LANDSBANKINN HF. | Reg. No. 471008-0280 | LANDSBANKINN.IS

Consolidated Financial Statements

2024

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Highlights

Credit rating

BBB+
with positive outlook

S&P Global Ratings

Sustainable Development Goals

ESG risk rating

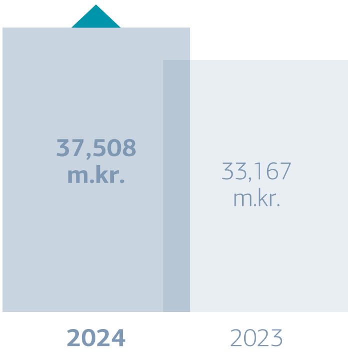
SUSTAINALYTICS

Sustainalytics considers Landsbankinn at exceedingly low risk of experiencing material financial impacts from ESG factors.

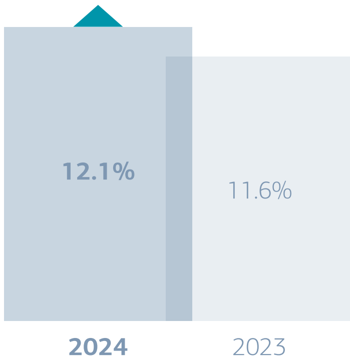
BREEAM certification

Design of the Bank's new headquarters at Reykjastræti 6 was rated "excellent" under the BREEAM standard

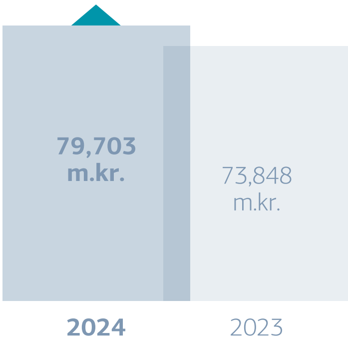
Profit



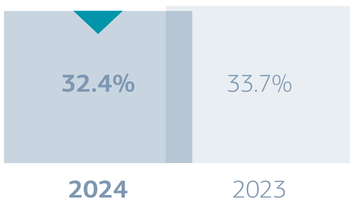
Return on equity



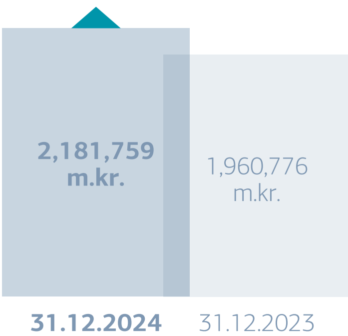
Total operating income



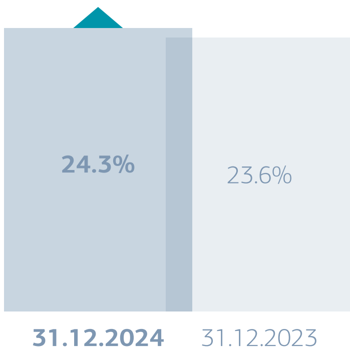
Cost-income ratio



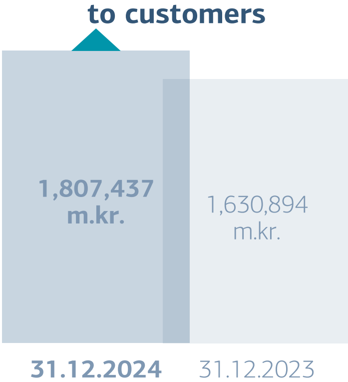
Total assets



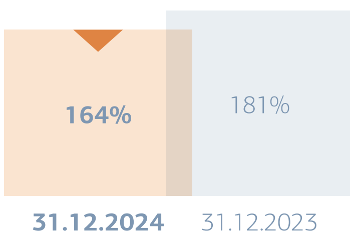
Total capital ratio



Loans and advances to customers



Total liquidity coverage ratio (LCR)



Report of the Board of Directors and the CEO

The Board of Directors and CEO of Landsbankinn hf. ("Landsbankinn" or the "Bank") submit this report together with the audited Consolidated Financial Statements of Landsbankinn hf. for the year 2024, which include the accounts of the Bank and its subsidiaries (collectively the "Group").

About the Bank

Landsbankinn is a leading financial institution in Iceland, offering universal financial services to individuals, corporates and investors. Landsbankinn's purpose is to be trusted bank for the future.

The Bank's strategy "Landsbankinn, an ever-smarter bank" aims to simplify life for customers by offering more accessible, secure and also personal banking services. The strategy is achieved by emphasising sound operation of the Bank, building on the use of technology, the ability and will to evolve and develop the Bank's success-driven corporate culture. The strategy is supported by four pillars: satisfied customers, continuous development, passion for success and positive impact. The strategy responds to changes in society, the opportunities and challenges technological developments offer and the Bank's ambition to make life simpler for customers and the Bank itself a desirable workplace that has a positive impact on Icelandic society.

The strategy is followed up by common goals set by the Board of Directors, executives and employees. Landsbankinn has in recent years achieved a great deal of success in altering its service platform to increase the weight of self-service, improving access to banking services through its app and by introducing a new approach to branch and service centre activities. Successful evolvement is based on strong technological infrastructure, sound operation and active employee involvement in change and development.

The Bank is organised into seven divisions: Personal Banking, Corporate Banking, Asset Management & Capital Markets (including the subsidiary Landsbréf hf.), Finance, Risk Management, IT and Communication & Culture. The results of the Group's four business segments are disclosed in Note 5, the business segments comprising Personal Banking, Corporate Banking, Asset Management & Capital Markets, and the Treasury and Market Making departments within Finance. The results of other divisions and departments of Finance are presented under "Other segments" in Note 5.

Financial performance in 2024

Consolidated profit amounted to ISK 37,508 million in 2024 (2023: ISK 33,167 million). Return on equity was 12.1% (2023: 11.6%) and the Bank's cost-income ratio was 32.4% (2023: 33.7%). Net interest income amounted to ISK 57,197 million, a decrease of 0.6% between years. Net fee and commission income increased by 2.3% between years, to ISK 11,405 million. Net gain on financial assets and liabilities at fair value was ISK 12,696 million (2023: ISK 6,719 million net gain), most of which is due to an increase in the fair value of investment securities. Net credit impairment charges were ISK 2,772 million in the year (2023: ISK 3,120 million net impairment), ISK 2,698 million thereof attributable to natural disaster on the Reykjanes peninsula. Salaries and related expenses amounted to ISK 16,534 million in 2024, up by 4.2% between years, mainly as a result of contractual wage increases. The average number of full-time equivalent positions during the year was 811 (2023: 849).

At year-end 2024, consolidated total equity amounted to ISK 325 billion. Total assets amounted to ISK 2,182 billion at the end of the year, up by 11.3% from the beginning of the year, or ISK 221 billion, between years. The Group's capital adequacy ratio, calculated according to the Act on Financial Undertakings, was 24.3% at year-end 2024 (2023: 23.6%), well above current regulatory requirements. Lending growth was robust, increasing by 10.8% in the year. Lending to corporates grew by ISK 109 billion, while loans to retail customers increased by ISK 68 billion. Inflation-indexed loans increase by ISK 218 billion.

The Bank anticipates that return on equity in 2025 will be 11-13%. Main risks are described in the section Risk factors below.

Funding

Customer deposits are the Bank's primary source of funding. Total customer deposits amounted to ISK 1,228 billion at year-end 2024, growing by ISK 180 billion, or 17%, between years. EMTN-issuance on international capital markets and issuance of covered bonds on the domestic and international capital markets has been the Bank's main source of market funding. The carrying amount of such funding increased by ISK 15.5 billion in 2024.

At year-end 2024, senior unsecured borrowings in foreign currencies amounted to a total of ISK 242 billion. Issuance on international markets during the year was successful and the demand and terms reflect good access to international credit markets.

The size of the Bank's programme for covered bond issuance is EUR 3.5 billion and was increased from EUR 2.5 billion in 2024. At year-end 2024, the outstanding covered bonds issuance amounted to ISK 267 billion, decreasing by ISK 579 million during the year.

In September 2024, the Bank issued senior non-preferred bonds in Swedish and Norwegian krona amounting to around ISK 16 billion. As senior non-preferred bonds, they rank below traditional senior unsecured borrowings yet take precedence over subordinated bonds. The issuance is part of efforts to optimise the Bank's capital structure and is the first of its type by an Icelandic bank (see Note 32).

Funding (continued)

During the year, the Bank issued new subordinated bond series classified as Tier 2 capital and bought back part of an older series with a call option in 2024. At year-end 2024, issued subordinated bonds classified as Tier 2 capital amounted to total of ISK 40 billion (2023: ISK 20 billion) (see Note 35).

The Bank plans to issue its first financial instruments classified as Additional Tier 1 capital (AT1) in the first half of 2025.

Credit rating

In April 2024, international rating agency S&P Global Ratings (S&P) announced an upgrade of Landsbankinn's credit rating by one notch, from BBB/A-2 with positive outlook to BBB+/A-2 with stable outlook. S&P's announcement mentioned that the upgrade reflected expectations that Landsbankinn would maintain its leading domestic franchise and sound business operations. S&P confirmed the Bank's credit rating in November 2024, revising the outlook from stable to positive. Landsbankinn's credit rating is thus BBB+/A-2 with positive outlook. A stronger credit rating improves access to both domestic and international financial markets.

The Bank's debt instruments carry the following S&P ratings: A+ for covered bonds, BBB+ for senior preferred bonds, BBB for senior non-preferred bonds, and BBB- for subordinated Tier 2 bonds.

Risk factors

The year 2024 was characterised by challenging external conditions such as on-going seismic and volcanic activity on the Reykjanes peninsula, political uncertainty both domestically and abroad, persistent inflation and high real interest rates in Iceland. Despite these challenges, the Bank's risk measurements and assessment of material risk factors are generally positive with a stable outlook.

Credit risk continues to be the most significant risk in the Bank's operation, amounting to 90% of the Bank's total risk-weighted exposure amount (RWEA). Lending growth was considerable in 2024, amounting to ISK 177 billion. Demand for inflation-indexed loans increased significantly over the year, especially in mortgages to retail customers but also on the corporate side. This demand substantially increased the Bank's inflation-indexed assets, outpacing growth its inflation-indexed liabilities. Default rates in the Bank's loan portfolio remain very low in historical terms, with minimal instances of payment difficulties among households and corporates.

Non-financial risk is a significant risk factor for the Bank's operations and has grown in scope, particularly from cybersecurity and general IT risk. The Bank is currently working on implementing Regulation (EU) 2022/2554, known as the Digital Operational Resilience Act (DORA), which is expected to take effect in Iceland on 1 July 2025. The Bank has prepared for the implementation of Regulation (EU) 2024/1623 (CRR III) in 2025 and expects minimal changes to the overall amount of risk weighted assets due to these changes.

Risk factors in the Bank's operations are assessed using various measurements, depending on their scope and nature, and these measurements provide the foundation for risk limits, risk factor analysis, information disclosure and risk management. A common measurement for all risk factors is the Bank's internal assessment of economic capital (EC) which is meant to meet unexpected losses in the Bank's operations.

Further information about the Group's risk and capital management is included in notes to the Consolidated Financial Statements and in the Bank's Pillar III Risk Report for 2024, both published to the Bank's website, www.landsbankinn.is.

Equity and capital management

In July 2024, the Financial Supervisory Authority of the Central Bank of Iceland notified Landsbankinn of the results of the annual supervisory review and evaluation process (SREP) and its decision on the Group's capital requirements. The Group is required to maintain a total minimum capital of 2.5% of its risk exposure amount (REA) at each time as of 10 June 2024, with the requirement under Pillar II-R decreasing by 0.3 percentage points from the previous SREP. The Group's total capital requirement is thus 20.4% of REA at the end of the year 2024 and is comprised of a minimum capital requirement of 8.0%, a 2.5% additional capital requirement and a total capital buffer requirement of 9.9% (see Note 47).

In October 2024, the Resolution Authority of the Central Bank of Iceland announced its latest MREL decision for the Bank. The MREL decision entails that the Bank must at all times satisfy a 30.9% MREL requirement, as a percentage of total risk-weighted exposure amount (TREA) (see Note 49).

On 16 March 2024, the decision of the Financial Stability Committee (FSC) of the Central Bank of Iceland (CBI) from March 2023 to increase the countercyclical capital buffer for financial institutions from 2.0% to 2.5% entered into force. In December 2024, the FSC decided to lower the systemic risk buffer for financial institutions from 3.0% to 2.0%. This reduction was based on the FSC's assessment that systemic risk had decreased since the buffer was first determined in 2016 and in light of the increased resilience of the financial system in recent years. At the same meeting, the FSC decided to increase the capital buffer for systemically important financial institutions from 2.0% to 3.0%. It was also decided to keep the countercyclical capital buffer unchanged at 2.5%.

The Bank's aim is to maintain a total capital ratio above 22.0% at any given time and be in the highest category for risk-adjusted capital ratio, as determined and measured by the relevant credit rating agencies (see Note 47). The Bank's capital ratio was 24.3% at year-end 2024.

Dividends

Landsbankinn's dividend policy is to pay regular dividends to shareholders, amounting in general to around 50% of the previous year's profit. To achieve the Bank's target capital ratio, special dividend payments may also be made to optimise its capital structure. In determining the amount of dividend payments, regard shall be had for risk in the Bank's internal and external environment, growth prospects and the maintenance of a long-term, robust equity and liquidity position, as well as compliance with regulatory requirements of financial position at any given time.

The 2024 Annual General Meeting (AGM) of Landsbankinn, held on 19 April 2024, approved the motion of the Board of Directors to pay shareholders a dividend of ISK 0.70 per share for the fiscal year 2023 in two instalments. The first payment of ISK 0.35 per share was made to shareholders on 24 April 2024 and the second payment of ISK 0.35 per share on 16 October 2024. The total dividend amounts to ISK 16,530 million, the equivalent of around 50% of the profit for the year 2023.

The 2024 AGM renewed the authorisation of the Bank to acquire up to 10% of the nominal value of own shares. The objective of the buyback programme is to reduce the Bank's equity while at the same time offering shareholders an opportunity to sell their shares in a transparent manner. This authorisation is valid until the 2025 AGM.

In February 2024, the Board of Directors of Landsbankinn decided to avail itself of an authorisation, granted by the Bank's AGM on 23 March 2023, to buy back own shares. During the buy-back period, the Bank purchased a total of 6,4 million own shares priced at 12.8595, in the total amount of ISK 82.6 million. Following this purchase, the Bank holds around 385 million own shares, or around 1.61% of issued share capital.

The Board of Directors intends to propose to the 2025 AGM, scheduled to be held on 19 March this year, that the Bank pay a dividend in accordance with the dividend policy of 50% of profit in 2024. Calculation of the Group's capital ratios as at year-end 2024 already reflects this foreseeable dividend payment.

Economic developments

Landsbankinn Economic Research forecasts a 0.1% contraction in gross domestic product (GDP) for the year 2024 as a whole. The outlook is for more economic growth in 2025, over 2% if the forecast holds, driven by diverse exports.

Gross domestic product (GDP) contracted by 0.5% in the third quarter of last year and by a total of 1.0% over the first three quarters of the year, according to preliminary figures from Statistics Iceland. The contraction is due mostly to a set-back in exports. At the same time, high interest rates have cooled demand, which nevertheless was quite robust in 2024. Domestic demand grew in the third quarter, with private consumption rising by 0.8% and capital formation by 2.3%.

Inflation averaged 4.9% in the fourth quarter and was 4.6% in January. Economic Research expects inflation to be 3.9% in April of this year. Housing prices have increased significantly in excess of inflation, and were 7.7% higher in December of 2024 than in December of 2023. Price developments on the housing market slowed going into autumn and price levels increases can be expected to be lower this year than last.

The Central Bank of Iceland reduced the policy rate by 0.25 percentage points (pp) at the beginning of October and by 0.50 pp in November, following a continuous period of unchanged rates at 9.25% since August 2023. Economic Research believes that the policy rate cut cycle will continue gradually, alongside declining inflation. In recent months, tension in the labour market has eased, unemployment has increased slightly compared to the same time last year, and demand for labour has diminished. The wage index increased significantly less in 2024 than in the previous two years, in line with the more moderate terms of the new collective agreements.

Ownership

Shareholders of the Bank at year-end 2024 numbered 819 as compared with 849 the previous year. The ten largest shareholders at year-end 2024 were as follows:

Shareholders		No. of shares (In ISK million)	%
Ríkissjóður Íslands	Icelandic State Treasury	23,567.0	98.20%
Vestmannaeyjabær	Municipality	3.5	0.01%
Vinnslustöðin hf.	Legal entity	1.8	0.01%
Helgi T. Helgason	Private individual	0.5	0,00%
Hreiðar Bjarnason	Private individual	0.5	0,00%
Árni Þ. Þorbjörnsson	Private individual	0.5	0,00%
Lífeyrissjóður Vestmannaeyja	Pension fund	0.5	0.00%
Steinþór Pálsson	Private individual	0.3	0,00%
Hjördís D. Vilhjálmsdóttir	Private individual	0.3	0,00%
Arinbjörn Ólafsson	Private individual	0.3	0,00%
Top 10 total		**23,575.5**	**98.23%**
Other shareholders		39.1	0.16%
Total shares outstanding		**23,614.6**	**98.39%**
Landsbankinn hf.	Own shares	385.4	1.61%
Total shares issued		**24,000.0**	**100.00%**

Ownership (continued)

A bill to repeal the Act on Icelandic State Financial Investments (ISFI) No. 88/2009 was passed into law by the Icelandic parliament Althingi on 15 November 2024. The ISFI was abolished as of 1 January 2025. The Ministry of Finance and Economic Affairs manages the State's holding in the Bank on behalf of the National Treasury.

Governance

It is Landsbankinn's aim to promote good corporate governance for the overall benefit of the Bank, its shareholders, customers and the community. The Bank's governance is based on the Icelandic laws and regulations that pertain to its operation and apply to financial institutions and the financial market.

In accordance with the seventh paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings, the Bank shall comply with recognised guidelines on corporate governance. The "Guidelines on Corporate Governance", published by the Iceland Chamber of Commerce, NASDAQ OMX Iceland hf. and the Confederation of Icelandic Employers have become the accepted standard and the most recent edition was published 1 July 2021 (6th edition). The Bank complies with the provisions of the Guidelines with the exception of the provision for a committee dedicated to ensuring diversity among directors, executives and key managers and in that a shareholders' meeting has not appointed a Nomination Committee. Further details are disclosed in Sections 2 and 5 of the Bank's annual corporate governance statement for 2024.

Landsbankinn's corporate governance statement for 2024 has been reviewed by the Board of Directors, the Audit Committee, and the CEO. Further information about the Bank's governance practices is disclosed in the statement, published as an unaudited appendix to the Consolidated Financial Statements of the Bank on its website, www.landsbankinn.is.

Landsbankinn also bases its governance practices on the European Banking Authority's Guidelines on Internal Governance for financial undertakings (EBA/GL/2021/05), cf. Article 16 of regulation (EC) No. 1093/2010, transposed into Icelandic law with Act No. 24/2017, on European Control Systems in the Financial Market.

The Bank further complies with the State Ownership Policy for financial undertakings, previously published by Icelandic State Financial Investments and most recently revised in February 2020. The Policy sets out detailed requirements and the owner's guidelines for the activities of financial institutions based on the main principles of the Policy, including on governance.

The Board of Directors of Landsbankinn is responsible for ensuring that corporate governance and the Bank's internal organisation contribute to the efficient and careful management of the Bank, segregation of duties and that conflict of interest is prevented. The Board of Directors is elected by the Annual General Meeting (AGM) and is comprised of seven directors and two alternates. Women make up 44% of the Board and men 56%, inclusive of alternates. Regular and alternate members of the Board of Directors are independent of Landsbankinn and of major shareholders.

The Board of Directors of Landsbankinn was elected in its entirety at the Bank's 2024 AGM. Jón Thorvarður Sigurgeirsson was elected Chairman of the Board. Other elected Directors of the Board are Eva Halldórsdóttir, who is also Vice-chairman, Kristján Th. Davíðsson, Rebekka Jóelsdóttir, Steinunn Thorsteinsdóttir, Thór Hauksson and Örn Guðmundsson. Elected alternates are Sigurður Jón Björnsson and Stefanía G. Halldórsdóttir.

The Board of Directors of Landsbankinn holds ultimate authority on all questions between shareholders' meetings and is responsible for the Bank's activities and operations as provided for by law, its Articles of Association and other rules relevant to the company's operation. The Board of Directors ensures that control of accounting and financial management is satisfactory. There are three sub-committees to the Board of Directors: The Audit Committee, the Risk Committee and the Remuneration Committee.

The Board of Directors hires the CEO and Internal Auditor. The Bank's CEO hires managing directors who are each in charge of a division and, together with the CEO, form the Bank's Executive Board. Currently, three women and five men sit on the Executive Board and respectively make up 37.5% and 62.5% of the Board. The Bank's CEO is responsible for the Bank's day-to-day operations and is authorised to take decisions on all questions not entrusted to others by law, the Bank's Articles of Association or decisions by the Board of Directors. Landsbankinn's Executive Board is a forum for consultation and decision-making by the CEO and managing directors. The CEO has also appointed four cross-disciplinary standing committees with the aim of ensuring collaboration and implementation of the Bank's strategy: The Credit Committee, the Risk & Finance Committee (RAFC), the Operational Risk Committee and the Project Committee.

The Board of Directors underwent a performance evaluation in December 2024 and January 2025. The activities and work of the Board of Directors in 2024 were evaluated. Also up for evaluation was information disclosure, strategy development and future vision, the performance of Directors, exchange of opinions, the work of sub-committees of the Board and the performance of the Chairman.

Effective risk management is one of the prerequisites of long-term profitability and stability in the Bank's operations. Risk management involves monitoring, identification, assessment and control of risk factors in the Bank's operation and ensuring that an effective system is in place to meet risk. Communication of risk-related information is a foundation of decision-making and a key aspect of effective risk management. The Board of Directors of Landsbankinn approves the risk policy, risk appetite and implementation of risk management. The Board of Directors is further responsible for ensuring that an effective internal control system is in place and for developing and implementing a sound risk management culture in the Bank.

Governance (continued)

No remarks were received from supervisory entities in 2024 concerning violations of laws or regulations leading to penalties. Information about main legal proceedings involving Landsbankinn is included in note 38 to the Consolidated Financial Statements.

Sustainability

Landsbankinn has worked systematically on sustainability issues since its initial disclosure of sustainability information in 2011. Since then, the Bank's work on sustainability has evolved: The Bank has become a member of numerous initiatives and has steadily refined its focus on sustainability, prioritising areas that are most significant to its operations and where its impact on society is greatest. Landsbankinn has previously based its sustainability reporting on the standards of the Global Reporting Initiative (GRI) but its sustainability accounts for 2024 for the first time have regard for the disclosure guidelines of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) that are based on the directive. The Bank's emission accounting continues to be calculated using the Greenhouse Gas Protocol (GHG), while financed emissions are assessed according to the methodology of the Partnership for Carbon Accounting Financials (PCAF). This information is verified with limited assurance by Deloitte.

Landsbankinn has agreed to maintain its carbon neutral status under CarbonNeutral® from 2020 onwards. Emissions from the Bank's loan and asset portfolios are not included in its carbon equalisation. In 2024, the Bank's goals to reduce greenhouse gas emissions were verified by the Science Based Targets initiative (SBTi). Landsbankinn's goals are aligned with the aims of the Paris Climate Agreement to limit global warming to below 1.5°C on average. The Bank's financed emissions, goals and the verification process are described in SBTi's review, published to the Bank's website www.landsbankinn.is.

In January 2024, Landsbankinn published an updated Sustainable Finance Framework, which provides a structure for the Bank's financing of environmental and social projects. The Framework is based on the guidelines of the International Capital Market Association (ICMA) and complies with the requirements of the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Additionally, the Framework's categories were aligned with the requirements of EU Regulation No. 2020/852 (the EU Taxonomy). The Sustainable Finance Framework is published with a second-party opinion by Sustainalytics. An annual impact report on sustainable funding is issued with limited assurance (Deloitte).

Landsbankinn is now publishing information on its Green Asset Ratio (GAR) for the second time, in accordance with the EU Taxonomy. The information is presented based on templates issued under Delegated Regulation No. 2021/2178. The data in these templates pertains to the first two environmental objectives: climate change adaptation (CCA) and climate change mitigation (CMM). As the regulation implementing the remaining four environmental objectives under the Taxonomy only came into effect on January 1 of this year, the Bank will not disclose information on those objectives for the previous year, as such data is not yet available from the companies.

Landsbankinn's sustainability policy was updated and implemented throughout its operation in 2021. It has since been regularly revised, most recently in the fall of 2024. The latest update sharpened the Bank's focus to achieve better outcomes, with an emphasis on three UN Sustainable Development Goals: Goal 5 on gender equality, goal 8 on decent work and economic growth, and goal 13 on climate action.

Landsbankinn's Sustainability Committee concluded its work in 2024, with its responsibilities incorporated into the Board of Directors and the Audit Committee. In 2024, Risk Management completed the development of a methodology to assess sustainability risk in large exposures, and implementation has begun.

At the end of 2024, the Bank underwent a comprehensive reassessment by the rating agency Sustainalytics regarding its exposure to financial risks from ESG factors. After being rated as having negligible risk for three consecutive years, the Bank's rating was raised to low risk, scoring 15.4 out of 100, on a scale where fewer points are optimal. Sustainalytics has confirmed that a change in methodology caused the higher score, despite positive development in sustainability at the Bank. At the same time, Sustainalytics announced plans to discontinue ESG assessments for companies that are not publicly listed. Landsbankinn also receives an ESG rating from domestic rating agency Reitun and maintained an excellent score in 2024, achieving 90 out of 100 in category A3.

Detailed information on sustainability is provided in Landsbankinn's sustainability accounts, published alongside the Group's annual financial statement for 2024 on the Bank's website, www.landsbankinn.is.

Human resources

Human resources are an integral part of all Landsbankinn's undertakings and successes. The ambition and drive of the Bank's employees form the foundation of the success-oriented corporate culture that characterises the Bank. Human resource metrics are included in the Bank's performance measurements and all goals related to human resources were achieved during the year. Special emphasis has been placed on instruction and training, as well as communication alongside the continued development of the workplace and corporate culture at Reykjastræti 6, the Bank's new headquarters. A change was made to the structure of the Human Resources department in 2024 to place even greater emphasis on education and training. This included the establishment of a new unit, Education & Development, tasked with supporting skill and knowledge acquisition and enhancing job development within the Bank.

The Bank has obtained equal pay certification since early 2019. Landsbankinn aims to close the wage gap as nearly as possible at 0%, taking care that it never exceeds 2.5% in either direction. The wage gap was measured four times in 2024 and was 1.6% at both the beginning and end 2024, with women garnering the lower wage. Discrimination based on gender, race, sexual orientation, religion or nationality is never tolerated.

Human resources (continue)

Job satisfaction and other aspects of the work environment are measured in four annual surveys with different focus areas. This year's survey results have been good and overall satisfaction and dedication has increased. One measurement of employee satisfaction is whether employees would recommend the workplace as a fantastic place to work and 88% of employees agreed strongly or somewhat with the assertion.

Compliance

Landsbankinn places great emphasis on complying with laws and rules in all respects, and on sound and proper business practices. The regulatory environment on the financial market is complex and has undergone considerable changes in recent years. Landsbankinn has in place appropriate procedures to monitor regulatory developments and respond to changed demands in a timely manner.

It is Landsbankinn's policy to minimise the risk of financial crime within its operations and to ensure that the Bank’s employees comply with applicable laws and regulations. Landsbankinn has worked on improving the electronic security of its customers and, in 2024, established an after-hours call service to assist customers who suspect they have fallen victim to fraud.

The Bank’s Compliance function provides its other units with supervision and support to fulfil appropriate requirements. Employees receive regular training and instruction about current legal requirements and additional instruction when change occurs, in addition to having ready access to advice within the Bank.

In May 2024, the Icelandic Financial Supervisory Authority (FSA) published the conclusions of an assessment conducted in December 2023 concerning the reconciliation of transaction data from the front line against a sample of TRS II reports submitted to the FSA. Based on the data and information gathered during the review, the FSA concluded that Landsbankinn hf. had violated Article 26 of MiFIR, cf. Regulation (EU) No. 2017/590, and Rules No. 545/2023. The Bank has made necessary remedies and it was not deemed necessary to impose sanctions for the violations, taking into account factors such as the nature and scope of the breaches and whether they were repeated offenses.

Privacy

Privacy and data security are key factors in ensuring trust between customers and the Bank. In all processing of personal data, the Bank strives to adhere to the principles of data protection law, ensure that the necessary authorisations for processing are in place, and provide appropriate training. With the increase in digitalisation in recent years, information security has become increasingly important, particularly to ensure the security of customers' personal data. The Bank emphasises integrating privacy and data protection in its policies and procedures, providing appropriate training to new employees, and promoting continuous education in this area.

In 2024, the Icelandic Data Protection Authority (Persónuvernd) initiated a preliminary investigation into the Bank's processing of personal data, which was limited to Landsbankinn's online banking platform. Completion of the investigation was announced in a letter dated 22 January 2025, stating that administrative proceedings would not be initiated. Landsbankinn reported three security breaches to Persónuvernd, but the Bank considers it unlikely that these incidents pose a threat to the rights and freedoms of individuals.

Persónuvernd issued a ruling on one case from the Bank last year, concluding that its data processing was in compliance with the provisions of data protection laws.

Other matters

Landsbankinn’s remuneration policy states that compensation to the CEO and key managers shall be competitive yet moderate and not leading. The Remuneration Committee is tasked with ensuring that compensation to key executives is within the framework of the remuneration policy and shall submit an annual report on the matter to the Board of Directors. The Bank’s Remuneration Committee has submitted its report on compensation to key executives and considers their terms to be within the framework of the Bank’s remuneration policy.

Landsbankinn and Kvika Bank signed an agreement providing for Landsbankinn’s purchase of TM tryggingar hf. on 30 May 2024, following a binding offer made by Landsbankinn on 15 March 2024. The purchase was contingent on approval by the Icelandic Competition Authority and the Financial Supervisory Authority (FSA) of the Central Bank of Iceland (CBI). The FSA published the results of its assessment on 23 September 2024, finding Landsbankinn eligible to control a qualifying holding in TM and its subsidiaries. The Icelandic Competition Authority is currently processing the case and its decision is expected to be forthcoming no later than in March 2025. The purchase price for TM is ISK 28.6 billion, with the final consideration subject to a closing adjustment on the date the Bank assumes operation of TM. The agreed purchase price was based on TM's balance sheet as of the end of 2023 and will adjust to reflect to in an increase (or decrease) equivalent to the change in TM's tangible equity from the beginning of 2024 until the delivery date.

Other matters (continued)

In the first quarter of 2024, Landsbankinn along with other banks and pension funds, agreed to participate in the funding of real estate company Fasteignafélagið Thórkatla ehf. ("Thórkatla"). The State established the company for the purpose of purchasing residential housing in Grindavík, giving individuals the option of selling their properties to the company with while retaining a pre-emption right. The majority of customers in Grindavík who hold mortgages with the Bank have elected to sell their properties to Thórkatla. While the transactions between these parties were not fully settled during the year, the mortgages of 477 of the Bank's retail customers had been paid off and Thórkatla had been extended credit in the amount of ISK 12.8 billion. The final amount of the loan to Thórkatla is not yet known, nor is the amount of mortgages held by the Bank's customers who elect not to take advantage of this solution.

In December 2021, legal proceedings were initiated against the Bank, demanding that contractual provisions regarding interest rate changes of mortgage loan agreements should be deemed unlawful. The District Court requested an advisory opinion from the EFTA Court, which was published in May 2024. The advisory opinion states, among other things, that it is for Icelandic courts to determine whether the terms of the loan agreement regarding interest rate adjustments comply with the requirements of Directive 93/13/EEC on unfair terms in consumer contracts. A ruling in the case is expected from the District Court in March 2025. The case may subsequently be appealed. The final outcome may set a precedent for other loans beyond those discussed in these cases. The Bank's preliminary assessment of the possible negative of the final verdict on loans that contain this interest change provision in its credit current portfolio is that financial loss could amount to ISK 20.6 billion. Note 38 to the Bank's consolidated financial statement describes the matter in more detail.

Changes to the availability of inflation-indexed housing mortgages entered into effect in September. Indexed housing mortgages with equal payments (annuity) are now only available to first-time buyers. This change was made in response to the high growth in demand for indexed mortgages in 2024. Deposits to indexed bank accounts have not grown in tandem with indexed mortgages, causing the Bank to rely increasingly on the issuance of indexed bonds to finance indexed mortgages, the terms on which have worsened. This change is expected to cool demand for inflation-indexed mortgages and lead to lower interest rate increases by the Bank than would otherwise be necessary. The aforementioned change to the availability of inflation-indexed mortgages is deemed more favourable to the majority of customers. The change is also a measure to mitigate the increasing imbalance between the Bank's inflation-indexed assets and liabilities, the so-called indexation imbalance.

Landsbankinn hf., along with other shareholders in Greiðslumiðlun Íslands ehf. ("GMÍ"), whose asset portfolio includes subsidiary Motus, offered their shares in the company for sale in an open sale process in 2024. The Bank holds a 47.9% share in GMÍ. The process is still ongoing.

Statement by the Board of Directors and the CEO

The Consolidated Financial Statements of Landsbankinn for 2024 have been prepared on a going-concern basis in accordance with the International Financial Reporting Standards (IFRS) accounting standards, as adopted by the European Union and compliant with applicable Icelandic laws and regulations.

In our opinion, the Consolidated Financial Statements provide a true and fair view of the consolidated financial position of the Group as of 31 December 2024, its consolidated financial performance and consolidated cash flows for the year 2024. Furthermore, the Consolidated Financial Statements, including the report of the Board of Directors and the CEO, describe the principal risks and uncertainties facing the Group.

The Board of Directors and Chief Executive Officer of the Bank endorse the Consolidated Financial Statements of Landsbankinn for the year 2024 with their electronic signatures. The Board of Directors and the CEO recommend that the Annual General Meeting of Landsbankinn approve the Consolidated Financial Statements.

Reykjavík, 30 January 2025

Board of Directors

Jón Thorvarður Sigurgeirsson, Chairman
Eva Halldórsdóttir, Vice chairman
Rebekka Jóelsdóttir
Stefanía Guðrún Halldórsdóttir
Steinunn Thorsteinsdóttir
Thór Hauksson
Örn Guðmundsson

Chief Executive Officer

Lilja Björk Einarsdóttir

Independent Auditor’s report

To the Board of Directors and the Shareholders of Landsbankinn hf.

Opinion

We have audited the accompanying consolidated financial statements of Landsbankinn hf. and its subsidiaries (the group) for the year 2024, excluding the Board of Directors and CEO report.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at December 31, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts.

Our opinion is consistent with our additional report to the Audit Committee.

The consolidated financial statements comprise

- Report of the Board of Directors and CEO
- Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the Year ended 31 December 2024
- Consolidated Statement of Financial Position as at 31 December 2024
- Consolidated Statement of Changes in Equity for the Year ended 31 December 2024
- Consolidated Statement of Cash Flows for the Year ended 31 December 2024
- Notes to the consolidated financial statements, which include material accounting policies and other explanatory information

The Board of Directors and the CEO report, highlights on page 1, certain notes and appendix are excluded from the audit, refer to section reporting on other information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *auditor’s responsibilities for the audit of the consolidated financial statements* section of our report.

Independence

We are independent of the group in accordance with Icelandic laws on auditors and auditing and the code of ethics that apply to auditors in Iceland and relate to our audit of the group's consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the group and its subsidiaries are in accordance with the applicable law and regulations in Iceland and that we have not provided non-audit services that are prohibited under Article 5.1. of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the group and its subsidiaries, in the period from 1 January 2024 to 31 December 2024, are disclosed in note 13 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit procedures
Impairment allowance of loans to customers *Refer to the Note 83.11 (g) "Material accounting Policies - Impairment of financial assets", Note 3 (b) "Critical accounting estimates and judgements in applying accounting policies - Impairment losses on loans and advances", Note 24 "Loans and advances to customers" and Note 60 "Impairment allowance on loans and advances".* Allowance for impairment on loans and advances to customers amounted to ISK 10.651 million at 31 December 2024. Loans and advances to customers amounted to ISK 1.807.437 million or 83% of total assets as at 31 December 2024, against which impairment allowances have been recorded. The amount of impairment allowance is based on assumptions, many of which are subject to management's assessment. In assessing expected credit losses (ECL), the Group uses a forward-looking model in accordance with International Financial Reporting Standard no. 9, Financial Instruments (IFRS 9). Important criteria for evaluation are: - probability of default and future cash flows of customers; - how changes in economic factors affect expected credit losses; and - assessment of collateral - Post-model-adjustments to reflect uncertainties not captured in the ECL models Given the high level of judgement involved in determining impairment, and the significance of loans and advances to customers of the Group's balance sheet, we consider the impairment allowance to be a key audit matter.	Our audit included a combination of testing of internal controls over financial reporting in the Groups lending processes and substantive testing of impairment allowances. We obtained an understanding of the loan origination process, credit risk management and the impairment allowances for loans and advances to customers. We performed tests of the Group's impairment models and evaluated the methodology and challenged assumptions for calculating the ECL models. We reviewed the Group's models and utilised PwC's model experts in reviewing the ECL models in accordance with the requirements set out in IFRS 9. Our audit procedures included, among other: - verification of assumptions used in the ECL models to assess the probability of defaults and future customer cash flows; - verification of registrations and assessments of collateral used in the calculation of the ECL models; - testing of key reconciliations, validations and approvals in regards to impairment; - sample testing of loans to substantiate the assumptions used in the ECL models, including an examination of the assumptions used to classify loans into relevant stages together with an assessment of collateral and credit rating; - we involved PwC model experts to independantly reperform the calculation of ECL models for a sample of loans; - sample testing of stage 3 loans that are individually assessed to verify whether appropriate criteria are used in determining the value of the loans, including the value of collateral and the assessment of future customers' cash flows; - evaluation of the assumptions used to develop the post-model-adjustments to reflect uncertainties not captured in the ECL models and reviewed that governance procedures have been performed. We assessed the disclosures related to impairment allowance.

Key audit matter	Audit procedures
Valuation of Level 3 financial instruments - unlisted shares Refer to Note 83.11 (f) "Material accounting policies - Fair value measurement", Note 3 (c) "Critical accounting estimates and judgements in applying accounting policies - Valuation of financial instruments", Note 15 "Classification and fair values of financial assets and liabilities" Financial assets measured at fair value amounted to ISK 221.263 million, which is a total of 10% of total assets on 31 December 2024. A significant part of the financial assets are listed on the market as of the balance sheet reporting date. Unlisted shares are categorised within Level 3 of the fair value hierarchy. The value of these shares amounts to ISK 14.122 million or 0,6% of total assets at the end of 2024. The portion of the portfolio that required special attention in our audit refers to unlisted shares. These financial instruments are valued based on models and certain assumptions that are not observable by third parties. Therefore, this item is a key audit matter. Valuation methods can include recent transactions with unrelated parties, a reference to the fair value of comparable financial instruments, discounted cash flows, price formation models or other valuation techniques that indicate a reliable valuation of other transactions on the market.	Our audit included a combination of testing of internal controls over financial reporting in the Group valuation processes and substantive testing unlisted shares categorised as Level 3 financial instruments. Our audit procedures included, among other: - We obtained an understanding of and evaluated the investment process. The methodology and criteria for valuation were reviewed and compared with common criteria for comparable assets. - We reviewed and evaluated data inputs on which calculations and assumptions of valuation methods were based. - We recalculated a sample of unlisted shares and utilised PwC valuation experts in the assessment of the valuation of the unlisted shares. - We reviewed the classification of shares in the fair value hierarchy. We assessed the disclosures related to the valuation of level 3 financial instruments.

Reporting on other information including the Report of the Board of Directors and CEO

The Board of Directors and the CEO are responsible for other information. The other information comprises of highlights on page 1, Report of the Board of Directors and the CEO, consolidated key figures notes 84 to 86 and appendix about the corporate governance statement and appendix about Green Asset Ratio (GAR) report, which we obtained prior to the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover other information, including the Report of the Board of Directors and the CEO.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor’s report. We have nothing to report in this respect.

With respect to the Board of Directors and the CEO report we have, in accordance with article 104, of the Icelandic law on annual accounts reviewed that to the best of our knowledge, the report of the Board of Directors and the CEO accompanying the consolidated financial statements includes applicable information in accordance with Icelandic law on annual accounts if not presented elsewhere in the consolidated financial statements.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS accounting standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts, and for such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. The Group's management must provide appropriate explanations regarding its ability to continue as going concern, if applicable, and why management applies the presumption of going concern in the preparation and presentation of the consolidated financial statements.

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the company on mandate of the Icelandic National Audit office in accordance with paragraph 7 of Act on the Auditor General and the auditing of government accounts no. 46/2016 at the company's annual general meeting on April 22nd, 2020. Our appointment has been renewed annually at the company's annual general meeting representing a total period of uninterrupted engagement appointment of five years.

Reykjavík, 30 January 2025

PricewaterhouseCoopers ehf.

Arna G. Tryggvadóttir
State authorized public accountant

Consolidated Income Statement for the Year ended 31 December 2024

Notes		2024	2023
	Interest income	166,534	150,848
	Interest expense	(109,337)	(93,289)
6	**Net interest income**	**57,197**	**57,559**
	Fee and commission income	17,354	15,977
	Fee and commission expense	(5,949)	(4,824)
7	**Net fee and commission income**	**11,405**	**11,153**
8	Net gain on financial assets and liabilities at FVTPL	12,696	6,719
9	Net foreign exchange gain	616	560
10	Net impairment changes	(2,772)	(3,120)
11	Other income and (expenses)	561	977
	Net other operating income	**11,101**	**5,136**
	Total operating income	**79,703**	**73,848**
12	Salaries and related expenses	(16,534)	(15,866)
13	Other operating expenses	(10,202)	(10,092)
	Tax on liabilities of financial institutions	(2,597)	(2,290)
	Total operating expenses	**(29,333)**	**(28,248)**
	Profit before tax	**50,370**	**45,600**
14	Income tax	(12,862)	(12,433)
	Profit for the year	**37,508**	**33,167**
	Profit for the year attributable to:		
	Owners of the Bank	37,508	33,167
	Non-controlling interests	0	0
	Profit for the year	**37,508**	**33,167**
	Earnings per share:		
37	Basic and diluted earnings per share from operations (ISK)	**1.59**	**1.40**

Consolidated Statement of Comprehensive Income for the Year ended 31 December 2024

Notes		2024	2023
	Profit for the year	37,508	33,167
	Other comprehensive income for the year, after tax	0	0
	Total comprehensive income for the year	**37,508**	**33,167**

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

Landsbankinn hf. Consolidated Financial Statements 2024 13 All amounts are in ISK million

Consolidated Statement of Financial Position as at 31 December 2024

Notes		2024	2023
	Assets		
19, 69	Cash and balances with Central Bank	129,981	75,350
20	Bonds and debt instruments	139,104	148,182
21	Equities and equity instruments	32,644	19,012
22	Derivative instruments	8,260	7,459
23, 69	Loans and advances to financial institutions	39,346	54,101
24, 69	Loans and advances to customers	1,807,437	1,630,894
25	Investments in equity-accounted associates	1,143	1,849
26	Property and equipment	14,611	14,768
27	Intangible assets	1,336	1,472
28	Other assets	5,725	6,828
29	Assets classified as held for sale	2,172	861
	Total assets	**2,181,759**	**1,960,776**
	Liabilities		
30	Due to financial institutions and Central Bank	11,989	29,968
31	Deposits from customers	1,228,444	1,048,537
22	Derivative instruments and short positions	6,835	2,788
32, 69	Borrowings	529,150	513,687
33	Tax liabilities	15,597	14,647
34	Other liabilities	25,106	27,219
35	Subordinated liabilities	39,989	20,176
	Total liabilities	**1,857,110**	**1,657,022**
36	**Equity**		
	Share capital	23,615	23,621
	Share premium	120,516	120,593
	Reserves	13,213	11,432
	Retained earnings	167,305	148,108
	Total equity attributable to owners of the Bank	**324,649**	**303,754**
	Non-controlling interests	0	0
	Total equity	**324,649**	**303,754**
	Total liabilities and equity	**2,181,759**	**1,960,776**

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

Landsbankinn hf. Consolidated Financial Statements 2024 14 All amounts are in ISK million

Consolidated Statement of Changes in Equity for the Year ended 31 December 2024

Notes	Change in equity for the year 2024	Share capital	Share premium	Statutory reserve	Unrealised gains in subsidiaries and equity-accounted associates reserve	Fair value changes of financial assets designated at FVTPL	Retained earnings	Total	Non-controlling interests	Total
		Attributable to owners of the Bank								
				Reserves*						
	Balance as at 1 January 2024	23,621	120,593	6,000	3,577	1,855	148,108	303,754		303,754
	Profit for the year						37,508	37,508		37,508
	Transferred (from) to restricted reserves				510	1,271	(1,781)	0		0
	Purchase of own shares	(6)	(77)					(83)		(83)
	Dividends allocated						(16,530)	(16,530)		(16,530)
36	**Balance as at 31 December 2024**	**23,615**	**120,516**	**6,000**	**4,087**	**3,126**	**167,305**	**324,649**	**0**	**324,649**

Notes	Change in equity for the year 2023	Share capital	Share premium	Statutory reserve	Unrealised gains in subsidiaries and equity-accounted associates reserve	Fair value changes of financial assets designated at FVTPL	Retained earnings	Total	Non-controlling interests	Total
	Balance as at 1 January 2023	23,621	120,593	6,000	2,774	3,212	122,891	279,091		279,091
	Profit for the year						33,167	33,167		33,167
	Transferred (from) to restricted reserves				803	(1,357)	554	0		0
	Dividends allocated						(8,504)	(8,504)		(8,504)
36	**Balance as at 31 December 2023**	**23,621**	**120,593**	**6,000**	**3,577**	**1,855**	**148,108**	**303,754**	**0**	**303,754**

*In accordance with Act. No. 2/1995, on Public Limited Companies and Act No. 3/2006, on Annual Financial Statements.

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

Landsbankinn hf. Consolidated Financial Statements 2024 15 All amounts are in ISK million

Consolidated Statement of Cash Flows for the Year ended 31 December 2024

Notes		2024	2023
	Operating activities		
	Profit for the year	37,508	33,167
	Adjustments for non-cash items included in profit for the year	(51,902)	(45,649)
	Changes in operating assets and liabilities	(19,805)	(20,635)
	Interest received	153,553	131,453
	Interest paid	(99,974)	(81,355)
	Dividends received	344	302
	Tax on liabilities of financial institutions paid	(2,307)	(2,109)
	Income tax and special income tax on financial institutions paid	(12,203)	(10,450)
	Net cash from operating activities	**5,214**	**4,724**
	Investing activities		
	Purchase of property and equipment	(1,053)	(2,445)
	Proceeds from sale of property and equipment	27	15
27	Purchase of intangible assets	(119)	(61)
	Investing activities	**(1,145)**	**(2,491)**
	Financing activities		
	Proceeds from borrowings	151,560	141,246
	Repayment of borrowings	(130,162)	(116,542)
	Rent paid	(462)	(564)
	Procceds from subordinated liabilities	22,642	12,000
	Repayment of subordinated liabilities	(5,129)	(14,400)
36	Purchase of own shares	(83)	-
36	Dividends paid	(16,530)	(8,504)
	Financing activities	**21,836**	**13,236**
	Cash and cash equivalents as at the beginning of the year	67,475	52,636
	Net change in cash and cash equivalents	25,905	15,469
	Effect of exchange rate changes on cash and cash equivalents held	593	(630)
	Cash and cash equivalents as at the end of the year	**93,973**	**67,475**
	Cash and cash equivalents is specified as follows:		
19	Cash and balances with Central Bank	129,981	75,350
23	Bank accounts with financial institutions	8,080	17,821
19	Mandatory and special restricted balances with Central Bank	(44,088)	(25,696)
	Cash and cash equivalents as at the end of the year	**93,973**	**67,475**

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

Landsbankinn hf. Consolidated Financial Statements 2024 16 All amounts are in ISK million

Consolidated Statement of Cash Flows for the Year ended 31 December 2024

Notes		2024	2023
	Adjustments for non-cash items included in profit for the year		
6	Net interest income	(57,197)	(57,559)
8	Net gain on financial assets and liabilities at FVTPL	(12,696)	(6,719)
9	Net foreign exchange (gain) loss	(1,209)	70
10	Net impairment changes	2,772	3,120
11	Gain on sale of property and equipment	(88)	(74)
11	Net income on repossessions	(287)	(654)
13	Depreciation and amortisation	1,425	1,550
11	Share of profit of equity-accounted associates	(81)	(106)
	Tax on liabilities of financial institutions	2,597	2,290
14	Income tax	12,862	12,433
		(51,902)	**(45,649)**
	Changes in operating assets and liabilities		
	Change in reserve requirement with Central Bank	(18,392)	(14,357)
	Change in bonds and equities	5,697	(14,900)
	Change in loans and advances to financial institutions	5,641	(26,334)
	Change in loans and advances to customers	(175,436)	(75,484)
	Change in other assets	(2,766)	(5,415)
	Change in assets classified as held for sale	82	238
	Change in due to financial institutions and Central Bank	(17,723)	23,044
	Change in deposits from customers	180,903	81,936
	Change in deferred tax liability	38	138
	Change in other liabilities	2,151	10,499
		(19,805)	**(20,635)**

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

Landsbankinn hf. Consolidated Financial Statements 2024 17 All amounts are in ISK million

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

General

1. Reporting entity

Landsbankinn hf. (hereinafter referred to as the "Bank" or "Landsbankinn") was founded on 7 October 2008. 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. The Bank is subject to supervision of the Financial Supervisory Authority of the Central Bank of Iceland (FSA) in accordance with Act No. 87/1998, on Official Supervision of Financial Activities. The registered address of the Bank’s office is Reykjastræti 6, Reykjavík. Landsbankinn operates an extensive branch network in Iceland, comprised of 35 branches and service points at year-end 2024.

The Consolidated Financial Statements of the Bank for the year ended 31 December 2024 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, markets, asset management and other related financial services. The Group operates solely in Iceland.

2. Basis of preparation

These Consolidated Financial Statements for the year ended 31 December 2024 have been prepared in accordance with IFRS Accounting Standards, as adopted by the European Union. The Consolidated Financial Statements have, furthermore, been prepared in accordance with Act No. 3/2006, on Annual Financial Statements, Act No. 161/2002, on Financial Undertakings, and Rules No. 834/2003, on Accounting for Credit Institutions.

The Consolidated Financial Statements were approved and authorised for publication by the Board of Directors and the CEO of Landsbankinn on 30 January 2025.

Material accounting policies are summarised in Note 83.

Going concern

The Bank’s management has assessed the Group’s ability to continue as a going concern and it has a reasonable expectation that the Group has adequate resources to continue its operations. Accordingly, these Consolidated Financial Statements have been prepared on a going concern basis.

Functional and presentation currency

The functional currency of the Bank and its individual Group entities is Icelandic króna (ISK) and all amounts are presented in ISK, rounded to the nearest million unless otherwise stated.

3. Critical accounting estimates and judgements in applying accounting policies

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Accounting 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 years affected.

(a) Classification of financial instruments

Financial instruments under IFRS 9 are accounted for according to their classification. Professional judgement is applied and determination of the appropriate classification depends on the objective of the business model within which the financial instrument is held and the contractual cash flows of the financial asset, the Solely Payments of Principal and Interest (SPPI) test, which determines whether the intention is to collect cash flows which contractual terms give rise to on specified dates and are solely payments of principal and interes. For further details on the accounting for these instruments under IFRS 9, see Note 83.11 (b).

(b) Impairment losses on loans and advances

Measurement of expected credit losses on loans, financial guarantees and loan commitments

Measurement of expected credit losses (ECL) is based on the three-stage expected credit loss model under IFRS 9. Loss allowance is measured either at an amount equal to 12-month ECLs or lifetime ECLs.

Expected credit loss depends on whether the credit risk has increased significantly since initial recognition. A significant increase in credit risk is defined in Note 83.11(g). If the credit risk has not increased significantly, the loss allowance equals the expected credit losses resulting from loss events that are possible within the next 12 months (Stage 1). If the credit risk has increased significantly, the allowance measured equals the lifetime expected credit losses (Stage 2 and 3). When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group will consider reasonable and supportable information that is relevant and available without undue cost and effort, including both quantitative and qualitative information.

Notes to the Consolidated Financial Statements

3. Critical accounting estimates and judgements in applying accounting policies (continued)

(b) Impairment losses on loans and advances (continued)

Measurement of expected credit losses on loans, financial guarantees and loan commitments measured at amortised cost (continued):

The expected credit loss is calculated for all loans as a function of PD, EAD and LGD, is discounted using the effective interest rate (EIR) and incorporates forward-looking information. The forward-looking information reflects the expectations of the Valuation Team, the Bank's Economic Research department, and involves the creation of scenarios of relevant economic variables, including an assessment of the probability for each scenario.

Effect of natural disaster on the Reykjanes penisula on the financial statements

In response to the ongoing seismic and volcanic episode unfolding in the vicinity of Grindavík, Landsbankinn along with other banks and pension funds, agreed to participate in the State's establishment of real estate company Fasteignafélagið Thórkatla ehf. ("Thórkatla") established by the State for the purpose of purchasing residential housing in Grindavík and giving individuals who are legally domiciled in Grindavík the option of selling their properties to the company with pre-emption.

The Bank also responded by being party to an agreement, concluded under the auspices of the Icelandic Financial Services Association, to cancel interest and inflation-indexation on housing mortgages of the Bank's customers in Grindavík. This cancellation was limited to interest and indexation on loans in the maximum total amount of ISK 50 million and included interest and indexation on payments as well as accrued indexation on the total loan amount for a 6-month period. As a result, the Bank recognised a provision of ISK 252 million in 2024 and no further provision is expected.

The Bank also offered retail customers the option of deferring payments on their mortgages for up to 6 months in the first half of the year. Cancellation of interest and indexation for 6 months in addition to the deferral of payments for 6 months was applied to the largest part of Grindavík housing mortgages.

The majority of these mortgages has now been paid up and the accompanied risk transferred to the Bank's loan to Fasteignafélagið Thórkatla ehf. A part of the Bank's Grindavík-based corporate customers sought temporary forbearance measures from the Bank, and a part of these measures still apply.

The majority of customers in Grindavík who hold mortgages with the Bank have elected to sell their real estate assets to Thórkatla. While the transactions between these parties have not been fully settled as at the end of 2024, as the deadline for selling real estate to Thórkatla was recently extended to 31.3.2025, the mortgages of 477 of the Bank's retail customers had been paid off and Thórkatla had been extended credit in the amount of ISK 12.8 billion. The final amount of the loan to Thórkatla is not yet known, nor is the total amount of mortgages held by the Bank's customers who elect not to take advantage of this solution. These measures have significantly reduced the Bank's credit risk from residential mortgages in Grindavík; the credit risk is transferred to lending to Thórkatla.

There is still uncertainty about the development and final impact of the seismic and volcanic activity. Consequently, there is considerable uncertainty about the impact on the Bank's Grindavík customers and the Bank's credit portfolio. In 2024, the Bank performed a detailed risk assessment of loans to larger corporates in Grindavík on a quarterly basis and staging is based on that assessment. Loans to smaller Grindavík-based corporates are classified as stage 2. Housing mortgages to retail customers in Grindavík remain stage 2 loans.

The Bank has assessed the need for provisions for impairment for loans to corporates other than Thórkatla and loans to retail customers in response to the volcanic and seismic activity in and around Grindavík and has made an ISK 1,943 million provision at the end of 2024. Of this amount, ISK 731 million is a collective allowance made against increased risk not adequately captured under general impairment assessment. Assessment of the collective allowance is based on a detailed analysis of loans to Grindavík customers whereby loans are grouped on the basis of similar risk characteristics. The assessment is based on expert judgement that considers the potential impact on payment capacity and value of underlying collateral.

Credit risk on Grindavík customers

The majority of corporate loans are to the travel & hospitality industry and the fisheries & seafood sector, in addition to the loan to Fasteignafélagið Thórkatla ehf. Retail lending to Grindavík customers consist firstly of housing mortgages and secondly of other loans, e.g. car loans, overdraft credit and payment cards.

Notes to the Consolidated Financial Statements

3. Critical accounting estimates and judgements in applying accounting policies (continued)

(b) Impairment losses on loans and advances (continued)

Credit risk on Grindavík customers (continued)

The table shows the gross carrying amount of loans and advances and the related expected credit losses for Grindavík at the end of 2024 and 2023 by customer type:

		Stage 1		Stage 2		Stage 3				
As at 31 December 2024	**Gross carrying amount**	**Gross carrying amount**	**12-month ECL**	**Gross carrying amount**	**Lifetime ECL**	**Gross carrying amount**	**Lifetime ECL**	**Allowance for impairment**	**Fair Value**	**Carrying amount**
Individuals	**793**	**362**	**(1)**	**423**	**(110)**	**8**	**(5)**	**(115)**	**-**	**677**
Mortgages	346	-	-	346	(106)	-	-	(106)	-	240
Other	447	362	(1)	77	(4)	8	(5)	(9)	-	437
Corporates	**47,253**	**12,147**	**(1)**	**23,783**	**(1,053)**	**1,428**	**(705)**	**(1,759)**	**9,895**	**45,494**
Samtals	**48,046**	**12,509**	**(2)**	**24,206**	**(1,163)**	**1,436**	**(710)**	**(1,874)**	**9,895**	**46,171**

		Stage 1		Stage 2		Stage 3				
As at 31 December 2023	**Gross carrying amount**	**Gross carrying amount**	**12-month ECL**	**Gross carrying amount**	**Lifetime ECL**	**Gross carrying amount**	**Lifetime ECL**	**Allowance for impairment**	**Fair Value**	**Carrying amount**
Individuals	14,331	13,452	(942)	849	(75)	30	(5)	(1,022)	-	**13,309**
Mortgages	12,965	12,266	(774)	678	(48)	21	(1)	(823)	-	12,142
Other	1,366	1,186	(168)	171	(27)	9	(4)	(199)	-	1,167
Corporates	36,959	35,541	(546)	1,175	(173)	243	(6)	(725)	-	**36,234**
Samtals	**51,290**	**48,993**	(1,488)	**2,024**	(248)	273	(11)	(1,747)	-	49,543

Economic forecasts

Landsbankinn Economic Research Department provides scenarios with forecasts on relevant economic variables and presents them to the Bank's Valuation Team. Economic Research creates a baseline scenario as well as a optimistic and pessimistic scenario, with the last two showing impact on impairment. In the optimistic scenario, economic indicators are altered to lessen the Bank's credit losses compared with the baseline scenario; to increase credit loss in the pessimistic scenario.

The following table shows certain key economic variables used to calculate the ECL allowance. At the reporting date, the baseline forecast of Landsbankinn Economic Research projects 1,7% GDP growth in 2024. The forecasts for the upside, baseline and downside scenarios show averages for the 12-month outlook and to the medium-term forecast horizon. The upside scenario is given 15% weight (31 December 2023: 10%), the baseline 70% weight (31 December 2023: 70%) and the downside scenario 15% weight (31 December 2023: 20%). The scenarios were approved by the Bank's Valuation Team on 18 December 2024.

	Upside scenario		Base case senario		Downside scenario	
As at 31 December 2024	**Next 12 Months**	**Remainder of the Forecast Period**	**Next 12 Months**	**Remainder of the Forecast Period**	**Next 12 Months**	**Remainder of the Forecast Period**
GDP growth	7.2%	9.4%	2.3%	2.2%	(2.6%)	(5.0%)
Unemployment rate	1.8%	1.0%	3.5%	3.3%	5.1%	6.6%
Base rate	5.6%	1.3%	7.3%	5.5%	9.1%	9.7%
Inflation	1.4%	(0.7%)	3.9%	3.4%	6.4%	7.6%
EUR/ISK exchange rate, average	128.7	103.7	144.1	141.2	159.5	178.7
Housing Price index, y/y change	14.2%	20.1%	6.9%	7.3%	(0.4%)	(5.5%)
Household indebtedness	37.2%	24.7%	46.2%	45.6%	55.2%	66.6%

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3. Critical accounting estimates and judgements in applying accounting policies (continued)

(b) Impairment losses on loans and advances (continued)

Economic forecasts

	Upside scenario		Base case senario		Downside scenario	
As at 31 December 2023	Next 12 Months	Remainder of the Forecast Period	Next 12 Months	Remainder of the Forecast Period	Next 12 Months	Remainder of the Forecast Period
GDP growth	7.0%	9.5%	2.1%	2.5%	(2.8%)	(4.6%)
Unemployment rate	2.2%	1.2%	3.9%	4.3%	5.5%	7.5%
Base rate	7.0%	2.0%	8.8%	6.2%	10.5%	10.3%
Inflation	4.0%	1.0%	6.5%	5.3%	9.1%	9.5%
EUR/ISK exchange rate, average	133.1	106.8	149.3	146.5	165.6	186.1
Housing Price index, y/y change	11.3%	17.2%	3.9%	4.4%	(3.4%)	(8.4%)
Household indebtedness	42.5%	31.2%	51.6%	52.6%	60.8%	73.9%

	2024			2023		
	Upside scenario	Base senario	Downside senario	Upside scenario	Base senario	Downside senario
Allowance for impairment (Stage 1 and Stage 2)	2,242	3,742	6,408	4,335	5,882	8,336
Proportion of assets in Stage 2	3.9%	4.3%	5.0%	3.7%	4.2%	5.2%

	Reported under IFRS 9	
	2024	2023
Allowance for impairment (stage 1 and stage 2)	4,649	6,217

(c) Valuation of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where observable market inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair value, they are validated and regularly reviewed by discrete and qualified in-house reviewers. All models are certified before use, and calibrated to ensure that the outputs reflect actual data and comparative market prices. Wherever practical, models are confined to observable data; however, areas such as volatility, correlation and credit risk, whether own or counterparty, require management to make estimates. Changing assumptions on these factors could affect the reported fair value of financial instruments.

(d) Determination of control over investees

Management applies professional judgement to determine whether the control indicators set out in Note 83.1 Consolidation and non-controling interests, indicate that the Group controls an investee.

4. Changes in accounting policies

As of 1 January 2024, the Group has implemented amendments to IAS 1 concerning specific requirements for the classification of liabilities as short or long-term liabilities. The amendments clarify that a liability should only be classified as a long-term liability if the Bank meets the loan covenants regarding the right to defer settlement of the liability for at least 12 months after the reporting period ends and management's plans or expectations to exercise the right to defer settlement are in place and do not affect the classification. The amendments are applied retrospectively but have no effect on comparative amounts.

Interest rate benchmark reform

A fundamental reform (referred to as the 'IBOR reform') of major interest rate benchmarks is being undertaken globally, replacing or reforming interbank offered rates (IBORs) with alternative, nearly risk-free rates (RFRs).

In 2021, the Group initiated work on amendments to its financial instruments with contractual terms indexed to IBORs to incorporate new benchmark rates. Under the amended terms, the Bank may determine that the relevant IBOR benchmark rate will be replaced by a new rate, if available, or an alternative rate in the interbank market or foreign exchange and swap markets.

At year-end 2024, the IBOR reform had been completed in respect of currencies to which the Group has exposure. The table below sets out the IBOR rates that the Group had exposure to, the new benchmark rates to which these exposures have or are being transitioned, and the status of the transition.

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4. Changes in accounting policies (continued)

Interest rate benchmark reform (continued)

As at 31 December 2024	Currency	Benchmark before reform	Benchmark after reform	Status
	CHF	CHF LIBOR	SONAR	Completed
	GBP	GBP LIBOR	SONIA	Completed
	EUR	EURIBOR	EURIBOR, €STR	Completed
	JPY	JPY LIBOR	TONAR	Completed
	USD	USD LIBOR	SOFR	Completed

The main risks to which the Group has been exposed as a result of IBOR reform are operational. Operational risk arises from the renegotiation of loan contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to interest rate risk.

5. Operating segments

Segment information for the Group is presented in accordance with internal reporting to the CEO and the managing directors, who are responsible for allocating resources to the reportable operating segments and assessing their financial performance.

The Bank is organised into seven divisions: Personal Banking, Corporate Banking, Asset Management & Capital Markets, Finance, Risk Management, IT and Communication & Culture. The Group's operating segments are divided into four main business segments and other divisions. The business segments were as follows at the end of the reporting year:

• **Personal Banking** offers individuals and small and medium-sized companies outside the capital city region comprehensive financial services and advice. The emphasis is on digital service channels and self-service solutions, both through online banking and Bank's app, together with conventional service through the Bank's branch network and Customer Service Centre.

• **Corporate Banking** offers municipalities, institutions, larger companies and SMEs in the capital region financial service and advice, emphasising digital service channels and self-service solutions such as corporate online banking and Bank's app.

• **Asset Management & Capital Markets** offers brokerage service in securities, currencies and derivatives, in addition to comprehensive asset management. Landsbréf hf., the Bank's subsidiary, is included in Asset Management & Capital Markets' segment reporting.

• **Treasury and Market Making** are units undir the Finance division. These units are responsible for the Bank's funding, liquidity management, internal pricing of capital and market-making in currency, bonds and equities. Treasury also manages the FX, interest rate and indexation risk of the Bank within the parameters of its risk appetite.

Other divisions are Finance (with the exception of Treasury and Market Making), Risk Management, IT and Communication & Culture. Also under other operating segments are the CEO's Office and Internal Audit.

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

Administrative expenses of the Group's other segments are allocated to appropriate business segments based on the underlying cost drivers. Expenses are allocated to the business units at market price level. Other divisions supply services to business units and transactions are settled at unit prices or, if possible, on an arm's-length basis by use and activity. Income tax is allocated to appropriate business segments based on the prevailing income tax rate. Tax on the Bank's liabilities is allocated to the income generating divisions based on the debt ratio.

The following table summarises each segment's financial performance as disclosed in the internal management reports on segment profits (loss). 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.

Revenue from transactions with any single external customer was within 10% of the Group's total revenue during the year from 1 January to 31 December 2024 and the corresponding period in 2023.

Notes to the Consolidated Financial Statements

5. Operating segments (continued)

1 January - 31 December 2024	Personal Banking	Corporate Banking	Asset Management & Capital Market	Treasury and Market Making	Other divisions	Recon-ciliation	Total
Net interest income	21,757	28,067	489	6,513	531	(160)	**57,197**
Net fee and commission income	3,922	2,701	5,331	(448)	66	(167)	**11,405**
Net impairment changes	(1,998)	(772)	-	(1)	(1)	-	**(2,772)**
Other net operating income (expenses)	(1,354)	186	682	13,996	366	(3)	**13,873**
Total operating income (expenses)	**22,327**	**30,182**	**6,502**	**20,060**	**962**	**(330)**	**79,703**
Operating expenses	(7,451)	(3,473)	(2,454)	(883)	(12,642)	167	**(26,736)**
Tax on liabilities of financial institutions	(1,085)	(572)	(12)	(920)	(8)	-	**(2,597)**
Profit (loss) before cost allocation and tax	**13,791**	**26,137**	**4,036**	**18,257**	**(11,688)**	**(163)**	**50,370**
Allocated expenses	(4,936)	(3,338)	(1,325)	(1,205)	10,804	-	**0**
Profit (loss) before tax	**8,855**	**22,799**	**2,711**	**17,052**	**(884)**	**(163)**	**50,370**
Income tax	(2,621)	(6,276)	(539)	(3,598)	172	-	**(12,862)**
Profit (loss) for the year	**6,234**	**16,523**	**2,172**	**13,454**	**(712)**	**(163)**	**37,508**
Net revenue (expenses) from external customers	29,886	57,069	7,534	(14,813)	357	-	**80,033**
Net revenue (expenses) from other segments	(7,559)	(26,887)	(1,032)	34,873	605	-	**0**
Total operating income (expenses)	**22,327**	**30,182**	**6,502**	**20,060**	**962**	**0**	**80,033**
As at 31 December 2024							
Total assets	**944,747**	**852,485**	**15,814**	**763,313**	**20,728**	**(415,328)**	**2,181,759**
Total liabilities	**877,742**	**710,189**	**10,801**	**656,857**	**16,849**	**(415,328)**	**1,857,110**
Allocated capital	**67,005**	**142,296**	**5,013**	**106,456**	**3,879**		**324,649**

1 January - 31 December 2023	Personal Banking	Corporate Banking	Asset Management & Capital Market	Treasury and Market Making	Other divisions	Recon-ciliation	Total
Net interest income	18,944	22,324	513	15,435	385	(42)	**57,559**
Net fee and commission income	3,548	3,062	4,924	(297)	76	(160)	**11,153**
Net impairment changes	(1,793)	(1,333)	1	5	-	-	**(3,120)**
Other net operating income (expenses)	99	21	296	7,009	846	(15)	**8,256**
Total operating income (expenses)	**20,798**	**24,074**	**5,734**	**22,152**	**1,307**	**(217)**	**73,848**
Operating expenses	(7,316)	(3,383)	(2,323)	(938)	(12,170)	172	**(25,958)**
Tax on liabilities of financial institutions	(920)	(472)	(7)	(882)	(9)	-	**(2,290)**
Profit (loss) before cost allocation and tax	**12,562**	**20,219**	**3,404**	**20,332**	**(10,872)**	**(45)**	**45,600**
Allocated expenses	(4,667)	(3,126)	(1,224)	(1,093)	10,110	-	**0**
Profit (loss) before tax	**7,895**	**17,093**	**2,180**	**19,239**	**(762)**	**(45)**	**45,600**
Income tax	(2,267)	(4,516)	(425)	(5,496)	271	-	**(12,433)**
Profit (loss) for the year	**5,628**	**12,577**	**1,755**	**13,743**	**(491)**	**(45)**	**33,167**
Net revenue (expenses) from external customers	34,799	52,112	6,187	(19,869)	836	-	**74,065**
Net revenue (expenses) from other segments	(14,001)	(28,038)	(453)	42,021	471	-	**0**
Total operating income (expenses)	**20,798**	**24,074**	**5,734**	**22,152**	**1,307**	**0**	**74,065**
As at 31 December 2023							
Total assets	**872,537**	**752,041**	**11,281**	**751,659**	**21,143**	**(447,885)**	**1,960,776**
Total liabilities	**817,838**	**625,602**	**7,000**	**637,385**	**17,082**	**(447,885)**	**1,657,022**
Allocated capital	**54,699**	**126,439**	**4,281**	**114,274**	**4,061**		**303,754**

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Notes to the Consolidated Income Statement

6. Net interest income

See accounting policy in Note 83.5.

	2024			2023		
Interest income	**Amortised cost**	**Designated at FVTPL**	**Total**	**Amortised cost**	**Designated at FVTPL**	**Total**
Cash and balances with Central Bank	6,726	-	6,726	6,803	-	6,803
Loans and advances to financial institutions	2,323	-	2,323	1,803	-	1,803
Loans and advances to customers	154,227	3,058	157,285	140,677	1,407	142,084
Other interest income	69	131	200	42	116	158
Total	**163,345**	**3,189**	**166,534**	**149,325**	**1,523**	**150,848**
Interest expense						
Due to financial institutions and Central Bank	(366)	-	(366)	(867)	-	(867)
Deposits from customers	(75,541)	-	(75,541)	(61,861)	-	(61,861)
Borrowings	(20,472)	(8,231)	(28,703)	(22,321)	(3,160)	(25,481)
Other interest expense	(233)	(1,281)	(1,514)	(110)	(2,657)	(2,767)
Subordinated liabilities	(3,213)	-	(3,213)	(2,313)	-	(2,313)
Total	**(99,825)**	**(9,512)**	**(109,337)**	**(87,472)**	**(5,817)**	**(93,289)**
Net interest income	**63,520**	**(6,323)**	**57,197**	**61,853**	**(4,294)**	**57,559**

Net interest income, calculated based on the effective interest rate method, amounted to ISK 57,197 million in the year ended 2024 as compared with ISK 57,559 million for the year ended 2023.

7. Net fee and commission income

See accounting policy in Note 83.6.

	2024			2023		
	Fee and commission income	**Fee and commission expense**	**Net fee and commission income**	**Fee and commission income**	**Fee and commission expense**	**Net fee and commission income**
Capital Markets	5,938	(777)	5,161	6,136	(674)	5,462
Loans and guarantees	1,781	-	1,781	1,350	-	1,350
Payment cards	6,733	(3,397)	3,336	6,229	(3,012)	3,217
Collection and payment services	1,006	(222)	784	1,034	(206)	828
Other	1,896	(1,553)	343	1,228	(932)	296
Total	**17,354**	**(5,949)**	**11,405**	**15,977**	**(4,824)**	**11,153**

8. Net gain (loss) on financial assets and liabilities at FVTPL

See accounting policy in Note 83.7.

Net gain (loss) on financial assets and liabilities at FVTPL	**2024**	**2023**
Bonds and debt instruments	7,658	6,947
Equities and equity instruments	4,894	(1,112)
Derivatives and underlying hedges	1,192	740
Loans and advances to customers	(1,284)	29
Net gain on fair value hedges	236	115
Total	**12,696**	**6,719**

The dividend income below is recognised in the income statement in “Net gain on financial assets and liabilities at FVTPL”.

Dividend income	**2024**	**2023**
Net gain on financial assets in the trading book	30	50
Net gain on financial assets in the banking book	128	180
Total	**158**	**230**

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Notes to the Consolidated Financial Statements

9. Net foreign exchange gain (loss)

See accounting policy in Note 83.8.

Assets	2024	2023
Cash and balances with Central Bank	(47)	16
Bonds and debt instruments	(2,282)	269
Equities and equity instruments	31	(1)
Derivative instruments	(1,872)	(799)
Loans and advances to financial institutions	712	3,030
Loans and advances to customers	(7,954)	(5,506)
Other assets	(2,827)	(1,509)
Total	**(14,239)**	**(4,500)**
Liabilities		
Due to financial institutions and Central Bank	163	(202)
Deposits from customers	1,538	1,434
Borrowings	12,892	2,977
Other liabilities	(788)	84
Subordinated liabilities	1,050	767
Total	**14,855**	**5,060**
Net foreign exchange gain	**616**	**560**

The net foreign exchange difference recognised in the income statement in 2024 arousing on financial instruments not measured at FVTPL, amounted to a loss of ISK 10,116 million on financial assets (2023: loss of ISK 3,969 million) and a gain of ISK 14,855 million on financial liabilities (2023: gain of ISK 5,060 million).

10. Net impairment changes

See accounting policy in Note 83.11 (g).

	2024	2023
Net impairment changes of loans to customers	(2,840)	(2,972)
Net impairment changes of other financial assets and provision for litigations	68	(148)
Net impairment changes of financial assets	**(2,772)**	**(3,120)**
Net impairment changes by customer type		
Public entities	2	4
Individuals	(2,056)	(1,644)
Corporates	(718)	(1,480)
Net impairment changes of financial assets	**(2,772)**	**(3,120)**

11. Other income and (expenses)

	Notes	2024	2023
Share of gain of equity-accounted associates	25	81	106
Gain on sale of property and equipment		88	74
Net income on repossessions		287	654
Other		105	143
Total		**561**	**977**

12. Salaries and related expenses

See accounting policy in Note 83.32.

	2024	2023
Salaries	12,622	12,203
Contributions to defined pension plans	1,929	1,890
Social security contributions	924	888
Special financial activities tax on salaries	800	769
Other related expenses	259	116
Total	**16,534**	**15,866**
Average number of full-time equivalent positions during the year	811	849
Number of full-time equivalent positions at the year-end	822	817

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13. Other operating expenses

	2024	2023
Information technology	3,252	3,304
Real estate and fixtures	1,041	1,073
Advertising and marketing	727	749
Operating lease rentals	43	40
FSA supervisory expenses	692	626
Contribution to the Debtors' Ombudsman	99	92
Audit and related services	230	187
Other professional services	660	520
Depreciation and amortisation	1,425	1,550
Other operating expenses	2,033	1,951
Total	**10,202**	**10,092**

Audit and related services	**2024**	**2023**
Audit and reviews of financial statements - PwC	144	138
Other audit-related services - PwC	55	32
Other audit-related services - Others	31	17
Total	**230**	**187**

Depreciation and amortisation	**Notes**	**2024**	**2023**
Amortisation of property and equipment	26	774	730
Depreciation of intangible assets	27	255	318
Amortisation of Right-of-use assets	39	396	502
Total		**1,425**	**1,550**

14. Income tax

See accounting policy in Note 83.10.

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

	2024	2023
Current tax expense	(10,069)	(9,538)
Special income tax on financial institutions	(2,756)	(2,741)
Difference of prior year's imposed and calculated income tax	-	(17)
Origination and reversal of temporary differences due to deferred tax assets/liabilities	(37)	(137)
Total	**(12,862)**	**(12,433)**

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

		2024		2023
Profit before income tax		50,370		45,600
Income tax calculated using the domestic corporate income tax rate	21.0%	(10,578)	20.0%	(9,120)
Special income tax on financial institutions	5.5%	(2,756)	6.0%	(2,741)
Effect of different tax rates	0.0%	2	0.0%	-
Income not subject to tax	(2.0%)	1,023	(0.1%)	55
Non-deductible expenses	1.1%	(552)	1.3%	(610)
Other	0.0%	(1)	0.0%	(17)
Effective income tax	**25.5%**	**(12,862)**	**27.3%**	**(12,433)**

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15. Classification and fair values of financial assets and liabilities

See accounting policy in Note 83.11 (b).

Under IFRS 9, financial assets must be classified into categories that reflects the cash flow characteristic of the assets and the objective of business model for managing the assets. Subsequent measurement of each category is specified below:

- Financial assets measured at amortised cost.
- Financial assets measured at fair value through profit or loss.
- Financial liabilities measured at amortised cost.
- Financial liabilities measured at fair value through profit or loss.

The following table shows the classification of the Group's financial assets and liabilities according to IFRS 9 and their fair values as at 31 December 2024:

		Carrying amount					Fair value			
			Fair value through profit or loss							
As at 31 December 2024	**Notes**	**Amortised cost**	**Trading book**	**Banking book**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Bonds and debt instruments	20	-	21,251	117,853	-	139,104	138,239	25	840	139,104
Equities and equity instruments	21	-	16,972	15,672	-	32,644	18,522	-	14,122	32,644
Derivative instruments	22	-	8,260	-	-	8,260	-	8,260	-	8,260
Loans and advances to customers	24	-	41,255	-	-	41,255	-	-	41,255	41,255
		0	**87,738**	**133,525**	**0**	**221,263**	**156,761**	**8,285**	**56,217**	**221,263**
Financial assets not measured at fair value										
Cash and balances with Central Bank	19	129,981	-	-	-	129,981	-	129,981	-	129,981
Loans and advances to financial institutions	23	39,346	-	-	-	39,346	-	39,346	-	39,346
Loans and advances to customers	24	1,766,182	-	-	-	1,766,182	-	1,760,088	-	1,760,088
Other financial assets		4,392	-	-	-	4,392	-	4,392	-	4,392
		1,939,901	**0**	**0**	**0**	**1,939,901**	**0**	**1,933,807**	**0**	**1,933,807**
Financial liabilities measured at fair value										
Derivative instruments	22	-	2,618	-	-	2,618	-	2,618	-	2,618
Short positions	22	-	4,217	-	-	4,217	4,217	-	-	4,217
		0	**6,835**	**0**	**0**	**6,835**	**4,217**	**2,618**	**0**	**6,835**
Financial liabilities not measured at fair value										
Due to financial institutions and Central Bank	30	-	-	-	11,989	11,989	-	11,989	-	11,989
Deposits from customers	31	-	-	-	1,228,444	1,228,444	-	1,227,532	-	1,227,532
Borrowings	32	-	-	-	529,150	529,150	-	524,386	-	524,386
Other financial liabilities		-	-	-	7,386	7,386	-	7,386	-	7,386
Subordinated liabilities	35	-	-	-	39,989	39,989	-	40,071	-	40,071
		0	**0**	**0**	**1,816,958**	**1,816,958**	**0**	**1,811,364**	**0**	**1,811,364**

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15. Classification and fair values of financial assets and liabilities (continued)

The following table shows the classification of the Group's financial assets and liabilities according to IFRS 9 and their fair values as at 31 December 2023:

		Carrying amount					Fair value			
			Fair value through profit or loss							
As at 31 December 2023	**Notes**	**Amortised cost**	**Trading book**	**Banking book**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Bonds and debt instruments	20	-	18,105	130,077	-	148,182	147,255	26	901	148,182
Equities and equity instruments	21	-	7,934	11,078	-	19,012	8,844	-	10,168	19,012
Derivative instruments	22	-	7,459	-	-	7,459	-	7,459	-	7,459
Loans and advances to customers	24	-	15,604	-	-	15,604	-	-	15,604	15,604
		0	**49,102**	**141,155**	**0**	**190,257**	**156,099**	**7,485**	**26,673**	**190,257**
Financial assets not measured at fair value										
Cash and balances with Central Bank	19	75,350	-	-	-	75,350	-	75,350	-	75,350
Loans and advances to financial institutions	23	54,101	-	-	-	54,101	-	54,101	-	54,101
Loans and advances to customers	24	1,615,290	-	-	-	1,615,290	-	1,598,034	-	1,598,034
Other financial assets		5,263	-	-	-	5,263	-	5,263	-	5,263
		1,750,004	**0**	**0**	**0**	**1,750,004**	**0**	**1,732,748**	**0**	**1,732,748**
Financial liabilities measured at fair value										
Derivative instruments	22	-	1,533	-	-	1,533	-	1,533	-	1,533
Short positions	22	-	1,255	-	-	1,255	1,255	0	-	1,255
		-	**2,788**	**0**	**0**	**2,788**	**1,255**	**1,533**	**0**	**2,788**
Financial liabilities not measured at fair value										
Due to financial institutions and Central Bank	30	-	-	-	29,968	29,968	-	29,968	-	29,968
Deposits from customers	31	-	-	-	1,048,537	1,048,537	-	1,048,265	-	1,048,265
Borrowings	32	-	-	-	513,687	513,687	-	498,074	-	498,074
Other financial liabilities		-	-	-	10,718	10,718	-	10,718	-	10,718
Subordinated liabilities	35	-	-	-	20,176	20,176	-	19,673	-	19,673
		0	**0**	**0**	**1,623,086**	**1,623,086**	**0**	**1,606,698**	**0**	**1,606,698**

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16. Fair value of financial assets and liabilities

See accounting policy in Note 83.11 (f).

Valuation framework

The Bank's Risk & Finance Committee oversees the Group's overall risk and is responsible for fair value measurements of financial assets and liabilities classified as Level 2 and 3 instruments. The Bank's Valuation group reports its valuation results to the Risk & Finance Committee for verification. The Valuation group is comprised of personnel from Risk Management, Treasury and Finance. The Valuation group holds monthly meetings to determine the value of Level 2 and Level 3 financial assets and liabilities.

Transfers between Levels

In 2024 and 2023, there were no transfers between Level 1 and Level 2. The following tables show the reconciliation of fair value measurement in Level 3 for the year 2024 and 2023:

1 January - 31 December 2024	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total financial assets
Carrying amount as at 1 January 2024	901	10,168	15,604	26,673
Net gain (loss) on financial assets and liabilities at FVTPL	59	4,043	(1,284)	2,818
Net foreign exchange (loss) gain	-	(1)	65	64
Purchases	82	183	331,302	331,567
Sales	-	(156)	-	(156)
Settlements	(202)	-	(304,258)	(304,460)
Dividend received	-	(115)	-	(115)
Transfers out of Level 3	-	-	(174)	(174)
Carrying amount as at 31 December 2024	**840**	**14,122**	**41,255**	**56,217**
1 January - 31 December 2023				
Carrying amount as at 1 January 2023	1,013	10,841	17,964	29,818
Net gain (loss) on financial assets and liabilities at FVTPL	44	(906)	29	(833)
Net foreign exchange loss	-	-	(78)	(78)
Purchases	28	1,129	220,048	221,205
Sales	(200)	(743)	-	(943)
Settlements	16	-	(222,359)	(222,343)
Dividend received	-	(153)	-	(153)
Carrying amount as at 31 December 2023	**901**	**10,168**	**15,604**	**26,673**

The following table shows the line items in the Consolidated Income Statement where gains (losses) on financial assets and liabilities categorised in Level 3 and held by the Group at year end 2024 and 2023 were recognised:

1 January - 31 December 2024	Bonds and debt instruments	Equities and equity instruments	Loans and advances to customers	Total
Net gain on financial assets and liabilities at FVTPL realised	16	552	(1,285)	(717)
Net gain on financial assets and liabilities at FVTPL unrealised	43	3,491	-	3,534
Net foreign exchange (loss) gain	-	(1)	65	64
Total	**59**	**4,042**	**(1,220)**	**2,881**
1 January - 31 December 2023				
Net gain on financial assets and liabilities at FVTPL realised	9	277	29	315
Net gain (loss) on financial assets and liabilities at FVTPL unrealised	35	(1,258)	-	(1,223)
Net foreign exchange loss	-	-	(78)	(78)
Total	**44**	**(981)**	**(49)**	**(986)**

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Notes to the Consolidated Financial Statements

17. Unobservable inputs in fair value measurement

See accounting policy in Note 83.11 (f).

The following table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of Level 3 assets at year-end 2024 and 2023. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty in their valuation.

As at 31 December 2024	Level 3 Assets	Significant unobservable inputs	Valuation technique	Higher	Lower	Favourable	Unfavourable
Bonds and debt instruments	11	Recovery rates	See 1) below	5%	-5%	1	(1)
	829	Bond prices	See 1) below	5%	-5%	41	(41)
Equities and equity instruments							
Equities - Banking book	14,122	Instrument Price	See 2) below	5%	-5%	657	(670)
Loans and advances to customers	31,985	Probability of default	See 3) below	1%	-1%	287	(300)
	9,270	Recovery rates	See 3) below	5%	-5%	1,127	(1,127)
Total	**56,217**					**2,113**	**(2,139)**

As at 31 December 2023	Level 3 Assets	Significant unobservable inputs	Valuation technique	Higher	Lower	Favourable	Unfavourable
Bonds and debt instruments	15	Recovery rates	See 1) below	5%	-5%	1	(1)
	886	Bond prices	See 1) below	5%	-5%	44	(44)
Equities and equity instruments							
Equities - Banking book	10,168	Instrument Price	See 2) below	5%	-5%	836	(849)
Loans and advances to customers	15,604	Probability of default	See 3) below	1%	-1%	5	(19)
Total	**26,673**					**886**	**(913)**

A further description of the financial instruments categorised in Level 3 are as follows:

1. Fair value of corporate bonds and claims on financial institutions in winding-up proceedings and other insolvent assets is estimated on expected recovery. Reference is also made to prices in recent transactions.

2. Equities and equity instruments classified as Level 3 assets, are unlisted and not traded in an active market and therefore subject to unobservable inputs for fair value measurements. Valuation using discounted cash flows, comparison of peer companies' multiples, analysis of financial position and results**,** outlook and recent transaction or intrinsic value after haircut, are the methods or inputs used to estimate fair value of investments in equities and equity instruments.

3. Loans and advances to customers carried at FVTPL are classified as financial assets in Level 3. The valuation technique is based on significant non-observable inputs as loans and advances are unlisted and not traded in an active market. The valuation technique is based on available market data such as interest and inflation curves, value of underlying collateral, probability of default and liquidity spread.

18. Expected credit loss

See accounting policy in Note 83.11.

	31.12.2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances with Central Bank	(1)	-	-	(1)
Loans and advances to customers	(2,115)	(2,184)	(6,352)	(10,651)
Other financial assets	(70)	-	-	(70)
Expected credit loss, off-balance sheet items	(271)	(79)	(179)	(529)
Total	**(2,457)**	**(2,263)**	**(6,531)**	**(11,251)**

	31.12.2023			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances with Central Bank	-	-	-	0
Loans and advances to customers	(3,670)	(2,122)	(5,582)	(11,374)
Other financial assets	(47)	-	(1)	(48)
Expected credit loss, off-balance sheet items	(379)	(46)	(104)	(529)
Total	**(4,096)**	**(2,168)**	**(5,687)**	**(11,951)**

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19. Cash and balances with Central Bank

See accounting policy in Note 83.12.

	2024	2023
Cash on hand	5,478	5,052
Unrestricted balances with Central Bank	80,415	44,602
Total cash and unrestricted balances with Central Bank	**85,893**	**49,654**
Restricted balances with Central Bank - fixed reserve requirement	38,079	23,797
Cash and balances pledged as collateral to the Central Bank	6,009	1,899
Total restricted balances with Central Bank	**44,088**	**25,696**
Total cash and balances with Central Bank	**129,981**	**75,350**

20. Bonds and debt instruments

See accounting policy in Note 83.13.

	2024			2023		
Bonds and debt instruments	**Trading book**	**Banking book**	**Total**	**Trading book**	**Banking book**	**Total**
Domestic						
Listed	21,251	31,249	52,500	15,138	53,178	68,316
Unlisted	-	1,292	1,292	-	1,443	1,443
	21,251	**32,541**	**53,792**	**15,138**	**54,621**	**69,759**
Foreign						
Listed	-	85,312	85,312	2,967	75,456	78,423
	0	**85,312**	**85,312**	**2,967**	**75,456**	**78,423**
Total bonds	**21,251**	**117,853**	**139,104**	**18,105**	**130,077**	**148,182**

Bonds are classified as "domestic" or "foreign" according to issuers’ country of incorporation.

21. Equities and equity instruments

See accounting policy in Note 83.14.

	2024			2023		
Equities and equity instruments	**Trading book**	**Banking book**	**Total**	**Trading book**	**Banking book**	**Total**
Domestic						
Listed	8,298	822	9,120	7,374	366	7,740
Unlisted	-	14,484	14,484	-	10,429	10,429
	8,298	**15,306**	**23,604**	**7,374**	**10,795**	**18,169**
Foreign						
Listed	8,674	342	9,016	560	258	818
Unlisted	-	24	24	-	25	25
	8,674	**366**	**9,040**	**560**	**283**	**843**
Total equities	**16,972**	**15,672**	**32,644**	**7,934**	**11,078**	**19,012**

Equities are classified as "domestic" or "foreign" according to issuers’ country of incorporation.

Part of the Bank’s investments in equities are comprised of alternative investments in private equity funds, often established based on the assumption that they will be wound up within a set time frame (pre-determined lifetime). Within each fund’s lifetime, there is a defined investment year during which the fund identifies suitable investments and draws on subscribed capital from its shareholders, including the Bank, followed by a transformation year during which the fund implements its value-enhancing changes for the companies it has invested in. When the lifetime year of a fund expires it is wound up and dissolved and shareholders realise their investment.

At year-end 2024, outstanding commitments of the Group in share subscriptions amounted to ISK 408 million (2023: ISK 441 million) altogether in six entities (2023: six entities). The entities invested in by the Group are required to redeem its shareholders with proceeds from the sale of assets.

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22. Derivative instruments and short positions

See accounting policy in Note 83.15.

Trading

	2024			2023		
	Notional	Fair value		Notional	Fair value	
Foreign exchange derivatives	amount	Assets	Liabilities	amount	Assets	Liabilities
Currency forwards	22,060	89	162	48,317	319	378
	22,060	**89**	**162**	**48,317**	**319**	**378**
Interest rate derivatives						
Total return swaps	18,990	22	25	5,458	16	7
	18,990	**22**	**25**	**5,458**	**16**	**7**
Equity derivatives						
Equity forwards	29	-	2	276	1	1
Total return swaps	12,845	142	508	100	-	260
Equity options	117	-	31	63	-	5
	12,991	**142**	**541**	**439**	**1**	**266**
Total derivative instruments	**54,041**	**253**	**728**	**54,214**	**336**	**651**
Short positions						
Listed bonds	4,079	-	4,217	1,501	-	1,255
Total short positions	**4,079**	**0**	**4,217**	**1,501**	**0**	**1,255**
Total	**58,120**	**253**	**4,945**	**55,715**	**336**	**1,906**

Risk management

	2024			2023		
	Notional	Fair value		Notional	Fair value	
Foreign exchange derivatives	amount	Assets	Liabilities	amount	Assets	Liabilities
Currency forwards	76,716	279	1,027	71,020	2,454	304
	76,716	**279**	**1,027**	**71,020**	**2,454**	**304**
Interest rate derivatives						
Interest rate swaps	2,000	-	683	2,000	-	578
	2,000	**0**	**683**	**2,000**	**0**	**578**
Fair value hedging						
Interest rate swaps	172,680	7,728	180	90,054	4,669	-
	172,680	**7,728**	**180**	**90,054**	**4,669**	**0**
Total	**251,396**	**8,007**	**1,890**	**163,074**	**7,123**	**882**
Total derivative instruments and short positions	**309,516**	**8,260**	**6,835**	**218,789**	**7,459**	**2,788**

Fair value hedging

Currently the Group applies hedge accounting only for fair value hedges of fixed interest risk on borrowings. The Group designates interest rate swaps as hedging instruments to hedge its interest rate exposure of fixed-rate EUR borrowings. The interest rate swaps and the borrowings have identical cash flows and under the interest rate swap the Group pays floating rates while receiving fixed rates. Thus the interest rate swaps hedge the fixed interest rate risk of the borrowings.

Linear regression is the method used to assess the effectiveness of each hedge. The relationship between daily fair value changes of an interest rate swap on the one hand and a borrowing on the other hand is examined.

During the period from 1 January 2024 to 31 December 2024, the slope of the regression line was in all cases within the range of 0.95 and 0.99 (for a 95% confidence level) and the regression coefficient was at least 1.00 (R^2). During the period from 1 January 2023 to 31 December 2023, the slope of the regression line is in all cases within the range of 0.91 and 0.98 (for a 95% confidence level) and the regression coefficient was at least 1.00 (R^2). In all cases the effectiveness is within limits during the year 2024 and 2023.

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22. Derivative instruments and short positions (continued)

Fair value hedging (continued)

As at 31 December 2024	Notional amount of the hedging instrument	Maturity date: 3-12 months	1-5 years	>5 years	Fair value of the hedging derivatives: Assets	Liabilities	Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
Interest rate swaps - EUR	43,170	-	43,170	-	2,859	-	(11)
Interest rate swaps - EUR	43,170	-	43,170	-	3,027	-	1,489
Interest rate swaps - EUR	43,170	-	43,170	-	1,842	-	1,921
Interest rate swaps - EUR	43,170	-	43,170	-	-	180	(184)
Total	**172,680**	**0**	**172,680**	**0**	**7,728**	**180**	**3,215**
Average fixed interest rate - EUR			4.84%				

As at 31 December 2024	Carrying amount of the hedged item: Assets	Liabilities	Accumulated amount of fair value hedge adjustments on the hedged item: Assets	Liabilities	Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
LBANK 4.25 3/28 CB	-	45,999	-	1,473	105
LBANK 6.375 3/27	-	46,220	-	948	(1,383)
LBANK 5.0 5/28	-	45,184	-	765	(1,815)
LBANK 3.75 10/29	-	43,382	-	15	114
Total EMTN hedged borrowings	**0**	**180,785**	**0**	**3,201**	**(2,979)**

As at 31 December 2023	Notional amount of the hedging instrument	Maturity date: 3-12 months	1-5 years	>5 years	Fair value of the hedging derivatives: Assets	Liabilities	Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
Interest rate swaps - EUR	-	-	-	-	-	-	322
Interest rate swaps - EUR	45,027	-	45,027	-	1,669	-	1,685
Interest rate swaps - EUR	45,027	-	45,027	-	3,000	-	2,985
Total	**90,054**	**0**	**90,054**	**0**	**4,669**	**0**	**4,992**
Average fixed interest rate - EUR			5.31%				

As at 31 December 2023	Carrying amount of the hedged item: Assets	Liabilities	Accumulated amount of fair value hedge adjustments on the hedged item: Assets	Liabilities	Gains (losses) on changes in fair value used for calculating hedge ineffectiveness
LBANK 1.00 5/23	-	-	-	-	(301)
LBANK 6.375 3/27	-	46,671	-	955	(1,623)
LBANK 4.25 3/28 CB	-	47,945	-	1,534	(2,953)
Total EMTN hedged borrowings	**0**	**94,616**	**0**	**2,489**	**(4,877)**

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23. Loans and advances to financial institutions

See accounting policy in Note 83.19.

	2024	2023
Bank accounts with financial institutions	8,080	17,821
Money market loans	29,447	35,164
Other loans	1,819	1,116
Allowance for impairment	-	-
Total	**39,346**	**54,101**

24. Loans and advances to customers

See accounting policy in Note 83.19.

	2024	2023
Loans and advances to customers at amortised cost	1,776,833	1,626,664
Allowance for impairment	(10,651)	(11,374)
Total	**1,766,182**	**1,615,290**
Loans and advances to customers at FVTPL	41,255	15,604
Total	**1,807,437**	**1,630,894**

Loans and advances to customers at amortised cost

	31.12.2024			31.12.2023		
	Gross carrying amount	Allowance for impairment	Carrying amount	Gross carrying amount	Allowance for impairment	Carrying amount
Public entities	14,303	(1)	14,302	11,453	(4)	11,449
Individuals	888,170	(1,661)	886,509	821,480	(2,382)	819,098
Mortgage lending	804,361	(489)	803,872	732,230	(1,246)	730,984
Other	83,809	(1,172)	82,637	89,250	(1,136)	88,114
Corporates	874,360	(8,989)	865,371	793,731	(8,988)	784,743
Total	**1,776,833**	**(10,651)**	**1,766,182**	**1,626,664**	**(11,374)**	**1,615,290**

Further disclosure on loans and advances to customers is provided in the risk management notes to these Consolidated Financial Statements.

25. Investments in associates

See accounting policy in Note 83.3.

The Group's interest in its principal associates	2024	2023
Greiðslumiðlun Íslands ehf. Katrínartúni 4, Reykjavík*	0.0%	47.9%
Reiknistofa bankanna hf. Dalvegi 30, Kópavogur	37.1%	37.1%

*Reclassification to Assets classified as held for sale

Investments in equity-accounted associates	2024	2023
Carrying amount as at the beginning of the year	1,849	1,815
Reclassification from associates to assets held for sale	(787)	-
Share of profit of equity-accounted associates	81	106
Dividends paid	-	(72)
Total	**1,143**	**1,849**

Investments in associates designated at fair value through profit or loss	2024	2023
Carrying amount as at the end of the year	-	-
Total	**0**	**0**
Total	**1,143**	**1,849**

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26. Property and equipment

See accounting policy in Note 83.20.

	2024			2023		
	Buildings	Fixtures, equipment and vehicles	Total	Buildings	Fixtures, equipment and vehicles	Total
Carrying amount as at the beginning of the year	12,423	2,345	14,768	11,356	1,704	13,060
Additions during the year	340	722	1,062	1,236	1,214	2,450
Sold during the year	(2)	(7)	(9)	-	(12)	(12)
Reclassified to assets held for sale	(436)	-	(436)	-	-	0
Depreciation	(223)	(551)	(774)	(169)	(561)	(730)
Carrying amount as at 31 December	**12,102**	**2,509**	**14,611**	**12,423**	**2,345**	**14,768**
Gross carrying amount	13,318	9,045	22,363	13,416	8,330	21,746
Accumulated depreciation	(1,216)	(6,536)	(7,752)	(993)	(5,985)	(6,978)
Carrying amount as at 31 December	**12,102**	**2,509**	**14,611**	**12,423**	**2,345**	**14,768**
Depreciation rates	2-4%	10-33%		2-4%	10-33%	

Official assessment value of buildings	2024	2023
Property valuation	8,450	10,240
Fire insurance value	7,830	10,911

27. Intangible assets

See accounting policy in Note 83.21.

	2024		2023	
	Hard- and software licences	Total	Hard- and software licences	Total
Carrying amount as at the beginning of the year	1,472	1,472	1,729	1,729
Additions during the year	119	119	61	61
Amortisation	(255)	(255)	(318)	(318)
Carrying amount as at 31 December	**1,336**	**1,336**	**1,472**	**1,472**
Gross carrying amount	5,802	5,802	5,683	5,683
Accumulated amortisation	(4,466)	(4,466)	(4,211)	(4,211)
Carrying amount as at 31 December	**1,336**	**1,336**	**1,472**	**1,472**
Annual amortisation rates	10-33%	10-33%	10-33%	10-33%

28. Other assets

	Note	2024	2023
Unsettled securities trading		1,155	2,205
Other accounts receivable		1,374	1,160
Right-of-use assets	39	1,863	1,898
Sundry assets		1,333	1,565
Total		**5,725**	**6,828**

29. Assets and liabilities classified as held for sale

Assets classified as held for sale

	2024	2023
Repossessed collateral	309	201
Assets classified as held for sale	1,863	660
Total	**2,172**	**861**

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Notes to the Consolidated Financial Statements

29. Assets and liabilities classified as held for sale (continued)

Repossessed collateral

Repossessed collateral consists mainly of property and equipment acquired by foreclosure on collateral securing loans and advances. The Group's policy is to pursue timely realisation of the repossessed collateral in an orderly manner. The Group generally does not use the non-cash repossessed collateral for its own operations. Repossessed collateral is recognised as assets of either the Bank or its subsidiary Hömlur ehf.

	2024	2023
Real estate	522	261
Equipment and vehicles	223	-
Investment in associate	1,427	600
Total	**2,172**	**861**

	2024	2023
Carrying amount as at the beginning of the year	861	508
Repossessed during the year	1,327	87
Disposed of during the year	(1,426)	(431)
Reclassified from associates and property and equipment to assets classified as held for sale	1,203	600
Impairment and gain of sale	207	97
Carrying amount as at year end	**2,172**	**861**

Liabilities associated with assets classified as held for sale

	2024	2023
Liabilities of disposal groups	-	-
Total	**0**	**0**

30. Due to financial institutions and Central Bank

See accounting policy in Note 83.22.

	2024	2023
Loans and repurchase agreements with Central Bank	267	119
Loans and deposits from financial institutions	11,722	29,849
Total	**11,989**	**29,968**

31. Deposits from customers

See accounting policy in Note 83.22.

	2024	2023
Demand deposits	854,332	712,145
Term deposits	374,112	336,392
Total	**1,228,444**	**1,048,537**

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32. Borrowings

See accounting policy in Note 83.23.

Secured borrowings

Currency, outstanding nominal amount	Maturity	Maturity type	Terms of interest	31.12.2024	31.12.2023
LBANK CBI 24, ISK 38,080 million	15.11.2024	At maturity	Fixed 3.0%, CPI-indexed	-	52,712
LBANK CB 25, ISK 39,660 million	17.09.2025	At maturity	Fixed 3.4%	39,904	39,704
LBANK CBI 26, ISK 11,120 million	20.11.2026	At maturity	Fixed 1.5%, CPI-indexed	15,016	14,373
LBANK CB 27, ISK 35,280 million	20.09.2027	At maturity	Fixed 4.6%	33,554	32,752
LBANK CBI 28, ISK 50,200 million	04.10.2028	At maturity	Fixed 3.0%, CPI-indexed	74,513	71,432
LBANK 4.25 3/28 CB, EUR 300 million*	16.03.2028	At maturity	Fixed 4.25%	45,999	47,945
LBANK CB 29, ISK 13,120 million	27.09.2029	At maturity	Fixed 8.2%	13,411	8,853
LBANK CBI 30, ISK 41,920 million	22.02.2030	At maturity	Fixed 3.5%, CPI-indexed	44,795	-
Total covered bonds				**267,192**	**267,771**
Other secured loans				4,803	5,060
Total secured borrowings				**271,995**	**272,831**

Senior unsecured borrowings

Currency, outstanding nominal amount	Maturity	Maturity type	Terms of interest	31.12.2024	31.12.2023
LBANK FLOAT 01/24, SEK 850 million	19.01.2024	At maturity	STIBOR + 0.65%	-	11,574
LBANK 0.5 5/24, EUR 168 million	20.05.2024	At maturity	FIXED 0.5%	-	25,266
LBANK FLOAT 08/24, NOK 300 million	12.08.2024	At maturity	NIBOR + 2.0%	-	4,047
LBANK FLOAT 01/25, NOK 452 million	20.01.2025	At maturity	NIBOR + 0.79%	5,590	6,757
LBANK FLOAT 01/25, SEK 850 million	20.01.2025	At maturity	STIBOR + 0.8%	10,770	11,571
LBANK 0.375 5/25 GB, EUR 75 million	23.05.2025	At maturity	FIXED 0.375%	10,822	45,004
LBANK FLOAT 08/25, NOK 350 million	18.08.2025	At maturity	NIBOR + 2.35%	4,316	4,716
LBANK FLOAT 08/25, NOK 1,000 million	21.08.2025	At maturity	NIBOR + 3.05%	12,333	13,473
LBANK FLOAT 08/25, SEK 450 million	25.08.2025	At maturity	STIBOR + 3.05%	5,688	6,101
LBANK 0.75 5/26 GB, EUR 300 million	25.05.2026	At maturity	FIXED 0.75%	43,250	45,023
LBANK 6.375 3/27, EUR 300 million*	12.03.2027	At maturity	FIXED 6.375%	46,220	46,671
LBANK 5.00 5/28, EUR 300 million*	13.05.2028	At maturity	FIXED 5.0%	45,184	-
LBANK 3.75 10/29, EUR 300 million*	08.10.2029	At maturity	FIXED 3.75%	43,382	-
Total senior preferred bonds				**227,555**	**220,203**
Senior unsecured loans				13,960	20,653
Total senior unsecured borrowings				**241,515**	**240,856**

Senior non-preferred bonds

Currency, outstanding nominal amount	Maturity	Next Call Date	Terms of interest	31.12.2024	31.12.2023
LBANK 1.8 9/28, SEK 1.000 million	13.09.2028	sep 2027	STIBOR + 1.8%	12,578	-
LBANK 1.83 9/28, NOK 250 million	13.09.2028	sep 2027	NIBOR + 1.83%	3,062	-
Total senior non-preferred bonds				**15,640**	**0**

Total borrowings	**529,150**	**513,687**

* The Group applies hedge accounting to these bond issuances and uses for this purpose certain foreign currency denominated interest rate swaps as hedging instruments, see Note 22. The interest rate swaps are hedging the Group's exposure to fair value changes of these fixed-rate EUR denominated bonds arising from changes in interest rates. The Group applies fair value hedge accounting to the hedging relationship.

Issued under the Bank's Sustainable Finance Framework.

The Group did not have any defaults of principal or interest or other breaches with respect to its borrowings during the period 1 January to 31 December 2024 and the corresponding period in 2023.

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32. Borrowings (continued)

Change in liabilities due to financing activities

	As at 1.1.2024	Cash flow	Non-cash changes: Accrued interest	Foreign exchange	Change in the fair value	As at 31.12.2024
Secured borrowings	219,826	(10,769)	12,136	-	-	221,193
Secured borrowings held to hedge long-term borrowings	47,945	(2,169)	2,252	(1,924)	(105)	45,999
Other secured loans	5,060	(370)	(1)	114	-	4,803
Senior preferred bonds	173,532	(73,553)	(565)	(6,645)	-	92,769
Senior preferred bonds held to hedge long-term borrowings	46,671	80,721	9,123	(4,813)	3,084	134,786
Senior unsecured loans	20,653	(8,888)	1,819	376	-	13,960
Senior non-preferred bonds	-	16,646	44	(1,050)	-	15,640
Subordinated liabilities	20,176	16,592	3,221	-	-	39,989
Total	**533,863**	**18,210**	**28,029**	**(13,942)**	**2,979**	**569,139**

	As at 1.1.2023	Cash flow	Non-cash changes: Accrued interest	Foreign exchange	Change in the fair value	As at 31.12.2023
Secured borrowings	223,214	(21,077)	17,689	-	-	219,826
Secured borrowings held to hedge long-term borrowings	-	43,282	1,364	346	2,953	47,945
Other secured loans	-	5,689	(7)	(622)	-	5,060
Senior preferred bonds	190,252	(15,356)	2,102	(3,466)	-	173,532
Senior preferred bonds held to hedge long-term borrowings	45,283	(4,839)	3,053	1,250	1,924	46,671
Senior unsecured loans	18,115	1,649	1,374	(485)	-	20,653
Subordinated liabilities	21,753	(3,189)	2,379	(767)	-	20,176
Total	**498,617**	**6,159**	**27,954**	**(3,744)**	**4,877**	**533,863**

33. Deferred tax assets and liabilities

See accounting policy in Note 83.10.

	2024 Assets	2024 Liabilities	2023 Assets	2023 Liabilities
Tax liabilities	-	15,420	-	14,509
Deferred tax liabilities	-	177	-	138
Taxes in the Statement of Financial Position	**0**	**15,597**	**0**	**14,647**

Recognised deferred tax assets and (liabilities) are attributable to the following:

	2024 Assets	2024 Liabilities	2024 Net	2023 Assets	2023 Liabilities	2023 Net
Property and equipment	-	(192)	(192)	-	(162)	(162)
Intangibles	-	(120)	(120)	-	(141)	(141)
Exchange rate-indexed assets and liabilities	-	(663)	(663)	-	(634)	(634)
Deferred foreign exchange differences	-	(36)	(36)	34	-	34
Other assets and liabilities	834	-	834	764	-	764
Tax losses carried forward	-	-	0	1	-	1
	834	**(1,011)**	**(177)**	**799**	**(937)**	**(138)**
Set-off of deferred tax assets together with liabilities of the same taxable entities	(834)	834	0	(799)	799	0
Deferred tax liabilitiess total	**0**	**(177)**	**(177)**	**0**	**(138)**	**(138)**

The deferred tax assets and liabilities are measured based on the tax rates and tax laws enacted by the end of 2024, according to which the domestic corporate income tax rate was 21% as at 31 December 2024 (2023: 20%).

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33. Deferred tax assets and liabilities (continued)

The movements in temporary differences during the year were as follows:

		Recognised in income statement			Recognised in income statement	
	Balance 1.1.2024	Tax income (expense)	Balance as at 31.12.2024	Balance 1.1.2023	Tax income (expense)	Balance as at 31.12.2023
Property and equipment	(162)	(30)	(192)	(95)	(67)	(162)
Intangibles	(141)	21	(120)	(157)	16	(141)
Foreign currency assets and liabilities	(634)	(29)	(663)	(487)	(147)	(634)
Deferred foreign exchange differences	34	(70)	(36)	(10)	44	34
Other assets and other liabilities	764	70	834	748	16	764
Tax losses carried forward	1	(1)	0	1	-	1
Total	**(138)**	**(39)**	**(177)**	**0**	**(138)**	**(138)**

34. Other liabilities

	Note	2024	2023
Unsettled securities trading		3,433	6,723
Withholding tax		10,540	8,884
Accounts payable		1,936	1,939
Non-controlling interests - Funds		2,218	2,020
Lease liabilities	39	2,017	2,056
Provision for litigations		55	159
Sundry liabilities		4,907	5,438
Total		**25,106**	**27,219**

Unsettled securities transactions were settled in less than three days from the reporting date.

35. Subordinated liabilities

See accounting policy in Note 83.25.

Currency, outstanding nominal amount	Maturity	Next Call Date	Terms of interest	31.12.2024	31.12.2023
LBANK T2I 29, ISK 1,700 million	11.12.2029		Fixed 3.85%, CPI-indexed	2,275	7,053
LBANK T2I 33, ISK 12,000 million	23.03.2033	mar 2028	Fixed 4.95%, CPI-indexed	13,749	13,123
LBANK T2I 35, ISK 12,000 million	07.03.2035	mar 2030	Fixed 5.70%, CPI-indexed	13,092	-
LBANK T2 35, ISK 3,000 million	07.03.2035	mar 2030	Fixed 9.60%	3,234	-
LBANK T2I 36, ISK 7,640 million	19.06.2036	jún 2031	Fixed 5.06%, CPI-indexed	7,639	-
Total subordinated liabilities				**39,989**	**20,176**

36. Equity

See accounting policy in Note 83.26.

Share capital

As of 31 December 2024, issued shares in the Bank number 24 billion in total, whith outstanding shares numbering 23,6 billion, with a nominal value of ISK 1 per share. Own shares as at 31 December 2024 were 385 million, or 1.61% of issued shares capital. Each entitles the owner to one vote at a shareholders' meeting. All shares are fully paid up.

The AGM of Landsbankinn, held on 19 April 2024, renewed the authorisation of the Bank to acquire own shares of up to 10% of the nominal value of its share capital and at a price determined by the internal value of the Bank's shares, according to its most recently published consolidated interim or annual financial statements prior to share buyback.

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36. Equity (continued)

Share capital (continued)

The Bank has launched a share buyback programme which allows for the maximum repurchase of 54 million shares during each buyback period, or 0.23% of issued shares.

On 15 February 2024, the Board of Directors of Landsbankinn announced its decision to exercise an authorisation to purchase the Bank's own shares during a buyback period extending from 19 February up to and including 24 March 2024. The authorisation is consistent with a resolution of the Annual General Meeting held on 23 March 2023 and the Bank's buyback programme. During the buyback period, the Bank acquired a total of 6,423,476 own shares at a share price of 12.8595, for a total purchase price of ISK 82.6 million.

Share premium

Share premium represents the difference between the ISK amount received by the Bank when issuing share capital and the nominal amount of the shares issued, less costs directly attributable to issuing the new shares.

Statutory reserve

The statutory reserve is established in accordance with the Public Limited Companies Act, No. 2/1995, which stipulates that the Bank must allocate profits to the statutory reserve until the reserve is equal to one-quarter of the Bank's share capital.

Retained earnings

Act No. 3/2006, on Annual Financial Statements, with subsequent amendments, require *inter alia* the separation of retained earnings into two categories: restricted and unrestricted retained earnings. Unrestricted retained earnings consist of undistributed profits and losses accumulated by the Group since the foundation of the Bank, less transfers to the Bank's statutory reserve and restricted retained earnings. Restricted retained earnings are split into two categories:

1. Unrealised gains in subsidiaries and equity-accounted associates reserve; if the share of profit from subsidiaries or equity-accounted associates is in excess of dividend received, the Group transfers the difference to a restricted reserve in equity. If the Group's interest in subsidiaries or equity-accounted associates is sold or written off, the applicable amount recognised in the reserve is transferred to retained earnings.

2. Financial assets designated at fair value through profit or loss reserve. The Group transfers fair value changes arising from financial assets designated at fair value through profit or loss, from retained earnings to a restricted reserve. Amounts recognised in the reserve are transferred back to retained earnings upon sale of the financial asset.

Dividend

The 2024 AGM of Landsbankinn, held on 19 April, approved the motion of the Board of Directors to pay shareholders a dividend of ISK 0.70 per share for the fiscal year 2023. It was further approved that the dividend be paid in two equal instalments, each of ISK 0.35 per share. The former instalment was paid on 24 April 2024 and the latter on 16 October 2024. The total dividend amounts to ISK 16,530 million.

Dividend policy

Landsbankinn's current dividend policy provides that the Bank aims to pay regular dividends to shareholders amounting in general to around 50% of the previous year's profit. To achieve the Bank's target capital ratio, special dividend payments may also be made to optimise its capital structure. In determining the amount of dividend payments, the Bank's continued strong financial position shall be ensured. Regard shall be had for risk in the Bank's internal and external environment, growth prospects and the maintenance of a long-term, robust equity and liquidity position, as well as compliance with regulatory requirements of financial standing at any given time.

Restriction of dividend payments

According to the Public Limited Companies Act, No. 2/1995, it is only permissible to allocate as dividend profit in accordance with approved annual financial statements for the immediate past financial year, profit carried forward from previous years, and free funds after deducting loss which has not been met, and the funds which according to law or Articles of Association must be contributed to a reserve fund or for other use. Furthermore, under the amendment to Act No. 3/2006, on Annual Financial Statements, from June 2016 it is only permissible to allocate as dividend profit from unrestricted retained earnings.

Additionally, according to the Act on Financial Undertakings, No. 161/2002, the FSA can impose proportionate restrictions on the Bank's dividend payments, if the Bank's capital adequacy ratio falls below the total capital requirement plus capital buffers, see Note 47 Capital requirements.

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Other notes

37. Earnings per share

See accounting policy in Note 83.27.

Profit for the year	2024	2023
Profit for the year attributable to owners of the Bank	37,508	33,167

Weighted average number of shares	2024	2023
Weighted average number of ordinary shares issued	24,000	24,000
Weighted average number of own shares	(384)	(379)
Weighted average number of shares outstanding	**23,616**	**23,621**

Basic and diluted earnings per share from operations (ISK)	**1.59**	**1.40**

Diluted earnings per share, whether positive or negative, are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Bank's basic and diluted earnings per share are equal as the Bank has not issued any options, warrants, convertibles or other potential sources of dilution.

38. Litigation

Material litigation cases against the Bank and its subsidiaries

The Bank and its subsidiaries are from time to time party to litigation cases which arise in the ordinary course of business and the operational procedures of the Bank or the Group, as the case may be. Some of these cases are material in the sense that management considers that they may have a significant impact on the amounts disclosed in the Group's financial statements and are not comparable to other, previously closed, cases.

In August 2021, a former owner of a payment card company brought a case against the Bank and certain other financial institutions claiming tort liability in the amount of around ISK 923 million, plus interest, due to an alleged breach of competition rules in the determination of payment card interchange fees. This is the sixth case that has been brought before the courts for this purpose, but all previous cases have been dismissed. On 30 September 2022 the District Court of Reykjavík dismissed the case on grounds of insufficient substantiation. On 10 January 2023 the Appeal Court partly annulled the dismissal and ordered the District Court to hear the case in substance. The timing of a final judgment is uncertain and whether it will have a financial impact on the Bank. Should the plaintiff´s claims be acknowledged in a final court ruling, it is to be expected that a potential payment obligation will be divided between the defendants.

In December 2021, two individuals commenced litigation against the Bank claiming that an interest rate provision in two credit agreements, issued in 2006, should be deemed illegal and void since the provision allegedly does not stipulate under which circumstances the interest rate changes, as provided for in the Consumer Credit Act No. 121/1994, applicable at the time. The disputed interest rate provision was used in the Bank´s consumer credit agreements until around 2013. The plaintiffs demand primarily that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the Bank repays the plaintiffs around ISK 3,5 million plus interest. On 7 February 2023, the District Court accepted the plaintiffs´ claims of last resort of repayment based on the initial contractual interest rate and taking into account limitation years for claims, in the amount of around ISK 230,000 plus interest. The case has been appealed to the Appeal Court where the Bank submits that all claims by the plaintiffs should be rejected. The main hearing before the Appeal Court was on 17 January 2025. A judgment is expected in February 2025. It is the Bank´s assessment that should the judgment of the District Court be confirmed in a final judgment the maximum potential loss resulting from such an outcome will be around ISK 55 million as regards the Bank´s loan portfolio with the same interest rate provision. The Bank has recognised a provision in the same amount with respect to this loan portfolio.

In December 2022, an individual commenced litigation against the Bank in a case which is similar to the above-mentioned case. On 23 February 2023 the Bank delivered its written statement claiming that all claims by the plaintiff should be rejected. On 12 November 2024, the District Court of Reykjavík accepted the plaintiff´s claim of repayment based on the initial contractual interest rate and taking into account limitation years for claims, in the amount of around ISK 25,000 plus interest. The Bank has requested the case to be referred to the Appeal Court.

In December 2021 two individuals commenced litigation against the Bank claiming that an interest rate provision in a mortgage credit agreement, issued in 2019, should be deemed illegal and void since the provision allegedly does not stipulate conditions and procedure for interest rate changes, as provided for in the Consumer Mortgage Act No. 118/2016. The disputed interest rate provision in this case has been used in the Bank´s consumer and mortgage credit agreements from around 2013. The plaintiffs demand that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the Bank repays the plaintiffs around ISK 83,000 plus interest. In February 2022 the Bank submitted its written statement claiming that all claims by the plaintiffs should be rejected. On 4 November 2022, the District Court of Reykjavík requested an advisory opinion from the EFTA-Court on whether the interest rate provision is contrary to the Mortgage Credit Directive 2014/17/EU and the Consumer Credit Directive 2008/48/EC.

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38. Litigation (continued)

Material litigation cases against the Bank and its subsidiaries (continued)

On 23 May 2024, the EFTA Court delivered a judgment in the case, that had been joined with a comparable case against Íslandsbanki, where an advisory opinion was given on the interpretation of the Mortgage Credit Directive and Directive 93/13/EEC on unfair terms in consumer contracts. The judgment in the joined cases E-13/22 and E-1/23 is published on the Court´s website, https://eftacourt.int. It is concluded, inter alia, in the advisory opinion that it is for the national court to determine whether a term in a variable-rate mortgage loan agreement meets the requirements of good faith, balance and transparency laid down by Directive 93/13/EEC, whether such terms must be declared unfair according to the Directive and the consequences if such terms are declared unfair. The procedure of the case before the District Court of Reykjavík will now recommence. It is expected that the oral proceeding of the case will be on 21 February 2025 and that a judgment will be given in March 2025. It is the Bank´s preliminary assessment of the potential impact of an adverse final ruling on the Bank´s loan portfolio with the same interest rate provision that the Bank´s financial loss, taking different scenarios into account, could amount to around ISK 20.6 billion. This is an update of the assessment in light of the current interest rate environment. The preliminary assessment does not include an assessment of the impact on the Bank´s interest rate risk should an adverse final court ruling be that the initial contractual interest rates should be applied throughout the duration of the respective loans. Such a ruling would significantly increase the Bank´s interest rate risk and could have a considerable negative financial impact on the Bank in times of increased market interest rates. The Bank has not recognised a provision in relation to the case.

Proceedings relating to the sale of the Bank´s shareholding in Borgun hf.

In January 2017, the Bank commenced proceedings before the District Court of Reykjavík against BPS ehf., Eignarhaldsfélagið Borgun slf., Borgun hf., now Teya Iceland hf. (the Company), and the then CEO of the Company. The Bank maintains that when the Bank sold its 31.2% shareholding in the Company in 2014, the defendants were in possession of information about the shareholding of the Company in Visa Europe Ltd. that they failed to disclose to the Bank. The Bank demands acknowledgement of the defendants' liability for losses incurred by the Bank on these grounds. By judgment of 27 April 2023, the District Court acquitted the defendants of the claims made by the Bank. The Bank appealed the case to the Appeal Court. The main proceedings was on 23 January 2025. A judgment is excpected in February 2025.

39. Leasing

The Group as a lessee

The Group leases premises for centralised activity, branches and ATMs. The lease contracts are of variable duration, most having a lifetime of 1-5 years with an extension option. Further details are in the following table:

Right-of use assets	No. of right-of use assets	Remaining term	Average remaining term	No. with extension options	inflation-indexed payments	No. with termination options
Real estate	27	1-20 years	5 years	22	27	17
ATM facilities	19	1-3 years	1 year	15	13	15

Lease assets

Right-of-use

The following table provides a breakdown of right-of-use assets disclosed under Other assets at year-end 2024 and 2023.

	31.12.2024			31.12.2023		
	Real estate	ATM facilities	Total	Real estate	ATM facilities	Total
Opening balance	1,886	12	1,898	1,904	17	1,921
New contracts	17	7	24	251	3	254
Amendments	230	13	243	72	3	75
Inflation-indexation	93	1	94	149	1	150
Amortisation	(378)	(18)	(396)	(490)	(12)	(502)
Total	**1,848**	**15**	**1,863**	**1,886**	**12**	**1,898**

Lease liabilities

The following table provides a breakdown of lease liabilities disclosed under Other liabilities at year-end 2024 and 2023.

	31.12.2024			31.12.2023		
	Real estate	ATM facilities	Total	Real estate	ATM facilities	Total
Opening balance	2,043	13	2,056	2,070	19	2,089
New contracts	17	7	24	252	3	255
Amendments	233	11	244	71	3	74
Inflation-indexation	93	1	94	149	1	150
Interest on lease liabilities	60	1	61	52	0	52
Lease expense	(443)	(19)	(462)	(551)	(13)	(564)
Total	**2,003**	**14**	**2,017**	**2,043**	**13**	**2,056**

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Notes to the Consolidated Financial Statements

39. Leasing (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The following table shows undiscounted expected cash flow of lease liabilities for the next several years as of year-end 2024 and 2023.

	Due Date		
As at 31 December 2024	**< 1 year**	**1 - 5 years**	**> 5 years**
Lease liabilities	454	1,238	1,059

	Due Date		
As at 31 December 2023	**< 1 year**	**1 - 5 years**	**> 5 years**
Lease liabilities	445	1,108	827

Lease expenses

The following table shows the Group's summarised lease expenses, including short-term leases and leases of low value assets.

	2024	2023
Interest on lease liabilities	61	53
Expenses of leased assets outside the scope of IFRS 16	4	20

40. Fiduciary activities

The Group offers custodian, asset management, investment management and advisory services. These services require the Group to make decisions on the handling, acquisition or disposal of financial instruments. Assets under custody are not reported in the Consolidated Financial Statements, since they are assets held on behalf of customers, institutions and pension funds and are not assets of the Group. One aspect of these services is that the Group is involved in approving objectives and criteria for investing assets in its custody. As of 31 December 2024, financial assets managed by the Group amounted to ISK 789 billion (2023: ISK 645 billion). Custody accounts amounted to ISK 1,722 billion (2023: ISK 1,693 billion).

41. Interest in subsidiaries

See accounting policy in Note 83.1 (a).

The main subsidiaries held directly or indirectly by the Group as at 31 December 2024 were as detailed in the table below. This includes those subsidiaries that are most significant in the context of the Group's business.

Main subsidiaries as at 31 December 2024

Company	Ownership interest	Activity
Eignarhaldsfélag Landsbankans ehf. (Iceland)	100%	Holding company
Landsbréf hf. (Iceland)	100%	Fund management company
Hömlur ehf. (Iceland)	100%	Holding company
Hömlur fyrirtæki ehf.	100%	Holding company

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory framework. The Group did not have any material non-controlling interests as at 31 December 2024.

42. Consolidated structured entities

See accounting policy in Note 83.2.

Assessment of control over an investee determines which structured entities are consolidated in the financial statements. Investees controlled by the Group are presented in the following balance sheet lines:

Assets	**2024**	**2023**
Bonds and debt instruments	2,501	2,210
Equities and equity instruments	966	533
Liabilities	**2024**	**2023**
Other liabilities	2	25
Non controlling interests	2,218	2,020

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42. Consolidated structured entities (continued)

The Bank holds the majority of the units in the investment funds managed by Landsbréf. These funds are consolidated in the Bank's Consolidated Financial Statements, with the exception that minority interests are recognised among Other liabilities instead of Equity. The reason for this distinction is that the holders of the units may request redemption of their shareholding and therefore the units do not meet the requirements of the definition of equity.

43. Unconsolidated structured entities

See accounting policy in Note 83.2.

In cases where the Group acts as an agent for the investor, it does not consolidate the investment funds of the principal. In cases where the Group holds investments in unconsolidated investment funds, the investments are classified as financial investments designated at fair value through profit or loss. The fair value of these investments represents the Group's maximum exposure to loss from investments in unconsolidated investment funds.

			Total assets	
Type of structured entity	**Nature and purpose**	**Interest held by the Group**	**2024**	**2023**
Investment funds	To generate fees from managing assets on behalf of third party investors.	Investment in units issued by fund	81,607	63,502
	These vehicles are financed through the issue of units to investors	Management fees		

The following table shows an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities. The Group's maximum exposure to loss is the carrying amount of the assets held.

	Carrying amount	
Investment securities	**2024**	**2023**
Investment funds	2,877	2,923
Total	2,877	2,923

44. Guarantees / Off-balance sheet exposures within the Group

As at year end the off-balance sheet exposure to credit risk within the Group was as follows:

	Carrying amount	
Off-balance sheet exposure 31 December	**2024**	**2023**
Financial guarantees	-	-
Undrawn overdraft and credit card facilities	68	3
Total	**68**	**3**

45. Related party transactions

Related parties

The Icelandic State Treasury, on behalf of the Icelandic State, holds 98.2% of shares in the Bank at year-end 2024. Government bodies and public institutions qualifying as related parties are the Ministry of Finance, the ISFI (Icelandic State Financial Investments), and entities and institutions related to them.

Transactions between the Bank and its subsidiaries meet the definition of related party transactions. All transactions with subsidiaries are eliminated on consolidation and are thus not disclosed in the Group's Consolidated Financial Statements. The main subsidiaries are summarised in Note 41 Interest in subsidiaries.

The key management personnel of the Bank and their close family members meet the definition of related parties and in some cases, the key management personnel of the Bank's subsidiaries. The key management personnel of the Bank are the members of the Board of Directors, the CEO, managing directors and other managers with the authority and responsibility to organise, manage and control the Bank's activities. The Minister for Finance and the Board of Directors of Icelandic State Financial Investments meet the definition of related parties due to the scope of their authority to influence Bank policy.

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 of and amounts outstanding with public entities are disclosed in Note 53 under Public entities.

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45. Related party transactions (continued)

Transactions with other related parties

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

	2024		2023	
Loans in ISK million	**Gross carrying amount as at 31 December**	**Highest amount outstanding during the year**	**Gross carrying amount as at 31 December**	**Highest amount outstanding during the year**
Key management personnel	458	628	556	636
Parties related to key management personnel	77	283	256	282
Associates	181	296	184	947
Other	272	323	288	825
Total	**988**	**1,530**	**1,284**	**2,690**

No new guarantees were granted to related parties during the year. The Bank concluded no lease contracts with related parties during the year.

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

	2024		2023	
Deposits in ISK million	**Carrying amount**	**Highest amount outstanding during the year**	**Carrying amount**	**Highest amount outstanding during the year**
Key management personnel	141	322	82	191
Parties related to key management personnel	88	265	134	279
Associates	236	1,560	483	1,279
Other	19	97	14	126
Total	**484**	**2,244**	**713**	**1,875**

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

Guarantees in ISK million	**Gross carrying amount as at 31 December 2024**	**Gross carrying amount as at 31 December 2023**
Key management personnel	-	-
Parties related to key management personnel	-	-
Associates	-	-
Other	552	539
Total	**552**	**539**

The following table presents the total number of shares in the Bank owned by key management personnel and parties related to them and associates of the Group:

Number of shares in ISK million	**2024**	**2023**
Key management personnel	2	2
Parties related to key management personnel	-	-
Associates	-	-
Total	**2**	**2**

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

45. Related party transactions (continued)

Transactions with other related parties (continued)

Effect on income statement

The following table presents the total amount of interest income and expense recognised by the Group in relation to key management personnel and parties related to them and associates of the Group:

	2024		2023	
Interest income and expense	**Interest income**	**Interest expense**	**Interest income**	**Interest expense**
Key management personnel	20	10	30	6
Parties related to key management personnel	6	5	12	7
Associates	24	11	25	8
Other	7	23	2	16
Total	**57**	**49**	**69**	**37**

The following table presents the total amount of other income and expense recognised by the Group in relation to key management personnel and parties related to them and associates of the Group:

	2024		2023	
Other income and expense	**Other income**	**Other expense**	**Other income**	**Other expense**
Associates	-	1,745	-	1,715
Total	**0**	**1,745**	**0**	**1,715**

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

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45. Related party transactions (continued)

Transactions with other related parties (continued)

The following table presents the total amount of compensation to Directors, CEOs and Managing Directors for the year 2024:

Salary and benefits for the year 2024	Salary and benefits*	Defined contri-butions**	Total
Board of Directors	**79.3**	**10.4**	**89.7**
Jón Þorvarður Sigurgeirsson, Chairman of the Board of Directors	10.3	1.4	11.7
Eva Halldórsdóttir, Vice-chairman of the Board of Directors	7.6	1.0	8.6
Kristján Þórarinn Davíðsson, Director	6.5	0.9	7.4
Rebekka Jóelsdóttir, Director	6.5	0.9	7.4
Steinunn Guðbj. Þorsteinsdóttir, Director	7.0	0.9	7.9
Þór Hauksson, Director	6.5	0.9	7.4
Örn Guðmundsson, Director	7.0	0.9	7.9
Sigurður Jón Björnsson, Alternate Director	1.5	0.2	1.7
Stefanía Guðrún Halldórsdóttir, Alternate Director	0.5	0.1	0.6
Helga Björk Eiríksdóttir, former Chairman of the Board of Directors	6.2	0.6	6.8
Berglind Svavarsdóttir, former Vice-chairman of the Board of Directors	3.5	0.5	4.0
Elín H. Jónsdóttir, former Director	3.5	0.5	4.0
Guðbrandur Sigurðsson, former Director	3.2	0.4	3.6
Guðrún Ó. Blöndal, former Director	3.0	0.4	3.4
Helgi Friðjón Arnarson, former Director	3.2	0.4	3.6
Þorvaldur Jacobsen, former Director	3.0	0.4	3.4
Sigríður Olgeirsdóttir, former Alternate Director	0.3	-	0.3
CEO	**58.4**	**11.1**	**69.5**
Lilja Björk Einarsdóttir	58.4	11.1	69.5
Senior management and other key employees	**352.6**	**65.8**	**418.4**
Arinbjörn Ólafsson, Managing Director Information Technology	43.3	8.4	51.7
Árni Þór Þorbjörnsson, Managing Director Corporate Banking	43.3	8.0	51.3
Bergsteinn Ólafur Einarsson, Managing Director Risk Management	39.1	7.7	46.8
Eyrún Anna Einarsdóttir, Managing Director Asset Management & Capital Markets	39.1	7.5	46.6
Helgi Teitur Helgason, Managing Director Personal Banking	43.3	8.4	51.7
Hreiðar Bjarnason, Managing Director, CFO	44.4	8.4	52.8
Sara Pálsdóttir, Managing Director Communication & Culture	39.1	7.2	46.3
Two other key employees	61.0	10.2	71.2
Total	**490.3**	**87.3**	**577.6**

*Benefits are non-monetary benefits such as the use of cars owned by the Group.

**Includes both private and statutory contributions to independent pension funds without further obligation.

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45. Related party transactions (continued)

Transactions with other related parties (continued)

The following table presents the total amount of compensation to Directors, CEOs and Managing Directors for the year 2023:

Salary and benefits for the year 2023	Salary and benefits*	Defined contri-butions**	Total
Board of Directors	**76.2**	**9.7**	**85.9**
Helga Björk Eiríksdóttir, Chairman of the Board of Directors	18.0	1.9	19.9
Berglind Svavarsdóttir, Vice-chairman of the Board of Directors	10.3	1.4	11.7
Elín H. Jónsdóttir, Director	8.9	1.2	10.1
Guðbrandur Sigurðsson, Director	9.6	1.3	10.9
Guðrún Ó. Blöndal, Director	8.9	1.2	10.1
Helgi Friðjón Arnarson, Director	9.6	1.3	10.9
Þorvaldur Jacobsen, Director	8.9	1.2	10.1
Sigríður Olgeirsdóttir, Alternate Director	1.0	0.1	1.1
Sigurður Jón Björnsson, Alternate Director	1.0	0.1	1.1
CEO	**55.6**	**10.4**	**66.0**
Lilja Björk Einarsdóttir, CEO	55.6	10.4	66.0
Senior management and other key employees	**353.4**	**66.4**	**419.8**
Arinbjörn Ólafsson, Managing Director Information Technology	40.6	7.9	48.5
Árni Þór Þorbjörnsson, Managing Director Corporate Banking	40.6	7.6	48.2
Bergsteinn Ólafur Einarsson, Managing Director Risk Management	36.1	7.1	43.2
Eyrún Anna Einarsdóttir, Managing Director Asset Management & Capital	36.1	6.8	42.9
Helgi Teitur Helgason, Managing Director Personal Banking	40.6	7.8	48.4
Hreiðar Bjarnason, Managing Director, CFO	47.3	9.0	56.3
Sara Pálsdóttir, Managing Director Communication & Culture	36.1	6.9	43.0
Two other key employees and one former key employee***	76.0	13.3	89.3
Total	**485.2**	**86.5**	**571.7**

*Benefits are non-monetary benefits such as the use of cars owned by the Group.

**Includes both private and statutory contributions to independent pension funds without further obligation.

***In 2023, one key employee retired. All contractual termination payments have been recognised in the income statement for the year 2023.

Transactions with the Minister of Finance and members of the Board of Directors of ISFI

The Minister of Finance and the members of the Board of Directors of ISFI did not receive any salaries or similar payments from the Group during the year 2024. The Group did not enter into any transactions with these persons or close members of their families, other than normal banking transactions which were made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third party counterparties.

46. Events after the reporting year

No events have arisen after the reporting year of these financial statements that require amendments or additional disclosures in the Consolidated Financial Statements for the year ended 31 December 2024.

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Capital management

47. Capital requirements

The Group’s capital management policies and practices aim to ensure that the Group has sufficient capital to cover the risks associated with its activities on a consolidated basis. The capital management framework of the Group comprises four interdependent areas: capital assessment, risk appetite/capital target, capital planning, and reporting/monitoring. The Group regularly monitors and assesses its risk profile in key business areas on a consolidated basis and for the most important risk types. The Bank's risk appetite sets out the level of risk the Group is willing to take in pursuit of its business objectives.

The Act on Financial Undertakins No. 161/2002, implementing the Capital Requirements Directive 2013/36/EU (CRD), and Regulation (EU) No 575/2013 (CRR), as incorporated into Icelandic legislation and as amended, set out the legal requirements for the Group’s capital. The regulatory minimum capital requirement under Pillar I is 8% of Risk Weighted Exposure Amount (RWEA) for credit risk, market risk and operational risk. In conformity with Pillar II-R requirements, the Bank annually assesses its own capital needs through the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP results are subsequently reviewed by the FSA in the Supervisory Review and Evaluation Process (SREP). The Group’s minimum capital requirement, as determined by the FSA, is the sum of Pillar I and Pillar II-R requirements.

In addition to the minimum capital requirement, the Bank is required by law to maintain certain capital buffers determined by the Financial Stability Committee (FSC) of the Central Bank of Iceland. The FSC has defined the Bank as a systematically important financial institution in Iceland.

The Group’s most recent capital requirements are as follows (as a percentage of RWEA):

	31.12.2024			31.12.2023		
	CET1	Tier 1	Total	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%	4.5%	6.0%	8.0%
Pillar II-R	1.4%	1.9%	2.5%	1.6%	2.1%	2.8%
Minimum requirement	**5.9%**	**7.9%**	**10.5%**	**6.1%**	**8.1%**	**10.8%**
Systemic risk buffer (SRB)	1.9%	1.9%	1.9%	2.9%	2.9%	2.9%
Capital buffer for systematically important institutions (O-SII)	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%
Countercyclical capital buffer (CCyB)	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%
Capital conservation buffer (CCB)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Combined buffer requirement	**9.9%**	**9.9%**	**9.9%**	**9.4%**	**9.4%**	**9.4%**
Total capital requirement	**15.8%**	**17.8%**	**20.4%**	**15.5%**	**17.5%**	**20.2%**

On 3 Desember 2024 the Financial Stability Committy (FSC) decided to decrease the value of the systemic risk buffer (SRB) on domestic exposures from 3,0% to 2,0%. At the same time, the FSC decided to increase the value of the capital buffer for systematically important institutions (O-SII) from 2,0% to 3,0%.

The Bank aims to maintain at all times capital ratios well above FSA‘s minimum capital requirements. The Bank's target capital ratio includes a management buffer, in addition to FSA's capital requirements, that is defined in the Bank’s risk appetite. The Bank also aims to be in the highest category for risk-adjusted capital ratio, as determined and measured by the relevant credit rating agencies.

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48. Capital base, risk-weighted exposure amount and capital ratios

The following table shows the Group’s capital base, risk exposure amount and capital ratios. The calculations are in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as amended and made part of the Icelandic legal order.

In accordance with EU Regulation No. 575/2013, the FSA has granted permission for verified interim profits and audited year-end profits to be included in the Group's capital base, net of any foreseeable charge or dividend. The permission is, *inter alia* , subject to the condition that an interim statement has been verified by the Group's auditors or that an annual statement has been audited by the Groups auditors.

Also in accordance with the aformentioned laws and regulations, the FSA has granted permission for the Group to apply IFRS 9 transitional arrangements. The Bank applies the dynamic approach in terms of the IFRS 9 transitional arrengement, whereby the transitional adjustment amount throughout the transition period is determined by recalculating it periodically to reflect the evolution of the Group's excpected credit loss provisions within the transition period.

The Group uses the standardised approach to calculate the risk exposure amount for credit risk and market risk, and the basic indicator approach for operational risk.

Capital base	2024	2023
Share capital	23,615	23,621
Share premium	120,516	120,593
Reserves	13,213	11,432
Retained earnings	167,305	148,108
Total equity attributable to owners of the Bank	**324,649**	**303,754**
Intangible assets	(3)	(7)
Forseeable dividends*	(18,754)	(16,584)
Fair value hedges	(4,348)	(4,669)
Adjustment under IFRS 9 transitional arrangements	-	595
Insufficient coverage for non-performing exposures	(568)	(1,291)
Common equity Tier 1 capital (CET1)	**300,976**	**281,798**
Non-controlling interests	-	-
Tier 1 capital	**300,976**	**281,798**
Subordinated liabilities	39,989	20,176
Regulatory amortisation	(26)	-
Tier 2 capital	**39,963**	**20,176**
Total capital base	**340,939**	**301,974**

Risk-weighted exposure amount (RWEA)	2024	2023
Credit risk	1,254,254	1,144,477
Market risk	15,399	20,559
Operational risk	131,388	114,400
Total risk-weighted exposure amount	**1,401,041**	**1,279,436**

*The Board of Directors intends to propose to the Annual General Meeting (AGM), scheduled to be held in March 2025, that a dividend amounting to around 50% of the consolidated profit in 2024 will be paid to shareholders. The intended dividend proposal is account for in the calculation of the Bank´s capital base as at 31.12.2024, under the line item Foreseeable dividends.

CET1 ratio	**21.5%**	**22.0%**
Tier 1 capital ratio	**21.5%**	**22.0%**
Total capital ratio	**24.3%**	**23.6%**
CET1 Ratio as if IFRS 9 transitional arrangements were not applied	**21.5%**	**22.0%**
Tier 1 capital ratio as if IFRS 9 transitional arrangements were not applied	**21.5%**	**22.0%**
Total capital ratio as if IFRS 9 transitional arrangements were not applied	**24.3%**	**23.6%**

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49. Minimum Requirement for own funds and Eligible Liabilities (MREL)

The Act on Recovery and Resolution of Credit Institutions and Investment Firms No. 70/2020, as amended, implementing the Bank Recovery and Resolution Directive 2014/59/EU (BRRD) and Directive 2019/879 (BRRD II), provides for the determination by the Central Bank of Iceland’s Resolution Authority of minimum requirement for own funds and eligible liabilities (MREL).

On 4 October 2024 the Resolution Authority announced it's latest annual MREL decision for the Bank. The decision entails that the Bank must at all times maintain a minimum of 21.0% of MREL funds, as a percentage of the Bank's Total Risk-weighted Exposure Amount (TREA) and a minimum of 6.0% as a percentage of the Bank's Total Exposure Measure (TEM).

The decision also introduces a new 13.5% MREL subordination requirement, as a percentage of the Bank's Total Risk-weighted Exposure Amount (TREA), which must be fullfilled as of 4 October 2027.

The MREL-TREA and the MREL Subordination Requirements must be met without regards to the combined buffer requirement (CBR), which must be separately fulfilled alongside the MREL-TREA and the MREL Subordination Requirement.

	31.12.2024		31.12.2023	
Own funds and eligible liabilities	**Amount**	**Percentage of RWEA**	**Amount**	**Percentage of RWEA**
Common Equitiy Tier 1 (CET1)	300,976	21.5%	281,798	22.0%
Additional Tier 1 capital (AT1)	-	0.0%	-	0.0%
Tier 2 capital	39,989	2.9%	20,176	1.6%
Eligible Senior Non-Preferred bonds	15,640	1.1%	-	0.0%
Sum of Subordinated MREL funds	**356,605**	**25.5%**	**301,974**	**23.6%**
Eligible Senior Preferred liabilities	178,037	12.7%	182,851	14.3%
Sum of MREL funds	**534,642**	**38.2%**	**484,825**	**37.9%**
MREL-TEM Requirement				
Recurring MREL-TEM requirement	136,325	9.7%	124,411	9.7%
MREL-TREA Requirement				
Recurring MREL-TREA requirement	294,219	21.0%	276,358	21.6%
Combined Buffer Requirement (CBR)	138,703	9.9%	120,267	9.4%
Sum of MREL-TREA Total and Combined Buffer	**432,922**	**30.9%**	**396,625**	**31.0%**
MREL Subordination Requirement				
Recurring Subordination Requirement	189,141	13.5%		
Combined Buffer Requirement (CBR)	138,703	9.9%		
Sum of MREL Subordination and Combined Buffer Requirements	**327,844**	**23.4%**		

The Maximum Distributable Amount related to MREL (M-MDA) is the maximum amount that the bank is allowed to distribute via various actions, including dividend payments to shareholders, buy-back of own shares and payments of variable remuneration. These MREL restrictions are in addition to other own funds requirements.

	31.12.2024		31.12.2023	
	Amount	**Percentage of RWEA**	**Amount**	**Percentage of RWEA**
Total MREL funds above MREL-TEM Requirement	398,317	28.4%	360,414	28.2%
Total MREL funds above MREL-TREA Requirement	101,720	7.3%	88,200	6.9%
Subordinated MREL funds above MREL Subordination Requirement	28,761	2.1%		
Maximum Distributable Amount related to MREL (M-MDA)	**28,761**	**2.1%**	**88,200**	**6.9%**

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50. Leverage ratio

The following table shows the Group's leverage ratio. The calculations are in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as amended and made part of the Icelandic legal order. A minimum leverage ratio of 3.0% is required.

Leverage ratio	2024	2023
- On-balance sheet exposure (excl. derivatives and securities financing transactions)	2,158,835	1,942,770
- Derivative instrument exposure	6,062	21,757
- Securities financing transaction exposures	14,820	11,598
- Off-balance sheet exposure	116,036	118,051
- Regulatory adjustments to Tier 1 capital	(23,673)	(20,665)
Total leverage exposure	**2,272,080**	**2,073,511**
Tier 1 capital	**300,976**	**281,798**
Leverage ratio	**13.2%**	**13.6%**
Leverage ratio as if IFRS 9 transitional arrangements were not applied	**13.2%**	**13.6%**

Risk management

51. Risk management

See further information in Chapter 2 in the Group's Pillar III Risk Report for 2024.

Risk is inherent in the Group's activities and is managed through a process of on-going identification, measurement, and monitoring, subject to risk limits and other controls. Risk identification involves finding the origins and structures of potential risk factors in the Group's operations and undertakings. Risk measurement entails measuring identified risk for management and monitoring purposes. Finally, risk controls and limits promote compliance with rules and procedures, as well as adherence with the Group's risk appetite.

The objective of the Group's risk policies and procedures is to ensure that the risks in its operation are detected, measured, monitored and effectively managed. Exposure to risk is managed to ensure that it remains within limits and that the risk appetite adopted by the Group complies with regulatory requirements. The Group has adopted policies regarding the risk structure of its assets and liabilities, to limit and manage fluctuations that might affect the Group's equity, liquidity and performance.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, risk appetite and setting risk limits. The CEO is responsible for the effective implementation of the framework and risk appetite through the corporate governance structure and committees.

The Board of Directors has three Subcommittees, which provide important preparation for Board meetings. The purpose of sub-committees is to facilitate discussion and in-depth analysis of issues addressed by the Board and increase its efficacy.

- The Risk Committee serves as advisor to the Board of Directors on the development of the Group's risk strategy and risk appetite.
- The Audit Committee's role is to ensure the quality of the Group's financial information, including financial statements and other financial information, as well as the independence of its auditors.
- The Remuneration Committee's role is to provide guidance to the Board of Directors and CEO on salary and benefits for key executives and to advise the Board on the Group's remuneration policy.

The Executive Board serves as a forum for discussion about business opportunities and challenges, approves funding for larger projects, and serves as a decision-making platform on matters that do not fall within the remit of other committees. The main role of the Executive Board is to ensure compliance of the Group's operation with laws, regulations, business plans and policies of the Bank at any given time. The Executive Board has four subcommittees.

- The Credit Committee's main role is to ensure that the Group's loan portfolio and credit risk remain in compliance with its credit risk policy and risk appetite. The Credit Committee is responsible for significant credit decisions, credit limits for customers, credit quality and large exposures.
- The Risk & Finance Committee is a platform for discussion and decision-making about liquidity, market and counterparty risk. The Committee implements the policy of the Board of Directors on market risk and propose limits for these risks, reviews the methodology and scenarios for the ICAAP and ILAAP processes and sets internal rules for liquidity, market and counterparty risk.
- The Operational Risk Committee is a forum for discussions and decisions on operational risk issues and reviews the effective implementation of the operational risk policy of the Bank.
- The Project Committee selects, prioritises and supports the Group's major projects to ensure their success.

Compliance is an independent function, which reports directly to the CEO and operates in accordance with the terms of reference set out by the Board of Directors. The operation of Compliance is shaped by its independence from other units.

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51. Risk management (continued)

Internal Audit is an independent, objective assurance and consulting unit that is a part of the Group's organisational chart and an element of its internal control system.

The Risk Management Division is responsible for the Group's risk management framework and for comprehensive risk reporting on risk positions within the Group and to external supervisory authorities. The division comprised five departments at year-end 2024. Subsidiaries of the Group have their own risk management functions from which the Risk Management Division receives information on exposures and collates into Group exposure.

Further information about the Group's risk and capital management is provided in the Group's Pillar III Risk Report for 2024, published alongside the Consolidated Financial Statements for 2024 on the Bank's website, www.landsbankinn.is.

Credit risk

52. Credit risk

See further information in Chapter 4 in the Group's Pillar III Risk Report for 2024.

Credit risk is defined as the risk of loss if customers fail to fulfil their agreed obligations and the estimated value of pledged collateral does not cover existing claims. It is the greatest single risk faced by the Group and principally arises from loans and advances to customers and from investments in debt securities. It also covers commitments, guarantees, documentary credits, counterparty credit risk in derivatives contracts and settlement risk.

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

Notes to the Consolidated Financial Statements

Credit risk

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

The following tables show the Group's maximum credit risk exposure. For on-balance sheet assets, the exposures are based on net carrying amounts as reported in the Consolidated Statement of Financial Position. Off-balance sheet amounts are the maximum amounts the Group might have to pay for guarantees and undrawn loan commitments, overdraft and credit card facilities.

				Corporates											
As at 31 December 2024	**Financial institutions**	**Public entities ***	**Individuals**	**Fisheries**	**Real estate companies**	**Construction companies**	**Travel industry**	**Services, ITC**	**Retail**	**Manufactur-ing and energy**	**Holding companies**	**Agri-culture**	**Other**	**Maximum exposure**	**Carrying amount**
Cash and balances with Central Bank	-	129,981	-	-	-	-	-	-	-	-	-	-	-	**129,981**	**129,981**
Bonds and debt instruments	132	116,351	-	-	-	-	-	1,281	-	77	12	-	-	**117,853**	**139,104**
Equities and equity instruments	221	-	-	-	41	-	1,206	3,960	1	409	9,834	-	-	**15,672**	**32,644**
Derivative instruments	8,043	-	-	1	23	-	28	-	19	-	20	-	126	**8,260**	**8,260**
Loans and advances to financial institutions	39,346	-	-	-	-	-	-	-	-	-	-	-	-	**39,346**	**39,346**
Loans and advances to customers	-	14,302	886,879	195,754	233,125	143,040	110,844	65,392	68,202	43,853	38,746	7,299	1	**1,807,437**	**1,807,437**
Other assets	18,696	73	23	3	1,868	-	600	2,371	-	7	-	-	1,342	**24,983**	**24,987**
Total on-balance sheet exposure	**66,438**	**260,707**	**886,902**	**195,758**	**235,057**	**143,040**	**112,678**	**73,004**	**68,222**	**44,346**	**48,612**	**7,299**	**1,469**	**2,143,532**	**2,181,759**
Off-balance sheet exposure	**21**	**9,736**	**40,974**	**25,107**	**30,272**	**81,226**	**17,845**	**20,531**	**25,906**	**31,418**	**3,262**	**822**	**27**	**287,147**	
Financial guarantees and underwriting commitments	19	226	701	4,979	1,424	6,921	2,249	4,894	5,350	1,048	406	10	-	28,227	
Undrawn loan commitments	-	18	105	17,615	27,395	70,664	12,977	5,682	12,496	25,140	2,524	108	-	174,724	
Undrawn overdraft/credit card facilities	2	9,492	40,168	2,513	1,453	3,641	2,619	9,955	8,060	5,230	332	704	27	84,196	
Maximum exposure to credit risk	**66,459**	**270,443**	**927,876**	**220,865**	**265,329**	**224,266**	**130,523**	**93,535**	**94,128**	**75,764**	**51,874**	**8,121**	**1,496**	**2,430,679**	
Percentage of maximum exposure to credit risk	2.7%	11.1%	38.2%	9.1%	10.9%	9.2%	5.4%	3.8%	3.9%	3.1%	2.1%	0.3%	0.1%	100%	

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

All amounts are in ISK million

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

				Corporates											
As at 31 December 2023	**Financial institutions**	**Public entities ***	**Individuals**	**Fisheries**	**Real estate companies**	**Construction companies**	**Travel industry**	**Services, ITC**	**Retail**	**Manufactur-ing and energy**	**Holding companies**	**Agri-culture**	**Other**	**Maximum exposure**	**Carrying amount**
Cash and balances with Central Bank	-	75,350	-	-	-	-	-	-	-	-	-	-	-	**75,350**	**75,350**
Bonds and debt instruments	128	128,479	-	-	-	-	-	1,429	-	26	15	-	-	**130,077**	**148,182**
Equities and equity instruments	82	-	-	9	22	-	3	3,269	9	196	7,488	-	-	**11,078**	**19,012**
Derivative instruments	7,151	-	5	84	14	-	1	6	16	-	172	-	10	**7,459**	**7,459**
Loans and advances to financial institutions	54,101	-	-	-	-	-	-	-	-	-	-	-	-	**54,101**	**54,101**
Loans and advances to customers	-	11,449	819,151	190,233	176,428	132,177	107,693	62,100	64,178	32,536	27,739	7,210	-	**1,630,894**	**1,630,894**
Other assets	19,175	28	31	3	1,914	-	602	2,438	-	7	-	-	1,573	**25,771**	**25,778**
Total on-balance sheet exposure	**80,637**	**215,306**	**819,187**	**190,329**	**178,378**	**132,177**	**108,299**	**69,242**	**64,203**	**32,765**	**35,414**	**7,210**	**1,583**	**1,934,730**	**1,960,776**
Off-balance sheet exposure	**3**	**10,158**	**38,251**	**21,281**	**33,715**	**87,246**	**12,903**	**20,673**	**26,687**	**34,908**	**2,427**	**638**	**2,405**	**291,295**	
Financial guarantees and underwriting commitments	-	191	594	5,945	2,006	6,676	2,210	4,436	4,696	707	416	10	-	27,887	
Undrawn loan commitments	-	-	142	12,459	30,467	76,920	9,090	6,861	13,507	30,009	1,634	18	2,378	183,485	
Undrawn overdraft/credit card facilities	3	9,967	37,515	2,877	1,242	3,650	1,603	9,376	8,484	4,192	377	610	27	79,923	
Maximum exposure to credit risk	**80,640**	**225,464**	**857,438**	**211,610**	**212,093**	**219,423**	**121,202**	**89,915**	**90,890**	**67,673**	**37,841**	**7,848**	**3,988**	**2,226,025**	
Percentage of maximum exposure to credit risk	3.6%	10.1%	38.5%	9.5%	9.5%	9.9%	5.4%	4.0%	4.1%	3.0%	1.7%	0.4%	0.2%	100.0%	

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

All amounts are in ISK million

54. Collateral and loan-to-value

The loan-to-value (LTV) ratio expresses the gross carrying amount of loans and advances as a percentage of the total value of the collateral. LTV is one of the key risk factors that determine if borrowers qualify 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 ratio indicates that there is only a small buffer to protect against a fall in the collateral value or an increase in a loan balance, when repayments are not made and unpaid interest is added to the outstanding balance of the loan.

	LTV ratio - Fully collateralised					LTV ratio - Partially collateralised				
As at 31 December 2024	**0% - 25%**	**25% - 50%**	**50% - 75%**	**75% - 100%**	**Total**	**>100%**	**Collateral value***	**Without collateral**	**Allowance for impairment**	**Carrying amount**
Financial institutions	-	-	-	-	**0**	-	-	**39,346**	-	**39,346**
Public entities	**31**	**260**	**20**	**36**	**347**	**1,627**	**794**	**12,329**	**(1)**	**14,302**
Individuals	**101,237**	**349,815**	**366,703**	**26,087**	**843,842**	**2,905**	**1,789**	**41,793**	**(1,661)**	**886,879**
Mortgages	94,154	337,373	351,590	20,241	803,358	957	538	46	(489)	803,872
Other	7,083	12,442	15,113	5,846	40,484	1,948	1,251	41,747	(1,172)	83,007
Corporates	**103,180**	**249,206**	**317,212**	**147,883**	**817,481**	**78,501**	**63,496**	**19,263**	**(8,989)**	**906,256**
Fisheries	51,324	85,594	53,076	2,060	192,054	4,296	3,697	2,187	(2,783)	195,754
Real estate companies	9,592	54,000	103,775	44,448	211,815	20,218	17,093	1,724	(632)	233,125
Construction companies	7,379	18,379	67,956	38,406	132,120	10,680	8,893	1,437	(1,197)	143,040
Travel industry	6,604	16,109	41,350	20,240	84,303	24,643	23,246	4,065	(2,167)	110,844
Services, IT and communications	8,121	21,642	11,060	13,782	54,605	5,249	3,866	5,953	(415)	65,392
Retail	8,863	33,169	13,519	10,544	66,095	1,931	1,578	521	(345)	68,202
Manufacturing and energy	7,137	6,020	21,012	1,334	35,503	7,007	3,030	2,116	(773)	43,853
Holding companies	2,727	11,794	3,269	16,733	34,523	3,850	1,795	1,037	(664)	38,746
Agriculture	1,433	2,499	2,195	336	6,463	626	297	223	(13)	7,299
Other	-	-	-	-	0	1	1	-	-	1
Total	**204,448**	**599,281**	**683,935**	**174,006**	**1,661,670**	**83,033**	**66,079**	**112,731**	**(10,651)**	**1,846,783**

*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.

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54. Collateral and loan-to-value (continued)

As at 31 December 2023	LTV ratio - Fully collateralised 0% - 25%	25% - 50%	50% - 75%	75% - 100%	Total	LTV ratio - Partially collateralised >100%	Collateral value*	Without collateral	Allowance for impairment	Carrying amount
Financial institutions	-	-	-	-	0	-	-	54,101	-	54,101
Public entities	21	261	17	20	319	1,518	763	9,616	(4)	11,449
Individuals	74,396	273,436	395,171	34,227	777,230	3,320	2,095	40,983	(2,382)	819,151
Mortgages	67,684	259,198	374,457	29,501	730,840	1,125	578	265	(1,246)	730,984
Other	6,712	14,238	20,714	4,726	46,390	2,195	1,517	40,718	(1,136)	88,167
Corporates	87,827	282,255	221,194	157,537	748,813	37,221	26,702	23,248	(8,988)	800,294
Fisheries	49,564	103,956	14,463	22,255	190,238	550	380	2,216	(2,771)	190,233
Real estate companies	7,095	40,985	87,081	36,840	172,001	3,498	2,500	1,859	(930)	176,428
Construction companies	5,533	33,919	42,832	36,338	118,622	13,478	8,269	1,249	(1,172)	132,177
Travel industry	2,050	24,216	35,651	33,704	95,621	9,356	7,426	5,214	(2,498)	107,693
Services, IT and communications	7,756	21,217	11,604	12,946	53,523	3,283	2,520	6,019	(725)	62,100
Retail	9,276	34,398	12,078	5,841	61,593	2,011	1,406	904	(330)	64,178
Manufacturing and energy	1,415	5,032	11,788	5,148	23,383	4,383	3,852	5,152	(382)	32,536
Holding companies	4,165	15,664	3,524	3,767	27,120	369	205	414	(164)	27,739
Agriculture	973	2,868	2,173	698	6,712	293	144	221	(16)	7,210
Other	-	-	-	-	0	-	-	-	-	0
Total	162,244	555,952	616,382	191,784	1,526,362	42,059	29,560	127,948	(11,374)	1,684,995

*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.

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55. Collateral types

See further information in Chapter 4.1.4 in the Group's Pillar III Risk Report for 2024.

The following tables disclose the assignment of a collateral value to a claim value. The value of each individual collateral item held cannot exceed the gross carrying amount of the corresponding individual claim. Changes in collateral value amounts between years result either from changes in the underlying value of collateral or changes in the gross carrying amount of claim.

As at 31 December 2024	Real estate	Vessels	Deposits	Securities	Other*	Total
Financial institutions	-	-	-	-	-	**0**
Public entities	**1,123**	-	-	-	**18**	**1,141**
Individuals	**829,257**	**33**	**232**	**1,131**	**14,975**	**845,628**
Mortgages	798,799	10	166	74	4,847	803,896
Other	30,458	23	66	1,057	10,128	41,732
Corporates	**507,085**	**139,368**	**2,894**	**94,621**	**137,040**	**881,008**
Fisheries	13,074	136,434	603	21,639	24,002	195,752
Real estate companies	216,317	92	211	6,445	5,844	228,909
Construction companies	134,386	3	275	743	5,607	141,014
Travel industry	72,345	240	126	1,318	33,519	107,548
Services, IT and communications	26,032	2,542	692	7,951	21,254	58,471
Retail	19,823	-	152	14,957	32,742	67,674
Manufacturing and energy	13,168	57	657	11,251	13,401	38,534
Holding companies	5,609	-	175	30,317	243	36,344
Agriculture	6,331	-	3	-	427	6,761
Other	-	-	-	-	1	1
Total	**1,337,465**	**139,401**	**3,126**	**95,752**	**152,033**	**1,727,777**

As at 31 December 2023	Real estate	Vessels	Deposits	Securities	Other*	Total
Financial institutions	-	-	-	-	-	**0**
Public entities	**1,058**	-	**1**	-	**22**	**1,081**
Individuals	**757,315**	**48**	**149**	**3,897**	**17,695**	**779,104**
Mortages	724,692	11	120	64	6,315	731,202
Other	32,623	37	29	3,833	11,380	47,902
Corporates	**411,923**	**142,083**	**5,562**	**73,827**	**142,125**	**775,520**
Fisheries	8,457	138,894	600	17,325	25,344	190,620
Real estate companies	163,430	96	372	4,907	5,696	174,501
Construction companies	120,641	3	273	349	5,626	126,892
Travel industry	59,954	179	72	988	41,855	103,048
Services, IT and communications	24,445	2,828	405	8,446	19,919	56,043
Retail	15,433	-	147	15,955	31,465	63,000
Manufacturing and energy	12,373	83	3,373	-	11,405	27,234
Holding companies	1,110	-	319	25,857	39	27,325
Agriculture	6,080	-	1	-	776	6,857
Other	-	-	-	-	-	0
Total	**1,170,296**	**142,131**	**5,712**	**77,724**	**159,842**	**1,555,705**

*Other collateral includes financial claims, invoices, liquid assets, vehicles, machines, aircraft and inventories.

56. Loans and advances by geographical area

The following tables show loans and advances by geographical segmentation. Geographical segmentation is based on the customer's legal residence rather than domicile.

As at 31 December 2024	Domestic	Foreign	Carrying amount
Loans and advances to financial institutions	614	38,732	39,346
Loans and advances to customers	1,774,557	32,880	1,807,437
Total	**1,775,171**	**71,612**	**1,846,783**

As at 31 December 2023	Domestic	Foreign	Carrying amount
Loans and advances to financial institutions	169	53,932	54,101
Loans and advances to customers	1,599,507	31,387	1,630,894
Total	**1,599,676**	**85,319**	**1,684,995**

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57. Credit quality of loans and advances

See accounting policy in Note 83.11 (g).

The following tables show the credit quality of loans and advances according to Group's internal credit rating. A credit rating of 10 indicates the best credit quality, while a rating of 0 shows defaults.

	Gross carrying amount							
As at 31 December 2024	**10-7**	**6-4**	**3-1**	**0**	**Unrated**	**Allowance for impairment**	**Fair value**	**Carrying amount**
Financial institutions	**39,346**	**-**	**-**	**-**	**-**	**-**	**-**	**39,346**
Public entities	**12,628**	**1,675**	**-**	**-**	**-**	**(1)**	**-**	**14,302**
Individuals	**664,898**	**200,489**	**15,412**	**5,752**	**1,619**	**(1,661)**	**370**	**886,879**
Mortgages	630,267	157,988	10,960	3,867	1,279	(489)	-	803,872
Other	34,631	42,501	4,452	1,885	340	(1,172)	370	83,007
Corporates	**150,274**	**677,362**	**26,120**	**20,604**	**-**	**(8,989)**	**40,885**	**906,256**
Fisheries	56,520	130,857	558	4,144	-	(2,783)	6,458	195,754
Real estate companies	4,669	205,474	8,221	1,194	-	(632)	14,199	233,125
Construction companies	7,794	129,223	4,215	2,590	-	(1,197)	415	143,040
Travel industry	11,651	86,419	4,495	10,446	-	(2,167)	-	110,844
Services, IT and communications	17,134	44,047	2,385	728	-	(415)	1,513	65,392
Retail	36,429	28,448	2,928	416	-	(345)	326	68,202
Manufacturing and energy	10,887	19,519	1,571	882	-	(773)	11,767	43,853
Holding companies	2	31,391	1,739	71	-	(664)	6,207	38,746
Agriculture	5,188	1,984	7	133	-	(13)	-	7,299
Other	-	-	1	-	-	-	-	1
Total	**867,146**	**879,526**	**41,532**	**26,356**	**1,619**	**(10,651)**	**41,255**	**1,846,783**

	Gross carrying amount							
As at 31 December 2023	**10-7**	**6-4**	**3-1**	**0**	**Unrated**	**Allowance for impairment**	**Fair value**	**Carrying amount**
Financial institutions	**54,101**	**-**	**-**	**-**	**-**	**-**	**-**	**54,101**
Public entities	**9,759**	**1,689**	**1**	**4**	**-**	**(4)**	**-**	**11,449**
Individuals	**610,054**	**189,653**	**15,114**	**4,855**	**1,804**	**(2,382)**	**53**	**819,151**
Mortgages	574,015	145,057	9,144	2,600	1,415	(1,246)	-	730,984
Other	36,039	44,596	5,970	2,255	389	(1,136)	53	88,166
Corporates	**180,885**	**554,965**	**40,407**	**17,474**	**-**	**(8,988)**	**15,551**	**800,294**
Fisheries	66,456	116,099	1,052	3,637	-	(2,771)	5,760	190,233
Real estate companies	2,541	159,053	9,216	2,588	-	(930)	3,960	176,428
Construction companies	14,692	109,362	6,638	2,285	-	(1,172)	372	132,177
Travel industry	24,562	67,645	11,327	6,657	-	(2,498)	-	107,693
Services, IT and communications	24,790	30,097	6,982	607	-	(725)	349	62,100
Retail	32,792	28,828	2,192	365	-	(330)	331	64,178
Manufacturing and energy	9,167	22,079	1,546	126	-	(382)	-	32,536
Holding companies	-	20,484	1,439	1,201	-	(164)	4,779	27,739
Agriculture	5,885	1,318	15	8	-	(16)	-	7,210
Other	-	-	-	-	-	-	-	0
Total	**854,799**	**746,307**	**55,522**	**22,333**	**1,804**	**(11,374)**	**15,604**	**1,684,995**

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58. Loans and advances by past due status

The following tables group the gross carrying amount of loans and advances by days past due.

	Gross carrying amount							
		Days past due						
As at 31 December 2024	Not past due	1-5	6-30	31-60	61-90	over 90	Allowance for impairment	Carrying amount
Financial institutions	**39,346**	-	-	-	-	-	-	**39,346**
Public entities	**14,303**	-	-	-	-	-	**(1)**	**14,302**
Individuals	**877,145**	**2,938**	**860**	**3,761**	**1,506**	**2,330**	**(1,661)**	**886,879**
Mortgages	798,085	-	618	3,148	1,182	1,328	(489)	803,872
Other	79,060	2,938	242	613	324	1,002	(1,172)	83,007
Corporates	**902,428**	**2,572**	**3,180**	**2,274**	**768**	**4,023**	**(8,989)**	**906,256**
Fisheries	195,863	68	11	97	287	2,211	(2,783)	195,754
Real estate companies	230,919	112	1,088	872	265	501	(632)	233,125
Construction companies	143,520	369	239	37	8	64	(1,197)	143,040
Travel industry	109,453	358	1,394	1,143	57	606	(2,167)	110,844
Services, IT and communications	64,613	464	289	39	36	366	(415)	65,392
Retail	67,160	1,043	85	44	14	201	(345)	68,202
Manufacturing and energy	44,331	85	66	41	100	3	(773)	43,853
Holding companies	39,336	3	-	-	-	71	(664)	38,746
Agriculture	7,233	70	8	1	-	-	(13)	7,299
Other	-	-	-	-	1	-	-	1
Total	**1,833,222**	**5,510**	**4,040**	**6,035**	**2,274**	**6,353**	**(10,651)**	**1,846,783**

	Gross carrying amount							
		Days past due						
As at 31 December 2023	Not past due	1-5	6-30	31-60	61-90	over 90	Allowance for impairment	Carrying amount
Financial institutions	**54,101**	-	-	-	-	-	-	**54,101**
Public entities	**11,417**	35	1	-	-	-	**(4)**	**11,449**
Individuals	**809,837**	**2,869**	**1,422**	**4,302**	**1,021**	**2,082**	**(2,382)**	**819,151**
Mortgages	725,346	-	1,048	3,699	791	1,346	(1,246)	730,984
Other	84,491	2,869	374	603	230	736	(1,136)	88,167
Corporates	**790,377**	**2,499**	**6,383**	**3,584**	**2,917**	**3,522**	**(8,988)**	**800,294**
Fisheries	190,697	140	64	104	1,962	37	(2,771)	190,233
Real estate companies	174,107	205	1,667	448	296	635	(930)	176,428
Construction companies	131,710	1,068	43	144	13	371	(1,172)	132,177
Travel industry	102,003	246	2,776	2,527	556	2,083	(2,498)	107,693
Services, IT and communications	60,020	669	1,657	268	70	141	(725)	62,100
Retail	64,096	91	103	27	13	178	(330)	64,178
Manufacturing and energy	32,764	42	62	39	7	4	(382)	32,536
Holding companies	27,784	17	2	27	-	73	(164)	27,739
Agriculture	7,196	21	9	-	-	-	(16)	7,210
Other	-	-	-	-	-	-	-	0
Total	**1,665,732**	**5,403**	**7,806**	**7,886**	**3,938**	**5,604**	**(11,374)**	**1,684,995**

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59. Loans and advances by stage allocation

The tables below show both the gross carrying amount of loans and advances and the related expected credit losses (ECLs) by industry sector and the three-stage criteria under IFRS 9.

		Stage 1		Stage 2		Stage 3				
As at 31 December 2024	**Gross carrying amount**	**Gross carrying amount**	**12-month ECL**	**Gross carrying amount**	**Lifetime ECL**	**Gross carrying amount**	**Lifetime ECL**	**Allowance for impairment**	**Fair Value**	**Carrying amount**
Financial institutions	**39,346**	**39,346**	-	-	-	-	-	-	-	**39,346**
Public entities	**14,303**	**14,266**	**(1)**	37	-	-	-	**(1)**	-	**14,302**
Individuals	**888,540**	**858,602**	**(171)**	**23,816**	**(442)**	**5,752**	**(1,048)**	**(1,661)**	370	**886,879**
Mortgages	804,361	784,106	(46)	16,388	(250)	3,867	(193)	(489)	-	803,872
Other	84,179	74,496	(125)	7,428	(192)	1,885	(855)	(1,172)	370	83,007
Corporates	**915,245**	**785,160**	**(1,943)**	**68,596**	**(1,742)**	**20,604**	**(5,304)**	**(8,989)**	**40,885**	**906,256**
Fisheries	198,537	186,732	(120)	1,203	(50)	4,144	(2,613)	(2,783)	6,458	195,754
Real estate companies	233,757	213,439	(393)	4,925	(103)	1,194	(136)	(632)	14,199	233,125
Construction companies	144,237	132,862	(547)	8,370	(200)	2,590	(450)	(1,197)	415	143,040
Travel industry	113,011	78,362	(196)	24,203	(688)	10,446	(1,283)	(2,167)	-	110,844
Services, IT and communications	65,807	58,001	(187)	5,565	(94)	728	(134)	(415)	1,513	65,392
Retail	68,547	63,145	(120)	4,660	(130)	416	(95)	(345)	326	68,202
Manufacturing and energy	44,626	28,563	(203)	3,414	(33)	882	(537)	(773)	11,767	43,853
Holding companies	39,410	16,970	(174)	16,162	(440)	71	(50)	(664)	6,207	38,746
Agriculture	7,312	7,086	(3)	93	(4)	133	(6)	(13)	-	7,299
Other	1	-	-	1	-	-	-	-	-	1
Total	**1,857,434**	**1,697,374**	**(2,115)**	**92,449**	**(2,184)**	**26,356**	**(6,352)**	**(10,651)**	**41,255**	**1,846,783**

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59. Loans and advances by stage allocation (continued)

		Stage 1		Stage 2		Stage 3				
As at 31 December 2023	**Gross carrying amount**	**Gross carrying amount**	**12-month ECL**	**Gross carrying amount**	**Lifetime ECL**	**Gross carrying amount**	**Lifetime ECL**	**Allowance for impairment**	**Fair Value**	**Carrying amount**
Financial institutions	**54,101**	**54,101**	-	-	-	-	-	-	-	**54,101**
Public entities	**11,453**	**11,372**	**(4)**	77	-	4	-	**(4)**	-	**11,449**
Individuals	**821,533**	**787,521**	**(1,119)**	**29,020**	**(482)**	**4,939**	**(781)**	**(2,382)**	53	**819,151**
Mortgages	732,230	711,881	(839)	17,715	(241)	2,634	(166)	(1,246)	-	730,984
Other	89,303	75,640	(280)	11,305	(241)	2,305	(615)	(1,136)	53	88,167
Corporates	**809,282**	**722,593**	**(2,547)**	**53,664**	**(1,640)**	**17,474**	**(4,801)**	**(8,988)**	**15,551**	**800,294**
Fisheries	193,004	182,930	(346)	678	(16)	3,637	(2,409)	(2,771)	5,759	190,233
Real estate companies	177,358	164,189	(341)	6,621	(152)	2,588	(437)	(930)	3,960	176,428
Construction companies	133,349	124,181	(617)	6,511	(203)	2,285	(352)	(1,172)	372	132,177
Travel industry	110,191	93,418	(352)	10,116	(793)	6,657	(1,353)	(2,498)	-	107,693
Services, IT and communications	62,825	58,097	(554)	3,772	(110)	607	(61)	(725)	349	62,100
Retail	64,508	60,700	(164)	3,111	(61)	365	(105)	(330)	332	64,178
Manufacturing and energy	32,918	20,119	(82)	12,673	(289)	126	(11)	(382)	-	32,536
Holding companies	27,903	11,752	(82)	10,171	(16)	1,201	(66)	(164)	4,779	27,739
Agriculture	7,226	7,207	(9)	11	-	8	(7)	(16)	-	7,210
Other	-	-	-	-	-	-	-	-	-	0
Total	**1,696,369**	**1,575,587**	**(3,670)**	**82,761**	**(2,122)**	**22,417**	**(5,582)**	**(11,374)**	**15,604**	**1,684,995**

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60. Impairment allowance on loans and advances

See accounting policy in Note 83.11 (g).

The following tables show changes in the impairment allowance on loans and advances in 2024.

	12-months ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total
Balance as at 1 January 2024 - Financial institutions	**0**	**0**	**0**	**0**
Changes in models/risk parameters	-	-	-	0
Balance As at 31 December 2024 - Financial institutions	**0**	**0**	**0**	**0**
- therof classified as deduction from gross carrying amounts	-	-	-	0
- therof classified as liabilities	-	-	-	0

	12-months ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total
Balance as at 1 January 2024 - Loans and advances to customers	**(4,049)**	**(2,168)**	**(5,686)**	**(11,903)**
New financial assets originated	(701)	(763)	(768)	(2,232)
Reversals due to financial assets that have been derecognised	1,683	889	947	3,519
Changes due to reclassification of financial assets	-	(12)	-	(12)
Transfer to Stage 1 - 12-month ECL	(99)	97	2	0
Transfer to Stage 2 - Lifetime ECL	857	(883)	26	0
Transfer to Stage 3 - Lifetime ECL	714	861	(1,575)	0
Cancellation resulting from a natural disaster.	-	80	-	80
Changes in models/risk parameters	(791)	(378)	(70)	(1,239)
Provisions used to cover write-offs	-	14	593	607
Balance As at 31 December 2024 - Loans and advances to customers	**(2,386)**	**(2,263)**	**(6,531)**	**(11,180)**
- therof classified as deduction from gross carrying amounts	(2,115)	(2,184)	(6,352)	(10,651)
- therof classified as liabilities	(271)	(79)	(179)	(529)

	1.1-31.12.2024				
Net impairment on loans and advances	**Financial institutions**	**Public entities**	**Individuals**	**Corporates**	**Total**
New financial assets originated	-	-	(314)	(1,918)	(2,232)
Reversals due to financial assets that have been derecognised	-	-	1,203	2,316	3,519
Changes due to reclassification of financial assets	-	-	-	(12)	(12)
Changes due to financial assets recognised in the opening balance	-	2	(420)	(821)	(1,239)
Impact of natural hazard	-	-	(2,507)	-	(2,507)
Write-offs	-	-	(500)	(627)	(1,127)
Provisions used to cover write-offs	-	-	246	361	607
Recoveries	-	-	122	33	155
Translation difference	-	-	-	(4)	(4)
Total	**0**	**2**	**(2,170)**	**(672)**	**(2,840)**

The impact of cancelling interest and inflation-indexation on mortgages affected by the natural disaster on the Reykjanes peninsula amounted to ISK 252 million in the year 2024. (31.12.2023: 245 million).

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60. Impairment allowance on loans and advances (continued)

The following tables show changes in the impairment allowance of loans and advances in 2023.

	12-months ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total
Balance as at 1 January 2023 - Financial institutions	**0**	**0**	**0**	**0**
Changes in models/risk parameters	-	-	-	0
Balance as at 31 December 2023 - Financial institutions	**0**	**0**	**0**	**0**
- therof classified as deduction from gross carrying amounts	-	-	-	0
- therof classified as liabilities	-	-	-	0

	12-months ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total
Balance as at 1 January 2023 - Loans and advances to customers	**(4,006)**	**(1,609)**	**(5,005)**	**(10,620)**
New financial assets originated	(895)	(422)	(888)	(2,205)
Reversals due to financial assets that have been derecognised	696	219	1,008	1,923
Transfer to Stage 1 - 12-month ECL	(108)	103	5	0
Transfer to Stage 2 - Lifetime ECL	674	(845)	171	0
Transfer to Stage 3 - Lifetime ECL	858	489	(1,347)	0
Expected cancellation as a result of natural disaster	(77)	(3)	-	(80)
Changes in models/risk parameters	(1,191)	(108)	(843)	(2,142)
Provisions used to cover write-offs	-	8	1,213	1,221
Balance as at 31 December 2023 - Loans and advances to customers	**(4,049)**	**(2,168)**	**(5,686)**	**(11,903)**
- therof classified as deduction from gross carrying amounts	(3,670)	(2,122)	(5,582)	(11,374)
- therof classified as liabilities	(379)	(46)	(104)	(529)

	1.1-31.12.2023				
Net impairment on loans and advances	**Financial institutions**	**Public entities**	**Individuals**	**Corporates**	**Total**
New financial assets originated	-	(2)	(420)	(1,783)	(2,205)
Reversals due to financial assets that have been derecognised	-	-	159	1,764	1,923
Changes in models	-	10	134	1,570	1,714
Changes due to financial assets recognised in the opening balance	-	(5)	(1,064)	(2,787)	(3,856)
Impact of natural hazard	-	-	(245)	-	(245)
Write-offs	-	-	(385)	(1,332)	(1,717)
Provisions used to cover write-offs	-	-	134	1,087	1,221
Recoveries	-	-	196	1	197
Translation difference	-	-	-	(4)	(4)
Total	**0**	**3**	**(1,491)**	**(1,484)**	**(2,972)**

61. Large exposures

Exposures to a client or a group of connected clients are classified as large exposures if their total exposures exceed 10% of the Group’s Tier 1 capital. Large exposures are measured before (gross) and after (net) application of exemptions and credit risk mitigation. The legal maximum for a large exposure is 25% of Tier 1 capital, net of eligible credit risk mitigation.

At year-end 2024, the Group had four large exposures compared to three large exposures at year-end 2023. The largest exposure before credit risk mitigation is the German sovereign. The total ratio of large exposures, net of credit risk mitigation, was 18.6% at year-end 2024.

As at 31 December 2024	Gross	Ratio of Tier 1 capital (Gross)	Net	Ratio of Tier 1 capital (Net)
Group 1	42,897	14.3%	-	0.0%
Group 2	37,253	12.4%	212	0.1%
Group 3	34,455	11.4%	25,269	8.4%
Group 4	30,792	10.2%	30,486	10.1%
Total	**145,397**	**48.3%**	**55,967**	**18.6%**

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61. Large exposures (continued)

As at 31 December 2023	Gross	Ratio of Tier 1 capital (Gross)	Net	Ratio of Tier 1 capital (Net)
Group 1	54,663	19.3%	216	0.1%
Group 2	50,650	17.9%	-	0.0%
Group 3	32,785	11.6%	26,298	9.3%
Total	**138,098**	**48.8%**	**26,514**	**9.4%**

62. Bonds and debt instruments

The following table groups the bond portfolio by bond types and Standard & Poor's issuer credit ratings.

Government bonds and treasury bills	2024	2023
Rated AAA	71,471	72,743
Rated AA- to AA+	13,840	2,712
Rated A- to A+	44,637	61,919
Rated BB+ and below	25	64
	129,973	**137,438**
Corporate bonds		
Rated A- to A+	1,640	817
Rated BBB- to BBB+	225	37
Unrated	3,037	5,562
	4,902	**6,416**
Covered bonds		
Rated A- to A+	1,588	-
Rated BBB- to BBB+	2,641	4,328
	4,229	**4,328**
Total	**139,104**	**148,182**

The following table shows the carrying amount of bonds, for which the issuers have failed to make contractually due payments.

As at 31 December 2024	Past due 0 - 90 days	Past due over 90 days	Carrying amount
Holding companies	-	9	9
Total	**0**	**9**	**9**
As at 31 December 2023			
Holding companies	-	12	12
Total	**0**	**12**	**12**

63. Derivative instruments

The following table summarises the Group's exposure in derivative instruments, by Standard & Poor's counterparty ratings:

	2024			2023		
	Notional	Fair value		Notional	Fair value	
	amount	Assets	Liabilities	amount	Assets	Liabilities
Rated AAA	458	-	3	-	-	-
Rated A- to A+	250,413	8,000	1,901	174,046	7,136	975
Rated BBB- to BBB+	7,266	22	1	1,446	4	1
Unrated	47,300	238	713	41,796	319	557
Total	**305,437**	**8,260**	**2,618**	**217,288**	**7,459**	**1,533**

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64. Offsetting financial assets and financial liabilities

The following tables disclose the Group's net amounts of financial assets and financial liabilities which are subject to offsetting, enforceable master netting agreements and other similar agreements.

As at 31 December 2024

Financial assets subject to offsetting, enforceable master netting arrangement and similar agreements

	Financial assets subject to netting agreements			Netting not recognised on balance sheet				
Types of financial assets	**Financial assets**	**Financial liabilities**	**Net amount**	**Financial liabilities**	**Collateral received**	**Net financial assets subject to netting agreements**	**Financial assets not subject to netting agreements**	**Net amount on balance sheet**
Derivatives	8,260	-	8,260	(415)	(4,782)	3,062	-	8,260

Financial liabilities subject to offsetting, enforceable master netting arrangement and other similar agreements.

	Financial liabilities subject to netting agreements			Netting not recognised on balance sheet				
Types of financial liabilities	**Financial liabilities**	**Financial assets**	**Net amount**	**Financial assets**	**Collateral pledged**	**Net financial liabilities subject netting agreements**	**Financial liabilities not subject to netting agreements**	**Net amount on balance sheet**
Derivatives	(2,618)	-	(2,618)	415	888	(1,315)	-	(2,618)
Short positions	(4,217)	-	(4,217)	-	4,217	-	-	(4,217)
Total	**(6,835)**	**0**	**(6,835)**	**415**	**5,105**	**(1,315)**	**0**	**(6,835)**

As at 31 December 2023

Financial assets subject to offsetting, enforceable master netting arrangement and other similar agreements

	Financial assets subject to netting agreements			Netting not recognised on balance sheet				
Types of financial assets	**Financial assets**	**Financial liabilities**	**Net amount**	**Financial liabilities**	**Collateral received**	**Net financial assets subject to netting agreements**	**Financial assets not subject to netting agreements**	**Net amount on balance sheet**
Derivatives	7,459	-	7,459	(453)	(5,473)	1,534	-	7,459

Financial liabilities subject to offsetting, enforceable master netting arrangement and other similar agreements.

	Financial liabilities subject to netting agreements			Netting not recognised on balance sheet				
Types of financial liabilities	**Financial liabilities**	**Financial assets**	**Net amount**	**Financial assets**	**Collateral pledged**	**Net financial liabilities subject to netting agreements**	**Financial liabilities not subject to netting agreements**	**Net amount on balance sheet**
Derivatives	(1,533)	-	(1,533)	(453)	426	(1,559)	-	(1,533)
Short positions	(1,255)	-	(1,255)	-	1,255	-	-	(1,255)
Total	**(2,788)**	**0**	**(2,788)**	**(453)**	**1,681**	**(1,559)**	**0**	**(2,788)**

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Liquidity risk

65. Liquidity risk

See further information in Chapter 6 in the Group's Pillar III Risk Report for 2024.

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such a settlement involves excessive costs. Liquidity risk arises from mismatches in the timing of cash flows of financial assets and liabilities, which is inherent to the Group's operations and investments.

66. Liquidity risk management

The Group's liquidity management process include: projecting expected cash flows in a maturity profile rather than relying merely on contractual maturities, monitoring balance sheet liquidity, monitoring and managing the maturity profile of liabilities and off-balance sheet commitments, monitoring the concentration of liquidity risk in order to avoid undue reliance on large counterparties, projecting cash flows arising from future business, and maintaining liquidity and contingency plans which outline measures to be taken in the event of difficulties arising from liquidity crisis.

The main metrics for measuring liquidity risk are the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). Calculations are made by Risk Management, which also performs monthly stress tests by simulating the Group's liquidity coverage ratio (LCR). The simulation is repeated numerous times and provides an output distribution for the LCR for the next 30 days which is compared to the risk appetite.

Liquidity coverage ratio

The objective of LCR is to promote short-term liquidity resilience by ensuring that the Group has sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days. LCR is the key indicator for short-term liquidity risk measuring the ratio of high-quality liquid assets to expected total net cash outflows over the next 30 days, under a specified stress scenario. To prevent over-reliance on the estimated inflow, it can at most be 75% of the estimated outflow.

The Group monitors intraday liquidity risk, short-term 30-day liquidity risk, medium and longer-term liquidity risk and funding risk arising from mismatches of longer-term assets and liabilities.

The Group follows guidelines No. 2/2010 from the Financial Supervisory Authority (FSA) of the Central Bank of Iceland (CBI) on best practice for managing the liquidity of financial undertakings. CBI's Rules No. 1520/2022 on LCR, require the Group to maintain a minimum LCR of 100% across all currencies, 80% in euros and 50% in Icelandic krona. The Group submits monthly reports on its liquidity position to the CBI. The following tables show the Group's LCR.

	ISK		EUR		Liquidity coverage ratio total (LCR)	
Liquidity coverage ratio 31 December 2024	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**
Level 1 liquid assets	164,112	164,112	72,453	72,453	251,325	251,325
Level 2 liquid assets	12,096	8,467	212	180	12,308	8,648
Information items	-	-	-	-	-	-
Total liquid assets	**176,208**	**172,579**	**72,665**	**72,633**	**263,633**	**259,973**
Deposits	781,717	128,334	65,179	28,859	918,590	186,439
Borrowing	-	-	-	-	16,399	16,399
Other outflows	171,314	24,246	21,617	1,702	230,268	29,811
Total outflows (0-30 days)	**953,031**	**152,580**	**86,796**	**30,561**	**1,165,257**	**232,649**
Loans and advances to financial institutions	544	65	18,772	17,609	39,824	36,804
Other inflows	42,222	22,412	12,796	6,786	69,572	36,857
Limit on inflows	-	-	-	(1,474)	-	-
Total inflows (0-30 days)	**42,766**	**22,477**	**31,568**	**22,921**	**109,396**	**73,661**
Liquidity coverage ratio		**133%**		**951%**		**164%**

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66. Liquidity risk management (continued)

	ISK		EUR		Liquidity coverage ratio total (LCR)	
Liquidity coverage ratio 31 December 2023	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**
Level 1 liquid assets	130,995	130,995	73,323	73,323	207,939	207,939
Level 2 liquid assets	15,203	10,602	216	183	15,418	10,785
Information items	-	-	-	-	-	-
Total liquid assets	**146,198**	**141,597**	**73,539**	**73,506**	**223,357**	**218,724**
Deposits	656,678	106,437	44,460	18,222	781,352	157,638
Borrowing	-	-	-	-	11,967	11,967
Other outflows	173,209	24,187	16,770	1,391	230,529	30,047
Total outflows (0-30 days)	**829,887**	**130,624**	**61,230**	**19,613**	**1,023,848**	**199,652**
Loans and advances to financial institutions	296	-	12,856	12,361	54,316	52,865
Other inflows	39,086	20,464	6,126	3,809	47,781	25,837
Limit on inflows	-	-	-	(1,461)	-	-
Total inflows (0-30 days)	**39,382**	**20,464**	**18,982**	**14,709**	**102,097**	**78,702**
Liquidity coverage ratio		**129%**		**1,499%**		**181%**

Liquidity reserve

The following tables show the composition of the Group's liquidity reserve. It comprises high-quality liquid assets – as defined in liquidity Rules No. 1520/2022 – and readily available loans and advances to financial institutions.

Liquidity reserves as at 31 December 2024	**ISK**	**Foreign currencies**	**Total**
Cash and balances with the Central Bank	122,072	1,900	123,972
Domestic bonds and debt instruments eligible as collateral with the Central Bank	54,136	212	54,348
Foreign government bonds with 0% risk weight	-	85,313	85,313
High quality liquidity assets	**176,208**	**87,425**	**263,633**
Cash and balances with the Central Bank	-	-	-
Loans and advances to financial institutions	544	39,280	39,824
Total liquidity reserves	**176,752**	**126,705**	**303,457**

Liquidity reserves as at 31 December 2023	**ISK**	**Foreign currencies**	**Total**
Cash and balances with the Central Bank	71,964	1,487	73,451
Domestic bonds and debt instruments eligible as collateral at the Central Bank	74,234	216	74,450
Foreign government bonds with 0% risk weight	-	75,457	75,457
High quality liquidity assets	**146,198**	**77,160**	**223,358**
Loans and advances to financial institutions	296	54,020	54,316
Total liquidity reserves	**146,494**	**131,180**	**277,674**

Net stable funding ratio

The net stable funding ratio (NSFR) is another key indicator of liquidity risk up to 12 months. The objective of the NSFR is to capture structural issues in the balance sheet over the next 12 months, with the aim to provide a sustainable maturity structure of assets and liabilities and to limit overreliance on short-term funding of long-term assets.

NSFR requirements are according to Regulation (EU) 575/2013 (CRR), as amended by Regulation (EU) 2019/876 (CRR II). The CBI's rules on the NSFR of credit institutions – most recently Rules No. 750/2021 – were repealed in 2023. The Group is required to maintain a minimum NSFR of 100% across all currencies at all times. The Group submits quarterly reports on its NSFR to the CBI. The following table shows the values of the NSFR for foreign currencies and NSFR total at year-end 2024 and 2023.

	2024	**2023**
Net stable funding ratio FX	143%	145%
Net stable funding ratio total	124%	123%

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66. Liquidity risk management (continued)

Deposit categories

The following tables show the Group's deposits, where depositors are categorised according to CBI Rules No. 1520/2022 on calculation LCR. The deposit groups are categorised by maturity of either 0-30 days or longer and applied run-off rate, which indicates their level of stickiness. Analysis of stickiness is the Bank's preferred method of measuring the stability of deposits under stressed conditions. The division of guaranteed and unguaranteed deposits is in accordance with the Act on Deposit Guarantees and Investor-Compensation Scheme Act No. 98/1999, with subsequent amendments. Payments to each depositor shall equal the total amount of eligible deposits, at the company concerned, yet never a higher amount than the equivalent of EUR 100,000 in Icelandic króna.

As at 31 December 2024	Run off rate	0-30 days	Over 30 days	Guaranteed	Unguaranteed	Total
Individuals	5% - 100%	505,365	168,177	477,338	196,204	673,542
Small and Medium Sized Corporates	5% - 100%	101,771	14,010	64,962	50,819	115,781
Operational deposits	5% - 25%	-	-	-	-	0
Large Corporates	20% - 40%	212,627	66,565	12,344	266,848	279,192
Public entities	20% - 40%	58,635	6,870	-	65,505	65,505
Financial customers	100%	37,162	44,654	-	81,816	81,816
Other*		23,366	1,231	2,809	21,788	24,597
Total deposits		**938,926**	**301,507**	**557,453**	**682,980**	**1,240,433**

As at 31 December 2023	Run off rate	0-30 days	Over 30 days	Guaranteed	Unguaranteed	Total
Individuals	5% - 100%	423,132	153,040	430,169	146,001	576,172
Small and Medium Sized Corporates	5% - 100%	94,770	11,511	61,717	44,565	106,281
Operational deposits	5% - 25%	-	-	-	-	0
Large Corporates	20% - 40%	174,958	57,620	12,238	220,340	232,578
Public entities	20% - 40%	51,204	6,608	-	57,812	57,812
Financial customers	100%	33,782	52,468	-	86,250	86,250
Other*		18,201	1,211	2,742	16,671	19,412
Total deposits		**796,047**	**282,458**	**506,866**	**571,639**	**1,078,505**

*Pledged deposits are not included in the Group's LCR but are included in the Group's consolidated financial statement.

67. Maturity analysis of financial assets and liabilities

The maturity analysis considers the contractual maturity of the Group's assets and liabilities. The amounts are allocated to maturity buckets according to their remaining contractual maturity, i.e. based on the timing of future cash flows according to contractual terms. Amounts presented in the maturity analyses are the undiscounted future cash flows receivable and payable by the Group, including both principal and interest cash flows. These amounts differ from the carrying amounts presented in the statement of financial position, which are based on discounted rather than undiscounted future cash flows. If an amount receivable or payable is not fixed - such as for floating rate and inflation-linked cash flows - the amount presented in the maturity analysis has been determined by reference to the relevant interest rates curves, exchange rates and inflation prevailing at the reporting date.

When there is a choice of when an amount shall be paid, future cash flows are calculated based on the earliest date at which the Group can be required to pay. This applies, inter alia, to demand deposits, which are included in the earliest maturity bucket. This varies significantly to the Group's expected cash flows on demand deposits from customers, which are considered a relatively stable financing source, with expected maturity exceeding one year. The Group conducts a monthly stress test to estimate the impact of fluctuating market conditions and deposit withdrawals.

Where the Group is committed to have amounts available in instalments, each instalment is allocated to the earliest maturity bucket in which the Group might be required to pay. Therefore, undrawn loan commitments are allocated to the maturity bucket with the earliest date at which such loans may be drawn, even though they are not expected to be drawn down immediately. For financial guarantee contracts issued by the Group, the amount included is the maximum amount of guarantees, allocated to the earliest maturity bucket in which the guarantees might be called.

All spot deals are classified under financial assets or liabilities, but not under derivatives. The maturity analysis does not account for measures that the Group could take to convert assets into cash at hand, either through sale or participation in Central Bank operations. Further information on the Group's liquidity risk management can be found in Note 66.

For loans and advances in moratorium or in the process of liquidation, the Group estimates the amounts from the historical recovery rate. For bonds issued by companies in moratorium or in the process of liquidation, the amounts presented are future cash flows estimated as their fair value at the reporting date. These bonds and loans all fall in the maturity bucket of 1-5 years.

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67. 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 2024:

Non-derivative financial liabilities	0-1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total	Carrying amount
Due to financial institutions and Central Bank	(10,127)	-	-	-	-	-	(10,127)	(11,989)
Deposits from customers	(926,168)	(249,102)	(36,793)	(14,631)	(12,938)	-	(1,239,632)	(1,228,444)
Short positions	(48)	(65)	(618)	(759)	(6,861)	-	(8,351)	(4,217)
Borrowings	(16,403)	(6,902)	(90,583)	(456,623)	(61,390)	-	(631,901)	(529,150)
Other financial liabilities	(7,386)	-	-	-	-	-	(7,386)	(7,386)
Subordinated liabilities	-	(1,676)	(288)	(26,696)	(30,338)	-	(58,998)	(39,989)
Total	**(960,132)**	**(257,745)**	**(128,282)**	**(498,709)**	**(111,527)**	**0**	**(1,956,395)**	**(1,821,175)**
Derivative financial liabilities								
Trading								(728)
Inflow	9,213	2,126	1,089	-	-	-	12,428	
Outflow	(9,851)	(2,165)	(1,155)	-	-	-	(13,171)	
Risk management								(1,890)
Inflow	31,851	15,037	5,177	49,646	-	-	101,711	
Outflow	(32,852)	(15,574)	(5,593)	(49,585)	-	-	(103,604)	
Total	**(1,639)**	**(576)**	**(482)**	**61**	**0**	**0**	**(2,636)**	**(2,618)**
Non-derivative financial assets								
Cash and balances with Central Bank	129,981	-	-	-	-	-	129,981	129,981
Bonds and debt instruments	22,969	36,445	38,865	43,038	5,331	-	146,648	139,104
Equities and equity instruments	-	-	-	-	-	32,644	32,644	32,644
Loans and advances to financial institutions	39,346	-	-	-	-	-	39,346	39,346
Loans and advances to customers	90,411	121,790	328,535	722,238	2,229,071	-	3,492,045	1,807,437
Other financial assets	4,392	-	-	-	-	-	4,392	4,392
Total	**287,099**	**158,235**	**367,400**	**765,276**	**2,234,402**	**32,644**	**3,845,056**	**2,152,904**
Derivative financial assets								
Trading								253
Inflow	5,624	3,540	897	-	-	-	10,061	
Outflow	(5,437)	(3,507)	(907)	-	-	-	(9,851)	
Risk management								8,007
Inflow	10,465	16,143	7,715	146,994	-	-	181,317	
Outflow	(10,317)	(13,062)	(9,780)	(139,933)	-	-	(173,092)	
Total	**335**	**3,114**	**(2,075)**	**7,061**	**0**	**0**	**8,435**	**8,260**
Off-balance sheet items								
Financial guarantees and underwriting commitments	(850)	(1,724)	(6,802)	(11,145)	(7,298)	(408)	(28,227)	
Undrawn loan commitments	(174,724)	-	-	-	-	-	(174,724)	
Undrawn overdraft/credit card commitments	(84,196)	-	-	-	-	-	(84,196)	
Total	**(259,770)**	**(1,724)**	**(6,802)**	**(11,145)**	**(7,298)**	**(408)**	**(287,147)**	
Net liquidity position	**(934,107)**	**(98,696)**	**229,759**	**262,544**	**2,115,577**	**32,236**	**1,607,313**	**337,371**

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67. 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 2023:

Non-derivative financial liabilities	0-1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total	Carrying amount
Due to financial institutions and Central Bank	(13,232)	(15,706)	-	-	-	-	(28,938)	(29,968)
Deposits from customers	(782,741)	(175,379)	(66,113)	(25,990)	(11,237)	-	(1,061,460)	(1,048,537)
Short positions	(48)	(51)	(24)	(783)	(4,009)	-	(4,915)	(1,255)
Borrowings	(11,846)	(3,886)	(101,783)	(447,842)	(18,832)	-	(584,189)	(513,687)
Other financial liabilities	(10,718)	-	-	-	-	-	(10,718)	(10,718)
Subordinated liabilities	-	(636)	(7,749)	(17,758)	-	-	(26,143)	(20,176)
Total	**(818,585)**	**(195,658)**	**(175,669)**	**(492,373)**	**(34,078)**	**0**	**(1,716,363)**	**(1,624,341)**
Derivative financial liabilities								
Trading								(651)
Inflow	18,538	8,684	1,226	-	-	-	28,448	
Outflow	(18,994)	(8,913)	(1,239)	-	-	-	(29,146)	
Riks management								(882)
Inflow	6,591	16,260	126	2,140	-	-	25,117	
Outflow	(6,691)	(16,471)	(40)	(2,935)	-	-	(26,137)	
Total	**(556)**	**(440)**	**73**	**(795)**	**0**	**0**	**(1,718)**	**(1,533)**
Non-derivative financial assets								
Cash and balances with Central Bank	75,350	-	-	-	-	-	75,350	75,350
Bonds and debt instruments	9,900	48,837	41,200	50,108	7,069	-	157,114	148,182
Equities and equity instruments	-	-	-	-	-	19,012	19,012	19,012
Loans and advances to financial institutions	54,101	-	-	-	-	-	54,101	54,101
Loans and advances to customers	71,773	112,544	306,125	681,066	1,921,460	-	3,092,968	1,630,894
Other financial assets	5,263	-	-	-	-	-	5,263	5,263
Total	**216,387**	**161,381**	**347,325**	**731,174**	**1,928,529**	**19,012**	**3,403,808**	**1,932,802**
Derivative financial assets								
Trading								336
Inflow	13,316	6,246	787	-	-	-	20,349	
Outflow	(13,083)	(6,146)	(784)	-	-	-	(20,013)	
Riks management								7,123
Inflow	22,189	29,375	2,307	106,320	-	-	160,191	
Outflow	(21,155)	(26,025)	(5,801)	(99,758)	-	-	(152,739)	
Total	**1,267**	**3,450**	**(3,491)**	**6,562**	**0**	**0**	**7,788**	**7,459**
Off-balance sheet items								
Financial guarantees and underwriting commitments	(661)	(701)	(6,330)	(10,706)	(9,048)	(441)	(27,887)	
Undrawn loan commitments	(183,485)	-	-	-	-	-	(183,485)	
Undrawn overdraft/credit card commitments	(79,923)	-	-	-	-	-	(79,923)	
Total	**(264,069)**	**(701)**	**(6,330)**	**(10,706)**	**(9,048)**	**(441)**	**(291,295)**	
Net liquidity position	**(865,556)**	**(31,968)**	**161,908**	**233,862**	**1,885,403**	**18,571**	**1,402,220**	**314,387**

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68. 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 31 December 2024:

Non-derivative financial liabilities	0-1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total	Carrying amount
Total in foreign currencies	(163,776)	(6,631)	(45,289)	(285,523)	(5,658)	-	(506,877)	(460,320)
ISK	(796,356)	(251,114)	(82,993)	(213,186)	(105,869)	-	(1,449,518)	(1,360,855)
Total	**(960,132)**	**(257,745)**	**(128,282)**	**(498,709)**	**(111,527)**	**0**	**(1,956,395)**	**(1,821,175)**
Derivative financial liabilities								
Total in foreign currencies	7,517	1,018	1,314	61	-	-	9,910	(1,615)
ISK	(9,156)	(1,594)	(1,796)	-	-	-	(12,546)	(1,003)
Total	**(1,639)**	**(576)**	**(482)**	**61**	**0**	**0**	**(2,636)**	**(2,618)**
Non-derivative financial assets								
Total in foreign currencies	88,611	74,637	134,138	147,521	16,499	7,020	468,426	440,599
ISK	198,488	83,598	233,262	617,755	2,217,903	25,624	3,376,630	1,712,305
Total	**287,099**	**158,235**	**367,400**	**765,276**	**2,234,402**	**32,644**	**3,845,056**	**2,152,904**
Derivative financial assets								
Total in foreign currencies	(2,583)	4,308	4,338	7,061	-	-	13,124	8,182
ISK	2,918	(1,194)	(6,413)	-	-	-	(4,689)	78
Total	**335**	**3,114**	**(2,075)**	**7,061**	**0**	**0**	**8,435**	**8,260**
Off-balance sheet items								
Total in foreign currencies	(47,363)	(1,137)	(3,922)	(1,667)	(4,232)	-	(58,321)	
ISK	(212,407)	(587)	(2,880)	(9,478)	(3,066)	(408)	(228,826)	
Total	**(259,770)**	**(1,724)**	**(6,802)**	**(11,145)**	**(7,298)**	**(408)**	**(287,147)**	
Net liquidity position in ISK	**(816,513)**	**(170,891)**	**139,180**	**395,091**	**2,108,968**	**25,216**	**1,681,051**	**350,525**
Net liquidity position in foreign currencies	**(117,594)**	**72,195**	**90,579**	**(132,547)**	**6,609**	**7,020**	**(73,738)**	**(13,154)**
Net liquidity position	**(934,107)**	**(98,696)**	**229,759**	**262,544**	**2,115,577**	**32,236**	**1,607,313**	**337,371**

The following table shows a maturity analysis of the Group's financial instruments by currency of denomination as at 31 December 2023:

Non-derivative financial liabilities	0-1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Total	Carrying amount
Total in foreign currencies	(145,200)	(19,558)	(40,359)	(254,388)	(9,354)	-	(468,859)	(447,800)
ISK	(673,385)	(176,100)	(135,310)	(237,985)	(24,724)	-	(1,247,504)	(1,176,541)
Total	**(818,585)**	**(195,658)**	**(175,669)**	**(492,373)**	**(34,078)**	**0**	**(1,716,363)**	**(1,624,341)**
Derivative financial liabilities								
Total in foreign currencies	12,940	13,674	(64)	-	-	-	26,550	(687)
ISK	(13,496)	(14,114)	137	(795)	-	-	(28,268)	(846)
Total	**(556)**	**(440)**	**73**	**(795)**	**0**	**0**	**(1,718)**	**(1,533)**
Non-derivative financial assets								
Total in foreign currencies	74,254	85,041	125,930	146,404	4,492	384	436,505	411,477
ISK	142,133	76,340	221,395	584,770	1,924,037	18,628	2,967,303	1,521,325
Total	**216,387**	**161,381**	**347,325**	**731,174**	**1,928,529**	**19,012**	**3,403,808**	**1,932,802**
Derivative financial assets								
Total in foreign currencies	5,855	3,570	(3,001)	6,562	-	-	12,986	7,442
ISK	(4,588)	(120)	(490)	-	-	-	(5,198)	17
Total	**1,267**	**3,450**	**(3,491)**	**6,562**	**0**	**0**	**7,788**	**7,459**
Off-balance sheet items								
Total in foreign currencies	(46,329)	(131)	(3,511)	(2,303)	(4,810)	-	(57,084)	
ISK	(217,740)	(570)	(2,819)	(8,403)	(4,238)	(441)	(234,211)	
Total	**(264,069)**	**(701)**	**(6,330)**	**(10,706)**	**(9,048)**	**(441)**	**(291,295)**	
Net liquidity position in ISK	**(767,076)**	**(114,564)**	**82,913**	**337,587**	**1,895,075**	**18,187**	**1,452,122**	**343,955**
Net liquidity position in foreign currencies	**(98,480)**	**82,596**	**78,995**	**(103,725)**	**(9,672)**	**384**	**(49,902)**	**(29,568)**
Net liquidity position	**(865,556)**	**(31,968)**	**161,908**	**233,862**	**1,885,403**	**18,571**	**1,402,220**	**314,387**

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69. Encumbered assets

The Bank has pledged a part of its loan portfolio as collateral to secure the covered bonds issued in ISK and EUR by the Bank in accordance with Icelandic laws and FSA rules. Part of the covered bonds issued by the Bank, it can sell later or use for securities lending and repurchase agreements. At year-end 2024, the ISK bond amounted to ISK 15 billion and the EUR bond amounted to EUR 250 million. Pledged assets against the bonds amounted to ISK 64 billion (ISK 66 billion at year-end 2023).

The Bank has pledged assets as collateral to the Central Bank of Iceland to secure settlement in the Icelandic clearing systems. Furthermore, the Bank has pledged assets as collateral to secure trading lines and credit support for GMRA and ISDA master agreements, as well as other pledges of similar nature.

The following tables show the Group's total encumbered and unencumbered assets.

	Collateral pledged against			
As at 31 December 2024	**Covered bonds**	**Other**	**Un-encumbered**	**Total**
Cash and balances with Central Bank	20,128	6,009	103,844	129,981
Bonds and debt instruments	-	3,022	136,082	139,104
Equities and equity instruments	-	-	32,644	32,644
Derivative instruments	-	-	8,260	8,260
Loans and advances to financial institutions	-	1,753	37,593	39,346
Loans and advances to customers	388,732	-	1,418,705	1,807,437
Investments in equity-accounted associates	-	-	1,143	1,143
Property and equipment	-	4,802	9,809	14,611
Intangible assets	-	-	1,336	1,336
Other assets	-	-	5,725	5,725
Assets classified as held for sale	-	-	2,172	2,172
Total before deductions	**408,860**	**15,586**	**1,757,313**	**2,181,759**
Deductions for own shares	(64,229)			
Pledged assets against reverse agreements	13,306			
Pledged assets against liabilities on the balance sheet	**357,937**			

	Collateral pledged against			
As at 31 December 2023	**Covered bonds**	**Other**	**Un-encumbered**	**Total**
Cash and balances with Central Bank	8,328	1,899	65,123	75,350
Bonds and debt instruments	-	2,857	145,325	148,182
Equities and equity instruments	-	-	19,012	19,012
Derivative instruments	-	-	7,459	7,459
Loans and advances to financial institutions	-	1,035	53,066	54,101
Loans and advances to customers	403,637	-	1,227,257	1,630,894
Investments in equity-accounted associates	-	-	1,849	1,849
Property and equipment	-	5,060	9,708	14,768
Intangible assets	-	-	1,472	1,472
Other assets	-	-	6,828	6,828
Assets classified as held for sale	-	-	861	861
Total before deductions	**411,965**	**10,851**	**1,537,960**	**1,960,776**
Deductions for own shares	(66,178)			
Pledged assets against reverse agreements	13,860			
Pledged assets against liabilities on the balance sheet	**359,647**			

Market risk

70. Market risk

See further information in Chapter 5 in the Group's Pillar III Risk Report for 2024.

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk arises from open positions in currency, equities and interest rate products, all of which are exposed to general and specific market movements and changing volatility levels in market rates and prices, for instance in interest rates, credit spreads, foreign exchange rates and equity prices. Other market risk is defined as equity price risk and inflation risk, each of which is disclosed in the following notes.

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71. Market risk management

The Group separates its exposure to market risk into trading and banking book portfolios, managing each separately. Trading portfolios include positions arising from market-making, hedges for derivative sales and proprietary position-taking. Banking book portfolios include positions arising from the Group's retail and commercial banking operations and Treasury's proprietary position-taking as part of asset and liability management and funding transactions. Treasury is also responsible for daily liquidity management, creating exposure to market risk.

The Group uses risk-weighted exposure amounts (RWEA) and economic capital (EC) as a common denominator for measuring risk across different asset classes, including those assets subject to market risk. RWEA is determined by applying specific risk weights to the Group's assets, following capital requirements regulations.

The following table summarises the Group's exposure to market risk as a percentage of RWEA at year-end 2024 and 2023. The Group uses the standardised approach to calculate risk-weighted exposure amounts of derivatives for credit valuation adjustment (CVA), according to capital requirement regulations.

	2024	2023
Market risk factor	**% of RWEA**	**% of RWEA**
Equity price risk	0.5%	0.4%
Interest rate risk	0.2%	0.6%
CVA of derivatives	0.1%	0.2%
Foreign exchange risk	0.3%	0.3%
Total	**1.1%**	**1.6%**

72. Equity price risk

Equity price risk is the risk of equity value fluctuations due to open positions in equity instruments.

The Group's equity trading portfolio is comprised of proprietary trading positions and exposures due to market making, including equity derivatives and their hedging positions. The Group's banking book portfolio consists of domestic and foreign listed and unlisted equities as part of asset and liability management. Further details are disclosed in Note 21 and Notes 74-75.

73. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market interest rates.

Changes in interest rates for the Group's assets and liabilities, other than those in its trading portfolios, have an impact on its interest rate margin. This risk results primarily from duration mismatches between assets and liabilities. Interest rate risk is managed principally by monitoring interest rate gaps. Interest rate risk is managed centrally within the Group by Treasury and is monitored by Market Risk.

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73. Interest rate risk (continued)

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. Off-balance sheet amounts are the notional amounts of the derivative instruments, see Note 22. The amounts presented are categorised by the earlier of either the contractual repricing or the maturity date.

As at 31 December 2024	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Cash and balances with Central Bank	129,981	-	-	-	129,981
Bonds and debt instruments	59,905	36,930	36,619	5,650	139,104
Derivative instruments	506	26	7,728	-	8,260
Loans and advances to financial institutions	39,346	-	-	-	39,346
Loans and advances to customers	1,399,883	189,454	203,646	14,454	1,807,437
Other financial assets	4,392	-	-	-	4,392
Total	**1,634,013**	**226,410**	**247,993**	**20,104**	**2,128,520**
Financial liabilities					
Due to financial institutions and Central Bank	(11,989)	-	-	-	(11,989)
Deposits from customers	(1,215,405)	(7,346)	(5,693)	-	(1,228,444)
Derivative instruments and short positions	(1,704)	(734)	(180)	(4,217)	(6,835)
Borrowings	(42,218)	(65,965)	(376,172)	(44,795)	(529,150)
Other financial liabilities	(7,386)	-	-	-	(7,386)
Subordinated liabilities	-	-	(16,024)	(23,965)	(39,989)
Total	**(1,278,702)**	**(74,045)**	**(398,069)**	**(72,977)**	**(1,823,793)**
Net on-balance sheet position	355,311	152,365	(150,076)	(52,873)	304,727
Derivatives held for hedging	(172,680)	-	172,680	-	
Net off-balance sheet position	2,000	(2,000)	-	-	
Total interest repricing gap	**184,631**	**150,365**	**22,604**	**(52,873)**	

As at 31 December 2023	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Cash and balances with Central Bank	75,350	-	-	-	75,350
Bonds and debt instruments	59,115	39,604	44,311	5,152	148,182
Derivative instruments	2,723	67	4,669	-	7,459
Loans and advances to financial institutions	54,101	-	-	-	54,101
Loans and advances to customers	1,113,528	221,782	280,317	15,267	1,630,894
Other financial assets	5,263	-	-	-	5,263
Total	**1,310,080**	**261,453**	**329,297**	**20,419**	**1,921,249**
Financial liabilities					
Due to financial institutions and Central Bank	(29,968)	-	-	-	(29,968)
Deposits from customers	(1,043,506)	(4,058)	(973)	-	(1,048,537)
Derivative instruments and short positions	(934)	(21)	(578)	(1,255)	(2,788)
Borrowings	(65,135)	(96,725)	(342,974)	(8,853)	(513,687)
Other financial liabilities	(10,718)	-	-	-	(10,718)
Subordinated liabilities	-	(7,053)	(13,123)	-	(20,176)
Total	**(1,150,261)**	**(107,857)**	**(357,648)**	**(10,108)**	**(1,625,874)**
Net on-balance sheet position	159,819	153,596	(28,351)	10,311	295,375
Derivatives held for hedging	(90,054)	-	90,054	-	
Net off-balance sheet position	2,000	-	(2,000)	-	
Total interest repricing gap	**71,765**	**153,596**	**59,703**	**10,311**	

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74. Sensitivity analysis of trading portfolios

The management of market risk in the trading book is supplemented by monitoring sensitivity of the trading portfolios to various scenarios in equity prices and interest rates.

The following table shows the changes in the fair value of bonds for a +/-100 basis point parallel shift in all interest rate curves.

	2024		2023	
Currency	**Increase**	**Decrease**	**Increase**	**Decrease**
ISK, non-CPI indexed	(134)	143	(149)	159
ISK, CPI indexed	(153)	174	(235)	264
Total	**(287)**	**317**	**(384)**	**423**

The following table shows how the Group's profit (loss) before tax would have been affected by a +/-5% change in the price of equities and equity instruments in the trading book held by the Group at year end.

	2024		2023	
Currency	**Increase**	**Decrease**	**Increase**	**Decrease**
ISK	173	(173)	136	(136)
Other	4	(4)	-	-
Total	**177**	**(177)**	**136**	**(136)**

The Group's equity would have been affected to the same extent as the income statement as profit (loss) from the sale of shares is a non-taxable income (a non-deductible expense).

75. Sensitivity analysis of portfolios in the banking book

The management of interest rate risk in the Group's banking book is supplemented by monitoring the sensitivity of the fair value of financial assets and liabilities to various interest rate scenarios. The Group employs a monthly stress test of the interest rate risk in the Group's banking book by shifting the interest rate curves for every currency and measuring the effect on economic value.

The following table shows the changes in the fair value of financial assets and liabilities for a +/-100 basis point parallel shift in all interest rate curves.

	2024		2023	
Currency	**Increase**	**Decrease**	**Increase**	**Decrease**
ISK, non-CPI indexed	(2,513)	2,640	(4,141)	4,405
ISK, CPI indexed	3,888	(4,051)	1,629	(1,651)
EUR	16	(10)	1,089	(1,109)
Other	(76)	86	47	(46)
Total	**1,315**	**(1,335)**	**(1,376)**	**1,599**

The following table shows how the Group's profit (loss) before tax would have been affected, if the price of equities in the banking book at year end classified into Level 1 or Level 2 changed by +/-5% and key unobservable inputs used in valuation of equities which are classified into Level 3 changed also by +/- 5%. Explanation on Levels 1-3 can be seen in Note 83.11 (f).

	2024		2023	
Currency	**Increase**	**Decrease**	**Increase**	**Decrease**
ISK	396	(396)	347	(347)
Other	22	(22)	17	(17)
Total	**418**	**(418)**	**364**	**(364)**

The Group's equity would have been affected to the same extent as the income statement as profit (loss) from sale of shares is a non-taxable income (a non-deductible expense).

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76. Indexation risk (all portfolios)

Indexation risk is the risk that the fair value or future cash flows of inflation-linked financial instruments may fluctuate due to changes in the Icelandic consumer prise index (CPI). To mitigate imbalance in the Group's CPI-linked assets and liabilities, the Bank offers non-CPI-linked loans, CPI-linked deposits, CPI-linked covered bonds as well as CPI-linked interest rate swaps.

The following tables summarise the Group's CPI exposure by maturity dates, where CPI-linked financial assets and liabilities are disclosed by maturities at their carrying amounts.

As at 31 December 2024	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Bonds and debt instruments	-	-	25,735	3,198	28,933
Derivative instruments	10	-	-	-	10
Loans and advances to customers	489	13,246	64,659	520,671	599,065
Total	**499**	**13,246**	**90,394**	**523,869**	**628,008**
Financial liabilities					
Deposits from customers	(103,885)	(65,090)	(6,947)	(6,480)	(182,402)
Derivative instruments and short positions	(13)	(683)	-	(2,558)	(3,254)
Borrowings	-	-	(89,530)	(44,794)	(134,324)
Subordinated liabilities	-	-	(16,024)	(20,731)	(36,755)
Total	**(103,898)**	**(65,773)**	**(112,501)**	**(74,563)**	**(356,735)**
Total on-balance sheet position	**(103,399)**	**(52,527)**	**(22,107)**	**449,306**	**271,273**
Off-balance sheet position					
Interest rate swaps	-	(2,037)	-	-	(2,037)
Total return swaps	-	-	(3,708)	1,032	(2,676)
Total off-balance sheet position	**0**	**(2,037)**	**(3,708)**	**1,032**	**(4,713)**
Total CPI indexation balance	**(103,399)**	**(54,564)**	**(25,815)**	**450,338**	**266,560**

As at 31 December 2023	Up to 3 months	3-12 months	1-5 years	Over 5 years	Carrying amount
Financial assets					
Bonds and debt instruments	29	-	31,672	3,220	34,921
Derivative instruments and short positions	3	-	-	-	3
Loans and advances to customers	756	597	50,028	329,986	381,367
Total	**788**	**597**	**81,700**	**333,206**	**416,291**
Financial liabilities					
Deposits from customers	(96,763)	(55,228)	(21,631)	(5,993)	(179,615)
Derivative instruments and short positions	(4)	-	(578)	(340)	(922)
Borrowings	-	(52,712)	(85,805)	-	(138,517)
Subordinated liabilities	-	(7,053)	(13,123)	-	(20,176)
Total	**(96,767)**	**(114,993)**	**(121,137)**	**(6,333)**	**(339,230)**
Total on-balance sheet position	**(95,979)**	**(114,396)**	**(39,437)**	**326,873**	**77,061**
Off-balance sheet position					
Interest rate swaps	-	-	(2,000)	-	(2,000)
Total return swaps	(310)	-	-	-	(310)
Total off-balance sheet position	**(310)**	**0**	**(2,000)**	**0**	**(2,310)**
Total CPI indexation balance	**(96,289)**	**(114,396)**	**(41,437)**	**326,873**	**74,751**

Management of the Group's indexation risk is supplemented by monitoring the sensitivity of the Group's net position in inflation-linked financial assets and liabilities to various inflation scenarios. As an example, a one percentage point change in the CPI applied to the inflation risk exposures at year-end 2024, with no change in other variables, would have changed the net interest income by ISK 2.666 million at year-end 2024 (31 December 2023: ISK 747 million).

Net increase/decrease in interest income would have affected retained earnings to the same extent as the income statement, net of income tax.

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Currency risk

77. Currency risk (all portfolios)

See further information in Chapter 5 in the Group's Pillar III Risk Report for 2024.

Currency risk is the risk of loss in financial instruments denominated in foreign currencies due to fluctuations in foreign exchange rates. The Group complies with Central Bank Rules No. 784/2018, on Foreign Exchange Balances. The Bank submits daily reports to the Central Bank on its foreign exchange balance and the Group submits these reports on monthly basis.

The Group's combined net foreign exchange balance as at 31 December 2024 was + 0.96% of the Group's total capital base (31.12.2023: +1.00%).

78. Concentration of currency risk

The following tables summarise the Group's exposure to currency risk. The off-balance sheet amounts shown are the notional amounts of the Group's derivative instruments. Amounts presented under assets and liabilities include all spot deals, which, when managing currency risk, are treated as non-derivative assets or liabilities .

As at 31 December 2024	EUR	GBP	USD	NOK	SEK	Other	Total
Assets							
Cash and balances with Central Bank	980	166	398	-	9	347	1,900
Bonds and debt instruments	71,695	-	13,840	-	-	-	85,535
Equities and equity instruments	66	18	6,866	61	10	-	7,021
Derivative instruments	7,850	17	234	51	28	2	8,182
Loans and advances to financial institutions	18,772	1,894	7,149	7,184	13	4,268	39,280
Loans and advances to customers	224,764	1,951	73,605	49	33	6,418	306,820
Other assets	28	-	-	-	-	15	43
Total	**324,155**	**4,046**	**102,092**	**7,345**	**93**	**11,050**	**448,781**
Liabilities							
Due to financial institutions and Central Bank	(7,599)	(4)	(30)	-	-	-	(7,633)
Deposits from customers	(59,193)	(5,957)	(64,069)	(6,720)	(654)	(5,312)	(141,905)
Derivative instruments and short positions	(504)	(30)	(1,080)	-	(2)	-	(1,616)
Borrowings	(234,858)	-	(18,726)	(25,301)	(29,036)	-	(307,921)
Other liabilities	(968)	(103)	(658)	(114)	(190)	(829)	(2,862)
Subordinated liabilities	-	-	-	-	-	-	0
Total	**(303,122)**	**(6,094)**	**(84,563)**	**(32,135)**	**(29,882)**	**(6,141)**	**(461,937)**
Net on-balance sheet position	21,033	(2,048)	17,529	(24,790)	(29,789)	4,909	**(13,156)**
Net off-balance sheet position	(21,261)	2,500	(14,534)	25,116	29,952	(5,360)	**16,413**
Net currency position	**(228)**	**452**	**2,995**	**326**	**163**	**(451)**	**3,257**

As at 31 December 2023	EUR	GBP	USD	NOK	SEK	Other	Total
Assets							
Cash and balances with Central Bank	578	138	343	43	36	350	1,488
Bonds and debt instruments	72,974	-	2,712	-	-	-	75,686
Equities and equity instruments	79	-	305	-	-	-	384
Derivative instruments	6,703	30	661	47	1	1	7,443
Loans and advances to financial institutions	12,856	2,198	20,600	12,952	20	5,392	54,018
Loans and advances to customers	199,310	1,972	73,293	58	32	5,090	279,755
Other assets	64	2	18	2	2	59	147
Total	**292,564**	**4,340**	**97,932**	**13,102**	**91**	**10,892**	**418,921**
Liabilities							
Due to financial institutions and Central Bank	(21,013)	(8)	(1,278)	-	-	-	(22,299)
Deposits from customers	(39,512)	(5,888)	(72,132)	(3,551)	(989)	(5,764)	(127,836)
Derivative instruments and short positions	(518)	(6)	(146)	(1)	(1)	(10)	(682)
Borrowings	(209,909)	-	(25,642)	(28,993)	(29,246)	-	(293,790)
Other liabilities	(1,374)	(184)	(1,548)	(92)	(86)	(598)	(3,882)
Subordinated liabilities	-	-	-	-	-	-	0
Total	**(272,326)**	**(6,086)**	**(100,746)**	**(32,637)**	**(30,322)**	**(6,372)**	**(448,489)**
Net on-balance sheet position	20,238	(1,746)	(2,814)	(19,535)	(30,231)	4,520	**(29,568)**
Net off-balance sheet position	(17,461)	2,269	2,356	19,808	30,335	(4,705)	**32,602**
Net currency position	**2,777**	**523**	**(458)**	**273**	**104**	**(185)**	**3,034**

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79. Sensitivity to currency risk

The following table shows how other net operating income would have been affected by a 5% depreciation/appreciation of the ISK against each foreign currency, with all other variables held constant. The sensitivity analysis is applied to the Group's overall position in foreign currency on-balance sheet as disclosed in Note 78.

	2024		2023	
Currency (ISK million)	-5% appreciation	+5% depreciation	-5% appreciation	+5% depreciation
EUR	(11)	11	139	(139)
GBP	23	(23)	26	(26)
USD	150	(150)	(23)	23
NOK	16	(16)	14	(14)
SEK	8	(8)	5	(5)
Other	(23)	23	(9)	9
Total	**163**	**(163)**	**152**	**(152)**

The Group's equity would have been affected to the same extent as the income statement, net of income tax. This is because the increase/decrease in other net operating income would have affected retained earnings.

80. Foreign exchange rates used

The following foreign exchange rates were used by the Group for the accounting year presented in these Financial Statements.

	As at 31 December 2024	As at 31 December 2023	% change	Average for 2024	Average for 2023
EUR/ISK	143.90	150.09	(4.1%)	148.97	148.85
GBP/ISK	174.08	173.21	0.5%	176.05	171.23
USD/ISK	138.91	135.88	2.2%	137.79	137.68
JPY/ISK	0.8844	0.9635	(8.2%)	0.9138	0.9816
CHF/ISK	153.36	161.49	(5.0%)	156.84	153.28
CAD/ISK	96.61	103.03	(6.2%)	100.74	102.14
DKK/ISK	19.298	20.135	(4.2%)	19.977	19.978
NOK/ISK	12.235	13.379	(8.6%)	12.820	13.113
SEK/ISK	12.577	13.487	(6.7%)	13.049	13.013

Sustainability risk

81. Sustainability risk

See further information in Chapter 8 in the Group's Pillar III Risk Report for 2024.

Sustainability risk is defined as risk that stems from the current or prospective impact of environmental factors, social and governance (ESG) factors on the Bank's counterparties or invested assets. Sustainability risk materialises through the amplification of traditional categories of financial risks.

The Bank updated its sustainability policy during the year. The policy defines the Bank's goals in sustainability matters and describes the methods for implementing them in its operations. The Bank's Sustainable Finance Framework was updated and reissued at the beginning of 2024. A dedicated sustainability group operates under the Bank's Risk & Finance Committee, tasked with defining sustainable projects, prioritising them, allocating funds, and providing information to investors.

During the year, the Bank conducted a double materiality assessment of its operations, evaluating on the one hand its impact on the external environment and, on the other hand, the impact of sustainability factors on the Bank's operations. The materiality assessment was conducted in accordance with the European Sustainability Reporting Standards (ESRS) with the aim being to prepare the Bank for the implementation of the Corporate Sustainability Reporting Directive (CSRD). The CSRD has been implemented within the European Union and will be adopted in member states of the European Economic Area (EEA). In light of this, the Bank decided to transition from basing its sustainability report on the Global Reporting Initiative (GRI) guidelines to instead have regard for the ESRS in order to prepare for the imminent CSRD requirements. Landsbankinn's revised sustainability disclosure represents the next step in the Bank's efforts to make sustainability information even more accessible to stakeholders and comparable across the industry. The information will be partially assured with limited assurance.

Further information is available in the Bank's sustainability report and green asset ratio disclosure in accordance with the requirements of Regulation (EU) No. 2020/852 (the EU Taxonomy) for 2024, published alongside the Group's consolidated annual financial statements for 2024 on the Bank's website, www.landsbankinn.is.

Operational risk

82. Operational risk

See further information in Chapter 7 in the Group's Pillar III Risk Report for 2024.

Operational risk is the risk of financial losses resulting from fraud, the failure or inadequacy of internal processes or systems, from employee error or from external events. It is therefore inherent in all areas of business activities. Operational risk includes legal risk but excludes reputational risk.

The Group establishes, maintains and coordinates its operational risk management framework, which complies with the Basel Committee's 2011 publication "Principles for the Sound Management of Operational Risk".

The Group ensures that operational risk management stays consistent throughout the Group by upholding a system of prevention and control that entails detailed procedures, permanent supervision and insurance policies, together with active monitoring by the Internal Audit function. Managing directors are responsible for their division's operational risk, while its daily management is overseen by the head of each department. This ensures that all business units are kept aware of any operational risk, a robust monitoring system remains in place and controls are implemented to minimise risk in an efficient and effective manner.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Material accounting policies

83. Material accounting policy information

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The Group has consistently applied the following accounting policies to all years presented in these Consolidated Financial Statements, unless otherwise mentioned.

As of the year 2023, the Group adopted amendments to IAS 1 regarding disclosure of accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of material, rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies.

83.1. Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group is considered to have power over an entity when it has existing rights that give it the current ability to direct the relevant activities. For the Group to have power over an entity, it must have the practical ability to exercise those rights.

Where voting rights are not relevant in deciding whether the Group has power over an investee, the assessment of control is based on all facts and circumstances.

Subsidiaries are consolidated from the date control commences until the date control ceases.

The acquisition method is applied to account for business combinations through which the Group obtains control. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. An obligation to pay a contingent consideration that meets the definition of a financial instrument and is classified as equity, is not remeasured and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in fair value are recognised in profit or loss.

Intercompany transactions, balances, and unrealised gains on transactions between Group entities are eliminated in the Consolidated Financial Statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(b) Non-controlling interests

Non-controlling interests are the proportionate share of profit or loss and net assets not attributable, directly or indirectly, to the Group. Non-controlling interests are presented specifically in the income statement and within equity in the statement of financial position, separately from equity attributable to the owners of the Group. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

83.2. Structured entities

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Group acts as fund manager or investment advisor to a number of investment funds operated by a subsidiary of the Bank. The purpose of these investment funds is to generate fees from managing assets on behalf of third-party investors based on set investment strategies. These investment funds are financed through the issue of units to investors. The Group has no contractual obligation to provide financial support to these structured entities.

83. Material accounting policies (continued)

83.2. Structured entities (continued)

When assessing whether to consolidate investment funds, the Group reviews all facts and circumstances to determine whether the Group, as fund manager, is acting as agent or principal. The Group is deemed to be a principal, and hence controls and consolidates the funds, when it acts as fund manager and cannot be removed as such without cause, has variable returns through significant unit holdings and/or a guarantee, is able to influence the returns of the funds by exercising its power and the Group's aggregate interest is in each case not less than 25%.

For further disclosure in respect of unconsolidated investment funds in which the Group acts as an agent, see Note 43 Unconsolidated structured entities.

83.3. Associates

Associates are entities in which the Group has significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Group holds, directly or indirectly, between 20% and 50% of the voting power of another entity. The Group accounts for investments in associates either using the equity method or as financial assets at fair value through profit or loss, as described further in this note.

Equity-accounted associates

Investments in associates accounted for using the equity method are initially recognised at cost or from the date on which significant influence is obtained. Goodwill relating to an investment in an associate is included in the carrying amount of the investment. Any excess of the Group's share of net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the year which the investment is acquired. Investments in associates which are accounted for by the Group using the equity method are presented in the Consolidated Statement of Financial Position in the line "Investments in equity-accounted associates".

Because goodwill included in the carrying amount of an investment in an associate is not recognised separately, it is not separately tested for impairment in accordance with the requirements for goodwill impairment testing in IAS 36, Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment under the standard by comparing its recoverable amount with its carrying amount, whenever the requirements of IFRS 9, Financial Instruments, indicate that the investment may be impaired.

The Group's share of its equity-accounted associates' post-acquisition profits or losses is recognised in the income statement and its share of movements in their reserves is recognised in the Group's equity reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the associates. When the Group's share of loss in an associate equal or exceed its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the Group associates have been changed where this was necessary to ensure consistency with the accounting policies adopted by the Group.

Share of profit (loss) of equity-accounted associates is recognised in the line item "Other income and expenses" in the income statement.

Associates at fair value through profit or loss

The Group designates certain investments in associates upon initial recognition at fair value through profit or loss and they are accounted for in accordance with IFRS 9, Financial Instruments. The Group measures such investments at fair value, with changes in fair value recognised in the income statement in the relevant year in the line item "Net gain (loss) on financial assets and financial liabilities at FVTPL".

83.4. Foreign currency translation

Transactions in a currency other than the functional currency of the Group, i.e. foreign currency, are translated initially into the functional currency at the spot exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are measured at amortised cost or fair value, as applicable, in their respective foreign currencies at the reporting date and are converted into the functional currency at the closing spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the reporting period, adjusted for effective interest and payments during the reporting period, and the amortised cost in foreign currency translated at the closing exchange rate at the end of the reporting period. All foreign currency differences arising on currency translation are recognised in the line item "Net foreign exchange gain (loss)" in the income statement.

Notes to the Consolidated Financial Statements

83. Material accounting policies (continued)

83.5. Net Interest income

Interest income and expense is recognised on an accrual basis under Net interest income using the effective interest method. Interest income and expense includes indexation income and expense. The effective interest rate is the rate that discounts future cash flows of a financial asset or financial liability, through their expected life to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. The calculation includes transaction costs, premiums or discounts and fees paid or received that are an integral part of the effective interest rate.

Interest income and expense recognised using the effective interest rate method include: (1) interest on financial assets and financial liabilities measured at amortised cost; (2) interest on financial assets and financial liabilities measured at FVPL; (3) the interest component of hedging derivatives designated in fair value hedges of interest rate risk; (4) interest on finance leases.

Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured on initial recognition, less principal repayments, plus or minus cumulative amortisation of any premium/discount using the effective interest method, and for financial assets, less any expected credit loss allowance The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance. Interest income on financial assets at amortised cost in stage 1 and stage 2 is calculated by applying the effective interest rate to the gross carrying amount. Interest income on financial assets at amortised cost in stage 3 is calculated by applying the effective interest rate to the amortised cost, which is the gross carrying amount less any expected credit loss allowance. If an asset moves subsequently from stage 3 to stage 2 or 1 the calculation reverts to gross basis. Interest expense on financial liabilities is calculated by applying the effective interest rate to the amortised cost of financial liabilities.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate assets and liabilities to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments. Otherwise, effective interest rates remain the same from initial recognition.

83.6. Net fee and commission income

Fee and commission income are recognised in the income statement when service has been completed. Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate and recognised under interest income in the income statement.

Commitment fees on revolving credit facilities are recognised through to the contractual maturity of the commitment and are an integral part of the effective interest rate of the loans. Syndication fees are earned for arranging and administering a loan syndication; however, the associated fee may be subject to variability until the loan has been syndicated to other syndicate members or until other contingencies have been resolved and therefore the fee revenue is deferred until the uncertainty is resolved.

Transactional fees are service charges on deposit accounts, cash management services fees and transactional processing fees. These include interchange and merchant fee income generated from credit and bank card usage. Transaction and processing fees are recognised at the point in time the transaction occurs or service is performed.

Asset management and custody services fees are generally recognised as services are performed. Performance-based fees are recognised when the performance criteria are fulfilled.

Advisory fees generated from wealth management services are earned over the period the services are provided. Brokerage and execution fees are recognised at the point in time the associated service has been completed which is generally the trade date of the transaction.

83.7. Net gain (loss) on financial assets and liabilities at FVPL

Net gain (loss) on financial assets and liabilities is comprised of: 1) net gain (loss) on financial assets and liabilities at fair value through profit or loss and 2) net profit (loss) on fair value hedges.

1) The net gain (loss) on financial assets and liabilities at fair value includes:

- All realised and unrealised changes in fair value.
- Interest income on an accrual basis.
- Dividend income, which is recognised when the Group's right to receive payment is established.

2) The net profit (loss) on fair value hedges includes:

- All realised and unrealised changes in the fair value of hedging items.
- All realised and unrealised changes in the value of hedged instruments.
- Interest income/expense on an accrual basis that is included in the line item “Interest expense” in the income statement.

83. Material accounting policies (continued)

83.8. Net foreign exchange gain (loss)

Net foreign exchange gain (loss) includes all gains and losses arising from the settlement of transactions in foreign currencies and translation at month-end exchange rates of monetary assets and liabilities denominated in foreign currencies, including non-derivative financial assets and liabilities classified as held for trading and financial assets at fair value through profit or loss. Foreign exchange gains and losses arising from derivative financial assets and liabilities are included in the line item “Net gain (loss) on financial assets and financial liabilities at FVTPL” in the income statement, except for fair value changes of derivative currency forwards and net foreign exchange differences arising from OTC equity derivatives which are included in the line item “Net foreign exchange (loss) gain” in the income statement.

83.9. Tax on liabilities of financial institutions

A special tax is levied on financial institutions under Act No. 155/2010, as subsequently amended. The tax is calculated as 0.145% (2023: 0.145%) of the carrying amount of total liabilities in excess of ISK 50,000 million at year-end as determined for tax purposes, excluding tax liabilities. The tax is a non-deductible expense. This special tax on liabilities of financial institutions is recognised separately in the income statement and is included in the statement of financial position in the line item “Tax liabilities”.

83.10. Income tax

(a) Income tax

Income tax is recognised based on domestic income tax laws and corporate income tax rates that have been enacted at the reporting date. Income tax recognised in these Consolidated Financial Statements comprises current and deferred tax.

Income tax for the operating year 2024 was recognised at the year-end corporate income tax rate of 21.0% (2023: 20.0%). An additional special income tax on financial institutions is recognised at the rate of 6% on an income tax base exceeding ISK 1,000 million in accordance with Act No. 165/2011, on Financial Activities Tax.

(b) Current tax

Current tax is the expected tax payable on the taxable income for the current year and, if applicable, adjustments to the tax payable or receivable in respect of previous years. Current tax is measured based on the domestic income tax laws and corporate income tax rates that have been enacted at the reporting date. Current tax is included in the statement of financial position in the line item “Tax liabilities”.

(c) Deferred tax

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred income tax is recognised in full as a liability, based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred income tax is determined based on the domestic income tax laws and corporate income tax rates that have been enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

d) Joint taxation

The Bank is taxed jointly with its subsidiaries Landsbréf hf., Eignarhaldsfélag Landsbankans ehf., Blámi - fjárfestingafélag ehf., Hömlur ehf. and Hömlur fyrirtæki ehf.

83.11. Financial assets and liabilities

(a) Recognition

The Group initially recognises loans and advances and deposits and borrowings on the date at which they originate. All other financial assets and liabilities are initially recognised on the date at which the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the date at which the Group committed itself to purchasing or selling the asset.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(b) Classification

On initial recognition, a financial asset is classified as measured at: Amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

83. Material accounting policies (continued)

83.11. Financial assets and liabilities (continued)

(b) Classification (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal (SPPI) and interes.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset as at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets.
- The primary risks that affect the performance of the business model and its strategy for managing those risks.
- The methods by which the performance of assets in a portfolio is evaluated and reported to management.
- The frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectations about future sales activities. Sales in themselves do not determine the business model and are not considered in isolation. Instead, sales provide evidence about how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, as is consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell.

Cash flow characteristics assessment

The SPPI test, which requires that the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest, is used to determine whether loans and advances are measured at amortised cost or at FVTPL.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' and accrued indexation, in the case of an indexed principal, is defined as consideration (1) for the time value of money, (2) for the credit risk associated with the principal amount, if applicable, during a particular period of time and (3) for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or when the Group transfers the rights to receive contractual cash flows relating to the financial asset in a transaction which substantially transfers all the risks and rewards of ownership of the asset or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets created or retained by the Group is recognised as a separate asset or liability.

Notes to the Consolidated Financial Statements

83. Material accounting policies (continued)

83.11. Financial assets and liabilities (continued)

(c) Derecognition

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

The Group enters into transactions whereby it transfers assets recognised in the Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets, or a portion of them. In cases where all or substantially all of the risks and rewards are retained, transferred assets are not derecognised. Asset transfers whereby all or substantially all risks and rewards are retained include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing such servicing.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

d) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see note 83.11 (g)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and,
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, it first considers whether a portion of the asset should be written off before the modification takes place, see Note 83.11 (g) Write-off. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see Note 83.11 (g)) then the gain or loss is presented together with impairment changes. In other cases, it is presented as interest income calculated using the effective interest rate method.

Restructured financial assets

As regards financial restructuring of customers, the Group has put remedies in place for those experiencing financial difficulties and also presented procedures for financial restructuring. These restructuring approaches include extended and modified repayment schedules and approved external management plans.

The general rule is that when loan restructuring is significant enough to qualify for derecognition, a new loan is originated and stage allocation and ECL calculation applied as if it was a new loan. The previous loan is derecognised.

83. Material accounting policies (continued)

83.11. Financial assets and liabilities (continued)

d) Modification of financial assets and financial liabilities (continued)

Renegotiated loans

Where possible, the Group seeks to restructure loans rather than foreclose on loans. This may involve extending the payment schedule and an agreement providing for new loan terms. Loans which are impaired and whose terms are renegotiated are not considered to be new loans. Once the terms have been renegotiated these loans are no longer considered past due and any subsequent impairment is measured using the original effective interest rate as calculated before the modification of terms. Periodic reviews are performed to ensure that all criteria are met and that future payments are likely to occur as renegotiated. These loans continue to be subject to individual or collective impairment assessment. Loans which are not individually impaired and whose terms have been renegotiated are accounted for as new loans. Accordingly, the original loans are derecognised and the renegotiated loans are recognised as new loans.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new, modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(e) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and simultaneously settle the liability.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions, such as in the Group’s trading activity.

(f) Fair value measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of a liability reflects its non-performance risk. The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group measures the fair value of an instrument using quoted prices in an active market for that instrument, if available. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions at an arm’s-length basis. Where available, the relevant market‘'s closing price determines the fair value of financial assets held for trading and of assets at fair value through profit or loss; this will generally be the last trading price. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

If there is no active market for a financial instrument, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm’s-length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates every factor that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank has a valuation committee which estimates fair value by applying models and incorporating observable market information and professional judgement. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available, observable market data.

Notes to the Consolidated Financial Statements

83. Material accounting policies (continued)

83.11. Financial assets and liabilities (continued)

(f) Fair value measurement (continued)

Should the transaction price differ from the fair value of other observable, current market transactions in the same instrument or be based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a day 1 profit or loss) in the income statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and the model value is recognised in the income statement depending on the individual circumstances of the transaction but no later than when the inputs become observable, or when the instrument is derecognised.

The fair value of financial assets and liabilities is determined based on different methods and assumptions depending on what financial asset or liability is being valued. For all foreign currency financial assets and liabilities, the exchange rates used are from observable markets both for spot and forward contracts and futures in the major currencies.

Fair value hierarchy

A valuation hierarchy is used for disclosure of inputs utilised to measure fair value of financial assets and liabilities. Inputs in the hierarchy are arranged into the following three levels, which reflects the significance of the inputs used in making the measurements.

• Level 1: Quoted market prices are used for assets and liabilities traded in active markets. Unadjusted quoted market prices are used as the measurement of fair value.
• Level 2: Valuation technique based on observable inputs. The most recent transaction prices in combination with generally accepted valuation methods are used to measure fair value of shares. The yield of actively traded bonds with the same duration is used as a benchmark for the valuation of bonds.
• Level 3: Valuation technique based on significant non-observable inputs. This category includes all financial instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have significant effect on the instrument's valuation.

For unlisted shares and bonds where no market data is available, various generally accepted valuation techniques are used to measure fair value. Valuation using discounted cash flow, intrinsic value after haircut or a comparison of peer companies' multiples are the most commonly used methods to calculate fair value of unlisted shares, in addition to recent transactions and current market conditions. Valuation of loans and advances to customers is based on market data such as interest and inflation curves and probability of default.

Assumptions used in the valuation technique include risk-free and benchmark interest rates for estimating discount rates, credit spreads, bonds and equity prices, foreign currency exchange rates, market multipliers, volatilities and correlations, market conditions for estimating future growth and other market indicators.

(g) Impairment of financial assets

Impairment process

The Group recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- Cash and balances with Central Bank
- Loans and advances to financial institutions
- Loans and advances to customers
- Other assets
- Off-balance sheet credit exposures:
  - Financial guarantees and underwriting commitments
  - Undrawn loan commitments
  - Undrawn overdraft/credit card facilities

When measuring ECL, the Group uses a forward-looking model in compliance with IFRS 9. This requires considerable judgement over how changes in economic factors affect ECL. ECL reflects the present value of cash shortfalls due to possible default events either over the following twelve months or over the expected lifetime of a financial instrument, depending on credit deterioration from inception.

The Bank's Risk Management is responsible for assessing impairment on loans and advances and a Valuation Team, comprised of the CEO, the managing directors of Finance, Risk Management, Corporate Banking and Personal Banking, reviews and approves the assessment.

In general, all impairment charges are loan-specific based on the aforementioned ECL models. If needed, the Valuation Team can assess and issue additional general impairment charges on the loan portfolio as a whole or part of it.

Notes to the Consolidated Financial Statements

83. Material accounting policies (continued)

83.11. Financial assets and liabilities (continued)

(g) Impairment of financial assets (continued)

Impairment process (continued)

The impairment process for each reporting period is as follows:

1. The Bank's Economic Research Department provides scenarios with forecasts on relevant economic variables and presents them to the Valuation Team.
2. The Valuation Team approves the scenarios and their respective weights for the reporting date.
3. Loans are classified for measurement by amortised cost (impairment) or the fair value approach.
4. Parameters for staging and ECL calculations are estimated.
5. Results from manual staging and ECL calculations for individually significant loans are applied.
6. Staging and ECL calculations are carried out for all loans measured at amortised cost.
7. The Valuation Team receives reports from Risk Management on the impairment results. The reports are reviewed by the Team and valuations are determined.
8. Results of staging and impairment are presented in the Group's annual and interim financial statements.

ECL calculation

IFRS 9 requires that the calculation of ECL reflect an unbiased, probability-weighted outcome. The calculation considers the time value of money and variable forward-looking scenarios which carry different weights based on reasonable and available information. In general, the calculation of ECL is based on the present value of the multiplication of the following parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Under IFRS 9, credit loss allowance on all loans is measured on each reporting date according to a three-stage expected credit loss model. Allowance is calculated as either the 12-month ECL or the lifetime ECL.

- Stage 1 – No significant increase in credit risk. Loans whose credit risk has not increased significantly shall be Stage 1 and the loss allowance measured as the 12-month ECL.
- Stage 2 – Significant increase in credit risk. Loans whose credit risk has increased significantly since initial recognition but are not credit-impaired shall be Stage 2 and the loss allowance measured as the lifetime ECL.
- Stage 3 – Credit impaired. Loans where the borrower is in default or otherwise impaired shall be Stage 3 and the loss allowance measured as the lifetime ECL.

Movements between Stages 1 and 2 are based on whether an instrument's credit risk as measured at the reporting date has increased significantly relative to the credit risk measured at initial recognition. For the purpose of this assessment, credit risk is based on an instrument's lifetime PD, not the loss amounts.

Credit-impaired loans

A loan is credit-impaired if one or both of the following events have occurred:

- Past due: Total amount of borrowers loans past due above the minimum amount threshold have been past due by more than 90 days.
- Unlikeliness to pay: Borrower fulfils other criteria of default and is therefore considered unlikely to pay.

The following events are used as indicators unlikeliness to pay. Events automatically leading to default are marked with an asterisk.

- Bankruptcy*
- Restructuring*
- Sale of an obligation at a loss to a third party
- Impairment: The Bank classifies the asset as Stage 3*

Other factors that may indicate default are concessions to an obligor because of financial difficulties, breach of covenants of a credit obligation, termination of obligation and collateral has been called and notes on the operational viability of the customer in financial statements.

83. Material accounting policies (continued)

83.11. Financial assets and liabilities (continued)

(g) Impairment of financial assets (continued)

Significant increase in credit risk

When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost and effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD as at the reporting date that was estimated at initial recognition.

The framework aligns with the Group's internal credit risk management process, and includes a backstop based on delinquencies so that a significant increase in credit risk occurs no later than when contractual payments are more than 30 days past due. If a financial asset's credit rating at the reporting date does not comply with benchmarks set by the Group's risk appetite, this constitutes also a significant increase in credit risk. In addition, the Group applies a low-risk criterion, which states that as long as the rating grade of an asset qualifies as investment grade, the asset will be categorised as Stage 1.

The estimation of whether credit risk has increased significantly for individually significant loans is carried out manually. Loans are initially assessed based on quantitative criteria and based on that assessment, staging is manually assessed using both quantitative and qualitative information.

Rating system

The rating system has a borrower rating scale which exclusively reflects quantification of the risk of borrower default, or credit quality of lending. The borrower rating scale has 10 rating grades for non-defaulted borrowers from 1 to 10, with 10 indicating the highest credit quality, and the grade 0 for defaulted borrowers. The rating assignment is supported by rating models, where information such as industry classification, financial statements and payment behaviour is considered.

The following table shows the Group's internal mapping from internal rating grade to S&P rating grades:

Internal rating grade	Standard & Poor's and Fitch	Moody's	Lower PD	Upper PD
10	AAA/AA+/AA/AA-	Aaa/Aa1/Aa2/Aa3	0.00%	0.04%
9	A+/A/A-	A1/A2/A3	0.04%	0.10%
8	BBB+	Baa1	0.10%	0.21%
7	BBB/BBB-	Baa2/Baa3	0.21%	0.46%
6	BB+/BB	Ba1/Ba2	0.46%	0.99%
5	BB-	Ba3	0.99%	2.13%
4	B+	B1	2.13%	4.54%
3	B	B2	4.54%	9.39%
2	B-	B3	9.39%	18.42%
1	CCC/C	Caa1/Caa2/Caa3/Ca/C	18.43%	99.99%

Presentation of allowance for impairment

Allowance for impairment based on ECL is presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- Loan commitments, overdrafts and financial guarantee contracts: as allowance for impairment classified as other liabilities.
- Where a financial instrument includes both a drawn and an undrawn component, the Group presents a combined impairment allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the impairment allowance over the gross amount of the drawn component is presented and classified with other liabilities.

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83. Material accounting policies (continued)

83.11. Financial assets and liabilities (continued)

(g) Impairment of financial assets (continued)

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to collection through enforcement in order to comply with the Group's procedures for recovery of amounts due.

83.12. Cash and balances with Central Bank

Cash and cash equivalents include notes and coins on hand, and balances held with the Central Bank. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position. The Group measures 12-month ECL for cash and cash equivalents measured at amortised cost that are determined to have low credit risk at the reporting date.

The Bank holds mandatory reserve deposit accounts with the Central Bank of Iceland in compliance with the Central Bank's Rules on Minimum Reserve Requirements, No. 585/2018. The reserve requirements fall into two categories: On the one hand, a fixed reserve requirement of 3% as of 21 May 2024 (previously 2%), bearing no interest and eligible as liquidity reserves and, on the other hand, an average maintenance requirement.

83.13. Bonds and debt instruments

Bonds and debt instruments are either measured at amortised cost or at fair value through profit or loss.

Bonds and debt instruments classified as financial assets at fair value through profit or loss (FVTPL) are recognised at fair value both initially and subsequent to initial recognition. Transaction costs are recognised immediately as fees in the income statement. Gains and losses arising from changes in fair value are recognised directly in the income statement in the line item "Net gain (loss) on financial assets and financial liabilities at FVTPL". Foreign exchange gains and losses are included in the line item "Net foreign exchange (loss) gain".

Bonds and debt instruments measured at FVTPL must have a reliably measurable fair value and the designation must eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognising related gains and losses on a different basis (sometimes referred to as an "accounting mismatch"). This includes, *inter alia* , bonds held for trading purposes.

Bonds and debt instruments measured at FVTPL are managed on a fair value basis but not held for trading or their cash flows do not represent solely payments of principal and interest.

Bonds and debt instruments classified at amortised cost are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest and accrued indexation, in the case of indexed bonds, are included in the carrying amount of the bonds and recognised in the line item "Interest income" in the income statement. Bonds and debt instruments within a held-to-collect business model under which their contractual cash flows are solely payment of principal and interest are measured at amortised cost. The Group measures 12-month ECL allowances for bonds and debt instrument classified at amortised cost that are determined to have low credit risk at the reporting date.

83.14. Equities and equity instruments

Equities and equity instruments classified as financial assets at FVTPL are recognised at fair value both initially and subsequent to initial recognition. Transaction costs are recognised immediately as fees in the income statement. Gains and losses arising from changes in fair value are recognised directly in the income statement in the line item "Net gain (loss) on financial assets and financial liabilities at FVTPL". Foreign exchange gains and losses are included in the line item "Net foreign exchange (loss) gain".

Equities and equity instruments at measured at FVTPL must have a reliably measurable fair value and the designation must eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognising related gains and losses on a different basis (sometimes referred to as an "accounting mismatch"). This includes, inter alia, equities held for trading purposes.

83. Significant accounting policies (continued)

83.15. Derivative instruments

Derivatives are initially recognised in the statement of financial position at fair value, with transaction costs recognised in the income statement. The fair value of derivative instruments is determined using valuation methods whose most significant input is volatility, which is obtained from broker quotations, pricing services or derived from option prices. Subsequently, derivatives continue to be carried at fair value, with all fair value changes recognised in the income statement in the line item “Net gain (loss) on financial assets and financial liabilities at FVTPL”, except for fair value changes of derivative currency forwards and net foreign exchange differences arising from OTC currency options, which are included in the line item “Net foreign exchange (loss) gain” in the income statement. In the statement of financial position, derivatives with positive fair values are recognised as assets and derivatives with negative fair values as liabilities.

83.16. Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). An embedded derivative is a component of a combined (hybrid) financial instrument that also includes a non-derivative host contract. The Group accounts for an embedded derivative separately from the host contract when:

- The host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the statement of financial position together with the host contracts.

When a host contract is an asset within the scope of IFRS 9 and the contractual cash flows are SPPI a derivative embedded in the host contract is not separated from the host. Instead, the hybrid financial instrument is measured as a whole.

83.17. Hedge accounting

The Group has opted to continue to apply hedge accounting under IAS 39 as an accounting policy choice as permitted under IFRS 9.

On initial designation of the hedges, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationships. The Group makes an assessment, both at the inception of the hedge relationships and on an on-going basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value of the hedged items during the year for which the hedge is designated, and whether the actual results of each hedge are within the range of 80-125%.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is also discontinued.

Any adjustments, up to the point of discontinuation, to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

Derivatives held for risk management purposes consist of all derivative assets and liabilities that are not classified as trading assets or liabilities. These include derivatives designated in hedging relationships and which are accounted for as fair value hedges in the statement of financial position.

The Group uses interest rate swaps that qualify and are designated as fair value hedges to hedge its exposure to changes in the fair values of some of its notes, issued under the Bank’s Euro Medium Term Note (EMTN) programme. Such interest rate swaps are matched to specific issuances of the EMTN fixed-rate notes. The change in fair value of interest rate swaps together with change in the fair value of bonds attributable to interest rate risk is recognised immediately as net gain (loss) on fair value hedges in “Net gain (loss) on financial assets and financial liabilities at FVTPL” in the income statement. Accrued interest on both bonds and swaps is included in the line item “Interest expense”.

The Group uses other derivatives, not designated in qualifying hedge relationships, to manage its exposure to foreign currency, interest rate, equity market and credit risk.

83. Material accounting policies (continued)

83.18. Short positions

Short positions are obligations of the Group to deliver financial assets borrowed by the Group and sold to third parties. These obligations are initially recognised in the statement of financial position at fair value, with transaction costs recognised in the income statement. Subsequently, they continue to be carried at fair value, with all fair value changes recognised in the income statement as net gain on financial assets and liabilities held for trading in the line item “Net gain (loss) on financial assets and financial liabilities at FVTPL”. The short positions are in Icelandic government bonds with readily available quoted market prices.

83.19. Loans and advances

”Loans and advances” captions in the statement of financial position include:

- Loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method,
- loans and advances measured at FVTPL (these are measured at fair value with changes recognised immediately in profit or loss);
- finance lease receivables.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group’s financial statements.

83.20. Property and equipment

All property and equipment is recognised at cost, less accumulated depreciation and any accumulated impairment losses. The cost includes expenditures directly attributable to acquiring these assets.

Subsequent costs are included in an asset’s carrying amount only if it is probable that additional future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other repairs and maintenance are expensed as incurred.

Depreciation of any property and equipment is calculated using the straight-line method. This method is applied to the depreciable amount of the assets, which is their cost less their residual value over their estimated useful lives, as follows:

Buildings	25-50 years
Computer hardware	3 years
Other equipment and motor vehicles	3-10 years

An asset’s residual value and useful life is reviewed annually and adjusted where appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are recognised in the item “Other income and expenses” in the income statement.

83.21. Intangible assets

Computer software

Computer software is capitalised on the basis of cost to acquire or develop and bring into service. Computer software recognised as an intangible asset is amortised over its useful life, which is estimated to be 3-10 years.

Ongoing repairs and maintenance of computer software are expensed as incurred.

Goodwill

Goodwill is recognised as an asset only if acquired in a business combination. Following initial recognition, goodwill is measured at cost, less any accumulated impairment. Goodwill is generally tested annually for impairment, but more frequently if events or changes in circumstances indicate a potential impairment of the carrying amount of the goodwill.

83.22. Deposits

Deposits from customers and financial institutions are the primary source of funding for the Group. The deposits consist of demand deposits and term deposits, the latter being either indexed or non-indexed. Deposits are initially measured at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortised cost including accrued indexation when applicable using the effective interest method.

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83. Material accounting policies (continued)

83.23. Borrowings

(a) Secured borrowings

Each covered bond series of the secured borrowings is issued under the Bank's EUR 2.5 billion Covered Bond Programme listed on Euronext Dublin. These are issued under a conditional licence from the Financial Supervisory Authority of the Central Bank of Iceland (FSA) and with reference to Icelandic Act No. 11/2008 and Rules of the Central Bank of Iceland No. 190/2023. The Bank's ISK denominated covered bond series are listed and traded on Nasdaq Iceland and the Bank's FX denominated covered bond series are listed and traded on Euronext Dublin.

Other secured borrowings consist of individual secured loan agreements not issued under the Bank's funding programmes.

Secured borrowings are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest and accrued indexation, in the case of indexed borrowings, are included in the carrying amount of secured borrowings and recognised in the line "Interest expense" in the income statement.

(b) Senior unsecured borrowings

Senior preferred bonds consists of senior preferred bonds denominated in foreign currencies and, when appropriate, marketable commercial papers denominated in ISK. The Bank's FX denominated bonds are issued under its 2 billion Euro Medium Term Note (EMTN) Programme and are listed and traded on the Euronext Dublin. The commercial papers on the other hand are issued under the Bank's ISK 50 billion Debt Issuance Programme and listed and traded on Nasdaq Iceland.

Senior unsecured loans consist of individual unsecured loan agreements not issued under the Bank's funding programmes.

Senior unsecured borrowings are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest is included in the carrying amount of the unsecured borrowings and is recognised in the line "Interest expense" in the income statement. Foreign exchange gains and losses are included in the line "Net foreign exchange (loss) gain".

(c) Senior non-preferred bonds

The senior non-preferred bonds denominated in foreign currencies are issued under the Bank's 2 billion Euro Medium Term Note (EMTN) Programme and are listed and traded on the Euronext Dublin. Senior non-preferred bonds are initially recognised at fair value less transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest and accrued indexation are recognised as part of the carrying amount of senior non-preferred bonds.They rank lower in priority than the Bank's senior preferred bonds or the "Other unsecured loans" yet rank higher than the subordinated bonds. The senior non-preferred bonds fulfil the minimum requirements for own funds and eligible liabilities (MREL).

83.24. Sustainable Finance Framework

In addition to traditional funding programmes, the Bank has created a Sustainable Finance Framework for its funding of environmental and social projects. The Framework was first issued in January 2021. It was initially based on ICMA guidelines and more recently takes into account the EU Taxonomy for green and social funding. The Framework is issued with a second-party opinion from international rating agency Sustainalytics and sets out the criteria projects must meet to contribute to sustainability and ensures transparency. A sustainable finance impact report is published annually, providing an overview of the funding on which the Bank's green bond issuance is based as well as information on the relevant Framework categories. The impact report is reviewed by an independent third party (Deloitte) to ensure the accuracy of information disclosed in the report and that it meets the requirements of the Sustainable Finance Framework.

83.25. Subordinated liabilities

Subordinated liabilities include Tier 2 subordinated bonds issued by the Bank. Subordinated bonds denominated in foreign currencies are issued under Bank's Euro Medium Term Note (EMTN) programme and the ISK-denominated under the Bank's Debt Issuance Programme. The subordinated liabilities share characteristics of equity in that they are subordinated to other Group liabilities and are included in equity in equity ratio calculations. The outstanding amounts of the subordinated liabilities are subject to regulatory amortisation whereby the amount eligible for Tier 2 capital treatment is amortised on a straight-line basis over the final 5 years to maturity.

Subordinated liabilities are initially recognised at fair value less transaction costs and are subsequently measured at amortised cost using the effective interest method. Accrued interest and accrued indexation are recognised as part of the carrying amount of subordinated liabilities.

Notes to the Consolidated Financial Statements

83. Material accounting policies (continued)

83.26. Share capital

(a) Share issue costs

Cost directly attributable to the issue of new shares is presented separately in equity as a deduction from share premiums.

(b) Dividends on ordinary shares

Dividend on ordinary shares is recognised in equity during the year in which it is approved by the Bank's shareholders' meeting.

83.27. Earnings per share

Basic earnings per share (EPS) are calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the accounting period. Diluted EPS are determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

83.28. Repurchase transactions

Repurchase transactions consist of repo and reverse repo agreements with other banks. Repo transactions combine the spot sale or purchase of securities with their forward repurchase or resale, the counterparty being identical in both cases.

Securities originally sold by the Bank under repurchase agreements continue to be recognised and measured as financial assets in the Bank's financial statements, as the Bank retains all risks and rewards connected with the ownership of the securities. Inflows of liquidity from repo transactions are recognised in the financial statements of the Bank as financial liabilities to counterparties. Interest payments to counterparties are recognised as interest expense under net interest income. Inflows are measured either at fair value using the fair value option or at amortised cost.

Conversely, securities originally bought by the Bank under reverse repurchase agreements are not recognised and measured as financial assets in the Bank's financial statements, as the counterparty retains all risks and rewards connected with the ownership of the securities. Outflows of liquidity arising from reverse repos are accounted for as claims on counterparties. Interest receipts from counterparties in reverse repos are recognised as interest income under net interest income. Outflows are measured either at fair value using the fair value option or at amortised cost.

Repurchase agreements and reverse repurchase agreements are initially measured at fair value less transaction costs and subsequently either at fair value using the fair value option or at amortised cost.

83.29. Collateral swaps

Collateral swaps consist of swaps of collateral between banks in the form of securities. In essence, collateral swaps are a form of securities lending whereby the Bank borrows relatively liquid securities from another bank in exchange for a pledge of less liquid securities. The securities borrowed by the Bank from the counterparty are not recognised and measured as financial assets in the Bank's financial statements, as the counterparty retains all risks and rewards connected with the ownership of the securities. The securities lent to the counterparty by the Bank continue to be recognised and measured as financial assets in the Bank's financial statements, as the Bank retains all risks and rewards connected with the ownership of the securities. The Bank pays a fee to the lender to compensate for the risk of holding less liquid collateral. The fee is recognised as interest expense in net interest income. Collateral swaps are initially measured at fair value.

83.30. Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder of a financial guarantee for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments by the Group to provide credit under pre-specified terms and conditions.

The Group has issued no loan commitments that are measured at FVTPL.

83.31. Contingent liabilities and provisions

The Group does not recognise contingent liabilities as liabilities in the statement of financial position, other than contingent liabilities which are assumed in a business combination and which have a fair value that can be measured reliably. A contingent consideration transferred by the Group in a business combination is recognised at its acquisition-date fair value. The Group classifies the obligation to pay contingent considerations as liability or equity and accounts for changes in fair value in accordance with applicable IFRSs.

Notes to the Consolidated Financial Statements

83. Material accounting policies (continued)

83.31. Contingent liabilities and provisions (continued)

Provisions for expenditures, such as those related to legal claims or restructuring, are recognised as incurred when (i) the Group has as a result of past events a present legal or constructive obligation to pay, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected for settling the obligation. A pre-tax rate is used which reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognised as interest expense.

83.32. Employee benefits

All Group entities have defined contribution plans under which the entities pay a fixed contribution to publicly or privately administered pension plans on a mandatory and contractual basis. The Group has no further employee pension obligations once these contributions have been paid. The contributions are recognised as an expense in the income statement as incurred and are included in salaries and related expenses. The Group does not provide any employee defined benefit pension plan.

83.33. Segment reporting

An operating segment is a business unit of the Group which generates revenues and incurs expenses, including revenues and expenses at an intersegmental level. Operating results of each segment are reviewed monthly by the chief operating decision maker, the Executive Board, which is responsible for allocating resources and assessing performance of the operating segments on the basis of available discrete financial information.

83.34. New standards, amendments and interpretations of standards

The International Accounting Standards Board (IASB) has issued new International Financial Reporting Standards, IFRS 18 and IFRS 19, which will take effect on 1 January 2027. The Board has also made amendments to standards that have not yet come into force. IFRS 18 addresses the presentation and disclosure in financial statements and will significantly impact the format of the consolidated financial statements. IFRS 19 concerns subsidiaries without public accountability. IFRS 19 and other amendments to standards are not expected to have a significant impact on the consolidated financial statements.

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84. Operations by years

Operations	2024	2023	2022	2021	2020
Interest income	166,534	150,848	102,009	66,594	66,498
Interest expense	(109,337)	(93,289)	(55,545)	(27,641)	(28,424)
Net interest income	**57,197**	**57,559**	**46,464**	**38,953**	**38,074**
Fee and commission income	17,354	15,977	15,343	13,121	10,819
Fee and commission expense	(5,949)	(4,824)	(4,720)	(3,638)	(3,181)
Net fee and commission income	**11,405**	**11,153**	**10,623**	**9,483**	**7,638**
Net gain (loss) on financial assets and liabilities at FVTPL	12,696	6,719	(7,963)	5,980	4,257
Net foreign exchange gain (loss)	616	560	100	(86)	(278)
Net impairment changes	(2,772)	(3,120)	2,473	7,037	(12,020)
Other income and (expenses)	561	977	1,556	963	582
Net other operating income and (expenses)	**11,101**	**5,136**	**(3,834)**	**13,894**	**(7,459)**
Total operating income	**79,703**	**73,848**	**53,253**	**62,330**	**38,253**
Salaries and related expenses	(16,534)	(15,866)	(14,474)	(14,759)	(14,767)
Other operating expenses	(10,202)	(10,092)	(9,289)	(9,105)	(9,064)
Tax on liabilities of financial institutions	(2,597)	(2,290)	(2,097)	(2,013)	(1,815)
Total operating expenses	**(29,333)**	**(28,248)**	**(25,860)**	**(25,877)**	**(25,646)**
Profit before tax	**50,370**	**45,600**	**27,393**	**36,453**	**12,607**
Income tax	(12,862)	(12,433)	(10,396)	(7,534)	(2,086)
Profit for the year	**37,508**	**33,167**	**16,997**	**28,919**	**10,521**
Attributable to:					
Owners of the Bank	37,508	33,167	16,997	28,919	10,521
Non-controlling interests	-	-	-	-	-

Balance sheet	2024	2023	2022	2021	2020
Cash and cash balances with Central Bank	129,981	75,350	42,216	82,425	67,604
Bonds and debt instruments	139,104	148,182	125,265	150,435	119,330
Equities and equity instruments	32,644	19,012	19,106	33,347	26,808
Loans and advances to financial institutions	39,346	54,101	28,621	47,231	48,073
Loans and advances to customers	1,807,437	1,630,894	1,544,360	1,387,463	1,273,426
Other assets	31,075	32,376	26,948	27,992	27,298
Assets classified as held for sale	2,172	861	508	905	1,638
Total assets	**2,181,759**	**1,960,776**	**1,787,024**	**1,729,798**	**1,564,177**
Due to financial institutions and Central Bank	11,989	29,968	6,634	10,425	48,725
Deposits from customers	1,228,444	1,048,537	967,863	900,098	793,427
Borrowings	529,150	513,687	476,864	486,042	420,178
Other liabilities	47,538	44,654	34,819	29,803	22,226
Subordinated liabilities	39,989	20,176	21,753	20,785	21,366
Equity	324,649	303,754	279,091	282,645	258,255
Total liabilities and equity	**2,181,759**	**1,960,776**	**1,787,024**	**1,729,798**	**1,564,177**

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85. Operations by quarters

	2024				2023			
Operations	**Q4***	**Q3**	**Q2**	**Q1**	**Q4***	**Q3**	**Q2**	**Q1**
Interest income	37,783	42,669	44,993	41,089	39,728	38,134	38,407	34,579
Interest expense	(24,676)	(27,714)	(30,241)	(26,706)	(24,945)	(22,893)	(23,938)	(21,513)
Net interest income	**13,107**	**14,955**	**14,752**	**14,383**	**14,783**	**15,241**	**14,469**	**13,066**
Fee and commission income	5,027	4,292	4,004	4,031	4,334	3,600	3,851	4,192
Fee and commission expense	(1,690)	(1,602)	(1,362)	(1,295)	(1,268)	(1,264)	(1,148)	(1,144)
Net fee and commission income	**3,337**	**2,690**	**2,642**	**2,736**	**3,066**	**2,336**	**2,703**	**3,048**
Net gain (loss) on financial assets and liabilities at FVTPL	5,194	1,767	2,783	2,952	4,468	(292)	(714)	3,257
Net foreign exchange (loss) gain	(27)	190	218	235	84	372	40	64
Net impairment changes	(754)	1,442	(746)	(2,714)	(1,281)	(248)	520	(2,111)
Other income and (expenses)	243	172	177	(31)	715	127	139	(4)
Net other operating income (expenses)	**4,656**	**3,571**	**2,432**	**442**	**3,986**	**(41)**	**(15)**	**1,206**
Total operating income	**21,100**	**21,216**	**19,826**	**17,561**	**21,835**	**17,536**	**17,157**	**17,320**
Salaries and related expenses	(4,529)	(3,582)	(4,190)	(4,233)	(4,332)	(3,221)	(4,194)	(4,119)
Other operating expenses	(2,633)	(2,492)	(2,491)	(2,586)	(2,979)	(2,388)	(2,370)	(2,355)
Tax on liabilities of financial institutions	(642)	(719)	(636)	(600)	(527)	(643)	(550)	(570)
Total operating expenses	**(7,804)**	**(6,793)**	**(7,317)**	**(7,419)**	**(7,838)**	**(6,252)**	**(7,114)**	**(7,044)**
Profit before tax	**13,296**	**14,423**	**12,509**	**10,142**	**13,997**	**11,284**	**10,043**	**10,276**
Income tax	(2,696)	(3,636)	(3,544)	(2,986)	(3,213)	(3,374)	(3,326)	(2,520)
Profit for the period	**10,600**	**10,787**	**8,965**	**7,156**	**10,784**	**7,910**	**6,717**	**7,756**

Balance sheet	**31.12.2024**	**30.9.2024**	**30.6.2024**	**31.3.2024**	**31.12.2023**	**30.9.2023**	**30.6.2023**	**31.3.2023**
Cash and cash balances with Central Bank	129,981	124,093	111,224	114,598	75,350	114,774	106,299	96,986
Bonds and debt instruments	139,104	138,175	140,235	119,496	148,182	131,605	116,515	117,798
Equities and equity instruments	32,644	24,162	22,815	22,543	19,012	15,785	15,504	17,561
Loans and advances to financial institutions	39,346	77,197	32,511	76,410	54,101	83,244	31,628	78,355
Loans and advances to customers	1,807,437	1,785,470	1,738,585	1,667,343	1,630,894	1,599,871	1,595,392	1,576,589
Other assets	31,075	35,183	28,357	30,846	32,376	36,793	30,542	29,199
Assets classified as held for sale	2,172	1,516	1,736	1,200	861	331	489	505
Total assets	**2,181,759**	**2,185,796**	**2,075,463**	**2,032,436**	**1,960,776**	**1,982,403**	**1,896,369**	**1,916,993**
Due to financial institutions and Central Bank	11,989	11,942	8,219	5,079	29,968	30,263	22,132	23,907
Deposits from customers	1,228,444	1,218,394	1,148,431	1,103,350	1,048,537	1,065,210	1,012,482	1,001,580
Borrowings	529,150	546,103	529,137	533,197	513,687	529,809	493,201	532,691
Other liabilities	47,538	58,123	50,051	44,732	44,654	44,195	48,796	46,532
Subordinated liabilities	39,989	37,185	36,363	35,250	20,176	19,955	34,698	33,940
Equity	324,649	314,049	303,262	310,828	303,754	292,971	285,060	278,343
Total liabilities and equity	**2,181,759**	**2,185,796**	**2,075,463**	**2,032,436**	**1,960,776**	**1,982,403**	**1,896,369**	**1,916,993**

*The result for the first three quarter of the year 2024 and for the first three quarters of the year 2023 were reviewed by the Group's independent auditors.

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86. Key figures and ratios

	2024	2023	2022	2021	2020
Return on equity after taxes	12.1%	11.6%	6.3%	10.8%	4.3%
Cost-income ratio	32.4%	33.7%	46.8%	43.2%	47.4%
Operating expenses as a ratio of average total assets	1.3%	1.4%	1.4%	1.4%	1.6%
Return on assets	1.8%	1.7%	1.0%	1.7%	0.7%
Interest spread as a ratio of average total assets	2.7%	3.0%	2.7%	2.3%	2.5%
Earnings per share	1.59	1.40	0.72	1.22	0.45
Total capital ratio	24.3%	23.6%	24.7%	26.6%	25.1%
CET1 ratio	21.5%	22.0%	22.9%	24.8%	23.2%
Leverage ratio	13.2%	13.6%	14.4%	14.9%	15.4%
Sum of MREL funds	38.2%	37.9%	40.4%		
Sum of Subordinated MREL funds	25.5%	23.6%			
Loans / deposits	147.1%	155.5%	159.6%	154.1%	160.5%
Deposits / total assets	56.3%	53.5%	54.2%	52.0%	50.7%
Liquidity coverage ratio total (LCR)	164%	181%	134%	179%	154%
Net stable funding ratio FX (NSFR)	143%	145%	132%	142%	132%
Average number of full-time equivalent positions during the year	811	849	843	890	921
Number of full-time equivalent positions at the year-end	822	817	813	816	878
Dividend per share	0.70	0.36	0.61	0.19	0.00

Key figures and ratios	Definition
Return on equity after taxes	Profit (loss) after taxes / average total equity
Cost-income ratio	(Total operating expenses - tax on liabilities of financial institutions) / (total net operating income - net valuation adjustments)
Operating expenses as a ratio of average total assets	(Total operating expenses - tax on liabilities of financial institutions) / average total assets
Return on assets	Profit (loss) for the year / average total assets
Interest spread as a ratio of average total assets	(Interest income - interest expenses) / average total assets
Earnings per share	Profit (loss) for the year attributable to owners of the Bank / Weighted average number of shares outstanding
Total capital ratio	Total capital base / risk-exposure amount
CET1 ratio	Common equity tier 1 capital (CET1) / Risk exposure amount
Common equity Tier 1 capital (CET1)	Total equity - adjustments according to CRR II
Additional common equity Tier 1 capital (AT1)	Capital instruments under Tier 1 other than (CET1)
Tier 1 capital (T1)	Common equity Tier 1 capital + additional common equity Tier 1 capital
Tier 2 capital (T2)	Subordinated liabilities - regulatory amortisation
Total capital base	CET1 + AT1 + T2
Leverage ratio	Tier 1 capital / (total assets + off balance sheet items)
Sum of MREL funds	Total capital base + eligible liabilities / Total risk-weighted exposure amount
Sum of MREL Subordinated funds	Total capital base + Eligible Senior Non-Preferred bonds / Total risk-weighted exposure amount
Loans/ deposits	Loans and advances to customers/ deposits from customers
Deposits / total assets	Deposits from customers/ total assets
Liquidity coverage ratio (LCR)	High quality liquid assets / total net liquidity outflows over 30 days under stressed conditions
Net stable funding ratio FX (NSFR)	Available amount of stable funding / required amount of stable funding
Average number of full-time equivalent positions during the year	The average number of full-time employees in work during the year
Number of full-time positions at end of the year	Number of full-time equivalent positions at end of the year
Dividend per share	Dividends paid / number of shares outstanding

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Appendices

Unaudited

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Corporate Governance Statement for 2024

30 January 2025

The governance structure of Landsbankinn forms the foundation for solid relations between shareholders, the Board of Directors, executives, employees, customers and other stakeholders and encourages objectivity, integrity, transparency and responsibility in the management of the Bank. Landsbankinn complies with recognised guidelines on corporate governance and publishes an annual statement on its governance practices in a dedicated chapter in its annual report.

1. References to the rules on corporate governance which the Bank complies with and is required to comply with by law and information about the accessibility of such rules are public information

According to the first paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings, the Board of Directors of Landsbankinn is responsible for ensuring that corporate governance and the Bank's internal organisation contribute to the efficient and prudent management of the Bank, segregation of duties and for preventing conflict of interest. The same Article provides that the Board review governance practices annually and take appropriate action as necessary.

According to the seventh paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings, Landsbankinn is required to comply with recognised guidelines on corporate governance and to publish a statement on the company's governance in a separate chapter in its annual financial statements or annual report. The Bank is also required to make information on its governance available on its website.

The Bank complies with the Guidelines on Corporate Governance (hereafter "the Guidelines"), published by the Iceland Chamber of Commerce, Nasdaq OMX Iceland and the Confederation of Icelandic Employers. The Guidelines, which took effect 1 July 2021 (6th ed.), are available on the website of the Iceland Chamber of Commerce, http://leidbeiningar.is.

This chapter of the annual report contains the corporate governance statement of Landsbankinn (hereafter “the Statement”) with content presented in accordance with the requirements set out in the Guidelines on Corporate Governance.

2. Deviations from the Guidelines

Landsbankinn complies with the provisions of the Guidelines with the exception of the provision for a committee dedicated to ensuring diversity among directors, executives and key managers. Details are provided in Section 5 of the Statement. As regards the provisions of the Guidelines about a Nomination Committee, it should be noted that a shareholders’ meeting has not appointed a Nomination Committee as nomination of all directors falls under the scope of Article 44 a of Act No. 123/2015, on Public Finances, previously Article 7 of Act No. 88/2009, on Icelandic State Financial Investments, which was repealed 1 January 2025. In accordance with the seventh paragraph of Article 53 of Act No. 161/2002, on Financial Undertakings, Landsbankinn has not appointed a Nomination Committee.

3. Other rules and guidelines that apply and are specific to the company's activities

Landsbankinn's activities are governed by the Act on Financial Undertakings, No. 161/2002, regulations adopted by the Minister, rules and guidelines of the Central Bank of Iceland, and various other statutory provisions concerning financial activity and financial markets. The Bank also bases its activities on the European Banking Authority's guidelines, including EBA's Guidelines on Internal Governance for financial undertakings (EBA/GL/2021/05), cf. Article 16 of Regulation (EC) No. 1093/2010, transposed into Icelandic law with Act No. 24/2017, on European Control Systems in the Financial Market. The Guidelines are available on the website of the Financial Supervisory Authority of the Central Bank of Iceland (https://www.fme.is/log-og-tilmaeli/ees-vidmidunarreglur/eba/nr/3909).

4. Main aspects of risk management and internal control

Effective risk management is one of the prerequisites of long-term profitability and stability in the Bank's operation. Risk management involves monitoring, identification, assessment and control of risks in the Bank's operation and ensuring that an effective system is in place to meet risk. Communication of information about risk as a foundation of decision-making and a key aspect of effective risk management.

Internal control supports the Bank in achieving its objectives as regards performance, risk appetite, reliable financial information and compliance with laws and regulations. Analysis of the efficacy of internal control is based on a review of control weaknesses, risk management, supervisory activity, information and communication and management supervision.

The Board of Directors approves the risk policy, risk appetite and implementation of risk management. The Board of Directors is responsible for ensuring that an effective internal control system is in place and for developing and implementing a sound risk management culture in the Bank.

Two sub-committees of the Board of Directors report to the Board in their advisory and supervisory capacity in risk governance and internal control, set out in detail in the rules of procedure for each sub-committee. The Risk Committee of the Board of Directors regularly discusses internal control and risk management. The Audit Committee regularly discusses the Bank's accounts and evaluates its internal control system.

A more detailed description of risk management within the Bank is provided in a risk report published to the Bank's website.[1]

Implementation of internal control is determined by the nature of the controls and the implementing party.

The first line of defence is provided by the operational management of business units who are responsible for ensuring that risk governance and internal control form in integral part of the Bank's daily operation. Management shall actively and regularly analyse and assess the risk posed to the operations under their purview. Management shall assess changes in the Bank's operating environment to identify any opportunities or risks to their unit, implement mitigating measures in processes, implement measures, monitor such measures and report on their effectiveness.

The second line of defence is the purview of Risk Management and Compliance, who carry out risk-based internal control in that managers and employees carry out their duties in accordance with the policies, rules and processes the Bank has adopted. These units, along with Legal Services, participate in shaping and implementing policies and methodologies in internal control based on the Bank's strategy.

1 https://www.landsbankinn.is/bankinn/fjarfestatengsl/skyrslur-og-uppgjor

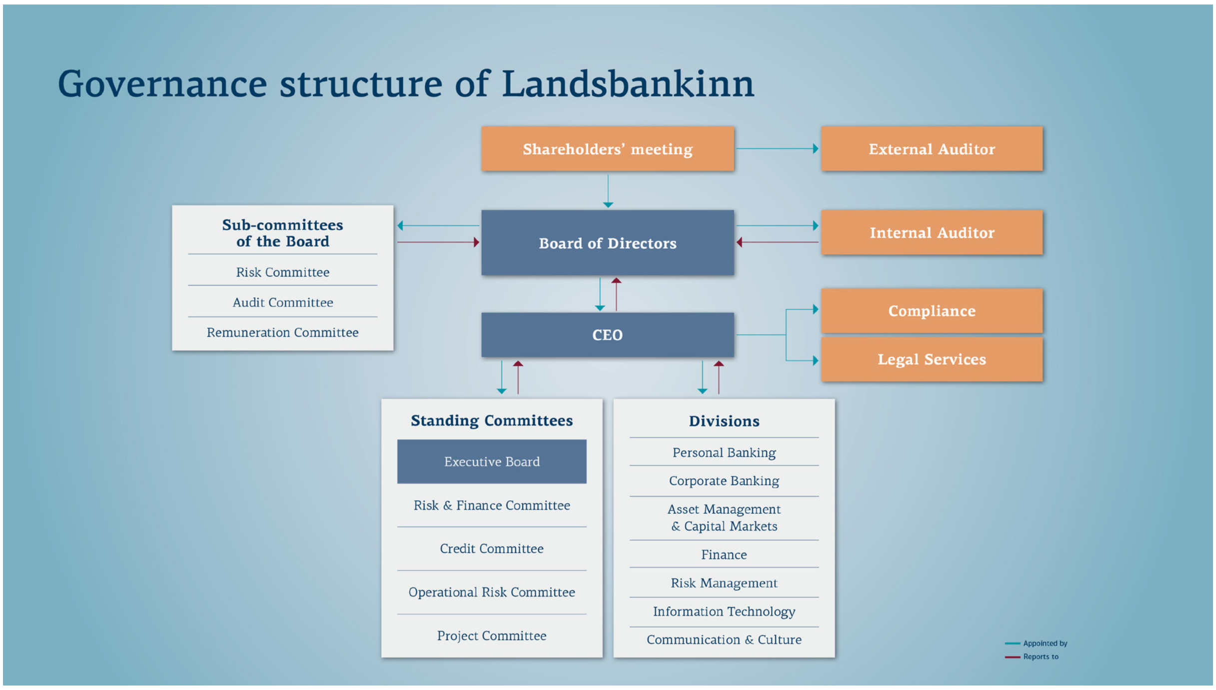
The third line of defence is Internal Audit which is an independent control unit. The role of Internal Audit is to provide independent and objective confirmation and advice which should be value-adding and improve the Bank's operations. Internal Audit shall in a regular and disciplined manner provide assurance of the effectiveness of the first and second line of defence, advise on areas for improvement and evaluate and enhance the efficacy of the Bank's risk management, control measures and governance.

5. Description of the company's policy on diversity among directors, executives and key managers

According to Act No. 88/2009, on Icelandic State Financial Investments, which was in effect in 2024, a dedicated three-person Nomination Committee nominated individuals to represent the State on the Board of Directors of Landsbankinn. The Nomination Committee worked in accordance with rules of procedure that included guidelines on the evaluation of the qualifications, education and experience of eligible individuals. These rules of procedure provided that the Committee should nominate individuals with a varied background as regards education and qualification. The Committee was also tasked with considering the overall make-up and to avoid a homogeneous composition of the boards of financial undertakings.

Act No. 129/2024, adopted by the Icelandic parliament Althingi 15 November 2024, repealed Act No. 88/2009, on Icelandic State Financial Investments, as of 1 January 2025. An amendment was made to Act No. 123/2015, on Public Finances, with the addition of a new Article, 44 a, which provides inter alia that the Minister shall appoint a three-person nomination committee, one or more, for a period of three years at a time, to submit to the Minister a proposal for individuals that could represent the State as directors of the boards of financial enterprises. The Article further states that rules of procedure for such committees and nominations will be set out in the State Ownership Policy, published by the Minister, cf. Article 44 of the Act.

As a result, Landsbankinn has not adopted a special policy to ensure diversity among Directors of the Board, the Executive Board or key managers with regard for age, gender or educational or professional background.



6. Composition and activities of the Board of Directors, sub-committees of the Board and the Executive Board

The Board of Directors consists of seven directors and two alternates. The Board of Directors is elected by the Annual General Meeting (AGM) and the term of office is one year. In electing Directors to the Board, the aim shall be to ensure a gender balance and that the Board as a whole possesses in-depth knowledge of banking activities. The Chairman of the Board is elected specifically by the AGM and the Directors elect a Vice-chairman from amongst their members. The Board of Directors of Landsbankinn holds ultimate authority on all questions between shareholders' meetings. The Board of Directors bears ultimate responsibility for the Bank's operation and strategy, its risk policy and for ensuring an active system of internal control. The Board of Directors is ultimately responsible for ensuring that the Bank's activities comply with laws, its Articles of Association and other rules relevant to the operation. The Board of Directors shall also monitor the Bank's general activities and ensure that control of accounting and financial management is satisfactory. The Board adopts its own rules of procedure, providing in detail for its tasks.

There are three sub-committees to the Board of Directors: The Audit Committee, the Risk Committee and the Remuneration Committee. Amongst other duties, the committees prepare the Board's discussion of certain aspects of the Bank's activities and follow up on related matters in accordance with their rules of procedure.

The Board of Directors hires the CEO and the Chief Audit Executive. The CEO hires other executives to the Bank. The Bank has 7 divisions: Personal Banking, Corporate Banking, Asset Management & Capital Markets, Risk Management, Finance, IT and the Communication & Culture. Each division is directed by a managing director who, together with the CEO, form the Bank's Executive Board. The heads of the CEO's Office, Legal Services and Compliance report directly to the CEO. The Internal Audit function reports to the Board of Directors.

Landsbankinn's Executive Board is a forum for consultation and decision-making by the CEO and managing directors. The Executive Board sees to strategy formulation and shall ensure that Landsbankinn's operations accord with current laws and rules at each time. In addition, the CEO has appointed four cross-disciplinary standing committees with the aim of ensuring collaboration and implementation of the Bank's strategy: The Credit Committee, the Risk & Finance Committee (RAFC), the Operational Risk Committee and the Project Committee. The committees have appointed work groups and teams around specific subjects.

7. Appointment to a Nomination Committee

In accordance with the seventh paragraph of Article 53 of Act No. 161/2002, on Financial Undertakings, Landsbankinn has not appointed a Nomination Committee as nomination of all directors falls under the scope of Article 44 a of Act No. 123/2015, on Public Finances, previously Article 7 of Act No. 88/2009, on Icelandic State Financial Investments, which was repealed 1 January 2025.

8. Appointment to the sub-committees of the Board of Directors

The Board of Directors appoints members to its sub-committees. The committees were organised as follows in 2024. The Audit Committee was comprised of three Directors and one outside party with expert knowledge of accounting and auditing. The Risk Committee and the Remuneration Committee were each comprised of three Directors. The Sustainability Committee was active from the beginning of the year and until the Annual General Meeting held on 19 April 2024 and was comprised of four Directors.

9. Information on the number of Board meetings, sub-committee meetings, and attendance

In 2024, the Board of Directors of Landsbankinn held a total of 28 meetings. The Audit Committee met 9 times; the Risk Committee 12 times; the Remuneration Committee 7 times; and the Sustainability Committee met 1 time. The table provides an overview of attendance.

Total number of meetings of the Board of Directors and sub-committees in 2024		Board of Directors	Audit Committee	Risk Committee	Remuneration Committee	Sustainability Committee
		28	9	12	7	1
Board of Directors until 19.04.2024	**Term of office**					
Helga Björk Eiríksdóttir, Chairman	01.01 - 19.04.	12			4	
Berglind Svavarsdóttir	01.01 - 19.04.	10		4		
Elín H. Jónsdóttir	01.01 - 19.04.	11		4		1
Guðbrandur Sigurðsson	01.01 - 19.04.	12		4		
Guðrún Blöndal	01.01 - 19.04.	12	3		4	1
Helgi Friðjón Arnarson	01.01 - 19.04.	12	3			1
Thorvaldur Jacobsen	01.01 - 19.04.	10	3		4	1
Board of Directors from 19.04-2024						
Jón Th. Sigurgeirsson, Chairman	19.04. - 31.12.	16			3	
Eva Halldórsdóttir	19.04. - 31.12.	14		8	3	
Kristján Th. Davíðsson	19.04. - 31.12.	16	6			
Rebekka Jóelsdóttir	19.04. - 31.12.	16	5		3	
Steinunn Thorsteinsdóttir	19.04. - 31.12.	16		8		
Thór Hauksson	19.04. - 31.12.	15		8		
Örn Guðmundsson	19.04. - 31.12.	16	6			
Alternates						
Sigríður Olgeirsdóttir, alternate	01.01 - 19.04.	1				
Sigurður Jón Björnsson, alternate	01.01. - 31.12.	6				
Stefanía Halldórsdóttir, alternate	19.04. - 31.12.	1				
Nomination of external party to the Audit Committee:						
Hjörleifur Pálsson	01.01. - 31.12.		9			

10. Rules of Procedure for the Board of Directors and its sub-committees

The Rules of Procedure for the Board of Directors are available on Landsbankinn's website.[2] Special procedural rules have been issued for the Audit Committee, the Risk Committee and the Remuneration Committee, and these rules are also available on the Bank's website.

2 https://www.landsbankinn.is/bankinn/um-bankann/stefna-og-skipulag/bankarad

11. Information about members of the Board of Directors

Members of the Board of Directors

Directors

Jón Thorvarður Sigurgeirsson (Chairman)

Jón Thorvarður Sigurgeirsson was born in 1962. Jón completed a cand.oecon. degree from the University of Iceland in 1986 and became a licensed securities broker in 1988. Jón began working at the Central Bank of Iceland in 1986. In 1994, he became Deputy Director and later Director of International Finance & Banking in the International Department in 2002-2006. He was Director of the Governor's Secretariat and the International Department in 2008-2019. Jón worked for the International Monetary Fund (IMF) in Washington DC for an eight-year period, six years thereof representing the Nordic and Baltic countries as alternate executive director on the IMF's Executive Board in 2006-2008 and 2019-2023. Jón was a member of the General Council of the Hellenic Financial Stability Fund (HFSF) in 2015-2019 and on the Board of Directors of the Icelandic Financial Supervisory Authority in 2009-2011. Jón chaired ESI, the Central Bank's Asset Management Company in 2012-2017 and was a member of the Government Task Force for the abolition of capital controls and resolution of the estates of the fallen Icelandic banks in 2014-2015. Jón was Economic Counselor to the Minister of Culture and Business Affairs 2023-2024. Jón has been on the Board of Directors of Harpa, Concert & Conference Centre, from 2023. Jón has participated in various domestic and international legislative bodies concerned with rule-setting, legislation and market activity on financial markets. Jón was elected to the Board of Directors in April 2024 and is Chairman of the Remuneration Committee.

Eva Halldórsdóttir, Vice-chairman

Eva Halldórsdóttir was born in 1979. She is Managing Director and a partner in law firm LLG Lögmenn. Eva completed the degree of cand. juris from the University of Iceland in 2004 and an LL.M. degree from Stanford University in 2014, majoring in corporate governance. Eva became a recognised District Court Attorney in 2005 and a High Court Attorney in 2023. She is also a certified securities broker. Eva came to work for LLG Lögmenn (previously Lögmenn Lækjargata) in 2014 and has been a partner with the firm since 2018. In 2004-2012, she worked as a lawyer and later Head of the insurance division of Okkar líftryggingar. She chairs the Complaints Committee of Seamen and Vessel Operators, is a member of the Appeals Committee of University Students and a part-time lecturer at Bifröst University. Eva has held various executive and confidentiality positions. She has been a director of the boards of Kría Iceland Venture Initiative, Glymur, TM tryggingar, TM líftryggingar and Raufarhólshellir Lava Tunnel. She is currently a Director of the Board of Lögmannafélag Íslands and has held confidentiality positions with football club Knattspyrnufélagið Valur and the Football Association of Iceland (KSÍ). Eva was elected to the Board of Directors in April 2024.

Kristján Th. Davíðsson

Kristján Th. Davíðsson was born in 1960. He is owner and Director of Viðskiptathróun, a consultancy firm in seafood and fisheries in Iceland and internationally. Kristján completed a master's degree in fisheries science from the Arctic University of Norway in 1987 and is a Master Mariner from the Icelandic College of Navigation since 1980. Kristján was Managing Director of the Landssamband fiskeldisstöðva 2017-2018, Managing Director of the Resolution Committee of Glitnir 2008-2009 and Head of the Fisheries Team and Managing Director of Corporate Banking at Glitnir 2001-2003 and 2005-2008. In 2003-2005, Kristján was CEO/Deputy CEO of HB Grandi and Sales Manager at Marel 1994-2000. Kristján has been on the boards of numerous companies for several years and is Chairman of the Board of Brim, and a director of the boards of the Marine Stewardship Council, SOS Barnathorpin, Snerpa, ISDER and Kampar. He has previously been a director of the boards of various other companies, including Landsbankinn in 2011-2015, Valka, Olivita, Vaka, Corporacion Pesquera Inca, Salar Islandica, Almenni lífeyrissjóðurinn, Sjótækni, Pólar toghleri and First Water. He has been Honorary Consul of Brazil in Iceland since 2011 and held various confidentiality positions in the seafood and fisheries sector. Kristján was elected to the Board of Directors in April 2024.

Rebekka Jóelsdóttir

Rebekka Jóelsdóttir was born in 1981. She is CFO and Deputy CEO of Míla. Rebekka completed a degree in business administration in 2005 and an MFC in Corporate Finance from Reykjavík University in 2015 She is a licensed securities broker since 2006. In 2018-2023, Rebekka worked as Head of Economic Research at Marel and in 2014-2018, she was Portfolio Manager at Framtakssjóður Íslands. Rebekka previously worked in corporate finance and restructuring at Arion Bank and as a securities broker and in various other capacities with savings bank SPRON. Rebekka has served on the boards of various companies in connection with her work for Framtakssjóður Íslands, most notably Icelandic Group and linked entities. She was on the boards of Landsel and Sementsverksmiðjan in connection with her work for Arion Bank. Rebekka was elected to the Board of Directors in April 2024.

Steinunn Thorsteinsdóttir

Steinunn Thorsteinsdóttir was born in 1976. She is the owner of Auðsýn and works as an independent consultant. Steinunn completed a degree in mechanical and industrial engineering from the University of Iceland in 2002 and holds a master's degree in industrial engineering from Chalmers University of Technology 2006 She is also a licensed securities broker. Steinunn worked at Mannvit 2018-2023, mostly as Manager of Internal Service, responsible for such matters as sustainability, human resources, quality control and innovation. In 2016-2018, Steinunn worked for Össur as Project Manager on international projects. Steinunn worked for Íslandsbanki 2007-2016, managing such projects as financial restructuring of the bank. She was Quality Manager at Íslandsbanki 2012-2016 and previously Project Manager in the bank's risk management unit. Steinunn was elected to the Board of Directors in April 2024 and is Chairman of the Risk Committee.

Thór Hauksson

Thór Hauksson was born in 1972. Thór completed a BA in political science from the University of Iceland in 1995 and an MA in political science and European economics from the University of Hull in 1998. He was awarded an MBA with a focus on finance from Reykjavík University 2007 and is a licensed securities broker. Thór was Managing Director of seafood processor Von 2019-2023, Head of Corporate Finance at Deloitte 2014-2019, Managing Director of Burðarás 2013-2014 and worked for Framtakssjóður Íslands 2010-2013. Previously, Thór worked for Skipti, Straumur Investment Bank and Kaupthing. He has been a director of the boards of various companies, including Valitor, Vodafone, Advania, N1, Icelandic Group, Húsasmiðjan, Vestia, Invent Farma and others. Thór chaired a working committee on the division of the Housing Financing Fund and later chaired the Investment Board of ÍL sjóður. Thór was elected to the Board of Directors in April 2024.

Örn Guðmundsson

Örn Guðmundsson was born in 1972. He was CEO of COWI Ísland (previously Mannvit) 2018-2024 and has extensive professional experience in the financial market. Örn completed a cand.oceon. from the University of Iceland in 1996 and an MSc in international business administration from Copenhagen Business School in 1998. Örn was CFO of Mannvit 2015-2018 and worked for the Resolution Committee of Kaupthing for several years, including as Assistant Managing Director. Örn has served on the boards of several companies both in Iceland and abroad, including the boards of Skjárinn, Klakki and Skipti. Örn was elected to the Board of Directors in April 2024 and is Chairman of the Audit Committee.

Alternates

Stefanía Guðrún Halldórsdóttir

Alternate

Stefanía Guðrún Halldórsdóttir was born in 1973. She is CEO of game developer Avalanche Studios Group in Sweden since 2023. Stefanía completed a BSc in geography in 2000 and an MSc in environmental studies from the University of Iceland in 2005. She worked for CCP Games in 2010-2017, both in Iceland and Shanghai, and was most recently Managing Director of CCP in Iceland in 2016-2017. In 2018-2020, Stefanía was Managing Director of Markets & Business Development at Landsvirkjun. She was Managing Director at Eyrir Venture Management in 2020-2023 and Fund Manager of private equity find Eyrir Vöxtur. Stefanía held a seat on several councils and committees during her work for Landsvirkun, including in the field of energy security, the energy transition and development of an energy strategy for Iceland. She was also appointed to government committees and groups, such as the project management group for measures related to the fourth industrial revolution by the Prime Minister and the Iceland Export Council by the Minister of Foreign Affairs. She has served on the boards of various companies in her field and is currently on the Board of Trustees at Reykjavík University. In the past six years, Stefanía has led the official language technology programme for Icelandic, Almannarómur, the aim of which is to guide Icelandic into the digital future. Stefanía was elected as alternate to the Board of Directors in April 2024.

Sigurður Jón Björnsson

Alternate

Sigurður Jón Björnsson was born in 1966. He completed a cand.oecon. degree from the School of Accounting and Finance at the University of Iceland in 1994 and became a licensed securities broker in 2009. Following graduation, he worked as assistant sales manager for Íslensk Ameríska in 1995-1997. He worked as head of finance, deputy managing director and analyst in investment banking at Framtak Fjárfestingarbanki in 1997-2003. He headed up the financial administration department of Air Atlanta in 2003-3006 and was CFO and deputy managing director of financial administration at Norðurál in 2006-2007. He worked as a corporate consultant at Capacent in 2007 and later became a partner at securities house Capacent Fjárfestingarráðgjöf, later Centra Fyrirtækjaráðgjöf. Alongside his consultancy role, Sigurður served as Compliance Officer for the securities house. Sigurður was CFO of the Housing Financing Fund in 2011-2017 and was, among other things, responsible for risk management at the fund in 2011-2015. Sigurður chaired the Board of tech company Betware in Iceland from the company's establishment in 1998 and until it was sold to international parties in 2014. He has also served on the boards of companies Stoðir, Íslandsflug, Landsafl, IMSI and SPC Holding. Sigurður was elected as alternate to the Board of Directors in April 2019.

Committee members who are not Directors of the Board

Hjörleifur Pálsson

Member of the Audit Committee of the Board of Directors

Hjörleifur Pálsson was born in 1963. Hjörleifur completed a cand.ocean. degree from the University of Iceland in 1988. He became a certified public accountant in 1989 and worked as such until 2001. He was VP of Finance at Össur 2001-2013. Since 2013, Hjörleifur has sat on the boards of various companies and invested in and supported innovation and start-ups. He is currently a Director of the Board of international biotech company Alvotech, listed in the US and Iceland, a Director of the Board of Ankra (Feel Iceland), on the Board of Directors and Chairman of the Remuneration Committee of Festi, on the Board of Directors of Brunnur vaxtarsjóður and Brandr Global. Hjörleifur chairs the Audit Committee of Harpa Concert Hall & Conference Centre. Hjörleifur chaired the Board of

Directors and the Board of Trustees at Reykjavík University for a period of several years, is a former Chairman of the Board of Directors of Sýn, and was a Director of the Board, Chairman of the Audit Committee and a member of the Remuneration Committee of international company Lotus Pharmaceutical & Co. He became a member of the Audit Committee of the Board of Directors in May 2019.

12. Information on the independence of Directors of the company and of major shareholders

Regular and alternate members of the Board of Directors do not hold shares in Landsbankinn, neither directly nor indirectly through related parties. Regular and alternate members of the Board of Directors are independent of Landsbankinn and of major shareholders. They have no connected interests with the Bank's main customers or competitors, other than those mentioned in Section 11, or large shareholders in the Bank.

13. Key aspects of the performance assessment of the Board of Directors

The Board of Directors underwent a performance evaluation in December 2024 and January 2025. The activities and work of the Board of Directors in 2024 were evaluated. Also up for evaluation was information disclosure, strategy development and future vision, the performance of Directors, exchange of opinions, the work of sub-committees of the Board and the performance of the Chairman.

14. Information on the CEO and description of her main responsibilities

Lilja Björk Einarsdóttir took up the position of CEO of Landsbankinn on 15 March 2017.

Lilja graduated as a mechanical and industrial engineer from the University of Iceland in 1998 and achieved an MSc. in financial engineering from the University of Michigan, Ann Arbor, in 2003. In 2008-2016, Lilja directed the operation, asset management and recovery of assets of old Landsbanki Íslands, LBI ehf., in London. She was an independent consultant and director as of 2016 and until she was hired as CEO of Landsbankinn. In 2005-2008, she worked as a specialist and later Managing Director at Landsbanki Íslands hf. in London, responsible for the daily operation and development of support functions, amongst other things. Lilja previously worked for consulting firm Marsh & McLennan from 2003-2005 for such clients as the Ford Motor Company, as an expert in planning and creating risk models for the insurance and treasury departments. Lilja sits on the board of directors of the Icelandic Financial Services Association (SFF), the board of the Confederation of Icelandic Employers and the board of the Iceland Chamber of Commerce.

Lilja does not hold shares in the Bank and has no connected interests with its main customers, competitors or large shareholders.

The Bank's CEO shall be responsible for the Bank's day-to-day operation and shall be authorised to take decisions on all questions not entrusted to others by law, the Bank's Articles of Association or decisions by the Board of Directors. Day-to-day operation does not include extraordinary actions or actions of major significance. Such actions can only be taken by special authorisation from the Board of Directors. The CEO shall ensure that the Bank's operation complies with laws, regulations and the Articles of Associations, and with Board decisions. She shall ensure that the Bank's accounting complies with law and good business practice and that handling of the Bank's assets is secure. The Bank's CEO serves as spokesperson for the Bank on all business and administrative issues.

15. Disclosure of violations against laws and regulations as received from supervisory or adjudicating entities

No remarks were received from supervisory entities in 2024 concerning violations of laws or regulations leading to penalties.

Information about main legal proceedings involving Landsbankinn is included in the notes to the consolidated financial statements.

16. Organisation of communication between shareholders and the Board of Directors

At year-end 2024, shareholders in Landsbankinn numbered 819. The Board of Directors communicates with shareholders in accordance with law, the Bank's Articles of Association and the Board's Rules of Procedure. The Chairman of the Board directs its communications with shareholders. Members of the Board of Directors shall, in their duties and decision-making, safeguard the interests of the Bank and shareholders in accordance with the provisions of Act No. 2/1995, on Public Limited-liability Companies, Act No. 161/2002, on Financial Undertakings, and other rules and guidelines about the Bank's activities.

This Corporate Governance Statement was reviewed and approved by the Board of Directors of Landsbankinn hf. on 16 January 2025.

Green asset ratio

30 January 2025

Disclosure of green asset ratio

Landsbankinn is now publishing, for the second time, information on its green asset ratio (GAR) in accordance with EU Regulation 2020/852, hereinafter referred to as the Taxonomy. This report is part of the enhanced sustainability disclosure requirements based on Act No. 25/2023, which implemented the Taxonomy in Iceland. The information is presented using templates specified in Delegated Regulation 2021/2178, which defines the content and format of disclosures regarding environmentally sustainable economic activities and outlines the methodology for compliance with these disclosure obligations. The templates have been updated in accordance with Delegated Regulation 2023/2486 and Delegated Regulation 2022/1214. The aforementioned regulations were implemented in Iceland through Regulation No. 10/2024 on the taxonomy for sustainable investments. The data in these templates pertains to the first two environmental objectives: climate change adaptation (CCA) and climate change mitigation (CMM). As the regulation implementing the remaining four environmental objectives under the Taxonomy only came into effect on 1 January of this year, the Bank will not disclose information on those objectives for the previous year, as such data is not yet available from companies. It should be noted that the templates are based on updated versions published in Regulation 2023/2486 and Regulation 2022/2014.

The assessment and calculation of the GAR are based on data from companies classified as large entities and public interest entities, as defined by the Act on Financial Statements. Since the annual financial statements of these entities are typically not yet published at the time the Bank prepares and releases its own financial statement, the results are based on 2023 data, the first year in which companies reported under the Taxonomy.

Over the past year, the Bank has worked diligently to collect data, with an emphasis on data quality, but there is still progress to be made in terms of data presentation and the provision of information from companies. As companies' knowledge and experience in collecting and presenting data improves, better comparison of the data will become possible. Work processes have been implemented for disclosure and assessment of sustainability and sustainability risk when granting significant loans to entities subject to disclosure requirements under the Act on Financial Statements.

The GAR includes, in both the numerator and denominator, loans and credit facilities, debt instruments and equity instruments that are not intended for trading but qualify as green assets. The presentation of information is divided into financial market entities, non-financial market entities, households, municipalities (for specific financing purposes).

For household loans, mortgages and vehicle loans may be included in the GAR calculation. Since the EU regulations specifying the eligibility criteria for real estate and vehicle classification under the Taxonomy have not yet been implemented in Iceland, these assets are not considered environmentally sustainable. Similarly, none of the Bank's products meet the criteria to be classified as renovation loans under the Taxonomy.

Assets other than those listed above cannot increase the GAR but are included in the denominator of the calculation, including small and medium-sized enterprises (SMEs), non-EU entities, interbank loans, cash holdings and other asset categories.

Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets[1]	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	926.6	0.05%	0.11%	86.91	30.31	13.09

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	203.8	0.03%	0.10%	82.86	33.20	17.14
	Trading book*						
	Financial guarantees	14.4	0.05%	0.12%			
	Assets under management	5,547.1	0.88%	0.79%			
	Fees and commissions income**						

1 Total environmentally sustainable assets used for KPI***** stock amounts to ISK 2,114 million.

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

**Fees and commissions income from services other than lending and AuM

*** % of assets covered by the KPI over banks´ total assets

****based on the Turnover KPI of the counterparty

*****based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

1. Assets for the calculation of GAR based on turnover

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2024				
			Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,240,923.8	892,866.7	926.6	0.0	14.3	612.3
2	**Financial undertakings**	**21,149.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	318.6	0.0	0.0	0.0	0.0	0.0
4	Loans and advances						
5	Debt securities, including UoP	97.8					
6	Equity instruments	220.8					
7	Other financial corporations	20,831.0					
8	of which investment firms	1,020.9	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	1,020.9					
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings	39.4	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	0.0					
18	Debt securities, including UoP						
19	Equity instruments	39.4					
20	**Non-financial undertakings**	**331,156.3**	**80,071.2**	**926.6**	**0.0**	**14.3**	**612.3**
21	Loans and advances	329,399.6	79,702.3	885.4		14.3	612.3
22	Debt securities, including UoP	103.2	41.7	41.2			
23	Equity instruments	1,653.6	327.2				
24	**Households**	888,539.5	812,795.5				
25	of which loans collateralised by residential immovable property	**804,361.2**	**804,361.2**				
26	of which building renovation loans						
27	of which motor vehicle loans	8,434.3	8,434.3				
28	**Local governments financing**	0.0	0.0	0.0	0.0	0.0	0.0
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	78.4					

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2024				
			Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**664,593.1**					
33	**Financial and Non-financial undertakings**	**580,592.3**					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	565,307.8					
35	Loans and advances	**558,158.2**					
36	of which loans collateralised by commercial immovable property	216,397.3					
37	of which building renovation loans						
38	Debt securities	1,266.2					
39	Equity instruments	5,883.4					
40	Non-EU country counterparties not subject to NFRD disclosure obligations	15,284.5					
41	Loans and advances	14,989.3					
42	Debt securities						
43	Equity instruments	295.2					
44	**Derivatives**	8,259.6					
45	**On demand interbank loans**	39,345.6					
46	**Cash and cash-related assets**	11,487.0					
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	24,908.6					
48	**Total GAR assets**	1,905,516.9	892,866.7	926.6	0.0	14.3	612.3
49	**Assets not covered for GAR calculation**	286,892.8					
50	**Central governments and Supranational issuers**	130,174.9					
51	**Central banks exposure**	118,494.0					
52	**Trading book**	38,223.9					
53	**Total assets**	**2,192,409.7**	**892,866.7**	**926.6**	**0.0**	**14.3**	**612.3**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations							
54	Financial guarantees	27,817.3	2,122.0	14.4		0.2	13.5
55	Assets under management	631,585.9	32,520.9	5,547.1			296.4
56	Of which debt securities	121,876.2	10,852.9	5,481.7			232.7
57	Of which equity instruments	86,963.0	21,668.0	65.4			63.7

	Million ISK	Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.0	0.0	0.0	0.0
2	**Financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	0.0	0.0	0.0	0.0
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms	0.0	0.0	0.0	0.0
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies	0.0	0.0	0.0	0.0
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings	0.0	0.0	0.0	0.0
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	0.0	0.0	0.0	0.0
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				

Million ISK		Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**				
33	**Financial and Non-financial undertakings**				
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35	Loans and advances				
36	of which loans collateralised by commercial immovable property				
37	of which building renovation loans				
38	Debt securities				
39	Equity instruments				
40	Non-EU country counterparties not subject to NFRD disclosure obligations				
41	Loans and advances				
42	Debt securities				
43	Equity instruments				
44	**Derivatives**				
45	**On demand interbank loans**				
46	**Cash and cash-related assets**				
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**				
48	**Total GAR assets**	0.0	0.0	0.0	0.0
49	**Assets not covered for GAR calculation**				
50	**Central governments and Supranational issuers**				
51	**Central banks exposure**				
52	**Trading book**				
53	**Total assets**	**0.0**	**0.0**	**0.0**	**0.0**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations					
54	Financial guarantees				
55	Assets under management				
56	Of which debt securities				
57	Of which equity instruments				

	Million ISK	Disclosure reference date 31.12.2024				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount		Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	892,866.7	926.6	0.0	14.3	612.3
2	**Financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	0.0	0.0	0.0	0.0	0.0
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms	0.0	0.0	0.0	0.0	0.0
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies	0.0	0.0	0.0	0.0	0.0
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings	0.0	0.0	0.0	0.0	0.0
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**80,071.2**	**926.6**	**0.0**	**14.3**	**612.3**
21	Loans and advances	79,702.3	885.4		14.3	612.3
22	Debt securities, including UoP	41.7	41.2			
23	Equity instruments	327.2				
24	**Households**	812,795.5				
25	of which loans collateralised by residential immovable property	**804,361.2**				
26	of which building renovation loans					
27	of which motor vehicle loans	8,434.3				
28	**Local governments financing**	0.0	0.0	0.0	0.0	0.0
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					

	Million ISK	Disclosure reference date 31.12.2024				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount		Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations					
35	Loans and advances					
36	of which loans collateralised by commercial immovable property					
37	of which building renovation loans					
38	Debt securities					
39	Equity instruments					
40	Non-EU country counterparties not subject to NFRD disclosure obligations					
41	Loans and advances					
42	Debt securities					
43	Equity instruments					
44	**Derivatives**					
45	**On demand interbank loans**					
46	**Cash and cash-related assets**					
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**					
48	**Total GAR assets**	892,866.7	926.6	0.0	14.3	612.3
49	**Assets not covered for GAR calculation**					
50	**Central governments and Supranational issuers**					
51	**Central banks exposure**					
52	**Trading book**					
53	**Total assets**	**892,866.7**	**926.6**	**0.0**	**14.3**	**612.3**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees	2,122.0	14.4		0.2	13.5
55	Assets under management	32,520.9	5,547.1			296.4
56	Of which debt securities	10,852.9	5,481.7			232.7
57	Of which equity instruments	21,668.0	65.4			63.7

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2023				
			Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,099,859.4	803,817.3	1,208.5	0.0	11.1	515.2
2	**Financial undertakings**	**11,856.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	177.0	0.0	0.0	0.0	0.0	0.0
4	Loans and advances						
5	Debt securities, including UoP	95.5					
6	Equity instruments	81.5					
7	Other financial corporations	11,679.1					
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings	19.8	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	0.1					
18	Debt securities, including UoP						
19	Equity instruments	19.7					
20	**Non-financial undertakings**	**266,269.8**	**66,696.7**	**1,208.5**	**0.0**	**11.1**	**515.2**
21	Loans and advances	265,978.3	66,590.3	1,189.2		11.1	515.1
22	Debt securities, including UoP	51.4	19.5	19.3			
23	Equity instruments	240.1	86.9	0.1			0.1
24	**Households**	821,533.2	737,109.2				
25	of which loans collateralised by residential immovable property	**732,230.7**	**732,230.7**				
26	of which building renovation loans						
27	of which motor vehicle loans	4,878.4	4,878.4				
28	**Local governments financing**	0.0	0.0	0.0	0.0	0.0	0.0
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	200.3	11.5				

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2023				
			Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**634,540.6**					
33	**Financial and Non-financial undertakings**						
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations						
35	Loans and advances						
36	of which loans collateralised by commercial immovable property						
37	of which building renovation loans						
38	Debt securities						
39	Equity instruments						
40	Non-EU country counterparties not subject to NFRD disclosure obligations						
41	Loans and advances						
42	Debt securities						
43	Equity instruments						
44	**Derivatives**						
45	**On demand interbank loans**						
46	**Cash and cash-related assets**						
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**						
48	**Total GAR assets**	1,734,400.0	803,817.3	1,208.5	0.0	11.1	515.2
49	**Assets not covered for GAR calculation**						
50	**Central governments and Supranational issuers**						
51	**Central banks exposure**						
52	**Trading book**						
53	**Total assets**	**1,968,397.0**	**803,817.3**	**1,208.5**	**0.0**	**11.1**	**515.2**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations							
54	Financial guarantees	27,447.5	1,788.9	36.9			13.4
55	Assets under management	511,214.2	28,854.5	1,753.5			271.2
56	Of which debt securities	115,201.0	12,023.8	1,721.2			239.9
57	Of which equity instruments	80,754.5	16,830.7	32.2			31.3

Million ISK		Disclosure reference date 31.12.2023			
		Climate Change Adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.0	0.0	0.0	0.0
2	**Financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	0.0	0.0	0.0	0.0
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms	0.0	0.0	0.0	0.0
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies	0.0	0.0	0.0	0.0
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings	0.0	0.0	0.0	0.0
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	0.0	0.0	0.0	0.0
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				

Million ISK		Disclosure reference date 31.12.2023			
		Climate Change Adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**				
33	**Financial and Non-financial undertakings**				
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35	Loans and advances				
36	of which loans collateralised by commercial immovable property				
37	of which building renovation loans				
38	Debt securities				
39	Equity instruments				
40	Non-EU country counterparties not subject to NFRD disclosure obligations				
41	Loans and advances				
42	Debt securities				
43	Equity instruments				
44	**Derivatives**				
45	**On demand interbank loans**				
46	**Cash and cash-related assets**				
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**				
48	**Total GAR assets**	0.0	0.0	0.0	0.0
49	**Assets not covered for GAR calculation**				
50	**Central governments and Supranational issuers**				
51	**Central banks exposure**				
52	**Trading book**				
53	**Total assets**	**0.0**	**0.0**	**0.0**	**0.0**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations					
54	Financial guarantees				
55	Assets under management				
56	Of which debt securities				
57	Of which equity instruments				

	Million ISK	Disclosure reference date 31.12.2023				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	803,817.3	1,208.5	0.0	11.1	515.2
2	**Financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	0.0	0.0	0.0	0.0	0.0
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms	0.0	0.0	0.0	0.0	0.0
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies	0.0	0.0	0.0	0.0	0.0
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings	0.0	0.0	0.0	0.0	0.0
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**66,696.7**	**1,208.5**	**0.0**	**11.1**	**515.2**
21	Loans and advances	66,590.3	1,189.2		11.1	515.1
22	Debt securities, including UoP	19.5	19.3			
23	Equity instruments	86.9	0.1			0.1
24	**Households**	737,109.2				
25	of which loans collateralised by residential immovable property	**732,230.7**				
26	of which building renovation loans					
27	of which motor vehicle loans	4,878.4				
28	**Local governments financing**	0.0	0.0	0.0	0.0	0.0
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	11.5				

Million ISK		Disclosure reference date 31.12.2023				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations					
35	Loans and advances					
36	of which loans collateralised by commercial immovable property					
37	of which building renovation loans					
38	Debt securities					
39	Equity instruments					
40	Non-EU country counterparties not subject to NFRD disclosure obligations					
41	Loans and advances					
42	Debt securities					
43	Equity instruments					
44	**Derivatives**					
45	**On demand interbank loans**					
46	**Cash and cash-related assets**					
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**					
48	**Total GAR assets**	803,817.3	1,208.5	0.0	11.1	515.2
49	**Assets not covered for GAR calculation**					
50	**Central governments and Supranational issuers**					
51	**Central banks exposure**					
52	**Trading book**					
53	**Total assets**	**803,817.3**	**1,208.5**	**0.0**	**11.1**	**515.2**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees	1,788.9	36.9			13.4
55	Assets under management	28,854.5	1,753.5			271.2
56	Of which debt securities	12,023.8	1,721.2			239.9
57	Of which equity instruments	16,830.7	32.2			31.3

2. GAR sector information based on turnover

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)
1	03.11 - Marine fishing	38,032.8			
2	03.21 - Marine aquaculture	4,818.3			
3	10.13 - Production of meat and poultry meat products	576.3			
4	10.20 - Processing and preserving of fish, crustaceans and molluscs	74,020.5	8.3		
5	10.51 - Operation of dairies and cheese making	504.2			
6	10.86 - Manufacture of homogenised food preparations and dietetic food	4,296.2			
7	11.07 - Manufacture of soft drinks; production of mineral waters and other bottled waters	11.9			
8	13.94 - Manufacture of cordage, rope, twine and netting	0.0			
9	21.20 - Manufacture of pharmaceutical preparations	4,721.6			
10	22.29 - Manufacture of other plastic products	10,792.6			
11	24.10 - Manufacture of basic iron and steel and of ferro-alloys	2.0			
12	24.42 - Aluminium production	4,729.3			
13	28.93 - Manufacture of machinery for food, beverage and tobacco processing	45.1			
14	33.12 - Repair of machinery	1,843.8			
15	33.15 - Repair and maintenance of ships and boats	209.7			
16	35.11 - Production of electricity	9.1	9.1		
17	35.12 - Transmission of electricity	3.9	3.8		
18	35.13 - Distribution of electricity	2.2			
19	35.14 - Trade of electricity	0.4			
20	35.30 - Steam and air conditioning supply	1,472.9	265.7		
21	41.20 - Construction of residential and non-residential buildings	3,675.3			
22	45.11 - Sale of cars and light motor vehicles	6,394.3			
23	46.17 - Agents involved in the sale of food, beverages and tobacco	314.3			
24	46.39 - Non-specialised wholesale of food, beverages and tobacco	1,834.8			
25	46.46 - Wholesale of pharmaceutical goods	1,316.8			
26	46.69 - Wholesale of other machinery and equipment	4,663.5			
27	46.71 - Wholesale of solid, liquid and gaseous fuels and related products	2,908.7			
28	46.90 - Non-specialised wholesale trade	889.3			

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)
29	47.11 - Retail sale in non-specialised stores with food, beverages or to-bacco predominating	1,369.0	0.0		
30	47.19 - Other retail sale in non-specialised stores	22,648.0	624.2		
31	47.30 - Retail sale of automotive fuel in specialised stores	0.8	0.0		
32	47.5 - Retail sale of other household equipment in specialised stores	0.6			
33	47.52 - Retail sale of hardware, paints and glass in specialised stores	595.2			
34	47.54 - Retail sale of electrical house-hold appliances in specialised stores	2.7	0.1		
35	47.59 - Retail sale of furniture, lig-hting equipment and other household articles in specialised stores	0.8			
36	47.71 - Retail sale of clothing in specialised stores	1,829.8			
37	47.73 - Dispensing chemist in specialised stores	966.0			
38	47.91 - Retail sale via mail order houses or via internet	3.0			
39	49.39 - Other passenger land tran-sport n.e.c.	2,156.2			
40	50.20 - Sea and coastal freight water transport	7,349.0			
41	51.10 - Passenger air transport	3,415.4			
42	52.23 - Service activities incidental to air transportation	3,593.0			
43	52.29 - Other transportation support activities	0.0			
44	53.10 - Postal activities under uni-versal service obligation	983.8	14.3		
45	55.10 - Hotels and similar accom-modation	319.3			
46	60.10 - Radio broadcasting	479.2			
47	61.10 - Wired telecommunications activities	2,845.3			
48	61.20 - Wireless telecommunications activities	8,434.8			
49	62.01 - Computer programming activi-ties	5.2			
50	62.02 - Computer consultancy activi-ties	8.7			
51	62.09 - Other information technology and computer service activities	716.0			
52	63.1 - Data processing, hosting and related activities; web portals	2,434.8			
53	63.11 - Data processing, hosting and related activities	6.5			
54	68.10 - Buying and selling of own real estate	799.1			
55	68.20 - Renting and operating of own or leased real estate	66,593.9	1.2		
56	71.12 - Engineering activities and related technical consultancy	3.4			

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)
57	72.11 - Research and experimental development on biotechnology	2.0			
58	72.19 - Other research and experi-mental development on natural sciences and engineering	2.4			
59	74.10 - Specialised design activities	0.0			
60	74.9 - Other professional, scientific and technical activities n.e.c.	1,601.4			
61	77.11 - Renting and leasing of cars and light motor vehicles	13,796.7			
62	79.11 - Travel agency activities	744.5			
63	79.12 - Tour operator activities	16,886.6			
64	80.20 - Security systems service activities	1,697.1			
65	81.21 - General cleaning of buildings	750.3			
66	N/A - Not applicable	26.2			

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (CCA)
1	03.11 - Marine fishing				
2	03.21 - Marine aquaculture				
3	10.13 - Production of meat and poultry meat products				
4	10.20 - Processing and preserving of fish, crustaceans and molluscs				
5	10.51 - Operation of dairies and cheese making				
6	10.86 - Manufacture of homogenised food preparations and dietetic food				
7	11.07 - Manufacture of soft drinks; production of mineral waters and other bottled waters				
8	13.94 - Manufacture of cordage, rope, twine and netting				
9	21.20 - Manufacture of pharmaceutical preparations				
10	22.29 - Manufacture of other plastic products				
11	24.10 - Manufacture of basic iron and steel and of ferro-alloys				
12	24.42 - Aluminium production				
13	28.93 - Manufacture of machinery for food, beverage and tobacco processing				
14	33.12 - Repair of machinery				
15	33.15 - Repair and maintenance of ships and boats				
16	35.11 - Production of electricity				
17	35.12 - Transmission of electricity				
18	35.13 - Distribution of electricity				
19	35.14 - Trade of electricity				
20	35.30 - Steam and air conditioning supply				
21	41.20 - Construction of residential and non-residential buildings				
22	45.11 - Sale of cars and light motor vehicles				
23	46.17 - Agents involved in the sale of food, beverages and tobacco				
24	46.39 - Non-specialised wholesale of food, beverages and tobacco				
25	46.46 - Wholesale of pharmaceutical goods				
26	46.69 - Wholesale of other machinery and equipment				
27	46.71 - Wholesale of solid, liquid and gaseous fuels and related products				
28	46.90 - Non-specialised wholesale trade				

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (CCA)
29	47.11 - Retail sale in non-specialised stores with food, beverages or to-bacco predominating				
30	47.19 - Other retail sale in non-specialised stores				
31	47.30 - Retail sale of automotive fuel in specialised stores				
32	47.5 - Retail sale of other household equipment in specialised stores				
33	47.52 - Retail sale of hardware, paints and glass in specialised stores				
34	47.54 - Retail sale of electrical house-hold appliances in specialised stores				
35	47.59 - Retail sale of furniture, lig-hting equipment and other household articles in specialised stores				
36	47.71 - Retail sale of clothing in specialised stores				
37	47.73 - Dispensing chemist in specialised stores				
38	47.91 - Retail sale via mail order houses or via internet				
39	49.39 - Other passenger land tran-sport n.e.c.				
40	50.20 - Sea and coastal freight water transport				
41	51.10 - Passenger air transport				
42	52.23 - Service activities incidental to air transportation				
43	52.29 - Other transportation support activities				
44	53.10 - Postal activities under uni-versal service obligation				
45	55.10 - Hotels and similar accom-modation				
46	60.10 - Radio broadcasting				
47	61.10 - Wired telecommunications activities				
48	61.20 - Wireless telecommunications activities				
49	62.01 - Computer programming activi-ties				
50	62.02 - Computer consultancy activi-ties				
51	62.09 - Other information technology and computer service activities				
52	63.1 - Data processing, hosting and related activities; web portals				
53	63.11 - Data processing, hosting and related activities				
54	68.10 - Buying and selling of own real estate				
55	68.20 - Renting and operating of own or leased real estate				
56	71.12 - Engineering activities and related technical consultancy				

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (CCA)
57	72.11 - Research and experimental development on biotechnology				
58	72.19 - Other research and experi-mental development on natural sciences and engineering				
59	74.10 - Specialised design activities				
60	74.9 - Other professional, scientific and technical activities n.e.c.				
61	77.11 - Renting and leasing of cars and light motor vehicles				
62	79.11 - Travel agency activities				
63	79.12 - Tour operator activities				
64	80.20 - Security systems service activities				
65	81.21 - General cleaning of buildings				
66	N/A - Not applicable				

Breakdown by sector - NACE 4 digits level (code and label)		TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM + CCA)	Mn ISK	Of which environmentally sustainable (CCM + CCA)
1	03.11 - Marine fishing	38,032.8			
2	03.21 - Marine aquaculture	4,818.3			
3	10.13 - Production of meat and poultry meat products	576.3			
4	10.20 - Processing and preserving of fish, crustaceans and molluscs	74,020.5	8.3		
5	10.51 - Operation of dairies and cheese making	504.2			
6	10.86 - Manufacture of homogenised food preparations and dietetic food	4,296.2			
7	11.07 - Manufacture of soft drinks; production of mineral waters and other bottled waters	11.9			
8	13.94 - Manufacture of cordage, rope, twine and netting	0.0			
9	21.20 - Manufacture of pharmaceutical preparations	4,721.6			
10	22.29 - Manufacture of other plastic products	10,792.6			
11	24.10 - Manufacture of basic iron and steel and of ferro-alloys	2.0			
12	24.42 - Aluminium production	4,729.3			
13	28.93 - Manufacture of machinery for food, beverage and tobacco processing	45.1			
14	33.12 - Repair of machinery	1,843.8			
15	33.15 - Repair and maintenance of ships and boats	209.7			
16	35.11 - Production of electricity	9.1	9.1		
17	35.12 - Transmission of electricity	3.9	3.8		
18	35.13 - Distribution of electricity	2.2			
19	35.14 - Trade of electricity	0.4			
20	35.30 - Steam and air conditioning supply	1,472.9	265.7		
21	41.20 - Construction of residential and non-residential buildings	3,675.3			
22	45.11 - Sale of cars and light motor vehicles	6,394.3			
23	46.17 - Agents involved in the sale of food, beverages and tobacco	314.3			
24	46.39 - Non-specialised wholesale of food, beverages and tobacco	1,834.8			
25	46.46 - Wholesale of pharmaceutical goods	1,316.8			
26	46.69 - Wholesale of other machinery and equipment	4,663.5			
27	46.71 - Wholesale of solid, liquid and gaseous fuels and related products	2,908.7			
28	46.90 - Non-specialised wholesale trade	889.3			

Breakdown by sector - NACE 4 digits level (code and label)		TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM + CCA)	Mn ISK	Of which environmentally sustainable (CCM + CCA)
29	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	1,369.0	0.0		
30	47.19 - Other retail sale in non-specialised stores	22,648.0	624.2		
31	47.30 - Retail sale of automotive fuel in specialised stores	0.8	0.0		
32	47.5 - Retail sale of other household equipment in specialised stores	0.6			
33	47.52 - Retail sale of hardware, paints and glass in specialised stores	595.2			
34	47.54 - Retail sale of electrical household appliances in specialised stores	2.7	0.1		
35	47.59 - Retail sale of furniture, lighting equipment and other household articles in specialised stores	0.8			
36	47.71 - Retail sale of clothing in specialised stores	1,829.8			
37	47.73 - Dispensing chemist in specialised stores	966.0			
38	47.91 - Retail sale via mail order houses or via internet	3.0			
39	49.39 - Other passenger land transport n.e.c.	2,156.2			
40	50.20 - Sea and coastal freight water transport	7,349.0			
41	51.10 - Passenger air transport	3,415.4			
42	52.23 - Service activities incidental to air transportation	3,593.0			
43	52.29 - Other transportation support activities	0.0			
44	53.10 - Postal activities under universal service obligation	983.8	14.3		
45	55.10 - Hotels and similar accommodation	319.3			
46	60.10 - Radio broadcasting	479.2			
47	61.10 - Wired telecommunications activities	2,845.3			
48	61.20 - Wireless telecommunications activities	8,434.8			
49	62.01 - Computer programming activities	5.2			
50	62.02 - Computer consultancy activities	8.7			
51	62.09 - Other information technology and computer service activities	716.0			
52	63.1 - Data processing, hosting and related activities; web portals	2,434.8			
53	63.11 - Data processing, hosting and related activities	6.5			
54	68.10 - Buying and selling of own real estate	799.1			
55	68.20 - Renting and operating of own or leased real estate	66,593.9	1.2		
56	71.12 - Engineering activities and related technical consultancy	3.4			

Breakdown by sector - NACE 4 digits level (code and label)		TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM + CCA)	Mn ISK	Of which environmentally sustainable (CCM + CCA)
57	72.11 - Research and experimental development on biotechnology	2.0			
58	72.19 - Other research and experi-mental development on natural sciences and engineering	2.4			
59	74.10 - Specialised design activities	0.0			
60	74.9 - Other professional, scientific and technical activities n.e.c.	1,601.4			
61	77.11 - Renting and leasing of cars and light motor vehicles	13,796.7			
62	79.11 - Travel agency activities	744.5			
63	79.12 - Tour operator activities	16,886.6			
64	80.20 - Security systems service activities	1,697.1			
65	81.21 - General cleaning of buildings	750.3			
66	N/A - Not applicable	26.2			

3. GAR KPI stock based on turnover

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2024				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	71.95	0.07		-	0.05
2	**Financial undertakings**					
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**24.18**	**0.28**		**-**	**0.18**
21	Loans and advances	24.20	0.27		-	0.19
22	Debt securities, including UoP	40.38	39.98			
23	Equity instruments	19.79				
24	**Households**	91.48				
25	of which loans collateralised by residential immovable property	**100.00**				
26	of which building renovation loans					
27	of which motor vehicle loans	100.00				
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Total GAR assets**	46.86	0.05		-	0.03

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation				
2	**Financial undertakings**				
3	Credit institutions				
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms				
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies				
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings				
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**				
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**				
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				
32	**Total GAR assets**				

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2024					
		TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	71.95	0.07		-	0.05	40.73
2	**Financial undertakings**						
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	**Non-financial undertakings**	**24.18**	**0.28**		**-**	**0.18**	**3.65**
21	Loans and advances	24.20	0.27		-	0.19	3.64
22	Debt securities, including UoP	40.38	39.98				-
23	Equity instruments	19.79					0.01
24	**Households**	91.48					37.07
25	of which loans collateralised by residential immovable property	**100.00**					**36.69**
26	of which building renovation loans						
27	of which motor vehicle loans	100.00					0.38
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**	46.86	0.05		-	0.03	86.91

% (compared to total covered assets in the denominator)		Disclosure reference date 31.12.2023				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	73.08	0.11		-	0.05
2	**Financial undertakings**					
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**25.05**	**-**		**-**	**0.19**
21	Loans and advances	25.04	-		-	0.19
22	Debt securities, including UoP	37.86	0.37			
23	Equity instruments	36.18	-			0.04
24	**Households**	89.72				
25	of which loans collateralised by residential immovable property	**100.00**				
26	of which building renovation loans					
27	of which motor vehicle loans	100.00				
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	5.73				
32	**Total GAR assets**	46.35	0.07		-	0.03

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2023			
		Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which specialised lending	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation				
2	**Financial undertakings**				
3	Credit institutions				
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms				
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies				
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings				
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**				
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**				
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				
32	**Total GAR assets**				

% (compared to total covered assets in the denominator)		Disclosure reference date 31.12.2023					
		TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	73.08	0.11		-	0.05	40.84
2	**Financial undertakings**						
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	**Non-financial undertakings**	**25.05**	**0.45**		**-**	**0.19**	**3.39**
21	Loans and advances	25.04	0.45		-	0.19	3.38
22	Debt securities, including UoP	37.86	37.49				-
23	Equity instruments	36.18	0.04			0.04	-
24	**Households**	89.72					37.45
25	of which loans collateralised by residential immovable property	**100.00**					**37.20**
26	of which building renovation loans						
27	of which motor vehicle loans	100.00					0.25
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	5.73					-
32	**Total GAR assets**	46.35	0.07		-	0.03	88.11

4. GAR KPI flow based on turnover

	% (compared to flow of total eligible assets)	Disclosure reference date 31.12.2024				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	66.90	0.05		-	0.04
2	**Financial undertakings**					
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**24.85**	**0.12**		**-**	**0.10**
21	Loans and advances	25.01	0.11		-	0.10
22	Debt securities, including UoP	73.73	72.99			
23	Equity instruments	3.32				
24	**Households**	93.11				
25	of which loans collateralised by residential immovable property	**100.00**				
26	of which building renovation loans					
27	of which motor vehicle loans	100.00				
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Total GAR assets**	40.09	0.03		-	0.02

% (compared to flow of total eligible assets)		Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation				
2	**Financial undertakings**				
3	Credit institutions				
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms				
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies				
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings				
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**				
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**				
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				
32	**Total GAR assets**				

% (compared to flow of total eligible assets)		Disclosure reference date 31.12.2024					
		TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	66.90	0.05		-	0.04	33.22
2	**Financial undertakings**						
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	**Non-financial undertakings**	**24.85**	**0.12**		**-**	**0.10**	**4.63**
21	Loans and advances	25.01	0.11		-	0.10	4.62
22	Debt securities, including UoP	73.73	72.99				-
23	Equity instruments	3.32					-
24	**Households**	93.11					28.59
25	of which loans collateralised by residential immovable property	**100.00**					**27.97**
26	of which building renovation loans						
27	of which motor vehicle loans	100.00					0.62
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**	40.09	0.03		-	0.02	82.86

5. KPI off-balance sheet exposures based on turnover

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31.12.2024				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	7.63	0.05	0	0	0.05
2	Assets under management (AuM KPI)	5.15	0.88	0	0	0.05

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	0	0	0	0
2	Assets under management (AuM KPI)	0	0	0	0

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31.12.2024				
		TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	7.63	0.05	0	0	0.05
2	Assets under management (AuM KPI)	5.15	0.88	0	0	0.05

1. Assets for the calculation of GAR based on CapEx

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2024				
			Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,240,923.8	839,312.4	2,114.2	0.0	291.8	1,267.5
2	**Financial undertakings**	**21,149.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	318.6	0.0	0.0	0.0	0.0	0.0
4	Loans and advances						
5	Debt securities, including UoP	97.8					
6	Equity instruments	220.8					
7	Other financial corporations	20,831.0					
8	of which investment firms	1,020.9	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	1,020.9					
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings	39.4	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	0.0					
18	Debt securities, including UoP						
19	Equity instruments	39.4					
20	**Non-financial undertakings**	**331,156.3**	**26,516.9**	**2,114.2**	**0.0**	**291.8**	**1,267.5**
21	Loans and advances	329,399.6	26,480.0	2,080.4		291.8	1,267.0
22	Debt securities, including UoP	103.2	34.0	33.3			
23	Equity instruments	1,653.6	2.9	0.5			0.5
24	**Households**	888,539.5	812,795.5				
25	of which loans collateralised by residential immovable property	**804,361.2**	**804,361.2**				
26	of which building renovation loans						
27	of which motor vehicle loans	8,434.3	8,434.3				
28	**Local governments financing**	0.0	0.0	0.0	0.0	0.0	0.0
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	78.4					

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2024				
			Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**664,593.1**					
33	**Financial and Non-financial undertakings**	**580,592.3**					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	565,307.8					
35	Loans and advances	**558,158.2**					
36	of which loans collateralised by commercial immovable property	216,397.3					
37	of which building renovation loans						
38	Debt securities	1,266.2					
39	Equity instruments	5,883.4					
40	Non-EU country counterparties not subject to NFRD disclosure obligations	15,284.5					
41	Loans and advances	14,989.3					
42	Debt securities						
43	Equity instruments	295.2					
44	**Derivatives**	8,259.6					
45	**On demand interbank loans**	39,345.6					
46	**Cash and cash-related assets**	11,487.0					
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	24,908.6					
48	**Total GAR assets**	1,905,516.9	839,312.4	2,114.2	0.0	291.8	1,267.5
49	**Assets not covered for GAR calculation**	286,892.8					
50	**Central governments and Supranational issuers**	130,174.9					
51	**Central banks exposure**	118,494.0					
52	**Trading book**	38,223.9					
53	**Total assets**	**2,192,409.7**	**839,312.4**	**2,114.2**	**0.0**	**291.8**	**1,267.5**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations							
54	Financial guarantees	27,817.3	49.1	31.9		3.6	14.2
55	Assets under management	631,585.9	7,799.9	4,964.8			713.3
56	Of which debt securities	121,876.2	5,240.6	4,551.4			325.8
57	Of which equity instruments	86,963.0	2,559.3	413.4			387.5

Million ISK		Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.0	0.0	0.0	0.0
2	**Financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	0.0	0.0	0.0	0.0
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms	0.0	0.0	0.0	0.0
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies	0.0	0.0	0.0	0.0
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings	0.0	0.0	0.0	0.0
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	0.0	0.0	0.0	0.0
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				

	Million ISK	Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**				
33	**Financial and Non-financial undertakings**				
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35	Loans and advances				
36	of which loans collateralised by commercial immovable property				
37	of which building renovation loans				
38	Debt securities				
39	Equity instruments				
40	Non-EU country counterparties not subject to NFRD disclosure obligations				
41	Loans and advances				
42	Debt securities				
43	Equity instruments				
44	**Derivatives**				
45	**On demand interbank loans**				
46	**Cash and cash-related assets**				
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**				
48	**Total GAR assets**	0.0	0.0	0.0	0.0
49	**Assets not covered for GAR calculation**				
50	**Central governments and Supranational issuers**				
51	**Central banks exposure**				
52	**Trading book**				
53	**Total assets**	**0.0**	**0.0**	**0.0**	**0.0**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations					
54	Financial guarantees				
55	Assets under management				
56	Of which debt securities				
57	Of which equity instruments				

	Million ISK	Disclosure reference date 31.12.2024				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount		Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	839,312.4	2,114.2	0.0	291.8	1,267.5
2	**Financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	0.0	0.0	0.0	0.0	0.0
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms	0.0	0.0	0.0	0.0	0.0
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies	0.0	0.0	0.0	0.0	0.0
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings	0.0	0.0	0.0	0.0	0.0
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**26,516.9**	**2,114.2**	**0.0**	**291.8**	**1,267.5**
21	Loans and advances	26,480.0	2,080.4		291.8	1,267.0
22	Debt securities, including UoP	34.0	33.3			
23	Equity instruments	2.9	0.5			0.5
24	**Households**	812,795.5				
25	of which loans collateralised by residential immovable property	**804,361.2**				
26	of which building renovation loans					
27	of which motor vehicle loans	8,434.3				
28	**Local governments financing**	0.0	0.0	0.0	0.0	0.0
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					

	Million ISK	Disclosure reference date 31.12.2024				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount		Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations					
35	Loans and advances					
36	of which loans collateralised by commercial immovable property					
37	of which building renovation loans					
38	Debt securities					
39	Equity instruments					
40	Non-EU country counterparties not subject to NFRD disclosure obligations					
41	Loans and advances					
42	Debt securities					
43	Equity instruments					
44	**Derivatives**					
45	**On demand interbank loans**					
46	**Cash and cash-related assets**					
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**					
48	**Total GAR assets**	839,312.4	2,114.2	0.0	291.8	1,267.5
49	**Assets not covered for GAR calculation**					
50	**Central governments and Supranational issuers**					
51	**Central banks exposure**					
52	**Trading book**					
53	**Total assets**	**839,312.4**	**2,114.2**	**0.0**	**291.8**	**1,267.5**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees	49.1	31.9		3.6	14.2
55	Assets under management	7,799.9	4,964.8			713.3
56	Of which debt securities	5,240.6	4,551.4			325.8
57	Of which equity instruments	2,559.3	413.4			387.5

	Million ISK	Total [gross] carrying amount	Disclosure reference date 31.12.2023				
			Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,099,859.4	756,129.4	1,946.0	0.0	227.6	897.0
2	**Financial undertakings**	**11,856.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	177.0	0.0	0.0	0.0	0.0	0.0
4	Loans and advances						
5	Debt securities, including UoP	95.5					
6	Equity instruments	81.5					
7	Other financial corporations	11,679.1					
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings	19.8	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	0.1					
18	Debt securities, including UoP						
19	Equity instruments	19.7					
20	**Non-financial undertakings**	**266,269.8**	**19,008.7**	**1,946.0**	**0.0**	**227.6**	**897.0**
21	Loans and advances	265,978.3	18,985.5	1,929.2		227.6	895.8
22	Debt securities, including UoP	51.4	15.9	15.5			
23	Equity instruments	240.1	7.3	1.2			1.2
24	**Households**	821,533.2	737,109.2				
25	of which loans collateralised by residential immovable property	**732,230.7**	**732,230.7**				
26	of which building renovation loans						
27	of which motor vehicle loans	4,878.4	4,878.4				
28	**Local governments financing**	0.0	0.0	0.0	0.0	0.0	0.0
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	200.3	11.5				

Million ISK		Disclosure reference date 31.12.2023					
		Total [gross] carrying amount	Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**634,540.6**					
33	**Financial and Non-financial undertakings**						
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations						
35	Loans and advances						
36	of which loans collateralised by commercial immovable property						
37	of which building renovation loans						
38	Debt securities						
39	Equity instruments						
40	Non-EU country counterparties not subject to NFRD disclosure obligations						
41	Loans and advances						
42	Debt securities						
43	Equity instruments						
44	**Derivatives**						
45	**On demand interbank loans**						
46	**Cash and cash-related assets**						
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**						
48	**Total GAR assets**	1,734,400.0	756,129.4	1,946.0	0.0	227.6	897.0
49	**Assets not covered for GAR calculation**						
50	**Central governments and Supranational issuers**						
51	**Central banks exposure**						
52	**Trading book**						
53	**Total assets**	**1,968,397.0**	**756,129.4**	**1,946.0**	**0.0**	**227.6**	**897.0**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations							
54	Financial guarantees	27,447.5	63.2	48.6			14.2
55	Assets under management	511,214.2	4,005.0	1,811.7			605.0
56	Of which debt securities	115,201.0	2,057.7	1,507.1			319.6
57	Of which equity instruments	80,754.5	1,947.3	304.5			285.4

Million ISK		Disclosure reference date 31.12.2023			
		Climate Change Adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.0	0.0	0.0	0.0
2	**Financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	0.0	0.0	0.0	0.0
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms	0.0	0.0	0.0	0.0
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies	0.0	0.0	0.0	0.0
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings	0.0	0.0	0.0	0.0
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**	0.0	0.0	0.0	0.0
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				

Million ISK		Disclosure reference date 31.12.2023			
		Climate Change Adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**				
33	**Financial and Non-financial undertakings**				
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35	Loans and advances				
36	of which loans collateralised by commercial immovable property				
37	of which building renovation loans				
38	Debt securities				
39	Equity instruments				
40	Non-EU country counterparties not subject to NFRD disclosure obligations				
41	Loans and advances				
42	Debt securities				
43	Equity instruments				
44	**Derivatives**				
45	**On demand interbank loans**				
46	**Cash and cash-related assets**				
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**				
48	**Total GAR assets**	0.0	0.0	0.0	0.0
49	**Assets not covered for GAR calculation**				
50	**Central governments and Supranational issuers**				
51	**Central banks exposure**				
52	**Trading book**				
53	**Total assets**	**0.0**	**0.0**	**0.0**	**0.0**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations					
54	Financial guarantees				
55	Assets under management				
56	Of which debt securities				
57	Of which equity instruments				

	Million ISK	Disclosure reference date 31.12.2023				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	756,129.4	1,946.0	0.0	227.6	897.0
2	**Financial undertakings**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3	Credit institutions	0.0	0.0	0.0	0.0	0.0
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms	0.0	0.0	0.0	0.0	0.0
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies	0.0	0.0	0.0	0.0	0.0
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings	0.0	0.0	0.0	0.0	0.0
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**19,008.7**	**1,946.0**	**0.0**	**227.6**	**897.0**
21	Loans and advances	18,985.5	1,929.2		227.6	895.8
22	Debt securities, including UoP	15.9	15.5			
23	Equity instruments	7.3	1.2			1.2
24	**Households**	737,109.2				
25	of which loans collateralised by residential immovable property	**732,230.7**				
26	of which building renovation loans					
27	of which motor vehicle loans	4,878.4				
28	**Local governments financing**	0.0	0.0	0.0	0.0	0.0
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	11.5				

Million ISK		Disclosure reference date 31.12.2023				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations					
35	Loans and advances					
36	of which loans collateralised by commercial immovable property					
37	of which building renovation loans					
38	Debt securities					
39	Equity instruments					
40	Non-EU country counterparties not subject to NFRD disclosure obligations					
41	Loans and advances					
42	Debt securities					
43	Equity instruments					
44	**Derivatives**					
45	**On demand interbank loans**					
46	**Cash and cash-related assets**					
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**					
48	**Total GAR assets**	756,129.4	1,946.0	0.0	227.6	897.0
49	**Assets not covered for GAR calculation**					
50	**Central governments and Supranational issuers**					
51	**Central banks exposure**					
52	**Trading book**					
53	**Total assets**	**756,129.4**	**1,946.0**	**0.0**	**227.6**	**897.0**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees	63.2	48.6			14.2
55	Assets under management	4,005.0	1,811.7			605.0
56	Of which debt securities	2,057.7	1,507.1			319.6
57	Of which equity instruments	1,947.3	304.5			285.4

2. GAR sector information based on turnover

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)
1	03.11 - Marine fishing	38,032.8			
2	03.21 - Marine aquaculture	4,818.3			
3	10.13 - Production of meat and poultry meat products	576.3			
4	10.20 - Processing and preserving of fish, crustaceans and molluscs	74,020.5	155.1		
5	10.51 - Operation of dairies and cheese making	504.2			
6	10.86 - Manufacture of homogenised food preparations and dietetic food	4,296.2			
7	11.07 - Manufacture of soft drinks; production of mineral waters and other bottled waters	11.9	0.5		
8	13.94 - Manufacture of cordage, rope, twine and netting	0.0			
9	21.20 - Manufacture of pharmaceutical preparations	4,721.6			
10	22.29 - Manufacture of other plastic products	10,792.6			
11	24.10 - Manufacture of basic iron and steel and of ferro-alloys	2.0			
12	24.42 - Aluminium production	4,729.3			
13	28.93 - Manufacture of machinery for food, beverage and tobacco processing	45.1			
14	33.12 - Repair of machinery	1,843.8			
15	33.15 - Repair and maintenance of ships and boats	209.7			
16	35.11 - Production of electricity	9.1	7.0		
17	35.12 - Transmission of electricity	3.9	3.6		
18	35.13 - Distribution of electricity	2.2			
19	35.14 - Trade of electricity	0.4			
20	35.30 - Steam and air conditioning supply	1,472.9	214.3		
21	41.20 - Construction of residential and non-residential buildings	3,675.3			
22	45.11 - Sale of cars and light motor vehicles	6,394.3			
23	46.17 - Agents involved in the sale of food, beverages and tobacco	314.3			
24	46.39 - Non-specialised wholesale of food, beverages and tobacco	1,834.8			
25	46.46 - Wholesale of pharmaceutical goods	1,316.8			
26	46.69 - Wholesale of other machinery and equipment	4,663.5			
27	46.71 - Wholesale of solid, liquid and gaseous fuels and related products	2,908.7			
28	46.90 - Non-specialised wholesale trade	889.3			

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)
29	47.11 - Retail sale in non-specialised stores with food, beverages or to-bacco predominating	1,369.0	0.1		
30	47.19 - Other retail sale in non-specialised stores	22,648.0	1,239.0		
31	47.30 - Retail sale of automotive fuel in specialised stores	0.8	0.0		
32	47.5 - Retail sale of other household equipment in specialised stores	0.6			
33	47.52 - Retail sale of hardware, paints and glass in specialised stores	595.2			
34	47.54 - Retail sale of electrical house-hold appliances in specialised stores	2.7	0.1		
35	47.59 - Retail sale of furniture, lig-hting equipment and other household articles in specialised stores	0.8			
36	47.71 - Retail sale of clothing in specialised stores	1,829.8			
37	47.73 - Dispensing chemist in specialised stores	966.0			
38	47.91 - Retail sale via mail order houses or via internet	3.0			
39	49.39 - Other passenger land tran-sport n.e.c.	2,156.2			
40	50.20 - Sea and coastal freight water transport	7,349.0			
41	51.10 - Passenger air transport	3,415.4			
42	52.23 - Service activities incidental to air transportation	3,593.0			
43	52.29 - Other transportation support activities	0.0			
44	53.10 - Postal activities under uni-versal service obligation	983.8	291.8		
45	55.10 - Hotels and similar accom-modation	319.3			
46	60.10 - Radio broadcasting	479.2			
47	61.10 - Wired telecommunications activities	2,845.3			
48	61.20 - Wireless telecommunications activities	8,434.8			
49	62.01 - Computer programming activi-ties	5.2			
50	62.02 - Computer consultancy activi-ties	8.7			
51	62.09 - Other information technology and computer service activities	716.0			
52	63.1 - Data processing, hosting and related activities; web portals	2,434.8			
53	63.11 - Data processing, hosting and related activities	6.5			
54	68.10 - Buying and selling of own real estate	799.1			
55	68.20 - Renting and operating of own or leased real estate	66,593.9	202.7		
56	71.12 - Engineering activities and related technical consultancy	3.4			

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM)	Mn ISK	Of which environmentally sustainable (CCM)
57	72.11 - Research and experimental development on biotechnology	2.0			
58	72.19 - Other research and experi-mental development on natural sciences and engineering	2.4			
59	74.10 - Specialised design activities	0.0			
60	74.9 - Other professional, scientific and technical activities n.e.c.	1,601.4			
61	77.11 - Renting and leasing of cars and light motor vehicles	13,796.7			
62	79.11 - Travel agency activities	744.5			
63	79.12 - Tour operator activities	16,886.6			
64	80.20 - Security systems service activities	1,697.1			
65	81.21 - General cleaning of buildings	750.3			
66	N/A - Not applicable	26.2			

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (CCA)
1	03.11 - Marine fishing				
2	03.21 - Marine aquaculture				
3	10.13 - Production of meat and poultry meat products				
4	10.20 - Processing and preserving of fish, crustaceans and molluscs				
5	10.51 - Operation of dairies and cheese making				
6	10.86 - Manufacture of homogenised food preparations and dietetic food				
7	11.07 - Manufacture of soft drinks; production of mineral waters and other bottled waters				
8	13.94 - Manufacture of cordage, rope, twine and netting				
9	21.20 - Manufacture of pharmaceutical preparations				
10	22.29 - Manufacture of other plastic products				
11	24.10 - Manufacture of basic iron and steel and of ferro-alloys				
12	24.42 - Aluminium production				
13	28.93 - Manufacture of machinery for food, beverage and tobacco processing				
14	33.12 - Repair of machinery				
15	33.15 - Repair and maintenance of ships and boats				
16	35.11 - Production of electricity				
17	35.12 - Transmission of electricity				
18	35.13 - Distribution of electricity				
19	35.14 - Trade of electricity				
20	35.30 - Steam and air conditioning supply				
21	41.20 - Construction of residential and non-residential buildings				
22	45.11 - Sale of cars and light motor vehicles				
23	46.17 - Agents involved in the sale of food, beverages and tobacco				
24	46.39 - Non-specialised wholesale of food, beverages and tobacco				
25	46.46 - Wholesale of pharmaceutical goods				
26	46.69 - Wholesale of other machinery and equipment				
27	46.71 - Wholesale of solid, liquid and gaseous fuels and related products				
28	46.90 - Non-specialised wholesale trade				

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (CCA)
29	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating				
30	47.19 - Other retail sale in non-specialised stores				
31	47.30 - Retail sale of automotive fuel in specialised stores				
32	47.5 - Retail sale of other household equipment in specialised stores				
33	47.52 - Retail sale of hardware, paints and glass in specialised stores				
34	47.54 - Retail sale of electrical household appliances in specialised stores				
35	47.59 - Retail sale of furniture, lighting equipment and other household articles in specialised stores				
36	47.71 - Retail sale of clothing in specialised stores				
37	47.73 - Dispensing chemist in specialised stores				
38	47.91 - Retail sale via mail order houses or via internet				
39	49.39 - Other passenger land transport n.e.c.				
40	50.20 - Sea and coastal freight water transport				
41	51.10 - Passenger air transport				
42	52.23 - Service activities incidental to air transportation				
43	52.29 - Other transportation support activities				
44	53.10 - Postal activities under universal service obligation				
45	55.10 - Hotels and similar accommodation				
46	60.10 - Radio broadcasting				
47	61.10 - Wired telecommunications activities				
48	61.20 - Wireless telecommunications activities				
49	62.01 - Computer programming activities				
50	62.02 - Computer consultancy activities				
51	62.09 - Other information technology and computer service activities				
52	63.1 - Data processing, hosting and related activities; web portals				
53	63.11 - Data processing, hosting and related activities				
54	68.10 - Buying and selling of own real estate				
55	68.20 - Renting and operating of own or leased real estate				
56	71.12 - Engineering activities and related technical consultancy				

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCA)	Mn ISK	Of which environmentally sustainable (CCA)
57	72.11 - Research and experimental development on biotechnology				
58	72.19 - Other research and experi-mental development on natural sciences and engineering				
59	74.10 - Specialised design activities				
60	74.9 - Other professional, scientific and technical activities n.e.c.				
61	77.11 - Renting and leasing of cars and light motor vehicles				
62	79.11 - Travel agency activities				
63	79.12 - Tour operator activities				
64	80.20 - Security systems service activities				
65	81.21 - General cleaning of buildings				
66	N/A - Not applicable				

Breakdown by sector - NACE 4 digits level (code and label)		TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM + CCA)	Mn ISK	Of which environmentally sustainable (CCM + CCA)
1	03.11 - Marine fishing	38,032.8			
2	03.21 - Marine aquaculture	4,818.3			
3	10.13 - Production of meat and poultry meat products	576.3			
4	10.20 - Processing and preserving of fish, crustaceans and molluscs	74,020.5	155.1		
5	10.51 - Operation of dairies and cheese making	504.2			
6	10.86 - Manufacture of homogenised food preparations and dietetic food	4,296.2			
7	11.07 - Manufacture of soft drinks; production of mineral waters and other bottled waters	11.9	0.5		
8	13.94 - Manufacture of cordage, rope, twine and netting	0.0			
9	21.20 - Manufacture of pharmaceuti-cal preparations	4,721.6			
10	22.29 - Manufacture of other plastic products	10,792.6			
11	24.10 - Manufacture of basic iron and steel and of ferro-alloys	2.0			
12	24.42 - Aluminium production	4,729.3			
13	28.93 - Manufacture of machinery for food, beverage and tobacco pro-cessing	45.1			
14	33.12 - Repair of machinery	1,843.8			
15	33.15 - Repair and maintenance of ships and boats	209.7			
16	35.11 - Production of electricity	9.1	7.0		
17	35.12 - Transmission of electricity	3.9	3.6		
18	35.13 - Distribution of electricity	2.2			
19	35.14 - Trade of electricity	0.4			
20	35.30 - Steam and air conditioning supply	1,472.9	214.3		
21	41.20 - Construction of residential and non-residential buildings	3,675.3			
22	45.11 - Sale of cars and light motor vehicles	6,394.3			
23	46.17 - Agents involved in the sale of food, beverages and tobacco	314.3			
24	46.39 - Non-specialised wholesale of food, beverages and tobacco	1,834.8			
25	46.46 - Wholesale of pharmaceutical goods	1,316.8			
26	46.69 - Wholesale of other machinery and equipment	4,663.5			
27	46.71 - Wholesale of solid, liquid and gaseous fuels and related products	2,908.7			
28	46.90 - Non-specialised wholesale trade	889.3			

Breakdown by sector - NACE 4 digits level (code and label)		TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM + CCA)	Mn ISK	Of which environmentally sustainable (CCM + CCA)
29	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	1,369.0	0.1		
30	47.19 - Other retail sale in non-specialised stores	22,648.0	1,239.0		
31	47.30 - Retail sale of automotive fuel in specialised stores	0.8	0.0		
32	47.5 - Retail sale of other household equipment in specialised stores	0.6			
33	47.52 - Retail sale of hardware, paints and glass in specialised stores	595.2			
34	47.54 - Retail sale of electrical household appliances in specialised stores	2.7	0.1		
35	47.59 - Retail sale of furniture, lighting equipment and other household articles in specialised stores	0.8			
36	47.71 - Retail sale of clothing in specialised stores	1,829.8			
37	47.73 - Dispensing chemist in specialised stores	966.0			
38	47.91 - Retail sale via mail order houses or via internet	3.0			
39	49.39 - Other passenger land transport n.e.c.	2,156.2			
40	50.20 - Sea and coastal freight water transport	7,349.0			
41	51.10 - Passenger air transport	3,415.4			
42	52.23 - Service activities incidental to air transportation	3,593.0			
43	52.29 - Other transportation support activities	0.0			
44	53.10 - Postal activities under universal service obligation	983.8	291.8		
45	55.10 - Hotels and similar accommodation	319.3			
46	60.10 - Radio broadcasting	479.2			
47	61.10 - Wired telecommunications activities	2,845.3			
48	61.20 - Wireless telecommunications activities	8,434.8			
49	62.01 - Computer programming activities	5.2			
50	62.02 - Computer consultancy activities	8.7			
51	62.09 - Other information technology and computer service activities	716.0			
52	63.1 - Data processing, hosting and related activities; web portals	2,434.8			
53	63.11 - Data processing, hosting and related activities	6.5			
54	68.10 - Buying and selling of own real estate	799.1			
55	68.20 - Renting and operating of own or leased real estate	66,593.9	202.7		
56	71.12 - Engineering activities and related technical consultancy	3.4			

Breakdown by sector - NACE 4 digits level (code and label)		TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
		Mn ISK	Of which environmentally sustainable (CCM + CCA)	Mn ISK	Of which environmentally sustainable (CCM + CCA)
57	72.11 - Research and experimental development on biotechnology	2.0			
58	72.19 - Other research and experimental development on natural sciences and engineering	2.4			
59	74.10 - Specialised design activities	0.0			
60	74.9 - Other professional, scientific and technical activities n.e.c.	1,601.4			
61	77.11 - Renting and leasing of cars and light motor vehicles	13,796.7			
62	79.11 - Travel agency activities	744.5			
63	79.12 - Tour operator activities	16,886.6			
64	80.20 - Security systems service activities	1,697.1			
65	81.21 - General cleaning of buildings	750.3			
66	N/A - Not applicable	26.2			

3. GAR KPI stock based on CapEx

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2024				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	67.64	0.17		0.02	0.10
2	**Financial undertakings**					
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**8.01**	**0.64**		**0.09**	**0.38**
21	Loans and advances	8.04	0.63		0.09	0.38
22	Debt securities, including UoP	32.94	32.24			
23	Equity instruments	0.18	0.03			0.03
24	**Households**	91.48				
25	of which loans collateralised by residential immovable property	**100.00**				
26	of which building renovation loans					
27	of which motor vehicle loans	100.00				
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Total GAR assets**	44.05	0.11		0.02	0.07

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation				
2	**Financial undertakings**				
3	Credit institutions				
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms				
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies				
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings				
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**				
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**				
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				
32	**Total GAR assets**				

% (compared to total covered assets in the denominator)		Disclosure reference date 31.12.2024					
		TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	67.64	0.17		0.02	0.10	38.28
2	**Financial undertakings**						
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	**Non-financial undertakings**	**8.01**	**0.64**		**0.09**	**0.38**	**1.21**
21	Loans and advances	8.04	0.63		0.09	0.38	1.21
22	Debt securities, including UoP	32.94	32.24				-
23	Equity instruments	0.18	0.03			0.03	-
24	**Households**	91.48					37.07
25	of which loans collateralised by residential immovable property	**100.00**					**36.69**
26	of which building renovation loans						
27	of which motor vehicle loans	100.00					0.38
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**	44.05	0.11		0.02	0.07	86.91

% (compared to total covered assets in the denominator)		Disclosure reference date 31.12.2023				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	68.75	0.18		0.02	0.08
2	**Financial undertakings**					
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**7.14**	**0.01**		**0.09**	**0.34**
21	Loans and advances	7.14	0.01		0.09	0.34
22	Debt securities, including UoP	30.88	0.30			
23	Equity instruments	3.05	0.01			0.50
24	**Households**	89.72				
25	of which loans collateralised by residential immovable property	**100.00**				
26	of which building renovation loans					
27	of which motor vehicle loans	100.00				
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	5.73				
32	**Total GAR assets**	43.60	0.11		0.01	0.05

% (compared to total covered assets in the denominator)		Disclosure reference date 31.12.2023			
		Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which specialised lending	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation				
2	**Financial undertakings**				
3	Credit institutions				
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms				
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies				
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings				
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**				
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**				
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				
32	**Total GAR assets**				

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2023					
		TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	68.75	0.18		0.02	0.08	38.41
2	**Financial undertakings**						
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	**Non-financial undertakings**	**7.14**	**0.73**		**0.09**	**0.34**	**0.97**
21	Loans and advances	7.14	0.73		0.09	0.34	0.96
22	Debt securities, including UoP	30.88	30.23				-
23	Equity instruments	3.05	0.51			0.50	-
24	**Households**	89.72					37.45
25	of which loans collateralised by residential immovable property	**100.00**					**37.20**
26	of which building renovation loans						
27	of which motor vehicle loans	100.00					0.25
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	5.73					-
32	**Total GAR assets**	43.60	0.11		0.01	0.05	88.11

4. GAR KPI flow based on CapEx

	% (compared to flow of total eligible assets)	Disclosure reference date 31.12.2024				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	61.90	0.17		0.03	0.11
2	**Financial undertakings**					
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	**11.51**	**0.46**		**0.08**	**0.30**
21	Loans and advances	11.59	0.45		0.09	0.30
22	Debt securities, including UoP	60.14	58.86			
23	Equity instruments					
24	**Households**	93.11				
25	of which loans collateralised by residential immovable property	**100.00**				
26	of which building renovation loans					
27	of which motor vehicle loans	100.00				
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Total GAR assets**	37.09	0.10		0.02	0.07

% (compared to flow of total eligible assets)		Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation				
2	**Financial undertakings**				
3	Credit institutions				
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms				
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies				
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings				
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**				
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**				
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				
32	**Total GAR assets**				

	% (compared to flow of total eligible assets)	Disclosure reference date 31.12.2024					
		TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	61.90	0.17		0.03	0.11	30.74
2	**Financial undertakings**						
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	**Non-financial undertakings**	**11.51**	**0.46**		**0.08**	**0.30**	**2.14**
21	Loans and advances	11.59	0.45		0.09	0.30	2.14
22	Debt securities, including UoP	60.14	58.86				-
23	Equity instruments						
24	**Households**	93.11					28.59
25	of which loans collateralised by residential immovable property	**100.00**					**27.97**
26	of which building renovation loans						
27	of which motor vehicle loans	100.00					0.62
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**	37.09	0.10		0.02	0.07	82.86

5. KPI off-balance sheet exposures based on CapEx

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31.12.2024				
		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.18	0.12	0	0.01	0.05
2	Assets under management (AuM KPI)	1.23	0.79	0	0	0.11

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31.12.2024			
		Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	0	0	0	0
2	Assets under management (AuM KPI)	0	0	0	0

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31.12.2024				
		TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.18	0.12	0	0.01	0.05
2	Assets under management (AuM KPI)	1.23	0.79	0	0	0.11

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nucle-ar energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Template 2 Taxonomy-aligned economic activities (denominator) based on turnover

Row	Economic activities *Million ISK*	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	926.6	0.05	926.6	0.05		
8.	**Total applicable KPI**	926.6	0.05	926.6	0.05		

Template 3 Taxonomy-aligned economic activities (numerator) based on turnover

Row	Economic activities *Million ISK*	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	926.6	100.0	926.6	100.0		
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	926.6	100.0	926.6	100.0		

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities based on turnover

Row	Economic activities *Million ISK*	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	891,940.1	100.0	891,940.1	100.0		
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	891,940.1	100.0	891,940.1	100.0		

Template 5 Taxonomy non-eligible economic activities based on turnover

Row	Economic activities *Million ISK*	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	1,012,650.2	53.14
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	1,012,650.2	53.14

Template 2 Taxonomy-aligned economic activities (denominator) based on CapEx

Row	Economic activities *Million ISK*	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	2,114.2	0.11	2,114.2	0.11		
8.	**Total applicable KPI**	2,114.2	0.11	2,114.2	0.11		

Template 3 Taxonomy-aligned economic activities (numerator) based on CapEx

Row	Economic activities *Million ISK*	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	2,114.2	100.0	2,114.2	100.0		
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	2,114.2	100.0	2,114.2	100.0		

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities based on CapEx

Row	Economic activities *Million ISK*	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	837,198.2	100.0	837,198.2	100.0		
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	837,198.2	100.0	837,198.2	100.0		

Template 5 Taxonomy non-eligible economic activities based on CapEx

Row	Economic activities *Million ISK*	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	1,066,204.5	55.95
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	1,066,204.5	55.95

Undirritunarsíða

Undirritað af
Eva Halldórsdóttir

Undirritað af:
Eva Halldórsdóttir
1604794509
Dags: 30.01.2025
Tími: 15:34:43
Ástæða: Ársreikningur samstæðu 2024 enska
Signet ID: c0cb6a1f-fd56-417c-961e-42988159a5d0

Undirritað af
Jón Þorvarður Sigurgeirsson

Undirritað af:
Jón Þorvarður Sigurgeirsson
1606622209
Dags: 30.01.2025
Tími: 15:39:51
Ástæða: Ársreikningur samstæðu 2024 enska
Signet ID: c0cb6a1f-fd56-417c-961e-42988159a5d0

Undirritað af
Lilja Björk Einarsdóttir

Undirritað af:
Lilja Björk Einarsdóttir
0408733339
Dags: 30.01.2025
Tími: 15:40:49
Ástæða: Ársreikningur samstæðu 2024 enska
Signet ID: c0cb6a1f-fd56-417c-961e-42988159a5d0

Undirritað af
Örn Guðmundsson

Undirritað af:
Örn Guðmundsson
0112723049
Dags: 30.01.2025
Tími: 15:36:29
Ástæða: Ársreikningur samstæðu 2024 enska
Signet ID: c0cb6a1f-fd56-417c-961e-42988159a5d0

Undirritað af
Rebekka Jóelsdóttir

Undirritað af:
Rebekka Jóelsdóttir
2310814889
Dags: 30.01.2025
Tími: 15:33:59
Ástæða: Ársreikningur samstæðu 2024 enska
Signet ID: c0cb6a1f-fd56-417c-961e-42988159a5d0

Undirritað af
Stefanía Guðrún Halldórsdóttir

Undirritað af:
Stefanía Guðrún Halldórsdóttir
2407734069
Dags: 30.01.2025
Tími: 15:42:22
Ástæða: Ársreikningur samstæðu 2024 enska
Signet ID: c0cb6a1f-fd56-417c-961e-42988159a5d0

Undirritað af
Steinunn Guðbj. Þorsteinsdóttir

Undirritað af:
Steinunn Guðbj. Þorsteinsdóttir
0108764439
Dags: 30.01.2025
Tími: 15:35:21
Ástæða: Ársreikningur samstæðu 2024 enska
Signet ID: c0cb6a1f-fd56-417c-961e-42988159a5d0

Undirritað af
Þór Hauksson

Undirritað af:
Þór Hauksson
1903725299
Dags: 30.01.2025
Tími: 15:33:07
Ástæða: Ársreikningur samstæðu 2024 enska
Signet ID: c0cb6a1f-fd56-417c-961e-42988159a5d0