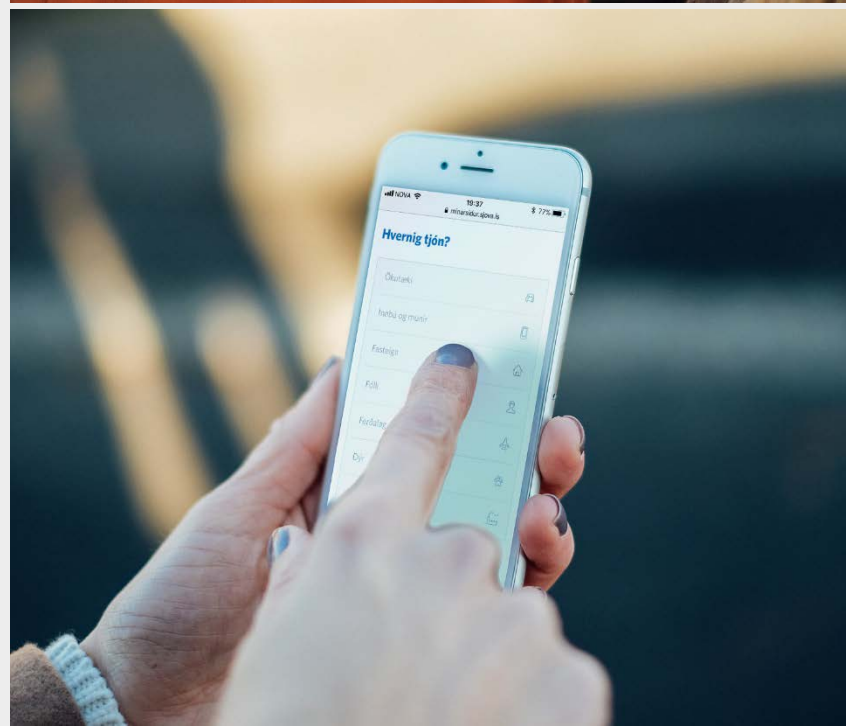

2017 Annual Results

Translation of
Investors'
Presentation

15 February 2018



**Sjóvá is #1
among insurance
companies in the
Icelandic Customer
Satisfaction Index.**

We are pleased that our
customers are happier.





Performance

- Profit **ISK 1,746 m**
- Technical results of **ISK 1,158 m**



Combined ratio

- Combined ratio was **99.4%** compared to **100.9%** in 2016
- Actions taken to reduce the combined ratio were directed both at setting premiums and reducing costs



Investments

- Investment income **ISK 2,264 m**
- Return on investment portfolio **5.9%**
- Return below expectations



Dividend

- The Board of Directors proposes a dividend of **ISK 1.05** per share or about **ISK 1,500 m**

Q4 in brief

Core operations steadily improving

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Performance

- Profit **ISK 416 m**
- Technical results of **ISK 274 m**



Combined ratio

- Combined ratio was **99.6%** compared to **100.1%** in Q4 2016



Investments

- Investment income **ISK 649 m**
- Return on investment portfolio **1.7%**



Claims

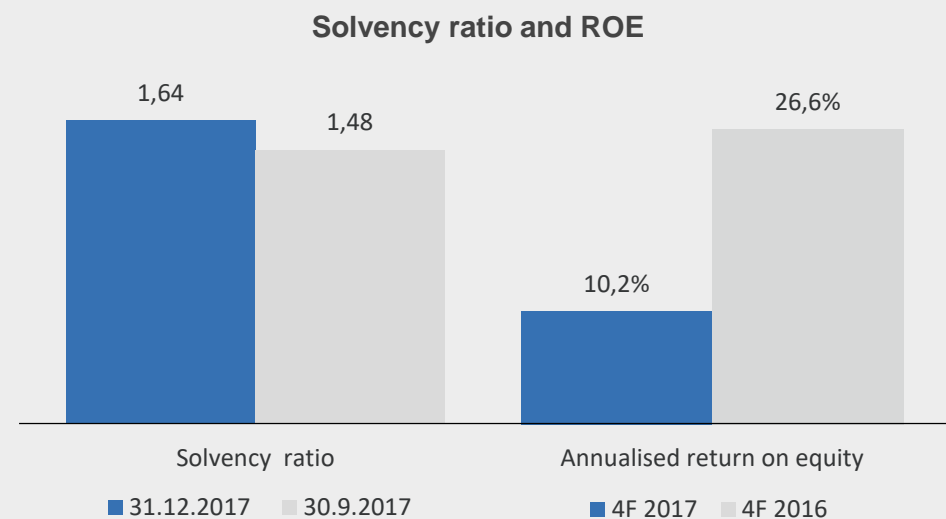
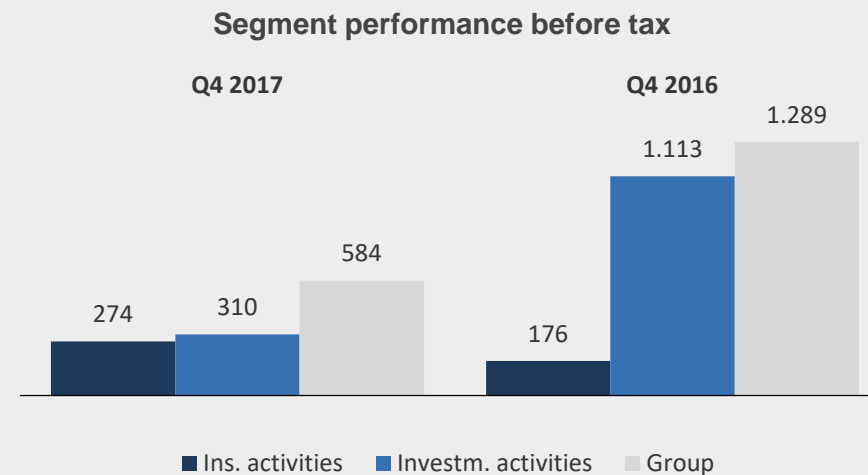
- Claims ratio **75.4%**
- Increasing average claim amount and claim frequency account for the high claims ratio

Highlights of Q4 2017



	Q4 2017	Q4 2016
Profit for the period	416	1,124
Earnings per share	0.29	0.73
Pre-tax profit	584	1,289
Technical results	274	176
Profit on investment operations	310	1,113
Annualised return on equity (ROE)	10.2%	26.6%
Group combined ratio	99.6%	100.1%

	31/12/2017	30/09/2017
Group equity ratio	35.1%	35.6%
Solvency ratio before dividend	1.64	1.48

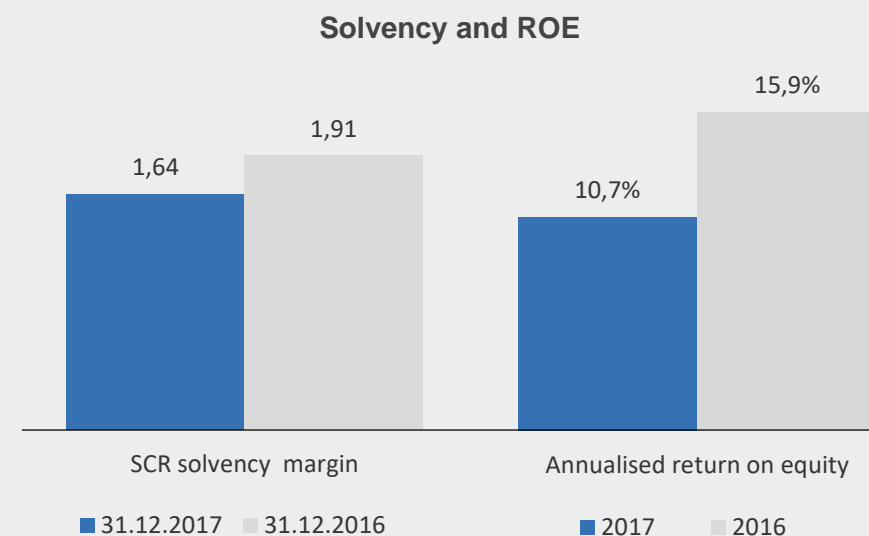
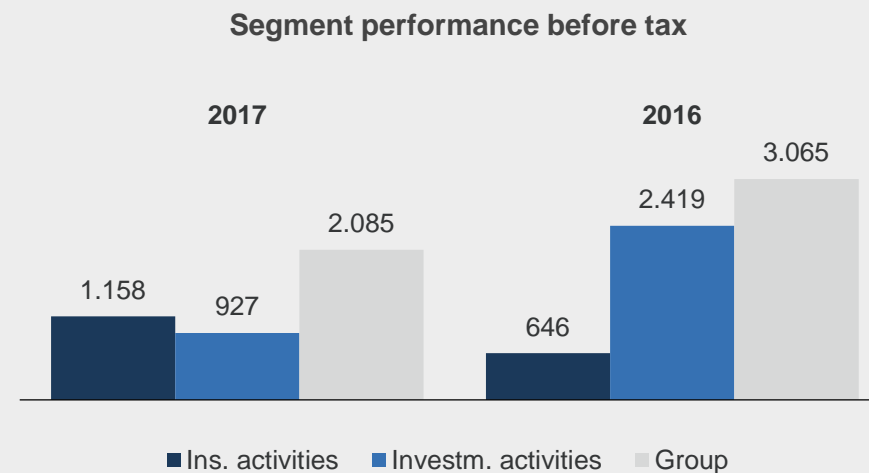


Highlights of full year 2017

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	2017	2016
Profit for the period	1,746	2,690
Earnings per share	1.23	1.75
Pre-tax profit	2,085	3,065
Technical results	1,158	646
Profit on investment operations	927	2,459
Annualised return on equity (ROE)	10.7%	15.9%
Group combined ratio	99.4%	100.9%

	31/12/2017	31/12/2016
Group equity ratio	35.1%	40.3%
Solvency ratio before dividend	1.64	1.91
Solvency ratio after dividend	1.48	1.61



Income statement

Healthy premium growth and cost restraint

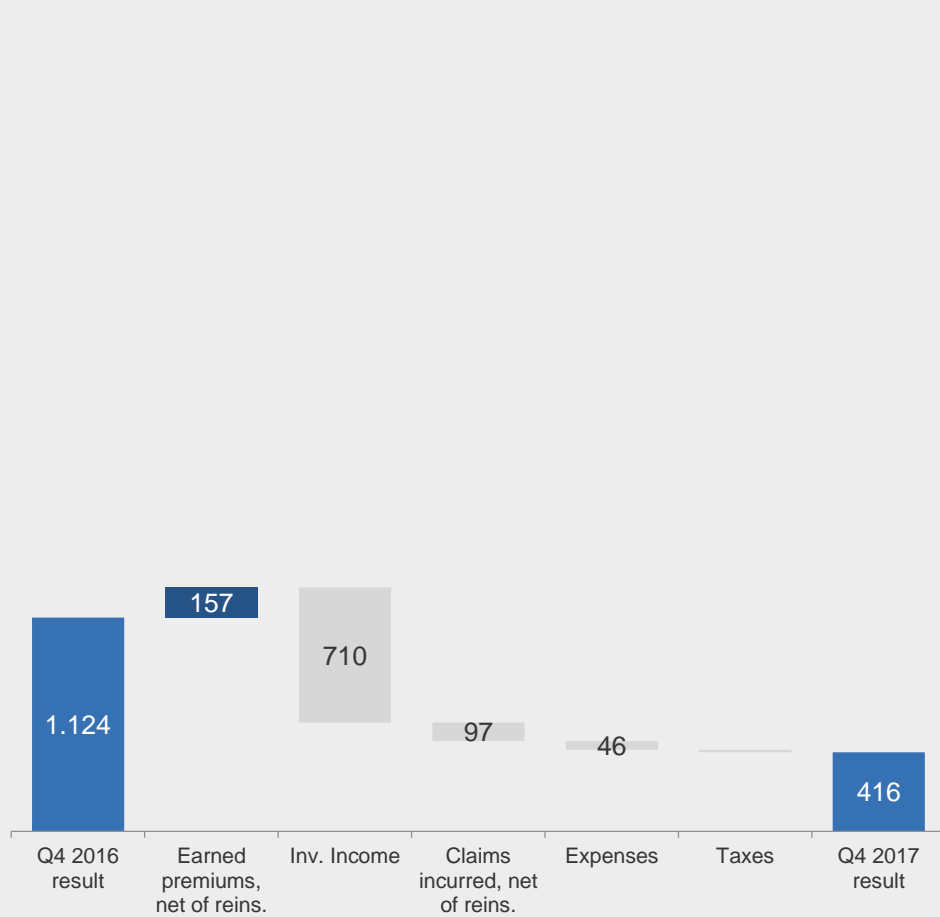
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	Q4 2017	Q4 2016	%	12M 2017	12M 2016	%
Premiums earned	4,211	4,051	3.9%	16,383	15,399	6.4%
Earned premiums, net of reinsurance	3,997	3,841	4.0%	15,539	14,488	7.3%
Investment income	649	1,359	-52.2%	2,264	3,434	-34.1%
Total income	4,691	5,243	-10.5%	17,876	18,072	-1.1%
Claims incurred	-3,177	-3,008	5.6%	-12,160	-11,259	8.0%
Claims incurred, net of reinsurance	-3,096	-2,999	3.2%	-11,901	-11,261	5.7%
Operating expenses	-1,010	-964	4.7%	-3,889	-3,746	3.8%
Total expenses	-4,107	-3,964	3.6%	-15,790	-15,007	5.2%
Pre-tax profit	584	1,279	-54.3%	2,085	3,065	-32.0%
After-tax profit	416	1,123	-63.0%	1,746	2,690	-35.1%
Claims ratio	75.4%	74.2%		74.2%	73.1%	
Reinsurance ratio	2.1%	3.9%		3.1%	5.0%	
Claims and reinsurance ratio	77.5%	78.2%		77.4%	78.1%	
Expense ratio	22.1%	22.0%		22.1%	22.8%	
Combined ratio	99.6%	100.1%		99.4%	100.9%	

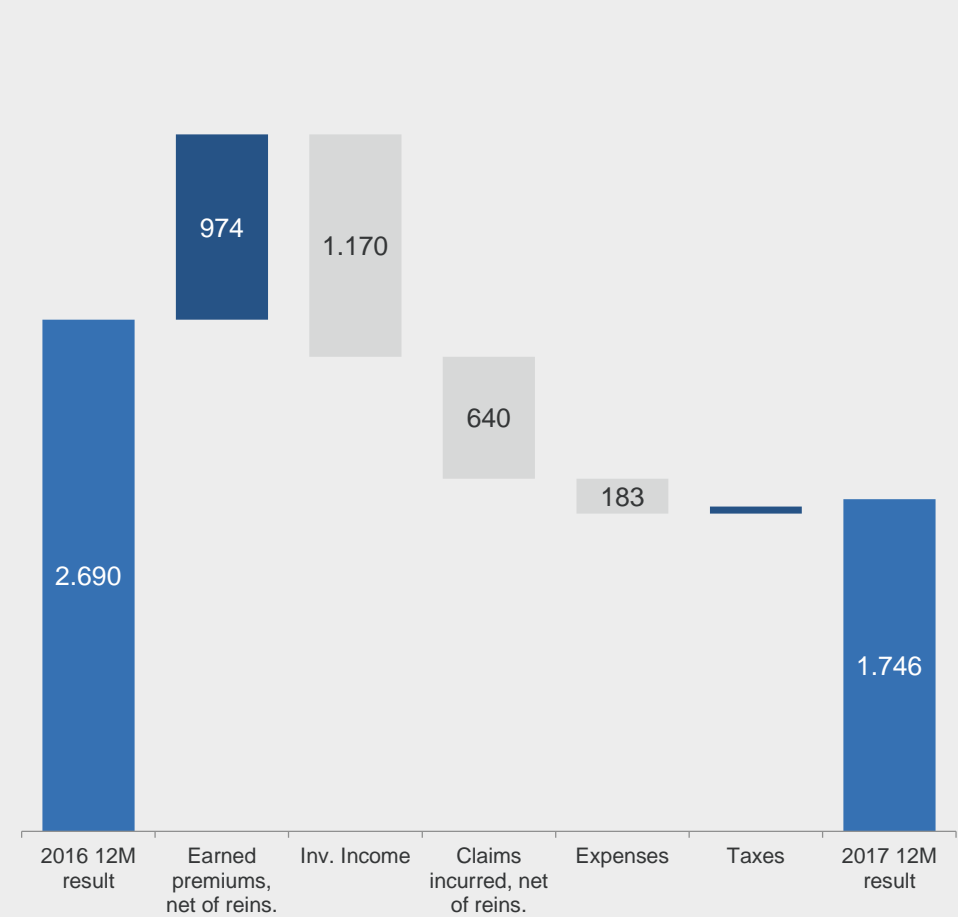
Investment income declined YoY while core operations improved



Bridge analysis Q4 2016 to Q4 2017



Bridge analysis 2016 to 2017

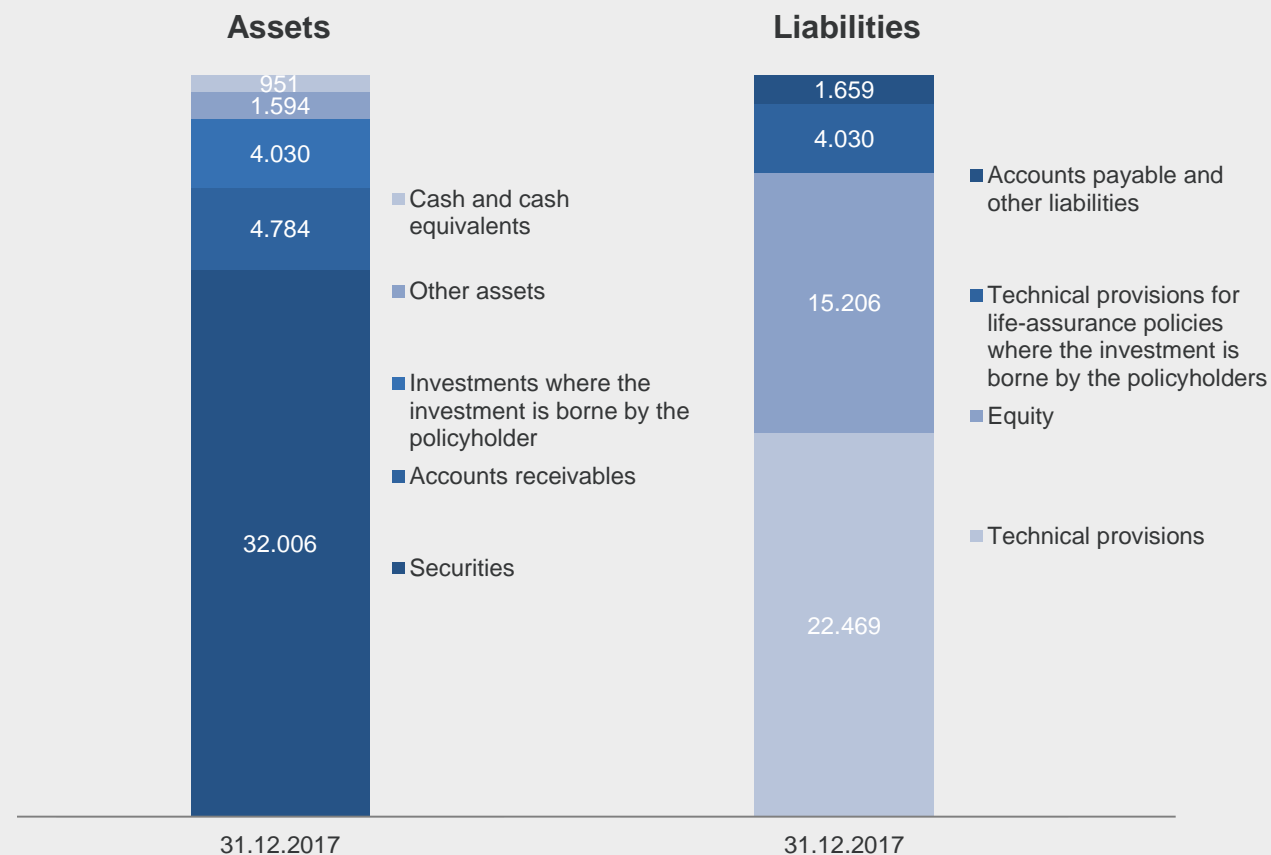


Balance sheet

Sound balance sheet

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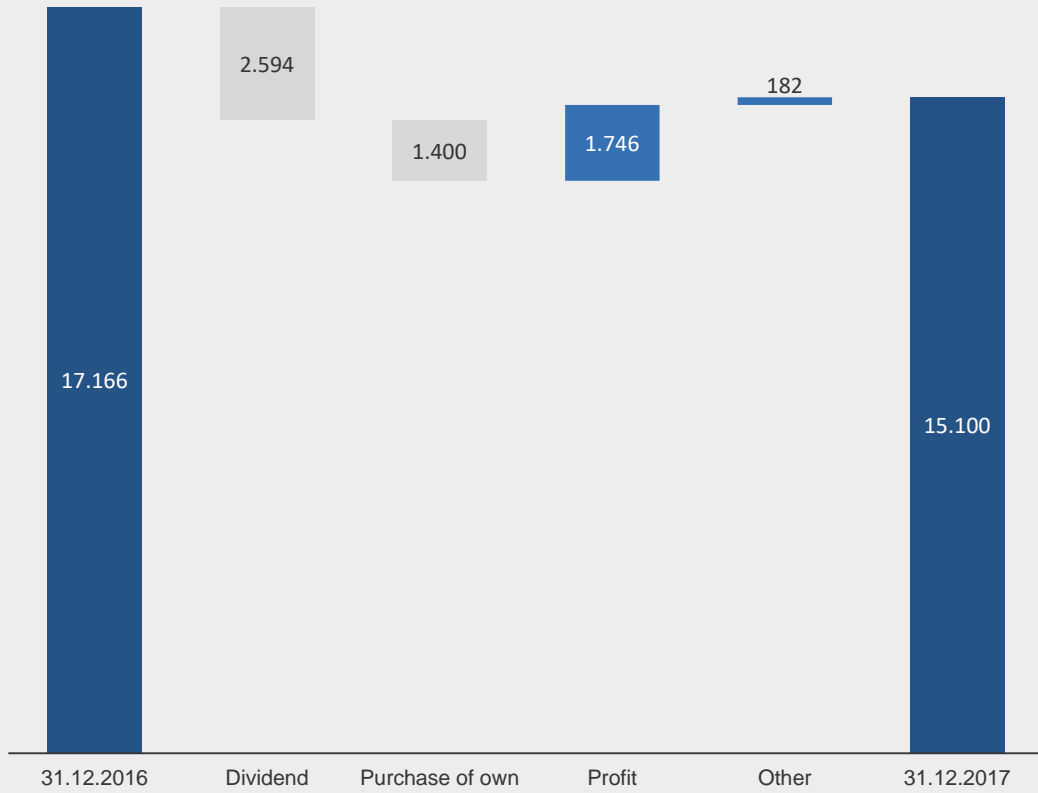
	31/12/2017	31/12/2016
Assets		
Securities	32,006	32,953
Accounts receivables	4,784	4,339
Investments where the investment is borne by the policyholder	4,030	3,251
Cash and cash equivalents	951	1,063
Other assets	1,594	1,698
Total assets	43,365	43,303
Equity		
Share capital	1,425	1,505
Other equity	13,782	15,949
Total equity	15,206	17,454
Liabilities		
Technical provisions	22,469	20,888
Technical provisions for life-assurance policies where the investment is borne by the policyholders	4,030	3,251
Accounts payable and other liabilities	1,659	1,710
Total liabilities	28,159	25,849
Total liabilities and equity	43,365	43,303



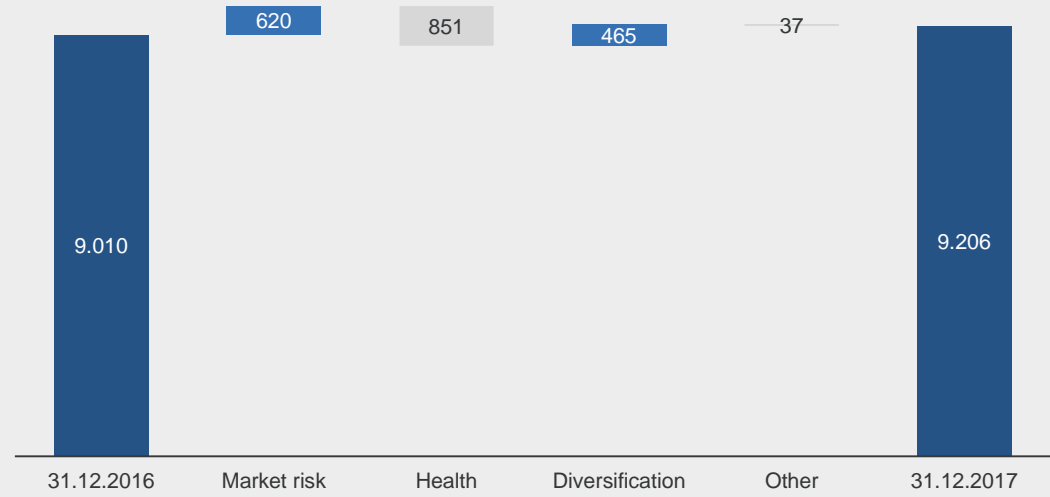
Changes in Solvency Capital Requirement and Capital Requirement for the financial year 2017



Capital base



Solvency capital requirement



Solvency ratio 1.91

Solvency ratio 1.64

Overview of investment income 4F 2017



¹¹ *Assets in this statement are classified according to the investment policy, but not in accordance with IFRS, as in the interim financial statements. Not included in the statement is Sjóvá líf's share of assets with life insurance policyholders' own risk, receivables and bank accounts used in daily operations.

Return on and largest changes in the asset portfolio in Q4 2017

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- Return on the portfolio was 1.7% in Q4
- Risk in the portfolio reduced in the quarter
- Equity positions were reduced considerably during the quarter
- Average duration of the Group's bond portfolio was 3.4 years at the end of the quarter and the indexation rate was 39%

Largest changes in the asset portfolio

	31/12/2017	30/09/2017	Change
RIKB 28	1,474	293	1,166
Landsbréf Veltubréf	112	603	-492
Reitir	83	544	-471
RIKB 31	1,547	1,911	-416
RIKB 20	2,034	1,667	340
Eimskip	15	345	-337
RIKB 22	467	138	325
RIKB 25	494	240	248
Össur	0	256	-245
Skeljungur	227	11	233

Return of GAMMA's indices

	Q4 2017
Market index	2.4%
Equities	0.6%
Treasuries	3.1%
Inflation-indexed bonds	3.7%
Non-indexed bonds	1.9%
Covered bonds	3.0%
Corporate bonds	3.1%

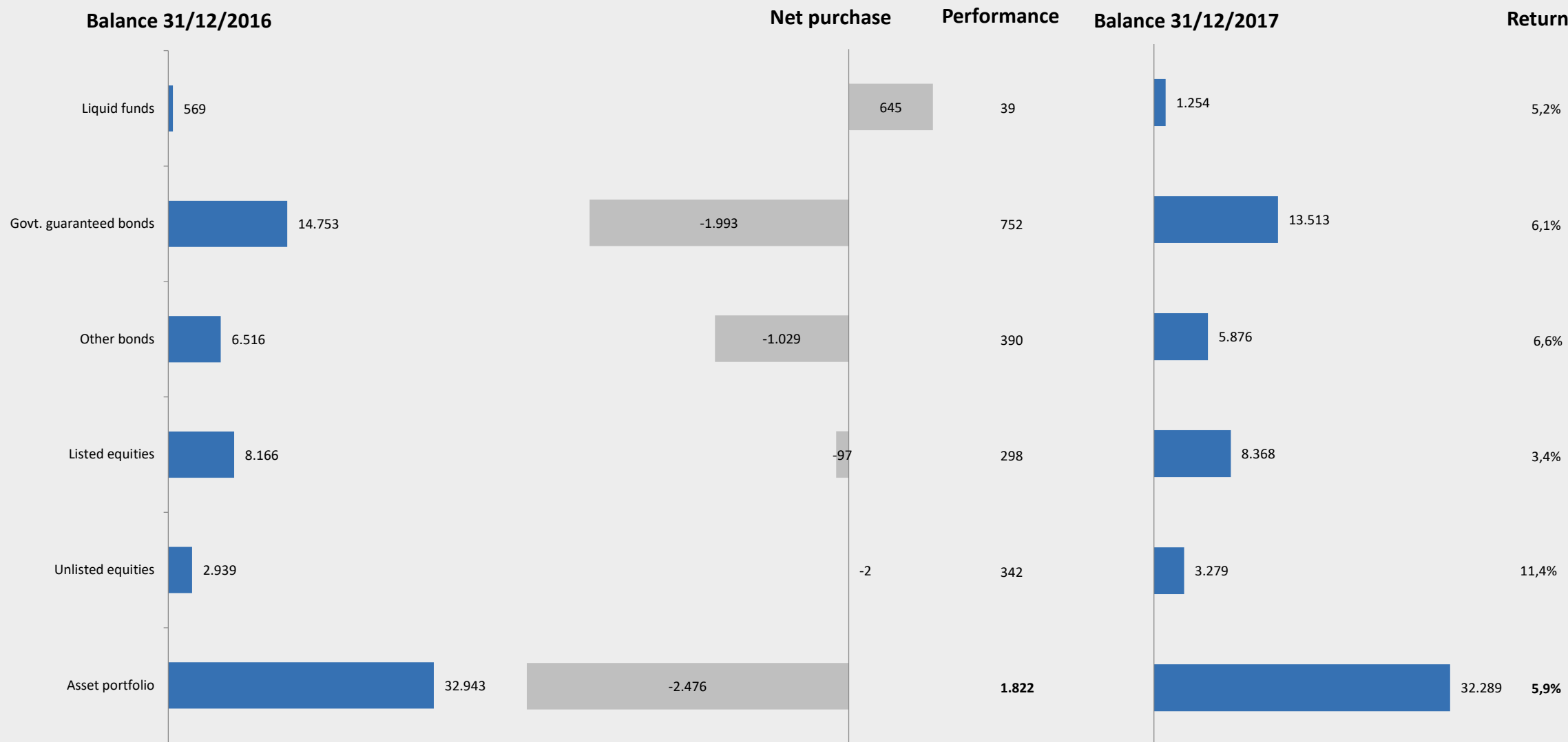
Group investment assets exceeding ISK 500 m

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Assets	31/12/2017	30/09/2017	Net purchase	Performance	% of portfolio
LAND 05	5,802	5,690	0	112	18.0%
Marel	2,363	2,637	-119	-154	7.3%
RIKB 20	2,034	1,667	340	27	6.3%
RIKB 31	1,547	1,911	-416	52	4.8%
RIKB 28	1,474	293	1,166	14	4.6%
Eik	1,121	1,069	35	17	3.5%
LBANK CB 19	904	885	0	19	2.8%
Reginn	858	787	0	70	2.7%
RIKB 19	798	894	-112	15	2.5%
Heimavellir	788	788	0	0	2.4%
Stefnir Treasury Bond Fund	776	756	0	19	2.4%
Síminn	744	819	-158	83	2.3%
Icelandair	728	625	132	-29	2.3%
ISLA CB 19	625	633	-21	13	1.9%
Jupiter secured bond 1	570	561	0	8	1.8%
Nýherji	535	562	3	-30	1.7%
Gamma: Credit Fund	520	510	0	10	1.6%
Ölgerðin Egill Skallagríms hf.	500	500	0	0	1.5%
Other assets	9,602	9,355	-35	282	29.7%
Total	32,289	30,943	0	529	100%

Summary of investment income 2017

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Financial year 2017 and outlook for 2018

Objective - still more profitable insurance operations

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Performance

- Profit ISK **1,746 m**
- Technical results of **ISK 1,158 m**



Combined ratio

- Combined ratio was **99.4%** compared to **100.9%** in 2016



Investments

- Investment income **ISK 2,264 m**
- Return on investment portfolio **5.9%**

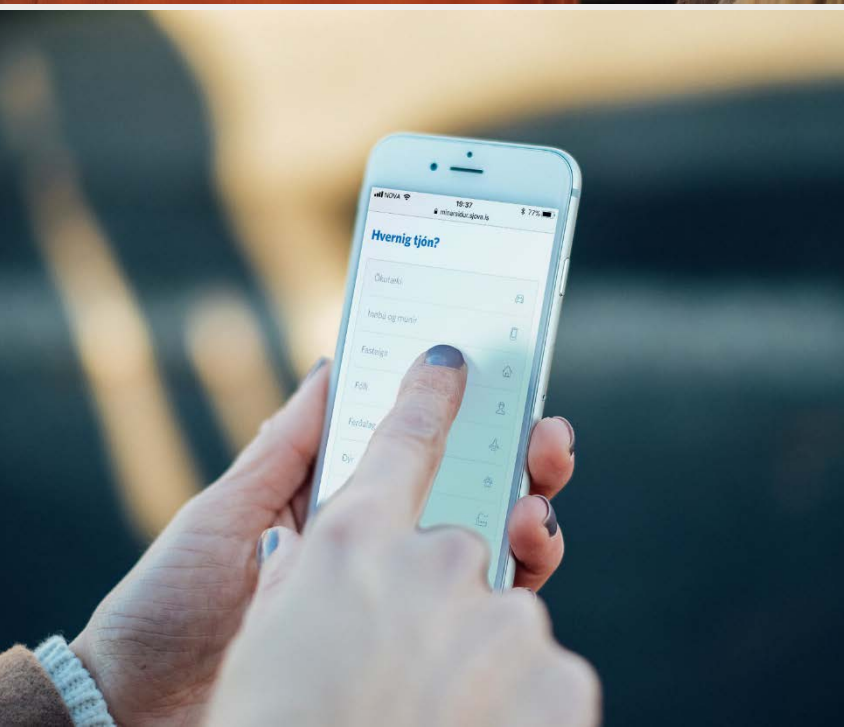


Outlook for 2018

- Combined ratio **96%** and pre-tax profit in excess of ISK **2,800 m**
- Combined ratio by quarters
 - Q1: 98%, Q2: 97%, Q3: 95%, Q4: 96%
 - Notice will be given of deviations from combined ratio exceeding 5 percentage points from the outlook.
- The Board proposes a repurchase plan



Questions



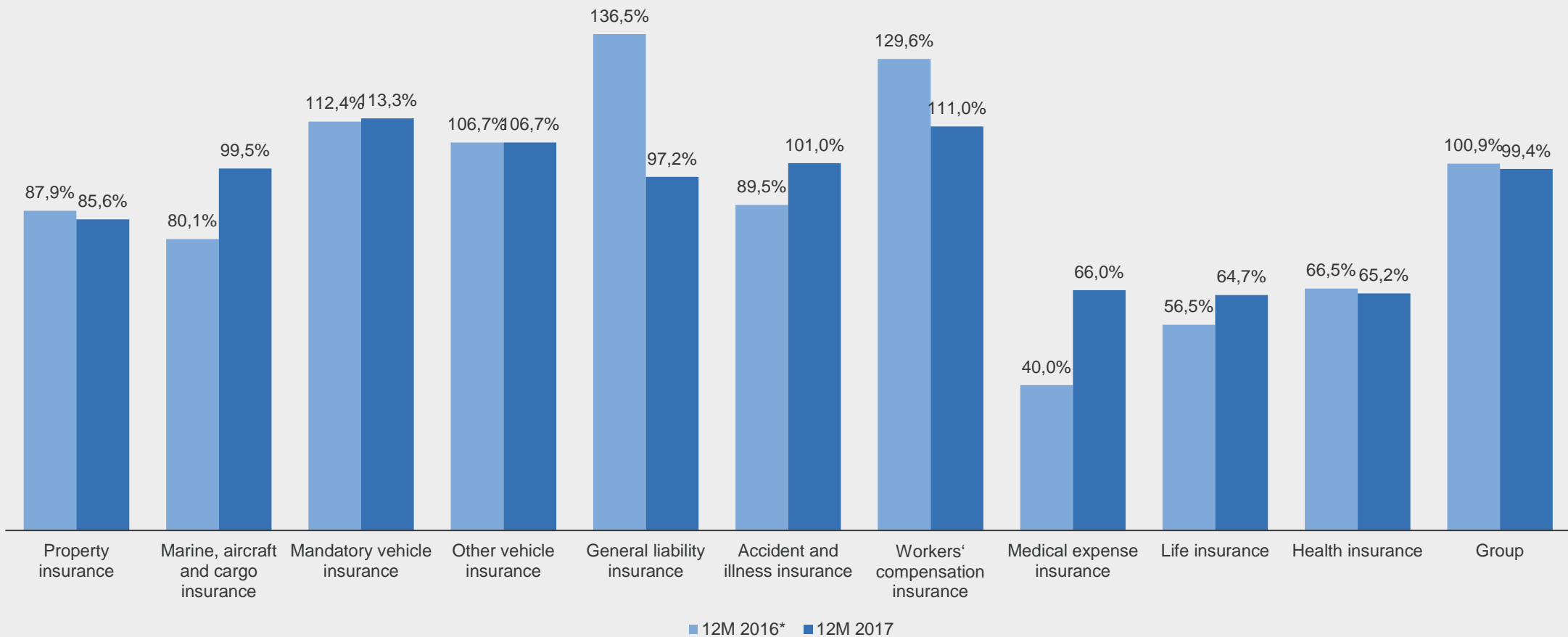
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Investors' Presentation

Appendices
and Disclaimer

Combined ratio

12M 2017 and 12M 2016 by insurance sector

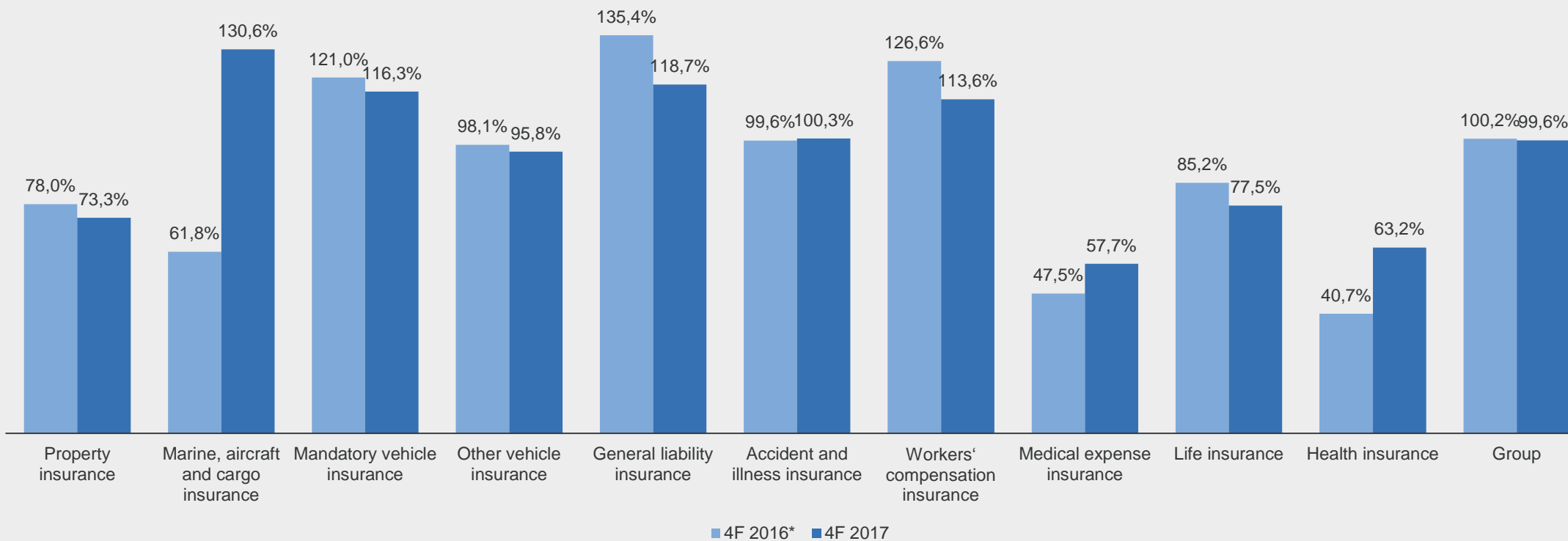


* In 2017, the allocation of costs to the various insurance sectors was changed to accord with the rules of Solvency II and the figures for 2016 have been adjusted for purposes of comparison. The 2016 figures therefore are not consistent with previously published results for that year.

Combined ratio

Q4 2017 and Q4 2016 by insurance sector

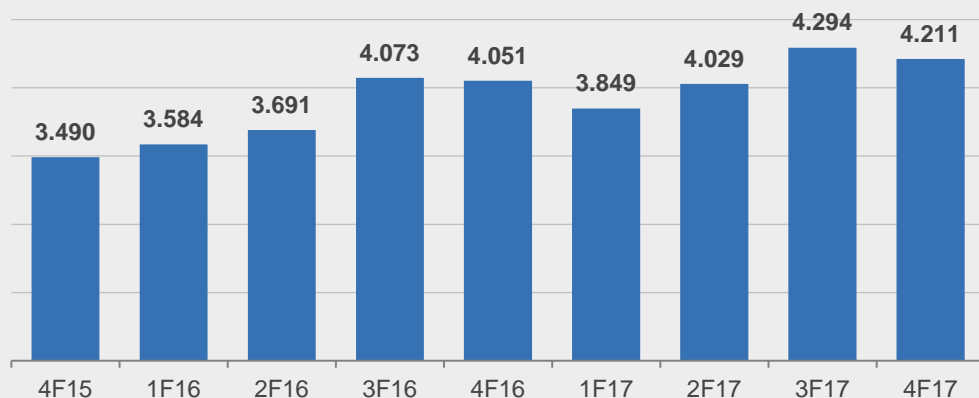
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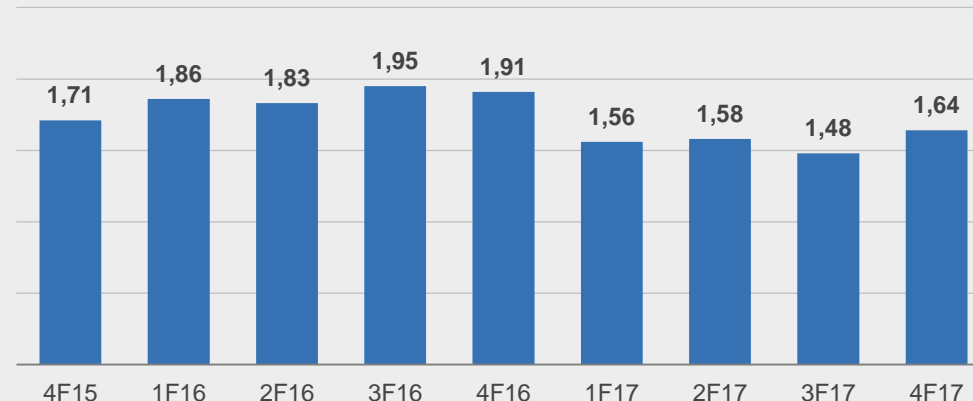
Development of key indicators



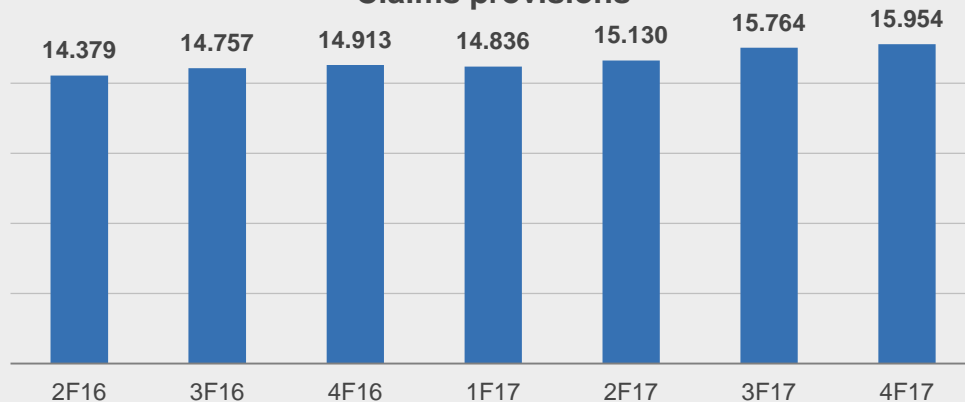
Premiums earned



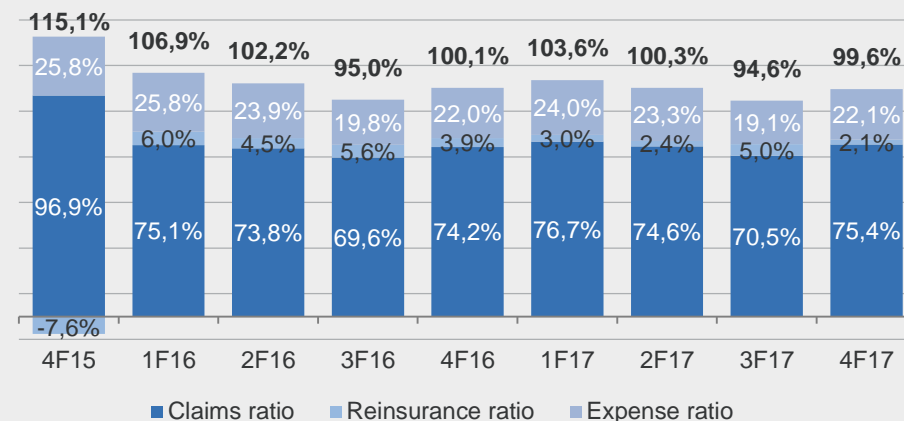
Solvency ratio



Claims provisions



Combined ratio



Development of key indicators in recent quarters

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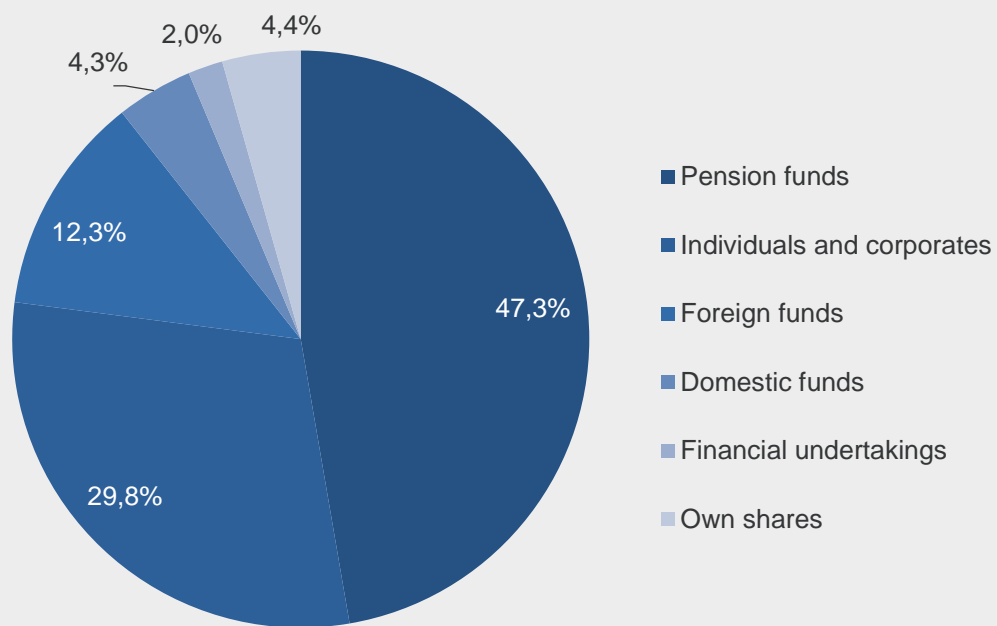
	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Premiums earned	4,211	4,294	4,029	3,849	4,051	4,073	3,691	3,584	3,490
Earned premiums, net of reinsurance	3,997	4,058	3,815	3,669	3,841	3,761	3,482	3,403	3,263
Investment income	649	-619	870	1,364	1,359	789	578	709	1,207
Total income	4,691	3,447	4,689	5,050	5,243	4,642	4,064	4,123	4,477
Claims incurred	-3,177	-3,028	-3,004	-2,951	-3,008	-2,836	-2,723	-2,692	-3,381
Claims incurred, net of reinsurance	-3,096	-3,013	-2,890	-2,902	-2,999	-2,843	-2,684	-2,735	-2,897
Operating expenses on insurance operations	-931	-819	-941	-924	-892	-808	-882	-925	-871
Total expenses	-4,107	-3,894	-3,900	-3,890	-3,964	-3,710	-3,606	-3,727	-7,254
After-tax profit	416	-472	702	1,100	1,124	858	286	423	-2,016
Total assets	43,977	43,609	44,466	44,314	43,303	43,956	43,413	43,185	41,435
Securities	36,649	35,187	35,540	34,465	36,204	34,649	34,403	33,400	33,785
Cash and cash equivalents	951	930	797	1,300	1,063	1,882	1,211	1,554	1,385
Equity	15,206	14,899	15,832	15,472	17,454	16,900	16,197	15,940	16,291
Technical provisions	22,469	23,254	23,306	23,335	20,888	21,828	21,992	22,297	20,153
Claims ratio	75.4%	70.5%	74.6%	76.7%	74.2%	69.6%	73.8%	75.11%	96.9%
Reinsurance ratio	2.1%	5.0%	2.4%	3.0%	3.9%	5.6%	4.5%	6.0%	-7.6%
Expense ratio	22.1%	19.1%	23.3%	24.0%	22.0%	19.8%	23.9%	25.8%	25.8%
Combined ratio	99.6%	94.6%	100.3%	103.6%	100.1%	95.0%	102.1%	106.9%	115.2%
Return on equity (ROE)	10.2%	-12.7%	16.9%	26.7%	26.6%	20.7%	7.0%	10.5%	-23.2%
Adjusted ROE	10.2%	-12.7%	16.9%	26.7%	26.6%	20.7%	7.0%	10.5%	15.8%
Solvency ratio	1.64	1.48	1.58	1.56	1.91	1.95	1.93	1.83	1.86

Distribution of shareholdings

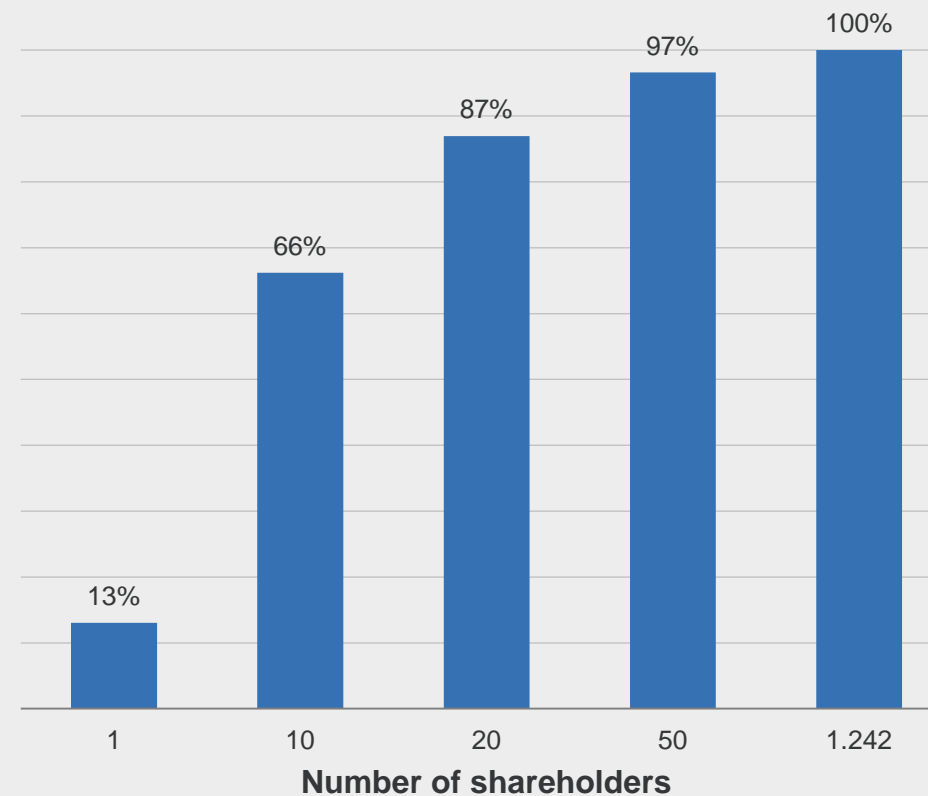
1,266 shareholders as of 11 February 2018

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Shareholding



Cumulative shareholdings



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