,831	352,547	21,415	396,088	40,688	(430,018)	836,551
Allocated capital	34,115	83,063	268	94,576	0	0	212,022

Notes to the Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Statement of Financial Position

5. Classification and fair value of financial assets and liabilities

According to IAS 39, financial assets and liabilities must be classified into specific categories which affect how they are measured after initial recognition. Each category's basis of subsequent measurement is specified below:

- Loans and receivables, measured at amortised cost;
- Financial assets and liabilities held for trading, measured at fair value;
- Financial assets designated as at fair value through profit or loss, measured at fair value;
- Other financial liabilities, measured at amortised cost.

The following table shows the classification of the Group's financial assets and liabilities according to IAS 39 and their fair values as at 30 June 2013:

	Loans and receivables	Held for trading	Designated as at fair value	Liabilities at amortised cost	Other liabilities at fair value	Total carrying amount	Fair value
Financial assets							
Cash and balances with Central Bank	23,643	-	-	-	-	23,643	23,643
Bonds and debt instruments	112,762	133,570	32,054	-	-	278,386	278,386
Equities and equity instruments	-	3,251	30,778	-	-	34,029	34,029
Derivative instruments	-	124	-	-	-	124	124
Loans and advances to financial institutions	70,671	-	-	-	-	70,671	70,671
Loans and advances to customers	665,411	-	-	-	-	665,411	671,943
Other financial assets	9,700	-	-	-	-	9,700	9,700
Total	882,187	136,945	62,832	0	0	1,081,964	1,088,496
Financial liabilities							
Due to financial institutions and Central Bank	-	-	-	110,025	-	110,025	97,319
Deposits from customers	-	-	-	448,931	-	448,931	448,577
Derivative instruments and short positions	-	7,044	-	-	-	7,044	7,044
Secured bonds	-	-	-	297,459	-	297,459	297,459
Other financial liabilities	-	-	-	13,045	-	13,045	13,045
Total	0	7,044	0	869,460	0	876,504	863,444

The following table shows the classification of the Group's financial assets and liabilities according to IAS 39 and their fair values as at 31 December 2012:

	Loans and receivables	Held for trading	Designated as at fair value	Liabilities at amortised cost	Other liabilities at fair value	Total carrying amount	Fair value
Financial assets							
Cash and balances with Central Bank	25,898	-	-	-	-	25,898	25,898
Bonds and debt instruments	113,203	100,950	14,055	-	-	228,208	228,208
Equities and equity instruments	-	1,107	35,774	-	-	36,881	36,881
Derivative instruments	-	1,043	-	-	-	1,043	1,043
Loans and advances to financial institutions	64,349	-	-	-	-	64,349	64,349
Loans and advances to customers	666,087	-	-	-	-	666,087	674,417
Other financial assets	10,481	-	-	-	-	10,481	10,481
Total	880,018	103,100	49,829	0	0	1,032,947	1,041,277
Financial liabilities							
Due to financial institutions and Central Bank	-	-	-	98,718	-	98,718	98,718
Deposits from customers	-	-	-	421,058	-	421,058	420,856
Derivative instruments and short positions	-	9,438	-	-	-	9,438	9,438
Secured bonds	-	-	-	221,791	-	221,791	221,791
Contingent bond	-	-	-	-	87,474	87,474	87,474
Other financial liabilities	-	-	-	14,369	-	14,369	14,369
Total	0	9,438	0	755,936	87,474	852,848	852,646

Notes to the Condensed Consolidated Interim Financial Statements

5. Classification and fair value of financial assets and liabilities (continued)

The fair value of financial assets and liabilities was determined based on the same valuation methods as those described in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2012.

Fair value hierarchy

The Group has used a valuation hierarchy for disclosure of inputs to valuation used to measure fair value. Fair value measurements of financial instruments are made on the basis of the following hierarchy:

- Level 1: Quoted prices are used for assets and liabilities traded in active markets, unadjusted quoted prices are used as the measurement of fair value.
- Level 2: Valuation technique based on observable input, the most recent transaction prices in combination with generally accepted valuation methods are used to measure fair value of shares and the yield of actively traded bonds with same duration is used as a benchmark for the valuation of bonds.
- Level 3: Valuation technique based on significant non-observable input. For unlisted shares and bonds where there are no market data available various generally accepted valuation techniques are used to measure fair value. Valuation using discounted cash flow or a comparison of peer companies' multiples are the most commonly used methods to calculate fair value of unlisted shares.

The following table shows the level in the hierarchy into which the fair value of financial assets and liabilities, carried at fair value in the Consolidated Statement of Financial Position, are categorised as at 30 June 2013:

Financial assets	Level 1	Level 2	Level 3	Total
Bonds and debt instruments	101,210	54,370	10,044	165,624
Equities and equity instruments	8,924	2,157	22,948	34,029
Derivative instruments	-	124	-	124
Total	110,134	56,651	32,992	199,777
Financial liabilities				
Derivative instruments	-	727	-	727
Short positions	6,317	-	-	6,317
Total	6,317	727	0	7,044

The following table shows the level in the hierarchy into which the fair value of financial assets and liabilities, carried at fair value in the Consolidated Statement of Financial position, are categorised as at 31 December 2012:

Financial assets	Level 1	Level 2	Level 3	Total
Bonds and debt instruments	63,751	40,643	10,611	115,005
Equities and equity instruments	4,212	2,792	29,877	36,881
Derivative instruments	-	1,043	-	1,043
Total	67,963	44,478	40,488	152,929
Financial liabilities				
Derivative instruments	-	519	-	519
Short positions	8,919	-	-	8,919
Contingent bond	-	-	87,474	87,474
Total	8,919	519	87,474	96,912

During the period from 1 January to 30 June 2013 there were no transfers between Level 1, Level 2 or Level 3.

Notes to the Condensed Consolidated Interim Financial Statements

5. Classification and fair value of financial assets and liabilities (continued)

The following tables show the reconciliation of fair value measurement in Level 3 for the six months ended 30 June 2013 and for the year 2012:

	Bonds and debt instruments	Equities and equity instruments	Total financial assets	Contingent bond
1 January - 30 June 2013				
Carrying amount at 1 January 2013	10,611	29,877	40,488	(87,474)
Total gains recognised in income statement	259	1,441	1,700	6,212
Change in contingent bond - liability to purchase own shares	-	-	-	(4,691)
Purchases	-	53	53	-
Sales	(436)	(8,423)	(8,859)	-
Settlements	(390)	-	(390)	85,953
Carrying amount at 30 June 2013	10,044	22,948	32,992	0

1 January - 31 December 2012				
Carrying amount at 1 January 2012	11,603	28,259	39,862	(60,826)
Total gains (losses) recognised in income statement	462	5,061	5,523	(26,648)
Purchases	-	2,629	2,629	-
Sales	(40)	(6,281)	(6,321)	-
Settlements	(1,414)	209	(1,205)	-
Carrying amount at 31 December 2012	10,611	29,877	40,488	(87,474)

The following tables show the line items in the Consolidated Income Statement where the total gains (losses) were recognised during the six months ended 30 June 2013 and 30 June 2012, for fair value measurements in Level 3:

	Bonds and debt instruments	Equities and equity instruments	Contingent bond	Total
1 January - 30 June 2013				
Fair value change of contingent bond	-	-	1,319	1,319
Interest expense	-	-	(623)	(623)
Net gain on financial assets designated as at fair value through profit or loss	655	1,960	-	2,615
Net foreign exchange gain (loss)	(396)	(519)	5,516	4,601
Total	259	1,441	6,212	7,912

1 January - 30 June 2012				
Fair value change of contingent bond	-	-	(8,198)	(8,198)
Net gain on financial assets designated as at fair value through profit or loss	598	1,590	-	2,188
Net foreign exchange gain (loss)	(186)	(20)	-	(206)
Total	412	1,570	(8,198)	(6,216)

6. Derivative instruments and short positions

	30.6.2013			31.12.2012		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange derivatives						
Currency forwards	58,923	96	165	57,302	1,040	113
Cross-currency interest rate swaps	1,450	-	498	1,506	-	377
	60,373	96	663	58,808	1,040	490
Interest rate derivatives						
Total return swaps	3,011	6	21	4,668	3	8
	3,011	6	21	4,668	3	8
Equity derivatives						
Total return swaps	1,917	22	43	562	-	21
	1,917	22	43	562	0	21
Short positions - listed bonds	-	-	6,317	-	-	8,918
Total	65,301	124	7,044	64,038	1,043	9,438

The Group uses derivatives both for hedging and trading purposes.

Notes to the Condensed Consolidated Interim Financial Statements

7. Loans and advances to financial institutions

	30.6.2013	31.12.2012
Bank accounts with financial institutions	5,968	8,559
Money market loans	47,539	37,769
Overdrafts	5,736	7,726
Other loans	11,428	10,295
Total	70,671	64,349

8. Loans and advances to customers

	30.6.2013	31.12.2012
Public entities	11,274	11,682
Individuals	208,688	207,608
Corporations	498,512	490,827
Less: Allowance for impairment	(53,063)	(44,030)
Total	665,411	666,087

During the reporting period the Group was not permitted to sell or repledge any collateral in absence of default by the owner of the collateral.

Further disclosures on loans and advances are provided in the risk management section of the notes.

9. Other assets

	30.6.2013	31.12.2012
Unsettled securities trading	650	1,877
Receivable from LBI hf.	556	465
Other accounts receivable	3,445	3,090
Claim on LBI hf. due to court ruling	5,049	5,049
Sundry assets	6,423	3,627
Total	16,123	14,108

10. Assets classified as held for sale

Assets classified as held for sale	30.6.2013	31.12.2012
Reposessed collateral	19,735	25,221
Assets of disposal groups classified as held for sale	0	99
Total	19,735	25,320

Reposessed collateral

Reposessed collateral consists mainly of property and equipment resulting from collateral foreclosed by the Group as security for loans and advances. The Group's policy is to pursue timely realisation of the reposessed collateral in an orderly manner. The Group generally does not use the non-cash reposessed collateral for its own operations. The reposessed collateral is recognised as assets of either the Bank or its subsidiary Hömlur ehf.

Reposessed collateral	30.6.2013	31.12.2012
Carrying amount at the beginning of the period	25,221	51,711
Reposessed during the period	4,525	12,171
Disposed during the period	(9,293)	(37,979)
Impairment	(718)	(682)
Carrying amount at the end of the period	19,735	25,221

Assets of disposal groups classified as held for sale

Assets of disposal groups classified as held for sale consist of all the assets and liabilities of subsidiaries acquired by the Bank exclusively with a view to resale.

The profit (loss) for the period from discontinued operations which is presented in the Condensed Consolidated Income Statement consists only of the results of those subsidiaries acquired by the Bank exclusively with a view to resale as they meet the definition of discontinued operations in IFRS 5.

Notes to the Condensed Consolidated Interim Financial Statements

11. Secured bonds

As at 30.6.2013	Currency	Final maturity	Remaining principal	Contractual interest rate	Carrying amount
EUR Bonds	EUR	9.10.2018	913 million	EURIBOR + 1.75/2.90 %	147,464
GBP Bonds	GBP	9.10.2018	291 million	LIBOR + 1.75/2.90 %	54,965
USD Bonds	USD	9.10.2018	756 million	LIBOR + 1.75/2.90 %	93,866
Total issued bonds to LBI hf.					296,295

As at 30.6.2013	Currency	Final maturity	Remaining principal	Contractual interest rate	Carrying amount
LBANK CB 16	ISK	10.6.2016	1,160	+ 6.3 %	1,164
Total covered bonds					1,164

Secured bonds total 30.6.2013					297,459
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As at 31.12.2012	Currency	Final maturity	Remaining principal	Contractual interest rate	Carrying amount
EUR Bonds	EUR	9.10.2018	649 million	EURIBOR + 1.75/2.90 %	109,380
GBP Bonds	GBP	9.10.2018	205 million	LIBOR + 1.75/2.90 %	42,397
USD Bonds	USD	9.10.2018	548 million	LIBOR + 1.75/2.90 %	70,014
Total issued bonds to LBI hf.					221,791

Secured bonds total 31.12.2012					221,791
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Pursuant to the provisions of the settlement agreement between the Bank, LBI hf. and the Icelandic State of 15 December 2009, the Bank issued the Contingent Bond to LBI hf. as Secured Bonds on 11 April 2013, the Secured Bonds being an additional consideration for the assets and liabilities transferred from LBI hf. to the Bank on 9 October 2008. The value of the bonds was contingent on the excess fair value of certain pools of assets as at 31 December 2012 over the future value of their acquisition price as at 9 October 2008, subject to specified adjustments.

On 12 October 2010 the Bank and LBI hf. signed a pledge agreement according to which the Bank pledged certain pools of loans to customers as collateral for Secured Bonds issued on 12 October 2010. The Bank must maintain a minimum cover ratio of 124.7% for the Secured Bonds. In addition, the Bank's original liability classified as Contingent Bond was issued as Secured Bonds on 11 April 2013 and on 10 June 2013 the Bank issued the Covered Bonds. Additional pledges of collateral were made in relation to these latest bond issues. See further details of the encumbered assets in Note 21.

The third-party valuation agent Deloitte UK LLP concluded its valuation of the specified assets in relation to the Contingent Bond, with the result that the Contingent Bond has been issued as Secured Bonds in the equivalent amount of ISK 92,000 million (ceiling amount), denominated in EUR (50%), USD (30%) and GBP (20%). LBI hf. has in return surrendered its entire holding in Landsbankinn to the Icelandic State and Landsbankinn.

During the first quarter of 2013 the Bank made a mandatory early redemption amount of ISK 2,201 million, due to a clause on Asset Disposition. The Bank shall redeem such part of the principal amount of the bonds as is equal to 50% of excess disposal amounts in regards to asset dispositions, subject to a maximum redemption amount.

On 10 June 2013 Landsbankinn issued its first series of covered bonds, LBANK CB 16 in the amount of ISK 1,220 million, the total size limit being ISK 10,000 million. The bonds are non-indexed with a 3 year fixed interest rate of 6.3%. The Bank simultaneously lowered its interest rates on non-indexed housing mortgages with a 3 year fixed interest rate from 7.5% to 7.3%. The covered bonds issue provides additional financing for the Bank's housing loan portfolio and reduces the Bank's fixed interest risk. Of the total issue of ISK 1,220 million ISK 1,160 million was sold to investors in the market. The remaining amount will be used for market making purposes in connection with listing of the bonds on NASDAQ OMX Iceland. Additional pledges of collateral were made in relation to the bond issue as explained in Note 21.

Notes to the Condensed Consolidated Interim Financial Statements

12. Equity

On 11 April 2013 LBI hf. surrendered all its shareholding in Landsbankinn, resulting in the Icelandic State holding 98% of the shares issued by Landsbankinn and the Bank holding 2% of its own shares (i.e. 500 million shares). The Bank received the shares from LBI hf. with the obligation to allocate them to employees. The shareholders' meeting of the Bank, which was held on 17 July 2013, approved the allocation of the shares to the employees, who will receive around 1% of the shares, with the remaining shares being retained by the Bank for settlement of the tax obligations of its employees and salaries related expenses. In addition, employees are obliged to comply with specific requirements for the sale of the shares.

The Bank recognised the receipt of the 500 million own shares in equity as "Purchase of own shares" in the second quarter of 2013. However, in the first quarter of 2013 the Bank had already recognised its obligation to allocate the shares to its employees as equity-settled share-based payments. Thus, the Bank recognised in the first quarter of 2013 ISK 4,017 million as salary expenses in the income statement, with a corresponding amount recognised in equity as "Equity-settled employee share-based payments." In addition, the Bank recognised in the first quarter of 2013 ISK 674 million as salary related expenses in the income statement, with a corresponding amount recognised as a payable among other liabilities in the balance sheet. The employee share-based payments recognised in the financial statements are based on the allocation of the shares as decided by the shareholders' meeting of Landsbankinn, which was held on 17 July 2013.

Notes to the Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Income Statement

13. Net interest income

	2013 1.4-30.6	2012 1.4-30.6	2013 1.1-30.6	2012 1.1-30.6
Interest income				
Cash and balances with Central Bank	296	248	629	386
Bonds and debt instruments classified as loans and receivables	1,375	1,156	2,747	2,234
Loans and advances to financial institutions	143	180	366	359
Loans and advances to customers	11,702	15,816	27,456	31,176
Other interest income	195	906	428	920
Total	13,711	18,306	31,626	35,075
Interest expense				
Due to financial institutions and Central Bank	(770)	(497)	(1,448)	(935)
Deposits from customers	(3,502)	(4,721)	(8,581)	(9,160)
Secured bonds	(2,316)	(3,047)	(4,585)	(6,342)
Other interest expense	(5)	(21)	(15)	(65)
Total	(6,593)	(8,286)	(14,629)	(16,502)
Net interest income	7,118	10,020	16,997	18,573
Interest spread (as the annualised ratio of net interest income to the average carrying amount of total assets during the period).	2.6%	3.6%	3.1%	3.3%
Adjusted interest spread (as the annualised ratio of net interest income after net adjustments in valuation to the average carrying amount of total assets during the period).	3.8%	2.2%	4.5%	2.7%

All the interest income and interest expense disclosed above is from financial assets and financial liabilities that are not carried at fair value through profit or loss.

14. Net valuation change in loans and advances

	2013 1.4-30.6	2012 1.4-30.6	2013 1.1-30.6	2012 1.1-30.6
Net adjustments to loans and advances acquired at deep discount	11,352	3,610	14,945	11,172
Net impairment loss	(8,035)	(5,151)	(8,694)	(6,439)
Total	3,317	(1,541)	6,251	4,733
Individuals	(954)	357	(1,106)	(899)
Corporations	4,271	(1,898)	7,357	5,632
Total	3,317	(1,541)	6,251	4,733

15. Net gain on financial assets designated as at fair value through profit or loss

	2013 1.4-30.6	2012 1.4-30.6	2013 1.1-30.6	2012 1.1-30.6
Bonds and debt instruments	621	580	936	622
Equities and equity instruments	(246)	849	1,971	3,184
Total	375	1,429	2,907	3,806

16. Net gain on financial assets and liabilities held for trading

	2013 1.4-30.6	2012 1.4-30.6	2013 1.1-30.6	2012 1.1-30.6
Bonds and debt instruments	729	178	1,346	1,239
Equities and equity instruments	11	(103)	194	103
Derivative instruments	(29)	37	(249)	(115)
Total	711	112	1,291	1,227

Notes to the Condensed Consolidated Interim Financial Statements

17. Net foreign exchange gain (loss)

	2013 1.4-30.6	2012 1.4-30.6	2013 1.1-30.6	2012 1.1-30.6
Assets				
Cash and balances with Central Bank	(14)	(60)	(85)	(1)
Bonds and debt instruments	(215)	(1,401)	(5,767)	2,270
Equities and equity instruments	71	(988)	(884)	92
Derivative instruments	1,180	(713)	708	910
Loans and advances to financial institutions	823	(5,943)	(1,789)	152
Loans and advances to customers	1,101	(7,626)	(11,235)	720
Other assets	120	1,098	(24)	1,154
Total	3,066	(15,633)	(19,076)	5,297
Liabilities				
Due to financial institutions and Central Bank	(72)	587	888	(515)
Deposits from customers	(474)	2,538	3,527	(895)
Secured bonds	(1,777)	11,226	11,253	(3,052)
Contingent bond	(727)	1	4,596	1
Total	(3,050)	14,353	20,264	(4,461)
Net foreign exchange gain (loss)	16	(1,280)	1,188	836

The foreign exchange differences which were recognised during the period 1 January to 30 June 2013 in the Condensed Consolidated Income Statement and arose on financial instruments not measured at fair value through profit or loss, amounted to a ISK 13,133 million loss for financial assets (1.1-30.6.2012: gain of ISK 2,025 million) and gain of ISK 15,668 million for financial liabilities (1.1-30.6.2012: loss of ISK 4,461 million).

18. Salaries and related expenses

	2013 1.4-30.6	2012 1.4-30.6	2013 1.1-30.6	2012 1.1-30.6
Salaries	2,340	2,625	4,776	5,186
Contributions to defined contribution pension plans	340	340	670	653
Social security contributions, special financial activities tax on salaries and other expenses	442	399	849	757
Total	3,122	3,364	6,295	6,596
Recognition of equity-settled employee share-based salaries	-	-	4,017	-
Recognition of equity-settled employee share-based social security contributions and special financial activities tax on salaries	-	-	674	-
Total equity-settled employee share-based payments*	0	0	4,691	0
Total Salaries and related expenses	3,122	3,364	10,986	6,596

* Further details on recognition of equity-settled employee share-based payments can be seen in Note 12.

19. Income tax

Income tax is recognised based on the tax rates and tax laws enacted by the end of the year, according to which the domestic corporate income tax rate was 20.0% (2012: 20.0%). Special income tax on financial institutions at a rate of 6% on income tax base exceeding ISK 1,000 million in accordance with Act No. 165/2011 on Financial Activity Tax.

Income tax recognised in the income statement is specified as follows:

	2013 1.1-30.6	2012 1.1-30.6
Current tax expense	(3,174)	(613)
Deferred tax expense	(947)	(1,664)
Total	(4,121)	(2,277)

The tax on Group profits differs to the following extent from the amount that would theoretically arise by the domestic corporate income tax rate:

	1.1-30.6.2013	1.1-30.6.2012
Profit before tax	19,831	12,206
Tax on liabilities of financial institutions	(185)	(536)
Profit before income tax	19,646	11,670
Income tax calculated using the domestic corporate income tax rate	20.0% (3,929)	20.0% (2,334)
Special income tax on financial institutions	3.2% (635)	4.3% (502)
Income not subject to tax	(1.7%) 336	(5.3%) 620
Non-deductable expenses	0.3% (50)	1.1% (123)
Other	(0.8%) 157	(0.5%) 62
Effective income tax	21.0% (4,121)	19.6% (2,277)

Notes to the Condensed Consolidated Interim Financial Statements

Other notes

20. Litigation

The Group is exposed to litigations that arise from time to time in the ordinary course of business. The current litigations are expected to have immaterial effect on the Group's financial position.

In January 2013 a client of the Bank commenced litigation against the Bank claiming acknowledgement by the Court that he is not legally bound by a clause on consumer price index in a bond issued by himself to the Bank, alternatively that the Court confirms that the Bank is not entitled to revalue the principal amount of the bond on a monthly basis according to the consumer price index. Furthermore, the client claims confirmation by the Court that he is not legally bound by a clause in the same bond regarding the issuer's duty to pay a settlement fee. The client claims that the bond's clauses are illegal according to the Securities Transaction Act No. 108/2007 and EU Directive No. 2004/39/EB. The Bank will submit its defence and it is foreseeable that the case will be heard before the District Court of Reykjavík in the year 2013.

Following the rulings of the Supreme Court of Iceland in 2012, on interest calculations of loans illegally indexed to foreign currencies, the Bank has recalculated loans which the Bank presumes fall under the precedent of the rulings. The original method under Act No. 151/2010 on retroactive recalculations of interest payments, based on ISK interest rates determined by the Central Bank of Iceland, was ruled illegitimate in the specified circumstances, inter alia, as the lender had issued ultimate interest payment receipts. On 30 May 2013 the Supreme Court ruled, in case No. 50/2013 between the Bank and one of its clients, on recalculation of interest payments of a vehicle loan indexed to foreign currencies. The Supreme Court ruling in this case confirmed the precedent of the Court's previous rulings from 2012. Following this ruling the Bank commenced work on new recalculations of loans which fall under the precedent of the Court's ruling. Further Supreme Court rulings in the coming months are expected to provide further clarification on this issue.

21. Encumbered assets

At 30 June 2013	Collateral pledged against			Un- encumbered	Total
	Covered Bonds	Issued to LBI hf.	Other*		
Cash and balances with Central Bank	-	-	-	23,643	23,643
Bonds and debt instruments	-	54,335	14,763	209,288	278,386
Equities and equity instruments	-	-	-	34,029	34,029
Derivative instruments	-	-	-	124	124
Loans and advances to financial institutions	-	-	9,677	60,994	70,671
Loans and advances to customers	1,471	376,712	-	287,228	665,411
Investments in equity-accounted associates	-	-	-	11,989	11,989
Property and equipment	-	-	-	5,534	5,534
Intangible assets	-	-	-	449	449
Other assets	-	-	-	16,123	16,123
Assets classified as held for sale	-	-	-	19,735	19,735
Total	1,471	431,047	24,440	669,136	1,126,094

Notes to the Condensed Consolidated Interim Financial Statements

21. Encumbered assets (continued)

At 31 December 2012	Collateral pledged against		Un- encumbered	Total
	Issued to LBI hf.	Other*		
Cash and balances with Central Bank	-	-	25,898	25,898
Bonds and debt instruments	-	17,821	210,387	228,208
Equities and equity instruments	-	-	36,881	36,881
Derivative instruments	-	-	1,043	1,043
Loans and advances to financial institutions	-	8,091	56,258	64,349
Loans and advances to customers	319,240	-	346,847	666,087
Investments in equity-accounted associates	-	-	15,528	15,528
Property and equipment	-	-	6,776	6,776
Intangible assets	-	-	541	541
Deferred tax assets	-	-	48	48
Other assets	-	-	14,108	14,108
Assets classified as held for sale	-	-	25,320	25,320
Total	319,240	25,912	739,635	1,084,787

*Other represents assets pledged as collateral to the Central Bank of Iceland to secure settlement in the Icelandic clearing systems, assets pledged as collateral to secure trading lines and credit support for ISDA master agreements and other pledges of similar nature.

22. Related party transactions

(a) Transactions with the Icelandic government and government-related entities

The Group's products and services are offered to the Icelandic government and government related entities in competition with other vendors and under generally accepted commercial terms. In a similar manner, the Bank and other Group entities purchase products and services from government related entities at market price and otherwise under generally accepted commercial terms. The nature and outstanding amounts receivable from public entities are disclosed in Note 26.

(b) Transactions with other related parties

Following the change in ownership of the Bank on 11 April 2013 and LBI hf. surrendered its holding in Landsbankinn, as described in Note 12, LBI hf. no longer meets the definition of a related party under IAS 24. The deposits from LBI hf. as at 31 December 2012 amounted to ISK 43,807 million and during the period from 1 January to 30 June 2012 the Bank recognised ISK 124 million from administrative services provided to LBI hf. based on a service level agreement.

The following table presents the total amounts of loans to key management personnel and parties related to them and loans to associates of the Group:

	2013		2012	
	Balance at 30 June	Highest amount outstanding during the period	Balance at 31 December	Highest amount outstanding during the period
Loans in ISK million				
Key management personnel	122	131	108	237
Parties related to key management personnel	133	223	176	333
Associates	48,363	61,198	44,544	72,677
Total	48,618	61,552	44,828	73,247

No specific allowance for impairment was recognised in respect of these loans.

No pledges or commitments have been given or received in respect of these transactions in the period. There are no leasing transactions between related parties in the period.

Notes to the Condensed Consolidated Interim Financial Statements

22. Related party transactions (continued)

(b) Transactions with other related parties (continued)

The following table presents the total amounts of deposits received from key management personnel and parties related to them and associates of the Group:

	2013		2012	
	Balance at 30 June	Highest amount outstanding during the period	Balance at 31 December	Highest amount outstanding during the period
Deposits in ISK million				
Key management personnel	50	116	112	168
Parties related to key management personnel	41	116	56	166
Associates	11,865	17,653	18,432	36,667
Total	11,956	17,885	18,600	37,001

The following table presents the total amount of guarantees to key management personnel and parties related to them and associates of the Group:

	Balance at 30 June 2013	Balance at 31 December 2012
Guarantees in ISK million		
Associates	187	507
Total	187	507

All of the above transactions were made in the ordinary course of business and substantially the same terms, including interest rates and collaterals, as those prevailing at the time for comparable transactions with the third party counterparties.

23. Events after the reporting period

The main events after the reporting period are as follows:

The shareholders' meeting of the Bank, which was held on 17 July 2013, approved the allocation of its own shares of 2% (i.e. 500 million shares). Employees will receive around 1% of the shares, with the remaining shares being retained by the Bank for settlement of the tax obligations of its employees and salaries related expenses. In addition, employees are obliged to comply with specific requirements for the sale of the shares.

Notes to the Condensed Consolidated Interim Financial Statements

Capital management

24. Capital management

According to the EU Capital Requirements Directive the regulatory minimum capital requirement under Pillar I is 8% of risk weighted assets. The FME requires the Group to maintain a minimum core Tier 1 capital ratio of 12% unless revised by FME. In the latest Supervisory Review and Evaluation Process (SREP), based on year end 2011, the FME determined the Capital Adequacy Ratio to be at 19.5%, mainly because of uncertainty regarding currency loans. The Capital Adequacy Ratio is determined by the Group's calculation of its solvency need (ICAAP report) and SREP by the FME which is performed each year.

25. Capital base and capital adequacy ratio

The Group's equity at 30 June 2013 amounted to ISK 229,830 million (31.12.2012: ISK 225,166 million), equivalent to 20.4% (31.12.2012: 20.8%) of total assets, according to the Condensed Consolidated Statement of Financial Position. The Capital Adequacy Ratio, calculated in accordance with Article 84 of Act No. 161/2002 on Financial Undertakings, was 25.9% at 30 June 2013 (31.12.2012: 25.1%). According to the Act, this ratio may not fall below 8%.

	30.6.2013	31.12.2012
Capital base		
Share capital	23,500	24,000
Share premium	119,707	123,898
Reserves	9,070	5,053
Retained earnings	77,615	72,120
Non-controlling interests	(62)	95
Total equity	229,830	225,166
Intangible assets	(449)	(541)
Deferred tax assets	-	(48)
Tier 1 capital	229,381	224,577
Deduction from original and additional own funds	(3,593)	(3,815)
Capital base	225,788	220,762
Risk-weighted assets		
Credit risk	669,829	679,516
Market risk	100,538	98,486
Operational risk*	101,393	101,393
Total risk-weighted assets	871,760	879,395
Tier 1 capital ratio	26.3%	25.5%
Capital adequacy ratio	25.9%	25.1%

* The amounts are updated on a yearly basis.

Notes to the Condensed Consolidated Interim Financial Statements

26. Maximum exposure to credit risk and concentration by industry sectors

The following tables show the Group's maximum credit risk exposure at 30 June 2013 and 31 December 2012. For on-balance sheet assets, the exposures set out below are based on net carrying amounts as reported in the statement of financial position. Off-balance sheet amounts in the tables below are the maximum amounts the Group might have to pay for guarantees, loan commitments in their full amount, and undrawn overdraft and credit card facilities.

The Group uses the ISAT 08 industry classification for corporate customers.

	Corporations												Carrying amount
	Financial institutions	Public entities*	Individuals	Fisheries	Construction and real estate companies	Services	Retail	Holding companies	Manufacturing	Agriculture	ITC**	Other	
At 30 June 2013													
Cash and balances with Central Bank	-	23,643	-	-	-	-	-	-	-	-	-	-	23,643
Bonds and debt instruments	865	244,861	-	-	19,722	-	-	9,173	-	-	-	3,765	278,386
Derivative instruments	96	-	2	-	-	-	-	-	-	-	-	26	124
Loans and advances to financial institutions	70,671	-	-	-	-	-	-	-	-	-	-	-	70,671
Loans and advances to customers	-	11,074	192,740	133,694	117,262	42,839	39,613	68,736	25,039	11,828	19,347	3,239	665,411
Other financial assets	6,335	285	695	21	1,410	851	10	-	4	13	2	74	9,700
Total on-balance sheet exposure	77,967	279,863	193,437	133,715	138,394	43,690	39,623	77,909	25,043	11,841	19,349	7,104	1,047,935
Off-balance sheet exposure	3,352	16,271	24,659	11,313	20,308	14,269	9,798	913	2,942	1,610	2,934	654	109,023
Financial guarantees and underwriting commitments	-	155	522	1,398	4,142	5,716	1,018	34	871	39	742	43	14,680
Undrawn loan commitments	600	9,829	-	7,966	14,426	232	3,769	38	418	1,236	899	431	39,844
Undrawn overdraft/credit card facilities	2,752	6,287	24,137	1,949	1,740	8,321	5,011	841	1,653	335	1,293	180	54,499
Maximum exposure to credit risk	81,319	296,134	218,096	145,028	158,702	57,959	49,421	78,822	27,985	13,451	22,283	7,758	1,156,958
Percentage of carrying amount	7.0%	25.6%	18.9%	12.5%	13.7%	5.0%	4.3%	6.8%	2.4%	1.2%	1.9%	0.7%	100%

* Public entities consist of central government, state-owned enterprises, Central Bank and municipalities.

** ITC consists of corporations in the information, technology and communication industry sectors.

Notes to the Condensed Consolidated Interim Financial Statements

26. Maximum exposure to credit risk and concentration by industry sectors (continued)

	Corporations												Carrying amount
	Financial institutions	Public entities*	Individuals	Fisheries	Construction and real estate companies	Services	Retail	Holding companies	Manu- facturing	Agriculture	ITC**	Other	
At 31 December 2012													
Cash and balances with Central Bank	-	25,898	-	-	-	-	-	-	-	-	-	-	25,898
Bonds and debt instruments	9,528	216,935	-	-	3	-	-	397	352	-	-	993	228,208
Derivative instruments	1,039	-	-	-	-	-	-	-	-	-	-	4	1,043
Loans and advances to financial institutions	64,349	-	-	-	-	-	-	-	-	-	-	-	64,349
Loans and advances to customers	-	11,576	195,047	142,952	104,928	52,700	42,019	60,009	25,665	10,199	19,413	1,579	666,087
Other financial assets	8,106	276	600	11	300	587	-	-	253	-	2	346	10,481
Total on-balance sheet exposure	83,022	254,685	195,647	142,963	105,231	53,287	42,019	60,406	26,270	10,199	19,415	2,922	996,066
Off-balance sheet exposure	4,054	14,215	28,146	14,374	30,797	11,465	8,612	1,147	2,361	1,049	2,496	46	118,762
Financial guarantees and underwriting commitments	-	95	463	1,731	23,149	2,123	1,685	208	584	39	552	35	30,664
Undrawn loan commitments	1,500	9,022	22	10,592	5,628	2,122	1,948	278	194	701	901	-	32,908
Undrawn overdraft/credit card facilities	2,554	5,098	27,661	2,051	2,020	7,220	4,979	661	1,583	309	1,043	11	55,190
Maximum exposure to credit risk	87,076	268,900	223,793	157,337	136,028	64,752	50,631	61,553	28,631	11,248	21,911	2,968	1,114,828
Percentage of carrying amount	7.8%	24.1%	20.1%	14.1%	12.2%	5.8%	4.5%	5.5%	2.6%	1.0%	2.0%	0.3%	100%

* Public entities consist of central government, state-owned enterprises, Central Bank and municipalities.

** ITC consists of corporations in the information, technology and communication industry sectors.

Notes to the Condensed Consolidated Interim Financial Statements

27. Collaterals and loan-to-value by industry sectors

The loan-to-value (LTV) ratio expresses the maximum exposure of credit risk (carrying amount of loans and off-balance sheet items) as a percentage of the total appraised value of collateral. Loan to value is one of the key risk factors that is assessed when qualifying borrowers for a loan. The risk of default is always at the forefront of lending decisions, and the likelihood of a lender absorbing a loss in the foreclosure process increases as the collateral value decreases. A high LTV indicates that there is less cushion to protect against pricefalls or increases in the loan if repayments are not made and interest is added to the outstanding balance.

	LTV Ratio - Fully collateralised					LTV Ratio - Partially collateralised		Without Collaterals*	Allowance for impairment	Maximum exposure to credit risk
	0% - 25%	25% - 50%	50% - 75%	75% - 100%	Total	>100%	Collateral value			
At 30 June 2013										
Financial institutions	-	-	-	-	-	2	1	74.021	-	74.023
Public entities	27	60	224	582	893	5.876	652	20.776	200	27.345
Individuals	1.714	6.751	12.321	26.391	47.177	129.670	86.453	56.500	15.954	217.393
Corporations										
Fisheries	942	16.746	15.690	26.369	59.747	84.024	61.505	8.510	7.278	145.003
Construction and real estate companies	461	2.598	1.932	10.003	14.994	116.722	58.827	15.999	10.149	137.566
Holding companies	503	804	1.459	2.284	5.050	53.208	37.365	16.696	5.286	69.669
Retail	72	1.098	2.039	4.109	7.318	39.576	17.075	8.737	6.220	49.410
Services	239	710	2.356	3.546	6.851	34.647	17.943	20.618	5.009	57.107
Information, technology and communication	11	34	63	90	198	18.383	7.781	4.217	516	22.281
Manufacturing	67	308	556	1.687	2.618	23.768	13.527	3.033	1.438	27.981
Agriculture	59	206	348	616	1.229	11.322	5.204	1.725	839	13.437
Other	2	-	-	-	2	2	1	4.061	174	3.890
Total	4.097	29.315	36.988	75.677	146.077	517.200	306.334	234.893	53.063	845.105
At 31 December 2012**										
Financial institutions	-	-	-	-	-	-	-	68.404	-	68.404
Public entities	21	37	146	88	292	5.527	1.295	20.079	107	25.791
Individuals	5.967	10.099	13.137	16.648	45.851	118.312	76.849	71.591	12.560	223.194
Corporations										
Fisheries	1.212	5.295	26.891	22.530	55.929	84.757	65.015	23.165	6.525	157.326
Construction and real estate companies	323	1.854	3.204	9.428	14.809	107.421	53.899	21.125	7.630	135.725
Holding companies	518	210	1.345	2.514	4.587	55.948	36.049	6.848	6.226	61.157
Retail	262	1.058	2.115	1.758	5.193	33.273	16.544	17.696	5.530	50.632
Services	874	883	11.666	1.721	15.144	32.602	17.051	19.635	3.217	64.164
Information, technology and communication	22	30	57	25	134	16.944	7.785	5.186	357	21.907
Manufacturing	93	363	951	1.317	2.725	17.872	11.942	8.567	1.138	28.026
Agriculture	409	277	608	149	1.444	7.202	4.648	3.150	547	11.249
Other	2	-	41	-	43	579	305	1.195	193	1.624
Total	9.703	20.107	60.161	56.178	146.151	480.437	291.382	266.641	44.030	849.199

*Credit card loans and overdraft on debit cards are assumed to be without collateral. If LTV is less than 100% the loan is considered fully secured. If LTV is greater than 100% the loan is partially collateralised and the respective collateral value is shown in the table.

**The comparative amounts have been restated due to an error in the year-end 2012 amounts previously disclosed. The amounts in this table are only of informative nature and do therefore not have any effect on the amounts reported by the Group in the income statement or statement of financial position.

Notes to the Condensed Consolidated Interim Financial Statements

28. Collateral types

The following tables shows the collaterals used to mitigate credit risk.

At 30 June 2013	Real Estate	Vessels	Deposits	Securities	Other*	Total
Public entities	1,650	-	28	-	89	1,767
Individuals	125,952	204	1,006	2,390	11,643	141,195
Corporates						
Fisheries	6,922	117,858	181	6,807	13,760	145,528
Construction and real estate companies	78,998	201	1,083	372	2,021	82,675
Holding companies	5,333	-	175	35,926	5,586	47,020
Retail	11,028	8	315	1,501	13,231	26,083
Services	17,352	675	394	1,332	6,451	26,204
ITC	315	-	38	1,704	5,984	8,041
Manufacturing	8,120	273	300	5,813	2,955	17,461
Agriculture	3,890	15	6	-	2,774	6,685
Other	3	-	-	-	1	4
Total	259,563	119,234	3,526	55,845	64,495	502,663

At 31 December 2012**	Real Estate	Vessels	Deposits	Securities	Other*	Total
Public entities	1,575	-	32	-	87	1,694
Individuals	106,722	23	2,339	2,438	11,178	122,700
Corporates						
Fisheries	5,395	112,632	136	2,564	13,754	134,481
Construction and real estate companies	77,958	-	1,162	340	1,979	81,439
Holding companies	4,751	-	210	27,304	5,574	37,839
Retail	11,515	-	219	627	13,416	25,777
Services	30,372	430	866	2,678	5,780	40,126
ITC	756	8	125	1,843	5,980	8,712
Manufacturing	7,179	-	385	5,409	2,946	15,919
Agriculture	3,203	-	4	-	2,774	5,981
Other	262	-	1	-	1	264
Total	249,688	113,093	5,479	43,203	63,469	474,932

*Other includes collaterals like financial claims, invoices, liquid assets, vehicles, machines, aircrafts and inventories.

**The comparative amounts have been restated due to an error in the year-end 2012 amounts previously disclosed. The amounts in this table are only of informative nature and do therefore not have any effect on the amounts reported by the Group in the income statement or statement of financial position.

Notes to the Condensed Consolidated Interim Financial Statements

29. Loans and advances credit monitoring

The following tables shows the credit risk monitoring split on colour classification.

Industry sectors as at 30 June 2013	Green	Yellow	Orange	Red	Carrying amount
Financial institutions	70,671	-	-	-	70,671
Public entities	10,447	549	78	1	11,075
Individuals	157,206	6,924	14,121	14,484	192,735
Corporations					
Fisheries	90,863	29,807	6,706	6,314	133,690
Construction and real estate companies	77,781	14,604	16,395	8,478	117,258
Holding companies	44,242	12,720	10,055	1,738	68,755
Retail	16,959	16,985	3,090	2,577	39,611
Services	25,913	9,319	4,299	3,306	42,837
Information, technology and communication	18,488	447	320	92	19,347
Manufacturing	17,774	2,901	1,853	2,510	25,038
Agriculture	10,323	885	409	210	11,827
Other	2,905	275	57	1	3,238
Total	543,572	95,416	57,383	39,711	736,082

Industry sectors as at 31 December 2012	Green	Yellow	Orange	Red	Carrying amount
Financial institutions	64,349	-	-	-	64,349
Public entities	10,849	571	152	4	11,576
Individuals	149,615	9,641	19,010	16,781	195,047
Corporations					
Fisheries	102,319	29,130	3,006	8,497	142,952
Construction and real estate companies	55,038	16,190	18,318	15,382	104,928
Holding companies	32,668	10,867	8,028	8,446	60,009
Retail	18,643	16,075	2,470	4,831	42,019
Services	34,944	5,389	6,096	6,271	52,700
Information, technology and communication	18,853	192	202	166	19,413
Manufacturing	18,037	3,044	1,505	3,079	25,665
Agriculture	8,624	952	187	436	10,199
Other	346	657	471	105	1,579
Total	514,285	92,708	59,445	63,998	730,436

30. Credit quality of financial assets

	Gross carrying amount				Allowance for impairment	Carrying amount
	Neither past due nor individually impaired	Past due but not individually impaired	Individually impaired	Total		
At 30 June 2013						
Cash and balances with Central Bank	23,643	-	-	23,643	-	23,643
Bonds and debt instruments	269,157	9,229	-	278,386	-	278,386
Derivative instruments	124	-	-	124	-	124
Loans and advances to financial institutions	70,671	-	-	70,671	-	70,671
Loans and advances to customers	466,918	71,533	180,023	718,474	(53,063)	665,411
Other financial assets	9,700	-	-	9,700	-	9,700
Total	840,213	80,762	180,023	1,100,998	(53,063)	1,047,935
At 31 December 2012						
Cash and balances with Central Bank	25,898	-	-	25,898	-	25,898
Bonds and debt instruments	219,009	9,199	-	228,208	-	228,208
Derivative instruments	1,043	-	-	1,043	-	1,043
Loans and advances to financial institutions	64,349	-	-	64,349	-	64,349
Loans and advances to customers	450,885	60,078	199,154	710,117	(44,030)	666,087
Other financial assets	10,481	-	-	10,481	-	10,481
Total	771,665	69,277	199,154	1,040,096	(44,030)	996,066

The allowance for impairment includes both the allowance for individual impairment and the allowance for collective impairment.

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31. Loans and advances neither past due nor individually impaired

The following tables show the credit quality, measured by rating grade, of loans and advances neither past due nor individually impaired.

At 30 June 2013	Rating grades					Total
	10-7	6-4	3-1	0*	Unrated	
Financial institutions	64,209	6,462	-	-	-	70,671
Public entities	6,351	771	10	-	18	7,150
Individuals	6,674	106,680	24,733	495	4,705	143,287
Corporations						
Fisheries	8,251	46,880	16,460	905	-	72,496
Construction and real estate companies	-	62,079	30,581	162	22	92,844
Holding companies	-	23,946	24,706	6	26	48,684
Retail	-	13,397	17,262	420	34	31,113
Services	713	21,645	7,953	55	261	30,627
Information, technology and communication	12	13,231	647	1	-	13,891
Manufacturing	-	16,271	2,126	114	375	18,886
Agriculture	215	3,451	948	4	7	4,625
Other	-	1,926	265	-	1,124	3,315
Total	86,425	316,739	125,691	2,162	6,572	537,589

At 31 December 2012						
Financial institutions	64,349	-	-	-	-	64,349
Public entities	2,357	73	4,866	10	88	7,394
Individuals	11,266	97,272	21,276	3,968	5,987	139,769
Corporations						
Fisheries	391	31,227	47,886	3,442	19	82,965
Construction and real estate companies	-	41,960	20,039	7,129	248	69,376
Holding companies	-	23,468	13,203	1,174	477	38,322
Retail	-	26,667	2,775	223	248	29,913
Services	10,884	18,201	11,454	1,131	488	42,158
Information, technology and communication	-	239	13,724	30	26	14,019
Manufacturing	54	4,872	16,337	230	154	21,647
Agriculture	2	914	3,138	72	30	4,156
Other	-	534	3	-	630	1,166
Total	89,303	245,427	154,701	17,409	8,395	515,234

*Due to the accounting policies, loans and advances acquired at deep discount are not impaired even though the Group considers the obligor likely not to meet its obligations. Hence such loans can be defaulted but neither past due nor individually impaired.

32. Loans and advances past due but not individually impaired

The following table shows the gross carrying amount of loans and advances to financial institutions and customers that have failed to make payments which had become contractually due by one or more days.

At 30 June 2013	Past due 1-5 days	Past due 6-30 days	Past due 31 - 60 days	Past due 61 - 90 days	Past due over 90 days	Gross carrying amount
Public entities	-	259	-	-	35	294
Individuals	4,111	10,530	3,552	1,930	8,807	28,930
Corporations	4,950	5,703	7,827	2,000	21,829	42,309
Total	9,061	16,492	11,379	3,930	30,671	71,533

At 31 December 2012						
Public entities	-	2	1	-	19	22
Individuals	115	7,545	3,156	1,487	11,450	23,753
Corporations	1,052	4,570	2,134	1,262	27,285	36,303
Total	1,167	12,117	5,291	2,749	38,754	60,078

33. Loans and advances by industry sectors

	Gross carrying amount	Gross not individually impaired	Collective allowance	Individually impaired				Carrying amount
				Of which performing		Of which non-performing*		
				Gross carrying amount	Individual allowance	Gross carrying amount	Individual allowance	
At 30 June 2013								
Financial institutions	70,671	70,671	-	-	-	-	-	70,671
Public entities	11,274	7,445	105	3,712	88	117	7	11,074
Individuals	208,688	172,216	2,924	24,151	6,515	12,322	6,516	192,734
Corporations								
Fisheries	140,968	82,121	2,215	57,013	3,782	1,834	1,281	133,690
Construction and real estate companies	127,407	106,906	4,146	15,328	3,133	5,173	2,870	117,258
Holding companies	74,041	51,374	1,900	19,757	829	2,909	2,558	68,755
Retail	45,831	36,184	1,354	7,170	3,115	2,478	1,752	39,611
Services	47,847	36,463	1,295	9,034	2,161	2,350	1,553	42,838
Information, technology and communication	19,862	14,311	338	5,455	107	97	71	19,347
Manufacturing	26,476	23,077	502	3,058	763	342	173	25,038
Agriculture	12,666	4,951	139	7,215	271	501	428	11,827
Other	3,411	3,403	166	-	-	7	6	3,238
Total	789,142	609,122	15,084	151,893	20,764	28,130	17,215	736,081

	Gross carrying amount	Gross not individually impaired	Collective allowance	Individually impaired				Carrying amount
				Of which performing		Of which non-performing*		
				Gross carrying amount	Individual allowance	Gross carrying amount	Individual allowance	
At 31 December 2012								
Financial institutions	64,349	64,349	-	-	-	-	-	64,349
Public entities	11,682	7,794	44	3,768	51	120	11	11,576
Individuals	207,608	167,667	2,632	25,984	3,549	13,956	6,379	195,047
Corporations								
Fisheries	149,477	89,405	2,582	56,827	2,448	3,245	1,496	142,952
Construction and real estate companies	112,558	82,272	3,835	24,914	1,926	5,371	1,869	104,928
Holding companies	66,235	40,464	3,087	22,614	564	3,157	2,575	60,009
Retail	47,549	33,737	1,520	11,139	2,376	2,673	1,634	42,019
Services	55,917	45,944	986	8,036	1,323	1,937	908	52,700
ITC	19,770	14,202	126	5,473	186	95	46	19,413
Manufacturing	26,802	22,807	346	3,347	458	649	334	25,665
Agriculture	10,747	5,098	248	5,219	127	429	173	10,199
Other	1,772	1,573	102	-	-	201	90	1,581
Total	774,466	575,312	15,508	167,321	13,008	31,833	15,515	730,438

*Non-performing past due more than 90 days

Notes to the Condensed Consolidated Interim Financial Statements

34. Allowance for impairment on loans and advances to customers and other financial assets

	1.1-30.6.2013			1.1-30.6.2012		
	Customers	Other financial assets	Total	Customers	Other financial assets	Total
Balance at the beginning of the year	44,030	-	44,030	28,420	-	28,420
Impairment loss for the period	8,963	-	8,963	9,919	-	9,919
Collected previously written-off loans	3,530	-	3,530	551	-	551
Loans written-off	(3,460)	-	(3,460)	(1,161)	-	(1,161)
Balance at the end of the period	53,063	0	53,063	37,729	0	37,729
Individual allowance	37,979	-	37,979	23,275	-	23,275
Collective allowance	15,084	-	15,084	14,454	-	14,454
Total	53,063	0	53,063	37,729	0	37,729
Net impairment loss						
Impairment loss for the period	8,963	-	8,963	9,919	-	9,919
Impairment of claims reversed	-	(269)	(269)	-	(3,480)	(3,480)
Net impairment loss for the period	8,963	(269)	8,694	9,919	(3,480)	6,439

35. Large exposures

At 30 June 2013, two Group clients were rated as large exposures (31 December 2012: two clients). Clients are rated as large exposures if their total obligations, or those of financially or administratively connected parties, exceed 10% of the Group's capital base. The large exposures amount is calculated after taking account of collateral held, in accordance with the Financial Supervisory Authority's Rules on Large Exposures Incurred by Financial Undertakings No. 216/2007. According to these rules, no exposure may attain the equivalent of 25% of the capital base. All of the Group's large exposures were within these limits as at 30 June 2013 and 31 December 2012.

At 30 June 2013, no exposure exceeded 20% (31 December 2012: no exposure). According to the Group's risk appetite, the total utilisation percentage of a large exposure ought to remain below 50% of the Group's capital base.

	Number of large exposures	Large exposures
At 30 June 2013		
Large exposures between 10% and 20% of the Group's capital base	2	67,095
Total	2	67,095
Utilisation ratio (400% max limit)		29%
At 31 December 2012		
Large exposures between 10% and 20% of the Group's capital base	2	71,610
Total	2	71,610
Utilisation ratio (400% max limit)		32%

Liquidity risk

36. Liquidity risk management

The key measure used by the Group for monitoring liquidity risk is the ratio of core liquid assets to deposits, which shows the ratio of deposits that the Group could deliver on demand without incurring any significant losses due to forced asset sales or other costly actions. Core liquid assets are comprised of cash at hand, balances with Central Bank, loans to financial institutions (maturity within seven days) and assets eligible for repo transactions with Central Bank (such as government bonds). Another method the Group uses is the cash ratio which shows the ratio of on-demand deposits that the Group could deliver with cash and cash equivalents such as cash at hand, balances with Central Bank and loans to financial institutions (maturity within seven days). The core liquidity ratio as at 30 June 2013 was 45% (31 December 2012: 48%) and the ratio of cash and cash equivalents to on-demand deposits was 15% (31 December 2012: 12%). Aggregated values for the core liquidity ratio are based on daily values and aggregated values for the cash ratio are based on monthly values.

Notes to the Condensed Consolidated Interim Financial Statements

36. Liquidity risk management (continued)

The following table shows various values of the core liquidity ratio and cash ratio in the period from 1 January to 30 June 2013 and in the year 2012:

	Core liquidity ratio		Cash ratio	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Period end	45%	48%	15%	12%
Maximum	52%	51%	20%	32%
Minimum	41%	36%	10%	12%
Average	47%	45%	15%	20%

37. Maturity analysis of financial assets and liabilities

The following table shows a maturity analysis of the Group's financial instruments as at 30 June 2013:

	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Non-derivative financial assets							
Cash and balances with Central Bank	23,643	-	-	-	-	23,643	23,643
Bonds and debt instruments	-	57,633	43,506	57,662	197,514	356,315	278,386
Loans and advances to financial institutions	-	63,223	5,736	1,713	-	70,672	70,671
Loans and advances to customers	20,606	76,726	97,369	368,330	386,876	949,907	665,411
Other financial assets	-	9,144	-	556	-	9,700	9,700
Total	44,249	206,726	146,611	428,261	584,390	1,410,237	1,047,811
Derivative financial assets							
Gross settled derivatives							96
Inflow	-	33,588	931	-	-	34,519	
Outflow	-	(33,496)	(934)	-	-	(34,430)	
Total	0	92	(3)	0	0	89	96
Net settled derivatives	-	28	-	-	-	28	28
Total	0	120	(3)	0	0	117	124
Non-derivative financial liabilities							
Due to financial institutions and Central Bank	(101,356)	(8,670)	-	-	-	(110,026)	(110,025)
Deposits from customers	(313,059)	(70,442)	(40,233)	(24,930)	(5,466)	(454,130)	(448,931)
Short positions	-	(6,336)	-	-	-	(6,336)	(6,317)
Secured bonds	-	(150)	(14,997)	(276,366)	(37,054)	(328,567)	(297,459)
Other financial liabilities	-	(13,045)	-	-	-	(13,045)	(13,045)
Total	(414,415)	(98,643)	(55,230)	(301,296)	(42,520)	(912,104)	(875,777)
Off-balance sheet items							
Financial guarantees and underwriting commitments	(12)	(1,570)	(2,305)	(2,124)	(8,669)	(14,680)	
Undrawn loan commitments	(39,844)	-	-	-	-	(39,844)	
Undrawn overdraft/credit card commitments	(54,499)	-	-	-	-	(54,499)	
Total	(94,355)	(1,570)	(2,305)	(2,124)	(8,669)	(109,023)	
Total non-derivative financial liabilities and off-balance sheet items	(508,770)	(100,213)	(57,535)	(303,420)	(51,189)	(1,021,127)	(875,777)
Derivative financial liabilities							
Gross settled derivatives							(663)
Inflow	-	24,645	-	1,098	-	25,743	
Outflow	-	(24,692)	-	(1,431)	-	(26,123)	
Total	0	(47)	0	(333)	0	(380)	(663)
Net settled derivatives	-	(64)	-	-	-	(64)	(64)
Total	0	(111)	0	(333)	0	(444)	(727)
Net liquidity position	(464,521)	106,522	89,073	124,508	533,201	388,783	171,431

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37. Maturity analysis of financial assets and liabilities (continued)

The following table shows a maturity analysis of the Group's financial instruments as at 31 December 2012:

	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Non-derivative financial assets							
Cash and balances with Central Bank	25,898	-	-	-	-	25,898	25,898
Bonds and debt instruments	-	52,191	12,202	48,362	158,688	271,443	228,208
Loans and advances to financial institutions	-	55,035	7,726	1,591	-	64,352	64,349
Loans and advances to customers	15,169	68,164	97,531	396,142	374,154	951,160	666,087
Other financial assets	-	10,016	-	465	-	10,481	10,481
Total	41,067	185,406	117,459	446,559	532,842	1,323,333	995,023
Derivative financial assets							
Gross settled derivatives							1,040
Inflow	-	31,169	-	-	-	31,169	
Outflow	-	(33,694)	-	-	-	(33,694)	
Total	0	(2,525)	0	0	0	(2,525)	1,040
Net settled derivatives	-	3	-	-	-	3	3
Total	0	(2,522)	0	0	0	(2,522)	1,043
Non-derivative financial liabilities							
Due to financial institutions and Central Bank	(97,646)	(1,054)	(18)	-	-	(98,718)	(98,718)
Deposits from customers	(310,088)	(52,739)	(33,049)	(26,362)	(4,137)	(426,375)	(421,058)
Short positions	-	(8,918)	-	-	-	(8,918)	(8,918)
Secured bonds	-	(1,164)	(3,401)	(184,607)	(60,329)	(249,501)	(221,791)
Contingent bond	-	-	-	(90,261)	(23,351)	(113,612)	(87,474)
Other financial liabilities	-	(14,369)	-	-	-	(14,369)	(14,369)
Total	(407,734)	(78,244)	(36,468)	(301,230)	(87,817)	(911,493)	(852,328)
Off-balance sheet items							
Financial guarantees and underwriting commitments	(297)	(19,855)	(3,434)	(2,102)	(4,976)	(30,664)	
Undrawn loan commitments	(32,908)	-	-	-	-	(32,908)	
Undrawn overdraft/credit card commitments	(55,190)	-	-	-	-	(55,190)	
Total	(88,395)	(19,855)	(3,434)	(2,102)	(4,976)	(118,762)	
Total non-derivative financial liabilities and off-balance sheet items	(496,129)	(98,099)	(39,902)	(303,332)	(92,793)	(1,030,255)	(852,328)
Derivative financial liabilities							
Gross settled derivatives							(490)
Inflow	-	26,093	276	839	284	27,492	
Outflow	-	(22,650)	(347)	(1,074)	(371)	(24,441)	
Total	0	3,443	(71)	(235)	(87)	3,051	(490)
Net settled derivatives	-	(29)	-	-	-	(29)	(29)
Total	0	3,414	(71)	(235)	(87)	3,022	(519)
Net liquidity position	(455,062)	88,199	77,486	142,992	439,962	293,578	143,219

Notes to the Condensed Consolidated Interim Financial Statements

38. Maturity analysis of financial assets and liabilities by currency

The following table shows a maturity analysis of the Group's financial instruments by currency of denomination as at 30 June 2013:

	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Non-derivative financial assets							
Total in foreign currencies	3,138	143,844	67,868	166,237	12,406	393,493	366,654
ISK	41,111	62,882	78,743	262,024	571,984	1,016,744	681,157
Total	44,249	206,726	146,611	428,261	584,390	1,410,237	1,047,811
Derivative financial assets							
Total in foreign currencies	-	392	(3)	-	-	389	96
ISK	-	(272)	-	-	-	(272)	28
Total	0	120	(3)	0	0	117	124
Non-derivative financial liabilities							
Total in foreign currencies	(69,141)	(4,129)	(25,187)	(275,055)	(37,054)	(410,566)	(379,625)
ISK	(345,274)	(94,514)	(30,043)	(26,241)	(5,466)	(501,538)	(496,152)
Total	(414,415)	(98,643)	(55,230)	(301,296)	(42,520)	(912,104)	(875,777)
Off-balance sheet items							
Total in foreign currencies	(10,085)	(1,274)	(1,098)	(515)	(329)	(13,301)	
ISK	(84,270)	(296)	(1,207)	(1,609)	(8,340)	(95,722)	
Total	(94,355)	(1,570)	(2,305)	(2,124)	(8,669)	(109,023)	
Derivative financial liabilities							
Total in foreign currencies	-	422	-	394	-	816	(663)
ISK	-	(533)	-	(727)	-	(1,260)	(64)
Total	0	(111)	0	(333)	0	(444)	(727)
Net liquidity position in foreign currencies	(76,088)	139,255	41,580	(108,939)	(24,977)	(29,169)	(13,538)
Net liquidity position in ISK	(388,433)	(32,733)	47,493	233,447	558,178	417,952	184,969
Net liquidity position	(464,521)	106,522	89,073	124,508	533,201	388,783	171,431

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38. Maturity analysis of financial assets and liabilities by currency (continued)

The following table shows a maturity analysis of the Group's financial instruments by currency of denomination as at 31 December 2012:

	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Non-derivative financial assets							
Total in foreign currencies	2,109	122,299	45,852	172,123	24,002	366,385	335,019
ISK	38,958	63,107	71,607	274,436	508,840	956,948	660,004
Total	41,067	185,406	117,459	446,559	532,842	1,323,333	995,023
Derivative financial assets							
Total in foreign currencies	-	(1,964)	-	-	-	(1,964)	1,040
ISK	-	(558)	-	-	-	(558)	3
Total	0	(2,522)	0	0	0	(2,522)	1,043
Non-derivative financial liabilities							
Total in foreign currencies	(62,542)	(5,127)	(6,495)	(274,868)	(83,680)	(432,712)	(378,847)
ISK	(345,192)	(73,117)	(29,973)	(26,362)	(4,137)	(478,781)	(473,480)
Total	(407,734)	(78,244)	(36,468)	(301,230)	(87,817)	(911,493)	(852,328)
Off-balance sheet items							
Total in foreign currencies	(13,398)	(644)	(2,509)	(571)	(286)	(17,408)	
ISK	(74,997)	(19,211)	(924)	(1,530)	(4,689)	(101,351)	
Total	(88,395)	(19,855)	(3,434)	(2,102)	(4,976)	(118,762)	
Derivative financial liabilities							
Total in foreign currencies	-	9,228	101	302	101	9,731	(490)
ISK	-	(5,814)	(172)	(537)	(188)	(6,709)	(29)
Total	0	3,414	(71)	(235)	(87)	3,022	(519)
Net liquidity position in foreign currencies	(73,831)	123,792	36,949	(103,014)	(59,863)	(75,968)	(43,278)
Net liquidity position in ISK	(381,231)	(35,593)	40,538	246,007	499,826	369,549	186,498
Net liquidity position	(455,062)	88,199	77,487	142,993	439,963	293,578	143,219

Market risk

39. Market risk management

The following table summarises the Group's exposure to market risk as at 30 June 2013 and 31 December 2012:

Market risk factor	30.6.2013	31.12.2012
	% of RWA	% of RWA
Equity price risk	5.9%	6.3%
Interest rate risk	4.0%	2.0%
Foreign exchange risk	1.7%	2.9%
Total	11.6%	11.2%

The currency risk in the Group's trading portfolios is disclosed together with that in its non-trading portfolios in Notes 42-43.

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40. Interest rate risk

The following tables summarise the Group's exposure to interest rate risk. The tables include interest bearing financial assets and liabilities at their carrying amounts, while off-balance sheet amounts are the notional amounts of the derivative instruments (see Note 5). The amounts presented are categorised by the earlier of either the contractual repricing or the maturity date.

	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
At 30 June 2013					
Financial assets					
Cash and balances with Central Bank	23,643	-	-	-	23,643
Bonds and debt instruments	216,782	37,232	2,992	21,380	278,386
Derivative instruments	124	-	-	-	124
Loans and advances to financial institutions	63,222	5,736	1,713	-	70,671
Loans and advances to customers	459,874	63,851	74,780	66,906	665,411
Other financial assets	9,144	-	556	-	9,700
Total	772,789	106,819	80,041	88,286	1,047,935
Financial liabilities					
Due to financial institutions and Central Bank	(110,025)	-	-	-	(110,025)
Deposits from customers	(441,624)	(6,684)	(623)	-	(448,931)
Derivative instruments and short positions	(728)	(3,948)	(2,280)	(88)	(7,044)
Secured bonds	(296,295)	-	(1,164)	-	(297,459)
Contingent bond	-	-	-	-	0
Other financial liabilities	(13,045)	-	-	-	(13,045)
Total	(861,717)	(10,632)	(4,067)	(88)	(876,504)
Net on-balance sheet position	(88,928)	96,187	75,974	88,198	171,431
Net off-balance sheet position	560	-	(560)	-	-
Total interest repricing gap	(88,368)	96,187	75,414	88,198	
At 31 December 2012					
Financial assets					
Cash and balances with Central Bank	25,898	-	-	-	25,898
Bonds and debt instruments	214,996	6,395	1,331	5,486	228,208
Derivative instruments	1,043	-	-	-	1,043
Loans and advances to financial institutions	55,032	7,726	1,591	-	64,349
Loans and advances to customers	483,493	62,515	58,198	61,881	666,087
Other financial assets	10,017	-	464	-	10,481
Total	790,479	76,636	61,584	67,367	996,066
Financial liabilities					
Due to financial institutions and Central Bank	(98,718)	-	-	-	(98,718)
Deposits from customers	(418,750)	(1,861)	(447)	-	(421,058)
Derivative instruments and short positions	(521)	(5,257)	(2,717)	(943)	(9,438)
Secured bonds	(221,791)	-	-	-	(221,791)
Contingent bond	(87,474)	-	-	-	(87,474)
Other financial liabilities	(14,369)	-	-	-	(14,369)
Total	(841,623)	(7,118)	(3,164)	(943)	(852,848)
Net on-balance sheet position	(51,144)	69,518	58,420	66,424	143,218
Net off-balance sheet position	698	(133)	(418)	(146)	-
Total interest repricing gap	(50,446)	69,385	58,002	66,278	

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41. CPI indexation risk (all portfolios)

The consumer price index (CPI) indexation risk is the risk that the fair value or future cash flows of CPI-indexed financial instruments may fluctuate due to changes in the Icelandic CPI index. The Group has a considerable imbalance in its CPI-indexed assets and liabilities. To mitigate this imbalance, which the Bank is in a limited position to do, the Bank offers non-CPI indexed loans and CPI-indexed deposits.

CPI indexation risk is managed centrally within the Group by the Treasury of the Bank, and is monitored by Market Risk. At 30 June 2013 the CPI imbalance, calculated as the difference between CPI-indexed financial assets and liabilities, was ISK 173,467 million (31 December 2012: ISK 145,784 million).

Carrying amount	30.6.2013	31.12.2012
Assets		
Bonds and debt instruments	25,553	7,586
Loans and advances to customers	250,218	239,432
Total	275,771	247,018
Liabilities		
Due to financial institutions and Central Bank	(16)	(23)
Deposits from customers	(100,992)	(100,768)
Total	(101,008)	(100,791)
Total on-balance sheet position	174,762	146,227
Total off-balance sheet position	(1,295)	(443)
Total CPI indexation balance	173,467	145,784

42. Currency risk (all portfolios)

The Group follows the Rules No. 950/2010 on Foreign Exchange Balances, as set by the Central Bank of Iceland. The rules stipulate that an institution's foreign exchange balance (whether long or short) must always be within 15% of the Bank's Capital base, in each currency and for all currencies combined. The Bank submits daily and monthly reports to the Central Bank with information on its foreign exchange balance.

The Group's combined net foreign exchange balance as at 30 June was 2.28% of the Group's Capital base (31 December 2012: -9.1%). Uncertainty regarding the denomination currencies of the Groups loan portfolio has not been fully resolved in the period 1 January to 30 June 2013.

43. Concentration of currency risk

The following tables summarise the Group's exposure to currency risk at 30 June 2013 and 31 December 2012. The off-balance sheet amounts shown are the notional amounts of the Group's derivative instruments.

Amounts presented under assets and liabilities include all foreign exchange contracts at 30 June 2013 and 31 December 2012. When managing liquidity risk the Group regards foreign exchange contracts as a non-derivative assets or liabilities.

As explained in Note 11 in these Consolidated Financial Statements, the Contingent Bond was issued as Secured Bonds on 11 April 2013, denominated in EUR (50%), USD (30%) and GBP (20%). Using the exchange rate published by the Central Bank of Iceland on 31 December 2012, the Bank converted the final value of the ISK balance of the Contingent Bond into EUR, USD and GBP. The balance of the Secured Bonds was revalued at the exchange rate as at 30 June 2013.

Notes to the Condensed Consolidated Interim Financial Statements

43. Concentration of currency risk (continued)

At 30 June 2013	EUR	GBP	USD	JPY	CHF	Other	Total
Assets							
Cash and balances with Central Bank	640	195	277	11	52	355	1,530
Bonds and debt instruments	15,471	45,157	52,779	-	-	-	113,407
Equities and equity instruments	12,314	244	1	-	-	4,907	17,466
Derivative instruments	91	4	1	-	-	-	96
Loans and advances to financial institutions	33,352	9,349	14,825	2,176	71	3,037	62,810
Loans and advances to customers	90,369	18,086	55,902	8,404	9,307	6,728	188,796
Other assets	2	-	87	-	-	22	111
Total	152,239	73,035	123,872	10,591	9,430	15,049	384,216
Liabilities							
Due to financial institutions and Central Bank	(7,681)	(3,798)	(5,563)	-	(139)	(706)	(17,887)
Deposits from customers	(23,078)	(4,780)	(25,305)	(1,709)	(969)	(6,811)	(62,652)
Derivative instruments and short positions	(180)	(10)	(473)	-	-	-	(663)
Secured bonds	(147,464)	(54,965)	(93,866)	-	-	-	(296,295)
Other liabilities	(1,190)	(412)	(631)	(18)	(10)	(520)	(2,781)
Total	(179,593)	(63,965)	(125,838)	(1,727)	(1,118)	(8,037)	(380,278)
Net on-balance sheet position	(27,354)	9,070	(1,966)	8,864	8,312	7,012	3,938
Net off-balance sheet position	33,891	(11,794)	5,677	(8,135)	(7,612)	(10,821)	1,206
Net currency position	6,537	(2,724)	3,711	729	700	(3,809)	5,144

At 31 December 2012	EUR	GBP	USD	JPY	CHF	Other	Total
Assets							
Cash and balances with Central Bank	400	173	229	13	40	377	1,232
Bonds and debt instruments	8,995	35,200	34,483	-	-	-	78,678
Equities and equity instruments	11,381	-	1	-	-	3,339	14,721
Derivative instruments	1,037	-	3	-	-	-	1,040
Loans and advances to financial institutions	32,399	1,630	9,360	3,095	2,961	4,600	54,045
Loans and advances to customers	90,044	19,250	58,169	12,406	12,777	6,642	199,288
Other assets	502	-	1,761	1	-	30	2,294
Assets classified as held for sale	288	-	-	-	-	-	288
Total	145,046	56,253	104,006	15,515	15,778	14,988	351,586
Liabilities							
Due to financial institutions and Central Bank	(5,438)	(4,068)	(4,870)	-	(148)	(823)	(15,348)
Deposits from customers	(15,814)	(6,007)	(21,671)	(520)	(428)	(6,456)	(50,895)
Derivative instruments and short positions	(176)	-	(314)	-	-	-	(491)
Secured bonds	(109,380)	(42,397)	(70,013)	-	-	-	(221,791)
Contingent bond	(87,474)	-	-	-	-	-	(87,474)
Other liabilities	(580)	(70)	(2,197)	(6)	(2)	(536)	(3,391)
Total	(218,862)	(52,542)	(99,065)	(526)	(578)	(7,815)	(379,390)
Net on-balance sheet position	(73,816)	3,711	4,941	14,990	15,201	7,171	(27,802)
Net off-balance sheet position	49,234	(2,948)	(5,532)	(13,882)	(13,768)	(5,337)	7,767
Net currency position	(24,582)	763	(591)	1,108	1,433	1,834	(20,035)

Notes to the Condensed Consolidated Interim Financial Statements

44. Foreign exchange rates used

The following foreign exchange rates were used by the Group:

	At 30 June 2013	At 31 December 2012	% Change	Average for 1.1-30.6 2013	Average for 1.1-30.6 2012
EUR/ISK	161.25	168.95	(4.6%)	162.27	161.47
GBP/ISK	188.35	207.22	(9.1%)	191.39	184.97
USD/ISK	123.95	128.16	(3.3%)	123.75	114.40
JPY/ISK	1.25	1.49	(16.1%)	1.31	1.40
CHF/ISK	131.10	139.94	(6.3%)	132.39	127.75
CAD/ISK	117.88	128.73	(8.4%)	121.49	117.41
DKK/ISK	21.62	22.64	(4.5%)	21.76	21.66
NOK/ISK	20.33	22.96	(11.5%)	21.49	20.69
SEK/ISK	18.41	19.68	(6.5%)	18.98	18.09