RAFRÆNT UNDIRRITAÐ
Guðmundur Jóhann Jónsson
Kt. 0411592439
Dags. 19.2.2025 08:47:14
Ástæða: Undirritun

RAFRÆNT UNDIRRITAÐ
Jón Finnbogason
Kt. 0408733769
Dags. 19.2.2025 09:25:41
Ástæða: Undirritun

RAFRÆNT UNDIRRITAÐ
Sigrún Ragna Ólafsdóttir
Kt. 1808633629
Dags. 19.2.2025 09:27:13
Ástæða: Undirritun

RAFRÆNT UNDIRRITAÐ
Hrefna Ösp Sigfinnsdóttir
Kt. 2309695239
Dags. 19.2.2025 09:28:31
Ástæða: Undirritun

RAFRÆNT UNDIRRITAÐ
Gunnar Þorvarðarson
Kt. 2410824239
Dags. 19.2.2025 09:33:18
Ástæða: Undirritun

STEFNIR

Asset Management Company

Financial Statements 2024

Stefnir hf.
Borgartun 19
105 Reykjavík

Reg. no. 700996-2479

Contents

In the case of any discrepancy between the English and the Icelandic texts, the Icelandic versions shall prevail and questions of interpretation will be addressed solely in the Icelandic language.

Report and endorsement of the board of directors and the managing director

Stefnir hf. is an independent financial institution pursuant to the Financial Undertakings Act No. 161/2002. The company operates on the basis of an operating license from the Financial Supervisory Authority of the Central Bank of Iceland as a manager of UCITS pursuant to Act No. 116/2021 on Undertakings for Collective Investment in Transferable Securities (UCITS) and as an alternative investment fund manager pursuant to Act No. 45/2020 on Alternative Investment Fund Managers. The company's operating license also applies to asset management, investment advice, and the custody and management of unit shares or shares in funds for collective investment.

Stefnir is a well-established Icelandic fund manager with assets of approximately ISK 336 billion under active management. Stefnir is a subsidiary of Arion Bank hf. and an associated company, and the A-part of the Financial Statements is part of the Consolidated Financial Statements of the Bank and its subsidiaries.

The Financial Statements of the company are divided in two: part A which includes the Financial Statements of Stefnir hf. and part B which includes the Financial Statements of UCITS, and alternative investment funds marketed towards the public. The Annual Financial Statements have been prepared in accordance with the Annuals Account Act, the Financial Undertakings Act and the rules of the Financial Supervisory Authority of the Central Bank of Iceland on the accounts of UCITS management companies and alternative investment fund managers.

Operations during the year 2024

The company reported earnings of ISK 1,061 million in the period according to the income statement. The company's equity at the end of the period was ISK 2.9 billion according to the balance sheet. The capital ratio, calculated according to the Financial Undertakings Act, is 66.7%, the minimum allowed by law being 8.0%.

At the beginning and end of the period, the company's share capital was ISK 43.5 million and was entirely owned by Arion Bank hf. and a related company.

The board of directors of Stefnir will propose to its AGM that a dividend of ISK 1,100 million be paid for 2024.

Highlights of 2024

Stefnir's annual general meeting was held on 11 March 2024 and a resolution was passed to pay a dividend of ISK 1,000 million to the shareholders. The following people sit on the company‘s board of directors: Sigrún Ragna Ólafsdóttir, chairwoman, Guðmundur Jóhann Jónsson and Hrefna Ösp Sigfinnsdóttir. The company also has an audit and risk committee, and a remuneration committee. The managing director of Stefnir is Jón Finnbogason.

Performance of assets under management

Assets under management increased by approximately ISK 89 billion, from approximately ISK 247 billion to approximately ISK 336 billion. The growth in assets is due to positive investment returns, an influx of capital into funds and the opening of new funds during the year. Assets under management are well distributed between asset classes and the company's revenue structure is in line with the board's objectives.

The Icelandic economy faced various challenges during the year, but various obstacles were also removed which should boost the economic outlook in the medium term.   At the beginning of the year a long-term deal was reached on the labour market, a tight monetary stance has slowed down economic activity and inflationary pressure has been reduced. These factors almost certainly influenced the Central Bank of Iceland's decision to cut interest rates at the end of the year and further rate cuts seem likely. Household savings are historically high and net household assets continue to grow. It is likely that savings will continue to find their way from deposit accounts into other investment options in the current climate.

Both the domestic and international equities markets generally had a decent year, despite the fact that the Icelandic market did not begin to make any gains until the autumn. The Icelandic OMXI15GI ended the year up 15% while MSCI World climbed 21.4% in 2024. Expectations of interest rate cuts and growing investment by non-residents had an impact on the domestic fixed income market, and the inflation premium on the bond market dropped during the year.

Stefnir funds generally yielded solid returns. The best performing equities fund managed by the company being Katla Global Equity, which generated a return of 21.7% in euros in 2024. The number of the fund's unit holders increased by 54% but many investors now choose to invest in funds through monthly subscriptions. Domestic equities funds also enjoyed a strong year and Stefnir – Icelandic Growth Fund Leveraged produced a return of more than 20% and more than doubled in size over the year. Many investors now choose to invest in funds regularly and subscriptions grew 20% in 2024. Most people choose to subscribe using digital channels such as online banking or the Arion app. Parents can also invest in funds on behalf of minors and can help children and young people subscribe to funds in the Arion app. During the year legal entities were also able to invest in funds via the app for the first time. Further developments and innovation when it comes to investing in Stefnir funds can be expected in 2025.

Report and endorsement of the Board of Directors and the Managing Director, cont.

The first half of the year saw the creation of one of the largest funds managed by Stefnir, SRE III slhf., which acquired 100% of the share capital in Heimstaden ehf. which is now called Íver. There are high hopes that the new fund will support the development of residential property and the Icelandic rental market. The alternative fund SEL I hf. issued a principal protected note amounting to $30 million which was listed on First North at the end of the year.

The fund Stefnir – Kjarabréf hs, which was established in 1986, was merged with Stefnir – Government Bonds Medium, bringing the curtain down on one of Stefnir's oldest funds.

The company's corporate research supports decision-making at Stefnir and our team of analysts has published excerpts of research articles on Stefnir's social media sites. The aim is to follow up on this research with in-depth coverage, and our analysts and management have contributed to discussion and learning about the markets, economic outlook and sustainability in a public arena.

Non-financial information, responsible investment, corporate governance and risk management

Stefnir's role is to manage its clients' assets as best serves their interests. Responsible and diverse investment options and thorough disclosure of information are central to the corporate social responsibility that the company aspires to maintain. By paying due attention to environmental and social issues and good corporate governance we believe the company can have a positive influence on our society, to the benefit of fund members and other stakeholders. Non-financial reporting pursuant to Article 66 d of Act No. 3/2006 can be seen on Stefnir's website, and the company records non-financial information in accordance with the Nasdaq ESG reporting guide which can be found on its website https://www.nasdaq.com/ESG-Guide.

The board of directors of Stefnir adopted a policy on responsible investments and we are continuously integrating it into the investment process and asset allocation. Every year Stefnir submits a progress report to PRI (UN Principles for Responsible Investment), the largest international forum for responsible investment.

Risk management and active internal control are mainstays of the responsible operation of a fund management company. The board of directors of Stefnir has approved a risk management policy and it applies to the management of risk associated with assets and portfolios of UCITS and alternative investment funds marketed towards the public. The company has defined its risk appetite and the board of directors monitors the key performance indicators on a regular basis. The board of directors of Stefnir has mapped the company's risk management environment. The risks facing the company have been systematically analyzed and measured, and the board is regularly informed of matters relating to risk management and internal control. Measures to manage and mitigate possible risk factors are vital to safeguard the operational security of the company.

During the year, Stefnir gained ISO 27001:2022 in the field of information technology and ÍST 85:2012 equal pay certification from BSI.

The board of directors of Stefnir is committed to good corporate governance and has resolved to promote responsible behaviour and corporate culture within Stefnir for the benefit of all the company's stakeholders.

In 2012 Stefnir was the first Icelandic company to be recognized for "Excellence in good corporate governance" by the Center for Corporate Governance. We are constantly seeking to develop and improve governance at the company and a special assessment of the governance by a recognized body is part of this process.

Outlook, risk factors and events taking place after the publication of the accounts

The outlook is positive but it must be remembered that there are various economic uncertainties both at home and abroad, and market fluctuations, interest rate trends and other external factors could affect Stefnir's funds and how the company performs both in the short and long term. The diversified asset composition and broad revenue base reduce volatility in the company's results. Stefnir has demonstrated its ability to adapt to the changing business environment and also benefits from economies of scale in its business and stable ownership.

Report and endorsement of the Board of Directors and the Managing Director, cont.

Endorsement of the Board of Directors and the Managing Director

These Annual Financial Statements have been prepared in accordance with the Annuals Account Act, the Financial Undertakings Act and the rules of the Financial Supervisory Authority on the annual accounts of UCITS management companies, alternative investment fund managers, UCITS and investment funds. To the best knowledge of the board of directors and managing director, it is our opinion that the annual financial statements give a clear picture of the company's operating results in 2024, its assets, liabilities and financial position as of 31 December 2024 and cash flows during the period. The company's board of directors and managing director have today discussed the company's annual financial statements for 2024 and confirm them by means of their electronic signatures.

Reykjavik, 19. February 2025.

The Board of Directors:

Sigrún Ragna Ólafsdóttir, chairman of the board
Guðmundur Jóhann Jónsson, board member
Hrefna Ösp Sigfinnsdóttir, board member

Managing Director:

Jón Finnbogason

Independent Auditors' Report

To the Board of Directors Shareholders of Stefnir hf

Opinion

We have audited the financial statements of Stefnir hf. for the year ended December 31, 2024 which comprise the statement of income, the statement of financial position, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stefnir hf. as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with the Icelandic Financial Statement Act, Act on Financial Undertakings and the rules of the Financial Supervisory Authority on the annual accounts of UCITS management companies, alternative investment fund managers, UCITS and investment funds.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Stefnir hf. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other information

The Board of Directors and the CEO are responsible for the other information. The other information comprises of the report of Board of Directors, Corporate governance statement and EU Taxonomy Regulation.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Except from the confirmation regarding report of the board of directors as stated below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In accordance with Paragraph 2 article 104 of the Icelandic Financial Statement Act no. 3/2006, we confirm to the best of our knowledge that the accompanying report of the board of directors includes all information required by the Icelandic Financial Statement Act that is not disclosed elsewhere in the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the financial statements in accordance with the Icelandic Financial Statement Act, Act on Financial Undertakings and the rules of the Financial Supervisory Authority on the annual accounts of UCITS management companies, alternative investment fund managers, UCITS and investment funds, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing Stefnir hf.'s 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 company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors shall supervise the preparation and presentation of the financial statements.

Independent Auditors' Report, cont.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the 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 Stefnir hf.'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 Company’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 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 Company to cease to continue as a going concern.

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

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.

Kópavogur, 19. February 2025

Deloitte ehf.

Gunnar Þorvarðarson
State Authorized Public Accountant

The Financial Statements of Stefnir hf. Is electronically signed by the auditors.

Statement of Income

for the year 2024

	Note		2024 2024		2024 2023
Operating income					
Management and performance based fees	5		2,581,632		2,704,796
Financial income	11		213,697		185,408
Operating income			2,795,329		2,890,204
Financial expense	10	(	18,936)	(	14,835)
Net operating income			2,776,393		2,875,369
Operating expense					
Salaries and related expense	12		724,585		829,716
Service commissions to Arion bank hf.			485,218		432,646
Other expense			200,274		227,268
Operating expense			1,410,077		1,489,630
Earnings before tax			1,366,316		1,385,739
Income tax	15	(	305,664)	(	290,801)
Net earnings	19		1,060,652		1,094,938

Stefnir hf. Financial Statements 2024 8 Amounts are in ISK thousands

Statement of Financial Position
as at 31 December 2024

	Note	31.12.2024	31.12.2023
Assets			
Securities with fixed income		26,123	0
Securities with variable income		1,040,004	1,078,982
Total Securities	6, 16	1,066,127	1,078,982
Accounts receivables	8	2,066,614	1,843,725
Receivable from ralated parties		183,997	173,405
Total Receivables		2,250,611	2,017,130
Cash and cash equivalents	9	642,952	875,483
Other assets		4,733	10,090
Total Other Assets		647,685	885,573
Total Assets		3,964,423	3,981,685
Equity			
Share capital		43,500	43,500
Statutory reserve		10,875	10,875
Other reserves		174,327	173,165
Retained earnings		2,710,285	2,646,274
Total Equity	19	2,938,987	2,873,814
Liabilities			
Deferred tax liabilities		18,998	19,883
Accounts payable		8,452	20,970
Accounts payable to related entities		68,525	74,147
Tax liabilities	20	307,884	289,020
Other liabilities		621,577	703,851
Total liabilities		1,025,436	1,107,871
Total Equity and Liabilities		3,964,423	3,981,685

Stefnir hf. Financial Statements 2024 9 Amounts are in ISK thousands

Statement of Cash Flows

for the year 2024

	Note		2024 2024		2024 2023
Cash flows from operating activities					
Net earnings	19		1,060,652		1,094,938
Non-cash items included in net earnings:					
Valuation changes of securities		(	108,838)	(	83,100)
Income tax recognised in profit or loss			305,664		290,802
			1,257,478		1,302,640
Changes in operating assets and liabilities		(	324,019)	(	292,412)
Income tax paid	20	(	287,685)	(	337,516)
Net cash from operating activities			645,774		672,712
Investing activities					
Purchase of securities with variable income		(	977,725)	(	21,289)
Sale of securities with variable income			1,123,495		360,439
Purches of securities with fixed income		(	27,271)		0
Sale of securities with fixed income			0		168
Instalment of securities with fixed income			3,196		0
Investing activities			121,695		339,318
Finance activities					
Dividend paid	19	(	1,000,000)	(	1,250,000)
Finance activities		(	1,000,000)	(	1,250,000)
Net change in cash and cash equivalents		(	232,531)	(	237,970)
Cash and cash equivalents at the beginning of the year			875,483		1,113,453
Cash and cash equivalents at the end of the year	9		642,952		875,483

Stefnir hf. Financial Statements 2024 10 Amounts are in ISK thousands

Notes to the Financial Statements

Accounting policies

1. General information

Stefnir hf. is a limited liabilty entity and operates in accordance with Act. 2/1995 on Limited Liabilty Companies and Act. 161/2002 on Financial Undertakings. The address of Stefnir's registered office is at Borgartún 19, Reykjavík and its ID no. is 700996-2479.

Stefnir is a subsidiary of Arion Bank hf., ID no. 581008-0150, Borgartún 19, Reykjavík.

2. Financial risk management at the company

Risk management and active internal control are mainstays of the responsible operation of a fund management company. Potential risks are analyzed thoroughly and we work methodically to strengthen the entire structure of the management company.

The operation of Part B funds involves various risks, such as the impact of changes in the price of financial instruments, foreign currencies, the liquidity of debtors and interest rate changes. The risk management of the funds focuses on actions designed to manage these risks. Fund managers seek to manage risk by actively managing financial instruments where applicable. Further information on financial risk factors can be found in the prospectuses on the company's website.

3. Basis of preparation

The Financial Statements of Stefnir hf. are prepared in accordance with law on Financial Statements, law on Financial Undertakings, law on Mutual Funds and the rules of the Financial Supervisory Authority on the annual accounts of UCITS management companies, alternative investment fund managers, UCITS and investment funds. The Financial Statements are prepared on the historical cost basis except for Securities that are valued at fair value. The Financial Statements are presented in Icelandic króna (ISK), rounded to the nearest thousand unless otherwise stated.

The Financial Statements of Stefnir hf. are part of the Consolidated Financial Statements for the parent company with information on operations and financial position of the Consolidated company.

4. Use of estimates and judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses in the Financial Statements presented. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the Financial Statements.

5. Management and performance based fees

The company earns asset management fees for the operations of Stefnir's securities funds, alternative investment funds marketed towards the public and other alternative investment funds. The fee is a fixed percentage of the net assets, total assets or subscriptions of each fund and includes the following operating expenses of the funds; salaries of the employees of the operating company, marketing and management. Additionally the company earns fees for the asset management of foreign funds that are in custody of foreign entities. Performance fees are earned if certain conditions are met.

6. Securities

a. Securities with variable income

Securities owned by the company are trading assets. Fund units and shares in special purpose entities are measured at cost at the end of the year. Listed fund units are measured at market value at the end of the year.

b. Securities with fixed income

Bonds that are listed on regulated securities market which is active and price generating are measured at market price at each time. The expression "active and price generating" means that the closing price of a bond is not based on old trades, trading with an insignificant portion of the total issuance or does not reflect the fair value of the bond as valued by specialists. If the issuer of a bond is expected to default, the bond is valued at the expected recoverable amount taking into account priority order of claims.

A bond where the issuer is deemed viable but is not listed on an active and price generating securities market is measured at present value of future cash flow. The choice of yield curve used for each bond is based on general risk and the circumstances on the market at the end of the year.

b. **Securities with fixed income, cont.**
For a bond where the issuer is not deemed viable the methods described above are deviated from and the bond is measured at expected recovery value and no interest income is realised. The estimate of expected recovery value takes into account the experience of the recovery from similar issuers, the financial statements of the issuer and statements issued by it. If the issuer is in administration, has defaulted or stated that payments of the bond will not be made the expected recovery is measured 0-1% and the bond entered into a collection process. If new information is received from issuers that have previously been fully provisioned for, the bond is re-valued, which might change the valuation of the bond to higher value. Due to significant uncertainty about the valuation of bonds the final recovery might vary considerably from the valuation at the end of the year.

7. **Foreign currency transactions**
Transactions in foreign currencies are translated to Icelandic króna at exchange rates at the dates of transactions, according to Reuter. Assets and liabilities denominated in foreign currency are translated at exchange rate at the end of the year.

Net foreign assets at 31 December 2024 amount to ISK 493 millions and are specified as follows:

	EUR	USD	GBP	Other
Assets	484,180	11,960	44	0
Liabilities	(3,251)	(4)	0	0
Net balance 31.12.2024	480,929	11,956	44	0
Net balance 31.12.2023	643,858	164	78	0
Exchange rate of ISK 31.12.2024	143.89	138.99	174.02	
Exchange rate of ISK 31.12.2023	150.13	135.82	172.97	

8. **Receivables**
Recivables are measured at nominal value deducted by impairment.

9. **Cash**
Cash consists of cash and deposits whth credit institutions.

10. **Tax assets / liabilities**
The calculation of derferred tax asset / liability is based on the difference between Statement of Financial Position items as presented in the tax return on the one hand, and in the Financial Statements on the other. This difference is due to the fact that tax assessments are based on premises that differ from those governing the Financial Statements, mostly because of time difference in impairment of securites and foreign exchange gain and loss are distributed over three years in the tax return.

11. **financial income / (expense)**

	2024	2023
Financial income is specified as follows:		
Valuation change in securities assets	123,134	97,222
Interest income	90,563	88,186
Financial income	213,697	185,408
Financial expense s is specified as follows:		
Foreign exchange gain (loss)	(18,567)	(14,798)
Interest expense	(369)	(37)
Financial expense	(18,936)	(14,835)

Stefnir hf. Financial Statements 2024 12 Amounts are in ISK thousands

Notes to the Financial Statements, cont.

12. Salaries and related expenses and personnel

	2024	2023
Salaries	560,670	633,715
Share-based payment expenses	4,519	6,681
Contribution to pension funds	84,121	87,869
Other salary related expenses	75,275	101,451
Salaries and related expenses	724,585	829,716

Number of employees at the end of the year.	20	23
Average number of employees during the year.	23	23

At the annual general meeting of Arion Bank on 16 March 2022, the board of directors of the Bank was authorized to make changes to the Bank’s share option scheme and it was expanded to include employees of Stefnir. Costs relating to the share option scheme amount to ISK 4.5 million in 2024. (6.7 million in 2023). Please refer to the annual and/or interim financial statements of Arion Bank for further information on the share option scheme.

Compensation of the key management personnel:

Jón Finnbogason, Managing Director	55,474	48,492
Sigrún Ragna Ólafsdóttir, Chairman of the Board	11,843	11,365
Guðmundur Jón Jónsson, Board-member	6,090	3,579
Hrefna Ösp Sigfinnsdóttir, Board-member	6,945	6,558
Total renumeration	80,352	69,994

Salary and salary related expenses of ISK 41,6 million were expensed in the year of 2024 in respect of the resignation of former employees. (ISK 4.8 million in 2023 in respect of the resignation of former employees.)

Renumeration to five managers was total ISK 153.4 million in the year of 2024 (ISK 158.4 million in 2023).

The Board of Stefnir has set rules for bonus payments in accordance with rules set by the Financial Supervicory Authority no. 388/2016 which have been confirmed by the FSA. In 2024 the company made a provision of ISK 109.8 million for performance plan payment, including salary related expense (ISK 87.0 million in 2023). Forty percent of the payment is deferred for three years if it exceeds 10% of the employee's annual salary without any bonus payments in accordance with FME rules on remuneration policy for financial undertakings. At the end of the year the company's accrual for performance plan payments amounts to ISK 173.8 million (ISK 245,6 million in the end of 2023).

13. Audit expense

	2024	2023
Audit of annual accounts	18,728	17,578
Review of the interim accounts	4,883	4,582
Other audit services	3,268	2,421
Total Audit expense	26,879	24,581

14. Leases

An agreement is in place between Stefnir hf. and Arion Bank hf. on the leasing of commercial property. The agreement was signed in December 2012. The leased office space is located on the third floor of Borgartún 19. According to the agreement the lease period is indefinite and there is no period of notice.

The lease pursuant to the agreement amounted to ISK 28.4 million in the year 2024. The lease is expensed under other operating expenses in the company’s income statement. The corresponding payment in 2023 amounted to ISK 26.4 million.

Stefnir hf. Financial Statements 2024 13 Amounts are in ISK thousands

Notes to the Financial Statements, cont.

15.	Income tax expense	2024	2023
	Current tax expense	307,884	289,020
	Prior year correction	(1,335)	355
	Deferred tax expense	(885)	1,426
	Total Income tax expense	305,664	290,801

16.	Securities	31.12.2024	31.12.2023
	Securities with fixed income are listed on regulated market:		
	Issued by public entities	26,123	0
		26,123	0
	Securities with variable income are unlisted and specified as follows:		
	Shares in companies	500	0
	Shares in investment companies	245,465	202,659
	Fund units	794,039	876,323
		1,040,004	1,078,982
	Securities total	1,066,127	1,078,982

17. Related parties

Stefnir hf. has a related party relationship with the parent company, Arion Bank hf. and its subsidiaries and associates, funds under management, The Board of Directors and key management personnel at Stefnir.

No unusual transaction took place with related parties during the year. Transaction with related parties have been conducted on an arm's length basis.

Stefnir pays Arion Bank for custody services, in addition Stefnir has outsourced activities to Arion Bank, with the approval of the Financial Supervisory Authority. The main outsourced tasks are outsourcing of internal auditing, compliance, IT services, accounting and settlement services, specific tasks to the Commercial Banking division and other activities.

Transactions with related parties 2024	Revenue	Expense	Receivables/ Assets	Liabilities
Arion bank consolidated	40,980	593,341	642,952	58,855
Funds in operation	1,849,831	0	183,997	9,670
	1,890,811	593,341	826,949	68,525

Transactions with related parties 2023	Revenue	Expense	Receivables/ Assets	Liabilities
Arion bank consolidated	52,698	551,392	875,483	63,847
Funds in operation	2,004,695	0	173,405	10,300
	2,057,393	551,392	1,048,888	74,147

18. Assets under Management

Assets under Management in funds in operation by Stefnir at the end of the year amount to ISK 336 billions compared to ISK 247 billions at year end 2023.

Stefnir hf. Financial Statements 2024 14 Amounts are in ISK thousands

19. Equity

a. Share capital amounts to ISK 43.5 million at year end, unchanged from year end 2023, with par value of ISK 1 per share.

b. Changes in eqity are specified as follows:

	Share capital	Statutory reserve	Fair value equity reserve	Retained earnings	Total
Equity 1.1.2023	43,500	10,875	201,202	2,766,617	3,022,194
Dividend distributed	0	0	0	(1,250,000)	(1,250,000)
Net earnings	0	0	0	1,094,938	1,094,938
Fair value equity reserve	0	0	(30,728)	30,728	0
Share-based salary reserve	0	0	2,691	3,991	6,682
Equity 31.12.2023	43,500	10,875	173,165	2,646,274	2,873,814
Equity 1.1.2024	43,500	10,875	173,165	2,646,274	2,873,814
Dividend distributed	0	0	0	(1,000,000)	(1,000,000)
Net earnings	0	0	0	1,060,652	1,060,652
Fair value equity reserve	0	0	767	(767)	0
Share-based salary reserve	0	0	395	4,126	4,521
Equity 31.12.2024	43,500	10,875	174,327	2,710,285	2,938,987

According to the Financial Statements Act No. 3/2006 fair value changes of financial assets from the initial reporting, shall be transferred from retained earnings to a fair value equity reserve, net of tax. The fair value equity reserve is not subject to dividend payments. The fair value equity reserve shall be released in accordance with fair value changes recognized when financial asset is sold or redeemed or the assumptions for the fair value change is no longer in force.

c. Return on assets, presented as the ratio between net earnings and the average balance of assets according to the Balance Sheet, was 26.7% in 2024. Return on assets in 2023 was 27.0%.

d. Equity at end of the year is ISK 2,939 million or 74.1% of total assets.
The Capital adequacy ratio of the company which is calculated according to Article 84 of the Act on Financial Undertakings is 66.7%, exceeding the minimum legal requirement of 8%.

The ratio is calculated as follows:

	31.12.2024	31.12.2023
Total equity	2,938,987	2,873,814
Total own funds for solvency purposes	2,938,987	2,873,814
Total capital requirements are specified as follows:		
Credit risk	285,843	270,610
Market risk	39,434	51,528
Capital requirement	325,277	322,138
Capital requirement due to fixed overheads	352,519	372,408
Capital adequacy ratio	66.7%	61.7%

Stefnir hf. Financial Statements 2024 15 Amounts are in ISK thousands

Notes to the Financial Statements, cont.

20. Tax liabilities

	31.12.2024	31.12.2023
Changes in tax assets and liabilities are specified as follows:		
Tax liability at the beginning of the year	(308,903)	(355,618)
Reassessment of taxes for the previous year	(1,335)	(355)
Income tax recognised in Statement of Income	(282,577)	(269,903)
Income tax paid	287,685	337,516
Net tax liabilities at the end of the year	(326,882)	(308,903)
Specified as follows:		
Current tax	(286,132)	(268,477)
Deferred tax liabilities	(18,998)	(19,883)
Net tax liabilities at the end of the year	(326,882)	(308,903)
Deferred tax liabilities are attributable to the following:		
Deferred foreign exchange gain and loss	3,462	111
Provision of claims	(22,460)	(19,994)
Deferred tax liabilities at the end of the year	(18,998)	(19,883)
Tax liabilities are attributable to the following:		
Income tax using the Icelandic corporation tax rate	285,247	268,477
Tax liabilities at the end of the year	307,884	289,020

21. Shareholders of Stefnir hf.

	31.12.2024	31.12.2023
Shareholders of Stefnir hf. with shareholding exceeding 1% of issued share capital:		
Arion banki hf.	99.93%	99.93%
Shareholders of Arion banki hf.:		
Gildi Pension fund	9.17%	9.85%
Pension Fund of Commerce	9.06%	9.62%
LSR - The Pension Fund for Icelandic State Employees	8.79%	9.02%
Arion banki hf.	6.65%	0.95%
Brú Pension fund	5.31%	5.38%
Stoðir hf.	5.29%	4.34%
Frjálsi Pension fund	3.60%	3.91%
Vanguard	3.59%	3.55%
Birta Pension fund	3.15%	3.58%
Stapi Pension fund	3.02%	2.85%
Hvalur hf.	2.43%	2.24%
Festa Pension fund	2.25%	2.52%
Stefnir funds	2.08%	2.38%
Almenni Pension fund	1.63%	2.30%
Íslandsbanki hf.	1.52%	1.23%
Lífsverk Pension fund	1.51%	1.52%
Íslandssjóðir	1.01%	0.00%
Landsbréf hf.	0.94%	1.09%
Kvika banki hf.	0.92%	0.00%
Landsbankinn hf.	0.92%	1.06%
Sjóvá tryggingar	0.46%	1.66%
Other	26.70%	30.95%
	100.00%	100.00%

Stefnir hf. Financial Statements 2024 16 Amounts are in ISK thousands

Corporate Governance Statement of Stefnir hf. 2025

Introduction

The board of directors of Stefnir hf. believes that good corporate governance is a key factor behind Stefnir's success as a leading fund management company in Iceland. Corporate governance provides companies with a framework in which objectives are defined, which tools should be used to achieve these objectives and how the success of these objectives is measured. Good corporate governance is designed to provide the right incentives to the board of directors and management to exploit the opportunities which serve the interests of the company, the shareholders and the general public. Good corporate governance also enables the board to perform its monitoring duties effectively.

This corporate governance statement by Stefnir hf. is in compliance with the requirements set forth in recognized guidelines at the time these financial statements are approved by the board of the company with reference to Article 66 c. of the Annual Accounts Act No. 3/2006. The Guidelines on Corporate Governance, 6th edition, issued by the Icelandic Chamber of Commerce, SA – Business Iceland, and Nasdaq Iceland hf. and the OECD's Principles of Corporate Governance from 2015 were used as a reference when Stefnir hf.'s corporate governance statement was written. The Guidelines on Corporate Governance can be seen at leidbeiningar.is and the OECD's Principles of Corporate Governance can be seen here https://www.oecd.org/daf/ca/Corporate-Governance-Principles-ENG.pdf.

In 2012 Stefnir was the first Icelandic company to be recognized for "Excellence in good corporate governance." This recognition was first awarded by the Center for Corporate Governance at the University of Iceland and is based on an audit performed by KPMG. Stefnir has since been recognized in this way on repeated occasions and therefore remains a model company in good corporate governance in Iceland.

Stefnir hf. is an independent financial institution pursuant to the Financial Undertakings Act No. 161/2002. The company operates on the basis of an operating license from the Financial Supervisory Authority of the Central Bank of Iceland as a manager of UCITS pursuant to Act No. 116/2021 on Undertakings for Collective Investment in Transferable Securities (UCITS) and as an alternative investment fund manager pursuant to Act No. 45/2020 on Alternative Investment Fund Managers. The company's operating license also applies to asset management, investment advice, and the custody and management of unit shares or shares in funds for collective investment. Stefnir had assets of ISK 336 billion under fund management at the end of 2024. Stefnir has a team of 20 employees with a diverse range of expertise and experience from the domestic and international financial markets.

Stefnir is a subsidiary of Arion Bank hf. The company is fully owned by Arion Bank and a related company. The company's corporate governance statement serves to encourage open and reliable communications between the board, shareholders and other stakeholders such as fund members managed by Stefnir, parties that service and participate in the operations of Stefnir, employees and the general public.

The company's activities are subject to an operating license issued by the Financial Supervisory Authority of the Central Bank of Iceland. The company's operations are governed by acts of law including the Financial Undertakings Act No. 161/2002, the UCITS Act No. 116/2021, and the Alternative Investment Fund Managers Act No. 45/2020. Stefnir is supervised by the Financial Supervisory Authority of the Central Bank of Iceland under the Official Supervision of Financial Operations Act No. 87/1998.

Main features of internal controls, risk management and accounting

Risk management and active internal control are mainstays of the responsible operation of a fund management company. The board of directors confirmed the company's risk policy in mid-2024. The risk policy states:

"Risk in the company's operations shall be identified, quantified, measured and monitored according to the criteria established in the business at any given time. The risk appetite of the board of directors of Stefnir shall be communicated to the employees and be integral the process of informed decision-making at the company."

By setting out a clear risk policy the board wishes to encourage and support a corporate culture at Stefnir which is characterized by a keen sense of risk awareness.

The company's risk appetite has been defined and this work was based on international models which were adapted to Icelandic conditions and the company. The company's auditing and risk committee helped to define the risk appetite and tolerance limits. The board of directors of Stefnir will review the company's risk appetite on an annual basis to take into account changes in the company's internal and external environment.

The Risk Officer of Stefnir is responsible for analyzing and assessing the company's financial risks and operating risks. The Risk Officer takes an active part in formulating the risk policy and risk appetite and is involved in major decisions on risk management. Compliance, Internal Audit and the Risk Officer regularly report the results of their assessments to the board of directors of Stefnir and the audit and risk committee. All supervisory measures are documented and regularly assessed by persons responsible for supervision, including the risk manager. The audit and risk committee is informed of the progress of these measures. Compliance and Internal Audit functions are outsourced with the permission of the Financial Supervisory Authority of the Central Bank of Iceland to Arion Bank and they work in accordance with a charter from the board of directors of Stefnir.

The structure and organization of corporate governance are vital tools for the effective management of the company, the separation of different business units and the prevention of conflicts of interest. Corporate governance at Stefnir has been assessed and the board of directors is of the opinion that the company operates in accordance with the standards set out there concerning best practice in internal corporate governance.

Stefnir has adopted a policy on conflicts of interest. The objective of the policy is to protect clients and fund members and to safeguard the independence and reputation of the company and its employees. The policy applies equally to the board and employees and implies that the company will take all available measures to prevent conflicts of interest from damaging the interests of fund members. An extract of the policy and other rules designed to prevent conflicts of interest, e.g. rules on securities trading by employees of Stefnir, can be found on the company's website.

The company's accounting is the responsibility of Arion Bank's finance division. The Financial Supervisory Authority of the Central Bank of Iceland has authorized the outsourcing of this task. Arion Bank is also the depositary of Stefnir hf. and the price calculations of funds managed by Stefnir are the responsibility of the Bank. The audit and risk committee examines the company's financial statement and obtains the opinion of an external auditor on the six-month financial results and 12-month financial results of Stefnir and the funds managed by Stefnir. Reporting to the board of directors with respect to the accounts is the responsibility of the committee; the board also meets the auditing company Deloitte.

Values and social responsibility

The strategic planning completed in 2023 set out areas of focus in Stefnir's business for the next years. The board of directors and employees took an active part in this work and a number of key performance indicators were identified which would support and consolidate Stefnir's position as a leading fund manager in Iceland.

The values identified by the board of directors and employees in 2022 are professional, forward-thinking and responsible. The company's core values are summed up in the sentence "Together we create valuable opportunities by being forward-thinking and acting responsibly," underlining the power of teamwork which prevails in the company, where we look to the future responsibly, guided by the interests of our clients.

The company's core value is "United in a strong team" which describes the company's overall sense of teamwork.

The board of directors approved the code of ethics in 2024 which reflects the ethical standards according to which the board and employees work. Other benchmarks can be found in employment agreements, the conflicts of interest policy and the board of directors' rules of procedure.

A policy on sustainability and social responsibility was approved by the board in 2024. The policy describes Stefnir's sustainability focuses in the long term and how the company adopts sustainability in its business and managing financial assets pursuant to the company's fiduciary duty. The policy can be viewed on Stefnir's website.

The company's policy on diversity, equality and participation, which was approved in 2024, sets out the criteria the board has established with respect to diversity and equality. The board of directors of Stefnir adopted a policy on responsible investments in September and the policy serves as a guide for fund management. The policy describes how Stefnir integrates environmental, social and governance (ESG) issues and sustainability into investment decisions. The policy builds on Regulation (EU) 2019/2088 on Sustainable Financial Disclosure (SFDR).

Stefnir is a signatory to the Principles for Responsible Investment and undertakes to provide information on how it takes into account environmental, social and governance issues when managing its investments. The company is also one of the founding members of IcelandSIF, which was founded in 2017. IcelandSIF is an independent forum for discussion and education on responsible and sustainable investment.

Stefnir has signed a declaration of intent on investment for a sustainable recovery. Financial resources are critical for shaping the business sector and creating jobs in this recovery. Responsible and diverse investment options and thorough disclosure of information are central to the corporate social responsibility that the company aspires to represent.

Board of Directors

The board of directors of Stefnir has three members. The majority of the board is independent of Arion Bank, Stefnir's parent company, and the company itself. All board members are elected at a shareholders' meeting of the company. The managing director is hired by the board and has the mandate from the board to manage the day-to-day operations of the company. Board meetings are held regularly, on average once a month and more often if required. There were 10 board meetings during the year and there was a quorum present at every meeting. The board's standard procedures can be accessed on the company's website, as well as the company’s articles of association.

Two women and one man sit on the board of directors of Stefnir. All have a diverse background and education and broad experience of business and management. The board members are Sigrún Ragna Ólafsdóttir, chairwoman, Guðmundur Jóhann Jónsson, and Hrefna Ösp Sigfinnsdóttir.

Sigrún Ragna was born in 1963. Sigrún Ragna is self-employed and is the former CEO of VÍS and Lífís from 2011 to 2016. She was previously managing director of the finance division of Íslandsbanki and before that at Deloitte, where she was a partner. Sigrún Ragna graduated in business administration from the University of Iceland and is a certified public accountant. She has an MBA from Reykjavík University. Sigrún Ragna is also a board member of Ekin ehf., Hekla ehf. and Hekla fasteignir ehf. She also serves on the board of Síminn where she is vice-chairwoman. Sigrún Ragna has also served on the boards of numerous companies such as Auðkenni ehf., Verður tryggingar hf., Reiknistofa bankanna hf., and Creditinfo Group hf. Sigrún has no shared interests with Stefnir’s main clients or competitors.

Guðmundur Jóhann was born in 1959. Guðmundur is self-employed and is the former CEO of Vörður. Guðmundur is also a board member of Fareind hf. and Stjórnborði ehf. Guðmundur is a business administration graduate from Seattle University. He gained an MBA from the University of Edinburgh and has completed the Advanced Management Program (AMP) from the IESE Business School. Guðmundur has no shared interests with Stefnir’s main clients or competitors. The board has assessed Guðmundur as a non-independent board member according to its rules of procedure and chapter 2.3 of the Guidelines on Corporate Governance on account of his previous employment agreement with Vörður which is also a subsidiary of Arion Bank.

Hrefna Ösp was born in 1969. Hrefna is the CEO if Creditinfo and former managing director of asset management at Landsbankinn. Hrefna is a board member of Coripharma Holding hf. and Vaxandi fjárfestingar hf. Hrefna is a business administration graduate from the University of Iceland, is a licensed securities broker and has completed the Advanced Management Program (AMP) from IESE Business School. Hrefna has no shared interests with Stefnir’s main clients or competitors.

The board members have not taken on any special tasks for the company, and the board of directors’ rules of procedure specifically address other tasks which board members can take on.

Sigrún Ragna Ólafsdóttir has been chairwoman since August 2019, Guðmundur Jóhann Jónsson joined the board in May 2022 and Hrefna Ösp Sigfinnsdóttir joined the board in December 2022. Further information on board members at Stefnir can be found on the company’s website.

Board sub-committees

Stefnir operates an audit and risk committee. The committee is composed of board directors of Stefnir. The committee met seven times in 2024 and a quorum was present on each occasion. Two committee members are independent of the company and their broad expertise in business administration, auditing and management was put to good use in the course of the committee’s business. The committee submits its annual report to the board of directors in the first quarter of every year. The committee’s rules of procedure can be found on the company’s website.

Corporate Governance Statement, cont.:

The board of directors of Stefnir also has a remuneration committee. As with the audit and risk committee, it is composed of board directors of the company. The committee met three times in 2024 and a quorum was present on each occasion. There is no nomination committee as Stefnir is wholly owned by Arion Bank and a related company.

The role of the board

The role of the board of directors of Stefnir has been defined as follows:

The board's key role is to establish a corporate strategy and ensure that it is implemented. The core of the strategy is for the company to be a leading fund management company and to ensure that the company is guided by the interests of clients, owners, employees and society as a whole when managing financial assets responsibly. There is an emphasis on high quality risk management and running a dependable and profitable business. The board places a strong emphasis on good corporate governance and ensuring that the board and company operate at all times in compliance with the law, rules and good business practices.

The role of the board is defined in more detail in the rules of procedures and the company's articles of association.

The board evaluates its own work and that of the chairman on an annual basis and makes proposals for improvements. For the assessment the board uses an anonymous, digital questionnaire. The results of the assessment are then discussed at a board meeting and the board's proposals for improvements are assigned to people for completion. The key features of the board assessment are value creation and strategic planning, the board agenda and meetings, employees and culture, board composition, assessment of the chairperson, risk management and disclosure and other factors which are important in order for the board to reach its targets. The board examines the assessment, and this is specified in the minutes of the board meeting.

Managing director

The company's managing director since 1 May 2022 is Jón Finnbogason, born 1973. Jón is a lawyer and a licensed securities broker. Jón has worked on the financial markets in a diverse range of management and specialist positions for 23 years. Jón was manager at Byr Savings Bank and later CEO of Byr hf. between 2009 and 2011, when he took over as assistant managing director of retail banking at Íslandsbanki, a position he held until 2013. He worked at Stefnir from 2003 to 2008 and again from 2013 to 2017 when he was head of the fixed income team and deputy managing director. Jón was credit officer at Arion Bank from 2017 to 2022. Jón is a board member of two sports organizations in Iceland. Jón has no shared interests with Stefnir's main clients or competitors.

Neither the managing director nor related parties own share or options in Stefnir, but the managing director and related partis do have shares and share option in Arion Bank, the parent company of Stefnir. There are no common interests with Stefnir's main trading partners, competitors or shareholders. The main duties of the managing director are to manage the day-to-day business of the company, implement strategy and follow the instructions given by the board of directors, cf. Article 68 (1) of the Public Limited Companies Act. He is responsible for reporting to internal and external supervisory bodies. The managing director is authorized, upon approval by the board, to grant other employees of the company the power to carry out limited aspects of his duties.

The board's rules of procedure and communications between the shareholders and the board

The board's rules of procedure are set with reference to Article 70 (5) of the Public Limited Companies Act. The rules of procedure are largely based on Guidelines No. 1/2010 of the Financial Supervisory Authority and the company's articles of association, as well as the work undertaken in relation to the company's recognition as a model company in good corporate governance.

The board of directors' rules of procedure cover in detail the protocol for communications between shareholders and the board. The rules basically state that the chairman of the board is responsible for communications between the board and shareholders. The chairman shall ensure that the board is informed of all communications with shareholders and that at every board meeting a report, verbal or in writing, shall be given on communications with shareholders between meetings. The rules of procedure can be viewed on Stefnir's website.

Corporate Governance Statement, cont.:

Conclusion

No judgments for punishable acts according to the Criminal Code, the Competition Act, Financial Undertakings Act or laws on public limited companies, private limited companies, book-keeping, annual accounts, bankruptcy or taxation, nor under special legislation applicable to parties subject to public supervision of financial activities, have been passed on Stefnir hf.

Stefnir has been a leader in many areas and has placed great importance on offering its clients competitive and responsible investment options in virtually all asset classes. It is vital that the company is able to share information accurately and easily with investors. The company’s website performs an important role in this respect by publishing detailed information on all the Stefnir funds available to the public.

EU Taxonomy Regulation

Stefnir publishes information for the second time regarding the EU Taxonomy in an annex to the 2024 Consolidated Financial Statement.

Eligible and environmentally sustainable activities

An activity is considered to be eligible if it is defined in delegated EU regulations, established in the basis of the Taxonomy Regulation, on the technical screening criteria which the activity needs to fulfil in order to be considered environmentally sustainable according to the taxonomy. If the taxonomy applies to the activity, it is considered eligible. Eligibility does not, however, determine whether a particular activity is sustainable, but just states that there are technical screening criteria for the activity which enable it to be analyzed in accordance with the taxonomy.

The Taxonomy Regulation covers six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

In order for an economic activity to be considered environmentally sustainable it must be aligned with one of the six environmental objectives of the regulation but at the same time must do no significant harm to other objectives. This is to prevent an economic activity from being considered environmentally sustainable if it then does such harm to the environment that it outweighs the activity's contribution to the environmental objective. The activity also needed to be carried out in accordance with minimum safeguards which, among other things, address human rights, meet the DNSH criteria (do no significant harm) and to meet technical screening criteria.

Off-balance sheet exposures

Icelandic companies which come under the scope of the Taxonomy Regulation, regarding assets under management, published for the first time figures on the proportion of environmentally sustainable turnover and capital expenditure in 2024 in the annual financial statement for 2023. The number of domestic companies that have disclosed figures on eligible or environmentally sustainable turnover and capital expenditure is still very low. Since the implementation of the Taxonomy Regulation commenced earlier for companies in the EU, more foreign companies have reported their mitigation and adaptation to climate change. Therefore, there was a higher proportion of foreign assets for which eligibility and environmental sustainability could be assessed based on turnover and capital expenditure. Only a few equity funds, or alternative investments funds in Stefnir's funds have disclosed the eligibility or ratio of environmentally sustainable assets.

Just over half of the group's assets under management fall under the regulation. However, many companies do not disclose how their revenues or capital expenditure, fall under the regulation, i.e. whether they fall under climate change adaptation or mitigation or whether they are transitional or enabling activities. Data on eligible and environmentally sustainable assets was obtained from Bloomberg. Government bonds are not covered by the regulation so there is no disclosure requirement for them.

EU Taxonomy Regulation

KPIs of asset managers according to the EU Taxonomy Regulation

The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below: Turnover-based: 0.66% CapEx-based: 0.79%	The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: 1,254,965,850 ISK CapEx-based: 1,509,156,560 ISK
The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities. Coverage ratio: 70.9%	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities. Coverage: 190,586,172,818 ISK
Additional, complementary disclosures: Breakdown of denominator of the KPI	
The percentage of derivatives relative to total assets covered by the KPI. 5.8%	Fjárhagslegt virði afleiða: 11,059,170,982 ISK
The proportion of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: For non-financial undertakings: 0 For financial undertakings: 0%	Value of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: 0 For financial undertakings: 0 ISK
The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 57.7% For financial undertakings: 1.3%	Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: 2,450,113,574 ISK For financial undertakings: 109,979,991,827 ISK
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 40.5% For financial undertakings: 59.5%	Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: 113,351,483,243 ISK For financial undertakings: 77,234,689,575 ISK
The proportion of **exposures to other counterparties over total assets covered by the KPI**: 0	Value of **exposures to other counterparties**: 0
The value of all the investments that are funding **economic activities that are not taxonomy-eligible relative to the value of total assets covered by the KPI**: 58.9%	Value of all the investments that are funding **economic activities that are not taxonomy-eligible**: 112,430,105,401 ISK

Unaudited

<table>
<tr><td>The value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned relative to the value of total assets covered by the KPI:
37%</td><td colspan="2">Value of all the investments that are funding Taxonomy-eligible economic activities, but not taxonomy- aligned:
67,691,998,572 ISK</td></tr>
<tr><td colspan="3">Additional, complementary disclosures: Breakdown of numerator of the KPI</td></tr>
<tr><td>The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI: :

For non-financial undertakings:
Turnover-based: 0.66%
CapEx-based: 0.79%
For financial undertakings:
Turnover-based: 0%
CapEx-based: 0%</td><td colspan="2">Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:

For non-financial undertakings:
Turnover-based: 1,254,965,850 ISK
CapEx-based:1,509,156,560 ISK
For financial undertakings:
Turnover-based: 0
CapEx-based: 0</td></tr>
<tr><td>The proportion of taxonomy-aligned exposures to other counterparties in over total assets covered by the KPI:

Turnover-based: 0%
CapEx-based: 0%</td><td colspan="2">Value of taxonomy-aligned exposures to other counterparties: :

Turnover-based: 0
CapEx-based: 0</td></tr>
<tr><td colspan="3">Breakdown of the numerator of the KPI per environmental objective</td></tr>
<tr><td colspan="3">Taxonomy-aligned activities</td></tr>
<tr><td>1) Climate change mitigation</td><td>0.66%
CapEx:
0.79%</td><td>Transitional activities: N/A (Turnover; CapEx)

Enabling activities: N/A (Turnover; CapEx)</td></tr>
<tr><td>2) Climate change adaptation</td><td>Turnover: 0%

CapEx: 0%</td><td>Transitional activities: N/A (Turnover; CapEx)

Enabling activities: N/A (Turnover; CapEx)</td></tr>
</table>