



Condensed Consolidated Interim Financial Statements

1 January – 30 June 2024



Condensed Consolidated Interim Financial statements

1 January to 30 June 2024

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Report and Endorsement

by the Board of Directors and the CEOs

The condensed consolidated interim financial statements of Vátryggingafélag Íslands hf. ("the Company" or "Skagi") for the period 1 January to 30 June 2024 consist of the financial statements of the Company and its subsidiaries. Subsidiaries include Fossar fjárfestingarbanki hf., ("Fossar" or "the bank") SIV eignastýring hf., (SIV) and Líftryggingafélag Íslands hf. (Lífis), collectively referred to as "the Group". The Group's operations consist of insurance activities, investment banking activities and asset and fund management. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements for companies listed on a regulated securities market. The condensed consolidated interim financial statements have not been reviewed or audited by Independent Auditors of the Company.

Operating and Financial position

According to the Income Statement the Group's profit for the period amounted to ISK 273 million. The Group's assets at the end of the period amounted to ISK 68,693 million and equity amounted to ISK 19,957 million according to the balance sheet.

Insurance

A significant operational improvement has taken place in the insurance business. The strong turnaround in profitable operations, which has been purposefully aimed at, is now becoming a reality. This can be attributed to more new customers as well as increased insurance sales to existing customers. Insurance business generated 10% growth in insurance revenue with a combined ratio of 96.8% (H1 2023: 103.7%). The turnaround was very strong in the second quarter with a combined ratio of 90.4% compared to 97.2% in the same period in the prior year. Income growth in life and health insurance is about 15.5% year-on-year. The insurance service result was positive by ISK 453 million, versus a negative figure of ISK 470 million last year. This 923 million positive turnaround between years is the result of a changed focus, as the Company's sales structure was transformed, and investment was made in new digital sales channels.

The insurance contracts expense ratio is decreasing, coming in at 20.3% for the first six months of the year versus 23.5% at the same time last year. The claims ratio was 73.3% (H1 2023: 77.4%), net reinsurance ratio was 3.2% (H1 2023: 2.8%).

Financial Services

The financial services activities, which consist of the operations of Fossar and SIV, got off to a good start in the first quarter of the year, but difficult market conditions had an impact on the bank's operations in the second quarter. Financial services generated net revenue of 960 million and loss before tax of 119 million in H1 2024. Important milestones were achieved during the period as the bank's share of the bond market continued to increase, the bank's interest rate margin became more stable, and the loan book continued to grow in line with expectations. Since the beginning of the year, the balance sheet has grown by 25% and the bank's lending has increased by ISK 2.2 billion at the same time. The bank recently issued its first listed bond for ISK 1.5 billion with a term of 18 months and a spread of 150 points over the one-month REIBOR. The bank thereby took an important step on the journey of becoming a reliable issuer on the bond market.

There was a significant growth in combined commission income and net interest income in financial activities in the first half of the year compared to the prior year. The net income of financial activities without financial income totalled around ISK 1,010 million, compared to ISK 584 million at Fossar last year. It should be noted that SIV's activities did not begin until the second half of last year. The financial activities are therefore on a strong growth path.

Report and Endorsement

by the Board of Directors and the CEOs

Investments

The return on the insurance investment assets was 3.0% (H1 2023: 5,7%). Investments generated financial income of 1,298 million (H1 2023: 2,478 million) and net financial income of 519 million (H1 2023: 1,588 million). Portfolio returns continue to outperform benchmarks.

It has now been just over a year since SIV Asset Management was established, with the company's operations commencing on 1 July 2023. Currently, the company has around ISK 93 billion under management and offers a wide range of funds, as well as asset management for investors. Assets under management at the Skagi Group will increase significantly after the acquisition with Íslensk verðbréf hf., at which time AUM will be around ISK 220 billion.

Financial Targets

Guidance on target operating performance for the fiscal year 2024 is as follows:

- Target combined ratio below 95% (range 94-97%)
- Net Financial services income is expected to be above 2,200 million (range 1,900 – 2,600 million)
- Expected return of insurance investments assets is 11%.

An update will be provided to investors if performance is expected to be outside of the target range for Insurance business and financial services, however no update will be provided on expected return for the insurance investment assets.

Shares and allocation of profits

The Company's nominal shares amounted to ISK 1,906.7 million at period end (own shares amounting to ISK 28,9 million), with each share having a nominal value of ISK 1. There were 913 shareholders at the beginning of the period and 882 shareholders at the end of it. The board of directors' proposal for the payment of a dividend in the amount of ISK 1,000 million or ISK 0.524 per share was approved at the Company's Annual General Meeting on 21st March and the company paid the dividend to shareholders on 2nd April 2024.

The acquisition of Íslensk verðbréf hf.

Skagi has signed purchase agreements to acquire Íslensk verðbréf hf. (ÍV). The company, that was founded in 1987, offers services in the fields of capital markets, asset management and fund management and had 99 billion ISK under management at the end of June this year. Around 4,000 clients have funds under asset management and in custody at ÍV.

Skagi's acquisition of ÍV was agreed subject to the approval of the Financial Supervisory Authority of the Central Bank of Iceland and the Icelandic Competition Authority. The approval of the Icelandic Competition Authority has now been obtained, and the Icelandic Competition Authority announced its decision with the following statement on the 3rd of May: "The acquisition by Skagi hf. of 98.07% of the total share capital of ÍV. constitutes a merger within the meaning of Article 17 of the Icelandic Competition Act. The Icelandic Competition Authority does not believe there are grounds for taking any action concerning the merger."

The remaining requirement for the completion of the merger is the approval of the Financial Supervisory Authority of the Central Bank of Iceland for Skagi to hold over 50% of the shares of ÍV and its subsidiary, ÍV Sjóðir.

Report and Endorsement

by the Board of Directors and the CEOs

To the best knowledge of the board the interim consolidated financial statements of Vátryggingafélag Íslands hf. give a true and fair view of the consolidated financial performance of the Group for the period 1 January to 30 June 2024, and its assets, liabilities, and financial position as of 30 June 2024. Further, in our opinion the consolidated interim financial statements give a fair view of the development and performance of the Group's operations and its position at the end of the period and describe the principal risks faced by the Group.

The Board of Directors and the CEOs have today discussed the Company's Condensed Consolidated Interim Financial Statements of Vátryggingafélag Íslands hf. for the period ended 30 June 2024 and confirm by means of their signatures.

Reykjavik, 28 August 2024

On the Board of Directors

Stefán Héðinn Stefánsson

Chairman of the Board

Vilhjálmur Egilsson

Vice-Chairman of the Board

Marta Guðrún Blöndal

Ásgeir Helgi Reykfjörð Gylfason

Hrund Rudolfsdóttir

CEOs

Haraldur Þórðarson

Guðný Helga Herbertsdóttir

Condensed Interim Consolidated Income Statement

For the period 1 January to 30 June 2024

	Notes	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Insurance revenue		7.212.980	6.500.845	14.001.721	12.678.305
Claims incurred		(4.848.687)	(4.661.208)	(10.256.310)	(9.816.291)
Insurance contract operating expenses		(1.418.508)	(1.491.293)	(2.839.773)	(2.981.607)
Net expenses from reinsurance contracts		(250.375)	(169.546)	(452.855)	(350.824)
Insurance service result	6	695.410	178.799	452.784	(470.417)
Interest income		356.583	0	706.643	0
Interest expenses		(310.183)	0	(609.527)	0
Net interest income	7	46.400	0	97.116	0
Fee and commission income		311.019	0	877.402	0
Fee and commission expenses		(21.341)	0	(46.302)	0
Net fee and commission income	8	289.678	0	831.100	0
Net financial income	9	(31.026)	719.700	468.156	1.587.523
Other operating income		37.270	20.561	61.972	42.134
Other net operating income		6.244	740.261	530.128	1.629.657
Net operating income		1.037.733	919.060	1.911.128	1.159.240
Operating expenses	10	(749.283)	(95.844)	(1.413.517)	(124.098)
Net impairments		(1.893)	0	(8.800)	0
Profit before tax		286.557	823.216	488.810	1.035.142
Income tax expenses	11	(149.213)	19.653	(215.953)	37.050
Profit and net profit for the period		137.344	842.869	272.857	1.072.192
Profit attributable to shareholders		136.650	849.355	275.615	1.080.508
Profit attributable to minority interest		694	(6.486)	(2.758)	(8.315)
Total profit for the period		137.344	842.869	272.857	1.072.192
Earnings per share					
Basic and diluted earnings per share		0,07	0,50	0,15	0,63

The notes on pages 11-30 are an integral part of these financial statements.

Condensed Interim Consolidated Statement of Comprehensive Income

For the period 1 January to 30 June 2024

	YTD 2024	YTD 2023
Profit for the period	<u>272.857</u>	<u>1.072.192</u>
Other Comprehensive income		
<i>Items that are or may be reclassified subsequently to profit and loss and relocated to equity</i>		
Unrealised fair value changes	(9.521)	0
Total comprehensive income for the period	<u><u>263.336</u></u>	<u><u>1.072.192</u></u>

The notes on pages 11-30 are an integral part of these financial statements.

Condensed Interim Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	30.6.2024	31.12.2023
Assets			
Cash and cash equivalents		1.466.675	2.270.693
Financial assets of insurance activities	12	44.024.666	42.758.589
Securities for hedging purposes	13	4.226.194	4.521.114
Forward contracts	14	385.683	143.235
Equities and other securities	26	231.416	337.320
Bonds	26	4.786.715	4.562.123
Loans to customers	26,28,29	3.907.597	1.672.720
Investments where investment risk is borne by life-insurance policyholders		1.081.819	1.047.382
Share in associates	16	174.883	190.283
Goodwill and other intangible assets	17	3.443.672	3.483.211
Right-of-use asset		451.265	584.453
Operating assets		336.980	329.531
Deferred income tax asset		173.075	191.211
Reinsurance contract assets		1.436.301	1.229.156
Other receivables	18	2.565.767	2.146.748
Total assets		<u>68.692.705</u>	<u>65.467.768</u>
Liabilities			
Liabilities due to insurance contracts	19	27.500.579	26.162.186
Technical provision for life-insurance policies where investment risk is borne by the policyholders		1.081.819	1.047.382
Subordinated bond	20	3.716.254	3.589.584
Money market loans	26	9.114.684	6.227.385
Issued bonds and bills	26	2.118.606	2.285.315
Liabilities to credit institutions	26	1.298.400	700.000
Forward contracts	14	22.685	215.615
Lease liability		496.758	636.966
Deferred income tax liability		291.028	271.629
Accounts payable and other liabilities	21	3.094.733	3.159.773
Total liabilities		<u>48.735.545</u>	<u>44.295.835</u>
Equity			
Share capital	22	1.877.737	1.905.550
Share premium account		3.087.000	3.087.000
Statutory reserve		625.620	625.620
Restricted reserves		2.744.516	3.852.262
Retained earnings		11.580.043	11.660.499
Total equity attributable to shareholders		<u>19.914.916</u>	<u>21.130.931</u>
Minority interest		42.245	41.002
Total equity		<u>19.957.160</u>	<u>21.171.933</u>
Total liabilities and equity		<u>68.692.705</u>	<u>65.467.768</u>

The notes on pages 11-30 are an integral part of these financial statements.

Condensed Interim Consolidated Statement of Changes in Equity

For the period 1 January to 30 June 2024

	Share capital	Share premium	Statutory reserve	Restricted reserve	Retained earnings	Minority interest	Total
2023							
Equity 1.1.2023	1.715.600		625.620	6.671.783	8.265.816	45.960	17.324.779
Total comprehensive income for the period					1.080.508	(8.315)	1.072.192
Change of holding in subsidiary					0	6.000	6.000
Treasury shares purchased	(20.050)				(332.335)		(352.385)
Dividends paid, ISK 0,554 per share					(939.335)		(939.335)
Restricted reserve for securites				(1.979.545)	1.979.545		0
Equity 30.6.2023	<u>1.695.550</u>	<u>0</u>	<u>625.620</u>	<u>4.692.238</u>	<u>10.054.198</u>	<u>43.645</u>	<u>17.111.251</u>
2024							
Equity 1.1.2024	1.905.550	3.087.000	625.620	3.852.262	11.660.499	41.002	21.171.933
Total comprehensive income for the period					275.615	(2.758)	272.857
Change of holding in subsidiary						4.000	4.000
Treasury shares purchased	(27.813)				(472.187)		(500.000)
Dividends paid, ISK 0,524 per share	0	0			(984.809)		(984.809)
Restricted reserve for securites				(1.107.746)	1.100.925		(6.821)
Stock options					4.190		4.190
Equity 30.6.2024	<u>1.877.737</u>	<u>3.087.000</u>	<u>625.620</u>	<u>2.744.516</u>	<u>11.580.043</u>	<u>42.245</u>	<u>19.957.160</u>

The notes on pages 11-30 are an integral part of these financial statements.

Condensed Interim Consolidated Statement of Cash Flows

For the period 1 January to 30 June 2024

	Notes	YTD 2024	YTD 2023
Operating activities			
Profit for the period		272.857	1.072.192
Operating items not affecting cash flows:			
Financial income and expenses		(97.116)	60.694
Net financial income		(468.156)	(2.212.285)
Forward contracts, change		(435.378)	0
Sale of operating assets		0	(6.014)
Depreciation and amortisation		269.376	301.019
Changes in operating assets and liabilities:			
Financial assets, change		(508.763)	3.005.134
Reinsurance assets, change		(207.145)	(230.692)
Other receivables, change		(419.019)	(5.450.695)
Tax liability, change		37.535	(37.050)
Insurance contract liabilities, change		1.338.393	3.848.396
Accounts payable and other liabilities, change		(156.465)	(40.497)
Cash flows from operating activities before interest and tax		<u>(373.881)</u>	<u>310.202</u>
Interest income received		577.682	415.438
Dividend received		251.766	0
Financial expenses paid		(888.622)	(161.912)
Income taxes paid		(28.352)	0
Cash flows from operating activities		<u>(461.407)</u>	<u>563.729</u>
Investing activities			
Purchase of operating assets		(86.007)	(35.274)
Sale of operating assets		0	25.200
Purchase of intangible assets	17	(33.276)	(86.434)
Securities, change		176.233	0
Loans to customers, change		(2.234.877)	0
Sale of shares in subsidiary		4.000	6.000
		<u>(2.173.927)</u>	<u>(90.509)</u>
Financing activities			
Purchase of treasury shares		(500.000)	(352.385)
Dividends paid		(984.809)	(939.335)
Principal payments of lease liability		(125.024)	(77.363)
Short-term loans, change		3.318.990	0
Unpaid capital gains tax in respect of transactions, change		119.777	0
		<u>1.828.934</u>	<u>(1.369.083)</u>
Change in cash and cash equivalents		(806.400)	(895.864)
Cash and cash equivalents at the beginning of the year		2.270.693	2.380.526
Effect of movements in exchange rates on cash held		2.382	4.941
Cash and cash equivalents at year end		<u>1.466.675</u>	<u>1.489.603</u>

The notes on pages 11-30 are an integral part of these financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

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Notes to the Condensed Interim Consolidated Financial Statements

1. Reporting entity

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

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

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

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

2. Basis of preparation

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting, as adopted by the European Union and additional requirements according to the Icelandic Financial Statements Act. The interim financial statements were approved and authorized for publication at a meeting of the Board of Directors on 28 August 2024. The condensed interim consolidated financial statements do not contain all the information required in consolidated financial statements and should be read in conjunction with its annual consolidated financial statements for the year 2023, which are available at www.skagi.is.

3. Functional and presentation currency

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

Notes to the Condensed Interim Consolidated Financial Statements

4. Accounting estimates

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

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

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

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

5. Operating segment reporting

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

The operating segments' results for the period 1 January to 30 June 2024 are specified as follows:

	Insurance operations	Insurance investments	Financial services	Skagi Supporting units and eliminations	Total
Insurance revenue	14.001.721				14.001.721
Claims incurred	(10.256.310)				(10.256.310)
Insurance contract operating expenses	(2.857.053)			17.280	(2.839.773)
Net expenses from reinsurance contracts	(452.855)				(452.855)
Insurance service result	435.504	0	0	0	452.784
Net interest income			97.116		97.116
Net fee and commission income			900.686	(69.586)	831.100
Financial income		1.297.668	(50.912)		1.246.756
Operating cost of the insurance investment portfolio		(142.841)			(142.841)
Net finance expenses from insurance contracts		(403.384)			(403.384)
Other financial items		(232.375)			(232.375)
Net financial income	0	519.067	(50.912)	0	468.156
Other operating income	53.291		12.649	(3.968)	61.972
Net operating income	488.795	519.067	959.539	(73.554)	1.911.128
Operating expenses	(14.440)		(1.069.457)	(329.620)	(1.413.517)
Net impairments			(8.800)		(8.800)
Profit (loss) before tax	474.355	519.067	(118.718)	(403.174)	488.810
Income tax expenses					(215.953)
Profit for the period					272.857

Notes to the Condensed Interim Consolidated Financial Statements

5. Operating segment reporting (cont.)

The operating segments' results for the period 1 January to 30 June 2023 are specified as follows:

	Insurance operations	Insurance Investments	Financial services	Skagi Supporting units and eliminations	Total
Insurance revenue	12.678.305				12.678.305
Claims incurred	(9.816.291)				(9.816.291)
Insurance contract operating expenses	(2.981.607)				(2.981.607)
Net expenses from reinsurance contracts	(350.824)				(350.824)
Insurance service result	(470.417)	0	0		(470.417)
Net interest income					0
Net fee and commission income					0
Financial income		2.477.877			2.477.877
Operating cost of the insurance investment portfolio		(160.809)			(160.809)
Net finance expenses from insurance contracts		(452.964)			(452.964)
Other financial items		(276.581)			(276.581)
Net financial income	0	1.587.523	0		1.587.523
Other operating income	42.134				42.134
Net operating income	(428.283)	1.587.523	0	0	1.159.240
Operating expenses	(82.254)		(41.844)		(124.098)
Net impairments					0
Profit (loss) before tax	(510.538)	1.587.523	(41.844)	0	1.035.142
Income tax expenses					37.050
Profit for the period					1.072.192

6. Insurance service result

	YTD 2024	YTD 2023
Insurance revenue		
Premiums earned	13.786.684	12.491.490
Other insurance revenue	215.037	186.815
Insurance revenue	14.001.721	12.678.305
Insurance service expenses		
Claims incurred	(10.256.310)	(9.816.291)
Insurance contract operating expenses	(2.839.773)	(2.981.607)
Insurance service expenses	(13.096.082)	(12.797.899)
Net expenses from reinsurance contracts		
Premiums earned, reinsurers' share	(505.031)	(430.782)
Claims incurred, reinsurers' share	47.444	76.617
Fee and commission income from reinsurers	4.732	3.341
	(452.855)	(350.824)
Insurance service result, total	452.784	(470.417)

Notes to the Condensed Interim Consolidated Financial Statements

7. Net interest income

	YTD 2024
Interest income is specified as follows:	
Bank deposits, cash, loans and other interest income	197.058
Derivatives	301.438
Interest on financial assets at fair value	81.453
Interest on financial assets recorded at fair value through income statement	126.695
Interest income, total	<u>706.643</u>
Money market loans and other borrowings	(502.861)
Issued bonds and bills	(103.221)
Interest expenses of leases	1.348
Other interest expenses	(4.793)
Interest expenses, total	<u>(609.527)</u>
Net interest income, total	<u>97.116</u>

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

8. Net fee and commission income

	YTD 2024
Capital markets and corporate finance	588.397
Asset management fees	180.207
Other net fee and commission income	62.496
Net fee and commission income, total	<u>831.100</u>

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

9. Net financial income

	YTD 2024	YTD 2023
Interest income and other investment income	489.442	265.592
Fair value change of equities*	(297.565)	1.217.576
Fair value change of other financial assets*	1.054.879	994.709
Fair value change of financial assets	<u>757.314</u>	<u>2.212.285</u>
Financial income, total	<u>1.246.756</u>	<u>2.477.877</u>
Net finance expenses from insurance contracts	(403.384)	(452.964)
Other financial items	(232.375)	(276.581)
Operating cost of the insurance investment portfolio	(142.841)	(160.809)
Net financial income, total	<u>468.156</u>	<u>1.587.523</u>

* Fair value changes in respect of financial services included.

Fair value change of equities includes ISK 139 million (2023: ISK 145 million) dividend income from equity holdings.

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

Notes to the Condensed Interim Consolidated Financial Statements

10. Operating expenses

	YTD 2024	YTD 2023
Salaries and related expenses	2.600.733	1.818.813
Other operating expenses	1.526.021	1.146.682
Depreciation and amortisation	269.376	301.019
Total.....	4.396.131	3.266.515
Operating expenses of parent company	329.620	0
Operating expenses of financial services	1.069.457	41.844
Expenses of insurance operations	2.854.212	3.063.862
Operating cost of the insurance investment portfolio	142.841	160.809
Operating expenses, total	4.396.131	3.266.515
Salaries and related expenses are specified as follows:	YTD 2024	YTD 2023
Salaries	2.015.958	1.416.447
Pension fund contributions	275.465	185.749
Share option expenses*	4.085	0
Special financial activities tax on salaries	122.843	84.086
Other salary-related expenses	182.384	132.532
Salaries and salary-related expenses	2.600.733	1.818.813
Number of fulltime employees	238	191

*The 2023 general meeting of the company authorized the Board of directors to approve a share option plan in accordance with Article 10 of the Income Tax Act No. 90/2003 for all employees of Skagi (Vátryggingafélag Íslands) and its subsidiaries as for management as part of bonus scheme.

11. Income tax

Income taxes are calculated and recognized in the financial statements.

Effective tax rate:	YTD 2024		YTD 2023	
	Amount	%	Amount	%
Profit before income taxes	488.810		1.035.142	
Income tax according to prevailing tax rate	102.650	21,0%	207.028	20,0%
Fair value changes of financial assets	164.448	33,6%	(214.586)	-20,7%
Non-deductible expenses	7	0,0%	6	0,0%
Dividends received	(49.637)	-10,2%	(28.929)	-2,8%
Effect of temporary change in tax rate	(2.575)	-0,5%	0	0,0%
Other changes	1.060	0,2%	(570)	-0,1%
Income taxes according to the income statement	215.953	44,2%	(37.050)	-3,6%

Notes to the Condensed Interim Consolidated Financial Statements

12. Financial assets of insurance activities

Financial assets are specified as follows:

	30.6.2024	31.12.2023
Shares in other companies		
Listed on domestic stock exchanges	2.301.305	3.852.460
Listed on foreign stock exchanges	2.963.564	1.896.105
Other companies	7.329.847	6.408.261
	<u>12.594.716</u>	<u>12.156.827</u>
Other securities		
Government-backed securities, indexed	4.047.822	4.338.264
Government-backed securities, non-indexed	5.225.560	5.066.129
Other bonds	12.125.115	12.044.764
Bond funds	7.548.768	6.628.339
Institutional investor funds	2.482.686	2.524.266
	<u>31.429.950</u>	<u>30.601.762</u>
Total financial assets	<u>44.024.666</u>	<u>42.758.589</u>

13. Securities for hedging purposes

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

	30.6.2024	31.12.2023
Government bonds and treasury bills	618.084	991.441
Shares	3.448.005	2.877.705
Other securities	160.105	651.968
	<u>4.226.194</u>	<u>4.521.114</u>

14. Forward contracts

	30.6.2024	31.12.2023
Assets		
Derivatives shares	378.058	126.986
Derivatives bonds	7.625	16.249
	<u>385.683</u>	<u>143.235</u>
Liabilities		
Derivatives shares	18.529	194.563
Derivatives bonds	4.155	21.052
	<u>22.685</u>	<u>215.615</u>

15. Share in subsidiaries

	30.6.2024	31.12.2023	Principal activity
VÍS tryggingar hf.	100,0%	100,0%	Seeking licence for insurance operations
Fossar fjárfestingarbanki hf.	100,0%	100,0%	Investment banking
VF Nord ehf.	100,0%	100,0%	Investing activities
Líftryggingafélag Íslands hf.	100,0%	100,0%	Life insurance
SIV eignastýring hf.	70,0%	70,0%	Asset and fund management

Notes to the Condensed Interim Consolidated Financial Statements

16. Share in associates

	Share	Book value 30.6.2024	Book value 31.12.2023
Tplús hf.	35,0%	135.994	151.393
Vex ehf.	35,0%	38.889	38.889
		<u>174.883</u>	<u>190.283</u>

17. Intangible assets

Cost	Customer				Total
	Goodwill	relationships	Brands	Software	
Cost at 1.1.2023	474.599	0	0	3.780.775	4.255.374
Additions during the year	1.767.984	925.000	305.000	178.524	3.176.508
Taken over due to acquisition of Fossar	0	12.887	5.923	28.820	47.630
Cost at 31.12.2023	2.242.583	937.887	310.923	3.988.119	7.479.512
Additions during the period	0	25.000	0	8.276	33.276
Total cost 30.6.2024	<u>2.242.583</u>	<u>962.887</u>	<u>310.923</u>	<u>3.996.395</u>	<u>7.512.788</u>
Amortisation					
Accumulated amortisation as at 1.1.2023	0	0	0	2.840.550	2.840.550
Taken over due to acquisition of Fossar	0	1.692	778	3.784	6.253
Amortisation for the year	0	23.125	7.625	313.121	343.871
Impairment	0	0	0	805.628	805.628
Accumulated amortisation as at 31.12.2023	0	24.817	8.403	3.963.083	3.996.302
Amortisation for the period	0	50.411	16.063	6.341	72.814
Accumulated amortisation as at 30.6.2024	<u>0</u>	<u>75.228</u>	<u>24.465</u>	<u>3.969.423</u>	<u>4.069.116</u>
Carrying amount					
Carrying amount at the beginning of the year 2023	474.599	0	0	940.225	1.414.824
Carrying amount at year-end 2023	2.242.583	913.070	302.521	25.036	3.483.211
Carrying amount as at 30.6.2024	2.242.583	887.659	286.458	26.971	3.443.672
Amortisation rates	0%	10%	10%	10-33%	

The Group's goodwill stems from VIS's acquisition of Lífis in 2012 as well as the merger of Fossar Investment Bank in 2023. At year-end 2023, an annual impairment test was carried out on the goodwill in respect of Lífis, based on discounted future cash flow. The result of the test was that it was not necessary to write down the carrying amount of the goodwill. It is management opinion that there are no indicators of impairment of goodwill at the 30.6.2024 reporting date.

18. Other receivables

Other receivables are specified as follows:	30.6.2024	31.12.2023
Prepaid taxes	653.942	460.581
Accrued interest income and prepaid expenses	862.931	794.027
Receivables related to domestic operations and other receivables	1.048.893	892.139
Other receivables, total	<u>2.565.767</u>	<u>2.146.748</u>

Notes to the Condensed Interim Consolidated Financial Statements

19. Insurance contract liabilities

	30.6.2024	31.12.2023
Insurance contract liabilities		
Liability for remaining coverage	2.746.292	2.185.132
Liability for incurred claims	24.754.287	23.977.054
Total insurance contract liabilities	<u>27.500.579</u>	<u>26.162.186</u>
Reinsurers' share		
Reinsurers' share	<u>1.436.301</u>	<u>1.229.156</u>
Insurance contract liabilities, net of reinsurance		
Insurance contract liabilities, net of reinsurance	<u>26.064.278</u>	<u>24.933.030</u>
Changes in liabilities for incurred claims are specified as follows:		
Liability for incurred claims, start of year	<u>23.977.054</u>	<u>22.880.803</u>
Net finance expenses from insurance contracts	343.226	1.070.275
Paid claims in the period due to older years	(5.751.964)	(9.787.018)
Liability for incurred claims, current year	6.338.829	11.080.777
Total calculated liability for incurred claims	<u>24.907.145</u>	<u>25.244.837</u>
Ruff off	(200.079)	(783.016)
Change in risk adjustment	47.222	(484.767)
Liability for incurred claims, end of period	<u>24.754.287</u>	<u>23.977.054</u>

20. Subordinated bond

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

21. Accounts payable and other liabilities

	30.6.2024	31.12.2023
Accounts payable are specified as follows:		
Accounts payable	474.895	785.401
Income tax payable	300.544	150.590
Liabilities due to reinsurance activities	395.922	67.623
Other liabilities	1.923.373	2.156.160
Accounts payable and other liabilities, total	<u>3.094.733</u>	<u>3.159.773</u>

Notes to the Condensed Interim Consolidated Financial Statements

22. Share capital and equity reserves

The share capital is specified as follows:	30.6.2024	31.12.2023
Share capital according to the Company's Articles of Association	1.906.700	1.906.700
Treasury shares	(28.963)	(1.150)
Share capital according to annual financial statements	<u>1.877.737</u>	<u>1.905.550</u>

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

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

According to the Annual Accounts Act, the Company is to recognize unrealized fair value income of financial assets designated at fair value through profit or loss in a restricted reserve among equity which is not distributable as dividends. According to the Annual Accounts Act, the Company is to restrict the share in profit from a subsidiary and associate in excess of dividends received.

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

23. Fossar Capital adequacy ratio

The capital adequacy ratio of Fossar is calculated in accordance with Act No. 161/2002 on Financial Undertakings. The capital requirement due to credit, market, and operational risk is calculated using a standard method and the bank's capital adequacy ratio is 21,1%.

	30.6.2024	31.12.2023
Fossar total equity at period end	1.785.182	1.925.908
Deduction items	(197.488)	(218.894)
Own funds	<u>1.587.693</u>	<u>1.707.014</u>
Risk weighted exposures:		
Credit risk	3.854.803	1.764.845
Market risk	1.303.852	1.417.711
Total risk weighted exposure for part a, 3rd paragraph. Article 84	<u>5.158.654</u>	<u>3.182.556</u>
Capital requirements for operational risk	2.372.280	2.372.280
Total risk weighted exposure for part b, 3rd paragraph. Article 84	<u>2.372.280</u>	<u>2.372.280</u>
Total risk weighted assets for Article 84	<u>7.530.934</u>	<u>5.554.836</u>
Capital adequacy ratio for Fossar	21,1%	30,7%

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

Notes to the Condensed Interim Consolidated Financial Statements

24. Solvency of a financial conglomerate

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

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

Solvency is a measure of the Group's ability to absorb shocks, or in other words, an indication of its financial strength. The Group's available capital and capital requirements are calculated on the assumption that the Group meets the definition of a financial conglomerate according to Articles 16, 17 and 18 of Regulation No. 61/2017 on Supplementary Supervision of Financial Conglomerates. The Group's solvency ratio is 1,49, taking into account the payment of dividends and repurchases of own shares, compared to the minimum requirement in the Regulation, which is 1.0.

	30.6.2024	31.12.2023
Solvency capital requirements for insurance activities	12.694.878	11.866.623
Solvency capital requirements for other activities	1.027.540	742.873
Total solvency capital requirements	<u>13.722.418</u>	<u>12.609.495</u>
Own funds for insurance activities	18.727.381	19.317.148
Own funds for other activities	1.748.606	1.867.927
Total own funds	<u>20.475.987</u>	<u>21.185.076</u>
Solvency ratio	1,49	1,68

25. Solvency of insurance activities

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

Solvency capital requirements

	30.6.2024	31.12.2023
Market risk	7.559.340	6.683.185
Counterparty risk	2.154.733	1.820.181
Insurance risk	10.064.803	9.736.238
Diversification effects and other factors	(7.083.998)	(6.372.981)
Total solvency capital requirements	<u>12.694.878</u>	<u>11.866.623</u>
Own funds	18.727.381	19.317.148
Solvency ratio	1,48	1,63
Minimum Capital Requirements (MCR)	5.712.695	5.338.300

Notes to the Condensed Interim Consolidated Financial Statements

26. Financial instruments

26.1 Classification of financial instruments of insurance operations

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

30.6.2024	Financial assets at fair value	Financial assets at amortised cost	Total	Fair value
Financial assets				
Equity and equity funds	12.594.716		12.594.716	12.594.716
Debt instruments and other securities	28.324.743		28.324.743	28.324.743
Secured debt instruments		3.105.207	3.105.207	
Other receivables		1.788.643	1.788.643	
Cash in escrow accounts and term deposits		76.441	76.441	
Cash and cash equivalents		1.034.904	1.034.904	
Financial assets, total	<u>40.919.458</u>	<u>6.005.195</u>	<u>46.924.654</u>	
31.12.2023				
Financial assets				
Equity and equity funds	13.661.697		13.661.697	13.661.697
Debt instruments and other securities	26.387.746		26.387.746	26.387.746
Secured debt instruments		2.709.349	2.709.349	
Other receivables		1.781.063	1.781.063	
Cash in escrow accounts and term deposits		154.607	154.607	
Cash and cash equivalents		2.158.620	2.158.620	
Financial assets, total	<u>40.049.444</u>	<u>6.803.639</u>	<u>46.853.082</u>	

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

Fair value hierarchy of insurance operations

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

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

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

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

30 June 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value	27.026.618	2.232.396	11.660.444	40.919.458
31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value	27.394.439	1.054.670	11.600.335	40.049.444

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

	30.6.2024	31.12.2023
Balance 1.1.	11.600.335	11.540.198
Purchased	1.259.489	2.371.195
Sold / Repayments	(1.358.310)	(3.781.357)
Moved between levels		(305.964)
Interest and fair value changes*	158.931	1.776.264
Balance at 30.6	<u>11.660.444</u>	<u>11.600.335</u>

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

Notes to the Condensed Interim Consolidated Financial Statements

26.2 Classification of financial instruments of financial services operations

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

30.6.2024	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents			431.771	431.771
Other receivables (without prepayments)			700.683	700.683
Bonds	2.599.621	2.187.094		4.786.715
Equities and other securities	231.416			231.416
Securities for hedging purposes	4.226.194			4.226.194
Loans to customers			3.907.597	3.907.597
Total	7.057.231	2.187.094	5.040.051	14.284.375
Financial liabilities				
Money market loans			9.114.684	9.114.684
Issued bonds and bills			2.118.606	2.118.606
Liabilities to credit institutions			1.298.400	1.298.400
Accounts payable and other liabilities (without unpaid taxes)			261.696	261.696
Long-term loans			25.083	25.083
Total	0	0	12.818.469	12.818.469
31 December 2023				
Financial assets				
Cash and cash equivalents			112.073	112.073
Other receivables (without prepayments)			211.078	211.078
Bonds	1.904.654	2.657.469		4.562.123
Equities and other securities	337.320			337.320
Securities for hedging purposes	4.521.114			4.521.114
Loans to customers			1.672.720	1.672.720
Total	6.763.087	2.657.469	1.995.872	11.416.428
Financial liabilities				
Money market loans			6.227.385	6.227.385
Issued bonds and bills			2.285.315	2.285.315
Liabilities to credit institutions			700.000	700.000
Accounts payable and other liabilities (without unpaid taxes)			292.507	292.507
Long-term loans			22.176	22.176
Total	0	0	9.527.383	9.527.383

Fair value hierarchy of financial services operations

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

30 June 2024	Level 1	Level 2	Level 3	Total
Investment in listed companies	3.679.421			3.679.421
Investment in bonds	5.564.904			5.564.904
Holdings in other companies, total	9.244.324	0	0	9.244.324
31 December 2023				
Investment in listed companies	3.215.025			3.215.025
Investment in bonds	6.102.592			6.102.592
Holdings in other companies, total	9.317.617	0	0	9.317.617

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

Notes to the Condensed Interim Consolidated Financial Statements

27. Credit quality of financial assets

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

	Claim value	Impairment to expected credit loss	Carrying amount	Allocated collateral					
				Total collateral	Deposits	Listed securities and liquid funds	Unlisted securities and other funds	Commercial real estate	Other
30.6.2024									
Public entities									
Financial institutions									
Corporate									
Real estate activities	141.197	(372)	141.132	226.900				226.900	
Construction	275.929	(813)	275.116	1.295.250				1.295.250	
Service activities	0	0	0	0				0	
Accommodat. and Food Service Activit.	215.548	(568)	214.980	2.376.335				176.234	2.200.101
Activities of Holding Companies	3.256.987	(6.955)	3.250.032	8.432.427	546.409	3.365.647	1.526.471	843.900	2.150.000
Wholesale and Retail Trade	0	0	0	0					0
Other	26.429	(92)	26.337	30.000					30.000
Individual									
Total	3.916.090	(8.800)	3.907.597	12.360.912	546.409	3.365.647	1.526.471	2.542.284	4.380.101

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

Notes to the Condensed Interim Consolidated Financial Statements

27.2 Credit quality of loans to customers by credit quality band

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

Credit quality of financial assets by credit quality band

30.6.2024

Loans to customers:	Stage 1	Stage 2	Stage 3	Total
Credit quality band I	3.793.819			3.793.819
Credit quality band II	122.578			122.578
Credit quality band III				
Credit quality band IV				
In default				
Non-Rated				
Gross carrying amount	3.916.397	0	0	3.916.397
Expected credit loss	(8.800)			(8.800)
Book value	3.907.597	0	0	3.907.597

31.12.2023

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

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

30.6.2024

	Claim value	Expected credit loss	Book value
Not past due	3.916.397	(8.800)	3.907.597
Past due 1-30 days			
Past due 31-60 days			
Past due 61-90 days			
Past due 91-180 days			
Past due 181-360 days			
Past due more than 360 days			
Total	3.916.397	(8.800)	3.907.597

31.12.2023

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

Notes to the Condensed Interim Consolidated Financial Statements

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

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

30.6.2024

Expected credit loss allowance total

Transfer of financial assets:	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	2.049			2.049
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Net remeasurement of loss allowance	4.025			4.025
New financial assets, originated or purchased	2.726			2.726
Derecognitions and maturities				
Write-offs				
Balance as at 30 June 2024	8.800	0	0	8.800

31.12.2023

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

28. Loan-to-value

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

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

	30.6.2024	%	31.12.2023	%
Less than 50%	2.629.754	67%	662.273	40%
51-70%	1.023.397	26%	809.305	48%
71-90%	254.446	7%	201.142	12%
91-100%				
101-125%				
126-200%				
Greater than 200%				
No or negligible collateral:				
Other loans with no collateral				
Total	3.907.597	100%	1.672.720	100%

Notes to the Condensed Interim Consolidated Financial Statements

29. Maximum exposure to credit risk

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

30.6.2024

On and off balance sheet exposure	Public entities	Financial institutions	Corporate customers	Individuals	Total
Cash and balances with Central Bank		411.364			411.364
Fixed income securities	5.686.049		160.105		5.846.154
Loans to customers			3.907.597		3.907.597
Derivatives			385.683		385.683
Other assets			37.009		37.009
Total	5.686.049	411.364	4.490.394	0	10.587.807

31.12.2023

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

Notes to the Condensed Interim Consolidated Financial Statements

30. Collateral against exposures to derivatives

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

	Notional amount fixed income securities	Notional amount variable income securities	Total notional amount	Market value of collateral			
				Deposits	Fixed income Securities	Variable income securities	Total collateral
30.6.2024							
Financial institutions		1.053.297	1.053.297	4.735		79.268	84.003
Corporate customers	5.810.500	158.626	5.969.126	543.572	2.475.519	1.457.843	4.476.934
Individuals							
	<u>5.810.500</u>	<u>1.211.923</u>	<u>7.022.423</u>	<u>548.307</u>	<u>2.475.519</u>	<u>1.537.111</u>	<u>4.560.937</u>

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

Notes to the Condensed Interim Consolidated Financial Statements

31. Large exposure

Large exposure before risk adjusted mitigation	30.6.2024		31.12.2023	
	Number	Amount	Number	Amount
10-20% of capital base	5	1.295.887	0	0
20-25% of capital base	0		0	0
Exceeding 25% of capital base	0		0	0
Total	5	1.295.887	0	0
Large exposure net of risk adjusted mitigation	5	1.295.887	0	0

32. Key ratios

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

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

Key ratios for insurance business	YTD 2024	YTD 2023
Claims ratio	73,3%	77,4%
Net reinsurance ratio	3,2%	2,8%
Claims and net reinsurance ratio	76,5%	80,2%
Insurance contracts expense ratio	20,3%	23,5%
Combined ratio	96,8%	103,7%
Solvency ratio for insurance business	1,48	1,53
Key ratios for the Group		
ROE on annual basis	2,6%	12,7%
Solvency ratio for the Group	1,49	1,53

33. Related parties

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

Transactions and balances with related parties are specified as follows:

	1.1-30.6.2024		30.6.2024	
	Income	Expenses	Assets	Liabilities
Board of directors and key management	2.203	50.243	381.578	9.146
	1.1-30.6.2023		31.12.2023	
	Income	Expenses	Assets	Liabilities
Board of directors and key management	15.368	38.585	389.318	911

Notes to the Condensed Interim Consolidated Financial Statements

34. Events after the reporting date

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

35. Quarterly statement

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Insurance revenue	7.212.980	6.788.741	6.843.539	6.952.232	6.500.845
Investment result after financial items	(31.026)	499.182	845.132	396.871	719.700
Net interest and commission income	336.078	592.138	391.452	37.891	0
Other income	37.270	24.702	17.337	14.584	19.094
Total income	7.555.303	7.904.763	8.106.650	7.401.578	7.239.640
Insurance service expenses	(6.267.195)	(6.828.887)	(6.641.423)	(6.344.821)	(6.152.501)
Net expenses from reinsurance contracts	(250.375)	(202.480)	42.994	(238.933)	(169.546)
Operating expenses	(749.283)	(664.235)	(658.669)	(105.464)	(94.377)
Impairment of intangible assets	(1.893)	(6.907)	(805.628)	0	0
Profit before income taxes	286.557	202.254	43.924	712.360	823.216
Income tax	(149.213)	(66.740)	108.016	(104.888)	19.653
Profit for the period	137.344	135.514	151.940	607.471	842.869
Claims ratio	67,2%	79,7%	73,3%	72,6%	71,7%
Net reinsurance ratio	3,5%	3,0%	-0,6%	3,4%	2,6%
Claims and net reinsurance ratio	70,7%	82,6%	72,6%	76,0%	74,3%
Insurance contracts expense ratio	19,7%	20,9%	23,8%	18,7%	22,9%
Combined ratio	90,4%	103,6%	96,4%	94,7%	97,2%