

## Sjóvá- Annual Results

### Profit ISK 1,746 m in 2017

#### 2017 Operating Year and Outlook

- Total after-tax profit ISK 1,746 m (2016: ISK 2,690 m)
- Profit on insurance activities before taxes ISK 1,158 m (2016: ISK 646 m)
- Profit on investment activities before taxes ISK 927 m (2016: ISK 2,419 m)
- Return on investment portfolio 5.9% (2016: 10.1%)
- Earnings per share ISK 1.19 (2016: ISK 1.75)
- The outlook for 2018 is for a combined ratio of 96% (Q1: 98%, Q2: 97%, Q3: 95%, Q4: 96%) and profit of around ISK 2,800 m before taxes.
  - Notice will be given of deviations from combined ratio exceeding 5 percentage points from the outlook.

#### Q4 2017

- Total after-tax profit ISK 416 m (Q4 2016: ISK 1,124 m)
- Profit on insurance activities before taxes ISK 274 m (Q4 2016: ISK 176 m)
- Profit on investment activities before taxes ISK 310 m (Q4 2016: ISK 1,113 m)
- Return on investment portfolio 1.7% (Q4 2016: 3.8%)
- Earnings per share ISK 0.29 (Q4 2016: 0.73)

#### Hermann Björnsson, CEO:

"Insurance operations have improved over the previous year under challenging circumstances, as claims costs have risen in line with increased activity in society. Profit on insurance activities almost doubled YoY, increasing from ISK 646 m in 2016 to ISK 1,158 m in 2017. The combined ratio for the past year was 99.4% as compared with 100.9% for 2016. The return on investment activities could be regarded as satisfactory, given that securities markets fluctuated strongly during the year and for a time gave a negative return. Under such circumstances it is gratifying to see that insurance operations performed better.

We are proud to be able to state that in 2017 Sjóvá was for the first time the top insurance company in the Icelandic Performance Satisfaction Index. We have our customers to thank for this outcome, which is in effect the result of targeted efforts by all our employees. Employee satisfaction at Sjóvá is among the highest in Iceland and is based in part on complete wage equality and gender balance. Work will continue on further reinforcing our insurance operations this year, as well as emphasising the development of digital solutions to further improve service and increase our customers' options to communicate with us using the means they choose."

Sjóvá's Board of Directors proposes that shareholders receive a dividend for the 2017 operating year amounting to ISK 1.05 per share or ISK 1,500 m. The board proposes a repurchase plan.

#### Presentation for investors on 15 February at 4:15 pm

Sjóvá will hold an open presentation of the company's results in Q4 2017 on Thursday, 15 February at 4:15 pm in the company's meeting room at Kringlan 5, 6th floor. CEO Hermann Björnsson will present the results and respond to questions. A direct webcast of the meeting can be viewed on [www.sjova.is/afkomukynningar](http://www.sjova.is/afkomukynningar).

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## Financial highlights and key ratios

	Q4 2017	Q4 2016	%	12M 2017	12M 2016	%
<b>Insurance activities</b>						
Premiums earned	4,211	4,051	3.9%	16,383	15,399	6.4%
Reinsurers' share of premiums	(214)	(210)	2.1%	(845)	(911)	-7.3%
<b>Earned premiums, net of reinsurance</b>	<b>3,997</b>	<b>3,841</b>	<b>4.0%</b>	<b>15,539</b>	<b>14,488</b>	<b>7.3%</b>
Investment income from insurance operations	259	183	41.9%	1,062	777	36.6%
Other revenues	45	43	4.8%	73	149	-51.2%
Total profit on insurance operations	4,301	4,067	5.8%	16,674	15,415	8.2%
Claims during the period	(3,177)	(3,008)	5.6%	(12,160)	(11,259)	8.0%
Reinsurers' share of claims incurred	80	8	857.3%	259	(2)	
<b>Claims incurred, net of reinsurance</b>	<b>(3,096)</b>	<b>(2,999)</b>	<b>3.2%</b>	<b>(11,901)</b>	<b>(11,261)</b>	<b>5.7%</b>
Operating expenses on insurance operations	(931)	(892)	4.3%	(3,614)	(3,507)	3.0%
<b>Net expenses on insurance operations</b>	<b>(4,027)</b>	<b>(3,892)</b>	<b>3.5%</b>	<b>(15,515)</b>	<b>(14,769)</b>	<b>5.1%</b>
<b>Profit/loss on insurance operations</b>	<b>274</b>	<b>176</b>	<b>56.2%</b>	<b>1,158</b>	<b>646</b>	<b>79.2%</b>
<b>Investment activities</b>						
Income from investment operations	390	1,176	-66.9%	1,202	2,657	-54.8%
Operating expenses of investment operations	(79)	(72)	10.6%	(275)	(239)	15.3%
<b>Profit on investment operations</b>	<b>310</b>	<b>1,113</b>		<b>927</b>	<b>2,419</b>	
<b>Profit before income tax</b>	<b>584</b>	<b>1,279</b>		<b>2,085</b>	<b>3,065</b>	
Income tax	(169)	(156)		(339)	(375)	
<b>Total profit for the period</b>	<b>416</b>	<b>1,124</b>		<b>1,746</b>	<b>2,690</b>	
	<b>Q4 2017</b>	<b>Q4 2016</b>		<b>12M 2017</b>	<b>12M 2016</b>	
Claims ratio	75.4%	74.2%		74.2%	73.1%	
Reinsurance ratio	2.1%	3.9%		3.1%	5.0%	
<b>Claims and reinsurance ratio</b>	<b>77.5%</b>	<b>78.1%</b>		<b>77.3%</b>	<b>78.1%</b>	
Cost-income ratio	22.1%	22.0%		22.1%	22.8%	
<b>Combined ratio</b>	<b>99.6%</b>	<b>100.1%</b>		<b>99.4%</b>	<b>100.9%</b>	
Return on equity (ROE)	10.9%	26.6%		10.7%	15.9%	
Earnings per share	0.29	0.73		1.19	1.75	
Equity	15,206	17,454		15,206	17,454	
Solvency margin SII before dividend	1.64	1.91		1.64	1.91	
Solvency margin SII after dividend				1.48	1.61	

The consolidated financial statements of Sjóvá for the year 2017 were approved by the Board of Directors and CEO at a board meeting on 15 February 2018.

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