

SJÓVÁ

Quarterly Results Q1 2018

Translation of
Investors' Presentation
14 May 2018



Q1 in brief

Best Q1 underwriting performance since 2014

SJÓVÁ



Earnings

- Profit of **ISK 749 million**
- Technical results of **ISK 396 million**



Combined ratio

- Combined ratio of **97.2%** compared with **103.6%** in Q1 2017.
 - **98.0%** over last 12 months
- Good growth in premiums in conjunction with disciplined price-setting



Investments

- Investment income of **ISK 793 million**
- Return on investment portfolio **2.0%** in the quarter
 - Good returns during the period



Claims

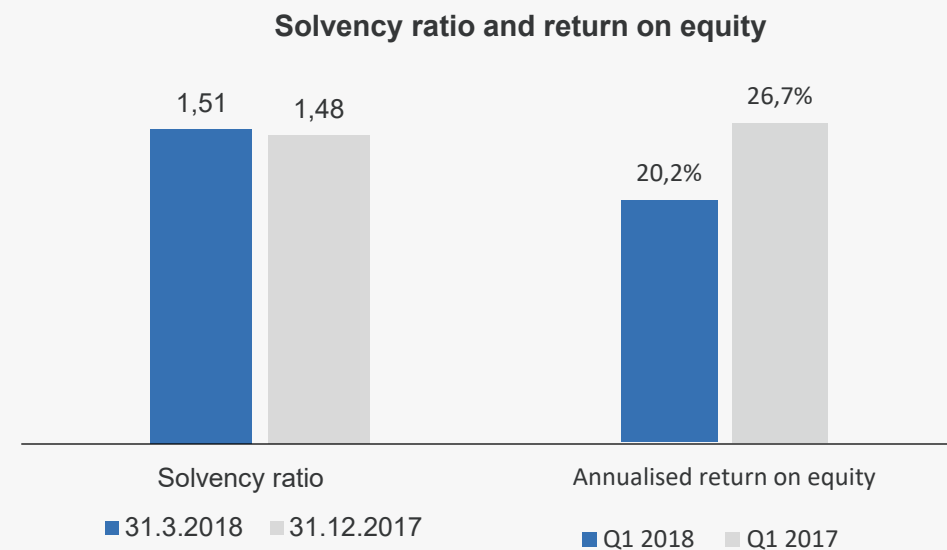
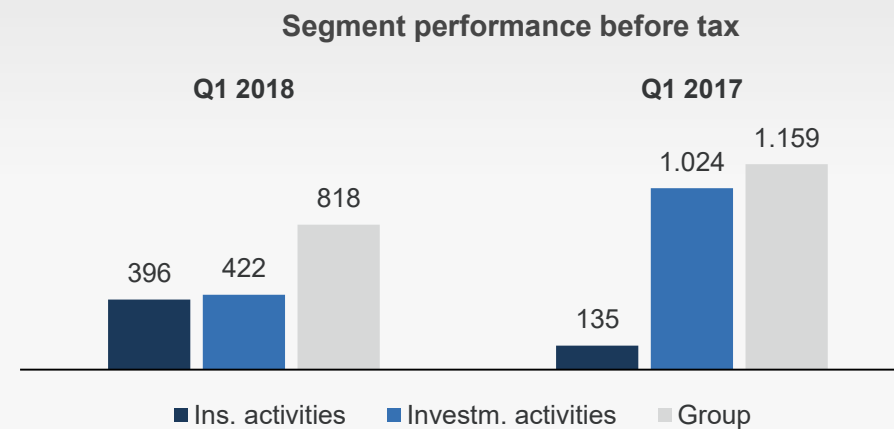
- Claims ratio of **71.6%** as compared with **76.7%** in Q1 2017
- Impact of major fire in Garðabær in April will be seen in Q2
 - Outlook for the year unchanged, 96% combined ratio (Q2: 101%, Q3: 93%, Q4: 95%)

Highlights from Q1 2018

SJÓVÁ

| | Q1 2018 | Q1 2017 |
|-----------------------------------|---------|---------|
| Profit for the period | 749 | 1,100 |
| Earnings per share | 0.53 | 0.75 |
| Pre-tax profit | 818 | 1,159 |
| Technical results | 396 | 135 |
| Profit on investment operations | 422 | 1,024 |
| Annualized return on equity (ROE) | 20.2% | 26.7% |
| Group combined ratio | 97.2% | 103.6% |

| | 31.3.2018 | 31.12.2017 |
|--------------------|-----------|------------|
| Group equity ratio | 31.5% | 35.1% |
| Solvency ratio | 1.51 | 1.48 |



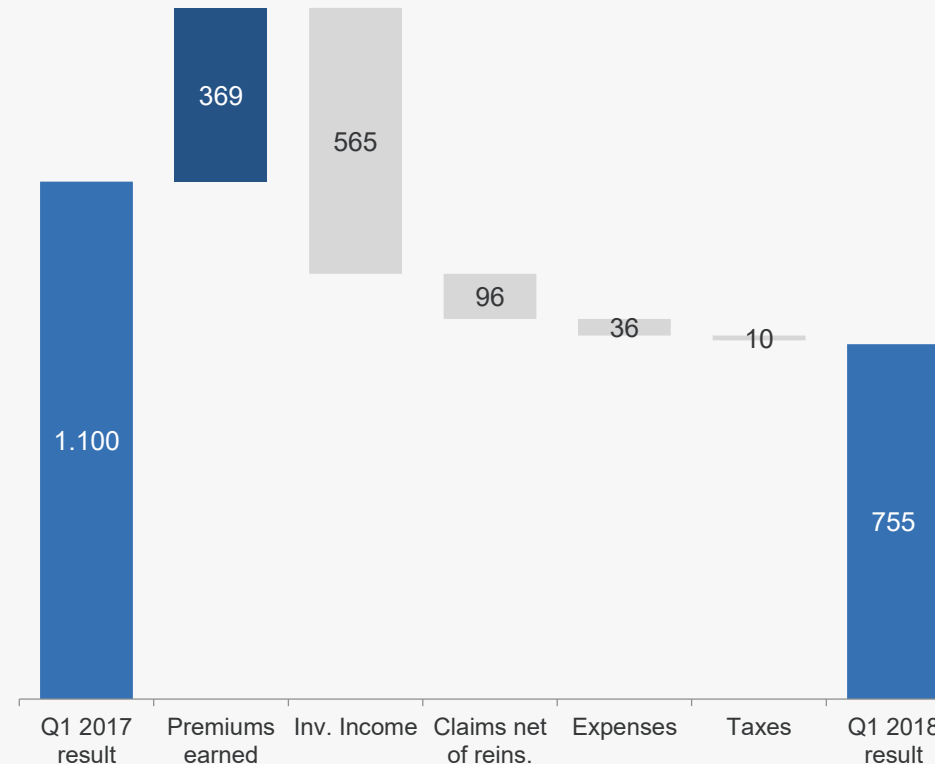
Income statement Q1 2018

Cost discipline and structural changes deliver lower cost ratio

SJÓVÁ

| | Q1 2018 | Q1 2017 | % |
|--|---------------|---------------|--------------|
| Premiums earned | 4,251 | 3,849 | 10.4% |
| Earned premiums, net of reinsurance | 4,039 | 3,669 | 10.1% |
| Investment income | 793 | 1,364 | -41.9% |
| Total income | 4,840 | 5,050 | -4.1% |
| Claims incurred | -3,044 | -2,951 | 3.1% |
| Claims incurred, net of reinsurance | -2,998 | -2,902 | 3.3% |
| Operating expenses | -1,024 | -988 | 3.6% |
| Total expenses | -4,022 | -3,890 | 3.4% |
| Pre-tax profit | 818 | 1,159 | -29.4% |
| After-tax profit | 749 | 1,100 | -31.9% |
| Claims ratio | 70.8% | 75.9% | |
| Run-off ratio | 0.8% | 0.8% | |
| Claims ratio | 71.6% | 76.7% | |
| Reinsurance ratio | 3.7% | 3.0% | |
| Claims and reinsurance ratio | 75.3% | 79.6% | |
| Cost ratio | 21.9% | 24.0% | |
| Combined ratio | 97.2% | 103.6% | |

Bridge analysis Q1 2017 to Q1 2018



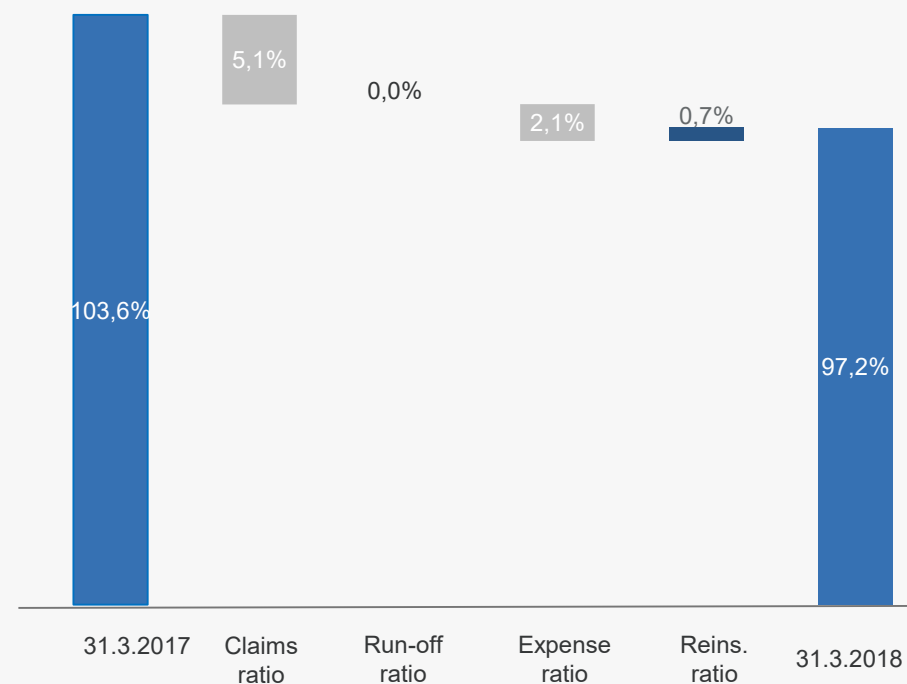
Income statement Q1 2018

Claims ratio improves YoY

SJÓVÁ

| | Q1 2018 | Q1 2017 | % |
|--|--------------|---------------|--------|
| Premiums earned | 4,251 | 3,849 | 10.4% |
| Earned premiums, net of reinsurance | 4,039 | 3,669 | 10.1% |
| Investment income | 793 | 1,364 | -41.9% |
| Total income | 4,840 | 5,050 | -4.1% |
| Claims during the period | -3,044 | -2,951 | 3.1% |
| Claims incurred, net of reinsurance | -2,998 | -2,902 | 3.3% |
| Operating expenses | -1,024 | -988 | 3.6% |
| Total expenses | -4,022 | -3,890 | 3.4% |
| Pre-tax profit | 818 | 1,159 | -29.4% |
| After-tax profit | 749 | 1,100 | -31.9% |
| Claims ratio | 70.8% | 75.9% | |
| Run-off ratio | 0.8% | 0.8% | |
| Claims ratio | 71.6% | 76.7% | |
| Reinsurance ratio | 3.7% | 3.0% | |
| Claims and reinsurance ratio | 75.3% | 79.6% | |
| Cost ratio | 21.9% | 24.0% | |
| Combined ratio | 97.2% | 103.6% | |

Change in combined ratio Q1 2017 to Q1 2018

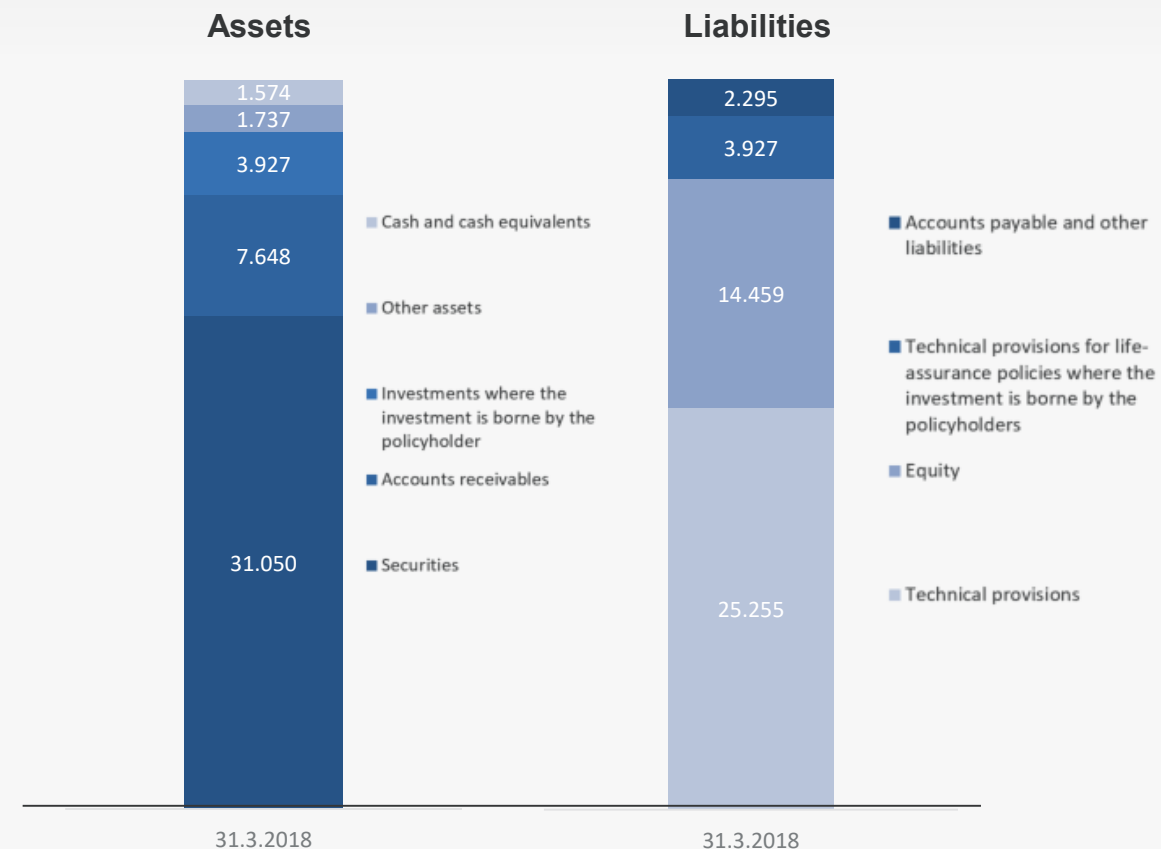


Balance sheet

Seasonal changes

SJÓVÁ

| | 31.3.2018 | 31.12.2017 |
|---|---------------|---------------|
| Assets | | |
| Securities | 31,050 | 32,006 |
| Accounts receivables | 7,648 | 4,784 |
| Investments where the investment is borne by the policyholder | 3,927 | 4,030 |
| Cash and cash equivalents | 1,574 | 951 |
| Other assets | 1,737 | 1,594 |
| Total assets | 45,937 | 43,365 |
| Equity | | |
| Share capital | 1,425 | 1,425 |
| Other equity | 13,034 | 13,782 |
| Total equity | 14,459 | 15,206 |
| Liabilities | | |
| Technical provisions | 25,255 | 22,469 |
| Technical provisions for life-assurance policies where the investment is borne by the policyholders | 3,927 | 4,030 |
| Accounts payable and other liabilities | 2,295 | 1,659 |
| Total liabilities | 31,478 | 28,159 |
| Total liabilities and equity | 45,937 | 43,365 |

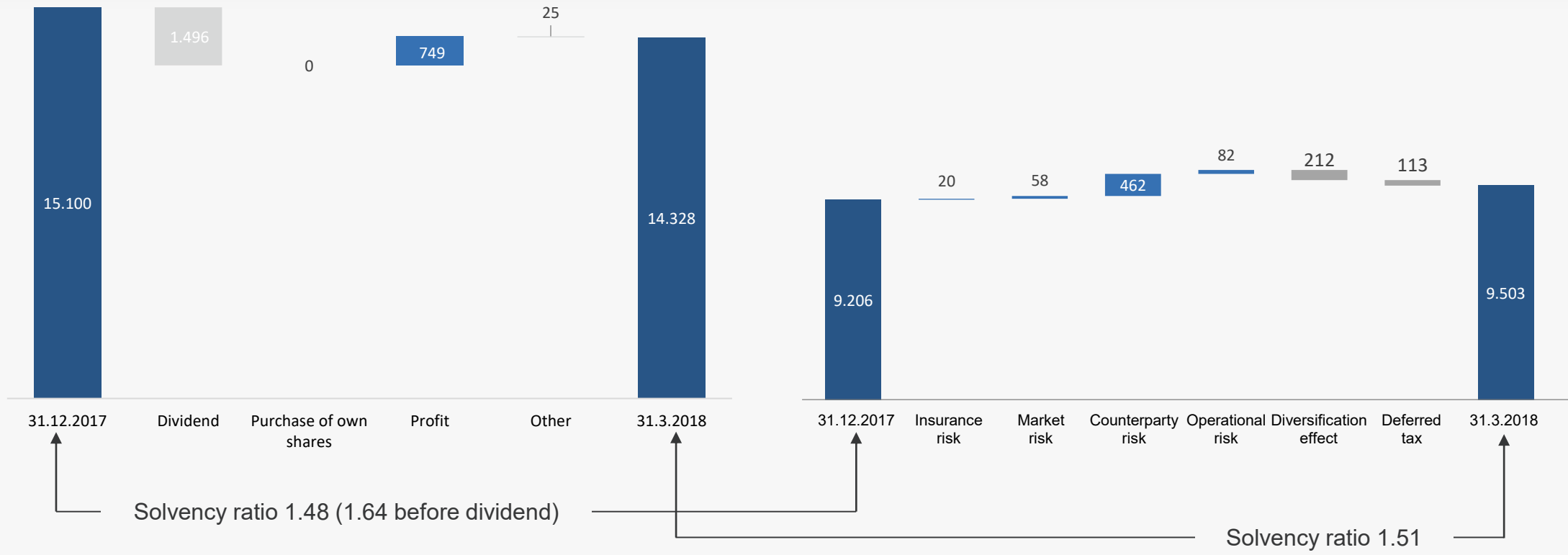


Changes in Solvency Capital Requirement and Capital Requirement Q1 2018



Capital base

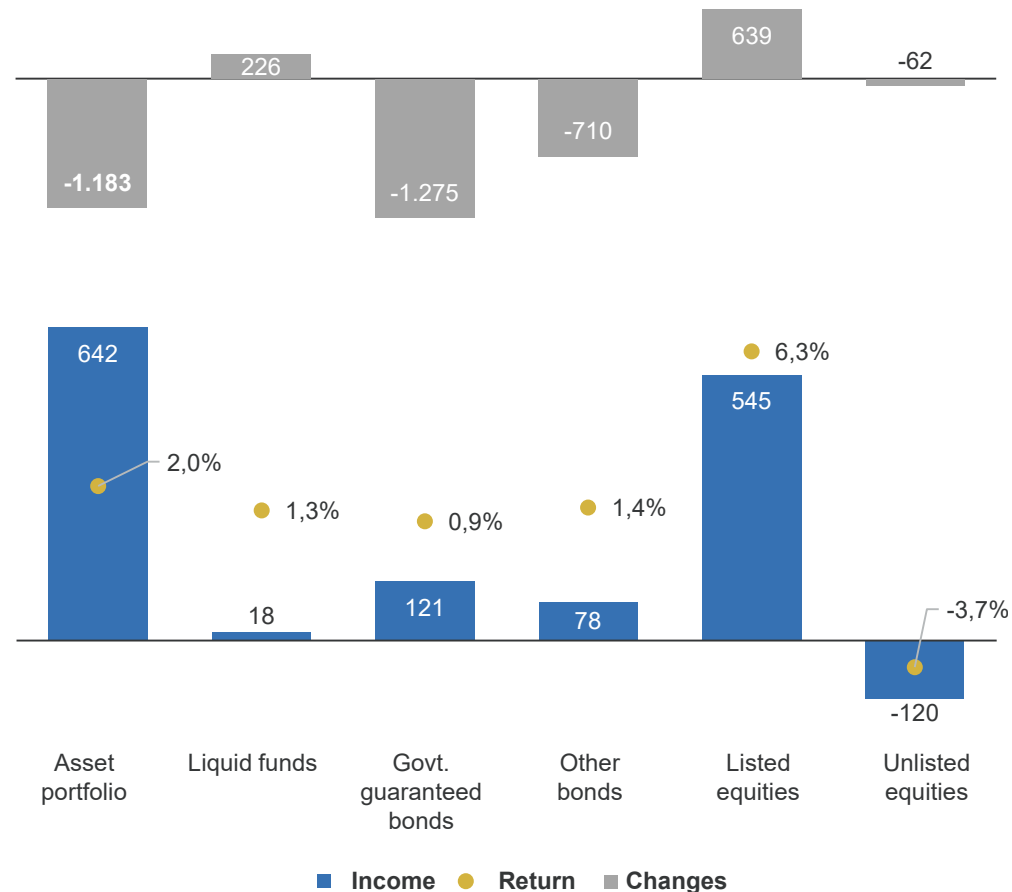
Solvency capital requirements



Return on investments Q1 2018

SJÓVÁ

Return on and changes in investment portfolio



- › Return on the portfolio was 2.0% in Q1
- › Average duration of the Group's bond portfolio was 3.5 years at the end of the quarter and the indexation ratio was 41%
- › Good return on listed securities, largely owing to a large position in Marel
- › Negative return on unlisted securities due to adjustment in the valuation of Ölgerðin

Gamma index return

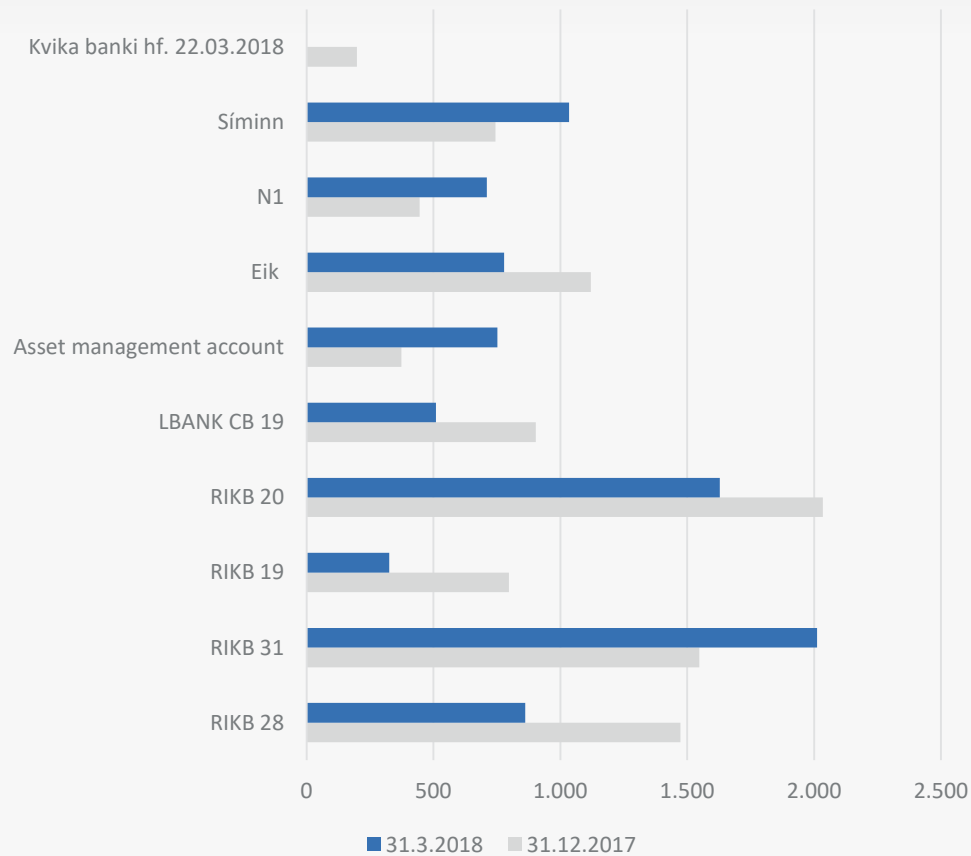
Q1 2018

| | |
|-------------------------|------|
| Market index | 2.7% |
| Equities | 7.4% |
| Government bonds | 1.0% |
| Inflation-indexed bonds | 1.2% |
| Non-indexed bonds | 0.5% |
| Covered bonds | 1.3% |
| Corporate bonds | 1.1% |

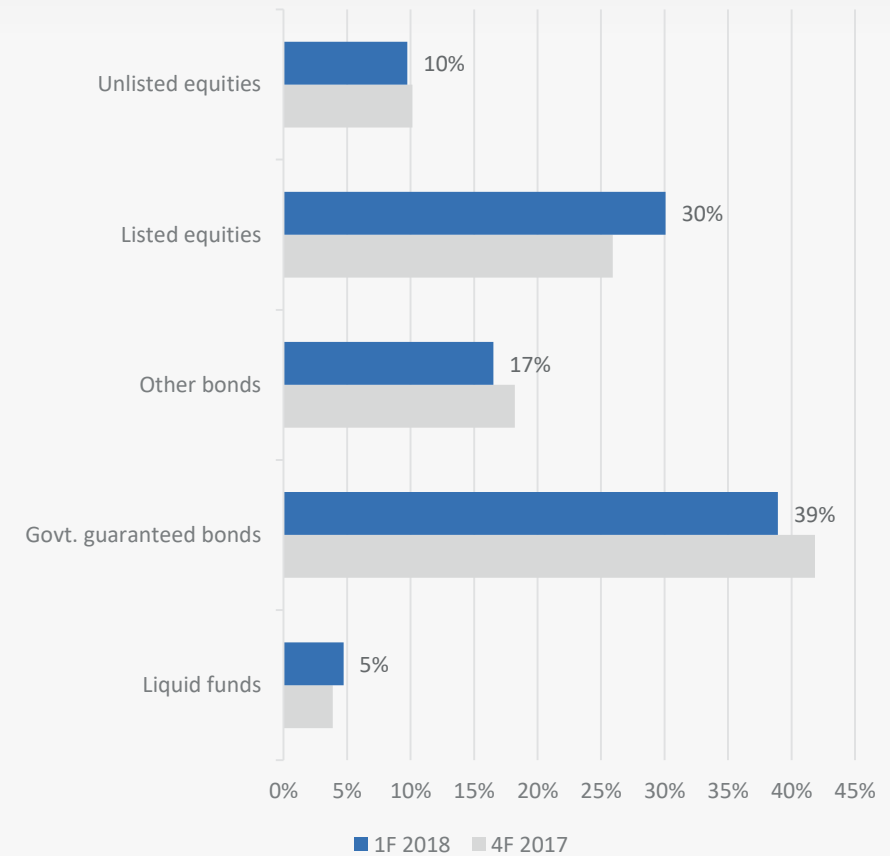
Changes to asset portfolio in Q1 2018

Higher proportion of listed shares

Largest portfolio changes Q1 2018



Investment breakdown



Group investment assets exceeding ISK 500 million



| Asset | 31.03.2018 | 31.12.2017 | Net purchase | Performance | % of portfolio |
|----------------------------|---------------|---------------|---------------|-------------|----------------|
| LAND 05 | 5,724 | 5,802 | -193 | 115 | 18.0% |
| Marel | 2,691 | 2,363 | -90 | 418 | 8.5% |
| RIKB 31 | 2,011 | 1,547 | 485 | -21 | 6.3% |
| RIKB 20 | 1,628 | 2,034 | -429 | 23 | 5.1% |
| Síminn | 1,035 | 744 | 213 | 78 | 3.3% |
| RIKB 28 | 861 | 1,474 | -598 | -14 | 2.7% |
| Icelandair | 841 | 728 | 123 | -10 | 2.6% |
| Reginn | 824 | 858 | 0 | -33 | 2.6% |
| Heimavellir | 788 | 788 | 0 | 0 | 2.5% |
| Stefnir Treasury Bond Fund | 783 | 776 | 0 | 8 | 2.5% |
| Eik | 778 | 1,121 | -340 | -3 | 2.5% |
| Asset management accounts | 752 | 374 | 375 | 3 | 2.4% |
| N1 | 710 | 445 | 260 | 5 | 2.2% |
| Vodafone | 638 | 480 | 132 | 25 | 2.0% |
| Júpíter secured bond 1 | 579 | 570 | 0 | 9 | 1.8% |
| ISLA CB 19 | 570 | 625 | -63 | 7 | 1.8% |
| Gamma: Credit Fund | 529 | 520 | 0 | 9 | 1.7% |
| Origo | 510 | 535 | 18 | -43 | 1.6% |
| LBANK CB 19 | 510 | 904 | -403 | 9 | 1.6% |
| Other assets | 8,986 | 9,600 | -673 | 59 | 28.3% |
| Total | 31,749 | 32,289 | -1,183 | 642 | |

Focus in 2018

Improved underwriting performance and better service

SJÓVÁ

Performance

- Continued emphasis on improving underwriting performance
- Healthy premium growth and disciplined price-setting

Digitized service

- Noteworthy steps taken towards digitized service with the hiring of foreign consultants
- Improved service and profitability is the goal

Tourism team

- Founded across the company to service the country's largest industry as best as possible

Unchanged outlook

- Combined ratio of 96% and pre-tax earnings of around ISK 2,800 million
- Combined ratio by quarter:
 - Q2: 101%, Q3: 93%, Q4: 95%

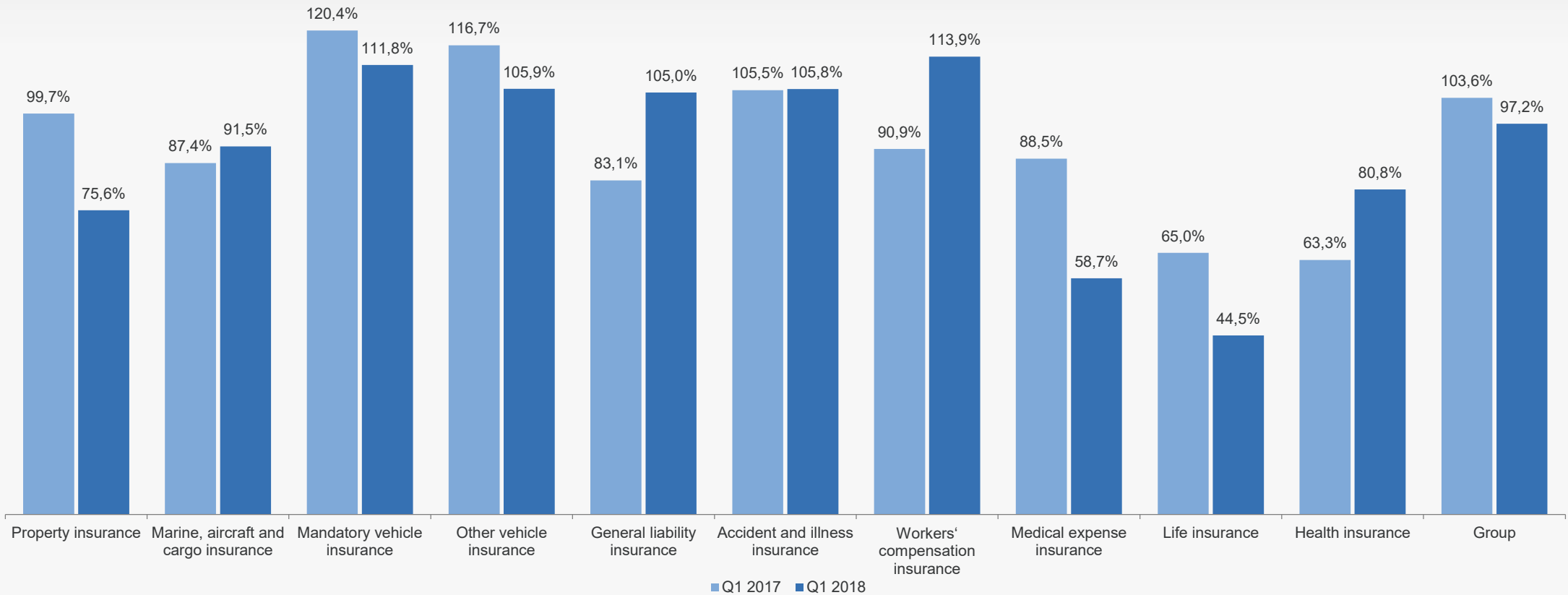
Questions

Appendices and Disclaimer

Combined ratio

Q1 2018 and Q1 2017 by insurance sector

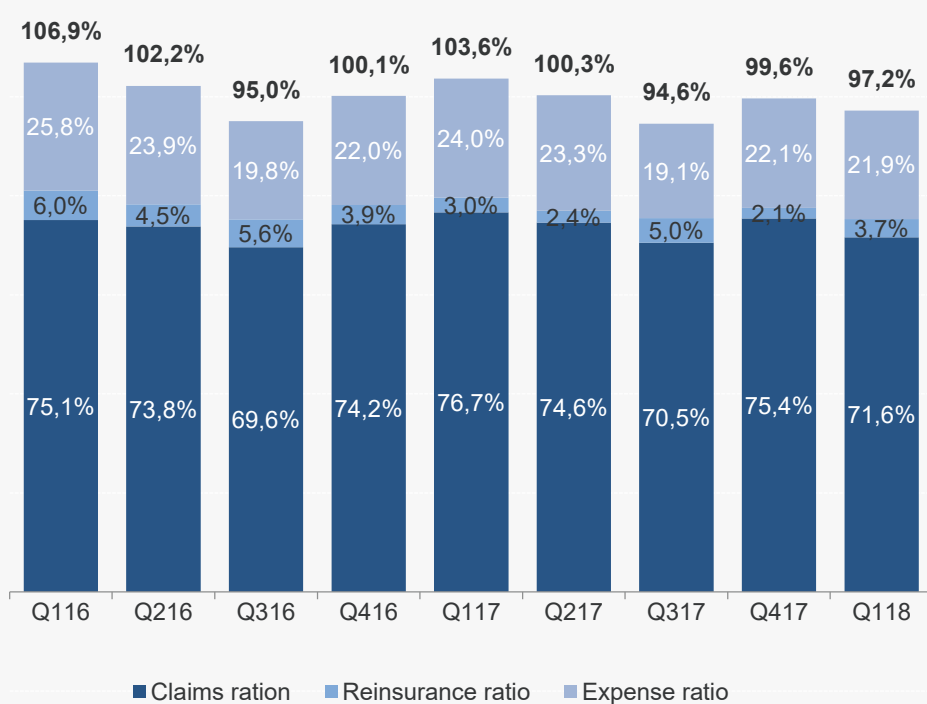
SJÓVÁ



Development of key indicators

SJÓVÁ

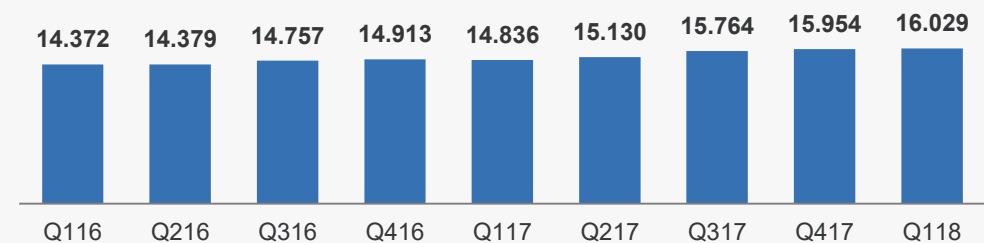
Combined ratio



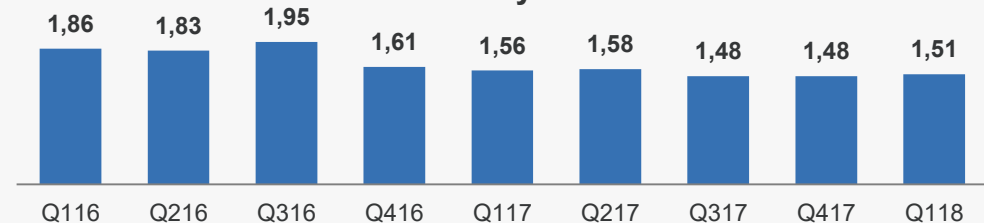
Premiums earned



Claims provision



Solvency ratio



Development of key indicators over recent quarters

SJÓVÁ

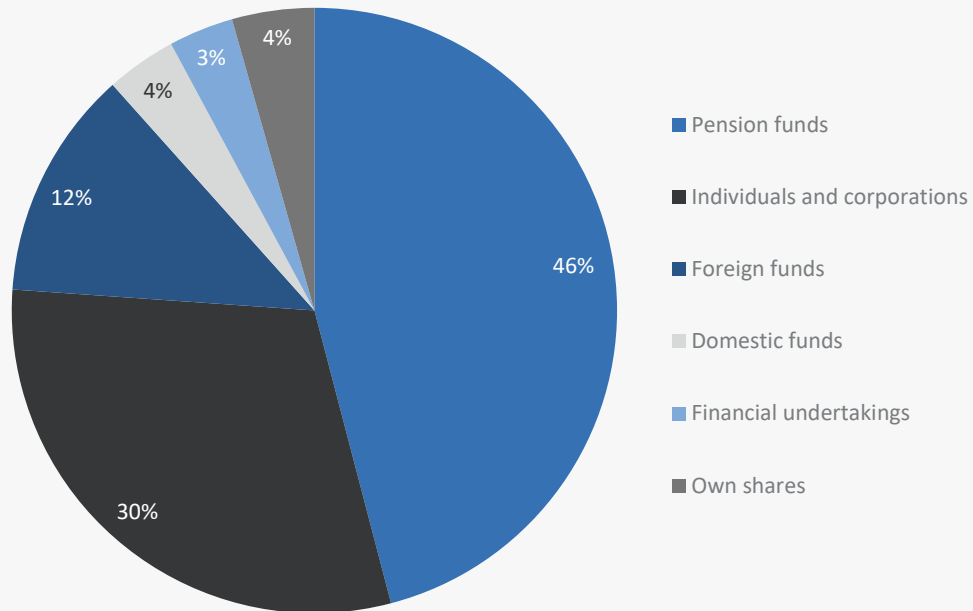
| | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Q1 2016 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Premiums earned | 4,251 | 4,211 | 4,294 | 4,029 | 3,849 | 4,051 | 4,073 | 3,691 | 3,584 |
| Premiums earned, net of reinsurance | 4,039 | 3,997 | 4,058 | 3,815 | 3,669 | 3,841 | 3,761 | 3,482 | 3,403 |
| Investment income | 793 | 649 | -619 | 870 | 1,364 | 1,359 | 789 | 578 | 709 |
| Total income | 4,840 | 4,691 | 3,447 | 4,689 | 5,050 | 5,243 | 4,642 | 4,064 | 4,123 |
| Claims incurred | -3,044 | -3,177 | -3,028 | -3,004 | -2,951 | -3,008 | -2,836 | -2,723 | -2,692 |
| Claims incurred, net of reinsurance | -2,998 | -3,096 | -3,013 | -2,890 | -2,902 | -2,999 | -2,843 | -2,684 | -2,735 |
| Operating expenses on insurance operations | -950 | -931 | -819 | -941 | -924 | -892 | -808 | -882 | -925 |
| Total expenses | -4,022 | -4,107 | -3,894 | -3,900 | -3,890 | -3,964 | -3,710 | -3,606 | -3,727 |
| After-tax profit | 749 | 416 | -472 | 702 | 1,100 | 1,124 | 858 | 286 | 423 |
| Total assets | 45,937 | 43,365 | 43,609 | 44,466 | 44,314 | 43,303 | 43,956 | 43,413 | 43,185 |
| Securities | 34,978 | 36,036 | 35,187 | 35,540 | 34,465 | 36,204 | 34,649 | 34,403 | 33,400 |
| Cash and cash equivalents | 1,574 | 951 | 930 | 797 | 1,300 | 1,063 | 1,882 | 1,211 | 1,554 |
| Equity | 14,459 | 15,206 | 14,899 | 15,832 | 15,472 | 17,454 | 16,900 | 16,197 | 15,940 |
| Technical provisions | 25,255 | 22,469 | 23,254 | 23,306 | 23,335 | 20,888 | 21,828 | 21,992 | 22,297 |
| Claims ratio | 71.6% | 75.4% | 70.5% | 74.6% | 76.7% | 74.2% | 69.6% | 73.8% | 75.11% |
| Reinsurance ratio | 3.7% | 2.1% | 5.0% | 2.4% | 3.0% | 3.9% | 5.6% | 4.5% | 6.0% |
| Expense ratio | 22.4% | 22.1% | 19.1% | 23.3% | 24.0% | 22.0% | 19.8% | 23.9% | 25.8% |
| Combined ratio | 97.7% | 99.6% | 94.6% | 100.3% | 103.6% | 100.1% | 95.0% | 102.1% | 106.9% |
| Return on equity (ROE) | 20.2% | 10.2% | -12.7% | 16.9% | 26.7% | 26.6% | 20.7% | 7.0% | 10.5% |
| Solvency ratio | 1.51 | 1.48 | 1.48 | 1.58 | 1.56 | 1.61 | 1.95 | 1.93 | 1.83 |

Distribution of shareholders

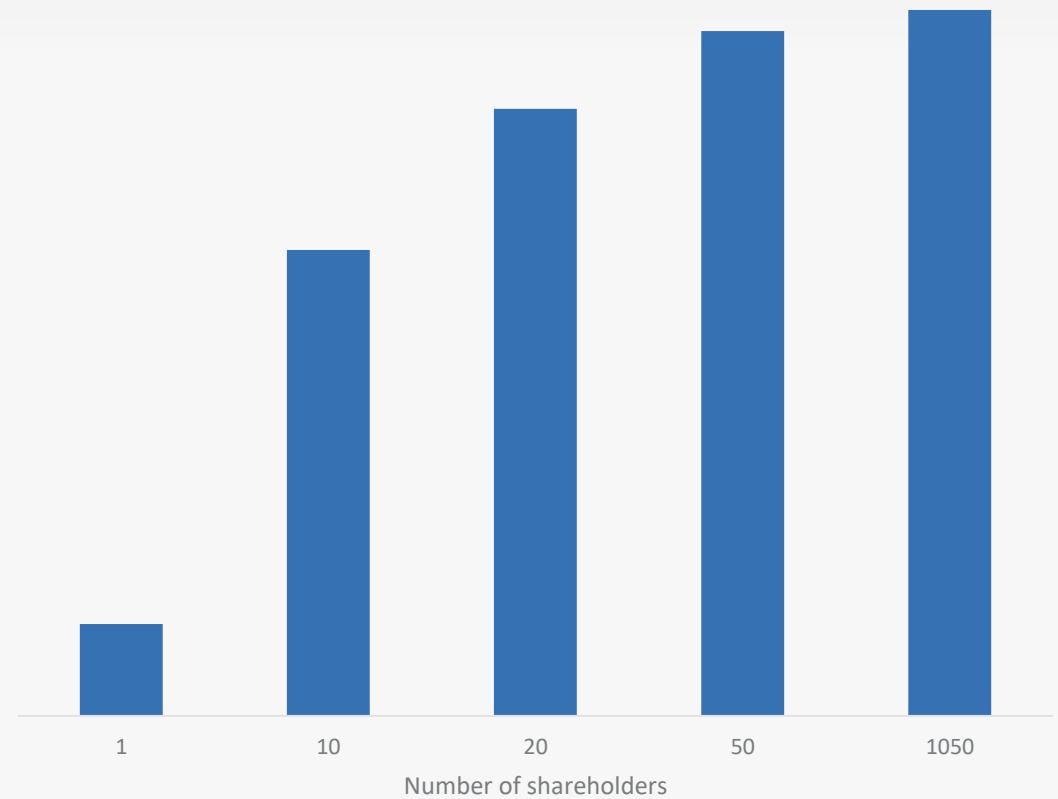
1,050 shareholders as of 7 May 2018

SJÓVÁ

Shareholders



Total shareholdings



Disclaimer

The logo for Sjóvá, consisting of the word "SJÓVÁ" in white, uppercase letters on a blue rectangular background.

Although every effort is made to ensure accuracy, in the case of any inconsistencies between the Icelandic and English versions of the company's announcement of results, please note that it is the Icelandic original which is authentic and valid and all English announcements and presentations are translations provided for the convenience of investors and other readers.

The information in this presentation is based on sources that Sjóvá believes to be reliable at present but can not be guaranteed to be free of errors. All information in this presentation is the property of Sjóvá. Neither information contained herein nor the entire presentation may be reproduced, modified or distributed in any manner, in whole or in part.

This presentation is intended solely for information purposes. It is not in any way intended to imply a promise or advice or to serve as the basis for decision-making by persons who may receive it. A variety of factors may cause the picture presented herein regarding the company's position and future prospects to change materially. These include, but are not limited to, general economic developments, claims developments, changes in the competitive environment, reinsurance markets or financial markets, legislative changes and changes in judicial practice. Should any of these risk factors or uncertainties materialise, or should the underlying management assumptions concerning the company's future prospects prove inaccurate, this could result in the company's financial position and performance to differ materially from that described in this presentation.

Sjóvá stresses that statements contained in this presentation are valid only at the time of the presentation and their value is limited to what is stated in this disclaimer. Sjóvá is not obliged to update in any manner management opinions concerning the company's future outlook which may appear in this presentation, nor issue corrections of errors or inaccurate information, which may subsequently come to light, unless required by law.

In receiving this presentation, the recipient agrees to be bound by the foregoing disclaimers and restrictions.



SJÓVÁ