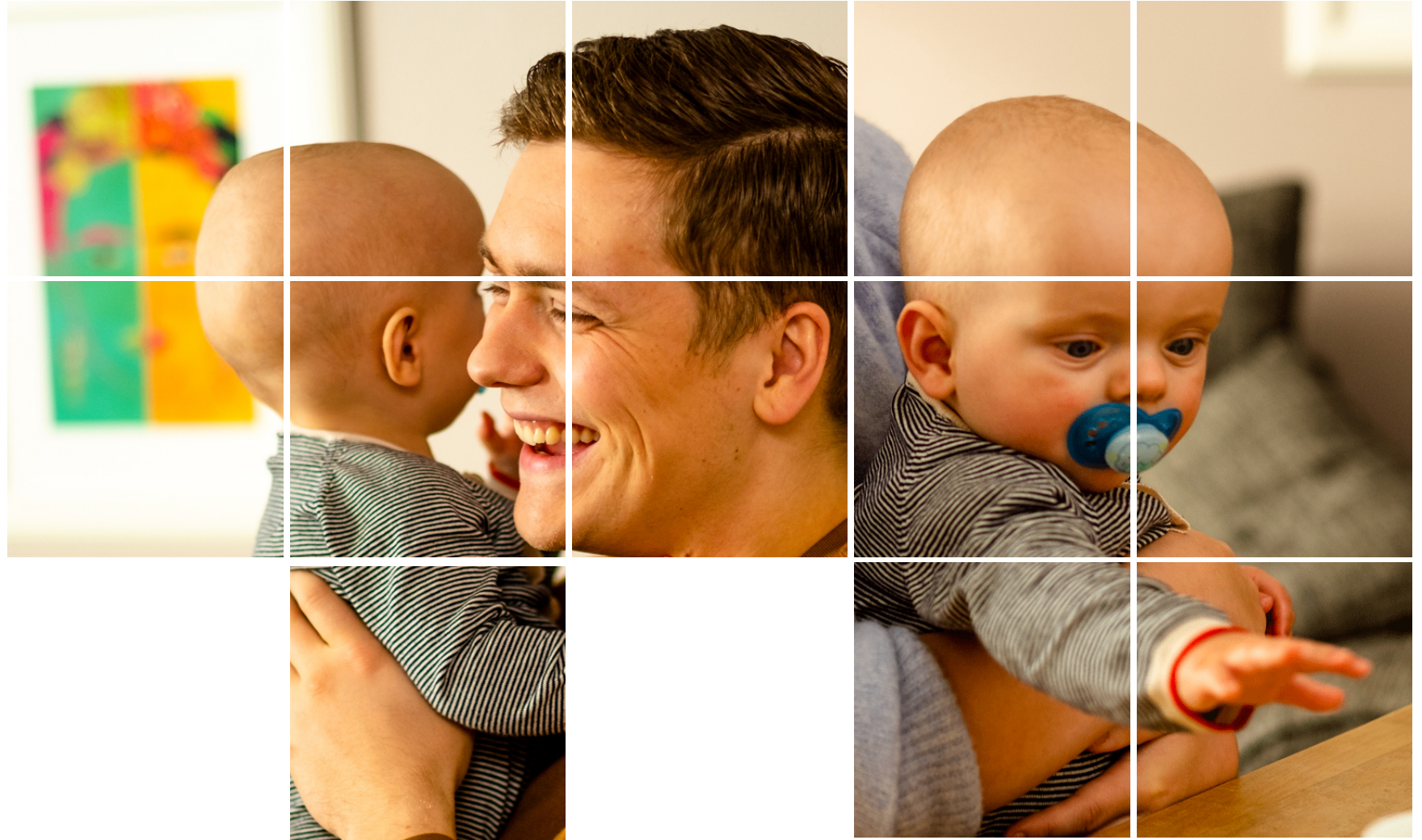


Quarterly results Q1 2019

Translation of Investors'
Presentation
16 May 2019



Results



Profit of
ISK 1.053 million

Technical results of
ISK 411 million

Pre-tax profit from
investment operations of
ISK 769 million

Combined ratio



Combined ratio of
98,1% compared to
97,2% in Q1 2018

Negative run-off
increases the combined
ratio by **3,4%** points

Combined ratio in motor
insurance decreases
between years

Investments



Income from investment
portfolio
ISK 1.091 million

Return on investment
portfolio **3,5%**

Good returns on listed
shares explain the strong
performance seen in the
quarter

Premium growth



13%
year-on-year growth in
premium earned

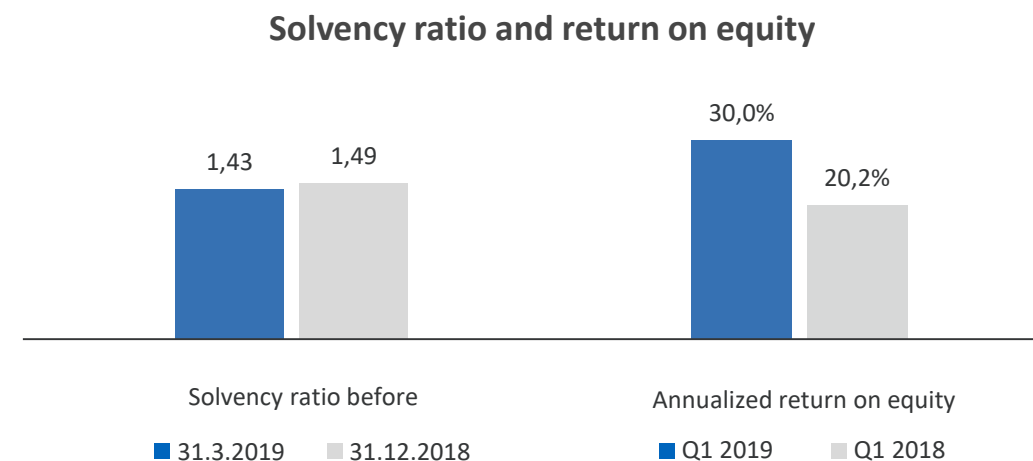
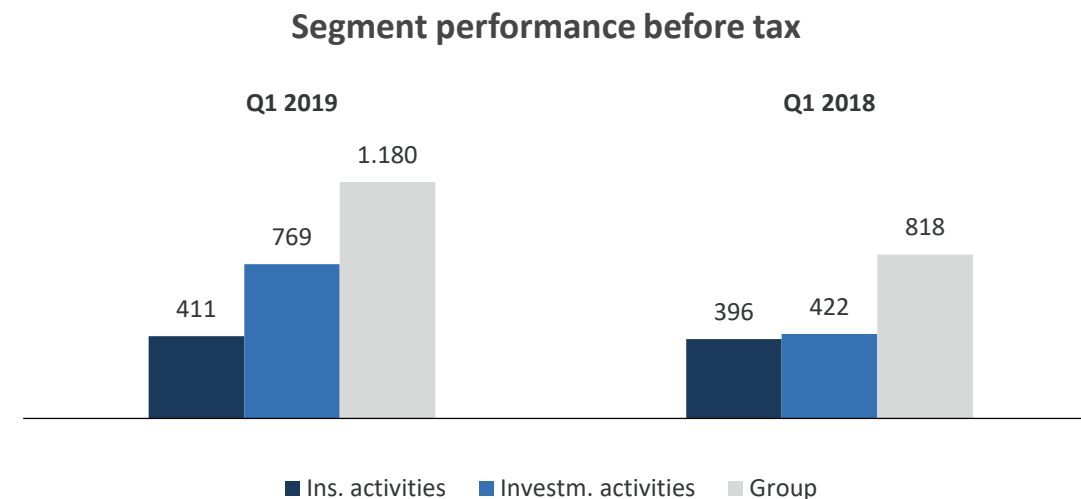
The result is ever
improving underwriting
operations

Highlights from Q1 2019

Investment results exceed expectations

SJÓVÁ

	Q1 2019	Q1 2018
Profit for the period	1.053	749
Earnings per share	0,76	0,53
Pre-tax profit	1.180	818
Technical results	411	396
Profit on investment operations	769	422
Annualized return on equity (ROE)	30,0%	20,2%
Group combined ratio	98,1%	97,2%
	31.3.2019	31.12.2018
Group equity ratio	28,6%	31,3%
Solvency ratio	1,43	1,49



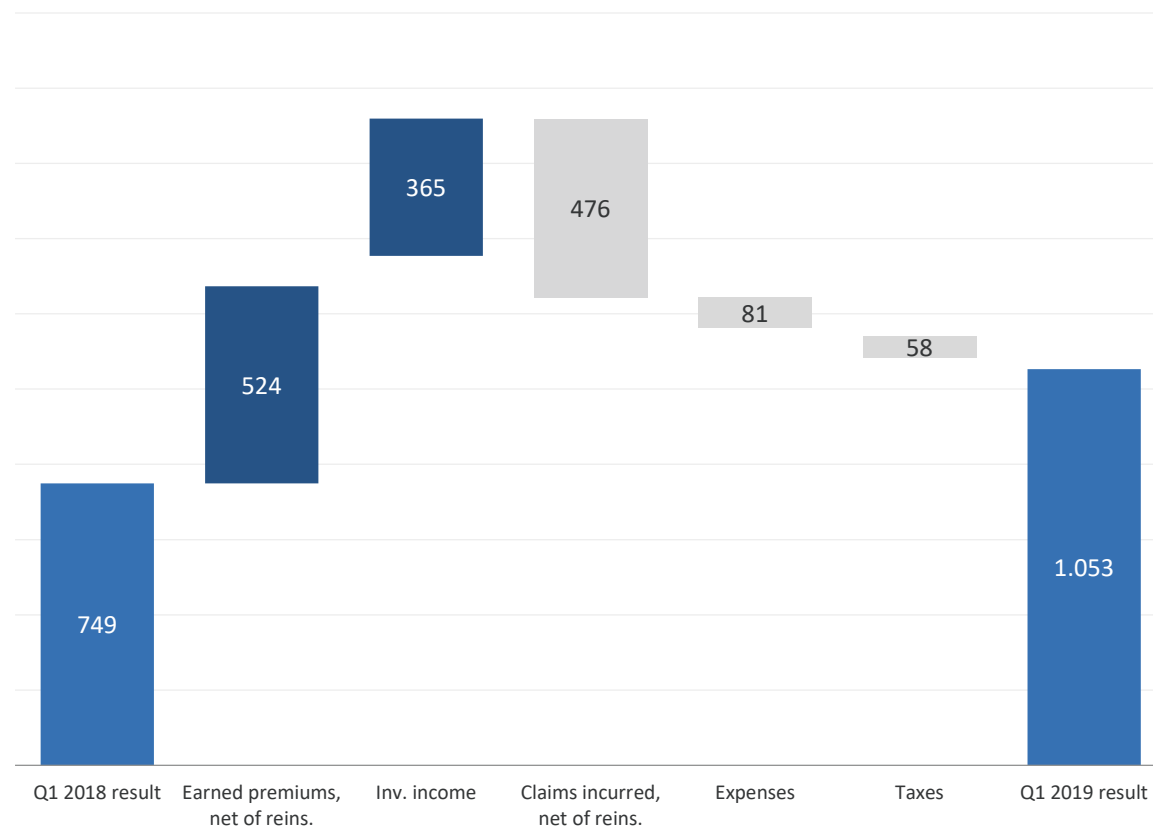
Income statement

Robust premium growth

SJÓVÁ

	Q1 2019	Q1 2018	%
Premiums earned	4.798	4.251	12,9%
Earned premiums, net of reinsurance	4.563	4.039	13,0%
Investment income	1.158	793	46,1%
Claims incurred	-3.554	-3.044	16,8%
Claims incurred, net of reinsurance	-3.474	-2.998	15,9%
Operating expenses	-1.105	-1.024	7,9%
Pre-tax profit	1.180	818	44,3%
After-tax profit	1.053	749	40,6%
Claims ratio	70,7%	70,8%	
Run-off	3,4%	0,8%	
Claims ratio	74,1%	71,6%	
Reinsurance ratio	3,0%	3,7%	
Claims and reinsurance ratio	77,1%	75,3%	
Expense ratio	21,0%	21,9%	
Combined ratio	98,1%	97,2%	

Bridge analysis Q1 2018 to Q1 2019



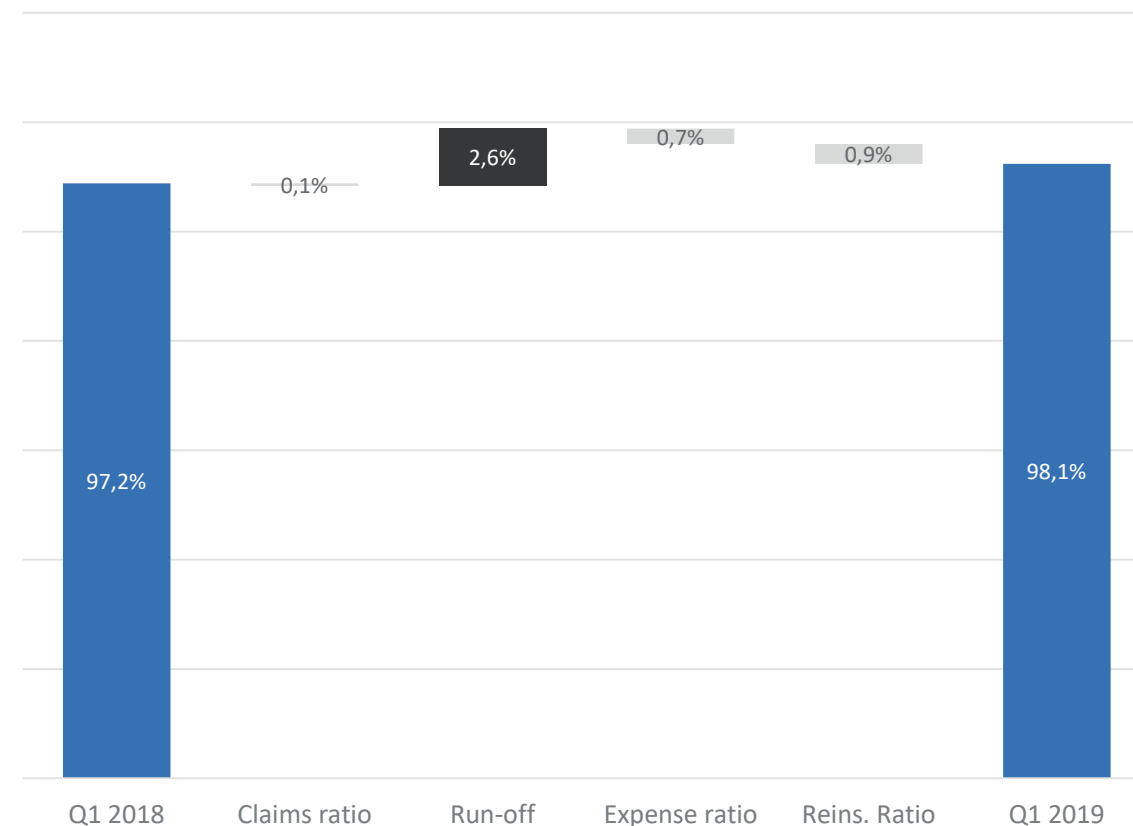
Income statement

Negative run-off increases the combined ratio

SJÓVÁ

	Q1 2019	Q1 2018	%
Premiums earned	4.798	4.251	12,9%
Earned premiums, net of reinsurance	4.563	4.039	13,0%
Investment income	1.158	793	46,1%
Claims incurred	-3.554	-3.044	16,8%
Claims incurred, net of reinsurance	-3.474	-2.998	15,9%
Operating expenses	-1.105	-1.024	7,9%
Pre-tax profit	1.180	818	44,3%
After-tax profit	1.053	749	40,6%
Claims ratio	70,7%	70,8%	
Run-off	3,4%	0,8%	
Claims ratio	74,1%	71,6%	
Reinsurance ratio	3,0%	3,7%	
Claims and reinsurance ratio	77,1%	75,3%	
Expense ratio	21,0%	21,9%	
Combined ratio	98,1%	97,2%	

Change in combined ratio
Q1 2018 to Q1 2019

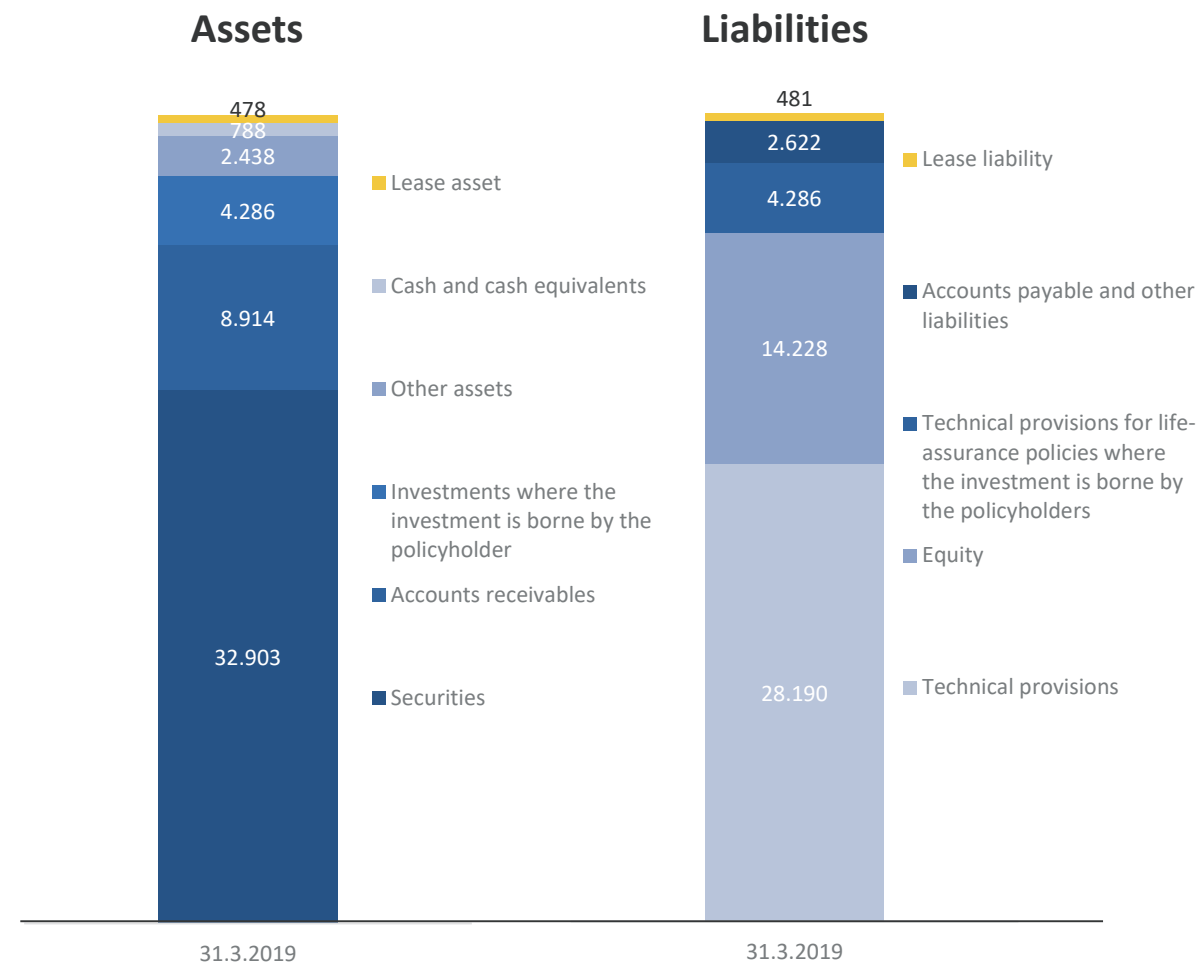


Balance sheet

Minor changes in connection with the implementation of IFRS 16

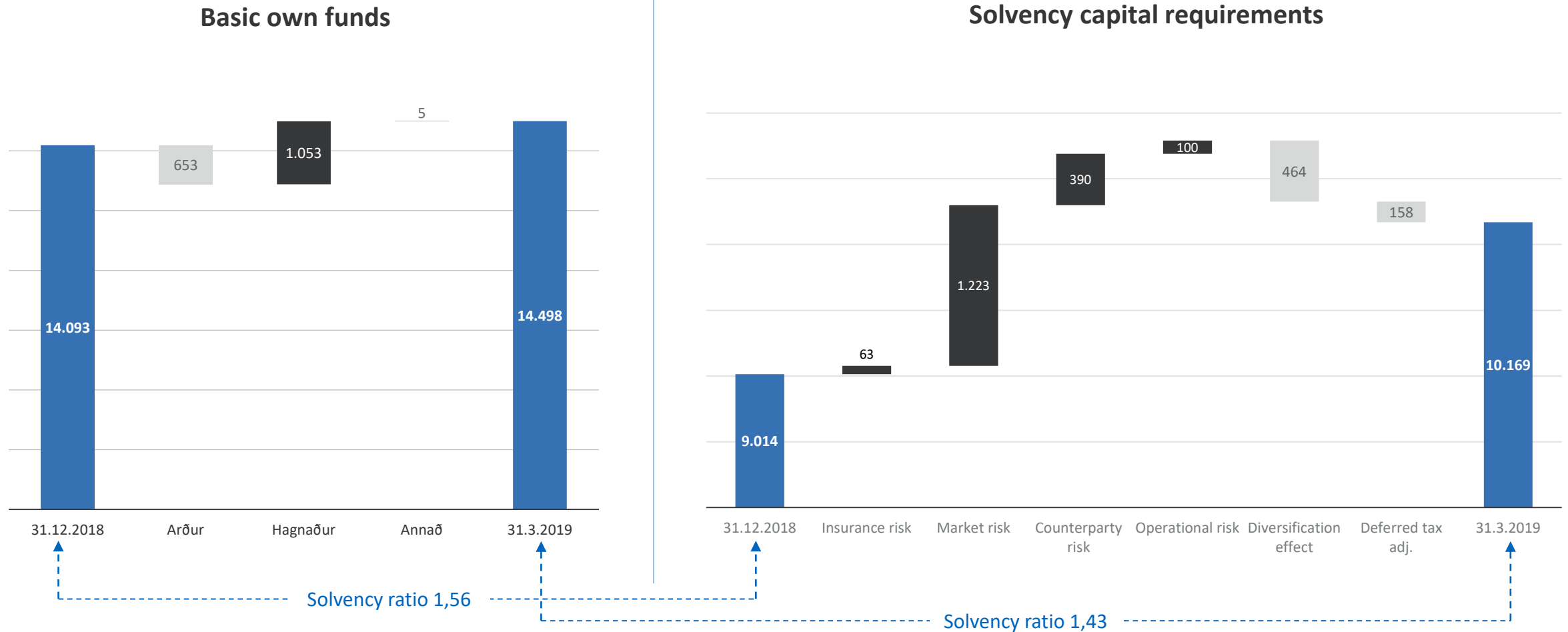
SJÓVÁ

	31.3.2019	31.12.2018
Assets		
Securities	32.903	31.349
Accounts receivables	8.914	5.416
Investments where the investment is borne by the policyholder	4.286	3.891
Cash and cash equivalents	788	1.313
Lease asset	478	0
Other assets	2.438	2.227
Total assets	49.807	44.195
Equity		
Share capital	1.389	1.389
Other equity	12.838	12.438
Total equity	14.228	13.827
Liabilities		
Technical provisions	28.190	24.738
Technical provisions for life-assurance policies where the investment is borne by the policyholders	4.286	3.891
Lease liability	481	0
Accounts payable and other liabilities	2.622	1.739
Total liabilities	35.579	30.368
Total liabilities and equity	49.807	44.195



Changes in basic own funds and solvency capital requirements

Q1 2019



Investment performance in Q1 2019

SJÓVÁ

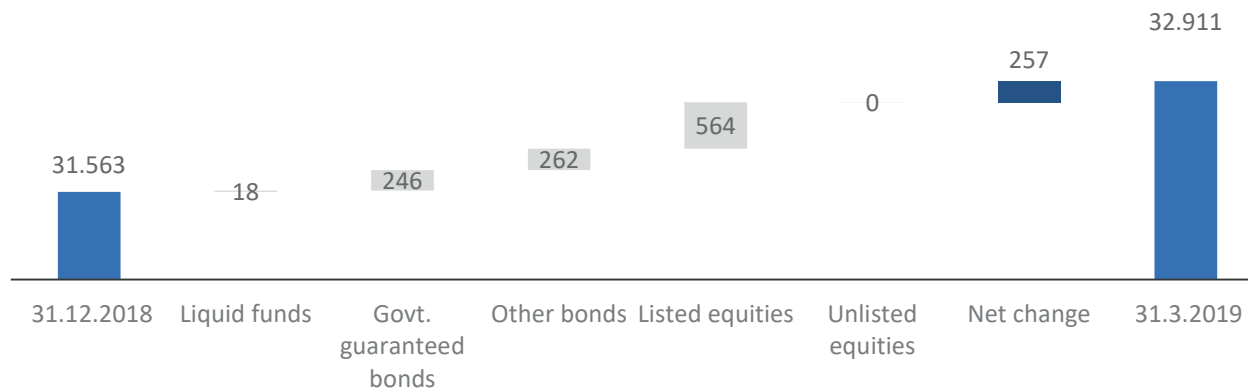
Return on the investment portfolio was 3,5%

Asset class*	31.12.2018	Net change	Income	31.03.2019	Return
Liquid funds	1.788	-883	18	923	1,2%
Govt. guaranteed bonds	11.603	-1.480	246	10.369	2,3%
Other bonds	7.627	2.429	262	10.319	3,0%
Listed equities	8.302	155	564	9.021	6,5%
Unlisted equities	2.242	37	0	2.279	0,0%
	31.563	257	1.091	32.911	3,5%
Interest income from receivables			100		
Other investment income			-33		
Total investment income			1.158		

- › The average duration of the Group's bond portfolio was 4,3 years at the end of the quarter (3,0 at the end of Q4 18) and the indexation rate was 67% (71% at the end of Q4 18)

Gamma index return	Q1 2019
Market index	6,8%
Equities	14,1%
Government bonds	4,5%
Inflation-indexed bonds	3,9%
Non-indexed bonds	5,9%
Covered bonds	3,2%
Corporate bonds	3,9%

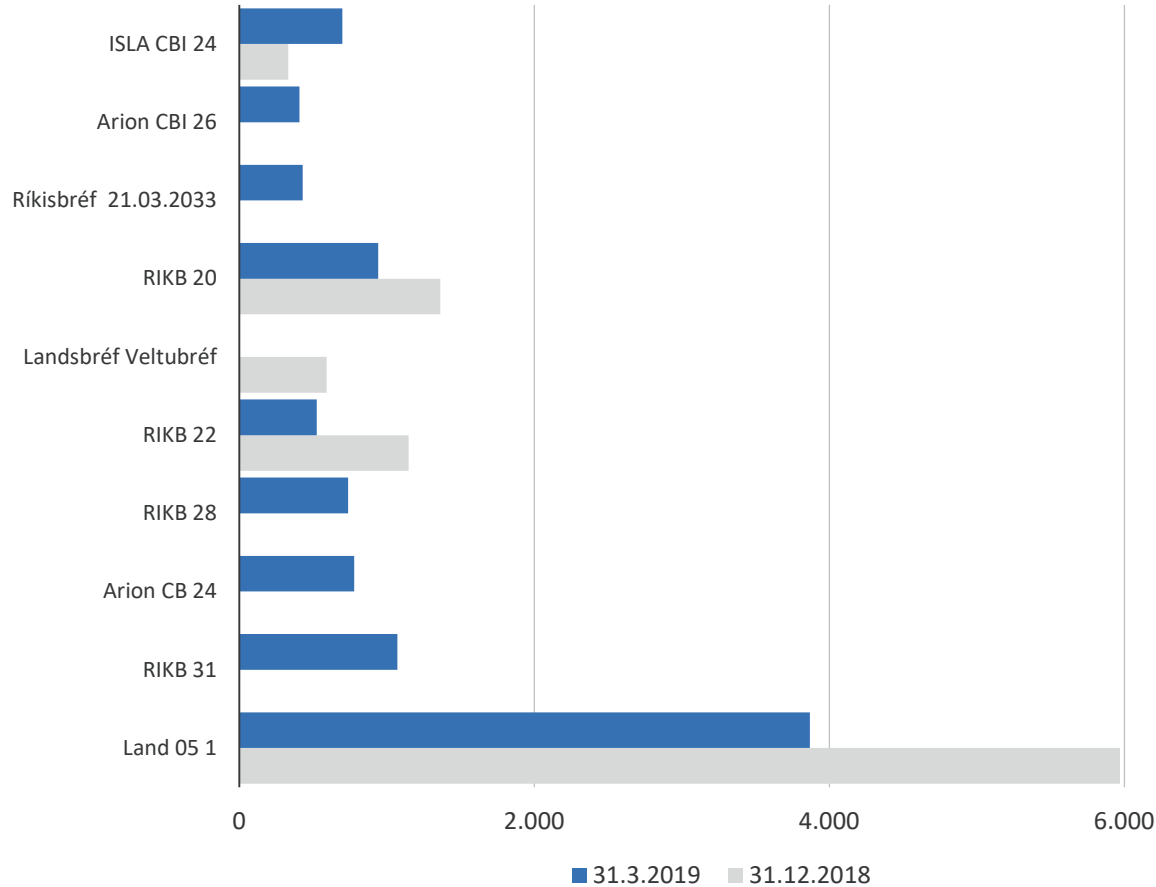
Income and changes in investment portfolio



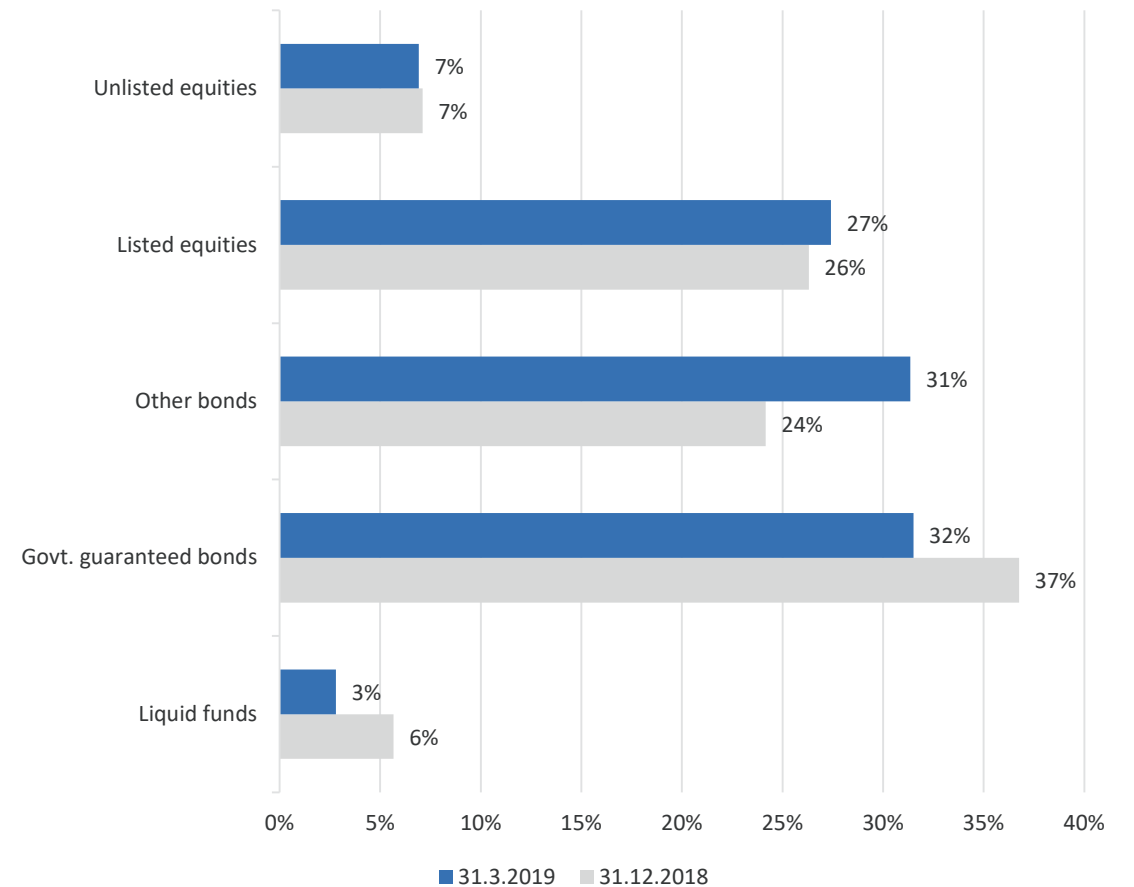
Changes to asset portfolio in Q1 2019

Portfolio share of government bonds declines following sale of a portion of Land 05 1

Largest portfolio changes in Q1 2019



Portfolio breakdown*



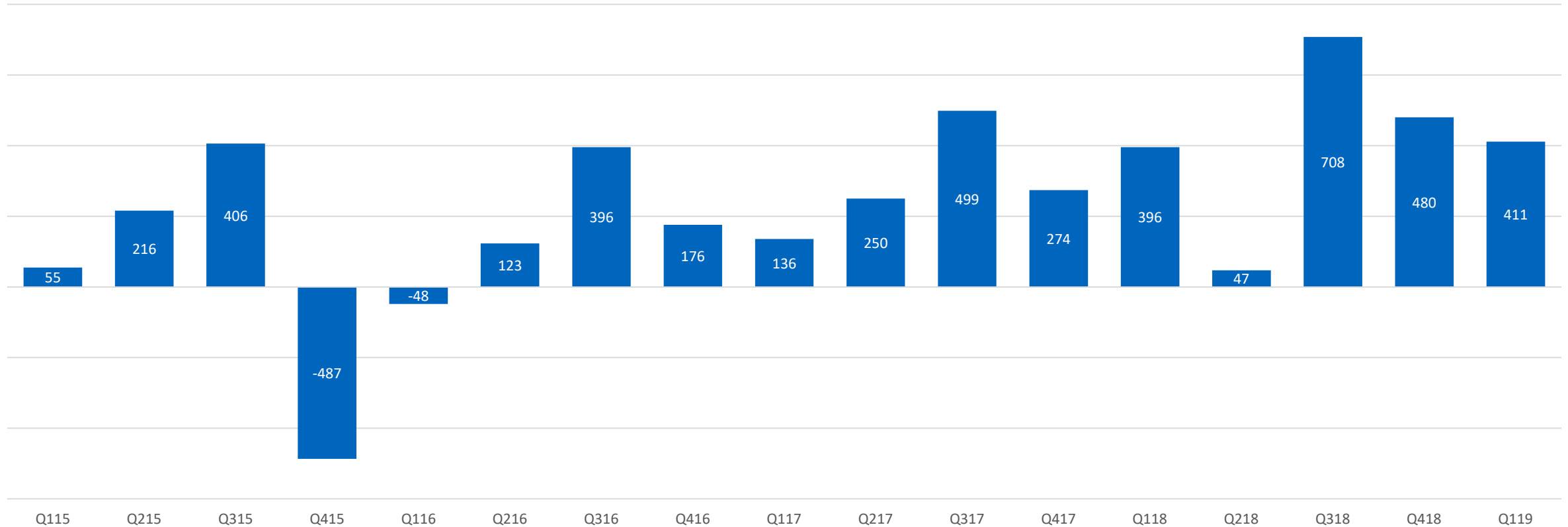
Group investment assets exceeding ISK 500 million

SJÓVÁ

Assets	31.3.2019	31.12.2018	Net change	Return	% of portfolio
Land 05 1	3.869	5.970	-2.165	64	11,8%
Marel	2.347	1.550	61	735	7,1%
RIKB 31	1.072	0	1.045	27	3,3%
RIKB 20	942	1.361	-439	19	2,9%
RIKS 26	854	844	-17	27	2,6%
Stefnir ríkisverðbréfasjóður	815	795	0	20	2,5%
Eik	810	792	34	-15	2,5%
ISLA CBI 26	803	590	190	23	2,4%
Síminn	796	858	-93	31	2,4%
Arion CB 24	778	0	763	15	2,4%
RIKB 28	738	1	720	17	2,2%
Lýsing hf. 15.05.2024	732	722	0	10	2,2%
Festi	727	727	23	-22	2,2%
ISLA CBI 24	698	332	350	15	2,1%
Reginn	692	706	31	-45	2,1%
Heimavellir	682	611	0	70	2,1%
Orkuveita Reykjavíkur 09.05.2024	670	580	79	12	2,0%
Júpíter Veðskuldabréf 1	617	607	0	10	1,9%
Reitir	551	497	55	-2	1,7%
Gamma: Credit Fund	551	548	0	2	1,7%
Arion CBI 25	547	664	-136	19	1,7%
Iceland Seafood International	546	441	87	18	1,7%
RIKB 22	524	1.147	-658	35	1,6%
Reitir fasteignaf. hf. 15.11.2022	501	504	-10	7	1,5%
Other assets	11.049	10.714	338	-3	33,6%
Total assets	32.911	31.563	257	1.091	100,0%

Technical results

Positive technical results over the last twelve quarters



Results



Profit of
ISK 1.053 million

Technical results of
ISK 411 million

Pre-tax profit from
investment operations of
ISK 769 million

Digital strategy



The implementation of a
digital strategy is
according to plan

Delivers ever increasing
sales of life insurance and
loss reporting through our
online platform

Further new features are
in the works which will
deliver improved service
and greater profitability

Share buyback



The Board has decided to
proceed with share buybacks in
accordance with the buyback
program in order to reduce the
Company's outstanding shares

Based on authorisation
granted to the Board at
the last AGM held on
March 15

Further details to be
announced in the
coming weeks

Updated guidance



Combined ratio of around
95% and pre-tax earnings of
around **ISK 4,200 million**
for full year 2019

The updated guidance is
based on actual results
for April

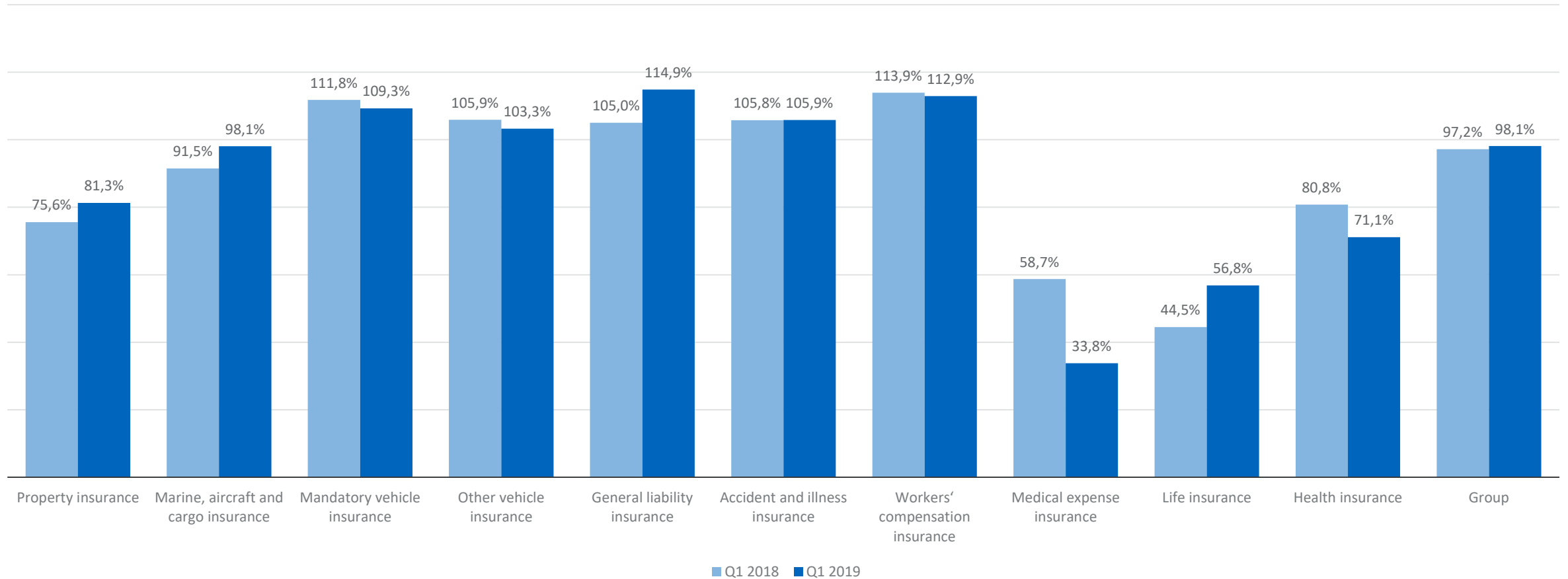
Combined ratio of around **95%**
and pre-tax earnings of **ISK
3,800 million** over the next 12
months (Q219 – Q220)

Appendices and Disclaimer

Combined ratio

Q1 2019 and Q1 2018 by insurance segment

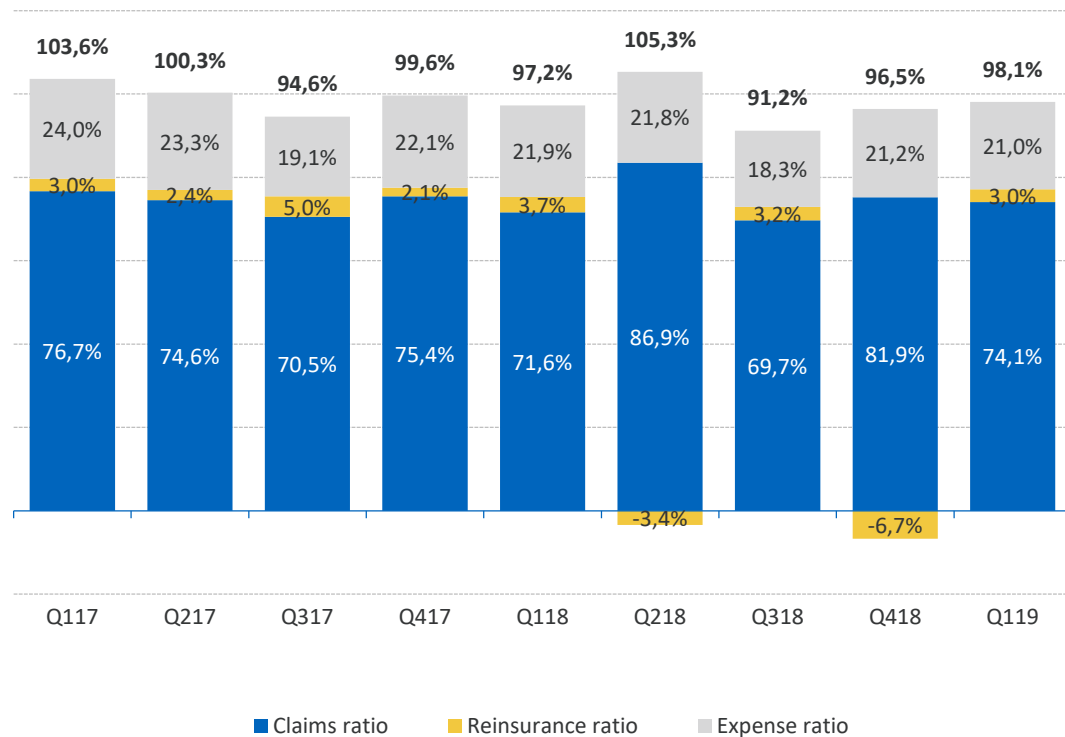
SJÓVÁ



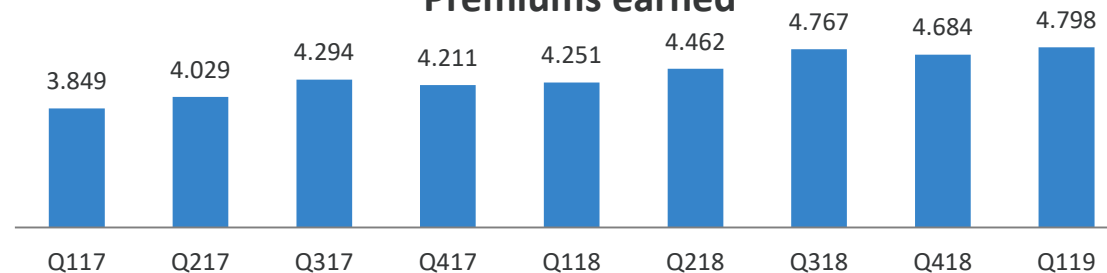
Development of key indicators over preceding quarters

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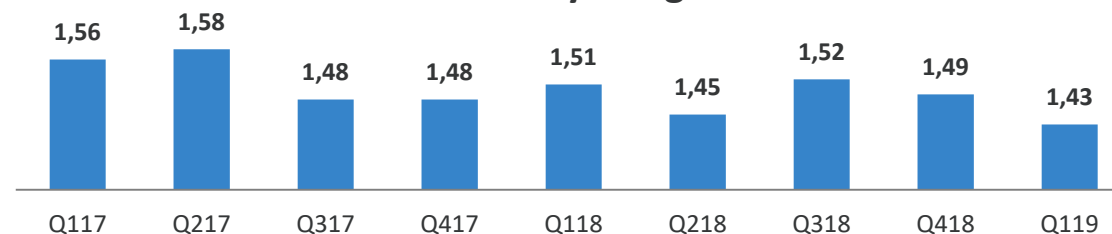
Combined ratio



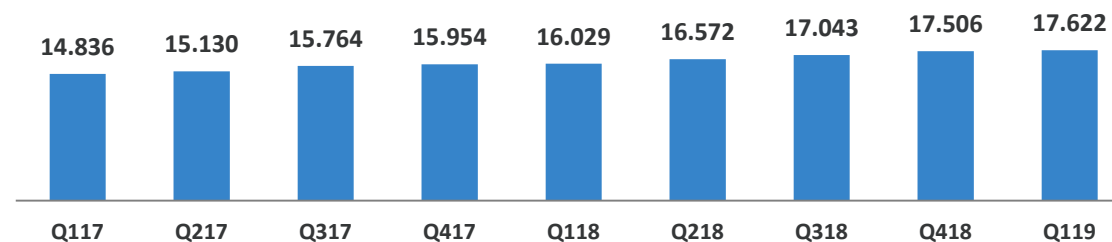
Premiums earned



Solvency margin



Claim provision



Development of key indicators

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Q1 2017 - Q1 2019

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Premiums earned	4.798	4.684	4.767	4.462	4.251	4.211	4.294	4.029	3.849
Premiums earned, net of reinsurance	4.563	4.431	4.535	4.213	4.039	3.997	4.058	3.815	3.669
Investment income	1.158	385	-54	-305	793	649	-619	870	1.364
Total income	5.759	4.902	4.486	3.916	4.840	4.691	3.447	4.689	5.050
Claims incurred	-3.554	-3.839	-3.324	-3.879	-3.044	-3.177	-3.028	-3.004	-2.951
Claims incurred, net of reinsurance	-3.474	-3.357	-3.248	-3.484	-2.998	-3.096	-3.013	-2.890	-2.902
Operating expenses on insurance operations	-1.007	-993	-872	-968	-950	-931	-819	-941	-924
Total expenses	-4.578	-4.415	-4.197	-4.549	-4.022	-4.107	-3.894	-3.900	-3.890
After-tax profit	1.053	392	249	-630	749	416	-472	702	1.100
Total assets	49.807	44.195	45.182	45.242	45.937	43.365	43.609	44.466	44.314
Securities	37.189	35.240	30.560	35.171	34.978	36.036	35.187	35.540	34.465
Cash and cash equivalents	788	1.313	1.492	861	1.574	951	930	797	1.300
Equity	14.228	13.827	13.534	13.695	14.459	15.206	14.899	15.832	15.472
Technical provisions	28.190	24.738	25.311	25.509	25.255	22.469	23.254	23.306	23.335
Claims ratio	74,1%	81,9%	69,7%	86,9%	71,6%	75,4%	70,5%	74,6%	76,7%
Reinsurance ratio	3,0%	-6,7%	3,2%	-3,4%	3,7%	2,1%	5,0%	2,4%	3,0%
Expense ratio	21,0%	21,2%	18,3%	21,7%	21,9%	22,1%	19,1%	23,3%	24,0%
Combined ratio	98,1%	96,5%	91,2%	105,2%	97,2%	99,6%	94,6%	100,3%	103,6%
Return on equity (ROE)	30,0%	10,8%	3,9%	-17,4%	20,2%	10,2%	-12,7%	16,9%	26,7%
Solvency ratio	1,43	1,49	1,52	1,45	1,51	1,48	1,48	1,58	1,56

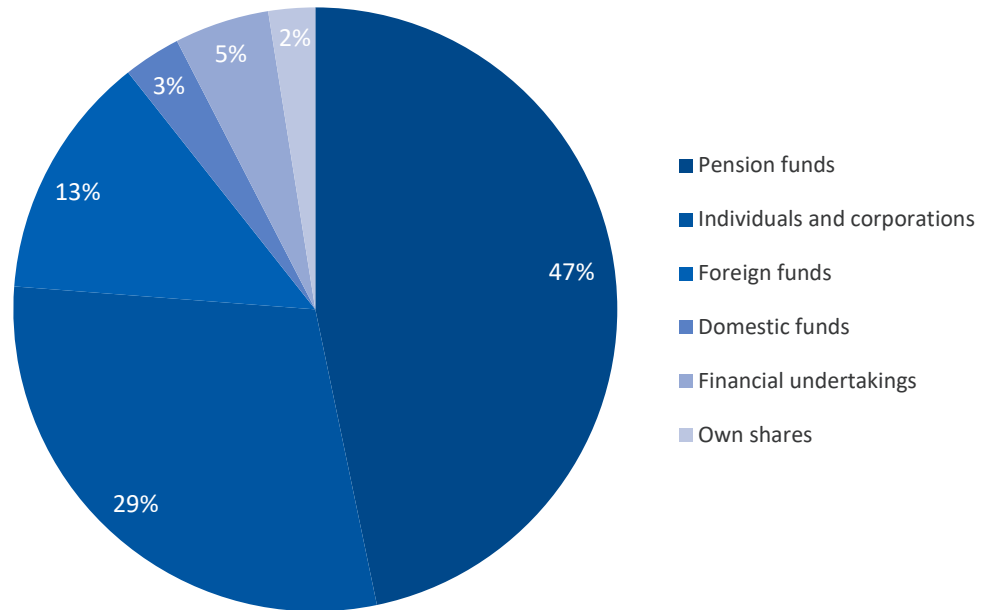
Amounts are in ISK million

Distribution of shareholders

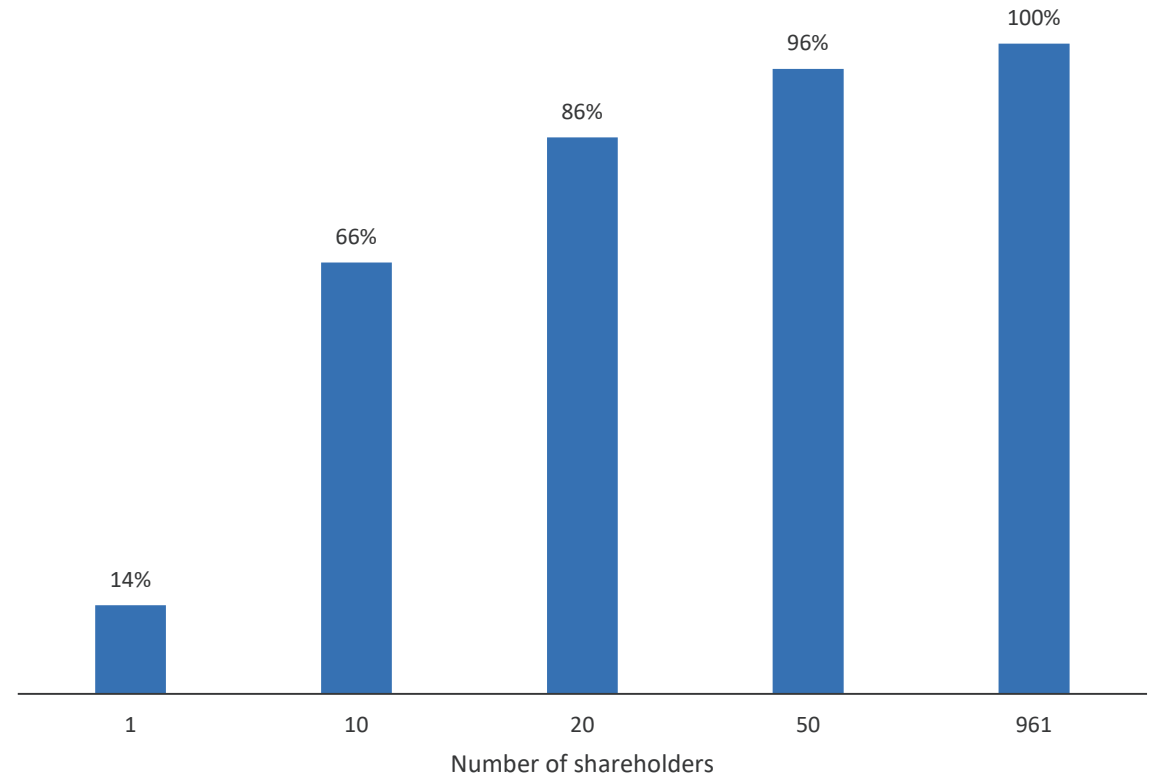
961 shareholders as of 12 May 2019

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Shareholders



Total shareholdings



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